Chosen aspects of self-employment of Polish women in the United States of America

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ABSTRACT

Modern economies create and support entrepreneurship that benefits not only regional development, but also local development. One of the most characteristic symptoms of creativity and entrepreneurial mindset is self-employment. It is a growing phenomenon OECD’s area. Self-employment is said to be an important source of employment in the United States of America. In 2015, 15.0 million of people, which is 10.1% of the total employment, run their own businesses. The Fiscal Policy Institute Report shows that Poles rank 10th among immigrant small business owners in the USA. Although self-employment rates are higher for men than women, the number of business women gradually increases and contributes the economy in terms of jobs, innovations and gross domestic product. Polish females as owners of small businesses in the USA play an indispensable part in the process.

Keywords: self-employment, female’s entrepreneurship, economic and social development of regions.

INTRODUCTION

Currently, the global economy is being defined as a single market connected by mutual relations of its subjects. The role and importance of the sector of small and medium-sized enterprises in shaping national economies cannot be underestimated. Modern economies support and create entrepreneurial attitudes, which are effective for not only regional but also local development. One of the quintessential manifestations of creativity and entrepreneurship is self-employment. The national self-employment rates not only affect employment and unemployment but also are proof of the development of entrepreneurship (Startiene et al., 2013). It is a growing phenomenon in the OECD area, mainly due to increased outsourcing and flattening of management structures and the size of big companies (Singer et al., 2015).

The differences between entrepreneurship indicators between countries are significant. Self-employment rates viewed against general employment rates fluctuate between 6.8% in Slovakia and 68.6% in Cameroon. The registration of new companies varies from 2.4% in Haiti to 19% in New Zealand (World Bank, 2008). In the countries with low and medium income, there are far more business start-ups than in those with a static growth, typical of rich countries. Moreover, considering the involvement of women in setting up businesses, the disproportions between the countries are vast. In the developing countries, women are much more willing to run their own businesses (headed by African countries such as Zambia, where 40% of women have their own companies) (Global Entrepreneurship Monitor, 2013 Global Report). The number of women entrepreneurs worldwide is gradually growing yearly. However, it is still true that women have a faint possibility of making decisions and participating in management, which is often the result of the necessity to achieve a work-life balance.

According to statistics, only 30% of women are self-employed as the owners of micro- and small businesses and as a result of which the potential for economic growth is not being fully exploited. This is corroborated by Revenga and Sudhir (2012). It is their view that the socio-
economic development cannot be achieved without the active involvement of women in all aspects of life. This is why it is important to promote gender equality in business. Despite a growing significance of women's entrepreneurship, this phenomenon is still insufficiently researched and poorly documented (Baker et al., 1997; de Bruin et al., 2006, 2007).

The aim of this paper is to analyze the self-employment among Polish female immigrants in the USA as a crucial issue from an economic point of view, and also as an important social phenomenon. This will be achieved by the theoretical analysis of the literature on the subject as well as, the author's own research into the issue (research no PBw.41.13.15).

Self-employment as a special form of pursuing economic activities

Self-employment is often perceived as a kind of economic activity of varied origin. At present, it does not have one unequivocal, generally accepted definition. In the European Union, there is no definition which would allow for a precise distinction between those self-employed in bona fide, actually working as self-employed and those who are forced to self-employment. Each competent authority and institution applies its own legal and regulatory framework, which can differ depending on the scope of their responsibilities and the field of their policy (European Social and Economic Committee, 2013). Generally, the notion of "self-employed" refers to those who, alone or with a partner, pursue economic activities, own a business or work freelance (https://www.ssa.gov/pubs/PO-05-10022.pdf). The EU member states have striven to formulate a single definition which would enable the distinction of hired laborers and self-employed workers according to the previously specified criteria.

In view of the complexity of cases, these countries often have practical problems forming a definition and deciding on it. The very status of being self-employed is perceived differently in the EU member states. In some of them (the Netherlands), this notion is referred to those who are self-employed mainly as sub-contractors of other enterprises. In other member states (France), it is reserved for the entrepreneurs who are not employed by their own company; they can either employ workers or not (Singer et al., 2015). Here, self-employment is not limited to sub-contracting as consumers can also be clients. The issue of varied definitions of employment and self-employment is of significant importance from the point of view of the labor law, the social security and tax regulations (European Social and Economic Committee, 2013). In the USA, the basic form of entrepreneurial activity aktywnośćprzedsiebiorczej – a one-person business – suggests that only the owner can be involved. Meanwhile, within this framework, an entrepreneur may employ even a few hundred workers. On the other hand, a limited liability company, which suggests a larger scale of business, may operate without employees (Cieślik, 2014). Apart from the basic form, the self-employed usually choose from two types of corporations (a joint stock company), that is, the so-called C-corporation and S-corporation, and the so-called limited liability company. The distinction is due to tax reasons and the increased possibility of obtaining capital (https://usa.trade.gov/pl/.../174721, formy-prowadzenia-dzialalnosci-gospodarczej.htm). Considering these definitions, one can positively assess the potential significance of self-employment in any economy.

