

Foreword from Henley Business School

The way we work is changing. For many people the days of having a single 9-5 job for life are gone. Flexibility is the buzzword. Firms want employees who are adaptable to their changing and 24/7 business needs, and employees want the flexibility to fit their work around other aspects of their lives, such as family commitments, a second job or a personal interest or passion project.

The technological and communications revolution has made it easier for small businesses to be established from home and to thrive. This has been helped further by the rise of online retailers such as eBay and Amazon Marketplace and other developments including online publishing, website development, crowdfunding and the growth of blogging/vlogging.

A key component of this trend is for workers to have more than one role – for example, two or more part-time jobs, or one main job and a ‘side’ business. We worked with independent insights firm delineate on extensive research to investigate these changing working patterns further and to understand how they will impact on the future world of work. This included in-depth interviews with C-Suite Human Resources Heads and Henley Business School experts along with large-scale surveys of both business leaders and working people.

The full findings that follow demonstrate that as many as one in four of the UK’s total adult population now have a ‘side hustle’ in a huge array of areas as diverse as fitness training, craft goods production and stock market investing – and this means that two fifths of the national workforce are now ‘side hustling’. Its prevalence is growing rapidly, especially among younger generations, and it creates fulfilment and interest, whilst generating valuable additional income for two thirds of those engaged in it.

The business landscape on the other hand is a more complex picture. Organisations readily embrace flexibility in the workplace to suit their own business needs by offering part-time contracts, job-shares or study leave, and bringing in freelance expertise as and when required. Business leaders can also see the benefits of their employees engaging in a side hustle: 60% agreed staff are happier if they are able to pursue their side projects and passions, while two thirds believe employers must adapt in order to retain their best people. Indeed, almost half of business leaders claim to have a side hustle of their own.

However, it would also seem that businesses are not yet fully prepared for a future where the ‘patchwork career’ looks set to become the norm. Many don’t even have a policy on side-working practices or a process to understand how many and which of their staff are engaged in it – the first and basic step to implementing a plan for dealing with the challenges. Employers who refuse to embrace the practice or support their side-hustling staff are likely to be less appealing to potential new recruits and risk losing their best talent, and the corporate wisdom that departs with them.

This report is essential reading for business leaders. Even if you don’t believe your staff are side-hustling, the chances are that more of them than you realise are part of this trend.

Professor Chris Brooks

Professor of Finance and Director of Research, Henley Business School



SIDE HUSTLE

[side-hustle]
(noun)

A secondary business or job that brings in, or has the potential to bring in, extra income.

The Age of the Side Hustle

€72 billion

the income generated by side hustles in the UK

The age of the side hustle is upon us. The trend that was incubated in the tech hubs of Silicon Valley and that has changed the face of working life in the US, has made its way to the UK. But it's no side show, given that it generates income worth €72 billion for the UK, or about 3.6% of UK GDP.

A side hustle is a small business or secondary job that someone has in addition to their main career, taken on either to meet a financial need or to fulfil a passion. The speed of change in tech has meant a business can go from idea to activation in the click of a mouse and with little-to-no financial start-up costs, and more and more people are turning to this way of working to diversify their income.

It's a topic that has already caught the attention of the media but there has been little investigation into the readiness of businesses to cope with this rapidly rising change in working practices, the costs, or the implications for attracting and retaining top talent.

We wanted to know just how widespread the practice of side-working has become and how businesses are facing up to the challenges. Our research was conducted in May 2018 and included representative nationwide samples of 500 UK business leaders and of 1,100 UK adults/working people. It shows that the side hustle is on the increase, but also that this way of working has yet to be fully recognised by businesses as the new normal.

Business leaders told us that they are aware of side-working, with half of employers acknowledging that the activity is taking place in their businesses. But as many as two-thirds said they either have no side-working or believe it is only a tiny minority of their staff who do so. In reality almost two-fifths of employees have a side hustle.

