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### **Immigrant Entrepreneurship in Kelowna, BC:** *Challenges and Opportunities*

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# **Metropolis British Columbia**

## ***Centre of Excellence for Research on Immigration and Diversity***

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### **IMMIGRANT ENTREPRENEURSHIP IN KELOWNA, BC: CHALLENGES AND OPPORTUNITIES**

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## ABSTRACT

With immigration projected to account for all population and labour force growth in Canada by 2031, small- and medium-size cities are facing pressure to attract immigrants to counter aging trends in the population and boost economic productivity. One of the challenges these cities face is how to retain and integrate new immigrants given a lack of tradition in settling contemporary migrants and an absence of appropriate infrastructure to integrate them. Since immigrant businesses are often considered an engine of economic growth, this study, using Kelowna, BC as an example, attempts to explore the experiences of immigrant entrepreneurs in small- and medium-size cities. We believe that looking at what and how current immigrant entrepreneurs are doing today may offer insights into the future directions these cities should take in terms of attracting immigrant businesses.

In particular, we compare the experiences of immigrant to non-immigrant entrepreneurs to see if they face similar challenges and opportunities, whether they cope and strategize differently, and what the city can do to attract and retain potential immigrant entrepreneurs.

A mixed methods approach, consisting of a questionnaire survey and key informant interviews, is employed. While our key informants point out numerous challenges in promoting and attracting immigrant entrepreneurs to Kelowna, our survey reveals that Kelowna's immigrant and non-immigrant entrepreneurs have different experiences in establishing their businesses: More immigrants than non-immigrants encountered barriers in establishing and running their business.

There are two interesting findings from the survey. First, in the absence of institutionally complete communities or strong ethnic economies, immigrants do not rely extensively on their own community resources, which are considered instrumental in immigrant business development in major urban centres. Characterized by a low degree of social embeddedness, they seem to follow a more “individualistic” pattern of establishing and running their business. Second, compared to their Canadian-born counterparts, immigrant entrepreneurs have a more optimistic outlook of doing business in Kelowna. This is encouraging when the city is trying hard to attract more immigrant investment to the region. As part of its outreach strategies, the city ought to work in partnership with other levels of government to let the world know where Kelowna is and transform it into a more welcoming community, putting in place appropriate infrastructure that can connect newcomer entrepreneurs to the larger society and economy, and removing any perceived/potential regulatory/institutional offsets.

## INTRODUCTION

With immigration projected to account for all population and labour force growth in Canada by 2031 (Statistics Canada 2006), small- and medium-size cities are facing pressure to attract immigrants to counter aging trends in the population and boost economic productivity. With the latest figures from CIC showing a slight decline in the percentage of immigrants settling in Canada’s three largest metropolises, immigration is fast becoming an issue for small- and medium-size cities (NWGSCS 2007). One of the challenges these cities face is how to retain and integrate new immigrants, a pressing concern given a lack of tradition in settling contemporary migrants and an absence of appropriate infrastructure to integrate them. The literature has shown that smaller

cities and regions have difficulty in attracting immigrants and even greater difficulty retaining them (Ma 2010).

Research on immigrants in small- and medium-size cities only emerged recently. It has centered on enhancing the capacity of these cities to attract and retain immigrants (Teixeira 2011, 2009; Hyndman et al. 2006; Krahn et al. 2003; Derwig and Krahn 2008; *Our Diverse Cities* 2006; Triple S. Community Building 2005; Walton-Roberts 2005). There has not been much research on the economic experiences of immigrants in small- and medium-size cities with the exception of a report from Statistics Canada that offers a glance into the labour market outcome of recent immigrants (Bernard 2008) and a study that compares immigrant economic experiences in North American cities (Lo and Li 2011). Bernard (2008) finds that although immigrants are less apt to settle in small cities, those who do often enjoy a more successful economic integration than those settling in large metropolitan centres: labour force participation is higher, unemployment rates are lower, incomes are higher, and it takes less time for these immigrants to reach income parity with the non-immigrant population. Lo and Li (2011) also confirm better economic outcomes for immigrants living outside the largest metropolitan areas of Canada and the US. This is in part the outcome of a self-selection process wherein immigrants settle in smaller places only when they feel confident in landing a job.

In any case, economic experiences are not limited to the paid labour market. Many immigrants are self-employed and/or operate their own business. There is little published data or literature on the experiences of immigrant entrepreneurs in small- and medium-size cities. Because immigrant businesses are often considered the engine of economic growth, it is important to ask: What is the role and impact of immigrant entrepreneurs in small- and medium-size cities? What types of businesses do they have? Are their

businesses substitutes or complements of those owned and operated by non-immigrant business owners? What are the challenges and opportunities facing them? Are they the same as those facing their non-immigrant counterparts? Do they cope and/or strategize similarly to the non-immigrant population? Do they bring a different set of skills and values to the process? We believe that looking at what and how these immigrants are doing today may offer insights into the future directions these cities should take in terms of attracting immigrant businesses.

We used a case study of Kelowna to gain insight into some of these questions. Located at the heart of the rapidly urbanizing and expanding Central Okanagan Valley, in terms of total population, the Kelowna Census Metropolitan Area ranked 22 among the 33 city regions in Canada that housed over 100,000 people in 2006. Known as a retirement community, Kelowna is facing a huge labour shortage and has been active in recruiting skilled labour, seeking business investment, and upstarting its small- and medium-size business sector to boost or revitalize its economy (COEDC 2008). Recently, both the number of immigrants admitted under the Provincial Nominee Program and the number of business establishments in Kelowna increased fairly substantially. For example, its provincial nominees increased almost fourfold (from 36 to 120) between 2005 and 2007, and its number of business establishments increased by 10% between December 2004 and June 2008.

In this study, we compared the experiences of immigrants to non-immigrants in the Kelowna labour market by consulting two sources of data: the 2006 Census, and a survey of immigrant and non-immigrant entrepreneurs. The primary focus is on its immigrant entrepreneurs, including their socio-demographic characteristics, the opportunities and challenges they face, their coping strategies, and their future outlook.

Exploratory in nature, this study adopts a mixed methods approach to address the questions stated above. In addition to the aforementioned survey, we interviewed key informants from the city in the hope of bringing more nuance into our analysis.

In what follows, we provide a brief literature review on immigrant entrepreneurship and discuss our research methods. We then profile the demographic and economic characteristics of the population in our study area, in particular the differences and similarities between the immigrant and non-immigrant populations. We also take a look at business growth in the area. Finally, we lay out the main findings before drawing out their implications for policy and research.

## IMMIGRANT ENTREPRENEURSHIP

Immigrant entrepreneurship refers to an immigrant's initiative and ability to create a business entity of any size, solely or jointly with others. Most studies on immigrant entrepreneurship seek to explain its causes and consequences (Kloosterman and Rath 2003:3). Questions about immigrant entrepreneurs often include: Why do immigrants become entrepreneurs? Why is entrepreneurship more common among some immigrant groups than others? What are the pros and cons of being an immigrant entrepreneur? How do different immigrant groups deal with the challenges of entrepreneurship?

### *The Canadian Picture*

There is a growing awareness that Canada's ethnocultural groups play an important role in our national economy and that successful immigrant settlement is affected critically by economic integration. Many studies recognize the increasingly important role immigrant entrepreneurs have in community de-

velopment (Bauder 2008; Hum and Simpson 2004; Ley 2006; Marger 2006). Many Canadian companies are already taking advantage of the enormous potential immigrants and their communities offer in terms of access to the new global marketplace, and immigrants noticeably contribute to Canada's urban economies and international trade (Kwak and Hiebert 2010; Ley 2003; 2006; Li and Teixeira 2007; Jones 2004; Walton-Roberts 2011).

The current Canadian literature focuses mainly on why certain immigrant groups in urban areas concentrate on entrepreneurship, and what factors facilitate and/or hinder this phenomenon. Scholarly research into immigrant entrepreneurship in Canada remains for the most part exploratory and lacks comparative studies that would allow a more detailed assessment of patterns of immigrant entrepreneurship both between groups and between cities of different sizes. Table 1 summarizes the main themes that emerge from a review of the Canadian literature. First, immigrants in general are more likely to be self-employed than Canadian-born workers. However, not all immigrant groups have attained the same degree of involvement and success in starting and running businesses in Canada. For example, self-employment is more common among Asians (e.g., Chinese and Koreans), Jews, and certain European groups. In contrast, visible minority immigrants from the Caribbean, Africa, and Southeast Asia are among the least entrepreneurial. Second, visible minority immigrants tend to be under-represented in Canada's business population. For example, it has been reported that African and Caribbean immigrants in urban centres are more prone to experience institutional discrimination (such as limited access to credit/financing) as a major barrier to their participation and success in self-employment than European immigrants. In general, studies have attempted to account for the under-representation of visible minority immigrants without giving appropriate attention to the impor-

tance of race or, more bluntly put, the discrimination factor. Little is known about either the reasons for visible minority immigrant business underdevelopment or the causes and consequences of discrimination faced by visible minority immigrants when starting and operating businesses in Canada. Further investigation into issues of institutional discrimination is needed, with particular attention paid to the related issues of minority access to capital and major financial institutions' attitudes towards minority businesses. Third, male immigrants are more entrepreneurial than female immigrants, who seem more prone to encounter barriers in their search for jobs and entrepreneurial opportunities. The literature on ethnic entrepreneurship often ignores gender dimensions. Very little research has been done on the major challenges that immigrant women, and particularly those who are members of visible minority groups, face when starting and running businesses in Canada. Thus, the role and impact of immigrant women entrepreneurs in certain sectors of the local ethnic economy has been largely neglected. It is clear that we need to learn more about the role of ethnicity, race, and gender in the Canadian economy. Fourth, immigrant businesses in general are small in scale and often family-owned and operated. In particular, those businesses located in ethnic neighbourhoods and in major immigrant gateway cities— Toronto, Vancouver, and Montreal – are also ethnically oriented with respect to their clients. Some immigrant groups (e.g., Chinese, Italians, Portuguese) have built “institutionally complete” communities in the core of major Canadian cities and their suburbs, and thus rely extensively on their own “ethnic economy” and co-ethnics to prosper. Doing business in such multicultural environments has traditionally been an economic asset both for the local ethnic economy and for the immigrant groups themselves. Institutionally complete communities also make it easier for their members to gain formal credit and financing. Fifth, immigrant

entrepreneurs from some groups are more likely than those from other immigrant groups to specialize in particular sectors or niches of the economy. For example, first-generation Greek immigrants are known for concentrating in the restaurant business/food services, Italians in the construction trades, Koreans in convenience sector operations, Chinese in restaurant ownership, Jews from Poland in manufacturing, Portuguese in the “cleaning” business, and Blacks in the retail trade. However, the question why some first-generation immigrant groups specialize in certain sectors or niches of our economy and the benefits and/or disadvantages they may get from this “specialization” remains unclear. Also, very little is known about the second- and third- generations’ involvement and specialization in the business sector. Sixth, entrepreneurship involves a complex mix of problems and benefits for immigrant groups. The literature is divided in this regard, with some studies emphasizing the benefits of going into business (e.g., social mobility, access to protected niche markets, structural opportunities) and others emphasizing its disadvantages (e.g., blocked mobility for entrepreneurs, employer exploitation, inter-ethnic conflict). Seventh, a more recent group of studies explore the transnational networking behavior of immigrant entrepreneurs.

