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IMDB 2008 Immigration Category Profiles

Business Immigrants - Entrepreneurs

Findings from the Longitudinal Immigration Database (IMDB)

March 2012

IMDB 2008 Research Series

IMDB Core Report

The *IMDB Core Report* is an annual update of previous research that focuses on incidence of employment earnings, average entry employment earnings, and growth in average employment earnings during immigrants' first five years in Canada. The *IMDB 2008 Core Report* provides outcomes for those landed in the period 2001 to 2008. The *IMDB Core Report* consists of two volumes:

1) *National Portrait*, provides:

- A detailed look at skilled worker principal applicant employment outcomes by age and gender; and
- Immigration category highlights for provincial nominee principal applicants, family class immigrants, refugees, and economic spouses/dependants.

2) *Provincial Portrait*, provides:

- Information about the mix of immigrant classes at landing by province and immigration category and highlights for skilled worker principal applicants and provincial nominee principal applicants by province.

Each volume is accompanied by an appendix containing a full set of supporting tables and the *IMDB Research Series – Technical Notes* providing information about data sources, a glossary of terms and concepts as well as additional notes.

The *IMDB 2009 Core Report* will be available in fall, 2012.

IMDB Immigration Category Profiles

The *IMDB 2008 Immigration Category Profiles* consist of the following twelve reports:

- Economic class: Skilled Workers (SW), Provincial Nominees (PN), Live-in Caregivers (LC), and Business immigrants – Entrepreneurs (ENT), Investors (INV) and Self-employed (SEI)
- Family class: Parents and Grandparents (P&G) and Spouses and Partners (S&P)
- Refugees: Government-assisted Refugees (GAR), Privately Sponsored Refugees (PSR) and Refugees Landed in Canada (RLC)
- Other immigrants: Humanitarian and Compassionate/Public Policy Considerations (HC)

Each *IMDB Immigration Category Profile* consists of two main sections:

- 1) Background characteristics: Provides demographic landings information for the target category by province, country of last permanent residence, family status, age, and gender; and
- 2) Economic outcomes: Provides information on the economic performance of the target category compared to other selected immigrant categories and all Canadians including, average employment earnings, income distributions as well as incidence of employment earnings, social assistance and employment insurance.

The profiles are graphical presentations of the demographic and economic trends observed over time with corresponding text focusing on category specific highlights. Each profile is accompanied by an appendix containing a full set of supporting tables and the *IMDB Research Series – Technical Notes* providing information about data sources, a glossary of terms and concepts as well as additional notes.

The *IMDB 2009 Immigration Category Profiles* will be available in fall, 2012.

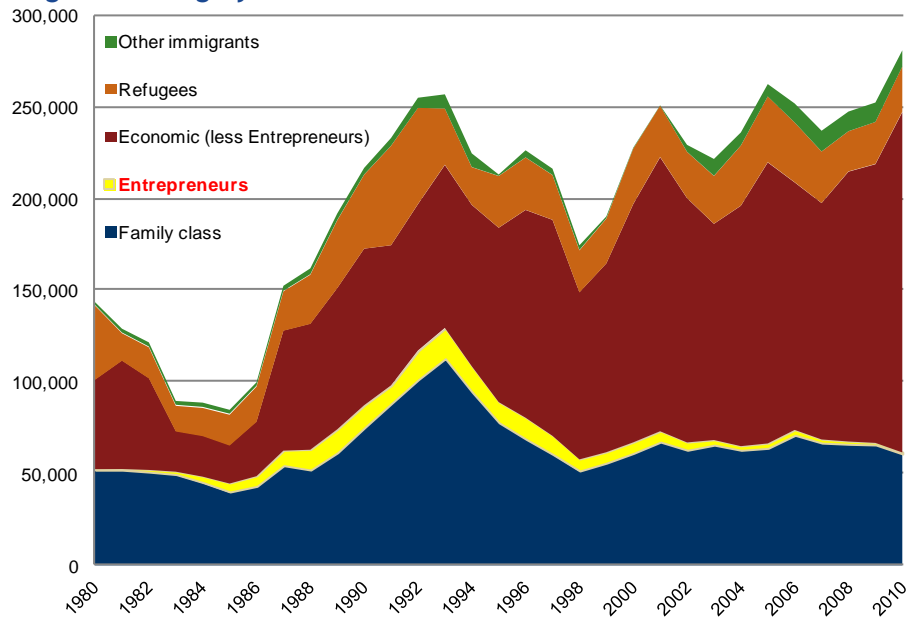
IMDB Research Series - Technical Notes

The *IMDB 2008 Research Series – Technical Notes* provide information about data sources, a glossary of terms and concepts as well as additional notes. The notes will be updated as required with the release of the *IMDB 2009 Core Report* and the *IMDB 2009 Immigration Category Profiles*.

Background characteristics

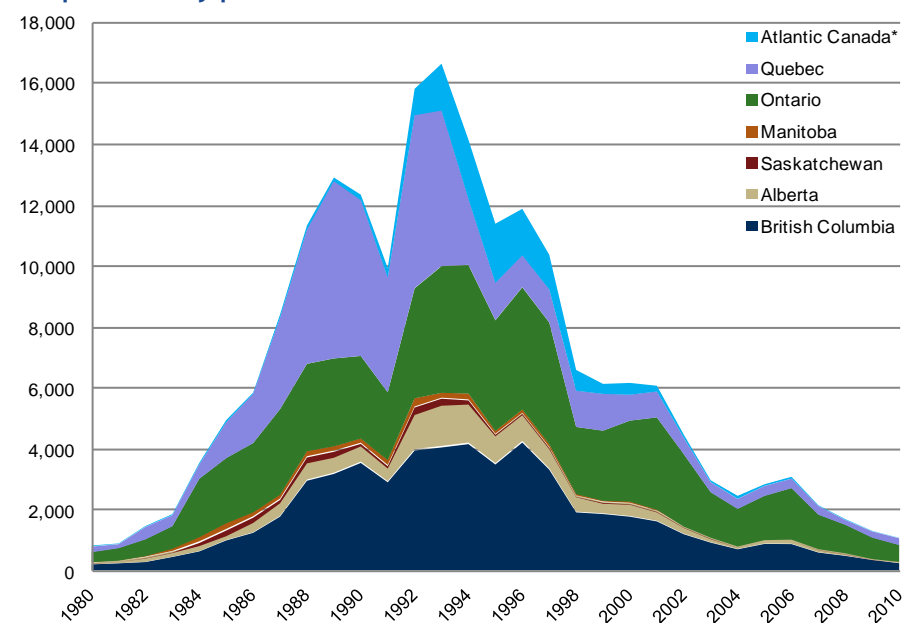
Figure 1: Immigrants by landing year, 1980-2010

