



Innovation, Science and  
Economic Development Canada

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# KEY SMALL BUSINESS STATISTICS

# 2020

Innovation, Science and Economic Development Canada  
Small Business Branch  
Research and Analysis Directorate

[ic.gc.ca/sbstatistics](https://ic.gc.ca/sbstatistics)

Canada 







## KEY SMALL BUSINESS STATISTICS 2020

Cat. No. Iu186-1E-PDF

ISSN 1718-3456

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# FOREWORD

Key Small Business Statistics provides statistical data<sup>1</sup> on the business sector in Canada, focusing on small and medium-sized enterprises (SMEs). The current edition contains data on the following questions:

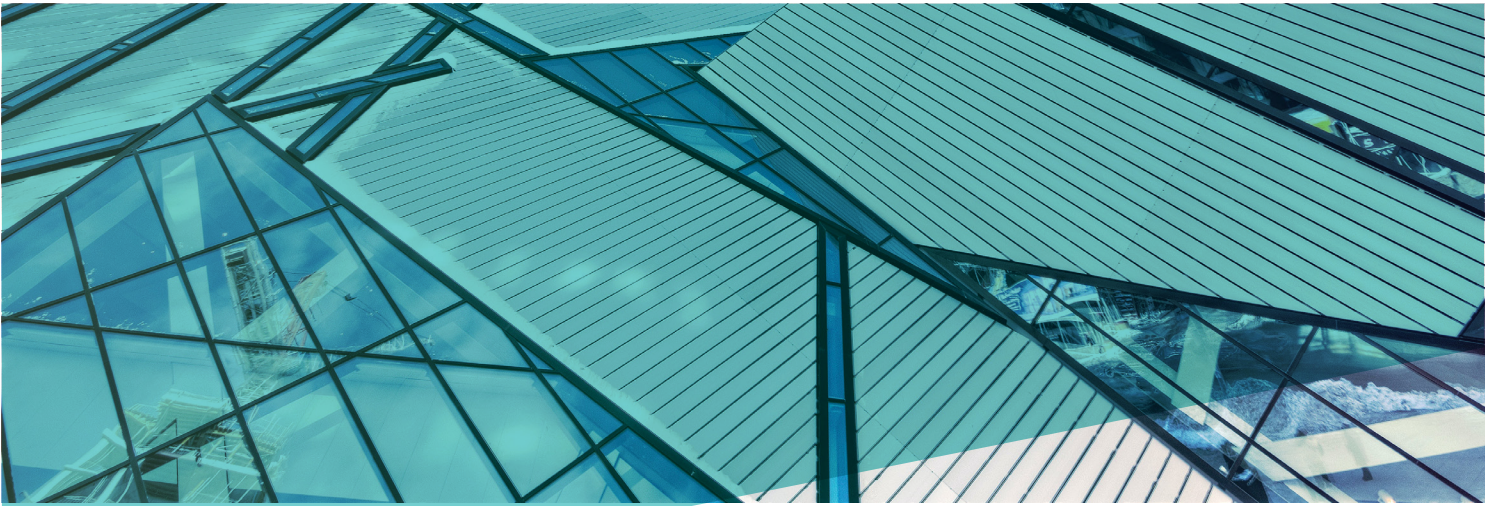
- How many SMEs are there in Canada?
- How many businesses appear and disappear each year?
- What proportion of new businesses survive?
- How many people were employed in Canada in 2019?
- What is the distribution of employment across the private sector?
- How much did employment grow between 2014 and 2019?
- What is the proportion of high-growth firms?
- Which provinces have the highest concentrations of exporters?
- How do SMEs contribute to Canada's exports?
- What are Canada's main export destinations?
- How do SMEs contribute to Canada's gross domestic product?



In this publication, the definition of a “*business*” or an “*enterprise*” may vary slightly according to the statistical sources used. Below is a list of those sources and links to the definitions used:

|  |   |
|--|---|
| <a href="#"><u>Business Register</u></a>   | <a href="#"><u>Entrepreneurship Indicators Database</u></a> |
| <a href="#"><u>Labour Force Survey</u></a> | <a href="#"><u>Trade by Exporter Characteristics</u></a>    |

<sup>1</sup> The report contains information prior to the COVID-19 pandemic that started in March 2020 in Canada. The effects of the pandemic will likely show up in the next edition of this publication.



## Definition

Innovation, Science and Economic Development Canada (ISED) defines a business based upon the number of paid employees.<sup>2</sup>

Since self-employed and “*indeterminate*” businesses are not considered to have paid employees, they are generally not included in this publication. This publication defines a SME as a business establishment with 1 to 499 paid employees.

More specifically:

- ✓ a small business has 1 to 99 paid employees;<sup>3</sup>
- ✓ a medium-sized business has 100 to 499 paid employees; and
- ✓ a large business has 500 or more paid employees.

<sup>2</sup> Self-employed workers include those with incorporated and unincorporated businesses that may or may not use paid help. “*Indeterminate*” businesses include self-employed and contract workers.

<sup>3</sup> Other groupings exist among this category of enterprises. For instance, enterprises with 1 to 4 employees are defined as micro-enterprises.



# HIGHLIGHTS



## Number of businesses

As of December 2019, the Canadian economy totaled 1.23 million employer businesses. Of these, 1.2 million (97.9 percent) were small businesses, 22,905 (1.9 percent) were medium-sized businesses and 2,978 (0.2 percent) were large businesses.

Between 2013 and 2017, the average number of SMEs created annually was 96,580 and the average number of businesses that disappeared annually was 90,600.

On average, 35.1 percent of SMEs created in the goods-producing sector survived at least 16 years, compared with 29.6 percent of SMEs created in the services-producing sector.



## Employment

As of 2019, small businesses employed 8.4 million individuals in Canada, or 68.8 percent of the total private labour force. By comparison, medium-sized businesses employed 2.4 million individuals (19.7 percent of the private labour force) and large businesses employed 1.4 million individuals (11.5 percent of the private labour force).

Between 2014 and 2019, small businesses were responsible for 35.8 percent of the net employment growth<sup>4</sup> in the private sector, which increased by approximately 772,200 jobs. Medium-sized businesses contributed 25.4 percent of this net employment growth and large businesses contributed 38.8 percent.

<sup>4</sup> Net employment growth is the difference in total employment between two years.



## SMEs' contribution to gross domestic product

In 2016, small businesses contributed 41.9 percent to gross domestic product (GDP) generated by the private sector, while the contribution of medium-sized businesses was 13.4 percent and the contribution of large businesses was 44.7 percent.

Over the 2012-2016 period, SMEs' contribution to GDP was 51.1 percent, on average, in the goods-producing sector, compared with 55.7 percent in the services-producing sector.



## High-growth firms

High-growth firms (HGFs) are present in every economic sector and are not just concentrated in knowledge-based industries. Based upon employment growth from 2014 to 2017, the highest concentration of HGFs in Canada is found in the following sectors: information and cultural industries (6.9 percent); mining, quarrying, and oil and gas extraction (5.4 percent); and administrative and support, waste management and remediation services (5.1 percent).



## Export of goods

In 2019, 50,542 Canadian establishments exported goods with a value totaling \$533.3 billion.

In 2019, Ontario had 48.7 exporters per thousand establishments, followed by Manitoba with 45.9 and Quebec with 44.2.

In 2019, SMEs contributed 40.6 percent of the total value of exported goods.

In 2019, Canada's main export destination was the United States, followed by China and the United Kingdom.

# 1. NUMBER OF BUSINESSES

## 1.1 How many SMEs are there in Canada?

As of December 2019, there were 1.23 million employer businesses in Canada (Table 1). Of these, 1.2 million (97.9 percent) were small businesses, 22,905 (1.9 percent) were medium-sized businesses and 2,978 (0.2 percent) were large businesses.

More than half of Canada's small employer businesses are concentrated in Ontario and Quebec (440,306 and 249,685, respectively). Western Canada has a large number of small businesses, led by British Columbia, which had 187,252 small businesses as of December 2019. In the Atlantic region, Nova Scotia has the most small businesses at 29,876.

The province with the most businesses per thousand individuals aged 18 and over is Prince Edward Island (50.8), followed by Alberta (48.3). In contrast, Quebec has the smallest number of businesses per thousand individuals aged 18 and over (37.0), followed by Nova Scotia (37.8), Manitoba (38.0) and Ontario (38.2).

**Table 1: Total number of employer businesses by business size and number of SMEs per 1,000 provincial population, December 2019**

| Province/territory        | Small businesses<br>(1-99 employees) |      | Medium-sized businesses<br>(100-499 employees) |     | Large businesses<br>(500+ employees) |     | Total     | Number of<br>businesses per<br>1,000 individuals<br>(18+ Years) |
|---------------------------|--------------------------------------|------|--|-----|--------------------------------------|-----|-----------|---|
|                           | Number                               | %    | Number   | %   | Number                               | %   |           |   |
| Newfoundland and Labrador | 16,633                               | 98.1 | 294  | 1.7 | 25                                   | 0.1 | 16,952    | 39.0  |
| Prince Edward Island      | 6,348                                | 98.2 | 107  | 1.7 | 8                                    | 0.1 | 6,463     | 50.8  |
| Nova Scotia               | 29,876                               | 98.0 | 542  | 1.8 | 68                                   | 0.2 | 30,486    | 37.8  |
| New Brunswick             | 25,063                               | 98.0 | 459  | 1.8 | 51                                   | 0.2 | 25,573    | 39.9  |
| Quebec                    | 249,685                              | 97.8 | 4,960  | 1.9 | 702                                  | 0.3 | 255,347   | 37.0  |
| Ontario                   | 440,306                              | 97.7 | 9,092  | 2.0 | 1,238                                | 0.3 | 450,636   | 38.2  |
| Manitoba                  | 39,370                               | 97.6 | 836  | 2.1 | 122                                  | 0.3 | 40,328    | 38.0  |
| Saskatchewan              | 41,008                               | 98.3 | 647  | 1.6 | 77                                   | 0.2 | 41,732    | 46.3  |
| Alberta                   | 160,920                              | 98.0 | 2,936  | 1.8 | 332                                  | 0.2 | 164,188   | 48.3  |
| British Columbia          | 187,252                              | 98.3 | 2,947  | 1.5 | 347                                  | 0.2 | 190,546   | 45.3  |
| Territories               | 4,110                                | 97.8 | 85   | 2.0 | 8                                    | 0.2 | 4,203     | 46.0  |
| Canada                    | 1,200,571                            | 97.9 | 22,905   | 1.9 | 2,978                                | 0.2 | 1,226,454 | 40.4  |

Sources: Statistics Canada, Table 33-10-0222-01 Canadian Business Counts, with employees, December 2019, Table 17-10-0005-01 — Population estimates on July 1st, by age and sex; and ISED calculations.



Of the 1,226,454 employer businesses in Canada, 21.3 percent are in the goods-producing sector and 78.7 percent are in the services-producing sector (Table 2). Micro-enterprises (1-4 employees) make up 54.9 percent of Canadian businesses. By adding those businesses with 5-9 employees, this number increases to 73.6 percent. In other words, almost three out of four Canadian businesses have 1-9 employees. It should be noted that the distribution of businesses according to the number of employees varies slightly between the goods-producing and services-producing sectors.

**Table 2: Number of employer businesses by sector and business size (number of employees), December 2019**

|                                    | Goods   |              | Services |              | Total     |              |
|------------------------------------|---------|--------------|----------|--------------|-----------|--------------|
| Number of employees                | Number  | % Cumulative | Number   | % Cumulative | Number    | % Cumulative |
| 1-4 employees                      | 150,791 | 57.7         | 522,343  | 54.1         | 673,134   | 54.9         |
| 5-9 employees                      | 49,600  | 76.7         | 180,018  | 72.8         | 229,618   | 73.6         |
| 10-19 employees                    | 27,970  | 87.4         | 127,968  | 86.0         | 155,938   | 86.3         |
| 20-49 employees                    | 19,714  | 94.9         | 86,502   | 95.0         | 106,216   | 95.0         |
| 50-99 employees                    | 7,185   | 97.7         | 28,480   | 97.9         | 35,665    | 97.9         |
| Small businesses<br>1-99 employees | 255,260 | 97.7         | 945,311  | 97.9         | 1,200,571 | 97.9         |
| 100-199 employees                  | 3,658   | 99.1         | 11,949   | 99.2         | 15,607    | 99.2         |
| 200-499 employees                  | 1,872   | 99.8         | 5,426    | 99.7         | 7,298     | 99.8         |
| 500 employees or more              | 525     | 100.0        | 2,453    | 100.0        | 2,978     | 100.0        |
| Total                              | 261,315 | 21.3         | 965,139  | 78.7         | 1,226,454 |              |

Note: By definition, the goods-producing sector consists of agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction; utilities; construction and manufacturing. The services-producing sector consists of wholesale trade; retail trade; transportation and warehousing; information and cultural industries; finance and insurance; real estate and rental and leasing; professional, scientific and technical services; management of companies and enterprises; administrative and support, waste management and remediation services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; other services (except public administration) and public administration.

Sources: Statistics Canada, Table 33-10-0222-01 Canadian Business Counts, with employees, December 2019

The following four industries — construction; retail trade; professional, scientific and technical services; and other services (except public administration) — account for 557,327 businesses on their own, which represents 45.4 percent of Canadian businesses (Table 3). The health care and social assistance industry also accounts for a significant number of businesses: 121,953 or 9.9 percent of Canadian businesses. More than half (55.3 percent) of Canadian businesses are accounted for in these five of the 20 industries.

More than 99 percent of businesses in the following four industries are small businesses: agriculture, forestry, fishing and hunting; real estate and rental and leasing; professional, scientific and technical services; and other services (except public administration). However, only 85.1 percent of businesses in public administration and 85.7 percent of those in management of companies and enterprises are small businesses.

