

# Women entrepreneurs

Gary L. Cohen

Self-employment, or entrepreneurship, has been booming in Canada. More than one-fourth of all employment growth from 1976 to 1994 has been in the form of self-employment.<sup>1</sup> Indeed, entrepreneurship has frequently been referred to as the engine of employment growth in the Canadian economy; much of that growth has been attributed to the creation and evolution of small businesses.<sup>2</sup>

In part, the expansion of self-employment reflects the ongoing shift to a service economy. But it can also be linked to the business opportunities that have become available as a result of the downsizing and restructuring of large corporate enterprises, coupled with the adoption of policies promoting contracting out and privatization by government.

In 1976, there were 810,000 workers in the non-agricultural industries<sup>3</sup> who were self-employed in their main job,<sup>4</sup> representing 9% of the 9.3 million workers in these industries. By 1994, the number of entrepreneurs in Canada had more than doubled to 1.8 million and they represented fully 14% of 12.9 million workers.

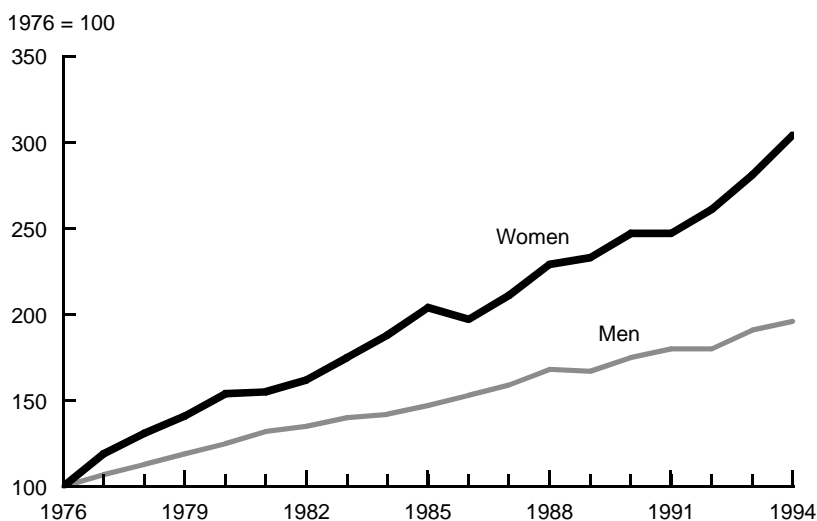
The representation of women among the self-employed has jumped considerably in the last 20 years. Women accounted for one in three entrepreneurs in 1994, up from just one in four in 1976. And the incidence of self-employment (the self-employed as a proportion of the total employed) rose from 6% to 10% for women, compared with a rise from 11% to 17% for men.

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Chart A

**Self-employed women have tripled their numbers, while men have doubled theirs.**



Source: Labour Force Survey

This paper describes the growth in entrepreneurship among women, and compares the characteristics of self-employed women with those of their male counterparts (see *Data sources and definitions*).

## Two decades of growth

Over the last two decades total employment growth has been much more pronounced for women than for men. Total female employment rose from 3.5 million in 1976 to 5.9 million in 1994, while male employment increased from 5.8 to 7.0 million. In other words, women have accounted for fully two-thirds of all employment gains.<sup>6</sup>

Self-employment has been increasing steadily for both women and men (Chart A). The number of self-employed women tripled from 197,000 in 1976 to 598,000 in

1994, while the number of self-employed men almost doubled from 614,000 to 1.2 million. Thus, women accounted for about 40% of the rise in self-employment during this period.

Two-thirds of women entrepreneurs work full time.<sup>7</sup> This proportion has hardly changed since 1976 because both full-time and part-time self-employment have doubled among women. By way of contrast, the proportion of full-time workers among men entrepreneurs fell from 95% in 1976 to 90% in 1994 as the rise in part-time work (311%) considerably exceeded that of full-time work (85%).

Among women, the rise in the number of employers (250%) has been far stronger than the rise in own-account workers (189%); among men, own-account workers

## Data sources and definitions

### Labour Force Survey (LFS)

The LFS is a monthly household survey. It is perhaps best known as the source of Canada's official unemployment rate, but it also collects a multitude of other data about various aspects of the Canadian labour market. LFS data have been used here to examine self-employment growth and the demographic characteristics of this group.

