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IMDB 2008 Immigration Category Profiles

Business Immigrants - Self-employed

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.

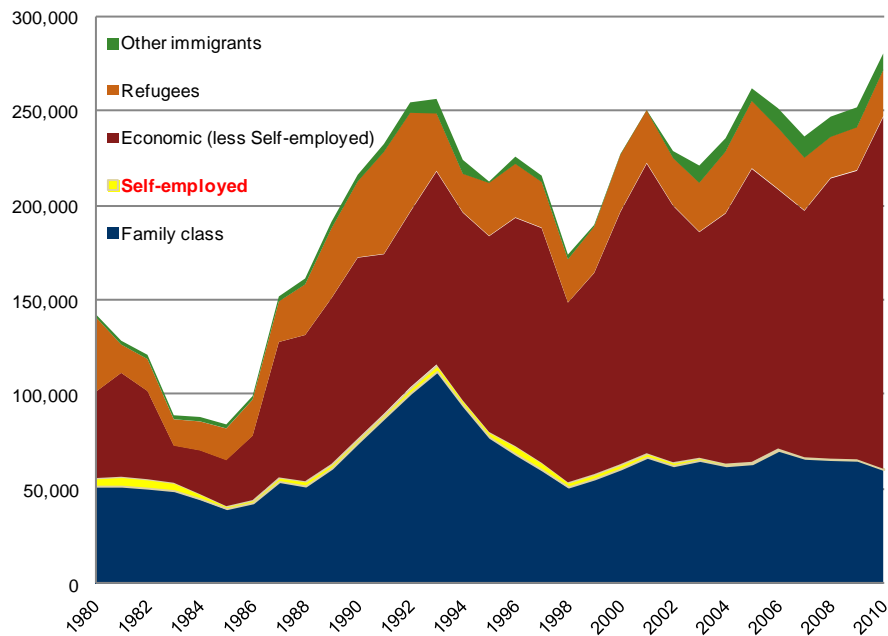
IMDB Research Series - Technical Notes

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

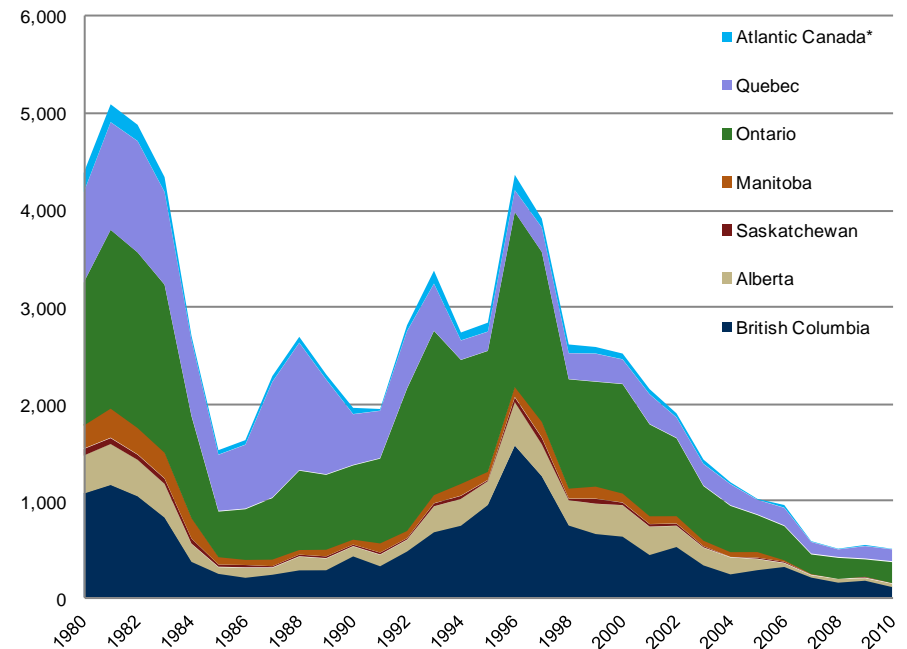
Figure 1: Immigrants, by landing year, 1980-2010

Immigration category



Source: CIC, Facts and Figures, RDM, 2010

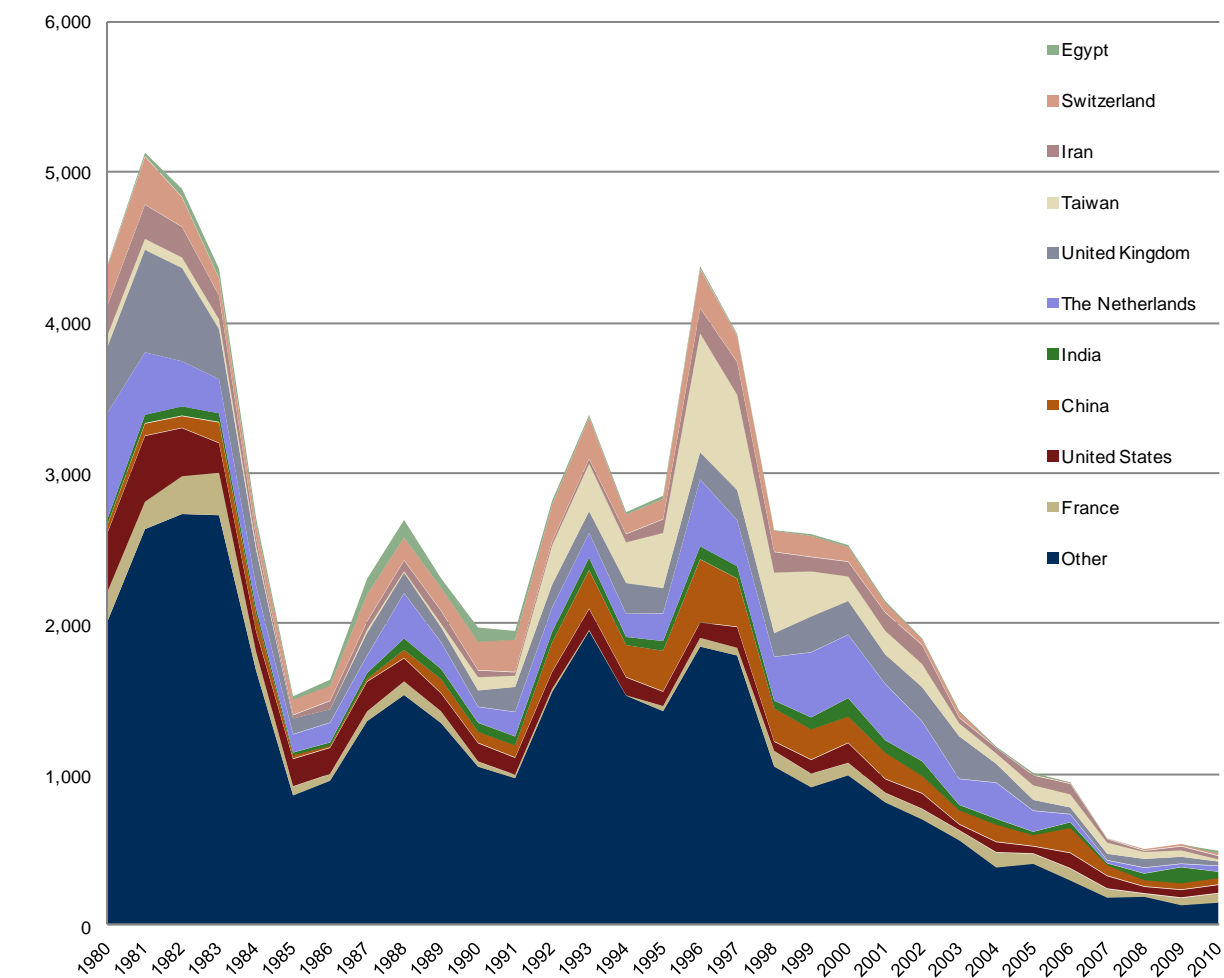
Self-employed by province of destination