This review identifies two major limitations. First, our current knowledge of Canadian immigrant entrepreneurship is limited to that in major urban centers (Bauder 2008; Teixeira, Lo and Truelove 2007). Little work has been done on the experiences of immigrant entrepreneurs in small- and medium-size cities. The questions of why relatively few immigrant entrepreneurs are attracted to the non-metropolitan areas of Canada and what their role and impact in the local economy is remain largely unexplored. These are particularly intriguing questions as immigrants in small- and medium-size cities often lack the presence of institutionally complete communities and strong local ethnic

economies. A related point is around the aging demographics in Canada's small towns and cities; as the only plumber in town and the owner of the only electronic store are set to retire and their children have moved elsewhere, who is going to provide these critical service businesses? Second, immigrant entrepreneurs are often studied in isolation. Control groups are often not used in the studies.

### *The Theoretical Debates*

Over the last four decades or so, several theories of immigrant entrepreneurship have been proposed, mainly by U.S. and European scholars. These theories can be grouped into four broad categories. The first, often known as the "cultural thesis," focuses on cultural predisposition with the view that the unique characteristics immigrants bring with them to the host country assist them to succeed in business (Bonacich and Modell 1980; Li 1997; Light 1972; Waldinger 1986). These characteristics can be classified as: (i) ethnic resources, such as group solidarity, self-reliance, flexibility, willingness to work long hours, access to an ethnic network that provides credit and workers, and the possession of a capitalist culture; and (ii) class resources, such as education, financial capital, business acumen, and entrepreneurial skills.

The second theoretical perspective emphasizes contextual factors and suggests that it is the set of structural circumstances that immigrant groups encounter in the immigrant receiving country that channels them into entrepreneurship (Auster and Aldrich 1984; Bonacich and Modell 1980; Collins 2002; Hiebert 1993; Li 1993; Light 1972; Portes and Bach 1985; Waldinger 1996). This theory states that the societal context within which immigrants operate provides the opportunity structures for business development in particular niches and/or in the economy as a whole. This perspective encom-

passes the earlier “blocked mobility theory” which presents ethnic/immigrant entrepreneurship as a survival strategy under discriminatory conditions, and the more recent politico-institutional approach that focuses on either a hostile (e.g., racial exclusion) or welcoming (e.g., immigrant business support programs) environment conducive to immigrant business development.

A third approach, often termed the “interactive model” or social embeddedness, recognizes the existence of an interaction between group characteristics and opportunity structures. Proponents of this model argue – with reference to differing levels of participation in ethnic entrepreneurship among ethnic groups – that no single characteristic can be said to be responsible for these differentials. The primary argument here is that entrepreneurship is socially embedded. The interactive model can be seen as a synthesis of the previous two theories (Light and Rosenstein 1995; Waldinger and Aldrich 1990; Waldinger et al. 1990).

TABLE 1 IMMIGRANT ENTREPRENEURSHIP STUDIES IN CANADA

| TOPICS   | SOURCES  |
|--|--|
| Degree of involvement and success in small businesses            | Chan and Cheung 1985; Nash 1987; Beaujot et al. 1994; Helly and Ledoyen 1994; Nash 1994; Razin and Langlois 1996; Razin and Light 1998; Rees 1998; Mata and Pendakur 1999; Qadeer 1999; Preston et al. 2003; Froschauer 2001; Li 2001; Teixeira 2001; Ley 2006; Marger 2006; Bauder 2008; Pare et al. 2008; Nakhaie et al. 2009; Walton-Roberts 2011 |
| Visible minority representation and institutional discrimination | Rhyne 1982; Kallen and Kelner 1983; Reitz 1990; Henry 1993, 1994; Uneke 1994; Ma and Fong 1996; Hou and Balakrishnan 1996; Li 1997; Reitz 1998; Wong and Ng 1998; Ornstein 2000; Pare 2000; Galabuzi 2001; Teixeira 2001; Jones 2004; Teixeira, Lo and Truelove 2007; Nakhaie et al. 2009  |
| Women entrepreneurs  | Rhyne 1982; Reitz 1990; Juteau et al. 1992; Preston and Cox 1999; Arai 2000; Knight 2004; Pare and Therasme 2010; Kariv 2011   |
| Niches and specialization  | Reitz 1990; Olson 1991; Chan 1992; Jones and McEvoy 1992; Li 1992; Marger and Hoffman 1992; Hiebert 1993; Li 1997; Reitz 1998; Teixeira 1998; Mata and Pendakur 1999; Preston et al. 2003; Hiebert 2002; Smart 2003; Froschauer and Wong 2006; Dalziel 2008  |
| Scale of business  | Marger 1989; Juteau and Pare 1997; Walton-Roberts and Hiebert 1997; Lo and Wang 2000; Teixeira 1998; Qadeer 1999; Wang 1999; Preston et al. 2003; Pare 2000; Smart 2003; Froschauer and Wong 2006; Dalziel 2008  |
| Advantages and disadvantages                                     | Jones and McEvoy 1992; Henry 1993, 1994; Uneke 1994; Li 1997, 2001; Walton-Roberts and Hiebert 1997; Marger 2001; Teixeira 2001; Fong 2001; Oaka 2001; Hiebert 2002; Ley 2006; Bauder 2008; Chrysostome and Arcand 2009; Kariv et al. 2009; Brenner et al. 2010  |
| Immigrant entrepreneurs and transnational networking             | Wong and Ng 1998; Wong 2004; Froschauer and Wong 2006; Ley 2006; Marger 2006; Ghosh 2007; Li and Teixeira 2007; Kariv et al. 2009; Kwak and Hiebert 2010; Walton-Roberts 2011  |

The fourth or the most recent approach extends the social embeddedness approach to incorporate the politico-institutional dimension (Kloosterman and Rath 2001, 2003; Rath 2000; Rath and Kloosterman 2000). The “mixed embeddedness approach” argues that we must consider the impact of laws, public institutions, and regulatory practices (i.e. the macrostructure) in addition to the role ethnic community networks play in ethnic entrepreneurship. This theory thus attempts to contextualize the interaction of micro-level socio-cultural forces, meso-level economic-structural conditions, and macro-level political-institutional setting of the immigrant receiving society (Kloosterman 2010).

Several scholars have addressed the limitations of these theoretical models of ethnic/immigrant entrepreneurship (Brenner et al. 2010; Chrysostome and Arcand 2009; Froschauer 2001; Ibrahim and Galt 2011; Kloosterman 2010). In the case of Canada, there are no apparent institutional policies determining access to business ownership, with the notable exception of a few highly regulated industries such as public utilities and banks (Lo and Wang 2007; Teixeira, Lo and Truelove 2007). In the Canadian context of multiculturalism, immigrant entrepreneurs – especially those from visible minorities – seem to operate in a less constrained environment and thus face less discrimination in their business endeavours here in Canada than their counterparts in the United States (see Boissevain et al. 1996; DelCampo et al. 2011; Waldinger et al, 1990), and far fewer regulatory barriers than in Europe (Clark and Drinkwater 2010; Jones et al. 2000). Market conditions are thus commonly perceived to determine business access and development for immigrants. The small number of studies that exist today seems to emphasize the appropriateness of the social embeddedness approach or the interactive model for Canada (Bauder 2008;

Chan and Cheung 1985; Hiebert 1993; Ley 2006; Preston, Lo and Wang 2003; Marger 1989; Teixeira 1998; Teixeira, Lo and Truelove 2007).

## RESEARCH METHODS

We used a mixed methods approach in this study. Our data were generated between June and December 2009 from three main sources: a questionnaire survey administered to immigrant and non-immigrant entrepreneurs in the City of Kelowna, informal interviews with 20 key informants, and the 2006 Census.

### *Entrepreneur survey*

The primary information source used in this study came from a survey that was administered to immigrant and non-immigrant entrepreneurs in Kelowna. The questionnaire was designed to collect information on the following broad categories: (1) the history and nature of the business; (2) resources used in starting and operating the current business; (3) current business practices and future outlook; and (4) respondent's background. Due to limited resources as well as the exploratory nature of this study, the target sample size was 30 in each of the immigrant and non-immigrant groups.

Different strategies were used to collect data for this study. This was due mainly to: (1) the relatively small number of immigrant groups in Kelowna; (2) the fact that immigrant groups in the city lack "institutionally complete" communities and ethnic business directories; (3) the unexpected amount of time needed to promote the study with the immigrant and non-immigrant entrepreneurs operating in the city; and (4) the low response rate at the initial sampling stage.

To begin, the questionnaire was mounted on Survey Monkey, an online survey tool ([www.surveymonkey.com](http://www.surveymonkey.com)). The Central Okanagan Economic Development Commission (COEDC), a key Kelowna-based organization that sponsored this study, emailed the information to all its members and encouraged them to respond. A total of 28 respondents completed the questionnaire between June and October 2009 after several electronic solicitations. Due to the low response rate, we subsequently decided to distribute the questionnaires in person to entrepreneurs located in the most important business streets/neighbourhoods of Kelowna. These include: Mission/Lakeshore, Downtown Kelowna, Rutland Road, Glenmore and Harvey/Dilworth (November to December 2009). Two research assistants explained the purpose of the study to the entrepreneurs on these streets and strongly encouraged them to participate. Prepaid, stamped envelopes were left with them. A total of 216 questionnaires were distributed. Of these, 33 were returned by mail. In total 61 entrepreneurs participated in the questionnaire survey, a group that included 29 immigrants and 32 non-immigrants.

It is important to mention here that, in order to encourage entrepreneurs to participate in this study, we also contacted other key organizations in Kelowna (the Chamber of Commerce, Community Futures, Kelowna Community Resources) to help us promote the study by distributing (via email) questionnaires to members of these organizations. We cannot tell how many questionnaires were distributed by these organizations and how many returns were due to this effort. Given the sampling strategies used, we cannot ascertain if the immigrant and non-immigrant sub-samples are of equivalent quality. The relatively small sample size, together with the exploratory nature of this study, means that the results must be interpreted with some caution.

### Sample characteristics

Our sample consists of 29 immigrant and 32 non-immigrant business owners in the City of Kelowna. Most of the immigrant businesses (76%) were owned by men, in contrast to an almost even split between non-immigrants (men, 46% and women, 54%). The immigrant entrepreneurs were on average older: 52 years of age compared to 48 years among the non-immigrants. The immigrant entrepreneurs were also generally more educated: 93% of the immigrants versus 81% of the non-immigrants had post-secondary education, although proportionately more non-immigrants had a postgraduate degree (23% versus 17%). Of the immigrant entrepreneurs, 71% had a non-English mother tongue; 44% were born in Western Europe, 30% in Asia, and 15% in Central and South America, 7% in Eastern Europe and 4% in Africa. In contrast, 76% of the non-immigrants had European ethnic origins, and only 4% were of Asian ethnicity.

The immigrant entrepreneurs arrived at Canada with different immigrant statuses. Half of them (14) came to join families, four as skilled workers, three through the Provincial Nominee Program, three as refugees, and four in the business class. They have collectively been in Canada between one and 53 years. About a third of them (30%) has been here for less than 10 years and, therefore, can be classified as recent immigrants. A similar percentage (32%) brought some business experience with them, having operated a business or two in their country of origin.

### *Key informant interviews*

During the summer of 2009, 20 key informants were interviewed. Most of our informants were officials engaged in economic development and/or business promotion and came from both the public and private sectors. They

included city officials, directors, and managers of business organizations, Chamber of Commerce officials, bank managers, social workers at settlement agencies, entrepreneurs, and a politician. They were recruited through contacts developed by one of the authors and/or recommended by the COEDC. The informal interviews were undertaken at a place chosen by the interviewees, usually their place of work. The interviews were tape-recorded, transcribed, and analyzed by theme.

