

The financing of innovative firms in Canada (High-Growth Enterprises: What Governments Can Do to Make a Difference)

This chapter is devoted to the analysis of the financing activities of innovative SMEs versus non-innovative SMEs in Canada. The study uses R&D expenditure as a proxy for innovativeness and is based on a descriptive analysis of data obtained from a database on demand and sources for financing. One of the main findings of the study is that innovative SMEs, as the rest of small firms, mainly resort to debt financing, but also that they recourse to other sources of funding such as equity in a higher proportion than other SMEs. It also found that innovative firms are less successful in obtaining the financing they request and that they face more stringent financing conditions in terms of higher interest rates and shorter loan terms.

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