



**Black Entrepreneurship
Knowledge Hub**

Research Themes

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About the Black Entrepreneurship Knowledge Hub (BEKH)

Our Vision

BEKH envisions a Canada where access to economic opportunities and ownership of wealth is representative of the nation's demographics; a Canada in which Black communities have agency to lead coordinated research efforts and generate knowledge to inform equity and inclusion in entrepreneurship ecosystems.

Our Mission

BEKH is the national central hub for research, data and insights on Black entrepreneurship ecosystems in Canada. Our mission is to facilitate and orchestrate structured community-led research collaborations anchored in regional hubs comprised of community and academic researchers, community organizations, post-secondary universities, and colleges.

Our Projects

We are mandated to launch three projects:

1. A large scale national quantitative study
2. A large scale national qualitative study
3. A mapping of the entrepreneurial ecosystem.

A Joint Effort

In partnership with the Government of Canada, the Dream Legacy Foundation (DLF) and Carleton University's Sprott School of Business have come together to engage and mobilize an extensive national network of Black entrepreneurs, not-for-profits, community organizations, academic institutions, and researchers to share the lived experiences of Black entrepreneurs in communities across the country.

The Black Entrepreneurship Knowledge Hub (BEKH) is a key part of the Government of Canada's Black Entrepreneurship Program.

Introduction

In 2022, the Black Entrepreneurship Knowledge Hub (BEKH) hosted a series of events that informed the following research themes. These events are the large-scale national quantitative study workshop (October 26, 2022), six community consultations across Canada (October 18 to November 6, 2022), and the symposium on *Researching Black Entrepreneurship* (November 17 to 18, 2022).

We had participation from across Canada in the events. The BEKH team reviewed the notes and transcripts to synthesize recurring discussion points and research questions into thematic categories. Below are the themes that emerged across all those conversations.

1. Defining Black entrepreneurs and Black enterprises
2. Inspiring policymakers to create change.
3. The role of community, the culture of Black entrepreneurship, and entrepreneurial ecosystems
4. The existing data and the resulting data gaps
5. Black businesses' growth and success
6. Understanding the Black immigrant entrepreneur
7. Financing Black businesses



Defining Black entrepreneurs and Black enterprises

There is no clear definition of who is understood to be a Black entrepreneur and what should count as a Black enterprise. For instance, do Black entrepreneurs include entrepreneurs with unincorporated businesses?

Moreover, from the enterprise perspective, there are three approaches to determining a Black business:

- There is at least one Black owner in the business
- Black people own fifty percent or more of the ownership of the enterprise
- The primary owner/manager is Black

Research Questions:

- How do we define Black entrepreneurship?
- How have Black enterprises and Black entrepreneurs been defined throughout currently available literature?
- Where should research on Black entrepreneurship focus: is it at the individual entrepreneur level or the enterprise level?
- What distinguishes Black entrepreneurs from other entrepreneurs?



Inspiring policymakers to create change

Across all our engagements, people shared a strong desire to see meaningful policy change. That means that the research gathered needs to inspire policymakers to make a change. Approaching research with the philosophy of eventual policy advocacy requires asking different questions.

From a quantitative perspective, researching with the aim of inspiring policy change requires understanding the parameters that policymakers use to assess a need for change. During the symposium's quantitative breakout room, there was a discussion on whether analyzing Black entrepreneurs in Canada compared to other racial groups or Black entrepreneurs in other countries would inspire policymakers to act.

Research Questions:

- How do Canadian federal, provincial, and municipal policymakers conceptualize Black entrepreneurs?
- What is the current policy landscape, and how is it adapted or maladapted to Black entrepreneurs' needs and experiences?
- How can the current entrepreneurial system be re-envisioned to support Black entrepreneurs better?
- How do Black entrepreneurs perform compared to other racialized ethnic minorities, and what are the policy implications?
- Many participants indicated that the Black entrepreneurial ecosystem in the United States fares better than Canada's. What policies in the United States and other jurisdictions drive growth and support Black entrepreneurship? Are any of those policies applicable to the policymakers at different levels of government in Canada?



The role of community, the culture of Black entrepreneurship, and entrepreneurial ecosystems

During our community consultations, we heard that the strength of Black entrepreneurs was the Black community—notably, Black communities' collective sense of innovation, ingenuity and resilience. Yet, during these consultations, the greatest threat to entrepreneurship was the communities' gatekeeping culture.

Related to the discussion on community and the culture of entrepreneurship, we also heard repeatedly during the symposium and the community consultations that there needed to be a better understanding of the Black entrepreneurial ecosystems. Employees from community organizations and Black entrepreneurs often found these ecosystems disjointed, difficult to navigate, and exclusive.