Immigration category



Source: CIC, Facts and Figures, RDM, 2010

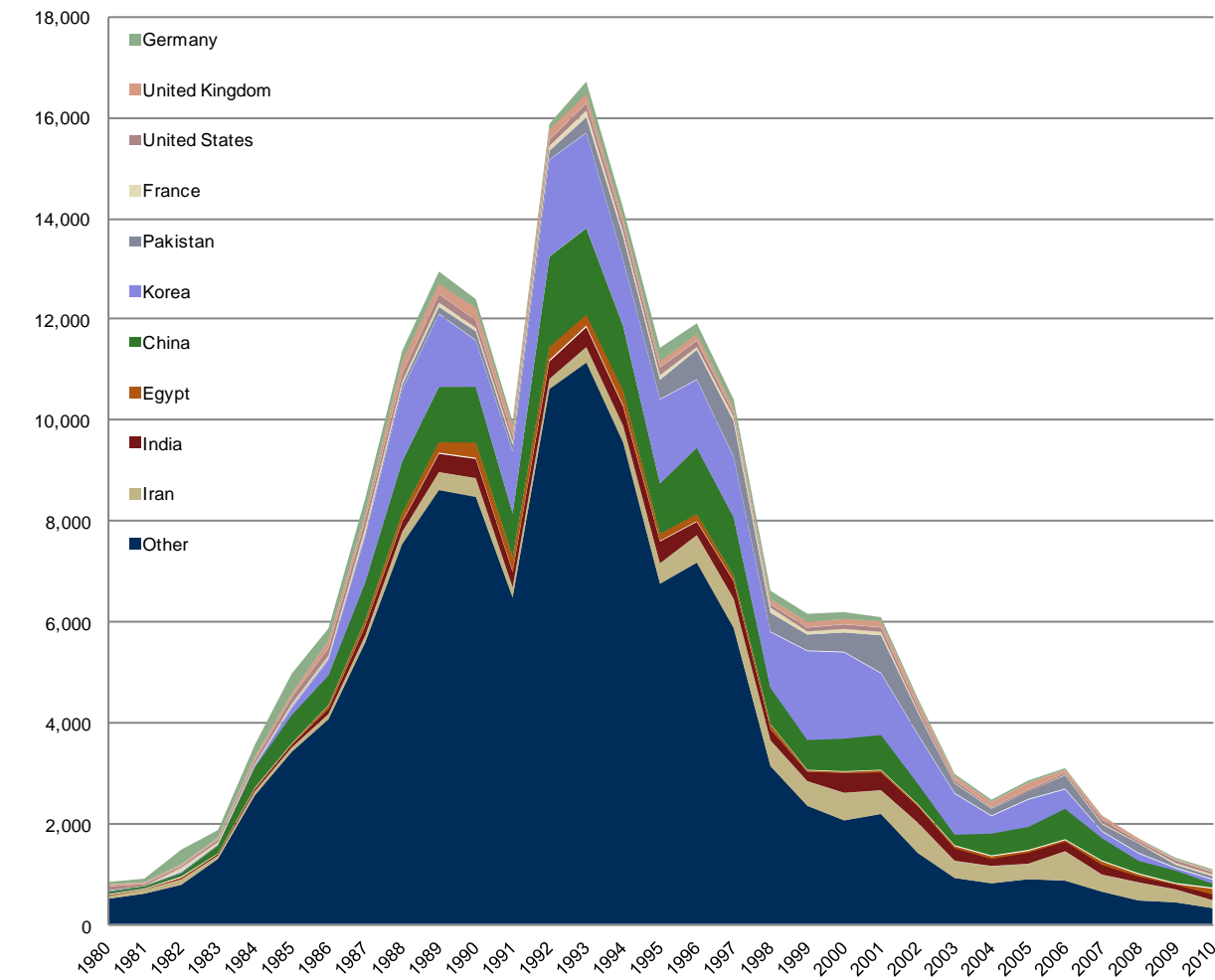
Entrepreneurs by province of destination



*Prince Edward Island, Newfoundland and Labrador, Nova Scotia, and New Brunswick
Source: CIC, Facts and Figures, RDM, 2010

- From 1980 to 2010, 431,471 business immigrants (including self-employed, investors, and entrepreneurs) landed in Canada, accounting for approximately 7.0% of Canada's total immigration over the period.
- Over the period 1980 to 2010, entrepreneurs contributed the lion's share to total business immigration levels, totalling 202,272 individuals, or 46.9%. Entrepreneur levels peaked at 16,709 in 1993 (51.1% of business immigration), but by the late 2000s, these levels had fallen to considerably less than one fifth of annual business immigration, reaching a historical low of 8.2% of business immigration in 2010, at 1,087 individuals – levels not seen since 1981.
- In the early 1980s, the largest share of entrepreneurs intended to settle in Ontario compared to other provinces, but by the late 1980s and throughout the early 1990s, Quebec attracted the largest share of entrepreneurs, peaking at 5,126 individuals, or 30.7%, in 1993. Since the mid 1990s, Ontario has once again become the main province of destination for entrepreneurs, followed a distant second and third by British Columbia and Quebec, respectively.
- During the 1990's, Nova Scotia was a key province of destination for entrepreneurs among Atlantic provinces, attracting at its peak 1,884 individuals, or 16.5% of entrepreneur immigration, in 1995. Since 2000, numbers have declined considerably, falling to just 7 entrepreneur immigrants, or 0.6%, in 2010.

Figure 2: Number of entrepreneurs, by country of last permanent residence, by landing year, 1980-2010

