

Small Business & EMPLOYMENT in Edmonton

Small Business in Edmonton



In 2020, 94.4% of businesses in Edmonton were small businesses (having between 1 and 49 employees) of the total 32,102 businesses.

The top 4 business sectors in Edmonton in 2020:

Professional, scientific and technical services

Healthcare & social assistance

Construction

Retail Trade

Edmonton Vital Signs is an annual checkup conducted by Edmonton Community Foundation, in partnership with Edmonton Social Planning Council, to measure how the community is doing. Vital Topics are a quick but comprehensive look at issues that are timely and important to Edmonton.

Unless otherwise stated, "Edmonton" refers to Census Metropolitan Area and not solely the City of Edmonton.

NOTE TO READERS: Many of the income statistics are based on data collected prior to the pandemic.

Small Business in Alberta (2017):

- Employed about 36% of all Alberta private sector employment.
- Generated 28% of Alberta's GDP.
- Make up 96% of all businesses with employees.



In Edmonton the average base earnings is **\$42,000/year** for a Small Business Owner/Operator. Alberta's overall average wage (2019) was **\$61,766/year**.

Who is self-employed in Alberta?

In 2020, 351,300 individuals were self-employed in Alberta.

Of those self-employed individuals:

- 33.3% were women.
- 32.9% were 55 years or older.
- 15.1% were Indigenous people working off-reserve.
- 20.9% were landed immigrants (most have lived in Canada for 10+ years).

Top reasons for becoming self-employed in Alberta:

- 33.5% Independence, being one's own boss.
- 15.2% Nature of job had to be self-employed.
- 8.6% Work-family balance.

On average, self-employed people work 3 hours longer per week than employees but, self-employed women generally work 2.3 hours fewer than their employed counterparts.

Women are more likely to cite a work-family balance and to have flexible hours.

Who is starting a business in Canada?

- Recent immigrants are more likely than Canadian-born individuals.
- Those starting a business were younger and more often male.
- Fewer than 1% of those starting a business were individuals with a disability.
- Unemployed individuals were more likely to become business owners than were those with paid employment.
- A person starting a business is more likely to be married or have a common-law partner.



WOMEN-OWNED

Women are under-represented among business owners.

- **15.6% of Canadian Small & Medium Enterprises (SME) were majority-owned by women in 2017.**
 - 20.9% owned by men and women equally.

The income of women business owners was about 70% of that of men business owners.

FINANCING:

- more likely to be discouraged from borrowing.
- requests for debt financing is more likely to be approved.

IMMIGRANT-OWNED

Newcomers to Canada are more likely to start a business that grows quickly and creates more jobs per enterprise than are the Canadian-born population.

- The Business Development Bank of Canada says the entrepreneurial rate among newcomers is more than double the rate for people born in Canada.

INDIGENOUS-OWNED

According to a survey from Start Up Canada:

- **1.4% of SMEs are Indigenous-owned businesses.**
- Of this group
 - 64.3% owned by a man
 - 25.5% owned by a woman
 - 10.1% owned by men and women equally

According to a 2016 Indigenous business survey:

- The majority of Indigenous businesses were sole proprietors.
- About 14% of the businesses registered on a reserve were in Alberta.
- The largest sectors of business are in:
 - professional scientific and technical services (13%), or
 - construction (12%).

FINANCING:

- 65% rely on personal savings as a main source of financing their businesses.

Note: Very little data is available about businesses owned by persons with disabilities or owned by the LGBTQ2S+ populations in Edmonton.

OTHER WAYS TO make ends meet

Gig work

Gig economy refers to part-time or contract jobs that are needed to make ends meet.

Gig workers in Canada:

- made up 8.2% of all workers in Canada (2016).
- were more likely to be women.
- had a median income of only \$4,303/per year in 2016.
- **1 in 3 had a university degree. 13.7% men and 16.5% women held a master's degree or higher.**

Roughly one-half of those who had gig work in a given year had no gig income the next year. However, about one-quarter remained gig workers for three or more years.

- Gig work by industry:
 - Among women, the industry with the highest share of gig workers was public administration (20.1%).
 - Among men, the industry with the highest share of gig workers was arts, entertainment and recreation (15.6%).

- **Of the gig workers, 10.8% were immigrant men (in Canada fewer than 5 years), compared to 6.1% of Canadian-born men.**

The primary reasons someone does gig work:

- 53% Extra money/savings
- 29% Make ends meet
- 13% Difficulty finding work/no other options
- 11% It is the main source of income

Multiple-job holders

- More self-employed individuals held multiple jobs than did paid employees.
- **60% of multiple-job holders who were self-employed in their main job were also self-employed in their other job.**

Underground economy

The underground economy is economic activities, whether legal or illegal, that escape measurement.

- **In 2018 the value of underground economic activity in Alberta was \$6.2 billion.**
- Four industries accounted for more than half of underground economic activity:
 - residential construction (26.2%),
 - retail trade (12.3%),
 - finance, insurance, real estate, rental and holding companies (10.3%), and
 - accommodation and food services (9.1%).
- Wages and undeclared tips account for the largest share of unreported income.



Multi-level marketing

Multi-level marketing (MLM) is a strategy used to encourage existing distributors to recruit new distributors. They are paid a percentage of their recruits' sales. Distributors also make money through direct sales of products to customers.

- Studies have estimated that most MLMs don't make money as they require a purchase of product for demos and travelling for training and conferences.
- Multi-level marketing often target women, particularly stay-at-home parents.
- Many people in MLMs refer to themselves as small-business owners.



Social Enterprises

A social enterprise is a revenue-generating organization whose objective is to have a social impact.

'Social enterprise' is not defined within Canada's Income Tax Act. There is no certification or other program to enable a venture to be officially deemed a social enterprise.

Social good

Employment Social Enterprises (ESE) are businesses that create training and employment opportunities for people facing systemic barriers to entry into the mainstream labour market.

- **Social enterprises (in 2016) provided paid employment for at least 31,000 workers in Canada, who together earned more than \$442 million in wages and salaries.**
- Those employed included at least 23,000 people with disabilities and/or other employment barriers.



Employees of Social Enterprises

In addition to job skills, an ESE also tends to provide life skills, counselling, and access to other services provided by the organization.

In a survey of employees working in ESEs:

- **income increased by an average of \$456/month.**
- 62% say they are now able to meet basic needs.
- 14.7% fewer said they were worried about housing.
- **29% fewer reported the need to access free food (foodbank).**
- 14% more said they were in excellent or good health.
- Are more likely to report good sense of community belonging.
- **63% feel like they have a greater quality of life.**

BUSINESS during the COVID-19 PANDEMIC

- **Women employed in small firms represented 37.9% of the employment losses in Canada, while men accounted for 23.6%.**
- Of those employed in large firms accounted for 18.0% (women) and 11.3% (men) of the losses employment.

Business closures and survivals in Edmonton during COVID

- 36.6% more insolvencies in in Edmonton than 2019. Of those:
 - **20.4% more businesses went bankrupt.**
 - 72.7% more businesses made an offer to pay a percentage of what they owe to creditors.



BUSINESS IN EDMONTON:	FEB. 2020	FEB. 2021
ACTIVE:	36,983	36,627
OPENED:	1,825	2,104
CLOSED:	1,878	2,072