

Four Trends Supporting Entrepreneurship Today

*There is no better time to consider entrepreneurship and the reasons are many! Here are **FOUR TRENDS** that make it a good time to work independently.*

I.

HISTORY IS REPEATING ITSELF IN ASPECTS OF THE GREAT RECESSION

They say that history repeats itself and one can take a lesson from the GREAT DEPRESSION of 1929. We know that these were tough times. There was very high unemployment, a lack of jobs and people were trying their best to put food on their tables.

During those trying times, when individuals sought work and were unable to find any suitable employment, they began in many cases to start their own businesses. It was a matter of survival and a matter of feeding their families. They drew upon what skills they had and formed local businesses as the butcher, the baker and the candlestick maker.

These entrepreneurs not only created their own jobs, but created additional job roles when they had to hire staff to work for them. It was a time where, if you could capitalize on some skill or talent that you already possessed, you could make money at it and stave off starvation.

This depression lasted until 1941 when Pearl Harbor was attacked. The war created new jobs and the economy moved ahead. It was also a time when women were called into the workforce in larger numbers than in past history, to help with the manufacturing efforts to keep the supplies for war at the right levels.

If we fast forward to the most recent Great Recession...as no one wanted to call it a depression. It began somewhere around December of 2007 when there was a sharp decline in the economy and then took a more significant dip in September of 2008. There are several indicators of a recession, but for these purposes here, we will work with the decline of jobs. This was the most significant reduction in jobs since the Great Depression. Technically the recession ended in 2009, but today in 2013, we still see high unemployment and limited prospects into 2014 for global growth which continues to be a block to an economy exhibiting full recovery.

So, we can see here that history has repeated itself as people cannot find jobs, even in 2013. So what has been happening since the Great Recession as in the past Great Depression? Many folks are opting to take back control of their lives, their income and their path in the world. We see a resurgence of people going into business, in order to put food on the table and to regain control of their lives.



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II.

EXTENDED WEAK RECOVERY & LACK OF JOBS CREATION: THE NUMBERS SPEAK FOR THEMSELVES

How many people are entertaining self and independent employment?? Look at these statistics:

http://fu-res.org/pdfs/advocacy/2011_Counting_the_Independent_Workforce%20Policy_Brief.pdf

“Those who are independently employed are growing in numbers. Who are the independent workers? According to the America’s Uncounted Independent Workforce at, entitled “*America’s Uncounted Independent Workforce*” they consist of:

- Agency temporary workers
- Contract company workers
- Day laborers
- Direct-hire temps
- Independent contractors
- On-call workers
- Self-employed workers
- Standard part-time workers

In 2006, the Government Accountability Office (GAO) released a report which indicated that 42.6 million workers or, 30 percent of the workforce were independent or contingent.”*

According to the same report “independent workers are driving the economy by creating new jobs. Littler Mendelson predicts that half of the workforce added after the recent recession will be comprised of contingent or independent workers bringing them up to 35% of the total workforce by 2020.”

There are reasons for this according to the same article; including flexibility, having more than one income stream, having more control of their income and future as well as being able to work at something that the individual is passionate about. In addition the rising healthcare costs and company wallets shrinking, many want to



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opt to work on their own and have more control over their existence.

Who are some of these people seeking entrepreneurship??

Being in the employment sector in staffing, recruiting and HR Consulting for the last 27 years, we see that there are many who are entertaining entrepreneurship and independent work. Here are some of the folks that we see:

1. The New Grads who can't find a job. They are tired of being on hold with their lives and want to get started, so they go into business for themselves.
2. Women who are re-entering the workforce at this time are competing with the rest of the folks who have current work experience. When they find it a challenge many of them will find self-employment attractive.
3. Displaced employees who have experienced a lay off and who are unsuccessful in finding re-employment. These folks can be a various stages of their careers and some have been long term employees at companies where they have not maintained their skills or had the opportunity to maintain cutting edge skills needed for the new job role.
4. Some of the folks who have been "retired" out of the corporate world do not want to retire fully, but want a second career, but doing something that they are passionate about and something where they can continue to provide value.
5. Executives and others who have been in the workforce for a good number of years and are at the pinnacle of their careers, making in many cases, large salaries who are displaced as companies were trying to survive during this recession. These folks are seeking the traditional re-employment, but haven't had success and so are looking to the self-employment route as a viable option at this time in their career.

