

Self-Employed Women and Time Use

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The flexibility afforded by self-employment is often regarded as a way to balance work and home activities. Relatively little is known, however, about the differences in time allocations between self-employed women and women employed in organizations. Recent research also suggests that the reasons women enter self-employment may differ from those of their male counterparts. Specifically, women appear more often to base their decisions on lifestyle and family factors, while men make choices based on earnings potential. This paper assesses whether observed time-use patterns of self-employed women are consistent with women placing more emphasis on family factors.

More information about how women allocate their time can inform policy designed to narrow the gap between men's and women's self-employment rates. Self-employment rates for women remain about half of those for men, despite a steady increase in the number of self-employed women over the past three decades. In 2003, 6.8 percent of women in the labor force were self-employed, compared with 12.4 percent of men. These trends persist despite widespread policies to encourage business ownership among women.

Overall Findings

The time-use patterns of self-employed women differ substantially from those of men and of women employed in wage-and-salary work. Consistent with family motivations for selecting self-employment, self-employed women spend less time than both men and women in wage-and-salary jobs on work-related activities, and more time on household activities

and caring for children. The results suggest that the development of policies that enhance work-life balance, offset racial disparities in self-employment, and increase human capital through education might encourage more women to enter self-employment as a way of balancing family life and the need or desire to earn a living.

Highlights

The authors' results offer compelling evidence that time-use patterns are different for self-employed women compared with women employed in wage-and-salary jobs, and with men.

- According to the study, women are about 57 percent less likely than men to enter self-employment. Entry rates are lowest among African-American and foreign-born women relative to men.
- Women with more advanced degrees are more likely to enter self-employment, especially in the financial industries, education and health sectors, and other service categories.
- Contrary to results in previous studies, higher earning women were slightly more likely to enter self-employment than their lower earning peers.
- Self-employed women work about 1.5 hours less per day in their self-employment work or about 10 fewer hours per week than self-employed men. Women work as wage-and-salary employees about 6 fewer hours per week than wage-and-salary-employed men.
- Self-employed women spend about 3.5 more hours in household activities per week than women employed in wage-and-salary work and 6 more hours than men.

- In general, women spend more time on primary child care activities, but the effects are largest for self-employed women. Self-employed women spend about 3 additional hours per week on primary child care relative to self-employed men. Women wage-and-salary workers spend about 2 more hours on primary child care than men in their employed sector.

- For wage-and-salary workers, higher levels of education mean more time in primary child care, but education levels are not a significant determinant of primary care time for the self-employed.

- Differences between self-employed women and men are especially significant in secondary child care, where a parent is at the same location as the child but is primarily engaged in another activity (such as work or household activities). Women spend more time than men in secondary child care, with the largest effects for self-employed women (6.4 hours per week more than men).

- Being married has opposite effects on the time use of self-employed women and men. Married self-employed women work 4.5 hours fewer than unmarried self-employed women, whereas self-employed men who are married work almost 4 more hours per week than their unmarried counterparts.

- Each additional child in the household means 2.4 fewer work hours per week for self-employed women and 1.5 fewer hours per week for women in wage-and-salary work.

Scope and Methodology

The researchers use American Time Use Survey (ATUS) microdata for 2003 through 2006. The survey is sponsored by the Bureau of Labor Statistics (BLS) and conducted by the U.S. Census Bureau. Households sampled by the ATUS are chosen from the households that completed their eighth and final interview for the Current Population Survey (CPS). Data in each year are based on interviews of about 13,000 individuals, interviewed once about their previous day's activities. ATUS data also include month eight responses from the CPS.

Estimated effects are from an ordinary least squares (OLS) regression, where the dependent variable is the percentage of time spent in a given category, such as time spent working. Explanatory variables include age, race, educational attainment, and marital status, as well as indicator variables for year, industry, and incorporated status. Regressions are estimated separately by employment sector (wage-and-salary or self-employed) and gender.

This report was peer reviewed consistent with the Office of Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at advocacy@sba.gov or (202) 205-6533.

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