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Balancing Precarity and Resilience: The Experience of the Self-Employment During the COVID Pandemic

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Introduction

The experience of the self-employed since the onset of the COVID-19 public health emergency has emerged as an important topic for analysis. Early projections suggested that the self-employed might be hard hit because of their concentration in sectors most severely affected by lockdowns and social distancing (Henley and Reuschke, 2020), and subsequent analysis of labour force survey data is revealing that, as a result of the pandemic, significant numbers have abandoned self-employment and struggled to find alternative paid work (Slaughter, 2021).

The circumstances of the pandemic have spawned a growing volume of quantitative evaluation of its impact on the self-employed and micro-entrepreneurs for the UK and other countries (for example Fairlie, 2020; Yue and Cowling, 2021; Reuschke et al., 2021). However, theorising the impact of the crisis has been more challenging.

This paper seeks to provide a more nuanced examination of the interplay of various factors across the diversity of the self-employed. This is undertaken through qualitative analysis of in-depth interviews with 30 self-employed, half in the autumn of 2020 and half in the early spring of 2021. The first time point coincides with the end of the period of relaxation of restrictions and economic recovery during late summer and early autumn; the second time point is during the depth of the third national UK lockdown.

Methodology

Our initial approach is to conduct a thematic analysis, and then explore a grounded theory approach to conceptualise the experience of the self-employed in the crisis. The data are explored along a range of potential drivers of that experience. These include:

- the nature and sector of the business activity;
- the eligibility for and access to a range of emergency financial support;
- the impact of the pandemic on downstream customers and the level of supportiveness of those customers;
- the ability to pivot business delivery models perhaps supported by prior experience for example of online trading or service delivery;
- the level of preparedness of the household to withstand the shock (derived from financial cushioning from, among other sources, savings, level of fixed business outgoings, partner's and other household employment);
- the impact of the pandemic on personal and household circumstances, for example caring and home-schooling responsibilities, or own health status (shielding).

Thirty self-employed interviewees were identified and recruited through a purposive sampling approach. Interviews were conducted in two phases – fifteen interviewed during

November 2020 and fifteen during late February and early March 2021. Interviewees were selected to provide a balance across the following broad sectors in which self-employment rates in the UK are high: ‘trade’ activity (construction services etc.), ‘face-to-face’ service and delivery (personal and care services, advisory services usually conducted in-person), professional and knowledge-based services (accountancy and legal professional, consultants), and creative activity (visual and performance artists, creative designers). Interviewees in each phase were recruited in equal proportions across three areas of England and Wales: Northern and Midlands England, London and Southeast England, and Wales.

Interviews were conducted by telephone and lasted between 25 and 40 minutes each. Each followed a semi-structured interview schedule, designed using previous research to scope the range of topics and after consultation with an expert project advisory panel. The interview semi-structure covered background and experience, impact of lockdown on business, financial support, wider personal challenges, and future expectations.

The sample design envisaged a 50:50 split by gender (over-sampling women self-employed relative to the self-employed population) to ensure that the analysis was able to reflect the range of implications of early quantitative analysis predicting a strongly gendered impact from COVID-19 (Henley and Reuschke, 2020).

Interview recordings were professionally transcribed, anonymised and personal information redacted. Initial coding, following a content analysis approach, has been undertaken, supported using NVIVO 12 software.

Preliminary Findings

Within the sample many respondents had several years of self-employment experience. A small number of respondents had only become self-employment in the year prior to the pandemic, and in one case the respondent was still in the start-up phase, having taken redundancy from a large employer. However nearly all expressed a strong desire to remain in self-employment, even where trading had temporarily ceased, or financial circumstances were challenging.

Interview narratives display resilience in the face of loss of custom through the extensive application of ‘work-arounds’ and ‘pivoting’.

“I gained students really quickly. I sent out a message to all (parents of) school-age children and said, “If you get me a new customer I’ll give you a free hour” and one brought me three new customers through that.”

