

Expanding LED Coverage: Including the Self-Employed

Kristin Sandusky

Why are the Self-Employed (SE) Important?

Large Group:

Roughly 10% of workforce has some ties to self-employment

Changing economy:

Increased numbers of Internet based businesses and contract workers

General Interest:

Universal measures of entrepreneurship needed

Why are Self-Employed a Challenging Group to Integrate?

1. Current QWI statistics were designed to take advantage of quarterly nature of UI data covering the wage and salary (WS) workforce
2. Available data from different source and in different form than wage and salary jobs
3. Must make compatible

Finding Data on Self-Employed: From Business Data?

Business Register

Bureau's sample frame for censuses and surveys of businesses.

Data from tax reports to IRS for businesses

Data are annual.

Moving from Annual Business Data to Quarterly Worker Data: Key Challenges

1. Must identify who is self-employed each year.
2. Among these, must identify who is actively self-employed in each quarter of the year.
3. For those workers actively self-employed in each quarter, we need quarterly self-employment earnings.

Tasks Accomplished

Obtain additional data (2002 and later)

Develop and estimate model to identify:

- ✓ 1. Which jointly filing spouse is self-employed.
- ✓ 2. Annual self-employment (SE) earnings from annual business net receipts
- 3. Quarterly pattern of self-employment and earnings.

Putting the Data to Use: A First Look

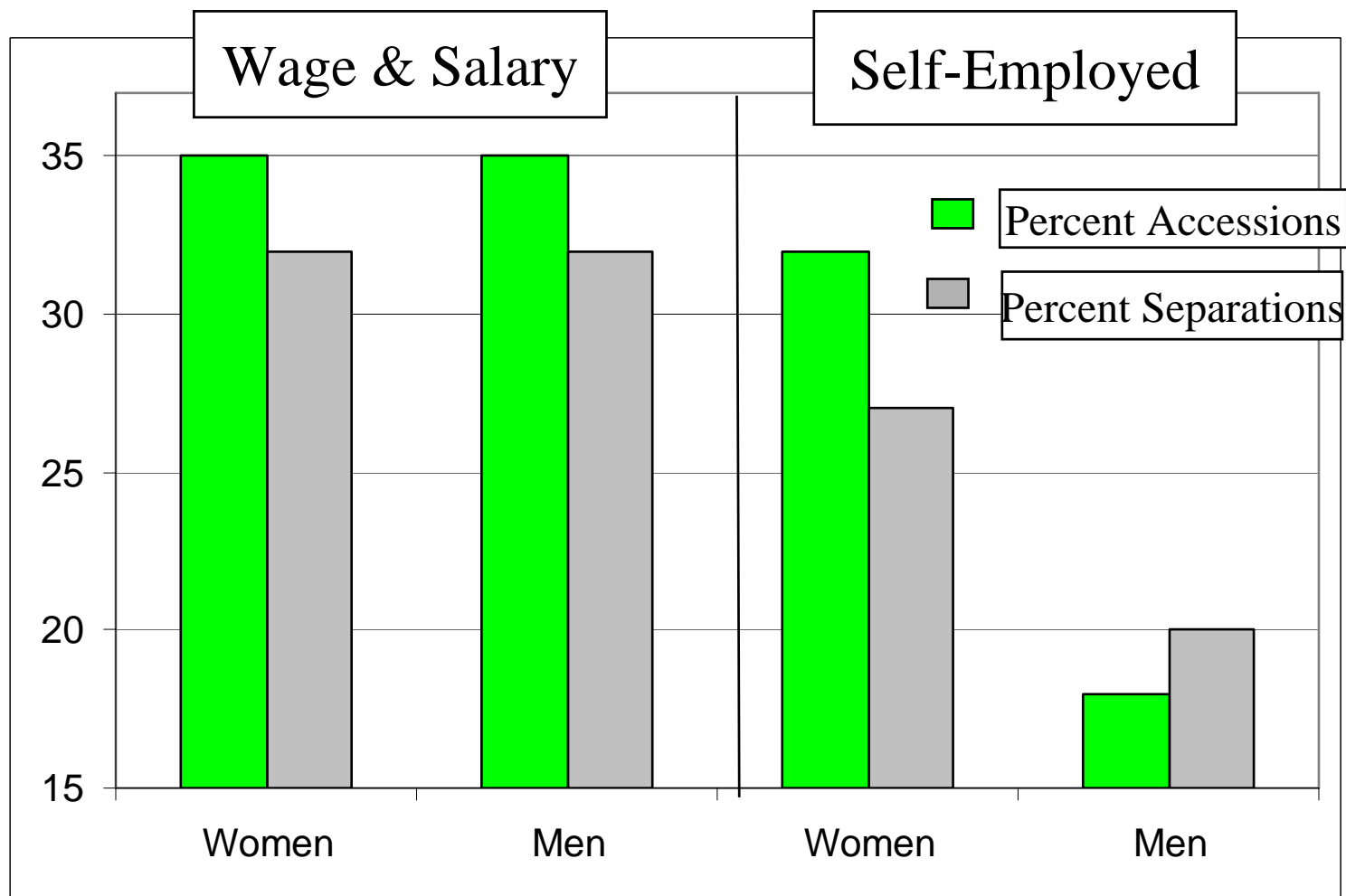
Making and Comparing *Annual* Workforce Indicators