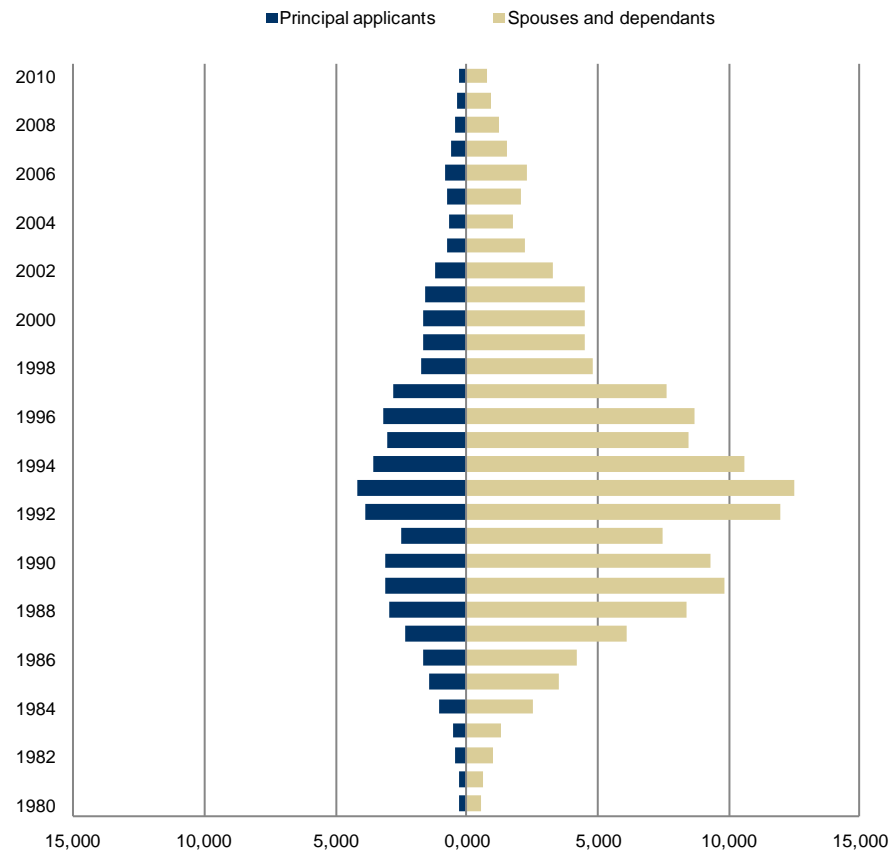


Source: CIC, Facts and Figures, RDM, 2010

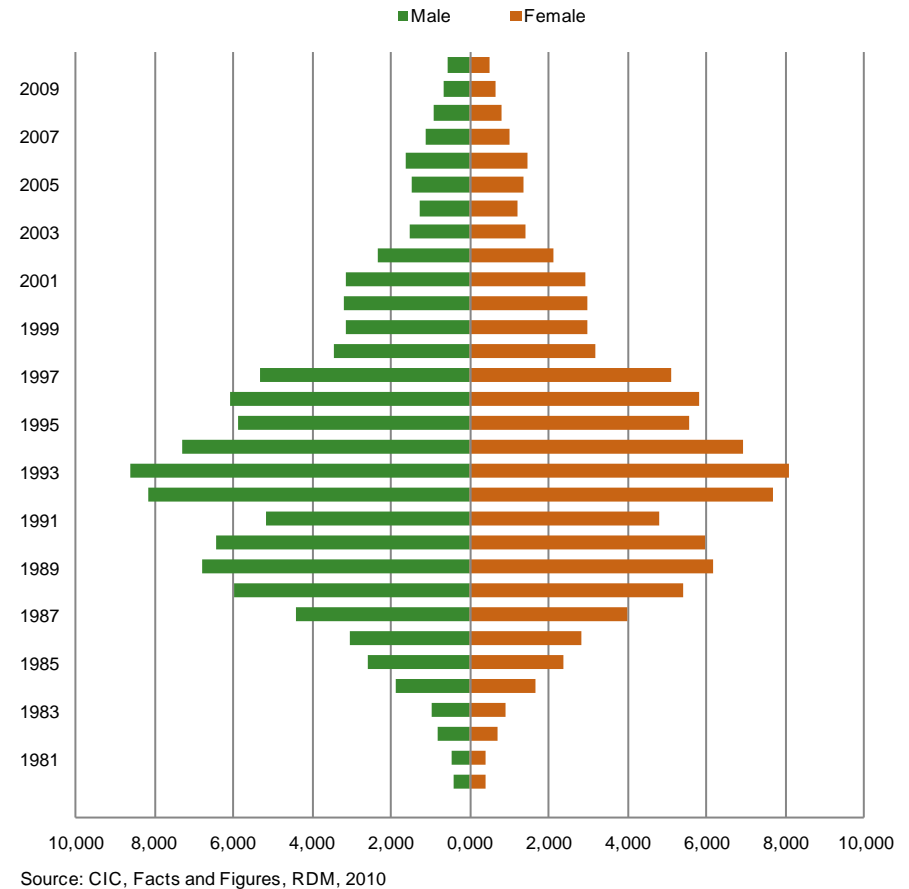
- In 2010, the leading source country among entrepreneurs was Iran, at 14%, followed closely by India (12%) and Egypt (10%). Fourth among the leading countries of entrepreneur immigrants in 2010 was China, at 9%; between 2006 and 2009, China and Iran were consistently the two leading source countries of entrepreneurs.
- From 1980 through 1997, Hong Kong was the leading source country of entrepreneur immigrants, along with Korea, Taiwan, and China.
- Overall the top ten source countries shown in Figure 2 have accounted for roughly 40% of all entrepreneur immigrants from 1980-2010. In 2010, these top ten source countries accounted for 71% of entrepreneur landings.

Figure 3: Number of entrepreneurs, by landing year, 1980-2010

Family status



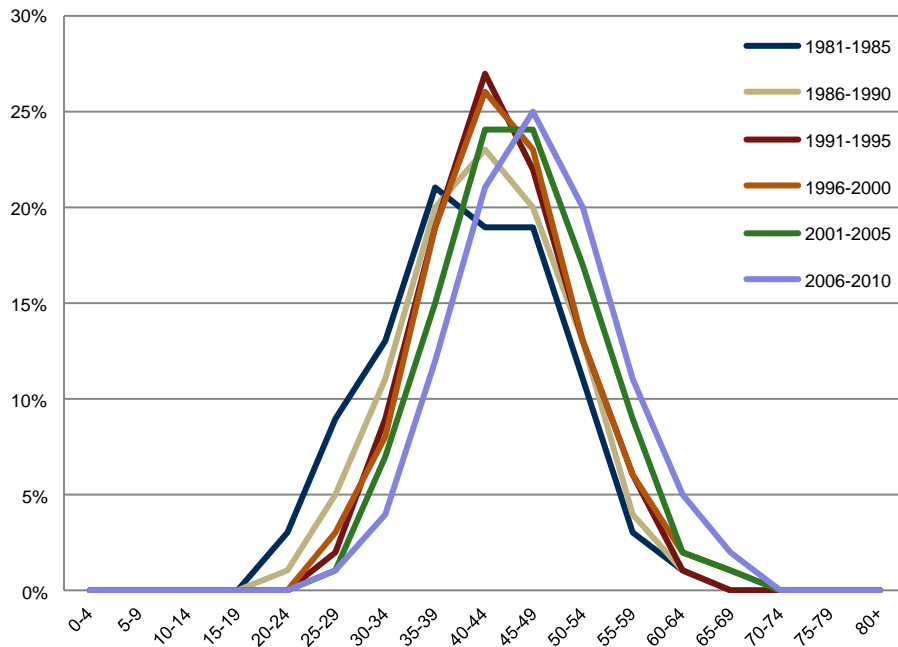
Gender



- From 1980 to 2010, the majority (74%) of entrepreneurs were spouses and dependants. Among entrepreneur spouses and dependants, the gender split was roughly 40% male and 60% female. Among entrepreneur principal applicants, the majority (87%) were male.
- The entrepreneurs program has on average a slightly higher share of male than female principal applicants relative to the other business categories (self-employed immigrants and investors).

