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**Venture Capital Investments in Canada; a  
Success or a Failure?**

MASTER OF BUSINESS ADMINISTRATION (MBA)

Dissertation

D.R. Manage

## DECLARATION

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed .... *D.R. Manage*..... (candidate)

Date .....September 16, 2021.....

## STATEMENT 1

This work is the result of my own investigations, except where otherwise stated.

Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

Signed ..... *D.R. Manage*..... (candidate)

Date ..... September 16, 2021.....

## STATEMENT 2

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Date .....

## **ACKNOWLEDGEMENT**

I express my sincere appreciation to every academic who supported me in getting through this academic program. It was extremely well-designed highly practical interactive programme that focused modern management concepts and issues.

I also express my profound gratitude to Drs. Alex Bell and Anthony Burns (my supervisor) for providing me immense support and courage in completing this great program.

## **ABSTRACT**

The aim of the research is to explore how the venture capital investment strategies have been successful in accumulating investment positions in distressed and undervalued companies; how venture capitalists use influence and constructive engagement to unlock and create value for the financially distressed organizations; and how venture capital investments add value to the economy in Canada.

The review of literature investigated the how has been the venture capital investment ecosystem evolved in Canada; how the venture capital funding investments have been distributed among economic sectors; what actions have been taken by the policymakers and other stakeholders in order to strengthen the venture capital ecosystem; and how venture capital investments have contributed towards the economic development and jobs creation.

The research methodology adopted was an interpretivism qualitative approach. Interviews were conducted with Canadian venture capital investment managers to gain knowledge regarding the venture capital funding framework. Further, comprehensive secondary research was undertaken via credible literature that relates to the subject matter. Both responses from the interviews and the secondary data were evaluated together and the responses from interviews were validated against the secondary research data. Research findings exhibited a consistency between the interview responses and the evidence emerged from the secondary data analysis.

These results suggested that the venture capital investments have made significant progress over funding, economic development, and job creation between 2015 and 2019. Federal government of Canada has launched significant funding programs to strengthen the venture capital ecosystem. However, the research concluded deployment of funding to entrepreneurs has not evenly distributed and has concentrated among sectors. As a result, the venture capital framework in Canada still needs improvements.

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## 1. INTRODUCTION

Venture capital is a form of private equity and a debt financing investment provided by wealthy companies to startups and small businesses that are believed to have long-term growth potential. Cressy, R. (2006). Venture capital investment consists in the purchase of shares of young, privately held companies by outsiders for the primary purpose of capital gain. Venture capital is generally provided by investment banks, fund managers, well-off investors, etc. Venture capital financing can also take the form of technical or managerial expertise without providing direct financing. Kaplan and Lerner (2009) find that roughly 50% of the “entrepreneurial” IPOs in recent years are venture-backed despite the fact that only 0.2% of all firms receive venture funding.

The growing importance of small to medium-sized business enterprises and high-technology startups have made an active venture capital market crucial for the success of every nation. In fact, the modern venture capital industry has grown to become a significant element of the corporate financial sector in virtually every major economy Murray and Marriot, (1998).

Venture capitalists invest carefully in distressed companies who need capital and managerial expertise. Eventually, the primary focus of venture capitalist is to earn a substantial return on the investment. According to Amit et al. (1998) the venture capital firms have enormous skills in information gathering and processing capabilities. As a result, they are capable of identifying profitable investments. Hence, the venture capitalists have become more efficient in *selecting* ventures than other investors (Fried & Hisrich, 1994).

VC investors have developed methods, expertise and tools to screen, fund, advise and monitor the most promising ventures. Even if some of them act as business angels, individual investors are generally not associated with VC activities Carpentier C., Suret J.M. (2009). This is probably because, as Fenn et al. (1996, p.1) note, “few investors had the skills necessary to invest directly in this asset class, and those that did found it difficult to use their skills efficiently.”

According to Bonini, S. (2019) despite the continuing relevance of the venture capital industry, over the last decade, the growing emergence of alternative sources of early-stage funding can be

observed, which is radically changing and reshaping the start-up ecosystem, with implications for the entrepreneurial finance literature (Bruton et al. 2015; Fraser, Bhaumik, and Wright 2015; Landström and Mason 2016; OECD 2017; Bellavitis et al. 2017). These alternative sources of funding involve a variety of players, including incubators, accelerators, science and technology parks, university-affiliated seed funds, corporate seed funds, business angels – including “super-angels”, angel groups, business angel networks and angel investment funds – and both equity- and debt-based crowdfunding platforms (Mitchell 2010; Hoffman and Radojevich-Kelley 2012; Capizzi and Carluccio 2016). Each of these investors has unique risk-return profiles and investment philosophies, their own investment practices and preferred exit options. This creates major challenge for scholars, as well as for practitioners and policymakers, to design a linear and well-structured start-up financing path that includes all of these new actors (Hellman, Schure, and Vo 2017).

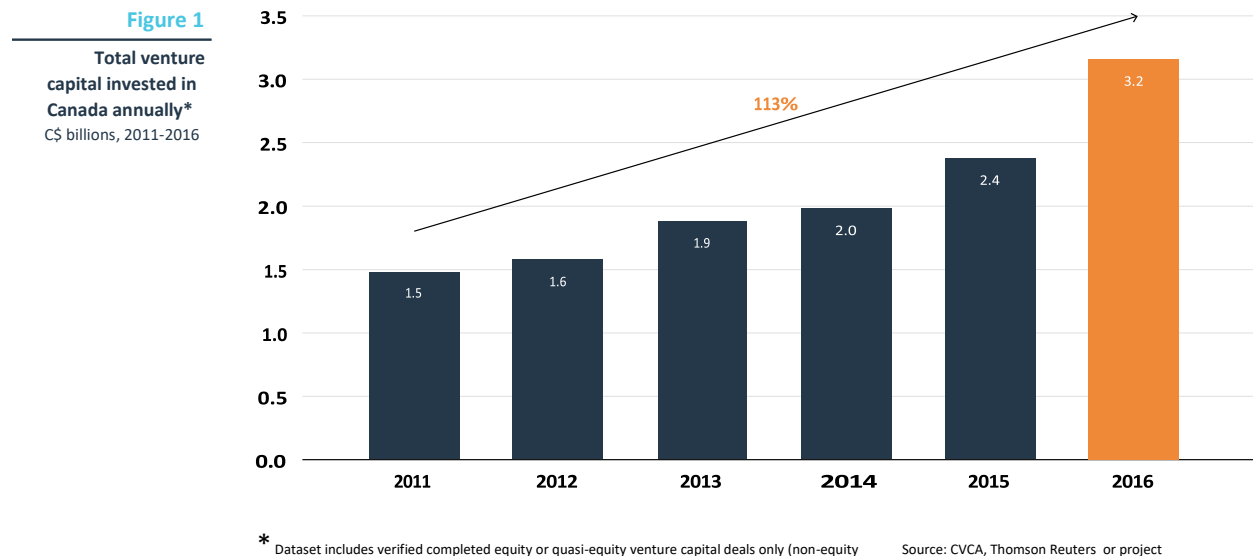
## **1.1 Research Rationale Background**

There has been a considerable increase in research undertaken with respect to venture capital across the world. Venture capital (VC) investments are where private equity investors provide capital to companies with high growth potential in exchange for an equity stake in the company. Venture capital funding take many forms such as business start-ups who have no access to funds through initial public offerings or have appropriate entrepreneurship. As a result, many of these companies are distressed. Thus, if a firm lacks expertise or funds to carry on an investment on its own, it may combine with others who have the expertise or funds to do so. (Bygrave, 1987, 1988; Lerner, 1994; Lockett and Wright, 1999)). By doing so the firm may not only complement its skills, it may also learn new skills (engaging in learning by doing) for future investing. (For an application to biotech in three European countries see Remer, 2005).

Venture capitalists are accepting risks in investing in these companies as they believe they can earn above average return on the investments within set timeframes. However, the academic research undertaken regarding the same in Canada is limited. As a result, the proposed research would be a complement to the investors who are looking for distressed investment opportunities

in Canada. Despite the fact, a remarkable growth in venture capital investment can be seen during the past few years in Canada.

### VENTURE CAPITAL GROWTH IN CANADA



*Source: Business Development Bank of Canada*

According to the Business Development Bank of Canada, Canada's Venture Capital Landscape: Challenges and Opportunities, June 2017; an important metric for the health of the economy is the total amount of venture capital invested in the country. Here, there has been a steady upward trend with a 113% increase in the total amount of venture capital invested in Canada over the last five years. In 2016, \$3.2 billion in VC investments were made in Canada, compared to \$1.5 billion in 2011. This was coupled with a 19% increase in the number of fundraising rounds over the same period, with 530 deals in 2016 compared to 445 in 2011.

One important caveat is that the average round size has not increased as rapidly as has been observed in other countries. Since 2013, average deal size in Canada increased by only 16% versus 77% in the U.S. and 123% in Great Britain.

Although the Canadian academic research on venture capital infrastructure is limited, considerable research has been carried out by other institutions including Business Development Bank of

Canada, Canadian Venture Capital and Private Equity Association, Industry Canada (Ministry of Industries, Government of Canada), etc.

With the help of globally conducted academic research on the subject matter and the above vital resources the researcher believes that he can make a remarkable guidance to venture capital community in Canada to benefit them in making effective venture capital investment decisions. During recent years venture capital has become a fast-growing area of academic research. It is still a comparatively young field and several of the fundamental questions raised by scholars working within it remain to be answered, Cressy, R.C (2009).

## **1.2 The Aim of the Research**

The aim of the research is to explore the avenues of profitability in venture capital strategies in accumulating investment positions in distressed and undervalued companies and use influence and constructive engagement to unlock and create value for the financially distressed organizations and add value to the economy in Canada. These companies are literally small companies with enormous potential for innovation and growth who can make a significant contribution to the economic growth. These companies are experiencing operational or financial distress or even suffering from managerial expertise, and they are in need of a short-term catalyst. Venture capitalists believe these investments create attractive opportunities for the investors and the small companies.

According to Isaksson, A. (2006), Bygrave and Timmons (1992, p. 1) emphasized the importance of the venture capital industry: “It [venture capital] has played a catalytic role in the entrepreneurial process: fundamental value creation that triggers and sustains economic growth and renewal. In terms of job creation, innovative products and services, competitive vibrancy, and the dissemination of the entrepreneurial spirit, its contributions have been staggering. The new companies and industries spawned by venture capitalists have changed the way [in] which we live and work.”

Canada also has put forward social innovation and social finance strategies similar to the countries such as the USA, UK, France, etc. in order to leap ahead in exploiting business and finance for social innovation.

While impact investors seek to generate attractive returns on the capital invested, they also intend to generate positive and measurable social and environmental impact on the economy. As a result, the social capital of starting entrepreneurs has widely been acknowledged to play an important role in the evolution of firms and their eventual success, Brüderl & Preisendörfer, (1998); Hallen, (2008).

The aim of this research is also to evaluate the business intent, adequacy of capital availability, generation of positive social and environmental impact, and the ability to generate an attractive return on the capital invested by Canadian companies.

### **1.3 Research Objectives**

- To explore the potential of distress investment opportunities in Canada and analyze and assess the SWOT factors in venture capital investing in Canada. To analyze and assess the economic, political, social and related risk factors, associated remediation strategies, etc.
- To perform research based on available public statistics through credible sources in Canada; for example, Canadian Venture Capital Association (CVCA), Industry Canada (Federal Ministry for Industries), Bank of Canada, Responsible Investment Association of Canada, Office of Superintendent of Bankruptcy Canada, market information, academic institutions/papers, etc. It will be extremely difficult to conduct individual research in this area due to non-availability of specific company details and / or due to protection of privacy and confidentiality of financial information by distressed companies.

According to Kaplan, S. & Lerner, J. (2016) lack of a comprehensive dataset has also posed challenges to academic research. One of the most important ways that academic research in the social sciences proceeds is by researchers replicating and exploring the limitations of earlier

studies. Instead, in venture capital, because the studies often rely on proprietary datasets that are not shared more generally, studies are difficult to replicate or refute. Another unappealing consequence is that dubious or misleading studies can linger for many years without rebuttal.

- To produce a research-based dissertation to conclude the potential profitable venture capital investment strategies in Canada.
- To produce the effective investment guidance by this research on distressed investments in Canada to potential venture capitalists across the world that will provide; direction and constructive engagement, create value by improving capital structure, refreshing strategy and operations and enabling transformative transactions to provide assistance to these companies to avoid unavoidable bankruptcies in distressed economic situations.

#### **1.4 Why the Research Needs to be Done**

Several VC literature reviews attest the accomplishments in this field (e.g., see Fried and Hisrich, 1988; Manigart and Wright, 2013). However, there is no substantial academic research done on the Venture Capital ecosystem in Canada. Further, similar to the rest of the global research that has been performed on the subject matter primarily focused on the funding and financial performance of venture capital activity (Admati and Pfleiderer, 1994; Barry *et al.*, 1990; Gompers, 1995; Kaplan and Strömberg, 2003, 2004; Megginson and Weiss, 1991; Sahlman, 1990).

However, not sufficient attention has been given to how the venture capital framework has supported the economic development (Creative Response, Schumpeter – 1947, The Creative Response Economic History) and vice versa.

As a result, this research needs to be carried out in order to produce the effective investment guidance on distressed investments in Canada to potential venture capitalists across the world that will provide; direction and constructive engagement, create value by improving capital structure, refreshing strategy and operations and enabling transformative transactions to provide assistance to these companies to avoid unavoidable bankruptcies in distressed economic situations.

The research and studies conducted so far by both academic and non-academic associations provide a solid background to conduct the research exploring into these credible databases. According to Mason and Harrison, 1999, the venture capital research field has had a tradition of often being more empirical than theoretical. Venture capital organizations whose predominant mission is to finance the founding or early growth of new companies that do not yet have access to the public securities market or to institutional lenders (Gupta & Sapienza, 1992).

Entrepreneurship –the entrepreneurial function- can be conceptualized as the discovery of opportunities and the subsequent creation of new economic activity, often via the creation of a new organization (Reynolds, 2005). Schumpeter (1950; 1961) famously defined the entrepreneur as the coordinator of production and agent of change (‘creative destruction’). As such the “Schumpeterian” entrepreneur is above all else an innovator. Scholars who share this view of entrepreneurship do not consider entrepreneurship to be very important in earlier stages of economic development – they see the contribution of entrepreneurship to be much more important at later stages of development, where economic growth is driven by knowledge and competition. At earlier stages of development, entrepreneurship may play a less pronounced role because growth is largely driven by factor accumulation (Ács and Naudé, 2013).

Also, most researchers have focused on how venture capital processes works, stages of capital funding, and the role of key players. As a result, these are some of the issues that provided foundation for this developing stream of research (e.g., Bygrave, 1988; Elango, Fried, Hisrich, & Polonchek, 1995; Florida & Kenney, 1988; Gorman & Sahlman, 1989; Robinson, 1988).

This research highlights how Canadian venture capital ecosystem has evolved over the past decade and has played a major role in economic development.

## 2. LITERATURE REVIEW

This research is undertaken supported through the entrepreneurship discipline. Theoretical entrepreneurship reinforces the venture capital investment strategies. Both venture capital and entrepreneur strategies share the same objectives. It helps the formation of capital by bringing investments; provides large-scale human resources opportunities; increases the purchasing power of the people; promotes economic development; and, facilitates in reducing concentration of economic power.

The objective of most corporations is the strategic benefits that can result from venture capital investing, such as acquisitions, technology licenses, product marketing rights, international opportunities and a window on technology. Venture capitalists focus on investing in debt and equity of companies that are experiencing operational or financial distress, are in out-of-favor sectors or are otherwise in need of a short-term catalyst.

VC research has made much progress in the last decade, with a growing number of papers being written. This has occurred for a variety of reasons. There has been natural growth in the field following the growing importance of VC over the last two decades. There has also been recognition that in addition to being an interesting field in its own rights, VC research can also contribute to understanding broader economic issues, such as incentives and contracting theories, Rin, M.D., Hellmann, T.F., Puri, M. (2011).

Venture capital investing plays a vital role in the economic development in Canada. As a result, significant initiatives taken by various institutions such as Industry Canada (Federal Ministry for Industries), Business Development Bank of Canada, Office of Superintendent of Bankruptcy Canada, market information, etc.

## **2.1 History of Venture Capital Financing in Canada**

Canadian venture capital investment literally began during 1945 with the birth of a closed investment trust, essentially a venture capital business. The trust was formed with US financier Floyd Oldman in order to buy equity stakes in companies with potential future growth.

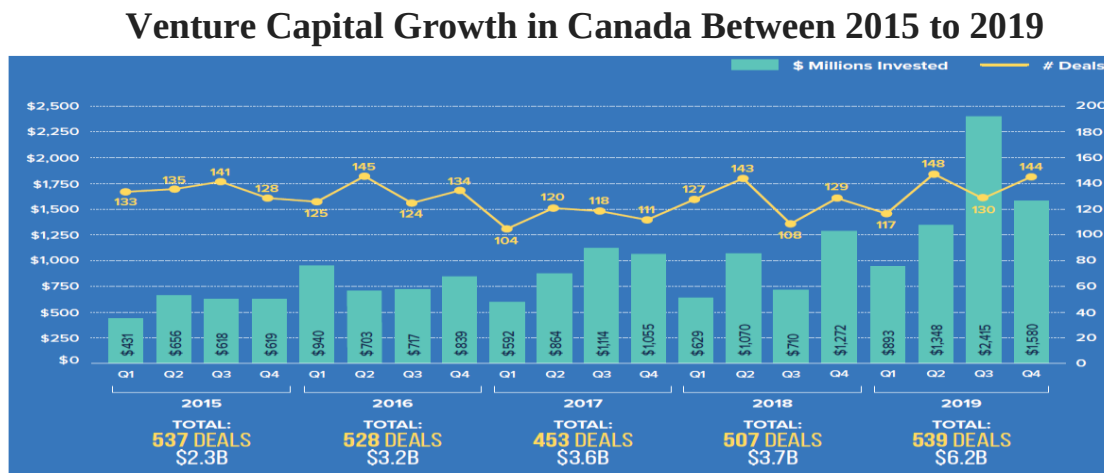
Per the Industry Canada (the Federal Ministry of Industries in Canada), between 1970 and 1980 there was a considerable growth in venture capital companies started by a few banks, corporations, and private individuals. A formal venture capital infrastructure was begun during the 1980s with the formation of Fond de solidarité des travailleurs du Québec (FTQ). It was one the first the first labor-sponsored venture capital corporations (LSVCCs). LSVCCs are funded by provincial labor unions and supported by individual investors.

