



Global Entrepreneurship Monitor

Impact of **COVID-19**
on Entrepreneurship in

Alberta



GEM STUDY OF COVID-19 IMPACTS ON ENTREPRENEURSHIP IN ALBERTA

Geoff Gregson
Chad Saunders



CONTENT

Executive Summary	1
Introduction	6
1 Findings	10
2 Discussion and Summary	31
Report Authors	45
GEM Team 2021	46
About THECIS	47
Sponsor Recognition	48

FIGURES

Figure 1.1: Perceptions of Pandemic Effect on Household Income	9
Figure 1.2: Perceptions of Pandemic Effect on Household Income (Male)	10
Figure 1.3: Perceptions of Pandemic Effect on Household Income (Female)	11
Figure 1.4: Pandemic Effects on Providing New Opportunities (SU)	15
Figure 1.5: Pandemic Effects on Providing New Opportunities (BB) ..	16
Figure 1.6: Pandemic Effects on Providing New Opportunities (EB) ..	16
Figure 1.7: Pandemic Effects on Providing New Opportunities (TEA)	17
Figure 1.8: Pandemic Effects on Providing New Opportunities (EEA)	18
Figure 1.9: Government Response to Pandemic (SU)	19
Figure 1.10: Government Response to Pandemic (BB)	20
Figure 1.11: Government Response to Pandemic (EB)	20
Figure 1.12: Government Response to Pandemic (TEA)	21
Figure 1.13: Government Response to Pandemic 2021 (EEA)	22
Figure 1.14: Difficulty of Starting a Business Compared to One Year Ago (SU)	24
Figure 1.15: Difficulty of Starting a Business Compared to One Year Ago (BB)	24
Figure 1.16: Difficulty of Starting a Business Compared to One Year Ago (EB)	25
Figure 1.17: Difficulty of Starting a Business Compared to One Year Ago (TEA)	26



FIGURES

Figure 1.18: Expectations of Business Growth Compared to One Year Ago (SU)	27
Figure 1.19: Expectations of Business Growth Compared to One Year Ago (BB)	27
Figure 1.20: Expectations of Business Growth Compared to One Year Ago (EB).....	28
Figure 1.21: Expectations of Business Growth Compared to One Year Ago (TEA).....	29
Figure 1.22: Percentage of Respondents Expecting to Start a Business in Next 3 Yrs.	30
Figure 1.23: Use of Digital Technologies in Response to Pandemic (SU)	31
Figure 1.24: Use of Digital Technologies in Response to Pandemic (OM)	32

TABLES

Table 1: Pandemic Effect on Household Income: Variations between 2021 and 2020	10
Table 2: Pandemic Effect on Household Income by Age (Alberta)	12
Table 3: Pandemic Effect on Household Income by Age (Canada)	12
Table 4: Pandemic Effect on Household Income by Education (Alberta)	13
Table 5: Pandemic Effect on Household Income by Education (Canada)	14
Table 6: Summary Assessment of Government Response to Pandemic	22
Table 7: Pandemic as most Important Reason for Quitting Business	29
Table 8: Expecting to Start a Business in Next 3 Years, 2021 vs. 2020	31
Table 9: Expectations of “No Jobs” in 5 Years by Entrepreneur Category	33
Table 10: Expectations of “1-5 Jobs” in 5 Years	34
Table 11: Expectations of “6-19” Jobs” in 5 Years	34
Table 12: Expectations of “20+” Jobs” in 5 Years	34
References	43

EXECUTIVE SUMMARY

This report examines the COVID-19 impact on entrepreneurship in Alberta for 2021 using data from the Global Entrepreneurship Monitor (GEM). The report presents findings from COVID-19 specific questions which were included in a GEM adult population survey conducted in 2021 across the four Western Provinces.

Throughout the report, comparisons are made between Alberta (AB), Saskatchewan (SK), Manitoba (MB), British Columbia (BC) and Canada (using an average of aggregate Canadian GEM data). The report also compares 2021 with 2020 results where relevant to reveal changes in entrepreneurial attitudes related to COVID over the two years.

A summary of key findings and recommendations is presented below.

Key Findings

Pandemic Effect on Household Income of Entrepreneurs

The negative impact of the pandemic on the household income of Alberta entrepreneurs appears less severe in 2021 compared to 2020. Household income for entrepreneurs in all regions of Canada improved in 2021.

Alberta male and female entrepreneurs had the highest respective levels of reported decrease in household income in 2021 compared to other Canadian regions. While the decrease was similar between Alberta male and female entrepreneurs, the reported increase in household income was noticeably higher for males compared to females.

The highest reported percentage decrease in household income was in the 18-24 age group. Alberta had higher levels of decreased income across most educational levels, compared to the Canadian average.

EXECUTIVE SUMMARY

Pandemic Effects on Providing New Business Opportunities

The pandemic has provided different levels of new opportunity for Alberta entrepreneurs in 2021, depending on the level of business development. Two-thirds of Alberta baby businesses (BB) confirm that the pandemic provided new opportunities, compared to over half of start-ups (SU) and one-third of established businesses (EB).

Levels of new business opportunity resulting from the pandemic are similar between 2020 and 2021, which suggests that Alberta entrepreneurs were finding new opportunities as a result of the pandemic in equal measure in 2020 and 2021.

Response of Government to Pandemic

Alberta's established businesses (EB) in 2021 had a much higher disapproval level of the government response to the pandemic than other entrepreneur categories, similar to 2020 results. One explanation may be the disproportionate economic consequences of lockdown measures for EBs compared to earlier stage entrepreneurs and limited access to financial relief programs.

The approval level for Alberta baby businesses (BB) is twice the level for Alberta start-ups (SU) in 2021. One explanation may be that entrepreneurs involved in SUs (which are less than 3 months old) were limited in their eligibility for different government pandemic relief programs. Baby businesses, on the other hand, are managed businesses providing wages and remuneration, and were more likely to be eligible for different relief programs.

Difficulty of Starting a Business Compared to One Year Ago

Over half of Alberta entrepreneurs reported more difficulty to start a business than one year ago, with this level still lower than responses to the same question in 2020.

Alberta baby businesses (BB) report finding it less difficult to start a business, compared to BBs in other Canadian regions.

Established businesses (EB) report finding it less difficult to start a business in 2021. This suggests that Alberta BBs and EBs perceive more favorable conditions for starting a business in 2021.

Expectations of Business Growth Compared to One Year Ago

Alberta entrepreneurs report expectations of business growth in 2021 that are similar to growth expectations reported in 2020. EBs show the highest level of expected growth, while BBs show the lowest level. More Alberta entrepreneurs have higher expectations of growth than lower expectations of growth in 2021, except for BBs.

Pandemic Effect on Business Exits

Alberta and SK were the only two regions in 2021 which showed an increase from 2020 in the percentage of owner-managers (OM) who identify the pandemic as the most important reason for quitting their business.

One explanation, drawing from GEM 2020 data, is that a proportion of OMs in AB and SK were already financially distressed in 2020, with the pandemic possibly playing a more contributory (and acknowledged) role in OMs quitting their businesses in 2021.

Expecting to Start a Business in Next 3 Years

Alberta had the highest percentage of entrepreneurs in 2021 who expect to start a business in the next 3 years, as it did in 2020. This suggests increasing confidence amongst Albertans to start a business despite the challenges brought on by the pandemic.

Use of Digital Technologies in Response to Pandemic

Alberta owner-managers (OM) in 2021 have adopted digital technologies much less than start-ups (SU) in response to the pandemic. OMs have also not enhanced initial plans with digital technologies compared to SUs but show higher levels of making plans on digital technologies before the pandemic. This suggests that such pre-planning with digital technologies has reduced the need for OMs to react to the pandemic in adopting digital technologies.

EXECUTIVE SUMMARY

SUs may be more opportunistic in adopting new technologies, due to necessity, such as having to work from home, or in pursuing new opportunities resulting from the pandemic. Digital technologies have been instrumental to the continuity of economic activity during the COVID-19 pandemic while also respecting the requirement of physical distancing.

Investments in digital technologies and the longer-term impacts of working from home may be important factors affecting the competitiveness of Alberta businesses, given that entrepreneurship in the post-pandemic world will further fuse with the digital economy.

Expectations of Number of jobs in 5 Years

Alberta has the lowest expectation of jobs in the 1-5 category compared to other regions, which suggests that Alberta entrepreneurs have a lower expectation of low employment growth in the next 5 years.

However, Alberta entrepreneurs have high levels of ‘moderate to high’ employment growth aspirations for the next 5 years. Comparatively high growth aspirations through employment are identified across all entrepreneur categories, from the early-stage SUs through to EBs. The positive signals of economic recovery in Alberta in 2021 may be encouraging higher growth aspirations of entrepreneurs.

Recommendations

1. Investigate the current state of youth and female entrepreneurship in Alberta and seek to determine if biases exist regarding age, gender and education level. Reducing age and gender inequalities and inequities could be an investment in a more productive labor market for Alberta.
2. Explore opportunities to support the transition from formal employment or from formal education to pursue entrepreneurship through vocational education and training for Alberta’s young people, including those from marginalized communities.

EXECUTIVE SUMMARY

3. Focus attention on digital education for entrepreneurs and small businesses. Investments in digital technologies and the longer-term impacts of working from home may be important factors affecting the competitiveness of Alberta businesses, given that entrepreneurship in the post-pandemic world will further fuse with the digital economy.
4. Provide further support for entrepreneurs seeking moderate to high employment growth, given evidence of employment growth aspirations across the entrepreneurial spectrum.

INTRODUCTION

The Government of Alberta (GOA) has commissioned The Centre for Innovation Studies (THECIS) to conduct research to assess how the COVID-19 pandemic has affected and changed the environment for entrepreneurs and businesses in Alberta.

This report draws upon the **Global Entrepreneurship Monitor (GEM)** research methodology. GEM is the largest and longest running study of entrepreneurship in the world. GEM data is internationally recognized as a global standard and is used extensively by government and organizations such as the World Bank, World Economic Forum and the OECD.

For this report, THECIS used the standard GEM adult population survey (APS) questionnaire. The GEM APS in 2021 was based upon a random sample of adults age 18-79 collected using a Canada-wide survey administered via landline, cell phone, and online with 7848 responses split between 51% females and 49% males. An additional oversample of 1536 respondents per province were collected in Alberta, Saskatchewan, Manitoba, and British Columbia. The Alberta results are based on responses from 384 individuals.

The report makes reference to a number of GEM terms, which include:

- **Nascent entrepreneurs:** those starting up, or intending to start up a business;
- **Start-ups (SU):** nascent entrepreneurs currently involved in starting a business that is up to 3 months old and has not yet yielded any wages;
- **Baby Businesses (BB):** a business that is older than 3 months and less than 42 months old and is providing wages and remuneration;
- **Owner-manager (OM):** those currently owning and managing a business less than 42 months old;
- **Established business (EB):** a business that has paid salaries, wages, or any other payments to the owners for more than 42 months;
- **Employee entrepreneurial activity (EEA):** refers to the activities of intrapreneurs, those working within an existing business over the last 3 years;

- **Total early-stage Entrepreneurial Activity (TEA):** percentage of 18-64 population who are either a nascent entrepreneur or owner-manager of a new business.

Throughout the report, comparisons are made between Alberta, Saskatchewan (SK), Manitoba (MB), British Columbia (BC) and Canada (using an average of aggregate Canadian GEM data). The report also compares 2021 with 2020 results where relevant to reveal changes in entrepreneurial attitudes related to COVID over the two years.

The structure of the report is as follows. The introduction section describes the focus of the report, and includes an overview of the impact of the pandemic on Alberta for context. Chapter 1 presents the analysis of the COVID-related questions and Chapter 2 discusses findings and provides a summary and recommendations.

Alberta and the Pandemic in 2021

The Canadian Survey on Business Conditions, collected between mid-January and mid-February 2021, highlighted high levels of financial uncertainty as companies were adjusting to more stringent containment measures early in 2021.¹ The economic impact of the pandemic in Alberta had been more severe than in other provinces in 2020.

By February 2021, the number of active businesses operating in Alberta remained 2.1% below pre-COVID levels, the largest gap in Western Canada. Following the first and second waves of restrictions, the employment recovery among youth and in accommodation and food services had been the slowest of the western provinces, as the third wave of restrictions took effect in April. The Delta driven fourth wave and tighter public health measures dampened activity in late summer, 2021, particularly in tourism related services, but the impacts were less than in previous waves.²

By September, 2021, Statistics Canada reported a net gain of 157k new jobs in Canada, all of them in full-time employment.³ The jobless rate dipped to 6.9%, the lowest level since February 2020. While total

¹ <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2021003/article/00005-eng.htm>

² Alberta Government Economic Trends, December, 2021.

³ <https://www150.statcan.gc.ca/n1/daily-quotidien/211008/dq211008a-eng.htm>

INTRODUCTION

employment rebounded to pre-COVID-19 levels in September 2021, employment in accommodation and food services remained below pre-pandemic levels. Conversely, employment in professional, technical and scientific services, sector with some of the highest levels of job flexibility and telework capacity, rose by 179k since the start of the pandemic.

Emergency programs were a critical lifeline for many Alberta businesses during 2021. Business insolvencies remained below pre-COVID-19 levels, but rose 37% in the fourth quarter of 2021. During the fourth quarter, one-third of businesses reported that the absence of government support programs over the next 12 months would have a medium-to-high impact on their survival.⁴ This included almost two-thirds of those in accommodation and food services, and 40% of businesses with 5 to 19 employees.