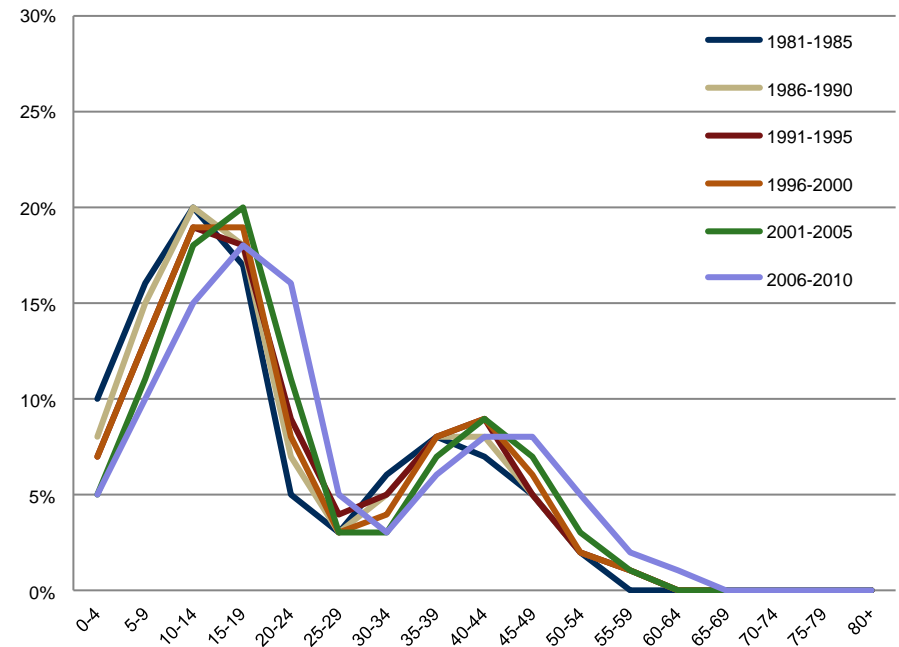
Figure 4: Age distribution of entrepreneurs, by landing year, 1981-2010

Principal applicants



Source: CIC, Facts and Figures, RDM, 2010

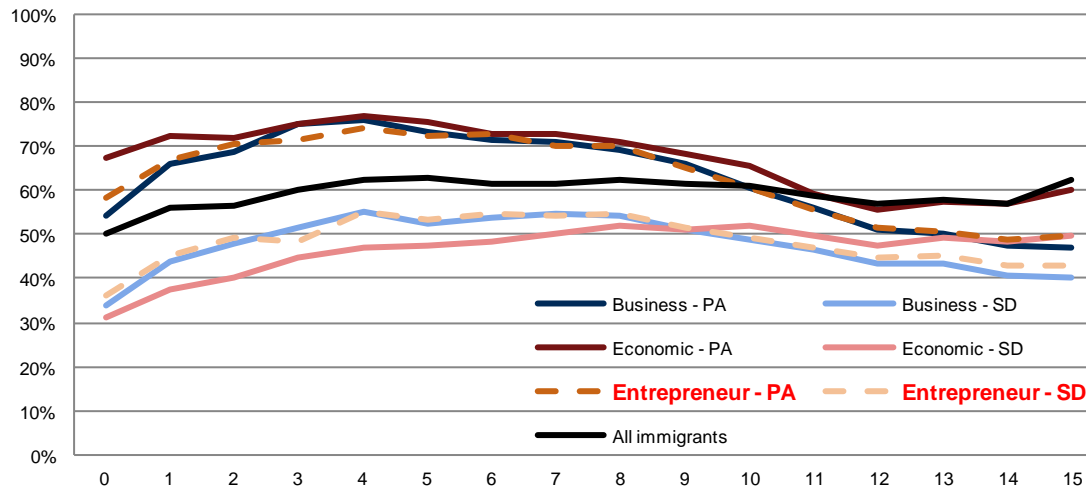
Spouses and dependants



Source: CIC, Facts and Figures, RDM, 2010

- The age distribution at time of landing of entrepreneur principal applicants is concentrated in the core working ages (25-54 years of age). Similar to business immigration as a whole, the age distribution has skewed to the right for more recent cohorts, indicating there has been an increase in the average age at time of landing for more recent cohorts of entrepreneur principal applicants.
- The age distribution of entrepreneur immigrant spouses and dependants is bimodal, reflecting the two unique populations in this group - the spouses and the dependants. The distribution of entrepreneur spouses and dependants has also shifted to the right over time, corresponding to the increase in age at landing of principal applicants.

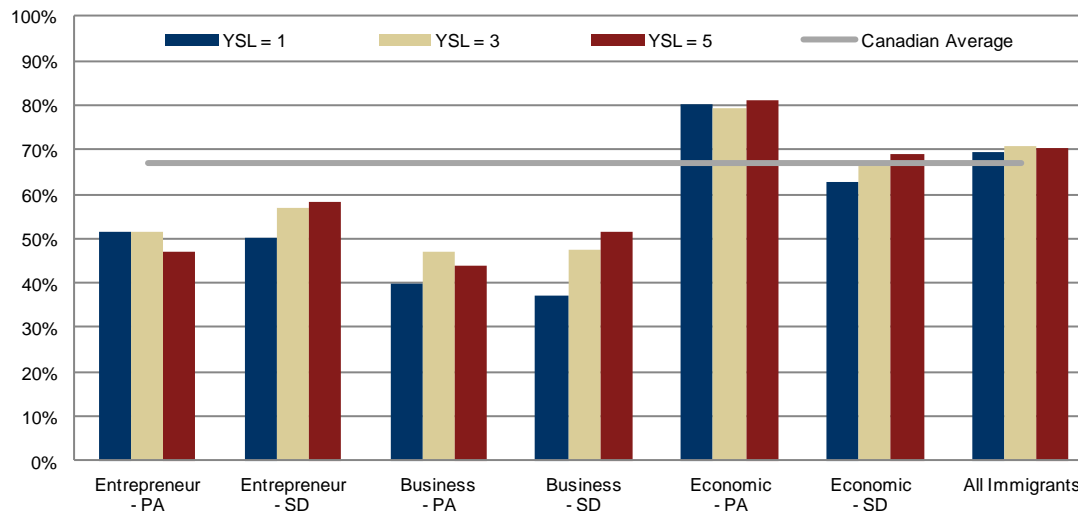
Figure 5: IMDB capture rate for selected immigrant categories, by years since landing (YSL), in tax year 2008



Source: CIC, Facts and Figures, RDM, 2010 and IMDB, 2008

- The IMDB capture rates for entrepreneurs (principal applicants and spouses and dependants) are nearly identical to that seen for the respective business immigrants, reflecting the large share of entrepreneurs within the business class.
- For the first ten years following landing, the capture rate for entrepreneur principal applicants was higher than the average for all immigrants and on par with that average for all economic immigrant principal applicants.
- Beyond the tenth year after landing the capture rate decreases for entrepreneur principal applicants and falls below the rate seen for all economic principal applicants. A similar pattern is observed for entrepreneur spouses and dependants.

