

DIY: IMMIGRANT ENTREPRENEURS ARE DOING IT FOR THEMSELVES

July 2013

Research conducted by:



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TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	3-4
INTRODUCTION.....	5
LITERATURE REVIEW.....	5-10
SURVEY AND RESULTS.....	10-20
KEY INFORMANT INTERVIEWS.....	20-23
IMPLICATIONS OF FINDINGS ON EXISTING SERVICES.....	23-25
BIBLIOGRAPHY.....	26-27

EXECUTIVE SUMMARY

This report, produced by North York Community House (“NYCH”), provides analysis and recommendations around developing service strategies to support entrepreneurial activity among immigrants living in the City of Toronto. NYCH partnered with Public Interest to conduct this research, which included a review of literature and key informant interviews. NYCH also employed community animators who conducted 100 one-to-one interviews with immigrant owners of small businesses in five languages. Finally, NYCH established an advisory roundtable of service providers who support immigrant entrepreneurs to offer input to the project.

Many of the research findings below are supported by the literature:

IMMIGRANT ENTREPRENEURS

Immigrant entrepreneurs are not a homogeneous group – successful models of support recognize the range of needs, experience and motivating factors among individuals wishing to pursue this path.

Researchers and entrepreneurs both identified enhanced English skills as one of the most critical areas and significant barriers to successful entrepreneurship. Strong English skills result in greater access to markets and suppliers, and access to problem-solving strategies and resources.

Two top goals for immigrant entrepreneurs are creating supplemental income, and having flexible schedules; these were mentioned more frequently than creating full-time work and a living wage.

Other reasons identified for starting a small business include taking advantage of an emerging opportunity, meeting a community need, and using one’s skills and experience.

Close to 80% of immigrant entrepreneurs require support to build their skills and knowledge in finance, marketing and business development in order to start and grow their small business.

The most common form of support is from family and friends, whether for their financial help, business knowledge introduction to networks or other assistance.

Understanding the risks involved in entrepreneurship and the difficult economic climate, immigrants seek to be adaptive and overcome barriers, which are key indicators of success. As reflected in the literature, knowledge gained from mentors, networks and support programs (especially those in their language of origin) that increase understanding of Canadian systems and managing risk are more highly valued than pre-set tools or business plan templates.

IMPLICATIONS FOR SERVICES AND SUPPORTS FOR IMMIGRANT ENTREPRENEURS

There is a growing demand for these supports, as increasing numbers of new immigrants choose this path over traditional employment.

As this is a highly diverse group, service providers need to offer supports that are tailored to the specific needs and characteristics (such as gender, income, language skills, level of experience, etc.) of the wide range of immigrant entrepreneurs in Toronto.

Despite the advantage of having strong business skills, family supports and mentors can compensate for a lack of business experience and assets. This finding further highlights the importance of building strong networks, and the role service providers can play in facilitating these opportunities.

Of the programs and services available, the most useful component identified by entrepreneurs was learning about the rules and regulations for opening a business in Canada.

Support in developing English language skills, and networking and mentoring opportunities were also listed as extremely important in setting entrepreneurs up for success.

Immigrant entrepreneurs are drawn to both employees and customers of the same ethnic background, and need a push to expand their networks to improve their economic opportunities. By providing exposure to diverse mentors and networks, service providers are in a strong position to help entrepreneurs move beyond their own ethnic community into different markets.

INTRODUCTION

North York Community House (“NYCH”) undertook a research project to develop service strategies for supporting entrepreneurial activity among immigrants living in the City of Toronto. NYCH engaged Public Interest to help carry out some of the research and to support their outreach and consultation efforts.

In order to develop the service strategies, NYCH and Public Interest undertook four key activities:

- A literature review
- Community animators and data collection
- Key informant interviews
- Partnership roundtable

This final report summarizes the findings of each research stage, and outlines the overall conclusions indicated by the data from all stages.

LITERATURE REVIEW

METHODOLOGY

Public Interest conducted a literature review on immigrant entrepreneurs and the programs and strategies that support them. Sub-topics included education and success factors and barriers. Public Interest searched databases of peer-reviewed journals and scanned bibliographies for additional material. Roundtable members and NYCH suggested gray literature titles. The review was limited to articles published after 1990 that incorporated concrete evidence on outcomes for immigrant entrepreneurs. Search terms included:

- “Immigrant entrepreneur supports”
- “Immigrant entrepreneurs education”
- “Immigrant entrepreneurs success factors”
- “Micro business immigrant entrepreneurs”

Abstracts were reviewed by Public Interest staff and selected articles were reviewed and summarized. (Please see attached bibliography.)

SEGMENTATION

Public Interest found several common trends in the literature. It is clear from the literature that findings should be segmented to reflect variations in the populations, including gender, income, background and motivational variations. Patterns of success and challenges vary according to these distinctions.

MOTIVATIONAL VARIATIONS

Chrysostome (2010) and Chrysostome & Arcand (2009) identified two broad types of immigrant entrepreneurs, opportunity entrepreneurs and necessity entrepreneurs. Opportunity entrepreneurs are often characterized by the fact that they immigrate for entrepreneurial activities, have professional

experience, have educational experience in their host country and have access to family wealth. Opportunity entrepreneurs often immigrate with the intention of starting their own business, sometimes on special visas such as start-up visas and investor class visas. These entrepreneurs are oriented to business start-ups, and have planned and prepared for this role, bringing to it valuable supports and experience.

The authors characterized necessity entrepreneurs as having lower levels of education, lower levels of host country language proficiency and more co-ethnic customers than opportunity entrepreneurs. Necessity entrepreneurs initiate new businesses out of a need for income, and an experience of barriers to other sources of income. The supports and experience they bring are less robust, in many ways, than that of opportunity entrepreneurs.

These two main types of business owners reflect the underlying reasons why immigrants choose to become entrepreneurs: often called ‘push’ and ‘pull’ factors (Clark & Drinkwater, 2000; Shinnar & Young, 2008). Push factors are those factors in the external environment that ‘push’ an immigrant towards starting their own business. These can include unfavourable job markets, low wages, survival jobs, discrimination and host country experience. Pull factors, on the other hand, are factors that make entrepreneurship appealing to immigrants. These include the ability to set hours of work, independence, a sense of ownership and a desire to work within a cultural/ethnic community.

Necessity entrepreneurs tend to be pushed into entrepreneurship by personal factors such as unfavourable job markets, limited job mobility and unrecognized training and credentials. The ‘push’ factors can also influence the business itself. For example, when entrepreneurs are less proficient in the host language, they will often have more customers of the same ethnicity, which may limit the growth potential of the business. With limited resources, a necessity entrepreneur will take on more risk as they start their business. For example, a necessity entrepreneur may access informal borrowing to obtain capital and may have to rely on their personal relationships due to their limited access to formal systems.

Opportunity entrepreneurs tend to become entrepreneurs because of pull factors. These pull factors can also influence the business. Opportunity entrepreneurs immigrate based on entrepreneurial potential or have obtained education in their host country that promotes a certain sense of ownership or path towards entrepreneurship. Opportunity entrepreneurs will likely have some access to formal capital and the ability to navigate the system surrounding starting a business.

GENDER DIFFERENCES

According to the literature, entrepreneurial paths are also affected by gender. Female immigrant entrepreneurs are much more likely to start micro-businesses and home-based businesses. They also tend to undertake businesses traditionally associated with women, including catering, clothing, hair styling and aesthetics. Researchers also found that cultural expectations placed upon women can limit their access to resources (Dallalfar, 1994; Pio, 2007; Streier & Abdeen, 2009).

Male entrepreneurs are more able to raise capital through contacts than female entrepreneurs (Bates 1997; Chrysostome & Arcand, 2009; Chrysostome, 2010; Kerr & Schlosser, 2007). Most male entrepreneurs tend to be older, are embedded in the community and have been in the host country for a longer period.

Not surprisingly, female entrepreneurs often needed more assistance raising capital and establishing networks of contacts than men (Community MicroSkills, 2012; Kerr & Schlosser, 2007; Wauters and Lambrecht, 2008).

ENCLAVES AND CONTEXTS

Within the literature reviewed, many authors suggest that entrepreneurs were affected by the nature of the enclaves within which they worked.

