

Study: Innovation in immigrant-owned firms in Canada

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A new study has found that small and medium-sized enterprises (SMEs) owned by immigrants were more likely than similar enterprises owned by Canadian-born individuals to implement a product or process innovation. Data from the 2011, 2014 and 2017 versions of the Survey on Financing and Growth of Small and Medium Enterprises were used to determine whether the immigration status of a firm's owner affected the likelihood of the firm implementing an innovation or holding intellectual property. The study is part of a broader research effort to understand determinants of innovation, and the relationship between innovation and success in Canadian firms. This effort takes on new significance in light of the economic fallout of the COVID-19 pandemic and its extensive impact on SMEs.

The results, adjusted for differences in the characteristics of firms owned by immigrants and Canadian-born individuals, showed that immigrant-owned firms were 8.6% more likely to implement a product innovation (goods and services) and 20.1% more likely to implement a process innovation (production processes or methods). Immigrant ownership also had a positive effect on the incidence of marketing innovations (new ways of selling). In terms of the likelihood of implementing an organizational innovation, there was no statistically significant difference between immigrant-owned firms and firms owned by Canadian-born individuals.

The effect of immigrant ownership was positive and statistically significant for only one of the five intellectual property types (registered industrial designs) when results were adjusted for firm and owner characteristics. Overall, the evidence suggests that immigrant-owned SMEs and SMEs owned by Canadian-born individuals were largely similar in their use of intellectual property.

The study offers several possible explanations for the results related to product and process innovations. Immigrants in Canada are more likely than Canadian-born individuals to be university-educated, and university-educated immigrants are twice as likely as Canadian-born university graduates to be educated in science, technology, engineering and mathematics (STEM) fields. Immigrant firm owners may be more likely to implement product and process innovations not because they are immigrants, but because a larger share of them are educated in STEM fields. Although the results were adjusted for the differences in the educational attainment between immigrant and Canadian-born owners, the difference in the share of STEM-educated owners could not be controlled for because field of study information was not available.

Note to readers

The COVID-19 pandemic has changed the way we live and work. When physical distancing measures were implemented in mid-March, Statistics Canada remained committed to producing essential data, such as employment numbers, to help Canadians better understand this new reality.

The agency also focused its energies on releasing information and innovative statistical tools to support its partners and Canadians in their efforts to address and mitigate the health, social and economic impacts of the pandemic on Canadians and businesses.

While Statistics Canada continues to provide high-quality statistics to inform Canadians' response to COVID-19, it will further expand its publishing activities to include in-depth analyses of the country's economy and society prior to the pandemic. This will help Canadians better understand how their world has changed, and will provide them with the context they need to effectively deal with the repercussions of COVID-19 and to plan ahead.



The research paper "[Innovation in Immigrant-owned Firms in Canada](#)," part of the *Analytical Studies Branch Research Paper Series (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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