



# Success of Small Businesses in Small Places in Canada

This report offers important insights for stakeholders involved in business development. This research establishes that entrepreneurs starting a business are advantaged by also planning and organizing for their enterprise's growth over the long term. This study shows that business advisors and coaches need to inform their clients of the importance of ongoing risk assessments both prior to and after launching a business. It also suggests that governments need to have employment and industry sector data updated regularly to aid entrepreneurs in their business planning and operations.

This report presents the findings of Rural Development Institute's research project focused on the Aurora Business Leadership Program (ABLP) – a business development tool delivered to immigrants in the Brandon area. This report identifies the success rates of start-up businesses in Canada and concepts of successful business start-ups. These findings establish benchmarks

for measuring the success and growth of enterprises owned or operated by Canadians and immigrants. Both dimensions of success may help inform government agencies, chambers of commerce and policy analysts as well as investors and business advisors helping start-ups, and entrepreneurs themselves in their planning for business development in rural regions.

This research involved two literature scans conducted in 2019. The first scan identified a number of Statistics Canada studies, which applied differing criteria of SME success, including SME survival, positive employment growth, contribution to exports, and contribution to GDP. Two references were particularly relevant for this project. Ostrovsky and Picot (2018) compared survival rates for Canadian- and immigrant-owned SMEs from 2003 to 2009. The rates started similarly at ~88% after year 1 but declined to 58% for Canadian-born and 56% immigrant-owned SMEs after seven years.

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Archambault and Song (2018) noted similar declining survival rates of SMEs over a 10-year period from 2002 and 2011. Archambault et al. (2018) also reported on SME survival rates by geographic region, noting SMEs located in the prairie region retained a higher survival rate compared to the rest of Canada.

The second scan identified five themes relating to enterprise success: personality traits; education, training and experience; business and management skills; social networks; and community engagement. These sources emphasized that survivability is not equated with business success and that pre-startup business planning is instrumental in achieving post-launch business success. These findings illustrate the significance of the contrast between the success criteria recognized in the first scan. Further, an alignment of the success factors listed under each theme against the Aurora Program's learning objectives established that business and management skills, and social networks were addressed most prominently in the ABLP's pre-startup business planning.

Based on these findings, avenues for future research include:

- An updated analysis of the Statistics Canada databases to assess SMEs success rates, including an analysis of immigrant-owned SMEs by industry sectors and rural census sub-divisions in Manitoba;



- A series of rural Manitoban SMEs case studies to analyze factors leading to SME success or failure as well as criteria of success adopted by SME owners/managers;
- An analysis of the planning, preparation, resources and other factors that were instrumental in the survival of SMEs through the Covid-19 period; and
- A scan of best practices on business start-ups and entrepreneurship to strengthen the Aurora Program.

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This report is available on the RDI website at: <https://www.brandonu.ca/rdi/projects/aurora-project/>



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