Why are these people seeking entrepreneurship?

These folks are trying to re-invent themselves and get unstuck. They want to find stability of income and take control back over their lives and their futures. They do not want to be dependent upon a JOB again and have to face the potential of another lay off. These folks see the uncertainty of the jobs being there tomorrow and want to create their own future.



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The current technology supports many types of businesses in addition to the traditional brick and mortar business model that has been so prevalent in the past. Many folks can start a business on the internet and can work virtually anywhere at any time. It also affords these new entrepreneurs a chance to maintain a customized lifestyle where the business is built around their specific wants and needs. The internet entrepreneur works in a way that suits them and enhances the value of their personal lives. In years gone by, the entrepreneur had more and more responsibility and worked more hours as they became more successful. This may or may not be the case for the internet entrepreneur.

By the year 2050, it is estimated that the independent workers will be up to 50% of those employed, per the same article. Being an entrepreneur and being self-employed is a mindset, has a set of responsibilities and offers a lifestyle that working on a JOB does not! At this time in our country's history, it is a great time to consider entrepreneurship for all of these reasons.

III.

MORE PEOPLE WORKING PART TIME AND WHO ARE UNDER EMPLOYED

Looking at those who are working part time (although they seek full time employment) and those who are under employed...taking work below their skill, educational and financial sustainability levels, we can see that these scenarios are fueled by the weak economy limping forward after so many years. Full economic recovery is still in the wind. In the meantime, people need to put food on the table and pay their bills.

It is so bad now that you see workers in some fast food chains striking for higher salaries as the wages are not sustaining those who want full time work in many cases. One might look further to see that in many cases, these jobs especially in the fast food sector were never intentionally created for full time employment, but rather for those seeking part time work for the flexibility of the schedules, like students, parents, etc. There is a good chance that these job roles may not have been intended to support a head of household wage earner on a full time basis. Rather than fight with the companies' business model, would it be a good option to find employment/entrepreneurship that can support a head of household wage earner?? More and more a good option looks like working independently.

So this is another trend that seems to be growing and many see it as here to stay. This part time work contributes to the increasing numbers of people seeking the benefits of entrepreneurship at this time and going forward.



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IV. THE NEW OBAMA HEALTHCARE MANDATES

The mandates are putting financial stress on employers and they are cutting the number of jobs companies hire for and also employers are looking at more part timers to avoid the mandated health insurance coverage that is necessitated by hiring full time employees. Currently, we are seeing some big conglomerates scheduling meetings with president Obama to try and obtain some exemptions. Many of these companies see these mandates as being crippling.

So what this means is that those seeking work may have no choice but to consider working at least a couple of jobs, and so run the risk of being under employed and making less money; making it more difficult to afford the mandated healthcare coverage. Some of these under employed and part timers feel that they can do better on their own, make more money, and have more control over their income, their healthcare costs and their futures as the employers' benefit offerings continue to SHRINK. One of the incentives of working for an employer in the past was that the benefits, which a large part is the health insurance coverage which was paid up to 100% by the employer in many cases, is not as attractive, cost effective or available through an employer as it has been in the past.

Not only that, but the spouses of health insurance covered employees are being cut more often than in the past even if they are not covered on another employer's plan. These spouses that are disconnected from healthcare can always go to the "connector" in each state if they do not have an employer. In these cases, the coverage is much less and less helpful.

As an owner of a temporary staffing firm for over 20 years, the average benefit package rule of thumb was 40-60% above and beyond the salary offerings at an employer. Today, the cost will be more to the employer and for many employees and it may make more sense for a person looking for work to have several revenue streams, doing something they are passionate about so if one declines, they can still enjoy an income and a lifestyle to suit themselves and their families.

This is the new face of America and these trends seem like they are here to stay... or at least with us for a while.

I would conclude by saying that I feel the best part of being an entrepreneur is being



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able to favorably impact the lives of your employees, your clients. Also, you can make a difference to your community, the environment and the world that we live in by creating a better mousetrap, so to speak.

* Government Accountability Office (2006) *Employment Arrangements: Improved Outreach Could Help Ensure Proper Worker Classification*. www.gao.gov/new.items/d06656.pdf

** Littler Mendelson (2010). *The Littler Ten Employment, labor and Benefit Law Trends for Navigating the New Decade*. www.littler.com/PressPublications/Documents/Littler%20report/WP_LittlerTen_10-5-10.pdf



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