START-UP AND SUCCESS IN ETHNIC NEW VENTURES

WHAT IS THIS RESEARCH ABOUT?

Developed countries have experienced a wave of immigrant workers, many of whom strengthen the economy of their adopted countries through entrepreneurial means. Acknowledging the vital economic role played by immigrant entrepreneurs, the goal of this research was to provide a more comprehensive understanding of the human and social investments that shape the personal success of ethnic entrepreneurial owners.

This research asks, are significantly different rates of business start-up connected with very high or low personal and social investments? Do the returns on such investments by the self-employed differ significantly from other immigrants with very low and high investments, and from the average of all immigrants? What types of human and social investment activities are significantly associated with the creation of human and social capital?

WHAT DID THE RESEARCHERS DO?

Francine Schlosser and Gerry Kerr from the Odette School of Business at the University of Windsor analyzed data from Statistics Canada's Ethnic Diversity Survey. This data facilitated the examination of the impact of human and social investments on individual success. Focusing on immigrants to Canada, the researchers were able to analyze the responses of over 7,000 survey participants. The analyses performed by these researchers focused on immigrant’s personal and social investments, personal income, and investments that impact personal income.

The researchers analyzed this data in order to respond directly to gaps in the literature. Since this data was large-scale and cross-sectional, collected from ethnic and immigrant entrepreneurs in Canada, it was able to test the researchers theory of personal success based on human capital theory and social capital.

WHAT DID THE RESEARCHERS FIND?

- There are higher rates of self-employment and personal income in individuals very high in human and social investments. Thus, responding to the opportunities presented to them, immigrants possessing substantial capital are more likely to be self-employed. In contrast, those lacking such investments were more likely to work for other people, at a lower rate of pay.
- Self-employment was significantly less common for respondents very low in personal and social investments.
- Investments in education, by respondent and spouse, positively impacted personal income.
- Social investments in ethnic and sports organizations were the only types favorably associated with income.
- A general linguistic proficiency does not shape personal success for self-employed immigrants. This leaves the possibility that English alone is important to business success.
- Self-employed immigrants with high personal and social investments consistently earned higher incomes than other immigrants employed by others or making lower investments.
HOW CAN YOU USE THIS RESEARCH?

This research is valuable to practitioners because government policies toward immigrants do not target only one or two groups. Instead, sweeping policies provide consistency and fairness among immigrants. This research provides information about capital-producing activities across multiple ethnicities. Therefore, it can be used to develop helpful government policies when used by public policy-makers who enhance the critical activities of entrepreneurs.

This paper is also relevant to ethnic entrepreneurs. The contributions of this research rest on the fact it is based on a very large and diverse sample of immigrants, therefore providing valuable information.

This research may also be useful to researchers. This research provides academic value by offering a rare quantitative analysis of new ventures originated by individuals across many ethnicities, instead of the more common comparison of two or three ethnicities. Therefore, it can be further built on in future studies.

CITATION


KEYWORDS

Start-Up, Success, Ethnic New Ventures, Immigrants, Self-Employment, Investment

WHAT YOU NEED TO KNOW

Higher rates of self-employment and personal income are found in those very high in human and social investments. Self-employment is significantly less common for respondents very low in personal and social investments, and no differences exist for the few who balanced low personal investments with more social investments.