

Pre-Campaign Focus Group Report

SELF-EMPLOYED PERSONS

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Operational Programme II- European Structural and Investment Funds 2014-2020
"Investing in human capital to create more opportunities and promote the well-being of society"

Project part-financed by the European Social Fund
Co-financing rate: 80% European Union; 20% National Funds



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Introduction

This report presents findings of the qualitative analysis carried out on the data retrieved from the focus group held with a sample of self-employed persons in Malta, at the time of the study, i.e. fieldwork conducted in June 2019.

The analysis was carried out on the basis of the indicators identified as relevant through the literature review exercise carried out for the purposes of this research study, namely:

1. Household and lifestyle, with special attention to income and consumption;
2. Financial literacy and capability, with attention to financial education;
3. Retirement capability, with attention to an analysis pension schemes; and
4. End-user engagement with awareness campaigns, with special attention to media and social media dissemination channels.

Moreover, the review of literature also enabled identifying mechanisms that transversally affect all these four main indicators, namely:

- a. Trends (identified within the cohort/s);
- b. Assets and resources (that one or more social cohort/s already possess/es or practice/s);
- c. Limitations (that limit the financial literacy and/or retirement capability of one or more social cohort/s);
- d. Communication vehicles (that are relevant to one or more social cohort/s when engaging with financial literacy and retirement capability).

These indicators and mechanisms will also be used to organize the structure of this report.

Household and lifestyle

Trends

The focus group evidence contained little data related to lifestyle trends that are comparable to the data obtained from other focus groups. Whereas other focus groups delved into everyday routines that are not necessarily work related and through which one could get good insights into their general household arrangements; the self-employed cohort's lifestyle emerged as highly related to their business activity – possibly suggesting little time is spent at home or with family, unless family members are also involved in the business.

... you don't have fixed hours! Yes indeed, it's a lonely world to live in when you're an entrepreneur or an employer.

Researcher: Do you use a budgeting system where you plan and note your incoming and outgoing payments? (e.g. a simple document or an Excel sheet or an online budgeting tool)

Participant 2: I married one!

On the other hand, data illuminated the extent of which engagement with ICT trended in the lifestyles of participating self-employed persons – a trend perceived as on exponential growth:

How technology is evolving, there will be work that you can stay at home or else meet people without leaving your home.

We are already at that stage: We do interviews via Skype. We could have met today very easily, simply arrange an appointment and everyone could have stayed home.

Assets and resources

The focus group also yielded limited data concerning assets and resources that emerged as significant in the ways participating self-employed persons engage with household and lifestyle. Exceptions included the support enjoyed when a self-employed person has a family member who can contribute with technical expertise in the running of the business:

Researcher: Do you use a budgeting system where you plan and note your incoming and outgoing payments? (e.g. a simple document or an Excel sheet or an online budgeting tool)

Participant 2: I married one!

Another asset and resource exceptionally flagged comprised having insurance cover in case of contingency affecting the self-employed person's family and household. However, opinions were ambivalent:

This is where the issue of insurance helps. When you're self-employed and something goes wrong, one would want to save their family.

I am afraid to invest in insurances. It's a waste of money.

Limitations

Self-employed participants provided various examples of what limitations they experience in the fields of household and lifestyle. Limited cash flow emerged as a common problem, and participants were also critical of generalized assumptions that business people have cash in hand or are rich outright or by default, especially when the business is still in start-up phase:

...there is this false perception that if you're self-employed, it means you're rich. To stabilise a business, it usually takes 5-10 years to develop it.

The cash flow problem, some people are rich. They have a lot of assets but then are cash poor.

...you get taxed after your expenses which is a good thing, but then when you see your profit and loss.

Lack of cash flow was discussed as possibly intersecting with other limitations, such as illness, thus comparable to limitations identified by other cohorts. Consequently, self-employed persons (like other cohorts) flagged at times some wants (especially those associated with leisure time, like eating out) may have to wait. Self-employed persons lacking discipline were discussed as exacerbating the problems, sometimes to the extent of bankruptcy. In a context where financing by banks has become more regulated, toying with lack of discipline was discussed as increases vulnerability:

Health and sickness.

To save money, one would naturally need to cut down on the costs such as going out, buying luxuries etc. It's all about the lifestyle at the end of the day.

In my experience, women are more at risk of gambling (women in general and not just self employed ones). Some reasons would be greed, not getting enough from their spouses...

