

**Canada Small Business Financing Act  
Employment Impact Study**

**March 2002**

**Report to Industry Canada**

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Multi-Audience Research  
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# Contents

Executive Summary.....	i
Introduction.....	1
Characteristics of Businesses and Loans.....	5
Direct Employment Impacts.....	17
Indirect Employment Impacts.....	25
Related Impact Issues.....	28
Predicting the Most Common Types of Impacts.....	32

## Appendix

- ◆ Copy of the questionnaires (English and French)

## **Executive Summary**

- ◆ Industry Canada commissioned COMPAS to undertake a survey of current CSBFA borrowers. The survey was designed to identify the employment impacts, both within the borrowing firm and outside of it, of CSBFA loans obtained between January 1 and June 30, 2000. The data from this survey will be used as part of a five-year program evaluation of the CSBFA. A total of 3,200 surveys were sent out February 13-18, 2002. In total, 603 self-administered questionnaires were returned by mail or fax. This represents a response rate of 21%. The margin of error on a sample this size is +/- 3.6%, 19 times out of 20 (conservatively estimated and with finite population factor applied). The results presented in this report have been weighted by region and size of company (by revenue) to reproduce the distribution of those characteristics in the original population lists.

### Characteristics of Businesses and Loans

- ◆ In order to provide a context for assessing other responses, it is useful to have a basic picture of the respondent companies served through CSBFA loans. Generally these companies tend to be limited companies that have less than \$500,000 in gross revenue, employ an average of six full-time employees, three part-time employees, come from relatively smaller communities, are perhaps disproportionately likely to come from Quebec, and tend to be involved in agriculture (this only includes support activities since the business of farming is not eligible under the program), retail trade, food services, or transportation. Their owners are likely to be male with an average age in the mid 40s. The primary source of the data was almost always a senior person in the firm. This underscores the likely quality of the data. Companies receiving loans had been, on the average, in business for almost seven years.
- ◆ Most loans were under \$75,000. Loans were most often used for equipment purchases, but purchase or improvement of real property was also common. On average, loan repayment periods were a little more than five years. The average estimate of the number of jobs to be created by the loan at the time of application was between three and four jobs.



## Direct Employment Impacts

### New Job Creation

- ◆ On average, companies estimated that 4.24 new jobs (full-time/part-time, seasonal/permanent) were created internally (i.e. within the borrowing firm) as a result of CSBFA loans. If we include companies that did not provide a valid response, who were then assumed to have created no new jobs, the average decreases to 3.57. In terms of the distribution of these jobs, 15% said no new jobs had been created, while 39% had created 1-3 jobs. Seventeen percent had created six or more jobs in their firm as a direct result of the CSBFA loan.
- ◆ On average, companies estimated that 2.92 full-time new jobs were created as a result of the loans. The average number of part-time new jobs created was 2.2. Looked at another way, 57% of all new jobs created were full-time, while 43% were part-time.
- ◆ On average, 1.16 seasonal new jobs were created. The average number of 'permanent' (non-seasonal) new jobs created was 3.67.
- ◆ 2.22 manufacturing/labour jobs were created, on average, per firm due to CSBFA loans.
- ◆ .86 sale jobs were created on average per firm.
- ◆ .82 new jobs classified as "other" were created, on average, per firm.
- ◆ .59 management/professional jobs were created on average per firm.
- ◆ .5 technical jobs were created on average per firm.
- ◆ .37 new administrative/support jobs were created on average.

### Jobs Maintained

- ◆ An average of 3.76 jobs of all kinds (i.e. full-time/part-time, seasonal/permanent) was maintained by firms as a result of CSBFA loans. If we include companies that did not provide a valid response, who were then assumed to have maintained no jobs, the average decreases to 2.49. In terms of the distribution of these jobs, 15% said that no jobs had been maintained, while 31% had maintained 1-3 jobs. Twelve percent had maintained six or more jobs in their firm as a direct result of the CSBFA loan.
- ◆ An average of 3.14 full-time jobs was maintained by firms due to loans. The average number of part-time new jobs maintained internally was 1.38. Looked at another way, 70% of all jobs maintained were full-time, while 30% were part-time.



- ◆ An average of 1.98 seasonal jobs was maintained by firms due to loans. The average number of permanent new jobs maintained was 3.15.
- ◆ 1.91 manufacturing/labour jobs were maintained on average.
- ◆ 1.05 sales jobs were maintained on average.
- ◆ .69 "other" types of jobs were maintained on average.
- ◆ .63 management/professional jobs were maintained on average.
- ◆ .48 technical jobs were maintained on average.
- ◆ .29 support/administrative jobs were maintained on average.

### Job Upgrading

- ◆ Only 7% of firms reported job upgrading due to CSBFA loans.

### Reduction of Human Resource Costs

- ◆ 81% of firms reported no reduction in human resource costs due to CSBFA loans.

### Indirect Employment Impacts

Participants in surveyed firms were generally not aware of indirect employment impacts of CSBFA loans on their suppliers or customers. Basic findings are:

- ◆ Only 5% of firms thought their supplier or customer firms experienced the creation of new positions due to increased activity arising from loans.
- ◆ Only 4% thought their supplier or customer firms maintained jobs due to activity created by loans.
- ◆ With respect to indirect job upgrading effects, the pattern continues. Only 2% said they thought such effects had occurred.
- ◆ 12% think that their CSBFA loan enabled them to reduce reliance on other firms.



## Related Impact Issues

In a number of related areas:

- ◆ There were particularly strong perceived positive impacts in sales, profits and productivity. There were only small to moderate effects in the areas of cost reduction and exports.
- ◆ There were also noteworthy perceived effects with respect to aiding business start-up/survival.
- ◆ Open ended multiple responses probing other beneficial impacts tended to confirm other results. However, they put into perspective the importance of loans for business expansion, outreach and improvements in customer service.

## Predicting the Most Common Types of Impacts

### Predictors of Total New Job Creation

- ◆ According to the adjusted R square statistic, our model explains 20.2% of the variation in total new jobs created due to loans. An R square is an indication of how much of a dependent variable, such as total new jobs, can be predicted from a set of drivers or independent variables. This is based on 449 cases. It is significant. This is quite a healthy result for a model based on survey data.
- ◆ Age of owner is significant, but negative. Increased age tends to reduce new job creation.
- ◆ Age of company at time of loan was also significant, but negative. Increased company age reduces new job creation.
- ◆ Gross revenue has a significant, positive impact on new job creation.
- ◆ Amount of loan has a significant, positive effect on new job creation. It is by far the biggest effect.
- ◆ All the other variables pertaining to region, sector and so forth fell far short of any significance.



Predictor of Total Job Maintenance

- ◆ According to the adjusted R square statistic, our model explains 16.3% of the variation in total jobs maintained due to loans. As noted, an R square is an indication of how much of a dependent variable, such as total jobs maintained, can be predicted from a set of drivers or independent variables. This is based on 354 cases. It is significant. This is quite a healthy result for a model based on survey data.
- ◆ Age of owner has a significant impact on job maintenance, but it is positive. Counter to the results for new job creation, increases in the age of the owner tends to lead to increases in job maintenance.
- ◆ Being in Ontario, Alberta, British Columbia or the territories produces significant impacts, but they are negative. Firms located in these regions tend to have lower numbers of maintained jobs due to loans.
- ◆ Gross revenues is significant and positive. In fact it is the largest effect in this model.
- ◆ The amount of the CSBFA loan is a major positive, significant effect again. It is not the largest effect, but is important.



## Introduction

Industry Canada commissioned COMPAS to undertake a survey of current CSBFA borrowers as a way of gathering information on firms that were able to benefit from access to the CSBFA. The survey was designed to identify the impacts on jobs, both within the borrowing firm and outside of it, based on factual figures and on perceptions. The data from this survey will be used as an essential element within an employment impact study being conducted as part of a five-year program evaluation of the CSBFA.

## Background

The Small Business Loans Administration of Industry Canada is responsible for administering a loan loss-sharing program aimed at small and medium sized enterprises (SMEs). This program was implemented in 1961 to increase the availability of loans for the establishment, expansion, modernization and improvement of small business enterprises.

The program is delivered by 1,500 financial institutions across the country. Under this program, financial institutions can make loans of up to \$250,000, over a maximum lending term of 10 years, to SMEs. Lenders are responsible for credit decisions and monitoring of loans. The Government of Canada pays lenders 85% of any eligible loss incurred on loans that have defaulted, after the lender has taken the usual steps to recover any security associated with the loan to reduce the amount outstanding. The goal of the CSBFA program is to run on a cost-recovery basis. This means that the cost to the federal government of paying claims on these loans should be offset by the registration and annual administration fees collected over the life of these loans.

In 1998, the *Small Business Loans Act* was reviewed and the research and consultations determined that the program remained a useful tool for small businesses. The program was continued with a number of changes to improve administrative procedure and reporting requirements, as well as add a pilot project to extend the program to cover capital leasing. As a result of this extension, its name was changed to the *Canada Small Business Financing Act* (CSBFA).

Industry Canada is starting a broad program evaluation that will be used to assess the CSBFA program over its first five years (starting April 1, 1999). One of the issues that the evaluation will address is the impact of the program on the creation, maintenance, displacement and upgrading of jobs both within and outside of the borrowing firms. As a result, a job impact study has been undertaken, with a user (borrower) survey as an essential element. While the CSBFA program currently collects estimates of job creation in the borrowing firm at the time of the loan, there is nothing in place to follow up with





these firms to compare projected employment impacts with actual impacts. The survey on which this report is based will provide a basis for assessing such impacts.

The following specifications applied to this study:

- ❑ The survey was a paper-based, self-administered survey, provided to a random sample of companies that had received CSBFA loans between January and July 2000.
- ❑ The surveys were sent by mail to selected companies, accompanied by a cover letter on Industry Canada letterhead. The purpose of the letter was to identify the objectives of the study, offer assurances of confidentiality, and encourage participation.
- ❑ Previous research has suggested that many CSBFA borrowers are not aware of the loan-loss sharing program under which they received financing. Accordingly, another goal of the letter was to identify the CSBFA program and inform potential respondents that their business has received a loan under this program.
- ❑ Both English and French versions of the questionnaire were sent to all potential respondents.
- ❑ Companies were asked to complete the survey and return it to COMPAS by fax or using the Business Reply Envelope that was provided with the questionnaire;
- ❑ Companies desiring clarification of any aspect of the study or questionnaire were able to contact COMPAS through a toll-free telephone number.
- ❑ Approximately one week following the mail out of the survey, a reminder postcard was sent to all companies. In addition, all potential respondents were contacted by phone after that and encouraged to return a completed questionnaire. Some companies received multiple reminder phone calls.
- ❑ A pre-test of the questionnaire was conducted in both French and English, where respondents were recruited by phone, faxed the questionnaire, and asked to complete the questionnaire and return it by fax to COMPAS. The completed questionnaires were reviewed for accuracy, omissions (i.e. missing responses), etc., and respondents were called for a brief 15-minute interview regarding the contents and clarity of the questionnaire. Pre-test participants were paid an incentive of \$75 to take part in the pre-test. A total of 15 pre-tests were conducted.

A total of 3,200 surveys were sent out February 13-18, 2002. Of this total, 343 were returned due to incorrect addresses. In total, 603 completed surveys were returned by mail or by fax. This represents a response rate of 21%. The margin of error on a sample this size is +/- 3.6%, 19 times out of 20 (conservatively estimated and with finite population factor applied).



The results presented in this report are based on post-stratification weights in which the sample is weighted by region and size of company (by revenue) to reproduce the distribution of those characteristics in the original population lists.

**Readers should note that there is no way of accurately gauging the impact of the exclusion of businesses due to inaccurate or outdated addresses (i.e. “return to sender” group). While some of these businesses likely went out of business, others may have had the opposite happen where they increased in size and moved to new premises as a result. There is no way of knowing what proportion of businesses fit in either of these categories or others that might apply.**

#### A Note on Data Cleaning

With self-administered paper surveys, there is often a requirement to “clean” the data before proceeding with the analysis. This is particularly true when the subject matter or survey structure are complex, both of which apply in this case. There is a requirement to ensure that the responses all make sense, and to code as “missing values” responses that do not. For instance, it makes no sense if a respondent identifies the creation of two new jobs in total, but then indicates that five jobs were in the managerial category, or four were full-time, etc.

For this study, when the means were computed for a question like 18a (total new jobs created in firm), we included zeroes in the mean but did not include complete non responses that could not be converted to something else based on other responses in their survey. This seems appropriate since there was no filter question that asked if jobs were created and then went on to ask how many.

If someone said zero to 18a, subsequent related questions like 18b, c, d and e (all of which ask about the type of job(s) created) were coded “not applicable”. The means for 18b, c, d and e would not include these “not applicable” cases. We “edited” the cases before finalizing the data. If someone did not make a response to 18a or made a zero response, and then in related questions indicated some kind of jobs created, we imputed a value for 18a. This approach was also taken for similar question series.

We were able to ensure that total jobs equalled the sum of part time and full time jobs for most cases. It could not be done for those cases that, for example, only reported total jobs created and did not report any figures for part-time jobs, full-time jobs or any breakdown as to type of jobs. In such cases, one side of the equation is missing at the case level. We did not attempt to equate total jobs with the sum of permanent and seasonal jobs since these do not necessarily add up to equal the total number of jobs.



We also were generally able to make the total jobs variable equal the sum of the types of positions created (i.e. manufacturing, sales, management, labour, support, other).

