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# Gender Differences in Self-employment of Older Workers in the United States and New Zealand

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*This study examined differences in self-employment of workers age 50+ in the United States (N = 3,948) and New Zealand (N = 1,434). Separate logistic regression analyses were conducted by country and gender. For both U.S. men and women, lower income, higher wealth, and having an employed spouse increased the likelihood of self-employment. Older age, lower income, higher wealth, and household composition increased the odds of being self-employed for men in New Zealand. Women in New Zealand were more likely to be self-employed if they were in a blue-collar occupation, had higher household wealth, higher education, and did not receive pension income. Self-employment can enable older adults to remain in the labor force longer, thereby fostering continued productivity and engagement.*

*Key words: self-employment, cross-national, older workers, New Zealand, gender differences*

Recently, attention has been given to the self-employment of older adults. Yet studies of self-employment of older workers  
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have tended to either focus on older workers in general or on older men in particular, reflecting the employment patterns of prior generations when women's labor force participation rates were low (see Blanchflower, Oswald, & Stutzer, 2001 for a review). Consequently, little is known about how barriers and catalysts for self-employment may operate differently across gender. Also, little is known about how gender differences compare across political and cultural contexts. To address this gap in the literature, this paper examines gender differences in self-employment of workers aged 50 and above in the United States and New Zealand.

As industrialized, market economies engaged in global commerce, the United States (U.S.) and New Zealand (N.Z.) share several broad economic characteristics. Both countries offer varied employment options, including self-employment. In 2012, the two countries reported similar growth rates in industrial production (U.S. 3.2%, N.Z. 4.0%) and real Gross Domestic Product (GDP) (U.S. 2.2%, N.Z. 2.5%). In each country, the service sector leads employment (U.S. 79% and N.Z. 74% of the labor force) (U.S. Central Intelligence Agency, 2013). And, both countries face the same policy concern of identifying effective means of helping individuals attain and maintain economic well-being later in life. At the same time, the two countries have different histories and retirement systems, permitting policy comparisons to be made.

The divergent histories of the two countries (e.g., their relationships with the British monarchy, political structure) suggest that cultural differences exist. Pfau-Effinger (2005) argues that the ideas of a nation's social actors, which are the manifestation of institutional and social factors, influence the reciprocal effects of culture and policy. Gender is one of the most enduring social factors in the U.S. and N.Z., a fact that is particularly evident in differing economic opportunities for men and women and their uptake of self-employment. Pfau-Effinger asserts that cross-national explanations of differing policy effects have seldom factored in the influence of cultural differences. Considering this point, this research gives careful attention to the role the interplay of potential cultural and policy differences may play in gender inequalities in the effects of personal resources and demographics on levels of self-employment in the U.S. and New Zealand.

In both countries, continued engagement in the labor market is becoming an important factor in providing financial stability for older individuals. In recent years, improvements in health and increased longevity have made it possible for individuals to remain in the labor market beyond standard retirement age, either in their career occupation or in a new endeavor, such as self-employment (deBruin & Firkin, 2001; Organisation for Economic Cooperation and Development [OECD], 2011). Retirement can no longer be portrayed as a simple, single transition out of the labor market triggered by age or eligibility for pension receipt. Indeed, older individuals may go through a number of transitions, both in type of work and in time devoted to work before permanent exit from the labor market (Giandrea, Cahill, & Quinn, 2009; Moody, 2000; Quinn & Kozy, 1996).

Declining fertility rates have reduced the actual and projected ratio of younger workers to older adults. This decline has sparked considerable discussion regarding the sustainability of “pay as you go” public and private pension systems. As one response, in the U.S., the 1983 Social Security Amendments mandated a gradual increase in the standard retirement age from 65 to 67 for those born after 1937 (McSteen, n.d.).

Self-employment can be another option that helps older workers stay in the labor force longer. Self-employment offers older workers several advantages, including autonomy. Work hours can be flexible, and one can work independent of the direction and demands of others (Giandrea, Cahill, & Quinn, 2008). Those who have been self-employed in their career job are not subject to a mandatory retirement age (unlike workers in select occupations), so work can continue as long as desired. Older workers who transition from career employment to self-employment have often had the opportunity to amass both the financial and human capital needed to initiate and sustain their own businesses (Giandrea et al., 2008; Zissimopoulos & Karoly, 2007, 2009). Research on those transitioning to self-employment indicates that they want to control their lives and influence their environments; they are self-reliant (Kean, Van Zandt, & Maupin, 1993).

