



Industry  
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<http://www.ic.gc.ca/sbstatistics>

850.7	87.8	149.8
854.8	89.4	145.0
866.7	96.6	150.6
881.8	101.1	150.4
894.1	100.0	162.1
971	100.0	152.5
106.3	99.8	181
1,119.70	100.0	199
1,119.10	100	195
1,179.70	99.9	210.30
1,211.1	100	219.50
1,299.20	100.0	236.40
1,450.20	100.0	258.50



# Key Small Business Statistics

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## When is a Business “small”?

The size of a business can be defined in many ways, for example by the value of its annual sales or shipments, its annual gross or net revenue, the size of its assets, or by the number of employees. Many institutions define small businesses according to their needs. For example, the Canadian Bankers' Association classifies a loan authorization of less than \$500,000 as small and the Export Development Corporation defines small businesses or “emerging exporters” as firms with export sales under \$1 million. Industry Canada often uses a definition based on the number of employees: A goods producing firm is considered “small” if it has fewer than 100 employees, while for service producing firms the cut-off point is seen as 50 employees. Above that size, and up to 500 employees, a firm is considered medium-sized. The term “SME” (for small and medium enterprise) is used to refer to all these components of the economy together. As will be seen, in practice, reporting on small businesses often cannot adhere to any “ideal” definition due to data limitations.

## How many Businesses are there in Canada?

The Business Register of Statistics Canada maintains a count of business establishments, and releases the result twice a year. To be counted as a business establishment<sup>1</sup>, a business must have at least one paid employee, or have an annual sales revenue of \$30,000, or be incorporated and have filed a federal corporate income tax return at least once in the previous three years.

As of December 2000, there were just over two million businesses in Canada (Table 1). About one-half of all business establishments maintained a payroll of at least one person (possibly the owner) and are called “Employer Businesses.” Businesses that do not maintain a payroll are labelled “Indeterminate” because the number of employees, if any, cannot be determined; they may employ contract workers. They account for the other half of the total number of business establishments in Canada.

About 58% of all businesses are located in Ontario and Quebec, 35% in the western provinces, and 6% in the Atlantic provinces. The distribution of employer businesses across provinces is almost the same as that of all business establishments.

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<sup>1</sup> Statistics Canada uses four standard statistical business units for purposes of compiling statistics. Establishments are the smallest unit/grouping for which data are published. Establishments must:

- a) produce a homogeneous set of goods or services;
- b) not cross provincial boundaries; and
- c) provide data on the value of output together with the cost of principal intermediate inputs used along with the cost and quantity of labour resources used to produce the output.

For example, a business unit that provides independent accounting information to the government on sales taxes and payroll deductions would be recognized as an individual business establishment.

**Table 1: Total Number of Business Establishments, and Number of Establishments relative to Provincial/Territorial Population and Gross Domestic Product, 2000**

Provinces/ Territories	Business Establishments			Total No. of Businesses per 1000 Population	Thousands of GDP \$ per Business Establ.
	Total	Employer Businesses	Indeterminate*		
Newfoundland	25,172	17,947	7,225	46.9	559
Prince Edward Island	10,136	7,151	2,985	73.4	330
Nova Scotia	49,069	31,891	17,178	52.1	490
New Brunswick	43,005	28,307	14,698	56.9	458
Quebec	477,770	245,341	232,429	64.8	468
Ontario	701,915	341,280	360,635	60.1	612
Manitoba	72,045	36,138	35,907	62.9	469
Saskatchewan	91,598	41,211	50,387	89.6	366
Alberta	258,077	131,525	126,552	85.8	554
British Columbia	289,832	157,371	132,461	71.4	440
Yukon Territory	2,695	1,697	998	88.1	417
Northwest Territories	2,516	1,792	724	61.5	356
Nunavut	678	553	125	24.7	3,652
<b>Canada Total</b>	<b>2,024,508</b>	<b>1,042,204</b>	<b>982,304</b>	<b>65.8</b>	<b>522</b>

Source: Statistics Canada, Business Register, December 2000; National Income and Expenditure Accounts 2000; Estimates of Population by Age and Sex for Canada, the Provinces and the Territories, July 2000

Note\*: The indeterminate category consists of incorporated or unincorporated businesses without employees. The Business Register classifies a business as "indeterminate" when it cannot be determined through payroll data that the firm has paid employees. The firm may well provide work under contract.

Relative to the population, there are more business establishments in the western provinces, Yukon, and Prince Edward Island than there are anywhere else. The highest rate is found in Saskatchewan, at 89.6 per 1,000 population (Table 1). Among the provinces, Newfoundland, Nova Scotia and New Brunswick have the lowest ratios of establishments per 1,000 population. Ontario and Quebec's are below the national average of 65.8, at 60.1 and 64.8 establishments per 1,000 people respectively.

Taking the ratio of provincial or territorial Gross Domestic Product per business establishment reveals that Ontario scores highest at \$612,000 per establishment; Newfoundland and Alberta also come out above the national average of \$522,000 while Prince Edward Island and Saskatchewan obtain the lowest ratios. Except in Alberta, provinces with more business establishments per 1,000 population than average all have lower than average GDP per business.

Of the 1 million employer businesses, less than 3,000 or 0.3% have more than 500 employees. Ninety-eight percent have fewer than 100, 75% have fewer than 10, and 58% have just 1 to 4 employees (Table 2).

