

Shaping Immigration to Canada: Learning from the Past and a Vision for the Future

Pathways to Prosperity

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Immigrant businesses in Canada: Unlocking their Potential

Horatio M. Morgan



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Everyone Makes a Mark

Some well-documented **evidence** on immigrant businesses in Canada

- When compared with the Canadian-born population, relatively established immigrants—10 to 30 years of permanent residence in Canada—are more likely to either **own** a **private incorporated business** or become **self-employed**;
- Recently established businesses with an immigrant owner are more likely to engage in **export activity** than other Canadian businesses;
- When immigrant businesses export, they are more inclined to **target global markets** than other Canadian businesses.

Immigrant business owners as innovators

Immigrant business owners are **less likely** than their non-immigrant counterparts to develop novel products or services that rest on **formal or legally-protected** technological knowledge (i.e. patents) or marketing intangibles (i.e. registered trademarks); instead:

*Immigrant business owners **tend to engage** in **less formal innovations** (e.g., development of novel marketing approaches or distribution channels) that facilitate the placement of high-quality, branded products or services in global markets.*

Why are immigrant entrepreneurs more **globally-oriented** than others?

Key **human** and **social capital** sources of their advantage:

- Foreign language skills;
- Cross-cultural knowledge;
- First-hand knowledge of: foreign customers' needs, how to serve such needs, regulations & social structures in their country/region of origin.
- Trusted social and business relationships through global ethnic networks.

Key areas in which immigrant businesses seem to be **underperforming** relative to their Canadian-born counterparts

- The relatively fast rate of business formation among more established immigrants is partially offset by their relatively **low rate** of **job creation**:
 - *Over a 10- to 30-year period, incorporated immigrant businesses have an average of 4 employees compared with 7 for their Canadian-born counterparts.*
- Although immigrant businesses are more likely to export to markets outside the U.S., the **scale** of their **export activity** appears to be relatively **small**.

The “Small Size” problem

The relatively **small size of financially viable **export-oriented immigrant businesses** could **limit** their contribution to the Canadian economy.**

Why the **government** has a **role** to play in scaling up immigrant exporters

- Export market **diversification** beyond the U.S. has been recognized as a national priority.
- Immigrant businesses have the potential to **re-orient** Canada's exports toward relatively fast-growth **global markets**.
- “**Market failure**”:
 - Even financially viable immigrant exporters may be underserved, or served under less favourable terms, by private business service providers and Canadian financial institutions.

Major groups of immigrant exporters with alternative business models

- **Immigrant exporters in knowledge-/technology-intensive industries (e.g., software engineering) :**
 - Likely to compete on the basis of an *innovation-based strategy*.
 - Profitable and have strong growth potential.
- **Immigrant exporters in retail trade:**
 - Likely to compete on the basis of a *low-pricing strategy*.
 - Exhibit low profitability, and limited growth potential.

What **mix** of government-sponsored **business support services** should be offered to (**innovative**) immigrant exporters?

- Finance
 - credit guarantee programs
 - co-investment in angel investor networks and private venture capital funds
- Mentorship
- Networking
- Business advisory support
- Market research
- Low-cost shared office space

What **model** should be employed to **deliver** business support services to (**innovative**) immigrant exporters?

An emerging model:

All levels of government have been involved in:

- **Funding** third-party, not-for-profit providers of business support services (e.g., incubators);
- providing **referral services** to entrepreneurs seeking professional advisory services.

Need for specific program objectives

- *Government-sponsored business service providers should be guided by clearly articulated **objectives**:*

e.g., To help immigrant exporters satisfy their need for:

- *information and advice*
- *local connections*
- *financial resources*

Key elements of business support services that might contribute to the economic integration of immigrants

- A more deliberate and structured approach to **network development** is needed:
 - immigrant entrepreneurs need to become more socially-embedded in the leading industry clusters or business ecosystems across Canada.
- Immigrant entrepreneurs need more accessible professional advice on:
 - how to obtain, protect, monetize and strategically deploy their **intellectual property rights** (e.g., patents, trademarks and/or industrial designs).
 - how to expand **ethnic business operations** into **mainstream local markets**.
- Government agencies need to develop more **integrated online platforms** to improve the dissemination of information on government-sponsored business support services across the three levels of government.

Thank you!



Horatio M. Morgan, PhD

Associate Professor
Global Management Studies
Ted Rogers School of Management
Ryerson University

1(416)979-5000 ext. 2526

horatio.morgan@ryerson.ca

www.ryerson.ca/tedrogersschool/h-morgan