



# Access and Equity for 2SLGBTQ+ Businesses in Canada

A report prepared for  
Canada's LGBTQ+ Chamber  
of Commerce





The Diversity Institute (DI) undertakes research on diversity in the workplace to improve organizational practices. We work with organizations to develop customized strategies, programming, and resources, as well as promote new interdisciplinary knowledge and practices about diversity with respect to gender identity, race/ethnicity, Indigenous Peoples, abilities, and sexual orientation. Using an ecological model of change, our action-oriented, evidence-based approach drives social innovation across sectors.



Canada's LGBT+ Chamber of Commerce (CGLCC) is a coalition of 2SLGBTQ+ businesses, government liaisons, and 2SLGBTQ+ programs that advocate for change to make a more inclusive Canadian economy possible. We do this by bringing together people and the right resources that empower 2SLGBTQ+ entrepreneurs to be even more successful. CGLCC programs are designed to elevate 2SLGBTQ+ businesses and foster greater diversity and inclusion across Canada's economy. We also serve organizations interested in developing inclusive workplace cultures and programming by offering services such as inclusivity and market-preparedness training and resources like the supplier diversity network and other supports.



## Partners

There has been a lack of research on 2SLGBTQ+ businesses and leaders, the unique challenges they face, and how discrimination against sexual orientation and gender identity in business is impacting their potential. CGLCC has been at the forefront of conducting research into the 2SLGBTQ+ business community in Canada but, as a not-for-profit, we are not able to do this alone. Thank you to our sponsors, TD and Microsoft, for ensuring that we are able to conduct this important research and that we can continue to better understand and support our community.



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# Executive Summary

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Building on previous research conducted by Canada's LGBT+ Chamber of Commerce (CGLCC), the goal of this report is to provide insights into the experiences of two-spirit, lesbian, gay, bisexual, trans, and queer (and more) (2SLGBTQ+) entrepreneurs in Canada. The report begins with a review of the existing research in this space, followed by an analysis of interviews with 2SLGBTQ+ entrepreneurs. The interviews serve to help draw out common themes in the experiences of entrepreneurs facing structural barriers in their activities.

The report looks at the experiences of 2SLGBTQ+ entrepreneurs within the context of the entrepreneurial ecosystem. An entrepreneurial ecosystem is defined as a set of interdependent actors whose interplay enables productive entrepreneurship. An entrepreneurial ecosystem encompasses a set of conditions at the macro (societal), meso (organizational), and micro (individual) levels. The report explores how entrepreneurs interact with the ecosystem at each of these levels, highlighting the barriers and opportunities that are present. At the individual level, the report explores the motivations and skills of 2SLGBTQ+ entrepreneurs.

In order to provide an account of the lived experiences of 2SLGBTQ+ entrepreneurs in Canada, we conducted semi-structured interviews with entrepreneurs from the 2SLGBTQ+ community. Because research on the 2SLGBTQ+ community is still in the early stages, a qualitative study was necessary to gain a deeper understanding of the challenges faced by 2SLGBTQ+ individuals in the entrepreneurial ecosystem.

Specifically, this report seeks to find out:

- What structural barriers exist for 2SLGBTQ+ business owners in the entrepreneurial ecosystem?
- What insights can be learned from common practices and policies that support the needs of their businesses?
- Where are the opportunities for policymakers, funders, and stakeholders to foster equity and inclusion for 2SLGBTQ+ communities?

The participants interviewed came from both rural and urban communities from across Canada and owned businesses at various stages of development, from small startups to established businesses. The businesses profiled operate in a variety of different industries, ranging from professional services to manufacturing and construction. These interviews helped us to better understand the motivations, values, and lived experiences of 2SLGBTQ+ entrepreneurs.

This report identifies three major themes and eight sub-themes from our interviews with 2SLGBTQ+ entrepreneurs regarding their experiences with starting and running businesses. These include:

- Motivations driving entrepreneurial behaviour
  - Identity as core to the business
  - Undervalued contributions of 2SLGBTQ+-owned small and medium-sized enterprises
  - Advocacy for inclusion and the 2SLGBTQ+ community
- Barriers to entry
  - Bias and discrimination
  - Access to funding and resources
- Opportunities for the future
  - Education and awareness
  - Mentorship and support
  - Access to, awareness of, and inclusion in programs

The report concludes with a discussion of the barriers and opportunities revealed through the literature review and participant interviews. Specifically, the discussion focuses on experiences of discrimination and challenges in accessing funding. Recommendations are provided at the macro, meso, and individual levels, allowing for more granular implementation. Recommendations focus on strategies to improve supplier diversity, raise awareness of existing programs and services, and improve access to incubators, capital funding, networks and mentors, and funding opportunities.

## A Note on Language

Throughout this report, we use the acronym 2SLGBTQ+ to refer to those of diverse sexualities, gender identities, and gender expressions. The Diversity Institute recognizes and acknowledges all identities and expressions within the larger spectrum. As such, it is our intention to be maximally inclusive with the acronym we use. However, it should be noted that if a different acronym was used by a participant during an interview, we did not change it.

# Introduction

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## Overview of the Status of 2SLGBTQ+ Entrepreneurship in Canada

Entrepreneurship and small and medium-sized enterprises (SMEs) form the economic backbone of Canada (accounting for nearly 90% of private sector employment) and play a crucial role in driving innovation and global competitiveness.<sup>1</sup> Canada ranks well in terms of the health of its entrepreneurial environment in the Global Entrepreneurship Monitor's 2022 assessment of national systems. Canada ranks first among high-income countries (economies with a gross domestic product [GDP] per capita of more than \$40,000) in terms of the proportion of the adult population engaged in total early-stage entrepreneurship activity (TEA), at 20.1%.<sup>2</sup>

Statistics Canada estimates that 3% of Canadians between the ages of 18 and 59 identify as homosexual or bisexual.<sup>3</sup> According to other estimates, this is a significant underestimate, and it should be considered the bare minimum of Canadians who identify as homosexual or bisexual. According to other research, over 5% of Canadians identify as two-spirit, lesbian, gay, bisexual, trans, and/or queer (and/or other) (2SLGBTQ+), while other studies claim that up to 14% of university students identify as 2SLGBTQ+.<sup>4</sup> The number of 2SLGBTQ+ people in Canada is unknown; however, the contributions made by 2SLGBTQ+ people to the country are significant and widespread. In the areas of health care, human rights, scientific advancement, public education, and arts and culture, for example, 2SLGBTQ+ people make significant contributions to Canadian society.<sup>5</sup>

Despite the increased acceptance of 2SLGBTQ+ individuals in society, Canadians who identify as part of this community still report discrimination in the workplace. In fact, 7% of employers and 11% of co-workers were found to discriminate against their 2SLGBTQ+ colleagues.<sup>6</sup> Many of those who identify as 2SLGBTQ+ are younger Canadians.<sup>7</sup> International studies indicate that younger 2SLGBTQ+ workers have a more challenging time entering high-paying industries and retaining good jobs, and they face a greater risk of unemployment compared to their non-2SLGBTQ+ counterparts.<sup>8</sup> Further, 2SLGBTQ+ Canadians are twice as likely to experience sexual harassment in the workplace.<sup>9</sup>

A challenge to better understanding the economic impacts of 2SLGBTQ+ entrepreneurs is limited availability of disaggregated data. The 2019 landscape study conducted by Canada's LGBT+ Chamber of Commerce (CGLCC) and Nielsen found that about 1 in 40 businesses in Canada are owned or operated by 2SLGBTQ+ individuals, and 57% of these businesses are sole

proprietorships or one-person shops.<sup>10</sup> 2SLGBTQ+-owned businesses generate about 1% of gross corporate revenue in Canada, representing over \$22 billion in economic activity. 2SLGBTQ+ entrepreneurs are further estimated to employ over 435,000 individuals, who tend to be more diverse than average compared to those employed by overall Canadian businesses. 2SLGBTQ+-owned businesses tend to employ more women (44% of 2SLGBTQ+-owned businesses vs. 41% of overall Canadian businesses), persons with disabilities (15% vs. 6%) and people identifying as Indigenous (9% vs. 5%). Of particular note is the wide disparity in 2SLGBTQ+ employees, with 78% of 2SLGBTQ+-owned businesses employing members from this community, compared to just 5% of overall Canadian businesses.<sup>11</sup> About 25% of 2SLGBTQ+-owned businesses provide goods and services internationally, particularly to U.S. customers.<sup>12</sup>

The study further found that 2SLGBTQ+ entrepreneurs experience many barriers. A significant portion (37%) of all 2SLGBTQ+ entrepreneurs (including agender, non-binary, transgender, and cisgender individuals) choose not to be public with their identities to avoid discrimination when accessing funding or services.<sup>13</sup> This observed unwillingness to be public for fear of discrimination makes it challenging to collect important data to understand the real economic impact of 2SLGBTQ+-owned businesses and gain insight into the challenges they face and opportunities to support their endeavours. Approximately 28% of 2SLGBTQ+-owned businesses have experienced discrimination because of the owner's identity.<sup>14</sup> According to another survey conducted by the Government of Canada, 39% of 2SLGBTQ+-identifying respondents have experienced harassment due to homophobia, transphobia, biphobia, and other prejudices, with verbal abuse being the primary form of harassment.<sup>15</sup> Despite significant contributions to Canada's economy, 2SLGBTQ+-owned businesses continue to be negatively impacted by prejudice, discrimination, and a lack of inclusive support with respect to employment and entrepreneurship.<sup>16, 17</sup>

This research project builds on previous research conducted by Canada's LGBT+ Chamber of Commerce (CGLCC) to provide new insights into the structural discrimination and inequality faced by 2SLGBTQ+-owned businesses in Canada.<sup>18</sup> The Diversity Institute (DI) has compiled extensive research on the challenges faced by diverse women entrepreneurs, including the lack of role models, societal bias, and structural barriers within funding institutions, which we use as a starting point to examine equity gaps for the 2SLGBTQ+ community.<sup>19</sup> We apply a gender and diversity lens in analyzing entrepreneurship and delves deeper into the specific structural challenges and barriers faced by the 2SLGBTQ+ business community. This collaboration between DI and CGLCC aims to advance policy and organizational change within the entrepreneurial ecosystem to foster equity and inclusion for 2SLGBTQ+ groups.