Barriers to entry for self-employment can be lower than for other work arrangements. However, self-employment also

carries a risk of financial loss if the business fails. Older individuals might not be able to recoup such losses. If other assets have been used as collateral for business loans, a business failure could be catastrophic. Married older self-employed workers who have an employed spouse have some "resource insurance" in a sense. In addition to having a steady income separate from their businesses, these individuals might also have access to work-related benefits, such as health insurance via his or her spouse.

Existing research on older workers points to a significant relationship between age and self-employment. The probability of being self-employed is higher for older workers as compared with younger workers (Blanchflower & Oswald, 1998; Blanchflower et al., 2001; Evans & Leighton, 1989; Fuchs, 1982; Quinn & Kozy, 1996). Giandrea, Cahill, and Quinn (2008) note that those who were self-employed in their career jobs tend to remain in the labor market longer than those who were employees. The relationship between age and self-employment appears to hold for ethnic minorities (Clark & Drinkwater, 1998) and cross-nationally (Blanchflower et al., 2001). To understand self-employment, it is necessary to understand the concept of income security and the policy context in which self-employment operates for the United States and New Zealand.

## Background

### *United States Retirement Income Sources*

In the U.S., retirement income sources have long been likened to a 3-legged stool (DeWitt, 1996). Each leg provides support, but no one leg was ever intended to be a sole support. The three legs are Social Security, employment-based retirement plans (which include defined benefit and defined contribution plans), and one's own savings. In recent years, continued labor force participation after the standard retirement age has been named the "fourth leg" of the "retirement stool." For some individuals, continued work is a financial necessity, due to inadequate savings, poor market performance of retirement savings, or an economic downturn. For others, work remains a creative outlet, continued because it remains pleasurable and engaging (Maestas, 2010; Sterns & Dawson, 2012).

Social Security forms a foundation for other retirement income sources and, for those with no or low additional resources, it provides an essential safety net. Social Security is a federal program available to all workers who have contributed into the Social Security system and meet the program eligibility requirements. To qualify for retirement benefits, 40 “credits” must be earned (or one must be the dependent of a qualified worker). Up to four credits can be earned per year (1 credit for each \$1,160 of earnings in 2013) (Social Security Administration [SSA], 2013a).

Benefit calculations are based on Social Security contributions made during an individual’s 35 highest earnings years, and the age at which benefits are claimed. Although Social Security retirement benefits can be claimed as early as age 62, early retirement permanently reduces monthly benefits for recipient and spouse (SSA, 2013b). Those who claim retirement benefits prior to their full retirement age can continue to work, but their retirement benefits are partially reduced if they earn more than a minimum amount (\$15,120 in 2013; the reduced benefits are credited to the worker and their monthly benefit is recalculated upon reaching full retirement age) (SSA, 2013c). Individuals can also continue to work past their full retirement age and delay claiming retirement benefits. In this case, they would receive delayed retirement credits up to age 70, resulting in an increase in monthly benefits of up to 8% per year of delayed retirement (SSA, 2013d).

In addition to Social Security retirement benefits, the Supplemental Security Income (SSI) program provides cash assistance to individuals who are age 65 or older and/or blind and/or disabled AND meet all of the following requirements: limited income, limited resources, legal U.S. resident, and not out of the country for more than 30 consecutive days (SSA, 2013e). Individuals do not have to meet the earned credit criteria in order to qualify for benefits, but if they are eligible for both retirement benefits and SSI, they can receive benefits from both programs.

### *New Zealand Retirement Income Sources*

New Zealand retirees also rely on a combination of retirement income sources. New Zealand’s two-tiered retirement

income system includes New Zealand Superannuation (NZS) and voluntary savings schemes that are government- or employer-subsidized (e.g., “Kiwisaver”) or unsubsidized (e.g., personal investments). Similar to the Social Security program in the United States, NZS is an anti-poverty program designed “...to provide an adequate basic level of income in retirement” (Cullen, 2003, p. 3695). It is available to all New Zealanders over 65, provided they meet minimum residency requirements. NZS is not means tested and is unrelated to previous earnings. The level of NZS received is adjusted for cohabitation and/or spouses’ eligibility. A cohabitating couple in which both individuals are eligible for NZS would receive 65% of New Zealand workers’ average weekly personal income, after tax (New Zealand Legislation, 2001). Home ownership is also an important feature of New Zealanders’ retirement wealth, with 83% of older adults owning their own homes (St. John, 2005). However, the reliance on home ownership for personal security and retirement income has been accompanied by a lack of other financial assets for a substantial proportion of lower- and middle-class New Zealanders (Skilling & Waldegrave, 2004). Employer-subsidized pension programs are present in N.Z., but only 14% of workers contributed to these public- and private-sector retirement income sources in 2005, and participation is steadily decreasing (St. John, 2005).

