Monthly Labor Review

October 2014

Female self-employment in the United States: an update to 2012

This article uses data from the Current Population Survey to examine changes in the demographic and socioeconomic characteristics of self-employed women over the 1993–2012 period. The analysis suggests that these female workers, who represented about one-third of all self-employed individuals in 2012, have weathered recessions relatively well and made considerable strides in educational attainment and earnings. In addition, they have become more diverse in terms of race, family characteristics, and health status.

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After seeing considerable increases in the 1970s and the 1980s, the share of women in self-employment and the female self-employment rate leveled off in the 1990s and remained relatively unchanged through 2012. While this recent 20-year trend may not be remarkable, the characteristics of female business owners have changed considerably over time. The majority of empirical research on self-employed workers either analyzes self-employed men and women together, as a similar "type" of worker, or simply omits women from the study of self-employment.[1] By contrast, the present article uses the Annual Social and Economic Supplement of the Current Population Survey (CPS) to examine changes and trends in the demographic and socioeconomic characteristics of self-employed women from 1993 to 2012. It finds that these female workers continue to be a unique labor market group deserving separate treatment in analysis.

New trends in female self-employment suggest a positive shift in opportunities for women, especially for those who differ from the "typical" self-employed women of the past. For instance, the percentage of female minorities in self-employment doubled from 1993 to 2012, and more divorced women and women without young children have become self-employed. Earnings trends have also been favorable. Although female business owners still have lower mean earnings compared with other worker groups, between 1993 and 2012 the gender gap in hourly earnings among the self-employed shrank by nearly 20 percentage points for full-time workers and by 17 percentage points for part-time workers.

In addition, several characteristics distinguish self-employed women from their male self-employed counterparts as well as from their female wage and salary[2] counterparts. For example, relative to other worker groups, the female self-employed have higher mean levels of education but are in poorer health and more likely to be disabled. Their work schedules are highly variable and, in 2012, 38 percent of them worked part time for noneconomic reasons, compared with 17 percent of self-employed men and a quarter of wage and salary women.

The section below discusses the data and the sample used in the analysis. The following sections examine the trends in female self-employment over the 1993–2012 period and the characteristics that make self-employed women similar or dissimilar to other worker groups. Finally, a brief section on the top occupations and industries of self-employed women is offered and conclusions are drawn.

Data

The analysis uses 1993–2012 data from the Annual Social and Economic Supplement of the CPS, a monthly survey of about 60,000 households. This annual supplement collects data on demographics, work experience, income, and benefits, including government assistance and health insurance coverage. In 1994, a CPS redesign changed the measurement of employment characteristics such as class of worker, part-time versus full-time work, and industry and occupation distributions.[3] Thus, this analysis is limited to data collected since the survey redesign in order to make the best use of comparable data over time.

The study sample is comprised of civilian nonfarm workers age 16 or older who were employed in the job they held the longest during the year. Workers are defined as *employed* if they worked 1 or more weeks during the reference year, a work period that may include paid time off. Workers are defined as *self-employed* if they reported being self-employed in the job they held the longest during the reference year. This definition does not include workers reporting self-employment income from a second job but includes workers earning wage and salary income from a second job. Self-employed workers report themselves as unincorporated or incorporated. The sample excludes unpaid workers in nonagricultural family businesses.

Trends in female self-employment

Female representation in self-employment and the self-employment rate. In 2012, about one in three self-employed workers was female. After a consistent rising trend in female self-employment from the 1970s to the early 1990s,[4] the female-to-male ratio in self-employment remained relatively flat, at approximately 35 percent. (See table 1.) In 2012, 1 in 14 employed women was self-employed, down from about 1 in 12 women in 1993.

Table 1. Representation of women in the U.S. nonagricultural sector, by employment sector, 1993–2012 (numbers in thousands)

Year	All employed		Self-employed		Wage and salary	
	Number	Percent women	Number	Percent women	Number	Percent women
1993	125,066	46.7	13,173	35.7	111,893	48.0
1994	126,817	46.7	13,015	35.9	113,802	47.9
1995	128,125	46.8	12,676	34.9	115,450	48.1
1996	131,137	47.0	13,412	35.3	117,725	48.4

