

Analysis in Brief

Expectations and economic outlook among businesses majority-owned by immigrants, third quarter of 2022

by Bernard Li, Shivani Sood, and Chris Johnston

Release date: September 20, 2022



Statistics
Canada

Statistique
Canada

Canada

How to obtain more information

For information about this product or the wide range of services and data available from Statistics Canada, visit our website, www.statcan.gc.ca.

You can also contact us by

Email at infostats@statcan.gc.ca

Telephone, from Monday to Friday, 8:30 a.m. to 4:30 p.m., at the following numbers:

- | | |
|---|----------------|
| • Statistical Information Service | 1-800-263-1136 |
| • National telecommunications device for the hearing impaired | 1-800-363-7629 |
| • Fax line | 1-514-283-9350 |

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner. To this end, Statistics Canada has developed standards of service that its employees observe. To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1-800-263-1136. The service standards are also published on www.statcan.gc.ca under "Contact us" > "[Standards of service to the public](#)."

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.

Published by authority of the Minister responsible for Statistics Canada

© His Majesty the King in Right of Canada as represented by the Minister of Industry, 2022

All rights reserved. Use of this publication is governed by the Statistics Canada [Open Licence Agreement](#).

An [HTML version](#) is also available.

Cette publication est aussi disponible en français.

Table of contents

Immigrants to Canada have generally higher rates of business ownership and self-employment than the Canadian-born population	4
Businesses majority-owned by immigrants less optimistic on economic outlook and expectations for financial performance.....	5
Businesses majority-owned by immigrants expect increasing competition as challenges	6
Businesses majority-owned by immigrants expect rising costs in real estate, leasing or property taxes as obstacles	6
Businesses majority-owned by immigrants less likely to take on more debt	7
Methodology	7
References	7

Expectations and economic outlook among businesses majority-owned by immigrants, third quarter of 2022

by Bernard Li, Shivani Sood, and Chris Johnston

This article provides disaggregated data to better understand the impact of COVID-19 on specific groups. Visit the [Gender, Diversity and Inclusion Statistics Hub](#) for more analysis, including disaggregated data on labour, public safety, health and more.

A variety of different factors impact the ability of Canadian businesses to operate. Geography may play a role, as businesses in one part of the country may face different challenges than those in another; industry characteristics may be a factor, as businesses that operate in one industry may face different obstacles than those in another; the size of a business may also be a significant factor, as barriers faced by smaller businesses may be quite different than those faced by larger businesses. Analogous differences may also surface when looking at different categories of business owners, as different segments of the Canadian population face different challenges at a personal level, and as owners of businesses.

From the beginning of July to early August 2022, Statistics Canada conducted the Canadian Survey on Business Conditions to collect information on the environment businesses are currently operating in and their expectations moving forward. This article explores results from the survey by looking at the businesses majority-owned¹ by immigrants to Canada. As more than half of all immigrants to Canada reside in Ontario, which also has the highest proportion of businesses majority-owned by immigrants, this article will highlight the experiences of immigrant-owned businesses in this province. In the third quarter of 2022, differences in expectations between these businesses and all private sector businesses in Canada were noted in various key areas, such as their overall future outlook on financial position in addition to obstacles faced such as rising costs in real estate, leasing or property taxes and increasing competition. In general, businesses majority-owned by immigrants to Canada felt less confident in these key areas over the next three months and more likely to expect these obstacles.

Immigrants to Canada have generally higher rates of business ownership and self-employment than the Canadian-born population

Immigrants to Canada comprise a significant part of the Canadian population. As of July 2022, immigrants to Canada aged 15 years and over comprised over one-quarter (26.9%) of the Canadian population. Of those immigrants, Ontario is the province of residence for more than half (50.5%) of the immigrants to Canada, three times that of the next highest province, British Columbia at 17.0%.² In the third quarter of 2022, businesses majority-owned by immigrants accounted for 24.4% of all private sector businesses in Canada, with the provinces of Ontario (53.3%), British Columbia (21.2%), and Alberta (10.6%) having the highest proportions.

The proportion of majority-ownership of businesses among immigrants is higher than that among the rest of the population. For example, according to a 2016 study, 11.9% of immigrants to Canada aged 25 to 69 years owned either a private incorporated company or were primarily self-employed, compared with 10.1% of the second generation (individuals born in Canada with an immigrant parent) and 8.4% of the third plus generation (all Canadian-born individuals with both Canadian-born parents).³ In 2016, about 5.2% of immigrants to Canada owned a private incorporated business with employees, compared to 5.0% of the second generation, and 4.0% of the third plus generation.³ Rates of primary self-employment were also higher among immigrants to Canada at 6.9%, compared to 5.3% among the second generation, and 4.6% among the third plus generation. The higher self-employment rate among immigrants to Canada was partially attributed to their difficulty of finding suitable paid employment.³

1. Majority ownership is defined as 51% or more. Majority-ownership was self-reported for private sector businesses only.