As in the U.S., some older adults in N.Z. continue to work either to supplement these sources of income, or for other reasons such as personal fulfillment. New Zealanders retiring before 65 must rely on their own economic resources (e.g., private pensions, savings) before they are eligible for NZS, or on unemployment or disability benefits if redundancy or poor health have forced them out of work. Unemployment and disability benefits are about 40% less than NZS (Work and Income New Zealand, 2013).

## Literature Review

### *Trends in Employment of Older Workers*

The U.S. Bureau of Labor Statistics typically defines “older workers” as workers age 65 and over, whereas the N.Z. Department of Labour uses age 55 and over. The difference in the definition of “older worker” means that it is difficult

to make simple, direct comparisons between the two countries. This difference must be kept in mind when reviewing published statistics on older workers in these two countries. Despite differences in definitions, some common trends and broad contrasts are evident between the two countries.

*United States.* In the U.S., employment of those aged 65 and older rose 101% between 1977 and 2007. Although those aged 75 and older were only 0.8% of all workers in 2007, they represented a 172% increase in employment for this age group over the 30-year span. Disaggregating the employment trend by gender, the percent change in employment of older women was almost twice that of older men over the same time period (147% versus 75%) (U.S. Bureau of Labor Statistics [BLS], 2008). According to the 2011 Current Population Survey, the majority of older self-employed individuals worked in non-agricultural industries (14% versus 4%) (U.S. BLS, 2012). Among older workers in agricultural industries, 73% were self-employed.

The percentage of self-employed workers increases with age. About 18% of workers age 65 and older are self-employed, as compared with 10% of workers age 55 to 64, 8% of workers age 45 to 54, and less than 7% for workers under age 45 (U.S. BLS, 2010). Further, among older self-employed workers, 65% were male and 35% were female (U.S. BLS, 2008).

*New Zealand.* Information on older workers in N.Z. was gathered in the 2008 Survey of Working Life (SoWL) conducted by the New Zealand Department of Labour (Boyd & Dixon, 2009). Fifteen percent of all N.Z. workers were age 55 to 64; 3% were age 65 and older. Survey findings portray the average older worker as male, native born, a rural resident, lacking higher education, and having an employed spouse or partner.

Detailed findings for age, gender, and self-employment are relevant to this study. Fifty-seven percent of all workers age 55 and older were male (Boyd & Dixon, 2009). The proportion of male workers was positively correlated with age. Among workers age 55 to 59, 54% were male. Between ages 60 to 64, 57% were male. Between ages 65 to 69, 59% were male. And, for ages 70 and above, 73% were male. The smaller proportion of female older workers could reflect gender difference in labor market opportunities. Or, it might be the result of cohort differences among women regarding preferences for time in the labor market versus the home, or caregiving



responsibilities. Workers in N.Z. age 55 and older were much more likely than workers at all ages to be self-employed (29% versus 18%; Boyd & Dixon, 2009).

About an equal percentage of self-employed older workers were involved in agriculture and fishery (23%) or were legislators, administrators, or managers (22%) (Boyd & Dixon, 2009). Older self-employed males were somewhat more likely than self-employed males at all ages to work as managers (24% of older men versus 20% for total men). Among all self-employed females, those who were older were more likely to be clerks (10% of older women versus 13% for total women) and less likely to be professionals (9% for older women versus 14% for total women).

About 70% of older self-employed individuals worked full-time, suggesting self-employment offered opportunity for flexible work schedules (Boyd & Dixon 2009). The percentage of part-time self-employed workers increased with age for both genders. However, among self-employed workers aged 55 to 64, females were much more likely than males to work part-time (43% versus 16%).

