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DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

A STATISTICAL PROFILE OF
SMALL BUSINESSES IN CANADA

DECEMBER 24, 1986

Price Waterhouse



DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

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EXECUTIVE SUMMARY

The objectives of this study were:

- to review and summarize the literature and sources of available government and institutional data pertaining to the small business sector; and,
- to prepare a statistical profile of small business in Canada.

This report is divided into two sections - "Sources of Statistical Data" and "Statistical Profile of Small Businesses in Canada". The first section provides a summary of the statistical data sources for small business which we identified in our review, and provides the basis for the statistical profile presented in the second section. The highlights of this profile are outlined below.

Highlights of the Statistical Profile of Canadian Small Businesses

- Of 743,288 Canadian businesses in 1983, 96 percent had sales less than \$2 million.
- Businesses with less than \$2 million in sales accounted for 19 percent of total business revenues in 1983.
- 42 percent of small businesses earned less than \$50,000 annually.
- 50 percent of total small businesses were located in Ontario and Quebec in 1984.
- The community, business and personal services sector accounted for 37 percent of total businesses in 1984 and were the fastest growing sector, increasing 17.6 percent between 1981 and 1984.
- Small business accounted for 40 percent of total business employment in Canada in 1984.
- 67 percent of total net job creation was generated by small business in 1984.



- . Small business contributed approximately 30 percent of Canada's total GDP in 1980.
- . New incorporated businesses in Ontario employed an average of 3.44 individuals at start-up in 1982 and employed an average of 7.52 individuals in 1985.
- . Business start-ups in 1985 numbered 306,000, a 15 percent increase over 1984.
- . In 1985 there were approximately 115,000 new business births and 50,000 business deaths.
- . Women made up approximately 30 percent of all business proprietors in 1980 and 1983, with the majority involved in retail and service industries.
- . 32.8 percent of financing for small business is from funds generated by operations in 1983.
- . The dollar value of outstanding Small Business Loan Act loans increased 87 percent between January 1982 and December 1985.



BACKGROUND

The importance of small business for the continuation of growth in the Canadian economy is just now becoming fully realized. Policy decisions made by governments at all levels can facilitate the growth of the small business sector, and the availability of sound statistical data aids in ensuring that the best policies are formulated and implemented. In addition, small business itself requires data so that entrepreneurs can make better informed business decisions.

Statistics Canada has been a major supplier of information and is currently developing a "Small Business Statistics Project" which will provide more comprehensive data.

With increased focus on the small business sector, many other public and private organizations have begun to undertake projects to examine small business trends. The coordination and dissemination of this information will be a valuable resource to those individuals who are interested in the small business sector.



OBJECTIVES AND SCOPE

It is intended that this study will help bridge the gaps in the statistical data which is currently available on the small business sector. For the purpose of this study, a small business is defined as a business which employs less than 100 full-time persons annually or which has annual sales less than \$2 million.

To achieve the task identified above, the study has two major objectives:

1. To perform a comprehensive review of all available governmental and institutional sources of data pertaining to the small business sector in Canada in order to create a master reference guide of statistical information on small business. This reference guide provides the following information:
 - . the organizations which undertake small business research;
 - . the type of research being completed;
 - . the small business data which is available at the present time;
 - . the frequency with which the data is produced;
 - . the availability of the data; and,
 - . the cost of obtaining the information.
2. To develop a statistical profile of small businesses in Canada based on the information obtained in the review of data sources. The statistical profile is designed to provide the most up-to-date information available on small businesses which the Department of Regional Industrial Expansion (DRIE) can periodically update for ongoing policy development purposes.



METHODOLOGY AND APPROACH

To achieve the objectives set out above, we undertook the following tasks.

1. Developed a list of the potential sources of small business data. We collected and reviewed the information on small business which DRIE and Price Waterhouse had available in order to prepare a preliminary list of the potential sources of small business data. This list included as potential data sources: departments of the federal government, the provincial governments, small business organizations, financial institutions, private sector firms, academic institutions and libraries.
2. Designed and administered a telephone survey. In order to obtain the necessary data we designed a brief telephone survey which we administered to the data sources identified above. The survey consisted of the following questions:
 - a) Does your organization do small business research?
 - b) Do you develop or use statistical data in your research?
 - c) What statistical data do you collect?
 - d) Do you publish your statistical data? If so, what is the most recent material? How often is it updated? What is the cost of obtaining it?
 - e) Are there any other sources of statistical research on small business that you are aware of?

Where our survey indicated that empirical data was available we arranged to obtain copies; and where we learned of a new potential source of data we followed up with additional interviews. A detailed list of the institutions where we interviewed individuals is found in Appendix I.



3. Searched library indexes for published information. We reviewed periodicals, government reports, research papers and one-time publications for statistical information on small business. In addition, references to other sources were noted and followed up.

Research was completed at the following libraries:

- . The National Library of Canada;
- . University of Ottawa;
- . Consumer and Corporate Affairs;
- . Labour Canada - Women's Bureau; and,
- . Price Waterhouse.

4. Developed a master list of data sources. The sources of statistical data on small business were grouped into the categories of Federal Government, Provincial Government, small business associations and organizations, private sector firms and educational institutions. A brief review of the content of the data, its scope, availability and cost is included in the sources of statistical data section of the report. A summary profile of data sources is included in the report as Appendix II.
5. Prepared a statistical profile of small businesses in Canada. From all the information that was gathered, we refined the preliminary list of variables to be included in the statistical profile.

We then reviewed the information to extract the most recent data. It should be noted that the dates of the most recent data vary from 1980 to 1985 for each variable presented in the statistical profile.

Where there was more than one source of data for a variable, we selected the data which was cited most frequently.



We were also careful to select data which was appropriate to describe the Canadian small business sector. Throughout the Findings section of this report, you will find references to other empirical evidence which was not used in the statistical profile because it either had a regional bias or was less commonly cited but which nonetheless provides an interesting comparison to the national profile presented.

Where it was possible, we included comparative data for prior years, so that trends could be identified.

It is important to note that the tables presented in the statistical profile are not additive or comparative because they have been prepared at source using different sets of data. For example, some tables have been derived incorporating businesses which are not classified by industry sector and some tables do. We have noted the parameters of the data on each table.

6. Prepared the report. This report summarizes the results of the work performed in the preceding steps. Our Findings section below will present first a summary of the data sources of statistical information on Canadian small businesses and then the statistical profile of small businesses in Canada.



SOURCES OF STATISTICAL DATA FOR CANADIAN SMALL BUSINESS

Generally, organizations which had small business statistical analyses relied on the data produced by Statistics Canada. Organizations which did their own data collection did so usually on a survey basis and extrapolated the results to the Canadian situation as a whole. Private institutions and associations tend to study the qualitative, rather than the quantitative, aspects of small business. Generally, statistical research tends to be done on an ad hoc basis as required.

Appendix II presents a summary of the best data sources identified during our research. This summary highlights the organization, a brief description of the research done and publications provided, the frequency with which the data is provided and a brief comment about the major variables which are researched. The remainder of this section of the report expands on the sources of statistical data for Canadian small businesses. If the reader of the report wishes to obtain any of the publications or studies cited, they should refer to Appendix I to obtain the telephone number of our contact person at that institution.

Federal Government

Statistics Canada

Statistics Canada has initiated a Small Business Statistics Project which is to be sponsored by the Federal Government, each of the provinces and the private sector. The project is intended to provide not only the statistical information which is currently available at Statistics Canada, but also data which is currently unavailable - financial and operating ratios, changes in financial position, job creation, as well as certain demographic characteristics of business owners. Information from this project is available in part but will not be fully completed until 1987.



At present, Statistics Canada provides the following information:

- . number of firms by province, industry, employment and revenue group;
- . number of births/deaths by province, industry and employment;
- . firms increasing/decreasing employment by province, industry and employment;
- . employment creation by province, industry and firm size;
- . selected balance sheet items by industry, province and revenue group; and,
- . person years by province, industry and employment group.

This information is generally two years in arrears but was viewed by all the individuals that we interviewed as the most reliable source of small business data. From our review of existing empirical evidence, Statistics Canada is the most widely cited source of information. We have made extensive use of Statistics Canada data in developing the statistical profile of small business presented here.

Federal Business Development Bank

The Federal Business Development Bank (FBDB) has prepared a statistical review of Canadian small business which is entitled "Small Business Facts and Figures". The results draw upon 1982 Statistics Canada information for the majority of the analysis and is a first time publication. The FBDB does not track its own information on small business but relies on data from Statistics Canada and Revenue Canada.

Bank of Canada

The Bank of Canada publishes monthly the Bank of Canada Review. This publication contains information about the assets and liabilities of financial

institutions in Canada. The small business statistics included in the report are the amounts of government guaranteed small business loans and the total loans by Canadian chartered banks to Canadian business with authorized credit limits under \$200,000 and between \$200,000 and \$500,000.

Consumer and Corporate Affairs

The Office of the Superintendent of Bankruptcy, Consumer and Corporate Affairs Canada, issues an Insolvency Bulletin monthly which describes business failures. Although businesses are not separated by size, it is generally acknowledged that only an insignificant percentage of the total business failures are other than small business. Consumer and Corporate Affairs does not maintain any other small business statistics.