“And all the time I’m reaching out to other customers, other potential customers, trying to build a relationship with them so that they sort of like, you know, and it’s very much about building relationships because I’m selling my skill, yeah, and myself.”

It was not unusual for interviewees, particularly those in the predictably more affected sectors, to report a range of significant challenges (business, financial, personal). Most interviewees reported that trading activity, business custom and turnover were adversely affected in the early weeks of lockdown, even if some cases switching to online activity resulted in reduced costs. In some cases, the ‘hit’ was severe and persisted through the year.

“And then what had happened was because before I got the secondary infection I was working on the [location redacted] job and I had to stop it because I had to isolate which meant I couldn’t get back onto site. And then the site got all closed which meant it was all – there was a counter – like there was effect on that and I haven’t been able to access the site for the designs since. They haven’t opened it up again.”

Several interviewees no longer had dependent children at home. In some cases, interviewees found themselves having to spend more time supporting elderly parents with shopping etc. For those with school age children, juggling home schooling with work was challenging, and in the early months of lockdown, self-employed work was adversely affected and/or work had to be undertaken during evenings or weekends to cope, especially if a partner had employment not based at home or was a keyworker.

“I still had plenty to do, I wasn’t sitting sunbathing, because I had my aged mother and a recalcitrant teenager who had GCSEs on the horizon, so it was all ... it was a little bit of a bloody nightmare, actually!”

“I still couldn’t really work full-time because I felt guilty that I would be leaving my 19-year-old daughter looking after my 3-year-old - it was a bit chaotic at home...”

Almost all of those who were eligible to receive support from the Self-Employed Income Support Scheme (SEISS) reported that the application process was straightforward, and funding came through promptly. However, almost half of the interviewees reported that they were ineligible for SEISS, for reasons now well understood (Rouse, 2020). After professional advice some company directors were able to ‘self-furlough’. In some cases, individuals reported that they did not need to fall back on support; in other cases, interviewees were able to access information and/or contacts to identify alternative sources of support – for example local authority and sector-specific grants, as well as ‘bounce back’ loans. Some interviewees were forced into or contemplated temporary paid employment or fell back on Universal Credit claims, effectively terminating, perhaps temporarily, their self-employment business.

“You know, I’ve had to take another job, I’m actually sat in the carpark of my other job now, because I’m having to just do this just to get by.”

“So in terms of actual support, nothing. So in the eyes of the government I am neither self-employed nor employed because I was made redundant in 2019 and I don’t have accounts.”

However, interviewees often simultaneously reported that they were managing to cope with the increased business and personal stress and were generally optimistic about the future of their business activities, even in the face of apparently still high levels of uncertainty and an inability to make firm plans for recovery.

“So there was quite a lot of planning went on. I rewrote my business plan, I’ve rewritten my business plan four times now. (Laughs)”

“So, I am keeping my options open with regards to that and, like I said, I absolutely love what I do but it’s just... yeah. It’s hard to say really with the future.”

Discussion and Implications

Our preliminary findings support a grounded conceptualisation of the pandemic self-employment experience as a balance between precarity and personal resilience. In previous research, precarity in self-employment has been defined as employment insecurity or unpredictability, low and variable earnings, and lack of social protection, alongside the personal strain associated with these, no fringe benefits and invariable/low earnings (Kalleberg, 2011; Taylor, 2017; Boeri et al., 2020). Researchers have described the specifics of self-employment precarity in various occupational sectors (Harvey et al., 2017; Chafe and Kaida, 2020; Holloway and Pimlott-Wilson, 2021). Ineligibility for financial support during the pandemic, as well as risk of the consequences of personal or family infection with the COVID-19 virus, have become new dimensions of precarity.

