



SMALL BUSINESS PROFILE **2022**



SMALL BUSINESS PROFILE 2022

A profile of small business in British Columbia

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The *Small Business Profile 2022* is produced by the B.C. Ministry of Jobs, Economic Recovery and Innovation. The report was prepared by BC Stats in partnership with the Small Business Branch of the Ministry.

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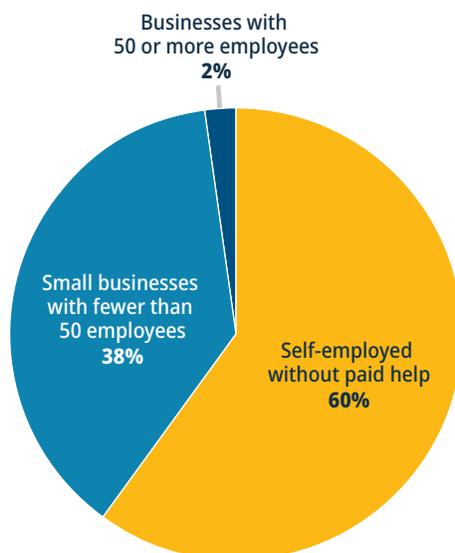
www.bcstats.gov.bc.ca

www2.gov.bc.ca/gov/content/employment-business/business/small-business/resources

EXECUTIVE SUMMARY

Small businesses are the backbone of our provincial economy. In British Columbia (B.C.) there are more small businesses per capita, they employ a larger share of the workforce, and self-employment is more common here than in any other province. Small businesses account for 98 per cent of all businesses in B.C. In a province with 5.2 million people and 510,700 small businesses, that means one-in-ten British Columbians are entrepreneurs of some kind.

Share of Businesses by Employment Size in British Columbia, 2021



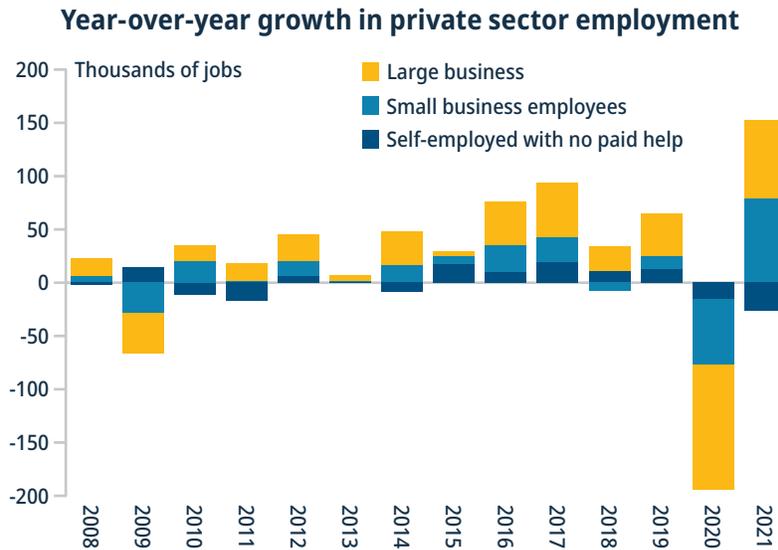
Source: BC Stats using data supplied by Statistics Canada

The 2022 B.C. Small Business Profile gives data and analysis on small businesses and their impact on B.C.'s economy in 2021. Defined as businesses with fewer than 50 employees, small businesses continue to play a critical role in B.C.'s growing economy. The information in this report can help policy makers support small businesses to grow in an inclusive, innovative and sustainable way.

This is the 26th annual Small Business Profile, but due to the COVID-19 pandemic the last two years have been anything but normal. In line with a national trend, B.C. has seen a decline of more than 25,000 small business, close to 5 per cent, in the past two years. This was caused primarily by a reduction in the number of people who were self-employed without paid help. While 60 per cent of businesses in B.C. report they are doing the same or better than they were before the pandemic, 31 per cent report they are still worse off. Data shows conditions tend to be worse for businesses in the tourism-related sectors, which were most directly impacted by travel restrictions and social distancing requirements.

Other vital statistics on small businesses in 2021 include:

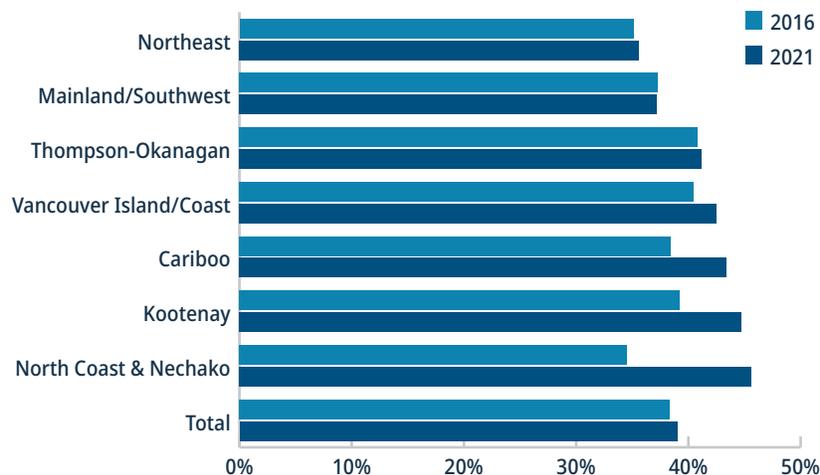
- Small businesses employed over 1.1 million people or 43 per cent of all workers and were responsible for nearly one-third (31.5 per cent) of all payrolls. In 2021, B.C. had the second-fastest growth in small business employment, at 4.3 per cent. However, small business employment remains 2 per cent lower than in 2019.



Source: BC Stats using data supplied by Statistics Canada

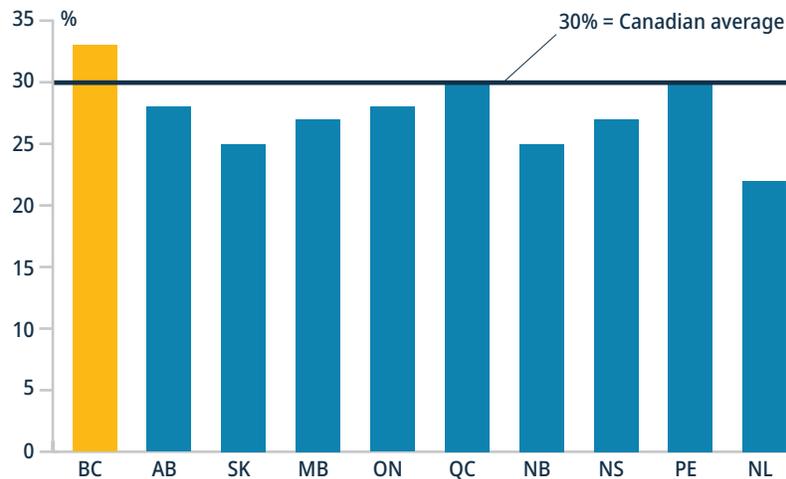
- Self-employment fell in 2020 and 2021, by 40,800 or 8.7 per cent for the two years combined. Most provinces experienced a similar decrease in self-employment.
- In terms of the demographic profile of the self-employed, on average they were more likely to be older, male, and work longer hours than people who were employees. Thirty-nine per cent of self-employed people were women, a share which is above the national average. For Indigenous workers in B.C., 10.2 per cent of them were self-employed compared to 16.4 per cent of non-Indigenous workers.

Proportion of self-employed who are women, by region, 2016 and 2021



- Small business in B.C. accounted for 33 per cent of overall gross domestic product (GDP) in 2021, unchanged from the previous year. Small business salaries, meanwhile, accounted for 31.5 per cent of total payrolls in B.C., with the average annual earnings for small business workers growing 7.9 per cent in 2021. Taken together, GDP, salary and employment estimates present a broad picture of productivity. Larger firms tend to be more productive, pay about 21 per cent higher wages and support higher investment, but B.C. has one of the smallest gaps between average large and small business salaries.

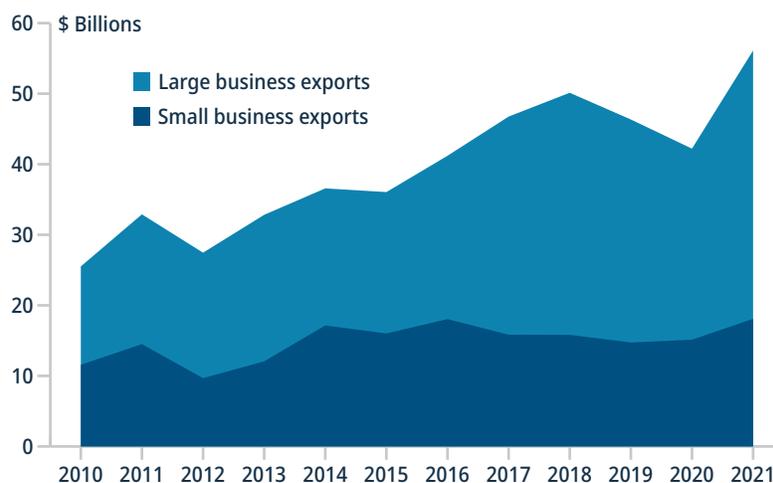
Small Business Contribution to GDP by Province, 2021



Source: BC Stats

- Small business exporters shipped almost \$18.1 billion worth of goods abroad in 2021, an increase of 19.5 per cent over 2020 and 32 per cent of all goods exports from B.C. There were over 6,500 small business exporters, 86 per cent of all exporting firms.

Value of goods exports for large and small businesses



Source: BC Stats using data supplied by Statistics Canada

Small business is big business in B.C. Our province’s ability to compete as a desirable place to live, invest and do business is thanks in large part to the contributions small businesses make to British Columbia.

Breakdown of businesses in British Columbia, 2021*

	Number of businesses	Per cent of all businesses	Growth 2016-2021 (#)	Growth rate 2016-2021
Total businesses with 0 to 4 employees	430,600	83%	25,100	6.2%
Self-employed without paid help	311,900	60%	17,400	5.9%
Businesses with 1 to 4 employees	118,700	23%	7,700	6.9%
Businesses with 5 to 9 employees	39,000	8%	1,100	2.8%
Businesses with 10 to 19 employees	25,300	5%	1,100	4.4%
Businesses with 20 to 29 employees	9,100	2%	1,000	12.2%
Businesses with 30 to 49 employees	6,700	1%	-100	-1.3%
Total small businesses	510,700	98%	28,100	5.8%
Total large businesses (50+ employees)	8,600	2%	700	8.6%
Total all businesses	519,300	100%	28,800	5.9%

*Figures do not add to 100% due to rounding
 Source: BC Stats using data supplied by Statistics Canada



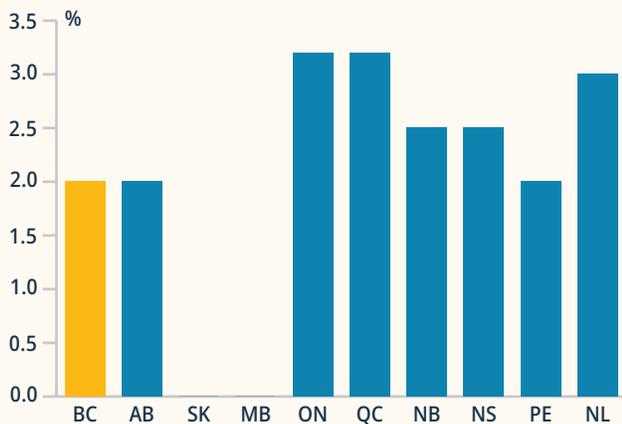
Spotlight on British Columbia's Business Landscape:

SOME KEY INDICATORS

A fertile business environment can be advantageous to a province's competitiveness, stimulating business formation and growth. B.C. compares favourably with other provinces in its strength in several key business stimulus indicators, some of which are highlighted here.

The small business tax rate in B.C. (2.0 per cent in 2021) remains among the lowest in the country, on par with Alberta, and only higher than Manitoba and Saskatchewan, which have no small business tax. Quebec dropped its rate in 2021, which means it no longer has the highest small business tax rate but is tied with Ontario at an effective rate of 3.2 per cent.

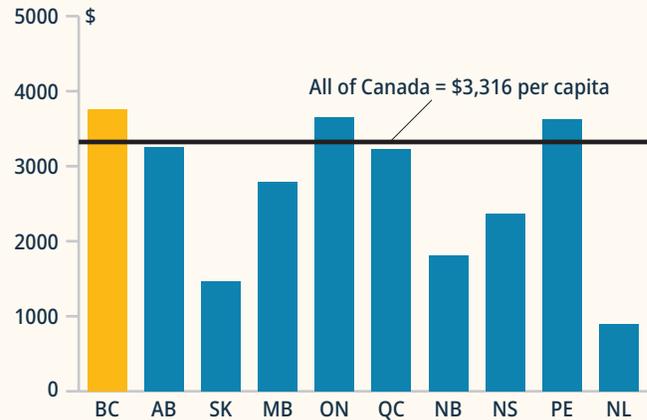
Small businesses tax rates by province, 2022



Source: B.C. Ministry of Finance / Prepared by BC Stats

Another measure of the overall health of an economy and business environment is strong building activity. The value of building permits issued in the province amounted to almost \$19.6 billion in 2021, a 16.2 per cent increase from 2020 and 3.1 per cent higher than in 2019. Nationally, planned spending grew 25.5 per cent to \$126.8 billion. On a per capita basis, \$3,280 of non-residential building permits were issued in 2021 in B.C., the highest amount in the country and 13.4 per cent higher than the national average.

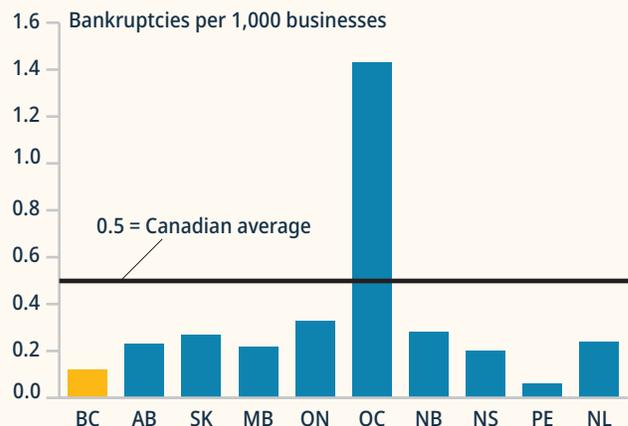
Total building permits per capita, 2021



Source: Statistics Canada / Prepared by BC Stats

Unlike building permits, high numbers of bankruptcies indicate a less favourable business environment. B.C. had the lowest business bankruptcy rate in the country in 2021, at 0.07 bankruptcies per 1,000 businesses, for a total of 49 bankruptcies. B.C. saw only a slight increase in bankruptcies in 2020. Given the stress of the pandemic on businesses, it is encouraging to see bankruptcies declined from 80 to 49 in 2021. BC Stats publishes bankruptcy data for the province on its website and will continue to monitor the figures.

Business bankruptcy rates by province, 2021



Source: Innovation, Science and Economic Development Canada / Prepared by BC Stats

Small businesses and entrepreneurs play an important role in strengthening B.C.'s economy and creating good jobs for people in their community. Find out more about some of the B.C. small businesses that create our dynamic small business sector at:

www2.gov.bc.ca/gov/content/employment-business/business/small-business/small-business-success-stories

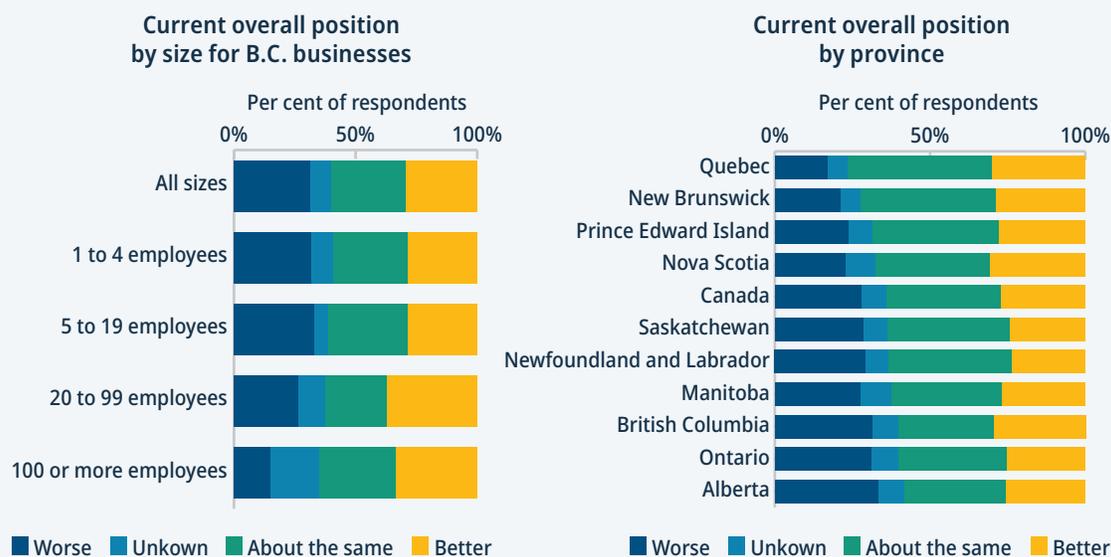
SMALL BUSINESSES AND COVID-19¹

The COVID-19 pandemic caused one-in-five B.C. businesses to close temporarily and a further one-in-three to operate at only partial capacity. 675,000 workers were affected by job losses or by having their hours severely cut back. At least 123,000 B.C. businesses received government loans to help them through the crisis.