Revenue Canada

Revenue Canada annually produces a publication of taxation statistics which analyzes individual tax returns. This publication is the source of information for Statistics Canada's analysis of business proprietors by age, sex and occupation. The Small Business Statistics Project intends to draw much of its additional proposed data from Revenue Canada statistics. It should be noted that Statistics Canada generates its own data for corporations directly from data provided to them by Revenue Canada.

Revenue Canada's 1985 publication, Taxation Statistics: Analyzing the Returns of Individuals, provides data for the 1983 taxation year. The edition containing the 1984 taxation statistics is expected to be released before the end of 1986.

Revenue Canada also maintains detailed, unpublished data on self-employed individuals. It takes one or two weeks to obtain the information, and there is a fee which is based on the amount of information requested and the time employed by Revenue Canada staff in completing the request.

Provincial Governments - Ministries of Industry and Trade or
Economic Development

The results of our interviews with a number of provincial Industry and Trade or Economic Development departments indicated that the provincial involvement with Statistics Canada's Small Business Statistics Project was their main thrust of effort to do a statistical analysis of small business in their area. Although the provinces tend to rely heavily on Statistics Canada for the information they need, a few of the provinces have developed their own data and publications. These are outlined below.

Atlantic Provinces

None of the Atlantic provinces publish empirical data about the small business sector in their jurisdiction. All of the provinces do maintain, however, a data base of businesses in the province. From this listing, it is possible to identify businesses by the region within the province where they are located, the number of employees and the industry in which they are engaged. New Brunswick and Nova Scotia provide the information to interested parties upon request and can respond to specific requests for information relatively quickly.

Quebec

The Ministry of Industry and Commerce has just recently published "Les PME au Québec". This is the first publication of its kind and there is uncertainty as to whether it will be updated annually. The report covers detailed information on various subjects, including the importance of small business to the Quebec economy and a statistical review of entrepreneurial activity. In general, the report relies on Statistics Canada information and, to a lesser extent, the Quebec Bureau of Statistics and Revenue Canada.

Quebec also maintains a data base of industries within the province. The



data base contains the following information:

- . name of business;
- . industry; and,
- . number of employees.

Ontario

On December 19, 1986, Ontario released a major document on small business in the province. The document is based on Statistics Canada information, data from various associations and information collected by the Province of Ontario. This is the first comprehensive document on small business produced by the Government of Ontario. In the past, specific reports were produced as required on certain aspects of small business. It is not certain if the report will be produced on an annual basis. The major results of this study are reported in the statistical profile which follows.

Manitoba

The Manitoba government has a data base of businesses in the province similar to that of the Atlantic Provinces. The Small Business Development division of the Ministry of Industry, Trade and Technology, along with the University of Manitoba, looked into the possibility of doing an analysis of this data base but have been unable to proceed due to a lack of funding.

Saskatchewan

The Department of Tourism and Small Business publishes two publications which describe the small business sector in Saskatchewan. "The State of Small Business in Saskatchewan" is published annually and draws on information from Statistics Canada, the Department of Regional and Industrial Expansion, the Saskatchewan Bureau of Statistics, Consumer and Corporate Affairs Canada and



Revenue Canada. The February 1986 edition provides the following statistics for the year ending 1982:

- . the number of businesses by industry sector and number of employees;
- . the current status of businesses started in 1976;
- . the age and income of business proprietors;
- . the average number of employees and annual gross sales by industry sector;
- . the number of new business start-ups; and,
- . the profiles of the fastest growing small businesses.

The publication "Small Business Perspectives", is also produced and it uses information from the Canadian Federation of Independent Business. Generally, the content of the publication presents qualitative narratives on small business topics such as financing, business priorities, labour relations, free enterprise and taxation.

Alberta

The Alberta Bureau of Statistics releases the following annual publications which cover aspects of small business:

- . retail sales survey;
- . wage and salary survey; and,
- . survey of manufacturers.

In addition, the Department of Economic Development and Trade - Small Business Division surveys private organizations and associations annually to determine the types of small business data that they generate. The information received is compiled in their computer system and is used to respond to specific requests for information from entrepreneurs. The department does not produce a



publication which summarizes the information in this data base. For other sources of information on small business, the department relies upon Statistics Canada.

British Columbia

The small business program in the Province releases an annual report on small business which consists mainly of Statistics Canada data. Dunn and Bradstreet is also cited in this report. The British Columbia Bureau of Statistics generates some data on business start-ups, number of small businesses by industry, and level of employment by small businesses.

In April 1986, a study entitled "Survey of Women Business Owners in British Columbia: Major Findings and Policy Implication" was completed. The survey was produced by the BC Women's Program with assistance from the Ministry of Industry and Small Business Development. The study described the small businesses owned by women in British Columbia by industry classification, number of employees, sources of financing and owner age classification. A complete search of the National Library and Labour Canada - Women's Bureau Library indicates that this is the most recent and comprehensive survey of women business owners. Results of this study have been noted in the statistical profile.

Associations and Organizations

Canadian Federation of Independent Business (CFIB)

The CFIB has in excess of 76,000 members across Canada and more than 86 per cent of their members employ less than 50 individuals. Membership surveys are completed by the CFIB on current small business topics so that the association can accurately represent their membership on policy issues which arise. The results of these surveys are extrapolated to provide a Canadian profile of the topic.



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The CFIB publishes a semi-annual document entitled "The Hard Facts" which presents the results of its membership surveys on topics which include job creation, new business start-ups and the response of small business to various topical issues. In addition, special reports such as "Business Formations: Fiscal 1985" and "Small Business: Canada's Engine of Economic Change and Growth" are produced from time to time.

Canadian Manufacturers Association

This association publishes annual information on balance sheet items and average sales figures for various industries from data maintained by Statistics Canada. The Association does not conduct their own small business research.

Canadian Association of Women Business Owners

This association represents the interests of Canadian businesswomen, however, the size of its membership could not be ascertained. The Executive Director indicated that the Association collects information from both membership application forms and membership surveys on topics of interest to women in business. This information, however, is not published nor made available to the public.

Canadian Organization of Small Business (COSB)

The COSB surveys its membership of individual small businesses on a regular basis, but does not officially publish any of the results. The information collected concerns current issues for small business and does not encompass general statistical data.



Private Sector

Dunn and Bradstreet

Dunn and Bradstreet maintains a data base of Canadian firms which is updated on an on-going basis. Examples of information contained in the data base includes geographic location, size of business (number of employees and dollar value of sales) and business failures. The firm markets various services based on information in the data base. One of these services is providing information from the data base in response to specific client requests. The cost of obtaining such information varies with the level of detail requested.

Dunn and Bradstreet does publish a document annually on Canadian business, however, the data included does not deal with businesses with less than 100 employees. Therefore, small business data can only be obtained by specific request.

Laventhol and Horwath

This private consulting firm has completed a major study on small business in Canada. Although the firm would not release the full detailed studies to us, they did provide a summary of the results.

The "Rise of Female Capitalism - Women as Entrepreneurs" deals with the success rate of small businesses started during 1978. The study concentrated on differentiating the success rates between male and female entrepreneurs. The study has been continued and now covers the financing used by women in business and the information needs of the female entrepreneur.



Royal Bank

The Royal Bank completed a study in 1985 on women entrepreneurs and has published selected results which have been included in the statistical profile. The study examined topics such as age, type of business, sales revenue, education and start-up financing.

A 1984 study examined independent business in general, and covered topics such as the demographic makeup of the independent business person, type of business venture, annual sales, number of employees and the breakdown of business financing. The Royal Bank would not release a complete copy of the study but did provide some summary results.

Goldfarb Consultants

The survey division of the consulting firm has done extensive small business research. Information about this work was withheld due to confidentiality between Goldfarb and their client.

Thompson Lightstone and Company Limited

The consulting division of Thompson Lightstone performed the studies for the Royal Bank of Canada and Laventhol and Horwath. As with Goldfarb Consultants, they could not release the details of research completed on behalf of clients.

Universities and Educational Institutions

The small business programs of the business faculties of the universities and education institutions noted in Appendix I were contacted to determine if small business research projects had been or were being conducted at their facility.

Small business programs exist at twelve institutions in Ontario and are sponsored by the Ontario government's Ministry of Industry, Trade and



Technology. The programs supply the Ministry with information about their clients as to jobs created, types of business, numbers of employees, computerization of operations, etc. The results of this information are contained in the comprehensive report on small business published by the Ministry of Industry, Trade and Technology in December 1986. Generally, the small business programs at the universities did not maintain statistical data on small businesses.

Outside of the small business programs, we have identified a number of studies which have been completed at various universities on the small business entrepreneur. The most noted is a Queen's University study of January 1982 entitled "Canadian Women Owner Managers". This study examined the success rate of women business owners and qualitative issues including reasons why women start their own businesses.

Generally, academic research studies either deal with very specific small business topics such as start-up financing or with psycho-social topics such as the characteristics of an entrepreneur. These studies tend not to deal with a macro analysis of the small business sector.

Appendix I identifies some of Canada's key small business academics.

Library Search

A review of materials was completed for the libraries identified in the methodology and approach section of this report. Key word searches were undertaken at each institution. At the National Library a search of the Canadian Business Index and the Canadian Periodical Index was completed. A listing of articles and publications which contained statistical information is contained in Appendix III. The sources of material were used to locate additional reports and studies which had not been identified to date.



