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## **Gender Disparities of the Self-Employed in Israel**

**Note by the Central Bureau of Statistics, Israel\***

### *Abstract*

This paper presents extensive data on differences and disparities among self-employers by gender. The paper includes multi dimension and perennial analysis. The data is taken from three sources: the Household Expenditure Survey, the Labour Force Survey and the Social Survey.

The aim of this paper is to follow changes and trends that have occurred in the last decade within the self-employment sector, especially from a gender point of view.

## **I. Introduction**

1. The self-employment sector tends to demonstrate the traits of entrepreneurship, competition, personal responsibility (success or failure) and the exploitation of new opportunities. This sector is composed of two types: persons whose primary activity is self-employment and those self-employed persons who employ others.
2. As a whole, the study of self-employed persons is very important to the research of a country's economy, since self-employment makes a major contribution to the growth of the national economy.
3. In addition to that, there is a great interest in investigating the gender aspect of this sector. On the one hand, women are more likely to be educated and work in an institutionalized and

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stable organization, and indeed, we find more women working as employees as opposed to being self-employed. On the other hand, self-employment has features that are compatible with a woman's characteristics, such as flexible hours and requiring multi-tasking at work.

4. The self-employment model is a good solution for the problems women face today as employees: It allows flexibility in terms of time and space (flexibility that may not exist as an employee). The choice of entering the self-employment market brings a reduction in the costs of external facilities for childcare, so that childcare need not be at the expense of work. This choice also allows women to avoid wage limitations compared with men, resulting from discrimination or a lack of work experience (which may be due to the time invested in child care or home). All these reasons make the self-employment solution appealing to women, a solution that provides a chance for women to integrate in the labour market and society.

5. The context of gender is important for research on self-employment. Self-employment research can reveal progress made by women and the openness of the society to women. Women in developed countries, have more liberty, are more flexible, and show more entrepreneurship. In addition, they are more liberated from the yoke of family and children and more conceptually advanced.

6. As stated in a quote from the [OECD data site on entrepreneurship](#):

*“Entrepreneurship and entrepreneurs are important sources of innovation, growth and employment. The recent crisis, characterised by tighter credit restrictions, has arguably hampered new start-ups and impeded growth in existing start-ups as well as their ability to survive in tough market conditions. The significant rise in business closures in recent years, especially of micro and small enterprises, bears witness to these difficult conditions and highlights the need for robust and comparable statistics on entrepreneurship.”*

7. The main aim of this paper is to analyze the self-employment market in Israel, suggest some explanations for the data and initiate further work on this critical issue. The analysis includes a description of the self-employment market participants by age, education and marital status in the last decade, and also provides a picture of labour market characteristics, such as economic industries, satisfaction from work, and the number of employees hired by self-employed persons.

## II. Definitions and Data Sources

8. Self-employed persons: persons working in their own business or farm, who earn their wages out of the income and profits of their business. They may work alone or hire employees.

9. Income from self-employment work: gross operational income and profit of the self-employed person's business.

10. The Labour Force Survey of the Israel Central Bureau of Statistics – The survey tracks ongoing developments in the labour force in Israel: its size and characteristics, employment mobility, the extent of unemployment, etc. The survey provides detailed data regarding characteristics of the civilian labour force by demographic and economic segments such as age, years of schooling, higher education, year of immigration to Israel, hours of work, industry of employment, occupation in which the person works, and the like. The survey is carried out regularly once per month and includes approximately 21,500 individuals aged 15 or over each month.

11. Household Income and Expenditures Survey of the Israel Central Bureau of Statistics – The survey is intended to measure the standard of living of the country's population. The survey measures Israeli households' monthly expenditures on products and services (including ownership of durable goods and housing), as well as individual and household income from all sources. The survey is carried out regularly once per year, and includes approximately 10,000 households and 40,000 individuals in the sample each year.

12. The Social Survey - The survey began in 2002 and since then is conducted annually. The survey includes a sample of 7,000 persons aged 20 and over. The social survey provides varied information on society's living conditions, wellbeing of the population in Israel, the use of social services and their response to the population's needs and welfare. Additionally, the population's satisfaction from various areas of the society (work, home, wages, etc.) is investigated.

