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# Three-in-Ten U.S. Jobs Are Held by the Self- Employed and the Workers They Hire

*Hiring More Prevalent Among Self-  
Employed Asians, Whites and Men*

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## About This Report

This report focuses on job creation by the nation's self-employed workers. Using data the U.S. Census Bureau recently made publicly available for the first time, the report provides estimates of the number of workers on the payrolls of the self-employed in 2014 and how job creation varies with these business owners' demographic characteristics.

This report is a collaborative effort based on the input and analysis of the following individuals. Find related reports online at [pewresearch.org/socialtrends](http://pewresearch.org/socialtrends).

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## **A Note on Terminology and Methods**

Self-employed people work for profit or fees in their own business. They could be sole proprietors of their business or own it in partnership with others. Businesses run by self-employed workers may assume any of several legal forms, including incorporation.

All references to whites, blacks and Asians are to the non-Hispanic components of those populations. Asians include Native Hawaiians and Pacific Islanders. The terms “Asian American” and “Asians” are used interchangeably. Whites, blacks and Asians are single-race-only groups.

“U.S. born” refers to an individual who is a U.S. citizen at birth, including people born in the United States, Puerto Rico or other U.S. territories, as well as those born abroad to parents at least one of whom was a U.S. citizen. “Immigrant” refers to persons born outside of the United States, Puerto Rico or other U.S. territories to parents neither of whom was a U.S. citizen.

As a rule, this study only reports estimates that are based on a sample of at least 500 workers. Exceptions to this rule are flagged as such.

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## Overview

Self-employed Americans and the workers they hired accounted for 44 million jobs in 2014, or 30% of the national workforce, according to a Pew Research Center analysis of data the U.S. Census Bureau recently made publicly available for the first time. The self-employed, 14.6 million in all, represented 10% of the nation's 146 million workers, and they in turn provided jobs for 29.4 million other workers.

Entrepreneurship and the role it plays in job creation is an issue of keen interest to policymakers. Self-employed workers, who work for profit or fees in their own business, encompass many of the nation's entrepreneurs.<sup>1</sup> Although much is known about how many and which workers are self-employed, far less is known about their job creation activities. This report attempts to fill this gap with estimates of the number of workers on the payrolls of the self-employed in 2014 and how job creation varies with these business owners' demographic characteristics.<sup>2</sup>

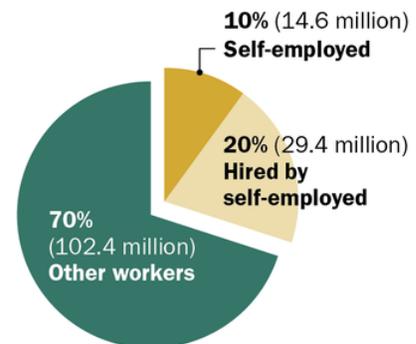
Not all self-employed workers are job creators, however. Only about one-in-four of them (3.4 million) said they usually have at least one paid employee. Hiring is typically small-scale. Self-employed workers with employees had a median of three paid employees in 2014 and an average of 8.6 employees.<sup>3</sup>

There are significant differences in self-employment and hiring across demographic groups. Asian Americans, one-in-ten of whom are self-employed, lead other groups in the rate at which they hire workers. Nearly one-third of self-employed Asians (31%) had at least one paid employee last year, compared with one-in-four overall. There is also a large gender gap in self-employment. Men were nearly twice as likely as women to be self-employed, 12% versus 7%; were much more likely to have paid employees, by 28% to 16%; and, when they hired workers, typically hired more of them.

Moreover, hiring by self-employed workers varies markedly by the type of business they operate.<sup>4</sup> Most job creation by the self-employed—22.5 million out of 29.4 million—flowed from those with

### Three-in-Ten U.S. Jobs Are Held by the Self-Employed and the Workers They Hire

*% distribution of employment, 2014*



Note: Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>1</sup> Entrepreneurs are often thought of as innovators who start new businesses and incur risk in order to make money.

<sup>2</sup> See the text box "The Survey of Business Owners" for other measures of job creation by the characteristics of business owners.

<sup>3</sup> The average and the total number hired by the self-employed may be slightly underestimated because the source data is top-coded at 75 employees. About 2% of the self-employed with paid employees reported having 75 or more employees.

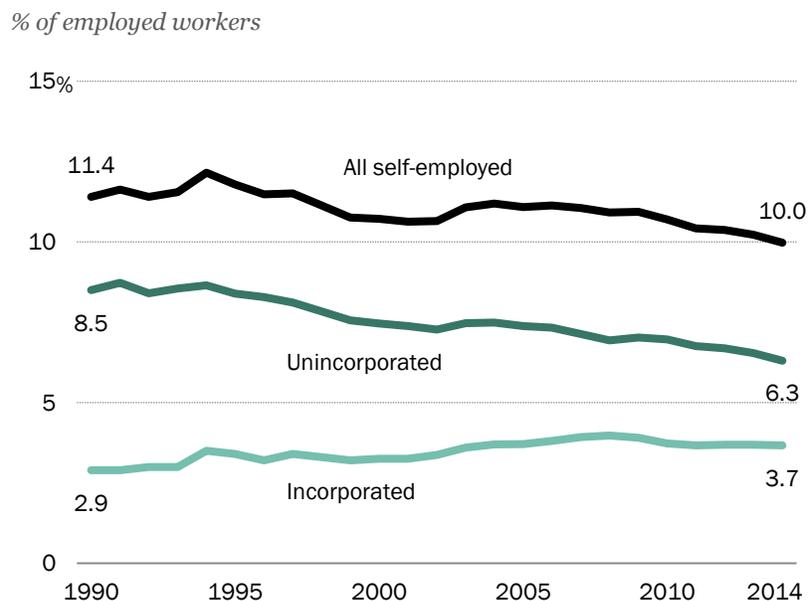
incorporated businesses. While most self-employed workers owned unincorporated businesses, those with incorporated businesses were three times as likely to employ others for pay, by 41% to 13%. And among self-employed workers with paid employees, those with incorporated businesses hired more workers, on average, than the unincorporated (10.2 versus 5.6 workers).

Because of the newness of the data it is not possible to know whether the number of paid employees working for businesses run by the self-employed in 2014 is greater or less than in the past. However, two trends point to a potential decline.

First, the share of American workers who are self-employed has decreased, from 12.2% in 1994, the most recent peak, to 10% in 2014. However, in a countervailing trend, there has been a shift toward incorporated businesses, which are more likely than unincorporated businesses to have paid employees. The share of workers who are self-employed and have incorporated businesses rose from 2.9% in 1990 to 3.7% in 2014, and the share of workers who are unincorporated self-employed fell from 8.5% in 1990 to 6.3% in 2014.

Along with the decline in the self-employment rate, there has been a decrease in the share of the self-employed who provide jobs for others. Among unincorporated self-employed workers, 21% reported having at least one paid employee in 1995, compared with 13% in 2014. The share of the self-employed who own incorporated businesses and have paid employees is also down, from about 60% in 2001 to 41% now.<sup>5</sup>

### The Self-Employment Rate in the U.S., 1990 to 2014



Note: Self-employed people work for profit or fees in their own business.

Source: For 1990-1999, Hipple (2010, 2004). For 2000-2013, Bureau of Labor Statistics. For 2014, Pew Research Center tabulations of Current Population Survey data.