**Table 2: Business Establishments by Firm Size (Number of Employees), December 2000**

No. of Employees	Cumulative Percent of Employer Business Total	No. of Business Establishments		
		Total	Goods-Producing Sector <sup>+</sup>	Service-Producing Sector <sup>+</sup>
Indeterminate*		982,304	276,425	705,879
<i>Employer Business Total</i>	100.0%	1,042,204	249,215	792,989
1~4	58.0%	604,445	155,861	448,584
5~9	74.8%	175,140	35,079	140,061
10~19	86.4%	121,267	24,239	97,028
20~49	94.8%	86,655	19,096	67,559
50~99	97.7%	31,081	7,972	23,109
100~199	99.1%	14,467	4,281	10,186
200~499	99.7%	6,396	2,071	4,325
500 +	100.0%	2,753	616	2,137
<b>Grand Total</b>		<b>2,024,508</b>	<b>525,640</b>	<b>1,498,868</b>

Source: Statistics Canada, Business Register, December 2000

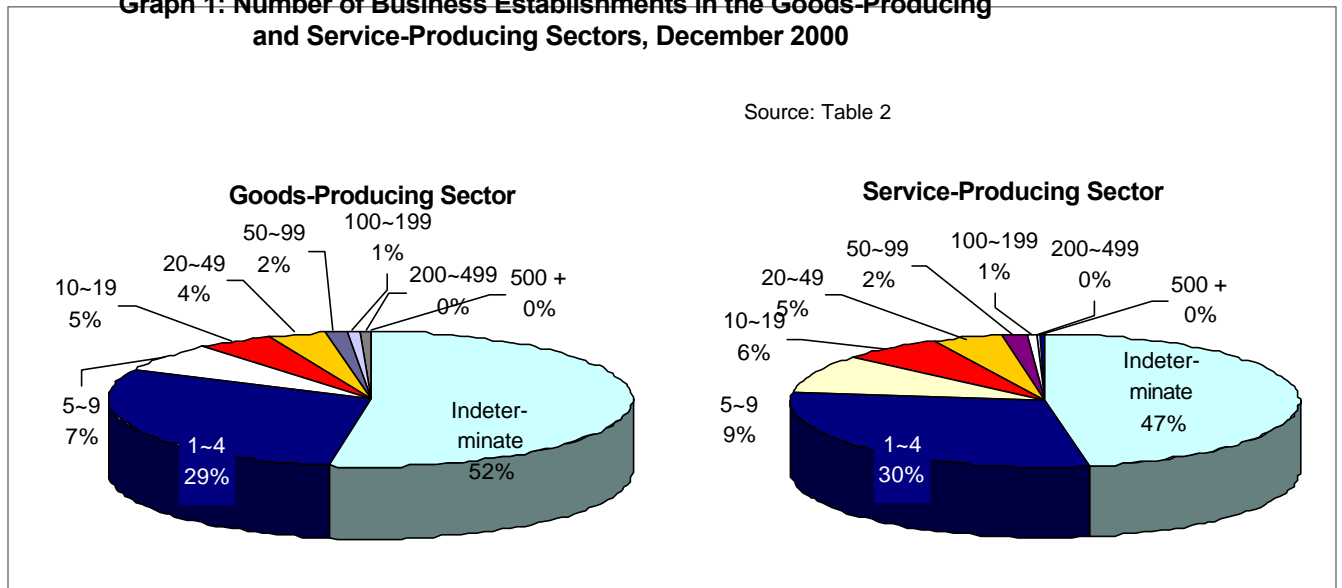
Note\*: The indeterminate category consists of incorporated or unincorporated businesses without employees. The Business Register classifies a business as "indeterminate" when it cannot determine through payroll data that the firm has paid employees. The firm may well provide work under contract.

Note: By conventional Statistics Canada definition, the goods-producing sector consists of NAICS codes 11 to 31~33, while NAICS codes 41 to 91 define the service-producing sector.

About one quarter of all business establishments, indeterminate and employer businesses alike, produce goods and the others provide services. Goods-producing small firms (those with fewer than 100 employees), make up 97% of goods-producing employer business establishments (Table 2 and Graph 1). Of all employer businesses that provide services, 95% have fewer than 50 employees.

**Graph 1: Number of Business Establishments in the Goods-Producing and Service-Producing Sectors, December 2000**

Source: Table 2



### **So where are the Self-Employed in this Count of Businesses?**

In short, everywhere. First to note is that the designation “self-employed” is based on Statistics Canada’s Labour Force Survey, which is a count of people (see [\*\*Who is Self-Employed?\*\*](#)). Table 2, on the other hand, provides a count of businesses. It is tempting to combine the two counts because of the notion that self-employed persons operate their own businesses. While this is true, the two are distinct counts that should not be added together. First, when counting businesses, a business owned by a person who is identified as self-employed, and who is on the payroll of his or her own business, would be captured as an “employer business” in the appropriate size category (Table 2). The business establishment of a self-employed owner who is not on his or her own payroll, and has nobody else on the payroll, will be counted among the 1 million “indeterminate” business establishments. On the other hand, when counting people, while many self-employed persons operate a business, many others do not, at least not as defined by the Business Register (see [\*\*How Many Businesses are there in Canada?\*\*](#)) and thus would not be included in the count of businesses. It is not known what the degree of correspondence is between the 2 million “business establishments” in Canada and the 2.3 million persons in the active population who are identified as “self-employed.” For more on self-employment, see [\*\*How many People are Self-Employed?\*\*](#). For more on small business employment based on payroll data, see [\*\*How many People work for Small Businesses?\*\*](#).

## How many Businesses appear and disappear each Year?

Thousands of businesses enter and exit the market place throughout the year. Keeping track of these births and deaths is no easy matter. Our best source is Statistics Canada's Employment Dynamics which compares businesses in a base year with those in the year following. If a business is observed to exist in the year following but not in the base year, it is considered to be an "entry" and vice versa for an "exit" of a business. While there could be other reasons why a business cannot be found on the register of either year,<sup>1</sup> in the main the data give a good picture of the turbulence of new and disappearing businesses.

The Employment Dynamics data are based on payroll deduction data issued by employers and therefore cover only "employer businesses." The most recent data available refer to 1997-98. The counting unit of "employee" in Employment Dynamics is an Average Labour Unit (ALU), a derived unit obtained by dividing the total payroll in a business by the average annual earnings in a firm of that size in the same industry. ALUs aim to measure the number of people, on average, who worked for a business in the course of a year, that is, the average level of employment in a business.

Graph 2 shows the number of small and medium-sized businesses (fewer than 500 employees) that entered and exited the marketplace annually between 1983 and 1998. The graph shows that for most of the 1980s, the gross number of annual business entries remained around 150,000, while the number of exits increased steadily to a record 150,000 in the 1990-1991 period, when, for once, the number of exits exceeded the number of entries. From a lower level after the recession in the early 90's, the number of entries grew again to nearly the 150,000 level by 1997-1998. At the same time, the number of exits varied but generally decreased. From near zero in 1991-92, the net number of entries remained low until 1996-97, when they again approached pre-recession levels.

