

# **Standing firm: Rural business enterprises in Canada**

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# Firms in rural areas

Is there a problem?

- Distant from urban centres
- Small population therefore smaller demand for services
- Reliant on resource oriented primary industry and labour intensive manufacturing
- Vulnerable to resource depletion/loss and global competition



# Firms in rural areas

Is there a problem?

- Is there more to the story?



# Where we're going

- Compare the number and size of firms in rural and urban Canada
- Compare the number and size of firms in different rural areas
- Relate to the population
- Industry sector



# The data

- **Firm data: Statistics Canada's Business Register, 2007**
  - StatCan's central repository of information on businesses
  - Active business, and be an employer or have an annual gross business income above \$30,000
  - This study includes only those firms with employee payroll
- **Population data: Statistics Canada's 2006 Census of Population**



# What is rural?

## Several definitions of rural

- Rural and Small Town (RST) definition
- Towns and municipalities outside commuting zone of larger urban centres
- Larger urban centres are CMAs and CAs
  - More than 10,000 population
  - Also includes surrounding municipalities where more than 50% commute to the urban centre



# What is rural?

RST areas divided into 4 MIZ

Based on commuting to an urban centre

- **Strong MIZ: 30% or more**
- **Moderate MIZ: Between 5% and 30%**
- **Weak MIZ: Greater than 0% and less than 5%**
- **No MIZ: Nobody commutes**



# Where is rural?

## Metropolitan Influenced Zones (MIZ) in Rural and Small Town Canada, 2006 using the Statistical Area Classification



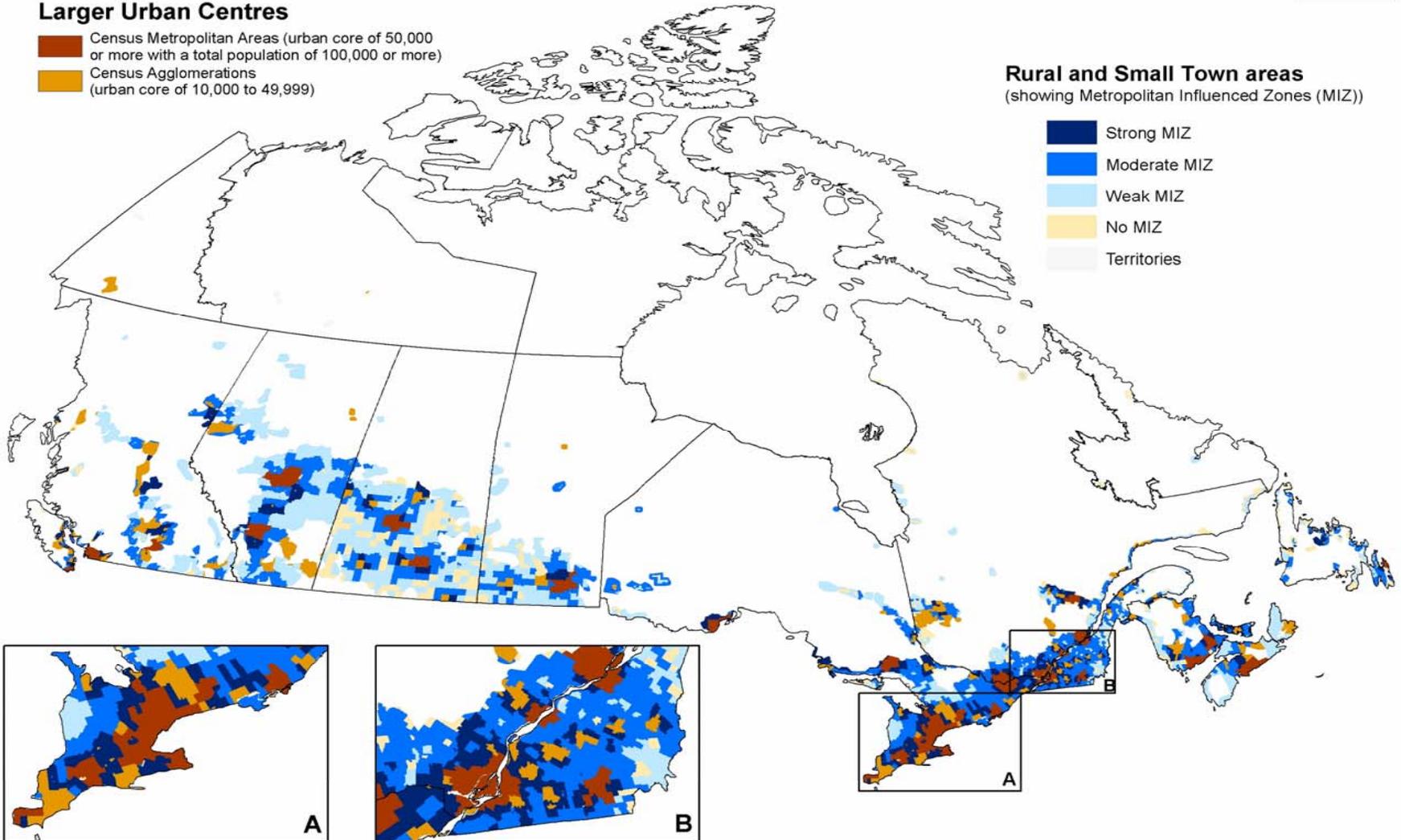
### Larger Urban Centres

-  Census Metropolitan Areas (urban core of 50,000 or more with a total population of 100,000 or more)
-  Census Agglomerations (urban core of 10,000 to 49,999)

### Rural and Small Town areas

(showing Metropolitan Influenced Zones (MIZ))