2. Statistics Canada. 2022. [Labour force characteristics by immigrant status, three-month moving average, unadjusted for seasonality \(x 1,000\)](#). Table: 14-10-0082-01.

3. Statistics Canada. 2021. [Immigrant entrepreneurs in Canada: Highlights from recent studies](#). Economic and Social Reports. Statistics Canada Catalogue no. 36-28-0001.

Businesses majority-owned by immigrants less optimistic on economic outlook and expectations for financial performance

Businesses majority-owned by immigrants to Canada were less likely (61.1%) to indicate having an optimistic future outlook over the next 12 months, than all private sector businesses (68.0%). These levels of optimism were similar to the first quarter of 2022, when over three-fifths (62.0%) of businesses majority-owned by immigrants indicated having a positive future outlook.

In the province of Ontario, 65.1% of all private sector businesses had an optimistic future outlook over the next 12 months. Businesses majority-owned by immigrants (59.5%) in Ontario were less likely to have an optimistic future outlook over the next 12 months.

Table 1
Future outlook over the next 12 months, first quarter of 2022 and third quarter of 2022

	Q1 2022			Q3 2022		
	Total optimistic	Total pessimistic	Unknown	Total optimistic	Total pessimistic	Unknown
	percentage of businesses					
All private sector businesses	69.5	16.9	13.5	68.0	17.6	14.5
Businesses majority-owned by immigrants to Canada	62.0	20.1	17.8	61.1	20.8	18.1

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked to report the future outlook of the business or organization.

Source: Canadian Survey on Business Conditions, first quarter of 2022 (Table 33-10-0488-01).

Canadian Survey on Business Conditions, third quarter of 2022 (Table 33-10-0567-01).

Consistent with these expectations, over one-fifth (20.9%) of businesses majority-owned by immigrants expected their sales to decrease and close to three-fifths (57.7%) expected their operating expenses to increase over the next three months, compared to 15.6% and 50.6% respectively of all private sector businesses. Moreover, nearly one-quarter (23.3%) of businesses majority-owned by immigrants expected a decrease in demand over the next three months, compared to 13.5% of all private sector businesses. As a result, over half (51.1%) of businesses majority-owned by immigrants anticipated a decrease in their profitability over the next three months, compared to less than two-fifths (37.4%) of all private sector businesses.

Additionally, over one-third (37.1%) of businesses majority-owned by immigrants expected a decrease in their cash reserves over the next three months, while three-tenths (30.9%) of all private sector businesses had the same expectations. Businesses majority-owned by immigrants in Ontario were as likely or more to have similar expectations. A similar pattern is also observed for all private sector businesses in Ontario.

Table 2
Selected expectations for all private sector businesses and businesses majority-owned by immigrants, in Canada, and in Ontario, over the next three months, third quarter of 2022

	All private sector businesses	Businesses majority-owned by immigrants	All private sector businesses in Ontario	Businesses majority-owned by immigrants in Ontario
	percentage of businesses			
Decrease in sales	15.6	20.9	17.1	23.1
Increase in operating expenses	50.6	57.7	54.9	62.5
Decrease in demand	13.5	23.3	17.8	30.0
Decrease in profitability	37.4	51.1	43.7	59.2
Decrease in cash reserves	30.9	37.1	34.1	40.3

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked from July 4 to August 8, 2022 how various business aspects were expected to change over the next three months. Therefore, the three month period could range from July 4 to November 8, 2022 depending on when the business or organization responded.

Source : Statistics Canada, Canadian Survey on Business Conditions, third quarter of 2022. (Table 33-10-0533 -01).

Businesses majority-owned by immigrants expect increasing competition as challenges

Businesses majority-owned by immigrants to Canada were more likely than all private sector businesses to expect increasing competition as an obstacle.

While one-quarter (25.1 %) of businesses majority-owned by immigrants expected increasing competition to be an obstacle over the next three months, less than one-fifth (17.1 %) of all private sector businesses had the same expectations. Findings in Ontario were similar, where 26.2% of businesses majority-owned by immigrants expected increasing competition to be an obstacle over the next three months, compared to 20.2% for all private sector businesses.

Businesses majority-owned by immigrants expect rising costs in real estate, leasing or property taxes as obstacles

Businesses majority-owned by immigrants to Canada were more likely than all private sector businesses to expect challenges related to increasing costs in real estate, leasing or property taxes.

