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Immigrant entrepreneurship: depicting the economic linkages of the colombian entrepreneurial immigration in Canada

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ABSTRACT

This paper depicts the Colombian immigration to Canada that is carried out for entrepreneurial and economic purposes. The author has based his findings on the Business Immigration Program to describe and analyze the immigration flows of Colombian individuals who arrive to Canada to start their own economic activities. According to the data obtained, there is a significant number of Colombians in Canada that belong to the category of economic immigrants; this classification is part of the Business Immigration Program created by the Canadian government as a plan to attract immigrant entrepreneurs, foreign investors and self-employed persons.

KEY WORDS

Canada, immigrant entrepreneurship, entrepreneurs, self- employed immigrants, Colombia.

INTRODUCTION

Canada is a country with a historical background tied to immigration (Messamore, 2004). According to Messamore (2004), the continuous flows of people entering the country have influenced the culture of the Nation (Messamore, 2004). By 2008, permanent residents as a percentage of total Canada's population were represented by 247,243 individuals; in other words, 0,7 percent of the total Canadian population was represented by immigrants with permanent residence (Citizenship and Immigration Canada, 2008).

Initial entrepreneurial activities led by immigrants have been developing since the increase of international migration has widened throughout the world (Ahiarah, 1993; Amit, Glosten & Muller; 1990; Kloosterman & Rath, 2001; Walton-Roberts & Hiebert, 1997). In the case of Canada, since the Second World War postwar years, the government has pursued an aggressive immigration plan which has mainly sought to attract qualified and educated individuals who contribute to the improvement betterment of the Canadian economic labor market, by initiating

their own economic activities as they become entrepreneurs (Reitz, 2003). According to Moriah, Rodriguez, & Sotomayor (2004), the inflows of Colombian immigrants to Canada are a relatively current trend. The case of Colombian immigrants who enter as skilled workers, for instance, is a group that belongs to those Colombian nationals who contribute to the Canadian economic labor market. As the Canadian labor demand increases in terms of the job positions requested, and since national labor supply is not sufficient, foreign workers are required in order to fulfill the labor market requirements; thus the government creates and establishes programs focusing on the foreign workers required to fulfill the national labor market needs; it is important to point out that the inflow of foreign workers hinges on the selection criteria established by the Canadian government. Likewise, the case of Colombian immigrants in Canada includes immigrants that belong to the following main classifications 1) Economic, 2) Family, 3) Refugee and 4) Others. Throughout this paper, albeit, the object of analysis will be focusing on the economic category since it is the one of interest to analyze the Colombian individuals who have migrated to fulfill the requirements of the Canadian economic labor market.

Initial Considerations on Colombian Immigration to Canada

According to statistical compilations made by Canada's Immigration Overview (2008), Colombian immigration to Canada has been increasing significantly since 1999 as numbers clearly show. In 1999 there were 1,296 permanent Colombian residents in Canada; by 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007 and 2008 there were 2.228, 2.967, 3.226, 4.273, 4.438, 6.031, 5.813, 4.833 and 4.995 respectively. When revising those numbers, it is possible to demonstrate a significant raise in the flows of immigrants arriving from Colombia. Likewise, the country has positioned among the top ten countries of origin in Canada, between 2006 and 2008. As Riaño-Alcalá, Colorado, Diaz & Osorio (2008) state, the category of Colombian immigrants pursuing economic and self employed activities, has been increasing since 1998 (Riaño-Alcalá *et al.*, 2008). By 2008, Colombian immigrants as permanent residents accounted for almost 5000 individuals as formal statistics show (Citizenship and Immigration Canada, 2008). However, there are slight variations when comparing the above report with the report on demographic situation in Canada which was published also in 2008. These variations are due to the fact that the numbers reported in the Canadian Immigration Overview are presented as permanent residents by source country; on the contrary, the numbers delivered by the report on the demographic situation in Canada, register the immigrants by class and according to the ten main countries of birth. Thus,