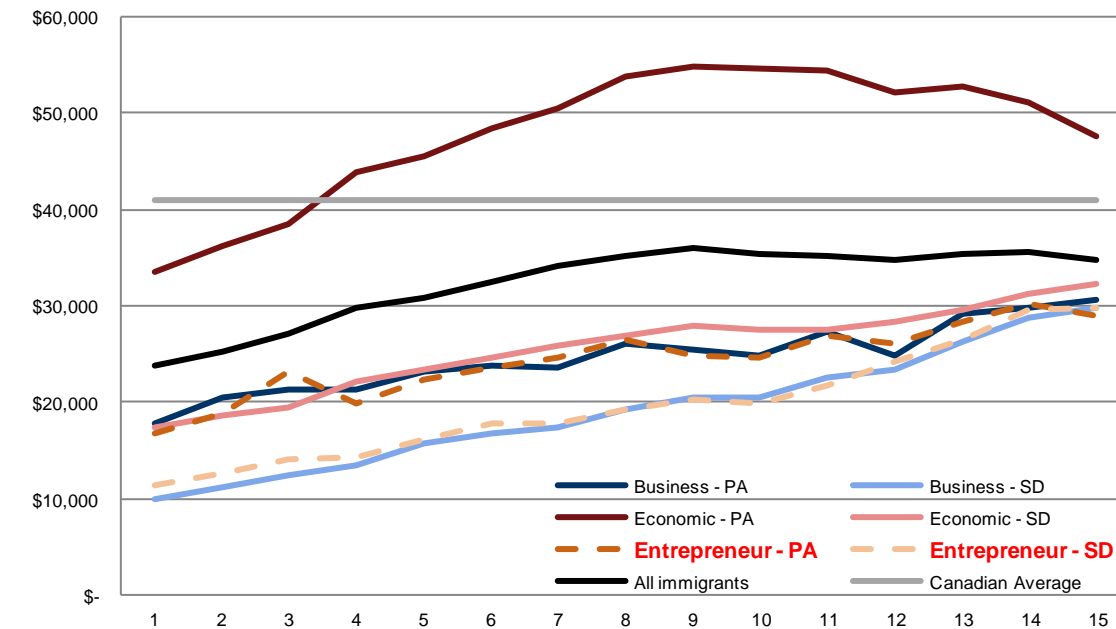
Figure 6: Incidence of employment earnings for selected immigrant categories, by years since landing (YSL), in tax year 2008



Source: IMDB, 2008 and CRA, 2008

- Overall, the share of business immigrants who reported employment earnings in 2008 was consistently lower than the average for all economic immigrants and the Canadian average, regardless of years spent in Canada.
- For entrepreneurs the same holds true, although with a slightly higher incidence of employment earnings (roughly 50% for principal applicants and 50-60% for spouses and dependants).
- Within the first five years following landing the incidence of employment earnings is fairly constant for entrepreneur principal applicants, dropping off slightly in the fifth year. In contrast, the incidence of employment earnings increases steadily for entrepreneur spouses and dependants during the first five years in Canada from under 40% (YSL=1) to over 50% (YSL=5).

Figure 7: Average employment earnings for selected immigrant categories, by years since landing (YSL), in tax year 2008

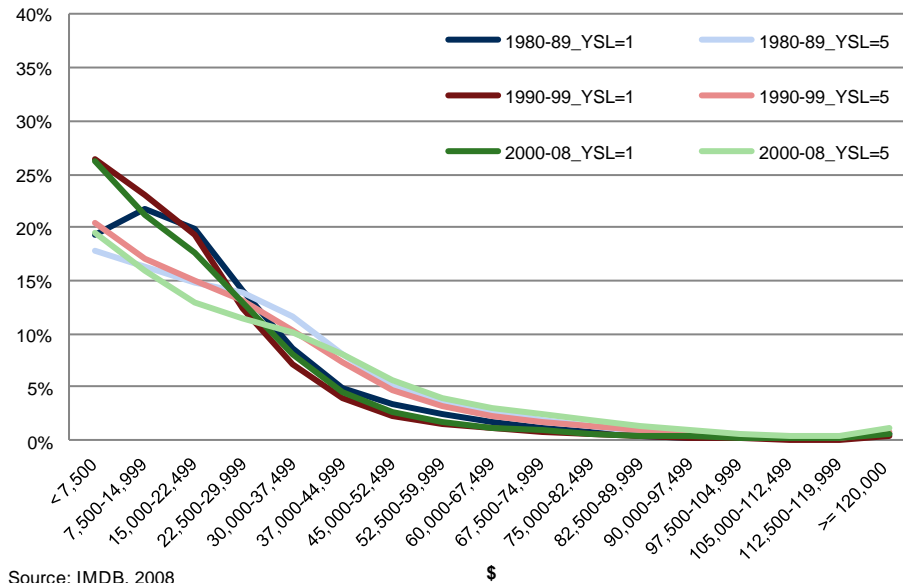


Source: IMDB, 2008 and CRA, 2008

- Business immigrants (principal applicants and spouses and dependants) reported substantially lower levels of employment earnings than the average for all economic immigrants, regardless of years since landing. Once again, entrepreneurs exhibit nearly identical patterns as seen for the total business class.
- It is important to note that average employment earnings include earnings from salary, wages, and tips. It does not include earnings from self-employment or investments. Business immigrants are more likely to report income from self-employment and investment than all immigrants on average.
- Entrepreneur principal applicants report average entry employment earnings under \$20,000 and demonstrate steady growth with time spent in Canada, reaching average employment earnings just over \$30,000 after 15 years.
- Entrepreneur spouses and dependants report average entry employment earnings just over \$10,000 and also demonstrate steady growth over time, reaching employment earnings on par with their principal applicant counterparts (over \$30,000) after 15 years in Canada.

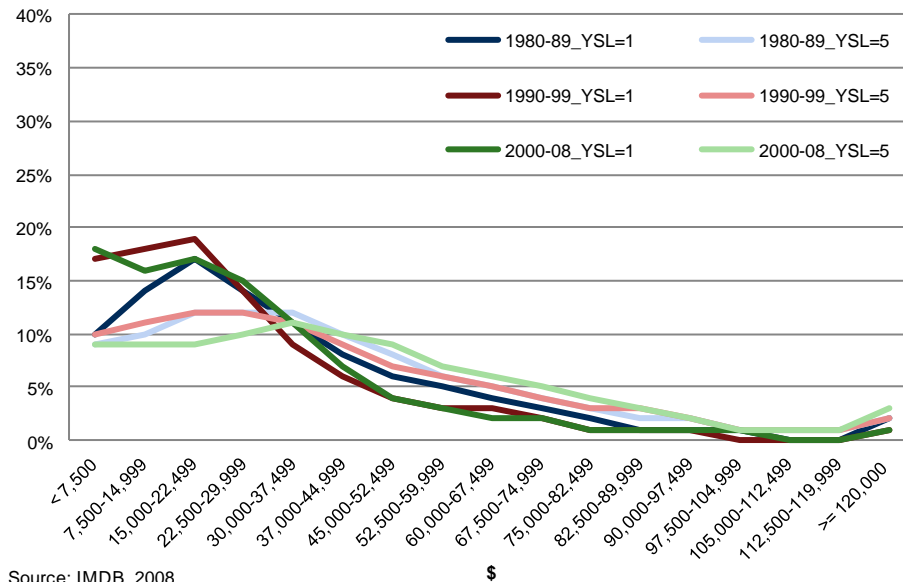
Figure 8: Distribution of employment earnings (\$2008), by cohort for selected immigrant categories, by years since landing (YSL), in tax year 2008

