



# Self-Employment in the Modern Economy

Exploring the rise of self-employment in the last decade

Small Business  
Research Centre  
Kingston University London

**ipse** The Association of  
Independent Professionals  
and the Self-Employed

2 0 1 8 I N R E V I E W

# About IPSE

IPSE is the largest association of independent professionals in the EU, representing over 74,000 freelancers, contractors and consultants from every sector of the UK economy. It's a not-for-profit organisation owned and run by its members.

Flexibility in the labour market is crucial to Britain's social and economic success. We are dedicated to using our voice in industry and government to improve the landscape for freelancers.

We also aim to be the principle and definitive source of knowledge about freelancing and self-employment in the UK. We work with leading academic institutions and research agencies to provide empirical evidence about evolving market trends. This research supports our work with government and industry and delivers key market intelligence to help our members with business planning.

This report was written by Chloé Jepps, Deputy Head of Research at IPSE.

## IPSE

Heron House, 10 Dean Farrar St, London SW1H 0DX

**T:** +44 (0) 20 8897 9970 **W:** [www.ipse.co.uk](http://www.ipse.co.uk)

# Executive summary

## Women lead rise of skilled freelance sector

- Number of highly skilled freelancers rose by 47 per cent between 2008 and 2018
- Driven by 63 per cent rise in highly skilled female freelancers in this period
- Both drove 35 per cent increase in UK's total solo self-employed
- The solo self-employed sector contributed £275bn to the economy in 2018.

The number of solo self-employed people in the UK has grown enormously in the last 10 years, driven by the growth of the highly skilled freelance sector – particularly female freelancers.

And, as the solo self-employed sector grows, so too does its importance to the UK economy: in 2018, it contributed £275bn.

Looking over the last 10 years, the sector has grown rapidly, but that trend may be starting to slow. Between 2017 and 2018, the sector as a whole grew by just one per cent.

Geographically, the largest concentrations of the solo self-employed are in the South East of England and Greater London. The largest growth over the last 10 years has been in Greater London, where the number of solo self-employed people grew by 61 per cent.

In terms of occupations, the most solo self-employed people can be found in construction and building (493,000), followed by artistic, literary and media occupations (323,000).

The largest age groups among the solo self-employed are 40–49 (1,061,000) and 50–59 (1,124,000). Combined, these groups make up almost 50 per cent of the whole solo self-employed population. As a result, the average age among the solo self-employed is 46, while the among highly skilled freelancers it is 48.

## Introduction

Solo self-employment in the UK is continuing to rise as more and more people are motivated by the freedom, flexibility and autonomy this way of work provides<sup>1</sup>. The solo self-employment sector has seen huge growth over the last 10 years with a 35 per cent increase, driven largely by highly skilled freelancers.

Despite these large increases over the last decade, growth has slowed down in the last year with an increase of one per cent between 2017 and 2018.

This fall-off in growth may be due to firms holding back from risk and major decisions in anticipation of Brexit disruption. The Bank of England, however, has predicted that this may change and a raft of investment may be opened up when the Brexit “fog” clears.

Despite this, the solo self-employed sector is continuing to play an increasingly important role in the UK economy, and it is now estimated that solo self-employed workforce contributed over £275bn to the UK economy in 2018.

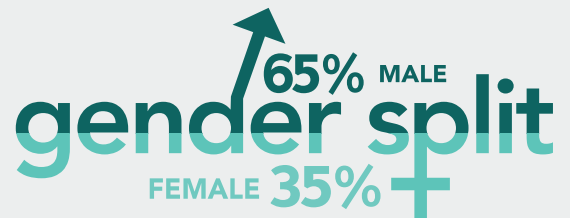
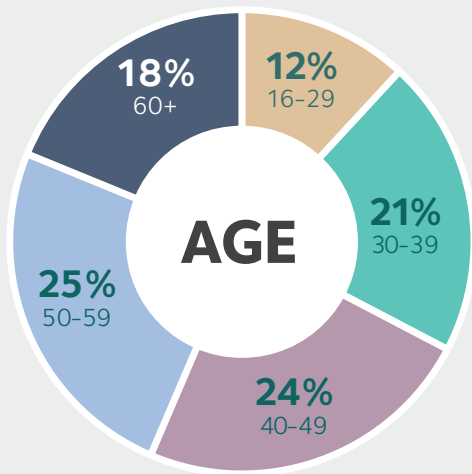
The Government is recognising the contribution of the self-employment sector and has placed a strong emphasis on self-employment in its ‘Good Work Plan’ in response to the Taylor review<sup>2</sup>, which sets out a package of workplace reforms over the next 20 years to meet the changing world of employment. These include legislation around sick pay and maternity and paternity leave as well as tackling non-payment.

Self-employment continues to be at the centre of political debates, and it is therefore of crucial importance that we fully understand this growing sector of modern work.