one of the variations reported for 2007 takes in to account 5.382 Colombians as one of the ten countries of birth (Statistics Canada, 2008) whereas the report on Canadian Immigration Overview registers 4.833 Colombian immigrants as permanent residents. It is important to consider that Colombia is among the top ten countries of source immigrants to Canada, since its immigrant population is significant because it is positioned above other countries like Sri Lanka which has 4.068 individuals in Canada. Moreover, by 2001, the recent immigrant flows of individuals from the Caribbean and South and Central America accounted for 10,8 percent of all the newcomers registered. Based on these recent flows, Colombia was positioned along with Mexico as a leading source country of the Caribbean, Central and South American region. By 2006, one in five immigrants who were born in the same region were mostly from Haiti, Mexico the United States and Colombia (Statistics Canada, 2009).

Notwithstanding, it is important to consider that the figures mentioned above correspond to the total number of Colombian immigrants which are registered taking into account the family category, the refugee category, the others category and the economic category; the latter category is the focal point of this paper.

At this point of the analysis, it is relevant to define accurately the official definitions of permanent residents and temporary residents in order to elucidate the main differences and understand the categories under which immigrants are classified in the Canadian jurisdiction. According to the official definitions found on various reports issued by the governmental entities like Citizenship and Immigration Canada, Statistics Canada and its demographic census, *permanent residents* are “people who have been granted permanent resident status in Canada” (Citizenship and Immigration Canada, 2008). Nonetheless, being a permanent resident implies more than receiving a mere status of resident; being a resident signifies that the individual granted this status have all the rights guaranteed under the Canadian Charter of Rights and Freedoms such as “equality rights, legal rights and mobility rights, freedom of religion, freedom of expression and freedom of association” (Citizenship and Immigration Canada, 2008). Therefore, being a Canadian permanent resident bestows the fundamental rights that are essential to live a decent life. However, while this status grants rights and benefits, it also demands a minimum requirement of residence that is established to a minimum period of two years for the granting to be effective and a supervision period of five years during which the applicant is at risk of losing his/her status. In addition, the temporary resident status encompasses those

Foreign nationals who are lawfully in Canada on a temporary basis under the authority of a valid document (i.e., a work permit, study

permit, temporary resident permit, or a visitor record) issued for the purpose of entering Canada and individuals who seek asylum upon or after their arrival in Canada and remain in the country pending the outcome of processes relative to their claim. (Citizenship and Immigration Canada, 2008).

Besides, the temporary resident's definition applies to the individuals who are foreign workers, foreign students and humanitarian population.

Canadian Immigrant Entrepreneurship

Since the Second World War postwar years, Canada has pursued an aggressive immigration plan which has mainly sought to attract qualified and educated individuals who contribute to the betterment of the Canadian economic labor market, by initiating their own economic activities as they become entrepreneurs (Reitz, 2003).

The consolidation of businesses by new immigrants hinges on the specific characteristics of the host country and at a smaller scale the urban area in which the individual establishes. The increase in the demand of economic immigrants as entrepreneurs or skilled workers in Canada has been the result of the economic development needs and the labor market conditions existent in the country (Razin, 1990). In the Canadian case, the government has an elaborated a system that categorizes the immigrants among 1) Investors, 2) Entrepreneurs and 3) Self-Employed persons. This classification is part of a program established by the government which aims at attracting experienced individuals involved in businesses or willing to support the development of the Canadian economy (Citizenship and Immigration Canada, 2009a). According to the official definitions delivered by the Canadian statistical offices, these classifications belong to the status of being an economic immigrant; thus, for the Canadian government, economic immigrants are defined as all the individuals who are "permanent residents selected for their skills and abilities to contribute to Canada's economy" (Citizenship and Immigration Canada, 2008). In this regard, formal definitions explaining the three categories previously mentioned are required to understand properly the Canadian's government immigration system with respect to the economic immigrants. The first category, which obeys to the *immigrant investors*, is understood as those "economic immigrants in the business immigrant category who are required to make a substantial investment in Canada that is allocated to participating provinces and territories for economic development and job creation". In the second place is the group referring to the *entrepreneurs*, which is defined as "economic immigrants in the business immigrant category who are