There is a compelling reason for businesses to resist the idea of side-working by their employees: there will always be nagging concerns that the side hustle could become the main hustle and the employees will therefore leave. The truth is, sustaining your own business is tough. The beauty of having a role or business on the side to your main job is that it offers the appeal of independence coupled with the security of a main source of income.

So, as more people begin to chase their passion project, or earn some extra cash for that weekend getaway, how are businesses adapting? Employers are ready to accept flexible working hours, and buy in specialist expertise on a freelance basis, as this often suits their changing business needs, but they are not yet considering the manifold

implications of employing people who work for multiple 'masters', for example, the potential for conflict of interest, managing data security risks or mis-use of company property, and duty of care in managing people's total working hours. Over half of business leaders admit that they have no policy on side-working, and no process to record and monitor these activities among their workforce.

Furthermore, with most bosses not expecting any significant increase in the trend over the next five years, businesses who continue to ignore the practice and stay stuck in the 9-5 past have the most to lose. Our research shows that employees increasingly want to work with bosses who embrace the change and that those who are prepared to support their side-hustling staff will be rewarded with a happier, more fulfilled workforce.

“ 2030 will be the era of the Employed-Preneurs!

With 25% of adults side-hustling today, there is no way back. The genie is let out of the bottle. Those who are underwhelmed and under-financed by their work, but have the appetite, if not the confidence, to go it all alone as an entrepreneur, will not let the chance slip. We can expect growth in side-hustling, possibly even doubling, in the next ten years, especially if Human Resources in organisations makes side-hustling an element of its toolkit and facilitates outside and internal side hustles as instruments for purpose, rewards and innovation.

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Professor Bernd Vogel
Founding Director of the Henley Centre for Leadership, Henley Business School

Side-Hustling – the New Normal



25%

of all UK adults are side hustlers

This changing approach to how people engage with the world of work means both businesses and employees need to re-write the rulebook if they want to avoid unwanted disruption. For businesses, that means understanding the numbers involved and the potential benefits of embracing this new normal.

As many as one in four adults are engaged in side-hustling (which is 39% of those in employment). This has implications for both businesses and their employees across a wide range of areas. It has potential to cause issues for worker welfare and use of company property for example, but at the same time, it can be used as a tool to promote employee engagement and talent retention. The balance of risk and reward runs through the heart of this research, but it is clear that the positive benefits of side-working outweigh the negatives for both employers and employees.

Pay or Passion?

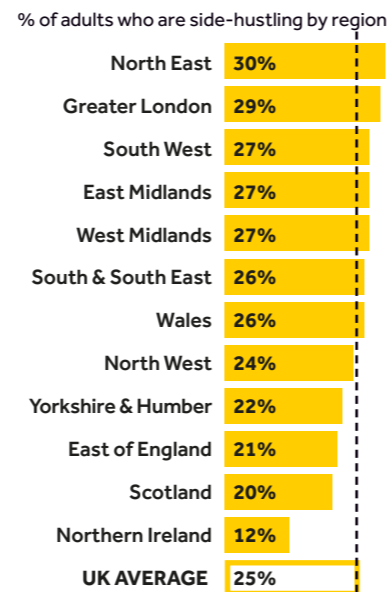
Some businesses are still under the impression that flexibility in working practices is based on family-related needs (childcare for example), but the reasons people turn to side-working are not always so clear cut.

73% of people who start a side hustle do so to follow a passion or explore a new challenge. And while having more than one job is mainly done for financial reasons, with half of employees in need of the second income, the reality is this work is being done for much more than financial gain. The side hustle fulfils something that the main role can't: as many as 69% of people engaged in a side hustle feel it makes life more interesting.

It may be tempting to write off side-working as a temporary trend or a reaction to uncertain economic times, but this research tells a different story. Those who are already doing it find this a desirable lifestyle, and two-fifths of those who haven't yet taken the plunge are interested in starting their own business. And although side-hustling is currently more common among

men than among women (30% men, 21% women), women are catching up, with over 62% of side-hustling women having started up in the past two years (versus 48% among side-hustling men).