**Table 3: Number of employer businesses by sector and number of employees, December 2019**

|   | Small businesses<br>(1-99 employees) |      | Medium-sized businesses<br>(100-499 employees) |      | Large businesses<br>(500+ employees) |     | Total     |
|---|--------------------------------------|------|--|------|--------------------------------------|-----|-----------|
|   | Number                               | %    | Number   | %    | Number                               | %   | Number    |
| Goods-Producing Sector  | 255,260                              | 97.7 | 5,530  | 2.1  | 525                                  | 0.2 | 261,315   |
| Agriculture, forestry, fishing and hunting                            | 49,253                               | 99.4 | 305  | 0.6  | 12                                   | 0.0 | 49,570    |
| Mining, quarrying, and oil and gas extraction                         | 8,326                                | 95.3 | 323  | 3.7  | 84                                   | 1.0 | 8,733     |
| Utilities   | 1,301                                | 89.9 | 104  | 7.2  | 42                                   | 2.9 | 1,447     |
| Construction  | 148,359                              | 99.0 | 1,476  | 1.0  | 77                                   | 0.1 | 149,912   |
| Manufacturing   | 48,021                               | 93.0 | 3,322  | 6.4  | 310                                  | 0.6 | 51,653    |
| Service-Producing Sector  | 945,311                              | 97.9 | 17,375   | 1.8  | 2,453                                | 0.3 | 965,139   |
| Wholesale trade   | 56,107                               | 97.8 | 1,170  | 2.0  | 75                                   | 0.1 | 57,352    |
| Retail trade  | 141,783                              | 97.7 | 3,301  | 2.3  | 44                                   | 0.0 | 145,128   |
| Transportation and warehousing  | 70,897                               | 98.3 | 1,087  | 1.5  | 166                                  | 0.2 | 72,150    |
| Information and cultural industries                                   | 17,971                               | 96.6 | 552  | 3.0  | 76                                   | 0.4 | 18,599    |
| Finance and insurance   | 41,720                               | 98.2 | 647  | 1.5  | 129                                  | 0.3 | 42,496    |
| Real estate and rental and leasing                                    | 57,278                               | 99.4 | 322  | 0.6  | 23                                   | 0.0 | 57,623    |
| Professional, scientific and technical services                       | 147,694                              | 99.1 | 1,290  | 0.9  | 124                                  | 0.1 | 149,108   |
| Management of companies and enterprises                               | 5,582                                | 85.7 | 679  | 10.4 | 252                                  | 3.9 | 6,513     |
| Administrative and support, waste management and remediation services | 52,571                               | 96.6 | 1,584  | 2.9  | 254                                  | 0.5 | 54,409    |
| Educational services  | 14,036                               | 93.1 | 581  | 3.9  | 464                                  | 3.1 | 15,081    |
| Health care and social assistance                                     | 118,964                              | 97.5 | 2,556  | 2.1  | 433                                  | 0.4 | 121,953   |
| Arts, entertainment and recreation                                    | 18,520                               | 96.4 | 592  | 3.1  | 94                                   | 0.5 | 19,206    |
| Accommodation and food services                                       | 82,762                               | 98.2 | 1,469  | 1.7  | 56                                   | 0.1 | 84,287    |
| Other services (except public administration)                         | 112,571                              | 99.5 | 581  | 0.5  | 27                                   | 0.0 | 113,179   |
| Public administration   | 6,855                                | 85.1 | 964  | 12.0 | 236                                  | 2.9 | 8,055     |
| All Industries  | 1,200,571                            | 97.9 | 22,905   | 1.9  | 2,978                                | 0.2 | 1,226,454 |

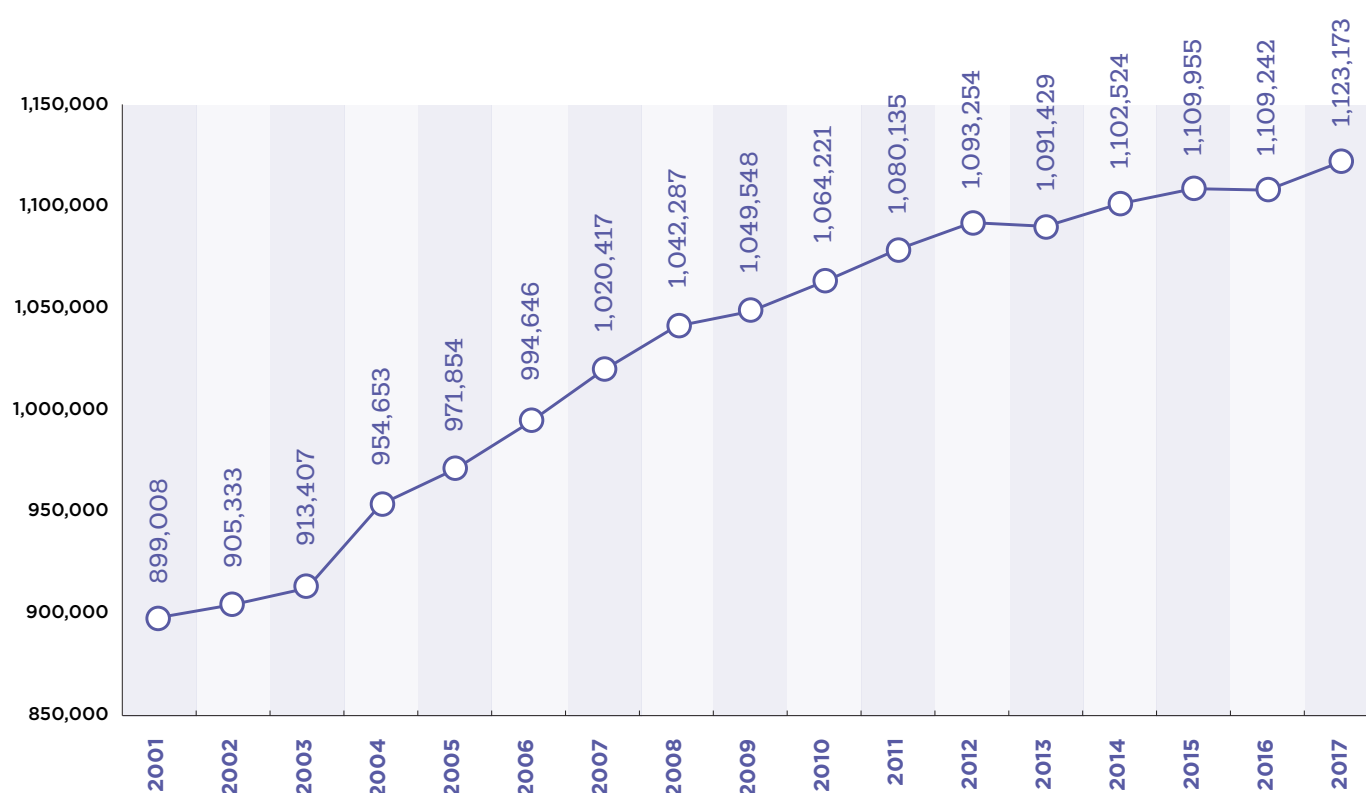
Sources: Statistics Canada, Table 33-10-0222-01 Canadian Business Counts, with employees, December 2019



## 1.2 How many businesses appear and disappear each year?

An increase or decrease in the number of businesses is the net result of the appearance or disappearance of businesses over a given period. This is often referred to as “creative destruction.” Between 2001 and 2017, the number of businesses increased every year, except for two: in 2013 and in 2016, when more businesses disappeared (97,203 and 95,613) than were created (95,378 and 94,900),<sup>5</sup> as illustrated in Figure 1.<sup>6</sup> Over the last five years (from 2013 to 2017), on average, 96,580 businesses were created every year and 90,600 disappeared.

**Figure 1: Number of businesses with at least one employee, Canada, 2001–2017**



Source: Statistics Canada, Canadian Centre for Data Development and Economic Research, National Accounts Longitudinal Microdata File.

As illustrated in Figure 2, throughout the 2001–2017 period, the business birth rate was lower in the goods-producing sector than in the services-producing sector. It is noteworthy that the rate of business births in the goods-producing sector has declined over the 2014 to 2016 period, from 8.2 percent in 2014 to 7.8 percent in 2016 but has increased in the last observed year (2017) to 8.1 percent.

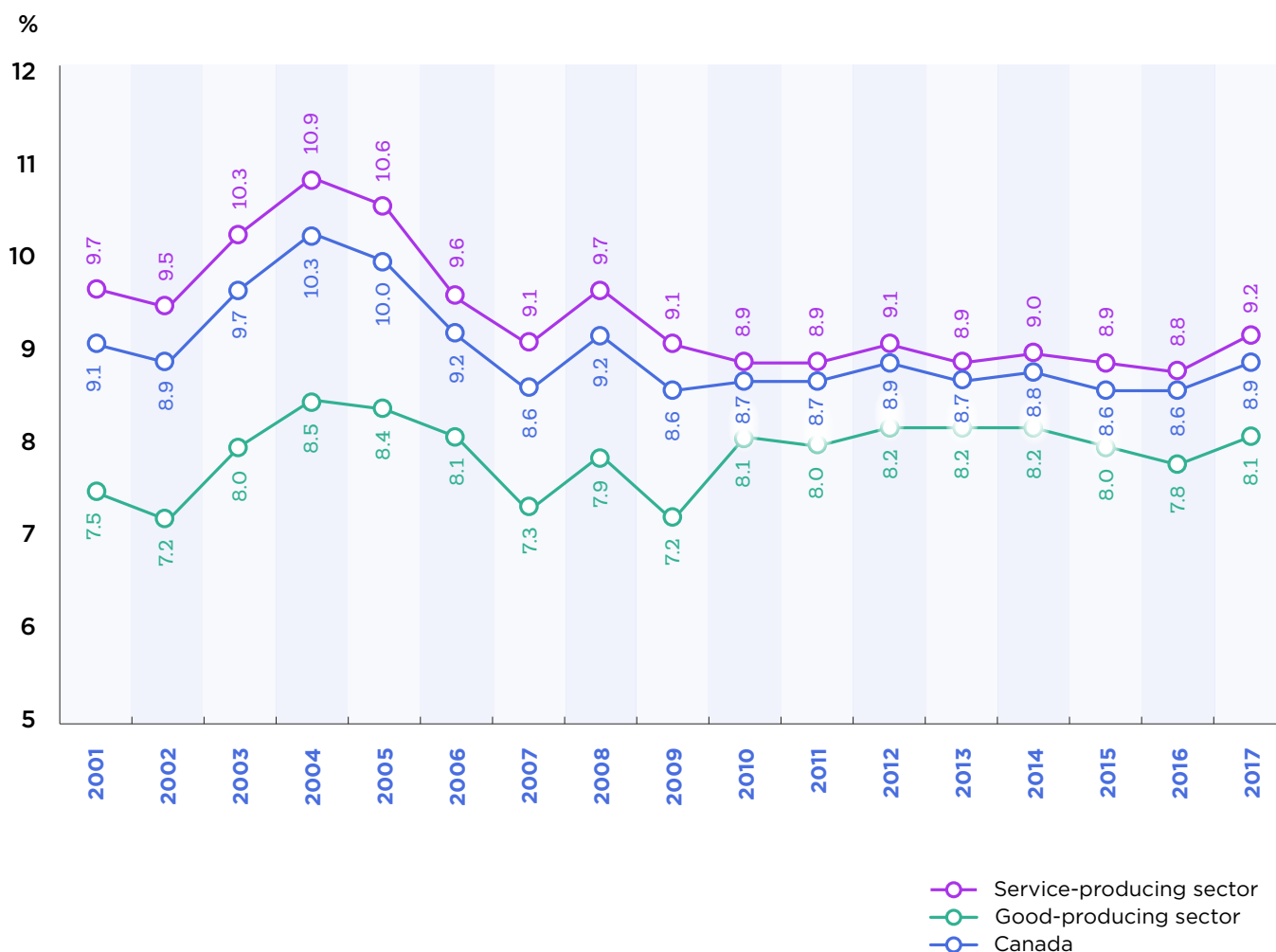
<sup>5</sup> Statistics Canada produces several sources of data (such as the Entrepreneurship Indicators Database and the Longitudinal Employment Analyses Program) that present similar data on business births and deaths. The differences in level between these sources and the data produced by the Canadian Centre for Data Development and Economic Research (CDER) of Statistics Canada in the National Accounts Longitudinal Microdata File (NALMF) are a result of the different data sources and methodological concepts used. The data produced by the CDER through the NALMF were chosen because, in addition to providing the number of business births and deaths, the survival rate of start-up businesses is also available.

<sup>6</sup> When updating the annual data on business births and deaths, the most recent year available is added and the previous statistics are revised accordingly. For this reason, the statistics in *Key Small Business Statistics* differ slightly from one issue to the next.

Over the last five years, the average birth rate in the goods-producing sector was 8.1 percent, compared with 9.0 percent in the services-producing sector. On average, every year between 2013 and 2017, 23,650 businesses were created and 21,760 businesses disappeared in the goods-producing sector, while in the services-producing sector, 72,920 businesses were created and 68,820 businesses closed. This variation between birth rates for these two sectors can be explained by the entry cost and different levels of competition. If this is, indeed, the case, higher birth rates would be observed in sectors with a lower entry cost or with a higher level of competition than other sectors.

The enterprise birth rate is inversely related to firm size during market entry. The more individuals employed when a business begins operations, the lower the enterprise birth rate (Figure 3). On average, between 2013 and 2017, the birth rate was 11.0 percent, 3.6 percent, and 1.7 percent for businesses with 1–4, 5–19, 20–99 employees respectively.