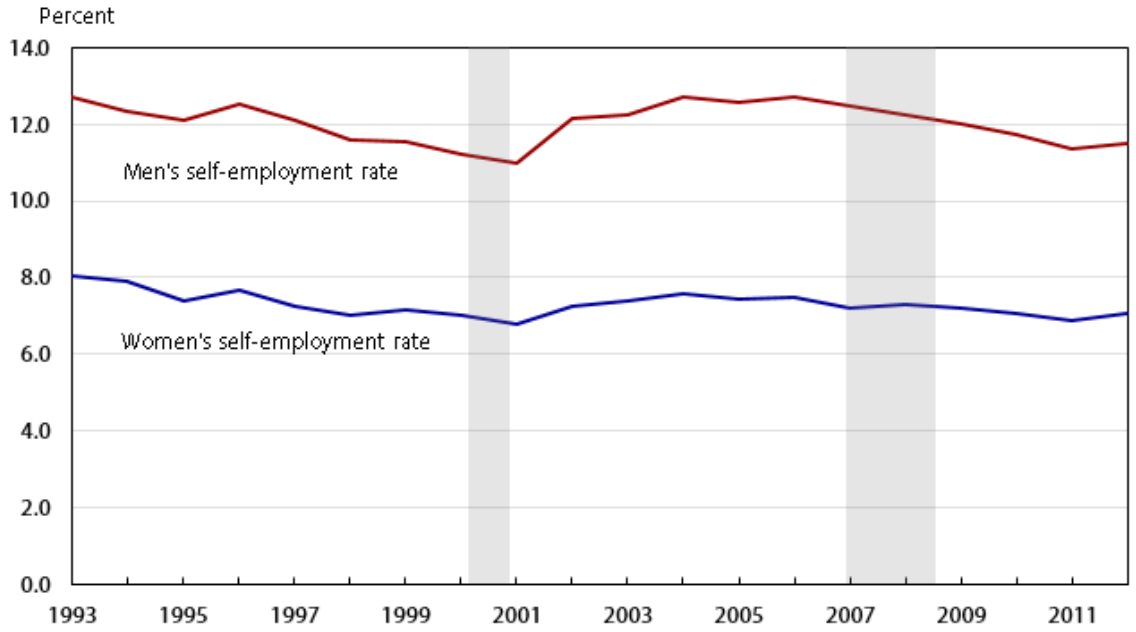
See footnotes at end of table.

Table 1. Representation of women in the U.S. nonagricultural sector, by employment sector, 1993–2012 (numbers in thousands)

Year	All employed		Self-employed		Wage and salary	
	Number	Percent women	Number	Percent women	Number	Percent women
1997	133,098	47.2	13,074	35.2	120,024	48.5
1998	134,266	47.4	12,656	35.2	121,610	48.6
1999	136,589	47.4	12,931	35.8	123,658	48.6
2000	137,946	47.4	12,720	36.1	125,226	48.6
2001	140,125	47.3	12,611	35.6	127,514	48.4
2002	142,653	47.2	14,058	34.8	128,596	48.5
2003	143,143	47.0	14,250	34.8	128,893	48.3
2004	144,471	46.9	14,884	34.5	129,587	48.3
2005	146,791	46.7	14,922	34.1	131,870	48.1
2006	149,430	46.9	15,312	34.2	134,118	48.3
2007	150,084	47.0	15,027	33.9	135,058	48.5
2008	149,964	47.2	14,846	34.8	135,118	48.6
2009	149,940	47.2	14,625	34.9	135,315	48.5
2010	149,240	47.2	14,243	35.0	134,996	48.4
2011	150,406	47.4	13,893	35.3	136,513	48.7
2012	151,091	47.4	14,204	35.7	136,887	48.6

Source: Current Population Survey, Annual Social and Economic Supplement.

Figure 1. Nonagricultural self-employment rates, by gender, annual averages, 1993–2012



Note: Shaded areas represent recessions as defined by the National Bureau of Economic Research.
Source: Current Population Survey, Annual Social and Economic Supplement.

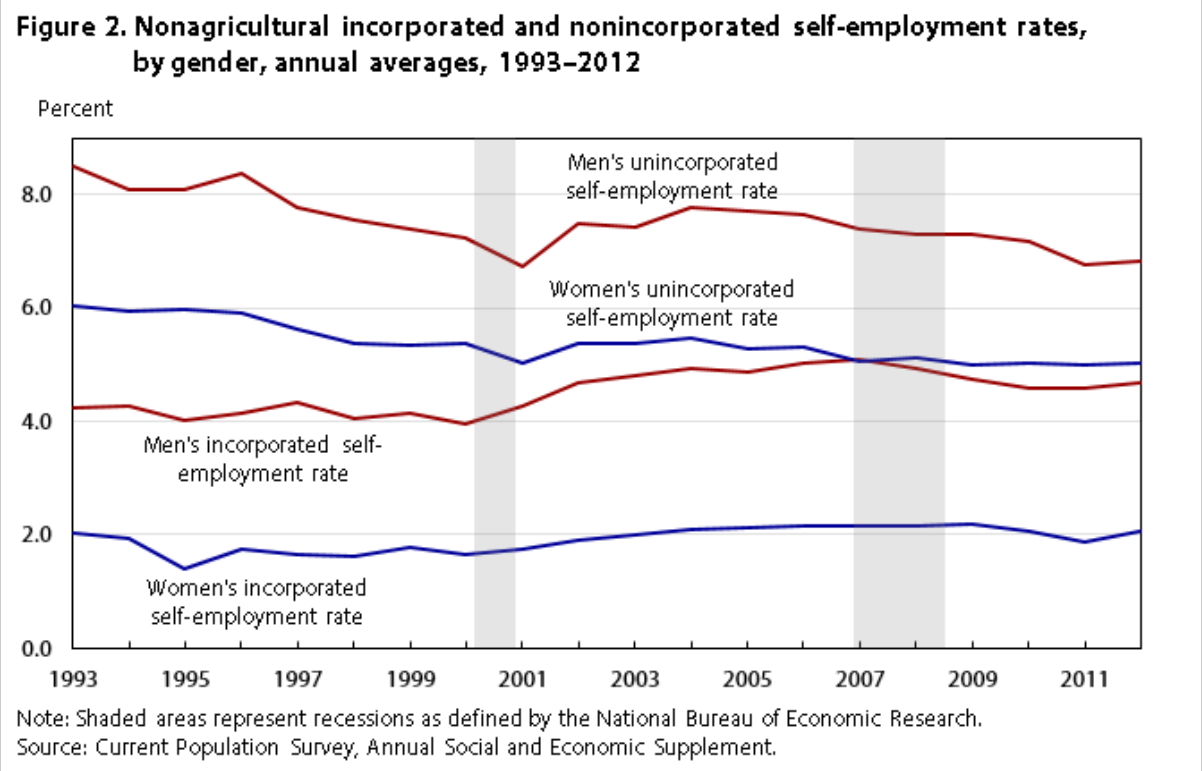
The self-employment rate, defined as the ratio of nonagricultural self-employed workers to nonagricultural workers of both employment sectors (i.e., self-employment and wage and salary), fell from 10.5 percent in 1993 to 9.4 percent in 2012. (See table 2.) In 2012, the female self-employment rate was 7.1 percent and the male rate was

