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Impact of COVID-19 on businesses majority-owned by various sub-population groups and visible minorities, third quarter of 2021

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Impact of COVID-19 on businesses majority-owned by various sub-population groups and visible minorities, third quarter of 2021

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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.

The COVID-19 pandemic continues to impact Canadians in different communities in numerous ways. Real gross domestic product (GDP) expanded 0.7% in June, following two consecutive monthly declines, placing total economic activity 1.5% below February 2020's pre-pandemic level.¹ Growth in retail trade and accommodation and food services were influenced by the easing of public health measures in many provinces in June.

While all businesses in Canada have been impacted by the COVID-19 pandemic, different types of businesses have been impacted in different ways. This is also true for different communities that operate businesses in Canada.

Over a full year has passed since Canada felt the impact of the COVID-19 pandemic and as the recovery unfolds, Statistics Canada continues to report on its impacts on specific populations within Canada. From the beginning of July to early August, Statistics Canada conducted the Canadian Survey on Business Conditions to better understand the ongoing effects of the pandemic on businesses and business expectations moving forward. This article provides insights on those expectations.

This article explores results from the Canadian Survey on Business Conditions by looking at the businesses majority-owned² by women, First Nations, Métis or Inuit persons, immigrants to Canada and visible minorities. In the third quarter 2021, differences were noted in various areas, such as long term optimism, in addition to obstacles such as rising input costs, increasing selling prices of goods and services, recruiting and retaining skilled employees and shortage of labour. Results for businesses majority-owned by First Nations, Métis or Inuit persons as well as businesses majority-owned by women reported a similar proportion of positive optimism over the upcoming year to all private sector businesses. Businesses majority-owned by immigrants and visible minorities were less likely to be optimistic than all private sector businesses.

1. Statistics Canada. (2021). [Gross domestic product by industry](https://www150.statcan.gc.ca/n1/daily-quotidien/210831/dq210831b-eng.htm), June 2021. <https://www150.statcan.gc.ca/n1/daily-quotidien/210831/dq210831b-eng.htm>.
2. Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only.





Future outlook of businesses majority-owned by women have a positive future outlook

Businesses majority-owned by women accounted for 15.6% of all small and medium enterprises (SMEs) in 2017.³ Women-owned businesses were more prevalent in service industries such as retail trade (24.3%) and accommodation and food services (19.9%).⁴

Over three-quarters of businesses majority-owned by women (76.7%) indicated that they have an optimistic future outlook over the next 12 months, up from just over two-thirds in the second quarter (68.3%). These businesses were as likely as all private sector businesses (74.8%) to be optimistic over the next 12 months. Businesses majority-owned by women were more likely to expect increases in their sales of goods and services (24.5%) and number of employees (18.6%) than all private sector businesses (21.3% and 14.5% respectively). In comparison, businesses majority-owned by women in the second quarter were less likely to expect increases in their sales of goods in services (16.3%) and number of employees (11.7%) than all private sector businesses (19.6% and 12.4% respectively).

Businesses majority-owned by women (53.5%) were as likely as all private sector businesses (55.8%) to report being able to take on more debt. Additionally, businesses majority-owned by women (53.7%) were as likely as all private sector businesses (53.0%) to report being able to operate for 12 months or more at their current level of revenue and expenditures before considering closure or bankruptcy. For comparison, in the second quarter, about two-thirds of both businesses majority-owned by women (66.9%) and all private sector businesses (67.8%) believed the same.

Over one-third (37.0%) of businesses majority-owned by women expect to face challenges in recruiting skilled employees, slightly higher than all private sector businesses (34.6%). Nearly one-third (32.5%) of businesses owned by women expect the rising costs of inputs to be an obstacle compared to nearly two-fifths of all private sector businesses (39.9%) in the third quarter. This trend held from second quarter to third quarter where businesses majority-owned by women were also less likely (32.7%) to consider rising costs of inputs to be an obstacle to their business as all private sector businesses (39.1%).

