



GOING SOLO: UNDERSTANDING SELF-EMPLOYMENT IN WALES

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Experts in Business
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FOREWORD

At a time when the economy and business in Wales is subject to change and upheaval, the self-employed sector continues to provide jobs and investment in local economies up and down Wales. However, it is a sector that is little understood or researched. What industries do the self-employed operate in? Where are they in Wales? How many hours do they work every week?

This report, commissioned by FSB Wales and produced by Professor Andrew Henley and Dr Mark Lang, sets out to shed light on the army of self-employed people in Wales, demonstrating how they run their business, the contribution they make to their local economy, and how the Welsh Government could support them going forwards.

One striking issue which was identified is the way that self-employment looks different across Wales. The research compiled in this report demonstrates clear differences between the valleys, rural areas and urban areas of Wales. Patterns of self-employment differ significantly across Wales. For example, the self-employment rate in Powys is 23% compared to 8.6% in Neath Port Talbot. This clearly demonstrates the need for differing policy interventions in areas with disparate levels of self-employment.

As Wales moves into focusing more on regional development through the city and growth deals that focus on regional economic development, this research demonstrates that there is a continuing need for local economic development to meet the needs of micro and small businesses, including those in self-employment. The needs of a self-employed person in Newport would clearly differ from those of someone in Mold, and our policy-making needs to reflect this in order to be most effective. This report outlines ways in which the Welsh Government could deliver on this ambitious task.

This report also demonstrates that there is still much work to do that can support those that are, or seek to be self-employed. The gender gap in self-employment is high in some areas of Wales, and Wales has a particularly marked long-hours culture in self-employment. This is something that many FSB members will identify with.

In this report, we have called on the Welsh Government to take decisive action which will ensure that the disparities in self-employment across Wales are addressed as part of a major policy review of self-employment, focusing on how to respond to the growth and local patterns of self-employment.

Above all however, this report should serve as a motivation not only in better understanding the picture of self-employment in Wales but also celebrating its impact and highlighting opportunities to harness this entrepreneurial activity.

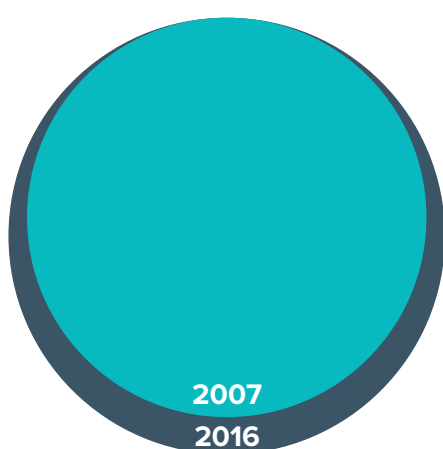
FSB Wales is ready to continue to play its part in encouraging and championing self-employment across Wales, and we hope this report engages Welsh Government and other stakeholders to take action to support this sector of people who contribute so much to our diverse Welsh economy.

Janet Jones

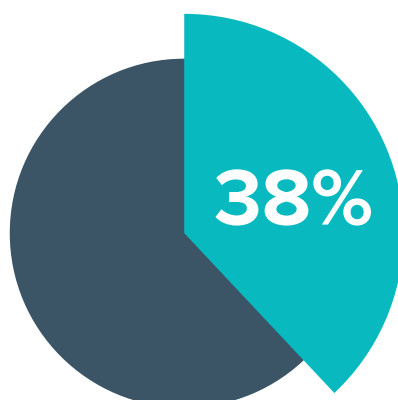
FSB Wales Policy Unit Chair

INTRODUCTION

Between 2007 and 2016 self-employment in the UK grew from 3.6m to 4.33m, and accounted for 44% of total jobs growth. During the same period, self-employment in Wales increased from 161k to 176k, which represented 38% of total jobs growth. The UK Government has commissioned two major reviews over the last three years, which help us better understand the nature and implications of this rise in self-employment¹. In Wales, however, Welsh Government has so far failed to respond to the fact that 38% of jobs growth over the last ten years has been the rise in self-employment. Moreover, although there has been growing interest in these trends as a research topic², the regional, sub-regional and, in particular, local trends remain largely under researched.



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¹ Deane, J. (2016). *Self-Employment Review – An Independent Report*.

Taylor, M. (2017). *Good Work: The Taylor Review of Modern Working Practices*.

² See for example:

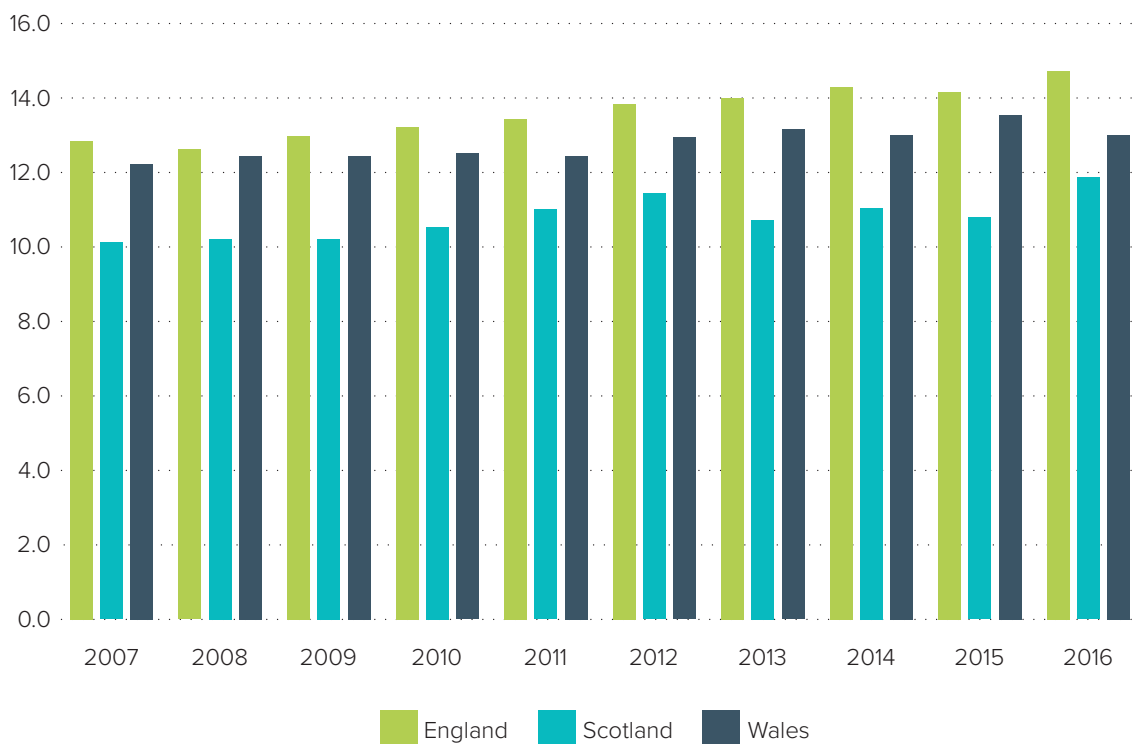
Co-operatives UK (2015). *Not Alone: Trade Union and Co-operative Solutions for Self-Employed Workers*.

Dawson, C., Henley, A. and Latreille, P. (2014). 'Individual motives for choosing self-employment in the UK: does region matter?', *Regional Studies*, vol. 48, pp. 804-822.

Henley, A. (2017). 'Post Crisis Growth in the Self-Employed: Volunteers or Reluctant Recruits?', *Regional Studies*, Vol. 51:9, pp. 1312-1323.

Mone, M. (2016). *Boosting Enterprise in Deprived Communities*.

ONS Self-Employment Rates (%) 2007-2016



Welsh Government’s economic policy direction remains focused on the logic of internationally competitive cities, an emphasis on securing foreign investment, a focus on targeting ‘key sectors’ identified as having most growth potential, and the establishment of a series of Enterprise Zones to secure growth and attract investment. The Cardiff Capital Region (CCR)³ is taking this agenda forward in South East Wales, principally through the mechanisms of Cardiff’s City Deal. A City Deal is currently being developed in Swansea, a ‘Growth Deal’ is also being proposed by the North Wales Economic Ambition Board, and a ‘Growing Mid-Wales’ partnership has been established. Even the CCR Metro proposals have been identified by Welsh Government as having the ability to deliver an ‘agglomeration effect’⁴. Yet, the macroeconomic significance of the substantial rise in self-employment in Wales, over the last ten years, remains a largely peripheral consideration and the implications of public sector investment to advance the agglomeration objectives on patterns of self-employment across Wales remain little understood.

This report, undertaken on behalf of the Federation of Small Businesses Wales, seeks to prompt a wider discussion in Wales about the policy implications of self-employment. The analysis in this report is based on a review of available data sources to identify recent and contextual trends in self-employment across Wales. As this report has sought, as far as possible, to identify sub-regional and local trends in self-employment across Wales, it has made use of data sources that best capture this place-based variation. The data used includes the 2011 Census for Wales and England, which offers the most fruitful source of data with local authority district identification, the UK Annual Population Survey, which includes the Labour Force Survey and the Welsh Labour Force Survey, and the ESRC Understanding Society UK Household Longitudinal Survey. The report has also made use of a small number of qualitative, semi-structured, anonymised interviews with self-employed people in Wales, which are presented in the form of illustrative case studies. The topics considered include the push-pull factors surrounding self-employment career decisions, and the impact of various socio-economic and demographic factors on self-employment, such as, occupation and sector differences, gender and educational attainment levels.

³ Lewis, R. (2015). *Powering the Welsh Economy*. Cardiff Capital Region Board: Cardiff.

