
Immigrant Self-Employment and Entrepreneurship in the GTA: Literature, Data, and Program Review

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EXECUTIVE SUMMARY

Newcomers to Canada of every immigrant category – including skilled workers, business class, families, and refugees – start and grow businesses in this country. This report brings together existing data, scholarly research, and programs and practices on immigrant self-employment and entrepreneurship with the objective of (1) identifying characteristics of self-employment and entrepreneurship among immigrants, (2) describing the challenges faced by immigrants in starting new businesses, and (3) documenting and describing existing services, programs, and policies available in the Greater Toronto Area (GTA) for immigrants who are self-employed and entrepreneurs. The report also describes reasons why immigrants start their own businesses, identifies some lessons learned from other jurisdictions in terms of supporting immigrant entrepreneurs, and provides preliminary observations about the efficacy of existing supports for self-employed immigrants, including perceived gaps in services.

The George Cedric Metcalf Charitable Foundation and Maytree commissioned this study to explore whether self-employment and entrepreneurship is a viable option for lifting new Canadians out of poverty in the Greater Toronto Area, and what role, if any, the foundations may have in supporting this transition. Our interest is new Canadians because they make up a significant proportion of the region's poor and may need unique supports to transition into self-employment or to start a business.

Self-employment refers to a specific employment status whereas *entrepreneurship* encompasses self-employment but also carries with it implications of creating something new and the desire to grow the business beyond a sole proprietorship. This report does not distinguish between these two overlapping categories.

Most immigrants self-employed by choice

In Canada, and in the Greater Toronto Area, immigrants have slightly higher self-employment rates than the Canadian-born population. However, according to Census data, the rate of immigrant self-employment is lower in Toronto than in Ontario and in Canada as a whole. This may be due to greater opportunities for paid employment in Toronto and also to the relative youthfulness of immigrants in the GTA. (Self-employment rates correlate positively with age.) Except among those aged 65+, immigrant men are more likely to be self-employed than immigrant women.

Self-employed immigrants are more likely than non-immigrants to be involuntarily self-employed, although a majority do consider themselves to be self-employed by choice. Immigrants in Canada for ten years or less are more likely than other immigrants to prefer paid employment: more than one-third indicated that they prefer paid employment to self-employment.

According to Statistics Canada's *Immigrants in Self-Employment* report, the state of the economy has had a bearing on self-employment rates over time. More specifically,

immigrants were more likely to seek self-employment than non-immigrants during economic downturns. No reasons are cited in the report, but less job security among immigrants could be one explanation.

Most immigrants who start a business have resources

Self-employed workers in Canada tend to have higher levels of education than paid employees, and this holds true for immigrants as well. An analysis of Statistics Canada's 2003 Ethnic Diversity Survey found that immigrants who ranked high in terms of education, knowledge of multiple languages, and presence of social networks were more than twice as likely to be self-employed as immigrants who ranked low on these factors. Among the self-employed, immigrants on the whole earned higher incomes than their Canadian-born counterparts particularly among the most successful entrepreneurs.

Immigrants face some unique barriers when starting a business

Immigrants face many of the same challenges in starting a business as the Canadian-born population. However, they may have some additional barriers such as language difficulties, lack of familiarity with business culture, lack of social networks, difficulty accessing financing, and discrimination.

Among immigrants, lack of financing or access to capital assets is identified as the main barrier to starting a business. Linguistic barriers, including a lack of business, technical, and legal vocabulary, also prevent immigrants from starting businesses. These barriers may also work to keep entrepreneurs from expanding beyond their own ethnic enclaves. Non-verbal communication skills are also important and may need to be relearned within the Canadian context. In addition, immigrants often lack the social and professional networks they need to succeed in the business world. Mentoring opportunities and professional associations can help overcome this obstacle.

General supports exist, but they are not designed to consider the needs of immigrant entrepreneurs

There are a range of supports available to individuals who wish to start their own businesses including information and referral, training, financing, individualized supports, business incubation, and professional networks. These supports are targeted to a general population but available to newcomers. For example, Small Business Enterprise Centres provide information and referral as well as individualized supports and workshops to the general population. While immigrants can and do access these services, they have not been developed with immigrants in mind.

Another example is the Ontario Self Employment Benefit, which is the only business start up training program with a stipend available to the general public. While immigrants are not explicitly excluded, eligibility requirements automatically eliminate many people including former business owners and newcomers without a work history in Canada. This is unfortunate

given that training programs are an essential component of business supports for newcomers. They provide in-depth opportunities for persons to work on a business plan, receive feedback, and benefit from peer support and interaction.

Financing supports consist of standard bank loans through the Canada Small Business Financing Program, a program that has been criticized for its cumbersome approval process. A more highly-regarded loan program is offered through the Canadian Youth Business Foundation but is available only to persons age 35 and under. At least two micro-loan programs are available in the GTA, but uptake is minimal among newcomers (fewer than ten persons a year), perhaps because one program is very new and the other is just starting to expand into neighbourhood centres.

Business incubation programs focus on entrepreneurs at the more resource-rich end of the business spectrum and on firms with high-growth potential. The Toronto Business Development Centre is a not-for-profit organization that offers business incubation and other supports. The Ontario Network of Excellence is a government-funded provincial network focusing on firms in specific technology industries.

Finally, professional networks, such as the Chamber of Commerce, provide an opportunity for entrepreneurs to make new contacts and connect with other people in the same industry or occupation.

There is a paucity of supports specific for immigrant entrepreneurs in the GTA despite their value, and there are no supports in the east end of the city

Supports designed exclusively for newcomer populations offer a “value added” to more generic services because they can address some of the barriers exclusively faced by newcomers, such as communication issues and lack of knowledge of Canadian business culture. There are only a handful of such programs that cater specifically to immigrants, and most of them work with specific newcomer populations (women, francophones, and youth). They are insufficient both in terms of size and scope. Given the large newcomer population in the GTA, the paucity of training programs available to them is glaringly insufficient. Moreover, they are concentrated on the west side of the GTA, with very few offerings in central Toronto and nothing available in Scarborough and the east end of the city.

There are many professional networks whose members are from the same country of origin or ethnic group. These may offer newcomers an important first network as they adjust to living and working in Canada. However, connections to ethnic networks are not always helpful to a business. They appear to be helpful within communities that are characterized by existing strong business connections. In resource-poor communities, reliance on ethnic connections may actually perpetuate economic segregation.

Government and community can help remove barriers to immigrant entrepreneurship

Starting and growing a business is a daunting prospect in any context. Immigrants face many of the same challenges as native-born individuals in this regard, but they have additional

challenges including mastering the language, learning Canadian customs, and understanding the norms and policy context for conducting business in Canada. As such, it is not surprising that immigrants with advantages in terms of education, language, and networks are more likely to become self-employed than are immigrants who are not as well resourced.

However, there is likely an opportunity for community organizations, the private sector, and government to support immigrant entrepreneurs who lack these advantages. For example, they might:

- Pilot an expansion of the Ontario Self Employment Benefit Program to low-income people who are not EI eligible;
- Engage private sector lending institutions to overcome barriers to private sector loans requiring a lengthy credit history in Canada;
- Promote and grow existing micro loan programs;
- Raise awareness in ethnic media of what services for entrepreneurs currently exist;
- Assess whether organizations serving immigrants in the GTA have the capacity to integrate businesses planning and services into their suite of offerings;
- Pilot an itinerant business development suite of supports for underserviced areas of the GTA;
- Offer a pilot program that provides business training in languages other than English or French; and
- Explore and possibly pilot a business-to-business mentoring program with chambers of commerce/boards of trade.

In addition, Small Business Enterprise Centres could review their programming for immigrants and if necessary, undertake programming for immigrants on communication, Canadian business culture, and business plan writing.

Settlement sector organizations have an important role to play in providing supports for immigrants interested in starting a business, including information and referral to mainstream organizations. However, funding structures have not traditionally supported a business focus, and not all settlement sector organizations would embrace this role: they may not have the knowledge or the familiarity with Canadian business requirements to refer their clients to business support services. Settlement workers could be convened to determine the extent to which they identify entrepreneurship as a viable alternative to paid employment for their clients, and to assess their knowledge and comfort related to referrals to business supports.

Prosperous businesses provide benefits not only to those who own them but also to the broader economy and society. Given that small businesses are key to Canada's future economic growth, and recognizing that even very small-scale enterprises can make a real difference to a low-income family, it is time to increase opportunities and supports to individuals wishing to start businesses.

INTRODUCTION

Newcomers to Canada of every immigrant category – including skilled workers, business class, families, and refugees – go on to start and grow businesses in this country. This report brings together existing data, scholarly research, and programs and practices on immigrant self-employment and entrepreneurship with the objective of (1) identifying characteristics of self-employment and entrepreneurship among immigrants, (2) describing the challenges faced by immigrants in starting new businesses, and (3) documenting and describing existing services, programs and policies available in the Greater Toronto Area (GTA) for immigrants who are self-employed and entrepreneurs. The report also describes reasons why immigrants start their own businesses, identifies some lessons learned from other jurisdictions in terms of supporting immigrant entrepreneurs, and provides preliminary observations about the efficacy of existing supports for self-employed immigrants, including perceived gaps in services.

The George Cedric Metcalf Charitable Foundation and Maytree commissioned this study to explore whether self-employment and entrepreneurship is a viable option for lifting new Canadians out of poverty in the Greater Toronto Area, and what role, if any, the foundations may have in supporting this transition. Our interest is new Canadians because they make up a significant proportion of the region's poor, and because they may need unique supports to transition into self-employment or to start a business.

The importance of small business in Canada

Self-employment and entrepreneurship may present a unique opportunity for poverty reduction efforts, given its importance and growth. Over the last 10 years, fully 98.5% of all new jobs in Canada were created by firms with under 100 employees, and almost 60% of those jobs were created by firms with fewer than five employees. The self-employment rate in Ontario has risen substantially since the early 1970's, with the self-employed labour force growing at more than two times the rate of wage and salary employment. There are 2.7 million self-employed people in Canada, or 16% of the total employed work force.¹ At the same time, the state of entrepreneurship in Canada is relatively stable and strong compared to similar countries.²

In addition, according to the Canadian Federation of Independent Business (CFIB), a majority of small and medium enterprise (SME) owners intend to exit their businesses, mainly due to retirement. CFIB reports that as many as two million jobs could be affected. Attracting motivated and entrepreneurial workers and business people from around the world may help turn these risks into opportunities for new immigrants, small business owners, their employees, and the economy in general. The CFIB recommends that governments “strive to attract more

¹ Statistics Canada, Labour Force Survey, July 2009.

² Eileen Fisher and Rebecca Reuber, *The State of Entrepreneurship in Canada*, February, 2010 (Ottawa: Industry Canada Small Business and Tourism Branch, 2010).

entrepreneurial workers and qualified business people from around the world who are interested in purchasing existing Canadian businesses.”³

In this context, there appears to be potential for business development within immigrant communities. Despite sometimes being an avenue of last resort, business ownership offers an important route to economic integration for many immigrants.

Entrepreneurship and self-employment defined

Self-employment is a broad term that refers to individuals who work for themselves in incorporated or unincorporated businesses. All entrepreneurs are self-employed, but what distinguishes them from others is their intent: they are working for themselves because they recognize an opportunity for a new product, service, or market and they act upon that opportunity.⁴

Entrepreneurship and self-employment can describe a wide range of individuals and businesses. At one end of the continuum are owners of part-time, home-based businesses as well as contingent workers who are essentially contractors and often live in low-income situations. The 30% of self-employed workers (and 45% of self-employed women workers) who earn less than \$20,000 and have no benefits are found at this end of the continuum.⁵

In the middle can be found owner-operated (often unincorporated) businesses with fewer than five employees and modest revenues; self-employed professionals such as doctors and lawyers; family-owned and -operated businesses; and “start ups” whose owners start small but whose business plans forecast quick and significant growth.

At the larger-scale end of the continuum are owners of SME's with multi-million dollar budgets whose businesses require significant capital investments.

In keeping with most of the literature reviewed for this paper, including language used by service providers, “entrepreneur” and “self-employed” are for the most part used interchangeably in this paper. If a distinction can be made between these terms, it is rooted in their connotations as opposed to in any practical differences. “Self-employment” is more likely to bring to mind businesses at the small-scale end of the continuum described above whereas “entrepreneur” invokes images of persons working tirelessly to create something larger. “Entrepreneurship” implies a mindset that entails creativity, innovation, and risk-taking. As such, organizations promoting business development – the Kaufman Foundation, for example, or Ontario's Small Business Enterprise Centres – refer to “entrepreneurship” and never to “self-employment.”

³ Andrea Bourgeois, Aneliese Debus, Bradley George, Janine Halbesma, Dan Kelly, Judy Langford, and André Lavoie, *Immigration and Small Business: Ideas to Better Respond to Canada's Skills and Labour Shortage* (Willowdale, ON: CFIB, 2006), 28.