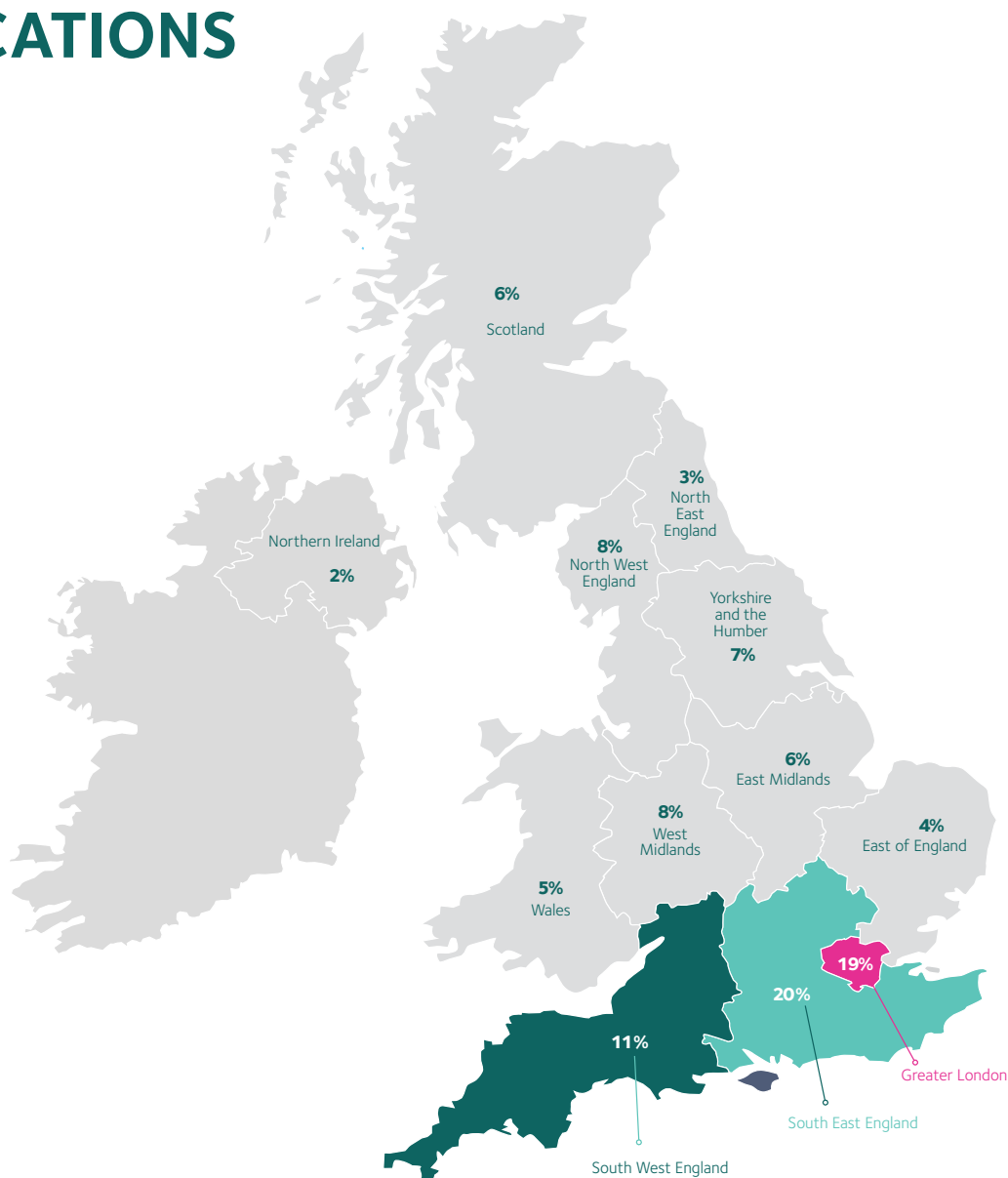
This is the tenth year of IPSE's reports with Kingston University examining the freelance sector. The reports draw on data from the Office for National Statistics (ONS) Labour Force Survey (LFS). This tenth anniversary report has a broader scope and looks at the entire solo self-employed sector, comparing it to trends in the rapidly growing freelance sector. It also takes a longer view, analysing the key changes and trends over the last decade.







# LOCATIONS



## Gender

The gender distribution of the UK's self-employed workforce remains uneven, but unchanged from previous years with almost two-thirds male (65%) and a third female (35%).

While men dominate in most of the occupational categories, there are higher proportions of women in medium skilled occupations such as SOC4 (administrative and secretarial occupations – 79%) and SOC6 (caring, leisure and other service occupations, including hairdressing and housekeeping – 86%).

The lowest proportion of females can be found in the largest occupational group, SOC5 (skilled trades occupations – 8%). The fact that men dominate the largest occupational group explains the overall imbalance in the solo self-employed population.

There is a more even gender distribution in the higher occupational categories (SOC1 to SOC3), with 42 per cent female and 58 per cent male.

A major factor behind this is the large increase in female freelancers (SOC1 to SOC3) over the last 10 years. In this group, the number of women has risen by 63 per cent, while the number of men increased by just 37 per cent over the same period. Although the number of women increased remarkably over the last decade, in the last year this trend started to reverse and there was a decrease of two per cent in this group.

## Working mothers

In the UK there are a total of 584,000 solo self-employed mothers, over half of whom are working in SOC1 to SOC3 occupations. This means that one in eight of all solo self-employed people are now working mothers <sup>iii</sup>.

The number of solo self-employed mothers has increased by a total of 54 per cent since 2008. Mothers are most likely to be working in SOC6 (caring, leisure and other service occupations including caring, leisure and travel – 134,000), SOC3 (associate professional and technical occupational groups – 131,000) and SOC2 (professional occupations – 104,000).

Although the number of solo self-employed mothers has increased by 54 per cent in the last 10 years, between 2017 and 2018, numbers decreased by two per cent. In highly-skilled occupations the decrease was even sharper at eight per cent. Encouragingly, however, in the same period there was a four per cent increase in working mothers in the very highest occupational group, which includes managers, directors and senior officials.

<sup>iii</sup> Working mothers are defined as women with dependent children aged 16 or under. <sup>iv</sup> Comparisons between self-employed and employees include those in main jobs only.

