








## Combining self-employment and family life

Self-employment is often associated with flexibility and choice over when, where and how much to work. These features would all seem to be particularly attractive to parents needing to reconcile paid work with family responsibilities. However, very little is known about the benefits and challenges of combining self-employment with parenting. To fill this gap, Alice Bell and Ivana La Valle of the National Centre for Social Research (NatCen) carried out secondary analysis of two similar surveys, which were representative of over 10,000 parents with children aged 0-14 in England. The study found that:

-  A quarter of families with children included at least one self-employed parent.
-  Many mothers entered self-employment because they believed it could offer working arrangements that made it easier to reconcile paid employment with family responsibilities. This did not feature in most fathers' decisions to become self-employed.
-  For many mothers, self-employment meant having more family-friendly working arrangements, such as the ability to choose when and where to work.
-  For some mothers and most fathers, self-employment meant working long, atypical hours, and more frequent weekend work than for parents who were employees.
-  Patterns of childcare use varied considerably among self-employed mothers. Those with employees were more likely to use (non-parental) childcare, relied on formal provision and had higher childcare costs. Among those without employees, levels of formal childcare use and expenditure were lower.
-  These patterns of childcare use also seemed to reflect differences in work patterns. Self-employed mothers with employees were more likely to work long, atypical hours, while the majority of those without employees worked part-time.
-  Self-employed mothers were more likely than their employee counterparts to report unmet demand for childcare. For those with employees, these difficulties might be linked to the amount of childcare required and the need for provision at 'non-standard' times. However, for those without employees, the difficulties might be related to lack of affordable childcare, as many of them were in low-paid jobs.

## Background

Much has been written about self-employment, but research into the particular circumstances of self-employed parents has been limited. Furthermore, although the Government has been giving high priority to reconciling paid employment and parenting, little is known about the extent to which new family-friendly legislation and initiatives are providing adequate support for self-employed parents.

This study aimed to gain better understanding of how parents reconcile self-employment with family life. The classification of self-employment was based on parents' self-definition. Most of the analysis of the two surveys distinguished between self-employed parents with and without employees, as these represented two distinct groups.

## Working arrangements

The study found that 9 per cent of working mothers were self-employed (7 per cent with employees and 2 per cent without). The corresponding figure for fathers was higher: 16 per cent were self-employed (7 per cent with employees and 9 per cent without). Self-employed mothers were generally more highly qualified than their employee counterparts. However, while those with employees were concentrated in professional and managerial occupations (77 per cent), the largest group of self-employed mothers without employees were in manual jobs (42 per cent). The picture was similar for self-employed fathers: 83 per cent of those with employees were in the professional and managerial group; 57 per cent of those without employees were in manual jobs.

The findings showed that while self-employment might mean flexible, family-friendly arrangements for some parents, others seemed to have rather family 'unfriendly' work patterns:

- Part-time work was widespread among self-employed mothers without employees; 62 per cent worked fewer than 30 hours a week. Self-employed mothers with employees were least likely to work part-time, and 22 per cent of them worked over 48 hours a week (compared with 11 per cent of self-employed mothers without employees and 3 per cent of employee mothers).
- Long working hours were widespread among self-employed fathers, particularly those with employees, 59 per cent of whom worked over 48 hours a week (compared with 41 per cent of self-employed fathers without employees and 28 per cent of employee fathers).
- 60 per cent of self-employed mothers with

employees worked on Saturdays and Sundays (usually or sometimes), compared with 41 per cent of those without employees and 36 per cent of employee mothers.

- 63 per cent of self-employed fathers with employees, 59 per cent of those without employees and 57 per cent of employee fathers worked on Saturdays and Sundays.
- Predictably, homeworking was the area where the greatest differences were found – 52 per cent of self-employed mothers with employees and 65 per cent of those without employees worked from home (all or some of the time), compared with 8 per cent of employee mothers. However, homeworking was less common among self-employed fathers (25-29 per cent).

## Use of childcare

The study analysed information on any type of childcare used by parents when the children were not with them or their partner. It included data on formal provision (e.g. playgroups, day nurseries, early years education, out-of-school clubs) and informal childcare (e.g. grandparents, friends).

Self-employed mothers without employees were less likely to use childcare (55 per cent, compared with 64-66 per cent of other working mothers). They used fewer hours (10 hours a week, compared with 14-15 hours by other working mothers), and their childcare costs were also relatively low (£49 per week compared with £53 reported by employee mothers, and £76 by self-employed mothers with employees). These results seemed to reflect the work patterns of self-employed mothers without employees. They were more likely to work part-time and be home-based, which enabled many of them to minimise use of non-parental childcare.

Patterns of childcare use among self-employed mothers with employees also seemed to reflect their working arrangements. The long, atypical hours worked by many of them might mean that they did not have the flexibility and choice open to self-employed mothers without employees – hence their greater use of childcare, particularly formal and paid provision.

Self-employed mothers were more likely to report unmet demand for childcare – 36-38 per cent, compared with 26 per cent of employee mothers. For those with employees, these difficulties might be related to their need for a large amount of childcare and provision at 'non-standard' times. For some of those without employees, many of whom were in low-paid jobs, affordability might be a factor preventing them from accessing the childcare needed.

## Influences on parents' employment decisions

Over three-quarters of mothers (79 per cent) decided to become self-employed mainly or partly for childcare reasons, by contrast childcare considerations were only mentioned by 14 per cent of fathers.

On the whole, it appeared that self-employed mothers did have more flexible working arrangements than their employee counterparts.

However, self-employed mothers without employees differed in many respects from those with employees. The employment decisions of those without employees seemed much more likely to be influenced by the need or desire to minimise non-parental childcare: 50 per cent of them became self-employed to avoid the need for childcare, compared with 24 per cent of self-employed mothers with employees. The occupational profile of these mothers suggested that this was partly because they could not afford formal provision, although it might reflect their preference to look after their children themselves.