Certain lifestyles, health issues and certain illnesses, cost! Recently I've learnt that it is not automatic that if you need cancer therapy, you get it for free. There is a threshold. That is where Community Chest Fund come in and top up the difference. There's an assessment to it. I mean here I thought it's free automatically.

It gets as nasty as people loosing their homes too! But they get nasty because they give big loans, they play dirty at the bank and then they face reality. It's really not just the banks but. Back in the day with my home loan, the bank used to be much more flexible than nowadays. Actually they are paying too much attention at this point.

Another limitation mentioned by participants involved reluctance to diversify investment, to the extent that it putting all eggs in one basket was flagged as common bad practice:

Often you end up trapped investing in your own business. I am afraid to invest in insurances, it's a waste of money. Life insurances, health anything. Others invest in bonds and stocks but I don't feel safe there either.

Communication

Figure 1 graphically presents the twenty (20) most frequent words found in the self-employed persons' focus group data that were coded as related to household and lifestyle. The same analysis results are presented in table format in Table 1.

Figure 1
Word cloud – Self-employed persons household and lifestyle
Twenty (20) most frequent words



These results inform on the vocabulary terms preferred by the sample representing the self-employed persons' cohort to refer to items, concepts and practices related to the financial aspects of household and lifestyle.

Table 1
List – Self-employed persons household and lifestyle
Twenty (20) most frequent words

| Word | Length | Count | Weighted Percentage | Similar Words |
|------------|--------|-------|---------------------|-----------------------|
| employed | 8 | 5 | 2.99% | employed, employer |
| home | 4 | 5 | 2.99% | home, homes |
| people | 6 | 4 | 2.40% | people |
| bank | 4 | 3 | 1.80% | bank, banks |
| health | 6 | 3 | 1.80% | health |
| insurances | 10 | 3 | 1.80% | insurance, insurances |
| invest | 6 | 3 | 1.80% | invest, investing |
| scam | 4 | 3 | 1.80% | scam |
| women | 5 | 3 | 1.80% | women |
| cash | 4 | 2 | 1.20% | cash |
| cost | 4 | 2 | 1.20% | cost, costs |
| day | 3 | 2 | 1.20% | day |
| free | 4 | 2 | 1.20% | free |
| help | 4 | 2 | 1.20% | help, helps |
| lifestyle | 9 | 2 | 1.20% | lifestyle, lifestyles |
| loan | 4 | 2 | 1.20% | loan, loans |
| men | 3 | 2 | 1.20% | men |
| money | 5 | 2 | 1.20% | money |
| nasty | 5 | 2 | 1.20% | nasty |
| need | 4 | 2 | 1.20% | need |

Moreover, they shed light on the quantitative relevance that each word had when the focus group discussion focused on household and lifestyle matters. In other words, on the frequency of the specific words tabulated above during the fieldwork with the sample of the self-employed persons' cohort.

Financial literacy and capability

Trends

Trends among self-employed persons that somehow, even if indirectly or implicitly, emerged as influencing their financial literacy and capability at the time of research, included having studied Accounts or other subjects related to Finance and recalling the experience and outcomes as negative:

I had studied Accounts in school, wasn't really interested in it. I knew it was not my direction in life, so what I'm not good at, I get other people to do.

I have O'Level in Accounts and at school it was a waste of time too. You understand what money is, when you deal with it.

At school I had Accounts and economics, but really truly I have learnt nothing from there. You come out from school as an idiot.

Other data illuminate business and investment trends – such as property and being a sole trader (i.e. inferring small and medium enterprises as opposed to large enterprises) and preferences, such a property over restaurants:

I used to run a restaurant but now with the VAT element, a lot of restaurants see the cash but when the VAT return comes back, well it's very high for restaurants and certainly not easy (in the thousands of euros).

I feel safe in property. Yes but it's because you know the industry.

Most of the market in Malta is a sole trader and not necessarily a self-employed. A sole trader should have an accountant on who to trust and build a relationship with them.

A number of tools that support financial literacy and capability, such as budgeting tools, accountancy skills and accountancy services, trended among participants' practices:

Researcher: Do you use a budgeting system where you plan and note your incoming and outgoing payments? (e.g. a simple document or an Excel sheet or an online budgeting tool)

Participant: Yes, yes for sure.

I have various bank accounts, all accordingly tax with tax, savings with savings, spending money etc. Segregating costs.

A sole trader should have an accountant to trust and build a relationship... But how many look at the accountant beyond bookings? I think it's

fundamental. If you don't trust your accountant, change him! There are certain episodes, where you have to be your own accountant!