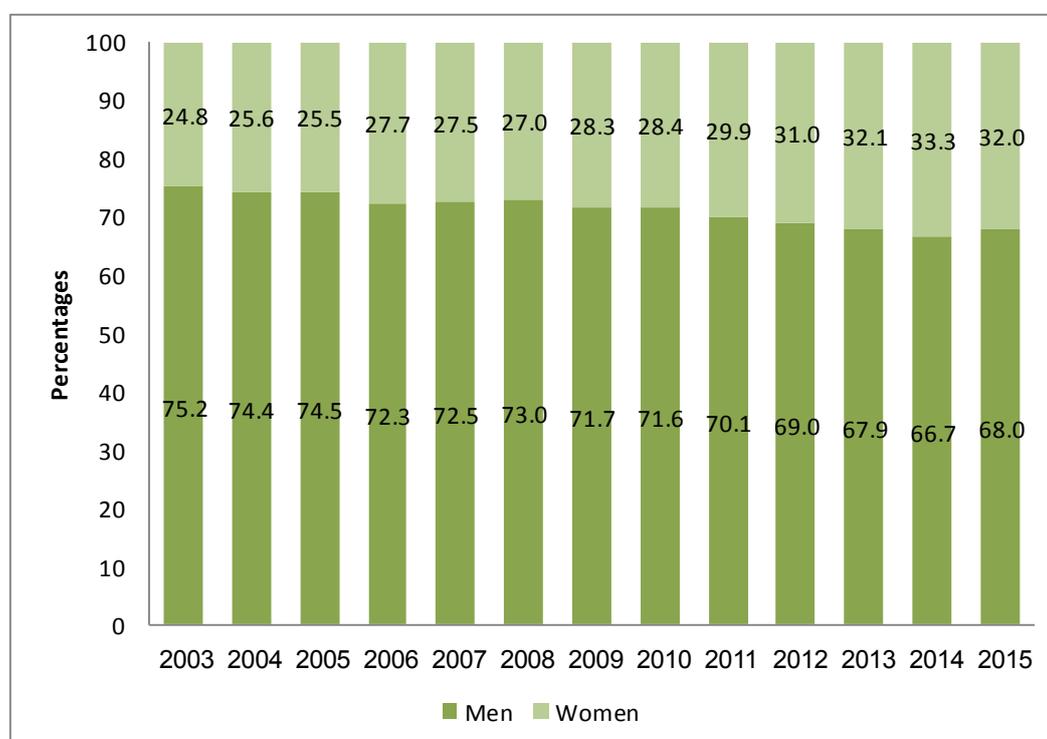
### III. Main Findings

#### A. Demographic Disparities of Self-employment

##### 1. Numbers of self-employed persons by gender

13. At the beginning of 2016, there were 450,000 self-employed persons in Israel. In the last decade, the percentage of self-employed women has been increasing. In 2003, a quarter of the self-employed persons were women, in 2014, more than third of the self-employed were women.

Figure 1: Gender distribution of self-employed, 2003-2015



## 2. Self-employed persons by age and gender

14. During the last decade it can be seen that older women were more likely to be self-employed than younger women. This is probably because women and men over the age of thirty have more experience and maturity.

15. At this age, the careers of most people peak and they have stability in the labour market. People take an accounting and make educated plans about their future in the labour market, based on their experience. For women, this age is also the peak of their fertility period. After giving birth, they tend to make a decision about how to continue in the labour market, if at all. As mentioned, the data show that more mature women are choosing to be self-employed than younger women. The picture becomes complete when we look at the data of self-employed persons by marital status.

