

Feature: Counting the Business Community in British Columbia

There is no single survey conducted to count all the businesses in British Columbia. Nor is there any to record how many are being created or are shutting down; how large or how small they are; or how long they have been operating. Any survey that could provide such information would be expensive to conduct and a burden to the business people who would have to respond to it.

Lacking extensive survey information, statisticians are obliged to look mainly to administrative records such as tax files, new incorporations, or bankruptcies. These can sometimes be supplemented with additional data from surveys conducted on specific aspects of business activity. The various sources provide a mix of business indicators that are not always directly comparable, but which can be pulled together to compile a picture of the size and shape of the business community.

The number of businesses counted in the province will vary according to what is defined as a business. For example, should a self-employed person with no employees be defined as a business? Is a large outlet for a major department store chain to be regarded as a separate business? The answers to these types of definitional questions will vary with the source of statistics — surveys of households, surveys of businesses establishments, tax returns, payroll reports, or whatever. Whenever tax records are used Statistics Canada and other government statistical agencies are careful to ensure that numbers released can never identify any single company or individual.

The best available current information on the stock of businesses in British Columbia, or anywhere else in Canada, is from Statistics Canada's Business Register (BR). This is an extensive computer file of businesses, maintained to provide a sample

frame (a list of businesses from which to draw random samples for surveys). It also serves to produce estimates of the numbers and characteristics of Canadian businesses. It is maintained largely by monitoring payroll deduction remittances and other administrative information from Revenue Canada. This implies that the BR stock count of businesses is limited to active employers — those for whom Revenue Canada has received some recent payroll deduction remittance. It does not produce an equivalent tally of businesses without employees. Other information used to update and improve the business register is gathered by 'profiling' the sometimes complex corporate links of large firms with numerous branches and subsidiaries. Still more information is obtained incidentally in the course of conducting routine surveys of business enterprises.

Stock counts of another part of the business community are obtained by counting the numbers of self-employed people as they report themselves in surveys of households. These statistics can specify the number of self-employed with or without paid help, and whether or not they are incorporated.

Yet another Statistics Canada source for stock counts of businesses is the Longitudinal Employment Analysis Program (LEAP). LEAP uses tax data to provide business population time series with industry and employment size information, nationally and by province. It is much less current than the Business Register, presently offering information no more current than 1993.

The Total Number of Businesses

The Business Register provides counts of businesses with employees, but not those without employees. A count of businesses without employees is available from Statistics Canada's Labour Force Survey, which collects information from households about the employment activities of residents. According to the Survey, an average of 171 thousand British Columbians defined themselves as 'self-employed without paid help' in 1995. Adding this number to the 146 thousand employer businesses recorded by the Business

Register produces a number of 317 thousand separate businesses in British Columbia last year.

This is a coarse estimate, and should be used with appropriate caution. There are conceptual differences in the definitions of a 'business' used for the two data sources.

Nevertheless, the sum of these two numbers is still the best estimate presently available for the total stock of businesses in the province.

Active Employer Businesses per Thousand of Population (June 1995)

	(employee size ranges)								TOTAL
	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+	
B.C.	22.3	6.8	4.6	2.8	0.7	0.3	0.1	0.1	37.8
Rest of Canada	18.4	5.3	3.5	2.3	0.7	0.3	0.2	0.1	30.8

