



JANUARY 2020

# SME PROFILE

## OWNERSHIP DEMOGRAPHICS STATISTICS

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

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Note: In this publication, the masculine form refers to both women and men.

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Cat. No. Iu188-113/7-2019E-PDF

ISBN 978-0-660-33279-6

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# DATA

The ***2017 Survey on Financing and Growth of Small and Medium Enterprises*** was designed to determine the types of financing used by SMEs, and to collect information on recent attempts by SMEs to obtain new financing. In addition, the survey gathers data on SMEs' growth, activities related to growth and business-owner characteristics.

The target population for the survey was private sector, for-profit SMEs employing between 1 and 499 people and generating over \$30,000 in annual revenues in 2017. The target population of over 730,000 SMEs was stratified by geography, employment and industry, with random samples selected from these strata to generate representative estimates. The survey was conducted by Statistics Canada from February to June 2018. The sample size was 17,323 SMEs, with a response rate of 59.7 percent.

The survey asked respondent firms questions about the demographics of both firm ownership and the primary decision maker. In particular, respondents were asked for the percentage of ownership that was comprised of women; Aboriginal persons; persons from a visible minority group, other than Aboriginal persons; person(s) with a disability and members of the same family. Majority ownership for a given demographic was based upon that demographic owning more than 50 percent of the business.

Respondents were also asked about the place of birth, age and education level of the primary decision maker, defined as the person primarily responsible for making decisions about the business (e.g., majority owner, chairman of the board of directors or general manager). See the **methodology report** and **questionnaire** for further details.

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1 The questionnaire utilized in the 2017 *Survey on Financing and Growth of Small and Medium Enterprises* employs the term Aboriginal persons in referring to those persons who identify with at least one Aboriginal group (i.e., North American Indian, Métis or Inuit). As such, Aboriginal persons has been used throughout this report. In keeping with the federal government currently embracing First Nations, Métis and Inuit as Indigenous Peoples, however, and as future surveys adopt this practice, use of the term Aboriginal persons will be phased out in Small Business Branch publications, being replaced instead with the term Indigenous Peoples.

# 1 INTRODUCTION

Small and medium-sized enterprises (SMEs) play a key role in the Canadian economy. Between 2013 and 2017, for example, SMEs accounted for 85.3 percent of net job creation in the private sector, while in 2017 SMEs employed 89.6 percent of the private sector workforce (KSBS 2019).<sup>2</sup>

The demographics of SME owners are of considerable interest to policy-makers, particularly given the under-representation of certain groups, such as women or Aboriginal persons, among business owners. This report, based upon data collected in the 2017 *Survey on Financing and Growth of Small and Medium Enterprises*, presents demographic statistics for seven SME majority ownership types: SMEs majority owned by men, equally owned by men and women, majority owned by women, majority owned by Aboriginal persons, majority owned by visible minorities, majority owned by person(s) with a disability and majority owned by members of the same family (Table 1). The report is aimed primarily at providing a reference for data points of interest.

**TABLE 1: TERMS AND DEFINITIONS**

Term	Definition
Majority ownership	More than 50 percent of a business' ownership
Men	Businesses majority owned by men
Men and women, equally	Businesses equally owned by men and women
Women	Businesses majority owned by women
Aboriginal persons	Businesses majority owned by Aboriginal persons, where Aboriginal persons are individuals who identify with at least one Aboriginal group (e.g., First Nations, Métis or Inuit)
Visible minorities	Businesses majority owned by visible minorities, where visible minorities are individuals, other than Aboriginal persons, who are non-white in colour/race
Person(s) with a disability	Businesses majority owned by person(s) with a disability, where disability refers to a limitation in kind or amount of a person's activity because of a long-term physical condition, mental condition or health problem
Members of the same family	Businesses majority owned by members of the same family

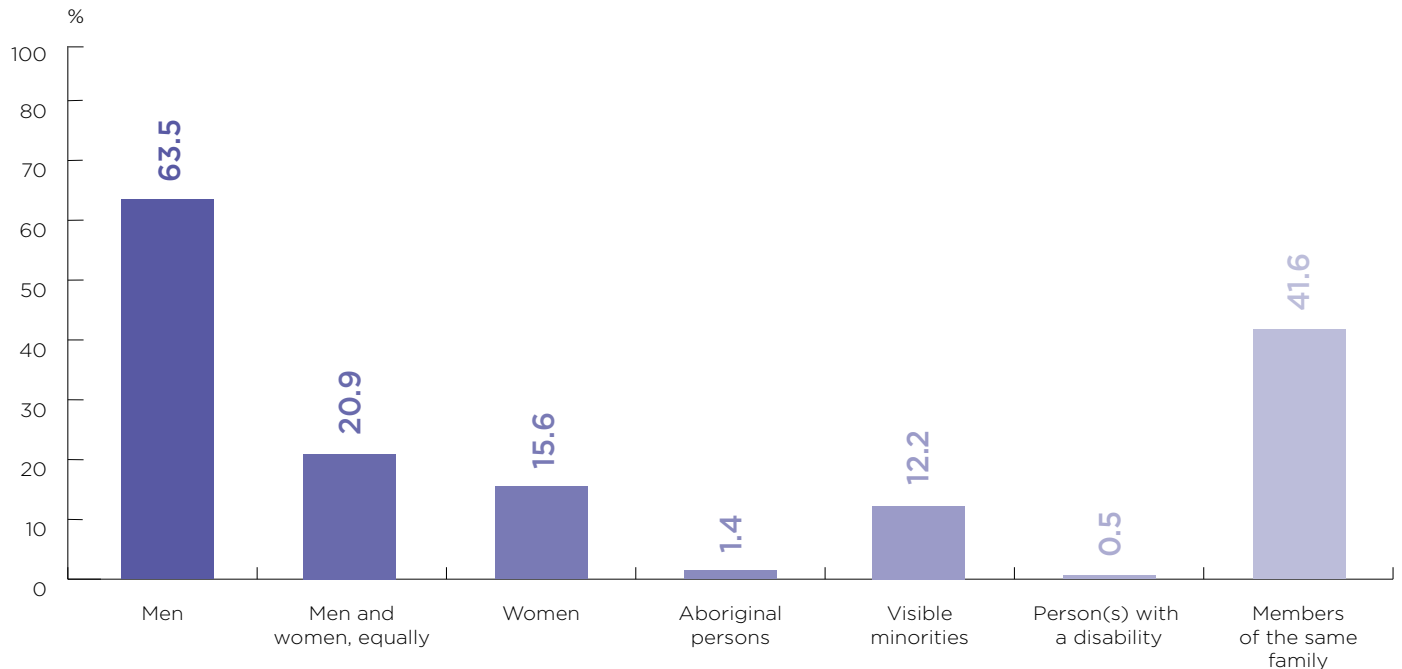
Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

2 Innovation, Science and Economic Development Canada (ISED), 2019. "*Key Small Business Statistics - January 2019*." Ottawa: ISED.

