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

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Impact of COVID-19 on businesses majority-owned¹ by visible minorities, third quarter of 2020

by **Stephanie Tam, 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.

The COVID-19 pandemic continues to impact the Canadian economy and the ability of businesses to operate. Real gross domestic product (GDP) grew 1.2% in August², the fourth consecutive monthly increase which continued to offset the steepest drops on record in Canadian economic activity observed in March (7.5%) and April (11.6%).³ However, overall economic activity was still about 5% below February's pre-pandemic level.⁴

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 visible minority communities, and identified the need to address economic inequalities for these communities. Initiatives such as the Black Entrepreneurship Program are designed to address these disparities.⁵

Using the data from the Canadian Survey on Business Conditions, a comparison was made to assess the impact of COVID-19 on businesses majority-owned by visible minorities. Differences were noted in certain areas: these businesses were more likely to experience a decrease in revenue, have less liquidity, be unable to take on more debt, and be approved for funding or credit. This article further explores the impacts these businesses are experiencing during these unprecedented times.

Revenue changes

Businesses majority-owned by visible minorities were more likely to see lower revenues compared to August 2019. Almost one-quarter (24.7%) of businesses majority-owned by visible minorities reported a decrease in revenue of 40% or more, while over one-fifth (21.1%) of all businesses in Canada said the same. Furthermore, under one-fifth (19.8%) of businesses majority-owned by visible minorities reported no change in revenues, compared to just over one-quarter (25.5%) of all businesses in Canada. Businesses majority-owned by visible minorities were less likely to report an increase (13.7%) in revenue.

1. Majority-owner owns 51% or more of the business.

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. Statistics Canada. 2020. [Gross Domestic Product by industry, April 2020](#). Online: <https://www150.statcan.gc.ca/n1/daily-quotidien/200630/dq200630a-eng.htm>

4. Statistics Canada. 2020. [Gross Domestic Product by industry, August 2020](#). Online: <https://www150.statcan.gc.ca/n1/daily-quotidien/201030/dq201030a-eng.htm>

5. 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>



Table 1
Business revenue from August 2020 compared with August 2019

	Percentage of businesses that reported an increase in revenue	Percentage of businesses that reported no change in revenue	Percentage of businesses that reported a 1% to less than 20% decline in revenue	Percentage of businesses that reported a 20% to less than 40% decline in revenue	Percentage of businesses that reported a 40% or more decline in revenue	Not applicable
All businesses	17.2	25.5	14.6	20.8	21.1	0.8
Businesses majority-owned by visible minorities	13.7	19.8	16.1	25.0	24.7	0.9

Note: Majority-owner owns 51% or more of the business. Respondents were asked: Compared to August 2019, how did the revenues of this business change in August 2020?

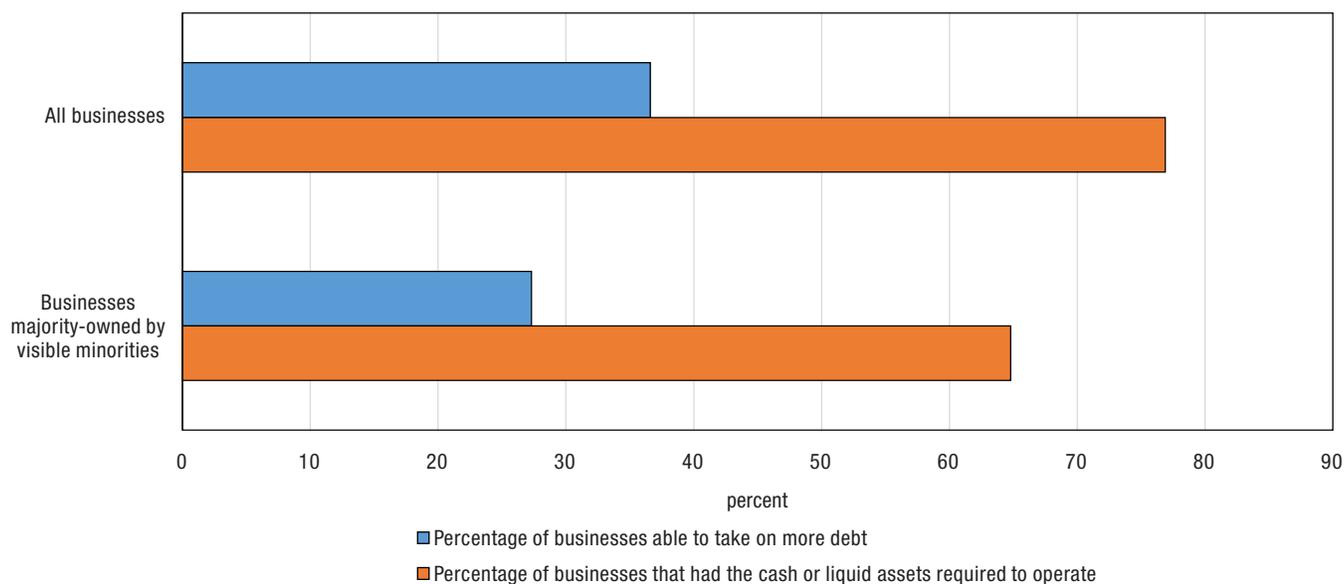
Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada ([Table 33-10-0281-01](#)).

