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# Firm Dynamics: Firm Entry and Exit in Canada, 2000 to 2008

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Oana Ciobanu and Weimin Wang

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### Symbols

The following standard symbols are used in Statistics Canada publications:

- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0<sup>s</sup> value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- <sup>p</sup> preliminary
- <sup>r</sup> revised
- x suppressed to meet the confidentiality requirements of the [Statistics Act](#)
- <sup>E</sup> use with caution
- F too unreliable to be published
- \* significantly different from reference category ( $p < 0.05$ )



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## Abstract

**T**his paper examines firm entry and exit patterns in the Canadian business sector by using the Longitudinal Employment Analysis Program database developed by Statistics Canada. Our primary purpose is to present stylized facts and provide descriptive analysis of the entry and exit patterns in the Canadian economy in order to form a solid foundation for future in-depth theoretical and empirical studies of firm dynamics. In particular, this paper focuses on the relative importance of entrants and exiters in terms of both number and employment, the persistence of entry and exit patterns over time, and the correlation between industry entry and exit rates.



## Executive Summary

**T**he primary purpose of this paper is to present stylized facts and provide descriptive analysis of the entry and exit patterns in the Canadian economy in order to form a solid foundation for future in-depth theoretical and empirical studies of firm dynamics.

Despite a sizeable theoretical literature, the scarcity of firm-level data has restricted empirical analyses of firm dynamics. Since the late 1980s, development of longitudinal micro databases has spurred research around the world, but limitations in the scope and quality of available datasets meant that studies were restricted to specific industries, often manufacturing or retail, or to simple cross-country comparisons.

However, unique features of the Longitudinal Employment Analysis Program (LEAP) database developed by Statistics Canada make it possible to derive statistics on firm dynamics for all business sector industries. In addition, a labour-tracking feature in the LEAP dataset allows for merger and acquisition activity to be traced through time, thereby producing more 'organic' rates of entry and exit.

This paper focuses on the following aspects of entry and exit: the relative importance of entrants and exiters in terms of both number of firms and employment, the persistence of industry entry and exit patterns over time, and the correlation between industry entry and exit.

The general findings that emerge are the following:

1. There is consistently more entry than exit, not only at the aggregate level, but also at levels disaggregated by industry and by size. This indicates a widespread vitality and growth in the Canadian economy from the perspective of firm entry and exit.
2. The intensity of entry and exit measured by the share of number firms remains stable over time at the aggregate level and also in the majority of industries.
3. The effectiveness of entry and exit measured by employment share decreases over time at the aggregate level and in most industries.
4. Entrants and exiters are highly concentrated in small-sized firms and small firms are more likely to be experimenting with entry and exit. This tendency has been increasing since 2000, suggesting that the average size of entrants and exiters has fallen over the period.
5. Entry and exit rates are negatively correlated over time at the aggregate level; however, at the industry level, these correlations become positive in many industries—including manufacturing and wholesale trade. This implies that time-varying factors affect entry and exit the same way in some industries, but in opposite directions in other industries.

6. Entry and exit rates differ largely across industries and persist over time, suggesting that industries with higher than average entry (exit) in any one year will tend to have higher than average entry (exit) in other years.
7. Industry entry and exit are highly and positively correlated, implying that relatively high or low entry and exit rates occur simultaneously in the same industry.
8. After correction for industry fixed effects, the correlations between industry entry and exit rates are no longer consistent. They are positive in some years and negative in some other years, implying that the impact of time-varying factors is not consistent over time.





# 1 Introduction

This paper uses Statistics Canada's Longitudinal Employment Analysis Program (LEAP) database to examine firm entry and exit patterns across industries in the Canadian business sector.

The importance of entry and exit is widely recognized. Schumpeterian “creative destruction” models emphasize their role in innovation, and hence, productivity improvement. To survive and to replace incumbents, new firms aggressively adopt new ideas. Pressure from these entrants forces incumbents to be innovative. During this process, winners stay and grow, while losers decline and exit. As well, the product life-cycle model predicts that high turnover (entry and exit) rates are associated with the early stage of life of a new product.

Despite a sizeable theoretical literature, the scarcity of firm-level data restricted empirical analyses of firm dynamics. Since the late 1980s, development of longitudinal micro databases has spurred research around the world, but limitations in the scope and quality of available datasets meant that studies were restricted to specific industries, often manufacturing or retail, or to simple cross-country comparisons (Ahn 2001; Scarpetta et al. 2002; Bartelsman et al. 2009; Baldwin and Lafrance 2011; Baldwin and Gu 2008; Foster et al. 2006; Haskel and Sadun 2009). However, unique features of the LEAP dataset make it possible to derive statistics on firm dynamics for all business sector industries. In addition, a labour-tracking feature in the LEAP dataset allows for merger and acquisition activity to be traced through time, thereby producing more ‘organic’ rates of entry and exit.

The primary purpose of this report is to provide a descriptive analysis of firm entry and exit patterns in the Canadian economy, and thereby create a solid foundation for future in-depth studies. The 2001 to 2009 vintage files of the LEAP dataset are used to estimate the extent of entry and exit by industry and firm-size for the entire Canadian business sector. In particular, this paper focuses on two aspects of entry and exit.<sup>1</sup>

First, the relative importance of entrants and exiters in terms of numbers of firms and employment is outlined. The number of entrants and exiters is a measure of the *intensity* of entry and exit, since it examines how many individual businesses are involved in this process. Employment in entrants and exiters is a measure of the *effect* of entry and exit, since it incorporates both intensity and a size dimension. The ‘three-year rule’ is used to define entry and exit, that is, a firm is deemed an entrant if it appears and lasts one year—a comparison that requires examination of a firm’s status across three time periods. The three-year rule distinguishes the numerous short-lived firms that survive for less than one calendar year from more permanent entrants and exiters. Separately identifying these types of firms provides additional information on firm dynamics, and reduces the impact of measurement errors and ill-defined data implicit in these categories of firms. The three-year rule has been applied in several studies of the Organisation for Economic Co-operation and Development (OECD) (Bartelsman et al. 2003).

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1. Baldwin, Bian, Dupuis and Gellatly (2000) use an earlier LEAP vintage to study the entry and exit process in Canada in the 1990s. The earlier vintage differs slightly in terms of firm structure and the definition of entry used.

The persistence of industry entry and exit patterns is also examined over time, and the correlation between industry entry and exit rates is investigated. The results show significant differences in rates across industries and size categories, indicating that industry-specific factors are important in determining entry and exit patterns.

The remainder of this report is organized as follows. Section 2 provides an overview of the LEAP data. Section 3 discusses the measurement of entry and exit using the LEAP database. Section 4 summarizes entry and exit patterns in the total business sector, followed by detailed results by industry in Section 5, and by size, in Section 6. Section 7 concludes.



## 2 Data

The analysis of firm dynamics requires longitudinal data in order to follow firms through time and identify entries and exits. The Longitudinal Employment Analysis Program (LEAP) dataset makes this possible, in the case of this study, spanning 2000 to 2008.<sup>2</sup> This administrative database includes all firms in the Canadian economy that have some payroll, and therefore, issue at least one *Statement of remuneration paid* (a T4-slip). LEAP includes incorporated and unincorporated businesses, but excludes self-employed individuals or partnerships where the participants do not draw salaries. Because it is a longitudinal file, the employment level of firms is tracked over time on an annual basis. The data currently cover 1983 to 2008. Based on information gathered by Statistics Canada's Business Register, LEAP data are structured at the level of the "statistical enterprise," which is the lowest level associated with a complete set of financial statements.<sup>3</sup> This statistical unit is referred to as the "firm" in this report.

LEAP's labour-tracking mechanism allows changes in firm structure resulting from merger and acquisition activity (M&A) to be excluded from entry and exit counts. For example, two firms that merge to form a third would not be identified as two exits and one entry in the LEAP file. Rather, the final structure would be preserved, and its employment history would be pushed back through time to maintain consistency. To keep track of these structural changes through time, the dataset at each year is maintained as a different vintage. The last year of each vintage represents the firm structure that existed that year. For this reason, entry and exit rates are calculated based on the last three years of each LEAP vintage.<sup>4</sup> This ensures that the most up-to-date information is used in determining birth and death rates, but at the same time, M&A activity is excluded.<sup>5</sup> The disadvantage of this method is that it does not enable an analysis of M&A activity in a straight-forward manner, and therefore, such activity is excluded from this study.<sup>6</sup>

LEAP is created using a linkage of the Business Registry along with a summary of employee annual earnings from T4 slips and company payroll remittances. For this reason, the primary variable used to calculate birth and death is the Average Labour Unit (ALU). The ALU is a

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2. See Baldwin et al. (1992) for a description of the construction of the database.

3. According to Statistics Canada's definition: "The enterprise, as a statistical unit, is defined as the organisational unit of a business that directs and controls the allocation of resources relating to its domestic operations, and for which consolidated financial and balance sheet accounts are maintained from which international transactions, an international investment position and a consolidated financial position for the unit can be derived." (Statistics Canada. 2010. "Enterprise," "Standard statistical units," "Definitions, data sources and methods," *Statistics Canada*, <http://www.statcan.gc.ca/concepts/definitions/ent-eng.htm> [accessed on January 5, 2012]).

4. The earlier study by Baldwin et al. (2000) used the last vintage of the 1990s LEAP file for the entire study rather than a panel of last years of each vintage, and therefore, constructed entry rates in a slightly different way than is done here.

5. See Dixon and Rollin (2012) for further discussion.

6. See Baldwin (1995) for measures of entry in the manufacturing sector that both includes and excludes the effects of mergers.

measure of employment that represents the average employment of an enterprise if it paid its workers the average annual earnings of the typical worker in that industry.<sup>7</sup>

---

7. Therefore, ALU combines information on the number of jobs and the quality of the jobs in terms of both the wage rate and the amount of work offered over a course of a year.

### 3 Measurement of entry and exit

The literature contains two alternative decision rules for counting firm entry and exit when using an annual dataset. One is based on two-year-period observations.<sup>8</sup> Figure 1 presents how firms are categorized by their market appearance under the two-year rule.

**Figure 1**  
**Two-year rule of firm counts, by market appearance**

Firm type	Previous year (t-1)	Reference year (t)	Next year (t+1)
Entry at reference year	Inactive	Active	...
Survivor at reference year	Active	Active	....
Exit at reference year	...	Active	Inactive
Active at reference year	...	Active	...

Note: Active = positive employment; Inactive = zero employment.

A firm with positive employment in year  $t$  is considered to be active in that year. An active firm in year  $t$  would be counted as an entry in that year if it has no employment record in the previous year, or as a survivor if its employment is positive in the previous year; the firm would be counted as an exit if its employment becomes zero in the next year. Under this rule, the exiting firms in one year are not mutually exclusive from the entering firms or survivors in the same year. As a result, the number of firms by category does not add up to the total number of active firms.

Let the firm counts by category under the two-year rule be the number of active firms ( $T^t$ ), the number of entrants ( $E^t$ ), the number of survivors ( $C^t$ ), and the number of exiters ( $X^t$ ). Thus

$$T_t^t = E_t^t + C_t^t = X_t^t + C_{t+1}^t \neq E_t^t + C_t^t + X_t^t. \quad (1)$$

An alternative rule for capturing firm entry and exit is based on three-year observations of employment history.<sup>9</sup> Figure 2 presents the structure of the three-year rule.

8. The two-year rule is widely adopted in the literature on firm dynamics (Dunne et al. 1988; and Haltiwanger 2011).

9. The three-year rule has been adopted in some OECD studies (Bartelsman et al. 2003).

**Figure 2**

**Three-year rule of firm counts, by market appearance**

Firm type	Previous year (t-1)	Reference year (t)	Next year (t+1)
Entry at reference year	Inactive	Active	Active
Continuer at reference year	Active	Active	Active
Exit at reference year	Active	Active	Inactive
Short-lived at reference year	Inactive	Active	Inactive
Active at reference year	...	Active	...

Note: Active = positive employment; Inactive = zero employment.

Defining entry and exit over three years instead of two, makes it possible to isolate short-lived firms. A short-lived firm is one that exists for only period  $t$  (out, in, out);<sup>10</sup> an entrant is a firm with positive employment in both periods  $t$  and  $t+1$  (out, in, in); and an exit is defined as having existed in period  $t$  and the previous  $t-1$ , but not in  $t+1$  (in, in, out). Therefore, at any point in time, the population of active firms ( $T_t''$ ) consists of entrants ( $E_t''$ ), exiters ( $X_t''$ ), short-lived firms ( $S_t''$ ), and continuers ( $C_t''$ ) that show positive employment for all three years observed. Under the three-year rule, all categories are mutually exclusive, and thus, add up to the total number of active firms

$$T_t'' = E_t'' + C_t'' + X_t'' + S_t'' \quad (2)$$

The firm counts of entrants, exits, and active firms resulting from the two-year rule and the three-year rules are related. Obviously, the total number of active firms must be the same under both rules. The number of entrants (exiters) under the two-year rule is equal to the number of entrants (exiters) under the three-year rule plus short-lived firms. Also, a survivor under the two-year rule can be either a continuer or an exiter under the three-year rule. Thus

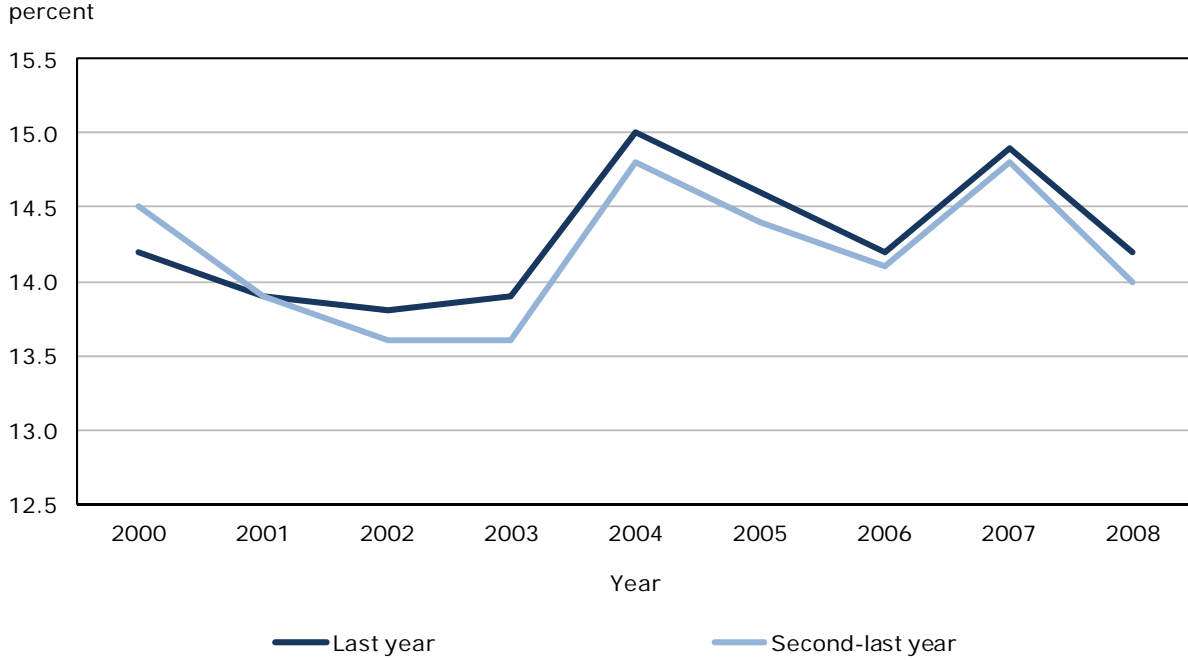
$$T_t^I = T_t'', \quad E_t^I = E_t'' + S_t'', \quad X_t^I = X_t'' + S_t'', \quad C_t^I = C_t'' + X_t'' \quad (3)$$

A major advantage of the three-year rule is the additivity of firm counts by market appearance (equation 2). Consequently, the employment shares of all appearance categories sum to one, which facilitates communication of results. In addition, under the two-year rule, total turnover (the sum of entrants and exiters) is over-stated, because firms entering and exiting the market in the same year are double-counted as both entrants and exiters.