#### *Factors Associated with Self-employment*

Research indicates a number of factors that are associated with self-employment. Men with more assets have a higher probability of switching into self-employment (Evans & Leighton, 1989), whereas liquidity constrains movement into self-employment. Blanchflower (2004) suggested that those wanting to begin a business might work to build their assets, creating a correlation between assets and movement to self-employment in absence of capital constraints. Alternatively, a correlation between assets and self-employment could exist for adult children who inherit a family business. Blanchflower and Oswald (1998) also found a positive relationship between receipt of a gift or inheritance and probability of self-employment. Using the French Household Survey of Financial Assets, Laferrere and McEntee (1995) found liquidity constraints and family characteristics interact in the choice to be self-employed. Financial help from parents lessened liquidity constraints. The informal human capital that adult children of business owners developed from observing and being involved in a family

business throughout their youth was also an important contributor to the adult child choosing self-employment.

Laferrere and McEntee (1995) identified five types of self-employment: liberal profession (e.g., medicine and law), artisans (craftsmen), shopkeepers, managers, and other self-employed. Interestingly, they found that, except for professions such as medicine and law, higher education had a negative relationship with self-employment (e.g., for craftsmanship or shop keeping), regardless of family background. Sons of self-employed fathers were likely to earn a technical degree, presumably in line with their chosen trade. In contrast, more recently Karoly and Zissimopoulos (2004) found self-employment rates tended to increase with education. Most studies of self-employment have focused on the employment patterns of White males, however. Historically, both females and minorities have been underrepresented among the self-employed (Fairlie & Meyer, 1996).

The route to self-employment among older workers is varied. Some self-employed workers simply “age in place,” remaining active in a business they started years ago. Others may choose self-employment in an occupation either similar to or quite different from prior career employment. For still others, self-employment may provide an opportunity to remain in the labor market when health problems, labor market conditions, or discrimination might limit opportunity to secure work as an employee.

Based on previous literature, we examined whether the “resource model” (wealth, education, income, spousal employment) increased the likelihood of self-employment. The following hypothesis was tested: those with greater resources (higher wealth, higher education, higher income, and having an employed spouse) would be more likely to be self-employed than those with fewer resources. We then explored whether there were cross-cultural differences in the utility of the resource model for predicting self-employment of older men and women.

## Methods

### *Data*

This study employed data from 2010 from two secondary datasets: the Health and Retirement Study (HRS) and the New Zealand Longitudinal Study of Aging (NZLSA). HRS is a nationally representative study of non-institutionalized adults in the U.S. age 50 and over, together with their spouses, regardless of age, with oversamples of Blacks, Hispanics, and Florida residents (Institute for Social Research, 2008). Funding for HRS was provided by the National Institute on Aging and the Social Security Administration. We used version L of the HRS file prepared by the RAND Corporation (St. Clair et al., 2011). NZLSA is a nationally representative study of community-dwelling adults in N.Z. age 50-84 who were randomly selected from the N.Z. electoral roll. Funding for NZLSA was provided by the Health Research Council of N.Z. and the N.Z. Ministry of Research, Science and Technology. For inclusion in this study, U.S. and N.Z. respondents had to be age 50 or older, working full-time or part-time and be White or Black (U.S. sample) or N.Z. European or Maori (N.Z. sample). These criteria resulted in a sample size of 3,948 for the U.S. and 1,434 for New Zealand.

### *Measures*

*Self-Employment (Dependent Variable).* For HRS, those who were working were asked "Do you work for someone else, are you self-employed, or what?" (1 = self-employed, 0 = not self-employed). For NZLSA, respondents were asked whether they had personally earned income from "self-employment, or a business I own and work in" in the last 12 months (1 = yes, 0 = no). For both samples, those who were missing were recoded as zero.

*Resource Model Variables.* Individual earnings from all sources were summed and transformed using base 10 log transformation (after adding a nominal value of \$100 to each response) since data were non-normally distributed. For NZLSA, the household wealth measure was categorical, so data from HRS were recoded to match NZLSA categories: 1 = loss; 2 = 0; 3 = 1 - 5,000; 4 = 5,001 - 10,000; 5 = 10,001 - 25,000;

6 = 25,001 – 50,000; 7 = 50,001 – 100,000; 8 = 100,001 – 250,000; 9 = 250,001 – 500,000; 10 = 500,001 – 1,000,000; 11 = 1,000,001 – 1,500,000; 12 = 1,500,001 – 2,000,000; and 13 = 2,000,001 or more. Education was measured as a categorical variable, with data from HRS recoded to match the coding scheme of NZLSA (1 = less than high school, 2 = high school/general equivalence degree, 3 = some college/post-secondary, 4 = college graduate/tertiary education). Pension income was measured using a dichotomous variable (1 = receive pension income, 0 = no). Respondents were asked if their spouse was employed full-time or part-time (1 = yes, 0 = no or missing).

