Exploring the Characteristics of Self-Employment and Part-Time Work Among Women

By:

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(with the assistance of Linda Andrews, Jill Braunstein, and Lili Zandniapour)

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EXPLORING THE CHARACTERISTICS OF SELF-EMPLOYMENT AND PART-TIME WORK AMONG WOMEN

EXECUTIVE SUMMARY

WHY IS THE QUALITY OF PART-TIME WORK AND SELF-EMPLOYMENT AN IMPORTANT FACTOR FOR RESEARCH?

The quality of jobs created during the 1980s --and whether these were "good" jobs or "bad" jobs--has been the source of a highly charged debate. The quality of jobs is of increasing importance to women as their financial responsibility for themselves and their families has grown, and they have been seeking employment opportunities at increasing rates. Between 1970 and 1990 the labor force participation rates of mothers increased from about 40 percent to 67 percent, so that by 1990, 22 million mothers were in the labor force. Six million of these women workers were single parents. Because of family responsibilities, and for other reasons, such as acquiring more education, many women may seek alternative, more flexible employment, both in part-time work and self-employment. As a result, the caliber of part-time jobs, self-employment, and other alternative forms of employment available to women workers is a pressing topic for research.

This study examines the availability of employment in its many forms. It focuses on how well these alternative forms of employment can meet women's increasing needs to support themselves and their families, although it does not definitively answer the question of which jobs are "good" and which are "bad." This study begins by comparing the distribution
of female and male workers in jobs with varying work schedules and employment statuses; it
then compares the economic well-being of female and male workers with these jobs; next it
compares the characteristics of women workers with different work schedules and
employment statuses; and finally, it investigates the characteristics of the jobs available to
these women workers.

HOW IS THIS STUDY DIFFERENT FROM OTHER STUDIES?

Much of the previous research on the quality of jobs has been based primarily on cross-
sectional data that measure the kinds of jobs held by employed workers at a certain point in
time (usually during a single reference week). This current study is unique because it
examines work experiences over the course of an entire calendar year (1987). It departs
from the more typical employment research in several other ways: it includes self-
employment, examines employment status as well as work schedules, and examines jobs
reported by workers as well as the workers who report these jobs. The inclusion of these
additional factors results in a more complex array of employment statuses and work
schedules than is usually available to researchers and policy makers. The employment
statuses we use to distinguish workers are as follows:

- **Wage or Salary Workers**
  - **Single Job Holders:** Workers who work for one employer only and have no self-
    employment.
  - **Simultaneous Packagers:** Workers who hold two jobs in any month. These
    workers also have no self-employment (often referred to as "moonlighters").
  - **Sequential Packagers:** These workers are employed by one employer for two
    separate periods in the year. During the break in employment, these workers
hold at least one other job and have no self-employment.

- **Job Changers**: Workers who change from one job to another during the year and have no self-employment.

**Self-Employment**

- **Self-Employed With a Single Job**: Workers who have one self-employed "job" during the 1987 calendar year. These workers do not have any wage or salary work.

- **Mixed Self-Employed and Salaried (Self-Employment Primary)**: These workers hold both a wage or salary job and self-employment, where total annual hours of self-employment are greater than total wage and salary hours (the two types of employment may occur simultaneously or separately).

- **Mixed Self-Employed and Salaried (Self-Employment Secondary)**: These workers hold both a wage or salary job and self-employment, where total annual hours of self-employment are fewer than total wage or salary hours (the two types of employment may occur simultaneously or separately).

- **Two or More Self-Employed Jobs**: Workers with two or more self-employment jobs or businesses, held either separately or simultaneously, but no wage or salary work.

Along with employment status, we break down each of these categories further by examining the employee’s work schedule in terms of both hours of work per week and weeks of work per year. The result is the following set of work schedule categories: full-time, full-year; full-time, part-year; part-time, full year; and part-time, part year. Workers and jobs are categorized by both employment status and work schedules. This complexity results in a more realistic picture of actual work experience and its ability to support women and their families.

To conduct the analysis, we created a special file of workers from the 1986 and 1987 panels of the Survey of Income and Program Participation (SIPP), a U.S. Bureau of the Census data set that collects information from about 13,000 households in each panel across
a 28 to 32 month period. The study's sample consists of men and women who worked at least 200 hours during the calendar year 1987. Teenagers living at home and workers over age 65 are excluded. The resulting file consists of information about 12,848 men and 11,403 women, representing about 116 million workers.