*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% of Canada's total immigration over the period.
- Self-employed immigration accounted for 17% of business immigration between 1980 and 2010. Levels of self-employed immigration were highest in the early 1980s, peaking in 1981 at roughly 5,100 individuals, or 85% of business immigration. The number and share of immigrants in this category subsequently decreased and by 2010, with 500 self employed immigrants landing in Canada, self-employed immigrants accounted for just under 4% of business immigration.
- Ontario is the primary destination of self-employed immigrants, followed closely by British Columbia and Quebec. Self-employed immigration to Ontario peaked in 1993, accounting for 50% of all self-employed immigrant landings.
- Since 2005, an overall drop in self-employed immigration to Canada has meant lower levels destined to all provinces. Accounting for the lion's share, at 43%, Ontario remained the intended destination in 2010.

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

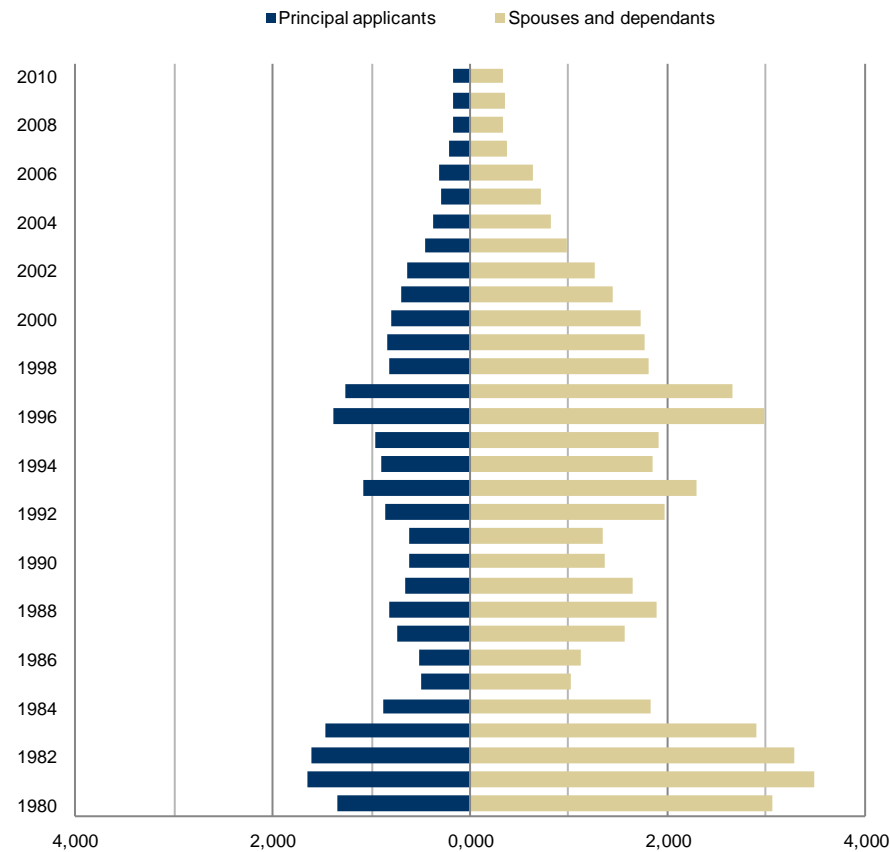


Source: CIC, Facts and Figures, RDM, 2010

- In 2010, France was the leading source country of self-employed immigrants to Canada, at 61 individuals, or 12%. This was followed by the United States of America (10%) and China (9%).
- Throughout the 1990s, until 1997, immigration from Hong Kong was the leading source country of self-employed immigrants, followed closely by Taiwan; China was a more distant third.
- Hong Kong was also a leading source of self-employed immigrants throughout the 1980s, together with the Netherlands, the United Kingdom, Germany, and, in the late 1980s, Lebanon.
- Overall the top ten source countries shown in Figure 2 have accounted for roughly 50% of all self-employed immigrants from 1980-2010. In 2010, these top ten source countries accounted for 69% of self-employed immigrant landings.