Side-hustling is happening all over the country, but it is most popular in the North East and London, and least in Scotland and Northern Ireland.



Worth the Extra Effort

Working more than one job or having a side business can be taxing. Almost half (45%) of employees with a side hustle consistently work more than 40 hours a week, and a quarter (25%) work more than 50 hours a week. The average UK worker with a 'main' job, typically works 30-40 hours, which means side hustlers are putting in an extra day or more a week.

Similarly, 30% of those who run their own side business are using the annual leave from their main job to work on their 'hustle'.

The money generated from side hustles contributes around 20% of people's income – much needed funds for some to keep up with the cost of living, for others a top-up which pays for life's 'extras'.

Stability and Flexibility

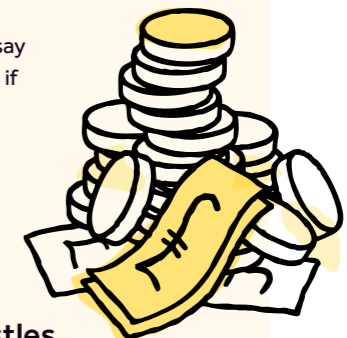
The main factor enabling so many people to start a side hustle is the stability of having steady income. Two thirds (66%) of side-workers stated that having their main employment has allowed them to pursue their passion. It is business that is fuelling the side hustle economy by providing a stable main work environment.

This need for stability is an opportunity for businesses. If they can provide the right support and flexibility for their side-workers, employers can reap the rewards of this evolving world of work. Not only is the side hustle acting as a retention tool to keep top talent in the business, employers can also gain valuable new and diverse skills, without the additional expense of staff training.

With the extra workload, you might expect workers to report higher levels of stress, but our research shows that, while running any business is stressful, the side hustle makes life more interesting, and 69% say they feel more positive about life for having their two roles. Having a sense of fulfilment translates into happiness in both workplaces and almost half (47%) say they would stay in their job, even if their business took off.

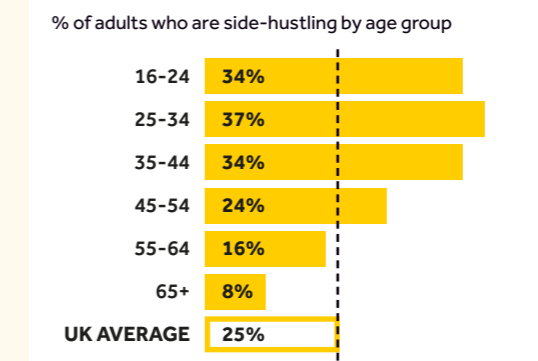
20%

of people's income is generated from side hustles



Side hustles encompass a wide array of activities. The most common are craft businesses, book writing, stock market investments, buying/selling online and blogging/vlogging.

The side-hustling revolution is driven by the Millennial generation and younger. Older Generation X and Baby Boomers are far less likely to start up a side hustle.



The Big Business Dilemma



49%
of businesses don't have a policy on side-working

Employees are clearly seeing the benefits of side-working but the picture is not as clear for employers.

Only 38% of businesses say they are in favour of side-working, but, perhaps more concerningly, as many as 54% say they have no strong feelings on the subject. This complacency and inability to see the potential of this growing working style looks set to create a real problem for businesses. Culturally the side hustle has made a positive move toward the mainstream, but businesses are still failing to embrace it.