Businesses majority-owned by First Nations, Métis or Inuit persons expect to face more obstacles

According to the 2016 census, 4.9% of Canada's population consisted of First Nations, Métis or Inuit persons.⁵ In 2017, First Nations, Métis or Inuit persons owned 1.4% of SMEs.⁶

About three-quarters of businesses majority-owned by First Nations, Métis or Inuit persons indicated having a positive future outlook (73.8%) over the next 12 months, similar to all private sector businesses (74.8%). By comparison, in the second quarter, these businesses were less likely (66.7%) to be optimistic than all private sector businesses (73.1%). Two-thirds (66.1%) of these businesses can continue to operate for 12 months or more at current revenue and expenditure levels before considering closure or bankruptcy. In contrast, over half (53.0%) of

3. Innovation, Science and Economic Development Canada. (2020). [SME Profile: Ownership demographics statistics](https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html). https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html

4. Innovation, Science and Economic Development Canada. (2019). [Survey on Financing and Growth of Small and Medium Enterprises, 2017](https://www.ic.gc.ca/eic/site/061.nsf/eng/03087.html). <https://www.ic.gc.ca/eic/site/061.nsf/eng/03087.html>

5. Statistics Canada. (2018). *Canada [Country]* (table). [Aboriginal Population Profile](http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/abpopprof/index.cfm?Lang=E). 2016 Census. Statistics Canada Catalogue no. 98-510-X2016001. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/abpopprof/index.cfm?Lang=E>.

6. Innovation, Science and Economic Development Canada. (2020). [SME Profile: Ownership demographics statistics](https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html). https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html



private sector businesses reported they could operate at current levels for 12 months or more before considering closure or bankruptcy. Businesses majority-owned by First Nations, Métis or Inuit persons (55.1%) were as likely as private sector businesses (55.8%) to be able to take on more debt.

Over the next three months,⁷ a larger proportion of businesses majority-owned by First Nations, Métis or Inuit persons expect to face obstacles such as recruiting skilled employees (49.4%), rising cost of inputs (47.3%), retaining skilled employees (44.3%), and shortage of labour force (42.2%), compared to all private sector businesses (34.6%, 39.9%, 24.5%, and 30.8% respectively). The percentage of businesses majority-owned by First Nations, Métis or Inuit persons expecting each of these obstacles in the third quarter was significantly higher than it was in the second quarter (25.4%, 31.3%, 23.2% and 20.5% respectively).

When compared with all private sector businesses, businesses majority-owned by First Nations, Métis or Inuit persons more likely to expect an increase in profitability (17.0%), and at the same time, were more likely to expect an increase in the number of employees (23.8%), selling price (30.5%) and demand (27.4%) for goods and services offered. One in ten of these businesses (9.6%) expected a decrease in sales compared with one in seven (15.4%) of all private sector businesses.

Businesses majority-owned by immigrants to Canada less likely to have a positive future outlook

Immigrants to Canada constituted over one-fifth (21.9%) of the population in Canada.⁸ Immigrants to Canada are the primary decision makers for approximately 25.0% of SMEs in Canada, a proportion that has been rising over the past decade.⁹ This section presents results on individuals born outside of Canada who run businesses in Canada.

Businesses majority-owned by immigrants to Canada were less likely (67.8%) to indicate having a positive future outlook over the next 12 months than all private sector businesses (74.8%).

Over two-fifths (44.1%) of businesses majority-owned by immigrants to Canada reported they could continue to operate for 12 months or more at current revenue and expense levels before considering closure or bankruptcy. In contrast, more than half (53.0%) of all private sector businesses reported they could do the same. Businesses majority-owned by immigrants were less likely (49.9%) to be able to take on more debt than all private sector businesses (55.8%).

Businesses majority-owned by immigrants to Canada reported that they were less likely to expect to face obstacles such as recruiting skilled employees (27.5%), shortage of labour force (25.2%) and retaining skilled employees (22.1%). In contrast, private sector businesses are more likely to expect rising costs of inputs (39.9%), recruiting skilled employees (34.6%) and shortage of labour force (30.8%) to be obstacles.

Over the next three months, businesses majority-owned by immigrants were less likely than all private sector businesses to expect increases in sales of goods and services offered (18.5%), number of employees (13.6%) and profitability (12.3%). More than two-fifths (42.7%) of businesses majority-owned by immigrants expect to see an increase in operating expenses over the next three months, compared with 38.2% of all private sector businesses.

