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Impact of COVID-19 on businesses majority-owned by specific populations, first quarter of 2021

by Stephanie Tam, Shivani Sood, and Chris Johnston

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Impact of COVID-19 on businesses majority-owned by specific populations, first quarter of 2021

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 0.1% in December¹, the eighth 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%).² However, overall economic activity was still about 3% below February's pre-pandemic level.³ While recent months showed an improvement in economic activity, in light of the resurgence of COVID-19 and a return to a partial shutdown this winter in several provinces, there remain challenges and uncertainty ahead for businesses.

Many communities in Canada have been impacted in various ways by the COVID-19 pandemic. In the latest Speech from the Throne, the Government of Canada recognized the challenges faced by specific populations, and identified the need to address economic inequalities for these communities. Initiatives such as the Women's Entrepreneurship Strategy and the Black Entrepreneurship Program are designed to address these disparities.⁴

This article presents results from the Canadian Survey on Business Conditions in the context of businesses majority-owned⁵ by women, First Nations, Métis or Inuit persons, immigrants to Canada, and visible minorities. Differences were noted in certain areas, such as expectations in profitability and sales, changes in revenue, funding and credit, and workforce changes. This article further explores the challenges facing these businesses during these unprecedented times.

Businesses majority-owned by women face similar challenges to all private sector businesses

Businesses majority-owned by women are usually higher among businesses with fewer than 20 employees and also in service industries, such as retail trade, accommodation and food services, and tourism.⁶ The proportion of businesses majority-owned by women accounted for 15.6% of all small and medium enterprises (SMEs) in 2017.⁷

1. Statistics Canada. (2021). [Gross domestic product by industry, December 2020](https://www150.statcan.gc.ca/n1/daily-quotidien/210302/dq210302b-eng.htm). <https://www150.statcan.gc.ca/n1/daily-quotidien/210302/dq210302b-eng.htm>
2. Statistics Canada. (2020). [Gross Domestic Product by industry, April 2020](https://www150.statcan.gc.ca/n1/daily-quotidien/200630/dq200630a-eng.htm). <https://www150.statcan.gc.ca/n1/daily-quotidien/200630/dq200630a-eng.htm>
3. Statistics Canada. (2021). [Gross domestic product by industry, December 2020](https://www150.statcan.gc.ca/n1/daily-quotidien/210302/dq210302b-eng.htm). <https://www150.statcan.gc.ca/n1/daily-quotidien/210302/dq210302b-eng.htm>
4. Government of Canada. 2020. [A stronger and more resilient Canada, Speech from the Throne, September 2020](https://www.canada.ca/en/privy-council/campaigns/speech-throne/2020/stronger-resilient-canada.html). <https://www.canada.ca/en/privy-council/campaigns/speech-throne/2020/stronger-resilient-canada.html>
5. Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only.
6. 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](https://www.statcan.gc.ca/eng/blog/cs/wob). <https://www.statcan.gc.ca/eng/blog/cs/wob>
7. [Innovation, Science and Economic Development Canada](https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html). (2020). SME Profile: Ownership demographics statistics. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html





Businesses majority-owned by women (37.7%) were more likely than all private sector businesses (31.2%) to report a drop in revenue of 30% or more in 2020 compared to 2019. Additionally, both groups had similar expectations on profitability over the next three months⁸, as over two-fifths of both businesses majority-owned by women (41.9%) and all private sector businesses (43.0%) expected their profitability would decrease over the next three months. Businesses majority-owned by women were slightly more likely to report they were unable to take on more debt (43.6%) in comparison to all private sector businesses (39.0%).

As businesses adapted to the pandemic by moving sales online, this was more likely to occur in the service industries, where the proportion of businesses owned by women is higher. Over one-quarter (26.4%) of businesses majority-owned by women reported at least some of their sales in 2020 were made online, a 6.6% increase from 2019, compared with under one-quarter (22.0%) of all private sector businesses, at a 4.6% increase from 2019.

Businesses majority-owned by women (33.3%) were as likely as all private sector businesses (31.5%) to report being able to operate for 12 months or more at their current level of revenue and expenditures before considering laying off staff. Additionally, businesses majority-owned by women (39.5%) were as likely as all private sector businesses (37.7%) to report being able to operate for 12 months or more at their current level of revenue and expenditures before considering closure or bankruptcy.

Businesses majority-owned by First Nations, Métis or Inuit persons anticipate reduced sales in the months ahead

As stated by the previous census, First Nations, Métis or Inuit persons represented 4.9% of the Canadian population.⁹ In 2017, 1.4% of SMEs were owned by First Nations, Métis or Inuit persons¹⁰ and often faces additional challenges to achieve business growth due to geographic remoteness and constraints on financing.