## Age

The average age of the UK's solo self-employed is 46 years old. The largest numbers are found in the 40–49 (1,061,000) and 50–59 (1,124,000) age groups. Combined, these two groups account for almost 50 per cent of the whole solo self-employed population.

The smallest proportion of the solo self-employed workforce is in the 16–29 age group and account for just under 12 per cent of the sector. Not only has this group seen smaller growth than most other age groups in the last 10 years; between 2017 and 2018 their numbers also fell the most: four per cent.

The 50-plus solo self-employed workforce has grown by 59 per cent in the last 10 years, and also grew by a further three per cent between 2017 and 2018.

As a result, a growing proportion of the self-employed population is now approaching retirement age. This is increasingly worrying as recent research

has shown that 39 per cent of the self-employed are not saving for their retirement, while 56 per cent of those over 55 are concerned about saving for later life<sup>3</sup>.

## Location

The solo self-employed can be found in all regions of the UK, but they are most concentrated in the South East (20%), Greater London (19%) and the South West (11%). Together, these areas account for half of the entire sector.

Between 2017 and 2018 the largest increase in the number of solo self-employed was in the North East, which saw a rise of 12 per cent. Despite this, however, the solo self-employed in this area still make up only three per cent of the total working population.

Looking at the distribution of employees across the UK, there are lower proportions working in Greater London (17%), the South East (14%) and the South West (8%) compared to solo self-employed people in these areas<sup>4</sup>.

## Education and training

A total of 43 per cent of the self-employed workforce have some form of higher education. This proportion has increased by 10 percentage points since 2008.

This figure is higher for those working in SOC1 to SOC3, where 68 per cent hold some type of higher education qualification.

Only 12 per cent of the UK's solo self-employed said they had received any job-related training in the last three months, compared to 26 per cent of employees<sup>iv</sup>. Previous research shows that the cost of training, both in terms of time and money, is one of the key barriers preventing self-employed from engaging in it<sup>5</sup>.

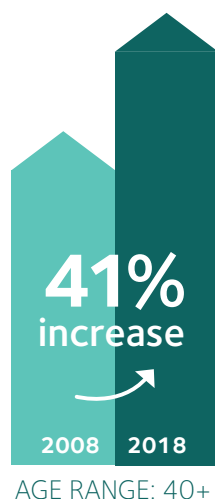
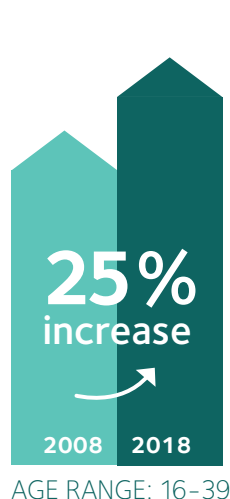
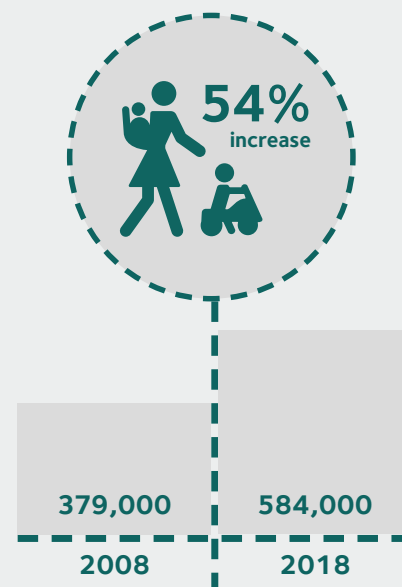
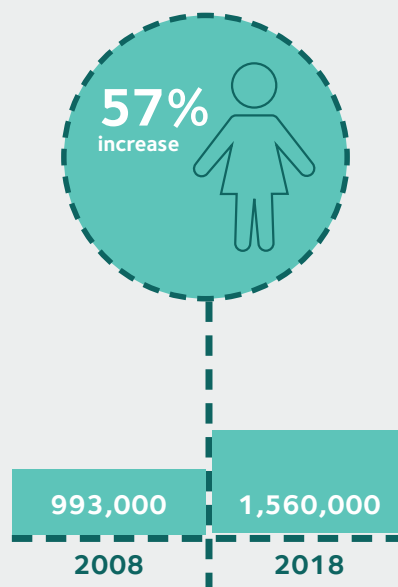
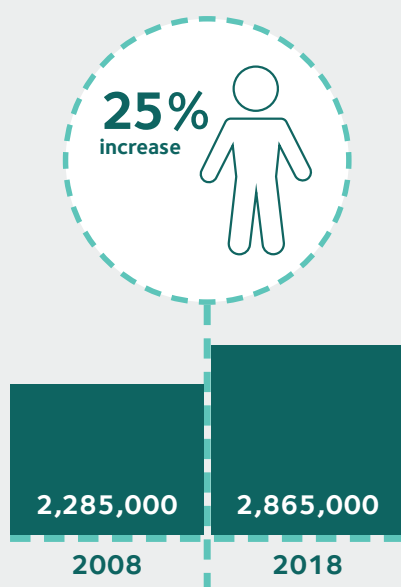
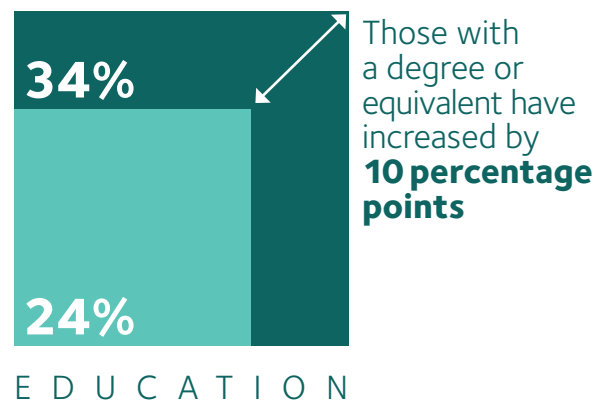
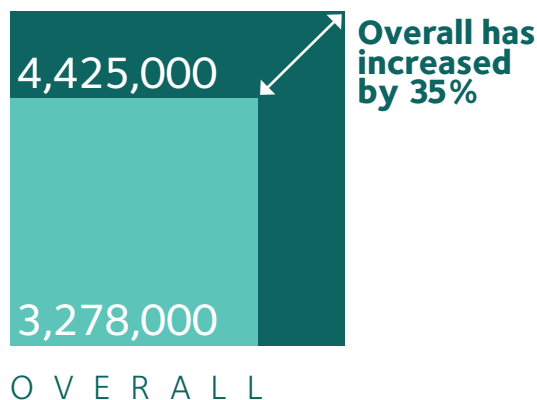
There are also differences in the type of job-related training undertaken by these groups. Almost half of UK employees (48%) who undertook job-related training in the last four weeks did on-the-job training, compared to less than a third (31%) of solo self-employed workers, who were more likely to have had training away from their job.