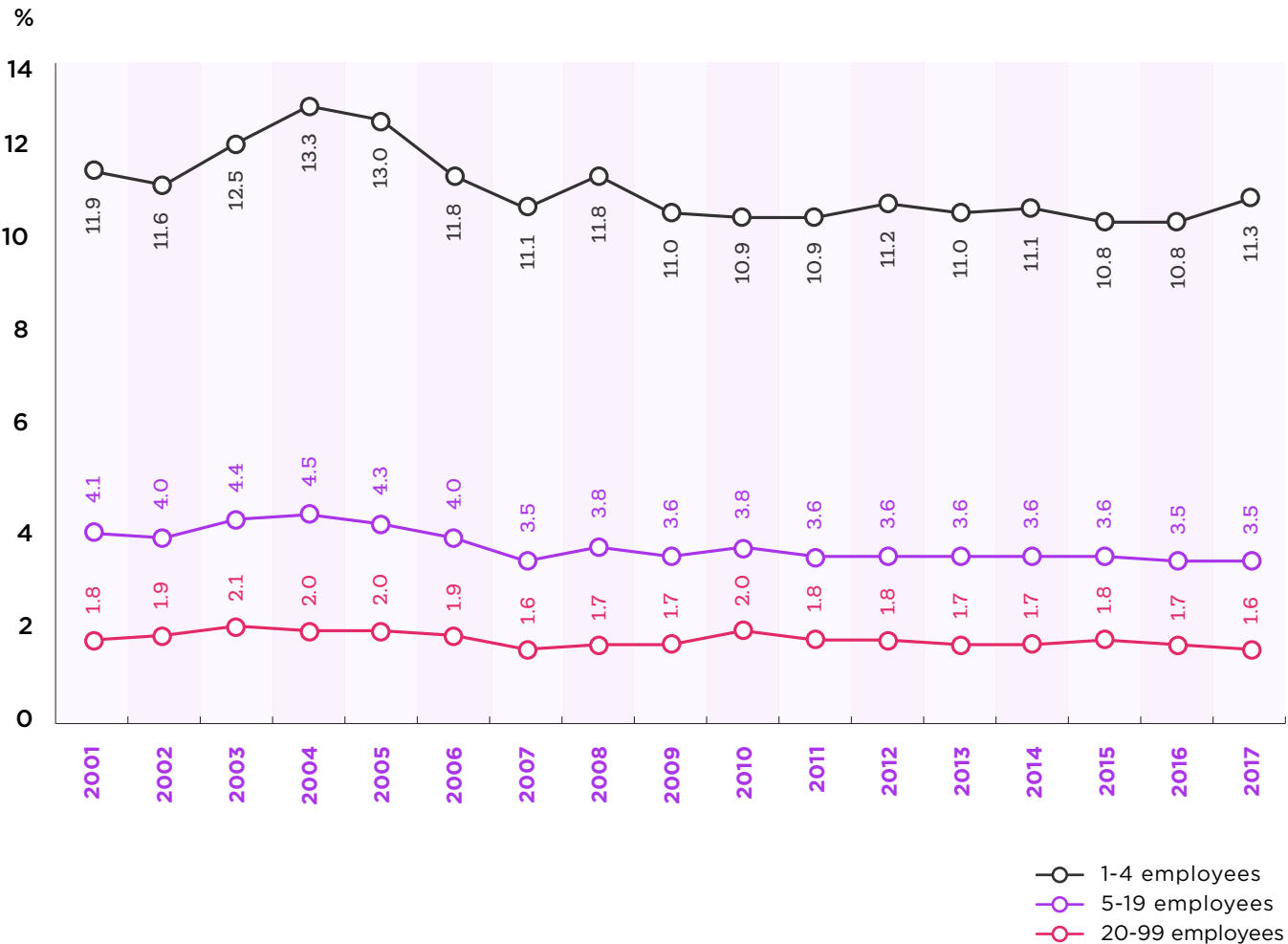
**Figure 2: Birth rate for enterprises with one or more employees, Canada, and main sectors, 2001–2017**



Source: Statistics Canada, Canadian Centre for Data Development and Economic Research, National Accounts Longitudinal Microdata File.



Figure 3: Birth rate by initial business size, Canada, 2001–2017



Source: Statistics Canada, Canadian Centre for Data Development and Economic Research, National Accounts Longitudinal Microdata File.

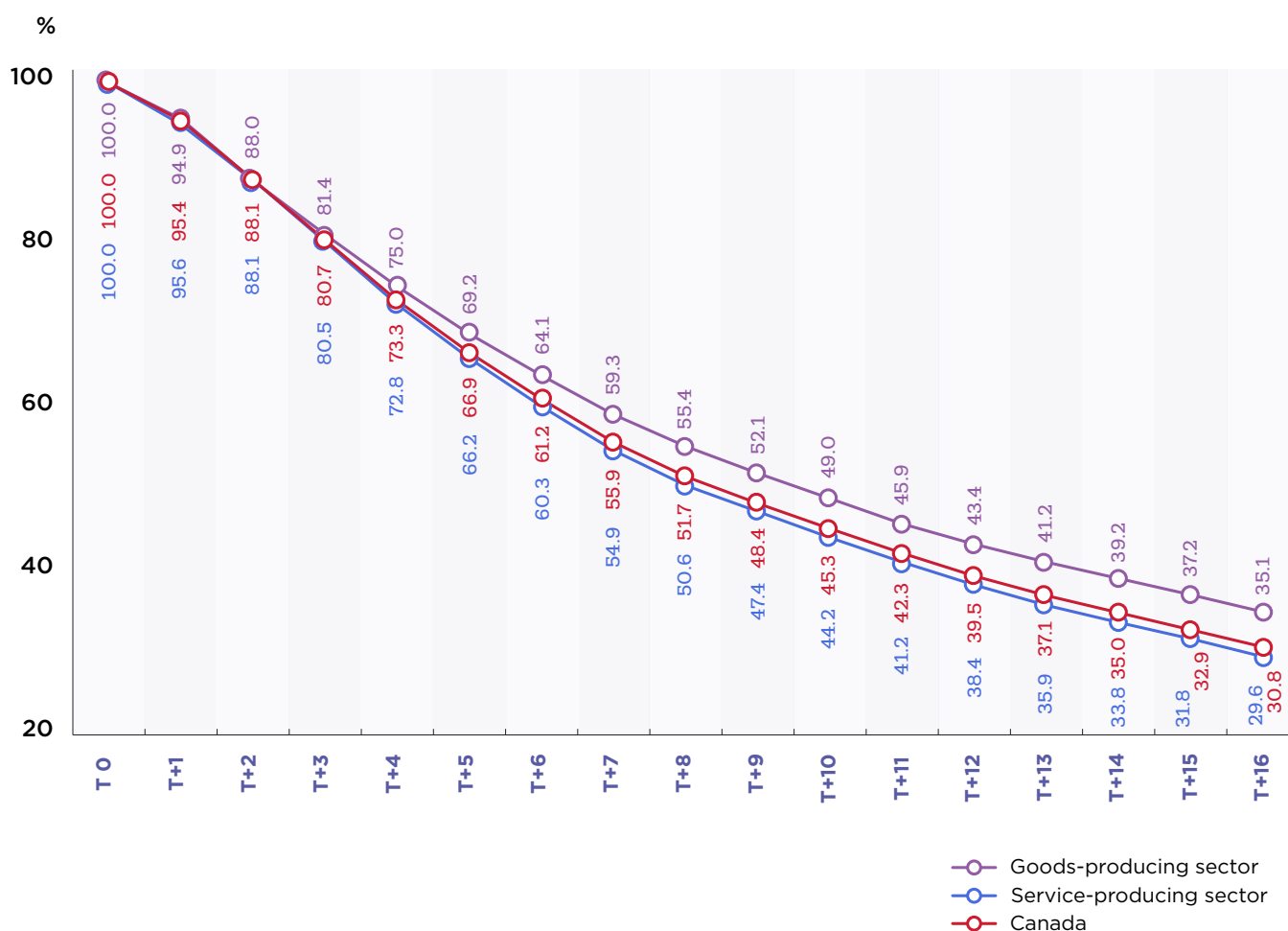
The vast majority of businesses had 1-4 employees when they began operations. Of the 96,580 businesses created on average annually from 2013-2017, close to 90 percent (or 86,840 businesses) had 1-4 employees when they were created. Over the course of this period, 8.5 percent, and 1.5 percent of new businesses began operations with, respectively, 5-19 and 20-99 employees. Of the average 90,600 annual closures, 91.6 percent, 8.0 percent, and 0.4 percent were businesses with 1-4, 5-19, and 20-99 employees, respectively.

## 1.3 What proportion of new businesses survive the first sixteen years?

Businesses in the goods-producing and services-producing sectors showed similar survival rates over the course of the first two years ( $T + 1$  and  $T + 2$ ) after their creation ( $T_0$ ) (Figure 4). After the third year ( $T + 3$ ), business survival rates in the goods-producing sector were higher than in the services-producing sector. After five years ( $T + 5$ ), 69.2 percent of businesses in the goods-producing sector were still operating, compared with 66.2 percent of businesses in the services-producing sector.

After 10 years ( $T + 10$ ), the business survival rate for the goods-producing sector was 49.0 percent, compared with 44.2 percent for the services-producing sector. Finally, 35.1 percent of businesses in the goods-producing sector and 29.6 percent of business in the services-producing sector were still active sixteen years ( $T + 16$ ) after they entered the Canadian market.

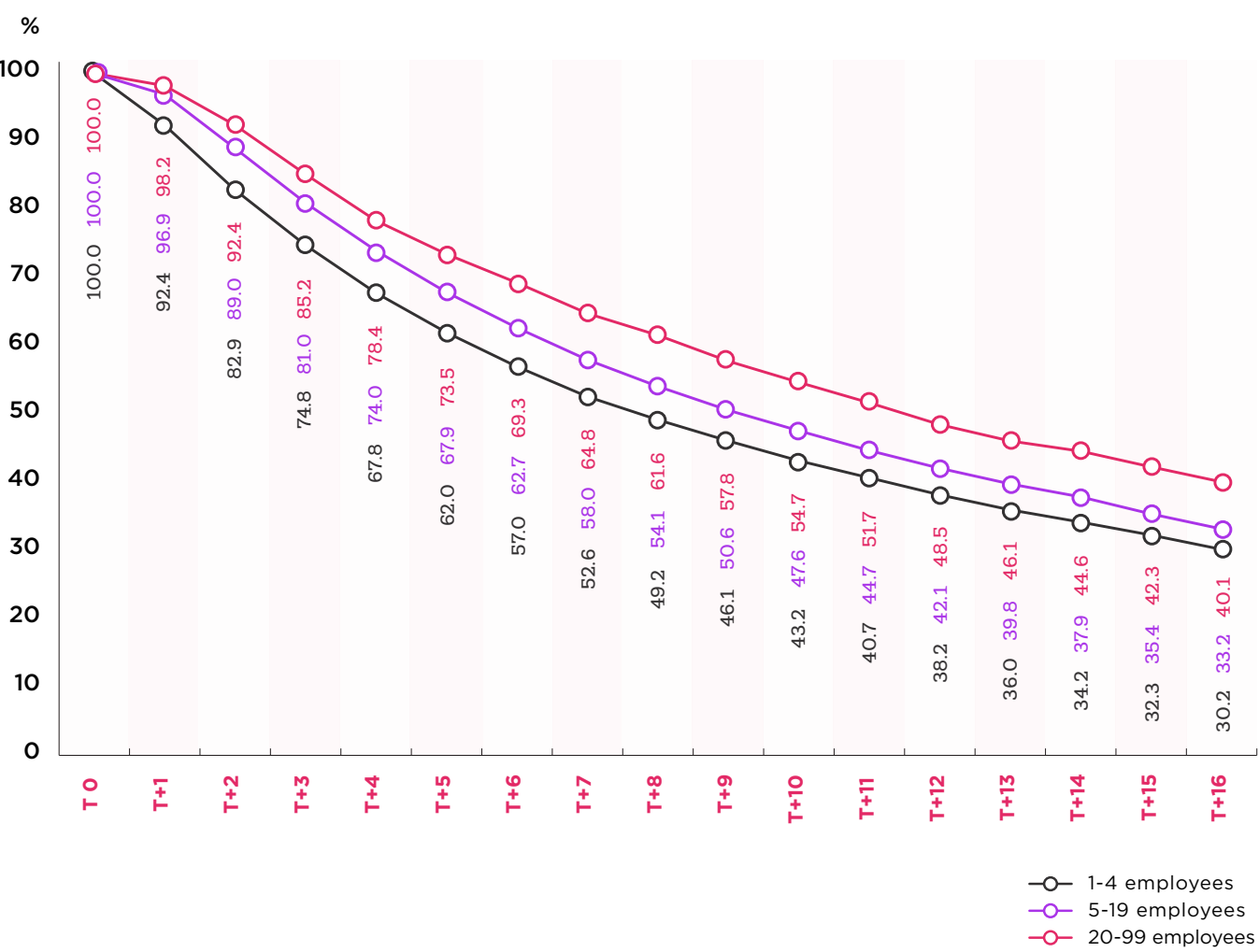
**Figure 4: Survival rate of businesses with one or more employees, goods producing sector and services-producing sector, Canada**



Source: Statistics Canada, Canadian Centre for Data Development and Economic Research, National Accounts Longitudinal Microdata File.

There is a positive correlation between enterprise survival rate and initial business size (Figure 5). Businesses that began operations with a large number of employees had a higher survival rate than businesses that began with a smaller number of employees. Of businesses that began operations with 1–4 employees, 62.0 percent were still active after five years (T + 5), 43.2 percent were still active after ten years (T + 10), and 30.2 percent were still active after sixteen years (T + 16), compared with businesses that began operations with a workforce of 20–99 employees, of which 73.5 percent were still active after five years (T + 5), 54.7 percent were still active after 10 years (T + 10) and 40.1 percent were still active after sixteen years (T + 16).

