

Business Indicators ♦ October 2004

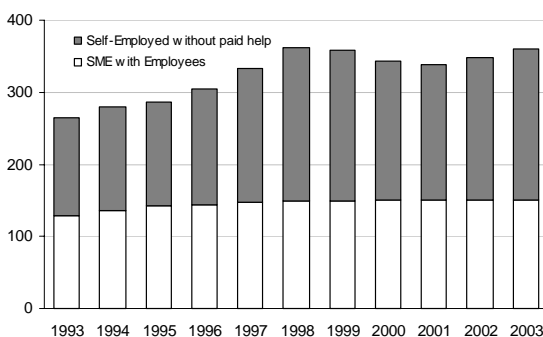
Small Businesses in BC Continued to Increase in 2003¹

Number of Small Businesses

Small businesses play a critical role in the British Columbia economy as evidenced by the fact that approximately 98% of all businesses in the province either employ fewer than 50 people or are operated by a person who is self-employed with no paid help, which is the definition of a small business. Well over half of these small businesses (58%) are comprised of self-employed individuals.

For the second straight year, the total number of small businesses operating in the province increased at a rate in excess of three per cent, rising 3.4% from the number recorded in 2002. Both businesses with employees (+0.7%) and businesses operated by self-employed individuals without paid help (+5.4%) increased in number, although the growth in self-employed was much stronger.

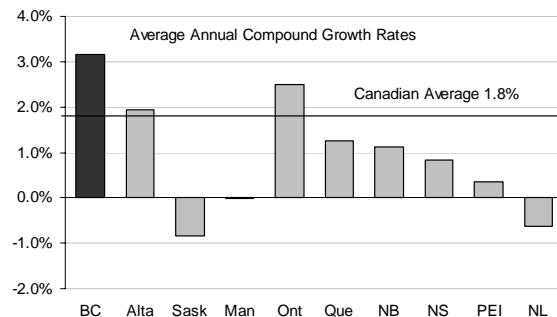
The number of small businesses in BC continued to expand in 2003



Source: Statistics Canada

Like most provinces, British Columbia experienced three consecutive years of decline in the number of small businesses from 1999 to 2001. However, on average, over the last decade BC has been the top province for small business growth in Canada. From 1993 to 2003, BC averaged a 3.1% increase in net new small businesses per year. By comparison, the number of small businesses across the country grew at an average annual compound rate of 1.8%. Only two other provinces saw increases greater than the national average: Ontario, with an annual average growth of 2.5% per year and Alberta, with average annual change of 1.9%.

BC has led the country in small business growth over the last decade (1993-2003)



Source: Statistics Canada

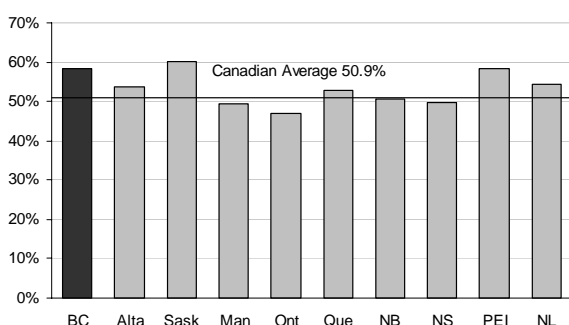
Employment

Approximately 971,900 jobs in BC were derived from small business in 2003, accounting for almost half (48%) of total employment in the province and 58% of

¹ This article is a summary of a larger publication entitled "Small Business Profile 2004," which is available online at http://www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus/SBP2004.pdf

private sector employment. British Columbia ranked second in the country in terms of the proportion of private sector employment derived from small business, well above the national average of 51%. Saskatchewan (60%) was the only province with a greater reliance on small business employment, while PEI was almost even with BC. 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 second in small business as a percent of private sector employment, 2003



Sources: Statistics Canada, BC Stats

Self-Employment

People who spend most of their working hours operating their own businesses are classified as “self-employed.” There were approximately 379,800 self-employed people in British Columbia in 2003, not including 3,900 who worked in family businesses without pay. Over the last decade, British Columbia has had the top rate of growth in self-employment in the country. Between 1993 and 2003, self-employment in British Columbia grew at an average annual compound rate of growth of 2.8%. Ontario (+2.3%) and Alberta (+2.2%) were the only other provinces to exceed the national rate of 1.8%.

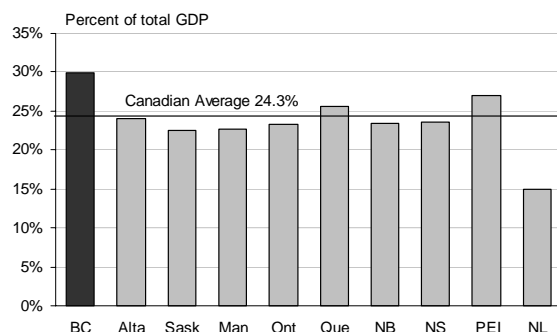
Among the provinces, British Columbia has the highest proportion of women entrepreneurs, with almost 36% of businesses in BC owned and operated by women. This compares to the Canadian average of 34% and a low of 31% in Manitoba.

While business owners are predominantly between the ages of 35 and 54 (57%), there are significant proportions of both younger and older business owners. Almost one-fifth (19%) of all entrepreneurs are under 35 and those aged 55 and over account for 24% of all entrepreneurs.

Economic Contribution

In 2003, small businesses in BC accounted for almost 30% of the province’s GDP. This is well above the national average of 24%, demonstrating the importance of small business to the economy of BC. Only two other provinces exceeded the national average in terms of GDP derived from small businesses: PEI, at 27%, and Quebec, at 26%. The province with the smallest contribution to GDP from small businesses was Newfoundland and Labrador, at 15%.

BC led the country in 2003 in terms of GDP comprised of small business



Source: BC Stats

The data clearly demonstrates the importance of small business to the economy of British Columbia, as both an economic driver and a provider of employment for British Columbians and reflects the ongoing trend toward greater diversification of the provincial economy.