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<sup>4</sup> See the text box "Who is a Self-Employed Worker?" for more detail on the type of business.

<sup>5</sup> Estimates of the hiring rate for previous years are from Hipple (2004). The reasons behind the declining rate of hiring by the self-employed are not known. It is possible the Great Recession of 2007-09 had an impact, but the onset of the decline in the hiring rate predates the recession. More and more, it appears self-employed workers are in business for themselves, or perhaps it is necessary to cast a wider net to capture all of the changes in self-employment and job creation. See the text box "Other Takes on Business Ownership" for alternative measures of business ownership and job creation.

The Pew Research Center analysis also finds that hiring by the self-employed is concentrated in the hands of a few “large” employers with a payroll of 20 or more. Of the 29.4 million jobs created by the self-employed, fully 16.3 million, or 55%, were provided by just 391,000 people. These top-tier employers—11% of all the self-employed with paid workers—each hired 42 workers, on average.

Self-employed workers and the jobs they provide are integral to the agriculture, forestry and fishing and construction sectors. In agriculture, forestry and fishing 81% of those working in 2014 were either self-employed or worked for someone who was. Self-employment is only slightly less critical in the construction sector, where 68% of workers fell into one of these two categories. In addition, a majority of those (53%) in professional and business services were self-employed workers or on the payroll of one in 2014.

### Who Is a Self-Employed Worker?

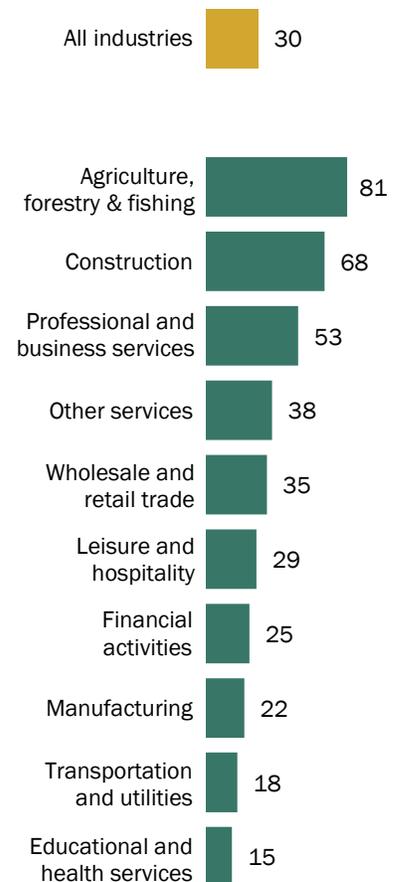
Self-employed people work for profit or fees in their own business. They could be sole proprietors of their business or own it in partnership with others. Also, the businesses run by self-employed workers may assume any of several legal forms, including incorporation. A business that is incorporated—a corporation—is an independent legal entity owned by shareholders. The corporation itself is liable for the actions of the business, not the shareholders.

Self-employed workers whose businesses are incorporated are sometimes counted as wage and salary workers because technically they are employees of their business. In this report, they are included in the count of self-employed workers.

In the Current Population Survey (CPS), workers identify themselves as self-employed in response to a question on whether they were employed by a private company, a nonprofit organization, or the government, or if they were self-employed. The final count of self-employed workers in the CPS reflects some fine tuning, such as the exclusion of people working without pay in a family business or farm.

## Share of Industry Employment Held by the Self-Employed and the Workers They Hire

*% of industry employment, 2014*



Note: Self-employed people work for profit or fees in their own business. Mining and information sectors are not shown due to small sample size. Public administration is not shown because there are no self-employed workers in that sector, by definition.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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## The Survey of Business Owners

An important element missing from most business statistics is information about the characteristics of business owners. Are they men or women? What is their race or ethnicity, or nativity? Are they college educated or not, and what is their age? An exception to this rule is the U.S. Census Bureau's Survey of Business Owners (<http://www.census.gov/econ/sbo/>).

The Survey of Business Owners (SBO) is conducted every five years and combines data on the characteristics of business owners (gender, race and ethnicity, veteran status and nativity) with the characteristics of their businesses (number of employees, revenues, industry and location). A business is identified as male-owned if a man owns 51% or more of the stock or equity in the business, and so on. Not all businesses can be classified in a similar manner. Some are equally owned by more than person or have large, diverse ownership groups.

The latest available estimates from the SBO are preliminary estimates from the 2012 survey. Final estimates are expected to be released by December 2015 and public-use data files, necessary for deeper analysis, are expected to be made available in 2016.

The preliminary estimates for 2012 reveal a count of 27.6 million businesses, of which about 10% could not be classified by gender, ethnicity, race or another characteristic of an owner. Some 5.4 million firms (20%) had paid employees, and the total number employed in 2012 was 115.2 million. In the 2007 SBO, the majority of employment (52%) was in publicly held companies and other firms that could not be classified by owner demographics. If that share holds in the 2012 survey, employment in firms that could be classified by the characteristic of an owner would amount to 56 million workers, and the remaining 60 million or so would be in non-classifiable firms.

The SBO count of 27.6 million businesses in 2012 is much greater than the CPS count of 14.6 self-employed workers in 2014. That is because many majority owners of stock or equity in a business may not self-identify as self-employed in the CPS, especially those with ownership in incorporated businesses with a large number of employees. And, as noted, the SBO count includes publicly traded and other large firms that account for most of the total employment in the U.S.

Thus, the CPS hones in on a subset of business owners: those who identify as self-employed ("in business for themselves") and are mostly unincorporated with few employees, on average. These are two traits the self-employed share with many entrepreneurs, and vice versa. The CPS, as a monthly survey, also provides more timely information on this group of business owners than the SBO.

## Rates of Self-Employment by Demographic Groups

Owning a business, of course, is a prerequisite for creating jobs. Some 10% of workers overall are self-employed, but there are striking differences in how various demographic groups enter into self-employment.

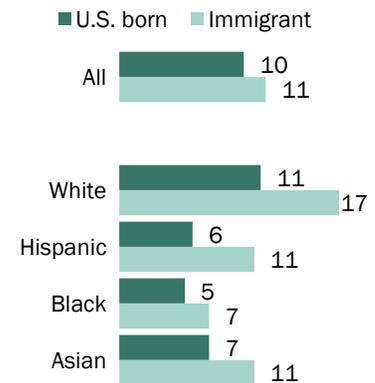
Perhaps the most notable disparity in self-employment is the gender gap. Men were nearly twice as likely as women to be self-employed in 2014, 12% compared with 7%.<sup>6</sup> There are also some sharp differences by race and ethnicity. White workers were more than twice as likely as black workers to be self-employed in 2014, 11% versus 5%. Meanwhile, the rate of self-employment was 10% among Asian workers and 8% among Hispanic workers. These gaps have persisted for a long period of time.<sup>7</sup>

A key finding of the analysis is that immigrants are much more likely than U.S.-born workers to be self-employed. In the aggregate, the immigrant-to-U.S.-born gap in self-employment appears modest, 11% versus 10% in favor of immigrants. But marked differences emerge when the self-employment rates for immigrants and the U.S. born are considered within racial and ethnic groups.