⁴ Fisher and Reuber, *The State of Entrepreneurship in Canada*, 5.

⁵ Workers' Action Centre, *Working on the Edge* (Toronto: Workers' Action Centre, 2007), 33.

Delimitations and research methods

Several approaches were used to research this paper. An extensive literature review of scholarly publications was conducted, supplemented by a review of publications and reports issued by government agencies and not-for-profit organizations. The review included a search for statistics and data sources on the topic of immigrant self-employment and entrepreneurship, with a particular but not exclusive focus on Canada and the GTA. As well, an environmental scan of programs and services for immigrant entrepreneurs was conducted.

Our data was enriched by 20 open-ended interviews with key informants such as program officers in the public and NGO sectors focused on the intentions of programs and lessons learned. Interviews with immigrant entrepreneurs asked about individual experiences, challenges, and factors important to business success. Responses provided insight into the experiences of other newcomers trying to begin and maintain their own businesses.

This paper focuses on business entrepreneurship as opposed to social entrepreneurship, though it recognizes that many social goods can be the product of business. Business entrepreneurship has multiple impacts on a society and economy, including job creation, economic growth, and poverty alleviation.⁶ Ethnic, transnational, and diaspora entrepreneurship are important dimensions of the immigration experience as well. However, each of these has its own body of literature not explicitly addressed in this paper.

Finally, franchisees are a category of business owner that are not specifically addressed in this paper. Franchisees do assume risk, but their responsibilities to the parent company often resemble more of a “branch manager” relationship.⁷ It is important to note that immigrants are strongly represented among franchisees, particularly Business Class immigrants who are required to invest in or own a business to maintain permanent residence in Canada.

CONTINGENT WORK AND SELF-EMPLOYMENT

Some casual or contingent workers may be considered self-employed despite having an employer that provides materials and workspace and determines the terms of work and pay. Although such self-employed workers have jobs that resemble employment (for example, they get money for work performed), their lack of protection from labour laws renders them vulnerable to exploitation and injury. In Canada, areas of contingent work characterized by self-employment include construction, garment work, pizza and food delivery, newspaper delivery, janitorial services, trucking, warehousing, home healthcare, and couriers. Often, these jobs are low-skilled and have an over-representation of immigrants, women, and members of racialized groups. This “misclassified” self-employment is not new in Canada, but its incidence is thought to be on the rise.

Source: Workers' Action Centre, *Working on the Edge*, 2007.

⁶ Ahmad and Hoffman, *A Framework for Addressing and Measuring Entrepreneurship*, 8.

⁷ Simon C. Parker, *The Economics of Self-Employment and Entrepreneurship* (London: Cambridge University Press, 2004), 7.

IMMIGRANT ENTREPRENEURSHIP IN THE GTA

This section presents data on immigrant self-employment in Toronto. The data in all figures is from the 2006 Census, and Toronto data is based on the Toronto Census Metropolitan Area (CMA).⁸ Recent immigrants are defined as those who came to Canada between 1996 and 2006.

The rate of self-employment in the GTA varies by immigration status (see Figure 1)⁹ but overall, the self-employment rate is slightly higher for immigrants than it is for non-immigrants.

However, the self-employment rate among Toronto immigrants is slightly lower than it is for immigrants in Ontario and the country. This may reflect the existence of more opportunities for paid employment in Toronto's large urban area. It is also important to note that many self-employed persons are part of the informal (underground) economy and as such are not reflected in this data. As always, survey data provides us with a general sense of a situation but will be somewhat inaccurate and incomplete.

Age has a noticeable impact on the likelihood of an immigrant being self-employed. Older immigrants in the labour force are more likely to be self-employed than are younger immigrants in the labour force. For example, only 3.2% of immigrants aged 15-24 are self-employed, while 14.9% of immigrants aged 45-54 are self-employed. It should be noted that the impact of age is the same for non-immigrants. The self-employment rate is highest for the oldest age group, those aged 65+. However, one should interpret this keeping in mind that the labour force participation rate of people over the age of 65 is only approximately 12%.

The age pattern remains quite consistent regardless of when an immigrant arrived in Canada. The one noticeable difference is for

Section Summary

- Self-employment rate is slightly higher for immigrants than it is for non-immigrants.
- The rate of self-employment in the GTA is lower than in other regions.
- Older immigrants are more likely to be self-employed.
- Men are much more likely than women to be self-employed.

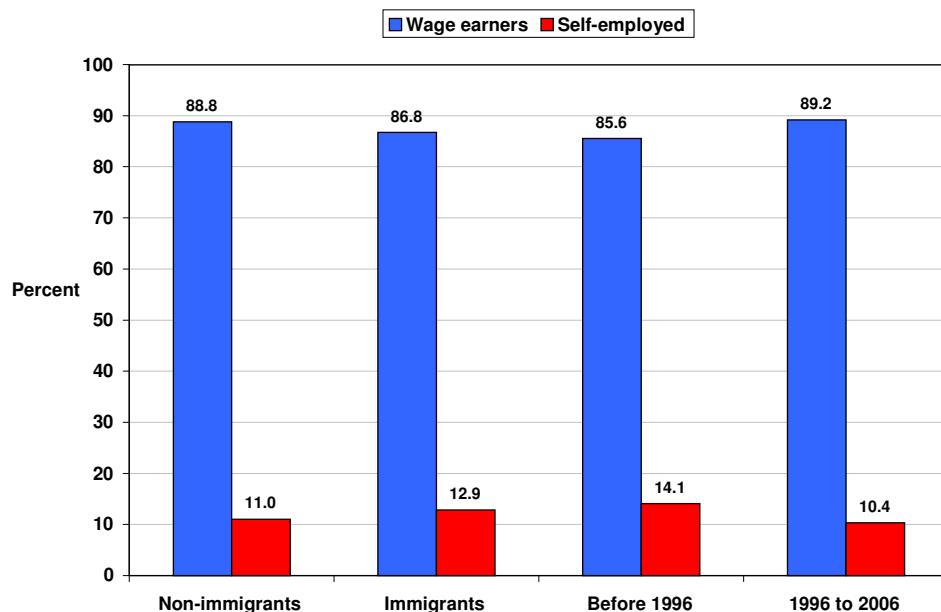
⁸ GTA-specific data is not publicly available for immigrant self-employment. While the CMA and GTA boundaries do not entirely overlap, most of the population of the GTA resides in the CMA. The main differences between the two are that the GTA includes Halton and Durham, whereas CMA data does not include the Burlington part of Halton nor the Brock, Scugog, Whitby, Oshawa, and Clarington parts of Durham.

⁹ Statistics Canada defines self-employment workers as employed individuals who work for themselves (including owners of incorporated or unincorporated businesses) or work without pay for family members. The self-employment rate is calculated by dividing the number of self-employed persons by the total persons in the labour force (not the total number of persons). There are three categories to the class of worker variable: wage earner, self-employed, and non-paid family worker. Because the non-paid family worker category only comprises approximately 0.3% of the employed labour force it is not included in the analysis.

the oldest age group of recent immigrants. Their self-employment rate (16.2%) is half that of all immigrants. However, this is a very small number of people (less than 800).

Gender does have an impact on the likelihood of a recent immigrant being self-employed. Males are much more likely than females to be self-employed, with the 65+ age group being the only anomaly.

Figure 1: Self-Employment Rates by Immigration Status and Period of Immigration, Toronto CMA (%)



Source: 2006 Census data published by Toronto Immigrant Employment Data Initiative, TIEDI Fact sheet 10-05, October 2010. (Figure created by author.)

Almost half of self-employed male immigrants work in just three industries: Construction; Professional, scientific, and technical services; and Transportation and warehousing. Self-employed female immigrants are more evenly distributed across industries than males. But there are four main areas in which they are found: Healthcare and social assistance; Professional, scientific, and technical services; other services and public administration; and Retail trade. The analysis of Labour Force Survey data for the 2006-2010 period found in *Immigrants in Self-Employment* also indicates that self-employed immigrants are more likely than self-employed non-immigrants to be in Trades & Transportation industries and that self-employed immigrants are slightly more likely than self-employed non-immigrants to be in Management, Sales & Service, and Trades & Transportation occupations.

Self-employed immigrants, regardless of gender, are more likely to be married and have at least one child at home. To the extent that having a family places additional time

requirements on parents, self-employed immigrants may face different time pressures than do non-immigrants who are self-employed.

Additional data is available in Appendix 1.

Entrepreneurship in Countries Around the World

- Research on immigrant entrepreneurs in OECD countries indicates that rates of entrepreneurship differ across countries, over time, and among ethnic groups.
- Cross-national differences are attributed to differences in the business environment, the socio-demographic characteristics of immigrants compared to native-born populations, the sector distribution of migrant employment, and various details pertaining to migration trends.
- Factors explaining different entrepreneurship rates across ethnic or immigrant groups include the differing background characteristics (including education and skills) and entrepreneurial traditions in the sending country.
- Immigrants are slightly more entrepreneurial than non-immigrants in almost all OECD countries. However, immigrants also exhibit higher rates of transition into and out of entrepreneurship from year to year, indicating that entrepreneurship may be a less stable option for immigrants.

Source: OECD, *Open for Business: Migrant Entrepreneurship in OECD countries* (OECD Publishing, 2010). <http://dx.doi.org/10.1787/9789264095830-en>

Mo Ettehadieh, President & CEO of METTKO

Born in Iran and trained as an engineer in the United Kingdom, Mo Ettehadieh came to Canada in 1993. He arrived in the midst of a recession with no firm job prospects. Through a contact made via the Royal Institute of Chartered Surveyors (RICS), Mo found volunteer work in London, Ontario, where the owner was very helpful in getting him established in Canada. Mo was then able to find work with a large demolition firm based in Toronto. He found the association to be very useful in terms of providing important information about social services and business culture. Also, both company owners were generous and helpful.

While working for the Toronto-based firm, he developed an interest in starting his own company. This was not a path he had considered when he came to Canada, but the interest developed in part because the company owners mentored him in the business. Looking back, he finds it interesting that a Jewish family helped a young Muslim man. This impressed Mo and signaled to him that Canada differs from many other countries in terms of accepting diversity.

After formally registering his company in 1997, Mo continued to work full-time while conducting market research and writing proposals for contracts into the late evenings. He did not receive government support or any support from his ethnic community in setting up his business. Although experiencing rejection for nine months was difficult, he did find that people were kind. Starting in 1998, his big break was getting a contract with Ryerson University to manage their Superbuild campus expansion. From there he continued to get more contracts, especially in the public sector. He sold the company in 2002 and became Division President for a large, publicly traded company. In 2008, Mo became President & CEO of METTKO, a project and construction management firm headquartered in Toronto.

Initially, one of his main challenges was convincing Canadian-born workers to work for him. To counter this, he tried to create a “Canadian” work environment by:

- not hiring exclusively from within his own ethnic group,
- creating employment conditions (e.g., wages and benefits) that are similar to the Canadian norm, and
- not seeking contracts only from his own ethnic group, but pursuing and obtaining “mainstream” work.

According to Mo, immigrant business owners must work hard to demonstrate that they understand business legalities, worker health and safety standards, and the like. If they can demonstrate that they can give value, then anyone can succeed in this meritocratic business culture in Canada. Mo feels that immigrants are already risk-takers by virtue of having made a decision to leave their homeland. Their biggest challenge will be to learn the Canadian way of setting up and running a business.

What helped: familiarization with a particular business and the Canadian work environment, and mentors within his occupation.

WHY DO IMMIGRANTS BECOME SELF-EMPLOYED?

Census and Labour Force Survey data paint a picture of who is and is not self-employed. These data do not, however, offer a clear picture of why people enter self-employment. In general, people become self-employed for a variety of reasons. Some are “pulled” or attracted into self-employment by a business idea or opportunity, because their profession requires them to, or for other reasons. These are “opportunity entrepreneurs.” Others, however, are “pushed” into self-employment by the lack of other paid employment. Sometimes referred to as “barrier-based” or survival entrepreneurship, the phenomenon is evidenced by the increased levels of self-employment during times of economic downturn.¹⁰

With regard to immigrants, is self-employment a fallback option chosen due to lack of other opportunities, a voluntary choice, or some combination of both? To address this question in *Immigrants in Self-Employment*, Hou and Wang used the 2000 Survey of Self-Employment (SSE) to analyze reasons why immigrants choose self-employment.¹¹

Majority of self-employment is by choice

They found that a majority of self-employed respondents (regardless of immigration status) indicated that they did **not** enter self-employment because of labour market difficulties. (No actual percentage was reported in the study.) That is, most respondents could be considered *voluntarily* self-employed: they have chosen to pursue self-employment as opposed to being self-employed because of labour market difficulties. However, immigrants have greater representation than non-immigrants among the minority who are *involuntarily* self-employed, that is, would rather be in paid employment. For recent immigrants this difference was even more pronounced. A significant percent (35%) of self-employed immigrants indicated that they preferred paid employment,

Section Summary

- Self-employed immigrants are more likely than non-immigrants to be self-employed by chance rather than by choice, although a majority consider themselves to be voluntarily self-employed.
- Recent immigrants were more likely than other immigrants to prefer paid employment: more than one-third indicated that they preferred paid employment to self-employment.
- More than 7 in 10 immigrants who were self-employed by choice (voluntarily) cited entrepreneurial values – independence, freedom, own boss; control, responsibility, decision making; challenge, creativity, success, satisfaction; and more money – as the reason for self-employment.