Conversely, they were less forthcoming in their engagement with trade unions, and more supportive of associations that bring together people on the basis of professional association rather than employment status:

Strictly speaking, I don't trust them (trade unions) and I think they are corrupt! I won't to free myself, so no I don't want to be in a trade union.

The best-paid jobs in Malta, there are no unions; gaming, property. Real estate are with MDA. But MDA is very different from GWU and all that! There is the employer association also. But that is a professional one, that is a different story...

Assets and resources

As expected in view of the profit-seeking nature of participants' economic activity, most participants resource the financial aspect of their lives through budgeting tools, accountant services and services of specialised entities such as Business First:

Researcher: Do you use a budgeting system where you plan and note your incoming and outgoing payments? (e.g. a simple document or an Excel sheet or an online budgeting tool)

Participant: Yes, yes for sure.

Business First is a by-product and a joint initiative between Malta Enterprise and the GRTU. As self-employed what is the need of a union is different from an employee. So just as much as an employee as Business First gives you information for funds, that support is needed.

Nonetheless, the focus group yielded also evidence of less tangible assets and resources, self-employed participants flagged resilience, caution, self-discipline and responsibility, particularly when employing others because in so doing the self-employed is perceived as shouldering the responsibility of employees' families;

If you manage to overcome the first years, you're good to go.

To save money, one would naturally need to cut down on the costs such as going out, buying luxuries etc. It's all about the lifestyle at the end of the day.

When you're responsible of a business, all of a sudden you feel like you're not only the breadwinner of your family but of others also.

You need to set priorities accordingly.

You have to keep account of everything. You need to keep updated.

Hands-on learning, from family and early employment settings, was also discussed as an asset to financial literacy and financial capability:

I learnt what change is when my mother used to send me to buy stuff and got the change.

My father used to be self-employed so I had experience from there.

In my case, I was brought up to settle what is due.

I started learning as soon as I started freelance and I started becoming aware about matters.

When I was 12 years old, I learnt just enough for my age and when I started working, I had to learn differently. Obviously one needs to think about setting up your home etc.

Limitations

Start-ups were associated with limited financial literacy and capability, whilst limited cash flow was associated with limited capability. The two phenomena may, of course, intersect and limited preparation from educational programmes exacerbate the effect:

I was not aware of the system, how taxes work, NI etc.

And one would be overwhelmed with excitement plus one needs a lot of cash.

The first year and second year I had paid full amount by the end of the year and now I started paying my provisional tax and I could have been informed before about this. You see all the costs put together, it would seem impossible.

To stabilise a business, it usually takes 5-10 years to develop it. There are also some self-employed that have returned back to being employees in their old jobs because it didn't work out for them.

I work in the property. Property is highly illiquid. Property is the most attractive investment but at the end of the day it's non-cash whatsoever.

One needs to learn through experience and unfortunately it can also be a bad experience. You need someone that guides you. That's why certain companies end up bankrupt.

There is the need to educate even from a sixth form level.

There should be more on entrepreneurship at schools. Yes, I agree perfectly!

Communication

Figure 2 graphically presents the twenty (20) most frequent words found in the self-employed persons' focus group data that were coded as related to financial literacy and financial capability. The same analysis results are presented in table format in Table 2.

Table 2
List – Self-employed persons financial literacy and capability
Twenty (20) most frequent words

| Word | Length | Count | Weighted Percentage | Similar Words |
|------------|--------|-------|---------------------|-----------------------|
| employed | 8 | 5 | 2.99% | employed, employer |
| home | 4 | 5 | 2.99% | home, homes |
| people | 6 | 4 | 2.40% | people |
| bank | 4 | 3 | 1.80% | bank, banks |
| health | 6 | 3 | 1.80% | health |
| insurances | 10 | 3 | 1.80% | insurance, insurances |
| invest | 6 | 3 | 1.80% | invest, investing |
| scam | 4 | 3 | 1.80% | scam |
| women | 5 | 3 | 1.80% | women |
| cash | 4 | 2 | 1.20% | cash |

| | | | | |
|-----------|---|---|-------|--------------------------|
| cost | 4 | 2 | 1.20% | cost, costs |
| day | 3 | 2 | 1.20% | day |
| free | 4 | 2 | 1.20% | free |
| help | 4 | 2 | 1.20% | help, helps |
| lifestyle | 9 | 2 | 1.20% | lifestyle, lifestyles |
| loan | 4 | 2 | 1.20% | loan, loans |
| men | 3 | 2 | 1.20% | men |
| money | 5 | 2 | 1.20% | money |
| nasty | 5 | 2 | 1.20% | nasty |
| need | 4 | 2 | 1.20% | need |

These results inform on the vocabulary terms preferred by the sample representing the self-employed persons' cohort to refer to items, concepts and practices related to the financial literacy and capability.