Figure 5: Survival rate by initial business size, Canada



Source: Statistics Canada, Canadian Centre for Data Development and Economic Research, National Accounts Longitudinal Microdata File.



## 2. EMPLOYMENT

### 2.1 How many people were employed in Canada in 2019?

In 2019, approximately 16.1 million individuals were employed<sup>7</sup> in Canada. Of this number, 76.2 percent worked in the private sector<sup>8</sup> and 23.8 percent worked in the public sector<sup>9</sup> (Table 4).

**Table 4: Number of individuals employed in the private and public sectors, by business size, 2019**

|                  | Small businesses<br>(1-99 employees) |      | Medium-sized businesses<br>(100-499 employees) |      | SMEs<br>(1-499 employees) |      | Large businesses<br>(500+ employees) |      | Total<br>(thousands) |
|------------------|--------------------------------------|------|--|------|---------------------------|------|--------------------------------------|------|----------------------|
|                  | Number<br>(thousands)                | %    | Number<br>(thousands)                          | %    | Number<br>(thousands)     | %    | Number<br>(thousands)                | %    |                      |
| Private sector   | 8,459.6                              | 68.8 | 2,428.4  | 19.7 | 10,887.9                  | 88.5 | 1,415.6                              | 11.5 | 12,303.5             |
| % Private sector | 80.2%                                | -    | 74.2%  | -    | 78.8%                     | -    | 60.7%                                | -    | 76.2%                |
| Public sector    | 2,088.8                              | 54.3 | 843.3  | 21.9 | 2,932.0                   | 76.2 | 917.0                                | 23.8 | 3,849.0              |
| % Public sector  | 19.8%                                | -    | 25.8%  | -    | 21.2%                     | -    | 39.3%                                | -    | 23.8%                |
| Total            | 10,548.4                             | 65.3 | 3,271.6  | 20.3 | 13,820.9                  | 85.6 | 2,332.5                              | 14.4 | 16,152.5             |

Note: Figures may not add up to totals because of rounding.

Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.

The distribution of the number of people employed according to business size varies considerably between the private sector and the public sector. In 2019, 88.5 percent of employed individuals in the private sector worked for SMEs, compared with 76.2 percent of those employed by public organizations of the same size.

Between 2014 and 2019, the number of individuals employed in Canada showed a net gain of 1,076,100. Just over 70 percent of this increase is attributed to the private sector and less than 30 percent to the public sector.

<sup>7</sup> This number excludes self-employed individuals.

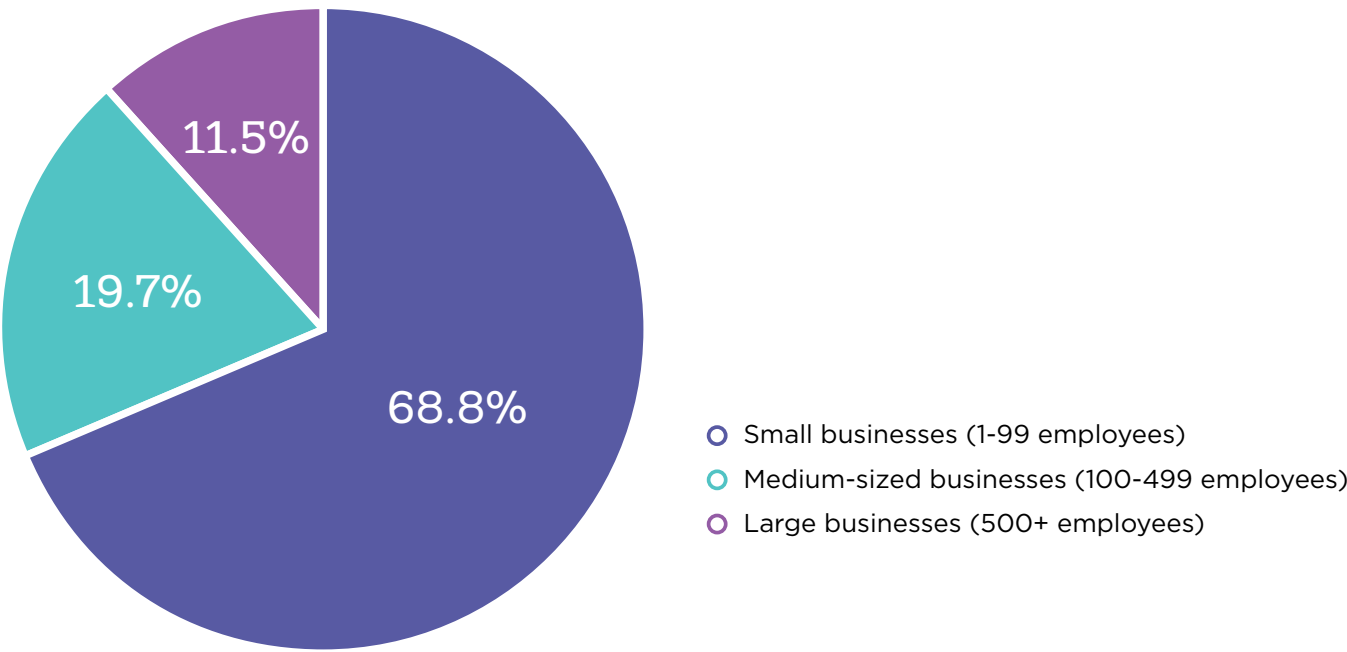
<sup>8</sup> Private sector employees are found in every Canadian economic sector, except public administration.

<sup>9</sup> Individuals who work for a local, provincial or federal government, a government service or agency, a Crown corporation, or a government-funded establishment, such as a school (including universities) or a hospital.

# 2.2 What is the distribution of employment across the private sector?

In 2019, private sector businesses employed 12.3 million people in Canada. The majority of private sector employees worked for small businesses, specifically 68.8 percent (8.4 million), compared with 19.7 percent (2.4 million) for medium-sized businesses and 11.5 percent (1.4 million) for large businesses (Figure 6). In total, SMEs employed 88.5 percent of the private sector workforce (10.9 million individuals), highlighting the important role SMEs play in employing Canadians.

**Figure 6: Distribution of private sector employees by business size, 2019**



Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.

SMEs play an essential role in employing Canadians across the country. At the provincial level, the percentage of private sector employment in SMEs is highest in Prince Edward Island and in Newfoundland and Labrador, at 96.9 percent and 94.0 percent, respectively (Table 5).

In contrast, this percentage is lowest in Quebec and Ontario at 86.4 percent in each province. Total private sector employment in Ontario and Quebec amounts to 7,680,600 jobs, which represents 62.4 percent of Canadian private sector employment.

**Table 5: Total private sector employment by province and business size, 2019**

|                           | Small businesses<br>(1-99 employees) |      | Medium-sized businesses<br>(100-499 employees) |      |                        | Large businesses<br>(500+ employees) |      |                      |
|---------------------------|--------------------------------------|------|--|------|------------------------|--------------------------------------|------|----------------------|
| Province                  | Number<br>(thousands)                | %    | Number<br>(thousands)                          | %    | % of SME<br>employment | Number<br>(thousands)                | %    | Total<br>(thousands) |
| Newfoundland and Labrador | 108.6                                | 77.1 | 23.8   | 16.9 | 94.0                   | 8.4                                  | 6.0  | 140.9                |
| Prince Edward Island      | 38.8                                 | 84.1 | 5.9  | 12.8 | 96.9                   | 1.4                                  | 3.1  | 46.1                 |
| Nova Scotia               | 219.3                                | 74.3 | 53.1   | 18.0 | 92.4                   | 22.5                                 | 7.6  | 294.9                |
| New Brunswick             | 159.6                                | 70.1 | 48.8   | 21.4 | 91.6                   | 19.2                                 | 8.4  | 227.6                |
| Quebec                    | 1,869.9                              | 66.4 | 563.6  | 20.0 | 86.4                   | 383.7                                | 13.6 | 2,817.2              |
| Ontario                   | 3,156.7                              | 64.9 | 1,044.2  | 21.5 | 86.4                   | 662.5                                | 13.6 | 4,863.4              |
| Manitoba                  | 282.8                                | 70.5 | 77.9   | 19.4 | 89.9                   | 40.4                                 | 10.1 | 401.2                |
| Saskatchewan              | 264.8                                | 78.9 | 50.3   | 15.0 | 93.9                   | 20.4                                 | 6.1  | 335.5                |
| Alberta                   | 1,113.8                              | 72.8 | 275.4  | 18.0 | 90.7                   | 141.7                                | 9.3  | 1,530.9              |
| British Columbia          | 1,245.3                              | 75.7 | 285.3  | 17.3 | 93.0                   | 115.2                                | 7.0  | 1,645.8              |
| Canada                    | 8,459.6                              | 68.8 | 2,428.4  | 19.7 | 88.5                   | 1,415.6                              | 11.5 | 12,303.5             |

Note: Figures may not add up to totals because of rounding.

Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.



Distribution of employment by business size varies across industries. As shown in Table 6, SMEs account for over 90 percent of employment in six industries: agriculture (98.3 percent); other services (except public administration) (98.9 percent); accommodation and food services (98.5 percent); wholesale and retail trade (95.4 percent); construction (95.1 percent); and business, building and other support services (92.7 percent).

**Table 6: Total private sector employment by industrial sector and business size, 2019**

|   | Small businesses<br>(1-99 employees) |      | Medium-sized businesses<br>(100-499 employees) |      | % of SME<br>employment | Large businesses<br>(500+ employees) |      | Total<br>(thousands) |
|---|--------------------------------------|------|--|------|------------------------|--------------------------------------|------|----------------------|
|   | Number<br>(thousands)                | %    | Number<br>(thousands)                          | %    |                        | Number<br>(thousands)                | %    |                      |
| Goods-Producing Sector                          | 1,898.9                              | 60.5 | 812.1  | 25.9 | 86.4                   | 427.6                                | 13.6 | 3,138.5              |
| Agriculture, forestry, fishing and hunting      | 117.0                                | 88.9 | 12.5   | 9.5  | 98.3                   | 2.2                                  | 1.7  | 131.6                |
| Mining, quarrying, and oil and gas extraction   | 137.9                                | 48.1 | 66.7   | 23.3 | 71.4                   | 81.8                                 | 28.6 | 286.4                |
| Utilities                                       | 8.2                                  | 44.3 | 5.0  | 27.0 | 71.3                   | 5.3                                  | 28.7 | 18.4                 |
| Construction                                    | 845.6                                | 81.2 | 144.6  | 13.9 | 95.1                   | 50.6                                 | 4.9  | 1,040.8              |
| Manufacturing                                   | 790.3                                | 47.6 | 583.3  | 35.1 | 82.7                   | 287.8                                | 17.3 | 1,661.4              |
| Services-Producing Sector                       | 6,560.7                              | 71.6 | 1,616.3  | 17.6 | 89.2                   | 988.0                                | 10.8 | 9,165.0              |
| Wholesale and retail trade                      | 1,996.1                              | 77.7 | 453.1  | 17.6 | 95.4                   | 119.2                                | 4.6  | 2,568.4              |
| Transportation and warehousing                  | 367.7                                | 56.2 | 161.0  | 24.6 | 80.8                   | 125.5                                | 19.2 | 654.2                |
| Finance, insurance, real estate and leasing     | 532.0                                | 58.2 | 187.8  | 20.5 | 78.7                   | 194.3                                | 21.3 | 914.0                |
| Professional, scientific and technical services | 694.8                                | 65.6 | 247.9  | 23.4 | 88.9                   | 117.2                                | 11.1 | 1,059.9              |
| Business, building and other support services   | 433.7                                | 75.1 | 101.6  | 17.6 | 92.7                   | 42.1                                 | 7.3  | 577.4                |
| Educational services                            | 77.0                                 | 61.5 | 21.6   | 17.2 | 78.7                   | 26.7                                 | 21.3 | 125.2                |
| Health care and social assistance               | 592.6                                | 56.0 | 200.4  | 18.9 | 75.0                   | 265.0                                | 25.0 | 1,058.0              |
| Information, culture and recreation             | 326.0                                | 63.2 | 115.1  | 22.3 | 85.5                   | 74.8                                 | 14.5 | 515.9                |
| Accommodation and food services                 | 1,013.2                              | 91.1 | 82.7   | 7.4  | 98.5                   | 16.8                                 | 1.5  | 1,112.7              |
| Other services (except public administration)   | 527.7                                | 91.1 | 45.1   | 7.8  | 98.9                   | 6.4                                  | 1.1  | 579.2                |
| Total   | 8,459.6                              | 68.8 | 2,428.4  | 19.7 | 88.5                   | 1,415.6                              | 11.5 | 12,303.5             |

Note: Figures may not add up to totals because of rounding.

Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.

The total number of employees working for small businesses in 2019 was, in order of magnitude, wholesale and retail trade (2.0 million); accommodation and food services (1.01 million); construction (0.84 million); and manufacturing (0.79 million). These industries alone accounted for 55.0 percent of all jobs in small businesses in Canada. Overall, industries in the goods-producing sector accounted for 25.5 percent of total employment and 22.4 percent of employment in small businesses.

Accommodation and food services had the highest share of employees working in small businesses (1–99 employees), specifically 1,013,200 out of the total of 1,112,700 employees in the industry, or approximately 91.1 percent.

## 2.3 How much did employment grow between 2014 and 2019?

Between 2014 and 2019, total net employment change in the private sector was 772,200, which corresponds to an average annual growth rate of 1.3 percent (Table 7). The net employment change among small businesses was 276,600, compared with 195,800 among medium-sized businesses, or an average annual growth rate of 0.7 percent and 1.7 percent, respectively. Consequently, the contribution to net employment change by small businesses was 35.8 percent and 25.4 percent by medium-sized businesses. SMEs were responsible for 61.2 percent of net employment change over the last five years (Figure 7).