As a further elaboration of the implications of the data cleaning, we should note that aggregate averages of full-time and part-time jobs will not necessarily equal the aggregate average of a total jobs variable, such as total new jobs created. Even though we were able to make this equation for most cases, as noted there are cases where such an equating was not possible because only one part of the data were available for a case. Thus, when we find the aggregate average for total jobs across cases, it might be based on a different number of cases than the aggregate average of a variable that logically forms one of its components. Again, the paradigmatic example of the type of case that would cause this would be one where total jobs was reported with, say, a value of 7, but there was no response for part-time jobs and full-time jobs or for any of the component variables indicating type of job. This case could be included in the calculation of average total jobs but not in the calculation of average part-time or full-time jobs.

These types of issues are not uncommon in self-administered surveys.

#### A Note on Terminology

When asked to assess employment impacts in the survey, respondents were provided with the following definitions for types of positions:

- ❑ Full-time: (30 hours per week or more).
- ❑ Part-time (less than 30 hours per week).
- ❑ Seasonal (only certain months of the year)
- ❑ Permanent (not for a limited length of time)

Copies of the questionnaires are appended to the report (French and English). The principal investigator for this study was Stephen Kiar, Senior Partner at COMPAS.



## Characteristics of Business and Loans

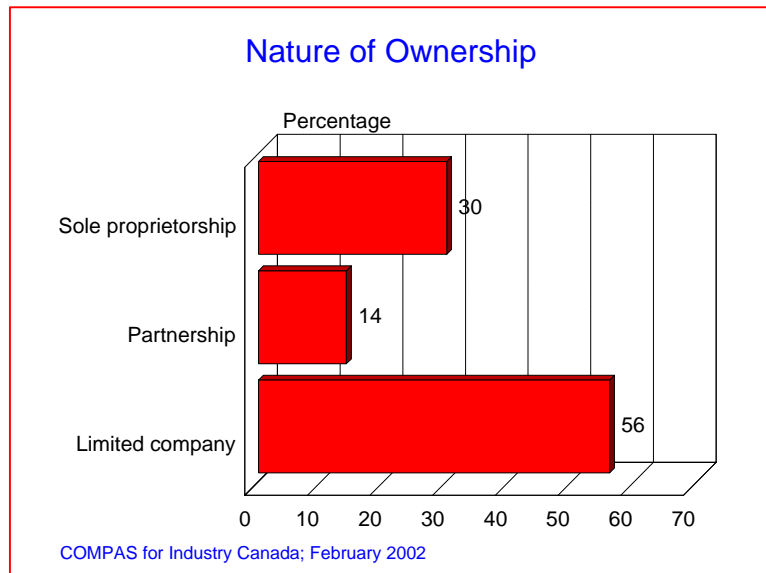
### *Summary of Business Characteristics*

In order to provide a context for assessing other responses, it is useful to have a basic picture of the companies served through CSBFA loans. Generally these companies tend to be limited companies that have less than \$500,000 in gross revenue, employ an average of six full-time employees, three part-time employees, come from relatively smaller communities, are perhaps disproportionately likely to come from Quebec, and tend to be involved in agriculture (this only includes support activities since the business of farming is not eligible under the program), retail trade, food services, or transportation. Their owners are likely to be male with an average age in the mid-40s. We also found that the primary source of the data was almost always a senior person in the company. This underscores the likely quality of the data. Companies receiving loans had been, on the average, in business for almost seven years. More details on this are provided below.

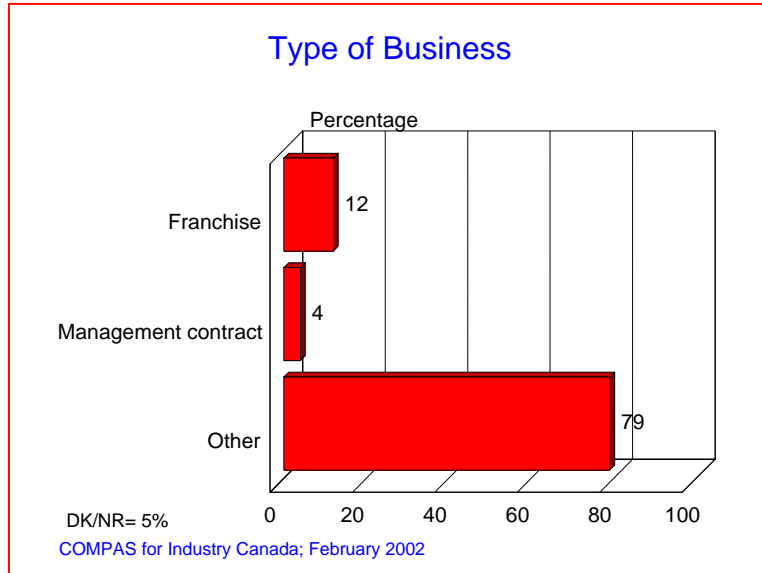
### *Detailed Review of Business Characteristics*

The businesses in the sample had the following general characteristics:

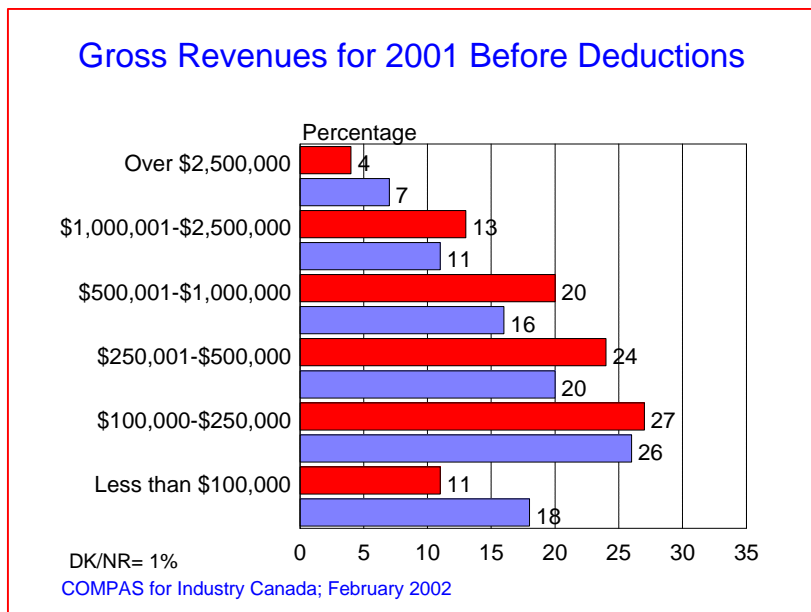
- 30% are sole proprietorships, 14% are partnerships, and 56% are limited companies (1% did not indicate their status).



- 12% are franchises, 4% operate under management contracts, and 79% designated themselves as 'other' (5% did not indicate their status).

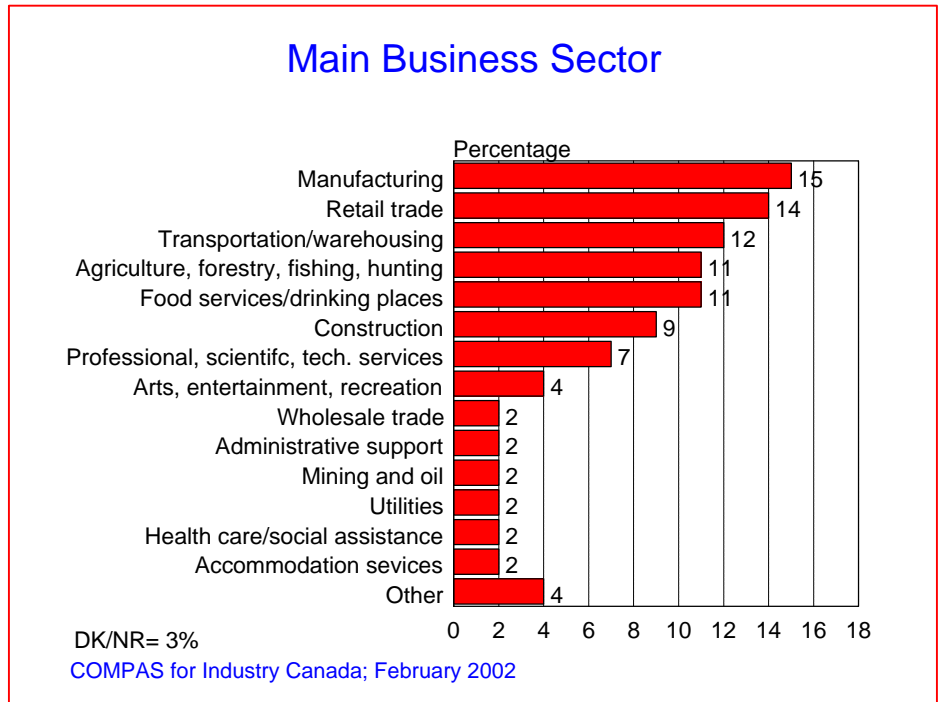


- The following graph presents the distribution of firms by gross annual revenue (in red). Fully 62% had revenues of \$500,000 or less for 2001. Relatively few (17%) had revenues over one million dollars. By way of comparison, the unweighted results are provided in blue, immediately following the weighted percentages.



- On average, participating firms have 5.7 full-time employees (based on 597 firms). The average number of part-time employees is 3.3 (based on 554 firms).

- The following graph presents the sectoral distribution of firms based on their primary business activity. Businesses are active in a variety of economic sectors.



The table below presents the same sectoral distribution of surveyed firms, but in relation to the actual sectoral breakdown in the original sample.

### Main Business Sector

Sector	Survey (%)	Sample (%)
Manufacturing	15	10
Retail trade	14	14
Transportation/warehousing	12	13
Agriculture, forestry, fishing, hunting	11	6
Food services/drinking places	11	15
Construction	9	7
Professional, scientific, tech. services	7	5
Arts, entertainment, recreation	4	3
Wholesale trade	2	3
Administrative support	2	1
Mining and oil	2	1
Utilities	2	0.4
Health care/social assistance	2	3
Accommodation services	2	1

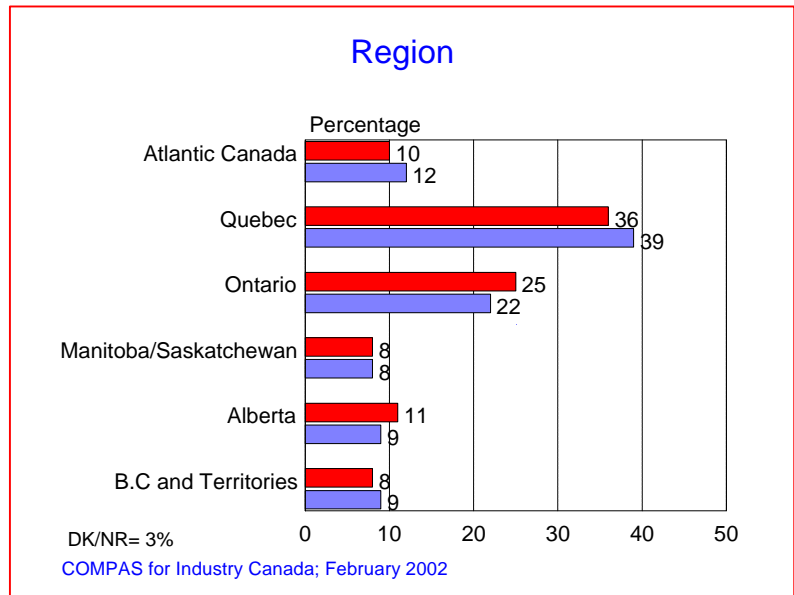
[COMPAS for Industry Canada; February 2002](#)

One can see that manufacturing and agriculture, forestry, fishing and hunting are somewhat overrepresented in the data, while food service/drinking places are underrepresented. We know that, statistically, the latter are more likely than firms in other sectors to go out of business.

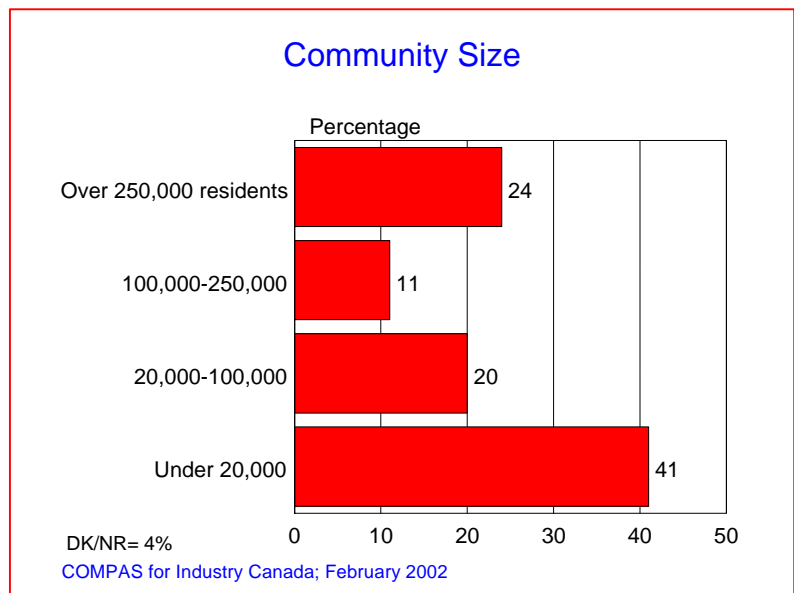


CSBFA Employment Impact Study:  
A COMPAS Report to Industry Canada

- The regional distribution of participating companies is presented in the following graph (in red). More than half (61%) are located in central Canada: Ontario and Quebec. Approximately equal numbers (8-11% range) are located in each of the other regions. By way of comparison, the unweighted results are provided in blue, immediately following the weighted percentages.