Debt and liquidity

Businesses majority-owned by visible minorities were less likely to have the ability to take on more debt, and also less likely to have the sufficient liquid assets to operate. Over a quarter of businesses majority-owned by visible minorities (27.3%) reported that they had the ability to take on more debt, compared to 36.6% of all businesses. Additionally, almost two-thirds (64.8%) of businesses majority-owned by visible minorities reported that they had the cash or liquid assets required to operate, while over three-quarters (76.9%) of all businesses reported the same.

Chart 1
Debt and liquidity

Ownership type



Note: Majority-owner owns 51% or more of the business. Respondents were asked if the business or organization had the ability to take on more debt, and if they had the cash or liquid assets required to operate.

Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada (Tables 33-10-0286-01 and 33-10-0287-01).



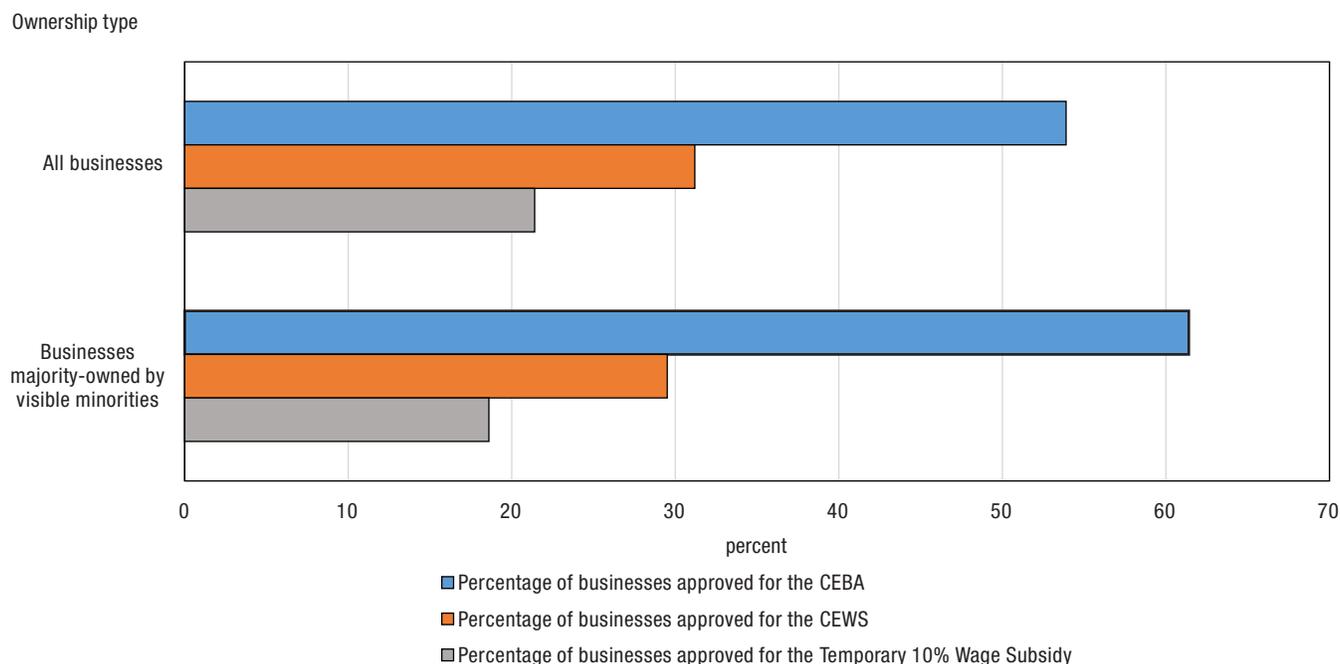
Funding or credit

Due to COVID-19, various programs focusing on funding or credit were made available to support businesses during this time. The Canada Emergency Business account (CEBA) provides eligible small businesses and non-profits with a loan up to \$40,000, designed to help cover operating costs. The Canada Emergency Wage Subsidy (CEWS) is a subsidy of 75% of employee wages for eligible businesses, to re-hire previously laid off staff due to the pandemic and prevent further job losses. The Temporary 10% Wage Subsidy is a three-month measure that will allow eligible employers to reduce the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA). Businesses majority-owned by visible minorities were more likely to apply for and be approved for certain types of funding or credit due to COVID-19.⁶

Under two-thirds (61.4%) of businesses majority-owned by visible minorities were approved for CEBA, while just over half (53.9%) of all businesses in Canada were approved for CEBA.

Businesses majority-owned by visible minorities were just as likely to be approved for CEWS and the Temporary 10% Wage Subsidy. Under one-third of businesses majority-owned by visible minorities (29.5%) and all businesses in Canada (31.2%) were approved for CEWS, and about one-fifth of businesses majority-owned by visible minorities (18.6%) and businesses owned by all ownership types (21.4%) were approved for the Temporary 10% Wage Subsidy.

