



Black and Indigenous business ownership in Canada

Strategic Research Network, June 2023

Economic Analysis Division, Statistics Canada



Éclairer grâce aux données, pour bâtir un Canada meilleur



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Canada

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Canada

Canada

Who are we?

The Economic Analysis Division (EAD) is one of the five divisions in the Analytical Studies and Modelling Branch (ASMB).

- Data Access Division ***NEW**
- Economic Analysis Division
- Health Analysis Division
- Social Analysis and Modelling Division
- Strategic Analysis, Publication and Training

ASMB is the research and modelling incubator at Statistics Canada with a mandate to provide high quality, relevant, and timely information on economic, health, and social issues that are important to Canadians.

What does EAD do?

- Regular production of aggregate statistics
 - Multifactor productivity program, and business dynamics program
- Research and data development
 - Areas of concentration this year: growth and competitiveness; innovation, digitalization and intangibles; supply chains; environment; immigration; disaggregated economic data
- Support government policy development and analysis
 - Quantitative impact assessment training, data development to support horizontal government priorities (e.g., women-owned businesses, Diversity and Skills database, indigenous and black-owned businesses), microdata analysis
- Microdata for researchers working as deemed employees in the Research Data Centres
 - Business Research Microdata Base, Business-Employee Analytical Microdata, and Canadian Patent Research Database, and custom data (Diversity and Skills database)