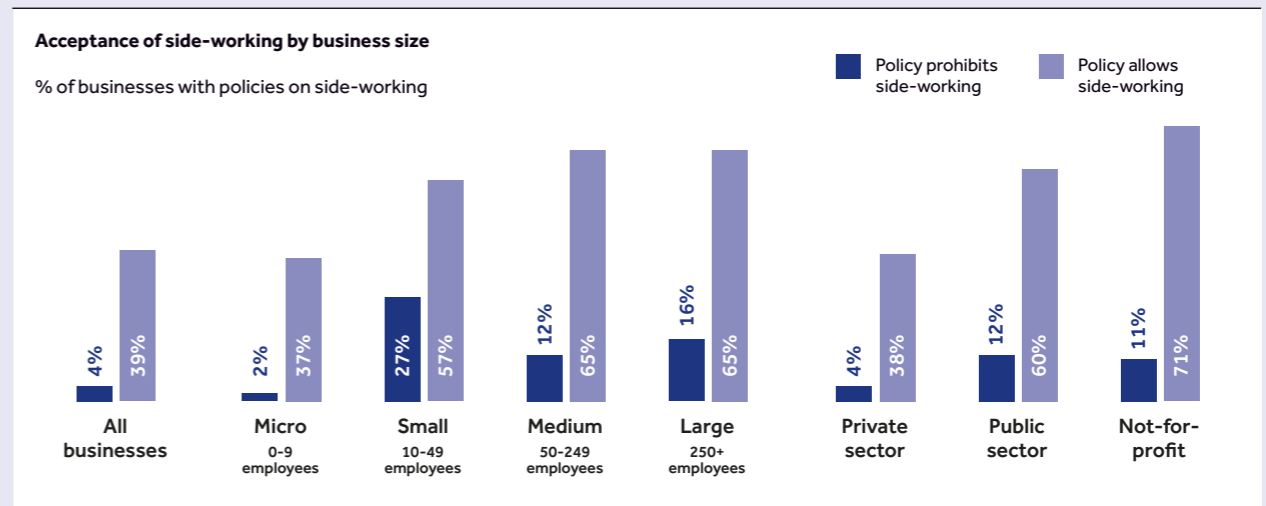
The Wood for the Trees

A significant symptom of this complacency is the lack of business readiness for a world where the side hustle is the norm. 64% of businesses reported that they felt prepared for this way of working, but less than half have policies in place around the subject.

Only 30% record and monitor side-working and only 26% require their staff to notify them of this activity. The situation is slightly better in the public sector and not-for-profit organisations, which have more policies in place around the subject than businesses in the private sector.

There is also an interesting jump in acceptance of side-working within smaller businesses. It would appear that micro-businesses (those with 9 or fewer employees) are supportive of the practice, but it becomes an issue as those businesses start to grow; 29% of small businesses (10-49 employees) have an active policy that prevents side-working, compared to just 2% of

micro-businesses. Small businesses are also twice as likely to have such a policy in place than medium (50-249 employees) or large (250+ employees) organisations. It seems that when a business is in its initial growth phase the temptation is to hold on to its talent by means of restricting their outside interests.



Overall, the business mindset seems to have a blind spot (deliberate or otherwise) when it comes to the realities of changing working practices. While 80% of businesses state that a traditional 9-5 job is no longer the norm, it is these same hours that remain the basis of the majority of employment contracts.

Perhaps even more concerning is that businesses don't believe the side hustle is a practice on the increase: 83% of them say they have seen no change in the numbers of staff engaging in this

activity and 67% said they don't expect this to increase in the next five years. This is in spite of the fact that 43% of business leaders themselves have a side hustle of their own! However the research amongst workers tells a different story, with 53% of the side businesses that are currently operating having only been created in the last two years. On current trends, the practice could increase by as much as a third in the next ten years, which would mean over half of employees would have a side hustle.

80%
of businesses think the traditional 9-5 job is no longer the norm



Establish a policy on side-working

A formal policy on side-hustling within employment contracts will become essential. A key issue is compliance; if staff are working flexible hours, from home or virtually, the control might not be there on whether they are conducting their own business on company time, and using company property, resources and data to do so. Of course, there needs to be an element of mutual trust, especially if the employee is meeting performance requirements. However, companies need to safeguard their interests with staff policies and agreements.



