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## Gender and self-employment: Dramatic increases; mixed results

**Ottawa** – A record number of women are working for themselves, but with mixed results, a new report from the Canadian Policy Research Networks shows. Women have moved into self-employment at a much faster rate than men, but only a minority of women are earning more than if they worked for an employer.

The greatest rate of growth in Canada's self-employed is among women, according to the study, *Gender and Self-employment in Canada: Assessing Trends and Policy Implications*, prepared by University of Alberta social scientist Karen D. Hughes. The number of self-employed Canadian women nearly tripled in the last two decades, while men's numbers have not quite doubled. By 1997, one in six Canadians were self-employed – for a total of 2.5 million, of whom 870,000 are women.

The study breaks new ground by detailing women's and men's self-employment in two categories – employers and "own-account" workers, who labour alone, often at home, and usually provide a contract service. It reveals that there is a large disparity in earning potential between the two groups, with employers clustered at the top of the pay scale and own-account workers at the bottom.

While the share of women employers has more than doubled from 1.4 percent of the **female** work force in 1976 to 3.4 percent in 1997, the greatest increase in self-employment for women has been among own-account workers, who make up three-quarters of self-employed Canadian women. However, earnings for women in own-account work are low – just \$15,000 a year on average, compared to female employers who earn \$27,600.

For most women, self-employment has not brought wage parity with men. While a woman in full-time paid employment earns 72.8 percent of her male peers' income, women employers make on average 69.2 percent of an equivalent male salary, and women who work on their own bring in 67.3 percent of a man's earnings.

"For the most part, the trend towards self-employment has often been assumed to benefit women," Hughes says. "But our figures present a much more mixed picture. This raises questions about the vision of self-employment as a sure route to prosperity. What we see here is that 25 percent of the women are doing very well, and three-quarters of them may be doing not so well. In many cases, self-employed women – as well as some men – are struggling."

The study shows that, even among employers, women still tend to be concentrated in the traditional "pink collar" areas of services and sales. However, women employers have been moving away from services and into other sectors. For example, the participation of women employers in the primary, manufacturing, and construction sectors has grown from just 3.4 percent in 1977 to 13.3 percent in 1997 – so that now one in eight women employers are in the goods sector.

For women, self-employment may have one popular advantage: the flexibility it provides. There are strong indications that women may be using self-employment as a way to work more flexible hours, and achieve a better balance between professional and family demands. For women, the proportion of part-time workers is strikingly higher among the self-employed than either paid women employees or men. The study shows that 45.7 percent of female own-account workers are part-time, compared to 17.4 percent of their male counterparts and 27.7 percent of women in paid employment positions. The rate of part-time work is much lower among female employers, at 19.2 percent.

"The trends in self-employment have such an impact on Canadian women that we cannot afford to overlook the characteristics of this sector. Self-employment has the potential to increase long-standing gender inequalities in the labour-market," says Graham Lowe, Director of the Work Network, responsible for the project.

The overall image of the workplace that this study brings into focus is one of near-stagnation in paid employment and continuous growth among the self-employed of both genders. In the 1990s, the self-employed workforce increased by 3.3 percent annually, while the growth rate of the paid labour force was a scant 0.2 percent.

"The implications for policymakers are ominous," CPRN President Judith Maxwell says. "More and more of the labour force is moving into self-employment – or is being moved by economic factors. This means there is a growing percentage of the workforce without benefits, long-term income security or opportunities to acquire knowledge and upgrade skills. Not enough study has been done to say for certain what the long-term effects of this trend will be on Canadian women, society in general and the Canadian economy. This study is an important first step in that direction."

*Gender and Self-employment in Canada: Assessing Trends and Policy Implications* is part of the ongoing Changing Employment Relationships project being conducted by the Canadian Policy Research Networks' Work Network. The overall aim of the project is to chart the extraordinary economic changes that have taken place over the past two decades, analyse those changes and suggest courses of action for policymakers.

CPRN is a national not-for-profit research institute whose mission is to create knowledge and lead public debate on social and economic issues important to the well-being of Canadians, in order to help build a more just, prosperous and caring society.

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