

Self-Employment Among Visible Minority Immigrants, White Immigrants, and Native-Born Persons in Secondary and Tertiary Industries of Canada*

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The literature on immigrant business and self-employment has mainly focused on the question of why immigrant minorities tend to be successful in small businesses. It is generally recognized that disadvantages for minorities in the open market create the conditions for the emergence of immigrant enterprise, but ethnic solidarity also facilitates minorities to mobilize resources in such business ventures (Bonacich and Modell 1980; Waldinger et al 1990; Li 1993). More recently, research has shifted to the enclave economy linked to immigrant firms, and the debate has to do with whether the enclave economy offers returns to immigrants in the enclave similar to those in the primary labour market (Wilson and Portes 1980; Sanders and Nee 1987; Zhou 1992). Using the Public Use Microdata File on Individuals from the 1991 Census of Canada, this paper

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examines the patterns of self-employment among immigrants in Canada, and compares the earnings of self-employed immigrants to those who were wage workers. As well, comparisons are made between immigrants and native-born Canadians in self-employment and employment. The purpose of the analysis is to see if self-employment offers higher or lower economic returns to immigrants as compared with other immigrants in employment, as well as with the native-born population. The empirical comparison provides a basis for assessing whether immigrant and minority groups engage in self-employment because of blocked mobility or because of lucrative returns in immigrant business.

Theoretical Themes on Immigrant Entrepreneurship

Two themes have appeared in the literature regarding the emergence and development of immigrant business. The first one has to do with whether cultural factors internal to ethnic and immigrant communities, or external forces in the host society which hamper minorities' life chances, best explain why ethnic entrepreneurship develops. Advocates of what came to be known as the blocked mobility thesis argue that discrimination and racial barriers restricted the opportunities of minority immigrants in the open market, and forced them into the ethnic business as a means of survival (Li 1982, 1998). Minority business thrived because of its tendency to provide services that filled a status gap in society and consequently posed no threat to the dominant group (Blalock 1967; Rinder 1958-59). Proponents of the transplanted cultural perspective however, stress the internal solidarity of immigrant communities in terms of traditional values and kinship organization as grounds for their business success (Light 1972; Goldberg 1985; Cummings 1980). There are now some general agreements that those disadvantaged in the wage labour market tend to resort to entrepreneurship, and that cultural endowment also facilitates resource mobilization in business development (Bonacich and Modell 1980; Light and Bonacich 1988; Ward and Jenkins 1984; Waldinger et al 1990; Light and Rosenstein 1995). The thrust of this theme is that immigrant entrepreneurship is a strategy of self-preservation in the face of unfavourable market conditions.

With the rise in immigration from Third World countries to Canada and the U.S. since the 1980s and the corresponding growth of immigrant communities, a second theme has emerged in the literature, focusing on the expansion of ethnic enterprise in immigrant enclaves. To date, the most systematic thesis on the enclave is advanced by Wilson and Portes (1980), according to which the immigrant enclave economy offers an alternative avenue of social mobility, and immigrant workers in the enclave economy and in the primary labour market have similar economic returns to past human capital investments not shared by workers in the secondary market. Thus, rather than being handicapped by language and cultural barriers, ethnic affinity and cultural distinctiveness form the basis of labour recruitment for immigrant employers and allow them