In many cases, entrepreneurs did not solely deal with co-ethnic suppliers, and instead chose suppliers primarily based on cost and quality (Chu, Zhu & Chu, 2010; Tas, Citci & Cestenci, 2012). However, some authors found that in some settings and situations, immigrant entrepreneurs prefer to work with co-ethnic suppliers. Immigrant entrepreneurs primarily prefer working with co-ethnic suppliers in professional services where language barriers and trust make it difficult for immigrant entrepreneurs to make assessments regarding the quality of service and where the risks of low quality products are high (Shinnar & Young, 2008).

Authors differed on whether or not co-ethnic customers and markets were success indicators. Access to a dedicated co-ethnic market is seen by many authors as advantageous in the initial establishment of a business. However, if immigrant entrepreneurs needed to break out of the co-ethnic market, different strategies were needed (Chrysostome & Arcand, 2009). For example, Clark & Drinkwater (2000) found that most of the immigrant entrepreneurs they contacted in England did not appeal to their own ethnic community and were making efforts to appeal to white customers.

The literature does consider the size of an ethnic enclave and the effect the enclave's size has on co-ethnic markets and immigrant entrepreneur success, however most of this work is theoretical. Chrysostome (2010) posits that the size and interconnectedness of an ethnic enclave can positively affect the success of an immigrant entrepreneur's business. Clark & Drinkwater (2000) suggest that having a built-in niche market is positive, though there are downsides including competition from other entrepreneurs and overall low wages and, by extension, low income in the community.

SUCCESS INDICATORS

There was extensive agreement in the literature about the indicators of immigrant entrepreneur success. One indicator is the ability to raise start-up capital. Raising capital indicates more than just access to resources; it is also a proxy for connections within the community as well as family/friends that can be drawn on. Researchers found that this ability varies among immigrant entrepreneurs (Chrysostome, 2010; Chrysostome, 2012; Efrat, 2008; Kerr & Schlosser 2008). Some communities do have models for collectively raising start-up capital. One example is a rotating credit association (Bates, 1997; Chrysostome, 2010).

Another indicator of success is whether the entrepreneur has previous knowledge of the business and of entrepreneurship. Not only was personal experience an asset but some authors found that a history of entrepreneurship within the family was an indicator of success (Rueda-Armegot & Ortiz, 2010; Shinnar & Young, 2008). Previous experience in the sector was also an indicator of success (Basu, 2011; Borjas, 1986; Chu, Zhu & Chu, 2010). Clearly, connections to capital, network and experience matter.

An additional indicator is the landscape of the co-ethnic market. Factors that relate to this indicator include the interconnectedness and size of the co-ethnic market, competition among other co-ethnic entrepreneurs, and the degree to which the entrepreneur is embedded in the co-ethnic community, which is often a function of time spent in the host country (Chrysostome, 2010).

Another factor affecting this indicator is whether or not there are safe locations free from crime and discrimination (Chu, Zhu & Chu, 2010).

A further indicator of success, and one that looms large in the data, is proficiency in the host country language (for Canada, English or French). This indicator relates to success in terms of an immigrant entrepreneur's ability to expand beyond co-ethnic markets. Rueda-Armegot & Ortiz (2010) found that entrepreneurs without a good command of the host country language tend to price the items they sell at a lower price than other sellers.

Another indicator is the commitment and charisma of the entrepreneur (Chu, Zhu & Chu, 2010).

Among the literature that described the characteristics of immigrant entrepreneurs, most found that immigrant entrepreneurs tend to be men who can enlist the support of their families (Borjas, 1986; Efrat, 2009; Peterson & Meckler, 2001). Family members can support entrepreneurs by working for lower wages, being reliable and being someone entrepreneurs trust (Rueda-Armegot, 2010; Shinnar & Young, 2008).

Researchers also found that among all immigrants, refugees are least likely to become entrepreneurs. One reason is that the circumstances surrounding a refugee's migration, often suddenly fleeing home country circumstances, makes it difficult to prepare and accumulate resources like opportunity entrepreneurs. When refugees do become entrepreneurs, it tends to be the result of push factors (Wauters & Lambrecht, 2008).

When it comes to risk, immigrant entrepreneurs tend to demonstrate low levels of risk aversion (Borjas, 1986; Chrysostome, 2010; Chrysostome & Arcand, 2009; Peterson & Meckler, 2001; Rueda & Ortiz, 2010). Successful immigrant entrepreneurs demonstrate a high level of commitment to their business (Chrysostome, 2010; Chrysostome & Arcand, 2009; Chu, Zhu & Chu, 2010).

SUPPORTS

There are a number of ways services can support immigrant entrepreneurs to help ensure that they have a good opportunity for success.

For example, the ability to raise start-up capital affects success. Micro-finance especially programs targeted to women and refugees (Wauters & Lambrecht, 2008) reduce capital access issues. Other programs have also helped provide loan options to Muslims who require loans without interest.

Similarly, previous knowledge or experience, on the part of the entrepreneur or in the entrepreneur's family, is correlated with success. Mentoring, networking, opportunities for pilots (e.g. incubator sites, pop-up markets), and business resources available in different languages have all helped new businesses

overcome their relative lack of business experience. (Kerr & Schlosser, 2007; Schlosser, 2012; Wauters & Lambrecht, 2008). Other supports include pro-bono or low-cost language-accessible professional services including accounting and legal services (Efrat, 2008; Schlosser, 2009; Schlosser, 2012; Shinnar & Young, 2008).

Market landscape is linked to success, with coherent, large, concentrated ethno-cultural enclaves providing better contexts for ethno-specific businesses. Services can facilitate networking for immigrant entrepreneurs and connect them to markets to offset fragmentation of their target community.

MODELS FROM OTHER JURISDICTIONS

As part of the literature review, models of immigrant entrepreneur services were reviewed. Some of the models and the services they feature are listed below as illustrations of some of the specific supports that can provide better prospects for immigrant entrepreneurs.

Global Business Centre (Newcomer Centre of Peel)

- Classes include English, communication skills, IT, cultural competency
- Networking and mentorship
- One-on-one consultations including business idea analysis, effective marketing, business plan development, legal and insurance matters
- Free child care for participants
- Free programs and services

Women's Action to Gain Economic Success (WAGES)

- Worker-owned co-operative that develops eco-friendly housecleaning co-ops in Oakland/Bay Area
- Support among participant entrepreneurs
- Mentorship among participants
- Largely owned and run by Latin women
- Offers consulting services around starting a own worker-owned co-op

Si Se Puede/We Can Do IT

- Worker-owned co-operative in Brooklyn and New York
- Eco-friendly housekeeping
- Largely owned and run by Latin women
- Support among participant entrepreneurs
- Mentorship among participants
- Associated co-operatives in Brooklyn and New York of childcare providers

Colors

- Co-operative restaurant owned by World Trade Centre immigrant restaurant workers created after 9/11
- Mentorship among participants
- Restaurant features recipes from home countries of worker-owners

BizFizz

Started in the UK

Intensive coaching and networking for local entrepreneurs

Programs tailored to specific needs of the entrepreneur

Neighbourhood-based entrepreneur program – no classroom learning

Program does not advertise, all clients find the service through word-of-mouth

European Commission

European Social Fund has been funding immigrant entrepreneur support projects since the 1990s

Twelve projects are highlighted as best practices throughout the European Union

They offer similar services as others (classroom learning, mentoring, counselling, language training, incubators, etc.)

The scope of these projects are much larger with budgets ranging from €54,000 - €48 million.

OVERARCHING LESSONS FROM THE LITERATURE

Overall, the literature highlighted that immigrant entrepreneurs are a diverse group that should be carefully segmented by the many varying contexts, characteristics and goals that divide them. There is not one “immigrant entrepreneur”. For some newcomers, entrepreneurship is an alternate route to full-time work in their field of choice. For others, entrepreneurship can supplement their incomes. Some have ready access to information and credit, others lack it. Some are in contexts that support many ethno-specific businesses, while others are not.

As the literature cautions, immigrants should keep their expectations in check. Likely, immigrant entrepreneur businesses will not become large companies sustaining numerous full-time jobs, and entrepreneurship is not necessarily a solution that will increase incomes for all newcomers.