### Census data

We consulted data from the latest Canadian Census available (2006), as well as various reports from BC Statistics and Central Okanagan's Economic Development Commission. The main purpose of this was to delineate differences and similarities between the immigrant and non-immigrant populations. Wherever possible, we focused on data pertaining to the City of Kelowna, our study area. We used regional data sparingly. Information from these sources provided the backdrop to this study.

## KELOWNA AND THE OKANAGAN VALLEY IN TRANSITION

The City of Kelowna is located in the central part of the Okanagan Valley. It ranks as the area's largest municipality and serves as its commercial and institutional hub. Current estimates pegged the current population of the Okanagan Valley region at 352,931, about 7.7% of the population of British Columbia (BCStats 2012).

Historically, the region has had the image of a traditional hinterland whose small communities depended on the shipment of locally grown fruit varieties to distant markets and on tourists from urban centres for their economic survival (Webber 1999). Until the 1960s, the Okanagan had been a largely rural

society with only three small towns – Vernon, Kelowna, and Penticton – and a scattering of smaller villages. But by the early 1970s, urban growth and the development of a service economy signalled and hastened the decline of the fruit tree industry. Instead, the region started to develop a retirement industry (especially in Kelowna) that mythologized the natural attractions of the region, its idyllic scenery, mild winters, and plentiful sunshine. This industry, with its particular social geography (adult-only housing, gated communities, golf courses) and related services such as health care, has benefited Kelowna and other larger communities in the region. Investors have co-opted the marketing techniques of the entertainment and tourism industries to sell the region as a lifestyle choice.

The evolution of the region's tourism industry has mirrored these developments. Where the region once advertised itself as a destination for youth and young families looking for affordable vacations, it has since shifted its marketing focus toward an older, wealthier clientele (Getz and Brown 2006; Martin and Williams 2003). An emphasis on the growing wine industry of the region has been part of this shift (Poitras and Getz 2006). The growing presence of the wine industry in the Okanagan with its various allies in economic development offices and the development community has also supplied the vocabulary for the so-called "Silicon Vineyard" strategy, an attempt to attract high-tech industries to the region on the strength of its lifestyle and low labour costs.

Population in the Okanagan has grown from 210,000 in 1986 to 310,000 in 2001, and is expected to reach 450,000 by 2031 (Hessing 2010/2011). The Central Okanagan, including Kelowna, has experienced the most dramatic growth in recent decades, with an annual rate of 2.6%. The cumulative effect of this growth has placed significant demands on services, health care,

housing, and transportation. While older people have increasingly moved to settle in the region, many of the region's young people have in turn migrated to Vancouver in search of work and amenities. The low provincial minimum wage paid to service economy workers remained set at \$8 per hour between 2001 and 2010, in spite of increases in the cost of living. The region is thus in great demand of workers, permanent and seasonal, to keep its economy going.

### *Immigrants in Kelowna*

Kelowna, a mid-size city, is one of the fastest-growing cities in the province of British Columbia. Its population increased from 19,000 in 1971 to 107,000 in 2006. The most recent census release pegs its 2011 population at 117,312, a 9.6% growth rate compared to the 2006 Census (Statistics Canada 2012). Its population tends to be older than the rest of the province, with a median age of 42.8 years compared with the provincial median of 40.8 years, and a senior population of 19.4% compared to BC's 14.6% (BCStats 2008).

The city is growing rapidly, and most of this growth is fuelled by migrants from other parts of BC, or from other Canadian provinces rather than by international migration (Bahbahani 2008). Fifteen percent of the city's population are immigrants, considerably lower than British Columbia's overall figure of 25 percent. As Table 2 shows, the majority of the province's 15,840 immigrants arrived in Canada before 1991, a third of which came before 1961, and with another third coming in the 1970s and 1980s, before mass contemporary migration to Canada began. The latter paints a very different picture when compared to immigration to British Columbia as a whole (Statistics Canada 2006). As expected, Kelowna's immigrants came primarily from Europe (64.5 percent). Recent trends are, however, changing. Between 2001 and 2006, while

Europe continued to be the main source of immigrants to Kelowna (34.7%), Asia was quickly catching up (27.2%), with the US (14.4%), Africa and Central America (11.9%) also accounting for a fair portion of immigration (BCStats 2011).

**TABLE 2: IMMIGRANT POPULATION IN KELOWNA AND BC, 1961-2006**

|                               | CITY OF KELOWNA |        | BRITISH COLUMBIA |        |
|-------------------------------|-----------------|--------|------------------|--------|
| Total immigrant population    | 15,840          | 100.0% | 1,119,215        | 100.0% |
| Arrival before 1961           | 5,065           | 32.0%  | 143,480          | 12.8%  |
| Arrival between 1961 and 1970 | 2,310           | 14.6%  | 123,035          | 11.0%  |
| Arrival between 1971 and 1980 | 2,330           | 14.7%  | 169,740          | 15.2%  |
| Arrival between 1981 and 1990 | 1,780           | 11.2%  | 169,420          | 15.1%  |
| Arrival between 1991 and 2000 | 2,560           | 16.2%  | 335,695          | 30.0%  |
| Arrival between 2001 and 2006 | 1,795           | 11.3%  | 177,840          | 15.9%  |

Source: BCStats 2011.

This immigration pattern makes Kelowna a predominantly 'white' city. In 2006, visible minorities comprised only 6.2 percent of Kelowna's population, compared to approximately 25 percent of the BC population as a whole (Statistics Canada 2006). South Asians (28.8 percent), Chinese (19 percent), Japanese (13.6 percent), and Southeast Asians (9.5 percent) are the four largest visible minority groups in the city (BCStats 2006).

Immigrants in Kelowna are generally well educated. Table 3 shows that of the working age (25-64) population, the proportion of immigrants with a university degree (19.5%) is higher than that of the total population (17.3%). However, immigrants who were working full time and full year in 2005 earned less than the general population (though they were not far behind). Their median employment income (\$35,995) was 94% of the general population's. This low employment income is likely due to a higher proportion of immigrants (12.3% versus 7.9% of the total population) working in the more labour-

intensive, less-skilled and lower-paid primary and secondary industries such as agriculture, fishing, processing, manufacturing, and utilities (see Table 4).

**TABLE 3: EDUCATION OF KELOWNA'S POPULATION AGED 25 TO 64, 2006**

|   | %TOTAL | %IMMIGRANT |
|---|--------|------------|
| Below high school                                     | 10.9   | 12.6       |
| High school certificate                               | 28.3   | 24.3       |
| Trade/college certificate/diploma, or some university | 43.5   | 43.5       |
| Bachelor degree                                       | 13.1   | 14.0       |
| Professional or graduate degree                       | 4.2    | 5.5        |

Source: BCStats 2010.

**TABLE 4: OCCUPATIONAL DISTRIBUTION OF KELOWNA'S POPULATION AGED 15 AND ABOVE, 2006**

|   | TOTAL | IMMIGRANT |
|---|-------|-----------|
| Management  | 11.0  | 10.8      |
| Business, finance and administration                          | 17.3  | 14.9      |
| Natural and applied sciences and related                      | 4.4   | 5.4       |
| Health  | 5.9   | 4.9       |
| Social science, education, government service & religion      | 6.8   | 6.4       |
| Art, culture, recreation and sport                            | 3.1   | 2.9       |
| Sales and service   | 27.0  | 24.6      |
| Trades, transport & equipment operators & related occupations | 16.6  | 16.7      |
| Unique to primary industry                                    | 4.1   | 6.9       |
| Unique to processing, manufacturing, and utilities            | 3.8   | 5.4       |

Source: BCStats 2008.

### *Businesses in Kelowna*

According to the 2006 census, Kelowna has a labour force participation rate of 64.5%. About 15% of its workers are self-employed in both incorporated (4.8%) and unincorporated (10.4%) businesses and with (6.4%) or without (8.8%) paid help. Recent years have seen significant increases in new incorporations. Table 5 shows the trend in the Central Okanagan Valley. As the

City of Kelowna is home to almost 80% of the businesses in the region, it's not surprising that most of the new incorporations are in Kelowna. The proportion of new businesses going to Kelowna increased from 71% in 2005 to 88% in 2008 (COEDC 2008: 44). In 2008, 1,704 of 11,827 business licenses issued were for new businesses. (COEDC 2009).

**TABLE 5: BUSINESS INCORPORATIONS AND BANKRUPTCIES IN CENTRAL OKANAGAN, 2000-2008**

|              | INCORPORATIONS | BANKRUPTCIES |
|--------------|----------------|--------------|
| 2000         | 690            | 42           |
| 2001         | 635            | 50           |
| 2002         | 695            | 51           |
| 2003         | 811            | 41           |
| 2004         | 920            | 42           |
| 2005         | 1425           | 47           |
| 2006         | 1393           | 42           |
| 2007         | 1578           | 29           |
| Jan–Apr 2007 | 492            | 42           |
| Jan–Apr 2008 | 556            | 29           |

Source: COEDC 2008:43

The majority of these businesses are small, with less than 20 employees. In 2007, the 15,487 firms in the region were split roughly equally between those with no employees (53.6%) and those with employees (46.4%). Nonetheless, future business growth is important to the economic prosperity of Kelowna and the Central Okanagan Valley. In particular, the region wants to shift from being an economic centre for mass production to one focused on value-added skills, production, and services by attracting entrepreneurs and skilled workforce from across the country as well as around the world (COEDC 2009), in line with Richard Florida's pitch of the "creative class" (Florida 2004). In addition, its attempt to cope with an aging demographic has focused on strategies to encourage highly skilled individuals to move to the area. In this regard, immigration plays an essential role.

As the website Invest Kelowna states: "Immigrants to the Central Okanagan represent an important resource in maintaining the economic strength and quality of life in our region. The population of the Okanagan, with the exception of Kelowna, declined in 2011. As we age, the demand on health care services will continue to grow along with the need for highly skilled workers to replace the large numbers leaving the workforce. We know that the long term employment and business needs of our region will be met by new Canadians." (<http://www.investkelowna.com/immigration.html>). In fact, two of its 2011 strategic plans were based on the attraction of entrepreneurs and workforce, as well as on the attraction of small- and medium-size enterprises—especially in the technology sector (COEDC 2011). Its action plans, which are targeted primarily at the UK, include attending Emigrate Trade events, assisting colleges and the university in marketing to and recruiting international students; recruiting specific skilled labour identified by businesses and business organizations; providing one-on-one assistance to local employers looking to retain or recruit foreign skilled workers; increasing resources to attract and recruit a small but globally active, high-quality workforce businesses; co-ordinating metabridge visits to the Okanagan, and developing a regional strategy to attract data centre clients and facilities. While a lot of resources will be poured into recruiting business immigrants to the region, it will be useful and interesting to see how its immigrant entrepreneurs are doing, especially compared to the non-immigrants.

