



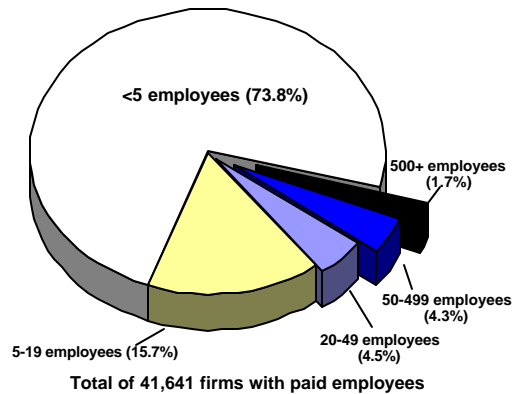
# Saskatchewan Small Business Primer 2002

## I. Business Overview

### *Most Businesses in Saskatchewan Are Very Small*

Almost three quarters of Saskatchewan's businesses employ fewer than five people, and about 95 per cent of Sask businesses have fewer than 50 employees—the upper limit most often used in defining small business. Businesses with more than 50 employees make up about 5 per cent of Saskatchewan's business population.

Source: Statistics Canada, *1983-1998 Employment Dynamics* (2001)

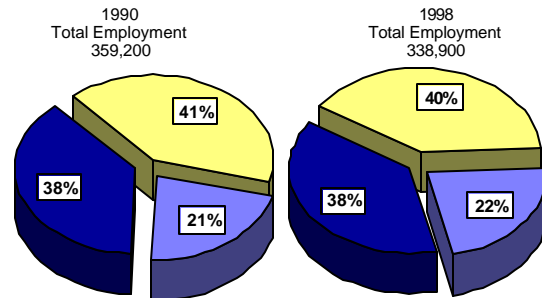


Sask data

### *SMEs Employ More Than Half of the Workers in Saskatchewan*

In 1998, small and medium-sized enterprises (SMEs) accounted for 60 per cent of total employment in Saskatchewan, up from 59 per cent in 1990. However, during the same period of time the total employment in the province decreased by about 20,000 people.

Source: Statistics Canada, *1983-1998 Employment Dynamics* (2001)

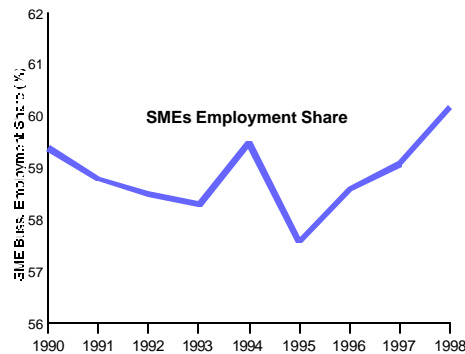


Sask data

### *SMEs Employment Share Growing in Sask*

Saskatchewan SMEs' share of total business employment fluctuated in the last decade. However, the current level of 60.2 per cent is slightly above the level registered in 1990 of 59.4 per cent.

Source: Statistics Canada, *1983-1998 Employment Dynamics* (2001)

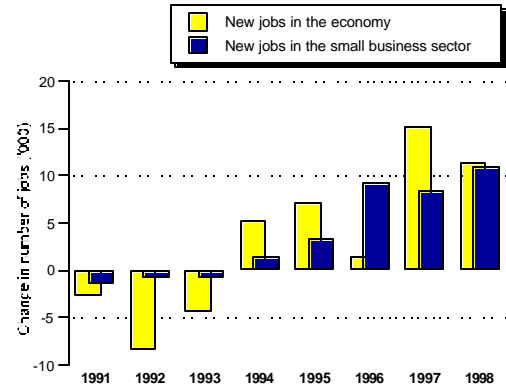


Sask data

**The Small Business Sector Creates Most of the New Jobs in the Saskatchewan Economy**

Small businesses, with fewer than 50 employees, are the engine of the economy. In 1998, the small business sector created all of the new jobs in Saskatchewan.

Source: Statistics Canada, *1983-1998 Employment Dynamics* (2001)



Sask data

**Self-employment in Saskatchewan**

Self-employment in Saskatchewan has decreased sharply since 1998, the peak of self-employment, from 122,500 people working as self-employed to the current level of 113,300 self-employed.