Chart 2
Percentage of businesses that were approved for funding or credit due to COVID-19



Note: Majority-owner owns 51% or more of the business. Respondents were asked to report if funding or credit was approved by various sources for the business.
Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada (Table 33-10-0284-01).

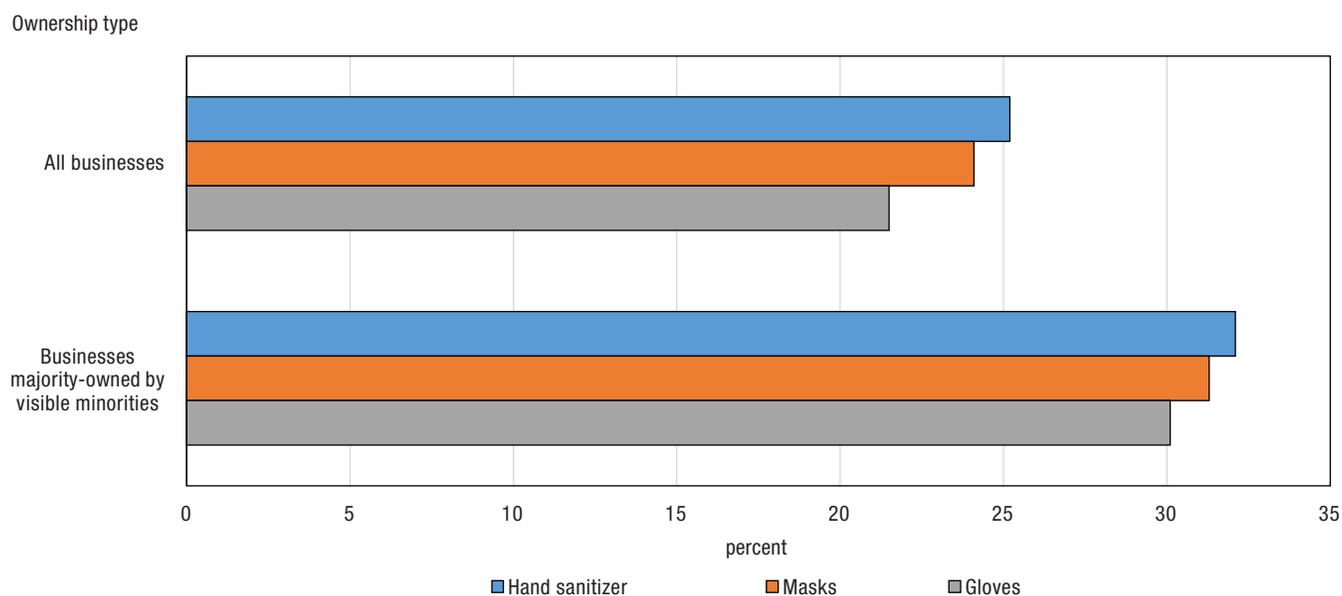
6. Government of Canada. 2020. [Canada's COVID-19 Economic Response Plan](https://www.canada.ca/en/departement-finance/economic-response-plan.html#businesses). Online: <https://www.canada.ca/en/departement-finance/economic-response-plan.html#businesses>.



Personal protective equipment or supplies

In general, businesses majority-owned by visible minorities were more likely to report that they expected difficulty in procuring personal protective equipment or supplies in the future. For example, almost one-third of businesses majority-owned by visible minorities (32.1%) reported that they expected difficulty in procuring hand sanitizer, while one-quarter (25.2%) of all businesses reported the same. Similarly, close to one-third of businesses majority-owned by visible minorities (31.3%) reported expecting difficulty in procuring masks, while under one-quarter (24.1%) of all businesses reported these expectations. Lastly, nearly one-third of businesses majority-owned by visible minorities (30.1%) reported expectations of difficulty in procuring gloves, compared with just over one-fifth of all businesses (21.5%).

Chart 3
Percentage of businesses that expected difficulty in procuring various personal protective equipment or supplies



Note: Majority-owner owns 51% or more of the business. Respondents were asked if the business or organization expected to experience difficulty in procuring various personal protective equipment or supplies.

Source: Canadian Survey on Business Conditions: Impact of COVID-19 on businesses in Canada (Table 33-10-0289-01).

Businesses majority-owned by visible minorities also were more likely to report that cost was a reason they expected difficulty in procuring personal protective equipment or supplies. Under half (45.3%) of businesses majority-owned by visible minorities reported that the cost of personal protective equipment or supplies as reasons they might have difficulty. In contrast, over one-quarter (27.0%) of all businesses had the same reasoning.

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. Respondents were asked to self-identify whether their business



was majority-owned by members of a visible minority group. If applicable, respondents were asked to identify the visible minority group. Detailed results by individual visible minority group were limited by the large number of “Prefer not to say” responses.

References

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