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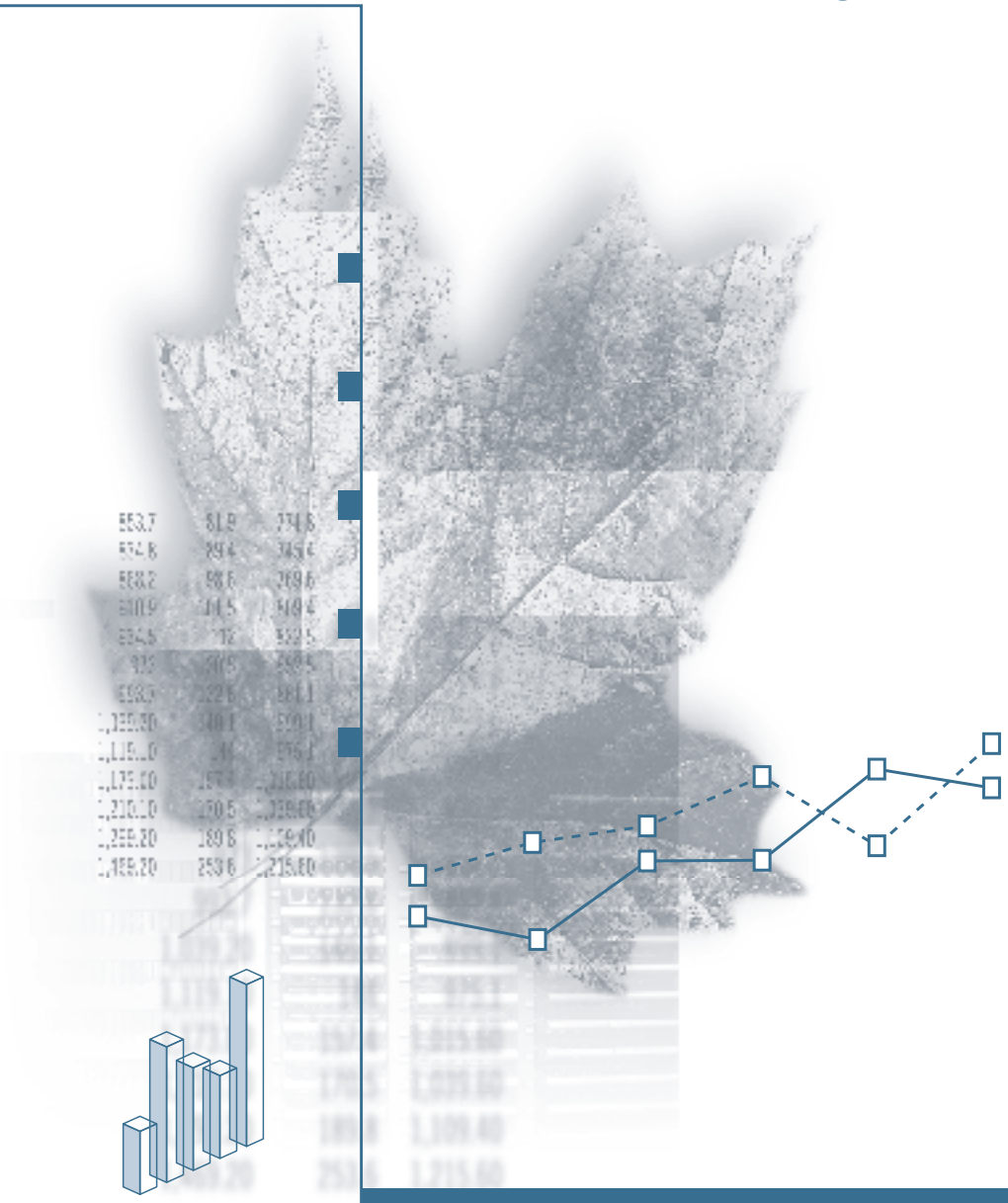

Key Small Business Statistics

Canada

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Table of Contents

Foreword

Key Small Business Statistics is a semi-annual publication that provides baseline data on the small business sector in Canada. This tenth edition updates data found in previous editions. The following sections have been updated with new data:

- How many businesses are there in Canada?
- Bankruptcy statistics
- How many jobs do small businesses create?
- How many people are self-employed?
- How many small business entrepreneurs are women?

Highlights

Industry Canada's definition of "small business" is firms that have fewer than 100 employees.

Number of Businesses

- There are just over 1 million small businesses in Canada that have employees (excludes self-employed entrepreneurs). Ninety-eight percent of businesses in Canada have fewer than 100 employees.
- Each year, approximately 139 000 new small businesses are created in Canada.

Contribution to Gross Domestic Product (GDP)

- On average, small businesses that have fewer than 50 employees contribute about 22 percent to Canada's GDP.

Employment

- As of 2006, small businesses employed approximately 5 million individuals in Canada, or 48 percent of the total labour force in the private sector.
- Small businesses created 60 000 jobs between the first quarter of 2006 and the first quarter of 2007, accounting for nearly 30 percent of all jobs created in Canada.
- Approximately 15 percent of all employed workers in the Canadian economy in 2006 were self-employed.

Earnings

- On average, small business employees in Canada earned $672 per week in 2006, less than the overall average of $737.

Sectoral Breakdowns

- Small businesses account for over two thirds of employment in five Canadian industry categories: non-institutional health care, construction, accommodation and food, forestry, and other services.
- Roughly 25 percent of small businesses operate in Canadian goods-producing industries; the remaining 75 percent operate in service industries.

Survival

- Failure rates for small businesses in Canada are high for the first three years and decline over time. About 70 percent of small businesses that enter the marketplace survive for one full year; half survive for three years. Approximately 25 percent of small businesses are still operating after nine years.
- The number of bankruptcies in Canada fell by 50 percent between 1996 and 2006.

Women in Business

- It is estimated that 47 percent of small and medium-sized enterprises (SMEs) have some degree of female ownership: 16 percent of SMEs are majority-owned by women, 20 percent are owned in equal partnerships between male and female owners, and 11 percent of SMEs have a minority female ownership.

Research and Development

- In 2003, small businesses in Canada spent just over $3 billion on research and development (R&D).
- As a percentage of revenue, spending on innovation in 2006 by small businesses in Canada was significantly greater than that by larger firms.

Exporting

- Small businesses are responsible for about 20 percent of Canada's total value of exports.
- Small businesses in Canada tend to export to a broader range of countries than larger firms.

E-Commerce

- The overall rate of Canadian firms selling online was 7 percent in 2005, while the overall rate of firms buying online was 43 percent. In both categories, small firms lagged behind large firms. Only 6 percent of small firms sold online compared with 16 percent of large firms. Similarly, online purchases were conducted by 40 percent of small firms, well below the 68 percent of large firms purchasing online.

When is a business “small”?

The size of a business can be defined in many ways, by the value of its annual sales or shipments, for example, or by its annual gross or net revenue, the size of its assets or the number of its employees. Many institutions define small businesses according to their own needs — the Canadian Bankers Association classifies a company as “small” if it qualifies for a loan authorization of less than $250 000, whereas the Export Development Corporation defines small or “emerging” exporters as firms with export sales under $1 million. Industry Canada has often used a definition based on the number of employees — goods-producing firms are considered “small” if they have fewer than 100 employees, whereas for service-producing firms the cut-off point is 50 employees. Above that size, and up to 499 employees, a firm is considered medium-sized. The smallest of small businesses are called micro-enterprises, most often defined as having fewer than five employees. The term “SME” (for small and medium-sized enterprise) refers to all businesses with fewer than 500 employees, whereas firms with 500 or more employees are classified as “large” businesses.

As will be seen, in practice, reporting on small businesses seldom adheres to any strict definition due to data limitations.

How many businesses are there in Canada?

The Business Register of Statistics Canada maintains a count of business establishments[1] and publishes results twice a year. Business establishments can belong to the same company; each company owns at least one business establishment. For an individual business establishment to be included in the Business Register, the company to which it belongs must meet at least one of the following minimum criteria: it must have at least one paid employee (with payroll deductions remitted to the Canada Revenue Agency (CRA)), it must have annual sales revenues of $30 000, or it must be incorporated and have filed a federal corporate income tax return at least once in the previous three years.

As of June 2007, there were more than 2.4 million business establishments[2] in Canada, as shown in Table 1, compared with 2.3 million establishments in June 2006. About half of all business establishments are called “employer businesses” because they maintain a payroll of at least one person (possibly the owner). The other half are classified as “indeterminate” because they do not have any employees registered with the CRA. Such businesses may indeed have no workforce (they may simply be paper

1. Statistics Canada uses four standard 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 of a larger enterprise that provides independent accounting information to the government on sales taxes and payroll deductions would be recognized as an individual business establishment.
2. This number includes both commercial and non-commercial business establishments.

entities that nonetheless meet one of the criteria for recognition as a business establishment) or they may have contract workers, family members and/or only the owners working for them. The "indeterminate" category was created because information about their workforce is not available.

Approximately 58 percent of all business establishments in Canada are located in Ontario and Quebec. Virtually all the rest are divided between the western provinces (36 percent) and the Atlantic provinces (6 percent). The Northwest Territories, Yukon and Nunavut represent only 0.3 percent of Canada's businesses.

Table 1: Total Number of Business Establishments, and Number of Establishments Relative to Provincial/Territorial Population and Gross Domestic Product, June 2007

Provinces/Territories	No. of Business Establishments			No. of Establishments per 1000 Population	GDP per Business Establishment ($ thousands)
	Total	Employer Businesses	Indeterminate[1]		
Newfoundland and Labrador	26 207	17 051	9 156	51.7	950
Prince Edward Island	11 152	6 386	4 766	80.3	388
Nova Scotia	57 070	30 916	26 154	61.2	560
New Brunswick	44 154	26 387	17 767	59.0	571
Quebec	482 796	236 584	246 212	62.8	589
Ontario	904 765	365 417	539 348	70.9	615
Manitoba	79 149	36 404	42 745	66.9	565
Saskatchewan	97 990	39 121	58 869	99.0	460
Alberta	332 931	153 604	179 327	96.4	708
British Columbia	362 642	170 707	191 935	83.3	496
Yukon Territory	2 940	1 610	1 330	95.2	543
Northwest Territories	2 768	1 676	1 092	66.2	1 482
Nunavut	891	624	267	28.5	1 361
Canada Total	**2 405 455**	**1 086 487**	**1 318 968**	**73.2**	**598**

Source: Statistics Canada, Business Register, June 2007; National Income and Expenditure Accounts 2006; Estimates of Population by Age and Gender for Canada, the Provinces and the Territories, June 2007.

Note 1: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Relative to population, the western provinces, Yukon and Prince Edward Island have more business establishments than elsewhere, with the highest rates in Saskatchewan and Alberta at 99.0 and 96.4 per 1000 population respectively. Nunavut, Newfoundland and Labrador, Nova Scotia and New Brunswick have the lowest ratios of business establishments per 1000 population. Ontario and Quebec are below the national average of 73.2, with 70.9 and 62.8 business establishments per 1000 population respectively.

In terms of gross domestic product (GDP) per business establishment by province, the Northwest Territories shows the highest ratio at $1 482 000 per establishment. (This is likely due, in part, to the low number of establishments per 1000 residents; therefore, its GDP is spread over fewer establishments.) More broadly, there is a noticeable negative relationship between the number of establishments per 1000 inhabitants and contribution to GDP per establishment in that a higher number of establishments per 1000 population corresponds to a lower GDP per establishment. Alberta is an exception to this rule, with a relatively high GDP per establishment as well as a high number of establishments per 1000 residents.

Of the 1 086 487 employer businesses, 3250 or about 0.3 percent have 500 employees or more. The vast majority of employer businesses (98 percent) have fewer than 100 employees, 75 percent have fewer than 10 employees and 58 percent have only 1 to 4 employees (see Table 2).

Table 2: Number of Business Establishments by Sector and Firm Size (Number of Employees), June 2007

Number of Employees	Cumulative Percent of Employer Businesses	No. of Business Establishments		
		Total	Goods-Producing Sector[2]	Service-Producing Sector[2]
Indeterminate[1]		1 318 968	345 217	973 751
Employer Business Total	*100.0*	*1 086 487*	*251 155*	*835 332*
1–4	58.4	634 927	157 812	477 115
5–9	74.8	178 012	34 829	143 183
10–19	86.3	124 301	24 222	100 079
20–49	94.6	90 458	19 053	71 405
50–99	97.5	32 045	7 936	24 109
100–199	99.0	15 571	4 333	11 238
200–499	99.7	7 923	2 272	5 651
500+	100.0	3 250	698	2 552
Grand Total		**2 405 455**	**596 372**	**1 809 083**

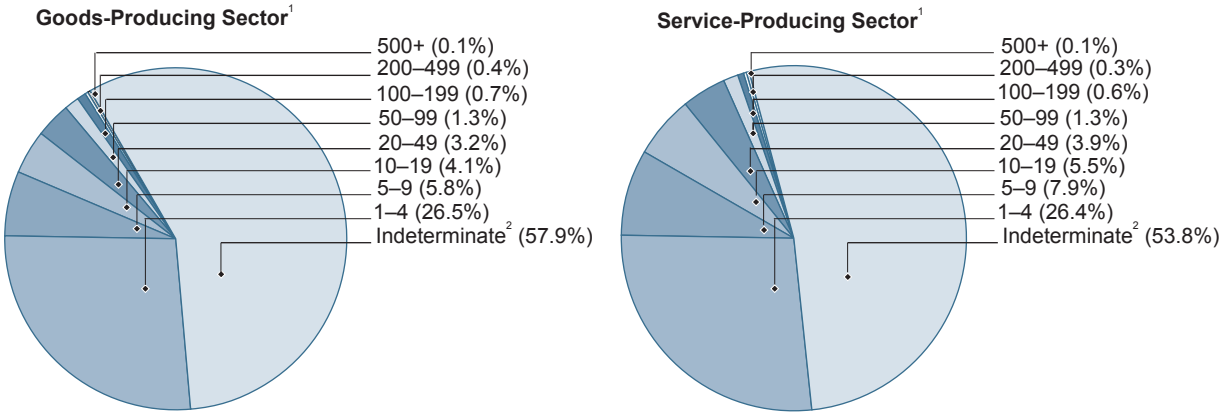
Source: Statistics Canada, Business Register, June 2007.