Alberta's GDP grew an estimated 5.8% in 2021, following a 7.9% contraction in 2020, with nearly all sectors of the economy rebounding.⁵ Robust energy prices and a pickup in economic activity boosted incomes in the province, which raised prospects for entrepreneurs and small businesses, particularly in the hard-hit services and consumables sectors. The expansion in Alberta's technology sector also gained momentum in 2021. Before the end of the 4th quarter of 2021, the province had exceeded the 2020 record for venture capital investment.⁶

A number of trends have been highlighted by the pandemic. Digital skills trends seem to be interacting with the pandemic and its social, political, economic, environmental, and demographic tensions, combining to accelerate the reconfiguration of production and service systems.⁷ This reconfiguration of existing skills and adoption of digital skills not only affects employment trends, but also the way that Albertans work and experience our mental and physical health, perhaps even long after the crisis is over.

In October, 2021, the Government of Alberta announced a \$10 million investment over two years to finance the Digital Economy Program, which is to provide businesses coaching on how to create a digital store, as well as how to market and maintain it.

⁴ <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2022001-eng.htm>

⁵ <https://www.alberta.ca/budget.aspx>

⁶ Alberta Government Economic Trends, December, 2021, <https://open.alberta.ca/publications/5874657>

⁷ Meurer et al (2022) Digital affordances: How entrepreneurs access support in online communities during the COVID-19 pandemic.

COVID-19 has put a large strain on Alberta entrepreneurs, who experienced an unprecedented shock to their businesses or aspirations. Unable to meet physically with customers, clients, business associates or investors, some entrepreneurs had to scale down their businesses; others closed their business, and solo entrepreneurs were left more isolated than before. The COVID-19 pandemic has likely been detrimental to the mental health of entrepreneurs.⁸

The purpose of this report is to contribute further insights on the impact of the pandemic on Alberta entrepreneurs and their businesses and how this may affect future entrepreneurial activity in the province.

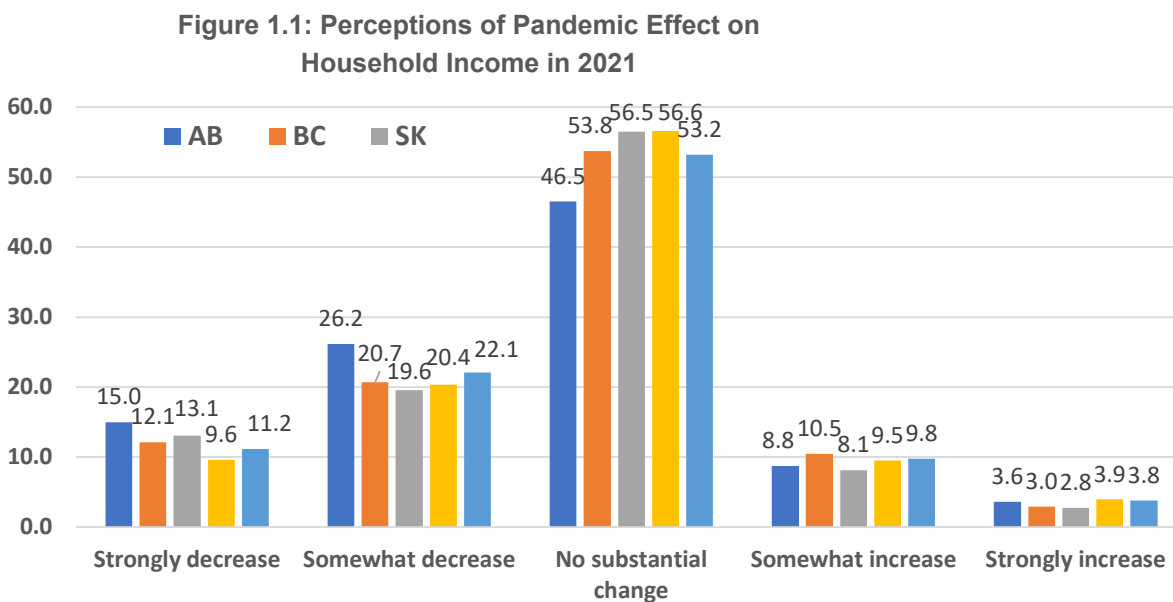
1 Findings:

Impact of COVID-19 on Alberta Entrepreneurs

This section provides analysis of COVID-19 specific questions asked of GEM survey respondents in 2021.

1.1 Effects of Pandemic on Household Income

Figure 1.1 shows results from the question: *In 2021, has the coronavirus pandemic led your household income to strongly decrease, to somewhat decrease, to show no substantial change, to somewhat increase or to strongly increase?*



⁸ Belitski et al (2022). Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses.

FINDINGS

Figure 1.1 shows that 15% of Alberta entrepreneurs reported a strong decrease in their household income, while 26% of Alberta entrepreneurs reporting somewhat of a decrease; the highest levels amongst the comparators (e.g. BC, SK, MB and the Canadian average).

Table 1 shows the variation between 2021 and 2020 response percentages, with a plus sign indicating an increase and a negative sign indicating a decrease from 2020 levels. It shows that household income for entrepreneurs in all regions improved in 2021 compared to 2020.

Table 1: Pandemic Effect on Household Income: Variations between 2021 and 2020

	Strongly decrease	Somewhat decrease	No substantial change	Somewhat increase	Strongly increase
AB	-1.4	-4.0	+2.7	+1.9	+0.9
BC	-12.1	-8.2	+3.3	+5.7	+1.9
SK	-13.1	-10.6	+6.8	+0.6	+0.9
MB	-9.6	-11.8	+6.9	+3.8	+0.8
CA	0	-6.2	+1.7	+1.9	+1.7

Overall, the negative impact of the pandemic on the household income of Alberta entrepreneurs appears less severe in 2021, with 41% reporting a decrease compared to 47% in 2020, and 12% reporting an increase compared to 10% in 2020.

Figures 1.2 and 1.3 show responses to the question by gender. Figure 1.2 shows Alberta male entrepreneurs with the highest level of reported decrease in household income among the four provinces in 2021.

Figure 1.2: Perceptions of Pandemic Effect on Household Income in 2021 (Male)

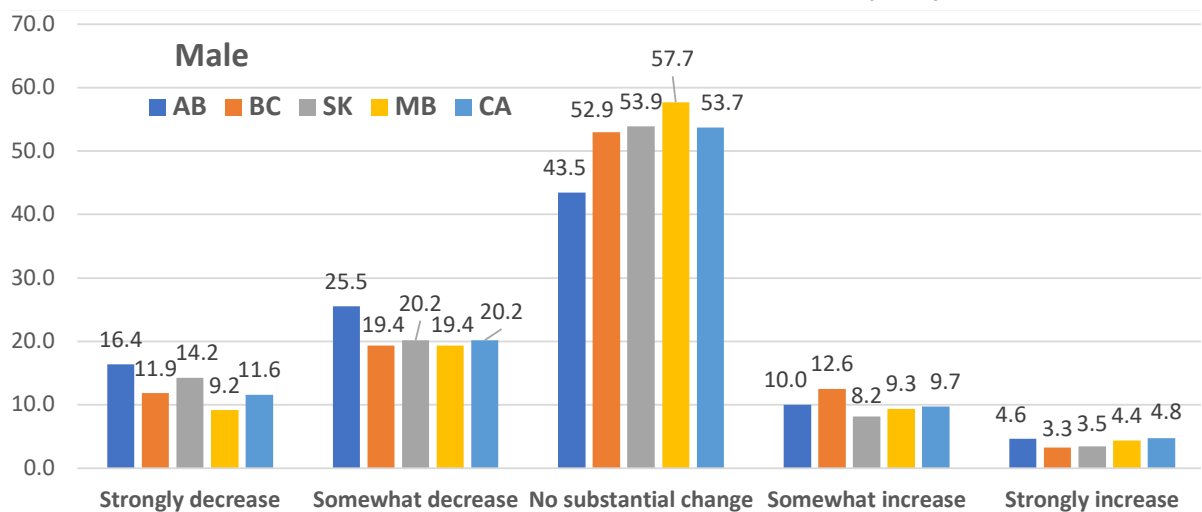
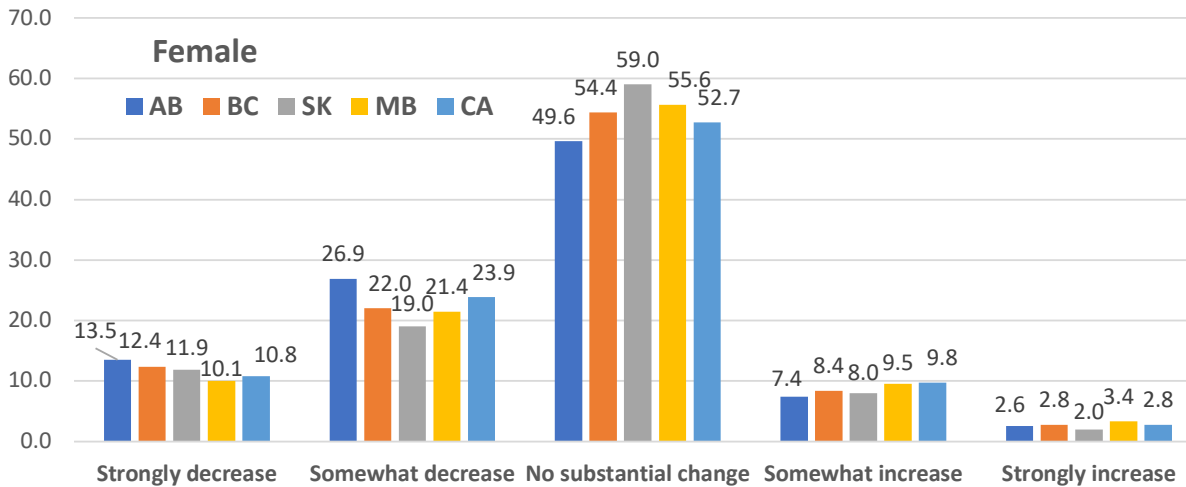


Figure 1.3 shows Alberta female entrepreneurs also have the highest level of reported decrease in household income amongst the four provinces.

Figure 1.3: Perceptions of Pandemic Effect on Household Income in 2021 (Female)



While the overall decrease in household income is similar between Alberta male and female entrepreneurs (42% and 41% respectively), the overall reported increase in household income is noticeably higher for males compared to females (15% vs. 5%).

Tables 2 and 3 present the percentage of responses to the question by age, comparing Alberta and Canada. The highest reported percentage decrease in household income for Alberta is in the 18-24 age group (52%), followed by the 35-44 (50%), 45-54 (47%) and 55-64 (40%) age groups. The lowest percentage decrease is in the 65+ age group (22%), with 74% identifying no substantial change in household income. The highest percentage increase in household income is with the 25-34 age group (26%).

FINDINGS

Table 2: Perceptions of Pandemic Effect on Household Income by Age 2021 (Alberta)

	18-24	25-34	35-44	45-54	55-64	65-79	Total
Strong decrease	12	12	19	21	15	9	
Somewhat decrease	40	24	31	26	25	13	
No substantial change	34	38	39	44	55	74	
Somewhat increase	10	19	8	6	4	3	
Strong increase	4	7	3	3	1	1	

In 2020, 47% of Alberta entrepreneurs reported a decrease in household income as a result of the pandemic, compared to 10% reporting an increase.⁹ Referring to Table 2, it appears that household income continues to be negatively affected by the pandemic at a similar level to 2020, particular for entrepreneurs in the 18-54 age range.

For the Canadian average in Table 3, the highest reported percentage decrease in household income is also in the 18-24 age group (42%), followed by the 25-34 (36%), 55-64 (36%) and 35-44 (35%) age groups. The lowest percentage decrease is in 65+ age group (20%), similar to Alberta, with 71% reporting no substantial change. The highest percentage increase in household income is in the 25-34 age group (21%).

Table 3: Perceptions of Pandemic Effect on Household Income by Age 2021 (Canada)

	18-24	25-34	35-44	45-54	55-64	65-79	Total
Strongly decrease	15	11	10	11	15	5	
Somewhat decrease	27	25	25	22	21	15	
No substantial change	39	43	50	56	56	71	
Somewhat increase	13	14	9	9	6	8	
Strongly increase	6	7	6	2	2	1	

Overall, GEM data suggests that the household income of Alberta entrepreneurs in 2021 has been more negatively affected by the pandemic across most age groups compared to the Canadian average. The 18-24 age group reported the largest decrease in household income, with the 25-34 age group reporting the largest increase, for both Alberta and the Canadian average.

⁹ <https://www.gemconsortium.org/report/impact-of-covid-19-in-alberta>

FINDINGS

Tables 4 and 5 present the percentage of responses to the pandemic effect on household income by educational level for Alberta and Canada. They show a much larger proportion of respondents with higher levels of education. Statistics Canada data has shown that 80% of start-up owners in Canada have post-secondary education and are better educated than non-start-up owner.¹⁰

Table 4 shows the highest reported percentage decrease in household income for Alberta is with those with some high school (56%), followed by those with no/less than high school (45%), some college/university (45%), and completed high school (44%). The lowest percentage decrease is in the graduate level group (30%), which also shows the highest percentage increase in household income (20%).

Table 4: Pandemic Effect on *Household Income* by Education Level 2021 (Alberta)

	None/Less than High School	Some High School	Completed High School	Some College University Degree	Completed College/University	Graduate (Master's or PhD)
Strongly decrease	40	24	17	19	13	8
Somewhat decrease	5	32	27	26	28	22
No substantial change	50	37	50	43	46	50
Somewhat increase	0	6	5	10	9	13
Strongly increase	5	1	1	2	4	7

Table 5 shows the highest reported percentage decrease in household income for the Canadian average is with those who have some high school (43%), followed by those with some college/university (35%), completed high school (35%) and completed college/university (34%). The lowest percentage decrease is in the no/less than high school (25%). The highest percentage increase in household income is also with the no/less than high school group (33%).

¹⁰ Song and Archambault (2018) SME Profile: Canadian Start-Ups.