For those it does serve, entrepreneurship takes many shapes, and the supports for those who participate in it must be equally tailored. But supports can compensate for the absence of key success factors, such as a background in business or access to credit.

SURVEY

Immigrant entrepreneurs were surveyed from January to March 2013. An extensive questionnaire was used by six community animators, who engaged almost 100 immigrant entrepreneurs. The survey was designed to understand their needs and the kinds of supports that could be helpful for starting a business. Questions were developed based on the findings of the literature review and on feedback from service providers working in the field. Questions explored their experience as business owners, the challenges and successes they experienced, as well as sources of support. A copy of the text of the survey, in English, is included in Appendix B. Animators entered their data into Survey Gizmo to compile the results across language groups and translated verbatims for analysis. Statistical data was analyzed through on-line survey tools embedded in Survey Gizmo. Open-ended responses were analyzed and coded to identify patterns of responses.

The surveys were conducted in the five languages most common in the northwestern Toronto catchment areas:

- Tagalog
- Farsi
- Korean
- Mandarin
- Russian

Respondents were approached through random interceptions providing a sample of opportunity reflecting a broad range of business types, experience and languages.

SURVEY RESULTS

The following sections review the results of the survey. There were five broad categories of questions:

- Basic Information
- Staff
- Customers and Suppliers
- Why Become an Entrepreneur
- Barriers and Supports

BASIC INFORMATION

Among respondents, the majority (95 percent) owned and operated businesses in Canada. Within this group, there was considerable variation in the age of their business.

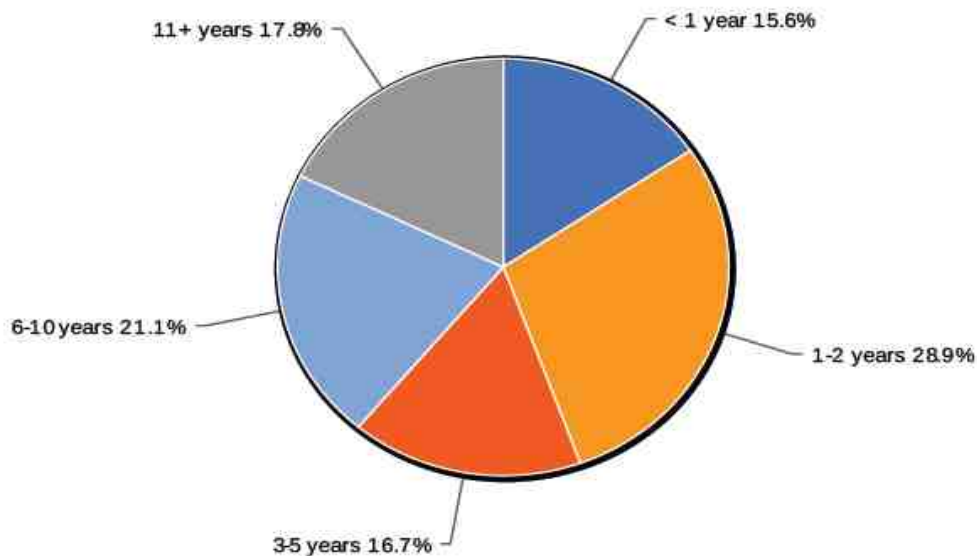


Fig. 1 LENGTH OF CURRENT BUSINESS

Among the five percent of respondents that did not currently own and operate their own business, but had done so in the past, 60 percent had closed their business within a year and 40 percent had closed their business between three and five years after starting it.

The types of businesses immigrant entrepreneurs started varied greatly. The pie chart below illustrates the range of business. The two largest categories were Personal Services (29.5 percent) and ‘Other’ (26.3 percent). The ‘Other’ category includes businesses such as massage therapy, cake decoration, selling hand-made jewelry, and driving lessons.

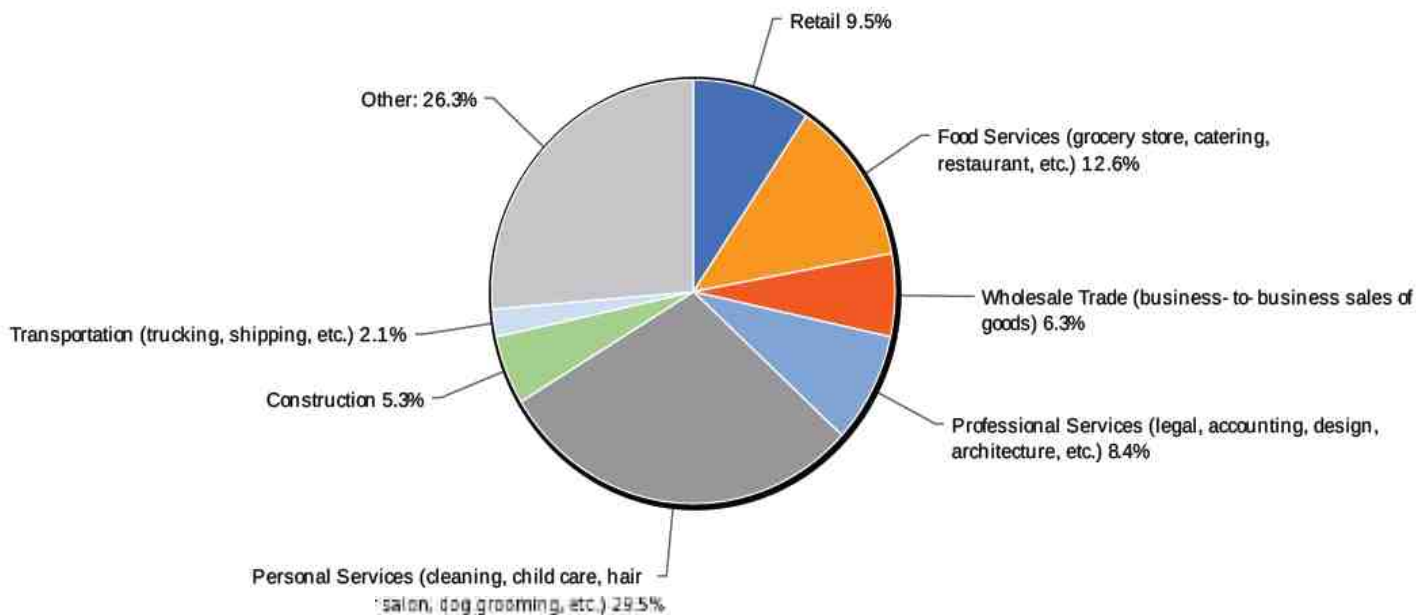


FIG. 2 INDUSTRY

In terms of languages spoken in the businesses, most respondents (68.4 percent) said that the primary language spoken at their business was English.

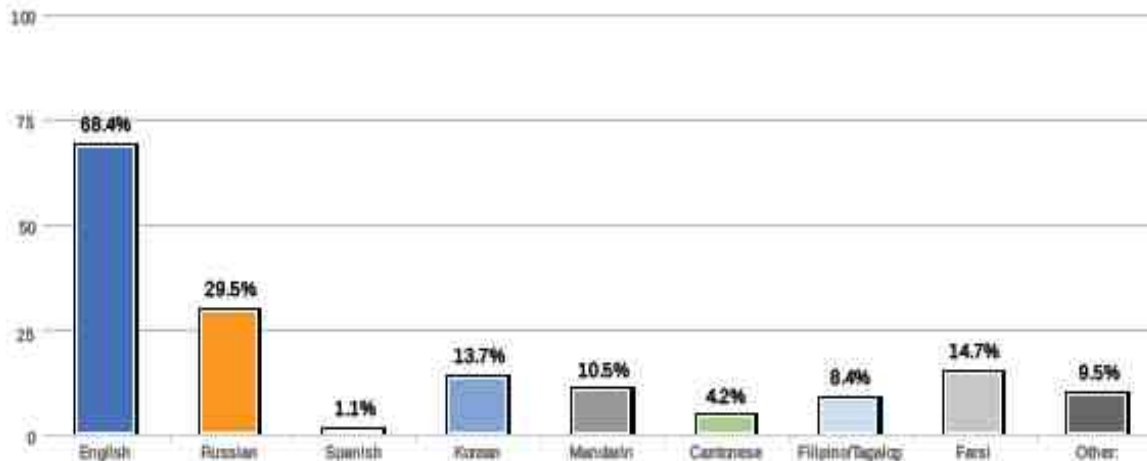


FIG. 3 LANGUAGE USED IN BUSINESS

STAFF

Respondents were asked about staffing in their businesses. The responses revealed that most of the immigrant entrepreneurs interviewed run fairly small businesses. 44 percent of businesses were one-person organizations and 29 percent of businesses that had staff had only one. Only one in six businesses had more than five staff. Just over half responded that they have family members that help with their business. Those that do employ staff generally employ people of the same background.