Note 1: The “indeterminate” category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (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, whereas the remainder provide services. Small firms (those with fewer than 100 employees) make up 97 percent of goods-producing employer businesses and 98 percent of all service-producing employer businesses (Table 2 and Figure 1). Using an alternative definition of small businesses in the service-producing sector that defines small businesses as those with fewer than 50 employees, small firms account for 95 percent of all service-producing employer firms.

Figure 1: Distribution of Business Establishments in the Goods-Producing and Service-Producing Sectors by Firm Size (Number of Employees), June 2007



Source: Statistics Canada, Business Register, June 2007.

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Note 2: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Table 3 shows the distribution of employer businesses by size of business establishment in each province and territory. Generally speaking, the distribution by size in the provinces is similar to the national average distribution by size. However, there is some variation among the provinces and territories; for example, there is a higher percentage of micro-enterprises (1 to 4 employees) in Quebec (66 percent) and Newfoundland and Labrador (60 percent) than in Ontario (55 percent), Manitoba (52 percent) or the territories (from 30 percent to 52 percent).

Table 3: Employer Businesses by Firm Size (Number of Employees) in the Provinces and Territories, June 2007

Provinces/Territories	Employer Businesses									
	Total	Percent of Total								
		1–4	5–9	10–19	20–49	50–99	*Small <100*	100–199	200–499	*Medium 100–499*	Large 500+
Newfoundland and Labrador	17 051	60.3	18.0	10.2	7.3	2.1	*98.0*	1.0	0.6	*1.6*	0.3
Prince Edward Island	6 386	57.7	18.0	11.9	8.1	2.6	*98.2*	1.0	0.5	*1.6*	0.2
Nova Scotia	30 916	56.9	17.7	11.7	8.6	2.8	*97.7*	1.4	0.6	*2.0*	0.3
New Brunswick	26 387	59.8	16.8	11.2	7.8	2.5	*98.1*	1.2	0.5	*1.7*	0.2
Quebec	236 584	65.8	14.6	9.2	6.3	2.2	*98.1*	1.1	0.5	*1.6*	0.3
Ontario	365 417	55.2	16.6	12.3	9.4	3.5	*97.0*	1.7	0.9	*2.6*	0.4
Manitoba	36 404	52.3	18.0	13.5	10.2	3.3	*97.3*	1.5	0.8	*2.4*	0.3
Saskatchewan	39 121	57.1	17.7	12.4	8.4	2.6	*98.2*	1.0	0.5	*1.6*	0.2
Alberta	153 604	56.6	16.8	11.9	8.8	3.2	*97.2*	1.7	0.9	*2.5*	0.3
British Columbia	170 707	58.8	16.8	11.6	8.0	2.7	*97.9*	1.2	0.6	*1.8*	0.2
Yukon Territory	1 610	52.2	17.9	14.4	10.6	3.1	*98.1*	0.9	0.8	*1.7*	0.1
Northwest Territories	1 676	38.5	20.4	18.9	14.4	4.8	*97.0*	2.0	0.9	*2.9*	0.2
Nunavut	624	29.5	21.5	22.3	18.9	5.4	*97.6*	1.8	0.5	*2.2*	0.2
Canada Total	**1 086 487**	**58.4**	**16.4**	**11.4**	**8.3**	**2.9**	***97.5***	**1.4**	**0.7**	***2.2***	**0.3**

Source: Statistics Canada, Business Register, June 2007.

How many businesses appear and disappear each year?

Thousands of businesses enter and exit the marketplace throughout the year. Keeping track of these births and deaths is no easy matter. The best source is Statistics Canada's *Longitudinal Employment Analysis Program* (LEAP), which can be tabulated to compare businesses in a base year with those in the following year.[3] If a business is observed to exist in the base year but not in the following year, it is considered an "exit" and vice versa for an "entry." Although there may be other reasons why a business cannot be found in either year,[4] the data give a good overall picture of the turbulence (often called "churn") of new and disappearing businesses.

LEAP data are based on payroll deduction information issued by employers (T4 slips) and therefore cover only employer businesses. The counting unit of "employee" used in these tabulations is an Individual Labour Unit (ILU), a derived unit that equates one ILU to one employee. An employee who receives one T4 slip in a year is assigned one ILU; for an employee who receives more than one T4 slip, the "unit" is distributed among issuing firms in proportion to the wages earned. However, hours of work are not accounted for, so no distinction is made between full-time and part-time workers.

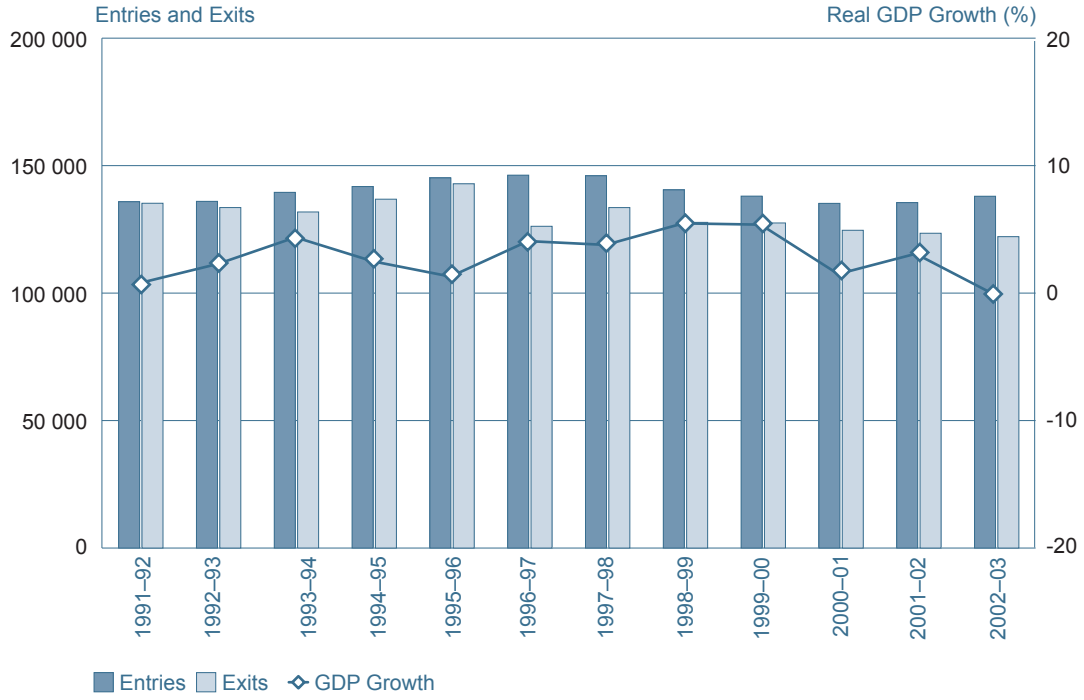
Figure 2 shows the number of SMEs (employer businesses with 1 to 499 employees) that entered and exited the marketplace annually between 1991 and 2003. The number of entries increased over the first half of the period from approximately 135 000 to a peak of 146 000 in 1996–97. After that, the number of annual entries steadily declined to the level at the beginning of the period (i.e. 135 000) before increasing slightly over the final three years. The number of exits in each year was between 130 000 and 135 000 in the early 1990s. However, once the economy stopped growing in the mid-1990s, the number of exits grew to a peak of 143 000 in 1995–96. Following that, the number of annual exits dropped, remaining at approximately 125 000 each year until 2003. On a net basis, entries averaged approximately 8800 annually from 1991 to 2003, but were near zero in 1991–92.

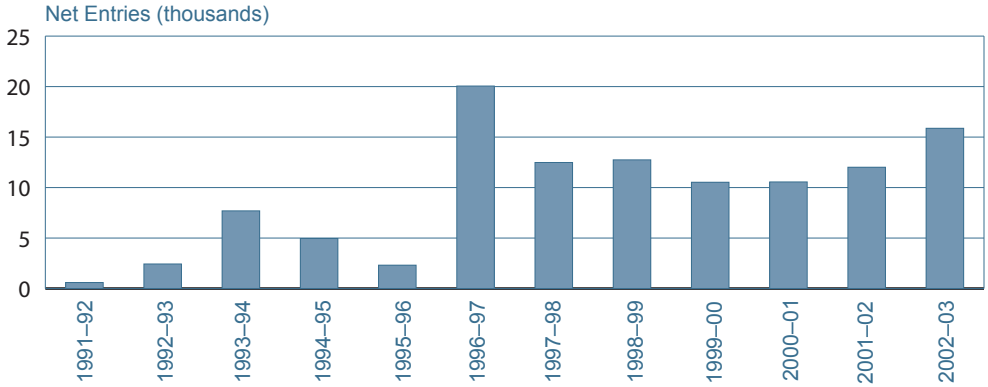
Figure 2 also shows entries and exits in relation to real GDP growth, a measure of the rate of expansion of the economy and its ability to produce goods and services. The number of entries increased during the early and mid-1990s, began to decline after 1996–97 and then increased after 2000–01. In contrast, the number of exits was more cyclical over these years and was negatively correlated with GDP growth. The number of net entries also appears to be negatively correlated with GDP growth. This suggests that exit and survival rates are influenced more by the business cycle than are entry rates.

3. Statistics Canada used to publish entry and exit data in *Employment Dynamics*, which was based on data from the *Longitudinal Employment Analysis Program* (LEAP). *Employment Dynamics* is no longer published, so special tabulations of the LEAP file were ordered to obtain entry and exit data. These new data are consistent with the data reported in previous issues of *Key Small Business Statistics*; data from LEAP and *Employment Dynamics* are nearly identical over the 1991–92 to 1998–99 period.

4. Reorganization in a firm may involve name changes, mergers, a division of existing payroll accounts or more. To the greatest extent possible, false signals about deaths and births 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**.

Figure 2: Entries and Exits of Employer Businesses with up to 500 Employees, and GDP Growth, 1991–92 to 2002–03





Source: Statistics Canada, special tabulations of data from the *Longitudinal Employment Analysis Program,* 1991–92 to 2002–03*;* National Income and Expenditure Accounts, 1991–2003.

Bankruptcy statistics

Only a small proportion of firms that exit the marketplace end up filing for bankruptcy. On average over the last 17 years, there have been approximately 12 000 business bankruptcies per year in Canada. They gradually increased from about 11 000 in 1990 to a peak of more than 14 000 in 1996. Since then, business bankruptcies have been on the decline, to about 6700 in 2006.

More detailed statistics on business bankruptcies and the liabilities involved are regularly reported in Industry Canada's *Small Business Quarterly* and are also available on the website of the Office of the Superintendent of Bankruptcy at **www.osb-bsf.gc.ca**.

How long do small businesses survive?

One way to answer the question of how long small businesses survive is to determine the probability of survival based on predictable factors. Geographic location, type of industry, size and age are some useful factors in predicting how long a business stays active. Other, unforeseen, factors can also affect the survival of a business, including general economic conditions, as well as market influences such as the number and size of competitors and new entrants.

The probability of survival is defined as the percentage of new firms that continue to operate when they reach a given age. Table 4 presents survival rates for the 1994 cohort of start-ups that are micro-enterprises (those with fewer than 5 employees) and other small businesses (those with between 5 and 99 employees) by sector. As shown in Table 4, the majority of start-up firms do not operate for very long. For example, 72 percent of micro-enterprises that entered in 1994 survived for one year, 54 percent survived for two years and 46 percent survived for three years.

The percentage of new firms that remain in business declines rapidly over the first three years. In other words, failure rates for micro-enterprises and other small businesses are high the first three years but decline more slowly over time. There is little difference in survival rates between micro-enterprises and other small businesses, although micro-enterprises were somewhat more likely to survive their first full year, whereas other small businesses were slightly more likely to survive after that.

Table 4 also shows survival rates by goods-producing industries, service-producing industries and public industries. Although sectors generally follow the same trends as the industry aggregate over time, there are differences across sectors. Firms in public industries had the highest survival rates among micro-enterprises; among other small businesses, firms in public industries had slightly lower survival rates than other sectors for the first two years and had higher rates after that. Firms in this sector typically operate in industries that are sheltered or completely free from competition. Goods-producing industries had the lowest survival rates in both size categories, likely because the high capital investments usually required in these industries may strain a business' cash flow.

