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Analysis in Brief

Analysis on businesses majority-owned by various sub-population groups and visible minorities, first quarter of 2022

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by **Bernard Li, Shivani Sood, and Chris Johnston**

A variety of different factors impact the ability of Canadian businesses to operate. Businesses in one part of the country may face different challenges than those in another part of the country. Businesses that operate in one industry may face different obstacles than those in another. Barriers faced by smaller businesses may be quite different than those faced by larger businesses. These types of differences are also found when looking at business owners, as different segments of the population face different challenges as owners of businesses.

From the beginning of January to early February 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 women, First Nations, Métis or Inuit persons, immigrants to Canada and visible minorities. In the first quarter of 2022, differences were noted in various areas, such as long term optimism, sales, profitability, and operating income in addition to obstacles such as rising input costs, attracting new or returning customers, and insufficient demand for goods or services offered.

Across these four sub-population groups, there was a general decline in optimism compared with the last quarter and compared with all private sector businesses. Businesses majority-owned by women saw the most decline in optimistic future outlook from last quarter. Despite declining optimism compared to last quarter and to all private sector businesses, enterprises majority-owned by First Nations, Métis or Inuit persons performed better in several key indicators than all private sector businesses including sales, providing employment opportunities, and attracting new or returning customers. Businesses majority-owned by immigrants to Canada and visible minorities expected decreases in profitability over the next three months.

Businesses majority-owned by women are significantly less optimistic about future outlook

Businesses majority-owned by women accounted for 18.2% of all private sector businesses in Canada in the first quarter of 2022. Businesses majority-owned by women were more prevalent in service industries, such as retail trade, accommodation and food services, and tourism.²

Less than two-thirds (64.8%) of businesses majority-owned by women reported having an optimistic future outlook over the next 12 months, a significant decrease from the fourth quarter of 2021 (75.3%). These businesses were less likely than all private sector businesses (69.5%) to be optimistic over the next 12 months.

Businesses majority-owned by women were slightly less likely to be able to take on more debt than all private sector businesses (49.1% vs. 54.3%). Similarly, over seven-tenths (72.3%) of businesses majority-owned by women said they have the cash or liquid assets required to operate over the next three months, compared to over three-quarters (75.8%) of all private sector businesses.

Of businesses experiencing supply chain challenges, half (49.8%) of those majority-owned by women expected supply chain challenges to worsen over the next three months, compared to over two-fifths (43.4%) of all private sector businesses. Meanwhile, under half (45.4%) of businesses majority-owned by women expected rising cost of inputs to be an obstacle over the next three months, compared to over half (51.7%) of all private sector businesses.

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

2. Couture, L., Houle, S., Grekou, D., Li J., Liu H., Industry Canada, Rosa, J. and Sylla, D. (2019). [Research Blog: Women-owned businesses in Canada](#).

Businesses majority-owned by First Nations, Métis or Inuit persons expect sales and number of employees to increase over the next three months

According to the 2016 census, First Nations, Métis or Inuit persons represented 4.9% of the Canadian population.³ In the first quarter of 2022, 2.3% of all private sector businesses in Canada were majority-owned by First Nations, Métis or Inuit persons.

Over two-thirds (67.4%) of businesses majority-owned by First Nations, Métis or Inuit persons indicated having a positive future outlook over the next 12 months, a decrease from last quarter (72.0%), and slightly lower compared to all private sector businesses (69.5%).

Despite this, nearly one-quarter (24.7%) of businesses majority-owned by First Nations, Métis or Inuit persons expected their sales to increase over the next three months, compared to one-fifth (20.7%) of all private sector businesses. Also, nearly one-fifth (19.1%) of businesses majority-owned by First Nations, Métis or Inuit expected an increase in their number of employees over the next three months, compared to 14.2% of all private sector businesses.

Businesses majority-owned by First Nations, Métis or Inuit persons were less likely to expect obstacles related to recruiting skilled employees, retaining skilled employees, and attracting new or returning customers (34.3%, 26.5% and 16.6% respectively) than all private sector businesses (38.6%, 30.3% and 23.0% respectively).

