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# Immigrant entrepreneurship: entrepreneurial activity and labor market opportunities for latin american women in Canada

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## ABSTRACT

This paper aims at making a description of the entrepreneurial activity led by Latin American women in Canada. Thus, statistical compilations of different countries in Latin America and Canada are also depicted as factual evidence. Additionally, female motivation factors to create new business or become entrepreneurs, will be analyzed for the case of few countries in Latin America and Canada with the purpose of having a global understanding of the reasons that make migration a way to develop entrepreneurial activity. Likewise, relevant studies of women's role in the modern labor era and its implication on migration are presented.

## KEY WORDS

Latin America, female migration, entrepreneurship, labor market, Canada.

## INTRODUCTION

Canada is a destination country that offers attractive economic opportunities for all immigrants, without discriminatory practices, but it has some specific requirements for those who choose to enter this particular country. Regarding the female immigrant population, Canada is a country that fosters equal gender participation within the cultural, political and economic purviews. World culture has been characterized for having a male predominance at the labor market, with high ranked executives and entrepreneurs, due to the historical fact that women have had the "obligation" to stay at home raising their kids. Notwithstanding, there is a differential factor regarding the reasons Latin American women currently have to enter the labor market. This difference lies in the fact that Latin American women start to work because they become responsible of domestic work and of their family's care and not because they choose to be economically independent. Based on statistics, over the last decades, there has been an increase in women's responsibility with their homes.

### Canada as a Country of Immigration for Women Entrepreneurs

Canada is a country in which the immigrant female population plays a large and growing role in terms of entrepreneurial activity (Center for Gender in Organizations, 2005). Labor market has changed throughout the last decades because “as countries become more democratic, gender inequalities lessen” (Jalbert, 2000). Therefore, the inequality gap between genders is reduced, giving women the opportunity to access a well paid job that includes social benefits such as health and educational services to their children for permanent residents (Invest in Canada, 2009). Likewise, women access to the labor market has opened a new path for women to create their own business and to have better positions at different levels of any given company (Duffy, Fox, Punnett, Gregory, Lituchy, Monserrat, Olivas-Lujan, Santos & Miller, 2006).

In addition, there are social and political factors in the Latin American culture that lead women to seek business opportunities in developed countries like Canada (Staab, 2003; Boyd & Nowak, 2007). According to Boyd and Nowak (2007), women are attracted to participate in the labor market in Canada, because they can improve their own quality of life and subsequently share the new conditions with their families living in their country of origin. Moreover, it has been found that modern young women want to be successful in their professional life (Daeren, 2000), and that women from many backgrounds are more risk averse than the average male entrepreneurs (Center for Gender in Organizations, 2005).

The Canadian government promotes the migration of skill workers since its native population is aging, which currently implies more retirements in the short term (Reitz, 2003). For them, migration involves positive and negative consequences. Labor supply in Canada gives benefits for migrants, because they can send money to their families, and to Canada, because they have a consumption of products in the locations where they are working; besides, they pay taxes, replacing people who are retired and they make contributions to the social system (Reitz, 2003). However, there exists a negative factor associated with the perception of immigrants contribution as it can be considered as brain drain (Abizaid, 2007).

In order to establish a new business in Canada, this country offers female investors and skilled workers favorable economic conditions, low taxes (among G7 countries), transportation infrastructure among others (Government of Canada. Invest in Canada). If Latin American women decide to migrate to Canada and therefore become permanent residents via the skilled worker category, they will enjoy access to education anywhere in Canada, they will be able to sponsor their families and receive most of the social benefits (including health care coverage) (Invest in Canada, 2009).

## Reasons for Female Migration

Before making an analysis, it is important to consider that Latin American culture is characterized by presenting a specific cultural factor. In this sense, there are two related terms that create a difference with developed countries like Canada. The first one is *Machismo* which means “the domination and subjugation of women in society” (Lirio, Lituchy, Monserrat, Olivas-Lujan, Duffy, Fox, Gregory, Punnett & Santos, 2007). The second one is *Paternalism* which means the “attitude of a person or government that subordinates should be controlled in a fatherly way for their own good” (Lirio *et al.*, 2007). In this sense, both terms are related since men consider themselves the ones who possess the knowledge, which implies that they are at a higher degree than women, and women those who must follow men commands (Lirio *et al.*, 2007). On the other hand, Canada is known for emphasizing freedom of expression and equity among its population (Statistics Canada, 2003). From a traditional perspective, this might suggest that women seek opportunities where they can develop their entrepreneurial activities, in order to reach a level in which they have the same opportunities that men have.