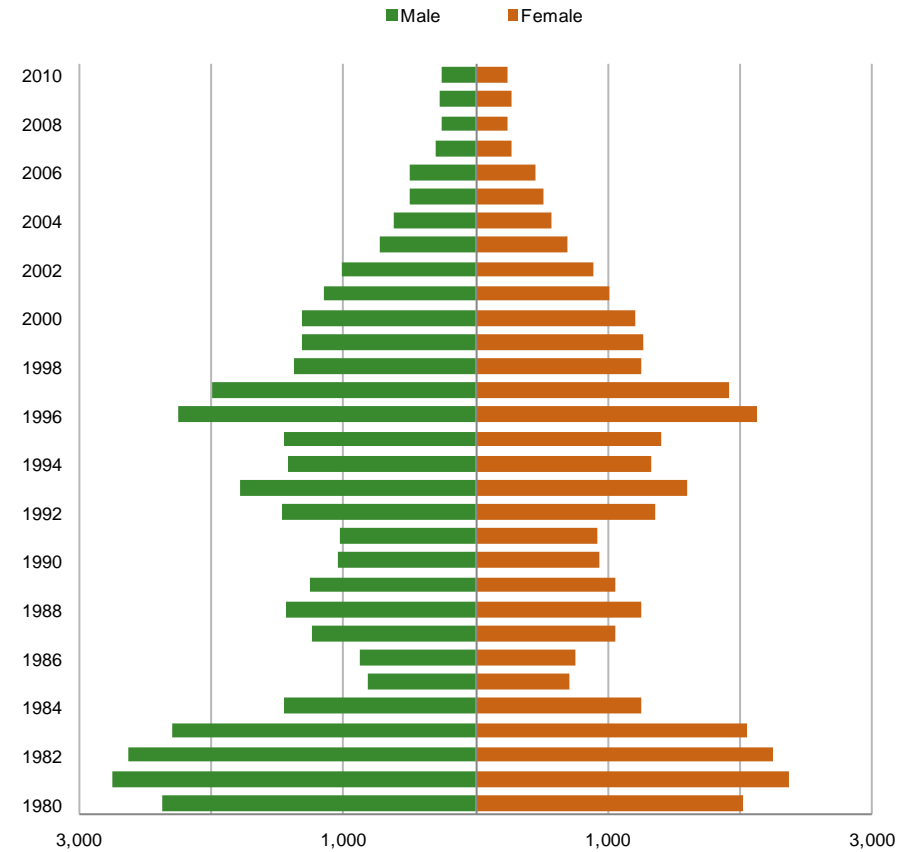
Figure 3: Number of self-employed immigrants, by landing year, 1980-2010

Family status



Source: CIC, Facts and Figures, RDM, 2010

Gender

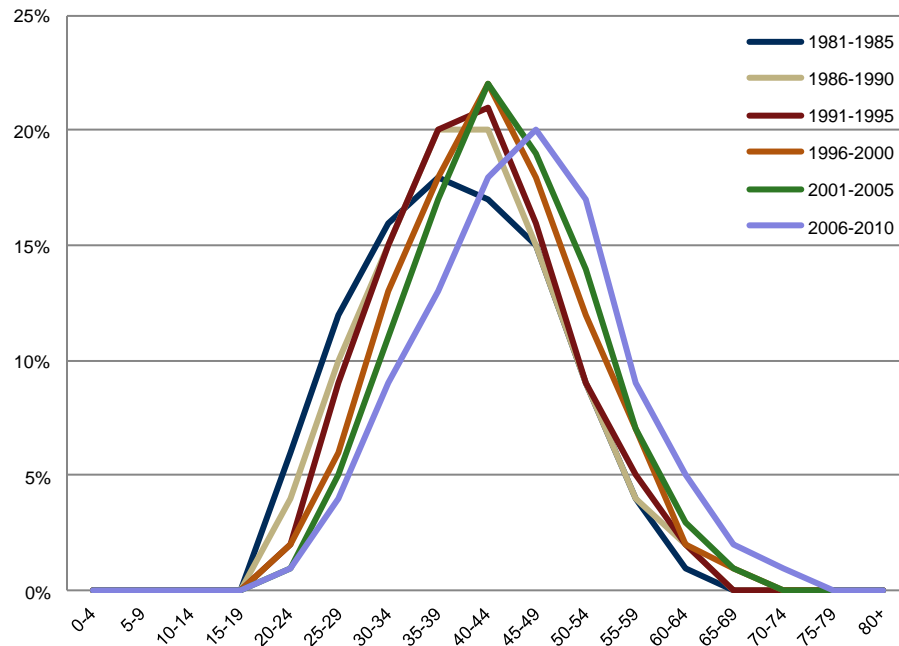


Source: CIC, Facts and Figures, RDM, 2010

- Over the period 1980 to 2010, the majority (62%) of self-employed immigrants were spouses and dependants. Among self-employed principal applicants, 84% were male. As for the self-employed spouses and dependants, the gender split was roughly 40% male and 60% female.
- The self-employed immigrant program has on average a slightly higher share of female to male principal applicants relative to the other business categories (entrepreneurs and investors).

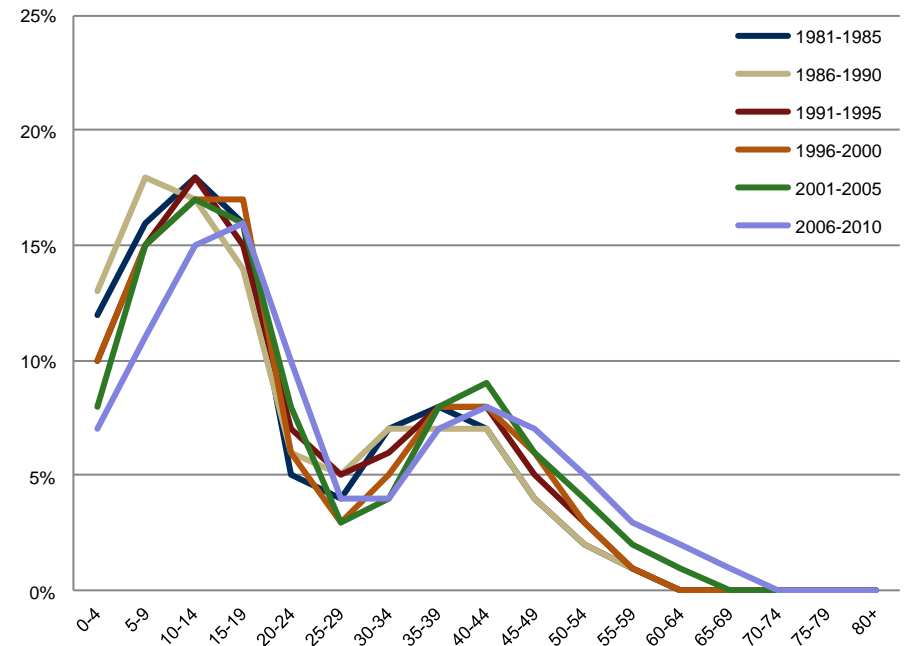
Figure 4: Age distribution of self-employed immigrants, by landing year, 1980-2010

