



IMPACT OF COVID-19

ON AFRICAN NOVA SCOTIAN BUSINESSES

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Dr. Rustum I. Southwell
Black Business Initiative

BBI now in our 25th year of operations, commissioned this research because of the dire circumstances brought on by the Covid 19 pandemic and exacerbated by the brutal murder of George Floyd in the U.S.A. We intend to use this data to better understand the critical challenges faced by Black owned businesses in Nova Scotia.

We realize that making progress toward the goal of eliminating disparities will require widespread, reliable, and consistent data about the racial and ethnic characteristics of the Canada's population. This information is needed to identify the nature and extent of disparities, to target quality improvement efforts, and to monitor progress. Tracking the Black business composition and the changing business needs of our Black business sector is vital if our businesses, which include start-ups, social enterprises high growth and technology companies and the delivery of business development services, is to fulfill its essential functions of an inclusive economy.

Measurement, reporting, and benchmarking are critical to improving sustainable business development and sustaining intergenerational wealth creation in the Black community.

Despite broad public perception that federal and provincial governments and the private sector collect vast amounts of data, the availability of data on the Black-owned business sector itself is quite limited. Although some government sources such as statistics Canada include data on race and ethnicity, the utility of these data is restricted in scope because of ongoing problems with reliability, completeness, and lack of comparability across data sources. With only a few exceptions, financial institutions and corporate sector companies do not collect data on the race of their supply chain and customers.

We see this research as a progress step on the journey towards a vibrant growth-leaning sector that will continue to play a critical role in the economic fabric of Nova Scotia and Canada.



EXECUTIVE SUMMARY

This report presents the findings of a survey of the impact of Covid-19 on African Nova Scotian Businesses. A total of 59 entrepreneurs participated in the study from eight counties spanning 9 industrial categories. The businesses were primarily services and were small employing under 5 persons.

The results show that covid-19 had a significant impact on the business community with loss of revenues; temporary and permanent closures; layoffs; low cash on hand; supplier delays; reduced operating capacity; and possible permanent shrinkage in their customer bases.

Few of the businesses were able to get financial assistance from the various programs provided by the federal government. Many did not qualify because it was not mandated that they closed their businesses. Some found the application process complex and so several resorted to the use of personal funds.

To prepare for a turnaround, there is a need for a comprehensive Black Entrepreneurship Sector Strategy built on at least 7 pillars: 1) access to capital; business networking; 3) access to markets; 4) training and coaching; 5) racial equity and justice; resources and supports, 7) intersectionality of race, gender and disability.



INTRODUCTION

The history of Black entrepreneurship in Canada began with the enslavement of Africans in the 1600s. During Canada's 200 years of enslavement, Africans were forced to provide unpaid labour.

Thousands of Africans were enslaved in Ontario, Quebec, and the Maritimes. The practice of slavery took place in every county in Nova Scotia.

The war of American independence (1775-83) and American Civil war in 1861-65 created conditions that led to the arrival of African Americans to Nova Scotia, first as loyalists to the British crown and then as refugees fleeing the civil war. While the loyalists were free, slavery was alive and well in Nova Scotia. Other importations saw the arrival of Jamaican Maroons who, when captured by the British after plantation revolts, were imprisoned and sent to Nova Scotia in the late 1700s.

Many of the Africans were skilled artisans forced to sell their labour on the open market because of racial discrimination in hiring. This often led to confrontations between white loyalists and African Nova Scotians. This continued terror forced many African Nova Scotians underground. They eventually had to sell their skills as self-employed artisans.

Despite this history of racism, Black entrepreneurship began to take root and grow, eventually becoming part of the fabric of Canadian life. As more Black people migrated to Canada (The North Star) from the US seeking economic stability for their families, they found themselves excluded from fair market competition, and of necessity, devised self-reliant strategies of survival.

Examples of Black entrepreneurs have included Mifflin Gibbs, who arrived in Vancouver in 1858 from the US and became a successful merchant and real estate owner. In the late 1800's Georgina Whetsel, born in Pictou, NS, became a savvy businesswoman and an ice mogul in St. John, NB after the death of her American-born entrepreneur husband, Robert Whetsel. In the 1940s the iconic Viola Desmond established the Desmond School of beauty Culture creating her own beauty products to meet the particular needs of Black people. In 1946 Dr. Carrie Best founded the Clarion newspaper in New Glasgow which later became known as the Negro Citizen in 1949.

As Black Canadian entrepreneur Karima-Catherine Goundiam recently surmised, what Black Canadians and Black businesses "lack is not talent, knowledge, expertise or skill. It's simply opportunity" that to this day continues to be denied. Black businesses in Nova Scotia and Canada in general must continue their quest to provide Black families with the means of building inter-generational wealth and acquiring a decent standard of living.



THE BLACK BUSINESS INITIATIVE (BBI)

The Black Business Initiative (BBI) is the premier business development organization uniquely supporting Black businesses in Nova Scotia, working to address the many challenges inherent to Black Canadians and that constitute impediments to business start-ups, continued growth and scaling, including but not limited to the lack of business skills, a prevalent weak business culture, low level of participation in high value sectors such as digital and technology, communities that are sparsely spread out, a lack of access to information and resources as well as discriminatory behaviour experienced by many individuals when they attempt to access mainstream institutions.

BBI believes in a sustainable business ecosystem approach where the interconnection between Black businesses and organizations along the value chain will help them to be more competitive to create scale and the much-needed wealth and development within the Black community.



BBI places priority on supporting entrepreneurship in Black firms to improve capacity and productivity, invest in strategic innovations, and enhance regional and global competitiveness. BBI offers programs and services designed to support start-up companies and aspiring entrepreneurs in Black communities as well as the growth and expansion of established companies. Business support programs and services include:

- Business development support, including counselling, advising, and access to information and resources and mentorship opportunities
- Entrepreneurial development and business skills training
- Access to funding, procurement and supply chains, and scaling opportunities
- Communication, marketing, and promotion strategies for businesses.

BBI also has a long history of convening and mobilizing, supporting and leading consequential projects and initiatives within Black Canadian communities across the country, including through the Supporting Black Canadians Communities Initiative (SBCCI) of the federal government that is currently underway.

BBI is a registered not-for-profit society whose programs and services are targeted exclusively at Black-owned businesses and Black entrepreneurs. The independent volunteer Board of Directors, by policy, is made up of majority individuals who are Black and from across the province of Nova Scotia (the bylaws state that the composition of the board of directors shall at all times, have a majority of 75% of Black Nova Scotians), and all current employees of BBI are Black individuals. As a practice, and as much as it is possible, BBI engages and utilizes additional expertise from the various Black Canadian businesses, organizations, and individuals for service and program delivery to help build and grow capacity within communities.

STUDY METHODOLOGY

This report represents the first part of a two-part study on the impact of Covid-19 on African Nova Scotian (ANS) businesses. This first part of the study was conducted by administering a 37-question online survey using Qualtrics. The survey was developed using existing published literature on the impact of Covid-19 on Black businesses in the United States. To our knowledge, there has been no such study done in Canada on Black businesses. This is likely the first detailed study on the impact of Covid-19 on Black businesses.

Logix Consultants Limited entered into discussions with The Black Business Initiative (BBI) in November of 2020 about the need to understand the impact of Covid-19 on ANS businesses with a view to using the knowledge gained to develop a comprehensive tripartite strategy for post covid recovery of ANS businesses. The tripartite strategy would involve actions to be undertaken by the government, the BBI, and the businesses themselves.

The survey was reviewed and piloted by a panel of individuals for integrity. While it was felt that the survey was generally long, it was felt that the information that would be gathered was quite valuable and necessary in order to drive the second phase of the study and to support the development of an effective post covid-19 strategy. We recognize that since covid-19 has pivoted many organizations and individuals to working online, many have become fatigued by the constant demand for virtual engagement. Rather than risk declining responses from multiple smaller surveys, we opted for single request with a longer survey. Further, to reduce the burden of filling out the survey, the majority of the survey questions were multiple choice in nature allowing what was seemingly a “long” survey to be completed in under 15 minutes.

Participants were provided with a letter from the Executive Director of the BBI at the beginning of the survey explaining its purpose and how the data would be used to benefit the ANS entrepreneurial community. Participants were offered a \$15 gift certificate as a token of appreciation for their time.

The survey was distributed by the BBI, The Africentric Learning Institute (ALI), two individuals, Sherri Borden Colley and Karla Williams of the Health Association of African Canadians (HAAC) who provide an invaluable service by freely sharing and relaying information to their vast community networks, and the African Nova Scotian Directory.

The results, automatically tabulated in Qualtrics, were analyzed using Excel and SPSS. The open-ended questions were analyzed using text analysis software to establish prevailing themes in the responses.

The result of this study beyond shedding a light on the impact of Covid-19 on ANS businesses, will be used as input data for a subsequent focus group meeting to be held in the spring of 2021.



SURVEY FINDINGS

A total of 59 individuals participated in the study. Complete surveys were obtained from 55 of the participants with partial responses from four. Several questions in the survey were multiple choice questions, while a number were matrix questions which used a 5-point Likert scale to assess the level of agreement with a number of statements presented to the respondent. For the Likert scale, 1=Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, and 5 = Strongly Agree. For the multiple-choice questions, we provide a percentage (%) breakdown of the response choices. For the questions using the Likert scale, in some cases we discuss the mean scores for each question as well as present the percentage of respondents who disagree or strongly disagree (represented by Disagree), who are neutral, and who agree or strongly agree (represented by Agree). Mean scores of less than 3 are tending towards disagreement. Similarly, mean scores greater than 3 are tending towards agreement.