Now we are two years into the pandemic, how are B.C. small businesses doing?

According to a survey conducted by Statistics Canada in the second quarter of 2022, 60 per cent of B.C. businesses report they are doing the same or better as they were prior to the pandemic, while 31 per cent report they are doing worse (figure C-1).² Smaller businesses are slightly more likely to report they are doing worse than large businesses. When compared to the rest of Canada, B.C. is below the national average, in 8th place.

FIGURE C-1 – “What is your business’ current overall position today compared to 2019?”



Source: Canadian Survey on Business Conditions, Second Quarter 2022

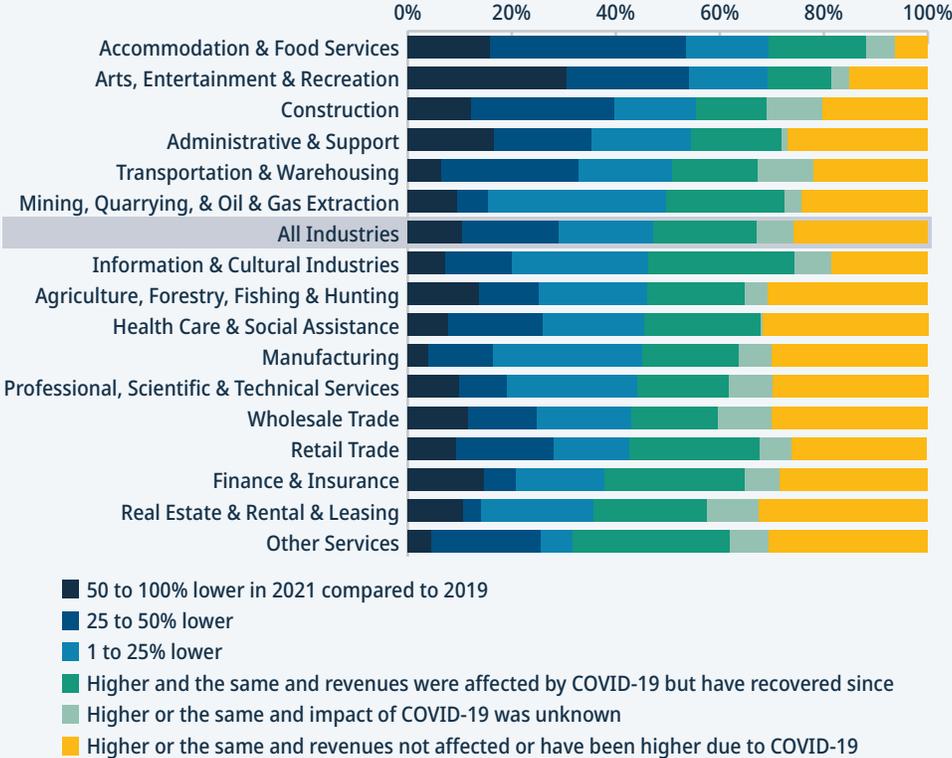
¹ Note that this section is up to date to June 27, 2022. The data here looks at month-to-month comparisons and may not align with statistics in other parts of the report which are annualized.

² Statistics Canada, Canadian Survey on Business Conditions, Q2 2022.

By 2021, 53 per cent of B.C. businesses reported their revenue was the same or better than it was in 2019. Forty-seven per cent of B.C. businesses said their revenue was lower, while 20 per cent reported that it had fallen during the pandemic but had since recovered.

Tourism-related industries such as accommodation and food services and arts, entertainment and recreation fared the worst: almost 70 per cent of firms in these two industries reported revenues which were still lower than in 2019. Conversely, businesses in the “other services”³ and real estate and rental and leasing sectors reported their revenue had recovered best from the pandemic.

FIGURE C-2 – “How is your business’ revenue in 2021 compared to 2019?”, B.C. by industry



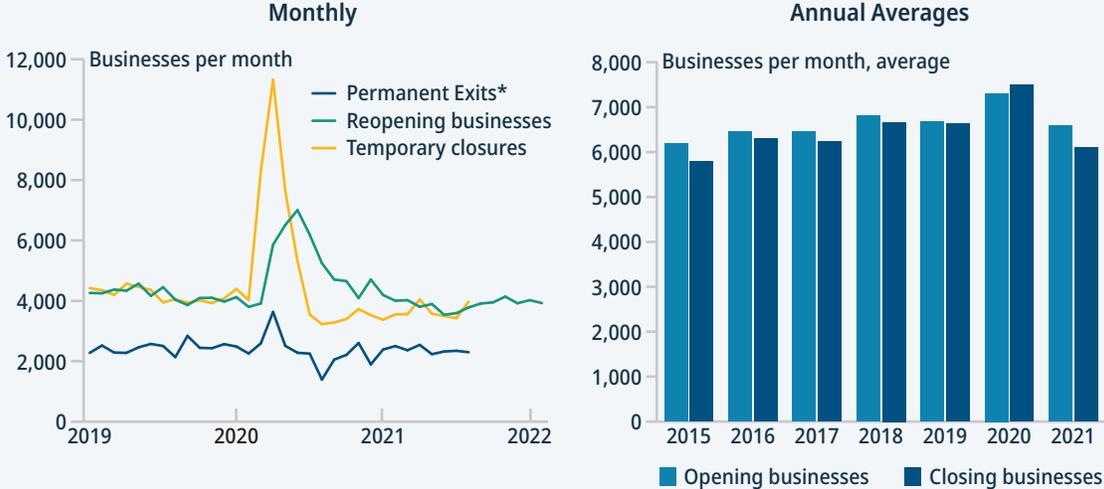
Source: Canadian Survey on Business Conditions, First Quarter 2022

³ The other services sector is composed of repair and maintenance; personal and laundry services; and religious, grant-making, civic, and professional and similar organizations.

Business Closures

At the peak of business closures during May and June 2020, almost 8,000 additional businesses were closing per month. According to Statistics Canada, the number of temporarily closed businesses⁴ in B.C. increased from about 4,000 per month to nearly 12,000 in May 2020. Figure C-3 highlights that most of these businesses soon reopened. Overall, in 2020, about 7,500 businesses closed per month and 7,300 opened, for a deficit of about 200 businesses per month. In 2021, there was a net gain of almost 500 businesses per month.⁵

FIGURE C-3 – Business openings and closings during the pandemic



*Note: Statistics Canada’s experimental estimates of business openings and closures predicts permanent exits based on a regression model using the Longitudinal Employment Analysis Program (LEAP) annual exits, which normally counts a firm as being permanently closed after it fails to record employment after 24 months.

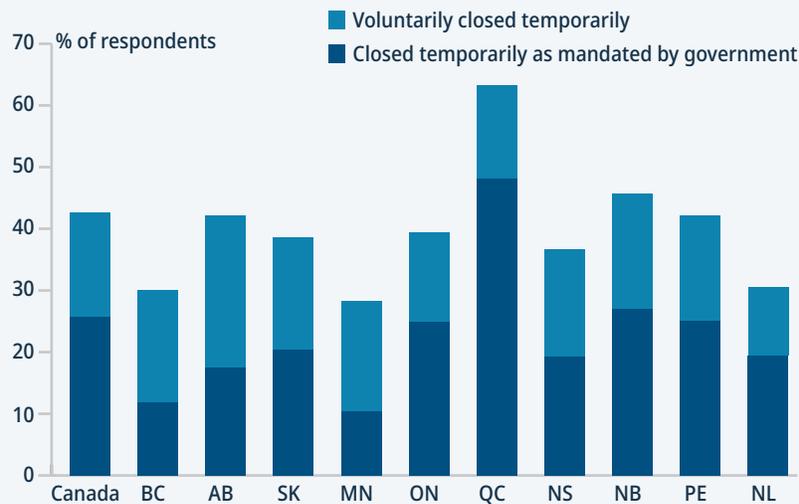
Source: Statistics Canada, Experimental Estimates of Business Openings and Closures

When asked whether they had closed or remained open during the height of the social distancing fears in May 2020, 18 per cent of B.C. businesses said they had closed voluntarily and 12 per cent had closed because of a government mandate. Compared to businesses in other provinces, B.C. had the second-lowest rate of business closures in Canada, after Manitoba.

⁴ Statistics Canada’s experimental estimates of business openings and closings defines a closing business as one which had employment in the previous month, as measured through payroll forms that businesses must file with the government, but not in the reference month. It estimates temporary versus permanent closures based on a predictive regression model. Re-opening businesses are those which newly record employment in the reference month and had employment at some point in the past.

⁵ These represent businesses with employees, according to Statistics Canada’s experimental estimate of monthly business openings and closings. They do not align with totals reported elsewhere in this report, which are a snapshot in time as of December of each year and include self-employed people with no paid help (representing 61 per cent of small businesses)..

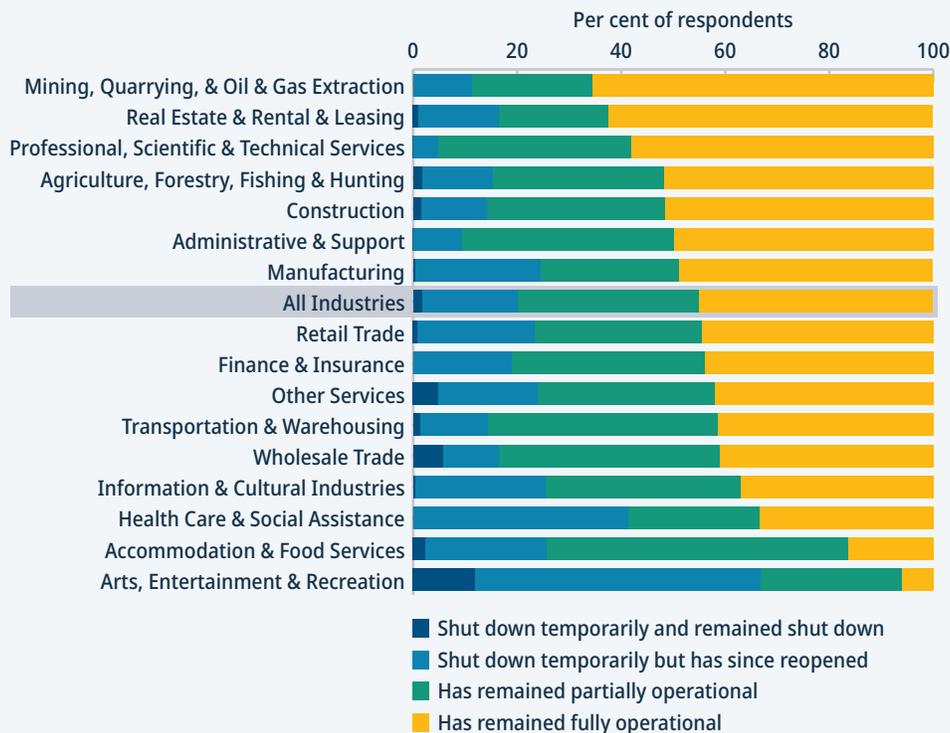
FIGURE C-4 – Per cent of businesses that closed during the COVID-19 pandemic as of May 2020, by province



Source: Statistics Canada's Canadian Survey on Business Conditions, May 2020

Figure C-5 shows the results of Statistics Canada's survey on business conditions conducted in the first quarter of 2021, which asked businesses whether they had remained open or closed up to that point in the pandemic. Forty-five per cent reported they had remained fully operational up to that point, 35 per cent said they had remained partially operational, and 18 per cent said they had closed but since reopened. Tourism-related sectors fared worst: 58 per cent of accommodation and food services businesses said they remained only partially operational. Twelve per cent of arts, entertainment and recreation businesses said they remained shut down even one year after the pandemic started.

Figure C-5 – B.C. businesses' report of their status during the pandemic, as of Q1 2021

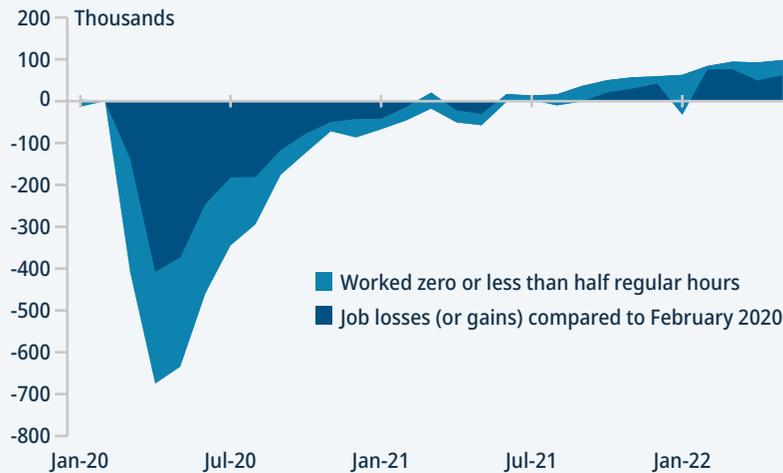


Source: Statistics Canada, Canadian Survey of Business Conditions, Q1 2021

Impact on Workers and Shortages

Workers were also affected, and in April 2020, 408,000 people had lost their jobs while a further 267,000 had their hours cut in half or reduced to zero.⁶ At least 675,000 people or one-in-four B.C. workers were affected in one of these two ways.

Figure C-6 – B.C. workers affected by job losses or reduced hours during the pandemic



Source: Statistics Canada Labour Force Survey, Supplementary Statistics

Labour shortages have increased and job vacancies in the fourth quarter of 2021 were 60 per cent higher than before the pandemic. The job vacancy rate⁷ was highest for food services and drinking establishments at 11.8 per cent, a 93 per cent increase from two years before in the fourth quarter of 2019. Vacancies in truck transportation were high before the pandemic and remained high after, while shortages doubled in industries like building construction, specialty trades, and repair and maintenance.

Figure C-7 – Job vacancy rates before and after the pandemic, for selected industries



Source: Statistics Canada, Job Vacancy and Wage Survey

⁶ Statistics Canada Labour Force Survey, Supplementary Indicators. Figures for employment and for people who are employed but worked less than half or zero their regular hours are relative to figures in February 2020.

⁷ The job vacancy rate is the number of job vacancies, where the employer is actively seeking a worker outside the organization to fill the job, expressed as a percentage of labour demand; that is, all occupied and vacant jobs. See Statistics Canada table 14-10-0326.

Provincial Government Funding

The provincial government supported small businesses with a variety of grant programs such as the Small and Medium Sized Business Grant Recovery Program, the Circuit Breaker Relief Grant and the COVID-19 Closure Relief Grant. Of these three, the Small and Medium Sized Business Grant Recovery program was the most broadly subscribed, with over 22,000 businesses receiving funding. In total, over \$500 million dollars of direct support was provided to small businesses through these three programs. Other notable supports the province provided include \$42 million for the Launch Online Grant and \$10 million through the Accelerating Manufacturing Scale-up Grant. While most of the province's COVID-19 supports have wound down, some measures are still in place, such as the B.C. Employer Training Grant, and the Digital Marketing Bootcamp.

Federal Government Funding

Federal government aid came in many forms during the pandemic such as zero interest and partially forgivable loans, wage subsidies, rent subsidies, and others. In B.C., 52 per cent of respondents to the January 2021 Canadian Survey on Business Conditions reported that they had received funding through the Canada Emergency Business Account (CEBA, offering no-interest loans) and 39 per cent through the Canada Emergency Wage Subsidy (CEWS, the wage subsidy). Broadly speaking, smaller businesses were more likely to access the no interest and partially forgivable loans through the CEBA while larger businesses were more likely to access the wage subsidy.

Most COVID-19 support programs have now ended.⁸ In late 2021 businesses were asked what impact this would have on their survival, and the difficulty they would have in repaying loans. Once again, responses indicated that tourism-related sectors would be most impacted. According to the survey, over 80 per cent of businesses in the accommodation and food services sector and over 70 per cent of businesses in the arts, entertainment and recreation sector had received these loans.

⁸ The deadline to apply for CEBA (the forgivable loans) passed on June 30, 2021 and the deadline to withdraw funds was January 20, 2022. The deadline to apply for CEWS (the wage subsidy) passed April 21, 2022.

The federal wage subsidy supported over 5 million workers and distributed \$100.6 billion in subsidies, including to 700,000 workers in B.C. for \$12.0 billion in total. (Government of Canada: Claims to date – Canada emergency wages subsidy (CEWS). Retrieved October 19, 2022.)