Principal applicants



Source: CIC, Facts and Figures, RDM, 2010

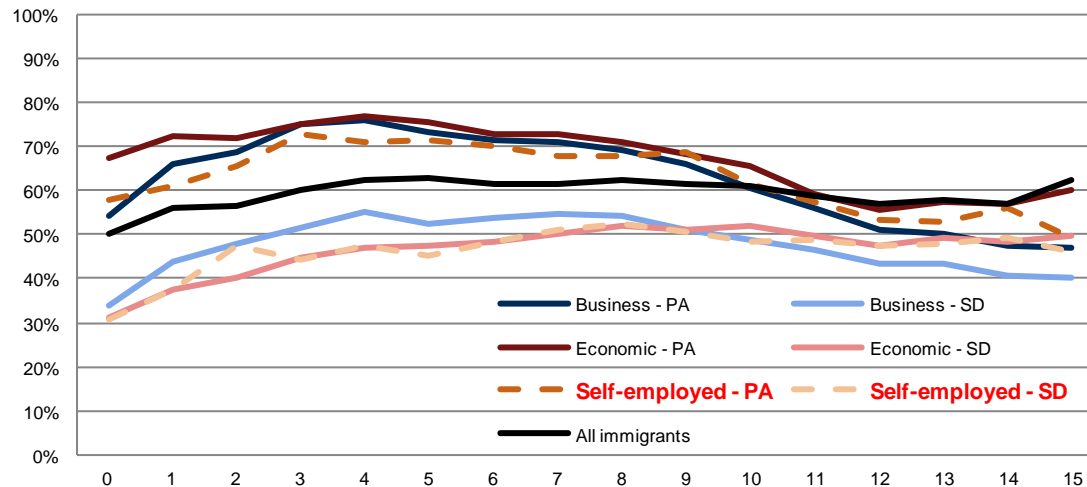
Spouses and dependants



Source: CIC, Facts and Figures, RDM, 2010

- The age distribution at time of landing of self-employed 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 self-employed principal applicants.
- The age distribution of self-employed immigrant spouses and dependants is bimodal, reflecting the two unique populations in this group - the spouses and the dependants. The distribution of self-employed spouses and dependants has also shifted to the right over time, corresponding to the increase in age at landing of principal applicants.

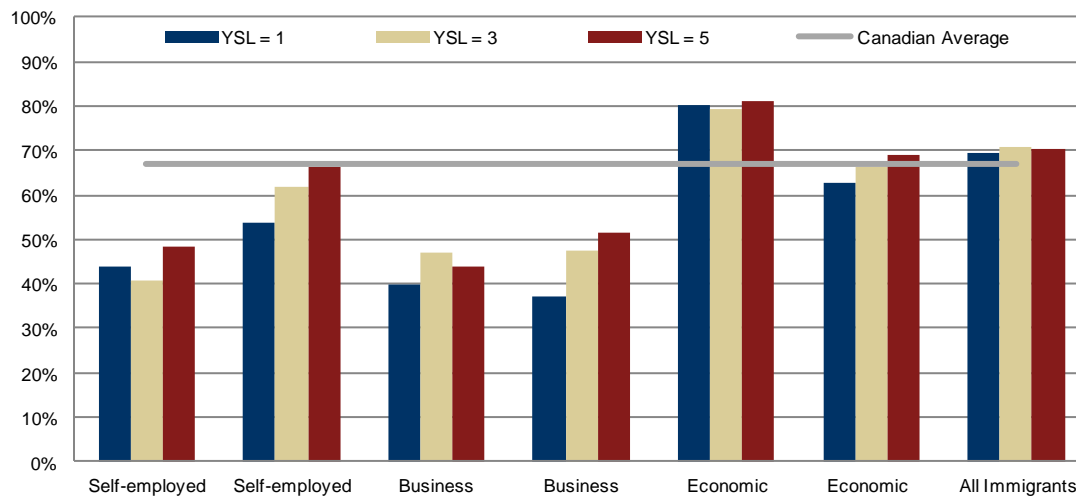
Figure 5: IMDB capture rate for selected immigrant categories, by years since landing (YSL), in tax year 2008



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

- For the first ten years following landing, the IMDB capture rate for self-employed principal applicants is roughly the same as that of all business immigrants - higher than the immigrant average and on par with that average for all economic immigrant principal applicants.
- Beyond the tenth year after landing the capture rates for business immigrants decline by more than that of self-employed immigrants and, as a result, the capture rate for self-employed immigrants surpasses that of the business immigrants.

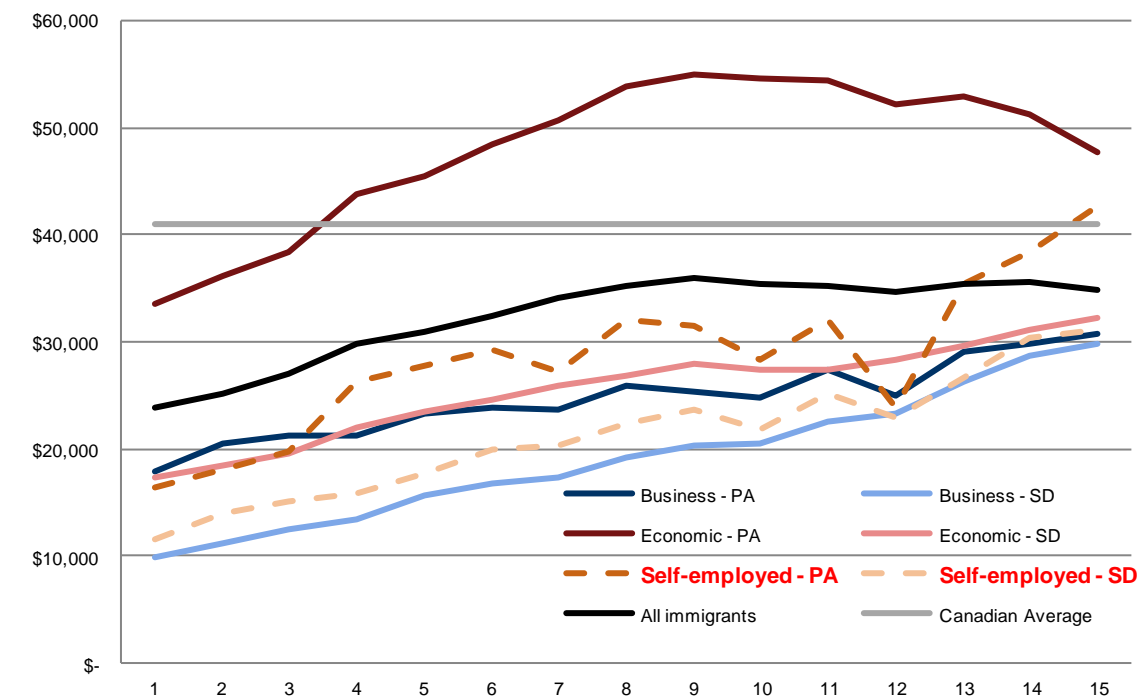
Figure 6: Incidence of employment earnings for selected immigrant categories, by years since landing (YSL), in tax year 2008



