

Self-Employment among Ethnic Minorities in Canadian Metropolitan Areas*

André Langlois
Department of Geography
University of Ottawa
Ottawa, Ontario K1N 6N5

Eran Razin
Department of Geography
Hebrew University
Jerusalem, Israel

The 1970s and 1980s witnessed a resurgence of the small-business sector in many Western countries (Brock and Evans 1989), including Canada (Cohen 1988; Thompson 1986). This resurgence was accompanied by an increasing emphasis on the promotion of small businesses and entrepreneurship in strategies of local development (Giaoutzi, Nijkamp, and Storey 1988; Savoie 1987). The success of such efforts depends not only on economic-geographical factors, but also on the nature of local social networks since entrepreneurship is largely a social phenomenon. In particular, ethnicity can have a major influence on entrepreneurship in multiethnic societies. The significance of ethnicity is augmented in countries with high levels of immigration, as entrepreneurial activity can serve as a route of economic advancement for immigrant groups lacking the contacts or qualifications to move ahead rapidly as salaried employees (Light 1984; Teega Research Consultants 1986). Given the high ratio of immigrants per population in Canada and Canada's official promotion of multiculturalism, the role of ethnicity should not be underestimated in any examination of the Canadian small-business sector and its spatial evolution.

This paper examines the influence of ethnicity, metropolitan structural opportunities, and their interaction on the entrepreneurial

*This study was supported by a grant from the Programme of Canadian Studies, Hebrew University, Jerusalem.

behaviour of ethno-linguistic minorities in Canada. Based on data from the 1981 Census of Canada, we will investigate the factors influencing the propensity of ethno-linguistic minorities to become self-employed, as well as the factors influencing the industrial composition of the self-employed and the role of self-employment in economic mobility and socio-linguistic integration. We will also discuss the influence of metropolitan size, economic structure, and ethno-cultural milieu on minority entrepreneurship, and will argue that self-employment plays different roles in the mobility routes of various ethnic groups. Well-established groups from developed Western countries tend to utilize their personal qualifications for advancement through entrepreneurial careers, whereas some groups from less-developed countries utilize ethnic networks for advancement through distributional and blue-collar entrepreneurial activities.¹ In the latter case, structural opportunities produced by different urban economies may influence differently the entrepreneurial behaviour of different ethnic minorities.

Theories of Entrepreneurship among Ethnic Minorities and Their Relation to Space

The influence of ethnicity on entrepreneurship is attributable to different cultural attitudes, human capital, and class resources of ethnic groups, as well as to such contextual factors as discrimination (Light 1984). Ethnic networks are a major factor in the channelling of immigrants and minorities into specific entrepreneurial niches. Ethnic entrepreneurial enclaves, characterized by extensive informal ethnic networks, have opened the way to upward mobility for immigrants arriving with no job qualifications, enabling them to acquire entrepreneurial skills through personal contacts and acquaintances with their entrepreneurs (Portes 1981; Razin 1990a). The prospects that minorities possessing professional skills will become self-employed is assumed to depend more on personal qualifications, although still influenced by family contacts and ethnic networks. Among minorities lacking resources and an entrepreneurial tradition but enjoying some public support, small-business owners can be of a different type, however. Black-owned construction firms in New York, for example, have tended to be owned by business school graduates, but only the preference granted to them in getting contracts for public projects has seemed to account for their survival (Freedman 1985).

¹Examples of blue-collar industries are manufacturing, construction, and primary manufacturing. Examples of distribution industries are wholesale, retail, accommodation and food services, transportation, and communications.

Although sociologists mainly emphasize the role of ethnic attributes in the prospects for entrepreneurship among ethnic minorities, these prospects also depend on local structural opportunities. Indeed, entrepreneurial networks can assume diverse forms at different locations (Johannisson 1988). Ample self-employment opportunities may be found in large and diversified metropolitan areas, with substantial activity in sectors characterized by low barriers to entry and high proportions of small- and medium-sized firms as opposed to sectors characterized by high barriers to entry.² High levels of economic well-being, boosting local purchasing power, also can influence self-employment opportunities positively (Fothergill and Gudgin 1982; Keeble and Wever 1986; Razin 1990a).

Businesses in ethnic enclaves tend to concentrate in niches characterized by low barriers to entry and relatively protected from the competition of majority-owned businesses (Waldinger 1986). The protected ethnic market can be a convenient niche in which minority entrepreneurs can begin, using skills or trades related to the country of origin (Kim 1981). Multiethnic urban areas create particular opportunities for minority-owned small business by (1) forming fragmented patterns of demand which reduce economies of scale in serving the local population, and (2) offering large niches catering to the needs of central city minority slums, which do not attract mainstream firms or the native middle-class population (Light and Bonacich 1988). Certain blue-collar self-employment occupations also present opportunities for minority entrepreneurs.

Entrepreneurship among Ethnic Minorities in Canada

The entrepreneurial behaviour of ethnic minorities in Canada has been influenced both by Canada's social and economic features and by its immigration and absorption policies. The prevailing perception has been that the Canadian climate for investors and entrepreneurs is inferior to that of the United States (Peterson 1977). The Canadian economy is only marginally more regulated than the American, but the Canadian government is more willing to engage in public enterprise. The Canadian economy also is more externally controlled, offers smaller internal markets, and is more resource-based—attributes that can deter entrepreneurship (Goldberg and Mercer 1986). Still, the “quiet revolution” in Quebec has been accompanied by changing

²Examples of low-barriers-to-entry industries are construction; trade; and personal, business, food, and public services (not including public administration). Examples of high-barriers-to-entry industries are agriculture, manufacturing, transportation, communications, utilities, finance, insurance and real estate, and public administration.

attitudes toward entrepreneurship (Higgins 1986), and Canadian regional policies also have shifted toward promoting local entrepreneurship (Savoie 1987). Moreover, partly because of economic recession conditions (Levesque 1985), between 1975 and 1986 the number of self-employed workers in Canada increased more than twice as fast as the number of salaried workers (Cohen 1988).

