

Working 9-5 and 5-9

Demographic Statistics on Entrepreneurs Who Work for a Wage

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Disclaimer

Any opinions and conclusions expressed herein are those of the author(s) and do not reflect the views of the U.S. Census Bureau. The Census Bureau has reviewed this data product to ensure appropriate access, use, and disclosure avoidance protection of the confidential source data (Project No. P-7504866, Disclosure Review Board (DRB) approval number: CBDRB-FY24-ESMD010-010).

Background

Nonemployer businesses

- Businesses w/o paid employees, subject to federal income taxes, w/ annual receipts of \$1,000 or more
- Exist in all sectors
- Nonemployer Statistics by Demographics (NES-D)
 - Not a survey -- Annual series created only w/ administrative records & Census data
 - Provides counts & receipts for universe* of nonemployer businesses by sex, ethnicity, race, & veteran status of business owners at:
 - Geography levels: US, state, metropolitan statistical area (MSA), county
 - 2-4 digit NAICS
 - Receipt-size class
 - Legal form of organization (LFO)
 - Cross-tabulations

Motivation

Wage work

- Employment in which individuals work for an employer in exchange for a regular wage or salary
- Important dynamics between self-employment & working for a wage (e.g., Garcia-Perez et al, 2013)
- Substantial overlap between wage-work and nonemployers (51% in 2010; Goetz et al, 2017)
- Nonemployer business as a side hustle vs. wage work as a side hustle
- But how do these dynamics and relationships vary across demographics?

Enhance the NES-D by adding rates of wage work

Data & Methods (1/2)

NES-D

- Num. businesses: ~27M as of 2019
- Years: 2017-2019



W2s

- Num. W2s: ~260M as of 2019
- Years: 2017-2019, start: 2005

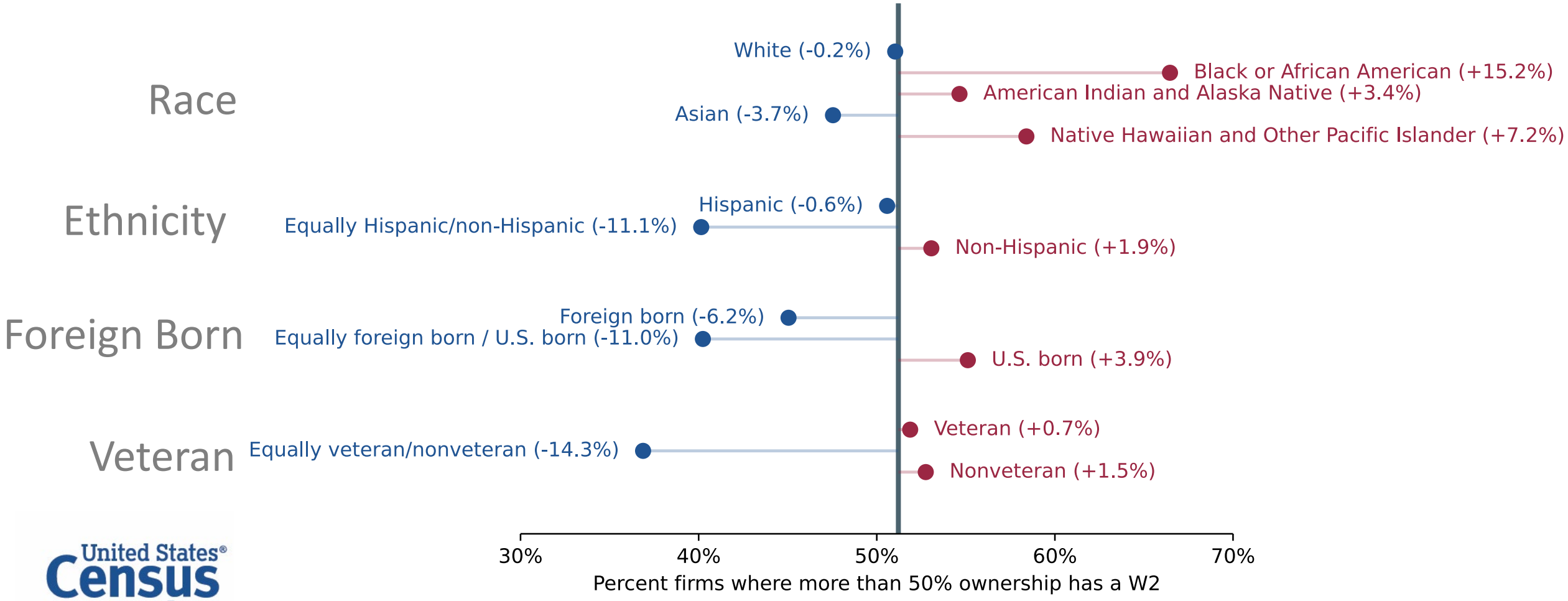
- Merged W2 data into the NES-D data, matching on PIKs
- A small number of nonemployer business owners (0.1%) gave themselves a W2, which we do not count as wage work

