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Cover design by MS Designs (07791940502)

Executive Summary

Introduction

Self-employment over 50: Choice or Challenge is a piece of research commissioned by the Future Years Forum (Yorkshire and Humber) and funded by Yorkshire Forward, the Regional Development Agency. The research aims to: assess the level of self-employment within the region of people aged 50-69; identify the level of interest in self employment; and analyse the issues that affect the success of people in this age group engaging in self-employment.

Methodology

This report is based on qualitative research carried out between November 2007 and March 2008 to establish what the barriers, challenges and critical success factors for people aged 50-69 considering/entering self-employment are. This report follows on from a literature review of the research available which was carried out in November 2007.

The primary qualitative data for this research was gathered using two methods: telephone interviews with key informers (including community of interest organisations, regional business support agencies, business support networks and older people aged 50-69 who were considering or were established in self-employment) and a series of nine focus groups of which 57 people aged 50-69 from across the Region participated.

Background & Context

The population in the UK is ageing. Overall the population aged 50-69 in the Yorkshire and Humber Region will increase from 1,140,000 to 1,317,000, an increase of 15%. The biggest percentage increase in this age bracket will be people aged 65-69. In recognition of this the Government set out its policy regarding older people with the publication of the 2003 'Opportunity Age'. This policy paper outlined the Government's vision in this area laying out a target of 80% employment rate for people aged 50 – State Pension Age (SPA).

However, although the employment rate of those aged 50 –SPA has increased to 72% from a low of 64% in the mid-1990s (TAEN 2007) it is still 11% lower than for those aged 25-49. So it is clear that the labour market is still not working effectively for all people aged over 50. One of the barriers identified to continuing or re-entering employment is age discrimination, other issues such as poor health and caring responsibilities also represent significant barriers to the labour market. Self-employment is one solution for people in this age group who face problems in securing permanent jobs and who may need to work in a more flexible way.

The Yorkshire and Humber has a population of over 5 million people, of which people aged 50-69 make up 22.2% (2001 Census). Just over 50% in this age group are women. The 50-69 age population are a diverse group, with the 2001 Census data showing that:

- 28.8% of the regional population aged 50-64 have a long-term limiting illness, compared to 13.3% of people aged 35-49;
- 95.2% of the regional population aged 50-64 is White British, 1.9% are of Asian heritage and 0.5% are of Black African or Black Caribbean heritage;
- Nationally 2.8 million people aged 50+ provide unpaid care (16%), indicating that around 267,600 people aged over 50 in the Region have some form of caring responsibility;
- 68% of people aged 50+ in the Region are employed as opposed to 76.6% for people aged 25-49;
- Yorkshire and the Humber has a marginally higher percentage of people aged over 50 with no qualifications than England as a whole (Local Labour Force Survey 2003);
- The most popular occupations for older men in the Region are skilled trades or management occupations, followed by plant and machine operatives. Older women mostly work in administration and secretarial roles, followed by elementary or customer service occupations; and
- Entrepreneurial activity for 55-64 year olds is significantly lower than for younger people at just under 3% as opposed to nearly 7% for people aged 25-34 years old and over 7% for people aged 35-44 years old (Global Entrepreneurship Monitor).

In the Government's recent publication 'Enterprise: Unlocking the UK's Talent' in March 2008' the enterprise vision for the UK is outlined. Currently, certain groups such as women and the over 50s have much lower aspirations in terms of enterprise. Age is also highlighted as a significant factor affecting attitudes to enterprise with those aged over 50 being less likely to consider starting a business or plan to grow their business than their younger counterparts.

The literature review carried out as part of this research identified some key barriers to self-employment for the 50-69 age group including: lack of awareness, access to training and adult guidance, finance, lack of knowledge about running a business, poor health, fear of failure and lack of confidence. Conversely, a review of the critical success factors for people aged 50+ to set up in sustainable self-employment identified several factors including: confidence, outreach support (to raise the profile of self-employment), welfare flexibility and appropriate business support which is on-going (age aware) once established as areas which can increase success in self-employment for people in this age group.

The Government's recent enterprise strategy outlines a range of activities to tackle some of these barriers. Proposed activities to raise entrepreneurship in the over 50s age group include the extension of the 'Making your mark' campaign (previously targeted at younger people), an Enterprise week for older people, strengthening adult guidance in regards to exploring self-employment options and the integration of Business Link and Train2Gain services by April 2009 to simplify where people can get information on skills and business support.

Research Findings

A total of 40 informers were interviewed as part of the research. Informers came under four categories: community of interest organisations, business support agencies, business support networks and individuals aged 50-69 who were either considering self-employment or were already self-employed.

The interviews showed that on the whole there does not appear to be a clear profile of an entrepreneur aged 50-69. The lack of a clear profile perhaps, in part, reflects the fact that people over 50 are a very diverse group with diverse needs in terms of business support. It may also reflect that there is little data or intelligence captured in regards to self-employment and older people.

Another key element identified, again reflecting the diversity of people aged 50-69, is that people in this age group have different motivations for considering or going into self-employment than younger people. The most common push/pull factors are wanting new challenges or due to limited employment choice (for example due to age discrimination or the need to work more flexibly).

