

Small Business Quarterly ♦ Third Quarter 1998

- Small business growth in British Columbia continues to be dominated by the ever rising number of self-employed people. The total number of self-employed people in the province rose to 402 thousand in third quarter 1998, up from 386 thousand in third quarter 1997.
- This growth has been entirely due to a strong rise in the number of self-employed people who had no employees of their own. Sometimes called 'own account workers', the number of these people increased 9% between third quarter 1997 and third quarter 1998, from 246 thousand to 274 thousand. The number of self-employed people with paid workers actually dropped 5%, from 140 thousand to 128 thousand.
- Consumer and business bankruptcies increased sharply in second quarter 1998. Both rose 27% over the number of bankruptcies in the first quarter of the year, reversing a declining trend through 1997. The reversal could be attributed to changes in bankruptcy regulations, as opposed to worsening economic conditions. Amendments to the British Columbia Court Order Enforcement Act took effect May 1, increasing the value of personal property exempted from seizure and sale from a flat \$2,000 to as high as \$31 thousand.
- New British Columbia business incorporations fell 6% in third quarter 1998, from the same quarter of 1997. Partially offsetting this was a 5% rise in registrations of extraprovincial companies.
- A low valued Canadian dollar continued to provide some advantage for tourism and export related businesses. The Canadian dollar traded at 66.03 cents U.S. in the third quarter.
- Interest rates moved up in the third quarter, with the prime rate reaching 6.75%. This compared to 4.75% in third quarter 1997, and 5.92% in third quarter 1996.
- In spite of rising interest rates, the value of business loans of less than \$200,000 rose 5% in the third quarter, from third quarter 1997. Loans in this size category include those most likely to be taken out by small businesses.



The Long and The Short of Working Hours For The Self-Employed

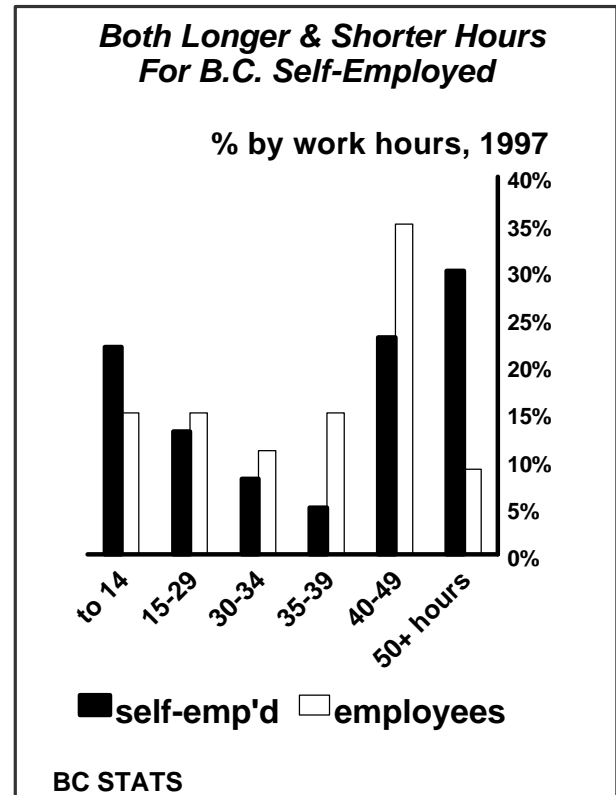
Note:

Observations on the self-employed in this report are based on what people did at their main job. They do not take account of work done at second or third jobs. In 1997, there were an estimated 379 thousand British Columbians self-employed in their main or only jobs, and 1,459 thousand people working as employees.

It will come as no surprise to anyone that self-employed people generally toil longer hours at their businesses than wage earners or salary workers work at their jobs. The average work week for self-employed people in British Columbia during 1997 was 39 hours, compared to 35 hours for employees.

But these averages include some people working part-time hours, and others working very long hours. Compared to employees, self-employed workers tend to work either very long or very short hours, with relatively fewer working the more or less standard 40 hour work week. When average weekly hours are calculated for all self-employed workers, the very long hours worked by some tend to be balanced off by the very short hours worked by others.