Figure 2: Self-employed women distribution by age groups, 2003-2014

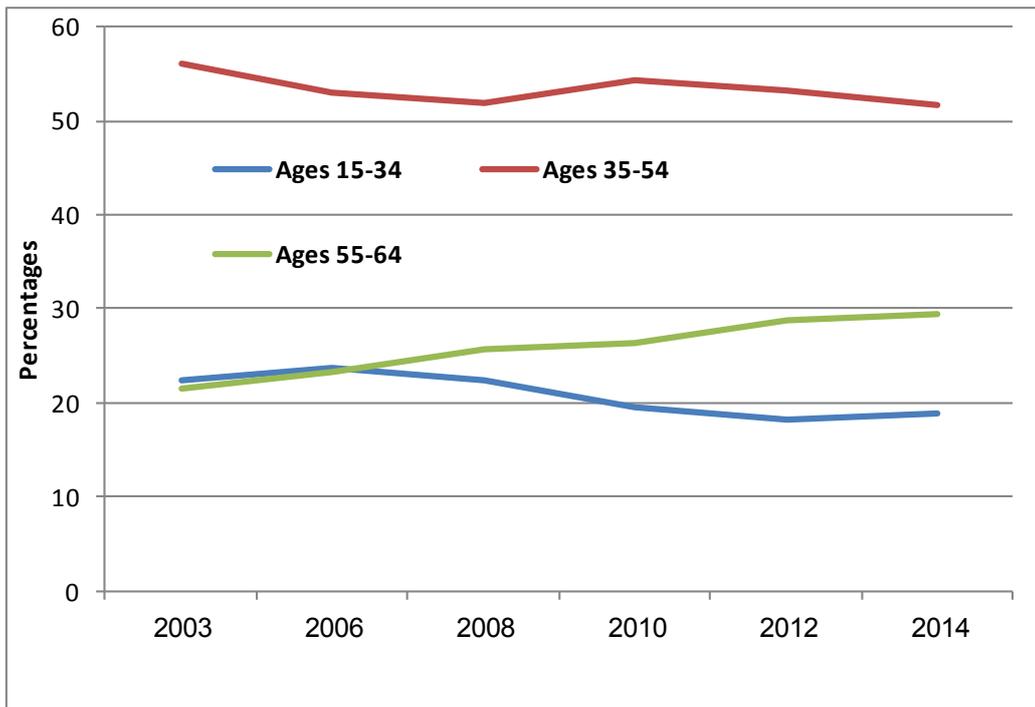
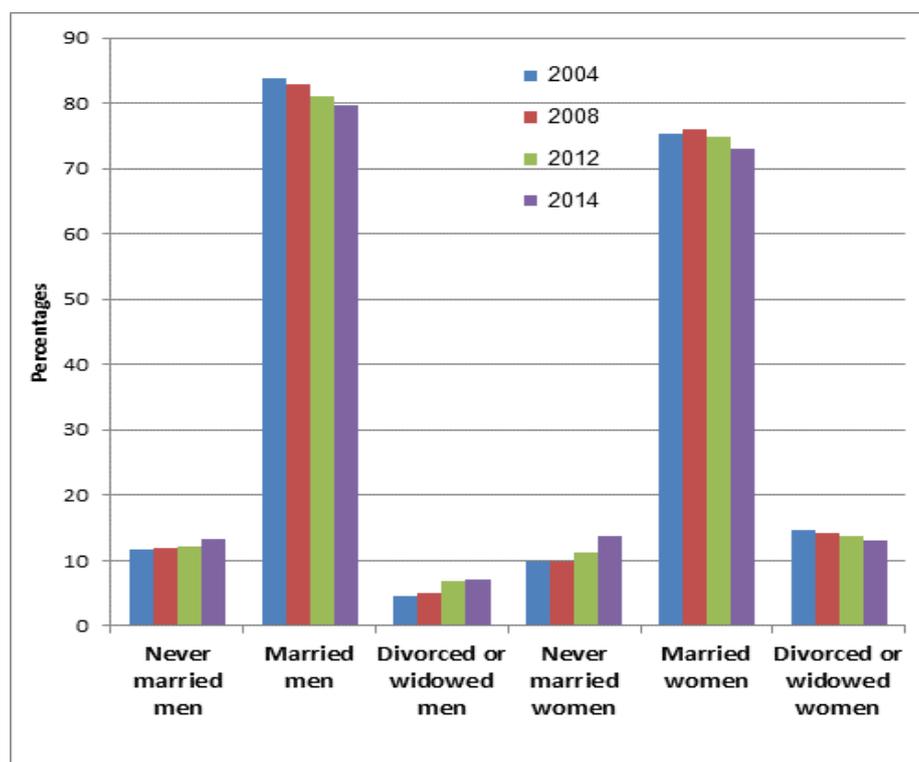


Figure 3: Gender distribution of self-employed by marital status, 2004-2014



16. The diagram shows that the self-employment of men and women by marital status is similar. Married men or women are more likely to be self-employed persons (an average of about 75% of self-employed persons are married). This fact completes the picture with regards to age.

