

SME Statistics Program

Small Business and Special Surveys
Division
Statistics Canada

Conference "Past, Present and Future: SMEPOLicy in Egypt"
January 2008

SME Statistics

- Introduction
 - Strong interest in SMEs because of contribution to employment and innovation (Government priorities)
 - Policy areas demanding detailed / high quality SME data to support policy development geared specifically at SME growth as opposed to business start-ups
 - Industry Canada, Canadian Federation of Independent Business, Provincial Departments for Economic Development
 - International Ministerial support for the development of comparable SME data
 - OECD / Eurostat support for the development of standard demography statistics and entrepreneurship performance indicators

SME Statistics Business Problem

- No standard definitions for SMEs
 - In STC / nationally / internationally
 - Unable to create a comprehensive picture of SMEs in Canada
 - Limits comparisons to other countries
- Lack standard measures of SME performance to assess productivity, growth, competitiveness etc.
- Accessibility
 - Users don't know what data STC has on SMEs; how / where to get it; and how to interpret it because of different concepts in use

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SME Statistics Program

- Obstacle
 - Different users / Different requirements
 - Achieving consensus on a definition of small and medium
 - Achieving consensus on how to measure size – Emp vs Rev
- How resolved
 - Adopt standard size groups based on employment aligned with OECD and Eurostat
 - 0, 1-4, 5-9, 10-19, 20-49, 50-99, 100-249, > 249
 - Report all data by size group allowing users to define their own coverage
 - Carry revenue as an auxiliary variable so outputs by revenue can be produced

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SBSS

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SME Statistics Program

- **Obstacle**
 - Managing expectations
- **How resolved**
 - **Clear definition of Program Objectives**
 - Produce on an annual basis statistics to support policy development and international country comparisons
 - SME business demography statistics
 - SME performance indicators
 - No official industrial estimates or employment estimates
 - Leverage existing administrative data
 - Funding for data gaps must come from stakeholders

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SBSS

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SME Statistics Program

- **Obstacle**
 - Agreeing on program content
- **How resolved**
 - The base program would only include core statistics
 - **Core defined as:**
 - Variables available from existing administrative sources on an annual bases (Longitudinal)
 - Variables for which a discrete value is known for each and every business in Canada with acceptable quality
 - In so doing the data is both comprehensive and consistent over time
 - Allow us to measure change over time

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SME Statistics Program

- Obstacle
 - Agreeing on the unit of observation
- How resolved
 - For international comparisons the unit of observation needs to be enterprise as it has the same legal definition internationally
 - For SMEs enterprise and establishment are one and the same
 - It is only with large enterprises that establishment / enterprise becomes an issue

SME Statistics Program

- Enterprise Counts

➤ 0 employees	1,290,000	58.3%
➤ 1-4 employees	560,000	25.3%
➤ 5-9 employees	169,000	7.6%
➤ 10-19 employees	92,000	4.2%
➤ 20-49 employees	56,000	2.5%
➤ 50-99 employees	18,000	0.8%
➤ 100-249 employees	8,000	0.4%
➤ > 249 employees	20,000	0.9%
➤ (116,000 establishments)		
➤ Total Enterprises	2,213,000	
- Note: At present > 249 not included

SME Statistics Program

- Obstacle
 - Getting complete, timely, high quality data for all businesses in Canada
- How resolved
 - Exploit Canada Revenue Agency administrative data to the maximum
 - Use Payroll Remittance Data to obtain employment data
 - Use T1 and T2 tax data to obtain balance sheet and income statement data
 - Full set of data for a given tax year is available by September of the following year (ex. Tax year 2006 – complete data available by September 2007)
 - Facilitated by unique Business Number

SME Statistics Program

- Obstacle
 - Ensuring that the SME Statistics Program remains fully aligned with Statistics Canada's Business Register
 - Business counts from the SME Statistics Program need to be consistent with annual, quarterly, monthly survey estimates
- How resolved
 - The program coverage is dictated by the Business Register
 - All employer business in Canada
 - All non-employer business with at least \$30K in GST sales
 - Administrative data is loaded for each active business in the Business Register for each reference year

SME Statistics Program

- **Obstacle - Confidentiality**
 - Users want most detailed data possible (Industry – 6 digit NAICS, Geography – sub provincial breakdown, business size or revenue size)
 - For any given dimension this is not a problem
 - Multi dimensional cross tabulations and selected sub-populations (high growth / gazelles) problematic
 - Small numbers of businesses in the larger size groups
- **How resolved**
 - Standard annual outputs free - additional customized outputs generated as required on a cost recovery basis
 - Users need to decide what the most important dimension(s) is to maximize the useful information presented in the output tables

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Status

Phase 1 (FY 06 - 07)

- Extensive consultation with stakeholders on concepts (size classes based on Emp and Rev) and content (Bus demographics and performance measures)
- Development of new employment measures
 - Based on Payroll Remittance Data to Canada Revenue Agency
 - Avg 12 month head count for EMP
 - Annual EI contributions to determine full time / part time Emp

Phase 2 (FY 07-08)

- Created SMEstats data warehouse with tax data for 1999 – 2006 (Key variables included Ind, emp, rev, age)

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Bus. Demography Statistics

Tax data 1999 - 2006

Demographic Characteristic	Dimension			
	Ind	Prov	Emp size	Rev size
# Firms	Y	Y	Y	Y
Emp count	Y	Y	Y	
Age of Business	Y	Y	Y	

Entrepreneurship Performance Indicators

Firms	Employment	Wealth
Employer firm birth rate	High growth firm rate by employment	High growth firm rate by turnover
Employer firm death rate	Gazelle rate by employment	Gazelle rate by turnover
Business churn	<u>Ownership rate start-ups</u>	<u>Value-added by young firms</u>
Net business population growth	<u>Ownership rate business population</u>	<u>Productivity contribution, young firms</u>
Survival rate, 3 and 5 years	Employment 3 and 5 year old firms	<u>Innovation performance, young or small firms</u>
Proportion 3 and 5 year survival	Average firm size after 3 and 5 years	<u>Export performance, small firms</u>

Phase 3 (FY 08-09)

- Load additional admin data into DW
 - Selected balance sheet and Income statement variables
 - Profit, salaries & wages, depreciation, net interest paid etc
- Generate additional performance indicators
 - SME Value added (GDP proxy)
 - Profit ratios

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Future Perspective

- Leveraging the SME Statistics Program
 - Given that the Program has core micro data for each business in Canada we will be able to create custom tabs for users on a cost recovery basis
 - Provincial Governments has already expressed interest in sub-provincial data
 - The Program will be able to support future research and analysis on special topics such as exports, innovation, research and development by linking this file to sample survey data
 - Contains all core business characteristics for the universe of SMEs

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