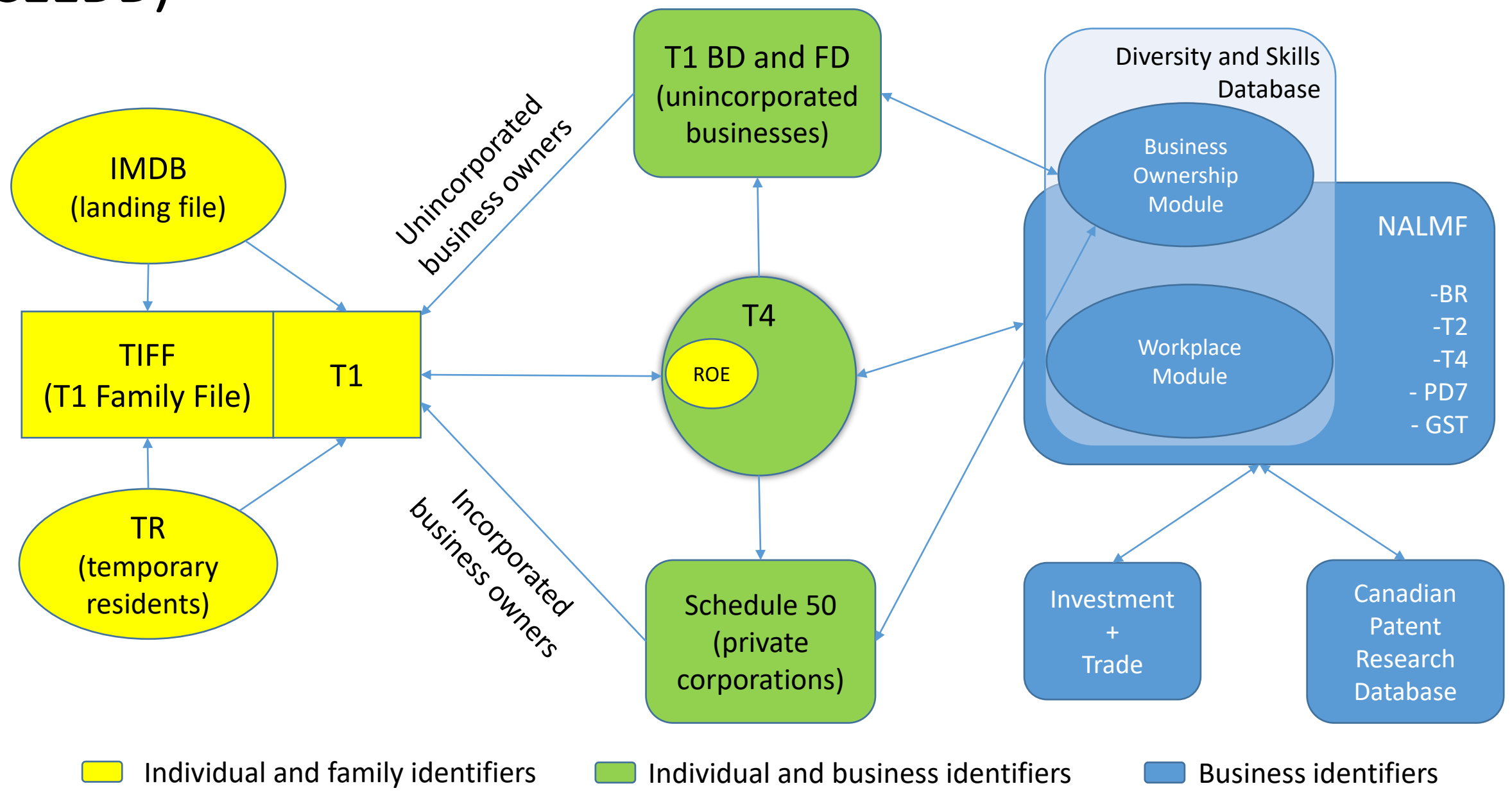
Diversity and Skills database

- Diversity among business owners and employees: age, gender, immigrant status, disability status, Indigenous identity and racialized identity
- Information on skills (experiences) of business owners and workforce
- Imputed worker-level education using CEEDD, Census of population and PSIS
- Establishment of the first-of-its kind empirical framework for measuring “Peoples and Skills”
- Complements a traditional outcome-based approach to enable a fulsome analysis on firm performance and program evaluation

