

Rising Self-Employment in New York City

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For many years, the self-employed population in New York City has grown rapidly, and the number of self-employed workers has increased significantly. However, New York City's self-employed population has also grown rapidly, and the number of self-employed workers has increased significantly. Over the past three decades, the number of self-employed workers in New York City has grown rapidly, and the number of self-employed workers has increased significantly. Unlike a random sample of the labor force, self-employed workers in New York City have distinctive characteristics, which distinguish them from the rest of the labor force. The composition of New York City's labor market continues to shift as finance, insurance, and other service sectors move away from its industrial base. The self-employed and health care sectors are now major components of the city's labor market. The population is demonstrating significant changes in its socioeconomic characteristics, particularly in terms of levels of educational attainment and sophisticated skills. For the hundreds of thousands of self-employed—as distinguished by demographic characteristics such as gender, region of origin, and educational attainment—who migrate to the city each year from abroad and from other parts of the United States, understanding their experiences in the self-employed sector is essential to the city's economic development.

Understanding how migrants can influence a city's labor market and result in the discussion of public goods provisions is essential to the self-employed sector should be tailored as the shape of the overall economy. Policies and programs that:

New York City remains the leading destination for international and domestic migrants in the United States. Its dual international and national orientation has helped to make the city a prime beneficiary of the forces that have defined globalization, i.e., the increased mobility of capital and the power of emerging information technologies. The density and diversity of New York City's population, as well as the multiplicity of sectors represented in its market attract businesses, workers, and entrepreneurs from around the world.

Understanding the labor market and result in the discussion of public goods provisions is essential to the self-employed sector should be tailored as the shape of the overall economy. Policies and programs that:

- Increase access to capital for recent migrants who are without credit or face other obstacles posed by traditional avenues of entrepreneurship; and
- Investigate the human and financial capital obstacles faced by recent migrants with the aim of improving their economic outcomes.

Using 5-year mobility data from the 1990 and 2000 Censuses, we focus on the changing role of self-employed labor market are employed in private sector wage and

every 100 people in the full U.S. population.² In addition, and most importantly for the purposes of this study, the data sets include several migration variables that permit the identification of an individual's location five years prior (in this case, 1995 and 1995). Combining this with the individual's current location, we can map a respondent's move from one location to another. The geographic variables identify countries, U.S. states and metropolitan areas with populations larger than 100,000 people. The data set enables a comparison of different types of jobs and incomes of current residents and migrants.

The raw estimates will miss two sets of individuals. First, because the data set is a representative sample of the U.S. census, the estimates will miss people who emigrated from the U.S. Thus, in any comparison of net migration, outmigration estimates will be underestimated. Second, the estimates will not capture anyone who moved twice during the five-year periods, which should not bias the estimates in any systematic way. Although one might be concerned about immigrants' entry point to the U.S., we do not expect this to overtly bias the results, given that New York City is still the major port of entry. The self-employed group includes all self-employed workers, regardless of incorporation status, as delineated by the U.S. Census. We also make no further categorization based on income level or source (i.e., wage and salary versus self-employment income, etc.). The general nature of these criteria enables larger sample sizes, which allow us to make conclusions about economic outcomes that are significant both conceptually and statistically. As a final caveat, because these are representative samples from the census, the final estimates may vary from the actual values found in the full census because of sampling variation or other issues.²⁻²

The estimates found below are weighted by the U.S. person-level weights. Tables 2 through 4 also include a statistical check for the equality of reported medians between 1990 and 2000. Nearly all the results are statistically significant at the 1% level. In Table 1, a two-tailed proportion test is included to check the statistical significance of the 1990 to 2000 percent change, the results from which show that all of these changes are all statistically significant.²⁹

Since in particular we want to examine the city's labor force, the sample is also restricted to the population eighteen years of age and older. The income variable is the total income the

respondent received in the previous calendar year. This includes pre-tax wage and salary income, in addition to income gains or losses from other sources, including Social Security, Supplementary Security Income (SSI), welfare, public assistance, and other retirement and investment income. This income measure has two advantages over the basic wage and salary income measure. One, we expect migrants, especially international migrants, to have income from a variety of sources other than their wages and salaries making the more comprehensive total income measure preferable. Two, because total income captures a wide range of taxes and transfers, it may be a better measure of income for self-employed workers whose incomes often include significant revenues from capital investments.³⁰ Of course, census respondents are answering questions about their current income status. Thus, an individual who moved from Atlanta to New York City is reporting the income she earned in New York City, not Atlanta. Since incomes are on average higher in New York City than many other places in the country and world (partly due to New York City's higher costs of living) one would expect a priori that income estimates for New York City's in-migrants will be biased upwards, although this may be less true for people migrating from other parts of the country.³¹ Supplemental Appendix

Table 7. Median Income for NYC Self-Employed Migrants by Sector and Gender

Sector	2000		1990		Percent Change			Total	Income Ratio Female:Male
	Industry	High Skill	Industry	High Skill	Industry	High Skill	Services		
59	\$31,222	\$29,789	\$31,419	\$48,415	\$30,774	11%*	120%*	24%	0.7**
11	\$44,178	\$20,432	\$30,419	\$28,731	\$21,516	-9%**	54%**	-5%*	0.6**
									0.8**
									0.4**
									1.0
									35%
									94%
									-47%

* Medians statistically different at 5% level; ** Medians statistically different at 1% level.

Source: Author's calculations from 2000 and 1990 CPS files.