¹⁰ Feng Hou and Shunji Wang, *Immigrants in self-employment*. Statistics Canada, Perspectives on Labour and Income, June 24, 2011, 3.

¹¹ Hou and Wang, *Immigrants in Self-employment*. The SSE interviewed 4,015 self-employed respondents, of whom 470 were immigrants.

which is almost exactly the same percentage of self-employed immigrants who are classified as involuntarily self-employed (33%).

Of the voluntarily self-employed, immigrants and non-immigrants enter self-employment for different reasons. Among the list of reasons for self-employment (entrepreneurial values¹², flexible work arrangements, pre-existing opportunities, and other reasons such as lower taxes), they found that most immigrants (71%) chose entrepreneurial values, while fewer Canadian-born respondents (59%) chose this option. This finding reinforces the notion that immigrants tend to be more entrepreneurial than persons who remain in their country of birth.

Advantages and disadvantages of self-employment

Respondents were also asked about the key advantages and disadvantages of being self-employed. Opinion was very similar for immigrants and non-immigrants. The most commonly listed advantages were independence, flexible hours, control over work, and challenge/creativity. However, among immigrants, the *involuntarily* self-employed were more likely than the *voluntarily* self-employed to cite flexible hours, and less likely to cite independence, control over work, and challenge/creativity.

Immigrants and non-immigrants also tended to rank disadvantages in a similar manner. The most frequently cited disadvantages were uncertainty/insecurity, income/cash-flow problems, lengthy work hours, and lack of benefits. Among immigrants, the *involuntarily* self-employed were more likely than the *voluntarily* self-employed to cite uncertainty/insecurity, income/cash-flow problems and lack of benefits. However, they were less likely to cite lengthy work hours as a disadvantage.

Better-resourced immigrants more likely to be self-employed

Unfortunately, there is no recent public data on income levels among self-employed immigrants, although at least one Statistics Canada report is expected to be released on this topic in late 2011 or early 2012. However, an analysis of Statistics Canada's 2003 Ethnic Diversity Survey does yield some insight into this area. Citing it as a "rare quantitative analysis of new ventures originated by individuals across many ethnicities," Kerr and Schlosser analyzed data from the responses of 7,129 adult immigrant survey participants across the country.¹³

The authors grouped immigrants according to their levels of human and social capital (referred to as "personal and social investment" in the article), with the "high investment" group encompassing immigrants who had completed some postsecondary education (university

¹² Entrepreneurial values include independence, freedom, own boss; control, responsibility, decision making; challenge, creativity, success, satisfaction; and more money.

¹³ Gerry Kerr and Francine Schlosser, "Start-up and Success in Ethnic New Ventures," *Frontiers of Entrepreneurship Research* 27,5 (2007). Available at: <http://digitalknowledge.babson.edu/fer/vol27/iss5/4>

Bachelor's degree or higher, or attainment of a college, trade, or vocational school diploma), had fluency in two or more languages (including but not necessarily an official language of Canada), and had membership in one or more social groups (including arts/cultural, community, ethnic, hobby/social, job-related, religious, service, sports, and youth/children's groups).

The results of the analysis indicated that a larger proportion (almost double, percentage-wise) of high-investment immigrants reported being self-employed, as compared to the remaining group of immigrant respondents. In contrast, survey participants at the other end of the scale in terms of human and social capital were much less likely to be self-employed. In the words of the authors:

The effect was pronounced and highly significant, with less than half the proportion of lowest investors self-employed, when compared to all immigrant respondents. . . . Thus, responding to the opportunities presented to them, immigrants possessing substantial capital are more likely to be self-employed. In contrast, those lacking such investments were more likely to work for other people, at a lower rate of pay.¹⁴

In other words, self-employment is more likely to be an option for better-resourced individuals.

Another noteworthy finding from this study pertains to the income levels of those surveyed. Within each grouping of immigrants, according to their levels of human and social capital or "investment," self-employed immigrants reported significantly higher incomes than their peers. This also held true overall, that is, self-employed survey participants reported higher income levels across the entire group of immigrants.

Motivations for self-employment

In a 2010 York Region study of 100 newcomer entrepreneurs, participants were asked why they established or planned to establish their own businesses. The survey results were not compiled in a numeric format, but the report notes that the "answers were as varied as the number of interviews."¹⁵ Many cited motivations that anyone might cite, e.g., securing financial independence, autonomy (being able to work close to home, having control over work hours), and coming from an entrepreneurial family. Other responses were more specific to their status as immigrants, e.g., lack of foreign credential recognition prevented them from working in their intended field, or they saw an opportunity to provide a necessary cultural service or product to their own community that would otherwise be unavailable, such as cuisines that meet dietary restrictions or come from a certain region, beauty services, translation services, and traditional clothing and artifacts. Other participants stated that they had never had business intentions but found themselves in business due to an unexpected opportunity, family breakdown, war in their homeland, securing of an import-export connection, or needing to work from home due to a family obligation.

¹⁴ Ibid., 8-9.

¹⁵ Workforce Planning Board of York Region and Bradford West Gwillimbury, *The Newcomer Entrepreneurship Experience in York Region* (York: Workforce Planning Board, 2010), 9.

In his study of Portuguese and Black business owners in Toronto, Teixeira identified several reasons for entry into small business: as a means of achieving some “control” and economic independence, lack of jobs, and carrying on a family business. Overall, he identified more “pull factors” that lured people into business as opposed to “push factors” that brought them into business against their will or original intention.¹⁶ Major reasons cited for going into business in his follow-up study included: personal or family aspiration, prospect of success, and dissatisfaction with paid employment.¹⁷

A recent article in the *Journal of Entrepreneurship* describes various reasons why immigrants decide to start businesses.¹⁸ The authors argue that, when individuals emigrate from their home country they have a certain level of entrepreneurial drive that leads them to identify opportunities that are not apparent to the existing business community. Exchanges between newcomers and established groups foster globalization through the dissemination of new products and values across national borders.

One immigrant interviewed for this project articulated a compelling reason for starting a business that is not described in the literature above. Although gainfully employed in his field only a few years after arriving in Toronto, he realized that by the time he worked up to where he wanted to be in the firm, he would have reached retirement age. He was far junior to where he had been in his home country. It was this realization that prompted him to consider starting his own business, which he subsequently did.

Does motivation affect business outcome?

The differing motivations between the “pull” and “push” groups would seem to lead to generalizable differences among their businesses in terms of ambition, scale, and size of the businesses they own and operate. But it is difficult to capture any differences empirically because some entrepreneurs, no matter their motivation, are simply better resourced and better skilled – or simply luckier. Despite the fact that more entrepreneurs are attracted to, rather than pushed into, self-employment, most small businesses never grow beyond sole proprietorship. Of the two million self-employed persons in Canada in 2005, 60% had no paid help.¹⁹ In brief, there does not seem to be a parallel between the original motivation for becoming self-employed and the success of the resulting enterprise.

¹⁶ Carlos Teixeira, “Community Resources and Opportunities in Ethnic Economies: A Case Study of Portuguese and Black Entrepreneurs in Toronto,” *Urban Studies* 38 (2001): 2055-2078.

¹⁷ Carlos Teixeira, Lucia Lo, and Marie Truelove, “Immigrant entrepreneurship, institutional discrimination, and implications for public policy: A case study in Toronto,” *Environment and Planning C: Government and Policy* 25 (2007): 176-193.

¹⁸ P.C. Ensign and N.P. Robinson, “Entrepreneurs because they are Immigrants or Immigrants because they are Entrepreneurs? A Critical Examination of the Relationship between the Newcomers and the Establishment,” *The Journal of Entrepreneurship* 20,1 (2011): 33-53.

¹⁹ Data from 2006 Canadian Census.

A STUDY OF IMMIGRANT ENTREPRENEURS IN YORK REGION

In 2010, 100 immigrant entrepreneurs were asked about their experiences starting businesses in York Region. More than half of study participants were either self-employed with no employees or had only one employee. Only one business had more than 20 employees. Sixty of the 100 participants had owned only one business in Canada. Interestingly, “an overwhelming” number of respondents operated their business with no family assistance. Those who did rely on family to help with the business tended to work in restaurant, grocery, retail, and gas/service sectors.

Source: *Workforce Planning Board, The Newcomer Entrepreneurship Experience in York Region.*

BARRIERS TO BUSINESS START UP

The contents of this section are based on a review of the literature and responses to interviews with immigrant entrepreneurs and those who provide services to them.²⁰

In general, starting a business can be a daunting challenge for anyone, immigrant or not. The odds are stacked against new businesses, with many failing or closing after several years.²¹ Within this context, newcomers face many of the same challenges in starting a business as the Canadian-born population. However, they may have some additional barriers in terms of language, lack of familiarity with business culture, lack of social networks, access to financing, and discrimination.

Financing

Financing was consistently identified as the most difficult issue for immigrant entrepreneurs. In the 2010 York Region study, difficulties acquiring start-up funding were most commonly cited as an important obstacle to newcomer entrepreneurs. In the study by Teixeira, Lo, and Truelove, financing ranked as the top problem by Caribbeans and Somalis, and as the second most important problem by Koreans.

In general, a person needs a two-year untarnished credit history in Canada to obtain a bank loan. This is an obvious barrier to recent newcomers needing financing. One immigrant interviewed for this project felt that she was able to get a bank loan because she already had a track record of business ownership in Canada, and because she was putting up 90% of the financing and asking the bank for only 10%. Nonetheless, she felt that business loans were difficult to acquire and required

Section Summary

- Immigrants face many of the same challenges in starting a business as the Canadian-born population. However, they may have some additional barriers in terms of language, lack of familiarity with business culture, lack of social networks, access to financing, and discrimination.
- Among immigrants, lack of financing or access to capital assets is identified as the main barrier to starting a business.
- Linguistic barriers, including lack of business, technical, and legal vocabulary, prevent immigrants from starting businesses. They may keep entrepreneurs from expanding beyond their own ethnic enclaves. Non-verbal communication skills are also important and may need to be relearned within the Canadian context.

²⁰ Relevant articles include Teixeira, "Community Resources and Opportunities in Ethnic Economies;" Teixeira, Lo, and Truelove, "Immigrant entrepreneurship, institutional discrimination, and implications for public policy;" Workforce Planning Board of York Region and Bradford West Gwillimbury, *The Newcomer Entrepreneurship Experience*; Francine Schlosser, Fabio Costante, and A. Shallal, *Barriers facing Canadian Immigrant Small Business* (Windsor: Odette School of Business, University of Windsor, 2007).

²¹ Just over half of Canada's small businesses are still operating at their five year mark. Fisher and Reuber, *The State of Entrepreneurship in Canada*, 9-10.

extensive paperwork. Several interviewees got their bank loans through the Canada Small Business Financing (CSBF) Program, a government-backed program in which lending decisions are made by Canadian financial institutions. Starting a small business is risky, and many do fail. Not surprisingly then, the CSBF Program is the sole means through which many small businesses can get bank loans.

Among immigrants interviewed as part of this research, many of them secured at least some of their financing from family members living in Canada or overseas. One new business owner sold land in her home country to finance her new business. Another individual waited five years to get his business started due to lack of financing before ultimately being able to acquire micro-credit.

Several other interviewees avoided this barrier by starting businesses that did not require significant financing. Instead, they relied mostly on their own human capital and expertise. Using skills acquired before coming to Canada, they started off by working from home and planned to secure office space as the business grew.

Language

Language was also identified as a barrier, and not only for recent immigrants. In the York region study, language proved a challenge even among immigrants who had been in Canada for more than ten years. In Schlosser's study of immigrant entrepreneurs in Windsor, difficulties speaking the language of business and English more generally were identified as top barriers. Lack of fluency in English or French may prevent entrepreneurs from expanding their businesses beyond their own ethnic enclaves, thereby impeding business growth.

Persons interviewed for this research noted that communication skills encompass more than one's ability to speak a language. In business, it is important to make a good first impression, and this includes interpersonal skills and confidence that are related to, but go beyond, language ability.

