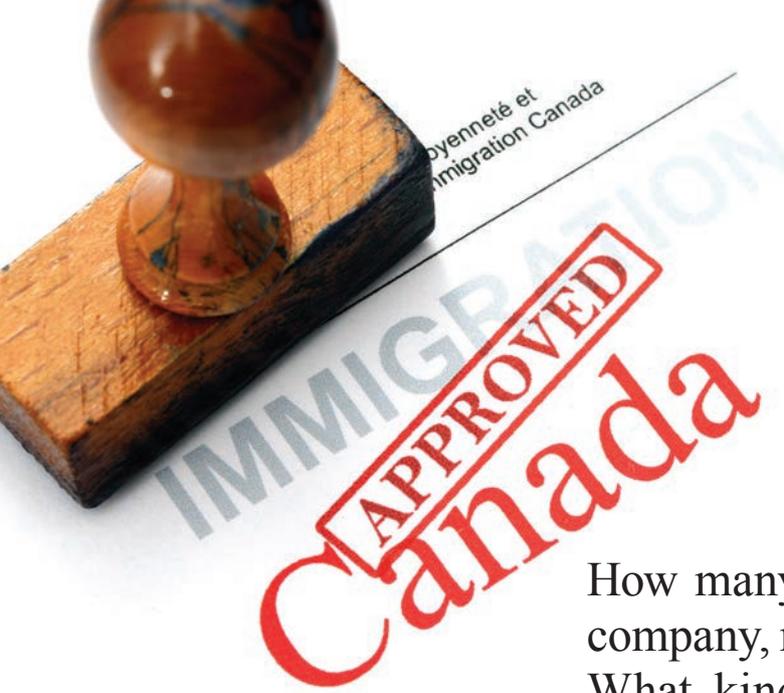


# Bloody Foreigners...



**...coming over here,  
starting businesses,  
creating new jobs**



How many new Canadians start their own company, relative to people born in Canada? What kinds of companies do immigrants create, and how long do they last? Are their firms funded by banks or family and friends? More broadly, do immigrants help or hinder Canada's economy?

BY SCOTT NEILSON

**22% MORE**

A 2011 paper by Canadian academics Hou and Wang (using data from Canada's 2009 Labour Force Survey) concluded that 17.5 per cent of immigrants aged 18 to 69 were self-employed compared with 14.4 per cent of the Canadian-born population. Self-employment, of course, can mean many things—from pursuing an unincorporated activity a few hours a week after a full-time job, to owning and managing a large private incorporated company with many employees (see Magna International, BlackBerry, Saputo, Largo, Shopify, and IMP Group).

**DIGGING DEEPER**



According to a 2016 Statistics Canada analysis of a 2010 dataset from the Canadian Employer-Employee Dynamics Database (CEEDD)...

**...it takes time**

During their first few years in Canada, immigrants have relatively low rates of business ownership and job creation compared with the Canadian-born population. But these outcomes change quickly with years spent in Canada, so that after four to seven years, the propensity of immigrants to own a private incorporated business or to be unincorporated self-employed surpasses that of their Canadian-born counterparts.



**...immigrant-owned businesses tend to be modest in size**

Average firm size is smaller among immigrant-owned private incorporated businesses than similar firms owned by members of the comparison group (mainly Canadian-born). Hence, in terms of job creation, immigrants' higher propensity for business ownership is offset by their smaller firm sizes, so that on a per capita basis the rate of employment in immigrant-owned private incorporated companies was lower for longer-term immigrants than for the mainly Canadian-born comparison group.



**...they're working (very) hard vs. hardly working**

For 46 per cent of the unincorporated self-employed immigrants, self-employment is secondary to paid work. One-half of these secondary self-employment jobs are in real

estate and rental and leasing, either as rental providers or brokers. For the remaining 54 per cent, self-employment is their main source of earnings. But very few of these primarily self-employed immigrants have paid employees. Since the propensity to be primarily self-employed is higher among immigrants than among the comparison group, job creation by self-employment is higher among immigrants.

**BUILT TO LAST**

A second CEEDD-based Statistics Canada report, this one focusing on private firms started between 2003 and 2009, concluded there was on average “little difference in the duration of business ownership between immigrants and the Canadian-born”.

“Seven years after taking ownership, 56 per cent of immigrants and 58 per cent of the Canadian-born were still owners. In both cases, the exit rate from ownership was highest at the beginning of the ownership spell and declined rapidly with years of ownership. Exit rates were marginally higher among immigrant business owners during the first three years of ownership, but there was no difference between the two groups thereafter,” that report stated.

However, it also found that immigrants in Canada for less than 10 years had “significantly shorter ownership spells than the Canadian-born or longer-term immigrants”.

**WHAT TYPE OF BUSINESSES?**

A third Statistics Canada study, published 2017, concluded that business class immigrants per se weren’t (unusually) concentrated in knowledge-based industries (KBI), but rather in industries such as wholesale trade, retail trade and food services. Among primarily self-employed business-class immigrants, real estate leasing stood out, with immigrant representation more than twice as high as that of the Canadian-born self-employed, the report said.