-  Strong MIZ
-  Moderate MIZ
-  Weak MIZ
-  No MIZ
-  Territories

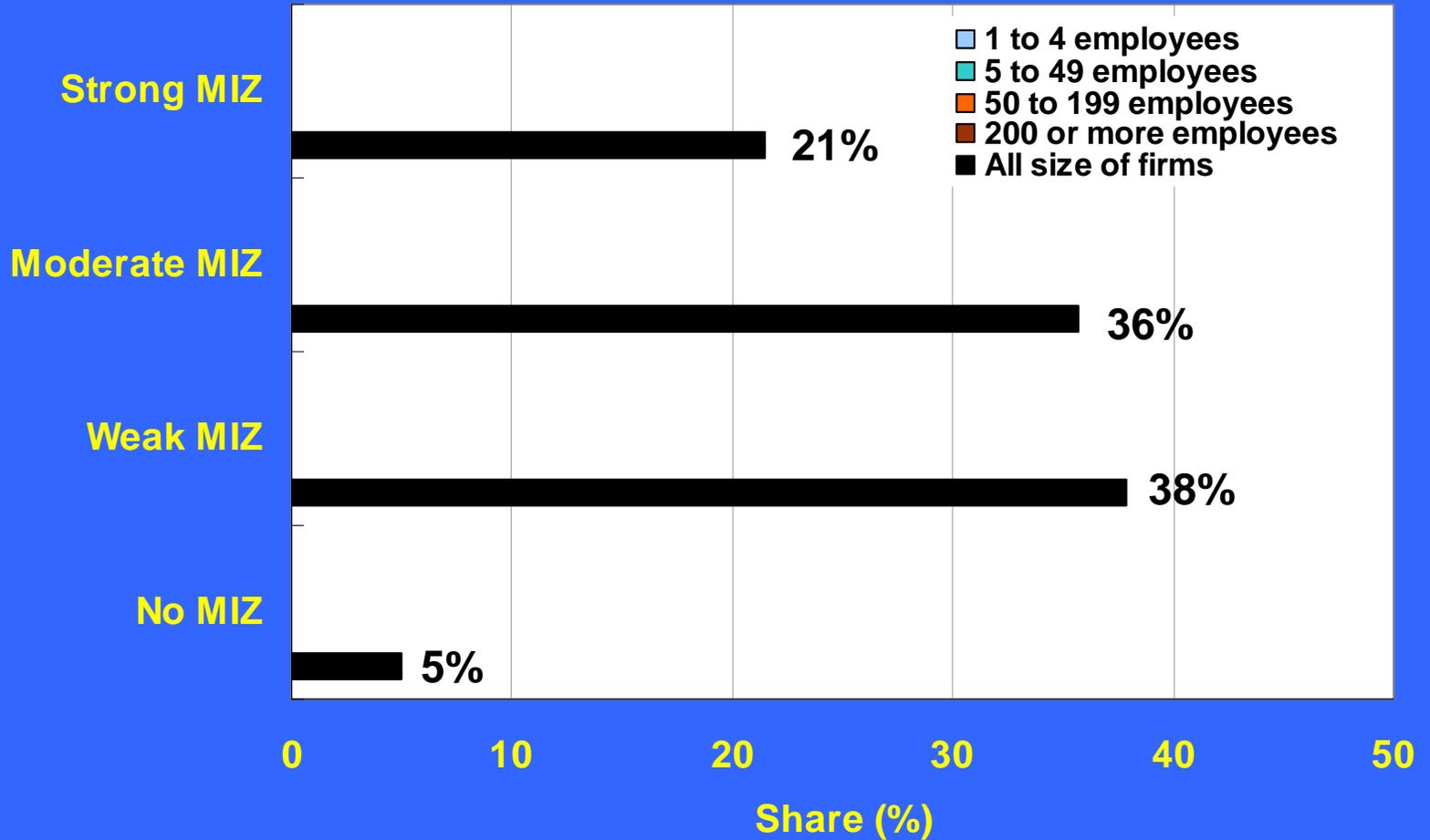


# Rural and urban firms

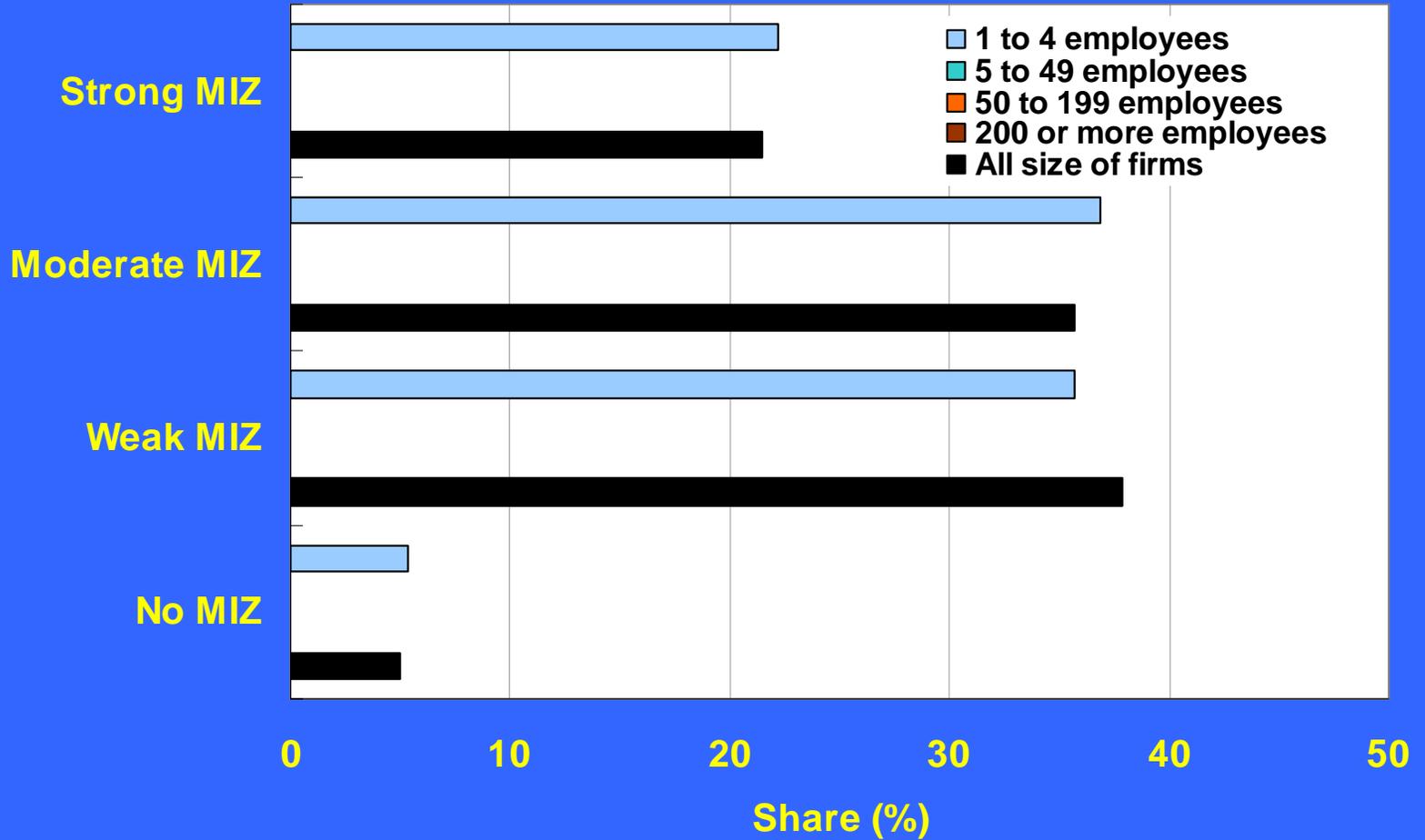
|                      | 1 to 4 employees                      | 5 to 49 employees | 50 to 199 employees | 200 or more employees | All size of firms |
|----------------------|---------------------------------------|-------------------|---------------------|-----------------------|-------------------|
|                      | Share (%) of firms within each region |                   |                     |                       |                   |
| Larger Urban Centres | 75                                    | 82                | 88                  | 90                    | 78                |
| All RST areas        | 25                                    | 18                | 12                  | 10                    | 22                |