Graph 2 also shows real GDP growth, a measure of the state of the economy. The business cycle is a key explanation for the variation of entries and exits over time. The number of entries increases when the economy expands, and drops in a slowdown, while the number of exits is inversely related to the state of the economy.

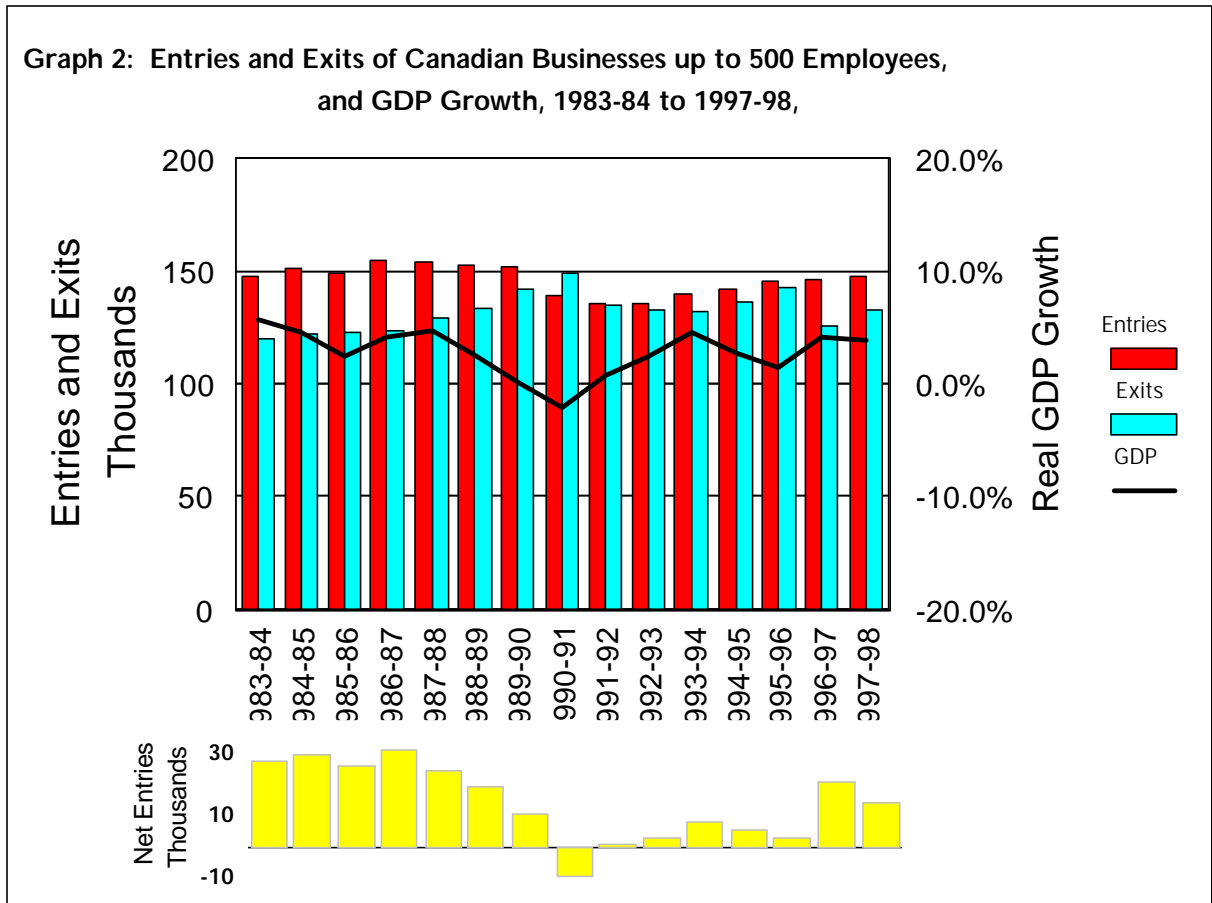
Entry and Exit data by province show that Ontario and Quebec account for much of the volatility in net entries.

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<sup>1</sup> A firm reorganization may involve name changes, mergers, or a division of existing payroll accounts, and more. To the extent possible, false signals about firm deaths and births such as those are deleted from the data. A legitimate firm death can occur in certain merger cases, as a result of an owner's decision to cease operations, because the firm has gone bankrupt, or for a number of other reasons. For more on bankruptcies, see [Bankruptcy Statistics](#).



These two provinces had positive net entries for the entire period except for the early 1990s, while British Columbia and Alberta had positive net entries for the entire period. The Maritime provinces, Prairie provinces, and Territories experienced positive net entries throughout much of the 1980s, but saw these turn negative during much of the 1990s.



Source: Statistics Canada, Employment Dynamics, 1983-1998; and National Income and Expenditure Accounts

## **Bankruptcy Statistics**

Only a small proportion of firms that “exit” the market place end up filing for bankruptcy. On average over the last 11 years, the number of business bankruptcies in Canada has been approximately 12,000 per year. They gradually increased from about 11,000 in 1990 to reach a peak at over 14,000 in 1996. Since then, business bankruptcies have been on the decline, to about 10,000 in 2000. More detailed statistics on business bankruptcies as well as the liabilities involved are available at the web site of *The Office of the Superintendent of Bankruptcy*, <[http://strategis.ic.gc.ca/sc\\_mrksv/bankrupt/engdoc/superint.html](http://strategis.ic.gc.ca/sc_mrksv/bankrupt/engdoc/superint.html)>. The data are also regularly reported in Industry Canada’s **Small Business Quarterly**.

## How long do Small Businesses survive?

How long a business stays in business is influenced by many different factors. Geographic location, industry, size, and age of a business are some of the “predictable” factors affecting how long a business stays active. There are also “unforeseen” factors that may directly influence a business’ survival such as changes in the market places. Examples of market influences include the number and size of competitors and new entrants, as well as general economic conditions.

Determining the probability of survival based on “predictable” factors is one way of answering the question of how long businesses survive. It is a more useful way than determining the average age of businesses because the majority of start-up firms do not operate for very long. The probability of survival is defined as the percentage of new firms that continue to operate when they reach a given age. Table 3 presents the survival rates from start-up, by region, for two size classes of businesses: “Micro” (fewer than 5 employees) and “Small” ( 5 or more, up to 99 employees). The table is based on firms that entered the market over the 1984-1995 period; the longest-observable age was therefore 11 years. The table indicates that, for example, 30% of micro-business entrants in the Atlantic provinces stayed in business for at least four years.