Source: Statistics Canada, *Labour Force Historical Review* (2000)



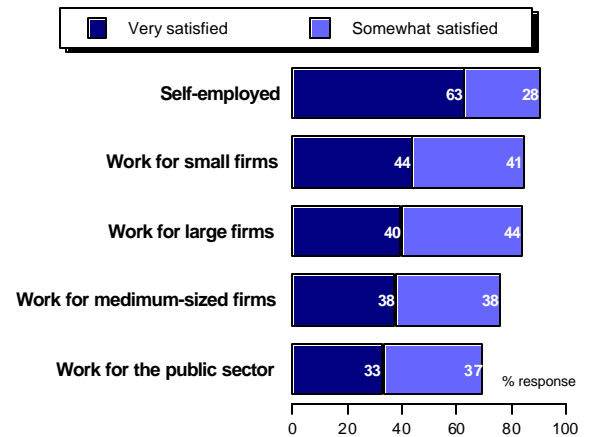
Sask data

**II. SME Workforce**

**Job Satisfaction Among SME Employees and Self-employed is High**

Canadian self-employed are most likely to be very satisfied with their jobs. Moreover, the self-employed and the employees of small companies are more likely to be very or somewhat satisfied with their workplace than those working in large firms or for the public sector.

Source: Goldfarb Consultants, CFIB and Scotiabank, *Small is Big, National Poll Results on Canadians' Attitudes About Small Business*, 1,003 responses (October 1999)

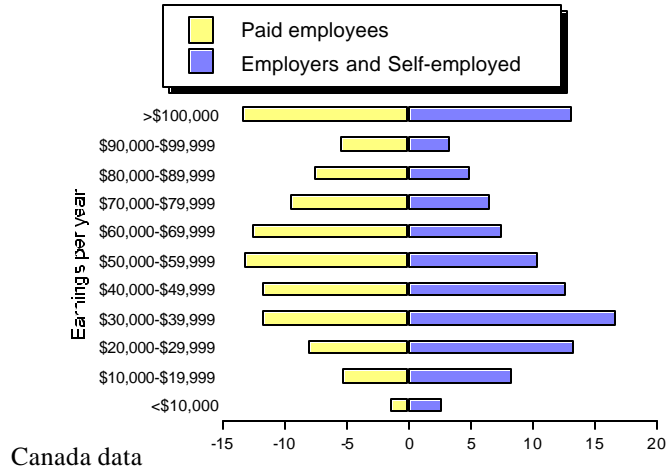


Canada data

### Canadian Business Owners Earn Less Than Paid Employees

Family incomes of employers and self-employed are generally lower than family incomes of paid employees. In 1997, the median family income of employers and the self-employed was about \$47,000, compared to about \$59,000 for families headed by paid employees.

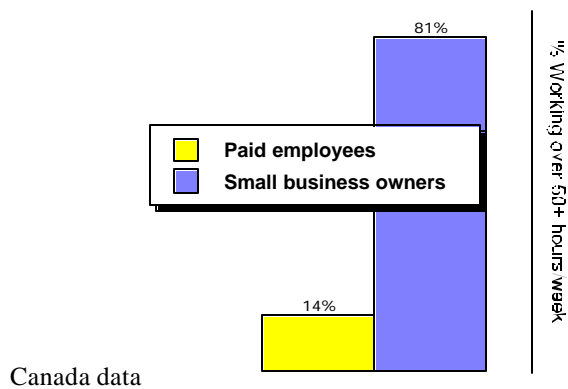
Source: Statistics Canada, *Income Distribution by Size in Canada*, Catalogue 13-207 (1998)



### Small Business Owners Work Longer Hours

Over 80 per cent of small business owners reported never working less than 50 hours a week, compared to only 14 per cent of paid employees. About half of small business owners devote over 60 hours a week to their businesses.