When compared with all private sector businesses, these businesses had similar expectations in a decrease in profitability, but at the same time, were less likely to expect a decrease in sales and more likely to expect an increase in employment. Under one-quarter (24.6%) of businesses majority-owned by First Nations, Métis or Inuit persons expected a decrease in sales compared with close to one-third (31.4%) of all private sector businesses. Two-fifths of businesses majority-owned by First Nations, Métis or Inuit persons (40.6%) and all private sector businesses (43.0%) expect a decrease in profitability over the next three months. Less than one-fifth (15.1%) of businesses majority-owned by First Nations, Métis or Inuit persons expected an increase in the number of employees compared with 8.4% of all private sector businesses.

Although businesses majority-owned by First Nations, Métis or Inuit persons are twice as likely to increase the number of employees in the short term, the outlook on future operations in the long term is less positive. Under one-fifth (18.2%) of businesses majority-owned by First Nations, Métis or Inuit reported they could operate for 12 months or more at their current level of revenue before considering laying off staff. In contrast, nearly one-third (31.5%) of private sector businesses reported that they would be able to operate for 12 months or more at their current level of revenue and expenditures before having to consider laying off staff.

Businesses majority-owned by First Nations, Métis or Inuit persons (41.1%) were slightly more likely than all private sector businesses (39.0%) to be unable to take on more debt. Businesses majority-owned by First Nations,

8. The most recent survey was conducted from January 11 to February 11, 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 January 11 to May 11, 2021, depending on when the business responded.

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

10. Statistics Canada. (2017, 2014, and 2011). *Survey on Financing and Growth of Small and Medium Enterprises*. <https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2941>



Métis or Inuit persons were more likely or as likely as all private sector businesses to be approved for or receive various types of funding. Two-thirds (66.6%) of businesses majority-owned by First Nations, Métis or Inuit persons were approved for or received the Canada Emergency Business Account (CEBA)¹¹, whereas over half (56.9%) of all private sector businesses were approved for or received the CEBA. Businesses majority-owned by First Nations, Métis or Inuit (26.7%) were slightly more likely to be approved for the Temporary 10% Wage Subsidy for Employers (TWS)¹² than all private sector businesses (20.2%). Businesses majority-owned by First Nations, Métis or Inuit (32.4%) were just as likely to be approved for the Canadian Emergency Wage Subsidy (CEWS)¹³ as all private sector businesses (34.5%).

Businesses majority-owned by immigrants to Canada expect difficult business conditions

According to the latest census, immigrants to Canada made up over one-fifth (21.9%) of the Canadian population¹⁴ and run approximately 25.0% of SMEs in Canada, a proportion that has been rising over the past decade.¹⁵ Bringing newcomers to Canada remains a priority to drive economic growth and recovery in alignment with the 2021-2023 Immigration Levels Plan.¹⁶ This section refers to businesses majority-owned by immigrants, reflecting individuals who were born outside of Canada.

Businesses majority-owned by immigrants in Canada expect to face a more difficult business environment the short term compared to all private sector businesses. These businesses expect to see a drop in sales (43.3%), profitability (56.2%), and demand (37.6%), compared with all private sector businesses expecting to see a drop in sales (31.4%), profitability (43.0%), and demand (25.3%).

Businesses majority-owned by immigrants have experienced a significant loss of revenue over the course of the pandemic which impacts their ability to operate long term. Over two-fifths (43.0%) of businesses majority-owned by immigrants to Canada reported revenues were down 30% or more in 2020 compared with 2019. At the same time, under one-third (31.2%) of all private sector businesses experienced similar decreases in revenue. Nearly one-quarter (22.7%) of businesses majority-owned by immigrants to Canada reported they could operate for 12 months or more at their current level of revenue before considering laying off staff. Conversely, nearly one-third (31.5%) of private sector businesses reported that they would be able to operate for 12 months or more at their current level of revenue and expenditures before having to consider laying off staff. Businesses majority-owned by immigrants to Canada (41.8%) were as likely as all private sector businesses (39.0%) to be unable to take on more debt.

Nearly two-thirds (62.8%) of businesses majority-owned by immigrants to Canada were approved for the CEBA, while over half (56.9%) of all private sector businesses reported the same. Businesses majority-owned by immigrants to Canada (33.6%) were just as likely to be approved for the CEWS as all private sector businesses (34.5%).

11. 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.

12. Temporary 10% Wage Subsidy for Employers (TWS) 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.

13. 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.