Emergence of labor-sponsored venture capital corporations headed a considerable investing through venture capital companies during the decade 1990. This increased activity of venture capital investing could be seen in US and Europe during this period. As a result, venture capital investing reached approximately CAD 7 billion during 1996. During 1990s Canadian government also introduced government equity funds through a crown corporation, Business Development Bank of Canada.

Further, according to Industry Canada, during the decade between late 1990 and early 2000 there has been a dramatic growth in information technology and other technologies in Canada. During this period there was a remarkable growth in venture capital funds by 117 percent. Venture capital investments grew by 460 percent during the period. A total of 824 has received 989 rounds of financing amounting to CAD 1.7 billion by the end of 1999. However, the technology boom melted during the period of 2001 and 2003 resulting in a global downturn in the venture capital industry.

According to Martin Prosperity Institute at the University of Toronto (2015) Venture capital investment in Canada has declined over the past dozen or so years from its high of roughly \$3 billion in 2000. Since the mid-2000s, venture capital investment has hovered around \$2 billion per year. Nearly two billion dollars (\$1.9 billion) in venture capital was invested in Canada in 2013.

According to the Canadian Venture Capital Association, the venture capital investments have almost doubled to 203 deals in 2017 since 2003. Further, there has been a steady growth of venture capital investments in Canada during the period between 2015 to 2019.



Source: Canadian Venture Capital Association 2019

Canadian venture capitalists focused on investing in such distress of companies that are experiencing operational or financial distress, are in out-of-favour sectors or are otherwise in need of a short-term catalyst. They believe that distressed investing currently presents an attractive opportunity.

According to the Volume of insolvencies in Canada during 2018 by the Office of the Superintendent of Bankruptcy Canada, the total number of business insolvencies decreased slightly, from 3,609 in 2017 to 3,580 in 2018. However, the slight decrease seen in 2018 does not come as a surprise given that the volume of business insolvencies has been in a free fall since 2001. The decline in business insolvencies aligned with the growth in the venture capital investments in Canada during this period.

## 2.2 Types of Canadian Venture Capital Firms

Venture capital firms raise capital from various outside sources through various investors such as pension funds, insurance companies, educational institutions, investment banks, etc. Generally,

the venture capital firms are separate legal entities and can be independent venters managed by teams of private investors. However, they can also be operated as a captive such as a subsidiary of an investment bank, pension fund or an insurance company. Venture capitalists seek higher returns for their capital providers and for themselves in order to compensate themselves.

The venture capital strategies may take various forms depending on the potential profitability of venture strategies. The various aspects of the contracts are related to the attractiveness and risks of the investment determined from the screening analysis. Kaplan and Strömberg (2003) provide a detailed description and analysis of VC contracts.

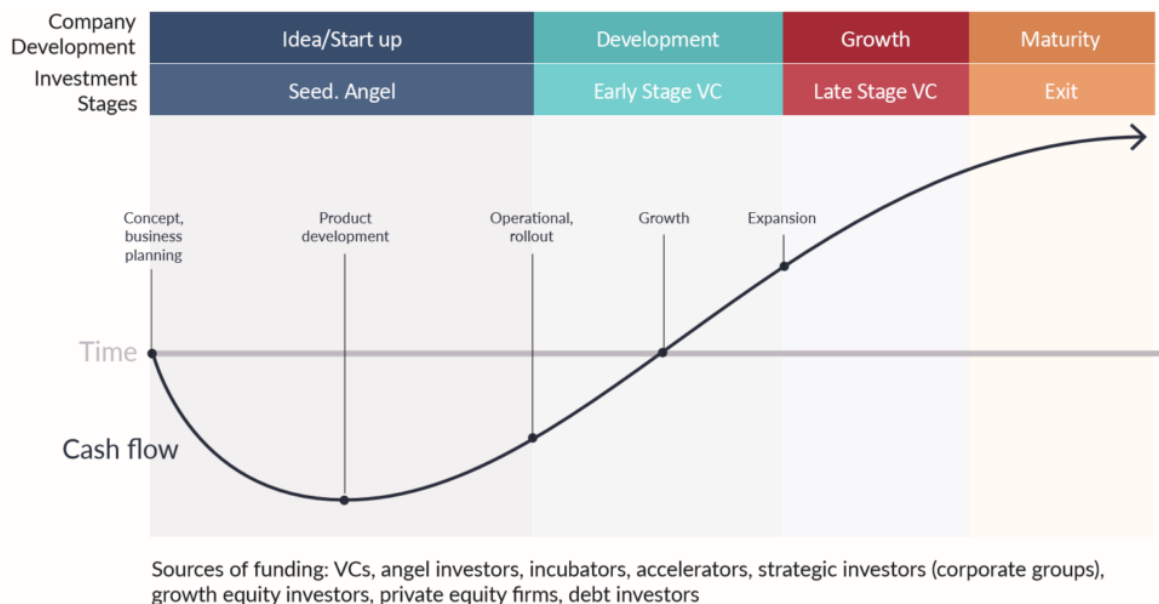
The success of the financial strategy depends upon their catalyst behavior, making it vital for obtaining superior investment returns. Venture capital investments are very risky as sometimes they enter into high-risk industries that employ various technologies and invest in various jurisdictions exposing them to different industrial regulations. As a result, risk diversification is very essential strategy in venture capital activity in balancing positive returns in the short run.

Venture Capitalist may invest in ventures at various stages as follows.

| Common Venture Capital Stages in Canada |      |                                                                                                                                                                                                  |
|-----------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Venture capital                         | Debt | Consists of short to medium term non dilutive debt instruments with no equity capital.                                                                                                           |
| Seed Stage                              |      | The distressed company has developed a concept or product under development and probably not launched yet to the market.                                                                         |
| Early Stage                             |      | The distressed company has a product or service in testing or in the pilot production and probably the product may have been commercially launched.                                              |
| Later Stage                             |      | The product or service belonging to the distressed company is in production and commercially available. The company is generating on-going revenue; however, no guarantee in generating profits. |

|              |                                                                                                                                                                                                         |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Growth Stage | Injection of a significant minority investment to drive growth and scale that can be combined through a secondary funding strategy to facilitate liquidity needs for existing venture capital investors |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### *Venture Capital Plays a Vital Role in a Startup's Growth*



**Source:** National Venture Capital Association, Washington DC <https://nvca.org/>

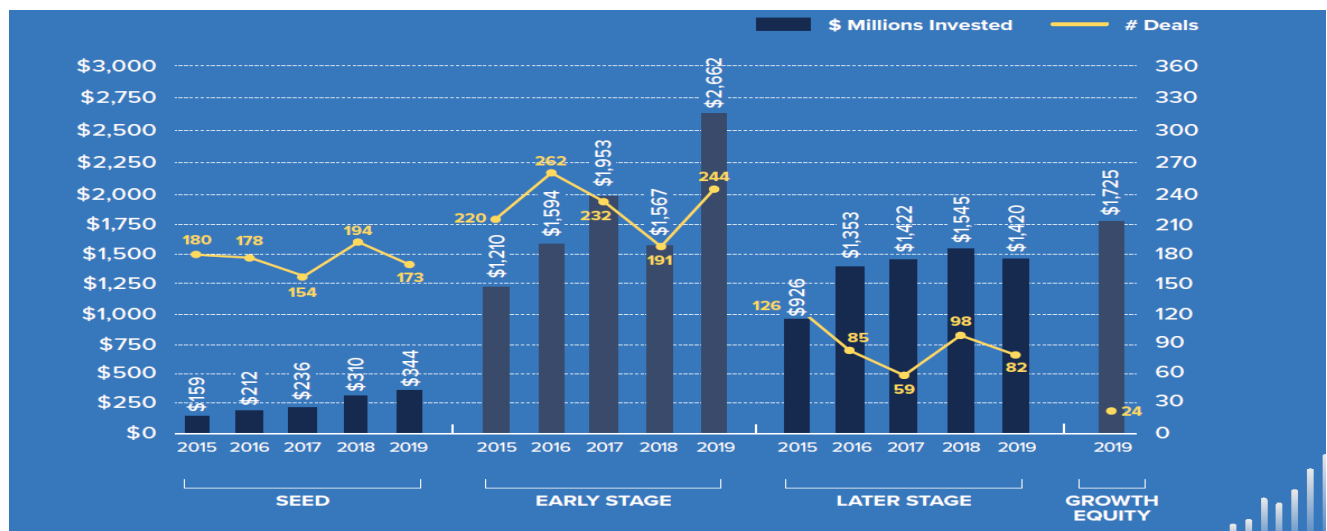
Seed stage financing was the least popular category that took place between 2015 and 2019. Average number of deals with seed stage financing during the five-year period was around 150 across Canada. Average investment during the five-year period was around CAD 250 million approximately. Over the last decade, the growing emergence of alternative sources of early-stage funding can be observed, which is radically changing and reshaping the start-up ecosystem, with implications for the entrepreneurial finance literature (Bruton et al. 2015; Fraser, Bhaumik, and Wright 2015; Landström and Mason 2016; OECD 2017; Bellavitis et al. 2017).

Early-stage financing has been the most popular venture capital strategy in Canada between the past five years ended in 2020. During this period seed stage investment grew by over CAD 1 billion which displayed a steady growth since 2015 with the exception during 2018. It also displayed the

highest number of deals out of all stages. Average 200 deals per year recorded during the period 2015 and 2019.

Latter stage financing strategy also showed a moderate growth grew approximately by CAD 1 billion through the past five year ended 2020. However, the average number of deals were relatively low during latter stages. In addition, growth equity stood at approximately CAD 5 billion.

### Venture Capital Stages Breakdown Between 2015 - 2019



Source: Canadian Venture Capital Association 2019

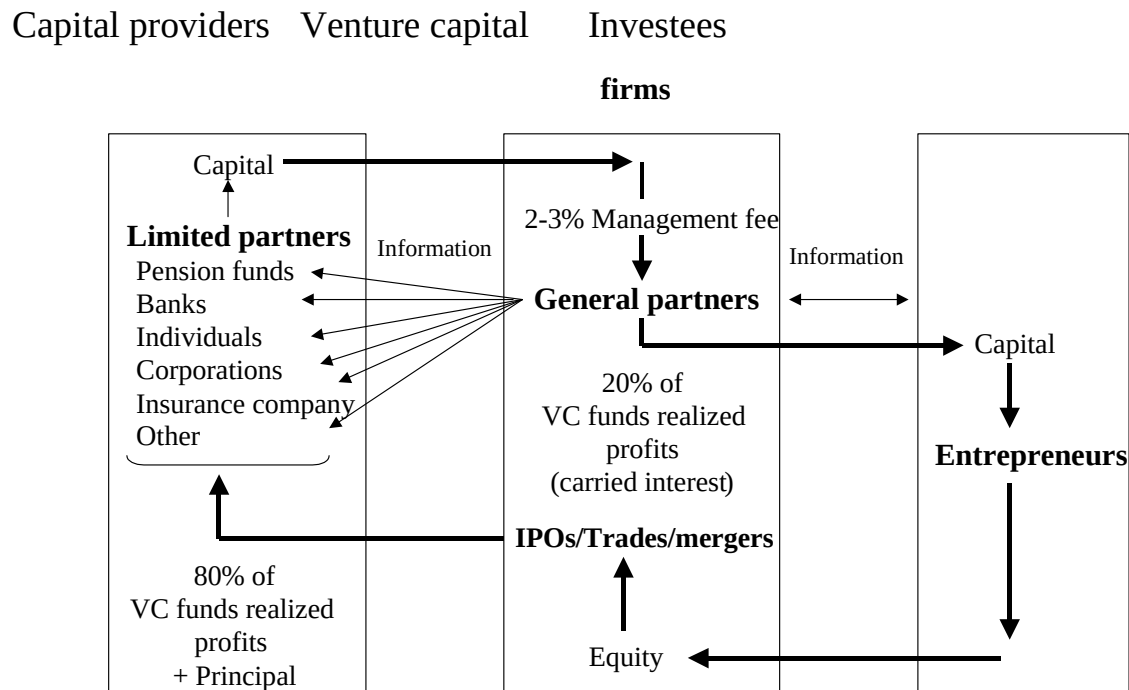
## 2.3 General Structure of Venture Capital Funds in Canada

The venture capitalists raise funds from various sources including pension funds, banks, insurance companies, individuals, etc. Venture capitalist will create a partnership structure. Generally, investors are structured as a “limited Partnership”. The venture capitalists who are the managers of investment funds are formed into a “General Partnership”.

Funds are immediately invested by the venture capitalists as soon as they are raised. Investors receive dividends generally around 20 percent which is the carried interest. According to Christofis, C. & Debande, O. (2001), alternate fund structures may exist; for example, such as

evergreen funds where the proceeds are reinvested by the venture capitalist on behalf of investors. However, this structure is not popular among investors.

### Venture Capital Funds Structure



#### Source:

Christofidis, C. and Debande, O (2001). Financing Innovative Firms Through Venture Capital  
Venture Capital Funding in Canada

According to Carpentier C, Suret J.M (2009), even if there are few investors acting as business angels, individual investors are generally not associated with venture capital activities. Fenn et al. (1996, p.1) note, “few investors had the skills necessary to invest directly in this asset class, and those that did found it difficult to use their skills efficiently.” Accordingly, a public venture capital market, where individual investors finance emerging companies, should not succeed or even survive. In Europe, several countries have implemented new (or junior) stock markets, devoted to

the financing of growing companies. They apply more lenient listing rules and often do not require profitability. To be listed, companies must meet the minimal listing requirements that exclude nascent companies. These junior markets are commonly used as an exit vehicle by private venture capital providers and are generally considered as failures (Bottazzi and Da Rin 2002). This idea is consistent with the proposition that public markets are not well suited for financing growing companies, even if these companies are no longer in the early stage of development. In this context, the creation of a public venture capital market devoted mainly to early-stage companies can be considered an unrealistic objective.

Canadian venture capital investments based on a healthy atmosphere where there are a significant number of venture capitalist's investment capital to distressed companies. According to Canadian Venture Capital Association, following years of consistent investment growth across all stages in the ecosystem, heights in 2019 with a record CAD \$6.2B invested over 539 deals. This is 69% more than the CAD \$3.7B invested in 2018 and three times more than when the CVCA began market analysis in 2013. Q4 2019 significantly contributed to the year's total, with CAD \$1.6B invested over 144 deals.

There are a significant number of venture capitalists in Canada including large pension funds, insurance companies, investment banks, individuals, etc. Among them, OMERS, Canadian Pension Plan Investment Board, Ontario Teachers' Pension Fund, Caisse de dépôt et placement du Québec (CDPQ) (pension fund), and RBC Venture Partners and BMO Capital Partners (Investment Banks), etc.

This was a growing phenomenon in the nature of venture capital investing is that few large venture capital firms hold the major chunk of venture capital investments. There are mostly institutional investors including pension funds, hedge fund managers, other bank subsidiaries, etc. Literally they shape up the venture capital market structure. They also have deployed a significant amount of risk capital towards technological companies. This is primarily due to the significant amount of capital they accumulate on an ongoing basis. For example, Canadian pension funds play a major role in this context.

Further, these concentrated venture capital investors have significantly contributed literally to change the technological infrastructure. As a result, they form a significant amount of liquidity. According to Kaplan, S.N. and Schoar, S. (2005); Harris, C. et al. (2014) this is partly due to strong persistence in the relative performance of the venture capital funds.

Further, the catalyst exit environment from investments was active in 2019, with 40 venture capital backed deals which was almost the same as in 2018 amounted to CAD 3 billion.

However, the public venture market has long been active in Canada. The Canadian Venture Exchange (“CDNX”) was created in Canada during 1999. Canadian exchanges in Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; and Montreal Ontario entered into an agreement to restructure the Canadian capital markets along their market specializations. The Canadian Venture Exchange was named as The Canadian Venture Exchange was named as The TSX Venture Exchange is a stock exchange in Canada and headquartered in Calgary, Alberta. It also had three offices in Toronto, Vancouver, and Montreal. The Canadian Venture Exchange was acquired by TSX Group (now known as the TMX Group) purchased and it was TSX Venture Exchange is a public venture capital marketplace for emerging companies.

This was recognized as the world’s first and the largest venture capital exchange. Since then it has been long recognized as the primary funding mechanism for the new entrepreneurs and the success of early-stage public companies. However, it is questionable whether the TSX Venture Exchange has been able to fulfil the funding requirements for distressed companies.

The industry has experienced many cyclical fluctuations over the past years. during when Canada's public venture market faced significant challenges in providing liquidity. Macroeconomic factors that led to sustained downturn in commodities have caused susceptibilities in the venture capital market and highlighted the current structure needs to be evolved.

The TSX Venture Exchange has taken some important steps to enhance the liquidity of the market including reduction of compliance and administrative cost of the clients; expand the base of

investors financing companies; diversify and grow the stock list to increase the magnetism of the marketplace overall.

However, liquidity of the Canadian Venture Exchange needs to be increased. As a result, it needs to create awareness to attract more participants. Exchange needs to relax barriers to U.S. investors who are willing to participate in Canadian market activity. Further, relaxing listing requirements and other stringent administrative barriers would help to enhance the liquidity.

## **2.4 Venture Capital Sector Breakdown**

Venture capital investing is concentrated within a few industries in Canada which appear to be the most popular commercially viable industries. They are information and communications technology (ICT), life sciences, clean technology sector, and agricultural business.