## 2 OVERVIEW

In 2017, 63.5 percent of SMEs were majority owned by men and 15.6 percent of SMEs were majority owned by women, while 20.9 percent of SMEs were equally owned by men and women (Figure 1). Just over 40 percent of SMEs were majority owned by members of the same family, 12.2 percent by visible minorities, 1.4 percent by Aboriginal persons and 0.5 percent by person(s) with a disability.<sup>3</sup> Between 2007 and 2017, these proportions remained roughly unchanged, except for the percentage of SMEs majority owned by members of the same family, which has decreased substantially since 2007, when over 60 percent of employer SMEs were family owned.<sup>4</sup>

**FIGURE 1: SMEs BY MAJORITY OWNERSHIP TYPE<sup>5</sup>**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

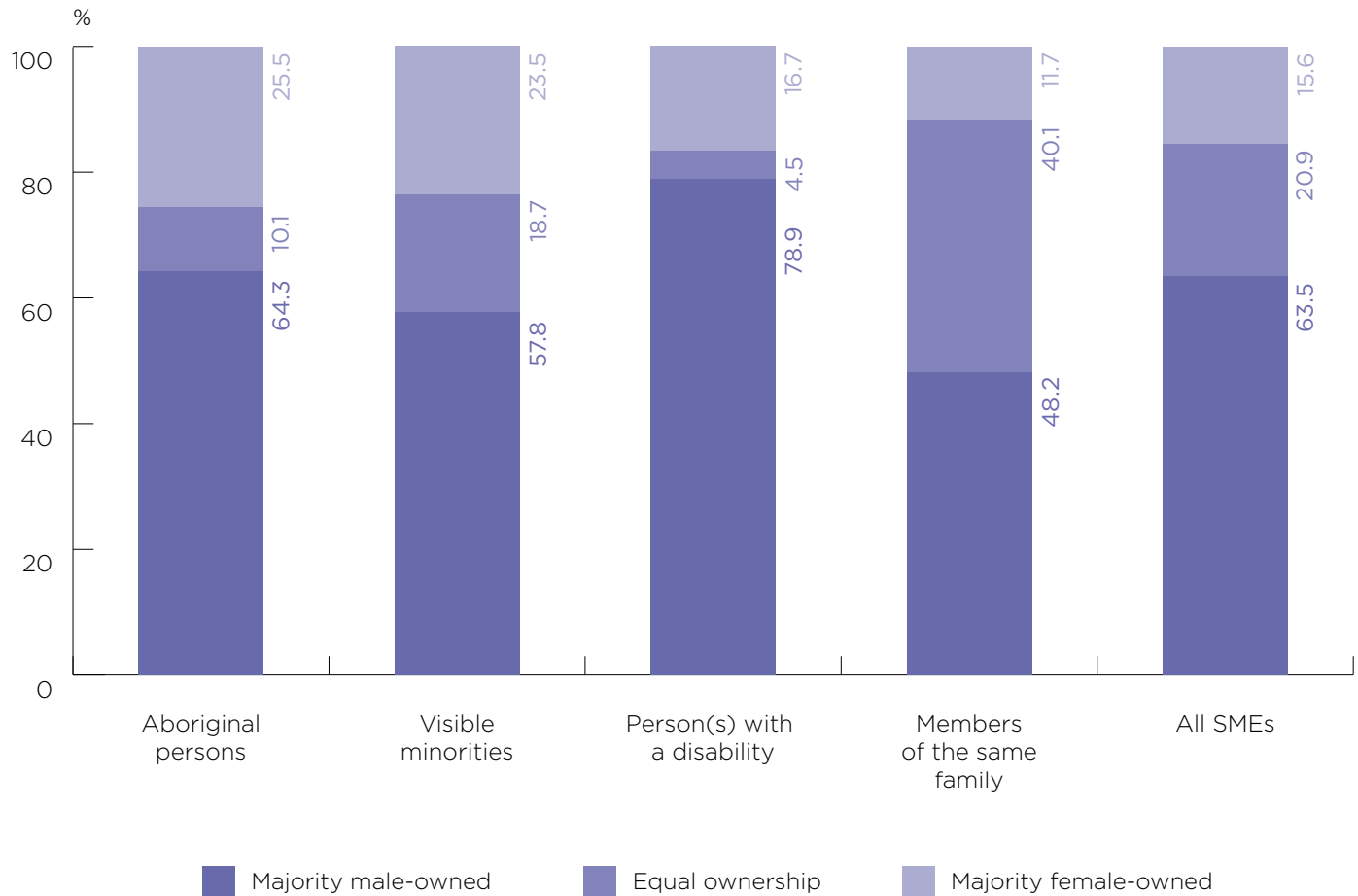
<sup>3</sup> Readers should note that the proportion of all SMEs comprised by each majority ownership type offers an indication of the precision of the statistics that follow. For example, statistics for majority male-owned SMEs, which comprise nearly two thirds of all SMEs, may be considered reliable, while statistics for SMEs majority owned by persons with a disability, which comprise 0.5 percent of all SMEs, should be used with caution. Note also that differences in proportions discussed below are not tested for statistical significance.

<sup>4</sup> This statistic comes from the 2007 *Survey on Financing of Small and Medium Enterprises*, which was the predecessor to the 2011, 2014 and 2017 *Survey on Financing and Growth of Small and Medium Enterprises*. Note that, in general, caution should be taken in comparing numbers from these surveys due to differences in methodology, sampling and questionnaire design. These surveys were not explicitly designed for comparisons across time. Moreover, trends are difficult to infer from a small number of data points separated by 3 or 4 years.

<sup>5</sup> The majority ownership types men; men and women, equally; and women are mutually exclusive categories so their respective columns sum to 100 percent. However, the four other majority ownership types — Aboriginal persons, visible minorities, person(s) with a disability and members of the same family — are not mutually exclusive to each other or the gender categories and, therefore, do not sum to 100 percent.

Figure 2 shows the distribution of the gender of majority ownership among SMEs majority owned by Aboriginal persons, visible minorities, person(s) with a disability and members of the same family. Roughly one quarter of SMEs majority owned by Aboriginal persons and of SMEs majority owned by visible minorities were also majority owned by women, compared with 15.6 percent of all SMEs.

**FIGURE 2: GENDER OF MAJORITY OWNERSHIP BY MAJORITY OWNERSHIP TYPE**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.  
 Note: Totals may not add up to the sum of all categories due to rounding.