As Jones (2006) explains, the decision to migrate can be the result of the existence of many push and pull theories; personal experiences are also reasons that propel the individual decision to migrate (Jones, 2006). Additionally, she makes a relation between the different approaches on migration and the Caribbean case. Political instability, violence (crime), high unemployment rates in developing countries, in contrast with low labor force in developed countries, are push motives mentioned by them for leaving the country.

The decision of women to migrate normally implies the opportunity to look for a new job or to create their own business in another country (Boyd & Nowak, 2007). This decision is normally tied to a background situation that obeys to: their family, and on a high degree of importance, their children. Once women are established, they will stop sending money home with the objective of taking their families with them (Houle & Schellenberg, 2008). By 2008, the family class category in Canada received 7709 people from South and Central America countries. The family class category is defined as “foreign nationals sponsored by close relatives or family members in Canada; it includes spouses and partners, dependent children, parents and grandparents” (Citizenship and Immigration Canada, 2008).

It is important to emphasize that developed countries like Canada offer more than job opportunities; they also offer the possibility to access higher education levels (Jones, 2006). This factor is one reason, among others, that leads young

women to consider the option of migrating to a developed country. Another important motivation for them is personal achievement, which is associated with the access to higher educational levels. Another motivation that has implications when deciding to go abroad, is the possibility of having relatives abroad willing to receive the individual that decides to migrate. Indeed, there are small communities in developed countries from whom people heard stories of success or failure that influenced the decision making process when taking into consideration the alternative of migration (Martinez, 2001).

Canada is a country that has developed specific programs regarding migratory issues. These projects position Canada as a country of immigration, because it fosters migration flows from different countries. The migratory flows from Latin America to Canada, for instance, are characterized by the Canadian government's demand in specialized workers, training programs for immigrants, refugees and social webs (Martinez, 2001)<sup>1</sup>.

As a result of the coordination and successful implementation of migration programs, Canada has a high level of multiculturalism among its population (Statistics Canada, 2003).

### Statistical Analysis

*Entrepreneurial activity and motivation* by 2006, Canada had received about 6.2 million foreign-born people among which 10.8% were from Latin America. (Statistics Canada, 2006) and a significant percentage was represented by women.

