

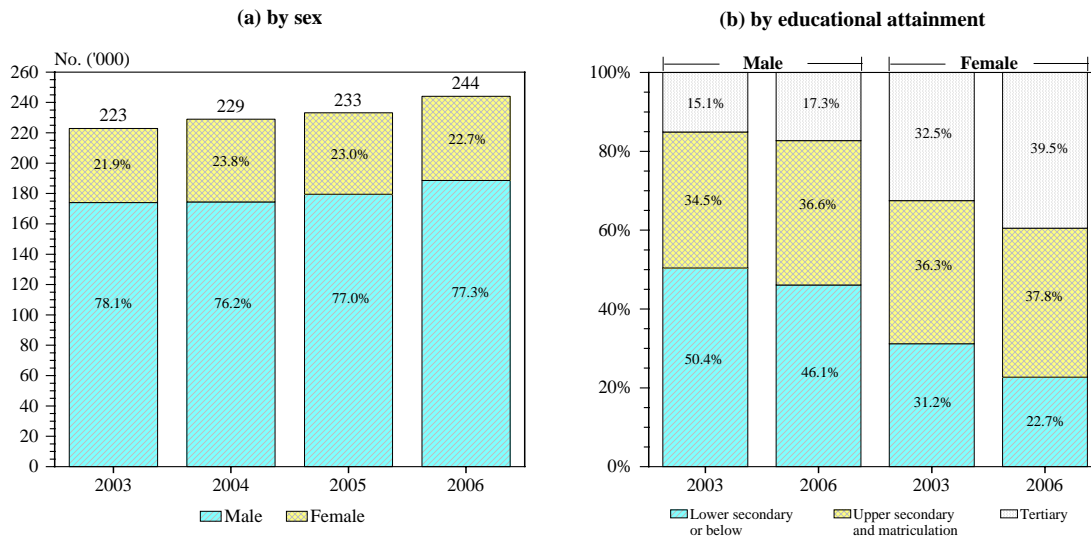
Box 5.2

Self-employment situation since 2003⁽¹⁾

Overall situation⁽²⁾

The number of people in self-employment rose from 222 900 in 2003 to 244 100 in 2006, in tandem with the improvement in overall employment situation. Their share in the total workforce however changed little, hovering at around 7.4-7.6% during the period.

Self-employment on a modest uptrend



Self-employment by sex and age

In 2006, 188 600 males and 55 500 females were self-employed persons (77.3% and 22.7% respectively of the total), up from 174 000 (78.1%) and 48 900 (21.9%) in 2003. Within the self-employed population, males generally had older age and lower education attainment than females. More specifically for males, the proportion of self-employed with tertiary education or above was 17.3% in 2006, distinctly smaller than that of 39.5% for females. This notwithstanding, the education levels of both sexes had improved over the past several years, at a pace faster than the total workforce. Analysed by age, people in the middle-age bracket of 35-59 accounted for nearly three-quarters (72.0%) of self-employment, far exceeding the corresponding share of 61.4% for total employment. These were the ones with better experience, work contacts and connections, which enabled them to take more risks as self-employed on more flexible terms. Also noteworthy was that about one-fifth (21.0%) of self-employed persons were working part-time, mostly on a voluntary basis. This was again larger than the share of 14.1% for the total workforce. Female workers, in particular, had a greater tendency to become part-timers, with as much as 35.7% of self-employed women being in such a status.

The 35-59 age group dominated the self-employment scene

| Age groups | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------------|-------|-------|-------|-------|-------|-------|
| 15-34 | 19.8% | 19.2% | 19.1% | 20.4% | 19.3% | 19.5% |
| 35-59 | 72.1% | 72.5% | 72.5% | 71.7% | 72.8% | 72.0% |
| 60+ | 8.1% | 8.3% | 8.5% | 7.9% | 7.9% | 8.5% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

(1) A self-employed person is defined as one who, in his/her main employment (the job on which he/she spent most of his/her time at the time of enumeration), worked for profit or fees in his/her own business/profession and was neither employed by someone nor employing others.

(2) Foreign domestic helpers are excluded from this analysis.

Box 5.2 (cont'd)***Education attainment and occupation category***

Of the total number of self-employed persons in 2006, 36.5% were in the higher-skilled category, up from 31.0% in 2003. Concurrently, the share of lower-skilled workers decreased from 69.0% to 63.5%. This trend was particularly apparent among females, for whom a notable reduction in lower-skilled work went hand in hand with the progressive upgrading in their education levels over the years. In terms of occupational profile, nearly one-third of males were self-employed as drivers and mobile machine operators in land transport activity, plausibly as taxi and truck drivers. As for females, a significant proportion of them worked as legal, accounting, business and related associated professionals like insurance advisers and agents, as well as own-account suppliers of a wide range of personal and professional services. Whereas a considerable proportion of females were also engaged as salespersons and models in the retail trade, the relevant share showed some decline over the period.

Share of top 3 occupation and industry subgroups among self-employed males, 2003 to 2006

| <u>Occupation – industry</u> | 2003 | 2006 |
|---|-------------|-------------|
| (1) Drivers and mobile machine operators – Land transport | 32.2% | 32.0% |
| (2) Legal, accounting, business and related associate professionals – Import/Export trade and Insurance | 13.8% | 13.7% |
| (3) Extraction and building trades craftsmen – Construction | 11.3% | 11.3% |

Share of top 3 occupation and industry subgroups among self-employed females, 2003 to 2006

| <u>Occupation – industry</u> | 2003 | 2006 |
|---|-------------|-------------|
| (1) Personal and protective services workers – Domestic and miscellaneous services | 22.9% | 23.2% |
| (2) Legal, accounting, business and related associate professionals – Insurance and Import/Export trade | 19.1% | 22.0% |
| (3) Salespersons and models – Retail trade | 21.5% | 14.6% |

Earnings of self-employed

Comparing 2006 with 2003, the median earnings of self-employed persons witnessed an across-the-board increase, whether in terms of gender, skill level or contractual arrangements. In 2006, the median earnings of these people engaging in higher- and lower-skilled jobs were \$13,000 and \$7,800 respectively, up from \$11,000 and \$7,000 in 2003. Meanwhile, the median employment earnings for all the higher-skilled and lower-skilled workers in the labour market were virtually static, at \$20,000 and \$8,000. Thus, by 2006 the earnings gap between the self-employed and other workers at the lower end had largely disappeared, while that at the upper end had progressively narrowed. The improved income for self-employed persons was probably one of the major reasons for increased self-employment in recent years.

Concluding remarks

There has been an increasing trend of workers at older age and with better skills and experience taking up self-employed jobs on a freelance basis since 2003, when such employment opportunities became increasingly available alongside the economic recovery. Concurrently, more and more females at younger age and with higher education levels joined in, say, as insurance advisers and agents. Apart from the economic ups and downs, some structural or institutional factors like implementation of the Mandatory Provident Fund Scheme since December 2000, the changing work arrangements in some trades and industries, etc. also played an important part in getting more people to become self-employed. Another development worth noting was that self-employment increased in number not only during the current phase of economic recovery, but also during the preceding economic downturn when more housewives and retrenched middle- to older-aged employees turned into self-employed workers to tide over the difficulties. To that extent, self-employment had helped to cushion the blow brought about by the economic setback to the local workforce.