

Self-employment and family-friendly working

Policies to encourage entry into self-employment are increasingly linked to measures to combat social exclusion. This study is about family-friendly working for self-employed parents, a group that has been largely ignored to date. Members of thirty households were interviewed in an economically deprived area in order to explore the costs and benefits of self-employment as a possible route out of economic disadvantage. Researchers from Newcastle University found that:

-  Businesses were generally a household rather than an individual undertaking. Long, irregular hours, low incomes and reliance on unpaid family labour are part of the 'flexibility' of the small business. Much of the unpaid work burden fell on the wives of male owners.
-  The most common source of finance for business start-up was small grants from enterprise agencies. Many had found the start-up grant of £500 helpful. There was reluctance to go into debt at start-up or later.
-  Most self-employed households had a sustainable and adequate, but not generous, livelihood. A 'package' of income sources could include wages or in-work benefits. For women, starting a business could provide the basis for financial independence, and allow women (including lone parents) to become household providers.
-  Worry over security of livelihood was endemic. A substantial minority of households endured financial precariousness. Reasons included risky business decisions, unsustainable debt, family illness or suffering from crime.
-  Parents invariably tried to protect their children from feelings of financial insecurity, not always with success.
-  Children in a business household have opportunities unavailable to other children. They were often the household's experts on IT and were responsible for associated business tasks.
-  Many parents relied on childcare provided by non-resident relatives, particularly grandparents. Few used formal childcare, except as part of a 'jigsaw' arrangement. Many self-employed fathers spent little time with their children.
-  The researchers consider that efforts to increase business start-ups as an answer to economic decline are likely to run counter to efforts to improve work-life balance, unless more employment rights and benefits are extended to the self-employed.

Introduction

Family-friendly working practices aim to help families to cope with the demands of family life while also being financially self-supporting. However, little is known about 'family-friendliness' (or lack of it) for people in self-employment. Yet one working adult in eight in the UK is now self-employed and cannot benefit from family-friendly measures provided by employers. In-depth interviews with self-employed men and women, their partners and children in thirty households investigated the difficulties of reconciling paid work and parenting for such families. This study draws upon these interviews to determine patterns of income earning and caring. It takes a critical look at the costs and benefits for individuals and families of turning to self-employment as a route out of economic disadvantage. The businesses in this study were founded against a background of limited livelihood choices. Insecurity of income was a characteristic whatever the age of the business. The researchers found that businesses were generally a household rather than an individual undertaking.

Entering self-employment from a position of relative disadvantage

Most interviewees had contacted enterprise agencies and received some form of start-up support, such as a grant of £500 (at one time universally available through enterprise agencies). There was no evidence that the decision to consider self-employment was a response to encouragement by the state or local agencies.

People who had been employed before start-up rarely hoped to create a better-paid livelihood. Non-monetary rewards featured strongly in men's accounts; for some, unacceptable working conditions pushed them into self-employment; for others it was the positive attraction of intrinsically rewarding work. A strong theme was men's wish to avoid disruption to family life caused by working outside the region. 'Being there' for their families was important.

Women's reasons for becoming self-employed were hard to reduce to a specific motivation. Women returning to the labour market by starting a business tended either to wait until their children were older, or to set up as childminders so that they could look after their own children at home. Childcare was never the only factor in the decision to become self-employed. It was mentioned by women who had spent time out of the labour market, but never by men.

Nearly all the businesses in the study used skills and knowledge gained in the workplace or the domestic environment. Activities included hair and

beauty, caring, manufacture and repair, construction, healing, retail and catering. Business owners and their domestic partners were nervous about debt, and businesses were typically started with limited financial resources. Many had found the start-up grant helpful, and some were given financial support by family members. A few interviewees had started up as an escape from long-term benefits dependency; they perceived leaving benefits as risky, but the possibility of 'test trading' under the New Deal was relieving some of this anxiety.

Making a livelihood

Most small business households appear able to put together a sustainable and adequate, but not generous, livelihood, based on a livelihood 'package'. Incomes were made up from a variety of sources, including waged work and tax credits for low-earning households. This meant that all adult household members were usually economically active – whether in the business or as an employee. Many businesses provided a sustainable household livelihood due to receipt of Working Families Tax Credit. In twelve cases, businesses provided the basis for female financial independence and allowed women (including four lone parents) to become main household providers.

Household livelihoods appeared precarious in a fifth of businesses. Reasons included risky business decisions, unsustainable debt, being trapped in self-employment, consumption behaviour, family illness and being the victim of crime. Reliance upon business activity almost always meant a greater or lesser element of insecurity in the level of household income. Most households told stories of coping with falls in income levels, and many had to cope with temporary periods without income. Worry over security of livelihood was endemic. In male-led businesses, some spouses who worked in the household's business found themselves trapped in work for which they were not trained, and without the time to maintain or develop their own labour market skills.

Looking after children

Over half the small business households interviewed had never accessed formal childcare. In nearly a quarter, only people living in that household were involved in looking after their children. In other families, many parents relied upon childcare by grandparents and other non-resident relatives.

Business ownership structures childcare practices along familiar 'gendered' lines. For example, in

households that included a self-employed mother, fathers sometimes took a planned role in childcare, but in households with a self-employed father, long hours restricted his involvement.

Working arrangements in self-employed households

Few businesses were legally family businesses, but most placed heavy demands on family members. The patterns of working were very diverse and can be described under four categories.

