

Immigration, Entrepreneurship, and the Family: Indo-Canadian Enterprise in the Construction Industry of Greater Vancouver

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Ethnic enterprise

The subject of “ethnic enterprise” — businesses operated and maintained primarily by members of immigrant and/or minority groups — has become a significant area of research since the 1960s, when it became apparent to researchers and policy makers that the level of self-employment among ethnic minorities was higher than average (Borjas 1986). More recently, this interest has been aligned with a growing body of literature documenting the importance of self-employment and small businesses generally,¹ some of which focuses specifically on the role of ethnic entrepreneurs in industrially advanced economies (Waldinger et al 1990; Ward 1991). This research reflects a growing concern with the intersection of increased immi-

1. Statistics Canada reported that in 1994 more people became self employed than found traditional paid employment (Constantineau 1996).

gration in western countries, industrial restructuring, and the resurgence of the small business sector in response to this restructuring. These issues resonate most clearly when considered within the context of urban economies which, in Canada as elsewhere, are the major reception areas for immigrants. Even the mainstream media has become captivated with the success of minority firms (for example, Vincent 1996), and one financial institution in British Columbia has adopted a practice common among Korean immigrant groups, lending circles, which rely on internal networking, mutual support and repayment enforcement within peer groups of entrepreneurs (see Light 1972).

While popular commentators generally interpret the proliferation of ethnic enterprises in favourable terms, academic literature on the subject became sharply polarized in the 1980s. One “side” emphasizes the benefits of ethnic enterprise to group members, while the other focuses on the potential traps, or structural limitations these businesses can place on their owners and co-ethnic employees. Bun and Hui (1995), following Auster and Aldrich (1984), comment on this “intellectual schizophrenia” and show that these opposing interpretations of ethnic enterprise are part of broader ideological debates about the nature of capitalism and the relationship between cultural and economic forces. This empirical and theoretical-ideological split reached its crescendo in a brief “dialogue” between Edna Bonacich (1993) and Roger Waldinger (1993), which brought the structuralist/negative and culturalist/positive views into sharp relief. While some authors continue to champion one interpretation over the other (for example, Bonacich 1994), or see the ascendance of one side (for example, Barrett et al 1996), researchers increasingly agree that ethnic entrepreneurship is associated with a complex mix of problems and benefits. This form of economic organization is seen, more and more, as both emancipatory for immigrants attempting to better their standard of living but also as potentially exploitative, abusive and marginalizing (see Table 1). The particular mix of positive and negative qualities is likely to be situation-specific, depending on a variety of factors that include the pre-migratory characteristics of immigrants, the degree of openness of the adopted country’s labour market, the degree of isolation of immigrant groups,

and so on.

While we feel that the turn toward a more balanced conceptualization of ethnic entrepreneurship is helpful, we believe there is still a crucial gap in this literature — one that can be partly understood as an outcome of the polarized debates that dominated the field during the 1970s and 1980s. Researchers have repeatedly demonstrated the salience of cultural networks for immigrant and minority entrepreneurs, and the webs of economic interactions that arise within systems of ethnic loyalty. However, despite Light's (1980) important findings on the role of the extended family for Chinese entrepreneurs, the issue of the family — both nuclear and extended — has largely been ignored in studies of ethnic enterprise. The work of Boyd (1990) and Alcorso (1993) are recent exceptions to this lack of interest. Boyd suggests that differences in the ways that families are structured help explain why rates of self-employment are higher among Asian-Americans compared with Blacks:

“Although some researchers discount the importance of ethnic ties ... it is plausible that differences in the use of family and other support networks account for at least part of the Asian-black discrepancy in business ownership. Due to the limitations of secondary data for studying networks, however, ethnographic investigation is needed to explore this point further” (Boyd 1990: 268).

TABLE 1 The two sides of ethnic enterprise

Dimension	Positive	Negative
Causes for entrepreneurship	Structural opportunities; entrepreneurial initiative: Light (1984), Portes and Bach (1985) ¹ , Light and Bonacich (1988), Marger (1989); Zhou (1995)	Discrimination; blocked mobility: Bailey and Waldinger (1991), Feagin and Imani (1994), Light and Bonacich (1988) ²

