



Study – February 2026

The Entrepreneurial Spark of Canada's Self-Employed



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It is based on data that has been analyzed and interpreted by BDC. Any error or omission is the sole responsibility of BDC. Some figures in this study have been rounded. Reliance on and use of the information herein is the reader’s responsibility.

Message from the → Chief Economist



Pierre Cléroux
Vice President, Research
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Over the past few decades, Canada has seen a steady decline in the number of small and medium enterprises (SMEs) per capita. To reverse this trend and its impact on our economy, it's essential that we explore strategies to reinvigorate Canadian entrepreneurship.

One promising avenue derives from self-employment, which saw a resurgence in 2024 after a sharp drop during the pandemic. Currently, there are 2 million Canadians working for themselves.

Like entrepreneurs, they overcame significant challenges to start their businesses. Today, they wear many of the same hats and are poised to become the employers of tomorrow, with plans to hire and invest in their companies.

Besides creating jobs for themselves, self-employed Canadians also generate many jobs every year. As a result, they wield significant influence on the broader scope of this country's job market.

Our analysis shows that self-employed individuals play a key role in business dynamism by transitioning to entrepreneurship.

We estimate that nearly half of new micro-businesses are launched by self-employed individuals who become entrepreneurs when they hire their first employees. This transition alone could contribute 0.8% to Canada's GDP.

In this study, we aim to shed light on the sub-groups of Canada's self-employed and learn more about their intentions and needs. We surveyed 851 self-employed workers and 654 micro-businesses to answer these questions:

- How do the self-employed and micro-businesses compare?
- How many self-employed workers have entrepreneurial intentions?
- What challenges and financial needs do they face?
- What impact would they have on the economy if they became businesses?

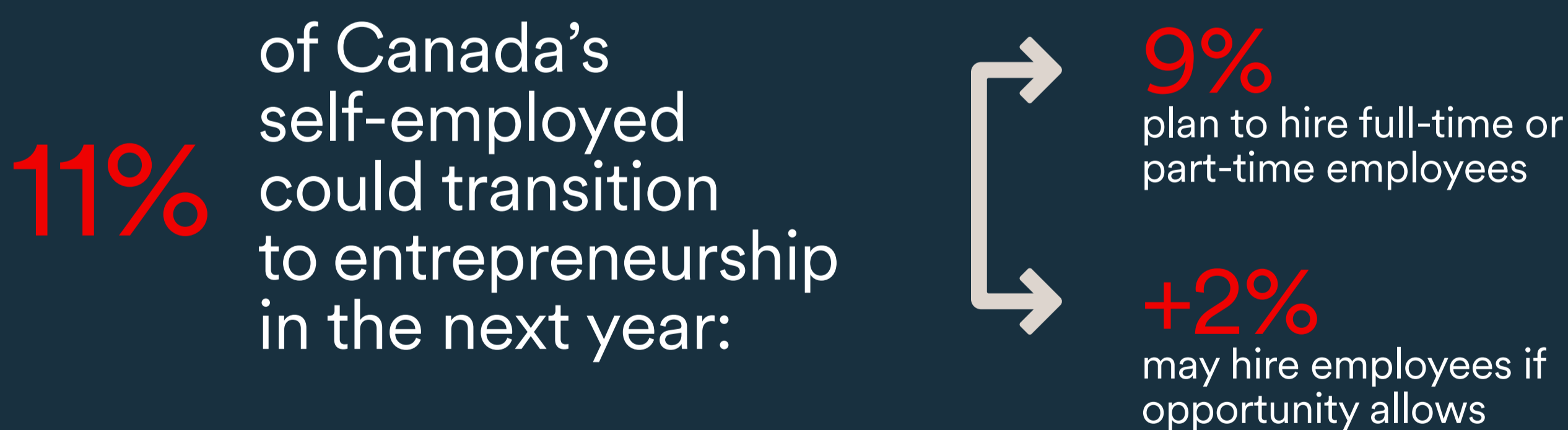
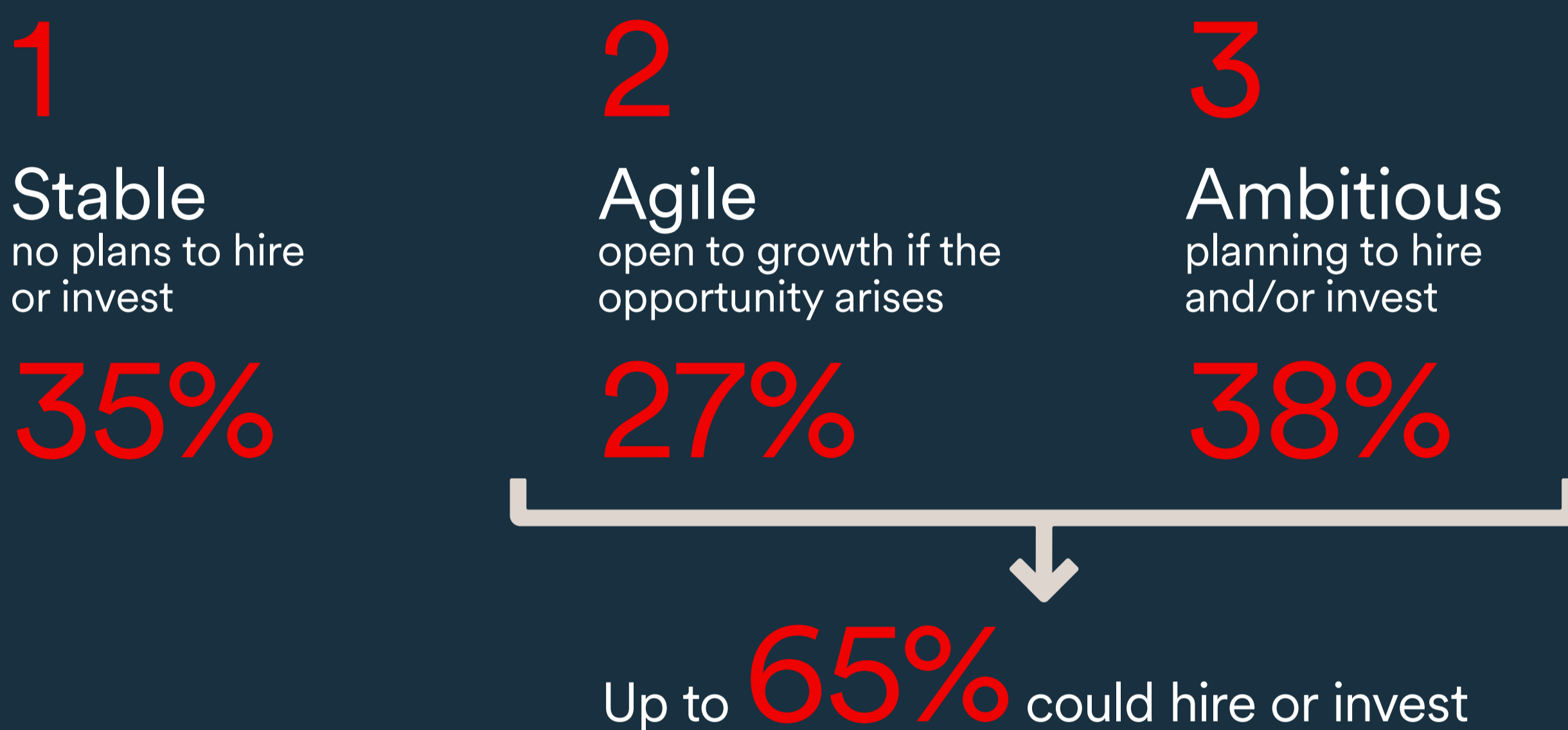
We hope this study helps you better understand Canada's self-employed and the essential role their move to entrepreneurship plays in our economy's resilience and future prosperity.

Highlights

Each self-employed individual who hires their first employee adds new businesses to the Canadian economy. Understanding their motivations, challenges and ambitions is essential for building a strong entrepreneurial ecosystem.