All Immigrants



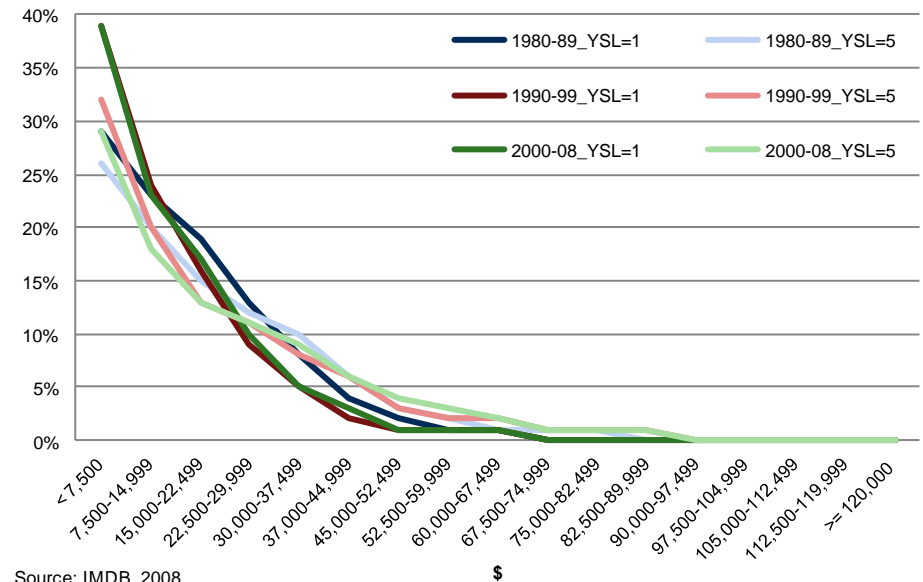
Source: IMDB, 2008

Economic principal applicants



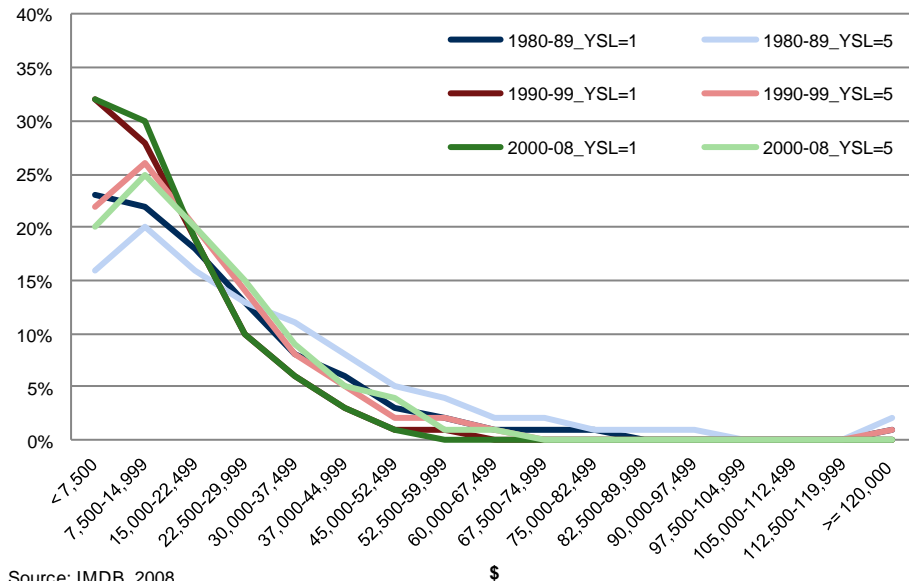
Source: IMDB, 2008

Economic spouses and dependants



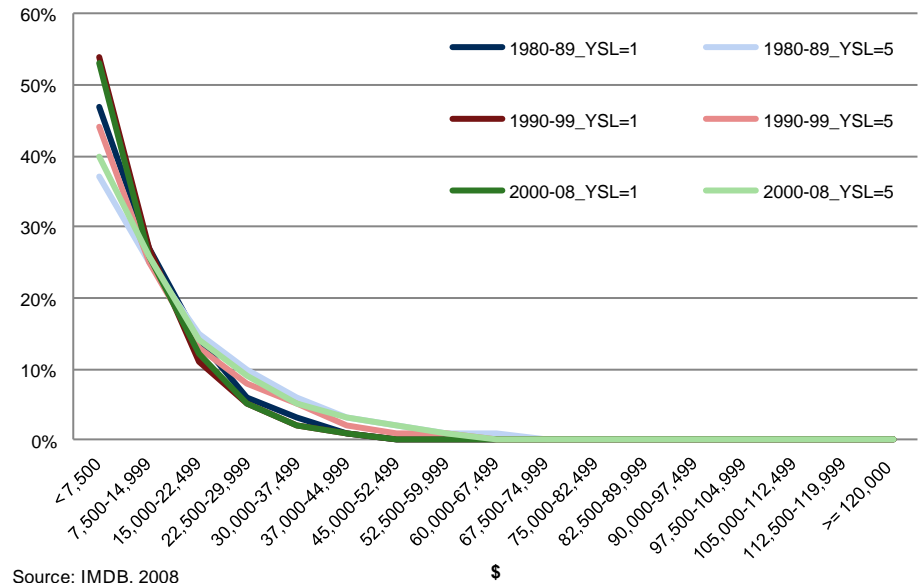
Source: IMDB, 2008

Entrepreneur principal applicants



Source: IMDB, 2008

Entrepreneur spouses and dependants

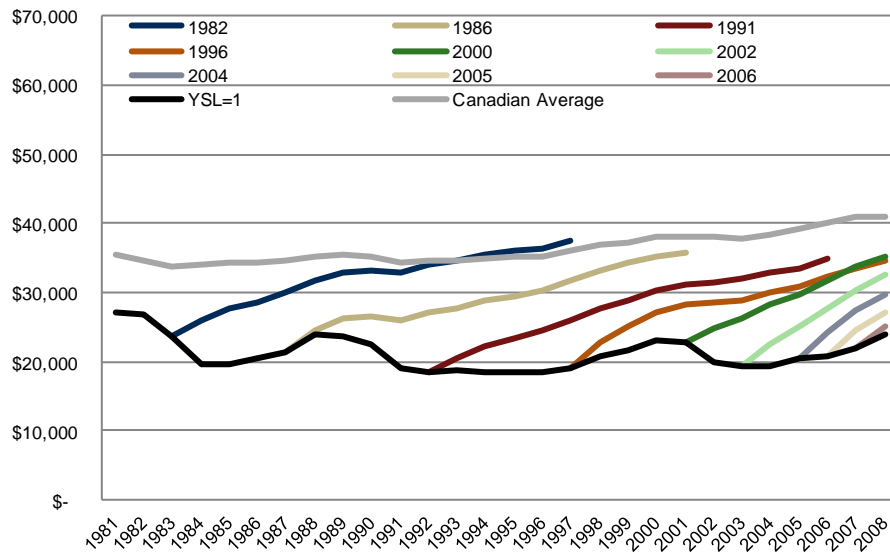


Source: IMDB, 2008

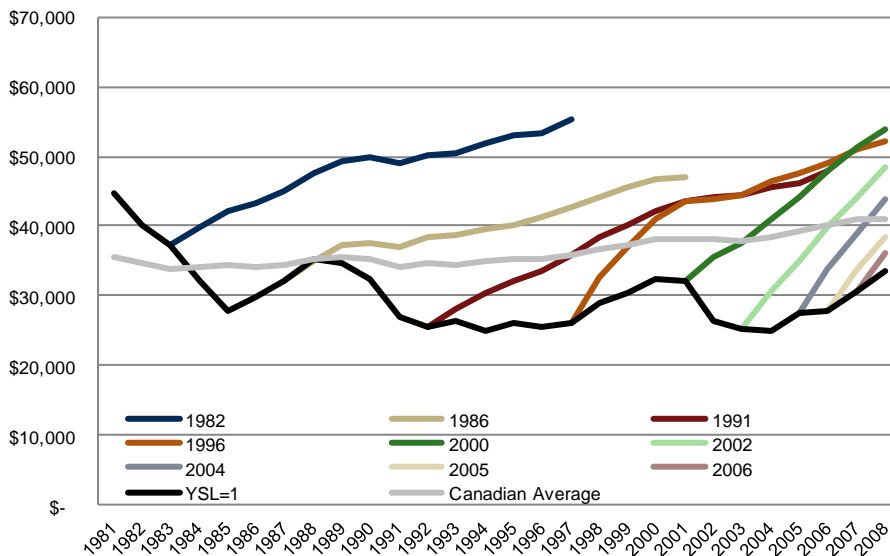
- Figure 8 displays the distribution of employment earnings for grouped cohorts in the first and fifth year after landing. For all categories displayed there is a notable concentration in the left (lower) end of the distribution, reflecting a larger share of immigrants falling into the lower employment earnings bracket. However, with an increase in years since landing the distributions begin to shift right, reflecting growth in employment earnings over time.
- There are differences in the relative earning distributions by immigration category.
 - For all immigrants landing in 2000 and onward, 65% had earnings less than \$22,500 in the first year following landing. This share decreased to 55% and 48% in the third and fifth year following landing.
 - For all economic principal applicants the respective shares are much lower at 51%, 37%, and 28%.
 - However, for entrepreneur principal applicants the respective shares are higher than economic principal applicants and the shares seen for all immigrants with 80%, 72%, and 65% earning less than \$22,500 in the first, third and fifth year following landing.
- There are also differences in the relative earnings distributions by cohort groups.
 - For all immigrants landing in the 1990s the share reporting earnings lower than \$22,500 in the first year (69%) was higher than that seen for those landing in the 1980s (61%) and 2000s (65%). The comparable shares for the 1990s cohort of immigrants remained higher at the third and fifth years following landing as well.
 - For all economic principal applicants, while the shares in the low end were lower than that seen for all immigrants, the pattern across cohorts was the same.
 - For entrepreneur principal applicants, however, the concentration in the lower end of the distribution has increased across cohort groups, with entrepreneur principal applicants landing in the 1990s having the lowest shares in the low end and those landing in the 2000s having the highest shares with less than \$22,500.

Figure 9: Average employment earnings (\$2008), by landing year and tax year, 1980-2008