- Networks and organizational structure Ethnic resources; Excessive internal organizing capacity of competition; excessive ethnic groups; trust; dependence on ethnic cooperation in raising networks; capital: Light (1972), "commodification" of Auster and Aldrich (1984), Waldinger (1986), Waldinger et al (1990), Light et al (1993) Excessive internal organizing capacity of competition; excessive ethnic groups; trust; dependence on ethnic cooperation in raising networks; capital: Light (1972), "commodification" of Auster and Aldrich (1984), Waldinger (1986), Waldinger et al (1990), Light et al (1993) those excluded from networks: Ward (1991), Ok Lee (1992); Waldinger (1995); Waldinger (1997)
- Networks and labour Job opportunities for immigrants; costless training for entrepreneurs; efficient labour recruitment; competitive advantage due to low-cost labour; returns to human capital: Wilson and Portes (1980), Waldinger (1986); Waldinger et al (1990), Maxim (1992) Containment and segregation of ethnic groups; poor pay rates and exploitative working conditions; low returns to human capital: Saunders and Nee (1987), Morokvasic (1987), Bonacich (1993), Ok Lee (1995); Min (1996)
- Networks and markets Access to protected markets (cultural products, consumer loyalty); trust and successful business transactions: Wilson and Portes (1980) Structural disadvantage of closed ethnic market: Borjas (1986), Barrett, Jones and McEvoy (1996), Jones and McEvoy (1996)

General outcomes	Internal support mechanisms and social mobility: Portes and Bach (1985); Waldinger et al (1990); Zhou (1995)	Exploitative labour relations and broader structural marginalization; spousal exploitation; inter- ethnic conflict: Bonacich (1993), Ok Lee (1992), Bonacich (1994)
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- Note:
1. Portes and Bach's claims are controversial, since there was widespread state support for Cuban refugees in the USA, especially for early migrants from professional and entrepreneurial backgrounds. See Vidal de Haymes (1997).
 2. This book, perhaps better than any other single source, illustrates the polemical views advanced in the 1980s. Each author wrote several chapters: those by Light adopted an optimistic stance, while those by Bonacich were negative.

Alcorso (1993: 93), in an interview-based study of ethnic entrepreneurs in Sydney, Australia, found that "the family as an institution does in fact play a crucial role in sustaining ethnic small business". Her analysis goes further, though, and demonstrates that patriarchal relations are often reproduced in the ways that family enterprises operate. In particular, the important work done by women in these firms is typically unacknowledged and under-appreciated, by business owners and academics alike. We hope to extend this debate by showing that, for Indo-Canadian entrepreneurs in Vancouver, the extended family is a central motif in the creation and maintenance of businesses, and that various forms of spousal support are fundamental to the operation of these firms. Further, we argue that the ways that family and business become intertwined create both opportunities and limitations for ethnic entrepreneurs.

Indo-Canadian Entrepreneurs in Vancouver

Although the history of Indo-Canadian settlement in Vancouver began in the late 19th century, the community was relatively small until the 1960s.² Given their exclusion from many professions (Jagpal 1994), Indo-Canadian men gravitated to one of the few economic sectors that offered them employment: wood processing, especially in the sawmills located along the Fraser River (both in the City of Vancouver and what would later become its suburban municipalities). As a supplement to their wage, some of these early settlers operated their own firewood businesses, supplying local households with furnace wood. Often the “head” of the family would continue in employment at the lumber mill, while the children would assume responsibility for the business. Others began to apply the skills learned in mills, as well as in building their own homes, to the residential construction industry. Typically, these were tiny subcontracting firms conducted after regular working hours. Around the same time, a number of Indo-Canadian mill workers began to establish their own wood products companies (for example, prefabricated wood sash windows, prefabricated doors, and even a saw mill). By the 1980s, Indo-Canadian entrepreneurs were active throughout the production system and operated businesses in the areas of wood processing, distribution, and construction. Although the community is now large and diverse in terms of its economic participation, even in 1991, around 2,300 South-Asian-origin men worked in the wood processing sector in the greater Vancouver area, 2,000 in transportation, and 2,300 in construction (27.5 percent of the male South Asian labour force of 24,000, as opposed to 14.7 percent of the total male labour force; see Hiebert 1997).

For this study, a list of construction-related firms was assembled from the *BC Lower Mainland Business Directory* (Contacts International 1995) and the *Indo-Canadian Directory* (Kranti Enterprises 1995). We selected all of the owners of all firms in the

2. The lack of population growth was the result of practices, initiated in 1908, designed to prohibit Sikhs from immigrating to Canada.

construction-related categories with names that suggested Indo-Canadian origin from the first source and all of the firms in relevant sections of the second. To streamline our efforts, we telephoned the firms to ascertain whether they were still in business and whether they had a fax machine. This yielded an initial list of 80 firms, and 24 managers and entrepreneurs agreed to be interviewed, representing 26 companies. These companies were engaged in the following activities: lumber re-manufacturing (2); lumber wholesaling (2); lumber retailing (2); truss manufacturing (1); demolition and excavation (3); general contracting (3); plumbing (3); electrical (2); roofing (2); cabinet making (4); other carpentry (1); drywall installation (1). Most were located in the City of Vancouver and the suburbs of Surrey and North Delta—coincident with the general distribution of the South Asian population in the metropolitan area. In terms of pre-migration characteristics, one of the 24 Indo-Canadians interviewed was from Uganda, one was from the Punjab/UK, one was from Kenya/UK, one was from Sri Lanka, 15 were directly from the Punjab and 5 were Canadian-born (but in all cases with parents or grandparents born in the Punjab). All but two of our interviewees were either first-generation immigrants who came to Canada under family reunification programs, or the children of immigrant parents who arrived before the entrepreneur category was introduced in the immigration selection system (the remaining two entered Canada as refugees). Although the question was not specifically asked, we estimate (based on identifiers such as name and appearance) that the majority of our respondents were Sikhs.³ The interviews began with a list of basic questions (for example, immigration status, reasons for business formation, ethnic origin and gender of workers, etc.) and became extended conversations; on average, they lasted about 90 minutes.