70,000 new self-employed workers joined Canada's workforce in 2024

Canada's self-employed fall into three categories:



Potential contribution to the economy

Self-employed Canadians who hire employees play an essential role in the normal dynamics of micro-businesses, contributing:

213,000 business openings, helping to offset the normal rate of micro-business closures each year



0.8% boost to Canada's GDP from their hiring

Canada's self-employed

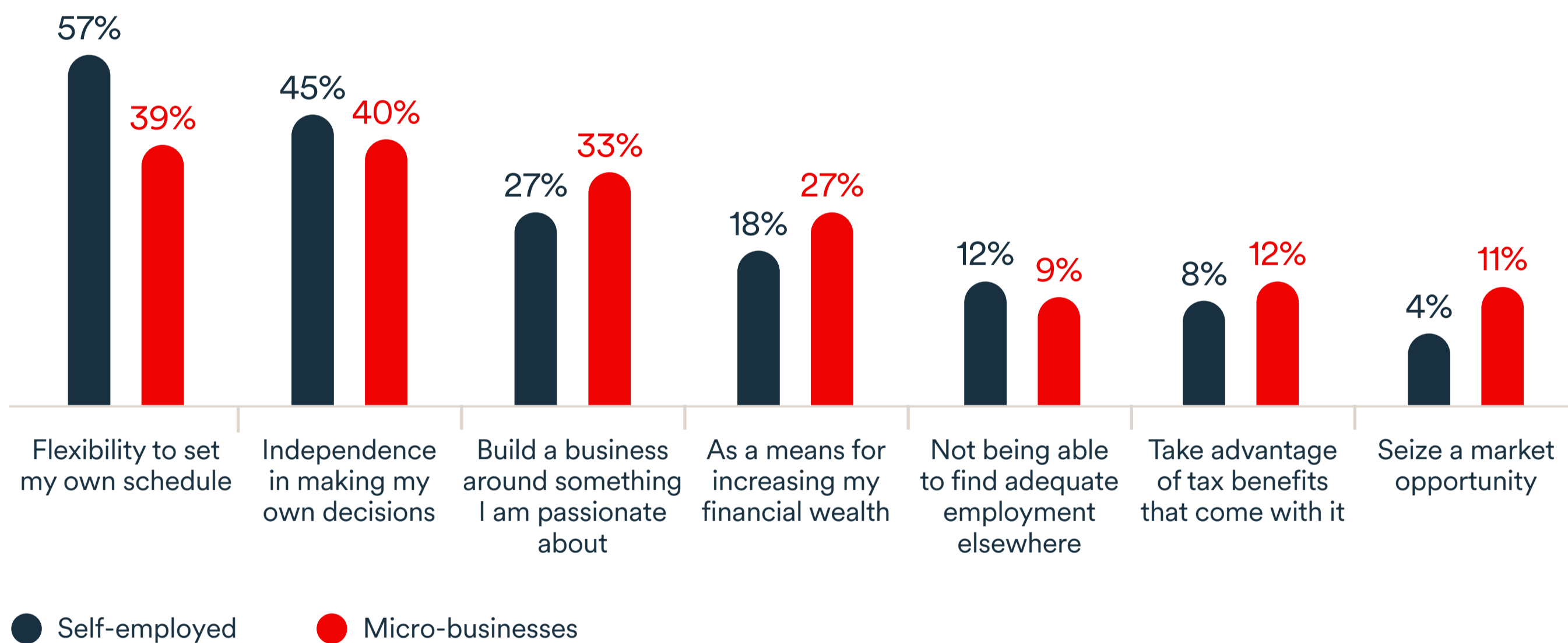
Who are they?

Statistics Canada defines self-employed individuals as those who primarily run a business, farm or professional practice, either alone or with partners. This study focuses on those who work independently, distinguishing the solo self-employed¹ from those with paid help.

These self-employed individuals value decision-making autonomy and the freedom to set their own schedules. Their motivations are similar to those of people running micro-businesses, with independence and flexibility being key factors for choosing self-employment (Figure 1).

1. Solo self-employed: term used to represent self-employed individuals without paid help.

Figure 1: Main motivations toward self-employment



Source: BDC Survey on Canada's self-employed individuals, January 2025

Base included all survey respondents (n=1,505). Multiple answers were allowed; therefore, the total exceeds 100%.

The pandemic led self-employed individuals to seek traditional jobs

Self-employment in Canada was steady for over two decades until the pandemic caused a sharp drop. It has struggled to recover even though the Canadian economy and job market rebounded quickly.

The strong economic performance in 2021 and 2022 significantly increased the need for businesses to hire and retain employees in a tight job market. As a result, employers became more accommodating and workers enjoyed favourable work conditions, encouraging them to stay employed.

Today's job market is giving self-employment a boost

In 2024, 70,000 people started working for themselves, suggesting a renewed interest in independent work (Figure 2). While the ratio of self-employment to total employment remains below historical averages, this increase signifies a notable trend toward self-employment.

Several factors could cause this trend to continue increasing in the coming years:

- higher immigration levels
- rising unemployment rates
- more return-to-office mandates

More workers, fewer job opportunities

Since 2017, the workforce has grown by 5.5% from pre-pandemic levels, adding about 1.1 million people, with 80% between the ages of 25 and 44. A tighter labour market from 2021 to 2023 favoured younger workers, as unemployment rates fell from 6.5% in 2021 to 4.8% in 2023. However, unemployment rates have since returned to pre-pandemic levels, currently at 5.9%.²

This shift will lead to fewer job openings and slower economic growth, meaning younger workers will face a more challenging job market. Immigrants, on the other hand, already face employment challenges, such as differences in required skillsets or constraints on foreign diplomas. As a result, they often end up in jobs that do not match their qualifications. Further increases in unemployment rates could play a role in pushing individuals from these groups toward self-employment.

More office returns, less flexibility

Another factor making self-employment more appealing is the return-to-office (RTO) movement. In 2024, many organizations required employees to return to the office full-time or nearly full-time. This trend is expected to continue, with 79% of CEOs predicting a full return by 2027.³

While executives favour this shift, it limits flexibility for workers who are used to remote work and avoiding rush-hour commutes. Employees who prioritize this flexibility might consider working for themselves. Moreover, artificial intelligence (AI) could help them transition to self-employment by facilitating administrative, marketing, writing, and customer service tasks.