STATISTICAL PROFILE OF SMALL BUSINESSES IN CANADA

Overview

From the following table, it can be seen that the total number of Canadian businesses has grown by 38 percent in the period from 1972 to 1983. The four percent decline from 1980 to 1983 reflects the impact on Canadian businesses of the recession in the early 1980s. Of the total number of businesses in all industry sectors in Canada in each of the years identified, 96% were businesses which had sales less than \$2 million.

	1972	1980	1983
Number of Canadian businesses	537,738	775,661	743,288
Number of businesses with sales less than \$2 million	522,130	747,777	712,925
	97%	96%	96%
Total annual sales volume in millions of current dollars	\$193,588	581,900	707,722
Annual sales volume in millions of current dollars for businesses with sales volume under \$2 million	\$ 51,301	123,752	133,484
	27%	21%	19%

The total annual volume of sales increased by 266 percent in terms of current dollars in the period from 1972 to 1983. For those businesses with sales volume of less than \$2 million there was growth of 160 percent in the same period in terms of current dollars. Of the total annual sales volume, the sales revenue for those businesses with sales volumes of less than \$2 million accounted for 27 percent in 1972 and 19 percent in 1983.



TABLE 1
BUSINESS IN CANADA BY SALES CLASS, 1983

SALES CLASS (\$000)	NUMBER	% OF TOTAL	SALES (millions of dollars)	% OF TOTAL	% SMALL BUSINESS
\$0-50	300,428	40.4	6,983	1.0	5.2
\$50-100	129,402	17.4	9,294	1.3	7.0
\$100-250	137,008	18.4	21,817	3.1	16.4
\$250-500	72,730	9.8	25,657	3.6	19.2
\$500-1,000	46,781	6.3	32,751	4.6	24.5
\$1,000-2,000	<u>26,575</u>	<u>3.6</u>	<u>36,982</u>	<u>5.2</u>	<u>27.7</u>
TOTAL - SMALL	712,925	95.9	133,484	18.8	<u>100.0</u>
- MEDIUM	27,308	3.7	140,852	19.9	
- LARGE	<u>3,055</u>	<u>.4</u>	<u>433,386</u>	<u>61.3</u>	
TOTAL	<u>743,288</u>	<u>100.0</u>	<u>707,722</u>	<u>100.0</u>	

Source: Statistics Canada - Small Business in Canada/Statistical Profile
1981-1983, Catalogue 61-521

The above data excludes unincorporated firms engaged in farming, fishing, professional practices and commission sales, unincorporated firms reporting less than \$10,000 in sales and selected industry groups such as investment holding companies and financial institutions.

Sales Volumes of Small Business

The breakdown of small business by sales volume for 1983 is illustrated in Table 1 and shows that businesses earning less than \$50,000 annually account for 42 percent of the total 712,925 small businesses and five percent of total small business revenues of \$133,484 million for 1983. Businesses earning between \$1-\$2 million in revenue annually account for 28 percent of small business revenue and represent four percent of the number of small businesses.

The analysis in Table 1 excludes the same items described in the Overview above.



TABLE 2
NUMBER OF EMPLOYEES
BY PROVINCE AND FIRM SIZE 1984

	LESS THAN 100 EMPLOYEES	MORE THAN 100 EMPLOYEES	TOTAL EMPLOYMENT	SMALL BUSINESS PER CENT OF TOTAL EMPLOYMENT
Newfoundland	50,355	67,691	118,046	42.7
Prince Edward Island	18,856	12,892	31,748	59.4
Nova Scotia	109,205	144,497	253,702	43.0
New Brunswick	79,277	102,955	182,232	43.5
Quebec	912,920	1,284,537	2,197,457	41.5
Ontario	1,331,598	2,301,494	3,633,092	36.7
Manitoba	138,357	217,653	356,010	38.9
Saskatchewan	141,821	150,937	292,758	48.4
Alberta	374,463	494,489	868,952	43.1
British Columbia	435,013	539,507	974,520	44.6
Yukon	8,150	11,628	19,778	41.2
Northwest Territories	<u>4,405</u>	<u>2,107</u>	<u>6,512</u>	<u>67.6</u>
Canada	<u>3,604,420</u>	<u>5,330,387</u>	<u>8,934,807</u>	<u>40.3</u>

Source: Statistics Canada - Employment Created by Province Industry Classification and Firm Size 1983-1984

Employment by Province and Firm Size

The review of employment by province and size of business for 1984, Table 2, shows that businesses with less than 100 employees account for 40 percent of total employment in Canada. The provinces which rely on small business the most for employment are Prince Edward Island and Saskatchewan, with 59 percent and 48 percent respectively, of their employment created by small business. Ontario is the least reliant on small business for employment with only 36.7 percent of total employment generated by the small business sector.

The Ontario government publication, "The State of Small Business", states that small business accounts for 70 percent of the total employment of Ontarians under the age of 25.



TABLE 3
NUMBER OF SMALL BUSINESSES BY PROVINCE
Less than 100 employees
(including unclassified)

	<u>1981</u>	<u>%</u>	<u>1984</u>	<u>%</u>	<u>% GROWTH</u>
Newfoundland	11,584	1.6	14,772	1.9	28.5
Prince Edward Island	4,875	0.7	5,624	0.7	15.4
Nova Scotia	21,330	3.0	24,398	3.1	14.4
New Brunswick	18,338	2.6	21,438	2.7	16.9
Quebec	169,401	23.9	190,731	24.2	12.6
Ontario	232,964	32.9	259,120	32.9	11.2
Manitoba	28,761	4.1	31,842	4.1	10.7
Saskatchewan	35,524	5.0	40,986	5.2	15.4
Alberta	83,277	11.8	88,528	11.3	6.3
British Columbia	100,139	14.1	106,604	13.6	6.5
Northwest Territories	1,129	0.2	1,653	0.2	46.4
Yukon	<u>946</u>	<u>0.1</u>	<u>1,018</u>	<u>0.1</u>	<u>7.6</u>
TOTAL	<u><u>708,268</u></u>	<u><u>100.0</u></u>	<u><u>786,714</u></u>	<u><u>100.0</u></u>	<u><u>11.1</u></u>

Source: Statistics Canada Employment Creation by Province, Industry Classification, Firm Size and Life Status 1980-1981 and 1983-1984

Geographic Distribution of Small Business by Province

Table 3 details the distribution of businesses with less than 100 employees by province. In 1981 and 1984 small businesses in Ontario and Quebec accounted for 57 percent of the total small businesses in Canada. Newfoundland experienced the largest growth in the number of small businesses between 1981 and 1984 at 28 percent, with New Brunswick experiencing a 17 percent increase in the number of small businesses in the period.



TABLE 4

NUMBER OF SMALL BUSINESSES BY INDUSTRY
(not including unclassified)

	<u>1981</u>	<u>%</u>	<u>1984</u>	<u>%</u>	<u>% Growth</u>
Primary	60,497	9.2	60,709	8.4	.4
Mines, Quarries and Oilwells	4,362	0.7	4,583	0.6	5.1
Manufacturing	41,814	6.3	45,187	6.2	8.1
Construction	83,208	12.6	86,594	11.9	4.1
Transportation and Communications	29,392	4.4	32,369	4.5	10.1
Wholesale Trade	44,750	6.8	48,659	6.7	8.7
Retail Trade	124,994	19.0	135,480	18.7	8.4
Finance, Insurance and Real Estate	44,035	6.7	45,545	6.3	3.4
Community, Business and Person Services	<u>226,047</u>	<u>34.3</u>	<u>265,954</u>	<u>36.7</u>	<u>17.7</u>
TOTAL	<u>659,099</u>	<u>100.0</u>	<u>725,080</u>	<u>100.0</u>	<u>10.0</u>

Source: Statistics Canada Employment Creation by Industry Division, Firm Size and Life Status 1978-1984

Distribution of Small Business by Industry Sector

The analysis of small business by industry sector is provided in Table 4 for the years 1981 and 1984. The community, business and personal services sector accounted for 37 percent of the total number of small businesses in 1984.

The total growth of small business by industry sector between 1981 and 1984 was nine percent. The industry sector which experienced the largest growth in the number of small businesses was community, business and personal services (17.7 percent).



TABLE 5
 CONTRIBUTION OF BUSINESS BY SIZE AND SECTOR
 TO GROSS DOMESTIC PRODUCT
 1980

SALES CLASS (\$000)	PRIMARY	MINING	MANUFACTURING	CONSTRUCTION	TRANSPORTATION	TRADE	FINANCE	SERVICES	TOTAL
1980 (Percentages)									
Small (0 - 2,000)	90.7	3.2	10.3	54.1	14.5	34.6	34.8	68.0	29.9
Medium (2,000 - 20,000)	8.1	8.2	19.4	29.8	11.1	26.3	18.0	17.0	18.5
Large (over 20,000)	<u>1.2</u>	<u>88.6</u>	<u>70.3</u>	<u>16.1</u>	<u>26.3</u>	<u>39.1</u>	<u>47.2</u>	<u>15.0</u>	<u>51.6</u>
TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
INDUSTRY SHARE	3.6	8.0	30.2	7.6	12.6	16.0	9.0	11.0	100.0

Note: Total Gross Domestic Product was \$270.9 billion in 1980.

Source: Small Business Secretariat, Department of Regional Industrial Expansion

Contribution to Gross Domestic Product (GDP)

The contribution of small business to the total contribution by all Canadian business to GDP for 1980, Table 5, was 30 percent. The analysis by industry shows that the small businesses in the sectors of services, construction, and primary industry contributed more to GDP than did the medium and large size businesses in the same sector.