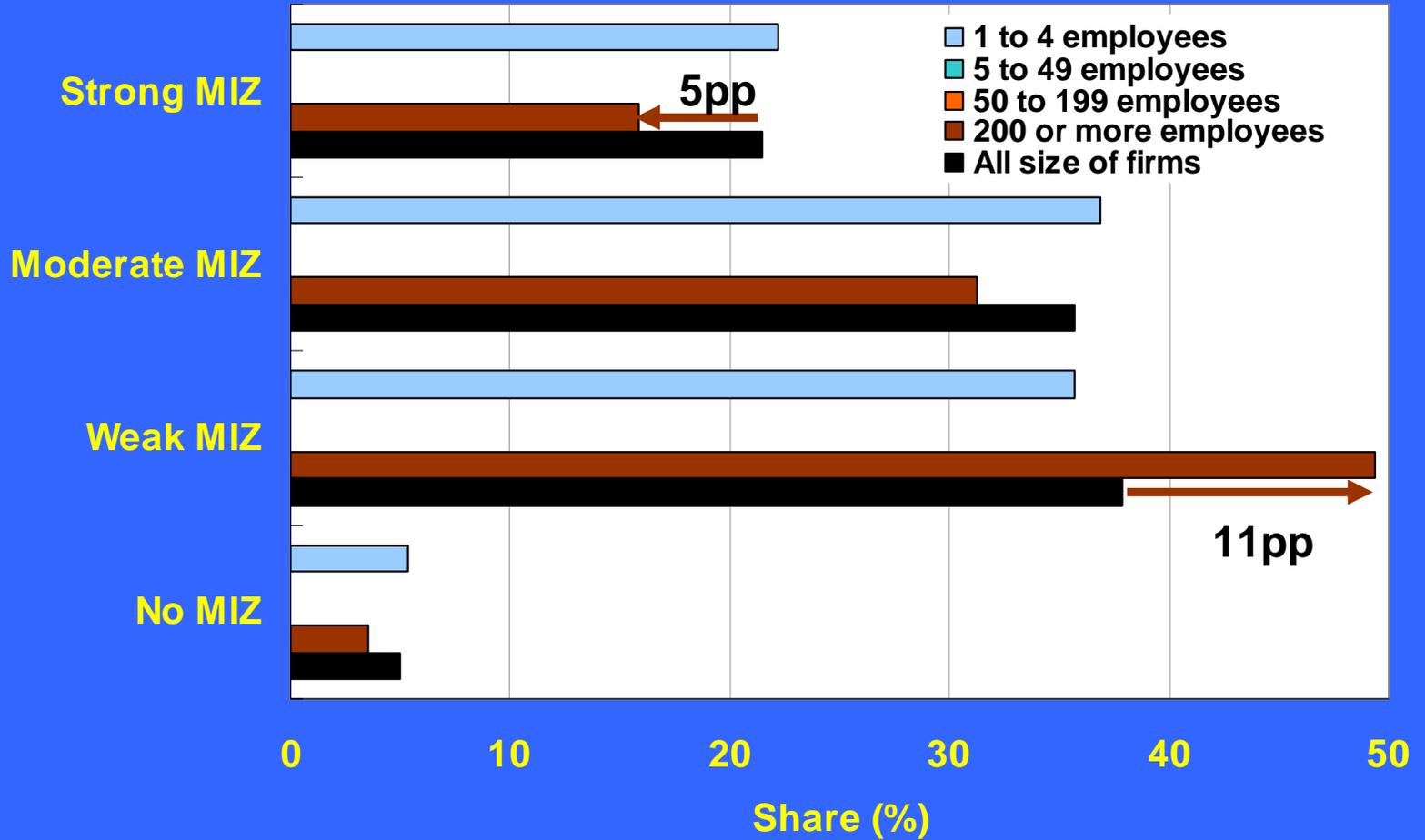
## Size of firm



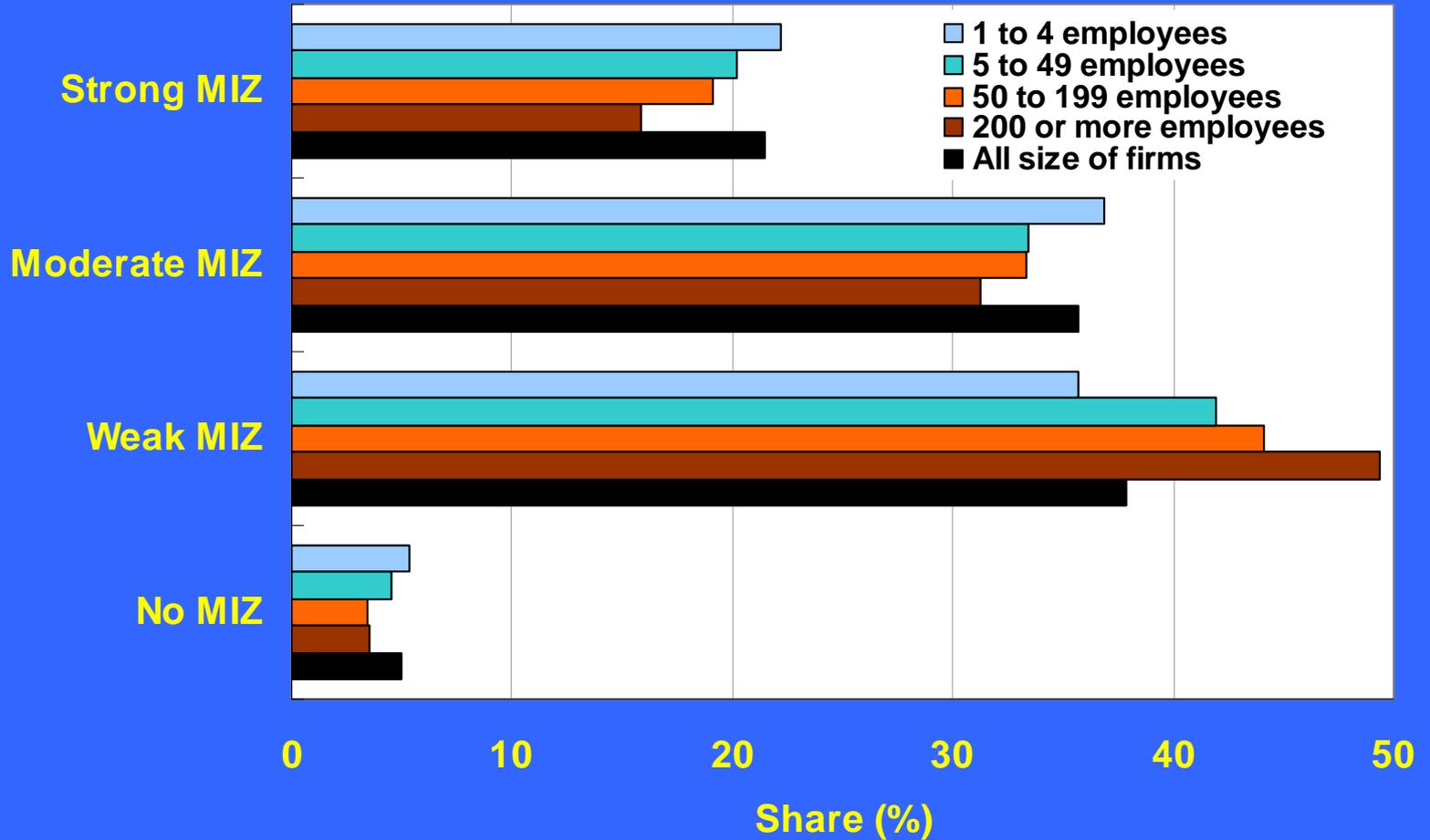
## Size of firm



## Size of firm



## Size of firm



# Rural and urban firms

## Intensity relative to population

|                      | Population (%) |
|----------------------|----------------|
| Larger Urban Centres | 81             |
| All RST areas        | 19             |