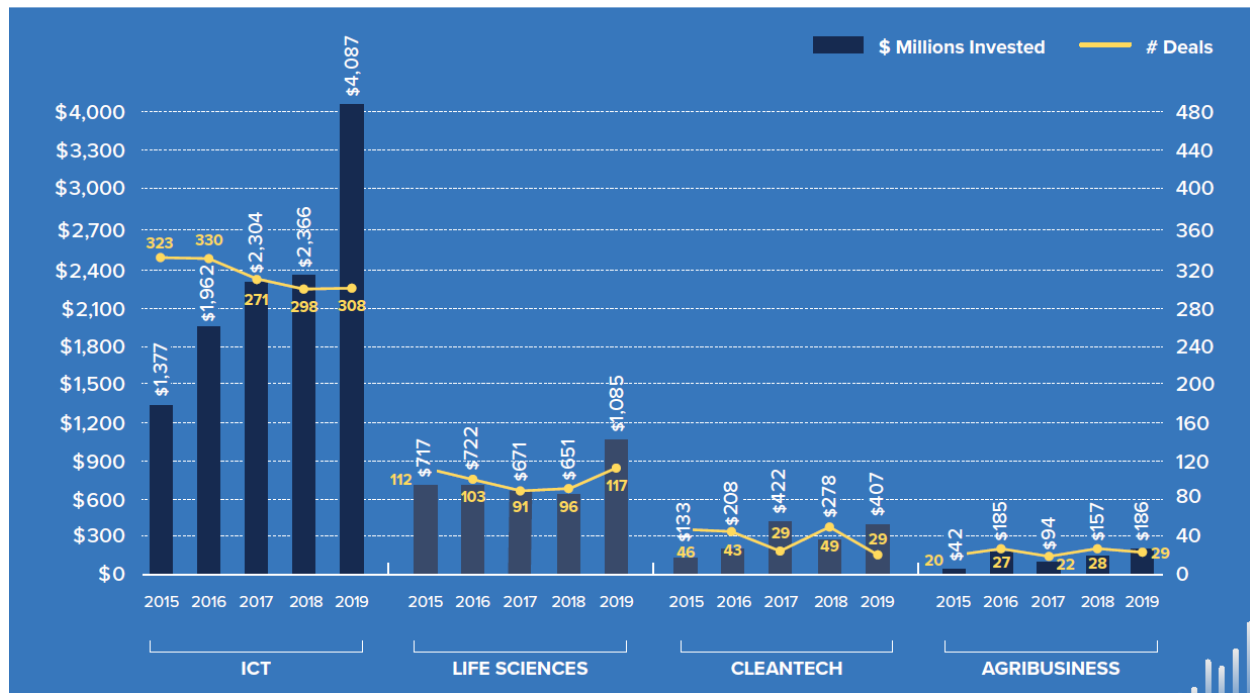
Investment in information and communications technology (ICT) sector has been the most popular industry during the period between 2015 and 2019. During this period, the average annual number of deals amounted to 300. There was a noticeable growth in the annual value of investments. It grew from CAD 1.3 billion in 2015 to CAD 4 billion in 2019.

Life science sector has been the second most popular industry during the period between 2015 and 2019. During this period, the average annual number of deals amounted to 100. However, there was a moderate growth in the annual value of investments amounting to CAD 800 million.

Clean tech sector also has been somewhat popular industry during the period between 2015 and 2019. During this period, the average annual number of deals amounted to 30. However, the average investment value was around CAD 350 million.

Agriculture business sector has been the least popular industry during the period between 2015 and 2019. However, it showed a moderate growth during this period. The investment value during 2015 stood at CAD 42 million and displayed a noticeable growth during the period. The investment value was increased up to CAD 186 million in 2019.

## Venture Capital Sector Breakdown Between 2015 – 2019



Source: Canadian Venture Capital Association 2019

### 2.5 “Does the Steady Growth in Venture Capital Funding Has Contributed to the Success in Economic Development?”

The growth in funding of venture capitalists in distressed companies and the success rates of was examined over period of the past five years between 2015 and 2019. It can be determined that the steady growth venture capital funding during the period has contributed a significant success in the growth of the companies as well as the economic development.

Significant number of Canada’s largest public and private technology companies has been venture capital-backed. Canadian venture capitalists have provided significant catalyst support in the R & D activities of these distressed companies. They have supported innovations.

Venture capital companies are export oriented companies and generate a noteworthy amount of foreign exchange. Venture capital-backed companies especially in the technological sector have

created thousands of jobs annually. Their growth rates both in terms of employment and revenue are significantly higher than the average of the industry standards.

## **2.6 Venture Capital Funding Growth in Canada**

Institute C.D. HOWE Institute (2019) Entrepreneurial Finance and Economic Growth - A Canadian Overview Canada's Private Equity Firms focus investing primarily on private companies with an established business model and a strategically focused management team. Private equity firms are generally willing to participate in buyouts that may involve purchases of divisions, subsidiaries of a large public company.

During the period between 2013 and June 2018, private equity investors completed deals valued approximately CAD 131 billion across various sectors including oil, gas, and power (CAD 34 billion), consumer and retail (CAD 21 billion), industrial and manufacturing (CAD 15 billion), information technology (CAD 11 billion), and clean tech (CAF 10 billion). However, the early-stage companies that are with high growth potential for but with little or with little revenue too have funding opportunities. There are private venture capital corporations whole willing to assist these distressed companies or such distressed companies may go public by listing via the Venture Capital Exchange. TSX Venture Capital Exchange is one of the world's largest public venture capital markets. During this same period, companies listed on the Toronto Stock Exchange (TSX) raised \$269.9 billion and those on the TSX Venture Exchange (TSX Venture) \$26.6 billion. However, the market experienced a significant growth in the venture capital capitalization. The total market value of Canadian operating companies listed on TSX Venture stood at \$45.4 billion as of December 31, 2018. Prior to 2017.

Although there has been a decline in the availability of venture capital among the global markets, the stream of venture capital financing has significantly accelerated. During 2017, approximately 4 billion invested by venture capital firms compared to CAD 2 billion during 2013. Today, Further, Canadian distressed companies listed on TSX Venture raised \$6.4 billion in 2017 compared with \$3.8 billion in 2013.

## **2.7 Venture Capital Catalyst Initiative**

The government of Canada has realized the essentiality of a strong venture capital ecosystem to help Canadian start-up businesses and creating employment. The Government of Canada introduced the Venture Capital Catalyst Initiative (VCCI) by injecting CAD 450 million to support Canadian venture capital fund managers.

Canada's VC ecosystem has grown significantly in size since 2010. In fact, in 2019, Canada saw a total of \$6.2 billion of VC investment in Canadian start-ups. Canadian Government launched this funding program in three streams.

VCCI Stream 1: Stream focused on large highly diversified funds-of-funds through private investors. This stream aimed to maximize returns through diversified investments, support skilled VC fund managers, and attract substantial private sector capital.

The funds-of-funds managers included 5 large funds and they were announced during June 2018. They collectively have since made significant progress, raising over CAD 1.1 billion and are now investing into VC funds and companies.

VCCI Stream 2: Focused on emerging and diverse managers who will provide funding in underserved regions and sectors, and alternative fund structures. The stream 2 focuses to provide financial help to investors prioritizing not otherwise supported by Stream 1. The strategy was focused on supporting groups such as women; diverse fund managers; entrepreneurs; emerging regions, etc. whose presence was very minimal in nature. Under this program 5 such managers were selected and have raised over CAD 150 mm for investing.

VCCI Stream 3: Focused on venture capital VC funds investing primarily in clean technology. Clean technologies are intended to enhance productivity, increase resource efficiency, and to minimize waste and pollution. The clean technology sector is predicted to be a USD 26 trillion industry by 2030 in the world. Canada has ranked fourth in a Global Clean Technology Leader

Index. To achieve this objective Canadian Government has selected three fund managers who have raised CAD 450 million.

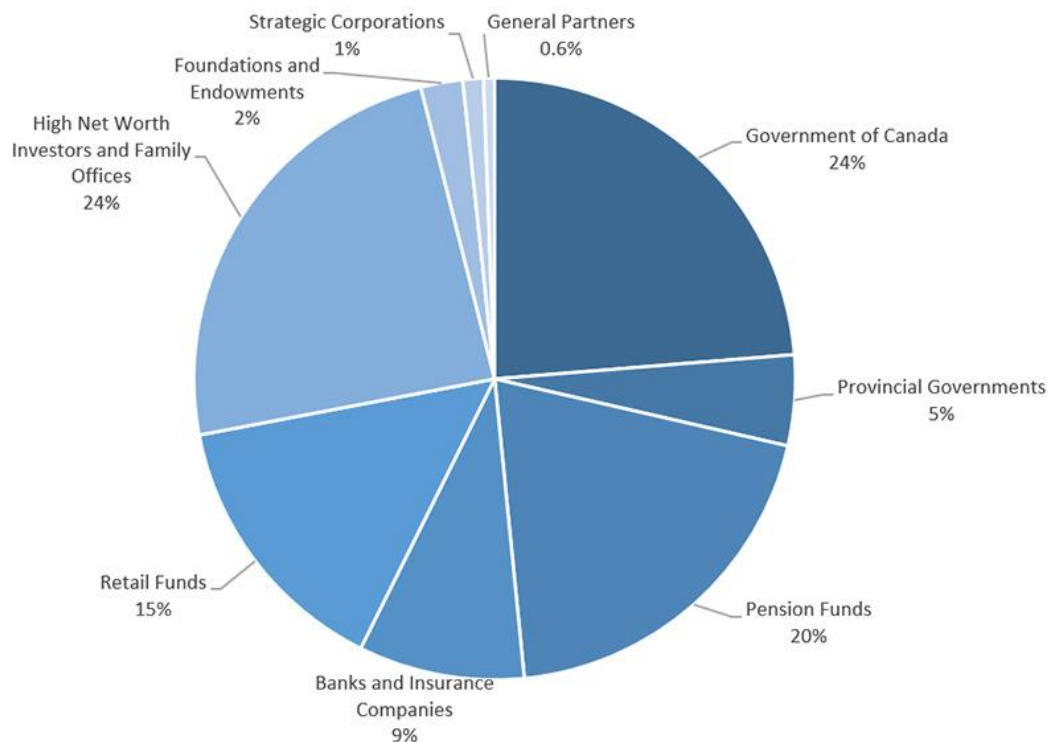
One of the key goals of the Venture Capital Catalyst Initiative enhances diversity and increases the participation of women investors across the Canadian Venture Capital environment. Under this program every participant is required to report on statistics regarding the number of women fund managers and entrepreneurs. Under this initiative the Government of Canada planned to invest over CAD 1.7 billion into the VC marketplace expecting a significant growth in venture capital funding and job creation.

According to the Organization for Economic Co-operation and Development (OECD) Canada is now ranked third in the world in Venture Capital investing.

### **2.7.1 How were the Venture Capital Catalysts Selected?**

The recipients were subject to a rigorous assessment and selection process. The Venture Capital Catalyst Initiative (VCCI) was formed, and the Canadian Government also used a rigorous assessment and selection process and adopted an application process from diverse and talented Canadians through a public application process. A five-member panel was set up through the open call for applications, Innovation, Science and Economic Development Canada (ISED). The committee comprised five members with diverse backgrounds, expertise, including venture capital investors and managers, entrepreneurs, and start-up support specialists. By the end of July 2020, the initiative generated well over CAD 1 billion from a diverse group of investors.

## Participation



Source: Industry Canada, Research and business intelligence SME research and statistics

### 2.8 Venture Capital Action Plan

The Government of Canada created the Venture Capital Action Plan (VCAP) in 2013 to promote investments by private companies in their early stage. The goal of the VCAP was to support small and medium-sized Canadian businesses. Under the VCAP program Canadian government offered incentives to private investors; as a result, they will create venture capital funds to support smaller businesses.

According to Industry Canada (Ministry of Industries), it is a market-oriented approach to put Canada's venture capital industry on the path to sustainability, make it more globally competitive, and increase the availability of financing for innovative Canadian firms.

Under the VCAP, the Canadian government has deployed CAD 390 million to support Canadian funds of funds owned by private sector by partnering with corporate and institutional investors to formulate and recapitalize four large Canadian private sector-led funds of funds in partnership with institutional and corporate strategic investors, as well as interested provinces that included pension funds, large corporations, banks and other financial institutions, high net worth clients and provincial governments. Eventually, this program earned well over CAD 1 billion of which over 66% raised from private sector investors.

### **2.8.1 Progress Made with the Venture Capital Action Plan by the end of March 2020**

The VCAP funds-of-funds program was primarily focused on the Canadian venture capital funds. However, some degree of investments beyond borders were necessary; for example, technology industries were international and as a result, it was considered that it was important to allow Canadian companies to partner with other countries. Therefore, the funds-of-funds were also allowed to invest a portion of their capital outside of Canada subject to a few conditions including the following.

- 55 percent of the investment commitments must be made within Canada by each fund of funds. Majority of the professional managers must be resident in Canada.
- Overall, the funds-of-funds must invest at least one third of the investments must be made with Canadian companies.

Approximately 85 percent of financial commitments made by funds-of-funds were made to Canadian funds and 85 percent of financial commitments were made outside of Canada.

## 2.9 Impact Investing in Canada

According to the Global Impact Investing Network (GIIN) Impact investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending on investors' strategic goals.

Impact investing is a practice of social finance. Social Venture Capitalists deploy capital towards investments that generate both an environmental or a social impact including return on the investment. Social Venture Capitalists would like to succeed with social innovation. Social Venture Capitalists come with various Environmental, Social and Governance (ESG) objectives; for example, they may invest to support social or environment issues including the world's most pressing challenges in sectors including sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare, and education.

During 2019, GIIN has published GIIN published the Core Characteristics of Impact Investing that provides further clarity around impact investing. They described four core characteristics of impact investing.

**Intentionality:** An investor must have a genuine intention to make a positive social or environmental impact.

**Return on the investment:** They expect a financial return on capital or, at minimum, a return of capital.

**Different asset classes and a range of return expectations:** Impact investors may target financial returns that range from below market (concessionary) to risk-adjusted market rates, across various asset classes, including venture capital, private equity, cash equivalents, fixed income, etc.

Further, according to GIIN, impact investment has attracted a wide variety of investors, both individual and institutional including pension funds, insurance companies, religious institutions, development finance institutions, individual investors, fund managers, etc.

Generally, social capital is receiving ever more attention in entrepreneurship research (e.g., Aldrich & Zimmer, 1986; Dimov et al., 2007; Hoang & Antoncic, 2003). For example, the social capital of starting entrepreneurs has widely been acknowledged to play an important role in the evolution of firms and their eventual success (e.g., Brüderl & Preisendörfer, 1998; Hallen, 2008).

### **2.9.1 Current State of Impact Investing in Canada**

Being Canada is a large country someone can wide dispersion of impact investing strategies among various type of investors. Investors are already engaged in the activity. Also the demand for impact investing is high.

According to the Global Impact Investing Network (GIIN), impact investment refers to “investments made with the intention to generate a positive, measurable social and environmental impact alongside a financial return”. In the past two years, impact investing has grown significantly in 6 Canada. Total impact assets grew 81%, from \$8.15 billion at the end of 2015 to \$14.75 billion at the end of 2017. According to their research in 2019, the Centre for Social Innovation and Impact Investing at the University of British Columbia they have identified 2,575 unique ventures across 44 incubators and accelerators in Canada out of 698 (27 percent) of them as social ventures.

However, there are certain limitations in identifying exact data with regard to Impact Investing in Canada. Overall, data related to Social Investing have not been fully collected since its emergence in Canada. The role of the social capital and social networks of the investing VCs takes a much less prominent position. Thus, the question of how exactly VCs’ social capital affects the funding of new ventures still lacks systematic research (Fitza et al., 2009).

The universe of incubators and accelerators: It is challenging to assess the number of incubators and accelerators in Canada due to lack of data. For over a period of time, individual Canadians have invested through Responsible Investing, through high-net-worth individuals, pension funds, foundations such as NGOs, etc.

Unfortunately, not all social ventures go through Canadian incubator or accelerator programs and mostly they are identified through informal means. As a result, Canadian impact investing sector faces a significant information gap.

## **2.9.2 Identifying the Contribution of Impact Investing:**

### **2.9.2.1 Measuring the Impact of Impact Investing**

The concept of impact measurement is foundational to impact investing. For decades there have been socially responsible investments (e.g. negative and positive screening, ethical investing) investing to do good. Impact investing is distinguished among all the previous attempts in that it seeks not only to achieve impact but to quantify and measure it (Grieco, March 2015).

It has become debatable in the world and so as in Canada. Many calls for a framework or a methodology required measuring the impact. More sophisticated investors prefer to have a framework; however, small investors do not worry much about it. The business should also have a system in place to measure the impact (Bridges Ventures, 2010).

The Responsible Investment Association of Canada they are seeing traction with global frameworks such as IRIS (Impact Reporting and Investment Standards) and the Sustainable Development Goals (SDGs), which are key to building commonality of measurement between investors and investees. However, methodologies adopted and views among investors about the methodologies among them varies in Canada.

According to the Responsible Investment Association of Canada in 2016 Impact Investment Trends survey, 59% of respondents stated standardized social and environmental metrics are

important or very important for industry development. In this survey 65% of the participants stated they used a metric of some kind and half of them using their own internal metrics. The rest of the group uses various standardized, external metrics. IRIS was the most commonly cited external standard.

As a result, there is no sufficient data available with respect to impact investing in Canada. In Canada ESG framework across industries is still growing among large corporations. However, the data relating to impact investing has not been either collected or analyzed since impact investing and social innovation has emerged. Although, Canadian firms speak about ESG activity, they do not discuss either about the services they provide or the goods they produce as to their health and safety.

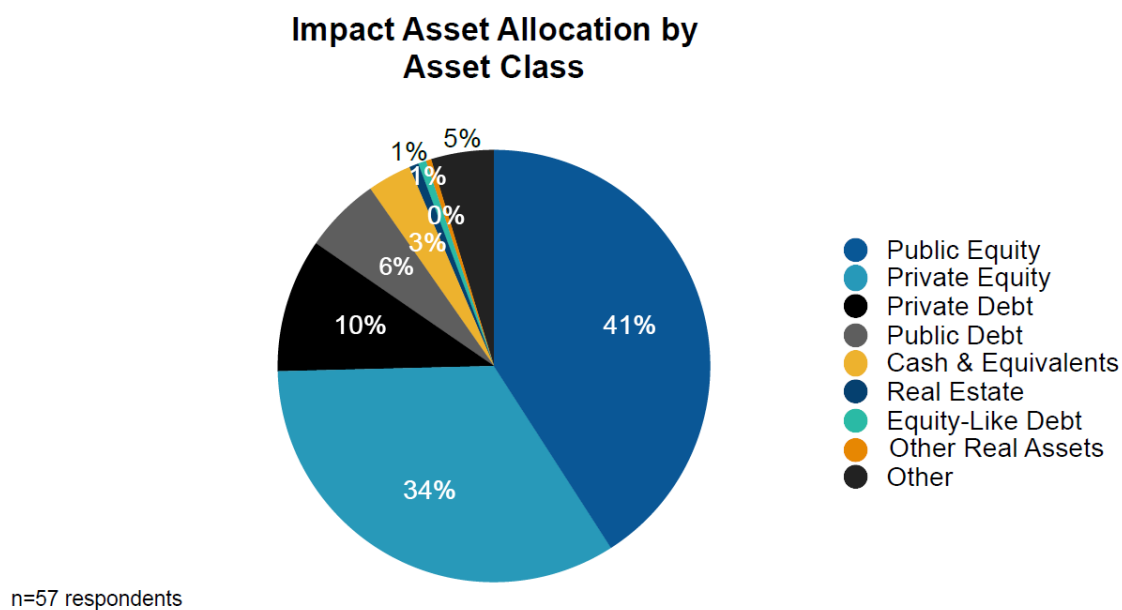
In their study during 2019, the Centre for Social Innovation and Impact Investing at the University of British Columbia has made some interesting conclusions by using publicly available information.