Do the two groups differ notably?

How about by gender?

Can we make this comparison?

Accession and Separation Rates: Percents By Gender



Putting the Data to Use: Exploring Possibilities

How about flows between the two groups?

What fraction of workers flow from the WS workforce to the SE workforce?

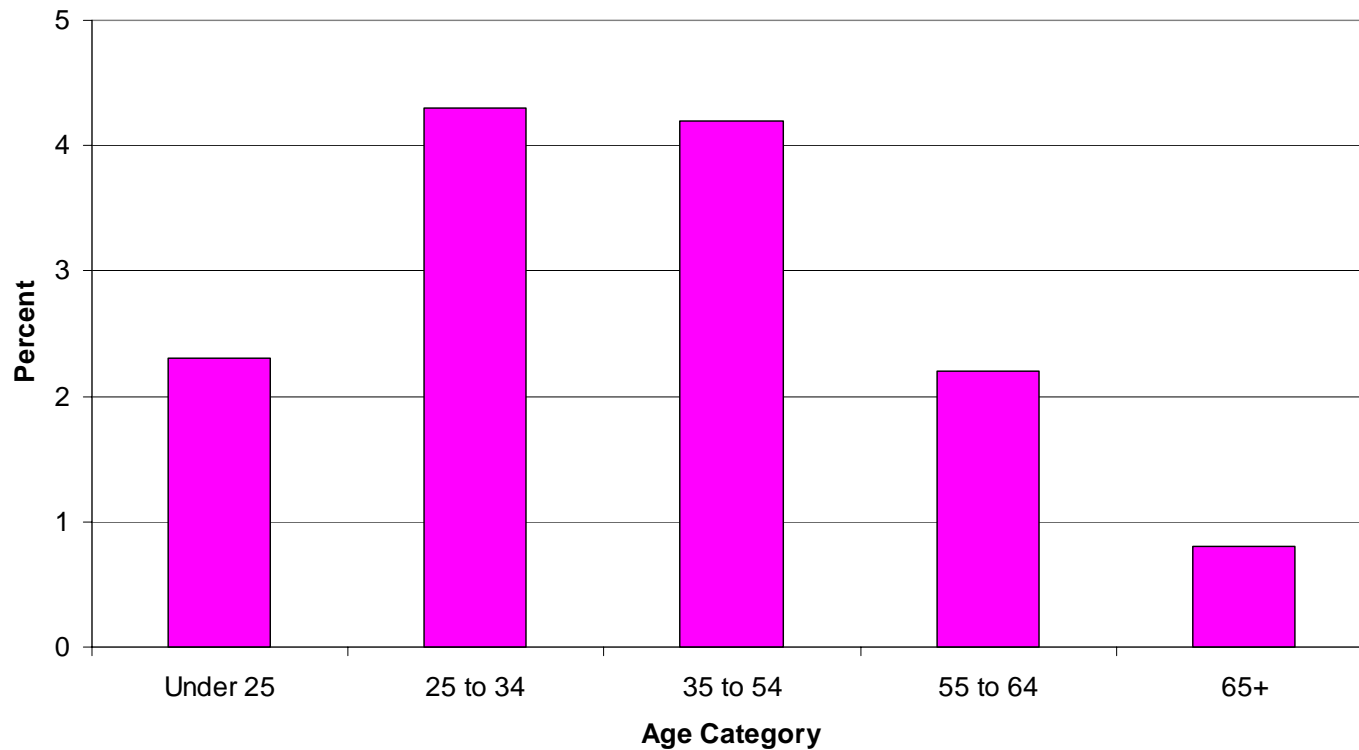
Example:

Among wage and salary workers, what fraction "try out" self employment?

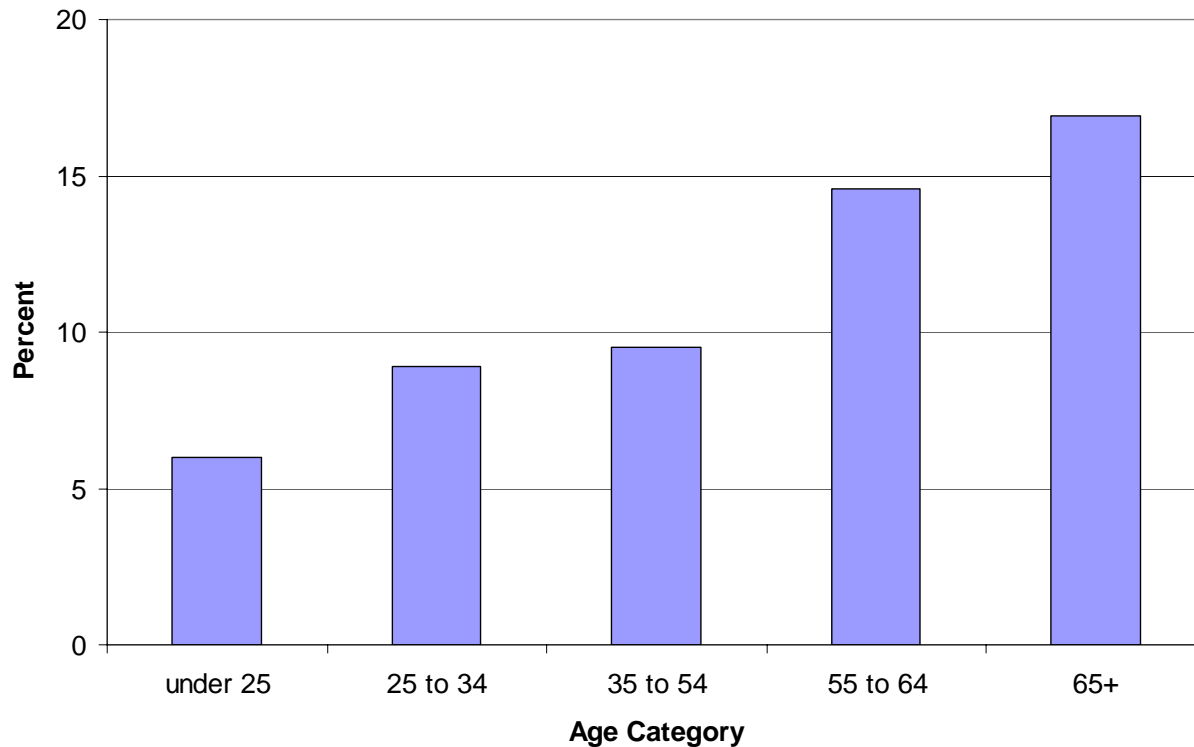
Among workers "trying out" self-employment, what fraction transition to full self-employment?

How do these fractions vary by age?