The vast majority of employed Canadians (84%) are **paid workers** (employees) who receive a wage or salary from an employer (for example, a firm, farm, or government department). A small number (less than 1%) are **unpaid family workers** who work without pay in a business owned and operated by another family member living in the same household. The remaining workers are self-employed.

The **self-employed** are those persons who own and operate a business, farm or professional practice. They also include within their ranks independent salespersons and those who work independently but do not own a business (for example, babysitters and newspaper carriers). Although the LFS does not explicitly define the term business, it assumes that business is synonymous with having one or more of the following: a location used exclusively for business, a significant capital investment, or paid help.

Currently, some 16% of all employed Canadians (14% in the non-agricultural industries) are self-employed. The self-employed are categorized as either **employers** (those who usually employ one or more paid workers) or **own-account workers** (those who do not usually have paid help). Their businesses can be either incorporated or unincorporated. For further information about the LFS, see Statistics Canada (1992).<sup>5</sup>

### Survey of Consumer Finances (SCF)

The earnings data used in this report are from the SCF, an annual supplement to the April LFS. **Earnings** consist of wages and salaries as well as net income from self-employment. The SCF collects data for the previous calendar year; thus the April 1994 SCF collected earnings data for 1993.

The SCF data used in this report relate only to those who, as of the relevant April survey date, had had the same job/business since January of the preceding year (a 16-month period). This technique facilitates comparisons between various groups of workers. As a result, workers who changed jobs, who did not work the entire year, or who started a new business during the year have been excluded from the data.

have increased more rapidly (127% compared with 73%). By 1994, 28% of the female self-employed were employers, up from 25% in 1976; in contrast, the proportion of employers among men fell during this period, from 57% to 50%. Or, expressed from a different perspective, women made up 22% of all employers in 1994, up from 12% in 1976.

## Who are these entrepreneurs?

### Age

The incidence of self-employment rises steadily by age for both women and men. This is hardly sur-

prising: younger workers have not generally acquired the experience, resources and skills necessary to move into self-employment. Also, the particularly high rate of self-employment among both women (34%) and men (55%) aged 65 and over undoubtedly reflects the retirement, willing or otherwise, of most employees by this age (Table 1).

The rise in self-employment by age is noticeably sharper for men than for women. For example, in 1994 the rates of self-employment for 25 to 34 year-olds were 8% for women and 12% for men, while the rates for 45 to 54 year-olds were

12% and 23%, respectively. Thus, while on average both self-employed women and men are older than their paid worker counterparts, the age differential is greater for men than for women (Chart B).

### Marital and family status

Self-employed workers are much more likely than paid workers to be married. In 1994, 72% of women entrepreneurs were married compared with 64% of paid workers. The comparable figures for men were 79% for the self-employed and 64% for paid workers. At least part of these differences in marital rates reflects the age variations among these groups. The self-employed are older on average than paid workers, and older workers are more likely to be married. And, as noted previously, this age gap is more pronounced for men than for women.

Other factors may also contribute to higher marriage rates for entrepreneurs. It seems likely that the safety net provided by an employed spouse might facilitate or encourage risk taking for some entrepreneurs. Furthermore, marriage partners are often business partners. The family-owned corner grocery store is but one example of such an arrangement, and a considerable number of self-employed women are married to other entrepreneurs (Gardner, 1994).

The incidence of self-employment was only somewhat higher for married (11%) than for non-married women (8%).<sup>8</sup> In sharp contrast, the incidence for married men (20%) was almost double that for non-married men (11%). Among women, regardless of their marital status, children in the home made little difference to the incidence of self-employment.