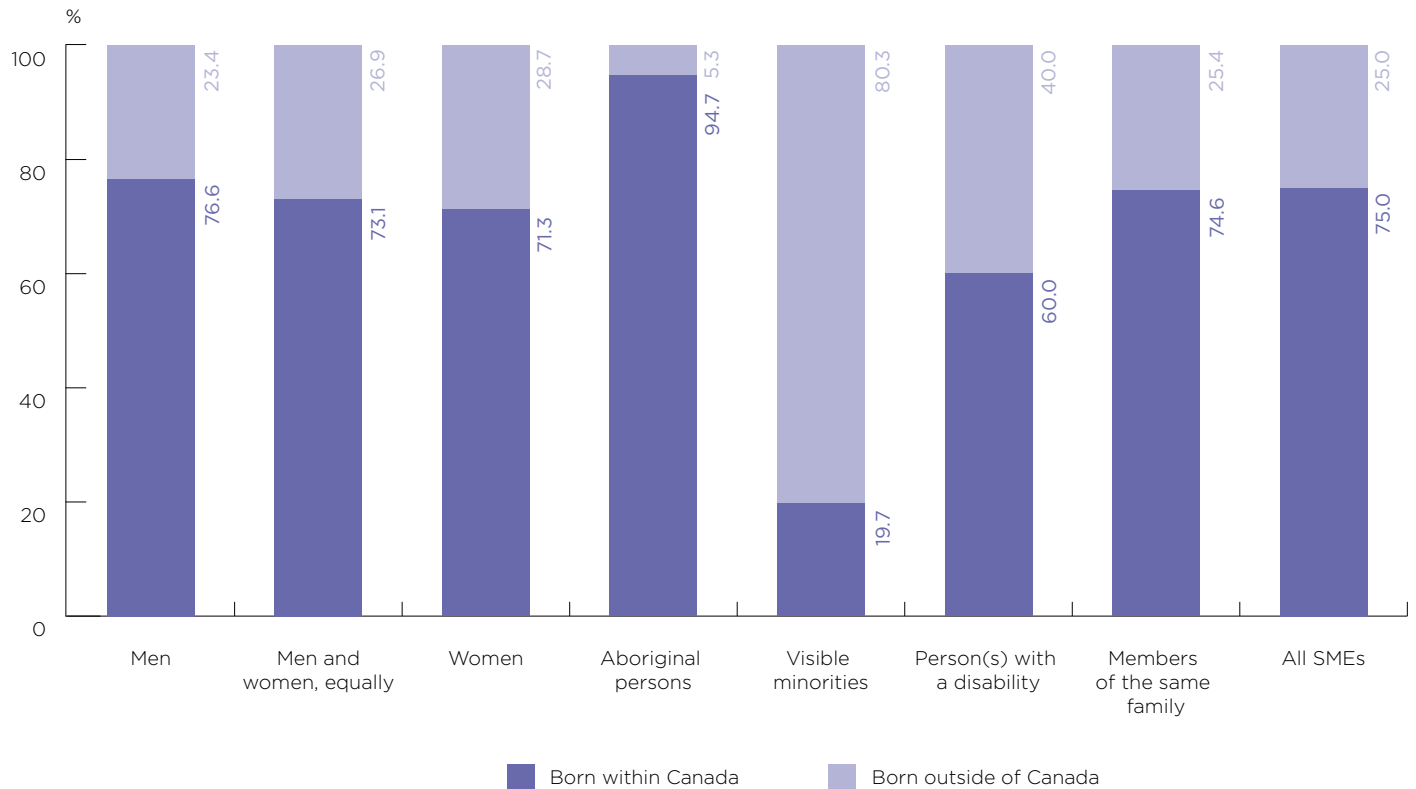
Forty percent of SMEs majority owned by members of the same family were also equally owned by men and women; many of these businesses were likely owned by spouses or common-law partners.<sup>6</sup>

Figure 3 shows the proportions of SMEs whose primary decision makers were born within and outside Canada. The primary decision makers of 25.0 percent of all SMEs were born outside Canada. On average, these primary decision makers have resided within Canada for 27 years.

In contrast to the 25.0 percent of all SMEs whose primary decision makers were born outside Canada, 80.3 percent of SMEs majority owned by visible minorities and 40.0 percent of SMEs majority owned by person(s) with a disability had primary decision makers who were born outside Canada.

<sup>6</sup> At the same time, 79.6 percent of SMEs equally owned by men and women were majority owned by members of the same family.

**FIGURE 3: PLACE OF BIRTH OF THE PRIMARY DECISION MAKER BY MAJORITY OWNERSHIP TYPE**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

## 3 FIRM CHARACTERISTICS

### 3.1 FIRM SIZE

Figure 4 shows the size distribution of the seven majority ownership types and of all SMEs. In contrast to the 54.8 percent of all SMEs that had between 1 and 4 employees, 69.8 percent, 60.6 percent and 58.8 percent of SMEs majority owned by person(s) with a disability, women and visible minorities, respectively, were in this firm size group.

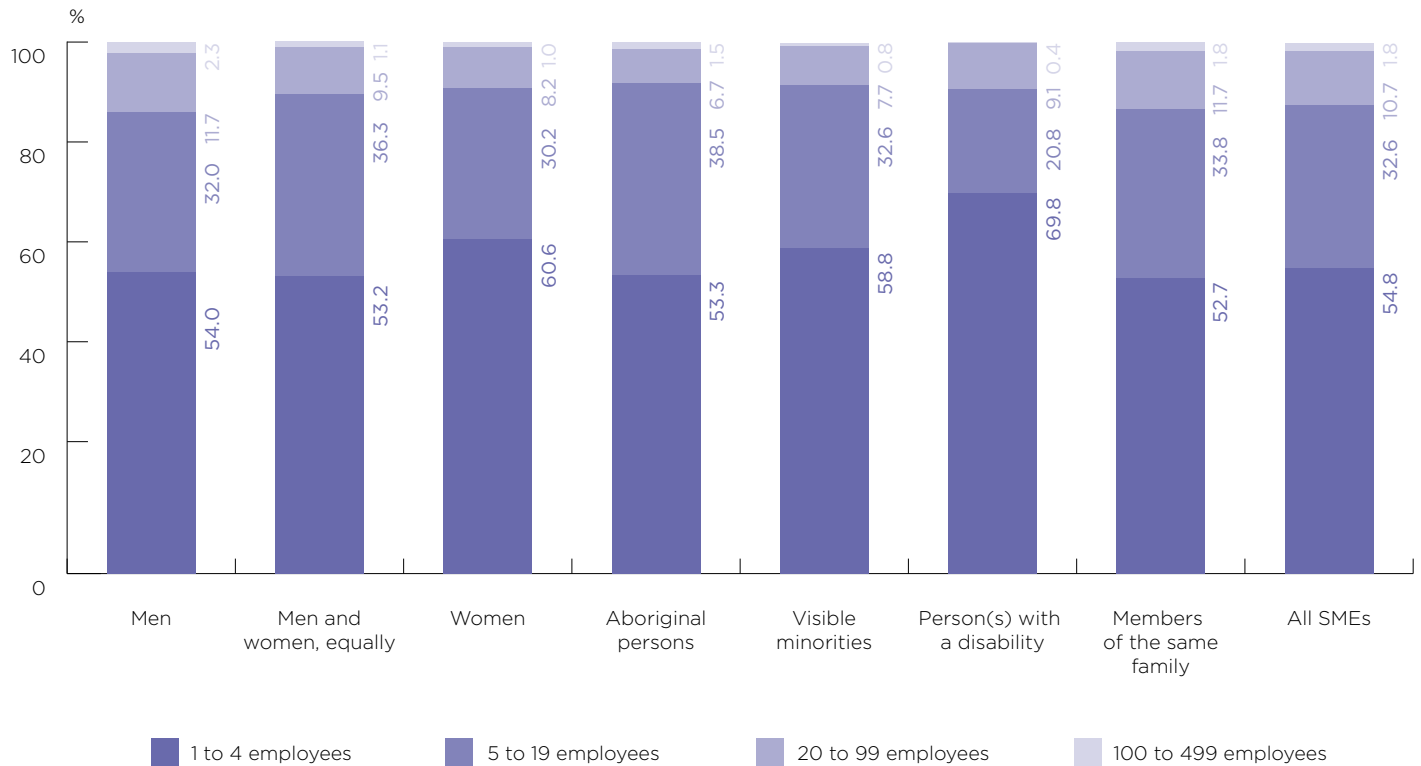
SMEs majority owned by person(s) with a disability were least likely to have between 5 and 19 employees, with 20.8 percent in this firm size group compared with 32.6 percent of all SMEs. By contrast, 38.5 percent of SMEs majority owned by Aboriginal persons had between 5 and 19 employees.

