

## Fewer firms have grown, more have declined over the past decade

Before 2020, about 11% of all firms were growing.<sup>1</sup> During 2020, that share plunged to almost 3%, after which it recouped somewhat to about 6%, where it has hovered since (Figure 4). Meanwhile, the share of declining firms, which averaged around 4% between 2014 and 2019, rose sharply to 11% in 2020. After somewhat normalizing in 2021, it has since gradually and continually increased and now reaches almost 6%.

## Growing and declining firms face different challenges

Growing SMEs are mainly concerned with labour shortages (Figure 5), both skilled (56%) and un/semi-skilled (23%), as well as limited space (38%). In contrast, most declining businesses are affected by insufficient demand (81%) and shortage of working capital (49%).

## Investments are stronger for growing SMEs

Since 2024, about 20% of growing firms are making strong investments in computers, communications, office technology or process machinery and equipment (Figure 6). On the other hand, 71% of declining businesses are investing below their normal levels, or not at all.

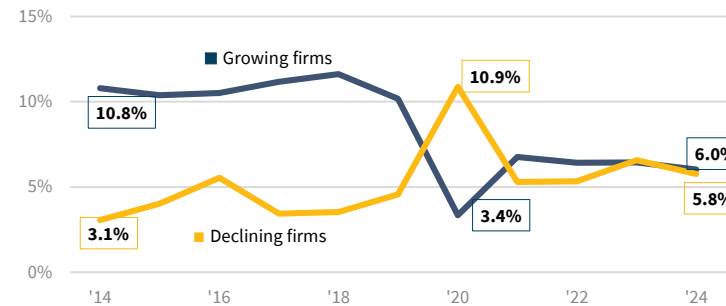
## The proportions of growing and declining firms vary significantly by sector, size and age of business

Sectors such as agriculture, manufacturing, and retail are now seeing fewer growing firms than their pre-pandemic average (Table 3). Businesses in finance, insurance and real estate; health and education; and hospitality now record more declining firms than their 2014-2019 average.

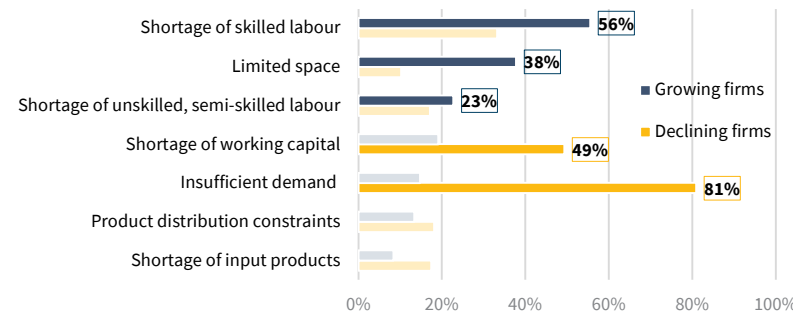
## Sources

(1) CFIB, Your Business Outlook Survey, January 2014-September 2024, annualized data. Growing firms are those expecting strong or moderately strong performance in both the next 3-4 months and the next 12 months. They are currently performing well and have done so in the past 3-4 months. Additionally, they do not anticipate laying off part-time or full-time employees in the coming 3-4 months. Conversely, declining firms are businesses who expect weak or moderately weak performance over the next 3-4 months and the next 12 months. They are currently experiencing weak performance and have done so in the past 3-4 months.

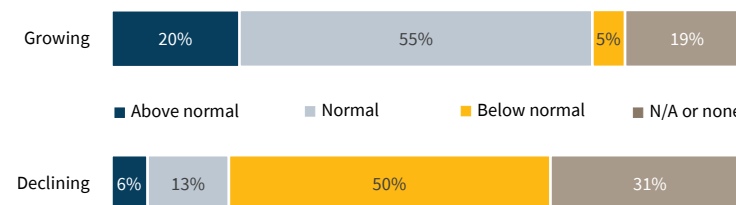
**Figure 4 – Over the past decade, the share of growing firms almost halved while the share of declining firms nearly doubled**



**Figure 5 – Growing firms are mostly constrained by a lack of labour and space, while declining firms report a lack of demand and working capital**