## DOING BUSINESS IN KELOWNA

*The business environment*

Starting and running a business in the interior of BC, far from major urban centers and markets, can be a challenging experience for entrepreneurs. Because of the city's small size and its isolated location, business opportunities are necessarily limited. One of our key informants said blatantly:

*"Our market is becoming so flat . . . and we're kind of far away from the Lower Mainland and ... Calgary, and there are companies in those two centres that are able to ... supply what Kelowna can't."*

Competition in a tight marketplace such as Kelowna is severe, and made more difficult by an abundance of lifestyle migrants. As one city official commented:

*"[Kelowna] is not an easy market to come into . . . we have a lot of lifestyle migrants who move here for the lifestyle and are prepared to take any job, so you have a vast array of entrepreneurs . . . If you moved and, say, you're going to do carpet cleaning and if we need five carpet cleaners, we probably have 50."*

Comments about the lifestyle of migrants tend to echo a major concern expressed by both the immigrant and non-immigrant entrepreneurs we surveyed. As we will show later in the section on barriers to business development, the majority in each group found the biggest problem they faced was recruiting enough good, reliable employees (see Table 8). One key informant explained:

*"The last thing [entrepreneurs] want to do is attract as employees the people who are attracted here for the lifestyle. . . . because they don't want people who at 4:00 in the afternoon say 'I'm off to play golf.'"*

Lifestyle migration potentially poses a threat to business development. One of our key informants, a city official, said:

*"Everybody wants to live in Kelowna for its quality of life. They migrated from different parts of Canada . . . and are prepared to take any job, so you have a vast array of entrepreneurs and, like most entrepreneurs, a high proportion will fail."*

Retail businesses are easy to enter, but their success rate is low. The official continued:

*"I think because [of] the limited business opportunities in Kelowna, I mean, I'm amazed that in the summer you see businesses spring up, [but] by the fall you go back [and] they're no longer there. It's almost as if even the business sector is controlled by a few, by a conglomerate. . . . And to me I always have to keep in mind that Kelowna is perhaps 30 years behind the normal growth process of the rest of Canada. . . . The chances of success are not so high. I mean, if you look at statistics you see that in five years' time maybe only 20 or 30 percent of the companies survive and the mortality rate is 70%—they are out of business because they run out of money. They make mistakes."*

Expectations are high for immigrant entrepreneurs. But the available infrastructure cannot effectively support them. Access to affordable business sites/premises and housing can be a first obstacle for entrepreneurs wanting to start a business in Kelowna, a city well known for having one of the most expensive real estate markets in Canada. In addition, "[While there is] good work out there to create [business] incubators . . . the challenge . . . is the incubators are very narrowly focused on specific technologies . . . we need to broaden the support mechanisms for entrepreneurs that don't fit the high-tech framework." Developing strong networks with other established entrepreneurs and understanding the way the local business environment works thus becomes crucial to entrepreneurial success. As one local business leader noted:

*"It is a real issue for immigrants and non-immigrants. . . . making contacts. . . . perhaps access to money, just understanding, I guess, the infrastructure of Kelowna, and how to access funds, how to access markets. Language might be an issue for them so people [need] to be patient with [immigrants] as they try to establish the business."*

### *Barriers to business development*

We used the survey data to examine the barriers entrepreneurs face and noted that our survey participants sometimes expressed opinions different from those of our key informants. This is not difficult to explain. On the one hand, what the key informants noted above is about businesses in general. On the other hand, the average business covered by the survey had been around for some time. With only eight of these businesses having been in operation for less than three years, our survey sample thus consists largely of survivors. And what these survivors have experienced is likely different from those who have been forced to exit the market or from the overall picture observed by our key informants. The following business profile helps contextualize the barriers experienced by our respondents.

#### Type, ownership pattern, and entrepreneurial motives

Table 6 shows the types of business operated by our sample of immigrants and non-immigrants. Retail dominates (in a few cases together with import trade), followed by services at both the tertiary and advanced levels. This is not surprising; it conforms to what is generally known about the industrial structure in advanced economies. However, there is a distinct difference between immigrants and non-immigrants. Whereas half of the non-immigrants operated a retail business, half of the immigrants engaged themselves in either the tertiary service sector (e.g., motel, auto repairs, landscaping) or the

advanced service sector (e.g., optometry, technology research, consulting). Immigrants' proportionately greater representation in advanced services corresponds to the region's strategy to pursue the creative class and to turn the area into a "silicon vineyard".

TABLE 6: TYPES OF BUSINESSES

|   | ALL | IMMIGRANT |       | NON-IMMIGRANT |       |
|---|-----|-----------|-------|---------------|-------|
|   |     | n         | %     | n             | %     |
| Construction (1)                                | 2   | 1         | 3.4   | 1             | 3.1   |
| Manufacturing (2)                               | 2   | 1         | 3.4   | 2             | 3.1   |
| Transportation (3)                              | 2   | 0         | -     | 2             | 6.3   |
| Retail (including a few import wholesale) (4,5) | 26  | 10        | 34.5  | 16            | 50.1  |
| Finance, insurance & real estate (6)            | 5   | 2         | 6.9   | 3             | 9.4   |
| Tertiary services (7)                           | 12  | 8         | 27.6  | 4             | 12.5  |
| Advanced services (8)                           | 12  | 7         | 24.1  | 5             | 15.6  |
| Total   | 61  | 29        | 100.0 | 32            | 100.0 |

Source: Authors' survey. Collated from open-ended answers.

Very few of these businesses are incorporated (see Table 7). A limited company is the most common ownership type, comprising 50% of the immigrant businesses and 60% of the non-immigrant businesses. For unincorporated and non-limited companies, immigrants are more likely to be sole proprietors and non-immigrants are more likely to be in partnership with others. Immigrants are also more likely to operate single-location businesses (90% compared to 75%). For the majority (66% immigrants and 63% non-immigrants), this was their first business in Canada. Those who were in their second or third business endeavour cited different reasons for switching from their previous business. For four of the ten immigrants in this category, the explanation was that their previous business was unprofitable. For six of the eleven non-immigrants, the switch was more the result of a business strategy

such as expanding their product or market base, or selling the first company in order to capitalize on other opportunities.

TABLE 7: BUSINESS OWNERSHIP

|                   | N  | SOLE<br>PROPRI-<br>ETOR | PARTNERSHIP | LIMITED<br>COMPANY | INCOR-<br>PORATED | OTHER | TOTAL<br>% |
|-------------------|----|-------------------------|-------------|--------------------|-------------------|-------|------------|
| Immigrant         | 29 | 37.9%                   | 3.4%        | 48.3%              | 3.4%              | 6.9%  | 100%       |
| Non-<br>immigrant | 32 | 21.9                    | 15.6%       | 59.4%              | 3.1%              | -     | 100%       |

Source: Authors' survey.

A different set of reasons was provided when respondents were asked why they started their current business. The most commonly cited reasons were pull factors such as 'personal/family reasons' (63% non-immigrants and 32% immigrants) and 'perception of opportunity and prospect' (38% Canadian-born and 43% immigrants). Two immigrants, likely from the business immigration class, had established their business in order to fulfill their 'immigration requirement.' Five immigrants (18%) cited 'dissatisfaction with paid employment' as the push into business, whereas no non-immigrants ever mentioned this.

#### Barriers to starting and running a business

In our sample of entrepreneurs, more immigrants encountered barriers in establishing their business: 76% (22/29) versus 55% (17/31) for non-immigrants. Too much government regulation and bureaucracy, inadequate credit/financing, and, to a lesser extent, a tight and competitive market were considered the top initial barriers by both groups. Immigrants in particular found government regulations and financing overbearing at every level—a quarter of those experiencing barriers stated so. A slightly lower percentage of immi-

grants (19%) considered inadequate language skills, cultural differences, and, in a few cases, racial discrimination (10%) to have been barriers. More immigrants than non-immigrants faced multiple barriers. These differences explain why more immigrants (40% versus 21%) considered such barriers unique to immigrants, whereas more non-immigrants (94% versus 83%) considered them common to entrepreneurs in general.

For the non-immigrant group, those experiencing barriers in establishing their business were more likely to be women (69% compared to 42% men) with a post-secondary certificate or diploma (80% versus 50% or so in each educational group), and of Caucasian background (80%). For the immigrant group, gender made no difference. Those with a university degree (67% versus 80% in other education groups) experienced the fewest barriers. The business-class immigrants (4 or 100%) encountered difficulties more often than those arriving as provincial nominees and refugees (67%). Recent immigrants i.e., those arriving after 1990, faced fewer barriers compared to those who arrived earlier (62% versus 86%). Immigrants of Mexican and Asian origin (over 90%) were more likely to have dealt with various kinds of business barriers in comparison to those from Europe (97%).

Barriers to business development do not occur only during the inception stage. Many entrepreneurs may continue to see a barrage of problems in the course of operating and maintaining their businesses. Table 8 sums it up. Our sample of respondents experienced five major problems: a lack of good, reliable employees; cash flow or financing; market-related issues; high costs associated with operating their business, and government regulations. Immigrants and non-immigrants ranked these items differently. While recruitment and management of employees was the top headache for both groups, immigrants ranked the burden of government regulations and financing over

market competition and the high cost of operating a business, whereas the non-immigrant business owners found high operating costs and market competition more problematic than issues related to financing and regulations. There were additional problems unique to both groups. For example, our immigrant entrepreneurs were conscious of their language and culture, their lack of a network of contacts, and the absence of government support as challenges to the smooth running of their firms. Non-immigrant respondents, on the contrary, blamed themselves for their problems; some lamented their own personal inadequacy, others found that working long hours left them insufficient time to plan and strategize for the future.

**TABLE 8: MAJOR PROBLEMS IN RUNNING THEIR BUSINESS**

|   | ALL<br>RESPON-<br>DENTS<br>(N=53)* | IMMIGRANT<br>RESPON-<br>DENTS<br>(N=28)* | NON-<br>IMMIGRANT<br>RESPON-<br>DENTS<br>(N=25)* |
|---|------------------------------------|--|--|
| Finding enough good and reliable employees                      | 67.9%                              | 64.0                                     | 72.0   |
| Financing, cash flow, banks                                     | 49.1%                              | 46.0                                     | 40.0   |
| Competition/market/clients                                      | 35.8%                              | 29.0                                     | 44.0   |
| High operating costs (rent/fees/exchange/tax/inflation/theft..) | 34.0%                              | 18.0                                     | 52.0   |
| Government regulations (+immigration laws and bureaucracy)      | 32.1%                              | 50.0                                     | 12.0   |
| Other (no time, not working hard enough)                        | 17.0%                              | 7.1                                      | 28.0   |
| Difference in language/culture & discrimination                 | 13.2%                              | 21.4                                     | 4.0  |
| Supply and logistic issues                                      | 11.3%                              | 17.9                                     | 4.0  |
| Absence of government support and network of contacts           | 9.5%                               | 17.9                                     | 4.0  |

Note: \* refers to those who responded to the question. Multiple problems allowed.

Source: Authors' survey. Collated from open-ended answers.

When the birthplace of immigrants and the ethnic origin of non-immigrants are considered, a higher proportion of those of non-European origins experienced barriers. Immigrants born inside and outside Europe placed different weights on the barriers. The European-born considered financing and government regulations as major barriers. Those born in Asia, Africa, or Central/South America cited regulations along with language and culture as the most challenging. Half of the latter, compared to a quarter of their European counterparts, also thought that the barriers they outlined were unique to immigrants.

### Business strategies

Immigrant businesses are generally smaller than native-born businesses. In this case study, they were less than half the size of the latter, employing on average 5.4 workers compared to 12.3 among the non-immigrants (Table 9). Both groups work long hours, a characteristic of the self-employed and the entrepreneurial class, and often a source of complaint.