Just over 10 percent of all SMEs had between 20 and 99 employees, compared with 8.2 percent, 7.7 percent and 6.7 percent of SMEs majority owned by women, visible minorities and Aboriginal persons respectively.



SMEs majority owned by men were most likely to be medium-sized, with 2.3 percent having between 100 and 499 employees. By contrast, one percent or less of SMEs majority owned by women, visible minorities and person(s) with a disability were in this firm size group.

**FIGURE 4: FIRM SIZE BY MAJORITY OWNERSHIP TYPE**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.  
 Note: Totals may not add up to the sum of all categories due to rounding.

## 3.2 INDUSTRIES

Table 2 presents the industrial distribution of each majority ownership type<sup>7</sup> and of all SMEs.<sup>8</sup> Over 60 percent of all SMEs were found in the all other (19.8 percent), construction (16.4 percent), professional, scientific and technical services (14.4 percent) and retail trade (11.5 percent) sectors.

<sup>7</sup> Note that the industrial distribution of each majority ownership type should not be confused with the majority ownership type distribution within industries. As an example of the former, Table 2 shows that almost 20 percent of majority male-owned SMEs were in the construction sector. As an example of the latter, which is not shown in Table 2, 68 percent of SMEs in the construction sector were majority male-owned.

<sup>8</sup> Readers can refer to the 2017 *Survey on Financing and Growth of Small and Medium Enterprises methodology report* for further details on the industry categories presented in Table 2. The methodology report provides the *North American Industry Classification System codes* included in each industry category.

**TABLE 2: SECTORAL DISTRIBUTION BY MAJORITY OWNERSHIP TYPE (%)**

Industry	Men	Men and women, equally	Women	Aboriginal persons	Visible minorities	Person(s) with a disability	Members of the same family	All SMEs
Agriculture	6.2	9.2	2.2	5.6	1.2	2.5	9.8	6.2
Construction	19.5	16.2	4.1	28.1	5.1	16.6	14.6	16.4
Manufacturing	6.2	5.1	4.5	5.5	3.8	1.1	6.0	5.7
Wholesale trade	5.8	4.7	3.0	1.8	5.0	1.0	4.9	5.1
Retail trade	9.6	12.4	18.0	16.6	13.5	2.3	12.2	11.5
Transportation and warehousing	6.8	4.6	2.6	4.7	8.3	4.6	5.9	5.7
Professional, scientific and technical services	15.2	12.4	13.8	11.8	18.2	26.2	13.0	14.4
Accommodation and food services	6.5	11.7	10.5	4.5	16.3	5.0	8.7	8.2
Other services	5.7	7.4	11.1	3.8	6.7	12.6	7.8	6.9
All other	18.5	16.2	30.3	17.7	22.0	28.1	17.1	19.8

#### Special industry aggregations

Tourism	3.0	5.2	4.9	2.3	6.4	2.3	4.0	3.8
Information and communication technologies (ICT)	4.1	4.7	2.8	1.1	6.8	11.4	4.1	4.0
Knowledge-based industries (KBI)	3.7	2.6	1.9	3.0	2.9	1.3	3.0	3.2

Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

Note: Totals may not add up to the sum of all categories due to rounding.

SMEs majority owned by men were less likely than all SMEs to operate in service-producing industries, and were more likely to operate in goods-producing sectors. For example, 19.5 percent, 18.5 percent and 9.6 percent of majority male-owned SMEs were in the construction, all other and retail trade sectors respectively.

SMEs equally owned by men and women were more likely than all SMEs to operate in the accommodation and food services, and agriculture sectors. SMEs equally owned by men and women tended to operate in the all other (16.2 percent), construction (16.2 percent), professional, scientific and technical services (12.4 percent), retail trade (12.4 percent) and accommodation and food services (11.7 percent) sectors.

Majority female-owned SMEs were more likely than all SMEs to operate in the all other and retail trade sectors, and less likely than all SMEs to operate in the construction sector. SMEs majority owned by women were concentrated in the all other (30.3 percent), retail trade (18.0 percent), professional, scientific and technical services (13.8 percent), other services (11.1 percent) and accommodation and food services (10.5 percent) sectors.

Majority Aboriginal-owned SMEs were more likely than all SMEs to operate in the construction and retail trade sectors. SMEs majority owned by Aboriginal persons most often operated in the construction (28.1 percent), all other (17.7 percent), retail trade (16.6 percent) and professional, scientific and technical services (11.8 percent) sectors.

SMEs majority owned by visible minorities were more likely than all SMEs to operate in the accommodation and food services sector, but less likely to operate in the construction and agriculture sectors. SMEs majority owned by visible minorities were most often found in the all other (22.0 percent), professional, scientific and technical services (18.2 percent), accommodation and food services (16.3 percent) and retail trade (13.5 percent) sectors.

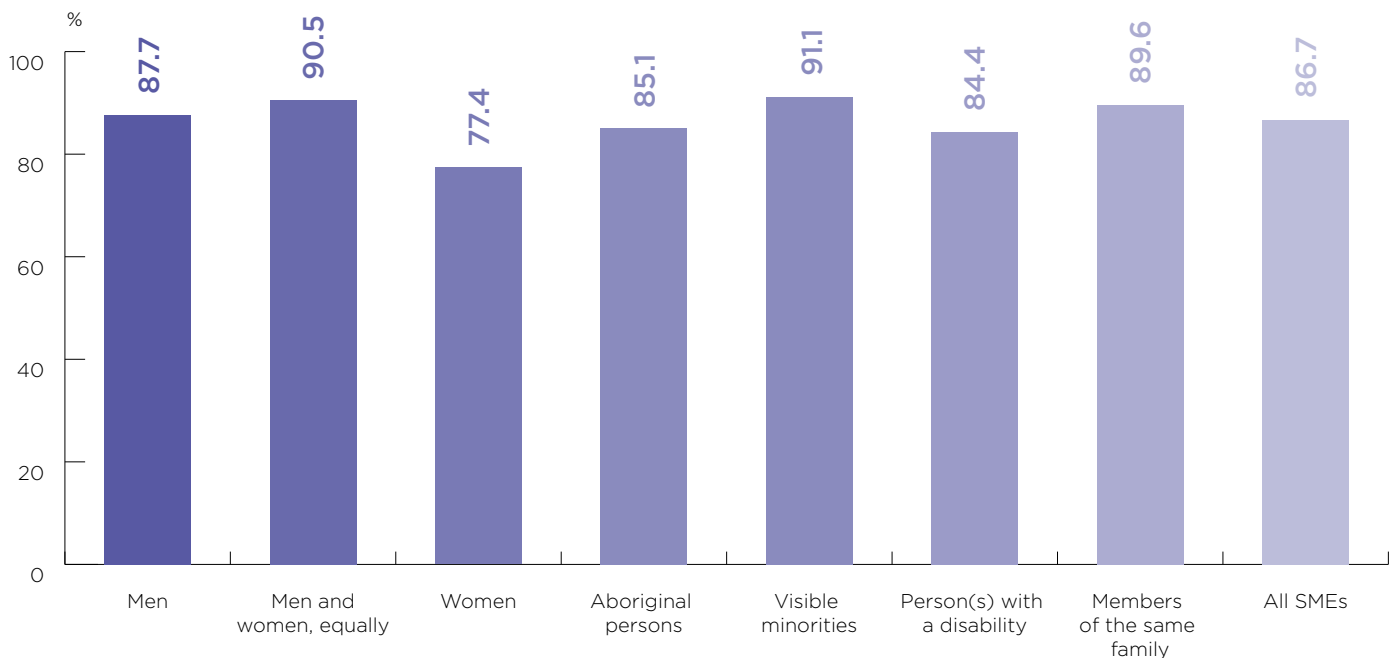
SMEs majority owned by person(s) with a disability were more likely than all SMEs to operate in the professional, scientific and technical services; all other; and information and communication technologies sectors, and less likely to operate in the retail trade sector. Over 80 percent of SMEs majority owned by person(s) with a disability were found in the all other (28.1 percent), professional, scientific and technical services (26.2 percent), construction (16.6 percent) and other services (12.6 percent) sectors.