The percentage of new firms that remain in business after one, two or three years declines rapidly. That is, failure rates are high in the first few years after start-up. This is even more so for micro-businesses than it is for other small businesses. Beyond the first three years, survival rates of micro-businesses continue to be well below those of larger small firms. This can be explained in part by the likelihood that micro firms require less investment, which reduces the cost of failure; this could induce micro firms to take more risks which implies a higher probability of failure.

The survival rates of new micro firms are consistently lowest in the Atlantic region for businesses of any age and nearly the same holds for other small firms. Small-firm survival rates are also low in the Prairie provinces. The survival rates for new firms in Quebec, Ontario and B.C. are very close together for all ages of firms in both size classes.

**Table 3: Survival Rates of Micro and Small Businesses,  
by Region, Size and Age of Business, in percent**

AGE	Micro Businesses (<5 employees)					Small Businesses (5-99 employees)				
	ATLANTIC	QUE	ON	PRAIRIE	BC	ATLANTIC	QUE	ON	PRAIRIE	BC
1	61%	74%	78%	72%	76%	86%	90%	91%	89%	91%
2	45%	58%	62%	56%	59%	74%	78%	79%	75%	78%
3	37%	47%	50%	46%	48%	65%	68%	69%	65%	68%
4	30%	40%	42%	39%	40%	58%	61%	61%	57%	61%
5	26%	34%	36%	33%	34%	52%	54%	55%	51%	55%
6	22%	30%	31%	29%	30%	47%	49%	49%	46%	50%
7	19%	26%	27%	25%	26%	43%	44%	44%	42%	46%
8	17%	23%	24%	22%	23%	39%	41%	40%	39%	43%
9	15%	21%	21%	20%	21%	36%	38%	37%	36%	39%
10	13%	19%	19%	18%	19%	34%	35%	33%	33%	36%
11	12%	17%	17%	16%	17%	30%	32%	31%	30%	34%

Source: John Baldwin et al., *Failure Rates for New Canadian Firms: New Perspectives on Entry and Exit* (Statistics Canada),2000.

## How many People work for Small Businesses?

To best answer this question, where applicable, establishments are consolidated into the enterprise of which they are a part. Statistics Canada defines a business enterprise as “a family of businesses under common ownership and control for which a set of consolidated financial statements is produced on an annual basis.” Statistics Canada’s Survey of Employment, Payrolls and Hours (SEPH) covers employer businesses in Canada and reports the number of employees at the enterprise level. Self-employed persons who are not on their own payroll are not included in these figures, nor are employees in the following industries: agriculture, fishing and trapping, private household services, religious organisations and military personnel of defence services. Three groupings are available: Enterprises with fewer than 50 employees, 50 to 299, and 300 and more. For purposes of this section, they are called “small”, “medium” and “large” respectively.

According to SEPH data, on average in 2000, almost 3.7 million people or 38% of the total private<sup>1</sup> labour force that was on a payroll worked for enterprises with fewer than 50 employees (Table 4). Another 1.7 million or 17% worked for medium sized firms. In total, therefore, small and medium sized firms employed 5.4 million or 55% of all employees in the private<sup>1</sup> sector covered by the SEPH.

The distribution of employment by size of firm varies considerably for different industries (Table 4 and Graph 3). Construction has the largest share of small-firm employees with a striking 71%, followed by Logging and Forestry (50%), Wholesale and Retail Trade (45%), and Business and Personal Services (44%). Fully 26% of employment in Manufacturing is found in medium-sized firms and another 22% is in firms with fewer than 50 employees. The largest and the second largest industries in terms of the number of persons employed, Business and Personal Services (3.3 million) and Wholesale and Retail Trade (2.3 million), are also the biggest small-firm employers.

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<sup>1</sup>Private sector employment in the SEPH data was identified with the aid of Employment Dynamics and Small Business Profiles data for corresponding years and by projecting trends for more recent years. A technical note on the methodology employed is available; please contact **Customer Services**. Private sector employment as defined in Table 4, in addition to the industries excluded by SEPH, excludes employment in Public Administration, postal services, public transit, educational services and institutional and other government-funded health care services, but includes employment in private sector health practices and beer and liquor stores.

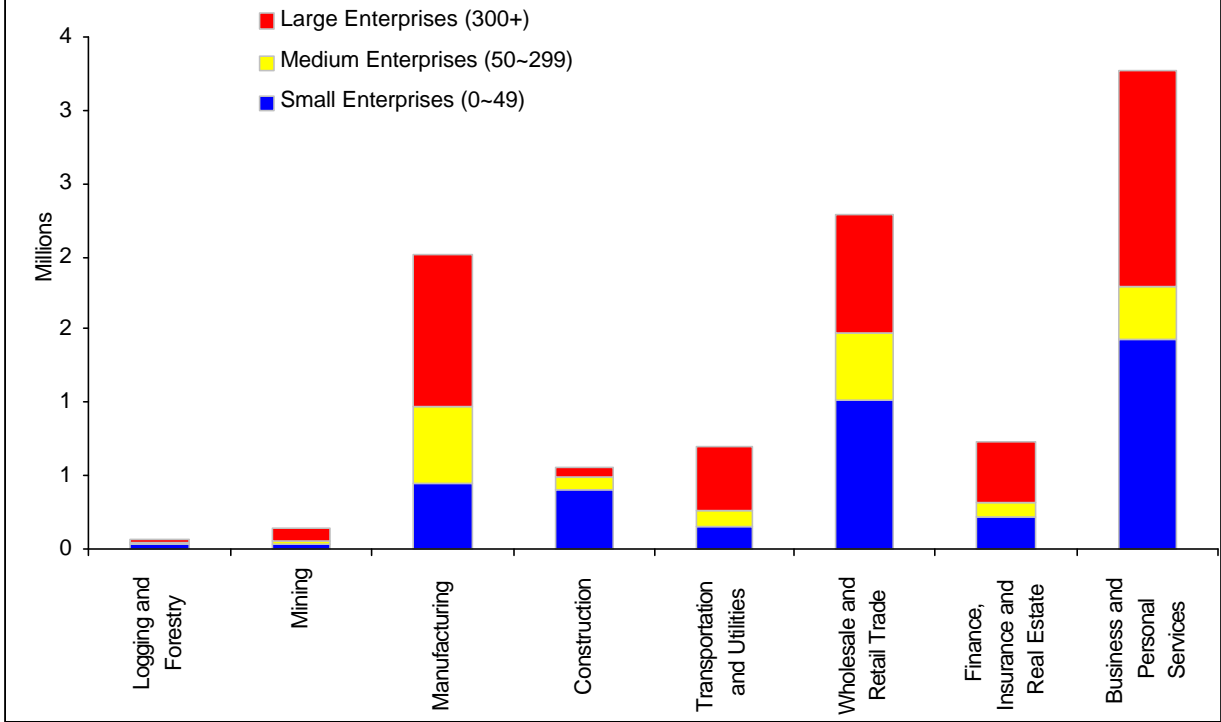
**Table 4: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2000**