**Table 7: Average annual growth rate and contribution to net employment change in the private sector by province and business size, 2014–2019**

| Province                  | Small businesses<br>(1–99 employees) |                      |               | Medium-sized businesses<br>(100–499 employees) |                      |               | Large businesses<br>(500+ employees) |                      |               | Total        |                      |               |
|---------------------------|--------------------------------------|----------------------|---------------|--|----------------------|---------------|--------------------------------------|----------------------|---------------|--------------|----------------------|---------------|
|                           | AAGR*<br>(%)                         | NEC**<br>(thousands) | CEC***<br>(%) | AAGR*<br>(%)                                   | NEC**<br>(thousands) | CEC***<br>(%) | AAGR*<br>(%)                         | NEC**<br>(thousands) | CEC***<br>(%) | AAGR*<br>(%) | NEC**<br>(thousands) | CEC***<br>(%) |
| Newfoundland and Labrador | -1.4                                 | -7.8                 | 76.2          | 0.1  | 0.1                  | -1.1          | -5.2                                 | -2.6                 | 24.9          | -1.4         | -10.3                | 100           |
| Prince Edward Island      | 1.9                                  | 3.4                  | 101.2         | -0.1   | 0.0                  | -0.9          | -0.1                                 | 0.0                  | -0.3          | 1.5          | 3.4                  | 100           |
| Nova Scotia               | 1.0                                  | 10.2                 | 64.8          | 0.8  | 2.0                  | 12.6          | 3.5                                  | 3.6                  | 22.6          | 1.1          | 15.8                 | 100           |
| New Brunswick             | -1.1                                 | -9.2                 | -             | 2.7  | 6.1                  | -             | 3.9                                  | 3.3                  | -             | 0.0          | 0.3                  | 100           |
| Quebec                    | 0.3                                  | 32.3                 | 16.6          | 2.7  | 70.3                 | 36.2          | 5.6                                  | 91.8                 | 47.2          | 1.4          | 194.4                | 100           |
| Ontario                   | 0.8                                  | 122.8                | 35.5          | 1.7  | 83.5                 | 24.1          | 4.9                                  | 140.1                | 40.4          | 1.5          | 346.4                | 100           |
| Manitoba                  | 0.2                                  | 2.6                  | 14.2          | 2.2  | 8.2                  | 45.3          | 4.0                                  | 7.3                  | 40.4          | 0.9          | 18.0                 | 100           |
| Saskatchewan              | 1.0                                  | 13.4                 | 118.5         | -1.8   | -4.8                 | -42.2         | 2.8                                  | 2.7                  | 23.7          | 0.7          | 11.3                 | 100           |
| Alberta                   | -0.4                                 | -20.6                | -210.2        | 0.9  | 11.9                 | 121.1         | 2.8                                  | 18.5                 | 189.1         | 0.1          | 9.8                  | 100           |
| British Columbia          | 2.2                                  | 129.4                | 70.7          | 1.3  | 18.5                 | 10.1          | 7.6                                  | 35.2                 | 19.2          | 2.4          | 183.1                | 100           |
| Canada                    | 0.7                                  | 276.6                | 35.8          | 1.7  | 195.8                | 25.4          | 4.9                                  | 299.8                | 38.8          | 1.3          | 772.2                | 100           |

\* AAGR: Average annual growth rate.

\*\* NEC: Net employment change from 2014–2019.

\*\*\* CEC: Contribution to net employment change. For small businesses in Canada, for example, CEC = 276.6/772.2, or 35.8 percent. If the total change is very small, such as in New Brunswick, CEC by business size is not indicated in the table.

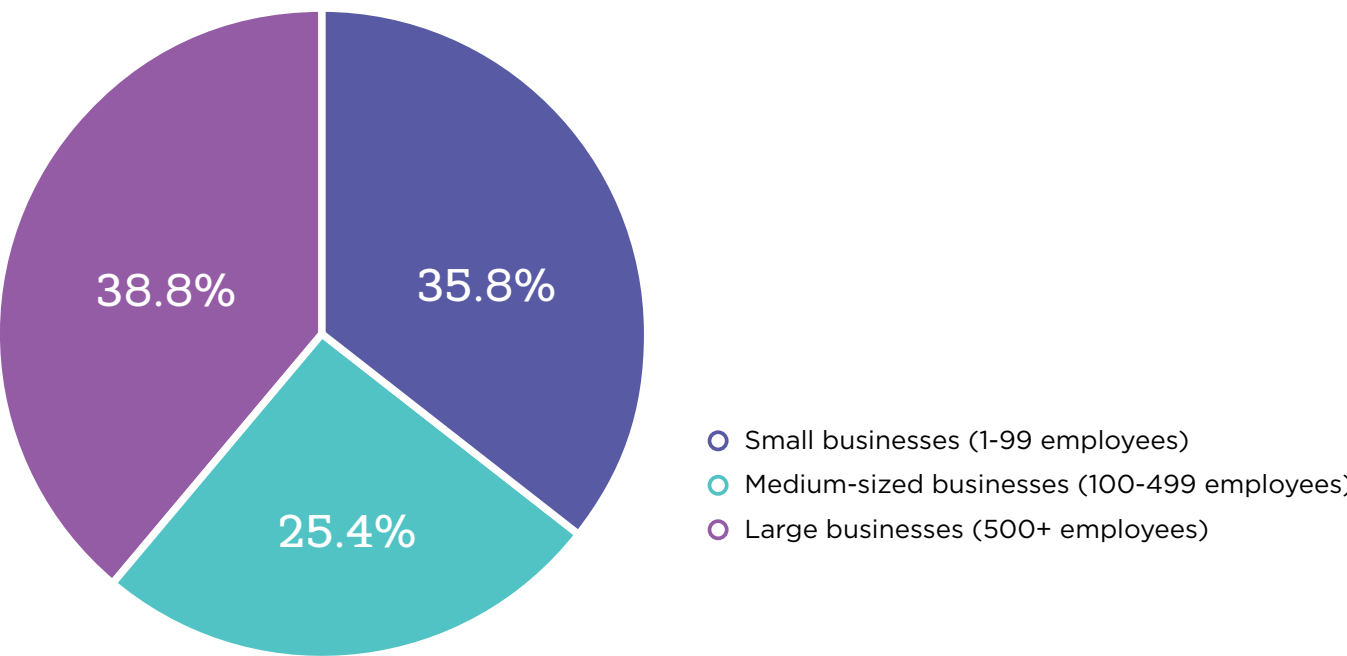
Note: Figures may not add up to totals because of rounding.

Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.

Over the last five years, private sector employment has increased in nine of the 10 provinces. Newfoundland and Labrador saw a drop in private sector employment; employment dropped for small and large businesses, and increased modestly for medium-sized businesses. Five provinces showed employment increases across all size categories: Nova Scotia, Quebec, Ontario, Manitoba and British Columbia. British Columbia posted the greatest annual average growth (2.4 percent) in private sector employment over the last five years.

Over the 2014-2019 period, 90 percent of net employment change was attributable to businesses in the services-producing sector; employment in the goods-producing sector showed a negligible increase (Table 8).

**Figure 7: Contribution to net employment change of private sector businesses by business size, 2014-2019**



Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.

The most significant net employment changes observed in the services-producing sector were the increases in professional, scientific and technical services (180,600) and in health care and social assistance (149,300). These two industries alone accounted for close to 47 percent of the net change in the services-producing sector. The contribution to net employment change by SMEs in these two industries was 84.3 percent for the professional, scientific and technical services sector and 64.3 percent for health care and social assistance.

A positive net employment change was observed in the agriculture industry, construction industry and in manufacturing: 8,800, 81,000 and 30,800 jobs, respectively, which were partly offset by negative net employment changes (43,800 jobs) observed in the other two industries making up the goods-producing sector.



**Table 8: Average annual growth rate and contribution to net employment change by industrial sector and business size, 2014–2019**

|   | Small businesses<br>(1–99 employees) |                      |               | Medium-sized businesses<br>(100–499 employees) |                      |               | Large businesses<br>(500+ employees) |                      |               | Total        |                      |               |
|---|--------------------------------------|----------------------|---------------|--|----------------------|---------------|--------------------------------------|----------------------|---------------|--------------|----------------------|---------------|
|   | AAGR*<br>(%)                         | NEC**<br>(thousands) | CEC***<br>(%) | AAGR*<br>(%)                                   | NEC**<br>(thousands) | CEC***<br>(%) | AAGR*<br>(%)                         | NEC**<br>(thousands) | CEC***<br>(%) | AAGR*<br>(%) | NEC**<br>(thousands) | CEC***<br>(%) |
| Goods-Producing Sector                          | -0.2                                 | -21.7                | -28.3         | 0.8  | 33.5                 | 43.6          | 3.4                                  | 65.1                 | 84.7          | 0.5          | 76.9                 | 100           |
| Agriculture, forestry, fishing and hunting      | 0.4                                  | 2.6                  | 29.4          | 8.1  | 4.0                  | 45.6          | 0.0                                  | 2.2                  | 25.0          | 1.4          | 8.8                  | 100           |
| Mining, quarrying, and oil and gas extraction   | -4.9                                 | -39.2                | 98.8          | -3.3   | -12.1                | 30.6          | 3.1                                  | 11.7                 | -29.4         | -2.6         | -39.7                | 100           |
| Utilities                                       | -4.8                                 | -2.3                 | 56.0          | -2.6   | -0.7                 | 16.8          | -3.8                                 | -1.1                 | 27.2          | -3.9         | -4.1                 | 100           |
| Construction                                    | 1.5                                  | 62.0                 | 76.5          | 1.6  | 11.1                 | 13.7          | 3.5                                  | 7.9                  | 9.8           | 1.6          | 81.0                 | 100           |
| Manufacturing                                   | -1.1                                 | -44.8                | -145.5        | 1.1  | 31.2                 | 101.2         | 3.4                                  | 44.4                 | 144.3         | 0.4          | 30.8                 | 100           |
| Services-Producing Sector                       | 0.9                                  | 298.4                | 42.9          | 2.1  | 162.3                | 23.3          | 5.6                                  | 234.7                | 33.8          | 1.6          | 695.3                | 100           |
| Wholesale and retail trade                      | 0.4                                  | 40.9                 | 31.7          | 1.5  | 33.4                 | 25.9          | 13.0                                 | 54.6                 | 42.4          | 1.0          | 128.9                | 100           |
| Transportation and warehousing                  | 1.1                                  | 19.4                 | 24.0          | 3.2  | 23.3                 | 28.8          | 7.5                                  | 38.1                 | 47.2          | 2.7          | 80.8                 | 100           |
| Finance, insurance, real estate and leasing     | -0.3                                 | -8.6                 | -12.5         | 3.7  | 31.6                 | 45.7          | 5.6                                  | 46.2                 | 66.8          | 1.6          | 69.1                 | 100           |
| Professional, scientific and technical services | 3.1                                  | 99.3                 | 54.9          | 4.9  | 53.1                 | 29.4          | 5.7                                  | 28.3                 | 15.7          | 3.8          | 180.6                | 100           |
| Business, building and other support services   | 1.4                                  | 28.4                 | 89.8          | -0.6   | -3.2                 | -10.2         | 3.4                                  | 6.4                  | 20.4          | 1.1          | 31.6                 | 100           |
| Educational services                            | 5.7                                  | 18.5                 | 58.1          | 4.8  | 4.5                  | 14.2          | 8.4                                  | 8.8                  | 27.7          | 6.1          | 31.9                 | 100           |
| Health care and social assistance               | 2.9                                  | 78.2                 | 52.4          | 1.9  | 17.7                 | 11.9          | 4.6                                  | 53.4                 | 35.7          | 3.1          | 149.3                | 100           |
| Information, culture and recreation             | 0.3                                  | 5.5                  | 79.6          | 0.1  | 0.4                  | 5.2           | 0.3                                  | 1.0                  | 15.2          | 0.3          | 6.9                  | 100           |
| Accommodation and food services                 | 0.2                                  | 7.8                  | 428.1         | -0.7   | -2.9                 | -156.6        | -3.4                                 | -3.1                 | -171.5        | 0.0          | 1.8                  | 100           |
| Other services (except public administration)   | 0.4                                  | 9.1                  | 63.2          | 2.1  | 4.4                  | 30.6          | 3.0                                  | 0.9                  | 6.2           | 0.5          | 14.5                 | 100           |
| Total   | 0.7                                  | 276.6                | 35.8          | 1.7  | 195.8                | 25.4          | 4.9                                  | 299.8                | 38.8          | 1.3          | 772.2                | 100           |

\* AAGR: Average annual growth rate.

\*\* NEC: Net employment change from 2014–2019.

\*\*\* CEC: Contribution to net employment change. For small businesses in Canada, for example, CEC = 276.6/772.2, or 35.8 percent. If the total change is very small, such as in New Brunswick, CEC by business size is not indicated in the table.

Note: Figures may not add up to totals because of rounding.

Sources: Statistics Canada, *Labour Force Survey*; and ISED calculations.