11.5 percent. Figure 1 depicts the nearly 20-year trend in self-employment rates by gender, with shaded areas representing recessions. While both male and female rates trend slightly downward, female self-employment was less affected by economic downturns than was male self-employment, a differential effect particularly evident in the most recent recession. In the 3 years before the Great Recession of 2007–2009, male self-employment averaged 12.7 percent; between 2006 and 2012, it dropped by 1.2 percentage points. The female self-employment rate fell only 0.4 percentage points in this 6-year period and made up twice as much ground in 2012 relative to the men's rate.

Table 2. Self-employment rates in the U.S. nonagricultural sector, by gender, 1993–2012 (numbers in thousands)

Year	Women			Men			Total		
	Employed	Self-employed	Self-employment rate (percent)	Employed	Self-employed	Self-employment rate (percent)	Employed	Self-employed	Self-employment rate (percent)
1993	58,438	4,706	8.1	66,629	8,467	12.7	125,066	13,173	10.5
1994	59,210	4,670	7.9	67,607	8,345	12.3	126,817	13,015	10.3
1995	59,925	4,419	7.4	68,201	8,257	12.1	128,125	12,676	9.9
1996	61,688	4,728	7.7	69,449	8,683	12.5	131,137	13,412	10.2
1997	62,777	4,554	7.3	70,321	8,521	12.1	133,098	13,074	9.8
1998	63,616	4,455	7.0	70,650	8,201	11.6	134,266	12,656	9.4
1999	64,718	4,625	7.1	71,872	8,307	11.6	136,589	12,931	9.5
2000	65,399	4,594	7.0	72,547	8,125	11.2	137,946	12,720	9.2
2001	66,210	4,486	6.8	73,915	8,125	11.0	140,125	12,611	9.0
2002	67,273	4,885	7.3	75,380	9,173	12.2	142,653	14,058	9.9
2003	67,278	4,966	7.4	75,865	9,284	12.2	143,143	14,250	10.0
2004	67,704	5,131	7.6	76,766	9,753	12.7	144,471	14,884	10.3
2005	68,520	5,091	7.4	78,271	9,831	12.6	146,791	14,922	10.2
2006	70,017	5,231	7.5	79,414	10,082	12.7	149,430	15,312	10.2
2007	70,596	5,098	7.2	79,488	9,929	12.5	150,084	15,027	10.0
2008	70,837	5,164	7.3	79,127	9,683	12.2	149,964	14,846	9.9
2009	70,795	5,101	7.2	79,146	9,525	12.0	149,940	14,625	9.8
2010	70,387	4,986	7.1	78,853	9,257	11.7	149,240	14,243	9.5
2011	71,330	4,905	6.9	79,076	8,988	11.4	150,406	13,893	9.2
2012	71,557	5,066	7.1	79,533	9,138	11.5	151,091	14,204	9.4

Source: Current Population Survey, Annual Social and Economic Supplement.



Incorporated vs. unincorporated self-employment. Self-employed workers report themselves as either incorporated or unincorporated. Incorporation, which allows business owners to reduce their personal liability and income taxes, has risen among the self-employed since the 1960s.[5] However, in the past two decades, the progression toward incorporation was seemingly driven by self-employed men. Between 1993 and 2012, the incorporated self-employment rate rose about half a percentage point for men but remained mostly unchanged for women. (See figure 2.) In the same time, the unincorporated self-employment rate fell 1.7 percentage points for men but only 1.0 percentage point for women. In 2012, 2.1 percent of all female workers were incorporated self-employed, compared with 4.7 percent of all male workers.

Characteristics of self-employed women

Age. About 34 percent of self-employed women in 2012 were age 55 or older, up nearly 13 percentage points since 1993. (See table 3.) A similar trend is found for self-employed men and is likely correlated with the trend of gradual retirement through “bridge jobs” (i.e., jobs that bridge the gap between a career job and full retirement). Self-employment is one type of a bridge job that is common among older individuals. This interpretation is supported by table 4, which shows that self-employment rates increase with age, especially among men.[6]

Table 3. Percent distribution of self-employed and wage and salary workers, by gender and selected demographic characteristics, 1993 and 2012