A better picture of the working hours of self-employed people is presented by comparing the percentages of self-employed people working various weekly hours, with the percentages of the employee workforce working those same hours.



Long Hours For Some, Short Hours For Others

Thirty per cent of self-employed people in British Columbia worked exceptionally long hours (over 49 hours per week) in 1997. This compared to only 9 per cent for employees. Self-employed people working these long hours doubtless included many of the stereotypical entrepreneur type - energetic, persistent, and prepared to devote most of their waking hours to nurturing their businesses.

But other self-employed people evidently had very different approaches to their work, and allotted different priorities for their time. These included the 22 per cent of the self-employed in British Columbia working less than 15 hours per week in 1997. Included among these were semi-retired people, operating small businesses partly as a hobby or to supplement pension or investment income. Others were students, housewives or house husbands who chose self-employment for its flexibility; because it allowed them to fit in work around school or family responsibilities.

Part-time workers, whether self-employed or engaged as employees, have become a much more important part of the British Columbia workforce during the 1990s. In 1990 they amounted to only 18 per cent of all workers. By 1997, they had grown to account for 21 per cent.

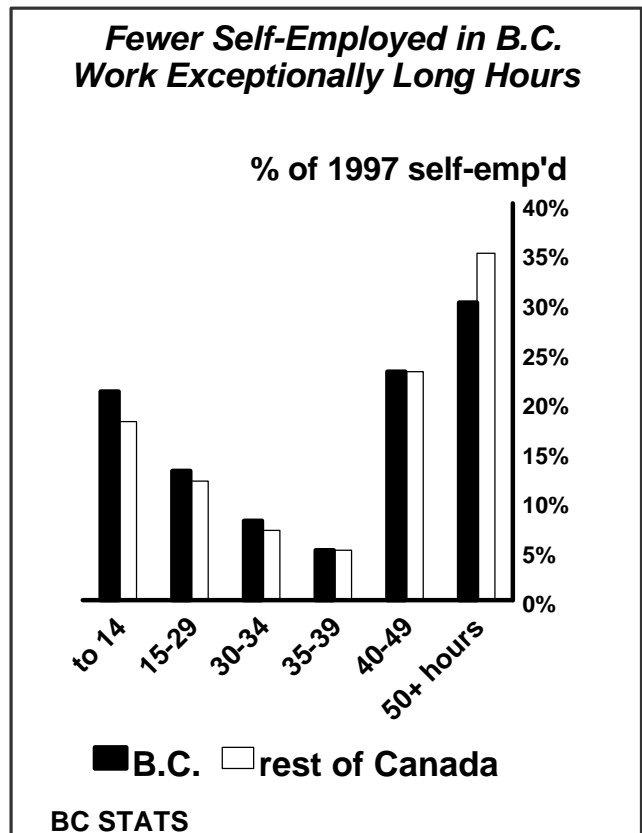
Most people working shorter hours do so by choice. Seventy-two per cent of all British Columbia part-time workers in 1997 had voluntarily chosen shorter hours. This was usually because part-time work allowed them to devote more time to other aspects of their life. Shorter and more flexible working hours drew many voluntarily into self-employed work on a part-time basis.

The portion of British Columbia self-employed workers who worked less than 30 hours per week increased from 30 per cent of all self-employed in 1990, to 34 per cent in 1997. Over the same years, the number of self-employed working more than 49 hours per week shrank from 32 per cent of the total to 30 per cent.

These trends have been stronger in British Columbia than elsewhere in Canada, giving self-employment in the province a distinct profile. British Columbia has relatively fewer self-employed people working long hours than in anywhere else in Canada; and more

