

Dear Colleague,

Over the last several months our Foundations have been engaged in an exploration of whether self-employment and entrepreneurship is a viable option for lifting new Canadians out of poverty in the Greater Toronto Area (GTA).

This exploration stemmed from our respective organizations' long history addressing poverty in Canada, and our growing concern about changes to the labour market in Ontario, that have resulted in growing numbers of low-wage dead-end jobs and rising income inequality. It also stemmed from our desire to understand how private foundations might contribute to creating opportunities for low-income immigrants in the GTA who are interested in self-employment as a pathway to economic opportunity and financial sustainability.

We asked Dr. Sarah Wayland to undertake a literature, data, and program review to:

1. Identify characteristics of self-employment and entrepreneurship amongst immigrants;
2. Describe the challenges faced by immigrants in starting new businesses; and
3. Document existing services, programs and policies available in the GTA.

Her research report identified that even very small enterprises can have a positive financial impact on individual and families. Her [report can be downloaded](#) from our websites.

To deepen our understanding of the issues and opportunities surfaced in Dr. Wayland's research, we reached out to over 30 individuals with knowledge on this topic, through interviews and small roundtables. We met with officials from all three levels of government, immigrant-serving agencies, foundations, financial institutions, business networking organizations, and an ethnic business association. All gave generously of their time and wisdom to our effort.

Here are the key take-aways from these discussions. We hope you may find them useful in your own efforts to build an inclusive and economically just city-region.

WHAT WE LEARNED

Our conversations confirmed the findings of our report that self-employment can indeed be one dimension of a broad set of strategies that advances poverty reduction, and increases economic well-being for immigrants.

At the same time, they brought into focus important nuances that need to be integrated into any serious conversation about supporting low-income immigrant entrepreneurs. These included notions about how we define *success*, and what are considered *effective, high-impact* interventions.



1. Defining and Measuring Success

Colleagues reminded us that we cannot expect an immigrant living in poverty to create the next Facebook. We may not even find that most of the very poor will create a business that can support an entire family without additional income security supports or paid employment. Rather, a more realistic goal in many instances may be “income augmentation,” helping low income immigrants through self-employment, e.g. earn an extra \$200 to \$300 a month to reduce the stress in their lives, improve their standard of living, and enhance their feelings of self-worth. This type of recalibrating of “success” may enable the creation of a different suite of interventions more geared to the type of entrepreneurship already under way in many low-income high-rise communities across the GTA.

It may also help ensure that immigrants are provided with good advice about how much financial capital and time they invest in their business, as opposed to other strategies to build their economic livelihood. About a month before we published Dr. Wayland’s report, one of the business owners we interviewed, who had borrowed thousands of dollars for her business, filed for bankruptcy. It was a reminder to us that we do not want to further indebt those we are trying to help.

2. High-Impact Entrepreneurship Supports

The strategies to accomplish even modest entrepreneurship goals are complex, and no single solution will be effective for all immigrants. We heard over and over again that being nimble is essential for effectiveness. Yet, at the same time flexibility in the range of entrepreneurship supports provided is both time and labour intensive. Therefore, we were told it is unrealistic to think that organizations can step into undertaking this important work without being properly resourced. However, it was suggested that volunteers are a possible untapped resource that could be trained, supported and leveraged to provide some assistance.

In addition, we were told that an immigrant’s needs will be quite different if they are in receipt of social assistance, if they are unemployed, or working and looking to supplement their income. Because their English language skills and level of formal education may vary, so too will the services they require.

Market existing services to immigrant entrepreneurs:

We heard that many “one-off” workshops and webinars are available to immigrant entrepreneurs that cover the suite of topics necessary to start and grow a business. These could be “packaged,” promoted, and targeted to immigrants more effectively (particularly those who are highly educated and have high language skills). For those with high levels of education but who are not yet proficient in English, more resources in their first language would be helpful.

***Provide more one-on-one supports:***

We also heard that basic information obtained through workshops and webinars would not, in the absence of other supports, propel businesses forward. Rather there was an enormous need for customized, one-on-one supports that were grounded in both the skill level of the entrepreneur, and the particular help they were requesting. People talked about the value of “starting where the entrepreneur was at” as opposed to requiring them to follow a prescribed path to accelerate success. Some immigrants may need help with basic computer skills or financial concepts such as cash flow, for example. In other cases, a formal business plan may only be essential if financing is being pursued for the business. A “one size fits all” approach would not be effective in meeting these varied needs.

Offer neighbourhood-based advice:

Some colleagues spoke of the high value of “place-based” services located within specific low-income neighbourhoods to help break down barriers to participation associated with having to travel long distances to get assistance. Services nested in a community helped build rapport amongst entrepreneurs facilitating peer-to-peer learning and mentoring, and recognizing their collective strengths.

Create incubation spaces for small-scale entrepreneurs:

Along this theme, there was also discussion of the need for incubation/co-location opportunities for very small businesses across the city. These exist with larger scale start-ups in some sectors, but were largely absent in the city for small-scale emerging entrepreneurs. Incubation spaces present opportunities for entrepreneurs to be resources to one another, as well as potentially find ways to partner businesses together for joint benefit.

Promote itinerant entrepreneurship supports where it makes sense:

Given the scale of the city, the economic pressures for service dollars, it was also underscored that it may not make sense to have all supports available at all times at all potential locations. Offering “itinerant services,” such as legal advice, or financial expertise, may be an effective approach to get services to where they are needed in neighbourhoods in a cost-effective and timely fashion – particularly if this can be done within the context of a business incubation space/hub.

