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Impact of COVID-19 on businesses majority-owned by women, third quarter of 2020

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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.



As a result of the widespread measures taken to contain the spread of COVID-19, the Canadian economy contracted 11.6% in April, following a 7.5% drop in March.¹ Real gross domestic product (GDP) grew 1.2% in August, the fourth consecutive monthly increase which continued to offset the steepest drops on record in Canadian economic activity observed in March and April. However, overall economic activity was still about 5% below February's pre-pandemic level.² Since the end of May, many businesses had begun to adapt to the new reality by shifting to teleworking, reducing hours, laying off staff, applying for government funding or seeking rent relief.

Different communities in Canada have been impacted in various ways by the COVID-19 pandemic. In the recent Speech from the Throne, the Government of Canada recognized the challenges faced by women-owned businesses, and identified the need to address economic inequalities. Initiatives such as the Women Entrepreneurship Strategy are designed to address these disparities.³

This article presents a picture of the impact of COVID-19 on businesses majority-owned by women, six months after the pandemic began. The proportion of businesses majority-owned by women is usually higher among businesses with fewer than 20 employees, and in service industries, such as retail trade, accommodation and food services, and tourism.⁴ Using data from the Canadian Survey on Business Conditions, the impact of COVID-19 on businesses majority-owned by women was compared with the impact on all Canadian businesses.

Overall, the COVID-19 pandemic had a similar impact on businesses majority-owned by women as it did on all Canadian businesses. Compared with 2019, their revenue decreased while their level of spending stayed the same. Their future outlook does not lean towards expansion but shows resilience. However, businesses majority-owned by women were more likely to lay off a larger proportion of their workforce and to rehire 50% or more of their laid-off employees as well as having more of their workforce working remotely.

1. Statistics Canada. 2020. Gross Domestic Product by industry, April 2020. Online: <https://www150.statcan.gc.ca/n1/daily-quotidien/200630/dq200630a-eng.htm>.
2. Statistics Canada. 2020. Gross Domestic Product by industry, August 2020. Online: <https://www150.statcan.gc.ca/n1/daily-quotidien/201030/dq201030a-eng.htm>.
3. Government of Canada. 2020. A stronger and more resilient Canada, Speech from the Throne, September 2020. Online: <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2020/stronger-resilient-canada.html>.
4. Couture, L., S. Houle, D. Grekou, J. Li, H. Liu, Industry Canada, J. Rosa, and D. Sylla. 2019. Research Blog: Women-owned businesses in Canada. Online: <https://www.statcan.gc.ca/eng/blog/cs/wob>.



Impacts of the pandemic and future outlook

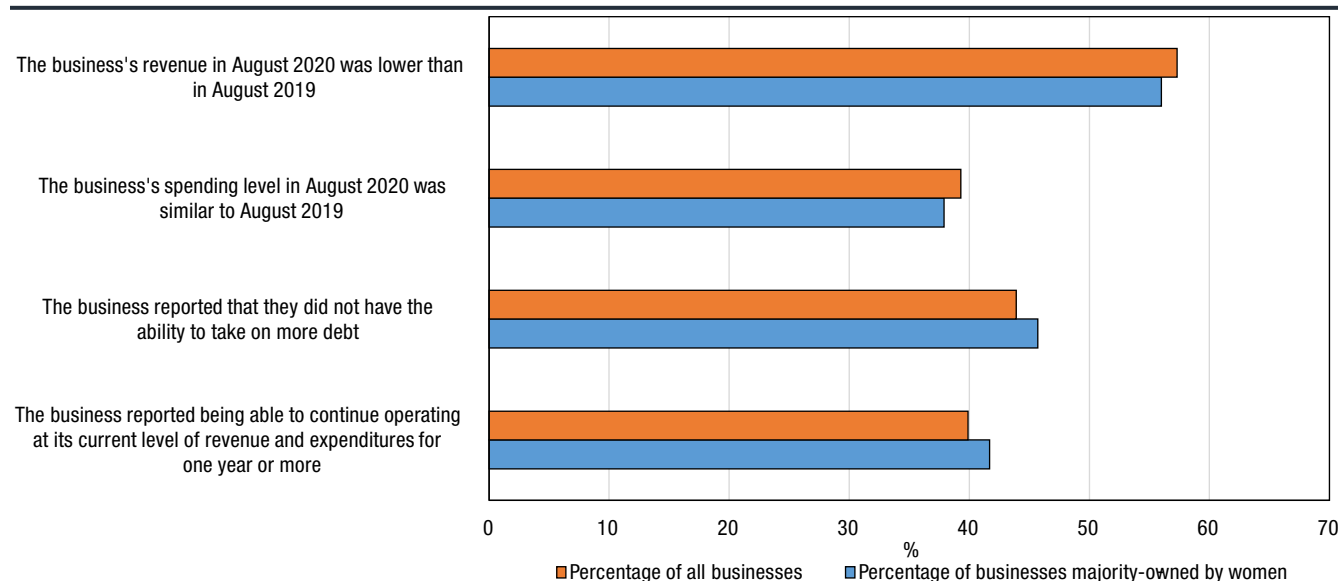
Nearly three-fifths of businesses majority-owned by women (56.0%) and of all businesses in Canada (56.5%) also saw a decline in revenue in August 2020 compared with August 2019. Similarly, nearly two-fifths of businesses majority-owned by women (37.9%) and of all businesses in Canada (39.3%) had the same level of spending in August 2020 as they did in August 2019.

