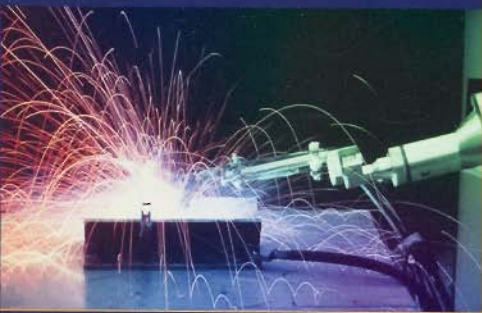




# A Portrait of Small Business Growth and Employment in Western Canada

By Edward J. Chambers and Nataliya L. Rylska

Western Centre for Economic Research  
School of Business, University of Alberta



## **A Portrait of Small Business Growth and Employment in Western Canada**

*By Edward J. Chambers and Nataliya L. Rylska*

*In collaboration with:*

*Jean Frost*

*S. Stephen Janzen*

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## Highlights

- The number of small businesses in Western Canada per thousand population is 40% higher than in the rest of the country.
- Enterprises with less than 5 employees account for 80% of all business entities.
- During the 1990's, the number of small businesses in Western Canada grew by 26,000 annually.
- In the West, about 32% of small businesses produce goods and 68% produce services. This is significantly different from the 20% goods and 80% services shares in the rest of the country.
- Self-employment is a larger share of total employment in Western Canada than in other parts of the country.
- Small business births per member of the labour force are 42% higher than in other parts of the country.
- Small business numbers per member of the labour force size are highest in the more rural regions of Western Canada.
- The highest per capita density of high tech small business is in the Calgary economic region followed by the Edmonton, Wood Buffalo/Cold Lake, Red Deer, Vancouver/Lower Mainland, and Banff/Jasper/Rocky Mountain House regions.
- One half of the numbers of self-employed men and women in Western Canada possess either a university degree or a post-secondary diploma.
- There are two self-employed men for every self-employed woman but the number of self-employed women is growing at twice the rate of men.
- Small business entities and small business jobs are growing most rapidly in the service sector.



# Contents

<b>Preface</b> .....	3
<hr/>	
<b>What is a Small Business?</b> .....	4
The Small Business Environment, 1988-1999 .....	4
How many Small Businesses are there in Western Canada? .....	4
How are the Number of Small Businesses Growing? .....	6
How Fast are Small Businesses Being Created? .....	8
How do Small Businesses in Western Canada Measure Up? .....	9
In What Sectors are Small Businesses in Western Canada Concentrated? .....	10
In What Sectors are the Most Dynamic Small Businesses Concentrated? .....	11
How Many Small Business Jobs are there in Western Canada? .....	15
How Many Jobs has Small Business Created Between 1996 and 1999? .....	16
<hr/>	
<b>Self-Employment</b> .....	18
How Many Self-Employed Businesses were there in Western Canada? .....	18
<hr/>	
<b>Contribution to the Economy on an Intra-Provincial Level</b> .....	20
How Large is the Contribution of Small Business to each Western Province's Economies, and the Regions? .....	20
Which Regions have the Highest Rates of Growth in Numbers of Small Businesses? .....	22
How Dependent are the Regions on Small Business? .....	24
<hr/>	
<b>The Growth in Small Businesses in the High Technology Industry</b> .....	26
How Important is the High Technology Industry to Small Business Activity? .....	26
How are the Provinces Harnessing Job Growth in High Technology Industries? .....	27
How Important is the High Technology Industry to Job Growth in the West? .....	28
In What Regions are the High Technology Sectors Growing Fastest? .....	28
High Technology Small Businesses .....	29
<hr/>	
<b>Profiles of Small Business Owners</b> .....	30
What Proportion of Small Business Owners are Women? .....	30
What Role does Education Play in Determining the Small Business Entrepreneur? .....	31
What is the Age Distribution among Small Business Owners? .....	33
<hr/>	
<b>Conclusion</b> .....	34
<hr/>	
Western Centre for Economic Research Recent Publications .....	35





## Preface

This report extends work done on small business in British Columbia, most recently, the *Small Business Profile 2000*.<sup>FN</sup> *A Portrait of Small Business Growth* describes and evaluates the comparative role of small businesses in the four western provinces. A principal finding is that the small business role in the Western Canadian economy is large and considerably greater than in other parts of Canada. The contribution of the self-employed is substantial.

The findings about the role of small business and the self-employed are derived from four different data sources. These are: *Canadian Business Patterns*, the *Survey of Employment, Payrolls and Hours*; *Employment Dynamics*; and the *Labour Force Survey*. The first three of these collect data about business establishments and the fourth, which was used in the analysis of self-employment, is a sample survey of households.

Those who use this report are cautioned that reflected in all the tables and figures are the entrepreneurial and managerial demands of small business operation, the human and technical challenges encountered day after day by the small business owner. These demands and challenges are many and varied, starting with the fragility of newness and adolescence. To successfully meet them and to address the substantial negotiation and transaction costs that accompany a successful launch requires a high degree of initiative and entrepreneurial energy. As it develops, the small business needs strong, dedicated leadership, yet there has to be an accommodation between individual and collective decision-making. And sooner or later, the small business faces the question of growth – whether to expand, and if so, how that is to be secured.

Growth means many things: a search for new capital; transitions in organizational structure; personnel changes; the need for greater task specialization; better information systems; increasingly complicated decisions about markets; cementing relationships with new customers; and consideration of alternative distribution channels. The report cannot deal with these issues that confront the small business owner/operator. What we can do is to offer a systematic overview of the place of small business in shaping growth and opportunity in Western Canada.

<sup>FN</sup> BC Stats et al. *Small Business Profile 2000* (Western Economic Diversification Canada, 2001)





## What is a small business?

Small business is defined in this document as:

- enterprises with fewer than 50 employees, and
- enterprises operated by self-employed persons who have *no paid employees*.

### The small business environment, 1988-1999

The small business has to take into account changes in the external environment:

- demographic and economic change;
- shifts in technology; and
- tax and other policy changes.

Demographic experience differed widely across the four provinces. The populations of British Columbia and Alberta grew markedly while Manitoba's population grew slowly and Saskatchewan's changed little. In terms of economic activity, Alberta's real GDP growth rate, at 3.7%, outperformed the other western provinces. Looking at growth in GDP per capita, the rates vary widely with Saskatchewan posting the highest rate at 2.8%, while British Columbia's rate declined by 0.4%. Alberta's labour force participation rates were 5% to 6% higher than in the other western provinces.