Figure 2
Word cloud
Self-employed persons' financial literacy and capability
Twenty (20) most frequent words



Moreover, they shed light on the quantitative relevance that each word had when the focus group discussion focused on financial literacy and capability. In other words, on the frequency of the specific words tabulated above during the fieldwork with the sample of the self-employed persons' cohort.

Retirement capability

Trends

Lack of planning for retirement trends among self-employed persons' representatives who justified such lack in the context of global development fast pace and related uncertainties - including on the lack of sustainability of the pay-as-you-earn pension system:

...things are changing very quickly nowadays. You cannot possibly plan ahead.

...good luck to you, will that NI be for me? It's not going to be there.

With the fluidity of technology, with the fact that social costs are rising and welfare is being refined.

NI is going on a social cost which is still current beyond pension. Certain lifestyles, health issues and certain illnesses, cost!

The general assumption is that retirement will not materialize as traditionally understood today:

Researcher. Do you ever think about your retirement / pension years? Do you have a plan?

Participant 2: There is a very good chance that it is pointless at our age since probably we won't be getting any pension soon.

Participant 4: Probably we would still be working.

Assets and resources

In view of the above, it is not surprising that data on assets to and resources for retirement capability lacked. Minor exceptions include data on staying informed and on the value of constant monitoring and adjustment in response to changing conditions. These were projected as assets to retirement capability:

it is important to keep account of what's happening ... the conditions and what you're going to get etc. Today we are living life and we want to enjoy it also so why not check!

Limitations

As expected from earlier subsections, one limitation lagged by data analysis concerns lack of forward planning, despite minor exceptions.

Researcher. Do you ever think about your retirement / pension years? Do you have a plan?

Participant 1: To be honest, no.

Participant 2: There is a very good chance that it is pointless at our age since probably we won't be getting any pension soon.

Participant 3: I do think about it because I am nearing towards it.

Communication

Figure 3
Word cloud – Self-employed persons' on retirement capability
Twenty (20) most frequent words



Figure 3 graphically presents the twenty (20) most frequent words found in the self-employed focus group data that were coded as related to retirement capability. The same analysis results are presented in table format in Table 3.

These results inform on the vocabulary terms preferred by the sample representing the self-employed persons' cohort to refer to items, concepts and practices related to retirement capability.

Table 3
List – Self-employed persons on retirement capability
Twenty (20) most frequent words

| Word | Length | Count | Weighted Percentage | Similar Words |
|-----------|--------|-------|---------------------|--------------------------|
| pension | 7 | 7 | 5.38% | pension, pensions |
| going | 5 | 4 | 3.08% | going |
| nowadays | 8 | 4 | 3.08% | nowadays |
| right | 5 | 4 | 3.08% | right |
| use | 3 | 4 | 3.08% | use |
| fund | 4 | 3 | 2.31% | fund |
| good | 4 | 3 | 2.31% | good |
| plan | 4 | 3 | 2.31% | plan |
| cost | 4 | 3 | 2.31% | cost, costs |
| ahead | 5 | 2 | 1.54% | ahead |
| alone | 5 | 2 | 1.54% | alone |
| automatic | 9 | 2 | 1.54% | automatic, automatically |
| certain | 7 | 2 | 1.54% | certain |
| changing | 8 | 2 | 1.54% | changing |
| free | 4 | 2 | 1.54% | free |
| luck | 4 | 2 | 1.54% | luck |
| mintoff | 7 | 2 | 1.54% | mintoff |
| mistaken | 8 | 2 | 1.54% | mistaken |
| negated | 7 | 2 | 1.54% | negated |
| now | 3 | 2 | 1.54% | now |

Moreover, they shed light on the quantitative relevance that each word had when the focus group discussion focused on retirement capability. In other words, on the frequency of the specific words tabulated above during the fieldwork with the sample of the self-employed persons' cohort.

End-user engagement with awareness campaigns

Trends

Focus group participants did not explicitly identify trends within their cohort's engagement with an awareness campaign.