Data & Methods (2/2)

- We apply NES-D “Roll-up” methodology to assign wage-work status to the firm-level
- Majority rule: Business is assigned the wage work status of the group that jointly owns > 50% of the business
 - For instance, a business is considered to have ownership that participates in wage work if more than 50% of the business ownership works for a wage
- Firms are eligible for classification if top owner in firm owns at least 10%
- Top 4 owners are considered

Findings (1/6): Wage work rates vary by demographics

51% of nonemployer firms have owners that also work for a wage

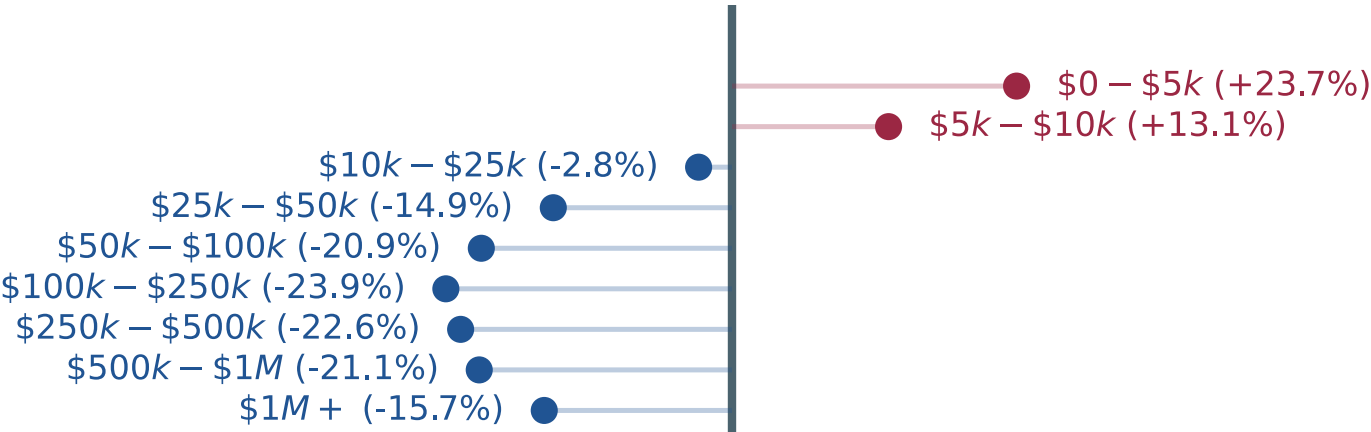


Source: NES-D and W2s, 2019

Findings (2/6): Wage work rates vary by firm attribute

51% of nonemployer firms have owners that also work for a wage

Receipts



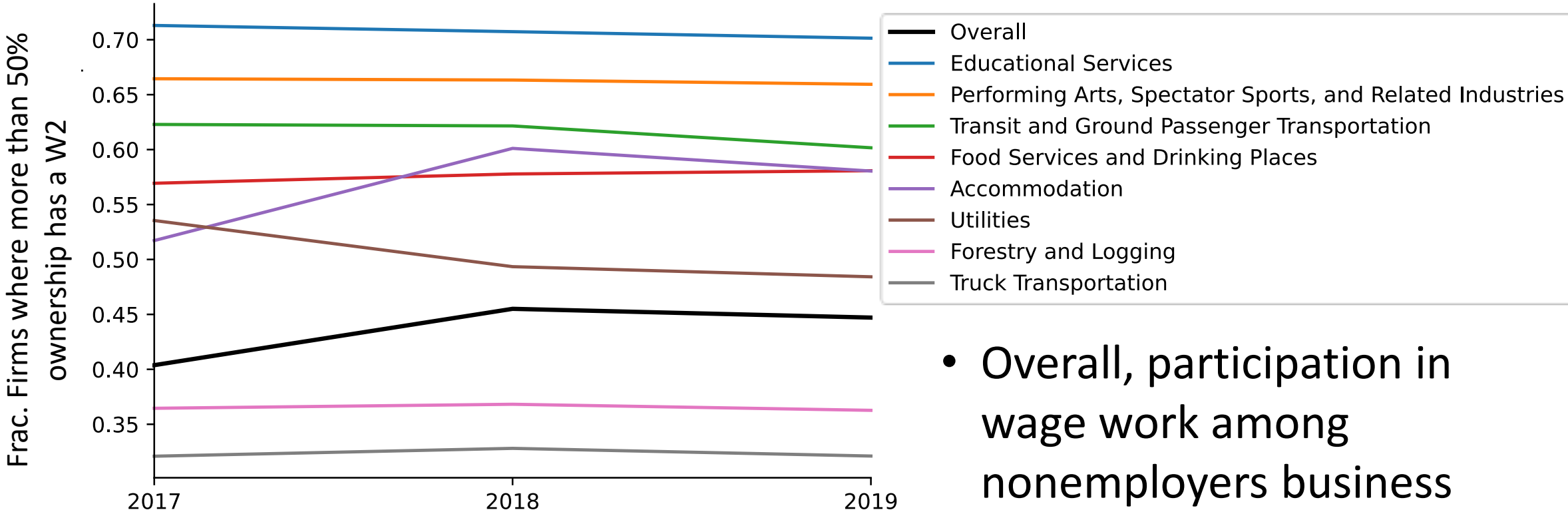
NAICS3



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
Percent firms where more than 50% ownership has a W2

