

Self-employment in the United States

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ABSTRACT

About 1 in 9 workers was self-employed in 2009; as in the past, self-employment continues to be more common among men, Whites, Asians, and older workers, and in the agriculture, construction, and services industries.

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EXCERPT

Self-employment continues to be an important source of jobs in the United States. In 2009, 15.3 million individuals were self-employed, including both those who had incorporated their businesses and those who had not. The self-employment rate, which is the proportion of total employment made up of the self-employed, was 10.9 percent. Of all self-employed persons, 9.8 million, or nearly two-thirds, were unincorporated; the remaining 5.5 million were incorporated. From 2003 to 2009, the total self-employment rate has held steady; a small decline in the unincorporated self-employment rate was partially offset by a similar rise in the rate of incorporated self-employment. (See tables 1 and 2 and chart 1.)

Since the late 1940s, data on self-employment have been collected regularly as part of the Current Population Survey (CPS), the official source of data on employment and unemployment in the United States.¹ In addition to classifying employment by occupation and industry, the CPS subdivides the employed by "class of worker"—that is, wage and salary employee, self-employed, and unpaid family worker. (See box, p. 40.) In 1967, it became possible to identify another group of self-employed workers: those who had reported themselves in the CPS as self-employed and had incorporated their businesses. Individuals choose to incorporate their businesses for a number of reasons, including legal and tax considerations. Since 1967, the official estimates of self-employment published by the Bureau of Labor Statistics (BLS, the Bureau) have included only the unincorporated self-employed. Although it is possible to identify the incorporated self-employed separately,

these individuals are counted as wage and salary workers in the official statistics because, from a legal standpoint, they are employees of their own businesses.

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Footnotes

1 The CPS is a monthly sample survey of about 60,000 households that provides information on the demographic characteristics of the labor force and the employment status of the noninstitutional population ages 16 and older.

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