The results for each of the survey questions are provided in the pages that follow.

PARTICIPANT DEMOGRAPHICS

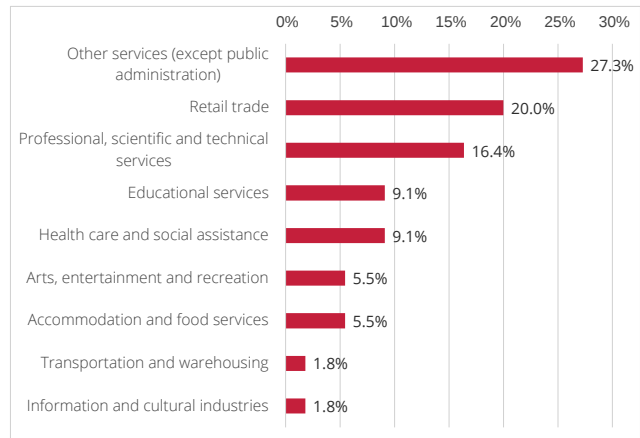


Figure 1. Industry Type

The businesses represented are predominately service-based businesses. Further, many (27%) didn't classify themselves in one of the categories of NAICS. Some of the "other services" include personal counselling, personal care services, small-scale home renovations, plumbing and electrical services, etc. There were no manufacturing businesses among the respondents.



The majority of the survey participants were women. All survey participants were 25 years and older. While we are aware that there are many young entrepreneurs in Nova Scotia, none under the age of 25 took part in the survey. A special focus group will have to be conducted with youth entrepreneurs. We note the equal representation of the groups 35-44 years, 45-54 years and 55-64 years. .

Most of the participants own young businesses, with 71.1% being under 5 years old.

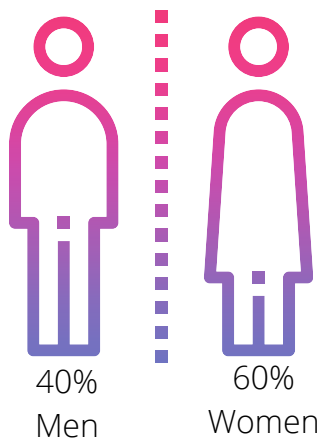


Figure 2. Gender of Owners

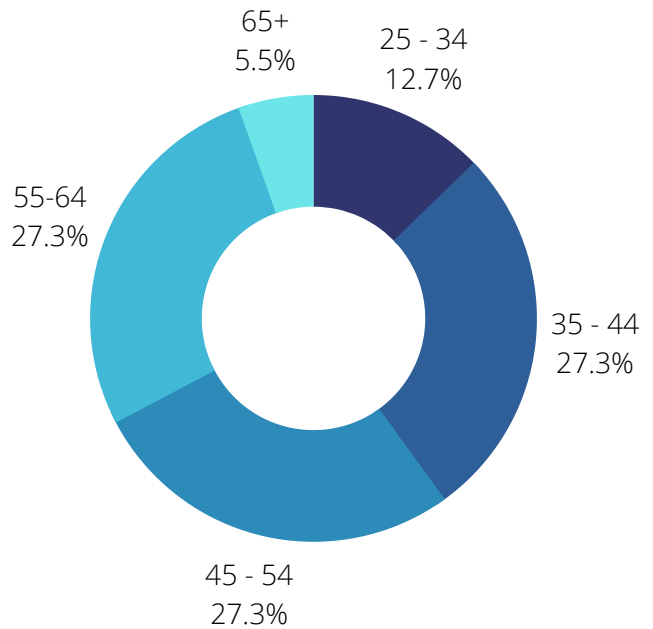


Figure 3. Age of Owners

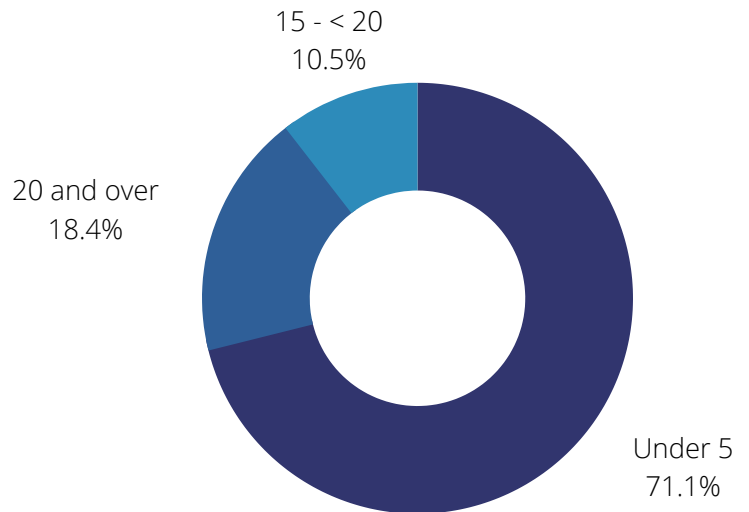


Figure 4. Age of Businesses



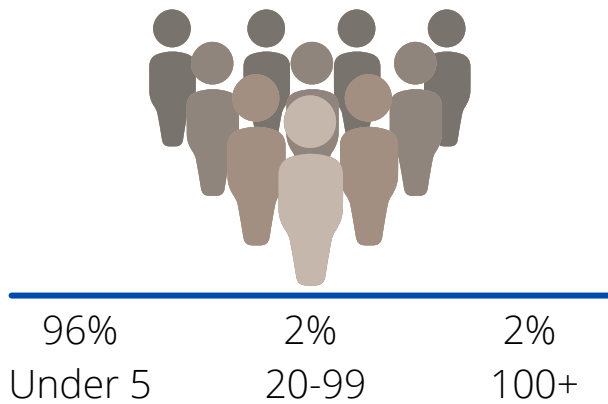


Figure 5. Number of People Employed in Respondent's Businesses

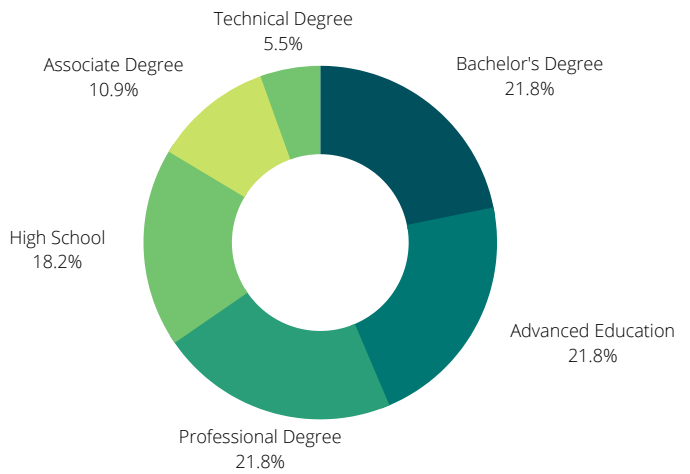


Figure 6. Education Level of Survey Participants

The overwhelming majority (96%) of the businesses run by the survey participants employ under 5 people. Many of these businesses are run by 1-2 persons. Two-thirds of the participants hold a bachelor's degree, a professional degree or a degree in advanced education such as a non-professional graduate degree at the master's or doctoral level. 16.4% of the remaining respondents hold an associate degree or a technical degree. The pool of respondents is clearly well-educated.



A close-up photograph of a blue sign with white text. The sign is slightly tilted and has a weathered appearance. The text is in a bold, sans-serif font. The top part of the sign is partially cut off, showing only the bottom of a smiley face. The main text reads "WE'RE" on the top line and "CLOSED" in a larger font on the bottom line. The background of the sign is a deep blue, and the text is a bright white. The sign is mounted on a dark blue surface, which is also visible in the background of the overall image.

WE'RE
CLOSED

The Impact of Covid-19

ON ANS BUSINESSES

The World Health Organization (WHO) declared Covid-19 a pandemic in March of 2020. Since then, (overall, over the last three quarters) how have the following areas of this business been affected by the COVID-19 pandemic?

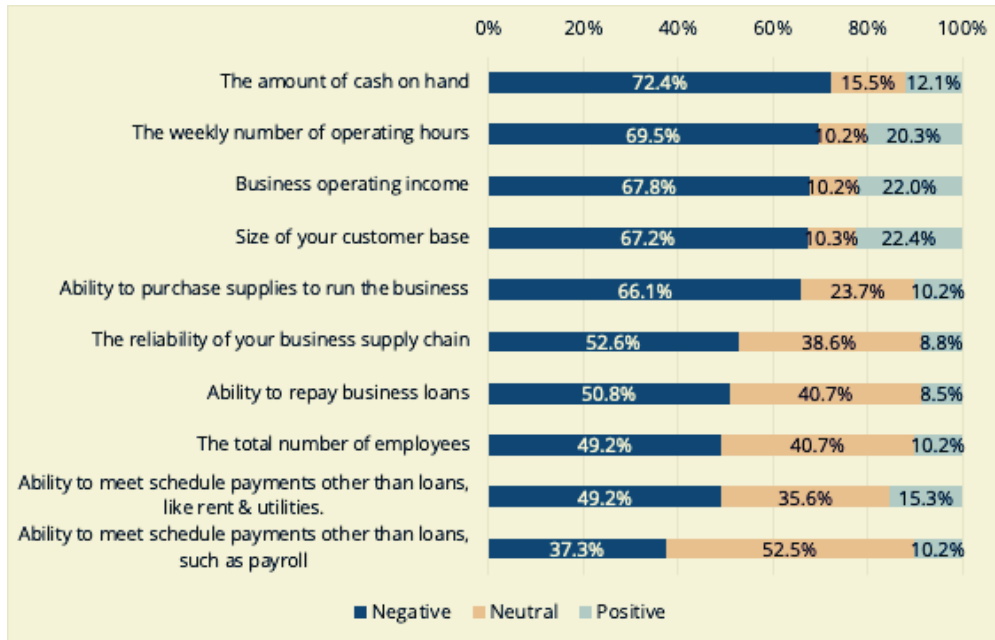


Figure 7. Impact of Covid-19 on Key Business Areas

The results show that Covid-19 has had a significant negative impact on all of the 10 business functions examined with the worst being the cash on hand. In 7 of the 10 functions examined, more than 50% of the respondents indicated a negative impact due to Covid.

