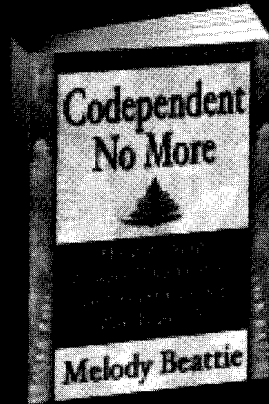
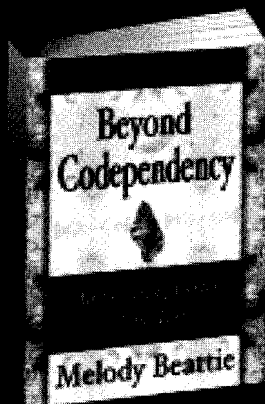


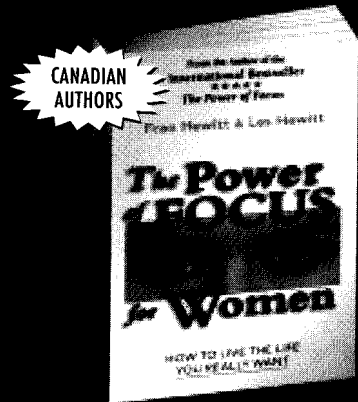
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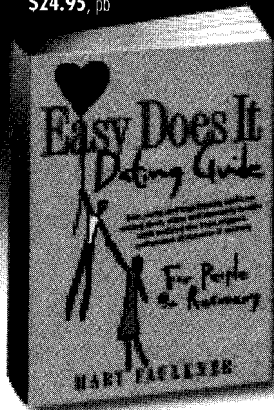


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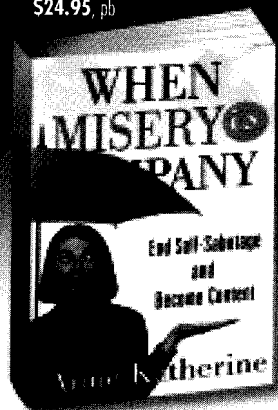


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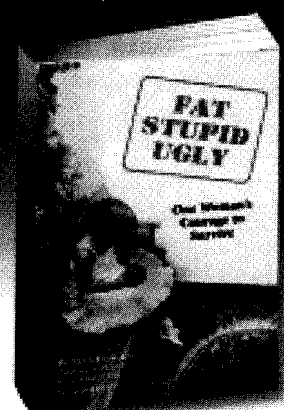
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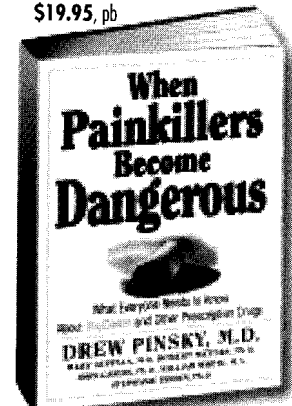
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Access to Health, Dental and Disability Benefits

The Experiences of Self-Employed Women

JUDY BATES

Les auteures utilisent les combats des professeures de l'Université York pour démontrer que maintenir les gains de l'équité salariale présente un problème quand des éléments biaisés entrent en ligne de compte lorsqu'il s'agit de déterminer la rémunération. Elles ajoutent que c'est la responsabilité des associations des facultés universitaires et des syndicats dans d'autres milieux de travail de surveiller l'infiltration des inégalités salariales, d'en documenter les conséquences sur les pensions et autres effets financiers et de tenter de les redresser en innovant au-delà de la législation.

One of the most striking features of the economic restructuring and social change experienced by the industrialized economies over the past three decades has been the growing prevalence of non-standard employment: part-time, short-term, temporary, and contract jobs and self-employment (Vosko, Zukewich and Cranford 2003; Krahn). The increase in these precarious jobs, associated with heightened competition resulting from processes of globalization and privatization, undermines the foundation for stable working-class and middle-class life in Canadian society. It has contributed to a large increase in income polarization, in gender inequities in the labour market, and in the number of workers who lack permanent employment and

the benefits that accompany that form of employment.