Table 4: Survival Rates of Micro-Enterprises and Other Small Businesses (Employer Businesses Only) by Sector and Size (Percent), 1994–2003

Duration (years)	Micro (1–4 employees)				Other Small (5–99 employees)			
	Industry Aggregate	Goods-Producing Industries	Service-Producing Industries	Public Industries	Industry Aggregate	Goods-Producing Industries	Service-Producing Industries	Public Industries
1	72	69	76	83	70	68	73	64
2	54	52	57	71	57	54	59	56
3	46	44	48	64	48	46	50	50
4	40	39	41	58	42	41	43	47
5	35	35	36	54	38	37	38	44
6	31	32	32	50	34	34	35	42
7	28	29	29	47	31	31	32	40
8	26	26	26	44	29	28	29	38
9	23	24	23	41	26	26	26	37

Source: Statistics Canada, special tabulations of data from the *Longitudinal Employment Analysis Program* (LEAP), 1994–2003.

How many people work for small businesses?

To best answer this question, it is necessary to look at business establishments as part of the larger enterprise to which they belong, where applicable. 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 S*urvey 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 a payroll are not included in these figures, nor are employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Firms are grouped into seven size categories: those with fewer than 5 employees, from 5 to 19, from 20 to 49, from 50 to 99, from 100 to 299, from 300 to 499, and 500 and more employees.

According to SEPH data, on average in 2006, just over 5.1 million employees on payroll, or 48 percent of the total private sector labour force,[5] worked for small enterprises (those with fewer than 100 employees) as shown in Table 5. Nearly 1.7 million, or 16 percent, worked for medium-sized enterprises (those with 100 to 499 employees). In total, therefore, SMEs employed just over 6.8 million, or 64 percent, of private sector employees covered by SEPH.

The distribution of employment by size of firm varies considerably across industries. As shown in Table 5 and Figure 3, small businesses account for over two thirds of employment in five industries: the (non-institutional) health care sector (89 percent), the construction industry (76 percent), other services (73 percent), accommodation and food (67 percent), and forestry (67 percent). In three other industries, at least half of the workforce is employed by small businesses. Lastly, in terms of the total number of employees, industries that had the largest number of employees working for small firms were, in order of magnitude, retail trade (0.80 million), accommodation and food (0.68 million), manufacturing (0.62 million), construction (0.56 million), professional services (0.42 million) and wholesale trade (0.40 million). These industries alone accounted for 68 percent of all jobs in small firms in Canada.

5. 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 used in this process is available and can be obtained by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**. In addition to the industries excluded from SEPH, data shown in Table 5 and Figure 3 exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Table 5: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2006[1,2,3]

Industry	Total	Size of Business Enterprise (No. of Employees)								
		0–4	5–19	20–49	50–99	*Small (<100)*	100–299	300–499	*Medium (100–499)*	Large (500+)
Forestry	59 971	9 249	15 033	9 739	5 964	*39 985*	7 351	2 581	*9 932*	10 054
Mining	182 564	8 474	14 295	12 593	9 570	*44 932*	19 719	10 923	*30 642*	106 990
Utilities[2]	108 560	103	385	313	402	*1 202*	2 807	1 265	*4 072*	103 286
Construction	735 661	141 264	211 429	131 787	76 512	*560 992*	75 752	22 135	*97 887*	76 781
Manufacturing	1 854 475	45 871	165 985	209 420	197 414	*618 690*	318 189	134 553	*452 742*	783 044
Percent in Goods-Producing Sector	**27.7**	**22.0**	**22.6**	**26.6**	**28.5**	***24.7***	**34.1**	**37.7**	***35.0***	**28.4**
Wholesale Trade	739 728	55 784	142 270	117 247	81 732	*397 033*	108 593	38 502	*147 095*	195 601
Retail Trade	1 715 114	117 716	293 269	213 680	173 473	*798 138*	150 335	34 488	*184 823*	732 153
Transportation and Warehousing[2]	554 041	43 306	65 283	53 581	42 070	*204 239*	55 276	20 148	*75 424*	274 378
Information and Cultural	349 519	10 719	22 500	21 941	19 366	*74 526*	28 517	13 324	*41 841*	233 152
Finance and Insurance	606 004	29 563	42 584	38 843	31 865	*142 855*	47 736	23 365	*71 101*	392 048
Real Estate and Rental	245 725	43 028	54 870	32 289	21 700	*151 887*	23 572	10 914	*34 486*	59 353
Professional Services	704 909	137 792	140 160	86 864	57 951	*422 767*	79 042	29 120	*108 162*	173 979
Management of Companies and Enterprises	97 914	10 066	12 642	9 666	5 760	*38 134*	9 480	3 555	*13 035*	46 744
Administration, Waste Management	697 745	49 819	90 846	67 799	55 837	*264 301*	100 245	46 905	*147 150*	286 295
Health[2]	215 089	69 326	90 887	25 164	7 057	*192 434*	1 931	837	*2 768*	19 887
Arts, Entertainment and Recreation	235 065	15 554	39 006	35 046	27 196	*116 802*	32 232	11 369	*43 601*	74 662
Accommodation and Food	1 007 532	44 754	237 734	232 121	161 289	*675 898*	130 310	34 468	*164 778*	166 857
Other Services	513 532	100 460	163 174	68 782	40 760	*373 176*	52 139	16 743	*68 882*	71 474
Percent in Service-Producing Sector	**72.3**	**78.0**	**77.4**	**73.4**	**71.5**	***75.3***	**65.9**	**62.3**	***65.0***	**71.6**
Industry Aggregate Total	**10 623 148**	**932 847**	**1 802 352**	**1 366 874**	**1 015 918**	***5 117 991***	**1 243 226**	**455 195**	***1 698 421***	**3 806 738**

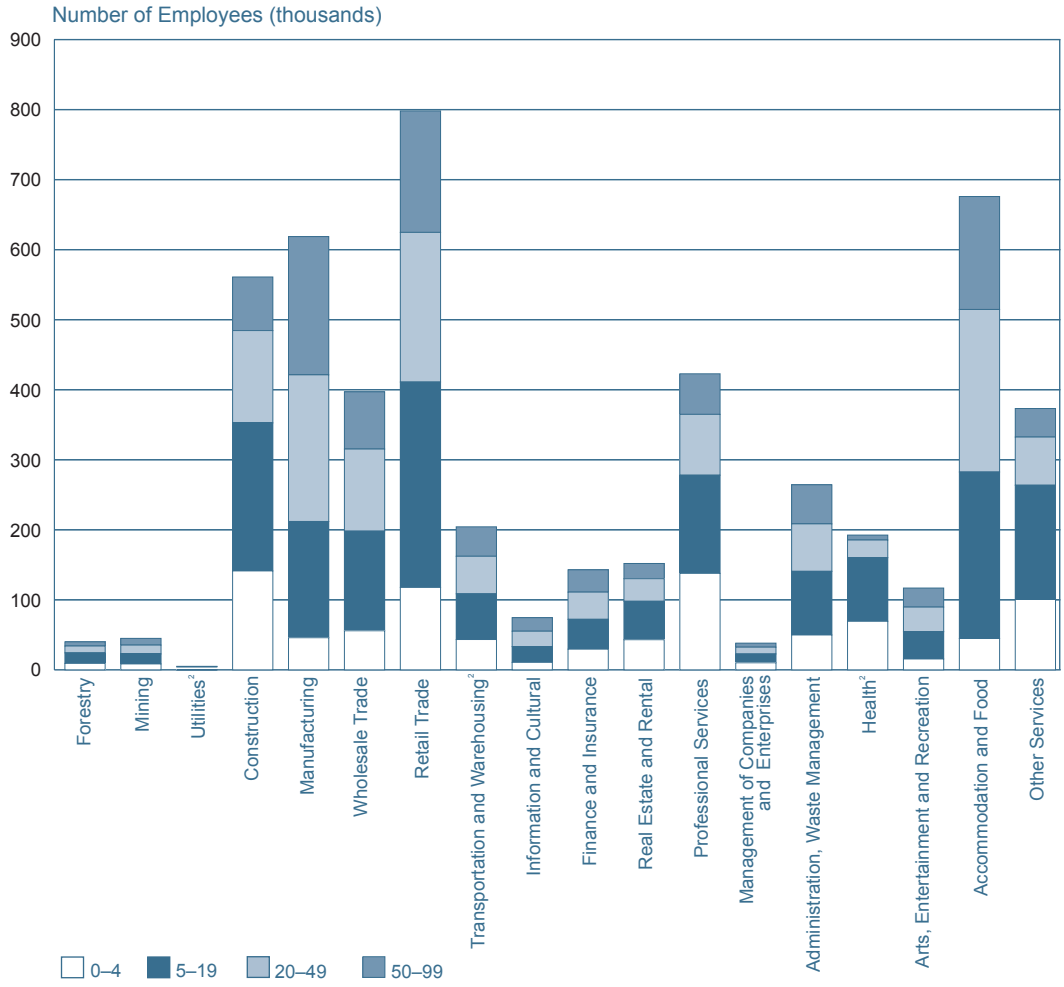
Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2007, and calculations by Industry Canada. Industry data are classified in accordance with the North American Industry Classification System (NAICS).

Note 1: 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. The data breaking down employment by size of firm also exclude unclassified industries.

Note 2: Besides data excluded from the SEPH, data shown in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. Industry Canada's *Small Business Quarterly* regularly publishes data similar to those in Table 5, but without excluding public sector employment. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

Note 3: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31–33, while NAICS codes 41 to 91 define the service-producing sector.

Figure 3: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2006[1,2]



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2007, and calculations by Industry Canada. Industry data are classified in accordance with the North American Industry Classification System (NAICS).

Note 1: 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. The data breaking down employment by size of firm also exclude unclassified industries.

Note 2: Besides data excluded from the SEPH, data shown in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. Industry Canada's *Small Business Quarterly* regularly publishes data similar to those in Figure 3, but without excluding public sector employment. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

How many jobs do small businesses create?

The data that make it possible to answer this question are derived from Statistics Canada's *Survey of Employment, Payrolls and Hours* (SEPH), and are regularly published in Industry Canada's *Small Business Quarterly*. SEPH data exclude self-employed workers who are not on a payroll. Other limitations also apply (see **How many people work for small businesses?**). Historical employment data for the period from 1996 to 2000 are reported for only three firm-size categories (small, medium and large), so job creation over these years was estimated for the seven size categories (including four sub-categories for small businesses) using ratios to distribute annual employment levels across the size categories. Since 2000, Statistics Canada has been publishing the SEPH data with the seven size categories.

Table 6 and Figure 4 display relative contributions to the net year-over-year change in private sector paid employment by small, medium-sized and large businesses from 1996 to 2006. Over the years, the relative contribution in terms of size varied greatly. During the period under review, each of the business-size categories played the leading role at different times in net job creation in Canada. For six years, in 1996 and 1997, from 2000 to 2002 and in 2006, small businesses made the greatest contribution to net job creation. On the other hand, large businesses played the leading job-creation role in 1998, 1999, 2003, 2004 and 2005. The year 2003 was very atypical because job creation only occurred in small businesses with fewer than 20 employees and in large businesses, resulting in skewed relative contributions to job creation.

A significant limitation of these data is that they are for a period when the economy was generally expanding, with only a mild downturn at the beginning of the period (1995–96). In a more severe downturn or a recession, the percentage contributions to job creation (or loss) by smaller businesses may be quite different.

Table 7 and Figure 5 show year-over-year quarterly changes in paid employment from the first quarter of 2004 to the second quarter of 2007 by business size. Jobs were created in the private sector in every quarter over this entire period and the number of jobs created increased rapidly between 2004 and 2006. After 2006, the rate of job creation slowed somewhat, but remained very high compared with 2004. Few jobs were shed in any firm-size category, but some job losses occurred in small and medium-sized businesses and they happened mostly in 2004 and early 2005.

Small businesses created jobs in each year-over-year period between 2004 and the second quarter of 2007, except for between the third quarter of 2003 and the third quarter of 2004 and between the first quarter of 2004 and the first quarter of 2005. Although large businesses often created the most new jobs, small businesses were responsible for the bulk of job creation between the third quarter of 2005 and the second quarter of 2006.

Job creation among micro-businesses was the most volatile of the seven firm-size categories. Micro-businesses shed jobs in each of the four quarters in 2004 and in each of the first two quarters in 2007. However, between these two periods of job losses, micro-businesses were a significant source of job creation. This is particularly true for 2006, when micro-businesses created more than 19 000 jobs in three of the four quarters.