Dr Charmi Patel
Associate Professor
in International Human
Resource Management



Naeema Pasha
Director of Henley Careers

“ **Establish trust on both sides based on give and take**

Side-hustling is a little like an 'open relationship': both parties know they are seeing other people, but they also know they both get something from each other which is worth keeping. For the relationship to work however, both parties need to draw up a list of what is and isn't given. You don't want to find that, after investing in a relationship with someone, they run off with the side hustle and were just using you for your Wi-Fi and training budget all along! Trust needs to be built between bosses and employees with a side hustle. This is not overnight, and isn't a given, not even with star performers. Both sides need to show they have the right level of commitment to each other, by creating a new 'framework of work' that shows where the commitment and freedom boundaries lie. As a result, the 'psychological contract', popular in the 1980s, is making a comeback in response to this new working culture - but like most 80s remixes it's repurposed for these more fluid times. The new psychological contract isn't so heavily involved in companies offering lifelong jobs and security in return for long-term commitment. Now it's more about enabling both parties to develop trust and faith in the effectiveness of a new working world that is more give and take.

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47%
of business leaders believe that allowing side-hustling attracts the best talent

A Balancing Act

Businesses are trying to walk a fine line as they enter this evolving working practice. While there are a number of perceived negatives to fully embracing a side-working culture, these do appear to be outweighed by the positives.

Employers are naturally concerned about some of the impacts side-working will have on their people; 45% feel that side hustles lead to over-worked employees which has the potential for problems around stress and absence. There are also concerns around the mis-use of company property, for example using a business computer or contacts in development of the side hustle, and the belief still

remains that employees will leave once the side hustle becomes successful enough to be the main focus.

On the other hand, businesses do see the benefits of having a workforce that is engaged in another form of work and the positives do outweigh the potential issues; 47% of business leaders believe that allowing side-work attracts the best talent, with 49% feeling it helps retain top talent. Leaders also believe that it could improve employee morale with 60% feeling it makes their people happier and more productive; more than half (55%) also see the benefits of having a wider range of skills and diverse ways of working.

There continues to be a balancing act for some businesses between the positive and negative: 63% of businesses believe that if they don't adapt to employee demands for flexible working they will lose their best people, but only 39% are providing any type of support for their side-working staff. Where businesses are embracing side-working, they are seeing benefits including improved productivity and commitment as side-workers get the benefit of the variety and interest their side hustle brings.

“ **Create a level playing field**

As the practice of side-hustling steadily increases, regulations will need to be updated, especially policies that impede side hustles. Some platform companies which facilitate side hustles are being restricted in Europe and the UK due to licensing and compliance requirements. eBay sellers who import goods from overseas have to pay the same VAT and customs charges as large enterprises and are disadvantaged as shipping costs are included in the calculation (small importers hence pay relatively more duty owing to higher shipping costs over lower volumes). By raising the limit on how much can be imported before duties are payable or even VAT (as most with a side hustle will not be VAT registered and hence cannot claim back VAT), the government could encourage small-scale importers/resellers of consumer goods.



Professor Nada Kakabadse
Professor of Policy, Governance and Ethics

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A Fork in the Road

The side hustle is now a reality of our working environment. With the increasing advances in work-based technologies comes more opportunity for employees to embrace an outside passion and the price of entry into the side-working world gets lower with every advance. It is something that employers will come across more frequently in the near future – the choice they now need to make is to face it head on or wait for it to overwhelm them.

The Risk of Continued Complacency

Continuing to be complacent about the rise of the practice could have a significant impact on businesses; if an employer is resistant to side-working they may lose their talent to other employers who are more open to the idea and benefits. Contrary to what businesses may feel, not embracing side-working could actually increase staff turnover.

Even though businesses know that side-working is happening, a quarter of them also believe that they have employees who are engaged in undeclared side-work activity. An environment that continues to force the practice underground could create significant damage to the culture of a company, affecting areas like trust and openness.

