



**FINAL REPORT:**

**Opportunities & Obstacles Facing English-Speaking  
Newcomers Launching Small to Medium Enterprises  
(SMEs) in Quebec**

**PRESENTED BY:**



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# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

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# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

## EXECUTIVE SUMMARY

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The objective of this research study is to identify the key barriers and opportunities that English-speaking newcomers face when launching or planning to launch small to medium enterprises (SMEs) in Quebec. We intend to use the information gathered by this study to assist policy makers and entrepreneurship service providers in supporting newcomers (recent immigrants who arrived in the past five years) in the creation and growth of SMEs, leading to a stronger entrepreneurial society and economy in Quebec.

A two-phase research study was designed to accomplish this overall objective. The first phase involved an on-line survey of 253 English-speaking newcomer-entrepreneurs in Quebec. The on-line survey collected valid and complete data from 109 entrepreneurs who are planning to launch a business in Quebec, 40 current business owners, and 53 entrepreneurs who do not plan on launching an SME in Quebec. During the second phase of the study, we held two focus groups (in Montreal and Quebec City) and conducted individual interviews with 35 entrepreneurs/current business owners.

Some of the key findings from our research study titled “Opportunities and Obstacles for Newcomers Launching SMEs in Quebec / Opportunités et obstacles pour les nouveaux arrivants lors du démarrage de PME au Québec” are summarized below:

- 57% of current business owners surveyed and 60% of entrepreneurs in the planning phase would recommend starting a business in Quebec. While this forms the majority for the two groups of English-speaking immigrants, there is still a significant proportion who are discouraged by the entrepreneurial landscape of Quebec (40-43%).
- Financial concerns (lack of start-up capital/access to finances and taxes) may prevent a lot of new immigrant businesses from launching in Quebec. Access to finances was identified as the #1 barrier to launching a business for prospective business owners (74% saw it as a ‘somewhat’ to ‘very serious obstacle’) and was the #2 barrier for current business owners (67%), just behind the lack of network support and assistance (68%).
- Entrepreneurs in the planning phase of business development were much more likely than current business owners to access the following sources of business support: training programs (74% v. 33%), government resources (77% v. 15%), entrepreneurship centres (73% v. 33%), community organizations (67% v. 42%), business associations (71% v. 27%), professional associations (60% v. 25%), trade shows (57% v. 21%) and the Board of Trade (54% v. 9%).
- Language laws (61%) and language barriers (56%) were seen as obstacles to English-speaking immigrant business owners in our study, however, this is based on entrepreneurs’ perceptions of language barriers affecting small businesses in Quebec. Francization laws in the province currently only apply to businesses with 50 or more employees, and thus do not affect the majority of entrepreneurs involved in our study.

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- Entrepreneurs need access to established networks in the business community. Lack of network support and assistance was the #1 barrier as identified by business owners (68%) and the #3 barrier for pre-launch entrepreneurs (71%) in our sample.
- Access to business support services in English was another major barrier for the English-speaking community of newcomer-entrepreneurs, especially for current business owners in Quebec (59%). This may indicate a need for more outreach efforts by service providers with the business community of Quebec.

Overall, there is a strong sense of a growing and thriving entrepreneurial community in Quebec, which is open to receiving English-speaking recent immigrants; however, many of these newcomers lack access to the human (e.g., access to finances) and social capital (e.g., access to networks) resources necessary to successfully launch small to medium businesses in Quebec.

A set of program and policy-related recommendations are provided in order to improve economic opportunities available to recently-arrived English-speaking entrepreneurs, which include the following: increasing funding to develop English-language services and supports (e.g., trainings/workshops) for recently arrived immigrant-entrepreneurs in Quebec; expanding upon existing collaborations with community partners (in Montreal and in the regions of Quebec) to increase the current reach of entrepreneurial services; offering peer-to-peer support and networking opportunities and providing mentoring services to new and prospective business owners; improving access to finances/start-up capital; and restructuring existing tax laws to facilitate new business growth and development in Quebec.

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### RÉSUMÉ

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L'objectif de cette recherche est d'identifier les principaux obstacles et les opportunités auxquels peuvent s'attendre les nouveaux arrivants anglophones lorsqu'ils démarrent ou envisagent de démarrer une petite ou moyenne entreprise (PME) au Québec. Nous avons l'intention d'utiliser l'information recueillie lors de cette étude pour aider les décideurs et les fournisseurs de service en matière d'entrepreneuriat à appuyer les nouveaux arrivants (les immigrants qui sont arrivés au cours des cinq dernières années) dans la création et la croissance des PME, pour renforcer une économie et une société d'entrepreneuriat au Québec.

Une étude de recherche comportant deux volets a été conçue pour atteindre cet objectif global. Le premier volet comprenait un sondage en ligne effectué auprès de 253 entrepreneurs qui étaient de nouveaux arrivants anglophones au Québec. Grâce au sondage en ligne, nous avons recueilli des données valides et complètes de la part de 109 entrepreneurs qui envisagent de démarrer une entreprise au Québec, 40 propriétaires d'entreprise actuels, et 53 entrepreneurs qui n'ont pas l'intention de démarrer une PME au Québec. Au cours du deuxième volet de l'étude, nous avons tenu deux groupes de discussion (à Montréal et Québec) et avons mené des entrevues individuelles avec 35 entrepreneurs et propriétaires d'entreprise actuels.

Certains des principaux résultats de notre étude, intitulée « Opportunities and Obstacles for Newcomers Launching SMEs in Quebec / Opportunités et obstacles pour les nouveaux arrivants lors du démarrage de PME au Québec », sont résumés ci-dessous :

- 57 % des propriétaires d'entreprise interrogés et 60 % des entrepreneurs dans la phase de planification recommanderaient le démarrage d'une entreprise au Québec. Bien que cela constitue une majorité pour les deux groupes d'immigrants anglophones, il y a néanmoins une importante proportion d'individus qui sont découragés par le visage actuel de l'entrepreneuriat au Québec (40-43 %).
- Les préoccupations financières (manque de capital d'amorçage/pas d'accès au financement, les taxes) pourraient empêcher un grand nombre d'immigrants de démarrer leurs entreprises au Québec. L'accès au financement a été identifié comme étant le premier obstacle en importance pour ceux qui désirent devenir propriétaires d'entreprise (74 % le considèrent comme un obstacle « plutôt majeur » à « très majeur ») et le deuxième obstacle en importance pour les propriétaires d'entreprise actuels (67 %). Il était précédé de près par le manque d'un réseau de soutien et d'aide (68 %).
- Les entrepreneurs dans la phase de planification du développement de l'entreprise étaient beaucoup plus susceptibles que les propriétaires d'entreprise actuels d'accéder aux sources d'aide aux entreprises suivantes : les programmes de formation (74 % c. 33 %), les ressources gouvernementales (77 % c. 15 %), les centres d'entrepreneuriat (73 % c. 33 %), les organismes communautaires

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(67 % c. 42 %), les associations d'entreprises (71 % c. 27 %), les associations professionnelles (60 % c. 25 %), les salons professionnels (57 % c. 21 %) et la Chambre de commerce (54 % c. 9 %).

- Les lois linguistiques (61 %) et les barrières linguistiques (56 %) sont perçues comme des obstacles par les propriétaires d'entreprise immigrants anglophones de notre étude, cependant, ceci est basé sur les perceptions des entrepreneurs à propos des effets des barrières linguistiques sur les petites entreprises au Québec. Actuellement, les lois de francisation de la province ne s'appliquent qu'aux entreprises de 50 employés ou plus. Elles n'affectent donc pas la majorité des entrepreneurs impliqués dans notre étude.
- Les entrepreneurs ont besoin d'avoir accès à des réseaux établis dans le milieu des affaires. Le manque d'un réseau de soutien et d'aide a été identifié comme étant l'obstacle le plus important par les propriétaires d'entreprise (68 %) et le troisième obstacle en importance pour les entrepreneurs en phase de démarrage (71 %) de notre échantillon.
- L'accès aux services de soutien aux entreprises en anglais était un autre obstacle important pour la communauté d'entrepreneurs nouveaux arrivants anglophones, en particulier pour les propriétaires d'entreprise au Québec (59 %). Cela pourrait indiquer qu'il y a une demande pour un plus grand nombre d'activités d'extension des services organisées par les fournisseurs de services et la communauté des affaires du Québec.

Dans l'ensemble, il existe une communauté entrepreneuriale prospère et en pleine croissance au Québec, qui est disposée à accueillir de nouveaux immigrants anglophones ; toutefois, bon nombre de ces nouveaux arrivants n'ont pas accès aux ressources humaines (p. ex., l'accès au financement) et en capital social (p. ex., l'accès aux réseaux) nécessaires pour réussir à démarrer avec succès de petites et moyennes entreprises au Québec.

Un ensemble de suggestions en matière de programmes et de politiques est fourni dans le but d'améliorer les débouchés économiques offerts aux nouveaux arrivants anglophones, incluant les éléments suivants : accroître le budget pour développer des services et du soutien en anglais (par exemple, formations/ateliers) pour les entrepreneurs immigrants récemment arrivés au Québec ; élargir les collaborations actuelles avec les partenaires communautaires (à Montréal et dans les régions du Québec) pour augmenter la portée des services aux entreprises ; offrir un soutien par les pairs et des possibilités de réseautage et fournir des services de mentorat aux nouveaux et futurs propriétaires d'entreprise ; faciliter l'accès au financement et au capital d'amorçage ; et restructurer les lois fiscales pour faciliter la croissance et le développement des nouvelles entreprises au Québec.

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## STUDY OVERVIEW

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The objective of this research study is to identify the key barriers and opportunities faced by English-speaking newcomers (recent immigrants who arrived in the province within the past five years) when launching or planning to launch small to medium enterprises (SMEs) in Quebec. Another study objective is to collect primary data for English-speaking newcomer-entrepreneurs in Quebec, since there are relatively few sources of information on the subject. The intent is to use the information gathered by this study to assist policy makers, entrepreneurship programs and service providers in supporting newcomers in the creation and growth of SMEs, leading to a stronger entrepreneurial society and economy in Quebec.

In order to accomplish these objectives, we designed a two-phase study involving an on-line survey of English-speaking newcomers who currently own small businesses or who are planning to launch an SME in Quebec, followed by a series of focus groups (in Montreal and Quebec City) and individual interviews (conducted on-line) with English-speaking entrepreneurs/business owners. We also examined the types, characteristics and access to English-language services for newcomers/entrepreneurs in Quebec, and how familiar or aware the English-speaking community is of these resources.

What follows is a presentation of the literature on immigrant entrepreneurship in Canada and Quebec and a summary of findings from the on-line survey and focus groups of recent immigrants/entrepreneurs in Quebec. We close with a set of program and policy-related recommendations to improve the state of entrepreneurship for English-speaking newcomers in Quebec and the strength of the overall Quebec economy.



## LITERATURE REVIEW

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### The Entrepreneurial Landscape

Establishing small and medium size enterprises (SMEs) is a viable employment option for those joining the Canadian workforce, with 14.7% of the adult population between the ages of 18 and 64 either undertaking a business start-up in the last three years, or operating a new business less than three and a half years old (Langford, Josty & Saunders, 2015). This is often referred to as *entrepreneurship*, a distinct term from self-employment (Reuber, Fisher & Canada, 2010). What distinguishes entrepreneurs from others is their venturing spirit that entails creativity, innovation, and risk-taking as they recognize a business opportunity and act upon it (Li, 2010; Wayland, 2011).

Canada has the highest rate of early stage entrepreneurship among the major developed countries in the World Bank category on innovation driven economies (Langford, Josty & Saunders, 2015). But how exactly do newcomers, those who have immigrated to Canada less than 5 years ago, fare in this situation?

The Organisation for Economic Cooperation and Development (OECD) indicates that in Western industrialized democracies, the entrepreneurship rate of immigrants tends to be higher than that of people born in the country (OECD, 2010). This echoes the trends found in Li's (1997) study among visible minority immigrants in Canada, which depicts how immigrants are more prone to engaging in entrepreneurship relative to the Canadian born population – a reality supported by Razin and Langlois (1996) and Hiebert (2002) as well. In an enquiry for the OECD over a decade later, Li (2010) found that immigrants are almost twice as likely to be self-employed than non-immigrants in Canada. But it is important to note that for newcomers, immigrant business ownership rates are low immediately after entry into Canada. Only after four to eight years do they surpass the Canadian-born in entrepreneurial activity (Green et al., 2016).

There is limited literature on the English-speaking immigrant experience regarding entrepreneurship in Quebec, which we will explore over the course of this review. In addition, the relatively low entrepreneurial start-up rate in the province (5.5%) must be considered in comparison to the rest of Canada (8.4%) (St-Jean & Tremblay, 2013). For our focus on immigrant entrepreneurship specifically within the English-speaking communities of Quebec, it is well documented that in all regions, higher unemployment rates for the Canadian and foreign-born population have resulted from the lack of opportunities for economic development (Quebec Community Newspapers Association, 2010). Outside of Quebec's major urban centres, English speakers also have higher rates of underemployment and poverty (Standing, S.C.O.O.L., 2011).

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## Contextualizing Immigrant Entrepreneurship

The phenomenon of immigrants engaging in business by creating employment for themselves and in some cases for others – as opposed to being salaried workers – has been described using several different terms including *immigrant businesses* and for the purposes of this research *immigrant entrepreneurship* (Li, 2010); but there are slight variations among these two terms. First, an *immigrant business* suggests that there are certain characteristics associated with the type of SME, often times satisfying a neglected demand deemed not-profitable enough by the host country's entrepreneurs (Allali, 2010). In addition to immigrant ownership of the SME, other attributes of an immigrant business include whether the clientele the business serves is of the same ethnic background as the owner, if the services provided are of a particular cultural brand, and whether the location of the SME is in an immigrant-congregated area (Li, 2010). Secondly, *immigrant entrepreneurship* can only be understood within its own cultural or ethnic context (Busenitz & Lau, 1996; Aissaoui, 2004; Danes et al., 2008; Senik & Verdier, 2008). More specifically, an immigrant entrepreneur can be defined as someone who identifies opportunities through an SME they start or acquire that has tight relationships with the ethnic community they belong to (Chaganti & Greene, 2002; Carter & Ram, 2003). In the context of the current study, this may also be defined in terms of one's official language community.

When examining Quebec, there are two prominent discourses that explain why immigrants choose to engage in entrepreneurial activities. The first is that immigrants start their businesses in reaction to what they consider a rejection by their host country (Allali, 2010). This is not a novel concept for even in 1996, Razin and Langlois who investigated entrepreneurship in various Canadian cities including Montreal, found that immigrant entrepreneurship arose out of necessity when employment opportunities were scarce in the host country. On the other hand, the Global Entrepreneurship Monitor highlights that in Canada, relative social and economic stability results in entrepreneurial activity being motivated by the perception of opportunity rather than necessity (Langford, Josty & Saunders, 2015). The Global Startup Ecosystem Ranking has even recently placed Montreal among the top 20 startup ecosystems in the world (Compass.co, 2015). However, the reality is that even though the rate of entrepreneurial intent among immigrants in Quebec is 32.3% compared to 18.8% in the rest of the adult population, less than one in ten immigrants (9.5%) actually ends up launching an SME (Marchand, Chirita & Ibanescu, 2015).

Although some immigrants' admittance into Quebec through the entrepreneurship category is contingent upon their commitment to start an SME, several studies within the province have showcased how the difficulty in finding a job does trigger many immigrants' entrepreneurial intention in the face of unemployment and discrimination (Allali, 2010; Giguère, 2007). Robichaud found in his 2002 study that two thirds of all Portuguese entrepreneurs in Greater Montreal had no previous intention of starting a business before coming to Quebec. Menzies et al. (2007) reached similar conclusions

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regarding other ethnic groups in their study of Chinese, Italian, Sikh, Jewish and Vietnamese communities, as they identified the most salient elements determining business opportunities amongst them in the Canadian context, including Montreal. Often times, pursuing an entrepreneurial opportunity was the best option when the alternatives were either going back to their home country, moving to another province/country, or applying for social welfare (Allali, 2010).

Nonetheless, the perception of opportunity does play a major role in immigrant entrepreneurship in Quebec, as it is seen to accelerate wealth creation, income generation, employment options and social mobility (Helly & Ledoyen, 1994). In a study on self-employment and employment in Quebec's English-speaking cultural communities, Jedwab (2006) confirms that the self-employed are more likely to be 'opportunity' rather than 'necessity' entrepreneurs. Using the Public Use Microdata Files from Census Canada, Li (1997) even found that on average, wages were higher for immigrants in entrepreneurship than those of workers. That being said, the differences were not systematic for all groups in Quebec.