privileged access to the ethnic market. Accordingly, the enclave economy does not deprive its participants, but rather, the reciprocal obligations between ethnic employers and employees provide new opportunities of mobility for immigrants. The importation of fresh capital by immigrants, together with the increase in the immigrant population, enable the ethnic market and the enclave economy to expand; its proliferation adds a new dimension to what is known about the structure of the dual economies and dual labour markets. However, the enclave thesis has been challenged by Sanders and Nee (1987), who show that the economic returns predicted by Wilson and Portes (1980) apply only to immigrant employers and business owners, and that immigrant workers in the enclave economy experience lower returns to human capital than their counterparts in the open labour market. This conclusion rekindles interests in the notion of ethnic entrapment in the literature, which suggests that while ethnic affinity and kinship assistance are functional in landing recent immigrants on jobs in minority-owned establishments, they also become a mobility trap for immigrants who are obligated to remain in economically exploitative relationships (Li 1977). The findings of Sanders and Nee (1987) highlight the importance of separating business owners and workers in studying immigrant communities, but their conclusions about ethnic exploitation has been rejected by Portes and Jensen (1989) who argue that Cuban enclave enterprises in South Florida did not treat immigrant workers worse than employers outside the enclave. Despite the disagreement, the thrust of this theme suggests that immigrant entrepreneurship has to do with high returns of ethnic business, and not disadvantages in the open market.

Thus far, the literature has provided two different explanations that would account for why some immigrants choose self-employment over employment. According to the blocked mobility thesis, self-employment for some immigrants and minority members represents an alternative to seeking work in the labour market where they encounter limited opportunity of employment and advancement. If self-employment is an alternative to employment for some immigrants, one would expect the returns of self-employment to be at least as good as that of employment. Similarly, research on the enclave economy and immigrant firms indicates that immigrant business owners receive economic returns on past human capital investment which are similar to those of immigrant workers in the open market, thus suggesting that some immigrants may choose self-employment for the attractive economic returns. Thus, both arguments suggest that self-employment for immigrants would yield better returns than employment. However, the blocked mobility thesis also suggests unequal returns for minority immigrants and native-born Canadians since they have differential opportunities.

Using the Microdata File on Individuals from the 1991 Census of Canada, this study first analyzes the patterns of self-employment for visible minority immigrants, white immigrants and native-born Canadians, and then compares their earnings. The purpose of the analysis is to see if self-employment provides

immigrants with an earning advantage or disadvantage as compared with other groups in the labour market.

Data and Method

The Public Use Microdata File on Individuals of the 1991 Census of Canada contains individual records based on a 3 per cent probability sample of the population enumerated in the census. The file has 809,654 records or cases, and it does not include institutional residents, residents of incompletely enumerated Indian reserves, and foreign residents.¹ For the purpose of this analysis, only those individuals 15 years old and over who worked in 1990 in the private sector (non-government) and were in the secondary and tertiary industries (non-primary) are included. These selections result in a final sample of 398,898 individuals, which made up 86 per cent of the total labour force.²

The basic comparative groups in the analysis include "visible minority immigrants", "white immigrants", "native-born visible minorities", and "native-born white Canadians"; as well, aboriginal peoples are included as a fifth group in the tables for completion, but the analysis tends to focus on the first four groups. Immigrants or foreign-born persons are those born outside of Canada. Visible minorities are defined in the census data file as members who belong to one of the eleven groups: Black, South Asian, Chinese, Korean, Japanese, South East Asian, Filipino, Other Pacific Islanders, West Asian and Arab, Latin American, and multiple visible minority group (Statistics Canada 1991).

The five basic comparative groups are further divided according to whether they were self-employed persons or wage workers to form ten groups. A self-employed person is one whose job in 1990 consisted mainly of self-employment in a business partnership, a family business or an owner-operated business; a wage worker is one whose 1990 job was mainly working for wages and salaries. It is quite true that the visible minority as used in the analysis includes individuals of different origins, and it would be ideal to be able to perform finer analysis on specific origins. However, the number of cases for some self-employed groups is small, and many empty cells are encountered when finer

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1. The 1991 census data file also includes, for the first time, non-permanent residents in Canada, defined as those persons who hold a student or employment authorization or a Minister's permit, or who are refugee claimants (Statistic Canada 1991).
 2. The working sample of 398,898 cases does not include 145 missing cases in which some information needed for the analysis is unavailable.

racial and ethnic origins are introduced along with other variations.³

The dependent variable "annual earnings from employment and self-employment" is the sum of gross wages and salaries, and net self-employment income before paying individual income taxes. In reporting income data, Statistics Canada applies upper and lower limits to individual earnings to ensure confidentiality. Wages and salaries are always positive, but net self-employment income can have a negative value. The main reason why earnings from employment and self-employment are used is because comparisons are made between self-employed persons and workers to see if self-employment brings higher or lower returns as a result of labour market activities. Furthermore, self-employed persons can receive an income from self-employment as wages for accounting purposes.