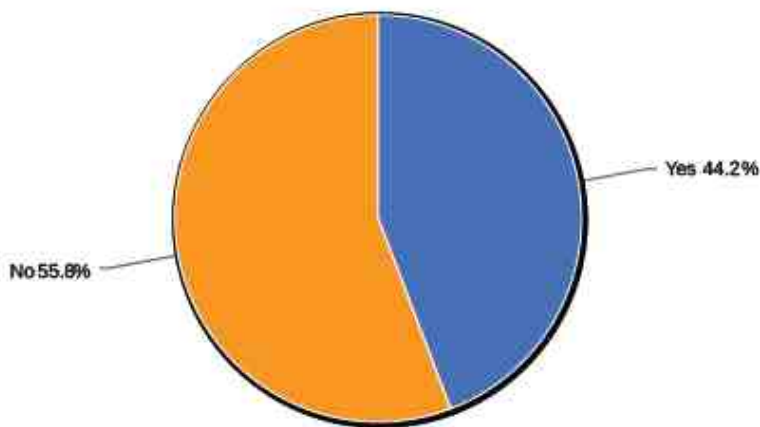


FIG. 4 DO YOU EMPLOY ANY STAFF OTHER THAN YOURSELF?

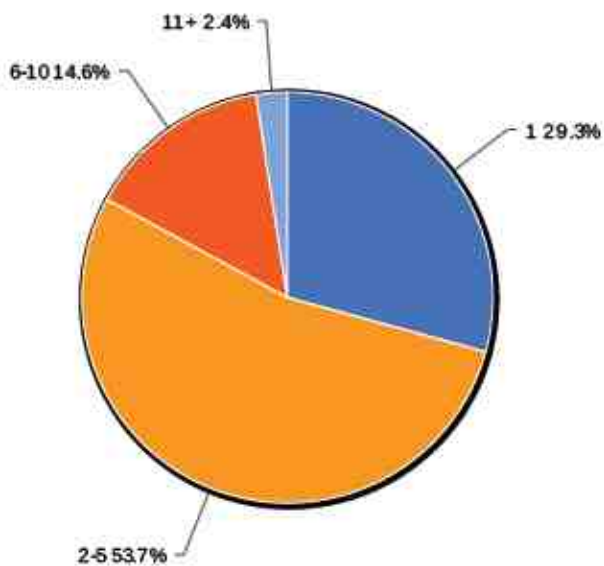


FIG. 5 HOW MANY PEOPLE DO YOU EMPLOY OTHER THAN YOURSELF?

Over 68 percent of those surveyed employed staff from the same background as themselves. Among those that hire staff of the same background, the majority said that they do so because of language barriers (30 percent) and because they prefer the same culture and values (9 percent).

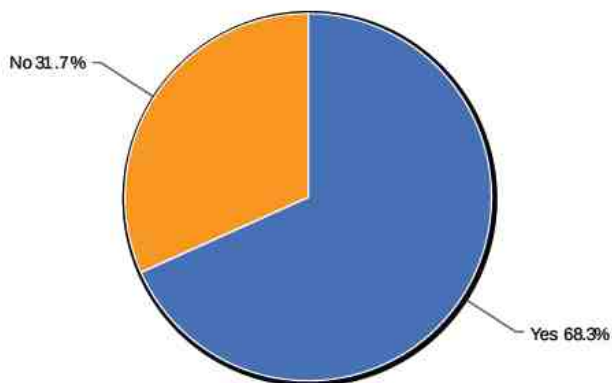


FIG. 6 ARE YOUR STAFF MOSTLY OF THE SAME BACKGROUND AS YOU ARE?

The survey asked respondents if they thought it was helpful to their business to have staff of the same background. Among those that responded no, the most common reason was because they felt skills were more important than background. Among those that responded yes, by far the most common reason was that having someone of the same background made communication easier within the workplace and with clients and suppliers.

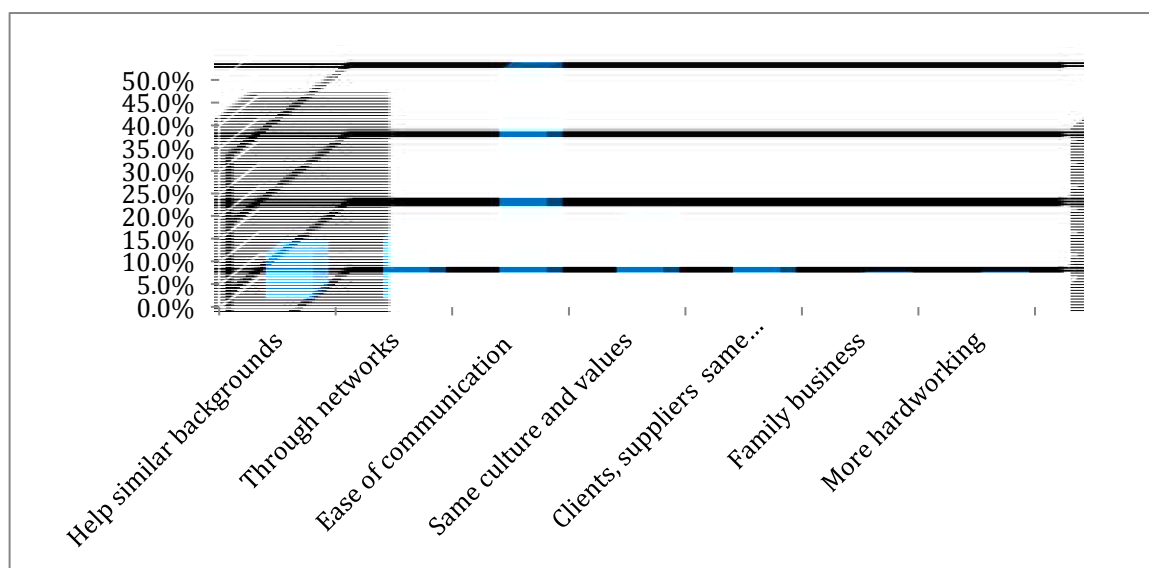


FIG. 7 MOTIVATIONS FOR CO-ETHNIC STAFFING

CUSTOMERS AND SUPPLIERS

The split between immigrant entrepreneurs whose customers are of the same background and those whose customers are not is fairly even. Just under half of the respondents (46.8 percent) said that their customers are of the same background.

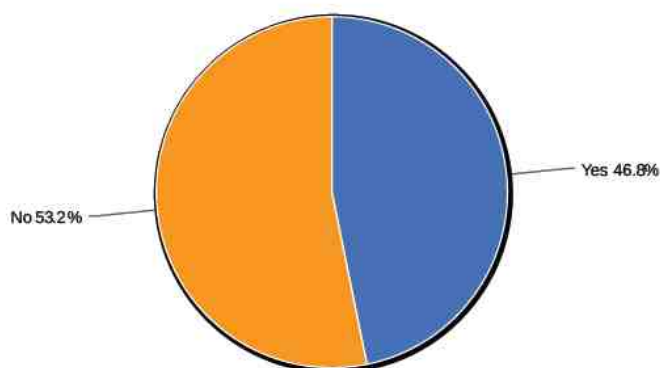


FIG. 8 CO-ETHNIC CLIENTS

Within this group, the reasons for focusing on customers of the same background were that it provides opportunity (21 percent), that their business is targeted to their community (27 percent), communication (21 percent) and they promote their business through ethnic networks (12 percent).