This brings to light the fact that rates of entrepreneurial activity are high in some immigrant ethnic groups and can be traditionally explained, at least in part, by cultural differences. In reference to the Weberian concept of the "spirit of capitalism," there are certain cultural qualities that propel some immigrant groups to pursue business ventures (Li, 2010). Ibrahim and Galt (2003) stress the socioeconomic context of markets to explain why certain groups choose to take a chance and succeed in SMEs while others do not. Various researchers such as Martes (2004), Heath and McMahon (2000), Ram and Jones (1998), Razin and Langlois (1996), Bonacich and Light (1988) and Bonacich (1972, 1973, 1980, 1987) consider a large array of factors that contribute to this tendency such as the educational level within a particular community, experiences of discrimination, and even religion. Yet others such as Herring (2004) are interested in contrasts between groups, and the correlation between different countries promotion and development of entrepreneurship.

In Dana's (1993) study of immigrants in Montreal, it was uncovered that for certain ethnic groups such as Indians, entrepreneurship was desired as it was not within the realm of possibility in their native country. This is supported by Jedwab's (2006) findings on English-speaking immigrant entrepreneurs that in Asian and Indian communities, the history of entrepreneurship and the presence of many local role models would allow others from the same community to gravitate towards entrepreneurship. For other groups like Italians, entrepreneurship was a last resort in terms of employment once all other possibilities had failed. At the same time, Haitians neither looked favourably upon nor encouraged entrepreneurship as a livelihood (Dana, 1993). This could be due to the fact that in another study looking at the Black community in Montreal, it was revealed that the community had fewer available role models and business mentoring opportunities as it was not part of their daily life (Jedwab, 2006).

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It is important to note that ethnicity goes beyond national origin for it “draw(s) [on] an important distinction between ethnic-owned economies (ethnic business owners and their co-ethnic employees and helpers), ethnic enclave economies (clustered around a territorial core) and ethnic-controlled economies (co-ethnic employees exert significant economic power in an occupation, sector or industry)” (Morris, 2000). Paré (2000) investigated this as she looked into the state of immigrant entrepreneurship in the multiethnic neighbourhoods of Montreal. Scholars such as Light and Gold (2000) see this ethnic component as an economic advantage for a business, apart from wealth and human capital. On the other hand, given the heterogeneity of SME owners, some scholars emphasize the fact that ethnicity should not be the category that defines these entrepreneurs (Cardon et al., 2008).

So what does it take to become a successful immigrant entrepreneur as an English-speaking newcomer to Quebec? Toulouse and Brenner (1990) identify five major factors contributing to successful business ventures by immigrant groups: 1) the intra-ethnic network; 2) the family; 3) the industrial sector in which ethnic community member’s work; 4) the venture creation process; and 5) the value of the economic activity generated. These factors will be further expanded upon in the following two sections that outline what the existing literature has identified to be potential opportunities and obstacles for English-speaking immigrant entrepreneurs in Quebec.

### **Opportunities for Recently-arrived English-speaking Entrepreneurs**

The opportunities that English-speaking immigrant entrepreneurs receive in Quebec are related to Toulouse and Brenner’s (1990) first two factors of the intra-ethnic network and the family. This is echoed by Waldinger, Aldrich and Ward (1990), who contend that some immigrants have sufficient capital and entrepreneurial potential before they arrive in the host society, while others secure funding from within their communities, through community institutions, contacts or family members with little to no hassle. The literature surrounding opportunities in relation to capital is rather limited to the city of Montreal given that 63% of Quebec’s SMEs are located in the census metropolitan area of Montreal, but Paré (2000) found that personal capital is the most used in the city. This is supported by Brenner et al. (2000), who discovered that in a study of Chinese immigrants, including in Montreal, personal savings were the main source of financing for ethnic entrepreneurs (an average of 69.5% of the initial investment). Family and friends were also very important in this regard, providing an average of 16.8% of the initial investment. Brenner et al. (2010) also found that Montreal attracts immigrant entrepreneurs who are more experienced in entrepreneurship and who come from business-owning families.

Past studies have been conducted in Quebec and across the country to this effect, highlighting the importance of familial, ethnic, and associative networks as well as business opportunities within ethnic groups to start a business serving their own community (Perrault, 2008; Fillion et al., 2007; Kariv et al., 2009; Menzies et al., 2006;

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Greve & Salaf, 2003; Lin, 2001; Langlois & Razin, 1995). In Montreal specifically, immigrant entrepreneurs (relative to their counterparts in other parts of the country) are more likely to recruit co-ethnic employees and be more involved in social and business associations. Furthermore, immigrant entrepreneurs in Montreal use their ethnic network and integrate into the ethnic enclave to start businesses such as restaurants, travel agencies, hairdressers, flower or fabric shops, geographically located in a restricted area (Brenner et al., 2010; Paré, 2000). Within this enclave, immigrant entrepreneurs benefit from various aspects such as service to local customers, information on their suppliers, and the management of their accounting, taxes, laws and business at large. In spite of this, Brenner et al. (2010) found that Montreal's ethnic firms are more integrated into the local community than other major metropolitan cities across Canada.

As a result, Waldinger, Aldrich and Ward (1990) and Brenner et al. (2000) maintain that immigrant entrepreneurs make little use of official networks like banks or business associations in the host society or government support services. However, Allali (2010) acknowledges that in the case of Quebec, many training, tutoring, and counseling programs exist at various government institutions and La Corporation de développement économique communautaire (CDECs) – the latter of which have been restructured into separate institutions within municipalities and in the case of Montreal, streamlined into the PME (the French acronym for small- and medium-sized businesses) MTL system (Lévesque, 2016). Additionally, upon arrival in Quebec, immigrants are encouraged to meet with a Ministère de l'Immigration et Communautés culturelles (MICC) integration officer who can help with access to services. The MICC offers reception and settlement assistance services for support of immigrant entrepreneurship (Bourgeois et al., 2006).

### **Obstacles faced by English-speaking Immigrant Entrepreneurs**

The main obstacles that English-speaking immigrant entrepreneurs face in Quebec is in relation to accomplishing the last three success factors that Toulouse and Brenner (1990) identified: the industrial sector in which ethnic community members work, the venture creation process, and the value of the economic activity generated. They encounter specific problems in relation to all three of these factors when it comes to economic development. For example, both English-speakers and immigrants in Quebec face challenges in launching their SMEs due to the inability of some to access capital. English-speaking entrepreneurs have faced such significant hurdles, particularly in remote regions where small business culture is not well developed, that a report for the Senate Committee has called for greater access to business start-up capital for Quebec Anglophone communities (Standing, S.C.O.O.L., 2011). As for immigrant entrepreneurs, after not having the financial references to obtain a loan from banks and/or other financial institutions, they either start very small or borrow money from more established members of their ethnic community (Allali, 2010). Paré points to a lack of diversity in funding strategies and little to no knowledge of government subsidy programs in

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entrepreneurship. This is reiterated by Brenner et al. (2000), who assert that classical funding institutions were not significantly involved in funding the start-up of most enterprises in Montreal. Banks, for example, obtained a rating of only 10.3%, and government sources 0.6%. Over the last several years, financial institutions have recognized this as issue and have instituted programs for newcomers, but there is limited literature on its effectiveness.

Many English-speaking immigrant entrepreneurs have also reportedly received little support for their market development plans in terms of exports/imports, marketing, and human resources problems. Allali's (2010) study uncovered that Quebec Maghrebian immigrant entrepreneurs suffer from finding accurate business information pertaining to a profile of customers and suppliers, as well as information regarding the import of specific products. They in turn must pinpoint specific community members to secure such sensitive data. It is also challenging for newcomers to navigate the legal aspects of managing a business in Quebec, many of whom are unfamiliar with consulting a lawyer and unaware of the additional expenses required to set up an SME. Accordingly, there is a greater need for economic incentives to establish small businesses and flexible programs to assist English-speaking people and youth to invest themselves in small businesses (Standing, S.C.O.O.L., 2011).

Knowledge of French, which is an additional obstacle for English-speaking immigrant entrepreneurs, is also a determining factor for the success of Quebec entrepreneurs' economic activities. Title II, Chapter V of Quebec's (1977/2009) Charter of the French Language applies to all enterprises and Article 136 states that an enterprise which employs 50 or more persons must submit to the francization programme. This stipulation alone may prove a disincentive to those immigrants with little or no knowledge of the French language and may deter them from engaging in entrepreneurship or settling in the province of Quebec altogether (Conrick & Donovan, 2010). Even small-scale English-speaking entrepreneurs have difficulties dealing with the French-only provincial institutions and decide to use community-based organizations like YES in Montreal to receive their needed services. Accordingly, some organizations have called for English resources to be offered and additional funding for French language training to English-speaking entrepreneurs and employees (Standing, S.C.O.O.L., 2011). The reality of this obstacle is confirmed by a survey conducted by the Community Health and Social Services Network (CHSSN) and Pocock (2016), where respondents across all regions of Quebec cited French-language skills as the most important issue faced by English-speaking job seekers at 78.3%. The next most important issue was that of English-language services to assist job seekers.

Gender inequality is an obstacle for all female entrepreneurs, with only approximately 30% of the entrepreneurs in the Montreal area being women (Paré & Therasme, 2010). Immigrant women in particular have less capital compared to their male counterparts and tend to use their own capital to start their business, whereas men have an easier time obtaining a loan. Female entrepreneurs are also more present in traditional female-

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typed fields with lower earnings such as the service industry (Pare, 2010). Accordingly, in the survey conducted by CHSSN and Pocock (2016), English-speaking females were more likely to report dissatisfaction with local employment services in English than males (44.7% vs. 33.7%) and more likely to report dissatisfaction with local business development programs (43.1% compared to 39.7% for men).

The final obstacle to highlight here is access to resources that support immigrant entrepreneurship in Quebec, particularly for the English-speaking community. There is awareness at the provincial level that minority groups must be accounted for when considering entrepreneurship, but there is a lack of resource mobilization. There are too few NGOs or associations working with immigrant entrepreneurs in the province (even less for English-speakers) and those who do, do so minimally with insufficient human and monetary resources to fulfill their mandates (Paré, 2010). Furthermore, these NGO's or associations many times are unable to cater to the specific needs and particularities of certain immigrant SMEs (Wayland, 2011). As a result, there is a need to review some of the aid policies for English-speaking immigrant entrepreneurs. In this regard, the survey conducted by CHSSN and Pocock (2016) highlights the fact that 39.2% of the English-speaking respondents in Quebec reported low satisfaction with local employment services in English, 41.4% had low satisfaction with local business development programs in English and only 15.1% stated that they knew of a community organization promoting English-speaking economic development.

### **Future Directions**

Given that a 10 percent increase in immigrants to Canada is linked to a one percent increase in Canadian exports to the immigrant's home country and a three percent increase in imports, it is clear that immigrant entrepreneurship is beneficial to both Canadian and Quebec societies (Sim, 2015). While a plethora of resources can be found on English-speaking immigrant entrepreneurship in Canada, there is very limited information on the Quebec experience, especially as it relates to English speakers. The lack of studies conducted in the regions of Quebec when considering the development of immigrant entrepreneurship (both economically and technologically) is also a very major gap, especially as more and more immigrants settling in these communities are English-speakers. The final report of the YES' Regional Development of English Language Entrepreneurial Services identified that immigrants are less active entrepreneurially in the Gaspé-Magdalen Islands when compared to the rest of Quebec (Qu'anglo, 2012). There is also a major gap in accounting for the experiences of recent immigrants (arrived less than 5 years ago), but this may be linked to the aforementioned fact that immigrant business ownership rates are low immediately after entry into Canada. Another shortcoming in the literature is that self-employment and entrepreneurship are often used interchangeably, despite the important distinctions between them, which resonates in the data collected by many studies as well. Alternatively, using relatively small samples of SME owners to draw firm conclusions about entrepreneurship is also inadequate.



## **Opportunities and Obstacles for Newcomers Launching SMEs in Quebec**

Literature that addresses the minority status of the English-speaking community and the dynamics of language in Quebec among English-speaking immigrant entrepreneurs is also in short supply. Paré and Juteau (2000) take into account the linguistic dimensions of entrepreneurship in Montreal, but solely from a comparative perspective as they looked at native-born and immigrant groups of the second and third generation. The absence of information on minority English-speakers and entrepreneurship with regard to English-speaking newcomers is in part because much of the focus of the studies of entrepreneurship have been on the ethnic origins of the individuals that create SMEs. Underlying this emphasis is the view that cultural factors underlie the vision and/or motivation on the part of individuals that ultimately establish small businesses. Hence, the idea of networking in the literature is often seen via the lens of the identification of the entrepreneur and the extent to which the members share the same ethnic background. There is an absence in the literature of seeing how multiple identities (i.e. ethnicity, religion, gender, socioeconomic status, etc.) influence the vision and decisions made by entrepreneurs. Accordingly, the relationship between culture and language is not the object of sufficient attention in research in this area and yet language is so fundamental to the operation of a small business and notably in the Quebec context.

This research study aims to fill existing gaps given that a more thorough understanding of English-speaking immigrants/entrepreneurs can support the prospects for economic vitality of the English-speaking community in Quebec. How well these entrepreneurs perform has an important bearing on the success of this community and the overall Quebec economy.



# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

## METHODS

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### Survey Framework and Sample

The survey frame for this study, in theory, consists of all English-speaking newcomers who arrived in the province of Quebec within the past five years and who own an SME or are planning to launch an SME in Quebec. The actual survey sample however consists of 2,500+ English-speaking recent immigrants who are current clients of YES' Entrepreneurship Program. The sample also includes English-speaking newcomer-entrepreneurs who were recruited in person by staff or affiliates of the ACS or through one of YES' 400+ community partners who shared information about the on-line survey and study with their clients and networks.

### Survey Launch and Promotion

We launched English and French versions of the on-line survey "Opportunities and Obstacles for Newcomers Launching SMEs in Quebec / Opportunités et obstacles pour les nouveaux arrivants lors du démarrage de PME au Québec" in mid-October 2016. The survey was published in both official languages.

A survey flyer was created to advertise the survey and research study to English-speaking newcomers/entrepreneurs in Quebec. Over 800 flyers were distributed at the YES Centre in Montreal and via our community partners throughout the province (see Acknowledgements). We provided our partners with an electronic copy of the survey flyer image to help us recruit respondents and focus group participants/interviewees through their webpages and social media accounts (e.g., Facebook, Twitter, Instagram).

ACS researchers and staff achieved the anticipated goal of collecting 250 on-line survey responses prior to study completion in March 2017. We used word-of-mouth promotion, social media posts and had interactions with small business owners (e.g., depanneurs, restaurants and cafés) throughout the community. We also reached out to new partners to collaborate on this study, including community centers (e.g., Scalabrini Centre of Montreal for Refugees and Immigrants, Val Cartier Family Centre), international embassies and consulates, and other community-based organizations serving English-speaking newcomers/entrepreneurs in Quebec.

### Analytic Strategy

First, we analyzed the quantitative data collected by the on-line survey for entrepreneurs in SPSS and produced a series of tables and charts to visually portray the descriptive data. The results of this analysis helped inform the creation of focus group/interview questions, which were administered in the second phase of the study. Qualitative data trends for all open-ended survey responses and focus group discussion threads were explored through text/content analysis in SPSS and Excel and are presented below.

# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

## SURVEY RESULTS

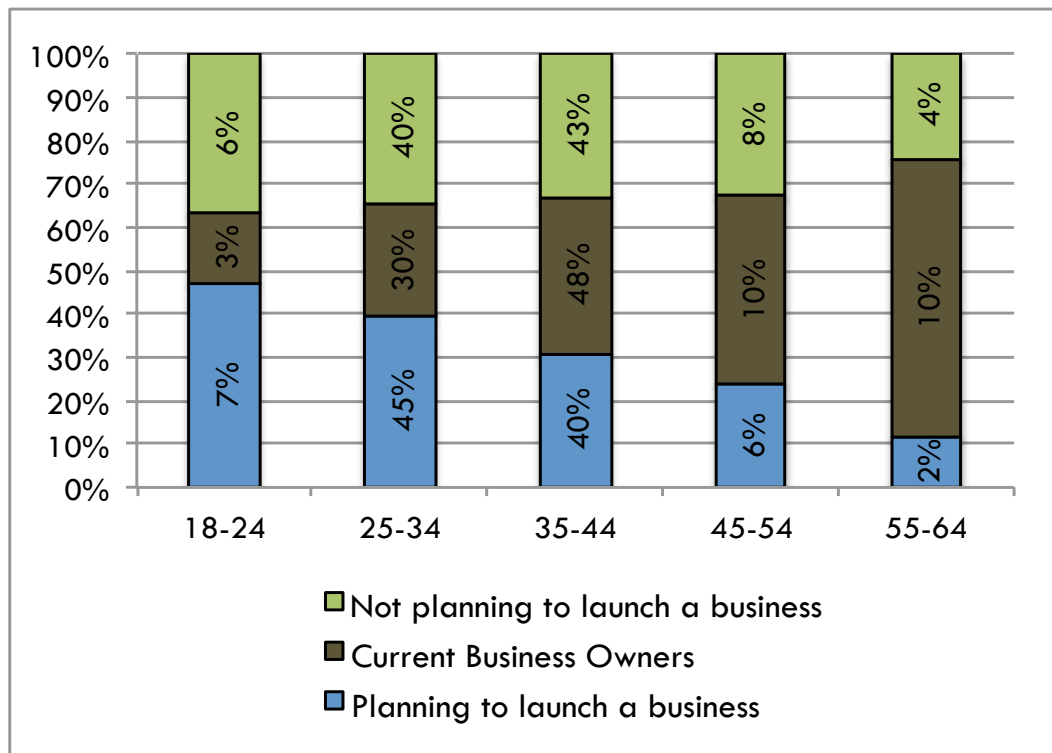
### Overview/Trends

We collected a total of 253 on-line survey responses from newcomer-entrepreneurs in Quebec: 233 responses in English and 20 in French. Of the 253 total survey responses, 202 (80%) were considered valid responses with complete, analyzable data. This includes 109 entrepreneurs who are planning to launch a business in Quebec, 40 current business owners in Quebec, and 53 entrepreneurs who do not plan on launching an SME in Quebec. This latter group is of special interest because they can offer a perspective about the barriers or obstacles faced by prospective entrepreneurs in the province of Quebec.

### Demographics

- **Age:** The vast majority of survey respondents were between the ages of 25-44 (84%). Our sample included a small number of youth entrepreneurs age 18-24 (6%), and one in five (20%) current business owners were 45 or older (see Figure 1).

Figure 1. Age Group



## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

- **Gender:** The sample was fairly evenly split 47% female and 53% male. Current business owners were more likely to be male (70%) whereas respondents not planning to launch a business were more likely to be female (58%) (see Figure 2).
- **Visible Minorities:** Two in five survey respondents were visible minorities (40%). 44% of current business owners, 43% of entrepreneurs planning to launch an SME in Quebec and 31% of respondents not planning to start a business in Quebec are visible minorities (see Figure 3).

Figure 2. Gender

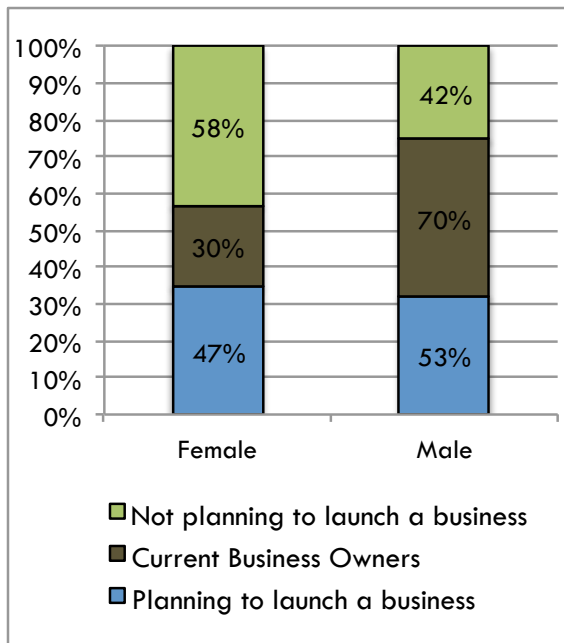
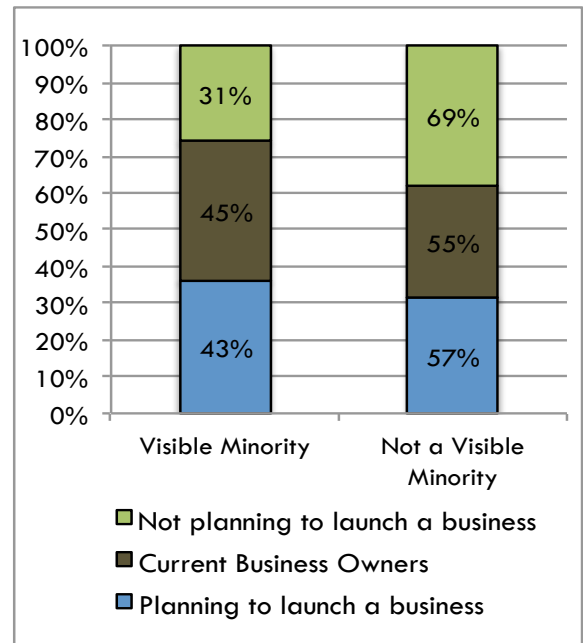


Figure 3. Visible Minorities



- **Languages:** Forty-three percent (43%) of survey respondents reported English as their official language and 57% reported both English and French. English was the first language spoken and still understood by 40% of survey respondents and 7% of respondents first spoke French and still understand it today (see Figure 4 below).
- **Education:** 9 out of 10 respondents have a university-degree or beyond (90%). This includes 92 percent of entrepreneurs planning to launch a business in Québec and 83% of current business owners, who were more likely than future entrepreneurs to have obtained a trade certificate (10% vs. 2%) (see Figure 5 below).
- **Region of Residence:** The vast majority of survey respondents resided in the Montréal metropolitan area (91%). The next largest sample of respondents came from the Capitale-Nationale region (>5%).

See Tables 1.1 and 1.2 below for more information.

# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Figure 4. Official Languages

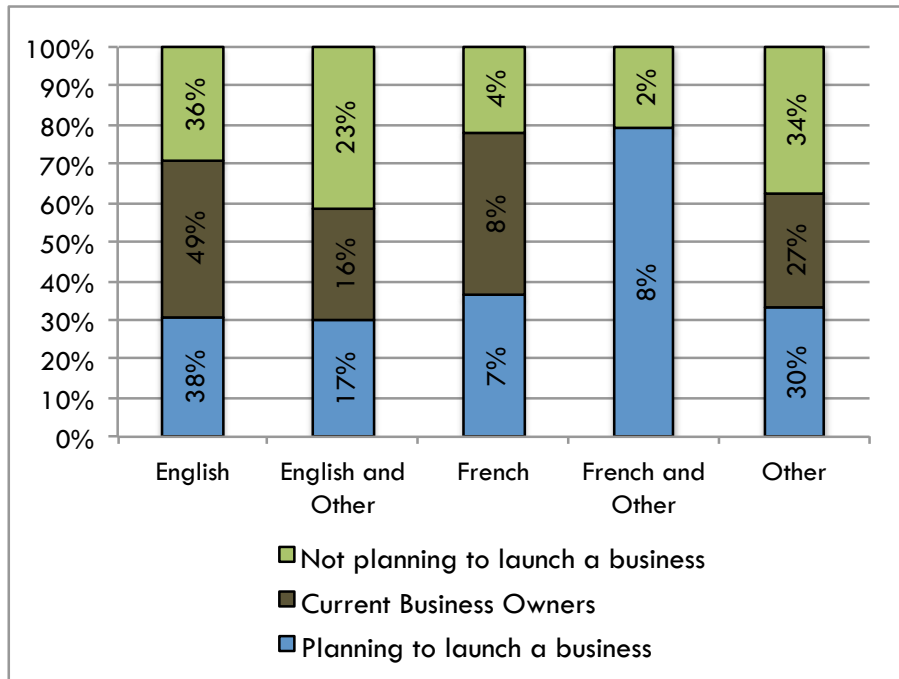
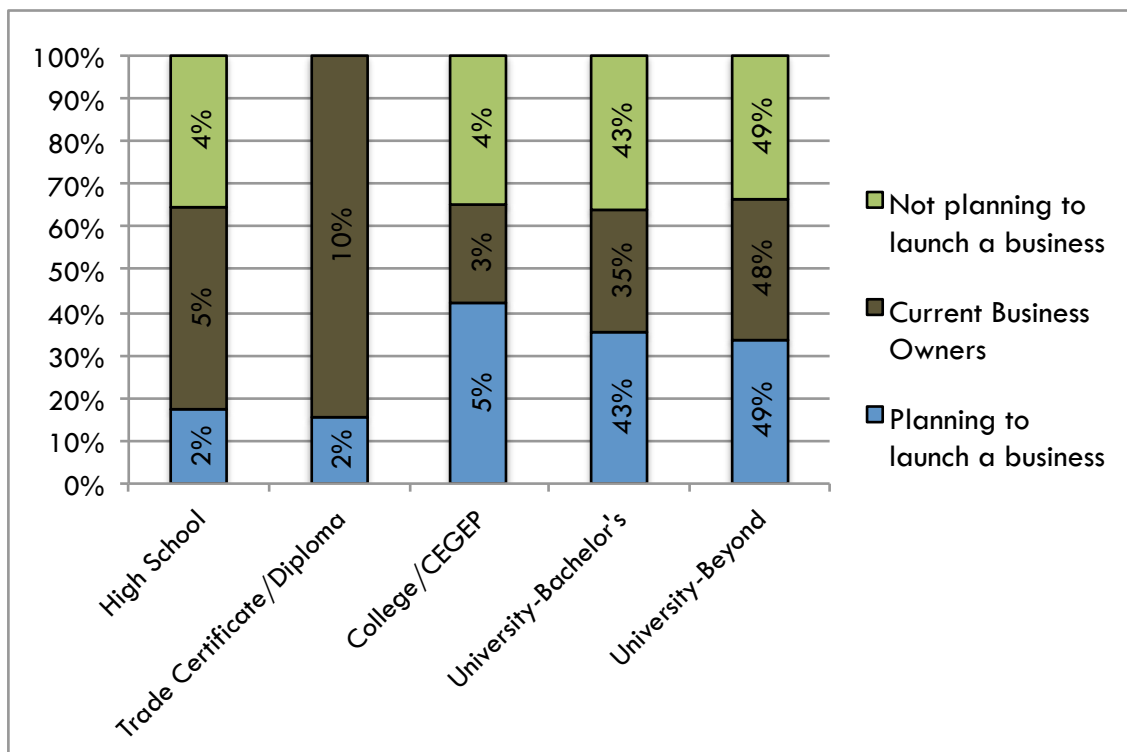


Figure 5. Education



## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### Arrival Information

- **Country of Origin:** 52 countries of origin (birth) were represented in the sample (see Figure 6 for a list of countries), which included 47 respondents from the Middle East (23%) – 39 of whom were from Iran – 48 respondents from Latin America (24%) and 37 respondents from Europe (18%) (see Figure 6).

Figure 6. Country of Origin

<b><u>Africa (13)</u></b>		<b><u>Middle East (47)</u></b>		<b><u>Western Europe (28)</u></b>	
Gabon	2	Iran	39	Austria	3
Ivory Coast	2	Israel	3	Denmark	1
Liberia	1	Jordan	1	France	9
Morocco	2	Kazakhstan	1	Germany	1
Nigeria	5	Lebanon	2	Ireland	3
Zimbabwe	1	Syria	1	Italy	1
				Spain	1
				Sweden	4
<b><u>Asia (23)</u></b>		<b><u>N. America (34)</u></b>		<b><u>Switzerland</u></b>	
Bangladesh	1	Canada	23	1	
China	7	United States	11	The Netherlands	
India	7			1	
Japan	1	<b><u>South America (48)</u></b>		United Kingdom	
Pakistan	2	Argentina	1	3	
Philippines	2	Brazil	11	<b><u>Eastern Europe (9)</u></b>	
South Korea	1	Colombia	12	Belarus	
Vietnam	2	Costa Rica	1	1	
		Dominican Republic	1	Czech Republic	
		Ecuador	2	1	
		Honduras	1	Hungary	
		Jamaica	1	1	
		Mexico	7	Poland	
		Peru	1	1	
		Trinidad & Tobago	2	Romania	
		Venezuela	8	3	
				Russia	
				1	
				Ukraine	
				1	

- **Year of Arrival in Québec:** Over one in five survey respondents (22%) arrived in Quebec within the past two years (2015 or 2016), but the largest group of recent immigrants arrived in 2014 (39%) followed by 2013 (20%) (see Figure 7).
- **Work Status Prior to Arrival:** 58% of respondents were employed before arriving, 19% were entrepreneurs and 9% were unemployed. The remaining 14% of survey respondents were in school or some other status. Current business owners were three times as likely to be entrepreneurs (45%) prior to their arrival compared to respondents in the planning phase of launching a business (15%) (see Figure 8).

# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Figure 7. Year of Arrival

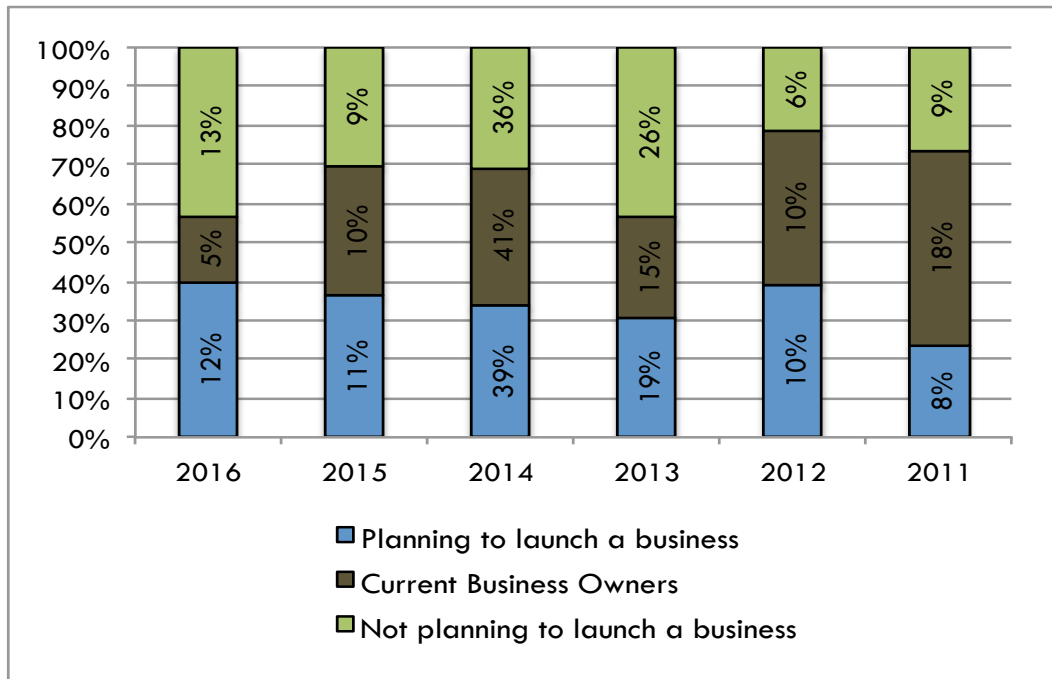
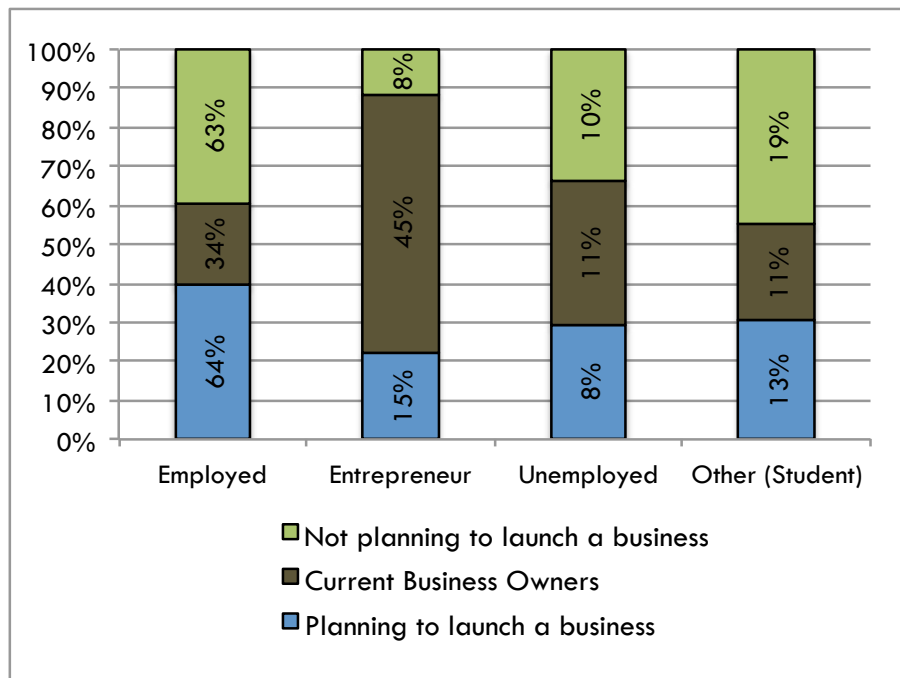


Figure 8. Work Status Prior to Arrival



See Tables 2.1 and 2.2 below for more information.