Industry	Total	Small Enterprises (up to 49 Employees)		Medium Enterprises (50 to 299 Employees)		Large Enterprises (300 Empl. or more)	
		No. of Employees	% of Total	No. of Employees	% of Total	No. of Employees	% of Total
Logging and Forestry	67,974	34,098	50%	8,969	13%	24,907	37%
Mining	140,856	28,126	20%	22,838	16%	89,892	64%
Manufacturing	2,005,696	446,540	22%	528,566	26%	1,030,590	52%
Construction	557,746	396,184	71%	98,623	18%	62,939	11%
Transportation and Utilities*	682,402	156,154	23%	97,929	14%	428,319	63%
Wholesale and Retail Trade	2,273,758	1,017,206	45%	460,457	20%	796,095	35%
Finance, Insurance and Real Estate	734,517	215,971	29%	98,667	14%	419,879	57%
Business and Personal Services*	3,266,766	1,435,379	44%	352,677	11%	1,478,710	45%
<b>Industry Aggregate Total*</b>	<b>9,754,455</b>	<b>3,735,187</b>	<b>38%</b>	<b>1,668,532</b>	<b>17%</b>	<b>4,350,736</b>	<b>45%</b>

Source: Statistics Canada, Survey of Employment, Payrolls and Hours (SEPH), special tabulation for Industry Canada; and calculations by Industry Canada. Industry data are classified in accordance with Statistics Canada's SIC 1980.

Note\*: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data shown in this table exclude employment in Public Administration, postal services, public transit, educational services and institutional and other government-funded health care services, but include employment in private sector health practices and beer and liquor stores.

**Graph 3: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2000**



Source: Table 4

## How many Jobs do Small Businesses create?

Over the last seven years, data have become available on what size of firms create net jobs in the economy. The data are derived from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH), and have been regularly published in the **Small Business Quarterly**. The SEPH data exclude job creation through self-employment, unless the person is on the payroll of his/her enterprise. Other limitations also apply (see **How many People work for Small Businesses?**).

Table 5 and Graph 4 display the relative contribution to job creation in the private sector economy covered by SEPH, by "small", "medium", and "large" businesses over the years 1994 to 2000. The relative contribution by each size class has varied considerably, and throughout the seven-years period each size class has played a major role in creating jobs in Canada at a certain time period. In 1994 and 1995, businesses with more than 300 employees were shedding jobs and most of the job creation was to be found in enterprises with fewer than 50 employees. In 1996 and 1997, medium-sized enterprises (those with more than 50 and up to 300 employees) took over the lion's share of net job creation. In the last three years (1998 to 2000), small businesses have created less than a quarter of net new jobs while large enterprises have been responsible for more than half of the total.

A significant limitation of these data is that they cover a generally expansionary period, with only a mild downturn in 1995-1996. In a more severe downturn or a recession, the percentage contributions to job creation (or loss) by smaller business may be quite different.

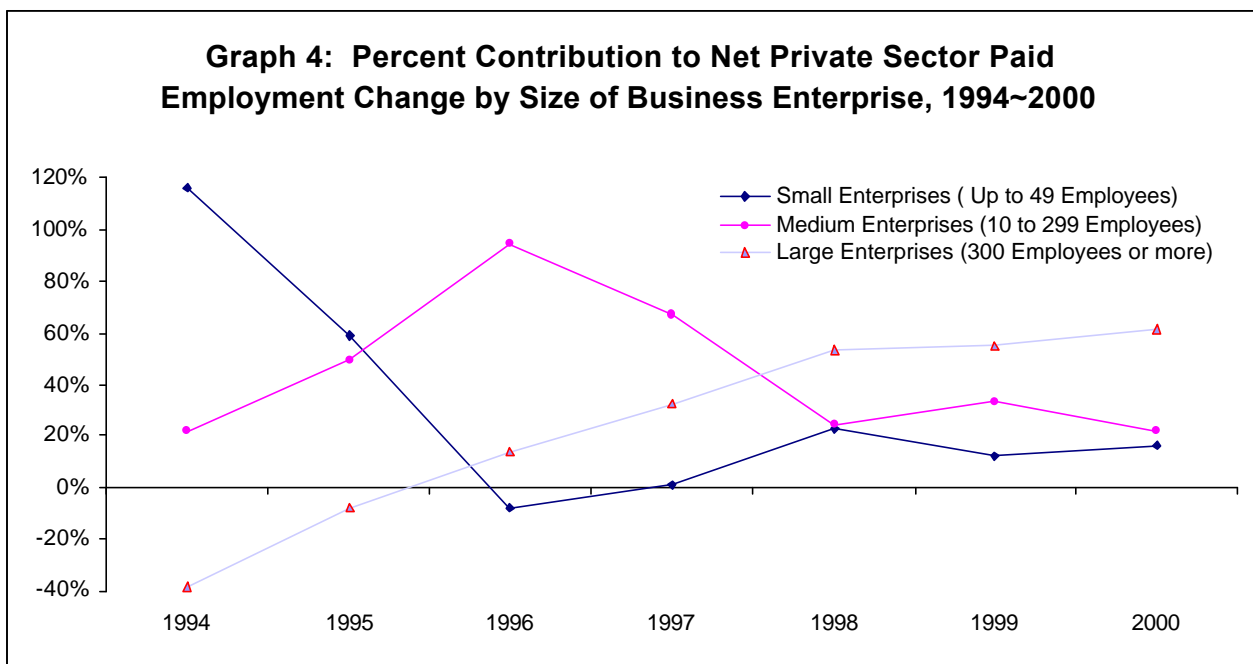


**Table 5: Percent Contribution to Net Private Sector Paid Employment Change by Size of Business Enterprise, 1994~2000, annual averages**

