Alaska's Self-Employed

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Not everyone gets a paycheck

Although the vast majority of Alaskans earn their living by working for someone else, there are roughly 34,000 people – a little over 10 percent of the state's work force – who earn all or most of their living by their own wits.

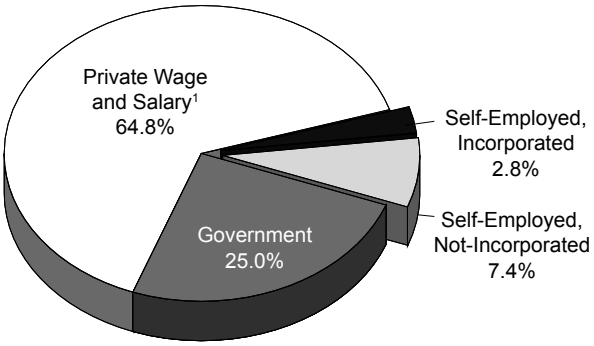
The self-employed are sometimes known as entrepreneurs, freelancers, risk-takers and business owners. They are often individuals who go out into the economy and create their own employment and economic opportunities. In many ways, being self-employed can be the simplest form of entrepreneurship.

For many, it represents the ultimate pursuit of the American dream – the desire to become one's own boss. According to surveys, individuals who are self-employed feel better about their jobs.

In a 2009 a national survey of 1,139 adult workers,[1] 39 percent of the self-employed workers were completely satisfied with their jobs, compared to 28 percent of their wage and salaried counterparts. In that same survey, 32 percent of the self-employed said the main reason they worked was because they wanted to, compared to 19 percent for the rest of the work force.

[1] The September 2009 survey data included 254 self-employed workers and 885 wage and salaried workers. The survey was part of the Pew Research Center's Social and Demographic Trends project.

1 A Slice of the Work Force
Alaska's self-employed, 2006 to 2008



[1] A very small group of unpaid family members, 1,179, are added to this group; they're not normally included with private wage and salary workers.
Source: U.S. Census Bureau, American Community Survey 2006-2008

It takes all kinds

The self-employed represent the full occupational spectrum in our labor market. The difference is they work for themselves and not for others. They include massage therapists, doctors, construction contractors, fishermen, tour-guide operators, lawyers, mechanics, embalmers, restaurateurs, pilots, beauticians, consultants and others.

Kind of hard to count

Less is known about self-employed workers than workers who receive paychecks. Payroll employment data are tracked via payroll taxes and other administrative means and functions in a highly regulated environment, but data for self-employed workers are more ambiguous. As a result, self-employed workers are more difficult to count. This difficulty translates into less consistent and detailed information for those who work for themselves.

Nevertheless, there are sources. Historically, the self-employed in Alaska and around the country were regularly counted when the U.S. Census Bureau conducted its decennial census. During the 2010 Census, they aren't collecting this information. However, the Census Bureau is collecting data about the self-employed through the American Community Survey, which is the

primary source for this article.[2] Survey data used for this article pertain to Alaska residents. In this survey, residents are defined as individuals that have lived in or plan to live in the state for more than two months. In addition, decennial census[3] data are used for historical trend analysis of Alaska's census areas.

How are the self-employed counted?

Self-employed workers were counted based on how they responded to survey questions about their "class" of employment. For the purposes of this article, there are two groups: the self-employed who worked at their own incorporated business;[4] and the self-employed who worked at their own, not-incorporated business – this accounts for the largest group of the self-employed. (See Exhibit 1.) There are differences between these groups which will be discussed later in this article.

When a person had more than one job, his or her "class" was determined by the job worked at the most. For example, a fisherman who might also spend some time as a part-time bartender counts as self-employed.

Its share has changed little

The self-employed share of total employment fell significantly between 1960 and 1970. (See Exhibit 2.) Since that time, it appears the number of self-employed has grown at about the same rate as the rest of the work force, and its share of the total work force has changed little over the past four decades.