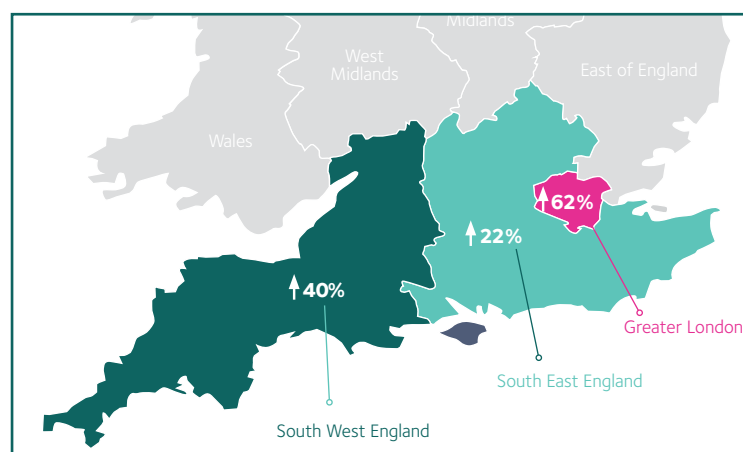


# 10 year trends – major changes

Overall solo self-employed (SOCs 1-9)



Growth of 3 largest locations





# The UK's freelance workforce

## The highly skilled self-employed workforce

The second part of this report focuses on the freelance workforce, which is made up of solo self-employed people working in the top three highest skilled occupational categories (SOC1 to SOC3). These include managers and directors, professionals and associate/technical professionals.

There are currently over two million freelancers in the UK, 1.81 million of whom say freelancing is their main job. A further 222,000 say they do freelance work as part of a second job.

Overall, freelancers account for 46 per cent of the 4.4 million-strong solo self-employed population and represent six per cent of the entire UK workforce. In the last 10 years, the freelance sector has seen a 47 per cent increase, while in the last year it grew by a further one per cent.

## Contribution

Research has shown that freelancers play a vital role in the economy by driving innovation and providing greater flexibility and efficiency. This, in turn, has led directly to a boost in economic output as the freelance sector has grown<sup>6</sup>.

There are no official statistics directly measuring freelancers' contribution to the economy. It is, however, possible to provide a speculative estimate. If freelancers' contribution to turnover is proportionate to their presence in the wider group of businesses without employees, their collective sales would be approximately £130bn. That equates to 47 per cent of the £275bn contributed by the UK's solo wider self-employed workforce.

This figure could be even higher as freelancer-owned businesses may be expected to generate greater revenues than businesses in the lower skilled occupational categories because of their level of knowledge and skill. Their contribution to the UK economy in 2018 could even be as high as between £140 and 145bn.

## Skill profile

The most freelancers (822,000) are found in associate professional and technical occupations (SOC3), accounting for 40 per cent of all freelancers. This diverse skill group includes artists, writers, designers, health associate professionals, sports and fitness professionals, sales and marketing professionals and business and finance associate professionals.

A total of 688,000 freelancers work in professional occupations (SOC2) and the remaining 549,000 work in managerial occupations (SOC1).

Although SOC3 remains the largest group, SOC1 and SOC2 have seen the largest increases in the last 10 years (53% and 66% respectively) and are largely responsible for the overall growth of the freelance population in this period.