In the current context, more than two-fifths (45.7%) of businesses majority-owned by women reported that they did not have the ability to take on more debt. This observation was shared with a lower proportion (43.9%) of all businesses.

Nearly three-quarters (72.7%) of businesses majority-owned by women in the private sector were not planning to expand, acquire or invest in other businesses or organizations in the next year. This was the outlook of 70.6% of private businesses in general. Also, more than two-thirds (67.4%) of private businesses majority-owned by women reported that they were not planning on transferring, selling or closing the business in the next year. By comparison, a slightly higher proportion (68.6%) of all private businesses reported the same.

However, more than two-fifths (41.7%) of businesses majority-owned by women reported being able to continue operating at their current level of revenue and expenditures for one year or more, before considering staffing actions, closure or bankruptcy. This view was shared with 39.9% of businesses in general.

Chart 1
Impacts of the pandemic

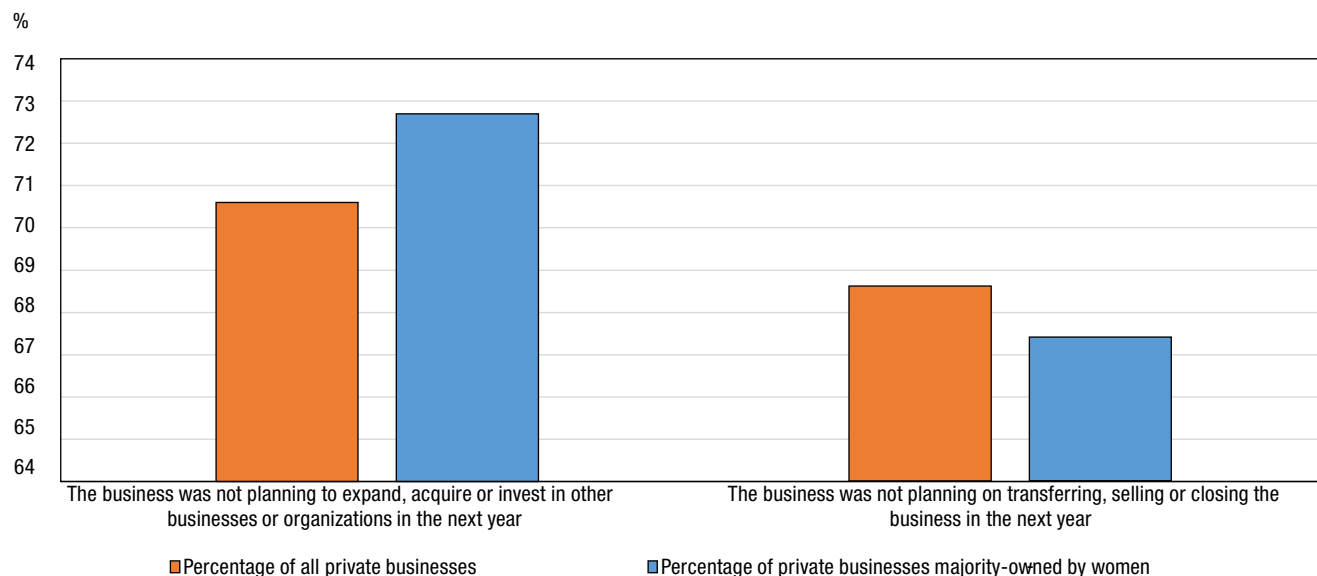


Note: Majority-owner owns 51% or more of the business. Respondents were asked to compare the revenue and spending of the business in August 2020 with August 2019, to indicate if the business could take on more debt and to answer questions on the future activities of the business.

Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada, third quarter of 2020 (Tables: 33-10-0287-01, 33-10-0293-01, 33-10-0296-01 and 33-10-0297-01).



Chart 2
Future outlook



Note: Majority-owner owns 51% or more of the business. The respondents were asked to answer questions on expectations of the business for the next year. Data was only collected for the private sector.

Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada, third quarter of 2020 (Tables: 33-10-0296-01 and 33-10-0297-01).

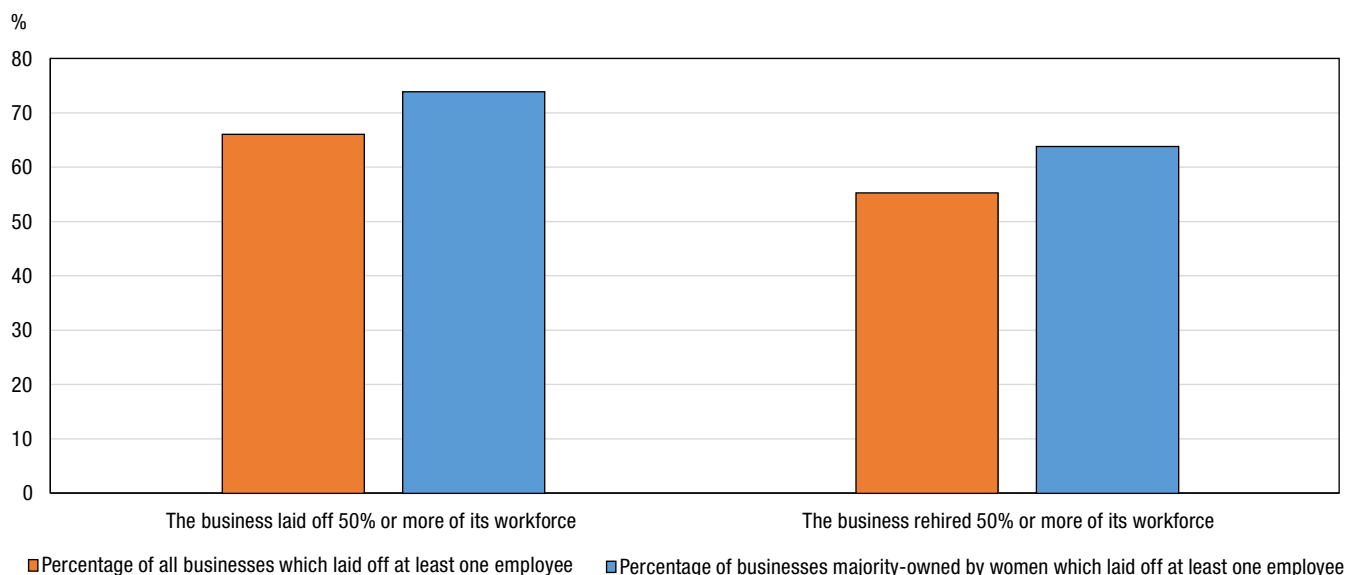
Employment and rehiring

Nearly two-fifths (38.5%) of businesses majority-owned by women laid off at least one employee since the beginning of the pandemic. Of those businesses, more than two-thirds (71.9%) reduced their workforce by at least 50%. A slightly smaller proportion (36.5%) of businesses in general laid off at least one employee. Of these, less than two-thirds (64.3%) reduced their workforce by at least 50%.

However, just over three-fifths (62.1%) of the businesses majority-owned by women that laid off at least one employee during that period subsequently rehired 50% or more of their workforce. Just over half (53.8%) of businesses in general reported the same.



