

Labour Force Statistics ♦ January 2002

HIGHLIGHTS

- **B.C. employment jumped by 27,000 (up 1.4 per cent) in January from December's level, but remains down by 5,000 compared to January 2001.** The provincial unemployment rate pulled back to 8.9 per cent in January from 9.7 per cent in December.
- **Construction industry employment accounted for one-third of the gain to B.C.'s employment in January, returning close to its level seen in July 2001.** This one-month surge in construction jobs appears to have been sparked by a combination of strong increases in B.C. housing starts in January and residential building permits in December.
- **B.C.'s labour force participation rate saw its third consecutive monthly gain since its low point seen in October 2001.** January's employment gains were all in the private sector in both full and part-time work, and were mainly seen in the goods producing sectors with two-thirds of the overall gains seen by men.
- **Employment for Canada rose by 0.5 per cent in January, the first significant monthly rise in more than a year, though the national gain was nearly all in part-time jobs.** Provincial seasonally adjusted employment in January was up sharply in Quebec and B.C., with gains also seen in Alberta and New Brunswick.

Selected Statistics (SA)*	Jan. 2002	Dec. 2001	Jan. 2001
B.C. Unemployment Rate	8.9%	9.7%	7.2%
Canada Unemployment Rate	7.9%	8.0%	6.9%
B.C. Help Wanted Index (1996=100)	96.0	99.0	139.0
B.C. Employment - Monthly Change	1.4%	-0.6%	-
B.C. Labour Force - Monthly Change	0.4%	0.7%	-
B.C. Participation Rate	64.4%	64.2%	64.3%

* Unless otherwise indicated, all labour force variables are seasonally adjusted.

Labour Force Statistics is a joint compilation and review by BC STATS of the Ministry of Management Services and the Accountability Branch of the Ministry of Advanced Education of the results of the monthly Labour Force Survey conducted by Statistics Canada. For more information, call BC STATS (250) 387-0327 or Accountability Branch (250) 952-6776.

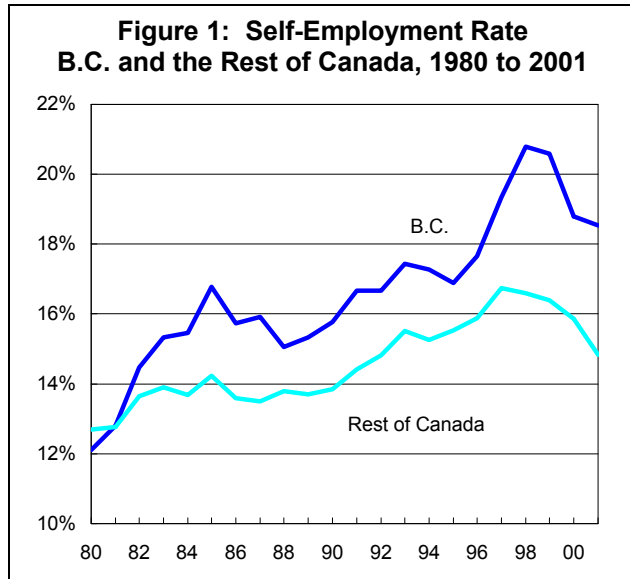
Self-Employment in British Columbia

Introduction . . . Statistics Canada's Labour Force Survey (LFS) distinguishes two broad categories of workers; those who work for others (employees), and those who work for themselves (self-employed). The self-employed include owners of incorporated and unincorporated businesses, either with or without paid help.