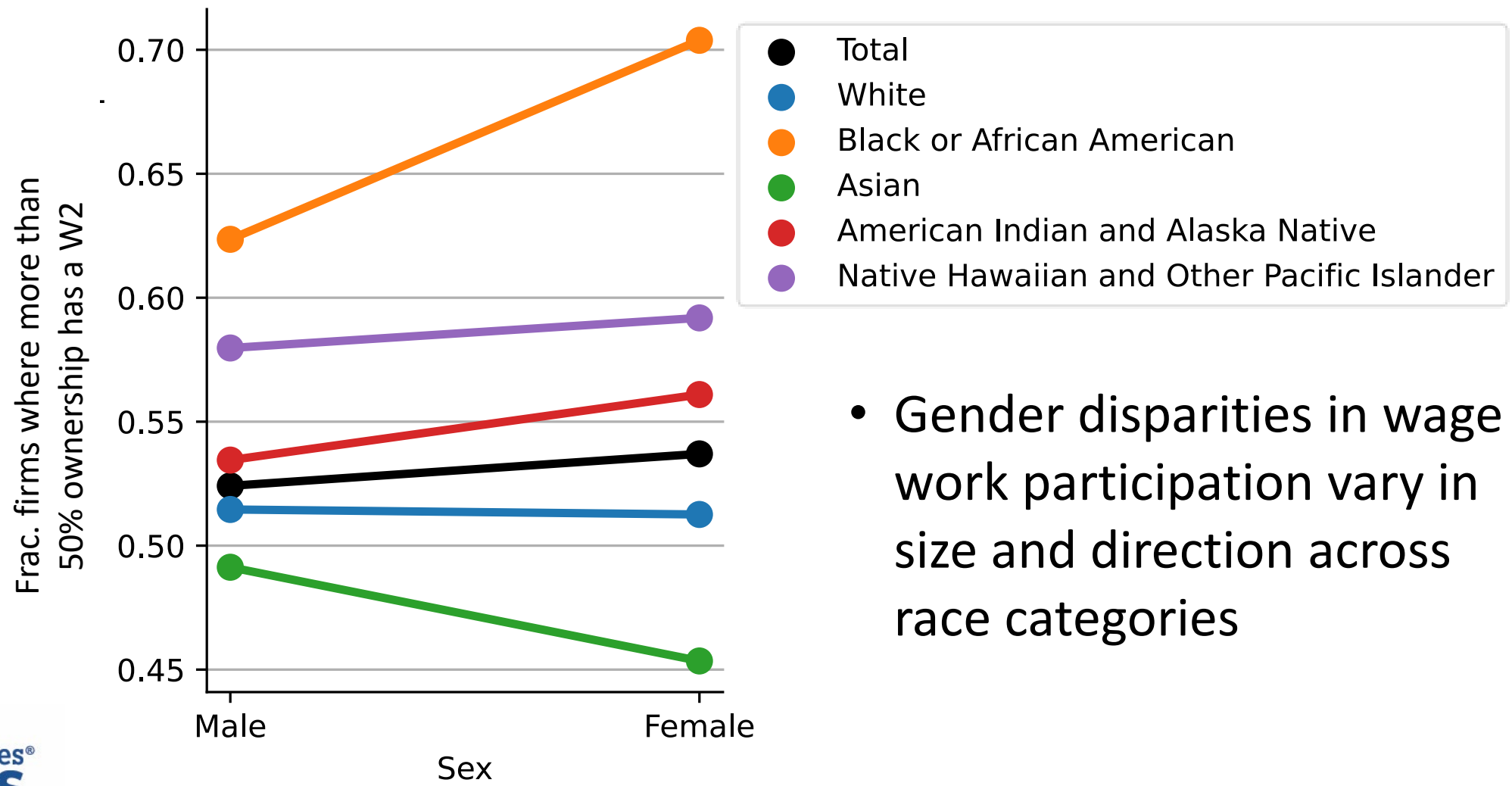


Findings (3/6): Wage work rates over time



- Overall, participation in wage work among nonemployers business owners has increased from 2017-2019