Figure 1 The Economic Environment 1988-1999 (%)

Provinces	Population Growth Rate	GDP Growth Rate	GDP/Capita Growth Rate	Labour Force Participation Rate
Alberta	1.64	3.65	2.05	72.4
British Columbia	2.48	2.33	-0.40	66.1
Manitoba	0.36	1.45	1.08	67.0
Saskatchewan	0.09	2.88	2.82	66.5

Source: CANSIM

### How many small businesses are there in Western Canada?

In the 1990s, there were an average of 743,299 small businesses in Western Canada. This was 36.8% of all small businesses in Canada. The West averaged 8.5 small businesses per thousand population compared with 6.2 in other parts of Canada. Saskatchewan led the western provinces with 10.7 small businesses per thousand population, far above the Canadian rate of 6.2.





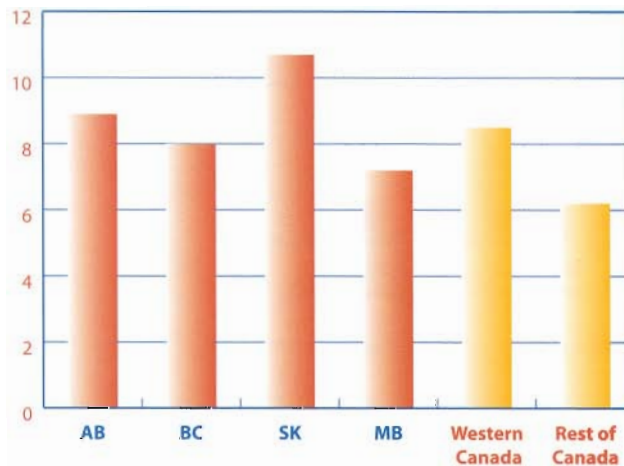
The fact that small business was 40% more prevalent in Western Canada is indicative of its more significant role in the West. British Columbia, with an annual average of 304,520 small firms, accounted for 41% of all small business in Western Canada. Put simply, three of every four small businesses were in Alberta and British Columbia.

Figure 2 **Average Number of Small Businesses 1992-1999**

Provinces	Number of Small Businesses
Alberta	248,246
British Columbia	304,520
Manitoba	109,005
Saskatchewan	81,528
Western Canada	743,299
Rest of Canada	1,279,033

Source: CANSIM

Figure 3 **Small Businesses Per Thousand Population**



Source: CANSIM





## How are the number of small businesses growing in Western Canada?

Between 1992 and 1999, the number of small businesses in Western Canada grew by 183,000, an increase of 28% or about 26,000 new firms annually.

The bulk of the increase was self-employed who were unincorporated and worked *without paid help*. This category of the self-employed grew by 127,000 firms. In British Columbia, Saskatchewan and Manitoba, those unincorporated self-employed *without paid help* were created at a much higher rate than other small businesses. Every province has enjoyed an increase in the number of new businesses but British Columbia and Alberta together accounted for over 80% of the new enterprises.

Figure 4 **Number of Small Businesses in Thousands**



Source: Canadian Business Patterns and Labour Force Survey







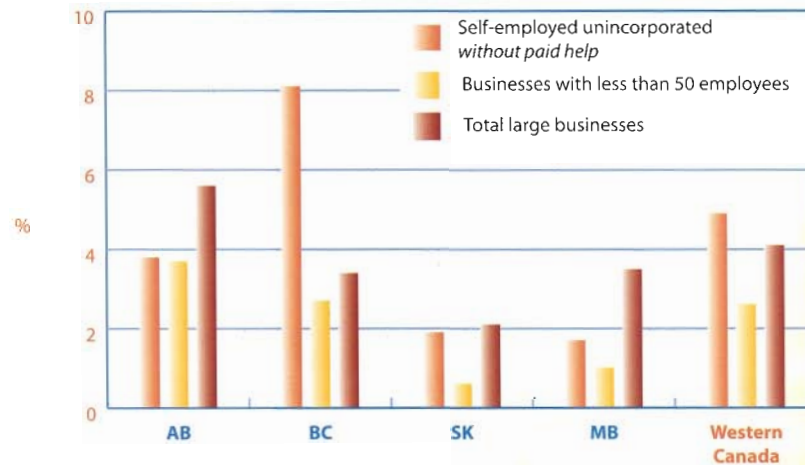
Figure 5 **Average Number of New Businesses Each Year 1992-1999**

Categories of Small Business	AB	BC	SK	MB	Western Canada	Western Canada's Share (%) of Canada Total
Total Small Businesses	7,894	15,894	1,065	1,259	26,111	34.9%
Self-employed <i>without paid help</i> unincorporated	3,986	12,271	929	957	18,143	31.8%
Businesses with less than 50 employees	3,908	3,622	136	301	7,968	44.5%
Total All Businesses	227	167	20	49	463	42.6%
	8,121	16,060	1,084	1,308	26,573	35.0%

Source: *Canadian Business Patterns and Labour Force Survey*

Though there was a large growth in the number of small businesses, the growth rate of large businesses (those with 50 or more employees) was higher in all western provinces except British Columbia. Some of this growth can be attributed to small businesses growing into large businesses.

Figure 6 **Growth Rates (%) of Business 1992-1999**



Source: *Canadian Business Patterns and Labour Force Survey*





## How fast are small businesses being created?

In all provinces, the creation of new businesses per hundred people aged 15 and over, *i.e.* those of labour force age, exceeded the rate in the rest of Canada. In the West, the birth rate of new businesses was 42% higher than in the rest of the country. Alberta led the way with 0.95 new businesses per hundred people in the labour force followed by British Columbia with 0.91.

Figure 7 **Average Annual Small Business Entries per Hundred People Aged 15 and Over, 1988-1997**

Provinces	Entries per Hundred of People
<i>Alberta</i>	0.95
<i>British Columbia</i>	0.91
<i>Manitoba</i>	0.65
<i>Saskatchewan</i>	0.86
<i>Western Canada</i>	0.88
<i>Rest of Canada</i>	0.62

Source: *Employment Dynamics and Labour Force Survey*



## How do small businesses in Western Canada measure up?

Micro-businesses, the term for businesses *without paid help* or only 1 to 4 employees, are created at a much faster rate than larger companies. These businesses accounted for an average of 23,367 new enterprises a year, or 89% of all new businesses. However, the growth of business with 10 to 49 employees also contributed importantly to the growth in small business numbers.

Only in Alberta did the growth rate of new companies *with paid help* approach the growth rate of the unincorporated self-employed *without paid help* enterprises. Saskatchewan, partially as a result of the decline of the family farm, saw a decline in businesses with 1 to 4 employees. The growth rate of unincorporated self-employed *without paid help* in British Columbia was more than double the rate of any other small business groups in the province. The self-employed unincorporated *without paid help* and businesses with 1 to 4 employees accounted for 94% of new business in the province. In Manitoba, the growth rates of businesses with 10 to 49 employees were higher than the rate for smaller enterprises.