TABLE 6
JOB CREATION BY EMPLOYMENT CLASS OF SMALL BUSINESS
1984

NUMBER OF EMPLOYEES	NUMBER OF JOBS CREATED	PERCENTAGE OF TOTAL
Less than 5	120,572	27.0
5 - 19.9	87,084	19.5
20 - 49.9	55,998	12.5
50 - 99.9	<u>38,737</u>	<u>8.7</u>
TOTAL - SMALL	302,391	67.7
- MEDIUM 100 - 499.9	61,926	13.8
- LARGE 500 and over	<u>82,691</u>	<u>18.5</u>
TOTAL	<u>447,008</u>	<u>100.0</u>

Employment Creation by Small Business

The analysis of employment creation by firm size for 1984, Table 6, shows that 46.5 percent of jobs were generated by firms of less than 20 employees. Businesses with less than five employees accounted for 27 percent of the employment created in 1984.

Small business accounted for over 67 percent of total employment creation during 1984.



TABLE 7
SMALL BUSINESS
EMPLOYMENT CREATION BY PROVINCE

	NUMBER OF JOBS CREATED				
	1980	%	1984	%	% CHANGE
Newfoundland	2,033	1.2	2,145	0.7	6
Prince Edward Island	145	0.1	1,564	0.5	979
Nova Scotia	511	0.3	13,132	4.3	2,470
New Brunswick	1,756	1.1	5,013	1.7	185
Quebec	22,274	13.7	98,527	32.6	342
Ontario	43,262	26.6	136,955	45.3	217
Manitoba	3,227	2.0	9,778	3.2	203
Saskatchewan	4,993	3.1	9,047	3.0	81
Alberta	45,943	28.2	7,131	2.4	(544)
British Columbia	38,101	23.4	17,412	5.7	(119)
Northwest Territories	172	0.1	1,453	0.5	744
Yukon	229	0.2	477	0.1	97
TOTAL	<u>162,646</u>	<u>100.0</u>	<u>302,634</u>	<u>100.0</u>	<u>86</u>

Source: Statistics Canada - Employment Creation by Province, Industry Classification, Firm Size and Life Status

The breakdown of employment creation by province, Table 7, shows that employment creation by small business in 1984 was almost twice the employment creation in 1980. The provinces which incurred large percentage increases in the employment created by small business between 1980 and 1984 were Prince Edward Island (979 percent), and Nova Scotia (2,470 percent). Alberta and British Columbia were the only two provinces which created fewer jobs in 1984 than in 1980.



TABLE 8

SMALL BUSINESS EMPLOYMENT CREATION
BY INDUSTRY

NET EMPLOYMENT CREATION BY SMALL BUSINESS BY INDUSTRY	1980	%	1984	%	% CHANGE
Primary	5,621	3.5	875	0.3	42
Mines, Quarries, and Oil	8,002	5.0	4,337	1.4	85
Manufacturing	14,114	8.7	48,355	16.1	243
Construction	444	0.3	23,019	7.6	5,084
Transportation and Communications	7,613	4.7	15,504	5.1	104
Wholesale Trade	10,634	6.6	24,560	8.2	131
Retail Trade	30,682	19.0	60,428	20.1	97
Financial, Insurance, Real Estate	5,863	3.6	7,871	2.6	34
Community, Business and Personal Services	<u>78,570</u>	<u>48.6</u>	<u>116,274</u>	<u>38.6</u>	<u>48</u>
	<u>161,543</u>	<u>100.0</u>	<u>301,223</u>	<u>100.0</u>	<u>86</u>
Small Business as a Percentage of Total Net Employment Creation		55%		67%	

Source: Statistics Canada - Employment Creation by Province, Industry Classification, Firm Size and Life Status.

The analysis of employment creation by industry for 1980 and 1984 using Statistics Canada information is presented in Table 8. The industries identified in Table 8 which posted lower employment creation in 1984 when compared to 1980 were the primary sector and mines, quarries and oil. The community, business and personal services sector contributed 116,274 new jobs in 1984 and this represents 39 percent of the 301,223 jobs created by small business.

In addition, Table 8 shows that small businesses' share of total employment creation increased from 55 percent in 1980 to 67 percent in 1984.



TABLE 9
SMALL BUSINESS EMPLOYMENT CREATION BY PROVINCE
1985

	ALL RESPONDENTS	N.W.T.	YUK.	B.C.	ALTA.	SASK.	MAN.	ONT.	P.Q.	N.B.	N.S.	P.E.I.	NFLD.
<u>First Half 1985</u>													
Employment of firms:													
Remained the same	54.0	32.0	52.0	57.9	52.5	57.2	60.3	51.8	57.2	54.4	53.2	42.1	60.5
Increased	34.6	48.0	40.0	29.1	35.8	27.1	29.6	37.8	31.4	34.4	34.2	44.7	25.9
Decreased	8.7	20.0	8.0	10.6	9.5	13.1	8.3	7.9	6.7	8.9	10.8	5.3	9.9
Percentage change of jobs (net)	6.8	14.9	18.9	4.4	9.1	2.0	7.6	7.0	8.2	6.4	6.9	7.8	2.8
<u>Second Half 1985</u>													
Employment of firms:													
Remained the same	59.4	60.7	56.3	60.2	56.3	61.4	56.8	58.7	63.7	54.6	59.3	56.8	58.5
Increased	23.3	7.1	15.6	19.8	26.0	16.7	23.3	26.3	19.9	20.7	17.5	20.5	14.8
Decreased	14.7	25.0	25.0	18.2	16.0	18.9	18.1	12.8	11.7	11.4	20.4	2.7	24.4
Percentage change of jobs (net)	1.6	-4.7	-5.7	-0.7	3.1	0.2	0.8	2.4	1.5	-2.8	0.2	-4.5	-0.5

Source: C.F.I.B. Survey of Business Conditions, July 1985, January 1986

The Canadian Federation of Independent Business (CFIB) did a survey which provides employment creation statistics for 1985.

Table 9 shows that the net increase in employment in the first half of 1985 was 6.8 percent and in the second half of 1985 was 1.6 percent. Alberta and Quebec had the highest net increases in employment both in the first and second half of 1985.



TABLE 10
SMALL BUSINESS EMPLOYMENT CREATION BY INDUSTRY
1985

	ALL INDUSTRY	AGRICULTURE FOREST FISH	MINING	CONSTRUCTION	MANUFACTURING & PROCESSING	TRANSPORTATION & PUBLIC UTILITIES	WHOLE- SALE TRADE	RETAIL TRADE	FINANCIAL INSTITUTIONS & REAL ESTATE	SERVICES	OTHER
<u>First Half 1985</u>											
Employment											
% of firms:											
Remained the same	54.0	59.3	53.8	45.5	43.9	54.9	49.7	57.5	64.6	57.5	55.7
Increased	34.6	24.6	35.5	39.3	44.4	34.6	39.3	32.0	26.9	30.8	33.3
Decreased	8.7	9.8	9.7	11.6	8.9	9.1	8.9	7.9	5.9	9.5	9.5
Percentage change of jobs (net)	6.8	6.1	2.1	12.7	8.2	4.3	5.6	5.2	6.2	6.2	3.7
<u>Second Half 1985</u>											
Employment											
% of firms:											
Remained the same	59.4	65.7	50.0	55.4	50.0	57.9	54.9	63.5	67.7	62.6	54.0
Increased	23.3	13.8	37.3	21.7	32.0	24.2	29.1	18.8	23.0	20.8	26.8
Decreased	14.7	16.3	10.0	19.5	15.7	14.5	14.0	15.4	7.6	13.8	17.3
Percentage change of jobs (net)	1.6	-0.6	11.5	-1.4	2.4	0.0	2.5	1.4	6.8	1.1	2.6

Source: C.F.I.B. Survey of Business Conditions, July 1985, January 1986

The CFIB survey breakdown by industry, Table 10, exhibits that small businesses in construction and manufacturing created the most new jobs in the first six months of 1985 and financial institutions/real estate and mining companies had the most growth in the second half of the year. The CFIB 1985 survey report states that the total net employment creation during the second half of 1985 was approximately 60,000 jobs. They did not identify this number for the first half of 1985.



TABLE 11

AVERAGE NUMBER OF EMPLOYEES IN RECENTLY REGISTERED
FIRMS (AT START-UP) IN ONTARIO

	<u>INCORPORATED</u>		<u>UNINCORPORATED</u>	
	#	%	#	%
At start-up 1982	3.44		1.87	
of which...				
Number and % of women	1.59	46	0.83	44
Number and % of men	1.85	54	1.04	56
Number and % under 30	1.57	46	1.06	57
Number and % over 30	1.87	54	0.81	43
Number and % full time	2.76	80	1.43	76
Number and % part time	0.68	20	0.44	24
At present 1985	7.52		3.75	
of which...				
Number and % of women	3.26	43	1.64	44
Number and % of men	4.26	57	2.11	56
Number and % under 30	3.55	47	2.19	58
Number and % over 30	3.97	53	1.56	42
Number and % full time	5.96	79	2.43	65
Number and % part time	1.56	21	1.32	35

Source: Ontario Ministry of Industry, Trade and Technology - The State of Small Business

Comparison of Number of Employees of Ventures at the Time of Their Inception in 1982 and in 1985

The Ontario government, in its December 1986 report, "The State of Small Business", describes the average number of employees at the 1982 inception of both incorporated and unincorporated businesses and the average number of employees three years later in these same firms. Although the data is specific to Ontario, we believe that the trends are representative of Canadian small business.