This report includes two sections. First, we present a comprehensive framework to help make sense of how research on 2SLGBTQ+ entrepreneurship could be structured and positioned to provide context to the key challenges, opportunities, and needs of 2SLGBTQ+ groups as they relate to the economic landscape, funding, and support opportunities, as well as societal concerns. Next, interviews with 2SLGBTQ+ business owners representing distinct geographic communities and industries across Canada have been conducted in order to gather nuanced insights into the most pressing issues faced by this community. Finally, the report offers recommendations to policymakers, funders, business owners, and other stakeholders. In the Appendix, we offer a number of resources, including business resources specifically for 2SLGBTQ+ entrepreneurs and general resources for SMEs that are also inclusive of this community.

This report seeks to answer the following research questions:

1. What structural barriers exist for 2SLGBTQ+ business owners in the entrepreneurial ecosystem?
2. What insights can be learned from common practices and policies to support the needs of their businesses?
3. Where are the opportunities for policymakers, funders, and stakeholders to foster equity and inclusion for 2SLGBTQ+ communities?

Through this work, DI aims to help 2SLGBTQ+-owned businesses become more visible through better data collection within the Canadian business landscape and gain a greater understanding of the specific challenges faced by this community in the realm of entrepreneurship and small business ownership. Furthermore, DI strives to create data-driven and actionable recommendations for policymakers and stakeholders within Canada's entrepreneurship and innovation ecosystem. This data will also inform best practices for service providers, associations, and governments to facilitate the provision of resources and the implementation of policies that can address systemic barriers within the 2SLGBTQ+ business community. DI will work in partnership with CGLCC to break down barriers to entrepreneurship in the 2SLGBTQ+ community and drive inclusive innovation in the workplace.

## Impacts of the COVID-19 Pandemic on 2SLGBTQ+ Entrepreneurs

While limited research makes it difficult to confidently ascertain the sectors in which 2SLGBTQ+-owned businesses are concentrated, a study by CGLCC and Nielson indicates that businesses owned by this community are disproportionately represented in sectors hit hard by the COVID-19 pandemic—namely, retail trade, health care and social assistance, and accommodation and food services.<sup>20</sup>

Despite often being in hard-hit sectors, 2SLGBTQ+-owned businesses were more likely to anticipate no changes in their workforce (69.8% of 2SLGBTQ+-owned businesses vs. 64.4% of all Canadian business) and fewer layoffs due to lack of demand. They were also more likely to provide training to current employees and hire employees to carry out work remotely, including staff with technical skills, staff with management skills, and external contractors.<sup>21</sup>

Many 2SLGBTQ+-owned businesses reported launching crowdfunding campaigns during the pandemic to maintain financial stability.<sup>22</sup> This is

due to the disproportionate representation of these businesses in the service sector (72% of 2SLGBTQ+-owned businesses vs. 60% of all others), which has been severely impacted by mandatory shutdowns, capacity limits, and other public health measures. Furthermore, 74% of these businesses are sole proprietorships, meaning that many 2SLGBTQ+ business owners are reliant on a single income earner to maintain their businesses.<sup>23</sup> Therefore, in response to pandemic-related shutdowns of service sector businesses, it became necessary to rely on donations to keep businesses open.

Unfortunately, not all businesses were able to secure crowdfunding to keep their doors open. Approximately 63% of 2SLGBTQ+-owned businesses, known as safe spaces for the community, were negatively impacted by the pandemic, and a disproportionate number were forced to permanently close their doors.<sup>24</sup> This has led to a decrease in the number of safe spaces the 2SLGBTQ+ community is able to access and in positive peer interactions (a decrease of 58.8% for trans and non-binary people).<sup>24</sup> When considered in conjunction with the fact that 6.9% of 2SLGBTQ+ persons were forced to live with someone unsupportive of their identity due to financial struggles engendered by the pandemic, the negative impact on the mental health of those in the community becomes more pronounced.<sup>21, 25</sup>

Furthermore, there has been a 41% increase in hate crimes against the 2SLGBTQ+ community, 53% of which were violent, over the course of the COVID-19 pandemic.<sup>21</sup> Such an increase serves to highlight the importance of safe spaces for the community, and 2SLGBTQ+ entrepreneurs fulfill a vital role in providing these spaces. With pandemic-related closures of many 2SLGBTQ+-owned businesses, members of the community are left isolated from one another and struggle against discrimination without the support they could normally rely on.

The rise in hate crimes has also contributed to increased hesitancy of 2SLGBTQ+ customers to attend these safe spaces for fear of discriminatory action that might be taken against them.<sup>26</sup> This could lead to a decrease in customers at 2SLGBTQ+-owned businesses, which will affect their ability to recover from the financial strain of having been shut down for much of the COVID-19 pandemic. If this trend continues, many 2SLGBTQ+ businesses will continue to suffer from the after-effects of the pandemic, impacting not only their revenue but also their ability to act as safe spaces for the community.

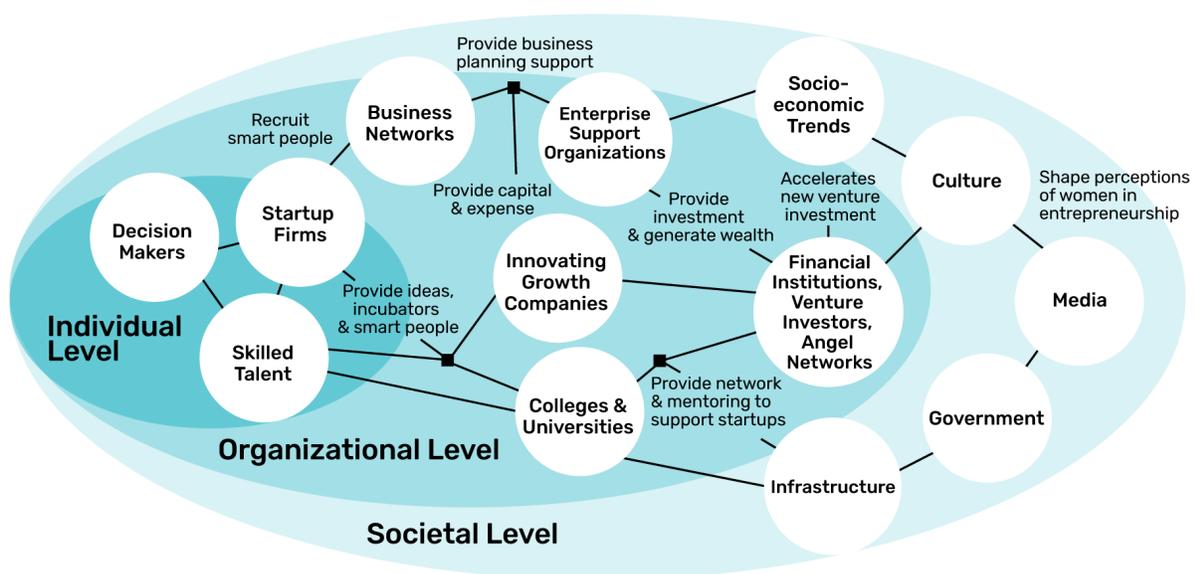
# The Entrepreneurial Ecosystem

An entrepreneurial ecosystem is defined as a set of interdependent actors whose interplay enables productive entrepreneurship.<sup>27</sup> An entrepreneurial ecosystem encompasses a set of conditions that are essential for productive entrepreneurship. These conditions include networks, leadership, finance, talent, knowledge, support services, formal institutions, culture, physical infrastructure, and demand.<sup>28</sup> As productive entrepreneurship expands, new businesses and opportunities are created that drive local economic growth by fostering an environment for new and growing businesses and entrepreneurs to thrive.

2SLGBTQ+ entrepreneurs are part of a larger innovation ecosystem that includes societal factors such as stereotypes, infrastructure, and policies and practices. It also includes organizations and institutions such as universities and colleges, incubators and accelerators, financial institutions, and business support organizations. The opportunities for and experiences of 2SLGBTQ+ entrepreneurs are also affected by their skills, attitudes, and behaviours, as well as the skills, attitudes, and behaviours of other stakeholders. By considering these multiple levels of interacting actors and forces at the macro, meso, and micro levels, we can better understand what promotes and impedes 2SLGBTQ+ entrepreneurship (see Figure 1).