Figure 8 **Average Number of New Small Businesses in 1992-1999**

Categories of Small Business	AB	BC	SK	MB	Western Canada	Western Canada's Share (%) of Canada Total
Self-employed <i>without paid help</i> unincorporated	3,986	12,271	929	957	18,143	31.8%
Businesses with 1 to 4 employees	2,535	2,636	-78	132	5,224	43.6%
Businesses with 5 to 9 employees	524	344	70	36	974	58.4%
Businesses with 10 to 19 employees	483	321	100	83	987	46.4%
Businesses with 20 to 49 employees	367	322	44	50	783	37.1%
<b>Total Small Businesses</b>	<b>7,894</b>	<b>15,894</b>	<b>1,065</b>	<b>1,259</b>	<b>26,111</b>	<b>34.9%</b>

Source: CANSIM

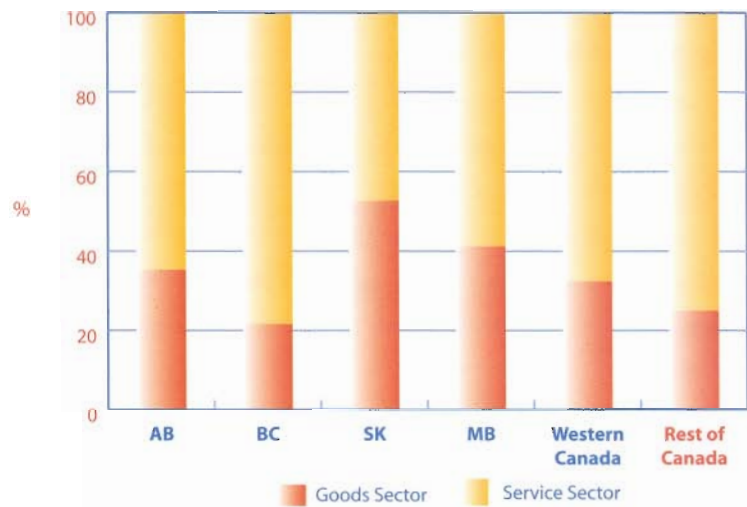




### In what sectors are small businesses in Western Canada concentrated?

In Western Canada, about 32% of small businesses are found in the goods sector and 68% in the services sector. This contrasts with the rest of Canada where 80% of small business enterprises are in the services sector.

Figure 9 **Business Sectors**



Source: *Employment Dynamics and Labour Force Survey*

Among the four western provinces there are substantial differences in the industry focus of small business. In British Columbia, 78% of small businesses are in the service sector, closely reflecting the Canadian pattern. In Saskatchewan, 53% of small businesses are in the goods sector. Agriculture, and to a lesser extent Construction, account for this difference. Alberta most closely mirrors the Western Canada split with 65% of small businesses in the services sector.

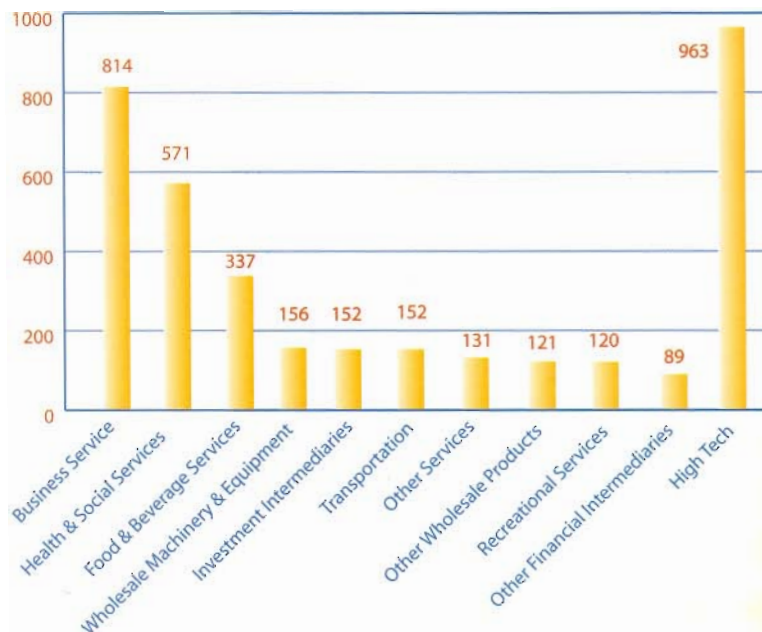


## In what sectors are the most dynamic small businesses concentrated?

The following figures show that 4 of the top 10 sectors of growth (Business Services, Health & Social Services, Transportation, and Food & Beverage Services) were common to all four provinces. Three other sectors (Other Services, Wholesale Machinery & Equipment, and Investment Intermediaries) were common to 3 of the provinces.

In British Columbia, Business Services was by far the most dynamic sector. Health & Social Services and Food & Beverage Services were the second and third sectors leading in creation of new enterprises. Unlike other provinces, Other Wholesale and Recreational Services were dynamic sectors in British Columbia.

Figure 10 **British Columbia Average Number of New Businesses 1992-1999**



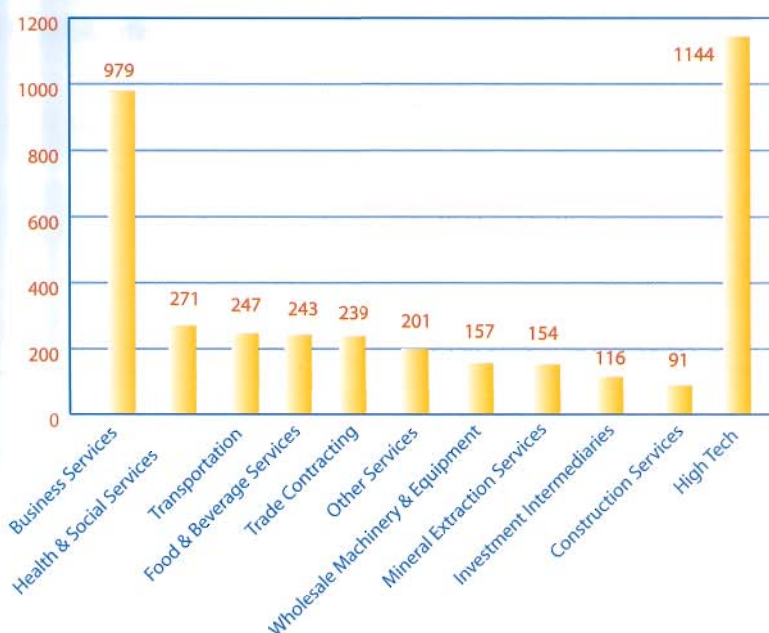
Source: *Canadian Business Patterns and Labour Force Survey*





In Alberta, creation of new businesses in the Business Service sector increased more than 3 times faster than in any other sector, while Health & Social Services, Transportation, Food & Beverage Services, and Trade Contracting were the next most dynamic sectors. Construction Services was in the top 10 sectors, unlike the other provinces.