selected on the condition that they have managed and controlled a percentage of equity of a qualifying business for at least two years in the period beginning five years before they apply” (Citizenship and Immigration Canada, 2008). In addition, formal requisites for being categorized under this classification are determined; thus, one of the main requirements implies that the individual owns and manages a qualifying business in Canada for at least one year, during the three years following his/her arrival.

In third place is the category of *self-employed* persons which refers to those economic immigrants who are “selected on the condition that they can, and intend to, create their own employment in Canada and contribute significantly either to the Canadian economy or to the cultural or athletic life of Canada” (for example, as farmers, artists, actors, writers or professional athletes) (Citizenship and Immigration Canada, 2008). Therefore, for an individual who decides to immigrate to Canada, his/her insertion process to the economic labor market would be easier if he/she can accommodate inside one of these categories. As Friedberg and Hunt (1995) argue, the entry into Canada highly depends on the individual own skill qualifications (Friedberg and Hunt, 1995). Notwithstanding, there is another classification within the economic immigrant category which is not described in the Business Immigration Program, but which is important to highlight, since the *skilled workers* category is presented with ample participation in the various official reports delivered by the Canadian government. According to official definitions, skilled workers are “economic immigrants selected for their ability to participate in the labour market and to establish themselves economically in Canada” (Citizenship and Immigration Canada, 2009a). Nevertheless, the skilled workers category is dependent on the selection criteria model which assesses the applicant’s abilities regarding: 1) education, 2) ability in English and/or French, 3) work experience, 4) age, 5) arranged employment in Canada and 6) adaptability. Each one of these factors is established to give a maximum amount of points (100 points). At this respect, the factors described give a maximum of 25 points for education, 24 for language skills, 21 for work experience, 10 for age, 10 for having an arranged employment in Canada and 10 for adaptability (Citizenship and Immigration Canada, 2009). The selection criteria model is based on the governmental plan to attract immigrant entrepreneurs, known as the Business Immigration Program. This criterion is essentially designed to apply on the six factors above mentioned. This model also establishes a minimum pass mark that corresponds to a minimum of 67 points, which enables the individual to be admitted as a skilled worker in case of obtaining this amount (Rekai, 2002).

Nonetheless, as Colombian immigrant entrepreneurship to Canada is mainly

represented by economic and refugee immigrants (Calderon-Canola, 2009), instead of those under the *family* and *others* classification, the selection criteria model will be explained only for the purpose of depicting the immigrants included in this categorization; economic immigrants arriving from Colombia, were the majority group, accounting for 1,177 individuals from a total of 5,382 in 2007 (Statistics Canada, 2008).

As a whole, there were 131,248 immigrants registered in Canada by 2007, which were classified as economic immigrants. This group of permanent residents selected according to their skills was made up of skilled workers, entrepreneurs, self-employed persons and investors (Citizenship and Immigration Canada, 2008). Amid these groups it is relevant to stress the self-employed persons and the skilled workers, since these are the categories in which the Colombian immigrants perform their own economic activities in Canada according to official reports. However, there are no specifications regarding the number of Colombian immigrants who have entered the country under the categories of skilled workers, entrepreneurs or self employed persons (Citizenship and Immigration Canada, 2008).

Colombian Immigrant Entrepreneurship in Canada

The share of Colombian immigrants establishing in Canada has been increasing steadily since 2003 as it has reached an incoming ratio of two percent of the total newcomers received in the country (Statistics Canada, 2008). However, it is important to consider that from 2005 to 2007, three quarters of Colombian immigrants were admitted under the refugee class. As Calderon-Canola (2009) explains, the migratory policy of Canada is oriented towards international cooperation with countries like Colombia, reflecting its support in the number of Colombian nationals receiving the status of refugee (Calderon-Canola, 2009). Nevertheless, according to Moriah, Rodriguez & Sotomayor (2004), a significant inflow of Colombian immigrants entered the country under the economic immigrant class (Moriah, Rodriguez & Sotomayor, 2004).