Businesses majority-owned by immigrants to Canada expect decreases in profitability and operating income over the next three months

In 2016, immigrants to Canada constituted over one-fifth (21.9%) of the Canadian population⁴ and in the first quarter of 2022, were the owners of 22.2% of all private sector businesses in Canada. This section presents results on businesses majority-owned by individuals who were born outside of Canada.

Businesses majority-owned by immigrants to Canada were less likely (62.0%) to indicate having an optimistic future outlook over the next 12 months than all private sector businesses (69.5%). These levels of optimism have decreased somewhat from the fourth quarter of 2021, where two-thirds (66.5%) of businesses majority-owned by immigrants to Canada indicated having a positive future outlook.

Over two-fifths (44.8%) of businesses majority-owned by immigrants to Canada expected a decrease in profitability over the next three months, compared to less than two-fifths (36.0%) of all private sector businesses that said the same. Nearly three-tenths (29.2%) of businesses majority-owned by immigrants to Canada expected a decrease in operating income in the next three months, compared to less than one-quarter (23.1%) of all private sector businesses.

These businesses were more likely to expect to face certain obstacles than all private sector businesses. Over one-fifth (21.3%) of businesses majority-owned by immigrants to Canada expected insufficient demand for goods or services offered to be an obstacle over the next three months, compared to 16.5% of all private sector businesses. Also, close to three-tenths (28.4%) of businesses majority-owned by immigrants to Canada expected increasing competition to be an obstacle over the next three months, compared to over one-fifth (20.9%) of all private sector businesses.

Less than two-fifths (37.2%) of businesses majority-owned by immigrants to Canada reported that revenues were higher or the same in 2021 compared to 2019, whereas nearly half (48.2%) of all private sector businesses that said the same. Over the next three months, two-thirds (66.5%) of businesses majority-owned by immigrants to Canada said they have the cash or liquid assets required to operate, compared to over three-quarters (75.8%) of all private sector businesses that said the same.

Additionally, under half (45.6%) of businesses majority-owned by immigrants to Canada can take on more debt, compared to over half (54.3%) of all private sector businesses that said the same.

3. Statistics Canada. (2018). *Canada [Country]* (table). *Aboriginal Population Profile*. 2016 Census. Statistics Canada Catalogue no. 98-510-X2016001.

4. Statistics Canada. (2017). *Canada [Country] and Canada [Country]* (table). *Census Profile*. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001.

Businesses majority-owned by visible minorities expected decreases in sales, demand, and profitability

According to the 2016 census, visible minorities represented nearly one-quarter (22.3%) of the Canadian population.⁵ In the first quarter of 2022, 15.7% of all private sector businesses in Canada were majority-owned by visible minorities. Visible minorities are defined as individuals, other than Indigenous persons, who self-identified as non-Caucasian in race or non-white in colour, regardless of place of birth.

Three-fifths (60.9%) of businesses majority-owned by visible minorities indicated having an optimistic future outlook over the next 12 months, compared to over two-thirds (69.5%) of all private sector businesses. These feelings of optimism for businesses majority-owned by visible minorities have decreased somewhat from the fourth quarter of 2021 (64.0%).

Businesses majority-owned by visible minorities were more likely to expect a decrease in sales, demand for goods and services offered, profitability, and prices of goods and services offered (21.9%, 18.8%, 44.5% and 6.4% respectively) than all private sector businesses (17.9%, 14.1%, 36.0% and 5.3% respectively).

Businesses majority-owned by visible minorities faced obstacles such as insufficient demand for goods or services offered (18.4%), attracting new or returning customers (33.0%), and maintaining sufficient cash flow or managing debt (29.2%). These numbers remain relatively unchanged from the fourth quarter of 2021 (20.8%, 31.4%, and 28.3 % respectively).