A disadvantage of using the three-year rule with the LEAP dataset is that all measures are referenced in the second-last year in each vintage, and structural change occurring in the last year of the file are not captured. Only entry measures will be affected, as exit measures have the same reference years under both rules. The bias created in the entry rate from the structural change that is not captured under the three-year-rule is assessed by calculating the entry rate referenced to both the last and the second-last years in each vintage (Chart 1). On average, the two series differ very little and track one another over time. Therefore, the three-year rule is used here to calculate entry and exit measures.

10. Firms that exist for less than one year, but whose existence spans two calendar years, cannot be captured by either the two- or three-year rule.

**Chart 1**  
**Entry rate, by reference year, 2000 to 2008**



Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

Entry and exit measures are calculated using both the number of entrants and exiters, as well as their ALU measure of employment. A firm is considered to be active in year  $t$  if its ALU in that year is positive. Entry and exit rates for industry  $i$  in year  $t$  are calculated using measures of firm counts derived using the three-year rule:

$$\text{Entry rate: } R_{it}^E = \frac{E_{it}^H}{T_{it}^H}, \quad \text{Exit rate: } R_{it}^X = \frac{X_{it}^H}{T_{it}^H}, \quad \text{Share of Short-lived: } R_{it}^S = \frac{S_{it}^H}{T_{it}^H}. \quad (4)$$

The total entry and exit rates are also calculated in order to compare the results presented here with studies using the two-year rule. These are:

$$\tilde{R}_{it}^E = R_{it}^E + R_{it}^S, \quad \tilde{R}_{it}^X = R_{it}^X + R_{it}^S. \quad (5)$$

The turnover rate is

$$R_{it}^O = R_{it}^E + R_{it}^X + R_{it}^S, \quad (6)$$

which measures the percentage of active firms in a reference year that have undergone a change in their market appearance status in period  $t$ . Those short-lived firms are counted only once in this measure.<sup>11</sup>

Because entering and exiting firms tend to be smaller than continuing firms, it is important to look at their contribution to industry employment. The employment share of  $Z$ -category firms for industry  $i$  in year  $t$  is defined as

11. The turnover measure used here is different from those based on the two-year rule under which the short-lived firms are counted twice—one time as entrants and the other time as exiters.

$$\Phi_{it}^Z = \frac{L_{it}^Z}{L_{it}}, \text{ with } L_{it} = \sum_j ALU_{it}^{j \in T_{it}^H} \text{ and } L_{it}^Z = \sum_j ALU_{it}^{j \in Z} \text{ for } Z = \{E_{it}^H, C_{it}^H, X_{it}^H, S_{it}^H\}. \quad (7)$$

Average firm size and its pattern over time provide additional information on firm demographics. The average size of entrants and exiters and their size relative to continuing firms for each industry are calculated as

$$l_{it}^Z = \frac{L_{it}^Z}{Z}, \text{ for } Z = \{E_{it}^H, C_{it}^H, X_{it}^H, S_{it}^H\}, \text{ and } \tilde{l}_{it}^Z = \frac{L_{it}^Z}{L_{it}^C}, \text{ for } Z = \{E_{it}^H, X_{it}^H, S_{it}^H\}. \quad (8)$$



## 4 Overall patterns of entry and exit

The target population is the Canadian business sector—all firms excluding public industries and non-profit institutions. In 2008, the number of firms in the business sector employing some labour within the year totaled more than one million.

In any year, four types of firms can be identified: entrants (new firms that did not appear the previous year); exiters (firms that will have exited the market that year); short-lived firms (firms that enter and exit the same year); and continuers (firms that have existed and will continue to exist by year end). Of the total number of firms, continuers are the largest category. Nevertheless, together, entrants and exiters make up 22% to 24% of all firms in any given year. Over the 2000-to-2008 period, firm entry, exit and turnover rates averaged 10.8%, 9.0% and 23.2%, respectively (Table 1).

Although entrants and exiters are numerous, they constitute a small percentage of employment, as measured by average labour units (ALUs). During the 9-year period, firm entry, exit and turnover averaged 1.9%, 1.6% and 3.8% of total employment. Higher intensity (number share) and effectiveness (employment share) of entry than exit at any point indicate vitality and growth of the Canadian economy. The very low shares of employment represented by entrants and exiters, compared with their number shares, are consistent with their small size. Over the 2000-to-2008 period, entrants and exiters averaged 2.1 ALUs (Tables 24 and 25), about one-sixth the average size of firms overall.

**Table 1**  
**Aggregate entry and exit rates, 2000 to 2008**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
	<b>percent</b>									
<b>Entry rate</b>										
Number	11.0	10.6	10.4	10.3	11.3	10.8	11.0	11.5	10.8	10.8
Employment	2.4	2.2	1.9	2.1	2.1	1.9	1.8	1.5	1.5	1.9
<b>Exit rate</b>										
Number	9.5	9.3	9.2	8.8	8.5	9.1	8.7	8.8	9.1	9.0
Employment	2.4	2.2	1.9	1.3	1.2	1.5	1.3	1.3	1.4	1.6
<b>Short-lived</b>										
Number	3.4	3.3	3.3	3.3	3.5	3.6	3.1	3.3	3.2	3.3
Employment	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

Short-lived firms are typically very small, making up about 0.3% of all employment in a given year, and include many self-employed or small venture firms. However, short-lived firms are relatively numerous, accounting for 3% to 4% of all firms and roughly a quarter of entrants and exiters: 23% of entrants were short-lived and exited the same year; 27% of exiters had entered the same year. The difficulty of analyzing these firms is linked to the poor data available for them, including a 25% rate of missing industry classification. As well, inclusion of short-lived

firms among both entrants and exiters under the two-year-rule strengthens the correlation between entry and exit.

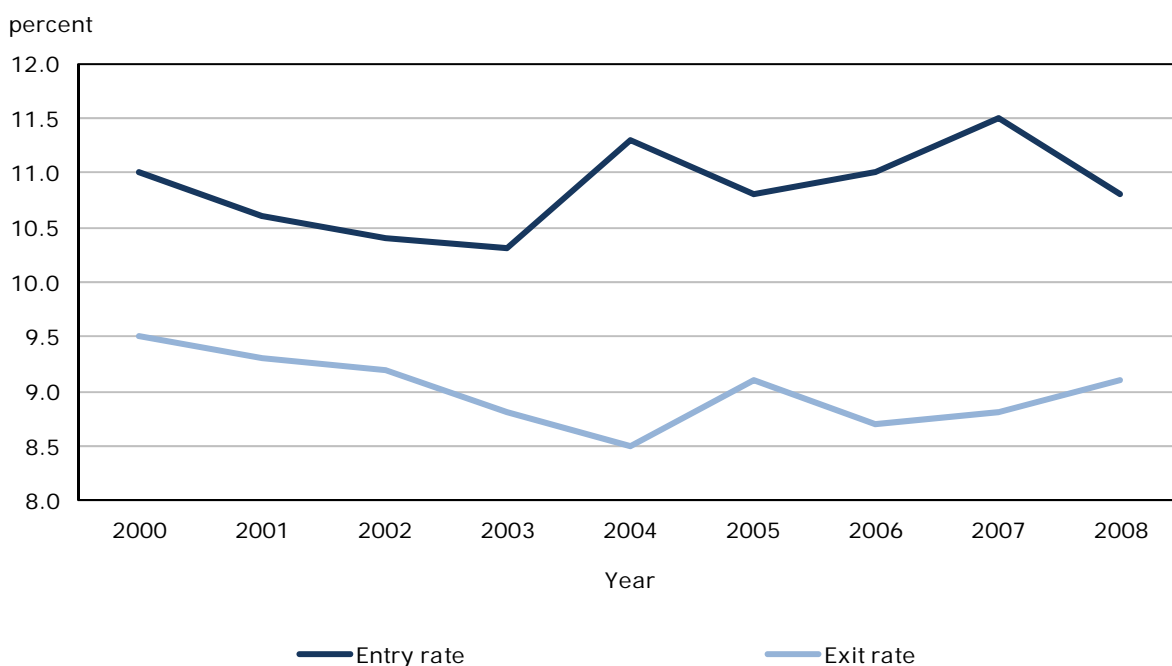
Entry and exit rates based on the number of firms do not change significantly over time. No clear trend was apparent, with neither rate varying by more than one percentage point over the 2000-to-2008 period (Chart 2). At the aggregate level, the intensity of entry and exit has been relatively stable since 2000.

Unlike firm counts, entry and exit rates weighted by employment show different levels and patterns over time (Chart 4). Entering firms accounted for 2.4% of employment in 2000, but by 2008, the percentage had fallen to 1.5%. The share of employment represented by exiting firms also fell. As a result, turnover in terms of employment dropped steadily throughout the decade. These results reflect the declining size of entering and exiting firms. Over the period, the average size of entrants dropped by 17%, and of exiters, by 30%.

The expected correlation between entry and exit over time is ambiguous, whether based on theory or previous empirical evidence. For a variety of reasons related to market competition and resource reallocation, the “creative destruction” hypothesis and the replacement effect suggest a positive relationship between entry and exit. However, there are other determinants of entry and exit such as business environment and economic growth. Economic growth increases demand, and hence, profits that encourage entry and protect against exit. Empirical evidence in a survey paper by Siegfried and Evans (1994) suggests a lack of consensus about the interaction between entry and exit.

Based on the number of firms, a negative relationship between entry and exit rates emerges at the aggregate level over the 2000-to-2008 period (Chart 2). Distinct periods of increased entry such as 2004 and 2006-2007 coincided with drops in exits. The result is a volatile net entry rate (Chart 3), with clear expansionary periods in 2004 and 2006-2007.

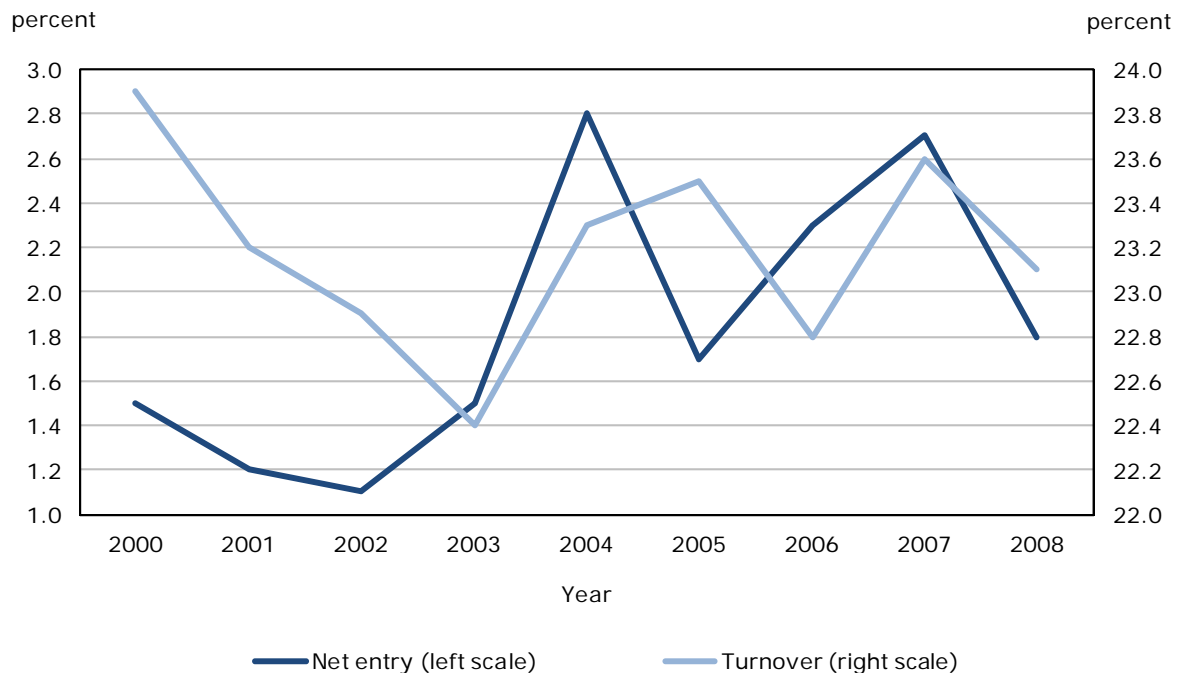
**Chart 2**  
**Entry and exit rates, by number of firms, 2000 to 2008**



Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

### Chart 3

#### Net entry and turnover, by number of firms, 2000 to 2008



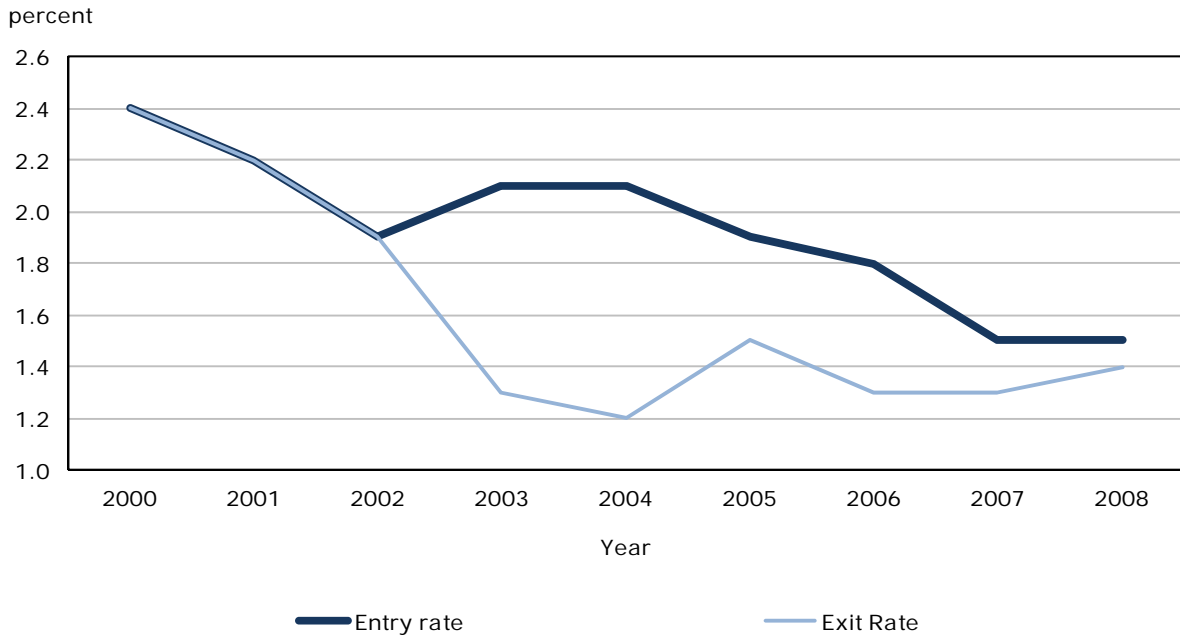
Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

By contrast, because of the simultaneous decrease in the size of entrants and exiters,<sup>12</sup> entry and exit rates based on employment were positively correlated (Chart 4). However, their short-run variations were negatively related—again, with troughs in exits in 2004 and 2006-2007. On the other hand, employment from entrants increased slightly in 2003, but then fell. This asymmetric relationship between entry and exit accounted for the sharp increase in the net entry rate of employment during 2003-2004 and the small increase in 2006 (Chart 5).

12. The decline of the size of entrants and exiters is also evident when employment is measured using individual labour units (ILU).

## Chart 4

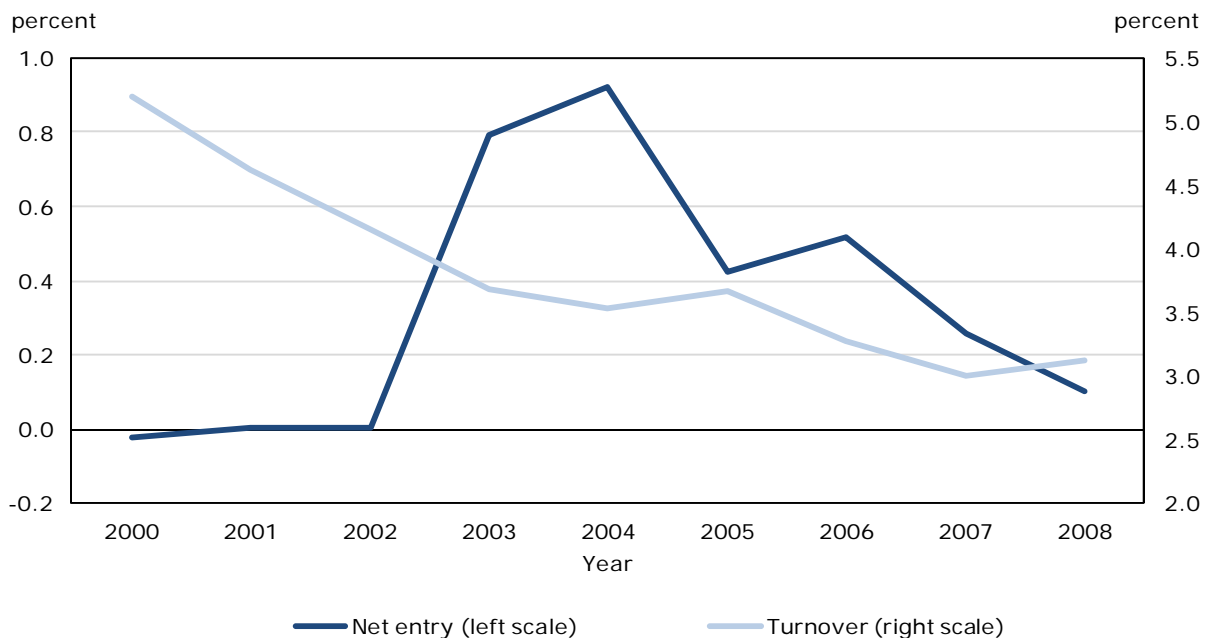
### Firm entry and exit rates, by employment, 2000 to 2008



Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.


## Chart 5

### Net firm entry and turnover, by employment, 2000 to 2008



Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

Overall, in the business sector, the intensity of firm entry and exit is stable, but the average size of entrants and exiters, and hence, their effectiveness in terms of employment share, decreases over time. To reveal inter-industry and inter-size differences in firm entry and exit patterns, the business sector is disaggregated by industry and by firm size.



## 5 Entry and exit, industry dimension

**T**his section presents the entry and exit measures at 2-digit North American Industry Classification System (NAICS) industries corresponding to private-sector activities. The universe is restricted to private-sector business activities; it excludes firms classified as monetary authorities; primary and secondary schools, universities and colleges; hospitals, offices of physicians, out-patient care centers, ambulatory services, nursing and residential care facilities, and social assistance; private households and religious, grant-making, civic, and professional organizations; and public administration.

Because of delays in business register classification and measurement issues related to accurate firm classification by industry, a substantial number of firms are not assigned a NAICS code early in their existence. For example, for the year 2008, about 24% of entrants, including short-lived firms in the 2009 vintage, have no NAICS code. These unclassified firms are distributed by industry based on the distribution of classified firms.

The descriptive analysis of the industry dimension focuses on three aspects: heterogeneity across industries; the pattern over time; and the inter-industry correlation between entry and exit after correction for fixed, industry effects.

### 5.1 Heterogeneity across industries

The average measures of entry and exit over the 2000-to-2008 period are reported in Table 2, which includes the average entry rate, exit rate, and the share of the short-lived firms, by both number and employment, and the average size (ALU) of firms in each industry.

#### *Entry*

The three entry measures differ considerably across industries. The entry rate based on the number of firms ranged from 6.6% for non-durable manufacturing to 13.5% for professional services. The entry employment share was lowest at 0.7% in utilities and highest at 3.4% in education and art and entertainment. The average size of entrants was lowest at 1.05 ALUs in agriculture and highest at 7.9 ALUs in utilities. Based on number of firms or employment, the service-producing sector had a higher entry rate than did the goods-producing sector, but the average size of entrants in the two sectors was about the same. The two entry rates were positively correlated (0.41); however, both were negatively correlated with the average size of entrants (-0.17 for the rate using number of firms, and -0.55 for the rate using employment).

**Table 2****Average firm entry and exit measures, by industry, 2000 to 2008**

	Number			Employment			Average size per firm		
	entry	exit	short percent	entry	exit	short	entry	exit	short ALUs
Goods and services industries									
Agriculture	8.4	9.3	3.5	2.8	2.8	0.5	1.05	0.92	0.48
Mining	13.1	8.7	3.6	1.4	1.8	0.2	2.22	4.41	1.10
Utility	11.6	10.4	3.1	0.7	0.6	0.0	7.90	5.17	2.09
Construction	12.1	8.5	4.4	3.0	2.0	0.5	1.48	1.37	0.69
Manufacturing, durable	7.3	6.9	2.1	1.1	0.9	0.1	4.68	4.22	1.33
Manufacturing, non-durable	6.6	8.1	1.9	0.9	1.1	0.1	5.11	5.15	1.88
Wholesale trade	8.0	7.9	2.3	1.2	1.2	0.2	2.14	2.20	0.89
Retail trade	9.6	9.1	2.4	1.5	1.3	0.2	2.27	2.10	1.01
Transportation and warehousing	12.7	10.0	4.3	1.4	1.3	0.3	1.52	1.78	0.82
Information and cultural	12.3	9.8	4.2	1.9	1.2	0.4	4.39	3.50	2.43
Financial, insurance and real estate	11.0	9.1	4.0	1.7	1.6	0.4	1.75	1.91	1.23
Professional services	13.5	9.5	3.7	3.2	2.3	0.4	1.34	1.39	0.67
Administrative services	12.0	9.4	4.0	2.6	1.8	0.3	2.76	2.47	0.94
Education	12.9	8.8	3.4	3.4	2.2	0.4	1.71	1.62	0.82
Health	8.5	6.0	1.1	2.5	1.7	0.3	1.94	1.86	1.56
Food and accommodation	9.9	8.2	3.1	1.9	1.4	0.3	2.46	2.21	1.29
Arts and entertainment	12.0	11.0	3.1	3.4	2.6	0.4	3.90	3.33	1.72
Personal services	10.5	9.1	3.0	3.0	2.6	0.4	1.39	1.41	0.70
Total goods	10.0	8.4	3.6	1.6	1.4	0.2	2.03	2.06	0.78
Total services	11.2	9.2	3.2	2.1	1.7	0.3	2.10	2.06	1.03
<b>Total business</b>	<b>10.8</b>	<b>9.0</b>	<b>3.3</b>	<b>1.9</b>	<b>1.6</b>	<b>0.3</b>	<b>2.08</b>	<b>2.06</b>	<b>0.96</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Exit**

The three exit measures also vary across industries. Based on number of firms, the exit rate ranged from 6.0% in health to 11.0% in art and entertainment. Based on employment, the exit rate ranged from 0.6% in utilities to 2.8% in agriculture. The average size of exiters ranged from 0.92 ALU in agriculture to 5.17 ALUs in utility. The two exit rates were higher in the service-producing sector than in the goods-producing sector, but exiters in the two sectors were, on average, almost the same size. The correlation coefficient between the two exit rates was 0.23, smaller than that between the two entry rates. The average size of exiters was negatively correlated with the exit rate calculated using employment (-0.62), but weakly correlated with the exit rate calculated using number of firms (0.04).

**Inter-industry relation between entry and exit**

At the aggregate level, both entry rates exceeded exit rates during the 2000-to-2008 period. This was generally true at the industry level—whether based on number of firms or employment measures, entry rates surpassed exit rates in all industries except agriculture, mining, and non-durable manufacturing. In agriculture and non-durable manufacturing, both entry rates were lower than the exit rates, thereby contributing to employment contraction in these two industries (Tables 15 and 16). Based on the percentage of firms, the mining industry had more entries than exits; the opposite was true for employment share, reflecting the much larger size of exiters than entrants (Table 2).

Theory predicts that entry and exit are highly correlated across industries. Under the “creative destruction” hypothesis, efficient entrants in an industry may force out less efficient incumbents. As well, the “replacement and resource release” hypothesis (Storey and Jones 1987) suggests that exiters create opportunities for potential entrants. In addition, because of possible connections between barriers to entry and exit, barriers to exit in an industry may discourage

entry (Shapiro and Khemani 1987). Empirical evidence in support of the positive inter-industry relation between entry and exit can be found in Shapiro and Khemani (1987), Dunne et al. (1988), Cable and Schwalbach (1991), Dunne and Roberts (1991), and Siegfried and Evans (1992). The results of this paper support these findings. In terms of the industry average over 2000 to 2008, the correlation coefficient was 0.63 between the entry and exit rates calculated using number of firms, 0.87 between the rates calculated using employment, and 0.87 between the average size of entrants and exiters. The positive correlation indicates that an industry with higher-than-average entry rates also tends to have higher-than-average exit rates.

The persistence of industry entry and exit indicates the existence of industry-specific factors behind entry and exit differences. The correlation of entry and exit rates over time is examined to investigate the extent of persistence. A positive inter-temporal correlation indicates that industries with higher-than-average entry (exit) in any one year have higher-than-average entry (exit) levels in subsequent years. Table 3 and Table 4 report the simple inter-temporal correlation of industry entry and exit rates based on the number of firms. Both the entry and exit rates were positively correlated with themselves across different years, and these relationships persisted over time, except for the exit rate in 2000. Exit in 2000 may be largely driven by the dotcom bubble burst. The high persistence of industry entry and exit implies that inter-industry differences are mainly driven by industry-specific factors.

