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Economic Development Canada

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KEY SMALL BUSINESS STATISTICS

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FOREWORD

Key Small Business Statistics provides statistical data on the business sector in Canada, focusing on small and medium-sized enterprises (SMEs). The data are, at the time of publication, the most up-to-date statistics available to Innovation, Science and Economic Development Canada.

Below is a list of data sources and links:

- [Business Register](#)
- [Entrepreneurship Indicators Database](#)
- [Survey of Employment, Payrolls and Hours \(SEPH\)](#)
- [Trade by Exporter – Goods](#)



THE CURRENT EDITION CONTAINS DATA ON THE FOLLOWING QUESTIONS:

- How many SMEs are there in Canada?
- How many businesses appear and disappear each year?
- What proportion of new businesses survive?
- How many people were employed in Canada in 2022?
- What is the distribution of employment across the private sector?
- How much did employment grow between 2021 and 2022?
- What is the proportion of high-growth firms?
- Which provinces have the highest concentrations of exporters?
- How do SMEs contribute to Canada's exports?
- What are Canada's main export destinations?
- How do SMEs contribute to Canada's gross domestic product?

NOTES ON DATA AND STATISTICS



Previous editions of this publication featured statistics from Statistics Canada's *Canadian Business Counts* and *Labour Force Survey*, calculated at the establishment level. In an effort to gain consistency throughout the report, unless otherwise indicated, a business is defined at the enterprise level.¹ The above data sources have been replaced by Statistics Canada's *Business Register* and *Survey of Employment, Payroll and Hours*.

With the change in data sources from *Labour Force Survey* to *Survey of Employment, Payroll and Hours*, the definitions of public sector and private sector employment have changed compared with those used in previous editions of this publication. In light of these changes, caution should be applied in comparing statistics in this report with those in previous *Key Small Business Statistics* reports.

DEFINITION

This publication defines a business based upon the number of paid employees. Since “indeterminate” businesses are not considered to have paid employees,² and self-employed often do not have paid employees, these two groups are generally not included in this publication.

In this report, an SME is defined as an enterprise with 1 to 499 paid employees. More specifically:

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

1 An enterprise consists of one or more domestic establishments that are specified under common ownership or control. More specifically, Statistics Canada defines an enterprise as “an institutional unit that directs and controls the allocation of resources relating to its operations, and for which financial statements are maintained from which international transactions, an international investment position and a financial position for the unit can be derived”, and an establishment as “the most homogeneous unit of production for which the business maintains accounting records” (see [Enterprise \(statcan.gc.ca\)](https://www.statcan.gc.ca/enterprise) and [Establishment \(statcan.gc.ca\)](https://www.statcan.gc.ca/establishment) for reference).

2 Self-employed workers include those with incorporated and unincorporated businesses. “Indeterminate” businesses include self-employed and contract workers.

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

HIGHLIGHTS



Number of businesses

As of December 2022, there were 1.22 million employer businesses in Canada. Of these, 1.19 million (97.8%) were small businesses, 23,395 (1.9%) were medium-sized businesses, and 3,128 (0.3%) were large businesses.

Between 2001 and 2020, the number of small businesses increased every year, except for three: in 2013, 2016, and 2020.

Between 2016 and 2020, the average number of small businesses created annually was 100,475, and the average number of small businesses that disappeared annually was 96,548.

On average, 30.6% of small businesses created in the goods-producing sector survived at least 19 years, compared with 19.5% of small businesses created in the services-producing sector.

Between 2005 and 2020, the business birth rate was lower for majority male-owned businesses than for majority female-owned businesses. However, the difference in birth rates between majority male-owned and majority female-owned businesses decreased over time. The survival rate of businesses during the fifteen years following their inception was slightly higher for majority male-owned than for majority female-owned businesses, with the gap widening over time.



Employment

As of 2022, small businesses employed 5.7 million individuals in Canada, or 46.8% of the total private labour force. By comparison, medium-sized businesses employed 2.1 million individuals (17.0% of the private labour force) and large businesses employed 4.4 million individuals (36.0% of the private labour force).

Between 2021 and 2022, total employment in the private sector increased by approximately 802,550 jobs. Small, medium-sized, and large businesses contributed 41.1%, 18.3%, and 39.4%, respectively, to this net employment change.⁴

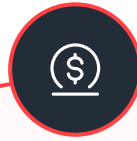
⁴ Net employment change is the difference in total employment between two years.



High-growth firms

While high-growth firms (HGFs) are present in every economic sector, based upon employment growth from 2017 to 2020, the highest concentration of HGFs in Canada is found in the following sectors: information and cultural industries (6.0%); professional, scientific and technical services (5.2%); and administrative and support, waste management and remediation services (4.4%).⁵

⁵ The data exclude the mining, quarrying, oil and gas extraction, and utilities industries.



SMEs contribution to gross domestic product

Over the 2016–2020 period, SME contribution to gross domestic product (GDP) was 50.3%, on average, in the goods-producing sector, compared with 47.0% in the services-producing sector.

In 2020, SMEs accounted for nearly half of the GDP generated by the private sector. Small businesses contributed 35.1% to GDP generated by the private sector, while the contribution of medium-sized businesses was 13.4%.⁶

From 2008 to 2020, the contribution of medium-sized firms increased from 11.6% to 13.4%, while the GDP share of small firms was largely unchanged.

⁶ Note that non-employers contribute 7.0% of the private sector GDP. The data exclude the public administration industry.



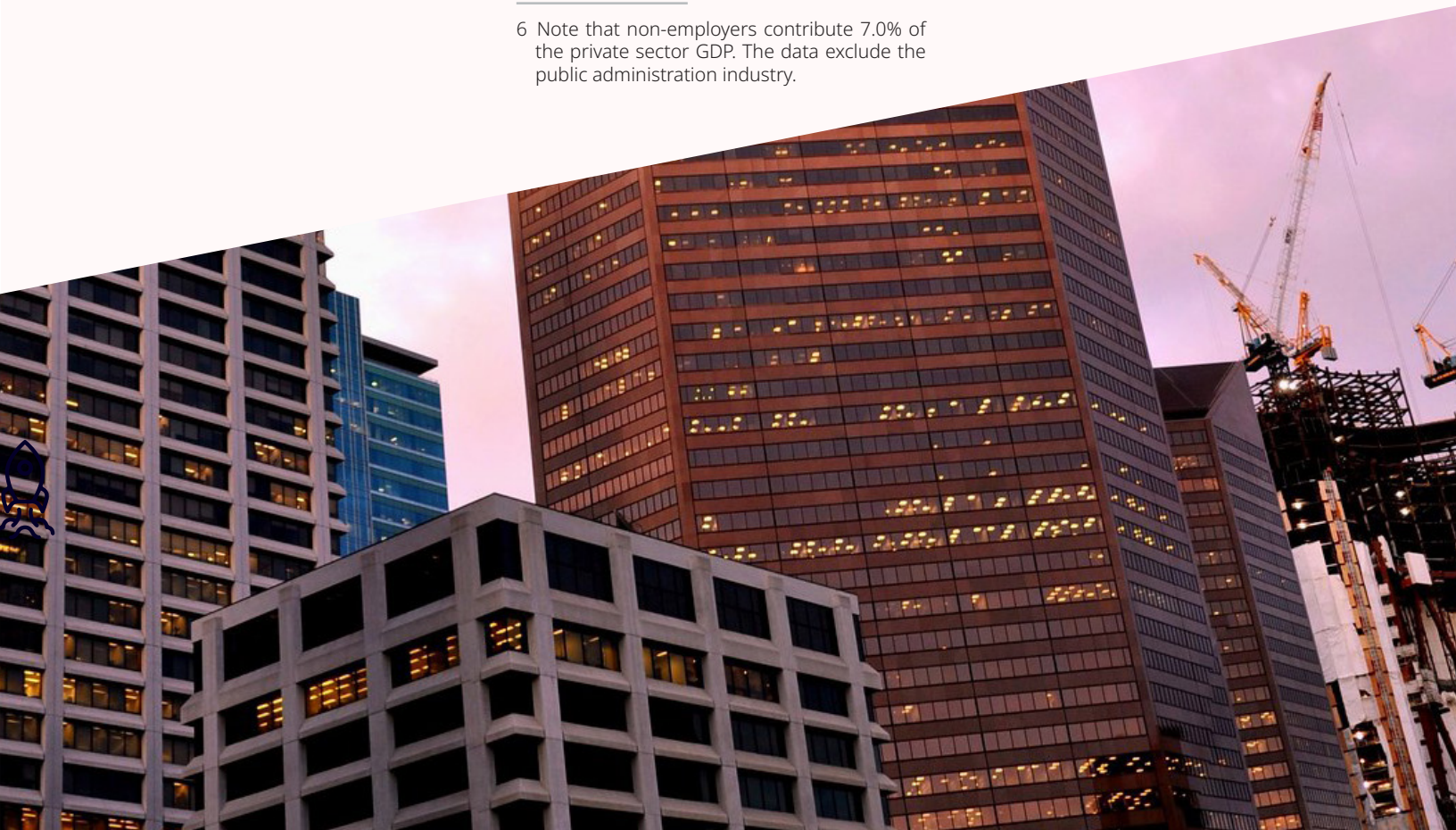
Export of goods

In 2022, 53,327 Canadian establishments exported goods with a value totalling \$717.6 billion.

In 2022, SMEs contributed 40.8% of the total value of exported goods.

In 2022, Canada's main export destination was the United States, followed by China and the United Kingdom.

In 2022, the highest contribution attributable to SMEs to the total value of goods exported came from exports to the United Kingdom, with 72.1% of the total value of goods exported by SMEs.



1. NUMBER OF BUSINESSES

1.1 How many SMEs are there in Canada?

As of December 2022, there were 1.22 million employer businesses in Canada (Table 1).⁷ Of these, 1.19 million (97.8%) were small businesses, 23,395 (1.9%) were medium-sized businesses, and 3,128 (0.3%) were large businesses. More than half of Canada's small employer businesses are concentrated in Ontario and Quebec (444,702 and 248,924, respectively). Western Canada has a large number of small businesses, led by British Columbia, which had 187,741 as of December 2022. In the Atlantic region, Nova Scotia has the most small employer businesses at 28,550.

The province with the most businesses per thousand individuals aged 18 and over is Alberta (44.3), followed by Prince Edward Island (43.5). In contrast, Nova Scotia has the smallest number of businesses per thousand individuals aged 18 and over (34.3), followed by Newfoundland and Labrador (35.2), and New Brunswick (35.7).

TABLE 1: TOTAL NUMBER OF EMPLOYER BUSINESSES BY BUSINESS SIZE AND NUMBER OF SMES PER 1,000 INDIVIDUALS BY PROVINCE, DECEMBER 2022

Province/Territory	Small businesses (1–99 employees)		Medium-sized businesses (100–499 employees)		Large businesses (500+ employees)		Total	Number of businesses per 1,000 individuals (18+ Years)
	Number	%	Number	%	Number	%		
Newfoundland and Labrador	15,255	98.0	275	1.8	33	0.2	15,563	35.2
Prince Edward Island	5,971	98.0	111	1.8	8	0.1	6,090	43.5
Nova Scotia	28,550	97.8	566	1.9	72	0.2	29,188	34.3
New Brunswick	23,541	97.9	463	1.9	47	0.2	24,051	35.7
Quebec	248,924	97.6	5,329	2.1	713	0.3	254,966	36.0
Ontario	444,702	97.7	9,047	2.0	1,314	0.3	455,063	36.9
Manitoba	38,538	97.6	813	2.1	124	0.3	39,475	36.0
Saskatchewan	39,104	98.3	589	1.5	74	0.2	39,767	43.2
Alberta	153,938	97.9	2,980	1.9	366	0.2	157,284	44.3
British Columbia	187,741	98.2	3,131	1.6	371	0.2	191,243	43.2
Territories	3,763	97.5	91	2.4	6	0.2	3,860	40.1
Canada	1,190,027	97.8	23,395	1.9	3,128	0.3	1,216,550	38.5

Sources: Statistics Canada, Business Register; Table 17-10-0005-01—Population estimates on July 1st, by age and sex; and ISED calculations.

⁷ This number excludes unclassified enterprises.

Of the 1,216,550 employer businesses in Canada, 21.6% are in the goods-producing sector and 78.4% are in the services-producing sector (Table 2).⁸ Micro-enterprises (1–4 employees) make up 55.3% of Canadian businesses. By adding those businesses with 5–9 employees, this number increases to 73.8%. In other words, almost three out of four Canadian businesses have 1–9 employees. It should be noted that there are some differences between the goods-producing and services-producing sectors regarding the distribution of businesses, according to the number of employees. For example, micro-enterprises make up 57.1% in the goods-producing sector, whereas the corresponding figure is 54.8% in the services-producing sector.

TABLE 2: NUMBER OF EMPLOYER BUSINESSES BY SECTOR AND BUSINESS SIZE (NUMBER OF EMPLOYEES), DECEMBER 2022

Number of employees	Goods		Services		Total	
	Number	% Cumulative	Number	% Cumulative	Number	% Cumulative
1–4 employees	149,686	57.1	522,916	54.8	672,602	55.3
5–9 employees	50,443	76.3	175,341	73.2	225,784	73.8
10–19 employees	28,731	87.3	122,428	86.0	151,159	86.3
20–49 employees	19,873	94.9	85,321	94.9	105,194	94.9
50–99 employees	7,444	97.7	27,844	97.8	35,288	97.8
Small businesses 1–99 employees	256,177	97.7	933,850	97.8	1,190,027	97.8
100–199 employees	3,619	99.1	12,022	99.1	15,641	99.1
200–499 employees	1,853	99.8	5,901	99.7	7,754	99.7
500 employees or more	530	100.0	2,598	100.0	3,128	100.0
Total	262,179	21.6	954,371	78.4	1,216,550	-

Source: Statistics Canada, Business Register; and ISED calculations.