Findings (4/6): Intersectional results



- Gender disparities in wage work participation vary in size and direction across race categories

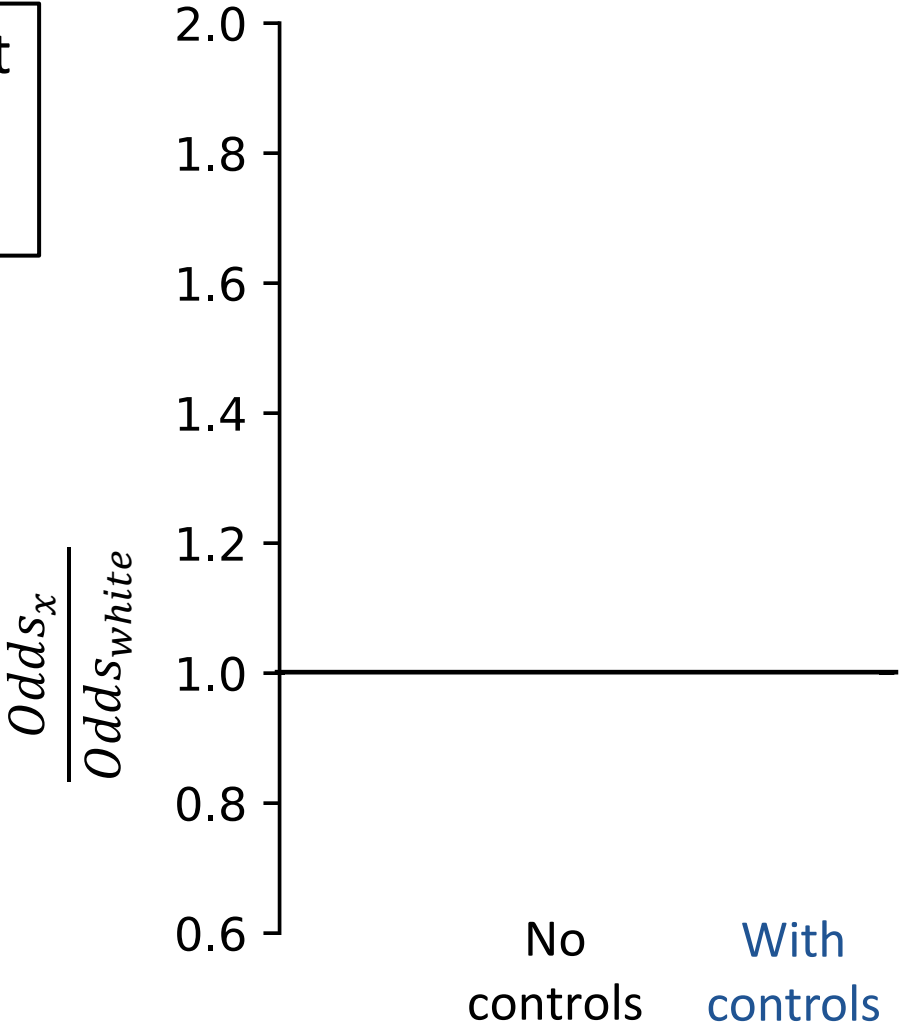
Findings (5/6): Examining Race & Ethnicity