In Canada, the rise in the rate of self-employment has been particularly pronounced. Self-employment has contributed over one-quarter of all employment growth since the mid-1970s but the rate accelerated during the 1990s. Between 1989 and 1996, self-employment accounted for 75 per cent of all new job growth in Canada (Statistics Canada 1997), and by 2002 a total of 2.3 million, or more than one in six Canadian workers, were self-employed (Statistics Canada 2002).

Historically, the incidence of self-employment in Canada has been higher among men than among women, largely as a result of the high number of self-employed men in agriculture, but since the early 1990s women have been moving into self-employment in large numbers so that they now comprise about 35 per cent of the total self-employed work force, up from 26 per cent in 1976. Close to three-quarters of women in self-employment work on their own without paid employees. This form of self-employment, referred to as *own-account self-employment*, is responsible for most of the growth in this segment of the labour force in recent years (Gautier and Roy). Workers in this category fall into a wide array of industries and occupations ranging from the very highly paid independ-

ent consultant or contractor offering sophisticated business services to government and the private sector, to the self-employed woman making a meagre living by providing personal services such as homemaking, hair-dressing, domestic help, and childcare. Women in own-account self-employment are much more likely than men to be found in occupations in the poorly-paid personal services sector (Hughes).¹

Among the most significant disadvantages of being self-employed, in contrast to working in wage work, is the lack of access to a range of federal income support programs and company-sponsored benefits. Self-employed workers are not eligible for Employment Insurance (EI), and hence to maternity and parental leave, nor do they have access to company-sponsored extended health, dental and disability insurance, or company sponsored pension plans. They are also not covered by pay equity legislation. Thus, the self-employed work force must find alternative ways to support themselves through tough economic times, upon the birth of a child, and during periods of ill health and disability. In this article, I focus on the various strategies that women in own-account self-employment use to overcome the lack of company sponsored health-related benefits, one significant aspect of this labour market marginality.

The research is based on taped, semi-structured interviews with 57 women in own-account self-employment. The women recruited for this study lived in one of two cities: Halifax, Nova Scotia, and Kingston, Ontario at the time of the interviews. In each location, approximately equal numbers of own-account self-employed women in personal services

Women earn, on average, a very low income so despite the potential for losing the income from the business, and the business itself, most women perceive extended disability insurance as being beyond their financial means.

(including occupations such as hair stylists, child care workers, and fitness therapists), business services, such as environmental and management consultants, and commercial caterers, and the cultural industries (which include occupations such as artists, writers, musicians, publishers, and those involved in the film in the film industry) were interviewed to determine how women's experiences in own-account self-employment differ across industrial sectors and over space. Women were recruited for the study through business organizations and support groups for women in business, via notices posted in coffee shops, grocery stores, and doctors offices, by following up on newspaper advertisements, and by referrals from existing participants.

Women in own-account self-employment are among the lowest income earners in the Canadian labour force. Close to 50 per cent of the women in this study earned less than \$20,000 in 2002, a figure that is corroborated by other studies on income levels of this population (e.g.

Hughes; Delage; Statistics Canada).

About two-thirds of the participants in the study were married (or living in a common-law relationship) and many in this group had access to extended health and dental benefits through their partner's employer. Not all married women, however, were in this position. In two cases the married spouse was also self-employed, hence neither partner had access to these benefits. In another case, the married woman was the sole income earner in the household. The remaining one-third of the respondents were not married and either lacked coverage altogether or had found alternative ways of accessing these important benefits.