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 self-employed immigrants the same holds true for principal applicants; however spouses and dependants show a higher incidence than their principal applicant counterparts, with an incidence that is only slightly lower than that seen for all economic spouses and dependants.
- Within the first five years following landing the incidence of employment earnings fluctuates from roughly 40-50% for self-employed principal applicants.
- In contrast, the incidence of employment earnings increases steadily for self-employed spouses and dependants during the first five years in Canada from over 50% (YSL=1) to just under 70% (YSL=5), on par with the Canadian average by the fifth year.

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

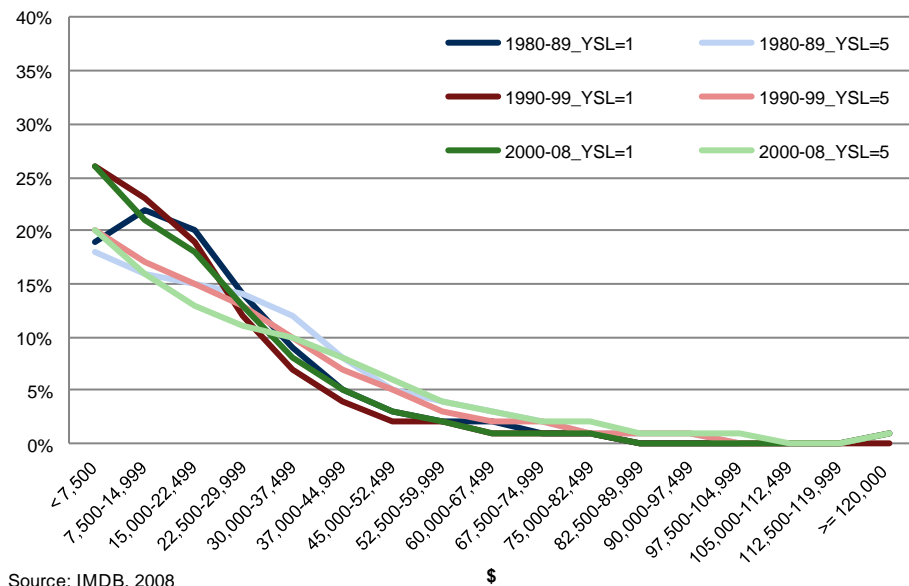


Source: IMDB, 2008 and CRA, 2008

- 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.
- 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.
- Self-employed principal applicants report average entry employment earnings under \$20,000 and demonstrate steady growth with time spent in Canada, reaching average employment earnings on par with the Canadian average at over \$40,000 after 15 years.
- Self-employed spouses and dependants report average entry employment earnings over \$10,000 and also demonstrate steady growth over time, reaching employment earnings over \$30,000 after 15 years in Canada.

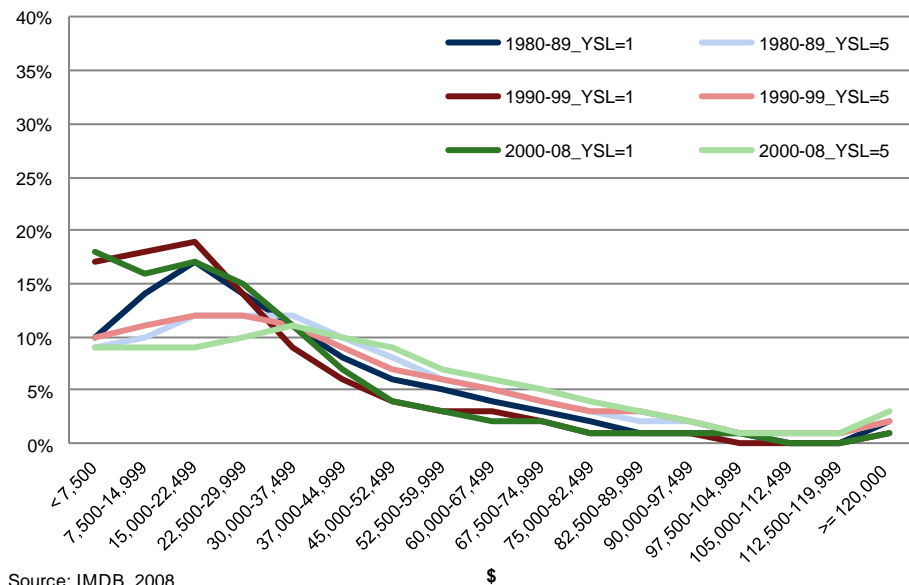
Figure 8: Distribution of employment earnings (\$2008), by cohort for selected immigrant categories, by years since landing (YSL), in tax year 2008