The same report concluded that refugee and family-class owners, meanwhile, were heavily concentrated in more traditional immigrant industries such as retail trade, food services, transit and ground passenger transportation, and services to buildings and dwellings.

**HOW DO THEY FINANCE?**

A fourth and final Statistics Canada report (2018), meanwhile, concludes that immigrants, particularly those in Canada for 20 years or more, were less likely to apply for financing than Canadian-born owners. That report added that when new Canadians did seek financing, they were less likely to turn to financial institutions, lease or trade credit financing, and government-based financing. However, when immigrants applied to those sources, their applications were generally fully approved as often as applications for financing made by Canadian-born owners. That study also suggests that access to financing is seen by immigrant SME owners as one of their least important business issues.

**EXPORT EDGE?**



Are immigrant-owned SMEs exceptional exporters? One might argue they are blessed with the kind of knowledge, language skills and experience needed to conduct business effectively in global markets. Not so, found a 2017 study co-authored by global management professors Horatio M. Morgan and Sui Sui, at the Ted Rogers School of Management in Toronto’s Ryerson University.

Analyzing the export activity and profitability (adjusted for risk) of 9,977 Canadian SMEs, that research showed that while immigrant entrepreneurs were more likely than comparable SMEs to export, they nonetheless reaped insufficient financial rewards. As it turns out, says that study, an immigrant background can be a double-edged sword: while it embodies knowledge and experience that are particularly helpful for conducting business globally, having such competencies “... could, ultimately, lead to poor performance ... depending on the efficacy of individual and collective efforts geared at keeping economic and social barriers at a minimum, and managing counter-productive personal attributes such as overconfidence.”

In a similar vein, a 2018 report from the Conference Board of Trade concludes new Canadian entrepreneurs are “limited by the unique challenges that they face, such as their weak social and business networks in Canada”.

# ON A LOCAL LEVEL

Based in Halifax, publicly-funded Immigrant Services Association of Nova Scotia (ISANS) helps immigrants settle into Nova Scotia, including help with starting or growing businesses. ISANS uses a database to track how many new Canadians come to its Business & Workforce Integration team for training and other forms of development, as well as how many businesses they start, and how long they sustain them. For the past five consecutive years, from 2013/14 to 2017/18 inclusive, the non-profit's figures reveal the following:

## 241

Average number of new Canadians who come to ISANS each year for help with starting or growing a business

## 106%

Growth in number of clients signing up for entrepreneur-focused training annually (from 479 to 990)

## 128%

Growth in new business launches by ISANS clients (from 36 in 2013/14 to 82 in 2017/18)

## 70%

Businesses launched by ISANS clients that are still open after three years

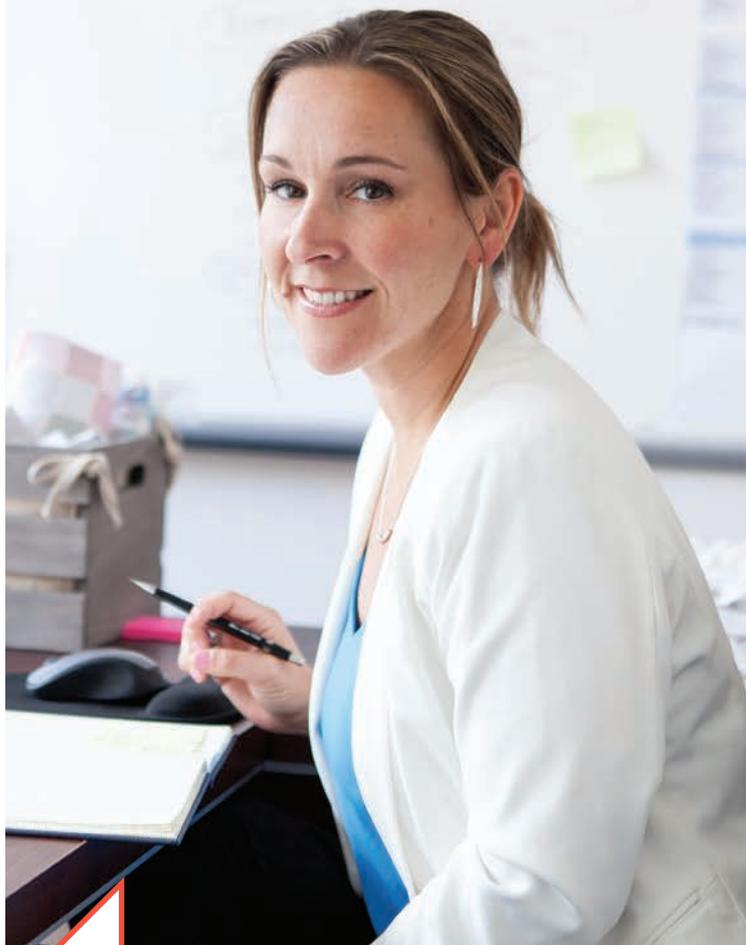
#### FEEDBACK

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