Despite the negative impact of the pandemic, 20%-22% of the respondents indicated a positive impact on operating income, the size of their customer base and the weekly number of operating hours. The ability to meet scheduled payments such as payroll seems to have been the least negatively impacted area.



How did the pandemic affect the operating income of this business from one quarter to the next in 2020 beginning with the First Quarter (Jan-March) and onwards? Regard January to March as the pre-pandemic quarter, Q1. Q1 = Jan-March; Q2 = Apr-Jun; Q3 = Jul-Sep; Q4 = Oct-Dec.

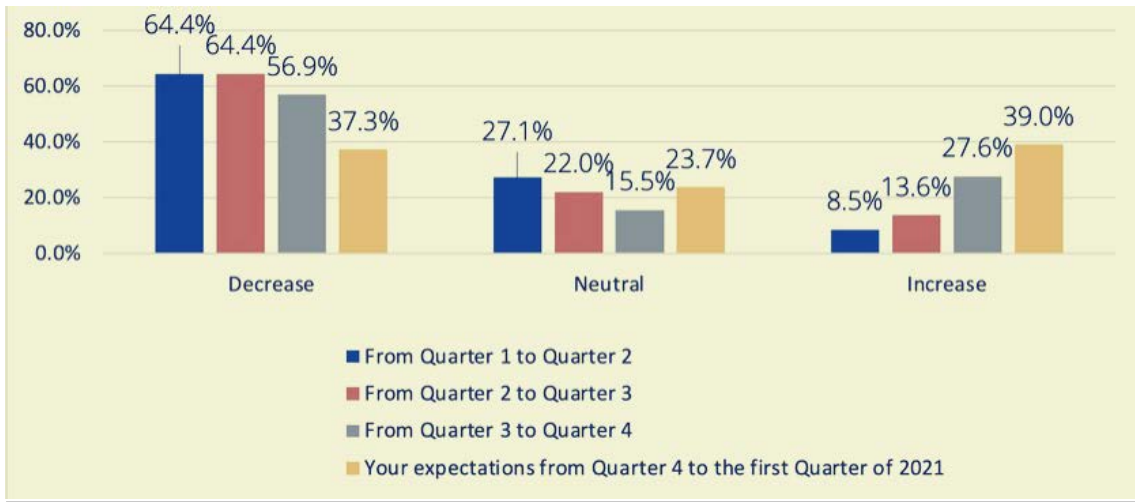
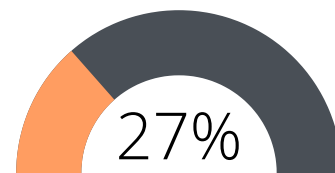


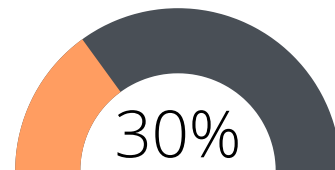
Figure 8. The Impact on Operating Income from One Quarter to the Next

For the first two quarters of 2020, 64.4% of the respondents experienced a decline in operating income. In quarters 3 and 4 we note the % of respondents experiencing a decline is on a reducing trend. This is accompanied an increasing % of respondents reporting an increase in operating income as the year 2020 progressed. The data suggest that a turnaround was beginning to take place in the latter half of 2020. The reason for the turnaround needs some exploration. It is likely that once the public health protocols put in place by the Nova Scotia government were established and taking effect, some businesses began to stabilize. Customers likely began to feel more comfortable engaging in business transactions. Further, many businesses found ways to transform or transition parts of their businesses, such as making greater use of delivery services, or offering services through online channels.

A turnaround is happening...



We observed a 27% decline in the % of respondents experiencing a negative impact on operating income from the beginning to the end of the year.



We observed a 30% increase in the % of respondents experiencing a positive impact on operating income from the beginning to the end of the year.

How did the pandemic affect the number of people employed by this business from one quarter to another in 2020 beginning with the First Quarter (Jan-March) and onwards? Regard January to March as the pre-pandemic quarter, Q1.

As we moved through the year, the % of participants who continued experience a decline in their number of employees reduced slightly from a high of 39% to a low of 28%. By and large, the level of employees remained unchanged for the majority of the respondents (55%) after the first quarter. There was an initial drop of about 10% from quarter 2 to quarter 3 for those who reported no change in employment levels. As 2020 progressed, we note a greater % of participants indicating an increase in the number of people employed (from 1.7% to 17%). While this trend is positive, the increases up to the end of quarter 1 in 2021 are yet to compensate for those who had to reduce their number of employees significantly during 2020.

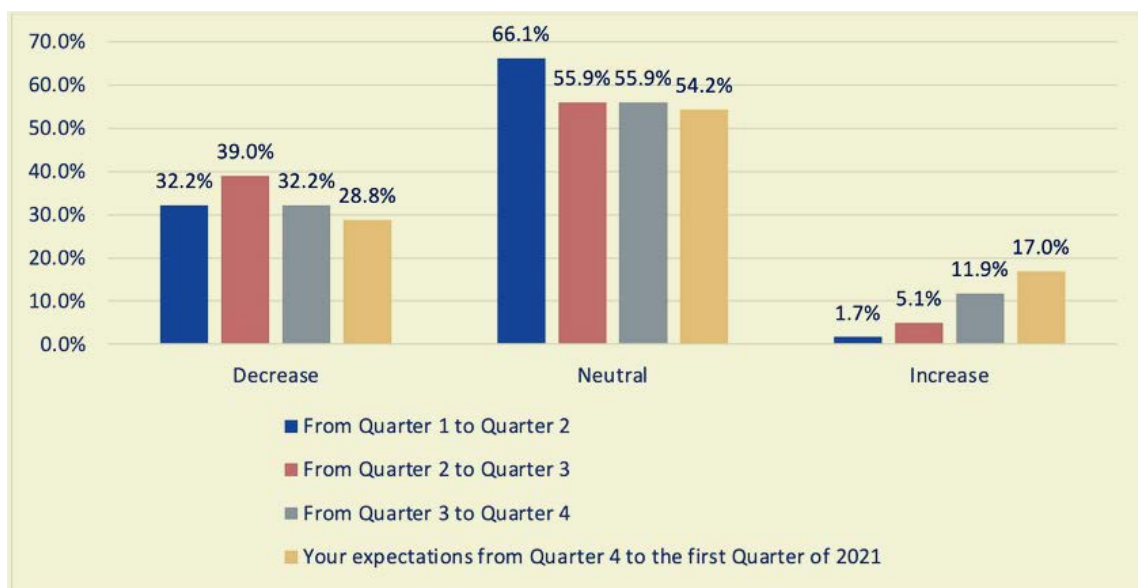


Figure 9. Impact of Covid on Number of People Employed

Please indicate how the pandemic affected the general status of this business in each of the quarters in 2020. Quarter 1 = Jan-March; Quarter 2 = Apr-Jun; Quarter Q3 = Jul-Sep; Quarter 4 = Oct-Dec.

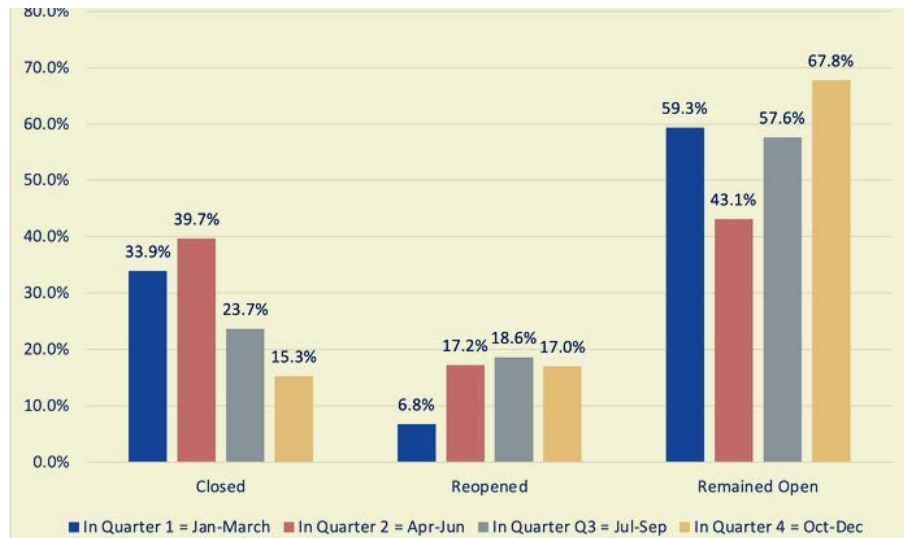
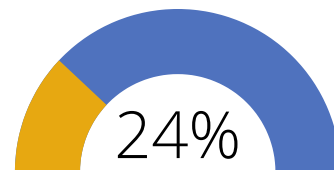
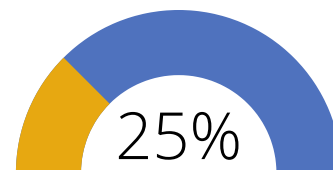


Figure 10. Impact of Covid on Business Status

In Q1, 34% of respondents closed their businesses. The number of closures increased to 39% in Q2. We note a decline of 15% in the number of respondents who remained open in Q2. This explains the increase in the % of closed businesses in Q2. Q2 also saw a 10% increase in the % of respondents who reopened from a temporary closure. As the % of closures declined, we note the % of businesses that remained open increased in quarters Q2 to Q4. From the second quarter, an average of 17.6% of respondents reported reopening for business from a previous quarter. In summary, as the year wore on, the level of businesses activity among our respondents increased.



