

Male and Female Operated Nonfarm Proprietorships, Tax Year 1980

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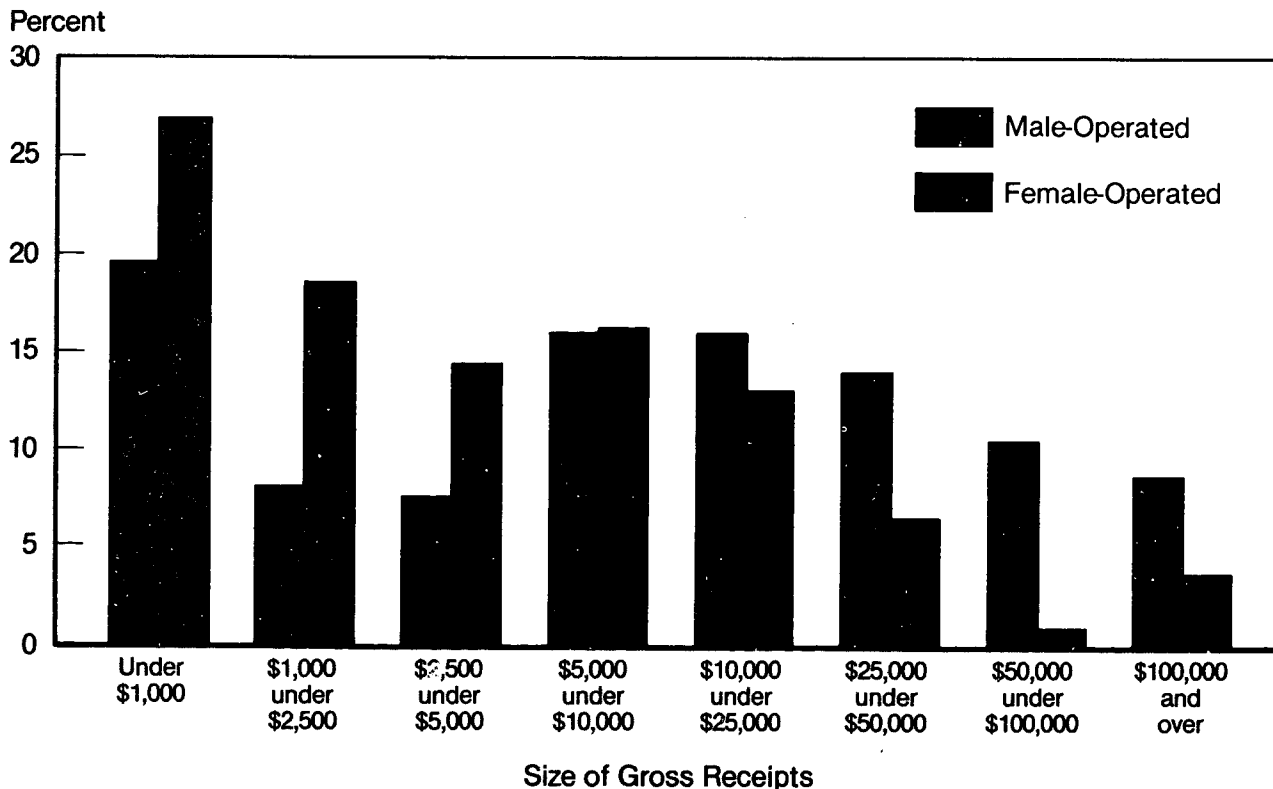
In 1980, almost three times as many nonfarm sole proprietorships were operated by men as by women. The male-operated proprietorships, on the average, did a volume of business three times as great as the female-headed proprietorships. Both male and female operated proprietorships were likely to be headquartered at home, the female-operated ones more so than their male counterparts. Businesses headquartered away from home, however, were likely to be substantially larger, in terms of gross receipts, than the at-home businesses.

For Tax Year 1980, nonfarm proprietorships reported (on Schedule C of Form 1040) total business receipts of \$411.2 billion, of which one-eleventh--\$36.4 billion--was reported by female proprietors. Ten times as much--\$367.5 billion--was reported by male proprietors, and the balance of \$7.3

billion was reported for jointly operated businesses. Trade (predominantly retail) and services were, by far, the most important of the major types of business reported (Table 1). These two categories accounted for 80 percent of the female-operated businesses and 60 percent of the businesses run by men.

The tendency of female-operated businesses to be smaller than male-operated ones shows up clearly in Table 2 (also see Figure A below). Only about 11 percent of the former had 1980 gross receipts of \$25,000 or more, compared to one-third of the male businesses. Male businesses reported on returns jointly filed by husband and wife tended to be larger than those reported on nonjoint returns. This filing status differentiation was much less clearcut for female-operated businesses.