14. 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/prof/index.cfm?Lang=E>

15. 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

16. Office of the Prime Minister. (2021). *Minister of Immigration, Refugees and Citizenship Supplementary Mandate Letter*. <https://pm.gc.ca/en/mandate-letters/2021/01/15/minister-immigration-refugees-and-citizenship-supplementary-mandate>



Businesses majority-owned by visible minorities expect declines in sales and profitability over the next three months

According to the most recent census, visible minorities represented nearly one-quarter (22.3%) of the Canadian population.¹⁷ In 2017, 12.2% of SMEs were owned by visible minorities, a proportion that has risen slightly over the past decade. These SMEs were most often found in the retail trade, accommodation and food services, professional, scientific and technical services, and other sectors.¹⁸ For the purposes of the Canadian Survey on Business Conditions, visible minorities are defined as individuals, other than Aboriginal persons, who self-identified as non-Caucasian in race or non-white in colour, regardless of place of birth.

In the short term, businesses majority-owned by visible minorities were more likely than all private sector businesses to see a decrease in sales and profitability. Over two-fifths (43.8%) of businesses majority-owned by visible minorities expect to see a decrease in sales over the next three months. However, nearly one-third (31.4%) of all private sector businesses expect the same. Similarly, almost three-fifths (58.0%) of businesses majority-owned by visible minorities expect to see a decrease in profitability over the next three months, in contrast with over two-fifths (43.0%) of all private sector businesses.

A significant loss of revenue year-over-year was reported by businesses majority-owned by visible minorities, which limits the potential future operations of these businesses. Almost half (48.3%) of businesses majority-owned by visible minorities reported revenues were down 30% or more in 2020 compared to 2019. At the same time, under one-third (31.2%) of all private sector businesses reported seeing similar decreases in revenue. One-fifth (20.3%) of businesses majority-owned by visible minorities reported they could operate for 12 months or more at their current level of revenue and expenditures before considering laying off staff. In comparison, almost one-third (31.5%) of private sector businesses reported the same. Businesses majority-owned by visible minorities (37.1%) were nearly as likely as all private sector businesses (39.0%) to not have the ability to take on more debt.

Almost two-thirds (66.2%) of businesses majority-owned by visible minorities were approved for the CEBA, while over half (56.9%) of all private sector businesses were approved for the CEBA. Businesses majority-owned by visible minorities (33.2%) were just as likely to be approved for the CEWS as all private sector businesses (34.5%).

17. 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>

18. 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

Business expectations of sales over the next three months, first quarter of 2021

	Increase (% of businesses)	Stay about the same (% of businesses)	Decrease (% of businesses)	Not applicable (% of businesses)
All private sector businesses	12.3	43.4	31.4	12.9
Businesses majority-owned by women	12.8	42.5	28.2	16.4
Businesses majority-owned by First Nations, Métis or Inuit persons	10.9	44.1	24.6	20.5
Businesses majority-owned by immigrants to Canada	8.1	34.4	43.3	14.1
Businesses majority-owned by visible minorities	8.9	31.9	43.8	15.4

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked: Over the next three months, how are each of the following expected to change for this business or organization?

Source: Canadian Survey on Business Conditions, first quarter of 2021 (Table 33-10-0307-01).

Table 2

Business expectations of profitability over the next three months, first quarter of 2021

	Increase (% of businesses)	Stay about the same (% of businesses)	Decrease (% of businesses)	Not applicable (% of businesses)
All private sector businesses	8.6	43.3	43.0	5.0
Businesses majority-owned by women	8.0	44.7	41.9	5.4
Businesses majority-owned by First Nations, Métis or Inuit persons	4.1	50.8	10.6	4.5
Businesses majority-owned by immigrants to Canada	7.9	30.6	56.2	5.3
Businesses majority-owned by visible minorities	8.4	28.3	58.0	5.4

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked: Over the next three months, how are each of the following expected to change for this business or organization?

Source: Canadian Survey on Business Conditions, first quarter of 2021 (Table 33-10-0307-01).

Table 3

Business expectations of demand for products and services offered over the next three months, first quarter of 2021

	Increase (% of businesses)	Stay about the same (% of businesses)	Decrease (% of businesses)	Not applicable (% of businesses)
All private sector businesses	15.2	47.6	25.3	12.0
Businesses majority-owned by women	17.9	46.0	20.4	15.8
Businesses majority-owned by First Nations, Métis or Inuit persons	7.1	46.6	24.2	22.0
Businesses majority-owned by immigrants to Canada	14.1	33.8	37.6	14.5
Businesses majority-owned by visible minorities	13.6	32.6	37.4	16.4

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked: Over the next three months, how are each of the following expected to change for this business or organization?