Majority family-owned SMEs were more likely than all SMEs to operate in the agriculture sector. SMEs majority owned by members of the same family were most often found in the all other (17.1 percent), construction (14.6 percent), professional, scientific and technical services (13.0 percent), retail trade (12.2 percent) and agriculture (9.8 percent) sectors.

### 3.3 INCORPORATION

Figure 5 illustrates the rate of incorporation among the seven majority ownership types, along with the corresponding rate for all SMEs. Nearly 87 percent of all SMEs were incorporated, compared with 77.4 percent of majority female-owned SMEs.

**FIGURE 5: INCORPORATION BY MAJORITY OWNERSHIP TYPE**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

# 4 PRIMARY DECISION MAKER CHARACTERISTICS

## 4.1 AGE

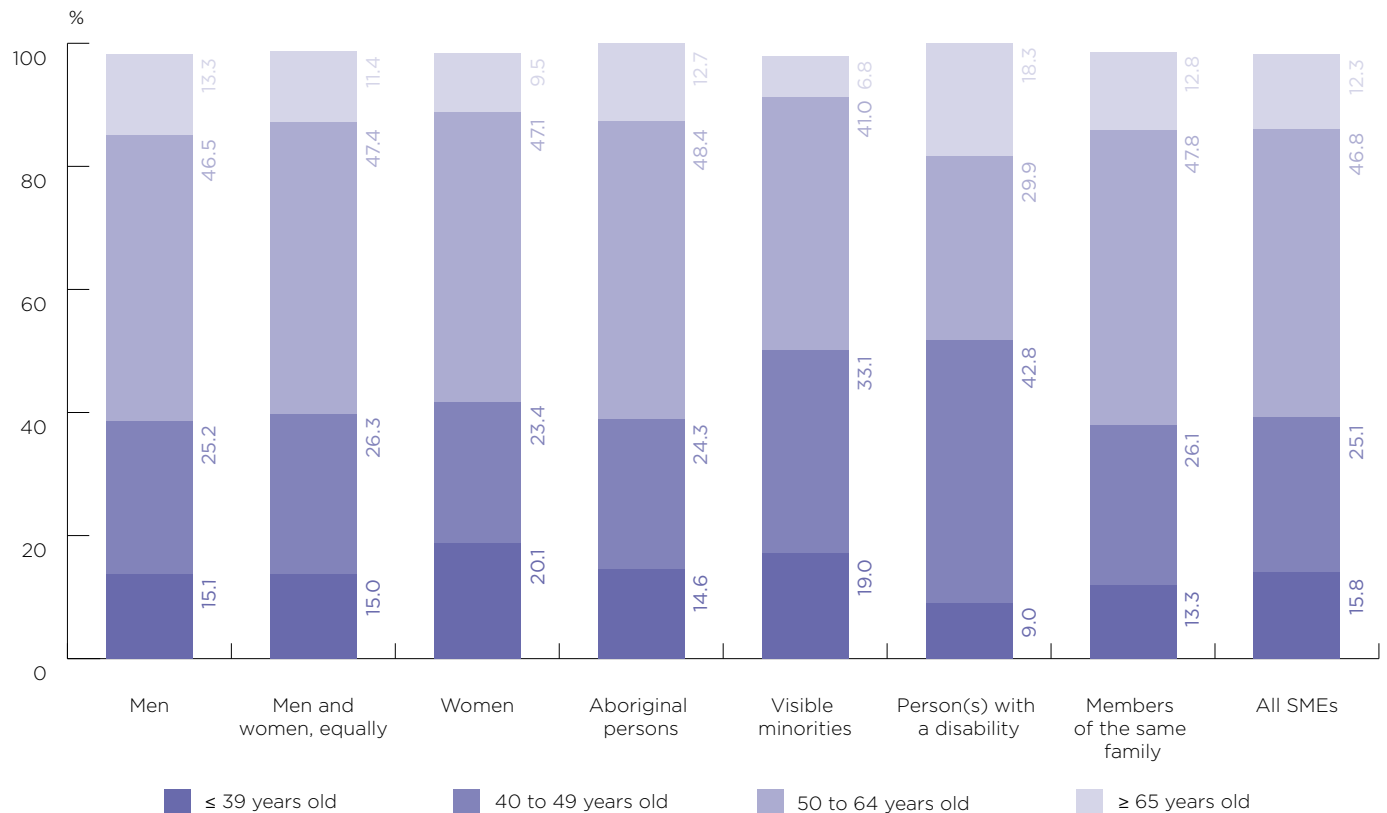
In 2017, 20.1 percent of SMEs majority owned by women and 19.0 percent of SMEs majority owned by visible minorities had primary decision makers who were younger than 40 years of age, compared with 15.8 percent of all SMEs (Figure 6). By contrast, 9.0 percent of SMEs majority owned by person(s) with a disability had primary decision makers who were younger than 40 years of age.

The primary decision makers of 42.8 percent of SMEs majority owned by person(s) with a disability and 33.1 percent of SMEs majority owned by visible minorities were between 40 and 49 years of age, compared with 25.1 percent of all SMEs.

The primary decision makers of 46.8 percent of all SMEs were between 50 and 64 years of age. By contrast, the primary decision makers of 41.0 percent of SMEs majority owned by visible minorities and 29.9 percent of SMEs majority owned by person(s) with a disability were between 50 and 64 years of age.

In contrast to the 12.3 percent of all SMEs with primary decision makers 65 years of age or older, 18.3 percent of SMEs majority owned by person(s) with a disability had primary decision makers in this age category. Less than 10 percent of SMEs majority owned by women and SMEs majority owned by visible minorities had primary decision makers 65 years of age or older.

**FIGURE 6: AGE OF PRIMARY DECISION MAKER BY MAJORITY OWNERSHIP TYPE**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

Note: Totals may not add up to the sum of all categories due to rounding.