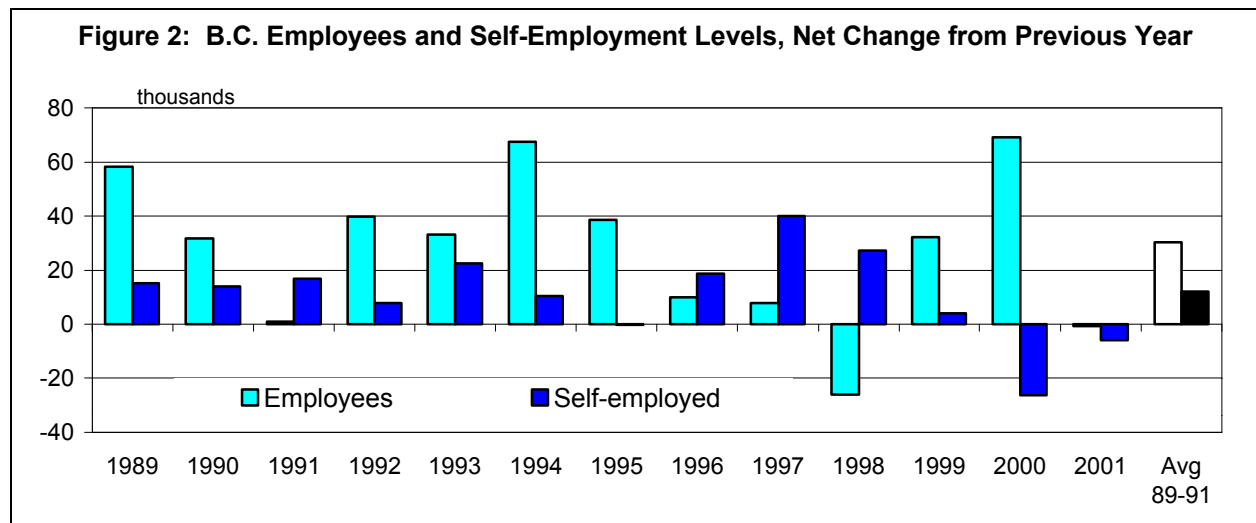
Over the past twenty years, the make-up of overall employment has been changing, with self-employment growing faster than employees in B.C. and Canada. In this article, some of the trends in self-employment (broken down by industry, province and class of worker) are examined, with a focus on the recent situation in British Columbia.

Increase in self-employment since 1980 . . .

Figure 1 illustrates self-employment as a percentage of total employment (self-employment rate) for B.C. and rest of Canada between 1980 and 2001. Between 1980 and 1998, the self-employment rate in B.C. almost doubled, increasing from just over 12 per cent to a peak of 20.8 per cent. Since 1998, the B.C. self-employment rate has edged back to just under 19 per cent in 2001. This amounted to 360,000 self-employed individuals in B.C. The proportion of self-employed individuals in the rest of Canada has increased less dramatically, up from 12.7 per cent in 1980, reaching a high of 16.7 per cent in 1997, followed by a fall back to 14.8 per cent in 2001. Factors driving increases in the self-employment rate include a rise in entrepreneurship and growth in small business, changes in the industrial makeup of the economy with growth in areas like business services, and greater use of contracting out work by organizations.



Growth in Self-employment . . . Figure 2 shows annual year-over-year net changes in the level of employees and the self-employed since 1989 for B.C. Despite making up about one fifth of all employment, net increases in levels of self-employed persons exceeded that of employees four times in the past ten years. Self-employment increases were particularly strong from 1996 to 1998, but have declined in each of the past two years.