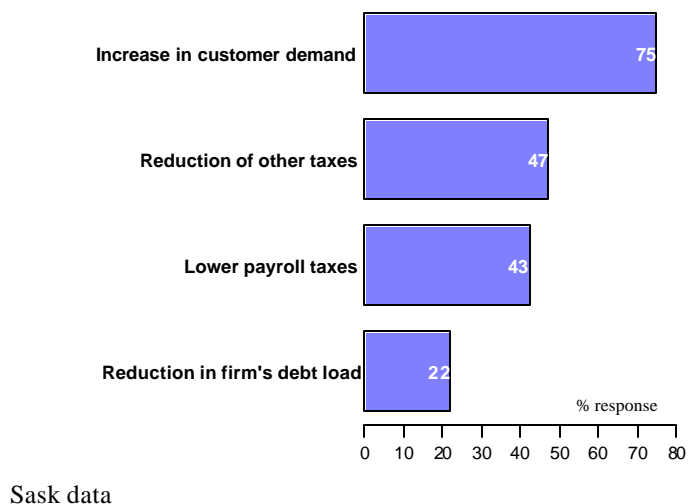
Source: Statistics Canada, *Labour Force Historical Review*, 1998, Business Development Bank, *Beyond their Small Business: A Survey*, 1998



### Key Factors Affecting New Hiring in Saskatchewan

The top necessary conditions for Saskatchewan businesses to hire more employees above their 2001 plans are: a boost in customer demand; a reduction of federal, provincial and local taxes; a decrease in payroll taxes; and a reduction in firm's debt load.

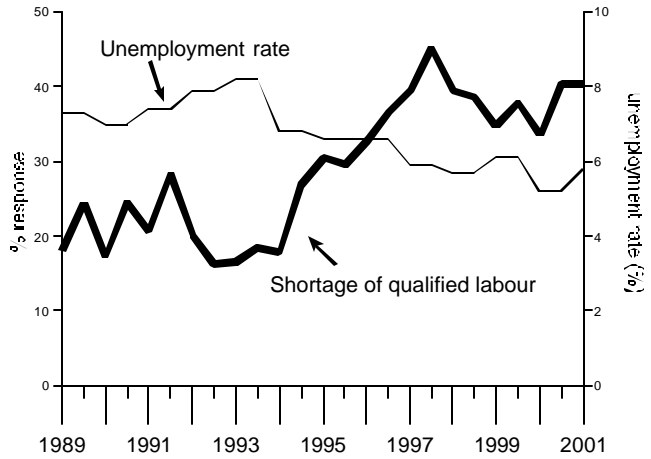
Source: Canadian Federation of Independent Business, Results of the *Hard Facts Survey*, 482 responses in Saskatchewan (October 2000)



### Persistently High Labour Shortages

In 2001, the concern over the shortage of labour has remained at the alarming level registered at the end of 2000. Almost one in two (40 per cent) businesses had difficulties finding qualified labour to meet their staffing needs in 2001.

Sources: Canadian Federation of Independent Business, Results of *Our Members' Opinions Surveys #24-48, 1989-2001*; and Statistics Canada

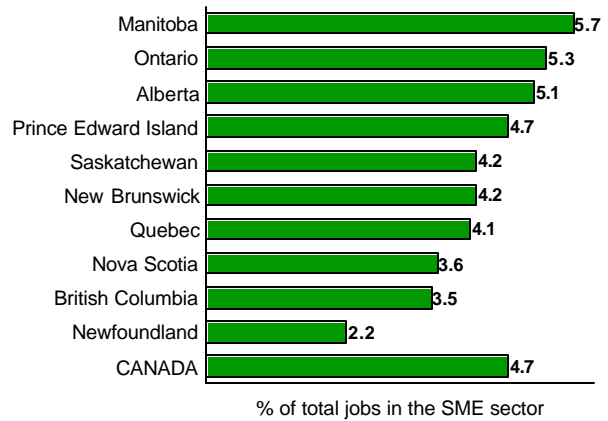


Sask data

### Unfilled Jobs Rate in the SME Sector

A CFIB survey revealed that there were about 250,000 to 300,000 vacant jobs among Canada's million or so small and medium-sized employers. The younger or the smaller the firm, the higher the rate of unfilled jobs. By sector, the highest rate of unfilled jobs is found in the construction and business services sectors, at 7.7 per cent and 6.8 per cent respectively.