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### Current Business Situation

- One in five survey respondents currently own an SME in Quebec (20%) while over half of respondents are thinking about or are in the planning stages of launching an SME (54%).
- More than 1/4 of respondents did not own an SME in Quebec and are not planning to start one (26%). When asked why they do not plan to launch an SME in Quebec, several respondents indicated that there are better business growth opportunities in Ontario or in other provinces/countries. Other reasons mentioned related to insufficient start-up capital, language laws in Quebec, poor economic climate, feeling overwhelmed by the complexities of starting a business, etc.

### Quebec Business Owners (n=40)

- The majority of business owners (64%) founded or acquired their business in the past two years.
- 88% of current business owners initially founded or started their business; another 6% either purchased their business or their family business was transferred to them.
- Over half of the sample (51%) were sole owners of their business; 37% of business owners had one other partner. Over half of the business owners have no employees (57%) and 14% have five or more employees.

### Planning to Launch an SME in Quebec (n=109)

- When asked why they are starting a business in Quebec, one entrepreneur stated: “I would like to be my own boss, and have a company that has an impact on people’s quality of life.” Entrepreneurs listed several other motives for starting their business in Quebec, which include the following:
  - ✓ They want to be self-employed; allowing them to make their own schedules, have autonomy and freedom, and have control over their business.
  - ✓ They want to practice their previously acquired skills and qualifications and put into motion their ideas.
  - ✓ They want financial security and empowerment.
  - ✓ They want to positively impact people’s lives and create employment opportunities while improving the lives of their employees.
  - ✓ They want to pursue their passions and financially sustain themselves.
  - ✓ They want to practice business in general: create business networks, gain business experience and grow personal business skills.

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Other reasons were because there exists available niche markets in Quebec, they are doing their business as a hobby or a challenge, and that there is ample government and social support services for businesses in Quebec.

- When asked what stages of planning they are at, most prospective businesses owners reported being in the earlier stages of planning and development and some reported piloting activities. They are in the conceptual and research phases, and/or in the processes of making their first draft of a business plan. Others stated they are waiting for proper licensing and permits. Others entrepreneurs are at stages where they need financial support to launch their businesses. “Ready to start, I just need some money,” stated one entrepreneur. Other entrepreneurs needed to complete their schooling/certifications prior to launching their business in Quebec.
- 44% of entrepreneurs who are planning to launch an SME in Quebec report having previous business experience. Many have previous business experience in various fields, and, some with over 10 years of experience. These types of businesses fell into different categories of businesses like sales and services, business commerce, consultation, multinational businesses, manufacturing, language institutes, entertainment and tourism. One respondent stated: “I own a couple of businesses in Mexico and in the United States and intend to start a new one in Quebec as well...”
- 54% of potential business owners anticipate that they will need partners for their future business ventures. And 18% of future business owners intend to have an international scope whereas approximately 39% will concentrate their business in their city/town.

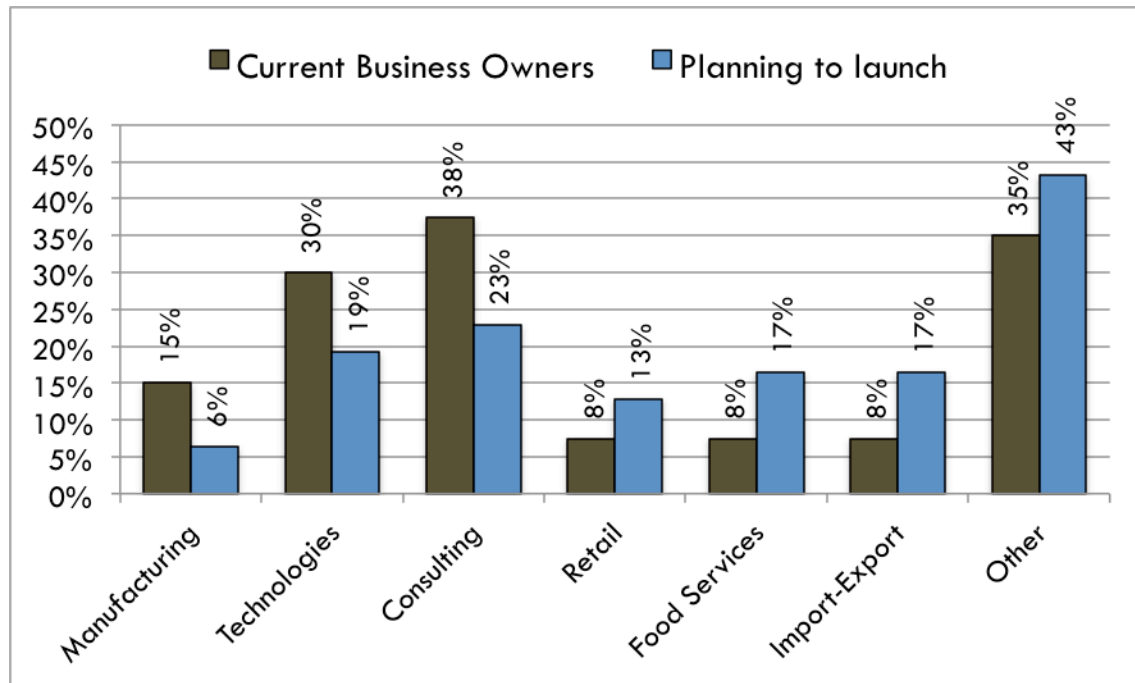
### **Business Sectors**

- *Current Business Owners.* “Consulting” was the most common business sector among owners (38%) followed by “Technologies” (30%) and “Manufacturing” (15%). The “Other” category was selected by 35% of business owners and included businesses such as “Entertainment”, “Hospitality” and “Health” (see Figure 9 below).
- *Planning to Launch an SME.* Consulting (23%) followed by Technologies (19%), Imports-Exports (17%) and Food Services (17%) were the most common business sectors chosen by entrepreneurs planning to launch an SME in Quebec. The “Other” category was selected by 43% of respondents and included business such as “Craft Brewing” and “Photography” as well as “Farming and Agriculture” (see Figure 9).



## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Figure 9. Business Sectors



### On-line Business and Advertising

- *Current Business Owners.* One-third (34%) of business owners do their business almost exclusively on-line and 70% advertise their business on-line. Having an on-line business allows more flexibility, lower production costs, low cost marketing, and cheap networking, according to owners who do most of their business on-line. Barriers to doing business on-line include high shipping fees and communication issues (e.g., language barriers with customers who use shipping services). Social media can be beneficial, or not according to one participant: "Social media advertising can be easy or a waste of money and time" (see Figures 10.1 & 11.1).
- When asked to describe the opportunities they encountered in advertising their business on-line, current business owners discussed how Internet sites provide free guidance and other services to help advance SMEs. One business owner discussed how he found a creative way to promote their business through the creation of community festivals.
- In terms of barriers related to advertising, there were two major themes that emerged in the open-ended responses of business owners: (1) the costs of marketing and advertising and (2) language barriers. Advertising and marketing is often out of business owners' budget or takes a large cut from their revenue. "20% of my income goes to the [Internet] site," stated one business owner. Business owners are also struggling to figure out when and where to invest their money in marketing

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

and advertising companies, which includes “tricky Internet advertisement.” There is a reluctance to invest too much money and time in Internet advertisement at the risk of being inefficient or ineffective. Another barrier is related to a lack of knowledge of the French language, which affects the development and creation of advertising.

- Planning to Launch an SME.** 31% of entrepreneurs plan to do their business almost exclusively on-line and 71% of respondents thinking about launching a business will advertise on-line; over half (54%) will use word of mouth to advertise their start-up (see Figures 10.2 & 11.2). The major obstacles in starting up an on-line based business as reported by prospective business owners are related to challenges with on-line networking and a lack of skills and knowledge on how to make an on-line business work. Entrepreneurs need to learn regulations involved in operating on-line businesses. Furthermore, making an online business can be very time-consuming.

Figure 10.1 Current Business Owners  
(Almost Exclusively On-line)

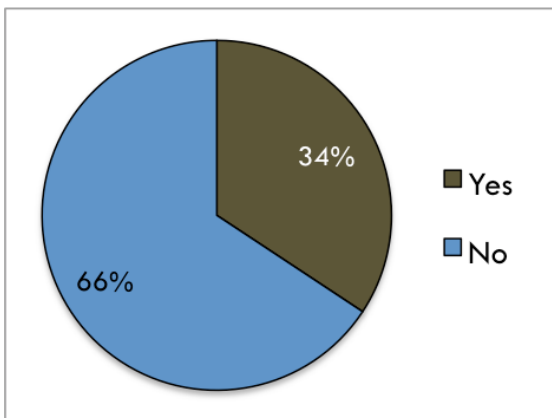


Figure 10.2 Planning to Launch  
(Almost Exclusively On-line)

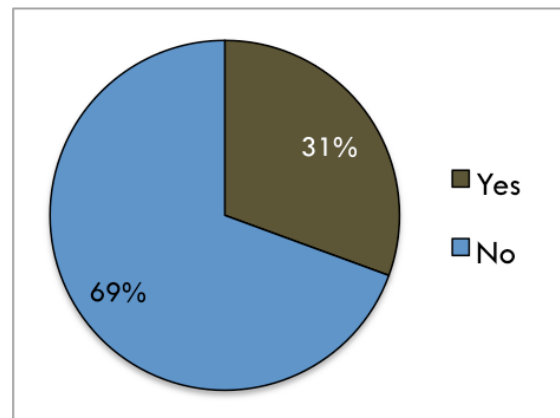


Figure 11.1 Current Business Owners  
(Advertising)

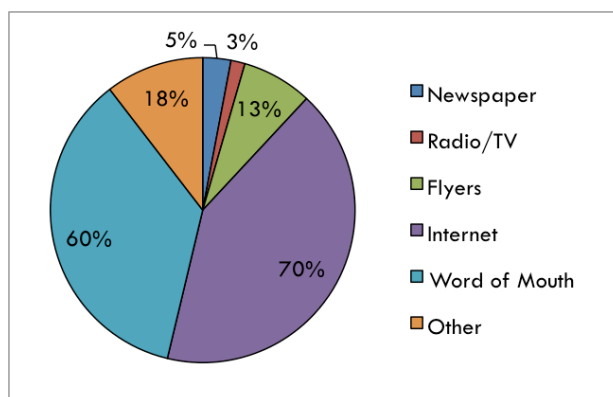
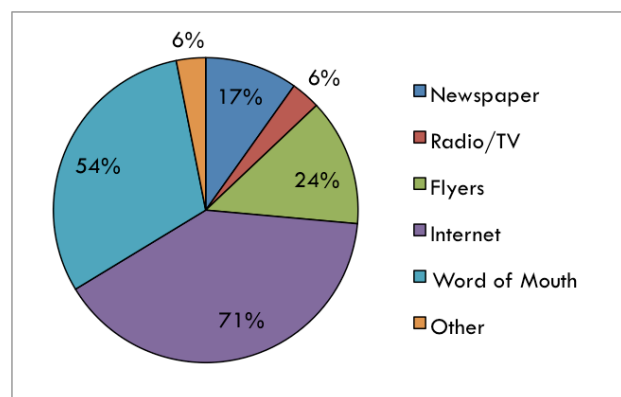


Figure 11.2 Planning to Launch an SME  
(Advertising)



## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### A Diverse Clientele

- *Current Business Owners.* Most business owners served a diverse clientele (85%) and nearly half of businesses operate primarily in English (48%). 35% of business owners have an international scope whereas 23% focus their business within their city/town and 23% have a national focus. Main clients range from persons in a specific neighborhood to clients found worldwide, and include specific investor groups like architects or renters/buyers (see Figure 12.1).
- *Planning to Launch an SME.* Four out of five potential business owners (80%) plan to have a diverse clientele; approximately two-fifths of prospective businesses will operate in English and French equally (41%) while another one-third will operate mostly in English (32%). Examples of the types of clientele that would be served include newcomers, manufacturers and large enterprises, art collectors and small businesses (see Figure 12.2).

Figure 12.1 Current Business Owners  
(Language of Operation)

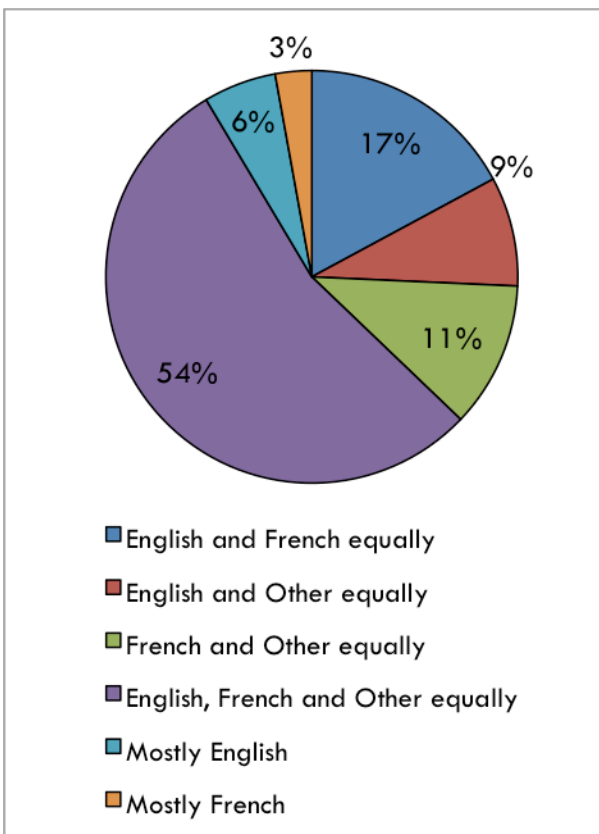
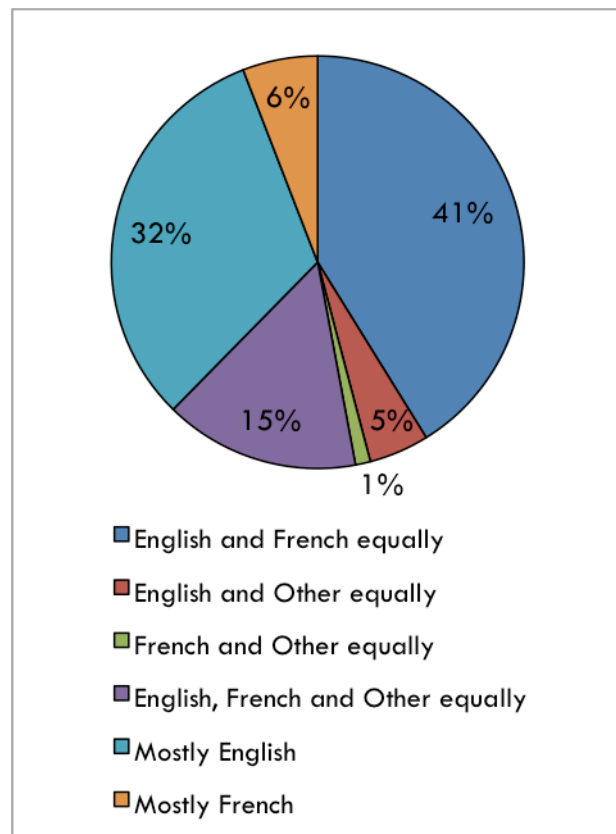


Figure 12.2 Planning to Launch  
(Language of Operation)