# 3. GROWTH

## 3.1 What is the proportion of high-growth firms?

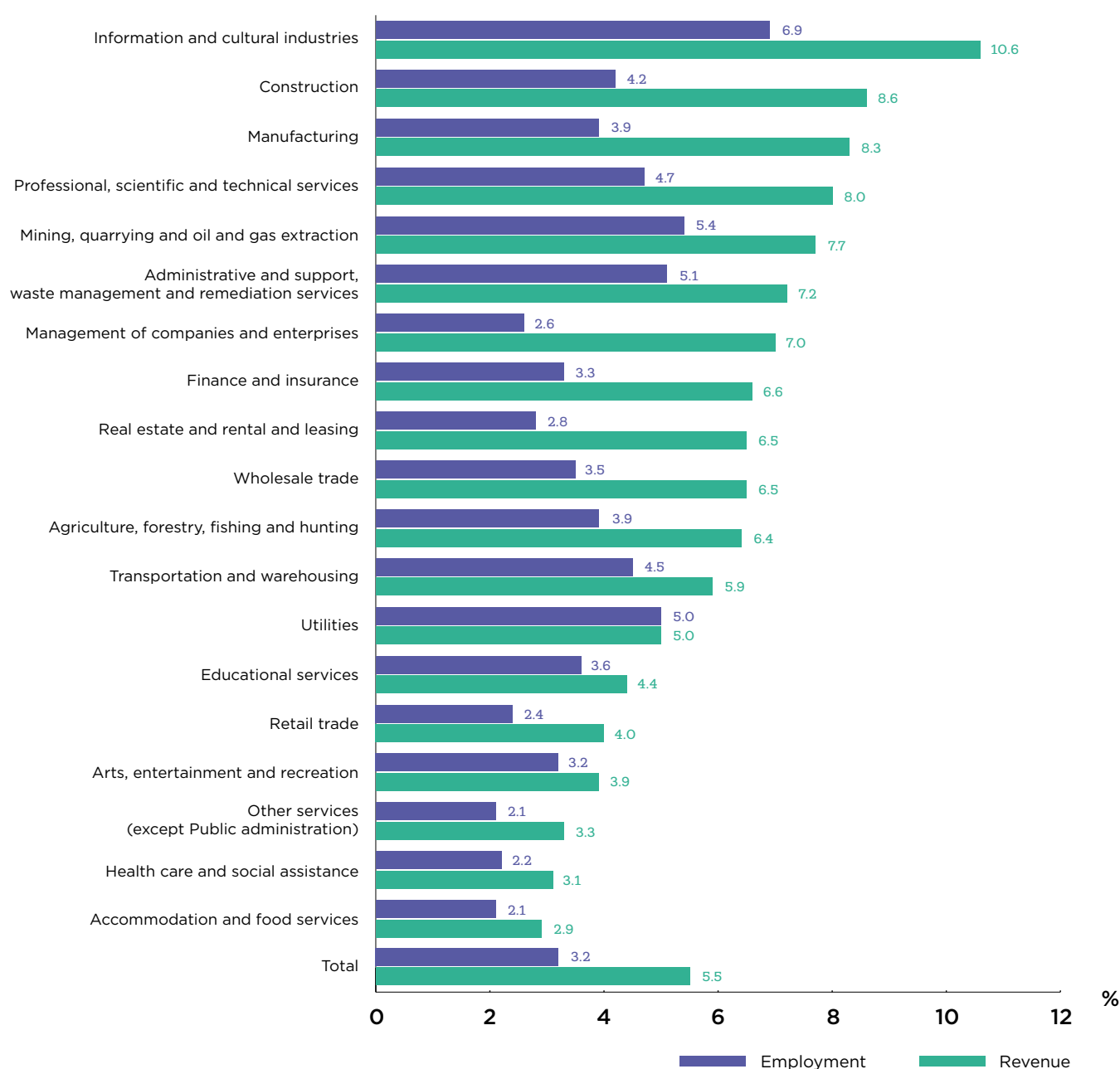
Firms that achieve high growth in a short period of time tend to make a large contribution in terms of employment and wealth creation. Based upon a recent study,<sup>10</sup> high-growth firms<sup>11</sup> contributed to 41 percent of the total net employment change between 2009 and 2012. Although policy-makers tend to associate high-growth firms with innovative high-tech firms, the reality, as discussed below, is that these firms are found across all industrial sectors.

Figure 8 presents percentages of high-growth firms across different industries, between 2014 and 2017, based upon revenue and employment. As shown, there are high-growth firms in all industries. In the goods-producing sector, the largest share of high-growth firms, based upon revenue, is found in the following industries: construction (8.6 percent); manufacturing (8.3 percent); and mining, quarrying, and oil and gas extraction (7.7 percent). In the services-producing sector, industries with the largest share of high-growth firms are information and cultural industries (10.6 percent); professional, scientific and technical services (8.0 percent); and administrative and support, waste management, and remediation services (7.2 percent). Overall, the share of high-growth firms based upon revenue is just under double the share based upon employment (5.5 percent versus 3.2 percent).

<sup>10</sup> Innovation, Science and Economic Development Canada, *The Contribution to Canadian Net Employment Change by High-Growth Firms*, December 2017.

<sup>11</sup> According to the Organisation for Economic Co-operation and Development, high-growth firms are firms with 10 or more employees that have experienced average annual growth greater than 20 percent, in terms of employment or revenue, over three consecutive years.

**Figure 8: Percentage of high-growth firms by industry, based upon revenue and employment growth, 2014–2017**



Source: Statistics Canada, Entrepreneurship Indicators Database.



# 4. EXPORT OF GOODS

## 4.1 Which provinces have the highest concentrations of exporters?

Exporting is vital to Canada's economy. It is a driver of economic growth and is strongly correlated with real gross domestic product growth. Furthermore, exporting can provide a strategically important means of growing a firm by expanding its market beyond the confines of Canada's relatively small domestic market.

Exporters are found in all provinces. In 2019, out of the 50,542 establishments that exported goods, 42.5 percent were operating in Ontario (Table 9). Ontario had the highest concentration of exporters at 48.7 exporters per thousand establishments, respectively. The lowest concentration of exporters was found in the territories and Newfoundland and Labrador, at 15.9 and 18.8 exporters per thousand establishments, respectively.

In Canada, the average value of exports per establishment was \$10.6 million in 2019. This includes establishments located in the territories, which had the highest average value of exports, at slightly more than \$29.9 million per establishment, followed by Newfoundland and Labrador and Alberta at \$27.1 million and \$23.3 million per establishment, respectively. This can probably be explained by the fact that the territories and these two provinces specialize in the exploitation of natural resources.

**Table 9: Provincial exports by number of establishments and value of goods exported, 2019**

|                           | Number of exporters | Distribution (%) | Numbers of exporters per 1,000 establishments | Value of exports (\$ billions) | Distribution (%) | Average value of exports by establishments (\$ millions) |
|---------------------------|---------------------|------------------|---|--------------------------------|------------------|--|
| Newfoundland and Labrador | 321                 | 0.6              | 18.8  | 8.7                            | 1.6              | 27.1   |
| Prince Edward Island      | 234                 | 0.5              | 37.3  | 1.7                            | 0.3              | 7.3  |
| Nova Scotia               | 1,037               | 2.1              | 34.6  | 5.9                            | 1.1              | 5.6  |
| New Brunswick             | 777                 | 1.5              | 30.7  | 12.4                           | 2.3              | 16.0   |
| Quebec                    | 10,984              | 21.7             | 44.2  | 88.6                           | 16.6             | 8.1  |
| Ontario                   | 21,459              | 42.5             | 48.7  | 204.4                          | 38.3             | 9.5  |
| Manitoba                  | 1,821               | 3.6              | 45.9  | 22.4                           | 4.2              | 12.3   |
| Saskatchewan              | 1,346               | 2.7              | 32.5  | 17.4                           | 3.3              | 12.9   |
| Alberta                   | 5,305               | 10.5             | 32.2  | 123.4                          | 23.1             | 23.3   |
| British Columbia          | 7,192               | 14.2             | 38.4  | 46.3                           | 8.7              | 6.4  |
| Territories               | 66                  | 0.1              | 15.9  | 2.0                            | 0.4              | 29.9   |
| Canada                    | 50,542              | -                | 42.0  | 533.3                          | -                | 10.6   |

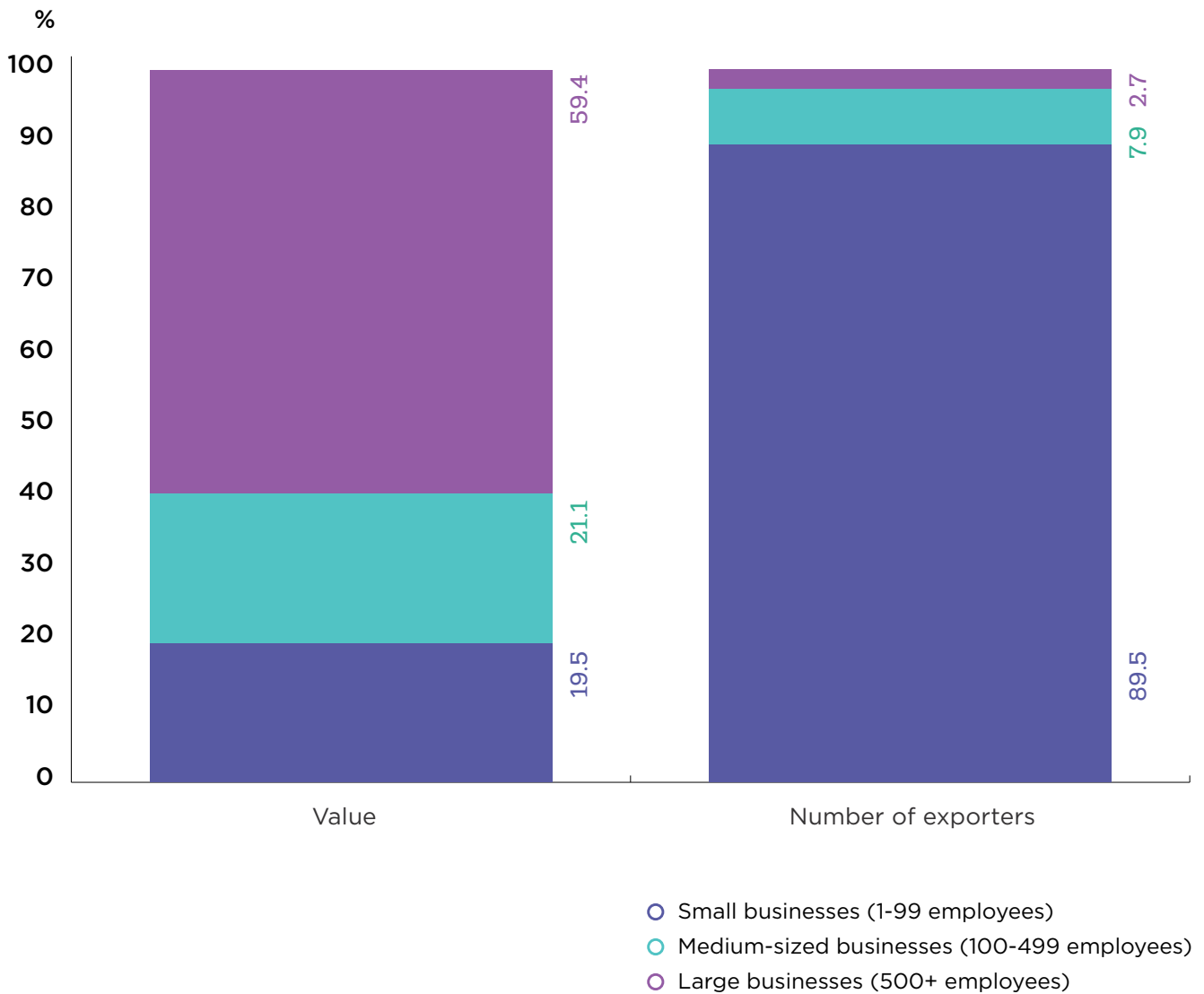
Note: Figures may not add up to totals because of rounding.

Source: Statistics Canada, Table 12-10-0098-01 — Trade in goods by exporter characteristics, by industry of establishment (x 1,000).

# 4.2 How do SMEs contribute to Canada's exports?

In 2019, Canada's exports of goods increased to \$533.3 billion, of which 40.6 percent was attributable to SMEs (Figure 9). More than 50,000 Canadian establishments exported goods, the vast majority of which were SMEs (97.4 percent).