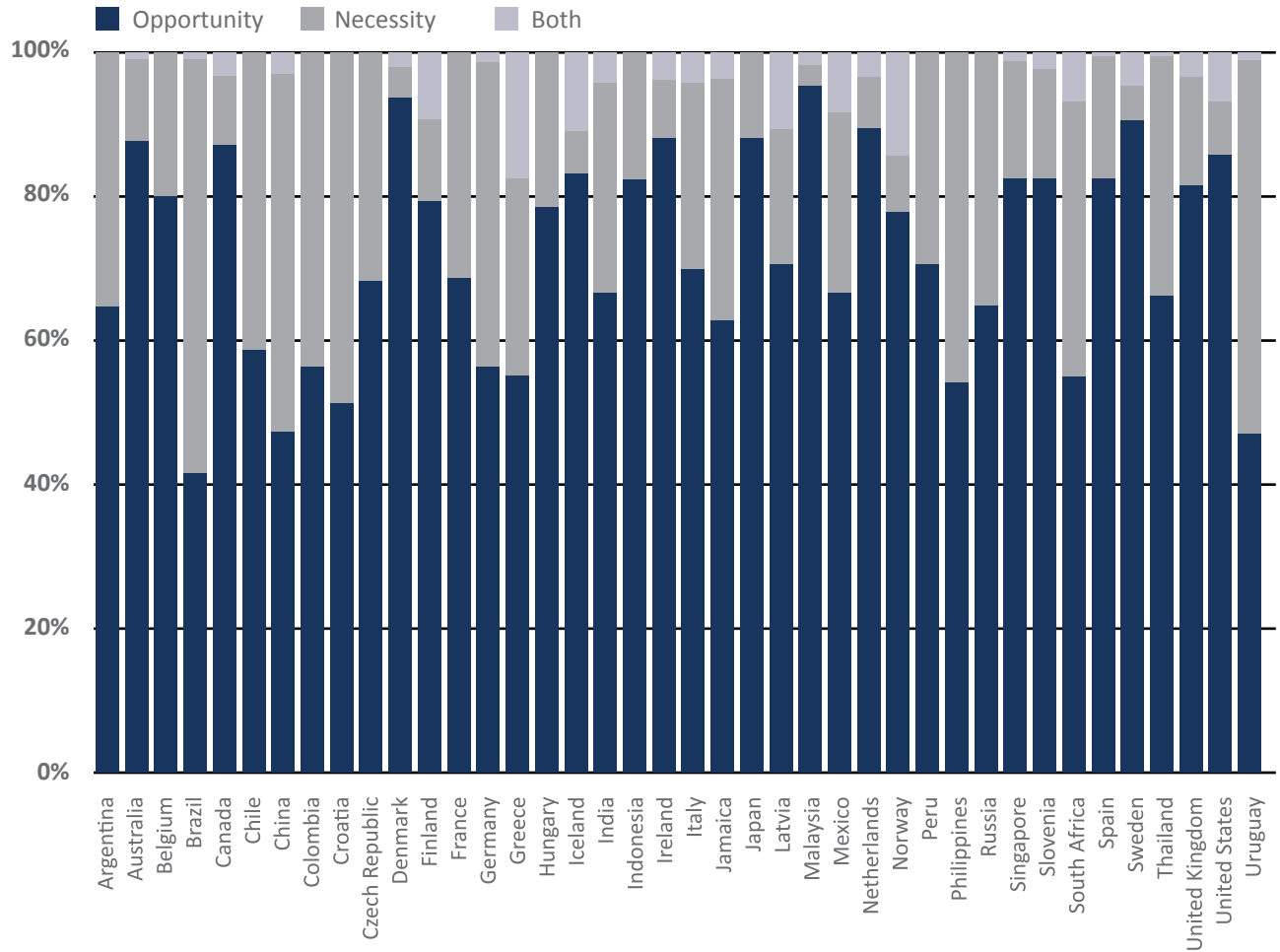
Based on the 2006 Report on Women and Entrepreneurship made by GEM (Allen, Langowitz & Ninniti, 2007), 9.99% of the female Canadian population is owner of a nascent, new, or established business; and more than 80% of this population is motivated by the market opportunities that this country offers (Allen, Langowitz & Ninniti, 2007). In Canada, the migrant population is not excluded and discriminatory practices are not common amongst the population, which is positive for the socio-economic integration of the newcomers. (Jones, 2006). As Jones (2006) quotes: minorities are treated "entirely on their own merit, without regard to race, color, national origin, or the country from which he comes" (Jones, 2006).

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1. Original text source: "El flujo migratorio desde la región hacia Canadá ha estado asociado a la demanda de trabajadores especializados, los programas de captación de inmigrantes, el refugio y las redes sociales".

The following figure shows women’s entrepreneurial motivation by country (Allen, Langowitz & Ninniti, 2007).

Figure 1. Women’s Entrepreneurial Motivation by Country 2006



Data Source: Allen, Langowitz & Ninniti, 2007

According to Allen, Langowitz & Ninniti, 2007, there are two main motivating factors influencing the individual decision of starting their own economic activities (Allen, Langowitz & Ninniti, 2007). On the one hand, there is the *Opportunities entrepreneurship*, explained in Allen, Langowitz & Ninniti’s (2007) survey, which “estimates the number of people who choose to start their own business as one of several desirable career options”; on the other hand, there is the *necessity entrepreneurship* which “estimates the number of people who start their own business because other employment options are either absent or unsatisfactory” (Allen, Langowitz & Ninniti, 2007).

As this table describes, female entrepreneurship motivations in countries like Argentina, Chile, Jamaica, Mexico and Peru are the result of the opportunities offered to access some kind of entrepreneurial activity. According to the previous table, the percentage of opportunity motivation is over 55%.

Based on what this table shows, it is possible to demonstrate that in Colombia the female entrepreneurial activity is not caused simultaneously by the factors described above (opportunity entrepreneurship and necessity entrepreneurship). Therefore, this might suggest that Colombia offers more opportunities for entrepreneurial activities, since a larger number of women decide to do it as a career option; likewise, this may suggest that every day, more women access higher education levels. On the contrary, this might also imply that there are more women who have the necessity to explore this field after they do not find a job that fulfils their actual needs.

In Brazil, for instance, women who decide to become entrepreneurs are motivated by necessities and not by opportunities. This might be interpreted in the sense that the labor market in this country is not satisfactory for its female population.

*Canada: immigrant entrepreneurship* based on the classification that the Canadian government elaborates for the residents, this paper will only take into account the permanent resident entrepreneurs in the category of economic immigrants.

The migratory flows of female immigrants from 2000 to 2008 of all origins are showed in the following chart.