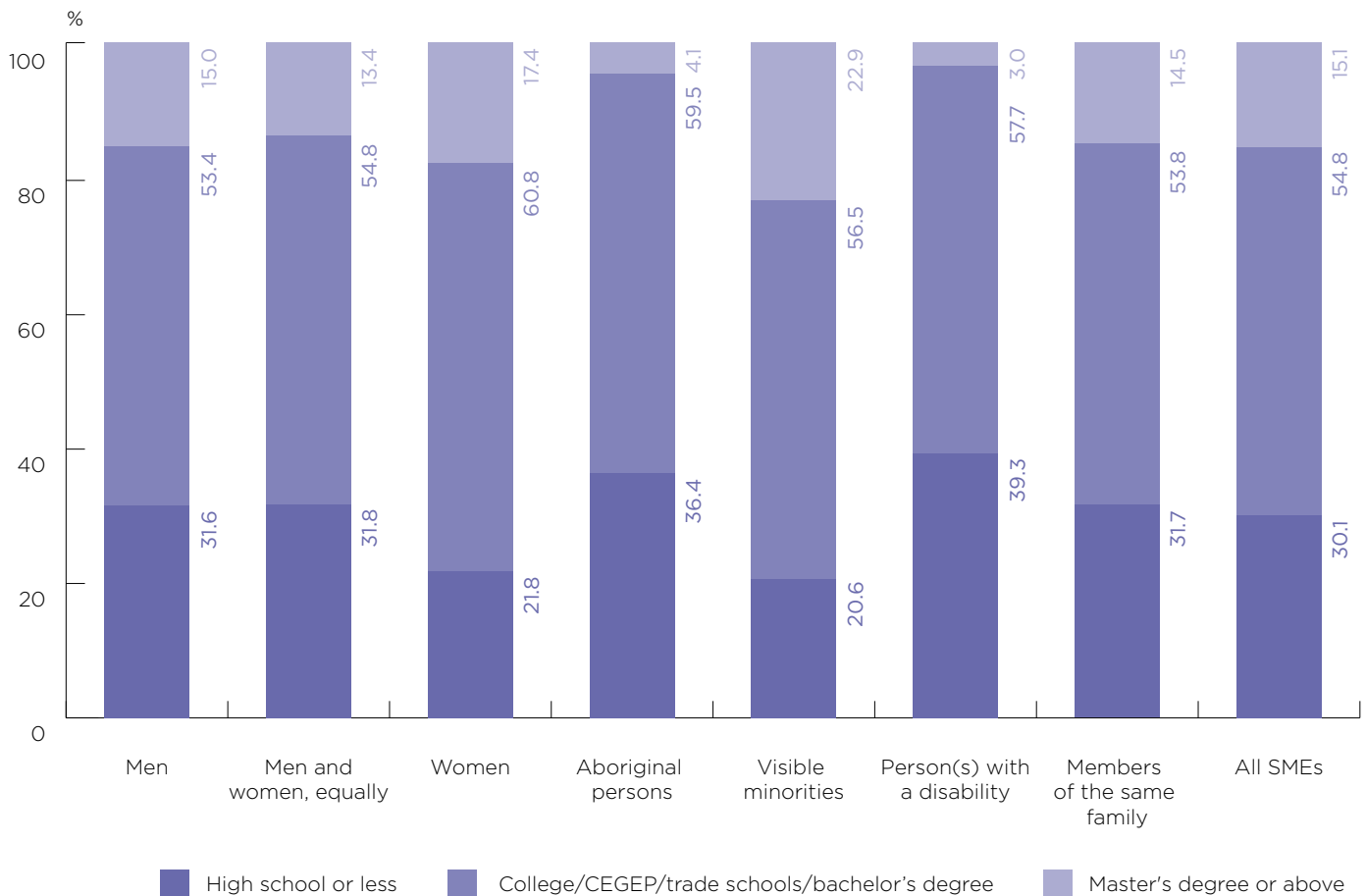
## 4.2 EDUCATION

The primary decision makers of 39.3 percent of SMEs majority owned by person(s) with a disability and of 36.4 percent of SMEs majority owned by Aboriginal persons received a high school diploma or less as their highest level of education attained, compared with 30.1 percent of all SMEs (Figure 7). By contrast, the primary decision makers of 21.8 percent of SMEs majority owned by women and 20.6 percent of SMEs majority owned by visible minorities were in this education group.

SMEs majority owned by women and SMEs majority owned by Aboriginal persons were more likely than all SMEs to have primary decision makers with a post-secondary diploma or degree.

The primary decision makers of 22.9 percent of SMEs majority owned by visible minorities had a master's degree or above, compared with 15.1 percent of all SMEs. By contrast, the primary decision makers of 4.1 percent of SMEs majority owned by Aboriginal persons and 3.0 percent of SMEs majority owned by person(s) with a disability were in this education group.

**FIGURE 7: HIGHEST LEVEL OF EDUCATION ATTAINED BY PRIMARY DECISION MAKER BY MAJORITY OWNERSHIP TYPE**



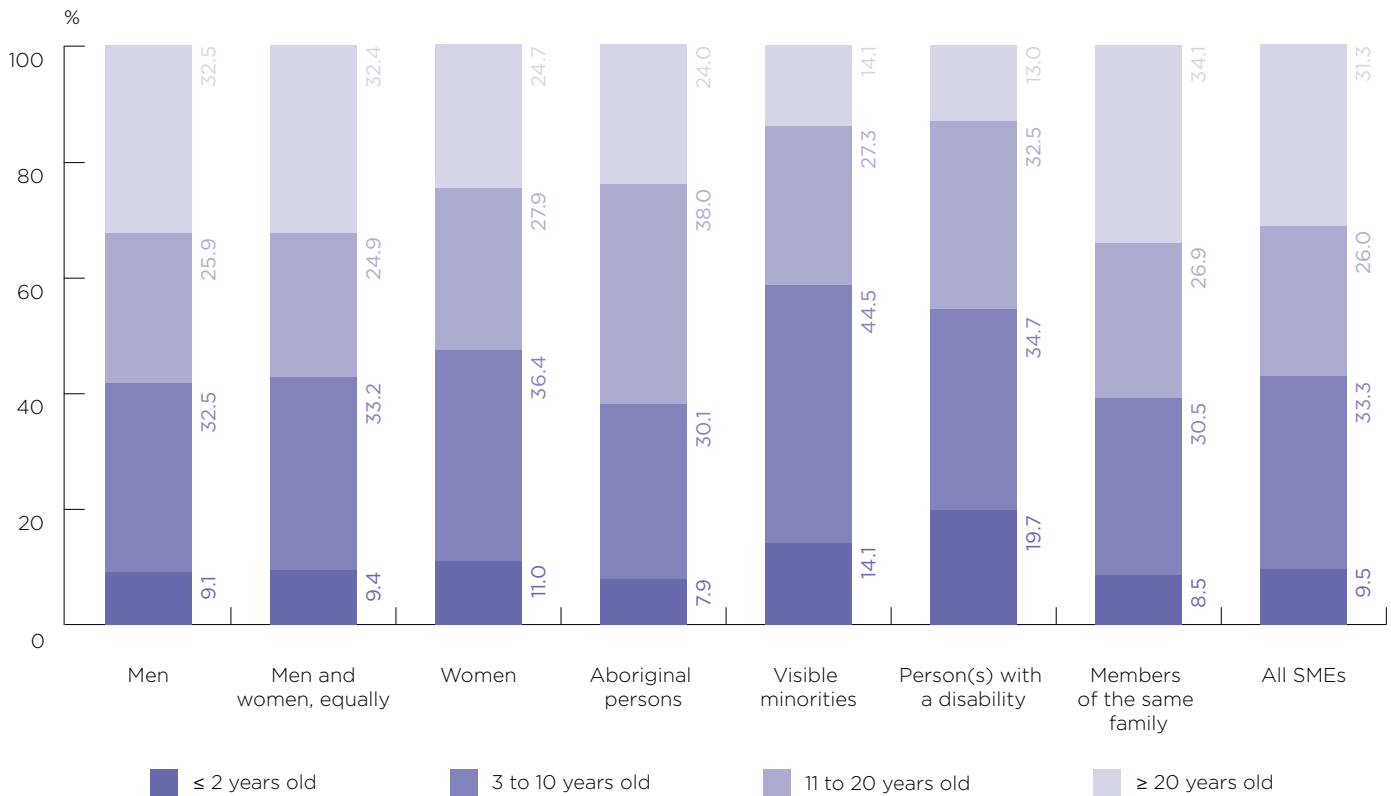
Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