Most notably, Hispanic immigrants were nearly twice as likely as U.S.-born Hispanics to be self-employed in 2014, 11% versus 6%. White immigrants (17%) also tended toward self-employment far more than U.S.-born whites (11%), as did Asian immigrants (11%) compared with U.S.-born Asians (7%). The rate of self-employment among black immigrants was 7%, compared with 5% among U.S.-born blacks.<sup>8</sup>

### Immigrants More Inclined to Self-Employment Than the U.S. Born

*% of workers who are self-employed, 2014*



Note: Self-employed people work for profit or fees in their own business. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>6</sup> The gender gap in self-employment is a long-lived phenomenon. In 1990, for example, the self-employment rate for women was 7.3%, compared with 13.1% for men (Hipple, 2004).

<sup>7</sup> See Hipple (2010) for trends in self-employment rate dating back to 1989.

<sup>8</sup> Why does the self-employment rate among immigrants and the U.S. born differ by only 1 percentage point in the aggregate? That is because the immigrant workforce is overwhelmingly minority—82% are Hispanic, Asian, black or some other race—and this pulls down the overall rate of self-employment among immigrants. In stark contrast, only 23% of the U.S.-born workforce is Hispanic, Asian, black or some other race.

## Which Self-Employed Workers Are More Likely to Hire Paid Employees?

There are sharp demographic differences in the rates at which self-employed workers hire paid employees. Men not only outnumbered women among the self-employed in 2014, they were also much more likely than self-employed women to offer paid employment, by 28% to 16%. Family obligations appear to play a role in creating this disparity. In 2012, 38% of self-employed women limited their paid work to part-time for noneconomic reasons, compared with 17% of men.<sup>9</sup>

(Noneconomic factors include child care, family or personal obligations, and school or training, among others.)

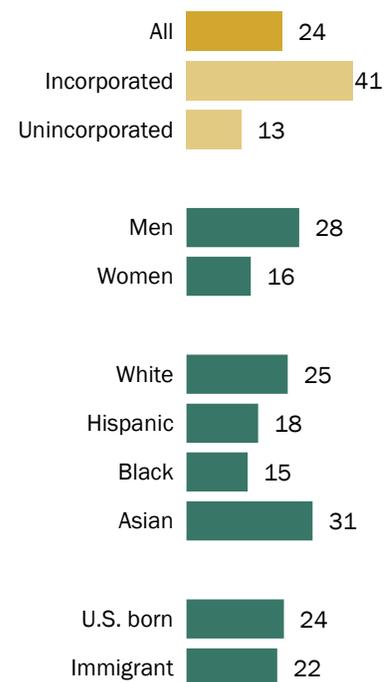
Asian workers led the way in hiring among racial and ethnic groups. Nearly one-third (31%) of self-employed Asians had paid employees in 2014. That compared with 25% of self-employed whites, 18% of Hispanics and 15% of blacks. By nativity, the U.S. born were only slightly more likely than immigrants to have employees, 24% compared with 22%.

And, as noted, there is a large gap in hiring between self-employed workers in incorporated versus unincorporated businesses. Roughly four-in-ten self-employed workers (41%) with incorporated businesses had at least one paid employee in 2014, compared with 13% of those with unincorporated businesses.

Differences in the rate of hiring contribute to differences in the number of jobs created by the various groups of self-employed workers. Another factor is the average number of workers hired. Generally speaking, those who are more likely to hire are also likely to have more employees on average.

### Among Self-Employed, the Incorporated, Asians and Men Are Most Likely to Create Jobs

*% of self-employed workers with at least one paid employee, 2014*



Note: Self-employed people work for profit or fees in their own business. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>9</sup> Roche (2014)

Among the self-employed with paid workers, men employed 8.8 workers on average, while women typically had 7.6. Whites, with 9.1 employees on average, led Asians, Hispanics and blacks.<sup>10</sup> The U.S. born edged out immigrants, by 8.9 employees on average vs. 7.0. And those with incorporated businesses hired 10.2 workers on average, compared with 5.6 for the unincorporated.

## Number of Hires by Demographic Groups

The Pew Research analysis finds that men had nearly four times as many paid employees as women did in 2014—23.3 million compared with 6.1 million, accounting for about eight-in-ten jobs (79%) provided by the self-employed. This is partly because self-employed men outnumber self-employed women by almost two-to-one, 9.5 million to 5.1 million, and partly because self-employed men are more likely to employ others.

Self-employed whites and Asians led Hispanics and blacks in job creation. In 2014, three-in-four self-employed workers (10.8 million, or 74%) were white. Self-employed whites in turn employed 24 million people, making up 83% of total hiring by the self-employed. There were 812,000 Asian self-employed workers in 2014, or 6% of all self-employed; they had 2 million paid employees, accounting for 7% of all hiring by the self-employed.

In contrast, the share of Hispanic and black self-employed in total hiring was less than their share in self-employment. The 1.9 million Hispanic self-employed accounted for 13% of all self-employment in 2014. But their 2.1 million paid employees accounted for only 7%

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### Jobs Provided by Self-Employed, 2014

*Self-employed workers and their paid employees (in thousands)*

	Self-employed	Hired by self-employed
<b>All</b>	14,610	29,423
Incorporated	5,377	22,488
Unincorporated	9,233	6,935
Men	9,521	23,287
Women	5,089	6,136
White	10,804	24,469
Hispanic	1,910	2,063*
Black	839	675*
Asian	812	2,011*
U.S. born	11,840	25,091
Immigrant	2,770	4,332

Note: \* Sample size for self-employed Hispanics, blacks and Asians with paid employees is less than 500. Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>10</sup> The sample size for Asians, Hispanics and blacks who are self-employed and hire workers is less than 500 each. Subject to that limitation, it is estimated Asians with paid employees hired 8 workers, Hispanics hired 6.1 workers, and blacks hired 5.3 workers, on average.

of overall hiring by self-employed workers. Similarly, blacks were 6% of all self-employed workers, but the workers they employed represented only 2% of total hiring.

Immigrants are a significant force in self-employment and in creating jobs. There were 2.8 million self-employed immigrants in 2014 and they had a payroll of 4.3 million workers. In shares, immigrants accounted for 19% of all self-employed workers and 15% of total hiring; the U.S. born made up 81% of the self-employed and were responsible for 85% of jobs created.<sup>11</sup>

## Road Map to the Report

This report focuses on job creation by the nation's self-employed workers and looks at key differences by gender, race and ethnicity, and immigrant status.

The data required for the research became available for the first time in 2014 when it was made a part of the public version of the Current Population Survey (CPS), a monthly survey of about 55,000 households conducted jointly by the Bureau of Labor Statistics (BLS) and the Census Bureau. However, questions on the hiring of other workers were addressed to only one-quarter of the sample of self-employed workers, who are already only 10% of employed workers. To increase sample size, an annual file for 2014 was constructed from 12 monthly CPS surveys.

Despite the construction of an annual data file, it was not possible to extend the analysis to certain groups because of lingering constraints of sample size. In particular, it is not generally feasible to dive deeply into the characteristics of the self-employed who hire other workers. For example, there is insufficient sample size to characterize self-employed Hispanic or Asian immigrants who

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## Job Creation by the Incorporated and by Men Greatly Exceeds Their Share in Self-Employment in 2014

*Distribution of self-employed workers and their share in jobs created (%)*

	Share of self-employed	Share of total hiring
<b>All</b>	100%	100%
Incorporated	37	76
Unincorporated	63	24
Men	65	79
Women	35	21
White	74	83
Hispanic	13	7*
Black	6	2*
Asian	6	7*
U.S. born	81	85
Immigrant	19	15

Note: \* Sample size for self-employed Hispanics, blacks and Asians with paid employees is less than 500. Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>11</sup> Immigrants accounted for 16.6% of the U.S. labor force in 2014, according to the Bureau of Labor Statistics.

hire others. Unless otherwise noted, this study only reports estimates that are based on a sample of at least 500 workers.