Attitudinal data confirmed this mixed picture. If they could afford it, the majority of self-employed mothers without employees would like to reduce their hours (59 per cent) or give up work (48 per cent) to be with their children. However, a quarter would work more hours if they had access to affordable childcare.

By contrast, the work decisions of self-employed mothers with employees seemed more driven by career and intrinsic job motivators, and probably the needs of their business. Access to formal childcare appeared to play a greater role in shaping their decisions, and their occupational profile suggested that they were more likely to be able to pay for the type of childcare that allowed them to 'have it all'. Many of these mothers would like to reduce their working hours (60 per cent) – not a surprising finding in view of the long hours worked by many of them. However, they were the least likely to wish to give up work altogether to become full-time parents.

## Couples and self-employment

The study explored whether the differences in work and childcare arrangements between self-employed and employee parents were also found among working couples with differing combinations of employment status. The combinations were: families where only one parent was self-employed (and the other was an employee); those where both were self-employed; and those where both were employees. The findings showed that:

- A quarter of families included at least one self-employed parent. These families tended to have

more children than other working parents, which could indicate that larger families with more complex childcare needs might be particularly attracted to self-employment and the flexibility it can provide.

- Long, atypical hours were particularly prevalent among self-employed couples; 35 per cent of them worked a combined total of 90+ hours a week, compared with 9-14 per cent of other dual-earner couples.
- Despite their long and atypical hours, self-employed couples were less likely than other working families to use childcare. This could be because of the prevalence of homeworking among this group. Some of these couples were also likely to use some kind of 'shift parenting' (organising their hours so that one parent is available for childcare while the other is working).
- Both maternal and paternal self-employment was associated with more traditional divisions of labour within the family. In 69 per cent of couples where only the mother was self-employed (and the father was an employee), mothers had main responsibility for childcare, compared with 56 per cent of families where the father was self-employed (regardless of whether the mother was also self-employed or an employee), and 49 per cent where both were employees.

## Policy considerations

### *Hours of work*

Some of the greatest differences between self-employed and employee parents were found in relation to working hours, an area where legislation has been introduced to limit excessive working hours among employees. Some self-employed people (e.g. sub-contractors) depend heavily on certain sources of work, and in practice have little flexibility and autonomy. Therefore it could be argued that, like employees, they might benefit from legislative protection against demands to work excessive hours. Some self-employed parents with stable or single employers might also benefit from new legislation which, from April 2003, gives parents the right to ask for flexible working arrangements (and places a duty on employers to consider these requests seriously).

The high levels of weekend working among self-employed parents and the potential negative consequences for their families might also be considered. Other research among parents has shown that Sunday work is the most unpopular of atypical work patterns, and the most likely to disrupt family life.

These findings raise the question of the extent to which society and the Government should promote

the '24-7' society and Sunday business opening, given the negative consequences on family life. This issue particularly affects self-employed parents with businesses, who are likely to feel that they have no option but to work on Sundays because of competition and loss of trade if they do not. Moreover, some self-employed parents may have as employees parents who are dissatisfied about having to work regularly on Sundays. Therefore, both for parents who are employees and for those who own small businesses, it might help if there were less Sunday working.

### *Leave entitlements*

There might be scope for extending paid leave entitlements to self-employed parents who in many respects are similar to employees, for instance sub-contractors who work mainly for one employer. Parents running businesses could also benefit from this kind of financial support, but the leave entitlement might need to be more flexible. For example, instead of taking two weeks paternity leave, it might be more feasible for self-employed fathers to reduce their hours of work.

Some self-employed parents face difficulties in being away from their business. This indicates that a better insurance support system might be needed for self-employed people, to allow them to recruit temporary managers if they need to take time off for family reasons.

### *Location of work*

The study's findings on location of work showed that in this respect, self-employed parents were probably better off than their employee counterparts. Homeworking was widespread among self-employed parents, and particularly appealed to mothers.

However, despite its obvious attractions, other research has shown that homeworking can sometimes mean simultaneously looking after the children and working, which can lead to high stress levels. This raises the question of whether better childcare provision could help some of these mothers, whose work and childcare arrangements might be partly determined by lack of affordable provision.

### *Childcare support*

Self-employed parents are more likely to have older children, and it is known from other research that the level of formal provision for schoolchildren is low (particularly for older ones) and rarely free. Self-employed parents also tend to have a greater number

of children, which again has implications for the logistical difficulties of arranging childcare and, more crucially, for its costs. Better (and more affordable) out-of-school provision would be likely to benefit many self-employed parents.

Flexible provision that can be varied according to parents' needs would seem to suit some self-employed mothers – particularly those with employees, as they might need to vary their childcare arrangements according to business requirements. These mothers' work patterns mean that they might also benefit from provision at atypical times. The results from this study also suggest that more affordable childcare and better financial support might be a main area of need for self-employed mothers without employees.

### **About the project**

The two surveys analysed for this study were part of the *Parents' demand for childcare* series, carried out by NatCen for the Department for Education and Skills in 1999 and 2001. They included a combined sample of over 10,000 English parents with children aged 0-14. The samples were randomly selected from Child Benefit records. Both surveys achieved a response rate of around 80 per cent. It was possible to combine the data from the two surveys because they were based on the same sample design. Consistency was also largely maintained in terms of questionnaire content and structure.

### **How to get further information**

The full report, **Combining self-employment and family life** by Alice Bell and Ivana La Valle, is published for the Foundation by The Policy Press as part of the Family and Work series (ISBN 1 86134 533 X, price £13.95).