**Table 3**  
**Inter-temporal correlation, entry rate by number of firms, 2000 to 2008**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>correlation coefficient</b>								
2000	1.00	0.94	0.87	0.86	0.84	0.84	0.81	0.76	0.80
2001	...	1.00	0.95	0.90	0.90	0.89	0.82	0.82	0.88
2002	...	...	1.00	0.88	0.84	0.82	0.74	0.81	0.87
2003	...	...	...	1.00	0.96	0.94	0.93	0.85	0.88
2004	...	...	...	...	1.00	0.98	0.96	0.89	0.89
2005	...	...	...	...	...	1.00	0.97	0.91	0.90
2006	...	...	...	...	...	...	1.00	0.91	0.87
2007	...	...	...	...	...	...	...	1.00	0.96
2008	...	...	...	...	...	...	...	...	1.00

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 4**  
**Inter-temporal correlation, exit rate by number of firms, 2000 to 2008**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>correlation coefficient</b>								
2000	1.00	0.77	0.18	-0.16	-0.41	-0.05	-0.21	0.17	-0.25
2001	...	1.00	0.72	0.44	0.18	0.50	0.37	0.68	0.37
2002	...	...	1.00	0.88	0.77	0.84	0.85	0.94	0.81
2003	...	...	...	1.00	0.94	0.94	0.95	0.88	0.84
2004	...	...	...	...	1.00	0.90	0.96	0.80	0.84
2005	...	...	...	...	...	1.00	0.96	0.90	0.79
2006	...	...	...	...	...	...	1.00	0.91	0.88
2007	...	...	...	...	...	...	...	1.00	0.83
2008	...	...	...	...	...	...	...	...	1.00

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

## 5.2 Patterns over time

Two aspects of industry entry and exit patterns are examined here: time trends and the correlation between entry and exit for each industry.

At the aggregate level, the intensity of entry and exit was stable over time, and the effectiveness of entry and exits decreased, because of declines in relative firm size for both. To determine if these patterns prevailed at the industry level, regressions of entry and exit variables on the time trend variable are performed for each industry (Figure 3).

Among 18 industries, the entry rate by the number of firms was stable in 9 industries, trended up in 3 industries, and trended down in 6 industries. The exit rate by number of firms was stable in 14 industries and trended down in 4 industries. Entry and exit rates by employment trended down in a majority of industries.<sup>13</sup> These industry-level results accord with those derived at the aggregate level.

The correlation between entry and exit over time is calculated in each industry (Table 5). Not surprisingly, the correlation between the entry and exit rates by *employment* was positive in 16 of 18 industries. This was caused by the decline in the average size of entrants and exiters. The correlation between entry and exit rates by *number* was negative in 11 industries and positive in 7 industries, implying that entry and exit may react the same way to time-varying factors in some industries, but the opposite in other industries. The positive correlation in the two manufacturing industries used here accords with most empirical findings (Dunne and Roberts 1991; Austin and Rosenbaum 1990; and Siegfried and Evans 1992).

**Figure 3**  
**Regression of firm entry and exit on time trend, by industry, number of firms and employment**

	Entry by number	Exit by number	Entry by employment	Exit by employment
Agriculture	I	I	N	I
Mining	I	I	I	N
Utility	I	N	N	N
Construction	P	I	N	N
Manufacturing, durable	N	I	N	N
Manufacturing, non-durable	N	N	N	N
Wholesale trade	N	N	N	N
Retail trade	I	I	N	N
Transportation and warehousing	P	I	I	N
Information and cultural	I	I	N	N
Financial, insurance and real estate	P	I	N	N
Professional services	I	N	N	N
Administrative services	N	I	N	N
Education	N	I	N	I
Health	I	I	I	I
Food and accommodation	N	I	N	N
Arts and entertainment	I	I	N	N
Personal services	I	I	I	N

Note(s): I = statistically insignificant; P = positive and statistically significant at 95%; N = negative and statistically significant at 95%.

13. Similar trends of entry and exit are found in the United States, see Sadeghi (2008).



**Table 5****Correlation between firm entry and exit, by industry**

Industry	Number	Employment
	<b>correlation coefficient</b>	
Agriculture	-0.39	0.29
Mining	-0.52	0.18
Utility	0.05	0.91
Construction	-0.46	0.40
Manufacturing, durable	0.32	0.54
Manufacturing, non-durable	0.69	0.46
Wholesale trade	0.34	0.63
Retail trade	-0.42	0.18
Transportation and warehousing	-0.28	0.19
Information and cultural	0.31	0.75
Financial, insurance and real estate	-0.45	0.71
Professional services	0.11	0.67
Administrative services	-0.18	0.79
Education	-0.57	0.44
Health	0.28	-0.09
Food and accommodation	-0.49	0.69
Arts and entertainment	-0.22	0.37
Personal services	-0.19	-0.07

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

### 5.3 Inter-industry correlation between entry and exit after correction for fixed industry effects

As discussed earlier, entry and exit rates are generally positively correlated across industries, a relationship that is largely caused by industry-specific factors. Removal of industry averages from entry and exit rates makes it possible to investigate other factors that cause changes over time. Some of these factors may encourage or discourage both entry and exit, while others may encourage one, but discourage the other. If any group of factors dominates over time, consistently positive or negative correlations between entry and exit should be observed. If the same set of factors is not continuously at work, the correlation should alternate from being positive in some periods to being negative in other periods.

Industry fixed effects are removed by de-averaging the industry entry and exit series, and the inter-industry correlations between the entry and exit deviations from the corresponding industry means are calculated over the 2000-to-2008 period.

The inter-industry correlations between entry and exit rates are presented in Table 6 using firm numbers after correcting for fixed industry effects. The row series give the inter-industry correlations between the exit deviations from industry averages in one year and the entry deviations from industry averages in each year from 2000 to 2008. The column series can be interpreted in the same way. No consistent relationship emerged between the entry and exit deviations in the same period in terms of the rates by number of firms. For example, the correlation between entry and exit deviations was negative (-0.42) in 2001 and became positive in 2002 (0.56), which implies that the entry and exit deviations tracked each other across industries in 2002, but moved in opposite directions in 2001.

Because entry and exit may not react to changes immediately, how entry (exit) in one period links to exit (entry) in other periods is also examined. The inter-temporal correlation between the entry (exit) deviations at  $t$  and the exit (entry) deviation at  $t \pm 1$  varied from being positive to negative when  $t$  changes. This indicates that the factors leading to changes over time outside the industry fixed effects vary over time.

**Table 6****Correlation between firm entry and exit, by number, with removal of fixed industry effects, 2000 to 2008**

Exit	Entry								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>correlation coefficient</b>								
2000	0.08	-0.57	-0.70	0.20	0.26	0.33	0.75	0.06	-0.30
2001	0.24	-0.42	-0.71	-0.06	0.32	0.47	0.70	-0.06	-0.39
2002	0.25	0.65	0.56	-0.35	-0.47	-0.32	-0.70	-0.09	0.23
2003	-0.04	0.58	0.76	-0.09	-0.34	-0.41	-0.75	-0.07	0.23
2004	-0.05	0.59	0.78	-0.10	-0.37	-0.45	-0.78	-0.08	0.30
2005	-0.14	0.48	0.81	0.05	-0.25	-0.52	-0.75	-0.08	0.31
2006	-0.10	0.58	0.75	-0.02	-0.22	-0.41	-0.78	-0.13	0.29
2007	-0.17	0.34	0.52	-0.20	-0.06	-0.21	-0.61	0.02	0.36
2008	-0.27	0.33	0.34	-0.43	-0.05	0.05	-0.45	0.13	0.32

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

However, even if the numbers of entrants and exiters are not always positively correlated, their employment shares should be, because of the 'displacement effect.' To check if this is the case, the temporal and inter-temporal correlations are calculated between the entry and exit deviations when entry and exit are measured by employment (Table 7). The same-period correlations were consistently positive. Such co-movement of the employment shares of entrants and exiters supports the displacement effect.

**Table 7****Correlation between firm entry and exit, by employment, with removal of fixed industry effects, 2000 to 2008**

Exit	Entry								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>correlation coefficient</b>								
2000	0.44	-0.04	-0.36	-0.24	-0.62	-0.21	0.21	0.31	0.00
2001	-0.25	0.28	0.25	0.41	-0.06	0.13	-0.07	-0.31	-0.20
2002	0.15	0.13	0.25	0.14	0.09	-0.15	0.12	-0.29	-0.71
2003	-0.49	0.11	0.22	0.40	0.42	0.30	-0.36	-0.21	0.13
2004	-0.05	-0.21	-0.16	-0.34	0.32	-0.04	0.07	0.18	0.13
2005	-0.12	-0.23	-0.14	-0.25	0.45	0.15	-0.25	0.15	0.54
2006	-0.36	-0.46	-0.11	0.03	0.57	0.13	0.17	0.32	0.25
2007	0.10	-0.21	-0.09	-0.50	0.27	-0.04	-0.08	0.13	0.43
2008	-0.13	0.02	0.41	-0.16	0.29	0.03	-0.30	-0.23	0.29

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.



## 6 Entry and exit, size dimension

This section disaggregates firm entry and exit by employment. Entrants and exiters are grouped by their ALU measure of employment in the year they enter or exit the market. Because of partial-year market appearance for entrants in their first years and for exiters in their last years, the first-year employment for entrants and the last-year employment for exiters may not represent the size at which their business activities normally function. To address this issue, entrants are also grouped by their second-year employment, and exiters, by their second-last year employment.

### *Size distribution*

The size distribution of entrants based on their first- and second-year ALUs is reported in Table 8. Not surprisingly, entrants were very small. On average, in their first year, 62.2% of entrants had less than one ALU, and 93.2% had fewer than five. The size distribution does not change much in their second year—during the 2000-to-2008 period; less-than-one-ALU firms accounted for 47.7% of total entrants, and less-than-five-ALU firms, 87.7%. Over time, the size distribution of entrants shifted slightly toward smaller firms. Among the 2000 cohort, 63.1% of entrants had less than one ALU in their first year, and 29.3% had one to less than five ALUs. Among the 2008 cohort, the corresponding shares were 64.7% and 30.1%. The shares of all other size categories declined from the 2000 cohort to the 2008 cohort. This pattern persists when based on the second-year size of entrants.

The size distribution of exiters was similar to that of entrants. On average, 65.1% of exiters had less than one ALU in their last year; in their second-last year, the share was 50.4%. An overwhelming majority of exiters had fewer than five ALUs: 93.1% in their last year, and 87.5% in their second-last year. The size distribution of exiters also shifted toward smaller firms. The share of exiters with one to less than five ALUs rose, the share with less than one ALU remained stable, and the share in all other size categories declined (Table 9).

**Table 8**  
**Distribution of entrants, by firm size (ALUs), 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
<b>First-year size (ALUs)</b>										
0 to less than 1	63.1	60.8	59.6	59.6	60.9	62.3	63.5	65.1	64.7	62.2
1 to less than 5	29.3	31.6	32.6	32.1	31.8	31.3	30.8	29.8	30.1	31.0
5 to less than 10	4.2	4.2	4.5	4.8	4.4	4.0	3.5	3.3	3.3	4.0
10 to less than 20	2.0	1.8	2.0	2.0	1.7	1.5	1.4	1.2	1.1	1.6
20 to less than 50	1.1	1.0	1.0	1.1	0.9	0.7	0.6	0.5	0.6	0.8
50 to less than 100	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2
100 and more	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Second-year size (ALUs)</b>										
0 to less than 1	48.3	45.7	44.8	45.8	47.7	47.4	47.6	50.8	51.0	47.7
1 to less than 5	38.1	40.5	41.1	40.5	40.1	40.8	40.9	39.0	39.2	40.0
5 to less than 10	7.4	7.7	7.9	7.9	7.1	6.9	6.8	6.1	6.0	7.1
10 to less than 20	3.3	3.5	3.7	3.3	3.0	2.9	2.8	2.5	2.3	3.0
20 to less than 50	2.0	1.8	1.9	1.8	1.6	1.5	1.5	1.3	1.2	1.6
50 to less than 100	0.5	0.5	0.4	0.4	0.4	0.3	0.4	0.2	0.2	0.4
100 and more	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

Overall, the size distributions suggest that entrants and exiters are highly concentrated in small firms.

**Table 9**  
**Distribution of exiters, by firm size (ALUs), 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
<b>Last-year size (ALUs)</b>										
0 to less than 1	65.7	63.5	62.5	65.6	66.4	65.3	65.1	65.5	65.9	65.1
1 to less than 5	26.0	27.7	29.1	28.1	27.7	28.0	28.6	28.3	28.1	28.0
5 to less than 10	4.2	4.6	4.5	3.8	3.7	4.0	3.9	3.8	3.7	4.0
10 to less than 20	2.1	2.2	2.2	1.6	1.5	1.7	1.6	1.5	1.5	1.8
20 to less than 50	1.3	1.3	1.2	0.7	0.6	0.8	0.7	0.7	0.7	0.9
50 to less than 100	0.4	0.4	0.3	0.1	0.1	0.2	0.1	0.1	0.1	0.2
100 and more	0.3	0.3	0.2	0.1	0.0	0.1	0.0	0.0	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Second-last-year size (ALUs)</b>										
0 to less than 1	51.9	49.2	49.0	49.7	49.7	50.0	50.9	51.7	51.5	50.4
1 to less than 5	34.8	36.6	37.5	37.9	37.9	37.3	37.5	37.3	37.4	37.1
5 to less than 10	6.8	7.2	7.0	6.9	7.1	7.0	6.6	6.4	6.2	6.8
10 to less than 20	3.4	3.7	3.5	3.2	3.1	3.3	3.1	2.7	2.8	3.2
20 to less than 50	2.1	2.3	2.1	1.7	1.6	1.8	1.5	1.5	1.5	1.8
50 to less than 100	0.6	0.7	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.5
100 and more	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.1	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

## Entry and exit rates by size class

At issue is whether smaller firms are more likely to be new and to be weeded out. Entrants tend to be small relative to continuing firms, indicating a higher share of entrants among small firms. Also, cost disadvantage and scale inefficiency tend to make smaller firms less productive than larger firms, and hence, more likely to fail. Entry and exit rate are calculated by firm size to investigate this issue (Tables 10 and 11).

Whether measured by number of firms or by employment, the entry rate was higher among smaller firms. From 2000 to 2008, the entry rate based on number of firms averaged 19.5% for the smallest size group, 8.5% for firms with one to less than five ALUs, and a mere 1.0% for firms with 100 and more ALUs. The corresponding entry rates based on employment were 17.1%, 7.5% and 0.5%. The lower entry rates by employment than by number of firms suggest that the decrease in entrants' size at the aggregate level is widespread across all size categories. During the period, the entry rate rose only for the smallest size group; the entry rate dropped for all other size groups, particularly the larger ones (Table 10).