The following four industries—professional, scientific and technical services; construction; retail trade; and health care and social assistance—account for 575,102 businesses, representing 47.3% of Canadian businesses (Table 3). The other services industry (except public administration) also accounts for a significant number of businesses: 108,320, or 8.9% of Canadian businesses. Therefore, more than half (56.2%) of Canadian businesses are in these five industries.

More than 99% of businesses in the following three industries are small businesses: agriculture, forestry, fishing and hunting; real estate and rental and leasing; and other services (except public administration). However, only 84.0% of businesses in public administration and 85.4% of those in management of companies and enterprises are small businesses.

⁸ By definition, the goods-producing sector consists of agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction; utilities; construction; and manufacturing. The services-producing sector consists of wholesale trade; retail trade; transportation and warehousing; information and cultural industries; finance and insurance; real estate and rental and leasing; professional, scientific and technical services; management of companies and enterprises; administrative and support, waste management and remediation services; educational services; health care and social assistance; arts, entertainment and recreation; accommodation and food services; other services (except public administration) and public administration.

TABLE 3: NUMBER OF EMPLOYER BUSINESSES BY INDUSTRY AND NUMBER OF EMPLOYEES, DECEMBER 2022

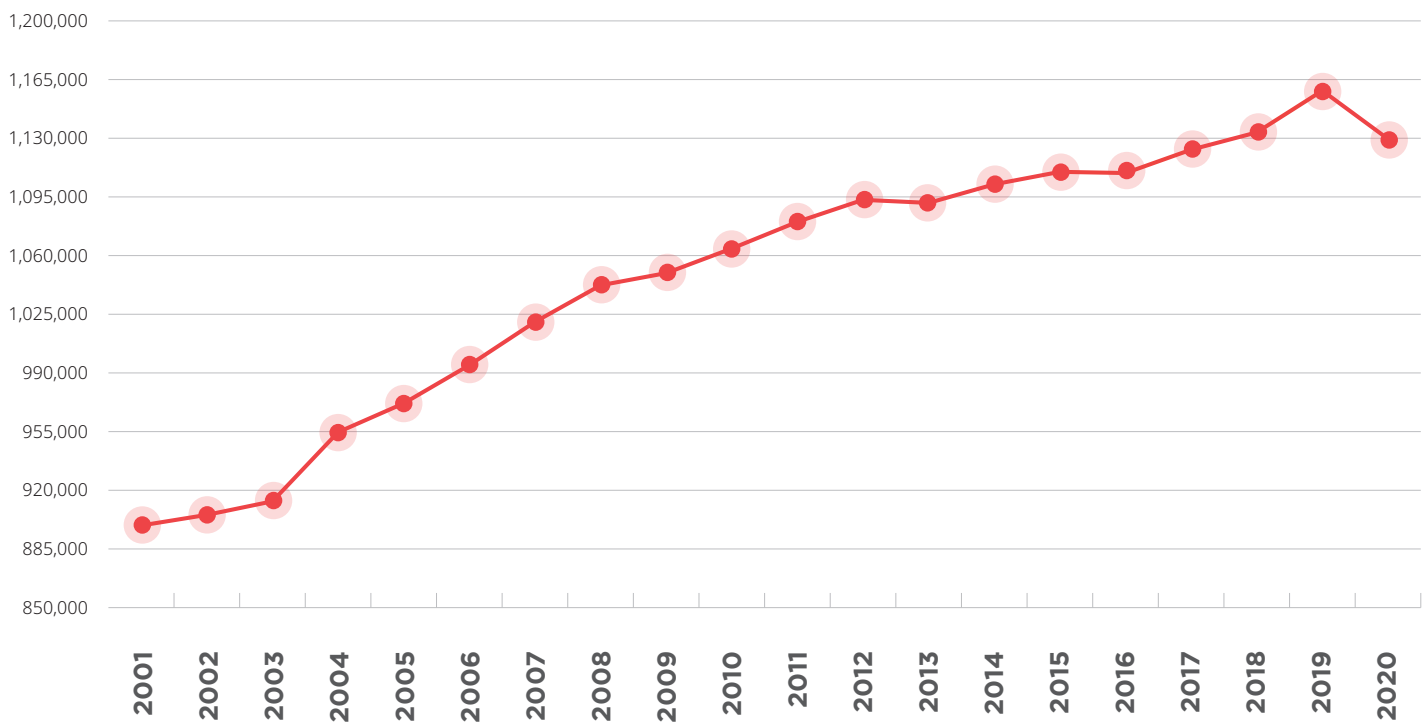
Industry	Small businesses (1–99 employees)		Medium-sized businesses (100–499 employees)		Large businesses (500+ employees)		Total
	Number	%	Number	%	Number	%	
Goods-Producing Sector	256,177	97.7	5,472	2.1	530	0.2	262,179
Agriculture, forestry, fishing and hunting	48,630	99.3	335	0.7	14	0.0	48,979
Mining, quarrying, and oil and gas extraction	6,989	94.9	295	4.0	83	1.1	7,367
Utilities	1,204	89.3	108	8.0	37	2.7	1,349
Construction	151,344	98.9	1,520	1.0	97	0.1	152,961
Manufacturing	48,010	93.2	3,214	6.2	299	0.6	51,523
Services-Producing Sector	933,850	97.8	17,923	1.9	2,598	0.3	954,371
Wholesale trade	52,226	97.6	1,208	2.3	79	0.1	53,513
Retail trade	131,515	97.4	3,423	2.5	113	0.1	135,051
Transportation and warehousing	71,813	98.4	994	1.4	153	0.2	72,960
Information and cultural industries	17,014	96.9	455	2.6	85	0.5	17,554
Finance and insurance	38,912	97.9	700	1.8	151	0.4	39,763
Real estate and rental and leasing	58,287	99.4	346	0.6	23	0.0	58,656
Professional, scientific and technical services	153,879	98.9	1,471	0.9	182	0.1	155,532
Management of companies and enterprises	5,387	85.4	666	10.6	256	4.1	6,309
Administrative and support, waste management and remediation services	50,869	96.7	1,484	2.8	230	0.4	52,583
Educational services	13,865	92.9	586	3.9	472	3.2	14,923
Health care and social assistance	128,017	97.3	3,089	2.3	452	0.3	131,558
Arts, entertainment and recreation	17,704	96.6	553	3.0	73	0.4	18,330
Accommodation and food services	80,150	98.3	1,371	1.7	49	0.1	81,570
Other services (except public administration)	107,704	99.4	590	0.5	26	0.0	108,320
Public administration	6,508	84.0	987	12.7	254	3.3	7,749
All Industries	1,190,027	97.8	23,395	1.9	3,128	0.3	1,216,550

Sources: Business Register; and ISED calculations.

1.2 How many small businesses appear and disappear each year?

An increase or decrease in the number of businesses is the net result of the appearance or disappearance of businesses over a given period. This is often referred to as “creative destruction.” Between 2001 and 2020, the number of small businesses increased every year, except for three: in 2013, 2016, and 2020 when more businesses disappeared (97,220; 95,408; and 120,344) than were created (95,395; 94,695; and 91,548)⁹ as illustrated in Figure 1.¹⁰ Over the last five years (from 2016 to 2020), on average, 100,475 small businesses were created every year and 96,548 disappeared.

FIGURE 1: NUMBER OF BUSINESSES WITH 1-99 EMPLOYEES, CANADA, 2001–2020



Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

As illustrated in Figure 2, throughout the 2001–2020 period, the business birth rate was lower in the goods-producing sector than in the services-producing sector. The rate of business births in the goods-producing sector had an overall flat trend, from 7.1% in 2016 to 7.0% in 2019. As anticipated, the rate of business creation sharply declined during the COVID-19 pandemic, reaching a record low of 3.8% in 2020, which is a decrease of 2 percentage points compared with the year 2019.

⁹ Statistics Canada produces several sources of data (such as the *Entrepreneurship Indicators Database* and the *Longitudinal Employment Analysis Program*) that present similar data on business births and deaths. The differences in levels between these sources and the data produced by the Economic Analysis Division (EAD) of Statistics Canada in the National Accounts Longitudinal Microdata File (NALMF) are a result of the different data sources and methodological concepts used. For instance, Statistics Canada also developed a newly experimental series on monthly business openings and closures based on the Longitudinal Employment Analysis Program. The data produced by the EAD through the NALMF were chosen because, in addition to providing the number of business births and deaths, the survival rate of start-up businesses is also available.

¹⁰ When updating the annual data on business births and deaths, the most recent year available is added and the previous statistics are revised accordingly. For this reason, the statistics in *Key Small Business Statistics* differ slightly from one issue to the next.

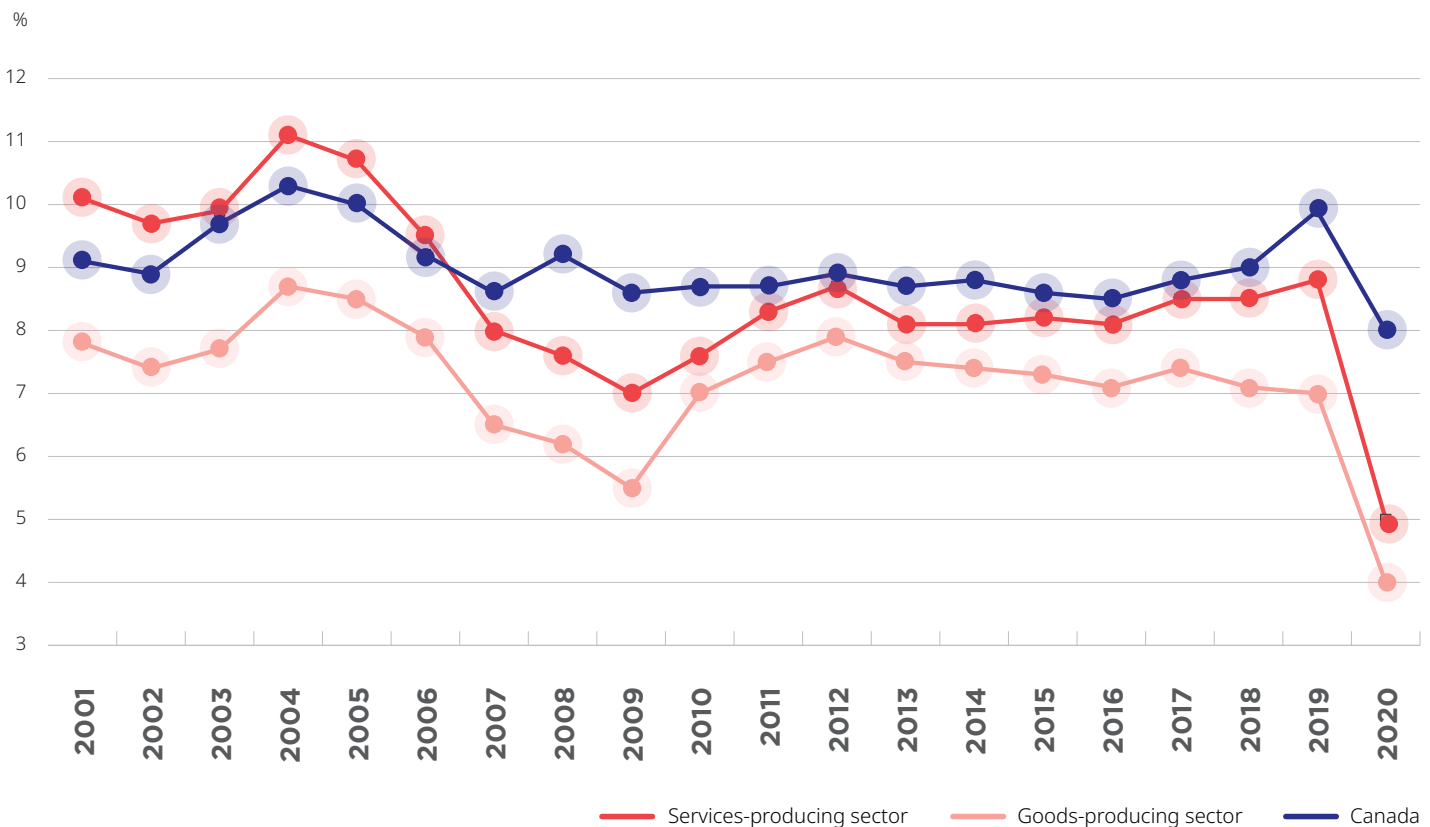
Over the last five observed years, the average birth rate in the goods-producing sector was 6.5%, compared with 7.7% in the services-producing sector. On average, every year between 2016 and 2020, 17,136 businesses were created and 18,902 businesses disappeared in the goods-producing sector, while in the services-producing sector, 57,342 businesses were created and 61,882 businesses disappeared.

This variation between birth rates for these two sectors can be explained in part by the entry cost and different levels of competition. If this is, indeed,

the case, higher birth rates would be observed in sectors with a lower entry cost or with a higher level of competition than other sectors.

