



FLINDERS SOCIAL MONITOR



Monitoring and analysing our community and social life to explore future options for society and policy

In 2006-7 the Flinders Social Monitor is using the *Australian Survey of Social Attitudes* (AuSSA) to monitor changes in social life and examine their impact on everyday lives in South Australia. AuSSA is a biennial mail survey that gathers opinions from approximately 4,000 Australians aged 18 or above who are selected randomly from the Electoral Roll. It is managed by the ACSPRI Centre for Social Research in the Research School of Social Sciences at the ANU (<http://aussa.anu.edu.au/>). In 2005, the Flinders Social Monitoring and Policy Futures Network commissioned a special sample of South Australians resulting in 1,019 SA respondents. Details about this survey can be found in the Social Monitor 'About AuSSA'.

Self-employment, Gender and Job Security

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Although self-employment represents a small (10%; ABS) portion of the Australian workforce, there is reason to believe that its importance in the labour market will increase over the coming years. The key reason relates to the impact of population ageing (driven largely by declining fertility rates, increased life expectancy and the ageing of the large 'baby boomer' cohort) on Australian society. With the population increasingly skewed towards the older age groups (50 plus) many Australians have become concerned about the stress this may place on the welfare system and the burden it may place on a considerably smaller post baby boomer generation. In addition, the federal, state and local governments are concerned that a declining rate of labour force growth may impede productivity and economic growth, which would inevitably impact negatively on the standard of living currently enjoyed by Australians. In this context, the Australian Government is increasing its focus on stimulating the labour force participation and employment of older workers and other disadvantaged groups (such as the long-term unemployed) via self-employment.

Who are the self-employed?

Data provided by the Australian Bureau of Statistics (ABS) shows that the probability of being self-employed in Australia is higher for men and for older workers compared with younger workers. Data provided by AuSSA also confirm this pattern in Australia (see Diagrams 1 and 2) and South Australia. This is also the case in most of the developed countries belonging to the OECD (Blanchflower, 2000).