The independent variables in the analysis include: years of schooling, age (actual years), knowledge of the official languages,⁴ the number of weeks worked (1 to 49),⁵ the nature of labour force activity (full-time or part-time work),⁶ and the industry of employment or self-employment (12 classifications).⁷ Gender

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3. The number of cases for each of the ten comparative groups is given in Table 3. The raw numbers for Table 2 have been weighted to the population size. Many empty cells are encountered for native-born visible minorities in self-employment if finer ethnic and racial origins are used, especially when separate models are estimated for men and women.
 4. The literature also suggests that non-native speakers of official languages encounter discrimination in employment because of their language characteristics (see Scassa 1994). The census data do not permit testing the effect of finer official language characteristics except that of "knowledge of the official languages".
 5. Since contrary to instructions on the census form, some full-time workers excluded their paid vacation or sick leave in reporting the number of weeks worked, those who reported working 49 to 52 weeks are collapsed, as recommended by Statistics Canada (1991).
 6. "Full-time" refers to those who worked mainly full-time weeks in 1990, and "part-time" refers to those who worked mainly part-time weeks in 1990. A full-time week involves working 30 hours or more in one week (Statistics Canada 1991).
 7. This is based on the 1980 Standard Industrial Classification as used in the census data file. The microdata file uses 16 classifications: agriculture; other primary industries; manufacturing; construction; transportation and storage; communication and other utilities; wholesale trade; retail trade; finance, insurance and real estate; business services; federal government services; other government services;

(male and female) is also used as an independent variable when men and women are analyzed in the same model; otherwise separate models are estimated for men and for women. The "years of schooling" is constructed from several variables. For individuals with post-secondary education, the category "years of schooling" is the sum of years of university or non-university education, whichever is higher, and 12 years of elementary and secondary grades. For those with secondary education, the number of years of schooling is the same as the highest grade attained, with grade 13 recoded as grade 12. Individuals with only "grade 5-8" education are coded as having an average of 6.5 years of schooling, and those with "less than grade 5" are coded as having an average of 2.5 years of schooling.

The analysis first compares the rate of self-employment among the five basic comparative groups. The effects of self-employment on immigrants are assessed by comparing the earnings of visible minority immigrants and white immigrants in self-employment with that of immigrant wage workers and also with that of native-born self-employed persons and wage workers. Undoubtedly, some of the earning disparities among these groups can be attributed to human capital variations and demographic differences in gender and age; as well, variations in the industry of employment or self-employment, and in full-time or part-time work would affect the level of earnings. The analysis first considers the gross differences among the ten comparative groups, and then calculates the net earning differences when variations in other variables are taken into account.

Multiple Classification Analysis (Andrews et al 1976) is used to analyze the gross and net differences in earnings among the ten comparative groups. The statistical procedure treats the dependent variable as a linear combination of a set of categorical and interval variables. For each interval variable in the equation, Multiple Classification Analysis calculates the unstandardized multiple regression coefficient. For categorical variables, the analysis produces a regression coefficient for each category and expresses it as a deviation from the grand mean of the dependent variable. The gross deviations measure the effects when variations in other independent variables have not been adjusted; the net deviations are effects when inter-group variations in other independent variables have been taken into account.

Patterns of Self-Employment Among Immigrants and Native-Born Persons

educational services; health and social services; accommodation, food and beverage services; and, other services. Since the study pertains only to the non-primary private sector, four of the 16 industries are not included in the analysis.