The enterprise birth rate is inversely related to firm size during market entry. The more individuals employed when a business begins operations, the lower the enterprise birth rate (Figure 3). On average, between 2016 and 2020, the birth rate was 11.3%, 3.4%, and 1.5% for businesses with 1–4, 5–19, and 20–99 employees respectively.

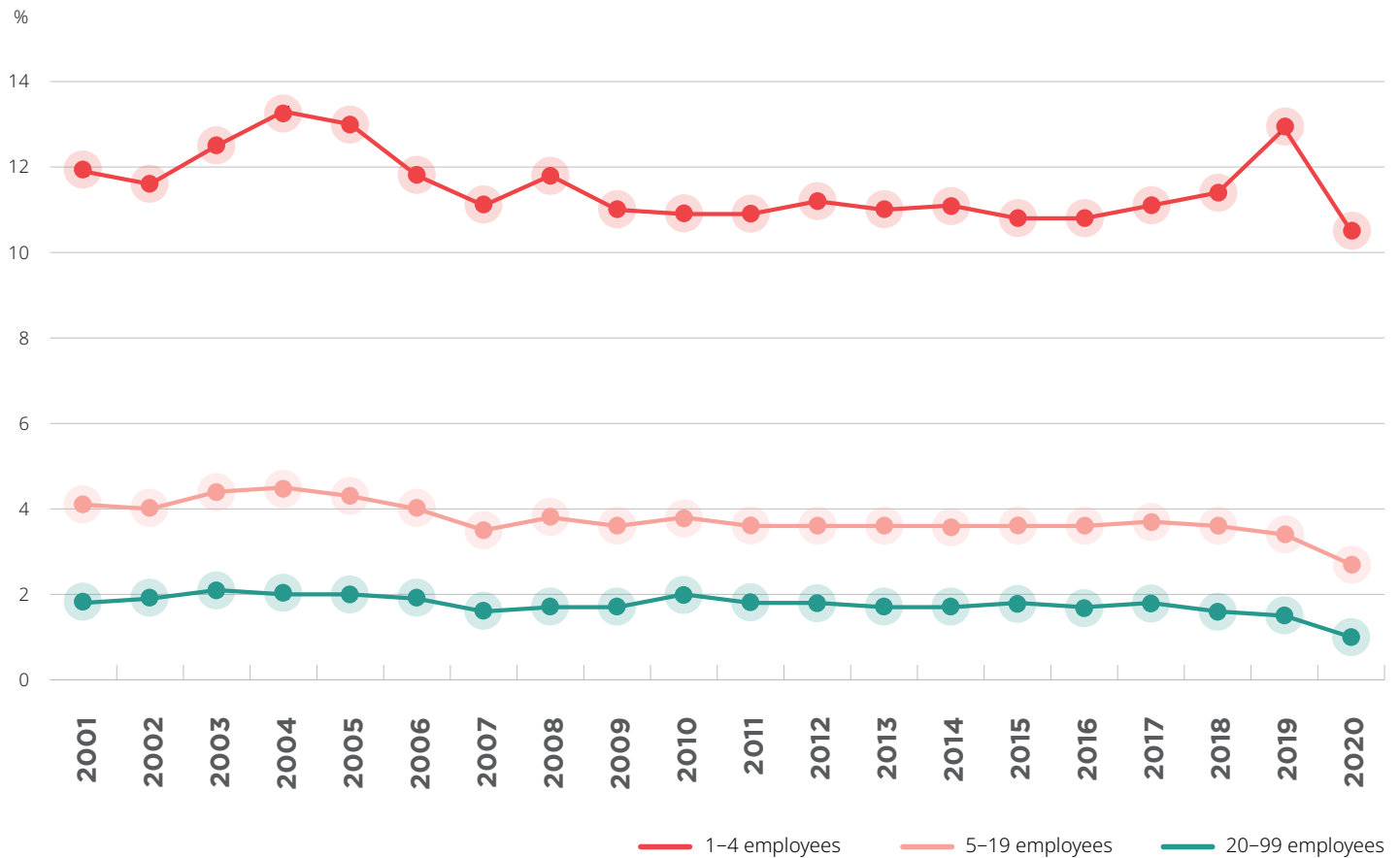
FIGURE 2: BIRTH RATE FOR ENTERPRISES WITH 1-99 EMPLOYEES, CANADA AND MAIN SECTORS, 2001-2020



Note: The goods-producing sector excludes data on the utilities industry. The services-producing sector excludes data on the management of companies and enterprises industry. Canada data are for all industries, included unclassified industries.

Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

FIGURE 3: BIRTH RATE BY INITIAL BUSINESS SIZE, CANADA, 2001–2020



Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

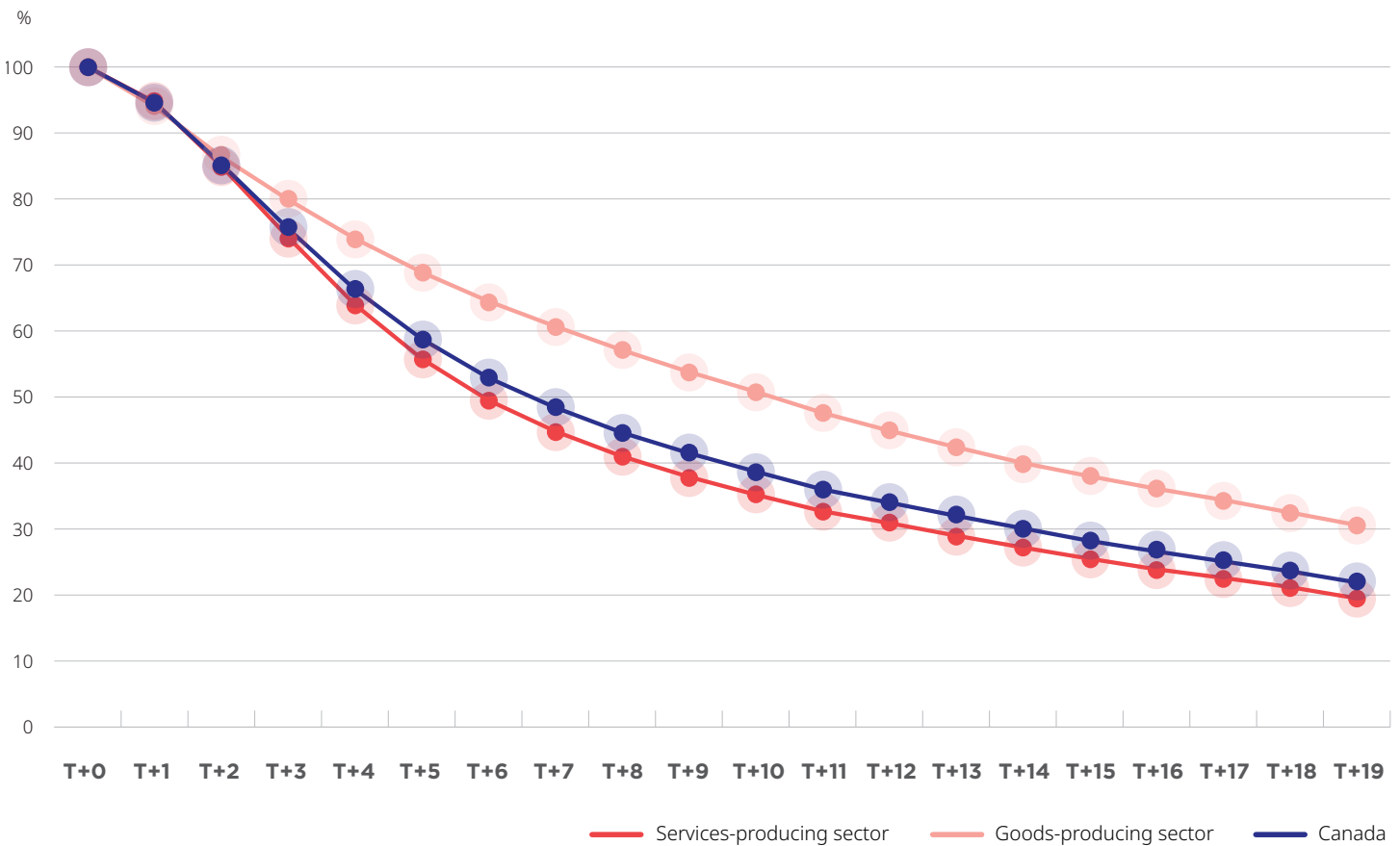
The vast majority of businesses had 1–4 employees when they began operations. Of the 101,921 businesses created on average each year from 2016 to 2020, 90.9% (or 92,626 businesses) had 1–4 employees when they were created. Over the course of this period, 7.8%, and 1.3% of new businesses began operations with 5–19 and 20–99 employees, respectively. Of the average 96,548 annual closures each year from 2016 to 2020, 92.3%, 6.5%, and 1.2% were businesses with 1–4, 5–19, and 20–99 employees, respectively.

1.3 What proportion of new businesses survive the first 19 years?

Businesses in the goods-producing and services-producing sectors showed similar survival rates over the course of the first two years (T+1, T+2) after their creation (T+0) (Figure 4). After the third year (T+3), business survival rates in the goods-producing sector were higher than in the services-producing sector. After five years (T+5), 68.9% of businesses in the goods-producing sector were still operating, compared with 55.8% of businesses in the services-producing sector.

After 10 years (T+10), the business survival rate for the goods-producing sector was 50.8%, compared with 35.2% for the services-producing sector. Finally, 30.6% of businesses in the goods-producing sector and 19.5% of businesses in the services-producing sector were still active 19 years (T+19) after they entered the Canadian market.

FIGURE 4: SURVIVAL RATE OF BUSINESSES WITH 1-99 EMPLOYEES, GOODS-PRODUCING SECTOR AND SERVICES-PRODUCING SECTOR, CANADA

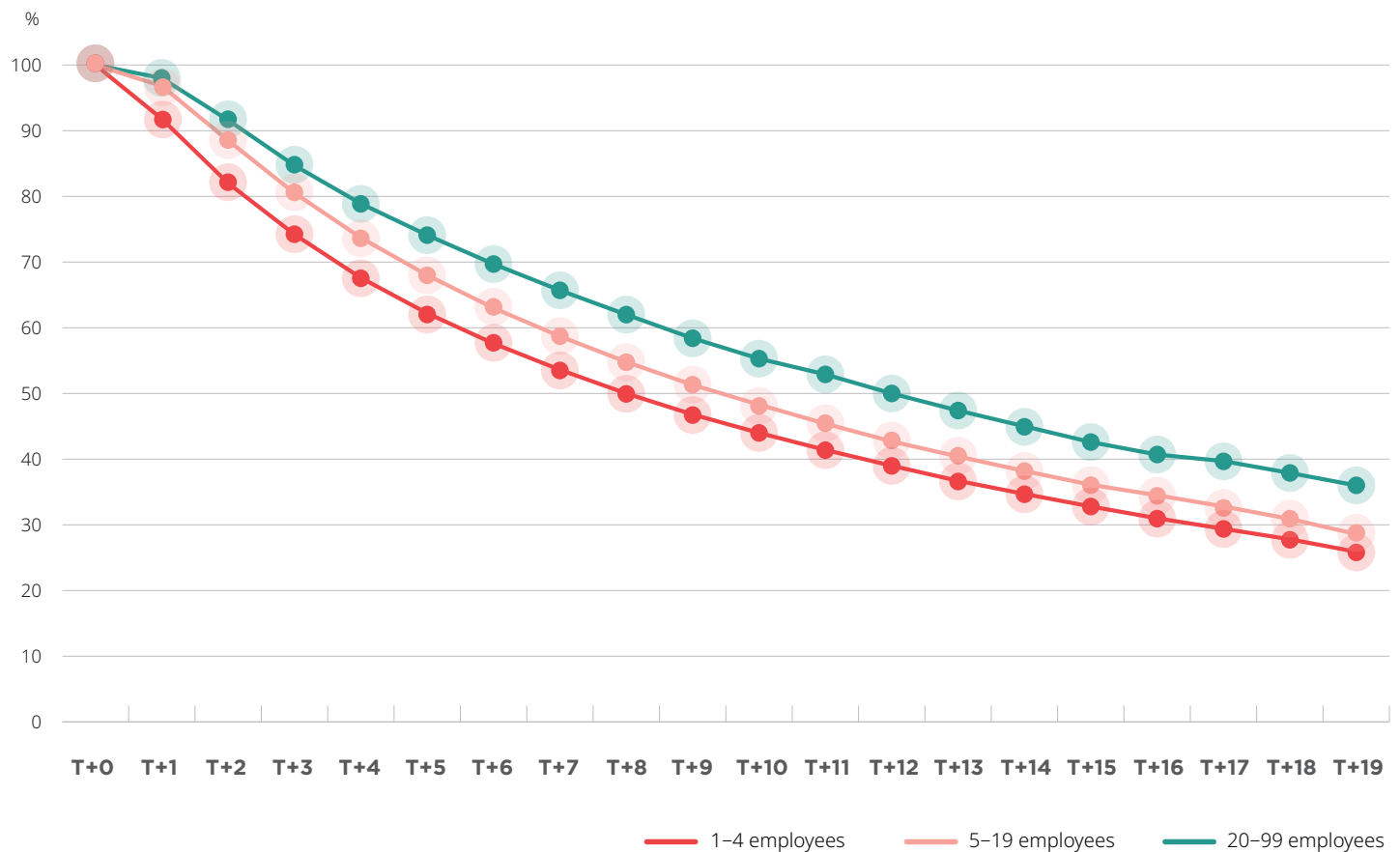


Note: The goods-producing sector excludes data on the utilities industry, and the services-producing sector excludes data on the management of companies and enterprises industry. Canada data combine the goods-producing and services-producing sectors.

Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

There is a positive correlation between enterprise survival rate and initial business size (Figure 5). Businesses that began operations with a large number of employees had a higher survival rate than businesses that began with a smaller number of employees. Of businesses that began operations with 1–4 employees, 62.2% were still active after 5 years (T+5), 44.0% were still active after 10 years (T+10), and 25.9% were still active after 19 years (T+19), compared with businesses that began operations with a workforce of 20–99 employees, of which 74.1% were still active after 5 years (T+5), 55.3% were still active after 10 years (T+10) and 36.0% were still active after 19 years (T+19).

FIGURE 5: SURVIVAL RATE BY INITIAL BUSINESS SIZE, CANADA



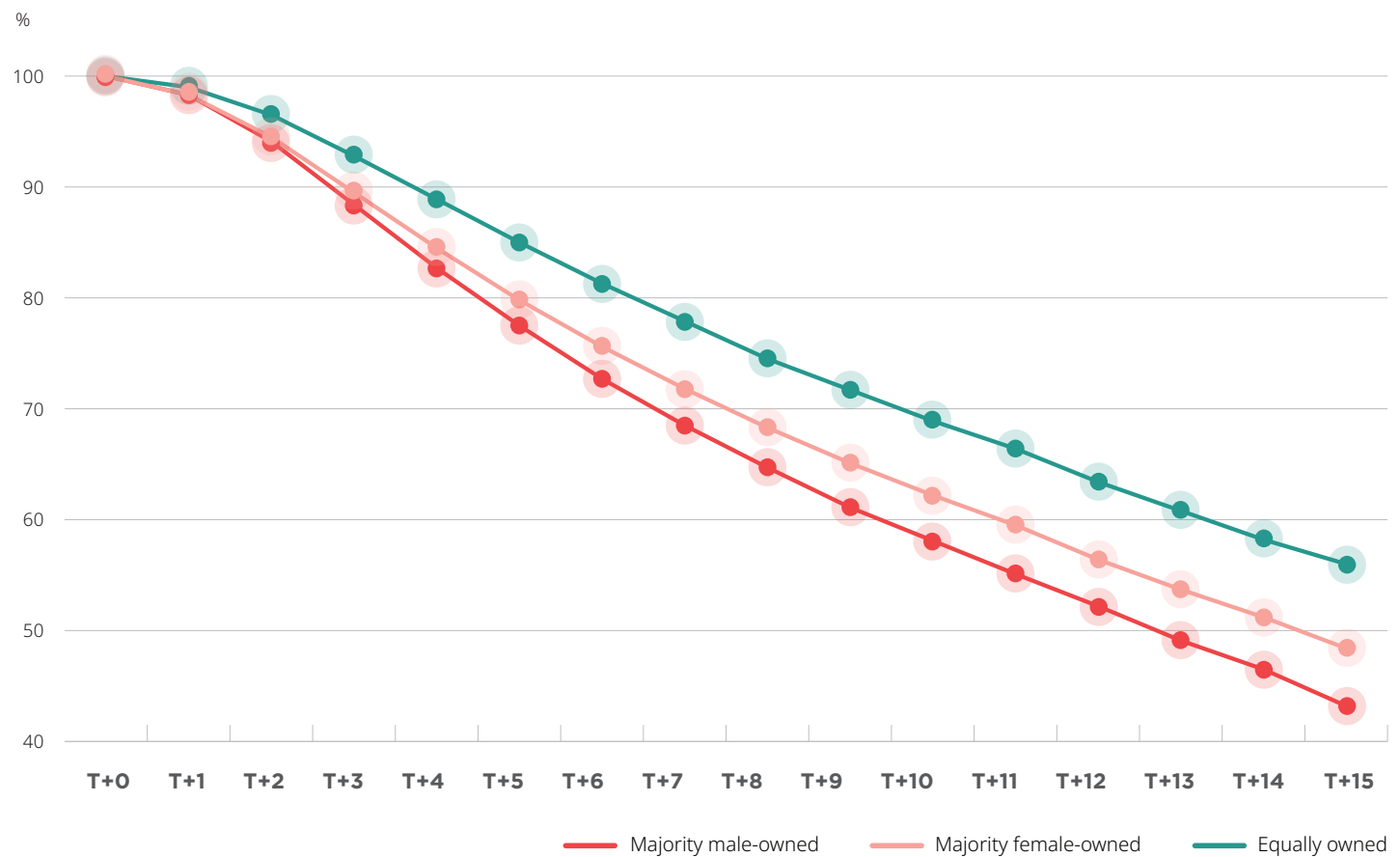
Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

1.4 What are the gender-based differences in survival and birth rates?

Majority male-owned businesses showed higher survival rates than majority female-owned businesses over the course of the fifteen years after their creation. However, businesses owned equally by males and females had the highest survival rates over the period observed.¹¹ After five years (T+5), 77.5% of majority female-owned businesses were still operating, compared with 79.8% of majority male-owned businesses, and 85.0% of equally owned businesses.

After 10 years (T+10), the business survival rate for majority female-owned businesses was 58.1%, compared with 62.2% for majority male-owned businesses, and 68.9% for equally owned businesses. Finally, 43.2% of majority female-owned businesses, 48.4% of majority male-owned businesses, and 56.0% of equally owned businesses were still active 14 years (T+15) after their creation (Figure 6).¹²

FIGURE 6: SURVIVAL RATE BY GENDER MAJORITY OWNERSHIP OF BUSINESSES WITH 1-99 EMPLOYEES, CANADA



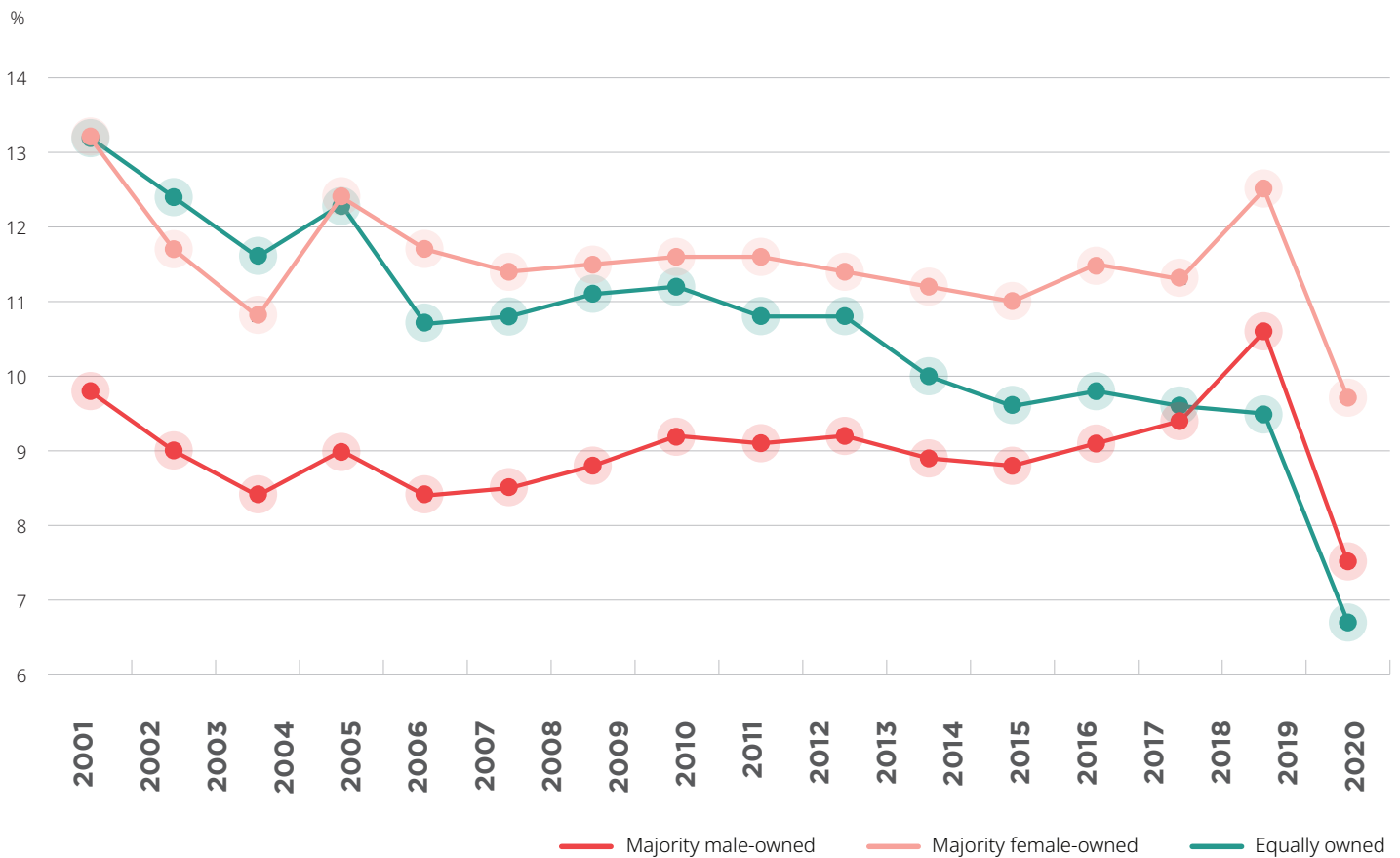
Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

11 The analysis was repeated by firm size and the results follow trends similar to the aggregated results except for enterprises with 20-99 employees, where the survival rate is higher for majority female-owned businesses than for majority male-owned businesses from the thirteenth year of the enterprise's life.

12 We observed that the survival rates by gender were higher than the survival curves shown in section 1.3. This may be partly due to the omission of the group of businesses for which we do not have information on gender ownership.

As shown in Figure 7, throughout the 2005–2020 period, the business birth rate was lower for majority male-owned businesses than for majority female-owned businesses. Over the last five years observed, the average birth rate for majority female-owned businesses was 11.2%, compared with 9.1% for majority male-owned businesses. On average, every year between 2016 and 2020, 12,084 businesses were created and 9,998 businesses disappeared in majority female-owned businesses, while in majority male-owned businesses, 42,422 businesses were created and 37,223 businesses disappeared.¹³

FIGURE 7: BIRTH RATE BY GENDER-MAJORITY OWNERSHIP OF BUSINESSES WITH ONE OR MORE EMPLOYEES, CANADA



Source: Statistics Canada, Economic Analysis Division, National Accounts Longitudinal Microdata File; and ISED calculations.

¹³ We observed that the trend in Figure 7 differs from that in Figure 2. This difference may be again due to the omission of the group of businesses for which we do not have information on gender ownership. Indeed, on average, between 2005 and 2020, the birth rate of enterprises is 0.9 percentage points higher when it excludes businesses for which we do not have information on gender ownership.



2. EMPLOYMENT

2.1 How many people were employed in Canada in 2022?

In 2022, approximately 17.2 million individuals were employed¹⁴ in Canada. Of this number, 71.1% worked in the private sector¹⁵ and 28.9% worked in the public sector¹⁶ (Table 4).

TABLE 4: NUMBER OF INDIVIDUALS EMPLOYED IN THE PRIVATE AND PUBLIC SECTORS BY BUSINESS SIZE, 2022

Sector	Small businesses (1–99 employees)		Medium-sized businesses (100–499 employees)		SMEs (1–499 employees)		Large businesses (500+ employees)		Total (thousands)
	Number (thousands)	% size	Number (thousands)	% size	Number (thousands)	% size	Number (thousands)	% size	
Private sector	5,718.0	46.81	2,072.8	16.96	7,790.9	63.78	4,397.1	36.00	12,214.4
<i>% Private sector</i>	<i>86.00</i>	<i>-</i>	<i>78.29</i>	<i>-</i>	<i>83.80</i>	<i>-</i>	<i>55.79</i>	<i>-</i>	<i>71.10</i>
Public sector	931.2	18.76	574.9	11.58	1,506.0	30.34	3,484.6	70.19	4,964.2
<i>% Public sector</i>	<i>14.00</i>	<i>-</i>	<i>21.71</i>	<i>-</i>	<i>16.20</i>	<i>-</i>	<i>44.21</i>	<i>-</i>	<i>28.90</i>
Total	6,649.2	38.71	2,647.7	15.41	9,296.9	54.12	7,881.8	45.88	17,178.7

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

Source: Statistics Canada, Table 14-10-0215-01—Employment for all employees by enterprise size, annual; and ISED calculations.

The distribution of the number of people employed according to business size varies considerably between the private and public sectors.¹⁷ In 2022, 63.8% of employed individuals in the private sector worked for SMEs, compared with 30.3% of those employed by public organizations of the same size.

14 This number excludes self-employed and individuals employed in businesses that are primarily involved in agriculture, fishing and trapping, private household services, religious organizations, international and other extraterritorial public administration and military personnel of defence services.

15 Private and public sector employees are found in every Canadian economic sector. However, due to data limitations, we consider public employees as those working in the utilities industry (NAICS 22), educational services (NAICS 61), health care and social assistance (NAICS 62), and public administration industries (NAICS 91).