**Figure 1**

## Inclusive innovation model of entrepreneurship



## Macro (Societal) Level Factors

Macro-level factors are pillars that shape the broader ecosystem, including societal perceptions, media, and government policies. Government policies can play an important role in shaping opportunities for 2SLGBTQ+ entrepreneurs in general, affecting everything from financing to access to infrastructure. This section looks at the stereotypes and discrimination that continue to exist for 2SLGBTQ+ entrepreneurs across Canada. It also considers the importance of research on this population and the policies and practices that contribute to their experiences across the ecosystem.

### Stereotypes and Discrimination Toward 2SLGBTQ+ Entrepreneurs

2SLGBTQ+ businesses face challenges at the societal level that are reflected in attracting and retaining both employees and customers. Indeed, our findings show that 2SLGBTQ+ entrepreneurs face customers who express negative attitudes toward their businesses due to the identity of the owner and that employees are less likely to work for businesses with 2SLGBTQ+ owners, even demanding higher wages. Further, 2SLGBTQ+ entrepreneurs are generally evaluated more harshly by the public for failing in their ventures than non-2SLGBTQ+ entrepreneurs.<sup>29</sup> Additionally, heteronormativity—the assumption that everyone is straight—continues to have an impact on 2SLGBTQ+ people and affects their entrepreneurial identity.<sup>30, 31</sup> Societal conceptions of masculinity and femininity often impact self-image and have adverse effects on members of the 2SLGBTQ+ community.<sup>32</sup> There is also a lack of visibility of entrepreneurs within the 2SLGBTQ+ community who identify as transgender or non-binary, and those who are recognized are tokenized.<sup>33, 34</sup> In addition, studies on discrimination from an intersectional lens show that being a member of more than one under-represented group contributes to further discrimination in the business environment. For instance, lesbian businesswomen face more barriers while travelling for work than other groups.<sup>35</sup> Black 2SLGBTQ+ business owners in the U.S. are subject to discrimination on the basis of sexual identity, as well as classism and sexism.<sup>36</sup>

### Lack of Disaggregated Data

Another societal level barrier is the lack of reporting, transparency, and disaggregated data. For instance, government surveys on business ownership and employment,<sup>37, 38</sup> including those on discrimination, often fail to collect information about 2SLGBTQ+ individuals. There is also limited reliable data on transgender and non-binary populations in Canada, which poses a challenge for policymakers. It was not until the 2021 Census that inclusive questions to transgender and non-binary populations were included.<sup>39</sup> As part of the 2021 Budget, the Government of Canada allocated \$172 million to Statistics Canada to implement a

Disaggregated Data Action Plan that will fill the existing gaps in knowledge and data. With this support, the Government of Canada aims to support more “representative data collection methods, enhance statistics on diverse populations to allow for intersectional analyses, and support government and societal efforts to address known inequalities by bringing considerations of fairness and inclusion into decision-making.”<sup>40</sup> Obtaining accurate data is also hindered by ongoing discrimination. As mentioned earlier, many 2SLGBTQ+ business owners are deterred from self-identifying as belonging to the community due to fear of discrimination.<sup>41</sup> While CGLCC is a pioneer in capturing this important data, many gaps persist, and more work needs to be done in order to address the long-standing challenges faced by the 2SLGBTQ+ community.

Policies and programs formulated on the basis of incomplete data have the potential to not only be unsuitable for the problems they seek to address, but also run the risk of being counterproductive. Additionally, incomplete data undermines the government’s ability to develop metrics and monitor the impact of programs and policies. Therefore, transparency and availability of disaggregated data is essential to developing more targeted, evidence-based policies to support 2SLGBTQ+ entrepreneurs and develop an effective system for the monitoring and evaluation of progress.

## Policies and Practices

The entrepreneurship sector and overall business environment is still primarily dominated by a majority of white, heterosexual men in Canada and around the globe. Entrepreneurship funding opportunities and government assistance frequently favour white entrepreneurs over others,<sup>42</sup> highlighting the societal-level discrimination and barriers that underrepresented groups, such as 2SLGBTQ+ entrepreneurs, continue to face. Moreover, 2SLGBTQ+ individuals continue to experience discrimination and a lack of support in traditional employment settings. A 2016 Canadian study found that 37% of 2SLGBTQ+ employees felt that their workplace was not inclusive of gay and lesbian individuals, and 45% felt that it was not inclusive of trans people.<sup>43</sup>

The Government of Canada has undertaken important initiatives aimed at improving representation. The 50 – 30 Challenge calls on organizations to implement gender parity (50% women and/or non-binary people) and significant representation (30%) of other equity-deserving groups (including racialized people, Indigenous Peoples, people identifying as 2SLGBTQ+, and persons with disabilities) on boards and/or in senior management positions. This ambitious initiative holds promise to drive change in the innovation ecosystem by encouraging better equity, diversity, and inclusion practices across large corporations, SMEs, non-profits, agencies, boards, commissions, and other organizations. As of April 2022, over 1,500 organizations had signed up to participate in the project.<sup>44</sup> This initiative could have a

profound impact on opportunities for 2SLGBTQ+ individuals generally and 2SLGBTQ+ entrepreneurs in particular, as they help shape culture, values, and assumptions about who leads and who belongs.

Recent research has found that stricter anti-discrimination laws actually reduce the rate of entrepreneurship among members of the 2SLGBTQ+ community.<sup>45</sup> This outcome is actually quite logical upon further analysis. Many 2SLGBTQ+ members become entrepreneurs in order to escape discrimination and a lack of support in traditional employment settings. As mentioned earlier, 37% of 2SLGBTQ+ employees felt that their workplace was not inclusive of gay and lesbian employees, and 45% felt that it was not inclusive of trans employees.<sup>46</sup> Thus, reducing workplace discrimination via legislative reforms makes traditional employment more appealing to members of the 2SLGBTQ+ community, leading to a reduction in entrepreneurial activities. However, even though stricter anti-discrimination laws reduce the rate of entrepreneurship among 2SLGBTQ+ members, the quality of entrepreneurial ventures that are undertaken tends to be higher. This is because individuals pursue entrepreneurship not out of necessity, but because they have a creative business idea.<sup>47</sup>

## **Meso (Organizational) Level Factors**

Organizations and institutions within the ecosystem affect the overall development and success of 2SLGBTQ+ entrepreneurs. This section looks at the role of business incubators and accelerators, financial institutions, institutional strategies like supplier diversity, and organizational culture. The policies and practices adopted at the organizational level can either benefit or deter 2SLGBTQ+ entrepreneurs within the larger ecosystem.

### **Business Accelerators and Incubators**

Business accelerators and incubators (BAIs) are important programs that support entrepreneurs in their early stages. The difference between the two is nuanced: generally, accelerators help entrepreneurs within a clearly delineated timeframe to scale-up their businesses and usually buy a small equity stake in the businesses they nurture, whereas incubators tend to provide longer-term support at an earlier stage and, in some cases, help prepare entrepreneurs for accelerators.<sup>48</sup> A study in Canada found that BAI-supported companies were significantly more likely than the benchmark group (a sample of 429,000 companies with less than 100 employees) to have increased employment and to achieve high-growth status for employment. About 19% of BAI-supported companies were classified as high-growth companies, compared to just 1.5% of firms in the benchmark group. Canadian BAIs were viewed positively by the majority of entrepreneurs who accessed their support, with 76% of company respondents reporting BAIs to be significant or vital to their success.<sup>49</sup>

However, research indicates that BAIs in Canada are not designed with inclusivity and the needs of 2SLGBTQ+ entrepreneurs in mind. For instance, the application of the Diversity Assessment Tool (DAT) to organizations across Canada reveals that most incubators lack governance and strategy, human resources processes, metrics, policies, culture, or outreach approaches aimed at attracting, retaining, and supporting women.<sup>50</sup> The technology startup scene, which many BAIs are involved in, is largely characterized by a “bro culture” of “alpha males,” which dissuades many marginalized groups that do not fit this archetype. BAIs that implement gender-neutral recruitment and transactional networking practices reproduce inequalities, especially in terms of gender.<sup>51</sup>

## Financial Institutions

2SLGBTQ+ entrepreneurs continue to face discrimination in both Canadian and international business environments. In Canada, approximately 20% of 2SLGBTQ+ entrepreneurs report facing some degree of discrimination. Access to funding is one of the biggest barriers for 2SLGBTQ+ businesses, as less than 1% of Canada’s approximately \$18 billion annual venture fund is allocated to them.<sup>52</sup> Prejudice continues to impact the 2SLGBTQ+ community to such an extent that business owners belonging to this community do not disclose their identity, especially to potential investors or partners.<sup>53</sup> About 37% of 2SLGBTQ+ business owners do not come out to potential investors, and about half do not reveal that their company has any 2SLGBTQ+ ownership.<sup>54</sup> This suggests that the unconscious biases and perceptions of investors can lead to an undervaluation of the competence and potential of 2SLGBTQ+ entrepreneurs. Moreover, investors tend to make decisions based on a practice known as pattern matching, in which they invest in people who are similar to those who have previously succeeded, who tend to be straight, white men.<sup>55</sup> Targeted discrimination due to sexual and gender identity and a general lack of diversity in the entrepreneurial landscape continue to persist as barriers for 2SLGBTQ+ founders.<sup>56</sup>

According to a survey by CGLCC and Deloitte, the most cited challenge for 2SLGBTQ+ entrepreneurs is acquiring funding or financing, with 41% of respondents reporting that this is the challenge they encounter as a result of being part of the 2SLGBTQ+ community.<sup>57</sup> When asked about which types of activities could help 2SLGBTQ+ founded or owned businesses, nearly half of respondents (47%) indicated that more forms of funding vehicles/programs dedicated for 2SLGBTQ+ owners/founders would help.