Year	% Contribution to Private Sector Employment Change		
	Small Enterprises (Up to 49 Employees)	Medium Enterprises (50 to 299 Employees)	Large Enterprises (300 Employees or more)
1994	116%	22%	-38%
1995	59%	49%	-8%
1996	-8%	94%	14%
1997	1%	67%	32%
1998	23%	24%	53%
1999	12%	33%	55%
2000	16%	22%	61%

Source: Statistics Canada, Survey of Employment, Payrolls and Hours (SEPH); special tabulation for Industry Canada; and calculations by Industry Canada. The underlying data are regularly published in the **Small Business Quarterly**.

Note: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data underlying this table exclude employment in Public Administration, postal services, public transit, educational services and institutional and other government-funded health care services, but include employment in private sector health practices and beer and liquor stores.



Source: Table 5

## **Who is Self-Employed?**

Self-employed persons are people who earn income directly from their own business, trade, or profession rather than as a specified salary or wage from an employer. Statistics Canada defines self-employed persons as working owners of an unincorporated or incorporated business, persons who work for their own account but do not have a business, and persons working in a family business without pay. All data shown in this section are derived from Statistics Canada's Labour Force Survey.

## **How many People are Self-Employed?**

In 2000, self-employed persons represented approximately 16% of the total labour force of the Canadian economy. The number of self-employed persons peaked in the first quarter of 2000 at 2.5 million and currently stands at about 2.3 million (Table 6). In recent years, about one third of self-employed workers have been female; the share of female self-employment has increased steadily from just over one-quarter in 1976.

**Table 6: Total Number of Self-Employed Persons by Sex, yearly and quarterly, 1976~2001, in thousands**

Year and Quarter	Total	Male	% of Total	Female	% of Total
1976	1,193.3	879.3	74%	313.9	26%
1977	1,226.2	892.8	73%	333.4	27%
1978	1,283.6	924.6	72%	359.1	28%
1979	1,336.2	951.3	71%	384.9	29%
1980	1,385.9	986.3	71%	399.6	29%
1981	1,442.5	1,031.6	72%	410.9	28%
1982	1,503.7	1,069.9	71%	433.8	29%
1983	1,551.3	1,099.6	71%	451.8	29%
1984	1,569.0	1,095.4	70%	473.6	30%
1985	1,685.1	1,162.8	69%	522.3	31%
1986	1,656.0	1,164.6	70%	491.5	30%
1987	1,695.6	1,183.2	70%	512.5	30%
1988	1,772.2	1,231.2	69%	541.0	31%
1989	1,803.4	1,242.5	69%	560.9	31%
1990	1,842.7	1,265.7	69%	577.0	31%
1991	1,887.4	1,303.9	69%	583.4	31%
1992	1,919.3	1,309.0	68%	610.3	32%
1993	2,027.1	1,372.3	68%	654.8	32%
1994	2,036.3	1,356.0	67%	680.2	33%
1995	2,097.8	1,391.6	66%	706.2	34%
1996	2,169.4	1,426.4	66%	743.0	34%
1997	2,353.7	1,524.5	65%	829.2	35%
1998	2,425.2	1,562.2	64%	863.0	36%
1999	2,462.9	1,600.5	65%	862.4	35%
2000	2,421.4	1,568.5	65%	852.8	35%
2000 Q1	2,508.8	1,623.6	65%	885.2	35%
Q2	2,418.0	1,561.4	65%	856.6	35%
Q3	2,393.9	1,541.8	64%	852.0	36%
Q4	2,365.5	1,547.9	65%	817.6	35%
2001 Q1	2,319.6	1,530.3	66%	789.3	34%
Q2	2,318.0	1,529.9	66%	788.1	34%

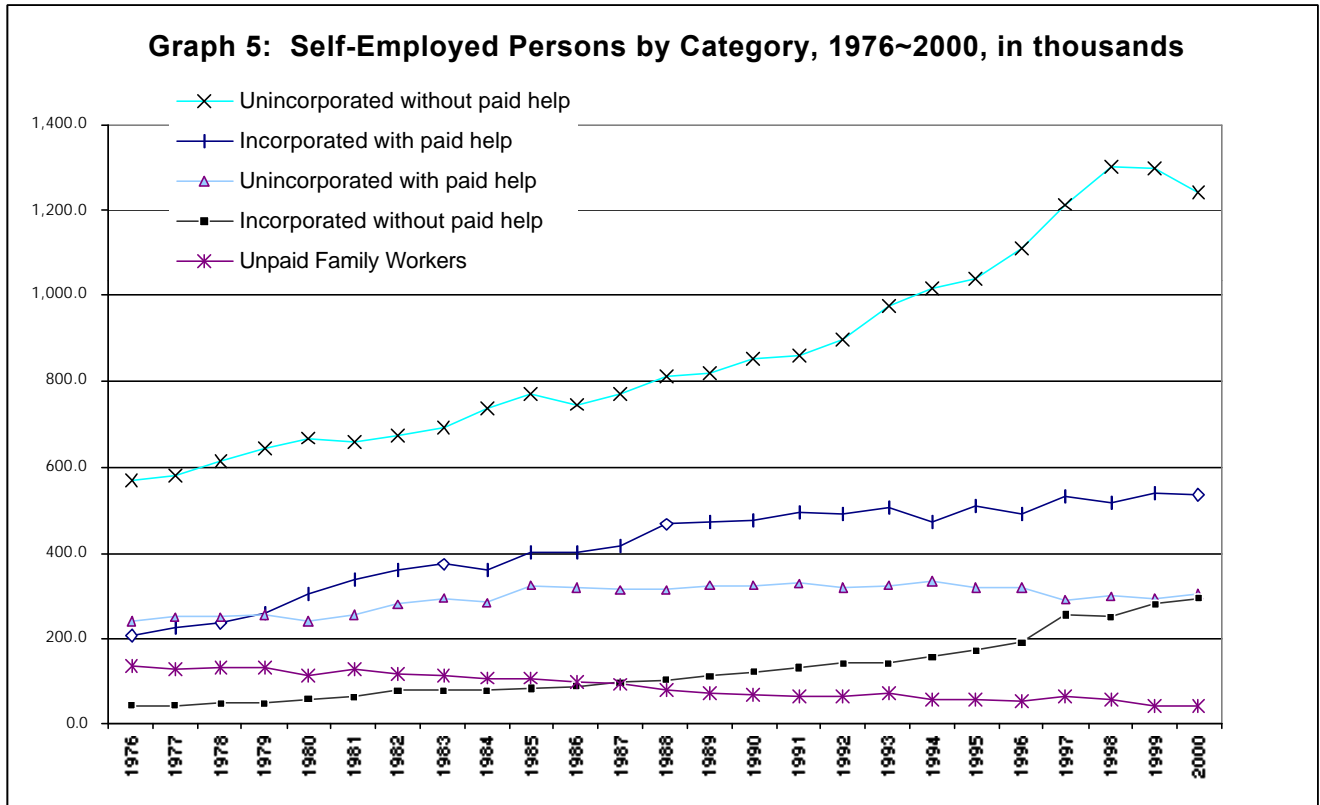
Source: Statistics Canada, Labour Force Survey