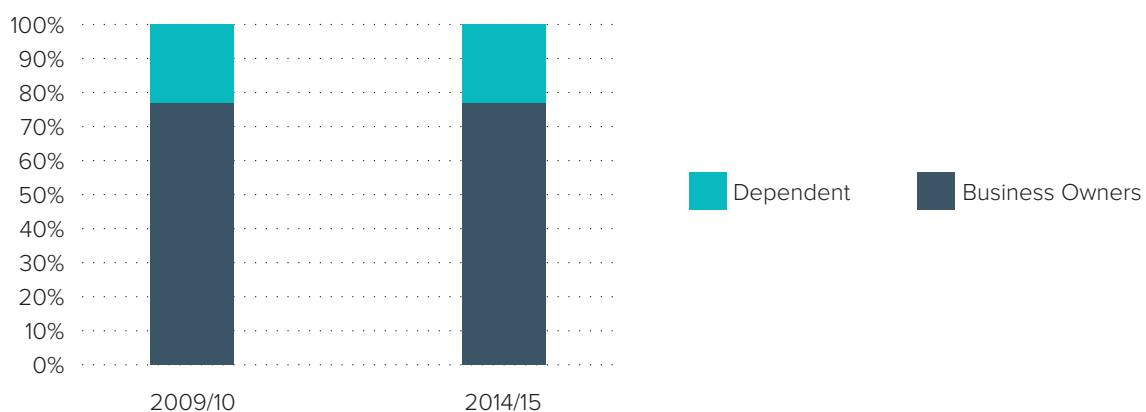
⁴ Welsh Government Ministerial Statement (2015).



The significant rise since 2008 means that self-employment is at its highest level in 40 years, and now accounts for 15% of the UK workforce, up from 12% in 2000 and 8% in 1980⁵. There has been a growing concern however that, since 2008, much of this increase in self-employment has been due to the so called ‘gig-economy’. The gig-economy is the term that has been given to people who tend to sell their labour using apps developed by larger businesses, the most commonly used include Uber and Deliveroo, and who could therefore be described as ‘dependent’ on third party controlled online platforms. Estimates suggest that there are approximately 1.3 million people (4% of all of those in employment) now working in the gig-economy in the UK, and research suggests that the gig-economy will continue to grow. The Chartered Institute of Personnel and Development (CIPD) estimates that 58% of these are engaged in the gig-economy to supplement their more traditional ‘employed status’ jobs⁶. Much of the policy discussion about self-employment, over recent years, has consequently been about this type self-employment pattern.

Important though it is to consider the implications of this trend towards precarious employment for those who experience it, it is not the only, or even major, issue that needs to be considered within the context of a policy response to self-employment. Although there has been an increase in the proportion of self-employed people working in the dependent gig-economy, the change has been marginal and it accounts for only a small proportion of the overall growth in self-employment as the CIPD research illustrates. Important though it is, the gig-economy appears to be a more significant issue for employment contract regulation and active labour market policy, than policy responses to the rise in self-employment. On average across the UK, the overwhelming majority of self-employed people remain engaged in opportunity-seeking business activities, rather than dependent gig-economy workers.

Proportion of Business Owners in the Self-Employed – UK



Source: ESRC Understanding Society (UK Household Longitudinal Survey)

⁵ FSB (2016). *Going It Alone, Moving On Up: Supporting Self-Employment in the UK*.

⁶ Quoted in: Taylor, M. (2017). *Good Work: The Taylor Review of Modern Working Practices*, p. 25.

The more significant growth in self-employed business owners, is explained by Henley⁷, who argues that there is little evidence of a negative ‘recession-push’ on self-employment, but, strong evidence for local demand ‘pull’, and that this is particularly true for self-employed women. This suggests that people are more likely to choose self-employment when local unemployment reduces and earnings improve. The longer someone has been unemployed and higher the local unemployment rate, the less likely they are to move into self-employment. This supports the evidence that the majority of the increase in self-employment, since 2008, has been because of entrepreneurial ‘pull’ decisions, rather than a dependency ‘push’. Henley cautions that for these reasons, policies aimed at supporting the unemployed into entrepreneurship may increase spatial inequalities, as they are likely to have more impact in places with stronger existing local economies.

The majority of the increase in self-employment since 2008 has been because of entrepreneurial “pull” rather than dependency “push”



The spatial differences experienced in self-employment can therefore be understood as a result of a range of contextual factors, including the existing strength of local economies. Economic policy to stimulate local demand or outputs for new businesses, rather than supply of entrepreneurs is, therefore, more likely to be effective in raising the overall number of self-employed, whilst at the same time helping to overcome spatial economic inequalities.

Other place-based factors can also have a significant impact on the pattern and experience of self-employment. The factors include existing and historical local entrepreneurial cultures. The size of the existing self-employment base can be a strong indicator of likely future growth, as it can be indicative of an entrepreneurial culture, stronger business networks, and communities that are more supportive of the self-employed⁸. Although caution needs to be exercised over causes and effects, this does appear to reinforce the view that the self-employed respond to economic signals, including the financial risk and benefits of self-employment. The lack of access to capital does not necessarily constrain the expansion of self-employment, as self-employment earnings and educational attainment have a major impact on self-employment choices regardless of access to capital⁹.

⁷ Henley, A. (2017). ‘The Post Crisis Growth in the Self-Employed: Volunteers or Reluctant Recruits?’ *Regional Studies*, Vol. 51.9, pp. 1312-1323.

⁸ Goetz, S. and Rupasingha, A. (2014). ‘The Determinants of Self-Employment Growth: Insights from County-Level Data, 2000-2009’, *Economic Development Quarterly*, 28:1, pp. 42-60.

⁹ Ibid.

Although self-employment levels have been increasing in the UK since 2008, this does not appear to correlate strongly with job creation for others. The factors that influence business growth do not appear to be necessarily the same as those that influence decisions on whether to become self-employed¹⁰. Most self-employed people do not establish businesses with the objective of growing them, and not all business will create jobs. Part of the explanation may be in the gradual convergence in UK average self-employment rates for men and women over this period¹¹. Female business founders, for a variety of reasons, appear to be statistically less likely to employ people than male business owners. One of the key policy challenges is not only to remove structural barriers to female self-employment, but also from those women who wish to grow their businesses or employ others.



Personal factors tend to influence self-employment career choices more than any other, including underlying economic conditions. A recent review of international evidence¹² identified 12 critical individual factors, grouped into seven categories, which help to explain self-employment career decision-making. These included: basic characteristics (gender, age, marital status, children); family background (parents and spouse); personality characteristics; human capital (education and experience); health condition; nationality and ethnicity; and access to financial resources. The propensity to enter self-employment is generally greater for men, but, also greater for women who need more flexibility. It also increases with age and experience, and for people with fewer financial constraints, but this tails off as people also tend to become more risk averse when they pass a certain age threshold. The propensity to become self-employed is greater for people who are married, as well as for people who need more flexibility because of childcare. It is also greater when people have had at least one parent who had self-employment experience and, where benefits of a self-employed lifestyle are perceived directly from a partner's experience of being self-employed, but, conversely, higher where a partner is employed as it diversifies the risk. However, the effects of education and health conditions upon the propensity to become self-employed remain uncertain.

¹⁰ Ibid.

¹¹ Henley, A. (2016). *Who and Where are the Self-Employed Job Creators?* Institute for Small Business and Entrepreneurship Annual Conference, Paris, October (available from the author).

¹² Simoes, N., Crespo, N., and Moreira, S. (2016). 'Individual Determinants of Self-Employment Entry: What Do We Really Know?', *Journal of Economic Surveys*, 30:4, pp. 783-806.

A UK-wide survey by the Federation of Small Businesses (FSB) of 1,600 of its self-employed members during 2015 sought to understand experiences of the self-employed more fully. The survey sought to identify some of the key benefits, challenges and personal circumstances identified by its self-employed members¹³. The following table summarises the key findings.

Benefits, Challenges and Personal Circumstances of FSB Self-Employed Members

<p>BENEFITS OF SELF-EMPLOYMENT</p>	<p>The most significant benefit of being self-employed is independence at work (with 39% saying it was most important, and 79% listing it amongst the top three benefits).</p> <p>Work-life balance was the second most significant benefit (24% listing it top; 61% in top three; women were more likely than men to say it was top).</p> <p>Another significant benefit was to fulfil a personal vision (18% top; 51% top three).</p>
<p>CHALLENGES</p>	<p>The biggest challenge identified was lack of income security (18% listing as top; 44% in top three).</p> <p>Not getting paid if ill or need to take time off work was the second most significant challenge (17% listing it top; 44% in top three).</p> <p>Finding/securing new business was the third major challenge identified (18% place it top; 41% in top three).</p>
<p>INCOME LEVELS</p>	<p>Varied significantly (32% earn £2000+ per month; 41% earn less than £1000; 19% earn less than £500).</p> <p>31% had relied on the financial support of partner/spouse; 20% had relied on the financial support of wider family/friends.</p>
<p>PENSION PLANNING AND ACCESS TO FINANCIAL PRODUCTS</p>	<p>31% said they were saving into a private pension; 16% had property investments (i.e. buy-to-let) to fund retirement; 15% did not have savings to fund their retirement.</p> <p>40% of those who had applied for a mortgage had experienced difficulties because of being self-employed (this equates to 21% of all respondents).</p>
<p>PERSONAL INSURANCE</p>	<p>9% had income protection insurance.</p>
<p>TRAINING AND BUSINESS SUPPORT</p>	<p>19% had received training to support business activities in previous five years.</p> <p>6% had used a government backed business advice/support in previous five years.</p>
<p>PRIOR TO BECOMING SELF-EMPLOYED</p>	<p>71% had been employed by another organisation.</p> <p>14% had been unemployed by redundancy or leaving employment.</p> <p>4% had been unemployed, but not looking for work.</p>
<p>AMBITIONS FOR FUTURE</p>	<p>60% planned to stay self-employed running the same business in five years.</p>

¹³ FSB (2016). *Going It Alone, Moving On Up: Supporting Self-Employment in the UK*.

Circumstances of FSB self-employed members prior to becoming self-employed



71% had been employed by another organisation



14% had been unemployed by redundancy or leaving employment



4% had been unemployed but not looking for work

This FSB survey offers further evidence that career choices to become self-employed, and experiences of self-employment, are far more complex than that explained by the rise in dependent self-employment. This is particularly noticeable in the benefits of self-employment identified by FSB members, as well as their position prior to becoming self-employed. 71% of those surveyed had been employed prior to becoming self-employed, and although some major challenges were identified, 60% planned to stay self-employed running their businesses in five years. The remainder of this report seeks to further explore these issues within Wales, as well as offering some policy recommendations. Trends relating to gender, age, the self-employed who employ others, educational attainment, industrial sector, location of work and hours of work are discussed, as well as the sub-regional and local variations.

CASE STUDY: IT Mapping Consultant, Conwy

A mid-60's male IT mapping consultant based in Conwy. He offers IT-based mapping services predominantly to local authority planning departments across Wales. He works, on average, 50 hours per week.

Office-based, the business was originally established as a partnership, but became Limited in 2007 and he now works with his son as a co-director of the business.

