

Abstract for “Measuring Hours Worked by the Unincorporated Self-employed Using the CPS and ATUS”

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To measure labor productivity, the Bureau of Labor Statistics (BLS) combines its estimate of hours worked by the unincorporated self-employed, which is derived from data in their household survey (CPS), with total hours worked by wage and salary workers as measured by the BLS’ Current Employment Statistics program (CES). Historically, the hours worked by the self-employed have varied considerably each quarter, and this volatility is a source of much of the quarterly movement in overall labor productivity.

The purpose of this paper is twofold: 1) to examine how closely the volatility in the self-employment hours series correlates with the business cycle over the 1994-2013 period; and 2) to compare average weekly hours worked by the unincorporated self-employed estimated from replies to CPS questions with average weekly hours estimated from time diaries using the 2003-2012 American Time Use Survey (ATUS). This latter analysis is similar to hours worked comparisons for all workers by Frazis and Stewart (2004), who found that hours reports were similar using either measurement approach; however, there is no reason to believe that this will be true for any given subsample of workers.

The self-employed have very different work hours, flexible hours, more breaks in work, etc., that may make it more difficult for them to answer summary measures for the week than for wage and salary workers to answer these questions. In this paper, I examine how this variability in the timing of work over the day affects differences in weekly measures. In addition, I examine differences in these measures over the business cycle. I also consider differences in second job reporting (and how including second jobs affects productivity estimates). Finally, I examine differences in work time by length of time in self-employment using matched CPS data in order to distinguish between those with long careers in self-employment and those who may have been pulled into self-employment by the Great Recession.