**Figure 6 – About 2 in 10 growing firms invest more than usual, while 7 in 10 declining firms invest below normal levels or not at all**



**Table 3 – Growing versus declining firms, 2024<sup>1</sup>**

|                              | Growing firms (%) |                   |                | Declining firms (%) |                   |                |
|------------------------------|-------------------|-------------------|----------------|---------------------|-------------------|----------------|
|                              | 2024 share        | 2014-2019 average | Variation rate | 2024 share          | 2014-2019 average | Variation rate |
| <b>Canada</b>                | 6.0               | 10.8              | -44            | 5.8                 | 3.9               | 46             |
| New Brunswick                | 11.6              | 9.1               | -28            | 8.2                 | 3.7               | 123            |
| Nova Scotia                  | 7.5               | 12.6              | -40            | 3.8                 | 3.1               | 23             |
| Newfoundland and Labrador    | 7.1               | 7.6               | -6             | 7.1                 | 5.1               | 41             |
| Prince Edward Island         | 6.6               | 10.5              | -38            | 0.0                 | 1.8               | -100           |
| Quebec                       | 6.4               | 13.5              | -53            | 3.1                 | 2.1               | 46             |
| Ontario                      | 6.1               | 10.9              | -44            | 7.2                 | 3.2               | 125            |
| British Columbia             | 5.4               | 14.0              | -62            | 5.8                 | 2.9               | 100            |
| Alberta                      | 4.9               | 6.8               | -29            | 6.3                 | 9.3               | -32            |
| Manitoba                     | 4.7               | 7.9               | -40            | 4.3                 | 2.2               | 96             |
| Saskatchewan                 | 4.6               | 8.6               | -46            | 4.1                 | 5.6               | -27            |
| Enterprises, admin. mgmt.    | 9.5               | 11.3              | -16            | 2.2                 | 3.8               | -41            |
| Fin., ins., etc.             | 9.4               | 14.7              | -36            | 6.5                 | 2.7               | 146            |
| Professional services        | 9.3               | 14.8              | -37            | 2.7                 | 2.7               | 3              |
| Arts, rec. & inf.            | 7.5               | 10.7              | -30            | 3.7                 | 4.5               | -16            |
| Health, education            | 7.4               | 10.1              | -27            | 6.7                 | 3.2               | 111            |
| Wholesale                    | 7.3               | 13.0              | -44            | 3.5                 | 4.0               | -13            |
| Personal, misc. services     | 7.2               | 9.4               | -24            | 5.6                 | 3.9               | 44             |
| Transportation               | 6.0               | 7.6               | -21            | 5.4                 | 4.2               | 30             |
| Hospitality                  | 5.5               | 9.0               | -39            | 8.0                 | 4.2               | 91             |
| Manufacturing                | 5.4               | 12.6              | -58            | 3.8                 | 4.5               | -16            |
| Construction                 | 5.0               | 8.0               | -37            | 4.8                 | 3.9               | 26             |
| Retail                       | 4.6               | 10.4              | -56            | 8.4                 | 4.5               | 86             |
| Natural resources            | 3.8               | 6.2               | -38            | 11.5                | 7.0               | 64             |
| Agriculture                  | 2.7               | 6.5               | -59            | 4.8                 | 2.7               | 79             |
| 0 to 4 employees             | 5.5               | 9.5               | -41            | 6.2                 | 4.3               | 43             |
| 5 to 19 employees            | 6.0               | 10.9              | -45            | 5.6                 | 3.8               | 47             |
| 20 to 49 employees           | 7.8               | 12.7              | -39            | 5.4                 | 3.5               | 55             |
| 50 to 99 employees           | 6.9               | 14.1              | -51            | 3.8                 | 4.4               | -14            |
| 100 to 499 employees         | 5.6               | 16.2              | -66            | 9.3                 | 3.1               | 197            |
| One year or less in business | 6.8               | 15.3              | -56            | 4.3                 | 1.4               | 214            |
| 2 to 4 years                 | 7.0               | 14.4              | -51            | 8.9                 | 2.9               | 205            |
| 5 to 10 years                | 5.8               | 11.9              | -51            | 5.8                 | 3.6               | 59             |
| 11 years or more             | 5.8               | 10.0              | -42            | 5.4                 | 4.2               | 28             |