Notwithstanding, it can be inferred (from the analysis discussed earlier in this report) that campaign initiatives that are communicated online and within professional community forums such as employers' associations have the potential to trend among members of this cohort. Specific evidence comprises use of social media, albeit associated more with dissemination of financial scams, rather than of good financial practices:

One needs to be in tune more with scams through Facebook and other social media.

Assets and resources

Nationally, this cohort will comprise digital migrants and digital natives; as well as proactive enterprising people. Consequently, many are likely to manifest proclivity towards Information and Communication Technology and this may turn out to be an asset and a resource when considering their engagement with the content and message of an awareness campaign. Data evidence that corroborates this analysis includes:

Something that we should do to learn on the go is a game perhaps.

Otherwise, data evidence specifically illuminates the potential for dissemination of business micro and macro networks, namely -accountants and financial support entities:

Business First probably. When it came to tax fee, tax rebate, they really helped. The forms are really simple to fill in. The accountant is to be seen above book keeping.

Limitations

Focus group participants explicitly identified mass media as potentially inhibiting their cohort's engagement with an awareness campaign:

I don't think though that if we gather all this information and present it on the media, it's not really going to educate people.

Should trade unions be roped in as agents of financial literacy and retirement capability, there are also data that manifest potential shortcomings:

Strictly speaking, I don't trust them and I think they are corrupt! I won't to free myself, so no I don't want to be in a trade union.

Communication

Figure 4 graphically presents the twenty (20) most frequent words found in the self-employed persons' focus group data that were coded as related to end-user engagement with awareness campaigns. The same analysis results are presented in table format in Table 4.

Figure 4
Word cloud – Self-employed persons’ end-user engagement
with awareness campaigns
Twenty (20) most frequent words



These results inform on the vocabulary terms preferred by the sample representing the self-employed persons’ cohort to refer to items, concepts and practices related to end-user engagement with awareness campaigns.

Moreover, they shed light on the quantitative relevance that each word had when the focus group discussion focused on end-user engagement with awareness campaigns. In other words, on the frequency of the specific words tabulated above during the fieldwork with the sample of the self-employed persons’ cohort.

Table 4
List – Self-employed persons’ end-user engagement
with awareness campaigns
Twenty (20) most frequent words

| Word | Length | Count | Weighted Percentage | Similar Words |
|-------------|--------|-------|---------------------|---------------|
| media | 5 | 5 | 4.72% | media |
| tax | 3 | 4 | 3.77% | tax |
| business | 8 | 3 | 2.83% | business |
| facebook | 8 | 3 | 2.83% | facebook |
| first | 5 | 3 | 2.83% | first |
| home | 4 | 3 | 2.83% | home |
| needs | 5 | 3 | 2.83% | needs |
| people | 6 | 3 | 2.83% | people |
| scams | 5 | 3 | 2.83% | scams |
| tune | 4 | 3 | 2.83% | tune |
| accountant | 10 | 2 | 1.89% | accountant |
| book | 4 | 2 | 1.89% | book |
| educate | 7 | 2 | 1.89% | educate |
| fee | 3 | 2 | 1.89% | fee |
| forms | 5 | 2 | 1.89% | forms |
| game | 4 | 2 | 1.89% | game |
| gather | 6 | 2 | 1.89% | gather |
| going | 5 | 2 | 1.89% | going |
| helped | 6 | 2 | 1.89% | helped |
| information | 11 | 2 | 1.89% | information |

Main conclusions and recommendations

A headline finding emerging from this focus group is the broad range of data related to financial literacy and capability. This manifests sensitization to the topic that should be deployed to elicit further informed engagement.

The design of campaign content and delivery should factor in that representatives of this cohort include established entrepreneurs, as well as young people who are setting up start-ups - possibly as a knee-jerk reaction to formal schooling and/or institutionalized career pathways.

In turn these may also be outcomes of foresight, innovative and creative skills.

The campaign should dwell on the identified assets that include familiarity with financial tools and services (e.g. budget methods, accountancy) and other ICT-based financial services.

The campaign needs to emphasize retirement capability because this was an area where focus group participants manifested very little interest and literacy, as well as distrust. Campaigns that package retirement planning as an investment scheme are likely to be successful with this cohort.

Given busy schedules of some members of this cohort and their high digital literacy, the communication of the targeted awareness campaign is more likely to be successful if online platforms are used – including gaming sites, vlogs and social media.

Other communication spaces that self-employed persons are likely to engage with include employers' associations and business support entities such as Business First, the VAT Department and Malta Enterprise.