2. Statistics Canada, Labour Force Survey, November 2025.
 3. KPMG International, KPMG 2024 CEO Outlook, 2024

Figure 2: Self-employment as a percentage of total employment and in total

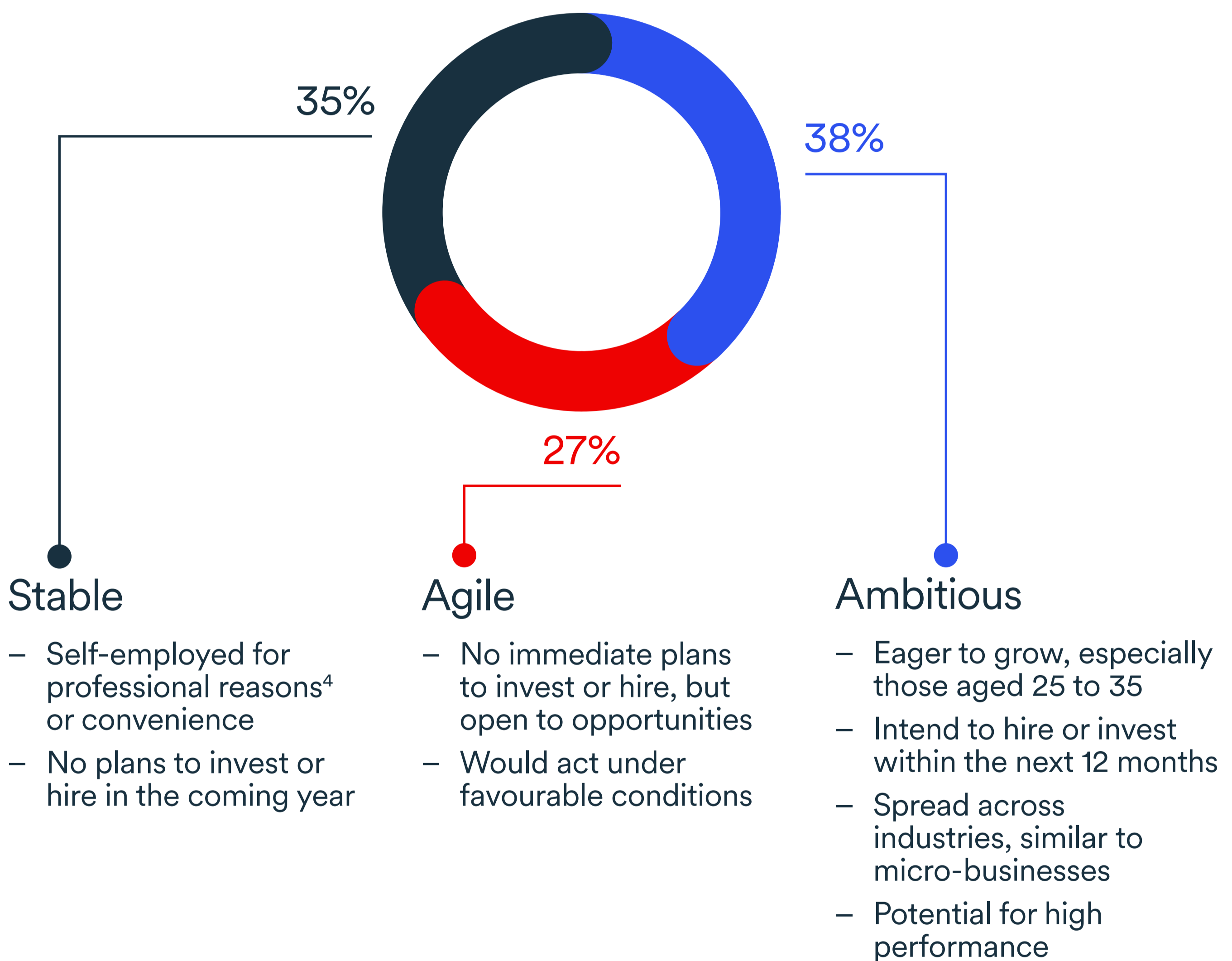


Source: Statistics Canada, [Employment by class of worker \(Table 14-10-0027-01\), annual \(x1,000\)](#), BDC calculation.
 Note: Total employment excludes self-employed individuals for these calculations

Ambitious and growth-minded

Nearly 40% of Canada's self-employed have growth intentions

While all self-employed individuals have entered the entrepreneurial landscape, they generally fall into three groups.



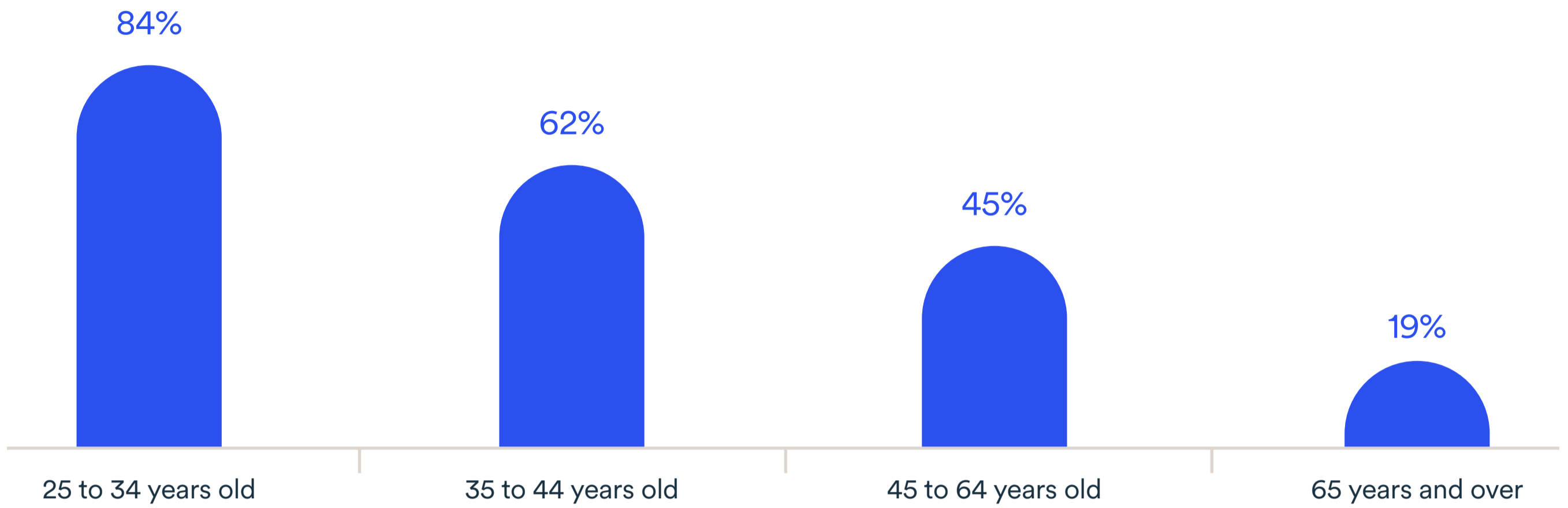
4. Statistics Canada, *Experiences of self-employed workers in Canada, 2023, 2024*

Younger, ambitious self-employed are eager to grow

A much higher proportion of younger and ambitious self-employed plan to expand their business in the next five years,

showing stronger growth motivations than those aged 35 and older (Figure 3).

Figure 3: Proportion of ambitious self-employed by age group with growth plans in the next 5 years



Source: BDC Survey on Canada's self-employed individuals, January 2025

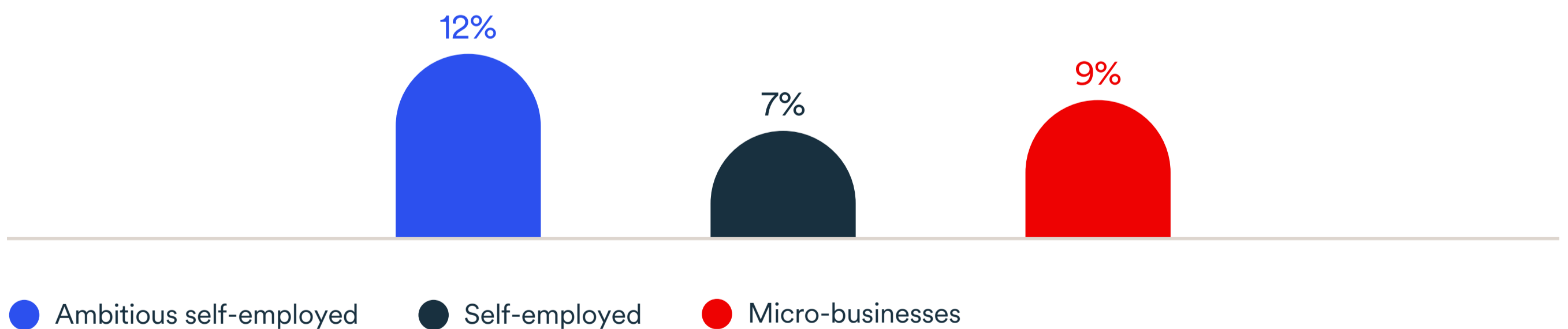
Base included all survey respondents (n=1,505). Those who did not know were excluded from the calculation base.

Ambitious self-employed tend to have higher revenue growth

Most self-employed respondents, including ambitious ones and micro-businesses, reported low revenue growth in the past 12 months. However, a higher proportion

of ambitious ones experienced revenue growth of 20% or more compared to their peers and micro-businesses (Figure 4).

Figure 4: Proportion of groups with higher revenue growth in 2024



Source: BDC Survey on Canada's self-employed individuals, January 2025

Base included all survey respondents (n=1,505). Those who did not know were excluded from the calculation base.

Their investment goals reflect their main challenges

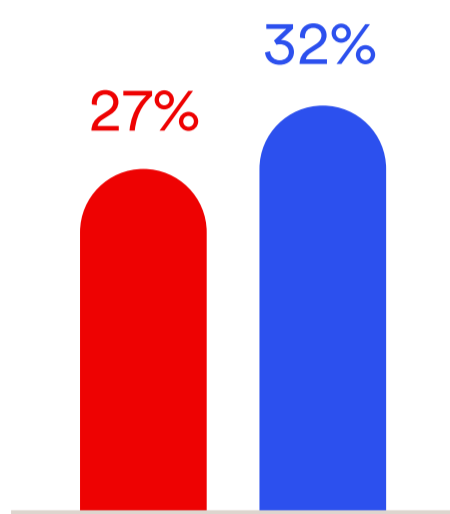
Canada's ambitious self-employed and micro-businesses broadly share the same investment goals and challenges. Generally, the areas where they aim to invest reflect their desire to address the primary issues they face as they strive to grow (Figure 5).