*Additional Variables.* Age was measured in years, and centered for model interpretation purposes by subtracting 50 from all values. For the U.S. sample, self-defined race/ethnicity was coded as 0 = White/Caucasian and 1 = Black/African American, whereas for the N.Z. sample, it was coded as 0 = N.Z. European and 1 = Maori. Gender was coded 0 = male and 1 = female. Occupation was recoded into a dichotomous measure (1 = blue-collar, 0 = white collar) based on current occupation, using data from longest or main occupation in cases of missing data. White collar occupations were sales, clerical, administrative support, professional, and managerial positions, while blue collar occupations included laborers, services, machinery operator and drivers, technician, and trades workers. Household composition was dummy coded into three variables (living with spouse, living with spouse and others, and living with others but no spouse), with the reference group of those who live alone. For self-rated health, respondents rated their overall health as excellent, very good, good, fair, or poor (higher scores = better health).

### *Data Analysis*

We began by running univariate analyses to examine data distribution. Next, we conducted correlations to examine bivariate relationships. Finally, we ran separate logistic regression models for the U.S. and N.Z. to address the research question. Listwise deletion was used to address missing data on the variables used for sample selection (age, race, and working) and the study variables.

Table 1. Descriptive Statistics for Study Variables

	U.S. Males	U.S. Females	N.Z. Males	N.Z. Females
	M (SD)	M (SD)	M (SD)	M (SD)
Age	65.59 (7.57)	63.15 (7.15)	62.33 (6.16)	60.46 (5.95)
Black/Maori	13.1%	15.7%	29.4%	26.0%
Blue collar occupation	44.8%	26.5%	51.7%	33.9%
Income	38314 (61K)	29626 (37K)	69926 (76K)	28869 (48K)
Household wealth	8.19 (2.79)	7.68 (2.78)	8.54 (2.38)	8.13 (2.59)
Education	2.86 (1.03)	2.76 (.96)	2.67 (1.09)	2.79 (1.07)
Less than high school	10.8%	8.8%	19.8%	15.7%
High school/GED	28.7%	34.0%	21.5%	23.1%
Some college/ post-secondary	24.5%	29.5%	30.2%	28.3%
College/tertiary education	36.0%	27.7%	28.5%	33.0%
Receiving pension	52.9%	43.3%	32.0%	24.0%
Spouse employed	42.9%	35.8%	63.6%	58.9%
Household composition				
Living alone	12.4%	21.2%	9.0%	17.6%
Living w/spouse	57.4%	43.8%	66.2%	57.6%
Living w/spouse and others	24.6%	17.8%	22.2%	18.6%
Living w/others but not spouse	5.6%	17.3%	2.7%	6.2%
Self-rated health	2.49 (.97)	2.57 (.92)	2.68 (.87)	2.82 (.84)
Self-employed	32.2%	18.5%	39.5%	28.1%

## Results

For both the U.S. and N.Z. males and females, most respondents were White (U.S.) or N.Z. Europeans, living with their spouse/partner, and had at least some college education. Further, most were working in white collar occupations (except N.Z. males), were not receiving pension income (except U.S. males), and were not self-employed. Table 1 presents the descriptive statistics for study variables for the U.S. and N.Z. samples.

For the U.S. sample, for both men and women self-employment was correlated with all study variables except spouse employment status (men only) and education (women only). In contrast, for N.Z. men, self-employment was only correlated with age, household wealth, pension income, and living with others (correlations of .15, .24, .12, and -.08, respectively, all  $p < .05$ ). For N.Z. women, self-employment was only correlated with occupational status, household wealth, spouse employment and living with a spouse/partner (correlations of .08, .21, .10, and .09, respectively, all  $p < .05$ ).

We conducted separate logistic regression analyses by country and gender to examine what factors predict self-employment. Odds ratios greater than 1.0 indicate factors that increase the likelihood of being self-employed, whereas odds ratios less than 1.0 reduce the likelihood. Consistent with our resource model hypothesis, higher wealth, higher education (men only), and having an employed spouse increased the likelihood of self-employment for men and women in the United States. Contrary to our hypothesis, we found that higher than average income decreased the odds of being self-employed. The model explained 58% of the variance for men and 48% for women in the U.S. sample, with 86.3% and 88.4% of cases being correctly classified, respectively.