TABLE 9: WORK HOURS, EMPLOYEES AND CLIENTS

|                 | WEEKLY<br>WORK<br>HOURS | TOTAL<br>NUMBER OF<br>EMPLOYEES | %<br>EMPLOYEE<br>BEING<br>FAMILY | %<br>EMPLOYEE<br>BEING CO-<br>ETHNIC** | NO. OF<br>TEMPORARY<br>FOREIGN<br>WORKERS | % CO-<br>ETHNIC**<br>CLIENTS |
|-----------------|-------------------------|---------------------------------|----------------------------------|--|---|------------------------------|
| Non-immigrants* | 32                      | 29                              | 29                               | 29                                     | 26  | 9                            |
| mean            | 51.9                    | 12.3                            | 19.8                             | 57.7                                   | 0.92                                      | 81.7                         |
| range           | 2 – 80                  | 0 –<br>85                       | 0 – 100                          | 0 – 100                                | 0 – 10                                    | 25 – 100                     |
| Immigrants*     | 29                      | 29                              | 27                               | 27                                     | 26  | 14                           |
| mean            | 51.9                    | 5.4                             | 26.6                             | 37.3                                   | 0.27                                      | 22.2                         |
| range           | 8 – 80                  | 0 – 40                          | 0 – 100                          | 0 – 100                                | 0 – 4                                     | 0 – 100                      |

Note: \* refers to those who responded to the question. Multiple problems allowed.

\*\* The questions in the survey asked if employees and clients were of the same ethnicity as the respondent. Coethnicity is thus self-defined.

Source: Authors' survey.

The *family* plays an important role in managing and operating small- and medium-size businesses. The majority in each group (71% of immigrants and 56% of non-immigrants) saw an advantage in having family members participate in their business (Table 10). Immigrants commented on the trust, the interest, and the commitment of family business. Non-immigrants, on the other hand, noted that having the same values makes communication easy. Although a much higher proportion of immigrants affirmed the extreme importance of family members (65% versus 41%), their involvement was only slightly higher (27% versus 20%), possibly the result of the smaller size of immigrant businesses in the city.

TABLE 10: THE ADVANTAGES OF HAVING FAMILY MEMBERS AS EMPLOYEES

|   | %IMMIGRANTS |      | %NON-IMMIGRANTS |      |
|---|-------------|------|-----------------|------|
|   | N*          | %    | N*              | %    |
| Trust, loyalty, commitment, family interest | 12          | 42.9 | 4               | 18.5 |
| Same values, easy to communicate            | 5           | 18.8 | 9               | 33.3 |
| Same language, culturally similar           | 3           | 10.7 | 1               | 3.7  |
| No advantage or disadvantage                | 8           | 24.9 | 9               | 33.3 |
| Not applicable or relevant                  | 1           | 3.6  | 3               | 11.1 |
| Total                                       | 28          |      | 27              |      |

Note: \* refers to those who responded to the question. Multiple problems allowed.

Source: Authors' survey. Collated from open-ended answers.

Because of the bureaucracy and time involved in the application process, the hiring of temporary foreign workers is also dictated by firm size. In our sample, only 10 of the 62 businesses, most of which are in the retail/trade and tertiary service sectors, employed temporary foreign workers. On average, the four immigrant firms hired 1.75 foreign workers, which accounted for one-third of their employees, and the six non-immigrant firms hired 4 workers—

a figure equivalent to half of their labour pool. Overall, temporary foreign workers accounted for 6% of the workforce in our sample. Their presence was considered important by one-fifth of the immigrant and non-immigrant businesses.

Kelowna is a very “white” city. Unlike large cities where immigrant groups are numerous and often concentrated, an immigrant owners’ ability to hire co-ethnic workers is limited unless they are of the same ethnicity as the majority group. It is thus a bit unusual, although not surprising, that Table 9 reports a much higher co-ethnic workforce and clientele in businesses run by non-immigrants.

Business owners obtain information and advice from various sources, including families and relatives, and their network of contacts from inside or outside their ethnic circle. The literature on immigrant entrepreneurship asserts the importance of co-ethnic friends and organizations as information sources. Our study reveals little difference between immigrant and non-immigrant entrepreneurs in terms of where they seek information and advice. Non-immigrant entrepreneurs ranked relatives, non-ethnic organizations, co-ethnic friends, and non-co-ethnic friends as their top sources of information. Immigrant entrepreneurs in Kelowna may not have relatives around, yet they too rely on non-ethnic organizations, co-ethnic friends, and non co-ethnic friends for information (see Tables 11 and 12). These important sources provide information on business locations, market situations, and regulatory and legal matters. They also recommend clients to the immigrant entrepreneurs (see Table 13).

**TABLE 11: SOURCE OF INFORMATION**

|                            | %IMMIGRANTS<br>(N=29)* | %NON-<br>IMMIGRANTS<br>(N=28)* |
|----------------------------|------------------------|--------------------------------|
| Relatives                  | 24.1%                  | 42.3%                          |
| Co-ethnic friends          | 51.7%                  | 38.5%                          |
| Non co-ethnic friends      | 44.8%                  | 30.8%                          |
| Co-ethnic organization     | 6.9%                   | 11.5%                          |
| Non co-ethnic organization | 58.6%                  | 42.3%                          |
| Co-ethnic media            | 10.3%                  | 19.2%                          |
| Other Media                | 27.6%                  | 19.2%                          |
| Banks                      | 37.9%                  | 34.6%                          |
| Other                      | 20.7%                  | 38.5%                          |

Note: \* refers to those who responded to the question. Multiple problems allowed.

Source: Authors' survey.

**TABLE 12: SOURCES OF INFORMATION USED WHEN STARTING AND/OR OPERATING CURRENT BUSINESS**

|                            | %IMMIGRANTS<br>(N=23) | %NON-<br>IMMIGRANTS<br>(N=20) |
|----------------------------|-----------------------|-------------------------------|
| Relatives                  | 4.3%                  | 20.0%                         |
| Co-ethnic friends          | 30.3%                 | 15.0%                         |
| Non co-ethnic friends      | 8.7%                  | 10.0%                         |
| Co-ethnic organization     | 4.3%                  | 0.0%                          |
| Non co-ethnic organization | 39.1%                 | 20.0%                         |
| Co-ethnic media            | 8.6%                  | 10.0%                         |
| Non co-ethnic media        | 4.3%                  | 0.0%                          |
| Banks                      | 8.7%                  | 5.0%                          |
| Other                      | 8.7%                  | 45.0%                         |

Note: \* refers to those who responded to the question. Multiple problems allowed.

Source: Authors' survey.

**TABLE 13: AREAS OF INFORMATION/ADVICE CONSIDERED IMPORTANT TO THE ESTABLISHMENT AND/OR OPERATION OF THEIR CURRENT BUSINESS**

|   | IMMIGRANTS<br>(N=25)* | NON-<br>IMMIGRANTS<br>(N=21)* |
|---|-----------------------|-------------------------------|
| Information on current business site                                  | 58.3%                 | 77.3%                         |
| Information on market/climate for business                            | 80.4%                 | 85.7%                         |
| Information on government assistance, legal matters, labour laws, etc | 70.8%                 | 62.2%                         |
| Capital to establish or expand current business                       | 36.0%                 | 52.4%                         |
| Information on mutual aid   | 52.0%                 | 45.5%                         |
| Recommending employees  | 26.9%                 | 47.6%                         |
| Recommending clients  | 73.0%                 | 50.0%                         |
| Other (business planning, growth strategies, etc.)                    | 63.0%                 | 43.8%                         |

Note: \* refers to those who responded to the question. Multiple problems allowed.

Source: Authors' survey.

### The ethnic factor

Unlike large cities with diverse and numerous immigrants, the ethnic factor plays a small role overall in Kelowna's small- and medium-size immigrant businesses. A large majority (64% of immigrant and 77% of non-immigrant entrepreneurs) do not see co-ethnic employees as important. With limited presence of ethnic organizations and/or ethnic media, both immigrant and non-immigrant entrepreneurs recruit and seek information from the larger mainstream organizations. However, a slightly higher proportion of the immigrant entrepreneurs (33% versus 25% of the non-immigrants) attributed their success to their co-ethnic organization. Most (92% of non-immigrant and 69% of immigrant businesses) targeted the general community in Okanagan/Kelowna as their primary clientele when first setting up their business, although a quarter of the immigrant businesses aimed at the larger community in the province, the country, or the world. While both groups found co-ethnic friends important for advice and information, non-immigrants do not consider their co-ethnic community as important. More immigrant entrepreneurs, how-

ever, still believe in the value of a co-ethnic community. The sample shows that 18% of them found that reliance on their co-ethnic community affected their business positively, and 25% said such reliance would be advantageous to the future of their business. Though the values are small, it is significant that only 5% of the non-immigrant entrepreneurs cast any hope on their co-ethnic community.

### *Outcomes and outlook*

Participants in our sample shared both the gratifying and frustrating aspects of running their own business. Independence or being one's own boss was cited as the most gratifying aspect, being expressed by 42% of each group (see Table 14). A similar proportion of each group, although the number was slightly higher with non-immigrants, said it was very rewarding to see the positive impact of their efforts on others. When it came to the financial and/or emotional rewards obtained from operating a business, opinions diverged, however, with non-immigrants being generally less satisfied than immigrants (27% versus 32%), leading one to speculate that their expectations may have been higher than those of their immigrant counterparts.

As more immigrants were self-proprietors, working long hours and shouldering all the responsibility for the business (the biggest complaints cited) made their lives very stressful. At least over 30% felt this way compared to 17% of non-immigrants who, on the contrary, were most frustrated by labour recruitment, human resource management (29%), and regulation compliance (21%).

Despite these actual or perceived difficulties, over 90% of the respondents in each group considered themselves rather successful in their business, although the immigrants were more likely to be on either side of the 'very

successful-moderately successful-not successful' scale. For example, while 41% of them considered themselves very successful compared to 35% of the non-immigrants, 7% of them compared to 4% non-immigrants did not regard themselves as successful. Reputation, business practices, having clients from the larger community (or not serving co-ethnic clients), and the location of their business were cited most often by both groups as important to their success (see Table 15). When asked to choose the two most important factors from the list outlined in Table 15, immigrants identified their good reputation and business relationship with their customers (58%), having clients from the larger community (54%), and help from family members (35%) as the most important, and non-immigrants chose their reputation (75%), their choice of location (50%), and their business practices (33%).

**TABLE 14: SATISFACTIONS AND FRUSTRATIONS OF BEING ONE'S OWN BOSS**

|  | IMMIGRANTS | NON-<br>IMMIGRANTS |
|--|------------|--------------------|
| Satisfactory aspects of entrepreneurship                                 | n=28       | n=26               |
| Independence   | 42.8       | 42.3               |
| Rewards from seeing positive impacts on others                           | 39.3       | 42.2               |
| Personal rewards (financial and emotional)                               | 32.1       | 26.8               |
| Frustrating aspects of entrepreneurship                                  | n=27       | n=24               |
| Stress due to long hours, sole responsibility, lack of life-work balance | 33.3       | 16.7               |
| Dealing with government and regulators                                   | 14.8       | 20.9               |
| Financing  |            | 12.5               |
| Poor financial reward  | 12.1       | 4.2                |
| Recruitment and human resource management                                | 3.7        | 29.2               |
| Difficult customers  | 7.4        | 12.5               |
| Unreliable/difficult suppliers   | 11.1       |                    |
| Market uncertainty/fluctuation   | 14.8       | 8.3                |
| Other  | 11.1       | 8.3                |

Note: n refers to those who responded to the question. Some respondents provide more than one answer.