Table 6: Percent Contribution to the Net Change in Private Sector Paid Employment by Size of Business Enterprise (Annual Averages), 1996–2006[1,2]

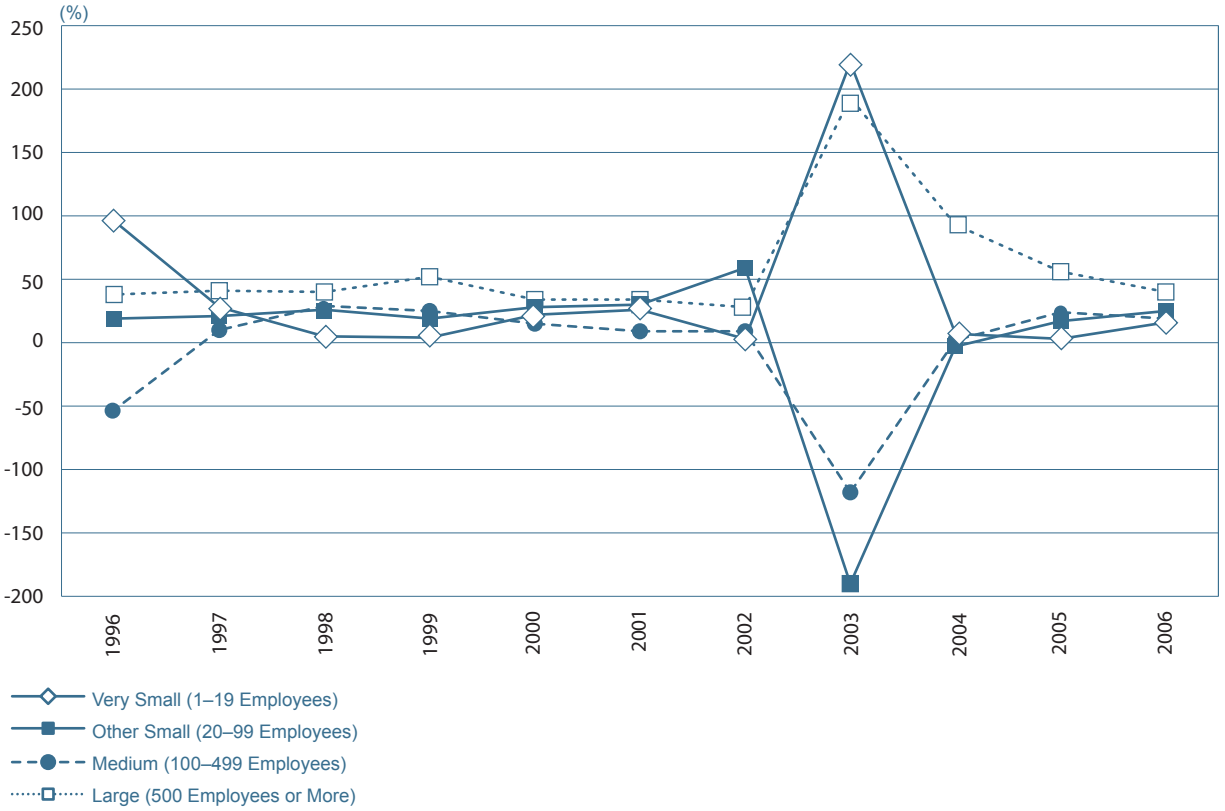
	Size of Business — Number of Employees (Percent Contribution)						
Year	0–4	5–19	20–49	50–99	*Small (<100)*	*Medium (100–499)*	Large (500+)
1996	7	88	38	-20	*114*	*-53*	38
1997	3	25	11	10	*49*	*10*	41
1998	2	3	14	12	*31*	*29*	40
1999	4	-1	9	11	*23*	*25*	52
2000	4	18	17	11	*50*	*15*	34
2001	16	10	17	13	*57*	*9*	34
2002	-2	5	28	31	*62*	*9*	28
2003	80	142	-5	-185	*32*	*-118*	193
2004	-12	19	-3	1	*4*	*2*	93
2005	8	-5	6	11	*20*	*24*	56
2006	7	9	13	12	*41*	*19*	40

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2007, and calculations by Industry Canada. Historical data are frequently revised and, as of 2000, are available on a North American Industry Classification System (NAICS) basis. Updates for the total economy covered by SEPH are regularly published in *Small Business Quarterly*.

Note 1: 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 in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are largely due to revisions to the historical SEPH data. A small proportion of the differences is the result of refinements in the methodology used to separate the private and public sectors. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

Figure 4: Percent Contribution to the Net Change in Private Sector Paid Employment by Size of Business Enterprise, 1996–2006



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2007, and calculations by Industry Canada. Historical data are frequently revised and, as of 2000, are available on a North American Industry Classification System (NAICS) basis. Updates for the total economy covered by SEPH are regularly published in *Small Business Quarterly*.

Table 7: Year-Over-Year Net Private Sector Paid Employment Change and Percent Contribution by Size of Business Enterprise, Quarterly, 2004 Q1 to 2007 Q2[1,2,3]

Year and Quarter	Total Net Change	Net Private Sector Paid Employment Change by Size of Business								
		0–4	5–19	20–49	50–99	*Small (<100)*	100–299	300–499	*Medium (100–499)*	Large (500+)
2004 Q1	25 951	-1 076	-3 856	5 402	6 945	*7 415*	-9 788	-12 876	*-22 664*	41 188
Q2	94 218	-4 424	23 562	-9 807	412	*9 743*	-7 625	9 049	*1 424*	83 044
Q3	130 552	-27 053	33 909	-7 789	-2 517	*-3 450*	-2 285	12 585	*10 300*	123 698
Q4	136 582	-13 465	19 337	-758	-2 022	*3 092*	20 176	51	*20 227*	113 259
2005 Q1	141 783	9 576	-2 160	-9 829	2 037	*-376*	20 717	20 266	*40 983*	101 179
Q2	118 933	6 014	-15 977	11 150	14 808	*15 996*	29 836	-1 605	*28 230*	74 715
Q3	117 244	13 828	-12 375	21 284	25 042	*47 780*	27 908	-680	*27 228*	42 231
Q4	148 608	12 367	2 631	9 542	16 458	*40 997*	21 358	9 702	*31 060*	76 553
2006 Q1	265 882	19 903	29 176	35 436	30 960	*115 475*	50 761	4 757	*55 518*	94 892
Q2	271 944	20 696	34 904	36 183	37 267	*129 050*	38 100	15 682	*53 782*	89 110
Q3	279 607	14 203	22 851	31 199	26 494	*94 747*	33 803	19 020	*52 823*	132 043
Q4	288 568	19 473	13 652	43 636	37 050	*113 811*	28 763	27 508	*56 271*	118 482
2007 Q1	215 847	-7 757	21 354	27 581	18 512	*59 690*	31 844	27 803	*59 647*	96 510
Q2	220 457	-5 549	18 143	28 570	18 026	*59 189*	32 824	21 024	*53 849*	107 416
	% Contribution to Private Sector Employment Change by Size of Business									
2004 Q1	100	-4.1	-14.9	20.8	26.8	*28.6*	-37.7	-49.6	*-87.3*	158.7
Q2	100	-4.7	25.0	-10.4	0.4	*10.3*	-8.1	9.6	*1.5*	88.1
Q3	100	-20.7	26.0	-6.0	-1.9	*-2.6*	-1.8	9.6	*7.9*	94.8
Q4	100	-9.9	14.2	-0.6	-1.5	*2.3*	14.8	0.0	*14.8*	82.9
2005 Q1	100	6.8	-1.5	-6.9	1.4	*-0.3*	14.6	14.3	*28.9*	71.4
Q2	100	5.1	-13.4	9.4	12.5	*13.4*	25.1	-1.3	*23.7*	62.8
Q3	100	11.8	-10.6	18.2	21.4	*40.8*	23.8	-0.6	*23.2*	36.0
Q4	100	8.3	1.8	6.4	11.1	*27.6*	14.4	6.5	*20.9*	51.5
2006 Q1	100	7.5	11.0	13.3	11.6	*43.4*	19.1	1.8	*20.9*	35.7
Q2	100	7.6	12.8	13.3	13.7	*47.5*	14.0	5.8	*19.8*	32.8
Q3	100	5.1	8.2	11.2	9.5	*33.9*	12.1	6.8	*18.9*	47.2
Q4	100	6.7	4.7	15.1	12.8	*39.4*	10.0	9.5	*19.5*	41.1
2007 Q1	100	-3.6	9.9	12.8	8.6	*27.7*	14.8	12.9	*27.6*	44.7
Q2	100	-2.5	8.2	13.0	8.2	*26.8*	14.9	9.5	*24.4*	48.7

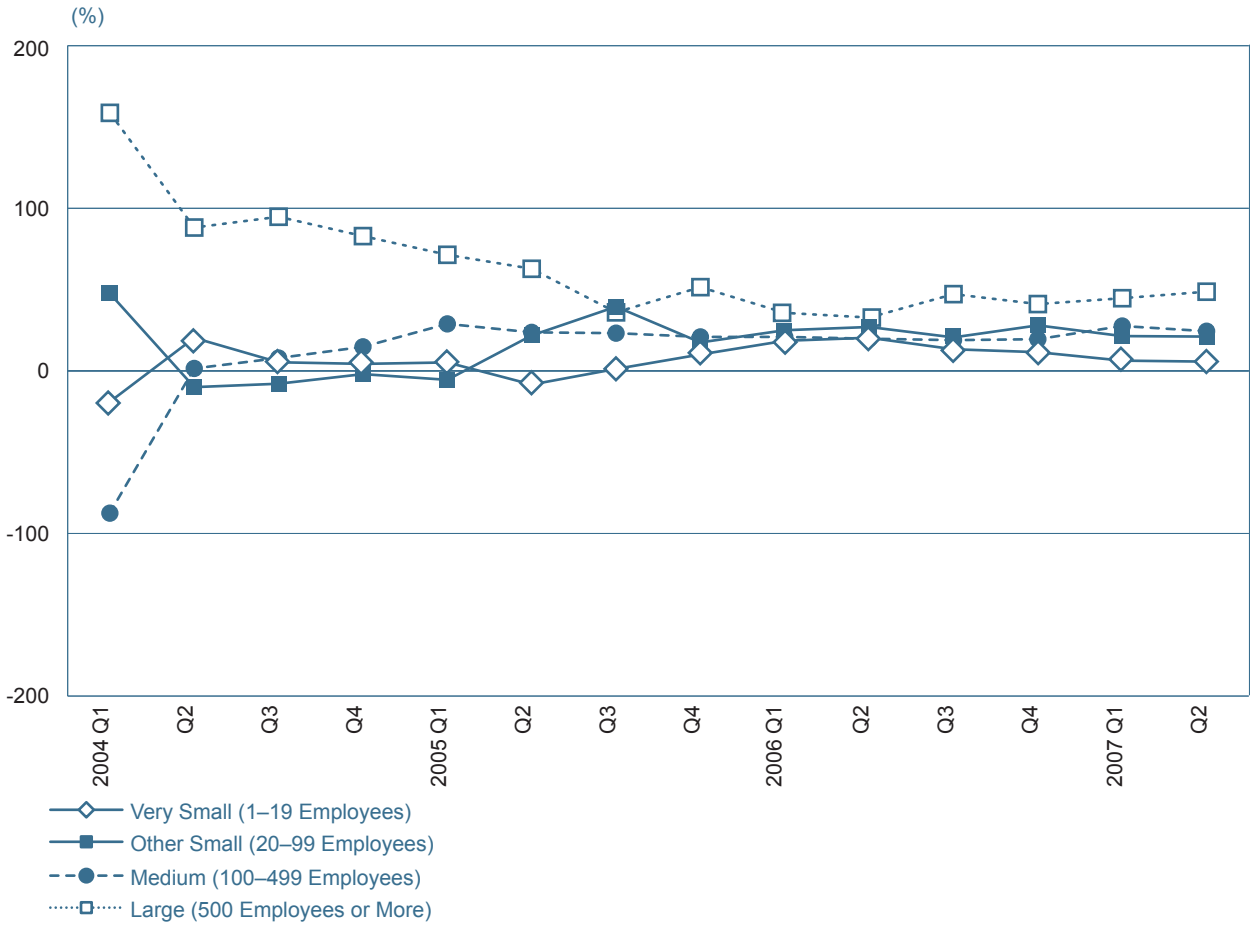
Source: Statistics Canada, Survey of Employment, Payrolls and Hours (SEPH), September 2007, and calculations by Industry Canada.

Note 1: 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 in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are largely due to revisions to the historical SEPH data. A small proportion of the differences is the result of refinements in the methodology used to separate the private and public sectors. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

Note 3: Minor discrepancies between total net employment change and the sum of changes by size are largely due to small differences between aggregate and the sum of disaggregated source data.

Figure 5: Percent Contribution to Year-Over-Year Net Change in Private Sector Employment by Size of Business Enterprise, Quarterly, 2004 Q1 to 2007 Q2[1,2]



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), September 2007, and calculations by Industry Canada.

Note 1: 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 in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

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What is the contribution of small businesses to employment creation by growth firms?

The Canadian economy is dynamic, with a great deal of churning, i.e., entry and exit of firms. Within this ever-changing environment, start-ups and new firms are very important for creating jobs and wealth, but a small number of growth firms make very large contributions to employment creation. Industry Canada's Small Business Policy Branch has completed several studies on firm growth and job creation using firm-level data on Canadian employer firms. The most recent study[6] examined the 1993–2003 period, which covers both expansionary and recessionary periods.

Businesses that operated over the full period were categorized, based on their employment growth between 1993 and 1997, as hyper growth (those that grew more than 150 percent over these four years), strong growth (growth of 50–150 percent), slow growth (positive growth of less than 50 percent) or declining firms (negative growth). Firms were then tracked between 1993 and 2003 to investigate which firms contributed to employment growth and how many small firms grew into larger firms.

Although churning was responsible for approximately half of job creation between 1993 and 2003, continuing businesses made a very important contribution to job creation over this period. Table 8 shows that, of 799 000 firms operating in 1993, only 310 000 continued to operate in 2003, and they created 967 000 net jobs. Small firms (businesses with fewer than 100 employees) contributed greatly to employment growth over this period, creating 748 000 net jobs. Medium-sized businesses (those with between 100 and 499 employees) created 263 000 net jobs, while large businesses (those with 500 or more employees) shed 44 000 net jobs over this period.