Table 11 summarizes the findings of this study. Incorporated ventures which commenced operations in 1982 employed an average of 3.44 individuals. By 1985, the number of employed had grown to 7.52. Unincorporated businesses started by employing 1.87 people in 1982 and in 1985 employed 3.75.

An analysis of employment within the new small businesses started in 1982 shows that women were employed 45 percent of the time for the jobs created. Individuals under 30 years of age were employed 58 percent of the time in unincorporated firms and 47 percent of the time in incorporated firms, in 1985. The figures on part time staff in Table 11 show that unincorporated businesses employ a higher percentage of part time staff as the firm grows. Twenty-four percent of the employees were part time at the inception of the business and this increased to 35 percent after three years. The number of part time employed by incorporated businesses remained constant at 20 percent in 1982 and 1985.



TABLE 12

NEW SMALL BUSINESS START-UPS FISCAL 1985 (ENDING MARCH 31, 1986)

PROVINCE	INCORPORATION	PROPRIETORSHIPS AND PARTNERSHIPS	TOTAL	TOTAL 1984 START-UPS
British Columbia	19,017	8,175	27,192	23,748
Alberta	15,965	16,262	32,227	31,178
Saskatchewan	3,208	5,698	8,906	7,560
Manitoba	2,986	5,986	8,972	7,508
Ontario	38,233	93,308	131,541	109,339
Quebec	17,078	52,719	69,797	54,712
Nova Scotia	2,026	3,736	5,762	5,477
New Brunswick	1,870	1,700	3,570	3,480
Newfoundland	1,180	-	1,180	1,209
Prince Edward Island	336	636	972	775
Yukon	130	256	386	358
Northwest Territories	179	370	549	342
Federal	<u>15,137</u>	<u>-</u>	<u>15,137</u>	<u>19,297</u>
TOTAL	<u>117,345</u>	<u>188,846</u>	<u>306,191</u>	<u>264,983</u>

Source: Canadian Federation of Independent Business Report on Business Formations - Fiscal 1985, Number of Births Based on C.F.I.B. Estimates

New Small Business Start-ups

The CFIB report on "Business Formations: Fiscal 1985", states that the registration of incorporations, proprietorships and partnerships in 1985 was 15 percent higher than 1984. The CFIB report noted that incorporated businesses increased by ten percent and unincorporated businesses increased by 20 percent from 1984 to 1985. Table 12 gives a breakdown by province of business start-ups during 1985 by incorporated and other categories and provides a comparison to the total start-ups in 1984. In 1985, new unincorporated ventures outnumbered incorporated ventures by two to one, except in British Columbia, where the reverse situation was observed. Ontario had 43 percent of the total start-ups and Quebec 23 percent.



TABLE 13
INSOLVENCIES/BANKRUPTCIES
BY PROVINCE

	1981	1982	1983	1984	1985	1986
Newfoundland	46	63	81	73	64	36
Nova Scotia	164	191	214	241	245	214
Prince Edward Island	20	18	17	16	14	11
New Brunswick	76	66	105	94	87	68
Quebec	3,306	4,368	3,879	3,337	2,807	2,550
Ontario	2,901	3,607	3,020	2,579	2,317	1,937
Manitoba	244	373	306	292	324	257
Saskatchewan	167	280	314	309	302	327
Alberta	619	742	1,038	1,154	1,157	1,076
British Columbia	501	1,042	1,279	1,477	1,331	1,322
Northwest Territories	5	2	4	3	5	7
Yukon	<u>6</u>	<u>13</u>	<u>3</u>	<u>2</u>	<u>10</u>	<u>7</u>
TOTAL	<u><u>8,055</u></u>	<u><u>10,765</u></u>	<u><u>10,260</u></u>	<u><u>9,577</u></u>	<u><u>8,663</u></u>	<u><u>7,812</u></u>

Source: Consumer and Corporate Affairs - Insolvency Bulletin

Insolvencies/Bankruptcies

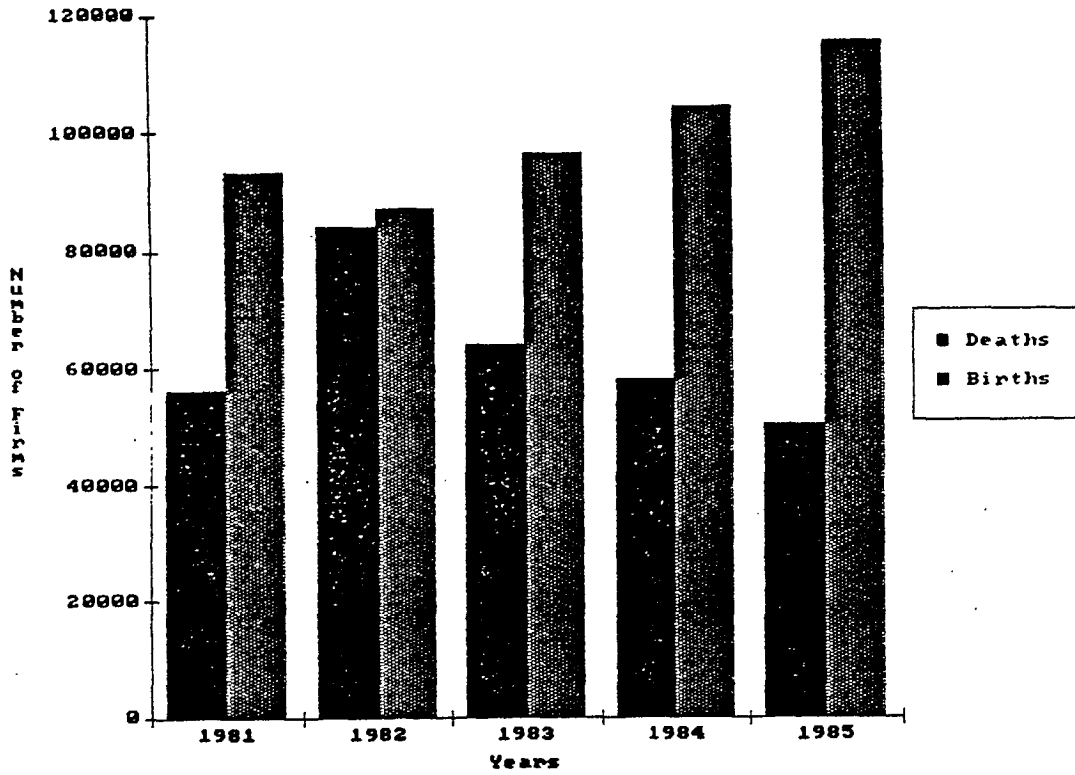
The breakdown of business insolvencies by province for each of the years 1981 through 1984 are given in Table 13. It should be noted that a record of insolvencies by sales class or number of employees is not maintained but that it is assumed that the total number represent small business because large businesses generally do not go bankrupt.

The number of insolvencies went from 8,000 in 1981 to 11,000 in 1982 due to the economic recession. Bankruptcies over the following five years declined steadily back towards the 1981 level of 8,000.

It should be noted that the 1984 bankruptcies of 9,578 account for only 16 percent of the total business deaths of 59,000 (Figure 1) in 1984. Business deaths include not only bankruptcies but also voluntary closings.



FIGURE 1
SMALL BUSINESS
DEATHS AND BIRTHS



Source: Canadian Federation of Independent Business, Unpublished

Births and Deaths

The CFIB estimates of business births and deaths for the year 1981 through 1985 are displayed in Figure 1. The CFIB estimates show that small business births have consistently exceeded the number of deaths. In 1985 projections by the CFIB are that approximately 115,000 new small businesses will be born and 50,000 will die. The difference between the number of births and deaths has consistently improved since 1982 as can be seen in the table below.

	<u>1983</u>	<u>1984</u>	<u>1985</u>
Births	96,000	104,000	115,000
Deaths	64,000	58,000	50,000
Net Births	32,000	46,000	65,000



TABLE 14
DEMOGRAPHIC ANALYSIS - BUSINESS PROPRIETORS

	1980	1983
Number of business proprietors	501,773	498,132
Number owned by individuals under 30	90,893	84,224
Number owned by women	145,680	148,430
% change in business proprietors	-	(1%)
% owned by individuals under 30	18.1%	16.9%
% owned by women	29.0%	29.8%

Source: Revenue Canada - Taxation Statistics 1982 and 1985

Demographics of Business Proprietors

Selected Revenue Canada information for 1980 and 1983 on business proprietors is given in Table 14. A comparison of 1980 to 1983 shows a decrease of one percent in the total number of proprietors in Canada.

The average age of the business proprietor is increasing, with only 16.9 percent being under 30 in 1983 compared with 18.1 percent in 1980. In examining the age breakdown of business proprietors in Figures 2 and 3, it is noted that 52 percent of women business proprietors are under 40 years of age and approximately one third are between the ages of 30 and 39. Forty-four percent of male business proprietors are under the age of 40 and 32 percent are over 50. Only 24 percent of women business proprietors are over 50.

