

Workforce Focus

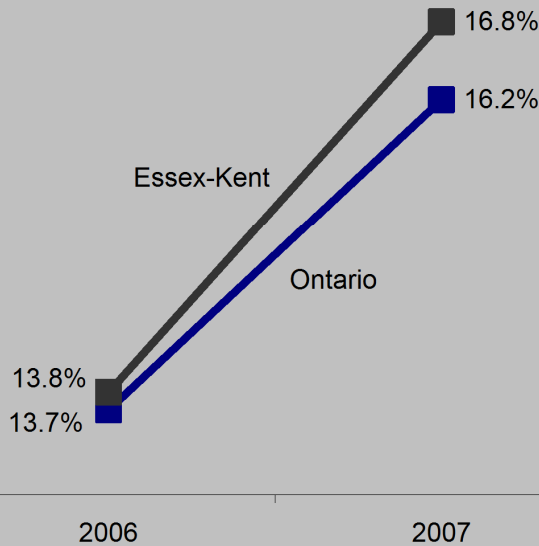
From the South Western Ontario Industry Education Council

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Small Business and Self-employment

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Recent Trends

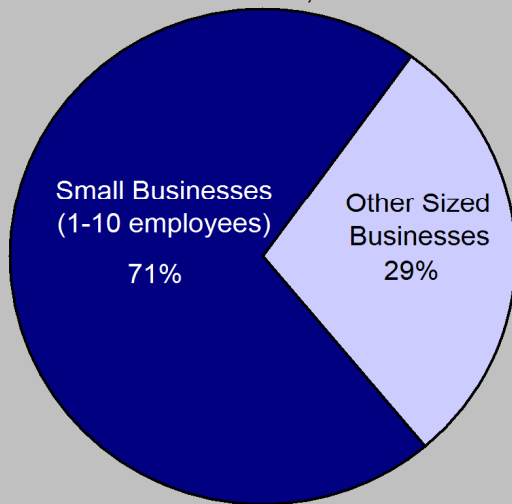
Estimated share of total employment in small businesses
 (Excludes self-employed)
 Essex-Kent, 2006-2007



Source: Canadian Business Patterns, 2006-07.

Establishment Composition by Size

Small business share of all local business establishments
 (Excludes self-employed)
 Essex-Kent, 2007



Source: Canadian Business Patterns, 2007.

The Nature of Small Business

Small business activity is highly cyclical, usually outpacing the overall economy during periods of an economic recovery, and under-performing the economy during periods of economic weakness. The out-performance of small business in recent years also reflects the fact that small firms were less damaged by the rising dollar than larger companies.

There has been a reduction in the growth orientation of small firms in Canada. Almost 60% of small business owners in Canada consider themselves as “lifestylers” that use their business as a means of generating income, while balancing other commitments and choices.

Source: CIBC, Small business in Canada, Tal, 2006.

Small Business Share by Sector

Share of establishments employing 1 to 10 people
 (Excludes self-employed)
 Essex-Kent, 2007

Professional, Scientific and Technical Services	87%
Other Services (except Public Administration)	85%
Real Estate and Rental and Leasing	85%
Construction	81%
Administrative and Support, Waste Management and Remediation Services	76%
Health Care and Social Assistance	76%
Management of Companies and Enterprises	75%
Finance and Insurance	72%
Retail Trade	71%
Transportation and Warehousing	70%
Wholesale Trade	66%
Agriculture, Forestry, Fishing and Hunting	64%
Information and Cultural Industries	58%
Educational Services	58%
Arts, Entertainment and Recreation	54%
Mining and Oil and Gas Extraction	52%
Accommodation and Food Services	49%
Manufacturing	42%
Utilities	35%
Public Administration	5%



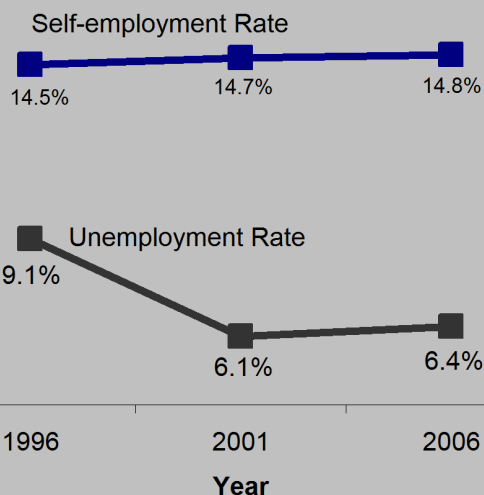
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Employment Trends