Research Questions:

- How can we define the culture of Black entrepreneurship?
- What do Black entrepreneurs conceptualize themselves to be?
- What role do community culture, Black entrepreneurship culture, and entrepreneurial ecosystems play in fostering and strengthening Black entrepreneurship in Canada?
- What are the current pain points faced by Black entrepreneurs when navigating entrepreneurial ecosystems, and how can these ecosystems be adapted to better suit the needs of Black entrepreneurs?
- To what extent does the presence or absence of networks impact the performance of Black businesses?
- How can we measure the impact of networking and networks on the success and growth of Black businesses?



The existing data and the resulting data gaps

There are some existing data on Black entrepreneurship; however, there was a sense that the data and research have not reached a critical mass regardless of the lens of analysis (quantitative research, ecosystem mapping, or community building).

For quantitative research, the data that exists through Statistics Canada is fragmented based on individuals versus enterprises and the inclusion of race as a variable is inconsistent. While researchers can join these fragmented datasets and surveys through linkable file environments, there are general concerns about overgeneralizing and potential data integrity issues.

Research Questions:

- What are the current data gaps on Black Canadian entrepreneurs, especially compared to other countries like the United States?

Methodology-driven questions:

- How can we standardize the measures and assessments to compare Black Canadian entrepreneurship with other countries? What control variables (for example, immigration, family composition, education) should be used?
- How do we modify or combine standard research approaches and data collection procedures or create new methodologies and procedures to address the unique cultural context of Black entrepreneurship? Examples of research methodologies are surveys, focus groups, comparative analysis or regressions.
- How can we apply different reasoning approaches (deductive, inductive, and abductive) to mitigate the data gaps?
- Are current datasets adequate to address new research questions?



Black businesses' growth and success

In our Ontario community consultations, many entrepreneurs spoke about the difficulty of growing and scaling their businesses. Entrepreneurs also wanted to expand their services and products into national and foreign markets; however, there are challenges with navigating new procurement systems and getting adequate support for their growth ambitions.

Moreover, the research shared during our symposium mentioned that most Black entrepreneurs have to self-fund their businesses, which affects growth because getting new capital to re-invest in the business will be more complicated.

On a slightly related note, participants were concerned about the success of Black businesses. Entrepreneurs in our community consultations wanted to learn about the best practices and experiences of successful Black entrepreneurs. They also felt that there was a lack of visibility around established, successful Canadian Black businesses. Meanwhile, in the symposium, there were questions about what success looks like for a Black business.

Participants discussed the following possible definitions of success:

- Profitability
- A business's ability to weather instability
- The business owner's ability to spend time away from the business without it threatening the success of the business
- A business's long-term sustainability
- The business owner's ability to feel successful in terms of business and family life

Research Questions:

- How do we define and measure a successful Black business?
- What factors and attributes are responsible for the success and/or long-term sustainability of established Black businesses?
- What social determinants factor in the successes and failures of Black businesses?
- What are the factors that best explain challenges in growing or expanding Black enterprises?
- What are the current barriers preventing Black businesses from growing through exporting internationally? What policies and programs can policymakers create to ease these pain points?
- What factors prevent Black enterprises from expanding to other markets (e.g., new customer bases or other locations within Canada)?
- How do the experiences in scaling an enterprise differ between Black enterprises and enterprises from other racial groups?
- How can successful or established Black enterprises be encouraged to be engaged with new Black entrepreneurs?



Understanding the Black immigrant entrepreneur

The initial research shared by panelists at our symposium indicates that many Black immigrants are launching new business ventures. Please note that immigrants can encompass various immigration statuses, such as temporary residents, permanent residents and naturalized citizens. Black immigrant entrepreneurs have a unique point of view because they bring knowledge and ways of doing business from their home countries. For instance, during one of our consultations, an entrepreneur mentioned using informal rotational savings and credit systems (known as *susu*, *asue*, *tontine*, *pawdna* or *sol*) from their home country as a means of financing and partnering.

Moreover, unlike the United States and Western Europe, most Canadian immigration programs since 1990 have focused on attracting a highly educated, skilled workforce.¹ The education profile of immigrants to Canada may be a considerable advantage in entrepreneurship because "education is an important determinant of the success of small business."²

Yet, research suggests that immigrants do not experience the same socio-economic success as Canadian-born people. For example, in 2007, Michael Ornstein analyzed census data between 1971 and 2001. He found that, on average, it took two decades for an immigrant to earn close to or above 92% of a Canadian-born person's earnings.³ Furthermore, the disparity between the earnings remained even after he controlled for variables like age, education, and race.⁴ The fact that there is a disparity in household earnings could potentially translate to a disparity in entrepreneurial journeys.