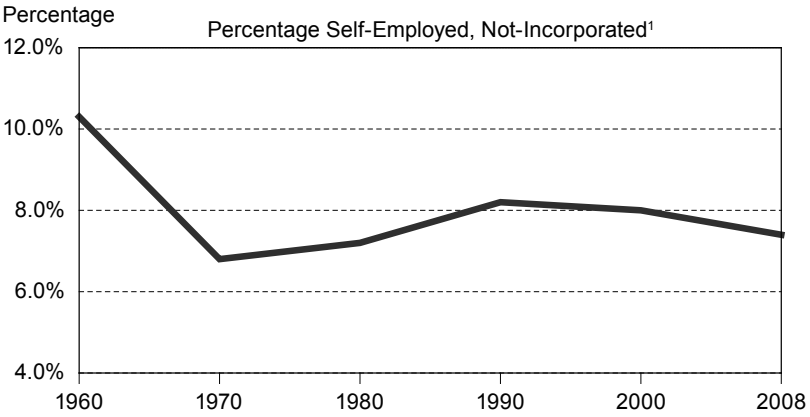
Alaska – about average

The self-employment rates for Alaska and the nation are essentially the same. (See Exhibit 3.) In 2008, 10.5 percent of Americans worked for themselves compared to 10.2 percent for Alaskans. The numbers vary considerably from a high of 15.6 percent in Montana to a low of 7.9 percent in West Virginia.

Many work part-time

Among the self-employed, the full-time and part-time picture varies significantly. For those self-employed in incorporated businesses, nearly 65 percent work full time, year-round compared to 57 percent for the overall civilian-employed population. However, for the not-incorporated group, part-time employment is the norm – only 45 percent work full-time, year-round.

Their Share of the Work Force 2
Self-Employment in Alaska, 1960 to 2008



[1] The self-employed who have companies that are incorporated aren't included in this exhibit.
Sources: U.S. Census Bureau, decennial census, 1960-2000, and American Community Survey, 2006-2008

Percent of Work Force Self-employed 3
2006-2008

United States	**10.5%**	Kentucky	9.5%	North Dakota	12.7%
Alabama	9.4%	Louisiana	10.1%	Ohio	8.3%
Alaska	**10.2%**	Maine	13.7%	Oklahoma	11.1%
Arizona	10.1%	Maryland	8.9%	Oregon	12.7%
Arkansas	11.0%	Massachusetts	9.7%	Pennsylvania	8.7%
California	12.0%	Michigan	9.2%	Rhode Island	9.5%
Colorado	12.6%	Minnesota	10.5%	South Carolina	9.7%
Connecticut	10.3%	Mississippi	9.5%	South Dakota	13.3%
Delaware	8.2%	Missouri	9.7%	Tennessee	10.3%
Florida	12.4%	Montana	15.6%	Texas	10.1%
Georgia	10.3%	Nebraska	11.8%	Utah	9.9%
Hawaii	11.6%	Nevada	8.2%	Vermont	15%
Idaho	13.3%	New Hampshire	11.4%	Virginia	8.9%
Illinois	8.8%	New Jersey	9.2%	Washington	10.8%
Indiana	8.3%	New Mexico	11.1%	West Virginia	7.9%
Iowa	10.8%	New York	10.0%	Wisconsin	9.2%
Kansas	10.1%	North Carolina	10.1%	Wyoming	12.2%

Source: U.S. Census Bureau, American Community Survey 2006-2008

[2] The most current data from the American Community Survey is from 2006 to 2008.
[3] The decennial census is a count of the U.S. population conducted every 10 years by the Census Bureau in years ending in zero.
[4] Self-employed workers who own an incorporated business are typically counted in the private sector; but for the purpose of this article, they are counted as self-employed.

4 Self-Employed[1] by Industry
Alaska, 2006-2008

	Incorporated Business Workers		Not-incorporated Business Workers		Total	
	Number	Percent	Number	Percent	Number	Percent
Civilian employed population 16 years and over	9,239	2.8%	25,408	7.7%	34,647	10.5%
Natural Resources and Mining	467	2.9%	1,788	11.1%	2,255	14.0%
Construction	1,868	6.5%	4,569	15.9%	6,437	22.4%
Manufacturing	338	2.5%	731	5.4%	1,069	7.9%
Wholesale Trade	194	2.6%	313	4.2%	506	6.8%
Retail Trade	1,003	2.7%	1,894	5.1%	2,897	7.8%
Transportation, Warehousing and Utilities	345	1.3%	1,539	5.8%	1,884	7.1%
Information	147	2.1%	252	3.6%	399	5.7%
Financial Activities	849	5.3%	1,987	12.4%	2,836	17.7%
Professional and Business Services	1,653	6.0%	4,437	16.1%	6,090	22.1%
Educational and Health Services	999	1.4%	2,998	4.2%	3,997	5.6%
Leisure and Hospitality	851	3.1%	2,031	7.4%	2,882	10.5%
Other Services	583	3.6%	2,997	18.5%	3,580	22.1%
Government	-	0.0%	-	0.0%	-	0.0%