## Supplier Diversity

Supplier diversity is a strategy in which a business or organization expands its consideration of its supplier base to include diverse suppliers when procuring goods and/or services.<sup>58</sup> Diverse suppliers are businesses or non-profit organizations that are at least 51% owned, operated, and controlled by either women or members of equity-deserving groups (i.e., racialized individuals, Indigenous Peoples, persons living with disabilities, or members of the 2SLGBTQ+ community).<sup>59</sup> There are several benefits associated with supplier diversity. Beyond social responsibility,<sup>60</sup> supplier diversity has a positive economic impact on business led by equity-deserving groups through job creation, increased wages, and tax revenue.<sup>61, 62</sup> It is estimated that 10 jobs are created for every \$1 million dollars spent on a diverse supplier; these jobs then generate tax revenue, which uplifts the local communities from which the business is operating.<sup>63</sup>

In Canada, CGLCC takes a dual-client approach to supporting 2SLGBTQ+-owned businesses. It helps them obtain certification in order to leverage their position as a diverse supplier. In addition, CGLCC works with corporations, organizations, and government bodies to help them understand the 2SLGBTQ+ market and connect them with certified 2SLGBTQ+ suppliers.<sup>64</sup>

While many companies have a formal code of conduct for their employees, only a small number of companies extend this code to their suppliers. Making sure that suppliers are aligned with the organization's beliefs about 2SLGBTQ+ inclusiveness goes a long way toward encouraging 2SLGBTQ+ business.<sup>65</sup>

## Organizational Culture

Research from the U.S. and other countries reveals common trends of discrimination facing 2SLGBTQ+ groups in employment. Being part of the 2SLGBTQ+ community provides a unique perspective in the workplace, but appreciation for and acceptance of this perspective is dependent on the employer.<sup>66</sup> Unfortunately, 2SLGBTQ+ workers report high rates of inequality and unfair treatment and lower levels of job satisfaction, revealing that lack of acceptance remains a barrier for inclusion.<sup>67</sup> Likewise, potential employees continue to be outright discounted for employment due to their gender identity and expression.<sup>68</sup> Throughout the course of their profession, 2SLGBTQ+ Canadians are twice as likely to experience sexual harassment in the workplace.<sup>69</sup> A significant percentage of gay men (34%) and lesbian women (40%) report experiencing some sort of discrimination in the workplace.<sup>70</sup> There is a gap in research on the professional lives of the 2SLGBTQ+ community in Canada, which hinders further analysis of the discrimination facing this group in other economic contexts. Further

research is needed to understand and address the depth and breadth of discrimination. Additionally, more work is needed to ensure that homophobic attitudes and behaviours of key decision makers and stakeholders in the ecosystem are addressed directly.

## **Micro (Individual) Level Factors**

Several micro (individual) level characteristics—including motivations, values, behaviours, and skills—influence the experiences of 2SLGBTQ+ entrepreneurs in the innovation ecosystem. In fact, the perceptions and behaviours of individuals, as well as the performance of organizations, are affected by societal and organizational factors that limit development opportunities. Historically, the 2SLGBTQ+ community has been challenged in the labour market and workplaces with heteronormative constructions of femininity and masculinity, homophobia, and heterosexism.<sup>71</sup> This section looks at entrepreneurial intention, entrepreneurial skills, and the values of safety and sense of belonging among 2SLGBTQ+ entrepreneurs.

### **Entrepreneurial Intention**

Entrepreneurial intention is defined as an individual's willingness to engage in entrepreneurial activity or become self-employed. Generally speaking, entrepreneurial intention is a person's conscious awareness and conviction that they aim to start a new business venture and that they intend to do so at some point in the near future.<sup>72</sup> As a result of and reaction to discrimination, 2SLGBTQ+ community members often demonstrate a stronger entrepreneurial intention compared to non-2SLGBTQ+ respondents. The 2SLGBTQ+ community itself plays a part in supporting 2SLGBTQ+ entrepreneurs. As mentioned earlier, 2SLGBTQ+ individuals are more likely to pursue entrepreneurial activities if they previously faced discrimination in the workplace. However, an individual who has previously faced discrimination in a traditional employment setting is also more likely to consider the economic consequences of customers potentially finding out about the individual's sexuality. Thus, this consideration plays a part in the likelihood of an individual targeting their business dealings toward the 2SLGBTQ+ community. This may partly explain why some 2SLGBTQ+ entrepreneurs feel a connection to the broader 2SLGBTQ+ community, while others do not.<sup>73</sup>

### **Entrepreneurial Skills**

Successful entrepreneurs possess a host of skills that are required at all stages of their journey. They must have the capacity to identify opportunities when they emerge, communicate their vision to diverse and sometimes skeptical audiences, leverage resources from multiple sources, effectively collaborate with different expertise, navigate complex rules and regulations, and drive processes towards results. Despite popular conceptions of individuals being imbued with

the personality traits for entrepreneurship at birth, thoughtfully-designed training programs have an important role to play in developing and cultivating these skill sets.

In addition to developing foundational business skills, training programs need to be attuned to the needs of their target group. While research on the experience of 2SLGBTQ+ entrepreneurs' skills and behaviours is limited, there have been studies suggesting that 2SLGBTQ+ entrepreneurs may have less access to mentors and sponsors. A survey conducted by Deloitte found that the most cited challenge, after acquiring funding or financing, is accessing mentorship or coaching.<sup>74</sup> Mentorship is an effective and low-cost method for promoting and supporting entrepreneurship. According to an analysis conducted by Endeavor, a non-profit organization supporting entrepreneurs globally, companies with founders that had been mentored by a top-performing entrepreneur are three times more likely to become top performers themselves.<sup>75</sup> However, mentorship is just as important for everyday SMEs as well. A survey of 200 small businesses throughout the U.S. found that 92% of small business owners that did receive mentorship agreed that it had a direct impact on the growth and survival of their business.<sup>76</sup> As mentorship continues to be an impactful approach to learning and growing a business, training programs ought to consider integrating this critical support as part of their offerings.

## Values of Safety and Sense of Belonging

Historically, there has been limited visibility of 2SLGBTQ+ business leaders. In 2014, Apple CEO Tim Cook became the first Chief Executive Officer of a Fortune 500 company to openly identify as a member of the 2SLGBTQ+ community, which signals that there have been few role models in leadership roles.<sup>77</sup> Despite progress over recent years, many 2SLGBTQ+ entrepreneurs in Canada continue to face challenges due to discrimination.<sup>78</sup> It is essential that safe spaces are fostered to ensure greater inclusion for 2SLGBTQ+ entrepreneurs. Resources such as The 519 and the Church Wellesley Village Business Improvement Area in Toronto, Ontario, have modelled how fostering a safe space and sense of belonging for the community can also support productive entrepreneurship and community engagement, and thus need to be supported at the meso level to ensure individuals have access to safety and support services. Studies have shown that members of the 2SLGBTQ+ face high levels of mental health challenges due to social isolation, and thus ensuring a sense of belonging is important for members of the community.<sup>79, 80</sup> Above all, individuals value personal agency and the safety to be themselves without fear of hardship or social exclusion. Therefore, fostering safe spaces and dedicated resources that aim to support 2SLGBTQ+ entrepreneurs is essential to helping them overcome barriers and challenges, as well as ensuring a genuine visibility of 2SLGBTQ+ leaders and role models.

# Methodology and Findings

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## Qualitative Data

In order to provide an account of the lived experiences of 2SLGBTQ+ entrepreneurs in Canada, we conducted semi-structured interviews with 10 entrepreneurs from the 2SLGBTQ+ community. The participants were recruited through an advertising campaign by CGLCC on various social media platforms. The interviews were conducted remotely via Google Meet, and the audio recordings of each session were subsequently transcribed for coding. The duration of each interview was approximately 30 to 60 minutes. The interview questions were designed to uncover participant experiences with respect to barriers faced, engagement in entrepreneurship, and access to support mechanisms. Although the interviews were structured, there was an organic element to the discussions as well, and probing questions were used to learn more about the participants' experiences.

The participants interviewed were based in a variety of urban and rural areas across Canada. They owned businesses in various industries (ranging from manufacturing and construction to professional services) and at various stages of development (ranging from recent startups to established businesses earning revenues in the tens of millions of dollars). The diversity of the participants' professional backgrounds helped provide a more complete picture of the challenges and opportunities facing 2SLGBTQ+ entrepreneurs.