The remainder of the report is organized as follows: The next section presents estimates of self-employment rates and the overall number of jobs created by the self-employed, including how these vary by industry. Subsequent sections highlight, in turn, estimates of self-employment and job creation among men and women; racial and ethnic groups; and immigrants and the U.S. born.

### **Other Takes on Business Ownership**

The Survey of Business Owners (SBO) and the Current Population Survey (CPS) provide two takes on business ownership, the former focusing on majority holders of business equity (27.6 million in 2012) and the latter on workers who identify themselves as self-employed (14.6 million in 2014).

Other estimates of business ownership in the U.S. are based on administrative data.

### **Sole Proprietorship**

This count is based on Schedule C (Profit or Loss from Business) filings with the Internal Revenue Service. According to the IRS, there were 23.6 million non-farm sole proprietorships in 2012 (these are all unincorporated businesses). Almost all these businesses have zero employees (the average payroll of these businesses was less than \$5,000). In the CPS, some Schedule C filers, e.g., most clergy, are explicitly excluded from the ranks of the self-employed.

### **Proprietors in National Income Accounts**

This is a count of businesses released by the Bureau of Economic Analysis. It starts with Schedule C filings and adds “partners” based on filings of IRS Form 1065 (U.S. Return of Partnership Income). This is the highest count of business proprietors, coming in at 40.1 million in 2013. But this is not just a count of people—a business partner may be a corporation or an estate, for example.

## National Trends in Self-Employment and Job Creation

The rate of self-employment in the U.S. has held remarkably steady for the past several decades. In 2014, some 10% of American workers, 14.6 million in all, were self-employed.<sup>12</sup> That is virtually the same as in 1976, the first year for which data on both incorporated and unincorporated self-employed workers are available, when the self-employment rate was 10.2%.<sup>13</sup>

The long-term stability in the self-employment rate conceals some variation in the interim. Speaking generally, the self-employment rate has fluctuated between 10% and 12% in the past 25 years.<sup>14</sup> It peaked most recently in 1994, at 12.2%.

There has also been a shift in the nature of self-employment, away from the unincorporated to the incorporated. The share of workers who are self-employed and incorporated rose from 2.9% in 1990 to 3.7% in 2014, and the share of workers who are self-employed and unincorporated fell from 8.5% in 1990 to 6.3% in 2014. A major reason is the changing nature of employment in the agriculture, forestry and fishing sector. In 1990, 42.8% of all workers in this sector were unincorporated self-employed workers. By 2014, the share had fallen to 33.5%.<sup>15</sup>

### Job Creation by the Self-Employed

Although trends in self-employment are well documented, evidence on hiring by self-employed workers is limited to periodic observations. Based on an analysis of data made publicly available for the first time in 2014, Pew Research Center finds that 24% of all self-employed workers—3.4 million out of 14.6 million—had at least one paid employee in 2014. Hiring was more prevalent among self-employed workers with incorporated businesses than among those with

### Self-Employed Workers Typically Had Few Employees in 2014

*Self-employed workers that hired others and their paid employees (totals in thousands)*

	Self-employed with paid employees	Hired by self-employed		
		Total	Average	Median
All	3,440	29,423	8.6	3
Incorporated	2,198	22,488	10.2	4
Unincorporated	1,243	6,935	5.6	3

Note: Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Subgroups may not sum to total due to rounding.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>12</sup> This differs slightly from the official estimate from the BLS, which is 10.1%. The BLS estimate is an annual average based on the entire sample in the CPS, whereas the estimate in this study is based on the outgoing rotation group sample for 2014.

<sup>13</sup> Derived from Hipple (2010) and BLS estimates.

<sup>14</sup> Data on both incorporated and unincorporated self-employment are available on an annual basis starting in 1989. Only sporadic estimates are available for both types of self-employment prior to that year.

<sup>15</sup> In 1967, the beginning of the current data series on self-employment, unincorporated self-employed workers accounted for 51.9% of total employment in agriculture, forestry and fishing.

unincorporated businesses, 41% compared with 13%.

The likelihood that a self-employed worker will hire other workers has diminished over time, according to research by BLS analysts. Government surveys first asked self-employed workers whether they had at least one paid employee in 1995, addressing the question only to the unincorporated. In 1995, 20.7% of unincorporated self-employed workers reported having employees. The hiring rate among the unincorporated fell thereafter and reached 13.6% in 2009, close to its present level.

Trend data on hiring rates by self-employed workers with incorporated businesses are more limited. Existing research shows that the hiring rate by the incorporated declined from roughly 60% in 2001 to 56% in 2005.<sup>16</sup> Pew Research Center's estimate, which shows that 41% of self-employed workers with incorporated businesses had employees in 2014, points to an ongoing decline in the hiring rate from 2005 to 2014.

Nationally, the 3.4 million self-employed workers who hired other workers had 29.4 million paid employees in 2014. Thus, these firms had 8.6 employees each, on average, not counting the owner(s). But most businesses run by the self-employed are much smaller. At the median, self-employed workers with their own employees hired just three people—that is, half of them employed that number or fewer.

The self-employed workers who create jobs included 2.2 million with incorporated businesses and 1.2 million who were unincorporated. The incorporated, with 22.5 million jobs created, did most of the hiring. The unincorporated accounted for 6.9 million workers hired.

Among those with paid employees, the incorporated hired an average of 10.2 workers each, compared with an average of 5.6 for the unincorporated. However, the median numbers hired were similar—four for the incorporated and three for the unincorporated. Thus, in terms of employment size, most businesses run by self-employed workers, whether incorporated or not, are fairly small, with about four employees or less.

The Pew Research analysis finds that a small share of business owners with a relatively large number of employees are the drivers of job creation by the self-employed. Specifically, more than half the jobs created by self-employed workers flow from only about one-tenth of the self-employed with paid employees. Most of these businesses were incorporated.

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<sup>16</sup> Hipple (2004, 2010)

The accompanying table divides self-employed workers with paid employees into four groups: those with 1-4 employees, 5-9 employees, 10-19 employees, and 20 or more employees. There were 391,000 self-employed workers with 20 or more employees in 2014, some 317,000 of whom had incorporated their businesses. These “large” employers represented only 11% of all self-employed workers with paid employees. But they employed 16.3 million workers (of which 13.5 million were in incorporated businesses) at an average of 42 employees per firm. Moreover, the number they hired accounted for 55% of total hiring by the self-employed.

At the other end of the spectrum, some 2 million self-employed workers had only one to four employees each in 2014. These “small” employers had a total of 4.3 million paid employees in 2014, averaging about two employees per firm. Thus, 59% of self-employed workers with paid employees accounted for only 15% of total hiring.

