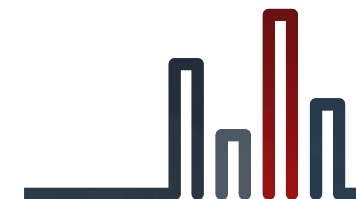




ECONOMICS FACT SHEET

Self-employment in Australia in 2021



1.388 million people – 10.6% of Australia’s workforce – worked as owner-managers of enterprises with no employees in February 2021. 18% of these solo business owner-managers were in the construction industry, 14.5% were in professional services and 10% were in agriculture. 75% of these workers owned an unincorporated enterprise, 62% were male and 43% worked part-time in Feb 2021.

Long-term trends. The total number of owner-managers with no employees grew to a peak of 1.392 million people in August 2019 (10.8% of the workforce at the time, chart 1). The number temporarily declined in 2020 due to the COVID-19 recession but has since recovered close to the previous peak, at 1.388 million in 2021. As a proportion of the workforce however, the incidence of owner-managers with no employees hit a peak of 12.6% in 2002 but has steadily declined since then, for a range of legal, demographic and structural reasons. It has averaged 10.6% since 2012. The proportion of solo owner-managers who are women has slowly growth from 31% in 1991 to 37% in 2021.

The COVID-19 recession in 2020. Self-employment by solo owner-managers fell by more than permanent employment (employees with paid leave) during the COVID-19 recession in 2020, but not by as much as casual employment (employees without paid leave, chart 2). By February 2021, self-employment had more than recovered from 2020, to be 3% higher than in February 2020. In addition to those who lost their jobs entirely, a total of 980,000 people kept their jobs but worked zero paid hours at the peak of the COVID-19 disruptions in May 2020 (8% of the total workforce), dropping to a (still elevated) 848,000 people (6.5% of the total workforce) in February 2021. Solo owner-managers were the most likely to stay employed but work zero paid hours in 2020, with 16.2% of unincorporated owner-managers and 9% of incorporated owner-managers working zero hours in May, compared to 11% of casual employees and 7% of permanent employees. In February 2021, 9% of owner-managers without employees were still working zero paid hours, as were 6% of employees (permanent and casual employees).

Industry. The highest numbers of solo owner-managers are in construction, professional services, construction, agriculture, healthcare, personal services and transport (chart 3 and table 1). The highest incidence of solo owner-managers (that is, as a share of the industry’s workforce) is in agriculture, administrative services and construction.

Business type. 75% of all owner-managers without employees operated an unincorporated enterprise in Feb 2021. The share of solo businesses that are incorporated rose from around 15% in the 1990s to 25% by 2010, largely due to regulatory and taxation reforms that encouraged incorporation by solo and small business operators. Incorporated businesses have consistently accounted for around 25% of solo owner-managers since 2010.

Chart 1: owner-managers with no employees, number and % of workforce, 1998 to 2021

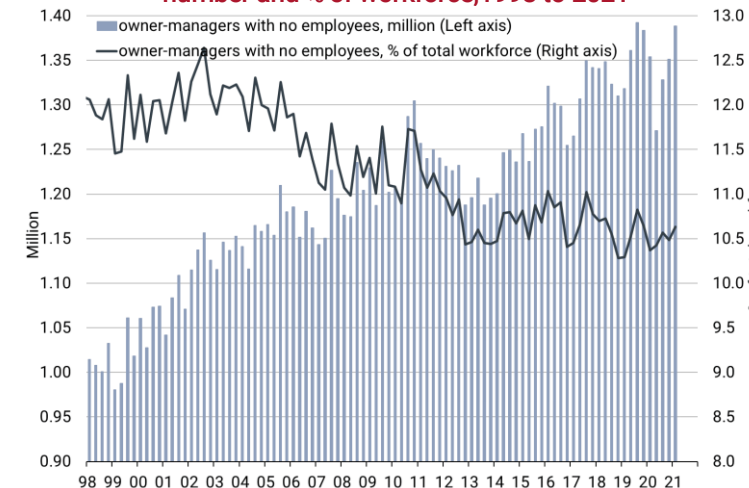
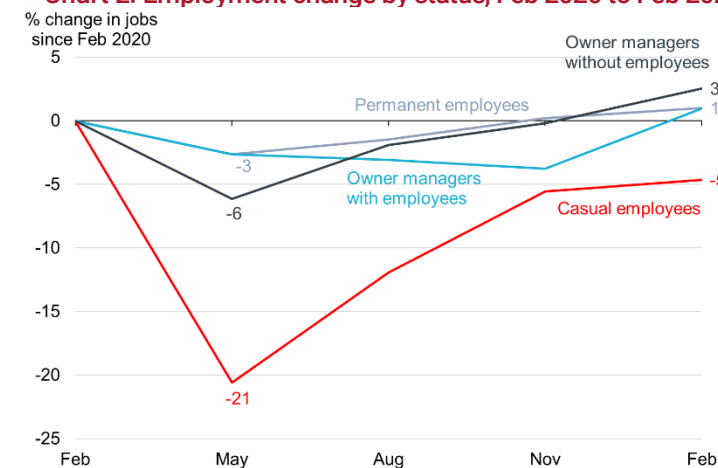