For the N.Z. sample, the amount of variance explained was much lower: only 13% for men and 11% for women, and fewer predictors were statistically significant. Consistent with our resource model hypothesis, higher wealth (men and women) and higher education (women only) increased the odds of being self-employed in N.Z., but none of the other predictors supported our hypothesis. Table 2 (U.S.) and Table 3 (N.Z.) shows

the logistic regression coefficient, standard error, and odds ratio for each of the predictors, as well as model fit indicators.

Table 2. Logistic Regression Analyses for Variables Predicting Self-Employment for U.S., by Gender

	Men (N = 1,844)			Women (N = 2,104)		
	$\beta$	SE	O.R.	$\beta$	SE	O.R.
Age	.04	.01	1.04**	-.02	.01	.98
Black (1 = yes) <sup>a</sup>	-.07	.23	.93	-.27	.23	.76
Blue collar occupation (1 = yes)	-.34	.17	.71*	.32	.18	1.38
Income (logged)	-.65	.03	.52**	-.67	.03	.51**
Household wealth (categorical)	.22	.03	1.25**	.12	.03	1.13**
Education (categorical)	.18	.08	1.20*	.14	.09	1.15
Receive pension (1 = yes)	-.65	.22	.52**	-.07	.21	.94
Spouse employed (1 = yes)	.50	.16	1.66**	.49	.19	1.63**
Live in household with others <sup>b</sup>	.37	.36	1.45	-.22	.24	.80
Live in household with spouse & others <sup>b</sup>	-.33	.26	.72	-.52	.27	.60*
Live in household with spouse <sup>b</sup>	-.37	.23	.69	-.44	.22	.64*
Self-rated health (higher = better)	.07	.08	1.08	.20	.08	1.22*
Constant	1.86	.48	6.43	2.33	.47	10.28
MODEL FIT						
Adjusted R <sup>2</sup>	.58			.48		
Chi-square (df = 12)	978.57			745.70		
% correctly classified	86.3%			88.4%		

Note. O.R. = Odds ratios. <sup>a</sup>Reference group is White. <sup>b</sup>Reference group is living alone. \*  $p < .05$ . \*\*  $p < .01$ .

Cross-national comparisons combined with gender-based comparisons within each country shed further light on how

differences in cultural and political systems may interact to influence self-employment. Results indicated that working in a blue-collar occupation was a significant predictor of self-employment for N.Z. women (O.R. = 1.88), while it reduced the likelihood of self-employment for U.S. men (O.R. = .71). In contrast, receiving a pension was a predictor of not being self-employed for N.Z. women (O.R. = .58) and U.S. men (O.R. = .52), but was not a statistically significant predictor for U.S. women or N.Z. men.

### Discussion

Our demographic results found that respondents in both countries were, on average, between age 60 and 65, and rated their health as good to very good. These characteristics suggest workers may consider the leisure/work trade off in the context of their life expectancy and their current level of strength. That is, those who rate their health as good may choose to continue working, expecting to live long enough to still have time to enjoy leisure with a later labor market exit.

In the U.S. and N.Z., female workers appeared to have relatively fewer economic resources. On average, they had lower income, were less likely to receive a pension, and were less likely to have an employed spouse. Regarding income, it is noteworthy that the income disparity between male and female workers in N.Z. is almost 2.5 to 1, much higher than the 1.3 to 1 ratio observed between male and female workers in the United States. Wealth was measured in categories, so smaller disparity between groups was observed. Within each country, men reported a somewhat higher level of wealth than women. Comparing countries, N.Z. workers reported somewhat higher levels of wealth than their American counterparts.

Within each country, women were more likely than men to work in a blue collar occupation. This result probably reflects the typical occupational choices and social norms regarding employment for this cohort of workers. Men in each country were more likely than the women to engage in self-employment. This result could reflect a greater willingness of men to take on the risks inherent in self-employment, a larger resource base to buffer business loss or failure, or a greater opportunity for men to engage in entrepreneurial ventures.