# Rural and urban firms

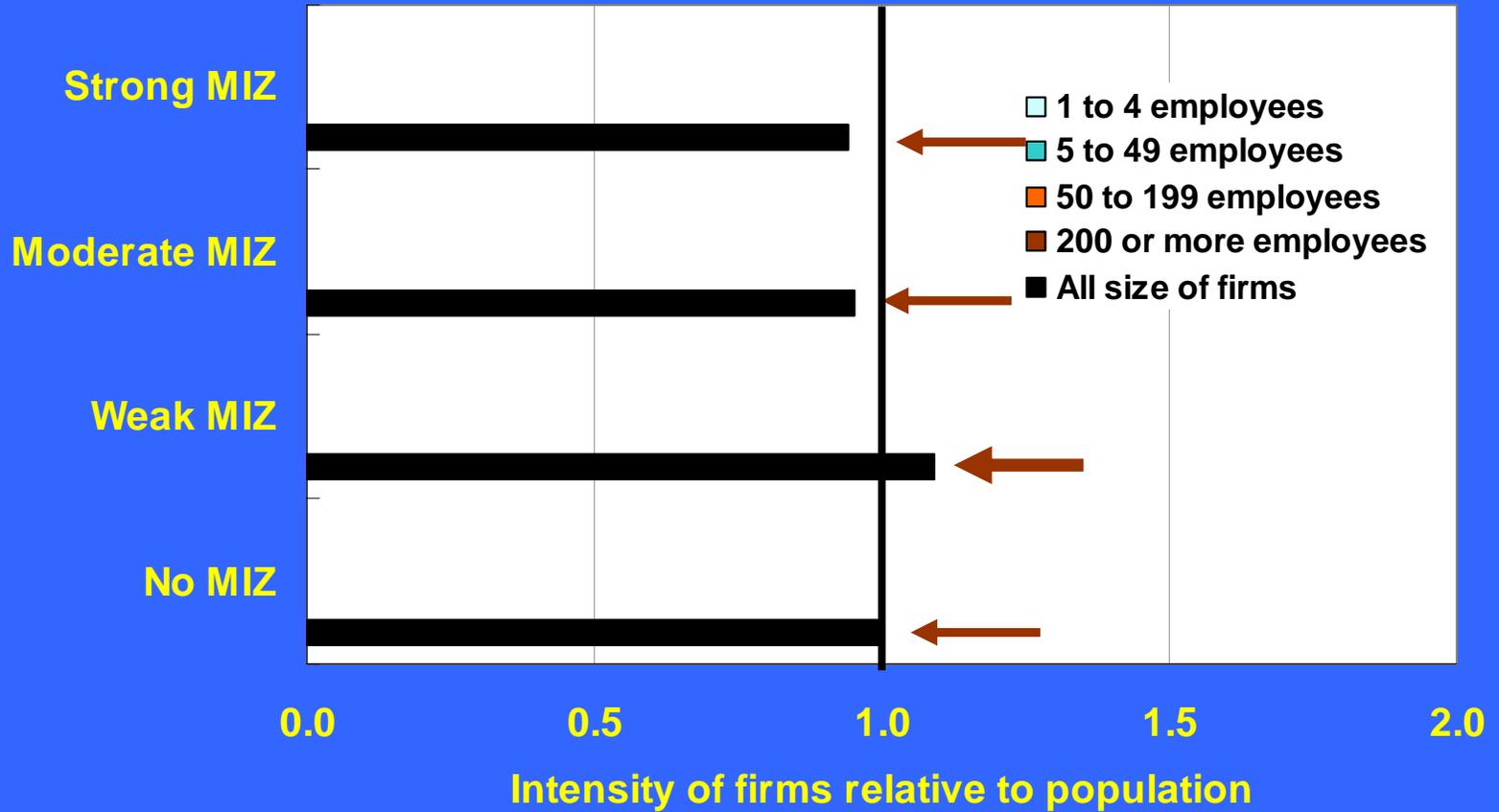
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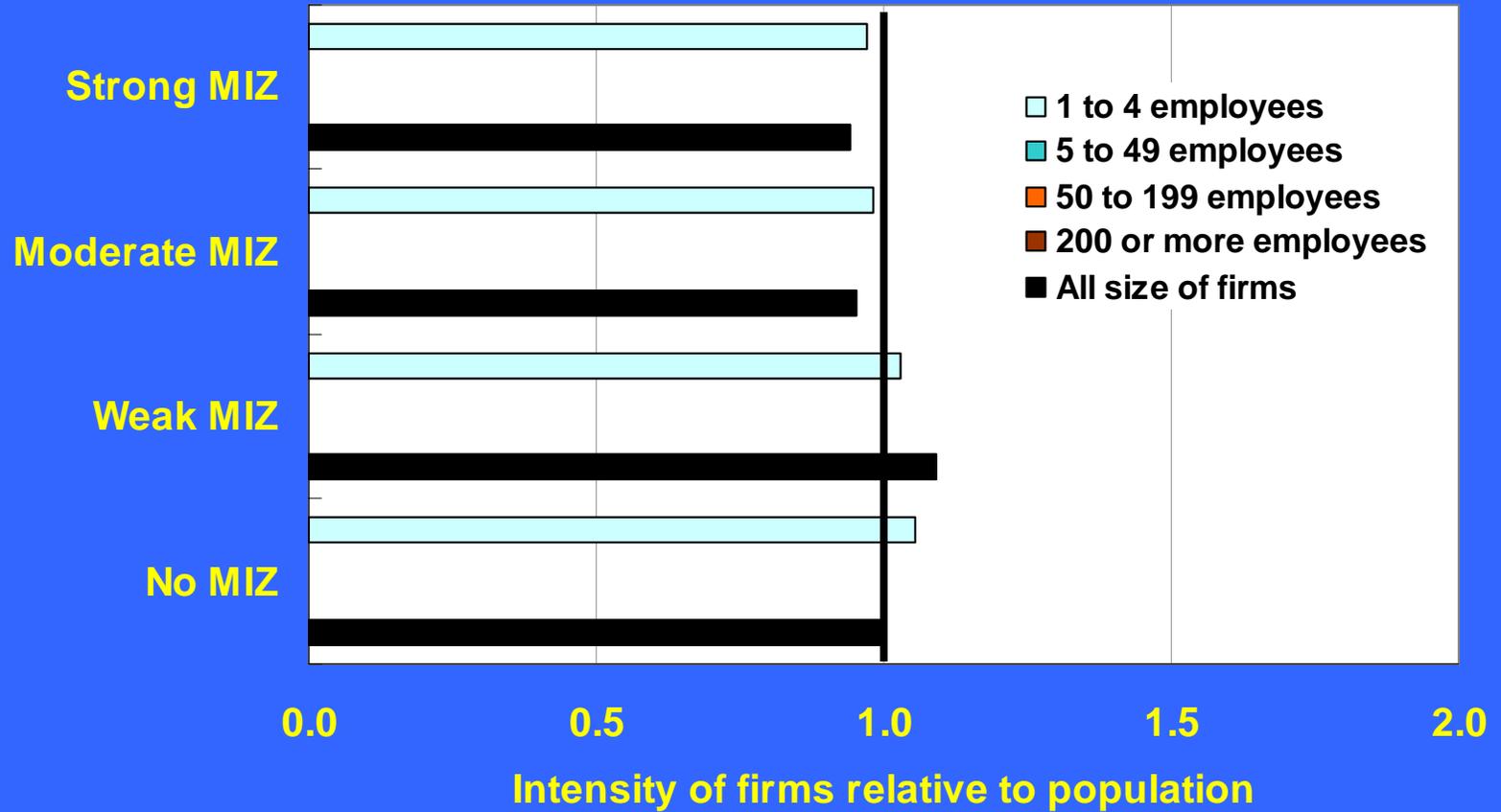
|  | 1 to 4 employees | 5 to 49 employees | 50 to 199 employees | 200 or more employees | All size of firms |
|--|------------------|-------------------|---------------------|-----------------------|-------------------|
| Intensity of firms relative to population in each area compared to Canada as a whole |                  |                   |                     |                       |                   |
| Larger Urban Centres   | 0.93             | 1.01              | 1.08                | 1.11                  | 0.97              |
| All RST areas  | 1.32             | 0.95              | 0.66                | 0.51                  | 1.15              |