Overall there is a lack of targeting or tailoring of business support or ancillary services to people over 50 with many organisations just stating that they had an open door policy (implying that they felt people in this age group did not need to be specifically targeted). However, it was clear from the interviews with individuals and community of interest organisations that it was felt that people aged 50-69 did have some specific support needs. For example, the need for outreach support was identified to encourage 'non-traditional' entrepreneurs to consider self-employment as an option and to build awareness of the support (both formal and informal available). One-to-one support and/or mentoring on an on-going basis and support to build confidence were also mentioned. Finally, information on how self-employment impacts on benefits and/or pensions was seen as essential to enable people to make informed choices.

In addition to the informer interviews a series of nine focus groups were held across the Region with the aim of gathering the views of people aged 50-69 including: those who were had not previously considered self-employment; those who were considering self-employment; those already self-employed; and those who had previously been self-employed but had decided not continue with it. The aim was to understand what they considered to be the key support needs at pre-start up, start up and post start up stage and whether this support needed to be age specific, as well as the barriers and challenges to setting up in self-employment.

The key issues raised in the focus group sessions very much reflected comments made by individuals aged 50-69 who were interviewed as part of the informer interview stage. The focus group participants broadly identified the same key issues and there did not appear to be any differences between those in rural and urban areas. Gender, however, did have an impact in terms of what was seen as the key support required with the female only focus group feeling that gender specific support was more important than age specific support.

Overall it was felt that self-employment for people over 50 was not presented in a positive light and there was a need for wider, and more positive, promotion of self-employment in the Region for over 50s. Particularly as it was felt that self-employment could work well for many people who needed or wanted to work more flexibly, those who wanted to do 'something for themselves' and those who needed to continue to generate an income.

The other main barriers to successful self-employment were identified as having a lack of confidence and a lack of awareness in regards to the business support services available to them. In terms of the key support people felt was needed a business mentor (with life experience) was widely identified as something which would really support them with creating sustainable self-employment opportunities. Information regarding the impact of self-employment on pension provision, benefits etc was also raised, followed by the need to better publicise networking opportunities and/or the development of more informal (free) networking opportunities.

Participants were divided as to whether age specific support was required. Responses were different for different stages of business development. The key factor influencing whether people would prefer to be in groups with their peers or not appeared to be confidence, with the need for age specific support diminishing as the business develops.

Conclusions

Overall there is a mixed picture in terms of what business support agencies and associated organisations feel are the characteristics and/or profile of a person aged 50-69 who is considering, or embarking on the journey of, self-employment. In some respects this reflects the diversity of people aged 50-69 as a group but it can also be explained, in part, by the lack of data gathered in regards to self-employment for people in this age group.

Older people, on the whole, appear to have different motivations for going into self-employment than younger people. For example, self-employment offers self-fulfilment for people who want to continue working in some form but not in the way they have to date, those who have faced age discrimination in the labour market or those that want or need to work in a more flexible way. Therefore it is important to recognise the role of self-employment for people over 50 as a key choice in a menu of options for those looking to continue or extend their working lives.

It does, however, need to be recognised that there are currently some barriers to presenting self-employment as a viable option for those aged 50-69 in the Region. The main barriers identified are outlined on the next page as well as what is perceived to work in terms of supporting people aged 50-69 into sustainable self-employment.

Barriers to self-employment	Critical success factors for self-employment
<ul style="list-style-type: none"> • Lack of positive promotion of self-employment as an option for people in their 50s and 60s 	<ul style="list-style-type: none"> • A step by step guide on how to approach self-employment
<ul style="list-style-type: none"> • Lack of awareness of business support services 	<ul style="list-style-type: none"> • Clear guide on what and where support is available
<ul style="list-style-type: none"> • Lack of confidence 	<ul style="list-style-type: none"> • Confidence
<ul style="list-style-type: none"> • Finance (e.g. the implications of self-employment for pension provision/ sickness) 	<ul style="list-style-type: none"> • Linking into peer networking or mentoring opportunities on an on-going basis
	<ul style="list-style-type: none"> • Understanding the financial implications of self-employment

In terms of the types of sectors that older people are considering or have established their businesses in there is again a lot of diversity. The only commonality appeared to be that on the whole people were pursuing areas of personal interest to them and, in the main, were not looking to grow the businesses significantly but rather stay small and flexible.

The value to the Region in greater promotion of self-employment as a way for people over 50 to continue to generate an income and/or extend their working lives is great. However, to achieve this more effectively regional policy makers and funders need to consider the following:

- Consistent data needs to be captured by business support providers to ensure that it effectively informs policy development and funding support in this area, ensuring that the funding is used in an equitable and inclusive way.
- Self-employment is not always considered as an option for people over 50. The role of adult guidance services in signposting older people to business support agencies should be considered.

- Wider marketing of the business support services available to people is needed in the Region. Partners need to have a very clear and focused message about the value of self employment for people aged 50-69.
- Mainstream business support services are fine for some older people but not all feel comfortable accessing them and therefore outreach support in accessible venues is also required.

Recommendations

From the research carried out the following recommendations can be drawn:

- Wider promotion of self-employment to over 50s is needed particularly to those in deprived areas, on low incomes, or the long-term unemployed who would not traditionally recognise self-employment as an option.
- Clear guidance/information is needed on how self-employment impacts on things such as pension provision or what would happen if health became an issue.
- Lifestyle/hobby businesses needs to be given a higher profile in terms of enabling people over 50 to continue to generate an income/or extend their working lives.
- Wider promotion of business support provision.
- The need for on-going business mentoring and networking opportunities.
- The potential of older people in terms of self-employment should be considered when carrying out economic impact assessments at local level.