Figure 5: Challenges and investment intentions of the ambitious self-employed and micro-businesses

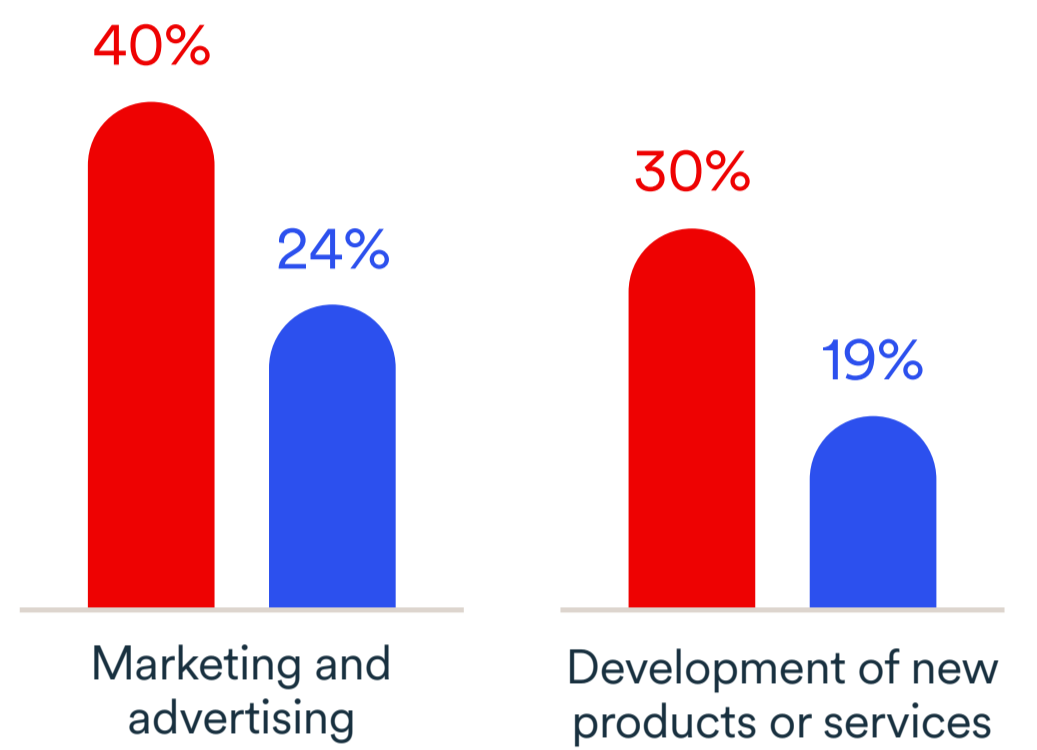
● Micro-businesses ● Ambitious self-employed

Main challenges

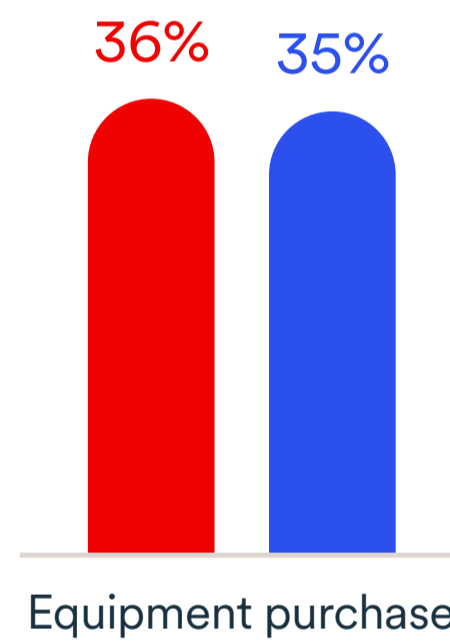
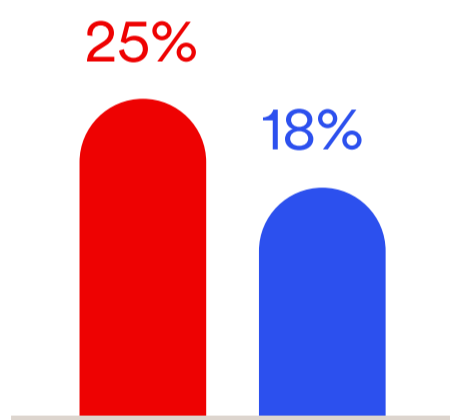
Client acquisition



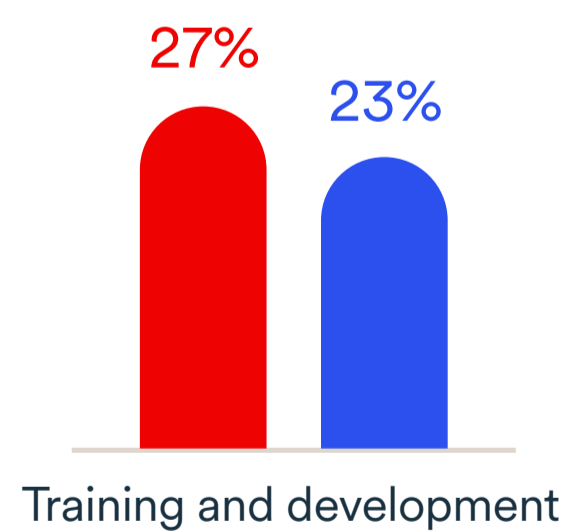
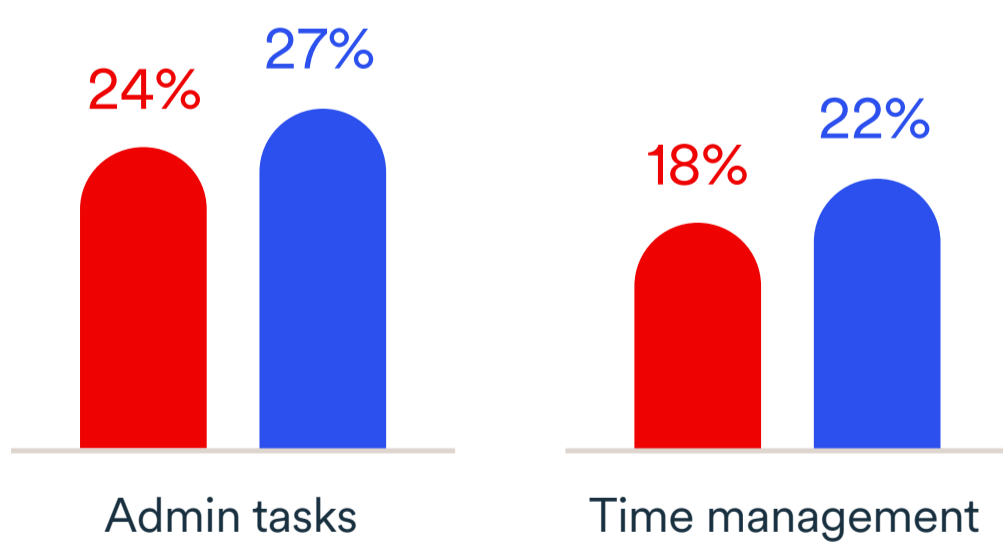
Investment purpose



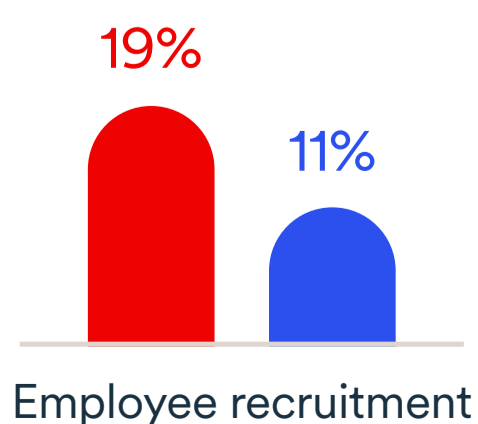
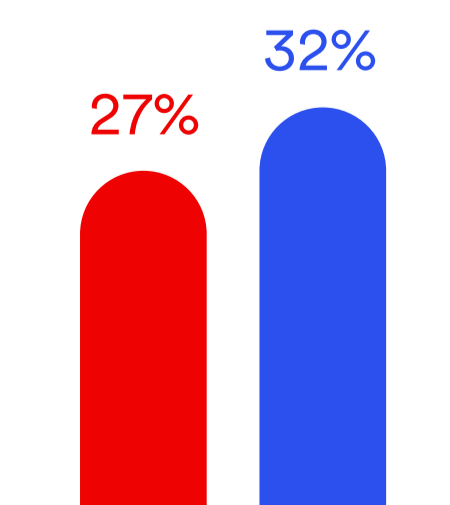
Cashflow management



Admin tasks and time management



Work-life balance



Can self-employment revive Canada's entrepreneurial spirit?