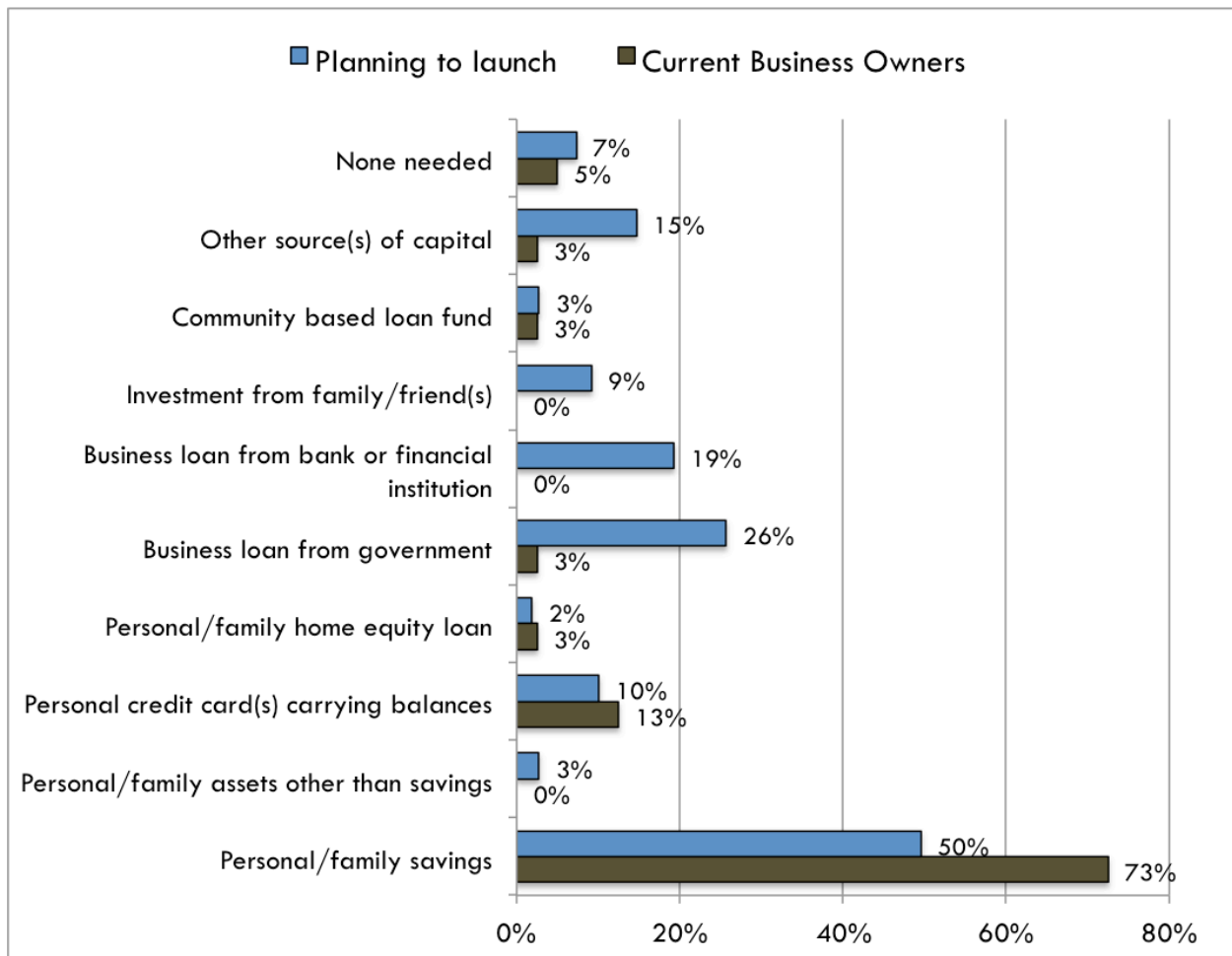


# Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

## Sources of Capital

- *Current Business Owners.* 9 out of 10 business owners (91%) founded or started their own business and 73% used personal/family savings to do so. 13% of owners carried a balance on their credit card(s) in order to finance the enterprise (see Figure 13 below).
- *Planning to Launch an SME.* Half (50%) of future entrepreneurs plan to use personal/family savings as the main source of capital to start their business; 1/4 of entrepreneurs plan to acquire a business loan from the government (26%) while one in five entrepreneurs plan to get a loan from a bank/financial institution (19%) (see Figure 13).

Figure 13. Sources of Capital



## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

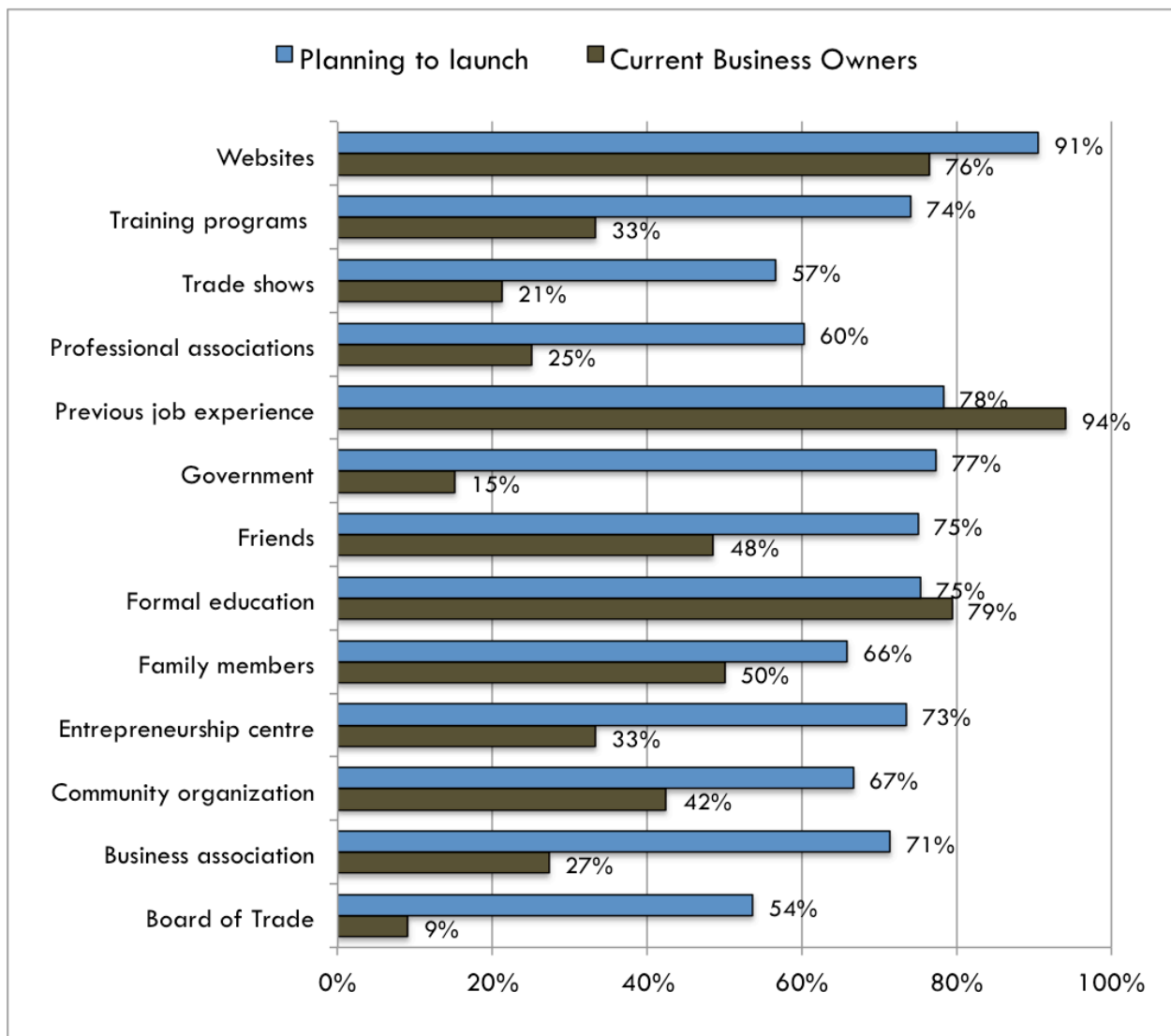
### Sources of Business Support

- The Top 10 sources of business support most likely to be accessed by the business owners are (see also Figure 14):
  1. Previous job experience (94%)
  2. Formal education (79%)
  3. Websites (76%)
  4. Family members (50%)
  5. Friends (48%)
  6. Community organizations (42%)
  7. Training programs (33%)
  8. Entrepreneurship centres (33%)
  9. Business associations (27%)
  10. Professional associations (25%)
- When asked to provide specific examples of the types of support accessed/used, business owners mentioned community-based entrepreneurship service providers most often. Other support services they used/accessed were Futurpreneur Canada and SAJE (Centre D'Excellence Entrepreneurial). Government services accessed included Emploi Quebec, Export Quebec and other government offices/websites. Some newcomers invested in business and marketing consultants, accountants and lawyers. Others mentioned the support of peers and family members for general advice and support on business decisions. They also expressed that networking at local fairs, trade shows and with local organizations gave them more business insight and visibility.
- Over half (57%) of owners who accessed business support services did so for six months or less, one fourth used the services for six months to a year (24%) and 19% used the services beyond a year.
- The Top 10 sources of business support most likely to be accessed in the future by potential business owners are (see also Figure 14):
  1. Websites (91%)
  2. Previous job experience (78%)
  3. Government (77%)
  4. Formal education (75%)
  5. Friends (75%)
  6. Training programs (74%)
  7. Entrepreneurship centres (73%)
  8. Business association (71%)
  9. Community organization (67%)
  10. Family members (66%)

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

- Many newcomers would use the services of community-based, entrepreneurial support organizations when starting a business. They need guidance on laws and regulations on how to start a business in Quebec. Others stated needing support in business planning, policy, licensing, accounting, taxes and administration. They expressed a need for help in translating crucial licensing agreements, application and registration forms. They also expressed a need for support in understanding computer programs, social media, and marketing. Other support would be obtained through friends and family and entrepreneurs would ideally get government loans and grants to start up their business.

Figure 14. Sources of Business Support



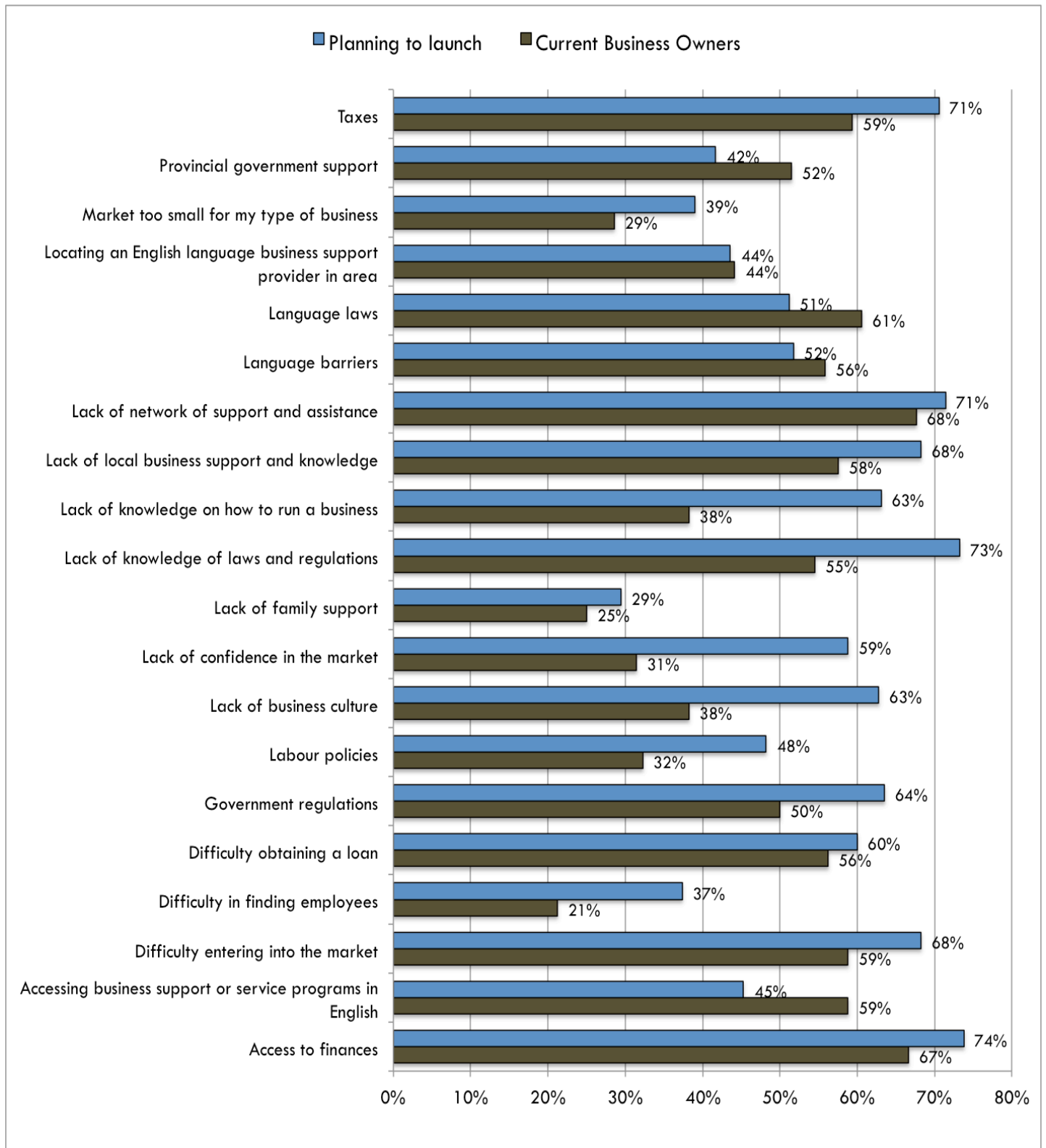
## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### Key Barriers to Launching and Growing Businesses

- The Top 10 most serious obstacles for starting a small business in Quebec, as identified by current business owners, are as follows (see also Figure 15):
  1. Lack of network support and assistance (68%)
  2. Access to finances (67%)
  3. Language laws (61%)
  4. Accessing business support or service programs in English (59%)
  5. Taxes (59%)
  6. Difficulty entering the market (59%)
  7. Lack of local business support and knowledge (58%)
  8. Difficulty obtaining a loan (56%)
  9. Language barriers (56%)
  10. Lack of knowledge of laws and regulations (55%)
- The Top 10 most serious obstacles for starting a small business in Quebec, as identified by survey participants thinking of launching a business, are as follows (see also Figure 15):
  1. Access to finances (74%)
  2. Lack of knowledge of laws and regulations (73%)
  3. Lack of network support and assistance (71%)
  4. Taxes (71%)
  5. Difficulty entering into market (68%)
  6. Lack of local business support and knowledge (68%)
  7. Government regulations (64%)
  8. Lack of knowledge on how to run a business (63%)
  9. Lack of business culture (63%)
  10. Difficulty obtaining a loan (60%)

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Figure 15. Barriers to Launching and Growing SMEs in Quebec





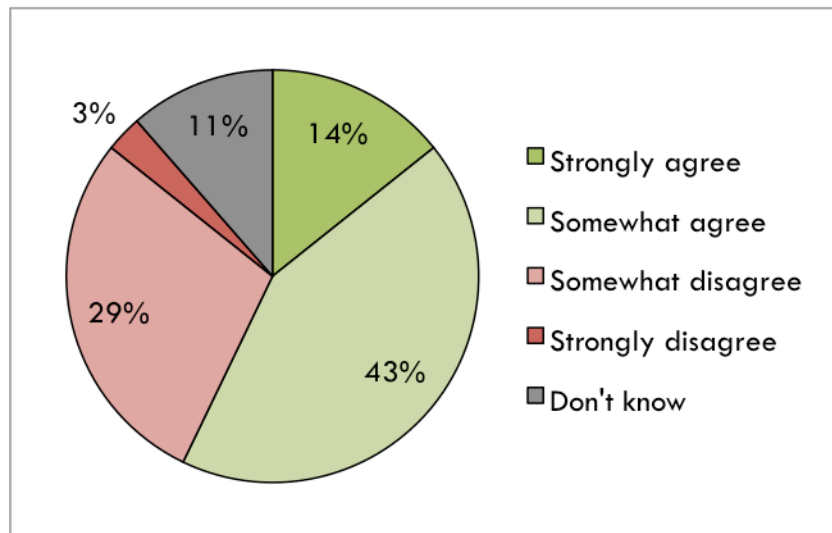
## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### Recommend Starting a Business in Quebec

57% of business owners would recommend starting an SME in Quebec (strongly/somewhat agree) (see Figure 16.1).

