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


Map produced by the Remote Sensing and Geomatics Applications section (RSGA), Agriculture Division, Statistics Canada, 2008
Rural and urban firms

<table>
<thead>
<tr>
<th></th>
<th>1 to 4 employees</th>
<th>5 to 49 employees</th>
<th>50 to 199 employees</th>
<th>200 or more employees</th>
<th>All size of firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larger Urban Centres</td>
<td>75</td>
<td>82</td>
<td>88</td>
<td>90</td>
<td>78</td>
</tr>
<tr>
<td>All RST areas</td>
<td>25</td>
<td>18</td>
<td>12</td>
<td>10</td>
<td>22</td>
</tr>
</tbody>
</table>
The bar chart shows the distribution of firms by size and MIZ strength. The size of firms is categorized into four groups: 1 to 4 employees, 5 to 49 employees, 50 to 199 employees, and 200 or more employees. The MIZ strength categories are No MIZ, Weak MIZ, Moderate MIZ, and Strong MIZ.

- **Strong MIZ**: 21% share
- **Moderate MIZ**: 36% share
- **Weak MIZ**: 38% share
- **No MIZ**: 5% share

The chart indicates that the largest share of firms, 38%, fall under the Weak MIZ category, followed by Moderate MIZ at 36% and Strong MIZ at 21%. No MIZ firms constitute the smallest share, at 5%.
Rural and urban firms

Intensity relative to population

<table>
<thead>
<tr>
<th>Population (%)</th>
<th>Larger Urban Centres</th>
<th>All RST areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>81</td>
<td>19</td>
</tr>
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</table>
### Rural and urban firms

#### Intensity relative to population

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<table>
<thead>
<tr>
<th>Size of firms</th>
<th>Intensity of firms relative to population in each area compared to Canada as a whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 4 employees</td>
<td>0.93 1.01 1.08 1.11 0.97</td>
</tr>
<tr>
<td>5 to 49 employees</td>
<td>1.32 0.95 0.66 0.51 1.15</td>
</tr>
</tbody>
</table>
Intensity of firms relative to population

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

- 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

- **Strong MIZ**
- **Moderate MIZ**
- **Weak MIZ**
- **No MIZ**

Legend:
- 1 to 4 employees
- 5 to 49 employees
- 50 to 199 employees
- 200 or more employees
- All size of firms
<table>
<thead>
<tr>
<th>Industry sector</th>
<th>All areas</th>
<th>Larger urban centres</th>
<th>All RST areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>All industry sectors</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Primary sector</td>
<td>6</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Construction</td>
<td>11</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Distributive services</td>
<td>24</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Producer services</td>
<td>25</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>Social and personal services</td>
<td>27</td>
<td>28</td>
<td>27</td>
</tr>
</tbody>
</table>
Industry sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong MIZ</td>
<td>21</td>
</tr>
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<td>Moderate MIZ</td>
<td>36</td>
</tr>
<tr>
<td>Weak MIZ</td>
<td>38</td>
</tr>
<tr>
<td>No MIZ</td>
<td>5</td>
</tr>
</tbody>
</table>

- Primary
- Manufacturing
- Producer services
- All industry sectors
Industry sector

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

Share (%)

Primary
Manufacturing
Producer services
All industry sectors
Industry sector

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

Share (%)

- Primary
- Manufacturing
- Producer services
- All industry sectors
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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