Source: Authors' survey.

TABLE 15: FACTORS IMPORTANT TO BUSINESS SUCCESS

|   | IMMIGRANTS | NON-<br>IMMIGRANTS |
|---|------------|--------------------|
| Family members as employees                                       | 15 / 25    | 9 / 22             |
| Co-ethnic employees   | 7 / 26     | 7 / 21             |
| Temporary Foreign Workers' Program                                | 4 / 22     | 6 / 21             |
| Business location   | 21 / 26    | 22 / 25            |
| Co-ethnic customers   | 7 / 26     | 12 / 22            |
| Non co-ethnic customers   | 27 / 27    | 21 / 23            |
| Good reputation & business relationship with customers/ community | 26 / 26    | 26 / 26            |
| Business practices and marketing strategies                       | 27 / 27    | 22 / 23            |
| Participation/membership in co-ethnic organizations               | 8 / 24     | 5 / 20             |
| Participation/membership in Okanagan Economic Commission          | 10 / 22    | 5 / 17             |
| Participation/membership in other non-co-ethnic organization      | 11 / 25    | 8 / 20             |

Source: Authors' survey.

Immigrants also appeared to be more optimistic about the future of their business, with 62% believing their business will grow compared to 38% of the non-immigrants. For those few who were more pessimistic, the majority of non-immigrants (7 out of 9) blamed the state of the economy and the absence of competitive labour, whereas the majority of immigrants (3 out of 4) believed discrimination (or in their words, the 'Canadian-first attitude,' or 'resistance from other ethnic groups') was the culprit. In terms of their plans for the future, more immigrants than non-immigrants said they would stay put. The first two rows in Table 16 show that more non-immigrants will retire their current business or move to another kind of business. Those immigrants and non-immigrants who planned to continue with their business cited hiring more employees as their top priority. Immigrants aimed at seeking more capital, whereas non-immigrants aimed at moving to a larger facility.

TABLE 16: FUTURE PLANS

|  | IMMIGRANTS | NON-<br>IMMIGRANTS |
|--|------------|--------------------|
| Go out of business (for personal/retirement reasons)       | 4 / 26     | 9 / 26             |
| Move to another kind of business                           | 9 / 29     | 11 / 25            |
| Move to a larger facility                                  | 9 / 28     | 11 / 25            |
| Move to a different location closer to co-ethnic community | 3 / 27     | 3 / 23             |
| Move to a different location away from co-ethnic community | 3 / 27     | 1 / 24             |
| Set up another branch                                      | 10 / 28    | 10 / 24            |
| Hire more employees  | 17 / 29    | 17 / 25            |
| Seek additional capital investment                         | 14 / 29    | 9 / 24             |

Source: Authors' survey.

In closing, we note that the majority (75%) of both groups encouraged immigrants to go into business.

## WE SHALL OVERCOME: RECOMMENDATIONS FROM KEY INFORMANTS

Future business growth is important to the economic prosperity of the City of Kelowna and its surrounding region. The city's ability to deal with its aging population will depend on the strategies it develops to encourage business investment and highly skilled individuals to move to the region. In this regard, immigration plays a key role.

This section summarizes what our key informants said concerning the major barriers and needs immigrant entrepreneurs face in Kelowna's competitive business environment as well recommendations as to what should be done to improve business opportunities, including attracting and retaining more immigrant entrepreneurs to the region.

*Get the word out*

Immigrants have historically played a key role in the economy of the City of Kelowna and its valley. The Germans and the Italians were the first to arrive, followed more recently by waves of East Indians and others from Europe. These immigrant groups have become key players shaping the economic landscape of the region. A spirit of sacrifice and the wish to succeed (sometimes at any price) in the new country are important survival strategies for some, making them ideal candidates to succeed in the new world. Our key informants commented that it is necessary to continue to “spread the word” in the country and abroad about what the region can offer to newcomers, including entrepreneurs. One pointed out:

*“You know, I still tend to think that when people in another country look at Canada, they’ve heard of Vancouver, or Toronto, and as much as we think this is the best place on earth right here in Kelowna, a lot of them haven’t seen [it] and have not heard about us... We do see the Economic Development [Commission] attend some fairs, job fairs, [the Director] just [attended a meeting at the] Consulate in France, along with the BC government, [where they tried] to show people what this Valley is all about. So it’s still trying to get that word out there.”*

Despite the human and social capital immigrant entrepreneurs bring with them, small- and medium-size cities such as Kelowna face problems attracting and retaining new immigrants from overseas. Our key informants believed that more culturally diverse populations such as those in Vancouver, Calgary, or Toronto are more attractive to new immigrants. One said:

*“I think it’s a problem if you go to a more rural environment..., they go to the big centres because it’s much easier. Jobs and business opportunities are bigger there than if you go to a small rural community [like] Kelowna, [there] you take an extra risk... the other piece—and I’m just guessing at this one—would be the lack of diversity of our population here. There doesn’t*

*appear to be a whole lot of diversity and so an immigrant coming may not have that [cultural] comfort that they would receive in other major cities."*

Within this context, some immigrant entrepreneurs may also face problems targeting an ethnic clientele/niche and recruiting employees from the same ethnic background to run their businesses.

To what extent does Kelowna's economic growth and vitality depend on its ability to attract and retain immigrant entrepreneurs? Many key informants believed that the lack of established ethnic communities and strong ethnic economic niches/markets may deter some immigrant entrepreneurs from selecting Kelowna as their destination to start and run a new business venture on Canadian soil. The director of a non-profit business organization noted:

*"I believe it's because there are no ethnic communities here and in my view a lot of immigrant entrepreneurs move through their community, and often follow their own people.... If you look at the immigrant groups in Kelowna that attract some immigrants ... the German and East Indian communities ... they are still small communities. I don't see a lot of them here ... and then the entrepreneurs who tend to come here, you may find actually that they live here but their work [business] is quite often elsewhere [Canada and/or the US]. They are the "lifestyle" migrants and what they find is that they cannot in fact generate the business here, they have to generate the business abroad where they've always had it ... I think the more difficult part is the competition for niches in a marketplace like Kelowna.... This is not really a big market and it is difficult to find ethnic market [niches] here .... Kelowna is not a very diverse community; Kelowna is one of the least diverse cities. There's not enough multicultural feeling."*

According to some key informants, immigrant entrepreneurs would attain greater acceptance and success doing business in a more welcoming and multicultural environment such as in gateway cities with more extensive experience receiving immigrants:

*"Oh absolutely. And maybe even again it might be easier if you're [doing business] in [an ethnic] neighbourhood.... The bank manager might also be [from the same ethnic background].... It may mean the comfort, not institutionally driven, but it may mean comfort..."*

Key informants agreed that the social/cultural makeup of the Okanagan Valley and Kelowna is very homogeneous. They pointed out the need for a more culturally diverse labour force and saw a need to encourage more immigrants to settle and start businesses in Kelowna. On the issue of demographics and the ethnic/racial composition of the city's population, key informants also pointed to the need for a younger and more culturally diverse population. On this issue a successful immigrant entrepreneur (who is also a member of a visible minority) noted:

*"The birth rate is declining [in Kelowna]... and the immigrant families are growing in Canada.... so the sooner [society] realizes this, the sooner they will realize that [by] getting these immigrants here first, the better off they will be."*

One key informant highlighted the importance of recruiting more immigrants to the region:

*"We are going through an economic crisis [2009] but I also understand Kelowna's demographics. A lot of people from this valley are going to walk away from their jobs in the next ten years or so and we don't have enough people to replace more jobs . . . . Imagine losing one-third of the workforce. Who is going to work? I am pretty sure that in the next few years we are going to be scrambling saying 'Geez I can't find people to work.' So that's going to come back."*

Another one reminded us:

*"Kelowna needs temporary workers to keep functioning . . . . Like some hotels just couldn't make it without temporary workers. Some of the orchards couldn't make it without the pickers, you know they all bring in pickers."*

Whether or not residents and entrepreneurs of Kelowna are welcoming to new immigrant entrepreneurs, especially those of colour, remains an open question. Some believed that Kelowna is not as welcoming as the larger urban centres, and to some immigrant entrepreneurs, their immigrant status and/or the colour of their skin may have contributed to the difficulties they have experienced in Kelowna. A social worker (who is also a member of a visible minority group) commented:

*"Kelowna has had a sometimes difficult experience with immigrants... You know, there are some communities that saw immigrants as an opportunity, but Kelowna has tended to see them more as a threat even though they've fulfilled quite vital roles in aspects of business and the agricultural industry— [not only] as workers but also as property owners; thinking of the Japanese during World War II... Kelowna has an amazing setting, amazing resources but for whatever reason has over the past 150 years or so positioned itself more as a homogeneous [white] European community..."*

Another key informant pointed out the narrow mindset some residents and entrepreneurs of Kelowna and its valley have; suggesting there is a need for further education with regard to creating a tolerant and accommodating society. On this issue a city official commented:

*"I always sort of step away from the racism label. I think, especially in Kelowna, there's a lot of ignorance... There's a lot of ignorance in terms of people who are different, who sound different, who look different from them... So, to me, I don't go to the racism side of it. I think there's an acute level of ignorance . . . . Even the people they've recruited from Europe have a hard time here, and many of them don't stay. And so then you get back to the crux of the matter, which is changing the mindset, the narrow mindset, of Kelownians."*

Some key informants also recognized the numerous difficulties that potential new immigrant entrepreneurs face before and/or after arriving in Canada

when dealing with the Canadian immigration bureaucracy. One economic development officer pointed out possible regulatory barriers:

*"... the most difficult one is to get things approved by immigration to get to come here.... in some cases that can be a two to four year program before they even get on to the ground here. So that can always be an issue when you have an idea and you want to go forward with it if, suddenly, it takes four years before you you're physically here. . . You have all those issues of how changing markets do, how do the effect of economies go, so they have all those issues, then they arrive here and they have to understand the Canadian tax system, the licensing. They have to understand how to put in place my day-to-day business . . . . Just the barriers in terms of processing of your documentation and so on, of trying to get into the country and getting, you know, your status as a citizen here in the country. Just sometimes going through that process is a major challenge."*

The same informant added:

*"There are issues with government. How you deal with the Canadian government may be completely different than how you dealt with governments in [your] own country. And probably an area we have very distinct rules [in is] how you start a business, so people have to understand how [they] follow all these rules. . . There may be language barriers. I know for some ethnic groups that can be an issue as well. So there are all those kinds of things that they would have to overcome to get started, and as well for those people who have just arrived here, how do you go to the bank? How do you ask a bank to lend you \$2,000, \$10,000, \$200,000 to operate your business if you just arrived here? So there are issues with banking."*

With regard to strategies that local government and the business community should adopt to attract and retain more new immigrant entrepreneurs to Kelowna, a key informant explained:

*"A question that has been asked for so many years [is]: how much do you put in to try and get that? And who does that? That's a hard one to say. I think going to those places, and trying to get Kelowna out there as a place to live and create your business. But how do you go about making that?"*

*New websites are happening so that this might work, [to raise] attendance at more and more of these fairs to try to get the word out. . . . Maybe the Olympics [2010] will help us, because people will be taking trips here, and [will] go: 'Man look at this place!'"*

Despite the numerous challenges new immigrant entrepreneurs may face in settling and starting a new business in Kelowna, most key informants nonetheless showed optimism with regard to the future of the business environment in the region. One key informant said:

*"Well I mean in terms of policy it would be, you know, making it easy for immigrants to come here and start their business. I think entrepreneurship is crucial to our economy; the rebound of the economy and then the long-term success. And so we need to do everything that we can in terms of making it easy for immigrants to come here and start up companies. . . . I am optimistic that we can attract entrepreneurs to the valley. I think the cultural diversity is improving; it's better than it was ten years ago . . . and we have a good lifestyle here."*

In sum, key informants agreed that Kelowna is a unique and challenging city for new immigrants and entrepreneurs to settle in. Key informants suggested that: (a) the city and its business community need to "spread the word" and develop better business marketing strategies aiming at both inside and outside the country to show what Kelowna can offer in terms of business opportunities; (b) make Kelowna a more welcoming community by educating its existing residents and entrepreneurs with regard to tolerating/accommodating cultural diversity; and (c) foster greater dialogue and involvement by the three levels of government (municipal, provincial, and federal), the local business community, and profit and non-profit organizations to create "attraction-retention" strategies to welcome new immigrant entrepreneurs and retain these newcomers to the region. Given the limited powers and resources of the municipality to address the issue of recruiting new immigrant entrepreneurs

and economic investors to the region, a closer integration of local governments in the Okanagan Valley is necessary in order to provide mutual support and more effective lobbying of the provincial and federal governments.