Originally a civil servant cartographer mapping nature reserves, in the 1980's he moved into the private sector and started to work more using IT. He moved to North Wales in late 1980s. With family responsibilities declining and some degree of financial security, he set up his own business, which he sold 15 years ago, prior to starting his current business.

He does not employ anyone and where necessary prefers to work with other businesses. However, as part of succession planning he is now considering recruitment. Besides succession planning, he is confident about the future of the business. He may be retired in five years.

SELF-EMPLOYMENT IN WALES

The effect of place on self-employment in Wales is significant. It is possible to identify three local authority types in Wales, including ‘rural’, ‘urban and urban periphery’ and ‘Valleys and deprived urban’, which mostly divide into self-employment rates of around 20%, between 10%-20% and under 10% respectively. These local contexts appear to have a significant impact on local variations and types of self-employment. Although not central to the current discussion, the parallels with the ‘Three Wales’ model that has been a recurring theme in political science¹⁴ are noticeable, and suggest the need for further research. In analysing self-employment trends this model, although not entirely consistent with the data, generally works well. The self-employment data for Newport, for example, looks more like a ‘Valleys’ area than the other South Wales ‘urban and urban periphery’ centres. In addition, the available Census data presents an amalgamation of Torfaen and Monmouthshire, which may aggregate a ‘Valleys and deprived urban’ area with a ‘rural’ one. Nevertheless, generally the differences in the averages between the three groupings are statistically significant.

Self-Employment Rates by Gender and Local Authority Groups in Wales

SELF EMPLOYMENT RATE (%)	MALE	FEMALE	TOTAL	RATIO M/F
“Rural”	25.2	11.7	18.4	2.2
Isle of Anglesey and Gwynedd	24.1	10.5	17.4	2.3
Conwy and Denbighshire	24.3	10.1	17.0	2.4
Ceredigion and Pembrokeshire	25.8	13.9	19.7	1.9
Carmarthenshire	22.2	10.4	16.1	2.1
Powys	31.2	14.8	23.0	2.1
“Urban and urban periphery”	16.1	6.9	11.4	2.3
Flintshire	15.9	7.1	11.4	2.2
Wrexham	16.2	6.4	11.3	2.5
City and County of Swansea	14.5	5.9	10.2	2.5
Vale of Glamorgan	19.1	7.5	13.1	2.5
City and County of Cardiff	15.3	6.3	10.7	2.4
Torfaen and Monmouthshire	17.8	8.8	13.2	2.0
“Valleys and deprived urban”	13.6	5.0	9.3	2.7
Neath Port Talbot	12.2	5.0	8.6	2.4
Bridgend	13.8	5.5	9.7	2.5
Rhondda Cynon Taff	14.9	4.9	9.8	3.0
Caerphilly, Merthyr Tydfil, Blaenau Gwent	12.8	4.6	8.7	2.8
Newport	14.3	5.2	9.7	2.8
WALES	18.1	7.8	12.9	2.3

Source: 2011 Census Micro-Data¹⁵

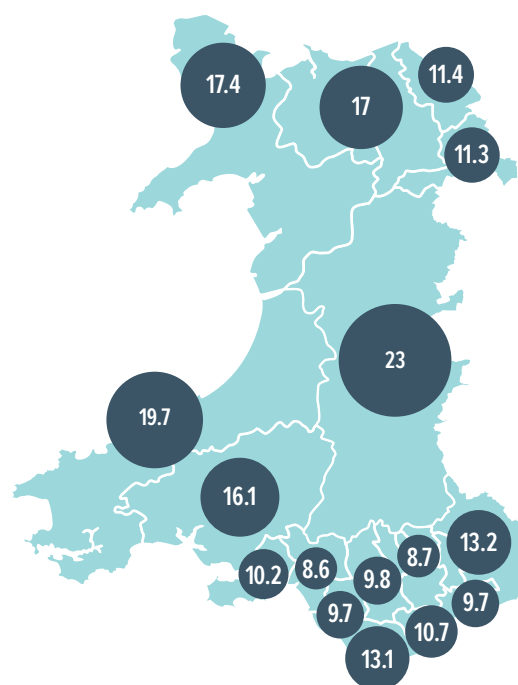
¹⁴ See for example: Bolsom, D. (2000) ‘The Referendum Result’, in J. B. Jones and D. Bolsom, *The Road to the National Assembly for Wales* (Cardiff: University of Wales Press).

¹⁵ The Census offers the largest available source of data to examine self-employment patterns.

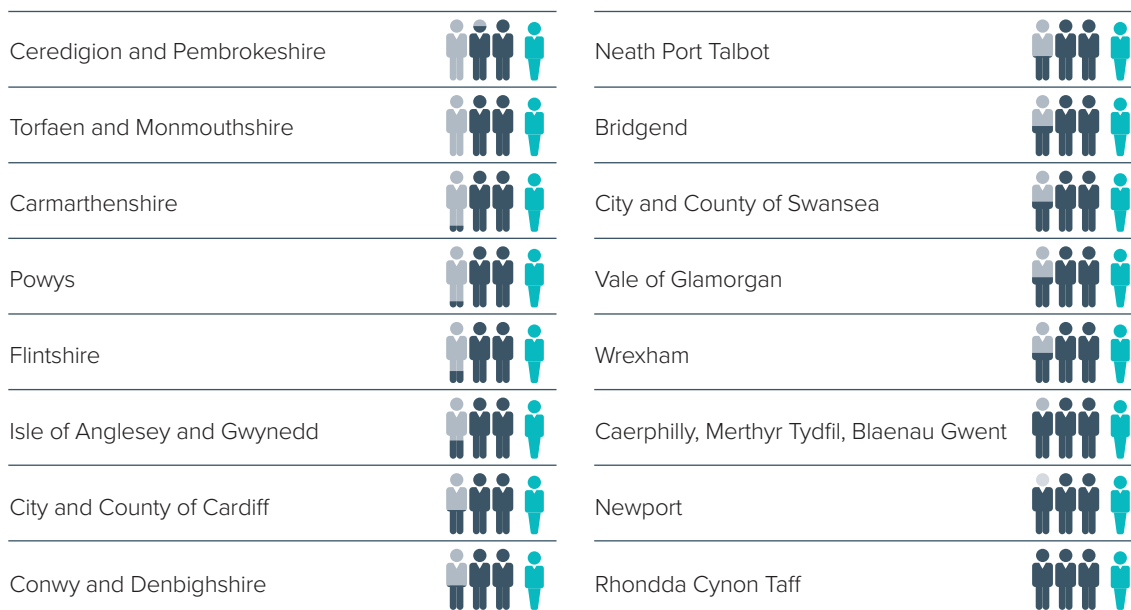
Self-employment rates by Welsh local authority types



Self-employment rates by Welsh local authority (%)



Gender ratio of self-employed by Welsh local authority



The self-employment rate in Wales overall is 12.9% of the total workforce. The self-employment rate varies significantly from 23.0% in Powys to 8.6% in Neath Port Talbot. On average self-employment rates are lowest in the South Wales Valleys, slightly higher in the cities of Wales and in urban North East Wales, and substantially higher in rural Wales. It might be tempting to conclude that high rural self-employment is because of the preponderance of farmers or agricultural businesses. However, even when stripping out the primary sector from the data, this only reduces the self-employment rate overall for the rural grouping from 18.4% to 16.3%, which is still well above other areas of Wales.

12.9%
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CASE STUDY: Web Designer, Gwynedd

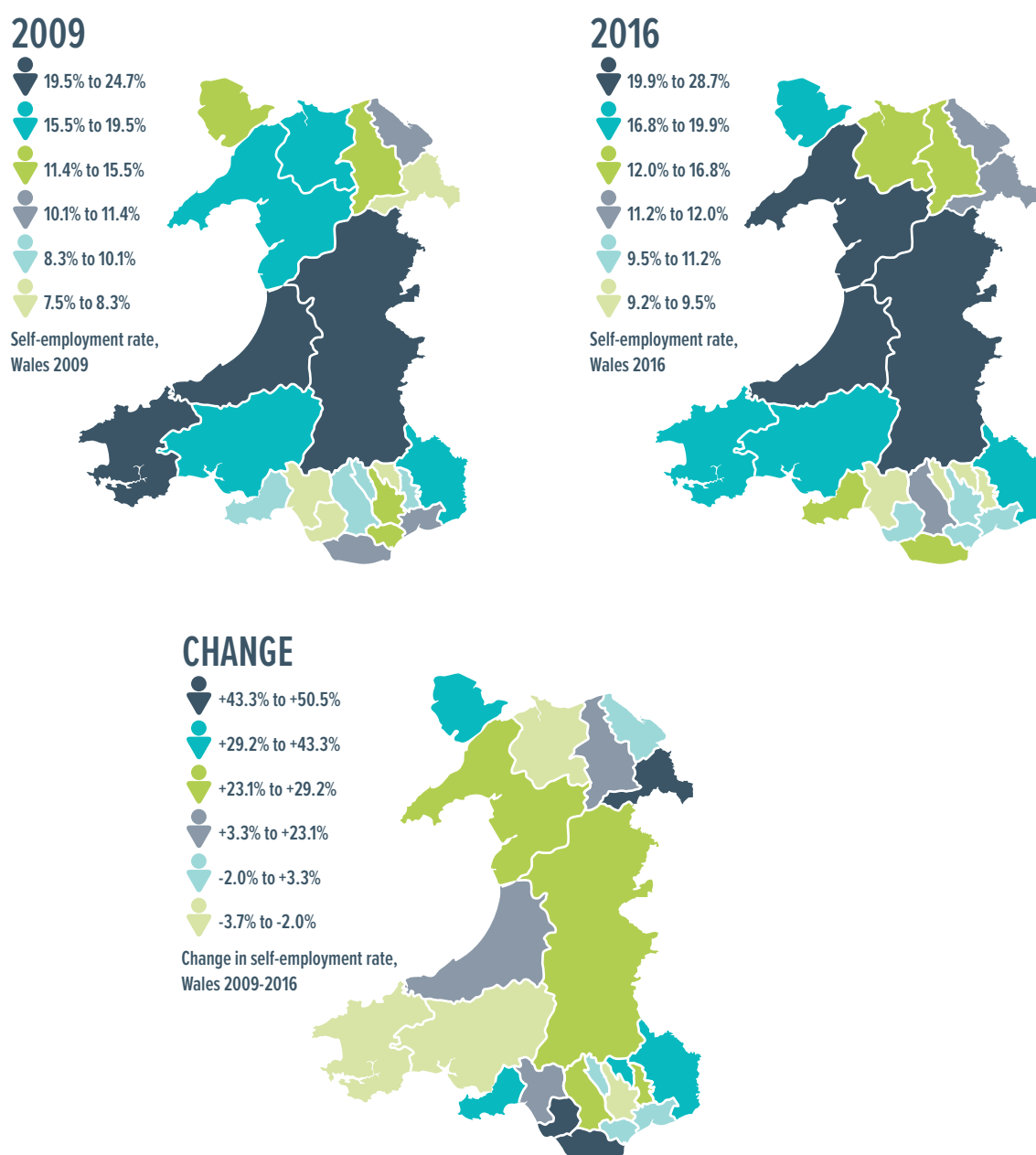
An early 60's self-employed male web designer based in Gwynedd. He offers web design services to mainly start-up businesses in North Wales and North West England looking for their first web presence. He also sells stock photography via an internet-based platform. He now works part-time hours, having reduced from about 60 hours five years ago.