Through a comprehensive universe of impact investors, the Association of Responsible Investors have drawn some highlights regarding impact investing in Canada. It should be noted that this area is still at the primary state and lacks credible data as to completeness and accuracy. As a result, it is extremely difficult to identify the number of impact investors who are in the business. There is no evidence there were any documents maintained by any institution. Further, in general, either venture capital investors or the companies funded are not willing to share existing financial information or future funding plans due to uncertainty or confidentiality reasons.

**Significant Growth of Funding:** Based on the universe of 57 respondents they have identified the impact assets under management in Canada now total \$14.75 billion as of end of 1919, and that was almost 100 percent increase over the year 2018. Further fund managers and investments too play a leading role amounting to over 50% of impact assets. Further impact investors target various rates of return for their impact investments, and they have exceeded their return expectations.

### 2.9.2.2 Asset Allocation of Impact Investments

The participation of fund managers has increased substantially. As a result, availability of impact investment products has been increased. Among asset classes, public equity and private equity have emerged considerably. Both public and private equity accounted for approximately 41% and 34% respectively as of the end of 2018. Also public and private debt accounted for approximately 10% and 6% respectively as of the end of 2018.



Source: Responsible Investment association of Canada 2019

Canada has played a unique role in public investments over the past few years. For example, during 2013 share in public equity investments on impact investments stood at 3%. However, it grew up to 20% and 41% during the years 2015 and 2017, respectively. However, according to the GIIN's 2018 Annual Impact Investing Survey of 229 respondents only 14% of impact asset represented by public equity. Both real assets and private debt accounted for 18% and 9% respectively.

### **2.9.2.3 Impact Investment by Organization**

At the end of 2017 the total impact funding amounted to approximately CAD 44.7 billion. It appeared impact investment funding was concentrated among few investors. The group included Impact Funds/Managers (CAD 7.9 billion), Credit Unions (CAD 4.6 billion), Quebec Solidarity Finance (CAD 1.2 billion). Other participants included Community Finance Organizations, Aboriginal Financial Institutions, Community Futures/CBDCs, Non-Profit, etc.

Further, impact investing was concentrated among a few provinces in Canada as well. The province Ontario represented 43% of the total impact investments. British Columbia and Quebec contributed 32% and 20% respectively.

### **3. RESEARCH METHODOLOGY**

The Research Methodology encompasses the theoretical concepts regarding the approaches chosen and applied in this research. This section describes the research methodology chosen and the rationale applied to conduct the research. The clear research methodology is extremely important in conducting the research and drawing conclusions. The process of research entails the logical as well as systematic search for useful data and information with regard to a specific topic, Jha, A.K. (2008). According to him, the research as the search for knowledge and the discovery of the truth involving gathering of information from various avenues.

The research process is systematic in that defining the objective, managing the data, and communicating the findings occur within established frameworks and in accordance with existing guidelines. The frameworks and guidelines provide researchers with an indication of what to include in the research, how to perform the research, and what types of inferences are probable based on the data collected, Williams. C. (2007). & Schwardt, T.A. (2007) defines research methodology as a model of how a research should be conducted that includes scrutiny of research ideologies, assumptions, estimates and procedures. He further adds that the research methodology will define and describe the appropriate problems that require investigating.

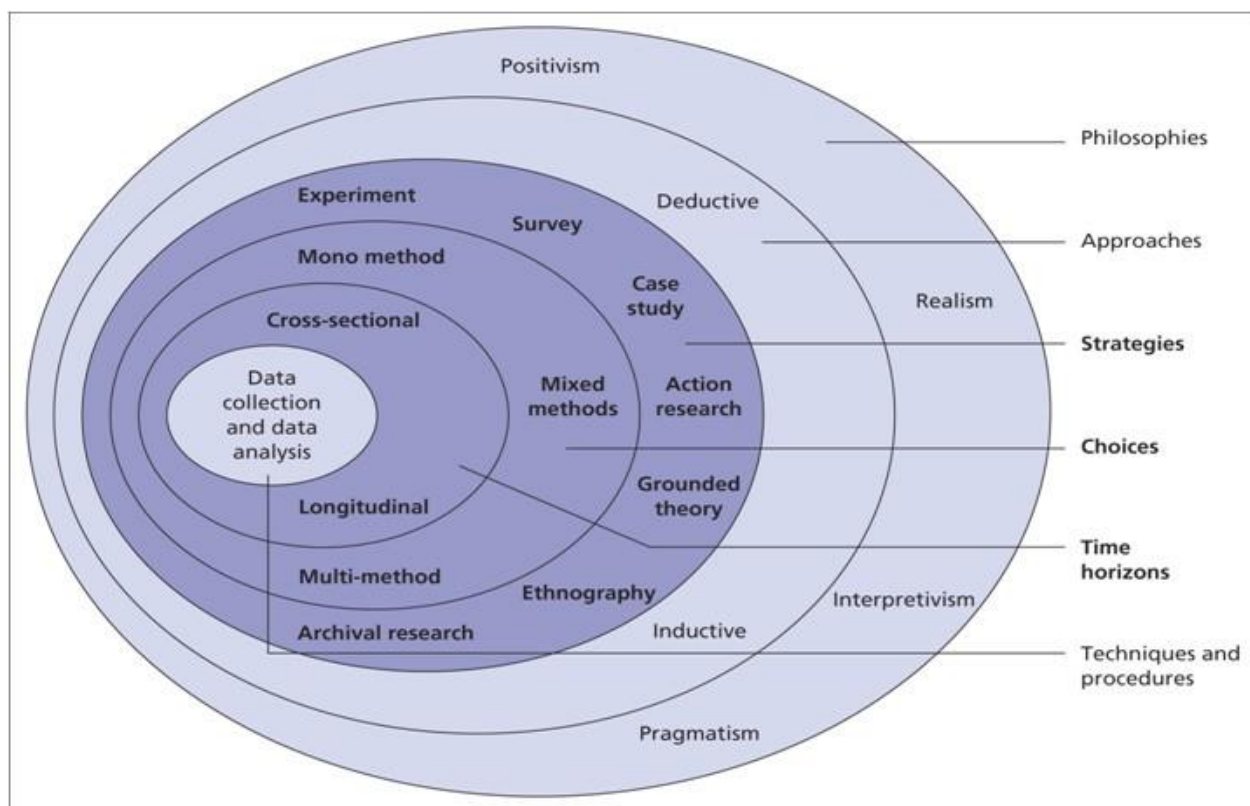
#### **3.1 Research Design**

Research is a careful and systematic way of solving problems and gaining new knowledge (Bhattacharyya, D.K (2006) & Thomas, A. et al., (2011). The research should solve a problem or make an innovative contribution to the existing body of knowledge, Gratton, C. & Jones, I. (2010) & Kumar, C.R. (2008). Design research is a systematic problem-solving approach, involving the

creation of artefacts through a rigorous process of design-evaluate-redesign, with the results of the research efforts communicated to relevant stakeholders (Vaishnavi, V. & Kuechler, W. (2004).

In order to design this research, the “Research Onion” methodology introduced by Saunders et al., (2007) was used. The research onion illustrates an effective progression through which a research methodology can be designed. Its usefulness lies in its adaptability for almost any type of research methodology and can be used in a variety of contexts (Bryman, A. 2012). The Research Onion comprises of 6 main levels.

### The Research Onion



Source: Saunders et al. (2007)

The research onion specifies a range of options, paradigms, strategies, and steps to consider in carrying out a research. It illustrates the philosophical approach.

The different layers of the research onion serve as a basis from which to consider including the philosophical direction of the research; the research approach intended to follow; targeted research strategies; the research time frame; and the data collection and analytical methodology adopted by the researcher.

### **3.2 Research Philosophy**

A research philosophy refers to the set of beliefs concerning the nature of the reality being investigated, Bryman, A. (2012). The research philosophy can create assumptions. According to Flick, U. (2011), the assumptions generated by the research philosophy provide the basis for how the research will be undertaken. Research philosophies can differ on the goals of research and on the best way that might be used to achieve these goals, Goddard, W. & Melville, S. (2004). Monette et. al (2005) Outlines two main ontological frameworks that can be adopted by the research process. According to Bryman, A. (2012) positivism also known as empiricism and constructionism also known as interpretivism; however underlying assumptions are broadly similar.

According to Melnikovas, A. (2008), in order to address the scientific basis of future studies, it is important to highlight the basic techniques of the research first. A classical research methodology is based on a certain philosophical theory which then implies strategies and techniques of the research, Nweke, E. & Orji, N (2009) & Saunders et al., (2016). From a historical point of view there may be distinguished two classical or mainstream – positivist and interpretivist, and two rather recent – pragmatist and critical realist, positions of scientific research philosophy (Mingers, J. (2006); Molis, V. (2008) & Saunders et al., (2016).

According to, Crossley, J. and Jansen, D. (2021), positivists believe that knowledge can only be acquired through empirical research, which is based on measurement and observation. In other words, all knowledge is viewed as a posteriori knowledge – knowledge that is not reliant on human reasoning but instead is gained from research.

Interpretivism is based on subjectivist ontological assumptions that entities are constituted of discourse, thus existing or socially constructed reality may be only researched through social constructions as consciousness or language, Myers, D. (2008). According to Melnikovas, D. (2018), reality is socially constructed and constantly evolving; therefore, knowledge and facts are relative and subjective.

According to Podsakoff et al., (2012), neither philosophy is not inherently better than the other; however, the researchers may use their discretion which research philosophy to be adopted. This research is based on empirical research. The primary objective of this research is to assess whether the Canadian venture capital investments activity has made a positive contribution to the Canadian economy. The research was based on a holistic approach covering the complete universe of Canadian venture capital investments.

The aim of this research is to gain a depth insight into the different views of the respondents and understand the same objective reality of the subject matter and such views confirmed via secondary research. This research focused on qualitative research and as a result, the author decided that the most appropriate approach for the research philosophy as interpretivism.

### **3.3 Research Approaches**

According to Saunders et al., (2007), there are two approaches: deductive and inductive.

#### **3.3.1 Deductive approach**

The deductive approach begins with a hypothesis or hypotheses based on the data gathered by the researcher. The deductive approach develops the hypothesis or hypotheses upon a pre-existing theory and then formulates the research approach to test it, Silverman, D. (2013).

This approach is best suited to contexts where the research project is concerned with examining whether the observed phenomenon fits with expectation based upon previous research (Wiles et al., 2011).

The deductive approach thus might be considered particularly suited to the positivist approach, which permits the formulation of hypotheses and the statistical testing of expected results to an accepted level of probability, Snieder, R. & Larner, K. (2009). The deductive approach is associated with quantitative research.

This does not mean researchers' deductive approach can be used only in performing quantitative research. It also can be used in performing qualitative research. Saunders et al., (2007) argues that qualitative research can be employed, and it will be performed differently than using hypothesis testing. According to Kothari, C.R. (2004), the deductive approach will establish the general phenomenon first in order to draw specific conclusions.

### **3.3.2 Inductive Approach**

Inductive approach is commonly used in qualitative research. Bryman, A. & Bell, E. (2011) argues, that in contrast to the deductive approach, the inductive approach can be explained as a move from the specific to the general. The inductive approaches entail creating the hypothesis or hypotheses from research, rather than starting a project with a hypothesis or hypotheses as a foundation. The inductive approach is associated with qualitative research. In this approach, the observations are the starting point for the researcher, and patterns are looked for in the data, Beiske, B. (2007). According to Flick, U. (2011), in the deductive approach, a background would not exist that guides the data collection process and as a result, the research focus can be formed after the data has been collected. Bryman, A. & Bell, E. (2011) confirms this where the approach to the research can be structured after the data has been collected.

The inductive research approach very well be fitted into positivist approach, where data is collected and analyzed first, and researcher can draw conclusions.

Therefore, the most appropriate approach for this research is the Inductive approach. The primary objective of this research or the hypothesis that the author wants to test is to assess whether the Canadian venture capital investments have made a positive contribution to the Canadian economy. As a result, the hypothesis of the research will be tested using the data that will be collected. The author used Therefore, the most appropriate approach is the Deductive approach. The primary objective of this research or the hypothesis that the author wants to test is to assess whether the Canadian venture capital investments has made a positive contribution to the Canadian economy.

As a result, the hypothesis of the research will be tested using the data that will be collected. The deductive approach author attempts to collect the data and analyzed first and attempts to draw the conclusions whether the Canadian venture capital investments have made a positive contribution to the Canadian economy.

### **3.3.3 The quantitative Approach**

According to Flick, U. (2011), the quantitative approach is associated with quantitative data. It holds a number of accepted statistical standards for the validity of the approach, such as the number of respondents that are required to establish a statistically significant result, Goddard, W. & Melville, S. (2004). The goal of quantitative research is to seek explanation or causation. The quantitative approach aims to reach conclusions using quantitative data which can be measured and analyzed using statistical techniques and make statistical inferences. As a result, the goal is precise, which is often the analysis is based on the deductive approach with precise measurement, mathematical formula, testing hypotheses, etc.

The quantitative approach can be most effectively used for situations where there are a large number of respondents available, where the data can be effectively measured using quantitative techniques, and where statistical methods of analysis can be used, May, T. (2011). The quantitative approach tends to focus on finding answers to precise queries such as from What? When? Where? From a population rather than viewing the problem holistically.

The quantitative research methodology is primarily dictated by the research design. Where the researcher decides what data he or she will be measuring and how the data is obtained. The researcher will decide what tools are necessary to perform the research including surveys,

questioners, etc. primarily based on random samples. This approach is very much linked to positivists philosophy, and it can be employed to research many areas including various viewpoints, experiences, etc.

The research undertaken by the author is to critically assess whether Venture Capital Investments in Canada is a success or a failure. This research describes complex phenomena that needs to be formed using a holistic approach which is a descriptive methodology. As a result, the quantitative approach is not appropriate.

### **3.3.4 The qualitative Approach**

According to Bryman, A. & Allen, T. (2011), qualitative research approach is inclined to constructivist paradigm and the research methodology is framed by the respondent rather than the researcher. This approach requires the researcher to avoid imposing their own perception of the meaning of social phenomena upon the respondent, Banister et al., (2011).

Here the author seeks to build an understanding of phenomena that is focused the on meaning that may even be descriptive using exploratory questions. As a result, data collected can enhance the understanding of a phenomenon. The researcher only has a rough knowledge of what will be subject to investigation as the goal of the research is exploratory in nature.

Because the goal is exploratory, the researcher often may only know roughly what they are looking for. Thus, the design of the project may evolve as the project is in progress in order to ensure the flexibility needed to provide a thorough understanding of the phenomenon in question. Qualitative

research is usually used for examining the meaning of social phenomena, rather than seeking a causative relationship between established variables, Feilzer, M.Y. (2010). The goal of qualitative research is circumstantial and thus do not expect to generalize in the same meaning as the quantitative research approach.

As a result, the objective of this research is primarily exploratory. Research approach is focused to gain an understanding of whether the Canadian venture capital investments have made a positive contribution to the Canadian economy based on reasoning, opinions, observations and motivations which are credible and publicly available. Therefore, the qualitative research approach was adopted in this research.

### **3.4 Research Strategy**

The research strategy is the plan for conducting research. The research strategy directs the researcher in planning, executing, monitoring, and completing the study. Research strategy helps a researcher select the appropriate data collection and analysis. There are differential strategies in selecting a research strategy including action research, experimental research, interviews, surveys, case study and systematic literature review strategy.

#### **3.4.1 Experimental Research Strategy**

Experimental research adheres to a scientific research design or a procedure. Often it is based on hypotheses and variables that can be manipulated by the researcher. Further variables can be quantified, measured, computed, and compared. Experimental research refers to the strategy of

creating a research process that examines the results of an experiment against the expected results (Saunders et al., 2007). It can be used in all areas of research, and usually involves the consideration of a relatively limited number of factors (Saunders et al., 2007). The researcher can control the research parameters and the research environment.

The Experimental Research Strategy is not appropriate for this study as the researcher does not intend to control the research environment and the research is not subject to a scientific research design or a procedure.

### **3.4.2 Action Research Strategy**

This strategy is a solution-oriented approach that aims to find a solution to an existing problem. This research strategy is trying to find an optimal solution for a problem or an issue that exists in a practical environment.

The Action Research Strategy aims at finding solutions to an immediate problem. It is generally applied by an agency, company or by the government in order to address a particular problem and find possible solutions to it. For example, finding which strategy could be the best solution to minimize the processing time of graduate students registering by the university. Action research is characterized as a practical approach to a specific research problem within a community of practice, Bryman, A. (2012).

Wiles et al., (2011) explains this form of research is more prevalent in professional environments including nursing, teaching, etc. where the researcher can determine the most suitable ways in

which he can improve the services they provide relating to that profession. In fact, it looks for the best approach or the best systematic process for a specific problem.

The Action Research Strategy is not appropriate for this study as the researcher does not intend to look for the best solution to a specific problem relating to venture capital investments in Canada.

### **3.4.3 Case Study Research Strategy**

Under this research strategy the researcher conducts an in-depth investigation of an in-depth investigation of a single specific situation and attempts to make generalized conclusions. Case study research is the assessment of a single unit in order to establish its key features and draw generalizations Bryman, A. (2012). It can offer an insight into the specific nature of any example and can establish the importance of culture and context in differences between cases Silverman, D. (2013).

The Case Study Research strategy is not appropriate for this study as the researcher does not intend to look for the best solution to a specific problem relating to venture capital investments in Canada. The Action Research Strategy is not appropriate for this study as the research investigates the venture capital investing on a holistic basis and does not involve in focusing a single case study of a venture capital investment.