FINDINGS

Table 5: Pandemic Effect on Household Income by Education Level 2021 (Canada)

	None/Less than High School	Some High School	Completed High School	Some College University Degree	Completed College/ University	Graduate (Master's or PhD)
Strongly decrease	14	22	14	15	10	6
Somewhat decrease	11	21	21	20	24	20
No substantial change	42	47	56	52	53	53
Somewhat increase	32	8	7	11	9	13
Strongly increase	1	2	2	2	4	8

Overall, household income of Alberta entrepreneurs in 2021 appears to have been more negatively affected by the pandemic across most educational levels compared to the Canadian average. High school graduates and those with some high school report the largest decrease in household income in Alberta. This supports earlier findings showing that the highest reported percentage decrease in household income for Alberta is in the 18-24 age group.

One possible explanation for Alberta's results, in comparison to the Canadian average, is that the economic impact of the pandemic in Alberta was more severe than in other provinces in the first quarter of 2021, with employment recovery among youth the slowest of the western provinces.¹¹ However, the negative effects of the pandemic on the household incomes of Alberta entrepreneurs who are younger, less educated and female suggests that there may be underlying non-pandemic related barriers that require further attention.

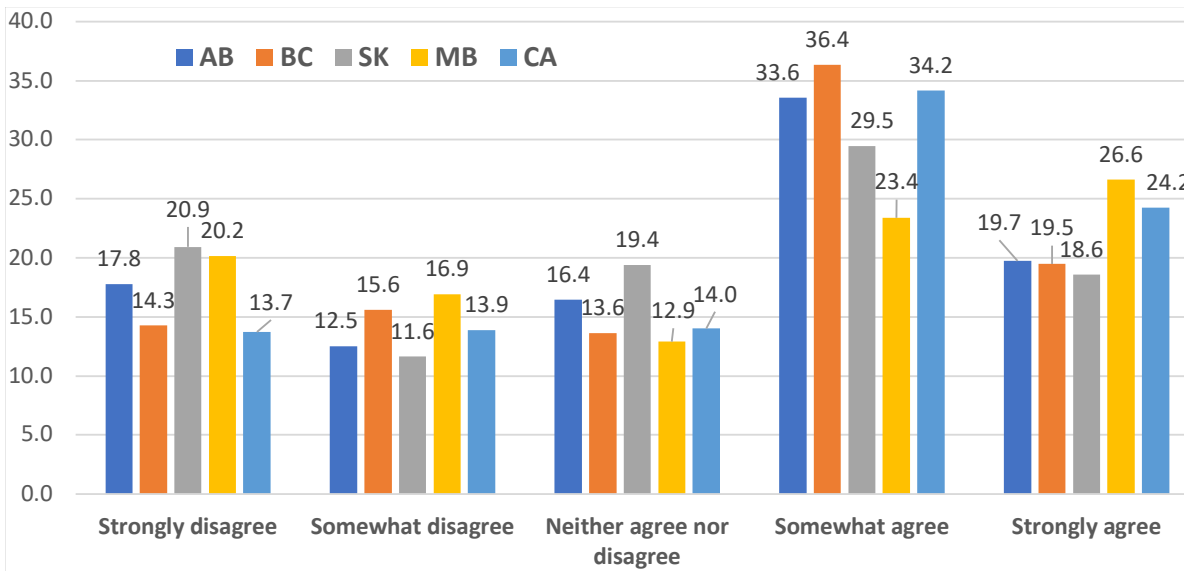
¹¹ <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2021002-eng.htm>

1.2 Pandemic Effects on Providing New Business Opportunities

This section shows results from responses to the question: *The coronavirus pandemic has provided new opportunities that you want to pursue with this business.*

Figure 1.4 shows AB with a lower proportion of start-up (SU) entrepreneurs who strongly agree that the pandemic has provided new opportunities than SK and the Canadian average, and a slightly higher proportion than BC.

Figure 1.4: Pandemic Effects on Providing New Opportunities 2021 (SU)



Overall, 53% of Alberta SU entrepreneurs agree that the pandemic has provided new opportunities in 2021, compared to 31% of Alberta entrepreneurs who disagree. This compares with 58% of Canadian SU entrepreneurs who agree and 28% who disagree. GEM data in 2020 identified that 58% of Alberta entrepreneurs agreed that the pandemic provided new opportunities, compared to 31% who disagreed.

Figure 1.5 shows AB with the highest proportion of baby business (BB) entrepreneurs who strongly agree that the pandemic has provided new opportunities amongst the four provinces, and slightly lower than

FINDINGS

the Canadian average. It shows that 66% of Alberta BB entrepreneurs agree that the pandemic has provided new opportunities in 2021, compared to 23% who disagree. This compares with 72% of Canadian BB entrepreneurs who agree and 15% who disagree.

Figure 1.5: Pandemic Effects on *Providing New Opportunities 2021* (BB)

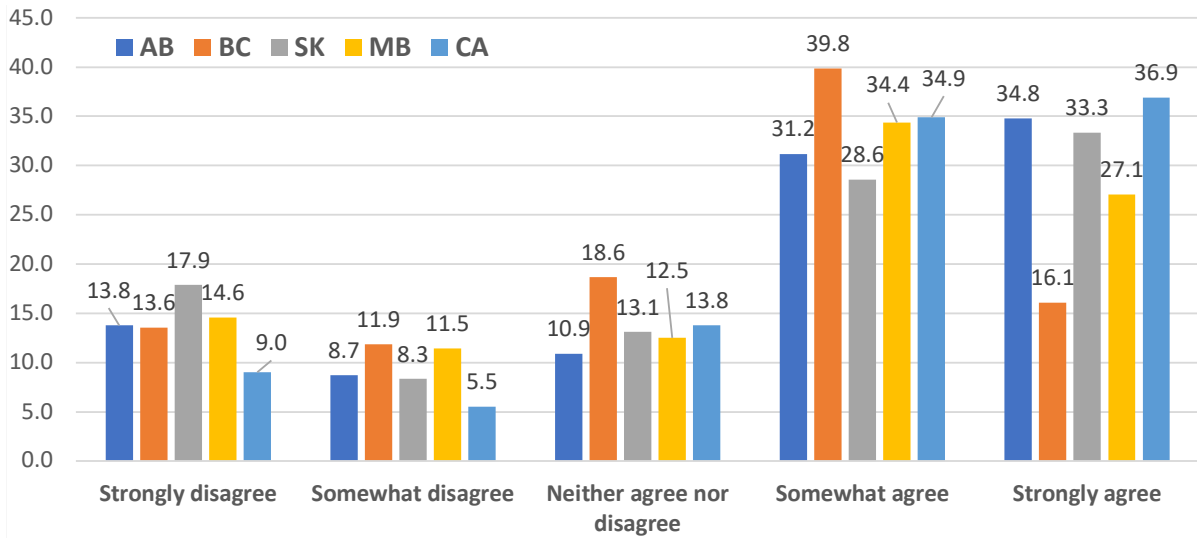
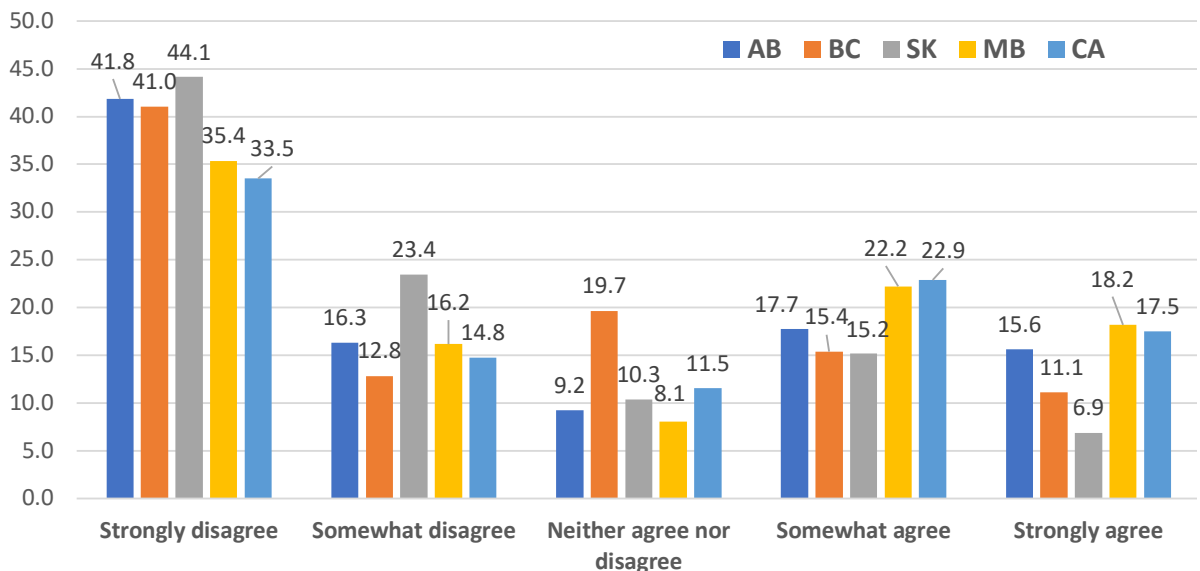


Figure 1.6 shows that only 33% of AB established business (EB) owners agree that the pandemic has provided new opportunities compared to 58% who disagree. This compares with 40% of Manitoba EBs who agree and 52% who disagree.

Figure 1.6: Pandemic Effects on *Providing New Opportunities 2021* (EB)



FINDINGS

Figure 1.7 shows that 27% of TEA respondents in AB strongly agree that the pandemic has provided new opportunities compared to 15% who strongly disagree. Overall, 59% of AB respondents engaged in total early-stage entrepreneurial activity agree that the pandemic has provided new opportunities at least to some extent, the highest level amongst the four provinces, but lower than the Canadian average (66%). This compares to 27% of AB TEA respondents and 21% of Canadian TEA respondents who disagree.

Figure 1.7: Pandemic Effects on Providing New Opportunities 2021 (TEA)

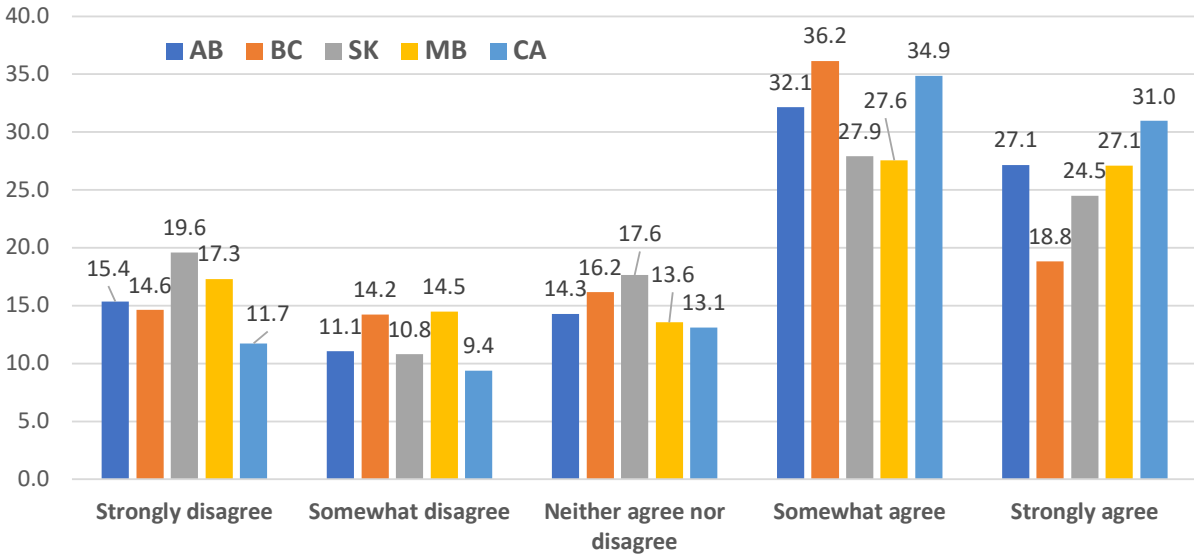
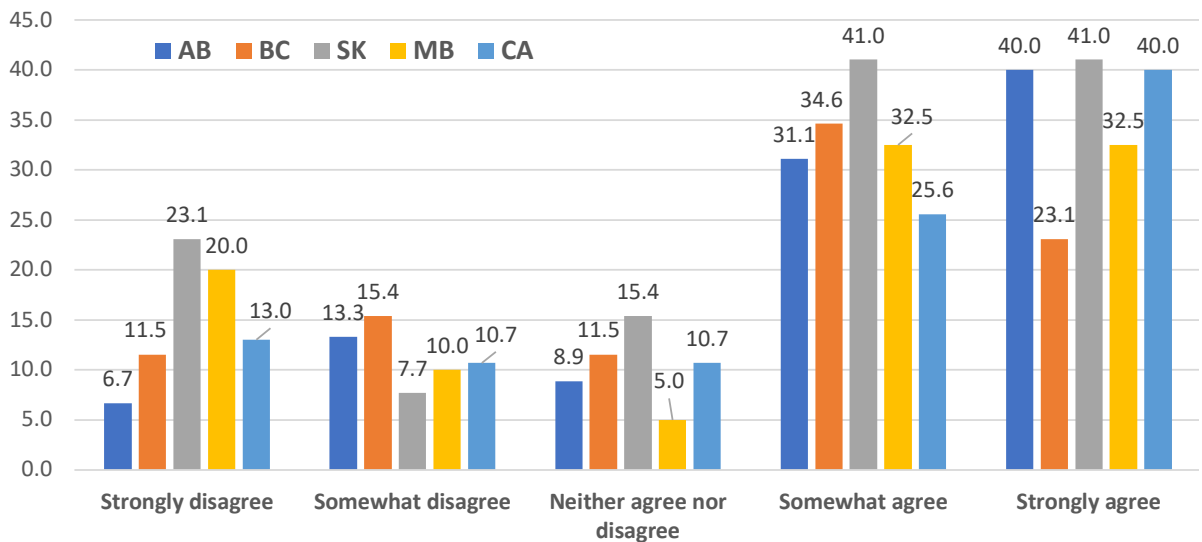


Figure 1.8 shows AB with the second highest level of EEA (entrepreneurial employee activity) respondents who strongly agree that the pandemic has provided new opportunities (40%) compared to only 7% who strongly disagreed, the lowest level amongst the comparators.