Characteristics	Self-employed				Wage and salary			
	Women		Men		Women		Men	
	1993	2012	1993	2012	1993	2012	1993	2012
Age								
16 to 19 years	1.6	0.5	1.4	0.8	5.5	3.6	5.1	3.0
20 to 24 years	2.7	1.8	2.6	2.0	11.7	10.5	11.6	10.5
25 to 34 years	20.5	13.5	18.1	11.9	26.7	21.9	28.7	23.7
35 to 44 years	28.8	22.9	29.6	21.3	27.1	20.7	26.7	21.7
45 to 54 years	25.2	27.9	25.3	27.4	18.4	22.5	17.6	21.6
55 to 64 years	14.6	22.3	15.4	24.3	8.4	16.4	8.2	14.8
65 years and older	6.5	11.3	7.7	12.3	2.3	4.4	2.0	4.6
Race and Hispanic origin								
White	91.4	82.8	91.3	86.0	82.8	77.4	85.1	80.3
Black	4.5	6.8	4.7	6.3	13.1	14.1	10.6	11.1
Asian	3.3	7.7	2.9	5.6	2.7	5.4	2.7	5.6
Other	.8	2.8	1.1	2.1	1.3	3.0	1.5	2.9
Hispanic origin	5.2	12.3	5.2	13.2	7.9	14.2	10.4	17.3
Citizenship								
U.S. born	89.8	79.2	89.8	79.5	91.5	84.3	89.2	81.0
Foreign born, U.S. citizen	4.6	12.0	4.4	11.2	3.1	8.9	3.1	8.5
Foreign born, not a U.S. citizen	5.6	8.8	5.7	9.3	5.4	6.8	7.7	10.6
Marital status								
Married with spouse present	77.1	66.2	73.9	69.7	54.1	50.4	58.2	55.0
Previously married	13.5	20.5	12.2	13.7	19.7	18.8	10.6	11.9
Never married	9.4	13.3	13.9	16.6	26.2	30.8	31.2	33.1
Young children at home	24.1	19.5	20.5	18.2	19.8	18.4	20.5	18.2

Note: Data for "young children at home" represent the share of individuals under age 55 who have one or more children under 6 years of age in the household.

Source: Current Population Survey, Annual Social and Economic Supplement.

Table 4. Self-employment rates, by gender and selected demographic characteristics, 1993 and 2012 (percent)

Characteristics	Women		Men	
	1993	2012	1993	2012
Age				
16 to 19 years	2.5	1.0	3.8	3.3
20 to 24 years	2.0	1.3	3.1	2.4
25 to 34 years	6.3	4.5	8.4	6.1
35 to 44 years	8.5	7.8	13.9	11.3
45 to 54 years	10.7	8.6	17.3	14.1
55 to 64 years	13.3	9.4	21.5	17.6
65 years and older	19.7	16.3	35.3	25.7

See footnotes at end of table.

Table 4. Self-employment rates, by gender and selected demographic characteristics, 1993 and 2012 (percent)

Characteristics	Women		Men	
	1993	2012	1993	2012
Race and Hispanic origin				
White	8.8	7.5	13.5	12.2
Black	2.9	3.5	6.1	6.9
Asian	9.6	9.7	13.2	11.5
Other	5.2	6.6	9.1	8.4
Hispanic origin	5.4	6.2	6.9	9.0
Citizenship				
U.S. born	7.9	6.7	12.8	11.3
Foreign born, U.S. citizen	11.3	9.3	17.3	14.7
Foreign born, not a U.S. citizen	8.4	9.0	9.7	10.2
Marital status				
Married with spouse present	11.1	9.1	15.6	14.1
Previously married	5.7	7.7	14.4	13.0
Never married	3.0	3.2	6.1	6.1
Young children at home	8.6	6.3	12.2	9.1

Note: Data for "young children at home" represent the rate of self-employment of individuals under age 55 who have one or more children under 6 years of age in the household.

Source: Current Population Survey, Annual Social and Economic Supplement.

Race, Hispanic origin, and citizenship. The middle panels of table 3 present data on race and citizenship. Compared with the wage and salary sector, the self-employment sector has a higher percentage of Whites; however, this proportion fell considerably between 1993 and 2012, especially for self-employed women. Notably, the concentration of female minorities in self-employment doubled during this period.

Self-employment rates are above average for Whites and Asians, regardless of gender. (See table 4.) Between 1993 and 2012, self-employment rates increased for all female minority groups; among men, rates increased only for Blacks and those of Hispanic origin. Foreign-born U.S. citizens and noncitizens continue to have above-average self-employment rates, and foreign-born citizens are increasingly entering both the wage and salary and the self-employment sectors, but especially the latter.

Marital status and children. While the share of married female workers in 2012 was about 50 percent in the wage and salary sector, it was more than 66 percent in the self-employment sector. (See table 3.) A similar distribution is found for men. This pattern may be due to the fact that self-employment often gives married people greater work schedule flexibility and the opportunity for joint production, while still allowing them to enjoy the earnings stability and benefits coverage provided by their spouse. However, in recent decades, self-employment has become more common among unmarried women, in particular divorced women, who make up one-fifth of self-employed women and whose self-employment rates are slightly above average.

In 2012, nearly 20 percent of self-employed women under age 55 had young children (6 years and younger) at home, the highest proportion across all worker groups. The share of workers with young children decreased over

the study period for all workers, and especially for self-employed women. Table 4 indicates that the self-employment rate for women with young children was above average in 1993 but below average in 2012.