The exit rate followed a similar pattern. Smaller firms were more likely than larger firms to exit. The exit rate by number of firms averaged 17.0% for the smallest size group, 6.4% for firms with one to less than five ALUs, and 0.9% for firms with 100 and more ALUs; the employment shares of exiters were 13.6%, 5.7% and 0.5% for the three size categories, respectively. Exit rates based on employment were also lower than exit rates based on number of firms for all size categories. Both exit rates were stable for the two smallest categories and declined for all other size categories over the 2000-to-2008 period (Table 11).

However, in all size categories, more entry than exit occurred.

**Table 10**  
**Entry rate by firm size (ALUs), 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
<b>Entry rate by number of firms with</b>										
0 to less than 1 ALU	19.0	19.0	18.9	18.5	20.1	19.3	20.2	21.3	19.7	19.5
1 to less than 5 ALUs	8.5	8.4	8.4	8.3	9.1	8.6	8.5	8.7	8.3	8.5
5 to less than 10 ALUs	4.2	3.9	4.0	4.1	4.2	3.8	3.4	3.4	3.3	3.8
10 to less than 20 ALUs	3.3	2.8	2.8	2.9	2.7	2.4	2.2	2.0	1.8	2.6
20 to less than 50 ALUs	2.4	2.2	2.1	2.2	2.2	1.6	1.4	1.2	1.3	1.8
50 to less than 100 ALUs	1.7	1.9	1.4	1.3	1.4	0.8	0.9	0.5	0.6	1.2
100 and more ALUs	1.7	1.8	1.0	1.1	0.8	0.9	0.9	0.3	0.4	1.0
Total	11.0	10.6	10.4	10.3	11.3	10.8	11.0	11.5	10.8	10.8
<b>Entry rate by employment (ALUs)</b>										
0 to less than 1	16.5	16.7	16.6	16.2	17.6	17.0	17.8	18.5	17.2	17.1
1 to less than 5	7.5	7.3	7.4	7.5	8.1	7.6	7.4	7.5	7.3	7.5
5 to less than 10	4.1	3.8	3.9	4.1	4.1	3.7	3.3	3.3	3.1	3.7
10 to less than 20	3.3	2.7	2.8	2.9	2.7	2.4	2.2	2.0	1.8	2.5
20 to less than 50	2.4	2.1	2.1	2.2	2.1	1.5	1.4	1.1	1.2	1.8
50 to less than 100	1.7	1.9	1.4	1.3	1.4	0.9	0.9	0.5	0.6	1.2
100 and more	1.0	0.8	0.4	0.6	0.5	0.5	0.5	0.1	0.2	0.5
Total	2.4	2.2	1.9	2.1	2.1	1.9	1.8	1.5	1.5	1.9

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 11**  
**Exit rate by firm size (ALUs), 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
<b>Exit rate by number of firms with</b>										
0 to less than 1 ALU	17.1	17.5	17.6	17.5	16.5	17.1	16.5	16.4	16.8	17.0
1 to less than 5 ALUs	6.5	6.5	6.7	6.3	6.0	6.5	6.3	6.3	6.5	6.4
5 to less than 10 ALUs	3.6	3.7	3.5	2.8	2.7	3.2	3.0	3.0	3.0	3.2
10 to less than 20 ALUs	3.0	3.0	2.7	1.9	1.8	2.2	2.1	2.0	2.1	2.3
20 to less than 50 ALUs	2.5	2.4	2.2	1.2	1.0	1.5	1.2	1.3	1.3	1.6
50 to less than 100 ALUs	2.5	2.3	1.8	0.7	0.5	1.0	0.6	0.5	0.7	1.2
100 and more ALUs	2.2	2.0	1.2	0.5	0.2	0.5	0.3	0.3	0.5	0.9
Total	9.5	9.3	9.2	8.8	8.5	9.1	8.7	8.8	9.1	9.0
<b>Exit rate by employment (ALUs)</b>										
0 to less than 1	13.6	13.9	14.3	13.9	13.0	13.5	13.2	13.3	13.5	13.6
1 to less than 5	5.8	5.8	6.0	5.5	5.2	5.8	5.6	5.6	5.8	5.7
5 to less than 10	3.6	3.6	3.4	2.8	2.6	3.1	2.9	2.9	2.9	3.1
10 to less than 20	3.0	3.0	2.7	1.9	1.8	2.2	2.0	2.0	2.0	2.3
20 to less than 50	2.5	2.4	2.1	1.1	1.0	1.4	1.1	1.2	1.2	1.6
50 to less than 100	2.5	2.3	1.8	0.6	0.5	1.0	0.6	0.5	0.7	1.2
100 and more	1.3	1.0	0.7	0.2	0.1	0.2	0.1	0.1	0.3	0.5
Total	2.4	2.2	1.9	1.3	1.2	1.5	1.3	1.3	1.4	1.6

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.



## 7 Conclusion

**B**ased on Statistics Canada's Longitudinal Employment Analysis Program (LEAP) dataset, this paper summarizes basic patterns of firm entry and exit in the Canadian business sector, disaggregated by industry and by size dimensions.

Several observations are noteworthy. First, the results consistently show more entry than exit, at the aggregate level and at levels disaggregated by industry and by size. This indicates widespread vitality and growth in the Canadian economy.

Second, the intensity of entry and exit measured by the share of the number firms that are entrants and exiters remains stable over time at the aggregate level and in the majority of industries; meanwhile, the effectiveness of entry and exit measured by employment share decreases over time at the aggregate level and in most industries. The size distributions of entrants and exiters and the entry and exit rates by size class suggest that turnover largely involves small firms, a tendency that has been increasing. As well, the average size of entrants and exiters has fallen over time.

Third, entry and exit rates are negatively correlated over time at the aggregate level; however, at the industry level, these correlations become positive in many industries, including manufacturing and wholesale trade. This implies that time-varying factors affect entry and exit the same way in some industries, but in opposite directions in other industries.

Fourth, industry-specific factors play an important role in determining entry and exit patterns. Not only do entry and exit rates differ considerably across industries, but they persist over time, and the inter-industry correlation between them is strongly positive.

Fifth, after correcting for industry fixed effects, the same time period correlation between industry entry and exit is positive in some years and negative in others. This implies that the impact over time of factors other than industry-specific ones on entry and exit is not consistent. In-depth studies are needed to understand why this is the case and further illustrate the rich analytical capacity of the LEAP database.

## 8 Appendix

**Table 12**  
**Total number of entrants, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>number</b>								
Goods and services industries									
Agriculture	5,882	5,587	5,229	4,958	5,164	4,597	4,455	5,270	5,671
Mining	856	911	775	910	1,259	1,360	1,437	1,347	1,329
Utility	137	80	60	85	101	106	133	97	82
Construction	11,205	11,306	11,980	12,847	15,295	15,426	16,324	18,124	17,305
Manufacturing, durable	3,277	2,849	2,683	2,467	2,643	2,658	2,684	2,555	2,307
Manufacturing, non-durable	1,926	1,724	1,510	1,357	1,491	1,274	1,222	1,204	1,075
Wholesale trade	4,814	4,709	4,355	4,323	4,803	4,599	4,363	4,513	4,002
Retail trade	11,019	10,160	10,279	10,483	11,677	10,646	10,772	10,927	10,306
Transportation and warehousing	5,358	5,077	5,023	4,830	5,910	6,029	6,724	8,556	7,252
Information and cultural	1,667	1,453	1,328	1,236	1,450	1,499	1,544	1,646	1,628
Financial, insurance and real estate	8,330	8,393	8,160	8,469	9,961	10,176	10,308	11,891	11,460
Professional services	15,820	15,436	14,958	14,841	16,292	17,378	18,290	19,811	19,340
Administrative services	5,514	5,587	5,483	5,523	6,085	5,804	6,015	6,176	6,324
Education	1,016	1,016	1,010	1,019	1,222	1,219	1,202	1,197	1,161
Health	1,988	2,057	2,044	2,275	2,309	2,263	2,501	2,486	2,294
Food and accommodation	1,858	1,786	1,788	1,835	2,032	1,805	1,794	1,791	1,710
Arts and entertainment	8,370	8,072	8,515	8,305	9,037	8,271	8,294	8,579	8,501
Personal services	6,127	6,049	6,021	6,004	6,699	6,530	6,847	6,783	6,472
Total goods	23,283	22,455	22,236	22,624	25,953	25,421	26,257	28,597	27,769
Total services	71,881	69,796	68,964	69,144	77,476	76,218	78,654	84,357	80,448
<b>Total business</b>	<b>95,164</b>	<b>92,251</b>	<b>91,200</b>	<b>91,768</b>	<b>103,429</b>	<b>101,639</b>	<b>104,911</b>	<b>112,954</b>	<b>108,217</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.