Economic development needs and labour market considerations seem to have played a greater role in Canadian immigration policies than in U.S. policies (Seward and Tremblay 1989; United Nations 1982). In fact, since 1978 Canada has had a specific programme for attracting immigrant entrepreneurs, but it has not been aimed at immigrants striving for economic success and upward mobility through entrepreneurial activity in an ethnic enclave. Instead, it has been geared toward wealthy businesspeople with substantial capital, a proven record of business, and definitive plans for establishing a business in Canada (Nash 1987).

The Canadian emphasis on multiculturalism may be assumed to slow assimilation (Goldberg and Mercer 1986), particularly in bilingual localities such as Montreal. Evidence supporting this argument is not definitive, however. Apparently, the myth that advancement can be achieved by preserving ethnic ties and culture emerged, paradoxically, in the United States, whereas in Canada rapid cultural assimilation has been considered beneficial for the economic mobility of immigrants (Richmond 1981). Nevertheless, ethnic networks have been critical in attaining economic success in Canada, as demonstrated in a study of Portuguese immigrants (Anderson 1974). In the case of the non-enterprising Portuguese immigrants, however, the stepping-stone jobs were usually unionized jobs.

The phenomenon of ethnic entrepreneurial enclaves has received little attention in Canada. Canadian cities lack the large, protected niches that serve crime-ridden central city minority slums and are utilized by immigrant entrepreneurs in the United States. Still, the Jewish entrepreneurial enclave in Toronto's garment industry, formed during the early twentieth century (Hiebert forthcoming), as well as its Chinese successor (Wickberg 1982), closely resembles the same phenomenon in New York (Waldinger 1986). In 1983 Kallen and Kelner (1983) observed that in Canada the majority group entrepreneurs tended to begin their careers as employees—led into entrepreneurship by their professions—whereas minorities typically chose self-employment in the first place, changing from one kind of business to another in the search for success and utilizing kinship networks and broader ethno-religious ties. Thus, self-employment was an intentional choice of ethnic minorities in their struggle for economic advancement.

Description of this Study

Hypotheses

In this study of how the structural opportunities produced by metropolitan economies influence entrepreneurship among major ethno-linguistic minorities in Canada, it is assumed that the largest Canadian metropolitan areas (CMAs) offer wider opportunities for minority entrepreneurs than the smaller and less-diversified areas. The largest CMAs—Toronto, Montreal, and, to a lesser extent, Vancouver—offer large concentrations of co-ethnics, diversified markets, and ample less-prestigious blue-collar and distribution-based entrepreneurial niches that do not attract majority groups. Thus, these areas offer entrepreneurial minorities particular opportunities to advance through the utilization of extensive ethnic networks.

Whereas ethnic ties are assumed to be a major aspect of blue-collar and distribution-based minority entrepreneurship, formal education and personal qualifications can be more crucial to success in white-collar entrepreneurial careers.³ The largest metropolitan areas, particularly Toronto, offer the widest opportunities in various top-level professional services. Ethnic minorities, however, generally do not enjoy protected niches in these competitive fields, and new immigrants may especially suffer from disadvantage in such top-level services. Because white-collar entrepreneurs are less dependent on ethnic networks, they may be able to penetrate less competitive small-business niches in smaller CMAs more easily.

Montreal's unique ethno-cultural milieu is assumed to influence self-employment opportunities for ethnic minorities. But Toronto may provide ethnic minorities with a better entrepreneurial climate than the bilingual Montreal (Higgins 1986). Thus, the assimilation of immigrants may be slower in Montreal (Ossengebe 1964), thereby restricting particularly the ability of minorities to penetrate high-level professional services. Montreal may not, however, be as disadvantageous for minority entrepreneurs in lower-level blue-collar and distribution niches that do not depend on cultural assimilation. Entrepreneurial paths of ethnic minorities in Montreal, therefore, may be more restricted to such niches, which do not require assimilation into the host societies.

The impact of location on entrepreneurship can be expected to differ widely across ethnic groups. This study includes six major ethno-linguistic minority groups: Chinese, German/Dutch, Greeks, Italians,

³Examples of white-collar entrepreneurial careers are: education, health, welfare, business, and personal and related services.

Poles/Ukrainians, and Portuguese. The German/Dutch ethno-linguistic minority is a prosperous group, which is geographically dispersed and largely invisible, being easily assimilated into the Canadian society. They are prominent in professional occupations, although they have strong roots in farming. Self-employment among them may be more a function of human capital attributes and financial resources than of ethnic networks. They may compete for top-level professional niches in the largest metropolitan areas, but being relatively assimilated, they also may find it easier to become self-employed in smaller CMAs, particularly in those regions where they have roots in farming.

Poles/Ukrainians have similar agricultural roots in Canada. These groups, however, began their employment history in Canada at the non-skilled, blue-collar, low end of the occupational ladder and only gradually climbed to almost parity levels with the total Canadian population (Kogler 1982; Wolowyna 1980). Their entrepreneurial behaviour may resemble that of the German/Dutch, but they are less entrepreneurial in general, and they have not penetrated significantly top-level, white-collar self-employment occupations.

Self-employed immigrants from southern Europe and from Asia may depend more on ethnic networks, thus enjoying an advantage in the largest, most diversified metropolitan areas. Greeks represent a group that arrived in Canada with few formal qualifications but used rather extensively entrepreneurial opportunities in the restaurant business and other distributional activities (Chimbos 1980). Italian immigrants have tended to engage initially in low-income urban occupations, but second and later generations have experienced significant upward mobility. The Portuguese are a typical low-wage, blue-collar, non-entrepreneurial group, concentrating in janitorial, construction, and factory work (Anderson 1974). Finally, the Chinese have suffered from discrimination more than any other of the major ethnic minorities in Canada. A clear dichotomy exists between the low-wage Chinese labourers who arrived in Canada in the past and the more recent immigrants, many from Hong Kong, who arrive with professional experience and technical qualifications. The Chinese concentrate in large metropolitan areas, mainly Vancouver and Toronto, and traditionally have gravitated toward small businesses such as restaurants and the garment industry (Wickberg 1982).