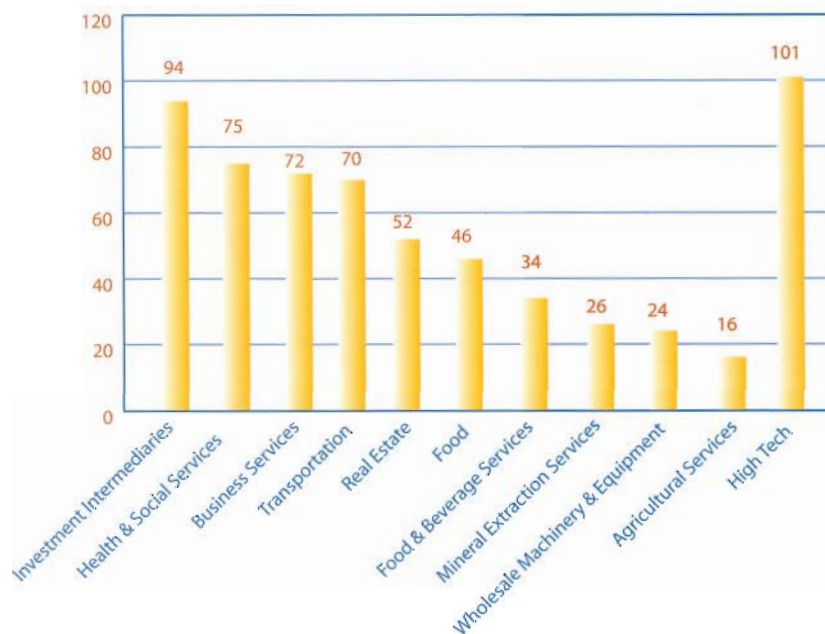
Figure 11 **Alberta Average Annual New Businesses 1992-1999**



Source: *Canadian Business Patterns and Labour Force Survey*

In Saskatchewan, Investment Intermediaries led all sectors in creation of jobs followed by Health & Social Services, Business Services, and Transportation. Food and Agricultural Services were in the top 10 sectors, reflecting the importance of agriculture in Saskatchewan's economy.

Figure 12 **Saskatchewan Average Number New Businesses Annually 1992-1999**



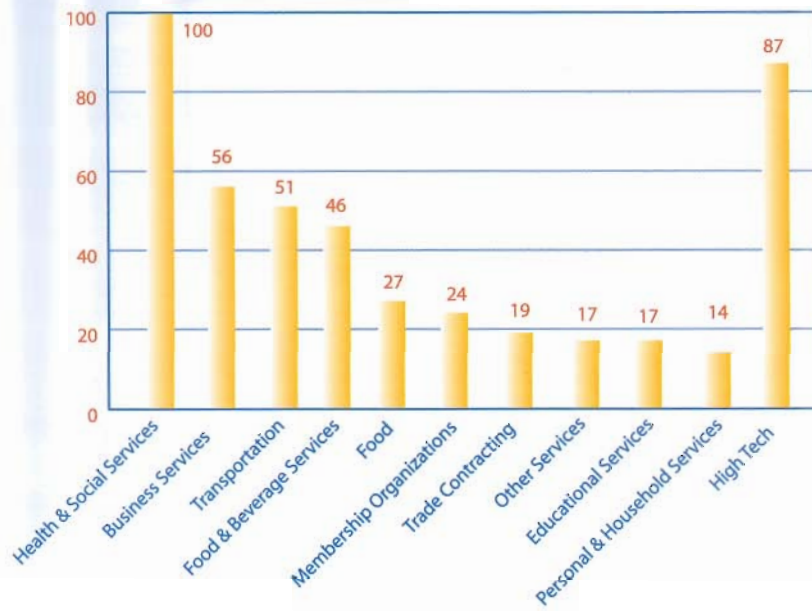
Source: Canadian Business Patterns and Labour Force Survey





In Manitoba, Health & Social Services almost doubled the rate of business creation of the next most dynamic sector. Business Services, Transportation, and Food & Beverage Services were the next 3 most dynamic sectors. Unlike other provinces, Membership Organizations, Educational Services, and Personal & Household Services were in the top 10 sectors.

Figure 13 **Manitoba Average Number of New Businesses Annually 1992-1999**



Source: *Canadian Business Patterns and Labour Force Survey*



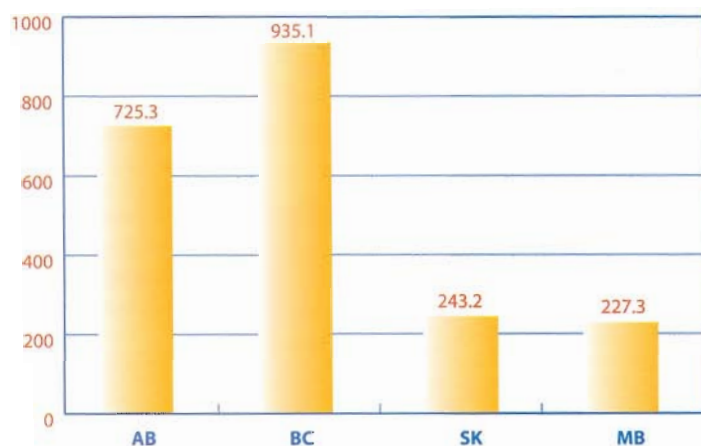




## How many small business jobs are there in Western Canada?

Small business provided an average of 2,130,900 jobs per year from 1996 to 1999. This was 52.2% of all small business jobs in Canada. Of the jobs in Western Canada, 43.9% were in British Columbia, while 34.0% were in Alberta.

Figure 14 **Total Small Business Employment (000s)**



Source: *Canadian Business Patterns and Labour Force Survey*



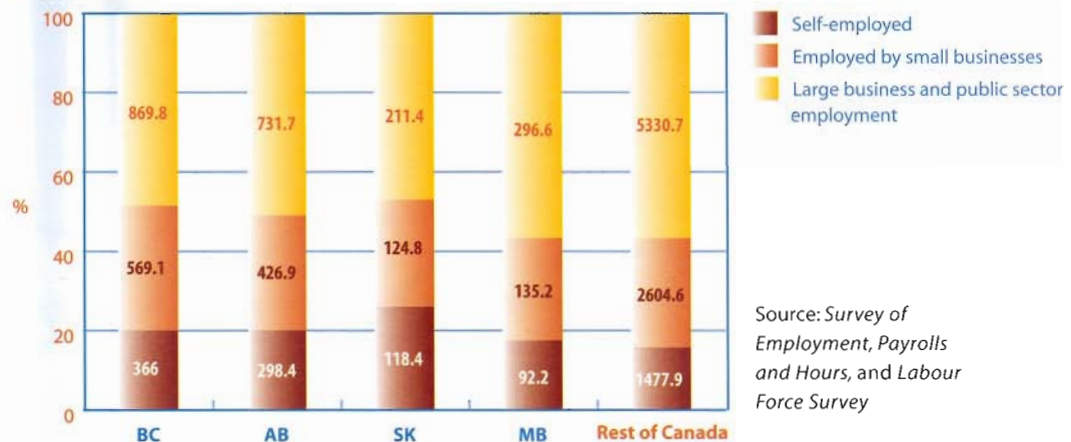


In the last half of the 1990s, small business firms provided more than one half of the jobs in Western Canada. This share is considerably higher than the 43.5% in small business in other parts of the country.