Education. Although mean levels of educational attainment rose in the 1993–2012 period for all worker groups, the increase was greater for women. (See table 5.) At the end of the period, self-employed women had the highest mean level of education—14.3 years, compared with 14.1 years for both self-employed men and wage and salary women. More than half of self-employed women in 2012 had at least an associate's degree, but less than half of the workers in other groups had at least this level of education. About 16 percent of self-employed workers of either gender held an advanced degree, compared with 12.2 percent of wage and salary women and 11.1 percent of wage and salary men. Self-employment rates fell for nearly all educational levels, consistent with the decline in the overall self-employment rate; however, the drop was considerably large for self-employed men holding professional degrees. (See table 6.) Because of this shift, in 2012, the self-employment rate for professional degree holders was about double the average rate for both genders.

Table 5. Percent distribution of self-employed and wage and salary workers, by gender, education, and health status, 1993 and 2012

Characteristics	Self-employed				Wage and salary			
	Women		Men		Women		Men	
	1993	2012	1993	2012	1993	2012	1993	2012
Number of years of schooling completed								
Mean	13.6	14.3	14.0	14.1	13.4	14.1	13.3	13.7
Standard deviation	2.6	2.7	3.1	3.0	2.5	2.5	2.8	2.8
Educational attainment								
Less than a high school diploma	8.7	7.0	11.3	10.0	11.7	7.6	15.3	10.7
High school graduate, no college	34.8	22.7	29.0	26.5	34.2	25.0	33.1	29.4
Some college, no degree	22.1	18.0	18.8	16.2	22.1	20.3	20.0	18.7
Associate's degree	8.4	12.1	5.8	8.1	9.1	12.2	7.0	9.2
Bachelor's degree	16.7	24.2	20.1	23.1	16.1	22.6	16.5	20.9
Master's degree	5.8	10.3	5.6	7.6	5.5	9.8	5.5	7.6
Professional or doctoral degree	3.4	5.7	9.4	8.5	1.3	2.4	2.6	3.5
Health status								
Excellent	–	32.9	–	30.9	–	30.7	–	32.3
Very good	–	33.8	–	34.8	–	36.6	–	36.1
Good	–	24.5	–	25.9	–	25.9	–	25.5
Fair	–	7.4	–	6.8	–	5.8	–	5.2
Poor	–	1.5	–	1.5	–	1.0	–	.9
Disability	5.0	5.1	4.7	3.0	2.8	2.0	3.0	1.9
Disability compensation								
U.S. Department of Veteran Affairs	.2	.5	.4	.3	.5	.5	.4	.3
Supplemental Security Income	.1	.1	.7	.9	.0	.1	.7	.9
Other source	.2	.2	.2	.2	.2	.2	.2	.2

Note: Data for "disability" represent the share of individuals with a health problem or disability that prevents them from working or limits the kind or amount of work they can perform.

Source: Current Population Survey, Annual Social and Economic Supplement.

Table 6. Self-employment rates, by gender, education, and health status, 1993 and 2012 (percent)

Characteristics	Women		Men	
	1993	2012	1993	2012
Educational attainment				
Less than a high school diploma	6.1	6.6	9.7	10.8
High school graduate, no college	8.2	6.5	11.3	10.5
Some college, no degree	8.1	6.3	12.0	10.1
Associate's degree	7.5	7.1	10.7	10.3
Bachelor's degree	8.3	7.5	15.1	12.6
Master's degree	8.5	7.4	13.1	11.5
Professional or doctoral degree	19.0	15.1	34.1	24.0
Health status				
Excellent	–	7.5	–	11.0
Very good	–	6.6	–	11.1
Good	–	6.7	–	11.7
Fair	–	8.8	–	14.6
Poor	–	10.4	–	18.3
Disability	13.5	16.1	18.6	17.6
Disability compensation				
U.S. Department of Veteran Affairs	3.5	6.9	11.3	6.9
Supplemental Security Income	20.6	5.2	18.3	9.8
Other source	6.9	7.7	11.1	10.1

Note: Data for "disability" represent the rate of self-employment of individuals with a health problem or disability that prevents them from working or limits the kind or amount of work they can perform.

Source: Current Population Survey, Annual Social and Economic Supplement.

Health and disability status. In 2012, self-employed women reported the poorest health of all worker groups. Among these female workers, 8.9 percent reported fair or poor health, compared with 8.3 percent for self-employed men, 6.8 percent for wage and salary women, and 6.1 percent for wage and salary men.[7] (See table 5.) In addition, self-employed women had the highest proportion of disabled workers—5.1 percent, compared with 3.0 percent for self-employed men and about 2 percent for wage and salary workers of either gender.[8] In 2012, 0.8 percent of women in both employment sectors received disability compensation through the U.S. Department of Veteran Affairs, the Supplemental Security Income program, or another source. In terms of their disability characteristics, self-employed women are more similar to wage and salary women and less similar to men in either employment sector. Table 6 shows an increasing self-employment rate among female disabled workers, a rate that was more than twice the average female rate in 2012. By contrast, this trend is not evident for self-employed men.