**Table 13**  
**Total number of exiters, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>number</b>								
Goods and services industries									
Agriculture	6,260	6,016	6,014	5,756	5,431	5,907	5,587	5,433	5,301
Mining	654	696	626	608	621	741	807	881	1,068
Utility	332	109	62	49	37	64	59	69	52
Construction	9,354	9,011	9,135	8,898	9,101	10,862	10,529	11,214	12,640
Manufacturing, durable	2,633	2,792	2,608	2,409	2,350	2,568	2,387	2,407	2,655
Manufacturing, non-durable	2,202	2,028	1,883	1,705	1,581	1,740	1,590	1,456	1,544
Wholesale trade	5,519	4,466	4,361	4,181	3,908	4,284	4,161	4,378	4,347
Retail trade	10,219	10,121	9,825	9,574	9,739	10,912	10,422	10,508	10,276
Transportation and warehousing	5,001	4,566	4,411	4,371	4,202	4,774	4,599	5,221	5,720
Information and cultural	1,199	1,224	1,247	1,073	1,094	1,108	1,160	1,268	1,292
Financial, insurance and real estate	7,583	7,913	7,981	7,401	7,101	7,721	7,990	8,764	9,749
Professional services	11,285	11,254	11,679	11,205	11,112	11,707	12,000	12,512	13,713
Administrative services	3,749	4,447	4,522	4,348	4,499	4,918	4,720	4,847	5,112
Education	456	735	741	779	737	831	845	881	935
Health	1,345	1,372	1,572	1,673	1,602	1,624	1,667	1,634	1,725
Food and accommodation	1,365	1,349	1,513	1,435	1,518	1,577	1,636	1,661	1,559
Arts and entertainment	7,852	7,790	7,461	7,906	7,795	8,499	7,601	7,783	7,177
Personal services	4,960	5,480	5,462	5,316	5,451	5,830	5,612	5,727	5,795
Total goods	21,435	20,652	20,328	19,425	19,122	21,883	20,959	21,461	23,259
Total services	60,534	60,716	60,775	59,263	58,757	63,784	62,413	65,183	67,399
<b>Total business</b>	<b>81,969</b>	<b>81,368</b>	<b>81,103</b>	<b>78,688</b>	<b>77,879</b>	<b>85,667</b>	<b>83,372</b>	<b>86,644</b>	<b>90,658</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 14**  
**Total number of short-lived firms, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>number</b>								
Goods and services industries									
Agriculture	2,551	2,326	2,222	2,196	2,204	2,125	1,775	2,058	2,017
Mining	277	256	234	249	302	345	369	346	416
Utility	67	25	13	26	22	30	22	21	16
Construction	4,348	4,271	4,520	4,693	5,586	5,906	5,291	6,190	6,276
Manufacturing, durable	857	849	750	750	785	824	682	730	630
Manufacturing, non-durable	623	544	405	446	405	391	314	306	321
Wholesale trade	1,727	1,212	1,194	1,297	1,411	1,435	1,182	1,159	1,064
Retail trade	2,659	2,593	2,560	2,920	3,142	3,022	2,433	2,541	2,403
Transportation and warehousing	2,176	1,842	1,739	1,937	1,957	2,213	1,935	2,303	2,115
Information and cultural	616	498	474	499	485	513	485	467	487
Financial, insurance and real estate	2,882	3,183	3,112	2,963	3,497	3,582	3,455	4,475	4,601
Professional services	4,386	4,261	4,318	4,232	4,850	5,110	4,692	4,918	5,321
Administrative services	1,691	1,933	1,817	1,998	2,050	2,200	1,828	2,027	2,001
Education	158	297	282	323	336	347	297	369	269
Health	302	340	311	308	303	311	278	282	272
Food and accommodation	551	622	519	580	673	649	534	535	472
Arts and entertainment	2,210	2,327	2,327	2,432	2,573	2,390	1,967	1,877	1,744
Personal services	1,649	1,714	1,821	1,851	1,955	2,034	1,692	1,774	1,775
Total goods	8,722	8,271	8,143	8,361	9,304	9,622	8,453	9,652	9,676
Total services	21,006	20,823	20,474	21,339	23,232	23,805	20,780	22,727	22,526
<b>Total business</b>	<b>29,728</b>	<b>29,094</b>	<b>28,617</b>	<b>29,700</b>	<b>32,536</b>	<b>33,427</b>	<b>29,233</b>	<b>32,379</b>	<b>32,202</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 15**  
**Entry rate, by number and industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
	<b>percent</b>									
<b>Goods and services industries</b>										
Agriculture	9.0	8.7	8.2	7.9	8.3	7.5	7.5	8.9	9.6	8.4
Mining	12.2	12.6	10.7	12.0	15.2	15.0	14.8	13.2	12.5	13.1
Utility	12.7	10.0	8.5	11.7	12.8	12.4	14.5	11.8	10.1	11.6
Construction	10.9	10.8	11.2	11.6	13.1	12.5	12.8	13.4	12.3	12.1
Manufacturing, durable	8.9	7.7	7.4	6.8	7.2	7.2	7.3	6.9	6.3	7.3
Manufacturing, non-durable	8.1	7.4	6.8	6.2	7.0	6.1	6.0	6.0	5.5	6.6
Wholesale trade	8.6	8.6	8.0	7.9	8.6	8.1	7.7	7.9	7.0	8.0
Retail trade	10.0	9.3	9.4	9.5	10.4	9.4	9.5	9.6	9.2	9.6
Transportation and warehousing	12.2	11.6	11.4	10.9	12.9	12.6	13.6	16.0	13.1	12.7
Information and cultural	14.4	12.4	11.4	10.6	12.2	12.2	12.2	12.8	12.5	12.3
Financial, insurance and real estate	10.4	10.3	9.9	10.2	11.5	11.3	11.2	12.3	11.5	11.0
Professional services	14.5	13.6	12.8	12.5	13.2	13.5	13.6	14.1	13.2	13.5
Administrative services	13.0	12.6	12.0	11.7	12.4	11.5	11.7	11.6	11.6	12.0
Education	15.0	13.5	12.9	12.4	13.9	13.0	12.4	11.8	11.2	12.9
Health	8.4	8.5	8.2	8.9	8.8	8.4	9.0	8.6	7.8	8.5
Food and accommodation	11.0	10.3	10.1	10.1	10.8	9.5	9.4	9.3	8.9	9.9
Arts and entertainment	12.2	11.7	12.3	11.9	12.7	11.6	11.8	12.0	11.9	12.0
Personal services	10.7	10.4	10.2	10.1	11.0	10.6	11.0	10.7	10.0	10.5
Total goods	9.8	9.5	9.4	9.5	10.5	10.1	10.3	10.9	10.4	10.0
Total services	11.5	11.0	10.7	10.6	11.6	11.1	11.3	11.7	11.0	11.2
<b>Total business</b>	<b>11.0</b>	<b>10.6</b>	<b>10.4</b>	<b>10.3</b>	<b>11.3</b>	<b>10.8</b>	<b>11.0</b>	<b>11.5</b>	<b>10.8</b>	<b>10.8</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 16**  
**Exit rate, by number and industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
	<b>percent</b>									
<b>Goods and services industries</b>										
Agriculture	9.6	9.3	9.5	9.2	8.8	9.7	9.4	9.1	9.0	9.3
Mining	9.3	9.6	8.6	8.0	7.5	8.2	8.3	8.7	10.0	8.7
Utility	30.6	13.6	8.9	6.8	4.7	7.4	6.4	8.4	6.4	10.4
Construction	9.1	8.6	8.5	8.1	7.8	8.8	8.3	8.3	9.0	8.5
Manufacturing, durable	7.1	7.6	7.1	6.6	6.4	7.0	6.5	6.5	7.2	6.9
Manufacturing, non-durable	9.2	8.7	8.4	7.8	7.4	8.3	7.8	7.3	7.9	8.1
Wholesale trade	9.8	8.1	8.0	7.7	7.0	7.6	7.4	7.6	7.6	7.9
Retail trade	9.3	9.2	9.0	8.7	8.6	9.6	9.2	9.2	9.2	9.1
Transportation and warehousing	11.3	10.4	10.0	9.8	9.1	10.0	9.3	9.8	10.4	10.0
Information and cultural	10.3	10.5	10.7	9.2	9.2	9.0	9.2	9.9	9.9	9.8
Financial, insurance and real estate	9.5	9.7	9.7	8.9	8.2	8.6	8.6	9.0	9.8	9.1
Professional services	10.3	10.0	10.0	9.5	9.0	9.1	9.0	8.9	9.3	9.5
Administrative services	8.9	10.0	9.9	9.2	9.1	9.7	9.2	9.1	9.4	9.4
Education	6.7	9.8	9.5	9.4	8.4	8.9	8.7	8.7	9.0	8.8
Health	5.7	5.7	6.3	6.5	6.1	6.0	6.0	5.7	5.8	6.0
Food and accommodation	8.1	7.8	8.5	7.9	8.0	8.3	8.5	8.6	8.1	8.2
Arts and entertainment	11.4	11.3	10.7	11.3	11.0	11.9	10.8	10.9	10.0	11.0
Personal services	8.6	9.4	9.3	8.9	9.0	9.4	9.0	9.0	9.0	9.1
Total goods	9.0	8.7	8.6	8.1	7.8	8.7	8.2	8.2	8.7	8.4
Total services	9.7	9.6	9.5	9.1	8.8	9.3	8.9	9.0	9.2	9.2
<b>Total business</b>	<b>9.5</b>	<b>9.3</b>	<b>9.2</b>	<b>8.8</b>	<b>8.5</b>	<b>9.1</b>	<b>8.7</b>	<b>8.8</b>	<b>9.1</b>	<b>9.0</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 17**  
**Number share of short-lived firms, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
	<b>percent</b>									
<b>Goods and services industries</b>										
Agriculture	3.9	3.6	3.5	3.5	3.6	3.5	3.0	3.5	3.4	3.5
Mining	4.0	3.5	3.2	3.3	3.6	3.8	3.8	3.4	3.9	3.6
Utility	6.1	3.1	1.8	3.6	2.8	3.6	2.4	2.6	2.0	3.1
Construction	4.2	4.1	4.2	4.3	4.8	4.8	4.2	4.6	4.5	4.4
Manufacturing, durable	2.3	2.3	2.1	2.1	2.1	2.2	1.8	2.0	1.7	2.1
Manufacturing, non-durable	2.6	2.3	1.8	2.0	1.9	1.9	1.5	1.5	1.6	1.9
Wholesale trade	3.1	2.2	2.2	2.4	2.5	2.5	2.1	2.0	1.9	2.3
Retail trade	2.4	2.4	2.3	2.6	2.8	2.7	2.2	2.2	2.1	2.4
Transportation and warehousing	4.9	4.2	3.9	4.4	4.3	4.6	3.9	4.3	3.8	4.3
Information and cultural	5.3	4.3	4.1	4.3	4.1	4.2	3.8	3.6	3.7	4.2
Financial, insurance and real estate	3.6	3.9	3.8	3.6	4.1	4.0	3.7	4.6	4.6	4.0
Professional services	4.0	3.8	3.7	3.6	3.9	4.0	3.5	3.5	3.6	3.7
Administrative services	4.0	4.3	4.0	4.2	4.2	4.3	3.6	3.8	3.7	4.0
Education	2.3	3.9	3.6	3.9	3.8	3.7	3.1	3.6	2.6	3.4
Health	1.3	1.4	1.3	1.2	1.2	1.2	1.0	1.0	0.9	1.1
Food and accommodation	3.3	3.6	2.9	3.2	3.6	3.4	2.8	2.8	2.5	3.1
Arts and entertainment	3.2	3.4	3.4	3.5	3.6	3.4	2.8	2.6	2.4	3.1
Personal services	2.9	2.9	3.1	3.1	3.2	3.3	2.7	2.8	2.8	3.0
<b>Total goods</b>	<b>3.7</b>	<b>3.5</b>	<b>3.4</b>	<b>3.5</b>	<b>3.8</b>	<b>3.8</b>	<b>3.3</b>	<b>3.7</b>	<b>3.6</b>	<b>3.6</b>
<b>Total services</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>3.3</b>	<b>3.5</b>	<b>3.5</b>	<b>3.0</b>	<b>3.2</b>	<b>3.1</b>	<b>3.2</b>
<b>Total business</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.5</b>	<b>3.6</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>3.3</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 18**  
**Total employment (ALUs) of entrants, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>ALUs</b>								
Goods and services industries									
Agriculture	6,703	6,114	5,807	5,879	6,077	5,369	4,471	4,281	4,466
Mining	1,538	2,798	1,915	3,200	2,744	2,695	2,905	2,080	1,896
Utility	2,057	1,145	430	728	349	288	708	899	425
Construction	18,961	19,381	18,541	20,853	22,595	22,401	20,168	24,045	21,519
Manufacturing, durable	23,540	16,467	12,659	17,015	10,737	12,610	12,340	5,050	5,052
Manufacturing, non-durable	10,268	9,601	7,420	9,222	6,775	9,146	6,723	4,299	2,801
Wholesale trade	12,087	11,217	10,390	11,083	10,464	10,770	7,602	6,134	7,036
Retail trade	25,335	25,716	22,039	27,656	32,133	20,531	23,147	19,750	22,027
Transportation and warehousing	9,590	9,329	8,579	7,504	9,468	10,373	9,107	8,010	8,647
Information and cultural	11,811	8,505	6,043	7,174	5,601	3,966	7,823	4,470	3,093
Financial, insurance and real estate	16,960	20,530	16,150	16,639	16,364	16,948	15,581	15,229	14,409
Professional services	26,410	28,159	20,804	24,469	21,635	20,821	20,944	18,583	18,078
Administrative services	17,292	21,462	18,231	14,486	17,197	15,343	13,283	12,016	14,741
Education	2,063	2,338	2,189	1,765	1,814	1,691	1,805	1,437	1,863
Health	3,106	3,838	3,838	5,486	5,501	4,488	4,519	4,923	3,615
Food and accommodation	6,886	3,865	4,342	4,462	4,871	3,492	4,796	3,810	3,861
Arts and entertainment	35,576	31,363	35,306	34,074	35,008	31,307	31,987	28,873	32,533
Personal services	7,983	8,656	9,380	9,213	11,321	8,853	8,599	8,289	7,643
Total goods	63,068	55,506	46,773	56,898	49,277	52,509	47,314	40,654	36,159
Total services	175,099	174,978	157,291	164,012	171,377	148,584	149,192	131,524	137,546
<b>Total business</b>	<b>238,168</b>	<b>230,485</b>	<b>204,063</b>	<b>220,910</b>	<b>220,655</b>	<b>201,093</b>	<b>196,505</b>	<b>172,179</b>	<b>173,706</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 19**  
**Total employment (ALUs) of exiters, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
	<b>ALUs</b>								
Goods and services industries									
Agriculture	5,543	5,765	5,885	5,501	4,406	6,363	4,625	4,699	4,820
Mining	3,688	9,052	2,351	2,763	1,363	2,306	2,266	1,622	2,973
Utility	3,812	567	410	188	139	276	125	224	311
Construction	14,871	15,135	13,653	11,523	10,836	14,373	13,181	14,001	16,157
Manufacturing, durable	16,074	18,773	14,371	8,807	6,444	8,425	8,393	7,534	8,819
Manufacturing, non-durable	22,400	13,487	14,747	7,191	4,771	7,794	4,600	4,364	6,268
Wholesale trade	16,796	14,386	11,750	7,908	7,346	8,089	6,767	7,355	8,091
Retail trade	25,971	25,402	22,754	17,489	16,915	22,339	19,110	20,686	21,607
Transportation and warehousing	11,953	9,509	10,480	6,693	6,112	7,571	7,428	7,396	8,804
Information and cultural	9,474	7,053	6,104	2,394	2,716	2,640	1,983	2,420	2,892
Financial, insurance and real estate	22,377	29,676	17,855	10,390	9,319	11,732	11,054	12,031	12,490
Professional services	24,997	24,457	22,739	12,566	11,067	12,306	12,130	12,075	13,568
Administrative services	16,219	12,229	12,900	8,632	8,038	10,707	9,178	10,124	11,637
Education	609	1,839	1,405	1,159	936	1,019	1,287	1,324	1,707
Health	2,653	2,736	3,989	2,710	2,654	2,668	3,284	2,558	3,041
Food and accommodation	5,103	3,019	4,309	2,087	2,561	3,319	3,412	3,140	2,932
Arts and entertainment	30,611	28,318	27,767	21,944	19,754	26,641	23,934	24,208	28,957
Personal services	7,412	8,525	10,499	7,193	7,061	7,436	7,280	7,202	7,199
Total goods	66,389	62,779	51,418	35,973	27,960	39,536	33,189	32,444	39,347
Total services	174,175	167,149	152,553	101,165	94,477	116,468	106,848	110,519	122,925
<b>Total business</b>	<b>240,564</b>	<b>229,928</b>	<b>203,972</b>	<b>137,138</b>	<b>122,437</b>	<b>156,004</b>	<b>140,038</b>	<b>142,964</b>	<b>162,272</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 20**  
**Total employment (ALUs) of short-lived firms, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>ALUs</b>									
Goods and services industries									
Agriculture	1,102	1,036	1,131	1,084	1,186	1,169	863	888	913
Mining	553	553	266	230	221	318	280	224	261
Utility	...	49	20	11	101	86	22	50	36
Construction	3,206	3,567	3,000	3,322	3,849	3,889	3,407	3,775	4,121
Manufacturing, durable	2,220	1,298	1,250	991	855	889	636	615	558
Manufacturing, non-durable	2,116	1,168	979	947	643	908	297	380	242
Wholesale trade	2,498	1,063	1,081	1,212	1,212	1,414	861	770	687
Retail trade	2,769	3,159	3,100	2,805	3,188	2,682	2,614	2,156	1,950
Transportation and warehousing	2,358	1,553	2,120	1,614	1,378	1,642	1,358	1,418	1,389
Information and cultural	2,282	2,471	1,463	1,326	700	964	601	591	782
Financial, insurance and real estate	8,968	4,438	3,312	2,939	3,122	3,887	3,148	3,676	3,753
Professional services	3,495	4,049	3,238	2,867	2,982	2,968	2,452	2,812	2,915
Administrative services	1,456	1,734	1,903	1,980	1,952	2,370	1,624	1,735	1,712
Education	...	598	189	222	228	247	193	216	204
Health	...	275	177	228	303	366	183	181	292
Food and accommodation	708	1,423	495	534	897	627	682	619	692
Arts and entertainment	3,891	4,213	5,594	3,980	3,957	4,046	2,907	3,190	2,488
Personal services	1,043	1,112	1,194	1,533	1,653	1,591	1,127	1,126	1,031
Total goods	9,317	7,670	6,645	6,586	6,855	7,258	5,504	5,932	6,130
Total services	31,799	26,087	23,865	21,241	21,572	22,806	17,750	18,490	17,896
<b>Total business</b>	<b>41,117</b>	<b>33,758</b>	<b>30,510</b>	<b>27,827</b>	<b>28,427</b>	<b>30,064</b>	<b>23,253</b>	<b>24,422</b>	<b>24,026</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 21**  
**Employment share of entrants, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
Goods and services industries										
Agriculture	3.4	3.2	2.8	3.1	3.2	2.7	2.3	2.3	2.5	2.8
Mining	1.0	1.6	1.4	2.1	1.5	1.5	1.4	1.0	0.9	1.4
Utility	1.8	0.9	0.4	0.6	0.3	0.2	0.6	0.7	0.4	0.7
Construction	3.4	3.1	2.8	3.1	3.3	3.1	2.6	2.9	2.4	3.0
Manufacturing, durable	1.9	1.2	1.2	1.4	0.9	1.1	1.1	0.5	0.5	1.1
Manufacturing, non-durable	1.1	1.1	0.9	1.0	0.8	1.2	0.9	0.6	0.4	0.9
Wholesale trade	1.6	1.4	1.0	1.4	1.4	1.4	1.0	0.8	0.9	1.2
Retail trade	1.7	1.6	1.3	1.7	1.9	1.2	1.3	1.1	1.2	1.5
Transportation and warehousing	1.5	1.4	1.3	1.2	1.5	1.7	1.4	1.2	1.2	1.4
Information and cultural	3.5	2.2	1.9	2.0	1.6	1.1	2.3	1.3	0.9	1.9
Financial, insurance and real estate	2.0	2.1	1.6	1.8	1.7	1.8	1.6	1.5	1.3	1.7
Professional services	4.1	3.7	3.1	3.7	3.3	3.1	2.9	2.4	2.3	3.2
Administrative services	3.5	4.1	3.2	2.4	2.6	2.3	1.8	1.5	1.8	2.6
Education	4.2	4.7	4.2	3.5	3.5	3.0	2.7	2.0	2.6	3.4
Health	2.1	2.2	2.4	3.2	3.1	2.5	2.8	2.6	1.8	2.5
Food and accommodation	3.1	2.0	1.9	1.8	2.0	1.5	2.0	1.6	1.6	1.9
Arts and entertainment	3.8	3.4	3.7	3.6	3.7	3.1	3.1	2.7	3.0	3.4
Personal services	2.9	3.1	2.7	3.0	3.7	3.0	2.9	2.7	2.5	3.0
Total goods	2.0	1.7	1.6	1.7	1.5	1.7	1.5	1.3	1.2	1.6
Total services	2.6	2.4	2.1	2.2	2.3	2.0	1.9	1.6	1.6	2.1
<b>Total business</b>	<b>2.4</b>	<b>2.2</b>	<b>1.9</b>	<b>2.1</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>1.5</b>	<b>1.5</b>	<b>1.9</b>