The contribution of hyper and strong growth enterprises to employment creation is remarkable, particularly on the part of small businesses. As shown in Table 8, hyper and strong growth firms numbered nearly 53 000, accounting for less than 7 percent of the number of private sector firms in operation in 1993, but created 997 000 net jobs over the 10 years between 1993 and 2003. Over 52 000 of these firms were small businesses, which created 585 000 net jobs, accounting for 60 percent of net jobs created in the private sector. This number includes 141 000 jobs created by micro hyper and strong growth businesses (not shown). Furthermore, the actual contribution of very small firms is likely understated because owner–operators are likely not included as employees. In contrast, employment in slow growth and declining firms fell over the 1993–2003 period, principally because of the 270 000 jobs lost in large firms.

6. Further results and more information on the database are available at **www.ic.gc.ca/sbresearch**.

Table 8: Number of Businesses, Net Employment Creation and Percentage Contribution by Growth Category and Size of Firm, Canada, 1993–2003

Growth Category		Small (0–99)	Medium (100–499)	Large (500+)	All Firms
Hyper and Strong Growth Firms (at least 50 percent employment growth between 1993 and 2003)	Number of businesses	52 198	555	102	52 855
	% of all continuing firms	16.8	0.2	0.0	17.0
	Jobs created	584 997	186 681	225 764	997 442
	% of jobs created by continuing firms	60.5	19.3	23.3	103.2
Slow Growth and Declining Firms (less than 50 percent employment growth between 1993 and 2003)	Number of businesses	251 205	5 026	1 118	257 349
	% of all continuing firms	81.0	1.6	0.4	83.0
	Jobs created	162 487	76 530	-269 879	-30 862
	% of jobs created by continuing firms	16.8	7.9	-27.9	-3.2
All Continuing Firms (firms that operated between 1993 and 2003)	Number of businesses	303 429	5 581	1 220	310 230
	% of all continuing firms	97.8	1.8	0.4	100.0
	Jobs created	747 648	263 268	-44 037	966 880
	% of jobs created by continuing firms	77.3	27.2	-4.6	100.0

Source: D. Halabisky, *The Growth Process: Job Creation by Firm Age*, Industry Canada, November 2006.

How much do employees of small businesses earn?

Statistics Canada's *Survey of Employment, Payrolls and Hours* (SEPH) publishes average weekly earnings at the enterprise level based on weekly payroll data. Data include gross pay, as well as overtime and bonuses, commissions and other special payments, before major deductions such as income taxes, employment insurance contributions, etc., but exclude taxable allowances and benefits, and employer contributions to employment insurance, pension plans and other welfare plans. Average weekly earnings are derived by dividing total weekly payrolls by payroll employment (see **How many people work for small businesses?**). SEPH excludes self-employed persons not on a payroll and does not cover the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data shown below also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

In 2006, an average worker in Canada's private sector earned approximately $737 per week (Table 9 and Figure 6). Generally, employees' weekly earnings were positively related to the size of the business — employees working for businesses with fewer than 100 employees earned below the average with weekly earnings of $672, whereas those working for medium-sized firms (more than 100 but fewer than 500 employees) and large firms (500 employees or more) earned above the average with weekly earnings of $778 and $795 respectively. In the service-producing sector, micro-firms had the highest weekly earnings of all small businesses at $674. This may be because employment in larger small firms is concentrated in the three lowest-paying industries, namely retail trade; accommodation and food services; and arts, entertainment and recreation.

On average in 2006, employees in the goods-producing sector were paid $279 more per week than those working in the service-producing sector. The difference in earnings between the two sectors was greatest in large firms at approximately $372 per week or an annual average differential of $19 344. However, goods-producing employees also worked longer hours, so the difference in earnings per hour would be less pronounced.

Table 9: Average Weekly Earnings by Firm Size (Number of Employees) in the Private Sector, 2006[1,2]

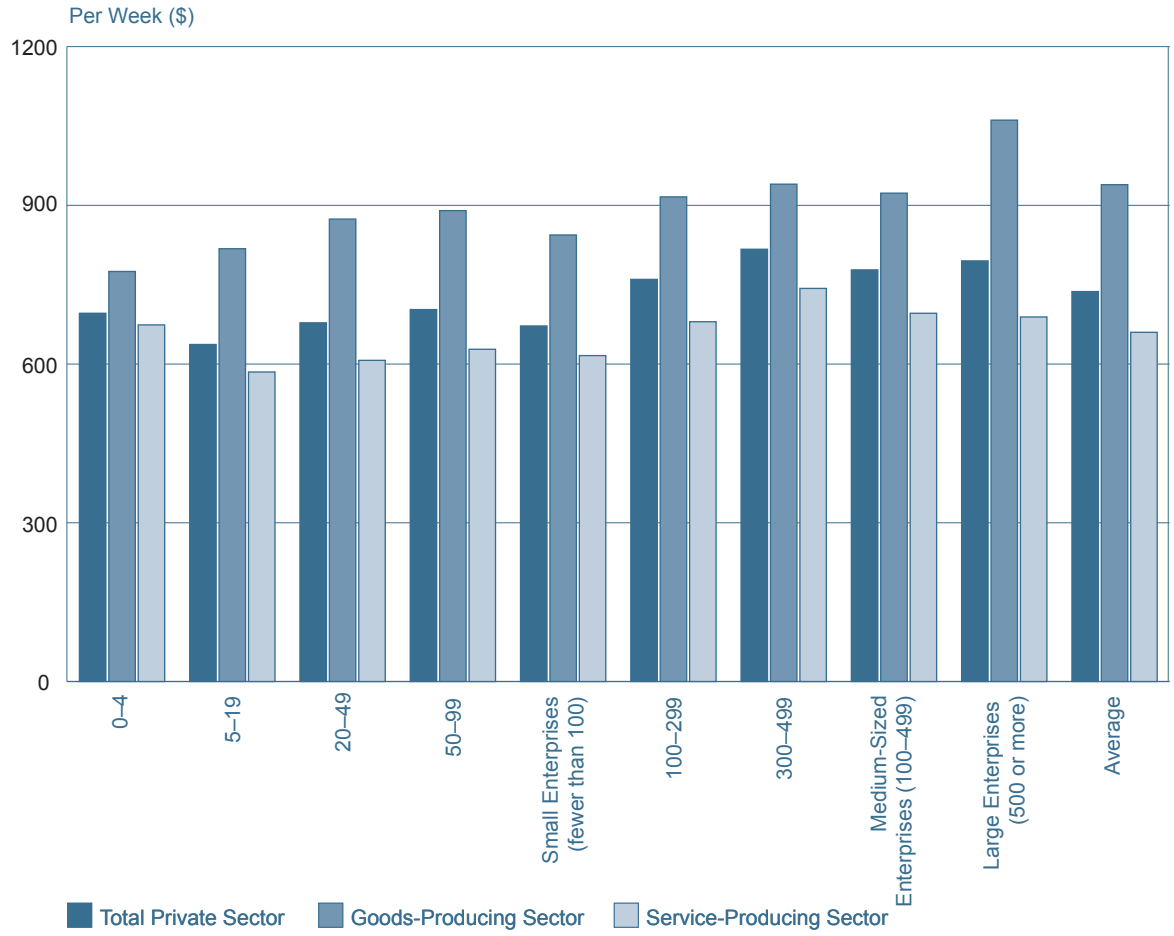
Number of Employees	Private Sector	Goods-Producing Sector[2]	Service-Producing Sector[2]
0–4	$696	$775	$674
5–19	$637	$818	$585
20–49	$678	$874	$607
50–99	$703	$890	$628
Small Enterprises (fewer than 100)	*$672*	*$844*	*$616*
100–299	$760	$916	$680
300–499	$817	$940	$743
Medium-Sized Enterprises (100–499)	*$778*	*$923*	*$696*
Large Enterprises (500 or more)	*$795*	*$1061*	*$689*
Average	**$737**	**$939**	**$660**

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2007, and calculations by Industry Canada.

Note 1: 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 in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31–33, while NAICS codes 41 to 91 define the service-producing sector.

Figure 6: Average Weekly Earnings in the Goods-Producing and Service-Producing Sectors by Firm Size in the Private Sector, 2006[1,2]



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2007, and calculations by Industry Canada.

Note 1: 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 in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31–33, while NAICS codes 41 to 91 define the service-producing sector.

What is the contribution of small businesses 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. Value added is 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. Because it measures unduplicated value added, GDP is considered more useful for gauging economic performance than, for example, revenue, business counts or even employment.

GDP data are not available by firm size, but the Government of British Columbia's statistical service (BC Stats) has developed a method to determine the small business contribution to GDP by province using the income-based approach of the System of National Accounts.[7] Table 10 shows the percentage of small business' contribution to GDP for Canada and each province from 1993 to 2005.

BC Stats' definition of small business is limited to businesses with fewer than 50 employees, plus those operated by the self-employed with no paid employees. By this definition, it is estimated that, in 2005, small businesses accounted for approximately 22 percent of Canada's GDP. The percentage varies from a low of 14 percent in Newfoundland and Labrador to a high of 26 percent in British Columbia. Over time, the contribution of small businesses to GDP has declined slightly at the national level. In the largest provinces (Ontario and Quebec) and Nova Scotia, the contribution of small businesses has remained fairly constant, while the contribution has been declining in other provinces. This is particularly true for Newfoundland and Labrador, Prince Edward Island and Saskatchewan, whose contributions declined by approximately 30 percent between 1993 and 2005.

7. A background note describing the method in somewhat greater detail is available upon request by contacting **Customer Services** at **prg-sbpb@ic.gc.ca**.

Table 10: Small Business' Contribution to GDP by Province, 1993–2005[1,2]

Province	Contribution to GDP (Percent)												
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Newfoundland and Labrador	21	20	21	21	21	19	17	17	18	15	15	15	14
Prince Edward Island	35	33	34	28	27	27	26	30	27	28	25	25	24
Nova Scotia	24	25	27	26	25	24	23	25	24	23	23	22	22
New Brunswick	26	25	27	25	24	24	22	23	23	23	23	23	23
Quebec	26	26	27	26	24	24	24	25	25	25	24	24	25
Ontario	22	22	24	23	22	22	22	22	22	21	22	21	21
Manitoba	24	24	25	26	24	22	21	21	22	21	21	21	20
Saskatchewan	29	27	30	31	26	26	25	22	23	23	22	22	20
Alberta	26	25	28	27	26	27	25	21	22	23	21	21	19
British Columbia	32	31	32	31	30	29	27	27	27	27	27	26	26
Canada	**25**	**25**	**27**	**26**	**24**	**24**	**23**	**23**	**24**	**23**	**23**	**22**	**22**

Source: British Columbia's Statistical Service.

Note 1: In these data, small businesses comprise businesses with fewer than 50 employees, plus those operated by the self-employed with no paid employees.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to the overall GDP estimates.

Who is self-employed?

Self-employed workers are people who earn income directly from their own business, trade or profession rather than earn a specified salary or wage from an employer. Statistics Canada defines the self-employed as working owners of an unincorporated or incorporated business, persons who work on their own account but do not have a business and persons working without pay in a family business.

How many people are self-employed?

In 2006, there were 2.5 million self-employed workers representing around 15 percent of all employed workers in the Canadian economy (Table 11). The number of self-employed in the third quarter of 2007 reached an all-time high of 2.65 million. Over the past decade, the number of self-employed workers increased by 15.0 percent. Slightly more than one third of self-employed workers were female — the share of female self-employment rose steadily from 1976 to 1998, from 26 percent to 36 percent, and has remained at around 35 percent since 1999.

Table 11: Total Number of Self-Employed Persons (Thousands) by Gender, Yearly and Quarterly, 1997–2007[1,2]

Year and Quarter	Total Self-Employment	Self-Employment as % of Total Employment	Male Self-Employed	% of Self-Employed	Female Self-Employed	% of Self-Employed
1997	2349.4	17.1	1522.2	65	827.2	35
1998	2405.7	17.1	1550.6	64	855.1	36
1999	2433.0	16.9	1582.8	65	850.2	35
2000	2373.7	16.1	1538.7	65	835.1	35
2001	2276.7	15.2	1503.3	66	773.4	34
2002	2314.5	15.1	1499.7	65	814.7	35
2003	2401.8	15.3	1571.1	65	830.7	35
2004	2453.4	15.4	1614.5	66	838.9	34
2005	2511.6	15.5	1645.6	66	866.0	34
2006	2498.0	15.2	1621.4	65	876.6	35
2004 Q1	2393.7	15.4	1564.9	65	828.7	35
Q2	2461.7	15.4	1621.4	66	840.3	34
Q3	2487.1	15.3	1649.5	66	837.6	34
Q4	2470.9	15.4	1622.1	66	848.8	34
2005 Q1	2470.8	15.7	1613.1	65	857.8	35
Q2	2505.0	15.4	1636.3	65	868.7	35
Q3	2521.2	15.3	1664.5	66	856.7	34
Q4	2549.1	15.7	1668.6	65	880.6	35
2006 Q1	2508.3	15.6	1640.2	65	868.1	35
Q2	2491.7	15.0	1611.2	65	880.5	35
Q3	2491.8	14.9	1609.2	65	882.6	35
Q4	2500.1	15.1	1625.1	65	875.1	35
2007 Q1	2539.9	15.5	1656.0	65	884.0	35
Q2	2637.2	15.6	1721.6	65	915.5	35
Q3	2651.2	15.5	1719.9	65	931.3	35

Source: Statistics Canada, *Labour Force Survey*, April 2007.