Among the provinces, Saskatchewan, British Columbia and Alberta had a greater share of employment in small business while Manitoba's share was about the same as that in the rest of Canada.

The self-employed accounted for approximately 40% of small business jobs in British Columbia, Alberta and Manitoba, and 50% of all small business jobs in Saskatchewan, reflecting the importance of the family farm in that province's economy.

Figure 15 **Average Annual Employment 1996-1999 (000s)**



Source: Survey of Employment, Payrolls and Hours, and Labour Force Survey

### How many jobs has small business created between 1996 and 1999?

During 1996-1999, approximately 140,000 new small business jobs were created in Western Canada or 32% of the national increase. On average, this meant 46,648 new jobs were created each year in Western Canada. Alberta, with a growth rate of 2.6%, exceeded British Columbia's growth rate, while British Columbia equalled the national growth rate of 2.3%. The rates in Saskatchewan and Manitoba were below the national average.



The self-employed accounted for almost 80% of the job gain by small business. While British Columbia had a dramatic growth rate in the self-employed at 6.7%, both British Columbia and Manitoba had declines in the number of people employed by small business. In Alberta, Saskatchewan and Manitoba, job creation in small business was considerably less than in large business and the public sector.

Figure 16 **Average Number of New Small Businesses in 1992-1999**

Categories of Businesses	Average Annual Employment Increase					
	AB	BC	SK	MB	Western Canada	Rest of Canada
Total Small Business Employment	19,165	20,737	4,125	2,621	46,648	99,006
<i>Self-employed</i>	7,500	23,767	2,267	3,167	36,700	61,133
<i>Employed by small businesses</i>	11,665	-3,030	1,859	-546	9,948	37,873
Large Business and Public Sector Employment	34,963	20,602	9,906	14,363	79,834	152,846
Total Employment	54,128	41,339	14,031	16,984	126,482	251,852

Source: Survey of Employment, Payrolls and Hours (special run) and Labour Force Survey

Figure 16a **Average Annual Compound Growth Rate**

Categories of Businesses	Average Annual Compound Growth Rate (Fitted Linear Trendline)					
	AB	BC	SK	MB	Western Canada	Rest of Canada
Total Small Business Employment	2.6%	2.3%	1.9%	1.0%	2.2%	2.3%
<i>Self-employed</i>	2.3%	6.7%	2.2%	3.0%	4.2%	4.1%
<i>Employed by small businesses</i>	2.8%	-0.5%	1.6%	-0.4%	0.9%	1.3%
Large Business and Public Sector Employment	4.8%	2.3%	4.8%	4.8%	3.7%	3.1%
Total Employment	3.7%	2.3%	3.2%	3.1%	3.0%	2.8%

Source: Survey of Employment, Payrolls and Hours (special run) and Labour Force Survey





## Self-Employment

The self-employed are those people whose primary occupation is operating their own business. The self-employed are classified into four sub groups defined by whether they are incorporated or unincorporated and whether they had paid help or not.

### How many self-employed businesses were there in Western Canada?

There was an average of 732,400 self-employed businesses in Western Canada during 1988 to 1999. More than one half of the self-employed are incorporated and operate their business *without paid help*. This proportion is highest in Saskatchewan (64.0%).

Figure 17 **Average Annual Number of Self-Employed Businesses in Western Canada (000's), 1988-1999**

Categories of self-employed	AB	BC	SK	MB	Western Canada	Canada	Share of Western Canada
Self-employed incorporated, <i>with paid help</i>	62.0	79.5	15.4	15.5	172.4	497.7	34.6%
Self-employed incorporated, <i>without paid help</i>	26.8	28.0	4.6	4.0	63.4	171.0	37.1%
Self-employed unincorporated, <i>with paid help</i>	28.3	42.2	19.0	14.0	103.5	316.8	32.7%
Self-employed unincorporated, <i>without paid help</i>	129.2	143.7	69.4	50.9	393.1	1016.4	38.7%
Total self-employed businesses	246.3	293.4	108.4	84.4	732.4	2001.9	36.6%
Proportion of unincorporated self-employed <i>without paid help</i> to total self-employment (%)	52.5%	49.0%	64.0%	60.3%	53.7%	50.8%	106%

Source: *Labour Force Survey*

The growth rate of self-employed businesses is 3.8% in Western Canada. The growth rates in British Columbia (5.5%) and Alberta (4.3%) have been substantially higher than rates in Saskatchewan (0.6%) and Manitoba (0.4%). The growth rates of the self employed *without paid help* are considerably higher than the *with paid help* category. In the prairie provinces, but not in British Columbia, the incorporated self-employed are growing more rapidly than the unincorporated.

Figure 18 **Self-Employed Businesses Average Annual Compound Growth Rates, 1988-1999**

Types of self-employed	AB	BC	SK	MB	Western Canada
Self-employed <i>with paid help</i>	1.7%	2.1%	-1.1%	-0.6%	1.3%
Self-employed <i>without paid help</i>	5.8%	7.8%	1.3%	1.7%	5.3%
Self-employed incorporated	5.1%	4.4%	2.5%	1.4%	4.2%
Self-employed unincorporated	3.8%	6.1%	0.1%	0.8%	3.6%
Total self-employed businesses	4.3%	5.5%	0.6%	0.9%	3.8%

Source: Labour Force Survey





## Contribution to the Economy on an Intra-Provincial Level

**Small business plays a very important role in the Western Canadian economy and a role that is relatively greater than in other parts of Canada.**

### **Small business on a regional basis: the intra-provincial story**

- The reference period for regional data is from 1995 to 1999
- Data prior to 1995 is not compatible to subsequent years

### **How large is the contribution of small business to each western province's economies, and the regions?**

By looking at the intra-provincial situation, the economic influence of small businesses can be described in detail. Intra-provincial regions are those identified in the monthly *Labour Force Survey*. In the 27 regions that make-up the West, the numbers of small businesses in each region generally reflect their population densities. In British Columbia, some 55% of small businesses are in the Lower Mainland/Southwest region (which includes Vancouver); in Alberta, about 30% are in the Calgary and 27% in the Edmonton regions; in Manitoba, about 40% are in the Winnipeg region; and in Saskatchewan, about 26% are in Saskatoon/Biggar and 23% in Regina/Moose Mountain regions.

Figure 19 contains the average number of small business entities for the 1995-1999 period in each of the 27 regions of the West, together with the rate of growth they experienced over the period. Figure 19 reveals that there is a large variation between regions in the growth rates and that there is no obvious relationship between growth rates and the numbers of small businesses. However, the only negative growth rates were experienced in rural regions.

