

Immigrant Self-Employment and Entrepreneurship

This issue draws on the large body of research on the subject of immigrant entrepreneurship to explore the experiences of immigrants in self-employment. It examines the benefits and barriers to self-employment for immigrants and offers strategies for facilitating immigrant entrepreneurship. Resources to support newcomers in starting a small business are provided.

Introduction

Across many countries, including Canada, immigrants are more likely than non-immigrants to be self-employed. In the late 2000s, about 19% of immigrants were self-employed, compared to 15% of the Canadian-born population.¹ In particular, immigrants who have been in Canada for longer than ten years are more likely than the Canadian-born to be owners of private incorporated businesses (5.8% vs 4.8%).² Five industries make up over half of all immigrant-owned businesses in Canada: professional, scientific, and technical services; retail trade; real estate; accommodation and food services; transportation and warehousing; and construction.³

Terminology

Self-employment and entrepreneurship are often used interchangeably. Both terms refer to someone who is working for themselves rather than as a paid employee of another organization, which is the employment status denoted by the term **self-employment**. However, the term **entrepreneur** usually refers to someone who takes on a greater degree of financial risk and is more oriented towards a growth strategy for their business. The two categories are overlapping and the information presented here is intended to apply to both groups.⁴

Why do immigrants enter self-employment?

Close to half of all self-employed immigrants earn more of their income from paid employment than from their self-employment activities.⁵

Self-employment rates in Canada are affected by both “push” and “pull” factors. Immigrants and non-immigrants experience these factors differently, leading to different motivations for entering and staying in self-employment.

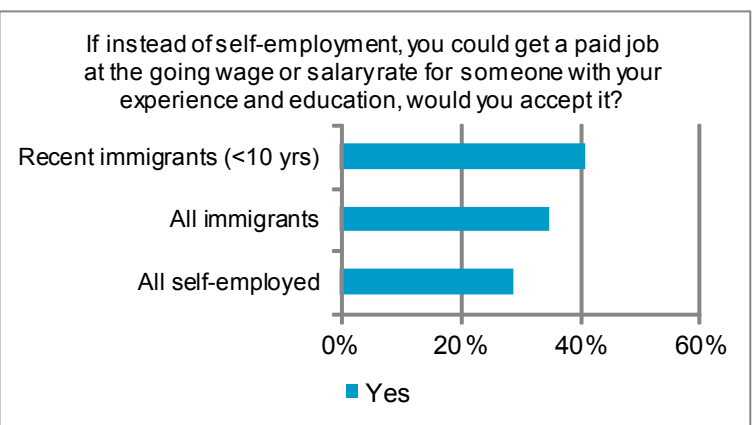
Pull factors

Most people who enter self-employment do so by choice.⁶ Those who enter self-employment voluntarily do so for a variety of reasons, and these reasons are different for immigrants compared to their Canadian-born counterparts.

Some immigrants enter Canada specifically through entrepreneurial immigration streams with the intention of becoming self-employed.⁷ In addition, immigrants are more likely to be motivated to enter self-employment because of values like valuing independence and being one’s own boss. They are less likely than the Canadian-born to say they have entered self-employment for the flexibility it offers.⁸

Push factors

Immigrants are more likely to face barriers to paid employment such as difficulty getting foreign credentials recognized, language barriers, lack of a professional network in Canada, and discrimination. These factors may push an individual to start a business or become self-employed as a way to overcome these barriers.⁹ In the 2000 Survey of Self Employment, 33% of immigrants reported that they had entered self-employment because of difficulties finding a job, compared to 20% of Canadian-born people. Immigrants, and in particular recently-arrived immigrants, were more likely to say that if they could get a paid job at the going wage for someone with their experience and education, they would leave self-employment to accept it.¹⁰ Overall, research suggests that immigrants are more likely to be involuntarily self-employed than their Canadian-born counterparts.¹¹