Table 3. Logistic Regression Analyses for Variables Predicting Self-Employment for N.Z., by Gender

	Men ( <i>N</i> = 712)			Women ( <i>N</i> = 722)		
	$\beta$	SE	O.R.	$\beta$	SE	O.R.
Age	.06	.02	1.06**	<-.01	.02	1.00
Maori (1 = yes) <sup>a</sup>	.01	.18	1.01	-.10	.21	.90
Blue collar occupation (1 = yes)	.22	.18	1.25	.63	.19	1.88**
Income (logged)	-.10	.05	.90*	-.08	.05	.93
Household wealth (categorical)	.25	.04	1.29**	.20	.04	1.22**
Education (categorical)	.03	.08	1.03	.16	.09	1.17
Receive pension (1 = yes)	.03	.24	1.04	-.55	.28	.58*
Spouse employed (1 = yes)	.18	.20	1.19	-.09	.24	.91
Live in household with others <sup>b</sup>	-1.43	.71	.24*	.14	.46	1.15
Live in household with spouse & others <sup>b</sup>	-.07	.36	.93	.36	.37	1.43
Live in household with spouse <sup>b</sup>	-.47	.32	.62	.52	.32	1.69
Self-rated health (higher = better)	.03	.10	1.03	.01	.11	1.01
Constant	-2.31	.74	.10	-2.67	.75	.07
MODEL FIT						
Adjusted R <sup>2</sup>	.13			.11		
Chi-square ( <i>df</i> = 12)	72.90			57.86		
% correctly classified	65.3%			72.9%		

Note. O.R. = Odds ratios. <sup>a</sup>Reference group is NZ European. <sup>b</sup>Reference group is living alone. \*  $p < .05$ . \*\*  $p < .01$ .

Having less than a high school education was more common in N.Z. than in the United States. In both countries, workers typically had at least a high school diploma or GED. Having a high school diploma or GED as a terminal degree was more common in the U.S. than New Zealand. In the U.S., more

female workers than male workers completed high school, but more males than females completed college. Conversely, in N.Z., more female workers had completed college, whereas more male workers had stopped with just some college.

Results of the multivariate analysis indicate that, within each country, the factors associated with self-employment were different by gender. In the U.S, predictors of self-employment for men were consistent with previous research: age (Blanchflower et al., 2001), wealth (Evans & Leighton, 1989), education (Karoly & Zissimopoulos, 2004), and occupation (Laferrere & McEntee, 1995). In contrast, women shared only wealth and spouse employment with men as significant factors. For them, age, occupation, and education did not matter, but income, living arrangements, and self-rated health did. In N.Z., it was age, income and living arrangement that mattered for men, but it was occupation, wealth and pension receipt that mattered for women.

The strongest predictor of self-employment in N.Z. was relatively higher levels of household wealth. However, lower income was only associated with self-employment for men and the effect was small. Occupation had no bearing on men's self-employment, but self-employed female workers were slightly more likely to be working in blue-collar occupations.

The influence of age, ethnicity, and household wealth was consistent across countries and was reasonably consistent across genders within each country. Self-employed workers, regardless of their gender or where they resided, tended to be older, wealthier, but also originating from both majority (White/N.Z. European) and minority (Black/Maori) ethnic backgrounds. Model fit was considerably better for the U.S. data as compared with the N.Z. data (adjusted  $R^2$  for U.S. men and women was .58 and .48, respectively; adjusted  $R^2$  for N.Z. men and women was .13 and .11, respectively). The small amount of variance explained in the regression analysis for the gender-disaggregated N.Z. data suggests we know little of what factors are associated with self-employment in New Zealand.

Overall, the findings suggest a complex interplay between cultural (e.g., gender differences) and retirement policy across the two countries, supporting Pfau-Effinger's (2005) argument that cultural and political practices are inextricably linked. For

N.Z. women, a higher status occupation and pension receipt reduced the likelihood of self- versus non-self-employment. However, occupation and pension receipt had no impact on N.Z. men's self-employment. For U.S. men, lower occupational status and pension receipt predicted lower rates of self-employment. However, there were no such effects for U.S. women. Finally, lower personal income was a stronger predictor of self-employment in the U.S. than New Zealand. However, the effects of personal income did not vary according to gender in either country. Interpretation of these findings necessitates the consideration of gendered practices and opportunities, policy differences, and role of financial and non-financial reasons for self-employment. Research suggests that some women may seek to extend their working career to fulfill work-based ambitions that were disrupted by child bearing and family commitments (Han & Moen, 1999). In addition, women are far less financially prepared for retirement as compared with men in both U.S. and N.Z. (Han & Moen, 1999; Noone, Alpass, & Stephens, 2010) and may need to work longer to generate sufficient retirement wealth.