- In terms of the distribution of businesses by community size, fully 41% are from communities of less than 20,000. Slightly less than one-quarter (24%) are located in Canada's larger urban centres – over 250,000 residents.





The table below provides a regional breakdown of businesses by community size.

### Community Size by Region

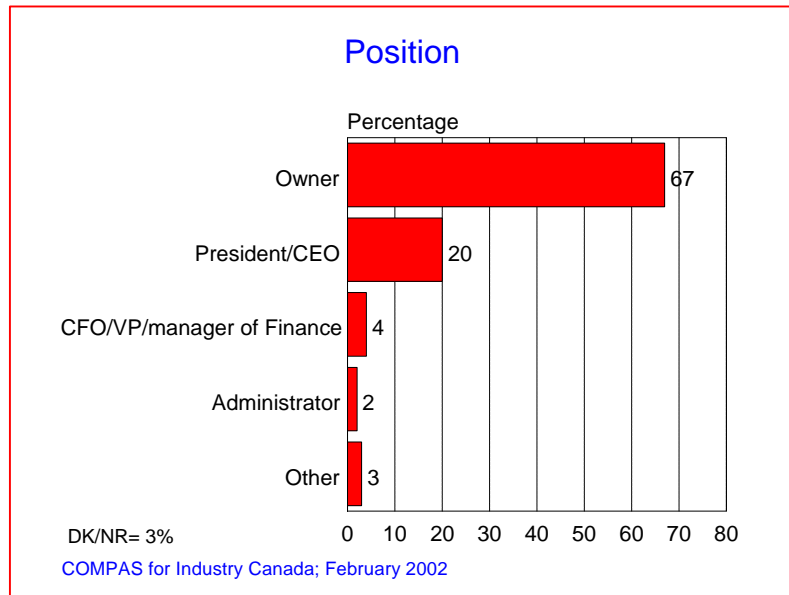
	Atlantic (%)	Quebec (%)	Ontario (%)	Man./Sask (%)	Alberta (%)	B.C./Terr. (%)
Over 250,000 residents	2	24	35	17	34	23
100,000-250,000	14	8	20	15	0	6
20,000-100,000	21	22	19	13	20	26
Under 20,000	64	46	26	54	45	45

COMPAS for Industry Canada; February 2002

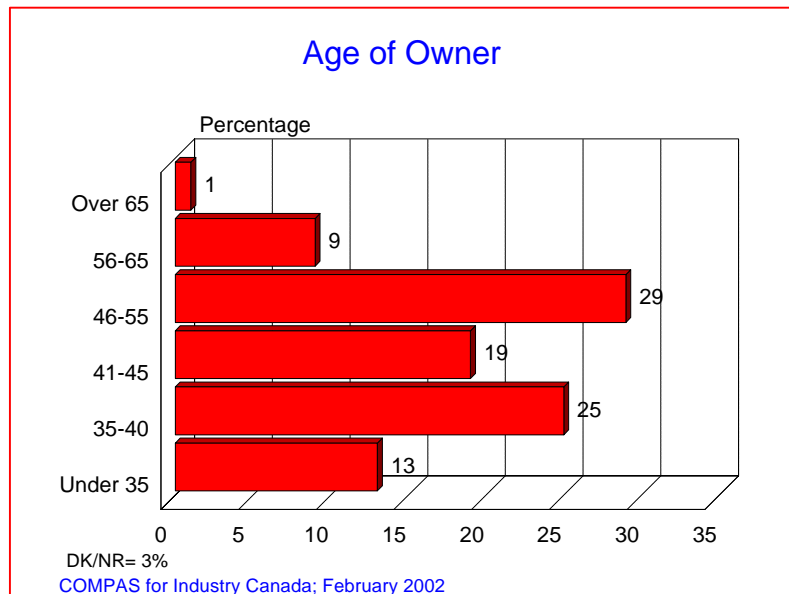
As can be seen, the “small town” aspect of the distribution is fairly important in most regions, but less so in Ontario.



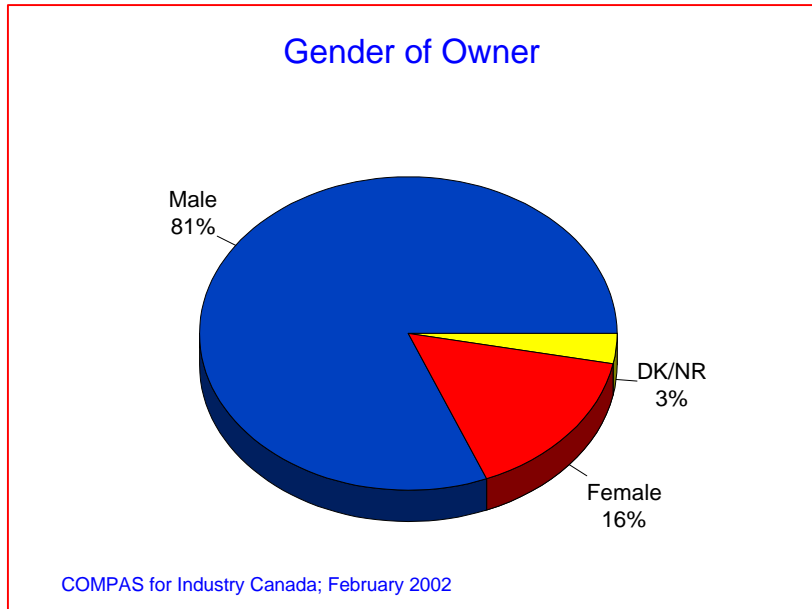
- The primary respondents for companies identified their position in the company. As can be seen, virtually all respondents were very senior people within their organization. Two-thirds were business owners, while a further 20% were the president or CEO. This underscores the high quality of the data.



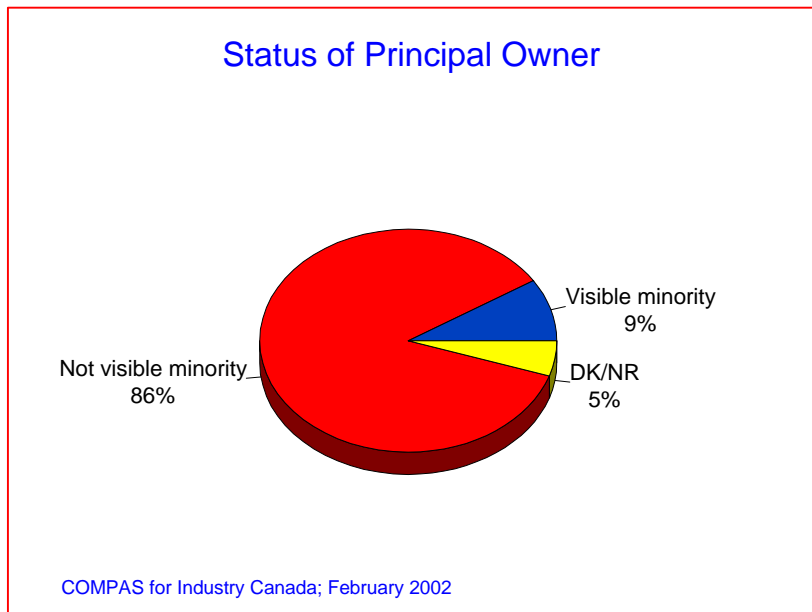
- The average age of the principal owners of these businesses is 44. The following graph shows the distribution of respondents by age. The clear majority (57%) were 45 years of age or less. Relatively few (10%) were over 55 years of age.



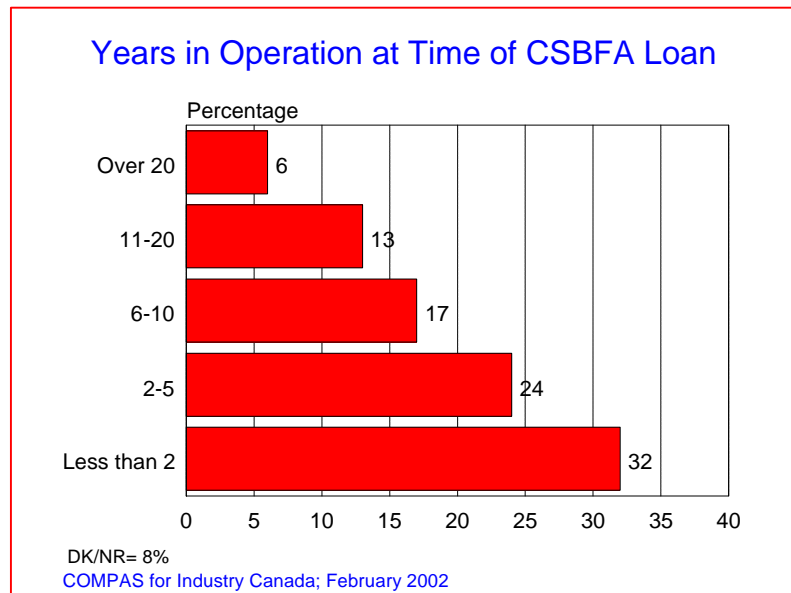
- The large majority of the principal owners are male (81%), while only 16% are female (3% did not indicate the gender).



- Nine percent of the principal owners are members of a visible minority. Fully 86% are not.



- The average length of time a business had been operating when it received its CSBFA loan is 6.72 years (based on 557 firms). The following graph presents the distribution of businesses by the length of time they had been in operation. Almost one-third had been in operation two years or less, while an additional one-quarter (24%) had been in existence 3-5 years. In total, therefore, a majority of businesses (56%) had been in operation for five years or less at the time when they obtained their loan.



Note that the Annual Report for the CSBFA program indicates that over half of the clients tend to be business start-ups.

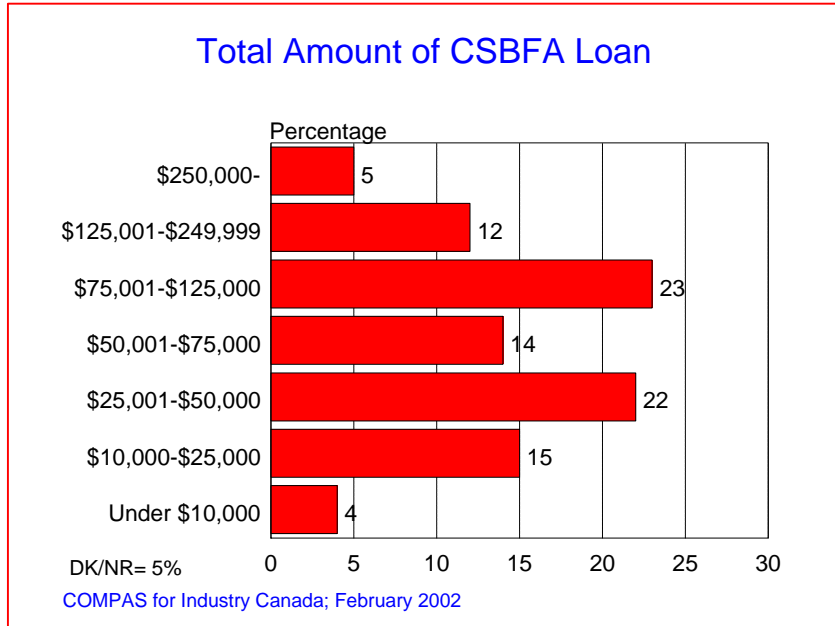
### *Summary of Loan Characteristics*

Most loans were under \$75,000. Loans were most often used for equipment purchases, but purchase or improvement of real property was also very common. On average, loan repayment periods were a little more than five years. The average estimate of the number of jobs to be created by the loan at the time of application was between three and four jobs. More details are provided below.

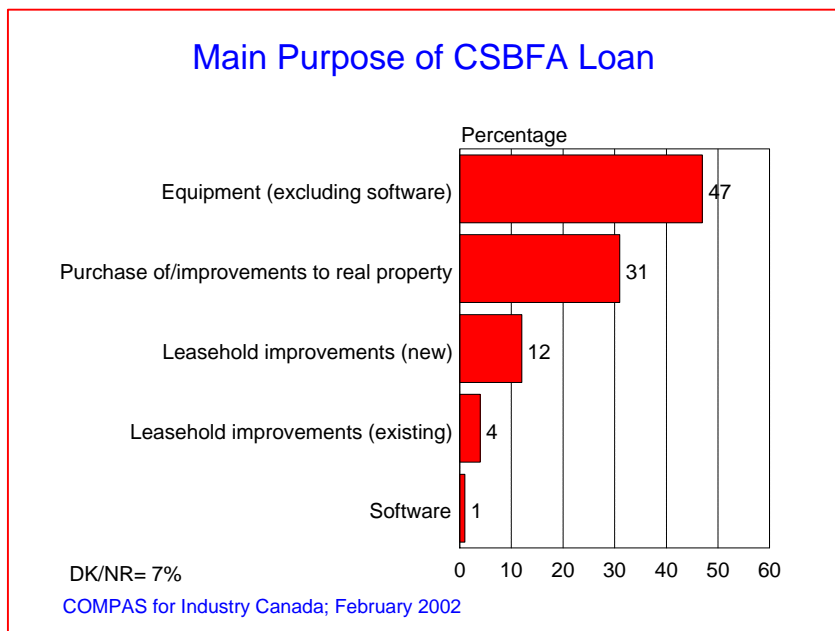


### Detailed Review of Loan Characteristics

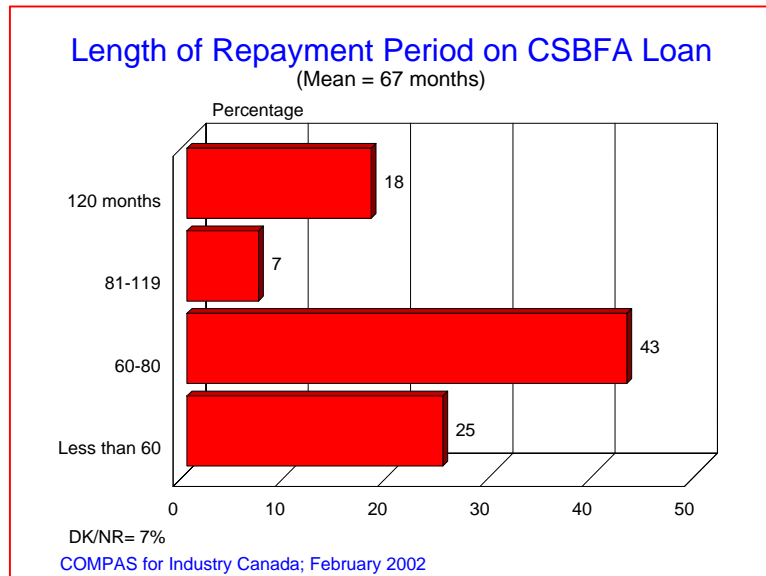
- The distribution of the amount of the loans received by companies is provided in the graph. The majority (55%) received loans of up to \$75,000. Almost one in five obtained loans of \$25,000 or less. Slightly fewer (17%) obtained loans at the other end of the spectrum – loans of \$125,000 to \$250,000, the maximum allowable amount. The average amount of CSBFA loans was \$82,505. Note, however, that respondents were asked to identify the amount of their loan on the basis of intervals, not a precise figure. As such, the average could not be calculated on the basis of precise figures.