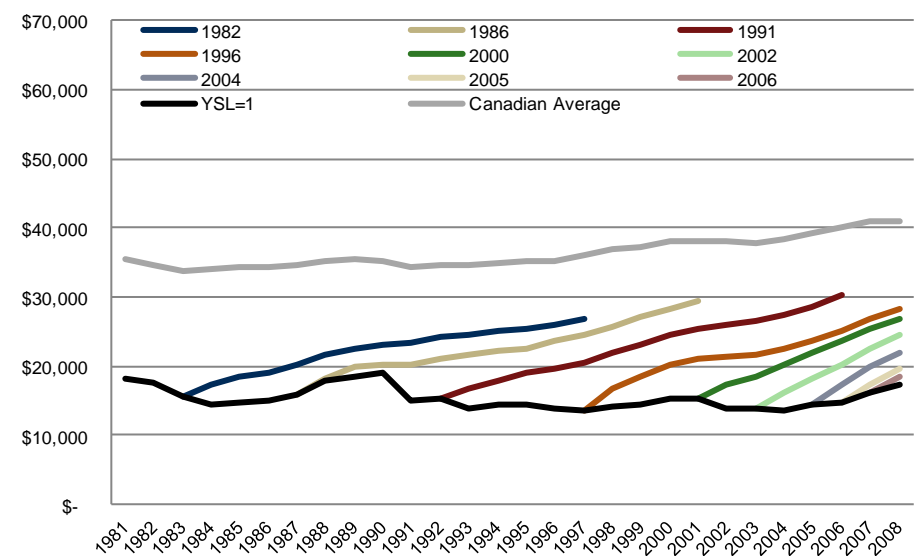
All immigrants



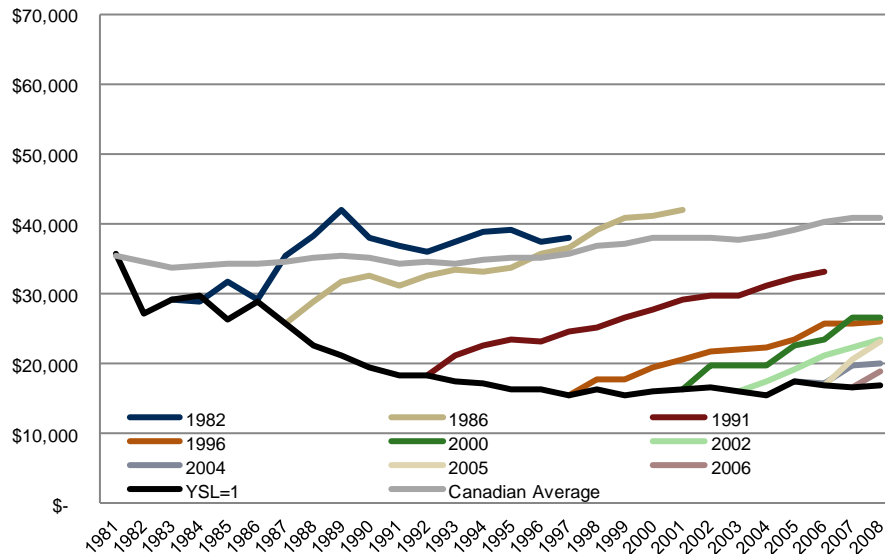
Economic principal applicants



Economic spouses and dependants

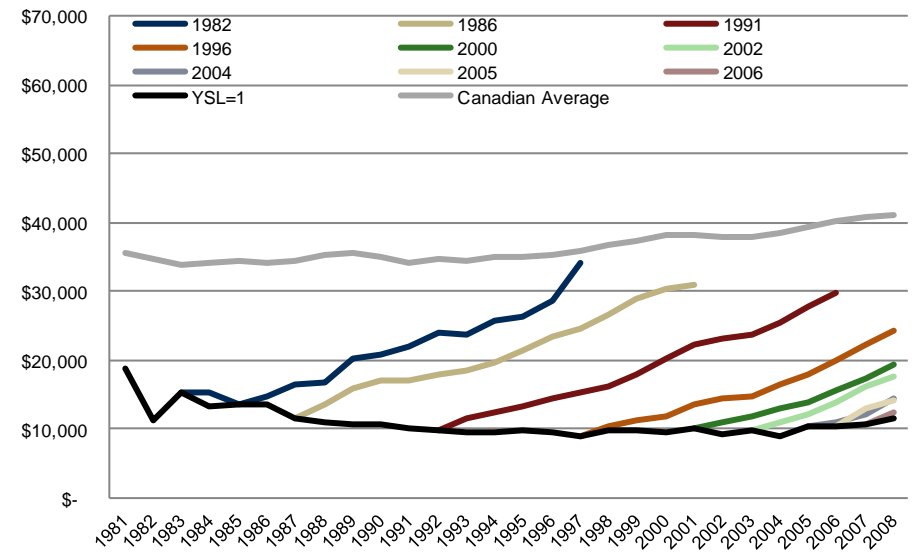


Entrepreneur principal applicants



Source: IMDB, 2008 and CRA, 2008

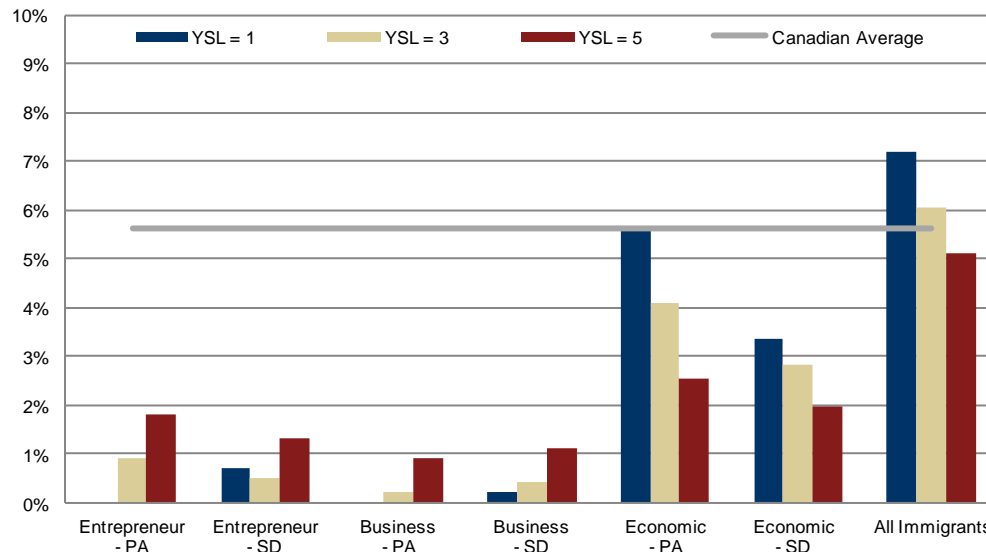
Entrepreneur spouses and dependants



Source: IMDB, 2008 and CRA, 2008

- Figure 9 illustrates average employment earnings one year after landing for selected immigrant categories including entrepreneurs (1980 to 2007 landing cohorts), and shows earnings progression (employment earnings in subsequent years after landing) for select landing cohorts.
- In the early 1980s, average entry earnings of entrepreneur principal applicants were slightly below the Canadian average.
- Since the 1990s, entry employment earnings of entrepreneur principal applicants have fallen considerably below the Canadian average. For example, in 1982, average employment earnings one year after landing were just under \$30,000 or 86% of the Canadian average; by 2003, entry earnings for this category had fallen to less than \$15,000, or 38% of the Canadian average. Recently, the average entry employment earnings of entrepreneur principal applicants have increased, with those landing in 2007 reporting an average of nearly \$17,000 - 13.4% higher than the 2003 landing cohort.
 - The earnings progression of entrepreneur principal applicants is steady for all cohorts. However, given the low average employment earnings at entry, they fail to reach parity with the Canadian average, unlike the case for all economic principal applicants.
- The entry employment earnings of entrepreneur spouses and dependants are much lower than that of entrepreneur principal applicants (and lower than the average of all economic spouses and dependants) at roughly \$10,000, for all cohorts.
 - However, entrepreneur spouses and dependants show stronger growth in earnings than their principal applicant counterparts and all economic spouses and dependants as a whole. As a result, the entrepreneur spouses and dependants catch-up to the average earnings seen for all economic spouses and dependants within ten years.