Note 1: Figures for men and women may not add up to total due to rounding.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

Table 12 shows a breakdown of the self-employed in five categories from 1996 to 2006. On average in 2006, of 2.50 million self-employed workers, 64.9 percent had no paid help, 33.9 percent worked with paid help and 1.1 percent were unpaid family workers. Self-employed workers with and without paid help are further categorized according to whether their businesses[8] were incorporated or not. Of those who worked without paid help, 1.2 million or 75 percent were unincorporated in 2006; this category accounted for half the total number of self-employed in Canada.

8. Although the term "incorporated activities" generally refers to businesses, this is not necessarily the case when we speak of "unincorporated activities." According to the definition used by Statistics Canada's *Labour Force Survey*, self-employed workers involved in unincorporated activities are "active owners of a business, farm or unincorporated professional office and independent workers who do not have a business as such (child-care workers, newspaper delivery agents, etc.)."

The number of self-employed persons with incorporated businesses increased 3.5 percent annually, on average, over the past 10 years (not shown), compared with 1.3 percent for all self-employed. However, there was a great difference in the pattern of growth between incorporated businesses with paid help and those without. The number of incorporated businesses with paid help grew 1.6 percent annually, on average, between 1996 and 2006. In contrast, the number of incorporated self-employed persons without paid help increased rapidly between 1996 and 2006, with average annual increases of 7.2 percent.

Table 12: Average Annual Number of Self-Employed Persons by Category (Thousands) and Average Annual Growth Rates (Percent), 1996–2006[1]

Year	Total	With Paid Help			Without Paid Help			Unpaid Family Workers
		Total	Incorporated	Unincorporated	Total	Incorporated	Unincorporated	
1996	**2171.6**	812.3	491.9	320.4	1303.2	190.8	1112.4	56.1
1997	**2349.4**	816.6	528.9	287.7	1468.4	252.5	1215.9	64.4
1998	**2405.7**	805.2	508.9	296.3	1541.2	247.6	1293.6	59.3
1999	**2433.0**	825.5	532.9	292.6	1562.7	276.8	1285.9	44.8
2000	**2373.7**	815.6	519.8	295.8	1516.5	292.0	1224.5	41.6
2001	**2276.7**	787.1	495.3	291.8	1457.2	304.2	1153.0	32.4
2002	**2314.4**	781.1	497.2	283.9	1500.8	323.2	1177.6	32.5
2003	**2401.8**	796.2	513.1	283.1	1571.6	355.3	1216.3	34.0
2004	**2453.5**	835.3	559.4	275.9	1588.5	384.6	1203.9	29.7
2005	**2511.5**	863.8	590.4	273.4	1622.1	400.3	1221.8	25.6
2006	**2498.1**	847.9	584.9	263.0	1621.9	407.9	1214.0	28.3
Average Annual Growth Rate, 1996–2006								
	1.3%	0.4%	1.6%	-1.8%	2.0%	7.2%	0.8%	-6.0%

Source: Statistics Canada, *Labour Force Survey*, April 2007.

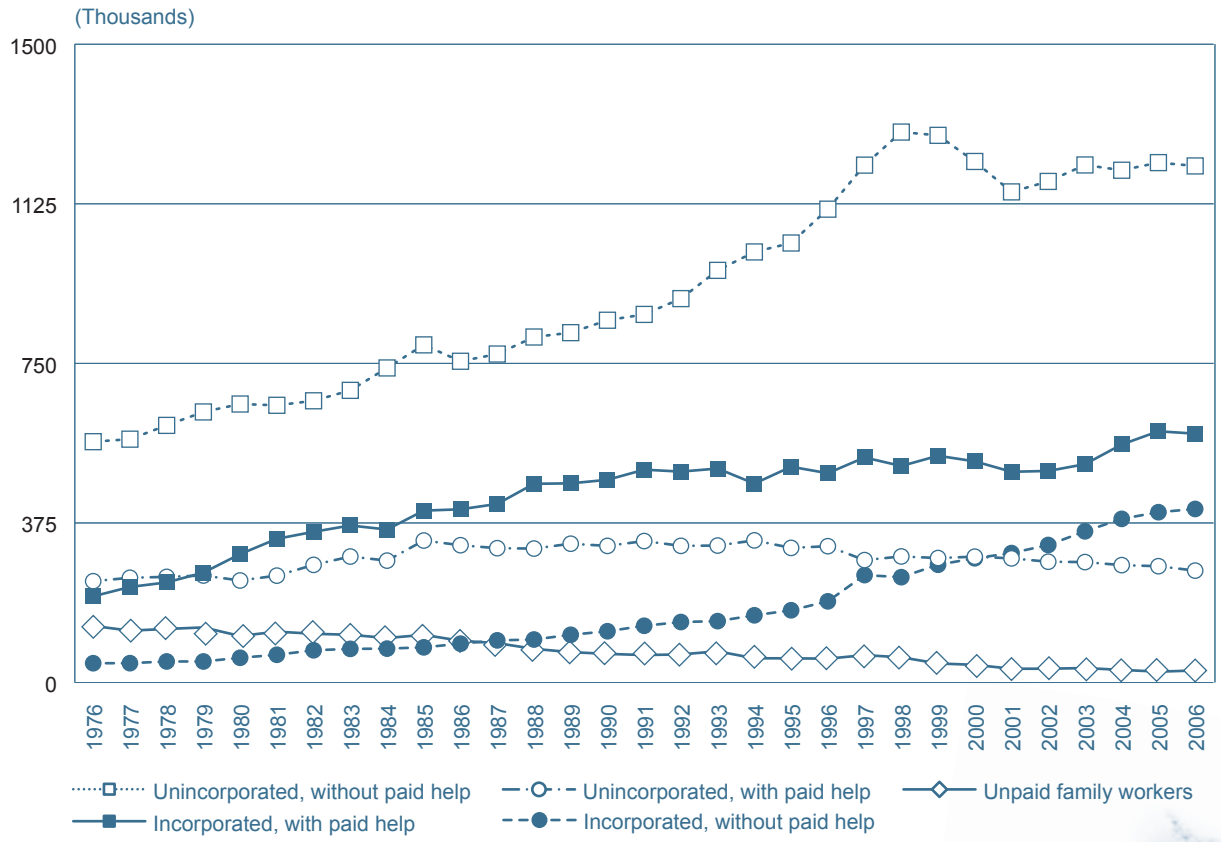
Note 1: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

The total number of self-employed workers in Canada increased at an annual rate of 2.1 percent between 1976 and 2006 but, as shown in Figure 7, the various categories of self-employed workers experienced slightly different growth rates from 1976 to 2006. This means the relative importance of the various categories changed slightly over time.

Self-employed workers owning incorporated businesses registered the highest growth rates — 7.3 percent for businesses without paid employees, followed by incorporated businesses with paid employees at 3.5 percent. A third category also showed a relative increase in importance — 2.5 percent for self-employed workers owning unincorporated businesses with no paid employees.

Two categories experienced growth rates below the 2.1-percent average, which means their relative importance in terms of self-employed workers diminished. These categories were self-employed workers owning unincorporated businesses with paid employees (0.3 percent) and unpaid family workers (-4.9 percent).

Figure 7: Self-Employed Persons (Thousands) by Category, 1976–2006



Source: Statistics Canada, *Labour Force Survey*, April 2007.

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 in the private sector have ranged from 9 percent to 52 percent per year between 1995 and 2006 (Table 13).[9] The net change in self-employment between 2005 and 2006 was negative for only the fourth time over the 1977–2006 period (Figure 8). The other three years were 1986, 2000 and 2001. In 1982, 1991 and 1992, self-employment grew, while total employment growth turned negative due to economic recessions. It is interesting to note that the two greatest increases in the number of self-employed persons relative to the overall change in private sector employment occurred at the end of these recessions (in 1983 and 1993) — 167 percent in 1983 and 103 percent in 1993. This is because when job market conditions tighten, people who cannot find suitable employment tend to start their own businesses and become self-employed.

Table 13: Private Sector Total Net Employment Change and Net Self-Employment Change, Year-Over-Year, 1995–2006[1,2,3]

Year	Private Sector Total Net Employment Change (thousands)	Private Sector Employees		Self-Employed Persons	
		Net Change (thousands)	Percentage of Total Private Sector Employment Change	Net Change (thousands)	Percentage of Total Private Sector Employment Change
1995	279.3	224.6	80	54.7	20
1996	169.2	80.7	48	88.5	52
1997	340.8	162.9	48	177.9	52
1998	350.9	294.6	84	56.3	16
1999	299.8	272.5	91	27.3	9
2000	258.8	318.0	123	-59.2	-23
2001	138.3	235.4	170	-97.1	-70
2002	298.9	261.1	87	37.8	13
2003	315.0	227.6	72	87.3	28
2004	186.2	134.7	72	51.5	28
2005	144.1	85.9	60	58.2	40
2006	240.0	253.6	106	-13.6	-6

Source: Statistics Canada, *Labour Force Survey*, April 2007.

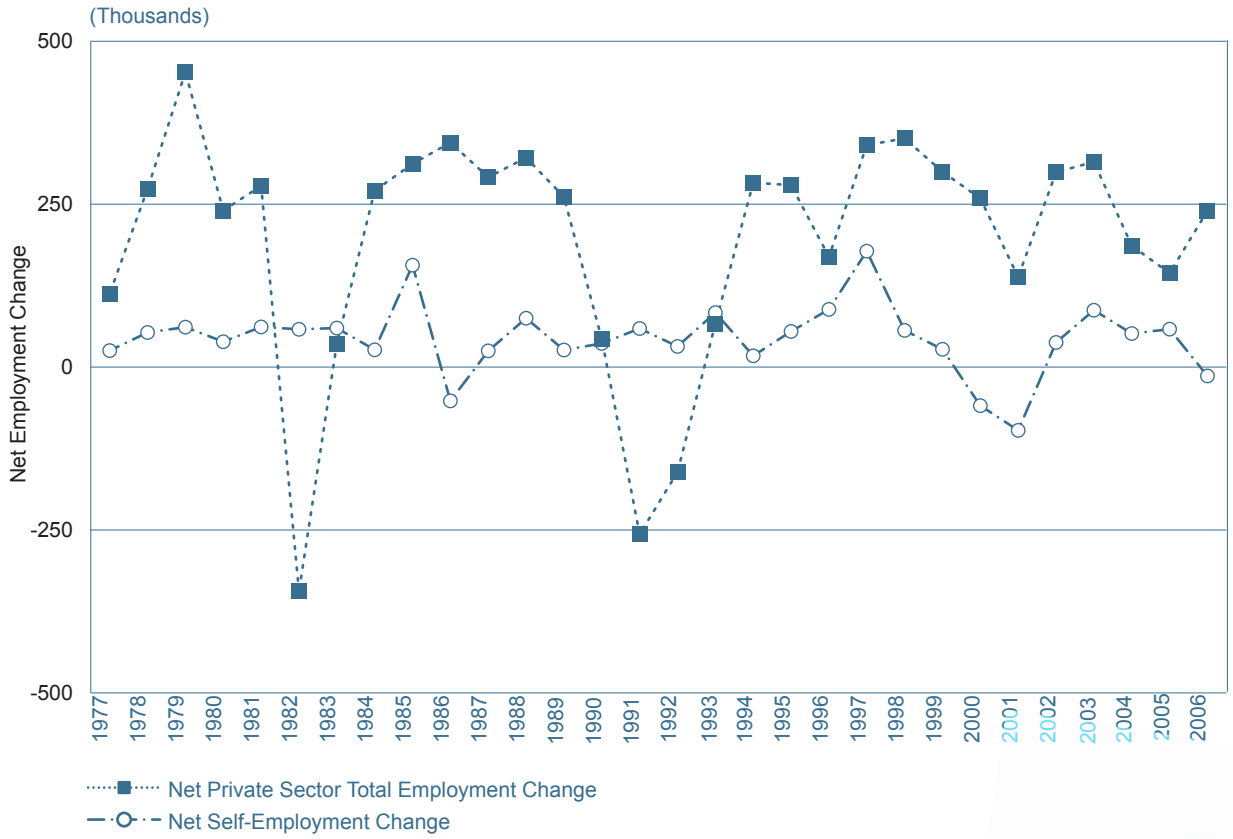
Note 1: (-) indicates a negative contribution to total net employment change.

Note 2: Net change figures may not add up to total net change due to rounding.

Note 3: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

9. In Table 13, employment in the private sector is defined as the total of self-employed workers and private sector employees, regardless of business size. The definition of private sector employees in the *Labour Force Survey* used in Table 13 is not identical to the definition in the *Survey of Employment, Payrolls and Hours* (SEPH) data in Tables 5 to 7, but the differences are minor.

Figure 8: Private Sector Total Net Employment Change and Net Self-Employment Change, Year-Over-Year (Thousands), 1977–2006



Source: Statistics Canada, *Labour Force Survey*, April 2007.

Do the self-employed work longer hours than employees?

The evidence is strong that the self-employed work longer hours than employees; this has been the case since at least 1987. On average, the self-employed worked 41.4 hours per week in 2006 compared with 35.7 hours for employees. Even more striking is the large difference in those who usually worked over 50 hours per week in 2006 — 34 percent of self-employed persons worked over 50 hours compared with less than 5 percent of employees (Figure 9). Clearly, the self-employed usually work longer hours than employees.