Table 7 shows a breakdown of the self-employed in five categories from 1976 to 2000. On average in 2000, of the 2.4 million self-employed persons, 64% had no paid help, 34% worked with paid help and 2% were unpaid family workers. Both the self-employed with paid help and those without paid help can be further divided according to whether their business was incorporated or not. Of those who worked without paid help, 81% or 1.2 million were unincorporated; this category accounted for about half the total number of self-employed in Canada.

**Table 7: Average Number of Self-Employed Persons by Category, 1976-2000, and average annual Growth Rates**

Year	Total	With Paid Help			Without Paid Help			Unpaid Family Workers
		Total	Incorporated	Unincorporated	Total	Incorporated	Unincorporated	
<b>Average Number of Persons, in thousands</b>								
1976	<b>1,193.3</b>	444.3	204.8	239.5	613.7	45.5	568.2	135.3
1977	<b>1,226.2</b>	475.8	227.4	248.4	624.0	45.9	578.1	126.5
1978	<b>1,283.6</b>	488.1	236.9	251.2	663.4	50.1	613.3	132.1
1979	<b>1,336.2</b>	511.0	257.9	253.1	691.4	49.1	642.3	133.9
1980	<b>1,385.9</b>	547.1	304.2	242.9	724.5	58.2	666.3	114.3
1981	<b>1,442.5</b>	591.5	337.7	253.8	725.1	64.8	660.3	126.1
1982	<b>1,503.7</b>	636.4	356.3	280.1	748.8	76.3	672.5	118.5
1983	<b>1,551.3</b>	667.4	370.9	296.5	769.6	78.9	690.7	114.4
1984	<b>1,569.0</b>	644.7	358.9	285.8	817.0	78.5	738.5	107.4
1985	<b>1,685.1</b>	725.0	401.2	323.8	853.7	81.9	771.8	106.4
1986	<b>1,656.0</b>	720.8	401.9	318.9	834.8	89.4	745.4	100.5
1987	<b>1,695.6</b>	732.0	416.9	315.1	868.2	98.6	769.6	95.4
1988	<b>1,772.2</b>	780.4	465.1	315.3	910.9	101.5	809.4	80.9
1989	<b>1,803.4</b>	795.5	469.7	325.8	934.5	112.0	822.5	73.5
1990	<b>1,842.7</b>	801.2	477.7	323.5	973.0	120.5	852.5	68.5
1991	<b>1,887.4</b>	828.6	497.5	331.1	993.7	132.6	861.1	65.0
1992	<b>1,919.3</b>	813.8	493.6	320.2	1,039.2	140.1	899.1	66.3
1993	<b>2,027.1</b>	832.9	508.4	324.5	1,119.1	144.0	975.1	75.0
1994	<b>2,036.3</b>	805.1	469.2	335.9	1,173.0	157.4	1,015.6	58.0
1995	<b>2,097.8</b>	829.8	510.5	319.3	1,210.1	170.5	1,039.6	57.9
1996	<b>2,169.4</b>	813.9	493.0	320.9	1,299.2	189.8	1,109.4	56.3
1997	<b>2,353.7</b>	819.3	530.9	288.4	1,469.2	253.6	1,215.6	65.2
1998	<b>2,425.2</b>	814.8	515.4	299.4	1,549.8	250.4	1,299.4	60.6
1999	<b>2,462.9</b>	838.7	541.9	296.8	1,577.6	279.6	1,298.0	46.5
2000	<b>2,421.4</b>	840.0	534.9	305.1	1,538.1	297.0	1,241.1	43.3
<b>Average Annual Growth Rate, 1977~2000</b>								
	3.1%	2.8%	4.3%	1.1%	4.1%	8.5%	3.5%	-4.8%

Source: Statistics Canada, Labour Force Survey



Source: Table 7

As the relatively gentle slopes of the lines in Graph 5 indicate, the overall composition by different categories has not changed dramatically in the past 24 years. However, some shifts did occur. Over the last 24 years, total self-employment has increased at an annual average rate of 3%. Incorporated self-employed persons, both those who made use of paid help and those who did not, grew faster than average; those incorporated without paid help increased at more than 8% per year, and those with paid help grew at a more moderate 4% per year. On the other hand, the unpaid family workers category decreased rapidly at a rate of 5% per year. Unincorporated self-employed persons with paid help grew at a rate of 1%, far less than the average. The largest category, those unincorporated without paid help, made up just under half the total number of self-employed in 1976 and just over half in 2000; that is, their numbers grew at a slightly faster than the overall average of 3% per year.

In 2000, self-employment continued to show strength in categories such as those incorporated without paid help, but declined overall. The decrease was particularly strong among the self-employed who were unincorporated and had no paid help.

