

The Allure of Self Employment - Is the Grass always greener?

Risk versus Resilience

The recent report commissioned by AXA; “The Allure and Anxiety of Self-Employment in Ireland: A Balancing Act”, highlights and identifies the significant contribution made by the self-employed to the Irish economy. It also shows the balancing act that many face when they choose to be self employed.

As a business and enterprise advisor I am very conscious of the challenges faced by SME businesses everyday. I am also aware of the invaluable contribution our SME businesses and business owners make to our economy.

As per the AXA report, on average the general public consider that SME businesses in Ireland account for just 38% of the total marketplace. This reflects a significant gap between the public perception and the landscape reality.

Irish SME businesses actually account for over 90% of the total number of trading businesses in the Irish marketplace.

Everyday, as enterprise specialists, we work with and support SMEs nationally and internationally. We see the challenges and changes that they face on a daily basis. We have the privilege of being privy to reality and the privilege of being entrusted to help them progress, overcome challenges/change and thrive.

Is there risk with self employment in Ireland, yes, there is - fact! Should there be? You would hope not but reality and the dream differ. When you are considering the life of self employment, you need to enter it with fire, determination, the right information and with your eyes wide open.

The top 4 reasons and risks identified of opting for self employment by those surveyed include; financial instability, fear of failure, lack of job security and administrative burden (AXA report, 2024)

Other risks can include insufficient cash flow, client acquisition, accounts and ultimately, failure. However, it is my belief with the right guidance and support that it need not be a pure risk, it can be a calculated one.

When you choose to be self employed you choose a lifestyle that is anything but easy. You choose to build a business from the ground up and you choose the work to go with. You choose

headaches in terms of finances, acquisition of work and clients, business development, your personal wellbeing and that of your employees, topped off with taxes and figures to juggle.

There is zero certainty for SME business owners. Everyday you trade without a safety net and you choose to follow a path of progress where curveballs can appear at any time without warning and often beyond your control.

On the flip side, you choose to be your own boss, you opt to provide a service or product which lights your fire, you engage your passion, your innovation and your determination to drive forward through challenge and change. Once again you choose to exercise your resilience.

“SMEs are a vital component of the Irish economy, as they comprise 99.8% of active enterprises and 60.6% of all persons employed. SMEs generated 41.9% of total turnover in the business economy and 34.5 % of gross value added in 2020, the latest year figures available for Ireland.” (Financing SMES & Entrepreneurs 2024: An OECD Scoreboard © OECD 2024) Once again, this reminds us of and reflects on the substantial and dare I say unparalleled contribution that SMEs in Ireland make to support employment, communities and livelihoods.

Resilience is a word I use to describe Irish SME businesses. This resilience is reflected in the AXA report where 87% of self-employed individuals surveyed agree they are crucial to the Irish economy, financial instability was reported as their top challenge, while 45% cited it as their biggest concern. Based on this, one can assume that the irregular nature of income continues to weigh heavily on the minds of these business owners. This is no small weight on anyone's shoulders. It is simply a statement of fact.

The AXA report outlines that Irish SME business owners surveyed have flagged passion, flexibility and work life balance as three key motivating factors for choosing self employment.

The reality that I have witnessed with Irish SME business owners is that they often may not have the work life balance that they would like due to a number of factors; smaller team numbers, lack of financial resources, talent acquisition, talent management and skills shortages all of which mean that the business owner often needs to work longer hours to counteract and ensure that the business continues to operate. This is some of the hidden real life of the self employed SME business owner which is often invisible and not obvious to the general public.

64% of female business owners surveyed said that when they considered self employment one deciding factor was the flexible work schedule. While 54% of male business owners considered the flexible work schedule as a key consideration and instead would give greater consideration based on being their own boss and an ability to earn a higher income. (AXA report, 2024)

As a female business owner of a female led business, flexibility is certainly an important factor for me and my team. That being said, this flexibility can often mean that work and personal life

become intertwined. The stresses for all workers can be similar. The stresses for the self employed are just a little different.

Let me paint you a picture; A business owner sits in the fracture clinic of a general hospital waiting to be seen by a doctor. They text and email with their left hand while the right is in a sling. The business must continue to run in their absence and it does. However, the business owner cannot take their eye off the ball. There is no paid sick leave. They continue to support their team, their customers/clients and the business regardless, it is the choice they have made.

Late nights are another reality for business owners from time to time and many would say “that is your choice”, they are correct and right, it is our choice.

So, while flexibility exists as a business owner, it can be a double edged sword and brings its own challenges.

As a SME business owner, I chose self employment 13 years ago for a number of reasons. One reason was a flexible work schedule whereby I can be actively present in my daughter's life everyday with the joy of school activities, parent teacher meetings and her extensive social life which is far better than my own!!

“45% of self employed business owners state that financial instability is their biggest challenge and 50% say that rising costs is their biggest threat in the next 12 months.” (AXA report, 2024)

Balancing the cash flow, providing for family and ensuring that employees are taken care of are a constant challenge for the SME and Micro Enterprises across the country.

Business owners have their craft, their skill and their specialist focus. A tech innovator may have the engineering or innovative talent/concept to produce a new product, a content writer knows how to design content but not every SME business owner has the financial education to manage the books, create consistent cash flow or understand taxes. This is only part of the reason a significant fear arises around financial instability, the lack of know-how.

One key action from a government perspective to support the development of business leaders could include the introduction of **financial education** at a grassroots level; in schools and in colleges. This would provide every citizen with a good foundation knowledge of real time financial education regardless of what professional life or business route they choose and reduce fear of the unknown..