## Thematic Findings

In order to best capture the lived experiences of the participants, we conducted a thematic analysis of the interviews using the qualitative research method developed by Gioia and colleagues.<sup>81</sup> This method employs a systematic identification of first- and second-order themes within the interviews. We identified three first-order themes and eight second-order themes in relation to the 2SLGBTQ+ entrepreneurs' experiences of starting businesses. These themes are:

- Motivations driving entrepreneurial behaviour
  - Identity as core to the business
  - Undervalued contributions of 2SLGBTQ+-owned SMEs
  - Advocacy for inclusion and the 2SLGBTQ+ community
- Barriers to entry
  - Bias and discrimination
  - Access to funding and resources
- Opportunities for the future
  - Education and awareness
  - Mentorship and support
  - Access to, awareness of, and inclusion in programs

### Motivations Driving Entrepreneurial Behaviour

Often, the lived experiences of 2SLGBTQ+ individuals are the drivers behind their decision to start a business venture. This section highlights the motivations of 2SLGBTQ+ entrepreneurs in advocating against the social stigma the community experiences on a day-to-day basis. It details findings on identity being a core component of their businesses, the undervalued contributions of 2SLGBTQ+-owned SMEs, and 2SLGBTQ+ entrepreneurs' contributions to equity and inclusion.

#### Identity as Core to the Business

Our findings show that many respondents see their identity as foundational to their enterprise and an important factor in their ongoing commitment to realizing their business goals. For example, one respondent spoke about the important role of 2SLGBTQ+ representation in business and said that they aim to bring greater visibility through their business and by sharing their story:

*I think it's inspiring a lot of folks from rural areas and just, you know, giving them that representation, because that didn't exist when I was growing up. We never talked about politics. We never talked about queer people unless it was in a very negative way, right? Like, a scary situation. So, having somebody that's there to guide you through these conversations and for you to say oh, wow, there is somebody out there in the boondocks that might be a little bit more like me. I think it's gone a long way. I think my identity is my business. I don't have a product. I sell my story. That's how I facilitate everything: let's talk about it. I don't know everything. I'll never know everything. I'm going to learn at the same time as you do, and they think that's what works. – P1*

Others cited their experiences as the basis for their aspiration to pursue entrepreneurship:

*I was bullied a lot as a kid for my identity and just how I behaved. So, I think that's [why] I've always had a motivation to try and build something and create value to overcome that trauma. So, I think that's probably played a role in why I am an entrepreneur and why I don't like to take no for an answer or to give up. – P4*

## Undervalued Contributions of 2SLGBTQ+-Owned SMEs

While 2SLGBTQ+ business owners are unique in their ability to provide services that address the needs of their community as well as the broader population, some feel this is not recognized by the broader entrepreneurial ecosystem. Many participants noted that they have a lot to offer to the community, with their insights from lived experiences and the cultural knowledge they carry. However, participants stated that people outside of the community do not recognize the spending power of the 2SLGBTQ+ population nor the significant economic contributions they make.

*I don't have the professional business training for this, but I've got 37 years of lived experience and that's just as valuable, if not more. – P1*

*I think people who are maybe from a minority group [such as 2SLGBTQ+ or immigrants] have more willingness. They probably want to ensure that people are satisfied with the services. – P2*

*I think... there's a lack of awareness of how economically powerful our community is, the LGBTQIA community. I know that because every time I try to advocate to someone outside the community, they're always amazed [by] the spending power. – P9*

## Advocacy for Inclusion and the 2SLGBTQ+ Community

Participants also pointed out that they have become a proxy for other businesses to understand the needs of the 2SLGBTQ+ community at large. This includes having one-on-one conversations or workshops to highlight issues and understand the enablers that drive equity for the 2SLGBTQ+ community. Small business owners who identify as part of the 2SLGBTQ+ community also have a platform to create meaningful relationships with larger corporations and have used this opportunity to advocate for the 2SLGBTQ+ community to develop products and services that meet the community's needs.

*Between learning more about my own identity as a trans career person and therein learning more about just inequities in general, I really started focusing on health care equity, or lack thereof. [I] started doing some kind of casual work just, you know, doing some really general one-on-one level workshops. – P1*

*We want to be a conduit for corporations and products, to speak with authenticity to my community, our community, that's number one. And number two, we want to be the voice for our community when it comes to issues that are important to us and to advocate for safe travels and products that truly embrace who we are and not just "talking the talk" to get our dollars. So, in that regard, it's essential that we have our own people, otherwise we lose that authenticity. – P9*

Several participants also expressed a motivation for inclusion and advocacy as a driving factor to becoming entrepreneurs. Many indicated wanting to empower the community by driving diversity, equity, and inclusion beyond their organization. That is, participants reported using their businesses to advocate for and empower the community, not only in terms of financial empowerment, but also giving the community a voice in larger political and social arenas. Participants also reported that owning businesses gave them with a voice to engage with other large communities, not only to educate them on the needs of the 2SLGBTQ+ community, but also to demonstrate the buying power of the community.

*It's everything, it's who we are, it's why we're doing what we're doing. It's economic empowerment, to give social empowerment, political empowerment, it's what drives me to open my mailbox each morning. I do it to make money, make no mistake about it, but the real driving force behind this is, I do this with advocacy. I want to shout to the outside community that we have value ... And post COVID, you better respect us. By respecting us, you better use companies like myself to speak to our community with authenticity, and you better take us seriously and not just, like I said, put a pride sticker up. – P9*

Participants also suggested that their work to empower and create a diverse and inclusive community is not limited to the 2SLGBTQ+ community. Having experienced barriers and challenges stemming from their identities, these business owners are able to empathize with other equity-deserving groups and understand the values of equity, diversity, and inclusion in their own business operations.

*I want to have a diverse workforce. I want to not exclude anyone. I look for dynamic creative women, people of disabilities, everyone in the LGBTQIA, it's really important to give a voice to the voiceless. – P9*

*It goes really well to be working [toward] mental health, emotions, and so, like, the employee experience and being certified diverse. – P6*

Some 2SLGBTQ+ business owners have taken one step further and embedded the values of equity, diversity, and inclusion into their organizational processes and practices. For example, some 2SLGBTQ+-owned businesses expressed conscious intention to support diverse businesses by engaging with diverse suppliers, such as by looking to CGLCC to identify registered diverse suppliers. Others have strategically incorporated the values of equity, diversity, and inclusion in their business outputs and engage with diverse communities when promoting their products and services.

*I wanna make sure that the people and the suppliers and even clients that come in, that they're supportive to the community. I personally don't want to have to be dealing with somebody [who] doesn't see the same values that I have. So it's definitely a bit of consideration. – P5*

*So my business is very, I guess, hetero focused, like it's a family, you know, with kids. I guess that's the majority of my customers. I would love to have more, like, LGBTQ family customers and stuff, but for me, personally, it was kind of challenging to kind of market [to] or target that demographic. – P3*

## **Barriers to Entry**

Barriers in the business ecosystem highlight ongoing challenges for 2SLGBTQ+ entrepreneurs. The key challenges highlighted are bias and discrimination and difficulty accessing funding and resources. This brings to light the ongoing societal and institutional barriers these entrepreneurs endure. The challenges go beyond the entrepreneurial ecosystem and build on the experiences faced in their day-to-day social and work environments.

## Bias and Discrimination

Bias and discrimination were common barriers identified by 2SLGBTQ+ entrepreneurs. Business owners identifying as part of the 2SLGBTQ+ community reported experiencing layers of bias and discrimination in the workplace. For example, participants noted losing jobs with their previous employers due to workplaces that were unsafe or discriminatory toward 2SLGBTQ+ employees. Others were the target of hate groups.

*My partner and I have both experienced massive discrimination and have both lost jobs. I think that will be four jobs between us now because of transphobia and discrimination... I think that the balance between promoting yourself as a queer-owned business and being able to have a solid customer base, because you know as soon as you put it out there, that's automatically going to delete some of the people that might have walked through your door. – P1*

In some cases, business owners who openly identify as 2SLGBTQ+ face clients who may hold homophobic, transphobic, or heterosexist beliefs. Business owners have to make sure that their staff are in spaces that are safe and supportive. These were expressed as recurring issues that have impacted the working experiences and lives of many in the 2SLGBTQ+ community.

*If you're openly gay and you are doing business, there's still some prejudice against you doing business. I think now it makes people still feel a little uncomfortable, so they're a little less likely to interact with you in the same way or [make] small talk in the same way. So it's harder to kind of make those relationships that really help business to happen. – P5*

Some participants noted they felt that progress was being made. According to one participant in a large Canadian city, discrimination toward members of the 2SLGBTQ+ community (from their experience) is rare.

*No, actually, I feel like on the other hand it's a plus. I know, for example, I'm a member of [a business council] and they have in their requirements to have a diversity of members in the committee, so one of them is being about, like, LGBTQ community inclusion, so I think that may have helped a little bit. I know like some of the sustainability certifications like B Corp, if it's a management part of the LGBTQ community, it also helps. So I think it's, it's a special thing in Canada. I have the feeling it's pretty well accepted and seen as a plus. So I definitely have some challenges, but I don't feel they are directly linked to me being from the LGBTQ community. – P2*

*I think it's still around public perceptions and acceptance of the LGBTQ+ community, and one of the ways [to kind of] get over that, really, is just for more people to, you know, have more inclusive spaces, more inclusive business practices, to make people interact more with members of the LGBTQ+ community, because then that's going to help to, I don't want to use the word normalize, but that's kinda the best word that I can think of to just, you know, if everybody knows somebody, or everybody, you know has a co-worker or a supplier or somebody who's openly gay or queer, it destigmatizes that. It's like, oh, okay. And then it'll help attitudes change. And I mean, we're definitely seeing that with the rise in diversity and inclusion practices within businesses. Like we're really seeing this positive shift start to happen. – P5*

## Access to Funding and Resources

Many participants cited access to funding as a barrier. Access to financial institutions, investors and venture capitalists, and incubators and accelerators is key to ensuring that startups thrive. However, 2SLGBTQ+ business owners face compounding barriers stemming from their identities. Many participants reported having to hide their 2SLGBTQ+ identities in order to fit the stereotypical image of a business owner (cisgender, heterosexual) and access funding or other support networks, as funding institutions are often dominated by straight, white men. Some participants noted that many institutions have provided targeted support for women or racialized individuals, but support targeted for 2SLGBTQ+ is still lacking.