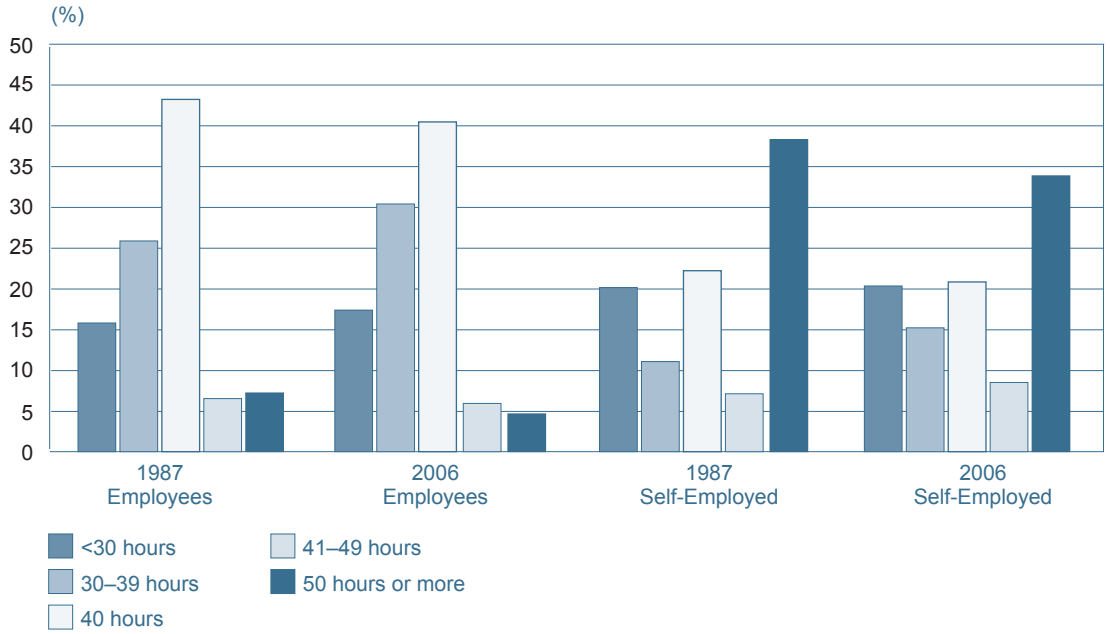
When it comes to working part-time (less than 30 hours per week), the self-employed are very similar to employees — 21 percent of the self-employed and 18 percent of employees worked part-time in 2006.

These differences between the self-employed and employees persisted over the 1987–2006 period, although there has been some abatement in the tendency of the self-employed to work over 50 hours per week since 1999. As well, there has been a small rise in the proportion of those working part-time, both among the self-employed and among employees.

As shown in Figure 10, there are also major differences between men and women in usual weekly hours worked — men are more likely to work long hours, whereas women are more likely to work part-time. On average, self-employed men worked 45.2 hours per week in 2006 compared with 34.3 hours for self-employed women. Furthermore, 42 percent of self-employed men worked over 50 hours in 2006 compared with 21 percent of self-employed women. The same pattern applies among employees, although at much lower levels — 8 percent of male employees worked over 50 hours in 2006 compared with 2 percent of female employees.

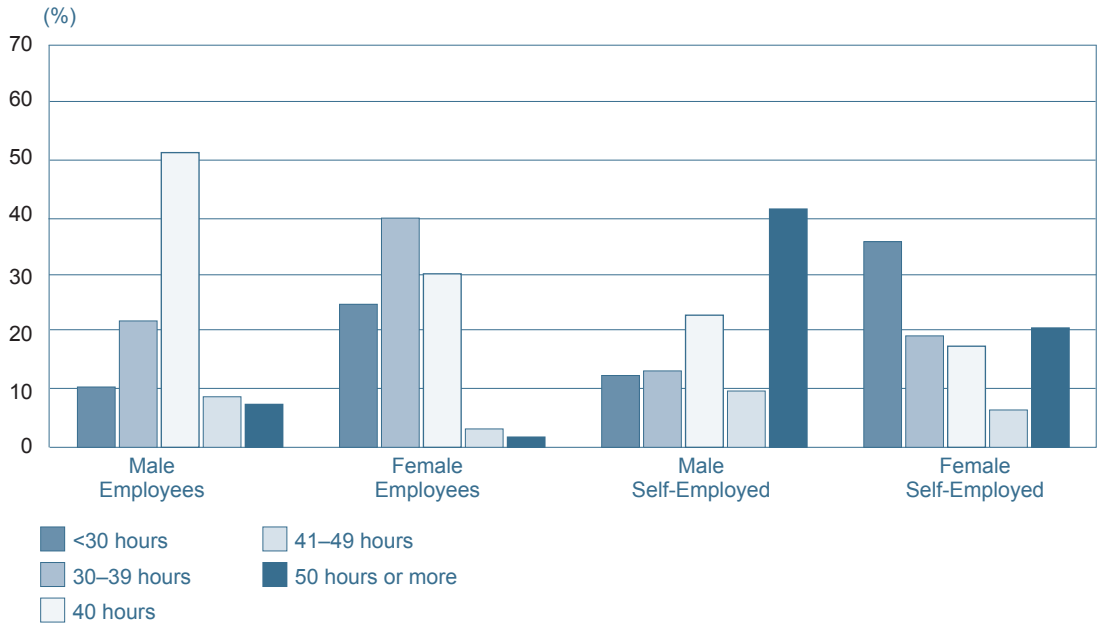
Females are more likely to work part-time, whether they are self-employed or are employees. Among the self-employed, 36 percent of women worked part-time (less than 30 hours) in 2006 compared with 13 percent of men. Among employees, 25 percent of women worked part-time in 2006 compared with 11 percent of men.

Figure 9: Percentage Distribution of Usual Weekly Hours for Employees and the Self-Employed, 1987 and 2006



Source: Statistics Canada, *Labour Force Survey*, April 2007.

Figure 10: Percentage Distribution of Usual Weekly Hours Worked by Class of Worker and Gender, 2006



Source: Statistics Canada, *Labour Force Survey*, April 2007.

How many small business entrepreneurs are women?

There is no easy way to precisely determine the number of entrepreneurs in Canada, much less the number of women entrepreneurs. However, it is possible to estimate the number using available data on self-employment and business ownership.

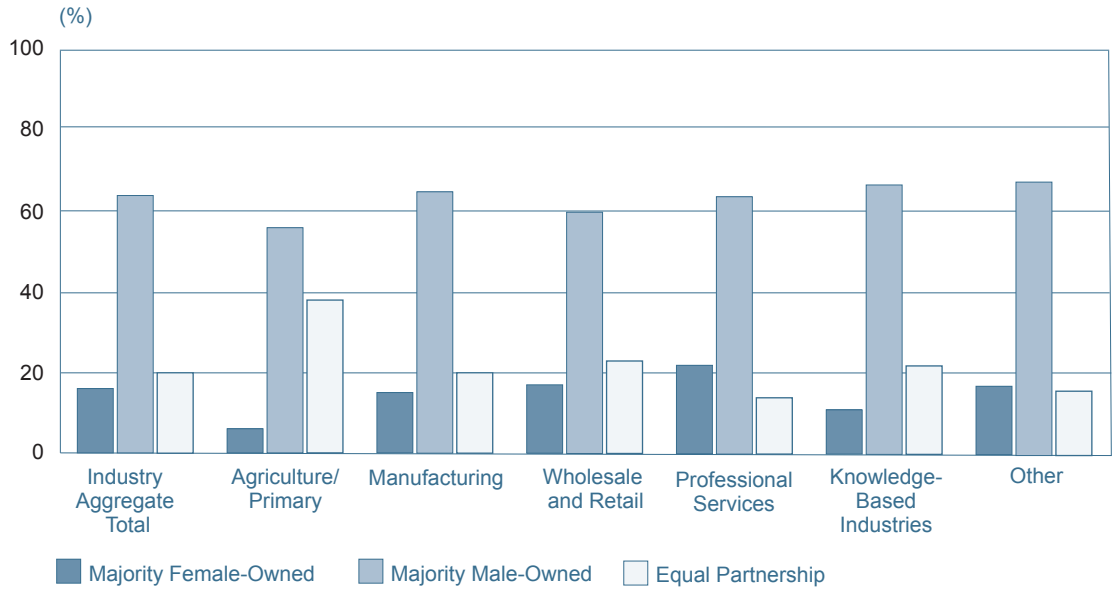
Statistics Canada's *Labour Force Survey* reports there were 877 000 self-employed women in Canada in 2006, accounting for about one third of all self-employed persons. (Although not all of the self-employed would identify themselves as entrepreneurs, the number of self-employed women provides an upper limit for the number of female entrepreneurs.[10]) Between 1996 and 2006, the number of self-employed women grew by 18 percent compared with 14-percent growth in male self-employment.

Another way to count entrepreneurs is through business ownership. Statistics Canada's *Survey on Financing of Small and Medium Enterprises* distinguishes four types of business ownership based on gender: majority female ownership, equal partnership between male and female owners, minority female ownership and no female ownership.

In the 2004 survey, it was estimated that 47 percent of SMEs had some degree of female ownership in 2004. SMEs with equal partnerships between male and female owners accounted for 20 percent, while 16 percent were majority-owned by females. The degree of female ownership varied by industry, but it is clear that the percentage of female-owned businesses lags behind the percentage of majority male-owned businesses in every industry (Figure 11). Professional services industries have the highest share of businesses that are majority-owned by females, at nearly 22 percent, whereas SMEs in agriculture and primary industries have the lowest level, with only 6 percent of businesses majority-owned by females.

10. Some entrepreneurs, especially if they are on the payroll of their own businesses, may not identify themselves as being self-employed; however, this number is likely to be smaller than the number of self-employed who are not entrepreneurs.

Figure 11: Business Ownership Distribution by Gender and Industry, 2004



Source: Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004.

The survey showed that SMEs majority-owned by women were less likely than other SMEs to employ more than 20 employees and also started up more recently than firms that are majority-owned by men. Women owners of SMEs also tended to have fewer years of experience in the industries in which they operated compared with their male counterparts.

Do small businesses innovate as much as large firms?

In a world with limited resources, the fastest way to boost productivity and economic growth is to innovate. Innovation is often thought to be synonymous with high technology inventions, but innovative behaviour encompasses much more than that. The government's January 2001 White Paper on Canada's Innovation Strategy defines innovation as "the creative process of applying knowledge and the outcome of that process."[11]

One indicator of innovative behaviour is the amount of research and development (R&D) expenditures a firm undertakes. R&D is not necessarily easy to measure, especially in the context of small businesses. However, certain data can be obtained either through surveys or from tax records of firms that claim tax credits for R&D expenditures. Statistics on Scientific Research and Experimental Development tax credits reveal two telling facts about innovation by small businesses — in absolute amounts, they spend far less than large firms; however, as a percentage of revenue (R&D intensity), spending on innovation by small businesses far outstrips that of larger firms.

In 2003, according to Statistics Canada, over 12 000 firms spent more than $13 billion on R&D as shown in Table 14. Of total R&D spending, 23 percent came from some 10 734 firms with fewer than 100 employees, or an average of $0.28 million per small business. There were 371 large firms that accounted for 60 percent of total R&D expenditures, an average of $21.3 million per firm. However, the proportion of R&D expenditure as a percentage of company revenue generally decreased with firm size.

Table 14: Scientific Research and Experimental Development Expenditures by Business Size (Number of Employees), 2003

Number of Employees	Number of Companies	R&D Expenditures ($ millions)	Average Expenditure per Company ($ millions)	Percentage of Performing Company Revenues
Non-commercial	18	185	10.3	—-
1–49	9 609	1 980	0.2	5.8
50–99	1 125	1 042	0.9	6.8
100–199	708	1 034	1.5	5.3
200–499	441	1 234	2.8	3.9
500–999	155	1 314	8.5	4.3
1 000–1 999	114	1 933	17.0	2.0
2 000–4 999	59	2 609	44.2	2.0
≥5 000	43	2 062	48.0	0.8
Total	12 272	13 393	1.1	2.1

Source: Statistics Canada, *Industrial Research and Development — 2005 Intentions*, Cat. No. 88-202-XIB, January 2006.

Note: For firms funding or performing less than $1 million in R&D and applying for a tax credit under the Scientific Research and Experimental Development program, the data are derived from administrative data of the Canada Revenue Agency. For firms spending more than $1 million, the data are obtained from a mail-out survey of all firms.

11. Government of Canada, *Achieving Excellence: Investing in People, Knowledge and Opportunity*, January 2001, p. 4.

A broader gauge of innovative behaviour, but only among manufacturing firms, can be found in Statistics Canada's Survey of Innovation 1999.[12] The survey found that 75 percent of small businesses innovated, slightly less than the proportion of large firms (88 percent). Small businesses are defined here as manufacturing firms with between 20 and 49 employees. An innovative firm is one that offered new or significantly improved products (goods or services) or processes in the previous three years.

Although innovative companies in the manufacturing sector exhibited similar characteristics regardless of size, the magnitude of innovation did vary with size. For example, small businesses scored lower than large firms in all measures of involvement in innovative activities, novelty of the innovation, rate of collaboration, use of intellectual property rights and use of government support.

