



## ORANGE COUNTY SELF-EMPLOYMENT

### INTRODUCTION

This issue of Orange County Profiles will focus on self-employment in Orange County. The patterns of self-employment as well as related socio-economic factors are of particular interest when discussing Orange County employment because the self-employed population is often not given the attention it deserves. In spite of the fact that about one in 12 workers was self-employed in 2000, it is often difficult to collect and report comprehensive data on this population. For this reason, self-employed persons are typically not considered in economic forecasts and employment surveys. One of the best ways to investigate trends and patterns of self-employment is through the decennial U.S. Census. Data was obtained from the U.S. Census Bureau's Census 2000 Summary File 3 and 5% Public Use Microdata Sample (PUMS) datasets. U.S. Census Bureau Summary File 3 and 5% PUMS datasets contain detailed information of the population including income, employment class, employment type, race/ethnicity and many other characteristics at various geographic levels that were collected during the 2000 Census.

It is important to define the populations and characteristics that are to be referenced in this profile. The definition of self-employed comes from the Census Bureau's Summary File 3, Table P51 category 'Self-employed in own not incorporated business workers' classification. This specific classification refers to any person who is working for profit in their own unincorporated business. Therefore, the non self-employed population would include the working population minus that portion of the population that is working for profit in their own unincorporated business. As this profile will also focus on the median income of Orange County's population, we will also give a cursory definition of this variable. Median income is the dollar amount that divides the population into two halves: half of the working population will have yearly earnings below the median income and the other will have yearly earnings above the median income.

### SELF-EMPLOYMENT

Approximately 8.1% of Orange County's working population report themselves to be self-employed (Table 1). This accounts for nearly 107,000 people out of the total working population of 1,314,031. This rate is highly variable between jurisdictions, however, and does not reflect the variation within the county. Figure 1 illustrates the geographic disparity among the percent of the working population within each jurisdiction that is self-employed. From this map it is clear that most coastal communities have relatively high percentages of self-employment when compared to jurisdictions elsewhere in the county. Laguna Beach, Villa Park and Laguna Woods each have the highest rates of self-employment of jurisdictions in the county, amounting to 17.2%, 15.9% and 15.2% of all working residents respectively. In Orange County as a whole and 24 places in Orange County, 8.1% or greater of the working population is self-employed. Fourteen jurisdictions have more than 10% of the working population self-employed.

While it is important to examine the percent of the working population that is self-employed, it is also necessary to detail the total number of self-employed persons by jurisdiction. Such an examination reveals a much different picture of Orange County, illustrating hot-spots of self-employment in the central core of the county and less along the coastline (Figure 2). Figure 2 illustrates that two cities in particular, Anaheim and Huntington Beach, each count more than 8,600 self-employed persons representing some 6.0% and 8.7% of their working populations respectively. In large part, this concentration of self-employed persons can be attributed to the overall larger population of the two cities, but that explanation is not fully sufficient. Only two cities in Orange County had more than 5,000 self-employed persons and were also high in overall proportion of their self-employed persons compared to the total working populations: Costa Mesa and Newport Beach. Costa Mesa counts nearly 5,790 self-employed persons accounting for 10.2% of the working population. Similarly, Newport Beach counts more than

**Table 1**  
**Self-Employed Residents by Orange County Jurisdiction, United States, California and Select California Counties, 2000**