- Current business owners who recommend starting a business in Quebec discussed the opportunities provided by the government to help start-ups such as government grants and loans, especially within the gaming industry: “Quebec helps a lot of game companies.” Others expressed how it’s easy to launch a business in Quebec and how there is plenty of opportunity in the Quebec market for businesses to grow. Some owners expressed that they started their business in order to have a flexible lifestyle and to be in charge and self-employed. One business owner commented that they started a business because of the discrimination they experienced as an English-speaker in the Quebec job market.
- Current business owners who do not recommend starting a business in Quebec were most likely due to the language barriers. There is an obstacle when applying for necessary licensing and official forms that are *only* available in French. Another important barrier is related to Quebec’s language policy that requires businesses to operate (to a certain degree) in French. “The language issues are somewhat confusing and complicated,” stated one entrepreneur. Other serious obstacles are that taxes are too high for businesses, and the Quebec market can be hostile and difficult for new business ventures.

Figure 16.1 Current Business Owners  
(Recommend Starting a Business in Quebec)

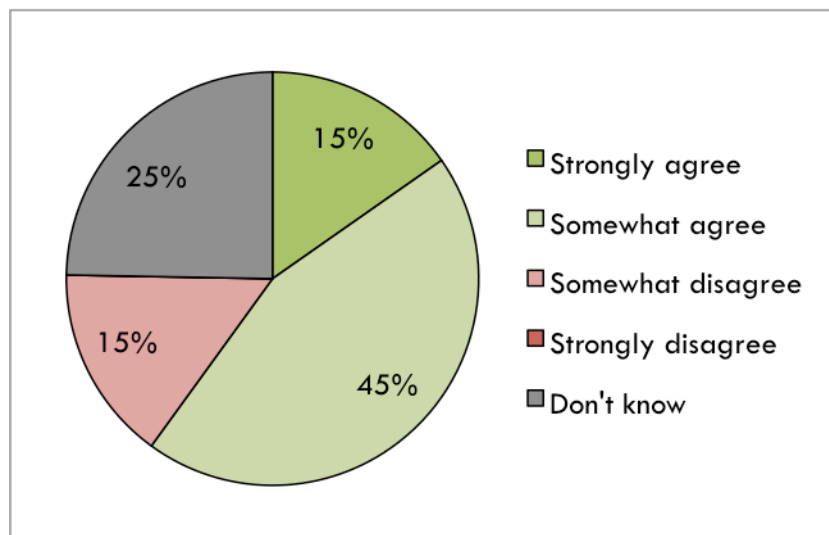


## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Three out of five potential business owners (60%) would recommend starting an SME in Quebec (strongly/somewhat agree) (see Figure 16.2).

- Most prospective business owners are positive that Quebec is a good place to start a business. When asked why, they stated that there is a growing and predictable Quebec market with opportunity for niche commerce. Quebec has a great cultural environment in which to build business with a talented work force. The government is very supportive of businesses, and, costs of living are low enough to invest into making a business. One respondent commented on the affordability of the Quebec market: “The costs are lower compared to the other provinces with the same market.” And, finally, as mentioned above, they agree to recommend starting a business because you can be your own boss.
- There were fewer newcomer-entrepreneurs who disagreed with starting a business in Quebec. Language barriers, a weak economy and overburdening governmental regulations are the main reasons for not launching a business in Quebec. Moreover, “A lot of government information is solely in French.” Entrepreneurs also mentioned that taxes and labour costs are too high in Quebec, and starting up a business is in general too expensive. Finally, one entrepreneur mentioned that Quebec culture discriminates against business ownership amongst recent immigrants.

Figure 16.2 Planning to Launch  
(Recommend Starting a Business in Quebec)



### FOCUS GROUP/INTERVIEW RESULTS

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#### Summary

We held two focus groups with a total of 12 participants – one in Montreal (4 pp.) on March 7, 2017 and one in Quebec City (8 pp.) on March 8, 2017. Each focus group included two facilitators. We also conducted individual interviews with 23 entrepreneurs on-line, 17 of which were complete interviews. The results presented below are from 29 participants from the focus groups and on-line interviews with entrepreneurs across Quebec. This included five current business owners and 24 entrepreneurs in the pre-launch/planning phase of starting a business. In terms of geography, 16 of the 29 focus group/interview respondents (55%) currently resided in Montreal and the remaining 13 entrepreneurs (45%) were from different regions within Quebec.

#### Quebec Business Owners

- 1. Please describe the nature of your current business venture in Quebec and how long its been in operation. Did you own a business before (arriving in Quebec)?*

Among the five business owners who participated in the focus groups/interviews, there were two business consultants, two real estate developers, and two were in service industry (i.e., clothing/sewing and housekeeping). One of the business owners operated multiple SMEs in Quebec – at least three were mentioned in the group discussion). Two of the current business owners previously owned an SME and three were new business owners in the province.

The business owner from the sewing industry created their small business to strike a balance between work and family life. As a military spouse with children, the owner needed to have the dual flexibility of being able to work from home and being able to relocate with short notice.

I own a [sewing] business. It kind of relates back to my personal life. My [spouse] is in the military. I started the business just as we found out [we] were being posted in Quebec. I had to balance being [a parent] and learning a new language with [my spouse's] career and the business. Sewing and making custom clothes for kids and women...I chose that specific business idea, since my husband is in the military and some moving around is involved.

Another business owner and spouse worked in environmental science field as business consultants and technical translators. They had the business idea prior to arriving in Canada, but once arriving in Quebec the individual found full-time work so the business plan ideas was placed on the backburner. While working at the full-time job, the entrepreneur's spouse starting working at home as a freelance translator. The spouse is fluent in French and is also a registered engineer in the province of

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Quebec. After some success in securing clients, the husband and wife team decided to start their own consulting and translation business from home. The transition was rather easy and did not require a lot of start up capital. Now instead of sending a personal invoice, they just send a company invoice to clients. The focus group participant claimed that they charge less than the competition, and they know the technical language of the environmental science field better than other professional translators, which gives them a competitive advantage. In the next phase of their business venture, they want to explore how they can make a link between their business in Canada and business opportunities back in their home country.

Another business owner was in the transition phase of closing one business down (in real estate) while launching another. One new business idea was related to the Importing/Exporting of goods from Europe and another idea was related to the collection of “big data” or on-line marketing analytics.

### *2. What was your key motivation for starting a small to medium enterprise (SME) in Quebec?*

A couple of the business owners mentioned that their key motivation for launching a business in Quebec was related to language, in particular, their lack of fluency in French, which made it very difficult to obtain full-time, meaningful employment in Quebec (e.g., in management or advanced roles). For one business owner in the service industry, the motivation was largely due to circumstances (military family) rather than choice. Others saw that there was an unmet demand in their industry.

English-speaking business owners were often under the impression that it is “very difficult to break into [i.e., launch a business in] communities in Quebec, even for Francophones. They [community members] have their friends, their stores, etc. and it’s difficult for them to branch out with new ideas.” However, “the English-speaking community is very supportive and once you enter it, it is easy to make connections.”

### *3. Do you see any unique opportunities for business growth and development in Quebec that may not be found elsewhere in Canada or abroad?*

When asked about the unique opportunities for business growth and development in Quebec relative to other province and countries, one business owner expressed: “For me, it is the mentality here in Quebec and the many, many small business owners that I am able to help with my experience and know-how.” In other words, this individual felt that the entrepreneurial landscape in Quebec was bountiful with opportunity.

### *4. Thinking back to when you launched your business in Quebec, what was the greatest obstacle you had to overcome during the first year of operation? What are some of the lessons learned?*

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After language barriers, taxes were mentioned as a major obstacle faced by business owners in their first year of operation. “I feel that the government makes it complicated and hard for small business owners. I like taxes, etc. but even for me it was a challenge.” Other challenges included finding employees and normal start up operations such as accounting. One business owner offered sound advice for new entrepreneurs: “lay the groundwork for accounting early... If you expand rapidly, you will have a hard time going back and figuring it all out.”

5. *Can you tell us about an effective marketing technique you have used to advertise your business? What do you see as the main advantages of doing business on-line rather than using a traditional storefront? What are the disadvantages?*

Business owners mentioned using word of mouth to grow their SMEs in Quebec. On-line advertising was another strategy, via webpages (e.g., Etsy) or social media (e.g., Facebook, Twitter, Instagram).

A couple of owners described how they can do most of their sales online and ship products by mail. “In Quebec, this is the only way I see myself doing a business,” stated one business owner. “I want to try and service Quebec as well, but for that I need to learn French.” This was common trend among business owners who did not speak French, both in this study and in previous studies (e.g., “Push and Pull Factors Related to Student Retention and Integration in Quebec”): in order to survive in Quebec, you need to do your business on-line with English-speaking customers who often live outside of Quebec.

6. *Who are your key clientele? How do you appeal to the French- and English-language communities in Quebec? Other cultural communities?*

Key clientele amongst business owners included the English-speaking community, friends and neighbours, micro-businesses, foreign and domestic companies in the technology industry, and military personnel. The French-speaking community was served by one of the five business owners; the other owners desired to serve the Francophone community too, but faced language barriers that were preventing them from doing so.

7. *Did you in the past or are you currently accessing any community or government resources to help you succeed in your business venture? What resources? And how useful were they/have they been?*

A couple of the business owners mentioned accessing the entrepreneurial services of YES and how important they were to launching their business. “I did not find any [entrepreneurship services] available that fit my needs except the YES business coaching which I found very useful.” There was much praise amongst business

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owners (and entrepreneurs) for one of YES' business coaches who travels to the Quebec regions to offer one-on-one business consulting and other related services.

Other community resources mentioned by business owners included SAJE Montréal: Centre D'Excellence Entrepreneurial, which offers business development services and tools for entrepreneurs. The Telfer School of Management at the University of Ottawa recently partnered up with Military Family Resource Centre (MFRC) in Quebec to offer an entrepreneurship course. "The program went all across the nation last year giving two-day workshops where I learned a lot." The Telfer group had participants attend workshops that brought in different speakers, accountants and other business professionals to present valuable information for entrepreneurs.

8. *What community or government resources do you feel are necessary to your success as a business owner in Quebec, but to your knowledge are not currently available or difficult to access in your community?*

One business owner mentioned that there is a group that meets once a month in Quebec City for English entrepreneurs, but others mentioned that more regular peer support groups would be beneficial to entrepreneurs.

Regional business owners also mentioned that they often get e-mails from service providers in Montreal about workshops and other special events, but they cannot attend them because they live too far to travel to Montreal. More on-line workshops are needed. Moreover, "distant educational programs in English to further my specific business skills are difficult to find – everything around here is in French."

9. *(Montreal) In October 2015, CBC News proclaimed Montreal to be "the worst city in Canada for entrepreneurs" based on the results of a study conducted by the Canadian Federation of Independent Businesses, which ranked Montreal dead last out of 121 Canadian cities for enabling entrepreneurs and small businesses to start, grow and prosper. How does this resonate with you as a business owner in Montreal? (Quebec City) An October 2015 study conducted by the Canadian Federation of Independent Businesses ranked Quebec City 114 out of 121 Canadian cities for enabling entrepreneurs and small businesses to start, grow and prosper. How does this resonate with you as a business owner in Quebec City?*

"I think it is made difficult to be a small business owner with horrendous commercial tax rates, and tax issues that really drive owners into apathy."

10. *In closing, would anyone like to share a success story they have had since arriving in Quebec and launching their business? Something that might inspire other Quebec entrepreneurs to persist in their ventures?*

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“I think that Montreal is a great city and a fantastic [place] to start and run a business. I do believe that the city is making it hard (due to construction, taxes, etc.) and this should be reviewed to help boost this city's small economy.”

### Planning to Launch an SME in Quebec

1. *Please describe your business idea and at what stage of planning you are in. Did you own a business before (arriving in Quebec)?*

There was a large range of business ideas presented by entrepreneurs in the pre-launch or planning phase of business development, including business consulting, accounting, an innovative technology development firm and home automation technology (a.k.a., “Domotics”), a mobile app that finds the best supermarket values in town, import/export (to/from Europe and Africa), photography, studio production for visual artists and musicians, catering/private chef business, a bar/cafe with theme, services for seniors, tourism and genealogy businesses. One entrepreneurs’ business plan was related to their own personal situation as a newcomer in Quebec:

“[I plan] to start a law practice providing services mainly to immigrants and enterprises wishing to hire foreign workers. I hope to be able to establish a free legal clinic one day a week for general legal information to both Quebecers and foreigners as part of my practice.”

This individual was still in the planning stage (as were most entrepreneurs) and they are currently meeting with various community organizations in order to determine the feasibility of their business plan. Most focus group participants and interviewees also need to write their business plan or are in the process.

Several focus group members/interviewees had SMEs prior to arriving in Quebec, but the majority was new to the entrepreneurial scene. Others have had careers in various industries and decided to transition to self-employment and/or consulting:

I worked for 25 years in energy industry...and in the last 10 years [I noticed that] workers are often outsourced by the company. I worked almost as a consultant in my company. I was consulting other departments as well as externally. I can relate to being self-employed. Because I was supported by a strong org[anization], not only was I able to consult many other companies, but we were able to “incubate” and let other companies emerge. My experience in US and Canada is that the incubator mentality can be a good opportunity for small entrepreneurs to develop into bigger companies. I see a lot of opportunities for entrepreneurs to develop [under this model].

2. *What is your key motivation for starting a small to medium enterprise (SME) in Quebec?*

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Several entrepreneurs brought up language as a key motivator for starting up and SME in Quebec. “It is difficult for me to work without functional use of the French language,” which prompted one entrepreneur to go into business for themselves. Another entrepreneur stated:

“I moved to Québec...originally to learn French but ended up staying once I married a Quebecer. I did not want to have to do courtroom law work because my French is not perfect so I had to look into other opportunities for work. I live in a small city so the only real option was to go into business for myself.”

One entrepreneur compared the interplay between the French and English languages of Quebec to the two major language groups of his home country and concluded that similar to home, if you do not speak the majority language, you cannot succeed in business. This individual decided the best way to learn French was by volunteering in a French-speaking environment within their business field.

Some entrepreneurs were drawn to the Quebec business scene because they saw an opportunity that may not have existed back home, because the market back home was too saturated, or because the present situation of services in Quebec was not up to par. Others simply felt that there is a lot of opportunity in Quebec to start and grow businesses. Montreal was viewed as favourable place to start a business due to its sheer size as a metropolis. Other entrepreneurs felt that Quebec offered a good opportunity to develop their “autonomy”, “independence” and “passion”, while creating unique experiences for the English-speaking community of Quebec. One entrepreneur expressed how they wanted “to be able to share their enthusiasm for genealogy and its connection to Quebec City, as a historical port for immigration.”

### *3. Do you see any unique opportunities for business growth and development in Quebec that may not be found elsewhere in Canada or abroad?*

There were mixed responses from entrepreneurs in terms of opportunities for starting and growing businesses in Quebec, but the majority of respondents agreed that unique opportunities do exist. Several interviewees/focus group participants mentioned that there are ample opportunities for business growth and development in the arts and culture industry of Quebec. “Unique culture exists here”, stated one entrepreneur. The “cultural environment” and “relative number of artists...in Montreal” creates great business opportunities for artists, creative professionals, and the organizations serving them. Quebec is also considered a hotbed for tourists because of the great attractions and historical importance of Quebec City and Montreal – currently celebrating its 375<sup>th</sup> year.



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While some entrepreneurs described Quebec as having a “well-established business environment”, others felt that the business scene is less developed in comparison to other major Canadian “hubs”:

“There are big hubs [for business] in Canada – Montreal and Vancouver. Quebec is out of the Canadian hub, so there is still space to create businesses as it is not so established...I lived in Ottawa, and Ontario is more energetic for business and it’s easier to create a business and close it the next day. On the other hand, Ontario follows the US model of business, whereas in Quebec there is a US flavour and a European flavour. Quebec therefore has a lot of opportunities and areas to explore in my opinion.”

According to this entrepreneur, the lesser-established business scene in Quebec is not a negative characteristic, but rather a promising one. In other words, there are great opportunities for business in the province that have yet to be explored.

### 4. *What do you see as the primary obstacles to launching a successful business in Quebec?*

Language was the #1 obstacle discussed by entrepreneurs in the focus group discussions and interviews. One entrepreneur summarized the language issues succinctly: “Language is the primary obstacle to launching a successful business in Quebec.” And one entrepreneur described how there are “difficulties overcoming local prejudices related to my race, my sex, my age and my language.”