A 24 % decline in the % of respondents experiencing a negative impact on business closures from Q2 to the end of the year.



A 24 % decline in the % of respondents experiencing a positive impact on business closures from Q2 to the end of the year.

How would you describe the current availability of cash on hand for this business? Currently, cash on hand will cover:

We note that 22% of respondents indicate having 1-2 months of cash on hand while 22% also indicated that they were out of money. A total of 35% have at least one-month of cash on hand with 13% having 3 or more months of cash. Fifty two percent have either no cash or less than one month of cash on hand, making the need for operating capital very dire if the majority of the businesses are to survive.



Figure 11. Impact of Covid on Cash on Hand

Since the pandemic was declared in March of 2020, has this business requested and received financial assistance from any of the following sources

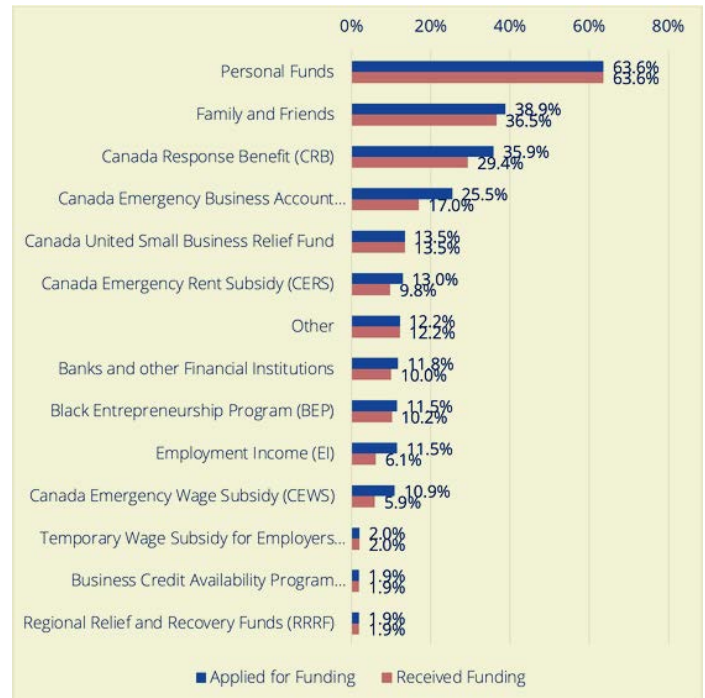


Figure 12. Sources from Which Funds were Requested and Received

The majority of respondents sought financial assistance from their personal funds (64%) and from family and friends (39%). The Canada Response Benefit (CRB) was the government program most applied for followed by the Canada Emergency Business Account (25.5%). Less than 15% of the respondents applied to any of the many other support programs. The Canada Emergency Rent Subsidy (CERS), the Employment Income (EI) program and the Canada Emergency Wage Subsidy (CEWS) had 13%, 12%, and 11% of respondents applying respectively.

Other than personal funds and an appeal to family and friends, the majority of our respondents did not apply for funding support. The principal reasons for not applying are provided below.



Principal Reasons for Not Applying and for Not Receiving Funding Support

Reasons for Not Applying

Beyond personal funds, 35% or less of our respondents applied for provincial or federal government funding. Some of the reasons for not applying include:

- Didn't need it
- The application process was too complex and lacking clarity
- Didn't qualify - did not meet the requirements
- Not applicable to the business
- Didn't think that I qualify
- Nervousness about having to payback if I receive funding in error

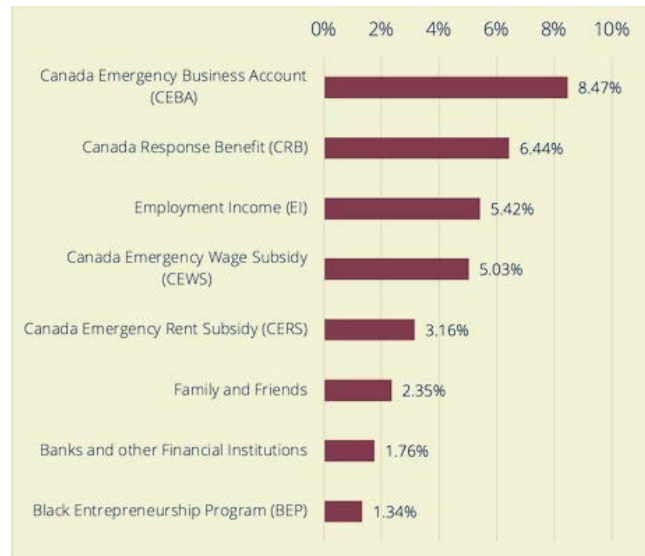
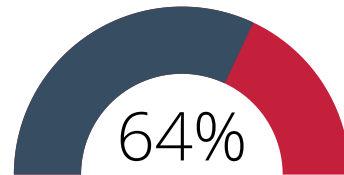


Figure 13. The Difference between the % applying and the % receiving funding

Reasons for Not Receiving Funding

Among our respondents who applied, several were unsuccessful. Some of the reasons for a lack of success include:

- Not enough annual income
- Credit score too low
- Type of business did not qualify
- Lack of up to date business records
- Did not qualify as one of the mandated closures



Used their own
personal funds



In the most recent quarter, October to December of 2020, indicate the extent to which you agree that this business was affected by the following issues:

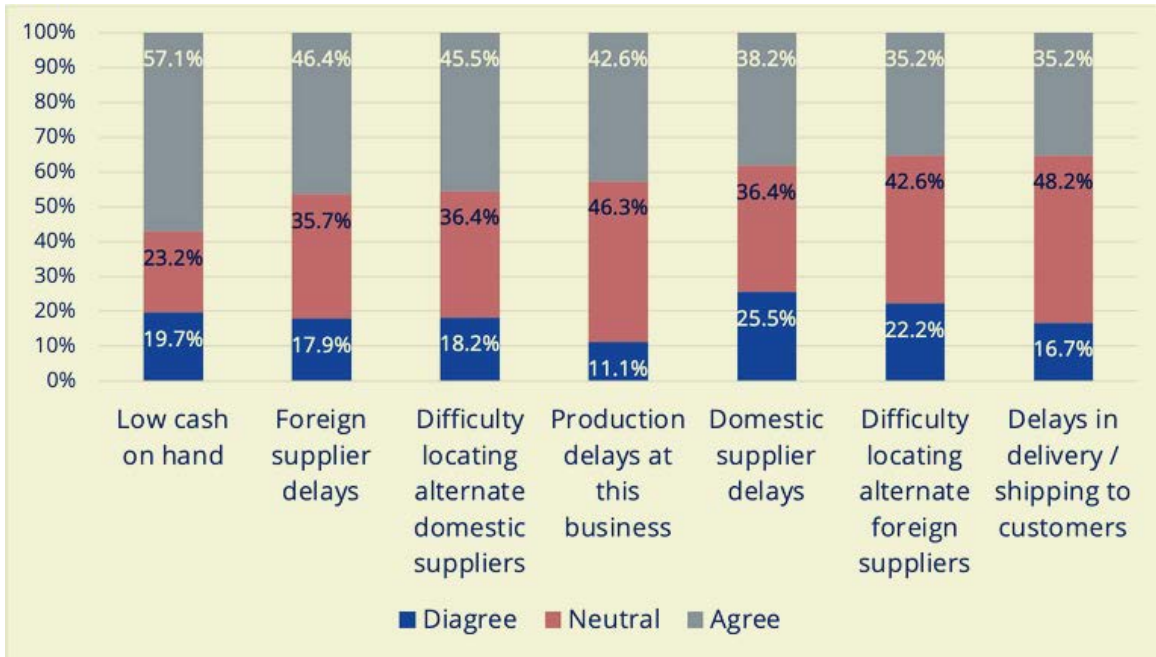
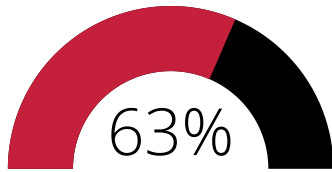


Figure 14. The Level of Agreement with the Businesses Issues

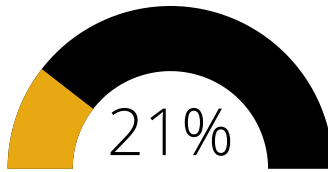
Towards the end of 2020 and going into 2021, the level of cash on hand was identified as the most serious issue for the survey respondents followed by foreign supplier delays and production delays. Locating alternate foreign suppliers was the least rated concern. Figure 14 shows that 57% of respondents agree or strongly agree that cash on hand is a major issue. Less than half of the respondents rated the remaining issues as significant for them. Production delays was the least significant issue at 11.1% of the participants disagreeing that this was an important business issue. This result is not surprising due to the fact that the sample of respondents were predominantly service-based businesses.