Figure 19 **Economic Regions: Number and Growth Rates 1995-1999**

Region	Small business numbers (000s)	Rank	Growth Rate %	Rank	Average Annual Growth in Numbers
BC Lower Mainland/Southwest	181.5	1	7.0	4	11,910
Calgary	78.4	2	3.4	11	1,893
Edmonton	71.2	3	1.4	18	948
Vancouver Island/Coast	60.3	4	7.1	3	3,903
Thompson/Okanagan	43.2	5	3.2	14	511
Winnipeg	34.5	6	1.6	17	718
Saskatoon/Biggar	29.0	7	3.4	11	980
Prince Albert/Northern Saskatchewan	26.6	8	3.6	10	735
Regina/Moose Mountain	25.5	9	1.1	19	71
Athabasca/Grande Prairie/Peace River	24.6	10	-0.1	24	-265
Medicine Hat/Lethbridge	24.1	11	4.7	6	887
Camrose/Drumheller	22.6	12	0.5	23	50
Red Deer	20.2	13	2.1	16	86
Swift Current/Moose Jaw	16.9	14	2.5	15	263
Cariboo	15.4	15	10.1	1	1,330
Kootenay	13.7	16	5.2	5	628
Manitoba Southwest	13.3	17	3.3	13	282
Yorkton/Melville	13.1	18	-1.2	26	-2
Banff/Jasper/Rocky Mountain House	11.1	19	0.8	20	88
Wood Buffalo/Cold Lake	11.0	20	3.8	9	354
Manitoba Parklands/North	9.6	21	4.2	7	258
BC Northcoast/Nechako	8.7	22	-0.5	25	-159
Manitoba Southeast	8.6	23	4.2	7	342
Manitoba Interlake	7.7	24	0.7	21	-74
Manitoba South Central	7.7	24	7.7	2	513
BC Northeast	5.8	26	-3.3	27	-80
Manitoba North Central	4.7	27	0.6	22	28

Source: Canadian Business Patterns and Labour Force Survey

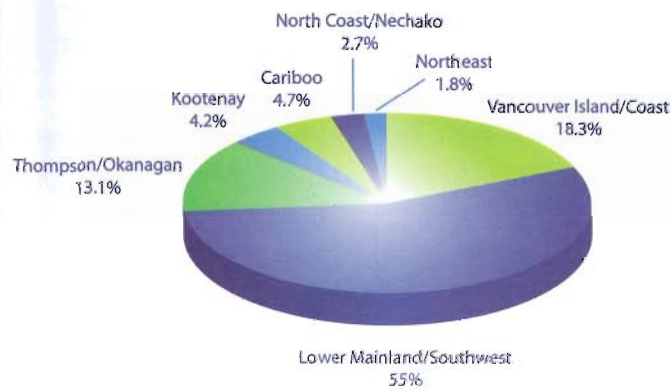




## Which regions have the highest rates of growth in numbers of small businesses?

In British Columbia, the Cariboo region had a compound growth rate of 10.1% or an average of 1,330 new businesses annually, the highest of any region in Western Canada. The Lower Mainland/Southwest and Vancouver Island/Coast had high rates of growth at 7.0% or 11,910 new businesses and 7.1% or 3,903 new businesses, respectively.

Figure 20 **British Columbia: Average Annual Share of Small Businesses by Economic Region, 1995-1999**



Source: *Canadian Business Patterns and Labour Force Survey*

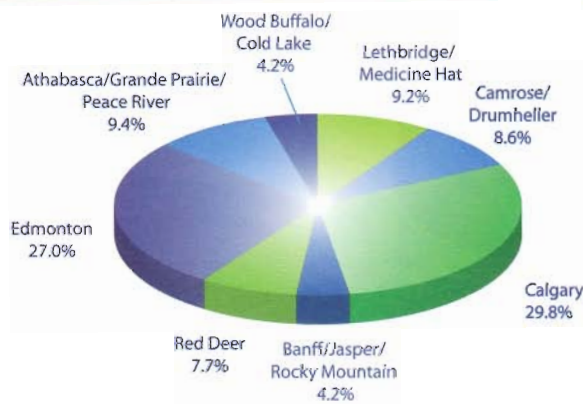






In Alberta, the Lethbridge/Medicine Hat area experienced the highest rate of growth at 4.7% or 887 new firms annually. Calgary, however, had the greatest number of new firms annually at 1,893. Edmonton had a much smaller growth rate at 1.5 % or 948 new firms.

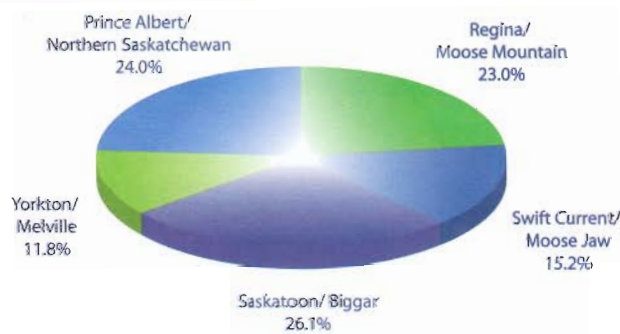
Figure 21 **Alberta: Average Annual Share of Small Businesses by Economic Region, 1995-1999**



Source: *Canadian Business Patterns and Labour Force Survey*

Prince Albert/Northern Saskatchewan had the most vigorous growth rate in Saskatchewan at 3.6% or 735 new firms annually. This was followed closely by Saskatoon/Biggar at 3.4% or 980 new firms.

Figure 22 **Saskatchewan: Average Annual Share of Small Businesses by Economic Region, 1995-1999**



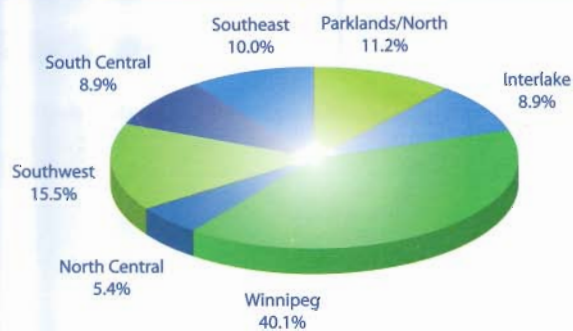
Source: *Canadian Business Patterns and Labour Force Survey*





In Manitoba, the South Central region outstripped the remaining regions with a growth rate of 7.7% or 513 new firms annually. Although Winnipeg had more new firms created each year (718), its growth rate fell below those of Southeast (4.2%), Parklands/North (4.2%) and Southwest (3.3%).

Figure 23 **Manitoba: Average Annual Share of Small Businesses by Economic Region, 1995-1999**



Source: *Canadian Business Patterns and Labour Force Survey*

### How Dependent are the Regions on Small Business?

A different picture emerges of the regional importance of small business when the number of firms is considered relative to a measure of population size. Figure 24 shows the concentration of small business firms per thousand-population aged 15 and over. Once this adjustment occurs, a substantial range in density is evident across the regions, from about 200 firms per thousand in Manitoba South Central to 70 in Winnipeg. The high dependence of rural areas on small business is clearly shown.