Over one-third (36.7%) of businesses majority-owned by visible minorities said that compared to 2019, revenues were higher or the same in 2021. In contrast, close to half (48.2%) of all private sector businesses said the same. Meanwhile, two-thirds (66.4%) of businesses majority-owned by visible minorities said they have the cash or liquid assets required to operate over the next three months, compared to three-quarters (75.8%) of all private sector businesses that said the same.

Table 1
Future outlook over the next 12 months, fourth quarter of 2021 and first quarter of 2022

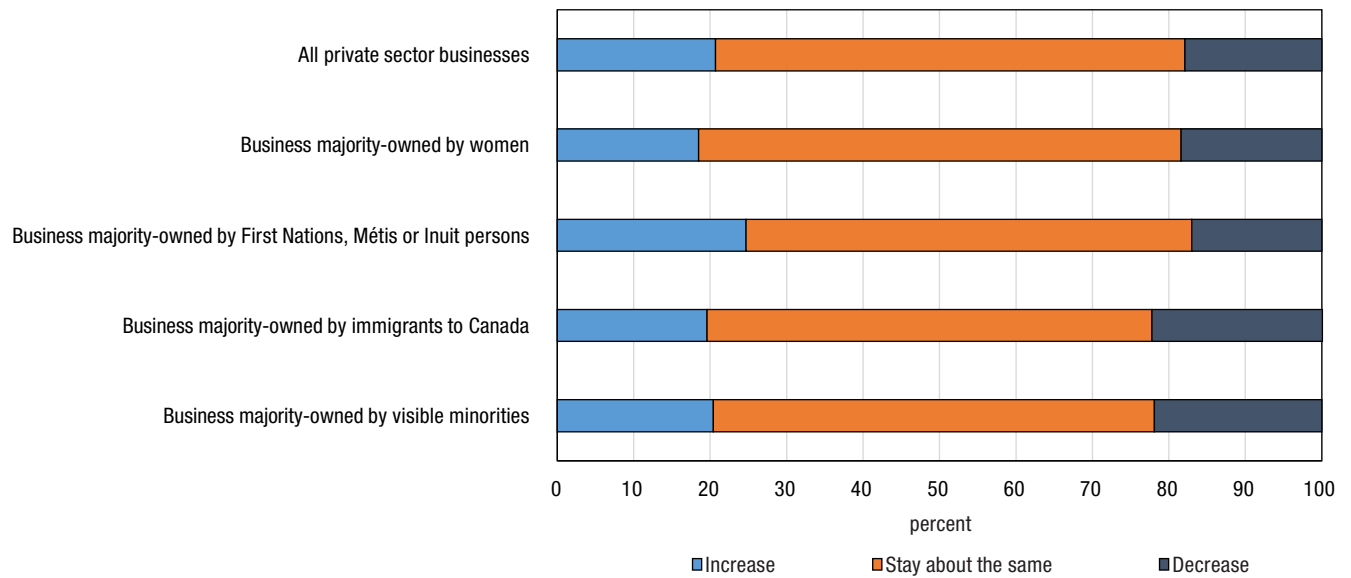
	Fourth quarter 2021			First quarter 2022		
	Total optimistic	Total pessimistic	Unknown	Total optimistic	Total pessimistic	Unknown
	percent of business					
All private sector businesses	71.8	14.5	13.7	69.5	16.9	13.5
Businesses majority-owned by women	75.3	13.2	11.6	64.8	17.5	17.8
Businesses majority-owned by First Nations, Métis or Inuit persons	72.0	6.9	21.1	67.4	20.2	12.4
Businesses majority-owned by immigrants to Canada	66.5	15.7	17.8	62.0	20.1	17.8
Businesses majority-owned by visible minorities	64.0	16.7	19.3	60.9	21.3	17.8

Note: Majority ownership is defined as 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.

Sources: Canadian Survey on Business Conditions, fourth quarter of 2021 (Table 33-10-0426-01). Canadian Survey on Business Conditions, first quarter of 2022 (Table 33-10-0488-01)

5. Statistics Canada. (2017). *Canada [Country] and Canada [Country]* (table). *Census Profile*. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001.