7. The most recent survey was conducted from July 2 to August 6, 2021, and respondents were asked what their expectations would be over the next three-month period. As a result, those three months could range from July 2 to November 6, 2021, depending on when the business responded.

8. Statistics Canada. (2017). *Canada [Country] and Canada [Country]* (table). *Census Profile*. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/profi/index.cfm?Lang=E>.

9. Innovation, Science and Economic Development Canada. (2020). *SME Profile: Ownership demographics statistics*. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html.



Businesses majority-owned by visible minorities less likely to be optimistic

According to the 2016 census, close to one-quarter (22.3%) of the Canadian population were visible minorities.¹⁰ In 2017, nearly one-eighth (12.3%) of SMEs were majority-owned by visible minorities. This proportion has remained relatively the same between 2007 and 2017.¹¹ For the purposes of the Canadian Survey on Business Conditions, visible minorities are defined as individuals, other than Indigenous persons, who self-identified as non-white in colour or race, regardless of place of birth.

Businesses majority-owned by visible minorities were less likely to indicate being optimistic about their future over the next 12 months (64.3%) compared to all private sector businesses (74.8%). These findings are relatively unchanged from the second quarter.

Businesses majority-owned by visible minorities were less likely than all private sector businesses to be able to continue to operate at current revenue and expense levels for 12 months or longer before considering laying off staff (36.9%) or considering closure or bankruptcy (45.3%). Over two-fifths (43.5%) of businesses majority-owned by visible minorities could take on more debt compared with 55.8% of all private sector businesses.

Over the next three months, rising costs of inputs (44.1%) and retaining skilled employees (27.5%) were more likely to be obstacles for businesses majority-owned by visible minorities compared with all private sector businesses (39.9% and 24.5% respectively). Businesses majority-owned by visible minorities are more likely to expect increases in the demand for their products and services (24.3%), sales of goods and services (22.5%) and number of employees (15.6%), than all private sector businesses (23.2%, 21.3% and 14.5% respectively).

10. Statistics Canada. (2017). *Canada [Country] and Canada [Country]* (table). [Census Profile](https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E). 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>.

11. Innovation, Science and Economic Development Canada. (2020). [SME Profile: Ownership demographics statistics](https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html). https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html.



Appendix

Table 1
Future operations over the next 12 months, second and third quarter of 2021

	Business can continue to operate for 12 months or more			
	Before considering laying off staff		Before considering closure or bankruptcy	
	Q2 2021	Q3 2021	Q2 2021	Q3 2021
	percent			
All private sector businesses	61.2	48.4	67.8	53.0
Businesses majority-owned by women	57.2	49.5	66.9	53.7
Businesses majority-owned by First Nations, Métis or Inuit persons	57.5	55.1	67.9	66.1
Businesses majority-owned by immigrants to Canada	57.2	39.1	60.9	44.1
Businesses majority-owned by visible minorities	55.7	36.9	62.8	45.3

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked if the business could continue to operate for 12 months or more at current levels of revenues and expenditures before considering various actions.

Sources: Canadian Survey on Business Conditions, second quarter of 2021 (Table 33-10-0362-01); Canadian Survey on Business Conditions, third quarter of 2021 (Table 33-10-0394-01).

Table 2
Businesses' ability to take on more debt, third quarter of 2021

	Business can take on more debt	Business cannot take on more debt	Business does not know if they can take on more debt
	percent		
All private sector businesses	55.8	18.3	25.9
Businesses majority-owned by women	53.5	18.1	28.4
Businesses majority-owned by First Nations, Métis or Inuit persons	55.1	22.5	22.4
Businesses majority-owned by immigrants to Canada	49.9	19.1	31.0
Businesses majority-owned by visible minorities	43.5	20.9	35.6

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked if the business or organization had the ability to take on more debt.

Source: Canadian Survey on Business Conditions, third quarter of 2021 (Table 33-10-0386-01).