Because the relationship between self-employment and income indicates the role of entrepreneurship in the economic advancement of ethnic groups at various locations, it can be assumed that immigrant groups that show a strong tendency to engage in self-employment are those whose self-employed members earn much more than salaried employees. Among more assimilated groups, however, self-

employment may not be associated with higher incomes, for, as is the case in the United States, these groups may enjoy wider well-paid salaried job opportunities (Razin 1988).

Data and Methodology

The analysis is based on the 2 per cent individual file of the Public Use Sample prepared by Statistics Canada on the basis of the 1981 Census. Use of this data source imposes some limitations, however, especially on the possible definitions of entrepreneurship and, more important, on the role of ethnic minorities in the informal economy. It is nevertheless the most appropriate source presently available for analyzing entrepreneurship, at least at the national level.

In addition to the three major metropolitan areas of Toronto, Montreal, and Vancouver, the data include four CMAs in southern Ontario—Hamilton, St. Catharine's-Niagara, Kitchener, and London—mostly characterized by a large manufacturing sector and grouped here as "other Ontario CMAs". Winnipeg, Calgary, and Edmonton are grouped as "Western CMAs". Halifax, Quebec-Hull, and Ottawa are excluded from the analysis, the first two having very small minority populations and the third having an industrial structure very different from that of the other CMAs.

The analysis refers to the self-employed as entrepreneurs, although it is acknowledged that some self-employed merely purchase or inherit their business, or perform simple operations with little freedom or initiative. Still, it can be assumed that the attributes of the self-employed are closely indicative of patterns of business formation and economic entrepreneurship (Razin 1990b). Measuring ethnicity itself is not an easy task as many indicators can be used. Ethnic origin, mother tongue, and place of birth are among the indicators used most frequently, alone or together, to define ethnicity. Ethnic groups based on ethnic origin and ethno-linguistic groups based on mother tongue are used here to define ethnicity. In both cases, place of birth has been used to distinguish immigrants from those born in Canada. We must admit, however, that the use of census data to identify ethnic communities imposes some limitations that must be recognized. We know, for example, that some ethnic groups that appear "monolithic" through the census are, in fact, fragmented. Such a group can be composed of a certain number of subgroups based on their well-differentiated behaviour (Langlois and Berdoulay 1987). Unfortunately, this level of differentiation is very difficult to attain through the census, if not impossible.

The analysis begins by examining in each metropolitan area rates of self-employment by country of birth and selected ethnic origin. Both

variables are constrained by the level of detail available in the public use file. Further analysis concentrates on the largest ethno-linguistic minorities, whose samples are of sufficient size to conduct a multivariate analysis. Given the limitations of the country-of-birth variable, which allows only identification of foreign-born minorities, and the vagueness of the ethnic origin variable, mother tongue was chosen as the preferred variable for correct identification of major ethnic minority groups.

The effects of contextual factors on the propensity of ethno-linguistic minorities to become self-employed were explored using logit analysis. A first set of models distinguished between low-barriers-to-entry and high-barriers-to-entry industries, thus differentiating the impact of the metropolitan industrial structure from other metropolitan attributes. A second set of models examined the influence of socio-demographic characteristics and of ethnicity on the propensity to become self-employed in each metropolitan area. The association of education, ethno-linguistic group, CMA, and industry of the self-employed was then examined using a log-linear analysis. Finally, two other sets of logit models⁴ were used to explore the impact of self-employment and ethnicity on (1) income and (2) socio-linguistic integration in each metropolitan area. In these models, income and age were grouped into categories to eliminate non-linearities.

Although the small sample restricted the scope of the multivariate analysis, it was sufficient to provide insights into the phenomenon of entrepreneurship among ethnic minorities in major Canadian metropolitan areas.

Contextual and Personal Influences on Self-Employment

Those born in Canada (hereafter referred to as Canadian-born) and those of British and French ethnic origins had lower rates of self-employment than those born abroad (hereafter referred to as foreign-born) and those from ethnic minorities in all CMAs. This stronger inclination of foreign-born toward entrepreneurship parallels the American case. In Canadian CMAs the rates of self-employment among foreign-born and Canadian-born in 1981 were 8.9 per cent and 5.9 per cent, respectively, whereas in 272 American SMSAs the respective figures for foreign-born and American-born in 1980 were 9.2 per cent and 7.1 per cent (Light and Sanchez 1987). Rates of self-employment varied little among Canadian CMAs, Vancouver having a small advantage and Montreal and the industrial CMAs of southern Ontario (not including Toronto) a slight disadvantage (Table 1).

⁴All of the logit models presented below were estimated using the CATMOD routine of the SAS library (SAS Inc. 1985: 171-254).

Table 1
PER CENT OF SELF-EMPLOYED IN CANADIAN METROPOLITAN
AREAS, BY COUNTRY OF BIRTH, SELECTED ETHNIC ORIGIN,
AND MAJOR ETHNO-LINGUISTIC MINORITY, 1981