Figure 24 **Small Business Concentration per Thousand of People 15 and Over**

<b>Economic Region</b>	<b>Small business firms per 1000 People (15+)</b>
Manitoba South Central	201.31
Swift Current/Moose Jaw	197.15
Red Deer	191.47
Banff/Jasper/Rocky Mountain House	186.55
Yorkton/Melville	179.85
Prince Albert/Northern Saskatchewan	169.66
Camrose/Drumheller	166.57
Wood Buffalo/Cold Lake	165.76
Manitoba Southwest	164.64
Athabasca/Grande Prairie/Peace River	158.65
Manitoba North Central	140.97
Manitoba Parklands/North	139.74
Medicine Hat/Lethbridge	138.71
Manitoba Southeast	134.46
Saskatoon/Biggar	131.02
Manitoba Interlake	125.65
BC Northeast	123.25
Okanagan	118.41
Cariboo	117.95
Regina/Moose Mountain	117.65
BC Northcoast/Nechako	115.05
Kootenay	113.52
Vancouver Island/Coast	109.03
Calgary	107.20
BC Lower Mainland/Southwest	101.12
Edmonton	98.32
Winnipeg	69.42

Source: *Canadian Business Patterns and Labour Force Survey*





## The Growth in Small Businesses in the High Technology Industry

An inclusive definition of the high tech sector has been used. A high tech economy is characterized by both product and process innovation and their rapid absorption.

Technology will help small businesses in Western Canada flourish in the coming years. Going forward, innovative use of the Internet and technologies like e-business will enable smaller firms to compete effectively in global markets and increase their already strong contribution to GDP growth.

### How important is the high technology industry to small business activity?

The dramatic and growing strength in the number of small businesses working in these sectors is made clear. By province, Figure 25 shows the average annual additions of these small high tech businesses from 1992 to 1999. These numbers range from a high of 1,144 in Alberta, to a low of 87 in Manitoba. In each province, growth in high tech entities is dominated by business service enterprises that accounted for over 85% of the growth in Alberta, ranging down to 64% in Manitoba.

Figure 25 **Average Annual New High Tech Businesses 1992-1999**

Sectors	AB	BC	SK	MB
High Tech	1,144	963	101	87
Business Services	979	814	72	56
Other	165	149	29	31
Business Services % Share	85.6%	84.5%	71.3%	64.4%

Source: *Canadian Business Patterns*

## How are the provinces harnessing job growth in high technology industries?

Not surprisingly, Alberta and British Columbia are leading the way in providing jobs in high tech sectors. The annual average number of jobs created by small business in the high tech industry over the period 1992 to 1999 ranged from a high of 6,632 in Alberta to a low of 316 in Manitoba. The growth was predominantly in the business service area, particularly in Alberta and British Columbia, where the share of this sector in job growth was 83.7% and 82.5%, respectively.

Figure 26 **Average Annual New Jobs in High Tech Small Business, 1992-1999**

Sectors	AB	BC	SK	MB
High Tech	6,632	5,581	610	316
Business Services	5,551	4,604	432	176
Other	1,081	977	178	140
Business Services % Share	83.7%	82.5%	70.8%	55.7%

Source: *Canadian Business Patterns*





## How important is the high technology industry to job growth in the West?

High technology small businesses are extremely important to current and future job growth. A simple comparison of the growth rates across the high tech sector with the entire range of small businesses underscores the importance of these new industries to each province. High tech growth rates range from 7.0% in Alberta to 1.7% in Manitoba, compared with aggregate employment rates that range from 4.6% to 1.0%.

Figure 27 **Growth Rates (%) for High Tech and Total Employment in Small Business Entities, 1992-1999**

Sectors	AB	BC	SK	MB
High Tech	7.0	4.9	4.2	1.7
Total Employment	4.6	2.5	2.8	1.0

Source: *Canadian Business Patterns*

## In what regions are the high technology sectors growing fastest?

At the regional level, high tech small business is heavily skewed toward one or two economic regions in each province, those generally containing the dominant metropolitan areas. These contain anywhere from 70% to 83% of the firms. This concentration is reflected in their annual average growth in absolute numbers. There are large differences in growth rates among the regions. Some of the more rural regions are at the upper end of the scale in each province, though in some instances these rates start from quite a small base.





## High Technology Small Businesses

### British Columbia

The Vancouver area has far more high tech small business than the other regions of the province combined. The highest rates of growth are found in Cariboo and the Northeast Regions, both of which have relatively small numbers of high tech small businesses. The Vancouver and Victoria areas have healthy growth rates.

### Alberta

Calgary leads the province in concentration of high tech small businesses, followed by Edmonton. Rural areas have higher growth rates than the urban regions but overall the rates of high tech sector growth are higher in Alberta than in the other provinces.

### Saskatchewan

Again, the urban areas have higher high tech concentration. Growth rates in both Saskatchewan and Manitoba are lower than in Alberta and British Columbia, and in Saskatchewan the high tech sector in urban areas is growing faster than in the more rural areas.

### Manitoba

Winnipeg has the highest concentration of high tech small business but has the second lowest growth rate. Both Saskatchewan and Manitoba have a much smaller number of high tech small businesses than Alberta and British Columbia.





## Profile of Small Business Owners

This section is based on all those who identified themselves in the Labour Force survey as 'self-employed'; whether or not they are incorporated and work *with paid help* or *without paid help*.

### What proportion of small business owners are women?

In Canada, about one third of the self-employed are women. In the West, the share of self-employed women is higher than in other parts of the country. In fact, in the West, the share of self-employed men is generally more than one percentage point lower than the rest of Canada. The share of self-employed women in the West ranges from a high of 34.5% in British Columbia to a low of 30.9% in Saskatchewan. The number of self-employed women is growing in the West at a rate which, in some instances, is about twice that of their male counterparts.

Figure 28 Trends of Self-Employed by Gender 1988-1999

	Average Annual Number (000's)		Average Annual Share, %		Average Annual Compound Growth Rate (Fitted Linear Trendline)	
	Men	Women	Men	Women	Men	Women
Alberta	167.7	88.9	65.6%	34.4%	3.1%	5.4%
British Columbia	194.8	104.1	65.5%	34.5%	4.7%	6.8%
Saskatchewan	80.8	36.1	69.2%	30.9%	-0.9%	2.4%
Manitoba	60.1	28.7	67.7%	32.3%	0.5%	1.0%
Western Canada	503.4	257.7	66.1%	33.9%	2.7%	5.0%
Rest of Canada	878.8	426.5	67.3%	32.7%	2.2%	4.4%

Source: Labour Force Survey





The gender composition of the self-employed by major sectors also differs considerably in Western Canada from other parts of the country. This difference extends across the three prairie provinces but not to British Columbia. On the whole, there is a larger concentration of both female and male self-employment in the goods producing sectors. On average, some 48% of male and 26% of female self-employment are found in goods production compared with only 35% and 15%, respectively, in other parts of the country. In the West, the relatively high involvement of women in the goods sector results largely from their active participation in the farming sector.