Covariates can account for part of the race & wage work correlation



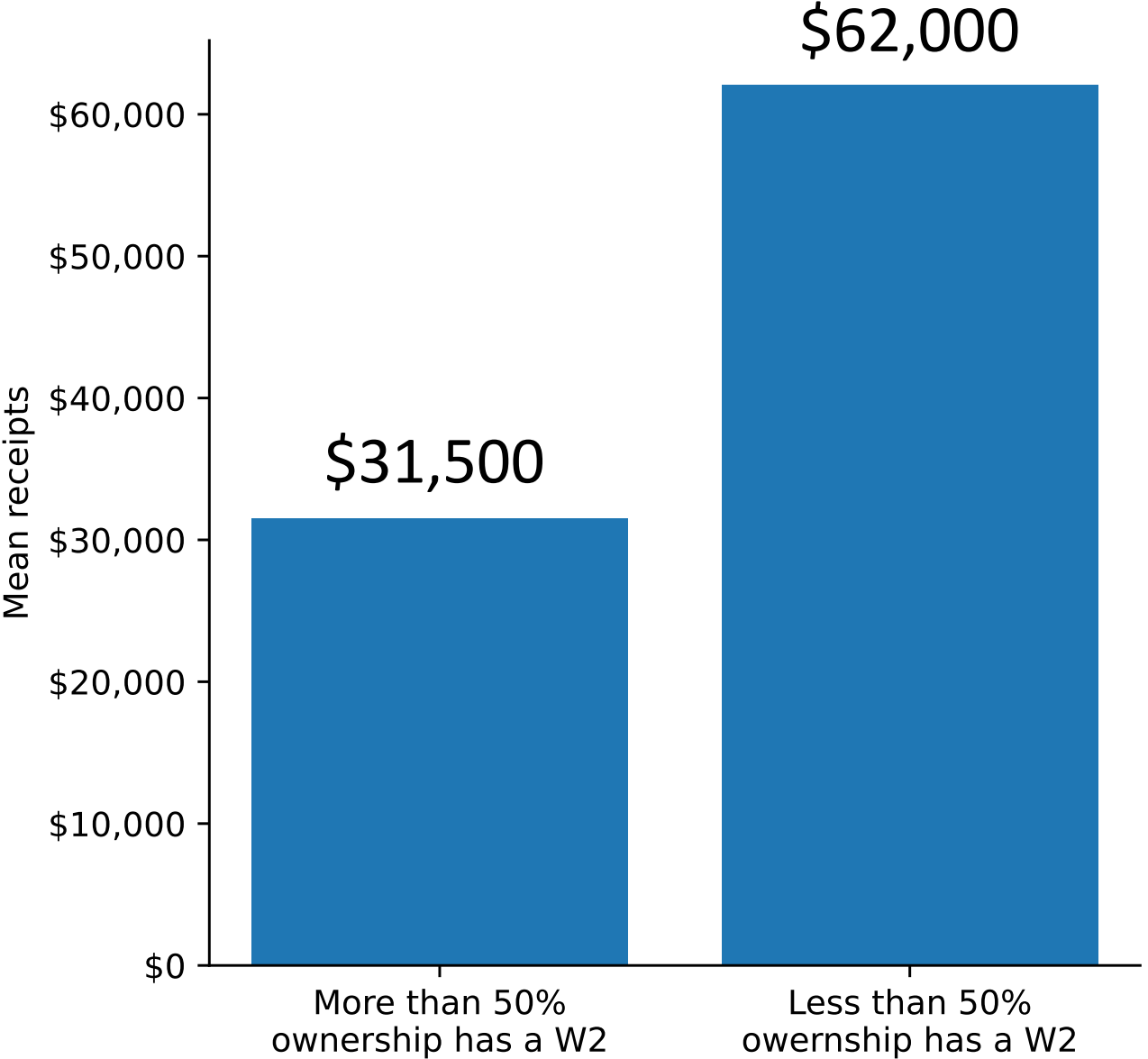
More likely to participate in wage work than white non-Hispanic nonemployers