BC STATS

Source: Statistics Canada, Canadian Business Patterns

Employer Businesses

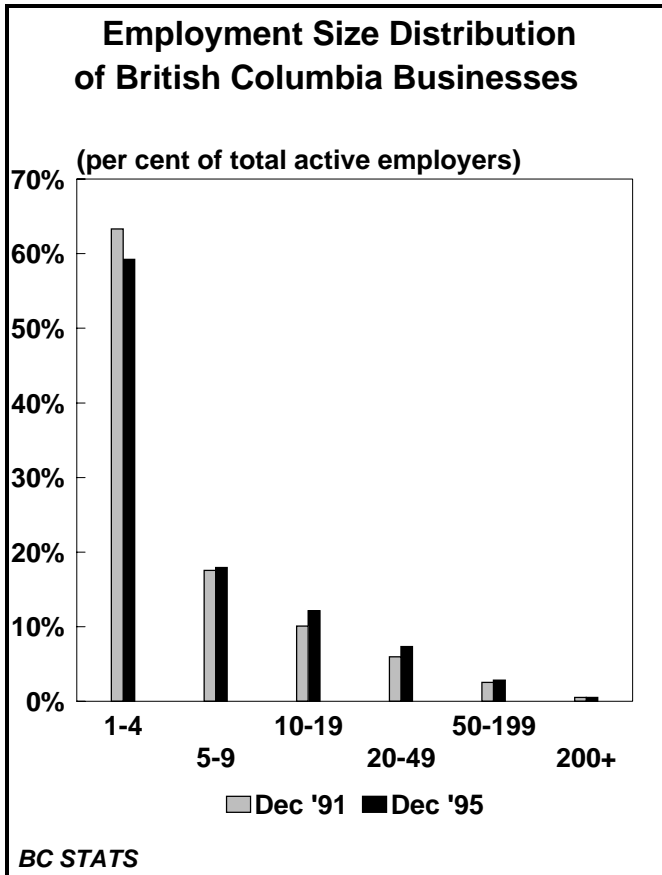
Most of British Columbia's jobs and commercial activity are in its 146 thousand employer businesses. The number of these businesses has grown steadily in recent years by about 3% to 5% annually, a rate of increase roughly in line with the province's economic growth, and slightly faster than the growth in population.

Seen in a national perspective, and in relation to its population, British Columbia has a relatively large number of employers. At the end of 1995, there were 37.8 active employer businesses in the province per thousand people, compared to 30.8 per thousand for the rest of Canada. This was

not the largest per capita number for any province, however. That honour went to Prince Edward Island, with a remarkable 49 employer businesses per thousand people. Next highest before British Columbia were Saskatchewan and Alberta. Both reported 39 active employer businesses per thousand people. By far the lowest number was for Ontario, which had an average of 27 businesses for each thousand people.

British Columbia's per capita employer business count was particularly high in the smallest employment size range. The province supported 22.3 employer businesses of 1 to 4 employees, per thousand of population. This compared to 18.4 for the rest of Canada.

Because the vast majority of businesses are small, the characteristics and trends associated with the total stock of businesses pertain largely to small business. 'Small', in business terms, could refer to a variety of different features, such as production volumes, sales, or employment size. Employment size is the variable used with Business Register statistics.



The Register records 59% of British Columbia businesses having fewer than 5 employees at the end of 1995. Another 18% had 5 to 9 employees; 12% had 10 to 19; and 7% had 20 to 49. Only 4% of businesses had more than 49 employees. This distribution has been more or less constant since at least the beginning of the decade.

The Register also shows small businesses to be concentrated in some industries more than others. It lists over half of the more than 130,000 British Columbia employers in the 1 to 19 employment size range in seven industrial sectors. These are retail, business services, trades, health and social services,

food and beverages, transport and storage, and building developers and general contractors.

Not surprisingly, the largest group were in retail. These accounted for 15% of all businesses in the 1 to 19 employee size range. Another 11% were in the business service sector. This group included, for example, offices of lawyers, accountants, bookkeepers, employment agencies, telephone answering services, security services and duplicating services. Trades people, such as plumbers, electricians or painters, accounted for 8%. The health and social services group, including offices of doctors, dentists, medical laboratories and psychologists, accounted for another 8%. The food and beverage sector, with its restaurants, taverns and caterers accounted for 5%. There were 4% in the transportation and storage sector, with its taxis, contract truckers, marine shipping and air transport companies. Building, developers and general contractors together accounted for another 4%.

It is interesting to note that these same seven industrial sectors also accounted for about half of all larger companies — those with 20 or more employees. Restaurant and retail operations together accounted for an even greater portion of larger companies than they did in the under 20 employment size range. But there were far fewer of these larger companies in actual number. For example, retail operations with 20 or more employees numbered 1,857 (in December 1995), compared to 19,402 in the 1 to 19 employee range. There were 2,073 food service operations (mostly restaurants) in the 20 or more employee size range, compared with 6,195 in the 1 to 19 employee size range.

Percentage of Active Employer Businesses

(December 1995)

	1-19 employees	20+ employees
Retail (all types)	14.8%	11.9%
Business Services	11.2%	8.5%
Trades	8.2%	4.4%
Health & Social Services	7.9%	6.5%
Food and Beverage Services	4.7%	13.2%
Transportation and Storage	4.4%	3.3%
Building, Developing, General Contracting	4.2%	2.0%
other	44.4%	50.1%
Total	100.0%	100.0%

BC STATS

Source: Statistics Canada, Business Register