Diagram 1: Employment Type by Gender

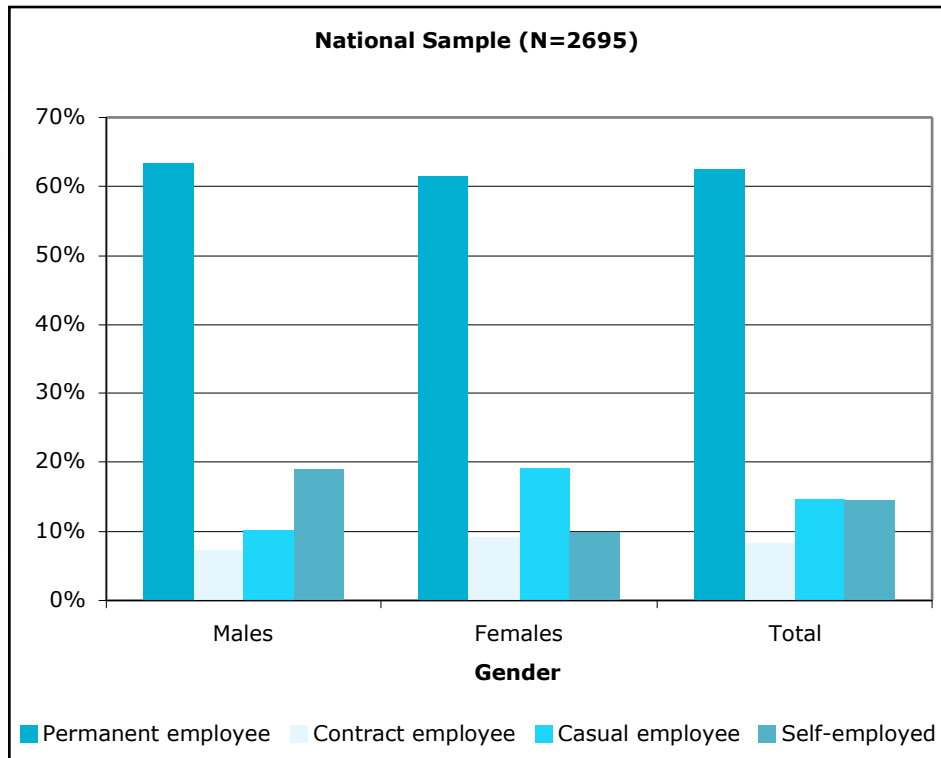
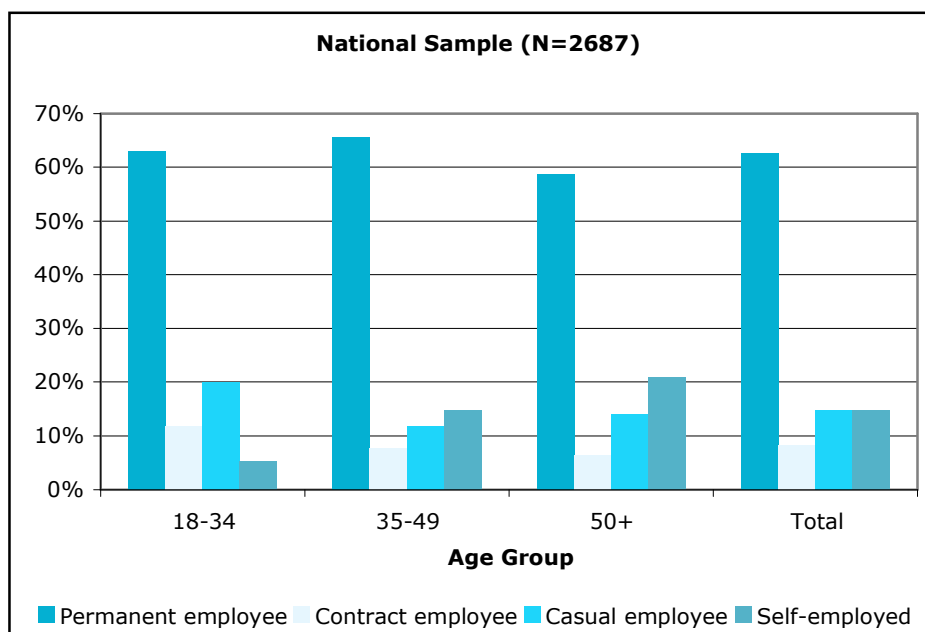