Less likely to participate in wage work than white non-Hispanic nonemployers



- Controls
- Sex
 - Foreign Born
 - Veteran
 - Age
 - Form Code
 - Industry (NAICS4)
 - State
 - Receipts

Findings (6/6): Receipts



Nonemployer businesses with ownership that does not participate in wage work earn nearly twice as much as those with ownership that does participate in wage work

Conclusions & Future Work





Limitations

-  Interpreting disparities
-  Yearly resolution

Future work

-  Longitudinal analyses

Wage work among nonemployers

-  Common (51%)
-  Varies by demographic
-  Varies by business attributes
-  Coming out this November as a NES-D experimental data product

Thank you!

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APPENDIX

Results: Person-Level Attributes

Age

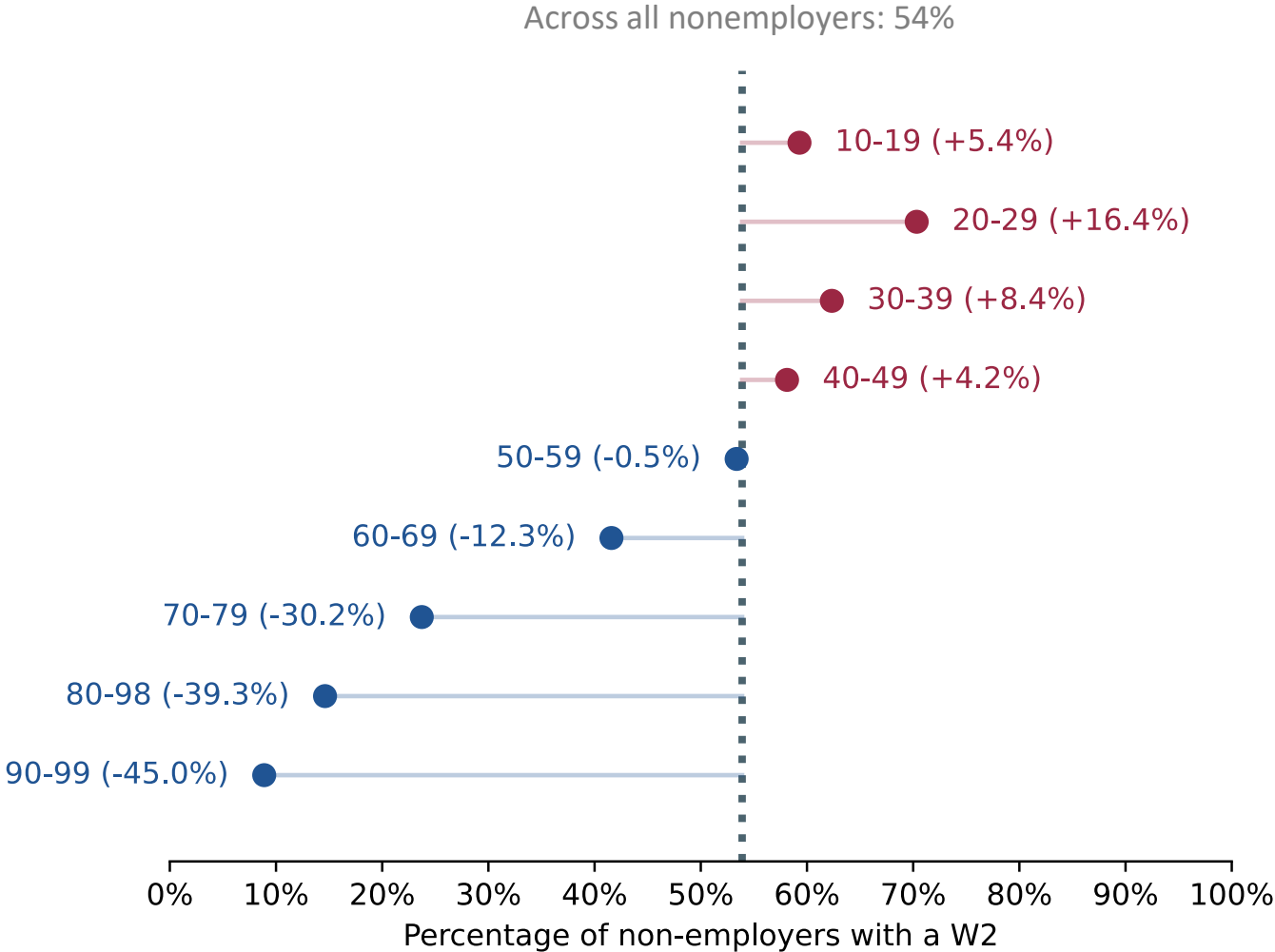


Table Shells

Table Num.	Years	Geo	Industry	Demographics	Receipts	Crosstabs by:			Num. Rows (2019)
						Legal form of organization	Urban/Rural classification	Wage work (W2)	
1	2017-2019	US	2-digit NAICS	3-way crosstabs				YES	41,129
2	2017-2019	US	3-digit NAICS	1-way crosstabs				YES	6,607
3	2017-2019	US	2-digit NAICS	2-way crosstabs	YES			YES	89,797
4	2017-2019	US	3-digit NAICS	1-way crosstabs	YES			YES	48,361
5	2017-2019	US	2-digit NAICS	2-way crosstabs		YES		YES	28,037
6	2017-2019	US	3-digit NAICS	1-way crosstabs		YES		YES	16,462
7	2019	US	2-digit NAICS	2-way crosstabs			YES	YES	32,950