3. In 1991, there were 48,100 Sikhs in Greater Vancouver, out of a total population of 77,500 declaring single South Asian ancestry. These statistics were drawn from a special tabulation of census data made available to the Metropolis project by Canadian Heritage.

The Construction Industry as a Setting for Entrepreneurial Behaviour

Two key characteristics shape capital-labour-market relations in residential construction. First, unlike other manufactured products, dwelling places are usually built in situ by teams of workers who labour on a series of sequential tasks. Transportation of the finished product is possible (for example, prefabricated homes, mobile homes) but rare as it is expensive and likely to mar the product. Second, while shelter is of course a necessity, demand for housing is at best seasonal and cyclical, at worst volatile and unpredictable. These characteristics inhibit standardized mass production and the emergence of large, vertically-integrated corporations. Instead, as a number of authors have shown, unpredictable markets and the widely distributed nature of production have led, for more than a century, to a fragmented industry of many small- to medium-sized firms (Ball 1988; Doucet and Weaver 1991; Harris 1996). Of the 338 residential building companies listed in the 1991 *Lower Mainland Business Directory*, 275 had between 1 and 5 workers, and the average company had only 6.8 employees (Contacts International 1992). Most of these firms are task-specific, specializing in a single part of the production process, such as the installation of wall board or roofing materials. The initial cost of establishing a sub-contracting business is low and entry into the industry is relatively easy. Although many firms fail, the basic structure of the industry is retained because of a steady stream of prospective entrepreneurs willing to replace those who leave. According to 1991 census statistics, over 15 percent of the residential construction labour force in Canada's three largest cities was self-employed, compared with 6.5 percent of the total labour force.⁴

The economic analysis of the industry summarized in the above paragraph is incomplete, however. In particular, it assumes a continuing supply of individuals intent on pursuing self-employment. But how is this supply generated? The simple answer is, out of the

4. These statistics were derived from a special tabulation purchased from Statistics Canada (Go0093).

construction labour force itself. But this begs another question: who are construction workers? Overwhelmingly, they are men, and the proportion of immigrants in the workforce is relatively high.⁵ Setting aside the important issue of gender (we return to it below), there are good reasons for the prevalence of immigrant workers in the non-unionized residential construction sector: skills acquired before migration are recognized (i.e. there is no accreditation barrier) or can be learned on the job; the boom-bust nature of the industry frequently translates to labour shortages and employment opportunities for immigrants; and the small work teams and discrete tasks associated with sub-contracting open the possibility for communication in non-official languages on the job site. These characteristics also encourage self-employment and entrepreneurship among immigrants. Once immigrants establish small companies, they are able to recruit workers from within their cultural group, as explained by Tilly (1990):

“In the world of employment, the prevalence of subcontracting in manufacturing and construction ... epitomized the adaptation of networks initially formed by immigration. In subcontracting, the owner of a business delegates to a second party (most often a foreman or smaller entrepreneur) the responsibility both for hiring workers and for supervising production ... Migrant networks articulate neatly with subcontracting because they give the subcontractor access to flexible supplies of labour about which he or she can easily get information and over which he or she can easily exert control outside the workplace” (Tilly 1990: 86).

Moreover, sub-contractual arrangements among entrepreneurs operate most efficiently in atmospheres of personal knowledge and trust: builders rely on one-another to perform their job well (mistakes

5. Based on the same tabulation, only 1.5% of residential construction workers were women, as opposed to 46% in the total labour force. Also, 31% were immigrants, as opposed to 26% in the total labour force.

at one stage are amplified at later stages) and on time; also, profit margins are tight and contracts must be paid quickly. The requirement for trust among networks of entrepreneurs is most easily met in ethnic communities, where peer pressure acts to minimize the abuse of trust. Given the combination of basic characteristics of immigrant communities on the one hand, and the construction industry on the other, Waldinger (1995: 577) has referred to construction as “the quintessential ethnic niche”.

Results of the Interviews

Causes of Entrepreneurship

The entrepreneurs we interviewed spoke of different reasons for becoming self-employed. Some emphasized the difficulty of finding appropriate paid work as a primary factor in their decision. Mattu⁶, for example, noted:

“I tried to get a job; I couldn’t get a job. That was the main reason ... after a couple of years, I got ... back in business ... At that time I was 40, 42 years old ... and I didn’t have much skill, an acceptable level of experience [for obtaining a regular construction job]”.