Time-greedy businesses

These businesses involved the longest, most unsocial and most unpredictable hours, often at the expense of family time. Most owners were men, and almost all the male-led businesses were in this category. Time-greedy businesses tended to provide a relatively large part of household income. Half of the wives had no employment outside the household. Childcare was usually only provided by household members. Heavy demands of the business tended to impinge on the home; for example, telephone calls at unsocial hours, paperwork in the kitchen or bedrooms, and storage of business items in living spaces.

Rigidly scheduled businesses

These had working hours and practices similar to traditional nine-to-five employment. They invariably had premises outside the home. Some weekend and evening work was normal, but was regular and predictable. Such businesses were typically run by women; where they had young children, a mix of informal and formal childcare was often used. These businesses were more likely to have employees, who could give the owner more freedom than single-woman businesses. All made a substantial contribution to household incomes, including two lone parents supported by Working Families Tax Credit.

Flexibly scheduled self-employment

A few owners – all one-woman businesses without employees – scheduled work around family needs and routines but would also use child-carers from outside the household. Owners and their families tried hard to separate home and work. All households were heavily reliant on income from other sources.

Work-family inclusive businesses

These were based inside or adjacent to the home, with the home and the family physically and emotionally incorporated into the business. The

home environment was actively promoted to clients as an asset and, in contrast to the flexibly scheduled group, business was conducted in the presence of young children. These businesses can be described as family-friendly insofar as they enabled income earning to be combined with caring, but children's lives were inevitably structured by the demands of their parents' business. Owners and their spouses often disliked the idea of formal care for their children. None of these businesses provided sufficient income to support the family, and it was almost impossible for family members - including children - not to participate in the business in some way.

In all two-parent households in the survey, domestic tasks were overwhelmingly the responsibility of women, whether or not they were business owners themselves. The most traditional arrangements were in the homes of men whose businesses were time-greedy and in the work-family inclusive households. Husbands of women business owners in rigidly scheduled and flexibly scheduled businesses often 'helped' their wives domestically.

Over two-thirds of the businesses had some form of family participation, paid or unpaid. Wives of male owners normally worked on a regular basis in the business, sometimes making it difficult to hold a job outside. Men who lived with female business owners tended to commit less time to the business, but often provided practical support at start-up. Some owners' children made an important contribution to the business because they were the only members of the household with certain skills, particularly IT.

Children's experience in self-employed households

Children observed the financial decisions of their parents and were aware of changes in living standards. Though parents were not always able to protect their children from the consequence of cutting back, children often took an active role in family decisions, particularly affecting food, clothes and leisure. Some of the money-earning opportunities available to older children were connected with their parents' business. Sometimes pocket money was loosely tied to small domestic tasks, but even teenagers were hardly ever involved in regular domestic tasks. Most children participated in food preparation (generally restricted to microwave snacks).

Care by grandparents was often important in allowing parents to work, but some children claimed considerable choice in whether they went to grandparents. Children's friends often provided

parents with shared childcare opportunities. Only a few children had been looked after in a formal childcare setting. Some children were expected to look after younger siblings for short periods.

Children never had a say in business start-up. Most parents were successful in protecting their children from feelings of financial insecurity. Two children were seriously worried about the risks involved, but said they had not raised this with their parents. Children learned skills from observation or involvement in their parents' business, and this could help them find work in the business or the labour market.

Children growing up in a family-inclusive business were proud of the family's business achievements, although others - particularly the children of childminders - could be resentful of its intrusiveness. Children's stance towards time-greedy businesses ranged from resentment at the lack of time with their father, to not minding because their mother was around, to appreciation of the freedom to do what they wanted. Children with mothers who had set up flexibly scheduled businesses appreciated the general aim, but still sometimes experienced work demands eating into family time. The least criticised arrangements were those of the rigidly scheduled business, where parents' structured working time translated into a clear structure for children too.

Policy implications

The study found that most self-employed households were able to put together an adequate, but not generous, livelihood 'package' of income sources. Financial pressures meant that self-employed households tended to exploit themselves in terms of working hours and family well-being. Life and work often got out of kilter, bringing different pressures on women and men, whether as providers or carers.

The researchers concluded that work-life issues pose serious dilemmas for business households operating on the margins of poverty and that self-employed households of this type need more income and an income that is less insecure. The availability of Working Families Tax Credit can be an invaluable safety net, but this still leaves the self-employed at a considerable disadvantage.

They consider that policy efforts to increase business start-ups as an answer to economic decline are likely to run counter to efforts to improve work-life balance, unless government is prepared to extend more employment rights and benefits to the self-

employed. More joined-up thinking would be helpful to ensure that such policies do not run counter to each other. Policy-makers could also give more consideration to parental preferences for informal childcare.

About the study

This study was carried out by Susan Baines, Jane Wheelock and Ulrike Gelder at the University of Newcastle (School of Geography, Politics and Sociology). In-depth interviews were held in the Tees Valley and the three most deprived districts of County Durham, in summer 2002. These places share disadvantages associated with both urban and rural areas and have few small business start-ups. Sixty-seven face-to-face interviews were held with men, women and children in thirty households dependent wholly or in part on self-employment. Households included lone parent and three-generation families. Eighteen businesses were led by women, nine by men and three by a husband and wife team. Ten business advisors were also interviewed.

How to get further information

The full report, **Riding the roller coaster: Family life and self-employment** by Susan Baines, Jane Wheelock and Ulrike Gelder, is published for the Foundation by The Policy Press as part of the Family and Work series (ISBN 1 861 34 503 8, price £14.95).