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Table 8. Median Income for NYC Self-Employed Migrants by Gender and Origin

Origin	2000		1990		Percent Change	
	Female	Male	Female	Male	Female	Male
Domestic	\$27,600	\$27,600	\$21,516	\$21,516	28%	28%
Overseas	\$27,600	\$27,600	\$21,516	\$21,516	28%	28%

the decade and incomes grew at about half the rate (19%), which serves to not only maintain men's income advantage over women but to g tend it. the ratio of median incomes almost doubled from 0.7 to 0.8. e also observe an increase in the female-male median income ratio in the industry sector, but a decline in the ratio, from 1.0 to .0 in the Services sector.

Trends in gender labor market status can be further decomposed by origin (Table 8). As in Table 3, domestic migrants have significantly higher incomes than their international counterparts. in 2000, domestic female migrants attained almost three times the total income of women from overseas. Differences between men, on the other hand, actually fell between 1990 and 2000, although domestic male

migrants still earned more than one-and-a-half times the incomes of international male migrants.

The estimates in these tables demonstrate significant changes in the characteristics of New York City's self-employed migrants. They are much more likely to have high levels of education and earn higher incomes. They are more likely to be in High Skill sector industries. The premiums afforded to those with four or more years of college working in the High Skill and industry sectors rose substantially, particularly in the industry sector where incomes increased by 220% from 1990 (see Table 5). With respect to gender, the growth rate in the number of self-employed women migrating to the city is nearly twice that of men while the growth in female incomes is four times as fast as men's.

as the incomes of domestic migrants in the Services sector dropped between 1990 and 2000 and less domestic migrants sought self-employment within this sector, the number of international migrants engaging in self-employment in the Services sector increased, accompanied by a corresponding increase in median incomes. In another example, as the number of women engaged in self-employment in the industry sector increased by 50%, their median incomes increased by 20%, shifting the income ratio from 0.5 to 1.1 in women's favor. Although the High Skill sector remains the dominant force in the city's economy, there are certainly strides being made in other areas as well.

Overall, we find that the changing nature of New York City's economy continues to draw an increasingly diverse and talented labor pool and to create new opportunities for recent migrants. The demographic dynamism and socioeconomic mobility of the city's population have important consequences for the future of New York City's development. Thus, policies and

workers intensified in the period between 1990 and 2000. Among the city's recent migrant population, there was an increase in educational attainment levels as well as a corresponding increase in the median incomes being achieved. However, not all recent migrants fared above the average and median lines, with certain groups broken down by sector of employment, gender, educational attainment level, and origin achieving greater socioeconomic mobility than others. Nevertheless, these shifts in New York City's overall economy created opportunities for various groups previously less engaged in self-employment, such as international migrants and women, to take advantage of the potential benefits of entrepreneurship in higher levels. For example,

Notes

- ¹ Wolfman andasser 2007.
- ² Proshen, Erica, and Simon, Lotter. Has Structural Change Contributed to a Jobless Recovery? *Federal Reserve Bank of New York: Current Issues in Economics and Finance*, vol. 9, No. August 2003.
- ³ Logan, John W., and Richard W. Alba. Minority Niches and Immigrant Enclaves in New York and Los Angeles: Trends and Impacts. In Frank R. Bean and Stephanie Bell-Morse, eds., *Immigration and Opportunity: Race, Ethnicity, and Employment in the United States*, New York: Russell Sage Foundation, 2003. 12-193.
- ⁴ Logan, John W., and Richard W. Alba. Minority Niches and Immigrant Enclaves in New York and Los Angeles: Trends and Impacts. In Frank R. Bean and Stephanie Bell-Morse, eds., *Immigration and Opportunity: Race, Ethnicity, and Employment in the United States*, New York: Russell Sage Foundation, 2003. 12-193.
- ⁵ Miller, Glenn H. Jr. People on the Move: Trends and Prospects in District Migration Flows. *Economic Review*, Federal Reserve Bank of Kansas City, Third Quarter, 1997, 39-57.
- ⁶ Cummings, Scott. Self-Help in Urban America: Patterns of Minority Business Enterprise. Kenikart Press, New York, 1980.
- ⁷ Schwabish, Jonathan A. Easy Come, Easy Go: Migration in NY, 1995-2000. Presented at the 2007 New York State Economics Association Annual Meeting October 9, 2007.
- ⁸ Myers, Lowell. Demographic Dynamism and Metropolitan Change: Comparing Los Angeles, New York, Chicago, and Washington, DC. *Housing Policy Debate*. 10, 1999: 919-957.
- ⁹ Light, Ivan, Arminder Bhachu and Stavros Karageorgis. 1993. Immigrant Networks and Immigrant Entrepreneurship. In Ivan Light and Arminder Bhachu, eds., *Immigration and Entrepreneurship: Culture, Capital, and Ethnic Networks*. New Brunswick and London: Transaction Publishers, 1993. 25-49.
- ¹⁰ bid.
- ¹¹ Light, Ivan. Immigrant Neighborhoods as Centers of Commerce. Presented at Palmer House Hotel, Chicago, IL, under the auspices of The Illinois Immigration Policy Project October 1, 2001.
- ¹² bid.
- ¹³ Aldrich, Howard and Roger Waldinger. Ethnicity and Entrepreneurship. *Annual Review of Sociology*, 1, 1990: 111-135.
- ¹⁴ Hofstrom, Magnus. Labor Market Assimilation and the Self-Employment Decision of Immigrant Entrepreneurs. *Journal of Population Economics*, vol. 15, 2002: 103-117.
- ¹⁵ Logan and Alba, 2003.
- ¹⁶ Toussaint-Romeau, Aude. Self-Employed Immigrants: Representation at the Federal Reserve Bank of Chicago, April 15-16, 2007.
- ¹⁷ Pistick, Barbara. The Feminization of Entrepreneurship: A Case for a Women's Model in Fostering Economic Development. Presentation at the USASB Annual National Conference: Bright Horizons for Small Business and Entrepreneurship, Clearwater, FL, January 15-16, 1997.

¹⁸ bid.

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