However supports are delivered, we heard repeatedly and emphatically in our conversations that they should be provided by individuals who have business training, and/or experience running an enterprise.

Support the growth of business through networking, legal advice, and financial supports:

Business owners can learn much from one another, and therefore networking opportunities are essential. While many newcomers create businesses that sell to or serve their own ethnic community, we heard repeatedly that in order to grow,



immigrant entrepreneurs need to create networks with other ethnic communities and with Canadian society more widely.

Some immigrants are already engaged in business activities. Some are doing so without the required permits, certification, or business space to operate their enterprise. We discussed the need to develop a better business case and supports that would assist emerging entrepreneurs grow their businesses, within the relevant regulatory frameworks. We may also need to create new structures that allow newcomers to support each other, such as through co-ops, or shared commercial space, that help them mitigate the risk of formalizing their business operations.

Along this line, enhancing access to a range of loan products for newcomers to grow their businesses was underscored as extremely important. Colleagues highlighted that micro-financing, while at a small-scale, was available in the region. Additional experimentation with, and development of, local capital lending and investment approaches (such as investment clubs, local stock exchanges, internet lending, pre-selling, etc.) would be of benefit to immigrant entrepreneurs.

3. Building an Eco-System of Supports for Immigrant Entrepreneurs

People we met with also raised important points related to how we strengthen the broader systems of supports available in the GTA. We note a few of their ideas below.

Settlement organizations have a role to play:

While settlement organizations have traditionally focused on employment services, these frontline services have an important role to play in identifying budding entrepreneurs and referring them to appropriate services. However, their role may be limited, as services funded by Citizenship and Immigration Canada (CIC) are restricted to permanent residents. Our research indicates that many immigrants will already have become Canadian citizens by the time they decide to pursue self-employment. Still, more training for front-line workers would increase awareness of existing services for entrepreneurs and increase their capacity to make good referrals.

Networks are critical to accelerating enterprise success:

As noted previously, networks can enable immigrant entrepreneurs to succeed. One strategy highlighted in our meetings worth noting here is the potential to better connect ethnic-based business associations to each other and to “mainstream” business organizations such as Boards of Trade.

As importantly, colleagues we met with spoke about the value of better networking amongst themselves – building the connections across the self-employment/entrepreneurship eco-system so that individuals can better link their



efforts where appropriate to accelerate impact. This would help groups to identify: where they might be able to create something together that they would not otherwise be able to do alone; how to identify and address “systemic” barriers to enterprise success; and, to share what is working well, so that it might be amplified across the region.

Address regulatory barriers and create an entrepreneurship strategy for the region:

There are often few retail and other business spaces available for low-income business owners in their neighbourhoods, and there are likely a number of regulations that impede entrepreneurship. It was suggested that a neighbourhood-level study may identify the city government’s role in supporting this kind of economic activity.

Implicit in this suggestion, and in many of the conversations we had, was the notion that an entrepreneurship strategy for low-income immigrants should be part of an economic development strategy for the region. A modest first step would be for the economic development offices in the GTA to host a symposium on this topic.

WHAT WE PLAN TO DO

When foundations embark on this type of research we are often asked, “What are you going to do?”

The answer is we aren’t quite sure yet – and while we approach this area of work enthusiasm, we also approach it with some caution.

About a decade ago, Maytree worked with a community agency to help unemployed immigrants explore routes to entrepreneurship. Together, we expended a fair bit of financial and social capital to support the success of would- be entrepreneurs. In the end the program failed to achieve its intended outcomes. In many ways the experience is somewhat fresh and Maytree is still figuring out the lessons from this experience. But small steps forward have been taken. Maytree works with an organization called Connect Legal which pairs low-resource immigrant entrepreneurs with lawyers willing to provide free legal advice on matters related to the growth of their business. Our participation in this research project is our next step in understanding the lay of the land. In this incremental way, we hope to find the right place for our efforts.

For its part, Metcalf has recently launched the Inclusive Local Economies Program which works with people and organizations to develop long-term strategies that create sustainable economic opportunities and generate wealth for low-income people and communities in Toronto. One important strand of this new work is in the area of entrepreneurship, where we are currently supporting several initiatives that



aim to catalogue existing barriers and opportunities for entrepreneurship and determine the feasibility of small business supports. The recently launched Resilient Neighbourhood Economies, which seeks to improve local capacity to enhance economic and wealth generation opportunities available to low-income people in two neighbourhoods, also has an entrepreneurship stream. More details about this emerging new program area of work are available on our website.

LOOKING FORWARD

As our organizations take tentative steps into the arena of immigrant self-employment and entrepreneurship we seek to learn from what we do, and from others working in this arena. We know there is great promise in fostering small businesses as vehicles to augment individuals' incomes and help families to make ends meet.

How to do this most effectively, drawing on the strengths and assets that exist in Toronto, such that the risks associated with business development are minimized, is an area we are deeply interested in.

We believe that self-employment can be good for immigrants and good for the city.. We hope that you join us in continuing to explore this potentially powerful lever for poverty reduction, and building real economic well-being.

Sincerely,

Ratna Omidvar

President
Maytree
170 Bloor St. W. Ste. 804
Toronto, ON M5S 1T9
www.maytree.com

Sandy Houston

President and CEO,
Metcalf Foundation
174 Avenue Road
Toronto, ON M5R 2J1
www.metcalffoundation.com

Sandra Lopes

Manager, Policy and Research
Maytree

Colette Murphy

Inclusive Local Economies Program Director
Metcalf Foundation