Data from the 1991 Census indicate that 17 per cent of the total population were born outside of Canada, and that 9.3 per cent of the total population were members of a visible minority (Table 1). Native-born Canadians who were not members of the visible minority are referred to as white Canadians in this analysis, and they made up 76.5 per cent of the total population. Nationally, the rate of self-employment was 7.8 per cent for the total labour force, and 8.5 per cent for those in secondary and tertiary industries of the private sector. In other words, out of every 1,000 individuals in the private sector outside of the primary industries, 85 individuals were engaged in self-employment in 1990.

However, the rate of self-employment varied among various groups. Foreign-born white Canadians had the highest rate of self-employment (13.6%), whereas aboriginal peoples had the lowest rate. About ten per cent of foreign-born visible minorities were self-employed, but only 6.5 per cent of native-born visible minorities were in self-employment. Native-born white Canadians had a self-employment rate of 7.8 per cent, which was substantially lower than that among white immigrants. The evidence clearly suggests that visible minority and white immigrants were more likely than their native-born counterparts to engage in self-employment; however, the 1991 data also indicate that visible minority immigrants were less likely than white immigrants to be self-employed.

Finer differences in the pattern of self-employment can be observed by comparing how various groups were distributed in specific industries (Table 2). Self-employed immigrants who were members of the visible minority were heavily concentrated in the retail trade, which accounted for a quarter of the self-employed persons in this group, and in accommodation, food and beverage services, which accounted for another 14 per cent. Self-employed white immi-

TABLE 1 Population Size, Number in Labour Force and Self-Employment Rate, for Native-Born and Foreign-Born Visible Minorities and White Canadians, Canada, 1991

	Total Population		Total Labour Force (L.F.)		Second & Tertiary Ind. Private Sector		Percent Self-Employed In	
	Number (000s)	%	Number (000s)	%	Number (000s)	%	Total L.F.	Private Sector
Native-Born:								
White	20,633	76.5	11,790	76.3	10,020	75.4	7.2	7.8
Aboriginal	989	3.7	451	2.9	346	2.6	4.7	4.9
Visible Minorities	737	2.7	202	1.3	181	1.4	6.1	6.5
Foreign-Born:								
White	2,845	10.5	1,796	11.6	1,620	12.2	12.0	13.6
Visible Minorities	1,777	6.6	1,207	7.8	1,129	8.5	8.9	9.8
Total	26,981	100.0	15,446	100.0	13,296	100.0	7.8	8.5

Note: Self-employed persons are those 15 years of age and over who worked in 1990 and for whom the job reported consisted mainly of self-employment. The figures include self-employed persons in an incorporated or unincorporated business, with or without paid help. Secondary and tertiary industries in the private sector include all industries in the total labour force except agriculture, other primary industries and government services. Visible minorities include those

whose ethnic origin reported in the 1991 Census fell into one or more of the following groups: Black, South Asian, Chinese, Koreans, Japanese, South East Asian, Filipino, Other Pacific Islanders and West Asian, Arab, and Latin American.

Source: Compiled from the 1991 Census of Canada, Public Use Microdata File on Individuals, based on a 3 per cent probability sample of the population, excluding persons under 15 years of age, persons who did not work in 1990, and inmates. The raw numbers in the table have been weighted to population size.

grants tended to be located in construction (19%), retail trade (15%), business and management services (15%) and other services (16%). It would appear that self-employed persons among visible minority immigrants were more concentrated than white immigrants in retail trade and accommodation and food service businesses that are typically found in ethnic enclaves.

The sectorial distribution of self-employment among white immigrants was similar to that among native-born white Canadians. For the latter group, self-employment was also concentrated in construction (17%), retail trade (18%), business and management services (15%) and other services (15%). These four sectors accounted for 66 per cent of self-employed persons among native-born white Canadians, and 64 per cent of self-employed persons among white immigrants.

