Since the novel coronavirus, or COVID-19, pandemic emerged as a global health concern, many efforts have focused on containing and treating the disease. As states and municipalities lift their stay-at-home orders, they now must manage how to reopen their economies. This Missouri Economy Indicators series will highlight data and resources that businesses and policymakers can use to navigate this evolving situation.

Self-employment becomes more important during periods of economic uncertainty.

In light of the recession caused by COVID-19, many more Missourians may pursue self-employment as a means to create their own jobs or earn supplemental income. In 2018, Missouri had approximately 427,000 nonemployer establishments. The counties with the greatest prevalence of nonemployers (as measured by nonemployers per 1,000 residents) tend to be located within relatively rural counties in northern and southwestern Missouri. These counties often have lower per capita incomes and fewer opportunities for wage and salary employment. Almost half of nonemployer establishments are found in four sectors—other services (including dog walkers, handymen), construction, professional and technical services (e.g., lawyers, consultants), and real estate and rental and leasing.

Nonemployers respond to the opportunities presented by their regional markets. For instance, relatively more nonemployers are involved in retail and real estate in tourism-driven counties (e.g., Camden, Taney). More urban counties (e.g., St. Louis County) have greater proportions of nonemployers in professional and technical services. Nonemployers in more rural counties are more apt to be involved in construction. More than one in five nonemployers in Scotland and Holt counties—the two counties with the greatest per capita rate of nonemployers—were involved in construction.
Nonemployer earnings vary by sector. Within Missouri, nonemployers in real estate and rental and leasing on average earned more than $93,000 in gross annual receipts during 2018. Nonemployers in this sector include individual real estate agents and those who earn income through rental properties (including Airbnb). Other sectors with high gross annual receipts include finance and insurance and transportation and warehousing (e.g., Uber/Lyft drivers). Sectors with more part-time or seasonal activities, such as arts, entertainment and recreation (e.g., musicians) and educational services (e.g., tutoring), generate lower average gross receipts.

The pandemic-induced recession may lead more workers to pursue self-employment.

- A prolonged recession may lead to higher levels of self-employment as many workers may be forced to create their own jobs or generate supplemental income.
- Market forces will still dictate opportunities for self-employment. The total number of Missouri nonemployers grew between 2009 and 2011, but housing-dependent sectors such as construction and real estate experienced a decline in nonemployers. The COVID-19 recession will likely limit nonemployer establishment growth in sectors that require significant in-person interaction.
- State and community leaders should pay attention to trends in their nonemployer establishments. A Colorado State University study found that 10% to 20% of nonemployer establishments ultimately become start-up employer businesses. As a result, some nonemployers may help revitalize Missouri’s economy.

Additional Resources
- Missouri Small Business Development Center COVID-19 Resource Page has a small business guide to the CARES Act, video guides and other resources at sbdc.missouri.edu/sbdc-covid-19-resources
- The U.S. Census Bureau produces the Nonemployer Statistics annually. These data are available for detailed geographies and industries (e.g., NAICS). The most recent available data are for 2018.

This brief is the ninth in a series to explore economic indicators associated with the COVID-19 pandemic. Future updates will be available at tinyurl.com/ExceedEconomyIndicators

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