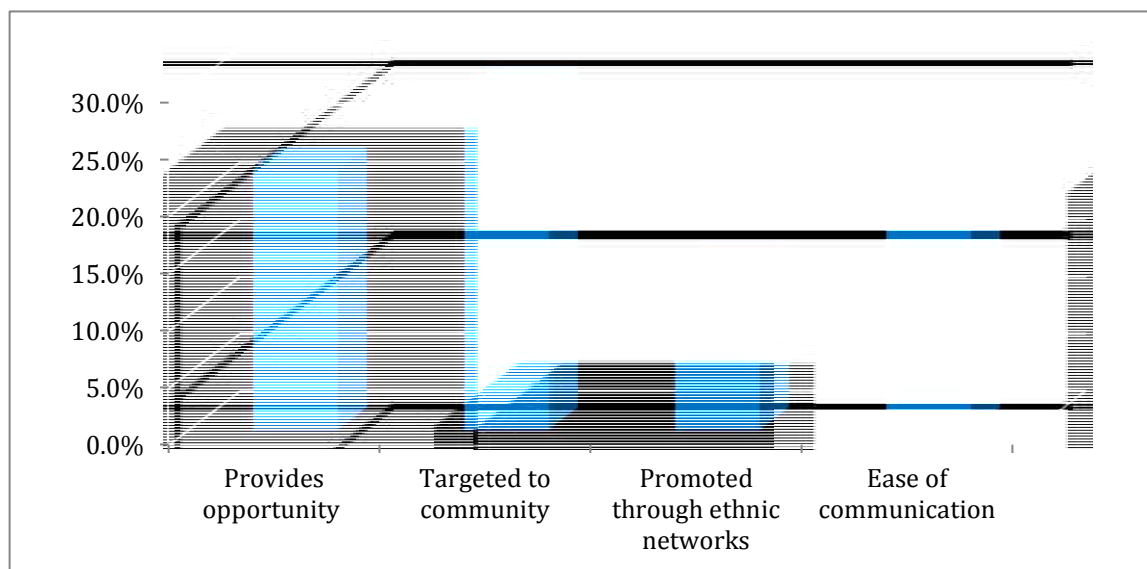


FIG. 9 MOTIVATION FOR CO-ETHNIC CLIENTS

Eighty percent of respondents do not have suppliers that are of the same background. For the 20 percent whose suppliers are of the same background, when asked why this is the case, the main reasons were communication, product from the home country, better price, and connections.

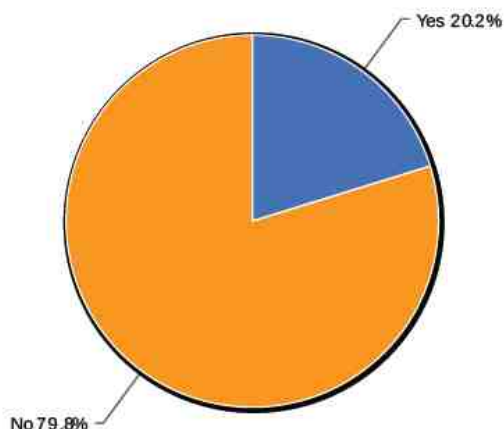


FIG. 10 CO-ETHNIC SUPPLIERS

WHY BECOME AN ENTREPRENEUR

The majority of immigrant entrepreneurs (82 percent) had been in the Canada for less than five years when they decided to start their business. When asked why they started their own business, the two most predominant responses both related to push factors described in the literature, while all of the other responses related to pull factors garnered between response rates of 15-21 percent.

Push factors:

- Could not find suitable employment (32 percent)
- Way to supplement income (29 percent)

Pull factors:

- A good opportunity came up (21 percent)
- Way to utilize training and credentials (17 percent)
- Always wanted to start my own business (18 percent)
- Saw a need in the community (15 percent)
- Experience in business (15 percent)

When asked what immigrant entrepreneur goals were for starting a business, respondents did not emphasize access to full-time, full-year employment, but rather more flexible employment models. The two most common goals were supplementing incomes and flexible schedules. Other goals included gaining full-time work, better pay, developing skills, building one's own business and serving community needs. Eighty-five percent of respondents had realized at least some, if not all of their goals.

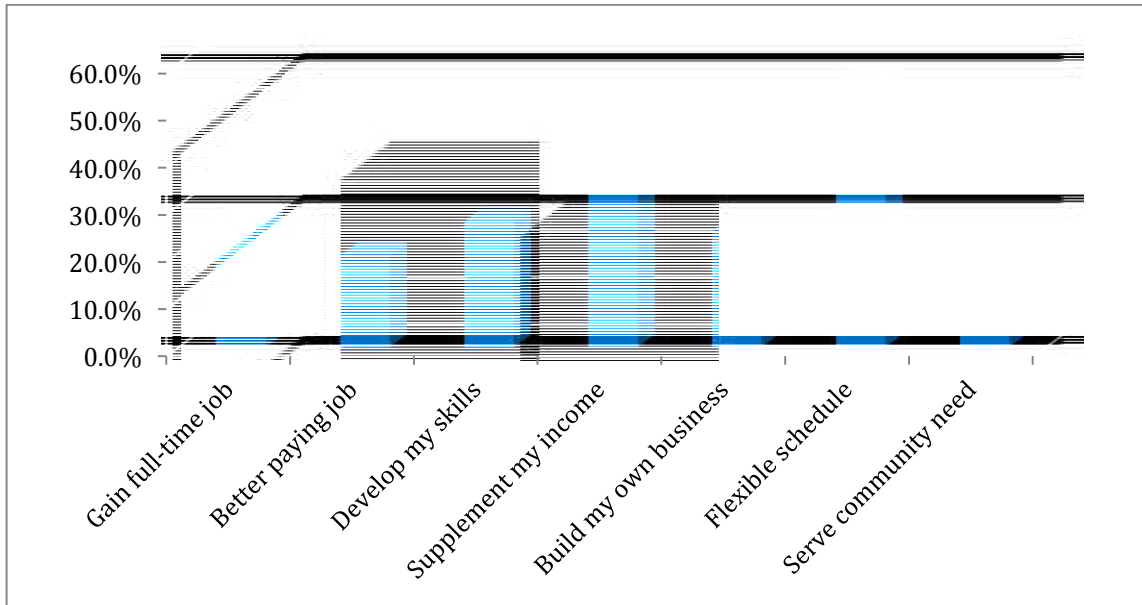


FIG. 11 GOALS FOR STARTING BUSINESS

Nearly half of the respondents also said that they had derived unexpected benefits from starting a business. The top three unexpected benefits were new skills and experience (26 percent), greater flexibility and balance (26 percent) and extended social networks (18 percent).

BARRIERS AND SUPPORTS

Immigrant entrepreneurs were asked about the barriers they faced when starting a business and the kinds of services and supports they have accessed. Survey participants were also asked what kinds of supports they found to be most helpful and how they discovered them.

Immigrant entrepreneurs face a number of barriers when starting a business. Among those that participated in the survey, financial barriers, getting clients, understanding Canadian ways/laws, and understanding English were listed as the most common barriers. Over 20 percent of respondents also reported that they continue to face barriers.

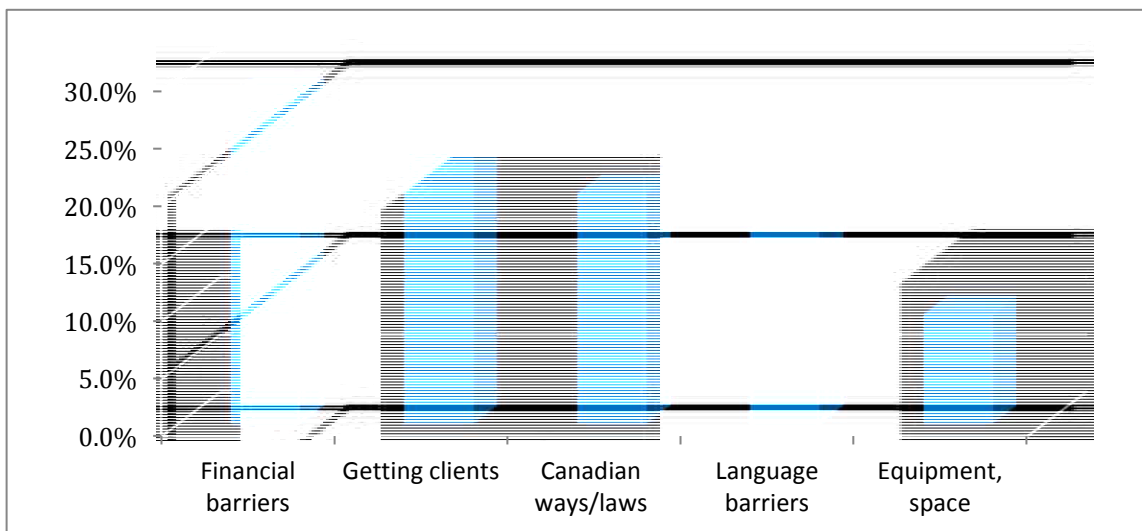


FIG. 12 WHAT KINDS OF BARRIERS DID YOU FACE WHEN STARTING A BUSINESS?