One interviewee described the necessity for bilingualism in order to succeed in the Quebec business market:

“Even though I speak French, I have never worked in a French environment, so not having perfect French could be an obstacle for me. It is definitely an obstacle for a lot of English-speaking Quebec residents. If you want to launch a business you would most likely need to cater to both English and French speaking people.”

Some English-speaking entrepreneurs feel that the “[Quebec] government environment is bit unfavorable of spoken English.” One entrepreneur went as far as to describe how they were intimidated by the language barrier and the bureaucratic rigmarole that they anticipated facing:

“I see how in Toronto there [is] so much growth and you get here and it’s kind of flat and nice, and there is not a whole lot of ways to maneuver around... as everyone is set in their ways. Not as much bubbling as in Ontario... I don’t speak French and I’m not really integrated into what is going on. Even though [my spouse] speaks French and is a professional translator, the Quebec government has made him jump through so many hoops to prove that he speaks French well,

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even though his French is on a native Quebecois' level. I am almost afraid to step into the entrepreneurial world and find all of the roadblocks that he did.”

As seen above and throughout this study, knowledge of the French language continues to be a major barrier for the English-speaking community of Quebec, as identified in countless studies preceding this one (e.g., the Association for Canadian Studies, 2016; Jedwab 2006). And it's not just knowledge of the French language that is the issue; even for those who are bilingual, there are complicated “laws and business rules in Quebec” and “business expenses associated with having to do everything in two languages” [French and English] in Quebec.

Another bureaucratic issue discussed by participants was related to credentials:

“I always have to prove everywhere in Canada I always had to prove my credentials. For example, when I came to Canada, despite having over 25 years of experience in an industry, they would ask me if I had a Canadian experience of working in that industry. I could not understand what that is?”

Beyond the primary obstacle of language and issues related to bureaucracy, there were several other barriers to business growth and development in mentioned by recently arrived entrepreneurs in Quebec. These included:

- High tax levels for business owners
- Lack of business-contacts and social networks
- Difficulties finding mentors
- Funding / financial resources
- Difficulty dealing with competition
- Difficulties in being able to determine reasonable pricing options
- Finding a distinct target audience that is willing to support your business. Although social media is useful at getting your brand messaging out there, it is very easy for your brand to get lost and diluted in the crowd.

5. *How do you plan to market your business? Will it be done mostly on-line? What do you see as the main advantages of doing business on-line rather than using a traditional storefront? What are the disadvantages of on-line business?*

Almost all entrepreneurs plan to market and conduct at least a portion of their business on-line through websites, apps and social media outlets (e.g., Facebook, Twitter, Instagram, Linked-In), but several future business owners will also rely on traditional word-of-mouth, on the street and in-store promotions, pamphlets, brochures, print advertising, and “a lot of face-to-face as well.”

The primary advantage of doing business on-line, as described by focus group members/interviewees was related to lower costs and higher visibility or increased

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exposure. However, there are pluses and minuses when it comes to on-line advertising, as described in the quotes below:

“I would like to market my business on-line. I would like to have my own website. The main advantage of doing business on-line is to attract international clients. The disadvantages could be a low threshold and high volume of competitors.”

“I have already created a Facebook page and I plan to create a website as well as to maybe tap into other social networks. Recruiting clients would mostly be from my online presence and from word of mouth. Online business allows you to reach many more people than you would be able to otherwise, or at least in a shorter period of time.”

“The primary advantage of online promotion is it has a bigger platform for getting more clients. On the contrary, face-to-face interaction is necessary for an accounting business to flourish.”

“I would start with online retail given the cheaper costs than storefront retail. However the disadvantages of that would be customers would not be able to touch/experience the product for themselves.”

“Online reaches a wide audience quickly and cheaply. But online can also miss an audience which may not be on those channels.”

“Mainly online and word of mouth. The advantages include [lower] costs, time management, efficiency, and broader reach. Disadvantages – perhaps reaching mainly a younger market, missing the personal touch.”

### 6. *Who will be your key clientele? How will you appeal to the French- and English-language communities in Quebec? Other cultural communities?*

Most entrepreneurs intend to serve a diverse clientele – “all people” or “everyone.” “I can adapt to all cultures,” stated one interviewee. Another entrepreneur described how their business will welcome “people from all communities...for the convenience of the general population, my employees would be bilingual.” Some entrepreneurs also mentioned that they will target universities and businesses or corporations – both domestic and international.

On the other hand, there were several prospective business owners who plan to target a specific clientele such as immigrants, low-income residents, the Middle and Upper Class, homeowners, supermarket shoppers, Halal audiences, and seniors visiting the city for one to three days. One entrepreneur specifically planned to target the youth population of Quebec:

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“My clientele would consist of young people between the ages of 14-30. We are a socially conscious fashion accessories company that provides quality pins to people who wish to express their individual style. We will soon be launching a French pin line to appeal to French customers.”

When asked how they will appeal to various cultural communities in Quebec, most entrepreneurs responded in terms of language or ethnicity.

“I plan to use multi languages platform (first of all English and French).”

“I am fluent in English and Spanish already; have a moderate command of French. I will need to increase my French-speaking abilities.”

“I would like to attend professional conferences and events to appeal to French-, English- and Chinese- communities.”

7. *Have you accessed any community or government resources to help you with the planning phase of starting your business? What resources? And how useful were they/have they been?*

Several respondents mentioned accessing the entrepreneurial services of YES, which was expected as the sample for this study was derived primarily from YES clients in Montreal and in the regions of Quebec. These respondents found YES' services to be extremely valuable and low-cost or free. Entrepreneurs in the regions were extremely grateful for the services of YES' business coaches who travel to the regions to offer one-on-one business coaching. They also appreciated the social networking events and workshops that YES hosts in Montreal and in the regions. Other focus group/interview respondents have heard of YES and would like to access their services, but have not done so yet. Others hadn't heard of YES before and were very interested in finding out more information about the services they could access to help them start and grow their business in Quebec.

Other community and government resources mentioned by entrepreneurs in the focus groups and individual interviewees included Futurpreneur (formally CYBF), The Réseau des SADC et CAE, Carrefour Jeunesse Emplois throughout the province, the Morrin Centre (main arts and culture centre located in Old Quebec), Life-Long Learning (through the Quebec Reading Council) and the Conseil Economique de Beauce.

“I contacted the Carrefour Jeunesse Emploi which has a government mandate to work with new immigrants to the region. They are who originally convinced me that an immigration practice would be a good way for me to go. They have agreed to funnel clients to me where appropriate once I get up and running, which is nice...They also put me in contact with the Conseil Economique de Beauce which provides services to help with business planning and mentorship.”

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It was revealed during the interviews that St-Georges de Beauce in the Chaudière-Appalaches region is considered the hotspot for entrepreneurial activity in Quebec. "Beauce is one of the most entrepreneurial regions of the province and has been historically...people are more disposed to start their own business here than go to work for someone else." "There is a large emphasis on hands-on learning and trades, more so than other areas and people are encouraged to go out on their own rather than keep working for their apprentices."

Saint-Georges is also home to Québec's "École d'entrepreneurship" – a private school which uses Quebec's 80 largest enterprises to teach budding entrepreneurs how to succeed in the PME field. However, the region was also described as being somewhat closed off from the rest of Quebec in terms of "doing business with outsiders." While entrepreneurship is viewed as strong and thriving in the region, business owners tend to deal only with people they know – be it through previous business relations, extended family, or other personal connections.

8. *What community or government resources do you feel are necessary to your success as an entrepreneur in Quebec, but to your knowledge are not currently available or difficult to access in your community?*

While St-Georges de Beauce is considered an entrepreneurial centre in Quebec, there are still some resources that are inaccessible to entrepreneurs in the region. For instance:

"There are no law libraries in [my region], which is huge since most solo practitioners save thousands on start-up costs by using libraries to do legal research rather than buying books to begin with. The closest law library for me is Québec. The local Bar Association...is also located in Quebec so I can't even get access to the mentoring without an hour's drive...And of course anything administrative that needs to be done with regard to my license has to be done in person at the Barreau which is in Montréal, 3.5 hours away. It really drives up expenses...However, Saint-Georges does have a thriving chamber of commerce and small business/entrepreneurship community which is quite helpful."

Other services or opportunities that were seen as lacking in the province included Meet-up groups for entrepreneurs and/or peer-support groups, financial aid or start-up grants for new entrepreneurs (i.e., the Quebec government should make it easy to obtain government loans and grants), training opportunities, social networking activities (e.g., "I would like help in how to approach others about [building] a partnership in a convincing way), low-cost translation services, and help with understanding Quebec regulations for small business owners.

9. *(Montreal) In October 2015, CBC News proclaimed Montreal to be "the worst city in Canada for entrepreneurs" based on the results of a study conducted by the*

## **Opportunities and Obstacles for Newcomers Launching SMEs in Quebec**

*Canadian Federation of Independent Businesses, which ranked Montreal dead last out of 121 Canadian cities for enabling entrepreneurs and small businesses to start, grow and prosper. How does this news resonate with you as a Montreal-based entrepreneur? (Quebec City) An October 2015 study conducted by the Canadian Federation of Independent Businesses ranked Quebec City 114 out of 121 Canadian cities for enabling entrepreneurs and small businesses to start, grow and prosper. How does this resonate with you as an entrepreneur in Quebec City?*

When presented with the information above, the majority of entrepreneurs did not seem to be phased by it. In fact, nobody had even heard of the CBC report or CFIB study before.

“Interesting, I hadn't heard that. But it doesn't phase me too much since the region where I am located is known more than anything for being a great city for entrepreneurs. We're so removed from Montréal and Québec City down here it seems. But it is disturbing to hear, nonetheless, that two major cities aren't doing more to support small business owners.”

The news didn't seem to discourage any of the entrepreneurs from carrying out their plans to launch a business in Quebec. “This news does not resonate with me as an entrepreneur in Quebec since my plan is not limited by location,” stated one interviewee. “I believe as long as I work honestly and diligently, I shall be successful in this business.”

Some entrepreneurs were even weary of information and felt that it could not be true: “I have no experience to compare with other cities, but I do not agree with this assessment. I think that there is sufficient access to the necessary information,” stated one entrepreneur. Another interviewee said: “I find that quite unbelievable. The city is buzzing, trendy, plenty of startups, young, however the French aspect is a factor. I can't speak it and immediately eliminate a massive client base.”

Some entrepreneurs tried to explain Montreal's/Quebec's low ranking in the study by attributing it to a lack of entrepreneurial support from government rather than the “spirit of entrepreneurship” in the province, which was described as flourishing. “It does seem tough here. Taxes, infrastructure, income levels, [and] bureaucracy are all significant obstacles.” Another focus group member surmised that “the lack of urban incubator is probably what causes the low ranking...in well-known US universities, incubators work perfectly. Incubators help test ideas and then you develop your ideas as you can touch the market that might be interested.”

*10. In closing, would anyone like to share a success story they have had since arriving in Quebec and beginning the process of launching a business? Something that might inspire other Quebec entrepreneurs to persist in their ventures?*

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Focus group members/interviewees offered some closing comments regarding their experiences as entrepreneurs in Quebec. Key comments are presented below:

“I have had success in getting myself known as a resource person within the Anglophone community [of Quebec]. I anticipate that 'good will' will assist me in my future ventures.”

“I have a friend, who is an artist in Montreal. He has started his business in his spare time besides his full-time job. He is able to support his wife as his assistant. His wife is responsible for communication, marketing, and sub-contracting.”

“While I have found the job hunting process for Anglophones/minorities in Quebec to be very discouraging, I have found Quebecers to be VERY supportive of those who wish to go into business for themselves. Complete strangers have gone very far out of their way to help me make business connections and find leads once they heard that I was starting a business for myself...the optimistic side of me has been really impressed with the way people are willing to go the extra mile to give strangers a leg up in Quebec. It's definitely not that way in Ontario in my experience.”

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### SUMMARY OF PRINCIPAL FINDINGS

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The findings from the on-line survey and focus groups/interviews with recently-arrived, English-speaking entrepreneurs in Quebec revealed some consistent trends:

- Current business owners are most likely to receive business support from their previous job experience (94%) where as entrepreneurs in the planning phase are most likely to rely on websites (91%).
- Entrepreneurs in the planning phase of business development were much more likely than current business owners to access the following sources of business support: training programs (74% v. 33%), government resources (77% v. 15%), entrepreneurship centres (73% v. 33%), community organizations (67% v. 42%), business associations (71% v. 27%), professional associations (60% v. 25%), trade shows (57% v. 21%) and the Board of Trade (54% v. 9%).
- Nearly one-fourth (23%) of current business owners and 38% of entrepreneurs wanting to launch a business in Quebec would classify their business as “Consulting,” which may indicate those who intend to be self-employed. One in five business owners were working in the “Technologies” sector as were 30% of entrepreneurs ready to launch.
- Our sample served/intended to serve a diverse clientele in the English and French languages, including other non-official language communities (e.g., Spanish, Arabic, Farsi, Mandarin).
- 23% of current business owners and 39% of potential business owners in our sample are focused on serving their city or town. The majority use/will use the Internet and/or Word of Mouth to advertise their business, and approximately one-third do/will do their business almost exclusively on-line.
- The primary source of start-up capital used by current business owners (50%) and pre-launch entrepreneurs (73%) is personal/family savings.
- 57% of current business owners surveyed and 60% of entrepreneurs in the planning phase would recommend starting a business in Quebec. While this forms the majority for the two groups of English-speaking immigrants, there is still a significant proportion who are discouraged by the entrepreneurial landscape of Quebec (40-43%).
- Financial concerns (lack of start-up capital/access to finances and taxes) may prevent a lot of new immigrant businesses from launching in Quebec. Access to finances was identified as the #1 barrier to launching a business for prospective business owners (74% saw it as a ‘somewhat’ to ‘very serious obstacle’) and was



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the #2 barrier for current business owners (67%), just behind the lack of network support and assistance (68%).

- Language laws (61%) and language barriers (56%) were seen as obstacles to English-speaking immigrant business owners in our study, however, this is based on entrepreneurs' perceptions of language barriers affecting small businesses in Quebec. Francization laws in the province currently only apply to businesses with 50 or more employees, and thus do not affect the majority of entrepreneurs involved in our study.
- Entrepreneurs need access to established networks in the business community. Lack of network support and assistance was the #1 barrier as identified by business owners (68%) and the #3 barrier for pre-launch entrepreneurs (71%) in our sample.
- Access to business support services in English was another major barrier for the English-speaking community of newcomer-entrepreneurs, especially for current business owners in Quebec (59%). This may indicate a need for more outreach efforts by service providers with the business community of Quebec.

In closing, there is a strong sense of a growing and thriving entrepreneurial community in Quebec, which is open to receiving English-speaking recent immigrants; however, many of these newcomers lack access to the human (e.g., access to finances) and social capital (e.g., access to networks) resources necessary to launch small to medium businesses (SMEs) in Quebec. This may at least partially explain why less than one in ten immigrants who intend to launch an SME actually ends up launching an SME (see literature review).

Yet ample opportunity exists for English-speaking newcomers/entrepreneurs in Quebec, who are resilient to claims that the state of entrepreneurship in Quebec is waning or not up to par with its counterpart in Ontario, or in other provinces and countries abroad. The entrepreneurial spirit is alive and well in Quebec, according to study participants (69% of current business owners had confidence in the Quebec market), but in order for it to grow and prosper, local governments and community-based providers must ensure that essential business services and resources for entrepreneurs are readily available and accessible to English-speaking immigrants who own businesses or who plan to launch businesses in Quebec in the near future.