The percentage of business proprietorships owned by women is 29 percent in both 1980 and 1983. Making regional comparisons from recent publications by the Provinces of Saskatchewan and Quebec shows women ownership at 37.4 percent and 27 percent respectively in 1982. This data indicates that there is some regional variation in the representation of women business proprietors across provinces.



FIGURE 2

MALE BUSINESS PROPRIETORS
BREAKDOWN BY AGE

1983

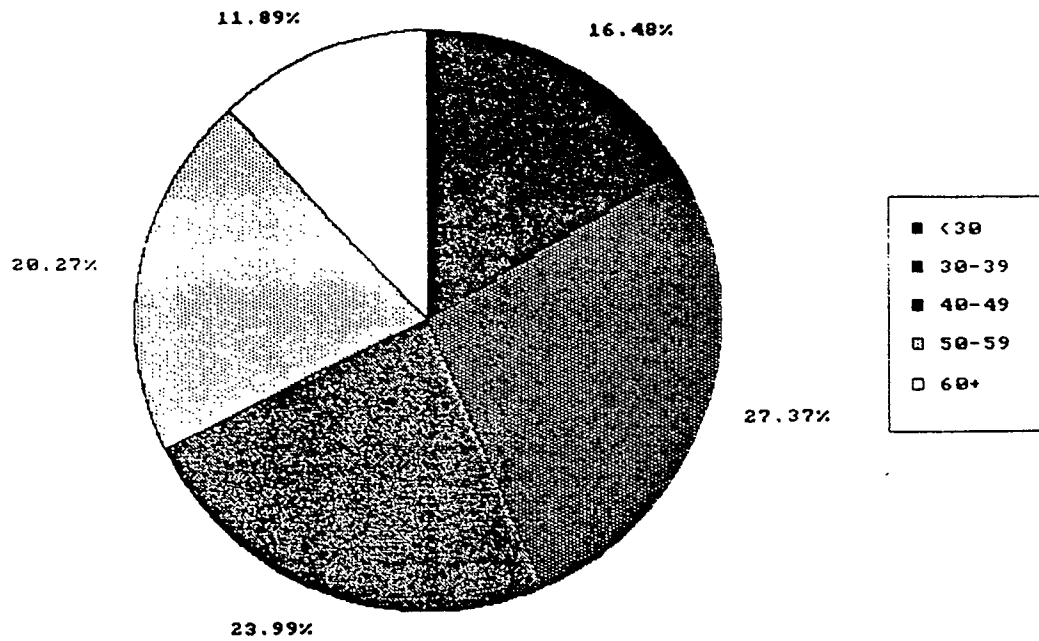


FIGURE 3

FEMALE BUSINESS PROPRIETORS
BREAKDOWN BY AGE

1983

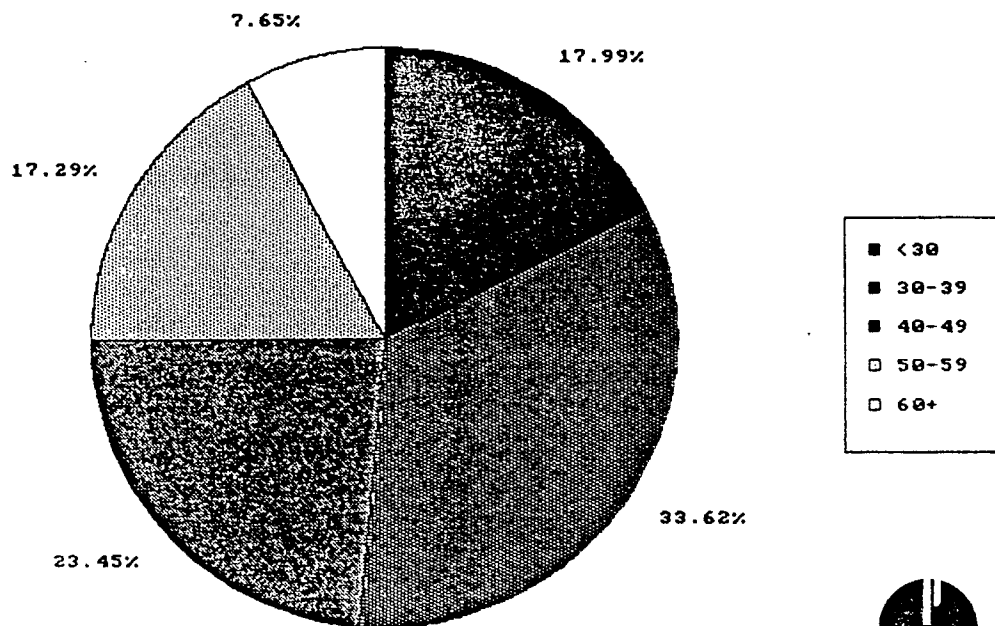


TABLE 15

PROFILE OF WOMEN ENTREPRENEURS

	<u>B.C. SURVEY</u>	<u>ROYAL BANK</u>
Average Age	41.2 years	43 years
Married	60.3%	61.0%
University Degree	39.0%*	20.0%*

* The B.C. survey includes college diplomas and the Royal Bank survey does not.

<u>TYPE OF BUSINESS</u>	<u>B.C. SURVEY WOMEN</u>	<u>ROYAL BANK WOMEN</u>	<u>ONTARIO WOMEN NEW REGISTRANTS</u>
Retail	25.5	42.0%	29.9%
Service	54.4	28.0%	66.1%
Wholesale	2.6	14.0%	-
Manufacturing	15.6	11.0%	4.0%
Construction	.8	5.0%	-
Other	<u>1.1</u>	<u>-</u>	<u>-</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Sources: Royal Bank of Canada 1985 - Survey of Female Entrepreneurs in Ontario and Quebec
 British Columbia Women's Programs - Survey of Women Business Owners in British Columbia 1986
 Ontario Ministry of Industry, Trade and Technology - The State of Small Business

Women Entrepreneurs

A review of three sources of information on women entrepreneurs is presented in Table 15. The first is a survey completed by the British Columbia Bureau of Statistics and the Small Business Department of the Province. The second is a Royal Bank study completed by Thompson Lightstone and Company Limited. The third is an analysis of new business registrants by the Ontario government. Although there are some variations in each of the three studies, they generally substantiate each other.

As an example, the breakdown of women entrepreneurs by industry in Table 15 shows a degree of variation between sources but indicates a preference of women to retail and service industries. A 1986 publication by Laventhol and Horwath Management Consultants entitled "The Rise of Female Capitalism" estimates that in January 1986, 40 percent of small business proprietorships, partnerships, and incorporated ventures were controlled by women. This result is significantly higher than any other figures which have been reviewed.



TABLE 16
 FINANCIAL STATISTICS FOR SMALL BUSINESS BY INDUSTRY
 1983

	<u>RETURN ON SALES</u>	<u>DEBT TO EQUITY</u>
Forestry	7.7%	153.5%
Mining	(116.6)%	105.3%
Manufacturing	4.3%	256.5%
Construction	5.5%	292.2%
Transportation and Communications	9.3%	186.9%
Wholesale	3.4%	264.2%
Retail	3.9%	196.4%
Real Estate/Insurance Agents	6.4%	413.1%
Business and Personal Services	7.4%	290.6%
All Industries	5.0%	260.0%

Source: Statistics Canada - Distribution of Small Business by Revenue, Major Industry Group and Province

Financial Statistics for Small Businesses by Industry

An analysis of return on sales and debt to equity by industry is displayed in Table 16. The 1983 results show that transportation and communication, forestry, and business and personal services have above average return on sales. The mining industry was the only industry to show a negative return. In descending order: mining, forestry, transportation and retail had the lowest debt to equity ratios.



TABLE 17

SMALL BUSINESS FINANCING
1983*

	<u>\$ BILLIONS</u>	<u>%</u>
Funds from operations	7.07	32.8
Long-term debt	4.72	21.9
Loans and advances from shareholders	4.15	19.3
Sale of fixed assets	2.53	11.8
Sale of investments	1.56	7.2
Issue of share capital	1.00	4.6
Government funds	0.21**	1.0
Other	<u>0.30</u>	<u>1.4</u>
Total funds available	<u>21.54</u>	<u>100.0</u>

- Small business borrowed an additional \$4.7 billion in new term loans.
- But small firms were not heavily dependent on government funding (1% of total funding sources, or \$214 million)

** Includes government grants and contributions only, not FBDB lending or to guarantees under the Small Business Loans Act.

Capital from Operations vs Debt

- The industries leading the nation in the proportions of capital acquired from operations in 1983, as opposed to long-term debt, were:

	<u>%</u>
Mining	47.1
Manufacturing	38.3
Construction	37.0
Trade	36.2

- Sectors tending to rely most on external sources of funds were:

	<u>%</u>
Transportation	62.6
Insurance and real estate	59.4
Forestry	54.8
Services	44.8

How the Money is Used:**Largest Shares for Fixed Assets and Dividends**

- Small businesses spent more than one-third (34.7%) of available funds to buy fixed assets in 1983 - almost \$7.5 billion.
- They paid out \$5.2 billion in dividends to shareholders (24.2%).
- They retired \$4.2 billion of long-term debt (using 19.8% of then available funds).

* Includes incorporated businesses only.

Small Business Financing

A recent publication by the Federal Business Development Bank entitled "Small Business Facts and Figures" breaks down how small incorporated businesses finance their operations. The source of the information was Statistics Canada 1983 data. The results outlined in Table 17 indicate that the source of 37 percent of financing was past profits from operations and 22 percent was from additional long-term debt. The amount of long-term debt retired amounted to \$4.2 billion indicating that the majority of \$4.72 billion in new long-term debt came mainly from the refinancing of maturing debt.