Table 1: Migratory Flows of Female Immigrants from all Origins

Migratory Flows of Female Immigrants from all Origins									
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Female Economic immigrants	63611	73182	64197	57093	63668	75407	66362	63395	73320
Female Entrepreneurs – principal applicants	230	223	139	88	92	119	112	88	53
	0.36%	0.30%	0.22%	0.15%	0.14%	0.16%	0.17%	0.14%	0.72%
Female									
Entrepreneurs – spouses and dependants	2758	2700	1991	1341	1087	1257	1331	936	743
	4.34%	3.69%	0.00%	2.35%	1.71%	1.67%	2.01%	1.48%	10.13%

The percentages presented in the chart correspond to the participation of each entrepreneurial category within the group of female economic immigrants. The role of resident women within the economic immigrants' group has been growing during the last years, which is related to the quantity of immigrants that participate in Canada's economy (the group of economic immigrants has the biggest participation in migration compared to the categories of refugees' and family class immigrants). This data suggest that skilled female workers, female business immigrants, provincial and territorial female nominees and live-in female caregivers are the predominant categories chosen by the Canadian government to remain in the country. By only considering the female skilled worker category it is possible to evidence that it received 49427 individuals in 2008, which represents 67% of participation in the economic immigrants' group (Citizenship and Immigration Canada, 2008). Based on the percentage of participation for each entrepreneurial category, this kind of activity among resident women is not significant. This shows that the women who migrate to Canada predominantly seek job opportunities instead of developing or executing an entrepreneurial activity.

The next chart shows the number of economic immigrants from South and Central America:

Table 2: Number of South and Central America Economic Immigrants

Number of economic immigrants from South and Central America									
	2000	2001	2002	2003	2004	2005	2006	2007	2008
South and Central America economic Immigrants	5956	7473	8040	7313	8454	8205	7191	9466	11393
	4.4%	4.8%	5.8%	6.0%	6.3%	5.2%	5.2%	7.2%	7.6%
Estimation of Latin female entrepreneurs <sup>2</sup>	131	140	8	86	74	72	75	74	60

Data Source: Citizenship and Immigration Canada, 2007.

The percentage showed below the number of South and Central America economic immigrants represents the participation of immigrants from both genders pertaining to this region for the economic immigrants' category of Canada. Based on the percentage of participation of this specific region in the total of economic immigrants' category, it was possible to estimate the number of female entrepreneurs in Canada.

2. Mathematical operation=(% South and Central America economic Immigrants\*Female Entrepreneurs principal applicants)+( % South and Central America economic Immigrants\* Female Entrepreneurs spouses and dependants)



If the contribution of Latin American females to the Canadian economy (specifically entrepreneurship) is similar to the estimation that was made, it can be concluded that the entrepreneurial activity from females of this region is not considerable. In addition, the economic immigrant participation from the Latin American population is not as significant as other regions such as Asia Pacific, which had a total participation of 49% by 2008 in the economic group (Citizenship and Immigration Canada, 2008).

The causes for the low participation in the economic immigrants group of individuals coming from South and Central America countries might depend on various factors. Nonetheless, the most important issue is the educational level. Latin America presents an illiteracy rate of 7,9%, a non enrolment of 6% in the first-level education, a non enrolment of 31,9% in the second-level education and a non enrolment of 70,8% in the third-level education (Economic Commission for Latin America and the Caribbean, 2007). Based on the last data and considering that the Canadian government seeks for skilled workers, it can be concluded that Latin American people do not have the educational requirements request by Canadian authorities.

## CONCLUSIONS

The statistical research made in this paper suggests that the participation of Latin female entrepreneurs is not significant when analyzing their influence in the Canadian economy. It is important to assert the fact that the participation of female immigrants in the entrepreneur category does not have the same level of contribution than the one currently presented by the skilled workers category. However, the estimation that was made does not indicate that this group of women does not enjoy the benefits that Canadians offer to permanent residents.

According to the official statistics presented, the reason that might have higher implications when analyzing Latin American migration and further involvement in the Canadian economy is the educational level. As it was previously mentioned, the non-enrolment in third-level education for Latin America is 70,8%. This suggests that people from South and Central America might not have the fundamental Canadian requirements to become a permanent resident via the skilled workers category, which has the biggest participation in the economic immigrant group.

It is important to study more in depth Latin female immigrants in Canada using other types of sources, other than statistics, with the purpose of understanding the decision-making process involved when selecting social mobilization as a life choice, since the participation of this group of people is not relevant for the Canadian economy, due to different aspects previously described.

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