Table 3
Future outlook over the next 12 months, second and third quarter of 2021

	Q2 2021			Q3 2021		
	Total optimistic	Total not optimistic	Unknown	Total optimistic	Total not optimistic	Unknown
	percent					
All private sector businesses	73.1	12.0	15.0	74.8	11.2	14.0
Businesses majority-owned by women	68.3	14.0	17.7	76.7	10.4	12.8
Businesses majority-owned by First Nations, Métis or Inuit persons	66.7	14.2	19.1	73.8	14.9	11.3
Businesses majority-owned by immigrants to Canada	61.6	18.5	20.0	67.8	12.7	19.6
Businesses majority-owned by visible minorities	65.9	15.9	18.3	64.3	12.4	23.3

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.

Sources: Canadian Survey on Business Conditions, second quarter of 2021 (Table 33-10-0361-01); Canadian Survey on Business Conditions, third quarter of 2021 (Table 33-10-0393-01).



Table 4
Selected obstacles for majority-owned businesses by various sub-population groups and visible minorities, second and third quarter of 2021

Obstacles	All private sector businesses		Businesses majority-owned by women		Businesses majority-owned by First Nations, Métis or Inuit persons		Businesses majority-owned by immigrants to Canada		Businesses majority-owned by visible minorities	
	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
	percent									
Rising cost of inputs	39.1	39.9	32.7	32.5	31.3	47.3	40.0	38.0	38.4	44.1
Shortage of labour force	24.1	30.8	23.4	30.1	20.5	42.2	19.0	25.2	18.4	26.6
Recruiting skilled employees	27.8	34.6	26.9	37.0	25.4	49.4	23.3	27.5	21.2	30.8
Retaining skilled employees	22.0	24.5	26.8	26.6	23.2	44.3	23.6	22.1	21.1	27.5
Fluctuations in consumer demand	27.4	23.3	31.0	25.9	26.4	29.8	32.5	28.7	32.1	33.5

Notes: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked between April 1 to May 6, what various business obstacles were expected over the next three months. Therefore, the three month period could range from April 1 to August 6, 2021, depending on when the business responded. Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked between July 2 to August 6, what various business obstacles were expected over the next three months. Therefore, the three month period could range from July 2 to November 6, 2021, depending on when the business responded.

Sources: Canadian Survey on Business Conditions, second quarter of 2021 (Table 33-10-0338-01); Canadian Survey on Business Conditions, third quarter of 2021 (Table 33-10-0364-01).

Table 5
Increase in business expectations of majority-owned businesses by various sub-population groups and visible minorities over the next three months, second and third quarter of 2021

	All private sector businesses		Businesses majority-owned by women		Businesses majority-owned by First Nations, Métis or Inuit persons		Businesses majority-owned by immigrants to Canada		Businesses majority-owned by visible minorities	
	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
	percent									
Number of employees	12.4	14.5	11.7	18.6	14.9	23.8	6.8	13.6	8.8	15.6
Sales of goods and services offered by the business or organization	19.6	21.3	16.3	24.5	20.6	24.0	11.7	18.5	12.1	22.5
Selling price of goods and services	20.9	22.9	17.8	22.9	13.0	30.5	18.9	23.3	17.5	20.3
Demand for products and services offered	20.6	23.2	19.0	27.3	17.3	27.4	13.1	20.8	14.0	24.3
Profitability	13.0	14.3	13.2	15.7	12.1	17.0	9.8	12.3	9.0	14.1
Operating expenses	39.4	38.2	36.2	38.9	41.7	43.3	36.6	42.7	36.7	48.9

Notes: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked between April 1 to May 6, how various business aspects were expected to change over the next three months. Therefore, the three month period could range from April 1 to August 6, 2021, depending on when the business responded. Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked between July 2 to August 6, how various business aspects were expected to change over the next three months. Therefore, the three month period could range from July 2 to November 6, 2021, depending on when the business responded.

Sources: Canadian Survey on Business Conditions, second quarter of 2021 (Table 33-10-0337-01); Canadian Survey on Business Conditions, third quarter of 2021 (Table 33-10-0363-01).



Methodology

From July 2 to August 6, 2021, representatives from businesses across Canada were invited to take part in an online questionnaire about how COVID-19 is affecting their business 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 36,294 and results are based on responses from a total of 16,925 businesses.

References

Statistics Canada. (2021). Canadian Survey on Business Conditions, second quarter of 2021.

Statistics Canada. (2021). Canadian Survey on Business Conditions, third quarter of 2021.