Not surprisingly, 78 percent of immigrant entrepreneurs surveyed said that they needed help opening their business. Family and friends are a key source of support. Within this group over 60 percent said that they received this help from family and friends, while all other sources of help (settlement services, City of Toronto, business organizations) were used by less than ten percent of the respondents. Family and friends were also a key source for finding out about other services, followed by the internet, ethnic media, the government, and settlement workers.

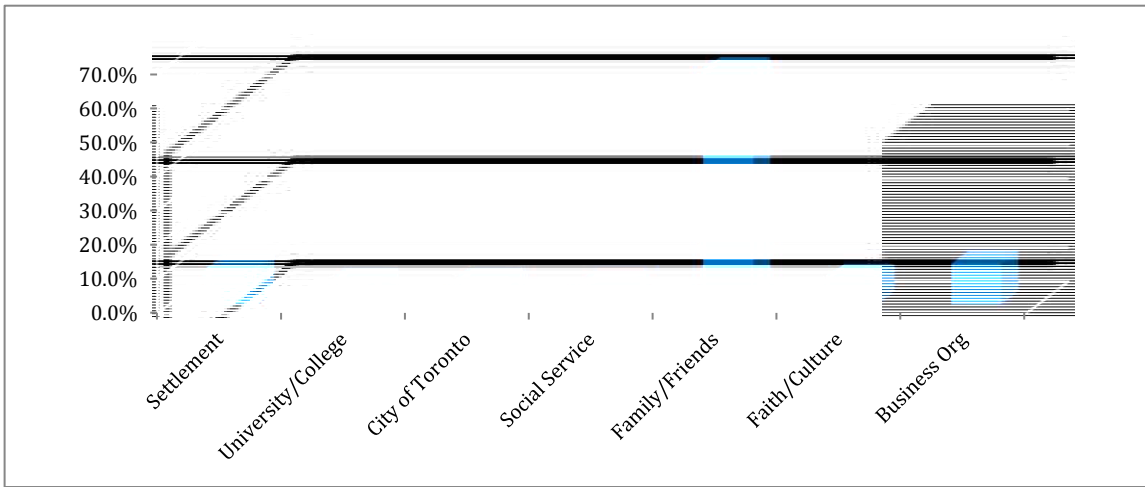


FIG. 13 SOURCES OF HELP WHEN STARTING A BUSINESS

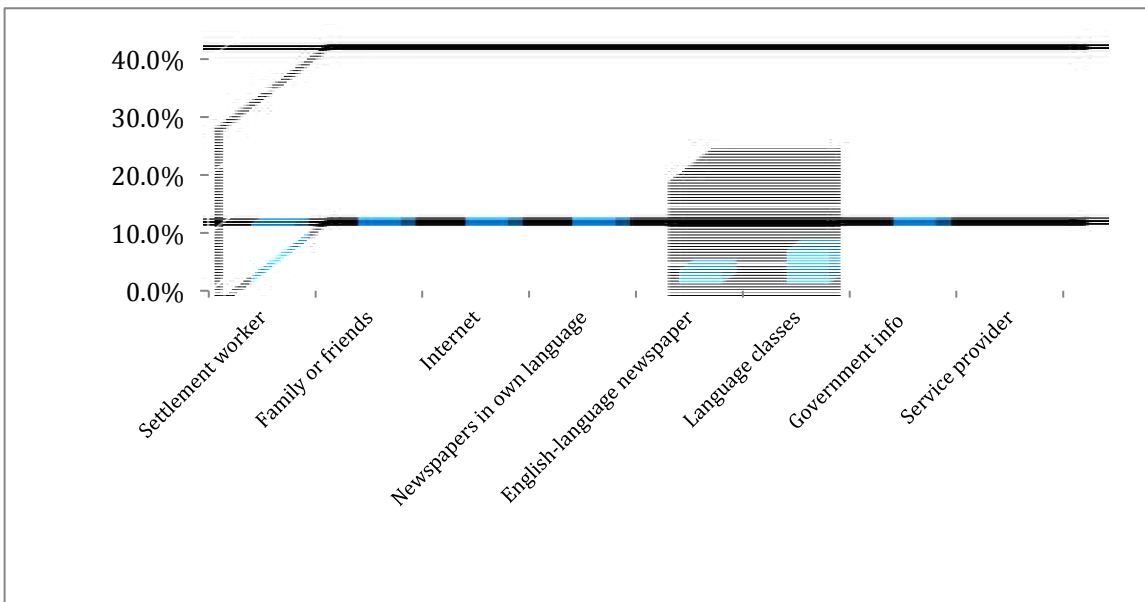


FIG. 14 SOURCES OF INFORMATION WHEN STARTING A BUSINESS

Immigrant entrepreneurs said that skills in their field of work and experience in business were the most helpful assets. However, when asked what skills they wish they had, 35 percent said English, underscoring the findings in the literature review on the significance of language skills.

Immigrant entrepreneurs accessed a wide variety of programs and services when starting their business. Business registration, language training and HST/tax returns were most frequently mentioned. The most helpful part of these programs was help understanding the rules around opening a business. English skills and networking and mentoring were also listed as helpful aspects. The demand for these skills reinforces the findings of the literature review, which emphasized the importance of developing business skills directly, for example through mentorship, and the need to navigate new contexts, either with direction around rules or with access to the language skills that make navigation easier.

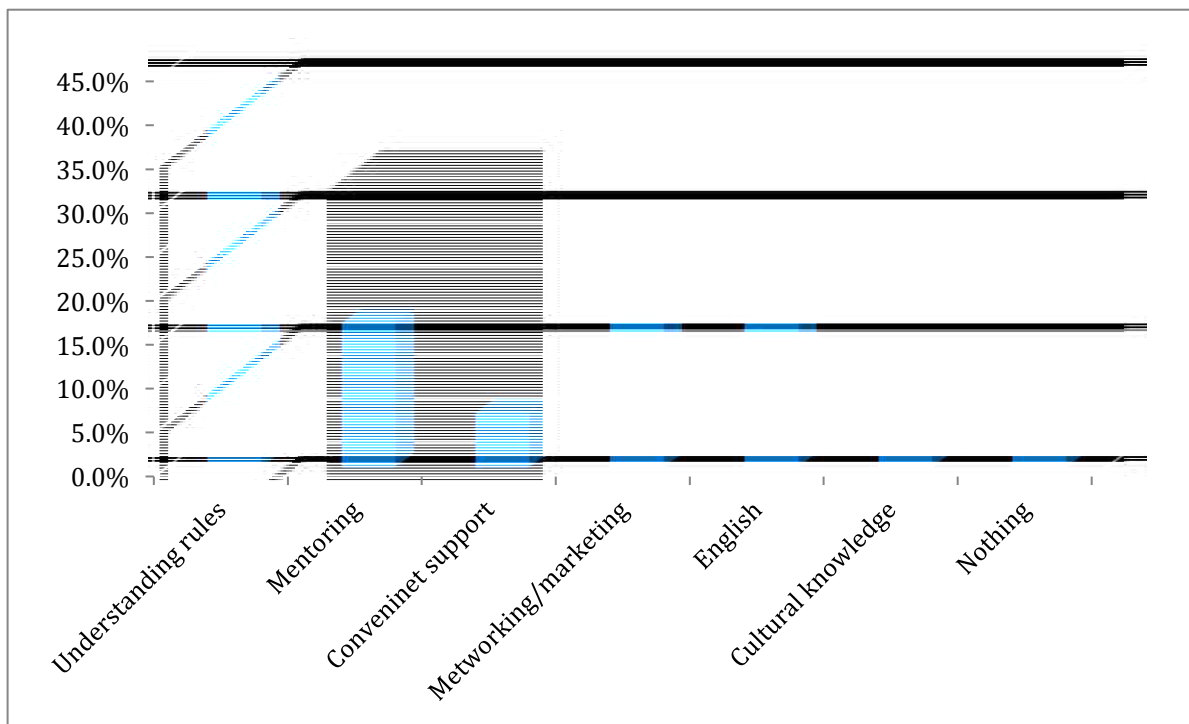


FIG. 15 MOST HELPFUL ASPECTS OF PROGRAMS

Respondents often (37.5 percent) relied on support and information from other business owners, developing their own mentoring relationships and networks.