17. Nonetheless, there are still gender differences to consider, such as the reasons for married people to be self-employed. Married men are more flexible in the labour market as a whole; they have the support of a wife who generally is the one taking care of the house and the children. This could be why married men have more initiative and courage to start a business and be self-employed. Married women in their thirties, on the other hand, are facing a major conflict, the choice between home and career. By choosing to be self-employed they have more flexibility to achieve a balance between work and family.

18. In order to bring support to this assumption, it is important to see what women are doing in the labour market as self-employed persons and if they have employees.

### 3. Choosing a profession and industry differences – distribution and the income gap

19. In general women are more educated than men. Women have more academic degrees than men. In Israel, more women than men complete BA and MA degrees, and the percentage of those who complete a PhD is equal among men and women. Notwithstanding, men are more

often hired as managers and as skilled workers in the labour market, and women are more often hired as professionals (which requires an academic degree) and as service and sales workers. When women choose to establish a business and be self-employed, they tend to choose industries such as households and sales services and education. These industries include services such as cleaning, cooking, home nursing, hair dressing, private teachers, beauticians, etc.

Figure 4: Gender participation of self-employed by industry, thousands, 2014

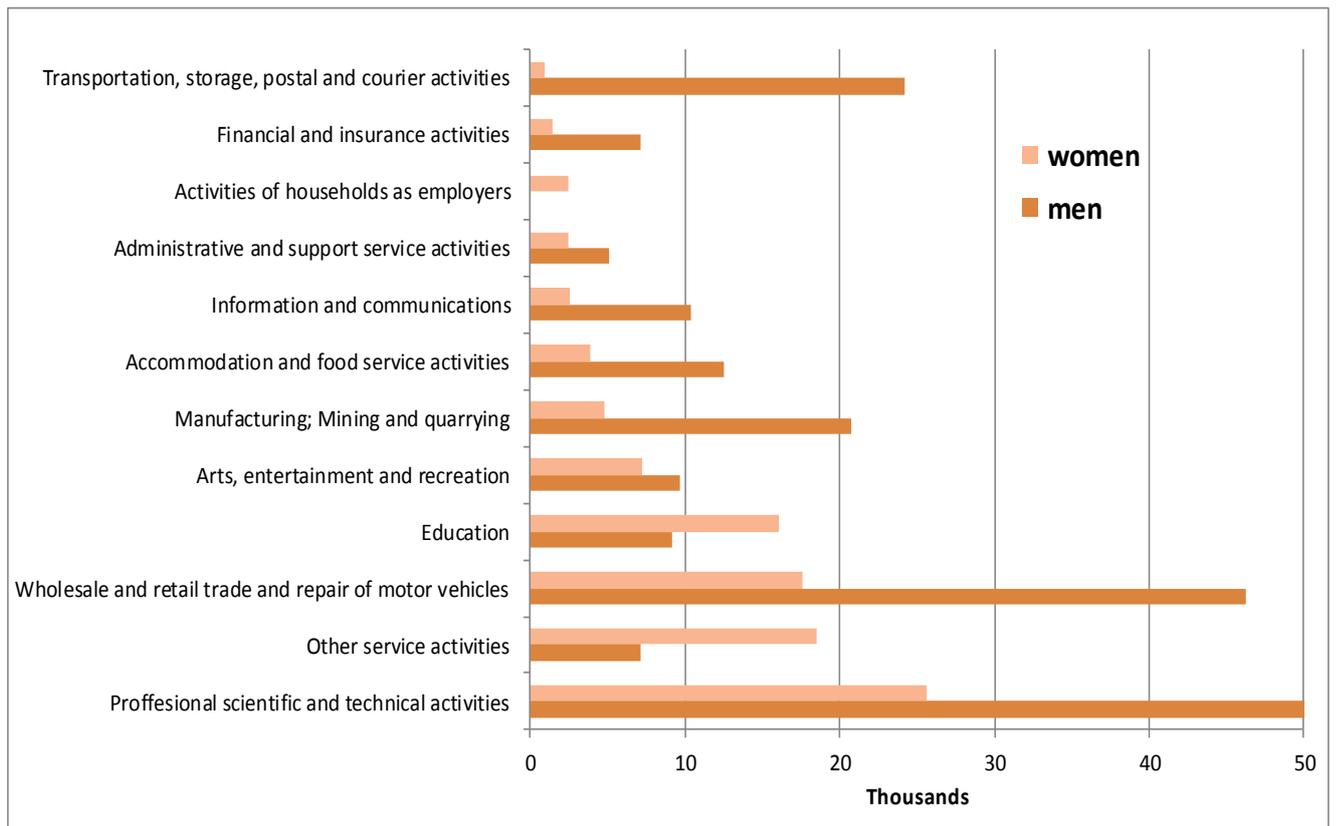
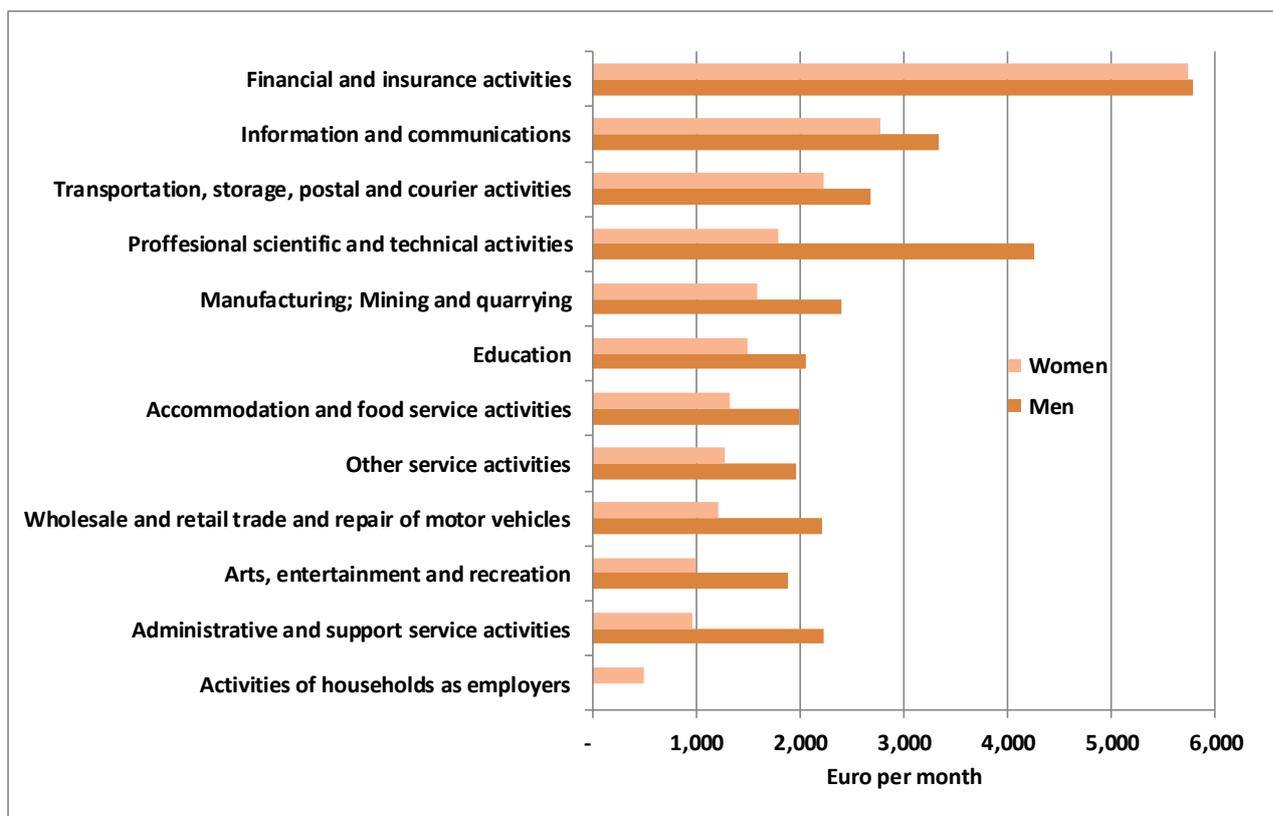


Figure 5: Monthly income of self-employed persons by sex and industry, euro, 2014



20. The gender income gap among the industries is extremely high in those service industries in which women are usually involved, such as human health and social work activities and education.