Writing a business plan

In discussing her experience with a pilot program for newcomer entrepreneurs, a key informant interviewed for this research noted the most interesting finding of the pilot: newcomers on average took three times longer than Canadian-born participants to write a business plan. This was observed in classroom situations where newcomers worked alongside Canadian-born individuals. This may be due to language barriers, but also a lack of familiarity with Canadian regulations.

Lack of social and professional networks

Again and again, the literature and interviews point to a lack of networks as an obstacle to starting and maintaining a business. The absence of networks extends from school-, postsecondary-, and neighbourhood-based connections that many Canadian-born citizens automatically have, to the lack of professional networks and mentors who can “show the ropes” to a newcomer wanting to start a business.

Researchers Kerr and Schlosser examined the importance of social networks in their work. Regression analysis found only two group-related investments to be linked significantly with personal income for self-employed immigrants:

The effects of belonging to an ethnic association and to a sports club were large, positive, and significantly (highly so in the case of the sports groups) connected with personal income. No other group-related activities were significantly linked with personal incomes.²²

Based on this finding, the authors advocate for the availability of mentoring support for highly skilled immigrants that would help them to develop social capital related to ethnic and sports groups. These could be offered by university business schools and other social institutions.²³

A separate regression analysis of the Ethnic Diversity Survey by a different group of researchers reached some similar conclusions about the incidence of self-employment and the importance of social capital.²⁴ But they suggested that social capital was an advantage to the self-employed only when it consisted of associational networks that expanded beyond familial and ethnic ties. In the words of the authors:

In our view, the differential value of social capital across ethno-racial groups could be a cause of economic segregation in self-employment in Canada, such that those with resource-rich networks benefit from their social relations while those whose networks are resource-poor fail to take advantage of self-employment opportunities.²⁵

One entrepreneur interviewed for this study noted that it was very challenging to find the right people who could help her with her business idea. She hired consultants to assist her, but in the end concluded that the best connections she found were through industry-related professional associations, including a women's-only organization, and also ethnic professional associations.

Another entrepreneur felt that the ingredient for success was to surround oneself with a community of people – whether advisors, mentors, or coaches – who can help move you forward when you get stuck. It is natural to make mistakes, but it is easy for a business to get stuck, and it is important to have knowledgeable people to go to when that happens. This person also felt that Canada lacks champions in the area of immigrant entrepreneurship.

²² Kerr and Schlosser, “Start-up and Success in Ethnic New Ventures,” 9.

²³ Ibid.

²⁴ Reza Nakhaie, Xiaohua Lin, and Jian Guan, “Social capital and the myth of minority self-employment: Evidence from Canada,” *Journal of Ethnic and Migration Studies* 35 (2009): 625-644.

²⁵ Ibid., 641.

SUPPORTS FOR IMMIGRANT ENTREPRENEURS IN THE GTA

The previous section identified some of the obstacles faced by newcomers starting businesses.

This section describes supports designed to help overcome these obstacles. There are a range of supports available to newcomers who wish to start their own businesses. They can be divided into several categories, each of which is explained in further detail, with examples provided, below: information and referral, training, financing, individualized supports, business incubation, and professional networks. Some supports are targeted specifically to newcomer populations while others are more general in nature but available to newcomers. Many have eligibility requirements, some of which may exclude more recent immigrants. Table 1 categorizes those supports in table format, showing which are available in the GTA, Ontario, and Canada-wide.

There are many other supports that may be instrumental to helping a particular newcomer start and run a business but which are not aimed specifically at persons intending to start a business, e.g., language training, financial literacy courses, and credentials recognition. However, this review focuses specifically on business-related supports only.

Information and referral

The information and referral process helps match people with services. The objective is to match people with the services that will meet their individual needs. Business-focused information and referral services in the GTA consist of the following:

- **Small Business Enterprise Centres** (SBECs) are located around the province, with GTA locations in Toronto, Brampton, Mississauga, Oakville, North York,

Section Summary

- Similar to the Canadian-born population, immigrants seeking to start businesses require a viable business idea, some business training, and access to financing. Immigrants may also require orientation to Canadian business culture.
- There are a range of general supports available to all entrepreneurs that newcomers who wish to start their own businesses can also access.
- However, there is a paucity of support targeted specifically to newcomer populations. The supports that do exist are thinly spread across the GTA and are completely lacking in eastern areas such as Scarborough.
- Financing is the main challenge faced by immigrants in starting their own businesses, and there are few options available to them aside from standard bank loans. The Canada Small Business Financing Program shares the risk of small business loans with financial institutions. Immigrants do apply to this program, but it has been criticized for its cumbersome loan process.
- At least two micro-loan programs are available in the GTA, but uptake is minimal among newcomers (fewer than ten persons a year). One program is very new and the other is expanding, so numbers should increase.

continues...

Richmond Hill, Markham, and Newmarket. Supported by the Ontario Ministry of Economic Development and Innovation, SBECs provide entrepreneurs with the resources and tools they need to start and grow their businesses, including information on registration and licences, import/export, and patents and copyright. Services are in English only and sometimes French, but staff members may speak other languages.

- **Canada Business Ontario** is a free information and referral service for anyone in the province wishing to start or grow a business. It consists of a website and Business Info Line supported by Industry Canada and Service Canada. The call centre provides services in English and French only, but numerous popular business documents on the website are available in 12 languages. Documents include: Business Plan Guide, Choosing and Setting up a Location, Consulting a Lawyer for your Business, and more than 20 other topics.

Optimally, newcomers to Canada will know where to access information about business start-up and services that can help them. Although we cannot assess the extent to which this is true in the Greater Toronto area, there are several sources for information and referral that do appear to be well-utilized by newcomers. For example, Enterprise Toronto reports that, evidenced by their involvement with this population, newcomers are starting businesses in large numbers (exact figures not provided, observation made by interview). Enterprise Toronto is one of eight Small Business Enterprise Centres in the GTA.

Section Summary (continued)

- Training programs are an essential component of business supports for newcomers. These provide in-depth opportunities for persons to work on a business plan, receive feedback, and benefit from peer support and interaction.
- The only business start up training available to the general public is the Ontario Self Employment Benefit, but eligibility requirements automatically eliminate many people, including former business owners and newcomers without a work history in Canada. There are only a handful of programs of this nature that focus specifically on immigrants.
- Supports designed exclusively for newcomer populations offer a “value added” to more generic services such as small business enterprise centres, namely because they can address some of the barriers exclusively faced by newcomers, such as communication issues and lack of knowledge of Canadian business culture.
- The settlement sector has an important role to play in providing supports for immigrants interested in starting a business, including information and referral to “mainstream” organizations. Training and individualized supports should be delivered by knowledgeable individuals with business experience as well as familiarity with Canadian business requirements.

Training

Training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of useful vocational or practical skills and knowledge. Training institutions include colleges, school boards, libraries, and private and not-for-profit organizations. Some training programs offer income supports for participants.

For business start up and maintenance, training often includes an overview of the substance of starting and running a business, how to write and follow a business plan, Canadian business law, and more. For newcomers to Canada, training programs may include language or cultural components such as business language and Canadian norms of professional and interpersonal behaviour.

The training available to newcomers in the GTA (but not specific to newcomers) consists of:

- The **Ontario Self Employment Benefit Program (OSEB)** is a 42-week program with income supports. Entry is competitive and is based on the viability of the business concept proposed and also the client's need for training and support. OSEB is funded through the federal Employment Insurance (EI) fund and administered by the province. Participants must be EI eligible or have reachback status.²⁶ In Toronto, most referrals come from the Toronto Business Development Centre, also some SBECs and colleges. Some course locations, such as Centennial College Scarborough, have many newcomer participants who have the intention of starting transnational businesses or ethnic enterprises. However, recent newcomers for the most part do not qualify for OSEB because they lack a Canadian employment history as an employee. Also, OSEB is not available to persons with a background in business ownership because they also lack the required employment history. As such, this program excludes entrepreneurial newcomers. OSEB is neither open to franchisees, nor to persons with professional designations desiring to work in that field.
- **Ontario Works Self-Employment Development (OWSED)** is similar to OSEB but limited to recipients of Ontario Works (social assistance). It is offered at the Toronto Business Development Centre and other locations. The training phase of this program is a combination of in-class instruction and independent study. The program is designed to help clients start up and operate their businesses by providing valuable background on business planning, marketing, sales, financials, and business operations. Participants complete a business plan, and on-going business advisory support is available for one year after course completion.
- **Small Business Enterprise Centres** regularly offer workshops and seminars on various topics related to starting and operating a business, e.g., registering a business and tax filing obligations. These are normally offered in stand-alone sessions.

The **Global Business Centre (GBC)** at the Newcomer Centre of Peel (NCP) is the lone example of business start up supports specifically targeting the broad population of

²⁶ EI reachback clients are unemployed clients who have had an EI claim in the past three years or received maternity or parental benefits in the past five years before applying for Employment Benefits assistance. <http://www.hrsdc.gc.ca/eng/cs/sp/hrsdcc/edd/reports/2000-000462/page03.shtml>.

newcomers in the GTA. GBC offers a 12-week curriculum on business start-up covering business education topics (legislation; IT, and business-specific technology; taxation; resource management; and, marketing) and an English language business communication component. This program is funded by Citizenship and Immigration Canada (CIC) and is available to permanent residents of Canada. NCP's most recent annual report states that 773 clients have been served by the GBC and the Labour Market Access for Newcomers program combined (compared to 1916 persons served by more general settlement services).

Other training programs focus on specific immigrant populations such as immigrant women (**Microskills Womens Services**), newcomer youth (**Brampton Board of Trade**), and francophone women (**Le Reseau de Développement Économique et d'Employabilité de l'Ontario**). The course content and training is similar to what is offered by GBC.

Based on interviews with some students and one instructor in the above training courses, what appears to be distinct about the courses specifically targeting immigrant populations is their emphasis on Canadian professional etiquette (e.g., shaking hands, exchange of business cards), workplace norms, and culture. At GBC, students are encouraged to speak in front of the class and receive feedback on their business plans and marketing materials. These exchanges could take place in a course for the Canadian-born as well, but the “value added” in this program is the increased focus on Canadian norms and expectations. Course participants graduate with confidence to start a business, both because of their improved knowledge base and because of the peer exchanges and bonding they have experienced with other participants. Thus, immigrant-specific training can be thought of as a first step or “springboard” into the Canadian business world.

An optimal training curriculum for immigrants to Canada would include a combination of generic business content and instruction geared to increasing understanding of Canadian workplace norms and customs. An immigrant-focused course offered alongside a more generic one is one possibility. However, there are no such “generic” courses offered outside the Ontario Self-Employment Program and similar programs for persons on Ontario Works, so this idea is not viable at this time. Another possibility would be to offer a course in several modules or components so that persons could focus on areas of concern but not be bogged down by instruction in areas that are not relevant to their needs. This would allow for more continuity and depth than is found in existing “one off” sessions offered by the Small Business Enterprise Centres while at the same time maintaining efficiency and flexibility.

We know that few immigrants start businesses within the first few years after arrival in Canada, and anecdotal data emphasizes the importance of familiarity with Canadian businesses to business success. Yet many of the services for immigrant entrepreneurs are focused on helping them very soon after arrival. The Canada Youth Business Foundation (CYBF) Newcomer Entrepreneur Program is available to persons who have been in Canada less than three years. Also, immigrants are no longer eligible for federal-funded settlement services once they become Canadian citizens. It would seem that such eligibility requirements should be loosened when it comes to supports for business start up.

Given Toronto's size and economic importance, the lack of training opportunities in business start-up is rather surprising. Moreover, the most intensive supports (OSEB and similar program for OW clients) focus on segments of the population who had prior unsuccessful attachments to

the labour market rather than any original intentions of entrepreneurship. Given the large newcomer population in the GTA, the paucity of training programs available to them is glaringly insufficient. Moreover, they are concentrated on the west side of the GTA, with very few offerings in central Toronto and nothing available in Scarborough and the east end of the city.

Bill (Xiao Xin) Zhang, Ink E-Sale Inc.

Prior to immigrating to Canada, Bill Zhang worked in international trade for the Government of China. Once in Canada, he worked in various manual labour jobs, moving equipment and storage and making copies in a print shop. He wanted to go into business but had no idea how to get started and was limited by his English skills. After two years of working in Canada and not knowing how to move forward into a career track, a friend told him about the Global Business Centre (GBC) at the Newcomer Centre of Peel. He signed up for GBC's in-class training on starting a new business, and he also took LINC courses to improve his English language skills.

At the beginning of the course, Bill had lots of ideas, but he did not know how to research them or identify which might make viable businesses. By the end of the course, he had his own business and had won the "Entrepreneur of the Year 2011" award from the GBC. Ink E-Sale Inc. launched in February 2011 as a discount ink and toner cartridges supply company, offering more than 1,000 different cartridge models. The business started as a website selling directly to the public, but Bill quickly learned that many Canadians prefer to purchase from a retail outlet. Acting on advice from his GBC counselor, Bill developed an authorized retailing system that has grown to four retail partners in Ontario in only two months. A fifth authorized retailer has just opened in Regina, Saskatchewan.