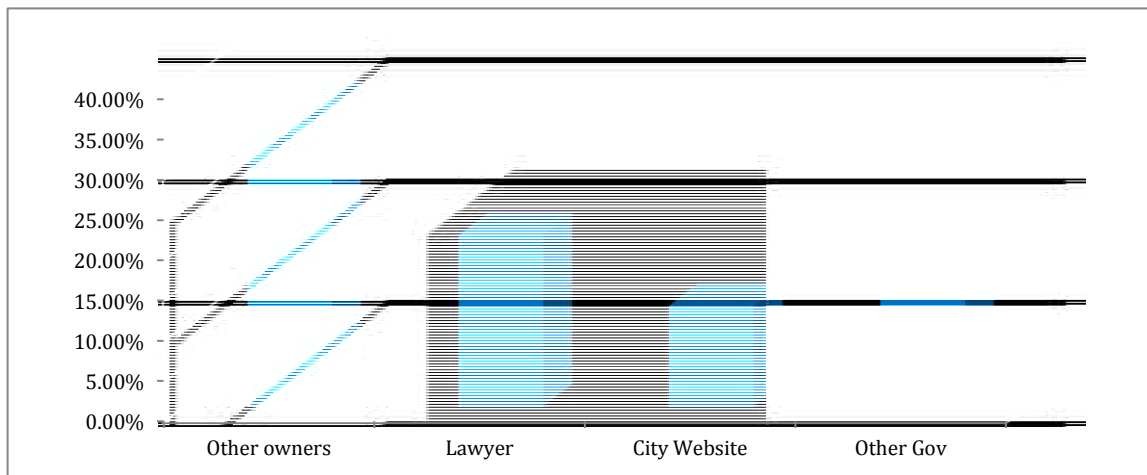


FIG. 16 SOURCES OF ONGOING HELP

Fifty-eight percent of immigrant entrepreneurs used professional services and 86 percent of those were satisfied. These services included accountants, lawyers, graphic designers and notary publics. Accountants and lawyers were used most frequently. Over half of those that used professional services used professionals of the same background, and over 72 percent found those services through family and friends. Similarly, when seeking advice about their business, the majority of respondents said they received information from other business owners and most (77 percent) said they received this information in English. Lawyers, the City website and other levels of government were also mentioned as sources of information.

Respondents were asked what advice they would give other immigrants who want to start a business. Respondents said that they would advise others to do their research before starting a business and to obtain language skills. Other advice included taking courses on marketing, finance and law, getting experience in their field, and networking.

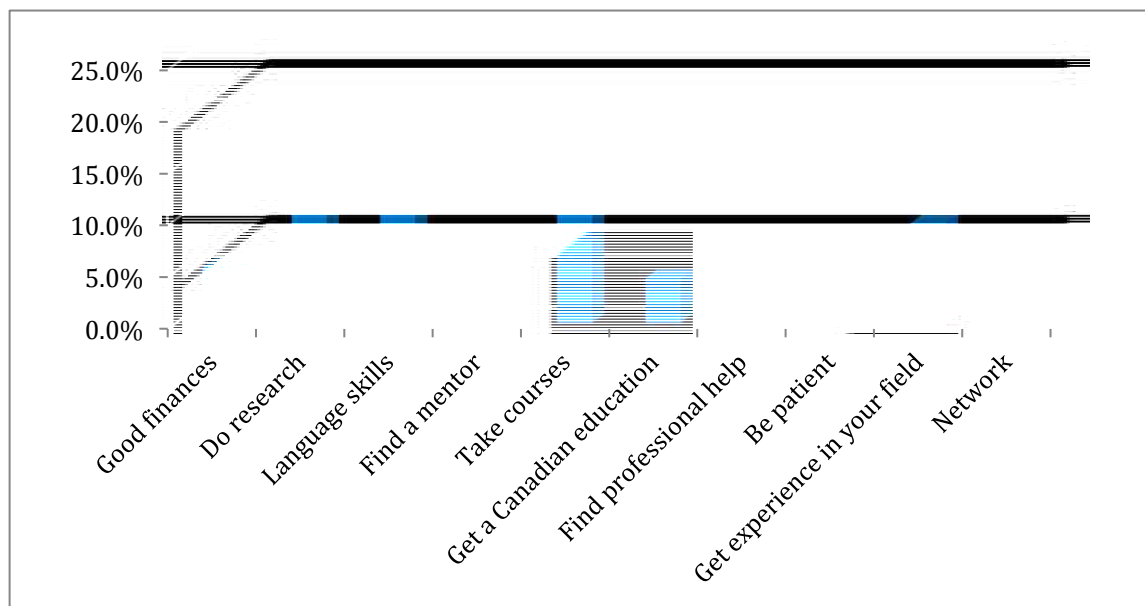


FIG. 17 ADVICE FOR SOMEONE STARTING A BUSINESS

KEY INFORMANT INTERVIEWS

Public Interest conducted six key informant interviews to test the survey findings. Two interviews were conducted with service providers and four interviews were conducted with immigrant entrepreneurs. These interviews sought to deepen our understanding of the trends shown in in the survey data and the literature.

SERVICE PROVIDER INTERVIEW FINDINGS

The service provider interviews were conducted in order to get a better understanding of existing services, challenges and barriers for service providers and clients, successful programs and services, and the characteristics of success.

The services represented in these interviews include small business loans, mentorship programs, and formal and informal training services. Clients served include entrepreneurs at all stages of business development, though a significant portion are at the early stages of business formation including developing ideas for a business and securing financing.

The challenges and barriers facing entrepreneurs include financing and resources, lack of credit history, language barriers and a lack of networks and contacts to draw on. Some of the supports services offered to help overcome these challenges include:

- Coaching
- Language supports
- Micro-financing and financing education
- Networking and marketing solutions

Services tend to be more effective when service providers are able to develop relationships with entrepreneurs. Having supports that are flexible, reactive and adaptable is also important as well as providing language supports and experiential learning opportunities such as visits to trade shows.

Some of the challenges that service providers encounter include program capacity limitations and a demand for individualized services that is greater than availability. Service providers also discussed a lack of gender-specific services and gaps in financing options. For example, there is a need for financing programs that respond to religious practices. Providers also talked about immigrant entrepreneurs feeling overwhelmed by regulatory issues as a challenge.

Service providers also raised 'hidden' challenges that entrepreneurs face such as computer skills, understanding regulations and business planning, credit scores, language issues and the importance of networks and contacts.

Based on their experience working with immigrant entrepreneurs, service providers were asked to define what constitutes success for immigrant entrepreneurs. Success includes creating a profitable business that enables owners to derive a living. Another aspect of success occurs when the business becomes part of an overall settlement strategy of integration and overall health and wellbeing.

Characteristics that predict whether or not an immigrant entrepreneur will be successful include passion, drive and resilience; planning, focus and hard work; ability to be flexible; sociability and being personable; and an ability to network and develop contacts within a community and beyond.

Common barriers preventing immigrant entrepreneurs from being successful include the economic climate, credit scores and financing, a lack of knowledge about the Canadian context, and language barriers. Service providers also talked about the challenge they face in maintaining contact with clients so that they can help when they encounter new challenges. Providers said that another challenge they see is a lack of understanding of the importance of networking.