## A Few Self-Employed Workers Account for the Majority of Hiring

*Self-employed workers that hired others and their paid employees in 2014, by employment size (numbers in thousands)*

	Self-employed with paid employees	Hired by self-employed	Distribution	
			Self-employed	Hired workers
<b>All</b>	3,440	29,423	100%	100%
1-4 employees	2,019	4,289	59	15
5-9	643	4,042	19	14
10-19	387	4,821	11	16
20 or more	391	16,270	11	55
<b>Incorporated</b>				
1-4 employees	1,154	2,601	34	9
5-9	436	2,758	13	9
10-19	291	3,652	8	12
20 or more	317	13,477	9	46
<b>Unincorporated</b>				
1-4 employees	864	1,689	25	6
5-9	208	1,283	6	4
10-19	96	1,170	3	4
20 or more	74	2,793	2	9

Note: Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Subgroups may not sum to total due to rounding.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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## Self-Employment and Job Creation by Industry

The self-employment rate varies considerably across industries. The agriculture, forestry and fishing sector had the highest rate of self-employment in 2014, with 42% of workers in that sector being self-employed. The relatively high rate of self-employment in this sector reflects a historical pattern: In 1990, 47% of workers in agriculture, forestry and fishing were self-employed.

Outside of agriculture, forestry and fishing, the 2014 self-employment rate was highest in construction (25%); professional and business services, which runs the gamut from legal to landscaping services (19%); other services, encompassing barber shops, auto repair shops and the like (19%); and financial

activities, including real estate and insurance services (11%).<sup>17</sup> The self-employment rate was in the single digits in all other industries, less than the overall rate of 10%.

A high or low self-employment rate is no predictor of the likelihood of hiring by self-employed workers in an industry. The share of self-employed workers with paid employees was highest in manufacturing (39%), wholesale and retail trade (34%), and leisure and hospitality (30%), all sectors with relatively low self-employment rates. On the other hand, only 17% of self-employed workers in agriculture, forestry and fishing had paid employees in 2014. In construction, the

### Self-Employment Rate Is Highest in Agriculture and Construction, Share Hiring Is Highest in Manufacturing

*Self-employment and the share of self-employed workers with paid employees in 2014, by industry (numbers in thousands)*

	Self-employed	Rate of self-employment	Self-employed who hire
<b>All</b>	14,610	10%	24%
Agriculture, forestry & fishing	921	42	17
Mining	43	4	*
Construction	2,418	25	24
Manufacturing	566	4	39
Wholesale and retail trade	1,573	8	34
Transportation and utilities	590	8	17
Information	236	8	*
Financial activities	1,110	11	20
Professional and business services	3,229	19	20
Educational and health services	1,568	5	24
Leisure and hospitality	1,022	8	30
Other services	1,334	19	19

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. The rate of self-employment is the share of self-employed workers in total employment in an industry. Public administration is not shown because there are no self-employed workers in that sector, by definition.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>17</sup> It is worth noting that real estate agents are not counted as self-employed because they must work for a licensed broker. A broker, however, could be self-employed.

share with employees was 24%, the same as the national share.

Self-employment and the jobs the self-employed extended to other workers accounted for the vast majority of total employment in the agriculture, forestry and fishing and construction sectors in 2014. In agriculture, forestry and fishing, 1.8 million of 2.2 million workers, or 81%, were either self-employed or hired by the self-employed. In construction, the self-employed and their workers accounted for 68% of total employment. The majority of employment in professional and business services (53%) was also due to self-employment in 2014.

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### Most Employment in Agriculture and Construction Is Held by the Self-Employed and the Workers They Hire

*Total employment and employment due to self-employed workers and their paid employees in 2014, by industry (numbers in thousands)*

	<b>Total employed</b>	<b>Self-employed &amp; workers hired</b>	<b>Share self-employed &amp; workers hired</b>
<b>All</b>	146,389	44,033	30%
Agriculture, forestry & fishing	2,201	1,780	81
Mining	1,090	*	*
Construction	9,833	6,669	68
Manufacturing	15,168	3,350	22
Wholesale and retail trade	20,101	7,069	35
Transportation and utilities	7,614	1,380	18
Information	3,116	*	*
Financial activities	9,857	2,426	25
Professional and business services	17,010	8,980	53
Educational and health services	32,964	4,851	15
Leisure and hospitality	13,467	3,900	29
Other services	7,204	2,769	38

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Public administration is not shown because there are no self-employed workers in that sector, by definition.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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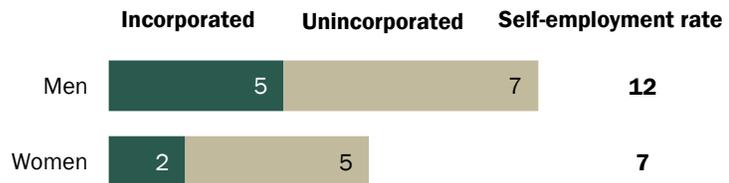
On the other hand, job creation by self-employed workers was of lesser importance in educational and health services, transportation and utilities, and manufacturing. In these three sectors, the self-employed and the workers they hired accounted for about one-in-five or less of total industry employment.

## The Gender Gap in Self-Employment and Hiring

There is a large gender gap in self-employment and job creation. Men greatly outnumber women among the self-employed, they are more likely than women to have paid employees, and, when they hire workers, they typically hire more of them than women do. Thus, men account for the lion's share of job creation by the nation's self-employed workers.

### Men More Likely Than Women to Be Self-Employed

*% of workers who are self-employed, incorporated and unincorporated, 2014*



Note: Self-employed people work for profit or fees in their own business.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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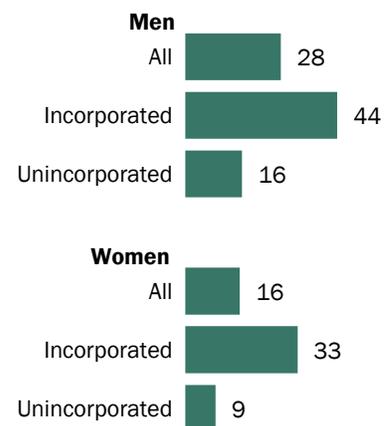
Some 12% of male workers were self-employed in 2014, compared with 7% of women, and of the nation's 14.6 million self-employed workers, 9.5 million were men and 5.1 million were women. Thus, in 2014, 65% of all self-employed workers were men and only 35% were women. The current disparity is in keeping with long-term trends in self-employment.<sup>18</sup>

The gender composition of self-employed workers contrasts sharply with the makeup of employment overall. In 2014, America's 146.4 million workers consisted of 77.8 million men and 68.6 million women. Thus, men accounted for 53% of overall employment and women accounted for 47%.

Incorporated businesses represent the lesser of the two major types of businesses run by both men and women. Some 5% of all male workers operated incorporated businesses in 2014 and 7% had unincorporated businesses. Among female workers overall, only 2% owned incorporated businesses and 5% kept unincorporated businesses.

### Self-Employed Men More Likely to Hire Workers

*% of self-employed with paid employees, 2014*



Note: Self-employed people work for profit or fees in their own business.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>18</sup> See Roche (2014) for trend data on self-employment among men and women.

## The Hiring of Other Workers by Self-Employed Men and Women

The likelihood of employing paid workers varies markedly by gender. Self-employed men were nearly twice as likely as women to have at least one paid employee in 2014, 28% compared with 16%. In number, 2.6 million self-employed men and 803,000 self-employed women engaged other workers.

Something self-employed men and women do have in common is that those with incorporated businesses are much more likely to hire than those with unincorporated business. Among self-employed men, 44% of those with incorporated firms had paid employees in 2014. Among self-employed women with incorporated firms, 33% had paid employees. Self-employed workers of either gender with unincorporated businesses hire at much lower rates—only 16% of men and 9% of women did some hiring.