Job characteristics and earnings

Work schedules. In 2012, nearly half of self-employed women worked less than 35 hours a week, and the majority of them worked part time for noneconomic reasons (e.g., to take care of children and other family members, attend school or training, or contribute a secondary income to their households). As shown in table 7, self-employed women worked the lowest number of mean weekly hours and weeks per year. Interestingly, their work schedules exhibited the highest variation—a variation reflecting a heterogeneous group of workers putting forth different levels of effort depending on their nonwork responsibilities and limitations, as well as personal ambitions. In terms

of work schedules, self-employed women are more similar to women working in the wage and salary sector and less similar to self-employed men, who generally work the most mean weekly hours and weeks per year among all worker groups.

Table 7. Work schedules and percent distribution of self-employed and wage and salary workers, by gender and selected employment characteristics, 1993 and 2012

Characteristics	Self-employed				Wage and salary			
	Women		Men		Women		Men	
	1993	2012	1993	2012	1993	2012	1993	2012
Number of usual weekly hours								
Mean	33.1	32.6	44.6	40.3	34.7	34.6	40.3	38.9
Standard deviation	18.9	17.6	15.9	16.3	13.2	13.6	12.9	13.9
Number of weeks worked per year								
Mean	43.2	44.0	47.4	46.4	44.2	44.7	45.7	45.5
Standard deviation	15.8	15.6	11.2	13.3	14.8	15.2	13.6	14.5
Full time[1] (percent)	54.4	54.5	77.7	74.0	77.7	69.3	82.5	82.0
Part time for economic reasons[2] (percent)	3.7	7.2	6.3	8.9	6.3	5.8	3.8	5.1
Part time for noneconomic reasons[3] (percent)	41.9	38.3	16.0	17.1	16.0	24.8	13.8	12.8
Health insurance coverage (percent)								
Employer-provided plan	17.3	15.8	32.3	24.9	52.5	48.6	62.4	54.6
Private plan	–	18.8	–	19.7	–	5.4	–	5.2
Government plan	11.9	20.1	10.6	17.6	10.5	13.3	6.6	11.0
Plan provided by family member	41.9	33.4	19.1	21.1	23.1	23.6	11.7	15.9

Notes:

[1] Defined as working 35 hours or more during the reference week.

[2] Defined as working 1 to 34 hours during the reference week for an economic reason, such as unfavorable business conditions, inability to find full-time work, or seasonal declines in demand.

[3] Defined as working 1 to 34 hours during the reference week for a noneconomic reason, such as childcare problems, family or personal obligations, school or training, retirement or Social Security limits on earnings, or some other reason.

Note: Government-provided health insurance includes Medicare, Medicaid, and the Civilian Health and Medical Program.

Source: Current Population Survey, Annual Social and Economic Supplement.

Health insurance coverage. Not surprisingly, business owners have the lowest shares of employer-provided health insurance coverage and the highest shares of private- and government-provided health insurance coverage. In 2012, less than 16 percent of self-employed women and a quarter of self-employed men had employer-provided health insurance. (See table 7.) About 40 percent of self-employed workers had private- and government-provided insurance. The high share of government-provided insurance likely reflects the fact that self-employed people are relatively older. Further, self-employed workers, especially female ones, are more likely to have health insurance coverage through a plan of a spouse or another family member. While a third of self-employed women in 2012 were insured through a family member, this share had come down from nearly 42 percent in 1993. This change is consistent with the upward trend in self-employment among unmarried women.

Earnings. Comparing earnings across employment sectors can be problematic. Although self-employed workers exhibit greater income variation than do wage and salary workers, they benefit from nonpecuniary benefits that are not reflected in their reported earnings. In addition, self-employed workers, in particular those who are incorporated, often report low or zero earnings.[9] Thus, this article compares the earnings of wage and salary workers with those of unincorporated self-employed workers only.

Table 8 shows the annual, weekly, and hourly earnings (measured in 2013 dollars) of workers in 1993 and 2012, by employment sector and gender.[10] Among the worker groups presented in the table, self-employed women in 2012 earned the lowest mean earnings. With respect to mean hourly earnings, however, part-time self-employed women are a notable exception. While these women had mean weekly earnings similar to those of wage and salary women, they also worked fewer hours. In 2012, their mean hourly earnings were $19.52, compared with $16.87 for wage and salary women. Overall, the earnings differential between the employment sectors was the largest for full-time workers. In 2012, the mean annual earnings of self-employed women were more than $12,000 less than the mean annual earnings of women working in the wage and salary sector.

Table 8. Mean earnings, by gender and employment sector, 1993 and 2012

Variables	Unincorporated self-employed workers				Wage and salary workers			
	Women		Men		Women		Men	
	1993	2012	1993	2012	1993	2012	1993	2012
Full time[(1)]								
Annual	$24,767 (32,812)	$32,806 (49,442)	$46,319 (44,462)	$49,521 (61,666)	$36,253 (22,903)	$44,943 (38,422)	$50,317 (33,138)	$59,699 (61,226)
Weekly	499 (657)	695 (1,146)	922 (889)	984 (1,213)	733 (460)	895 (755)	1,006 (649)	1,185 (1,203)
Hourly	10.95 (14.25)	16.77 (28.99)	19.31 (19.20)	21.96 (26.58)	17.86 (10.97)	21.62 (17.41)	22.93 (14.00)	26.94 (24.70)
Part time[(1)]								
Annual	11,456 (21,421)	17,322 (24,094)	24,617 (33,961)	29,310 (43,328)	15,396 (16,484)	19,292 (24,111)	23,095 (27,564)	27,173 (42,509)
Weekly	255 (467)	418 (861)	540 (804)	649 (895)	371 (387)	442 (516)	568 (654)	645 (946)
Hourly	12.88 (23.81)	19.52 (32.49)	18.84 (31.65)	22.78 (33.57)	14.53 (16.58)	16.87 (21.41)	16.35 (18.23)	19.62 (26.20)

Notes:

[(1)] Standard deviations are shown in parentheses.