The AXA report has outlined that 64% of self employed people would find Financial Assistance in the form of grants, loans and tax incentives as most beneficial to them and their businesses.

There are active financial support avenues available to SMEs and there are criteria that applicants and businesses are obliged to meet but the support is real. The crux from my point of view may be the lack of awareness among SME businesses and start ups of such support. This is a gap that needs to be addressed.

Some of the support provided by government and support agencies including the Local Enterprise Offices (LEO) and Microfinance Ireland (MFI) include business expansion grants, trading online vouchers, innovation vouchers, business mentoring support, digital for business and LEAN for business. I want to acknowledge the great work that the LEOs and MFI do to support SME businesses during their business journey. This support is always available to the SME business owner.

In recent times, the government did introduce support initiatives. In 2022, the SME Energy Efficiency Loan Scheme (EELS) was launched to help SMEs to invest in energy efficiency in their businesses. The government also introduced the Temporary Business Energy Support Scheme in 2023 to assist SMEs with the rising cost of their electricity. While these supports are positive and very welcome they are limited and at times SMEs are not aware of them and when they are it is too late.

SMEs get blinded by the light of all the support agencies and are often unable to see the light for the trees, this is completely understandable. Greater clarity and awareness generated to help guide the SMEs to the right support path would help increase accessibility to the supports that do exist.

This lack of awareness is an easy fix. This can be supported and enabled with a simple engaging **centralised awareness campaign** to increase awareness of the readily available support. Some say that “cash is king”, I say “knowledge is king”.

One support suggestion to support SMEs on a continual basis would be a **Challenge Continuity Fund**: which hypothetically would be a safeguarded and regulated fund that would support independent SME business owners through challenge and change, a lot of which can often be beyond their control. This could be addressed on a case by case basis. In tandem, consider specific tax relief initiatives for independent business owners.

During covid, I was actively engaged by the local government agencies to provide business continuity advice and support to the SME community through mentoring and guidance, giving them the support to make decisions that needed to be made and to help them to continue their businesses through the pandemic.

Of the businesses that we supported, many managed to change and diversify their offering and unfortunately others made an informed and hard decision to close their businesses. Thankfully

the majority opted to diversify and thrive. They had to choose change to move forward and it was not easy for them or their teams. Once again, that word “resilience” springs to mind.

You need to change in order to survive - that can require diversification, innovation and a solution mindset. Businesses often need to diversify their offerings to keep up with the ever changing marketplace.

In this current climate, innovation is paramount. We are now reminded of the importance of continuous improvement. Whereby, SME business owners and their teams engage in ongoing learning and workshops to enhance their knowledge and skills.

I have always believed that “Knowledge is no weight to carry”. **Continuous improvement** is something that I am passionate about and my team and I are continuously striving to better ourselves and our processes and we encourage clients to do likewise.

Knowledge opens the mind, it makes SME business owners and their teams stronger and more equipped to meet challenges head on. Ultimately, it also offers more value to your clients and customers and can support business growth.

While the future of the business landscape is uncertain, there are positives.

Despite unprecedented economic shocks and challenges in recent years the domestic economy has shown and proven its resilience.....and there it is again that key characteristic resilience! Resilience once again is obvious in the employment numbers which are at an all time high.

The economy appears to be heading into a more balanced and leveled stage but there is always uncertainty and challenges. The consumers are more mindful with their spending, hospitality sector pricing has risen, in the construction sector SMEs have grappled with material costs, other businesses have experienced supply chain issues and challenges when sourcing qualified labour. Every SME business has challenges. The ongoing wars and conflicts overseas have also impacted our global marketplace.

As an Irish consumer, I would encourage you to make a conscious effort to shop from local self-employed individuals and small businesses where possible which will in turn support the community and circular economy. Together with this, raise awareness across your social channels and personal networks of the local business community options available. Remember, when you buy local you are supporting the local economy, community and livelihoods.

Protecting our economy and the SME businesses requires active **collaboration** between all the stakeholders; the consumer, government and the SME business owners.

We are a small but mighty country with a strong award winning set of SME business minds who focus and commit to strive and succeed through challenge and change everyday.

There is an opportunity to engage in circular initiative, collaborate and support each other.

The more we educate, learn, invest, inform, innovate, communicate and connect the stronger we become.

Will there always be challenges for the SME business owner and self employed ? I believe there will always be something for each individual to overcome, that is just life.

Can we support and protect our SME businesses and the contribution they make to the economy ? I believe so. Does any individual have all the answers ? No, but there is strength in quality collaborative thinking and proactive action. There is opportunity and there is a saying...."always meet trouble half way"

Finally, is there risk with self employment, yes there is. But where would the fun be if there wasn't - Lets' work to reduce that risk and aim for informed and calculated risk instead.

Yours in business,

Mags Boland Murphy

Bofin Consultancy.

Email: mags@bofinconsultancy.com

Connect: <https://www.linkedin.com/in/magsbolandmurphy/>

Opinions are my own.

Article Closes

Mags Boland Murphy is an award winning and recognised business and enterprise advisor. She is the principal at Bofin Consultancy and works with and supports focused and committed business owners nationally and internationally to overcome the challenges, recharge their revenue and sustain their business.

She is passionate about helping businesses and individuals to reach their full potential. Mags is an accredited business mentor with a record of success across a number of industries and sectors. She believes in supporting success and empowering ability beyond challenge and change.