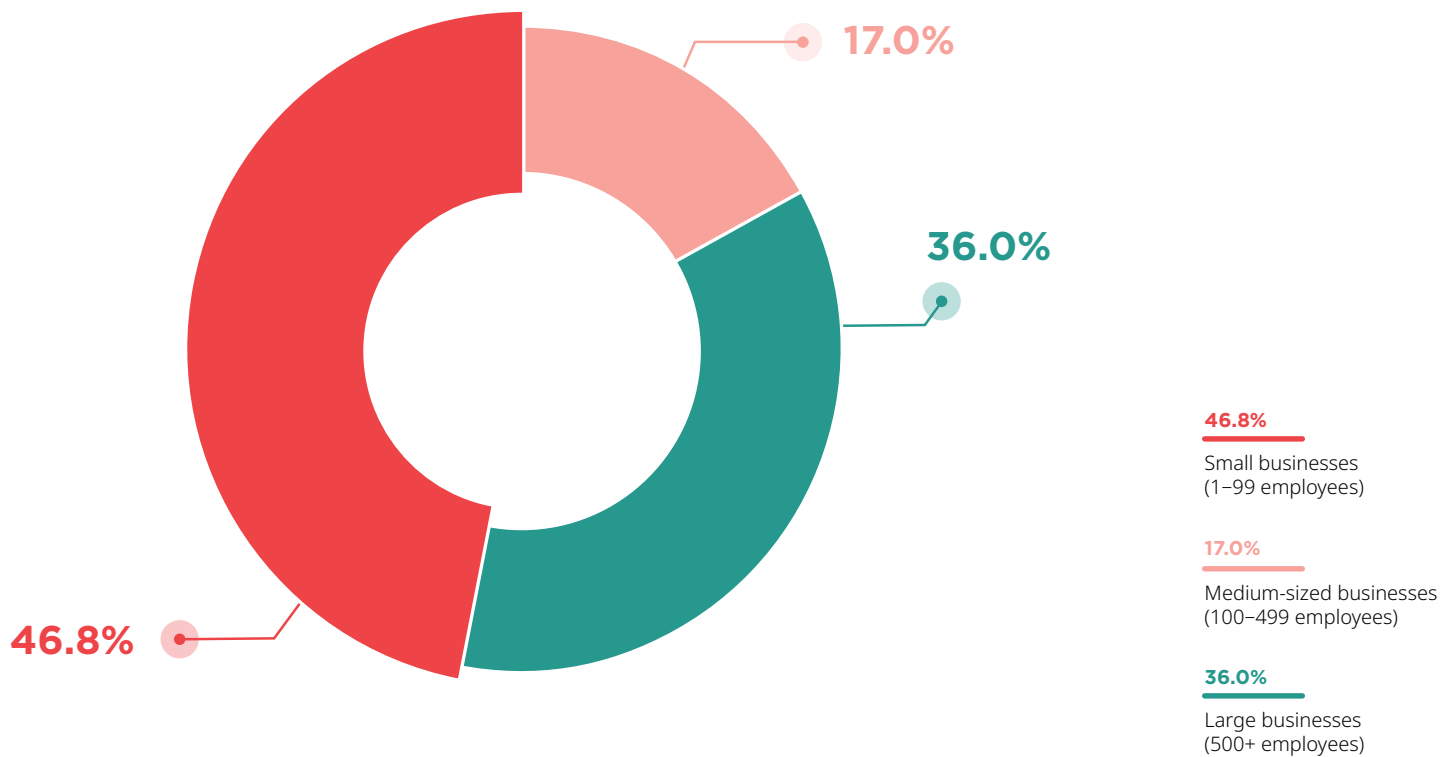
16 The *Labour Force Survey* defines the public sector to include individuals who work for a local, provincial, or federal government, a government service or agency, a Crown corporation, or a government-funded establishment, such as a school (including universities) or a hospital. The distribution of public employment in this publication, defined according to NAICS, closely aligns with the figures derived from the *Labour Force Survey* statistics (and categorized using the aforementioned definition), indicating a share of 24.5% for public sector employment in 2022.

17 According to the *Survey of Employment, Payrolls and Hours* (SEPH), which we use to examine employment, a business is defined as one or more domestic establishments that are specified under common ownership or control.

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

In 2022, private sector businesses employed 12.2 million people in Canada. Most of these employees, 46.8% (5.7 million), worked for small businesses, compared with 36.0% (4.4 million) for large businesses and 17.0% (2.1 million) for medium-sized businesses (Figure 8). In total, SMEs employed 63.8% of the private sector workforce (7.8 million individuals), highlighting the important role SMEs play in employing Canadians.

FIGURE 8: DISTRIBUTION OF PRIVATE SECTOR EMPLOYEES BY BUSINESS SIZE, 2022



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

Source: Statistics Canada, Table 14-10-0215-01—Employment for all employees by enterprise size, annual; and ISED calculations.

SMEs play an essential role in employing Canadians across the country. At the provincial level, the biggest contributors to private sector employment are Ontario (39.6%), Quebec (22.2%), British Columbia (14.2%), and Alberta (12.2%). Total private sector employment in Ontario and Quebec amounts to 7,547,109 jobs, which represents 61.8% of Canadian private sector employment (Table 5).

TABLE 5: TOTAL PRIVATE SECTOR EMPLOYMENT BY PROVINCE, 2022

Province	Private sector employment	
	Number (thousands)	%
Newfoundland and Labrador	135.1	1.1
Prince Edward Island	47.2	0.4
Nova Scotia	275.6	2.3
New Brunswick	221.4	1.8
Quebec	2,712.6	22.2
Ontario	4,834.5	39.6
Manitoba	407.3	3.3
Saskatchewan	314.8	2.6
Alberta	1,488.2	12.2
British Columbia	1,739.2	14.2
Yukon	12.6	0.1
Northwest Territories	14.6	0.1
Nunavut	11.3	0.1
Canada	12,214.4	100

Note: Due to the lack of complete industry-level data for certain provinces, private sector employment is calculated residually, as the difference between aggregated employment and employment in industries identified as public in this report. However, province-level public employment does not incorporate the utilities industry due to incomplete data for most provinces. We therefore estimate the number of employees in the utilities industry for each province so that the total private employment figures are consistent across the tables.

Source: Statistics Canada, Table 14-10-0215-01—Employment for all employees by enterprise size, annual; and ISED calculations.

The distribution of employment by business size varies across industries. As shown in Table 6, SMEs account for over 70% of employment in at least four industries: construction (87.0%); accommodation and food services (84.7%); real estate and rental and leasing (77.3%); and professional, scientific and technical services (70.6%). Indeed, small businesses alone account for over 70.0% of employment in the forestry, logging and support, and other services (except public administration) industries.

TABLE 6: TOTAL PRIVATE SECTOR EMPLOYMENT BY INDUSTRIAL SECTOR AND BUSINESS SIZE, 2022

Industry	Small businesses (1–99 employees)		Medium-sized businesses (100–499 employees)		SME employment	Large businesses (500+ employees)		Total (thousands)
	Number (thousands)	%	Number (thousands)	%	%	Number (thousands)	%	
Goods-Producing Sector	1,429.1	48.8	634.4	21.7	70.4	857.4	29.3	2,920.8
Forestry, logging and support	29.1	76.5	x*	-	-	x*	-	38.0
Mining, quarrying, and oil and gas extraction	41.0	19.9	35.5	17.2	37.1	130.0	62.9	206.5
Construction	802.6	71.0	181.0	16.0	87.0	147.1	13.0	1,130.7
Manufacturing	556.4	35.8	417.8	26.9	62.7	580.4	37.3	1,554.6
Services-Producing Sector	4,288.9	46.2	1,390.9	15.0	61.2	3,496.6	37.7	9,284.6
Wholesale trade	370.3	45.5	181.7	22.3	67.8	262.1	32.2	814.1
Retail trade	865.1	43.0	245.4	12.2	55.2	900.4	44.8	2,011.0
Transportation and warehousing	271.5	33.7	101.3	12.6	46.2	433.8	53.8	806.6
Information and cultural industries	88.0	23.1	64.1	16.8	39.9	229.2	60.1	381.3
Finance and insurance	133.5	16.5	88.5	11.0	27.5	585.6	72.5	807.6
Real estate and rental and leasing	177.2	62.5	42.2	14.9	77.3	64.3	22.7	283.8
Professional, scientific and technical services	624.6	53.6	198.3	17.0	70.6	342.7	29.4	1,165.6
Management of companies and enterprises	34.9	28.5	29.2	23.8	52.3	58.5	47.7	122.6
Administrative and support, waste management and remediation services	323.6	38.9	174.0	20.9	59.8	334.5	40.2	832.1
Arts, entertainment and recreation	133.9	47.0	55.3	19.4	66.4	95.9	33.6	285.1
Accommodation and food services	835.8	67.6	210.7	17.0	84.7	189.6	15.3	1,236.1
Other services (except public administration)	430.6	79.9	x*	-	-	x*	-	538.8
Total	5,718.0	46.8	2,025.3	16.6	63.4	4,354.0	35.6	12,214.4

Note: x*: data is suppressed to meet the confidentiality requirements of the *Statistics Act*. It is only included in the industry total. Therefore, the aggregation of employees by enterprise size may differ from the aggregation by industry. When there is a difference between the total by enterprise size and the total by industry, we report the total by industry.

Sources: Statistics Canada, Table 14-10-0215-01—Employment for all employees by enterprise size, annual; and ISED calculations.

The industrial sectors for which the most small-business employees worked were, in descending order, retail trade (0.87 million); accommodation and food services (0.84 million); construction (0.80 million); and professional, scientific and technical services (0.62 million). These industries alone accounted for 54.6% of all private jobs in small businesses in Canada.

Overall, industries in the goods-producing sector accounted for 24.1% of total private employment and 25.0% of employment in small businesses.

At the industry level, other services (except public administration) had the highest share of employees working in small businesses (1–99 employees) with 430,580 out of the total of 538,764 employees (79.9%) in the industry.

2.3 How much did employment grow between 2021 and 2022?

In 2020, the COVID-19 pandemic posed significant challenges to the Canadian economy. The resulting economic contraction significantly impacted employment in 2020. However, in 2021, the economy started recovering. In 2022, we observe a positive net employment change in the private sector of 802,550, which corresponds to an annual growth rate of 7.0% (Table 7).¹⁸

The net employment change among small businesses was 329,491, compared with 146,570 among medium-sized businesses, or an annual growth rate of 6.1% and 7.8%, respectively. Consequently, the contribution to net employment change was 41.1% from small businesses and 18.3% from medium-sized businesses. SMEs were responsible for 59.4% of net employment change over the last year (Figure 9).

Over the 2021–2022 period, 84.4% of total net employment change was attributable to businesses in the services-producing sector, while 15.6% was attributable to businesses in the goods-producing sector.

The most significant net employment changes observed in the services-producing sector were the increases in accommodation and food services (202,264) and in professional, scientific and technical services (116,036). These two industries alone accounted for 47.0% of the net change in the services-producing sector. The contribution to net employment change by SMEs in these two industries was 80.8% for accommodation and food services and 44.0% for professional, scientific and technical services.

The construction, manufacturing, and mining, quarrying, and oil and gas extraction industries saw the most significant increase in net employment change in the goods-producing sector: 69,589, 40,851, and 14,929 jobs, respectively.

¹⁸ It is important to note that this annual employment growth rate is relatively high compared with the average annual growth rate of 0.8% observed before the COVID-19 pandemic (see [Key Small Business Statistics, 2019](#)). Strong employment growth between 2021 and 2022 resulted in employment recovering to pre-pandemic levels, but employment still remained below what we might have expected if the pre-pandemic growth trend had continued.

TABLE 7: ANNUAL GROWTH RATE AND CONTRIBUTION TO NET EMPLOYMENT CHANGE IN THE PRIVATE SECTOR BY INDUSTRIAL SECTOR AND BUSINESS SIZE, 2021-2022

Province	Small businesses (1-99 employees)			Medium-sized businesses (100-499 employees)			Large businesses (500+ employees)			Total	
	AGR* (%)	NEC** (thousands)	CEC*** (%)	AGR* (%)	NEC** (thousands)	CEC*** (%)	AGR* (%)	NEC** (thousands)	CEC*** (%)	AGR* (%)	NEC** (thousands)
Goods-Producing Sector	4.0	55.5	43.0	4.9	29.4	23.5	4.9	39.7	31.7	4.5	125.2
Forestry, logging and support	-2.4	-0.7	589.3	-	-	-	-	-	-	-0.3	-0.1
Mining, quarrying, and oil and gas extraction	2.0	0.8	5.4	8.0	2.6	17.7	9.7	11.5	76.9	7.8	14.9
Construction	5.0	38.0	54.7	9.7	16.0	22.9	11.9	15.6	22.4	6.6	69.6
Manufacturing	3.2	17.4	42.6	2.7	10.8	26.4	2.2	12.6	31.0	2.7	40.9
Services-Producing Sector	6.8	274.0	40.4	9.2	117.2	17.3	8.6	276.2	40.8	7.9	677.3
Wholesale trade	2.2	8.0	33.7	3.8	6.6	28.0	3.6	9.1	38.4	3.0	23.8
Retail trade	3.3	28.0	42.7	2.4	5.7	8.8	3.7	31.8	48.5	3.4	65.5
Transportation and warehousing	3.4	9.0	23.2	3.0	3.0	7.7	6.6	26.9	69.1	5.1	38.9
Information and cultural industries	5.3	4.4	17.4	4.6	2.8	11.0	8.6	18.2	71.6	7.2	25.5
Finance and insurance	0.9	1.3	2.8	3.2	2.8	6.2	7.4	40.4	91.0	5.8	44.4
Real estate and rental and leasing	6.5	10.7	49.8	3.7	1.5	6.9	17.0	9.4	43.3	8.2	21.6
Professional, scientific and technical services	5.5	32.4	28.0	10.3	18.6	16.0	23.4	65.0	56.0	11.1	116.0
Management of companies and enterprises	3.4	1.1	30.1	0.8	0.2	6.3	4.3	2.4	63.6	3.2	3.8
Administrative and support, waste management and remediation services	4.4	13.5	40.8	8.5	13.7	41.3	1.8	5.9	17.9	4.1	33.1
Arts, entertainment and recreation	18.1	20.5	33.7	28.2	12.2	20.0	41.7	28.2	46.3	27.2	60.9
Accommodation and food services	15.7	113.3	56.0	31.2	50.1	24.8	25.8	38.9	19.2	19.6	202.3
Other services (except public administration)	7.9	31.5	76.1	-	-	-	-	-	-	8.3	41.5
Total	6.1	329.5	41.1	7.8	146.6	18.3	7.8	316.0	39.4	7.0	802.6

* AGR: Annual growth rate.

