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The gig economy: Self-employment trends not adding up

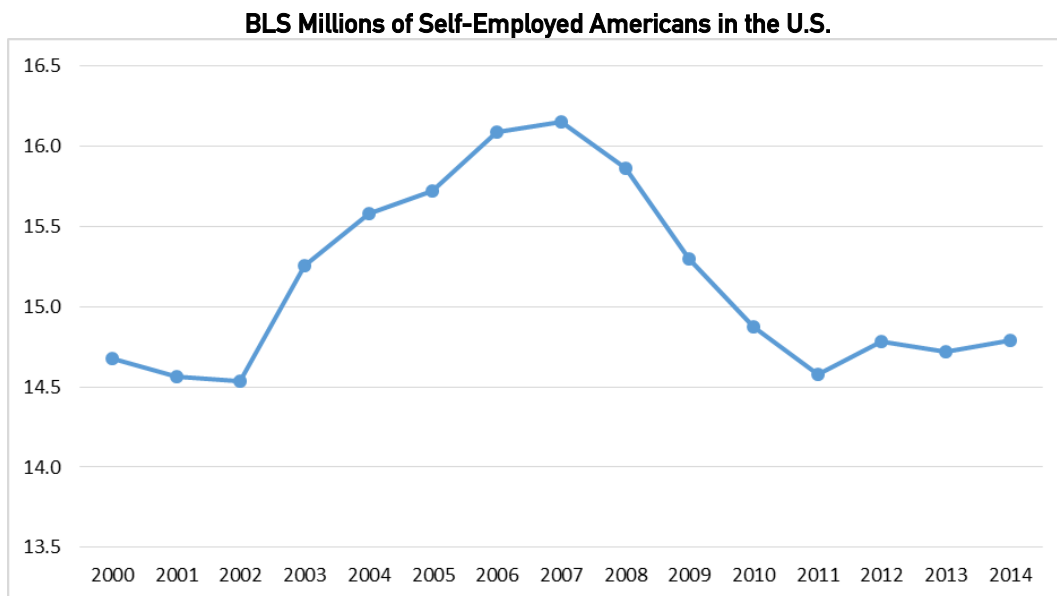


Are we in the midst of a self-employment revolution that threatens to upend the workforce model? Or is it hype? Trends in self-employment data appear to support the hype hypothesis. However, more refinement in data collection methodology appears to be needed before making a conclusive decision.

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Politicians, economists, and labor groups nationwide continue to speculate on the growth of the “gig” or Uber economy and potential effects.^{1,2}

So, are Lyft, Uber, and Etsy the future of the U.S. labor force? Not so fast – at least according to Bureau of Labor Statistics (BLS) data on self-employment. In 2014, 14.8 million or 10.5% of 146 million workers were self-employed. That’s nearly the same number as those self-employed in 2000 – 14.7 million. Of those, 9.4 million were unincorporated self-employed workers and 5.4 million were incorporated self-employed workers.



Source: Garner Economics, US Bureau of Labor Statistics

Meanwhile, other measures indicate a booming independent workforce. According to the 2015 study by MBO Partners and Emergent Research, there are actually **30.2 million** independent full-time and part-