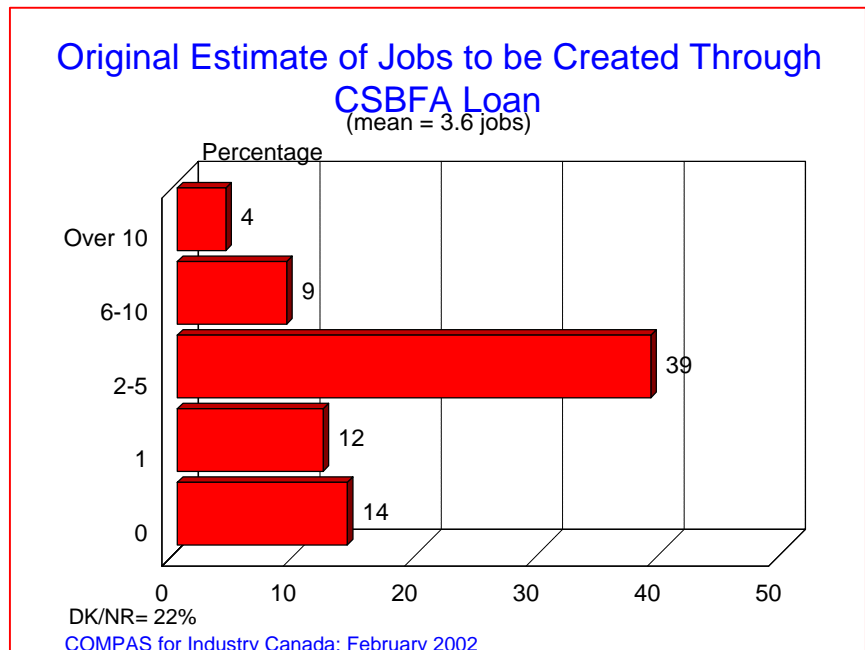
- Almost half (47%) said the primary purpose of their loan was to purchase new equipment (excluding software). Slightly less than one-third (31%) used the loan for the purchase of or improvements to real property. Other primary uses of the loans were identified much less often.



- The average length of the loan repayment period is 66.8 months (based on 559 firms). In terms of distribution almost one in five used the maximum allowable term of 120 months. One-quarter had terms of less than 60 months or five years.

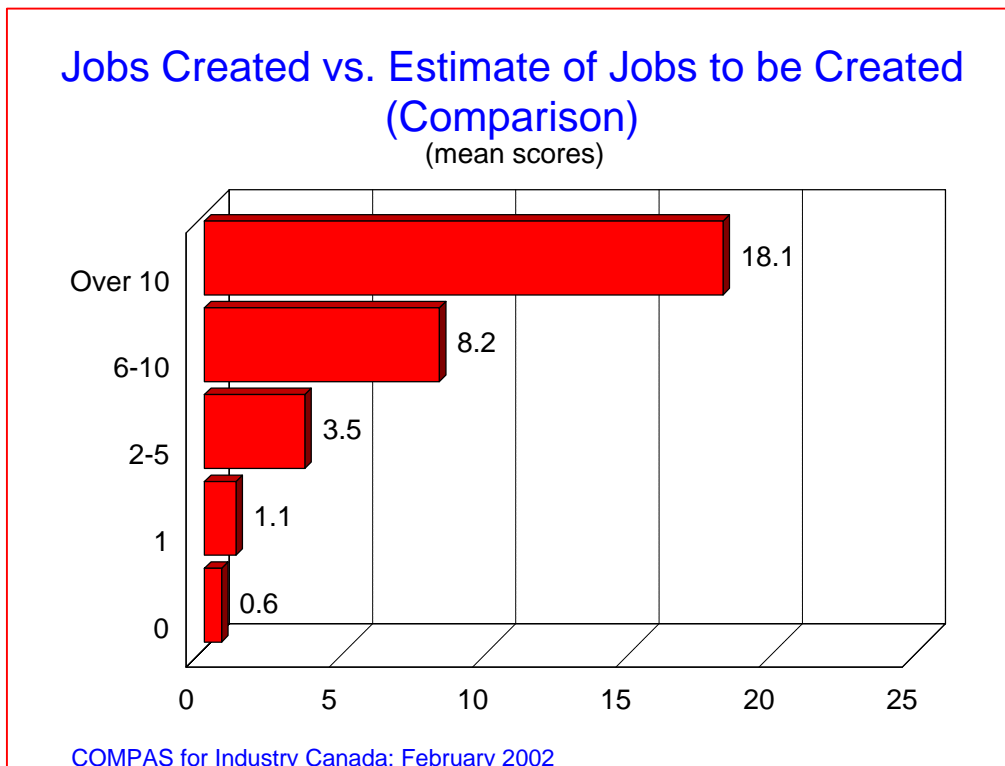


- On average, firms estimated on the loan registration form that their loan would create 3.6 full-time jobs at the time they obtained their CSBFA loan (based on 471 firms). They were asked to include part-time jobs as full-time equivalents. The following graph presents the range of job-creation estimates that were provided by participating businesses. Note that almost one-quarter (22%) could not recall what they had estimated.



Note that this estimate of 3.6 full-time jobs is slightly higher than, but still within the range of, the 3.1 and 3.3 estimates provided in the 1999/2000 annual report and the 2000/2001 annual report respectively.

The following graph presents a comparison between participants' original estimate of the number of jobs that would be created because of the CSBFA loan, and the number of new jobs that were actually created. The graph presents the average of total jobs actually created within each of the categories of the jobs that were estimated to be created. The estimates are provided on the left-hand side of the graph. It is evident that there is a positive relation between jobs estimated to be created and total new jobs actually created. For example, the average number of jobs *actually* created among those who estimated that one job *would be* created was 1.1 jobs. Similarly, the average number of jobs *actually* created among those who estimated that 2-5 jobs *would be* created was 3.5 jobs.



## Direct Employment Impacts

Now that we have a picture of the type of companies served by the loans and the basic characteristics of the CSBFA loans, we can examine some of the indicators of loan impact. These are the primary evaluative indicators in this study. We will begin by analyzing the impact of the loans on direct job creation within the firms receiving the loans.

### *Summary of Direct Employment Impacts*

Generally, we find that an average of 4.24 jobs of all types (i.e. full-time/part-time, seasonal/permanent) was created within recipient firms. These were primarily full-time jobs and permanent jobs. New seasonal jobs were not a major impact within firms. Manufacturing/labour jobs dominated the newly created jobs within firms.

There were also noteworthy job maintenance effects within recipient firms. In other words, the loans tended to preserve existing jobs as well as create new jobs. Maintained jobs also tended to be full-time and/or permanent. Similar to newly created jobs, the maintained jobs tended to be manufacturing/labour type jobs.

Job upgrading was a possible positive effect that was not commonly observed in the firms studied.

In the realm of negative impacts (from an employment perspective), very few firms reported reductions in their human resource expenditures due to receipt of CSBFA loans.

Thus, the loans appear to have positive job creation and maintenance effects, perhaps of an even higher magnitude than might have been anticipated at the time of the loan, as documented in prospective job creation estimates in the loan applications. Of course, one must keep in mind that recall of loan application information may be less accurate than recall of more recent job creation and maintenance effects.

### *Detailed Review of Direct Employment Impacts*

This section presents the more detailed results with respect to the direct employment impacts on recipient businesses. Initially, we discuss new jobs created as a direct result of CSBFA loans.



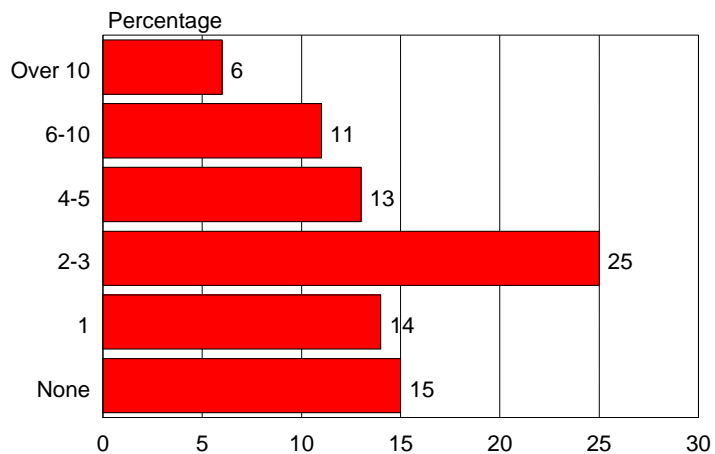


## Job Creation

- On average, companies estimated that 4.24 total new jobs of all types were created internally as a result of CSBFA loans (based on 509 firms). If we include companies that did not provide a valid response, who were then assumed to have created no new jobs, the average decreases to 3.57. This should be seen as the possible range of total new jobs created.

### New Positions Directly Resulting From CSBFA Loan

(mean = 4.2 jobs; Based on 509 cases)



NR= 16%

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In terms of the distribution of these new jobs across participating businesses (based on the 509 firms), 15% said that no new jobs had been created, while 39% had created 1-3 jobs. Seventeen percent had created six or more jobs in their company as a direct result of the CSBFA loan.

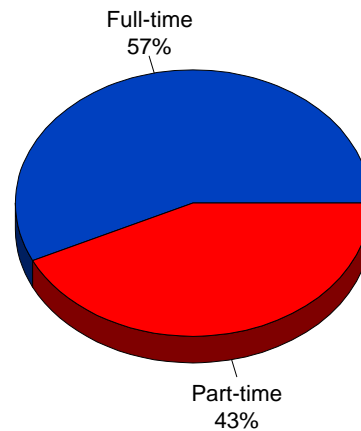
A total of 2,156 new jobs were created across sampled firms as a result of loans. If we were to inflate this to correspond to the full client population during the period of study, using very simple assumptions, this would yield an estimate of 21,409 new jobs created in the entire population of firms receiving CSBFA loans during this period. This figure is arrived at by taking the 5,991 firms in the original data base, which we take to be the full client population, and dividing that by 603. The result obtained, 9.93, is then multiplied times the sample estimate of jobs, 2,156. (This based only on the number of cases that provided valid responses to the question.)



- On average, companies estimated that 2.92 full-time new jobs had been created internally as a result of the loans (based on 371 firms). The average number of part-time new jobs created internally was 2.2 (based on 370 firms). Looked at another way, 57% of all new jobs created were full-time, while 43% were part-time.