The business is home-based and has been so since he became self-employed in 2003. He does not employ anyone and never has, but works with an associate who is based in Liverpool. He did not establish as a lifestyle business, but he says it has become so over recent years.

He previously worked as a finance director of a business based in North Wales, the job came to an end and he established his own business based on a personal interest in IT. He does not have any formal qualifications in IT or web design, but has professional qualifications in accounting from his previous employed role.

He established the business as he thought it was the best option to continue living in North Wales as he did not want to move. Then, at the age of 47, he felt he was too old to get another job in accounting. The business will end when he finally retires, so, in that respect no major issues in the future. In five years, he will be retired.

The charts below, drawn from the UK Annual Population Survey, report more up-to-date information on self-employment than is available from the Census data, but a note of caution should be made as the data may be less reliable than the Census. They show that the most rapid increase in self-employment between 2009 and 2016 has been in Wrexham, Bridgend and the Vale of Glamorgan. Self-employment has not risen as fast and, in some areas, has fallen slightly, including in rural Wales. Though it should be noted, that the starting point was one of significantly higher self-employment in rural Wales.



Source: UK Annual Population Survey 4 Quarter Averages, Nomisweb

The significant variation of self-employment rates across Wales suggest that a one size fits all approach to support the self-employed and, if desirable, the growth of self-employment, would be inappropriate. Welsh Government is seeking to divide the economic governance of Wales into four regions: Cardiff Capital Region, Swansea Bay, Mid Wales, and North Wales¹⁶. The four regions approach to economic development currently being pursued however, does not appear to fit with

¹⁶ Welsh Government (2017). *White Paper – Reforming Local Government: Resilient and Renewed*.

the patterns of self-employment across Wales. This is important because the regional economic priorities identified by these new structures might cut across the variations found in self-employment, which, as has been identified, accounts for 38% of jobs growth in Wales since 2007.

In all areas of Wales female self-employment rates are well below the equivalent male rates, and, as in the case of Rhondda Cynon Taff, it can be as low as only a third of the male rate. In general, proportions of self-employed women who are employers are similar to men, and in some areas, the proportion of women who employ others is actually higher. Nevertheless, in absolute terms there is a significantly lower rate of female self-employed business ownership. The gap between female and male self-employment is highest in the Valleys and deprived urban areas of Wales, despite low overall rates in these areas. In the Valleys therefore, there appears to be a need not only to support self-employment, but also a particular need to address the gender gap more specifically. Although, at the UK level, there is some evidence that the gender gap is closing, any previous policy initiatives to encourage women into self-employment in Wales appear to have had limited success.

CASE STUDY: Human Resources Consultant, Cardiff

A female human resources consultant aged between 30-40 years old. Providing outsourced HR functions predominantly to SMEs who don't have their own internal HR department, mainly in South East Wales. She works on average 37-40 hours per week, but can largely do hours that suit her.

A geography graduate in 2001 (outside Wales), she subsequently completed a part-time MSc degree in HR Management which she completed in 2010 (from a Welsh University). Established five years ago, her business is a Limited company. Other than herself she has never employed anyone and has no intention of doing so in the future. The business is home based in Cardiff.

She previously worked for a large corporate business that necessitated her being in London three days per week, although she continued to live in Wales. She was made redundant after ten years with company and, having been off for three months on full pay took the decision to start her own business.

She had a partner on a good reliable salary and, at the time, didn't have any children so had a degree of financial security. She also did not want to work for a big business again. Lifestyle wasn't an issue at the time, but has become one since, particularly now that she has a young family.

She had some start-up advice from Business in Focus, and had a small grant to purchase some office equipment. She is happy with the business the way it is and does not want to change anything. She is confident that business will continue without foreseeable major problems, and wishes to continue to run it in five years.

CASE STUDY: Health and Safety Trainer, Cardiff

A female health and safety training consultant based in Cardiff. She provides health and safety training for both community groups and large corporate businesses. Her clients are UK-wide. She originally worked very long hours while establishing the business, but has, over recent years, scaled back the hours she works.

The business is office-based in Cardiff and she employs four members of staff. She also works with around 30 self-employed training associates who are based across the UK.

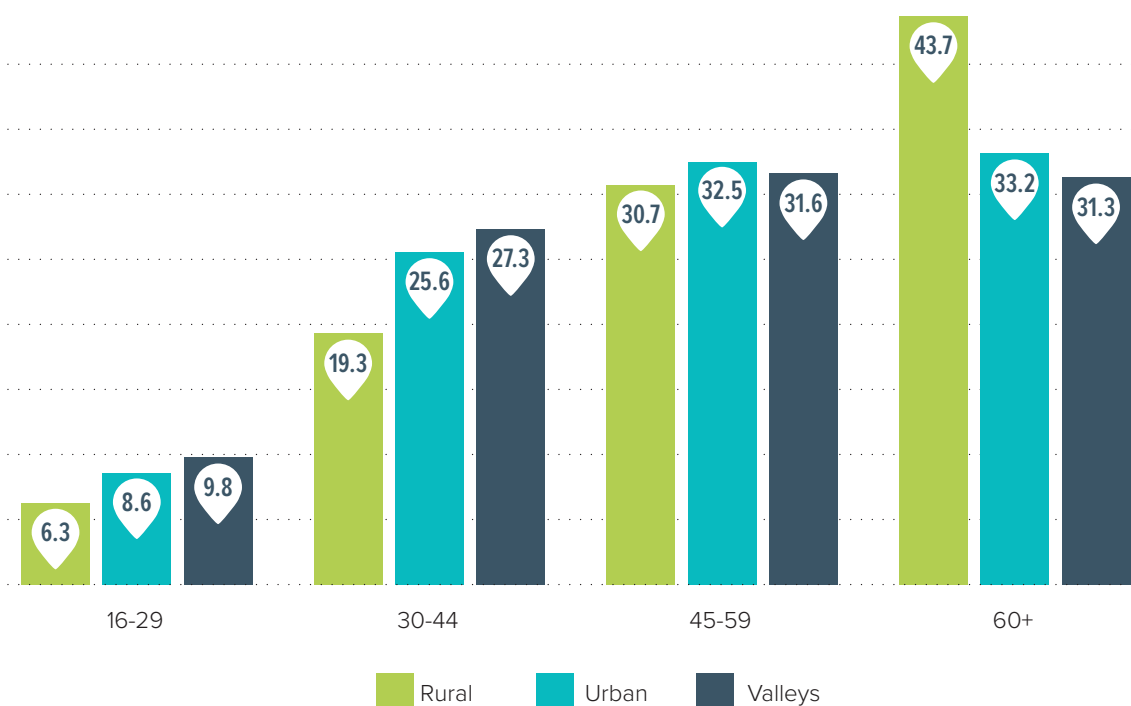
The original motivation for becoming self-employed was lifestyle, as she had a young family at the time and was doing a job where shift patterns made that very difficult and she wanted more flexibility. Her partner had a well-paid job so she had a degree of financial security.

She is a graduate and went back to university whilst pregnant to get a teaching qualification necessary to set up the business.

Established 10 years' ago, for the first three years she was a sole-trader, but then became Limited, because it was a natural progression when she reached the VAT threshold and wanted to limit liability and personal risk. It also helped with submitting tenders.

Looking forward she is concerned that the work she undertakes with community groups is declining because of financial cutbacks in public sector. She says careful planning will be increasingly important over coming years, but hopes to be running the same business in five years time. Business support has been acceptable, and she benefited from a start-up grant and Jobs Growth Wales to take on staff.

Self-Employment Rate by Age Group



Source: 2011 Census

%	16-29	30-44	45-59	60+
Rural	6.3	19.3	30.7	43.7
Urban	8.6	25.6	32.5	33.2
Valleys	9.8	27.3	31.6	31.3
Wales Total	7.8	23.3	31.5	37.4

Source: 2011 Census



On average across Wales **37.4%** of the active workforce **over 60** are self-employed, but only **7.8%** of the **under 30s**

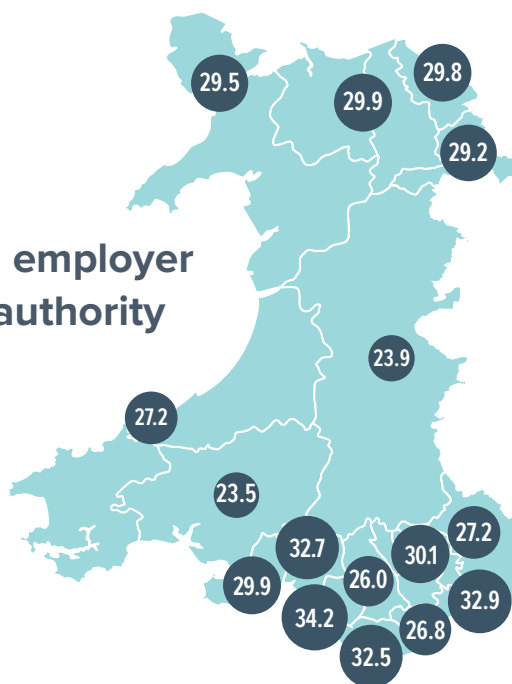
Self-employment rates increase significantly with age, and are typically a lot higher for over 45 year olds, and in most areas are even higher for over 60s. Self-employment typically rises with age, mainly because of accumulated experience and other financial and social capital resources. On average across Wales 37.4% of the active workforce over 60 are self-employed, but only 7.8% of the under 30s. Young self-employment tends to be higher in Cardiff and Swansea, but is proportionately lower, on average, in the Valleys. These figures are consistent with low levels of entrepreneurial activity amongst younger groups, and point to the need for further policy intervention to encourage business start-up amongst the young. This is particularly true in rural areas, although the lower rate of young self-employment is offset by higher absolute numbers. Lower self-employment rates for younger people in rural Wales may be a result of higher self-employment amongst older age groups. If true, this may present other concerns, for example business succession and business leadership opportunities for younger people.