Diagram 2: Employment Type by Age

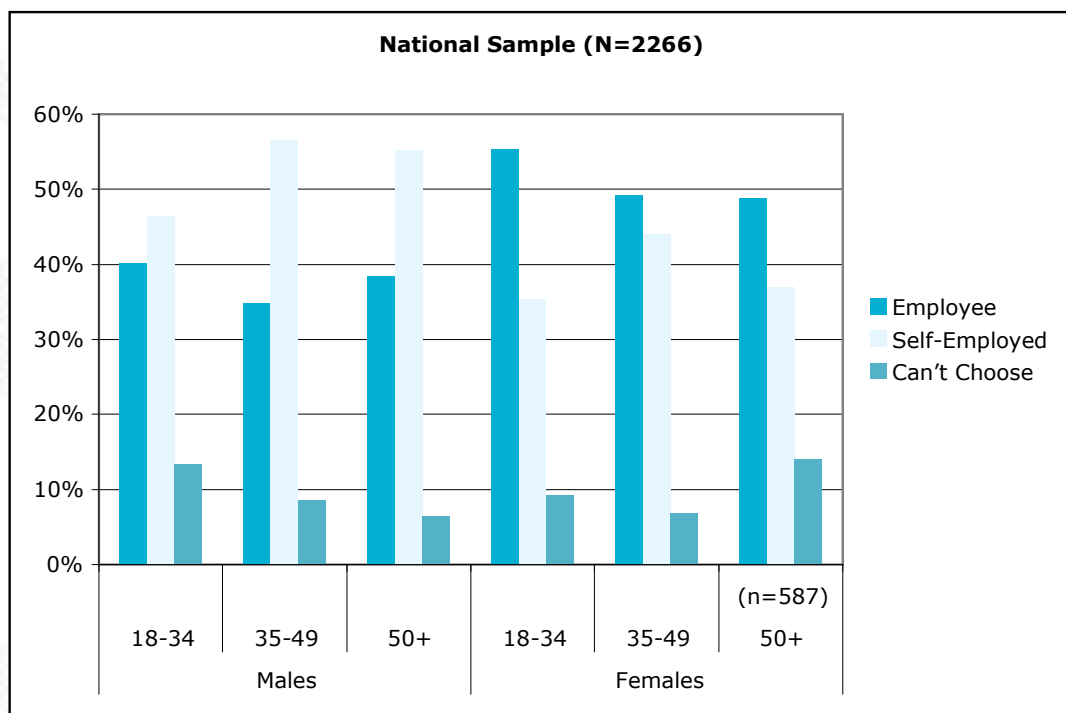




Who would prefer to be self-employed?

The probability of being self-employed is also likely to be associated with an individual's employment type preference. Fortunately, the AuSSA data allows us to examine the preferred employment type of Australians. Participants were asked the question, "Suppose you were working and could choose between different kinds of jobs. Which would you personally choose?" Interestingly, as shown in Diagram 3, males across all age groups express a preference for self-employment (to be their own boss), whereas, females indicate an unequivocal preference for salaried/wage employment (i.e., to be employees).

Diagram 3: Preferred employment type by age and gender



Why do men prefer self-employment, compared to women?

A number of reasons may explain this gender difference in employment type preference. We know from past research that job autonomy, hours flexibility, the ability to work a non-standard work day, accountability to oneself, the opportunity to more fully utilise skills and a feeling of achievement and pride have been cited as reasons for becoming self-employed (Karoly & Zissimopoulos, 2004). Conversely, long working hours, difficulty in achieving a clean separation between work and non-work, income instability, and job insecurity are often cited as reasons for leaving self-employment or preferring salaried/wage employment (Karoly & Zissimopoulos, 2004).

The AuSSA data allows us to examine some of these factors as possible explanations as to why, generally, men and not women would prefer to be self-employed, regardless of age. On a scale from 5 (very important) to 1 (not important at all) participants were asked to indicate, how important they personally thought the following attributes are in a job. These attributes were (a) a job that allows someone to work independently; (b) an interesting job; (c) high income; (d) job security; and, (e) a job that allows someone to decide their times or days of work.

The results seem to emphasize **job security** as a key explanation for the gender difference in preferred employment type.



The level of importance placed on job security was significantly greater for females ($M=4.57$, $SD=.62$) than for males ($M=4.45$, $SD=.70$).

The level of importance placed on job security by those participants who indicated that their preferred employment type was self-employment, ($M=4.46$, $SD=.70$) was less than those participants who indicated that their preferred employment status was as an employee, ($M=4.56$, $SD=.60$), $p<.001$.

Furthermore, those participants who were currently self-employed, ($M=4.18$, $SD=.78$) placed significantly less importance on job security than did non-self employed, ($M=4.50$, $SD=.65$), $p<.001$, participants.

In summary, females and those individuals who prefer salary/wage employment place a higher level of importance on job security than do men and those people who prefer self-employment or are currently self-employed. This finding is supported by prior research as well as anecdotal evidence that show a high rate of reported failure among small business.

Hence, we may expect a rise in the number of self-employed males simply via population ageing. On the other hand, the government may need to provide mechanisms or assistance to improve the successful rate of small businesses and thus the job security associated with being self-employed in order to increase the number of females in self-employment.

References

- Blanchflower, D.G. (2000). Self-employment in OECD countries. *Labour Economics*, 7, 471-505.
- Karoly, L.A. & Zissimopoulos, J. (2004). *Self-employment and the 50+ population*. AARP.

All data from this publication is sourced from:

- Wilson, S. et. al. (2006) *Australian Survey of Social Attitudes*, 2005 [computer file] Australian Social Science Data Archive, The Australian National University, Canberra