**New Positions Directly Resulting From CSBFA Loan That Were...**

(N= 421; answered by those whose loan created new positions in business)



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- On average, 1.16 seasonal new jobs were created internally (based on 285 firms). The average number of permanent new jobs created internally was 3.67 (based on 261 firms). That is, 74% of new jobs created were permanent, while 26% were seasonal

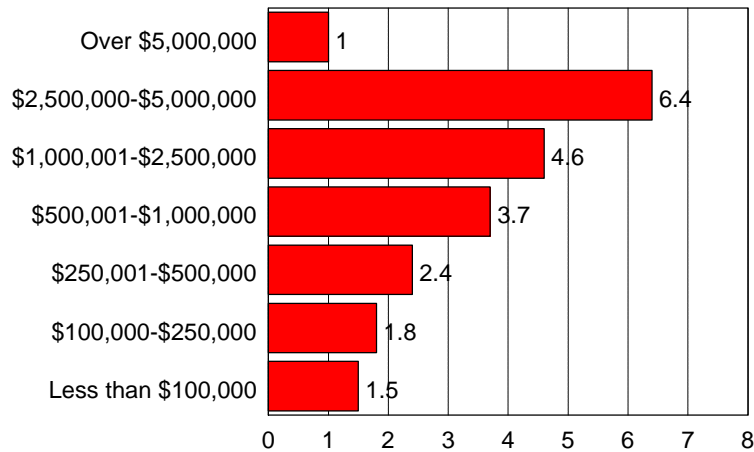


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The following graphs provide a breakdown of the average number of full-time and part-time jobs created by company size based on gross revenue for 2001:

Full-Time Jobs Created (by revenue size of firm)

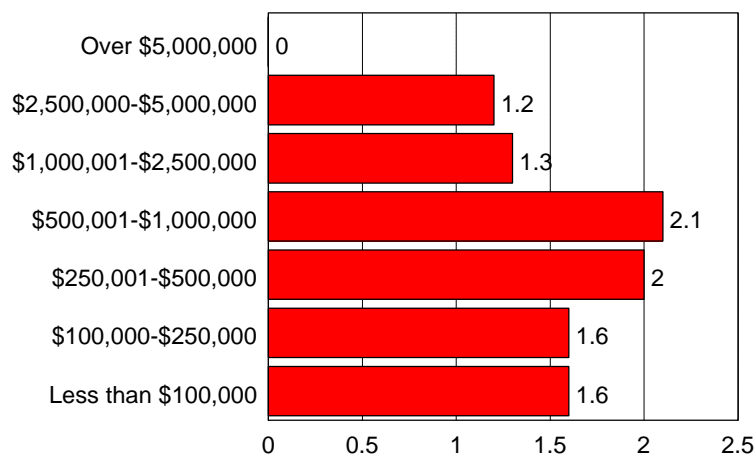
(mean score)



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Part-Time Jobs Created (by revenue size of firm)

(mean score)



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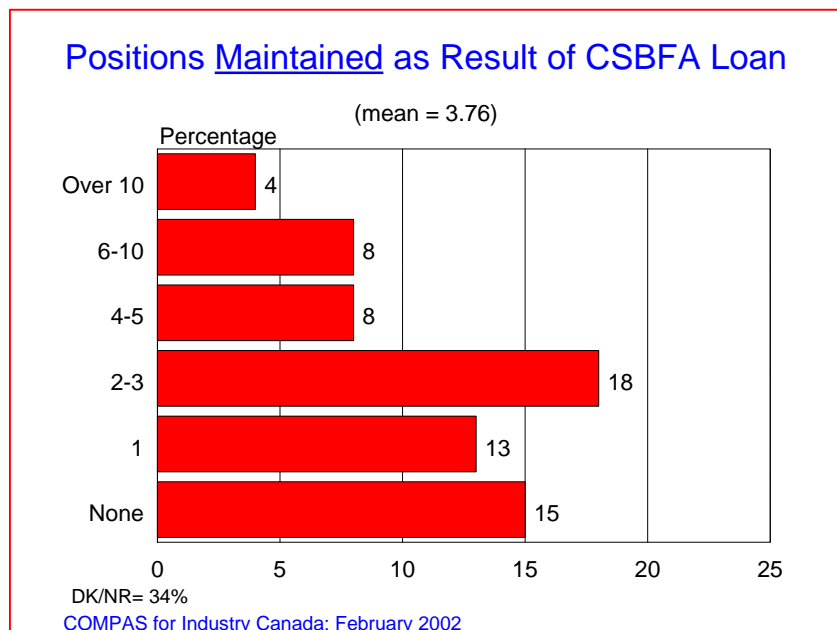
When we turn to how new jobs created internally were distributed in terms of type of job, we find that:

- ❑ 2.22 manufacturing/labour jobs were created, on average, per firm due to CSBFA loans (based on 363 firms).
- ❑ .86 sale jobs were created on average per firm (based on 358 firms).
- ❑ .82 new jobs classified as "other" were created, on average, per firm (based on 361 firms).
- ❑ .59 management/professional jobs were created on average per firm (based on 360 firms).
- ❑ .5 technical jobs were created on average per firm (based on 360 firms).
- ❑ .37 new administrative/support jobs were created on average (based on 358 firms).

### Job Maintenance

Another possible internal job impact resulting from CSBFA loans is the maintenance of jobs that would have otherwise been eliminated. Here we find that:

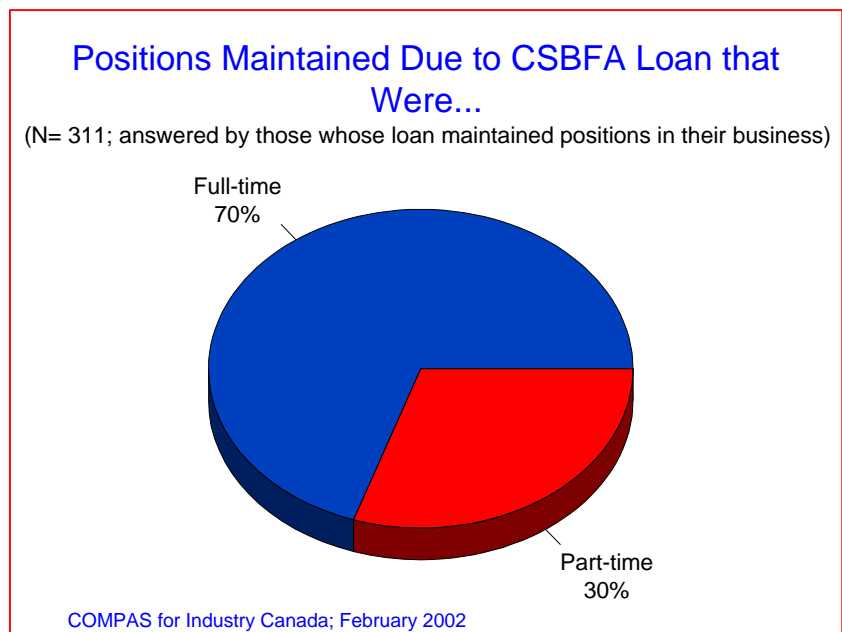
- ❑ An average of 3.76 jobs of all kinds was maintained by firms as a result of CSBFA loans (based on 401 firms). If we include companies that did not provide a valid response, who were then assumed to have maintained no jobs, the average decreases to 2.49. This should be seen as the possible range of total jobs maintained.



- In terms of the distribution of these jobs (based on 401 firms), 15% said that no jobs had been maintained, while 31% had maintained 1-3 jobs. Twelve percent had maintained six or more jobs in their company as a direct result of the CSBFA loan.

A total of 1,505 jobs were maintained across sample firms due to loans. If we were to inflate this to correspond to the population, using very simple assumptions, this would yield an estimate of 14,945 jobs maintained in the entire population of firms receiving CSBFA loans.

- An average of 3.14 full-time jobs was maintained by firms due to loans (based on 269 firms). The average number of part-time new jobs maintained internally was 1.38 (based on 266 firms). Looked at another way, 70% of all jobs maintained were full-time, while 30% were part-time.



- An average of 1.98 seasonal jobs was maintained by firms due to loans (based on 111 firms). The average number of permanent new jobs maintained was 3.15 (based on 142 firms). That is, 67% of maintained jobs were permanent, while 33% were seasonal.

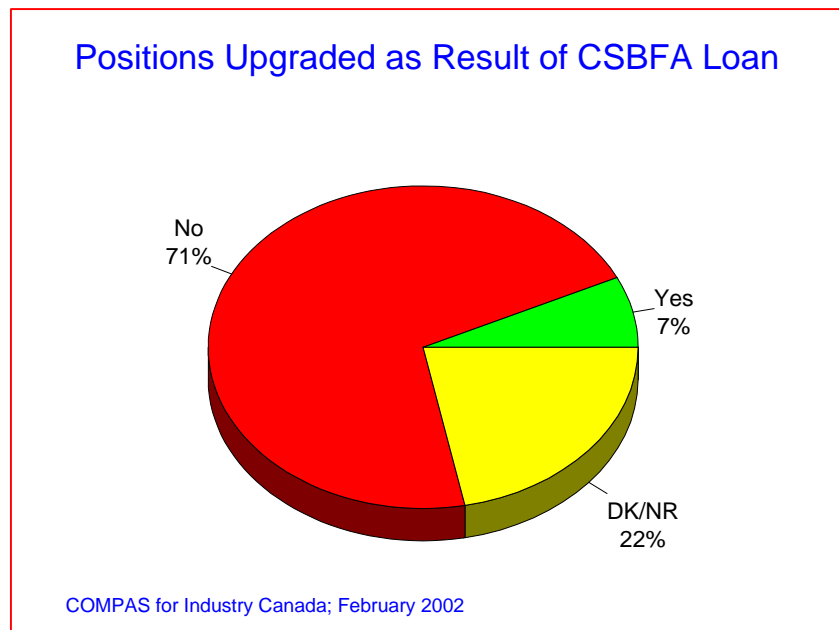


The distribution of total jobs maintained by type of jobs is:

- 1.91 manufacturing/labour jobs were maintained on average (based on 243 firms).
- 1.05 sales jobs were maintained on average (based on 244 firms).
- .69 "other" types of jobs were maintained on average (based on 247 firms).
- .63 management/professional jobs were maintained on average (based on 245 firms).
- .48 technical jobs were maintained on average (based on 244 firms).
- .29 support/administrative jobs were maintained on average (based on 244 firms).

### Job Upgrading

Another possible area of direct impact within firms receiving CSBFA loans relates to job upgrading. Only 7% of the surveyed firms noted such upgrading. In total, 71% said that it was not an impact, and 22% gave no useful response. Although detailed questions were asked about the distribution of such upgraded jobs, the basic fact is that this was not a common phenomenon, and the main story to be told here is revealed in the percentages just provided.

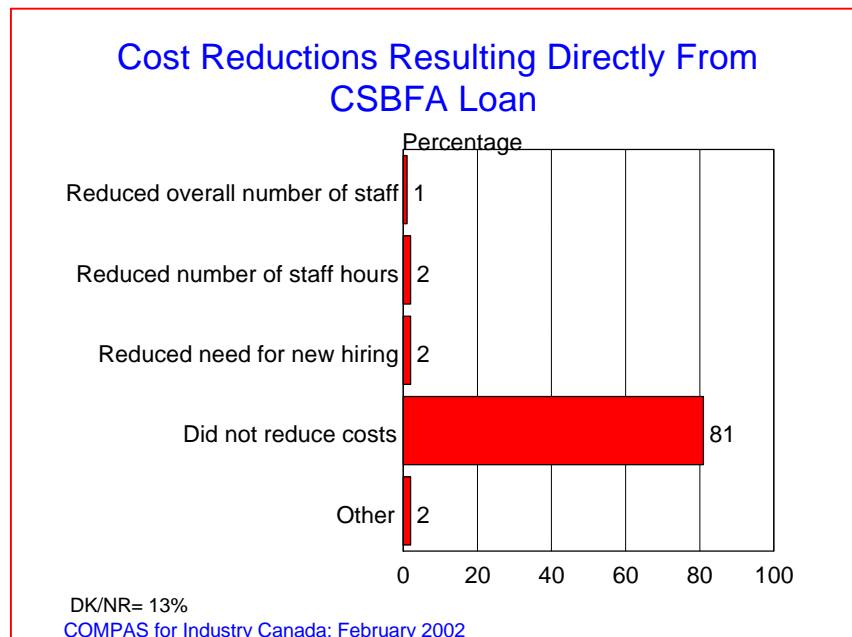


### Reduction in Human Resources

We can also consider whether or not loan recipients were able to reduce their human resource costs, and this is another type of impact that could be interpreted as either a benefit or a cost, depending on how broad an economic perspective one wanted to take. Although multiple responses were possible here, there were so few cases with more than one response, that it is sufficient to concentrate on first response indications. The pattern of first response here is indicated below:

As is easily seen, the primary finding is that the vast majority of loan recipients did not reduce their human resource costs.

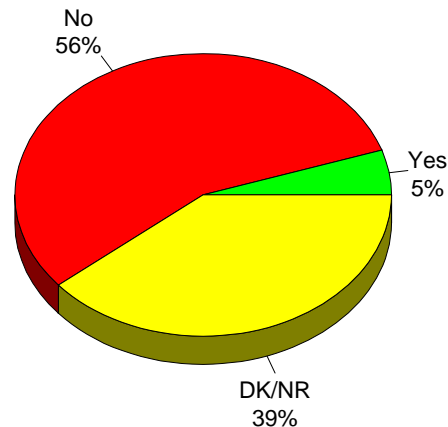
Although detailed questions were asked about the distribution of reduced human resource expenditures, again this applied to too few firms for those questions to merit a detailed analysis. The basic finding is that 81% of the firms did not reduce their human resource costs, and another 13% did not provide a valid response to the main question in this section.



## Indirect Employment Impacts

All of the types of impact examined above with respect to the internal status of recipient firms can also be examined with respect to firms the recipients deal with. Questions are available for this. However, the primary finding is that very few firms think that such effects occurred. Specifically, only 5% of surveyed firms thought their supplier or customer firms experienced the creation of new positions due to increased activity arising from CSBFA

Did Suppliers/Customers Create New Positions As Result of Your CSBFA Loan?