He is now in the process of opening a new warehouse centre that will allow him to double the size of his business. He also plans to rent out warehouse space to other GBC clients.

He credits the GBC course with giving him the foundation to get started, including knowledge of legal and tax-related issues, accounting, and professional habits and behaviour. Most of all, he believes that improved communication skills have helped his business. His in-class training completed, Zhang has returned to GBC to talk with business counselors and to seek further advice on growing his business.

What helped: business start up course that included a communications component combined with one-on-one supports.

Financing

Financing here refers to providing or raising the funds or capital for the creation and maintenance of a business. Financing ranges along a continuum from micro-loans under \$1,000 to multi-million dollar investments. At either end of the continuum, financing a business is one of the biggest challenges for an entrepreneur.

Debt financing refers to loans made with the expectation of being repaid. Business owners sometimes rely on their own sources of funds first by using personal loans, home equity loans, credit cards, and family or friends, before requesting a loan from a bank or other financial institution. Debt financing allows a business owner to retain control of the business. By contrast, equity financing refers to investments in a business, perhaps from family and friends, or “angel investors” who believe in a business idea. Their investment is riskier than a loan and often buys a stake in the company. Though the investment is made without certain expectation of being repaid, investors often hope to profit from their investment.

A recent government report on financing of small and medium enterprises (SME's) found the following with regard to access to financing (quoted directly):

- In 2007, start-up SMEs primarily used informal sources of funding, such as personal savings (73%); however, about half of SMEs (51%) secured commercial or personal loans from financial institutions compared with 64 percent for established SMEs.
- All SMEs used traditional financing methods, such as retained earnings (57%) and lease financing (22%) to fund their operations. SMEs also tended to use informal financing sources, such as the owner's personal savings (54%) or loans from the owner's relatives or friends (9%).
- Financial institutions often require documents and guarantees before granting access to financing. In 69% of loan applications, the bank asked to see the business' financial statements and in 46% of cases the owner's personal financial statements as well. The larger the business, the more weight the lender gives to the business' financial statements and the less it gives to the personal financial statements of the owner.²⁷

Not all potential business owners will be willing or able to meet requirements of documents and guarantees. As noted elsewhere in this report, such requirements may prove more difficult for immigrants to meet due to lack of credit history in Canada, difficulties with language, lack of familiarity with business plans and Canadian financial statements, and other factors.

Several financing programs are available to entrepreneurs, including newcomers:

- **Canada Small Business Financing Program** offers loans up to \$500,000 through financial institutions to small businesses with annual revenues under \$5 million. Loan decisions are made by financial institutions, but the risk is shared by the Government of Canada (Industry Canada). All small business loans from Canadian banks are made through this program. It has been criticized for requiring extensive paperwork and taking too long for the loans to be approved, but it is the only small business loan program available. As a result, business advisors sometimes counsel clients needing debt financing to rely on home equity loans or lines of credit rather than this loan program (interview).

²⁷ Government of Canada, *Key Small Business Financing Statistics*. SME Financing Data Initiative (Ottawa: Industry Canada, December 2009), 4.

- **Business incubation centres** (discussed below) may include access to financing as part of their supports. These are aimed at potential high-growth companies only. For example, ventureLab in Markham outlines this client profile on its website: “You are in the right place if you have an innovation technology. A patent has been granted. You are looking for money, somewhere from \$100,000 to a million dollars for a launch or growth. And you hope to generate exceptional financial returns.”
- **ACCESS Community Capital Fund** helps individuals without collateral or credit history obtain an affordable micro-loan to improve their standard of living through entrepreneurship. ACCESS has recently started partnerships with community agencies in two Toronto priority neighbourhoods to better reach low income individuals. Newcomers, visible minorities, and women have secured numerous loans from this fund.

The only *immigrant-specific* financing program identified by this study is the **CYBF Newcomer Entrepreneur Program**. Launched in October 2010, it is the newest offering of the Canada Youth Business Foundation. It offers flexible loan assessments that do not require a credit history to entrepreneurs aged 18-34 who have been in Canada less than 36 months. Persons can receive up to \$15,000 in start-up financing: a maximum of \$7,500 from CYBF, matched with a maximum amount of \$7,500 from the Business Development Bank of Canada (BDC). CYBF has offices across the country and relationships with 170 community partners that deliver programs.

Optimally, a variety of financing options would be available to individuals wishing to start a business. However, that is not the case. The recent expansion of ACCESS Community Capital Fund into neighbourhood offices should help more smaller-scale immigrant entrepreneurs get their businesses off the ground, but this program remains relatively small at this point in time. Most entrepreneurs require larger amounts of capital and, unless they are under the age of 35, a bank loan is really their only option. Unfortunately, these loans are not easy to acquire. One can understand the caution around small business loans which are by nature risky, but the loan approval process could be streamlined and improved. Given the few resources around financing small businesses, it is not difficult to see why more advantaged immigrants are more likely to be self-employed than their counterparts with fewer resources.

Alejandro Monsivais, Mexicatessan

When Alejandro came to Canada in 2003, he quickly realized that he would be unable to continue working in the editorial field unless he returned to school. Even outside his field, it was difficult to find work in the midst of a weak economy and the SARS crisis. After months of searching, and not before using up his family's savings and maxing out their Canadian credit card to pay overdue bills, he was hired as a cook in a Toronto restaurant.

Within a year, he had decided to start his own business making and selling different foods from his home country of Mexico. However, no banks would give him a loan, saying it was too risky. So Alejandro continued at his restaurant job, all the time gaining skills and knowledge about Canadian eating preferences.

Five years later, Alejandro successfully applied for a micro-loan from ACCESS Community Capital Fund, a program he learned about in a small business seminar at the YMCA. Operating through its financial partner Alterna Savings to administer and register the loans, ACCESS provides qualified entrepreneurs with affordable small loans, in the process helping them establish a credit history. In Alejandro's case, he credits the \$5,000 loan as being "essential" for his Mexicatessan catering and supply business to get off the ground. Two years later, he took out a second loan from ACCESS to help bridge the gaps between product delivery and payments. Alejandro says ACCESS is the only institution he could find that would give him a loan. Under a new program at ACCESS, he has also started meeting with a mentor to assist with his cash-flow management.

Based on his experience thus far, he advises anyone wishing to start a run a business in Canada to (1) know the field of work, (2) recognize that you are in a different country and culture, and this means that people do business differently, (3) try to borrow as little money as possible, (4) maintain a good credit record, and (5) keep your cash flow up to date.

What helped: access to micro-credit, connection to a mentor, and exposure to Canadian consumption habits.

Individualized supports

Individualized supports include advice, counseling, and mentoring offered in a one-to-one format. Individualized supports are tailored to the needs of the person seeking assistance. Often, they entail assistance with forming a business plan.

There are many online tools to assist with writing a business plan, but there are very few services that will actually help someone write the plan. Business plans are a prerequisite for acquiring financing from every organization covered in this report.

Several organizations offer individual advice, counseling, and mentoring to all entrepreneurs including immigrants. The most significant of which is offered by **Small Business Enterprise Centres** where clients can receive individualized assistance from staff on a drop-in or

appointment basis, including assistance with business plan development. Small Business Enterprise Centres play a vital role in this area of support, though services are usually offered on a drop-in basis as opposed to through an ongoing relationship with a single advisor. Assessing their ability to help immigrants is beyond the scope of this report, but on the whole they appear to be very busy places, indicating that they are well-utilized but also that it may be difficult for staff to meet the demand for services to address immigrant-specific needs.

In the GTA, the following other services were identified (a few explicitly support newcomers):

- **Connect Legal** is a unique organization offering legal supports to immigrant entrepreneurs. One of its supports entails matching low-resource immigrant entrepreneurs with volunteer commercial lawyers who provide pro bono commercial law services.
- **CYBF** offers a mentoring program that accompanies its loans. Also, CYBF entrepreneurs-in-residence provide support and guidance in all areas relating to the start of a new business. Finally, there is a peer-support network (Entrepeer) that connects entrepreneur youth online and face-to-face with other entrepreneurs as well as mentors and business champions from across Canada.
- **Global Business Centre** at the Newcomer Centre of Peel offers one-on-one supports to individuals in the training program and also to persons not accessing the training. Supports include accompaniment to financial institutions and site visits to businesses started by program participants. Program graduates may return for advice after program completion.
- **Global Youth Entrepreneur Project** is offered through the Brampton Board of Trade; this course includes a mentorship component. Mentors are expected to help participants design their business plan.



Utrecht, the Netherlands: Mentors coach immigrant entrepreneurs

The project Mentor Plus is intended to strengthen professional entrepreneurship by bringing about successful links between employers (mentees) and experienced mentors, who can help the participating employers to solve a specific business problem through coaching and advice. A sub-objective is to make the employer confident in the use of the employer networks, including the Chamber of Commerce and employers' associations. The project will also significantly improve job opportunities, the social environment, and social structure in the neighbourhood.

Contact info: Utrecht Westflank - local programme management
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http://www.eukn.org/E_library/Economy_Knowledge_Employment/Urban_Economy/Business_Support/Business_Advice/Mentors_coach_immigrant_entrepreneurs_Utrecht_the_Netherlands



Helsinki, Finland: Business Counseling for Entrepreneurial Success

EnterpriseHelsinki is a one-stop service centre where companies with growth potential get all the information they need to start and run a company in Helsinki through personal consultation and online business tools. EnterpriseHelsinki offers business counseling by connecting new companies with experts, who are free of charge, and available in Finnish, Swedish, English, Russian, Estonian, German, and Arabic. Today, 37% of clients are immigrants.

EnterpriseHelsinki offers basic and advanced entrepreneurship courses designed to familiarize new immigrants with Finnish business culture. Business advisors – all with experience working with immigrants – give confidential, “hands-on guidance” on all aspects of establishing, running, and developing a business, from writing an effective business plan, right through to applying for a start-up grant or loan.

http://citiesofmigration.ca/good_idea/helsinki-business-counseling-for-entrepreneurial-success/

Business incubation

A business incubator is an entity organized to deliver support services to businesses during the start-up phase. The goal of the incubator is to help business owners grow their business to the point that they are viable without supports.

Business incubation programs are often sponsored by private companies or municipal entities and public institutions, such as colleges and universities, but also by other not-for-profit entities. Incubators may provide a wide range of services including management and consulting assistance, office space and shared facilities, shared equipment, shared administrative services, and other business support. By sharing the resources, operating expenses are reduced for all incubator tenants.

Unlike many business assistance programs, business incubators do not serve any and all companies. Entrepreneurs must apply for admission to a program. In general, only those with feasible business ideas and a workable business plan are admitted. It is this factor that makes it difficult to compare the success rates of incubated companies against general business survival statistics, but it is generally believed that successful completion of a business incubation program increases the likelihood that a start-up company will stay in business for the long term.

Business incubation is for entrepreneurs at the large-scale end of the business continuum. In terms of the publicly-funded incubation centres in the GTA, these were identified:

- **Toronto Business Development Centre (TBDC)** is a not-for-profit organization committed to nurturing the growth of new and emerging businesses. Business development support is delivered through channels including business incubation, evening seminars, and community outreach.

- The Ontario Government launched the Ontario Network of Excellence (ONE) that has now grown to 400 commercialization experts located throughout the province to help businesses “move through the innovation and commercialization process.” In the GTA, these include the **MaRS Discovery District** (Toronto), **Research Innovation Commercialization Centre** (Mississauga), **Innovation Durham Northumberland**, **ventureLAB** (Markham), and **HalTech** (Halton Region). The ONE centres focus on technology entrepreneurs with high growth potential, though each has its own particular areas of focus. For example, MaRS focus includes advanced materials and engineering; cleantech; information technology, communications and entertainment; life sciences and health care; and social innovation. RIC Centre works with technology entrepreneurs in aerospace, advanced manufacturing, life sciences, and emerging technologies.

Business incubators focus on a select clientele of businesses. Optimally, business incubators could serve a wide variety of growth-oriented businesses, not limited to the technology sector. An evaluation of the incubators above is beyond the scope of this report. Anecdotally, there do not appear to be many immigrants utilizing these business incubators.



Aarhus, Denmark: Creation of a local bazaar

The Gellerup area, in the Danish city Aarhus, has become the main area of residence for many socially-disadvantaged citizens. The local authorities knew of several people who were running small-scale businesses from their homes, i.e. people were using apartment rooms for storage and exhibition. Most of this trade was illegal, and one way of legalizing trade was by organizing it within the framework of a Bazaar, modeled on the Mediterranean Bazaars with small stalls side by side under the same roof. Thanks to this initiative, about 60-80 people have moved from living on social benefits to being self-supported. A few have even made a career out of it and are now doing business outside of the Bazaar.

http://www.eu kn.org/E_library/Economy_Knowledge_Employment/Urban_Economy/Business_Support/Encouraging_Entrepreneurship/From_social_exclusion_to_entrepreneurship_Aarhus_Denmark

Professional networks

Finally, professional networks help entrepreneurs make new contacts and connect with other people in the same industry or occupation. These “warm contacts” can be useful in terms of information and knowledge sharing as well as for soliciting clients and business partners. For newcomers, professional networks whose members are from the same country of origin or ethnic group may offer a “comfort zone” for transition into Canadian society.