Self-Employment and Self-Employed Employer Rates by Local Authority Group

GROUPED LOCAL AUTHORITY	SELF-EMPLOYMENT RATE (%)	OF WHICH EMPLOYERS (%)
Rural		
Isle of Anglesey and Gwynedd	17.4	29.5
Conwy and Denbighshire	17.0	29.9
Ceredigion and Pembrokeshire	19.7	27.2
Carmarthenshire	16.1	23.5
Powys	23.0	23.9
Urban and urban periphery		
Flintshire	11.4	29.8
Wrexham	11.3	29.2
City and County of Swansea	10.2	29.9
Vale of Glamorgan	13.1	32.5
City and County of Cardiff	10.7	26.8
Torfaen and Monmouthshire	13.2	27.2
Valleys and deprived urban		
Neath Port Talbot	8.6	32.7
Bridgend	9.7	34.2
Rhondda Cynon Taff	9.8	26.0
Caerphilly, Merthyr Tydfil, Blaenau Gwent	8.7	30.1
Newport	9.7	32.9

Source: 2011 Census

Self-employed employer rates by local authority group (%)



It is possible to distinguish between sole-traders or non-business owners and the self-employed who employ others. In Wales 28.8% of self-employed people in 2011 ran businesses that employed others. On average, the Valleys areas have the highest proportions of self-employed people who employ others, and this is more evenly spread over the age bands than in other areas of Wales. Although the overall rate is highest, the proportion of the self-employed who employ others is lowest in rural Wales. Therefore, areas with lower overall self-employment tend to have a higher proportion of self-employed employers; whereas those areas with the highest rates of self-employment tend to have proportionately lower numbers of self-employed employers.

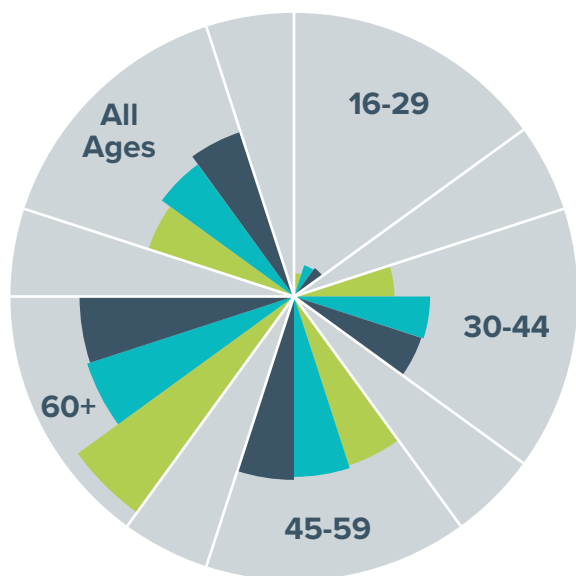
On average, the Valleys areas have the **highest proportions** of self-employed people who employ others, and this is more evenly spread over the age bands than in other areas of Wales



Percentage of Self-Employed Who Are Employers by Age Group

%	16-29	30-44	45-59	60+	ALL AGES
Rural	4.1	17.7	31.1	47.1	27.0
Urban	5.8	24.1	31.8	38.3	28.8
Valleys	6.2	23.6	32.3	37.8	30.5
Wales Total	5.2	21.3	31.6	41.8	28.4

Source: 2011 Census

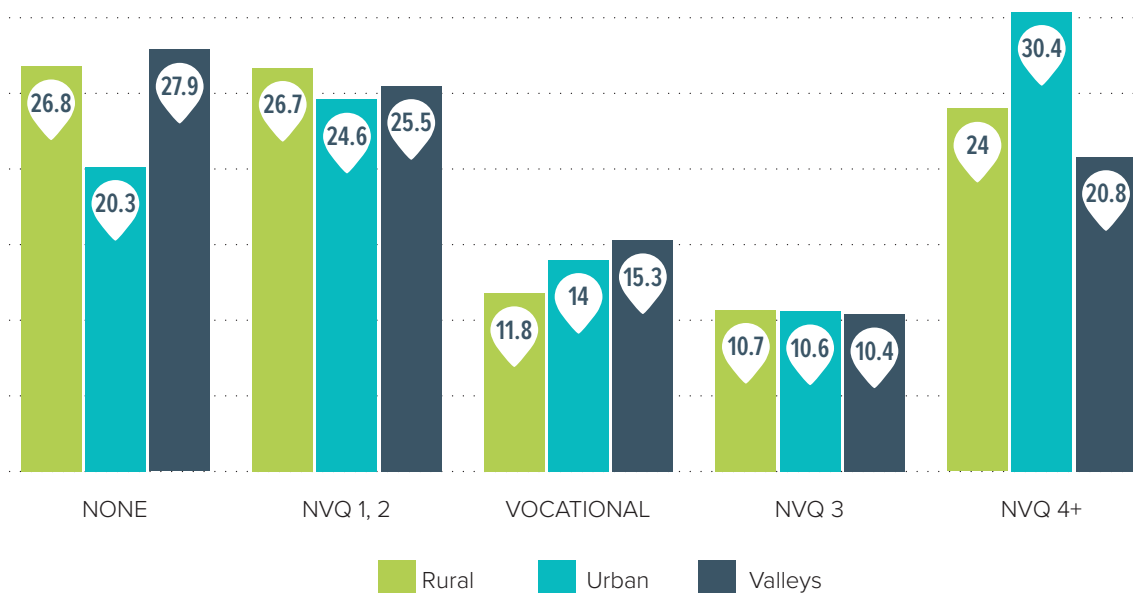


The percentage of self-employed people who employ others increases with age in all areas of Wales



The percentage of self-employed people who employ others increases with age in all areas of Wales. This appears to indicate that support is needed for younger self-employed people in the skills and resources required to create jobs for others. Support to raise business growth orientation and aspirations may also be appropriate, particularly for younger people. In the context of low overall self-employment in the Valleys, the key policy questions may be better focused on why opportunities for sole-trading are particularly weak in these areas. In rural Wales, almost 4/5ths of employers are over 45.

Percentage of Self-Employed by Highest Qualification



Source: 2011 Census

%	NONE	NVQ 1, 2	VOCATIONAL	NVQ 3	NVQ 4+
Rural	26.8	26.7	11.8	10.7	24.0
Urban	20.3	24.6	14.0	10.6	30.4
Valleys	27.9	25.5	15.3	10.4	20.8
Wales Total	24.8	25.8	13.3	10.6	25.5

Source: 2011 Census



Wales has the highest proportion of self-employed people with no educational qualifications compared with all English regions

Wales has the highest proportion of self-employed people with no educational qualifications compared with all English regions and, correspondingly, the lowest proportion of graduate self-employed. In the Valleys and rural areas of Wales there is a clear bimodal pattern. Self-employment is greatest amongst those with no educational qualifications, as well as those with higher levels of qualifications. In urban Wales however, there is less concentration of self-employment amongst those with no qualifications and, significantly higher graduate level self-employment. Generally, the high preponderance amongst the self-employed of those with little or no qualifications should be a concern for policy and programmes designed to support the self-employed in Wales. The Valleys has the highest concentration of self-employed amongst those with low skills levels. Blanket support programmes for the self-employed, available to graduates and non-graduates alike, may be inefficient and ineffective.

CASE STUDY: Graphic Designer, Cardiff

An early 50's female graphic designer based in Cardiff. She undertakes graphic design services for a range of clients mainly in Wales, but has developed experience in supporting third sector and conservation groups. She works a full time working week, but this does fluctuate.

The business is home-based and she has never had, nor needed, an office. She does not employ anyone and never has, nor does she have any wish to do so. She is happy with the business as it is and is motivated by quality of work rather than quantity.

She established the business in 2010 after working in the design industry for 30 years. She has qualifications in art, which she gained at art college. She was made redundant from a long-term job and took on another part-time job, for eight months, whilst building up her own work to the point where she could feel confident that she could become fully self-employed.

Lifestyle was not the motivation originally, but being self-employed has shown her the benefits of working for herself and the independence this brings. She has never looked for, nor received business support.

CASE STUDY: Web Presence Consultant, Neath Port Talbot

A late 50's self-employed 'web presence' consultant, providing holistic web presence services to a range of largely SMEs, but some larger businesses, for clients based mainly in Wales. He works more than full-time hours.

The business is now home-based, but previously had an office in Neath Port Talbot. He currently does not employ anyone, but prior to scaling the business back several years ago he did employ a small team. The business has never been a lifestyle business, and was not established on that basis.

He was originally from an engineering background, but started the business with his wife 20 years ago. His formal qualifications were originally in engineering, rather than in his current business activities, which are largely self-taught.

He is confident in the future of the business and can see no real perceptible issues, and hopes to continue running his business in five years' time. He believes the business support available in Wales is poor and has not recently sought or received any.

Other Personal Factors¹⁷

Wales has the highest rate of self-employment amongst people who own their home without a mortgage when compared with the English regions. Conversely, Wales has the lowest rates of self-employment among private renters compared with the English regions, and the rate amongst social housing tenants in Wales is also relatively low. The highest proportion of the self-employed who are outright owners of their homes is in rural Wales, accounting for over 50% of the self-employed in Ceredigion, Pembrokeshire, Powys and Carmarthenshire. Meanwhile, Cardiff is at the other extreme, with comparably higher self-employment among private renters.

The rate of self-employed employers tends to be higher amongst home-owners, especially those with no mortgage, and are particularly high in rural Wales. In Powys, for example, 61% of all self-employed employers are outright home owners. Outright ownership correlates strongly with age and this, perhaps, explains the variations across the areas of Wales. Where outright home ownership is high, so also is overall self-employment. This perhaps explains the impact of the strength of local economies and the impact of personal factors such as age and financial security on self-employed career decisions.