Precarity and security can be viewed along a continuum (Holloway and Pimlott-Wilson, 2021). Resilience as a concept has been employed in different ways across sociological, psychological and organizational domains in entrepreneurship research (Korber and McNaughton, 2018). At the level of the individual entrepreneur, previous research has identified a range of coping strategies adopted by the self-employed in the face of stressors (Hayward et al., 2010; Schonfeld and Mazzola, 2015; Duchek, 2018; Santoro et al., 2020), as well as strong affective attachment to entrepreneurship in the face of precarity (Cockayne, 2016). One aspect of positive effect is that, while the self-employed may frame themselves as entrepreneurs, neither do they view themselves as precarious workers (Murgia and Pulignano, 2019).

The interview narratives show that many interviewees were able to report balancing the adverse impacts of the pandemic with a range of personal coping strategies for maintaining business activity, as well as individual strategies for addressing stress and wellbeing. Overall, narratives highlight interviewees continuing to frame self-employment as a very positive light, even in the face of a severe economic shock and resulting risk of failure. As illustrated above, passion for the business becomes a source of resilience. Precarity and resilience interplay with varying outcomes. Resilience is apparent in that the self-employed demonstrate a strong desire to persist, despite in some cases periods during the early part of lockdown of what is, in essence, near or total business failure.

Findings confirm projections and expectations about the impact of the pandemic on the self-employed. However, many interviewees remained positive about the benefits of being self-employed even in the face of severe circumstances. There was little evidence of any interviewees suggesting that they could give up permanently on self-employed activity, suggesting that aggregate self-employment rates in the UK may recover.

A significant number of interviewees reported in various ways the perception that government, at various levels, did not appreciate or understand the needs of the self-employed and small businesses, and their wider contribution to the economy. In a small number of instances this spilled over the expressions of anger about perceived unfairness in the levels of support available (and the rules concerning eligibility) and in the application of social distancing and lockdown provisions.

However, sense of exclusion tends to be tempered with an appreciation that policy had to be designed rapidly and that government 'did the best it could'. This lack of understanding and appreciation of the needs and context of the self-employed may have built resilience, in that it

may have reinforced a desire to succeed and ‘prove the politicians wrong’. Nevertheless, these findings highlight significant limitations in the UK government’s emergency policy response, and the need in the future for policymakers to listen more carefully to the self-employed.

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Table 1: Sample Information

	North and Midlands	London and South East	Wales	Total
Men	4	4	5	13
Women	5	6	6	17
Industry groups				
F2F service activity	2	2	4	8
Trade activity	1	1	2	4
Professional	5	5	2	12
Creative	1	2	3	6
Status/type				
Self-employed	6	3	8	17
Solo company director	3	5	1	9
Freelancer	-	2	2	4
Total	9	10	11	30

Table 2: Coding summary

		No. of interviewee cases
Precarity		
Business impact:	Loss of customers	25
	Adverse impact on turnover	17
	Social distancing impacted business	15
	Planned changes on hold	5
	Difficult to plan for future	13
	Not able easily to switch online	3
	Switching online not as good as previous business practice	6
Funding support:	Reported challenges of winning funding	8
	Ineligible for support	14
	Had to rely on Universal Credit claim	3
Personal finances:	Experienced debt and arrears	5
	Took on or considered temporary paid employment	3
Household circumstances:	Took on caring responsibilities	8
	Challenges of childcare/home schooling	8
	Had to adjust hours of work to accommodate home schooling	7
	Ill with COVID-19-19	2
	Space problems at home	9
Reduced wellbeing:	Loneliness/isolation from friends/family/business networks	12
	Stress from home circumstances/mental health	13
	Stress from business changes	13
Resilience		
Business resilience:	Identified business pivoting opportunities	14
	Able to switch to online activity	13
	Benefits of limited overheads	7
	Optimistic about recovery	15
Funding support:	Accessed SEISS easily	13
	Accessed bounce-back loans	8
Resilient finances:	Relied on other sources of income in the household	9
	Relied on portfolio of income sources and/or savings	4
	Banked loans/grants rather than had to spend immediately	5
Wellbeing strategies:	Positive attributes of self-employment	14
	Personal resilience to cope with stress	16
	Positives of spending time with children	3
	Reduced work travel	5
	Took on volunteering	2