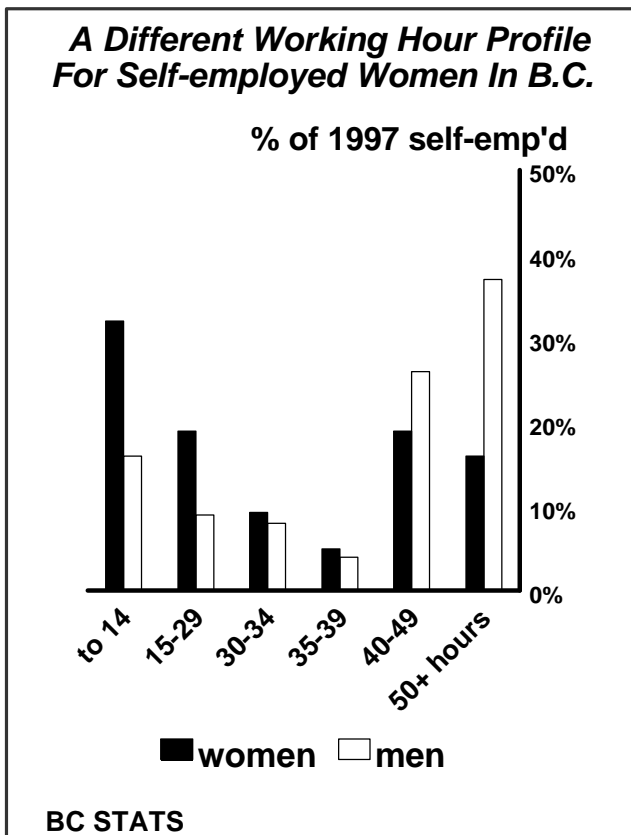
self-employed working short hours than in most other provinces.

Fifty-three thousand (42 per cent) of the 125 thousand net increase in British Columbia self-employment during the 1990s, have been people working less than 30 hours per week. Another 15 thousand (12 per cent) have been working only 30 to 34 hours per week. Self-employed people working in the 30 to 34 hour range have been the fastest growing group of workers in any 'hours of work' category, including both self-employed workers and employees. Between 1990 and 1997, their numbers almost doubled, growing from 16 thousand to 31 thousand.



More Women Entrepreneurs Prefer Shorter Hours

The need to fit work around family responsibilities has made female entrepreneurs more likely to work short hours than their male counterparts. Twenty-one per cent of British Columbia women working less than 30 hours per week reported 'caring for children' as their principal reason for choosing shorter hours. Another 8 per cent reported other personal or family responsibilities as the principal reason. Almost no men reported child minding as the main reason for working part-time, and only 3 per cent reported other family or personal reasons.



These differences explain why only 16 per cent of self-employed women in British Columbia worked more than a 49 hour week in 1997, and 51 per cent worked less than a 30 hour week. By comparison, 37 per cent of self-employed men worked more than 49 hours per week, and only 25 per cent worked less than 30 hours per week.

Although self-employed women in British Columbia were much less likely to be working exceptionally long hours than self-employed men, they were still far more likely to be working those long hours than women employees. The 16 per cent of self-employed women working more than 49 hours weekly compared with only 5 per cent of women employees working those hours.

Some Occupations Call For Longer Hours Than Others

Transport equipment operators report some of the longest hours worked by any self-employed workers. These include, for example, independent taxi operators and long distance truck drivers. British Columbia self-employed workers in this category worked an average 49 hour week in 1997. Forty-nine per cent of them worked over 49 hours per week, and another 14 per cent worked an average week of 41 to 49 hours. They were more than twice as likely to be working in excess of 49 hours per week than employees in the same occupational group.

Exceptionally long working hours were also common for self-employed workers in medical and health fields. Thirty-seven per cent of all self-employed people in these occupations worked more than 49 hours per week in 1997, while only 3 per cent of employees worked those hours. Almost half (48 per cent) of all self-employed medical and health workers worked more than the standard 40 hour work week. This compared to 10 per cent of employee workers.

The 74 thousand self-employed British Columbia sales people in 1997 were another group putting in exceptionally long hours.

Among these were individuals employed as part-time agents for home sales distribution networks along with a wide variety of commissioned sales people. Thirty-four per cent of self-employed sales persons worked more than 49 hours per week, compared to 8 per cent of salaried sales people. Eighteen per cent of self-employed salespeople worked 14 hours or less per week.

The infamously long hours worked by many people operating their own restaurants,

motels or bed and breakfast facilities were reflected in the very large proportion of self-employed people putting in long workweeks in the accommodation and food services industry. Over half (53 per cent) of self-employed people in this industry worked more than 49 hours per week, and another 10 per cent put in between 41 and 49 hours per week. Self-employed people in this industry were ten times more likely than employees to be working in excess of 49 hours per week.

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