21. The gender gap is very high as well in other services such as professional, scientific and technical activities and administrative and support service activities. Surprisingly, in financial and insurance activities there is no gender income gap. This can be explained by the identical behaviour of both sexes in hiring people and initiative in this industry.

#### 4. Gender differences in work components of self-employment – number of employees and the income gap

22. Women usually do not hire workers. During the past decade, the number of women who are self-employed and do not hire workers has increased from 74% of the total self-employed women in 2003 to 82% in 2014. When women decide to be self-employed, they usually work from home, which has the appeal of time flexibility and being able to work around the schedule of their home and children (as mentioned previously in the industry based analysis). In comparison, men are more flexible in choosing a place to work and an industry in the labour market. Men generally do not work from home, so they do not have the limitations attributable to working from home.

23. To complete the picture, it can be seen that the gender income gap is extremely high among those who do not employ workers (more than 40%), and the gap declined to 11% when men and women have more than 3 workers in their own company.

Figure 6: Distribution of male and female self-employed persons, by workers employed 2003-2015

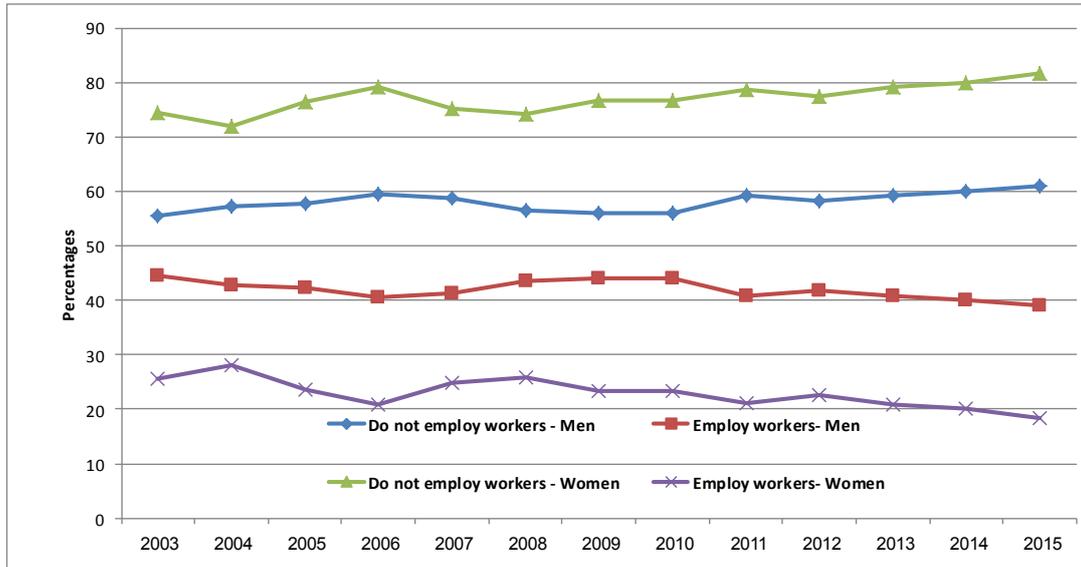
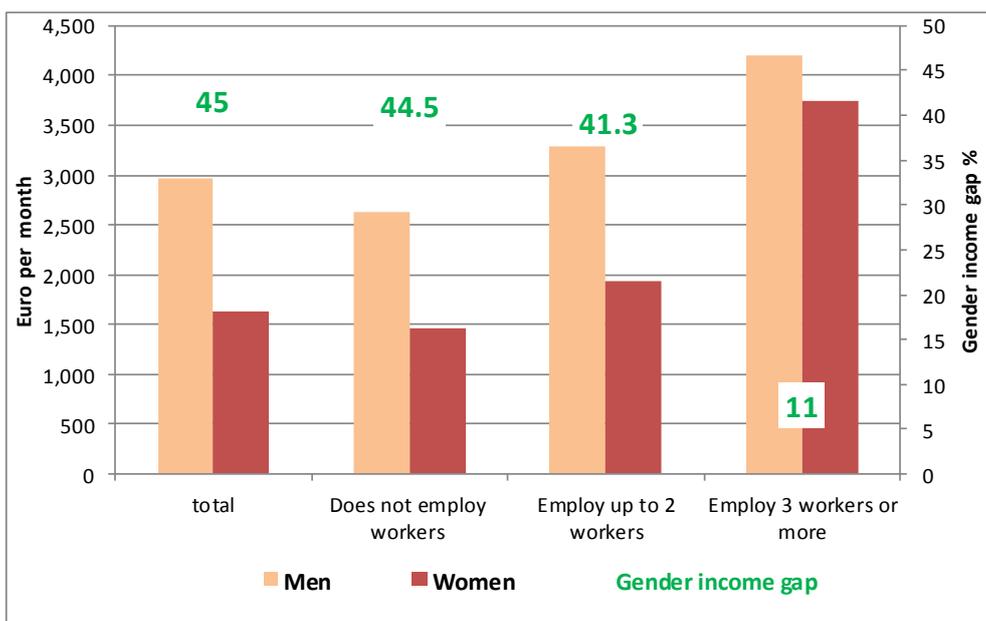