More likely to be self-employed and more likely to have paid employees, self-employed men provided 23.3 million jobs in 2014, compared with 6.1 million jobs established by self-employed women. Most of these jobs flow from incorporated businesses—18 million in incorporated businesses owned by men and 4.4 million in incorporated businesses owned by women.

Self-employed men also run larger firms than self-employed women, judging by payroll numbers. Men with paid employees had an average of 8.8 workers in 2014, ranging from 5.6 among the unincorporated to 10.6 among the incorporated. Self-employed women with paid employees created 7.6 jobs on average, and women with incorporated businesses had an average of 9.1 employees.

Most self-employed men and women had far fewer employees, however. At the median, self-employed men with paid employees hired only four workers and self-employed women who hired had only three.

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### Self-Employed Men Had Four Times as Many Employees as Women in 2014

*Self-employed men and women that hired others and their paid employees (totals in thousands)*

	<b>With paid employees</b>	<b>Hired by self-employed</b>		
	Total	Total	Average	Median
<b>Men</b>	2,638	23,287	8.8	4
Incorporated	1,710	18,049	10.6	4
Unincorporated	928	5,239	5.6	2
<b>Women</b>	803	6,136	7.6	3
Incorporated	488	4,439	9.1	4
Unincorporated*	315	1,696	5.4	3

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Subgroups may not sum to total due to rounding.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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The gender gap in self-employment and job creation is not fully understood, but two factors appear to play a role: family obligations and the distribution of men and women across industries. As noted, about four-in-ten self-employed women (38%), compared with 17% of men, reported working part-time for noneconomic reasons in 2012. This indicates that child care and other family matters, potentially in addition to school or training, diminish the time women may spend on running a business. It is estimated that self-employed women averaged 32.6 hours of work per week in 2012, compared with 40.3 hours for self-employed men.<sup>19</sup>

### The Self-Employment Rate and the Employment Distribution of Men and Women, by Industry, 2014

	<b>Self-employment rate</b>		<b>Employment distribution</b>	
	Men	Women	Men	Women
<b>All</b>	12%	7%	100%	100%
Agriculture, forestry & fishing	41	46	2	1
Mining	4	*	1	<0.5
Construction	25	19	12	1
Manufacturing	4	4	14	6
Wholesale and retail trade	9	7	14	13
Transportation and utilities	9	5	8	3
Information	9	5	2	2
Financial activities	16	7	6	8
Professional and business services	21	17	13	10
Educational and health services	6	4	11	36
Leisure and hospitality	9	6	8	10
Other services	19	18	4	6

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. Public administration is not shown because there are no self-employed workers in that sector, by definition.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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The concentration of men and women in different industries also plays a role. In 2014, half of women who worked did so in just two industries: educational and health services (36%) and wholesale and retail trade (13%). Self-employment in these industries is modest, whether among men or women. Among those in educational and health services, only 6% of men and 4% of women were self-employed last year. In wholesale and retail trade, the self-employment rates for men and women were 9% and 7%, respectively.

Women, like men, had relatively high self-employment rates in four industries: agriculture, forestry and fishing (46% for women versus 41% for men), construction (19% versus 25%), professional and business services (17% versus 21%), and other services (18% versus 19%). But while 31% of men who work were employed in these sectors overall, only 18% of women with jobs

<sup>19</sup> Roche (2014).

were similarly situated. The major disparity was in construction, with 12% of employed men and 1% of women working in that industry in 2014.

In a related note, men and women were equally likely to be self-employed in the manufacturing sector, at 4% each. As reported, self-employed workers in manufacturing were the most likely to have paid employees—39% of them had at least one in 2014.<sup>20</sup> But only 6% of women worked in manufacturing overall, compared with 14% of men.

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<sup>20</sup> Due to sample size limitations it is not possible to report on the shares of self-employed men and women with at least one paid employee for all industries. Generally speaking, the data suggest self-employed men are more likely to hire workers than self-employed women within most industries. For example, in professional and business services, self-employed men are two times as likely as women to have employees, 24% compared with 12%.

## Among Self-Employed, Whites and Asians Do More Hiring

Whites and Asians are more likely than Hispanics and blacks to be self-employed, and this racial and ethnic gap extends through most industries. Self-employed Asians and whites also have a greater likelihood of having paid employees and, among businesses with paid employees, white- and Asian-owned firms typically hire more workers than firms owned by Hispanics and blacks.

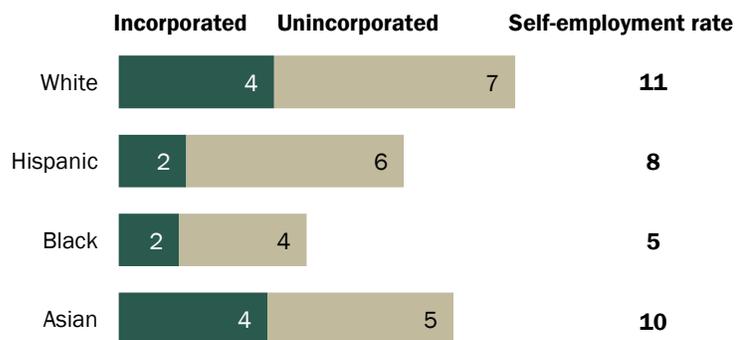
Some 11% of whites were self-employed in 2014, followed closely by Asians at 10%. Hispanics lagged behind a bit, with a self-employment rate of 8%. The self-employment rate among blacks was only 5%, about half of the rate among whites.

In terms of numbers, the nation's 14.6 million self-employed workers in 2014 consisted of 10.8 million whites, 1.9 million Hispanics, 839,000 blacks and 812,000 Asians. Thus, whites accounted for 74% of all self-employed workers, compared with their share of 65% in overall employment. In sharp contrast, blacks accounted for only 6% of self-employment, compared with their share of 11% in total employment. Hispanics and Asians made up 13% and 6% of self-employment in 2014, compared with 16% and 6% of total employment, respectively.<sup>21</sup>

The rates of incorporation also vary across the groups. Among Asians and whites, 4% of all workers were self-employed and had incorporated businesses in 2014. That is double the share among Hispanics and blacks, among whom only 2% of workers were self-employed with incorporated businesses. Considered as a share of self-employed workers, 44% of self-employed Asians were in incorporated businesses in

### Whites and Asians More Likely to Be Self-Employed and to Be Incorporated

*% of workers who are self-employed, incorporated and unincorporated, 2014*



Note: Self-employed people work for profit or fees in their own business. The percent incorporated and percent unincorporated may not sum to the self-employment rate due to rounding. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>21</sup> Total employment in 2014 was as follows: 95.8 million whites, 23.5 million Hispanics, 15.7 million blacks and 8.5 million Asians, according to Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014.

2014, the highest rate of incorporation among racial and ethnic groups. The rate of incorporation was 39% among self-employed whites, 32% among self-employed blacks and 24% among self-employed Hispanics.

The racial and ethnic gap in self-employment extends through most industries. At least one-in-ten workers from any group were self-employed in three industries: construction, professional and business services, and other services.<sup>22</sup> Whites were at the forefront in self-employment in all three sectors in 2014. For example, in professional and business services, 21% of whites were self-employed, compared with 18% of Hispanics, 13% of blacks, and 11% of Asians. Asians led in self-employment in wholesale and retail trade, as well as in leisure and hospitality.