Ultimately, failing to embrace the side-hustling trend will have a financial cost for businesses as well as costs which are unquantifiable, such as loss of corporate wisdom or failure to attract the best people. The major threat is staff retention, risking losing people not necessarily to their side hustle, but to other more supportive employers: 20% of employees say their employer's unsupportive attitude makes them more likely to want to switch jobs. With the average total cost of replacing an employee put at £30,000¹ per head (taking into account both actual recruitment costs and loss of productivity), failing to retain side-hustling staff could cost industry over £340 million a year².

“ Leverage the side hustler to boost company culture and productivity

Contrary to conventional wisdom, several studies have suggested that happiness leads to success, not the other way around. This implies that we may benefit from shifting our focus from achieving future happiness to accessing that joy right now in the present. Managers and HR departments may be well advised to attempt to boost happiness levels of their workforce on productivity grounds.

In many different workplaces and countries, people who are driven by passion, intrinsic motivation, and perseverance, and who do 'what they love' (which often includes a side hustle), are the people we like to work and collaborate with and the people who inspire us. Side hustles can have very positive changes in the corporate culture of a company and can often lead to better and deeper relationships among the employees.

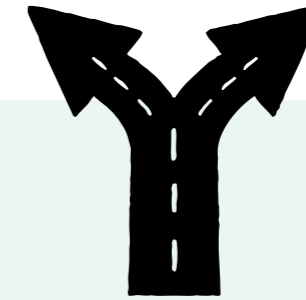


Dr Stephan Gerschewski
Lecturer in International Business and Strategy

The Reward of Leading the Change

Alongside the tangible risks of continuing to ignore the side-working world, there are also benefits that an employer would be missing out on. The variety in roles and businesses run as side hustles could add new and diverse skillsets that are hugely useful to a business.

Businesses already feel that there are few financial impacts on them in allowing side-work; 66% see no costs to the business or that the benefits either cancel out or outweigh any costs. It seems the hearts are already there, with 63% of businesses agreeing that employers need to adapt if they are to retain their best people. It is just the governance that needs to catch up.



63%

of businesses say employers need to adapt if they are to retain their best people

“ Foster the 'intrapreneur'

The research clearly shows the entrepreneurial mindset of the side hustler, and while the extra income is welcome, it is secondary to the need for the individual to fulfil some other side to themselves. At the same time, businesses need the entrepreneurial spirit within their enterprises to solve their business problems and create new opportunities. Rather than looking on the side hustle as a threat to the business, companies should try to see the opportunities of having the side hustle mindset among their staff – the 'intrapreneur' in their midst. Offering people chances to fulfil personal ambitions and grow while remaining inside the business is a win-win for both sides - whether this leads to spin-offs, spin-outs or spin-ins. The side hustler will pursue their passion one way or the other.



Dr Norbert Morawetz
Associate Professor in Entrepreneurship



About the study

It makes sense for businesses to consider the many different ways their workforce will engage with them in the future; 64% of adults already believe that 9-5 is an outdated concept. Employers would be wise to support side-working with active policies and procedures, with 55% of businesses currently providing no support to their side-workers. Support could come in many forms, for example, agreeing the use of company equipment for side hustles. Embracing and encouraging

side-working could have a significant and positive impact on employee engagement.

The side hustle is no longer the preserve of the C-suite. Employees up and down the seniority scale are branching out on their own and the youngest generation are driving the trend. It is time to recognise that side-hustling is not only good for them but good for business.



Leverage the knowledge with HR

It seems as though side hustles are here to stay and this will have huge implications for HR, as firms need to be flexible to compete in their industries to attract and retain people who are increasingly looking for flexibility, more money and the chance to upskill. If employees are unhappy and demotivated and feel that the company does not support their life goals, they are likely to withdraw.

However if the company has an awareness of the side hustle it can help with the balancing act. HR has traditionally been instrumental in recruitment, managing and training but has not had a lot of power within the firm. But if it's shown that the side hustle economy will have significant financial implications, particularly in terms of profit, then the board might start to listen. The key challenge for HR is to translate any concerns about people into terms of performance.