Note: All earnings are deflated to 2013 dollars with the use of the Consumer Price Index for All Urban Consumers. "Weekly earnings" is total earnings divided by weeks worked. "Hourly earnings" is weekly earnings divided by usual weekly hours. Incorporated self-employed workers are excluded because of the high proportion of them (95 percent in 1993 and 41 percent in 2012) reporting zero earnings. Also excluded are individuals earning more than $400 per hour (in 2013 dollars).

Source: Current Population Survey, Annual Social and Economic Supplement.

All worker groups experienced an increase in earnings over the 1993–2012 period, albeit to a different degree. On average, self-employed women in both full- and part-time status experienced the most dramatic increase in mean earnings. Between 1993 and 2012, self-employed women working full time increased their mean annual earnings by 32 percent, their mean weekly earnings by 39 percent, and their mean hourly earnings by 53 percent. The percent increases were even steeper for part-time self-employed women; these female workers increased their

mean annual earnings by 51 percent, their mean weekly earnings by 64 percent, and their mean hourly earnings by 52 percent. Wage and salary women also experienced considerable gains in earnings, although their percent increases were about half those of self-employed women.

The female-to-male earnings ratio—that is, women's mean earnings as a percentage of men's—continues to be smaller in the self-employment sector than in the wage and salary sector. (See table 9.) In 2012, the ratio was 66.2 (59.1) percent for full-time (part-time) self-employed workers and 75.3 (71.0) percent for full-time (part-time) wage and salary workers. Nevertheless, self-employed women have made considerable strides in closing the gap; between 1993 and 2012, the gender gap in hourly earnings dropped by about 20 percentage points for full-time workers and by about 17 percentage points for part-time workers.

Table 9. Gender earnings inequality, by employment sector, 1993 and 2012

Variables	Unincorporated self-employed workers		Wage and salary workers	
	1993	2012	1993	2012
Gender earnings differential				
Full time				
Annual	$21,551	$16,715	$14,064	$14,756
Weekly	424	289	273	290
Hourly	8.36	5.19	5.07	5.32
Part time				
Annual	13,160	11,987	7,699	7,881
Weekly	285	231	198	202
Hourly	5.96	3.26	1.82	2.76
Female-to-male earnings ratio (percent)				
Full time				
Annual	53.5	66.2	72.0	75.3
Weekly	54.1	70.6	72.9	75.5
Hourly	56.7	76.4	77.9	80.2
Part time				
Annual	46.5	59.1	66.7	71.0
Weekly	47.2	64.4	65.2	68.6
Hourly	68.4	85.7	88.9	86.0

Note: All earnings are deflated to 2013 dollars with the use of the Consumer Price Index for All Urban Consumers. "Weekly earnings" is total earnings divided by weeks worked. "Hourly earnings" is weekly earnings divided by usual weekly hours. Incorporated self-employed workers are excluded because of the high proportion of them (95 percent in 1993 and 41 percent in 2012) reporting zero earnings. Also excluded are individuals earning more than $400 per hour (in 2013 dollars).

Source: Current Population Survey, Annual Social and Economic Supplement.

Occupation and industry

The top panel of table 10 lists the most common occupations of incorporated and unincorporated self-employed women. The data suggest that occupations are more disparate among incorporated business owners, with managerial and professional occupations being the most common within this group. By contrast, unincorporated business owners tend to work in a few highly concentrated occupations. Of all self-employed women in 2012,

nearly 7 percent were unincorporated childcare workers, 5 percent were unincorporated hairdressers/cosmetologists, and about 4 percent each were unincorporated housekeepers, general managers, and retail sales managers.

The bottom panel of table 10 lists the most common major industries of incorporated and unincorporated self-employed women. The pattern of industry concentration is generally the same for both types of female workers. In 2012, about a quarter of self-employed women worked in professional industries and another fifth worked in educational and health services.

Table 10. Top occupations and industries of self-employed women, 2012

Incorporated workers	Percent of self-employed women	Unincorporated workers	Percent of self-employed women
Occupations			
Manager (other)	2.9	Childcare worker	6.8
Retail sales manager	2.3	Hairdresser/cosmetologist	5.0
Chief executive	1.7	Housekeeping cleaner	4.2
Bookkeeping/accounting clerk	1.2	Manager (other)	4.1
Food service manager	1.1	Retail sales manager	3.9
Administrative assistant	1.1	Real estate agent	2.2
Lawyer	.9	Teacher/instructor	1.7
Real estate agent	.9	Janitor	1.6
Management analyst	.8	Personal services manager	1.5
Nonretail sales manager	.7	Designer	1.5
Industries			
Professional and business	8.0	Professional and business	18.4
Wholesale and retail	4.3	Education and health	16.8
Education and health	4.3	Other services	10.8
Leisure and hospitality	3.0	Wholesale and retail	8.4
Financial activities	2.9	Leisure and hospitality	6.0
Other services	2.4	Financial activities	4.9
Construction	1.8	Manufacturing	2.3
Manufacturing	1.4	Construction	1.7
Transportation and utilities	.6	Information	.8
Information	.3	Transportation and utilities	.7
Mining	.0	Mining	.1

Source: Current Population Survey, Annual Social and Economic Supplement.