	Montreal CMA		Toronto CMA		Vancouver CMA		Other Ontario CMAs ^a		Western CMAs ^b	
	LF	% SE	LF	% SE	LF	% SE	LF	% SE	LF	% SE
<i>Country of Birth</i>										
Canada	24,766	5.3	20,588	5.8	10,091	7.2	11,747	5.8	17,840	6.2
USA	219	9.1	467	9.6	313	12.1	241	5.0	342	6.4
France	381	11.5	61	8.2	28	10.7	10	10.0	34	5.9
Germany ^c	239	12.1	992	15.1	470	14.7	547	12.8	622	13.2
Britain	393	4.6	2,982	6.9	1,202	9.8	1,199	3.5	988	7.2
Yugoslavia	71	1.4	494	11.3	90	8.9	248	10.1	115	9.6
Greece	430	17.9	586	15.5	43	18.6	82	22.0	36	22.2
Italy	1,202	9.3	2,476	9.9	208	12.0	537	8.2	230	9.1
Portugal	260	2.7	916	4.0	84	2.4	232	2.2	138	4.3
Hungary	110	17.3	238	15.5	74	21.6	77	10.4	86	13.9
Poland	180	15.6	494	12.3	69	13.0	156	12.8	226	7.5
Czechoslovakia	64	21.9	151	15.9	57	14.0	72	20.8	67	6.0
USSR	103	17.5	400	11.0	55	7.3	137	10.2	167	10.2
Europe, others	299	12.0	553	10.8	252	12.3	148	11.5	183	13.7
Asia	704	9.5	2,432	7.7	1,410	8.4	266	6.8	1,063	8.2
Africa	461	9.8	443	9.3	170	8.2	42	4.8	165	13.9
South and Central America	741	3.2	2,029	2.7	152	11.8	192	3.6	321	4.4
Others	30	6.7	120	6.7	185	9.2	22	9.1	79	7.6
<i>Selected Ethnic Origin</i>										
British	3,458	4.4	17,199	5.7	7,304	7.6	8,622	5.2	9,436	6.1
French	20,102	5.4	1,012	3.5	475	7.8	721	5.4	1,483	6.3
African, Caribbean	265	3.8	892	3.4	64	7.8	88	3.4	164	3.0
Jewish	1,018	19.1	1,341	20.6	163	17.8	76	15.8	299	19.4
<i>Major Ethno-linguistic Minority</i>										
Chinese	137	5.1	806	7.2	853	9.7	78	6.4	383	8.1
German/Dutch	286	10.1	1,110	13.6	692	11.6	812	12.6	1,206	11.5
Greek	479	15.7	602	14.8	50	16.0	96	20.8	48	14.6
Italian	1,495	7.6	2,826	9.0	249	10.8	660	7.6	270	8.5
Polish/Ukrainian	261	7.3	890	7.4	204	8.8	371	10.8	1,077	7.1
Portuguese	260	3.1	944	4.3	89	4.5	228	2.6	133	3.8
Total	30,653	6.1	36,422	7.0	14,953	8.3	15,955	6.1	22,702	6.8

Source: Census of Canada, 1981, Public Use Sample (2% individual file).

Note: LF—labour force; % SE—per cent of self-employed.

^aOther Ontario CMAs: Hamilton, St. Catharines-Niagara, Kitchener, London.

^bWestern CMAs: Winnipeg, Calgary, Edmonton.

^cIncluding the Netherlands and Austria.

Ethnicity based on ethnic origin or mother tongue had a much greater influence on the propensity to become self-employed. Most entrepreneurial were Jews, Greeks, Central Europeans (Czechoslovakia, Hungary), Germans, and Dutch, whereas least entrepreneurial were Portuguese, Latin Americans, and blacks of African and Caribbean origins. For Canadian-born and "native" Canadians of British and French origins, the largest metropolitan areas, except Vancouver, did not exhibit an advantage over the smaller CMAs in rates of self-employment. The foreign-born, in contrast, tended to have a slight advantage in the largest metropolitan areas. This was most prominent among immigrants from the United States who had much higher rates of self-employment than native Canadians in the three largest metropolitan areas. Most other minority groups also had their highest rates of self-employment in either Vancouver or Toronto, but for most groups the spatial variations in rates of self-employment were not striking.

A logit model taking into account intermetropolitan differences in the dominance of low-barriers-to-entry industries was estimated for the whole of the major ethno-linguistic minorities. The results in Table 2 indicate the marginal role of location: the propensity to become self-employed was slightly lower in Montreal and Toronto and higher in other Ontario CMAs and Vancouver. The relatively high propensity of ethno-linguistic minorities to become self-employed in other Ontario CMAs was due mostly to the high rates of self-employment among the Canadian-born Germans/Dutch and Poles/Ukrainians in these CMAs. As expected, low-barriers-to-entry industries were clearly associated with a high propensity to become self-employed. Nevertheless, the interaction effect of CMA and industry indicated that the impact of low-barriers-to-entry industries on entrepreneurship was amplified in Montreal and Toronto. This finding seems to indicate the greater role of low-barriers-to-entry industries, dependent on ethnic networks, in the largest metropolitan areas.

Separate models for each ethnic group varied considerably from the general model. The Chinese had a higher propensity to become self-employed in their main concentrations in Vancouver, Toronto, and the western CMAs. Greeks had an advantage in the three largest CMAs, and the Germans/Dutch had an advantage in Toronto and other Ontario CMAs. The positive impact of low-barriers-to-entry industries on self-employment was particularly evident for Chinese and Greeks, reflecting the concentration of these minority groups in such entrepreneurial niches.

A logit model of the influence of socio-demographic effects revealed that foreign-born males over 35 years old had the highest propensity to become self-employed in all CMAs (Table 3). The

Table 2
IMPACT OF LOCATIONAL FACTORS ON THE PROPENSITY OF
MAJOR ETHNO-LINGUISTIC MINORITIES IN CANADIAN
CMAs TO BECOME SELF-EMPLOYED, 1981

Factor	All ^a	Chinese	German/ Dutch	Greek	Italian	Polish/ Ukrainian
<i>CMA</i>						
Montreal	-0.11	-2.72 [‡]	-0.39**	0.71*	0.02	-0.08
Toronto	-0.08	1.75*	0.21*	0.65*	0.02	-0.16
Vancouver	0.12	2.15*	0.01	0.73**	0.47	0.08
Other Ontario	0.12**	-2.64 [‡]	0.22*	0.62	-0.20	0.21
Western	-0.05	1.46*	-0.05	-2.70 [‡]	-0.32	-0.05
<i>Industry</i>						
Low barriers	0.55*	2.46*	0.50*	1.36*	0.65*	0.57*
High barriers	-0.55*	-2.46*	-0.50*	-1.36*	-0.65*	-0.57*
<i>CMA * Industry</i>						
Montreal * low	0.14*	2.44*	0.44**	-0.58*	-0.05	-0.08
Toronto * low	0.08**	-1.76*	0.01	-0.70*	0.05	0.18
Vancouver * low	-0.10**	-1.89*	-0.08	-0.85*	-0.53	-0.06
Other Ontario * low	-0.06	2.52 [‡]	-0.33*	-0.31	0.19	0.25
Western * low	-0.07	-1.32*	-0.04	2.43*	0.34	-0.28*

Note: Each column presents the parameter estimates (except for the intercept) for a saturated model.
^a Includes the Portuguese, whose separate model is not presented because of their low rate of self-employment.