8	2019	US	3-digit NAICS	1-way crosstabs			YES	YES	18,502
O1	2017-2019	US	2-digit NAICS	2-way crosstabs				YES	11,492

Example Rows

Sample rows (Table 1)

NAICS Code	Sex	Ethnicity	Race	Veteran	Foreign born	Wage work	Number of nonemployer firms	Receipts (\$1,000)
Wholesale trade	Total	Hispanic	White	Total	Total	More than 50% ownership has a W2	19500	950000
Wholesale trade	Total	Hispanic	White	Total	Total	Equally with/without W2	450	66000
Wholesale trade	Total	Hispanic	White	Total	Total	Less than 50% of owernship has a W2	22500	2315000
Wholesale trade	Total	Hispanic	Black or African American	Total	Total	Total	2500	155000
Wholesale trade	Total	Hispanic	Black or African American	Total	Total	More than 50% ownership has a W2	1300	41100
Wholesale trade	Total	Hispanic	Black or African American	Total	Total	Less than 50% of owernship has a W2	1200	114000
Wholesale trade	Total	Hispanic	American Indian and Alaska Native	Total	Total	Total	950	58000
Wholesale trade	Total	Hispanic	American Indian and Alaska Native	Total	Total	More than 50% ownership has a W2	450	14000
Wholesale trade	Total	Hispanic	American Indian and Alaska Native	Total	Total	Less than 50% of owernship has a W2	500	44000
Wholesale trade	Total	Hispanic	Asian	Total	Total	Total	3000	229000
Wholesale trade	Total	Hispanic	Asian	Total	Total	More than 50% ownership has a W2	1300	59000
Wholesale trade	Total	Hispanic	Asian	Total	Total	Equally with/without W2	N < 15	450