

Is the growth in self employment simply hiding a growth...

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My TUC colleague Nicola Smith published a blog on the conundrum inherent in the UK's employment statistics yesterday. [As she put it:](#)

The jobs market continues to confound — with employment rising while GDP falls.

But she offers an explanation:

But does part of the answer lie with rising self-employment rates?

Recently published [ONS tables](#) — currently considering the labour market up until March 2012, but due to be updated tomorrow — show that since the recession started in early 2008 the number of employee jobs has fallen by over 500,000, while self-employment has risen by over half this amount (300,000).

The same trend remains on the year, with employee positions falling by 160,000 while self-employment rose by over 200,000. Among managers and senior officials, where there's been annual employment growth of 80,000, 81% of new positions have been self-employed. And it's not only those in professional jobs who are finding themselves more likely to face self-employment than ever before — over the year there's been an increase of 33,000 in the number of workers in elementary positions who are self-employed, compared to a 29,000 fall in the number of employees in these occupations. In administrative and secretarial work 46% of annual jobs growth has been in self-employment.

I've been around for long enough to know this happened in the early 1990s. During the downturn then (mild in comparison with today's mess) many people reluctantly turned to self-employment when jobs had simply disappeared. The same is, I am sure, true now.

But as Nicola notes when relating this paradox of rising apparent entrepreneurial growth with falling GDP:

If the reality of our jobs market is that a growing number of under-employed

self-employed workers are scraping by with little real work, this analysis is spot on. While some work is no doubt better than no work at all, a key unanswered question about recent jobs growth is how much of it is providing people with a regular income that allows them to come close to meeting their living costs. If the fast increasing army of self-employed workers are actually seriously under-employed, the discrepancy between the jobs and the growth data may not be so great after all.

I suspect that's true. And sometime soon the poverty that is resulting from this will become all too apparent as ends do not meet.