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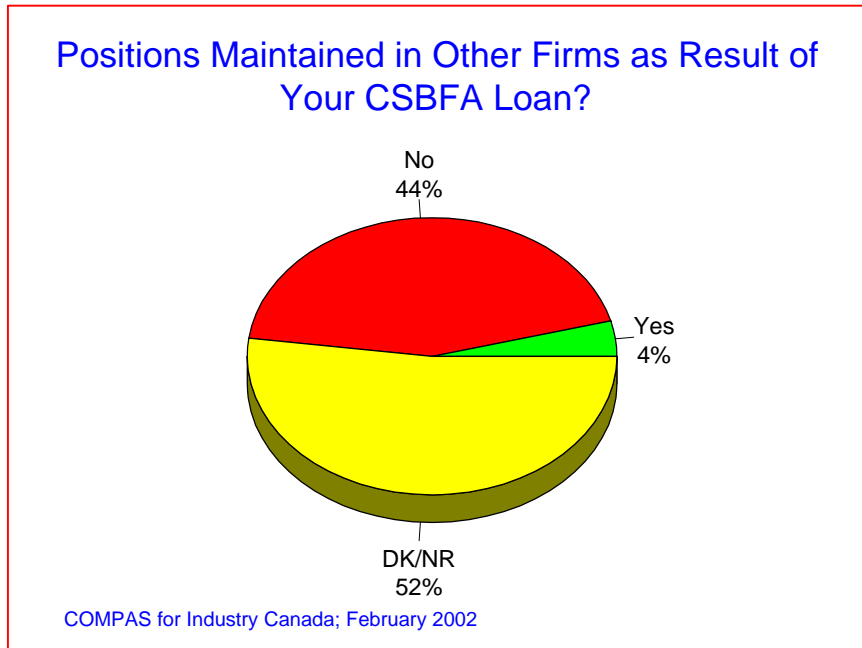
loans. More than half of the firms (56%) felt that this did not happen, while 30% were uncertain or not sure about the existence of such effects. A further 9% did not provide any valid response. Since only 29 firms provided responses that would have led them to more detailed questions about indirect impacts in the area of new job creation, the detailed responses do not bear examination in this overview report.

Of course, one must be aware that the primary influence on data here is that recipients are likely not aware of the details of growth or change in firms that they deal with. This interpretation is supported in a qualitative fashion by feedback received through the pre-test, where pre-test participants noted that they found the questions to be clear and easy to understand, but that they had considerable difficulty answering the questions because they generally lacked the knowledge or information to do so.

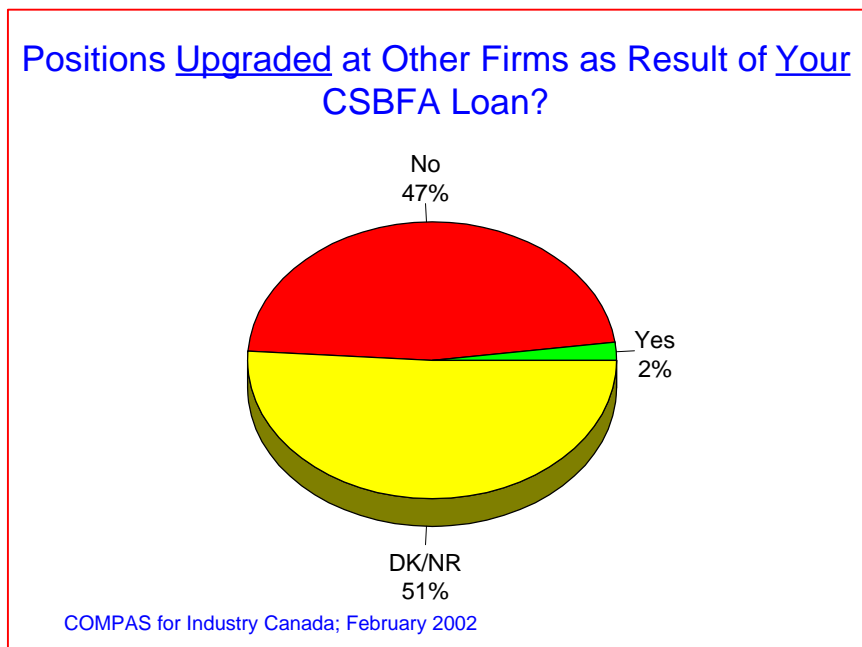




Similar results were obtained when firms were asked about indirect job maintenance effects in firms they deal with. Only 4% of the firms said such effects occurred, while 44% thought they did not, and another 44% were uncertain or not sure (8% did not provide a valid response). Again, since only 26 firms could provide responses to more detailed questions in this area, there are simply too few cases to support a detailed examination. However, the basic finding is that indirect job maintenance effects are not seen to exist by the loan recipients.

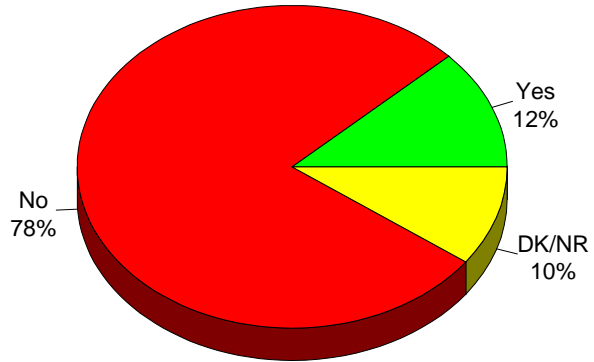


With respect to indirect job upgrading effects, the pattern continues. Only 2% indicated they thought such effects had occurred, while 47% felt that they had not and 45% were uncertain (6% provided no response).



We find somewhat greater impacts when we consider whether loans allowed the surveyed firms to reduce their reliance on external suppliers and outsourcing: 12% think that such reduced dependence occurred, while 78% think it did not (10% did not provide a response).

Did CSBFA Loan Reduce Dependence on External Suppliers/Outsourcing?



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## Related Impact Issues

There are other indicators that are of secondary importance in evaluating the general impact of loans. For example, one might expect that the availability of loan funds would impact on sales, profits, exports, productivity, costs and, indeed, on the very survival and viability of a firm. We will now turn to a brief summary of some of these types of impact indicators.

### *Summary of Related Impacts*

Generally, we found that there were particularly strong perceived positive impacts in sales, profits and productivity. There were only small to moderate effects in the areas of cost reduction and exports.

Other points to note are:

- ❑ There were also noteworthy perceived effects with respect to aiding business start-up/survival.
- ❑ Consistent with earlier comments that these firms are reasonably healthy, there is a finding that the vast majority of the surveyed firms are still functioning. However, an important caveat to accompany this observation is that there is a much greater likelihood that representatives of firms that are not still functioning would not have completed a survey (e.g. no longer at the address, less perceived value in taking part, etc.).
- ❑ Open ended multiple responses probing other beneficial impacts tended to confirm other results. However, they put into perspective the importance of loans for business expansion, outreach and improvements in customer service

### *Detailed Review of Related Impacts*

The detailed findings elaborating on the related impacts of CSBFA loans are provided below:

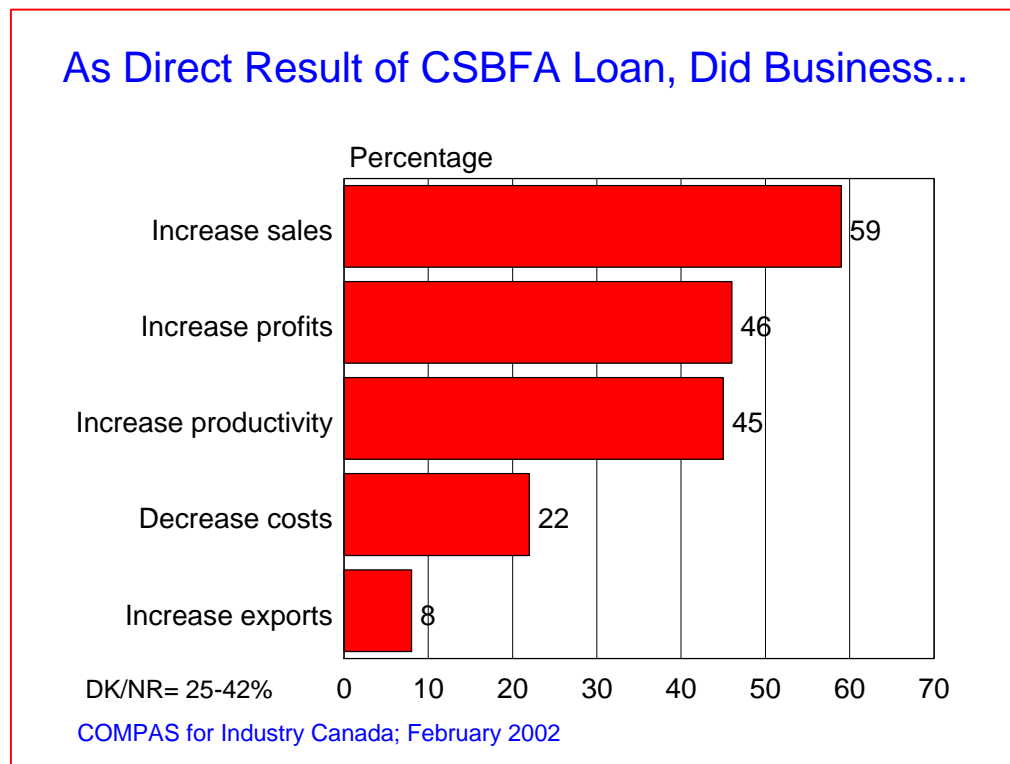
- ❑ 59% of firms said that their CSBFA loans led directly to an increase in sales, 16% said that it did not lead to an increase in sales, and 25% gave no response. For the 268 firms that ultimately gave a valid response concerning the magnitude of this impact, their average percentage rise in sales was 41%.

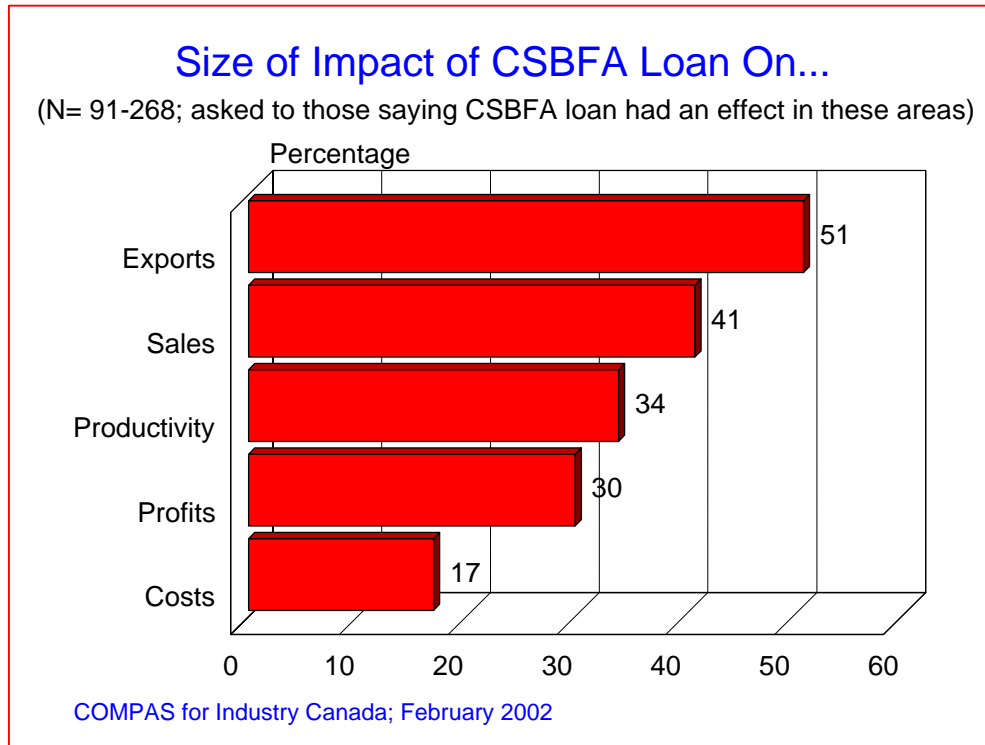


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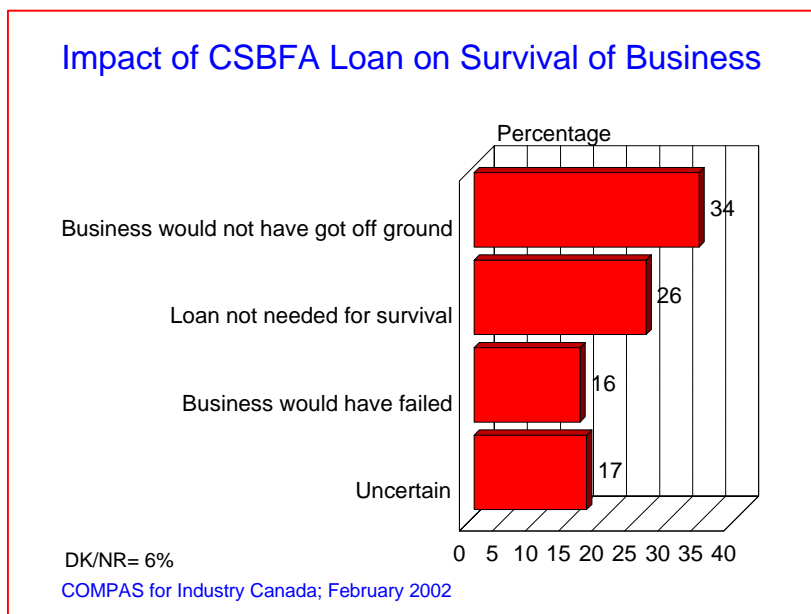
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- 46% of firms said that the loans led directly to an increase in profits, 22% said that it did not, and 32% gave no response. For the 198 firms that ultimately gave a valid response concerning the magnitude of this impact, their average percentage rise in profits was 30%.
- 45% of firms said that the loans led directly to an increase in productivity, 21% said that it did not, and 34% gave no response. For the 178 firms that ultimately gave a valid response concerning the magnitude of this impact, their average percentage increase in productivity was 34%.
- 22% of firms said that the loans led directly to a decrease in costs, 36% said that it did not, and 42% gave no response. For the 91 firms that ultimately gave a valid response concerning the magnitude of this impact, their average percentage decrease in costs was 17%.
- 8% of firms said that the loans led directly to an increase in exports, 42% said that it did not lead, and 50% gave no response. For the 28 firms that ultimately gave a valid response concerning the magnitude of this impact, their average percentage rise in exports was 51%.

