

Economic Paralysis, Major Recession: Canada Headed for a Stall in Business Startups

Survey Uncovers Alarming Aversion to Starting Businesses and Commercial Rent Relief

By [Entrepreneurs' Organization](#)

Global Research, May 06, 2020

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Region: [Canada](#)

Theme: [Intelligence](#)

The Entrepreneur's Organization ([EO Toronto](#)), a group of 111 business leaders, who are owner, founder or controlling shareholder of companies with revenues of at least \$1 million + a year, recently commissioned a survey to take a pulse check of Canadians and their attitudes on starting up businesses. Concerned with how businesses will bloom post-COVID-19, they found many Canadians hesitant to become entrepreneurs.

Key findings of the survey

1) Canadians in many major markets aren't planning to start businesses post COVID

Asked if they be more or less likely to start a business after COVID-19, nationally - a combined 57.9% of Canadians said 'no/less likely' (39.9%) and 'no way it's too risky' (18.0%). 20.8% said 'maybe under the right conditions.' Only 14.3% said 'yes' and 7.1% said 'yes they are planning to.'

a) Atlantic Canada

At a combined 72.7%, Atlantic Canada had the highest number of respondents say that they would not consider starting a business (49.8%) or 'no way it's too risky' (22.9%)

b) Ontario

At a combined 60.7%, Ontario had the second-highest number of respondents say that they would not consider starting a business (42.4%) or 'no way it's too risky' (18.3%)

"As Ontario businesses, our membership finds this particularly concerning," said Peter Demangos, EO President (Toronto Chapter) and President at PDF Financial Group. "We know that Ontario is an economic engine for the entire country, and we need to maintain the innovations that entrepreneurs and new business startups bring to the Province. While we are dealing with the current small business and Global pandemic crisis, we need also need to be ensuring the future of small business in this country."

c) The Prairies

At 57.5%, the Prairies had a significant number of respondents who said they would not consider starting a new business.

d) British Columbia

At 56.8%, BC respondents were not far behind in saying they would not start up a new business post COVID.

2) Canadians are surprisingly NOT on board with the Canada Emergency Rent Assistance plan

Asked if the government should give commercial rent subsidies to business owners or landlords, Canadians responded surprisingly, by adding 'neither' as an option and seemingly not supporting the Canada Emergency Rent Assistance program.

Nationally, 47.4% of respondents said 'neither,' 41.0% said the relief should go directly to business owners, and only 18.9% said that the money should go to landlords. Ontario had the highest number of respondents answering 'neither' at 48.3%.

"This is surprising to us as many Canadian small businesses may have to close their doors permanently without rent relief," added Demangos. "We would have expected more support from Canadians for small business during the pandemic."

Interestingly, 34.2% of Canadians were in favour of the government ordering commercial landlords to pause rent (without a subsidy.)

3) Canadians are okay with more loans and tax credits for small businesses

Asked what more the government could do to help small business during COVID-19, Canadians appear to be in favour of loans and tax deferments. 33.6% of respondents were in favour of 'more low-interest loans to keep them afloat,' 32.6% said 'ongoing tax deferments,' and 25.2% supported 'more tax credits to companies who keep their doors open during the pandemic.'

4) The majority of Canadians think Trudeau is doing enough to help Canadian small business

Asked if they think Trudeau is doing enough to help small business, a combined 75.3% of Canadians said 'yes' (38.3%) or 'sort of' (37.0%). Only 24.7% said 'no.'

5) Canadians think that business owners are slightly better off than employees during COVID-19.

Asked who they think is better off, Canadians said employees are worse off (57.2%) vs 42.8% who said that employees are better off.

"As we slowly re-open Canada's businesses and economy, there's never been a more important time to support small business from the federal, provincial, municipal and customer level," added Demangos. "We need to show existing small businesses that they can re-open with major support from all levels and signal to the next generation of entrepreneurs that they will be similarly supported if they open new businesses."

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