Statistics Canada's Survey of Innovation 2003, which targeted selected service industries,[13] is another source of data on innovation. Similar to the manufacturing survey, this survey defines innovative establishments[14] as those that introduced a new or significantly improved product (good or service) on the market or integrated a new or significantly improved process during the survey period (from 2001 to 2003).[15]

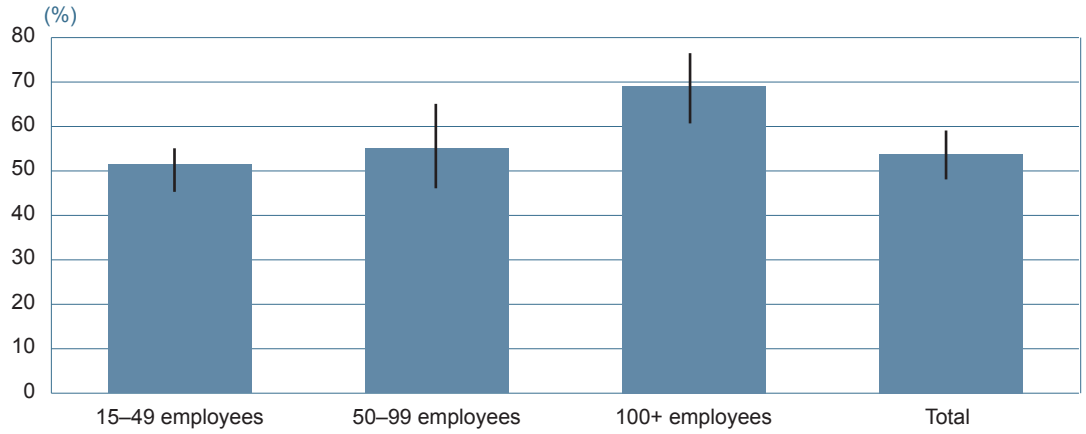
Results from the Survey of Innovation 2003 suggest that the larger the service establishment, the more it innovates. As shown in Figure 12, 51 percent of establishments with 15 to 49[16] employees and 55 percent of establishments with 50 to 99 employees stated that they were innovators for the 2001–2003 period. For the same period, almost 70 percent of establishments with 100 employees or more identified themselves as innovative. Product innovation was the type of innovation developed by the majority of respondents — 83 percent of small, 83 percent of medium-sized and 78 percent of large innovative establishments undertook this type of innovation. In comparison, process innovation was developed by 62 percent of small establishments, 54 percent of medium-sized establishments and 57 percent of large establishments.

12. The Survey of Innovation 1999 covered approximately 6000 provincial enterprises in manufacturing industries and asked about their innovative activities during the three-year period between 1997 and 1999. The definition of innovation, based on the Oslo manual (OECD, 1996), was the introduction of new or improved products or processes. Only firms with more than 20 employees and at least $250 000 in annual gross business revenues were included in the survey.
13. The industries covered by this survey were information and communications technologies industries; selected professional, scientific and technical services; transportation industries; and natural resource support industries.
14. The Survey of Innovation 2003 uses the establishment as the base unit, whereas the previous survey (1999) used the business as the reference unit. For a discussion on the difference between establishment and business, see **How many businesses are there in Canada?**
15. In this survey, an innovative product is a product new to the business, whose characteristics differ significantly from those of the unit's previous products. An innovative process is a new or significantly improved process as well as new or significantly improved ways of supplying services and delivering products that are new to the business.
16. Businesses with fewer than 15 employees were not included in the survey.

Survey results indicate that clients, management staff and R&D staff are each an important source of information for innovation development. The reasons most frequently cited for undertaking innovation are to help businesses stay competitive and to improve product quality. Conversely, non-innovators most often cited absence of demand in their market as the reason they did not innovate.

Small establishments clearly identified economic challenges as the main obstacle to innovating. Small innovators also cited as contributing factors a lack of market information and qualified staff, which are the main obstacles to innovation cited by medium-sized and large establishments.

Figure 12: Percentage of Innovative Service Establishments by Firm Size (Number of Employees), Canada, 2001 to 2003



Source: Statistics Canada, Survey of Innovation 2003.

Note: Vertical rules indicate the 95 percent confidence intervals.

How many small businesses use e-business?

Engaging in electronic business (e-business) is defined as leveraging "the Internet for providing or sharing information, or for delivering services, and/or realizing some or all of its revenues from Internet-based transactions and/or the manufacture and sale of Internet-related products or services."[17] In addition to online purchases and transactions (referred to as e-commerce), e-business includes portfolio management, business planning, and Internet- or intranet-based communication between a business and its clients, suppliers and other partners.

Embracing e-business can offer many benefits to a firm, regardless of its size. Using the Internet as a business tool can improve coordination within the production process, improve communication with suppliers and customers, optimize supply sources and increase a firm's presence in the marketplace. However, the extent to which firms use e-business, and for what purposes, varies considerably depending on a firm's size.

Data on e-business are available from a variety of sources, which often do not agree. The reason for the discrepancies is that e-business survey results are very sensitive to sample selection and timing. The most reliable source of data on e-business is Statistics Canada's *Survey of Electronic Commerce and Technology* (SECT),[18] which covers more than 21 000 firms. It defines small firms as having fewer than 20 employees, medium-sized firms as having between 20 and 99 employees (499 for manufacturing) and large firms as having 100 employees or more (500 or more for manufacturing). Table 15 is based on this survey.

Having an Internet connection does not necessarily mean a business is embracing e-business, although being connected may serve as an indicator for the use of e-business because it is a minimum requirement for participation in almost any form of e-business. Although the rate of small firms connected to the Internet is increasing, they continue to lag behind medium-sized and large firms in terms of both connection rates and the ways in which the Internet is put to use in the business. The overall rate of firms connected to the Internet was 82 percent in 2005, but small firms (79 percent) lagged well behind medium-sized and large firms (96 percent and 98 percent respectively). However, small firms have been closing the gap in connection rates between themselves and medium-sized and large firms in this respect in recent years.

17. *Fast Forward — Accelerating Canada's Leadership in the Internet Economy*. Report of the Canadian E-Business Opportunities Roundtable, January 2000, p.11.

18. The minimum level of revenue required to be included in Statistics Canada's *Survey of Electronic Commerce and Technology* (SECT) varies depending on the industry but ranges from $150 000 to $250 000 per year. Businesses with no full-time employees but that meet the minimum revenue criterion were included in the survey. Those without full-time employees included self-employed persons without paid help, seasonal businesses and virtual firms.

Website ownership rates also increase with firm size. More than twice as many medium-sized (70 percent) and large (82 percent) firms owned websites compared with small firms (33 percent) in 2005. Over the past five years, the proportion of firms that own a website has increased across all sizes of firms.

As firm size increases, there is clearly a higher percentage of firms that buy and sell online. Although the proportion of firms selling online has changed very little since 2001, the proportion of small and medium-sized firms that purchase online has doubled. For instance, in 2005, only 6 percent of small firms sold online, whereas 40 percent purchased online; for medium-sized firms, 10 percent sold and 63 percent purchased online; and for large firms, 16 percent sold and 68 percent purchased online. This likely reflects higher costs associated with setting up operations to sell online compared with the low costs of purchasing online.

Small firms that operate in service industries generally have more e-commerce activity than those operating in goods-producing industries. However, small firms have less activity related to e-commerce than medium-sized and large firms across all industries.

Table 15: Internet Access and Use by Firm Size (Percent), 2001–2005

		2001	2002	2003	2004	2005
Internet Access	Small	68	73	76	79	79
	Medium	91	92	94	96	96
	Large	94	99	97	99	98
	All Firms	71	76	78	82	82
Own Website	Small	24	27	29	32	33
	Medium	57	62	66	69	70
	Large	74	77	77	79	82
	All Firms	29	32	34	37	38
Sell Online	Small	6	7	6	7	6
	Medium	12	13	14	12	10
	Large	15	16	16	13	16
	All Firms	7	8	7	7	7
Purchase Online	Small	20	29	35	40	40
	Medium	30	47	50	59	63
	Large	52	57	61	62	68
	All Firms	22	32	37	43	43

Source: Statistics Canada, *Survey of Electronic Commerce and Technology* (SECT), 2006.

Note: Statistics Canada's *Survey of Electronic Commerce and Technology* (SECT), on which these data are based, defines small firms as having fewer than 20 employees, medium-sized firms as having between 20 and 99 employees, and large firms as having 100 employees or more for all industries except manufacturing. The upper limit for the medium-sized category in the manufacturing industry is 499 employees, whereas firms with 500 employees or more are defined as large.

What is the contribution of small businesses to Canada's exports?

Exporting is vital to Canada's economy, accounting for more than 40 percent of GDP in recent years. Exports can be a driver of economic growth and are strongly correlated with real GDP 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.

New exporter profiles tabulated the data by size of firm (number of employees) for 2002.[19] This new method showed that nearly 85 percent of Canadian exporters were small businesses (defined as enterprises with fewer than 100 employees).[20] More importantly, small businesses were responsible for 20 percent of the total value of exports in 2002, with an average value of $2.3 million. Medium-sized businesses accounted for 15 percent of the total value of exports in 2002, with an average value of $11.8 million, whereas large businesses accounted for 64 percent, with an average value of $194.5 million in exports. It is clear from the new data that small firms do make a significant contribution to Canada's exports.[21]

However, the proportion of small businesses that export is lower than the proportion of small businesses in the overall economy. Only 1.4 percent of small businesses export, whereas 27.0 percent of medium-sized and 37.7 percent of large businesses participate in exporting.

Table 16 shows the distribution of the value of exports by industry grouping, destination and size of firm in 2002. In all industries except manufacturing and mining, oil and gas extraction/utilities, small businesses made the largest contribution to exports of any size firm. In contrast, small businesses only contributed 9 percent of manufacturing exports, compared with 75 percent for large firms.

The distribution of exports by firm size differed a little by destination of exports (Table 16). The United States received 87 percent of exports and other destinations, principally the European Union and Japan, received 13 percent. This ratio remained constant regardless of firm size.

19. For more information, please refer to D. Halabisky, B. Lee and C. Parsley, "Small Business Exporters: A Canadian Profile," Industry Canada, 2005, at **www.ic.gc.ca/sbresearch**.

20. Before 2001, the Canadian Exporter Registry (which covers domestically produced merchandise and does not include services) tabulated data by value of exports, not by size of firm. According to this method, small exporters (defined as firms that export less than $1 million annually) only contributed 1.6 percent of the value of total exports in 2001. The implied conclusion was that small businesses do not make significant contributions to Canada's exports.

21. Export data presented here are at the enterprise level. Tabulating export data at the establishment level results in an even higher contribution by small businesses because small establishments of large firms are included in the count.

Although the majority of exports to the United States went to the industrial heartland and the Eastern seaboard — reflecting proximity to the large exporting provinces of Ontario and Quebec — small firms tended to concentrate on exporting to other regions. Small businesses accounted for 27 percent of exports to the southeast United States and 26 percent to the West, compared with 13 percent for the industrial heartland.

Small and medium-sized enterprises accounted for 12 percent and 13 percent, respectively, of exports to the European Union, whereas large firms accounted for 75 percent of these exports. However, small firms accounted for approximately one quarter of Canadian exports to Japan and South America. This suggests that small businesses send their exports to a broader range of countries than medium-sized and large firms. Large firms may concentrate on a small number of markets to take advantage of economies of scale.

Table 16: Distribution of Total Value of Goods Exports by Industry, Destination and Size of Business Enterprise (Number of Employees), 2002

		Employer Businesses				
			Size of Business Enterprise — Number of Employees (Percent of Total)			
		Total Value ($ millions)	Total	Small (<100)	Medium (100–499)	Large (500+)
Industry Grouping (NAICS)	Agriculture, Forestry, Fishing and Hunting	3 176	0.9	66.2	13.8	19.9
	Mining, Oil and Gas Extraction/Utilities	25 739	7.5	10.3	12.8	77.0
	Construction	810	0.2	80.9	17.0	2.1
	Manufacturing	256 128	74.6	9.0	16.3	74.7
	Wholesale Trade	23 209	6.8	67.6	21.2	11.1
	Retail Trade	1 724	0.5	69.7	10.8	19.5
	Transportation and Warehousing	8 600	2.5	86.1	4.1	9.8
	Information and Cultural Industries/Finance and Insurance	15 689	4.6	87.7	6.2	6.2
	Business Services	5 937	1.7	47.1	14.6	38.3
	Other	2 395	0.7	20.8	6.1	73.1
	Industry Aggregate Total	**343 406**	**100.0**	**20.4**	**15.5**	**64.2**
Destination of Export	**United States**					
	Eastern Seaboard	74 916	21.8	25.5	19.3	55.3
	Industrial Heartland	119 548	34.8	12.7	10.7	76.6
	Midwest	37 647	11.0	24.7	21.3	54.0
	Southeast	23 297	6.8	27.0	19.6	53.4
	West	42 911	12.5	26.4	13.3	60.3
	Total U.S. Exports	**298 319**	**86.9**	**20.5**	**15.2**	**64.2**
	Outside the United States					
	European Union	14 892	4.3	12.2	12.9	74.9
	Japan	9 408	2.7	25.4	23.8	50.8
	Mexico	2 196	0.6	9.9	16.0	74.0
	South America	1 887	0.5	22.9	14.8	62.2
	Other	16 703	4.9	22.8	16.8	60.4
	Total Non-U.S. Exports	**45 087**	**13.1**	**19.2**	**16.9**	**63.9**
	Exporter Registry Total	**343 406**	**100.0**	**20.4**	**15.5**	**64.2**

Source: Statistics Canada, Canadian Exporter Registry, July 2004.

Note: Figures may not add up due to rounding.