

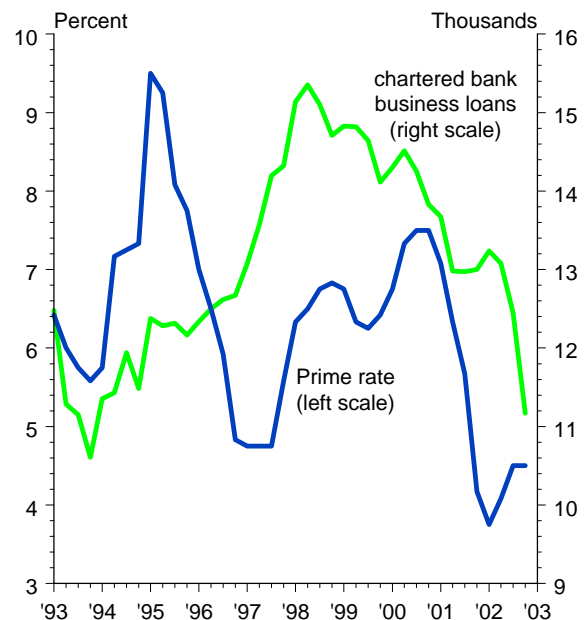
Small Business Quarterly ♦ 4th Quarter 2002

- The average number of small businesses in British Columbia (excluding self-employed persons) in 2002 was virtually unchanged from a year earlier. A small increase (+0.3%) in businesses with 1-4 employees offset a decline of 0.6% for businesses with 5-49 employees. In the fourth quarter of 2002, it was the number of businesses with 1-4 employees that experienced a decline (-1.0%), while the number of all other small businesses increased (+1.7%).
- The number of self-employed in British Columbia increased significantly in 2002, rising 4.1%. The jump was driven mainly by those self-employed without paid help (+6.8%), as the number of self-employed with paid help experienced little growth (+0.1%).
- Employment in British Columbia small businesses rose 1.1% in the third quarter of 2002 compared to the same period a year earlier. A 3.5% increase in the number of employees in businesses employing between 20 and 49 people was responsible for the entire increase as those businesses employing between 1 and 19 people remained constant.
- New business incorporations continued to grow in the fourth quarter, jumping almost 10% compared to the same quarter in 2001. Over the entire year, incorporations were up just under 8% from 2001.
- Business bankruptcies dropped significantly (-25%) in the fourth quarter (year-over-year), bringing the total in 2000 only slightly higher than that recorded a year

earlier (+0.5%). Consumer bankruptcies also dropped in the fourth quarter (-2.6%) and also showed only slight growth (+0.6%) in 2002.

- The value of commercial building permits issued in BC increased substantially in 2002, up 42% from a year earlier. Industrial building permits were also up, rising 4%.
- Despite record low interest rates, the number of chartered bank business loans fell 5% in 2002. The largest drop (-9.6%) was for smaller loans under \$200,000. However, even loans between \$200,000 and \$500,000 (-7.9%) and loans over \$500,000 (-3.8%) experienced declines.

Despite a low Prime rate, the number of chartered bank business loans continue to fall



Stay-at-Home Workers

A significant percentage of the Canadian labour force works out of their home. In 2001, 8% of all Canadian workers worked at home.¹ The advent of the Internet, e-mail and other telecommunication technology has enabled employees from a variety of industries, as well as self-employed individuals, to opt for working out of their own homes where previously that option did not exist.

There are advantages and disadvantages to working out of the home. Advantages to the worker include reductions in expenses including food and transportation, less time commuting, and a greater ability to balance work and family responsibilities. For the employer there are also advantages. Generally, employees that work at home are more productive and less prone to absenteeism. Also, overhead costs are reduced for the employer.

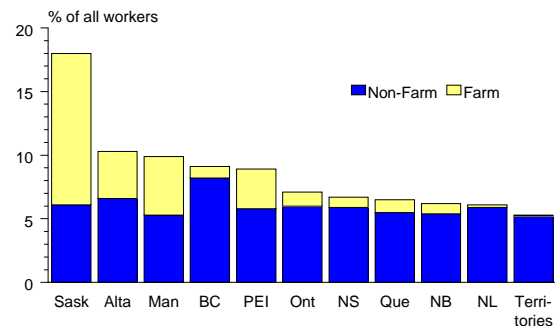
Disadvantages to the employer include communication and co-ordination issues, lack of supervisory control and problems with information security. For the employee, working at home may make them feel isolated and result in fewer social ties. It also leads to fewer "networking" opportunities, which may result in fewer prospects for career advancement.

In British Columbia, the percentage of the labour force working from home is 9.1%, ahead of the Canadian average,

¹ All figures are from the 2001 Census. To be classified as someone who works at home, one must have worked at home most of the time. Those who work at home only sometimes are not included in the Census definition of home-based workers.

but ranking fourth behind the three Prairie Provinces. The prevalence of farmers in these provinces is the reason why they have more stay-at-home workers. If farmers are excluded, BC is the province with the largest percentage of the labour force working out of their homes.

BC ranks fourth behind the three Prairie Provinces in terms of percentage of the labour force working at home, but is ranked first when farmers are excluded



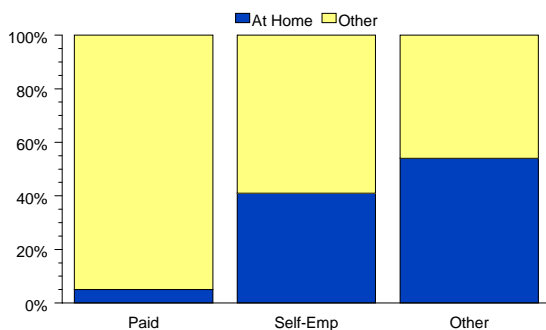
Some of the variation between provinces can be explained by the difference in the types of industries and occupations that are dominant within each province. In addition to farming, there are certain occupations that are more suited to working from home than others. For some industries, such as many of those in manufacturing, for example, there is a requirement for the employee to be physically present at a job site. It is simply not feasible for an employee to assemble a vehicle, for example, in their home.