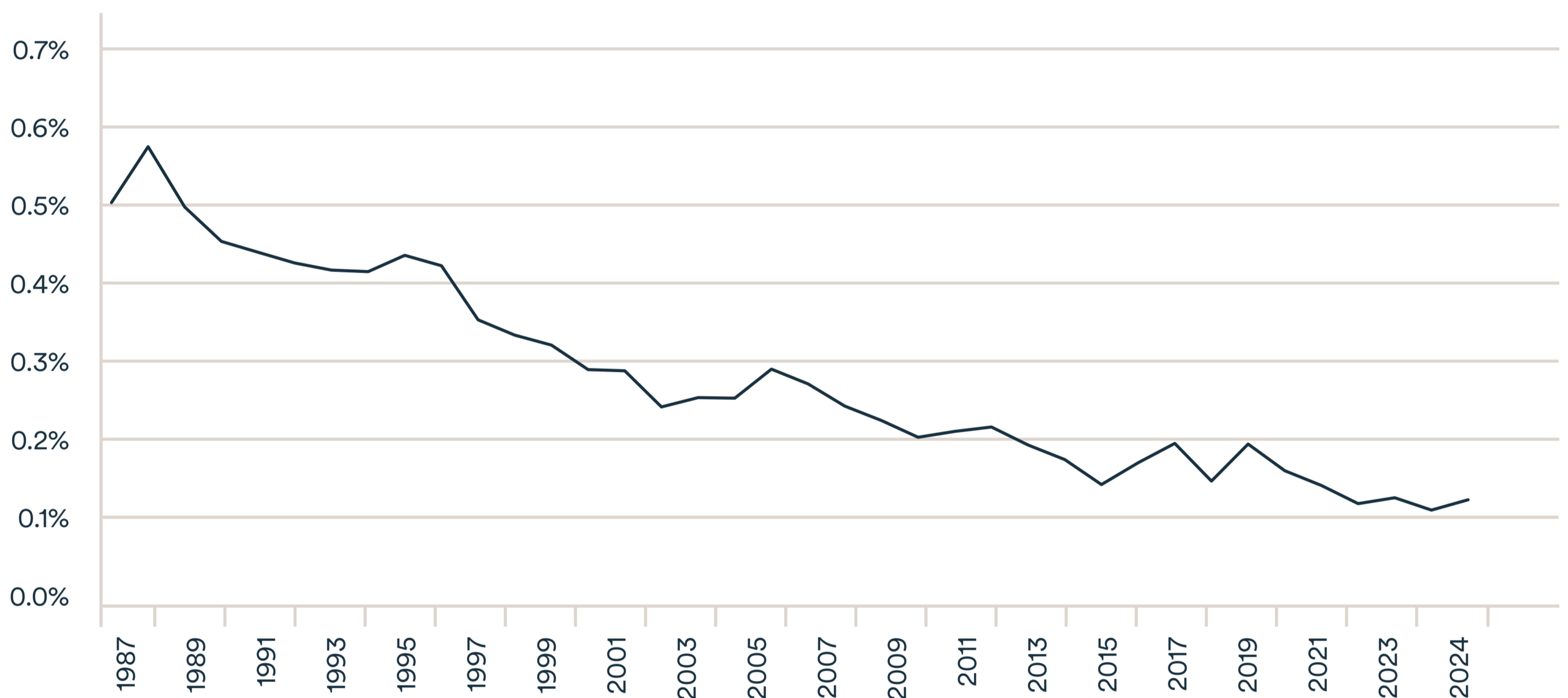
Entrepreneurship in decline

The trend is clear: the proportion of individuals in the labour market who become new employers each year has been decreasing in Canada for decades, as evidenced by the BDC Index of New Entrepreneurial Activity (Figure 6).

In 2023, it reached a historic low, with only 0.11% of the labour force opening new businesses. In 2024, it remained near this record low at 0.13%.

To revitalize entrepreneurial activity, we need more entrepreneurs, and self-employment is one promising avenue.

Figure 6: BDC Index of New Entrepreneurial activity



Source: Statistics Canada, Labour Force Survey, 1987 to 2024; BDC calculation

Note: The chart represents the ratio of new businesses (self-employed with paid help) on the total labour force for Canada. We define new entrepreneurship as the number of new self-employed workers who hire employees and the rate of new entrepreneurship as the number of new entrepreneurs as a fraction of the working-age population.

In today's economic climate marked by trade uncertainty, Canadian business owners are unsure of the future and are, therefore, hesitant to invest and hire.⁵ This pause poses a risk to short- and medium-term economic growth, highlighting the importance of everyone's role in navigating these uncertain times.

In the long run, economic activity is expected to recover, providing opportunities for ambitious self-employed individuals. Those who are agile and ready to act on their business ideas might find the right conditions to transition from solo venture to micro-business.

5. BDC Investment and Financing Outlook, January 2025 vs. October 2024

From self-employed to entrepreneur

The self-employed play a vital role in creating businesses and employment opportunities in Canada. Our study estimates that those who intend to start a business by becoming employers will account for nearly half of new micro-businesses nationwide in the coming year.⁶ These businesses are projected to represent 0.8% of Canada's GDP from new job creation alone.⁷

Employers of tomorrow

Nearly 9% of respondents plan to hire this year, making them employers and “officially” entrepreneurs in the traditional sense.

- 4.5% plan to hire full-time employees
- 4.4% plan to hire part-time employees

23% of ambitious self-employed plan to hire

- Also, we estimate that 10% of agile self-employed workers will seize an opportunity to hire, contributing an additional 2.1% to the total.

Whether hiring full-time or part-time employees, becoming an employer means officially becoming an entrepreneur. With nearly 11% of self-employed individuals expected to hire next year, 213,000 new businesses could be created in Canada.

Given the high turnover of business openings and closings every year, self-employed individuals play a crucial role in maintaining active business creation in Canada. For many, hiring their first employee is just the beginning of continued growth and expansion.

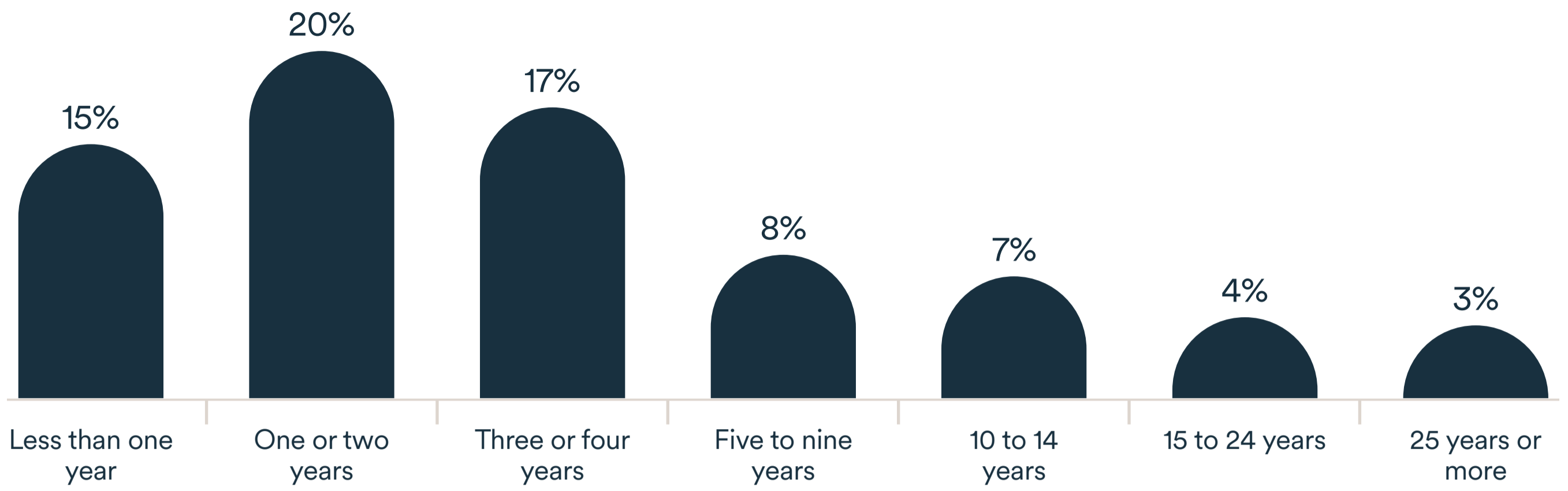
Often, they decide to hire within the first five years of their self-employment (Figure 7). This period is vital for their future success. After this time, the likelihood of becoming an employer drops, and after 15 years, only a few choose to hire employees.