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 22**  
**Employment share of exiters, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
	<b>percent</b>									
<b>Goods and services industries</b>										
Agriculture	2.8	3.0	2.8	2.9	2.3	3.2	2.4	2.5	2.7	2.8
Mining	2.5	5.0	1.7	1.8	0.7	1.3	1.1	0.8	1.4	1.8
Utility	3.4	0.4	0.4	0.2	0.1	0.2	0.1	0.2	0.3	0.6
Construction	2.6	2.4	2.1	1.7	1.6	2.0	1.7	1.7	1.8	2.0
Manufacturing, durable	1.3	1.4	1.4	0.7	0.5	0.7	0.7	0.7	0.9	0.9
Manufacturing, non-durable	2.4	1.5	1.7	0.8	0.6	1.0	0.6	0.6	0.9	1.1
Wholesale trade	2.3	1.8	1.2	1.0	0.9	1.1	0.9	1.0	1.0	1.2
Retail trade	1.8	1.6	1.4	1.1	1.0	1.3	1.1	1.1	1.1	1.3
Transportation and warehousing	1.9	1.5	1.6	1.1	1.0	1.2	1.1	1.1	1.2	1.3
Information and cultural	2.8	1.9	1.9	0.7	0.8	0.8	0.6	0.7	0.8	1.2
Financial, insurance and real estate	2.6	3.0	1.8	1.1	1.0	1.2	1.1	1.1	1.1	1.6
Professional services	3.9	3.2	3.4	1.9	1.7	1.8	1.7	1.6	1.7	2.3
Administrative services	3.3	2.3	2.3	1.4	1.2	1.6	1.2	1.3	1.5	1.8
Education	1.2	3.7	2.7	2.3	1.8	1.8	1.9	1.9	2.4	2.2
Health	1.8	1.5	2.5	1.6	1.5	1.5	2.0	1.4	1.5	1.7
Food and accommodation	2.3	1.5	1.9	0.9	1.0	1.5	1.4	1.3	1.2	1.4
Arts and entertainment	3.3	3.1	2.9	2.3	2.1	2.7	2.3	2.3	2.7	2.6
Personal services	2.7	3.1	3.1	2.3	2.3	2.5	2.5	2.3	2.3	2.6
<b>Total goods</b>	2.1	1.9	1.7	1.1	0.9	1.3	1.0	1.0	1.3	1.4
<b>Total services</b>	2.6	2.3	2.0	1.4	1.3	1.6	1.4	1.4	1.5	1.7
<b>Total business</b>	2.4	2.2	1.9	1.3	1.2	1.5	1.3	1.3	1.4	1.6

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 23**  
**Employment share of short-lived firms, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
	<b>percent</b>									
<b>Goods and services industries</b>										
Agriculture	0.6	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Mining	0.4	0.3	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.2
Utility	...	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Construction	0.6	0.6	0.5	0.5	0.6	0.5	0.4	0.5	0.5	0.5
Manufacturing, durable	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing, non-durable	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1
Wholesale trade	0.3	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.2
Retail trade	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2
Transportation and warehousing	0.4	0.2	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.3
Information and cultural	0.7	0.7	0.5	0.4	0.2	0.3	0.2	0.2	0.2	0.4
Financial, insurance and real estate	1.0	0.4	0.3	0.3	0.3	0.4	0.3	0.4	0.3	0.4
Professional services	0.5	0.5	0.5	0.4	0.5	0.4	0.3	0.4	0.4	0.4
Administrative services	0.3	0.3	0.3	0.3	0.3	0.4	0.2	0.2	0.2	0.3
Education	...	1.2	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4
Health	...	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.3
Food and accommodation	0.3	0.7	0.2	0.2	0.4	0.3	0.3	0.3	0.3	0.3
Arts and entertainment	0.4	0.5	0.6	0.4	0.4	0.4	0.3	0.3	0.2	0.4
Personal services	0.4	0.4	0.3	0.5	0.5	0.5	0.4	0.4	0.3	0.4
<b>Total goods</b>	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Total services</b>	0.5	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3
<b>Total business</b>	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 24**  
**Average size of entrants, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>ALUs</b>										
<b>Goods and services industries</b>										
Agriculture	1.14	1.09	1.11	1.19	1.18	1.17	1.00	0.81	0.79	1.05
Mining	1.80	3.07	2.47	3.51	2.18	1.98	2.02	1.54	1.43	2.22
Utility	14.98	14.35	7.23	8.59	3.45	2.72	5.31	9.31	5.18	7.90
Construction	1.69	1.71	1.55	1.62	1.48	1.45	1.24	1.33	1.24	1.48
Manufacturing, durable	7.18	5.78	4.72	6.90	4.06	4.74	4.60	1.98	2.19	4.68
Manufacturing, non-durable	5.33	5.57	4.91	6.79	4.54	7.18	5.50	3.57	2.61	5.11
Wholesale trade	2.51	2.38	2.39	2.56	2.18	2.34	1.74	1.36	1.76	2.14
Retail trade	2.30	2.53	2.14	2.64	2.75	1.93	2.15	1.81	2.14	2.27
Transportation and warehousing	1.79	1.84	1.71	1.55	1.60	1.72	1.35	0.94	1.19	1.52
Information and cultural	7.08	5.85	4.55	5.80	3.86	2.65	5.07	2.72	1.90	4.39
Financial, insurance and real estate	2.04	2.45	1.98	1.96	1.64	1.67	1.51	1.28	1.26	1.75
Professional services	1.67	1.82	1.39	1.65	1.33	1.20	1.15	0.94	0.93	1.34
Administrative services	3.14	3.84	3.33	2.62	2.83	2.64	2.21	1.95	2.33	2.76
Education	2.03	2.30	2.17	1.73	1.49	1.39	1.50	1.20	1.60	1.71
Health	1.56	1.87	1.88	2.41	2.38	1.98	1.81	1.98	1.58	1.94
Food and accommodation	3.71	2.16	2.43	2.43	2.40	1.93	2.67	2.13	2.26	2.46
Arts and entertainment	4.25	3.89	4.15	4.10	3.87	3.79	3.86	3.37	3.83	3.90
Personal services	1.30	1.43	1.56	1.53	1.69	1.36	1.26	1.22	1.18	1.39
Total goods	2.71	2.47	2.10	2.51	1.90	2.07	1.80	1.42	1.30	2.03
Total services	2.44	2.51	2.28	2.37	2.21	1.95	1.90	1.56	1.71	2.10
<b>Total business</b>	<b>2.50</b>	<b>2.50</b>	<b>2.24</b>	<b>2.41</b>	<b>2.13</b>	<b>1.98</b>	<b>1.87</b>	<b>1.52</b>	<b>1.61</b>	<b>2.08</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 25**  
**Average size of exiters, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>ALUs</b>										
<b>Goods and services industries</b>										
Agriculture	0.89	0.96	0.98	0.96	0.81	1.08	0.83	0.86	0.91	0.92
Mining	5.63	13.01	3.76	4.54	2.19	3.11	2.81	1.84	2.78	4.41
Utility	11.49	5.21	6.58	3.80	3.72	4.33	2.11	3.27	5.97	5.17
Construction	1.59	1.68	1.49	1.30	1.19	1.32	1.25	1.25	1.28	1.37
Manufacturing, durable	6.10	6.72	5.51	3.66	2.74	3.28	3.52	3.13	3.32	4.22
Manufacturing, non-durable	10.17	6.65	7.83	4.22	3.02	4.48	2.89	3.00	4.06	5.15
Wholesale trade	3.04	3.22	2.69	1.89	1.88	1.89	1.63	1.68	1.86	2.20
Retail trade	2.54	2.51	2.32	1.83	1.74	2.05	1.83	1.97	2.10	2.10
Transportation and warehousing	2.39	2.08	2.38	1.53	1.45	1.59	1.62	1.42	1.54	1.78
Information and cultural	7.90	5.76	4.89	2.23	2.48	2.38	1.71	1.91	2.24	3.50
Financial, insurance and real estate	2.95	3.75	2.24	1.40	1.31	1.52	1.38	1.37	1.28	1.91
Professional services	2.22	2.17	1.95	1.12	1.00	1.05	1.01	0.97	0.99	1.39
Administrative services	4.33	2.75	2.85	1.99	1.79	2.18	1.94	2.09	2.28	2.47
Education	1.33	2.50	1.90	1.49	1.27	1.23	1.52	1.50	1.83	1.62
Health	1.97	1.99	2.54	1.62	1.66	1.64	1.97	1.57	1.76	1.86
Food and accommodation	3.74	2.24	2.85	1.45	1.69	2.11	2.09	1.89	1.88	2.21
Arts and entertainment	3.90	3.64	3.72	2.78	2.53	3.13	3.15	3.11	4.03	3.33
Personal services	1.49	1.56	1.92	1.35	1.30	1.28	1.30	1.26	1.24	1.41
Total goods	3.10	3.04	2.53	1.85	1.46	1.81	1.58	1.51	1.69	2.06
Total services	2.88	2.75	2.51	1.71	1.61	1.83	1.71	1.70	1.82	2.06
<b>Total business</b>	<b>2.93</b>	<b>2.83</b>	<b>2.51</b>	<b>1.74</b>	<b>1.57</b>	<b>1.82</b>	<b>1.68</b>	<b>1.65</b>	<b>1.79</b>	<b>2.06</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.



**Table 26**  
**Average size of short-lived firms, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>ALUs</b>										
<b>Goods and services industries</b>										
Agriculture	0.43	0.45	0.51	0.49	0.54	0.55	0.49	0.43	0.45	0.48
Mining	2.00	2.16	1.14	0.92	0.73	0.92	0.76	0.65	0.63	1.10
Utility	...	2.01	1.60	0.43	4.54	2.84	1.01	2.33	2.23	2.09
Construction	0.74	0.84	0.66	0.71	0.69	0.66	0.64	0.61	0.66	0.69
Manufacturing, durable	2.59	1.53	1.67	1.32	1.09	1.08	0.93	0.84	0.89	1.33
Manufacturing, non-durable	3.40	2.15	2.42	2.12	1.59	2.32	0.95	1.24	0.75	1.88
Wholesale trade	1.45	0.88	0.91	0.93	0.86	0.99	0.73	0.66	0.65	0.89
Retail trade	1.04	1.22	1.21	0.96	1.01	0.89	1.07	0.85	0.81	1.01
Transportation and warehousing	1.08	0.84	1.22	0.83	0.70	0.74	0.70	0.62	0.66	0.82
Information and cultural	3.71	4.96	3.09	2.66	1.44	1.88	1.24	1.27	1.61	2.43
Financial, insurance and real estate	3.11	1.39	1.06	0.99	0.89	1.09	0.91	0.82	0.82	1.23
Professional services	0.80	0.95	0.75	0.68	0.61	0.58	0.52	0.57	0.55	0.67
Administrative services	0.86	0.90	1.05	0.99	0.95	1.08	0.89	0.86	0.86	0.94
Education	...	2.01	0.67	0.69	0.68	0.71	0.65	0.58	0.76	0.82
Health	...	0.81	0.57	0.74	1.00	1.18	0.66	0.64	1.07	1.56
Food and accommodation	1.28	2.29	0.95	0.92	1.33	0.97	1.28	1.16	1.46	1.29
Arts and entertainment	1.76	1.81	2.40	1.64	1.54	1.69	1.48	1.70	1.43	1.72
Personal services	0.63	0.65	0.66	0.83	0.85	0.78	0.67	0.63	0.58	0.70
Total goods	1.07	0.93	0.82	0.79	0.74	0.75	0.65	0.61	0.63	0.78
Total services	1.51	1.25	1.17	1.00	0.93	0.96	0.85	0.81	0.79	1.03
<b>Total business</b>	<b>1.38</b>	<b>1.16</b>	<b>1.07</b>	<b>0.94</b>	<b>0.87</b>	<b>0.90</b>	<b>0.80</b>	<b>0.75</b>	<b>0.75</b>	<b>0.96</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 27**  
**Average size of continuing firms, by industry, 2000 to 2008**