Source: Canadian Federation of Independent Business, Results of the *Hard Facts Survey, 9,114 responses (October 2000)*

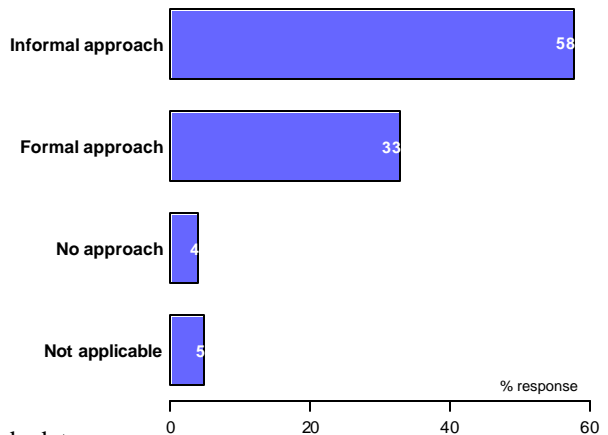


Canada data

### SMEs Training Approaches

Virtually, all SMEs provide some form of training to their employees. Six out of ten SME owners take an informal approach to training while another three out of ten use a formal approach in building their employees' skills.

Source: Canadian Federation of Independent Business, Results of the *Survey on Business Qualities, 2,030 responses (February 1999)*



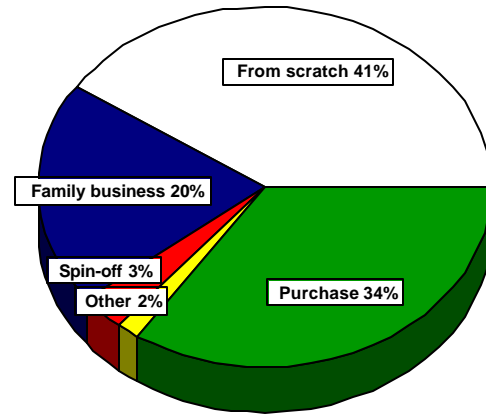
Canada data

### III. Community Environment

#### SMEs' Origins

About 40 per cent of Sask SMEs start from scratch, and about one-third start by purchasing an existing business. Another 20 per cent start by taking over a family business while about 3 per cent start as a spin-off from another business.

Source: Canadian Federation of Independent Business, Results of the *Building a Better Community Survey*, 541 responses in Saskatchewan (March-April 2001)

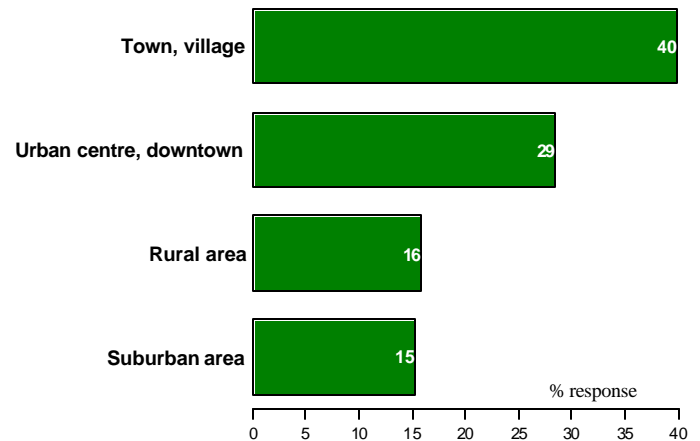


Sask data

#### Business Locations

About 40 per cent of businesses are located in town and villages, followed by approximately one-third of firms situated in urban centers and downtowns. Another 16 per cent of respondents run their businesses in rural and suburban areas respectively.