Generally, though, few complained of unemployment or blocked mobility. Indeed one peculiar case is worth mentioning. Harder explained that he quit his job when other workers harassed him for being promoted. In effect, his achievement of upward mobility in the labour market made his employment situation uncomfortable, and he left his job to establish a business. Most interviewees stressed their family context when describing why they started businesses. Six of the nineteen immigrants in the sample cited a tradition of family entrepreneurship in India or in other countries they lived in before coming to Canada. In several cases, businesses in India were directly

5. Pseudonyms are used throughout this paper.

transplanted. Gurjit, for example, came to Vancouver in 1980 and found it impossible to obtain a loan from a Canadian bank. Together with his brother and father (who operated businesses in the Punjab), he raised capital through family and friends and established three firms in Vancouver providing work for 28 employees. Similarly, all five Canadian-born entrepreneurs in our sample followed their fathers and/or grandfathers, who had businesses in the forest products sector. The continuation of such occupational concentration indicates the long-term consequences of initial labour market segmentation, especially when the family is the central transmission mechanism. Even when earlier family businesses had failed, the experience of independence and familiarity with the trade influenced subsequent generations. Sidhu, the owner of a lumber re-manufacturing firm indicates the endurance of such experiences when transmitted through family tradition:

“My grandfather was in the lumber business here; he had a mill. Dad had a mill but it went out of business, and then I worked for somebody else for a couple of years, but I just enjoyed working for myself a lot better”.

While the examples of Sidhu and others suggest a predilection for entrepreneurialism, it is important to situate the experiences of their parents' and grandparents' generations in Vancouver. As already mentioned, early South Asian immigrants were subjected to exclusionary processes through much of their settlement history (see Sampat-Mehta 1984; Khan 1991). Several interviewees claimed that the initial self-employment decision of their forebears was the result of discrimination, either from employers or within the labour movement (which advocated exclusion of Asians from unionized job sites). Little wonder that many early entrepreneurs began their efforts in non-unionized sectors, such as roofing.

There was a combination, then, of structural constraint and individual agency in the motivation for self-employment among the men we interviewed. The causes for entrepreneurial behaviour are therefore not easily disentangled and simple conceptual categories, such as “blocked mobility”, are too blunt to capture the subtleties

involved. If one single factor must be isolated as crucial for both immigrant and native-born Indo-Canadians, it is the encouragement and assistance (particularly financial) of the nuclear and extended family.

Networks and Organizational Structure

Our findings support the arguments advanced in the literature about the importance of ethnic networks as sources of training, capital, information, and labour. Only four of our 24 interviewees obtained their first job outside the Indo-Canadian community, and none relied on banks or government sources for raising their initial capital. Capital was secured either through family or by starting a business while working at another paid job. While the circulation of money through family and ethnic networks facilitates entrepreneurial ventures, it also offers challenges and potential liabilities. Four interviewees commented explicitly on the cultural and personal pressures they feel due to their indebtedness to family members. Ashok, the manager of a cabinet making company, noted the possible repercussions that may arise when family relationships are extended into the economic arena:

“Because of the extended family or relationship mixing business with that, sometimes where cash is a problem or payments is a problem; disputes can get a bit uncomfortable, I would say. It’s not strictly like you can phone Credit-Tel ... because you have to think what is going to be the impact in the future. Is it going to affect me as far as my family is concerned? It is a sad factor or handicap ... It’s hard for some of the people to separate the business and the different individuals and actually it does become a problem”.

Given these pressures, we should be careful not to romanticize family and ethnic networks. Support in these forms is expected and provided, but not without occasional strings attached.

As we have suggested, much of the literature on ethnic enterprise

generally ignores the effects of the most intimate network in the operation of businesses — the family, particularly female spouses. Where women are included in ethnic enterprise theory, they are described as performing subservient roles, such as unpaid secretarial labour. We wish to broaden this understanding by noting, first, that in many cases the boundary between family and business is permeable and, second, that women's roles, while described by interviewees as supportive, are actually fundamental. That is, many of the businesses investigated here survive because of the (barely acknowledged) efforts of women. Before proceeding, we must acknowledge that this issue arose rather unexpectedly in our research. At the outset, we assumed (without considering the matter in any detail) that entrepreneurs operate their businesses as individuals, though within supportive ethnic networks, and we sought evidence for co-ethnic reliance. Our initial conceptualization of the research problem was set by a combination of the debates in the literature (which are largely silent on women), and the widely held association of entrepreneurship generally, and the construction industry in particular, with its highly masculinist identity. However, in 16 of 24 interviews, the men we spoke with made some reference to business roles performed by their wives. Yet even this statistic almost certainly underestimates the significant roles played by women (for example, in making financial arrangements with the extended family).