Self-employment of women in the USA – tendencies

The United States (83.4 points) according to the Global Entrepreneurship Index 2017 Report are unchangeably a leader which measures the health of entrepreneurship ecosystems in each of the 137 countries of the Global Entrepreneurship Network (GEN). The methodology involves factors such as entrepreneurial attitudes, abilities and aspirations of the local population and the prevailing social and economic infrastructure. The index is used to diagnose the key challenges connected with the development of entrepreneurship. The ranking list is as follows: Switzerland, Canada, Sweden, Denmark, Iceland, Australia, the United Kingdom, Ireland and the Netherlands. European countries dominate the list, including inter alia three Nordic countries. The top Asian countries are Taiwan (ranking 16th), Singapore (24) and Japan (25). Poland ranks 31st (46.6 points) (Global Entrepreneurship Index, 2017).

Self-employment continues to be an important source of jobs in the United States. In 2015, 15.0 million people, or 10.1% of total USA employment were self-employed, including those who had incorporated their businesses and those who had not. Of all the self-employed, 9.5 million were unincorporated and the remaining 5.5 million were incorporated (https://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/home.htm).

The Fiscal Policy Institute Report shows that Poles rank 10th among immigrant small business owners in the USA. The survey considered only first-generation immigrants or foreign-born. The Poles are behind other nations whose number in the USA is much higher, for example, Mexicans, immigrants from India, China, Vietnam or Korea. Those born in Poland who currently live permanently in the USA own nearly 17,500 small businesses. The survey covered all immigrants apart from those of the Polish origin but USA-born (Fiscal Policy Institute, 2012). Therefore, it can be assumed that the actual number of "Polish” businesses in the United States is slightly higher. The self-employment rates or the percentage of general employment rates
The leading comparison male employees, compared with 66 that level over the 2011 satisfying or poor health level in comparison with good of employed compared with the self

In 2012, one in three self-employed women to work in occupations that have large proportions compared with 2.3 incorporated self-employment rate decreased from 8.7 to 6.4. The long-term fall in unincorporated self-employment reflects the partial drop in agricultural employment, where a large share of workers were self-employed. On the other hand, the decline in the unincorporated self-employment rate might reflect a general increase in the likelihood of businesses to incorporate. From 1994 to 1999, the share of total employment made up by the incorporated self-employed ranged from 3.2 to 3.5%. Over the 2000 to 2008 period, this rate rose from 3.3 to 4.0%, only to fall to 3.7% in 2010 and remain at that level over the 2011 to 2015 period (https://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/home.htm).

Self-employment rates are higher for men than women. The State of Women-Owned Businesses Report of March, 2014 commissioned by the American Express OPEN showed that the USA women own over 9.1 million businesses or 30% of all companies, which employ 7.9 million people. Their joint income was 1.4 billion dollars. The Report based on the data from the US Census Bureau also reveals that since 1997 the number of businesses owned by women has increased by 68%. The leading states are Georgia, Texas, North Carolina, Nevada and Mississippi.

In 2015, there were 7.4% of men among unincorporated self-employed, compared with 5.2% of women. The incorporated self-employment rate for men was 4.9%, compared with 2.3% for women. Men are more likely than women to work in occupations that have large proportions of self-employed workers, for example, in construction occupations and in management occupations (https://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/home.htm). In 2012, approximately one in three self-employed people was a woman. After the increase in the number of self-employed women from the 1970s to early 1990s, the rate of self-employed women compared with the self-employed men was relatively low, around 35%. In 2012, 1 in 14 employed women was self-employed as compared with 1 in 12 women in 1993 (Table 1).