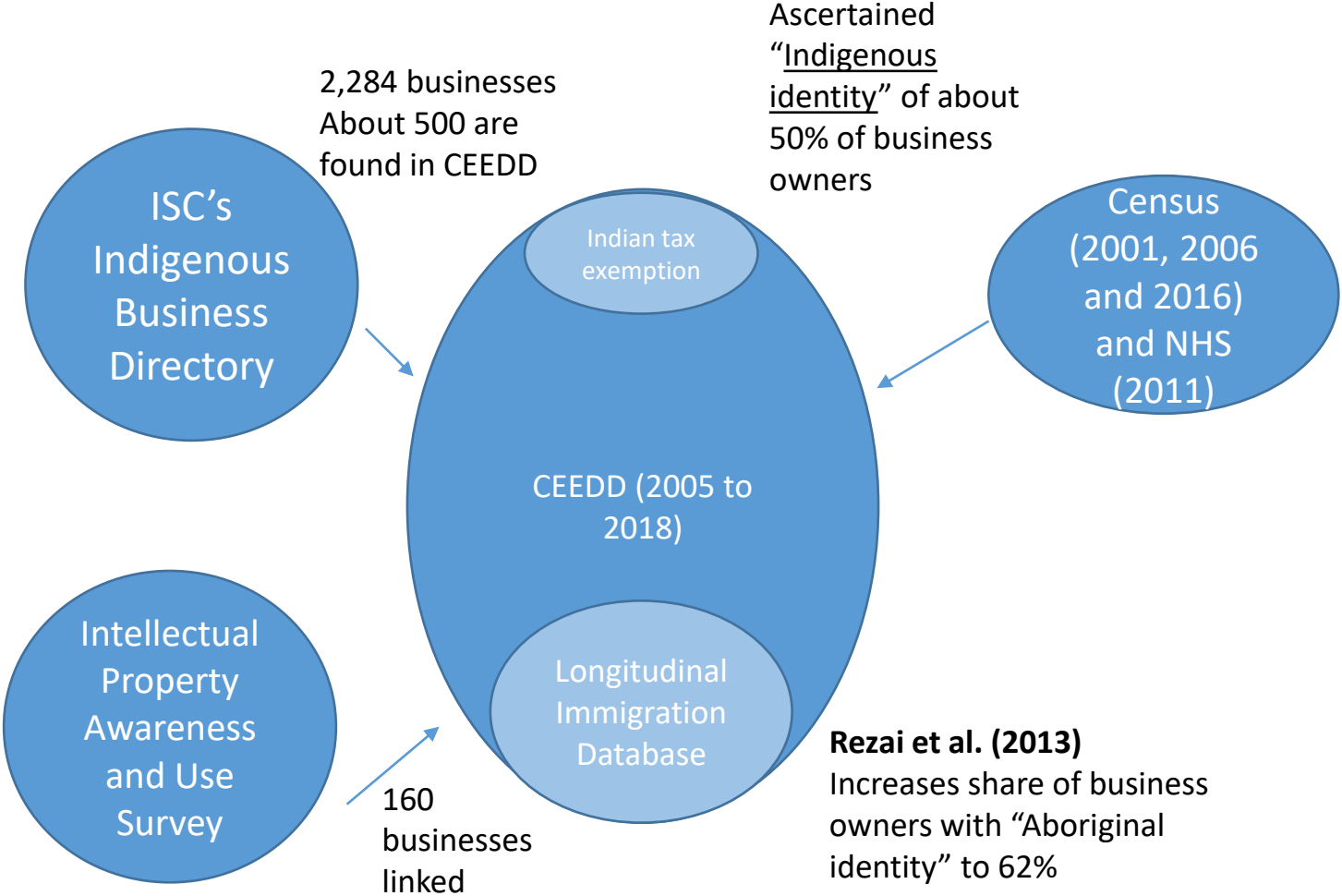
Context

- Increasing interest in business ownership by employment equity groups;
- However, until recently, there was still a data gap on business ownership by Indigenous peoples and racialized groups
- Existing data
 - are recent (CSBC) or infrequent (SFGSME, Census of population);
 - do not always allow for analysis of intersections with other characteristics
- Motivation
 - Funded by Women and Gender Equality Canada
 - Disaggregated Data Action Plan
 - Black Entrepreneurship Knowledge Hub

Canadian Employer-Employee Dynamics Database (CEEDD)



Data and Methodology



After this linkage exercise, the remaining business owners (38%) are imputed an "Indigenous identity"

Unit of Analysis: Business or owner

Indigenous-owned businesses

Distribution of private businesses by Indigenous identity of owners and presence of employees (2018)

	Without employment number	Employer businesses	Total
Non-Indigenous	1,664,200	835,800	2,499,900
Indigenous	25,100	11,900	37,000
First Nations	12,000	5,400	17,400
Métis	11,900	5,600	17,400
Inuk (Inuit)	400	200	600
Other Indigenous ownership	900	700	1,600
Total	1,689,300	847,700	2,537,000

Black business owners

66, 880 Black business owners (2.1%)

Sex:

Men: 70.4%

Women: 29.6%

Residence

Ontario (50.6%)

Quebec (23.3%)

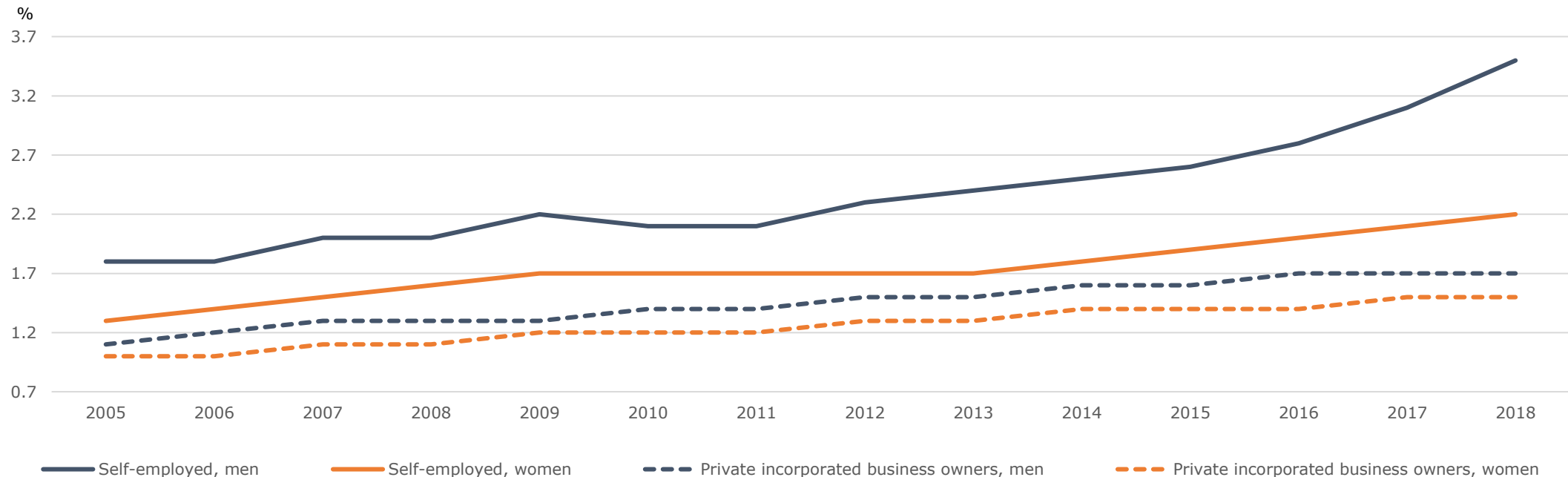
Alberta (15.0%)