# 5 GROWTH ACTIVITIES

## 5.1 FIRM AGE

Figure 8 shows the firm age distribution of the seven majority ownership types and of all SMEs. In 2017, 19.7 percent, 14.1 percent and 11.0 percent of SMEs majority owned by person(s) with a disability, visible minorities and women, respectively, were start-ups (i.e., began operating in 2015 or later), compared with 9.5 percent of all SMEs. Roughly one third of majority family-owned SMEs, SMEs majority owned by men and SMEs equally owned by men and women were well-established, having started operations in 1997 or earlier.

**FIGURE 8: AGE OF BUSINESS BY MAJORITY OWNERSHIP TYPE**



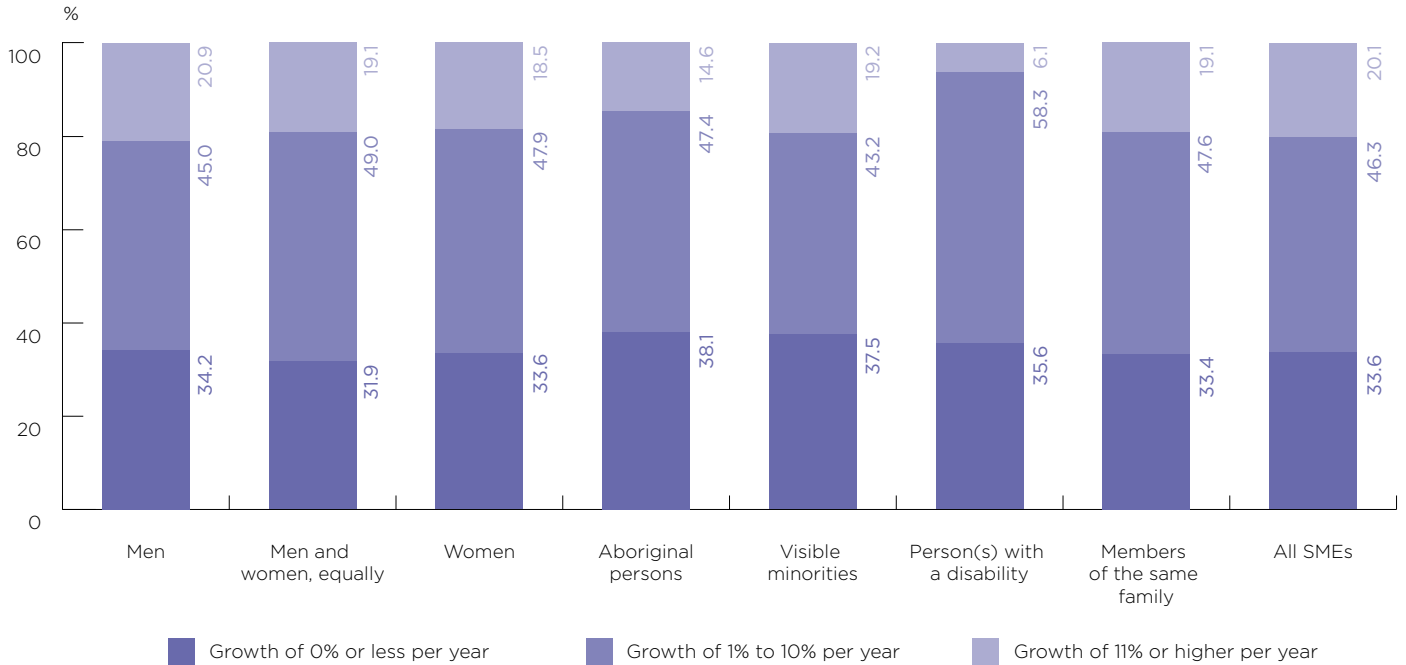
Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.  
 Note: Totals may not add up to the sum of all categories due to rounding.

## 5.2 GROWTH

Figure 9 shows average annual growth from 2015 to 2017 in sales or revenues.<sup>9</sup> Growth averaged 11 percent or more for 20.1 percent of all SMEs, compared with growth in this category for 14.6 percent of SMEs majority owned by Aboriginal persons and for 6.1 percent of SMEs majority owned by person(s) with a disability. Sales or revenues of 46.3 percent of all SMEs grew between 1 and 10 percent, compared with 58.3 percent of SMEs majority owned by person(s) with a disability. Proportions of firms with no growth or negative growth between 2015 and 2017 were similar across majority ownership types.

<sup>9</sup> These figures refer only to the 89 percent of SMEs that sold goods or services between 2015 and 2017.

