

Study: Immigrant Entrepreneurs as Job Creators: The Case of Canadian Private Incorporated Companies

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There has been considerable research regarding the tendency of immigrants to be business owners. However, mostly due to data unavailability, there is little international evidence on the contribution of immigrant-owned businesses to job creation in their host country, and whether immigrant-owned firms experience faster or slower employment growth than firms owned by non-immigrants.

A study released today begins to address these information gaps for Canada by leveraging an innovative linked business data environment that documents the immigrant status of the business owners. The study focuses on private incorporated businesses, and distinguishes firms owned by immigrants who entered Canada since 1980 from firms with Canadian-born owners. Although the linked data file currently ends in 2013, the information in this study provides a useful first step in understanding the role of immigrant entrepreneurs in the Canadian economy.

During the 2003-to-2013 period studied, firms owned by immigrants accounted for a disproportionate share of net job creation. They accounted for 25% of net jobs created by private incorporated firms, while representing 17% of firms. Immigrant-owned private incorporated companies were also 1.3 times as likely to be high-growth firms (with annual employment growth exceeding 20%) than were those owned by the Canadian-born.

The study shows that the relatively larger contribution of immigrant-owned firms to net job creation and the greater tendency to be a high-growth firm, were primarily due to the age of the firm. More than three-quarters of the immigrant-owned firms were less than 10 years old (81%), compared with 53% of Canadian-born-owned firms. Earlier research has shown that younger firms grow faster and create jobs at a higher rate than older firms. When adjustments were made to account for differences in firm age and other firm characteristics, the gap between immigrant-owned firms and Canadian-born-owned firms narrowed substantially.

The long-term trends in this study are likely to change slowly over time and are relevant to understanding data from more recent years. The results of this study will be updated as new information becomes available.

Note to readers

In this study, immigrant-owned firms are those with at least one immigrant owner who arrived in Canada since 1980—the population of immigrants available in the dataset used. The terms "firms with Canadian-born owners" and "Canadian-born-owned firms" refer to firms owned by members of a comparison group consisting of the Canadian-born and immigrants who entered Canada prior to 1980. Roughly 94% of the comparison group were firms owned by the Canadian-born.

The study also shows that immigrant-owned private incorporated companies tend to be younger than their Canadian-born-owned counterparts even when all immigrants in Canada are included in the calculation, not just those entering since 1980.

The research paper "[Immigrant Entrepreneurs as Job Creators: The Case of Canadian Private Incorporated Companies](#)" which is part of the *Analytical Studies Branch Research Paper Series* (Catalogue number [11F0019M](#)), is now available.

For more information contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).



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