Average Age: 47 years old

Evolution of Black business ownership

- Proportion of self-employed Black men doubled between from 2005 (1.8%) to 2018 (3.5%)
- Increased proportion for Black Women (1.3% to 2.2%) but at slower pace, widening the gap with their male counterparts
- Slight increase in the proportion of Black owners of an incorporated businesses for both Men and Women

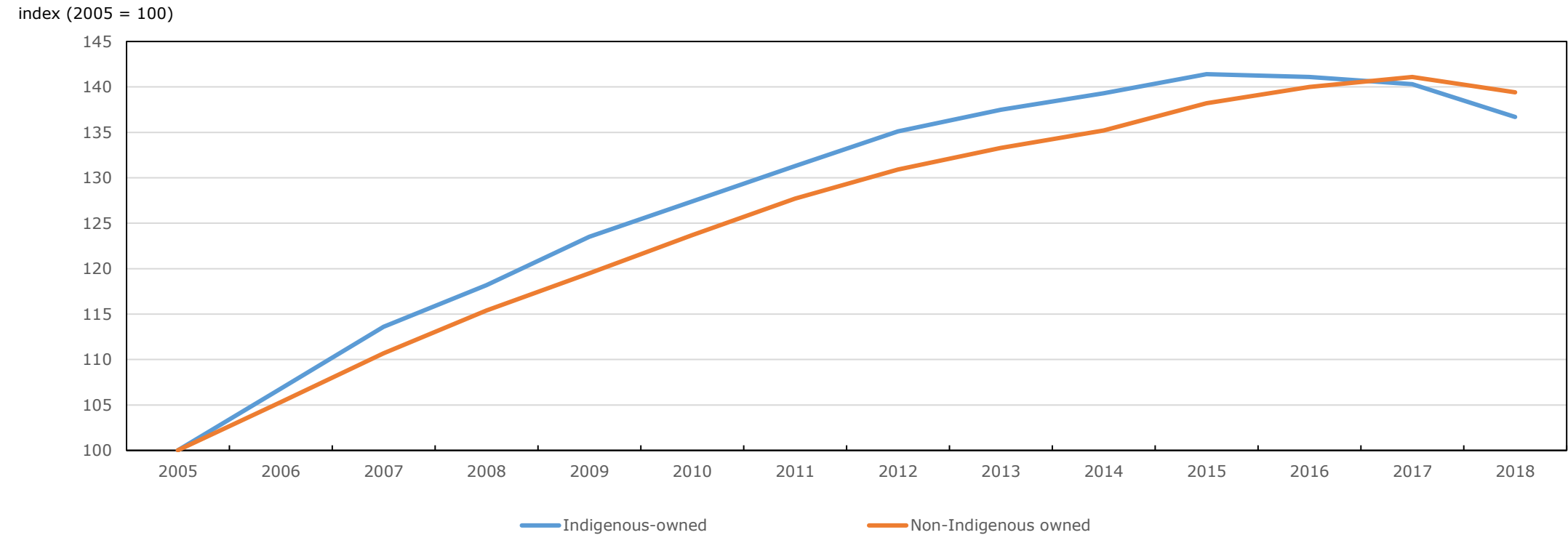
Proportion of Black business owners, by business type, sex and year



Source: Statistics Canada, CEEDD (2005 to 2018), Census of Population (2001, 2006, 2016) and National Household Survey (2011).