Figure A — Percentage Distributions by Amount of Gross Receipts: Male- and Female-Operated Nonfarm Sole Proprietorships Tax Year 1980



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The adjusted gross income (AGI) distribution (see Table 3) of returns reporting a male-operated business showed no consistent pattern of difference from the corresponding distribution for female-headed businesses, (in marked contrast to the gross receipts data). Larger business volume among male-operated enterprises thus did not result in higher AGI; instead, it was apparently accompanied by lower levels of nonbusiness income.

In Table 4, data from 1973/74 show that profits from the business tend to be a much higher percentage of AGI on the corresponding return when male-headed businesses are considered. Among the female-operated businesses, on the other hand, business profits accounted for one-half or more of AGI on only 22 percent of the related returns, in contrast to 43 percent for male businesses. It is noteworthy that female-operated businesses reported on nonjoint returns contributed to AGI in a manner similar to male businesses. These businesses, operated by (mainly) single women, were less likely to be a secondary or sideline income source than businesses headed by wives reporting on joint returns.

Whether nonfarm proprietorships are head-quartered at home [1] or at a different location depends, to some extent, on the sex of the proprietor and filing status of the return (see Table 5). Overall, 63 percent of the businesses with identified business addresses were located at home. Female proprietors were more likely to have their businesses at home than male proprietors: about 66 percent of the female proprietors,--many of whom were involved in direct selling organizations--compared with 60 percent of the males, reported the same address for the business and the residence. Nonjoint business returns were more likely than joint returns to indicate an at-home business--68 percent of the former group versus 61 percent of the latter. Although the sample of jointly operated proprietorships was rather small, it is interesting to note that over 80 percent of those were apparently at-home businesses.

Table 6 shows that the average size of away-from-home businesses (as measured by gross business receipts) was about two and one-half times larger than at-home businesses--\$66,000 versus \$26,900; this marked disparity was also true within the separate male and female groups. Male-operated businesses averaged gross receipts three times greater than their female counterparts--\$49,700 to \$16,500. The filing status of the return was also an important factor: businesses reported on jointly filed returns averaged almost two and one-half times larger receipts than nonjoint returns--almost \$45,000 versus \$19,200.

DATA SOURCES AND LIMITATIONS

The tables in this report, except as otherwise indicated, are based on the annual Taxpayer Usage Studies (TPUS) of individual income tax returns (Forms 1040 and 1040A). Tax Year 1980 TPUS data are based on a sample of returns filed by June 30, 1981. The sample of about 7,800 tax returns, drawn at an effective rate of about 1:13,000, covered about 98 percent of the individual returns filed in 1981 and 96 percent of the nonfarm proprietorship returns. Tax Years 1973 and 1974 TPUS data are based on samples of returns filed by May 1 of the following years and represent about 85 percent of the nonfarm proprietorship returns filed.

TPUS data (particularly with respect to counts of businesses) may therefore be expected to differ from Statistics of Income (SOI) data which are based on proprietorship returns sampled throughout the year. Returns filed later in the year generally report higher amounts of gross receipts and adjusted gross income [2] than returns filed earlier, as is illustrated by the following Table for 1980.

Percentage distribution of proprietorships by size of gross receipts

Size of gross receipts	TPUS	SOI
Totals: Number		
(millions).....	9.33	9.73
Percent.....	100.0	100.0
Under \$2,500.....	32.7	28.6
\$2,500 under 5,000.....	9.6	11.9
\$5,000 under 10,000.....	16.1	13.0
\$10,000 under 25,000.....	15.3	17.6
\$25,000 under 50,000.....	11.8	11.1
\$50,000 under 100,000.....	7.5	8.6
\$100,000 and over.....	7.0	9.2

TPUS estimates are also subject to greater sampling variability than SOI, the sample for the latter being stratified and more than ten times larger.

The upper limits of the coefficient of variation are indicated below for estimates of different sizes:

Coefficient of Variation (percent)	Number of Returns
2.5.....	6,500,000
5.0.....	3,300,000
10.0.....	1,100,000
15.0.....	500,000
20.0.....	290,000
25.0.....	190,000
30.0.....	140,000

NOTES AND REFERENCES

- [1] Businesses were classed as "at home" if the business address on Schedule C (for nonfarm businesses) was the same as the taxpayer address on page 1 of Form 1040.
- [2] Grayson, Paul., "Individual Income Tax Returns: Selected Characteristics from the 1980 Taxpayer Usage Study," SOI Bulletin, vol. 1, no. 3, Winter 1981-1982, p. 21.