FINDINGS

Figure 1.8: Pandemic Effects on Providing New Opportunities 2021 (EEA)



Findings suggest that the pandemic has provided different levels of new opportunity depending on the level of business development. For example, 66% of Alberta BB entrepreneurs agreed that the pandemic provided new opportunities, compared to 53% of SU entrepreneurs but only 33% of EB owners. The high level of agreement by EEA respondents (40%) suggests that ‘intrapreneurs’ in Alberta’s existing businesses were identifying and pursuing new opportunities resulting from the pandemic in 2021, which may be reflected in GEM 2022 data.

1.3 Response of Government to Pandemic

Figure 1.9 shows results from responses to the question: *In your country, the government has so far effectively responded to the economic consequences of the coronavirus pandemic.*

Figure 1.9: Government Response to Economic Consequences of Pandemic 2021 (SU)

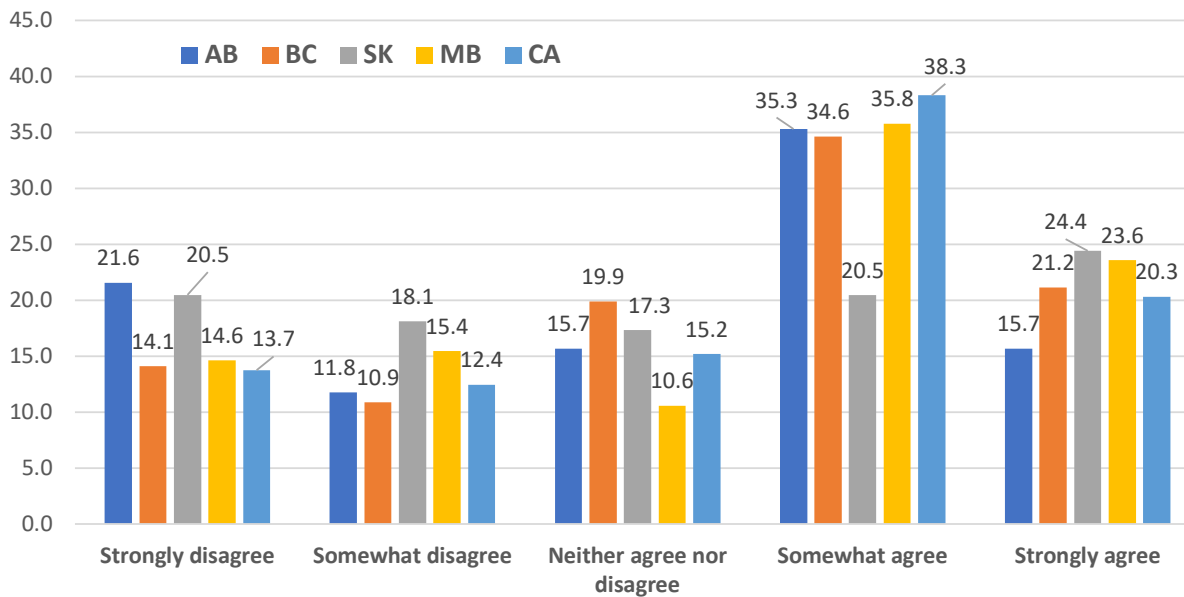


Figure 1.9 highlights the extent of regional differences in responses from start-up (SU) entrepreneurs. AB shows the lowest level of approval and highest level of disapproval (in the *strongly agree* categories) of the government response to the pandemic. However, the Alberta SU approval level overall for the government response was 51% and its disapproval level was 33%. MB had the highest approval level (69%), while BC had the lowest disapproval level (25%).

GEM data in 2020 also showed AB had the lowest level of approval and highest level of disapproval, with the overall approval level of 57% and disapproval level of 28%, suggesting that in 2021, Alberta SU entrepreneurs are assessing the government response to the pandemic more favorably than in 2020. However, GEM data in 2020 did not distinguish between SU and BB respondents, as the 2020 figures (57% and 28%) represent TEA.

The difference between categories of entrepreneurs is highlighted in Figure 1.10. In comparison to start-ups, Alberta’s baby business (BB) category shows the highest level of approval in the strongly agree category and has the highest overall level of approval amongst the four provinces (71%) of the government response to the pandemic.

FINDINGS

Figure 1.10: Government Response to Economic Consequences of Pandemic 2021 (BB)

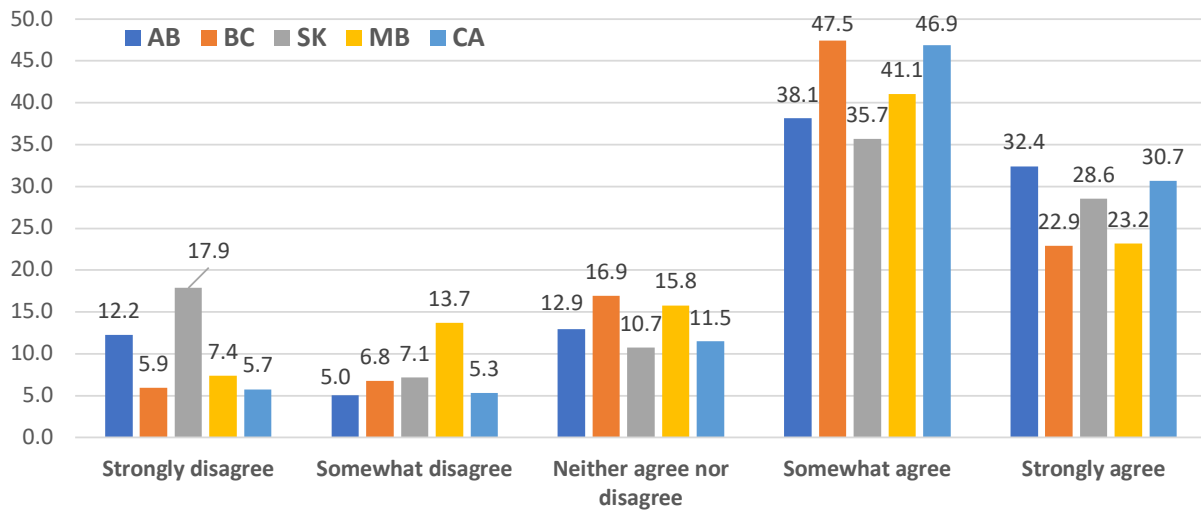


Figure 1.11 looks at results for Alberta’s established businesses (EB), which identifies a much higher level of disapproval of the government response to the pandemic compared to Alberta SUs and BBs. Alberta EBs show the lowest overall approval level (45%) and the highest overall disapproval level (43%), compared to the Canadian average (58% and 30% respectively).

Figure 1.11: Government Response to Economic Consequences of Pandemic 2021 (EB)

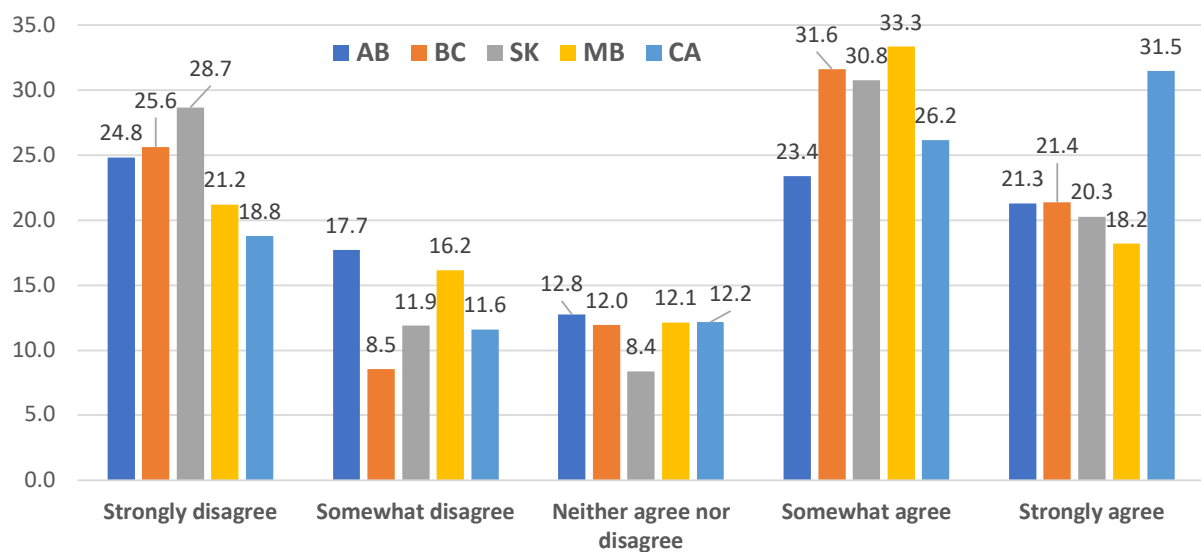


Figure 1.12 shows that Alberta’s total early-stage entrepreneurial activity (TEA) level of approval of the government response to the pandemic is similar to BC and MB (60%) and lower than the Canadian average (68%). Alberta’s disapproval level (26%) is similar to MB but lower than SK (35%).

Figure 1.12: Government Response to Economic Consequences of Pandemic 2021 (TEA)

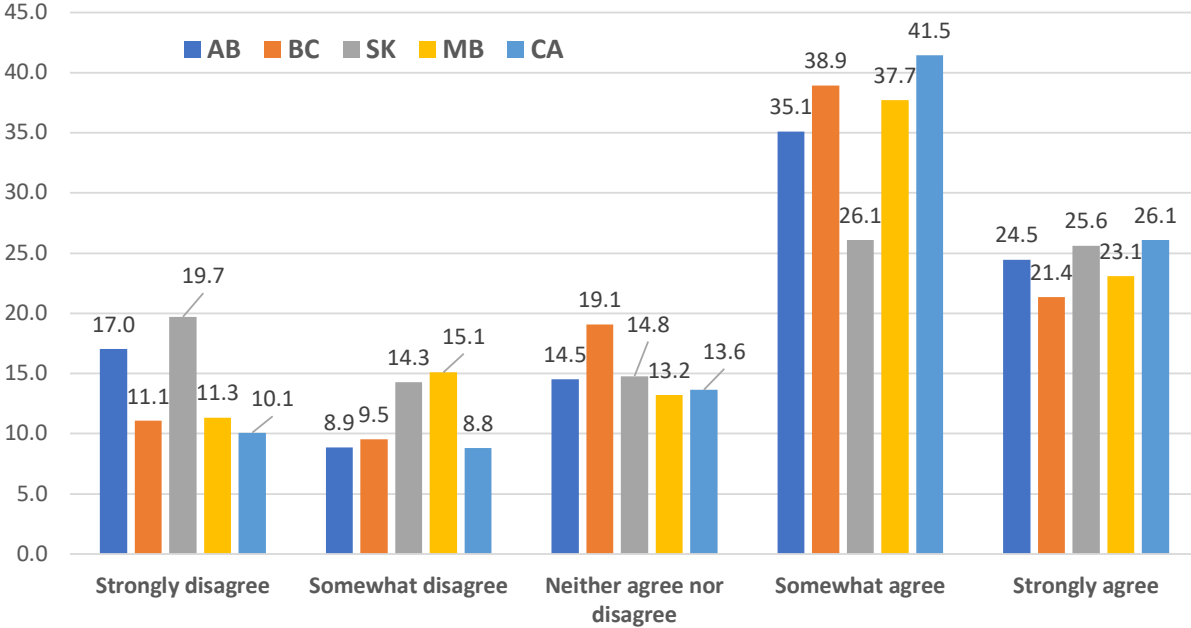


Figure 1.13 shows that Alberta’s entrepreneurial employee activity (EEA) approval level is similar to BC, with AB’s overall approval level (69%) over three times its disapproval level (22%). AB’s overall level is also higher than the Canadian average (67%).

FINDINGS

Figure 1.13: Government Response to Economic Consequences of Pandemic 2021 (EEA)

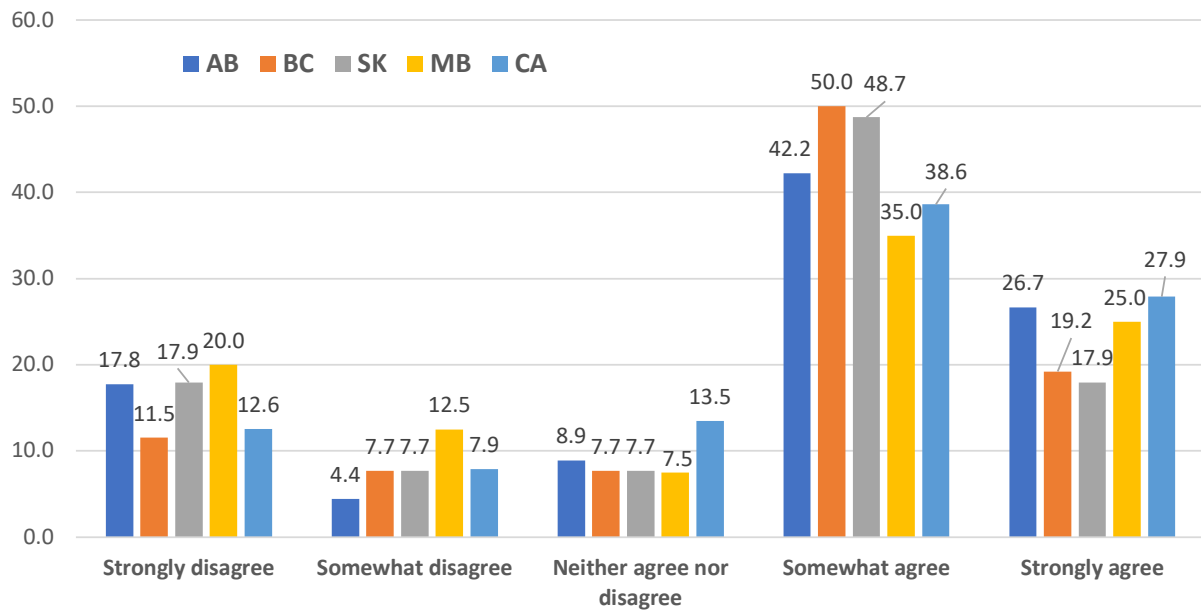


Table 6 summarizes Alberta’s assessment of the government response to the pandemic by entrepreneur category and includes GEM 2020 data for comparison purposes.