Women who do not have health, dental and extended disability insurance coverage through a spouse use a range of strategies to gain access to these benefits. Some women purchase coverage directly through insurance companies or through group membership in a business or trade organization. A more common strategy is to take a second job in an organization that provides these insurance benefits or, much more unusually, to make an arrangement with a business client to access the benefits:

I have one long-term client ... that I work one day a week for ... and it's an on-going thing, and when I negotiated my compensation for the work, I negotiated being attached to their plan. So, because my husband is self-employed, he doesn't have benefits, and for us to go out and purchase it through another organization or independently, it's so expensive. So they agreed to do that. They looked at it and said that if I was their employee they would have to pay CPP and EI, so this way they're making that saving. They agreed to put that saving towards paying for, or at least helping to pay, for that benefit. They're actually paying half my monthly premium and I pay the other half. I get health, dental, and long-term

disability insurance this way.
(Business services, Kingston)

This strategy is available only to individuals who sell a service to a business; it is not available to women in own-account self-employment who provide services for an end consumer, hence it is not an option for women in the personal services sector and nor is it available for the majority of people in the cultural industries for whom the final consumer is frequently an individual rather than a business.

Working in a second job is a more common strategy among own-account women to gain access to benefits. A small number of participants had found a way of gaining access to benefits through teaching a course at one of the universities or colleges located in Kingston and Halifax. The benefit plans are not part of the wage package for sessional employees of these institutions but they can be purchased by these workers. During the summer months, however, when there are no courses to be taught, the women found the cost of continuing coverage to be high.

At the time of her interview, one of these women was evaluating the merits of joining an organization, such as the local Chamber of Commerce, as an alternative method of accessing benefits. Membership in an organization is one route favoured by women as a way of obtaining extended health and dental coverage but there are significant costs associated with this strategy as one woman found out:

I actually joined the Chamber, partly due to the fact that they have a group plan that businesses can access ... but when I went to check it out, and this was the first year I was in business, it was going to be anywhere from \$75 to \$125 a month, depending on what benefits I wanted. I turned it down. I realized I couldn't afford it as a person just going into business.
(Business services, Kingston)

Another woman found that she could obtain insurance coverage through membership in a trade union:

I have access because just for fun I started acting, doing voice over work, acting in films on television, just to get out of the studio. I've got to be quite successful at it and got to be a full member of the union and with that I can buy into a very good health insurance plan—80 per cent and it covers acupuncture, health, dental and things like that.... I don't do very much acting now but the main reason I keep doing it is because they have the benefits. (Cultural industries, Halifax)

Insurance coverage for individuals and families is available through organizations such as Blue Cross. However, only one participant in the study had taken out health insurance through this organization and though she finds it expensive, it is not as expensive as the cost of the prescription drugs that she now requires. The majority of women, however, felt that the cost of extended health and dental coverage through this type of organization was more than they could afford. A frequent observation from these women was that it was just "too expensive." The problem of expense was particularly acute for women who had not been in business for long or whose income was low. Some who were more established in their business and whose income had increased, but who did not have insurance coverage, were considering purchasing it.

Fewer than ten per cent of respondents have disability coverage. Unlike extended health and dental insurance, which may be accessible through an employed spouse or other family member, disability insurance covers only the person who acquires it. Thus, it is not available through a spouse's workplace. As a result, the incidence of disability coverage is lower than health and dental cover-

age among the respondents in this study. This finding contrasts with those of a recent study on the broader self-employed workforce from Statistics Canada in which disability coverage was purchased more frequently than other types of insurance (Akyeampong and Sussman). The study, however, did not differentiate between self-employed people *with and without* employees and nor was there any breakdown by gender. Women in own-account self-employment earn, on average, a very low income so despite the potential for losing the income from the business, and the business itself, most women in own-account self-employment perceive extended disability insurance as being beyond their financial means. Typical comments were:

We looked into it, but it was too expensive. (Personal services, Halifax)

There is a plan through the clay and glass organization I mentioned earlier, but it's a prohibitive monthly expense and I haven't given it a second thought because it's just way beyond my reach. It's a nice idea but not accessible. (Cultural industries, Kingston)

