

# Study: The exit and survival patterns of immigrant entrepreneurs

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In most developed countries, self-employment is more prevalent among immigrants than among native-born individuals. However, much less is known about the survival and longevity of immigrant-owned firms. A small body of international research suggests that immigrant-owned businesses have shorter durations of survival than businesses owned by the native born. There has been little evidence on whether or not this is the case in Canada. Information on business survival is relevant to business development policies and the measurement of the economic impacts of immigration.

A new Statistics Canada study examines the duration of business ownership among immigrant and Canadian-born individuals. The study finds that, on average, there was little difference in the duration of ownership between immigrant and Canadian-born owners of private incorporated companies.

The study uses data from the Canadian Employer-Employee Dynamic Database, including individual and corporate tax returns and immigrant landing files, and focuses on ownership of private incorporated companies that started between 2003 and 2009. Ownership was tracked for up to seven years after start-up. The analysis builds on previous research studies that examined the prevalence of business ownership among immigrant entrepreneurs and the industries in which they were found.

The new Statistics Canada study finds that the rate of business failure is highest in the initial years after start-up. Specifically, among all immigrant owners, 11.5% terminated ownership after one year in business, with this share declining to 3.9% after seven years in business. Overall, about 80% of all immigrant business owners were still in operation after two years and 56% were still in operation after seven. Exit rates from business ownership and the duration of ownership were about the same among Canadian-born owners of private incorporated firms.

Recent immigrants (that is, those in Canada for less than 10 years) had higher exit rates from ownership and shorter durations of ownership than did the Canadian-born or longer-term immigrants (that is, those in Canada for 10 or more years). While 51% of recent immigrant business owners were still in operation after seven years, this was the case for 57% of long-term immigrant business owners and 58% of Canadian-born business owners.

Among recent immigrants, business class immigrants had the highest exit rates and shortest duration of ownership. Among longer-term immigrants, exit rates and the duration of ownership varied little across immigrant admission categories.

A number of other factors were found to be associated with longer duration of business ownership among immigrant owners, including being 30 to 49 years of age; owning a business in the health sector; and being from Europe, Southeast Asia, India, or select English-speaking countries, such as the United States, the United Kingdom, Ireland, Australia, New Zealand or South Africa. Education was found to have only a small effect on exit rates and duration once the effects of other variables were taken into account.

Immigrant owners of private incorporated businesses in the health sector (for example, laboratories, nursing companies, doctors' offices and chiropractic practices) had particularly long durations of ownership and exit rates that were only one-third of those observed among immigrant business owners in other sectors. Owners in real estate and leasing, food and accommodation, professional services and wholesale trade generally had the shortest duration of ownership.



The research paper "[The Exit and Survival Patterns of Immigrant Entrepreneurs: The Case of Private Incorporated Companies](#)," which is part of the *Analytical Studies Branch Research Paper Series (11F0019M)*, is now available.

The study is part of a broader program of research on immigrant businesses at Statistics Canada. Previous studies examined business ownership rates ("[Business Ownership and Employment in Immigrant-owned Firms in Canada](#)" and "[Immigrant Businesses in Knowledge-based Industries](#)"), while forthcoming studies will examine the financing of immigrant-owned firms and job creation.

The Canadian Employer-Employee Dynamics Database can be accessed through the [Canadian Centre for Data Development and Economic Research](#).

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