**FIGURE 9: AVERAGE GROWTH IN SALES/REVENUES FROM 2015 TO 2017 BY MAJORITY OWNERSHIP TYPE**

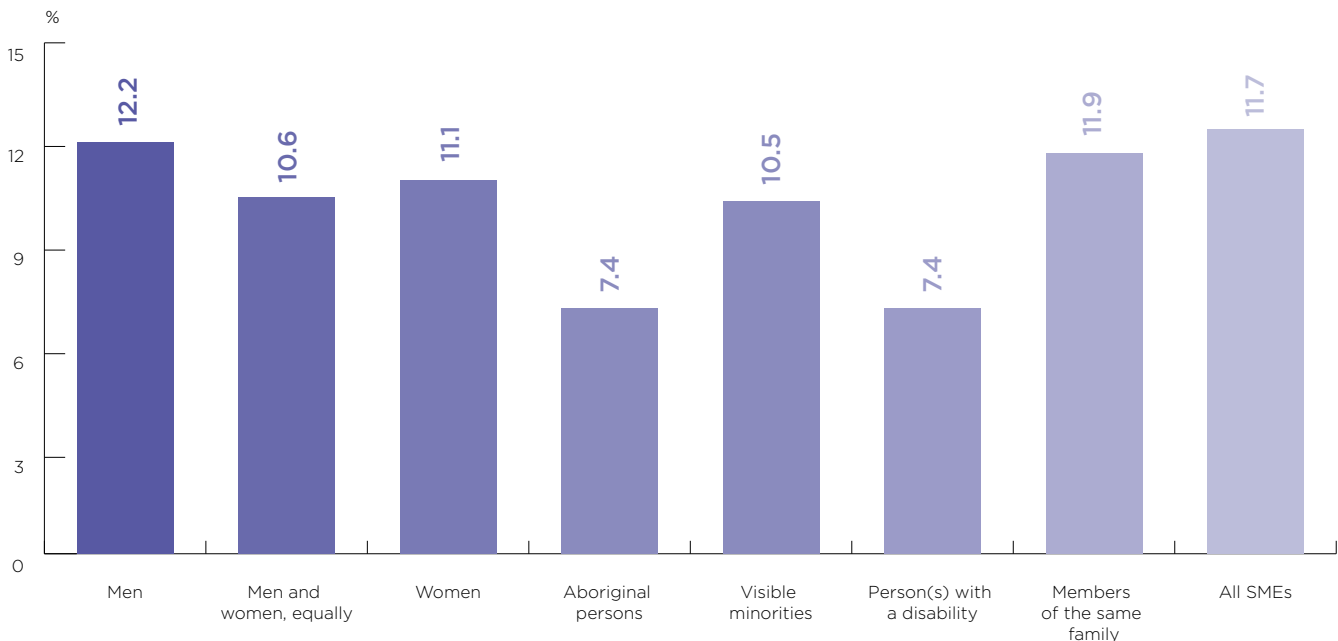


Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.  
 Note: Totals may not add up to the sum of all categories due to rounding.

## 5.3 EXPORTING

As shown in Figure 10, 11.7 percent of all SMEs exported goods or services in 2017, compared with 7.4 percent of SMEs majority owned by person(s) with a disability and 7.4 percent of SMEs majority owned by Aboriginal persons. Export propensities of other majority ownership types were similar to that of all SMEs.

**FIGURE 10: EXPORT PROPENSITY BY MAJORITY OWNERSHIP TYPE**

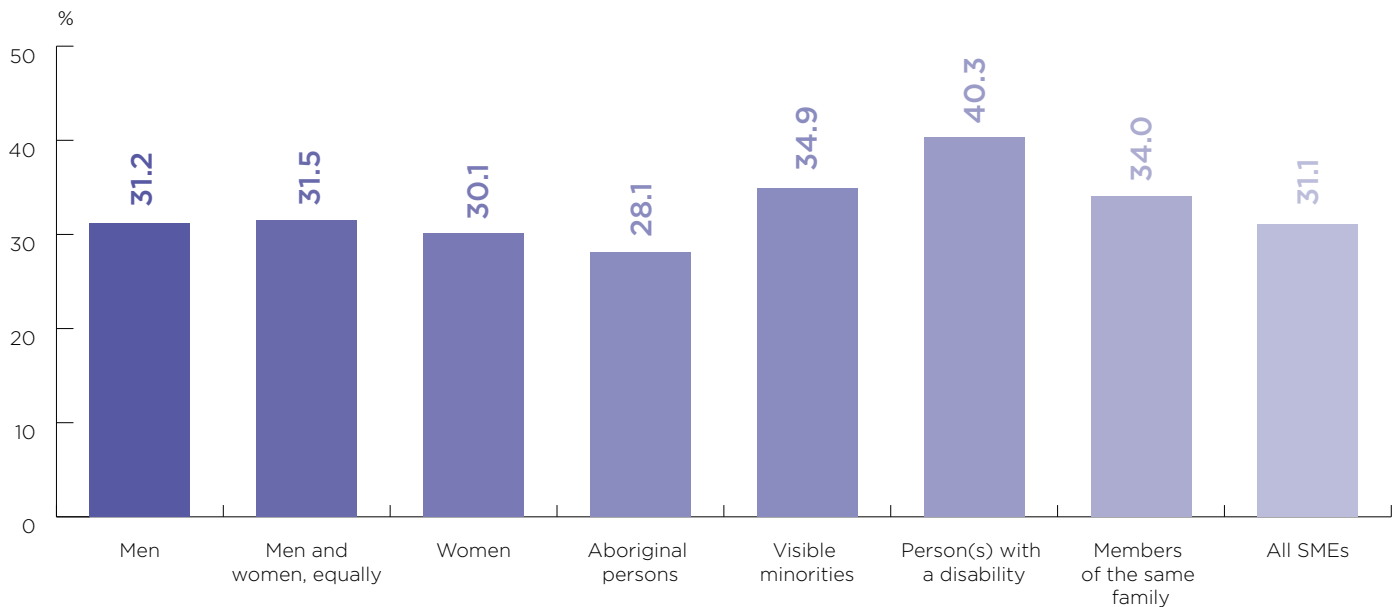


Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

## 5.4 INNOVATION

Over one third of SMEs majority owned by person(s) with a disability, visible minorities and members of the same family introduced at least one innovation between 2015 and 2017, compared with 31.1 percent of all SMEs (Figure 11).<sup>10</sup>

**FIGURE 11: INNOVATION PROPENSITY BY MAJORITY OWNERSHIP TYPE**



Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

Between 2015 and 2017, 23.0 percent of SMEs majority owned by visible minorities introduced at least one product innovation (a new or significantly improved good or service), compared with 19 percent of all SMEs (Table 3). Almost one quarter of SMEs majority owned by person(s) with a disability introduced at least one process innovation (a new or significantly improved production process or method), compared with 12.5 percent of all SMEs. SMEs majority owned by Aboriginal persons were more likely than all SMEs to introduce a new organizational method in their business practices, workplace organization or external relations (organizational innovation).

Finally, in contrast to 13.7 percent of all SMEs that introduced a new way of selling goods or services, 18.3 percent of SMEs majority owned by visible minorities introduced at least one marketing innovation.

<sup>10</sup> Statistics in this section are calculated only for non-franchise SMEs, which comprise 93.8 percent of all SMEs. Innovation includes product, process, organizational and marketing innovations.



**TABLE 3: INTRODUCTION OF AT LEAST ONE INNOVATION BETWEEN 2015 AND 2017 BY TYPE OF INNOVATION AND MAJORITY OWNERSHIP TYPE (%)**

	Product	Process	Organizational	Marketing
Men	18.7	12.6	13.3	12.8
Men and women, equally	20.2	13.9	10.3	14.8
Women	18.9	10.0	13.1	15.9
Aboriginal persons	13.2	9.5	17.6	16.2
Visible minorities	23.0	13.5	11.9	18.3
Person(s) with a disability	16.5	24.3	8.2	8.9
Members of the same family	21.7	14.9	13.4	14.6
All SMEs	19.0	12.5	12.6	13.7

Source: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2017.

## 6 CONCLUSIONS

This report, based upon data from the 2017 *Survey on Financing and Growth of Small and Medium Enterprises*, offers a reference for statistics on SMEs with majority ownership demographics of interest. These statistics can be used to better understand entrepreneurs who may be under-represented, such as SMEs majority owned by women, Aboriginal persons, visible minorities, person(s) with a disability and members of the same family.



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