Notably, in construction, self-employment among whites was higher than among Hispanics, by 27% to 19%. (The construction industry was of vital importance in providing employment opportunities for Hispanics, especially for immigrants, in the pre-Great Recession era.<sup>23</sup>) There was also a vast gulf in self-employment between whites and Hispanics in agriculture, forestry and fishing, by 55% to 3%.

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### Self-Employment Rate by Race, Ethnicity and Industry

*% of workers who are self-employed, 2014*

	White	Hispanic	Black	Asian
<b>All</b>	11%	8%	5%	10%
Agriculture, forestry & fishing	55	3	*	*
Mining	5	*	*	*
Construction	27	19	20	*
Manufacturing	5	2	1	3
Wholesale and retail trade	9	5	3	14
Transportation and utilities	7	9	6	*
Information	9	*	*	*
Financial activities	13	7	7	10
Professional and business services	21	18	13	11
Educational and health services	5	5	3	6
Leisure and hospitality	9	3	4	12
Other services	20	13	20	20

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown. Public administration is not shown because there are no self-employed workers in that sector, by definition.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>22</sup> This is subject to the caveat that the sample size for Asians in construction is less than 500.

<sup>23</sup> Kochhar (2006)

## Hiring Among the Self-Employed by Race and Ethnicity

Asians who are self-employed are the most likely to employ others for pay. Nearly one-in-three self-employed Asians (31%) had at least one paid employee in 2014, compared with 25% of self-employed whites, 18% of self-employed Hispanics and 15% of self-employed blacks.

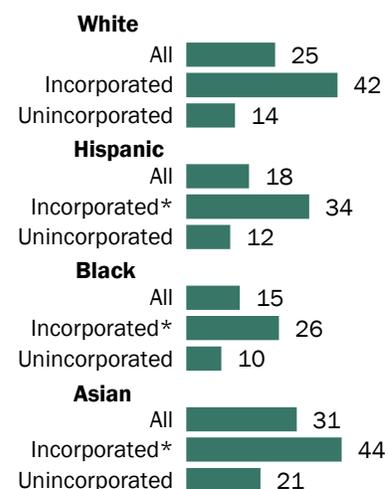
The relatively high hiring rate among self-employed Asians is driven by the unincorporated. Among self-employed workers with unincorporated businesses, 21% of Asians had paid employees in 2014, compared with 14% of whites, 12% of Hispanics and 10% of blacks. Among those with incorporated businesses, Asians (44%) and whites (42%) led other groups in hiring. Some 34% of incorporated businesses owned by Hispanics had paid employees, as did 26% of black-owned incorporated businesses.<sup>24</sup> Within all groups, the incorporated are much more likely to hire than the unincorporated.

Whites, by the sheer size of their presence in the nation's workforce, dominate in the number of jobs created by self-employed workers.<sup>25</sup> Of the 29.4 million paid employees in businesses run by the self-employed in 2014, 24.5 million (83%) worked for white-owned businesses, 2.1 million (7%) for Hispanic-owned, 2 million (7%) for Asian-owned and 675,000 (2%) for black-owned.

The average number working for white-owned businesses with paid employees is also bigger. Self-employed whites with paid employees reported having 9.1 employees in 2014, compared with 8 for Asians, 6.1 for Hispanics, and 5.3 for blacks. However, at the median, these groups of workers employed fewer—four employees each among whites and Asians, three among Hispanics, and two among blacks.

### Self-Employed Asians and Whites More Likely to Hire Workers

*% of self-employed with paid employees, 2014*



Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>24</sup> The sample sizes for incorporated self-employed Hispanics, blacks and Asians are less than 500 each.

<sup>25</sup> The sample sizes for self-employed Hispanics, blacks and Asians with paid employees are less than 500 each.

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## Whites Account for Most of the Hiring by Self-Employed Workers

*Self-employed workers that hired others and their paid employees in 2014 (totals in thousands)*

	<b>With paid employees</b>	<b>Hired by self-employed</b>		
	Total	Total	Average	Median
White	2,692	24,469	9.1	4
Hispanic*	336	2,063	6.1	3
Black*	126	675	5.3	2
Asian*	252	2,011	8.0	4

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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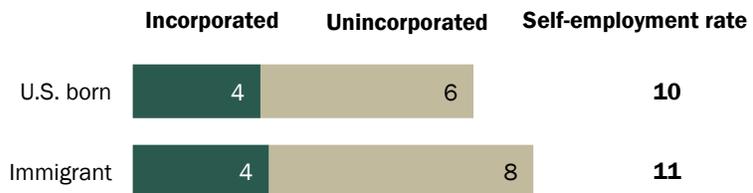
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## Immigrants' Contributions to Job Creation

Immigrants are now a sizable segment of the U.S. workforce. In 2014, the nation's 146 million workers included 24 million immigrants, accounting for 16.6% of total employment.<sup>26</sup> Immigrants occupied an even more significant presence within the self-employed workforce last year. Some 2.8 million, or 19%, of the nation's 14.6 million self-employed workers were immigrants. Thus, immigrants are also responsible for a good share of the jobs created by self-employed workers, hiring workers at virtually the same rate as the U.S. born.

### The Self-Employment Rate Is Slightly Higher Among Immigrants

*% of workers who are self-employed, incorporated and unincorporated, 2014*



Note: Self-employed people work for profit or fees in their own business. The percent incorporated and percent unincorporated may not sum to the self-employment rate due to rounding.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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Overall, 11% of immigrant workers were self-employed in 2014, compared with 10% of U.S.-born workers. The incorporation rates are also similar. Some 4% of each group of workers had incorporated businesses. But there were proportionally more unincorporated self-employed immigrants than U.S.-born workers, 8% compared with 6%.

The overall similarity in self-employment masks the fact that immigrants outpace the U.S. born in the likelihood of being self-employed within each racial and ethnic group. The largest gaps appear among whites and Hispanics. Almost one-in-five (17%) white immigrants were self-employed in 2014, compared with 11% of whites who were U.S. born. Among Hispanics, immigrants were about twice as likely as those born in the U.S. to be self-employed, by 11% to 6%.

Among Asian workers, 11% of immigrants and 7% of the U.S. born were self-employed last year. The rates of self-employment among black immigrant workers (7%) and U.S.-born blacks (5%) were about the same. Notably, Hispanic and Asian immigrants were just as likely as U.S.-born whites to be self-employed.