#### **3.4.4 Grounded Theory**

Grounded theory attempts collect and analyze systematically obtained data using comparative analysis. Grounded theory employs both quantitative and qualitative data for analysis. Grounded theory is a qualitative methodology that draws on an inductive approach whereby patterns are derived from the data as a precondition for the study May, T. (2011). This means that the results of the research are derived fundamentally from the research that has been completed, rather than where the data is examined to establish whether it fits with pre-existing frameworks, Flick, U. (2011).

This research, the literature review heads the data collection and analysis as it helps the researcher to contextualize the research within existing knowledge, Creswell, J. (2012) & Gibbs, G (2008). The Grounded Theory Strategy is not appropriate for this study.

#### **3.4.5 Ethnography Research Strategy**

This strategy involves the close observation of people, examining their cultural interaction and their meaning, Bryman, A. (2012). Here the researcher conducts the research from the standpoint of the respondents being observed. The researcher plans to draw conclusions based on the respondents' perspectives.

The Ethnography Research Strategy is not appropriate for this study as the researcher does not aim to understand the differences of meaning and perspectives of the respondents.

### **3.4.6 Survey Research Strategy**

The surveys use empirical data and survey strategy is prevalent in quantitative research. Surveys tend to be used in quantitative research projects and involve sampling a representative proportion of the population, Bryman, A. & Bell, E. (2011). Survey technique is very popular in social science research.

This research does not intend to use survey techniques in collecting data.

### **3.4.7 Systematic Literature Review**

This strategy also known as archival research strategy where the researcher uses existing publicly available data. An archival research strategy is one where the research is conducted from existing materials, Flick, U. (2011). Under this strategy existing historical research is examined in order to draw systematic conclusions.

As a result, the most appropriate research strategy for this research is the Systematic Literature Review. The primary objective of this research is to assess whether the Canadian venture capital investments have made a positive contribution to the Canadian economy. As a result, the research carried out a holistic approach that looks at the complete universe of Canadian venture capital investments during a specific time horizon.

It is extremely difficult to gather individual venture capital company data that covers the complete space of venture capital investments across Canada for various time periods. As result, the researcher relied on highly credible sources of publicly available financial information including

Industry Canada (“Federal Ministry of Industries, Canada”), Trade Commissioner Service of the Canadian Federal Government, Canadian Venture Capital and Private Equity Association (“CVCA”), Conference Board of Canada (“Canadian Federal Government”), Business Development Bank of Canada, MaRS Centre for Impact Investing, PitchBook, various academically published literature, etc.

As a result, this research has also been able to minimize the response biases of contributors and to obtain most credible data regarding the venture capital.

### **3.5 The Research Choice**

Saunders et al., (2007) has outlined in his Research Onion, the research choices the Mono Method, the Mixed Method, and the Multi-Method. According to him, the Mono Method only uses one research approach. The Mixed method uses two or more methods of research. Under this method both qualitative and quantitative research adopted may be applied. Bryman, A. (2012) explained the multi-method as a research methodology that uses a wider selection of methods that creates a single data set.

This research has used the Mono method using qualitative data sets. This study has used the most credible publicly available information from the Federal Government of Canada, Canadian professional organizations, academic publications, etc. As a result, the Mono-Method Bias leading to the threat to the validity of data has been significantly minimized.

### **3.6 Time Horizons**

The time horizon selected is not dependent on a specific research approach or methodology, Saunders et al., (2007). Saunders et al., (2007) explained the time horizon as the time framework within which the project is intended for completion. According to Bryman, A. (2012) there are two types of time horizons; namely, the cross sectional and the longitudinal methods. The cross-sectional time horizon focuses on a specific time horizon and the time horizon is already established. The cross-sectional time horizon is dubbed the 'snapshot' time collection, where the data is collected at a certain point, Flick, U. (2011).

According to Goddard, W. & Melville, S. (2004), the longitudinal time horizon collects data repeatedly over an extended period and focuses on an important factor for the research examining change over time.

However, this research examines the economic contribution made by the venture capital investments during a specific time horizon. As a result, the cross-sectional method was used in determining the research time horizon.

## **4. DATA ANALYSIS**

Saunders et al., (2007) explained that Data Collection and Analysis process used to contribute significantly to the study's overall reliability and validity. Data analysis is a systematic process of statistical and logical techniques in identifying what data to collect; cleansing the data collected; modelling the data structures; illustrating the data sets; and driving meaningful information.

Data collection plays a very crucial role in the statistical analysis. In research, there are different methods used to gather information, all of which fall into two categories, i.e. primary and secondary data, Douglas, B. (2015). Regardless of the data collection and methodological approach, types of data that can be collected can be categorized into two broad approaches. They are primary data and secondary data. Data collection and analysis is dependent on the methodological approach used (Bryman, 2012).

### **4.1 Primary Data**

Primary data is collected directly from the data sources. Primary data is an original and unique data, which is directly collected by the researcher from a source such as observations, surveys, questionnaires, case studies and interviews according to his requirements, Ajai, V.O. (2017).

Primary data collection can be historical first-hand sources, or the data derived from the respondents in survey or interview data, Bryman, A. (2012). However, Flick, U. (2011) argues data that is derived from other researchers may also be used as primary data.

### **4.2 Secondary Data**

Secondary data analysis is analysis of data that was collected by someone else for another primary purpose. The utilization of this existing data provides a viable option for researchers who may have limited time and resources, Johnston, M.P. (2014). Further, secondary analysis is an empirical exercise that applies the same basic research principles as studies utilizing primary data and has steps to be followed just as any research method. Secondary data is that which is derived from the work or opinions of other researchers, Newman, I. (1998). According to Kothari, C.R. (2004), the

research that are conducted using statistical surveys can constitute statistical surveys. Flick, U. (2011) argues that there is an extent to which the data is defined by its use, rather than its inherent nature.

Typically, secondary research is the first step in any systematic investigation. This is because it helps the researcher to understand what research efforts have been made so far and to utilize this knowledge in mapping out a novel direction for his or her investigation.

When sifting through these pieces of information, you would gain insights into methods and findings from previous research which would help you define your own research process. Secondary research also helps you to identify knowledge gaps that can serve as the name of your own research.

#### **4.3 Research Data Collection Approach**

The objective of this study is to assess the impact of venture capital-backed companies on the Canadian economy. Venture capitalists prefer to invest on innovative and high-growth-potential ventures that needs help. These companies can become the best economic performers to drive economic growth.

This research holistically reviews how the Canadian Venture capital investments have created significant overall growth impetus that innovative companies with venture backgrounds provide across the country.

As a result, the researcher has decided to adopt both the primary and secondary data strategies in performing this research.

Despite their differences, however, primary and secondary research will both prove to be useful in the research process. Foley suggests that both research methods are most effective when used together. Studying existing literature and published materials (secondary research) helps

researchers determine the extent of existing knowledge on the topic. If insufficient data is present, researchers have the option to devote time and effort to do primary research.

This triangulation is the process that uses more than one method to collect data on the same topic will in findings that reinforce each other. This will also help to validate the research findings. However, the purpose of triangulation is not necessarily to cross-validate data but rather to capture different dimensions of the same phenomenon. Kulkarni, P. (2013).

According to Foley, B (2019), secondary research can explore what other credible parties have done on the subject. Primary research can also be used to provide authoritative, credible evidence about a topic, Streefkerk, R. (2018). Foley, B (2019) suggests when used together, both primary and secondary research findings become highly effective and credible.

#### **4.3.1 Primary Data Analysis**

The researcher interviewed three investment managers who engaged in venture capital investing who accumulate positions in distressed and undervalued equity securities and use influence and constructive engagement to unlock and create value for the distressed organizations and add value to the economy. They requested their anonymity and to confirm the confidentiality of the views expressed.

The researcher presented 10 questions (Appendix-2) based on four broadly structured emergent themes. All questions were structured to receive their holistic view of the Canadian venture capital investments and focused to validate the secondary data findings. As a result, the primary research data was cleansed accordingly.

Each contestants' responses were labeled as A, B, and C. It was interesting to know that their responses were unanimous. This was due to perception of the industry was factually unanimous.

## Analysis of Emergent Themes

| Voices of the participants grouped (Interviewee)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Meaning Interpretation (Researcher)                                                                                                                                                                                                                                      | Concepts/Themes identified                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Government Support for Funding</b></p> <p><b>Constant A, B &amp; C:</b> We are in a great shape. Canada is the third largest country in venture capital funding. USA ranks the top.</p> <p><b>Constant A, B &amp; C:</b> Federal government launched two major capital initiatives during the decade.</p> <p>Venture Capital Action Plan (VAAP) and the Venture Capital Catalyst Initiative (VCCI).</p> <p>Significant development in funding by the institutional investors such as pension funds, societies, universities, and private investors</p> <p><b>Constant A, B &amp; C:</b> Canadian Venture Exchange has made a significant improvement in funding the entrepreneurs using private capital. Most recently they introduced the Venture 50 Index. It's a good move.</p> <p><b>Constant B &amp; C:</b> Impact investment is a phenomenon of social finance. In Canada Objective of impact investing has grown significantly during the past five years. The need for the deployment of capital towards investments that generate both an environmental, social and a governance ('ESG') impact coupled with a financial return, has increased noticeably.</p> | <p>Significant progress has been made with govern efforts to improve liquidity and easy access to funding by the entrepreneurs.</p> <p>Funding life cycle appears to be imbalanced. Needs improvement.</p> <p>Significant contribution from institutional investors.</p> | <p><b>Theme 1</b></p> <p><b>Significant venture capital funding contribution by the federal government and the institutional investors. Still needs improvements.</b></p> |

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <p><b>Constant B:</b> “Key to innovation is providing equity capital to venture capital investors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                              |                                                                                   |
| <p><b>Seed Stage Funding</b></p> <p><b>Constant A, B &amp; C:</b> Seed stage financing was the least popular category that took place between 2015 and 2019. It was a unanimous view among the contestants that the Canadian seed stage venture capital funding is not sufficient. Seed stage funding needs an immense catalyst support and the entrepreneur commitment and still uncertain whether the investment is worthwhile.</p>                                                                                                                                                                              | <p>Seed stage funding yet to be improved.</p> <p>This stage needs significant catalyst support to entrepreneurs.</p>                                                                                         | <p><b>Theme - 2</b></p> <p><b>Seed-Stage Financing was the Least Popular</b></p>  |
| <p><b>Early &amp; Later Stage Funding</b></p> <p><b>Constant A, B &amp; C:</b> Early-stage financing compared to seed, later and growth stages has been the most popular venture capital strategy in Canada between the past five years and ending in 2019. “the outcome of the investment is significantly evident at stage. The companies need the catalyst support and capital injection at this stage”.</p> <p><b>Constant A, B &amp; C:</b> Later stage funding was less popular than early-stage funding.</p> <p>“this is because at early stage you can negotiate a higher return than the later stage”</p> | <p>Direction of growth the catalyst are clear at this stage.</p> <p>Large investments can be made at higher returns at this stage.</p> <p>Later stage funding was less popular than early-stage funding.</p> | <p><b>Theme - 3</b></p> <p><b>Early-Stage Financing was the Most Popular.</b></p> |
| <p><b>Funding Concentration in ICT Sector</b></p> <p><b>Constant A, B &amp; C:</b> Investment in information and communications technology sector has been the most</p>                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Funding concentration is a normal phenomenon. Investors search for</p>                                                                                                                                    | <p><b>Theme - 4</b></p>                                                           |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                             |                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <p>popular industry during the research period. <b>Constant A:</b> “Obviously, this is where the money is”.</p> <p>All contestants agreed that venture capitalists are competing each other in order to acquire investments because they can earn above average returns in the ICT sector. Further ICT sector needs less catalyst effort compared to the other sectors.</p>                                                                                                                                                                                        | <p>safety of the investment and higher returns.</p>                                                                                                         | <p><b>Funding Concentration Over Information Communication Technology Sector (“ICT”).</b></p>              |
| <p><b>Concentration of Large Deals</b></p> <p><b>Constant A, B &amp; C:</b> It is a general perception that large deals are concentrated among small number of investors. Because only large institutional investors can deploy large amount of capital to large ventures comfortably.</p> <p>Growing phenomena in venture capital investing is that few large venture capital firms hold the major chunk of venture capital investments. There are mostly institutional investors including pension funds, hedge fund managers, other bank subsidiaries, etc.</p> | <p>Funding concentration at early stages and in the ICT sector.</p> <p>Large deals are done only by the institutional investors.</p>                        | <p><b>Theme – 5</b></p> <p><b>Large Deals are Concentrated Among Small Number of Investors.</b></p>        |
| <p><b>Expand Canadian Venture Exchange</b></p> <p><b>Constant C:</b> “Liquidity is the biggest issue”</p> <p><b>Constant A, B &amp; C:</b> Exchange needs to relax barriers to U.S. investors who are willing to participate in Canadian market activity.</p> <p>Relax listing requirements and other stringent administrative barriers would help to enhance the liquidity.</p>                                                                                                                                                                                   | <p>Liquidity of the exchange is to key to success.</p> <p>It indicates a large number of membership / participants.</p> <p>Sign of heavy trade volumes.</p> | <p><b>Theme – 6</b></p> <p><b>Expand the Operation of Canadian Venture Exchange Operations Further</b></p> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                   |                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Recent introduction of the TSX Venture Exchange announced the Venture 50 index is great move.                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                   |                                                                                 |
| <p><b>Impact Investing Needs Support</b></p> <p><b>Constant A, B &amp; C:</b> “Impact investing has made significant progress over the past decade”</p> <p>However, still the impact investment in Canada is evolving.</p> <p>Also, environmental, social and governance issues become increasingly important.</p> <p><b>Constant A, B &amp; C:</b> Still, Canada needs to explore new investment themes and products and introduce them to the market to scale their impact.</p> <p>Federal support is heavily need in this sector.</p> | <p>Impact Investing means not just environmental, social and governance focus.</p> <p>Must explore new themes and products.</p> <p>Federal government financing support is not yet available.</p> | <p><b>Theme – 7</b></p> <p><b>Impact Investing Needs Further Scaling Up</b></p> |

The ten-question based on seven structured themes were asked to explore to assess whether the venture capital investments in Canada has been successful during the past five-year period ending 2019.

Theme one was based on to explore the overall sufficiency for funding and venture Capital Catalyst support to the venture capital backed companies in Canada.

Theme two was based on to discuss the improvements that are needed to the prevailing venture capital framework in Canada in order to support both venture capitalists and venture capital-based companies.

Theme three was based on to discuss how venture capital investments have contributed to the economic development and job creation in Canada

Theme three was based on to explore what Canada needs to be done more to take the existing venture capital framework to the next level.

All their responses confirmed that venture capitalists' expertise provide influence and constructive engagement and create value by improving the capital structure of the companies who need help. The venture capitalist strategies have enabled transformative transactions to provide assistance to these companies to avoid unavoidable bankruptcies in distressed economic situations. They believed that eventually the Canadian venture capital strategy has supported the economic recovery and gotten back to its growing trend.

Their conclusions reinforced the secondary data findings of this research.

#### **4.4.2 Secondary Data Analysis**

Scholars have also promoted the practice of sharing data for the purpose of secondary data, asserting that it may answer new research questions, as well as increase sample sizes and statistical power, Perrino et al. (2013). Secondary research typically take place in the form of a review. Primarily it can take three forms.

##### **4.4.2.1 Literature Review**

Literature review is a review a collection of the primary research data that have previously been conducted by other researchers within a specified timeframe. Here the researcher collects, cleanse, organize and analyze primary research data.

A Systematic Review should be based on a clearly defined set of protocols. The researcher needs to identify any gaps relating to research and he needs to perform further research. However, here the researcher does not try to find answers to a previous defined set of research questions.

#### **4.4.2.2 Systematic Literature Review**

The Systematic literature Review is an expansion to a Literature Review where the researcher collects, cleanse, organize and analyze primary research data conducted by other researchers; however, the researcher tries to answer his own set of research questions. A systematic literature review (SLR) identifies, selects, and critically appraises research in order to answer a clearly formulated question, Dewey, A. & Drahota, A. (2016). A Systematic Review should also be based on a clearly defined set of protocols.

Pittway, L. (2008) summaries seven key steps I carry out a systematic literature review that include, transparency, clarity, integration, focus, equality, accessibility, and coverage.

Systematic literature reviews instigated in medicine. and are linked to evidence-based practice. Grant, M.J. & Booth, A. (2009) explained Systematic Literature Review as an expansion in evidence-based practice has led to a growing diversity of review types".

Tranfield, D. et al (2003) discussed that the Systematic Literature Review approach emerged as an evidence-based approach; hence, this approach is now used in other disciplines including management and science.

#### **4.4.2.3 Meta Analysis**

Meta Analysis also an extension to the Systematic Literature Review where the researcher of a Systematic Literature Review uses statistical methodologies to summarize the results of the data obtained. Here no new data is generated; however, the research attempts to draw statistically stronger Analyses. There is no universal definition or a single best approach to conduct a meta-analysis does not exist.

Meta-analysis is only seen as a set of quantitative statistical tools to analyze and integrate research findings across studies, which is key to a thoroughly done systematic review, Borenstein, M & Hedges, L.V. & Higgins, J.P.T & Rothstein, H.R (2009).

The researcher has decided to employ the Systematic literature Review data collection approach. The researcher has reviewed credible publicly available sources and has identified, selected, and critically appraised research in order to answer a clearly formulated question. Further, the researcher has evaluated the information based on a clearly defined set of protocols. Research questions, data collection methods and interpretation results are all interrelated in research. Therefore, it is imperative that researchers create a plan prior to the study and design the research according to that plan, Newman, I. & Covrig, D.M. (2013).

#### **4.5 Development of the Research Questions**

Developing a good research question is the most important part of the research process. The question should be narrow and address an important issue that fits within the mission of the organization. Moreover, the research question has a domino effect on the rest of the study. These questions influence factors, such as the research methodology, sample size, data collection, and data analysis, Lipowsky, L. (2008). The researcher has developed a set of research questions to investigate through the secondary data and to draw conclusions. Creswell, J.W. (2014) explains the primary importance of framing the research question is that it narrows down a broad topic of interest into a specific area of study.