First, several interviewees noted that their wives (and in Sidhu's case, a former girlfriend) contributed start-up capital to their firm. Secondly, women- through external paid employment - make contributions to the family budget that allow men to continue their entrepreneurial roles. In Harder's case, for example, his wife's steady earnings were essential in the early days of his business and continue to support the family during slack periods (frequent in a capricious industry like construction). Thirdly, wives are regular employees in several of the firms surveyed here.⁷ Interviewees were asked whether they employed any women; Al, a plumbing sub-contractor, replied:

7. As this was not a direct question in the interview, we are unable to provide a statistic on the prevalence of this practice.

“Well, mostly one of my daughter-in-laws and my wife. Sometimes they are helping so they are also an employee....[and they do] bookkeeping and this, and that, secretarial job or whatever”.

Rai indicated that this was also the case when his father established a lumber business a generation ago:

“In my dad’s case when he started the business, my Mom was the biggest backer. She served as his secretary, did all the paperwork, most other things, so that’s where he got his help from”.

Fourthly, women are involved in management decisions in some firms (for example, Rai spoke of his mother as a shareholder in his company and exercising a voice in major decisions). In Sidhu’s firm, for example, his wife and sister are included in the company’s brochure as “key members of the management team”. Finally, in one case there was an overlap of entrepreneurial roles. Bikar, the owner of a small excavation company was the only interviewee to refer to his business as jointly owned, maintaining that he and his wife started it by working and pooling their resources. Moreover, his main office is located in his wife’s sari shop, and her business provides his with basic infrastructural support.

These glimpses into the role of Indo-Canadian women in family businesses are unsystematic (a product of the research design) and insufficient, but they indicate the important role women perform in ethnic enterprises. These practical as well as financial contributions are crucial, especially in small firms. Therefore, despite the outward appearance of the construction industry, with its masculine ethos and overwhelmingly male work force, women are active participants in the networks that support these enterprises.

Networks and Labour

We found ample evidence of intra-ethnic recruitment networks, in many cases framed by the extended family. Over half of the 19 immigrant entrepreneurs in the sample secured their first job through an immediate or extended family member, often the same people who sponsored their immigration application. In some cases relatives directed new immigrants into the same company that they currently worked in or had worked for in the recent past. In all but one of the 26 firms included in our sample, at least one-third of the work force was Indo-Canadian. Further, more than two-thirds of the workers were Indo-Canadian in 19 of the firms. English was the exclusive language of work at only one firm. These statistics are particularly telling, given that the companies in our sample ranged across a fairly wide spectrum of size (from annual revenues of \$300,000 to \$40 million), and the entrepreneurs ranged from recently arrived immigrants to third-generation Canadians.

Most of the entrepreneurs in our sample recruit labour informally through a variety of their own, or their workers', kinship and personal networks. However, advertising is also used by many, and five of the businesses interviewed relied on unions to supply labour. Even with union membership, however, flexibility in recruitment prevailed, and entrepreneurs exercised options in who they could employ, often using recommendations and word-of-mouth to fill vacancies with unionized Indo-Canadian workers.⁸ What advantages do entrepreneurs gain by employing co-ethnic workers? Mattu stated that his truss manufacturing business succeeds because of his co-ethnic employees. He believes that his workers give him an advantage in a competitive industry because, unlike in the case of "Canadian" companies, they are available any time: "even seven days, anytime somebody ask I can cater, deliver you know". Ajit echoed this view, and added a comment about the training process in his firm:

"I've never employed anybody who knew anything about electrical. I take the green guy and he learns my way of doing

8. The extent to which unions facilitate ethnic labour market segmentation in this way is an under-researched topic.

things. I find pretty quickly how hard he can work. I work him pretty long hours. If he can last with me long hours he can work with me”.

Workers, in return for employment in these firms, must be flexible enough to work when required, and also to work long hours in times of high demand. As Harder points out, though, they are also required to accept variable wage rates:

“nobody can beat our prices because we got our own product [roofing shingles] ... plus our labour is cheaper than other people. Like when I tell my guys, ‘hey listen the market is slow; we’re going to pay you only \$8 an hour’, they say ‘no problem’”.

Whether or not his employees are quite so acquiescent, the adjustment of wages is a critical method for Harder’s firm to remain competitive during the pro-nounced market fluctuations of the highly competitive, cyclical building sector.

Concessions made by workers in these firms are, to some extent, the necessary outcome of market volatility. However, they also are associated with the patriarchal relations that arise in ethnic enterprises. Many workers expect eventually to start their own businesses and see the training they receive from their employers as compensation for wage and time flexibility. This expectation was revealed in an interview with Ron, who spoke of the two nephews he employed:

“They’re thinking of starting their own, and there will be no hard feelings between us. Matter of fact I told them I would help them. They have to buy lumber somewhere, so here’s another customer, they’re going to buy lumber from me”.