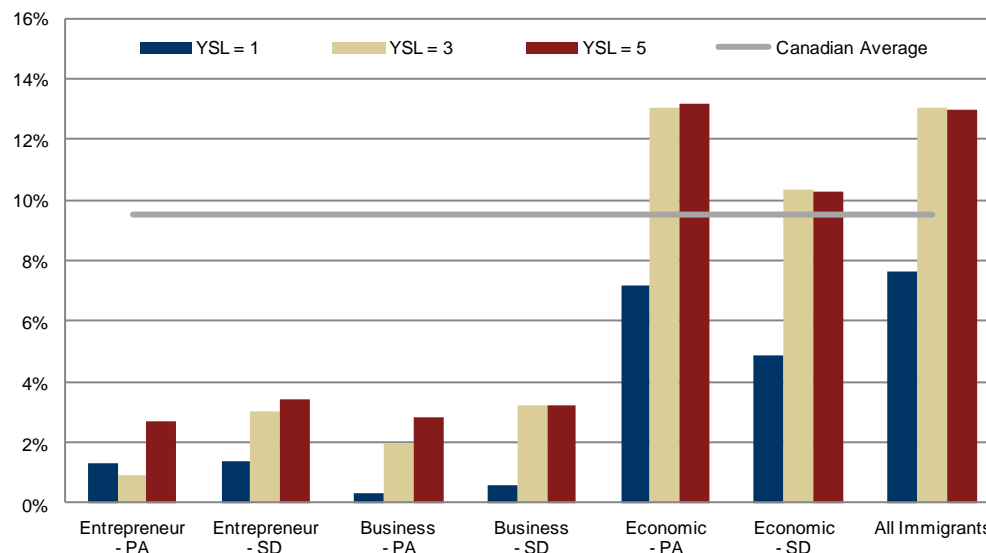
Figure 10: Incidence of social assistance for selected immigrant categories, by years since landing (YSL), in tax year 2008



Source: IMDB, 2008 and CRA, 2008

- In 2008, the incidence of social assistance for business immigrants was negligible among those who had been in Canada for one and three years.
- That being the case, among those who had been in Canada for three and five years there is some reporting of social assistance receipt in 2008. Entrepreneur principal applicants and spouses and dependants had an incidence of less than 1% after three years in Canada and less than 2% after five years.
- In comparison, other economic principal applicants who had been in Canada for one year reported social assistance receipt in 2008 on par with that of the Canadian average (5.9% and 5.6%, respectively), although shares were lower for those who had been in Canada for three and five years, at 4.3% and 2.6%, respectively.

Figure 11: Incidence of employment insurance for selected immigrant categories, by years since landing (YSL), in tax year 2008



Source: IMDB, 2008 and CRA, 2008

- Economic immigrants typically have an incidence of employment insurance below the Canadian average in their first year following landing. With time spent in Canada and in the labour market, the incidence increases.
- For business immigrants the typical pattern exists but to a lesser extent. In 2008, the incidence of employment insurance among business immigrant principal applicants at one year since landing was—perhaps not unexpectedly—practically nil, and although slightly higher among those who had been in Canada for three years (2.0%) and those in Canada five years (2.8%), remained considerably lower than all economic principal applicants (7.5%, 13.8%, and 13.6%, respectively) and the Canadian average (9.5%).
- Similar to all business immigrants, entrepreneurs have low incidence of employment insurance during the first five years following landing. There is an increase in the incidence over time; however, the rate never exceeds 4%, remaining much lower than both the average for all economic immigrants and the Canadian average.