All Immigrants



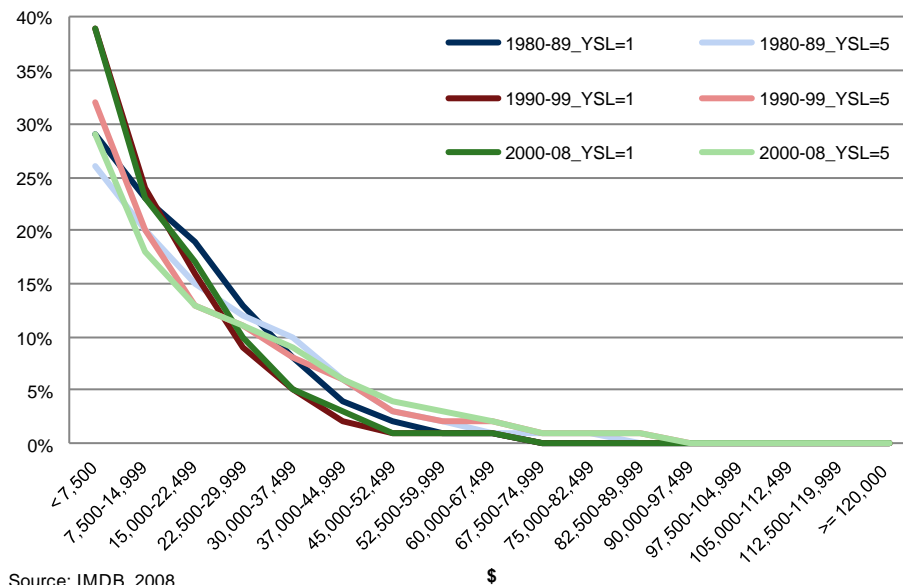
Source: IMDB, 2008

Economic principal applicants



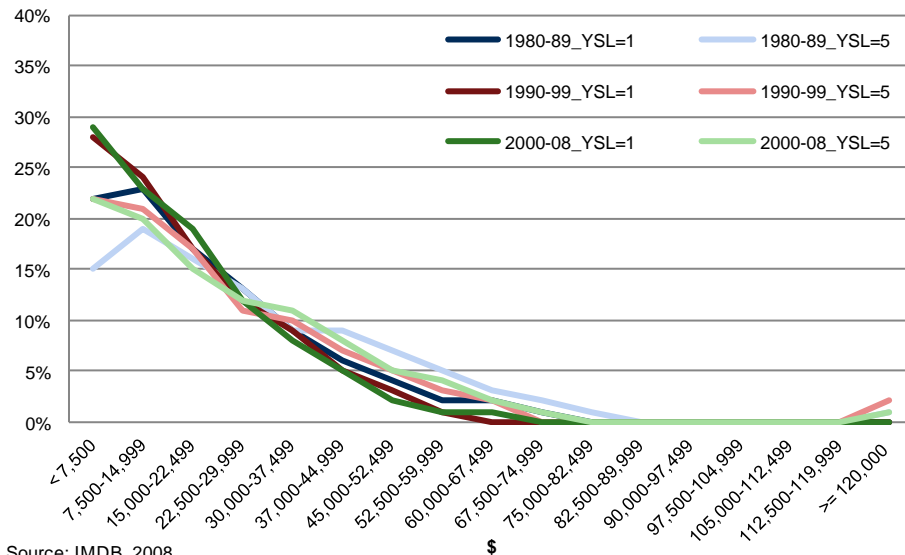
Source: IMDB, 2008

Economic spouses and dependants



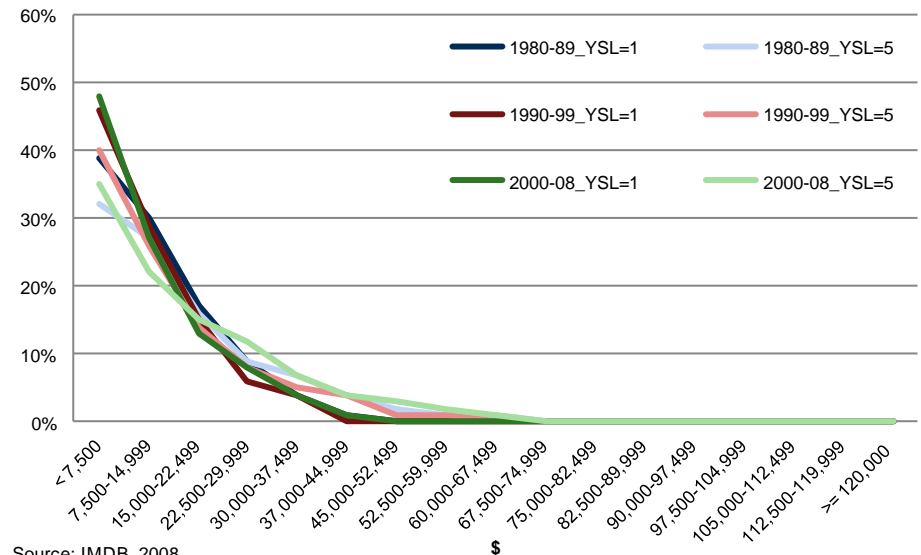
Source: IMDB, 2008

Self-employed principal applicants



Source: IMDB, 2008

Self-employed spouses and dependants

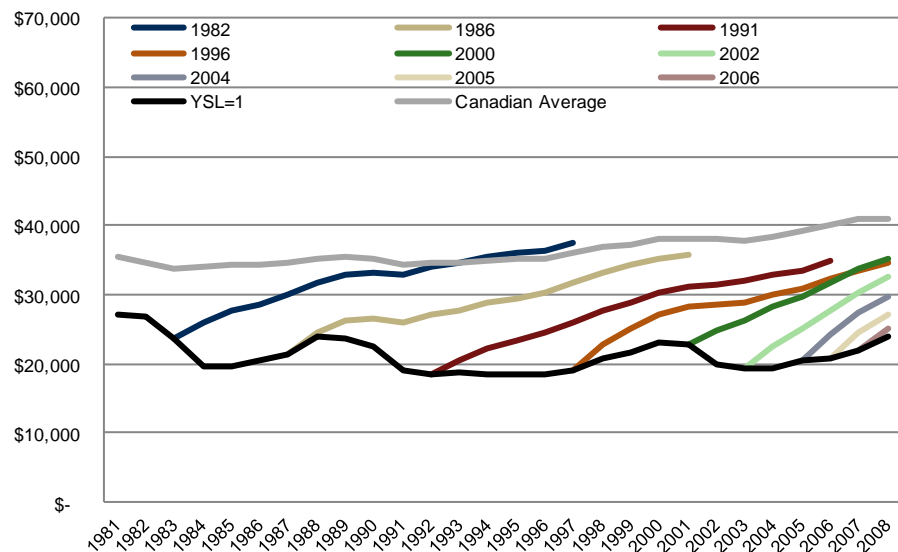


Source: IMDB, 2008

- 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 self-employed principal applicants the respective shares are higher than economic principal applicants and the shares seen for all immigrants with 71%, 64%, and 57% 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 self-employed principal applicants; however, the concentration in the lower end of the distribution has increased across cohort groups, with self-employed 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.