Source: Canadian Federation of Independent Business, Results of the *Building a Better Community Survey*, 541 responses in Saskatchewan (March-April 2001)

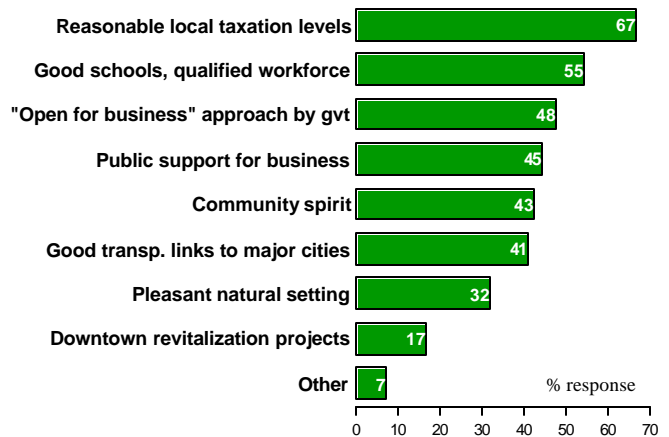


Sask data

#### Community Attributes with Positive Impacts on Business Success

Reasonable tax levels and a good school system and workforce top the list of positive attributes that contribute to the business success. A general business-friendly local government, public support for businesses and a strong community spirit also improve business's success.

Source: Canadian Federation of Independent Business, Results of the *Building a Better Community Survey*, 541 responses in Saskatchewan (March-April 2001)

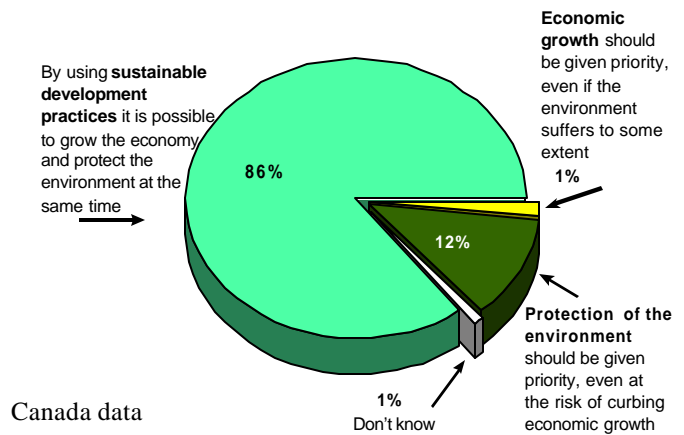


Sask data

### SMEs' Views on Economic Growth and Environment

The vast majority of SMEs believe sustainable development practices make it possible to grow the economy and to protect the environment at the same time. Another 12 per cent think that the environment should have priority even at the risk of curbing economic growth.

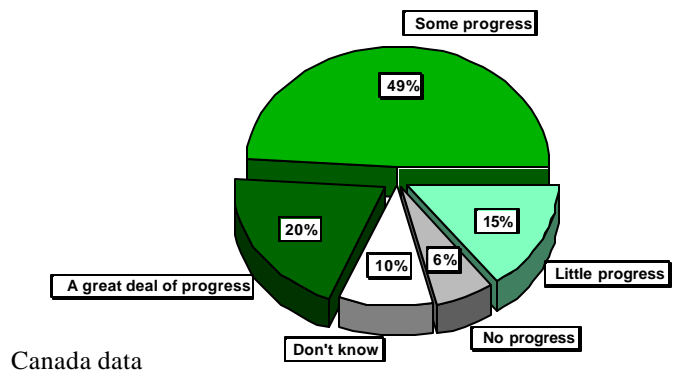
Source: Canadian Federation of Independent Business, Results of the *Environment Survey*, 4,322 responses (November 2000)



### SMEs' Progress on Environmental Issues

SMEs have gone a long way towards preserving the environment. Two-thirds of SMEs consider to have made "some" or "a great deal of" progress in dealing with environmental issues. Only one-in-five firms stated they made "little" or "no progress".