### *Improve business infrastructure*

The presence (or not) of a strong business infrastructure may affect new immigrant entrepreneurs' success in establishing and running businesses in a new and competitive environment. Many key informants recognized that major barriers for immigrant entrepreneurs include a lack of strong business networks and marketing/business experience in Canada:

*"I think one of the major challenges is market intelligence and I think that's universal. . . . They really need to know the markets that they're going to serve. And it's probably a bigger challenge for the immigrant in that they may not have the connections; they may not have the experience of living here, whereas a non-immigrant may have lived here for a number of years and has the networks established . . . a network is very important to be successful . . . and some immigrant entrepreneurs miss it here."*

Another key informant added:

*"Certainly from an immigrant perspective, as we talked about earlier, if you're coming to a new community and trying to create that network and plug into that network, [it's] a challenge. Not knowing what the economic environment is you know the procedures in terms of permits and licenses and things of that nature. In many cases I'm sure there'd be a language barrier for some and as we talked about getting that access to capital; access to finance would be a significant barrier. On top of that, housing without a doubt is a challenge. . . ."*

Other key informants underlined the lack of a strong local business infrastructure:

*"The other piece that I believe is missing is—this would be for both the entrepreneur regardless if he were an immigrant or not—the infrastructure to support entrepreneurs. . . . Making contacts, access to, perhaps access to money, just understanding, I guess, the infrastructure of Kelowna, and how to access funds, how to access markets. . . . If I was looking at starting a business myself, the first thing I need to understand is the business environment and how to go about setting up a business and what have you."*

Networking within and outside their own communities can be an important coping strategy for immigrants trying to learn more about the local markets and their customers' preferences:

*"Most of them will tell you that it was extremely difficult to begin with and they had to work hard and they still work hard. . . . Family and social networks play an important role . . . [but] . . . their churches also play a big role."*

*"I think, from what I've seen, certainly in terms of trying to plug into the community, you know they learn the networking skills very quickly. I receive phone calls from time to time from people who are new to the community."*

A city official also recognized the important role/impact some key organizations have played in helping new entrepreneurs get started in new business ventures in Kelowna. He noted:

*"Entrepreneurial. . . . I can't say I'm aware of a lot of those programs other than the work we provide through other agencies. I think that the EDC has been successful. Their retention is good. I can't judge from the part of the immigrant who is trying to set up a business here, how they feel about it. But I believe there is certainly the effort. There's an understanding that has to be nurtured and that it's a bit different in that the new entrepreneur immigrant has to not only understand the market, but also the culture and business and other layers they have to understand. How the city functions. . . ."*

Several non-profit organizations (e.g., Economic Development Commission, Chamber of Commerce, Community Futures, Okanagan Valley Entrepreneurial Society, ORIC) were identified by our informants as playing key roles in informing and helping new entrepreneurs—immigrant and non-immigrant—get started in different sectors of the local economy. Speaking to the effectiveness of existing business services, one key informant added that Kelowna already has a significant number of organizations to help new entrepreneurs start a business here, but the same informant noted that most of the services they provide lean more towards the technology sector of the economy. The founder of a successful non-profit organization that primarily targets the high-tech sector noted:

*"Very few [organizations] outside the tech sector, I think, very few. It's interesting. Within the tech sector, yes, we really focus at the entry level. Then there's an organization called OSTC, the Okanagan Science and Technology Council, but they're a membership-based organization. They represent the industry or the sector and they tend to be more for people, for companies that are slightly more successful and can afford to pay membership and get involved. My interesting challenge is, I get to meet, because we play at the very bottom of the food chain in a way, I get lots of people who walk in here who are not my clients; they don't have a tech innovation or idea or whatever, and I don't always know where to send them to be quite honest. I'm stumped, you know. . . . Yes there are some organizations that I can list but they're not really government institutions. . . ."*

The Economic Development Commission (EDC) is one of the few organizations that "specialize" in helping new immigrants start businesses in the region. Key informants were unanimous in recognizing the positive role played by this leading organization in the lives of new entrepreneurs, some having been recruited by the EDC when they were still overseas to start a business in the Valley. An insider from the organization explains their efforts:

*"I assist local businesses with their issues of trying to locate foreign workers, and how [to] get those foreign workers to Canada to work for them. And then [there are the] foreign workers who may want to immigrate here: how do they access programs to be able to immigrate to Canada? . . . The Economic Development Commission has a number of different people who can work on different kinds of programs. . . . We have people who can look at business plans, we have people who can look at statistical information for people [trying to find out] about a sector, how many businesses are in that sector. They'll look at what to do to try and get their business going—how do you license it? They'll look at referrals to other organizations like Community Futures, like the Chamber of Commerce, a number of different organizations . . . I know that we are the only economic development commission that has someone like myself that helps employers understand the paperwork and [how to] deal with it. We're doing a better job in providing services to those business people that may look here, because we can help them through all those paperwork issues. Because big government doesn't do that anymore. They don't have anyone to help you with it. So I think we're successful in those areas—in helping business people to come here."*

Other important organizations like the Chamber of Commerce limit themselves mainly to advocacy or lobbying the three levels of government and the local business community. On the role of the Chamber of Commerce, its CEO pointed out:

*"Our role is to, basically from a lobbying perspective, to make sure we have a strong business economy here. We look at the obstacles to business opportunities and we go to all three levels of government and say we need assistance in doing this, or we find this regulation or legislation is just impeding growth of business. So, on that level we work to tear down the barriers and increase opportunities. So that's on the level of advocacy and lobby efforts. . . . On a more localized area we offer benefits like health plans, discount merchant rates on credit cards, things of this nature. Another area that we work is just trying to connect the people whether they are immigrants or otherwise into the business community."*

Despite the existence of some important non-profit organizations in the city whose main goal is to help entrepreneurs get started and run their businesses successfully, some key informants questioned whether new immigrant entrepreneurs arriving in the Valley are aware of the existence of these organizations and the services they provide, how often they utilize these services, and how effective their services are. Some key informants noted:

*"Well I know there have been some programs set up, in essence, to welcome immigrants. I don't know whether these programs have been effective but I do know there have been some programs set up to help immigrants get acclimatized to the culture and the life in the Okanagan."*

*"There are [programs]. Here's the problem, my same beef. Who knows [about them]? Do they know where to go? Do they know that some of that help is available? That government funds, our tax dollars, are sitting there?... It's the issue of marketing."*

*"Sometimes I think a lot of organizations give them the information but often it's sort of in a very insensitive, condescending manner, which puts them off. So if I'm Joe Blow, and I go, I would tell my friends: 'Please don't even go there, don't waste your time,' and so it goes."*

In sum, key informants recognized that the limited social infrastructure in the city restricts the type of support new immigrant entrepreneurs can get on issues related to integration and starting and running a business in the city. There is a need to rectify this situation by offering culturally oriented services to new immigrant entrepreneurs.

New entrepreneurs to the region would welcome information on the complexities of starting and running business in a unique, mid-size city defined largely as a "life-style"/retirement community. Within this context, there is an urgent need for government and community organizations in Kelowna to provide reliable, high-quality services and programs to assist immigrants who

want to go into business and invest in the local economy. New immigrant entrepreneurs would welcome the introduction of “business specialists” into these organizations. Since not all immigrants arrive in Canada with the same human and social capital, these “business specialists” (preferably group insiders) could play an important role by providing guidance or assistance with regard to the barriers/challenges new immigrant entrepreneurs may face when starting and running a business. They could also offer advice on how to circumvent these challenges.

There is also a clear and urgent need for the few existing local community organizations that provide business services to new immigrant entrepreneurs to promote their services within the local communities (immigrant and non-immigrant) more widely and to develop a range of strategies that meet the numerous challenges new entrepreneurs face in starting and running businesses in such a complex business environment in a more effective way. Developing strong business networks with other established entrepreneurs and understanding the way the local business environment works is crucial to new entrepreneurial success. Further, the effectiveness of the services and business programs provided by these organizations will improve with better dissemination efforts. Potential entrepreneurs will find useful (a) information about the local business environment, (b) information about the markets and methods (formal and informal) for connecting with the local business networks/infrastructure, (c) information on business sites/premises and the real estate market, (d) information on the geography of the city (its neighbourhoods and population), (e) information about government policies and programs via workshops in their language, (f) a business website/directory available in different languages, and (g) a guide on how to write a business plan and how to work the financial system for loans or mortgages.

*Engage various governments*

The local municipal government provides few, if any, services to help new entrepreneurs get started. As one city official confirmed:

*"We don't provide a lot of direct services. Our economic development function runs through the region so a [city hall] would be the touch point, that would be the group that has the power to do this. So within the city itself we don't have specific services that are for business, whether [it's for] immigrant[s] or not. We provide more of a regulatory role. We provide basic infrastructure, but we don't provide client-type services for businesses directly. We fund tourism . . . on behalf of Tourism Kelowna, and we fund the Economic Development Commission to do that on our behalf. . . . As you know, it's a very high priority for them. I think it's as effective as it can be given our history and our geography. We're not coastal, and we don't have a large immigrant community to build on. I think that's going to be a difficult task for all mid-size cities."*

Access to business programs and a quick government response to entrepreneurs' needs are important issues deserving attention. One economic development officer commented on the Provincial Nominee Program and the Temporary Foreign Workers Program:

*"I think the real issue is the programs: [Are] the business people able to access these programs [in order] to come here quickly? That's where big government hasn't been able to respond quickly. But [if] it's a two-to-four-year wait for a businessman to come here, they're probably going to move on to somewhere else. The Provincial Nominee Program has really looked at trying to help [some people] with that. Their program does [things] the opposite way: they issue work permits for entrepreneurs to come and they have two years to show that they put \$200,000 into their business, that they hire people. And once they show that, they get their nomination, and then they [can] become permanent residents. That could [be] a little of a problem for someone going to the bank . . . [who needs] extra funds, and they've only got work permits and not permanent residency. [The bank officer might]*

*look at them and say: Well, you're only here temporarily. What if you don't succeed? That hasn't been a major problem yet."*