**Figure 9: Contribution of SMEs to the export of goods by number of exporters and value of exports, Canada, 2019**

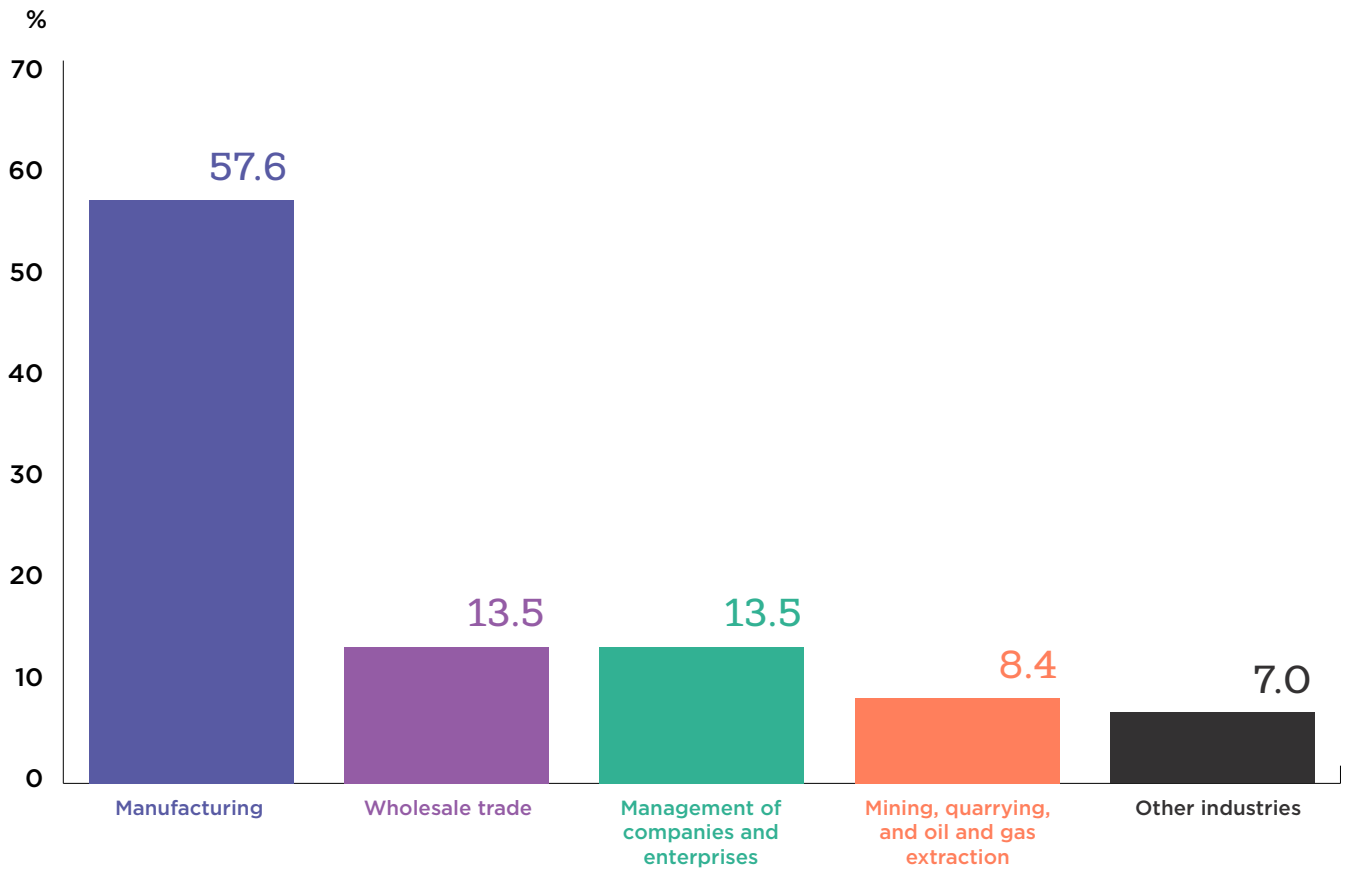


Note: Figures may not add up to 100 percent because of rounding.  
Sources: Statistics Canada, Table 12-10-0094-01 — Trade in goods by exporter characteristics, by enterprise employment size and industry; and ISED calculations.

Even if virtually all Canadian industrial sectors export goods, four in particular account for over 90 percent of the total value of goods exported in 2019 (Figure 10). Manufacturing accounted for 57.6 percent of the total value of goods exported in 2019, followed by wholesale trade (13.5 percent), management of companies and enterprises (13.5 percent) and mining, quarrying, and oil and gas extraction (8.4 percent).

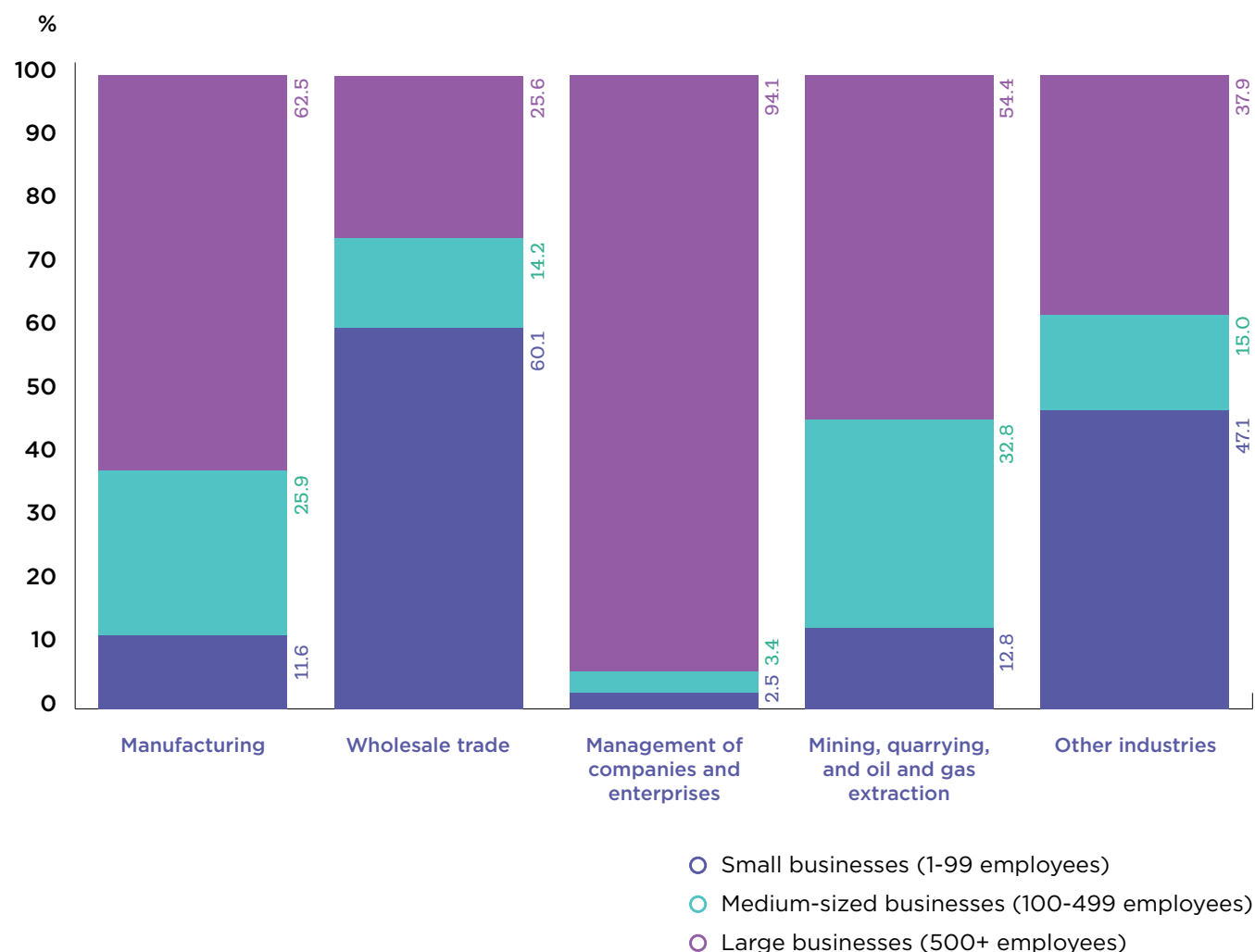
The contribution of SMEs to exports of goods varies by industrial sector (Figure 11). In 2019, the contribution of SMEs to the total value of goods exported was 74.4 percent in wholesale trade and 62.1 percent in “other industries.” At the other end of the scale, the contribution of SMEs to the value of exports of goods was only 5.9 percent in management of companies and enterprises and 37.4 percent in manufacturing.

**Figure 10: Main industries involved in the export of goods by value of exports, Canada, 2019**



Note: Figures may not add up to 100 percent because of rounding.  
Source: Statistics Canada, Table 12-10-0094-01 — Trade in goods by exporter characteristics, by enterprise employment size and industry.

**Figure 11: Contribution of SMEs to the total value of exports by industry, Canada, 2019**



Note: Figures may not add up to 100 percent because of rounding.

Source: Statistics Canada, Table 12-10-0094-01 — Trade in goods by exporter characteristics, by enterprise employment size and industry.

## 4.3 What are Canada's main export destinations?

Between 2014 and 2019, the value of goods exported increased to an average annual growth rate of 2.6 percent, totaling almost \$533 billion (Table 10). This 2.6 percent annual growth rate is a little higher than that observed for exports to the United States (2.2 percent), the main destination for Canadian goods exports.

From 2014 to 2019, the value of exports to the United States by small businesses as a percentage of the value of total exports by small businesses decreased from 79.6 percent to 78.8 percent; for medium-sized businesses, the decrease was from 72.2 percent to 68.7 percent. This percentage also decreased for large businesses, with exports of goods to the United States by large businesses dropping from 76.4 percent to 75.4 percent (Table 11).

Of the 20 main destinations for exports of Canadian goods in 2019, the highest contribution attributable to SMEs toward the total value of goods exported came from exports destined for the United Kingdom, the third-most significant destination at 69.2 percent of the total value of goods exported by SMEs. Canadian SMEs also accounted for more than 50 percent of the total value of goods exported to two other countries among the 20 main destinations: Brazil (66.2 percent) and Australia (63.9 percent).

In 2019, the second-most significant destination for goods produced by small businesses was China, followed by Japan. The United Kingdom was the second-most significant destination for medium-sized businesses, with China in third.

**Table 10: Twenty main destinations for exports of Canadian goods, 2014 and 2019**

|                   | 2014 |                        |                     |                            |                     | 2019 |                        |                      |                     |                            |                     |
|-------------------|------|------------------------|---------------------|----------------------------|---------------------|------|------------------------|----------------------|---------------------|----------------------------|---------------------|
|                   | Rank | Value<br>(\$ billions) | Contribution (%)    |                            |                     | Rank | Value<br>(\$ billions) | AAGR*<br>2014-19 (%) | Contribution (%)    |                            |                     |
|                   |      |                        | Small<br>businesses | Medium-sized<br>businesses | Large<br>businesses |      |                        |                      | Small<br>businesses | Medium-sized<br>businesses | Large<br>businesses |
| United States     | 1    | 356.9                  | 20.1                | 21.3                       | 58.6                | 1    | 398.2                  | 2.2                  | 20.6                | 19.4                       | 60.0                |
| China             | 2    | 17.8                   | 16.8                | 21.2                       | 62.0                | 2    | 21.6                   | 4.0                  | 23.1                | 25.0                       | 51.8                |
| United Kingdom    | 3    | 14.1                   | 4.0                 | 65.8                       | 30.2                | 3    | 19.1                   | 6.2                  | 5.6                 | 63.6                       | 30.8                |
| Japan             | 4    | 10.4                   | 21.1                | 22.6                       | 56.3                | 4    | 12.1                   | 3.0                  | 15.5                | 18.1                       | 66.4                |
| Mexico            | 5    | 5.2                    | 13.0                | 20.4                       | 66.6                | 5    | 6.8                    | 5.7                  | 11.7                | 24.3                       | 64.0                |
| Germany           | 13   | 2.7                    | 20.9                | 19.0                       | 60.1                | 6    | 5.5                    | 14.9                 | 12.3                | 15.3                       | 72.4                |
| South Korea       | 8    | 3.9                    | 20.5                | 14.0                       | 65.5                | 7    | 5.3                    | 6.5                  | 27.9                | 18.3                       | 53.8                |
| Netherlands       | 9    | 3.5                    | 13.1                | 15.8                       | 71.1                | 8    | 4.8                    | 6.5                  | 7.8                 | 10.8                       | 81.4                |
| India             | 12   | 3.0                    | 17.5                | 28.6                       | 53.9                | 9    | 4.5                    | 8.8                  | 16.7                | 19.6                       | 63.6                |
| Hong Kong         | 6    | 4.2                    | 18.8                | 26.9                       | 54.3                | 10   | 3.7                    | -2.7                 | 18.1                | 7.2                        | 74.7                |
| France            | 11   | 3.0                    | 11.7                | 16.4                       | 71.9                | 11   | 3.3                    | 1.5                  | 13.5                | 19.5                       | 66.9                |
| Italy             | 7    | 4.0                    | 8.7                 | 17.0                       | 74.3                | 12   | 3.0                    | -5.6                 | 8.2                 | 17.2                       | 74.7                |
| Belgium           | 10   | 3.4                    | 13.0                | 9.9                        | 77.1                | 13   | 2.9                    | -2.9                 | 11.7                | 15.6                       | 72.8                |
| Saudi Arabia      | 21   | 1.1                    | 21.9                | 9.2                        | 68.9                | 14   | 2.7                    | 19.2                 | 3.4                 | 4.9                        | 91.7                |
| Norway            | 14   | 2.2                    | 5.0                 | 2.0                        | 93.0                | 15   | 2.1                    | -0.9                 | 2.8                 | 5.1                        | 92.1                |
| Taiwan            | 20   | 1.3                    | 24.4                | 13.6                       | 62.1                | 16   | 1.9                    | 8.1                  | 28.0                | 9.3                        | 62.7                |
| Australia         | 17   | 1.5                    | 24.5                | 27.7                       | 47.9                | 17   | 1.9                    | 4.6                  | 25.1                | 38.7                       | 36.1                |
| Indonesia         | 16   | 1.9                    | 6.6                 | 45.7                       | 47.7                | 18   | 1.9                    | -0.7                 | 12.5                | 30.7                       | 56.8                |
| Brazil            | 15   | 2.0                    | 12.1                | 42.5                       | 45.4                | 19   | 1.9                    | -1.8                 | 8.6                 | 57.7                       | 33.8                |
| Turkey            | 26   | 1.0                    | 14.9                | 28.5                       | 56.6                | 20   | 1.6                    | 8.9                  | 10.2                | 13.5                       | 76.3                |
| Rest of the world | -    | 26.0                   | 23.7                | 19.1                       | 57.3                | -    | 28.6                   | 1.9                  | 23.1                | 19.9                       | 57.0                |
| Total             | -    | 469.3                  | 19.2                | 22.5                       | 58.3                | -    | 533.3                  | 2.6                  | 19.5                | 21.1                       | 59.4                |

\* AAGR: Average annual growth rate.

Note: Figures may not add up to totals because of rounding.

Source: Statistics Canada, Table 12-10-0095-01 — Trade in goods by exporter characteristics, by enterprise employment size and country of destination.