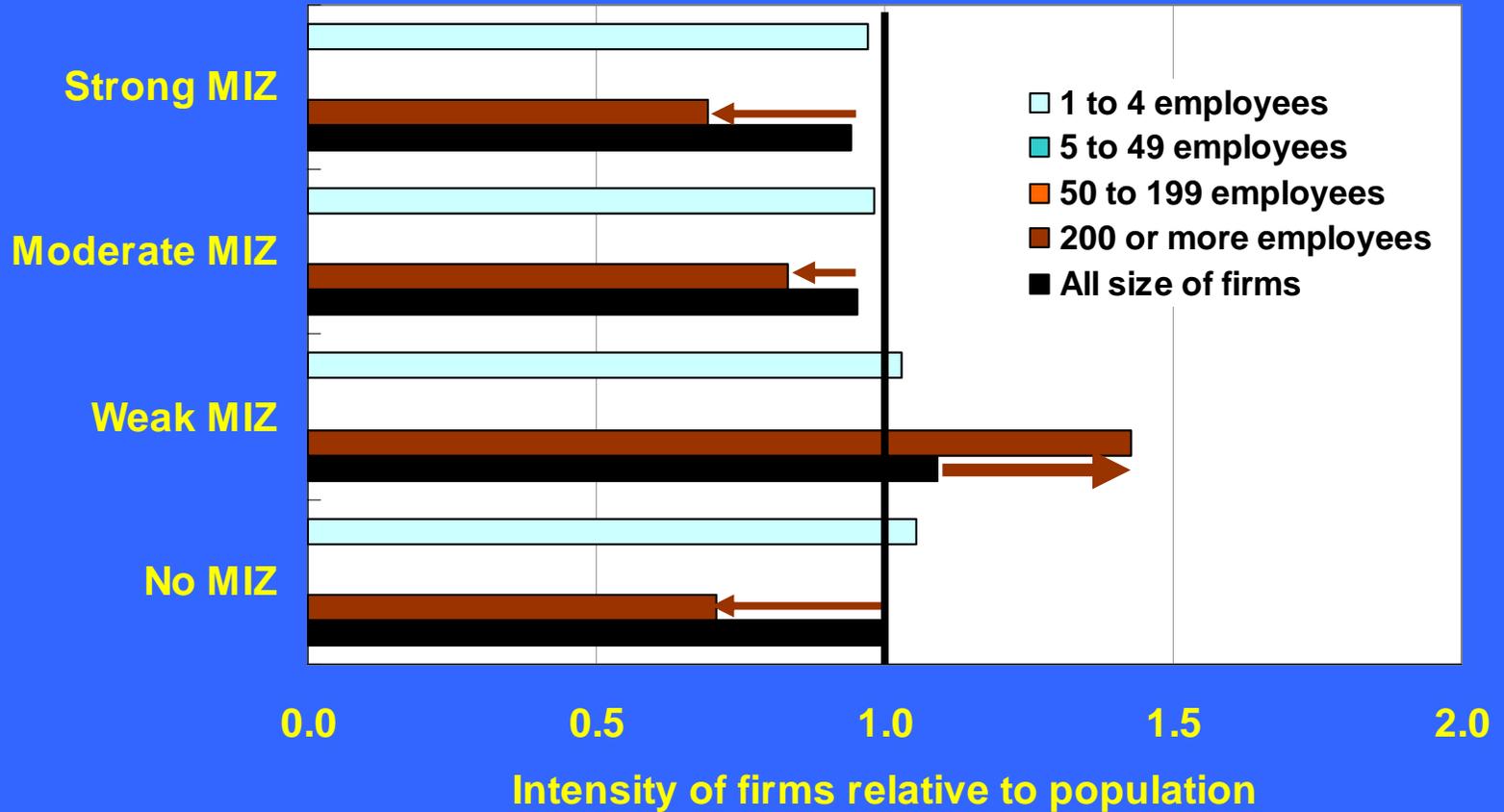
# Intensity



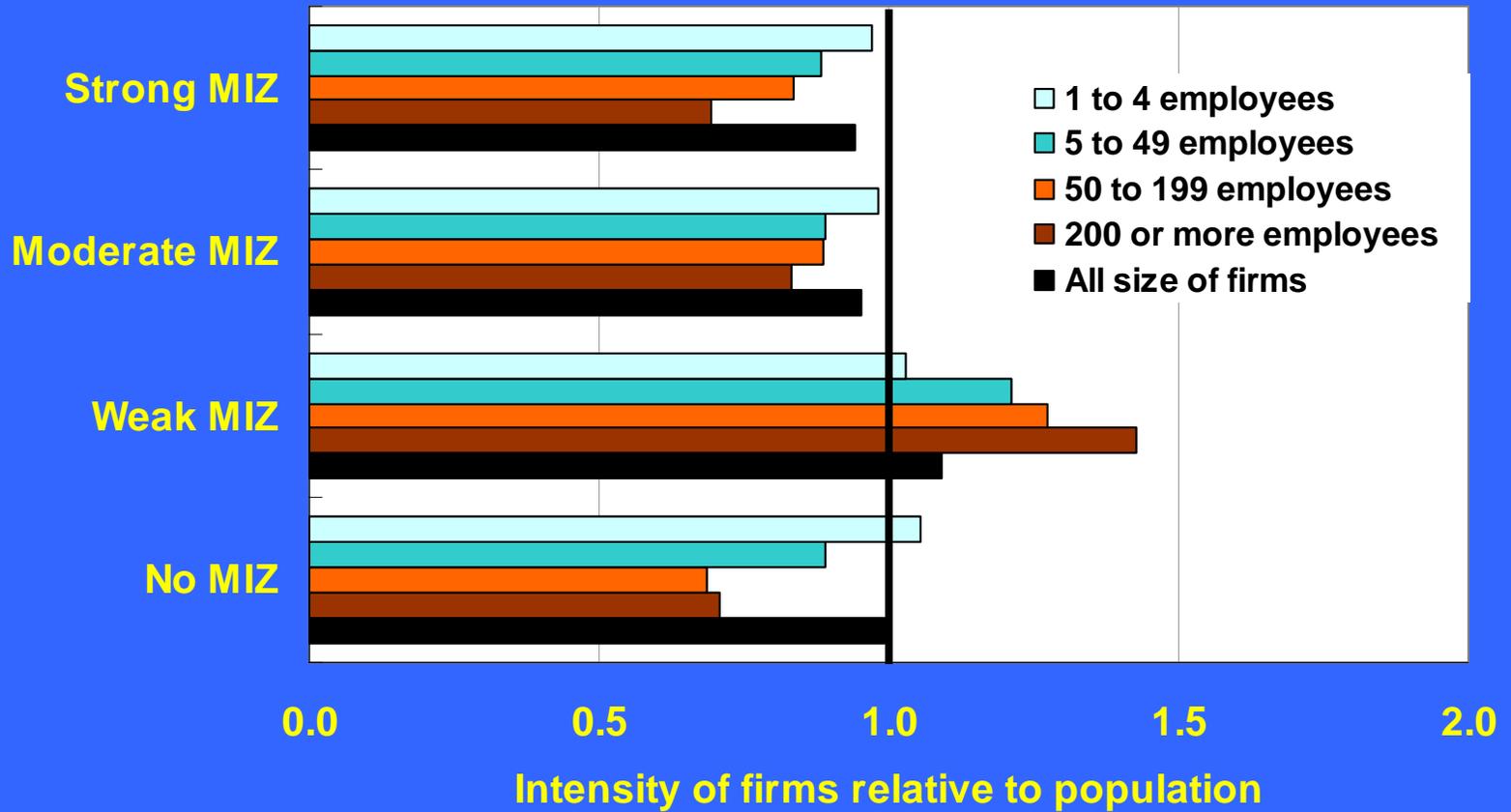
# Intensity



# Intensity



# Intensity

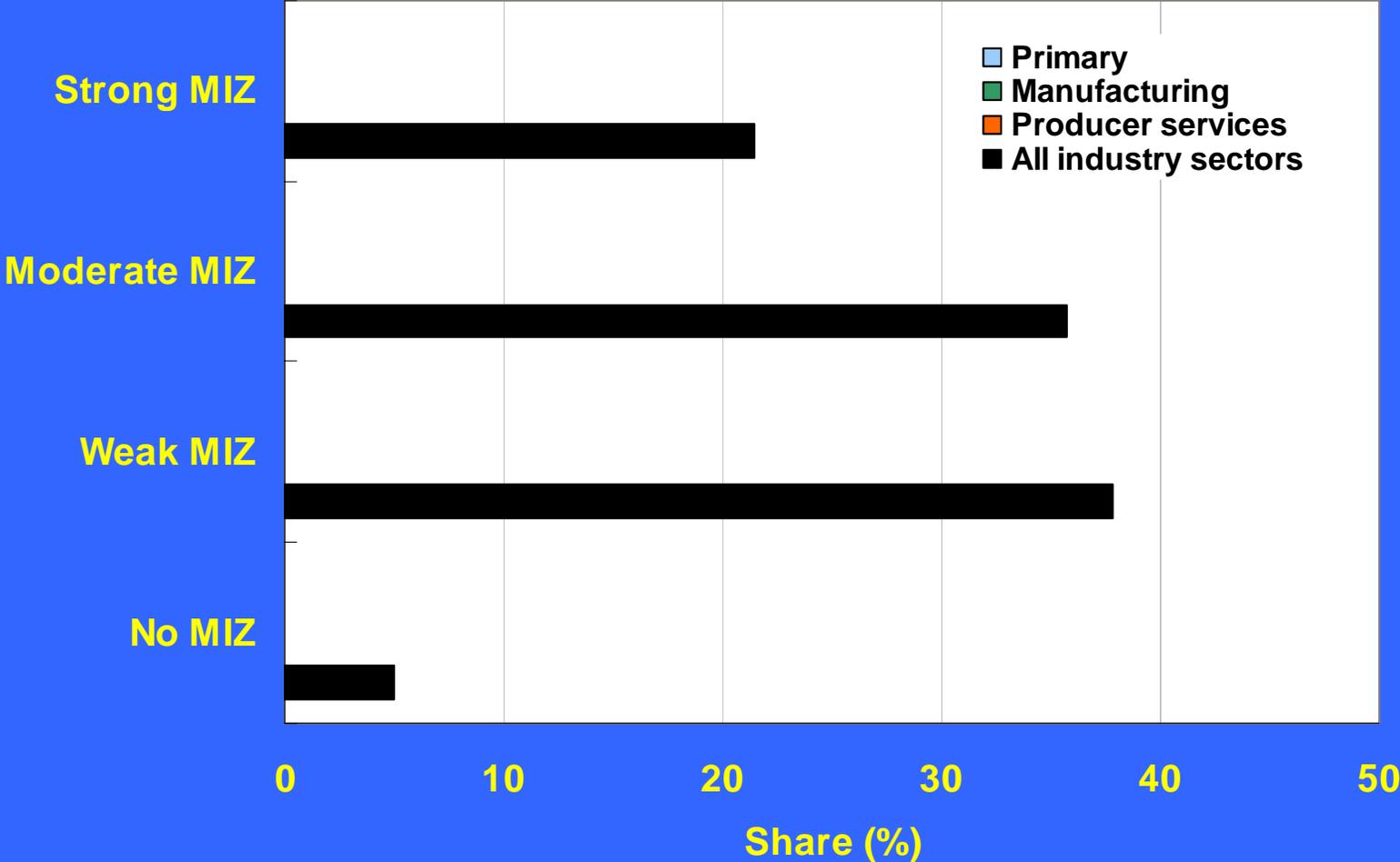


# Industry sector

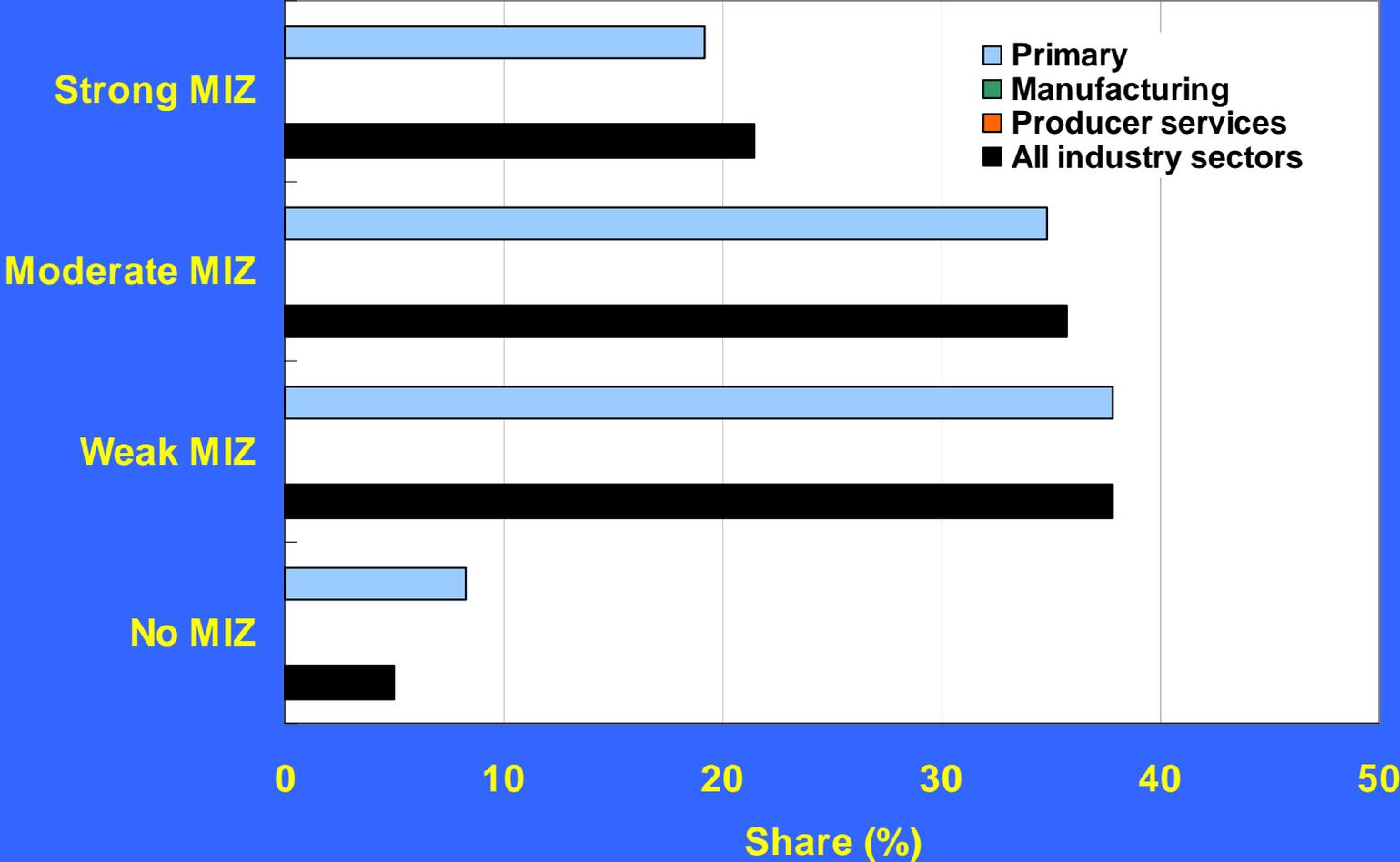
|                              | All areas                             | Larger urban centres | All RST areas |
|------------------------------|---------------------------------------|----------------------|---------------|
|                              | Share (%) of firms within each sector |                      |               |
| All industry sectors         | 100                                   | 100                  | 100           |
| Primary sector               | 6                                     | 3                    | 18            |
| Construction                 | 11                                    | 11                   | 12            |
| Manufacturing                | 6                                     | 6                    | 5             |
| Distributive services        | 24                                    | 24                   | 23            |
| Producer services            | 25                                    | 28                   | 15            |
| Social and personal services | 27                                    | 28                   | 27            |