The case of Colombian immigrants developing entrepreneurial plans in Canada is of interest, since the economic category, previously described, accounted for 1,214 Colombians in 2004 (As cited in Calderón-Canola, 2009). According to Alcalá and her coauthors (2008), during the years 2000-2005 the Colombian immigration flows to Canada presented its major increase (Riaño-Alcalá *et al.*, 2008). However, there are no official findings categorizing and accounting for the specific classifications of Colombian economic immigrants in self-employed persons, entrepreneurs, investors or skilled workers in the official reports issued

by the governments of each country (Citizenship and Immigration Canada, 2008; Citizenship and Immigration Canada, 2009, Statistics Canada, 2008; DAS, 2008; Statistics Canada, 2009) On the contrary, these reports include Colombian immigrants as a whole group which pertains to the category of economic immigrants.

Nevertheless, the last report issued by the Canadian government, about international migration themes, registered the entry of Colombian foreign workers in the country in 2007. As it has been referred, foreign workers do not belong to the economic immigrant's category; nonetheless, it is important to present the numbers delivered by the Canadian official reports, since these category of immigrants contribute to some extent to the Canadian economic labor market. According to the report on Immigration Overview (2008), the immigrants registered under this category are "temporary residents who are in Canada principally to work in the observed calendar year" (Citizenship and Immigration Canada, 2008). Individuals registered in the foreign worker category normally have a document allowing them to work, known as a work permit (Citizenship and Immigration Canada, 2008).

Thus, the total entries of Colombian immigrants in the foreign worker class during 2008, corresponded to 721 individuals; likewise, by December first the total foreign workers coming from Colombia accounted for 1,087 individuals (Citizenship and Immigration Canada, 2008)

Economic immigrants from Colombia accounted for 1,177 individuals in 2007 from a total Colombian immigrant population of 5,382 individuals (Statistics Canada, 2008). As revised in the Colombian and Canadian official reports, there is no evidence that classifies the Colombian immigrants who are in the economic immigrant class, in the statistics of entrepreneurs, investors and self-employed persons; the only classification regarding immigrants contributing to the Canadian economic labor market are the ones under the foreign work classification. Notwithstanding, the Colombian foreign workers are not considered economic immigrants due to their condition of temporary residents.

CONCLUSIONS

Colombian linkages with the Canadian economic labor market are existent. However, there is not a defined survey depicting the precise numbers of economic immigrants under the entrepreneurs, investors, self-employed persons or skilled workers categories. Likewise, it can be affirmed that the Canadian government issues research reports taking into account the immigrants from all source countries by classifying them in economic, family reunification, refugee status or

others categories. On the contrary, the official reports published and available in Colombia, do not include accurate classifications of its nationals. One possible solution to improve the lack of accurate and precise data is the implementation of research groups in charge of studying and accounting for the specific economic activities led by its nationals abroad. These research groups could be supported by the Colombian consulates that operate not only in Canada, but also in other countries in which the presence of Colombian nationals is relevant. Thus, a proper analysis of the economic Colombian immigrants living as permanent residents in other countries would direct new findings to establish adequate programs to create a solid linkage with the country and its nationals abroad. Furthermore, these programs could be included the Colombian migratory policy, to work as a mechanism to bring Colombian nationals closer to their origin country and to generate plans focusing on the economic development of immigrant entrepreneurs. In addition, valuable information can be collected through accurate surveys and research. This information could indeed be useful to the Colombian governmental entities in charge of establishing programs to support their nationals, since the successful cases of the national entrepreneurs living now abroad, could serve as a model to develop adequate mechanisms in the establishment of entrepreneurial practices led by Colombians in their country of origin.

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