
Backgrounder:

Gender and Self-Employment in Canada: Assessing Trends and Policy Implications

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Executive Summary

This CPRN report examines the growing role of self-employment in the Canadian labour market, focusing particularly on the gender patterns within self-employment and the policy implications raised by this form of work.

Self-employment has expanded dramatically in Canada, accounting for over one-quarter of all new jobs since the mid-1970s and roughly three-quarters of all new jobs in the 1990s. Currently, more than one in six workers are self-employed, accounting for nearly 2.5 million Canadians. This study furthers our understanding of women and men's participation in such work, focusing on two distinct groups of the self-employed: *employers* (those who have paid employees) and *own account* workers (those who work alone). It addresses the following key questions:

- How has the prevalence of self-employment in Canada changed since the mid-1970s, and to what extent do trends for women and men differ?
- What is the nature of the work offered by self-employment (eg. occupations, industry, hours, earnings)? How does the work of self-employed women and men compare?
- Based on overall trends, how does gender segregation within self-employment compare to that in paid employment? Does self-employment have the potential to reduce gender based economic inequities between women and men?
- In light of current trends within women and men's self-employment, what are the implications for public policy in relation to job quality and income, training and education, and equity initiatives?

The study draws on evidence from Statistics Canada's *Labour Force Survey* and the *Survey of Consumer Finances*. The key results are summarized below.

Prevalence of Self-Employment

- Self-employment in Canada has expanded significantly, growing from 12.3% of total employment in 1976 to 17.8% in 1997. Both women and men have been affected by this trend, though rates for women lag behind those of men. In 1997, 21.1% of men were self-employed compared to 13.9% of women.
- Rates of growth have diverged for *employers* and *own account* workers. After rising steadily from the mid-1970s, *own account* self-employment took a sharp upward turn in the 1990s, both for women and men. In contrast, growth amongst *employers* was more moderate, increasing steadily for women but falling slightly for men in the 1990s.
- Over time the gender composition of the self-employed workforce has changed notably. Whereas women once accounted for just one-quarter of *own account* workers, they now comprise 40% of this group. As *employers* women still make up a smaller part of the workforce, but have increased their numbers significantly, from 11.3% in 1971 to nearly one-quarter of *employers* in 1997.
- In terms of the current profile of self-employment, the majority of women and men are in *own account* work. In 1997, three-quarters of self-employed women, and 59% of men, were *own account* self-employed.

Nature of Work and Gender Segregation in Self-Employment

- In terms of industry, women today are located in a more diverse array of sectors than in the past. However, there is still significant concentration in traditional areas such as trade, food/accommodation and other services especially for *own account* workers. Men continue to be involved in a broader range of industries, and have notably increased their presence within business services in the 1990s.
- In terms of occupation, women *employers* have traditionally been segregated into sales and service jobs, whereas male *employers* have worked in a broader range of jobs, most notably sales, management and construction. Over time, their occupational profiles have become more similar, as women have moved into previously male domains. For *own account* workers, women continue to cluster in service and sales jobs, and males in sales, construction, and transportation jobs, despite some changes in recent years.
- In terms of full-time and part-time work status, *employers* are more likely to work full-time than *own account* workers. Self-employed women are also far more likely to work part-time than their male peers. Amongst *employers*, for example, 19.2% of female *employers* worked part-time in 1997, compared to just 3.9% of men. For *own account* workers, rates of part-time are especially high for women but also for men. In 1997, 45.7% of female *own account* workers worked part-time, as did 17.4% of *own account* men.
- Earnings for self-employed workers are more polarized than for paid workers, and *employers* generally earn more than *own account* workers. In 1995, over 55.7% of *own account* workers made less than \$20,000 (compared to 31.4% of *employers*), and 8.6% of *employers* made over \$80,000 (compared to just 2.2% of *own account* workers).
- In terms of earnings for women and men, the wage gap in self-employment is greater than that amongst paid workers. In 1996, women in full-time paid employment made 72.8% of their male peers. In comparison, full-time women *employers* made 69.2% of their male colleagues, while the earnings gap between male and female *own account* workers was 67.3%.

Conclusions and Policy Implications

- The evidence from this study shows that while self-employment has contributed significantly to employment growth, especially in the 1990s, the quality of jobs is highly variable. While some women and men enjoy very good earnings and economic opportunities, others are concentrated in low paying, insecure jobs. Gender disparities also persist, despite important changes over the past two decades.
- In addition to low pay, many self-employed workers may lack important benefits available to paid workers through government, or company, sponsored programs (eg. disability coverage, parental benefits/leave, pension plans, Employment Insurance). This is of less concern for high earners or *employers*, who may set up their own plans, but remains a significant issue for *own account* workers, especially those in low paying sectors.
- Barriers to training and education may also exist for self-employed workers, due to limited access to financing and an inability to absorb the costs of downtime associated with training. This is an important problem given the growing importance of training and education in the Canadian labour market and its potential to assist the self-employed in developing the necessary skills to expand existing businesses, or move into new, more lucrative, areas.
- In terms of equity issues, self-employment is highly relevant to current debates over childcare and work-family balance, as many women appear to be using self-employment as a way to balance work and family demands. Self-employment also has implications for pay and employment equity, as it places increasing numbers of women outside of these initiatives.
- As to whether self-employment itself provides an 'emancipatory' route for women, the evidence suggests a mixed picture. Some women now enjoy good economic prospects but others remain in traditional, low paid, areas, and the gender wage gap persists both for *employers* and *own account* workers, despite the gains made by some women.
- Appropriate policy responses to self-employment will require careful attention to the distinct situations of various groups of self-employed workers. Further research is also needed to clarify the legal situation of self-employed workers, the flow of workers in and out of self-employment, and the day to day working experience of the self-employed, particularly those in less lucrative areas.