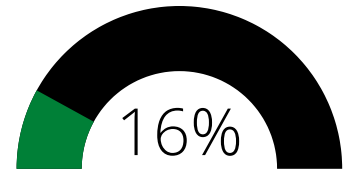
How would you describe this business's current operating capacity relative to one year ago?



Operating capacity of the business decreased.



Operating capacity of the business remained unchanged.



Operating capacity of the business increased.

Figure 15. Impact of Covid on Operating Capacity

Covid-19's impact on sales has led to the need for less operating capacity. To maintain cost of operations, some businesses have had to reduce operating hours, close temporarily, or lay off workers. All of these actions result in reduced operating capacity. Thirty nine percent of respondents have experienced a decrease in operating capacity of 50% or more, and 62.2% have had their operating capacity reduced as a result of the pandemic. 15.8% experienced an increase in operating capacity while 21% have had no change in operating capacity.

Operating Capacity Change	%
Operating capacity decreased more than 50%	38.6
Operating capacity decreased less than 50%	24.6
Operating capacity unchanged	21.0
Operating capacity increased less than 50%	8.8
Operating capacity increased more than 50%	7.0



In the most recent quarter, October to December of 2020, please indicate the extent to which you agree that the following was an important concern for operating this business:

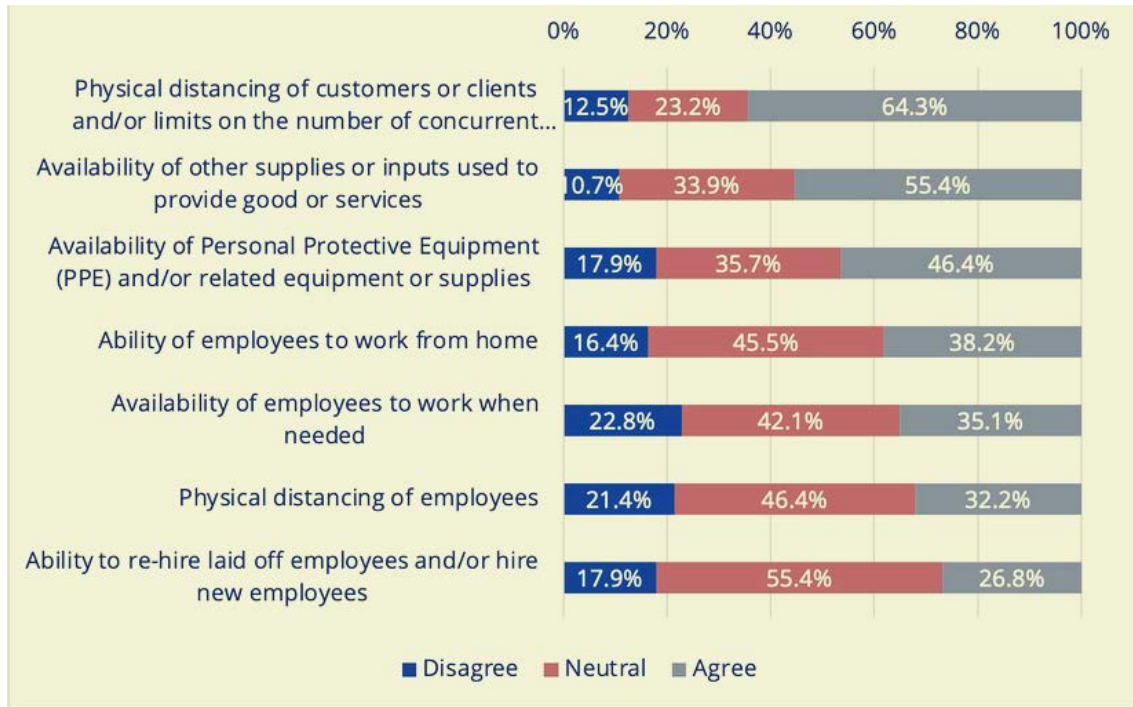


Figure 16. Current Concerns for Operating the Business

The results show that adhering to public health protocols with respect to physical distancing of customers/clients was the predominant concern for businesses followed by the availability of alternative suppliers to provide inputs for their businesses. For 46.4% of the participants, the availability of personal protective equipment (PPEs) remains a significant concern. Of least concern was the ability to re-hire laid off workers. That is understandable given the size of the labour supply due to significant lay-offs across several employment sectors.



Indicate the extent to which to which you agree the following are important concerns for this business over the next 6 months (January - Jun 2021):.

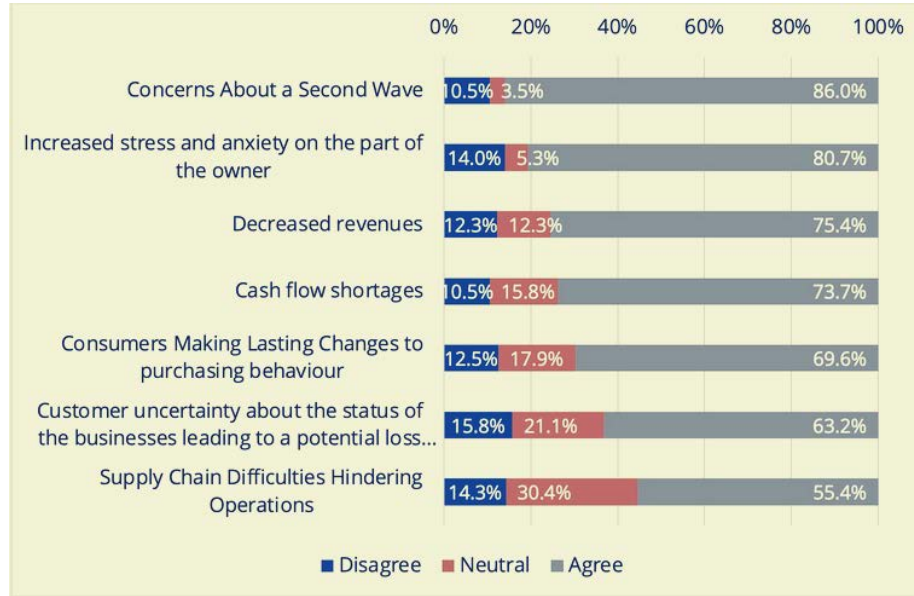


Figure 17. Concerns for Operating the Business in the First Half of 2021

Our survey respondents continue to have several concerns for their business during the first 6 months of 2021. The possibility of a second wave of the pandemic is top of mind followed by increasing stress levels brought about by the level of uncertainty in the economic environment. There is continued concern over declining sales and revenues as well as cashflow shortages. Because the pandemic has led to changes in consumer behaviour in some markets, there is a concern for 70% of respondents, that those changes could become permanent and harm their businesses. Sixty three percent are concerned about the permanent loss of customers while 55% are concerned about supply chain issues.



In the next 6 months (January - Jun 2021), how likely will this business need to take any of the following actions to survive?



Figure 18. Possible Actions for Survival in the First Half of 2021

As the business environment continues to be uncertain and the pandemic remains a major concern, businesses are being forced to consider various actions for survival. Figure 18 shows that the top 5 actions likely or strongly likely to be undertaken by the survey respondents include: increase marketing and sales promotion (77%), develop an online sales channel or an e-commerce website (66%), use the owner's personal funds to keep operating (64%), learn how to better provide for the safety of customers and employees (56%) and obtain financial assistance/additional capital (52%). Permanently closing the business was seen as a likely option by only 9% of respondents.



In your opinion, how much time do you think will pass before this business returns to its usual level of operations?

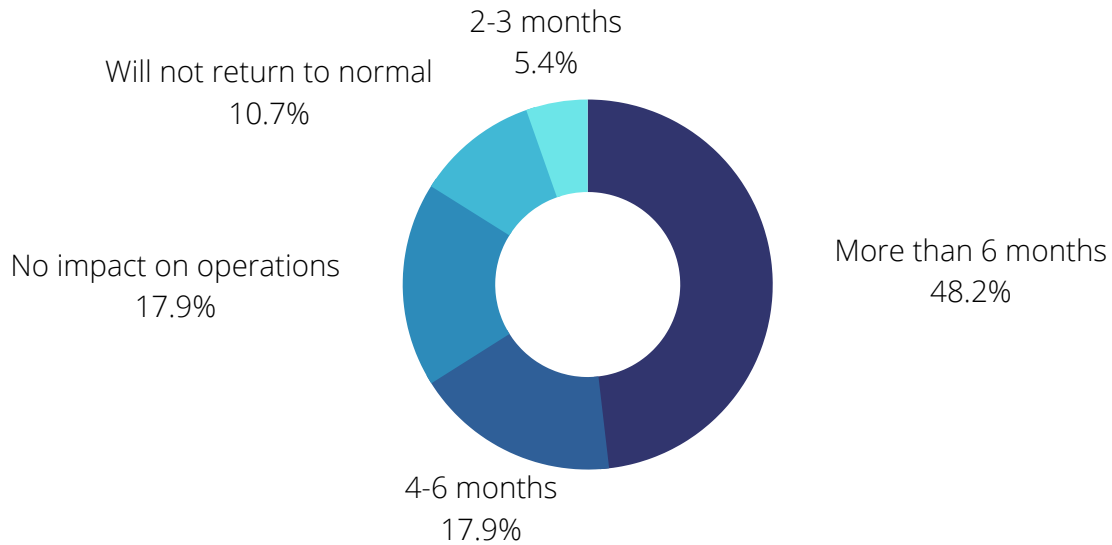


Figure 19. Estimate of When Pre-Pandemic Operating Levels will be Achieved

While everyone eagerly awaits a return to normalcy, 48% of respondents believe it will take more than 6 months for their businesses to return to pre-covid-19 level of operations. 18% estimates 4-6 months. 5% estimates 2-3 months. 11% of respondents do not believe their businesses will ever return to normal operating level's while 18% indicate that the pandemic has had not any effect on their business operations.