[1] Data were not available for nonresidents working in Alaska. If a worker had more than one job, his or her job class was determined by the job worked at the most.
Source: U.S. Census Bureau, 2006-2008 American Community Survey

Construction, professional and finance are big

The probability of being self-employed was higher in the construction, professional, scientific, and management industries than all the other private-sector industries. (See Exhibit 4.) In the construction field, many small contractors are self-employed. There are also many lawyers, accountants, doctors, engineers, veterinarians, architects and others who work at their own businesses. The self-employed are also well represented in the financial industries. Many independent insurance agents and most realtors fit the definition of the self-employed.

Other service occupations are high on the list including: barbers, personal care services, nail salons, household repair services, pet care, laundry services and others who experience high levels of self-employment.

Fishermen and entertainers are very common occupations

Nearly 41 percent of all farming, fishing and forestry occupations count among the self-employed, making it the occupational category with the highest concentration of self-employed. (See Exhibit 5.)

There are not very many farmers in Alaska, and most individuals working in the forestry industry earn a wage or salary. This occupational group is mostly fishermen. Moreover, fishermen are the quintessential Alaskan group of self-employed – rugged individuals, out there in the open seas, with their own boat and crew (who are also classified as self-employed).

However, not too far behind them are the arts, design and entertainment occupations that include artists, freelance writers, musicians, a few dog mushers and others. The personal care, management and legal occupations also have large groups of individuals working for themselves.

More likely to be male and older

It is more common to be male and self-employed.[5] Approximately 60 percent of the self-employed were male compared to 54 percent for the entire work force. Women made up 40 percent of the self-employed but 46 percent of the overall work force. Part of the explanation for this pattern is that some of the larger self-employed occupational and industry groups are male dominated – particularly fishing and construction. In addition, according to national data, older workers are more likely to be self-employed than younger workers.

Lots of self-employed in Southeast

The likelihood of being part of the self-employed work force varies around the state. The most recent numbers for all areas of Alaska come from the 2000 census, and there's little reason to believe there were any major changes in these relationships. (See Exhibit 6.)
The self-employment rate was highest in the Wrangell-Petersburg Census Area, where 19.3 percent of its work force was self-employed

[5] Data were provided by the American Community Survey, 2006-2008.

compared to a low of 2.2 percent in the North Slope Borough. Why the difference? The oil industry and government dominate employment on the North Slope. There are few self-employed workers in the oil industry and none in the government.

In Haines, resident fishermen exist in large numbers, but the rest of its economy tends to be dominated by small businesses that include retail shops, visitor-related companies – such as charter operations – and other types of services. Self-employment is in the double digits for most areas of Southeast, except for Juneau – which has a large number of government jobs. The Southeast population also tends to be older than the rest of the state, and self-employment is higher among older workers.

In most of rural Alaska, the percentage of self-employed is small. This may be because the public sector and nonprofit health care/social service agencies are often big players in these areas. The private for-profit sector is less common and the population is much younger. There are of course exceptions. The Denali Borough is one – the huge presence of the visitor industry may explain its large share of the self-employed.

They are not getting rich

The earnings picture for the self-employed is a mixed story. For the small group of self-employed in their own incorporated business, the median earning was the highest of all other groups. (See Exhibit 7.) This might not be surprising since there are probably a large concentration of high paid professionals such as lawyers, doctors, engineers, accountants and others.

For the larger group of self-employed workers in the not-incorporated businesses, the earnings picture is not pretty. In fact, of all classes of workers, their median[6] earnings were the lowest – this is even true for those who worked full-time. But the fact that a

[6] The median is the middle number in the series of earnings arranged from lowest to highest.