Table 6: Summary Assessment of Government Response to Pandemic

Category	Strongly agree	Somewhat agree	Agree Total	Strongly disagree	Somewhat disagree	Disagree Total
Start-up (SU)	15.7	35.3	51.0	21.6	11.8	33.4
Baby Business (BB)	32.4	38.1	70.5	12.2	5.0	17.2
Established Business (EB)	21.3	23.4	44.7	24.8	17.7	42.5
GEM 2020 EB	24.6	21.3	45.9	32.8	8.2	41.0
Total entrep. Activity (TEA)	24.5	35.2	59.6	17.0	8.9	25.9
GEM 2020 TEA	20.4	37.0	57.4	14.8	13.0	27.8
Entrepreneurial employee activity (EEA)	26.7	42.2	68.9	17.8	4.4	22.2
GEM 2020 EEA	29.5	31.8	61.3	11.4	9.1	20.5

Table 6 shows that Alberta EBs in 2021 have a much higher disapproval level of the government response to the pandemic than other entrepreneur categories, similar to 2020 results. One explanation may be the disproportionate economic consequences of lockdown measures for established businesses compared to earlier stage businesses (e.g. SUs and BBs), although that began to ease up by mid- 2021.

Another explanation may relate to their lower level of received or anticipated government financial support, which was identified in GEM 2020 data.

The BB *strongly agree* approval level is twice that of the SU level. One explanation may be that entrepreneurs involved in SUs (which are less than 3 months old) were limited in their eligibility for different government pandemic relief programs. Baby businesses, on the other hand, are managed businesses providing wages and remuneration, and were more likely to be eligible for different relief programs.

Another observation is the overall approval level of Alberta intrapreneurs (EEA), which is over three times its disapproval level, and significantly higher than the EB approval level. It may be the case that intrapreneurs and their companies were less affected by lockdown measures than EBs and/or benefitted more from available government relief programs.

1.4 Difficulty of Starting a Business Compared to One Year Ago

This section shows results from responses to the question: *Compared to one year ago, do you think starting a business is much more difficult, somewhat more difficult, as difficult as a year ago, somewhat less difficult, or much less difficult?*

FINDINGS

Figure 1.14: Difficulty of Starting a Business Compared to One Year Ago 2021 (SU)

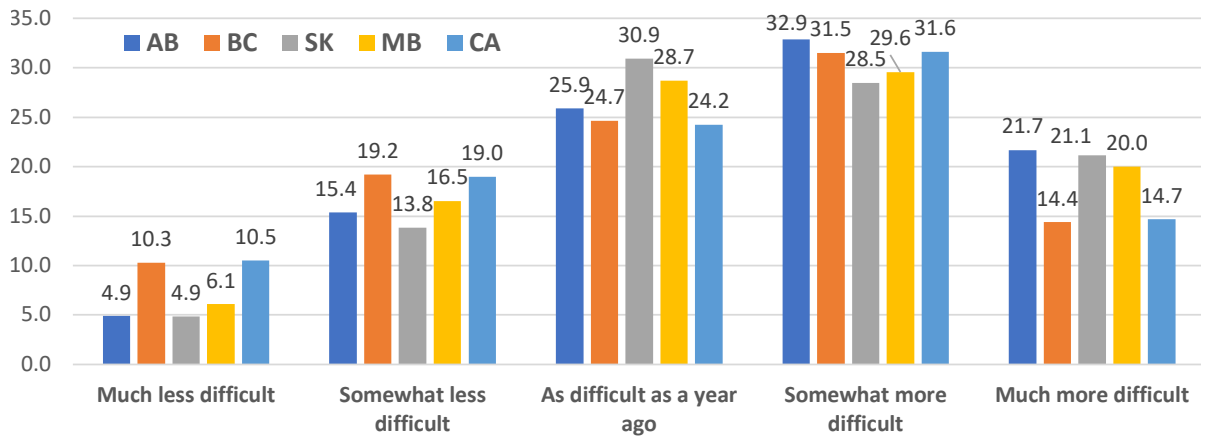
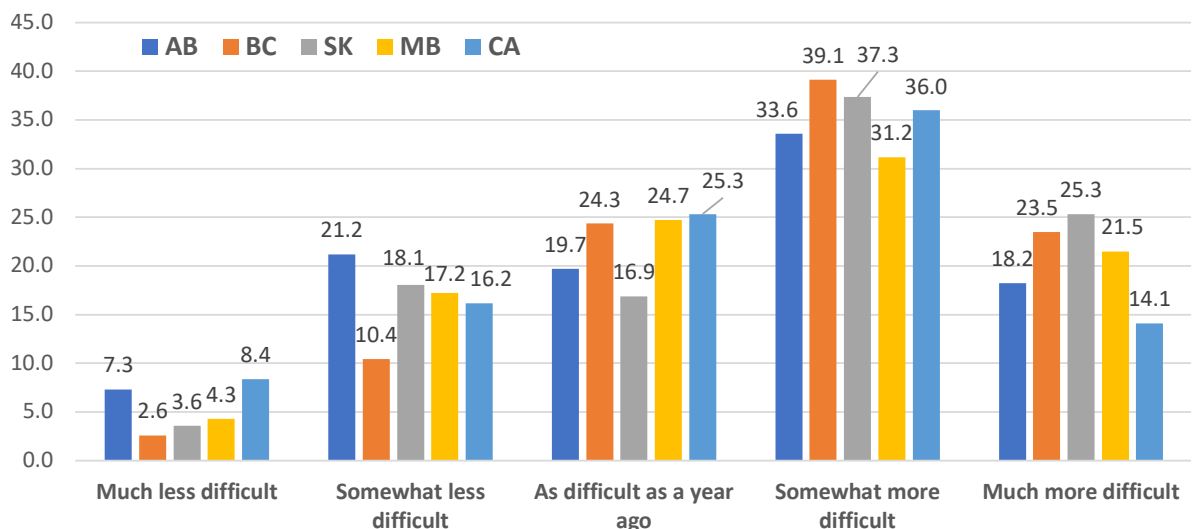


Figure 1.14 shows that Alberta has the highest percentage of start-ups (SU) reporting more difficulty in starting a business compared to one year ago (55%), with the *much more difficult* and *much less difficult* levels notably higher and lower respectively than the Canadian average. Overall, Alberta entrepreneurs find starting a business somewhat more difficult than a year ago.

Figure 1.15 shows Alberta with the lowest percentage, amongst the four provinces, of baby businesses (BB) reporting more difficulty overall in starting a business compared to one year ago (52%) and the highest level reporting less difficulty overall in starting a business (29%).

Figure 1.15: Difficulty of Starting a Business Compared to One Year Ago 2021 (BB)



FINDINGS

Findings suggest that Alberta BBs are finding it less difficult to start a business than BBs in other regions of Canada in 2021.

Figure 1.16 shows that 28% of AB established businesses (EB) report much more difficulty in starting a business compared to one year ago, similar to SK and the Canadian average. By comparison, 43% of EBs reporting much more difficulty in 2020. Overall, 71% of EBs reported more difficulty in 2020 compared to 53% in 2021, suggested that it is easier for EBs in 2021 to start a business compared to one year ago than EBs in 2020.

Figure 1.16: Difficulty of Starting a Business Compared to One Year Ago 2021 (EB)

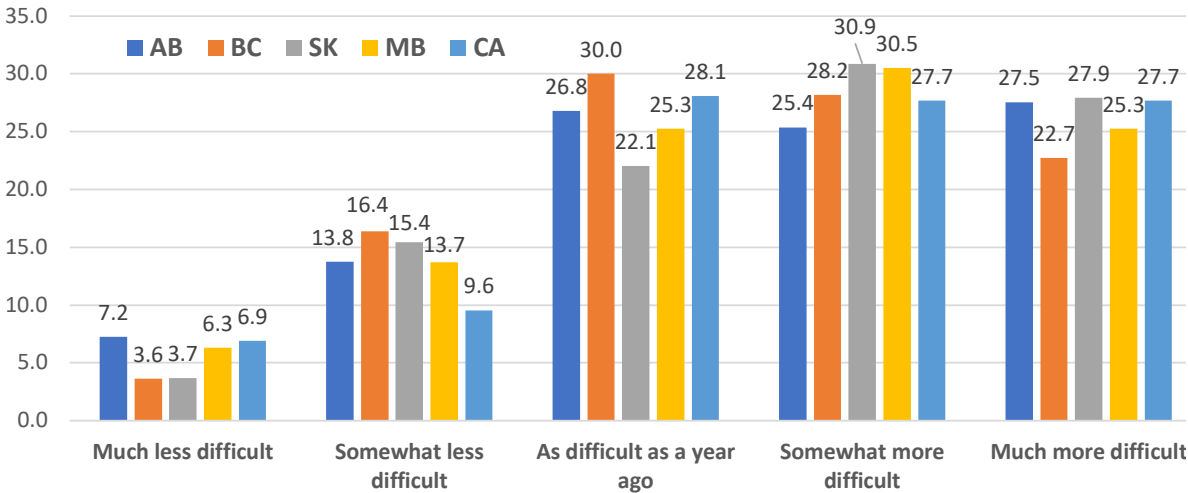
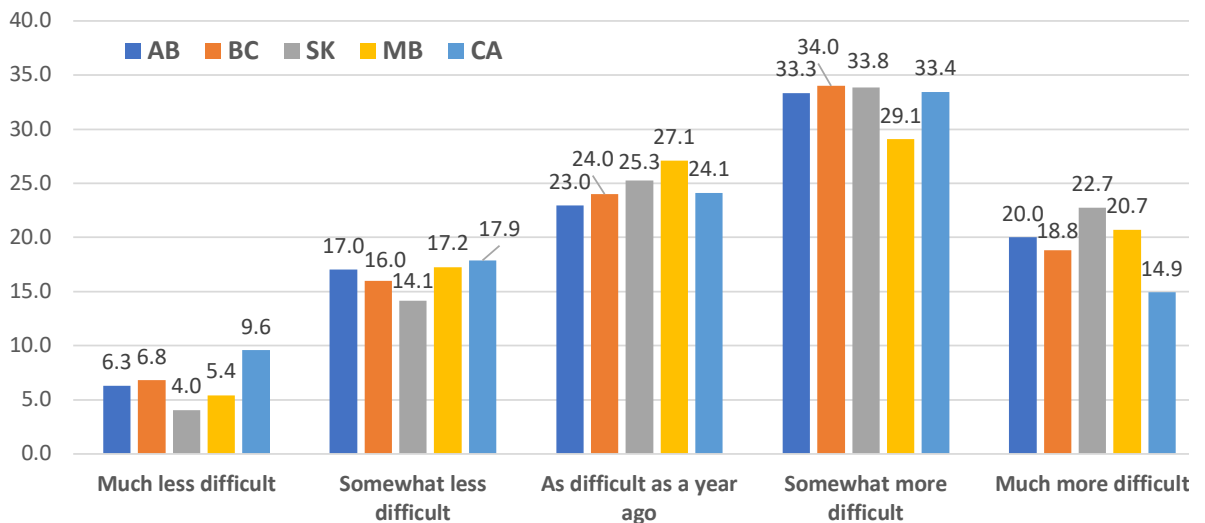


Figure 1.17 shows Alberta with an overall TEA level similar to the other three provinces, in reporting more difficulty in starting a business compared to one year ago (53%).

FINDINGS

Figure 1.17: Difficulty of Starting a Business Compared to One Year Ago 2021 (TEA)



In summary, GEM data reveals that over 50% of Alberta entrepreneurs in each of the categories (SU, BB, EB, and TEA) reported in 2021 that it is more difficult to start a business than one year ago. This compares with 70% in 2020, which only reported responses from EBs.

A notable observation is the marked decrease in the *much more difficult* level for EBs, from 43% in 2020 to 28% in 2021, which suggests that EBs perceive more favorable conditions for starting a business. Alberta's entrepreneurs share a similar response rate with the other three provinces, but Alberta shows a higher overall more difficult level than the Canadian average for SUs and TEA.

1.5 Expectations of Business Growth Compared to One Year Ago

This section shows results from responses to the question: *And compared to one year ago, are your expectations for business growth much lower, somewhat lower, about the same as a year ago, somewhat higher or much higher?*

Figure 1.18 suggests the effects of the pandemic on business growth expectations compared to a year ago, with 32% of Alberta start-ups (SU) reporting overall lower growth expectations, 41% reporting the same expectations and 27% reporting higher expectations. Alberta's results are most similar to BC.