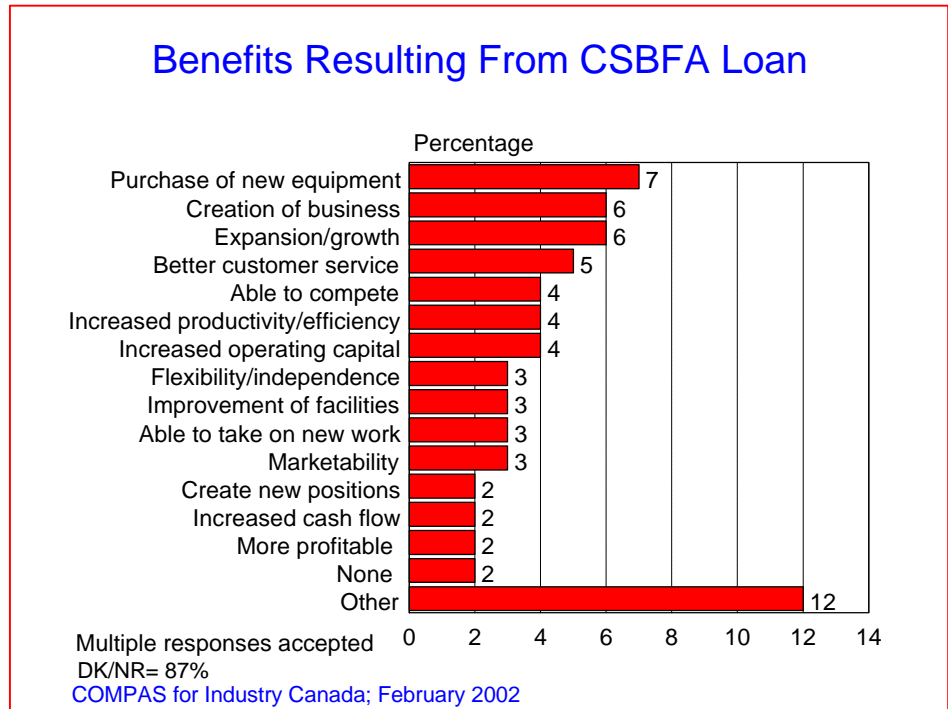




Turning to the question of whether or not a firm would have been successfully launched or would have failed without a loan, we find the following pattern of responses. Exactly half think the business would have failed or would not have gotten off the ground.



Finally, there was an open ended question allowing for multiple responses that asked respondents to name any other benefits that might have accrued to their firm as a result of their CSBFA loan. Although more than one or two responses were not common, this is a legitimate area for multiple response analysis. The following table shows the responses to this question allowing each respondent up to five responses.



Certainly, the theme of business survival emerges here again as does the theme of new equipment purchase. We would expect these to be of some note based on earlier analysis. We also see further evidence of the usefulness of CSBFA loans for business expansions, pursuit of new business and improvement in customer service.

Note: One additional question was asked in the survey:

Did your company seek other financing in the six months prior to receiving your CSBFA loan for which you were turned down?

In response, 14% said they had unsuccessfully sought financing from another source during the six months prior to receiving their CSBFA loan. The vast majority (82%) said they had not unsuccessfully sought such alternative financing during this timeframe. These results are not included in the body of this report because this question did not perform as well as we would have liked. Reasons included:

- ❑ The focus here on the part of the respondent is likely on a formal rejection of an application during a prior visit to a financial institution. This would not include informal “rejections”, where business owners/managers were told that they would not qualify for a conventional loan in the same meeting that they then proceeded to obtain the CSBFA loan.
- ❑ The question does not reveal the number of respondents who actually sought financing prior to their discussion that led to a CSBFA loan.



## Predicting the Most Common Types of Impacts

It is possible and advisable to look at how some of the more common and significant impacts are a function of other variables. In other words, we wanted to see what drives the impacts that did have some reasonable frequency. In pursuit of this, we constructed two basic regression models. One shows how total internal job creation depends upon firm, region, sector, amount of loan, length of loan repayment period, length of time business has been in operation, and age of the primary owner. Another model shows how total internal job maintenance depends upon these same drivers.

Many variables could be used as drivers in these sorts of models. However, in this initial estimation we concentrate on those variables that reflect the basic background characteristics of the firm and which may indicate its levels of resources and relevant experience, as well as variations in regional and sectoral opportunities facing the firm. Once all of these variables are accounted for, we are able to more clearly isolate the effect of the loan itself.

Using the first model, predicting total new jobs created due to the loan, we find some extremely interesting results. These are as follows:

- According to the adjusted R square statistic, our model explains 20.2% of the variation in total new jobs created due to loans. An R square is an indication of how much of a dependent variable, such as total new jobs, can be predicted from a set of drivers or independent variables. This is based on 449 cases. It is significant. This is quite a healthy result for a model based on survey data.

Very few of the predictor or driver variables are significant, but the significant effects are revealing. Specifically:

- Age of owner is significant, but negative. Increased age tends to reduce new job creation.
- Age of company at time of loan was also significant, but negative. Increased company age reduces new job creation.
- Gross revenue has a significant, positive impact on new job creation.
- Amount of loan has a significant, positive effect on new job creation. It is by far the biggest effect.
- All the other variables pertaining to region, sector and so forth fell far short of any significance.



So, the greatest new job creation impacts can be created by focusing on young firms with young owners and relatively large revenues, without much regard for region or sector. Even after controlling for many variables, the amount of CSBFA loans is a major factor in producing new jobs. To some extent, we are probably seeing firm maturity effects in these results, but we are definitely seeing a new job creation impact from the loans.

Turning to the prediction of total job maintenance, we find that:

- ❑ According to the adjusted R square statistic, our model explains 16.3% of the variation in total jobs maintained due to loans. An R square is an indication of how much of a dependent variable, such as total jobs maintained, can be predicted from a set of drivers or independent variables. This is based on 354 cases. It is significant. This is quite a healthy result for a model based on survey data.

Again, relatively few of the predictor or driver variables are significant, but the significant effects are revealing. Specifically:

- ❑ Age of owner has a significant impact on job maintenance, but it is positive. Counter to the results for new job creation, increases in the age of the owner tends to lead to increases in job maintenance.
- ❑ Being in Ontario, Alberta, British Columbia or the territories produces significant impacts, but they are negative. Firms located in these regions tend to have lower numbers of maintained jobs due to loans. This may be due to the nature of the businesses in these regions. However, it may also be due to the fact that these regions are being compared to Atlantic Canada as a benchmark. Atlantic Canada may have more of a job preservation emphasis in its business community.
- ❑ Gross revenues is significant and positive. In fact it is the largest effect in this model.
- ❑ The amount of the CSBFA loan is a major positive, significant effect again. It is not the largest effect, but is important.

So, if the primary objective were creating job maintenance effects, we would probably emphasize firms in certain regions with older owners and relatively high gross revenues. The amount of the loan is also an important job maintenance driver even after other variables have been controlled.







COMPAS Inc.



## Canada Small Business Financing Act Survey of Borrowers

Thank you for taking the time to complete this questionnaire. The information you provide will be used to help ensure that the Government of Canada has the most effective policies possible to help small businesses. All of the information collected here will be held in **strict confidence** and will not be attributed to you or your organization. In particular, your answers will not affect any credit decision relating to your CSBFA loan. Only aggregate results will be made available to Industry Canada, which cannot identify an individual borrower. If you have any questions regarding completion of this questionnaire, please call COMPAS toll-free at 1-877-287-7655 (and ask for Phil Azzie).

This survey concerns the Canada Small Business Financing Act (CSBFA). CSBFA loans are provided through a loan loss-sharing program based on a partnership between the federal government and private sector lenders. The purpose of this program is to increase access to financing for **small** and medium-sized enterprises that may have trouble obtaining conventional financing from lenders. This Act, in effect since April 1<sup>st</sup>, 1999, replaces the Small Business Loans Act (SBLA).

**If a question does not apply to your business, please leave that question blank and go on to the next one.**

### SECTION 1: BUSINESS AND LOAN INFORMATION

The first section of this survey is about your business and the CSBFA loan.

1. Which of the following best describes your business?

- |                     |                          |                       |
|---------------------|--------------------------|-----------------------|
| Sole Proprietorship | <input type="checkbox"/> |                       |
| Partnership         | <input type="checkbox"/> | PLEASE CHECK ONE ONLY |
| Limited company     | <input type="checkbox"/> |                       |

2. Is your business a...?

- |                                     |                          |                       |
|-------------------------------------|--------------------------|-----------------------|
| Franchise                           | <input type="checkbox"/> |                       |
| Operating under management contract | <input type="checkbox"/> | PLEASE CHECK ONE ONLY |
| Other                               | <input type="checkbox"/> |                       |

3. During 2001, what was the gross revenue of your business? Please include business revenue from all sources, before taxes and deductions. PLEASE CHECK ONE ONLY

- |                          |                          |                            |                          |
|--------------------------|--------------------------|----------------------------|--------------------------|
| Less than \$100,000      | <input type="checkbox"/> | \$1,000,001 to \$2,500,000 | <input type="checkbox"/> |
| \$100,000 to \$250,000   | <input type="checkbox"/> | \$2,500,001 to \$5,000,000 | <input type="checkbox"/> |
| \$250,001 to \$500,000   | <input type="checkbox"/> | Over \$5,000,000           | <input type="checkbox"/> |
| \$500,001 to \$1,000,000 | <input type="checkbox"/> |                            |                          |

4. In total, how many employees does your business currently employ?

- Number of full-time employees (30 hours per week or more): \_\_\_\_\_
- Number of part-time employees (less than 30 hours per week): \_\_\_\_\_



5. Please identify below the sector that best describes your company's primary business. PLEASE CHECK ONE ONLY

- |   |                          |                                 |                          |
|---|--------------------------|---------------------------------|--------------------------|
| Agriculture, Forestry, Fishing and Hunting                        | <input type="checkbox"/> | Finance and Insurance           | <input type="checkbox"/> |
| Mining and Oil and Gas Extraction                                 | <input type="checkbox"/> | Real Estate and Rental/Leasing  | <input type="checkbox"/> |
| Utilities   | <input type="checkbox"/> | Educational Services            | <input type="checkbox"/> |
| Construction  | <input type="checkbox"/> | Health Care/Social Assistance   | <input type="checkbox"/> |
| Manufacturing   | <input type="checkbox"/> | Arts, Entertainment, Recreation | <input type="checkbox"/> |
| Wholesale Trade   | <input type="checkbox"/> | Accommodation Services          | <input type="checkbox"/> |
| Retail Trade  | <input type="checkbox"/> | Food Services/Drinking Places   | <input type="checkbox"/> |
| Information and Cultural Industries                               | <input type="checkbox"/> | Transportation/Warehousing      | <input type="checkbox"/> |
| Professional, Scientific and Technical Services                   | <input type="checkbox"/> |                                 |                          |
| Administrative Support, Waste Management and Remediation Services | <input type="checkbox"/> |                                 |                          |
- Other. Please specify: \_\_\_\_\_

6. In which region is your business located? If your business has offices in more than one region, please identify the location of your head office. PLEASE CHECK ONE ONLY

- |                 |                          |                                |                          |
|-----------------|--------------------------|--------------------------------|--------------------------|
| Atlantic Canada | <input type="checkbox"/> | Manitoba/Saskatchewan          | <input type="checkbox"/> |
| Quebec          | <input type="checkbox"/> | Alberta                        | <input type="checkbox"/> |
| Ontario         | <input type="checkbox"/> | British Columbia & Territories | <input type="checkbox"/> |

7. What is the approximate size of the community in which your business is located? Please consider the location of your head office if your business has more than one office.

- |                             |                          |                       |
|-----------------------------|--------------------------|-----------------------|
| Under 20,000 residents      | <input type="checkbox"/> |                       |
| Between 20,000 to 100,000   | <input type="checkbox"/> | PLEASE CHECK ONE ONLY |
| Between 100,000 and 250,000 | <input type="checkbox"/> |                       |
| Over 250,000 residents      | <input type="checkbox"/> |                       |

8. What is your position within your company or business?

- |   |                          |                       |
|---|--------------------------|-----------------------|
| Owner                                     | <input type="checkbox"/> |                       |
| President/CEO                             | <input type="checkbox"/> | PLEASE CHECK ONE ONLY |
| Vice president/manager of human resources | <input type="checkbox"/> |                       |
| CFO/vice president/manager of finances    | <input type="checkbox"/> |                       |
- Other. Please specify: \_\_\_\_\_

9. What is the age of the principal owner of your business? If there is more than one equal owner of your business, please identify the owner with the most hands-on responsibility for the operations of your firm for this and the next two questions.

Age of owner: \_\_\_\_\_

10. What is the gender of the principal owner of your business?

- |        |                          |
|--------|--------------------------|
| Male   | <input type="checkbox"/> |
| Female | <input type="checkbox"/> |

11. Is the principal owner of your business a member of a visible minority?

- |     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |



**LOAN INFORMATION**

The questions in this section refer to the CSBFA loan obtained by your business between January 1 and June 30, 2000. If you have more than one CSBFA loan, please focus on the loan you obtained during this time period when answering the questions.