66%

*believe it will take 4 months
or more to return to normal*



How would you describe the status of this business prior to the announcement of the pandemic and one year since the pandemic has been declared?

Figure 20 tells a sombre tale. One year since the pandemic, the percentage of the survey respondents reporting their businesses at risk has doubled from 21.4% to 42.9%. The percentage of respondents that classify their businesses as stable increased slightly from 45% to 48%. Finally, while 34% of respondents classified their businesses a healthy prior to the pandemic, on 8.9% indicate that business is healthy. Since the pandemic, 57% of respondents classify their businesses at stable or healthy vs 78% prior to the pandemic.

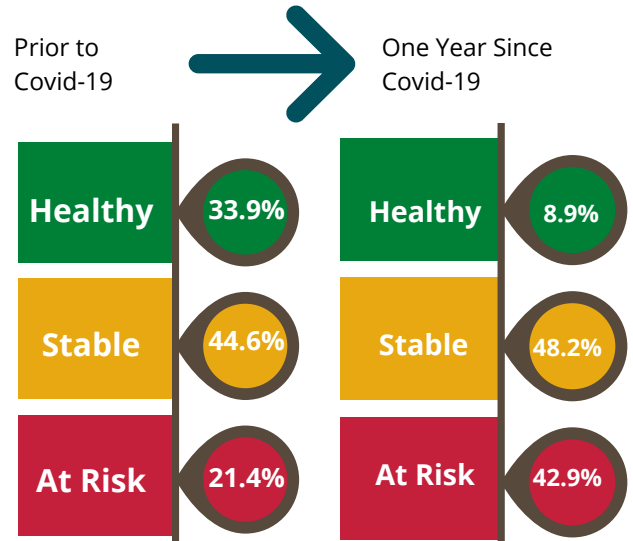


Figure 20. Business Health Status Prior to and One Year Since the Declaration of the Pandemic





Success Factors

FOR ANS BUSINESSES

Please indicate the extent to which you agree that the following are reasons for starting this business

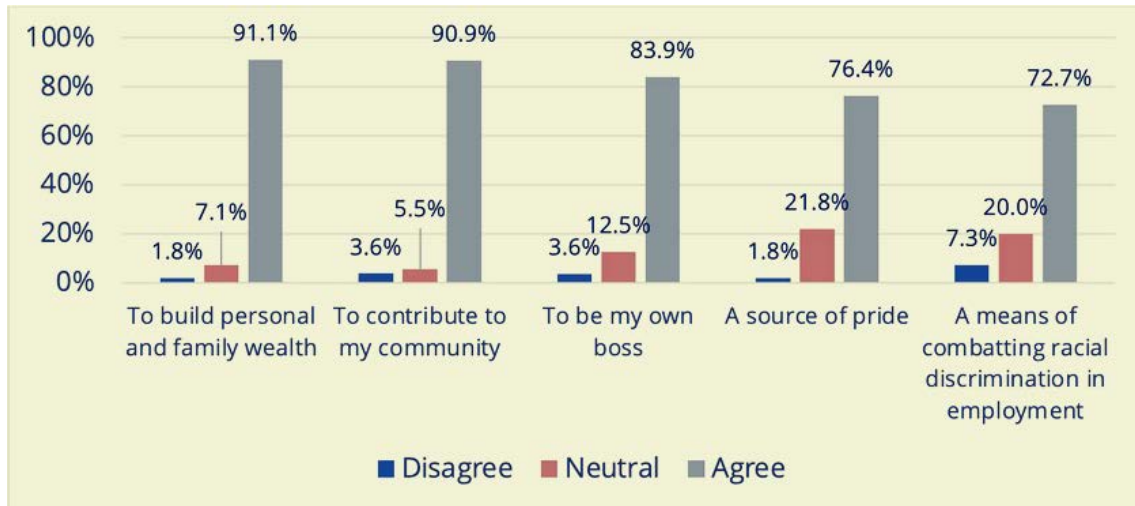


Figure 21. Reasons for Starting a Business

People become entrepreneurs for several overlapping reasons. The three main reasons for starting a business are to build personal and family wealth (91.1%), to contribute to community development (90.9%) and to be my own boss (83.9%). Other reasons include seeing being a business owner as a source of pride (76.4%) and as a means of combatting racism in employment (73%). Many Black entrepreneurs, particularly youth, see the difficulty in finding employment as a catalyst for starting their own business..

91%
started a business to
build personal wealth



Please indicate the extent to which you agree that the following factors are significant barriers to the success of this business.

Black businesses face many barriers to success. Top of the list are social attitudes towards Black entrepreneurs (78.2%). There is a prevailing belief that Black entrepreneurs are not as capable as whites, may not be reliable or knowledgeable, and may not deliver good customer service. What is troubling is that is that such attitudes are sometimes adopted by members of the Black community. Other barriers include the size of the businesses which prevents them from scaling up (76%); the lack of equity or intergenerational wealth (73%) which leads to an inability to meet the criteria for financing from most banks; a lack of networking opportunities (58%) and difficulty in accessing local and international markets (56%).

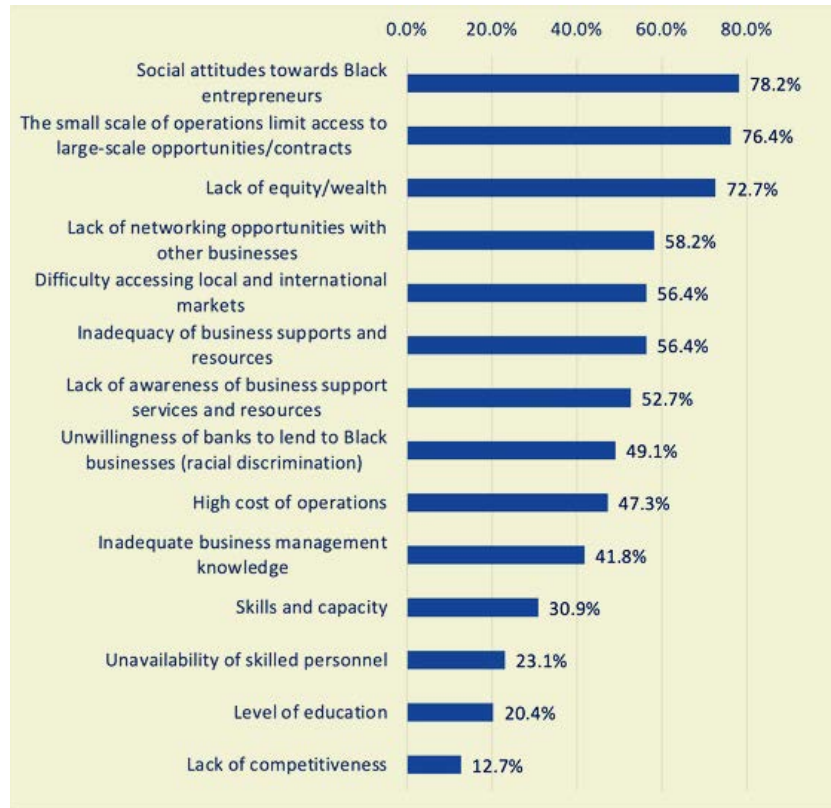
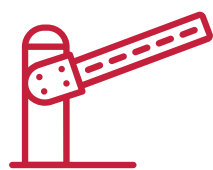
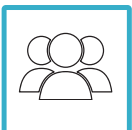


Figure 22. Perceived Barriers to Success of One's Business



Top 5 Barriers



Racial Attitudes



Lack of Scale



Lack of Wealth



Lack of Networks



Limited Market Access

Figure 23. Top 5 Perceived Barriers to Success

Other Barriers to Success

Our respondents identified several other barriers to success. Those include:

- Work streams (emerging professional services) not adequately identified in existing funds/programming
- Difficulty bringing in immigrant workers to Canada
- Difficulty in meeting funding criteria. The criteria is not inclusive
- Possible age discrimination and a lack support for business owners that have suffered financial hardships in the past.
- The use of the same discriminatory criteria for selecting and screening entrepreneurs used by the larger banking institutions is used by the BBI..
- The lack of adequate assistance for Black businesses within their local regions to become successful and self-sufficient.
- A lack of encouragement for black development and visible businesses within the community.
- Lack of awareness of the available supports during covid 19?
- Business issues with other countries - lack of Integrity
- Outmigration of population from rural communities.
- High unemployment in rural communities.
- Difficulty attracting new clients
- Lack of business management education
- Customers questioning my knowledge and credentials because I am black
- A lack of affordable store fronts for black businesses,
- Inadequate funding supports such as a lack of grants or bursaries
- The ability to get enough personal training for issues affecting my business.
- Lack of space to sell products.
- Discrimination from customers, suppliers, and financial institutions
- Access to successful black business mentors and manufacturers for products
- Being rural and insufficient resources for persons of colour with a disability
- Lack of resources needed for operations locally and nationally
- Being a black woman in business we don't share the equality of others who are in business!
- Not having financial resources is another big factor where a lot of black individuals who are in business on a not able to survive or scale their businesses
- Not a lot of Business from the other Black Business in the province.
- Lack of inter-generational wealth, land in rural area
- The Black community does not encourage, support or consider Black entrepreneurs with disabilities so navigating, accessing and communicating needs is a barrier to success.
- Finding the right location. I had been turned away from window front locations.
- Insufficient confidence



Please indicate the extent to which you agree that the following factors are significant needs of this business.