Chart 2: Employment change by status, Feb 2020 to Feb 2021



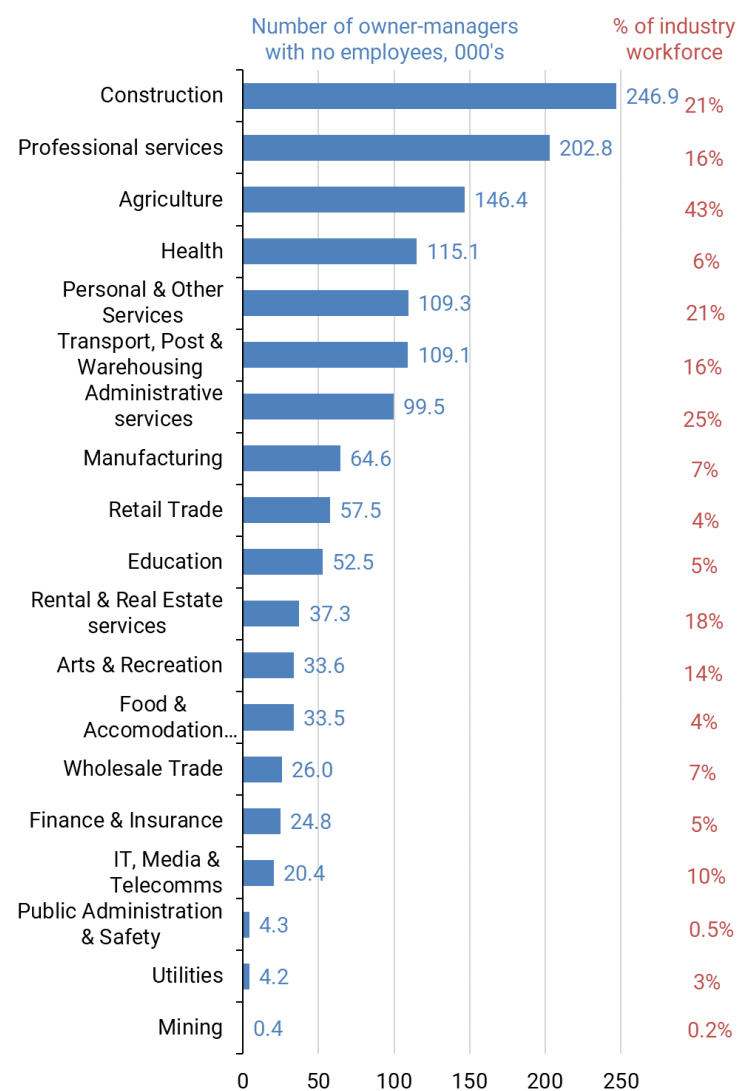
Work hours. 43% of owner-managers without employees worked part-time (under 35 hours per week) in February 2021, compared to 31% of all workers. Owner-managers of unincorporated enterprises were more likely to work part-time (46%) than those running incorporated enterprises (33%). Part-time work was more common for solo owner-managers in Feb 2021 (43%) than it was pre-pandemic (41% in 2019) or five years earlier (40% in Feb 2016).

Table 1: All workers and solo owner-managers, by industry and selected characteristics, 2021

Industry employment, Feb 2021 (original unadjusted data)	Total workforce*		Owner-managers without employees*	
	'000	'000	'000	% of industry workforce
Agriculture	338.9	146.4	43.2	
Mining	249.6	0.4	0.2	
Manufacturing	891.0	64.6	7.2	
Utilities	153.0	4.2	2.7	
Construction	1,152.3	246.9	21.4	
Wholesale trade	387.0	26.0	6.7	
Retail trade	1,331.7	57.5	4.3	
Hospitality	845.9	33.5	4.0	
Transport and warehousing	691.1	109.1	15.8	
IT, Media & Telecomms	202.2	20.4	10.1	
Financial and insurance	479.7	24.8	5.2	
Rental and real estate services	209.1	37.3	17.8	
Professional services	1,231.6	202.8	16.5	
Administrative services	395.4	99.5	25.2	
Public administration	859.6	4.3	0.5	
Education and training	1,062.2	52.5	4.9	
Health care	1,817.6	115.1	6.3	
Arts and recreation services	245.8	33.6	13.7	
Other services	510.0	109.3	21.4	
Selected characteristics, Feb 2021	% of each characteristic group			
Full-time (35+ hours per week)	8,985.7	790.9	8.8	
Part-time (<35 hours per week)	4,068.1	738.0	18.1	
Male	6,862.5	868.2	12.7	
Female	6,191.4	520.0	8.4	
All employed persons	13,053.9	1,388.2	10.6	

* The ABS definition of 'total workforce' (based on status in employment) includes employees with leave entitlements (permanent employees); employees without leave entitlements (casual employees); owner-managers without employees (self-employed sole operators and contract workers); owner-managers with employees (self-employed business employers); and family workers (unpaid family members employed in a family-owned enterprise). These definitions relate to the status of work and not the number of hours usually or actually worked by each worker.

Chart 3: Owner-managers with no employees by industry, February 2021



Data Sources: ABS, Labour force quarterly detail, Feb 2021; ABS, Characteristics of Employment, August 2020.