There may be other hurdles in addition to the high cost of disability insurance that act as a barrier for individuals in own-account self-employment. Several women noted that access to this type of insurance is available only to people whose workplace is separate from their home. But the majority of self-employed women, particularly those working for their own account, are home-based:

Most companies that offer disability insurance will only offer it if you have an office. That's because if you claim an injury, they cannot prove whether you were working or not working if you are at home.... Apparently insurance companies didn't feel they have

any control over the people who are working out of their home, so a lot of companies decided it wasn't worth offering it any more.... (Business services, Halifax)

This self-employed woman is among the very few participants in this study who have disability insurance but, as she notes, she is forced to make significant trade-offs between the extent of her coverage and the cost of premiums:

The thing that I found hardest to get, for which I pay a lot, is disability insurance. I actually joined the Public Relations Society of Canada, an organization that I had no use for whatsoever and fees cost me about \$400 a year, just so I could get into a group plan. Didn't they just a year after I joined decide that most of their members belonged to corporations where they had this, so they decided they didn't need it any more and cancelled it. So Mutual of Omaha agreed to put me in a category and keep me covered. But the premiums go up every time you

"I had to cut back on the coverage that I was able to take. But you can't afford not to do it. If I'm in a car accident or I injure myself and lose the use of my hands I can't work.... I am forced to do without to pay those damn premiums."

reach major birthdays. It became extremely expensive and when it came to my 50th birthday they wanted to put the premiums way up. I had to cut back on the coverage that I was able to take. But you can't afford not to do it. If I'm in a car accident or something or I

injure myself and lose the use of my hands or whatever else, I can't work... But I am forced to do without to pay those damn premiums every month. (Business services, Halifax)

The lack of disability insurance coverage was widespread among all income groups, industrial sectors and in both locations, but it was most

with. Otherwise you'd make yourself crazy with worry. (Cultural industries, Kingston).

The need to sell the house should illness or disability strike was raised by several respondents, but other plans involved finding a job in wage work.

It's daunting. If anything hap-

that the cost of benefits is more than they are willing to pay simply do without. Most, in this situation, find that their lack of access is very stressful especially when children are present:

For several years I couldn't get any dental work done whether I needed it or not. I just couldn't get it done. The hardest part for me was that

"I have to keep those kinds of fears and anxieties in check ... I'm doing everything I can do and I'm working as hard as I can and it's all hinging on me and my good health. And when it does happen, I guess I'll have to sell the house or I'll have to deal with that when it happens."

keenly felt among those whose earnings fell below \$20,000. The cost of this type of insurance was a major obstacle for the majority of women in this study, though their lack of coverage left them feeling vulnerable to the possibility of a debilitating accident or illness. This was especially acute for women who were responsible for a major share of household income. Concern about their future health and security is uppermost in the minds of many of the women without access to benefits.

I have to keep those kinds of fears and anxieties in check because it's there, the lack of security, and I think, well, I've got this covered and that covered, and I'm doing everything I can do, and I'm working as hard as I can and it's all hinging on me and my good health. And when it does happen [illness or disability], I guess I'll have to sell the house or I'll have to deal with that when it happens. It's not as simple as being able to say, well, I'll just take a few months off and heal... There's an underlying anxiety in this choice of living that you have to have some philosophy about. You have to create a philosophy for yourself in order to make it something you can live

pens, you know. I've thought about that. This may be something that all has to come to a halt if something were to happen to me physically. Obviously I wouldn't be able to carry it. I'd have to go out and get a real job... I mean a job that gives you an income that you can rely on month-to-month and somebody else pays you whether you're at work or not. (Cultural industries, Halifax)

A less commonly stated strategy was to maintain good health through a healthy lifestyle of eating well and exercising regularly. Many individuals, however, had not developed any plans for the possibility of becoming incapacitated in some way that prevented them from earning an income from self-employment:

I mean the short answer is, I don't know what we'd do if I really got sick or injured. It's something that I have to say we talked about and never planned for. I mean we have savings and mutual funds but ... we've been very fortunate that we haven't had to think about it. We haven't had to deal with that. (Personal services, Kingston)