### Education

The educational characteristics of self-employed women are fairly

**Table 1**  
**Self-employment by age and sex, 1994 \***

|                   | Total employed | Self-employed | Rate of self-employment |
|-------------------|----------------|---------------|-------------------------|
|                   | '000           | '000          | %                       |
| <b>Both sexes</b> | <b>12,867</b>  | <b>1,800</b>  | <b>14</b>               |
| 15-24             | 2,008          | 129           | 6                       |
| 25-34             | 3,574          | 367           | 10                      |
| 35-44             | 3,598          | 547           | 15                      |
| 45-54             | 2,506          | 453           | 18                      |
| 55-64             | 1,018          | 225           | 22                      |
| 65 and over       | 163            | 78            | 48                      |
| <b>Women</b>      | <b>5,862</b>   | <b>598</b>    | <b>10</b>               |
| 15-24             | 988            | 66            | 7                       |
| 25-34             | 1,642          | 136           | 8                       |
| 35-44             | 1,659          | 187           | 11                      |
| 45-54             | 1,115          | 135           | 12                      |
| 55-64             | 405            | 56            | 14                      |
| 65 and over       | 53             | 18            | 34                      |
| <b>Men</b>        | <b>7,005</b>   | <b>1,202</b>  | <b>17</b>               |
| 15-24             | 1,020          | 63            | 6                       |
| 25-34             | 1,931          | 231           | 12                      |
| 35-44             | 1,939          | 360           | 19                      |
| 45-54             | 1,391          | 319           | 23                      |
| 55-64             | 613            | 169           | 28                      |
| 65 and over       | 110            | 60            | 55                      |

Source: Labour Force Survey  
\* Non-agricultural industries only.

men (24%) than among male paid workers (18%). On average, women seem less likely than men to have become entrepreneurs in professional fields where self-employment requires the successful completion of a higher education.

**Where they work ...**

Employed women tend to be concentrated in just a few service industries (Table 2); this pattern is particularly true for self-employed women, although less so today than in the past (Chart C).

In 1976, more than one-half of self-employed women were employed in other services,<sup>9</sup> and a further 22% worked in retail trade. Because of slower-than-average employment gains in these two industries, by 1994 their shares had declined to 35% and 17%, respectively. Particularly strong growth in business services and in health and social services vaulted these industries to overall self-employment shares of 13% and 11%.

similar to those of female paid workers. For example, in 1994, 19% of self-employed women had a university degree compared with 18% of paid workers. However, the incidence of self-employment was considerably higher among women who did not complete high school (16%) than among those who had higher levels of educational attainment (10%). This undoubtedly reflects the fact that self-employment encompasses a broad spectrum of activities, including many that have only a limited relationship to formal education.

The educational profile of male entrepreneurs generally matches that of their female counterparts; for example, in 1994 men's incidence of self-employment was highest among those without a high school diploma (23%). However, in contrast to the situation for women, university degrees were more prevalent among self-employed

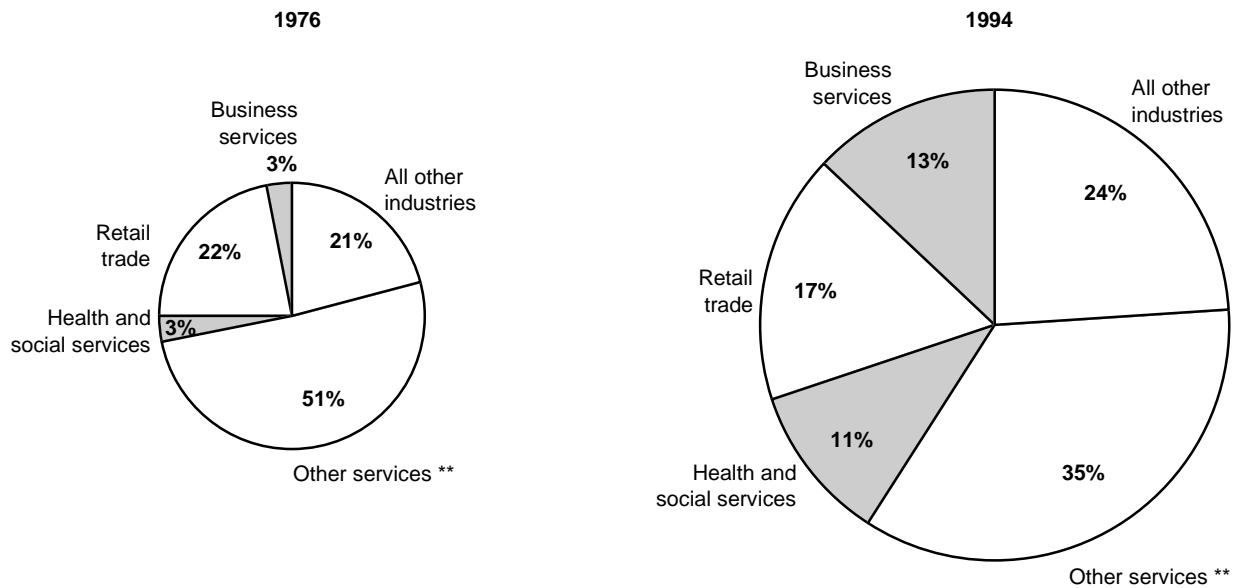
**Chart B**  
**The rate of self-employment by age generally differs less for women.**



Source: Labour Force Survey

Chart C

**Business services and health and social services have become much larger fields for women entrepreneurs. \***



Source: Labour Force Survey

\* In 1976, there were 197,000 women entrepreneurs; in 1994, there were 598,000.