In contrast to visible minority immigrants, self-employed visible minorities born in Canada were more likely to be in business and management services (22%), although they were also concentrated in retail trade (18%) and other services (15%). The percentage distribution of self-employed persons among

TABLE 2 Percentage Distribution of Self-Employed Persons in Secondary and Tertiary Industries, Private Sector, by Industries, For Native-Born and Foreign-Born Visible Minorities and White Canadians, Canada, 1991

Industries	Foreign	Native	Foreign	Native	Aboriginal	
	Vis. Min.	Vis. Min.	White	White		
Manufacture	8.1	5.4	8.4	6.5	6.6	
Construction	5.9	11.9	19.2	17.0	19.7	
Transport	5.2	4.3	2.9	5.4	6.1	
Communication and Utilities	0.9	0.5	0.5	1.2	1.4	
Wholesale Trade	5.5	4.3	4.1	4.6	3.6	
Retail Trade	24.1	17.6	15.2	18.4	14.5	
Finance, Insurance and Real Estate	4.6	2.7	3.8	3.7	2.0	
Business and Management Services	10.9	21.6	14.5	14.8	11.6	
Education	1.1	1.1	1.4	1.4	1.4	
Health and Welfare	8.2	8.9	6.8	7.0	5.8	
Accommodation Food & Bev. Serv.	14.0	6.2	7.8	4.6	5.2	
Other Services	11.5	15.4	15.5	15.4	22.0	
Total						
	%	100.0	99.9	100.1	100.0	99.9
	Number (000s)	107	12	215	851	21

Note: Self-employed persons are those 15 years of age and over who worked in 1990 and for whom the job reported consisted mainly of self-employment. The figures include self-employed persons in an incorporated or unincorporated business, with or without paid help. The Non-Primary, Private Sector includes all industries in the total labour force except agriculture, other primary industries, and government services. Visible Minorities are those whose ethnic

origin reported in the 1991 Census fell into one or more of the following groups: Black, South Asian, Chinese, Korean, Japanese, South East Asian, Filipino, Other Pacific Islanders and West Asian, Arab, and Latin American.

Source: Compiled from the 1991 Census of Canada, Public Use Microdata File on Individuals, based on a 3 per cent probability sample of the population excluding persons under 15 years of age, persons who did not work in 1990, and inmates. The raw numbers in the table have been weighted to population size.

native-born visible minorities in retail trade and other services was rather similar to that among native-born white Canadians.

The data in Table 2 suggest that the sectorial distribution of self-employed persons was remarkably similar between white immigrants and native-born white Canadians. However, foreign-born visible minorities had a greater tendency to be in retail trade and accommodation and food services than native-born visible minorities. The latter group also resembled native-born white Canadians in the distribution of self-employed persons in retail trade and other services, but unlike them, native-born visible minorities were most likely to be self-employed in business and management services.

Economic Returns of Self-Employment and Earning Disparity

One way to assess the economic returns of self-employment is to compare the earnings of self-employed persons to that of wage workers. Column 2 of Table 3 provides the gross average earnings for the ten comparative groups, that is, the actual earnings of the ten groups before any statistical adjustments are made to account for inter-group differences in other variables. The earning figures are expressed as deviations from the national mean earning of \$23,458.

The data show that self-employed persons had average earnings higher than wage workers, when differences in visible minority status and nativity have been controlled. For example, self-employed native-born white Canadians had an earning that was \$6,565 above the national mean, as compared to an earning of \$728 below the mean for native-born white Canadians who were wage workers. The average earning advantage of self-employed white immigrants over white immigrant wage workers was about \$4,000. Similarly, native-born visible minorities in self-employment earned \$6,976 above the national average, whereas their counterparts in wage employment earned \$5,881 below the national average. Visible minority immigrants in self-employment also earned more than their counterparts who were wage workers; the earning difference was over \$7,000. These statistics clearly indicate that self-employed persons earned

substantially more than wage workers, when differences in racial origin and nativity have been held constant.