Participants were asked to rate seven pressing needs for Black businesses. A majority of the respondents, between 61% and 78% agree or strongly agree that all of the potential needs identified are relevant to their business's success. Finding and keeping customers was top of the list with 78% of respondents in agreement followed by access to capital (76.4%). Access to business resources and networking opportunities with small businesses (76% and 74% respectively) were also identified as important needs that must be addressed for success.



Figure 24. Pressing Needs for Black Businesses

Other Needs

- Branding and marketing on new platforms (Omnichannel)
- Supplies. During Covid most things are not available.
- Training is online and can be difficult for those who do not have access.
- I would like to find a location in Halifax as Cape Breton is under considerable duress due to COVID19 due to high unemployment, out-migration, a closed Airport and Cruise Ship terminal.
- Technology training
- Space to sell goods.
- Ability to tap into international markets.
- Mentorship initiative and many seminars with different topics several times a month
- The supports that are in place need to be re-evaluated and re-vamped by business owners closer to the issues.
- Capital investments need to be made to small black businesses especially women-led businesses because black female led businesses have the potential to support a stronger and more resilient ecosystem
- Access needs as a Black entrepreneur with a disability
- Bookkeeping supports

Top 5 Needs

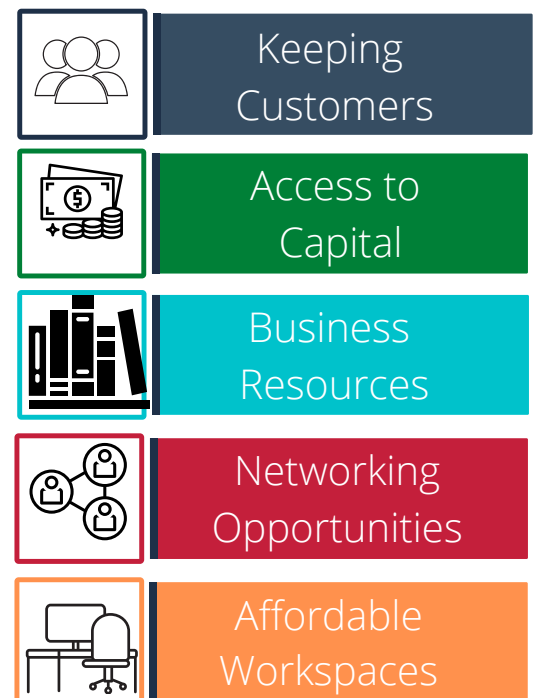


Figure 25. Top 5 Pressing Needs



Summary and Recommendations

FOR ANS BUSINESSES

DEMOGRAPHY TAKEAWAYS

The responses from the survey provide great insight into the aspirations and struggles of African Nova Scotian businesses. The following are some of the key takeaways.

SERVICES-SKEWED



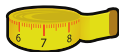
The majority of our respondents belonged to the service sector. There is a need to provide incentives to encourage participation in growth sectors such as health, technology, and the environment.

WOMEN-LED ENTREPRENEURSHIP



Many Black businesses are led by women. As such there is a need for gender-specific supports that consider the intersection between gender and race.

SMALL SIZE



The majority of Black businesses are small in nature making scalability difficult.

YOUTH ENGAGEMENT



There was a notable lack of youth participation in the study. The next generation of business owners and leaders are the youth and as such their aspirations and needs must be fully understood and catered to.

EDUCATED



The majority of the survey participants possess tertiary level educational credentials. Such educational capacity needs to be harnessed.

CASH-STRAPPED



Many Black businesses are cash strapped making access to both free and affordable funding crucial requirements for growth and success among Black businesses.

RACIAL BIAS FROM FINANCIAL INSTITUTIONS



Financial institutions are perceived to be strongly biased against Black entrepreneurs using non-inclusive criteria that makes it difficult to access funding. AI algorithms that automate client processing have been shown in the literature to be biased against Black entrepreneurs and other minorities.

SELF-FINANCING



The difficulty with securing capital for financial institutions have forced Black businesses to resort to self-financing.

SERVICE VOID



The current support services that target Black entrepreneurs is thought to totally ignore the intersection between being Black and having a disability. If we compound that with gender, then current services will be seen as woefully inadequate.





COVID-19 IMPACT TAKEAWAYS

The following are some of the takeaways related to the impact of covid-19.

REDUCED OPERATING CAPACITY



The majority of our respondents experienced a reduction in the operating capacity of their businesses.

PUBLIC HEALTH PROTOCOLS



Meeting the expectations associated with Nova Scotia's public health protocols is an ongoing issue for Black businesses as many of their services involve customer contact.

CHALLENGE TO BUSINESS GROWTH



The majority of our respondents are worried about short-term survival and long-term growth. Concerns around financing, customer migration, a second wave of the pandemic are quite notable.

BUSINESSES NEEDS



There are several needs that must be addressed to allow for short-term survival and subsequent growth. They include: marketing, financing, services for owners with disabilities, networking opportunities, technology integration, access to new suppliers, business training, and retaining existing customer and finding new customers.

...despite the uncertainty brought about by covid-19, there is cautious optimism that businesses will return to normal by the end of 2021



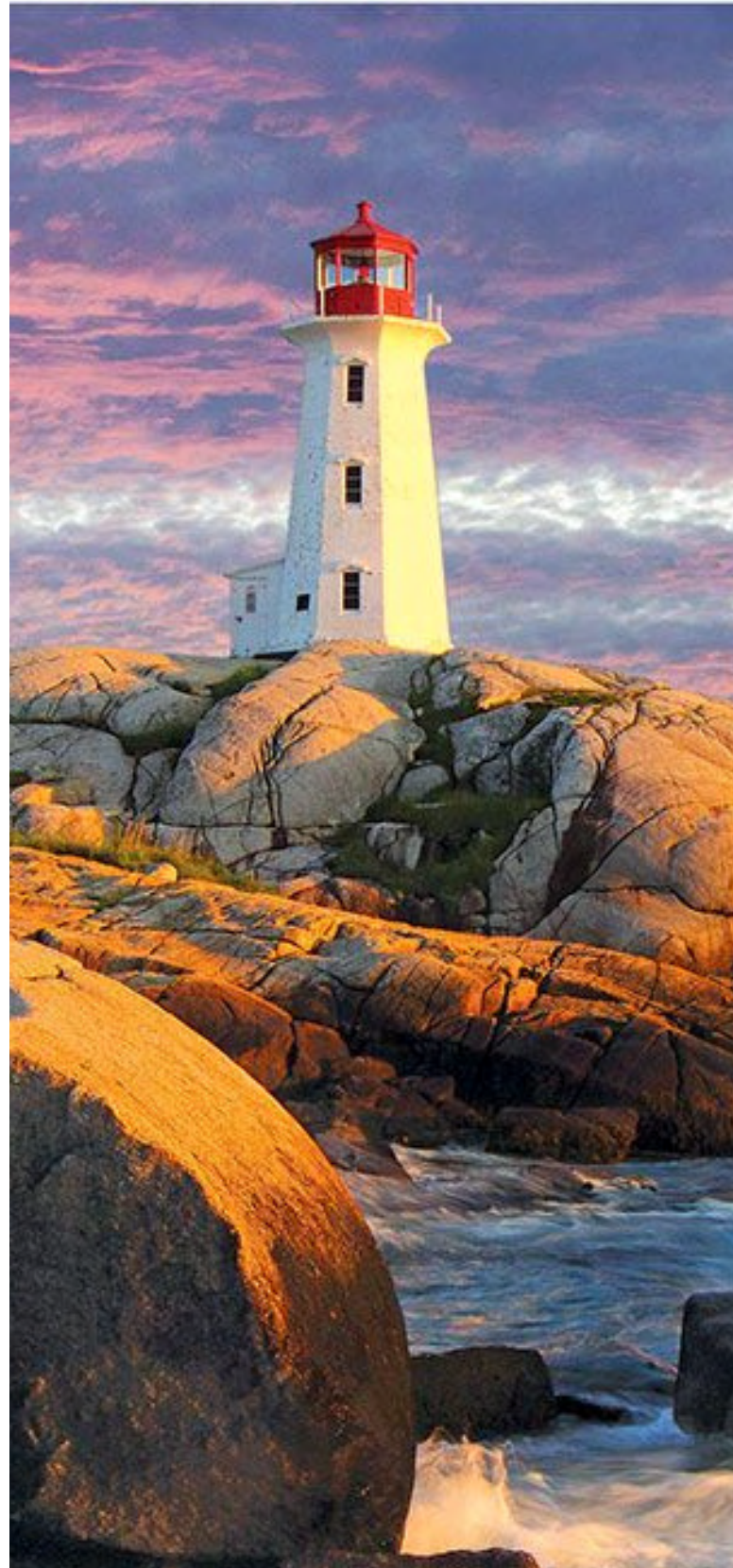
SUGGESTED ACTIONS

Addressing the myriad of issues faced by African Nova Scotian entrepreneurs require in our view, the development of a comprehensive entrepreneurship sector strategy. The sector strategy would engage federal and provincial governmental agencies including academic institutions, the Black entrepreneurship ecosystem, and the Black businesses themselves. The strategy would be multi-dimensional in nature and would require strategic actions in at least seven (7) areas as shown in Figure 26.

Some preliminary actions are articulated in the next several paragraphs that follow.



