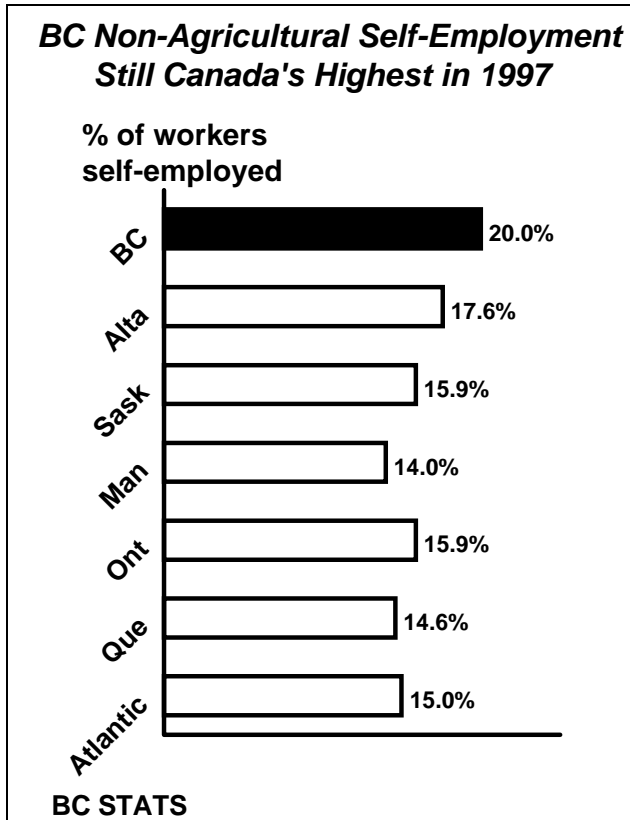


## Feature: British Columbians Still Making Their Own Jobs



### A More Entrepreneurial Province

British Columbia has a larger portion of self-employed people in its non-agricultural workforce than any other province. The ongoing trend to self-employment is changing the way business is conducted in some industries, with salaried workers being replaced by independent self-employed contract workers.

Excluding agricultural workers, 20.0 per cent of all British Columbia working people in 1997 were listed as self-employed in their main job. This compared to an average of 15.6 per cent for the rest of Canada with percentages in individual provinces ranging from 14.0 per cent in Manitoba to 17.6 per cent in Alberta. The comparison has changed little since the 1980s. Ten years ago the proportion of non-agricultural self-employed workers in the British Columbia

workforce was already higher than in other provinces – 15.7 per cent, compared to 11.4 per cent in the rest of Canada.

If the largely self-employed agricultural industry is included, British Columbia lags Saskatchewan and Alberta in terms of the proportion of self-employment in its workforce. The two prairie provinces included 58 thousand and 68 thousand agricultural self-employed people, respectively in 1997. In British Columbia there were 18 thousand self-employed agricultural workers.

### Some Well Established Trends

The rate of self-employment (the number of self-employed people expressed as a percentage of the total number of people working) has been rising almost everywhere in Canada since the late 1970s. All individual provinces showed gains in their non-agricultural self-employment rates over this period.

The fastest growing group of self-employed have been the 'own account workers' – individual self-employed people with no employees of their own. In 1976 there were about the same number of self-employed without paid workers in British Columbia as there were self-employed with paid workers – 64 thousand. Both groups have grown since, but by far the strongest growth has been for the own account workers. By 1997 their numbers had increased more than threefold, to 237 thousand, as numbers of self-employed with paid workers doubled to 136 thousand.

	British Columbia						1977 to 1997	
	1997 number of employees ( <sup>'000</sup> )	1997 number of self-emp'd ( <sup>'000</sup> )	1997 total employed ( <sup>'000</sup> )	1997 per cent unionised	1997 per cent self-emp'd	1976 per cent self-emp'd	average annual % increase employees	self-emp'd
<b>Total</b>	1,459	379	1,838	36.8%	20.6%	12.5%	2.2%	5.2%
<b>Agriculture</b>	15	18	33	0.0%	54.4%	52.7%	3.3%	4.4%
<b>Other primary</b>	41	13	54	45.3%	24.2%	11.0%	0.6%	6.2%
<b>Manufacturing</b>	185	16	201	42.6%	7.9%	4.1%	0.6%	5.1%
<b>Construction</b>	73	56	129	27.3%	43.3%	29.4%	1.8%	4.8%
<b>Utilities</b>	13	0	13	67.2%	0.0%	0.0%	1.1%	0.0%
<b>Transp, storage, commun.</b>	114	19	134	60.2%	14.4%	6.7%	1.1%	6.4%
<b>Trade</b>	257	66	323	15.6%	20.5%	15.8%	2.2%	3.8%
<b>Finance, insurance, real estate</b>	81	25	106	15.6%	23.4%	7.5%	1.8%	10.6%
<b>Services-Business, personal, etc.</b>	588	166	754	37.5%	22.0%	14.9%	4.1%	6.7%
<b>Business services</b>	85	53	138	7.4%	38.7%	23.5%	5.5%	9.5%
<b>Educational services</b>	122	7	129	72.0%	5.4%	3.0%	2.7%	9.3%
<b>Health &amp; Social services</b>	168	25	193	58.5%	13.1%	6.6%	4.4%	9.8%
<b>Accomm. &amp; food services</b>	132	15	147	11.7%	10.5%	11.3%	4.7%	5.8%
<b>Other services</b>	82	65	147	15.9%	44.0%	40.2%	4.8%	5.9%
<b>Public Administration</b>	91	0	91	75.0%	0.0%	0.0%	1.3%	0.0%