Figure 1.18: Expectations of Business Growth Compared to One Year Ago 2021 (SU)

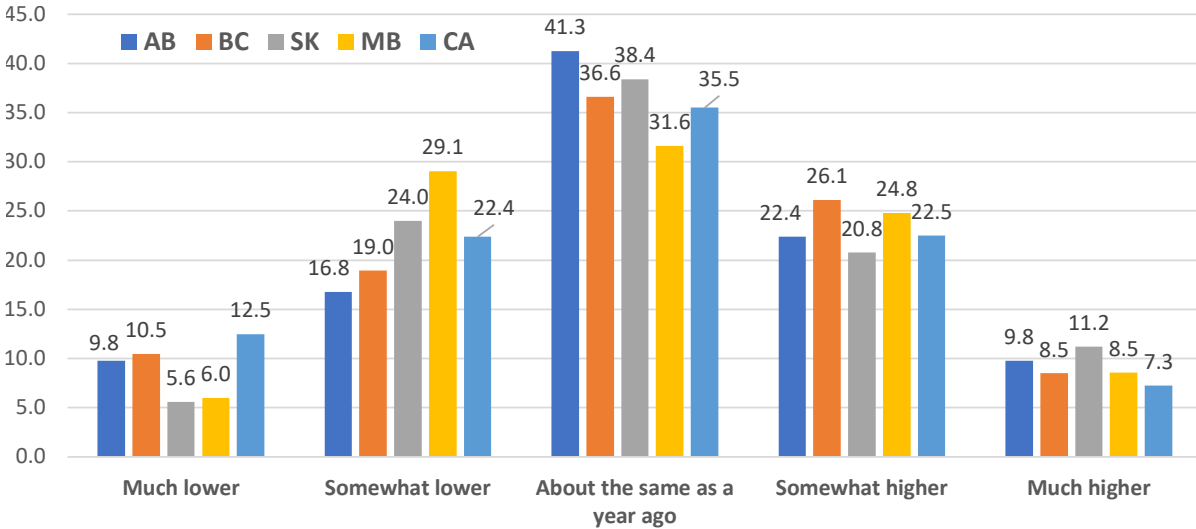
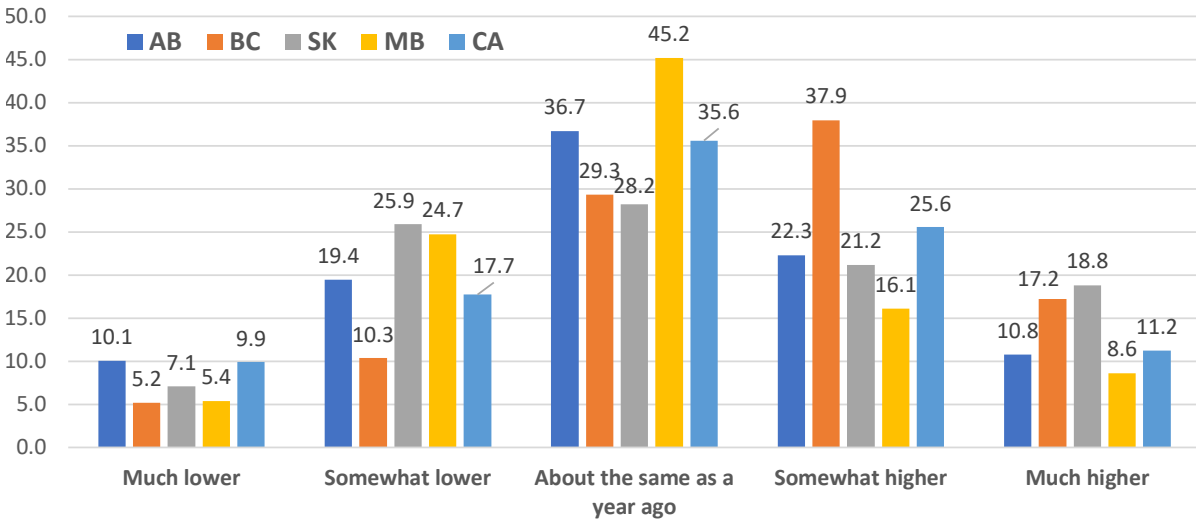


Figure 1.19 shows 33% of Alberta baby businesses (BB) reporting overall lower growth expectations, 37% reporting the same expectations and 30% reporting higher expectations. Alberta’s BB growth expectations are second lowest amongst the comparators and significantly lower than BC (55%).

Figure 1.19: Expectations of Business Growth Compared to One Year Ago 2021 (BB)



FINDINGS

Figure 1.20 shows 18% of Alberta established businesses (EB) expect *much higher* growth expectations in 2021, which is the highest level amongst comparators, while 7% expect *much lower* growth, which is the lowest level amongst the comparators. This compares with 2020 GEM data, which showed only 2% of EBs reported *much higher* growth expectations, while 20% reported *much lower* growth expectations. Alberta's EB results for 2021 are similar to the Canadian average.

Figure 1.20: Expectations of Business Growth Compared to One Year Ago 2021 (EB)

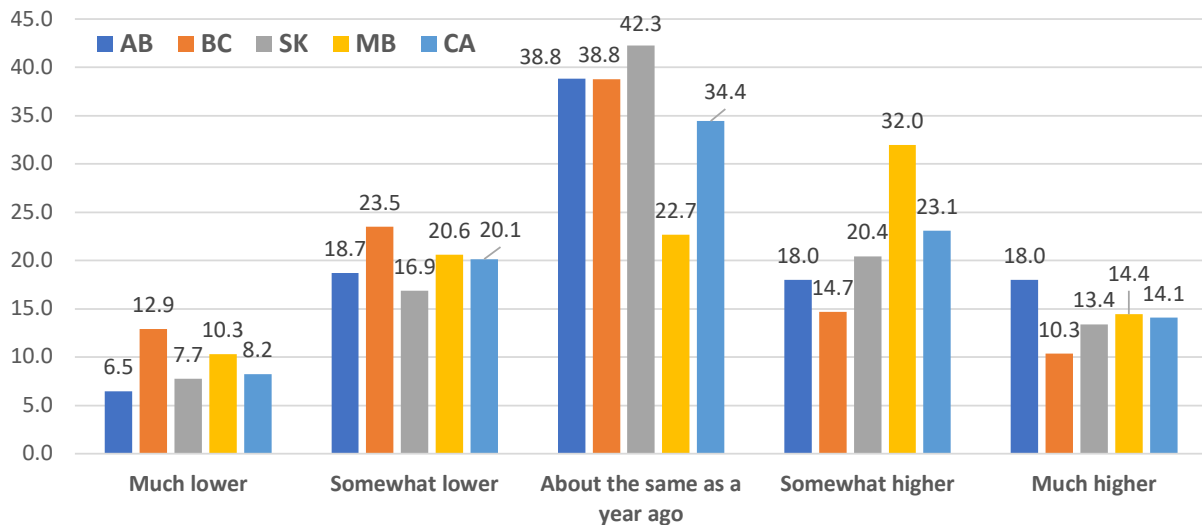
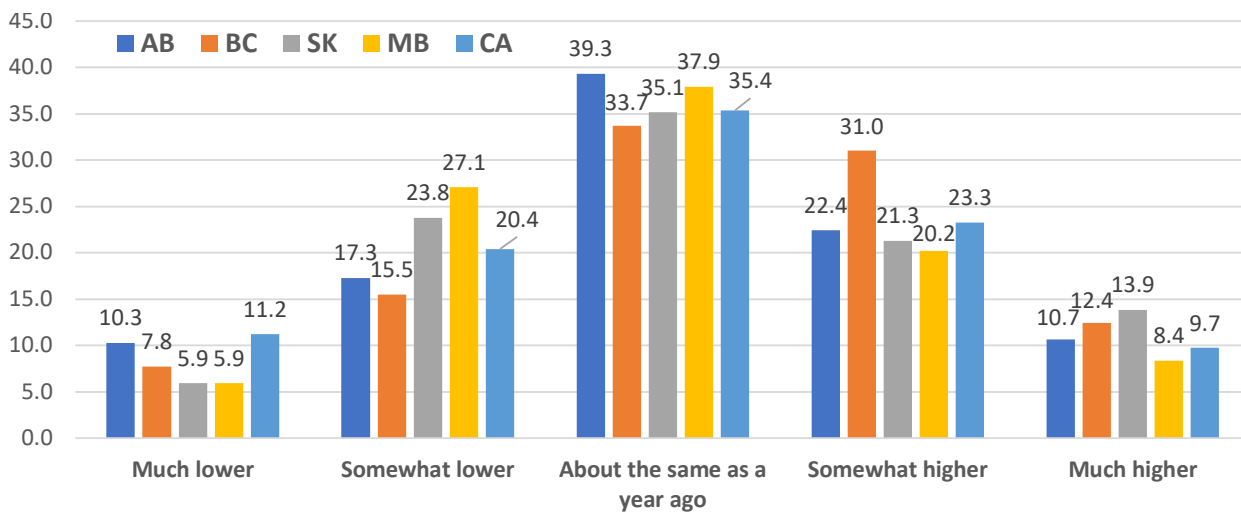


Figure 1.21 shows 11% of TEA respondents expect *much higher* growth expectations in 2021, while 10% expect *much lower* growth. Similar levels of much higher and much lower growth expectations for TEA is also observed with SU and BB results, compared to EB, where the *much higher* growth expectation is almost three times the *much lower* growth expectation.

Figure 1.21: Expectations of Business Growth Compared to One Year Ago 2021 (TEA)



In summary, the highest proportion of Alberta entrepreneurs in each of the categories (SU, BB, EB, and TEA) reported that expectations of growth are the same as one year ago. EBs show the highest level of expected growth, while BBs show the lowest level. Overall, except for BBs, more Alberta entrepreneurs have higher expectations of growth than lower expectations of growth in 2021.

Another positive finding is that 8% of Alberta EBs have *much higher* growth expectations in 2021, compared to 2% of EBs in 2020. This provides further evidence to suggest that EBs perceive more favorable business conditions in Alberta in 2021 compared to 2020.

1.6 Pandemic Effect on Business Exits

Table 7 shows the percentage of owner-managers (OMs) identifying the pandemic as the most importance reason for quitting their business.

Table 7: Percentage of OMs who identify the pandemic as most important reason for quitting their business

Region	2021	2020	Change
AB	16.0	13.5	+2.5
BC	13.7	18.2	-4.5
SK	18.8	17.4	+1.4
MB	11.3	30.8	-19.5
CA	14.2	18.2	-4.0

FINDINGS

As shown in Table 7, there is an increase in the percentage of AB and SK OMs who identify the pandemic as the most important reason for quitting their business from 2020. MB shows the most significant decrease in 2021, followed by BC and the Canadian average.

One possible explanation is suggested in examining GEM 2020 data, which showed AB with the lowest percentage of OMs identifying the pandemic as primary reason for quitting their business. AB in 2020 also had the highest percentage of OMs citing “problems getting finance” as the most important reason for quitting the business (19%). Similarly, SK had the highest percentage of OMs cited “the business was not profitable” as the most important reason. It may be possible that a proportion of OMs in AB and SK were already distressed in 2020, with the pandemic possibly playing a more contributory role in OMs quitting their businesses in 2021.

1.7 Expecting to Start a Business in Next 3 Years

Figure 1.22 shows results from responses to the question: *Are you, alone or with others, expecting to start a new business, including any type of self-employment, within the next three years?*

Figure 1.22: Percentage of Respondents Expecting to Start a Business in Next 3 Years

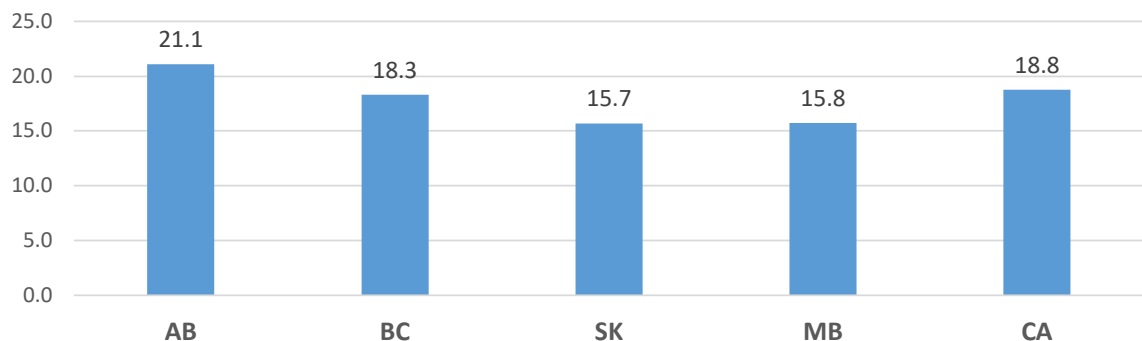


Figure 1.22 shows Alberta with the highest percentage of entrepreneurs who expect to start a business in the next 3 years, as it did in 2020.

Table 8 shows that this expectation has increased in 2021 for AB and the other regions, suggesting increasing confidence amongst Albertans to start a business despite the challenges brought on by the pandemic.

Table 8: Expecting to Start a Business in Next 3 Years, 2021 vs. 2020

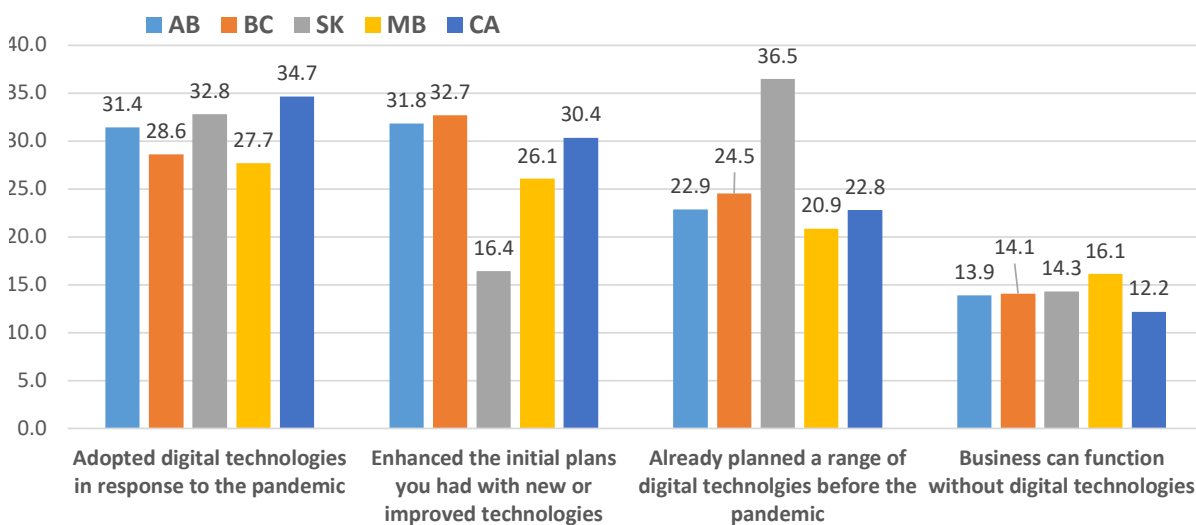
Region	2021	2020	Change
AB	21.1	16.4	+4.7
BC	18.3	13.3	+5.0
SK	15.7	14.9	+0.8
MB	15.8	13.2	+2.6
CA	18.8	15.1	+3.7

1.8 Use of Digital Technologies in Response to Pandemic

Figure 1.23 shows results from responses to the question: *In response to the coronavirus pandemic, has your business made any changes in its use of digital technologies for selling your product or service?* This is a newly introduced question in the GEM 2021 survey.