However, the data in Column 2 of Table 3 also show that there were marked differences in average earning among the various groups of self-employed persons. For example, self-employed foreign-born white Canadians had the highest earning, which was \$7,707 over the national average; this was about \$1,142 higher than the average earning for self-employed native-born white Canadians. For visible minorities in self-employment, those born outside of Canada had an earning \$3,810 above the mean, which was \$3,166 lower than the earning of those born in Canada. In short, being native born was an advantage for self-employed visible minorities, but not for self-employed white Canadians.

The gross income differences also show that visible minority workers, irrespective of whether they were native born or foreign born, had average earnings that were substantially lower than white workers. It would appear that visible minority status disadvantaged the earnings of wage workers, but its effects on self-employment was not immediately apparent, since native-born visible minorities in self-employment had an earning advantage over native-born white Canadians who were self-employed. However, the immigrant status seemed to have adversely affected the earnings of visible minorities in self-employment, whose earnings were similar to that of foreign-born white wage workers but below that of foreign-born white immigrants in self-employment. Given the heavy concentration of the self-employed among foreign-born visible minorities in retail trade and accommodation and food services (Table 2), it is very likely **TABLE 3 Earnings of Self-Employed Persons and Wage Workers Among Native-Born and Foreign-Born Visible Minorities and White Canadians, Canada, 1991**

Racial Origin, Immigrant Status and Employment Status	Men and Women			Men		Women	
	N	Gross	Net	N	Net	N	Net
		Earnings	Earnings		Earnings		Earnings
[1]	[2]	[3]	[4]	[5]	[6]	[7]	
White Canadians:							
1. Native-Born Self-Employed	24,822	6,565	2,213	17,190	2,371	7,632	282
2. Native-Born Wage Workers	265,491	-728	125	135,016	250	130,475	96
3. Foreign-Born Self-Employed	6,261	7,707	1,545	4,463	752	1,798	1,241
4. Foreign-Born Wage Workers	40,610	3,819	853	21,718	1,191	18,892	419
Visible Minorities:							
5. Native-Born Self-Employed	354	6,976	1,320	256	263	98	2,121
6. Native-Born Wage Workers	4,802	-5,881	-713	2,387	-1,479	2,415	359
7. Foreign-Born Self-Employed	3,082	3,810	-2,024	2,137	-3,611	945	236
8. Foreign-Born Wage Workers	28,971	-3,467	-3,992	14,917	-5,764	14,054	-1,717
Aboriginal Peoples							
9. Self-Employed	601	-3,564	-2,848	373	-4,004	228	-1,554
10. Wage Workers	9,166	-6,158	-643	4,390	-1,156	4,776	-348
Gender							
Female	181,313	-6,245	-4,699	--	--	--	--
Male	202,847	5,582	4,200	--	--	--	--
Nature of Work							
Part-time	80,970	-15,118	-7,146	25,428	-9,197	55,542	-5,651
Full-time	303,190	4,038	1,908	177,419	1,318	125,771	2,495
Industries							
Manufacturing	64,711	3,780	1,599	44,964	1,597	19,747	621
Construction	29,114	1,033	-281	25,571	53	3,543	345
Trans. and Storage	18,199	4,844	1,468	14,619	1,217	3,580	1,003