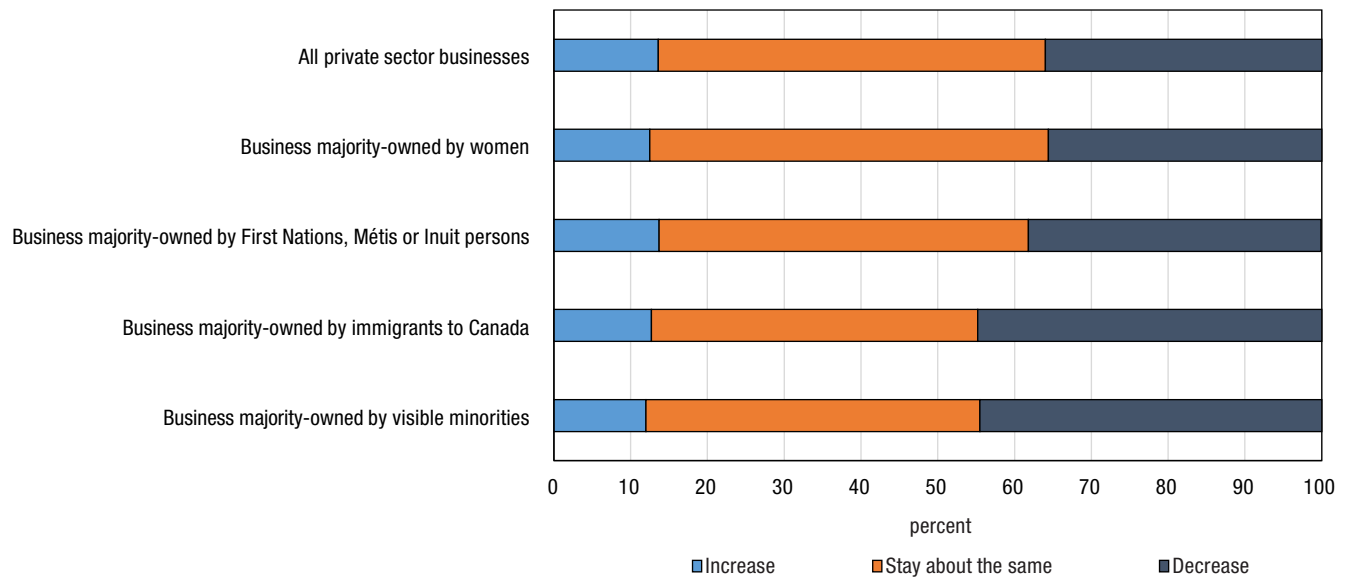
Chart 1
Business expectations of sales for products and services offered over the next three months, first quarter of 2022



Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked from January 4 to February 7, 2022 how various business aspects were expected to change over the next three months. Therefore, the three month period could range from January 4 to May 7, 2022 depending on when the business or organization responded.

Source: Canadian Survey on Business Conditions, first quarter of 2022 (Table 33-10-0468-01).