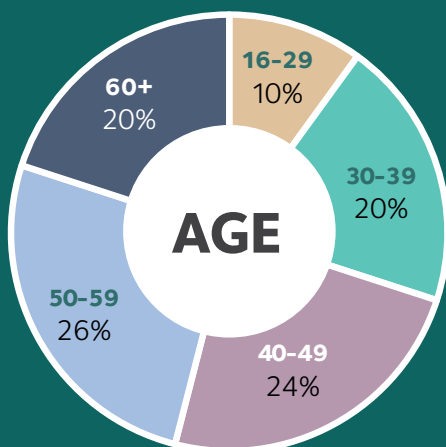
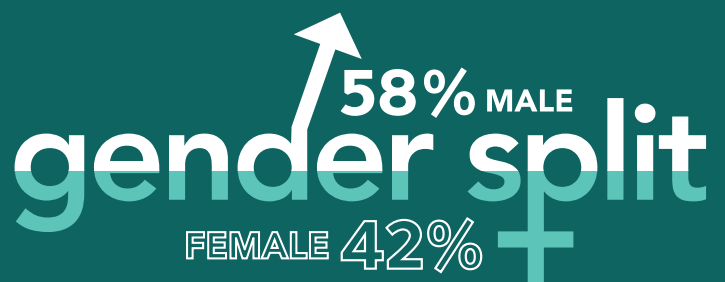
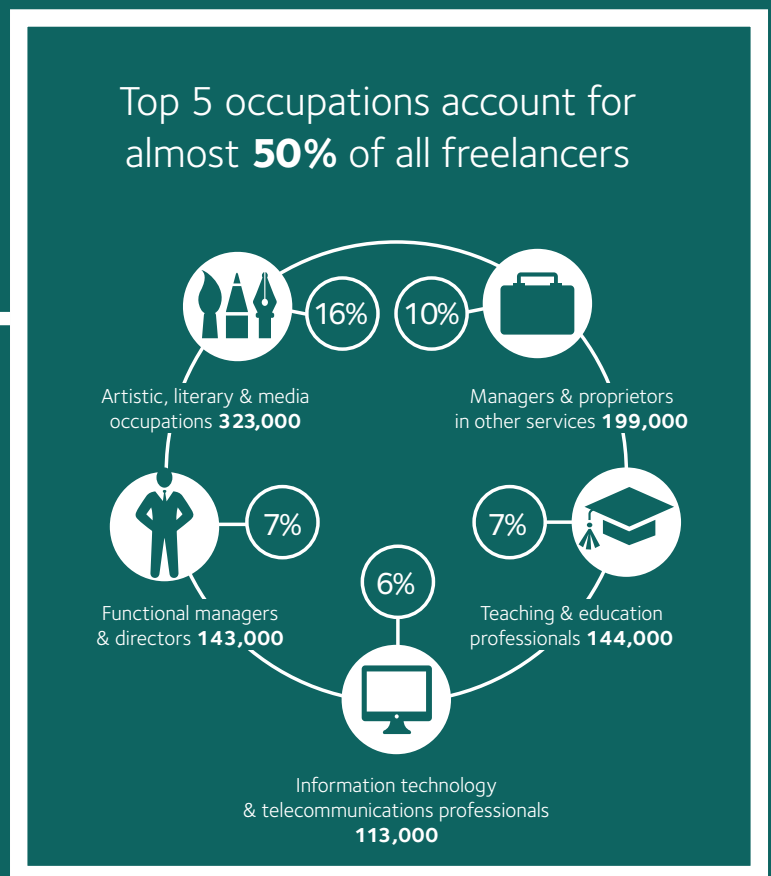
## Top occupations

Looking at the occupational categories in more detail reveals that the top five occupations are artistic, literary and media occupations (16%), managers and proprietors in other services (10%), functional managers and directors (7%), teaching and educational professionals (7%) and information technology and telecommunication professionals (6%). This is a similar pattern to previous years with 45 per cent of all freelancers working in these professions.

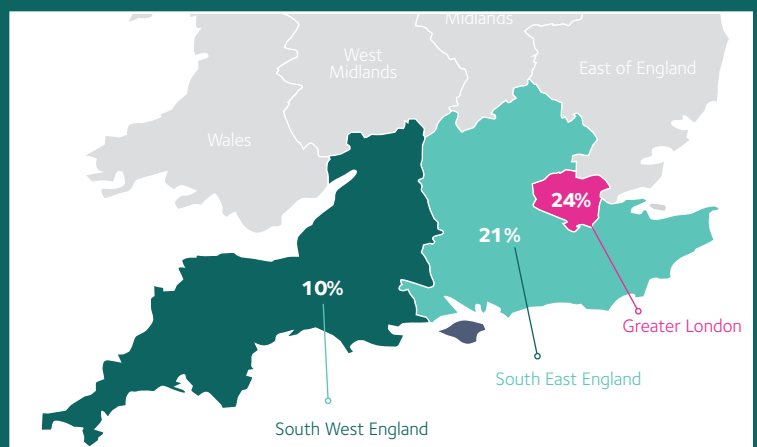
All of the occupations in the top five have grown between 2017 and 2018, except for managers and proprietors in other services. The number of freelancers in this group decreased by 16 per cent during this time.

The occupation that has seen the most growth in the last 10 years is health associate professionals, which almost tripled in size during this period. Functional managers and directors, artistic, literary and media occupations and sports and fitness occupations have all more than doubled since 2008.

# Freelancers (SOCs 1-3) – 2018



## Top 3 locations



## Gender

The UK's freelance population is made up of 58 per cent males and 42 per cent females. This is a more even distribution than the overall UK solo self-employed population, which is 65 per cent male and 35 per cent female.

Females account for 44 per cent of SOC2 and SOC3 freelancers, but the proportion of women drops to 37 per cent in SOC1 occupations. This demonstrates that female freelancers remain less likely to work in the highest occupational group.

The number of female freelancers has, however, increased by over 63 per cent since 2008, compared to a 37 per cent increase in the number of male freelancers. Despite this large increase over the last 10 years, there was a small decrease of two per cent in the number of female freelancers in between 2017 and 2018, compared to an increase of three per cent in the number of male freelancers.

## Working mothers

There are currently approximately 304,000 freelancer mothers, accounting for around 15 per cent of the total freelancer population.

This group has grown by approximately 80 per cent since 2008. There are large numbers of mothers across all freelancer occupational groups, including managerial and senior positions (70,000), professional occupations (104,000) and associate professional and technical occupations (131,000).