* Significant at the 0.05 level (Wald statistics).

** Significant at the 0.10 level (Wald statistics).

[‡] Parameters regarded to be infinite.

advantage of the foreign-born was particularly prominent in Montreal and Toronto. Taking into account these socio-demographic characteristics, ethnicity remained a variable of major importance. The Germans/Dutch and the Greeks had the highest propensity to become self-employed, and the Portuguese had the lowest. The impact of ethnicity was fairly stable among metropolitan areas.

Characteristics of Self-Employed Ethno-linguistic Minorities

Whereas the propensity of ethno-linguistic minorities to become self-employed varied little across metropolitan areas, the characteristics of those members of minority groups who were self-employed varied much more, partly reflecting the general attributes of the ethnic communities in each metropolis. Minority entrepreneurs in Montreal tended to be the least educated and the least assimilated in terms of use of Canada's official languages (Table 4). Dominated by Italians and Greeks, they tended to concentrate in distribution-based activities, and only a small proportion were in white-collar services (Table 5). Thus, they earned less than minority entrepreneurs in most

Table 3
IMPACT OF SOCIO-DEMOGRAPHIC FACTORS ON THE PROPENSITY
OF MAJOR ETHNO-LINGUISTIC MINORITIES IN CMAs
TO BECOME SELF-EMPLOYED, 1981

Factor	All CMAs	Montreal CMA	Toronto CMA	Vancouver CMA	Other Ontario CMAs	Western CMAs
<i>Age</i>						
0-35	-0.40*	-0.35*	-0.30*	-0.78*	-0.41*	-0.31*
35-54	0.29*	0.35*	0.19*	0.60*	0.24*	0.20*
55 -	0.11**	0.01	0.11**	0.17	0.17**	0.12
<i>Sex</i>						
Male	0.59*	0.69*	0.56*	0.56*	0.55*	0.66*
Female	-0.59*	-0.69*	-0.56*	-0.56*	-0.55*	-0.66*
<i>Birth Place</i>						
Canada	-0.18*	-0.56*	-0.32*	-0.16	-0.07	-0.03
Abroad	0.18*	0.56*	0.32*	0.16	0.07	0.03
<i>Ethno-linguistic Minority</i>						
Chinese	0.02	-0.34	-0.12	0.19	-0.30	0.10
German/Dutch	0.32*	0.23	0.43*	0.13	0.34*	0.33*
Greek	0.63*	0.86*	0.55*	0.54	1.09*	0.55
Italian	-0.08	0.06	-0.01	0.08	-0.21	0.04
Polish/Ukrainian	-0.01	0.18	-0.07	0.02	0.26	-0.18
Portuguese	-0.88*	-0.99**	-0.78*	-0.97**	-1.17**	-0.84**
Likelihood ratio	151.3**	57.3	87.8**	72.3**	46.7	76.9*

Note: Each column presents the parameter estimates (except for the intercept) for a model with main effects only.

* Significant at the 0.05 level (Wald statistics). ** Significant at the 0.10 level (Wald statistics).

other locations. Self-employed minorities in Toronto tended to engage in white-collar services, and Vancouver, with the most educated and wealthiest entrepreneurs, was a close second (Table 5). Minority self-employed in smaller CMAs in Ontario and western Canada consisted mainly of Germans, Dutch, Poles, and Ukrainians, who were earlier arrivals to Canada and tended to concentrate in blue-collar activities, mainly in the construction and primary sectors.

Of the particular ethno-linguistic minorities, the Chinese entrepreneurs were dominant in Vancouver, but those in Toronto, who were the more recent arrivals and the least assimilated, tended to have higher levels of education and were somewhat more represented in white-collar services (see Tables 4 and 5). Polish and Ukrainian entrepreneurs in Toronto were much more educated than those in the western CMAs and were concentrated more in white-collar services than in blue-collar activities. The two most entrepreneurial ethno-linguistic minorities differed widely. Greeks concentrated in distributional activities in Montreal and Toronto, while the Germans/Dutch were

Table 4
SELF-EMPLOYED AMONG MAJOR ETHNO-LINGUISTIC MINORITIES IN
CANADA, BY SELECTED CHARACTERISTICS AND CMA, 1981 (PER CENT)

	Montreal CMA	Toronto CMA	Vancouver CMA	Other Ontario	Western CMAs	Total
<i>All Major Minorities</i>						
Immigrated to Canada after 1980	40.9	42.6	40.5	24.7	23.5	36.3
Neither English nor French spoken at home	66.3	53.3	44.1	39.5	21.7	46.8
Up to secondary school education	67.9	59.0	48.2	57.8	55.9	58.2
Income of less than \$20,000	71.0	60.9	58.6	71.7	58.7	63.3
<i>Chinese</i>						
Immigrated to Canada after 1980	—	82.8	49.4	—	61.3	62.5
Neither English nor French spoken at home	—	82.8	69.9	—	61.3	73.4
Up to secondary school education	—	44.8	54.2	—	61.3	51.6
<i>Polish/Ukrainian</i>						
Immigrated to Canada after 1980	—	10.6	—	17.5	1.3	9.6
Neither English nor French spoken at home	—	34.9	—	45.0	9.2	26.5
Up to secondary school education	—	48.5	—	50.0	72.4	55.3

Note: Dash denotes that the total number of self-employed in the CMA or group of CMAs is less than 25.

more represented in blue-collar and white-collar self-employment occupations, the blue-collar occupations dominating in the small CMAs and the white-collar jobs in Toronto.

To examine the association of location, ethnicity, and industry of the self-employed, a log-linear model was used that included one additional variable assumed to have a central influence on the industry chosen by the self-employed—highest level of schooling. Values of this variable were grouped into two categories, whereas other Ontario and western CMAs were grouped together to minimize the number of cells with small expected frequencies. Tests of partial associations revealed that all two-way interactions were significant at the 0.01 level, except for the interaction between CMA and level of schooling which was non-significant. The three-way interactions of (1) level of schooling, ethnicity, and industry, and (2) CMA, ethnicity, and industry were significant at the 0.05 level; other interactions were non-significant.