### **What role does education play in determining the small business entrepreneur?**

Educational attainment influences the choices the self-employed person makes about their career. In Western Canada during 1999, one half of both the male and female self-employed were well-educated, possessing either a post-secondary certificate or a university degree. As shown in Figure 29, the share for men ranged from a high of 55.1% in British Columbia to a low of 34.7% in Saskatchewan. For women, the share ranged from 50.9% in British Columbia to a low of 43.7% in Saskatchewan.





Figure 29 **Highest Level of Education Attained 1999**

	Alberta				British Columbia				Saskatchewan			
	Males		Females		Males		Females		Males		Females	
	(000s)	%	(000s)	%	(000s)	%	(000s)	%	(000s)	%	(000s)	%
0 - 8 years	10.1	5.3	3.6	3.4	9.0	3.6	3.1	2.3	11.1	14.3	1.6	4.3
Some high school	31.9	16.7	14.5	13.7	32.4	12.9	16.6	12.1	17.9	23.1	8.1	21.7
High school graduate	36.1	18.9	24.5	23.2	48.7	19.5	32.6	23.8	15.9	20.5	8.2	22.0
Some post-secondary	14.2	7.4	10.7	10.1	22.2	8.9	15.0	10.9	5.8	7.5	3.0	8.0
Post-secondary certificate or diploma	64.3	33.7	35.1	33.2	77.1	30.8	44.3	32.3	19.9	25.6	13.0	34.9
University degree	34.5	18.1	17.4	16.4	60.9	24.3	25.5	18.6	7.1	9.1	3.3	8.8
<b>Total</b>	<b>191.0</b>		<b>105.8</b>		<b>250.3</b>		<b>137.0</b>		<b>77.6</b>		<b>37.3</b>	

	Manitoba				Western Canada				Rest of Canada			
	Males		Females		Males		Females		Males		Females	
	(000s)	%	(000s)	%	(000s)	%	(000s)	%	(000s)	%	(000s)	%
0 - 8 years	8.2	13.2	1.9	6.5	38.4	6.6	10.2	3.3	112.1	7.1	39.2	4.7
Some high school	13.2	21.3	5.5	18.8	95.4	16.4	44.7	14.5	230.2	14.5	118.4	14.2
High school graduate	10.4	16.7	6.3	21.6	111.1	19.1	71.6	23.1	294.7	18.6	168	20.2
Some post-secondary	3.7	6.0	2.5	8.6	45.9	7.9	31.2	10.1	114.1	7.2	69.4	8.30
Post-secondary certificate or diploma	16.2	26.1	8.9	30.5	177.5	30.6	101.3	32.8	489.5	30.9	275.5	33.1
University degree	10.3	16.6	4.2	14.4	112.8	19.4	50.4	16.3	344.8	21.7	161.3	19.4
<b>Total</b>	<b>62.1</b>		<b>29.2</b>		<b>581</b>		<b>309.3</b>		<b>1585.4</b>		<b>831.8</b>	

Source: Labour Force Survey





## What is the age distribution among small business owners?

In Western Canada, 71.6% of men and 75.7% of women small business owners were in the 25-54 age group. Provincial shares in this cohort for men ranged from a high of 73.9% in British Columbia to a low of 63.3% in Saskatchewan. For women, the maximum provincial share was 77.2% in Alberta and the minimum was, again, in Saskatchewan at 67.8%.

The most notable fact about age distribution was the small share of the self-employed in the 15-24 age group, particularly for the males. The male self-employed 55 and over amounted to almost one-quarter of the total in Western Canada, ranging from a high of 32.6% in Saskatchewan to a low of 22.1% in British Columbia. For women, the share was 17.0% in the West, ranging provincially from 23.9% in Saskatchewan to 15.2% in British Columbia. The share of the 55 and over group in self-employment is generally from two to three times their representation in the labour force.

Figure 30 **Self-Employed by Age Cohort in the Four Provinces and Western Canada**

		Males			Females		
		15-24	25-54	55 & over	15-24	25-54	55 & over
ALBERTA	Thousands	6.6	139.7	44.8	6.8	81.5	17.4
	% Share	3.5	73.1	23.4	6.4	77.1	16.5
	% Labour Force Participation Rate	17.8	71.03	10.8	18.9	72.5	8.6
BRITISH COLUMBIA	Thousands	10.1	184.9	55.3	10.5	105.8	20.8
	% Share	4.0	73.9	22.1	7.7	77.2	15.2
	% Labour Force Participation Rate	14.7	73.7	7.0	16.2	74.6	9.1
SASKATCHEWAN	Thousands	3.2	49.1	25.3	3.1	25.3	8.9
	% Share	4.1	63.3	32.6	8.3	67.8	23.9
	% Labour Force Participation Rate	18.2	66.9	14.9	18.7	70.2	11.1
MANITOBA	Thousands	2.6	42.4	17.1	2.4	21.5	5.4
	% Share	4.2	68.3	27.5	8.2	73.4	18.4
	% Labour Force Participation Rate	17.5	69.9	12.6	18.7	72.6	8.7
WESTERN CANADA	Thousands	22.5	416.1	142.5	22.8	234.1	52.5
	% Share	3.9	71.6	24.5	7.4	75.7	17.0
	% Labour Force Participation Rate	17.1	70.5	11.3	18.1	72.5	9.4

Source: Labour Force Survey





## Conclusion

This report clearly shows the significant role played by small business in Western Canada. This is especially true when we consider their contribution to employment. Half of all Western Canada's jobs were in small business.

There is considerable variation across the four provinces in the rates of small business growth. Every province, however, has enjoyed an increase in the number of small businesses in recent years.

Entrepreneurial activity in Western Canada appears stronger than in other parts of Canada. The self-employed account for two of every five jobs in Western Canada. Among the self-employed, approximately three of every five operate alone *without paid help*. Over the past decade this group of self-employed has recorded the most rapid growth in the Western region and in each of the provinces.

Small businesses operate in all major goods and service producing sectors of the respective provincial economies. Like the rest of Canada, small businesses in the West are concentrated in the services sector. Three of the four provinces—the exception being British Columbia—have considerably lower service sector and higher goods sector concentration than in other parts of the country. The highest rates of small business growth in numbers of firms and in employment occurred in the service sector.

Several findings are of special relevance to the regional economy. The small business high tech sector is the most vibrant sector in Western Canada. Several rural areas are fostering high rates of growth in small business. Self-employed women are increasing at a substantially faster rate than self-employed men. And finally, educational attainment among the self-employed has increased over the past decade.



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continued on page 36





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