## Age

As with the wider solo self-employed population, among freelancers the largest age groups are 40-49 (501,000) and 50-59 (534,000).

Combined, these groups account for over 50 per cent of all freelancers. As a result, the average age of UK freelancers is 48 years old – two years older than the overall solo self-employed average.

Only 10 per cent of freelancers are in the 16-29 age group, compared to 12 per cent of the wider solo self-employed population. This makes them the smallest freelancer age group (204,000).

Although the 16-29 age group remains a small part of the overall freelancer population, it grew by 45 per cent over the last 10 years and three per cent between 2017 and 2018 alone. In the same year, by contrast, the 30-49 age group decreased by two per cent.

## Location

Freelancers have a similar geographical distribution to the overall solo self-employed population. However, a larger proportion of them live in Greater London (24% compared to 19% of the solo self-employed). Not only is Greater London home to almost a quarter of all freelancers, it is also the region that has seen the largest increase in the number of freelancers – 84 per cent – since 2008. The number of freelancers in London also grew by 20 per cent in the last year alone.

## Education

Freelancers have a higher educational level than self-employed people in other occupational groups. A total of 68 per cent have some form of higher education compared to only 43 per cent of the overall solo self-employed population.

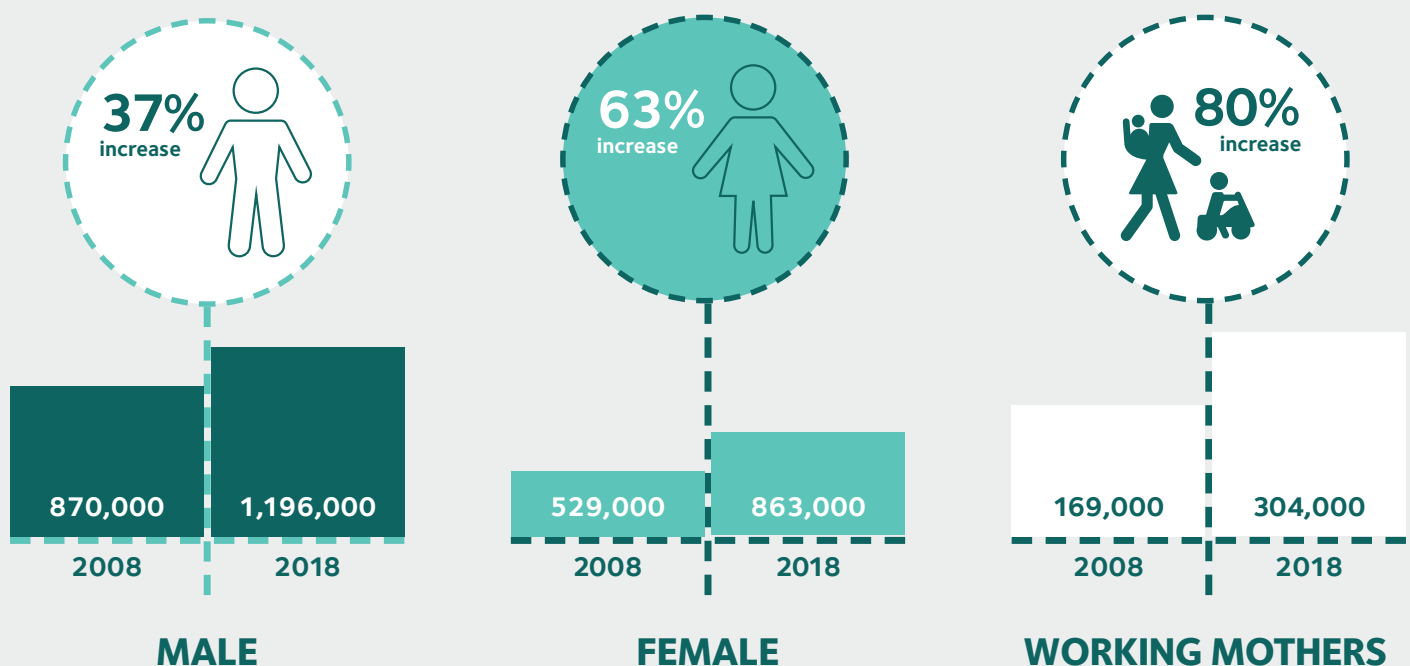
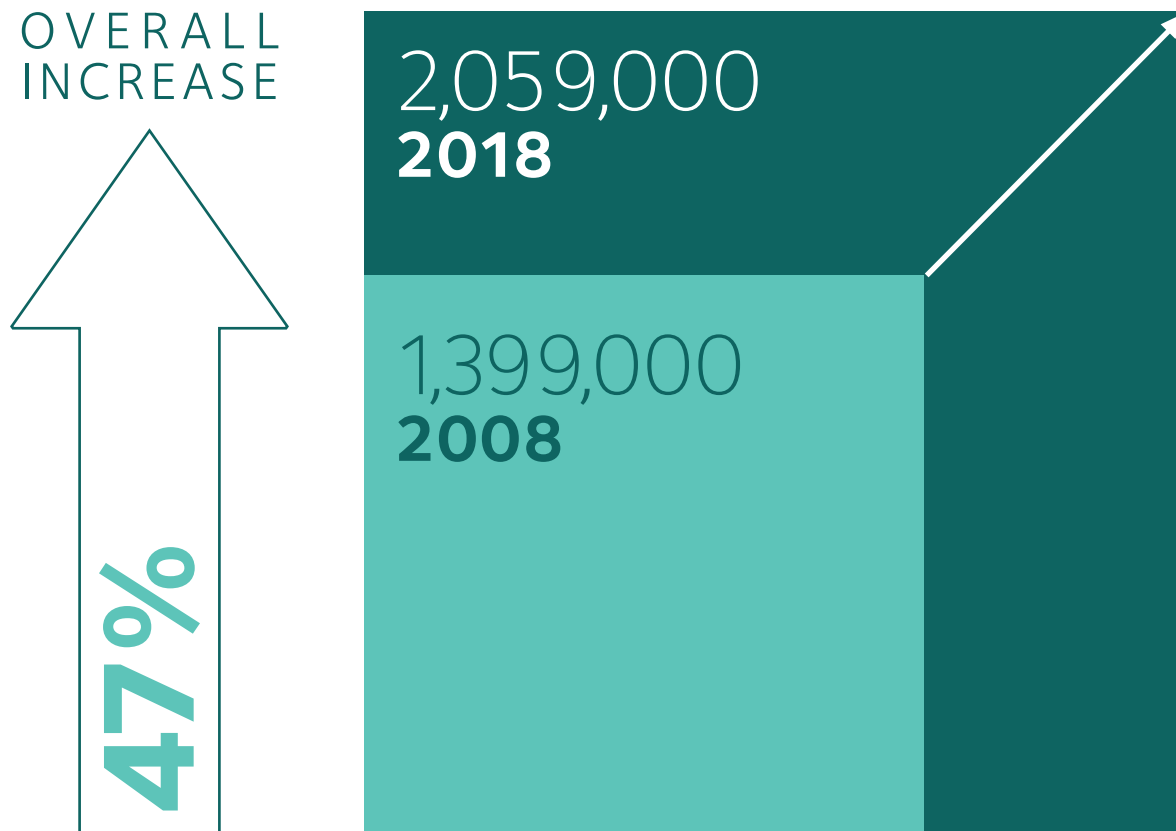
Freelancers are also almost twice as likely to have a higher degree – such as a doctorate or master's – than the overall solo self-employed population (19% compared to 10%).