The estimated parameters (Table 6) indicate that ethnicity influenced strongly the propensity of self-employed minorities to

Table 5
PER CENT DISTRIBUTION OF SELF-EMPLOYED AMONG MAJOR ETHNO-LINGUISTIC MINORITIES IN CANADA, BY INDUSTRY AND CMA, 1981

Mother Tongue/ Industry	Montreal CMA	Toronto CMA	Vancouver CMA	Other Ontario	Western CMAs	Total
<i>All Major Minorities</i>						
Blue-collar	30.9	33.1	35.0	42.6	41.6	35.8
Distribution	48.8	37.7	37.7	35.9	34.5	38.6
White-collar	20.4	29.2	27.3	21.5	23.8	25.6
(Total no.)	(252)	(658)	(220)	(223)	(281)	(1,634)
<i>Chinese</i>						
Blue-collar	—	8.6	15.7	—	9.7	11.4
Distribution	—	55.2	55.4	—	58.1	55.4
White-collar	—	36.2	28.9	—	32.3	33.2
(Total no.)	(7)	(58)	(83)	(5)	(31)	(184)
<i>German/Dutch</i>						
Blue-collar	13.8	37.1	45.0	57.8	49.6	44.7
Distribution	58.6	25.8	23.7	26.5	26.6	27.7
White-collar	27.6	37.1	31.3	15.7	23.7	27.5
(Total no.)	(29)	(151)	(80)	(102)	(139)	(501)
<i>Greek</i>						
Blue-collar	13.3	21.3	—	—	—	17.1
Distribution	69.3	60.7	—	—	—	65.3
White-collar	17.3	18.0	—	—	—	17.6
(Total no.)	(75)	(89)	(8)	(20)	(7)	(199)
<i>Italian</i>						
Blue-collar	51.8	44.7	63.0	52.0	—	48.0
Distribution	33.3	30.4	18.5	22.0	—	29.8
White-collar	14.9	24.9	18.5	26.0	—	22.3
(Total no.)	(114)	(253)	(27)	(50)	(23)	(467)
<i>Polish/Ukrainian</i>						
Blue-collar	—	21.2	—	20.0	42.1	29.7
Distribution	—	39.4	—	47.5	36.8	39.7
White-collar	—	39.4	—	32.5	21.1	30.6
(Total no.)	(19)	(66)	(18)	(40)	(76)	(219)
<i>Portuguese</i>						
Blue-collar	—	26.8	—	—	—	26.6
Distribution	—	48.8	—	—	—	53.1
White-collar	—	24.4	—	—	—	20.3
(Total no.)	(8)	(41)	(4)	(6)	(5)	(64)

Note: Dash denotes that the total number of self-employed in the CMA or group of CMAs is less than 25.

engage in distributional and blue-collar industries, even when differences in education were taken into account. White-collar, self-employed occupations depended more on high levels of education. The CMA was of lesser importance, yet self-employed minorities in Montreal tended to engage in distributional activities, and those in Toronto had a higher propensity to engage in white-collar services. In Vancouver, blue-collar industries were more prominent.

Table 6
LOG-LINEAR MODEL OF SELF-EMPLOYED AMONG MAJOR ETHNO-LINGUISTIC MINORITIES IN CANADA

Selected Interactions	Industry		
	Blue-collar	Distribution	White-collar
<i>CMA * Industry</i>			
Montreal	-0.25	0.23	0.01
Toronto	-0.13	-0.03	0.16
Vancouver	0.34*	-0.27	-0.06
Other	0.04	0.08	-0.11
<i>Highest Level of Schooling * Industry</i>			
Low education	0.18*	0.13	-0.31*
High education	-0.18*	-0.13	0.31*
<i>Ethnicity * Industry</i>			
Chinese	-0.70*	0.38*	0.32
German/Dutch	0.27*	-0.31*	0.04
Greek	-0.32	0.43*	-0.11
Italian	0.66*	-0.55*	-0.11
Polish/Ukrainian	0.11	-0.13	0.02
Portuguese	-0.02	0.17	-0.16
<i>CMA * Ethnicity * Industry³</i>			
Montreal—German/Dutch	-0.63*	0.50*	—
Toronto—German/Dutch	—	-0.28*	—
Other CMAs—German/Dutch	0.46*	—	—

Note: Each column presents parameter estimates for selected interactions in a saturated log-linear model which included the following variables: industry (blue-collar, distribution, white-collar), CMA (Montreal, Toronto, Vancouver, other), highest level of schooling (up to secondary, over secondary), and ethno-linguistic minority (six major groups).

³Only parameters significant at the 0.05 level are specified for this three-way interaction.

* Significant at the 0.05 level.

The small sample limited the ability to identify significant three-way interactions. The only significant parameters of the interaction of CMA, ethnicity, and industry concerned the best-assimilated ethno-linguistic minority, the Germans/Dutch. Apart from some referring to their small community in Montreal, these parameters suggest that, everything else being equal, the Germans/Dutch in Toronto are less likely to be engaged in distributional self-employment occupations, whereas in the small CMAs they are more likely to be engaged in blue-collar self-employment occupations. Among groups that could be assumed to develop more typical ethnic enclaves, such as Greeks or Chinese, the influence of location on types of entrepreneurial activity reflected general intermetropolitan variations in entrepreneurship.