Source: Canadian Federation of Independent Business, Results of the *Environment Survey*, 4,322 responses (November 2000)

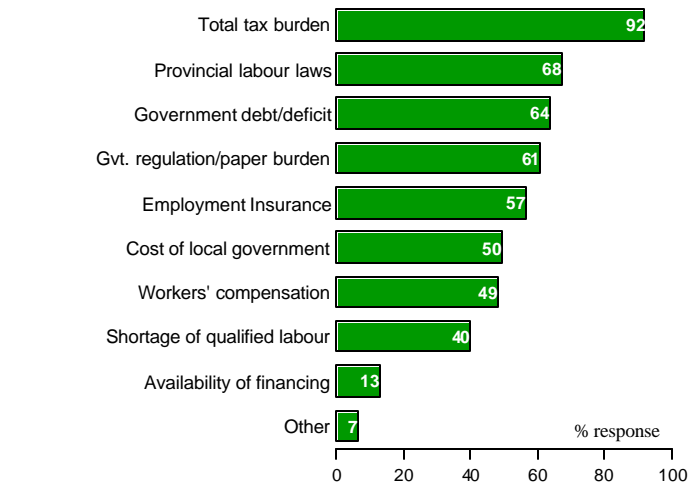


## IV. Economic Environment

### Most Important Issues for Saskatchewan SMEs

The total tax burden continues to be the top concern for virtually all Saskatchewan SMEs. Other major concerns are provincial labour laws, government debt/deficit; and government regulations and paper burden.

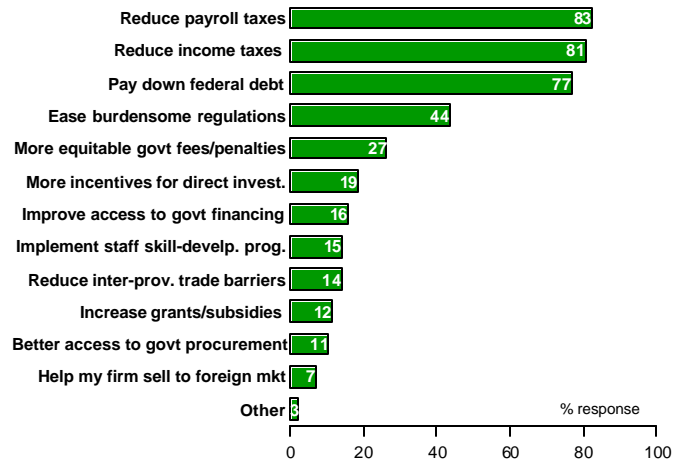
Source: Canadian Federation of Independent Business, Results of *Our Members' Opinions Survey #48*, 1,282 responses in Saskatchewan (January-June 2001)



### Measures to Improve SMEs Productivity

The federal measures that would help SMEs the most are related to the overall tax burden. Half of small businesses would enjoy a higher productivity if regulations were eased and about one quarter could produce more if government fees and penalties were more equitably set.

Source: Canadian Federation of Independent Business, Results of *CFIB Survey on Tax Principles*, 7,913 responses (April 1999)



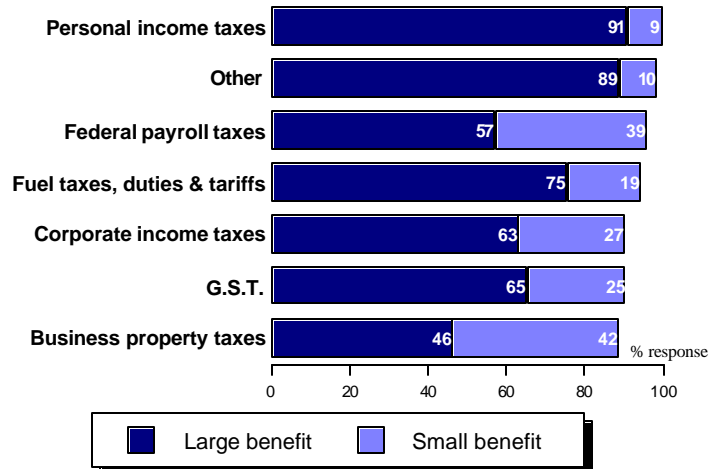
Canada data

## V. Tax Environment

### Tax Cut Initiatives that Would Benefit Saskatchewan SMEs the Most

Personal income tax cuts would benefit virtually all small and medium-sized businesses in Saskatchewan. Nine out of ten Sask businesses would benefit from cutbacks in other taxes, federal payroll taxes, and cuts in fuel taxes, duties and tariffs.