Table 1: Distribution of male and female self-employed persons, by number of workers employed

Total – 450,000 self-employed persons

Employ 3 workers or more	Employ up to 2 workers	Do not employ workers	Total	
84%	77%	63%	67%	Men
16%	23%	37%	33%	Women

Figure 7: Monthly income of self-employed persons, by sex 2014



## 5. Satisfaction from being self-employed

24. Self-employed women are satisfied from their work and occupation more than self-employed men and more than women employees. Self-employed persons are also more satisfied from their income than employees. We can see that the satisfaction has not changed over the last decade and has remained stable.

25. Of course, this also can be explained in accordance with the assumption that the choice to be self-employed helps women with their home - career conflict and that explains the high level of satisfaction from work. These women have no boss telling them what to do, they are free to set their own schedule and actually do their work with much more flexible terms.

Figure 8: Satisfaction from work by work status and sex, 2015

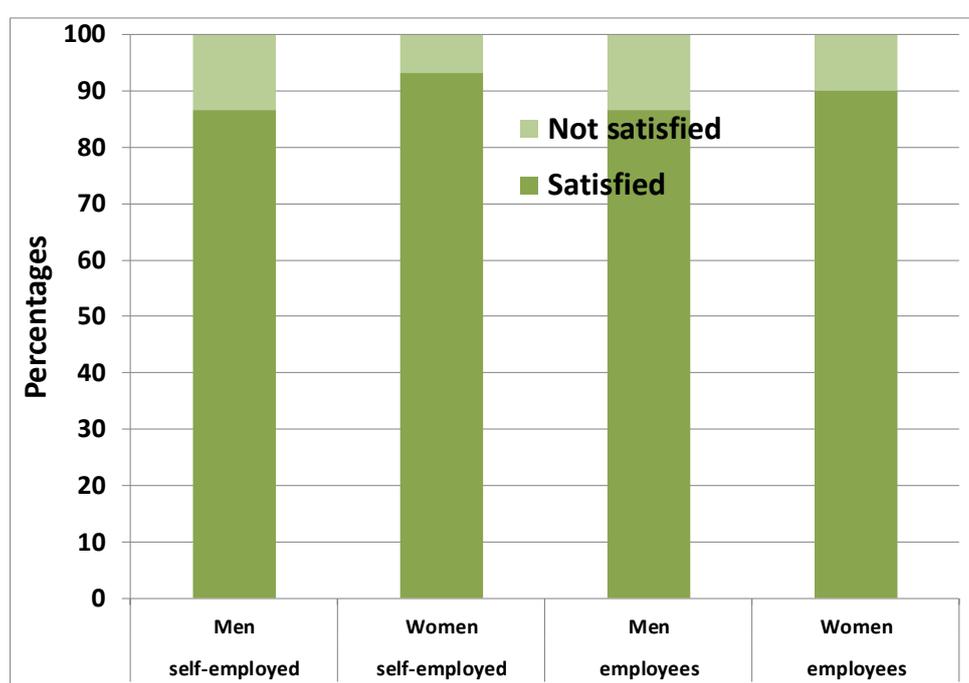
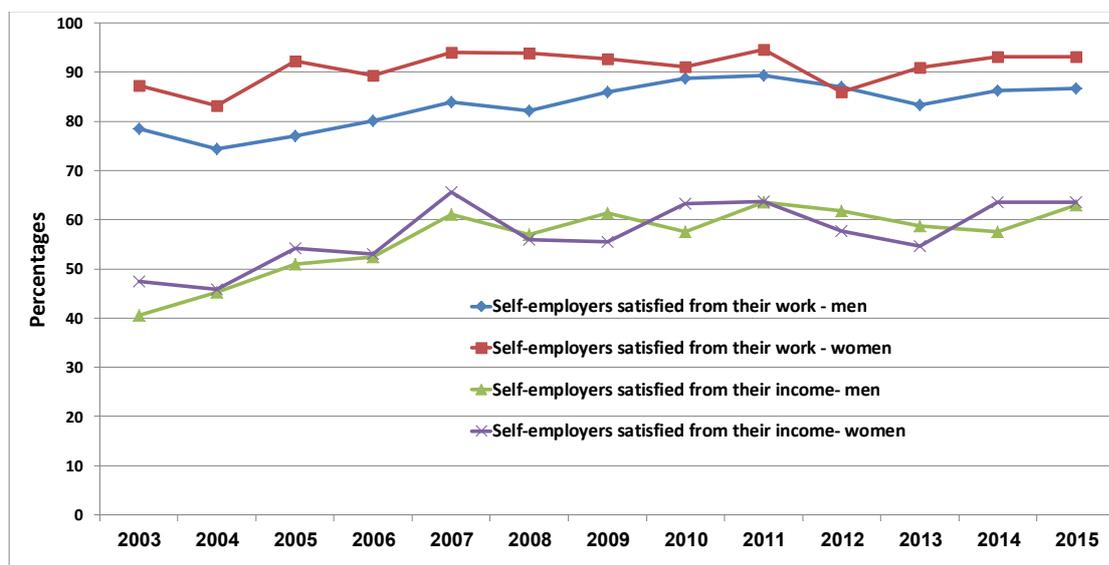


Figure 9: Satisfaction from work and income of self-employed persons by sex (very satisfied and satisfied), 2003-2015



## IV. Summary and Conclusions

26. The gender analysis of self-employed persons has an added value. The self-employment model is a good solution for the problems women face today as employees: It allows flexibility in terms of time and space, it brings a reduction in the costs of external facilities for childcare and allows women to avoid wage limitations compared with men. Due to these benefits of self-employed persons, as shown in the section on findings, in the past decade more and more women are becoming self-employed. Most of these women are older and married, and self-employment provides them with the chance to integrate into the labour market and society.