The forgivable loan program approved loans of up to \$60,000 to 885,000 businesses across Canada, for \$48.4 billion in total. In B.C. 122,890 businesses received \$6.6 billion in loans. Recipients of the program will pay zero interest and will have until December 31, 2023 to repay two thirds of the balance in order that the remaining third be forgiven. (Government of Canada, CEBA Regional Statistics. Retrieved October 19, 2022.)



1

SMALL BUSINESS GROWTH

This section monitors the performance of the **small business** sector by counting the number of small businesses by size, industry and region.

What is a small business?

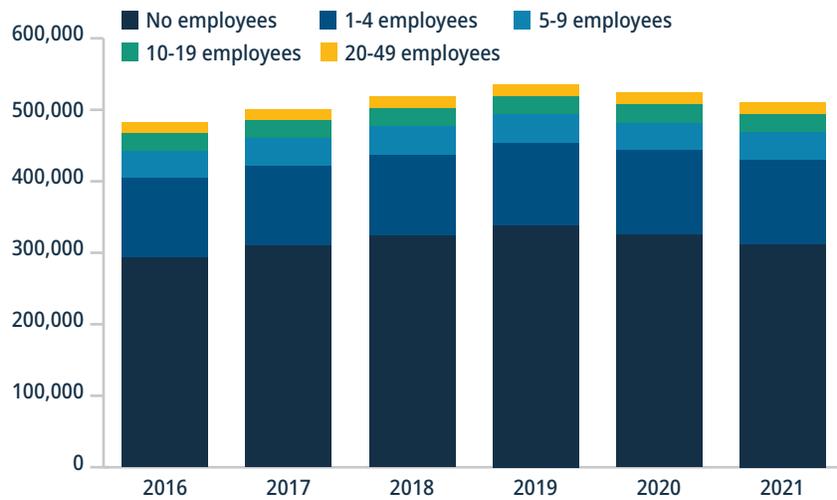
In B.C., a small business is defined as one with either fewer than 50 employees, or a business operated by a person who is self-employed without paid help.

How many businesses operate in British Columbia and how is this number changing?

There were a total of 519,300 businesses in B.C. in 2021. Of these, 98 per cent (510,700) were small businesses with fewer than 50 employees.

That means that in a province of 5.2 million people, roughly one-in-ten are small business owners and the majority of these (61 per cent) are sole proprietors, or individuals who are **self-employed** without paid help.

FIGURE 1.1 – Count of small businesses in British Columbia

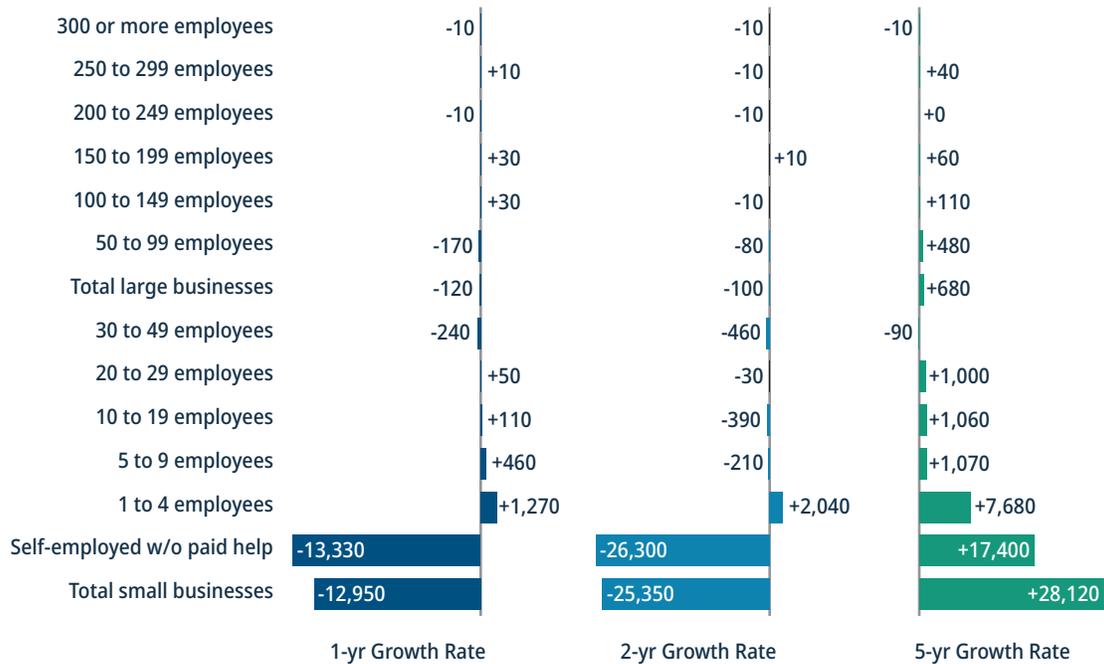


Source: BC Stats using data supplied by Statistics Canada

Overall there was a net 2.5 per cent or 12,950 drop in the number of small businesses in 2021. This was largely due to 14,600 fewer people who are self-employed without paid help. In the two years since the pandemic started, there had been a 4.7 per cent or 25,350 decrease in the number of small businesses. Again, this decline was driven by the reduction in self-employment.

However, even with the difficulties faced in the last few years, from 2016 to 2021 the number of small businesses in B.C. grew by 5.8 per cent, for a net increase of 28,120 businesses.

FIGURE 1.2a – One, two and five-year growth of B.C. businesses by size



Source: BC Stats using data supplied by Statistics Canada

What is the size distribution of small businesses?

While small businesses in B.C. are defined as those with less than 50 employees, **micro-businesses** are those with less than five. In 2021, 84 per cent of B.C. small businesses were micro-businesses and the vast majority of these micro-businesses were self-employed people with no paid help. See figure 1.2b for a detailed breakdown of businesses of all sizes in B.C.

FIGURE 1.2b: Breakdown of small businesses in British Columbia, 2021

	Number of businesses	Per cent of all businesses*	Per cent of small businesses*
Micro-businesses with 0 to 4 employees	430,600	83%	84%
Self-employed without paid help	311,900	60%	61%
Businesses with 1 to 4 employees	118,700	23%	23%
Businesses with 5 to 9 employees	39,000	8%	8%
Businesses with 10 to 19 employees	25,300	5%	5%
Businesses with 20 to 29 employees	9,100	2%	2%
Businesses with 30 to 49 employees	6,700	1%	1%
Total small businesses	510,700	98%	100%
Businesses with 50 to 99 employees	5,300	1%	–
Businesses with 100 to 149 employees	1,400	0%	–
Businesses with 150 to 199 employees	600	0%	–
Businesses with 200 to 249 employees	300	0%	–
Businesses with 250 to 299 employees	200	0%	–
Businesses with 300 or more employees	700	0%	–
Total large businesses	8,600	2%	–
Total all businesses	519,300	100%	–

*Figures do not add to 100% due to rounding

Source: BC Stats using data supplied by Statistics Canada

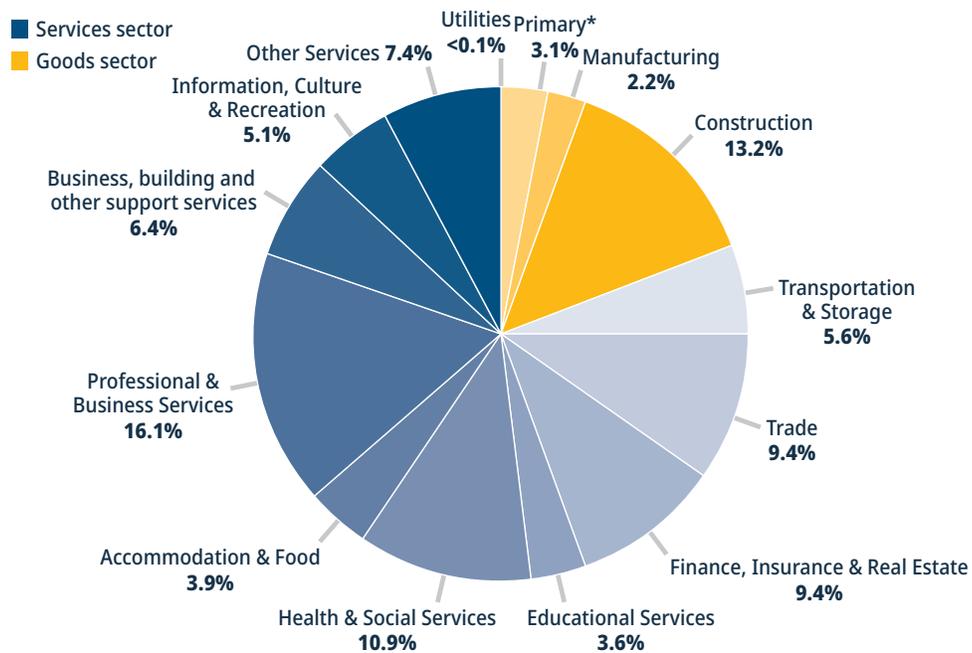
In which sectors are small businesses concentrated?

Small businesses operate across all the major sectors in the province but the majority (81 per cent) are in service sector industries. This is about the same proportion for large businesses. Small businesses in the service sector employ 622,000 people, 78 per cent of the small business workforce.

The top three industry sectors by number of small businesses in 2021 were the professional, scientific and technical services sector (82,400), construction (67,500) and the health and social services sector (55,800).

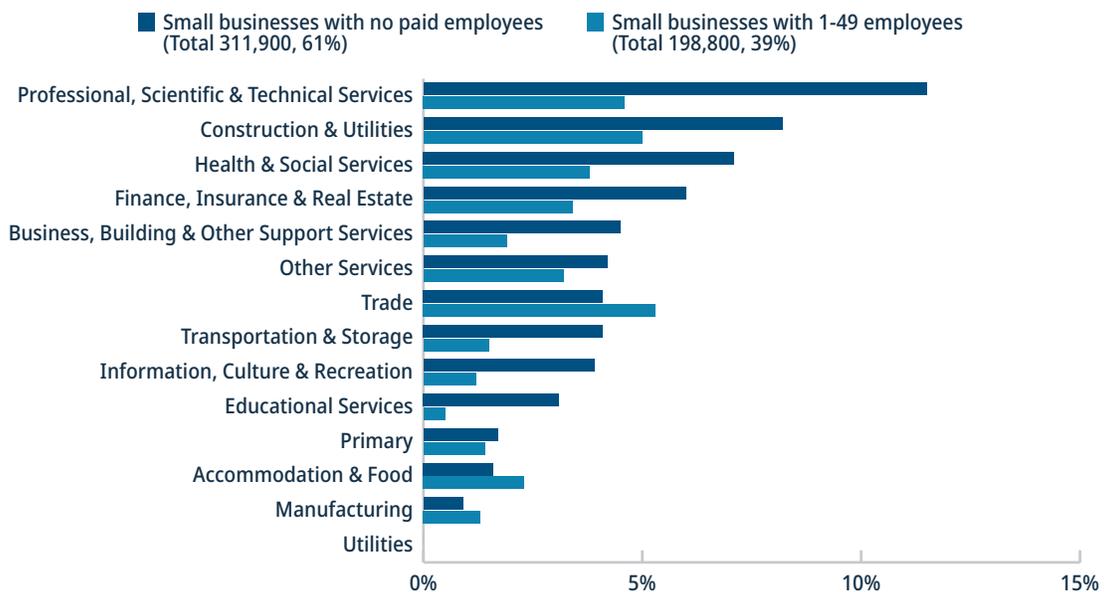
Figure 1.3a shows the industry breakdown for small businesses overall. Figure 1.3b shows the distribution of small businesses with and without employees in each industry sector.

FIGURE 1.3a – Distribution of small businesses by industry, 2021



*"Primary" is comprised of the agriculture, forestry, fishing, mining, oil and gas industries.
 Note: The total does not sum to 100 per cent as some businesses could not be classified by industry.
 Source: BC Stats using data supplied by Statistics Canada

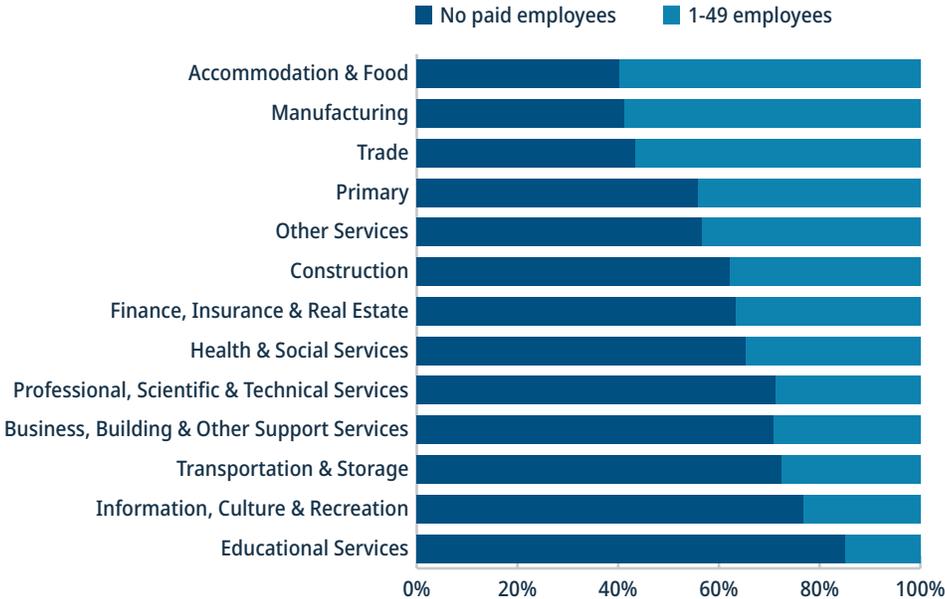
FIGURE 1.3b – Distribution of small businesses with and without employees by industry, 2021



*"Primary" is comprised of the agriculture, forestry, fishing, mining, oil and gas industries. Self-employment in utilities (small businesses with no paid employees) is less than 1,500 and is suppressed for confidentiality reasons.
 Note: Industries do not sum to 100 per cent as some businesses with employees could not be classified by industry.
 Source: BC Stats using data supplied by Statistics Canada

Some industry groups are dominated by businesses without employees. For example, in educational services, 85 per cent of the businesses were operated by self-employed individuals with no paid help. While accommodation and food services had the least number of self-employed individuals with no paid help, the rate was still 40 per cent.

FIGURE 1.4 – Small businesses by industry, proportions with and without employees, 2021



Note: “Primary” is comprised of the agriculture, forestry, fishing, mining, oil and gas industries.
 Note: Utilities is not shown because the number of small businesses with employees is <200 and self-employment without paid help is very small and suppressed for confidentiality reasons.
 Source: BC Stats using data supplied by Statistics Canada

Non-Standard Industries

This report contains information on non-standard industries that are not defined under the **North American Industry Classification System (NAICS)** used by Statistics Canada. The **tourism, high technology** and **secondary manufacturing** sectors are composites of smaller parts of traditionally defined industries under NAICS. Tourism, for example, includes businesses from parts of the transportation industry, accommodation and food services, information, culture and recreation services, among others. High technology includes both manufacturing and services components.

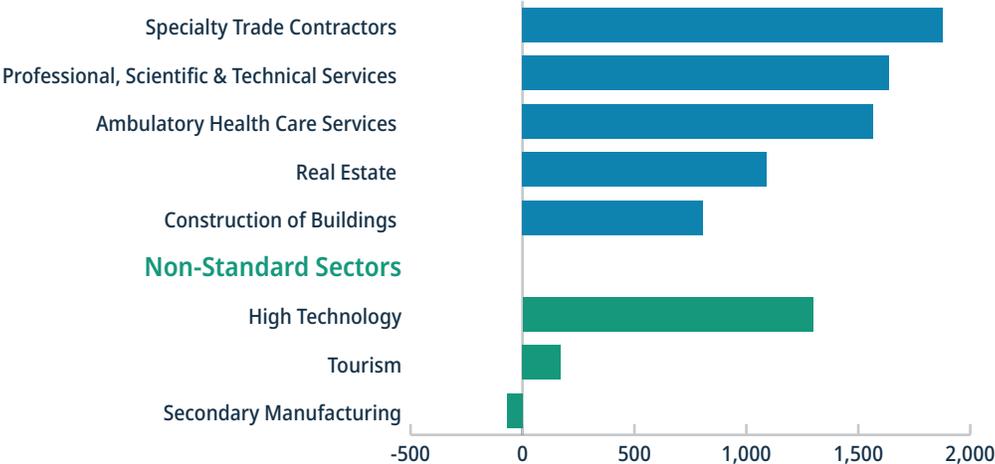
Traditionally, B.C.’s economy has been defined by resource extraction, particularly forestry and mining. Sectors such as tourism and high technology continue to have a growing role in the economy, notwithstanding the major impact that COVID-19 has had on tourism since 2020. While the secondary manufacturing sector has not experienced much growth in recent years, value-added manufactured products have the potential to become a key driver of economic growth in the future.