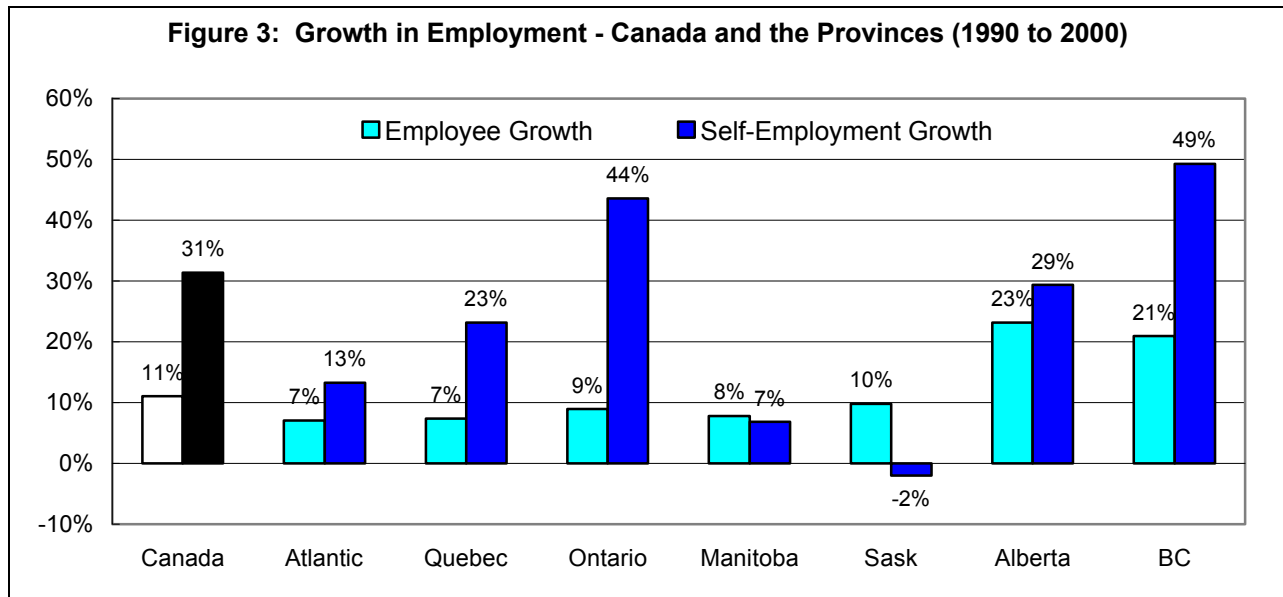
Since 1989, self-employment in B.C. has expanded on average by 10,000 per year.

Self-employment growth fastest in B.C. . . .

Figure 3 displays employment growth between 1990 and 2000 for employees and self-employed individuals. Between 1990 and 2000, B.C. experienced the fastest growth of all the provinces in self-employment, with an increase of 49 per cent. B.C.'s level of employees grew the second fastest of any province up 21 per cent. During this time period, national average growth was substantially lower, at 31 per cent

for self-employment and only 11 per cent for employees. With the exception of Manitoba and Saskatchewan, self-employment growth between 1990 and 2000 was greater than employee growth for other provinces.

Self-employment grew or was level every year during the 1990s in B.C. Most of the growth in employees was in the first half of the decade when the province experienced high levels of net interprovincial population migration. By contrast, Ontario saw little employee growth over the period until 1998.



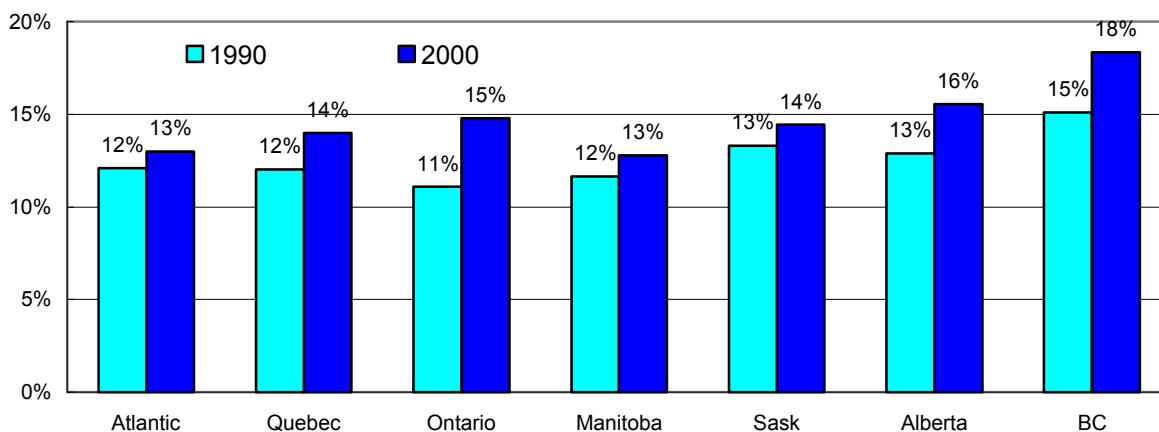
B.C. non-agricultural self-employment rate highest of all provinces . . .