There are hundreds of professional networks in the GTA. General professional networks include **Chambers of Commerce**, some of which host more specific networks focused on ethnic or immigrant communities. Examples of such professional networks include:

- Black Business and Professional Association - www.bbpa.org
- Chinese Business Chamber of Commerce - www.fccm.ca/business.html
- Association of Chinese Canadian Entrepreneurs - www.acce.ca
- Canada Sri-Lanka Business Council - www.csrbcbiz.com
- Guyana-Canada Chamber of Commerce
- Mississauga Board of Chinese Professionals Businesses - www.cpbmississauga.com
- African Canadian Social Development Council - www.acsdc.ca
- Canadian-Chinese Computer Association - www.theccca.com/AboutCCCA
- The Hong Kong - Canada Business Association - <http://national.hkcba.com>
- Chinese Importer & Exporter Club of Canada
- Richmond Hill - Markham Chinese Business Association - www.rhmcba.ca

Two professional networks were mentioned specifically in project interviews with immigrant entrepreneurs as having been helpful to them:

- **TIE (The Indus Entrepreneurs)** fosters entrepreneurship globally through mentoring, networking, and education. The Toronto chapter is one of 57 chapters across 14 countries, with 13,000 members, including over 2,500 charter members.
- **Impact** is a Canada-wide student-run organization that promotes youth entrepreneurship. It was founded by a second generation Canadian at the University of Waterloo.



Amsterdam: Moroccan Entrepreneurs Network

Marokkaans Ondernemers Netwerk (MON) is an initiative for active self-employed entrepreneurs of Moroccan origin in Amsterdam focusing on network activities. Within MON, members find information on entrepreneurship, the opportunities and dilemmas that accompany it, support of activities, and opportunities for cooperation. On 8 April 2005, the MON organized a meeting on 'matchmaking', where agencies were introduced to Moroccan entrepreneurs. More than 70 interested parties participated in the meeting. Since its foundation, MON has established an entrepreneurs office which potential entrepreneurs can visit if they have questions.

Contact info: R. Boussaid, tel. +31 20 6239369

http://www.eukn.org/E_library/Economy_Knowledge_Employment/Urban_Economy/Business_Support/Encouraging_Entrepreneurship/Moroccan_Entrepreneurs_Network

Table 1: List of Business Supports

	GTA	Ontario-wide	Canada-wide
Information and Referral	Enterprise Toronto and other Small Business Enterprise Centres (SBECs)	Small Business Enterprise Centres Canada Business Ontario	Canada Business.ca Small Business Finance Centre (private)
Training	Global Business Centre (Newcomer Centre of Peel)* Enterprise Toronto and other SBECs Self-Employment Training for Women (Microskills)* Home-based Childcare Program for Women (Microskills)* D'inform-elle a form-elle* Global Youth Entrepreneur Project (Brampton Board of Trade)*	Ontario Self-Employment Benefit Ontario Works Self-Employment Development Opportunities for All*	Canadian Chamber of Commerce
Financing	ACCESS Community Capital Fund		Canadian Youth Business Foundation (CYBF) CYBF Newcomer Entrepreneur Program* Canada Small Business Financing Program Business Development Bank of Canada

Individualized Supports	Global Business Centre (Newcomer Centre of Peel)* Enterprise Toronto and other SBECs Global Youth Entrepreneur Project (Brampton Board of Trade)* Connect Legal*	Opportunities for All*	Canadian Youth Business Foundation
Business Incubation	Toronto Business Development Centre MaRS Discovery District, RIC Centre, Innovation Durham Northumberland, ventureLAB, HalTech	Ontario Network of Excellence	
Professional Networks	Numerous ethnic and national business associations*		Canadian Chamber of Commerce Impact Canadian Federation of Independent Business Advancing Canadian Entrepreneurship/ Students In Free Enterprise

* denotes a program specifically designed for immigrants or members of an ethnic community. Other programs are more generally focused but open to newcomers. Further details of these programs can be found in a program inventory companion piece to this paper.



Carson City, Nevada: Creating an Entrepreneur Friendly Public Library, the Business Resource Innovation Center (BRIC)

A local library expanded into a business centre, conceived as a multi-function business centre that would support local entrepreneurs from the ground up by providing a centralized suite of services.

<http://www.growinglocaleconomies.com/efriendly>

GOOD PRACTICES FOR PROMOTING IMMIGRANT ENTREPRENEURSHIP

Documentation of good practices is useful to determine how specific challenges have been met elsewhere. A number of interesting practices are highlighted throughout the document. However, these practices have been developed within a particular geographic, demographic, and policy context that may not be easily translatable elsewhere. In addition, these practices have been identified as interesting, without reviewing any formal evaluation measures.

Policy-level initiatives that were mentioned in the literature (but not highlighted throughout the report) as benefitting all entrepreneurs include tax-free start up (1-2 years of no business tax), zoning controls, and vacant land distribution programs. These kinds of initiatives are discussed in the Center for an Urban Future 2007 report *A World of Opportunity* focusing on immigrant entrepreneurship in New York City and containing sections on Los Angeles, Houston, and Boston.

General findings

Given the constraints of this research and the difficulties of briefly describing multiple best practices, described here are the most important lessons learned from the selected good practices in a recent large-scale study of immigrant entrepreneurship in the European Union. Readers interested in learning more about the good practices are requested to consult the European Commission report directly.²⁸

In *Examination and Evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs*, the authors categorize good practices by six objectives. These objectives are to:

Section Summary

- The search for good or best practices must be undertaken with caution. Practices are developed within a particular geographic, demographic, and policy context that may not be easily translatable elsewhere. They are usually presented as interesting examples and are rarely evaluated.
- A study of immigrant entrepreneurship conducted by the European Commission grouped good practices into the following types of policy measures or support schemes:
 - Raise awareness among immigrants
 - Improve skills and competencies of individual entrepreneurs
 - Strengthen the social, cultural, and financial resources of entrepreneurs
 - Improve market conditions
 - Implement favourable regulation (at local, national, and supranational level)
 - Strengthen intermediary organizations (training bureaus, consultancies, business associations)

Some of the good practices found in the literature review, such as mentoring and the creation of “one stop shops” for small businesses, already exist in limited form in the GTA and other Canadian cities.

²⁸ European Commission, *Examination and Evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs* (Brussels: European Commission, March 2008).

- Raise awareness among immigrants of entrepreneurship opportunities through for example, advertising in ethnic media and mobilizing immigrant community leaders;
- Improve skills and competencies of individual entrepreneurs by, for example, offering language courses, offering multi-lingual entrepreneurship services, and offering a comprehensive package of support services from training, counselling, networking, and incubator services to administrative and legal services;
- Strengthen the social, cultural, and financial resources of entrepreneurs by, for example, mobilizing transnational networks, developing ethnic business associations, and linking ethnic entrepreneurs with mainstream business associations;
- Improve market conditions (the authors note there is little activity in this area but that incentives for entrepreneurs, whether immigrants or not could be categorized here);
- Implement favourable regulation by identifying regulatory obstacles and validating foreign training and experience; and
- Strengthen intermediary organizations (training bureaus, consultancies, business associations) by, for example, engaging them in policy development, communicating immigrant entrepreneur success stories, and sensitizing them to the needs of immigrant entrepreneurs.

Some findings from the OECD

The OECD report *Open for Business* discusses various practices in member countries. They are not identified as “best practices” per se, but they are practices that have been deemed helpful to immigrant entrepreneurs. The authors of the report note:

Targeted support schemes for business immigrants, aimed at encouraging the development of migrant entrepreneurial activity, exist in some OECD countries (namely Denmark, Finland, Norway, and Sweden). Measures consist mainly in providing to migrant entrepreneurs training, guidance, mentoring, and improving their network-building capacity, and are implemented by various intermediary agents, including chambers of commerce, employers’ organisations and branches of local government. One area that should be strengthened, in order to improve the effectiveness of such support measures is networking between entrepreneurs and intermediary agencies.”²⁹

²⁹ OECD, *Open for Business*, 19.

Finance is Key

“...enhancing migrants’ access to credit would be a key tool to improve the success of migrant enterprises, as well as to help them emerge from traditional occupations confined to the lower segments of markets and expand to high-value activities. In this process, the role of banks is crucial. The reluctance of banks to lend to migrants can be partly related to a higher default risk, given the higher failure rate of migrant businesses compared with natives businesses. Less willingness on the part of banks to grant loans to migrant entrepreneurs is also related to difficulties in assessing the creditworthiness of migrants, which decrease the longer the migrant lives in the host country. In addition, perceived (higher) risks in lending to certain national groups can be related to cultural factors and discrimination...”

Community-based and non-governmental organisations can play a role...

- promoting the mutual understanding between credit institutes and migrant entrepreneurs, especially through the implementation of financial literacy programmes...;
- Governments need to put in place bilateral and multilateral agreements on credit registers cooperation, whose main objective would be to improve the exchange of information at a global regional and bilateral level.
- Credit institutions and non-government organisations should also provide advice to migrant entrepreneurs on how to create a credit history.”

Source: *OECD, Open for Business.*

CONCLUSIONS

This research has brought together various literature, data, and a program review into a single document providing an overview of immigrant entrepreneurs and the self-employed in Toronto, and the business-related supports available to them.

The objectives of this research were to (1) identify characteristics of self-employment and entrepreneurship among immigrants, (2) describe the challenges faced by immigrants in starting new businesses, and (3) document and describe existing services, programs, and policies available in the Greater Toronto Area (GTA) for immigrants who are self-employed and entrepreneurs.

Based on the supports and resources documented in this paper, one can conclude that there is a paucity of business-related support services aimed specifically at newcomer populations. Moreover, many of the supports for immigrants focus on specific immigrant populations, namely immigrant women, youth, and francophones. While such targeted programs are certainly valuable, there is a need for programming that focuses on newcomers in general, including newcomer men. At present, the Global Business Centre in Peel appears to be the only support in the GTA of this nature.

The program review also highlights the lack of options for financing a business. Access to capital was identified as a major obstacle to starting a business, and it is evident from this review that few supports exist other than bank loans and very small scale micro-credit. At least two micro-loan programs are available in the GTA, but uptake is minimal among newcomers (fewer than ten persons a year). One program is very new and the other is expanding, so numbers should increase. Persons under the age of 35 can access loans via the CYBF, but, again, this is a limited population. The CYBF program is highly regarded and could be expanded to serve older persons.

The information presented here begs the question about the “value added” of supports aimed exclusively at newcomers. For example, if newcomers can access Small Business Enterprise Centres, then do they need their own centres as well? Based on a review of programming as well as input from interviews, it appears that supports targeting newcomer populations add value to more mainstream programs. First, newcomers have a certain comfort level accessing services from an organization that has experience with diverse communities and whose staff have knowledge of the settlement experience. Second, such services can include content of specific interest to newcomers only, e.g., addressing communication issues and business culture. Sessions that address how the business climate in Canada differs from elsewhere would be valuable and may include an introduction to the legal system, bidding processes, health and safety standards, and business taxes, for example. Third, because newcomers take considerably longer than their Canadian-born peers to write a business plan, immigrant-only courses and individualized supports could be useful.

A major EU report on immigrant entrepreneurship grappled with this question as well and reached this conclusion:

There is not a significant difference between the issues in general promotion programmes for entrepreneurship and the specific promotion of ethnic minority entrepreneurship. However, the target-group specific approach that prevails in ethnic entrepreneurship programmes can generate direct benefits in the short term and can lead to creative solutions and innovative service packages for the target groups. However, ethnic entrepreneurs face problems and challenges that are similar to those that mainstream entrepreneurs are facing: the need for a conducive environment to work in, a level playing field and cost effective bureaucratic services. In other words, by developing special target-group specific entrepreneurship programmes one can obtain positive short-term results. If however, one wishes to reach out to larger numbers and promote sustainable business, one should take the general impediments for SME development into account.³⁰

In addition, the report recommended that, “general measures, programmes, and organisations become more responsive to all kinds of diversity.”³¹

This research also begs the question, of the supports available, which are most widely used by immigrant populations? There is no aggregate data on this topic, but some studies have addressed this issue. In his 2001 study³², Teixeira found that both Portuguese and Blacks used a wide variety of sources to obtain information and advice about starting and operating a business, including professional organizations and social networks. He also found that many entrepreneurs were involved in their ethnic community, and he identified a high reliance on co-ethnic clients.