WHAT DID THE STUDY FINDINGS SHOW?

What Portion Of U.S. Workers Held A Conventional Job Throughout The Calendar Year?

Over the course of a calendar year, fewer than half of the approximately 116 million U.S. workers represented in the study held a conventional job—i.e., a single full-time wage or salary job held all year. The remainder worked full-time for less than the full year or for more than one employer (including job changers and simultaneous packagers), part-time (for single or multiple employers), or were partially or wholly self-employed (see Figure 1). A higher percentage of both female and male workers reported part-time work status over the course of a calendar year than when reporting their work schedule for a single reference week.

When we compare the employment statuses and work schedules of women with men, we find that working full-time, full-year for a single employer is still the most common work pattern, although only 40 percent of all women workers compared with about half of all male workers followed this pattern. The second most common work pattern for women was working part-time, full-year for a single employer; 14 percent of all women workers followed this pattern. In contrast, only four percent of male workers followed this work pattern. About six percent of male workers were self-employed at a full-time, full-year job,
but only two percent of women workers followed this work pattern. The remaining 44 percent of women workers (and 40 percent of male workers) were divided among a series of less stable employment statuses and work schedules, with none including more than 7 percent of all women workers. Women were less likely than men to work full-time, full-year for a single employer, more likely to work part-time, full year, more likely to package wage or salary jobs, and less likely to be self-employed.

Is Economic Well-Being Greatest for Workers with Conventional Jobs?

In terms of the economic well-being they provide, conventional jobs were most likely to be "good" jobs. Wage and salary workers who were employed by a single employer and worked full-time, year-round had the greatest economic well-being of all workers. (Economic well-being is measured in terms of median hourly wages, the availability of employer-provided health benefits, and median annual earnings.) All income figures are in 1987 dollars. Workers with conventional jobs had the highest median wages ($11.25 for men and $8.08 for women) and the most months of health insurance (10.2 months for men and 9.6 months for women). Their annual earnings (women earned $17,066 and men earned $25,571) were exceeded only by those who held a full-time, full-year wage or salary job combined with secondary self-employment. This latter category of workers earned slightly more overall, but worked more hours and had slightly lower hourly wages and months of health insurance coverage.

Part-time or part-year workers earned less than full-time, year-round workers. Among wage and salary workers, those who worked part-time, part-year had the lowest
hourly wages. Whether they worked for one employer or more than one, the median wages of women working part-time, part-year were about $4.00 per hour, while those of men were only slightly higher—in all cases less than $4.50 per hour. These jobs carried little health insurance, only 1 to 2 months, on average. Clearly, part-time, part-year work is usually marginal and poorly paid. Part-time, full-year employment offered somewhat higher wages and more health insurance coverage than part-time, part-year employment, but well below the amounts offered by full-time, full-year work.

Self-employed women who worked less than full-time, full-year had compensation similar to part-time, part-year wage and salary workers; these self-employed women earned less than $4.00 per hour, on average, and had little health insurance coverage. Even women who were self-employed year-round at a single full-time job earned only $9,593 in 1987. Self-employment brings substantially greater rewards for men than for women. The hourly wage gap between men’s and women’s wages was $4.35 per hour for self-employed workers compared with $3.13 for wage and salary workers. Women workers in part-time wage or salary work or in self-employment may gain flexibility in work hours, but they suffer considerable loss in terms of the wages and health benefits available compared to full-time, full-year wage or salary work.

Do Women’s Work Patterns Vary By Family Status?

A part-time or part-year woman worker will ordinarily need other sources of support whether from her husband, her parents, or such sources as college loans or scholarships, pensions, social security, or welfare benefits. In fact, most women who worked part-time, full year for a single employer as well as most self-employed women who worked part-time
or part-year were married; the majority had husbands who worked full-time, full-year. These women were likely able to rely on their husband’s income to supplement their own lower earnings. In contrast, the majority of simultaneous packagers and job changers were not married and the percentage with full-time employed husbands ranged from 21 to 37 percent. Women stably employed with one employer, including those working full-time full-year, were more likely to be married than were these job packagers. Thus, marital status is by no means the only factor influencing work schedules.