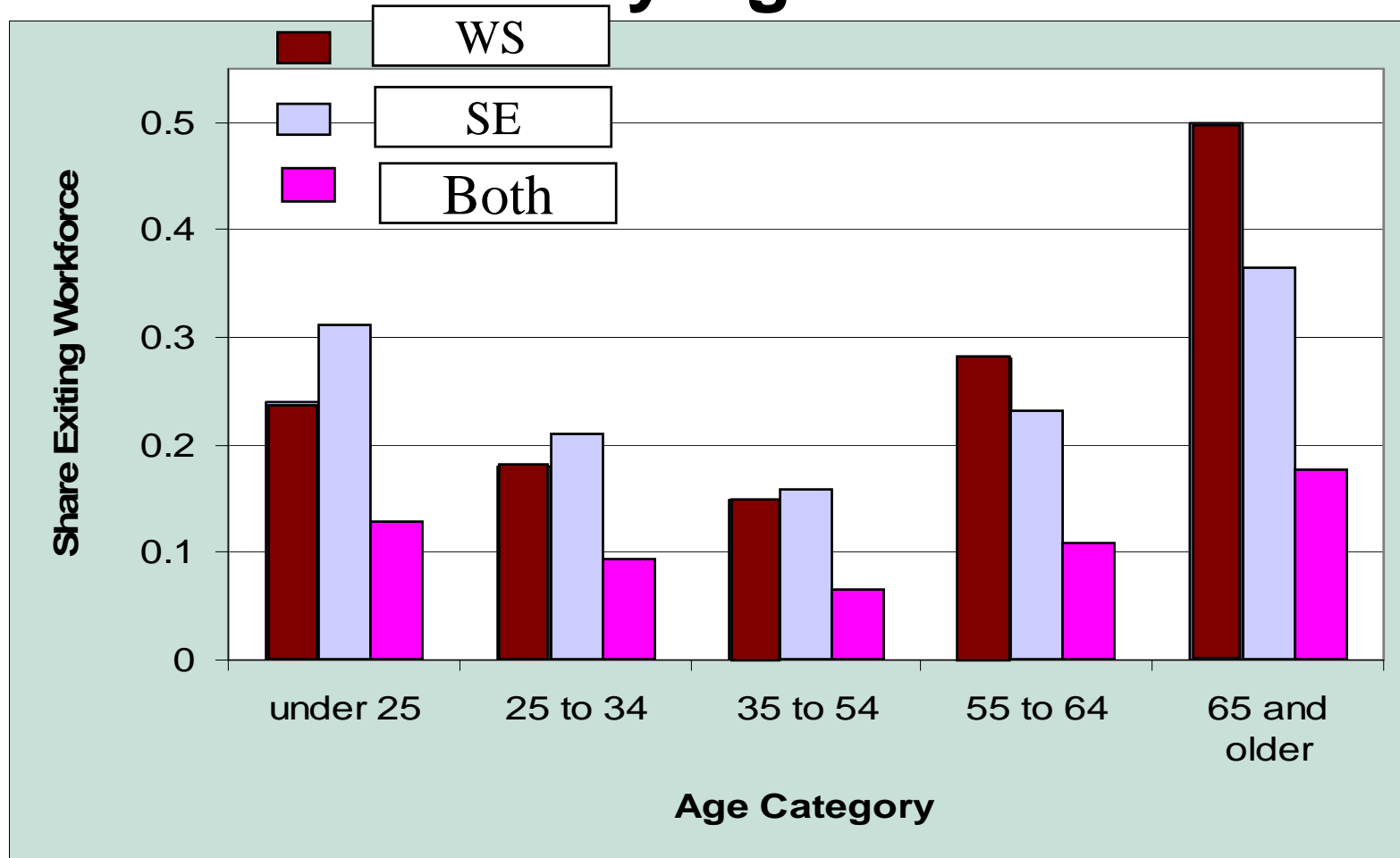
What Fraction “Try Out” Self-Employment?



Among Workers Trying Out Self-Employment, What Fraction Move to Full Self-Employment?



Share of Workers Exiting Workforce by Age



Final Notes

Expanding QWI coverage to include self-employed will provide more complete picture of workforce.

Nature of self-employment jobs differs from wage and salary jobs in ways we need to keep in mind when pooling workers and making comparisons.

Final Notes

One of the most informative ways we can use the new data is to characterize flows between the WS and SE markets and to improve measurement of flows into and out of the workforce.

Questions?

Contact Lee.K.Sandusky@census.gov