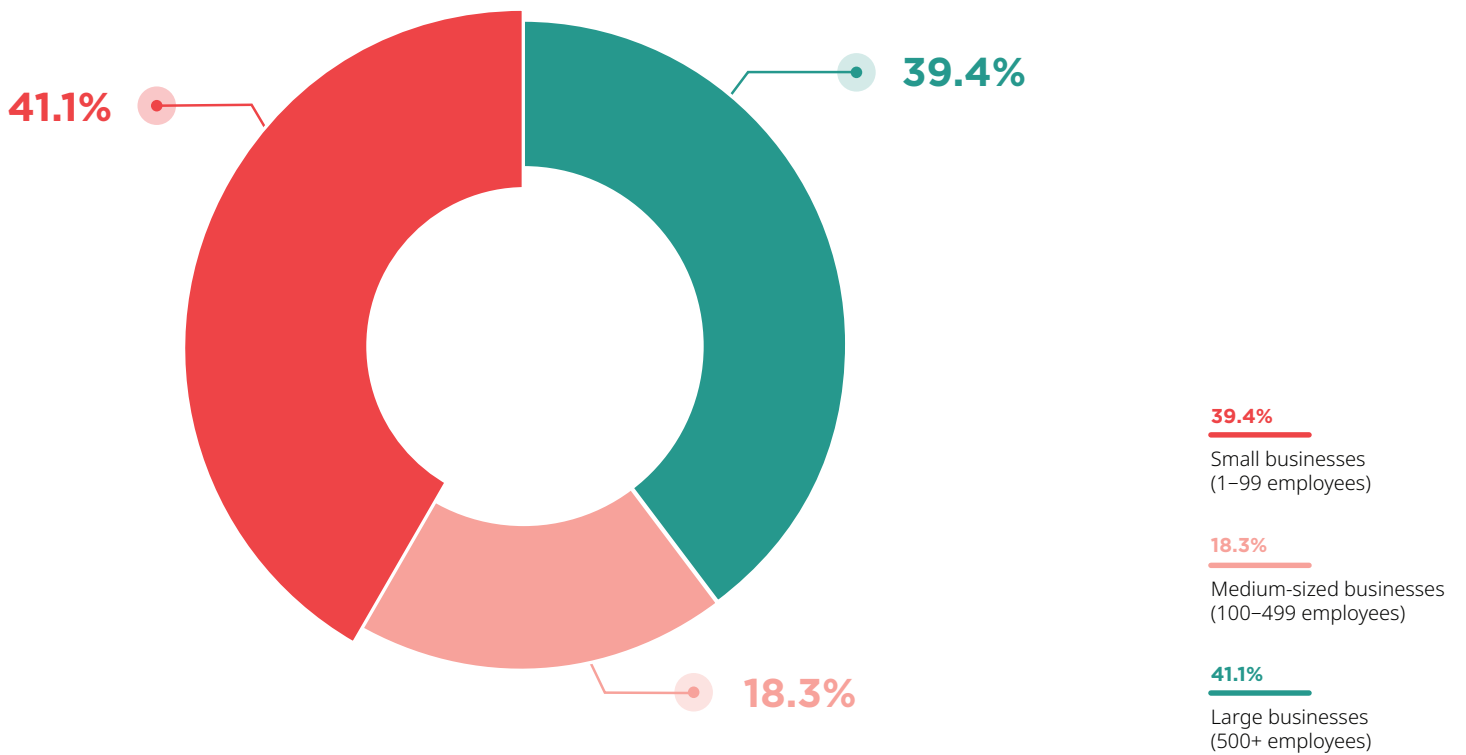
** NEC: Net employment change from 2021-2022.

*** CEC: Contribution to net employment change. For small businesses in Canada, for example, CEC = 329,491/802,550, or 41.1%.

Note: Some data on employment by enterprise size are missing for the forestry, logging and support services industry, as well as for other services (with the exception of public administration). However, these data are included in the total calculated at industry level. Consequently, the sum of aggregates by enterprise size does not necessarily equal the industry total.

Source : Statistics Canada, Table 14-10-0215-01—Employment for all employees by enterprise size, annual; and ISED calculations.

FIGURE 9: CONTRIBUTION TO NET EMPLOYMENT CHANGE FROM PRIVATE SECTOR BUSINESSES BY BUSINESS SIZE, 2021-2022



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

Source: Statistics Canada, Table 14-10-0215-01—Employment for all employees by enterprise size, annual; and ISED calculations.



3. GROWTH

3.1 What is the proportion of high-growth firms?

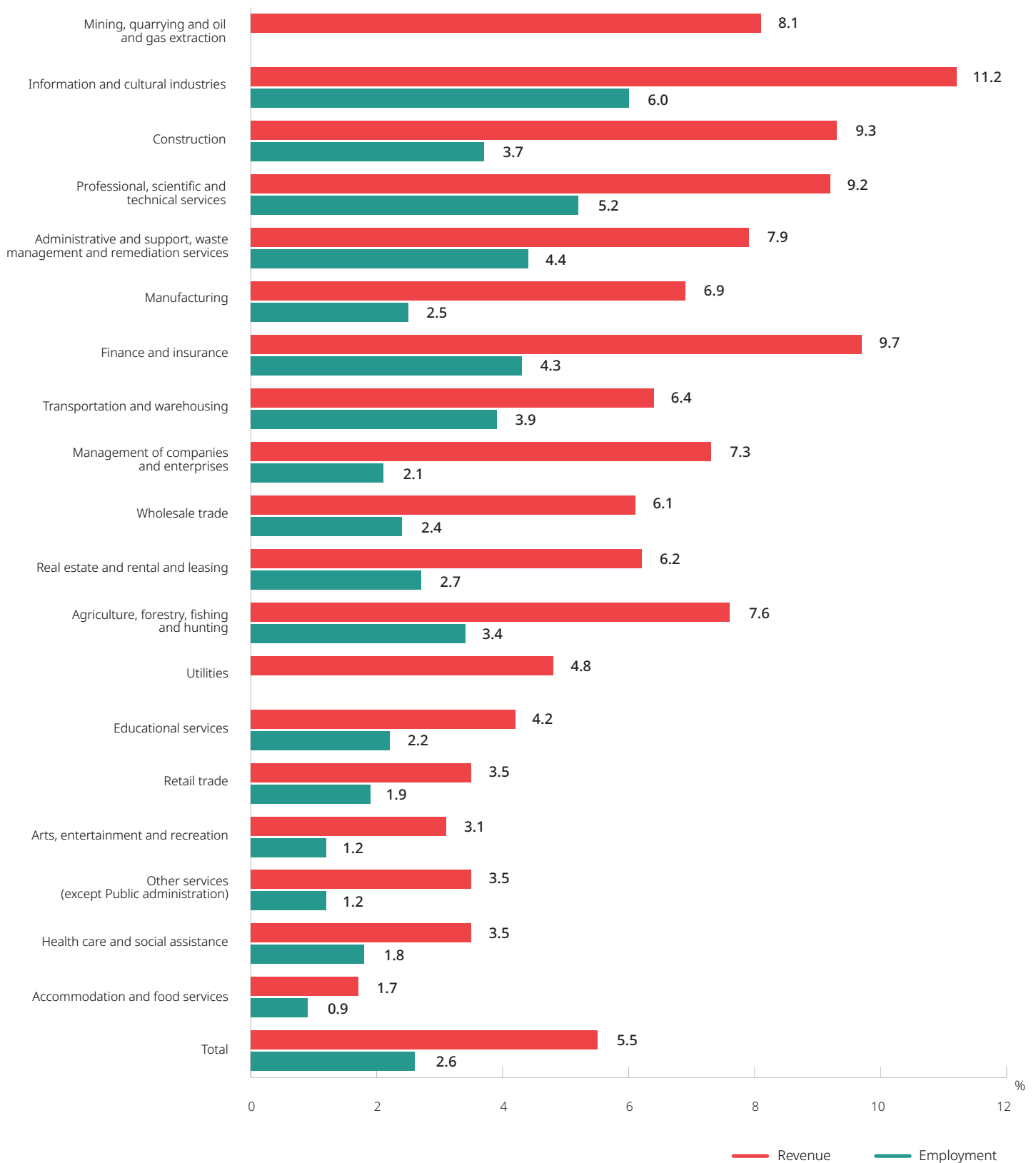
Firms that achieve high growth in a short period of time tend to make a large contribution in terms of employment and wealth creation. Based upon a 2017 study,¹⁹ high-growth firms²⁰ contributed to 41% of the total net employment change between 2009 and 2012. High-growth firms, as discussed below, are found across all industrial sectors.

Figure 10 presents percentages of high-growth firms across different industries between 2017 and 2020 based on revenue and employment. As shown, there are high-growth firms in all industries. In the goods-producing sector, the largest share of high-growth firms based upon revenue is found in the following industries: construction (9.3%); mining, quarrying, and oil and gas extraction (8.1%); and agriculture, forestry, fishing and hunting (7.6%). In the services-producing sector, industries with the largest share of high-growth firms are information and cultural industries (11.2%); finance and insurance (9.7%); and professional, scientific and technical services (9.2%). Overall, the share of high-growth firms based on revenue is slightly more than double the share based on employment (5.5% versus 2.6%).

¹⁹ Innovation, Science and Economic Development Canada, [The Contribution to Canadian Net Employment Change by High-Growth Firms](#), December 2017.

²⁰ According to the Organisation for Economic Co-operation and Development, high-growth firms are firms with 10 or more employees that have experienced average annual growth greater than 20.0%, in terms of employment or revenue, over three consecutive years.

FIGURE 10: PERCENTAGE OF HIGH-GROWTH FIRMS BY INDUSTRY, BASED ON REVENUE AND EMPLOYMENT GROWTH, 2017-2020



Note: Data on the share of high-growth firms based on employment is suppressed for the mining, quarrying, oil and gas extraction, and utilities industries to meet the confidentiality requirements of the *Statistics Act*.

Source: Statistics Canada, Entrepreneurship Indicators Database.

4. EXPORT OF GOODS

4.1 Which provinces have the highest concentrations of exporters?

Exports are vital to Canada's economy. They drive economic growth and are strongly correlated with real gross domestic product growth. Furthermore, exports can provide a strategically important means of growing a business by expanding its market beyond the confines of Canada's relatively small domestic market.

Exporters are found in all provinces. In 2022, out of the 53,327 establishments²¹ that exported goods, 42.1% were operating in Ontario (Table 8). Ontario had the highest concentration of exporters at 48.4 per thousand establishments. The lowest concentration of exporters was found in the Territories and in Newfoundland and Labrador, with 21.6 and 19.2 exporters per thousand establishments, respectively.

In Canada, the average value of exports per establishment was \$13.5 million in 2022. This includes establishments located in Newfoundland and Labrador, which had the highest average value of exports at \$49.1 million per establishment, followed by the Territories at \$37.8 million and Alberta at \$34.6 million. This can probably be explained by the fact that the territories and these two provinces specialize in the extraction of natural resources.

²¹ Unlike in the other sections of this publication, the unit of observation in section 4.1 is the establishment rather than the enterprise. Indeed, at the provincial level, an establishment-level analysis is more relevant than at the enterprise level, since an enterprise can have multiple establishments in different provinces.