High technology and tourism are particularly well-suited for development by small business as they are often not reliant on capital-intensive infrastructure. In the high technology sector, small businesses account for around 95 per cent of employers. Drivers for growth in this sector include innovation, and the fact that services can be performed with few employees working as contractors, in smaller plants, offices, or at home. Like other economic sectors, high technology and tourism are likely to be impacted by negative changes in the overall economic environment, however, high technology may be more resilient and readily adaptable to help other sectors adjust to these challenges.

Which industries show the greatest increase in the number of small businesses with employees?

Between 2016 and 2021, the largest growth in B.C. small businesses with employees was recorded by the specialty trade contractors industry, which added 1,800 net new businesses. Specialty trade contractors are typically sub-contractors doing masonry, painting or electrical work for larger projects. Over the same period, the professional, scientific and technical services industry was the second-fastest growing sector in the province, with an increase of 1,600 net new businesses.

FIGURE 1.5 – Fastest-growing industries by number of net new small businesses with employees, British Columbia, 2016-2021†



† Excludes self-employed without paid help

Source: BC Stats using data supplied by Statistics Canada

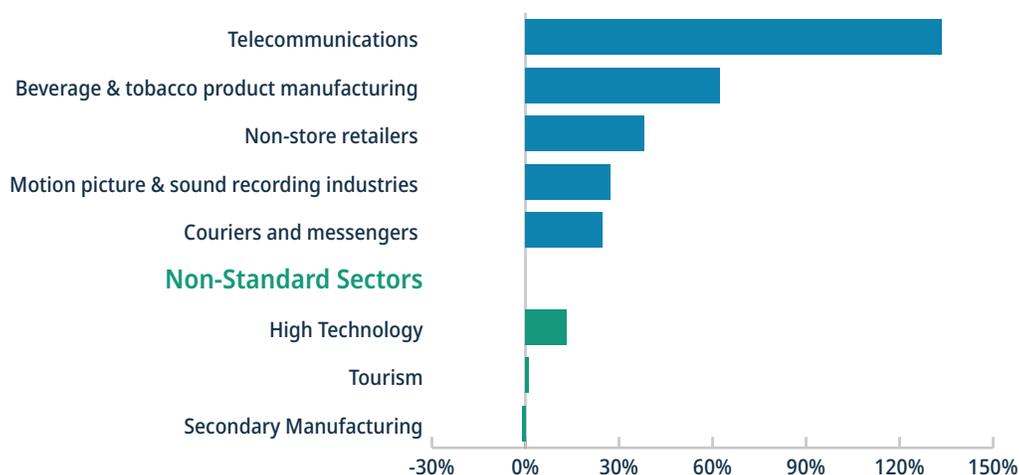
The high technology and tourism sectors both saw an increase in small businesses with employees over the latest five-year period. There were 1,300 net new high technology businesses and just under 200 net new tourism operators. The province’s secondary manufacturing sector shrank by just under 100 small businesses.



Which industries show the fastest rates of growth in new small businesses with employees?

Among standard NAICS industries,⁹ the fastest growth rate in small businesses with employees between 2016 and 2021 was in the telecommunications industry which grew 134 per cent. However, most of this growth occurred in 2017. Other industries with notable growth include beverage and tobacco manufacturing (62 per cent) and non-store retailers (38 per cent).

FIGURE 1.6 – Fastest-growing industries by per cent growth in small businesses with employees, British Columbia, 2016-2021†



† Excludes self-employed without paid help

Source: BC Stats using data supplied by Statistics Canada

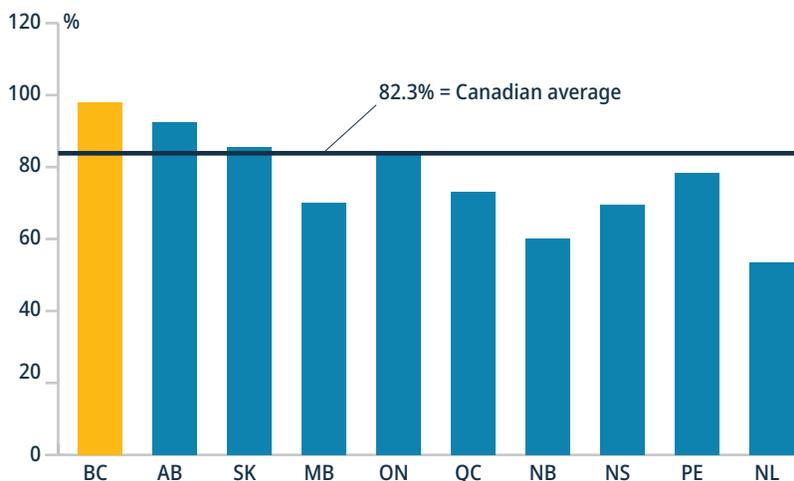
For the non-standard sectors, small businesses with employees in the high technology sector had the strongest growth rate, adding 13.2 per cent more businesses from 2016-2021. The tourism sector was still able to expand by 1.0 per cent during this five-year period, even after a 1.8 per cent decline between 2019 and 2021 due to the ongoing pandemic. Secondary manufacturing business counts declined 1.2 per cent between 2016 and 2021.

⁹ Data for industries with fewer than 100 small businesses are excluded from ranking in the sub-sector growth analysis in order to avoid inflated growth rates for industries with smaller numbers of businesses (e.g., an increase of one business in an industry with just one existing business would equal a 100 per cent rate of growth).

How does the prevalence of small businesses in British Columbia compare with other provinces?

On a per capita basis, Western Canada led the country in the number of small businesses. In 2021, there were 97.9 small businesses per 1,000 people in B.C. This was a decline from 105.3 per 1,000 in 2019, but still above the national average of 82.3 and the largest number among provinces. Alberta (92.3) ranked second, followed by Saskatchewan (85.5). Newfoundland and Labrador had the lowest number of small businesses per capita (53.6 per 1,000 population).

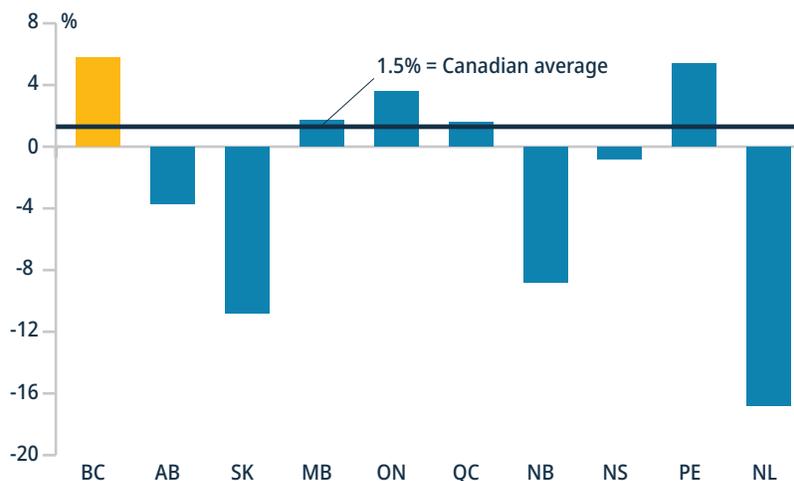
FIGURE 1.7 – Small businesses per 1,000 people by province, 2021



Source: BC Stats using data supplied by Statistics Canada

B.C. has led the country in small business growth over the past five years. Between 2016 and 2021, the number of small businesses in B.C. grew 5.8 per cent. Prince Edward Island came in second at plus 5.4 per cent, due to a large increase in the number of self-employed people with no paid help.

FIGURE 1.8 – Small business growth by province, 2016-2021

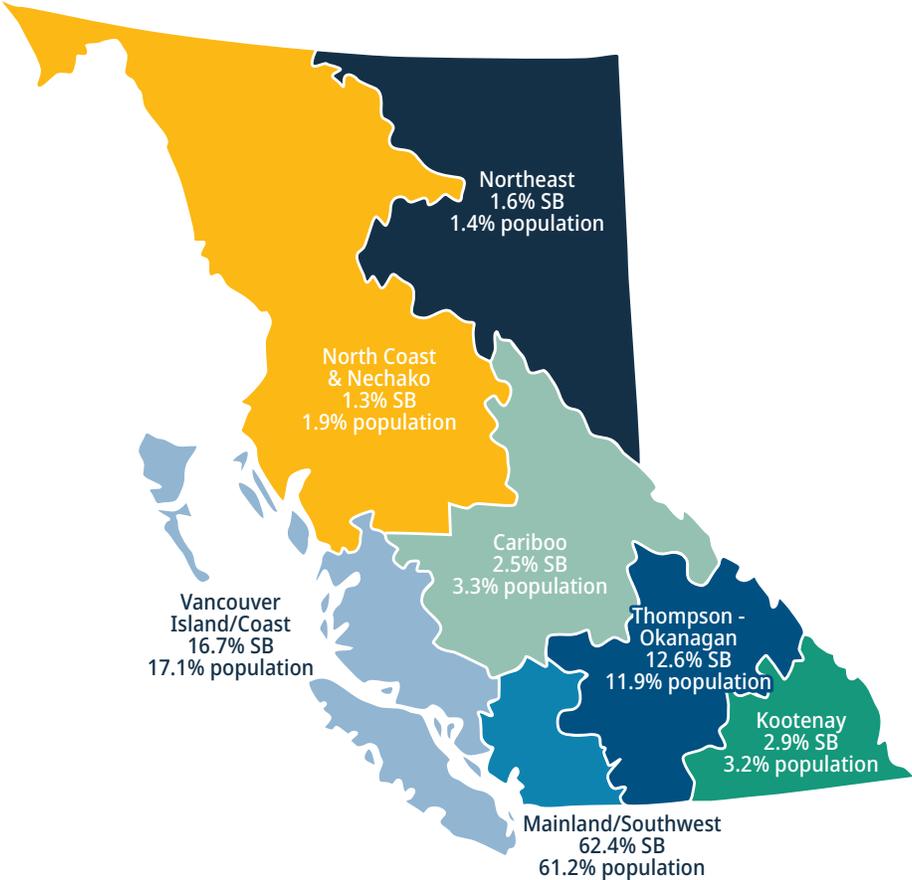


Source: BC Stats using data supplied by Statistics Canada

Which regions have the greatest number of small businesses?

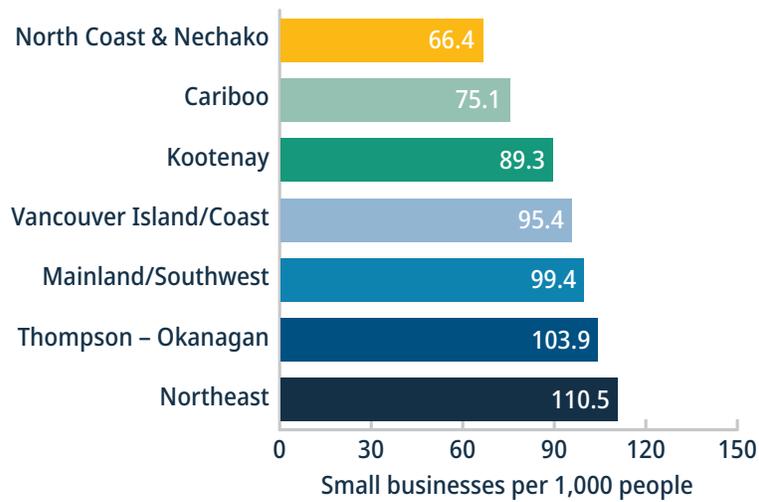
The Mainland/Southwest region has the highest population concentration and the largest number of small businesses, but the Northeast region has the highest per capita concentration of small businesses at 110.5 per 1,000 population, followed by Thompson-Okanagan at 103.9, then Mainland/Southwest at 99.4. These three regions all have a higher share of the province’s small businesses compared to their share of the population.

FIGURE 1.9 – Small business (SB) and population distribution by region in British Columbia, 2021



Source: BC Stats using data supplied by Statistics Canada

FIGURE 1.10 – Small businesses per 1,000 people by region in British Columbia, 2021



Source: BC Stats using data supplied by Statistics Canada

In which regions are the greatest numbers of small businesses forming and closing?

Four of B.C.'s seven economic regions experienced a rise in the number of small businesses between 2016 and 2021, while Cariboo, North Coast & Nechako, and Northeast saw declines. Thompson-Okanagan had the fastest growth at 15.7 per cent, followed by Mainland/Southwest at 8.9 per cent and Vancouver Island/Coast at 7.9 per cent.

FIGURE 1.11 – Net change in number of small businesses by region, 2016-2021

	Total, 2021	Net change (#)	Growth rate
Vancouver Island/Coast	85,200	6,200	7.9%
Mainland/Southwest	317,600	25,900	8.9%
Thompson-Okanagan	64,400	8,700	15.7%
Kootenay	14,700	100	0.9%
Cariboo	12,800	-100	-1.0%
North Coast & Nechako	6,700	-200	-3.5%
Northeast	8,000	-2,400	-23.4%
Provincial Total†	510,700	37,800	8.0%

† Figures do not add to the total because the provincial total includes some businesses for which the region is unknown.

Source: BC Stats using data supplied by Statistics Canada



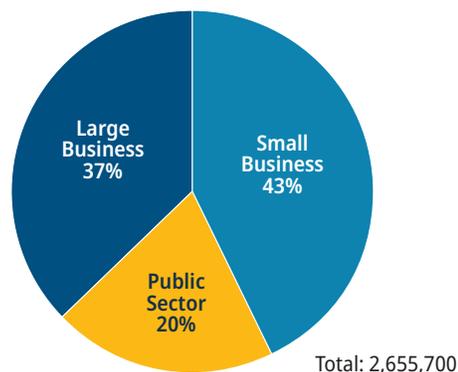
2

SMALL BUSINESS EMPLOYMENT

How many jobs does small business provide in British Columbia?

Small businesses in B.C. employed around 1,134,800 people in 2021. This accounts for 54 per cent of private sector jobs, and just under 43 per cent of total employment in the province.

FIGURE 2.1 – Share of total employment in British Columbia, 2021



Source: BC Stats using data supplied by Statistics Canada

Among people who worked in small businesses in 2021, 38 per cent were self-employed people who worked for themselves, both with or without hired help. The remaining 62 per cent were employees of these small businesses.

FIGURE 2.2 – Private-sector employment in British Columbia by size of business, 2021

	Employment	Per cent of small business	Per cent of private sector
Total small business employment	1,134,800	100%	54%
Self-employed*	430,800	38%	20%
Employed by small business	704,000	62%	33%
Large business employment	985,600	–	46%
Total private sector employment	2,120,400	–	100%

*Includes the self-employed with and without paid help
Source: BC Stats using data supplied by Statistics Canada

While small businesses account for 98 per cent of all businesses, they only accounted for 54 per cent of private sector employment. Large businesses, conversely, are under 2 per cent of all businesses but employ 46 per cent of private sector workers.

FIGURE 2.3a – Share of businesses and organizations by size, 2021

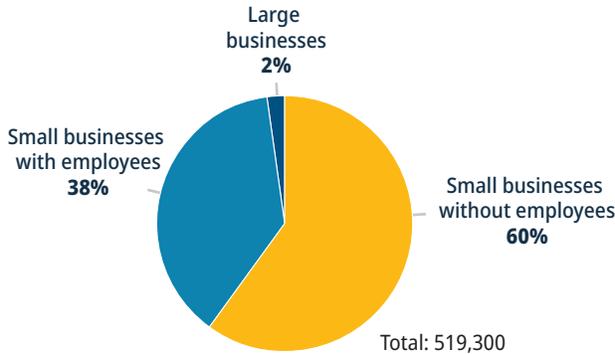
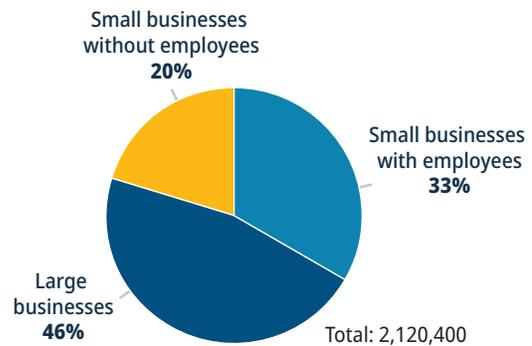


FIGURE 2.3b – Share of private sector employment by establishment size, 2021



Source: BC Stats using data supplied by Statistics Canada

Small business employment grew over the short term (one-year) and medium term (five-year). In 2021, small business employment didn't grow as fast as employment by large businesses, though this was because of a significant drop in self-employment, and not the number of small business employees, which grew faster than any other category.