The objective of this to investigate whether the Venture Capital Investments in Canada, a Success, or a Failure? The researcher investigates two phenomena to seek solutions to the primary research question; namely, whether the venture capitalists have been successful in their investment strategies and whether the venture capitalists' investments have made any impact on the economic development of the Canadian economy. The literature review of this research has carried out primarily to seek a credible solution to the above research questions. The research questions developed aligned with the problematization, a methodology for constructing research questions, problematization aims to challenge and scrutinize assumptions that support others and the researcher's theoretical position. This means constructing research questions that challenge your views or knowledge of the area of study, Sandberg, J. & Alvesson, M. (2011).

#### **4.5.1 Identification of the Dataset**

Creswell, J.W. (2014) explains that the majority of research activity commence with an investigation to explore what is already available and what is available to explore on the subject matter.

Most research begins with an investigation to learn what is already known and what residues to be explored about a research question. It is considered prudent practice to examine what research others have previously conducted in the specified area of interest. This should include related and supporting literature, but also consider previously collected data on the topic to be investigated (Clark, R. & Maynard, M. (1998); Dale, A., Arber, S. & Procter, M. (1988); Doolan, D.M. & Froelicher, E.S. (2009).

The researcher carried out a in-depth literature review of venture capital landscape in Canada. The literature review included both current and previous research carried out by the most credible institutions in Canada including, Industry Canada (Federal Ministry of Industry), Canadian Venture Capital Association (“CVCA”), Business Development Bank of Canada, Center for Impact Investing (“MaRS”), other credible academic publications, etc. By its nature secondary data analysis is a flexible approach and can be utilized in several ways, it is also an empirical exercise with procedural and evaluative steps, just as there are in collecting and evaluating primary data, Doolan, D.M. and Froelicher, E.S. (2009). As a result, the institutional research conducted in this area provided the most valuable information to answer and draw conclusions to the primary research questions.

The secondary analyst researcher makes interpretations, draws conclusions, or gains knowledge different from those in the original inquiry, Hakim, C. (1982). In this research the researcher utilized pre-existing survey data as a way to find meaningful answers to different research questions than were asked in the original research, Doolan, D.M. & Froelicher, E.S. (2009); Jacobson, A.F., Hamilton, P. & Galloway, J. (1989); Magee, T., Lee, S.M., Giuliano, K.K. & Munro, B. (2006).

#### **4.5.2 Evaluation of the Dataset**

Once a dataset that appears viable in addressing initial requirements discussed above is located, the next step in the process is evaluation of the dataset to ensure the appropriateness for the research topic, Dale, R.E. et al., (1988); Smith, E. (2008); Kiecolt K. J. & Nathan, L. E. (1985); Stewart, D.W. & Kamins, M.A. (1993).

Stewart, D.W. & Kamins, M.A. (1993) proposed a methodology to evaluate the data set “stepwise fashion” in order to ensure the quality and reliability of the secondary data set. They proposed to consider the following steps, (a) what was the purpose of this study; (b) who was responsible for collecting the information; (c) which measures were employed? (d) when was the information collected; (e) how was the information obtained; and (f) how consistent is the information obtained from one source with information available from other sources. In answering these questions, the researcher utilized documentation of the primary study and information from the original study found in publication and consulted the investigators from the primary study. Johnston, M.P. (2011)

#### **4.5.3 The Purpose of the Study**

It is important to know about the agency or individual(s) collecting the information and the similarities or differences in research goals between those researchers and the researcher contemplating secondary analysis, Boslaugh, S. (2007); Schutt, R.K. (2006); Stewart, D.W. & Kamins, M.A (1993). The original purpose of the studies was focused on broadening industry awareness through comprehensive market research and providing effective governance, oversight, financial support, and networking opportunities. As a result, venture capital investors can find best investment opportunities so that the investors can make the best investment decisions for their investments. The secondary analysis allows the researcher to analyze the original dataset to answer a different question, Babbie, E. (2004) & Schutt, R.K. (2004).

As a result, the purpose of the original research by these institutions are well aligned to answer the research question of this study.

#### **4.5.4 Who was Responsible for Collecting the Information?**

Original research has been carried out by the most trusted institutions in Canada including, Industry Canada (Federal Ministry of Industry), Canadian Venture Capital Association ('CVCA'), Business Development Bank of Canada, Center for Impact Investing ("MaRS"), other credible academic publications, etc. These institutions are responsible in providing the environmental, social and governance framework to the Canadian Venture Capital eco system.

They strongly advocate policy and regulatory framework conducive to inspiring and supporting the vital innovative investments in Canada. They collect the most credible data and perform analyses and conduct research relating to the Canadian venture capital investments.

#### **4.5.6 Which measures were employed?**

According to, Clarke, S. & Cossette, S.P. (2000); Dale, J. (2006); Dale, J. et al., 1988; Finlayson, G. et al., (2009); Jacobson, N. et al.,(1989); Smith, J.A. (2008); Stewart, D.W. & Kamins, M.A (1993), It is extremely important for the secondary researcher to assess whether the primary researcher had adequate documentation from the primary research, including protocols and procedures followed in the collection of the data in evaluating what information was actually collected.

The institution who was responsible collecting the information are either Canadian Government ministries and /or the most trusted organizations that collects and exchange information between them and government institutions. They employ sophisticated data collection and analysis procedures and are bound to comply with the ethical principles including integrity, accountability, independence and impartiality, respect for persons and communities and professional commitment in conducting/supporting research.

#### **4.5.7 When was the data collected?**

These institutions carry out exact same research on a continuous basis in every year in order to provide a venture capital investment eco system in Canada and it is a vital part of their institutional

accountability. In any research, the time when the data is collected must be considered, Boslaugh, S. (2007); Finlayson, G. et al., (1999); Schutt, 2006; Stewart, D.W. & Kamins, M.A (1993). Primarily, this research focused on the most recent five years of data available at the time of the start of the research.

#### **4.6 What methodology was used to collect the data?**

##### **4.6.1 Instrumentation of the Original Research**

This research has used most credible research data carried out by the ministries of the Federal Government of Canada, professional organizations that are fully committed through iterative, collaborative dialogue with the federal government and the venture capitalists through their memberships in collecting, maintaining, and publishing data.

The research data have been collected through GRC driven electronic data platforms via direct contacts with venture capitalists who maintain active memberships with the subject body, and the Federal Government of Canada. The data collected represents the complete universe of the venture capital investments across Canada. Web-based survey research as a method for collecting data in the social sciences has grown exponentially in recent years and provides a cost-effective method for reaching a wide geographically diverse population, Dillman, D.A. et al., (2009); Schutt, R.K. (2006).

e-Research (Electronic Research) as a domain encompasses the developments made in all the possible facets of human life, Schroeder, C.M. (2007). It comprises of collaborative research undertaken in the field of life sciences, health sciences, physical sciences, and social sciences and humanities and these fields cover every aspect of academic and scientific research, Gupta, S. and Müller-Birn, C. (2017).

##### **4.6.2 Reliability of the Research Instrument**

The researcher decided to evaluate instrumentation that was used in secondary data set. In this research primarily research carried out by Federal Government of Canada and the Venture Capital

Association of Canada was used. The Venture Capital Association of Canada directly gather quantitative financial data and qualitative data directly from the member firms on a continuous basis. According to this organization, its' one of the primary goals is to automate routine data collection process.

According to Stewart, D.W. & Kamins, M.A (1993), the evaluation of the methodology employed when collecting the secondary data is vital. To support the organization's advocacy agenda, it has designed specific data capture and analysis efforts to ensure their narratives, advocacy positions and overall messaging to all levels of government, are strong and quantifiable.

However, there are many databases available including Crunchbase, Pitchbook, CBInsights, etc. who tracks every aspect of the public and private equity markets, including venture capital, private equity, and M&A. However, a direct comparison of data maintained has caused significant practical difficulties due to ambiguity experienced.

They are proprietary, which prevents academics from empirically approaching novel research questions and replicating previous studies, Kaplan, S. and Lerner, J. (2016). Second, most available information is unverified. It is unclear to what degree currently available data – which are often collected and distributed by commercial data platforms such as Crunchbase (CB), Pitchbook (PB) or CBInsights (CI) – are flawed Retterath, A. (2020). Due to the private nature of the represented companies and investors, data aggregators are unable to exhaustively verify the available information and thus frequently distribute unverified datasets (Kaplan, S. and Lerner, J (2016); Kaplan, S. Strömberg, and Sensoy, (2002); Maats, F., Metrick, A., Yasuda, A., Hinkes, B., and Vershovski, S. (2011).

The Canadian Venture Capital and Private Equity Association represents more than 270 member firms and 1,800 individuals and the subject association advocate on behalf of the industry and connect private capital professionals with market intelligence, expert insights, and other industry authorities. The researcher is satisfied with the adequacy, the completeness, accuracy and the sustainability of the secondary data analyzed.

## **4.7 Ethical Considerations**

Ethical consideration must be taken into account in the secondary data analysis, like other research method. The secondary data applicable to this research is obtained from publicly available information including the research publications and action plans published by Federal Government of Canada, Canadian Venture Capital, and Private Equity Association, by referencing various academic information, etc. The information collected does not cause any violation of intellectual property rights and or any privacy concerns. The researcher has given the due acknowledgement to the appropriate parties under the “References” section.

The issue of informed consent, loss of anonymity for subjects, concern for derogatory impacts on a specific population group, and how it relates to using data collected for another purpose must all be considered and addressed by the secondary researcher, Burnstein, E. (1978); Finlayson, S.R. et al., (1999); McCall, R. B. & Appelbaum, M.I. (1991).

As a result, the researcher reviewed the University of Wales Trinity Saint David Group Research Data Management Policy, the Research Ethics & Integrity Code of Practice (2017-2020) and the University of Wales policy on Intellectual Property Rights. Institutional review boards play a crucial role in determining that the data are being used in a legal and ethical manner and that sensitive information about subjects is protected, Doolan, D.M. & Froelicher, E.S. (2009).

The researcher has read and understood the above university policies and the Code of Practice and confirms the secondary data used under this research is publicly available and non-confidential information and does not violate any of the provisions of thereof.

## 5. DISCUSSION AND CONCLUSION

This research aims to explore whether the Venture Capital Investments in Canada, a Success, or a Failure? Essentially, this research investigates two primary questions; Whether the venture capital investments in Canada have made a significant contribution to the development of the Canadian economy, and whether the venture capital investors have been successful in their venture investments.

This research explored the avenues of profitability in venture capital strategies in accumulating investment positions in distressed and undervalued companies and using influence and constructive engagement to unlock and create value for the financially distressed organizations and add value to the economy. In many respects, the venture capital industry certainly appears to be a bright spot in an increasingly troubled global innovation landscape, Bloom, A.A. et al. (2020). This research intended to provide the effective investment guidance by this research on distressed investments in Canada to potential venture capitalists across the world that will provide; direction and constructive engagement, create value by improving capital structure, refreshing strategy and operations, and enabling transformative transactions to provide assistance to these companies to avoid unavoidable bankruptcies in distressed economic situations.

As a result, three industry experts were interviewed based on a structured format. Seven themes were constructed through the discussion with the contestants. Being industry experts, the holistic views expressed regarding the themes evaluated displayed a commonality of their interpretations. According to Lewis, D.A. (2014), qualitative research is based on the social constructivist approach; as a result, the researcher may experience subjectivity of the views gathered. Therefore, the researcher may face difficulties in making complete generalization of outcomes. Hence, in order to contextualize the research undertaken into existing discourse, the researcher decided to use other secondary research data collected as instruments to support the interpretation.

As a result, the researcher was able to validate the results accordingly.

## **5.1 Theme One: Significant Venture Capital Funding Contribution by the Federal Government and the Institutional Investors**

**Constant A, B & C:** The contestants confirmed that “We are in great shape. Canada is the third largest country in venture capital funding. USA ranks the top”. Federal government launched two major capital initiatives during the decade. Venture Capital Action Plan (VAAP) and the Venture Capital Catalyst Initiative (VCCI). Significant development in funding by institutional investors such as pension funds, societies, universities, and private investors was noted during the past decade.

The literature review confirmed their views regarding the funding support to the venture capital framework by the federal government and the other financial institutions. The public and private partnerships have led to the creation of crown corporations through federal and provincial funding. These corporations have been operating at arm’s length who invest these public funds into Canadian venture capital funds, fund-of-funds and / or as direct investments to the Canadian companies. One of the most notable public and private initiatives was Canada's Venture Capital Action Plan (“VCAP”) which was launched by the Federal Government of Canada during 2013. During this period, the Canadian economy was severely impacted by the global financial crisis during late 2000 that was experienced by the global economy. The aim of the public and the private partnership program was to re-attract the fallen investors during the economic crisis. The VCAP program created a positive impact on the Canadian venture capital landscape. As a result, the Federal Government introduced another booster funding strategy Venture Capital Catalyst Initiative (VCCI), announced in 2017. The Federal Government of Canada invested approximately CAD 800 million under both these programs. Both these programs are expected to inject approximately CAD \$3B into the Canadian innovation ecosystem. This strategy has caused thousands of jobs especially at the middle-class level resulting in the significant growth in the Canadian economy.

## 5.2 Theme Two: Seed-Stage Financing was the Least Popular

**Constant A, B & C:** It was a unanimous view among the contestants that the Canadian seed stage venture capital funding is not sufficient. Seed stage funding needs an immense catalyst support and the entrepreneur commitment and still uncertain whether the investment is worthwhile. As a result, private capital providers are reluctant to take the risk unless the outcome is clearly evident.

The literature review clearly confirmed that the seed stage financing was the least popular category that took place between 2015 and 2019. Average number of deals with seed stage financing during the five-year period was around 150 and the value of the average investment during the five-year period was around CAD 250 million approximately. Over the last decade, the growing emergence of alternative sources of seed-stage funding due to less participation in seed capital investing. As a result, these companies do not have sufficient funding to support losses and working capital needs. Investors are not prepared to take the perceived business risks that are significantly uncertain by investing at seed stage.

## 5.3 Theme Three: Early-Stage Financing was the Most Popular

**Constant A, B & C:** According to them, the early-stage financing was the most attractive category because “the outcome of the investment is significantly evident at stage. The companies need the catalyst support and capital injection at this stage”.

It was clearly evident from the literature review that the early-stage financing compared to seed, later and growth stages has been the most popular venture capital strategy in Canada between the past five years and ending in 2019. Later stage funding and the growth stage financing were the next popular venture capital investing strategies respectively. However, every survey participant concluded the prevailing popularity of risk capital funding at all stages of financing is not sufficient especially compared to the neighboring United States. There are considerable distressed companies operating in Canada who need further risk capital. On the other hand, there is a significant number of venture capital firms in Canada. However, it appears either they do not have

enough risk capital to invest or are not willing to commit excessive capital to take significant risks. Further, the business needs not only the risk capital but also the entrepreneurship for innovation.

#### **5.4 Theme Four: Funding Concentration Over Information Communication Technology Sector (“ICT”)**

**Constant A:** He said “Obviously, this is where the money is”.

**Constant A, B & C:** All contestants agreed that venture capitalists are competing with each other in order to acquire investments because they can earn above average returns in the ICT sector. Further ICT sector needs less catalyst effort compared to the other sectors.

According to the literature review, investment in the information and communications technology sector has been the most popular industry during the research period.

Investment in this sector grew from CAD 1.3 billion in 2015 to CAD 4 billion in 2019. The investment in risk capital funding in venture capital was heavily concentrated in this sector because this is where the profits are. Further, the ICT sector has been the gold mine for fulfilling the requirements / their investment mandates of institutional venture capital investors in Canada. As a result, they have deployed less capital among other sectors. Life sciences, cleantech and agriculture was narrowly focused by the institutional investors. In fact, agriculture business was the least popular and investment grew only by CAD 150 million during the period between 2015 and 2019.

#### **5.5 Theme Five: Large Deals are Concentrated Among Small Number of Investors**

**Constant A, B & C:** According to contestants, it is a general perception that large deals are concentrated among a small number of investors. Because only large institutional investors can deploy large amounts of capital to large ventures comfortably.

The literature review supported their views as it is the status quo. Growing phenomena in the nature of venture capital investing is that few large venture capital firms hold the major chunk of

venture capital investments. There are mostly institutional investors including pension funds, hedge fund managers, other bank subsidiaries, etc. Literally they shape up the venture capital market structure. They also have deployed a significant amount of risk capital towards technological companies. This is primarily due to the significant amount of capital they accumulate on an ongoing basis. For example, Canadian pension funds play a major role in this context.

## **5.6 Theme Six: Expand the Operation of Canadian Venture Exchange Operations Further**

**Constant A, B & C:** Contestants are also taking part in the Canadian Venture Exchange trading activities. “TSX Venture Exchange has managed to build its considerable. However, they need to reduce the transaction costs and listing requirements to increase participation”

**Constant A:** “Also, Liquidity is the prime concern. Liquidity needs to be increased. They need to create awareness to attract more participants. They should relax barriers to U.S. investors who are willing to participate in Canadian market activity.”

**Constant A, B & C:** “Relaxing listing requirements and other stringent administrative barriers are vital to enhance the liquidity”.

The literature review confirmed the views of the contestants. Canadian TSX Venture Exchange which was created in 1999 to support the venture capital funding for start-up Canadian companies. Although the exchange has a lower capitalization compared to major exchanges, it’s focus is to enhance liquidity to investors financing companies and to reduce the client administrative and compliance costs without compromising investor confidence. So far, the Canadian Venture Exchange has been successful in diversifying the listings and in growing the stock listing to make the marketplace attractive.

Most recently, TSX Venture Exchange announced the Venture 50 index, which includes the top performing listed companies from five industry sectors including Clean Technology and Life Sciences, Diversified Industries, Energy, Mining, and Technology with the intention of improving the funding liquidity.

However, liquidity of the Canadian Venture Exchange needs to be increased. As a result, it needs to create awareness to attract more participants. Exchange needs to relax barriers to U.S. investors who are willing to participate in Canadian market activity. Further, relaxing listing requirements and other stringent administrative barriers would help to enhance the liquidity.

## **5.7 Theme Seven: Impact Investing Needs Further Scaling Up**

**Constant A, B & C:** The contestants believed that the Canadian federal government should take the lead in promoting the awareness of the impact investing culture among both individual and institutional investors, entrepreneurs, and investment managers. The federal Government should coordinate with provincial governments to build up impact investing infrastructure and should support provincial impact investing capabilities in identifying impact investment themes including green energy, fossil fuel free, board diversity, social justice, etc.