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### RECOMMENDATIONS

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The following program and policy recommendations follow from the above analysis of survey and focus group/interview data on English-speaking newcomers/entrepreneurs in the province of Quebec:

1. Increase funding to develop trainings/workshops and business coaching services for English-speaking newcomers/entrepreneurs in Quebec. These services should be made accessible on-line and at flexible times during the day (e.g., over lunch, in the evening) to ensure that immigrant-entrepreneurs have access to essential services and supports in English to help them launch and grow their businesses in Quebec. English-speaking newcomers/entrepreneurs in Quebec have their own unique set of issues and tailored trainings/workshops should be developed with the issues in mind. Providing English-language services and supports will help create opportunities and build pathways to success for these entrepreneurs while boosting the overall Quebec economy.
2. Community-based organizations serving immigrant-entrepreneurs should expand upon existing collaborations (e.g., between Youth Employment Services and the Voice of English-speaking Quebec in Quebec City, Townshippers Association in Sherbrooke, the Committee for Anglophone Social Action in the Gaspé, Megantic English-speaking Community Development Corporation in Thetford Mines, Neighbours Regional Association in Rouyn-Noranda, North Shore Community Association in Baie-Comeau, the Regional Association of Western Quebecers in Gatineau, and others) to offer direct entrepreneurship services to the local English-speaking community (e.g., one-on-one and group business coaching, tailored workshops, networking events, etc.).
3. Develop a series of peer-to-peer support and networking groups for newcomer-entrepreneurs interested in launching SMEs in Quebec. This will allow for greater access to community resources and business insights from fellow entrepreneurs. The groups should be modeled after existing evidence-based programs and best practices in the field (e.g., held weekly over the course of 6-8 consecutive weeks and facilitated by a licensed professional who is trained in cultural sensitivity issues affecting the English-speaking community of immigrant-entrepreneurs).
4. Increase network support and assistance for recently arrived entrepreneurs who have launched (or are planning to launch) SMEs in Quebec. This was the #1 issue for current business owners in our study, and was the #3 issue as recognized by those planning to launch. Strategies could include hosting regular networking events in the community for current and prospective business owners as well as conferences and regional forums that invite key members of the business community to share information and potentially collaborate on joint business ventures.

## **Opportunities and Obstacles for Newcomers Launching SMEs in Quebec**

5. Offer mentoring support services to recently arrived business owners and new entrepreneurs alike. This could take on the form of brief mentorship programs whereby future entrepreneurs connect with current business owners through 'one-off' informational meetings conducted on-line, in-person, or at special events in the community.
6. Improve access to financing options for English-speaking newcomers who want to start a small to medium business in Quebec. This may include an educational piece to ensure that newcomer-entrepreneurs are aware of all the government and community resources and bank loans that are available to them.
7. The Quebec government and local Quebec municipalities should revisit existing tax structures for small to medium-size business owners. This issue was of major concern to entrepreneurs who took our survey or who participated in the focus groups/individual interviews. Increased tax incentives or tax breaks should be considered to reduce the financial burden of launching an SME in Quebec.

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## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### TABLES

<b>TABLE 1.1 DEMOGRAPHICS</b>	<b>Total</b>	<b>Planning to launch a business</b>	<b>Current Business Owners</b>	<b>Not planning to launch a business</b>
<b>Age Group</b>				
18-24	12	8	1	3
25-34	82	49	12	21
35-44	86	44	19	23
45-54	14	6	4	4
55+	8	2	4	2
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>Gender</b>				
Female	94	51	12	31
Male	107	57	28	22
Unknown/Not reported	1	1	--	--
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>Knowledge of Official Languages</b>				
English	87	40	20	27
French	1	--	1	--
English and French	114	69	19	26
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>First Language(s) Spoken and Still Understood</b>				
English	73	38	18	17
English and Other	34	17	6	11
French	12	7	3	2
French and Other	9	8	--	1
Other	56	30	10	16
Unknown/Not reported	18	9	3	6
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>Visible Minorities</b>				
Visible Minority	78	45	17	16
Not a Visible Minority	117	60	21	36
Unknown/Not reported	7	4	2	1
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>Education</b>				
High School	6	2	2	2
Trade Certificate or Diploma	6	2	4	--
College/CEGEP	8	5	1	2
University-Bachelor's Degree	83	46	14	23
University-Beyond Bachelor's	98	53	19	26
Unknown/Not reported	1	1	--	--
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>TABLE 1.2 DEMOGRAPHICS</b>	<b>Total</b>	<b>Planning to launch a business</b>	<b>Current Business Owners</b>	<b>Not planning to launch a business</b>
<b>Age Group</b>				
18-24	6%	7%	3%	6%
25-34	41%	45%	30%	40%
35-44	43%	40%	48%	43%
45-54	7%	6%	10%	8%
55-64	4%	2%	10%	4%
Total	100%	100%	100%	100%
<b>Gender</b>				
Female	47%	47%	30%	58%
Male	53%	53%	70%	42%
Unknown/Not reported	--	--	--	--
Total	100%	100%	100%	100%
<b>Knowledge of Official Languages</b>				
English	43%	37%	50%	51%
French	0.5%	--	3%	--
English and French	56%	63%	48%	49%
Total	100%	100%	100%	100%
<b>First Language(s) Spoken and Still Understood</b>				
English	40%	38%	49%	36%
English and Other	18%	17%	16%	23%
French	7%	7%	8%	4%
French and Other	5%	8%	--	2%
Other	30%	30%	27%	34%
Unknown/Not reported	--	--	--	--
Total	100%	100%	100%	100%
<b>Visible Minorities</b>				
Visible Minority	40%	43%	45%	31%
Not a Visible Minority	60%	57%	55%	69%
Unknown/Not reported	--	--	--	--
Total	100%	100%	100%	100%
<b>Education</b>				
High School	3%	2%	5%	4%
Trade Certificate/Diploma	3%	2%	10%	--
College/CEGEP	4%	5%	3%	4%
University-Bachelor's	41%	43%	35%	43%
University-Beyond Bachelor's	49%	49%	48%	49%
Unknown/Not reported	--	--	--	--
Total	100%	100%	100%	100%

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>TABLE 2.1 ARRIVAL INFORMATION</b>	<b>Total</b>	<b>Planning to launch a business</b>	<b>Current Business Owners</b>	<b>Not planning to launch a business</b>
<b>Region of Residence</b>				
Bas-Saint-Laurent	1	--	--	1
Capitale Nationale	8	4	3	1
Chaudière-Appalaches	1	1	--	--
Laurentides	1	1	--	--
Monteregie	1	--	--	1
Montréal	136	80	30	26
Outaouais	1	--	1	--
Unknown/Not reported	53	23	6	24
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>Time of Arrival (to Quebec)</b>				
2016	22	13	2	7
2015	21	12	4	5
2014	77	42	16	19
2013	40	20	6	14
2012	18	11	4	3
2011	21	9	7	5
Unknown/Not reported	3	2	1	--
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>
<b>Work Status Prior to Arrival</b>				
Employed	115	69	13	33
Entrepreneur	37	16	17	4
Unemployed	18	9	4	5
Other (Student)	28	14	4	10
Unknown/Not reported	4	1	2	1
<b>Total</b>	<b>202</b>	<b>109</b>	<b>40</b>	<b>53</b>

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>TABLE 2.2 ARRIVAL INFORMATION</b>	<b>Total</b>	<b>Planning to launch a business</b>	<b>Current Business Owners</b>	<b>Not planning to launch a business</b>
<b>Region of Residence</b>				
Bas-Saint-Laurent	1%	--	--	3%
Capitale Nationale	5%	5%	9%	3%
Chaudière-Appalaches	1%	1%	--	--
Laurentides	1%	1%	--	--
Monteregie	1%	--	--	3%
Montréal	91%	93%	88%	90%
Outaouais	1%	--	3%	--
Unknown/Not reported	--	--	--	--
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Time of Arrival (to Quebec)</b>				
2016	11%	12%	5%	13%
2015	11%	11%	10%	9%
2014	39%	39%	41%	36%
2013	20%	19%	15%	26%
2012	9%	10%	10%	6%
2011	11%	8%	18%	9%
Unknown/Not reported	--	--	--	--
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Work Status Prior to Arrival</b>				
Employed	58%	64%	34%	63%
Entrepreneur	19%	15%	45%	8%
Unemployed	9%	8%	11%	10%
Other (Student)	14%	13%	11%	19%
Unknown/Not reported	--	--	--	--
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### Survey Summary for Current Business Owners (n=40)

<b>In what year was the business founded?</b>	<b>#</b>	<b>%</b>
2016 or later	8	24.2%
2015	13	39.4%
2014	4	12.1%
2013	--	--
2012	2	6.1%
2011 or earlier	6	18.2%
Unknown/Not reported	7	--

<b>How did you initially acquire ownership of this business?</b>	<b>#</b>	<b>%</b>
Founded or started	30	88.2%
Purchased	1	2.9%
Transfer of a family business	1	2.9%
Other	2	5.9%
Unknown/Not reported	6	--

<b>How many people own this business?</b>	<b>#</b>	<b>%</b>
Just me	18	51.4%
Myself and one other	13	37.1%
3 to 5	4	11.4%
More than 5	--	--
Unknown/Not reported	5	--

<b>In which of the following sectors would you classify your business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
Manufacturing	6	15.0%
Technologies	12	30.0%
Consulting	15	37.5%
Retail	3	7.5%
Food Services	3	7.5%
Import-Export	3	7.5%
Other (e.g., Entertainment, Hospitality, Health)	14	35.0%

<b>How many employees do you have?</b>	<b>#</b>	<b>%</b>
0	16	57.1%
1-4	8	28.6%
5 or more	4	14.3%
Unknown/Not reported	12	--

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>My business is done almost exclusively online.</b>	<b>#</b>	<b>%</b>
Yes	12	34.3%
No	23	65.7%
Unknown/Not reported	5	--

<b>The main clients of my business are:</b>	<b>#</b>	<b>%</b>
A diverse clientele	29	85.3%
Members of the same ethnic community	1	2.9%
Members of the same language community	3	8.8%
People that live in the neighbourhood	1	2.9%
Unknown/Not reported	6	--

<b>What was the main source(s) of capital used to start or initially acquire this business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
Personal/family savings of owner(s)	29	72.5%
Personal/family assets other than savings of owner(s)	--	--
Personal credit card(s) carrying balances	5	12.5%
Personal/family home equity loan	1	2.5%
Business loan from government	1	2.5%
Business loan from bank or financial institution	--	--
Investment from family/friend(s)	--	--
Community based loan fund	1	2.5%
Other source(s) of capital	1	2.5%
None needed	2	5.0%

<b>In what language(s) does your business primarily operate?</b>	<b>#</b>	<b>%</b>
English and French equally	6	17.1%
English and Other equally	3	8.6%
English, French and Other equally	4	11.4%
Mostly English	19	54.3%
Mostly French	2	5.7%
Mostly Other	1	2.9%
Unknown/Not reported	5	--

<b>How do you advertise your business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
Newspaper	2	5.0%
Radio/TV	1	2.5%
Flyers	5	12.5%
Internet	28	70.0%
Word of Mouth	24	60.0%
Other (e.g., Direct Marketing)	7	17.5%

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<b>What is the scope of your business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
City or town	9	23%
Provincial	5	13%
National	9	23%
International	14	35%
On-line	9	23%
All of the above	9	23%

<b>When it comes to business support, how much do you receive from the following...?</b>	<b>Very Much / Some Support</b>	
	<b>#</b>	<b>%</b>
Board of Trade	3	9%
Government	5	15%
Trade shows	7	21%
Professional associations	8	25%
Business association	9	27%
Entrepreneurship centre	11	33%
Training programs	11	33%
Community organization	14	42%
Friends	16	48%
Family members	17	50%
Websites	26	76%
Formal education	27	79%
Previous job experience	32	94%

<b>If used at all, what was the average duration that you accessed the service?</b>	<b>#</b>	<b>%</b>
A month or less	6	28.6%
1 to 6 months	6	28.6%
7 to 12 months	5	23.8%
A year or more	4	19.0%
Unknown/Not reported	19	--



## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

Are the following a very serious obstacle ... not an obstacle at all when creating a small business?	Somewhat / Very Serious Obstacle	
	#	%
Lack of network of support and assistance	23	68%
Access to finances	22	67%
Language laws	20	61%
Taxes	19	59%
Difficulty entering into the market	20	59%
Accessing business support or service programs in English	20	59%
Lack of local business support and knowledge	19	58%
Difficulty obtaining a loan	18	56%
Language barriers	19	56%
Lack of knowledge of laws and regulations	18	55%
Provincial government support	17	52%
Government regulations	16	50%
Locating an English language business support provider in area	15	44%
Lack of knowledge on how to run a business	13	38%
Lack of business culture	13	38%
Labour policies	10	32%
Lack of confidence in the market	11	31%
Market too small for my type of business	10	29%
Lack of family support	8	25%
Difficulty in finding employees	7	21%
<b>I would recommend starting a business in Quebec.</b>		
Strongly agree	5	14%
Somewhat agree	15	43%
Somewhat disagree	10	29%
Strongly disagree	1	3%
Don't know	4	11%
Unknown/Not reported	5	--

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

### Survey Summary for Entrepreneurs Planning to Launch (n=109)

<b>Do you have previous business experience?</b>	<b>#</b>	<b>%</b>
Yes	37	44%
No	48	56%
Unknown/Not reported	24	--

<b>In which of the following sectors would you consider starting a business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
Manufacturing	7	6%
Technologies	21	19%
Consulting	25	23%
Retail	14	13%
Food Services	18	17%
Import-Export	18	17%
Other (e.g., Craft Brewing, Photography)	47	43%

<b>Will the business require partners?</b>	<b>#</b>	<b>%</b>
Yes	45	54%
No	39	46%
Unknown/Not reported	25	--

<b>How many partners?</b>	<b>#</b>	<b>%</b>
None	28	34%
1 to 2	39	47%
3 to 5	14	17%
More than 5	2	2%
Unknown/Not reported	26	--

<b>My business would be done almost exclusively online.</b>	<b>#</b>	<b>%</b>
Yes	26	31%
No	59	69%
Unknown/Not reported	24	--

<b>The main clients of my business would be:</b>	<b>#</b>	<b>%</b>
A diverse clientele	68	80.0%
Members of the same ethnic community	1	1.2%
Members of the same language community	6	7.1%
People that live in the neighbourhood	10	11.8%
Unknown/Not reported	24	--

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>What would the main source(s) of capital be to start the business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
Personal/family savings	54	50%
Personal/family assets other than savings	3	3%
Personal credit card(s) carrying balances	11	10%
Personal/family home equity loan	2	2%
Business loan from government	28	26%
Business loan from bank or financial institution	21	19%
Investment from family/friend(s)	10	9%
Community based loan fund	3	3%
Other source(s) of capital	16	15%
None needed	8	7%

<b>In what language(s) would your business primarily operate?</b>	<b>#</b>	<b>%</b>
English and French equally	35	41%
English and Other equally	4	5%
French and Other equally	1	1%
English, French and Other equally	13	15%
Mostly English	27	32%
Mostly French	5	6%
Unknown/Not reported	24	--

<b>How would you advertise your business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
Newspaper	19	17%
Radio/TV	6	6%
Flyers	26	24%
Internet	77	71%
Word of Mouth	59	54%
Other (e.g., Direct Advertising)	6	6%

<b>What would be the scope of your business? (Check all that apply)</b>	<b>#</b>	<b>%</b>
City or town	42	39%
Provincial	19	17%
National	16	15%
International	20	18%
On-line	24	22%
All of the above	17	16%
Other	1	1%

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>When it comes to business support, how much do you receive from the following...?</b>	<b>Very Much / Some Support</b>	
	#	%
Board of Trade	44	54%
Trade shows	47	57%
Professional associations	50	60%
Family members	56	66%
Community organization	56	67%
Business association	60	71%
Entrepreneurship centre	61	73%
Training programs	63	74%
Friends	63	75%
Formal education	64	75%
Government	65	77%
Previous job experience	65	78%
Websites	77	91%

<b>In starting a business would you see the following as a very serious obstacle ... not an obstacle at all?</b>	<b>Somewhat / Very Serious Obstacle</b>	
	#	%
Access to finances	62	74%
Lack of knowledge of laws and regulations	63	73%
Lack of network of support and assistance	60	71%
Taxes	60	71%
Difficulty entering into the market	58	68%
Lack of local business support and knowledge	58	68%
Government regulations	54	64%
Lack of knowledge on how to run a business	53	63%
Lack of business culture	54	63%
Difficulty obtaining a loan	51	60%
Lack of confidence in the market	50	59%
Language barriers	44	52%
Language laws	43	51%
Labour policies	40	48%
Accessing business support or service programs in English	38	45%
Locating an English language business support provider in area	37	44%
Provincial government support	35	42%
Market too small for my type of business	32	39%
Difficulty in finding employees	31	37%
Lack of family support	25	29%

## Opportunities and Obstacles for Newcomers Launching SMEs in Quebec

<b>I would recommend starting a business in Quebec.</b>	<b>#</b>	<b>%</b>
Strongly agree	13	15%
Somewhat agree	38	45%
Somewhat disagree	13	15%
Strongly disagree	--	--
Don't know	21	25%
Unknown/Not reported	24	--