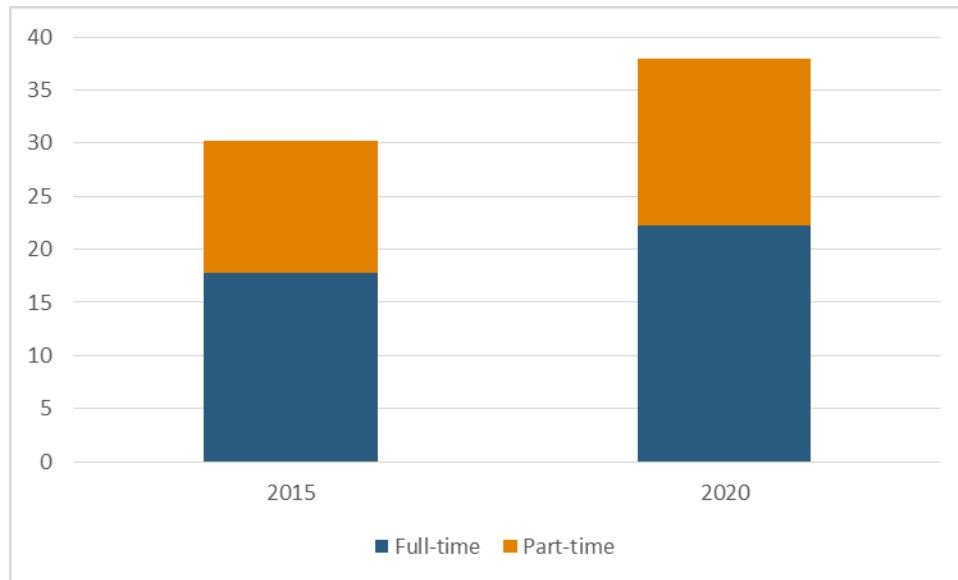
¹ Zumbrun, J. & Sussman, A. (2015, July 26). Proof of a ‘Gig Economy’ Revolution is Hard to Find. *Wall Street Journal*.

² Gillespie, P. & O’Brien, S. (2015, October 2). The gig economy: More people might have jobs than you think. *CNN*.



time workers in the U.S. economy-nearly twice the number reported by BLS. The study projects the independent workforce to grow to nearly 38 million workers by 2020.

MBO Millions of Self-Employed Americans in the U.S.

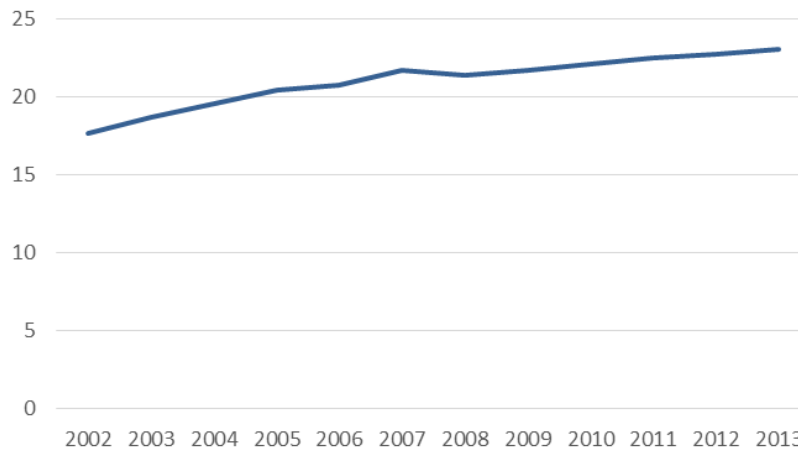


Source: Garner Economics, MBO Partners “State of Independence in America 2015” report

So why is there a discrepancy? It’s all in the methodology according to MBO. The BLS asks if you’re self-employed or not, which may exclude those workers who fall into categories that are not a simple yes or no answer. MBO, on the other hand, asks questions about the time people spend working independently versus in a traditional job and later asks them if they view themselves as self-employed. Per MBO, this is a much more focused picture of the independent workforce because the data accounts for people who do independent work on the side. Additionally the survey captures those people working through temporary agencies and others who may have W2s but are actually independent workers.

The U.S. Census Bureau non-employer statistics, which originate from the Internal Revenue Service, also indicates growth in self-employment. From 2009 – 2013, non-employer businesses grew 6% from 21 to 23 million businesses.

Businesses without Employees (Millions)



Source: Garner Economics, US Census Bureau

What’s Next?

The U.S. Department of Labor will be hosting a Future of Work Symposium next month. There will be a data sub-meeting sponsored by BLS to address issues related to data collection on the independent workforce. Per the event description, the nature of employment relationships is changing for many Americans – in both high- and low-tech sectors. The symposium is designed to bring together business leaders, academics, technology developers and other lead thinkers to explore what trends in the nature of work arrangements mean for the department.

Credits: This white paper was authored by Megan Baker (megan@garnereconomics.com).

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