Because self-employment in agriculture is extremely high, and to control for the relative differences in agricultural employment between provinces, Figure 4 displays provincial self-employment rates with agriculture excluded. In 2000, the non-farm self-employment rate for B.C. workers was 18 per cent (see Figure 4). Notably, B.C. has higher self-employment rates in almost all industry sectors compared to other provinces. Manitoba and the Atlantic provinces had the lowest self-employment rate in 2000. If

agriculture is included, the overall self-employment rate in Saskatchewan rises considerably and is the highest in Canada at 23 per cent.

In 1990, B.C. also had the highest non-farm self-employment rate of all provinces, at 15 per cent. Between 1990 and 2000, the non-farm self-employment rate in Ontario experienced the largest increase of all provinces, up by 4 percentage points, followed by Alberta and B.C. with a rise of 3 percentage points.

**Figure 4: Non-Agricultural Self-Employment Rate
B.C. and Provinces, 1990 and 2000**



Self-employment rate varies by industry . . .

In breaking down B.C.'s self-employment rate by industry, agriculture had the highest self-employment rate in B.C. in 2000, at almost 48 per cent. This contrasted to no self-employment in utilities or public administration. In aggregate, the self-employment rate in the goods-producing industries (20.7 per cent) was higher than in the service-producing industries (18.3 per cent).

Although agriculture has the highest self-employment rate, it makes up only 3.9 per cent of all self-employed workers. Other industries with high self-employment rates include professional, scientific and technical services (40.0 per cent), construction (39.7 per cent), other services (36.7 per cent), and management of companies and administration services (36.3 per cent).

In terms of the distribution of B.C.'s self-employed, over 76 per cent were in the service-producing industries in 2000. Self-employment was highly concentrated in four industries, with almost half of all self-employed persons falling into construction (12.2 per cent), retail and wholesale trade (12.3 per cent), professional, scientific and technical services (14.9 per cent), and other services (9.9 per cent). Note that "other services" includes repair services; personal and laundry services; religious, grant-making and civic services; and, private households.

**Figure 5: B.C. Self-Employment By Industry
2000**

	Self-employment rate - total	Share of all self-employment
Goods-producing	20.7%	23.5%
Agriculture	47.8%	3.9%
Other primary	20.6%	3.1%
Manufacturing	7.6%	4.3%
Construction	39.7%	12.2%
Utilities	0.0%	0.0%
Service-producing	18.3%	76.5%
Transport, Stor. & Com.	16.2%	5.1%
Retail & Whol. Trade	14.9%	12.3%
Finance, Insr. & Real Est.	17.8%	5.8%
Professional, Sci. & Tech.	40.0%	14.9%
Mgmt of Co. & Admin	36.3%	7.1%
Educational services	7.0%	2.6%
Health & Social services	15.8%	8.7%
Info Culture & Recreation	17.3%	4.7%
Accommodation & food	12.0%	5.4%
Other services	36.7%	9.9%
Public Administration	0.0%	0.0%
Total	18.8%	100.0%

Own account workers fastest growing . . .

Own account workers are those self-employed with no employees of their own. For B.C. in 2000, two-thirds of the self-employed were own account workers. In terms of employment growth, own account workers accounted for almost all growth in self employment since 1990. In terms of absolute numbers, own account workers experienced the biggest change

in employment during the 1990's, with a net increase of 114,000 between 1990 and 2000.

For the group of self-employed workers with paid help, employment growth slowed down in the 1990's (up 5 per cent), after growing by 50 per cent during the 1980's. Between 1990 and 2000, there was a net increase of just 6,000 workers with paid help.