CENSUS PLACE	Self-Employed Residents by Place		Percent of Total County
	Percent	Number	
Aliso Viejo CDP	8.0%	1,909	1.8%
Anaheim	6.0%	8,607	7.9%
Brea	6.7%	1,211	1.1%
Buena Park	5.9%	2,052	1.9%
Costa Mesa	10.2%	5,790	5.3%
Coto de Caza CDP	9.2%	545	0.5%
Cypress	7.0%	1,589	1.5%
Dana Point	13.7%	2,592	2.4%
Foothill Ranch CDP	5.3%	314	0.3%
Fountain Valley	9.1%	2,518	2.3%
Fullerton	7.6%	4,504	4.1%
Garden Grove	6.8%	4,682	4.3%
Huntington Beach	8.7%	8,959	8.2%
Irvine	8.9%	6,548	6.0%
La Habra	6.3%	1,639	1.5%
La Palma	10.8%	802	0.7%
Laguna Beach	17.2%	2,388	2.2%
Laguna Hills	11.1%	1,669	1.5%
Laguna Niguel	10.9%	3,474	3.2%
Laguna Woods	15.2%	327	0.3%
Lake Forest	7.9%	2,462	2.3%
Las Flores CDP	8.1%	245	0.2%
Los Alamitos	7.9%	452	0.4%
Mission Viejo	8.6%	4,051	3.7%
Newport Beach	13.1%	5,018	4.6%
Newport Coast CDP	13.8%	190	0.2%
Orange	8.7%	5,360	4.9%
Placentia	7.1%	1,668	1.5%
Portola Hills CDP	3.4%	117	0.1%
Rancho Santa Margarita	6.1%	1,525	1.4%
Rossmoor CDP	12.3%	582	0.5%
San Clemente	13.1%	3,238	3.0%
San Joaquin Hills CDP	9.0%	155	0.1%
San Juan Capistrano	11.8%	1,754	1.6%
Santa Ana	5.0%	6,336	5.8%
Seal Beach	8.7%	837	0.8%
Stanton	4.4%	649	0.6%
Tustin	5.9%	2,050	1.9%
Tustin Foothills CDP	14.2%	1,617	1.5%
Villa Park	15.9%	467	0.4%
Westminster	7.9%	2,996	2.7%
Yorba Linda	9.6%	2,907	2.7%
<b>Orange County Total</b>	<b>8.1%</b>	<b>106,795</b>	<b>100%</b>
United States	6.6%	8,603,761	NA
California	8.5%	1,249,530	NA
Imperial County	6.9%	3,027	NA
Los Angeles County	8.6%	341,295	NA
Riverside County	8.4%	50,874	NA
San Bernardino County	7.0%	46,468	NA
San Diego County	8.7%	107,894	NA
Ventura County	9.1%	31,536	NA

Source: U.S. Census Bureau 2000 Summary File 3 and 5% Public Use Microdata Sample.  
 Note: Highlighted cells in each column indicate top five ranked cities.  
 CDP - Census Designated Place

5,018 self-employed persons accounting for 13.1% of that city's working population.

### MEDIAN INCOME

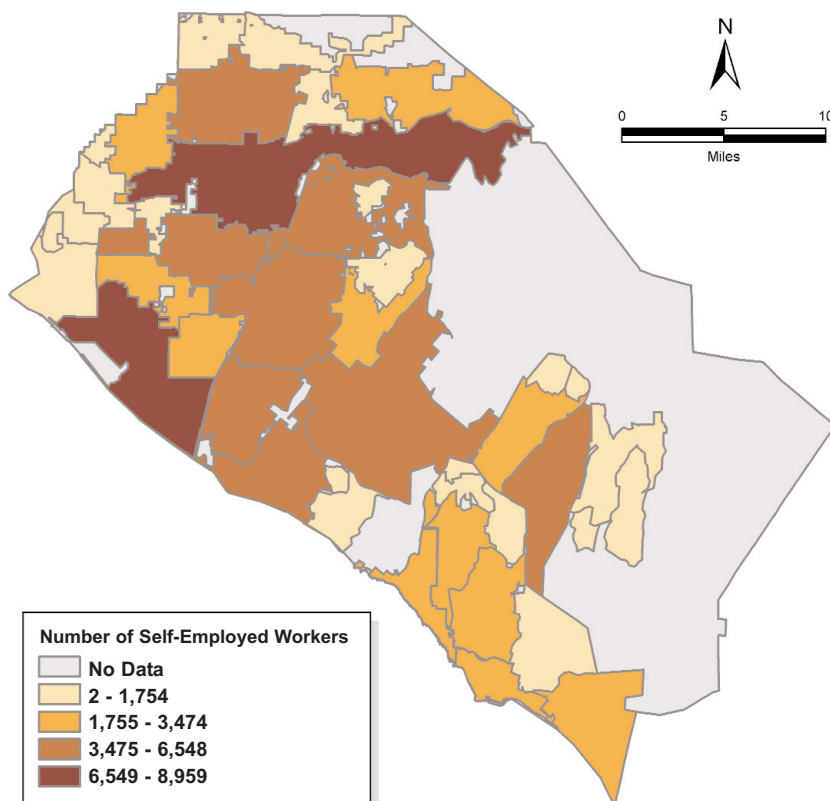
The countywide median income of the employed population is \$28,300. Thus, half of those employed in Orange County have a total yearly income that is below \$28,300 and the other half of those employed have a total yearly income that exceeds \$28,300. Interestingly, the median income of the self-employed population and non self-employed population is substantially different. The median income of the Orange County self-employed population is \$32,400. This is \$4,100 above the overall median income for the county, a 14.5% difference. Conversely, the median income of the working non self-employed population is \$26,600 for Orange County, a difference of \$1,700 and 6.0% less than the countywide median income. The difference between the median income of the self-employed and non self-employed population of Orange County is \$5,800 or 17.9%. This indicates that those people that are self-employed in Orange County have a higher median income than the rest of the working population. It is interesting to plot the median incomes of the working populations of Orange County's various jurisdictions on a map. It is noteworthy that the jurisdictions with the highest percent of self-employed workforce also have the highest median incomes. These jurisdictions tend to be concentrated along the coast and also include the cities of Irvine, Laguna Niguel, Mission Viejo, Villa Park and Yorba Linda, each of which have rates of self-employment above the county average (Figure 3).