In an analysis of the authorized credit lending by the chartered banks in the Bank of Canada Review, it was noted that small business loans as a percentage of total authorized credits has risen from 21.8 percent in the third quarter of 1984 to 24.8 percent in the second quarter of 1986. This assumes that businesses with an authorized credit line of less than \$500,000 are small businesses. In addition, government guaranteed small business loans have increased from \$781 million in the first quarter of 1982 to \$1.458 billion in the fourth quarter of 1985, reflecting an 87 percent increase.

The Ontario Provincial publication "The State of Small Business" states that the average size of loans made under the Small Business Loans Act was \$26,766 in 1983. It was also noted that 40 percent of these loans are made to start-up companies.



A STATISTICAL PROFILE OF SMALL BUSINESSES IN CANADA - INTERVIEWEES

Federal Government Departments and Crown Corporations

Department	Contact Person	Telephone
Statistics Canada (Small Business Program)	John Skelton	1-613-990-9046
Consumer and Corporate Affairs	Lise Penny	1-613-997-1633
Labour Canada (Women's Bureau)	Leslie Hammell	1-613-997-1550
Revenue Canada Taxation (Personal Statistics Section)	R. Turner	1-613-957-7485
Federal Business Development Bank	Linda Thivierge	1-514-283-7632
Bank of Canada	Roger Purdue	1-613-782-8398

Provincial Government Departments

Small Business Program of the Ministry of Industry, Trade, and Technology for each of the Canadian provinces.

Province	Contact Person	Telephone
Prince Edward Island	John Palmer	1-902-892-4168
Nova Scotia	Paul Dober	1-902-424-5691
New Brunswick	Pauline Mott	1-506-453-2489
Quebec	Brian Williamson	1-418-643-5070
Ontario	Rita Blatt	1-416-965-6304
Manitoba	Bruce Docking	1-204-945-2008
Saskatchewan	Peter Wise	1-306-787-9549
Alberta	Mel Wong	1-403-427-3685
British Columbia	David Anderson	1-603-387-0325

Associations and Organizations

Institution	Contact Person	Telephone
Canadian Chamber of Commerce (Small Business Committee)	Marsha Gorden	1-416-868-6445
Canadian Organization for Small Business	Jeff Hale	1-416-492-3223
Canadian Association of Women Business Owners	Susan Cooke	1-416-364-1223
Canadian Bankers Association	Brian Farlinger	1-416-362-6092
Canadian Association of Family Entrepreneurs	David Galliger	1-416-961-1673
Conference Board of Canada	Mathew Blue	1-613-526-3280
Canadian Federation of Independent Business	Pat Thompson	1-416-222-8022, ext. 275



Associations and Organizations (continued)

Institution	Contact Person	Telephone
Economic Council of Canada	Jackie Lafontaine	1-613-993-1253
Institute for Research on Public Policy	David Conchin	1-613-661-3735
Federation of Canadian Municipalities	John Hastings	1-613-237-5221
Canadian Manufacturers Association	Robert Demmone	1-416-363-7261
Small Business Network	Reva Starr	1-416-221-8040

Financial Institutions and Private Sector Firms

Company	Contact Person	Telephone
Dunn and Bradstreet	Cameron Tucker	1-613-746-7095
Informetrica	G. Sonnen	1-613-238-4831
Evans Research	Mitch Forski	1-416-621-8814
Goldfarb Consultants	Paul Miles	1-416-221-9200
C.D. Howe Institute	Bruce Ewen	1-416-865-1904
Fraser Institute	Sally Pipes	1-604-688-0221
Laventhol and Howarth Consultants	Alana Pogue	1-416-977-2555
Thompson Lightstone and Company Limited	Ian Lightstone	1-416-922-1140
Royal Bank	Janice Eichner	1-416-974-2274
Canadian Imperial Bank of Commerce	S. Merry	1-416-980-3352
Bank of Montreal	R. Hardy	1-416-927-7772
Small Business Magazine	C. Kentridge	1-416-596-5914

Universities and Educational Institutions

Institution	Contact Person	Telephone
University of Ottawa	Dr. David Litvach	1-613-564-3904
York University	Rein Peterson	1-416-736-2100
Ryerson Polytechnical Institute	Raymond Kao	1-416-979-5000, ext. 6713
University of Québec	Prof. Yvon Gasse	1-418-656-2490
Queen's University	Prof. McCurdy	1-613-545-2365
University of Western Ontario	Prof. J. Graham	1-519-661-3214
Écoles des aux d'études Commerciale	Gladys Symons	1-514-522-3641



SUMMARY OF SOURCES OF STATISTICAL DATA FOR CANADIAN SMALL BUSINESS

CONTENT										
GROUP	DESCRIPTION	FREQUENCY	NUMBER OF BUSINESSES	DISTRIBUTION BY INDUSTRY/REGION	BUSINESS START-UPS	INSOLVENCIES	DEMOGRAPHICS AGE, SEX, OTHER	JOB CREATION	\$ VOLUME OF BUSINESS % OF GNP	OTHER
STATISTICS CANADA	Small Business Statistics Program is currently being set up to provide more detailed and effective information on small business. Current publications cover job creation, selected balance sheet items and regional and industry breakdown.	Made available annually. Information is two years in arrears.	This information is available by province and by industry group. The most recent information available is 1984 data.	Available with 1984 being the most recent results.	Not available in published form, however trend analysis on the number of businesses over time provides this information.	Information on business deaths and births is provided by province, industry and firm employment size.	Not currently available, however will be included in future research.	A special document is published dividing job creation by industry and firm size. The most recent year for which information is available is 1984.	Dollar value of business is available in some detail. However, small business as a percentage of GNP or GDP is unavailable.	Financial information is available to 1983 on selected balance sheet items and is broken down by industry and dollar volume of business (CAT 61-521).
PROVINCES (IN GENERAL)	Department of Industry, Trade & Commerce and Bureau of Statistics maintain a directory of manufacturers. Some provinces provide reports on small business using Statistics Canada information.	Directory published annually, data base updated constantly. Reports on small business sporadic or annual depending on the province.	Tracked through the provincial registry.	This is maintained as basic information on the provincial business data base.	New business registrations are tracked by each province.	Rely on federal information in most cases, or not made available.	Not tracked in data bases.	Not tracked by the provinces. Statistics Canada information is used.	Rely on federal sources in most cases.	
PROVINCE OF QUEBEC	The Ministry of Industry and Commerce has just published Les PUE aux Québec. This is their first comprehensive document on small business. Comparisons are drawn with Ontario and Canada.	First edition, uncertain if publication will be revised annually.	Covered in detail, the most recent information is 1985 dated.	Available in detail for the year 1985.	Covered in detail by region within the province.		Analyzed by self-employed occupation.	Not covered in recent publication.	Dollar volume of business given.	
PROVINCE OF BRITISH COLUMBIA	Annual publication on small business data mainly from Statistics Canada. Study on women entrepreneurs completed in 1986.	Annual publication of small business statistics.	Statistics Canada information used.	Statistics Canada information.	Provincial registry data.		Revenue Canada information used.		Average revenue obtained from Statistics Canada.	

CONTENT

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REVENUE CANADA	Revenue Canada Taxation - Personal Statistics Division publishes a report entitled - Taxation Statistics Analysis Returns of Individuals.	Annually, with information two years previous to the edition year.	For self-employed and proprietors only.	Information by region and occupation.	Not included, trend analysis must be performed using several editions.		Breakdown by age and sex is available by occupation.		Income by occupation is provided along with the number of individuals.	
BANK OF CANADA	The Bank of Canada publishes economic trends and documents the various balance sheet items of the chartered banks.	Monthly report entitled - Bank of Canada Review.								The amount of loans outstanding for businesses by size and industry group is maintained.
CONSUMER AND CORPORATE AFFAIRS	The Office of the Superintendent of Bankruptcy provides an insolvency bulletin. Although the size of the business is not disclosed, almost all of these businesses are small.	Monthly (in most cases).				Insolvency bulletin breaks down results on a provincial basis and by line of business.				
DUNN AND BRADSTREET	Maintains a data base of businesses within Canada. An annual report is published on business failures and categorization of businesses into various groups (size, industry, failures, etc.).	Annual Report does not include businesses with under 100 employees. Information is provided to clients on a fee basis, varying with the information required.	Maintained on their data base.	Maintained on their data base.	Trend analysis may be completed at a higher cost.	This information obtained by completing trend analysis.		Can be analyzed by a trend analysis on the number of employees in the firms.	The dollar volume of business is maintained for about 60% of the companies included in the data base.	