Approximately, 34% of self-employed women in 2012 were 55 years old or older, which is almost 13% more in 1993. In comparison with hired laborers, the self-

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**Table 1: The share of women in the self-employment sector.**

<table>
<thead>
<tr>
<th>Year</th>
<th>General employment</th>
<th>Self-employed</th>
<th>Wage-earners</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Number in thousand</td>
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<td></td>
<td>percentage of women</td>
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<td>percentage of women</td>
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<tr>
<td>1993</td>
<td>125,066</td>
<td>46.7</td>
<td>13,173</td>
</tr>
<tr>
<td>2012</td>
<td>151,091</td>
<td>47.4</td>
<td>14,204</td>
</tr>
</tbody>
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dropped within the last two decades. In 1994, the self-employment rate was 12.1%; by 2015, it declined to 10.1%. From 1994 to 2015, the unincorporated self-employment rate decreased from 8.7 to 6.4%. The long-term fall in unincorporated self-employment reflects the partial drop in agricultural employment, where a large share of workers were self-employed. On the other hand, the decline in the unincorporated self-employment rate might reflect a general increase in the likelihood of businesses to incorporate. From 1994 to 1999, the share of total employment made up by the incorporated self-employed ranged from 3.2 to 3.5%. Over the 2000 to 2008 period, this rate rose from 3.3 to 4.0%, only to fall to 3.7% in 2010 and remain at that level over the 2011 to 2015 period (https://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/home.htm).

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Approximately, 34% of self-employed women in 2012 were 55 years old or older, which is almost 13% more in 1993. In comparison with hired laborers, the self-employment sector has a higher percentage of Caucasians; however, this ratio fell dramatically between 1993 and 2012, especially with reference to self-employed women. In this period, the concentration of female minorities in self-employment doubled.

In 2012, in the hired laborers group, approximately 50% were married female employees, compared with 66% in the self-employment sector. The case with the men is similar. This can be attributed to the fact that self-employment often allows those in relationships to choose more flexible working hours. However, over the last decade, self-employment has become more visible among unmarried women, especially divorcees, which account for one fifth of self-employed women and whose self-employment rate is slightly above the average (Roche, 2012).

In 2012, almost 20% of self-employed women below 55 had small children (aged 6 and younger) and their proportion among workers was the highest. Self-employment rate for women with small children was above the average in 1993 but below the average in 2012. The average level of education from 1993 to 2012 rose for all groups of workers, yet, for women the increase was more dramatic. Approximately, 16% of total self-employment irrespective of gender possessed an advanced level of education, including 12.2% of wage-earning women and 11.1% of wage-earning men. The self-employment rate fell for almost all levels of education, which is in accordance with the drop in the general self-employment rate; however, the fall was much bigger for self-employed men with vocational education. As a result of this change, in 2012 the self-employment rate for those with vocational education was approximately twice as high for both genders (Roche, 2012).

In 2012, females working on their own were recorded as the group with the poorest health. Among them 8.9% noted satisfying or poor health level in comparison with 8.3% of men working on their own, 6.8% of earning females and 6.1% for earning men. Moreover, females who run their own businesses were noted with the highest rate of self-employment irrespective of gender possessed an advanced level of education, including 12.2% of wage-earning women and 11.1% of wage-earning men. The self-employment rate fell for almost all levels of education, which is in accordance with the drop in the general self-employment rate; however, the fall was much bigger for self-employed men with vocational education. As a result of this change, in 2012 the self-employment rate for those with vocational education was approximately twice as high for both genders (Roche, 2012).

In 2012, almost half of self-employed females worked less than 35 hours per week and majority of them worked only part-time on non-economic reasons (for example,
taking care of their children and other members of their families, attending school or vocational trainings). Self-employed females earned minimal weekly wage.

It is also worth mentioning that between 1993 and 2012, self-employed rate increased for all female minority groups. In the case of males it increased only for Afro-Americans and males of Iberian origins. Self-employment rate is still above average level for citizens of the USA born abroad. Moreover, the US citizens born abroad increase the level of resident employees and these self-employed, especially in the second group (Roche, 2012).

RESEARCH METHODOLOGY

Implied techniques and research methods

In terms of the following research, chosen methods and techniques were employed: desk research. The analysis of gathered documents allowed the synthesizing of the available data referring to the main topic of the research that was the starting point for further analysis. The following data were analyzed:

1) The information included in the Annual Social and Economic Supplement of the Current Population Survey (CPS) which examines the changes and tendencies of demography and socio-economical conditioning of females who run their own businesses in the United States of America;
2) Information from the U.S Bureau of Labor Statistics website;
3) In-depth interviews with females who run their own business for a period of minimum 2 years. There have been 15 interviews that were conducted along with the research scenario;
4) Participant observation which involves the analysis of qualitative research results (IDI) of entrepreneurial females who run their own businesses.