TABLE 8: PROVINCIAL EXPORTS BY NUMBER OF ESTABLISHMENTS AND VALUE OF GOODS EXPORTED, 2022

Province/Territory	Number of exporters	Distribution (%)	Numbers of exporters per 1,000 establishments	Value of exports (\$ billions)	Distribution (%)	Average value of exports by establishments (\$ millions)
Newfoundland and Labrador	307	0.6	19.2	15.1	2.1	49.1
Prince Edward Island	260	0.5	41.0	2.1	0.3	7.9
Nova Scotia	957	1.8	31.7	6.3	0.9	6.6
New Brunswick	809	1.5	32.6	18.4	2.6	22.8
Quebec	11,289	21.2	43.3	107.5	15.0	9.5
Ontario	22,443	42.1	48.4	222.4	31.0	9.9
Manitoba	1,867	3.5	46.1	30.6	4.3	16.4
Saskatchewan	1,637	3.1	39.9	38.3	5.3	23.4
Alberta	6,042	11.3	37.6	209.0	29.1	34.6
British Columbia	7,630	14.3	39.1	64.7	9.0	8.5
Territories	86	0.2	21.6	3.2	0.5	37.8
Canada	53,327	–	42.9	717.6	–	13.5

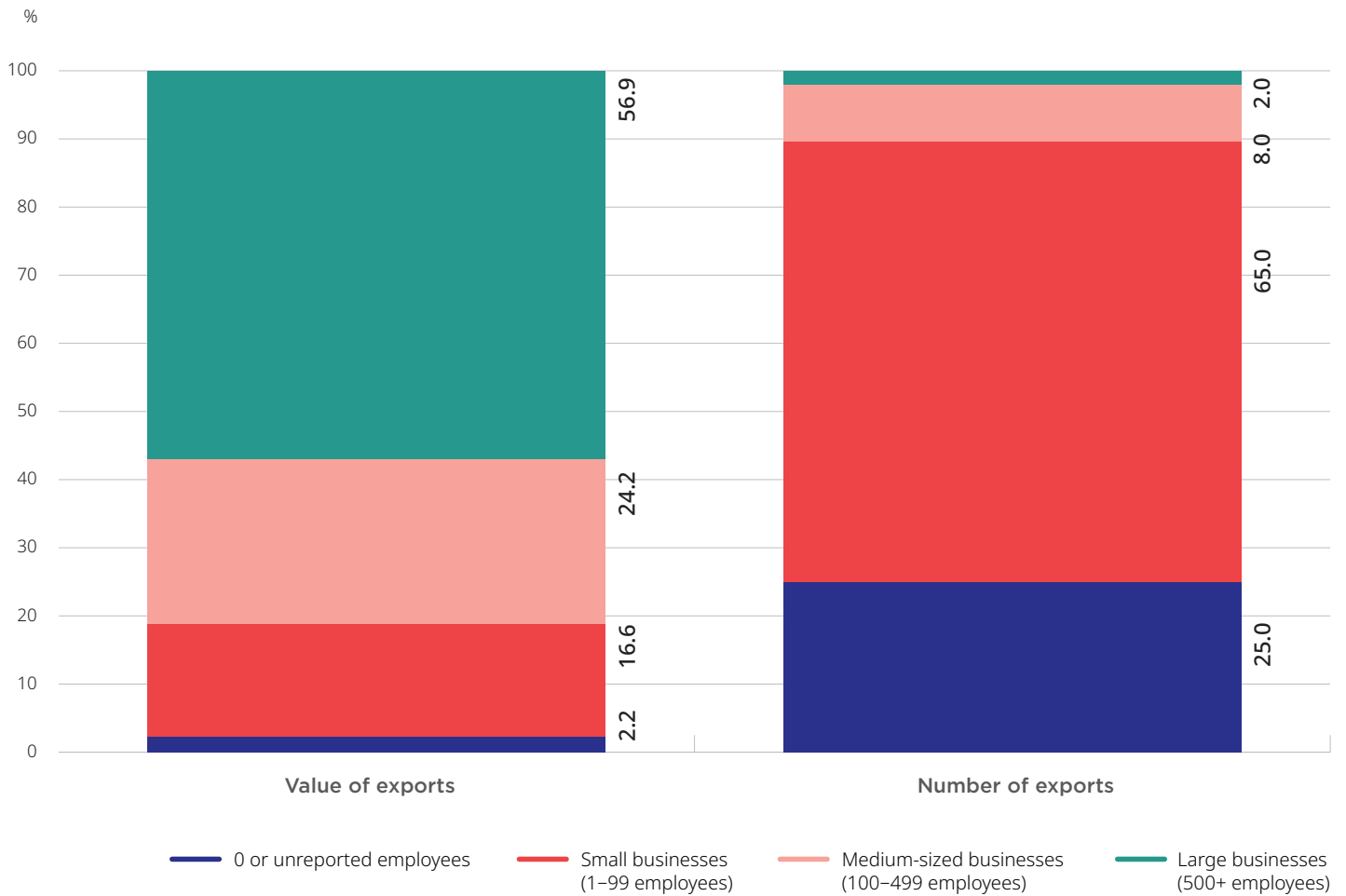
Note: Data may not add up to totals because of rounding.

Source: Statistics Canada, Table 12-10-0098-01—Trade in goods by exporter characteristics, by industry of establishment (x 1,000); Table 33-10-0661-01—Canadian Business Counts, with employees, December 2022; and ISED calculations.

4.2 How do SMEs contribute to Canada’s exports?

In 2022, Canada’s exports of goods totalled \$717.6 billion, of which 40.8% was attributable to SMEs (Figure 11). A total of 48,036 Canadian enterprises exported goods, the vast majority of which were SMEs (72.9%).

FIGURE 11: CONTRIBUTION OF SMES TO THE EXPORT OF GOODS BY NUMBER OF EXPORTERS AND VALUE OF EXPORTS, CANADA, 2022



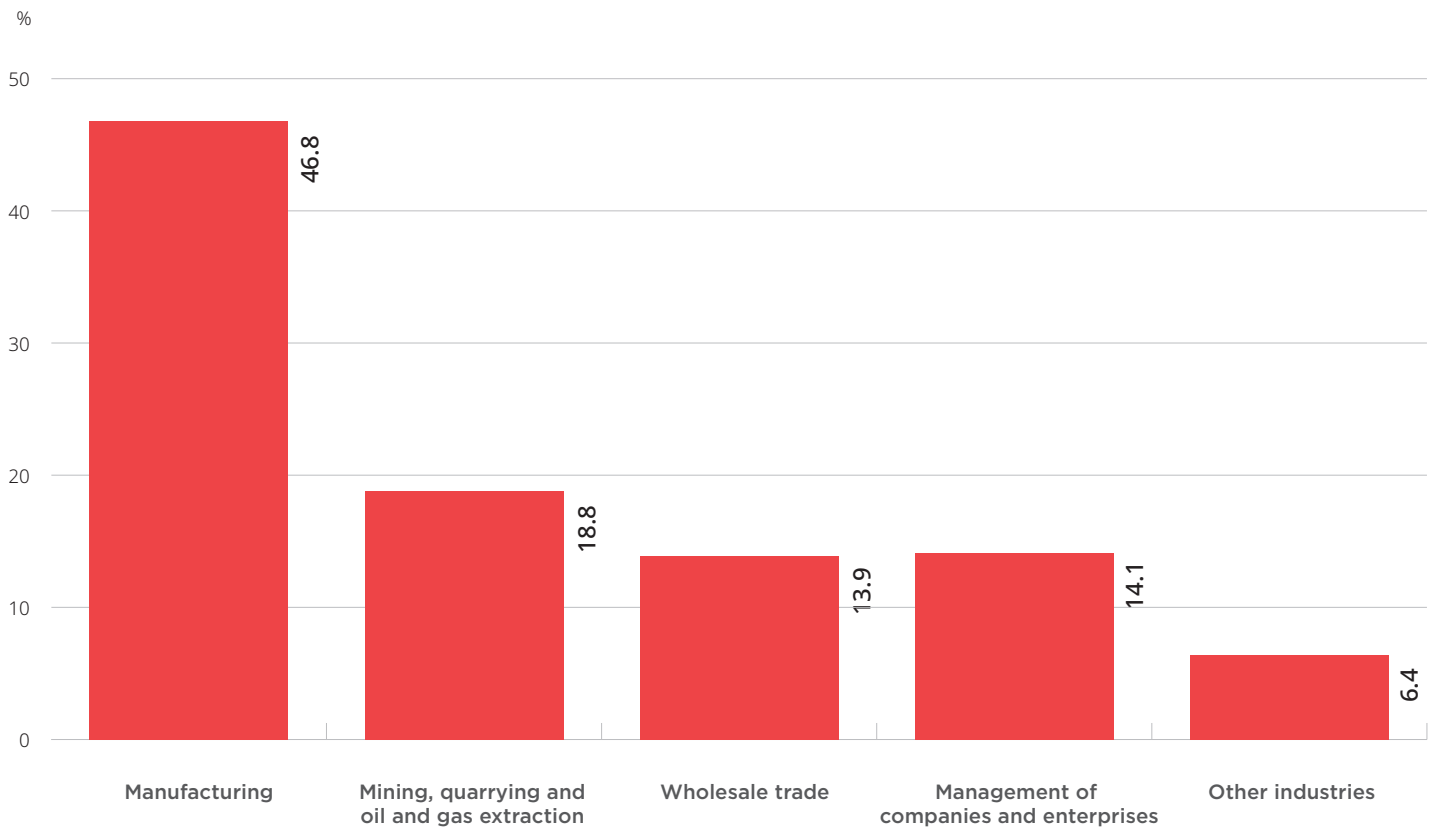
Note: Data may not add up to 100% because of rounding.

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

While virtually all Canadian industrial sectors export goods, four sectors accounted for over 90.0% of the total value of goods exported in 2022 (Figure 12). Manufacturing accounted for 46.8%, followed by mining, quarrying, and oil and gas extraction (18.8%), management of companies and enterprises (14.1%), and wholesale trade (13.9%).

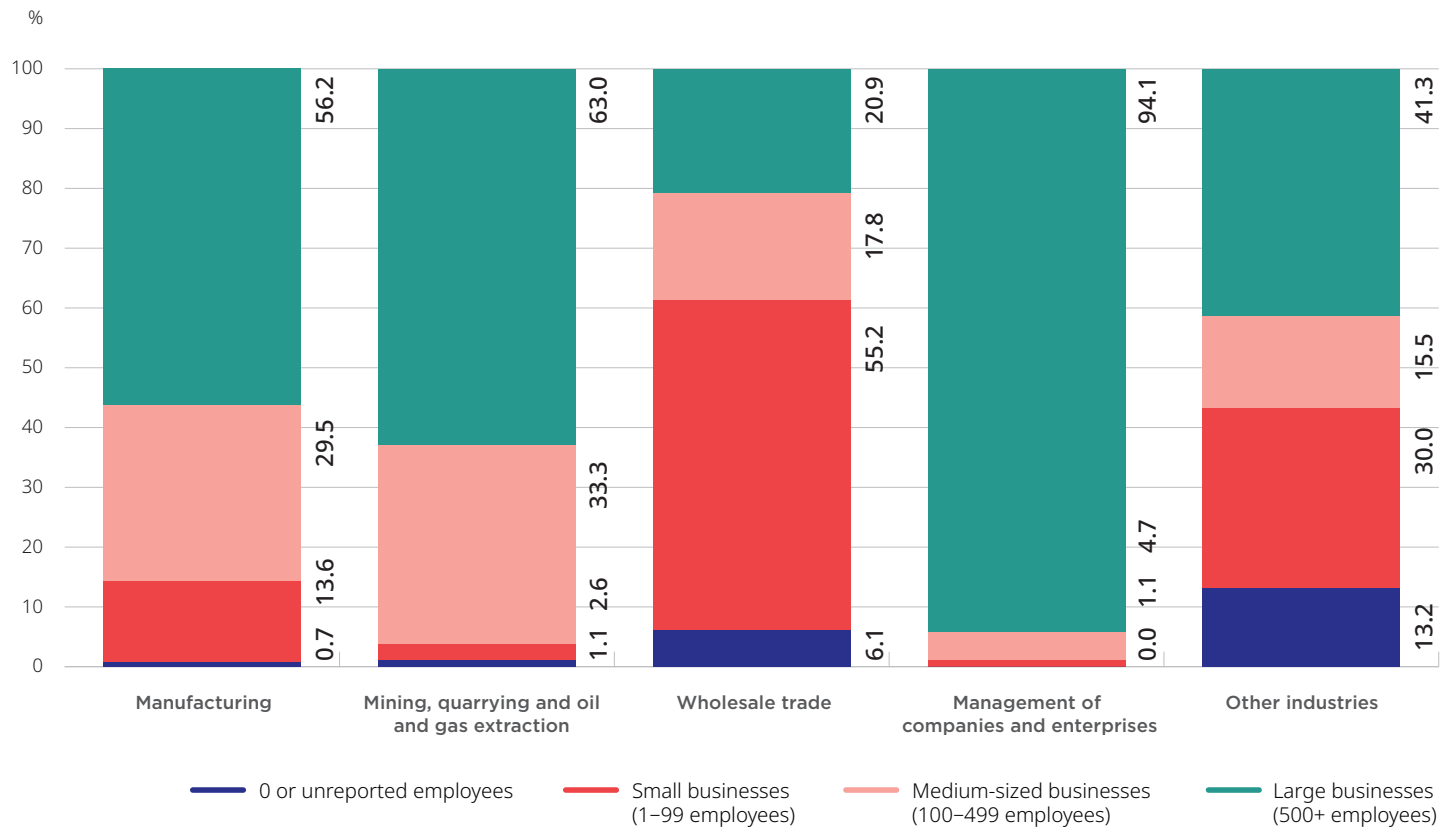
The contribution of SMEs to the export of goods varied by industrial sector (Figure 13). In 2022, the contribution of SMEs to the total value of goods exported was 73.0% in wholesale trade and 45.5% in “other industries.” At the other end of the scale, the contribution of SMEs to the value of goods exported was 43.1% in manufacturing, and only 5.8% in management of companies and enterprises.

FIGURE 12: MAIN INDUSTRIES INVOLVED IN THE EXPORT OF GOODS BY VALUE OF EXPORTS, CANADA, 2022



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

FIGURE 13: CONTRIBUTION OF SMES TO THE TOTAL VALUE OF EXPORTS BY INDUSTRY, CANADA, 2022



Note: Data may not add up to 100% because of rounding.