Source: Canadian Federation of Independent Business, Results of *Our Members' Opinions Survey #47*, 1,197 responses in Saskatchewan (July-December 2000)

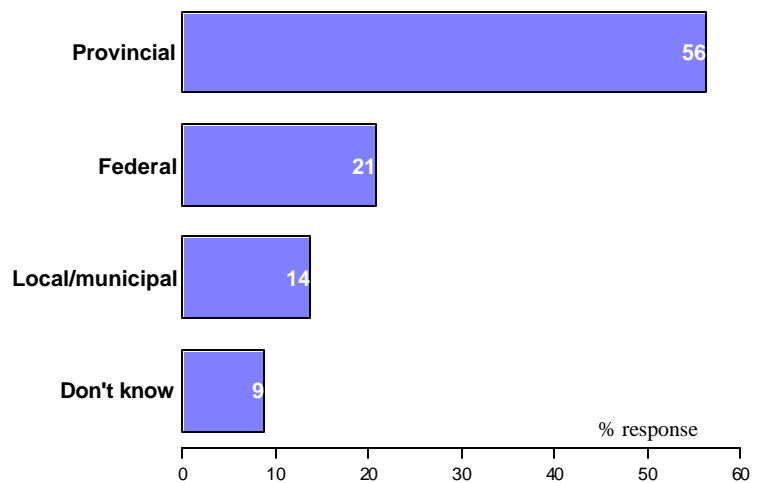


Sask data

### Level of Government with the Most Impact on the Day-to-Day Operation and Success of Businesses

Businesses are dependent on good policy from all levels of government. However, most business owners say the provincial government has by far the highest impact on the day-to-day operations of their firms. One-in-five business owners say the federal government has the largest impact, while about one-in-seven appreciates that the local government has the biggest impact on their firms.

Source: Canadian Federation of Independent Business, Results of *the Building a Better Community Survey*, 541 responses in Saskatchewan (March-April 2001)

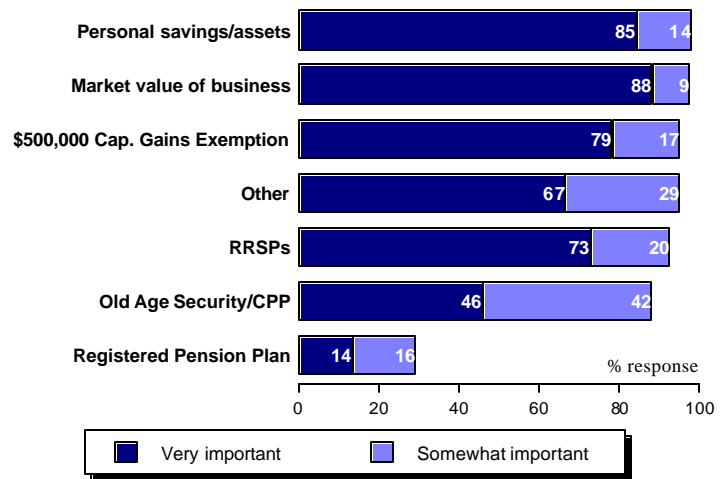


Sask data

### Personal Savings and Market Value of the Business Crucial to Saskatchewan SME Owners' Retirement Plans

Personal savings/assets and the market value of the business remain the most important retirement vehicles for almost all SME owners. The \$500,000 capital gains exemption, other savings and RRSPs follow in importance. Without access to registered pensions, small business owners must rely on their own investment success to sustain them during retirement.