Figure 1.23 shows that 31% of Alberta start-ups (SU) have adopted digital technologies in response to the pandemic, below the Canadian average and slightly below SK. A slightly higher number of Alberta SUs (32%) have enhanced initial plans with digital technologies in response to the pandemic, at a similar level to BC.

Figure 1.23: Use of Digital Technologies in Response to Pandemic 2021 (SU)



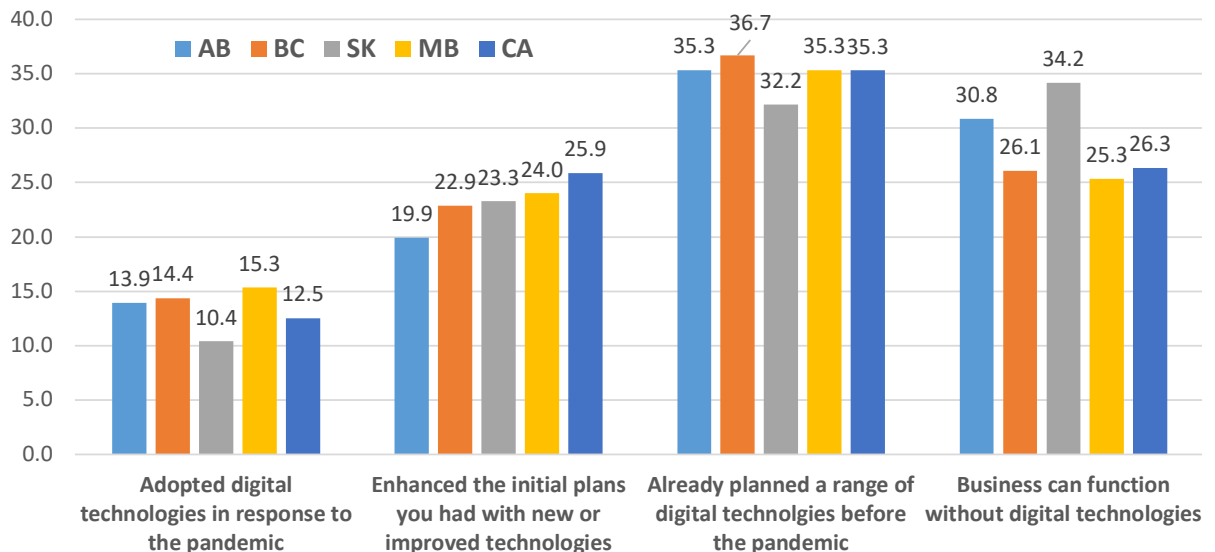
A lower level of Alberta SUs (23%) had made plans on digital technologies before the pandemic, well below the level of SK, with 14% of SUs identifying that their business can function without digital technologies, which is similar to other comparators.

FINDINGS

Figure 1.24 shows that 14% of owner-managers (OMs) have adopted digital technologies in response to the pandemic, below MB and BC and above the Canadian average, with 20% of OMs enhancing initial plans in response to the pandemic, the lowest level amongst the comparators.

A higher level of OMs (35%) had made plans on digital technologies before the pandemic, which compares with MB and the Canadian average, and slightly below BC. Alberta has the 2nd highest level of OMs (31%) identifying that their business can function without digital technologies.

Figure 1.24: Use of Digital Technologies in Response to Pandemic 2021 (OM)



Findings show that Alberta OMs have adopted digital technologies much less than SUs in response to the pandemic (14% vs 31%). Alberta OMs have also not enhanced initial plans with digital technologies compared to SUs (20% vs 32%), showing higher levels of planning before the pandemic compared to SUs (35% vs 23%).

Findings may suggest that OMs undertake more pre-planning with digital technologies, and have reacted less to the pandemic in adopting digital technologies as a result. SUs may be more opportunistic in adopting new technologies, due to necessity, such as having to work

from home, or in pursuing new opportunities resulting from the pandemic. As discussed earlier, 53% of SUs agree that the pandemic provided new opportunities, compared to 33% of EB owners.

1.9 Expectations of Number of jobs in 5 Years

This section shows results that ask those starting or running a new business *how many people they expect to employ in five years' time*. Table 9 presents the comparators across the entrepreneur categories to examine the expectation of 'no jobs' in the next 5 years.

Table 9: Expectations of “No Jobs” in 5 Years by Entrepreneur Category (%)

Region	Startup (SU)	Baby Business (BB)	TEA	Established Business (EB)
AB	16.6	11.7	14.8	31.3
BC	8.1	18.5	11.7	38.2
SK	9.4	24.8	15.8	35.2
MB	11.0	18.4	15.1	36.8
CA	12.7	6.8	9.9	24.8

Table 9 shows Alberta start-ups (SU) have the highest level of expectation that no jobs will be generated in the next 5 years, with BC having the lowest level. AB’s baby businesses (BB) and established businesses (EB) show comparatively low levels of expectation of no jobs. AB levels are higher than the Canadian average across all categories, which suggests that, overall, a slightly higher percentage of Albertans starting or running a new business expect to employ no one but themselves in five years’ time compared to the Canadian average.

Table 10 shows expectations of 1-5 jobs in the next 5 years by entrepreneur category. It shows AB with the lowest expectation of jobs in the 1-5 category across all four entrepreneur categories, compared to BC, SK, MB and the Canadian average, which suggests that Alberta entrepreneurs have a lower expectation of low employment growth in the next 5 years.

FINDINGS

Table 10: Expectations of “1-5 Jobs” in 5 Years (%)

Region	Startup (SU)	Baby Business (BB)	TEA	Established Business (EB)
AB	51.1	34.0	44.7	33.4
BC	59.9	43.3	53.7	38.2
SK	69.2	45.2	58.8	46.2
MB	58.7	36.4	49.9	39.9
CA	55.7	45.5	51.7	40.8

Table 11 shows expectations of 6-19 jobs in the next 5 years by entrepreneur category. It shows AB, overall with the 2nd highest level of moderate employment growth expectations, slightly below the Canadian average. The highest level for AB is with start-ups.

Table 11: Expectations of “6-19” Jobs” in 5 Years (%)

Region	Startup (SU)	Baby Business (BB)	TEA	Established Business (EB)
AB	20.8	15.9	18.0	10.1
BC	16.4	13.3	15.6	8.6
SK	12.7	10.9	12.2	10.0
MB	14.2	18.2	15.7	10.1
CA	21.0	17.2	18.8	10.0

Table 12 shows expectations of 20+ jobs in the next 5 years by entrepreneur category, with AB having the highest level of ‘high’ growth expectations for BB, TEA and EB categories.

Table 12: Expectations of “20+” Jobs” in 5 Years (%)

Region	Startup (SU)	Baby Business (BB)	TEA	Established Business (EB)
AB	11.5	38.4	22.5	25.2
BC	15.6	24.9	19.0	15.2
SK	8.7	19.0	13.1	8.6
MB	15.1	26.9	19.4	13.3
CA	10.8	30.5	19.5	24.4

Overall, GEM data suggests that Alberta entrepreneurs have high levels of ‘moderate to high’ employment growth aspirations for the next 5 years. As suggested in Tables 11 and 12, comparatively high growth aspirations through employment are identified across the four

entrepreneur categories, from the early-stage SUs through to EBs. The positive signals of economic recovery in Alberta in 2021 may be encouraging higher growth aspirations of entrepreneurs.

2 Discussion and Summary

This section discusses report findings, presented under the question headings presented earlier.

Pandemic Effect on Household Income of Entrepreneurs

GEM questions assessed the impact of the pandemic on the household income of Alberta entrepreneurs, and considered factors such as gender, age and education level.

The negative impact of the pandemic on the household income of Alberta entrepreneurs appears less severe in 2021, with 41% reporting a decrease compared to 47% in 2020, and 12% reporting an increase in household income compared to 10% in 2020. Household income for entrepreneurs in all regions of Canada improved in 2021 compared to 2020.

A strong decrease in household income was reported by 15% of Alberta entrepreneurs, while 26% reported somewhat of a decrease; the highest levels amongst the comparators (BC, SK, MB and Canadian average). Gender differences amongst Alberta respondents were observed in the GEM data. While Alberta male and female entrepreneurs both had the highest levels of reported decrease in household income in 2021, compared to BC, SK and MB, the overall reported increase in household income was noticeably higher for males compared to females (15% vs. 5%).

Age differences were also observed in the GEM data, with the highest reported percentage decrease in household income in the 18-24 age group (52%), followed by the 35-44, 45-54 and 55-64 age groups. The highest percentage increase in household income is with the 25-34 age group (26%). The lowest percentage decrease was in the 65+ age group (22%), with three-quarters of respondents in this group reporting no substantial change in household income.

DISCUSSION AND SUMMARY

Alberta entrepreneurs in 2021 had higher reported levels of decreased income across most educational levels, compared to the Canadian average. High school graduates and those with some high school reported the largest decrease in household income, which supports the finding that the highest percentage decrease is in the 18-24 age group.

One possible explanation for Alberta's higher levels is that the economic impact of the pandemic in Alberta was more severe than in other provinces, particularly in the first quarter of 2021, with employment recovery among youth the slowest of the western provinces.¹²

Another explanation may be existing barriers facing Alberta entrepreneurs who are younger, less educated and female. Other studies have identified that the most affected socio-economic category by the economic effects of the COVID-19 pandemic is represented by young people with primary or secondary levels of education.¹³ Educational level is seen as an important variable that should be considered in reducing imbalances generated by the economic crisis, given evidence that a high level of education (tertiary education) is positively related to an increased level of employability.

Reducing the gender gap is also recognized as a good vector for solving the negative externalities of COVID-19 economic imbalances.¹⁴ Supporting entrepreneurial ambitions and new businesses may bypass some of the traditional institutional and employment barriers, allowing individuals, regarding of gender, age or educational level, to pursue new opportunities and benefit from the economic freedom and free choice that comes with entrepreneurship.

In this context, reducing age and gender inequalities and inequities could be an investment in a more productive labor market for Alberta. This could include life-long learning and business flexibility as important strategies for increasing the level of employability and sustaining flexible businesses, given that established businesses and SMEs are characterized by low rates of unemployment and positive values of economic growth.

¹² <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2021002-eng.htm>

¹³ Gavriluță et al (2022) Sustainability and Employability in the Time of COVID-19. Youth, Education and Entrepreneurship in EU Countries.

¹⁴ Ibid.

This suggests further efforts are required to support the transition from formal employment or from formal education to pursue entrepreneurship through vocational education and training for young people, as well as the creation of opportunities for business start-ups.

Pandemic Effects on Providing New Business Opportunities

GEM questions assessed how the pandemic has provided new opportunities for entrepreneurs to pursue with their business.

The pandemic has provided different levels of new opportunity for Alberta entrepreneurs in 2021, depending on the level of business development. Two-thirds (66%) of Alberta BBs agree that the pandemic provided new opportunities, compared to over half (53%) of SU entrepreneurs, 40% of EEA but only one-third (33%) of EBs.

One possible explanation for the low EB level may be the upturn in Alberta's economy in 2021, requiring established businesses to focus on core operations rather than to pursue new opportunities. For many businesses, this required attention to their workforce, as demand for workers accelerated to record levels during the second half of 2021¹⁵.

Overall, 59% of Alberta respondents engaged in total early-stage entrepreneurial activity (TEA) agree that the pandemic has provided new opportunities in 2021. For comparison, 2020 GEM data showed that 58% of Alberta entrepreneurs agreed that the pandemic provided new opportunities. This suggests that Alberta entrepreneurs were finding new opportunities as a result of the pandemic in equal measure in 2020 and 2021.

Response of Government to Pandemic

GEM questions assessed the extent to which Alberta entrepreneurs approved of the government's response to the economic consequences of the pandemic.

GEM data shows that approval levels vary by category of entrepreneur. Alberta established businesses (EBs) in 2021 have a much higher disapproval level of the government response to the pandemic than other entrepreneur categories, similar to 2020 results. One explanation

¹⁵ <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2022001-eng.htm>

DISCUSSION AND SUMMARY

may be the disproportionate economic consequences of lockdown measures for EBs compared to earlier stage entrepreneurs (e.g. SUs and BBs), although lockdown measures began to ease up by mid-2021.

Another explanation may relate to their lower level of received or anticipated government financial support, which was identified in GEM 2020 data. For some EBs in certain sectors such as oil and gas, mining, agriculture, transportation and utilities, pandemic-related program assistance was likely less available.

The approval level for Alberta BBs is twice the level for Alberta SUs in 2021. One explanation may be that entrepreneurs involved in SUs (which are less than 3 months old) were limited in their eligibility for different government pandemic relief programs. Baby businesses, on the other hand, are managed businesses providing wages and remuneration, and were more likely to be eligible for different relief programs.

The approval level of Alberta intrapreneurs (EEA) is over three times its disapproval level, and significantly higher than the EB approval level. One explanation may be found in 2020 GEM data, where intrapreneurs identified a high level of disruption to core business activities resulting from the pandemic. Intrapreneurs in the GEM 2020 survey also agreed strongly that the pandemic led to new business opportunities for their company.