Self-employment and unemployment rates, Ontario 1996, 2001, 2006



Source: Statistics Canada, 1996-2006

Top Self-employment Occupations

Essex-Kent, 2006

Occupation and number of people self-employed

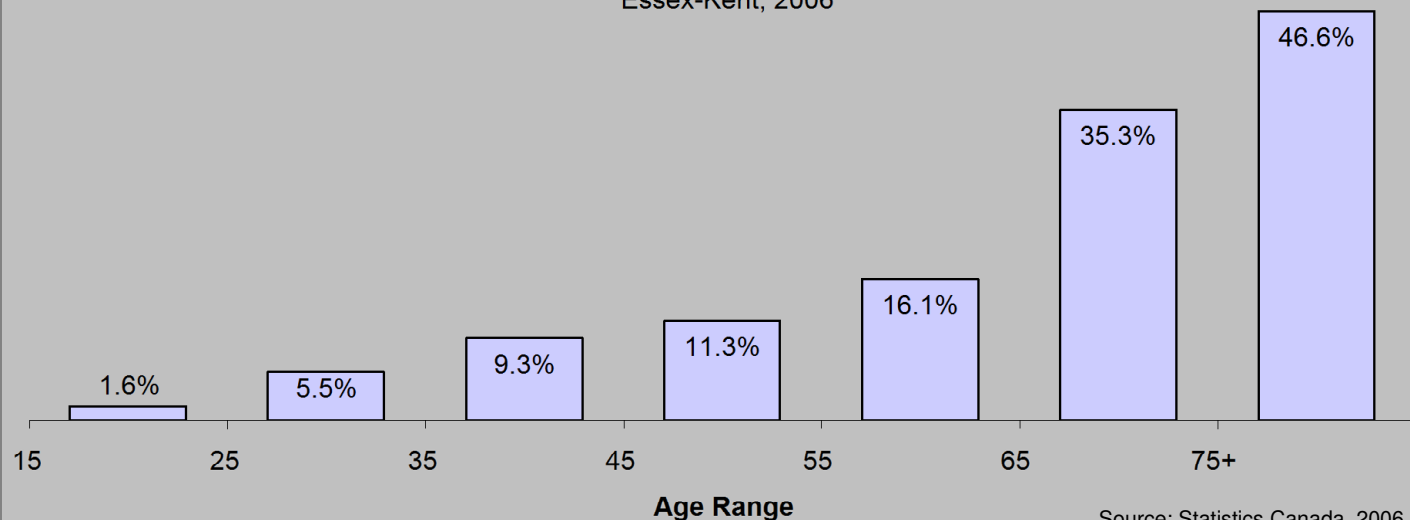
Occupations unique to agriculture, excluding labourers	3,035
Managers in retail trade, food and accommodation services	2,280
Other sales and service occupations	1,990
Transportation equipment operators and related workers, excluding labourers	1,275
Other managers	1,225
Construction trades	1,215
Professional occupations in health	1,210
Professional occupations in business and finance	695
Senior management occupations	650
Judges, lawyers, psychologists, social workers, ministers of religion, and policy and program officers	610

Individuals tend to enter self-employment when economic conditions are better. Ontario's self-employment rate has remained quite stable, despite a lower un-employment rate. This is likely due to a balance in the number of people entering self-employment due to a healthy economy, and declining employment in agriculture where self-employment is very common. If economic conditions deteriorate, some people may be pushed into self-employment because of poor job opportunities, but just as many could be pushed out, as self-employment and small business is vulnerable to decreases in consumer spending.

Source: Bank of Canada, Kamhi and Leung, 2005.

Self-employment Rate by Age

Essex-Kent, 2006



Source: Statistics Canada, 2006.

Self-employment remains more prominent among older workers. Higher levels of experience, skills, capital and contacts, work to pull many older workers into this avenue of employment. Another factor is that older displaced workers may have more difficulty than younger ones in finding paid employment, leaving self-employment as the only alternative.

Source: Canadian Labour Market, Drost and Hird, 2000.

**EMPLOYMENT
ONTARIO**

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