CONTENT

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LAVENTHOL AND HDWARTH	This private consulting firm has completed a report on small business detailing the failure rate of small businesses started in 1978 analyzing the performance of men vs. women.	Specialty projects on an ad hoc basis.			Analyzes the success rate of business start-ups during 1978. No ongoing research has been completed since that time.	Connect the success rate of businesses started up in 1978 with the key emphasis on ownership between men and women.				Many qualitative issues are covered in the most recent study including the concerns of the small business person.
THOMPSON LIGHTSTONE AND COMPANY	Private firm which completed research on various topics. Recent studies have been completed on small business for the Royal Bank and Laventhol and Howarth.	Special request studies.		Breakdown by industry type given.			Profile of small business person developed in detail. Education, marital status, age, sex.			Details of study results are not made available so many topics covered are unknown.
CANADIAN FEDERATION OF INDEPENDENT BUSINESS	This organization has in excess of 76,000 members across Canada, of which more than 80 percent employ less than 20 people. The association surveys its membership on an ongoing basis to obtain information on trends within business in Canada.	Semi-annual publication entitled "Hard Facts", in addition to specialty publications.	Total number of businesses not tracked in publications.		Statistics obtained by a survey of provincial governments.	Estimations of total business deaths are made annually.	The sex and age group of employees is surveyed, however these statistics are not kept for the business owner.	Information is obtained by semi-annual membership survey.		Qualitative information is surveyed on various current issues concerning small business, including current problems faced by small business and reaction of small business to government politics.

CONTENT

GROUP	DESCRIPTION	FREQUENCY	NUMBER OF BUSINESSES	DISTRIBUTION BY INDUSTRY/REGION	BUSINESS START-UPS	INSOLVENCIES	DEMOGRAPHICS AGE, SEX, OTHER	JOB CREATION	\$ VOLUME OF BUSINESS % OF GNP	OTHER
LAVENTHDL AND HOWARTH	This private consulting firm has completed a report on small business detailing the failure rate of small businesses started in 1978 analyzing the performance of men vs. women.	Specialty projects on an ad hoc basis.			Analyzes the success rate of business start-ups during 1978. No ongoing research has been completed since that time.	Connect the success rate of businesses started up in 1978 with the key emphasis on ownership between men and women.				Many qualitative issues are covered in the most recent study including the concerns of the small business person.
THOMPSON LIGHTSTONE AND COMPANY	Private firm which completed research on various topics. Recent studies have been completed on small business for the Royal Bank and Laventhol and Howarth.	Special request studies.		Breakdown by industry type given.			Profile of small business person developed in detail. Education, marital status, age, sex.			Details of study results are not made available so many topics covered are unknown.
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A STATISTICAL PROFILE OF SMALL BUSINESS IN CANADA -
REVIEW OF LITERATURE ON SMALL BUSINESS

- Title: Small Business - Can It Save The Atlantic Economy?
Author: Graham Taylor
Publication/Date: Atlantic Insight, March 1986
Content: Review of the growth of Atlantic Canada, noting that the majority of new employment is coming from the small business sector. Statistics are given stating that the growth of small business in Atlantic Canada is ahead of the national average.
- Title: Small Means Jobs
Author: Ernst Kneisel
Publication/Date: Political Options, April 1986
Content: Concentrates on statistics which show the majority of job creation being generated by small business. Statistics Canada information is used.
- Title: Women, A Growing Force in Small Business
Author: Elaine Wyatt
Publication/Date: The Financial Times of Canada, July 22, 1985
Content: The article notes the increasing percentage of women small business owners, as provided by Revenue Canada. Results of studies by the University of New Brunswick and Queen's University are reviewed.
- Title: New Jobs to Total 200,000 Survey
Author: Canadian Federation of Independent Business
Publication/Date: Daily Commercial News, April 10, 1985
Content: Reviews the survey completed by the CFIB on membership intentions or actions with respect to hiring new employees. The membership survey is extrapolated to Canada as a whole.
- Title: Women in Business
Author: Frank Collum
Publication/Date: Worklife, Volume 2, Number 5, 1982
Content: The article reviews a study of business proprietors and cites statistics on the number of women proprietors, their average income, number of years in business and employment by the business.



- Title: The 1984 Canadian Business Failure Record
Author: Dunn and Bradstreet Canada Limited
Publication Date: 1985
Content: Review the trend of Canadian bankruptcies over the last few years noting that the failure rate for 1983 was 4.7% of total businesses. It is also noted that this was the first decline in bankruptcies since 1976.
- Title: A Profile of Canadian Federation of Independent Business
Author: J.A. McDonald
Publication/Date: Journal of Small Business - Canada, Toronto, Vol. 1, No. 2, 1983
Content: Data on the CFIB membership for sales, age of firm, employment and industry is reviewed by region and compared to Canadian business as a whole.
- Title: Small Business Is Picking Up As Optimism Grows
Author: Marianne Tefft
Publication/Date: Financial Post, May 1985
Content: Comments are made on increasing employment by small business citing results from a survey by the Canadian Federation of Independent Business.
- Title: The Rise of Female Capitalism: Women as Entrepreneurs
Author: Jenny White
Publication/Date: De Novo. Volume 1, No. 4, Spring 1986
Content: Reviews the success rate of women in business. Information on type of business and employment creation. Reference is made to the study completed by Laventhol and Horwath.
- Title: Survey of Women Business Owners in British Columbia: Major Findings and Policy Implications
Author: British Columbia Ministry of Labour - Women's Programs
Publication Date: 1986
Content: The survey, completed in 1985, collected data on 1,000 women business owners in British Columbia. The survey covered quantitative issues including industry classification, legal status of business, length of ownership, revenues and employment.



A STATISTICAL PROFILE OF SMALL BUSINESSES IN CANADA -
SUMMARY OF TABLES

- Table 1: BUSINESS IN CANADA BY SALES CLASS, 1983
Source: Statistics Canada - Catalogue 61-521
Scope: Small businesses are businesses earning less than \$2 million in sales per year, medium businesses earn between \$2 and \$20 million in sales, and large businesses earn in excess of \$20 million in sales.
- Table 2: NUMBER OF EMPLOYEES BY PROVINCE AND FIRM SIZE, 1984
Source: Statistics Canada - Employment Creation by Province, Industry Classification and Firm Size, 1983-84
Scope: Small businesses are those with less than 100 employees.
- Table 3: NUMBER OF SMALL BUSINESSES BY PROVINCE, 1981 AND 1984
Source: Statistics Canada - Employment Creation, 1980-81 and 1983-84
Scope: Businesses with less than 100 employees, including businesses which cannot be classified by industry.
- Table 4: NUMBER OF SMALL BUSINESSES BY INDUSTRY, 1981 AND 1984
Source: Statistics Canada - Employment Creation, 1978-84
Scope: Businesses with less than 100 employees, not including businesses which cannot be classified by industry.
- Table 5: CONTRIBUTION OF BUSINESS BY SIZE AND SECTOR TO GDP, 1980
Source: Small Business Secretariat - DRIE
Scope: Small businesses are those earning less than \$2 million in annual sales.
- Table 6: JOB CREATION BY EMPLOYMENT CLASS OF SMALL BUSINESS, 1984
Source: Statistics Canada - Employment Creation, 1983-84
Scope: Small businesses are those with less than 100 employees, including unclassified businesses.
- Table 7: SMALL BUSINESS EMPLOYMENT CREATION BY PROVINCE, 1980 AND 1984
Source: Statistics Canada - Employment Creation, 1979-80 and 1983-84
Scope: Small businesses are those with less than 100 employees, including unclassified businesses.
- Table 8: SMALL BUSINESS EMPLOYMENT CREATION BY INDUSTRY, 1980 AND 1984
Source: Statistics Canada - Employment Creation, 1979-80 and 1983-84
Scope: Small businesses are those with less than 100 employees.
- Tables 9 and 10: SMALL BUSINESS EMPLOYMENT CREATION BY INDUSTRY AND PROVINCE, 1985
Source: C.F.I.B. Survey of business conditions, July 1985, January 1986
Scope: Small business defined as businesses within the C.F.I.B. membership.



- Table 11: AVERAGE NUMBER OF EMPLOYEES OF FIRMS REGISTERED IN ONTARIO IN 1982
Source: Ontario Ministry of Industry, Trade and Technology - The State of Small Business
Scope: Small business defined as manufacturing firms with less than 100 employees, and service firms with less than 50 employees.
- Table 12: NEW SMALL BUSINESS START-UPS, 1984 AND 1985
Source: C.F.I.B. Business Formations 1985 (Survey of Provincial jurisdictions)
Scope: All business incorporations, partnerships and proprietorships registered.
- Table 13: INSOLVENCIES/BANKRUPTCIES BY PROVINCE, 1981-86
Source: Consumer and Corporate Affairs - Insolvency Bulletin
Scope: All businesses registering for bankruptcy.
- Table 14: DEMOGRAPHIC ANALYSIS - BUSINESS PROPRIETORS, 1980, 1983
Source: Revenue Canada - Taxation Statistics, 1982 and 1985
Scope: All businesses registered as a proprietorship.
- Table 15: PROFILE OF WOMEN ENTREPRENEURS
Source: i) Royal Bank 1985 survey of Ontario and Quebec
ii) British Columbia Women's Programs
iii) Ontario Ministry of Industry, Trade and Technology
Scope: i) Sample selection criteria not released.
ii) Sample criteria were businesses partially or wholly owned by women.
iii) Businesses with less than 50 employees and at least \$100,000 in sales.
- Table 16: FINANCIAL STATISTICS FOR SMALL BUSINESSES BY INDUSTRY, 1983
Source: Statistics Canada - Catalogue 61-521
Scope: Businesses with less than \$2 million in annual sales revenue.
- Table 17: SMALL BUSINESS FINANCING, 1983
Source: F.B.D.B. - Small Business Facts and Figures
Scope: Incorporated businesses with less than \$2 million in annual sales.