Figure 6: B.C. Self-Employment by Class

	1980	1990	2000	Net Change	Net change	Growth	Growth	Distribution	Distribution	Distribution
	(thousands)			80-90	90-00	80-90	90-00	1980	1990	2000
No Paid Help (own account)	72	125	239	53	114	74%	91%	48%	52%	66%
With Paid Help	77	115	121	38	6	50%	5%	52%	48%	34%

Self-employment rate lower for women than men . . .

In 2000, the all-industry self-employment rate for women was 15.2 per cent, compared to 21.9 per cent for men. Women tend to be more concentrated in industries with lower rates of self-employment such as education and accommodation and food services, and less concentrated in sectors like construction which has a high rate of self-employment. Also, men have slightly higher rates than women within most industries.

Self-employment by women from 1990 to 2000 grew by 68 per cent, compared to 40 per cent for men. Self-employment grew at two and a half

times the rate of employee growth for both women and men respectively.

Figure 7: B.C. Growth in Self-Employment 1990 to 2000

	Both sexes	Men	Women
Total employment	25%	21%	31%
Employees	21%	16%	26%
Self-employed	49%	40%	68%
<i>No Paid Help (own account)</i>	<i>91%</i>	<i>90%</i>	<i>91%</i>
<i>With Paid Help</i>	<i>5%</i>	<i>-3%</i>	<i>34%</i>

Results from the Survey of Self-Employment in Canada . . .

Human Resources Development Canada (HRDC) recently released a report entitled Results from the Survey of Self-Employment in Canada. This study examines a variety of additional aspects of self-employment in Canada using data collected in a special supplement to the Labour Force Survey taken in 1999. This report can be found at:

[http://www.hrdc-](http://www.hrdc-drhc.gc.ca/arb/publications/SSE_report.html)

[drhc.gc.ca/arb/publications/SSE_report.html](http://www.hrdc-drhc.gc.ca/arb/publications/SSE_report.html)

Some of the findings are highlighted below:

- Most (42%) self-employed workers in Canada in 1999 were in managerial and professional occupations. Another 25% were in service occupations, 21% were in blue collar jobs, and 12% were in occupations unique to primary industries.

- Self-employed workers tend to be somewhat older than paid employees, with over half being aged 30 to 54. Workers aged 15 to 29 made up nearly a quarter (23%) of all employees but just 7% of self-employed workers. At the other end of the scale, 18% of the self-employed, and 9% of paid employees, were 55 or older. Interestingly, nearly 70% of all self-employed workers began their current spell of self-employment before age 40. Those who started their self-employment at the age of 40 or older, are less likely to be self-employed "by choice" and more likely to be self-employed "involuntarily". Overall, only 22% of all self-employed workers indicated that they originally became self-employed because they could not find suitable paid employment working for someone else.

- Most of the self-employed had chosen this arrangement rather than being forced into it by labour market conditions. Among those who had previously worked for an employer, 60% said that they had quit or resigned, while 28% indicated that they had lost their previous job. Others became self-employed after retiring or leaving work for other reasons.
 - About 70% of the self-employed either initially chose, or would now choose, self-employment as a preferred option over being an employee. The most commonly cited reason for choosing self-employment was the idea of independence or freedom (36%).
- Other reasons given included challenge & creativity (10%), joining or taking over a family business (9%), opportunities for increased income (8%), more control & responsibility (7%) and flexible hours (7%).
- The self-employed typically spent more time on the job than other workers, averaging 45.4 hours a week, compared to 38.0 for paid employees. Working from home was the most common arrangement for self-employed workers without paid help (40%). Those with paid employees were most likely (65%) to work out of an office or facility that was at another location.

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March 2001	The British Columbia Labour Market – 1 st Quarter 2001	September 2001	British Columbia Labour Market – 3 rd Quarter 2001
April 2001	BC Labour Market Update for Youth Aged 15 to 24	October 2001	Post Secondary Education Participation Trends by “Type”
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June 2001	British Columbia Labour Market – 2 nd Quarter 2001	December 2001	The B.C. Labour Market in 2001