Financial security also tends to increase with the existence of couple households, as incomes in such households tend to be diversified. Across Wales, 49% of self-employed males live in couple households, and a further 20% are women who live in couple households. Only a very small proportion of the self-employed in all Welsh areas live in single households, and this may be connected to the older age profile of the self-employed generally. A sizeable minority of the self-employed appear to be young people living with parents, particularly in rural Wales. In Ceredigion and Pembrokeshire, for example, 24% of the self-employed are young people living with their parents.

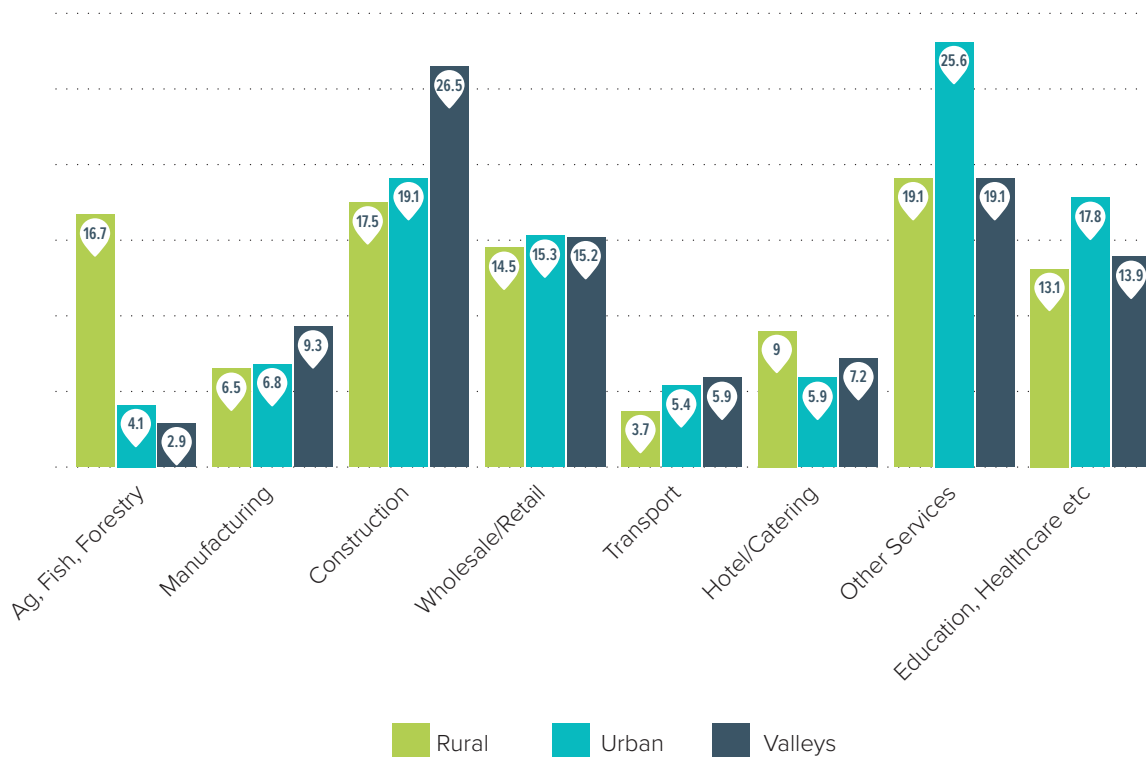
Issues concerning the health status of the self-employed, as indicated above, remains little understood. The proportion of the self-employed reporting a 'good' health status, as opposed to 'fair' or 'poor', in Wales is 73.8%. This is lower than in any of the English regions. Poorer health status amongst the self-employed in Wales is most prevalent in Neath Port Talbot, Carmarthenshire and Rhondda Cynon Taff. These patterns also tend to be true amongst those self-employed people who report 'long term limiting health problems'.



The concentration of **primary sector** self-employment in rural Wales is unsurprising, but the preponderance of **construction** self-employment in the Valleys, and higher **business** and **'public'** service self-employment in urban Wales are also notable trends

¹⁷ Data used in this section derives from the 2011 Census.

Percentage of Self-Employed by Industry Sector



Source: 2011 Census

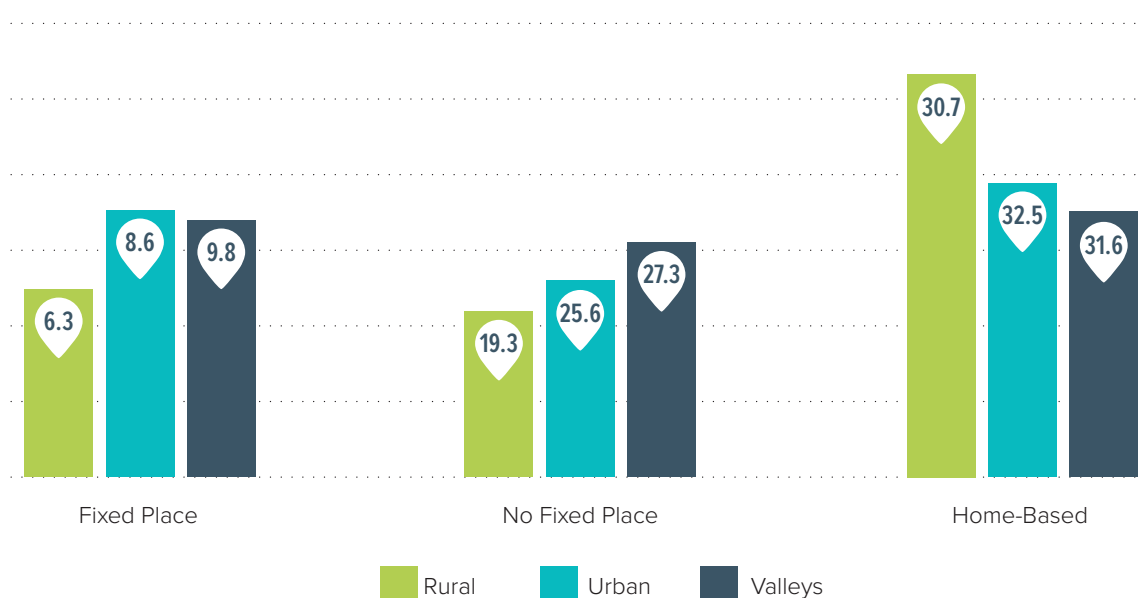
%	PRIMARY	MANUF	CONSTRUCT	WHOLESALE/ RETAIL	TRANSPORT	HOTEL/ CATERING	OTHER SERVICES	PUBLIC SERVICES
Rural	16.7	6.5	17.5	14.5	3.7	9.0	19.1	13.1
Urban	4.1	6.8	19.1	15.3	5.4	5.9	25.6	17.8
Valleys	2.9	9.3	26.5	15.2	5.9	7.2	19.1	13.9
Wales Total	9.3	7.2	20.1	14.9	4.7	7.5	21.3	14.9

Source: 2011 Census

There is a strong urban, Valleys, rural split in self-employment across the sectors in Wales. Wales has the highest rate of primary (agriculture, fisheries and forestry) sector self-employment compared with the English regions, but significantly lower self-employment rates in service sectors. Rural Wales has strong primary sector¹⁸ and hotel and catering self-employment, whereas the Valleys have significantly higher self-employment in construction. The available data suggest that a substantial proportion of those who are self-employed in the construction sector in the Valleys may be regularly travelling to adjacent urban centres for business activities.

Self-employed employers across Wales tend to be more concentrated in wholesale and retail activities, as well as in other services, but, there is a significant amount of variation between local authorities. The concentration of primary sector self-employment in rural Wales is unsurprising, but the preponderance of construction self-employment in the Valleys, and higher business and 'public' service self-employment in urban Wales are also notable trends. In common with other trends around self-employment in Wales, this finding demands the needs for more intelligent and careful targeting of support for the self-employed.

Percentage of Self-Employed by Place of Work



Source: 2011 Census

%	FIXED PLACE	NO FIXED PLACE	HOME-BASED
Rural	24.8	21.9	53.3
Urban	35.3	26.0	38.8
Valleys	33.9	31.0	35.1
Wales Total	30.5	25.3	44.2

Source: 2011 Census

¹⁸ It should be noted that even when farming is removed from this data, the self-employment rate in rural Wales only falls by 2%.

Percentage of self employed by place of work (Wales total)



In Wales 11% of the self-employed have no fixed place of work and 33.5% work from home. The only English region with a higher level of home-based self-employment is the South West. Over half of self-employed in rural Wales are home-based, and the rates are particularly high in Powys. For the home-based self-employed in rural areas, policy responses may need to address the lack of appropriate business premises, as well as issues relating to access to, and ability to capitalise on, high speed broadband services.

There are high levels of no-fixed place of work amongst the self-employed in the Valleys. Rhondda Cynon Taff has significantly higher rates of no-fixed place of work self-employed than any other local authority in Wales. Here 23.3% of all self-employed have no-fixed place of work, over twice the Welsh average. These rates of no-fixed place of work in the Valleys may, of course, be explained by the high degree of self-employment in the construction sector in these areas.

For the self-employed with no fixed place of work, local and sub-regional transport infrastructure, particularly road links for the construction sector, may be important to facilitate access to business opportunities. For some, improved access to appropriate, affordable business premises to facilitate business growth may be required. In some areas it might prove that the available business premises are too small to accommodate certain types of business activity.

CASE STUDY: Carpenter, Ceredigion

A self-employed mid-50's male carpenter and general builder, whose business activities are, almost entirely, based in Ceredigion. He works on average 35-40 hours per week.

He has City and Guilds qualifications in carpentry, which he gained in his mid-20's during six months in college and then on work placement. He is self-taught in other building skills. He undertakes all first and second fit carpentry, as well as a variety of general building work, mainly for householders, but, occasionally he is subcontracted by other builders. The scale of the work he undertakes is up to the size of small extensions.

He first became a self-employed carpenter in 1986 when he moved from the Lake District, responding to an advert put out by the local University for self-employed contractors. Took employed status in 1992 to work for a charity, but then became self-employed again and has been so since 2002. When he first became self-employed it was more by accident, arriving in a new town to live and looking for work, that the opportunity presented itself. On the second occasion, it was much more of a lifestyle choice – he wanted the benefits of working for himself.

He did employ an apprentice until 2008, but had to make them redundant due to a downturn in work and hasn't employed anyone since. He now prefers to subcontract work to trusted associates when necessary, rather than employ people directly. He does not have any business premises as he does not need any, and works out of his van. He received a grant to help with the purchase of some tools when he became self-employed again in 2002, but otherwise has not received and has not looked for business support.