6. Statistics Canada, [Employment by class of Worker \(Table 14-10-0027-01\)](#), annual (x1,000), BDC calculation.

Note: 48.5% based on historical average (2015 to 2024) of the number of micro-enterprises (1 to 4 employees) opened per year and our estimate of the number of self-employed workers who will become employers.

7. The contribution to GDP is calculated using the average labour productivity of small businesses for the period 2017 to 2021. From hiring intentions, we estimate 146,000 Full-Time Equivalents (FTE), assuming part-time jobs are equivalent to 0.5 of full-time jobs, with each full-time position representing only one new hire.

Figure 7: Hiring intentions of the self-employed in the next 12 months by years in business



Note: Includes full- and part-time self-employed

Source: BDC Survey on Canada's self-employed individuals, January 2025. Base included all survey respondents (n=1,505). Those who did not know were excluded from the calculation base. Multiple answers were allowed; therefore, the total exceeds 100%.

Ultimately, fostering self-employment is essential to reviving Canada's entrepreneurial spirit. By supporting the ambitions of self-employed individuals and facilitating their transition to becoming employers, we can stimulate economic growth and ensure the sustainability of Canada's entrepreneurial ecosystem.

Increased support can boost new business survival rates by approximately 20 percentage points in the first three to five years.⁸ Given the recent rise in self-employment, it is even more important to assist these transitioning entrepreneurs to help them succeed.

8. Innovation, Science and Economic Development Canada (ISED), [Canada Small Business Financing Program: Economic Impact Analysis](#), July 2019

Note: Comparison of survival rates of assisted and non-assisted businesses in Canada .

5 tips for building your workforce

Critical steps for the self-employed

Expanding a business and hiring employees is an exciting and significant step toward growth for self-employed individuals. This transition brings new opportunities and challenges, requiring careful planning and strategic decision-making. Below are five essential pieces of advice to guide you through the process of hiring and managing employees, ensuring your business continues to thrive and succeed.

1. Understand your financial needs and resources

It is crucial to evaluate your financial situation and explore various financing options to support your growth. Consider seeking a financial partner experienced in commercial banking. With a new employee expecting to be paid regularly, budgeting cash flow becomes even more important. Adding a line of credit can help absorb fluctuations and ensure timely payments.

2. Develop a recruitment and onboarding strategy

Develop a comprehensive strategy for recruiting, onboarding and managing employees. This involves understanding employment laws, creating detailed job descriptions, and setting up efficient payroll systems—focusing on the long-term benefits is key. Even if you're busy, take the time to train your new hire and yourself as a manager.

3. Seek external assistance

External assistance is vital for growth, especially in areas like sales, marketing, business strategy, and financial management. Consider seeking mentorship, joining business networks or hiring consultants to help navigate the complexities of scaling your business.

4. Leverage digital tools and AI

Digital tools can simplify various aspects of your business, from billing and communication to marketing and project management. Use software for accounting, customer relationship management (CRM) and other business operations to streamline processes and improve efficiency.

5. Set aside money for taxes

When you're self-employed, it's your responsibility to set aside and pay income taxes directly to the government. Set up a separate business banking account to automatically allocate a portion of your earnings for tax liabilities. This will help you avoid financial surprises and ensure compliance with tax regulations.



Patrice Mousseau,
Business owner,
Satya Organics

Satya Organics

From solopreneur to national brand

Patrice Mousseau was on maternity leave in 2013 when her daughter was diagnosed with eczema. Eager to find a natural alternative to the topical steroid creams prescribed by her doctor, the resourceful mom decided to make her own.

After working for years as a journalist, she had strong investigative skills that gave her the confidence to undertake the task. She started digging into medical research and academic studies.

What she came up with was a non-toxic and fragrance-free cream backed by scientific research. Mousseau blended the first batch in a slow cooker. Made from a number of ingredients, including calendula and almond oil, the balm was completely natural.

More importantly, it worked: it healed her daughter's skin in two days.

Having leftovers, she offered the cream to her Facebook contacts. It was an immediate hit. The demand was so strong that she had to make three more batches. A business was born. Today, Satya Organics products are sold in 3,000 stores across the country, on top of serving customers around the world. The B.C.-based skincare company earned [B Corp certification](#).



But getting there wasn't always easy. Mousseau, who is a member of Fort William First Nation, is the first one to acknowledge that making the jump from self-employment to entrepreneurship was challenging.

The right product-market fit

Satya Organic is different from other businesses in that it didn't start as a project run alongside full-time work. "It was never a side hustle," explains Mousseau. "Satya supported me and my daughter from the very beginning because the sales grew rapidly from the start."

Part of the explanation for this fast growth comes down to the cream's effectiveness. But Mousseau recognizes that the underlying demand was already strong.

"In a way, gaining traction was easy because Satya treats a condition that affects 20% of the population, and there are few options on the market when it comes to natural alternatives for steroid creams."

Hiring to keep up with the demand

At first, Mousseau did everything herself, from shipping to marketing and production. She started selling in the fall of 2013 through farmers' markets.

But things grew quickly. It only took a year before Mousseau couldn't handle it all herself.

“For a long time, I was making my product at night after putting my baby to bed. But at that point I needed support, so I hired two people to help me with the shipping.”

For regulatory matters, she decided to work with external consultants rather than hire in-house staff.

Nevertheless, handing over part of her business to someone else represented an entirely new step. Her first lesson: it's always better to have another person's help in the hiring process.

According to Mousseau: “I naturally like people and see the best in them, so I quickly discovered the value of having another person offer a different perspective.”

Once the choice is made, however, she never has a problem trusting her team. “My first hires were exacting and competent so I knew I could trust them. And that's the lesson here, I think, when you transition from self-employment to entrepreneurship. Finding the right people is the most important thing you can do as a business owner.”

Finding a support circle

Making the jump from a one-person operation to a business with employees comes with challenges. Connecting with other entrepreneurs to discuss your situation, share experiences, and exchange advice can be helpful.

For Mousseau, this was a group called Coralus (formerly SheEO), which connected her to women from different horizons looking for support, funds and new ways of thinking.

“In a way they are a family,” she says. “The value of this community, for me, was having someone understand what I'm going through, and knowing that others are walking a similar path, ready to offer their perspective on this new journey.”