Dr Rita Fontinha
Lecturer in Strategic
Human Resources
Management

The research set out to investigate the emerging side hustle economy and comprised a rigorous and large-scale investigation of the scale, nature and impact of changing working practices across the UK. Henley Business School worked with independent insights firm [delineate](#), and their sister fieldwork company [opinion.life](#), who were commissioned to conduct the survey in partnership with the Business School, whose experts provided commentary and analysis on the findings.

An initial phase of qualitative interviews were carried out, in order to identify key themes, trends and language to be used in the quantitative phase:

- 4 telephone depth interviews with senior HRDs (private sector)
- 6 telephone interviews with subject matter experts from Henley Business School

This was followed by two quantitative online surveys among the following audiences, conducted in May 2018.

Business Leaders

- A national sample of 500 C-suite UK Business leaders and owners
- The sample was structured to provide reportable sub-sample sizes by employee size bands (micro, small, medium and large) and sector (private, public, not-for-profit)
- The total sample profile was post-weighted to representative ratios of UK businesses by employee size, sector and region (Source: ONS)
- The Margin of Error for a sample of n=500 is +/- 4.4% at the 95% confidence level

Working People

- A base sample of 1,100 UK adults aged 16+, which was nationally representative by age, gender and region (Source: ONS), regardless of working status
- The base sample included all adults in order to accurately gauge the incidence of 'side-hustling' among the total population
- The base sample provided representative sub-samples of working people as follows:
 - N=680 employed full - or part-time
 - N=217 self-employed
 - N=244 with a 'side' business
 - N=292 'side hustlers'
- 'Side hustlers' are defined as having one or more of the following:
 - a job and their own business in different spheres
 - a job and a 'side business' in different spheres (including activities not perceived as a formal business, e.g. renting out property or stock market investments)
 - a self-employed business and a 'side business' (as above) and in different spheres
 - a secondary job in a different sphere from their 'main' job

Thus those who work in the same area of activity but across multiple employers/businesses are not included in this group.

- The Margin of Error for a sample of n=1,100 is +/- 2.9% at the 95% confidence level

Survey participants were selected from online consumer panels and then invited to complete the online survey by mobile or computer.

1 Oxford Economics: The Cost of Brain Drain. Understanding the financial impact of staff turnover. February 2014

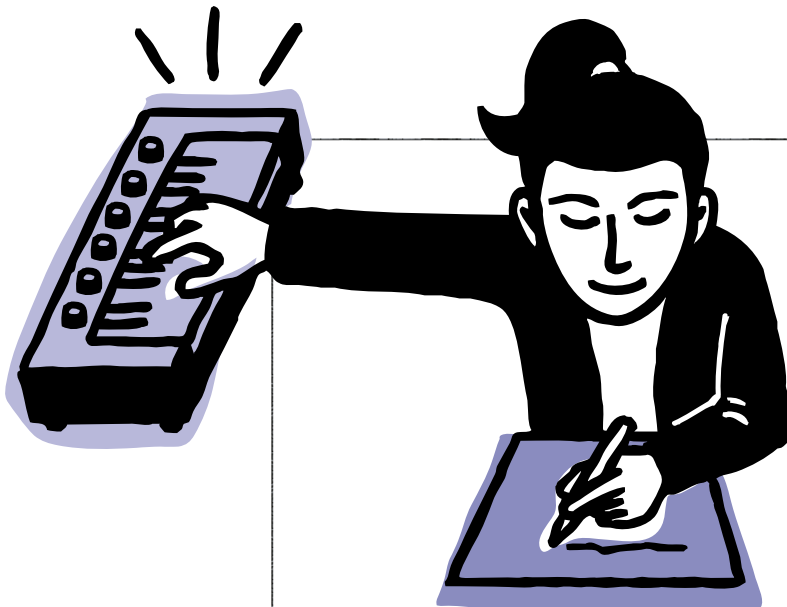
2 Calculated at 8% of total annual cost of staff turnover to industry of £41.1bn (estimate taken from above-referenced Oxford Economics study).



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