Chart 3
Workforce changes since the start of the pandemic



Note: Majority-owner owns 51% or more of the business. Respondents were asked if the business laid off any of its workforce, and the percentage of the workforce laid off, and the percentage that has since been rehired, if applicable.

Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada, third quarter of 2020 (Table: 33-10-0280-01).

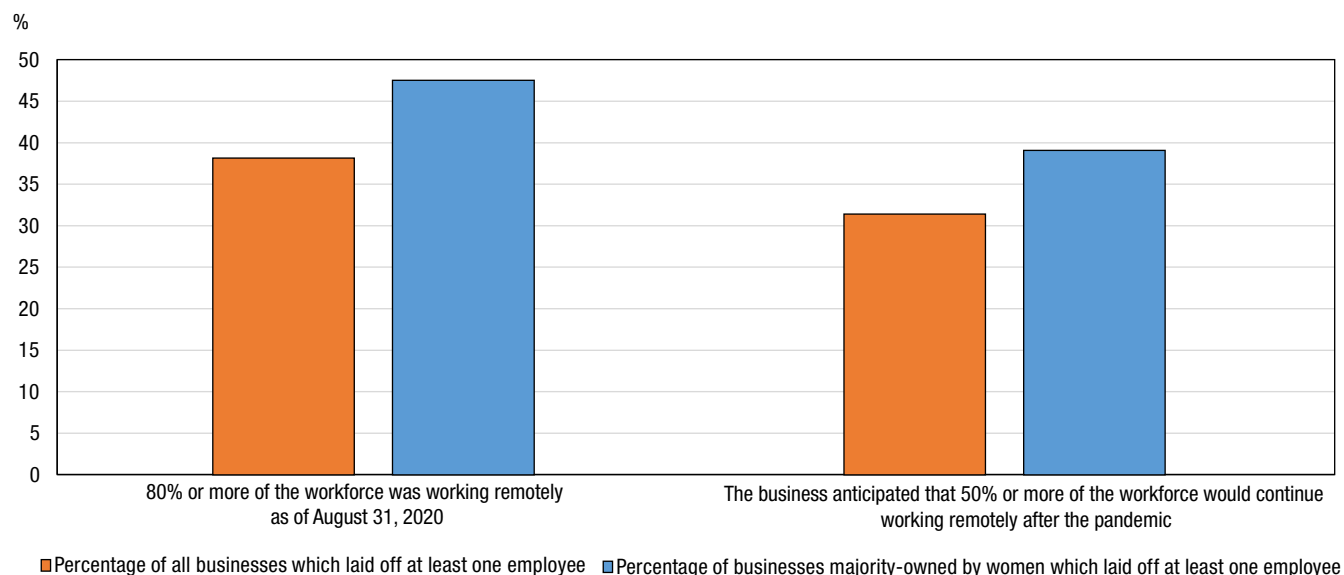
Remote work

Among businesses for which remote work was possible, under half (45.8%) of businesses majority-owned by women reported that 80% or more of their workforce was working remotely on August 31, 2020. Less than two-fifths (36.8%) of businesses in general for which remote work was possible reported the same proportion.

Furthermore, for businesses for which remote work was possible, nearly two-fifths (37.7%) of businesses majority-owned by women anticipated that half or more of their employees would continue to work remotely for the most part after the pandemic. Just under one-third (30.3%) of businesses in general for which remote work was possible reported the same proportion.



Chart 4
Workforce working remotely



Note: Majority-owner owns 51% or more of the business. If remote work was possible, respondents were asked which percentage of the workforce was working remotely on August 31, 2020 and which percentage of the workforce is anticipated to continue to primarily work remotely after the pandemic.

Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada, third quarter of 2020 (Table: 33-10-0274-01).

Methodology

From September 15th to October 23rd, representatives from businesses across Canada were invited to take part in an online questionnaire about how COVID-19 is affecting their business. This iteration of the Canadian Survey on Business Conditions used a stratified random sample of business establishments with employees classified by geography, industry sector, and size. Estimation of proportions is done using calibrated weights to calculate the population totals in the domains of interest.

References

Statistics Canada - Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada, third quarter of 2020.