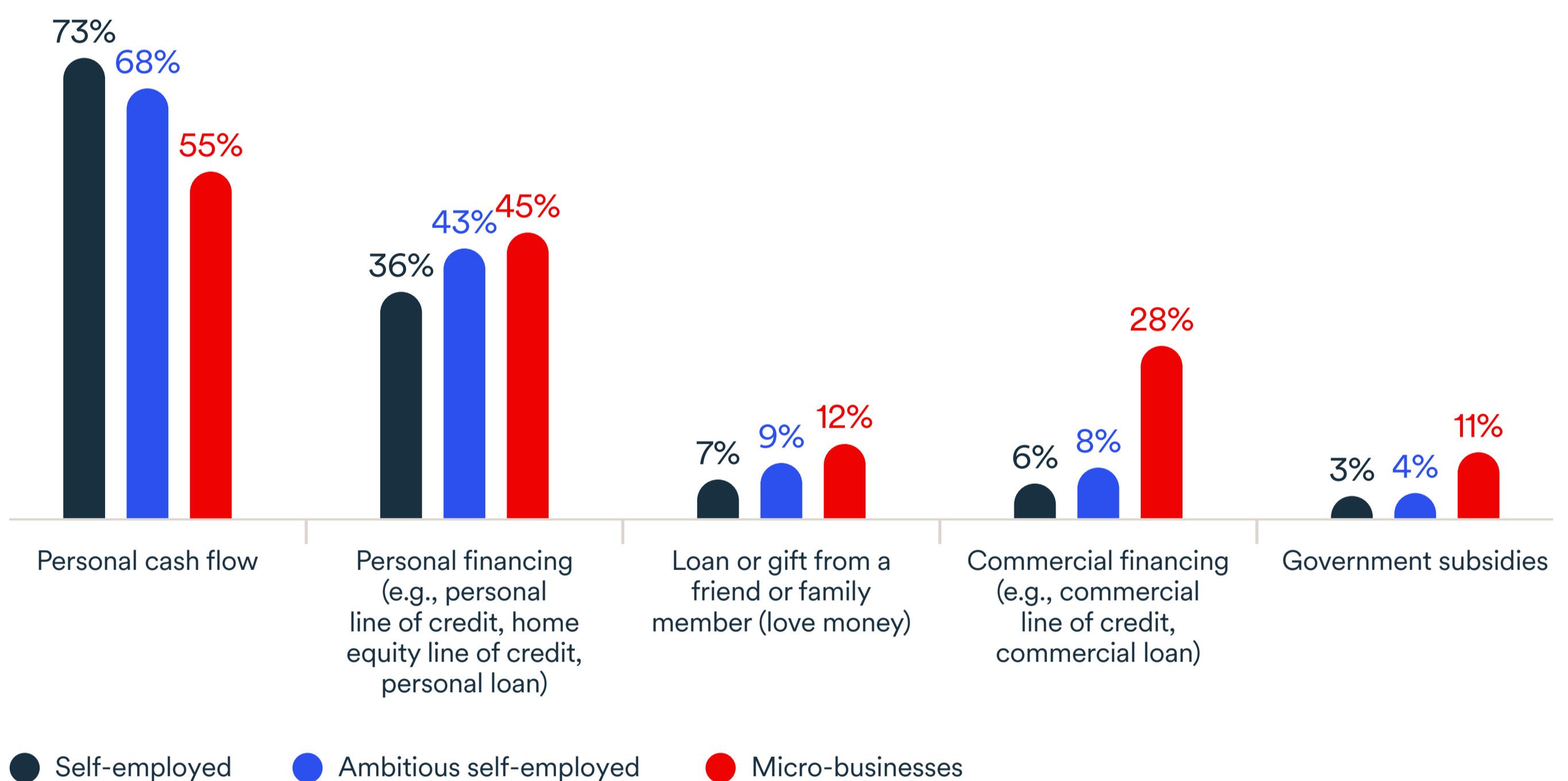
Appendices

Supporting the ambitious self-employed

Financial needs and access

Most self-employed individuals rely heavily on their own funds, with 73% using personal liquid assets to sustain their companies (Figure 8). Personal cash flow is also the primary source of financing for micro-businesses, although 28% use commercial financing, a significantly higher proportion than the self-employed. Ambitious self-employed individuals are slightly more likely to use commercial financing, but more than two-thirds still depend primarily on personal cash flow and self-financing.

Figure 8: Sources of financing



Source: BDC Survey on Canada's self-employed individuals, January 2025

Base included all survey respondents (n=1,505). Those who did not know were excluded from the calculation base. Multiple answers were allowed; therefore, the total exceeds 100%.

Preference for personal banking products

Ambitious self-employed workers mainly rely on personal banking products, such as credit cards and lines of credit, with only 39% having a commercial bank account compared to 52% of micro-businesses. This shows a greater tendency toward using personal financial products for business needs. Very few self-employed individuals utilize commercial term loans for purposes like equipment purchase, working capital or mortgages.

Limited experience with commercial financing

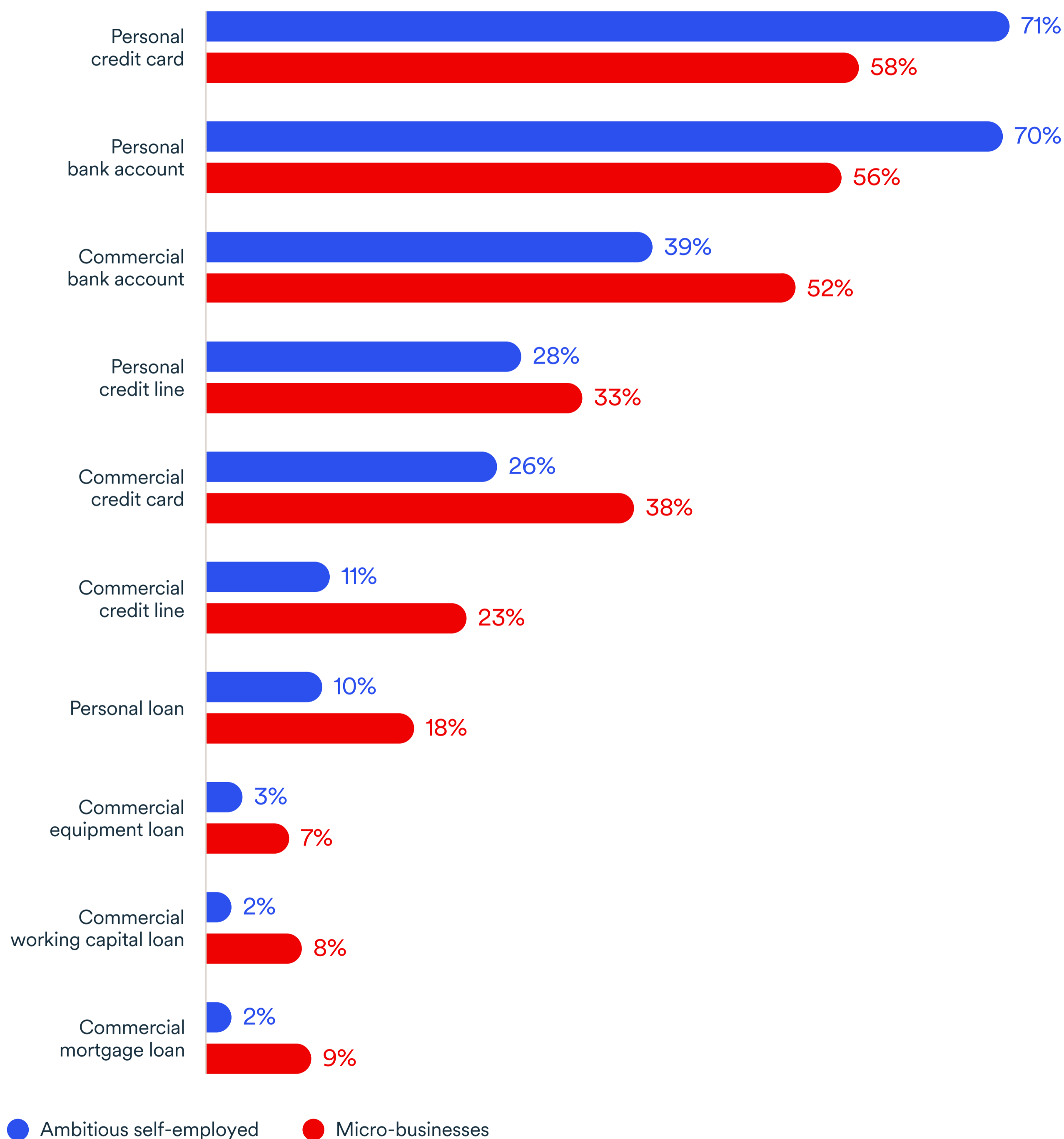
Only 22% of ambitious self-employed respondents indicate familiarity or in-depth knowledge of commercial financial financing, compared to 30% of micro-businesses.

Preference for personal financial institutions

Ambitious self-employed individuals are more likely to use their personal primary financial institution for their business needs, with 70% relying on these institutions compared to 55% of micro-businesses (Figure 9). In contrast, micro-businesses are more inclined to use government

programs (9%), Crown corporations (10%) and loan finance associations for entrepreneurs (9%). Bridging this gap with the self-employed could open new avenues for economic development.