# 10 year trends in infographics

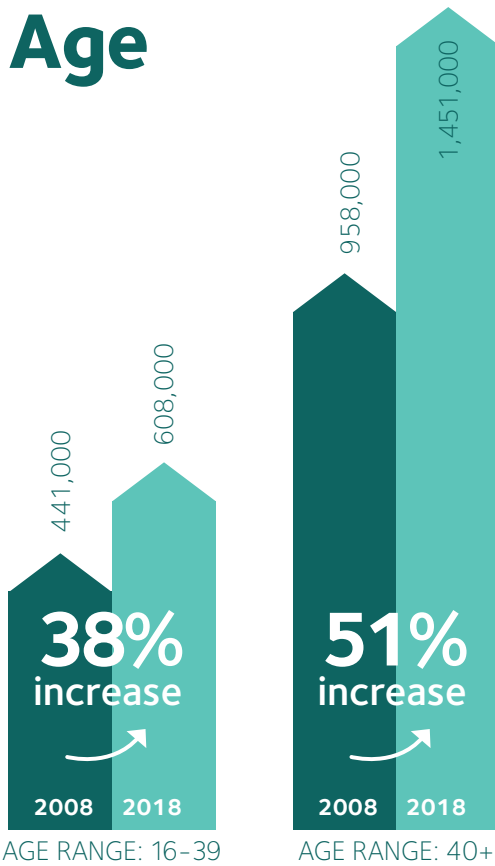
## Freelancers (SOCs 1-3)