But this entrepreneurial “incubation” process does not always operate smoothly. Viewed from the entrepreneur’s perspective, each worker who leaves to create another business causes disruption in the firm. First, a replacement worker must be hired and trained. The

consternation this can cause became apparent in an interview with Bikar, the owner of a small excavation company who in 15 years of business claimed to have trained over 100 people. Second, each ex-employee becomes a new competitor, and a knowledgeable one at that. The same owner remarked about one relative he employed, a cousin that no other family member would help. Once trained, he left the company giving eight days notice, set up his own rival company, and won contracts at the expense of his ex-employer. Bikar admitted he was angry at this cousin and commented on the negative effect this had on family relationships. Some respondents had already learnt from these types of experiences and instigated mechanisms to avoid them in the future. Gurjit stated that he had stopped employing family members altogether because he did not want them to add to his competition.

Moreover, mistakes made by workers who attempt to make the transition to self-employment too rapidly can have wide repercussions on the image of the construction sub-trades. Darshan, the sales manager of a roofing company, discussed this problem in relation to his company's employees (90 percent of whom are Indo-Canadian) who start businesses with relatively limited experience:

"I suppose he [an employee] is working with me and after 6 or 7 months he will start his company. There is such a big flaw in the Canadian government's licensing system, because anybody can manage a company and believe that's the ABC of the business and they can manage it ... They think they can do it even if they don't know anything about this".

In general, then, while the progression from co-ethnic employee to successful entrepreneur is expected and supported by many, it is not without costs to entrepreneurs, which may be exacerbated when relations are embedded in family networks.

Hiring co-ethnic labour, while advantageous in many ways, can also generate tension. Nearly one third of the interviewees mentioned being pressured to employ kin or family friends. Some entrepreneurs found themselves forced into a position to accept relatives, and then experienced problems controlling and coordinating their labour.

Harder related the negative experiences he had with employing family members:

“... some relatives, you call them to work and they don't want to take orders from you. You tell them something and they just ignore it, and you give them shit; they get mad. They don't like it and they talk about it in the family... and whenever we have family gatherings they're more jealous with you”.

These issues of kin/business conflicts were echoed by Jai, who found that, after employing one of his wife's cousins, others demanded the same favour until there were five working in his company. These relatives would not co-operate with his other employees and refused to do jobs that required the most effort until, eventually, they left the company. Their unexpected departure created a crisis for Jai, who was forced to scale down his operation until he could find and train new workers. These experiences suggest an issue rarely, if ever, considered in the literature on ethnic enterprise — the fact that co-ethnic workers, especially when connected with their employer through extended family ties, have unique opportunities to resist shop-floor control or, in some cases, simply leave situations they find undesirable. Sidhu, who used to recruit all of his employees through family relations and co-ethnic friends, shows how these work-related issues can cloud family relationships:

“if there's a problem, it gets extended of course; there's my direct family, my sister's husband worked here and that caused a problem. My cousins when we joined the union, they were on one side and I was on the other. For 10 years even though they worked here they didn't talk to me too much, but it all got worked out and that so, yeah it does cause problems, but on the other hand when things are going good it works out great”.

The entrepreneurs who mentioned family and co-ethnic pressure tended to downplay these issues. Indeed, most stressed the beneficial

aspects of co-ethnic and kinship relations in the work place. Still, the responsibilities that accompany such employment are onerous for some, and the extent to which community and economic issues become entwined should be acknowledged more fully in studies of ethnic enterprise.

Networks and Markets

According to the literature surveyed in Table 1, economic transactions are facilitated within ethnic groups where there is a high level of trust. In these cases, credit can be extended with little worry over repayment, since reputations are widely known and unscrupulous business practices are met with community hostility. The opportunity to tap the intra-group market, therefore, is seen as an important advantage creating a competitive edge for ethnic enterprises. Bob succinctly sums up the arguments made in the literature regarding this aspect of ethnicity as an economic resource:

“We were penetrating our own community to get business. The people we deal with sometimes ... are more comfortable dealing with us because they can speak the language ... Also because builders are comfortable dealing with us because they can talk terms ... of credit or something, which [work properly] if you are within a community ... and you know each other through somebody else or through business, and then you try to build those contacts that way Most of the businesses here are tied that way”.

Significantly, however, while all but one of the firms engaged family and ethnic networks to find workers, there was a much wider range of reliance on co-ethnic markets. Generally, small firms were dependent on the internal market while larger firms — even those with mainly Indo-Canadian employees — were not. Apparently, then, in this case at least, business prosperity is achieved when entrepreneurs are able to move beyond the ethnic enclave in sales but are still able to engage the co-ethnic labour market and be part of the

ethnic economy.