Self-Employed by Occupation 5
Alaska, 2006-2008

	Percent at Incorporated Businesses	Percent at Not-incorporated Businesses	Total
Total Occupations	2.8%	7.7%	10.5%
Farming, fishing and forestry	6.7%	34.0%	40.7%
Arts, design, entertainment, sports and media	6.1%	26.9%	33.0%
Personal care and service	2.4%	25.8%	28.2%
Legal	8.1%	10.9%	19.0%
Management	7.0%	10.3%	17.3%
Sales and related	5.0%	10.8%	15.8%
Construction and extraction	2.4%	12.6%	15.0%
Building and grounds clearing and maintenance	2.0%	11.9%	13.9%
Business and financial	2.5%	8.7%	11.2%
Healthcare practioner and technical	5.1%	4.2%	9.3%
Transportation and material moving	1.8%	6.8%	8.6%
Installation, maintenance, and repair	2.3%	5.7%	8.0%
Production	1.6%	5.6%	7.2%
Life, physical and social science	2.8%	3.9%	6.7%
Architecture and engineering	1.4%	2.9%	4.3%
Computer and mathematical	0.9%	3.4%	4.3%
Health support	0.3%	3.9%	4.2%
Office and administrative support	1.7%	2.1%	3.8%
Education, training and library	0.3%	2.5%	2.8%
Food preparation and serving related	0.8%	2.0%	2.8%
Community and social services	1.3%	1.1%	2.4%
Protective services	0.0%	0.2%	0.2%

Source: U.S. Census Bureau, 2006-2008 American Community Survey

Self-Employed By Area 6
Alaska, 2000

	Percent Self-employed		Percent Self-employed
Statewide	8.0%	Lake and Peninsula Borough	4.0%
Aleutians West Census Area	2.3%	Matanuska-Susitna Borough	10.9%
Aleutians East Borough	7.2%	Nome Census Area	3.6%
Anchorage, Municipality	7.0%	North Slope Borough	2.2%
Bethel Census Area	3.6%	Northwest Arctic Borough	3.3%
Bristol Bay Borough	5.9%	Prince of Wales Area	11.5%
Denali Borough	10.0%	Sitka Borough	12.5%
Dillingham Census Area	7.0%	Skagway-Hoonah-Angoon CA	13.1%
Fairbanks North Star Borough	6.5%	Southeast Fairbanks Census Area	10.8%
Haines Borough	17.0%	Valdez-Cordova Census Area	11.9%
Juneau Borough	8.2%	Wade Hampton Census Area	1.9%
Kenai Peninsula Borough	12.7%	Wrangell-Petersburg Census Area	19.3%
Ketchikan-Gateway Borough	8.1%	Yakutat Borough	9.8%
Kodiak Island Borough	9.4%	Yukon-Koyukuk Census Area	5.4%

[1] Includes only not-incorporated self-employed
Source: U.S. Census Bureau, 2000 Census

7 Median Earnings[1] By Job Class
Alaska, 2006-2008

Civilians employed population 16 years and over with earnings	$36,166
Self-employed in own incorporated business workers	$52,830
Self-employed in own not incorporated business workers and unpaid family workers	$29,118
Employee of private company workers	$31,802
Private not-for-profit wage and salary workers	$35,963
Local government workers	$40,740
State government workers	$45,427
Federal government workers	$51,918

[1] 2008 inflation-adjusted dollars
Source: Source: U.S. Census Bureau, 2006-2008, American Community Survey

majority of these individuals worked part-time also affected their earnings. Proprietary income data from the U.S. Department of Commerce[7] paints a similar picture – in 2008 the average earnings of proprietors was $29,021 compared to $47,000 for wage and salary earnings.

Plenty of self-employed workers have enjoyed major financial success, but it appears that high earnings do not attract most of these individuals into the life of the self-employed. Statistics for motivation are hard to find. It is possible that "getting rich" is a major driving force, but it's just not usually realized for most. On the other hand, the old adage "whatever floats your boat" may be the best answer for why a large number of individuals in Alaska pursue the life of the self-employed.

[7] The proprietary data is from the U.S. Department of Commerce Bureau of Economic Analysis.

A Safety Minute

Importance of an Effective Safety and Health Program

(1) Profit – Safety and health programs increase worker productivity, reduce time off and typically reduce employers' insurance expenses more than what the programs cost.

(2) Risk Management – Safety and health programs reduce both the frequency and severity of injuries and illnesses on the job. Costs of future injuries are easier to predict and fewer serious injuries are repeated.

(2) Regulatory Compliance – The federal Occupational Safety and Health Administration requires employers to: (a) provide a workplace free from known serious hazards, and (b) comply with all applicable OSHA standards. In addition, many contracts require contractors or sub-contractors to have a safety program and a low injury and illness rate.

(4) Goodwill – The business environment benefits when all stakeholders feel the employer has an effective safety and health program and considers safety to be a top priority.

Safety and health consultants with the Alaska Department of Labor and Workforce Development's Occupational Safety and Health provide free assistance and tools for employers and workers to reduce worksite injuries. AKOSH is within the Labor Standards and Safety Division. For more information, call (800) 656-4972.