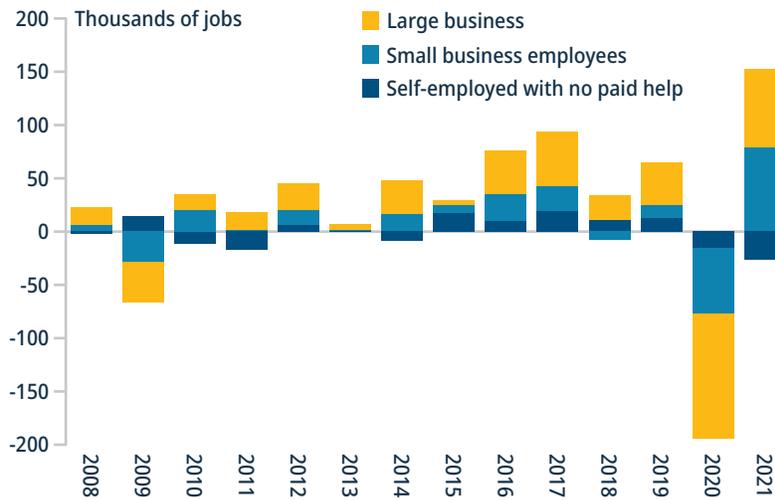
FIGURE 2.4a – Private-sector employment change

	One-year change (2020-2021)		Five-year change (2016-2021)	
	Number	Per cent	Number	Per cent
Total small business employment	53,300	+4.9%	48,300	+4.4%
Self-employed	-26,600	-5.8%	1,200	+0.3%
Employed by small business	79,900	+12.8%	47,100	+7.2%
Large business employment	72,800	+8.0%	68,300	+7.4%
Total private sector employment	152,700	+9.9%	115,400	+7.3%

Source: BC Stats using data supplied by Statistics Canada

Many of the jobs lost during the pandemic were recovered in 2021. B.C. lost almost 180,000 private sector jobs in 2020 and regained approximately 85 per cent of those in 2021.

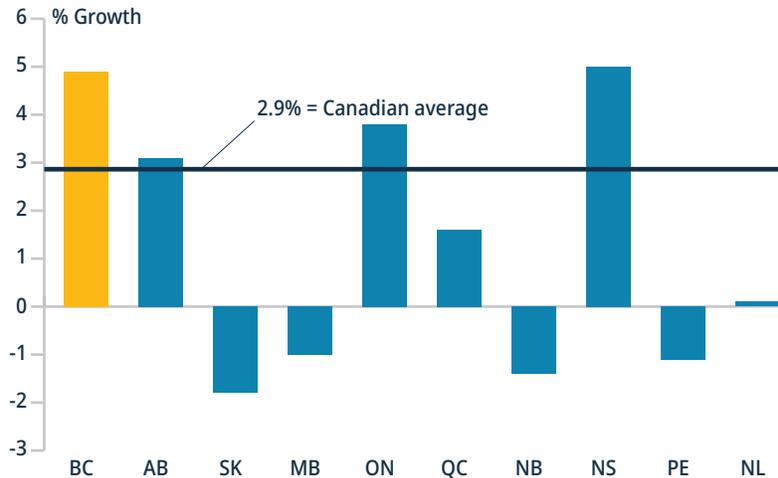
FIGURE 2.4b – Year-over-year growth in private sector employment



How does British Columbia’s small business employment growth compare with other provinces?

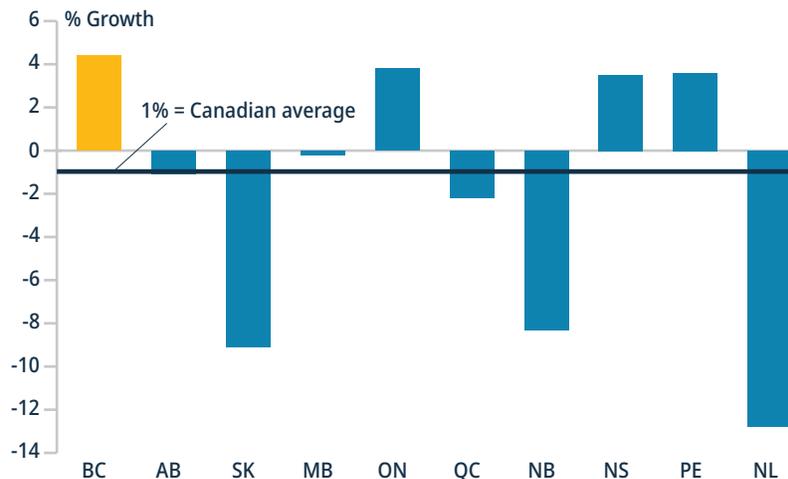
In 2021, small business employment in B.C. grew 4.9 per cent. Only Nova Scotia grew faster, adding 5.0 per cent more jobs. B.C. still led the country in small business job growth over the five-year period of 2016 to 2021 with 4.4 per cent growth. Ontario, Prince Edward Island and Nova Scotia were close behind at plus 3.8, 3.6 and 3.5 per cent small business employment growth, respectively.

FIGURE 2.5a – One-year small business employment change, by province, 2019-2020



Source: BC Stats using data supplied by Statistics Canada

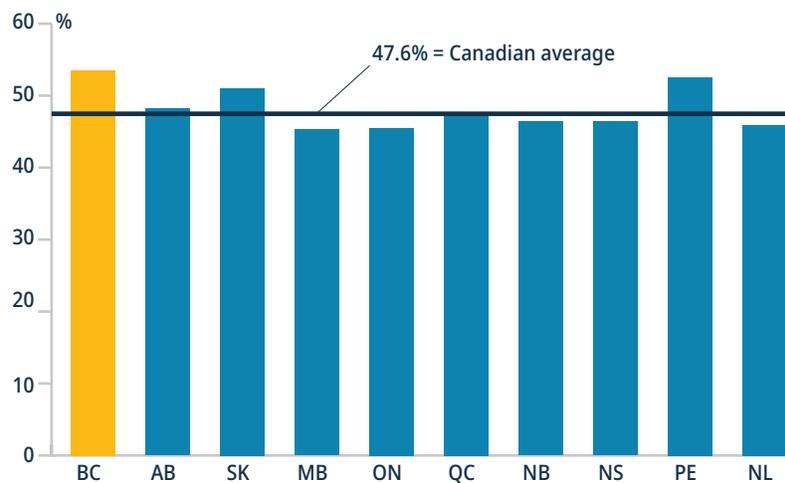
FIGURE 2.5b – Five-year small business employment change by province, 2016-2021



Source: BC Stats using data supplied by Statistics Canada

Small business employment declined as a share of overall private sector employment in 2021, from 54.2 to 53.5 per cent. B.C. continued to lead the country in terms of the share of private sector jobs in small business, however, Prince Edward Island (at 52.5 per cent) and Saskatchewan (at 51.0 per cent) were close behind.

FIGURE 2.6 – Small business as a per cent of private-sector employment by province, 2021



Source: BC Stats using data supplied by Statistics Canada

The provincial variation in small business employment is likely related to regional economic differences. B.C. has a relatively larger services sector compared to other provinces, which may account for its larger small business presence. Prince Edward Island and Saskatchewan have large fishing and agriculture sectors respectively, which often consist of smaller operations with fewer employees. Conversely, Ontario is more dependent on employment from large manufacturing businesses, while Newfoundland and Labrador have comparatively more employment in mining, quarrying and oil and gas extraction.

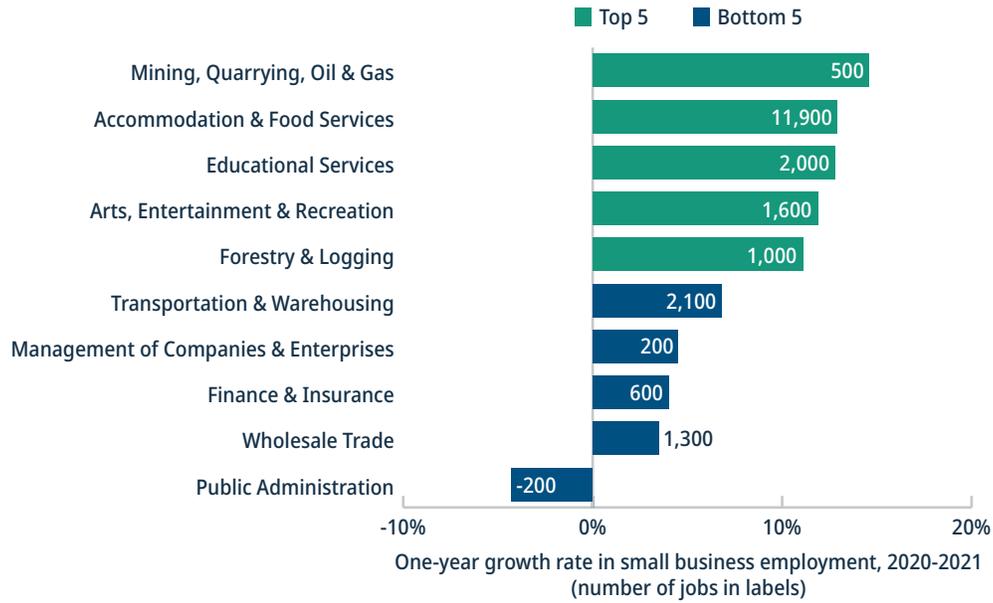
Which industries are experiencing the greatest job changes?

Figure 2.7a shows the fastest growing industries for small business employment in 2021. Small businesses in the mining, quarrying and oil and gas extraction sector had the fastest growth rate though this represents a relatively small number of jobs (around 500). Accommodation and food services were next and in absolute numbers grew the most, recovering 11,900 small business jobs in 2021. As shown in figure 2.7b, accommodation and food services experienced the worst growth rate over the last two years, likely because of the impact of COVID-19 restrictions on traditional, in-person dining and travel restrictions impacting accommodation. Small businesses in these sectors lost 20 per cent or 22,900 of their workers in 2020 and recovered about 85 per cent in 2021. Despite this recovery, there is still an employment gap of 10,900 jobs.

Over the last five years, the professional, scientific and technical services sector grew fastest at 20 per cent or 14,000 jobs. This was also the fastest-growing sector for employment in large businesses (up 30 per cent over five years) and for employment overall (up 24 per cent). The construction industry grew almost as fast at 16.5 per cent over five years but is larger to begin with and added a larger net increase in jobs.

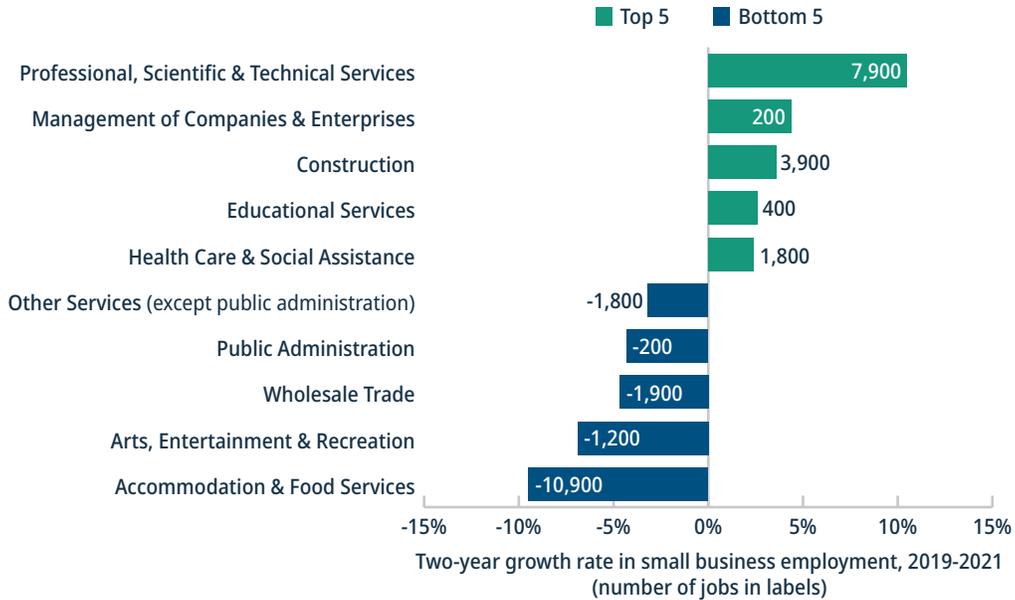
The worst-performing sector over the past five years was the information and cultural industries, losing 10.8 per cent of their small business jobs.

FIGURE 2.7a – One-year top and bottom industries¹⁰ for small business employment growth in British Columbia



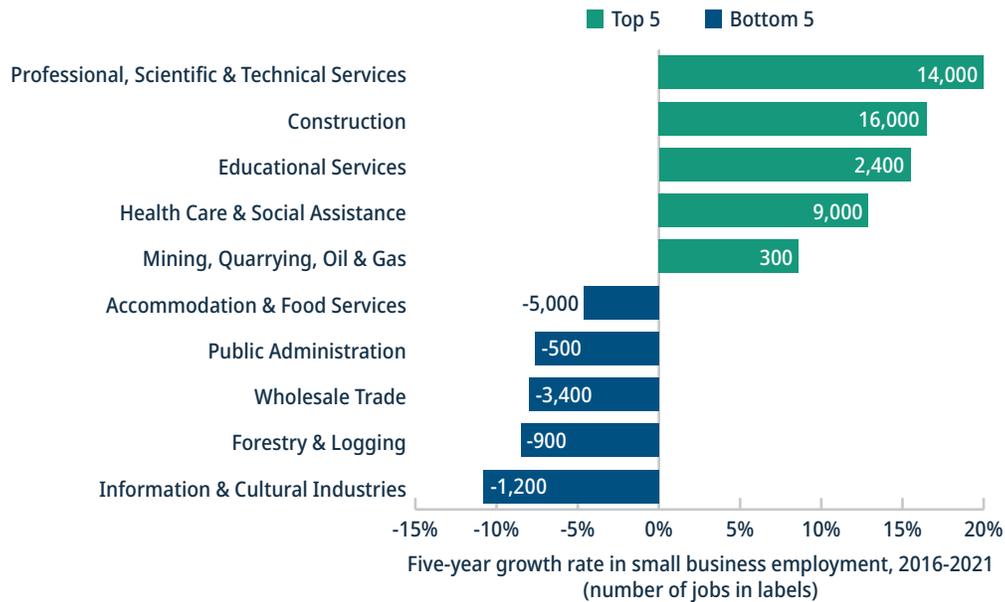
Source: BC Stats using data supplied by Statistics Canada

FIGURE 2.7b – Two-year top and bottom industries for small business employment growth in British Columbia



¹⁰ Public administration employment here measures small government entities such as small municipal and Indigenous government organizations.

FIGURE 2.7c – Five-year top and bottom industries for small business employment growth in British Columbia



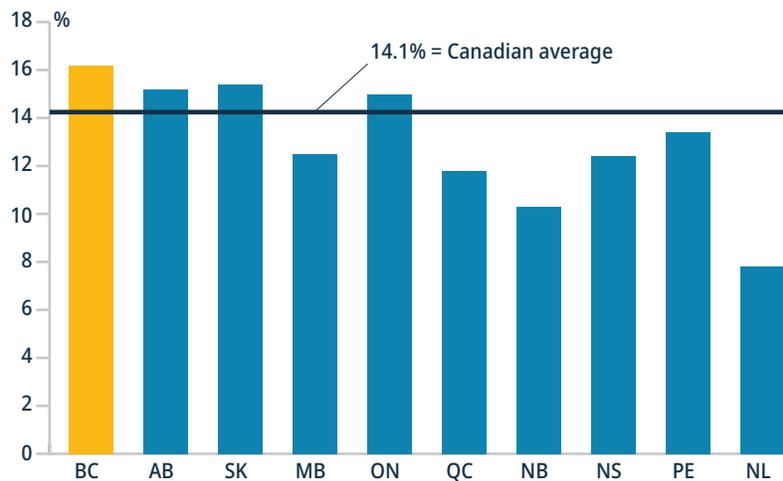
Source: BC Stats using data supplied by Statistics Canada

Self-Employment

What proportion of total employment consists of the self-employed?

In 2021, there were 430,800 self-employed people in B.C., which accounted for 16.2 per cent of all jobs. This was a decline from the 18.2 per cent rate of self-employment the year before and reflecting a loss of 26,600 self-employed people. While self-employment fell, total employment grew by 164,600 in 2021, almost recovering the 175,400 jobs lost in 2020. Despite the decline, B.C.'s rate of self-employment was still the highest in Canada and above the national average.

FIGURE 2.8 – Self-employment as a per cent of total employment by province, 2021

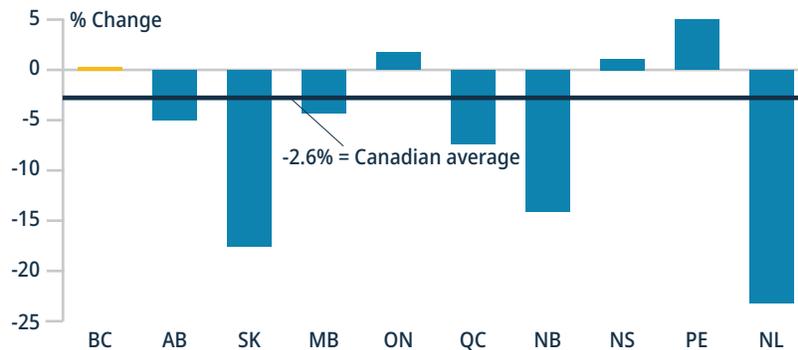


Source: Statistics Canada / Prepared by BC Stats

How does self-employment growth in British Columbia compare with other provinces?