Women employed less than full-time, full-year were the most likely to have children under age six. The findings suggest that many mothers with young children may be taking advantage of the opportunity that part-time schedules may provide for combining work and family obligations, but that part-time or part-year work can decrease economic well-being and increase dependency on other income sources (including spouses or government-provided benefits.) The groups with the highest rate of receipt of means-tested benefits (over 15 percent) and the lowest average annual family incomes (less than $25,000) were those in which women worked less than a full year, whether part-time or full-time. Many of these women were single. They tended to be younger and to have fewer years of education than women working full-time, full-year. Although those who are single and without children would have lesser income needs than women supporting families, the higher rate of receipt of means-tested benefits by women who worked less than a full year suggests that some of these women experience difficulties combining full-time work and childrearing. Problems may include paying for adequate child care and finding a job that offers sufficient pay and fringe benefits to make self-support feasible. The result is considerable job changing, working
more than one job, or irregular employment. Some combined work and welfare over the course of a year as their family circumstances and job opportunities changed.

**What are the Characteristics of Conventional And Alternative Jobs Reported by Women Workers?**

During calendar year 1987, 53.4 million adult women workers reported holding 71.9 million jobs or about 1.35 jobs per worker. The vast preponderance (92 percent) of these were wage or salary jobs (with self-employment constituting the remainder). Among the wage or salaried jobs reported, about one-third were full-time, year-round jobs; 26 percent were full-time, part-year jobs; 25 percent were part-time, part-year jobs; and 14 percent were part-time, full-year jobs (see Figure 2). The percentage of full-time, full-year self-employed jobs is substantially lower, with only 17 percent of all self-employed jobs falling into this category (see Figure 3).

Most of the full-time, full-year jobs reported were held by women with a single job (about 21 million); however, we estimated that about 1.6 million women were moonlighting while holding a full-time, full-year job. Part-year wage and salary jobs were concentrated among multiple job holders, with full-time, part-year jobs outnumbering part-time, part-year jobs by a small margin. While many full-time, part-year jobs may be held by new entrants or job changers seeking better jobs, part-time, part-year jobs are usually poorly paid. These findings suggest that many women workers are packaging marginal or secondary jobs.

Jobs reported as full-time, full-year were more likely to be found in manufacturing or higher-wage service industries, in professional and managerial occupations, and in larger firms; they were not as likely to be found in high-growth industries. Part-time, full-year jobs
firms; they were not as likely to be found in high-growth industries. Part-time, full-year jobs were most likely to be found in small firms. Part-year jobs were more likely to be found in high-growth industries. These part-year jobs are about equally likely to provide full-time and part-time work schedules. *It will be important to monitor the mix of jobs in the future to see whether there is a trend toward more jobs that provide only part-time, seasonal, or temporary work at low pay for women workers.*

Women's self-employment jobs were more likely than wage or salary work to be in male-dominated occupations, but they tended to be small both in terms of scale and revenues. At least half of all women's self-employment was in sole proprietorships rather than in corporate businesses or partnerships. The hourly earnings from self-employment jobs were substantially less than $4.00 per hour, on the average. Likewise, the annual earnings from self-employment (after expenses) were substantially less than the annual earnings resulting from wage or salary work. These findings suggest that while women may choose self-employment for its flexibility, or for the ability to perform professional and managerial level work free of discrimination, there are financial costs to this choice.

**WHAT SHOULD BE DONE?**

Although these data do not allow us to resolve the "good jobs" versus "bad jobs" controversy, they do show that many women hold part-time, part-year, or self-employed jobs that are very poorly paid. With few exceptions, a full-time, full-year job with a single employer offers most in terms of pay and fringe benefits, yet the data also suggest that these jobs may be less likely to be found in growing industries. In future research, it will be
important to determine to what extent women choose alternative kinds of employment because they have other sources of income support, because they devote more time to school, because they cannot afford adequate child care, or because they cannot find better jobs. An important aspect of this future research will be to compare the characteristics of the jobs held by job changers, in order to see if the 15 percent of women who change jobs in the course of a calendar year do so because they find better jobs. Or do many job changes represent downward mobility after better jobs are lost?
Figure 1
Work Schedules for Men and Women

NOTE: FT=Full-Time, FY=Full-Year, PT=Part-time, PY=Part-Year, W&S=Wage & Salary, SE=With Self-Employment (may include wage or salary employment).

Figure 2: Numbers of Wage & Salary Jobs Held by Women, by Employment Status
Calendar Year 1987

Figure 3: Numbers of Self-Employed Jobs Held by Women, by Employment Status
Calendar Year 1987

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<th>Multiple SE</th>
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<tr>
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<td>0.04</td>
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