Source: Canadian Federation of Independent Business, Results of *Our Members' Opinions Survey #48*, 1,282 responses in Saskatchewan (January-June 2001)



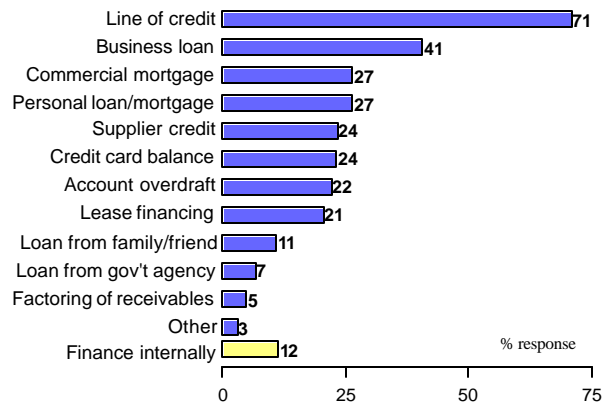
Sask data

## VI. Financial Environment

### Types of SME Financing

Lines of credit and business loans are, by a significant margin, the two chief sources of debt financing for small business. Commercial and personal mortgages, personal loans, supplier credit, and credit cards are all used by one-in-four small businesses. A loan from a family member or friend is a financing source for one-in-ten businesses.

Source: Canadian Federation of Independent Business, Results of *the Banking Survey*, 10,024 responses (June 2000)

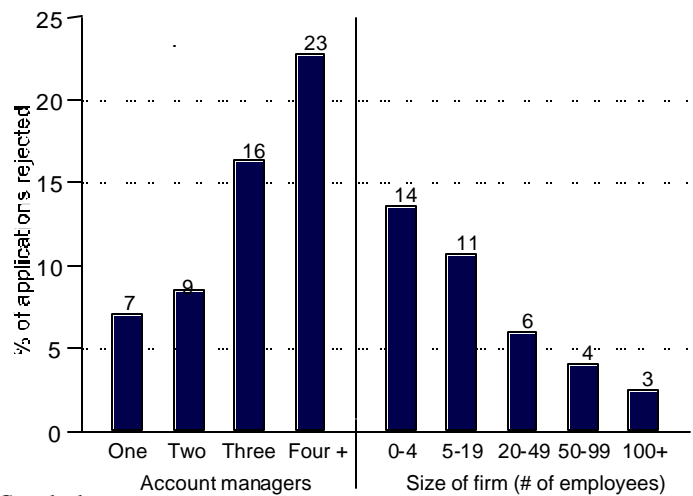


Canada data

### Loan Rejection Rates by Account Manager Turnover and by Size of Firm

The loan rejection rate varies largely depending mainly on the account manager turnover and on the number of employees. The higher the account manager turnover or the smaller the firm, the higher the loan rejection rate.

Source: Canadian Federation of Independent Business, Results of *the Banking Survey*, 10,024 responses (June 2000)



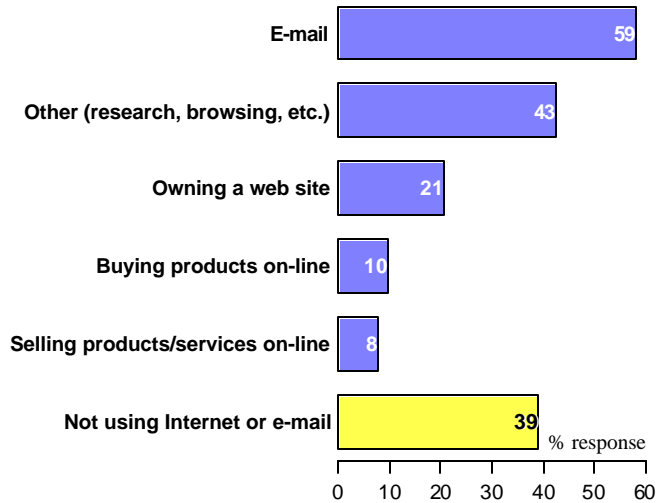
Canada data

## VII. Technological Environment

### Types of Internet Usage Among Sask SMEs

Almost two-thirds of Saskatchewan's SMEs use the Internet currently. The most frequent usage is for e-mail followed by research and browsing. About one-fifth of Saskatchewan businesses own a web site. About 10 per cent of Saskatchewan businesses buy or sell products or services on-line.

Source: Canadian Federation of Independent Business, Results of *Our Members' Opinions Survey #47*, 1,197 responses in Saskatchewan (July-December 2000)



Sask data