Indigenous business ownership over time

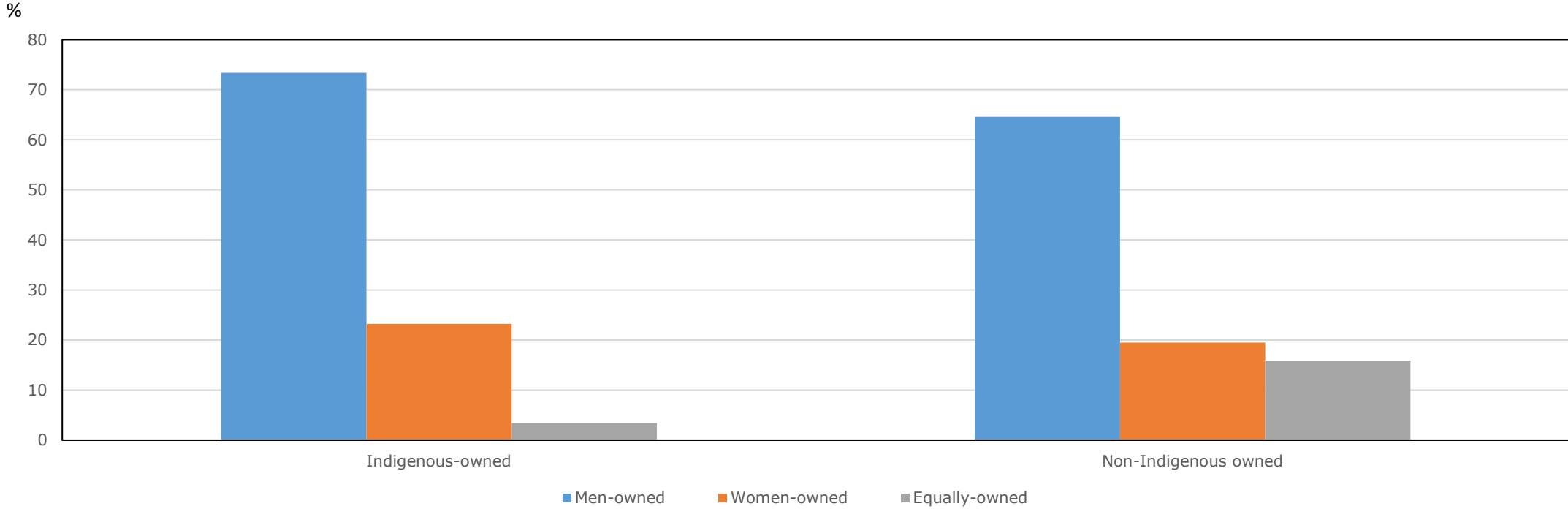
Change in the number of businesses relative to 2005, by Indigenous ownership



Source: Statistics Canada, table 33-10-0631-01

Sex of ownership

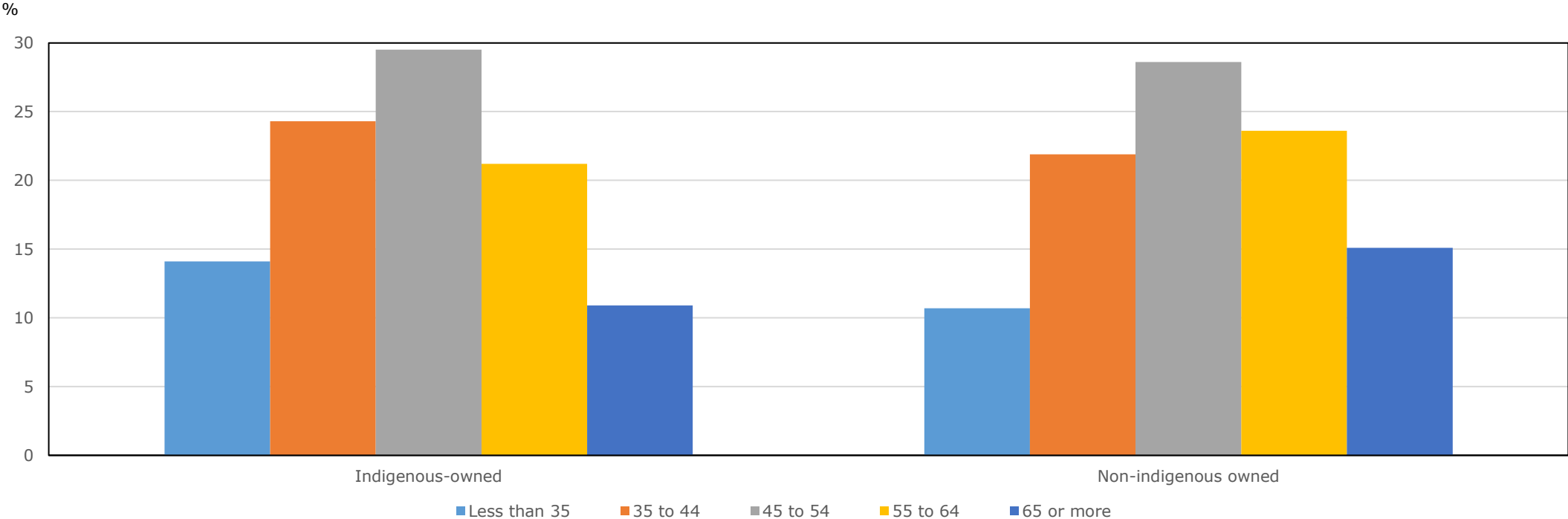
Distribution of the number of businesses by sex and Indigenous ownership, 2005-to-2018 average