Not surprisingly, women who feel

I still had kids at home and they didn't have access to it either. That was the hardest to have to say I'm sorry but we can't have any of this stuff anymore. We can't even have basic health care, dental care, nothing. That was hard, very hard. (Business services, Halifax)

Others are more philosophical about their lack of access:

I hate to say this, but I haven't been to the dentist in three years, and you are supposed to have appointments every six months ... if it doesn't hurt, you don't get it looked after. (Business services, Kingston)

This sense of self-reliance is not uncommon among self-employed individuals, among whom are a few who feel that wage and salary workers have come to expect too much from their employers.

We're different, you know. People who are self-employed do what needs to be done regardless of how they are feeling as long as they can sort of muster up the strength to do it. I mean to do otherwise is to admit defeat. (Business services, Kingston)

The lack of access to health, dental, and disability benefits was of considerable concern to women in own-account self-employment. The cost of premiums is the major obstacle to obtaining coverage in all of these insurances, though it is most pronounced in terms of accessing disability insurance. Consequently, a higher proportion of women in own-account self-employment have extended health and dental benefits than have disability insurance. Yet many are aware of their vulnerability in not having disability insurance, both in terms of loss of income and the potential loss of their business, and would choose to take out this insurance if they could afford it. Women tend to be quite resourceful in finding ways of accessing extended health and dental coverage, but these options are much less readily available for obtaining disability insurance.

The findings from this study reinforce those from the recent study from Statistics Canada (Akyeampong and Sussman) in which they note a strong relationship between income and access to extended health and disability insurance among those whose income is low are much less likely than others to have access to health-related benefits. Not surprisingly, it is women who work in own-account self-employment generally, but particularly in personal services, who work long hours but earn a very low income. These women and, in many cases their children, are forced to carry the full burden of doing without extended health and dental care and the protection offered by disability insurance. In comparison with others in the labour force, they are highly marginalized and in an extremely vulnerable position.

There is an obvious need to redress these inequities through the establishment of a contributory benefits insurance plan which would allow all members of the labour force who currently are not in receipt of these benefits to purchase affordable coverage.

The recent growth in self-employment and other forms of precarious work has focused attention on the inequities that exist in the labour force. Each of the respondents in this study was doing much the same work that she would have done as a paid employee. They, along with all employees, are counted as participants in the Canadian labour force. It is only their lack of a wage or salary relationship with an employer that differentiates them from others doing the same work and receiving company-sponsored benefits and access to federal government support programs such as Employment Insurance, or the Canada Pension Plan. Their lack of these important workplace benefits serves to divide the Canadian labour force into two tiers of workers: those in the upper echelons who can expect to receive a high level of support through periods of sickness, unemployment, and disability, and those who are forced to find a way to support themselves during those difficult times, or do without. Women, particularly in own-account self-employment, and regardless of where they live in Canada and the industrial sector in which they work, are much more likely than men to be found in the second tier. Their situation highlights the growing gap in labour force policy and its highly differentiated gendered outcomes.

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¹In 1996, almost 40 per cent of women in own-account self-employment were concentrated in other services in comparison to only 14 per cent of men (Hughes 1999). Women are most likely to be found in the lowest paying segments of the service sector, in hair dressing, child care, sales and bookkeeping, while men are more likely to work in sales, carpentry and truck driving. Based on data from the Survey of Consumer Finances, Hughes shows that the average earnings of women in own-

account self-employment in 1996 was \$15,070. For men the comparable figure was \$25,346. This means that women in own-account self-employment earned only 59.5 cents for every dollar earned by a man in own-account self-employment. Similarly, women in own-account self-employment earned 55.6 per cent of the mean income of women in wage labour and just 37 per cent of the mean income of men in wage labour. This pattern of very poor earnings of women in self-employment was still evident in 2000 (Delage).

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