### CONCLUSION

Self-employment in Orange County has some distinctive and interesting characteristics and it does not

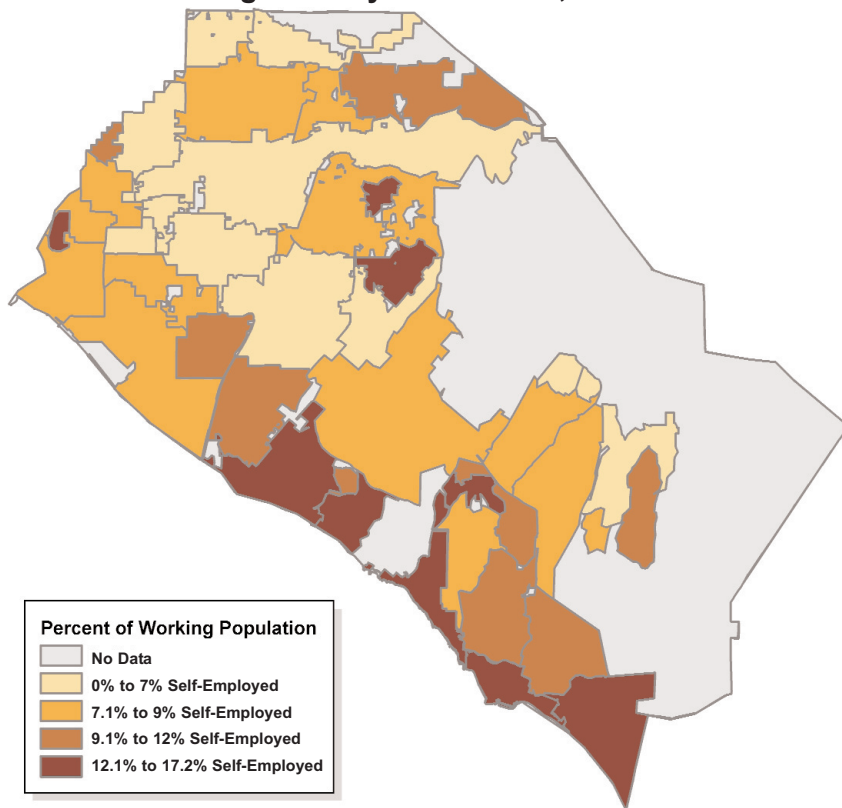
exhibit the same patterns as traditional employment. This brief examination of self-employment in the county suggests that those persons that are self-employed earn a higher median income than those who are not self-employed. As mentioned earlier the coastal communities of Orange County seem to have higher rates of self-employment when compared to the rest of the county. This would suggest that there is a pattern to the spatial distribution of self-employment in the county. The difference in the rates of self-employment between various jurisdictions as well as the disparity in median incomes amongst the self-employed and non self-employed working populations raises many questions. How are rates of self-employment between jurisdictions related? Are there socio-economic factors that affect where the self-employed population resides? Is there an independent spatial component to self-employment, or is there simply a strong relationship between self-employment and

**Figure 2**  
**Number of Self-Employed by Orange County Jurisdiction, 2000**



Source: U.S. Census Bureau 2000 Summary File 3.