At face value, self-employment may provide the opportunity to fulfill women's (and men's) non-financial and financial goals, particularly in the absence of other employment opportunities. However, findings show that in N.Z., opportunities for women's self-employment are more likely to occur in lower status occupations. The fact that women's self-employment declined with universal pension entitlement suggests that their self-employment is perhaps more out of financial necessity rather than for non-financial reasons. In contrast, N.Z. men appear to not face the same occupational disadvantages in terms of self-employment. Their pursuit of self-employment regardless of pension entitlement and associated lower income suggests that men's self-employment may be more for non-financial than financial reasons—perhaps due to greater opportunity to generate wealth across the life course. This result provides some evidence that women face occupational barriers to self-employment and suggests that New Zealand's universal superannuation scheme is a vital financial safety net, particularly for women.

In the U.S. opportunities for women's self-employment

did not depend on occupational class and did not decline with pension entitlement. Although this suggests that self-employed U.S. women are more advantaged than N.Z. self-employed women—at least in terms of occupation—they face different pension-related decisions. While self-employed N.Z. women tend to work in blue-collar occupations, they have the benefits of a high rate of home ownership and receipt of a universal pension that is not influenced by their other earnings beyond standard income tax deductions. Self-employed U.S. women work equally in blue- and white-collar occupations, but face pensions based on earning history, and may therefore have to work longer to generate sufficient retirement wealth.

Policy differences could also be driving decisions to be self-employed. As New Zealanders cannot receive a pension until age 65, being self-employed may be the best work-based option (e.g., the most flexible) until they reach retirement age. In contrast, early access to retirement income in the U.S. via early receipt of Social Security or pension or early use of one's own financial resources allows workers earlier access to retirement, potentially self-selecting them out of the sample. Although further research is needed to elucidate these findings, it is evident that policy and cultural differences interact to influence self-employment behavior. As such, research that focuses on culture or policy may not be sufficiently equipped to understand why some individuals work in self-employment while others do not.

It is important to acknowledge the limitations of this study. First, self-employment positions can vary greatly (e.g., accounting consultant, grocery store owner, plumber, hair dresser, farmer), and our blunt measure of occupation (white or blue collar) does not capture this diversity in positions very well. Second, many forms of self-employment require a social network and networking skills rather than start-up funds. This fact is not captured by the resource model, which focused on economic resources alone. Finally, this is a cross-sectional study that examines the factors associated with self-employment, rather than transitions to self-employment or length of time in which respondents were self-employed. Longitudinal studies could disentangle relationships, such as whether lower income encouraged self-employment, or whether self-

employment tended to yield lower incomes than working for others. There have been longitudinal studies conducted about predictors of transitioning to self-employment in the U.S. (e.g., Zissimopoulos & Karoly, 2007, 2009), but not in New Zealand.

Results of this research suggest that the traditional barriers to self-employment for older workers are not operating in New Zealand to the same extent as the United States. This fact is important when considering how best to promote self-employment across the two countries. For instance, the small association between self-employment and socioeconomic status, gender and age suggests that a promotional initiative could be equally effective across a broad range of older workers. However, it is important to note that there may be other factors affecting self-employment that are not considered here.

Based on our findings that resources do matter for self-employment ventures in the U.S., American policy makers could reduce barriers to self-employment by offering and promoting small business loans for start-up costs. If older adults delay claiming Social Security benefits, and remain in the labor force and continue paying taxes, some of the pressure on the Social Security retirement system would be reduced. Given most of the predictors for New Zealand were not statistically significant, recommendations for policy interventions would be premature.

## Conclusion

In conclusion, this study addressed gaps in knowledge regarding self-employment of older adults. Our results indicate that there are both gender and cross-national differences in predictors of self-employment between the United States and New Zealand. There are non-financial benefits of employment, including stimulation and enjoyment (AARP, 1999), better physical health (Curl & Townsend, 2013), and better mental health (Dave, Rashad, & Spasojevic, 2008). If employment is expected and desired in later life, efforts that promote flexible work situations, such as those offered by self-employment, may encourage older workers to maintain their productive engagement.

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