Self-employment shrank in all provinces except Nova Scotia from 2020 to 2021. Over a five-year period, as shown in figure 2.9, only four provinces saw a growth in self-employment overall: Prince Edward Island (5.0 per cent), Ontario (1.7 per cent), Nova Scotia (1.1 per cent), and British Columbia (0.3 per cent).

FIGURE 2.9 – Self-employment per cent change by province, 2016-2021



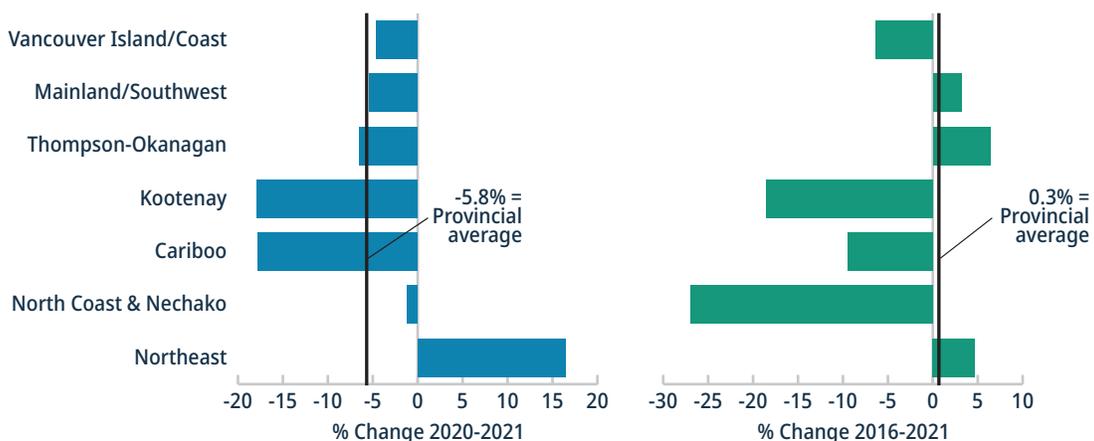
Source: Statistics Canada / Prepared by BC Stats

In which regions is self-employment growing or shrinking?

Most regions in B.C. saw negative growth in self-employment in 2021 resulting in a 5.8 per cent province-wide decline. It should be noted that sample sizes for regions with relatively low populations are small, so the more extreme results for Kootenay (minus 17.9%, a net loss of 2,500 self employed people), Cariboo (minus 17.8% or 2,400 people), and the Northeast (plus 16.4% or 1,000 people) should be taken with caution.

Over five years, self-employment grew in Mainland/Southwest and Thompson-Okanagan regions but fell on Vancouver Island and the Coast. Self-employment fell in the less populated regions of Kootenay, Cariboo and North Coast & Nechako but grew in the Northeast. The Northeast had the highest rate of self-employment, at 18.5 per cent of its jobs. The North Coast and Nechako had the lowest, at 11.6 per cent.

FIGURE 2.10 – One-year and five-year self-employment per cent change for regions in British Columbia





3

PROFILE OF SELF-EMPLOYED IN BRITISH COLUMBIA

How many self-employed people are there in British Columbia?

In 2021, there were 429,100 self-employed workers in B.C. (excluding about 1,800 people working in family businesses without pay). Of these, more than half (55 per cent) were **unincorporated businesses**.

FIGURE 3.1 – Number of self-employed business owners in British Columbia, 2021*

	With paid help	Without paid help	Total	Per cent
Incorporated	94,500	97,400	191,900	45%
Unincorporated	22,700	214,500	237,200	55%
Total self-employment	117,200	311,900	429,100	100%

*Note: Excludes unpaid family workers

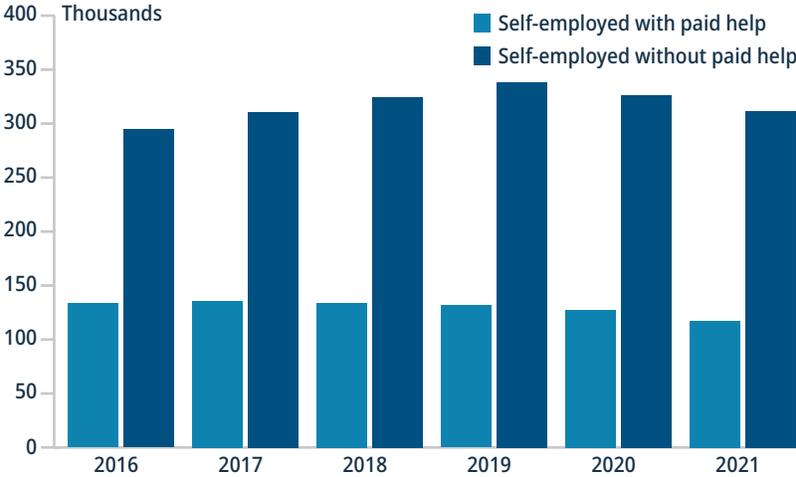
Source: Statistics Canada / Prepared by BC Stats

There are many reasons why people choose to be self-employed. The flexibility to set their own hours is attractive to some. Self-employment may also be particularly appealing to students and semi-retired persons. For some, self-employment is motivated by an entrepreneurial drive or through necessity in the face of layoffs or lack of job opportunities.¹¹

In the context of the COVID-19 pandemic, however, self-employment fell two years in a row; it fell in 2020 while the province was losing jobs and continued to fall in 2021 when employment was rising. This may be due to several factors. Self-employed people were as vulnerable as others to losing their employment but most emergency government funding during the pandemic did not cover them. Additionally, across Canada almost half of self-employed people have another job,¹² and some portion of them may have preferred to focus on the security of paid employment.

In 2021, there was a 5.5 per cent decrease in self-employment in B.C. This was driven by both a decline in those with paid help (negative 8.0 per cent) and those without (negative 4.5 per cent). Over the last five years and owing to the decline in the past two years, self-employment in B.C. grew by just 1,200 people or 0.3 per cent overall, but the growth has been entirely in those who are self-employed without paid help. Their numbers grew by 17,400 or 5.9 per cent, compared to a decline of 16,200 or 12.1 per cent in the self-employed who have employees.

FIGURE 3.2 – Number of self-employed with paid help compared to self-employed without paid help, British Columbia, 2016-2021



Source: Statistics Canada / Prepared by BC Stats

¹¹ It is also possible that some people turn to self-employed work to supplement their paid income. However, such workers are not included in the figures quoted in this report as the definition is people for whom their self-employment is the job “at which they work the most hours,” except where specifically indicated otherwise.

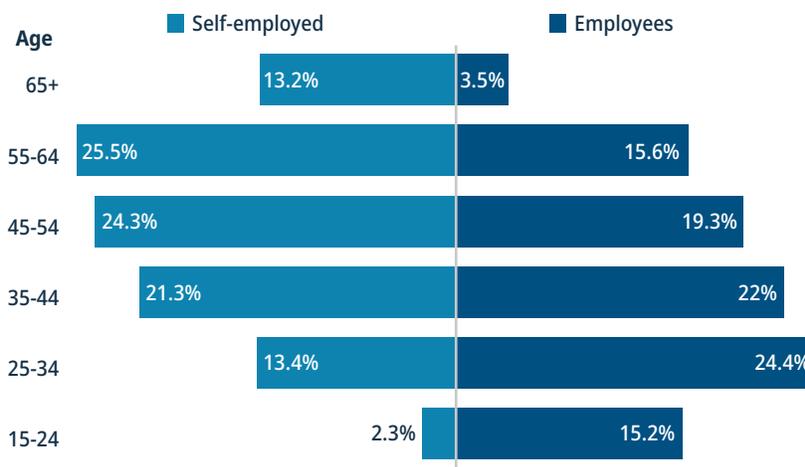
¹² See Statistics Canada. *Self-employed individuals, self-employment income and the post-COVID-19 financial strain*. By Sung-Hee Jeon and Yuri Ostrovsky. September 18, 2020.

What is the demographic profile of a self-employed person in British Columbia?

When compared to paid employees, self-employed people tend to be older, identify as male, work longer hours and are less likely to identify as Indigenous. They also tend to retire two to five years later than paid employees.

Age is a major determinant for self-employment. As the following figures show, the self-employed population skews older: they make up a large share of the self-employed and, adjusting for their numbers, are much more likely to be self-employed. In 2021, an employed person who is 55 or older was four times more likely to be self-employed than someone who was 35 or under.

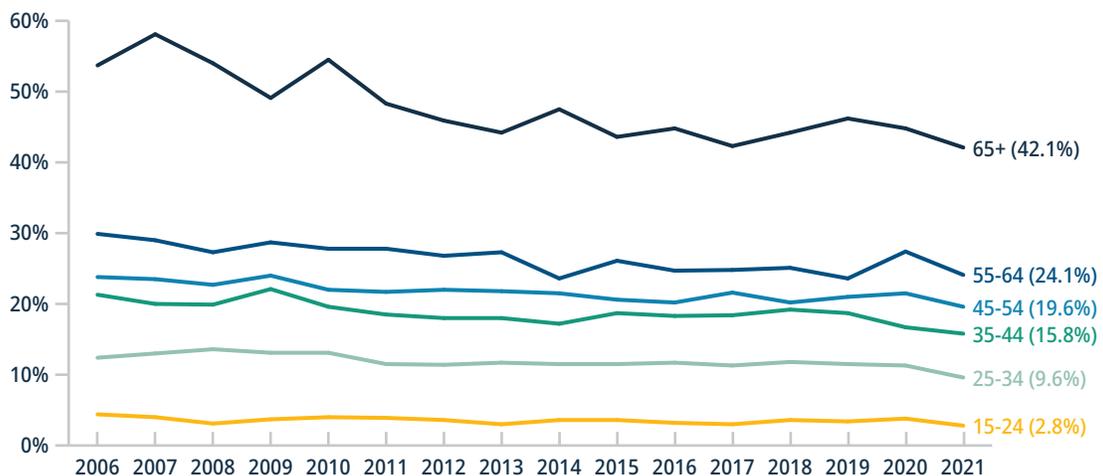
FIGURE 3.3a – Age distribution of self-employed workers compared to employees, British Columbia, 2021



Note: Figures do not add to 100% due to rounding

Source: Statistics Canada / Prepared by BC Stats

FIGURE 3.3b – Share of British Columbian workers who are self-employed, by age



Note: Figures do not add to 100% due to rounding

Source: Statistics Canada / Prepared by BC Stats

Older people are more likely to be self-employed because they have the necessary skills, experience and financial capital needed to start and operate a business. Self-employment may also be used to transition from full-time paid employment into retirement or to supplement their retirement income. Paid employees are also more likely to have pensions or retirement packages allowing them to retire earlier.

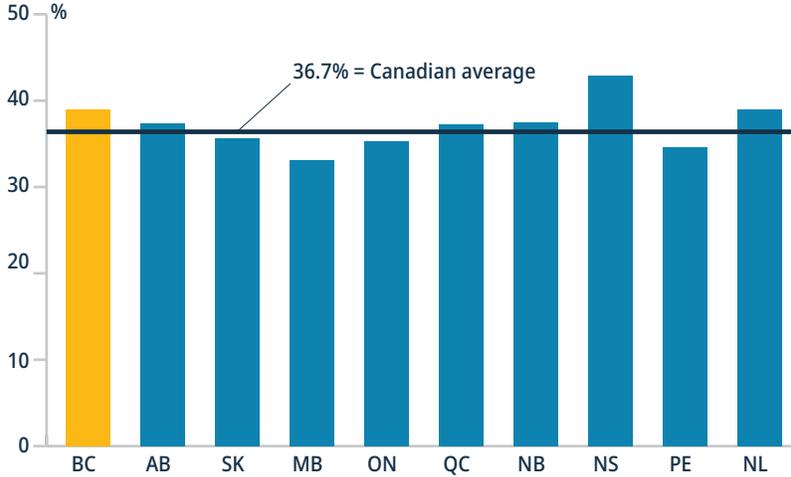
The retirement age for self-employed people is higher. In Canada, the median age of retirement (the age at which half of retirees are older and half younger) for self-employed people was 66.0 years in 2021. This is 1.2 years older than the age for private sector employees (64.8) and 3.9 years older than the age for public sector employees (62.1). It is worth noting that for Canadians as a whole, the median age of retirement has increased in the last decade, growing from 62.3 in 2011 to 64.5 in 2021.

Gender is another factor distinguishing the self-employed from employees. While employees are equally likely to identify as male or female, self-employed individuals are 57 per cent more likely to identify as male. Nevertheless, entrepreneurial women have a substantial presence in business, both in B.C. and the rest of the country. In the last five years, the share of self-employed women in B.C. has held steady near 38 per cent which is inline with the national rate. In 2021, 39.0 per cent of all business owners in B.C. were women, ranking second among the provinces.

Context on Sex and Gender

This document is not able to incorporate the full diversity of gender identity because the data does not provide sufficient detail. BC Stats and Statistics Canada are actively working on increasing representation of gender diversity in data collection and reporting. For the purposes of this document the terms male and men, and female and women represent the survey respondents' self reporting related to a question of sex. The Labour Force Survey includes different options but the response numbers would be too small to report for confidentiality and data quality reasons.

FIGURE 3.4 – Proportion of self-employed who are women by province, 2021



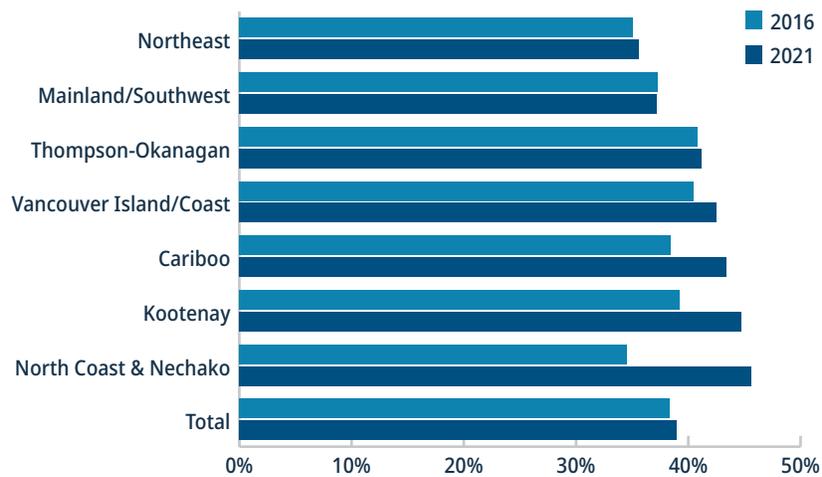
Note: Excludes unpaid family workers
Source: Statistics Canada / Prepared by BC Stats

In the two years since the onset of the pandemic, self-employment fell 10.6 per cent for men and 6.0 per cent for women.

Self-employment among women was more concentrated in some regions of the province than others. In 2021, the North Coast & Nechako regions had the highest proportion of self-employed people who are women at 45.6 per cent whereas the Northeast region was the lowest at 35.6 per cent.

Change in the past five years was the largest in North Coast & Nechako, where the proportion of women was lower than the provincial average in 2016 but much higher in 2021. Readers should take this data with caution, as survey results in regions with small populations are less reliable.

FIGURE 3.5 – Proportion of self-employed who are women, by region, 2016 and 2021



Note: Includes unpaid family workers

Source: Statistics Canada / Prepared by BC Stats

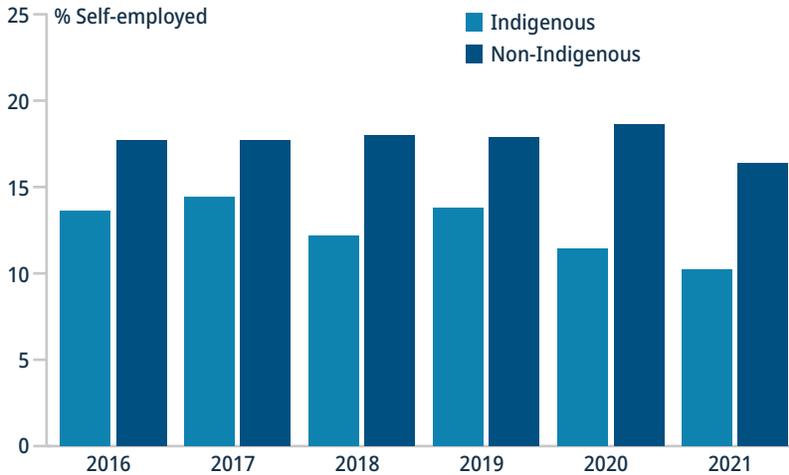


Indigenous people who live off-reserve¹³ were self-employed at a rate of 10.2 per cent in 2021, on par with the Canadian average for Indigenous people (10.1 per cent). Since 2019, the number of self-employed Indigenous people declined 25.0 per cent (4,100 people), compared to 9.3 per cent fewer self-employed non-Indigenous people. However, the decline in Indigenous self-employment seems to have been taken up by other employment. Total employment for Indigenous British Columbians fell in 2020 but recovered in 2021 to 101.8 per cent of its pre-pandemic (2019) level, even as there was a slight decline (to 99.3 per cent of its pre-pandemic level) among non-Indigenous people.