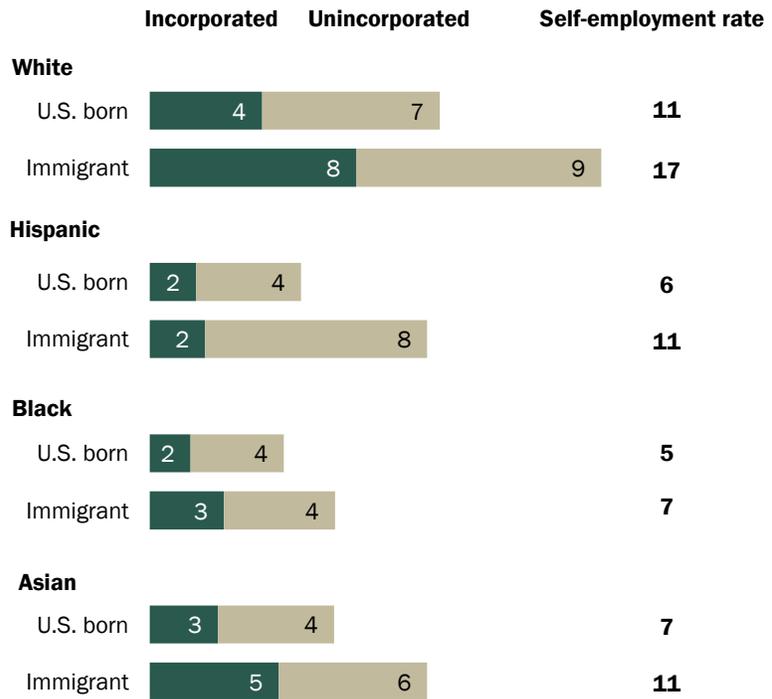
<sup>26</sup> Bureau of Labor Statistics ([2015](#))

Thus, when considered by racial and ethnic groups, the evidence shows that immigrants are engaged in running businesses far more than U.S.-born workers. The magnitude of the difference is muted in the aggregate, however, because of the vastly different racial and ethnic composition of the two groups. The immigrant workforce is almost all minorities—some 82% were Hispanic, Asian, black or some other race in 2014. This drags down the self-employment rate for immigrants in the aggregate. On the other hand, the U.S.-born workforce was mostly white, while only 25% were Hispanic, Asian, black or some other race.

Self-employed immigrants also outdo self-employed U.S.-born workers in running incorporated businesses. Among white immigrant workers overall, the 17% who were self-employed in 2014 included 8% who owned incorporated businesses and 9% who were unincorporated. Thus, within the universe of self-employed workers, almost half (46%) of white immigrants had incorporated their businesses. Among self-employed whites who are U.S. born, 39% had incorporated businesses (the 4% who had incorporated as a share of the 11% who are self-employed).<sup>27</sup>

## Self-Employment Among the U.S. Born and Immigrants, by Race and Ethnicity

*% of workers who are self-employed, incorporated and unincorporated, 2014*



Note: Self-employed people work for profit or fees in their own business. The percent incorporated and percent unincorporated may not sum to the self-employment rate due to rounding. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>27</sup> All computations are done before the rounding of reported percentages and shares.

Similarly, 46% of self-employed Asian immigrants owned incorporated businesses, compared with 37% of U.S.-born Asians. Among self-employed blacks, 40% of immigrants had incorporated businesses, compared with 30% of the U.S. born. However, among self-employed Hispanics, immigrants are *less* likely to incorporate their businesses, at a rate of 20% for immigrants compared with 30% for the U.S. born.

With a few exceptions, the self-employment rates for immigrants and U.S.-born workers tend to vary in tandem across industries. The major exception is agriculture, forestry and fishing, a sector in which 51% of U.S.-born workers were self-employed, compared with only 6% of immigrants. By contrast, immigrants have a notable edge over U.S.-born workers in self-employment in wholesale and retail trade—12% versus 7%—and in transportation and utilities, 14% versus 6%.<sup>28</sup>

More broadly, immigrants and U.S.-born workers share higher-than-average rates of self-employment in the same industries, such as construction, professional and business services, and other services, and lower-than-average rates of self-employment in several other industries, such as manufacturing, educational and health services, and leisure and hospitality.

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### Self-Employment Rate Among the U.S. Born and Immigrants, by Industry

*% of workers who are self-employed, 2014*

	U.S. born Immigrants	
All	10%	11%
Agriculture, forestry & fishing	51	6
Mining	4	*
Construction	25	22
Manufacturing	4	3
Wholesale and retail trade	7	12
Transportation and utilities	6	14
Information	8	*
Financial activities	11	11
Professional and business services	19	18
Educational and health services	4	7
Leisure and hospitality	8	8
Other services	19	16

Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. Public administration is not shown because there are no self-employed workers in that sector, by definition.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>28</sup>These two sectors include “mom-and-pop” stores, taxi and limousine services, and related operations often thought of as gateway opportunities for immigrants, at least anecdotally. Due to the limitations of sample size it is not possible to break down self-employment rates for the various groups of workers to this level of industry detail.

## Job Creation by Immigrant and U.S.-Born Self-Employed Workers

There is little difference in the shares of U.S.-born and immigrant self-employed workers that have paid employees. In 2014, 24% of self-employed workers born in the U.S. had paid employees, compared with 22% of self-employed immigrants. But notable differences in hiring practices emerge when immigrants and U.S.-born workers are classified by racial and ethnic groups.

Among the self-employed, immigrant Asians are by far the most likely to have paid employees. One-in-three (32%) self-employed Asian immigrants had at least one paid employee in 2014. Trailing them were self-employed white immigrants, 25% of whom had paid employees in 2014. Hispanics and blacks lagged further behind among immigrants, with 17% and 13% doing some hiring, respectively.<sup>29</sup>

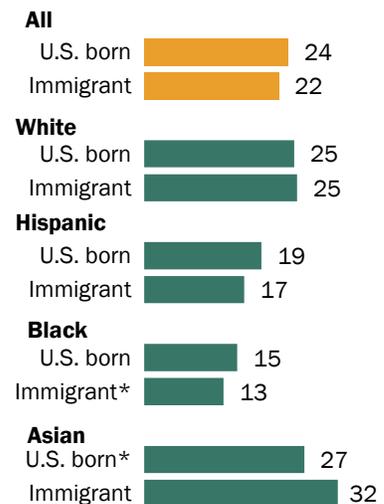
Whites lead in hiring among U.S.-born self-employed workers. In 2014, 25% of self-employed whites who are U.S. born had at least one paid employee. This outpaces the rate among U.S.-born Hispanics (19%) and blacks (15%). Some 27% of U.S.-born Asians are estimated to have paid employees in 2014, though this is subject to the caveat that the sample size is less than 500.

In number, U.S.-born workers comprise the clear majority of the self-employed with paid employees. Of the 3.4 million self-employed workers who had paid employees in 2014, 2.8 million are U.S. born and 617,000 are immigrants. The U.S. born had 25.1 million paid employees and immigrants had 4.3 million employees. Thus, the U.S. born accounted for 85% of total hiring by the self-employed and immigrants accounted for 15%.

The average employment size of businesses run by U.S.-born and immigrant self-employed workers is similar. The U.S. born had 8.9 paid employees and immigrants had 7 employees in 2014, on average. At the median, both groups of workers had only three employees.

### Self-Employed Immigrant Asians Most Likely to Hire Workers

*% of self-employed with paid employees, 2014*



Note: \* Sample size less than 500. Self-employed people work for profit or fees in their own business. Asians include Native Hawaiians and Pacific Islanders. Whites, blacks and Asians are non-Hispanic. Hispanics are of any race. Other race groups not shown.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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<sup>29</sup> The sample size for self-employed black immigrants is less than 500.

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## U.S.-Born Self-Employed Workers Have More Paid Employees on Average

*Self-employed workers that hired others and their paid employees, 2014 (totals in thousands)*

	<b>With paid employees</b>	<b>Hired by self-employed</b>		
		Total	Average	Median
<b>U.S. born</b>	2,824	25,091	8.9	3
<b>Immigrants</b>	617	4,332	7.0	3

Note: Self-employed people work for profit or fees in their own business. The number of paid employees is top coded at 75.

Source: Pew Research Center tabulations of Current Population Survey data, annual outgoing rotation file for 2014

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