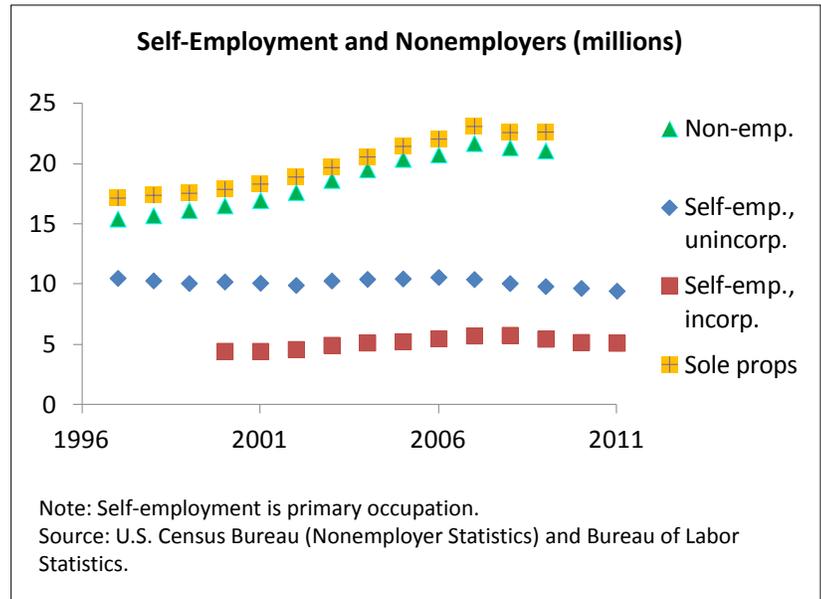


What is the difference between self-employment, nonemployer businesses, and sole proprietors?

Self-employment represents workers, nonemployers represent businesses, and sole proprietorship is a tax status.

Self-employment data from the Bureau of Labor Statistics represent individuals whose primary occupation is business ownership. Nonemployers, as portrayed in data from the U.S. Census Bureau, are business ventures without employees and payroll. Because business owners can have more than one business, a business can have more than one owner, a business may not be someone's primary occupation, and the self-employed can have payroll, the figures for self-employment and nonemployers differ. (Sources: Bureau of the Census and Bureau of Labor Statistics.)



What are sole proprietorships?

Some may refer to the self-employed or nonemployers as sole proprietors, but this is not always the case. Self-employed individuals can choose to incorporate or file as sole proprietors. Nonemployers can also be unincorporated or incorporated, although incorporated nonemployers are rare, as the owner is often considered an employee of the venture and would have to avoid payroll to be considered a nonemployer. About two-thirds of the self-employed run unincorporated operations and just under 95 percent of nonemployers are unincorporated.

What are the recent trends in the numbers of these very small businesses?

Over the last decade, the number of nonemployers has risen, while self-employment has been relatively flat. This is possible if the number of nonemployers is increasing because of growth in the number of businesses that are not the primary occupation for the owner. The underlying data for nonemployers come from tax returns, so the nonemployer trends match those of sole proprietors.

What figure should I use?

The numbers of self-employed, nonemployers, or sole proprietors may be used to represent very, very small businesses, but the figures will differ because they measure slightly different aspects of the businesses.