Comm. and Other Util.	14,753	9,177	4,433	9,548	3,953	5,205	4,556
Wholesale Trade	18,842	3,754	418	13,067	132	5,775	385
Retail Trade	57,919	-7,254	-3,520	27,809	-4,498	30,110	-2,712
Fin., Ins. and Real Estate	25,359	4,337	2,312	9,636	3,891	15,723	1,433
Business Services	25,153	5,996	2,107	13,647	2,917	11,506	1,014
Educational services	30,907	5,554	1,814	11,720	260	19,187	3,489
Health & Welfare	39,769	1,105	2,235	7,746	6,838	32,023	1,770
Accommodation Services	29,497	-12,825	-3,863	11,774	-5,739	17,723	-3,198
Other Services	29,937	-8,250	-4,478	12,746	-5,576	17,191	-3,637
Knowledge of Official Languages							
English Only	259,511	298	102	137,424	255	122,087	-5
French Only	46,266	-4,046	-1,651	23,592	-2,301	22,674	-963
Both English and French	75,549	1,773	673	40,444	521	35,105	628
Neither English nor French	2,834	-8,496	-297	1,387	-1,318	1,447	249
Age	--	--	286	--	375	--	149
Number of Weeks Worked	--	--	429	--	528	--	337
Years of Schooling	--	--	1,675	--	1,835	--	1,290
Grand Mean (\$)	--	23,458	23,458	--	23,458	--	--
Beta							
	Men and Women		Men		Women		
Racial Origin, Im. and Emp. Status	0.06		0.07		0.04		
Gender	0.21		--		--		
Nature of Work	0.17		0.14		0.25		
Industries	0.13		0.13		0.17		
Knowledge of Off. Language	0.03		0.03		0.03		
Multiple R	0.61		0.57		0.63		
Multiple R Squared	0.37		0.32		0.40		

Source: Compiled from the 1991 Census of Canada, Public Use Microdata File on Individuals, based on a 3 per cent probability sample of the population, excluding persons under 15 years of age, persons who did not work in 1990, and inmates.

that their relatively low earnings as compared to the earnings of other self-employed groups (groups 1, 3, 5) may be partly attributed to their being in businesses that are characterized by high labour intensity and low economy of scale, and therefore lower economic returns.

Column 3 of Table 3 shows the effects on the earning differences among the ten groups, when variations in other variables have been statistically accounted for. Thus, the net earning disparity cannot be attributed to differences in the distribution of groups in various industrial sectors, nor to variations in other variables being considered simultaneously.

The data in Column 3 indicate that those in self-employment still had an income advantage over wage workers, except for those of aboriginal origin, when racial origin and nativity have been held constant. However, among the four self-employed groups (groups 1, 3, 5, 7), native-born white Canadians had the highest average earning, followed by foreign-born white Canadians, and then by native-born visible minorities; foreign-born visible minorities had the lowest average earning (group 7). The net earning disparity between native-born white Canadians (group 1) and foreign-born visible minorities (group 7) was \$4,237. This income difference can only be attributed to differences in nativity and racial origin, and not differences in years of schooling, sectorial location of self-employment, or other variables taken into account in the model.

The effect of nativity among the self-employed groups can be assessed by

comparing groups 1 and 3, and groups 5 and 7. The first pair shows the effect of nativity on white Canadians in self-employment; the income advantage of white Canadians born in Canada over white immigrants was \$668, but the advantage of native-born visible minorities over foreign-born visible minorities was \$3,344. Thus, the immigrant status seems to have disadvantaged self-employed visible minorities much more than self-employed white Canadians.

The effect of visible minority status on the earnings of self-employed can be seen in the comparison of groups 1 and 5, and groups 3 and 7. The first comparison shows that native-born visible minorities in self-employment earned, on average, \$893 less than native-born white Canadians in self-employment; the second comparison indicates that visible minority immigrants who were self-employed earned \$3,569 less than self-employed white immigrants. Hence, the visible minority status produced a larger negative earning effects for immigrants in self-employment than for native-born Canadians in self-employment.

The combined effects of the visible minority status and immigrant status, explain why visible minority immigrants in self-employment had the lowest earnings among the four self-employed groups, and native-born white Canadians in self-employment had the highest earnings, when variations of other variables except nativity and racial origin have been controlled.

It should be noted that the effects of nativity and visible minority status on the earnings of wage workers are similar to those of self-employed persons. The noted exception is that white immigrant wage workers had an average earning about \$700 higher than native-born white workers. The earnings of foreign-born visible minority workers were about \$4,000 below the national average, while that of native-born visible minority workers were \$713 below the mean.

Column 3 of Table 3 also shows that knowledge of the English language only brought nominal net income advantage, but knowledge of both official languages had an income benefit, while knowledge of French only, or no knowledge in either one of the two official languages, produced income disadvantages.