ALTHOUGH THE SHARE OF WOMEN in self-employment and the female self-employment rate have remained relatively steady in recent decades, several notable within-group trends have emerged. For instance, after the Great Recession, the female self-employment rate fell only about half as much as the male self-employment rate did. Female business owners saw considerable gains in earnings, yet remained the lowest-earning workers in 2012. In addition, their sociodemographic characteristics changed over time. In 2012, self-employed women were more diverse in terms of race, marital status, presence of young children, health, and mean educational level.

In some ways, self-employed women are similar to their self-employed male counterparts. Like male business owners, and despite the observed trend toward greater diversity in female self-employment over the 1993–2012 period, they are still more likely to be older, white, married, better educated, and with less health insurance

coverage. In other ways, they are similar to their female counterparts working in the wage and salary sector. Both self-employed and wage and salary women work fewer hours and earn less than their respective male counterparts do.

Despite these similarities, some characteristics distinguish self-employed women from all other worker groups. Female self-employed workers are more likely to have a disability, diverse work schedules, and lower mean annual earnings. Those working part time have a somewhat better earnings position, which gives them both a higher value on their time and the ability to benefit from joint production.

SUGGESTED CITATION

Kristen Roche, "Female self-employment in the United States: an update to 2012," *Monthly Labor Review,* U.S. Bureau of Labor Statistics, October 2014, https://doi.org/10.21916/mlr.2014.36.

NOTES

1 Some exceptions exist, although the research is mostly descriptive. See, for example, *Women in the labor force: a databook*, report 1049 (U.S. Bureau of Labor Statistics, May 2014), https://www.bls.gov/cps/wlf-databook-2013.pdf, and research by the Ewing Marion Kaufmann Foundation, such as Robert W. Fairlie, *Kaufmann index of entrepreneurial activity, 1996–2013* (Ewing Marion Kaufmann Foundation, April 2014), http://www.kauffman.org/~/media/kauffman_org/research%20reports%20and%20covers/2014/04/kiea_2014_report.pdf. Self-employed women are also discussed in Steven F. Hipple, “Self-employment in the United States,” *Monthly Labor Review*, September 2010, pp. 17–32, https://www.bls.gov/opub/mlr/2010/09/art2full.pdf, and Theresa J. Devine, “Characteristics of self-employed women in the United States,” *Monthly Labor Review*, March 1994, pp. 20–34, https://www.bls.gov/mlr/1994/03/art3full.pdf.

2 Wage and salary workers are individuals who work in jobs with private or government employers.

3 For details on the survey redesign, see Anne E. Polivka and Stephen M. Miller, “The CPS after the redesign: refocusing the economic lens,” in John Haltiwanger, Marilyn Manser, and Robert Topel, eds., *Labor Statistics Measurement Issues* (National Bureau of Economic Research, Studies in Income and Wealth, January 1998), pp. 249–289, http://www.nber.org/chapters/c8362.pdf.

4 The female-to-male ratio in self-employment increased from 23.7 percent in 1975 to 32.3 percent in 1994. For a thorough analysis on self-employed women in this period, see Devine, “Characteristics of self-employed women.”

5 Since the mid-1960s, the unincorporated self-employment rate has decreased and the incorporated self-employment rate has increased because of two main reasons, both discussed in Hipple, “Self-employment in the United States.”

6 Determinants of the transition from full-time career work to self-employment bridge jobs include both push factors (e.g., poor health) and pull factors (e.g., wealth). These determinants, as well as gender differences in the determinants, are discussed in Julie M. Zissimopoulos and Lynn A. Karoly, “Transitions to self-employment at older ages: the role of wealth, health, health insurance and other factors,” *Labour Economics* 14, 2007, pp. 269–295.

7 According to Alan B. Krueger and David A. Schkade, “The reliability of subjective well-being measures,” *Journal of Public Economics* 92, 2008, pp. 1833–1845, any subjective measure of well-being, such as reported health, is subject to measurement error; however, subjective measures remain useful in economic analysis. For the present sample, t-tests show that differences in health status between men and women are statistically significant at the .01 level, and differences in health status between self-employed workers and wage and salary workers are statistically significant at the .10 level.

8 For comparability over time, the variable for worker disability used in this article is the same for both 1993 and 2012. This variable is limited in its validity and its drawbacks are discussed in Thomas W. Hale, “The lack of a disability measure in today’s Current Population Survey,” *Monthly Labor Review*, June 2001, pp. 38–40, https://www.bls.gov/opub/mlr/2001/06/ressum1.pdf.

9 For example, in 1993, 95 percent of incorporated self-employed workers reported zero earnings. That share decreased to 41 percent in 2012.

10 Given that this article compares mean earnings and that high earners tend to skew this statistic, workers earning more than $400 per hour (measured in 2013 dollars) are excluded from the sample; these workers account for less than 1 percent of the sample.

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