Source: Statistics Canada table 33-10-0631-01

Age of owners

Distribution of the number of businesses by age group and Indigenous ownership, 2005-to-2018 average

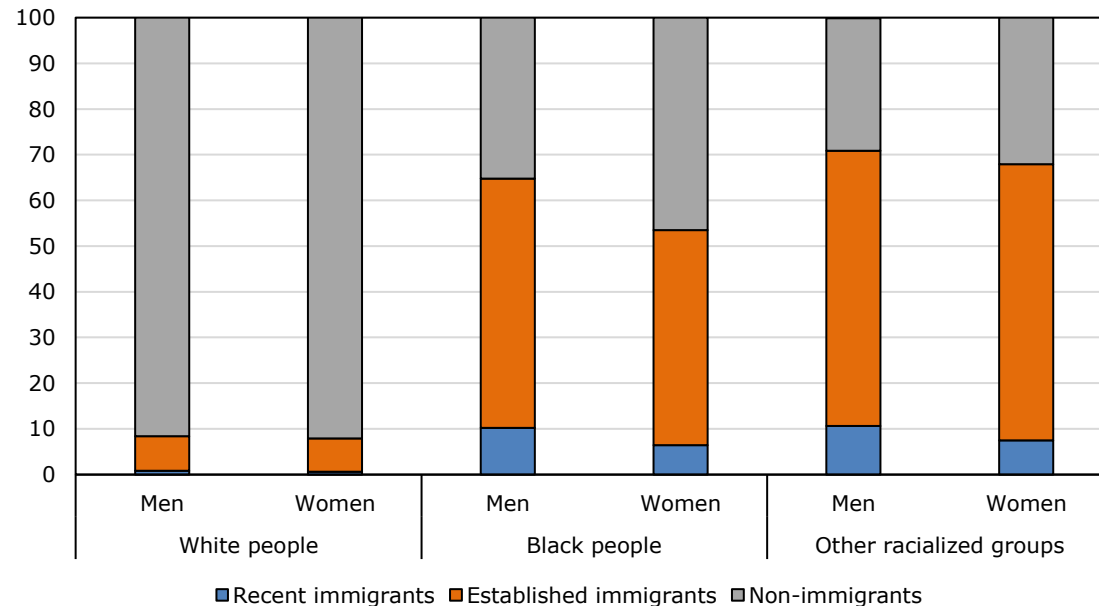


Source: Statistics Canada table 33-10-0632-01

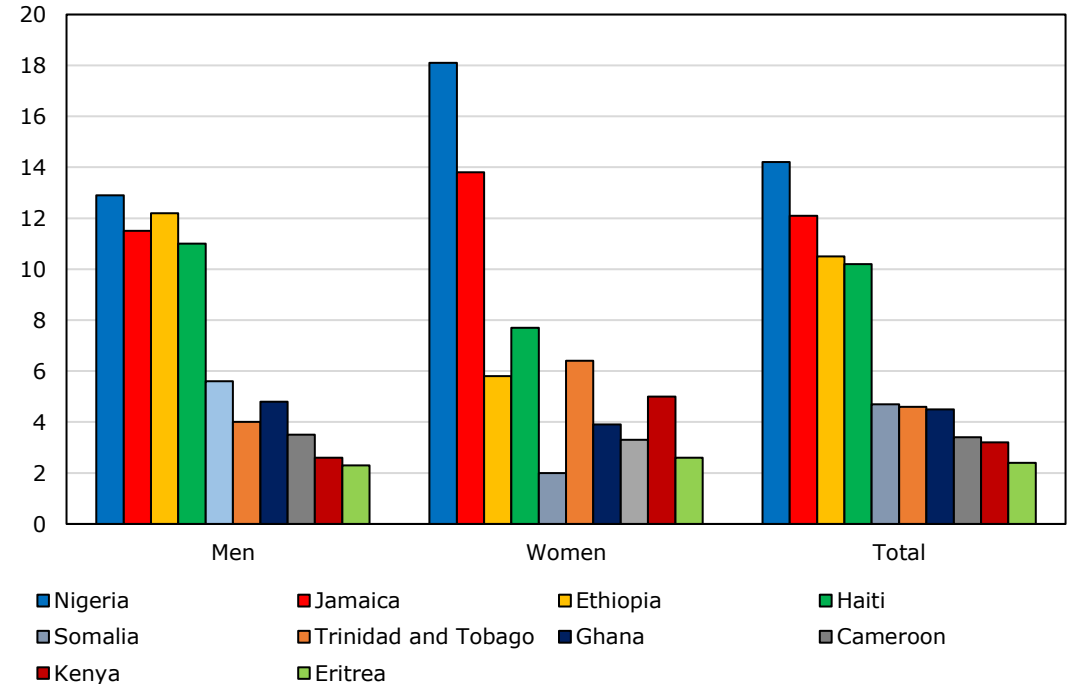
Immigration status

- Black business owners are generally immigrants
- Women black owners are more likely to be born in Canada than their men counterparts
- Top 3: Nigeria, Jamaica and Ethiopia
- Top 10 countries of origin represents about 70% of Black business owners in Canada

Distribution of business owners, by sex, immigration status and racial profile, 2018



Distribution of the countries of birth of Black immigrant business owners (top 10), by sex, 2018