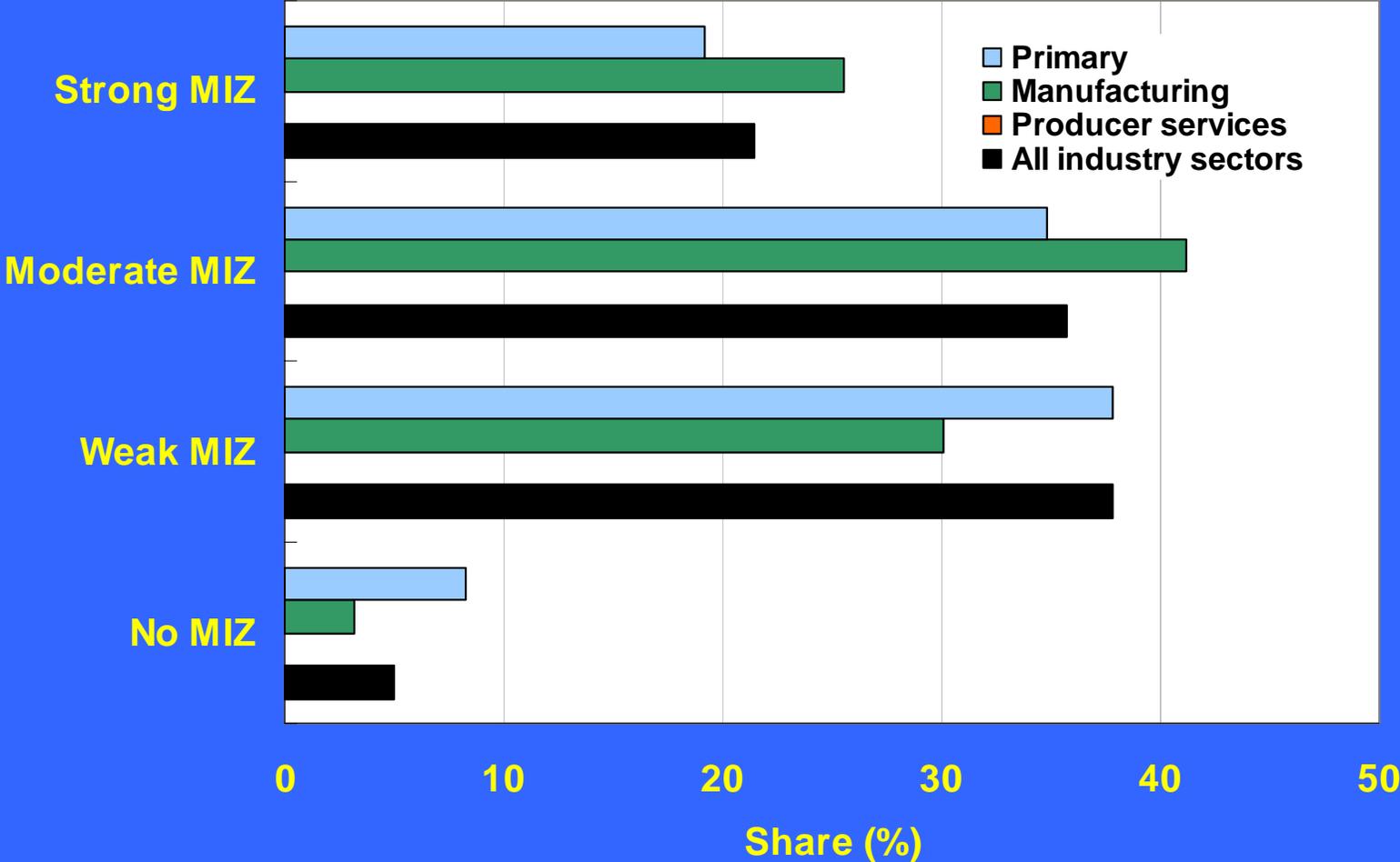
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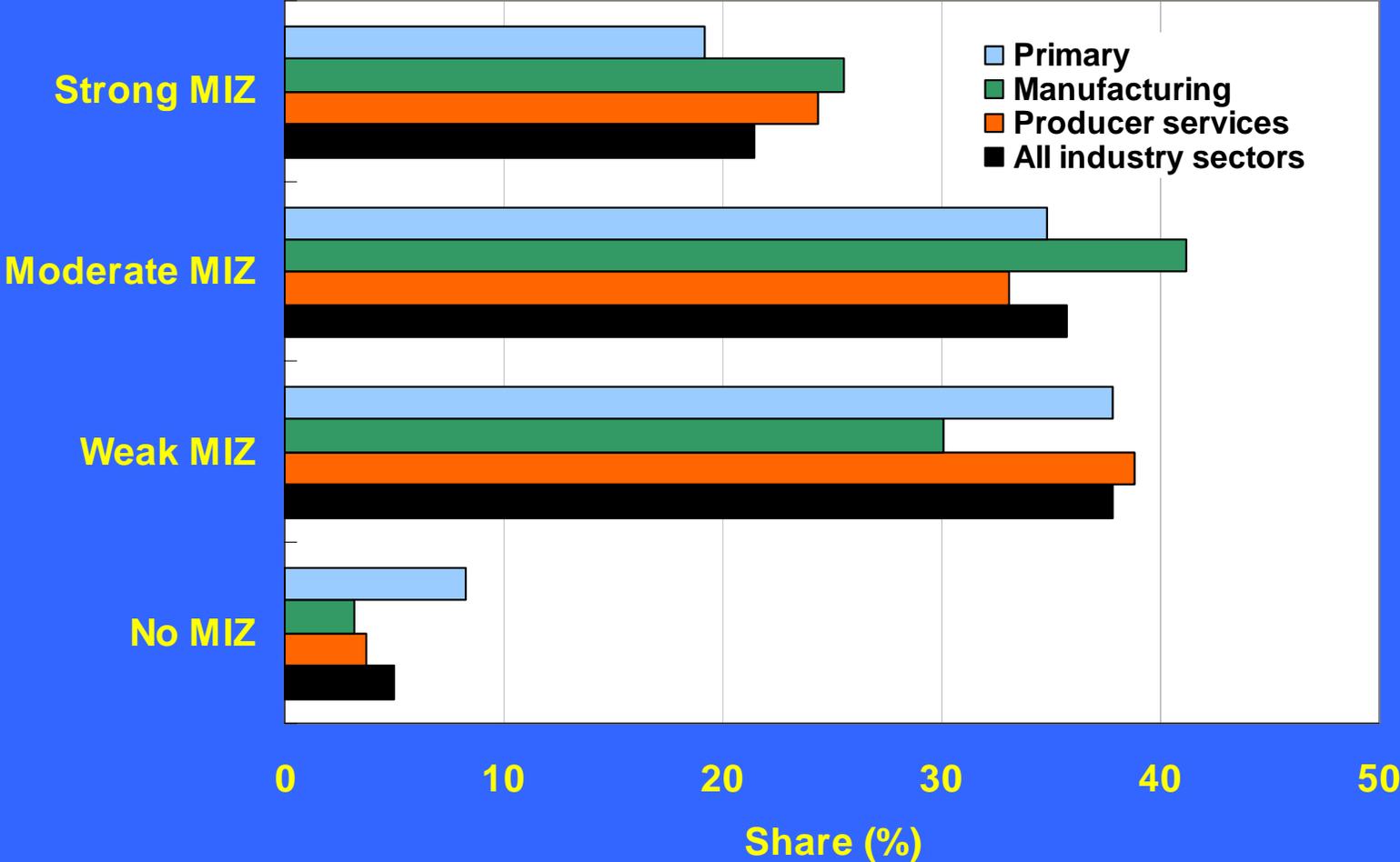
# Industry sector



# Industry sector



# Industry sector



# What does it all mean?

## Weak MIZ

- More rural firms than in any other MIZ (38%)
- Many more LARGE rural firms than in any other MIZ (50%)
- Higher intensity relative to population than any other MIZ
- Much higher intensity relative to population for LARGE rural firms
- More firms in PRODUCER SERVICES than in any other MIZ (39%)



# What does it all mean?

## Weak MIZ

- Rural service centres
- Actually exploit relative remoteness from LUCs?
- But caution!



# What does it all mean?

## Weak MIZ

- More firms (or more firms per head of population) does not necessarily mean a healthy economy
- More firms in producer services does not necessarily mean a healthy economy
- Need time-series to examine trends



**Thank you**

**For more information:**

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