*I think access to funding is already challenging, no matter how you identify, but if you are part of the LGBTQ+ community, I think that there can be perceived biases trying to raise money. It's typically a straight, you know, white, male ecosystem. And so you—I have found personally, that especially in the past, I've had-, I've felt I had to hide my identity in order to fit in. – P4*

*When it comes to a lot of business decisions, it's still middle-aged white males [who] are making those decisions, so it makes it a bit challenging when you don't identify with those people and they don't with you. So you know, I do believe we're making some great inroads, but there's so much work to be done. – P7*

*There are not that many kinds of advantages, I would say. So maybe less support. I feel like institutions are more aware of women, [Black, Indigenous, and people of colour], but less around the LGBTQ community. – P2*

## Opportunities for the Future

Participants noted a number of opportunities to promote education, awareness, and mentorship for capacity building among 2SLGBTQ+ entrepreneurs. These findings demonstrate a need for both immediate action and further research.

### Education and Awareness

Participants noted that many people are open to conversations and have shown a willingness to learn about the challenges and barriers facing 2SLGBTQ+ entrepreneurs.

*It's been interesting because I get conversations where there's a lot of pushback and then there are ones where folks want to learn, but they have no idea where to start. So it kind of started off super casually, just volunteering, doing some conversations, some panels and stuff. And I kept getting more and more phone calls, so I hung up the paramedic hat. – P1*

However, it was also noted that this work—educating others and raising awareness of 2SLGBTQ+ issues—cannot be accomplished by the 2SLGBTQ+ community alone. Support is needed from other businesses, government agencies and organizations, policymakers, and other stakeholders to drive change effectively across the entire ecosystem.

*I'm usually up for a challenge, but it gets exhausting, you know, fighting and fighting and fighting. Starting this new position with a diversity-inclusion company, with other diversity-inclusion consultants, I had an epiphany last week that I don't have to teach people every day. I don't have to teach them why this is important. Everybody is already beyond that. We get to take it forward and do the action because we're all already, yeah, of course this is what has to be done. Let's just go do it. So it's blowing my mind and it's so refreshing that I don't have to fight every single step of the way. I don't know what that means for my business. I want to keep doing the things I do because it is a unique service. – P1*

*I think it's a lack of visibility. People like our customers don't see that it is a good idea to have diversity in suppliers too. I think they buy [it] on the employees. So they don't really see a value in the fact that we are LGBT-owned. So it's kinda like, yeah, nice to know, right? I mean, it, it can backfire too, right, if the person is homophobic? – P6*

In addition to education and everyday discourse, some participants noted the need to increase research activities and funding opportunities that target the 2SLGBTQ+ population.

*I think just do more concrete and practical policies instead of just lip service or just [rallying] around Pride months. I think they did make quite a bit of progress in supporting women in research, or women in, like, you know, trying to start their own business. I think they can [have] very concrete and practical ways of funding and market it the same way. – P3*

*There wasn't a place for the voice for a long time. It was just sort of like we were all really navigating on our own, and there's not really one organization or direction that you can go to to ask or be a part of, almost like a club, if you will, where you can share advice and learnings from. – P7*

## Mentorship and Support

The value of mentorship in fostering a diverse and inclusive entrepreneurial ecosystem is exemplified by the responses below. Appropriate mentorship can lead to improved business outcomes and drive positive change toward equity.

*Lived experiences are pretty valid. I had a business coach/mentor [who] really worked with me a lot, to understand that my lived experience is valuable. I'm the only one with this story to tell and [who] can do this work, especially where I'm at in rural Alberta. So it was interesting to learn that I could charge a little bit more as I went and I got more experience. I obviously still work with a ton of non-profits and stuff, so I do the best I can, cost-wise, for them. I've got some other contracts with bigger organizations, so it's been interesting. Kind of growing and spreading my wings and doing what I could do. – P1*

*When you don't have the ability to look across the table and see the value in diversity and different voices, it's just stagnant. And things won't change, so you really have to get at that group who are the decision makers, and how can we encourage in a positive way that there is value in so many voices and experiences. It can be through education, it can be through travel, it can be through cultural experience, there's so much but when you're just so blindsided by sort of historical norms, it really stifles progress. – P7*

*I mean, having someone [who] does have life experience may be what is required in order for it to be on the radar. I think so often if you know there's that unconscious bias that happens, that if the banker you're trying to work with isn't LGBT and doesn't understand some of the challenges or complexities, it's hard for them to know what they don't know, right? But if someone is maybe not LGBT personally, but has exposure and is involved in the community and understands some of the challenges, so they don't have lived experience as LGBT, but they have lived experience in supporting or working with or immersed in the community, maybe that would be positive and beneficial? – P8*

### Access to, Awareness of, and Inclusion in Programs

There is an opportunity for institutional players to create more awareness and improve the accessibility of programs supporting 2SLGBTQ+ entrepreneurs. Some participants stated that they are aware of some of the support programs that exist and are aware of the organizations that advocate for the needs of the 2SLGBTQ+ community. However, participants note that they often don't know much, or anything, about the work that is being done or the type of support provided by these organizations, including CGLCC. Participants note that organizations that provide programs, services, and other opportunities in support of 2SLGBTQ+ businesses need to build on their current efforts and provide better marketing strategies and communication channels to increase awareness of the type of supports that 2SLGBTQ+ businesses have access to.

*The more government involvement, the more programs, the more that's advertised and promoted, the more acceptance we'll see across the board. And there's definitely good opportunities for governments to partner with chambers, like the Alberta LGBTQ+ Chamber, to really sell, you know, any programs that they're developing, you know, to get feedback from the business community or to even partner with a chamber to reach businesses owners, you know, right within the groups that they're part of. – P5*

*I have absolutely no business background.... I live [in a] rural [area]. So there's, not a ton of resources, but the ones that I have had access to have been really important. – P1*

*CGLCC, I know them very briefly but I don't know, truly, what kind of services they offer. – P2*

*I know that there's a Chamber of Commerce or something for the LGBTQ community but I don't exactly know what they do and how they can support me. I've just heard of them. – P3*

*There's mechanisms [...] but either you're under [a certain profit level], which I'm not, so I couldn't access that, or they're small, so although I'd be grateful for anything, it really is not enough to make an impact on the business. – P9*

2SLGBTQ+ business owners face all of the standard challenges of owning an SME, such as difficulties accessing funding for start-up or scale-up, gaining general business skills and knowledge, and challenges around using rapidly changing technologies. Opportunities remain for mentorship and support programs to become more inclusive, not only by supporting 2SLGBTQ+ business owners in addressing their unique barriers, but to also by addressing the challenges faced by the general population to better equip 2SLGBTQ+ businesses with the skills and knowledge needed to run their businesses effectively.

*Just worried about landing enough work in order to make payroll, in order to make sure clients are getting what they've asked for, making sure that you can price the budget, or submit the estimate to allow for some profit, because clients are forever trying to squeeze you down and squeeze you down and squeeze you down to the point where, you know, you're almost losing money to make money. – P8*

*Sometimes it can feel a bit overwhelming. So just making sure that you have systems in place and to automate, as well, like everything that you can possibly automate. – P2*

*My biggest concern is just making sure that my clients have the things that they need. And the digital marketing world changes so fast that it's usually—the thing that keeps me up at night is like how am I gonna, you know, apply these new changes to whatever's happening in the digital sphere to my client's campaigns, to make them more successful, because, yeah, my clients are successful when I'm successful, so... – P5*

## Discussion and Analysis

Many participants in the study expressed that their identity is important to their role as business owners. For many, being a member of the 2SLGBTQ+ community means tapping into a market of potential customers who share their values. Likewise, some participants felt that their identity as members of the 2SLGBTQ+ community and as business leaders put them in a unique position to be able to use their status to create positive change in the community. One way in which they achieve this is by promoting education and dialogue with other organizations and communities, teaching them about the needs of the 2SLGBTQ+ community. Another way in which some of these businesses promote positive outcomes for the 2SLGBTQ+ community is by engaging 2SLGBTQ+ suppliers, providing other 2SLGBTQ+-owned businesses with income. However, as discussed earlier in this report, not all 2SLGBTQ+ entrepreneurs are embedded in the broader 2SLGBTQ+ community, and sexual and/or gender identity does not necessarily play a meaningful role in everyone's entrepreneurial activities. For some, the reason for this is practical. Simply put, their business is targeted towards a mostly heterosexual, cisgender customer base (i.e., families with young children) and so it does not make sense from a financial perspective to tie themselves to the 2SLGBTQ+ community. However, some of these participants still wish they could be more engaged with the 2SLGBTQ+ community. For others, they may simply not see a meaningful connection between their identity and their business operations. The variety of responses on this topic highlights the complexity of the interplay of personal and professional identities.