Indigenous Context

Significant barriers exist for Indigenous entrepreneurs, according to a 2017 report from the National Aboriginal Economic Development Board:¹⁴ “Indigenous people in Canada face barriers to accessing capital that other Canadians do not face. These include a legal and regulatory environment that is unfavorable for economic development, barriers to control over lands and resources, underinvestment in housing and infrastructure, low rates of financial literacy, higher costs of doing business, a lack of support for business growth and a complex government funding regime.”

FIGURE 3.6 – Per cent of working, off-reserve* Indigenous and non-Indigenous people who are self-employed in British Columbia, 2016-2021



*This data is only available for the off-reserve Indigenous population

Source: Statistics Canada / Prepared by BC Stats

In 2021, only 10.2 per cent of all Indigenous workers were self-employed, compared to a self-employment rate of 16.4 per cent for non-Indigenous workers, a gap of 6.2 per cent. This means that Indigenous people are 38 per cent less likely to be self-employed than non-Indigenous people. There are a few possible explanations for this difference. For example, Indigenous people in Canada have historically had less access to capital than non-Indigenous people, based on land ownership and inherited wealth. Additionally, the age distribution of the Indigenous population tends to be younger than the overall population whereas self-employed people tend to be older.

¹³ Statistics Canada’s Labour Force Survey covers Indigenous people who live off-reserve but excludes persons living on reserve and in other Indigenous settlements in the province. In British Columbia, 78 per cent of Indigenous people from First Nation, Metis and Inuit backgrounds live off-reserve. In 2021, there were an estimated 120,600 employed Indigenous people in B.C., 4.6 per cent of the total employed population.

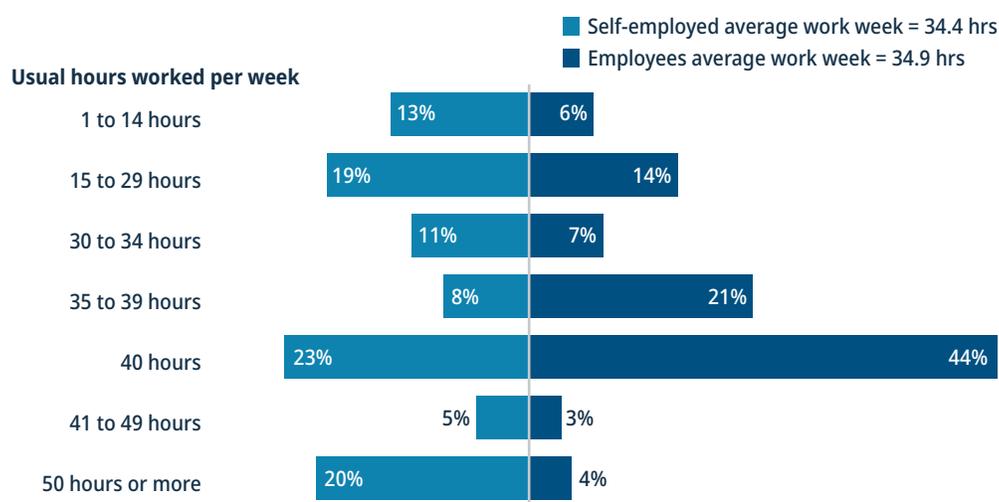
¹⁴ The 2017 National Aboriginal Economic Development Board report is available at: http://www.naedb-cndea.com/reports/ACCESS_TO_CAPITAL_REPORT.pdf

How do the self-employed differ from employees with respect to hours worked?

People who were self-employed also had more variable work hours – they tended to work either longer or shorter hours than people who are employees who work for someone else. Far more worked 50 hours or more (20 per cent of the self-employed versus four per cent of employees) or worked part-time (33 per cent of the self-employed worked fewer than 30 hours per week compared to 20 per cent of employees). Just 31 per cent of self-employed people worked the standard 35 to 40-hour work week versus 66 per cent of employees.

In 2021, the average work week dropped slightly for the self-employed compared to the year before, from 35.3 to 34.4 hours as employees worked 34.9 hours. In 2021, for the first time, self-employed British Columbians worked slightly fewer hours on average.

FIGURE 3.7a – Hours worked, self-employed compared to employees, British Columbia, 2021

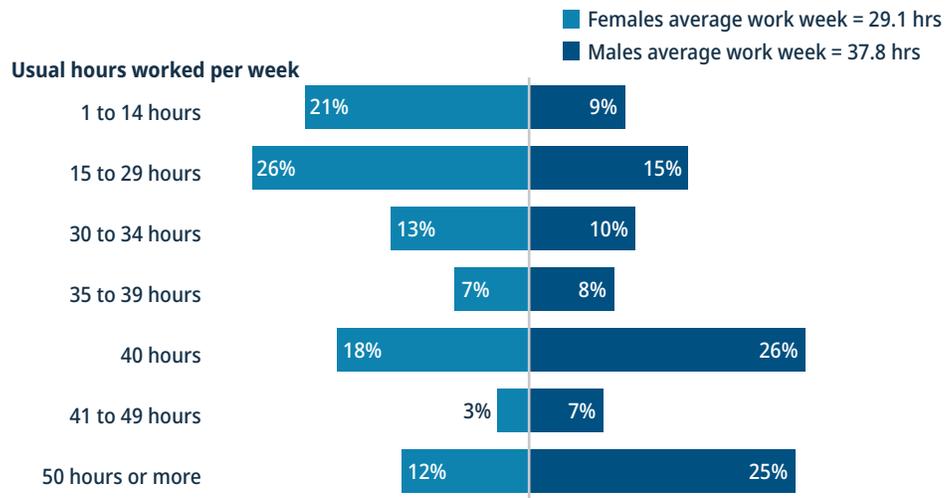


Note: Figures do not add to 100% due to rounding

Source: Statistics Canada / Prepared by BC Stats

Men who were self-employed worked 37.8 hours per week on average, compared to 29.1 hours per week for women. The current gap of 8.7 hours has been narrowing slightly over the past decade, mostly as a result of self-employed men working slightly fewer hours.

FIGURE 3.7b – Hours worked among self-employed men and women, British Columbia, 2021



Note: Figures do not add to 100% due to rounding

Source: Statistics Canada / Prepared by BC Stats





4

CONTRIBUTION TO THE ECONOMY

How large is the contribution of small business to British Columbia's economy relative to other provinces?

Small businesses contribute to the provincial economy not only by creating and maintaining jobs, but also through their production of goods and services and by providing employment income that stimulates further economic activity.

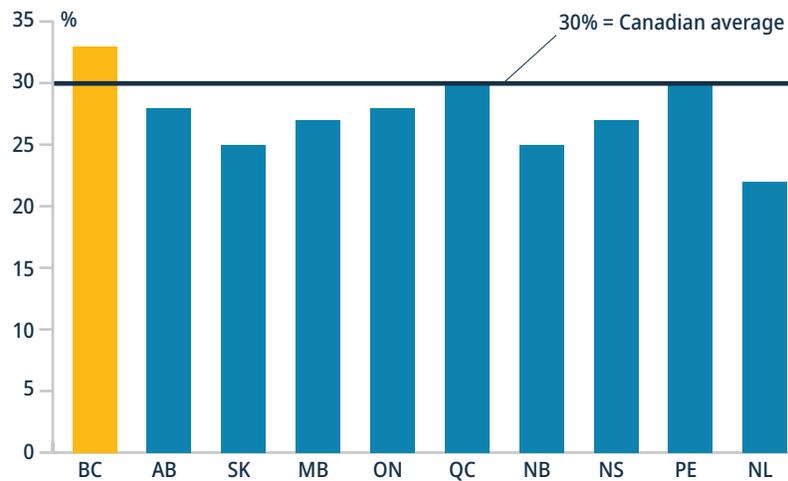
The key measure of economic production of a sector is its **gross domestic product (GDP)**, which represents the value that a sector adds to the raw inputs it uses.

In 2021, B.C.'s small business sector generated approximately 33 per cent of provincial GDP, the same portion as the previous year.¹⁵ This was well above the Canadian average of 30 per cent and the largest share across all provinces. Conversely, at 22 per cent, Newfoundland and Labrador had the smallest proportions of GDP generated by small businesses.

In B.C., small business GDP has continued to change somewhat in tandem with overall economic activity, leaving its contribution to total GDP relatively unchanged.

¹⁵ Note that these GDP shares are not exact figures and should not be used to calculate actual dollar amounts.

FIGURE 4.1 – Small business contribution to GDP by province, 2021



Source: BC Stats

How does average pay compare between small and large businesses?

On average, small businesses paid their employees lower wages compared to larger businesses. There were several possible reasons for this, such as lower productivity, more part-time employees,¹⁶ lower unionization rates and the types of industries and occupations that small businesses tend to predominate in. In general, larger firms tend to be more productive due to economies of scale (more output per employee) and a greater ability to invest in capital improvements. Workers of larger firms are more likely to belong to a union, and union members tend to earn higher wages than non-unionized workers. Small businesses can compensate with their own benefits, such as more flexible work hours and employment in smaller communities.

On average across all industries in 2021, large business employees received a \$10,900 (17 per cent) wage premium above employees working for small businesses. The average salaries for both groups were \$51,500 for small business employees and \$62,400 for large business employees. Between 2016 and 2021, the gap between wages of employees of small and large businesses narrowed slightly, as employees of small businesses saw their average wages increase by 23 per cent compared to 22 per cent for employees of large businesses.

FIGURE 4.2 – Changes in average annual earnings in British Columbia, 2016-2021

	Small business	Large business	Small business wage gap	Gap in per cent
Earnings 2021 (payroll/employee)	\$51,500	\$62,400	\$10,900	-17%
Earnings 2016 (payroll/employee)	\$41,900	\$51,300	\$9,400	-18%
Per cent change	23%	22%	16%	

Source: BC Stats using data supplied by Statistics Canada

¹⁶ The source of data on wages by establishment size is the *Survey of Employment, Payroll and Hours*, which counts employees and compensation but does not distinguish between part-time and full-time employees. Therefore average annual earnings are for all workers, whether they are part-time or full-time, and does not adjust for full-time equivalent employment.

How does average pay compare across industries for small versus large businesses?

The small business wage gap varies across industries. In 2021, the largest gaps were observed in educational services, public administration, and information, culture and recreation. Conversely, small businesses in the wholesale and retail trade sector paid almost 6 per cent more on average than large businesses.

FIGURE 4.3 – Small business average annual earnings and wage gap by industry, 2021¹⁷



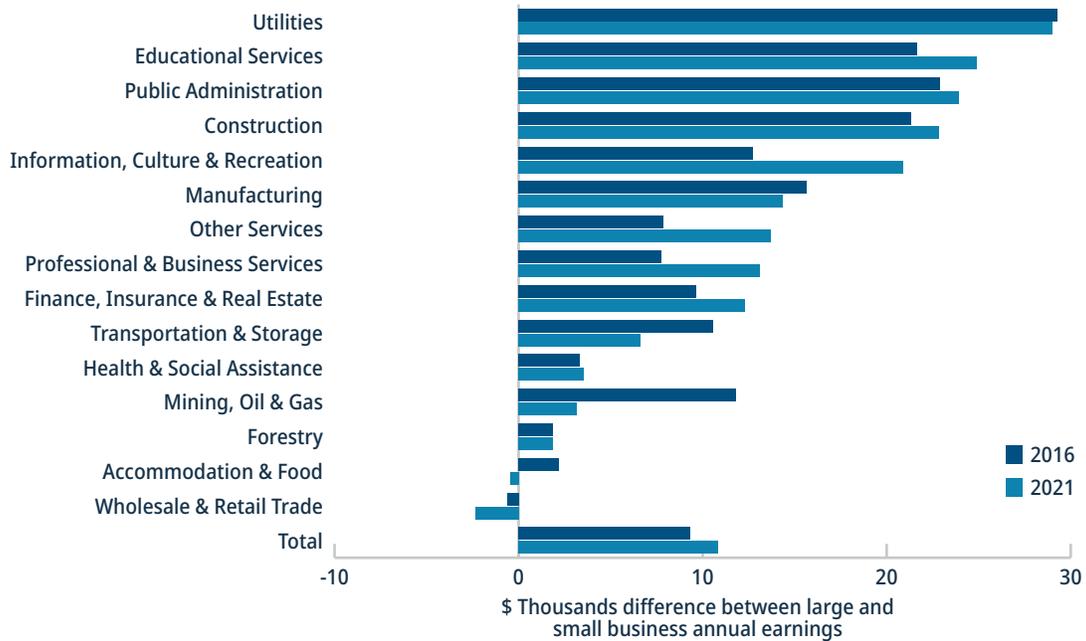
*Note that the level of small-business employment in the utilities sector is very small, less than 3 per cent of total.

Source: BC Stats using data supplied by Statistics Canada

Wage gaps between small and large businesses have changed notably in the last five years. The overall wage gap increased from \$9,400 to \$10,900 between 2016 and 2021 and increased in 8 out of the 15 industries categorized. The largest increases in the wage gap were seen in information, culture and recreation; other services (representing jobs such as repair and maintenance, personal and laundry services and some non-profit organizations); and in the professional and business services sectors. The small business wage gap decreased in the mining, oil and gas; transportation and storage; and accommodation and food services sectors.

¹⁷ The wage data are from Statistics Canada's *Survey of Employment, Payrolls and Hours*, which does not include data for the agriculture and fisheries industries. Data for the accommodation and food sector does not include gratuities.

FIGURE 4.4 – Small business wage gaps by industry, British Columbia, 2016 and 2021



Source: BC Stats using data supplied by Statistics Canada

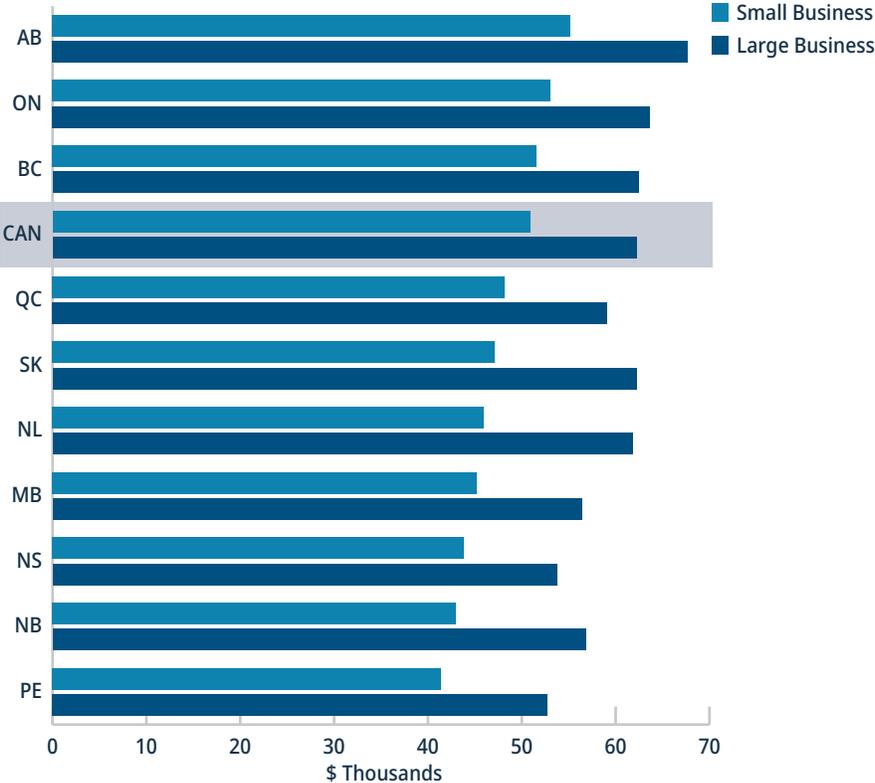
Between 2020 and 2021, average annual earnings grew 2.8 per cent for small business employees and 5.0 per cent for employees of large businesses.



How does British Columbia compare with other provinces in terms of average pay by small business?

In 2021, wages for workers in large businesses were higher than those in small businesses in all provinces. The \$10,900 wage gap in B.C. was the third smallest in the country, after Nova Scotia (\$10,000) and Ontario (\$10,600). The average gap nationally was \$11,400 and the largest gap was in Newfoundland and Labrador, at \$15,900.