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>ALUs</b>										
<b>Goods and services industries</b>										
Agriculture	3.61	3.51	3.90	3.59	3.69	3.79	3.80	3.77	3.63	3.70
Mining	27.42	31.20	23.99	25.58	29.34	27.01	27.54	26.52	26.49	27.23
Utility	192.90	223.23	203.60	203.47	199.53	182.92	166.57	192.05	180.64	193.88
Construction	6.74	7.23	7.60	7.56	7.51	7.42	7.67	7.92	8.04	7.52
Manufacturing, durable	39.91	42.62	32.78	38.98	39.02	36.99	35.59	34.42	32.59	36.99
Manufacturing, non-durable	46.59	45.49	45.63	47.89	45.26	43.61	44.12	43.04	42.43	44.90
Wholesale trade	15.93	17.26	22.15	16.63	16.56	15.94	15.89	15.76	16.12	16.92
Retail trade	16.38	17.98	18.29	17.99	18.25	18.33	19.16	20.15	20.94	18.61
Transportation and warehousing	19.46	19.48	19.33	18.19	17.55	17.31	18.14	17.38	17.26	18.23
Information and cultural	38.91	42.41	35.65	39.84	38.53	36.99	35.53	35.93	36.77	37.84
Financial, insurance and real estate	13.39	15.19	15.38	14.27	13.80	13.30	13.67	14.14	14.57	14.19
Professional services	7.58	8.49	7.21	7.08	6.88	6.76	6.93	7.01	6.98	7.21
Administrative services	14.60	14.97	15.73	16.66	17.17	17.19	18.59	19.20	18.76	16.98
Education	8.92	8.15	8.36	7.67	7.46	7.59	8.54	8.70	8.45	8.20
Health	6.96	8.33	7.12	7.68	7.67	7.43	6.68	7.34	7.55	7.42
Food and accommodation	16.06	13.92	15.54	16.46	16.14	14.61	15.28	15.12	15.38	15.39
Arts and entertainment	17.10	16.71	17.28	17.38	17.24	17.97	18.30	18.84	18.67	17.72
Personal services	5.81	5.71	7.06	6.23	6.15	5.91	5.76	5.93	5.76	6.04
Total goods	16.61	17.26	15.57	16.68	16.49	15.72	15.55	15.31	14.77	16.00
Total services	13.57	14.37	14.73	14.02	13.87	13.67	13.99	14.25	14.35	14.09
<b>Total business</b>	<b>14.42</b>	<b>15.17</b>	<b>14.96</b>	<b>14.75</b>	<b>14.59</b>	<b>14.23</b>	<b>14.42</b>	<b>14.53</b>	<b>14.46</b>	<b>14.61</b>

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 28**  
**Entrants, by first-year size, 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>number</b>										
<b>Number of entrants with</b>										
0 to less than 1 ALU	60,024	56,131	54,312	54,721	62,963	63,272	66,607	73,548	70,025	...
1 to less than 5 ALUs	27,856	29,126	29,692	29,495	32,924	31,849	32,263	33,684	32,621	...
5 to less than 10 ALUs	3,953	3,904	4,146	4,380	4,505	4,022	3,693	3,716	3,606	...
10 to less than 20 ALUs	1,883	1,662	1,781	1,860	1,760	1,558	1,443	1,334	1,216	...
20 to less than 50 ALUs	1,019	940	951	997	978	711	656	550	597	...
50 to less than 100 ALUs	248	289	208	194	213	125	145	87	102	...
100 and more ALUs	181	199	110	121	86	102	104	35	50	...
Total	95,164	92,251	91,200	91,768	103,429	101,639	104,911	112,954	108,217	...
<b>percent</b>										
<b>Distribution of entrants with</b>										
0 to less than 1 ALU	63.1	60.8	59.6	59.6	60.9	62.3	63.5	65.1	64.7	62.2
1 to less than 5 ALUs	29.3	31.6	32.6	32.1	31.8	31.3	30.8	29.8	30.1	31.0
5 to less than 10 ALUs	4.2	4.2	4.5	4.8	4.4	4.0	3.5	3.3	3.3	4.0
10 to less than 20 ALUs	2.0	1.8	2.0	2.0	1.7	1.5	1.4	1.2	1.1	1.6
20 to less than 50 ALUs	1.1	1.0	1.0	1.1	0.9	0.7	0.6	0.5	0.6	0.8
50 to less than 100 ALUs	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2
100 and more ALUs	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 29**  
**Entrants, by second-year size, 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>number</b>										
<b>Number of entrants with</b>										
0 to less than 1 ALU	45,945	42,185	40,826	42,036	49,323	48,129	49,899	57,361	55,242	...
1 to less than 5 ALUs	36,287	37,347	37,490	37,209	41,438	41,493	42,901	44,062	42,378	...
5 to less than 10 ALUs	6,995	7,083	7,249	7,276	7,322	7,045	7,101	6,880	6,439	...
10 to less than 20 ALUs	3,176	3,185	3,333	3,014	3,102	2,922	2,906	2,838	2,436	...
20 to less than 50 ALUs	1,948	1,695	1,717	1,652	1,671	1,537	1,548	1,414	1,330	...
50 to less than 100 ALUs	514	471	398	366	401	324	371	276	269	...
100 and more ALUs	299	285	187	215	172	189	185	123	123	...
Total	95,164	92,251	91,200	91,768	103,429	101,639	104,911	112,954	108,217	...
<b>percent</b>										
<b>Distribution of entrants with</b>										
0 to less than 1 ALU	48.3	45.7	44.8	45.8	47.7	47.4	47.6	50.8	51.0	47.7
1 to less than 5 ALUs	38.1	40.5	41.1	40.5	40.1	40.8	40.9	39.0	39.2	40.0
5 to less than 10 ALUs	7.4	7.7	7.9	7.9	7.1	6.9	6.8	6.1	6.0	7.1
10 to less than 20 ALUs	3.3	3.5	3.7	3.3	3.0	2.9	2.8	2.5	2.3	3.0
20 to less than 50 ALUs	2.0	1.8	1.9	1.8	1.6	1.5	1.5	1.3	1.2	1.6
50 to less than 100 ALUs	0.5	0.5	0.4	0.4	0.4	0.3	0.4	0.2	0.2	0.4
100 and more ALUs	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 30**  
**Exiters, by last-year size, 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>number</b>										
<b>Number of exiters with</b>										
0 to less than 1 ALU	53,857	51,696	50,726	51,654	51,706	55,961	54,297	56,758	59,699	...
1 to less than 5 ALUs	21,327	22,534	23,638	22,109	21,581	23,984	23,806	24,532	25,500	...
5 to less than 10 ALUs	3,439	3,709	3,622	3,011	2,860	3,414	3,246	3,283	3,311	...
10 to less than 20 ALUs	1,707	1,819	1,748	1,240	1,165	1,436	1,345	1,342	1,387	...
20 to less than 50 ALUs	1,050	1,051	969	521	466	669	552	610	593	...
50 to less than 100 ALUs	355	342	265	98	77	147	91	85	114	...
100 and more ALUs	234	217	135	55	24	56	35	34	54	...
Total	81,969	81,368	81,103	78,688	77,879	85,667	83,372	86,644	90,658	...
<b>percent</b>										
<b>Distribution of exiters with</b>										
0 to less than 1 ALU	65.7	63.5	62.5	65.6	66.4	65.3	65.1	65.5	65.9	65.1
1 to less than 5 ALUs	26.0	27.7	29.1	28.1	27.7	28.0	28.6	28.3	28.1	28.0
5 to less than 10 ALUs	4.2	4.6	4.5	3.8	3.7	4.0	3.9	3.8	3.7	4.0
10 to less than 20 ALUs	2.1	2.2	2.2	1.6	1.5	1.7	1.6	1.5	1.5	1.8
20 to less than 50 ALUs	1.3	1.3	1.2	0.7	0.6	0.8	0.7	0.7	0.7	0.9
50 to less than 100 ALUs	0.4	0.4	0.3	0.1	0.1	0.2	0.1	0.1	0.1	0.2
100 and more ALUs	0.3	0.3	0.2	0.1	0.0	0.1	0.0	0.0	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 31**  
**Exiters, by second-last-year size, 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>number</b>										
<b>Number of exiters with</b>										
0 to less than 1 ALU	42,547	40,039	39,720	39,111	38,703	42,825	42,410	44,794	46,677	...
1 to less than 5 ALUs	28,500	29,749	30,421	29,811	29,550	31,969	31,253	32,343	33,943	...
5 to less than 10 ALUs	5,556	5,838	5,647	5,408	5,512	5,995	5,489	5,530	5,644	...
10 to less than 20 ALUs	2,818	3,010	2,817	2,546	2,448	2,794	2,558	2,361	2,581	...
20 to less than 50 ALUs	1,736	1,846	1,727	1,307	1,250	1,512	1,226	1,266	1,365	...
50 to less than 100 ALUs	493	566	491	343	286	365	306	249	306	...
100 and more ALUs	319	320	280	162	130	207	130	101	142	...
Total	81,969	81,368	81,103	78,688	77,879	85,667	83,372	86,644	90,658	...
<b>percent</b>										
<b>Distribution of exiters with</b>										
0 to less than 1 ALU	51.9	49.2	49.0	49.7	49.7	50.0	50.9	51.7	51.5	50.4
1 to less than 5 ALUs	34.8	36.6	37.5	37.9	37.9	37.3	37.5	37.3	37.4	37.1
5 to less than 10 ALUs	6.8	7.2	7.0	6.9	7.1	7.0	6.6	6.4	6.2	6.8
10 to less than 20 ALUs	3.4	3.7	3.5	3.2	3.1	3.3	3.1	2.7	2.8	3.2
20 to less than 50 ALUs	2.1	2.3	2.1	1.7	1.6	1.8	1.5	1.5	1.5	1.8
50 to less than 100 ALUs	0.6	0.7	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.5
100 and more ALUs	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.1	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 32**  
**Entry rate, by size, 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
<b>Entry rate by number of firms (ALUs)</b>										
0 to less than 1	19.0	19.0	18.9	18.5	20.1	19.3	20.2	21.3	19.7	19.5
1 to less than 5	8.5	8.4	8.4	8.3	9.1	8.6	8.5	8.7	8.3	8.5
5 to less than 10	4.2	3.9	4.0	4.1	4.2	3.8	3.4	3.4	3.3	3.8
10 to less than 20	3.3	2.8	2.8	2.9	2.7	2.4	2.2	2.0	1.8	2.6
20 to less than 50	2.4	2.2	2.1	2.2	2.2	1.6	1.4	1.2	1.3	1.8
50 to less than 100	1.7	1.9	1.4	1.3	1.4	0.8	0.9	0.5	0.6	1.2
100 and more	1.7	1.8	1.0	1.1	0.8	0.9	0.9	0.3	0.4	1.0
Total	11.0	10.6	10.4	10.3	11.3	10.8	11.0	11.5	10.8	10.8
<b>Entry rate by employment (ALUs)</b>										
0 to less than 1	16.5	16.7	16.6	16.2	17.6	17.0	17.8	18.5	17.2	17.1
1 to less than 5	7.5	7.3	7.4	7.5	8.1	7.6	7.4	7.5	7.3	7.5
5 to less than 10	4.1	3.8	3.9	4.1	4.1	3.7	3.3	3.3	3.1	3.7
10 to less than 20	3.3	2.7	2.8	2.9	2.7	2.4	2.2	2.0	1.8	2.5
20 to less than 50	2.4	2.1	2.1	2.2	2.1	1.5	1.4	1.1	1.2	1.8
50 to less than 100	1.7	1.9	1.4	1.3	1.4	0.9	0.9	0.5	0.6	1.2
100 and more	1.0	0.8	0.4	0.6	0.5	0.5	0.5	0.1	0.2	0.5
Total	2.4	2.2	1.9	2.1	2.1	1.9	1.8	1.5	1.5	1.9

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.

**Table 33**  
**Exit rate, by size, 2000 to 2008**

Firm size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000 to 2008 average
<b>percent</b>										
<b>Exit rate by number of firms</b>										
<b>(ALUs)</b>										
0 to less than 1	17.1	17.5	17.6	17.5	16.5	17.1	16.5	16.4	16.8	17.0
1 to less than 5	6.5	6.5	6.7	6.3	6.0	6.5	6.3	6.3	6.5	6.4
5 to less than 10	3.6	3.7	3.5	2.8	2.7	3.2	3.0	3.0	3.0	3.2
10 to less than 20	3.0	3.0	2.7	1.9	1.8	2.2	2.1	2.0	2.1	2.3
20 to less than 50	2.5	2.4	2.2	1.2	1.0	1.5	1.2	1.3	1.3	1.6
50 to less than 100	2.5	2.3	1.8	0.7	0.5	1.0	0.6	0.5	0.7	1.2
100 and more	2.2	2.0	1.2	0.5	0.2	0.5	0.3	0.3	0.5	0.9
Total	9.5	9.3	9.2	8.8	8.5	9.1	8.7	8.8	9.1	9.0
<b>Exit rate by employment</b>										
<b>(ALUs)</b>										
0 to less than 1	13.6	13.9	14.3	13.9	13.0	13.5	13.2	13.3	13.5	13.6
1 to less than 5	5.8	5.8	6.0	5.5	5.2	5.8	5.6	5.6	5.8	5.7
5 to less than 10	3.6	3.6	3.4	2.8	2.6	3.1	2.9	2.9	2.9	3.1
10 to less than 20	3.0	3.0	2.7	1.9	1.8	2.2	2.0	2.0	2.0	2.3
20 to less than 50	2.5	2.4	2.1	1.1	1.0	1.4	1.1	1.2	1.2	1.6
50 to less than 100	2.5	2.3	1.8	0.6	0.5	1.0	0.6	0.5	0.7	1.2
100 and more	1.3	1.0	0.7	0.2	0.1	0.2	0.1	0.1	0.3	0.5
Total	2.4	2.2	1.9	1.3	1.2	1.5	1.3	1.3	1.4	1.6

Note: ALU = Average Labour Unit.

Source: Statistics Canada, authors' compilation based on Longitudinal Employment Analysis Program data.



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