

# SMALL BUSINESS RESEARCH BULLETIN

## Self-Employment and Computer Usage

### Background

The Office of Advocacy of the U.S. Small Business Administration tracks and reports on small business economic trends. Self-employed businesses are usually very small and present opportunities for diverse groups to become entrepreneurs and sometimes employers. The growth of personal computers and the Internet has created new methods of processing daily activities, increasing productivity and lowering barriers to entry in some industries. This report, *Self-Employment and Computer Usage*, evaluates different aspects of self-employment and studies computer ownership and usage by the self-employed. The report relies on data from the Current Population Survey Internet and Computer Use Supplement for 1998 and 2000, which is produced by the U.S. Bureau of the Census. The report describes the demographics of self-employed computer ownership, evaluates the factors that influence computer ownership, and describes the characteristics of self-employed individuals who own computers.

### Highlights

- The number of self-employed individuals who owned personal computers grew by 14.7 percent between 1998 and 2000, from 9.2 million in 1998 to 10.5 million in 2000.
- Between 1998 and 2000, the number of self-employed individuals with Internet access grew by 50.4 percent.

### For More Small Business Information

For the complete report, *Self-Employment and Computer Usage*, visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo).

Sign up on Advocacy's Listservs at <http://web.sba.gov/list> to receive email notices of new Office of Advocacy publications accessible from our website. These include *The Small Business Advocate* newsletter as well as Advocacy press releases, research, and regulatory communications.

- In 2000, 83.2 percent of the self-employed had Internet access. Of this group, 72.5 percent accessed the Internet through a regular or dial-up service.
- Three key uses of the Internet by the self-employed were sending and receiving email, accomplishing job-related tasks, and searching for information.
- In 2000, 64.3 percent of all self-employed households had one computer, 23 percent had two computers, and 12.4 percent had three or more computers.
- Computer prices dropped continuously throughout the 1990s. Between 1990 and 1994, prices of computers and peripherals fell by an average of 12.8 percent yearly. Between 1995 and 1999, computer prices plummeted twice as much, by an average of 24.1 percent annually.
- In 2001, self-employed persons with home-based businesses numbered 5.9 million, representing 29.7 percent of self-employed individuals.
- A quarter of all capital expenditures by small and medium-sized firms were spent on computer and communications equipment.
- Two-thirds of self-employed businesses with computers are unincorporated.
- Education plays an important role in self-employment activity, computer ownership, income, and Internet access.
- The greatest concentrations of self-employed individuals with computers were found in retail trade; construction; and business services, including automobile and repair services.