Source: Statistics Canada

References

- ^{1, 6, 8, 10} Hou, F. and Wang, S. (2011). [Immigrants in Self Employment](#). Statistics Canada.
- ^{2, 3, 5} Green, D. et al. (2016) [Immigration, Business Ownership, and Employment in Canada](#). Statistics Canada.
- ^{4, 12, 13} Wayland, S. (2011). [Immigrant Self Employment and Entrepreneurship in the GTA: Literature, Data, and Program Review](#). Metcalf Foundation.
- ^{7, 9} Roy, M. et al (2014). [The Economy and Resilience of Newcomers: Exploring Newcomer Entrepreneurship](#). Social Planning Toronto.
- ¹¹ Abada, T. et al (2012). [Choice or Necessity: Do Immigrants and Their Children Choose Self-employment for the Same Reasons?](#) Statistics Canada.

Barriers to Entrepreneurship

Common barriers faced by immigrants who wish to start their own business include:

- **Finance and lack of credit history:** Immigrants often have a shorter credit history in Canada and may be less likely to have assets such as homes that can be used as collateral.¹²
- **Language and ease of communication:** Immigrants may lack the strong English or French language abilities that are important in negotiating and understanding complex regulations, as well as making a good impression on potential investors and clients.¹³
- **Lack of social and professional networks:** Immigrants may have fewer connections and a smaller network due to their relative newness to an area. Research suggests that networks extending beyond familial and ethnic ties are particularly important for ensuring the success of a business.¹⁴
- **Administration and dealing with bureaucracy:** A successful business in Canada requires not only knowledge and understanding of rules and regulations, but also familiarity with Canadian business culture, which may take time for newcomers to build.¹⁵

Facilitating Immigrant Self-Employment

Research has shown that immigrants are more likely to be successful in self-employment if they are voluntarily self-employed, if they are highly educated, fluent in the local language, have brought expertise from a similar business in their home country, have taken business seminars and courses in Canada, and have strong local networks.¹⁶

Small business support services—both mainstream services and services targeted at immigrants—can help to counteract many of the barriers faced by immigrants in starting their business. These supports include:¹⁷

- **Training:** Giving immigrants the tools to develop business plans and achieve economic literacy
- **Mentoring:** Helping immigrants establish business networks and contacts.
- **Legal advice and counselling:** Providing expert support on intellectual property, tax regulations, and labour law.
- **Access to credit:** Facilitating bank loans for immigrant entrepreneurs, or encouraging seed funding, microloans and other forms of finance.

Immigrant entrepreneurs have said that support services which increase knowledge of the rules and regulations of opening a business in Canada are the most useful.¹⁸

Pathways to Success

A research project studying immigrant entrepreneurship in Ontario identified a clear pathway followed by many successful immigrant small business owners.¹⁹

Phase 1: Settlement

- Upgrades language skills if required
- Works in his/her field, learning Canadian practices and preferences first-hand



Phase 2: Business Conception

- Pursues some upgrading if required, including basic business seminars, health and safety workshops
- Builds local business networks, including mentors
- Writes a business plan
- Pursues financing



Phase 3: Business Launch

- Achieves financing goals
- Patience combined with constant rethinking and tweaking of business plan
- Hard work, long hours focused on the business

Resources for Clients

- Skilled Immigrant Infocentre: [Starting a BC Business for Newcomers](#)
- Small Business BC: [Do I have to be a Canadian to start a business in BC?](#)
- UBC Small Business Accelerator Program: [The Newcomer's introduction to starting a business in British Columbia](#)
- Mentorship BC: [Mentorship programs aimed at newcomers](#)
- Settlement.org: [Business & Self-employment pages](#)
- Province of BC: [Starting a small business in BC](#)
- Worksafe BC: [Small Business Primer](#) (available in [Chinese](#) and [Punjabi](#))

References

^{14, 15, 16, 19} Wayland, S. (2012). [Winning Strategies for Immigrant Entrepreneurship in Five Communities: Final Project Report](#). Workforce Planning Hamilton.

¹⁸ North York Community House (2013). [DIY: Immigrant Entrepreneurs are Doing It for Themselves](#).

¹⁷ Desiderio, M. V. (2014). [Policies to Support Immigrant Entrepreneurship](#). Migration Policy Institute.

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