12. At the time you obtained the CSBFA loan, how many years had your company or business been in operation?

Number of years: \_\_\_\_\_

13. What was the total amount of your CSBFA loan? PLEASE CHECK ONE ONLY

- Less than \$10,000 [ ] \$75,001 to \$125,000 [ ]
- \$10,000 to \$25,000 [ ] \$125,001 to \$249,999 [ ]
- \$25,001 to \$50,000 [ ] \$250,000 [ ]
- \$50,001 to \$75,000 [ ]

14. Which of the following best describes the main purpose of your CSBFA loan? PLEASE CHECK ONE ONLY

- Purchase of/improvements to real property [ ]
- Leasehold improvements (new) [ ]
- Leasehold improvements (purchase of existing improvements) [ ]
- Equipment (excluding software) [ ]
- Software [ ]

15. What is the length of the repayment period of your CSBFA loan? Please identify the total term of your loan in months (maximum term allowable under the CSBFA program is 10 years/120 months).

Number of months: \_\_\_\_\_

16. Did your company seek other financing in the six months prior to receiving your CFSBA loan for which you were turned down?

- Yes [ ]
- No [ ]

17. So far as you can recall, do you remember the estimate that you provided on the registration form when you applied for the CSBFA loan regarding the number of jobs you thought would be created as a result of the loan? Please include all part-time jobs as the number of full-time equivalents.

Original estimate of number of jobs to be created: \_\_\_\_\_



**SECTION 2: DIRECT EMPLOYMENT IMPACTS**

In this section, the focus is on the actual impact of the CSBFA loan on employment in your business. Please take the time to consider your answers carefully. If you need to consult with others in your business, please do so. Try not to overestimate or underestimate the impact of the CSBFA loan on employment. Once again, please be assured that no individual responses will be provided to Industry Canada, only the overall aggregate results of all businesses combined.

18. In the following table, please provide information on new positions that were created in your business as a direct result of your CSBFA loan. Please answer the following questions and place your responses in the corresponding columns in the table.
- A. How many new positions were created in your business as a direct result of your CSBFA loan? This includes all positions created since you obtained the loan that you consider to have resulted because of the loan.
  - B. How many of these new positions were full-time (i.e. 30 hours per week or more)?
  - C. How many of these new positions were part-time (i.e. less than 30 hours per week)?
  - D. How many of these new positions were seasonal (i.e. only certain months of the year)?
  - E. How many of these new positions were permanent (i.e. not for a limited length of time)?
  - F. Please identify the number of new positions in each of the occupational categories listed in the table (i.e. how many new positions were in each category?).

A	B	C	D	E	F
Total Positions	Full-time	Part-time	Seasonal	Permanent	Type of Position
					Management/professional:
					Technical:
					Sales:
					Manufacturing/labour:
					Support/administrative:
					Other:

19. Please think back to the time when you first received your CSBFA loan. In total, how many existing positions were maintained at your business as a direct result of your CSBFA loan? That is, positions that existed at the time your business received the loan that would have been eliminated had you not received the financing made available through the CSBFA loan. Please answer the following questions and place your responses in the corresponding columns in the table. If the CSBFA loan helped start your business, please leave this question blank and skip ahead to Question 22.
- A. How many positions were maintained as a direct result of your CSBFA loan?
  - B. How many of these positions were full-time (i.e. 30 hours per week or more)?
  - C. How many of these positions were part-time (i.e. less than 30 hours per week)?
  - D. How many of these positions were seasonal (i.e. only certain months of the year)?
  - E. How many of these new positions were permanent (i.e. not for a limited length of time)?
  - F. Please identify the number of positions that were maintained in each of the occupational categories listed in the table (i.e. how many positions were in each category?).

A	B	C	D	E	F
Total Positions	Full-time	Part-time	Seasonal	Permanent	Type of Position
					Management/professional:
					Technical:
					Sales:
					Manufacturing/labour:
					Support/administrative:
					Other:



20. As a direct result of your CSBFA loan, were any existing positions upgraded in your business? By this, we mean positions that were made more senior in terms of the education level needed for the position or the responsibilities/duties performed by staff in the position. For instance, this might be a change from a salesperson position to a sales manager responsible for other staff, or an administrative position upgraded to lower-level management.

Yes [ ] CONTINUE  
 No [ ] SKIP TO QUESTION 22

21. In total, how many existing positions were upgraded in your business as a direct result of your CSBFA loan, either at the time of receiving the loan or subsequently? Please answer the following questions and place your responses in the corresponding columns in the table.

- A. How many positions were upgraded as a direct result of your CSBFA loan?
- B. How many of these positions were full-time (i.e. 30 hours per week or more)?
- C. How many of these positions were part-time (i.e. less than 30 hours per week)?
- D. How many of these positions were seasonal (i.e. only certain months of the year)?
- E. How many of these positions were permanent (i.e. not for a limited time period)?
- F. Please identify the way in which the positions were upgraded.

A	B	C	D	E	F
Total Positions	Full-time	Part-time	Seasonal	Permanent	Nature of Upgrade

22. As a direct result of your CSBFA loan, were you able to reduce the human resources/ personnel costs of your operations?

Reduced the overall number of staff [ ]  
 Reduced the number of staff hours [ ] PLEASE CHECK ALL THAT APPLY.  
 Reduced the need for new hiring [ ]  
 Other. Please specify: \_\_\_\_\_  
 Did not reduce costs [ ] SKIP TO QUESTION 27



IF YOUR BUSINESS REDUCED STAFF, PLEASE ANSWER THE FOLLOWING:

23. In total, how many positions in your business were eliminated resulting from workforce changes as a direct result of your CSBFA loan? Please answer the following questions and place your responses in the corresponding columns in the table.

- A. How many positions were eliminated as a direct result of your CSBFA loan?
- B. How many of these positions were full-time (i.e. 30 hours per week or more)?
- C. How many of these positions were part-time (i.e. less than 30 hours per week)?
- D. How many of these positions were seasonal (i.e. only certain months of the year)?
- E. How many of these positions were previously permanent (i.e. not for limited time period)?
- F. Please identify the number of positions that were eliminated in each of the occupational categories listed in the table (i.e. how many positions were in each category?).

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Total Positions</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Seasonal</b>	<b>Permanent</b>	<b>Type of Position</b>
					Management/professional:
					Technical:
					Sales:
					Manufacturing/labour:
					Support/administrative:
					Other:

IF YOUR BUSINESS REDUCED HOURS OF WORK, PLEASE ANSWER THE FOLLOWING:

24. In total, how many hours of labour per week within your business were reduced as a result of cost reductions resulting from your CSBFA loan? Please do not include hours for positions that were eliminated entirely since these have been discussed above.

Number of hours per week: \_\_\_\_\_

25. What percentage of the hours reduced came from...?

Part-time positions: \_\_\_\_\_

Full-time positions: \_\_\_\_\_

Seasonal positions: \_\_\_\_\_



**IF YOUR BUSINESS REDUCED NEED FOR NEW HIRING, PLEASE ANSWER THE FOLLOWING:**

26. Thinking about the hiring that you would have done but did not need to do as a result of the CFSBA loan, how many positions would you have needed to add were it not for the loan? Please answer the following questions and place your responses in the corresponding columns in the table.

- A. How many positions did you no longer need to hire as a direct result of your CSBFA loan?
- B. How many of these positions were full-time (i.e. 30 hours per week or more)?
- C. How many of these positions were part-time (i.e. less than 30 hours per week)?
- D. How many of these positions were seasonal (i.e. only certain months of the year)?
- E. Please identify the number of positions that you no longer needed to fill in each of the occupational categories listed in the table (i.e. how many positions in each category?).

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Total Positions</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Seasonal</b>	<b>Type of Position</b>
				Management/professional:
				Technical:
				Sales:
				Manufacturing/labour:
				Support/administrative:
				Other:

**SECTION 3: INDIRECT EMPLOYMENT IMPACTS (i.e. on outside businesses)**

Now, please consider the impact that your CSBFA loan has had on all of the businesses that provide goods or services to your business or that buy goods/services from you (i.e. your suppliers and customers). We will use similar questions used in the previous section. While we know that you cannot be certain about the impact on employment outside of your business, we ask that you provide your best estimates.

27. As far as you can tell, did any of your suppliers or customers create new positions as a result of your CSBFA loan?

- Yes  CONTINUE
- No  SKIP TO QUESTION 29
- Uncertain/not sure  SKIP TO QUESTION 29



28. In the following table, please provide information on new positions that were created in other businesses as a result of your CSBFA loan. Please answer the following questions and place your responses in the corresponding columns in the table.

- A. How many positions were created in other businesses as a result of your CSBFA loan? This includes all positions created in other businesses since you acquired the loan that you consider to have resulted because of that loan.
- B. How many of these new positions were full-time (i.e. 30 hours per week or more)?
- C. How many of these new positions were part-time (i.e. less than 30 hours per week)?
- D. How many of these new positions were seasonal (i.e. only certain months of the year)?
- E. How many of these new positions were permanent (i.e. not for a limited time period)?
- F. Please identify the number of new positions in each of the occupational categories listed in the table (i.e. how many new positions were in each category?).

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Total Positions</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Seasonal</b>	<b>Permanent</b>	<b>Type of Position</b>
					Management/professional:
					Technical:
					Sales:
					Manufacturing/labour:
					Support/administrative:
					Other:

29. As far as you can tell, were any existing positions maintained at your suppliers or customers as a result of your CSBFA loan (i.e. positions that would otherwise have been eliminated)?

- Yes  CONTINUE
- No  SKIP TO QUESTION 31
- Uncertain/not sure  SKIP TO QUESTION 31

30. In total, how many existing positions were maintained at other businesses as a result of your CSBFA loan? That is, positions that would have been eliminated had you not received the financing made available through the CSBFA loan? Please answer the following questions and place your responses in the corresponding columns in the table.

- A. How many positions in total were maintained as a result of your CSBFA loan?
- B. How many of these positions were full-time (i.e. 30 hours per week or more)?
- C. How many of these positions were part-time (i.e. less than 30 hours per week)?
- D. How many of these positions were seasonal (i.e. only certain months of the year)?
- E. How many of these positions were permanent (i.e. not for a limited time period)?
- F. Please identify the number of positions that were maintained in each of the occupational categories listed in the table (i.e. how many positions were in each category?).

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Total Positions</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Seasonal</b>	<b>Permanent</b>	<b>Type of Position</b>
					Management/professional:
					Technical:
					Sales:
					Manufacturing/labour:
					Support/administrative:
					Other:





31. As far as you can tell, were any existing positions at your suppliers or customers upgraded as a result of your CSBFA loan?

- Yes [ ] CONTINUE  
 No [ ] SKIP TO QUESTION 33  
 Uncertain/not sure [ ] SKIP TO QUESTION 33

32. How many existing positions were upgraded with your suppliers or customers as a result of your CSBFA loan?

Number of upgraded positions: \_\_\_\_\_

33. Thinking only about your business' suppliers for the moment, did your CSBFA loan allow you to reduce your dependence on external suppliers or outsourcing?

- Yes [ ] CONTINUE  
 No [ ] SKIP TO SECTION 4

34. All told, approximately how much less do you now spend on external suppliers or outsourcing as a result of your CSBFA loan?

Percentage difference: \_\_\_\_\_ %

35. As far as you can tell, has your organization's reduction in spending related to your CSBFA loan resulted in the loss of jobs at any businesses that provide(d) services to you?

- Yes [ ] CONTINUE  
 No [ ] SKIP TO NEXT SECTION  
 Uncertain/not sure [ ] SKIP TO NEXT SECTION

36. In total, how many positions in other businesses were eliminated as a result of cost reductions resulting from your CSBFA loan? Please answer the following questions and place your responses in the corresponding columns in the table.

- A. How many positions were eliminated in other businesses as a result of your CSBFA loan?
- B. How many of these positions were full-time (i.e. 30 hours per week or more)?
- C. How many of these positions were part-time (i.e. less than 30 hours per week)?
- D. How many of these positions were seasonal (i.e. only certain months of the year)?
- E. How many of these positions were previously permanent (i.e. not for limited time period)?
- F. Please identify the number of positions that were eliminated in each of the occupational categories listed in the table (i.e. how many positions were in each category?).

A	B	C	D	E	F
Total Positions	Full-time	Part-time	Seasonal	Permanent	Type of Position
					Management/professional:
					Technical:
					Sales:
					Manufacturing/labour:
					Support/administrative:
					Other:



**SECTION 4: RELATED ISSUES**

In this final section, please consider the impact of your CSBFA loan on other aspects of your business.

37. As a direct result of your CSBFA loan, did your business...?

	Yes	No	If yes, by what percentage?
Increase sales			
Increase profits			
Increase exports			
Increase productivity			
Decrease costs			

38. Did the CSBFA loan have an impact on the survival of your business? That is, in your view would your business have failed or have never gotten off the ground without the CSBFA loan?

- Business would have failed
- Business would never have got off the ground   PLEASE CHECK ONE ONLY
- Loan not needed for business survival
- Uncertain/not sure

39. Is your business still in existence?

- Yes   PLEASE CHECK ONE ONLY
- No

40. What other benefits accrued to your business, if any, as a result of your CSBFA loan?

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**Thank you for completing this survey. Your participation is greatly appreciated. Once again, we assure you of the confidentiality of your responses. Please return the survey as soon as you can to COMPAS by fax (514) 932-3830 or in the self-addressed, postage-paid envelope.**