**Figure 1**  
**Percent Self-Employed of Working Population by Orange County Jurisdiction, 2000**

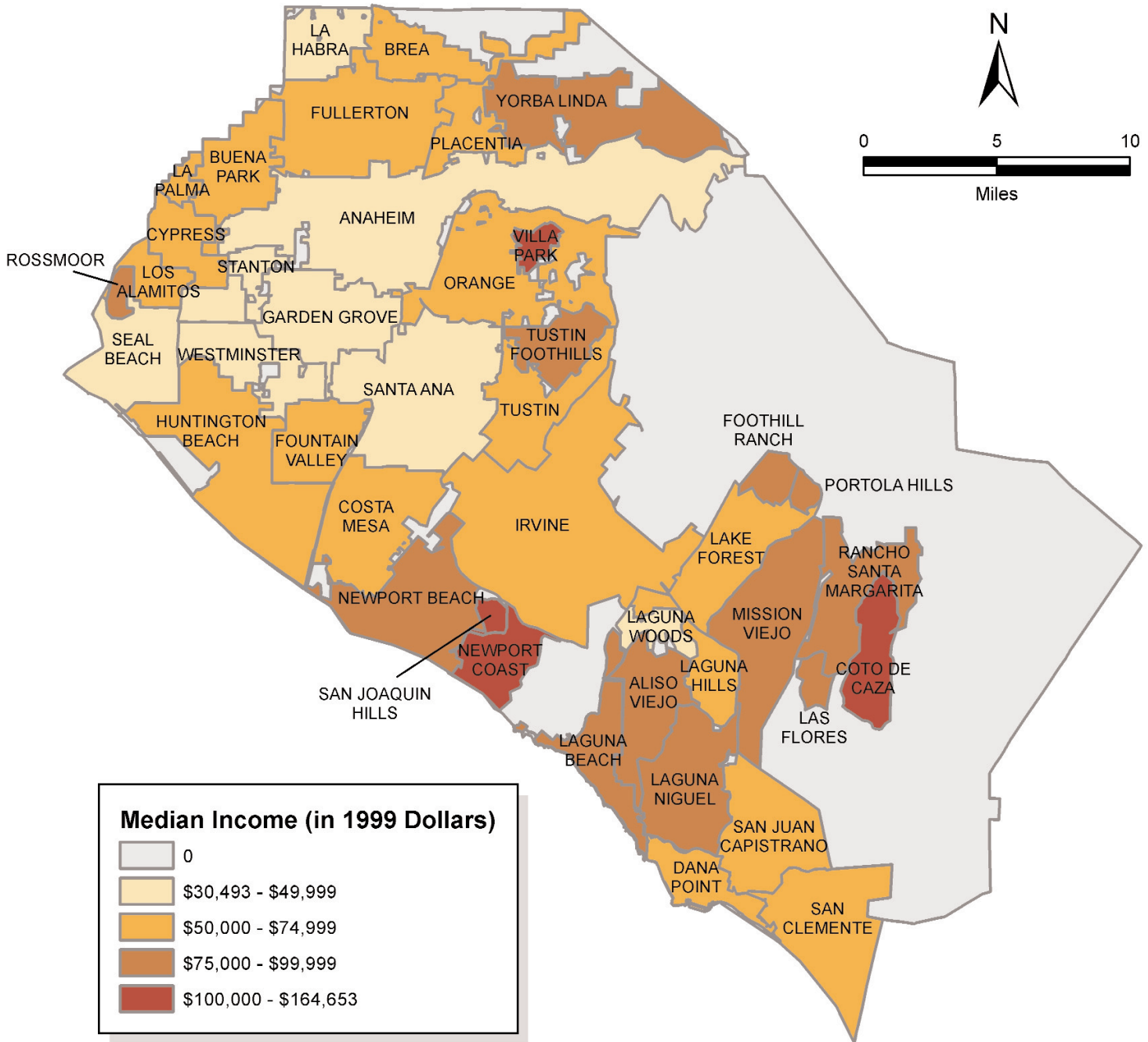


Source: U.S. Census Bureau 2000 Summary File 3.

higher median incomes along the coastal corridor? To answer these questions requires a more in-depth analysis of the various socio-economic factors of the self-employed population of Orange County.

Note: The Census designated category from Summary File 3, Table P51 titled 'Self-employed in own not incorporated business workers' refers to any person who is working for profit in their own unincorporated business. This classification is closely related to the classification titled 'Self-employed in own incorporated business. It was decided not to include this category because our focus was on individual employed workers rather than incorporated business workers. Secondly, persons who are employed in more than one occupation are grouped into employment categories by their primary occupation. Thus an individual may be self-employed AND work for wages in another business, but only their primary occupation is classified in one of the employment categories in the 2000 Census.

**Figure 3**  
**Median Income of Working Population by Orange County Jurisdiction, 2000**



Source: U.S. Census Bureau 2000 Summary File 3 and 5% Public Use Microdata Sample.

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