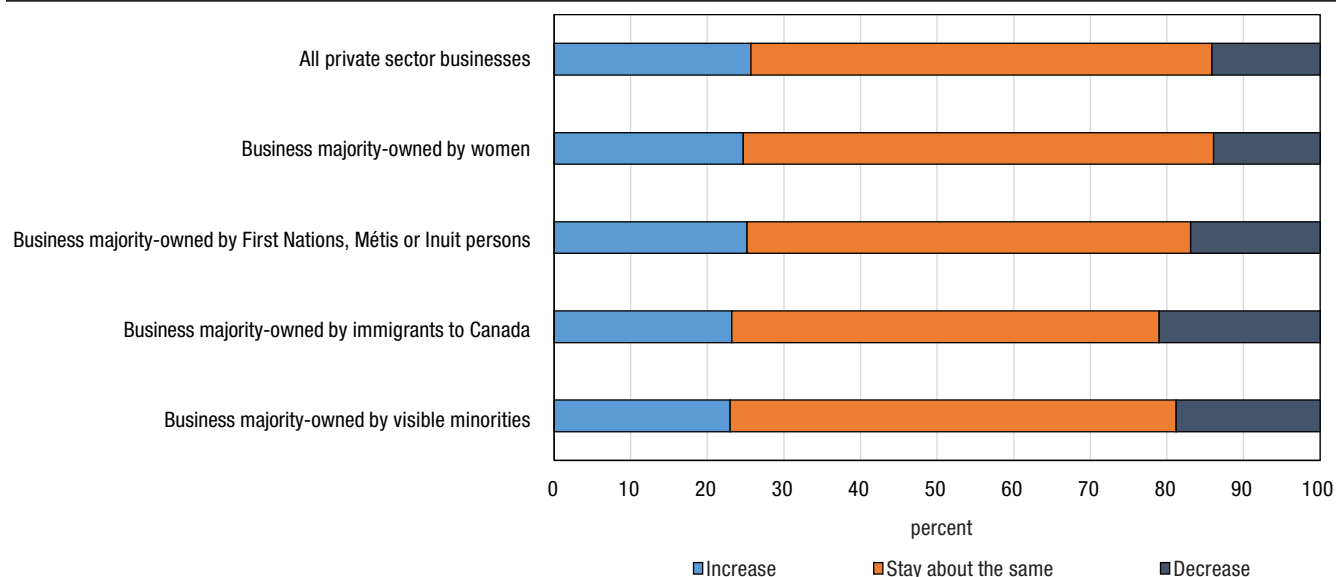
Chart 2
Business expectations of profitability over the next three months, first quarter of 2022



Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked from January 4 to February 7, 2022 how various business aspects were expected to change over the next three months. Therefore, the three month period could range from January 4 to May 7, 2022 depending on when the business or organization responded.

Source: Canadian Survey on Business Conditions, first quarter of 2022 (Table 33-10-0468-01).

Chart 3
Business expectations of demand for products and services offered over the next three months, first quarter of 2022



Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked from January 4 to February 7, 2022 how various business aspects were expected to change over the next three months. Therefore, the three month period could range from January 4 to May 7, 2022 depending on when the business or organization responded.

Source: Canadian Survey on Business Conditions, first quarter of 2022 (Table 33-10-0468-01).

Table 2
Selected obstacles for majority-owned businesses by various sub-population groups and visible minorities over the next three months, first quarter of 2022

	Rising cost of inputs	Recruiting skilled employees	Retaining skilled employees	Insufficient demand for goods or services offered	Increasing competition	Attracting new or returning customers	Maintaining sufficient cash flow or managing debt
	percent of business						
All private sector businesses	51.7	38.6	30.3	16.5	20.9	23.0	22.9
Businesses majority-owned by women	45.4	33.4	30.3	18.6	19.8	29.0	25.3
Businesses majority-owned by First Nations, Métis or Inuit persons	54.8	34.3	26.5	23.6	25.8	16.6	37.3
Businesses majority-owned by immigrants to Canada	51.4	33.8	31.4	21.3	28.4	28.6	29.2
Businesses majority-owned by visible minorities	51.2	32.7	29.7	18.4	28.7	33.0	29.2

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked from January 4 to February 7, 2022 which various business obstacles were expected over the next three months. Therefore, the three month period could range from January 4 to May 7, 2022 depending on when the business responded.

Sources: Canadian Survey on Business Conditions, first quarter of 2022 (Table 33-10-0469-01).

Methodology

From January 4 to February 7, 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 35,026 and results are based on responses from a total of 17,695 businesses.

References

- Statistics Canada. (2022). Canadian Survey on Business Conditions, first quarter of 2022.
- Statistics Canada. (2021). Canadian Survey on Business Conditions, fourth quarter of 2021.