The participants in our interviews also reported facing various levels of discrimination. For some, discrimination was a common occurrence in their day-to-day business operations. For others, it was something they rarely encountered or that they have only encountered in the past. Further research is needed to understand these discrepancies. However, these interview responses suggest that geography and industry may play a part in exposure to discrimination. A participant from a small town reported facing significant discrimination as a business owner while their partner faced discrimination in their workplace. On the other hand, a respondent from a big city reported facing little to no discrimination. However, another participant from a different (traditionally progressive) big city reported that they faced considerable vitriol from conservative groups in their business dealings. This may be explained by the fact that the latter business is an advocacy organization, which puts them in the direct line of fire of hate groups.

Access to funding continues to be a barrier for many 2SLGBTQ+ entrepreneurs. As most funders tend to be white, heterosexual, cisgender men, 2SLGBTQ+ entrepreneurs (as well as members of other equity-deserving groups) tend to be overlooked when it comes to receiving funding. However, lack of access to funding and support programs isn't always due to discrimination.

Many participants reported that they were simply unaware of programs that support the 2SLGBTQ+ community. One problem is certainly a distinct lack of such programs. There are significantly fewer programs supporting the 2SLGBTQ+ community than there are supporting other equity-deserving groups, such as women, newcomers, and racialized people. Although many members of the 2SLGBTQ+ community are also members of other equity-deserving groups and can still benefit from some of the programs supporting those groups, there continues to be a need for programs that support the 2SLGBTQ+ community specifically. It is unclear from this study why there is a lack of such programs. It may be a function of pervasive heterosexist norms in society, or it may be some other reason. However, it is not just 2SLGBTQ+-supportive programs that are lacking. As discussed earlier in the report, there is also a critical absence of academic research on 2SLGBTQ+ topics in business. A lack of attention in multiple spheres may imply a broader societal issue. However, a lack of programs does not imply complete absence of programs. Many participants in the study reported that they were simply unaware of the existence of support programs. Sometimes, it may be a case of inadequate marketing leading to general unawareness of the programs among members of the target community.

# Implications and Recommendations

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There are many opportunities for government, non-profit, and for-profit organizations to support diversity in business and entrepreneurship. Gaps currently exist with respect to partnership diversification, mentorship programs, funding opportunities, and awareness of these initiatives among members of diverse communities. This section provides insights on best practices to bridge existing gaps and addresses the particular needs of the 2SLGBTQ+ community to help support business growth and development.

## Partnership Diversification

Small and medium-sized enterprises owned and/or operated by individuals from equity-deserving groups have been the most impacted by the COVID-19 pandemic.<sup>82</sup> These businesses can benefit greatly from partnerships across industries. In fact, inclusive procurement policies can substantially support the economic recovery of these businesses.<sup>83</sup> Supplier diversity programs are a type of partnership that directly supports businesses that are representative of diverse communities.

The main functions of supplier diversity programs are to:<sup>84</sup>

- Offer businesses owned and/or operated by members of equity-deserving communities the chance to grow by providing access to new supply chains
- Create mutually beneficial relationships that are based on the value that smaller, diverse companies bring to larger organizations and, more broadly, the economy

The benefits of supplier diversity programs include:<sup>85</sup>

- Creating better organizational diversity with respect to both employee culture and customer reach
- Building stronger supply chains and increasing availability of suppliers
- Opening new markets

In Canada, supplier diversification programs are not widely known, or utilized, but such strategies can positively impact businesses and communities. Bell Canada Enterprises (BCE) is one organization that recognizes the importance of this diversification strategy by implementing an inclusive supply chain initiative. BCE encourages the inclusion of businesses

that are 51% owned and operated by Indigenous Peoples, racialized people, women, members of the 2SLGBTQ+ community, veterans, and persons with disabilities. The procurement team at BCE has corporate memberships with multiple Canadian supplier diversity certifying organizations, including the CGLCC. BCE also sponsors and participates in various supplier diversity networking events and maintains a certified diverse supplier database to promote their suppliers to their buyers.<sup>86</sup> The BCE model is a useful example for other organizations on how they can build this type of strategy into policies and procedures as well as on how to promote organizational commitment to this type of initiative.

Incubator programs are another important type of partnership that can support businesses owned by members of equity-deserving communities. Incubators typically connect new entrepreneurs and startups to often-inaccessible, elite investors, such as venture capitalists. Although not all incubator models target diversity, more are starting to recognize the value that diverse businesses contribute to the economy.

One way that funders can support diverse businesses is by targeting incubators and venture capital to equity-deserving groups. These historically homogeneous initiatives can create specific programs for equity-deserving communities. In Canada, women entrepreneurs are starting to see an increase in these types of opportunities. For example, Disruption Ventures is a women-owned venture capital initiative that invests in women-led businesses.<sup>87</sup> Such a targeted fund helps prioritize women rather than having them compete in spaces dominated by men. However, it should be noted that some gender-specific programs can make it difficult for those who identify as gender non-conforming/non-binary to access funding.

Another example of target-specific initiatives is Gradient Spaces, a 2SLGBTQ+ incubator. This new 2SLGBTQ+ community organization, in collaboration with the venture capital firm Georgian, recently launched an incubator program for 2SLGBTQ+ founders. The initiative offers mentorship opportunities, knowledge sharing, and access to investors and industry professionals.<sup>88</sup> The founders behind this new venture point to a lack of viable funding and mentorship opportunities for 2SLGBTQ+ entrepreneurs and leaders, particularly addressing intersectional barriers.

According to Backstage Capital, a leading venture capital firm, less than 1% of venture capital deals go to 2SLGBTQ+ founders.<sup>89</sup> This is a critical gap in the business landscape. Incubator programs offer a partnership solution that can address this gap by offering opportunities to equity-deserving communities.

Beyond supplier diversity programs, incubators, and venture capital funding, many other types of partnerships can also help business owners from equity-deserving communities. A report by Mastercard Canada explains how the government can play a critical role in supporting small

businesses by acting as a convener and connector.<sup>90</sup> Governments can enact policies that help bring together “other players including private companies, non-banking financial institutions, development finance institutions, and non-governmental organizations, harnessing their collective expertise to support cash flow management, capital, and digital services to [business-to-business] businesses.”<sup>91</sup> Government-backed partnerships can open more new opportunities for SMEs than private initiatives alone.

## **Networks and Mentorship Resources**

There are limited mentorship and knowledge-sharing opportunities for 2SLGBTQ+ entrepreneurs. These types of programs can help individuals understand how their unique experiences and perspectives contribute to and strengthen creative and innovative economies. There is no shortage of mentorship programs, but programs specifically targeting members of 2LGBTQ+ entrepreneurs are exceedingly rare. Research has found that shared experience is important in mentoring relationships, especially among members of equity-deserving groups.<sup>92</sup>

Government organizations recognize the importance of mentorship opportunities for the successful growth and development of businesses owned by members of equity-deserving communities. Post-secondary institutions and non-profit organizations are well-situated to partner with government organizations and build mentorship programs.

Although not strictly a mentorship program, the Gradient Spaces incubator is an example of a 2SLGBTQ+-specific knowledge-sharing initiative. It incorporates mentorship as one of the foundational tools to support 2SLGBTQ+ founders. The organization recognizes a gap with respect to knowledge sharing and access to industry professionals, while also stressing the importance of the mentorship relationship in the success of 2SLGBTQ+ ventures.<sup>93</sup>

Several other important initiatives are helping to support the growth and development of mentorship networks. For example, the Alberta Mentorship Program provides a framework for creating mentorship programs and suggests resources that can help build and scale these programs;<sup>94</sup> they also provide bootcamp sessions on funding mentorship initiatives. These types of resources can help address the gap in mentorship services by helping others build programming options. Other organizations, such as Mentor Works, compile already-existing resources that support entrepreneurs in Canadian startups. Of the four main resource categories that Mentor Works highlights, two are related to mentorship: finding business advice and networking opportunities.<sup>95</sup> These two types of resources help entrepreneurs connect with others in their industries.

CGLCC offers a mentorship program called OUT for Business. This program pairs entrepreneurs between the ages of 18 and 39 with business leaders in the 2SLGBTQ+ community. The goal of the program is to provide support and guidance to entrepreneurs through one-on-one and team mentoring, helping them grow their businesses.<sup>96</sup> An important piece of mentorship is the shared experience and value that comes from a 2SLGBTQ+ entrepreneur being able to work with another 2SLGBTQ+ entrepreneur. That is largely what CGLCC's youth program provides.

## **Funding Opportunities**

Small business owners and new entrepreneurs face many challenges in securing funding. Those from equity-deserving groups, particularly 2SLGBTQ+ communities, face even more barriers in accessing financial resources and support. More targeted funding opportunities for this community can support the expansion and growth of businesses owned and/or operated by 2SLGBTQ+ entrepreneurs.