## How has Self-Employment contributed to Job Creation?

Generally, the increasing trend toward self-employment has supported total employment growth. Positive contributions to total net employment growth have ranged from 6% to 111% since 1977 (Table 8), and over that period there have been just two years (1986 and 2000) where the net change in self-employment was negative. In 1982 and 1991-92, self-employment grew strongly while total employment growth turned negative due to economic recessions. This is because when job market conditions tighten, more people who can not find suitable employment tend to start their own business and become self-employed. Table 8 and Graph 6 also show the percentage contribution to job growth through self-employment in the private sector only. For this table, private sector employment is defined as the sum of self-employment and private sector employees for all sizes of firms<sup>1</sup>. Again it is clear that the self-employed's contribution to total private sector employment is strong during and around recessionary years and has varied substantially in other years.

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<sup>1</sup> The definition of private sector employees in the Labour Force Survey utilized in Table 8 is not identical to that underlying the SEPH data in Table 4 but the differences are not large.

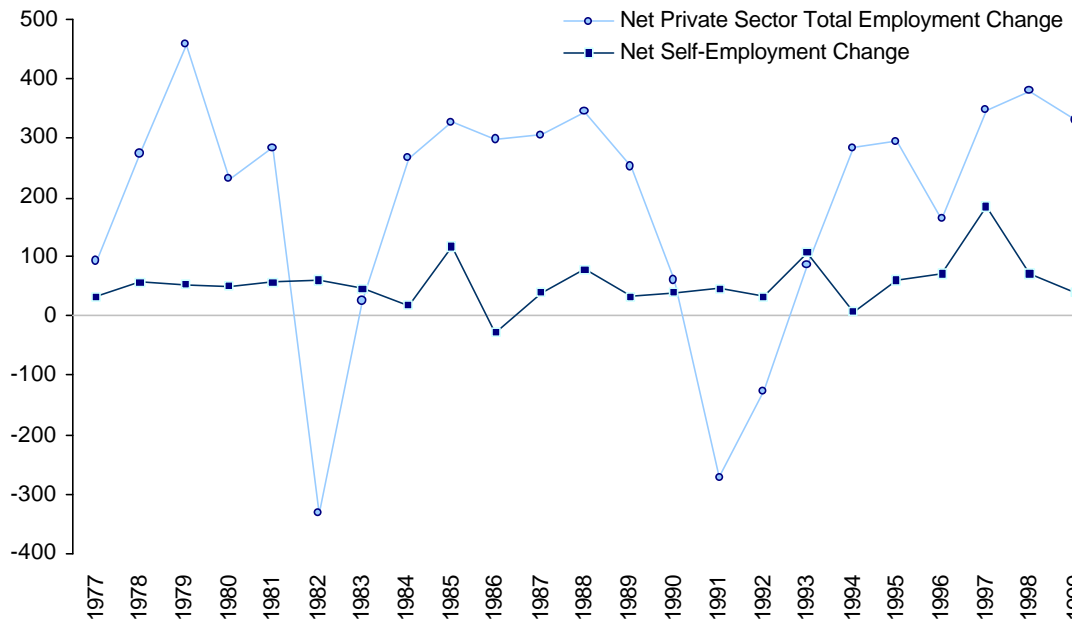
**Table 8: Total Net Employment Change, Net Employment Change for Private Sector Employees and Net Change in Self-Employment, 1977~2000, year-to-year, in thousands**

Year	Total Net Employment Change	Private Sector Total Net Employment Change	Private Sector Paid Employees			Self-Employed Persons		
			Net Change	% of Total Employment Change	% of Total Private Sector Employment Change	Net Change	% of Total Employment Change	% of Total Private Sector Employment Change
1977	138.5	94.0	61.1	44%	65%	32.9	24%	35%
1978	297.5	274.7	217.3	73%	79%	57.4	19%	21%
1979	445.5	457.9	405.3	91%	89%	52.6	12%	11%
1980	312.4	229.7	180.0	58%	78%	49.7	16%	22%
1981	326.7	284.4	227.8	70%	80%	56.6	17%	20%
1982	-349.8	-331.3	-392.5	(-)112%	(-)118%	61.2	(+) 17%	(+) 18%
1983	80.0	24.2	-23.4	(-) 29%	(-) 97%	47.6	60%	197%
1984	273.0	265.9	248.2	91%	93%	17.7	6%	7%
1985	317.3	327.5	211.4	67%	65%	116.1	37%	35%
1986	361.7	297.5	326.6	90%	110%	-29.1	(-) 8%	(-) 10%
1987	341.7	303.9	264.3	77%	87%	39.6	12%	13%
1988	389.6	345.8	269.2	69%	78%	76.6	20%	22%
1989	276.1	252.5	221.3	80%	88%	31.2	11%	12%
1990	97.6	59.1	19.8	20%	34%	39.3	40%	66%
1991	-233.3	-270.8	-315.5	(-)135%	(-)117%	44.7	(+) 19%	(+) 17%
1992	-90.7	-125.8	-157.7	(-)174%	(-)125%	31.9	(+) 35%	(+) 25%
1993	97.5	84.9	-22.9	(-) 23%	(-) 27%	107.8	111%	127%
1994	254.2	282.9	273.7	108%	97%	9.2	4%	3%
1995	245.2	294.9	233.4	95%	79%	61.5	25%	21%
1996	105.7	163.9	92.3	87%	56%	71.6	68%	44%
1997	311.8	347.0	162.7	52%	47%	184.3	59%	53%
1998	366.0	378.8	307.3	84%	81%	71.5	20%	19%
1999	390.8	330.9	293.2	75%	89%	37.7	10%	11%
2000	378.5	287.7	329.2	87%	114%	-41.5	(-) 11%	(-) 14%

Source: Statistics Canada, Labour Force Survey (LFS). The LFS definition of "private sector" generally agrees with the definition underlying the SEPH data in Table 4 but the two are not identical.

Note: (-) indicates a negative contribution to Total Employment Change.  
 (+) indicates a positive contribution, despite a negative Total Net Change.

**Graph 6: Net Employment Change for Private Sector Employees and Self-Employment, year-to-year, in thousands, 1977~2000**



Source: Table 8