

## Business Indicators ♦ November 2003

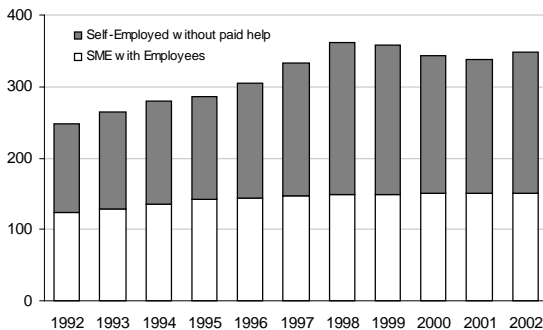
### Profile of Small Business in British Columbia, 2002<sup>1</sup>

#### Number of Small Businesses

An overwhelming majority of businesses in British Columbia either employ fewer than 50 people or are operated by a person who is self-employed with no paid help. Establishments with these characteristics are classified as small businesses and they make up almost 98 percent of all businesses in the province. Most of these (56% of all businesses) are self-employed individuals.

After three consecutive years where the number of small businesses in the province declined, there was a net increase of 10,700 small businesses in 2002 bringing the total number of small businesses in BC to 347,900. Most of the growth was due to a rebound in the number of self-employed without paid help (+5.6%), the same group that was responsible for the earlier three years of decline.

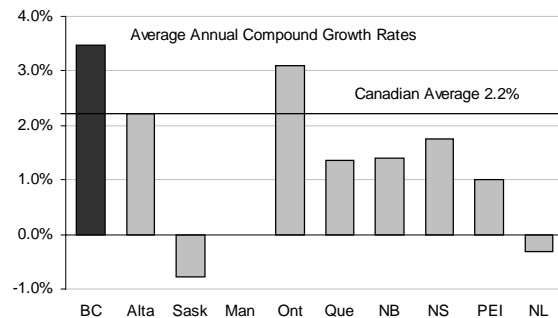
#### After 3 straight years of decline, the number of small businesses in BC increased in 2002



Source: Statistics Canada

Despite three straight years where the number of small businesses fell, British Columbia was the leader in small business growth over the last decade in Canada. From 1992 to 2002, the number of small businesses across the country increased at an average annual rate of 2.2%, while BC averaged 3.5% growth in net new small businesses per year. The only other province to experience growth greater than the national rate was Ontario, with an average annual increase of 3.1%. The number of small businesses in Alberta grew at exactly the Canadian average of 2.2%.

#### BC is the leader in small business growth, 1992-2002



Source: Statistics Canada

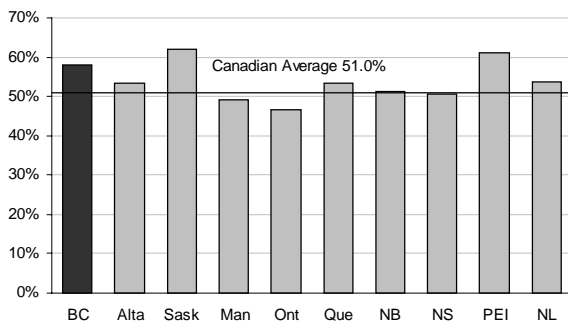
#### Employment

Small businesses in BC provided 952,900 jobs in 2002, representing 47% of total employment in the province and 58% of private sector employment. British Columbia has the third highest proportion of private sector employment derived from small business in the country, well above

<sup>1</sup> This article is a summary of a larger publication entitled "Small Business Profile 2003."

the national average of 51%. Saskatchewan (62%) and Prince Edward Island (61%) were the only provinces with a greater reliance on small business employment. At 47%, Ontario had the least dependence on small business for private sector employment. The variation may be related to the different economic structures of the provinces. For example, Saskatchewan and Prince Edward Island have significant agricultural sectors and these farming operations are often small businesses with fewer than 50 employees.

**BC ranks third in small business as a percent of private sector employment, 2002**



Sources: Statistics Canada, BC Stats

**Self-Employment**

People who spend most of their working hours operating their own businesses are classified as “self-employed.” In 2002, there were 372,100 self-employed people in British Columbia, not including 2,900 who worked in family businesses without pay. British Columbia has led the country in self-employment growth over the last decade, with an average annual compound rate of growth of 3.3% from 1992 to 2002. Ontario (+2.7%), Nova Scotia (+2.5%) and Alberta (+2.1%) were the only other provinces to exceed the national rate of 2.0%.

Across Canada, at over 36%, British Columbia had the second highest proportion of women owning small businesses. Only New Brunswick, with 38%, had a higher

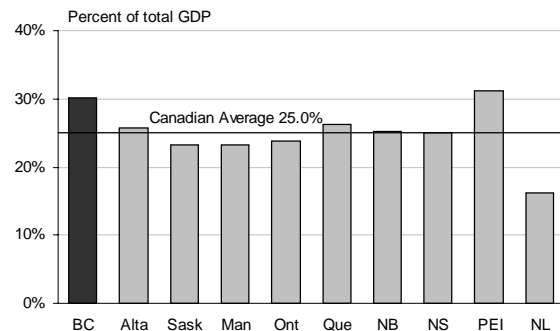
ratio. At 29%, Manitoba has the lowest share of women owning small businesses.

While small business owners are predominantly between the ages of 35 and 55, there are significant proportions of both younger and older small business owners. About one-fifth (20%) of all entrepreneurs are under 35 and workers 55 and over account for 22% of all entrepreneurs.

**Economic Contribution**

In 2002, British Columbia’s small businesses accounted for 30% of GDP, ranking the province second only to Prince Edward Island (31%) and well above the Canadian average of 25%. Newfoundland and Labrador, with only 16% of GDP derived from small businesses, ranked last among the provinces.

**BC has the second highest proportion of GDP comprised of small business, 2002**



Source: BC Stats

Clearly, small business plays a crucial role in the economy of British Columbia, not only in terms of its contribution to economic output, but also by providing an abundance of jobs for British Columbians. As the provincial economy continues to diversify, the importance of small business will grow.