\*\* Mainly amusement and recreational services, and personal and household services.

Thus, these four industries accounted for three out of four self-employed women but just 45% of female paid workers. At the same time, only 7% of self-employed women worked in the goods sector<sup>10</sup> compared with 12% of female paid workers.

**... and what they do**

Given this industrial distribution, it comes as no surprise that 37% of self-employed women worked in service occupations in 1994 (down from 55% in 1976).<sup>11</sup> A further 21% were in sales occupations. In contrast, self-employed men in 1994 were concentrated in sales occupations (21%), construction trades (17%) and managerial and administrative occupations (13%).

**Hours on the job**

Women entrepreneurs are much more likely than their paid worker counterparts to work either few or many hours in their main job. In 1994, 37% of women entrepreneurs usually worked less than 30 hours per week; this compares with 27% of female paid workers (and just 12% of male entrepreneurs).<sup>12</sup> Short work weeks were particularly evident among female own-account workers; in 1994, of the 72% of women entrepreneurs who were own-account workers, fully 45% usually worked less than 30 hours per week.

On the other hand, the incidence of long hours (usually working 50 or more hours per week) was much higher for women entrepreneurs

(21%) than for female paid workers (4%), although far below the level recorded by men entrepreneurs (44%). Such long hours reflect but one aspect of the demands that self-employment can impose on the owner/operator.

**What about money?**

Average annual earnings of self-employed women were \$18,400 in 1993 (See *Data sources and definitions*). This compares with \$25,900 for female paid workers and \$33,400 for self-employed men. Female employers earned an average of \$27,000 that year, while own-account workers averaged \$13,900.

Lower earnings for self-employed women reflect a number of

Table 2  
Self-employment by industry and sex, 1994 \*

|  | Women          |               |                         | Men            |               |                         |
|--|----------------|---------------|-------------------------|----------------|---------------|-------------------------|
|  | Total employed | Self-employed | Rate of self-employment | Total employed | Self-employed | Rate of self-employment |
|  | '000           |               | %                       | '000           |               | %                       |
| <b>Total</b>                               | <b>5,862</b>   | <b>598</b>    | <b>10</b>               | <b>7,005</b>   | <b>1,202</b>  | <b>17</b>               |
| Primary **                                 | 38             | 4             | 11                      | 239            | 44            | 18                      |
| Manufacturing                              | 541            | 23            | 4                       | 1,409          | 74            | 5                       |
| Construction                               | 80             | 16            | 20                      | 670            | 239           | 36                      |
| Transportation and storage                 | 96             | 5             | 5                       | 428            | 70            | 16                      |
| Communications and other utilities         | 161            | --            | --                      | 294            | 12            | 4                       |
| Wholesale trade                            | 170            | 15            | 9                       | 439            | 86            | 20                      |
| Retail trade                               | 858            | 102           | 12                      | 846            | 194           | 23                      |
| Finance and insurance                      | 359            | --            | --                      | 166            | 12            | 7                       |
| Real estate operators and insurance agents | 125            | 25            | 20                      | 138            | 52            | 38                      |
| Business services                          | 353            | 78            | 22                      | 470            | 172           | 37                      |
| Government services                        | 391            | --            | --                      | 487            | --            | --                      |
| Education services                         | 589            | 16            | 3                       | 370            | 8             | 2                       |
| Health and social services                 | 1,049          | 64            | 6                       | 267            | 59            | 22                      |
| Accommodation, food and beverage services  | 470            | 32            | 7                       | 367            | 50            | 14                      |
| Other services †                           | 583            | 213           | 37                      | 414            | 130           | 31                      |

Source: Labour Force Survey

\* Non-agricultural industries only.

\*\* Includes fishing, forestry and mining.