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

4.3 What are Canada's main export destinations?

The COVID-19 pandemic has posed significant challenges to exports for Canadian businesses. As the economy started to recover between 2021 and 2022, the value of goods exported increased. Exports by enterprises to the United States, the top destination for Canadian goods exports, increased by 27.8% (Table 9).²²

Among the 10 main destinations for exports of Canadian goods in 2022, the highest contribution attributable to SMEs to the total value of goods exported came from exports to the United Kingdom, the third leading destination, with 72.1% of the total value of goods exported by SMEs.

From 2021 to 2022, the value of exports to the United States by small businesses as a percentage of the value of total exports by small businesses increased from 79.0% to 81.8%; for medium-sized businesses, the increase was from 74.0% to 75.6%. This also increased for large businesses, with exports of goods to the United States increasing from 73.7% to 75.6% (Table 10).

In 2022, the second-leading destination for goods produced by small businesses was China, followed by Japan. The United Kingdom and China were the second- and third-leading destinations for medium-sized businesses, respectively.

²² The 27.8% increase in the exports to the United States is beyond the pre-pandemic annual growth rate of 4.3% (see see [Key Small Business Statistics, 2019](#)).

TABLE 9: TEN MAIN DESTINATIONS FOR EXPORTS OF CANADIAN GOODS, 2021 AND 2022

	2021						2022						
	Rank	Value (\$ billions)	Contribution (%)				Rank	Value (\$ billions)	AGR* 2021-22 (%)	Contribution (%)			
			0 or unreported employees	Small businesses	Medium-sized businesses	Large businesses				0 or unreported employees	Small businesses	Medium-sized businesses	Large businesses
United States	1	429.7	0.03	18.4	22.3	56.5	1	549.1	27.8	2.0	17.7	23.9	56.3
China	2	27.9	0.02	14.3	14.6	68.7	2	27.8	-0.3	2.1	11.9	19.8	66.2
United Kingdom	3	15.7	0.00	4.9	63.3	31.3	3	17.5	11.5	0.5	4.2	67.9	27.5
Japan	4	13.9	0.04	9.7	9.3	76.9	4	16.9	21.5	8.8	11.1	11.0	69.0
Mexico	5	7.8	0.01	19.7	16.8	62.1	5	8.6	10.5	1.4	18.1	18.9	61.6
South Korea	7	5.5	0.05	21.3	12.3	61.8	6	8.4	51.5	4.5	14.8	15.7	65.0
Germany	6	6.1	0.01	14.2	11.6	73.3	7	6.7	8.7	1.1	14.0	18.5	66.4
Netherlands	8	4.3	0.02	9.3	14.0	74.9	8	6.0	39.9	1.6	8.5	20.0	69.8
India	14	2.8	0.02	22.3	17.6	57.8	9	5.1	83.6	1.9	12.1	31.2	54.9
Belgium	10	3.5	0.01	10.4	19.0	69.8	10	4.4	26.6	0.3	12.3	21.9	65.4
Rest of the world	-	58.0	0.04	17.2	24.0	55.0	-	67.1	15.8	2.8	15.5	22.6	59.1
Total	-	575.2	0.03	17.4	22.5	57.3	-	717.6	24.8	2.2	16.6	24.2	56.9

* AGR: Annual growth rate.

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

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

TABLE 10: TEN MAIN DESTINATIONS FOR EXPORTS OF CANADIAN GOODS AND DISTRIBUTION OF THE VALUE OF EXPORTS BY DESTINATION FOR EACH BUSINESS SIZE CATEGORY IN CANADA, 2021 AND 2022

	2021						2022						
	Rank	Value (\$ billions)	Contribution (%)				Rank	Value (\$ billions)	AGR* 2020-21 (%)	Contribution (%)			
			0 or unreported employees	Small businesses	Medium-sized businesses	Large businesses				0 or unreported employees	Small businesses	Medium-sized businesses	Large businesses
United States	1	429.7	74.3	79.0	74.0	73.7	1	549.1	27.8	69.8	81.8	75.6	75.6
China	2	27.9	4.3	4.0	3.1	5.8	2	27.8	-0.3	3.6	2.8	3.2	4.5
United Kingdom	3	15.7	0.4	0.8	7.7	1.5	3	17.5	11.5	0.5	0.6	6.8	1.2
Japan	4	13.9	3.6	1.3	1.0	3.3	4	16.9	21.5	9.3	1.6	1.1	2.9
Mexico	5	7.8	0.7	1.5	1.0	1.5	5	8.6	10.5	0.7	1.3	0.9	1.3
South Korea	7	5.5	1.5	1.1	0.5	1.0	6	8.4	51.5	2.4	1.0	0.8	1.3
Germany	6	6.1	0.4	0.9	0.6	1.4	7	6.7	8.7	0.5	0.8	0.7	1.1
Netherlands	8	4.3	0.5	0.4	0.5	1.0	8	6.0	39.9	0.6	0.4	0.7	1.0
India	14	2.8	0.4	0.6	0.4	0.5	9	5.1	83.6	0.6	0.5	0.9	0.7
Belgium	10	3.5	0.2	0.4	0.5	0.7	10	4.4	26.6	0.1	0.5	0.6	0.7
Rest of the world	-	58.0	13.9	10.0	10.8	9.7	-	67.1	15.8	11.9	8.7	8.7	9.7
Total	-	575.2	100	100	100	100	-	717.6	24.8	100	100	100	100

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

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



5. GROSS DOMESTIC PRODUCT

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

Gross domestic product (GDP) is a key measure of economic production that can be used to compare the value added of any two industries, i.e., the value that an industry adds to its inputs through its activities. The main advantage of the GDP concept is that it avoids double counting; hence, it is considered superior in gauging economic performance compared to, for example, revenue, number of businesses, or even employment. Statistics Canada recently produced estimates of GDP generated by the private sector, by business size for the 2008–2020 period.²³

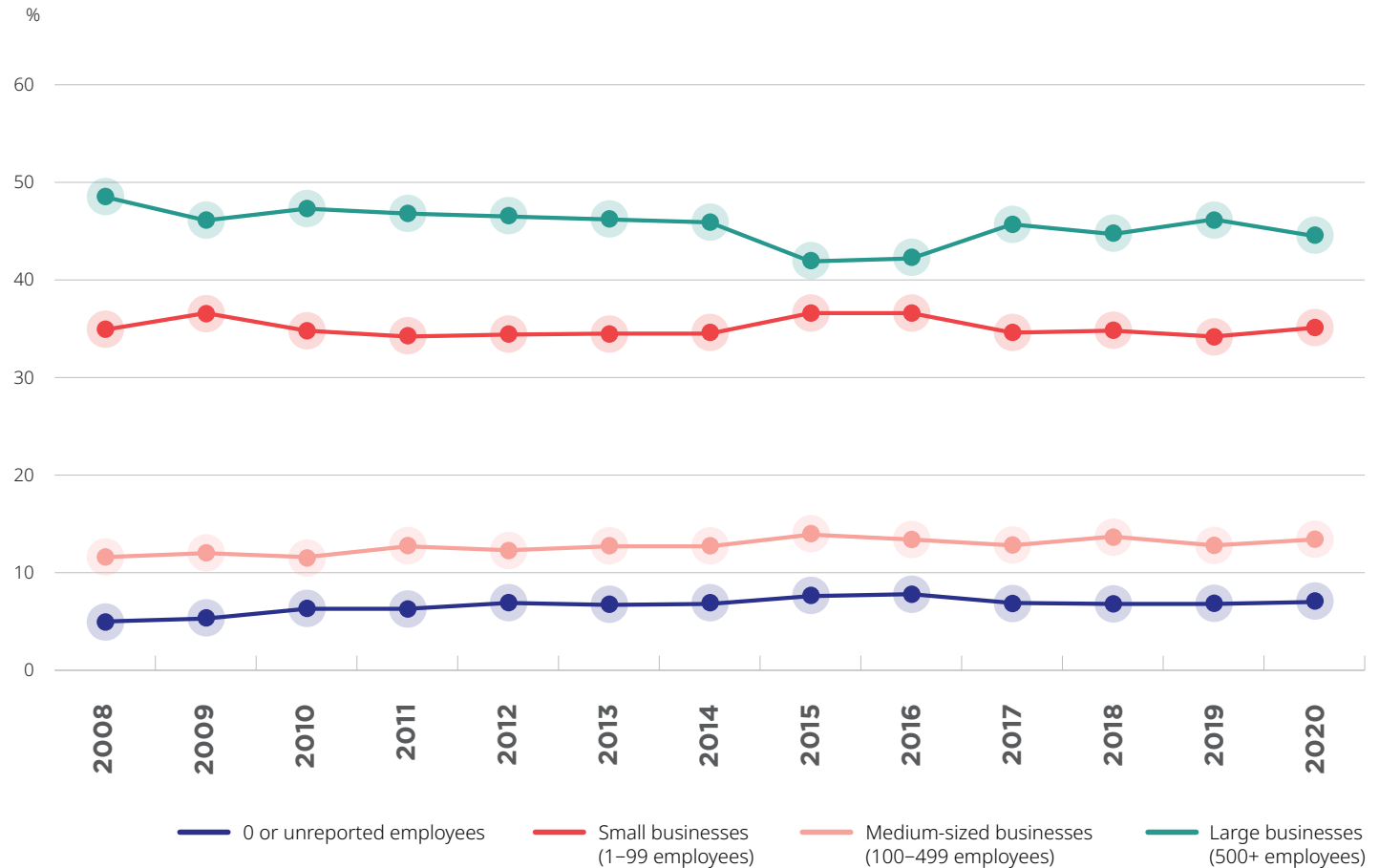
Based on Statistics Canada estimates, the contribution to GDP by business size varied slightly throughout the 2008–2020 period (Figure 14). The contribution of large firms decreased between 2008 and 2020, decreasing from 48.5% in 2008 to 41.9% in 2015, followed by an uptick between 2016 and 2020. The contributions of non-employers and medium firms increased, while the GDP share of small firms was largely unchanged over 2008 and 2020.

More recently, from 2016 to 2020, the average contribution of small firms to GDP was 35.0%, that of medium-sized firms, 13.2%, and that of large firms, 44.7%. In other words, SMEs accounted for more than 48.2% of the value added to the country's output.²⁴

²³ Statistics Canada made significant changes to the methodology used to generate the estimates of GDP by business size. For this reason, caution should be applied in comparing the GDP statistics in this issue of the *Key Small Business Statistics* with those in previous issues.

²⁴ In 2020, small businesses contributed 35.1% to gross domestic product (GDP) generated by the private sector, while the contribution of medium-sized businesses was 13.4% and the contribution of large businesses was 44.5%.

FIGURE 14: CONTRIBUTION TO GDP BY BUSINESS SIZE, CANADA, 2008–2020



Source: Statistics Canada.

The contribution of SMEs to GDP varied across industrial sectors (Table 11). The average contribution of SMEs to GDP over the 2016–2020 period was 50.3% in the goods-producing sector, compared with 47.0% in the services-producing sector.

In the goods-producing sector, the average contribution of SMEs to GDP was 74.0% in agriculture and 76.9% in construction. For the other three industries in the goods-producing sector, the average contribution of SMEs to GDP was less than 50%.

TABLE 11: CONTRIBUTION TO GDP BY BUSINESS SIZE AND INDUSTRIAL SECTOR, AVERAGE FROM 2016–2020

Industry	Non-employer	Small businesses (1–99 employees)	Medium-sized businesses (100–499 employees)	SMEs (1–499 employees)	Large businesses (500+ employees)
	Contribution (%)	Contribution (%)	Contribution (%)	Contribution (%)	Contribution (%)
Goods-Producing Sector	3.7	34.4	15.9	50.3	46.0
Agriculture, forestry fishing and hunting	21.4	67.4	6.5	74.0	4.7
Mining and oil and gas extraction	0.6	13.6	16.6	30.2	69.2
Utilities	0.3	1.6	1.5	3.0	96.7
Construction	6.7	62.3	14.5	76.9	16.4
Manufacturing	0.6	25.0	21.4	46.4	53.0
Services-Producing Sector	9.0	35.4	11.6	47.0	44.0
Wholesale trade	1.2	36.0	18.6	54.6	44.2
Retail trade	2.0	43.3	11.2	54.5	43.5
Transportation and warehousing	5.6	26.9	10.5	37.3	57.1
Finance, insurance, real estate (FIRE)–No Housing	15.7	20.8	9.5	30.3	54.0
Professional, scientific and technical services	11.3	44.4	12.7	57.1	31.6
Administrative and support waste management and remediation services	7.0	36.4	14.7	51.1	42.0
Educational services	22.5	58.3	11.6	69.9	7.6
Health care and social assistance	20.9	60.1	4.8	64.9	14.2
Information and cultural industries	1.9	12.4	9.7	22.1	76.0
Accommodation and food services	1.9	61.7	16.4	78.1	20.0
Other services (except public administration)	11.4	65.8	9.6	75.4	13.1
Total	7.1	35.0	13.2	48.2	44.7

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

Source: Statistics Canada.

In the services-producing sector, the greatest contributions of SMEs to GDP were observed in the accommodation and food services (78.1%), other services except public administration (75.4%), and health care and social assistance (69.9%) sectors. SMEs in information and cultural industries (22.1%); finance, insurance, real estate (FIRE)—No Housing (30.3%); and transportation and warehousing (37.3%) had, on average, lower contributions to GDP.





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