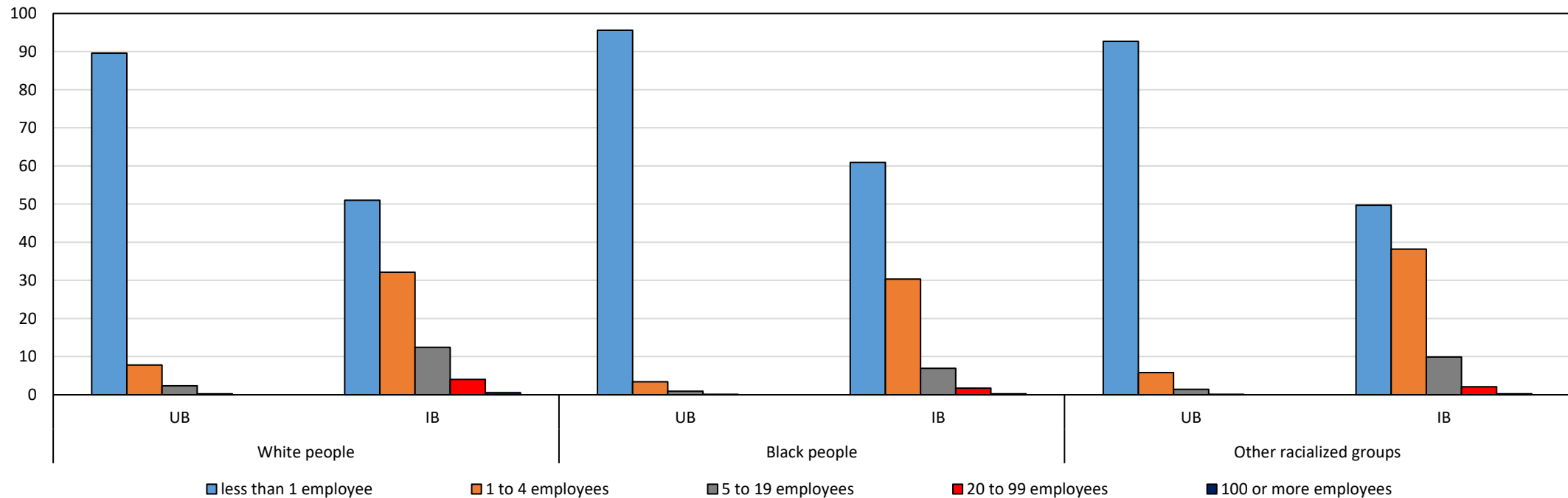
Note: "Recent immigrants" refers to immigrants who arrived in Canada between 2013 and 2018.
Sources: Statistics Canada, Canadian Employer–Employee Dynamics Database (2018), Census

Employment size

- Employment: Black-owned businesses are generally smaller in size
 - 1.7 times less likely to have employees than businesses owned by White people or other racialized individuals
 - Half as likely than White-owned businesses to have 5 employees or more

Distribution of businesses, by racial profile of owners, business type and size, 2018

percent



Note: "UB" refers to unincorporated businesses and "IB" stands for incorporated businesses.