---





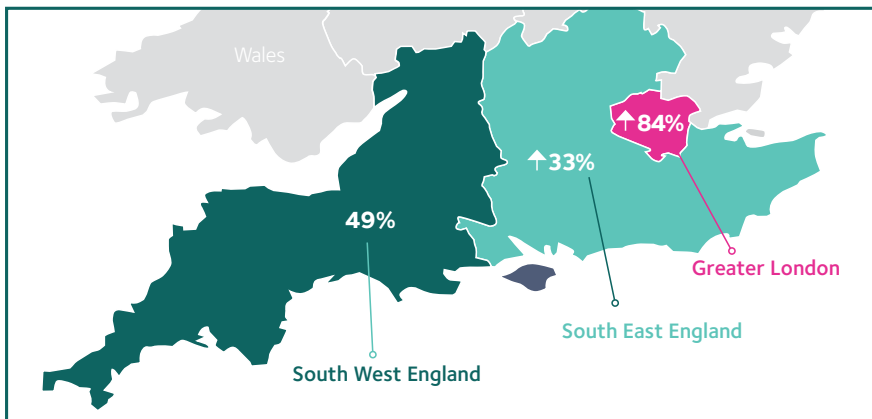
## Age



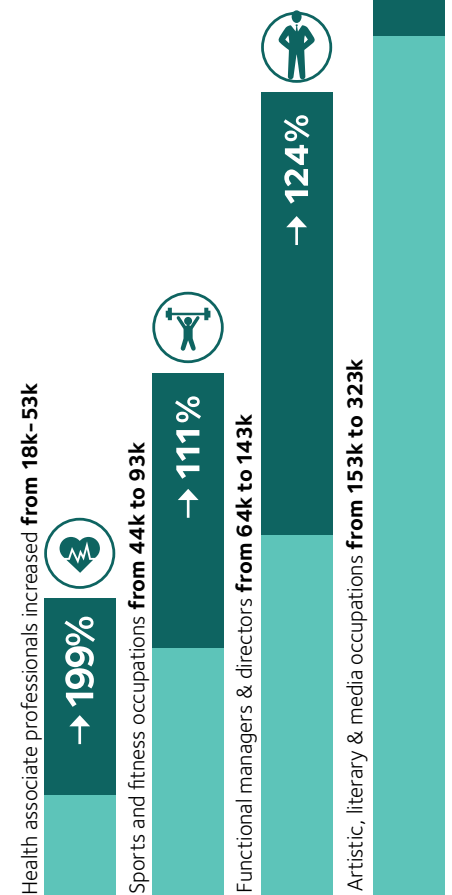
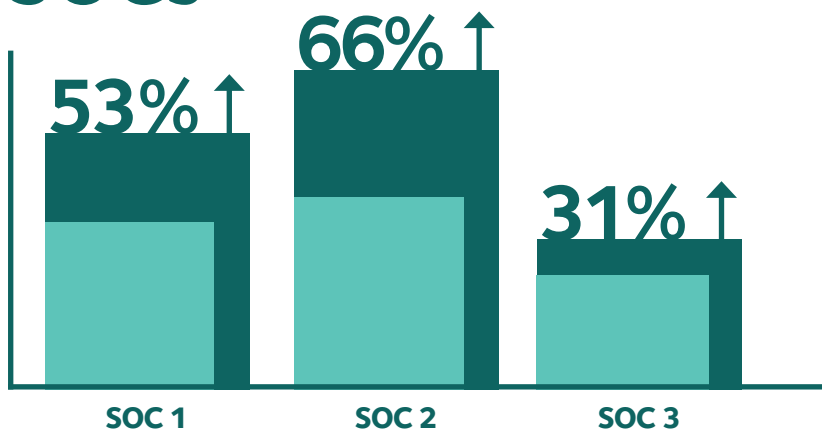
## Education



## Growth of 3 largest locations



## SOCs



## Highest increasing minor occupations

# Conclusion

---

## The rise of the female freelancer

A rise in the number of highly-skilled female freelancers has driven a sharp rise in the total number of freelancers and solo self-employed people in the UK over the last 10 years.

The number of female freelancers has increased by 63 per cent since 2008, driving a 47 per cent increase in the overall freelance population. This, in turn, has driven a 35 per cent rise in the total number of solo self-employed people in the last 10 years.

The biggest increase in the last 10 years is the highly skilled freelance sector – especially women. There has, however, been growth in almost all demographics and at nearly all skill levels.

The solo self-employed now account for a total of 14 per cent of the entire UK workforce and 46 per cent of these solo self-employed are highly skilled freelancers.

Between 2017 and 2018, this sectoral growth showed signs of slowing. In 2018, the solo self-employed sector as a whole grew by just one per cent.

Even this meagre growth, however, can be seen as somewhat remarkable in a context of extreme economic uncertainty and poor GDP growth (caused, in no small part, by Brexit uncertainty).

In this adverse climate, the solo self-employed also continue to contribute a large amount to the economy. In 2018 alone, it is estimated that they contributed no less than £275bn to the UK economy.

## Data sources and methodology

Building on the previous publication, Exploring the Rise of Self-Employment in the Modern Economy in 2017<sup>7</sup>, the principal data source used is the Office for National Statistics (ONS) Labour Force Survey (LFS). The data was extracted by Professor John Kitching from Kingston University's Small Business Research Centre in December 2018. All the LFS data refers to quarter two of the relevant years unless otherwise stated. The Business Populations Estimates for the UK and Regions (BPE) data source was also used to calculate contribution to the economy. The analysis has been completed by IPSE.

## Estimating freelancers' contribution to business turnover

The self-employed numbers used to estimate the contribution to business turnover are reduced by the number of freelancers in finance and insurance activities (64,000). Therefore, businesses without employees (excluding finance and insurance activities) contributed an estimated £275 billion in sales in 2018. It is important to note that this number is a conservative estimate of the economic contribution of the 4.4 million solo self-employed, as the BPE data source used excludes employee-directors.

When estimating the economic contribution of freelancers, the report takes into account that approximately 47 per cent of businesses without employees are freelancer-owned: 2m freelancers, of a wider group of 4.2m (excluding financial intermediation). Assuming freelance workers' contribution to turnover is proportionate to their presence in the wider group of businesses without employees, their collective sales would be approximately £130bn. Freelancer-owned business, however, might be expected to generate greater revenues than other own-account businesses because of their more valuable knowledge and skills, and this would suggest a slightly higher turnover – perhaps between £140 and £145bn.

## References

1. IPA (2018) Working Well for Yourself, London.
2. Taylor, M, Marsh, G, Nicol, D & Broadbent, P (2017), Good work: the Taylor review of modern working practices, Department for Business, Energy and Industrial Strategy.
3. ComRes (2017) Survey of the self-employed conducted on behalf of IPSE, London, Unpublished.
4. Office for National Statistics (ONS) (2017) Business Register and Employment Survey, 2017.
5. See reference 3.
6. Burke, A.E (2012) The Role of Freelancers in the 21<sup>st</sup> Century British Economy, PCG Report, London, available online: <https://www.ipse.co.uk/resource/the-role-of-freelancers-in-the-21st-century-british-economy-report.html>
7. IPSE (2018) Exploring the Rise of Self-Employment in the Modern Economy, London, available online: <https://www.ipse.co.uk/resource/exploring-the-rise-of-self-employment-in-the-modern-economy-pdf.html>

Small Business  
Research Centre

---

**Kingston University** London

| **ipse**