Social profile of females and the determinants running a business

The first raised issue during interviews was the request for general social-demographic characteristics of the respondent. The point was to describe the profile of entrepreneurial females with cognizance of their education, age, occupation, job seniority and place of residence.

Among the entrepreneurial females, well-educated females prevailed. The research was conducted in two groups represented by females with a higher degree as well as females with secondary education. It is worth mentioning that in the case of females who declared only secondary education, a general type of education prevailed. In the group of respondents with a higher education degree, graduates from law and economics academies (especially economics and accountancy profiles) prevailed. Single answers were provided by females who had been arts and herbalism graduates.

Majority of the respondents were middle aged females (age 36 to 46). It validates the characteristic accuracy for labor market, according to which the greatest labor mobility and initiative is represented by people under the age of 44. One of the respondents was in the age of 21. There were a few females above that age level (N=5) and the oldest female respondent was 77. All female respondents had their job seniority, which is between 10 and 25 years. The lowest job seniority that was declared is 3 years of total employment.

Most respondents run their businesses between 10 and 15 years. 87% of respondents described the activity of their businesses as local. Only two of the respondents claimed that the scope of their business activity was of a domestic character.

The respondents who were asked about their business sector indicated trade and services most often. It is difficult to point exactly which business branches are chosen most willingly but real estate brokerage, insurance agent and trade (news agent's, herbal store, florist's and bookstore) were marked more than once. What is more, beautician, legal services, accountancy, construction services and food service were mentioned.

Almost all female respondents run their own business. They are occasionally supported by their relatives, usually husbands; this is another issue referred to as critical factor while choosing to run a business. The aim was to determine whether motivation acts as a purely individual matter, connected to the needs of a person (a need of independence, power and achievements etc) or a need that arises from external conditioning such as current demands for particular occupations on the market, a lack of other possibilities of employment (so called negative motivation) or the outcome of social and cultural influence.

The most common reasons why the respondent initiated her own business was working according to education profile: 1) Own account and continuation of job started in Poland in terms of dissemination of culture; 2) Continuation of Polish studies profile and social needs in the United States.

Single females pointed a need for independence, a need for self-development and flexible working hours. Moreover, two of the respondents stressed the ability of connecting their own businesses with their husbands' businesses:

“My husband builds houses and I sell them or sell houses of my clients”.

It may be concluded that most females are motivated by positive factors while establishing their own businesses, like, for instance the need for self-fulfillment or a sense of
self-efficacy. Negative motivation was rather occasional and it referred mainly to the labor market: Lack of interesting job offers and low wages.

Most interviewed business women do not employ workers. Five of the respondents employ 1 to 2 workers. Three respondents employ workers only temporarily if there is a need. All respondents devote their time to run a business, while the most common answers of the respondents in this aspect are “all the time”, while others are:

“There is a business supporting organization in town, but there are some deals and it is badly managed”.

Questions on factors that impeded functioning of a business, such as a situation on a market or relations with public institutions were asked and the respondents pointed:

1) Market competition; 2) Reduced number of Polish visitors; 3) A lack of connections, strong economic competition putting obstacles in our way; 4) Changes in tax system; it is better to hire an accountant who is up to date.

Positive reinforcement of running a business included: 1) Recommendations and connections; 2) We have in Great Britain a large group of Poles; 3) Online shopping development; 4) One’s own room and 5) Professional trainings and Internet advert.

Evaluation of public institutions business support

One of the issues examined in terms of the research was a request for assessing the support of a business by public institutions. In the first question of that part the female respondents were asked to point the difficulties while establishing their businesses. Almost all the respondents agreed that such problems had never existed. For instance 1) There were relatively easier procedures; 2) Easier in Poland and 3) Public authorities were rather favourable.

It needs to be stressed that single negative answers appeared. Nevertheless, the difficulties referred to permission for running a business or getting credits in a bank: “I had a problem with getting the necessary permission, license”. There was a problem with getting a credit only because the name of my store contained words “Christian Art” and public institutions do not support any religion.

In the second question respondents were asked to point if they had encountered any difficulties that blocked their businesses from public institutions. Similarly, just like in the case of the previous question, no such problems exist. Negative answers were referred to financial matters (taxes): “Generally, there are no problems but taxes have to be paid on time”.

The next issue referred to the knowledge of the respondent of the possible financial and non-financial support before establishing a business. Most females did not have such information:

“There are some offers of training, but I am not interested in them”.