In the 2010 York Region study³³, the most commonly cited supports and services were banking institutions, also small business enterprise centres, settlement organizations, and the Ontario Self-Employment Benefit Program. Interestingly, one-fourth of respondents had never had any contact with any type of business support services. Most of these respondents wanted to access such supports but either did not know where to go or felt that their official language capacity was insufficient to make use of them.

The settlement sector has a role to play in the promotion of entrepreneurship among newcomers. However, funding structures have not traditionally supported a business focus, and it is not clear that they are comfortable in this role. They may not have the knowledge or the familiarity with Canadian business requirements needed to refer their clients to the services that exist.

Possible Next Steps

Building up the institutional capacity and knowledge to deliver quality programming takes time. This should be facilitated through programming whose funding is stable and multi-year

³⁰ European Commission, *Examination and Evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs*, 41.

³¹ Ibid., 42.

³² Teixeira, “Community Resources and Opportunities in Ethnic Economies.”

³³ Workforce Planning Board of York Region, *The Newcomer Entrepreneurship Experience in York Region*.

rather than project-based. Pilot programming can help promote innovative approaches and services, but should ideally be accompanied by the opportunity to secure longer-term funding.³⁴

In addition, community organizations, government, and other stakeholders could support immigrant entrepreneurs who lack these advantages by:

- piloting an expansion of the Ontario Self Employment Benefit Program to low-income people who are not EI eligible;
- engaging private sector lending institutions to overcome barriers to private sector loans which may require a lengthy credit history in Canada;
- promoting and growing existing micro loan programs;
- raising awareness in ethnic media of what services for entrepreneurs currently exist;
- assessing whether those serving immigrants in the GTA have the capacity to integrate businesses planning and services into their suite of offerings;
- piloting an itinerant business development suite of supports for underserviced areas of the GTA;
- offering a pilot program that provides business training in languages other than English or French; and
- exploring and possibly piloting a business-to-business mentoring program with the Chamber of Commerce/Board of Trade.

In addition, Small Business Enterprise Centres could review their programming for immigrants and if necessary, undertake programming for immigrants on communications and language skills, and/or business plan writing. Settlement workers could be convened to determine the extent to which they identify entrepreneurship as a viable alternative to paid employment for their clients, and to assess their knowledge and comfort related to referrals of business supports.

Prosperous businesses provide benefits not only to those who own them but also to the broader economy and society. Given that small businesses are key to Canada's future economic growth, and recognizing that even very small-scale enterprises can make a real difference to a low-income family, it is time to increase opportunities and supports to individuals across the spectrum wishing to start businesses.

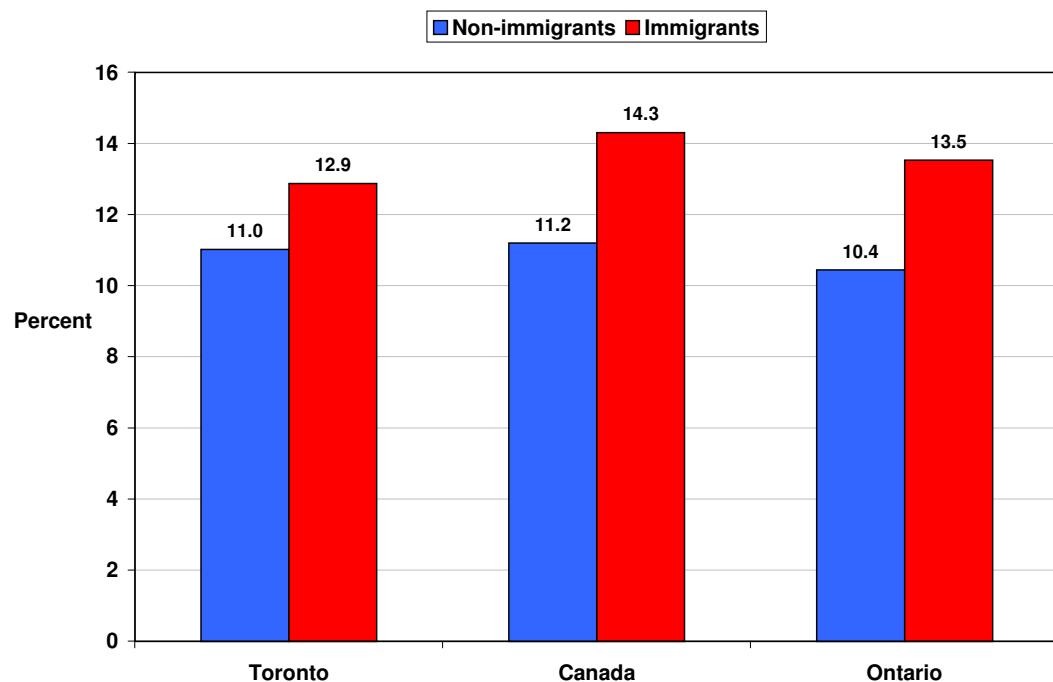
As organizations consider how they might best support immigrants wanting to start businesses, it will be important to recognize the great diversity of reasons for creating businesses, the varying levels of business ambition among immigrants, and the multitude of areas and supports that could be addressed. It is hoped that this paper has presented a comprehensive overview that can serve as a firm foundation for action.

³⁴ European Commission, *Examination and Evaluation of Good Practices*, 42.

APPENDIX 1. ADDITIONAL DATA ON IMMIGRANT ENTREPRENEURS IN THE GTA

All of the following figures were created by the author based on data from the 2006 Census, and Toronto data is based on the Toronto Census Metropolitan Area (CMA).³⁵ Recent immigrants are defined as those who came to Canada between 1996 and 2006.

Figure 2: Self-Employment Rates by Immigration Status and Geographic Region, (%)



³⁵ GTA-specific data is not publicly available for immigrant self-employment. While the CMA and GTA boundaries do not entirely overlap, most of the population of the GTA resides in the CMA. The main differences between the two are that the GTA includes Halton and Durham, whereas CMA data does not include the Burlington part of Halton nor the Brock, Scugog, Whitby, Oshawa, and Clarington parts of Durham.

Figure 3: Self-Employment Rates by Age and Immigration Status, Toronto CMA, (%)

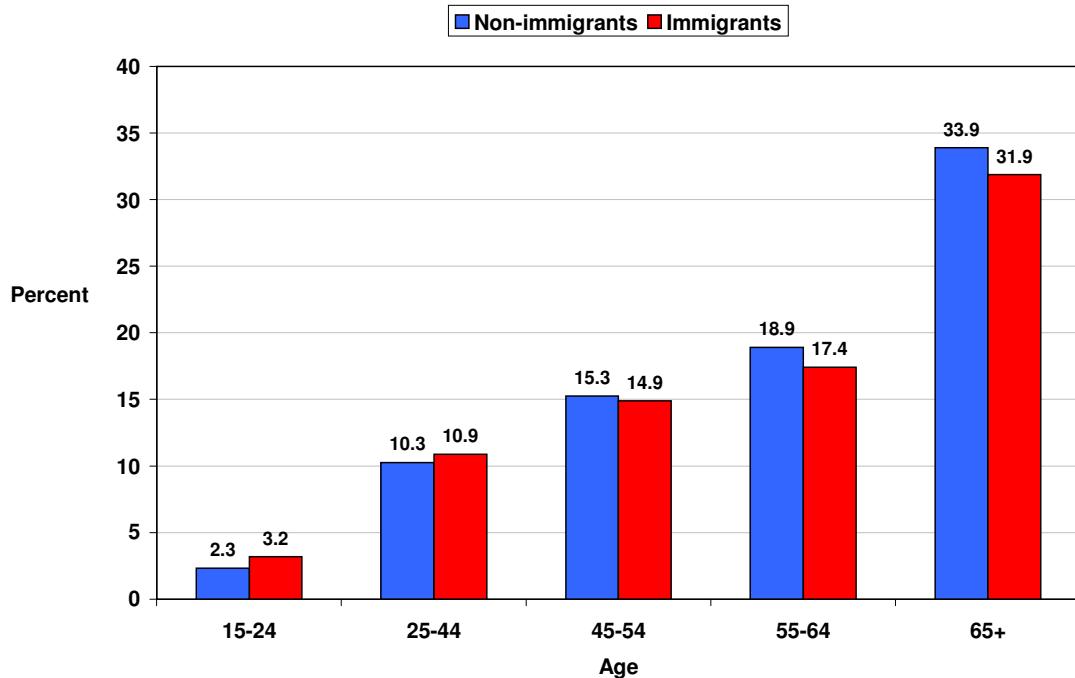


Figure 4: Self-Employment Rates by Age and Period of Immigration, Toronto CMA, (%)

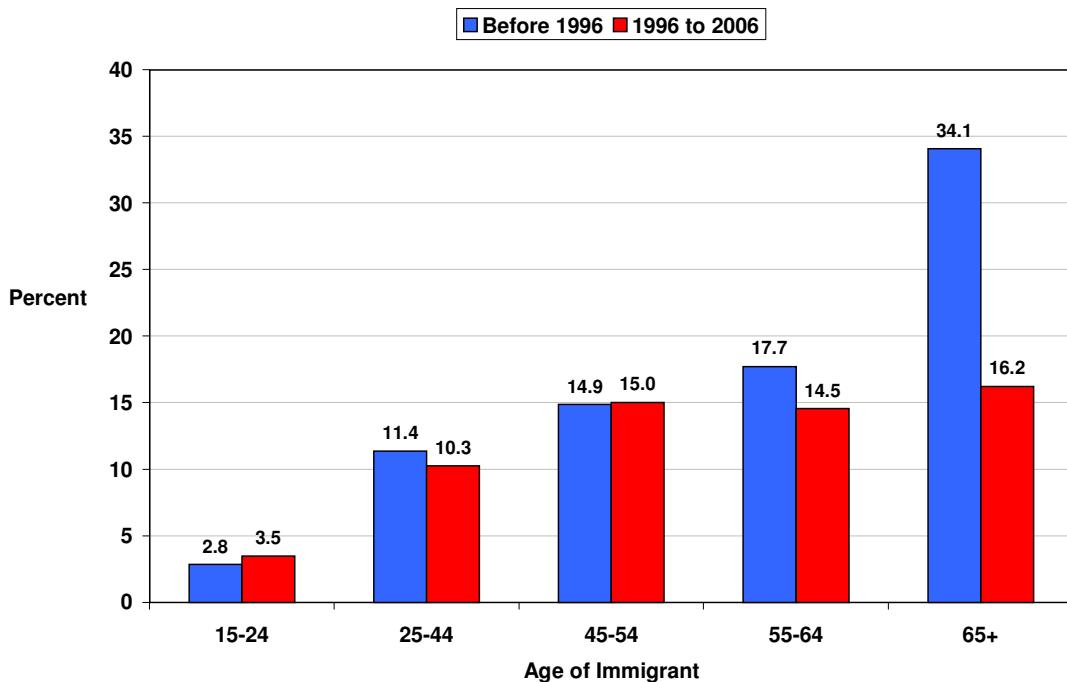


Figure 5: Self-Employment Rates by Gender, Recent Immigrants, Toronto CMA, (%)

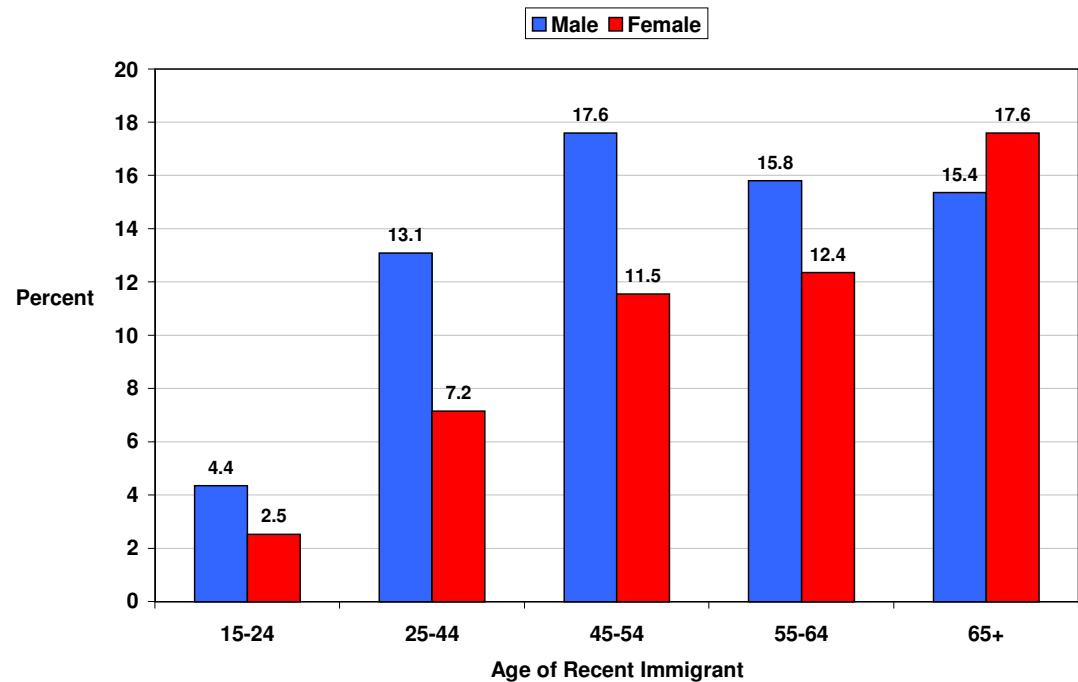


Figure 6: Self-Employment Rates & Industry, Immigrants, Toronto CMA, (%)