The significant level of government relief programs for business may have contributed to economic recovery benefits for core business activities that also enabled intrapreneurs to exploit new opportunities resulting from the pandemic.

Difficulty of Starting a Business Compared to One Year Ago

GEM questions asked Alberta entrepreneurs if they thought it was more difficult to start a business compared to one year ago.

Over 50% of Alberta entrepreneurs in each of the categories (SU, BB, EB, and TEA) reported that it is more difficult to start a business than one year ago. This compares with 70% in 2020 (GEM data in 2020 only recorded responses from EBs).

Two positive trends were observed in the 2021 GEM data. One is that Alberta baby businesses (BB) reported finding it less difficult to start a business than BBs in other regions. Another is the marked decrease in the much more difficult level for EBs from 2020, which suggests that Alberta BBs and EBs perceive more favorable conditions for starting a business.

Expectations of Business Growth Compared to One Year Ago

GEM questions asked Alberta entrepreneurs about their expectations for business growth compared to one year ago.

Alberta entrepreneurs in each of the categories (SU, BB, EB, and TEA) reported that expectations of growth in 2021 are the same as one year ago. EBs show the highest level of expected growth, while BBs show the lowest level.

Except for BBs, more Alberta entrepreneurs have higher expectations of growth than lower expectations of growth in 2021. This provides further evidence to suggest that established businesses perceive more favorable business conditions in Alberta in 2021 compared to 2020.

Pandemic Effect on Business Exits

GEM asked Alberta owner-managers (OMs) to identify if the pandemic is the most important reason for quitting their business.

Alberta and SK were the only two regions in 2021 which showed an increase from 2020 in the percentage of OMs identifying the pandemic as the most important reason for quitting their business. MB shows the most significant decrease in 2021, followed by BC and the Canadian average.

One possible explanation for the increase may be found in the GEM 2020 data, which showed AB with the lowest percentage of OMs identifying the pandemic as primary reason for quitting their business. AB in 2020 also had the highest percentage of OMs citing “problems getting finance” as the most important reason for quitting the business. Similarly, SK had the highest percentage of OMs cited “the business was not profitable” as the most important reason. It appears that a

DISCUSSION AND SUMMARY

proportion of OMs in AB and SK were already distressed in 2020, with the pandemic possibly playing a more contributory role in OMs quitting their businesses in 2021.

Expecting to Start a Business in Next 3 Years

GEM asked entrepreneurs if they are expecting to start a new business within the next three years.

Alberta had the highest percentage of entrepreneurs in 2021 who expected to start a business in the next 3 years, as it did in 2020. This expectation has increased in 2021 for all regions, with the highest increases for BC and AB. This suggests increasing confidence amongst Albertans to start a business in the next three years despite the challenges brought on by the pandemic.

Use of Digital Technologies in Response to Pandemic

GEM included a new question in the 2021 survey, which asked entrepreneurs if their business made any changes in its use of digital technologies for selling its product or service.

Alberta owner-managers (OMs) in 2021 have adopted digital technologies much less than SUs in response to the pandemic. OMs have also not enhanced initial plans with digital technologies compared to SUs, but show higher levels of making plans on digital technologies before the pandemic, compared to SUs. This suggests that such pre-planning with digital technologies has reduced the need for OMs to react to the pandemic in adopting digital technologies.

SUs may be more opportunistic in adopting new technologies, due to necessity, such as having to work from home, or in pursuing new opportunities resulting from the pandemic. Digital technologies have been instrumental to the continuity of economic activity during the COVID-19 pandemic while also respecting the requirement of physical distancing.¹⁶

The emergence of digital technologies has significantly reduced the economic costs of data - search, storage, computation, transmission – while enabling new economic activities during the pandemic and a change in lifestyle.¹⁷

¹⁶ Bellatin and Galassi (2022), What COVID-19 May Leave Behind: Technology-Related Job Postings in Canada.

Investments in digital technologies and the longer-term impacts of working from home may be important factors affecting the competitiveness of Alberta businesses, given that entrepreneurship in the post-pandemic world will further fuse with the digital economy. This will take the form of entrepreneurs increasingly selling products on digital platforms, using digital tools like TikTok for marketing and relying on platforms such as Kickstarter for funding.¹⁸ It is expected that entrepreneurs will further seek to use peers in online communities to develop opportunities, get assistance with problems, and find collaborators.

While the self-employed initially were hit harder by the COVID-19 pandemic than larger firms, there is reason to be optimistic because, for the millions of SMEs globally that still lack skills, technology, and resources, adopting digital tools is within reach with the right mindset, strategy, access to world-class digital technologies, and training.¹⁹ All small businesses must be prepared for the “new normal” of a digitally driven economy.²⁰

This Reports finds evidence that some Alberta start-ups and established businesses may be well positioned in planning for and adopting digital technologies, but others will be challenged in accessing capital, tools, and training, as well as with measuring success.

During the pandemic, evidence from Europe and the USA showed that ‘advanced’ small businesses invested more than twice as much money in digital tools than the so-called ‘uncertain small businesses.’²¹ The working environment has changed fundamentally, with the digitalization and increased flexibility of work receiving a considerable boost. These changes are also likely to make companies more resilient to future shocks.

Expectations of Number of jobs in 5 Years

GEM asked those starting or running a new business how many people they expect to employ in five years’ time.

¹⁷ Belitski et al (2022), Economic effects of COVID-19 pandemic on entrepreneurship and small businesses.

¹⁸ <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2022001-eng.htm>

¹⁹ Digitally Driven (2021), European Small businesses find a digital safety net during Covid-19.

²⁰ Meurer et al (2022) Digital affordances: How entrepreneurs access support in online communities during the COVID-19 pandemic.

²¹ Ibid.

RECOMMENDATIONS

Alberta start-ups (SU) have the highest level of expectation that no jobs will be generated in the next 5 years, with baby businesses (BB) and established businesses (EB) showing comparatively low levels of expectation of no jobs.

Alberta has the lowest expectation of jobs in the 1-5 category across all four entrepreneur categories, which suggests that Alberta entrepreneurs have a lower expectation of low employment growth in the next 5 years.

However, Alberta entrepreneurs have high levels of ‘moderate to high’ employment growth aspirations for the next 5 years. Comparatively high growth aspirations through employment are identified across the four entrepreneur categories, from the early-stage SUs through to EBs. The positive signals of economic recovery in Alberta in 2021 may be encouraging higher growth aspirations of entrepreneurs.

Recommendations

The report offers a few recommendations arising from the findings.

1. Investigate the current state of youth and female entrepreneurship in Alberta and seek to determine if biases exist regarding age, gender and education level. Reducing age and gender inequalities and inequities could be an investment in a more productive labor market for Alberta.
2. Explore opportunities to support the transition from formal employment or from formal education to pursue entrepreneurship through vocational education and training for Alberta’s young people, including those from marginalized communities.
3. Focus attention on digital education for entrepreneurs and small businesses. Investments in digital technologies and the longer-term impacts of working from home may be important factors affecting the competitiveness of Alberta businesses, given that entrepreneurship in the post-pandemic world will further fuse with the digital economy.
4. Provide further support for entrepreneurs seeking moderate to high employment growth, given evidence of employment growth aspirations across the entrepreneurial spectrum.

REFERENCES

- Bartik et al (2020) The impact of COVID-19 on small business outcomes and expectations. *Proceedings of the National Academy of Sciences*, 117(30), 17656-17666.
- Bellatin, A., & Galassi, G. (2022) *What COVID-19 May Leave Behind: Technology-Related Job Postings in Canada* (No. 15209). Institute of Labor Economics (IZA).
- Belitski, M., Guenther, C., Kritikos, A. S., & Thurik, R. (2022). Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses. *Small Business Economics*, 58(2), 593-609.
- Digitally Driven (2021). European Small businesses find a digital safety net during Covid-19. Report. Connected Commerce. Available at: <https://digitallydriven.connectedcouncil.org/europe/>
- Gavriliuță, N., Grecu, S. P., & Chiriac, H. C. (2022). Sustainability and Employability in the Time of COVID-19. *Youth, Education and Entrepreneurship in EU Countries*. *Sustainability*, 14(3), 1589.
- GEM (2022) GEM 2021/22 Global Report, Global Entrepreneurship Research Association, London Business School, UK. <https://www.gemconsortium.org/reports/latest-global-report>
- Government of Alberta (2021) Economic Trends, December, 2021, <https://open.alberta.ca/publications/5874657>
- Government of Canada (2021) State of Trade in 2021: <https://www.international.gc.ca/transparency-transparence/state-trade-commerce-international/2021.aspx?lang=eng>
- Gregson, G. and Saunders, C. (2020) Impact of COVID-19 on entrepreneurship in Western Canada. <http://thecis.ca/wpdm-package/impact-of-covid-19-on-entrepreneurship-in-western-canada/>
- Meurer, M. M., Waldkirch, M., Schou, P. K., Bucher, E. L., & Burmeister-Lamp, K. (2022) Digital affordances: How entrepreneurs access support in online communities during the COVID-19 pandemic. *Small Business Economics*, 58(2), 637-663.

REFERENCES

OECD (2021) OECD SME and Entrepreneurship Outlook 2021.

<https://www.oecd.org/industry/smes/SME-Outlook-2021-Country-profiles.pdf>

Statistics Canada (2021) Canadian Survey on Business Conditions, October 1 – November 5 2021, Deloitte & Canadian Chamber analysis, available at: <https://www150.statcan.gc.ca/n1/daily-quotidien/211126/dq211126b-eng.htm>

Statistics Canada (2021) COVID-19 in Canada: A One-year Update on Social and Economic Impacts. Available at: <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2021001-eng.htm>

Statistics Canada (2022) COVID-19 in Canada: A Two-year Update on Social and Economic Impacts, March 10, 2022. Available at: <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2022001-eng.htm>

REPORT AUTHORS

Geoff Gregson, PhD, LLM, MBA

Geoff is a Research Fellow with The Centre for Innovation Studies (THECIS). He holds a senior consultancy appointment with Alberta Health Services and an adjunct professorship with the University of Alberta. His research cover entrepreneurship, technology commercialization, SME growth, innovation strategy, systems and policy and equity risk capital. Geoff has started up four new ventures and is co-founder and current Chairman of Axienta, Ltd., a global enterprise mobility firm. He is a graduate of the University of Edinburgh (UK), University of Alberta and University of Calgary.

Chad Saunders, PhD, MBA, ICD.D

Chad Saunders is THECIS Senior Research Fellow and Associate Professor at the Haskayne School of Business in the area of Entrepreneurship & Innovation, and holds adjunct appointments with the Departments of Community Health Sciences and Medicine at the Cumming School of Medicine, where he is the eHealth Services and Strategy Lead with the Ward of the 21st Century (W21C.org). Chad's research focuses on the supports that entrepreneurs draw upon, with a particular interest in the role of academia and entrepreneurial ventures in fostering innovation in healthcare. Prior to entering academia, Chad worked with a business incubator for rapid growth enterprises.

GEM CANADA TEAM 2021

Peter Josty <i>Team Leader</i>	The Centre for Innovation Studies (THECIS), Calgary
Chad Saunders <i>Deputy Team Leader</i>	Haskayne School of Business, University of Calgary
Blair Winsor	Memorial University, St. John's Newfoundland
Kevin McKague	Cape Breton University, Sydney, Nova Scotia
Yves Bourgeois	University of New Brunswick, Moncton, New Brunswick
Matthew Pauley	University of Prince Edward Island, Charlottetown, PEI
ÉtienneSt-Jean	UQTR, Trois Rivières, Québec
Marc Duhamel	UQTR, Trois Rivières, Québec
Sandra Schillo	University of Ottawa
Charles Davis	Independent Scholar, Toronto
Howard Lin	Independent Scholar, Toronto
Nathan Greidanus	Asper School of Business, University of Manitoba, Winnipeg
Chris Street	University of Regina
Tyler Case	University of Saskatchewan Mount
Amanda Williams	Royal University, Calgary
Karen Hughes	University of Alberta, Edmonton, Alberta
Geoff Gregson	University of Alberta, Edmonton and THECIS.
Brian Wixted	Simon Fraser University, Vancouver BC
Adam Holbrook	Vancouver, BC

ABOUT THECIS

THECIS (The Centre for Innovation Studies) is a not for profit organization devoted to study and promotion of innovation. Based in Calgary, Alberta, and Incorporated in 2001, it operates through a network of 35-40 **THECIS** Fellows.

THECIS has three **core functions** – research, networking and education.

- **Research.** Creating new knowledge and building insights into how the innovation systems functions and policies that can improve it.
- **Networking.** Providing opportunities for exchange of ideas through breakfast meetings, workshops and conferences.
- **Education.** Dissemination of information through Newsletters, events and other informal education activities, particularly for graduate students.

For more information about THECIS go to www.thecis.ca

The Centre for Innovation Studies (THECIS)

#125, Alastair Ross Technology Centre
3553 31 Street NW
Calgary, Alberta, Canada T2L 2K7

More information

For more information on the GEM global reports and on GEM, please contact the GEM Executive Director, *Aileen Ionescu-Somers*, at asomers@gemconsortium.org

The 2020/2021 GEM Global report is available at www.gemconsortium.org

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors and the GEM Canada team.

SPONSOR RECOGNITION

We would like to thank the Government of Alberta, Jobs, Economy and Innovation, for supporting this report.



NOTES



Global Entrepreneurship Monitor

Global Entrepreneurship Research Association

London Business School
Regents Park, London NW1 4SA, UK.

+44 796 690 81 71
info@gemconsortium.org

www.gemconsortium.org



The Centre for Innovation Studies (THECIS)

#125, Alastair Ross Technology Centre
3553 31 Street NW
Calgary, Alberta, Canada T2L 2K7

www.thecis.ca