**Table 11: Twenty main destinations for exports of Canadian goods, distribution of the value of exports by destination for each category of business size, Canada, 2014 and 2019**

|                   | 2014 |                        |                     |                            |                     | 2019 |                        |                      |                     |                            |                     |
|-------------------|------|------------------------|---------------------|----------------------------|---------------------|------|------------------------|----------------------|---------------------|----------------------------|---------------------|
|                   | Rank | Value<br>(\$ billions) | Contribution (%)    |                            |                     | Rank | Value<br>(\$ billions) | AAGR*<br>2014-19 (%) | Contribution (%)    |                            |                     |
|                   |      |                        | Small<br>businesses | Medium-sized<br>businesses | Large<br>businesses |      |                        |                      | Small<br>businesses | Medium-sized<br>businesses | Large<br>businesses |
| United States     | 1    | 356.9                  | 79.6                | 72.2                       | 76.4                | 1    | 398.2                  | 2.2                  | 78.8                | 68.7                       | 75.4                |
| China             | 2    | 17.8                   | 3.3                 | 3.6                        | 4.0                 | 2    | 21.6                   | 4.0                  | 4.8                 | 4.8                        | 3.5                 |
| United Kingdom    | 3    | 14.1                   | 0.6                 | 8.8                        | 1.6                 | 3    | 19.1                   | 6.2                  | 1.0                 | 10.8                       | 1.9                 |
| Japan             | 4    | 10.4                   | 2.4                 | 2.2                        | 2.1                 | 4    | 12.1                   | 3.0                  | 1.8                 | 1.9                        | 2.5                 |
| Mexico            | 5    | 5.2                    | 0.7                 | 1.0                        | 1.3                 | 5    | 6.8                    | 5.7                  | 0.8                 | 1.5                        | 1.4                 |
| Germany           | 13   | 2.7                    | 0.6                 | 0.5                        | 0.6                 | 6    | 5.5                    | 14.9                 | 0.6                 | 0.7                        | 1.3                 |
| South Korea       | 8    | 3.9                    | 0.9                 | 0.5                        | 0.9                 | 7    | 5.3                    | 6.5                  | 1.4                 | 0.9                        | 0.9                 |
| Netherlands       | 9    | 3.5                    | 0.5                 | 0.5                        | 0.9                 | 8    | 4.8                    | 6.5                  | 0.4                 | 0.5                        | 1.2                 |
| India             | 12   | 3.0                    | 0.6                 | 0.8                        | 0.6                 | 9    | 4.5                    | 8.8                  | 0.7                 | 0.8                        | 0.9                 |
| Hong Kong         | 6    | 4.2                    | 0.9                 | 1.1                        | 0.8                 | 10   | 3.7                    | -2.7                 | 0.6                 | 0.2                        | 0.9                 |
| France            | 11   | 3.0                    | 0.4                 | 0.5                        | 0.8                 | 11   | 3.3                    | 1.5                  | 0.4                 | 0.6                        | 0.7                 |
| Italy             | 7    | 4.0                    | 0.4                 | 0.6                        | 1.1                 | 12   | 3.0                    | -5.6                 | 0.2                 | 0.5                        | 0.7                 |
| Belgium           | 10   | 3.4                    | 0.5                 | 0.3                        | 0.9                 | 13   | 2.9                    | -2.9                 | 0.3                 | 0.4                        | 0.7                 |
| Saudi Arabia      | 21   | 1.1                    | 0.3                 | 0.1                        | 0.3                 | 14   | 2.7                    | 19.2                 | 0.1                 | 0.1                        | 0.8                 |
| Norway            | 14   | 2.2                    | 0.1                 | 0.0                        | 0.7                 | 15   | 2.1                    | -0.9                 | 0.1                 | 0.1                        | 0.6                 |
| Taiwan            | 20   | 1.3                    | 0.3                 | 0.2                        | 0.3                 | 16   | 1.9                    | 8.1                  | 0.5                 | 0.2                        | 0.4                 |
| Australia         | 17   | 1.5                    | 0.4                 | 0.4                        | 0.3                 | 17   | 1.9                    | 4.6                  | 0.5                 | 0.6                        | 0.2                 |
| Indonesia         | 16   | 1.9                    | 0.1                 | 0.8                        | 0.3                 | 18   | 1.9                    | -0.7                 | 0.2                 | 0.5                        | 0.3                 |
| Brazil            | 15   | 2.0                    | 0.3                 | 0.8                        | 0.3                 | 19   | 1.9                    | -1.8                 | 0.2                 | 1.0                        | 0.2                 |
| Turkey            | 26   | 1.0                    | 0.2                 | 0.3                        | 0.2                 | 20   | 1.6                    | 8.9                  | 0.2                 | 0.2                        | 0.4                 |
| Rest of the world | -    | 26.0                   | 6.8                 | 4.7                        | 5.4                 | -    | 28.6                   | 1.9                  | 6.4                 | 5.1                        | 5.1                 |
| Total             | -    | 469.3                  | 100.0               | 100.0                      | 100.0               | -    | 533.3                  | 2.6                  | 100.0               | 100.0                      | 100.0               |

\* AAGR: Average annual growth rate.

Note: Figures may not add up to totals because of rounding.

Source: Statistics Canada, Table 12-10-0095-01 — Trade in goods by exporter characteristics, by enterprise employment size and country of destination.

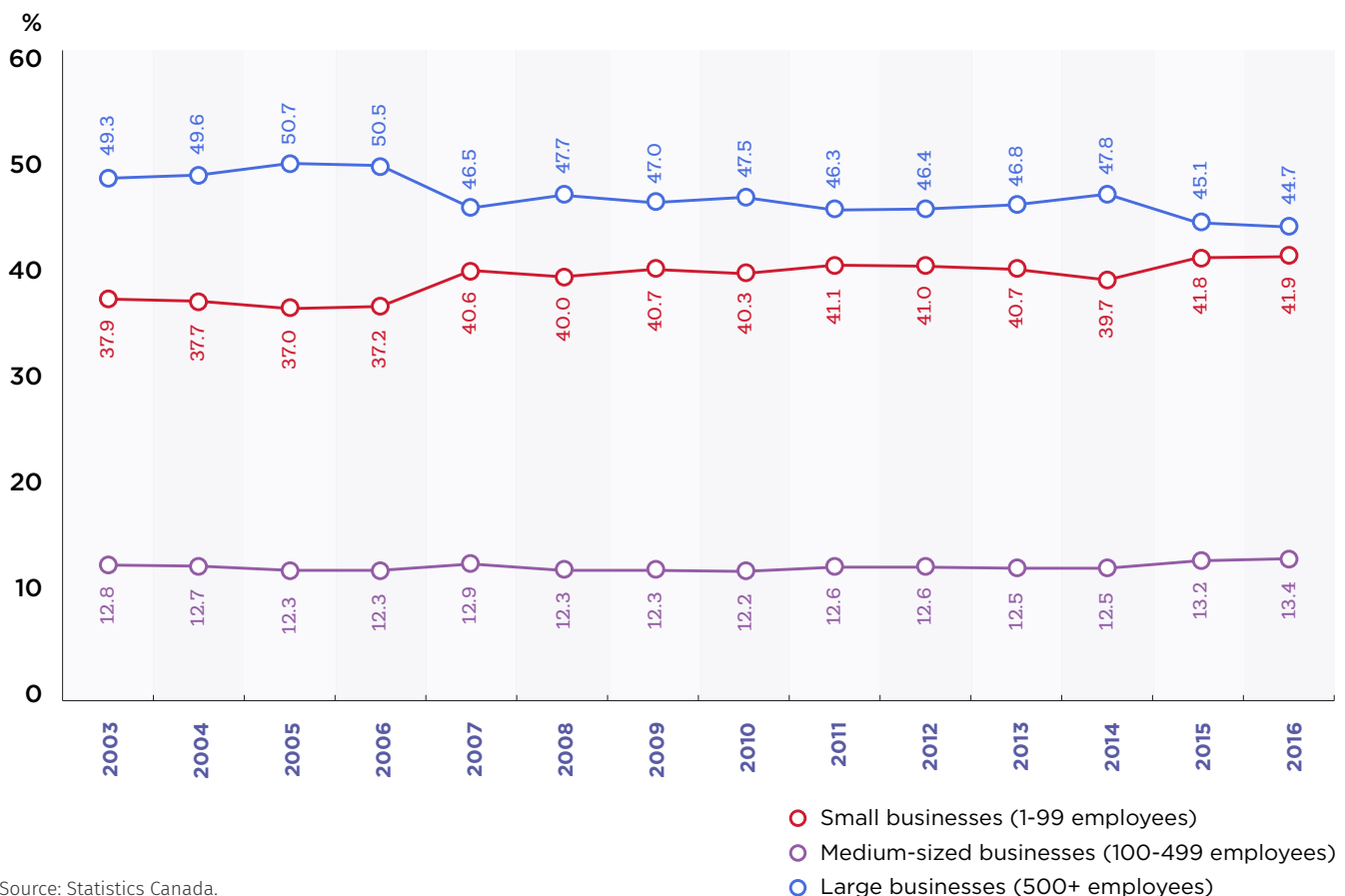
# 5. GROSS DOMESTIC PRODUCT

## 5.1 How do SMEs contribute to Canada's gross domestic product?

Gross domestic product (GDP) is a key measure of economic production that can be used to compare any two industries' value added, i.e., the value that an industry, through its activities, adds to its inputs. The main advantage of the GDP concept is that it avoids double counting; hence, it is considered superior in gauging economic performance over, for example, revenue, number of businesses or even employment. Statistics Canada recently produced the more recent estimates of GDP generated by the private sector by business size for the 2003–2016 period.

Based on Statistics Canada estimates, the contribution to GDP by business size did not vary significantly throughout the 2003–2016 period (Figure 12). On average, from 2012 to 2016, the contribution of small businesses to GDP was 41.0 percent, the contribution of medium-sized businesses was 12.8 percent and the contribution of large businesses was 46.2 percent. In other words, SMEs accounted for more than 50 percent of the value added to the country's output.

**Figure 12: Contribution to GDP by business size, Canada, 2003–2016**



Source: Statistics Canada.


The contribution of SMEs to GDP varied more from one industrial sector to another (Table 12). The average contribution of SMEs to GDP over the 2012–2016 period was 51.1 percent in the goods-producing sector, compared with 55.7 percent in the services-producing sector.

For the goods-producing sector, the average contribution of SMEs to GDP was 95.2 percent in agriculture and 79.5 percent in construction. For the other three industries in the goods-producing sector, the average contribution of SMEs to GDP was less than 50 percent.

**Table 12: Contribution to GDP by business size and industrial sector, average from 2012–2016**

|   | Contribution (%)                     | Contribution (%)                               | Contribution (%)          | Contribution (%)                     |
|---|--------------------------------------|--|---------------------------|--------------------------------------|
|   | Small businesses<br>(1-99 employees) | Medium-sized businesses<br>(100-499 employees) | SMEs<br>(1-499 employees) | Large businesses<br>(500+ employees) |
| Goods-Producing Sector  | 36.3                                 | 14.8   | 51.1                      | 48.9                                 |
| Agriculture forestry<br>fishing and hunting                                   | 89.5                                 | 5.7  | 95.2                      | 4.8                                  |
| Mining and oil and gas<br>extraction  | 17.3                                 | 9.9  | 27.2                      | 72.8                                 |
| Utilities   | 4.6                                  | 6.5  | 11.1                      | 88.9                                 |
| Construction  | 65.3                                 | 14.1   | 79.5                      | 20.5                                 |
| Manufacturing   | 25.6                                 | 21.1   | 46.7                      | 53.3                                 |
| Services-Producing Sector   | 44.2                                 | 11.5   | 55.7                      | 44.3                                 |
| Wholesale trade   | 39.3                                 | 18.8   | 58.0                      | 42.0                                 |
| Retail trade  | 47.3                                 | 10.8   | 58.1                      | 41.9                                 |
| Transportation and<br>warehousing   | 32.2                                 | 10.8   | 43.0                      | 57.0                                 |
| Finance, insurance,<br>real estate and leasing                                | 35.4                                 | 8.4  | 43.8                      | 56.2                                 |
| Professional, scientific<br>and technical services                            | 56.3                                 | 12.8   | 69.1                      | 30.9                                 |
| Administrative<br>and support waste<br>management and<br>remediation services | 42.4                                 | 15.9   | 58.2                      | 41.8                                 |
| Educational services  | 70.6                                 | 12.3   | 82.9                      | 17.1                                 |
| Health care and social<br>assistance  | 86.5                                 | 5.1  | 91.6                      | 8.4                                  |
| Information, culture<br>and recreation  | 12.5                                 | 8.2  | 20.7                      | 79.3                                 |
| Accommodation and<br>food services  | 64.5                                 | 15.6   | 80.1                      | 19.9                                 |
| Other services (except<br>public administration)                              | 79.7                                 | 6.4  | 86.1                      | 13.9                                 |
| Total   | 41.0                                 | 12.8   | 53.8                      | 46.2                                 |

Note: Figures may not add up to totals because of rounding.  
Source: Statistics Canada.

The background of the page features a stylized, low-angle illustration of several skyscrapers reaching towards the top. The buildings are rendered in a light purple or lavender color with a grid-like pattern representing windows. In the center, a Canadian flag is shown waving on a tall pole. To the right, there is a large, bright yellow triangular shape. The overall composition is modern and architectural.

For the services-producing sector, the greatest contribution of SMEs to GDP was 91.6 percent observed in health care and social assistance, 86.1 percent in other services (except public administration), and 82.9 percent in educational services.

The information, culture and recreation (20.7 percent); finance, insurance, real estate and leasing (43.8 percent), and transportation and warehousing (43.0 percent) industries had, on average, lower contributions to GDP from SMEs.