Nonfarm Proprietorships and Sex of Owner, 1980

Table 1. — Nonfarm Proprietorships: Distribution by Major Industry Group and by Sex of Proprietor, Tax Year 1980

[Figures are estimates based on samples--numbers are in thousands]

Major industry	Total ¹		Male operated		Female operated	
	Number	Percent	Number	Percent	Number	Percent
	(1)	(2)	(3)	(4)	(5)	(6)
Total nonfarm sole proprietorships.....	9,730	100.0	6,929	100.0	2,535	100.0
Agricultural services, forestry, and fishing.....	307	3.2	264	3.8	30	1.2
Mining.....	120	1.2	102	1.5	11	0.4
Construction.....	1,073	11.0	1,045	15.1	20	0.8
Manufacturing.....	296	3.0	234	3.4	53	2.1
Transportation, communication, and utilities.....	439	4.5	404	5.8	28	1.1
Wholesale and retail trade.....	2,527	26.0	1,579	22.8	825	32.5
Wholesale trade.....	330	3.4	286	4.1	34	1.3
Retail trade.....	2,066	21.2	1,201	17.3	759	29.9
Wholesale and retail trade not allocable.....	131	1.3	92	1.3	32	1.3
Finance, insurance, and real estate.....	1,049	10.8	664	9.6	355	14.0
Services.....	3,843	39.5	2,580	37.2	1,200	47.3
Nature of business not allocable.....	75	0.8	56	0.8	13	0.5

¹Also includes businesses jointly operated by husband and wife.

NOTE: Detail may not add to total due to rounding.

SOURCE: Statistics of Income--Sole Proprietorship Returns, 1979-1980, Table 13.

Table 2. — Nonfarm Proprietorships: Percentage Distribution by Amount of Gross Receipts, by Sex of Proprietor and Filing Status, Tax Year 1980

[All figures are estimates based on samples--numbers are in thousands]

Size of gross receipts	Total ¹	Male operated			Female operated		
		All	Joint	Nonjoint	All	Joint	Nonjoint
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total:							
Number.....	9,330	6,256	4,985	1,271	2,614	1,767	847
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$2,500.....	32.7	27.5	25.7	34.3	45.4	43.8	48.5
Under \$1,000.....	21.5	19.3	16.8	29.5	26.9	23.3	34.2
\$1,000 under \$2,500.....	11.1	8.1	9.0	4.8	18.5	20.5	14.3
\$2,500 under \$5,000.....	9.6	7.4	7.3	7.6	14.3	13.7	15.7
\$5,000 under \$10,000.....	16.1	15.9	15.0	19.0	16.2	19.9	8.6
\$10,000 under \$25,000.....	15.3	16.0	16.0	16.2	13.0	11.7	15.7
\$25,000 under \$50,000.....	11.8	13.9	14.8	10.5	6.5	5.5	8.6
\$50,000 under \$100,000.....	7.5	10.6	11.7	6.7	0.9	0.7	1.4
\$100,000 and over.....	7.0	8.7	9.5	5.7	3.7	4.8	1.4

¹Also includes jointly operated businesses, joint returns with proprietor's sex not determined, and joint returns with both a husband-operated business and wife-operated business.

NOTE: Detail may not add to total due to rounding.

Table 3. — Nonfarm Proprietorships: Percentage Distribution by Adjusted Gross Income Class of Related Tax Return and by Sex of Proprietor; Taxpayer Usage Study (TPUS) and Statistics of Income (SOI) compared, Tax Years 1974-1980

[All figures are estimates based on samples]

Size of adjusted gross income	1980 businesses				All businesses, 1974	
	SOI, all	TPUS			TPUS	SOI
		All ¹	Male operated	Female operated		
	(1)	(2)	(3)	(4)	(5)	(6)
Total, percent.....	100.0	100.0	100.0	100.0	100.0	100.0
No positive AGI.....	3.5	3.3	4.1	1.5	2.7	3.1
\$1 under \$2,000.....	*	4.1	3.3	6.3	6.4	*
\$2,000 under \$5,000.....	*10.8	7.2	6.5	8.7	14.3	*19.7
\$5,000 under \$10,000.....	15.0	17.5	17.9	14.6	25.2	21.6
\$10,000 under \$20,000.....	26.0	26.6	29.1	22.8	32.2	33.8
\$20,000 under \$50,000.....	36.9	36.8	34.4	41.7	17.0	18.6
\$50,000 under \$100,000.....	6.2	3.8	4.1	3.4	1.9	2.6
\$100,000 and over.....	1.6	0.7	0.4	1.0	0.3	0.5

¹Also includes jointly operated businesses, joint returns with proprietor's sex not determined, and joint returns with both a husband-operated business and wife-operated business.