BUSINESS SURROUNDING

The next group of questions referred to the characteristics of surrounding in which the business functions. The questions were divided into two parts; the first part refers to the description of outer surrounding of the business and local economic features that determine the position of the business on a market. The second part characterizes the inner surrounding that involves endogenic perception of business development and plans connected with it as the evaluation of females’ entrepreneurship would not be possible without the information on planned investment strategies. In the case of the first group of questions the respondents were asked to characterize the economic situation of their businesses and the way it influences their entire activity. Most of the respondents consider the economic situation as average:

1) Since 2008 it is more difficult to run your own business because of the economic crisis in the USA; 2) Our business activity is aimed at Poles and not every of them arrive; presently, it is even more difficult; 3) The economic situation is complicated, but it does not make things more difficult.

THE CONDITIONS OF BUSINESSES RUN BY FEMALES

In the second part of the conversation, females were asked to evaluate the outer surrounding of their businesses. In the first question females described the position of their businesses and its distinctive features on grounds of other similar businesses. Majority of respondents described the position of their businesses as better or as good as the
competitors. The decisive factors named by the respondents were mainly: experience, competitiveness, and flexibility in the case of prices, assortment of goods, durability, quality, honesty and fulfilling client's expectations: 1) Work experience gained over the years in Poland and vocational training; 2) The positive quality is the direction of our business; 3) Existence in the same location for years encourages clients who are satisfied to often come back.

It is worth mentioning that less than half of the respondents declare the need of introducing changes in their companies to be more competitive. When asked about the examples or direction of such changes, the respondents often pointed the employment of new staffs, the enlargement of business activity. More than a half of the respondents do not see the necessity of changes in their companies in the nearest future. The fact that only a small group of the respondents has their investment and growth plans may confirm small business activity. Just a few of the respondents had mentioned possible visions of their business development that referred mainly to customer base expansion.

Majority of respondents do not intend to employ workers in the future. The examined group of respondents clearly intends to run business of their own. Neither do they plan vocational training and upskilling.

Social profile of females and the determinants of running a business activity

A significant group of respondents involves well-educated females in the age of 36 to 46. All respondents have their occupational records of 10 to 25 years. Almost all female respondents run businesses. A significant number of females run their company for 10 to 15 years. Almost 87% of respondents described their business range as local. The sectors of respondents' business activity named more than once during the research are: real estate management, insurance companies or trade. The causative factors that made the respondents to run their own businesses are mainly of positive character, the need for independence and self-efficacy.

The evaluation of business support by public institutions

All respondents confirmed that there had not been any problems while launching their businesses. Some of them sporadically mentioned problems with gaining necessary permissions or credits. There are no clear obstacles as far as business activity is considered. If they occur, they refer mainly to financial issues connected with taxes and competitiveness on the market. The respondents declared that majority of them had no knowledge of financial and non-financial business support system for business women provided by public institutions.

The inventory and its influence of business activity

The economic situation of inventory is described by respondents as average. Females often pointed that the number of Poles arriving USA declines. The most important outer problem that stood as a barrier in the business development is economic competition.

The conditions of businesses run by females

Majority of business women describes the position of their company as better or equally good in comparison with competitive businesses. The most important arguments in this respect are: experience, competitiveness, flexibility in the case of prices, wide assortment of goods, durability, quality, honesty and fulfilling of client's expectations.

The demand for employees

Less than a half of respondents declare the demand for changes inside their business in order to increase the competitiveness. Almost none of the respondents does not have the investment and growth plan of their businesses. The respondents clearly prefer running businesses on their own. They rarely employ people. The strong point here is the ability of having flexible working hours. The respondents sporadically invest their money to enhance the qualifications of employees. The business women do not intend to introduce any changes in their companies, they do not have the investment and company growth plans and as such rarely employ people.

CONCLUSION

The development of self-employment is one of the most effective forms against unemployment; it increases social participation on a labor market and stimulates the economic and social growth of regions and the country. Small private businesses create the base for American economy. The entrepreneurship of females is a phenomenon that is developing both in the United States of America and all over the world. More females decide to start their own business based mainly on self-employment. Subsequently, the entrepreneurship of females contributes to the economy in terms of new jobs, innovations and gross domestic product (Allen et al., 2007).

Polish females are an indispensable part in the process. Although they usually run small businesses, the traditional
model of entrepreneurial immigrant who owns a small store on the corner of the street seems to give way to more complex model of activity that spans on various branches and business activities (Volery, 2007).

There is the need to explore this enormously important issue in order to support business women and exploit their potential. The number of governmental activities dedicated to females, such as: fiscal policy, an access to capital or system of trainings that encourage the company’s development could allow running business easily.

REFERENCES


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