

## Earnings from self-employment

## Key findings

- In 2014, self-employed women earned 10% less than men in Luxembourg and Lithuania, but almost 60% less than men in Poland, the United States and Romania. Over the period 2007 to 2014 the gender gap in self-employed earnings decreased in most countries, except in Poland, Italy, Slovak Republic, Slovenia and Romania
- Among the factors that can explain the gender gap in self-employment earnings are the average hours worked per week by the self-employed: these are generally higher for men than women across countries. Overall, the self-employed tend to work longer hours on average than employees; however, in a few countries such as Latvia, Turkey or the United Kingdom, self-employed women work less hours per week on average than male and female employees.

## Relevance

The fear of low or erratic earnings is one of the main reasons why many people do not become entrepreneurs. While entrepreneurship is a pathway to wealth for highly successful individuals, many self-employed struggle with relatively low incomes and eventually work longer hours than waged employees. Low incomes mean lower opportunities to accumulate savings, and thus a higher likelihood of falling into poverty if the business fails.

## Definitions

The *gender gap in self-employment earnings* is defined as the difference between male and female average self-employment incomes divided by the male average self-employment income. Income here includes any losses that may have been incurred. The *changes in gender gap in self-employment earnings* are defined as the percentage-point difference between two years of the gender gap in self-employment earnings.

The *average hours of work* corresponds to the number of hours an employed person normally works per week. This includes all hours worked, including overtime, regardless of whether they were paid. It excludes travel time between home and workplace, and main meal breaks (normally taken at midday).

## Comparability

There are methodological hurdles that complicate comparing earnings statistics across countries and periods. The self-employed often have accounting practices which make it difficult for them to provide accurate responses to survey questions on earnings. Moreover, their financial and accounting framework does not relate well to that used in constructing the national accounts or household income analysis. It is also important to take account of the gender gap in hours worked by the self-employed.

Women generally spend more time than men on unpaid care work; this needs to be taken into account when considering the average hours worked by self-employed.

## Source/online databases

Canada: Survey of Labour and Income Dynamics & Canadian Income Survey.

Europe: Labour Force Surveys and European Union Statistics on Income and Living Conditions (EU-SILC) and EU Labour Force Survey.

Mexico: Encuesta Nacional de Ocupación y Empleo.

New Zealand: Income Survey and Labour Force Survey.

United States: Current Population Survey (CPS), American Community Survey (ACS), Survey of Income and Program Participation (SIPP).

## For further reading

Hamilton, B. H. (2000). "Does Entrepreneurship Pay? An Empirical Analysis of the Returns to Self-Employment", *Journal of Political Economy*, University of Chicago Press, vol. 108(3), pages 604-631, June.

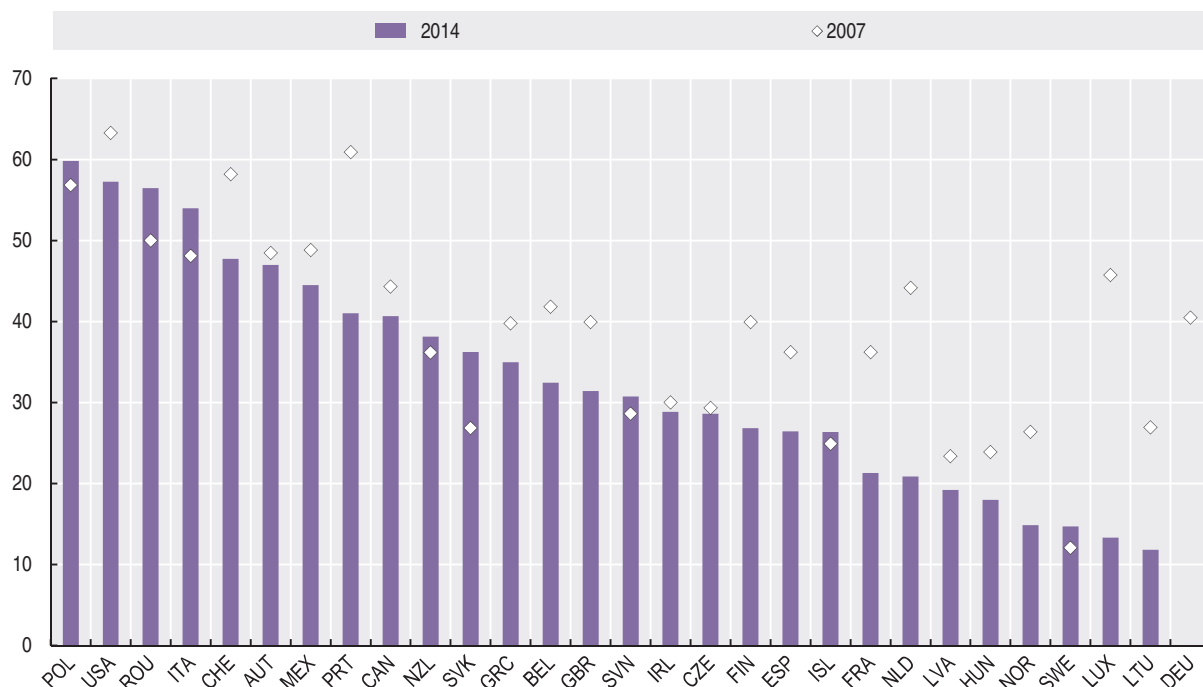
OECD (2017), *Report on the implementation of the OECD Gender Recommendations*, Meeting of the OECD Council at Ministerial Level Paris, 7-8 June 2017, <http://www.oecd.org/mcm/documents/C-MIN-2017-7-EN.pdf>.

OECD (2014), *Enhancing Women's Economic Empowerment through Entrepreneurship and Business Leadership in OECD Countries*, Background Report, [http://www.oecd.org/gender/Enhancing%20Women%20Economic%20Empowerment\\_Fin\\_1\\_Oct\\_2014.pdf](http://www.oecd.org/gender/Enhancing%20Women%20Economic%20Empowerment_Fin_1_Oct_2014.pdf).

OECD/European Union (2015), *The Missing Entrepreneurs 2015: Policies for Self-employment and Entrepreneurship*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264226418-en>.

OECD (2012), *Closing the Gender Gap: Act Now*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264179370-en>.

Figure 6.9. **Gender gap in self-employment earnings**  
Difference between male and female earnings as percentage of male earnings

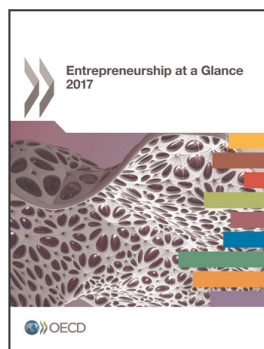


StatLink <http://dx.doi.org/10.1787/888933564633>

Figure 6.10. **Average hours of work by professional status and gender**  
Average number of hours per week in main job, 2016 or latest available year



StatLink <http://dx.doi.org/10.1787/888933564652>



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