FIGURE 4.5 – Average annual earnings by province, 2021



Source: BC Stats using data supplied by Statistics Canada

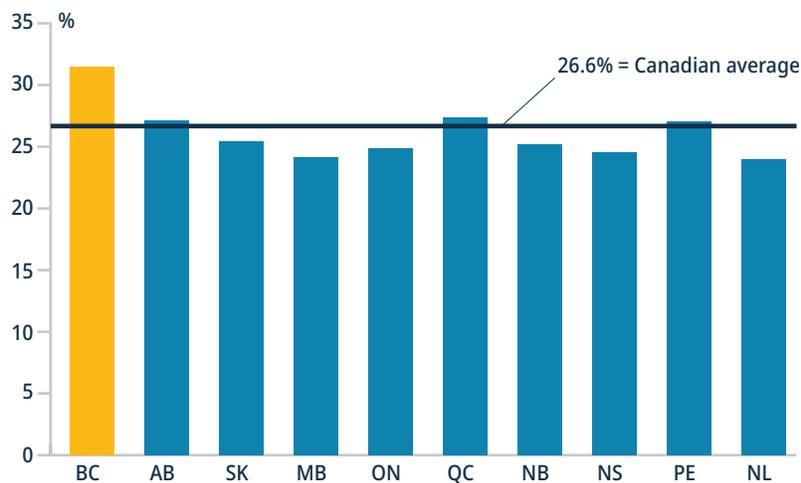
The level of wages for small business employees in B.C. also compared favourably to other provinces, ranking third highest in the country behind Alberta (\$55,100) and Ontario (\$53,100). B.C. wages for employees in large businesses were also in third place behind Alberta and Ontario.



How does British Columbia compare in terms of the portion of total payroll generated by small business?

B.C. had the highest reliance on small business payrolls among provinces, accounting for nearly one third (31.5 per cent) of wages paid to workers in 2021. Quebec and Alberta followed in second and third places.

FIGURE 4.6 – Small business share of total payroll by province, 2021



Source: BC Stats using data supplied by Statistics Canada



5

SMALL BUSINESS EXPORTERS

How many small businesses in British Columbia export goods?

In 2021, there were 7,566 businesses in the province that exported goods to international destinations. Of these, 6,538 were businesses with fewer than 50 employees,¹⁸ accounting for 86 per cent of all exporting firms and 32 per cent of the export value. The number of **small business exporters** grew 10.1 per cent from 2020 and the value of their exports grew 19.5 per cent.

Exports coming from large businesses grew even faster, with 40 per cent growth in 2021 over 2020. For large and small exporters alike, this increase was due in large part to the price increases seen in 2021 for major commodities such as lumber (plus 59 per cent to the average price

Goods vs. Services Exports

Due to limitations in the data for trade in services, this section focuses only on goods.

Data on the characteristics of service exporters and importers are only available for Canada as a whole, in Statistics Canada's tables 12-10-0142 and 12-10-0146.

¹⁸ The business counts in this chapter refer to establishment counts, rather than business location counts, as the data from Statistics Canada's *Trade by Exporter Characteristics* database are based on the establishment framework. Therefore, the business exporters counts are not strictly comparable to those in previous sections of this document.

in 2021), natural gas (70 per cent increase), electricity (79 per cent increase) and coal (77 per cent increase). Over the five-year period, B.C. observed an 11.3 per cent increase in the number of small business exporters, though the total value of their exports only grew 0.2 per cent.

Small businesses represent a large majority of goods-producing businesses, including 96 per cent of all primary resource firms and 90 per cent of all manufacturing firms. Most exporters in B.C. are not themselves goods-producers, but are classified in the wholesale trade sector, which is a service-producing industry. Primary resource firms come a distant second in terms of the number of exporters. In the data presented here, most exporters are intermediary firms who facilitate the export of products produced by others.

FIGURE 5.1 – Number of exporters and value of exports, British Columbia

Number of businesses	2016	2017	2018	2019	2020	2021	One-year growth rate	Five-year growth rate
Small business exporters	5,873	5,907	6,089	6,173	5,937	6,538	10.1%	11.3%
Large business exporters	972	1,006	1,042	1,019	943	1,028	9.0%	5.8%
Total all exporters	6,845	6,913	7,131	7,192	6,880	7,566	10.0%	10.5%
Value of exports (\$millions)	2016	2017	2018	2019	2020	2021	One-year growth rate	Five-year growth rate
Small business exporters	18,047	15,832	15,817	14,732	15,126	18,083	19.5%	0.2%
Large business exporters	23,152	30,920	34,309	31,608	27,081	38,025	40.4%	64.2%
Total all exporters	41,198	46,751	50,126	46,340	42,208	56,107	32.9%	36.2%

Source: Statistics Canada / Prepared by BC Stats

Across Canada, the number of small business exporters grew by 9.5 per cent in 2021 and the value of their exports grew 35 per cent.

FIGURE 5.2 – Growth in small business exporters and exports by province and territory*

	Number of Exporters			Value of Exports (\$ millions)		
	2021	One-year growth rate	Five-year growth rate	2021	One-year growth rate	Five-year growth rate
B.C.	6,538	10.1%	11.3%	18,083	19.5%	0.2%
Alberta	5,105	16.9%	27.5%	73,847	60.0%	87.4%
Saskatchewan	1,390	16.9%	19.9%	8,841	4.4%	-10.9%
Manitoba	1,578	11.2%	9.5%	6,689	18.7%	-20.7%
Ontario	18,129	8.2%	7.3%	29,718	11.7%	-21.9%
Quebec	8,879	7.8%	6.4%	18,872	29.7%	33.3%
New Brunswick	630	3.6%	10.9%	1,594	30.0%	33.4%
Nova Scotia	823	3.1%	6.5%	2,126	29.5%	34.9%
P.E.I.	218	10.7%	16.0%	416	10.2%	99.2%
Newfoundland & Labrador	208	1.5%	-1.9%	2,934	189.0%	527.5%
Territories	49	-10.9%	0.0%	18	-26.7%	-94.0%
Canada	43,547	9.5%	10.2%	163,137	35.0%	23.8%

*Figures do not add to 100% due to rounding

Source: Statistics Canada / Prepared by BC Stats

What is the destination of goods shipped by British Columbia small business exporters?

In 2021, the majority (64 per cent) of small business exporters shipped only to the United States (U.S.). However, the average value of U.S.-only exports tended to be smaller than for businesses that exported either to only non-U.S. destinations or to both. This held true for large businesses as well.

Language differences and longer transportation distances may increase export costs to other markets, which could help explain why exporters must ship larger volumes to these destinations to make exporting profitable. Some businesses may also be selling goods destined for niche markets with higher profitability, increasing the value of exports to destinations outside of the U.S.

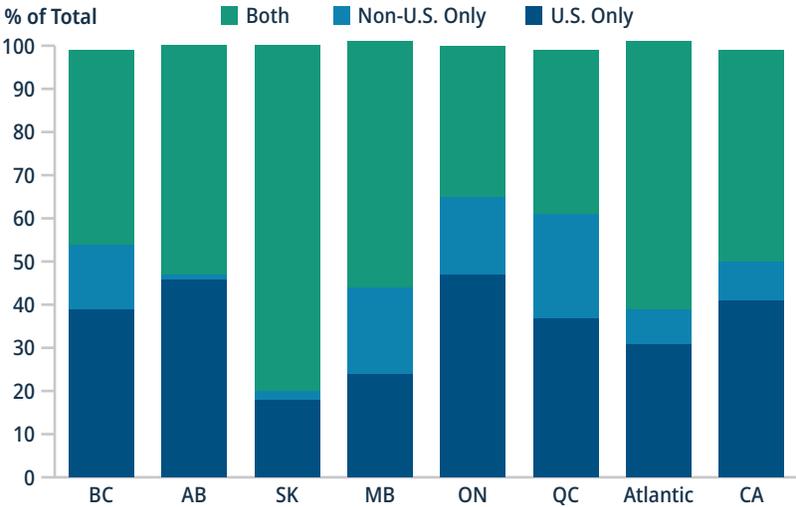
FIGURE 5.3 – Characteristics of B.C. exporters by destination of exports, 2021*

Small business exporters			
Export destinations	Share of businesses	Share of export value	Export value per business
U.S. only	64%	39%	\$1.7m
Non-U.S. only	20%	15%	\$2.1m
Both U.S. and non-U.S.	16%	45%	\$7.8m
Large business exporters			
Export destinations	Share of businesses	Share of export value	Export value per business
U.S. only	61%	26%	\$15.8m
Non-U.S. only	7%	23%	\$123.8m
Both U.S. and non-U.S.	32%	51%	\$58.0m

*Figures do not add to 100 per cent due to rounding
 Source: Statistics Canada / Prepared by BC Stats

Nationally in 2021, small business exporters who shipped exclusively to the U.S. were responsible for 41 per cent of total exports by small businesses while 49 per cent were accounted for by businesses that shipped to both U.S. and non-U.S. destinations.

FIGURE 5.4 – Destination share of value of small business exports by province, 2021



Source: Statistics Canada / Prepared by BC Stats

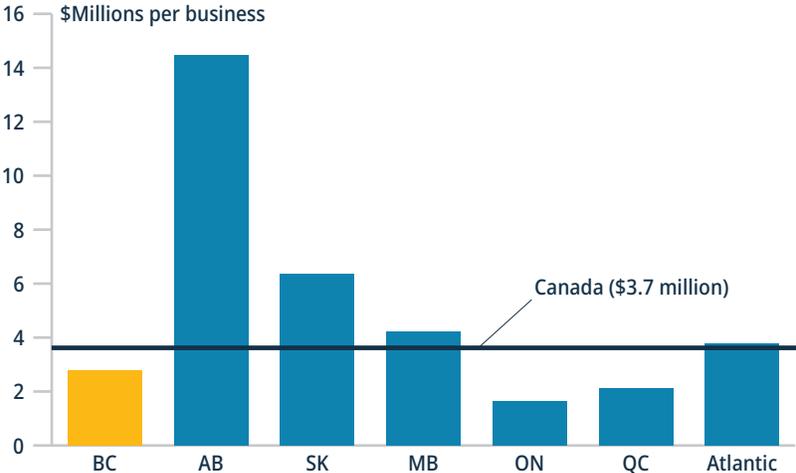
How do British Columbia small business exporters compare to those in other parts of the country?

In 2021, B.C. was home to around 15 per cent of Canada’s small business exporters, roughly in line with its share of Canadian small businesses (16 per cent). Ontario had 42 per cent of the nation’s small business exporters followed by Quebec at 20 per cent. The Prairie provinces (Alberta, Saskatchewan and Manitoba) accounted for 19 per cent of small business exporters but they shipped over half (55 per cent) of the country’s total value of small business exports.

While Ontario had by far the most small business exporters, the export intensity (that is, the average value of exports per business) was the lowest among all provinces and territories at \$1.6 million per firm. The export intensity for small business exporters in B.C. was \$2.8 million per firm, an increase of \$300,000 in 2020. This is above provinces such as Ontario and Quebec but still below the Canadian average of \$3.7 million.

Due to this low export intensity, Ontario was responsible for only 18 per cent of the value of the nation’s small business exports. Conversely, small business exporters in Alberta shipped \$14.5 million per firm and those in Newfoundland and Labrador shipped \$14.1 million. Alberta, with only 12 per cent of the country’s small business exporters, accounted for 45 per cent of Canada’s small business exports. By comparison B.C. has 15 per cent of the small business exporters and they account for 11 per cent of the value of exports from small businesses.

FIGURE 5.5 – Export intensity for small businesses by province, 2021



Source: BC Stats using data provided by Statistics Canada

While the data on this isn’t perfectly clear, readers should understand that most small business exporters are actually intermediaries such as import/export firms classified in the wholesale trade industry. These figures do not necessarily represent the firms actually producing the goods traded.



CONCLUSION

Small businesses continue to play a vital role in British Columbia's economy. They represent the overwhelming majority (98 per cent) of businesses and provide one-in-ten British Columbians the opportunity to be their own boss. Small businesses in B.C. employ over 1.1 million people.

The strength of B.C.'s small businesses has been tested in the past two years by the COVID-19 pandemic and while many report they haven't recovered to where they were, the number of small businesses and the level of small business employment grew in 2021 and is almost back to where it was before the pandemic.

As we look to the challenges in 2023 and beyond, B.C.'s small businesses will continue to recover and succeed in a changing economy.

TECHNICAL NOTES

All statistics presented in this document are based on the best data currently available. A comprehensive listing of all businesses operating in B.C. or elsewhere does not exist; therefore, business counts must be estimated to some extent. BC Stats has combined data from several sources to produce estimates of the total number of large and small businesses operating in B.C. and other provinces, as well as the employment and payrolls generated by these businesses.

The results may differ from estimates produced in other studies using different data and different methodologies. Where there are differences, they will more likely be in terms of absolute numbers, rather than the direction of trends or the relative standing of B.C. compared to other provinces. This edition of the *Small Business Profile* incorporates statistical revisions and methodological changes, such that year-over-year comparisons should not be made using previous editions.

Data Sources

Estimates of the number of businesses have been produced using data from Statistics Canada's *Business Register* and *Labour Force Survey*. Estimates of employment and payrolls have been produced using Statistics Canada's *Survey of Employment, Payrolls and Hours* and *Labour Force Survey*. All self-employment numbers have been obtained directly from the *Labour Force Survey*. Data describing small business exporters are derived from Statistics Canada's *Trade by Exporter Characteristics* data set. Supplementary data are from Statistics Canada's *Canadian Survey on Business Conditions*, experimental estimate of monthly business openings and closings, and *Job Vacancy and Wage Survey*; the B.C. Ministry of Finance's B.C. Budget 2022; and Innovation, Science and Economic Development Canada's (The Office of the Superintendent of Bankruptcy Canada) insolvency statistics.

Prepared by:

Jeff Dean, BC Stats

GLOSSARY

Small business

Although there are a number of different ways a small business can be defined, the most commonly used definition focuses on the number of employees. In B.C., a small business is defined as one with fewer than 50 employees, or a business operated by a person who is self-employed, without paid help.

The primary sources of data are the Business Register and Labour Force Survey. The Business Register is Statistic Canada's central repository of information on businesses and other institutions. Each year's Business Register count is a "snapshot in time" as of December 31st of that year, counting the businesses that have at least one employee. To count sole proprietorships, the Small Business Profile adds the number of people who report to the Labour Force Survey that they are self-employed without paid help.

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Micro business

Micro businesses are those with fewer than five employees, including self-employed individuals without staff and businesses with 1-4 employees. [↩](#)

Incorporated business

Incorporated businesses consist of those organized and maintained as legal corporations. A corporation is created (incorporated) by one or more shareholders who have ownership of the corporation, represented by their holding of common stock. [↩](#)

Self-employed

Self-employed individuals are defined as individuals who spend most of their working hours operating their own businesses. The self-employed can be categorized as either *incorporated* or *unincorporated*. Each of these classifications can also be divided between those operating *with paid help* (i.e., with employees) or *without paid help* (i.e., working by themselves). This produces four major categories of self-employed workers. [↩](#)

Unincorporated business

Unincorporated businesses consist of those not organized and maintained as legal corporations, and wherein the tie between members need not be a legally enforceable contract. [↩](#)

North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is an industry classification system used in Canada, the United States and Mexico, which is designed to provide common definitions of the industrial structure of the three countries. NAICS is Statistics Canada's comprehensive system encompassing all economic activities. It has a hierarchical structure: at the highest level, it divides the economy into 20 sectors; at lower levels, it further distinguishes the different economic activities in which businesses are engaged. [↩](#)

Non-Standard Sector Definitions

Tourism includes industries such as transportation, accommodation, food services and other tourism-related activities. Further information on the tourism sector is available at [BC Stats](#). ↪

High technology industries may employ a high proportion of scientists and researchers or invest a high proportion of revenues in research and development. Other industries that produce high technology products are also included. Further information on the high technology sector is available online at [BC Stats](#). ↪

Secondary manufacturing industries are those that produce goods from the products of other manufacturers. For example, a sawmill is a manufacturing operation, but not a secondary manufacturer, because its logs do not come from another manufacturer. On the other hand, a factory producing wooden doors with lumber obtained from sawmills is a secondary manufacturer. ↪

Gross Domestic Product (GDP)

Gross Domestic Product (GDP) refers to the total market value of all the goods and services produced within national or provincial borders during a specified period. The growth rates of GDP provide an indication of how well an industry or an economy is doing. The GDP of an industry (also referred to as value added) equals output by the industry minus the value of intermediate inputs that were purchased from other industries, domestic or foreign. Value added is a measure of how much an industry has contributed to the value of its output over and above the value of intermediate inputs. GDP by industry for the economy as a whole is the sum of values added by all industries resident in Canada or the province. ↪

Small Business Exporter

For the purposes of this report, a small business exporter is defined as an enterprise with fewer than 50 employees that exports goods out of the country, regardless of the value of exports. Small firms can be large exporters and, conversely, some large firms are small exporters. While shipments of goods to other provinces and territories and services provided to out-of-province residents or businesses are also considered exports, such data tabulated by business size are unavailable. ↪



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