Another set of logit models explored the impact of self-employment and ethnicity on the propensity of ethno-linguistic minorities to earn more than \$30,000 per year. The results in Table 7 show

Table 7

IMPACT OF SELF-EMPLOYMENT AND ETHNO-LINGUISTIC MINORITY
ON THE PROPENSITY TO EARN OVER \$30,000 PER YEAR, 1981

	All CMAs	Montreal CMA	Toronto CMA	Vancouver CMA	Other Ontario CMAs	Western CMAs
<i>Labour Force Status</i>						
Self-employed	0.67*	0.60*	0.66*	-1.67*	1.00*	-0.25
Employee	-0.67*	-0.60*	-0.66*	1.67*	-1.00*	0.25
<i>Ethno-linguistic Minority</i>						
Chinese	0.17**	-0.19	0.05	2.19*	0.62	1.10
German/Dutch	0.70*	1.17*	0.81*	2.82†	0.42**	1.48
Greek	-0.63*	-1.67*	-0.32**	-2.81†	-0.64	1.31
Italian	-0.12	-0.28*	-0.03	2.07*	-0.44	1.33
Polish-Ukrainian	0.44*	0.68*	0.25	2.63†	0.47**	1.27
Portuguese	-0.54	-0.29	-0.76	-6.91	-0.43	-6.50
<i>Labour Force Status * Ethno-linguistic Minority</i>						
Slfem * Chinese	0.21*	0.23	0.02	2.54†	-0.38	1.58
Slfem * Ger/Du	-0.32*	-0.14	-0.37*	1.95*	-0.41**	0.59
Slfem * Greek	-0.10	-0.80**	0.09	-2.49*	0.06	1.06
Slfem * Italian	0.10	0.15	0.16	2.69†	-0.38	0.68
Slfem * Pol/Uk	-0.27*	0.12	-0.33*	2.13*	-0.23	0.52
Slfem * Portuguese	0.38	0.44	0.43	-6.82	1.35	-4.43

Note: Each column presents parameter estimates (except for the intercept) for a saturated model.

* Significant at the 0.05 level (Wald statistics).

** Significant at the 0.10 level (Wald statistics).

† Parameters regarded to be infinite.

that entrepreneurship was clearly associated with higher incomes, except for minorities in Vancouver and the western CMAs, where the combined effects of labour force status and its interaction with ethnicity did not yield definitive conclusions. The German/Dutch and Polish/Ukrainian groups were the wealthiest groups in all CMAs. The interaction effect of self-employment and ethnicity showed that entrepreneurship was a factor in economic mobility for groups at the low end of the income ladder: the Portuguese, Chinese, and Italians.

A final set of logit models distinguished the role of self-employment in the socio-linguistic integration (in terms of language spoken at home) of ethno-linguistic minorities. Results not shown here indicated clearly that self-employment was associated with higher levels of assimilation in all metropolitan areas except Montreal, where the bilingual milieu attracted minorities to self-employment opportunities that were not associated with strong assimilation.

Conclusions

This paper has shown that ethnicity is a major variable influencing entrepreneurship in Canada, whereas location has less importance. This is true despite the impression, supported by our data, that well-developed ethnic entrepreneurial enclaves have played a more limited role in Canada than in the United States. Thus, any analysis of local or metropolitan small-business development should not be limited to examining the local opportunity structure, but should regard as well the inclination of the local population toward entrepreneurship, which depends greatly on the local ethnic composition and socio-ethnic networks.

The foreign-born had a higher propensity to become self-employed than the Canadian-born, probably because of their more limited access to salaried jobs. But, whereas Asian groups were the most entrepreneurial in the United States, reaching far higher rates of self-employment than any ethnic group in Canada (Razin 1988), Europeans were the most entrepreneurial ethnic minorities in Canada, despite assimilating relatively easily into Canadian society and suffering less than other minorities from restricted access to salaried jobs. Among these groups, only the Greeks could be regarded as typical of a group that turned to self-employment because of lack of qualifications to advance as employees.

Foreign-born entrepreneurs in Canada's three largest metropolitan areas enjoyed a slight advantage over those in the smaller CMAs. Among the major ethno-linguistic minorities, the propensity to become self-employed in Montreal and Toronto was especially high for the foreign-born. Moreover, minorities in Montreal and Toronto had a particularly high propensity to become self-employed in low-barriers-to-entry industries, and self-employment led minorities in these metropolitan areas to incomes higher than those of salaried employees in the same minority groups. Thus, it seems that entrepreneurial opportunities in low-barriers-to-entry industries had a particular role in the mobility routes of immigrant groups in Montreal and Toronto.

Montreal's particular ethno-cultural milieu did seem to influence entrepreneurship among ethno-linguistic minorities. Minority entrepreneurs in Montreal tended to concentrate in distributional activities and were the least educated and least assimilated. Montreal was the only metropolis where self-employment did not correlate positively with assimilation. In Toronto, entrepreneurs of most minority groups were relatively concentrated in white-collar activities. Vancouver offered ample self-employment opportunities, which differed

markedly from those in the two largest metropolitan areas. Minority entrepreneurs in Vancouver tended to be the most educated, but when taking into account the role of education, Vancouver's minority entrepreneurs tended to gravitate toward blue-collar activities.

As anticipated, ethnicity mostly influenced minority entrepreneurship in distribution-based and blue-collar activities, whereas education was more related to white-collar self-employment activities. The two most entrepreneurial groups—the Greeks and Germans/Dutch—differed widely. Greeks concentrated in distributional activities in Montreal and Toronto, whereas German/Dutch entrepreneurs gravitated strongly toward blue-collar activities in small CMAs and white-collar services in Toronto. The Chinese and Greeks, in particular, tended to become self-employed in low-barriers-to-entry industries, seemingly overcoming in this way difficulties in obtaining salaried jobs. Nevertheless, the entrepreneurial activity of such groups as the Chinese and Greeks was determined mostly by metropolitan structural opportunities and by levels of education of each group in each metropolis; an additional impact of place-specific ethnic networks was not identified. The more assimilated German/Dutch entrepreneurs showed a somewhat unique spatial behaviour, not fully explained by location and education.

Self-employment led economically weak ethnic minorities to incomes higher than those of their co-ethnic employees. Entrepreneurship, however, did not influence positively the incomes of the most entrepreneurial groups, the Greeks and Germans/Dutch. Thus, ethnic entrepreneurial concentrations, such as those of Greeks in Montreal or Germans/Dutch in Toronto and in other Ontario CMAs, did not necessarily offer these groups a major path of economic advancement that was more attractive than that of salaried jobs available for members of the same groups.