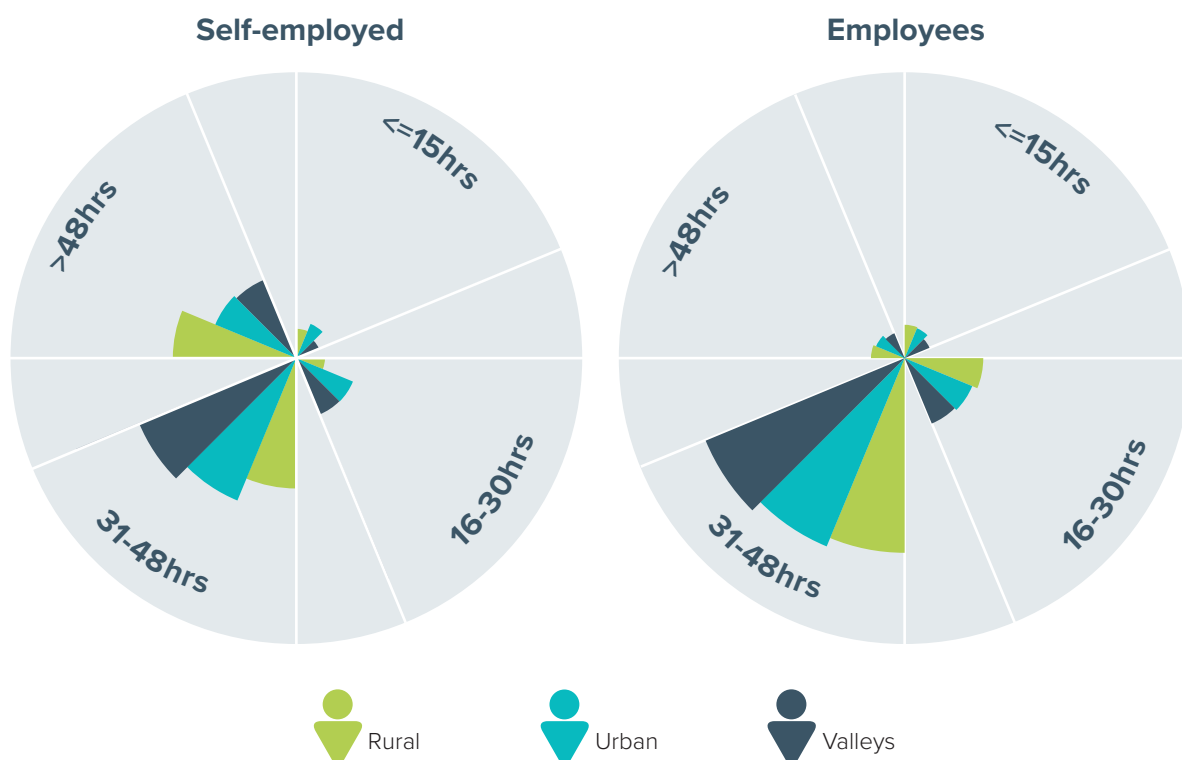
In terms of the future, although he wants to continue working in the way he does, running his own business over the next five years, and there are no signs of his work drying up, he has had some health issues which might prevent him from continuing to do so due to the physical nature of his work.

Percentage by Hours of Work

%	<=15 HRS	16-30 HRS	31-48 HRS	>48 HRS
Self-Employed				
Rural	8.6	16.8	38.3	36.3
Urban	10.9	18.0	45.3	25.8
Valleys	7.2	17.9	50.0	24.9
Wales Total	9.1	17.5	43.4	30.1
Employees				
Rural	9.8	23.1	57.2	9.9
Urban	9.5	21.5	59.9	9.1
Valleys	7.9	20.8	63.3	7.9
Wales Total	9.1	21.7	60.3	9.0

Source: 2011 Census

Percentage by hours of work



There is a high incidence of a long-hours culture amongst the self-employed in all areas of Wales, and this is particularly striking when compared with those who are employed. On average, 30% of self-employed people in Wales work over the EU working time directive, and it is particularly high in rural Wales. Generally, there are lower levels of part-time activity amongst the self-employed than amongst employees. Further research may be necessary to understand the reasons for these findings. A long-hours culture could be driven by 'positive' explanations, such as business opportunities and growth orientation, as well as by 'negative' explanations such as low rates of earnings.

On average, **30%**
of self-employed people
in Wales work **over** the
EU working time directive



CASE STUDY: Landscape Gardener, Neath Port Talbot

An early 30's male landscape gardener, who also undertakes general building maintenance work, his business activities are mainly within the Neath Port Talbot and Swansea areas, although occasionally further afield. He works on average a 55 hour week across five and a half days.

He is self-taught. His clients are mainly households, but he also has some contracts with businesses, such as local dental practices, that require gardening and building maintenance work.

He set up his business as a sole trader in June 2016, having been employed as a contractor in the steelworks in Port Talbot for ten years. He was not made redundant and, when he resigned, was offered a pay rise by his employer to stay. He became self-employed because he wanted more flexibility in helping his partner, who works shifts in the NHS, with their young child. He had always wanted to work for himself and, prior to becoming fully self-employed, he had been doing some informal work as a landscape gardener for a few years so was confident he would secure sufficient work should he decide to become fully self-employed.

He does not employ anyone and has no wish to do so as it does not make financial sense and does not want the additional responsibilities. He occasionally works with other self-employed trades, but tends to limit the scale and amount of work he takes on to that which he can undertake himself. He already had all the tools, equipment and a van before becoming self-employed, which he had bought over several years. He has not had any business support and has not looked for it.

He has had no regrets in becoming self-employed, and has work booked in several months in advance. Looking to the future, he wishes to continue to run his business in the way he does over the next five years. The only fear he has for the future is the growing trend around artificial grass, which although he installs as part of his services, does mean that the grass cutting part of his business will decline.

Self-Employment in Wales – Comparison with Other English Regions

	SELF-EMPLOYMENT RATE			EMPLOYERS	AGE		EDUCATION		HOURS	PLACE OF WORK	
	MALE	FEMALE	TOTAL	% OF SELF-EMPLOYED	% 16-29	% 60+	% NO QUALS	% NVQ4+	% >48 HOURS	NO FIXED PLACE	HOME-BASED
WALES	18.1	7.8	12.9	28.4	7.8	37.4	24.8	25.5	30.1	25.3	44.2
Rural	25.2	11.7	18.4	27.0	6.3	43.7	26.8	24.0	36.3	21.9	53.3
Urban	16.1	6.9	11.4	28.8	8.6	33.2	20.3	30.4	25.8	26.0	38.8
Valleys	13.6	5.0	9.3	30.5	9.8	31.3	27.9	20.8	24.9	31.0	35.1
ENGLAND	18.9	8.3	13.5	25.1	9.7	31.3	19.8	30.5	23.7	29.8	37.8
North East	13.5	5.5	9.4	28.8	8.9	31.2	22.7	25.7	25.6	23.5	39.6
North West	16.9	6.9	11.8	27.5	8.8	21.9	22.9	26.4	23.9	26.9	37.4
Yorks & Humber	16.9	7.0	11.9	28.1	9.3	21.7	22.7	25.9	24.1	25.8	39.3
East Midlands	17.2	7.4	12.2	26.7	8.6	33.6	22.4	25.8	25.2	27.6	40.0
West Midlands	17.4	6.9	12.1	26.5	9.6	33.3	23.4	26.1	24.0	27.9	38.9
East of England	20.2	8.3	14.2	23.7	9.0	32.8	21.0	27.3	24.1	32.7	37.2
London	22.0	10.7	16.4	22.9	14.7	20.8	14.6	41.4	22.1	34.0	30.5
South East	20.4	9.1	14.6	23.5	8.4	32.9	17.6	32.3	23.3	31.2	39.6
South West	20.9	10.0	15.4	24.8	7.4	38.5	18.9	30.0	24.6	28.3	44.1

Source: 2011 Census

Overall, the self-employment rate in Wales is slightly below the England average. But both the Valleys and rural areas of Wales stand out, the first because it is significantly lower and the second because it is significantly higher. The self-employment rate in the Valleys resembles most closely North East England. The closest comparator for rural Wales is the rural part of South West England.

It is notable that the proportion of self-employed who are employers in Wales is higher than the average in England, and, in this respect Wales, is again comparable to a northern English region. In terms of education level of the self-employed, the Valleys stand out as particularly lower, with far fewer self-employed people educated to NVQ4 level (equivalent to completing the first year of a higher education course) than any other English region.

Only the South West has a lower proportion of under 30s and a higher proportion of over 60s in self-employment than Wales. Rural Wales stands out particularly in the age breakdown comparison, while urban Wales and Valleys are comparable with a northern English region. The very different age structure of self-employment in London and the South East is most notable.

As discussed above, Wales has a particularly marked long-hours culture in self-employment well above that in England, but this is particularly skewed by rural Wales. Wales compares with South West England in terms of the high preponderance of home-based activity. The high level of no-fixed place of work in the Valleys is comparable with English regions, but the issues of affordability maybe a more explanatory factor in southern England than in Wales.

Self-Employment in Wales Comparison with English Regions, Industry Breakdown

% OF ALL SELF-EMPLOYED	PRIMARY	MANUF	CONSTRUCT	WHOLESALE/RETAIL	TRANSPORT	HOTEL/CATERING	OTHER SERVICES	PUBLIC SERVICES
WALES	9.3	7.2	20.1	14.9	4.7	7.5	21.3	14.9
“Rural”	16.7	6.5	17.5	14.5	3.7	9.0	19.1	13.1
“Urban”	4.1	6.8	19.1	15.3	5.4	5.9	25.6	17.8
“Valleys”	2.9	9.3	26.5	15.2	5.9	7.2	19.1	13.9
ENGLAND	3.7	6.6	20.4	13.6	5.9	5.3	28.0	16.5
North East	4.7	6.5	19.8	15.3	7.9	6.7	23.1	16.0
North West	4.0	7.4	19.7	15.5	7.5	6.3	24.1	15.5
Yorks & Humber	4.7	7.6	20.6	15.8	6.7	6.5	22.6	15.5
East Midlands	4.8	8.8	20.3	16.6	5.8	5.2	23.4	14.9
West Midlands	4.9	8.9	20.8	15.5	6.1	5.0	23.6	15.2
East of England	3.5	7.0	22.7	13.2	6.0	4.3	27.1	16.2
London	0.6	3.9	18.4	10.7	5.9	4.5	37.7	18.3
South East	2.6	6.1	21.4	12.0	5.0	4.5	30.9	17.5
South West	6.9	6.7	19.7	13.5	4.1	6.8	25.8	16.5

Source: 2011 Census

When compared with the English regions the very high level of primary sector self-employment in rural Wales is notable, and, as a result, Wales has by some margin a higher primary percentage (9.3%) than any of the English regions. The industrial structure of self-employment in the Valleys is not too dissimilar to that in a northern English region, but it has lower levels of typically higher skilled service sector activity. Overall, Wales has significantly lower proportions of self-employed people engaged in either ‘other service’ or ‘public service’ activities, each of which tend to be identified as the ‘higher service sectors’, such as business to business and professional activity. The contrast with London and the South East is particularly marked.