In exploring their experience of the internal market, more than one-third of the interviewees specifically mentioned that they used co-ethnic and kinship networks in their marketing efforts, and around two-thirds noted that they attracted business through word-of-mouth references that spread through the Indo-Canadian community. Entrepreneurs mentioned the kinds of benefits of the co-ethnic market that one would expect, citing issues of trust, language similarity and the comfort in-group attachments provide. But at the same time, complaints about the nature of client relations in the ethnic economy were voiced by over one-third of the entrepreneurs. The most prominent of these centered around the intensity of competition and pressure to cut prices and complete work rapidly. Asked about his experience supplying cabinets to other Indo-Canadian firms, Ashok commented:

“Just because they are Indo-Canadian doesn’t mean they are going to pay you more money; it’s probably the opposite. It’s just that they sometimes pressurize you far more than you would get in a normal business environment, because they’re not [well-]organized [firms] ... and because they are undercutting the market sometimes and they are rushed for time ... So because we’re having this Indo-Canadian community of 60 percent of our business, doesn’t make it easy”.

Some 40 percent of respondents indicated that Indo-Canadian contractors were particularly hard bargainers, and several of these voiced their concern that the building industry as a whole suffered from these attempts to force suppliers to shave their profit margins. Rai, the second-generation owner of a \$24 million per annum company, has dealings with local Indo-Canadian builders forming only 1-2 percent of his total business. However, despite the small percentage of business he conducts with Indo-Canadian clients and sub-contractors, he discussed his feelings about the extent of bargaining that accompanied these deals:

“I used to feel quite uncomfortable with it, especially if I were

to see that person socially, but after the first 100 times [of intensive price negotiation] you become immune to it”.

Similarly, when we asked Mattu if he found that members of the Indo-Canadian community expected lower prices for building trusses he laughed in agreement. When asked how he dealt with this problem, he stated:

“I don’t know. We try, try what we can do, but sometimes the price they ask, [is] very low and we can’t do it ... It is a problem. First they ask [for] a low, low price. When the job is finished they want some kind of discount again you know (*laughter*)”.

These sentiments were echoed by roofing contractors, and in the case of an interview with Darshan, the sales manager of a roofing company grossing \$4 million per annum, problems of competition and price cutting seemed acute. Darshan intimated that such competition was especially prevalent within the Indo-Canadian community with his reply to our question about advertising in the *Indo-Canadian Times*, a local ethnic newspaper:

“No we don’t advertise in the *Indo-Canadian Times*. There’s no use — reason being as I’ve told you there are so many undercut roofers out there, who will [work for low prices in] this community”.

As Darshan’s comments suggest, the small client base and specialized industrial niche into which companies that serve co-ethnic markets are focused, breeds intense competition. One solution is to move away from dependence on the ethnic economy for clients.

However, several of the entrepreneurs who have moved beyond the co-ethnic market (thereby facing potentially less competitive pressure to meet price and service expectations), have found that “mainstream” contractors and buyers expect similarly low prices and profit margins. In this wider market, the image of Indo-Canadian sub-contractors as “cheaper” than others has become entrenched, and

bids tendered by Indo-Canadian firms are therefore expected to be significantly lower than those from other firms. This expectation can be seen as a kind of “price gap” discrimination. Harder highlighted this in relation to his roofing company, a business particularly exposed to severe competition. He mentioned a typical incident that occurred when submitting a quote to a European-origin Canadian:

“When they don’t find a white guy, then they give the job to us ... sometime[s] we give them a bid, say if the job is \$10,000 then my bid is, say \$10,000. And even if the white guy goes, and he’s a Canadian and gives \$11,500 or \$10,500 and he’s \$500 more than me, he will get the job. They prefer to have him to get the job unless he says \$15,000 ... so it’s too much money, and otherwise you know, we have to be cheaper than anybody else and they expect, want us, to do the best”.

M. W-R: “So, do you see that happen often?”

“Oh yes, it’s standard in construction, all the time yes ... Like one time I go back to quote a job ... and the guy said ‘no you’re too much’. He said ‘you’re only a thousand dollars cheaper than the other guy ... I can get Hank’s roofing, you know, for six thousand dollars, and you’re only five’”.

This type of “price-gap” discrimination was also highlighted by Darshan, in direct response to a question regarding discrimination:

“Only one thing, there is a problem with some attitudes. People, they see somebody [is] East-Indian and try and work on them to lower the price. Say I do a job for \$4,000 and they say ... do it for \$3,500. They have that kind of feelings to overcome”.

M. W-R: “So you think that has a bad knock-on effect on everybody else if certain members of the group try to take the lowest price?”

“That’s right; this kind of thing results in effecting the customers too ... 90 percent of my business is with the white people not the Chinese. I don’t deal with them because they always go down, down, down, right. They don’t think, they don’t believe that this guy’s telling the truth, you know that’s my costs. But now in these days, the white and other peoples they are saying, that, ‘oh, ok we get a good price, good deal, from these small people’, and no doubt they get it”.