Literature review confirmed this view. Impact investment is a phenomenon of social finance. In Canada Objective of impact investing has grown significantly during the past five years. The need for the deployment of capital towards investments that generate beyond an environmental, social and a governance (‘ESG’) impact coupled with a financial return, has increased noticeably. Even in other investments that are not focused on impact investing, the ESG concept has played a major role in the portfolio construction process.

Impact investing has made significant progress over the past decade in Canada. However, still the impact investment in Canada is evolving. Also, environmental, social and governance issues become increasingly important. Still, Canada needs to explore new investment themes and products and introduce them to the market in order to scale their impact. Not enough capital has been injected towards companies whose goal is to contribute far beyond and environmental social and governance impact. Canada's pension funds and other financial institutions play a major role in venture capital investments in Canada. However, their contribution to the concept of impact investing is very slow. This is because impact investing is slow to respond to their profitability goals.

Impact investment strategy goes far beyond environmental, social and governance (“ESG”) issues that are making a significant influence over the investing ecosystem. ESG is a primary factor that needs to be considered in any investment strategy; however, it appears even the prevailing ESG frameworks that have been implemented in investment institutions require further improvement. Although, the ESG concept in many institutional investors has become a prominent issue, still a methodology applicable to identification, assessment, measurement, remediation, and monitoring require further strengthening and supported with comprehensive actions plans for implementation.

## 6. CONCLUSION

It was evident from the literature review and the discussions with **Constant A, B & C**, that the venture capital investment in the Canadian economy has been a success. It has significantly contributed to the development of the Canadian economy and the success of venture capitalists. Canada has effectively been successful in building up companies that were financially and strategically troubled companies.

During these times, the world economies including Canada experienced economic recession during which period many small businesses went out of the business. Venture capitalists have been successful in investing in debt and equity of companies that are experiencing operational or financial distress, are in out-of-favour sectors or are otherwise in need of a short-term catalyst.

**Constant A, B & C:** Canada's venture capital investment entrepreneurial ecosystem has experienced significant growth over the last decade. These entrepreneurs have considerable value to the Canadian economy. Canada's largest public pension funds have been a vital part of the recent success in venture capital investing which have earned a global reputation with the strategic asset allocation in Canadian growth companies.

Canada being a rich nation, it's critical to develop a vibrant entrepreneurship ecosystem. Venture capital sector has made a significant contribution to achieve this goal. According to Schumpeter, J. (1947), anyone seeking profits must innovate and it is the essential driver for creating competitiveness, jobs and causing economic development. However, there is still room for improvement. Various scholars have diverse views in this context. This research does not intend to conclude the same; however, the researcher made a significant effort to evaluate these various views collectively and to make appropriate recommendations on the research findings.

**Constant B:** "Key to innovation is providing equity capital to venture capital investors."

**Constant A, B & C:** The equity capital distribution is not equal. It is mainly because of growing interest in the ICT sector. The ICT sector has been the core driver responsible for the growth in

the venture capital ecosystem in Canada. The ICT sector has a growing demand in every sector and as a result, return on the investment is high. Canada's large investment managers are heavily focused on investing in the ICT sector. The lower investment returns in cleantech, life sciences, agricultural businesses have led to experience exits.

**Constant A, B & C:** Further, insufficient seed scale funding as opposed to early stage and late-stage funding has also been a challenge for new innovations.

As a result, Canadian policy makers need to support seed stage investors and less favored sectors by expanding funding them to procure modern technologies and providing equity capital for R & D activities. The policy makers take action to encourage private sector funding including banks and other finance houses.

**Constant A, B & C:** The Canadian government needs to relax its tax policies towards seed stage funding and less favored sectors. Also, the Canadian policy makers need to consider relaxation of its capital gain tax policies especially for activities in Canadian Venture Exchange in order to enhance liquidity. Relaxation or elimination of taxes from foreign investors may help in bringing both monetary and human capital with innovative think tank capabilities.

**Constant A:** Liquidity of the Canadian Venture Exchange needs to be increased further. As a result, it needs to create awareness to attract more participants. Exchange needs to relax barriers to U.S. investors who are willing to participate in Canadian market activity. Further, relaxing listing requirements and other stringent administrative barriers would help to enhance the liquidity. Moreover, the index needs to diversify across industries and geographies.

**Constant A, B & C:** The Canadian federal government needs to step forward in supporting the impact investment framework in Canada. The federal government of Canada should create an Impact Investment Action Plan that will help to attract more private capital and drive resources into the hands of entrepreneurs.

**Constant A, B & C:** Finally, Canadian Governments have realized the importance of private capital in the economic development process. It has made considerable effort to stage Canadian venture capital investments in the global arena. Now the government must take it to the next level. Every action that the government takes in this regard will facilitate easy access to the private capital resulting in innovation, long term economic growth and jobs creation.

In conclusion, this research must step forward further into the future. Traditional investment ecosystem changes rapidly. Investors are looking for alternative investments as the traditional investment returns tend to be correlated. Demand for venture capital is growing with the emergence of high-net-worth individuals and institutional fund managers. As a result, venture capital investments will play a major role in technological innovation in Canada leading to significant economic growth and job creation.

However, the academic research undertaken on the subject matter is limited. As a result, more academic research must be carried out and play a leadership role in exploring the future contribution to the venture capital investment catalysts and the Canadian economy.

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## 8. APPENDIX - 1

### INTERVIEW QUESTIONS

- 01) What progress that Canada has made in private capital funding between 2015-2019?
- 02) How have both the Federal and Provincial Governments made contribution to support the Canadian venture capital ecosystem?
- 03) Why venture capital seed stage funding least popular?
- 04) Why early stage finding experience heavy concentration?
- 05) Why Canadian venture capitalists slow to respond later stage funding?
- 06) ICT sector has attracted the largest chunk of capital. How do you look ICT sector compared to other sectors?
- 07) Who are the biggest venture capital providers in Canada?
- 08) Why Canada's large venture capital providers tend to invest globally where there are ample investment opportunities within the country?
- 09) To what extent the Canadian Venture Exchange is successful in providing capital support to Canadian venture capital ecosystem?
- 10) What is the status quo in impact investments in Canada? How do you look the future?

## 9. APPENDIX - 2



### APPLICATION FOR ETHICAL APPROVAL

**In order for research to result in benefit and minimise risk of harm, it must be conducted ethically. A researcher may not be covered by the University's insurance if ethical approval has not been obtained prior to commencement.**

The University follows the OECD Frascati manual definition of **research activity**: “creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications”. As such this covers activities undertaken by members of staff, postgraduate research students, and both taught postgraduate and undergraduate students working on dissertations/projects.

The individual undertaking the research activity is known as the “principal researcher”.

Ethical approval is not required for routine audits, performance reviews, quality assurance studies, testing within normal educational requirements, and literary or artistic criticism.

**Please read the notes for guidance before completing ALL sections of the form.**

**This form must be completed and approved prior to undertaking any research activity.**  
Please see Checklist for details of process for different categories of application.

**Delete the Guidance Notes at the end of the form BEFORE submitting your application**

### SECTION A: About You (Principal Researcher)

|   |                             |                          |                             |                                     |                               |
|---|-----------------------------|--------------------------|-----------------------------|-------------------------------------|-------------------------------|
| 1 | Full Name:                  | D.R. Manage              |                             |                                     |                               |
| 2 | Tick all boxes which apply: | Member of staff:         | <input type="checkbox"/>    | Honorary research fellow:           | <input type="checkbox"/>      |
| 3 | Undergraduate Student       | <input type="checkbox"/> | Taught Postgraduate Student | <input checked="" type="checkbox"/> | Postgraduate Research Student |

|                      |                                       |                                      |
|----------------------|---------------------------------------|--------------------------------------|
| 4                    | Institute/Academic Discipline/Centre: | University of Wales Trinity St David |
| 5                    | Campus:                               | Carmarthen                           |
| 6                    | E-mail address:                       | drmanagen@gmail.com                  |
| 7                    | Contact Telephone Number:             | 001-647-914-5352                     |
| <b>For students:</b> |                                       |                                      |
| 8                    | Student Number:                       | 1706316                              |
| 9                    | Programme of Study:                   | MBA                                  |
| 10                   | Director of Studies/Supervisor:       | Anthony Burns                        |

## SECTION B: Approval for Research Activity

|   |                                                                                                                                                                                                              |                              |                          |             |                                     |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------|-------------|-------------------------------------|
| 1 | Has the research activity received approval in principle?<br>(please check the Guidance Notes as to the appropriate approval process for different levels of research by different categories of individual) | YES                          | <input type="checkbox"/> | NO          | <input checked="" type="checkbox"/> |
|   |                                                                                                                                                                                                              |                              |                          | <b>Date</b> |                                     |
| 2 | If Yes, please indicate source of approval (and date where known):<br><i>Approval in principle must be obtained from the relevant source prior to seeking ethical approval</i>                               | Research Degrees Committee   | <input type="checkbox"/> |             |                                     |
| 3 |                                                                                                                                                                                                              | Institute Research Committee | <input type="checkbox"/> |             |                                     |
| 4 |                                                                                                                                                                                                              | Other (write in)             | <input type="checkbox"/> |             |                                     |

## SECTION C: Internal and External Ethical Guidance Materials

|                                                                                                                                                                                                                                                                                                                                                    |                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Please list the core ethical guidance documents that have been referred to during the completion of this form (including any discipline-specific codes of research ethics, and also any specific ethical guidance relating to the proposed methodology). Please tick to confirm that your research proposal adheres to these codes and guidelines. |                                                                                                            |
| 1                                                                                                                                                                                                                                                                                                                                                  | <a href="#">UWTSD Research Ethics &amp; Integrity Code of Practice</a> <input checked="" type="checkbox"/> |
| 2                                                                                                                                                                                                                                                                                                                                                  | <b>UWTSD Research Data Management Policy</b> <input checked="" type="checkbox"/>                           |
| 3                                                                                                                                                                                                                                                                                                                                                  | <input type="checkbox"/>                                                                                   |

## SECTION D: External Collaborative Research Activity

|    |                                                                                                                                                                                                                                     |           |                          |                          |                                     |                          |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------|--------------------------|-------------------------------------|--------------------------|
| 1  | Does the research activity involve collaborators outside of the University?                                                                                                                                                         | YES       | <input type="checkbox"/> | NO                       | <input checked="" type="checkbox"/> |                          |
| 2  | If Yes, please provide the name of the external organisation and name and contact details for the main contact person and confirmation this person has consented to their personal data being shared as part of this collaboration. |           |                          |                          |                                     |                          |
| 3  | Institution                                                                                                                                                                                                                         |           |                          |                          |                                     |                          |
| 4  | Contact person name                                                                                                                                                                                                                 |           |                          |                          |                                     |                          |
| 5  | Contact person e-mail address                                                                                                                                                                                                       |           |                          |                          |                                     |                          |
| 6  | Has this individual consented to sharing their details on this form?                                                                                                                                                                | YES       | <input type="checkbox"/> | NO                       | <input type="checkbox"/>            |                          |
| 7  | Are you in receipt of a KESS scholarship?                                                                                                                                                                                           | YES       | <input type="checkbox"/> | NO                       | <input type="checkbox"/>            |                          |
| 8  | Is your research externally funded                                                                                                                                                                                                  | YES       | <input type="checkbox"/> | NO                       | <input type="checkbox"/>            |                          |
| 9  | Are you specifically employed to undertake this research in either a paid or voluntary capacity?                                                                                                                                    | Voluntary | YES                      | <input type="checkbox"/> | NO                                  | <input type="checkbox"/> |
| 10 |                                                                                                                                                                                                                                     | Employed  | YES                      | <input type="checkbox"/> | NO                                  | <input type="checkbox"/> |

|    |                                                                                                            |                                                                         |     |                          |    |                          |
|----|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----|--------------------------|----|--------------------------|
| 11 | Is the research being undertaken within an existing UWTSD Athrofa Professional Learning Partnership (APLP) | If YES then the permission question below does not need to be answered. | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
| 12 | Permission to undertake the research has been provided by the partner organisation                         | (If YES attach copy)<br>If NO the application cannot continue           | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |

**Where research activity is carried out in collaboration with an external organisation**

|    |                                                                                                |     |                          |    |                          |
|----|------------------------------------------------------------------------------------------------|-----|--------------------------|----|--------------------------|
| 13 | Does this organisation have its own ethics approval system?                                    | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
| 14 | If Yes, please attach a copy of any final approval (or interim approval) from the organisation |     |                          |    |                          |

**SECTION E: Details of Research Activity**

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                |                    |                  |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|------------------|
| 1 | Indicative title:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Venture Capital Investments in Canada; a Success or a Failure? |                    |                  |
| 2 | Proposed start date:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | February 01, 2020                                              | Proposed end date: | October 01, 2021 |
| 3 | <p><b>Introduction to the Research (maximum 300 words)</b></p> <p>Ensure that you write for a <u>Non-Specialist Audience</u> when outlining your response to the three points below:</p> <ul style="list-style-type: none"> <li>• <i>Purpose of Research Activity</i></li> <li>• <i>Proposed Research Question</i></li> <li>• <i>Aims of Research Activity</i></li> <li>• <i>Objectives of Research Activity</i></li> </ul> <p>Demonstrate, briefly, how <u>Existing Research</u> has informed the proposed activity and explain</p> <ul style="list-style-type: none"> <li>• <i>What the research activity will add to the body of knowledge</i></li> <li>• <i>How it addresses an area of importance.</i></li> </ul> |                                                                |                    |                  |
| 4 | <p><b>Purpose of Research Activity</b></p> <p>To explore the potential of distress investment opportunities in Canada and analyze and assess the SWOT factors in venture capital investing in Canada. To analyze and assess the economic, political, social and related risk factors, associated remediation strategies, etc.</p>                                                                                                                                                                                                                                                                                                                                                                                      |                                                                |                    |                  |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <p>To perform research based on available public statistics through credible sources in Canada; for example, Industry Canada (Federal Ministry for Industries), Bank of Canada, Office of Superintendent of Bankruptcy Canada, market information, academic institutions/papers, etc. It will be extremely difficult to conduct individual research in this area due to non-availability of specific company details and / or due to protection of privacy and confidentiality of financial information by distressed companies.</p> <p>To produce a research-based dissertation to conclude the potential profitable venture capital investment strategies in Canada.</p> <p>To produce the effective investment guidance by this research on distressed investments in Canada to potential venture capitalists across the world that will provide; direction and constructive engagement, create value by improving capital structure, refreshing strategy and operations, and enabling transformative transactions to provide assistance to these companies to avoid unavoidable bankruptcies in distressed economic situations.</p> <p>(this box should expand as you type)</p> |
| 5 | <p><b>Research Question</b></p> <p>To explore the potential of distress investment opportunities in Canada and analyze and assess the SWOT factors in venture capital investing in Canada. To analyze and assess the economic, political, social and related risk factors, associated remediation strategies, etc.</p> <p>(this box should expand as you type)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 6 | <p><b>Aims of Research Activity</b></p> <p>The aim of the research is to explore the avenues of profitability in venture capital strategies in accumulating investment positions in distressed and undervalued companies and use influence and constructive engagement to unlock and create value for the financially distressed organizations and add value to the economy in Canada. These companies are literally small companies with enormous potential for innovation and growth who can make a significant contribution to the economic growth. These companies are experiencing operational or financial distress or even suffering from managerial expertise, and they are in need of a short-term catalyst. Venture</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <p>capitalists believe these investments create attractive opportunities for the investors and the small companies.</p> <p>(this box should expand as you type)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 7 | <p><b>Objectives of Research Activity</b></p> <p>To explore the potential of distress investment opportunities in Canada and analyze and assess the SWOT factors in venture capital investing in Canada. To analyze and assess the economic, political, social and related risk factors, associated remediation strategies, etc.</p> <p>To perform research based on available public statistics through credible sources in Canada; for example, Canadian Venture Capital Association (CVCA), Industry Canada (Federal Ministry for Industries), Bank of Canada, Responsible Investment Association of Canada Office of Superintendent of Bankruptcy Canada, market information, academic institutions/papers, etc. It will be extremely difficult to conduct individual research in this area due to non-availability of specific company details and / or due to protection of privacy and confidentiality of financial information by distressed companies.</p> <p>To produce a research-based dissertation to conclude the potential profitable venture capital investment strategies in Canada.</p> <p>To produce the effective investment guidance by this research on distressed investments in Canada to potential venture capitalists across the world that will provide; direction and constructive engagement, create value by improving capital structure, refreshing strategy and operations and enabling transformative transactions to provide assistance to these companies to avoid unavoidable bankruptcies in distressed economic situations.</p> <p>(this box should expand as you type)</p> |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8 | <p><b>Proposed methods (maximum 600 words)</b></p> <p>Provide a brief summary of all the methods that <b>may</b> be used in the research activity, making it clear what specific techniques may be used. If methods other than those listed in this section are deemed appropriate later, additional ethical approval for those methods will be needed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 9 | <p>This research holistically reviews how the Canadian Venture capital investments have created significant overall growth impetus that innovative companies with venture backgrounds provide across the country.</p> <p>As a result, the researcher has decided to adopt both the primary and secondary data strategies in performing this research.</p> <p>Despite their differences, however, primary and secondary research will both prove to be useful in the research process. Foley suggests that both research methods are most effective when used together. Studying existing literature and published materials (secondary research) helps researchers determine the extent of existing knowledge on the topic. If insufficient data is present, researchers have the option to devote time and effort to do primary research.</p> <p>This triangulation is the process that uses more than one method to collect data on the same topic will in findings that reinforce each other. This will also help to validate the research findings.</p> <p>The researcher interviewed three investment managers who engaged in venture capital investing who accumulate positions in distressed and undervalued equity securities and use influence and constructive engagement to unlock and create value for the distressed organizations and add value to the economy.</p> |

The researcher presented three broadly structured questions based on emergent themes. All questions were structured to receive their holistic view of the Canadian venture capital investments and focused to validate the secondary data findings.