CASE STUDY: Branding Specialist, Rhondda Cynon Taff

A late 40’s female branding specialist based in Rhondda Cynon Taff. She undertakes design and website development services for clients over a wide geographical area across Wales and England, mainly in the private sector. She works on average a 55-hour working week.

Office based business that was established in 2005, and became Limited in 2008 for financial planning reasons. There has been no difficulty in securing business premises, but she says the business rates are too high for a business of her type.

She did build the businesses up to employ 5-6 people, but says the law for employing people is too onerous for small businesses and now doesn’t employ anyone. Her previous employees are now all self-employed themselves and often work with her as associates.

The business was not established as a lifestyle business, but she has certainly benefited from the lifestyle that being self-employed offers. She established the business because she felt she could offer a better service, having worked in the industry for some years after graduating.

Her business confidence for the future is good, but she is concerned about being undercut by business start-ups. In five years time she hopes to be still running her business in the way she currently is.

IMPLICATIONS FOR POLICY

The following section identifies eleven key policy issues and associated action points to emerge from this research into self-employment patterns and experiences in Wales. These include: macro-economic policy; supporting entrepreneurship and local economic development; replacement demand and succession planning; collaborative local economies; networking the self-employed; the regionalisation agenda; overcoming barriers to self-employment; promoting self-employment; skills policies for the self-employed; housing policy and the self-employed; and business premises. Taken together they form the basis of a necessary policy review in Wales, which takes account of the significant increase in self-employment over the last ten years.

ISSUE ONE: Economic Development Policy in Wales

A rise in self-employment accounted for 38% of total jobs growth in Wales between 2007-2016. Although there have been several high-profile reports commissioned by the UK Government, thus far Welsh Government has been slow to respond to the increasing contribution that self-employment makes to the economy of Wales. Much of Welsh Government's economic policy-making capacity appears to be driven by sectors, and has not engaged sufficiently with the self-employment policy agenda. Welsh Government and other public bodies in Wales also need to better recognise that decisions around the location of public investments and services can have significant impacts on the self-employed, both positive and negative.

ACTION POINT: Welsh Government should undertake a major policy review of self-employment in Wales. Such a review should consider in detail how Welsh macro-economic policy should respond to and best support the growth and local patterns of self-employment since 2008.

ISSUE TWO: Supporting Entrepreneurship and Local Economic Development

Much of the focus in popular discussions about the rise in self-employment has focused on the 'gig-economy'. Whereas this has implications for active labour market policy, and is likely to be felt more in places such as London and in Wales Cardiff, this is not the major factor in the rise of overall self-employment. 'Pull' factors rather than 'push' factors have been more significant, and the data suggests that people tend to choose self-employed career pathways when local economic opportunities are stronger and in circumstances of lower local unemployment. Blanket policies designed to support self-employment may exacerbate spatial inequalities, since they are likely to have significantly greater impact in more affluent places.

ACTION POINT: As part of a major review of self-employment in Wales, Welsh Government should update its entrepreneurship policy. In considering how best to support the self-employed, it should ensure working with local authorities across Wales, such that a policy refresh places local economic development at its core.

ISSUE THREE: Replacement Demand and Succession Planning

Patterns of self-employment are skewed significantly toward older workers, particularly in rural Wales. Whilst supporting older people in their self-employed business activities, it is important to understand the economic implications of an aging self-employed base. It is important to understand the effects that replacement demand will have on local economies across Wales, and what implications this has for succession planning.

ACTION POINT: As part of a major review of self-employment in Wales, Welsh Government should fully consider the effects of replacement demand within the self-employed context, identifying potential adverse effects this might have on resilient local economies, particularly in rural Wales. Such a review should consider what mechanisms might be put in place to help facilitate succession planning, and where there are barriers to younger people becoming self-employed.

ISSUE FOUR: Collaborative Local Economies

Not all self-employed people want to employ others or grow their business activities. For many people the key benefits of becoming self-employed may not be compatible with employing others, and not all self-employed business activities will be capable of growing. It is important to recognise that this does not undermine their existing economic contribution. Consequently, it is often more appropriate and desirable for self-employed people to work with 'associates' to deliver certain projects. This has implications for the way that public sector procurement is delivered, which currently places far more emphasis on competition rather than collaboration, and tends to be more accessible to larger businesses. Welsh Government's 2013 Joint Bidding Guide has so far appeared to have had limited impact. Collaborative rather than competitive economic policy may be more appropriate for the self-employed.

ACTION POINT: Welsh Government needs to help foster a more collaborative rather than competitive approach to local economies. As part of a major review of self-employment in Wales, such an approach should consider public sector procurement practices in Wales, to ensure they are either more accessible in scale to individual self-employed people, or seek to better foster collaborative bidding.

ISSUE FIVE: Networking the Self-Employed

A local culture of strong local business networks that support entrepreneurialism appears to have a significant impact on patterns of self-employment. Whereas, business and third sector groups have successfully sought to foster such networks in many parts of Wales, there remain many areas where such networks remain weak and subsequently the conditions for local self-employment and entrepreneurship are less fertile.

ACTION POINT: Working with business and third sector groups across Wales, Welsh Government and local authorities should evaluate and seek to improve upon their current initiatives that seek to foster self-employed and micro-business networks.

ISSUE SIX: The Regionalisation Agenda

There are significant sectoral differences in self-employment patterns across Wales. The location of these self-employment patterns does not spatially match Welsh Government's current regionalisation agenda. There is significant variation within and between the four regions Welsh Government has identified as the location for the delivery of a raft of policy areas, including economic development. The type of policy and scale of interventions at these regional levels are more likely to benefit larger businesses, than self-employed owners of micro or small businesses. The complex patterns of self-employment across Wales are more likely to benefit from a wider variety of intelligent local interventions.

ACTION POINT: As part of a major review of self-employment in Wales, Welsh Government should urgently consider whether its regionalisation agenda reflects patterns of self-employment across Wales. Such a review should consider how patterns of self-employment growth across Wales will be impacted by the regionalisation of economic development activity.

ISSUE SEVEN: Overcoming Barriers to Self-Employment

Certain population groups are not fulfilling their true potential in the various parts of Wales, this includes women, particularly in the Valleys, and young people, particularly in rural Wales. Self-employment offers a major opportunity to boost the economic contribution of these groups. Enterprise support that overcomes the barriers to self-employment for certain groups needs to be locally responsive if it is to be efficient. One size does not fit all.

ACTION POINT: Welsh Government should develop a place-based programme of support that seeks to overcome barriers to self-employment for currently locally underrepresented groups. This might initially involve several pilot areas, which reflect local patterns of such groups.

ISSUE EIGHT: Promoting Self-Employment

Although, where appropriate, it is clearly important to grow Wales' indigenous businesses, it also needs to be recognised that most self-employed people do not wish to employ others or expand significantly beyond their current business activities. Wales therefore needs to recognise and celebrate the economic contribution of self-employment. Currently the language of economic policy-making is massively skewed toward the importance of securing foreign-owned inward investment. It should be noted that such inward investments have continued to account for less than 15% of jobs in Wales for many years¹⁹, whereas, as we have seen, 38% of total jobs growth in Wales over the last ten years has been the self-employed.

ACTION POINT: As well as actively supporting self-employment, the language of economic policy making in Wales needs to show that it values the economic contribution of self-employment.

ISSUE NINE: Skills Policies for the Self-Employed

Skills delivery in Wales is currently determined by three regional skills plans. Skills priorities appear to be driven by sectors policy, the demands of large businesses, and by prospective foreign investments. They do not appear to adequately support local economic development or match patterns of self-employment. The skills for business initiatives in Wales also appear to focus on employee-employer relations or on business owner skills, skills for the self-employed are a distinct area.

ACTION POINT: Skills policies in Wales need to better reflect and be more responsive to the needs of the self-employed.

ISSUE TEN: Housing Policy and the Self-Employed

In many areas of Wales there appears to be a strong connection between home ownership and patterns of self-employment. Whereas this might be partly explained by the fact that home owners are likely to be older and more financially secure, both are also strong determinants of self-employment, there may also be barriers to self-employment associated with either private or social tenancy. There may also be issues relating to the ability of home owners to better access credit.

ACTION POINT: Welsh Government housing policy needs to fully consider what barriers to self-employment might exist for social and private sector tenants, and design appropriate mechanisms to overcome these issues. This might include renewed guidance around tenancy conditions, particularly in the social housing sector, or in terms of guarantee arrangements for non-home owners to access business credit.

¹⁹ <http://gov.wales/docs/statistics/2016/161129-size-analysis-welsh-business-2016-en.pdf>

ISSUE ELEVEN: Business Premises

In many parts of Wales there is a strong pattern of self-employed people either working from home, particularly in rural Wales, or with no fixed place of work, as in the Valleys. This will partly reflect the preferences and requirements of self-employed people, many of whom prefer to work from home, but also the nature of self-employment in some parts of Wales. In the Valleys, for example, there is a high percentage of self-employment in the construction sector. For many self-employed people however, the costs associated with and availability of appropriate business premises may also be issues. 'Meanwhile use', co-working and 'live-work' development are all important options in this regard. The availability of business premises for self-employed people, as opposed to general business premises, has been something largely left to the third sector to support in Wales. Whereas this had led to some real successes, gaps remain in many parts of Wales.

ACTION POINT: Welsh Government and local authorities in Wales should better identify and devise locally appropriate solutions to the gaps in local availability of appropriate business premises for the self-employed.