References

- Anderson, G. M. 1974. *Networks of Contact: The Portuguese and Toronto*. Waterloo, Ontario: Wilfrid Laurier University.
- Brock, W. A., and D. S. Evans. 1989. "Small Business Economics", *Small Business Economics*, 1:7-20.
- Chimbos, P. D. 1980. *The Canadian Odyssey, the History of the Greeks in Canada*. Toronto: McClelland and Stewart.
- Cohen, G. L. 1988. *Enterprising Canadians: The Self-Employed in Canada*, Cat. No. 71-536. Ottawa: Statistics Canada.
- Fothergill, S., and G. Gudgin. 1982. *Unequal Growth: Urban and Regional Employment Change in the UK*. London: Heinemann.
- Freedman, M. 1985. "Urban Labor Markets and Ethnicity: Segment and Shelters Reexamined". Pp. 145-165 in L. Maldonado and J. Moore (eds.), *Urban Ethnicity in the United States*. Beverly Hills, Calif.: Sage.
- Giaoutzi, M., P. Nijkamp, and D. J. Storey. 1988. *Small and Medium Size Enterprises and Regional Development*. London: Routledge.
- Goldberg, M. A., and J. Mercer. 1986. *The Myth of the North American City*. Vancouver: University of British Columbia Press.
- Hiebert, D. Forthcoming. "Integrating Production and Consumption in the Canadian City: Industry, Class, Ethnicity and Neighbourhood". In D. Ley and L. S. Bourne (eds.), *The Social Geography of Canadian Cities*. Kingston, Ont.: McGill-Queen's University Press.
- Higgins, B. 1986. *The Rise and Fall? of Montreal*. Moncton, N. B.: Canadian Institute for Research on Regional Development.
- Johannisson, B. 1988. "Regional Variations in Emerging Entrepreneurial Networks". Paper presented at the 28th European Congress of the Regional Science Association, Stockholm.
- Kallen, E., and M. Kelner. 1983. *Ethnicity, Opportunity and Successful Entrepreneurship in Canada*. Toronto: York University Press.
- Keeble, D., and E. Wever. 1986. *New Firms and Regional Development in Europe*. London: Croom Helm.
- Kim, I. 1981. *New Urban Immigrants, the Korean Community in New York*. Princeton, N. J.: Princeton University Press.
- Kogler, R. K. 1982. "Occupational Trends in the Polish Canadian Community 1941-71". Pp. 211-220 in F. Renkiewicz (ed.), *The Polish Presence in Canada and America*. Toronto: Multicultural History Society of Ontario.
- Langlois, A., and V. Berdoulay. 1987. "La diversité de la population d'origine française dans l'espace ethnique d'Ottawa", *Études ethniques au Canada*, XIX (1):42-52.
- Levesque, J.-M. 1985. "Self-employment in Canada: A Closer Examination". In *The Labour Force*. Cat. No. 91-105. Ottawa: Statistics Canada.
- Light, I. 1984. "Immigrant and Ethnic Enterprise in North America", *Ethnic and Racial Studies*, 7:195-216.
- Light, I., and E. Bonacich. 1988. *Immigrant Entrepreneurs, Koreans in Los Angeles, 1965-1982*. Berkeley: University of California Press.
- Light, I., and A. A. Sanchez. 1987. "Immigrant Entrepreneurs in 272 SMSAs", *Sociological Perspectives*, 30:373-399.
- Nash, A. 1987. *The Economic Impact of the Entrepreneur Immigrant Program*. Ottawa: Institute for Research on Public Policy, Studies in Social Policy.
- Ossenberge, R. J. 1964. "The Social Integration and Adjustment of Post-war Immigrants in Montreal and Toronto", *Canadian Review of Sociology and Anthropology*, 1:202-214.
- Peterson, R. 1977. *Small Business, Building a Balanced Economy*. Erin, Ont.: Porcepic.
- Portes, A. 1981. "Modes of Structural Incorporation and Present Theories of Labor Immigration". Pp. 279-297 in M. M. Kritz, C. B. Keely, and S. M. Tomasi (eds.), *Global Trends in Migration*. New York: Center for Migration Studies.
- Razin, E. 1990a. "Immigrant Entrepreneurs in Israel, Canada and California". Paper presented at a conference on California's Immigrants in World Perspective, University of California, Los Angeles, April 26-27.
- . 1990b. "Spatial Variations in the Israeli Small-business Sector: Implications for Regional Development Policies", *Regional Studies*, 24(2):149-162.

- . 1988. "Entrepreneurship among Foreign Immigrants in the Los Angeles and San Francisco Metropolitan Regions, *Urban Geography*, 9:283-301.
- Richmond, A. H. 1981. "Immigrants Adaptation in a Postindustrial Society". Pp. 298-319 in M. M. Kritiz, C. B. Keely, and S. M. Tomasi (eds.), *Global Trends in Migration*. New York: Center for Migration Studies.
- SAS Institute Inc. 1985. *SAS User's Guide: Statistics, Version 5 Edition*. Cary, N. C.: SAS Institute Inc., 956 pp.
- Savoie, D. J. 1987. "Establishing the Atlantic Canada Opportunities Agency". Unpublished report. Institut canadien de recherche sur le développement régional, Moncton, N. B.
- Seward, S. B., and M. Tremblay. 1989. *Immigrants in the Canadian Labor Force: Their Role in Structural Change*. Ottawa: Institute for Research on Public Policy, Studies in Social Policy.
- Teega Research Consultants. 1986. *Highlights of Self-employment of Ethno-cultural Groups in Canada*. Reports 1-4. Secretary of State Multi-culturalism Directorate.
- Thompson, P. 1986. "Characteristics of the Small Business Entrepreneur in Canada", *Journal of Small Business and Entrepreneurship*, 4:5-11.
- United Nations. 1982. *International Migration Policies and Programmes: A World Survey*. Population Studies, No. 80. New York: Department of International Economic and Social Affairs, United Nations.
- Waldinger, R. 1986. *Through the Eye of the Needle, Immigrants and Enterprise in New York's Garment Trades*. New York: New York University Press.
- Wickberg, E. 1982. *From China to Canada*. Toronto: McClelland and Stewart.
- Wolowyna, O. 1980. "Trends in the Socio-economic Status of Ukrainians in Canada, 1921-1971". Pp. 53-77 in W. R. Petryshyn (ed.), *Changing Realities: Social Trends among Ukrainian Canadians*. Edmonton, Alberta: Canadian Institute of Ukrainian Studies.