Some of the ways service providers have been able to respond to these challenges is by providing ongoing, repeated support to clients, offering workshops on a range of topics including time

management, goal setting and business failure, networking support and coaching. Service providers also said that mentoring programs with past clients is a good way to ensure that current clients are aware of the realities of opening a business. Finally, service providers noted the importance of celebrating successes as a way of encouraging entrepreneurs.

Service providers considered what their role is in providing assistance to immigrant entrepreneurs. They felt that it was important for them to be open-minded, flexible, have good communication skills and be culturally sensitive. They also talked about the importance of having patience and determination in helping entrepreneurs, and the advantage of having first-hand knowledge and experience with starting a business.

When asked what additional supports could help immigrant entrepreneurs, service providers identified legal supports and financial and loan process supports are valuable.

IMMIGRANT ENTREPRENEUR FEEDBACK

Four immigrant entrepreneurs were interviewed. All four had been in their business for less than two years. The businesses were food catering, jewelry, a spa and tutoring. Their reasons for starting a business included supplementing their income, the opportunity to create a career for themselves and to address a need. Only one had previous experience as a business owner, but two had family with experience. The benefits of previous experience include first-hand experience, an awareness of what it takes to succeed, and family encouragement. These benefits were supplemented with formal business classes and supports.

Two of the people interviewed employed two other part-time/casual staff in their business. All hired staff from the same cultural background. When asked why, they said that staff of the same background are hard workers, share similar connections and networks and are willing to take a chance on the business.

Of the four interviewed, two said that the majority of their customers were from the same cultural background. They found that having customers of the same cultural background can help with networks but also recognized that expanding their business to other customers will broaden their customer base and scope of service.

Three entrepreneurs used suppliers from their previous country. One of the benefits of this practice is that the suppliers are familiar to the entrepreneur, but the drawback is that customers in Canada may not be as familiar with the products. When asked if they had considered using suppliers in Canada, the entrepreneurs said that local suppliers were not as familiar with products of the same quality.

Three of the entrepreneurs are not using professional services, though one of them does intend to when the business grows. One entrepreneur uses an accountant, while another took a course to learn how to do their own financial work.

The immigrant entrepreneurs faced a number of challenges and barriers to starting and running a business. These included a lack of networks and contacts. However, with increased time spent in Canada, they were able to build their networks. Another challenge was a lack of direct experience and

little knowledge of the Canadian context. Immigrants also found it challenging to access supports as a large number of supports are directed towards newcomers (defined as being in Canada for less than five years). Entrepreneurs also felt that their status as an immigrant, language barriers and accent also posed a challenge for them in their business. Entrepreneurs also noted that their location in relation to transit was a challenge. None of the entrepreneurs felt that their age, cultural background, family or cultural community had negatively impacted their ability to undertake their business and though some felt gender had an impact, many identified that the flexible and adaptable approach taken by women in informal work helped women succeed.

The entrepreneurs found free ESL courses and service provider support from multi-service agencies to be helpful.

When asked what personal characteristics and circumstances contributed to their success, three said that being personable, friendly and having good people skills was a strength. Two identified family support as important. The ability to understand and relate to customers and their cultures was also mentioned as important.

The entrepreneurs had accessed a variety of programs and services to support their objectives including Learning Enrichment Foundation, Thorncliffe Neighbourhood Office and the City of Toronto. Two had been referred to services, while the other two found the services through advertisements and their own research. Benefits of these services included support in networking and a wide breadth of topics. The entrepreneurs also talked about the importance of helpful and approachable staff and personal support. The immigrant entrepreneurs did encounter some challenges with the services including being overwhelmed with the information and a lack of experience.

When asked what improvements could be made to programs, the entrepreneurs talked about how time constraints can be a challenge in accessing programs. Additional programs that could be helpful included certification courses and distinct newcomer and immigrant programs. Improvements could include more access to computers, additional night courses, more information on availability of services, and better resources for staff.

IMPLICATIONS OF FINDINGS ON EXISTING SERVICES

International literature, direct engagement with new entrepreneurs, and detailed interviews with established service providers and entrepreneurs reinforce some consistent and clear direction about support or immigrant entrepreneurs.

There is no single type of entrepreneur

Entrepreneurs are best served when the service reflects their distinct backgrounds, contexts and experiences. Women have different paths to success than men. People pushed into entrepreneurship have different needs than those drawn to it. Experienced business people face different circumstances than new entrepreneurs. Robust enclaves create different settings than diffuse ones. These variations have a significant impact on outcomes and on needs. Supporting entrepreneurs well depends on responding to their real circumstances. Not surprisingly, many successful models take an

individualized approach, recognizing that all the variations make it all but impossible to match new entrepreneurs to set strategies.

Success comes in many forms

Entrepreneurs often seek something other than access to full-time, full-year work and a living wage. Some seek income supplements. Some seek flexible access to income and prefer casual and irregular work times. Some seek skills development; others, networking. Those wide ranging goals should be reflected in the strategies for support. Those who do seek a stable reliable living income should be encouraged to take a hard look at their plans, the homework they have done, and the challenges of finance, marketing and the business development process before they start. One form of success is avoiding an expensive failure before it happens.

Experience or access to experience matters

Entrepreneurs with business experience do better. Entrepreneurs with family who have business experience do better. Entrepreneurs with mentors who have business experience do better. Getting people access to real world business knowledge, that they can access when they need it, is a valuable asset.

Enthusiasm, energy, commitment and tolerance of risk help

Survey respondents told us clearly as researchers and key informants that starting businesses is hard, and keeping them going is challenging. People with the enthusiasm, energy, commitment and tolerance of risk to weather the tough times and rally the resources they need are more likely to make it. The support to take on those tasks is a valuable tool.

Co-ethnic settings are enticing and hard to break away from

Entrepreneurs are drawn to co-ethnic employees for reasons of communication but also by the comfort of shared values and confidence in the staff. They also tend toward co-ethnic customers, who are accessible within their current networks and communications abilities. Their devotion to co-ethnic suppliers is lower but their networks and business models often result in co-ethnicity all the same. Breaking out of these patterns is economically advantageous (opening up a larger range of staff, markets and supply chains usually lowers costs and increases sales) but not easily accomplished by people with constraints on their language skills and social networks. Training and networking provide advantages to people in these circumstances.

Context matters

The impact of reliance on co-ethnic staff, markets and suppliers varies according to the context of the cultural community. Large, geographically concentrated enclaves provide substantial markets and extensive employment pools. Smaller, more diffuse ones do this less successfully. Cultural communities located in high crime areas give local businesses added barriers to attracting customers. Helping entrepreneurs in smaller enclaves bridge to new markets and draw on broader employment networks will be beneficial.

Language skills are critical

While basic English skills appear to be widespread, the ability to garner new information, navigate unfamiliar systems and reach new customers requires relatively advanced language skills which many immigrant entrepreneurs appear not to have. Researchers and entrepreneurs themselves identify this as one of the most critical skill areas. Enhanced English skills not only provide better access to markets and suppliers, but better access to the information that solves new problems they face. Access to training in English continues to be a priority.

Tools for adaptation and navigation outrank fixed knowledge

While immigrants seek all kinds of business skills, overwhelmingly, the unpredictable world of business, driven by unanticipated opportunities and challenges, draws on the skills that make adaptation possible. While established immigrant entrepreneurs urge their new counterparts to “do their homework before they start,” the literature shows that experience and capacity for risk are key predictors of success and newcomers favour access to informed counterparts who can guide them through troubles and a clear knowledge of Canadian systems that helps them navigate surprises over a pre-set business plan. Providing access to information and support, especially in linguistically accessible forms, helps.

People want to hear from people like them

Immigrant entrepreneurs, like most people, have confidence in the people who have faced their challenges and understand their perspective. They are eager to connect with mentors, network with peers, take guidance from fellow business owners and talk to people who, literally, speak their language. Co-ethnic mentorship and networking will be an asset.

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A complete set of findings from the literature review and graphs from the data are available in PowerPoint format upon request. Please contact us at:

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