

Title: Understanding Insecure Livelihoods: Adapting SEN'S Capabilities Model To The Small Business Household¹

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ABSTRACT

Micro-businesses (employing 0-10) now account for around a third of all employment across Europe. They play a key role in determining working and living conditions of millions and are significant in structuring labour markets. Yet enormous interest in their economic significance notwithstanding, the livelihoods they support have been little examined. In this paper we contend that it is growing insecurity of work, rather than hitherto unrealised ambitions for entrepreneurship, which lies at the heart of much micro-business behaviour. Many economists have influentially argued that insecurity is a source of opportunity, although a few quieter voices have stressed its heavy human cost. Policy makers have in turn largely based their proposals for small business support on a model of individual behaviour that owes much to traditional economic ideas of seeking out opportunity. In this paper, we explore the ways in which taking this foundation may distract policy makers from important issues of social well being.

We draw upon a new empirical study of small businesses in northern rural England to explore how women and men in households dependent, in whole or in part, on micro-business activity confront economic insecurity. In Britain under a Labour Government, as under the Conservatives, growth in small business is seen as an important source of livelihood with a policy context of enterprise promotion. A recent distinguishing feature of New Labour is that links between small business policies and other social policies are now appearing in government pronouncements to include regeneration of deprived areas, alongside competitiveness, high growth and innovation.

In this paper we propose to apply Sen's model of human flourishing to a real world situation with a view to providing more understanding of the relationships between household livelihoods and individual functioning. For Sen, individual endowments (of assets, human and social capital etc.) are the basis for capabilities, the set of opportunities which allow of valuable functioning by agents. Functionings are the beings and doings which underpin individual well-being and the quality of life or flourishing. Within the household, entitlements to endowments have a profound impact on individual flourishing as determined by bargaining contextualised by (frequently gendered) perceptions of individual interests and contributions. There have been many calls to operationalise Sen's model, but not many attempts have actually been made. In order to clarify the possible links between household endowments and individual flourishing, we propose to explore the institutional dimensions which embed individuals in the wider social relations of household, gender and economy. We have a particular interest in identifying the ways in which insecurity affects household capabilities, and how this in turn impacts on functioning.

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