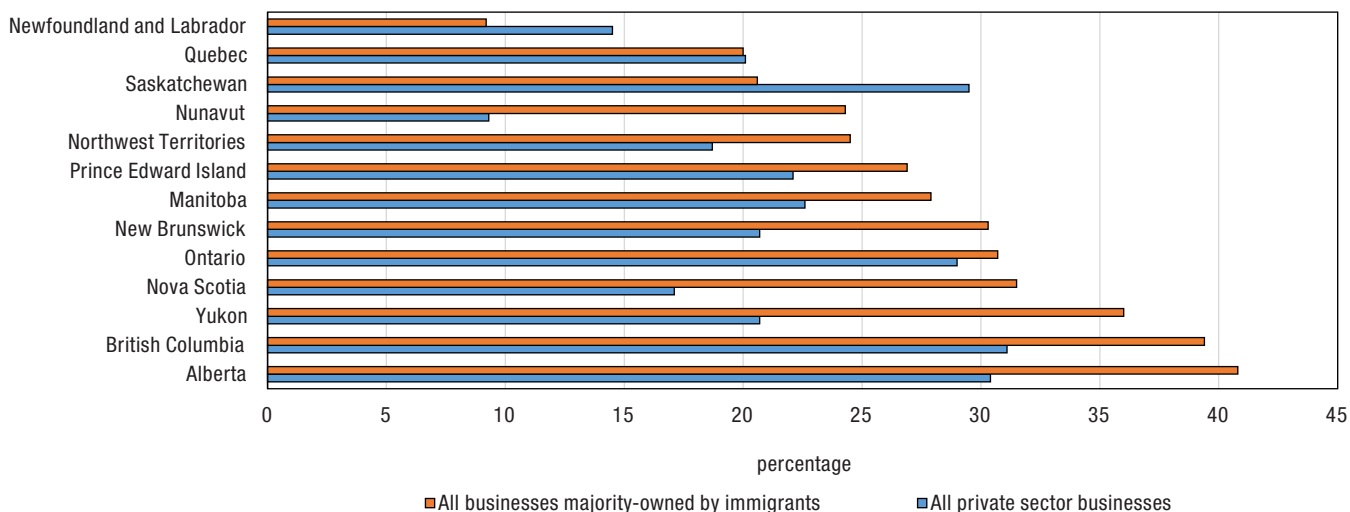
Close to one-third (32.4%) of businesses majority-owned by immigrants expected rising costs in real estate, leasing or property taxes to be an obstacle over the next three months, compared to over one-quarter (26.9%) of all private sector businesses that reported this.

The proportion of immigrant-owned businesses in Ontario (30.7%) that expect this to be an obstacle over the next three months was similar to all private sector businesses in Ontario (29.0%). However, these differences were more pronounced in other provinces and territories of Canada, especially in the northern territories. In the Yukon, over two-thirds (36.0%) of businesses majority-owned by immigrants expected rising costs in real estate, leasing or property taxes as obstacles over the next three months, while one-fifth (20.7%) of all private sector businesses in the province had the same expectations. Similar differences were also observed in Nunavut, where nearly one-quarter (24.3%) of businesses majority-owned by immigrants had these expectations compared to 9.3% of all private sector businesses there. These pronounced differences in expectations between businesses majority-owned by immigrants and all private sector businesses were also observed in the provinces of Nova Scotia (31.5%, 17.1%), New Brunswick (30.3%, 20.7%), and Alberta (40.8%, 30.4%).

Chart 1

Business expectations of rising costs in real estate, leasing or property taxes as obstacles over the next three months, third quarter of 2022

Provinces



Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked to report the future outlook of the business or organization.

Source: Canadian Survey on Business Conditions, third quarter of 2022 (Table 33-10-0534-01).

Businesses majority-owned by immigrants less likely to take on more debt

Over two-fifths (42.6%) of businesses majority-owned by immigrants to Canada reported that they could take on more debt, while close to half (49.3%) of all private sector businesses could. Meanwhile, over two-fifths (42.2%) of businesses majority-owned by immigrants in Ontario reported the same, compared to under half (45.6%) of all private sector businesses in Ontario.

Conversely, over one-third (34.1%) of businesses majority-owned by immigrants to Canada reported that they could not take on more debt, compared to under three-tenths (29.1%) of all private sector businesses that could not. In Ontario, over one-third (35.8%) of businesses majority-owned by immigrants had these expectations, compared to three-tenths (29.7%) of all private sector businesses.

Methodology

From July 4 to August 8, 2022, representatives from businesses across Canada were invited to take part in an online questionnaire about business conditions and business expectations moving forward. The Canadian Survey on Business Conditions uses a stratified random sample of business establishments with employees classified by geography, industry sector, and size. An estimation of proportions is done using calibrated weights to calculate the population totals in the domains of interest. The total sample size for this iteration of the survey is 35,603 and results are based on responses from a total of 17,013 businesses or organizations.

References

Statistics Canada. (2022). Canadian Survey on Business Conditions, third quarter of 2022.

Statistics Canada. (2022). Canadian Survey on Business Conditions, first quarter of 2022.