Source: Canadian Survey on Business Conditions, first quarter of 2021 (Table 33-10-0307-01).

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Table 4
Business revenue from 2020 compared with 2019

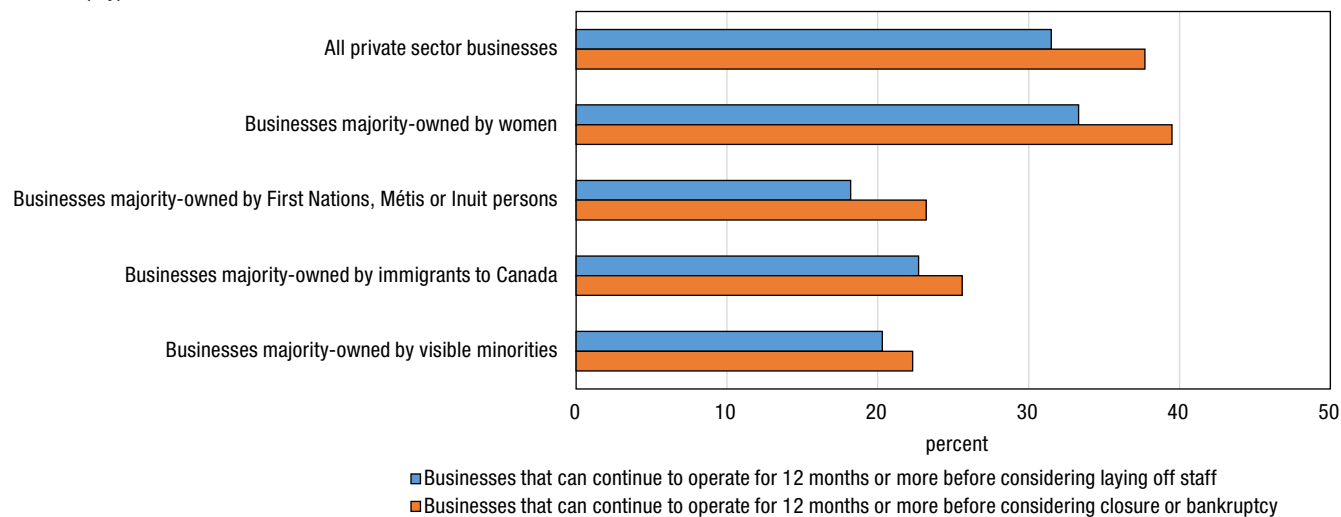
	Percentage of businesses that reported an increase in revenue	Percentage of businesses that reported no change in revenue	Percentage of businesses that reported a 1% to less than 30% decline in revenue	Percentage of businesses that reported a 30% or more decline in revenue	Not applicable e.g., started operating after December 31st, 2019
All private sector businesses	18.0	20.2	29.7	31.2	0.8
Businesses majority-owned by women	16.7	19.4	25.2	37.7	1.0
Businesses majority-owned by First Nations, Métis or Inuit persons	14.9	10.5	42.8	30.5	1.4
Businesses majority-owned by immigrants to Canada	13.4	14.7	28.3	43.0	0.6
Businesses majority-owned by visible minorities	11.9	13.0	26.4	48.3	0.4

Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked: Compared to 2019, how did the revenues of this business change in 2020?

Source: Canadian Survey on Business Conditions, first quarter of 2021 (Table 33-10-0317-01).