*"We need to make it easier to attract skilled labour. . . . Well the Temporary Workers Program has been successful for the agricultural sector and tourism. What we need to do is devise some sort of program that would make it easier to attract skilled labour . . . what we need is to develop a quick method to attract, you know, engineers, or scientists, or whatever it is that we need that we can't get locally. Make that a quick process similar to what they have done for the agricultural sector and the tourism sector. We need to do this for the business sector, meeting business needs. . . . Make it easier and quicker to get that done."*

Other key informants have called for the establishment of a one-stop shopping type of organization with culturally oriented services for new immigrant entrepreneurs. A social worker noted:

*"If immigrant families know about where to find the basic survival tools . . . then they will find the business organizations and networks they need to start a new life as entrepreneurs. . . . There is a need to be more aggressive in selling Kelowna to foreigners . . . abroad. . . . I know that the EDC has done a fabulous job. . . . I also think we need to highlight those small groups that we do have and use those. For example, on the website we can put 30 or 40 nationalities that are willing to be a mentor, willing to help a new Korean family, or Japanese family, show them where the language schools are, show them all these things. We don't aggressively do that. . . . Also [we need to] bring more industries here . . . then the labour force will come here . . . you need some kind of industry here, some kind of offices where they [immigrants] can work. . . . If there is no work, there's no people. The only people that come here are the retired . . . the rich."*

The director of a local business organization added:

*"We need a general small business support centre. . . . Yes, a small business development centre which should be run out by the City Hall . . . I think it should be run out there and it should give basic information: how to set up a business? How to register [business license] . . . I know there's a lot of*

*information online but I guess again that sometimes counts against some immigrants."*

Several key informants also underlined the need for better marketing/out-reach strategies on the economic potential of the city and its Valley from local government and community organizations:

*"I think that the EDC is doing a good job of marketing Kelowna, but I think there's a lot more work that could be done. But through collaboration, the media, the City of Kelowna, the Regional District, and other businesses, to clarify the resources and opportunities that are available and then streamline the aspects of trying to establish a business: finding suppliers, finding a location, connecting up with funding, etc."*

Another key informant said:

*"We need to do marketing. That is an issue for all of them around and I think we were wanting to work on that. That is our next project: to let people know where the resources [are] and so [to] not underutilize, not duplicate [services] because sometimes, oh there's nobody here and then you duplicate stuff and then you, everybody, fails."*

*"It's just marketing what's available to the general population—that would also include recent immigrants, in terms of start-up and access to resources. . . . I think it should be run out of there and it should just give basic information: how to set up a company, how to register for this, this, and this, I mean business license. I mean I know there's a lot of information online, but I guess, again, that sometimes counts against some immigrants."*

On the role of the government, another key informant underlined:

*"I think there needs to be—starting from the municipal government—there needs to be some sort of outreach. Some education program which sort of promotes the idea: look, this is economics, this is our survival. We've got to become more inclusive, more open."*

Other key informants also mentioned the need for a closer working relationship between the city, its business community, and the local university (UBCO) and college (OC).

*"We really do believe that we should be working much more closely with the university. I think the development of high-tech areas, regions, clusters, precincts, cannot happen without a close association with the university. You only need to look at Silicon Valley, right, where, I mean, Silicon Valley rose out of the Stanford model, quite honestly. And Stanford's outward look to the business community."*

A closer working relationship is also needed among the local business organizations. As the director of a key organization pointed out:

*"I think our economy may be diversifying slowly away from its traditional base but, again, I think it needs political will and a concerted effort and I don't see that . . . I mean I see everybody acting in their own way . . . there are a number of good organizations which we support but there is always a sort of a lack of a brains trust to sit together and invite people [from the community] into the discussions, quite honestly."*

More funding is urgently needed to support local organizations. The general manager of a local organization whose main goal is to provide business/community economic development pointed out:

*"We have a fairly broad mandate. We can get involved in projects that we see as important to support and develop the economies of the community. . . . We have a number of programs here but we do a lot of business counselling and so we get a lot of inquiries . . . [however] . . . we don't have a lot of resources to do the business counselling we would like to do because we really only have one business counsellor . . . we think there is need out there and there may not be resources available and we would love to be a location [organization] that people [immigrants and non-immigrants] come here and provide them with additional services . . . I am interested in ensuring immigrants are supported here but also on the business development side, is that our growth and economy is going to come largely from immigrant busi-*

*nesses coming into the communities and setting up shop and creating business or jobs here. We have to support them and there has not been a lot of funding in the past. . . ”*

Given these limitations, key informants recommended the need for more innovative business strategies/programs. Stronger partnerships between the local municipal government and its business community could also make a critical difference. More funding from the three levels of government (municipal, provincial, and federal) should be available to local community organizations (profit and non-profit) to provide more extensive business services and culturally oriented programs to new immigrant entrepreneurs. As several key informants noted, there is a clear need to establish a “one-stop shop” or “small business support center” with culturally oriented services for new immigrant entrepreneurs. In the face of the dramatic social, cultural, and economic changes Kelowna has experienced in the last decades, some key informants also recognize the need for a closer working relationship between the local government, the business community, and the post-secondary institutions in order to better promote the economic potential and resources of the region and secure its sustainability in the near future. Accommodating the needs and aspirations of new immigrant entrepreneurs and their integration into a new society is a challenge for the city. Forming strong partnerships that can contribute to the creation and support of viable businesses is, thus, in the interest of all players in the region.

## SUMMARY AND CONCLUSIONS

This exploratory study originated from a knowledge gap on immigrant entrepreneurship in small- and medium-size cities in Canada. Despite efforts by local governments and the business sector to attract new immigrant entre-

preneurs and investors in the last few years, the development and implementation of attraction and retention strategies remains a big challenge for the City of Kelowna and its surrounding region. The main objective of this study was to compare the experiences of immigrant and non-immigrant business owners in the City of Kelowna, the opportunities and challenges they faced, their coping strategies, and their future outlook. A secondary objective is to explore with key informants on strategies to attract immigrant entrepreneurs and retain their presence in Kelowna and/or the Central Okanagan.

In doing so, we dealt with a diverse group of entrepreneurs who have chosen the City of Kelowna to start and run their businesses. With only eight of our business entrepreneurs having been in operation for less than three years, our survey sample consisted largely of survivors. Our sample consisted of more immigrants operating businesses in advanced services. This seems to correspond to the region's strategy of pursuing the "creative class".

It seems immigrant and non-immigrant entrepreneurs have different experiences in establishing their businesses. Regarding why our sample of entrepreneurs started their current business, the most commonly cited were pull factors such as 'personal/family reasons' and 'perception of opportunity and prospect'. Their top barriers were too much government regulation and bureaucracy, inadequate credit/financing, and a tight and competitive market. More immigrants than non-immigrants encountered barriers, some of which include language skills and cultural differences.

Barriers persisted in the course of operating and maintaining their business. Recruitment and management of employees was a top headache for both immigrants and non-immigrants. Immigrants ranked the burden of government regulations, financing over market competition, and the high cost

of operating a business, whereas the non-immigrant business owners found high operating costs and market competition more problematic than issues about financing and regulations. Some other problems were unique: immigrants deemed their language and culture, their lack of a network of contacts, and the absence of government support as obstacles, and non-immigrants interestingly lay the blame on personal inadequacy and long work hours.

Similar to other studies, our immigrant businesses are smaller than our native-born businesses. Over half in each group saw family participation in their business as important, with immigrants lauding their trust, interest, and commitment and non-immigrants stressing the sharing of similar values

Business owners obtain information and advice from various sources, including families and relatives, and their network of contacts from inside or outside their ethnic circle. The literature on immigrant entrepreneurship asserts the importance of co-ethnic friends and organizations as information sources. Our study revealed otherwise and showed little difference between immigrant and non-immigrant entrepreneurs in terms of where they seek information and advice, contradicting earlier research on immigrant entrepreneurs in major gateway cities, which identified networks of kinship as well as friendship and community ties as instrumental in the successful establishing and running of their businesses (Teixeira, Lo and Truelove 2007). Most entrepreneurs, immigrant and non-immigrant, did not see co-ethnic employees as important. They targeted the general market. So, unlike large cities with diverse and numerous immigrants, the "ethnic factor" plays a small role in Kelowna's small- and medium-size immigrant businesses. This is not surprising given that immigrant groups in the City of Kelowna have not yet developed institutionally complete communities and ethnic economies.

Participants in our sample shared both the gratifying and frustrating aspects of running their own business. Independence, or being one's own boss, was the most gratifying. The two groups diverged somewhat when it came to their assessment of the financial and/or emotional rewards they obtained from operating their business. Non-immigrant entrepreneurs were generally less satisfied possibly because their expectations were higher than those of the immigrant entrepreneurs. As more immigrants were self-proprietors, working long hours and shouldering all responsibilities for their business made their lives very stressful. Despite these actual or perceived difficulties, an overwhelming majority in each group considered themselves to be successful in their business; they owed this to their good reputation, their business practice, and their non-reliance on co-ethnic clients.

The two groups of entrepreneurs differed in their assessment of the present condition and aspiration for the future of their business. The immigrants appeared to be more optimistic about their future, whereas more non-immigrants said they would retire their current business or move to another kind of business. For those staying put, non-immigrants would hire more employees or move to a larger facility, whereas immigrants would seek more capital expansion. This case study has two interesting findings regarding immigrant entrepreneurs in Kelowna. First, in the absence of institutionally complete communities or strong ethnic economies, immigrants do not rely extensively on their own community resources which are considered instrumental in immigrant business development in major Canadian cities (Teixeira, Lo and Truelove 2007). Immigrant entrepreneurs in Kelowna are characterized by a low degree of social embeddedness. They seem to follow a more "individualistic," less community-oriented pattern of establishing and running their business than their counterparts in larger and more multicultural cities (see Bauder 2008;

Teixeira, Lo and Truelove 2007). Second, immigrant entrepreneurs, in comparison to their Canadian-born counterparts, have a more optimistic outlook of doing business in Kelowna. This is an illuminating sign when the city aims to attract more immigrant investment to the region.

But not all is well. Our key informants have pointed out numerous challenges particular to immigrant entrepreneurs in non-metropolitan settings such as Kelowna. As part of its outreach strategies, the city ought to work relentlessly to let the world know where Kelowna is, and to educate its people and transform Kelowna into a more welcoming community. To show that it is a good place to start a business, it has to put in place appropriate infrastructure to connect/integrate newcomer entrepreneurs to the larger society and economy. To remove any perceived and/or potential regulatory/institutional offsets, it requires an engaged municipal government open to any inter-governmental or governmental/non-governmental partnership.

To conclude, currently many of the intricacies of immigrant business in small- and medium-size cities in Canada remain unclear. The immigrant self-employment situation, at least in the case of Kelowna, does not correspond to earlier findings that immigrants in smaller cities generally experience better economic outcomes than those in larger centres (Bernard 2008; Lo and Li 2011). Given that the proportion of immigrants in paid employment is larger than those running their own business, we wonder if immigrants who choose paid work in smaller cities are different from those who choose to be self-employed. Some comparative analyses are needed. On the issue of immigrant entrepreneurship, more comparative studies are needed with respect to both immigrant and Canadian-born entrepreneurs in cities of different sizes and/or characteristics to understand (1) the position of certain immigrant groups as entrepreneurs in some sectors of local economies, (2) how they deal with the

challenge of running their business, and (3) why certain immigrant groups are more prone than others to rely on their own community resources and how this may affect their levels of self-employment and business success in small- and medium-size cities.

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