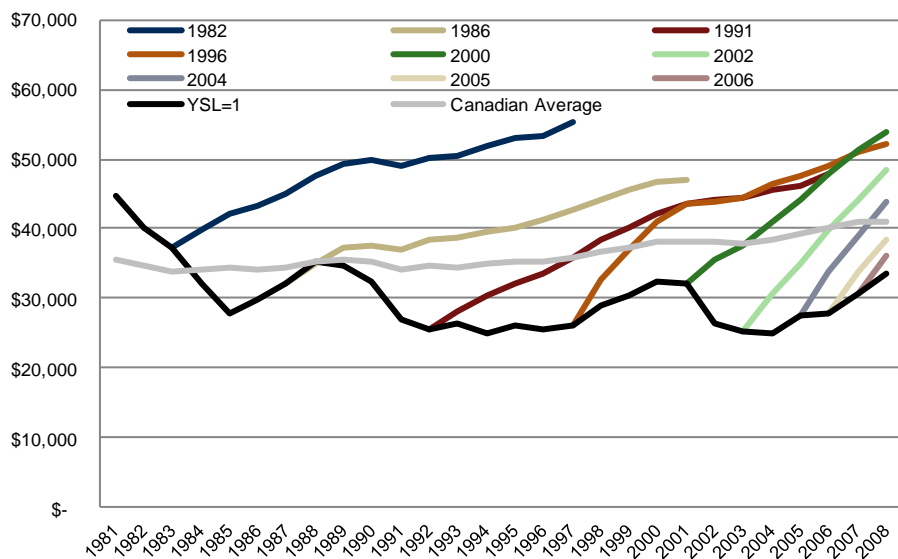
Figure 9: Average employment earnings (\$2008), by landing year and tax year, 1980-2008