**BC STATS**

There have always been more self-employed men than women, but the gap has been closing steadily since the mid 1970s. In 1976, the 36 thousand self-employed women in British Columbia accounted for 26.6 per cent of all self-employed people in the province. By 1997, there were 137 thousand self-employed women, accounting for 36.1 per cent of the total.

### Broader Implications

Self-employment trends are linked to changes in the social, economic and industrial makeup of the province.

The number of self-employed people in British Columbia has grown as some industries have shifted to greater use of contract labour. From a business perspective, incentives for this can include staffing flexibility

and elimination of costs associated with employee benefit packages. From the point of view of the self-employed, the advantages can include independence and flexibility of work arrangements. But in many cases it may simply be a case of there being no other employment options.

In the business services industry, increased use of self-employed labour has driven a traditionally high rate of self-employment even higher. The industry added 44 thousand self-employed people to the British Columbia workforce between 1976 and 1997, as its self-employment rate climbed from 23.5 per cent to 38.7 per cent, and its total workforce (employees plus self-employed) expanded 255.7 per cent.

Construction is another industry that has added a great many self-employed people to the provincial workforce in the 1980s and 1990s. The number of self-employed con-

struction workers in British Columbia has swung up and down with building booms drawing in mobile workers from other provinces in time of growth, and then losing them as building activity has slowed. But the clear long term trend in the industry has been to strong employment growth. There were 24 thousand self-employed construction workers in British Columbia in 1976. In 1997 the figure was up to 56 thousand.

The number of construction workers taken on as employees has also grown, but not as quickly. The faster pace of growth for self-employed construction workers is reflected in rising self-employment rates for the industry, up from 29.4 per cent in 1976 to 43.3 per cent in 1997. Construction is now much more reliant on self-employed workers than other industries. By comparison, the self-employment rate for the economy as a whole, including all industries, was 12.5 per cent in 1976 and 20.6 per cent in 1997.

British Columbia is not the only province where changes in industrial makeup have favoured the growth of self-employment. Because these developments have also occurred in other provinces, they do not explain why British Columbia should have Canada's highest rate of non-agricultural self-employment. The explanation for that may be in the province's substantial inflows of immigrants (from other countries) and migrants (from other provinces). Both immigrants and migrants appear more willing and able than most people to accept the long hours and risk of small business operation in exchange for the flexibility, and perhaps also for the opportunity to create paid work for family members. In some cases they may also find small business operation the

only employment option open to them if they are to settle in British Columbia.

British Columbians' high rates of self-employment are reflected in their Registered Retirement Savings Plan (RRSP) contributions. British Columbia RRSP contributors paid larger amounts into their retirement funds, on average, than citizens of any other province – an average of \$3,875 per contributor in 1995, compared to \$3,537 for Canada as a whole. This is consistent with the province's status as the most self-employed part of Canada, when agriculture is excluded. Self-employed people necessarily rely more heavily on RRSPs for their retirement saving than people with employer supported pension plans.

Although British Columbia RRSP contributors contributed larger amounts on average in 1995 than contributors in other provinces, there were proportionately fewer taxfilers contributing to RRSPs here than in Saskatchewan and Alberta. Again, self-employment patterns offer some explanation for this. The large agricultural industries of the two prairie provinces support substantial numbers of independent farmers for whom RRSPs can provide the independent tax sheltered retirement funds needed by all self-employed people. It may be that, on average, the earned income of these farmers is lower than the earnings of mainly non-agricultural self-employed people in British Columbia, so that their average contribution is lower. As well, it could be that prairie farmers rely more on the tax sheltered capital appreciation of their businesses to provide a nest egg for their retirement, than do British Columbia's self-employed people.