27. There yet remains gender disparity in the Israel self-employment market. Women tend to choose a field that is compatible with housework, whereas men have more flexibility, and are more likely to take risks and be entrepreneurs. For this reason, the gender income gap in the self-employment market is extremely high (even in comparison to the employee market).

28. The bright point is that when women enter the self-employment market as entrepreneurs, taking risks, and not in search of a comfortable job, they are successful in breaking the glass ceiling and the gender income gap becomes very small. Another bright point is that the data demonstrate that women desire to be in the labour market, in any event, and this illustrates the importance ascribed to economic independence by the modern world.

29. Unfortunately, the research on self-employment in Israel is limited, and is not well-recognized and appreciated by policy makers, especially from the gender perspective. There are few regulatory programs for small businesses in Israel and there is no encouragement to initiative and promote people in this field. Hopefully, this paper and others will increase the importance of developing this field in Israel, especially from the gender perspective.

## V. Further Work in Israel

- (1) Develop a multi variable regression to investigate the assumptions being brought this paper.
- (2) Publish an annual publication based on the self-employed person data that have been collected.
- (3) Expanding the data set of entrepreneurship.
- (4) International comparison.

## VI. References

- (1) Labour Force Survey Monthly, Israel Central Bureau of statistics, Publication No. 2016/02.
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