All Immigrants



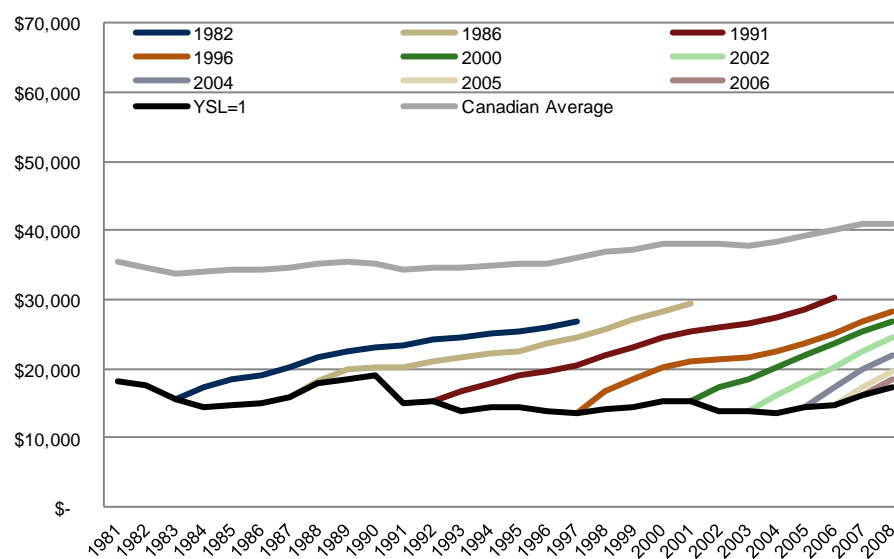
Source: IMDB, 2008 and CRA, 2008

Economic principal applicants



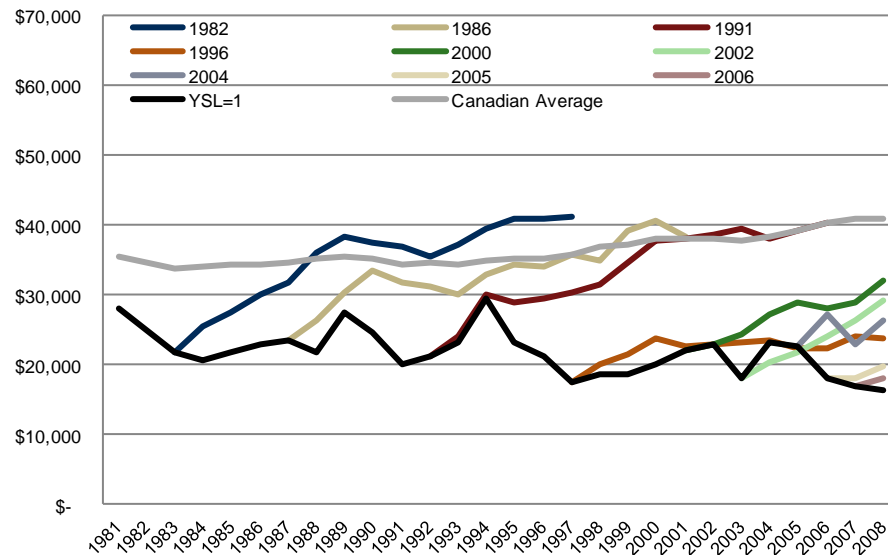
Source: IMDB, 2008 and CRA, 2008

Economic spouses and dependants



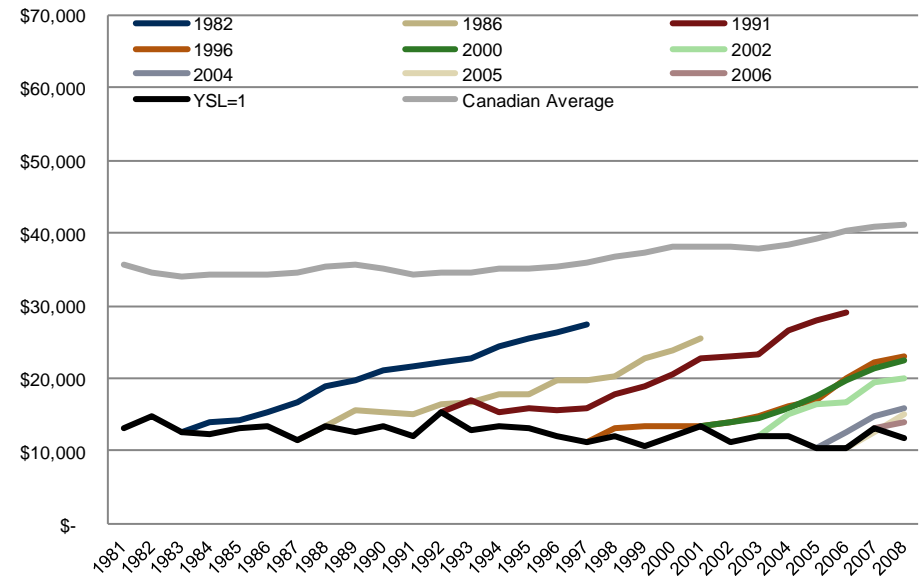
Source: IMDB, 2008 and CRA, 2008

Self-employed principal applicants



Source: IMDB, 2008 and CRA, 2008

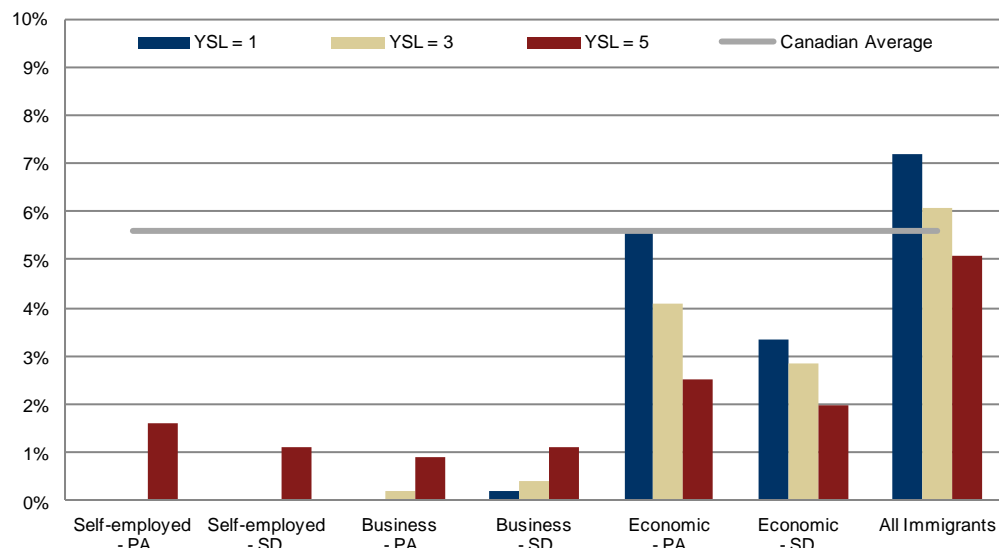
Self-employed spouses and dependants



Source: IMDB, 2008 and CRA, 2008

- Figure 9 illustrates average employment earnings one year after landing for selected immigrant categories including self-employed immigrants (1980 to 2007 landing cohorts), and shows earnings progression (employment earnings in subsequent years after landing) for select landing cohorts.
- Since the 1980s, entry employment earnings of self-employed immigrants have consistently been below that of the Canadian average. Moreover, since the 1990s, entry employment earnings of self-employed principal applicants have trended downward; in 1993, average employment earnings one year after landing were roughly \$29,500, or 85% of the Canadian average; by 2007, entry earnings had fallen to 40% of the Canadian average.
- In contrast to other immigrants, the employment earnings progression of self-employed principal applicants over the first five years in Canada has to some extent declined among more recent landing cohorts: as an example, those self-employed immigrant principal applicants landing 1990 had earnings grow by 24% between their first and third years in Canada, followed by another 22% between their third and fifth years; those landing in 2003, however, had weaker growth in earnings of 14% and 9% percent, respectively.

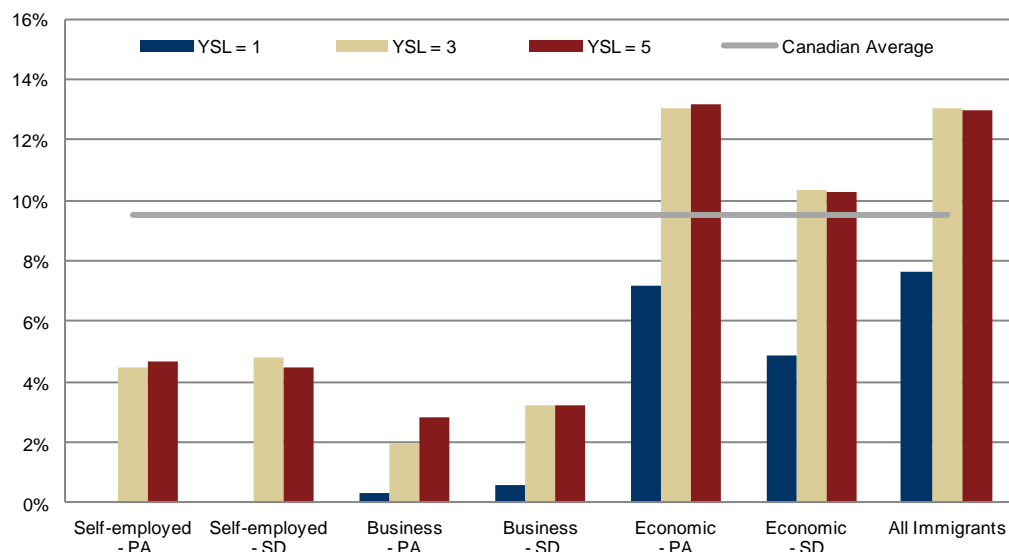
Figure 10: Incidence of social assistance for selected immigrant categories, by years since landing (YSL), in tax year 2008



Source: IMDB, 2008 and CRA, 2008

- In 2008, 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 five years there is some reporting of social assistance receipt in 2008. Self-employed principal applicants and spouses and dependants had an incidence of less than 2% in their fifth year following landing.
- 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, self-employed immigrants 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 5%, remaining much lower than both the average for all economic immigrants and the Canadian average.