Figure 9: Banking products used by the ambitious self-employed and micro businesses



Source: BDC Survey on Canada's self-employed individuals, January 2025

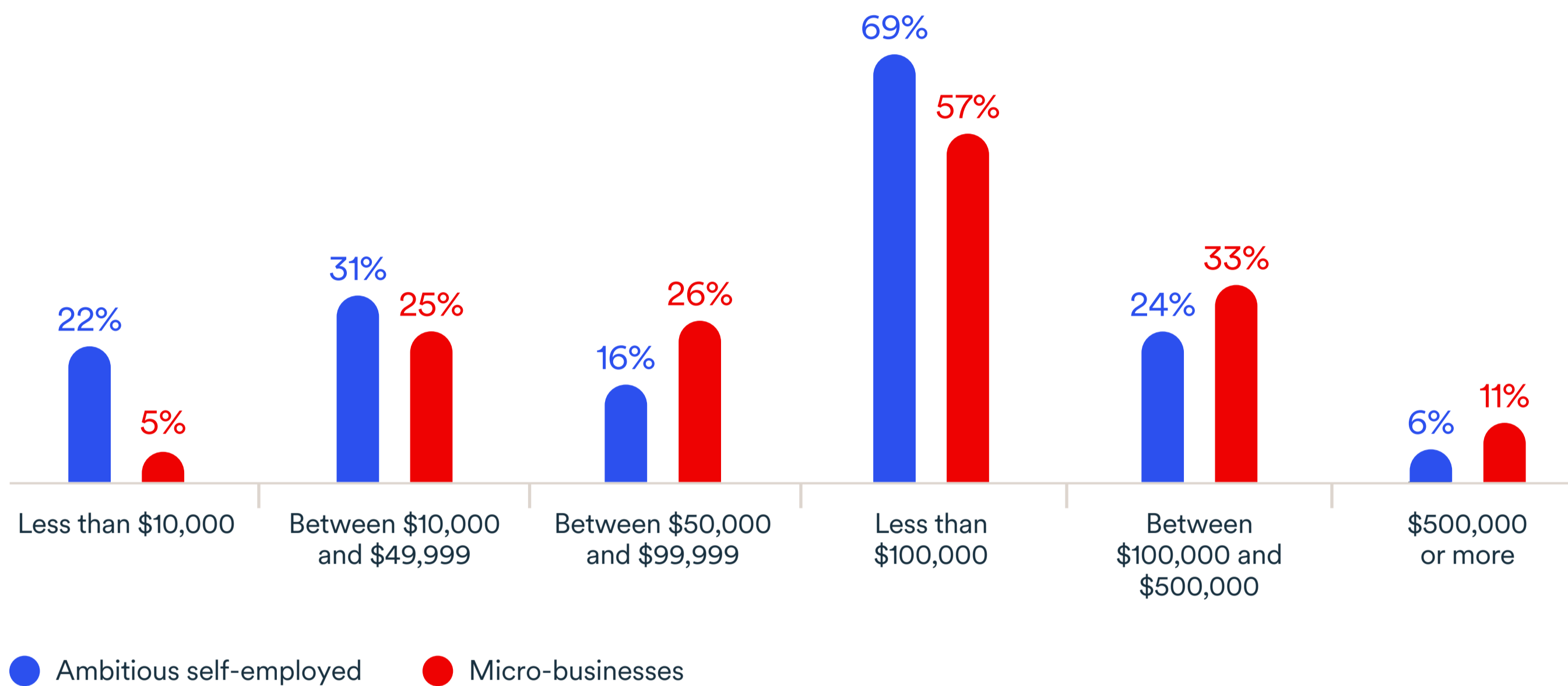
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Ambitious self-employed seek financing: small and large loans

16% of the ambitious self-employed identified in the survey intend to seek financing within the next 12 months, primarily for loans under \$100,000. On average, they plan to request smaller amounts compared to micro-businesses.

However, some aim for significant sums: 24% between \$100,000 and \$500,000, and 6% above \$500,000 (Figure 10).

Figure 10: Loan amounts sought by the ambitious self-employed and micro-businesses



Source: BDC Survey on Canada's self-employed individuals, January 2025

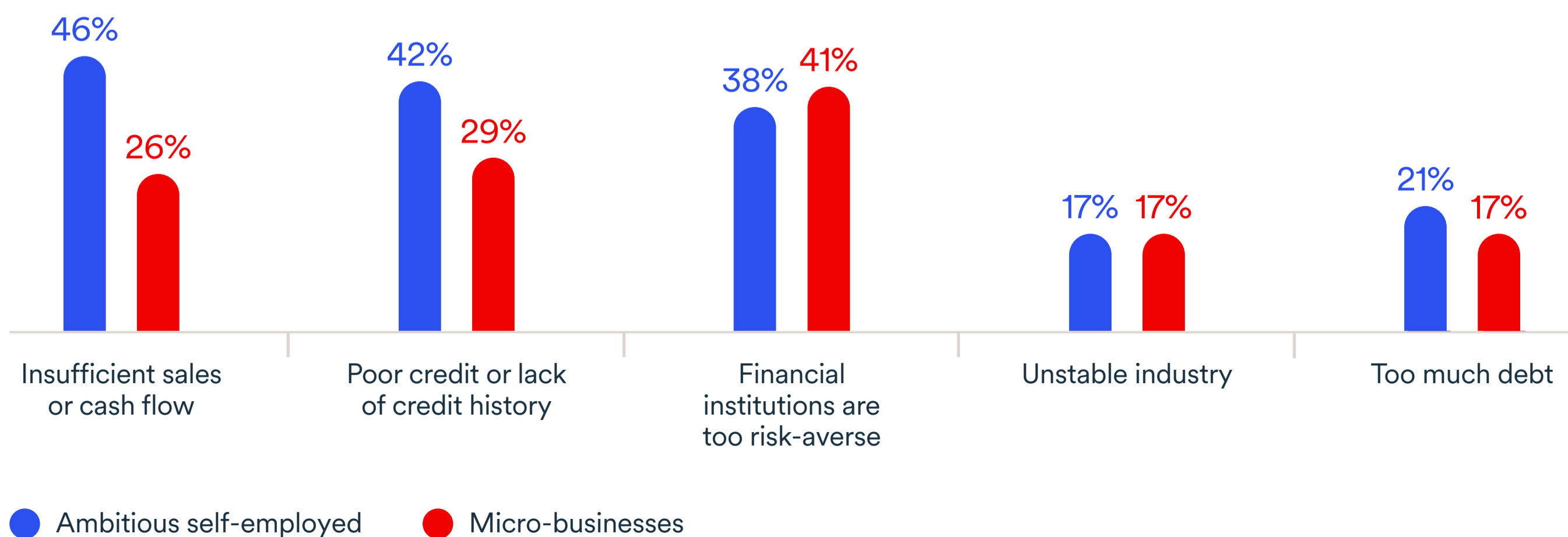
Base included all survey respondents (n=1,505). Those who did not know were excluded from the calculation base. Multiple answers were allowed; therefore, the total exceeds 100%.

Anticipating financing struggles

When surveyed, 49% of the ambitious group expected to encounter challenges in obtaining financing, compared to 42% of the micro-businesses. Ambitious self-employed individuals thought securing

financing would be challenging due to insufficient sales or cash flow (46%), poor credit or lack of credit history (42%) and the perception that financial institutions are too risk-averse (38%).

Figure 11: Reasons the ambitious self-employed think it will be difficult to obtain financing



Source: BDC Survey on Canada's self-employed individuals, January 2025

Base included all survey respondents (n=1,505). Those who did not know were excluded from the calculation base. Multiple answers were allowed; therefore, the total exceeds 100%.

Methodology

Survey

The data in this report are from an online survey of 851 self-employed workers and 654 micro-business (1 to 4 employees) owners or business decision-making members of the Forum online panel. The survey was conducted between November 19th to December 4th, 2024, and January 7th to 16th, 2025. Data processing and analysis were performed by the BDC Research and Market Intelligence team.

Margin of error

Sample sizes are as follows. Maximum margins of error indicated are for probabilistic samples, 19 times out of 20. However, as this survey is based on non-probabilistic samples, this information is provided for reference only.

Sample size and maximum margin of error

Total	Self-employed workers	Micro-entrepreneurs
n = 1,505	n = 851	n = 654
± 2.5 pts	± 3.4 pts	± 3.8 pts

Results have not been weighted for this study due to the lack of access to reference populations. However, the survey was conducted with a variety of respondents in terms of region, age, gender, diversity, location and number of years in business.



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