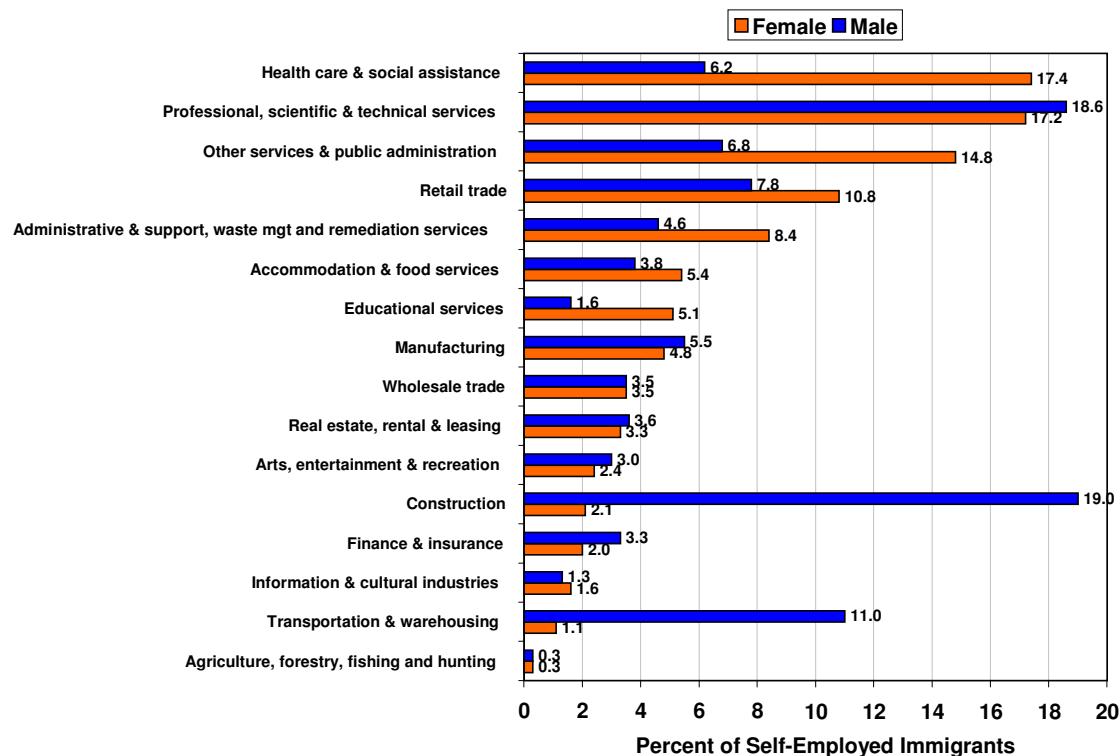


Figure 7: Self-Employment Rates & Occupation, Immigrants, Toronto CMA, (%)

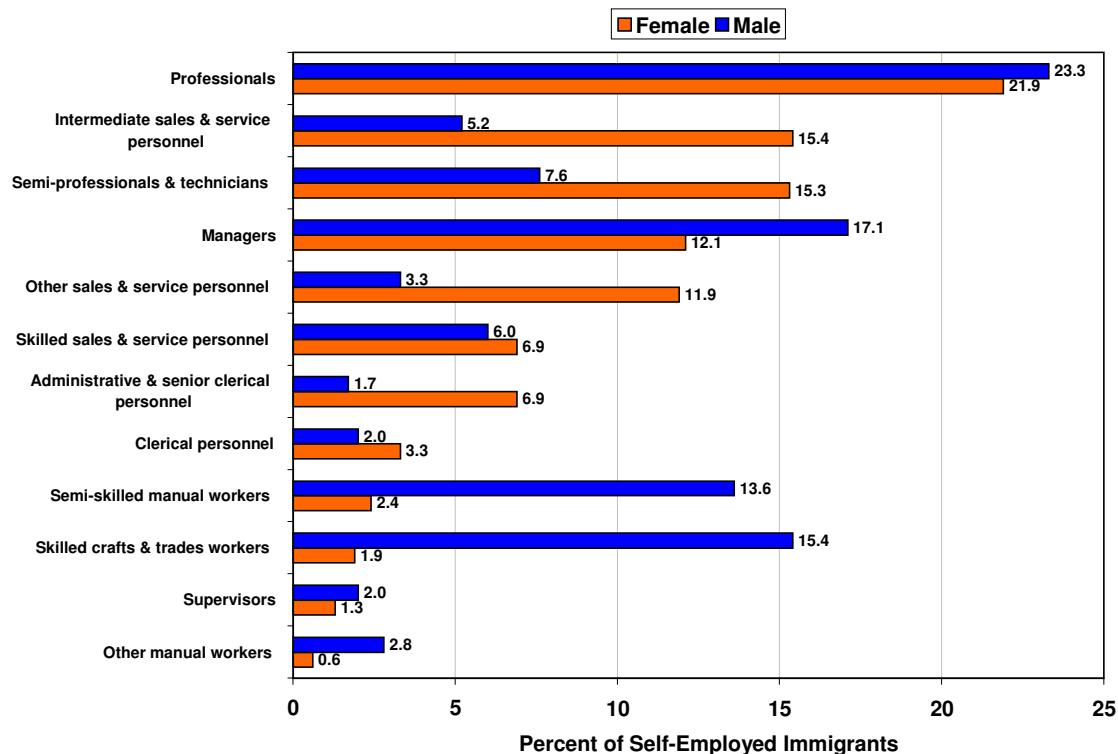


Figure 8: Self-Employment Rates by Marital Status, Gender and Immigration Status, Toronto CMA, (%)

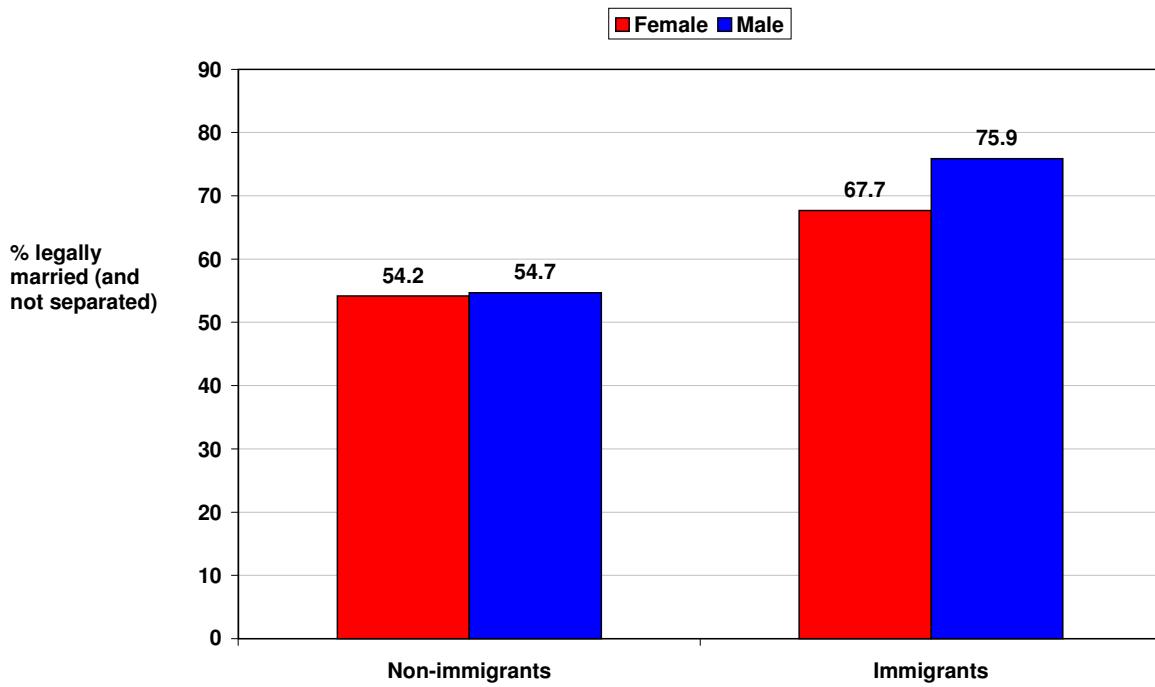
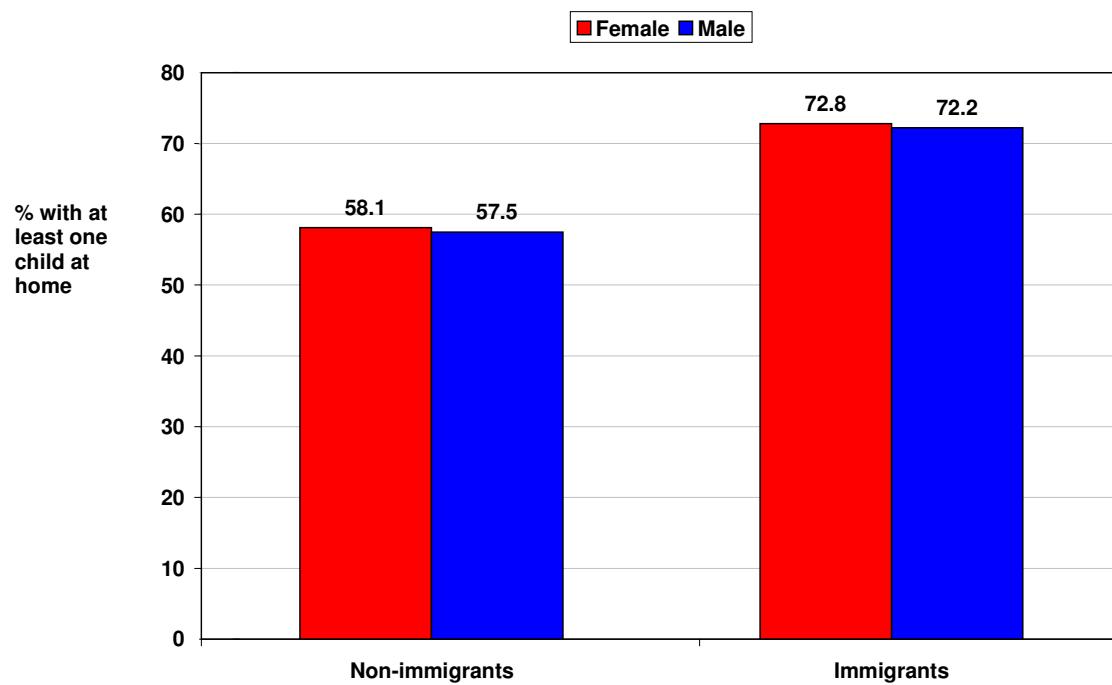


Figure 9: Self-Employment Rates by Presence of Children, Gender, and Immigration Status, Toronto CMA, (%)



APPENDIX 2. PERSONS INTERVIEWED

Alejandro Monsivais, Mexicatessen

Gautham Nath, Partner, Monsoon Communications

Sonya Kautz, President, Eco Chefs Ready Meals

Ray Cao, CEO, Loose Button

Biljana Vasileva, Owner, Glowing Mom

Mo Ettehadieh, President and CEO, METTKO

Caio Santos, Illumine IT Consulting

Xiao Xin “Bill” Zhang, Ink E-Sale, Inc.

Ronnie Gamueda, Owner, SmartTech IT Support

Ruth Herrera, Jewelry Maker

Ivan Todorovski, Business Development Advisor, Global Business Centre, Newcomer Centre of Peel

Bjoern Kingsley, Business Development Advisor and Mentorship Facilitator, Global Business Centre, Newcomer Centre of Peel

Zohair Hasanhbai, Instructor, Global Business Centre, Newcomer Centre of Peel

Vincent Yang, Canada Business Ontario

Rodel Imbarlia-Ramos, TRIEC Peel Region

Marion Annau, Connect Legal

Beth Dea, Canadian Youth Business Foundation

Alex Kjorven, Access Community Capital Fund

Tiffany Mah, Ontario Ministry of Research and Innovation

Shane Hebel, Impact Entrepreneurship

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Literature, Data, and Program Review**

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