Sources: Statistics Canada, Canadian Employer–Employee Dynamics Database (2018), Census of Population (2001, 2006, 2016) and National Household Survey (2011).

Performance

- Black-owned businesses perform less well financially
 - Lowest revenue and profit
 - Lower return on assets (Profit divided by total assets):
 - Lower profit margin (Profit divided by revenue)

Return on assets
 Black-owned: 5.2%
 Other RG: 9.3%
 White-owned: 10.6%

Profit margin
 Black-owned: 8.5%
 Other RG: 10.1%
 White-owned: 14.9%

Average value of certain financial characteristics of private incorporated businesses, by racial profile of owners, 2018

	Businesses owned by			Significance test		
	White people	Black people	Other racialized groups	White and Black people	Black people and other racialized groups	White people and other racialized groups
	dollars			importance (p-value)		
Assets	1,712,200	747,000	699,700	0.008	0.892	0.000
Tangibles assets	617,600	190,800	274,400	0.000	0.039	0.000
Liabilities	894,000	313,700	442,300	0.000	0.157	0.000
Revenue	1,211,100	460,300	645,300	0.000	0.025	0.000
Expenses	1,030,200	421,300	580,100	0.000	0.066	0.000
Profit	180,900	39,000	65,200	0.000	0.142	0.000
Value of exports	3,540,000	884,100	1,667,000	0.000	0.001	0.001

Releases

- Tables

- 33-10-0631-01: Number of businesses by province, sex and Indigenous ownership
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310063101>
- 33-10-0632-01: Number of businesses by sex, age and Indigenous ownership
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310063201>

- Articles

- [Identifying Indigenous Business Owners and Indigenous-Owned Businesses \(statcan.gc.ca\)](#)
- [Characteristics of Indigenous-owned businesses \(statcan.gc.ca\)](#)
- [Black Business Owners in Canada \(statcan.gc.ca\)](#)

Work in progress

- Update tables 36-10-0631-01 and 36-10-0632-01 with more recent data (2005 – 2020)
- Survival Rate and Performance of Indigenous-Owned Businesses
- Diversity Among Managers
- Diversity Among Board of Directors and the C-Suite in Publicly Traded Companies
- Profile of Women Inventors in Canada
- Women's Earnings Inequality Post-2000 and the Role of Firms
- Overall Income Inequality of Men and Women in Canada
- Financial Structure of Women- and Men-owned Businesses Over Time
- Business Owned by Transgender and Non-binary Individuals
- Impact of the COVID-19 Pandemic on Women- and Immigrant-owned Businesses

Potential projects

- Produce and disseminate tables on Black-owned businesses
- Produce data and analysis on business ownership by other racialized groups (e.g. Arab, Chinese, South Asian ...)
 - Example: Racial differences in survival and growth of immigrant-owned businesses
- Collaboration with other departments on their research or data strategy agendas

Support policy making

- AAFC: women-owned businesses in agri-food sector
- ACOA: demographics of business ownership in Atlantic provinces
- BoC: firms' heterogeneous responses to macroeconomic shocks and monetary policy
- ESDC: temporary foreign worker programs, gender ownership of early childcare providers
- Finance: income inequality and firm productivity dispersions
- GAC: trade and gender
- IRCC: contribution and performance of immigrant-owned businesses
- ISED: entrepreneurship, business survival, evaluation of government business supports during the pandemic
- PBO: income sprinkling among family business owners
- PCO: GBA+ on the CEWS take-up
- PSPC: gender and Indigenous ownership among the procurement contractors
- WaGE: gender wage gap, women entrepreneurship, performance of women-owned businesses, Indigenous-owned businesses, Black business ownership

THANK YOU

Questions?