Figure 26. Categorization of Needed Actions



Access to Capital

1. Lead a study involving financial institutions and Black businesses to identify the key factors including race-based factors that prohibit access to affordable financing.
2. Leverage the Black Entrepreneurship Loan Fund to create a suite of differentiated loan products that are linked to the specific needs of Black Entrepreneurs: e.g., a loan facility for startups; a loan facility that considers the unique circumstances of women entrepreneurs; loans that target youth entrepreneurs; loans that are aimed at promoting Black participation in high growth areas (health, technology, clean energy, etc.); loan products that target the needs of Black entrepreneurs with disabilities. The latter is particularly important since people with disabilities face significant challenges finding meaningful employment. Many have to resort to self-employment as a means of earning a livelihood.
3. Leverage the BELF to nudge financial institutions to reckon with their past discriminatory practices by developing an anti-Black discrimination policy in lending practices in order to participate in the BELF.
4. Lead the creation of a network of Angel investors who wish to support Black entrepreneurial development.
5. Conduct an assessment of the systemic barriers to the Covid-related funding for Black Businesses. Make recommendations on adapting the criteria to increase the % of Black businesses that qualify for support.
6. Develop an annual funders summit to bring Black businesses together with funding institutions in order to learn more about funding sources as well as to enable them to better position themselves to access these sources of funding.



Accessing Markets

1. BBI should lead a collaborative venture with Black ecosystem partners and key stakeholders such as Business Development Canada (BDC), the Nova Scotia Business Inc. (NSBI), and academic institutions like Saint Mary's University to develop a program that promotes export readiness among Black Businesses.
2. In-keeping with (1) above, conduct the research necessary to identify viable export markets for Black Nova Scotian businesses. Use the information gathered to create an evidence-based export development strategy for Black businesses.
3. Host annual bi-lateral trade missions to viable markets with export-ready businesses. Locations such as the United States, The Caribbean and Africa should be explored. The bi-lateral arrangements can be fostered with similar business development agencies in those countries/jurisdictions.
4. Explore symbiotic B2B opportunities among Black businesses Canada-wide that will foster national market growth without having to setup retail outlets in each province where market opportunities exist.



Business Networking

1. Create quarterly business networking opportunities for Black businesses to come together to support and help mentor each other. These meetings can be held virtually and as such can engage successful Black entrepreneurs regionally, nationally and internationally.
2. Connect seasoned entrepreneurs who are successfully operating a business with business owners just getting started, or in need of guidance, to provide mentorship, support, and inspiration. This is particularly useful for youth entrepreneurs.
3. Collaborate with deeply-rooted social and cultural institutions in the Black community to explore social entrepreneurship as a means of promoting self-sufficiency while at the same time developing entrepreneurial talent and experience within the community. This is particularly helpful to rural Black communities that may need to diversify their income sources in support of their community-focused programs.



Training and Coaching

1. Conduct a sector-wide needs assessment of the Black business community and use the information to develop a training and development strategy for established Black businesses and start-ups.
2. Use the data obtained in the needs assessment to collaborate with ecosystem partners and academic institutions in order to develop relevant workshops and cohort-based programs that expand the knowledge and capacity of Black entrepreneurs in business management and development.
3. While the needs assessment will guide the training and coaching initiatives, thought should be given to training in the following areas based on survey responses: financial management; marketing and branding; data analytics, digital literacy; growing and scaling a business; international negotiations for exporters; joint ventures; product and service innovation; and business strategy.
4. Develop a mentorship program that creates synergy with the business networking activities. The business networking events can bring together potential coaches and mentors and connect them with potential mentees.

Resources and Supports

1. Create a Black Community-owned incubator/accelerator to support participation in high growth areas. This will bring together entrepreneurs with similar ideas and provide them with supports, experts and wraparound services that will help them start and grow.
2. Create a library of critical shareable resources on BBI's website that can be readily accessed by the Black business community through a no-cost membership facility. Videos, podcasts, studies, written guides, etc., on a variety of topics that will help strengthen the Black business community should be made available.
3. Establish an entrepreneur in residence program that will make an experienced entrepreneur available to those in need of business advice.

Racial Equity and Inclusion

Research has shown that race is a factor in predicting the success outcomes of Black entrepreneurs. Black entrepreneurs are less likely than their white counterparts to inherit a business, or to have entrepreneurial experience having worked in a family-owned business. They also lack intergenerational wealth. Financial institutions use artificial intelligence (AI) software that have encoded biases. As such Blacks are less likely to receive financing, or to receiving financing at the levels they need. Many are forced to use finance from personal savings or family and friends to start a business.

Given the resurgence of Diversity, Equity and Inclusion since the death of George Floyd in the United States at the hands of the Minneapolis police, there is a watershed moment to engage financial institutions on the subject of systemic discrimination in financial lending. This opportunity may have a very short time window. Consequently, BBI and other ecosystem partners should engage FIs in discussions on ending anti-discriminatory practices in financial lending.

1. Lead a study to uncover the conscious and unconscious biases in all organizations that engage with Black entrepreneurs throughout their business life cycle: tax organizations; banks; insurance companies; public agencies are some of the institutions that should be examined.
2. BBI and other Black ecosystem partners should conduct a review of their own processes to ensure that some of the practices that unfairly discriminate against Black entrepreneurs have not been unconsciously adopted as a result of bilateral agreements between themselves and institutional partners/collaborators such as BDC, NSBI, ACOA, etc.

Intersectionality

Being a Black entrepreneur is fraught with the challenges of being a 3% Black minority in Nova Scotia. Couple racial identity with gender and/or with disabilities or mental health issues, and the challenges become that much greater.

Consequently, organizations that provide services to Black entrepreneurs must ensure they fully understand the intersections between race and gender; race and disability; and race, gender, and disability.

1. Convene a symposium on entrepreneurship and intersectionality to ensure there is enhanced awareness and understanding of issues faced at these intersections and to develop targeted products and services that will meet Black female entrepreneurs and Black entrepreneurs with disabilities.
2. Enhance the support network for Black female entrepreneurs and Black entrepreneurs with disabilities by fostering collaborative opportunities with organizations and institutes that work with women and people with disabilities. The Centre for Women in Business at Mount Saint Vincent University and the Fred Smithers Centre at Saint Mary's University are examples of potential collaborators.



CONCLUSIONS

Covid-19 has had a profound impact on small businesses world-wide and African Nova Scotian entrepreneurs have faced their fair share of challenges. In Canada and in the United States, the research clearly show that covid-19 has disproportionately impacted minority-owned businesses compared to similar businesses owned by their white counterparts. Decreased revenues, increased operating costs due to public health protocols, reduced operating capacity, lay-offs, temporary and permanent closures, supplier delays, customer migration, are just some of the impacts of covid-19.

Towards the end of 2020, we noted some measure of a turnaround albeit slow. Black businesses, however, are still concerned about market uncertainty, a lack of operating capital, an inability to secure loans, permanent lost of customers, the time to return to normalcy, and the possibility of a major second resurgence of covid-19 and its variants given the prevalence of new strains of the virus that seem to be emerging.

To survive, African Nova Scotian entrepreneurs will need capital assistance in the short term. To prepare them for long-term success coming out the pandemic, there will be a need for deeper structural and infrastructural changes which will have implications for Black businesses themselves, the Black entrepreneurship ecosystem, government agencies, financial institutions, and other relevant stakeholder organizations.



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Harvi Millar is a Saint Lucian-Barbadian-Canadian. He holds a B.Sc. (Honors) in Industrial Engineering from the University of the West Indies (St. Augustine campus), a Masters of Applied Science and a Doctor of Philosophy in Industrial Engineering both from the Technical University of Nova Scotia. Currently, Dr. Millar is a full professor, a researcher, a strategy consultant, a sought-after workshop facilitator, a musician and composer, and a free-lance business and culture columnist. He can be found at the Sobey School of Business where he has taught for the last 33 years. Dr. Millar teaches courses in operations management, business statistics, and supply chain management.

Dr. Millar has published several scholarly articles in a variety of international academic journals on topics which range from production planning, employee scheduling, manufacturing strategy, sustainable manufacturing and supply chains, industrial fishing operations, total diversity and inclusion management, technology integration in teaching and learning (TITL), self-checkout systems, and affordable housing in developing economies. Dr. Millar has presented his research at over 45 international conferences in Canada, the USA, Europe, South America, Latin America, Africa, and the Caribbean.

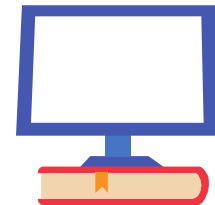
Dr. Millar is the Vice President of Logix Consultants Limited, a management consulting firm dedicated to organizational development and improvement (ODI). He specializes in strategy formulation, performance management, productivity and process improvement, corporate governance evaluation, and African-centred leadership development.

Dr. Millar's community engagements are focused around the educational development of African Nova Scotian youth in junior high and high school, and the video documentation of Black community stories and events presented on the Africentric Learning Institute's YouTube Channel. Dr. Millar currently Co-Chairs the Africentric Learning Institute (ALI) of Nova Scotia, an organization dedicated to promoting Africentricity as a philosophy for transformation and growth within the African Nova Scotian community.

In addition to being a professor, researcher, consultant, workshop facilitator, and community development advocate, Dr. Millar is a jazz guitarist/composer and a 6-time music award winner with two East Coast Music Awards and four African Nova Scotian Music Association Awards.

Dr. Millar's approach to life is guided by his favourite African proverb which states, that "when Spider webs unite, they can tie up a lion". He is married to Delvina Bernard. They have two daughters, Nzingha and Zamani.

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