Chart 1
Future operations

Ownership type

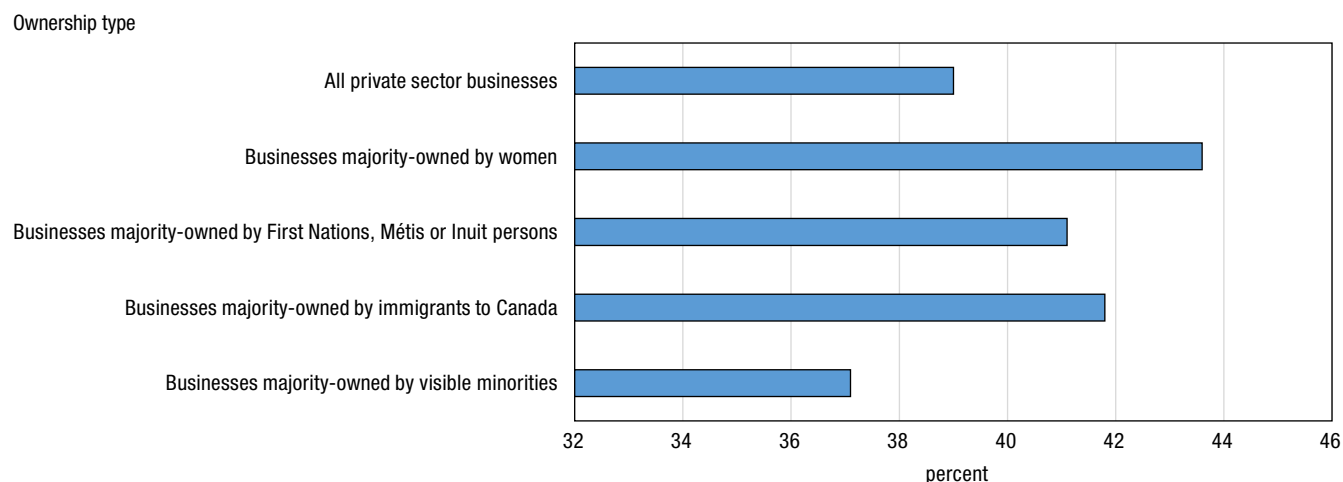


Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked if the business could continue to operate for 12 months or more at current levels of revenues and expenditures before considering various actions.

Source: Canadian Survey on Business Conditions, first quarter of 2021 (Table 33-10-0330-01).



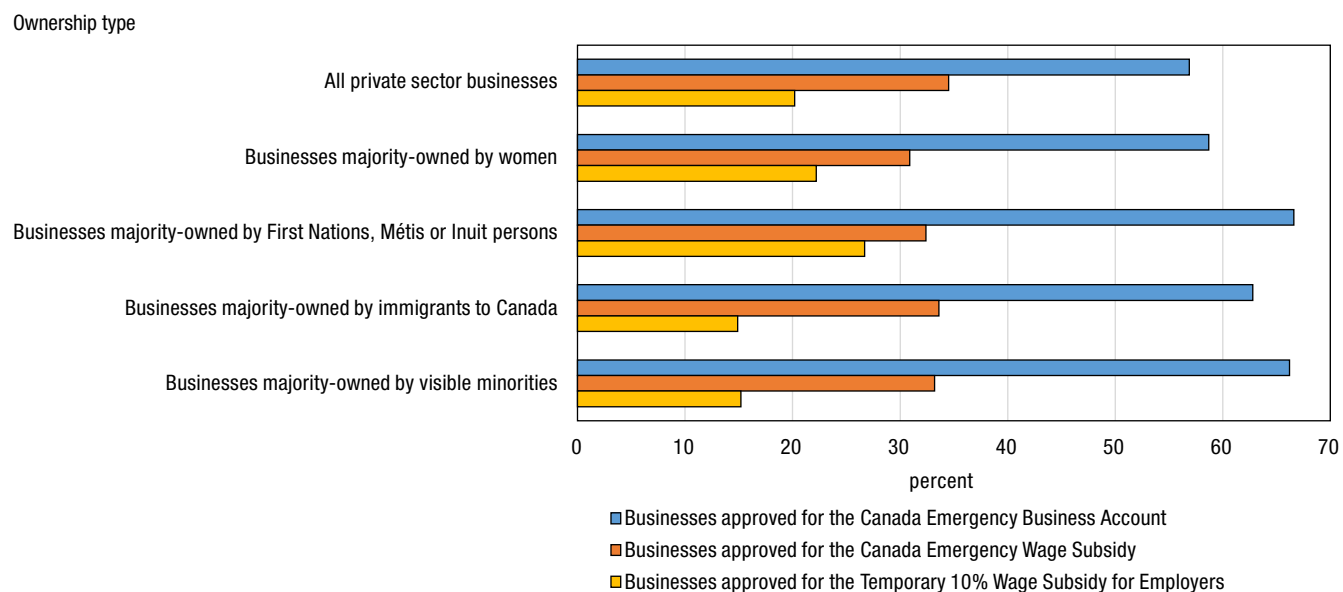
Chart 2
Businesses unable to take on more debt



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 (Table 33-10-0322-01).

Chart 3
Businesses that were approved for funding or credit due to COVID-19



Note: Majority ownership is defined at 51% or more. Majority-ownership was reported for private sector businesses only. Respondents were asked to report if various funding or credit was approved by various sources for the business.

Source: Canadian Survey on Business Conditions, first quarter of 2021 (Table 33-10-0320-01).



Methodology

From January 11 to February 11, 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. (2021). Canadian Survey on Business Conditions, first quarter of 2021.