Separate models are estimated for men (column 5) and women (column 7). In both models, those who were self-employed generally had an income advantage over their counterpart wage workers, again except for those of aboriginal origin, when nativity, immigrant status, and gender have been controlled. However, white native-born males in self-employment earned slightly less than their counterparts who were wage workers. The effects of visible minority status and immigrant status on self-employed men's earnings (column 5) are the same as before: the immigrant status disadvantaged self-employed visible minorities much more than self-employed white Canadians (groups 1, 3 and 5, 7), and the visible minority status produced a larger negative earning effects for immigrants in self-employment (groups 3, 7) than for native-born Canadians in self-employment (groups 1, 5). For women, immigrant visible minorities in self-employment (group 7) earned less than native-born visible minorities in self-employment (group 5), who had the highest average earning among the ten groups. However, native-born white women in self-employment

(group 1) earned less than their foreign-born counterparts (group 3). The visible minority status also resulted in lower earnings for foreign born women in self-employment (groups 3, 7), but the visible minority status seems to have benefited native-born women in self-employment (groups 1, 5). It should be noted that most of the inconsistencies in the model for women arise from group 5, which has an exceptionally small number of cases as compared to other groups.

Blocked Mobility or Economic Advancement of Self-employment for Immigrants

This analysis finds evidence to support the claim that self-employment produces higher economic returns than employment, and at the same time, there are also grounds to suggest that opportunities for some immigrants may be blocked. First, when the earnings of self-employed persons are compared to those of wage workers, the evidence clearly indicates that self-employed persons had much higher earnings than wage workers, when the comparisons are made between similar racial groups with the same nativity status. Thus, it can be said that self-employment offers higher net economic returns than employment to immigrants of the same racial origin, in the same way that self-employment offers higher returns for native-born Canadians of the same racial origin.

However, visible minority immigrants and white immigrants probably encounter different experiences in the labour market, since the data for the entire sample and for men show that the visible minority status adversely affects the earnings of self-employment immigrants, but less so in the case of self-employed native-born Canadians. If this finding is taken as a proxy measurement of blocked mobility, then it is clear that self-employed visible minority immigrants have a severe income disadvantage as a result of their visible minority status when compared to self-employed white immigrants. The negative effect of the visible minority status also operates among immigrant wage workers, thus giving further credence to the suggestion that minority immigrants encounter blocked mobility in the labour market.⁸

When differences in the visible minority status is controlled, the evidence for the entire sample and for men shows that the immigrant status produces a negative earning effect for self-employed visible minorities, as well as for self-employed white Canadians. However, the effect of nativity tends to be more adverse for visible minorities than for white Canadians. This finding indicates that immigrant status and visible minority status jointly produce an interaction effect that adversely affects the earnings of self-employed persons in these

8. The finding on the adverse effect of race on earnings is consistent with what is reported in the Canadian literature; see for example, Li 1992.

statuses.

The findings on the effects of visible minority status and immigrant status are consistent for the entire sample and for men. However, as noted, the effect of the visible minority status for native-born women in self-employment is not consistent with such effect for foreign-born women.

The overall findings suggest that visible minority immigrants enter into self-employment probably because of the economic returns of self-employment as well as blocked mobility in the labour market. However, for white immigrants, the economic advantage of self-employment over employment remains, but they do not suffer blocked mobility in the labour market when compared to visible minority immigrants, although their immigrant status seems to disadvantage their earnings when compared to native-born white Canadians.

The findings have further theoretical implications. Research on the enclave economy seems to be preoccupied with the rigid debate as to whether immigrant businesses represent a retreat from a discriminatory labour market or an innovative economic advancement for immigrants, especially for business owners. The findings of this study suggest that the two arguments are not contradictory, and that it is probably a combination of restricted opportunities in the job market and higher returns of self-employment that account for the phenomenon of immigrant enterprise in Canada.

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