Pros and cons of self-employment.

Supporting you on your business journey.

This is one of three short guides that will help you think about whether working for yourself is right for you.

This guide covers:

• Reasons for becoming self-employed.
• Potential advantages.
• Potential disadvantages.
• Thinking about the long term.
Reasons for becoming self-employed.

It’s important to have clear reasons for taking the decision to become self-employed, and a vision of what you want to achieve. Begin by asking yourself the following questions:

• Do you know exactly what you are going to do?
• Does it use your strongest skills?
• Can you make enough money doing it?
• Do you know where you want to be in five years’ time? Will self-employment help you get there?

People choose to become self-employed for a variety of reasons, but simply disliking your current job, or perhaps not having one at all, is not necessarily the best reason. Thinking about the questions above will help you evaluate the idea of self-employment from a realistic perspective.

Potential advantages and disadvantages of self-employment.

Many of the issues around self-employment have both positives and negatives. How you view them will help you decide if it is the right move for you.

Potential advantages.

• Reaping the rewards of your own efforts, with the potential to earn more in the long term.
• Independence and freedom: enjoy more control over what you do and when you do it.
• The choice between working full or part-time: ideally, you can also set your own hours, and so potentially enjoy a better work/life balance.
• Improved quality of life and increased job satisfaction, perhaps thanks to cutting out the daily commute, avoiding office politics, or being able to focus on the aspects of your career you most enjoy.

Potential disadvantages.

• More stress as responsibility for success or failure lies with you: you are responsible for losses as well as profits, you have no paid holidays or sick pay, and you are likely to earn less in the short term.
• No one to manage you, keep you on track or provide motivation or moral support.
• Less time with your family as business commitments may mean you work long hours.
• Isolation from colleagues and customers.
• Responsibility for your own tax, and with no company pension scheme you will have to make your own pension arrangements.
Thinking about the long term.

If self-employment is for you and you are successful, you’ll probably want to make it a permanent part of your life. So other things to think about now might include:

- How do you want your business to progress and expand?
- Do you want to grow to take on more staff and become an owner-manager or do you want to remain a sole trader?
- How would your business goals be affected by changes in your personal life such as children, marriage, or caring for an elderly relative?
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