On the other hand, many professional occupations do offer portability and this is reflected in the relatively high percentage of workers in these fields that are operating out of their homes. In British Columbia, 24% of those in the professional, scientific and technical services industries worked at home in 2001 and 23% of those in the real estate,

rental and leasing sector did the same. Accommodation and food services (3%), utilities (2%) and public administration (3%) industries were at the other end of the scale.

Other factors that make a significant impact on whether or not a person works at home are how many hours they work and their class of employment. People who work part-time (15%) are twice as likely to work from their homes compared to those that work full-time (7%). In BC, self-employed (41%) and unpaid family workers (54%) have a far greater incidence of working from home compared to those people who are paid employees (5%). At least part of the reason for this is due to the nature of occupations that self-employed workers are engaged in. Many are in a line of work that is more conducive to working at home, such as business consultants, writers or other artists and so on.

Self-employed and unpaid family workers are much more likely to work at home compared to paid employees



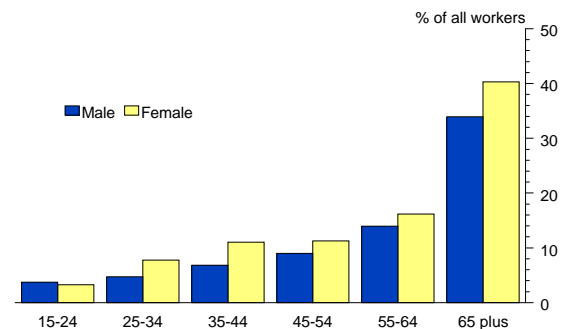
The percentage of the labour force that is self-employed in BC is about 10%, compared to 8% nationally, which is likely part of the reason why a greater portion of BC's non-farm workers work at home compared to other provinces.

There are significant age and gender differences between home-based workers and those working away from home as

well. Women (10%) are more likely to work at home compared to men (8%). Part of this may be due to greater child-rearing responsibilities.

The incidence of working at home increases progressively with age. In particular, those people who are 65 and over are more than twice as likely to be working at home compared to any other age group. In BC, 36% of those in the labour force aged 65 and over worked out of their home, compared to only 8% of all other workers.

The incidence of working at home increases with age



Although, unfortunately, the Census definition of home workers is only consistent over the last two censuses making comparisons over time difficult, there is evidence from other surveys that the tendency toward working at home has increased significantly over the last couple of decades. Even between the 1996 and 2001 censuses, the percentage of home-based workers in BC rose from 8.8% to 9.1%. As technological advances relating to communications continue to be made, it is likely that this trend will continue and more people will choose to work out of their homes.

Feature Articles Listed by Issue Number

- 02-4:** 'Stay-at-Home Workers' (released Mar 2002)
- 02-3:** 'Profile of Women Entrepreneurs' (released Jan 2002)
- 02-2:** 'A Comparison of Small Business Size, 1993 and 2001' (released Sep 2002)
- 02-1:** 'Will Retiring Boomers Lead to Labour Bust?' (released Jun 2002)
- 01-4:** 'Expectations of Manufacturers Showing Signs of Improvement' (released Mar 2002)
- 01-3:** 'Business and Consumer Bankruptcies are on the Rise in BC' (released Jan 2002)
- 01-2:** 'The Benefits and Costs of a Higher Minimum Wage' (released Nov 2001)
- 01-1:** 'Small Business On-Line: Internet Use Among SMEs' (released Sep 2001)
- 00-4:** 'Co-operatives Grew Steadily Throughout the 1990s' (released May 2001)
- 00-3:** 'Profile of Self-Employed in British Columbia' (released Mar 2001)
- 00-2:** 'Latest Small Business Employment Numbers Show Three Year Changes' (released Jan 2001)
- 00-1:** 'Some Distinctive Features of The Small Business Workplace' (released Oct 2000)
- 99-4:** 'Transfers of Corporate Charters to Other Provinces Suggest Business Migration From British Columbia' (released Jul 2000)
- 99-3:** '755 Thousand British Columbians Rely On Small Businesses For Jobs' (released Mar 2000)
- 99-2:** 'A Quarter of All Employees In British Columbia Work For Small Employers' (released Nov 1999)
- 99-1:** 'Self-Employment In British Columbia Takes On New Profile' (released Sep 1999)
- 98-4:** 'Co-Operative Movement Grows Through the 1990s' (released Apr 1999)
- 98-3:** 'The Long and the Short of Working Hours For Self-Employed' (released Dec 1998)
- 98-2:** 'People Trying Self-Employment As A Second Job' (released Aug 1998)
- 98-1:** 'British Columbians Still Making Their Own Jobs' (released May 1998)
- 97-4:** 'Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb' (released Mar 1998)
- 97-3:** 'Co-operative Movement Grows Steadily In British Columbia' (released Jan 1998)
- 97-2:** 'Doing Our Thing In Lotusland – The New Self-Employed In British Columbia' (released Sep 1997)
- 97-1:** 'Immigrants Boost Self-Employment In British Columbia' (released Aug 1997)
- 96-4:** 'More British Columbia Companies Shift Corporate Charters to Alberta and Ontario' (released Apr 1997)
- 96-3:** 'Changes in Business Confidence Expressed In Numbers of New Incorporations' (released Mar 1997)