Government organizations and post-secondary institutions can help support students and young 2SLGBTQ+ entrepreneurs through more targeted programs. Rather than offering more general entrepreneurship, business, or investment grant opportunities, these establishments can implement 2SLGBTQ+ rounds. For example, in 2020 University of Toronto (U of T) Entrepreneurship and Positive Space collaborated to create the U of T Pride Pitch Competition. This funding opportunity aims to “recognize, reward, and accelerate the U of T's LGBTQ+ entrepreneurs.”<sup>97</sup>

Federal government initiatives, such as the Canada Summer Jobs program, offer wage subsidies to SMEs across sectors. Although the program is not community-specific, it is an excellent example of a type of program that can support entrepreneurs from equity-deserving communities. The program can increase visibility by specifically encouraging members of target communities to apply for funds. It should be noted that some federal programs that encourage applications from diverse entrepreneurs can exclude members of the 2SLGBTQ+ community. This is because the 2SLGBTQ+ community is not one of the four groups protected under the Employment Equity Act.

Other government funding opportunities that can support diversity include partnerships with local governments to foster business growth. Funding from municipal governments is mutually beneficial, as it supports business owners and community development. This type of funding program includes initiatives between municipal bodies and business organizations during Pride Week.

In addition to government funding options, banks and other financial institutions can better support business owners from equity-deserving communities with services such as financial planning and improved loan support. For example, TD Bank offers specific services to support 2SLGBTQ+ entrepreneurs and even provides additional resources that community members may access.<sup>98</sup> Increasing the visibility of services provided to the 2SLGBTQ+ community is an important step to improving access to programs and services. Specific 2SLGBTQ+ community loans and better organizational representation—for example, financial advisors who have lived experience and understand the challenges facing community members—can better support businesses.

## **Program and Service Awareness**

Organizations need to increase the visibility of business and entrepreneurship opportunities available for the 2SLGBTQ+ community. There is a gap in resources for business owners and/or operators from equity-deserving communities, but the resources that do exist may remain untapped due to a lack of knowledge about them.

Different levels of government have opportunities to support SMEs across the country by compiling existing resources. SMEs are “already overburdened with the task of keeping their doors open”<sup>99</sup> and may not know where to turn to for existing resources. This type of initiative may level the playing field for members of equity-deserving communities.

Organizations, such as chambers of commerce, may also help support target groups by publishing community-specific resources. CGLCC already compiles important community-specific business resources, but many chambers of commerce throughout the country do not. These organizations have an opportunity to better support business owners and/or operators from diverse communities.

## **Recommendations**

To cultivate an inclusive innovation ecosystem, targeted action at all levels is needed. Using an ecological model of inclusive innovation, we propose a few critical recommendations to enhance 2SLGBTQ+ entrepreneurship in Canada.

## Macro (Societal) Level

- Challenge stereotypes and embedded bias at all levels with programs targeting stereotypes.
- Showcase and celebrate the successes of 2SLGBTQ+ entrepreneurs and highlight role models.
- Meaningfully include more voices of 2SLGBTQ+ entrepreneurs.
- Integrate strategies to combat discrimination and bias at every level, including governance, measurement, human resources, value chain, culture, and outreach.
- Implement EDI training and awareness for decision makers and allies at all levels of the ecosystem.
- Collect disaggregated data that looks at different activities, regions, and skill levels, and the impacts of COVID-19 on the 2SLGBTQ+ community.
- Collect granular, disaggregated, and intersectional data on 2SLGBTQ+ entrepreneurs who are self-employed and majority owners of SMEs across sectors.
- Encourage organizations to set targets, collect data, and report: incubators, accelerators, banks, and investors should track funding processes from application to funding using gender-disaggregated data.
- Evaluate current policies and regulations for effectiveness.
- Apply a gender and diversity lens to government policies and programs with an eye to identifying how diverse groups are impacted.
- Provide access to technology and ensure affordability, skill development, and tools.

## Meso Level

- Facilitate better access to funding, more inclusive processes, and more tailored programs for diverse groups of entrepreneurs, including 2SLGBTQ+ entrepreneurs.
- Provide sustained financing opportunities for 2SLGBTQ+ entrepreneurs through a long-term fund.
- Support 2SLGBTQ+-owned businesses through organizational supplier diversity programs.
- Encourage players throughout the ecosystem to develop programs to support 2SLGBTQ+ businesses with targeted procurement and develop their supply chains.
- Ensure that leadership positions in both the public sector and private sector are diversified and that 2SLGBTQ+ leaders have a seat at the decision-making table.

## Micro Level

- Increase understanding of the attitudes and experiences of future 2SLGBTQ+ entrepreneurs in order to better understand how individual attitudes, behaviours and choices shape opportunities.
- Address bias among decision-makers at all levels of the system, and use instruments (funding, regulation, policy) to erode barriers created.
- Research the models, approaches, and practices that work in developing the entrepreneurial skills of 2SLGBTQ+ entrepreneurs.

# Appendix: Resources for 2SLGBTQ+ Entrepreneurs

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There are a number of networking, education, advocacy, and development organizations that support the 2SLGBTQ+ community in facilitating their businesses. In this section, we offer a number of resources for 2SLGBTQ+ entrepreneurs, categorized in two sections: Table 1 contains business resources specifically for 2SLGBTQ+ entrepreneurs, while Table 2 contains general resources for SMEs that are also inclusive of this community.

**Table 1**

**2SLGBTQ+ Business Resources**

Service	Resources
Business Networks	<a href="#"><u>Canada’s LGBT+ Chamber of Commerce</u></a>
	<a href="#"><u>CCLGBTQ-Chambre de commerce LGBT du Québec</u></a>
	<a href="#"><u>LOUD Business</u></a>
	<a href="#"><u>Alberta LGBTQ+ Chamber of Commerce</u></a>
	<a href="#"><u>Manitoba LGBTQ* Chamber of Commerce</u></a>
	<a href="#"><u>Ontario LGBTQ2+ Chamber of Commerce</u></a>
	<a href="#"><u>exeQutive</u></a>
	<a href="#"><u>Venture Out</u></a>
	<a href="#"><u>QueerTech</u></a>

Education, Advocacy, and Development	<a href="#"><u>OUT for Business - CGLCC LGBT+ Youth Entrepreneur Program</u></a>
	<a href="#"><u>Trans PULSE Canada</u></a>
	<a href="#"><u>The Institute for the Gender and the Economy</u></a>
	<a href="#"><u>Pride at Work Canada/Fierté au travail Canada</u></a>
	<a href="#"><u>TransFocus</u></a>
	<a href="#"><u>Egale</u></a>
	<a href="#"><u>StartProud</u></a>
	<a href="#"><u>The ArQuives</u></a>
	<a href="#"><u>Canada Startups</u></a>
	<a href="#"><u>The Pink Pages directory.com</u></a>
	<a href="#"><u>CGLCC's Trans Advisory Council</u></a>
	<a href="#"><u>CGLCC's BIPOC Advisory Council</u></a>
	<a href="#"><u>LGBTQ Youth Entrepreneur Program</u></a>
	<a href="#"><u>Grow Think</u></a>
Supplier Diversity	<a href="#"><u>Supplier Diversity Alliance Canada</u></a>
Development Funding	<a href="#"><u>LGBTQ2 Community Capacity Fund</u></a>
	<a href="#"><u>Rainbow Grants</u></a>

## Community Resources

In addition to the 2SLGBTQ+-specific resources shown in Table 1, there are many federally supported programs meant to benefit the community at large. These resources provide support and services ranging from obtaining leadership positions in corporate boards to influence decisions from the lens of 2SLGBTQ+ community, accessing advisory services and funds to scale-up the business, and more.

**Table 2**

### Community resources

Program	Target Group	Service
<u>The 50 – 30 Challenge</u>	Other targeted groups including 2SLGBTQ+	Improves the access of the target groups to positions of influence and leadership on corporate boards and in senior management.
<u>Accelerated Growth Service</u>	General	Support for businesses to grow and scale.
<u>Community Futures Program</u>	General	A community-driven, economic development initiative designed to assist communities in Canada’s rural areas to develop and implement strategies for dealing with a changing economic environment
<u>Canada Small Business Financing Program</u>	General	Provides small businesses access to loans from financial institutions by sharing the risk with lenders
<u>Canada Digital Adoption Program</u>	General	Supports Canadian small and medium-sized enterprises to adopt new digital technologies
<u>Canada Regional Development Agency</u>	General	There exist seven regional development agencies across Canada that are a key part of the Government of Canada’s <u>Innovation and Skills Plan</u> , in advancing and diversifying our regional economies and helping communities thrive.

<u>Venture Capital Catalyst Initiative</u>	General	Builds on earlier investments to ensure Canadian businesses continue to enjoy access to a globally competitive venture capital ecosystem capable of nurturing entrepreneurial talent and creating high-quality, middle-class jobs.
<u>Northern Ontario Development Program</u>	General	Through this program, FedNor invests in projects led by municipalities, First Nations, and other organizations and institutions that support community economic development, diversification, job creation, and self-reliant communities in Northern Ontario.
<u>Patent Collective Pilot Program</u>	General	In this program, participants have an opportunity to shape how, as a pilot initiative, this will support member businesses, customize services to suit members' needs and innovation environments, and identify how best to support the strategic use of intellectual property in scaling businesses.
<u>Upskilling for Industry Initiative</u>	General	By fostering partnerships between employers and training providers, this initiative seeks to develop and deliver demand-driven short-cycle upskilling programs to meet the needs of employers.

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