Darshan’s observations raise questions about the nature of inter-ethnic group relations, which are too complex to be addressed here, but also the shifting expectations of lower prices from within the Indo-Canadian community to other ethnic communities, in this case Chinese-Canadians and, perhaps to a lesser extent, Euro-Canadians. This expectation of lower prices feeds into a vicious cycle where intense competition can lead to bankruptcies, poor work and payment delays. It also has the potential to trap Indo-Canadian entrepreneurs and their workers into low-profit ventures.

Discussion and Conclusion

“I mean in any community, it isn't just Indo-Canadian community; British are the same way; Russians are the same way; Chinese are the same way. You're Canadian but you are also a sub-set of another community and that, and that community people help you and they hinder you ... When I first started I went to people that we knew, our family knew, they happened to be Singh (that's my last name) and ... that was a benefit” (Sidhu).

The methodology employed here has provided qualitative data revealing the role family and ethnic networks play in both why and how individuals enter self-employment. These networks are crucial in each of the sequence of steps required for successful entrepreneurship: obtaining a job in the first place; initial training as

an employee; raising capital to establish a business; acquiring a labour force; and, in many cases, attracting and holding a client base. In the Indo-Canadian case, family- and group-based economic strategies have, over several generations, led to a growing degree of ownership and influence in the production chain associated with wood products, material handling, and construction. The family, in particular, has been the site where cultural resources have been mobilized into these types of economic activities. In emphasizing the importance of family networks, we particularly draw attention to the contributions made by women who, as we have seen, play a number of significant roles in the enterprises surveyed here. While we acknowledge that women may derive more freedom working outside family enterprises (see Bhachu 1988), their roles inside these firms have been undervalued in much of the literature, and in some cases ethnic enterprises provide positive opportunities when compared to the often limited choices they have in the formal labour market (Alcorso 1993).

The cultural and economic expectations that arise out of socially-embedded family and ethnic networks have complex positive and negative consequences for workers and entrepreneurs (as implied in the above quotation from our interview with Sidhu). These networks help prospective workers find jobs even if they lack the language of their adopted society and formal qualifications; the *quid pro quo* is, often, the need to adjust to “flexible” hours and wage rates. For prospective entrepreneurs, networks facilitate business formation and operation but also add constraints, especially when family and business relationships become entwined. How, for example, do you fire your son-in-law? How do you enforce shop-floor control on your spouse’s cousin? How do you survive in the climate of intense competition that surrounds business within ethnic economies? Given the complexities of these issues, we reiterate our point that the polemical nature of the debate over structural forces versus personal-cultural motivations in the creation of ethnic enterprises is misplaced.

We also wish to highlight the fact that ethnic networks are differentially engaged by entrepreneurs. While they are crucial sources of capital and labour, their market potential is rather more constrained. The most successful entrepreneurs in our sample grew

beyond the bounds of the intra-ethnic market and served clients and customers from a range of ethno-cultural backgrounds. However, we come full circle here. Immigrant and minority entrepreneurship is often seen as a way of bypassing discrimination in the mainstream labour market. From this point of view, when immigrants and members of minority groups find closed opportunity systems, they create their own vehicles for economic participation and success. But, ultimately, self-employment does not insulate ethnic entrepreneurs from discrimination, as seen in the many references made about the expectation of “something extra” — what we have labeled “price gap” discrimination — from immigrant and minority firms. These demands arise out of widespread cultural assumptions and societal norms and have significant material consequences for ethnic entrepreneurs (also see Feagin and Imani 1994). Success in entrepreneurial pursuits, then, as in the labour market as a whole, requires an open society where people are treated fairly; entrepreneurship, in and of itself, cannot overcome prejudice.

Finally, we believe the Indo-Canadian example raises important questions about the simple distinctions made between economic and family class migration in policy and research debates. The immigrants included in our sample utilized family networks to enter Canada and to find employment. Studies based on aggregate data have demonstrated that family-class immigrants integrate into the economy more slowly, and contribute fewer tax dollars, than those who arrive under the independent/economic categories (for example, DeVoretz 1995, Langlois and Dougherty 1997). These findings are often used to argue that Canada should prioritize the latter over the former in terms of admission criteria in order to maximize the cost-benefit ratio of immigration. However, the entrepreneurs we interviewed — who have built successful businesses that employ, collectively, hundreds of workers — are the product of family-class immigration or refugee settlement. We are mindful, here, of the argument made by Borjas (1986) that, in the United States, policy changes emphasizing family reunification have contributed to greater-than-expected numbers of immigrants who become self-employed very soon after their arrival. The relationship between family-class immigration and entrepreneurship should be more fully recognized in Canadian

debates; continued research on this subject may reveal that family-class immigrants are as active in entrepreneurial pursuits as their business-class counterparts.

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