† Mainly amusement and recreational services plus personal and household services.

factors, many of which are interrelated. Perhaps most important is the fact that part-time work is much more prevalent among women entrepreneurs than among either female paid workers or men entrepreneurs. Compounding the issue of the short work week, women entrepreneurs are also concentrated in industries such as other services and retail trade, where earnings tend to be lower than average (Grenon, 1996). As well, the proportion of employers (who consistently earn far more than own-account workers) is considerably lower for women than for men. Also, the proportion of self-employed women with a university degree is lower than that of men.<sup>13</sup>

## Summary

Self-employment has been rising rapidly in recent years, partly

because of a restructuring of both the private and public sectors. Although men still dominate the self-employment sphere of the labour market, women are playing an ever-increasing role, particularly in industries such as retail trade, business services and health and social services. The fact that women entrepreneurs are frequently married to other entrepreneurs suggests that a part of the large increase in self-employment reflects changes in the way women view their role within a family enterprise. □

## Notes

1 More specifically, 17% of the growth in employment for women and 49% for men has been self-employment.

2 While small business is not exactly synonymous with self-employment, it is closely

linked. See "Small business driving Canada's economy," *The Globe and Mail* (Advertising supplement, March 17, 1995). For a scientific assessment on the same theme, see Picot, Baldwin and Dupuy (1994), and Baldwin and Picot (1994).

3 Agriculture has been excluded from the main study because the factors affecting employment growth and worker status in this sector are quite different from those in other sectors of the economy (see *Down on the farm*, overleaf).

4 For persons holding more than one job, the LFS defines "main job" as the one at which a person is currently working the greatest number of usual hours. In 1993, there were some 160,000 moonlighters who were paid workers in their main job and self-employed in their second job (Cohen, 1994).

5 Similar but more detailed data are available from the Census of Population, but these are not as timely. (The most recent data are for 1991.)

6 From 1976 to 1994, the number of paid workers increased by 61% for women, compared with a rise of just 12% for men. As a result of this differential in growth, women accounted for 47% of paid workers in 1994, compared with 39% in 1976.

7 In this article, full-time workers (with some minor exceptions) are those usually employed 30 hours or more per week at all jobs combined. Between 1976 and 1994, the number of female full-time paid workers rose 50%, compared with a rise of 7% for male full-time paid workers. The number of part-time paid workers more than doubled for both women and men.

8 For this study, "married" also includes persons in common-law arrangements, while "non-married" refers to single (never married), divorced and widowed persons.

9 "Other services" consists mainly of amusement and recreational services plus personal and household services.

10 For this report, the (non-agricultural) goods sector includes fishing, forestry, mining, manufacturing and construction.

11 The most common service occupations for the self-employed, according to the 1991 Census, were barbers/hairdressers (34,000) and child-care workers (22,000) (Gardner, 1994).

12 The number of hours usually worked weekly may be quite different from the actual hours worked during a particular week.

13 In general, earnings are directly related to the level of educational attainment.

### Down on the farm

Employment patterns in agriculture have changed dramatically in the last 20 years. In 1976, there were 481,000 agricultural workers in Canada, of whom one-fourth (117,000) were women. By 1994, total agricultural employment had fallen 12% to 425,000, but the number of women employed in this industry had risen 19% (to 140,000) and they represented one-third of "farm workers."

For women in agriculture, the shifts from unpaid family work to self-employment have been even more pronounced and significant. In 1976, only 10% of female farm workers were classified as self-employed, while 32% were paid workers and 58% were unpaid family workers. In 1994, 43% of female farm workers were self-employed, while 41% were paid workers and just 16% were unpaid family workers (Chart). In absolute terms, the number of self-employed women in the agriculture industry soared from 12,000 to 60,000, the number of female paid workers rose from 38,000 to 57,000,

and the number of unpaid female family workers dropped from 67,000 to 23,000.

To some extent these dramatic shifts reflect the fact that farm women, like women in general, have become much more aware of their rights, particularly those related to the ownership of family property. This awareness has been validated by the courts, which have stated that women have the right to an appropriate share of the equity of their family farm. In addition, tax changes have encouraged women to assume paid employment status (Duchesne, 1989).

Male employment patterns in agriculture were much more subdued during this period. Employment fell in all three worker categories, although the distribution was similar to 1976 patterns: in 1994, 69% of the 285,000 male farm workers were self-employed, 28% were paid workers and 3% were unpaid family workers.

### The rate of self-employment among women in agriculture has quadrupled since 1976.



Source: Labour Force Survey

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