(this box should expand as you type)

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 | <b>Location of research activity</b><br>Identify all locations where research activity will take place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 11 | Toronto, Ontario, Canada.<br><i>(this box should expand as you type)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 12 | <b>Research activity outside of the UK</b><br>If research activity will take place overseas, you are responsible for ensuring that local ethical considerations are complied with and that the relevant permissions are sought. Specify any local guidelines (e.g. from local professional associations/learned societies/universities) that exist and whether these involve any ethical stipulations beyond those usual in the UK (provide details of any licenses or permissions required). Also specify whether there are any specific ethical issues raised by the local context in which the research activity is taking place, for example, particular cultural and/or legal sensitivities or vulnerabilities of participants. |
| 13 | Not applicable<br><i>(this box should expand as you type)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|    |                                                                                                                                                                                                                                                                                                                                                                                       |            |                                     |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------|
| 14 | Use of documentation not in the public domain: Are any documents <b>NOT</b> publicly available?                                                                                                                                                                                                                                                                                       | <b>NO</b>  | <input type="checkbox"/>            |
|    |                                                                                                                                                                                                                                                                                                                                                                                       | <b>YES</b> | <input checked="" type="checkbox"/> |
| 15 | If Yes, please provide details here of how you will gain access to specific documentation that is not in the public domain and that this is in accordance with prevailing data protection law of the country in question and England and Wales.<br><br>Via Websites and Academic Papers that represent publicly available information.<br><i>(this box should expand as you type)</i> |            |                                     |

## SECTION F: Scope of Research Activity

| 1 | Will the research activity include:                    | YES                                 | NO                                  |
|---|--------------------------------------------------------|-------------------------------------|-------------------------------------|
| 2 | Use of a questionnaire or similar research instrument? | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3 | Use of interviews?                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4 | Use of diaries?                                        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 5 | Participant observation with their knowledge?          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

|    |                                                                                                                                                                                                 |                          |                                     |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 6  | Participant observation without their knowledge?                                                                                                                                                | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7  | Use of video or audio recording?                                                                                                                                                                | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8  | Access to personal or confidential information without the participants' specific consent?                                                                                                      | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 9  | Administration of any questions, test stimuli, presentation that may be experienced as physically, mentally or emotionally harmful / offensive?                                                 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10 | Performance of any acts which may cause embarrassment or affect self-esteem?                                                                                                                    | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 11 | Investigation of participants involved in illegal activities?                                                                                                                                   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12 | Use of procedures that involve deception?                                                                                                                                                       | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 13 | Administration of any substance, agent or placebo?                                                                                                                                              | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 14 | Working with live vertebrate animals?                                                                                                                                                           | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 15 | Other primary data collection methods, please explain in this box<br>For example, 'focus groups'. Please indicate the type of data collection method(s) in this box and tick the accompany box. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 16 | Details of any other primary data collection method:<br><br>Not applicable<br><br>(this box should expand as you type)                                                                          |                          |                                     |

If NO to every question, then the research activity is (ethically) low risk and **may** be exempt from **some** of the following sections (please refer to Guidance Notes).

If YES to any question, then no research activity should be undertaken until full ethical approval has been obtained.

### SECTION G: Intended Participants

| 1 | Who are the intended participants:                                                                                 | YES                                 | NO                                  |
|---|--------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 2 | Students or staff at the University?                                                                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3 | Adults (over the age of 18 and competent to give consent)?                                                         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4 | Vulnerable adults?                                                                                                 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 5 | Children and Young People under the age of 18? (Consent from Parent, Carer or Guardian will be required)           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 6 | Prisoners?                                                                                                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 7 | Young offenders?                                                                                                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 8 | Those who could be considered to have a particularly dependent relationship with the investigator or a gatekeeper? | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 9 | People engaged in illegal activities?                                                                              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|    |                                                                                                                                      |                          |                                     |
|----|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 10 | Others (please identify specifically any group who may be unable to give consent) please indicate here and tick the appropriate box. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 11 | Other – please indicate here:<br><br>(this box should expand as you type)                                                            |                          |                                     |

|    |                                                                                                                                                                         |                                                                                 |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| 12 | <b>Participant numbers and source</b><br>Provide an estimate of the expected number of participants. How will you identify participants and how will they be recruited? |                                                                                 |
| 13 | How many participants are expected?                                                                                                                                     | Three<br>(this box should expand as you type)                                   |
| 14 | Who will the participants be?                                                                                                                                           | Three Institutional Investment Managers<br>(this box should expand as you type) |
| 15 | How will you identify the participants?                                                                                                                                 | Within the industry as a practitioner<br>(this box should expand as you type)   |

|    |                                                                                                                                                     |                                     |                          |                                     |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|-------------------------------------|
| 16 | <b>Information for participants:</b>                                                                                                                | <b>YES</b>                          | <b>NO</b>                | <b>N/A</b>                          |
| 17 | Will you describe the main research procedures to participants in advance, so that they are informed about what to expect?                          | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 18 | Will you tell participants that their participation is voluntary?                                                                                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 19 | Will you obtain written consent for participation?                                                                                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 20 | Will you explain to participants that refusal to participate in the research will not affect their treatment or education (if relevant)?            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 21 | If the research is observational, will you ask participants for their consent to being observed?                                                    | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 22 | Will you tell participants that they may withdraw from the research at any time and for any reason?                                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 23 | With questionnaires, will you give participants the option of omitting questions they do not want to answer?                                        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 24 | Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 25 | Will you debrief participants at the end of their participation, in a way appropriate to the type of research undertaken?                           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 26 | If NO to any of above questions, please give an explanation                                                                                         |                                     |                          |                                     |
| 27 | <i>(this box should expand as you type)</i>                                                                                                         |                                     |                          |                                     |

|    |                                                                                                                                                    |                          |                                     |                          |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------|--------------------------|
| 28 | <b>Information for participants:</b>                                                                                                               | <b>YES</b>               | <b>NO</b>                           | <b>N/A</b>               |
| 29 | Will participants be paid?                                                                                                                         | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 30 | Is specialist electrical or other equipment to be used with participants?                                                                          | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 31 | Are there any financial or other interests to the investigator or University arising from this study?                                              | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 32 | Will the research activity involve deliberately misleading participants in any way, or the partial or full concealment of the specific study aims? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 33 | If YES to any question, please provide full details                                                                                                |                          |                                     |                          |
| 34 | <i>(this box should expand as you type)</i>                                                                                                        |                          |                                     |                          |

## SECTION H: Anticipated Risks

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                      |                                     |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------|
| 10.1 | <b>11.OUTLINE ANY ANTICIPATED RISKS THAT MAY ADVERSELY AFFECT ANY OF THE PARTICIPANTS, THE RESEARCHERS AND/OR THE UNIVERSITY, AND THE STEPS THAT WILL BE TAKEN TO ADDRESS THEM.</b>                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                      |                                     |
|      | If you have completed a full risk assessment (for example as required by a laboratory, or external research collaborator) you may append that to this form.                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                      |                                     |
| 12.2 | <b>13.FULL RISK ASSESSMENT COMPLETED AND APPENDED?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>15.YES</b>                                                                                        | <b>16.</b> <input type="checkbox"/> |
|      | <b>14.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>17.NO</b>                                                                                         | <b>18.</b> <input type="checkbox"/> |
| 3    | <b>Risks to participants</b><br>For example: emotional distress, financial disclosure, physical harm, transfer of personal data, sensitive organisational information                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                      |                                     |
| 4    | Risk to Participant:<br><br>None<br><i>(this box should expand as you type)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How will you mitigate the Risk to Participant<br><br><br><i>(this box should expand as you type)</i> |                                     |
| 5    | If research activity may include sensitive, embarrassing or upsetting topics (e.g. sexual activity, drug use) or issues likely to disclose information requiring further action (e.g. criminal activity), give details of the procedures to deal with these issues, including any support/advice (e.g. helpline numbers) to be offered to participants. Note that where applicable, consent procedures should make it clear that if something potentially or actually illegal is discovered in the course of a project, it may need to be disclosed to the proper authorities |                                                                                                      |                                     |
|      | None<br><i>(this box should expand as you type)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                      |                                     |
| 6    | <b>Risks to investigator</b><br>For example: personal safety, physical harm, emotional distress, risk of accusation of harm/impropriety, conflict of interest                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                      |                                     |
|      | Risk to Investigator:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How will you mitigate the Risk to Investigator:                                                      |                                     |

|   |                                                                                                          |                                                                                                          |
|---|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
|   | None<br><br><i>(this box should expand as you type)</i>                                                  | <br><br><br><br><i>(this box should expand as you type)</i>                                              |
| 7 | <b>University/institutional risks</b><br>For example: adverse publicity, financial loss, data protection |                                                                                                          |
|   | Risk to University:<br><br>None<br><br><i>(this box should expand as you type)</i>                       | How will you mitigate the Risk to University:<br><br><br><br><i>(this box should expand as you type)</i> |

|    |                                                                                                                                                                                 |                          |                          |                                     |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-------------------------------------|
| 8  | <b>Disclosure and Barring Service</b>                                                                                                                                           |                          |                          |                                     |
| 9  | If the research activity involves children or vulnerable adults, a Disclosure and Barring Service (DBS) certificate must be obtained before any contact with such participants. | YES                      | NO                       | N/A                                 |
| 10 | Does your research require you to hold a current DBS Certificate?                                                                                                               | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

## SECTION I: Feedback, Consent and Confidentiality

|   |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <b>Feedback</b><br>What de-briefing and feedback will be provided to participants, how will this be done and when?                                                                                                                                                                                                                                                                                                     |
|   | The interviewees were explained the purpose, objective and aim of the research and the methodology as to how the research will be carried out.<br><br><i>(this box should expand as you type)</i>                                                                                                                                                                                                                      |
| 2 | <b>Informed consent</b><br>Describe the arrangements to inform potential participants, before providing consent, of what is involved in participating. Describe the arrangements for participants to provide full consent before data collection begins. If gaining consent in this way is inappropriate, explain how consent will be obtained and recorded in accordance with prevailing data protection legislation. |

|   |                                                                                                                                                                                                             |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <p>Verbal discussion</p> <p><i>(this box should expand as you type)</i></p>                                                                                                                                 |
| 3 | <p><b>Confidentiality / Anonymity</b></p> <p>Set out how anonymity of participants and confidentiality will be ensured in any outputs. If anonymity is not being offered, explain why this is the case.</p> |
|   | <p>All participants were briefed that their anonymity and confidentiality of their views will be assured.</p> <p><i>(this box should expand as you type)</i></p>                                            |

## SECTION J: Data Protection and Storage

In completing this section refer to the University's Research Data Management Policy and the extensive resources on the University's Research Data Management web pages (<http://uwtسد.ac.uk/library/research-data-management/>).

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                             |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------|
| 1 | Does the research activity involve personal data (as defined by the General Data Protection Regulation 2016 "GDPR" and the Data Protection Act 2018 "DPA")?                                                                                                                                                                                                                                                                                                                                     | YES                      | NO                          |
|   | <p><b>"Personal data"</b> means any information relating to an identified or identifiable natural person ('data subject'). An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.</p> | <input type="checkbox"/> | <input type="checkbox"/> No |
| 2 | If YES, provide a description of the data and explain why this data needs to be collected:                                                                                                                                                                                                                                                                                                                                                                                                      |                          |                             |
|   | <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          |                             |
| 3 | Does it involve special category data (as defined by the GDPR)?                                                                                                                                                                                                                                                                                                                                                                                                                                 | YES                      | NO                          |
|   | <p><b>"Special category data"</b> means sensitive personal data consisting of information as to the data subjects' –<br/>(a) racial or ethnic origin,</p>                                                                                                                                                                                                                                                                                                                                       | <input type="checkbox"/> | <input type="checkbox"/> No |

|   |                                                                                                                                                                                                                                                                                                                                                       |  |  |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
|   | (b) political opinions,<br>(c) religious beliefs or other beliefs of a similar nature,<br>(d) membership of a trade union (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992),<br>(e) physical or mental health or condition,<br>(f) sexual life,<br>(g) genetics,<br>(h) biometric data (as used for ID purposes), |  |  |
| 4 | If YES, provide a description of the special category data and explain why this data needs to be collected:                                                                                                                                                                                                                                           |  |  |
|   | <div style="border: 1px solid black; height: 100px; width: 100%;"></div> <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                                                                           |  |  |

|    |                                                                                                                                                                                                                  |                                     |                                     |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 5  | Will the research activity involve storing personal data and/or special category data on one of the following:                                                                                                   | YES                                 | NO                                  |
| 6  | Manual files (i.e. in paper form)?                                                                                                                                                                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 7  | University computers?                                                                                                                                                                                            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 8  | Private company computers?                                                                                                                                                                                       | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 9  | Home or other personal computers?                                                                                                                                                                                | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 10 | Laptop computers/ CDs/ Portable disk-drives/ memory sticks?                                                                                                                                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 11 | "Cloud" storage or websites?                                                                                                                                                                                     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 12 | Other – specify:                                                                                                                                                                                                 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 13 | For all stored data, explain the measures in place to ensure the security of the data collected, data confidentiality, including details of password protection, encryption, anonymisation and pseudonymisation: |                                     |                                     |
|    | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> <p><i>(this box should expand as you type)</i></p>                                                                                       |                                     |                                     |
| 14 | <b>All Data Storage</b>                                                                                                                                                                                          |                                     |                                     |
| 15 | Will the research activity involve any of the following activities:                                                                                                                                              | YES                                 | NO                                  |
| 16 | Electronic transfer of data in any form?                                                                                                                                                                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 17 | Sharing of data with others at the University?                                                                                                                                                                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 18 | Sharing of data with other organisations?                                                                                                                                                                        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 19 | Export of data outside the European Union or importing of data from outside the UK?                                                                                                                              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 20 | Use of personal addresses, postcodes, faxes, emails or telephone numbers?                                                                                                                                        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|    |                                                                                                                                                                                                                                            |                          |                                     |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 21 | Publication of data that might allow identification of individuals?                                                                                                                                                                        | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 22 | Use of data management system?                                                                                                                                                                                                             | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 23 | Data archiving?                                                                                                                                                                                                                            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 24 | If YES to any question, please provide full details, explaining how this will be conducted in accordance with the GDPR and DPA (and/or any international equivalent):                                                                      |                          |                                     |
|    | <p>Not Applicable</p> <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                   |                          |                                     |
| 25 | List all who will have access to the data generated by the research activity:                                                                                                                                                              |                          |                                     |
|    | <p>None</p> <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                             |                          |                                     |
| 26 | List who will have control of, and act as custodian(s) for, data generated by the research activity:                                                                                                                                       |                          |                                     |
|    | <p>Myself</p> <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                           |                          |                                     |
| 27 | Give details of data storage arrangements, including security measures in place to protect the data, where data will be stored, how long for, and in what form. Will data be archived – if so how and if not why not.                      |                          |                                     |
|    | <p>None</p> <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                             |                          |                                     |
| 28 | Please indicate if your data will be stored in the UWTSD Research Data Repository (see <a href="https://researchdata.uwtsd.ac.uk/">https://researchdata.uwtsd.ac.uk/</a> ). If so please explain. <i>(Most relevant to academic staff)</i> |                          |                                     |
|    | <p>No</p> <p><i>(this box should expand as you type)</i></p>                                                                                                                                                                               |                          |                                     |
| 29 | Confirm that you have read the UWTSD guidance on data management (see <a href="https://www.uwtsd.ac.uk/library/research-data-management/">https://www.uwtsd.ac.uk/library/research-data-management/</a> )                                  | YES                      | <input checked="" type="checkbox"/> |
|    |                                                                                                                                                                                                                                            | NO                       | <input type="checkbox"/>            |
| 30 | Confirm that you are aware that you need to keep all data until after your research has completed or the end of your funding                                                                                                               | YES                      | <input checked="" type="checkbox"/> |
|    |                                                                                                                                                                                                                                            | NO                       | <input type="checkbox"/>            |

## SECTION K: Declaration

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     |                                               |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------|
| 31 | <p>The information which I have provided is correct and complete to the best of my knowledge. I have attempted to identify any risks and issues related to the research activity and acknowledge my obligations and the rights of the participants.</p> <p>In submitting this application I hereby confirm that I undertake to ensure that the above named research activity will meet the University's Research Ethics and Integrity Code of Practice which is published on the website: <a href="https://www.uwtsd.ac.uk/research/research-ethics/">https://www.uwtsd.ac.uk/research/research-ethics/</a></p> |                     |                                               |
|    | Signature of applicant:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <i>D. R. Mangan</i> | <p><b>Date:</b></p> <p>September 22, 2021</p> |

### For STUDENT Submissions:

|    |                                 |  |              |
|----|---------------------------------|--|--------------|
| 32 | Director of Studies/Supervisor: |  | <b>Date:</b> |
| 33 | Signature:                      |  |              |

### For STAFF Submissions:

|    |                                    |  |              |
|----|------------------------------------|--|--------------|
| 34 | Academic Director/ Assistant Dean: |  | <b>Date:</b> |
| 35 | Signature:                         |  |              |

**Checklist:** Please complete the checklist below to ensure that you have completed the form according to the guidelines and attached any required documentation:

|                                     |                                                                                                                                                                         |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/>            | I have read the guidance notes supplied before completing the form.                                                                                                     |
| <input type="checkbox"/>            | I have completed <b>ALL RELEVANT</b> sections of the form in full.                                                                                                      |
| <input checked="" type="checkbox"/> | I confirm that the research activity has received approval in principle                                                                                                 |
| <input checked="" type="checkbox"/> | I have attached a copy of final/interim approval from external organisation ( <b>where appropriate</b> )                                                                |
| <input checked="" type="checkbox"/> | I have attached a full risk assessment (and have NOT completed Section H of this form) (where appropriate) <b>ONLY TICK IF YOU HAVE ATTACHED A FULL RISK ASSESSMENT</b> |

|                                     |                                                                                                                                                                                                                                                            |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | I understand that it is my responsibility to ensure that the above named research activity will meet the University's Research Ethics and Integrity Code of Practice.                                                                                      |
| <input checked="" type="checkbox"/> | I understand that before commencing data collection all documents aimed at respondents (including information sheets, consent forms, questionnaires, interview schedules etc.) must be confirmed by the DoS/Supervisor, module tutor or Academic Director. |
| <input checked="" type="checkbox"/> | I have deleted the guidance notes before submitting the PG2 for consideration                                                                                                                                                                              |

#### RESEARCH STUDENTS AND STAFF ONLY

All communications relating to this application during its processing must be in writing and emailed to [pgresearch@uwtsd.ac.uk](mailto:pgresearch@uwtsd.ac.uk) , with the title 'Ethical Approval' followed by your name.

You will be informed of the outcome of your claim by email; therefore **it is important that you check your University and personal email accounts regularly.**

**STUDENTS ON UNDERGRADUATE OR TAUGHT MASTERS PROGRAMMES** should submit this form (and receive the outcome) via systems explained to you by the supervisor/module leader.