*SOI data are available only for the combined class, \$1 under \$5,000.

NOTE: Source of SOI data is Statistics of Income--Sole Proprietorship Returns, 1979-1980, Table 15 and Statistics of Income--Business Tax Returns, 1974, Table 1.6. TPUS data labelled "1974" are actually averages for the combined Tax Year 1973 and 1974 samples.

Table 4. — Nonfarm Proprietorships: Percentage Distribution by Relative Importance of Business Profit (or Loss) — as a Percent of Adjusted Gross Income of Related Tax Return by Sex of Proprietor, Tax Years 1973-1974 Combined

[All figures are estimates based on samples]

Percent	All businesses ¹	Male operated	Female operated		
			All	Joint filing status	Nonjoint filing status
			(3)	(4)	(5)
	(1)	(2)	(3)	(4)	(5)
Total.....	100.0	100.0	100.0	100.0	100.0
With AGI.....	97.4	97.7	98.2	100.0	91.2
No business income.....	21.8	17.7	20.7	27.5	4.4
Business income:					
Not 0, under 5.....	11.6	7.9	21.6	22.1	17.6
5 under 10.....	6.6	5.9	9.0	10.7	5.9
10 under 25.....	10.8	11.1	11.7	14.1	7.4
25 under 50.....	11.6	12.5	12.6	11.4	14.7
50 under 75.....	9.8	11.1	8.1	6.7	11.8
75 under 100.....	13.4	16.7	7.2	4.0	14.7
100 or more.....	11.9	14.8	7.2	3.4	14.7
With no AGI.....	2.6	2.3	1.8	-	8.8

¹Also includes jointly operated businesses, joint returns with proprietor's sex not determined, and joint returns with both a husband-operated business and wife-operated business.

NOTE: Detail may not add to total due to rounding.

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Table 5. — Nonfarm Proprietorships: Percentage Distribution by Location of Business by Sex of Proprietor and Filing Status of Return, Tax Year 1980

[All figures are estimates based on samples--numbers are in thousands]

Sex of proprietor and filing status	Nonfarm proprietorships		Location of business				
	Total number	Percent	Percent of total		Percent of determined		
			Undetermined	Determined	Total	At home	Away from home
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	9,330	100.0	11.9	88.1	100.0	62.7	37.3
Joint.....	7,212	100.0	11.9	88.1	100.0	61.3	38.7
Nonjoint.....	2,118	100.0	12.0	88.1	100.0	67.5	32.5
Males, total.....	6,256	100.0	11.2	88.8	100.0	60.1	39.9
Joint.....	4,985	100.0	11.4	88.6	100.0	58.6	41.4
Nonjoint.....	1,271	100.0	10.5	89.5	100.0	66.0	34.0
Females, total.....	2,614	100.0	13.0	87.0	100.0	65.9	34.0
Joint.....	1,767	100.0	12.3	87.7	100.0	64.0	36.0
Nonjoint.....	847	100.0	14.3	85.7	100.0	70.0	30.0
Males/Females jointly ¹	460	100.0	15.9	84.1	100.0	81.2	18.2

¹Also includes business with proprietor's sex not determined; estimates should be used with caution because of the small number of sample returns upon which they are based.

Table 6. — Nonfarm Proprietorships: Average Gross Receipts for At Home and Away From Home Business by Sex of Proprietor and Filing Status of Returns, Tax Year 1980

[All figures are estimates in dollars based on samples]

Sex of proprietor and filing status	All businesses	Location of business		
		At home	Away from home	Undetermined
		(1)	(2)	(3)
Total.....	38,900	26,900	66,000	20,200
Joint.....	44,700	29,200	76,300	24,700
Nonjoint.....	19,200	19,800	24,000	4,800
Males, total.....	49,700	34,700	82,400	18,000
Joint.....	56,700	38,700	93,500	20,600
Nonjoint.....	22,300	20,900	30,400	6,900
Females, total.....	16,500	13,000	23,900	17,200
Joint.....	17,500	10,400	27,000	25,300
Nonjoint.....	14,600	18,300	12,600	2,500
Males/Females jointly ¹	19,400	10,700	21,700	55,000

¹Also includes businesses with proprietor's sex not determined; estimates should be used with caution because of the small number of sample returns upon which they are based.