As Canada increases its immigration targets in the coming years, it is a particularly timely moment to research and understand the realities of Black immigrant entrepreneurs.^{5 6}

¹ Yuri Ostrovsky, Garnett Picot, and Danny Leung, "The Financing of Immigrant-Owned Firms in Canada," *Small Business Economics* 52, no. 1 (February 27, 2018): 304

² Ostrovsky, Picot, and Leung, "The Financing of Immigrant-Owned Firms in Canada," 304

³ Michael Ornstein, "Ethno-Racial Groups in Montreal and Vancouver, 1971-2001: A Demographic and Socio-Economic Profile" (Toronto, ON: York University, January 2007), 11

⁴ Ornstein, "Ethno-Racial Groups in Montreal and Vancouver, 1971-2001", 11

⁵ Immigration, Refugees and Citizenship Canada, "An Immigration Plan to Grow the Economy," <https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/11/an-immigration-plan-to-grow-the-economy.html> (Government of Canada, November 1, 2022), <https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/11/an-immigration-plan-to-grow-the-economy.html>.

⁶ Immigration, Refugees and Citizenship Canada, "2022 Annual Report to Parliament on Immigration," *Government of Canada* (Government of Canada, November 8, 2022), <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/annual-report-parliament-immigration-2022.html>.



Understanding the Black immigrant entrepreneur

Research Questions:

- What determinants best explain Black immigrants' decisions to launch a business? What determinants factor in a Black immigrant business's success?
- What unique opportunities can Black immigrant entrepreneurs leverage within the entrepreneurial ecosystem?
- Do Black immigrant entrepreneurs face unique or additional barriers not faced by other immigrant entrepreneurs?
- What are the differences and similarities in the experiences between Black immigrant entrepreneurs and other visible minority immigrant group(s)?
- What are the experiences of Black immigrant entrepreneurs, and how do these experiences differ from Black entrepreneurs born in Canada?



Financing Black businesses

Currently available studies on Black entrepreneurship indicate that most entrepreneurs are bootstrapping their businesses. For example, in one 2021 study of over 1500 Black women entrepreneurs, 43.3% of the surveyed women could not secure any external funding, even though 62% of this same group of women actively sought additional funding to grow their businesses.⁷

Moreover, in a 2021 study commissioned by the Canadian Senate, researchers found that Black entrepreneurs were less comfortable and less trusting with loans from financial institutions or new fintech organizations; instead, they would turn towards funding programs from the government and not-for-profits.⁸

During our community consultations, entrepreneurs mentioned that in order to finance their businesses adequately, they had a primary job, and their business was a *side hustle*. The need to juggle multiple jobs and at-home obligations means that entrepreneurs are strapped for time to expand their businesses. Current research presented during our symposium also further emphasized that financing is an ongoing challenge throughout the entrepreneurial and business journey.

In their 2018 study on immigrant financing, Yuri Ostrovsky, Garnett Picot, and Danny Leung found that immigrants used similar sources of financing as Canadian-born entrepreneurs.⁹ However, their study did not focus on the Black community, which tends to use self-funding instead of debt financing.¹⁰

⁷ PitchBetter Canada et al., "Foundhers: The First and Largest Market Study of Black Women Founders in Canada," *FoundHers* (PitchBetter Canada, June 2021), 50, 72

⁸ Alfred Burgesson, Dean Deacon, and David Coletto, eds., "Inclusive Entrepreneurship: Exploring the Barriers Facing Black Entrepreneurs in Canada.," *Senator Colin Deacon: Projects, Inclusive Entrepreneurship*. (Senate of Canada, May 2021), 33-37

⁹ Ostrovsky, Picot, and Leung, "The Financing of Immigrant-Owned Firms in Canada," 315-316

¹⁰ Alfred Burgesson, Dean Deacon, and David Coletto, eds., "Inclusive Entrepreneurship," 30



Financing Black businesses

Research Questions:

- Black entrepreneurs often have to bootstrap themselves; many rely on personal credit debt to finance their businesses. Consequently, their credit rating suffers. Is the use of credit ratings the best explanatory factor for challenges with securing debt financing? Are there other explanatory factors?
- What types of mechanisms beyond credit ratings can traditional financial institutions use to define the risk of Black entrepreneurial ventures?
- What role may alternative financing options (beyond financial institutions) play in supporting the development and growth of Black enterprises?
- What are the similarities and differences in the financing experiences of Black entrepreneurs and entrepreneurs in racialized communities?
- What are the experiences of Black entrepreneurs with more marginalized/intersectional identities (gender, disability, etc.) with securing financing? If there are any specific difficulties in securing funding, how do these challenges impact their enterprise's performance?
- How can community organizations, advocates, and others effectively illustrate to policymakers the urgency of financing issues for Black entrepreneurs?

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We thank you for your ongoing support of the Black Entrepreneurship Knowledge Hub.

Stay connected with us!

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