

# **Immigrants' Sustainable Economic Integration in Canada through Social Enterprises**

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## **Introduction**

The paper seeks to explore the dynamics of a trend in Canadian labour market that hinders full and effective economic participation of new immigrants and juxtaposes it to their integration through social enterprise model. Immigrants' economic isolation following their professional displacement has larger socio-economic implications for the Canadian families, economy and the country itself.

The trend needs to be arrested to ensure continuous economic and population growth.

Evidence suggests there are structural constraints in Canadian economic planning which over the years have influenced the professional choices of landed immigrants by impelling them into underpaid jobs and have not systemically encouraged their self-employment through small & medium enterprises. The combination of these factors led to economic isolation of immigrants, impeded their social integration and Canadian economy also suffered from immigrants' apparent underutilization.

The concept of social economy<sup>1</sup> is gaining recognition globally as a way out of the economic woes of the socially marginalized. The social enterprises are considered the backbone of the social economy model. It is argued that they could play a critically important role in socially inclusive wealth creation and its equitable distribution with positive impact on the marginalized segments such as senior citizens, women, immigrants, single parents, and people with disabilities etc.

Using data and case studies, this paper demonstrates how social enterprises have helped marginalized groups including immigrants in increasing as well as sustaining incomes, attaining economic integration and settle with dignity. The paper will analyze an existing model of social enterprise which is under-implementation by Human Endeavour and show how it has envisaged improved and sustainable social integration of new immigrants by utilizing their skills better.

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<sup>1</sup> Please see definition in the Social Economy section of the paper

## Falling Incomes of Immigrants

It is a well-established fact now that immigrants landing in Canada during the early 1990s faced more



**Figure 1 : Earnings of immigrant men with university degree, data sources Statscan, figure by Human Endeavour**

economic difficulties than previous cohorts of immigrants<sup>2</sup>. Average income for a recent immigrant<sup>3</sup> was up to \$48,000 in 1980 which fell to \$ 30,000 in the year 2005 before factoring in inflation. An immigrant earned 85 per cent of what their Canadian-born counterparts made in 1980; this kept falling gradually though education level of immigrants has been continuously rising. Today a

recent male immigrant with a university degree earns merely 48 per cent of what his Canadian-born counterpart as is shown in Figure 1.

The figure shows the economic performance of immigrants relative to the Canadian-born population. Data shows immigrants' incomes have deteriorated over the last three decades; many of them find it difficult to secure well-paying jobs and their earnings tend to be well below those of the Canadian-born population.<sup>4</sup> Canada attracts over 250,000 immigrants, majority of whom are in skilled category and thus highly qualified and accomplished professionals. The immigrants who arrived during the 1990s helped lift the education level in Canada. However, with the settlement conditions becoming unfavorable and incomes dropping, the settlement of the skilled immigrants takes for longer as they find a bumpy road to settlement and integration awaiting them upon their arrival in Canada, and six out of ten immigrants are forced to change careers. The key barrier is failure of planning to provide

<sup>2</sup> Picot, Garnett & Sweetman, Arthur, 2011. "Canadian Immigration Policy and Immigrant Economic Outcomes: Why the Differences in Outcomes between Sweden and Canada?," IZA Policy Papers 25, Institute for the Study of Labor (IZA).

<sup>3</sup> A recent immigrant is someone who is in Canada for less than five years while an immigrant is defined as someone who is in Canada for more than five year but less than ten years.

<sup>4</sup> Garnett Picott and Arthur Sweetman. 2005. 'The Deteriorating Economic Welfare of Immigrants and Possible Causes: Update 2005,' Statistics Canada Catalogue number 11F0019MIE – Number 262 <http://www.statcan.gc.ca/pub/89-611-x/4067688-eng.htm>

fair access to opportunities that could help them settle in jobs corresponding to their skills. The trends raise serious questions about the economic planning that is causing poverty by displacing immigrants. This trend becomes alarming given the fact that immigrants are the main source of population growth in Canada. In 2004, 70% of the net labour force growth was due to immigrants; by 2011, this will reach 100%. The birth rate in Canada is only 1.5 children per woman aged 15-49<sup>5</sup>. In the 1995-2005 decade, net immigration accounted for 60% of the population growth; by 2030, immigration would become the only factor of population growth<sup>6</sup>. As Canada is approaching the point where immigrants will account for Canada's population growth, their income levels are becoming important determinant of aggregated Canadian totals. Given that immigrant population is necessary for Canadian economic and population growth, it is important they are helped in settling downing with respect and dignity.

### **Structural Constraints Affecting Employability of Immigrants**

Immigrants entering Canada under Skilled Workers category are well qualified professionals with substantial work experience. However, structural barriers in the labour market exclude and deny them access to jobs commensurate with their skills and expertise. There is very little likelihood of job transferability as their credentials are not recognized and experience outside Canada is not accepted. They do not find a job of similar nature or level close to their job prior to coming to Canada and start from a position much lower to their education level and work experience. Review of literature points out that the following key structural issues impede economic integration of new immigrants:

**Accreditation of Skills:** The procedures relating to evaluation and recognition of education and professional attainment outside Canada are long, difficult and expensive for new immigrants. The fact that Canadian work opportunities are hard to come by and non-Canadian work experience of immigrants is not recognized makes it hard<sup>7</sup> for them to operate in the job market and get meaningful employment in their own field. Although employers who have worked with internationally trained staff feel that latter's skills are transferable in the job market. ATI Technologies (Markham, ON) has

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<sup>5</sup> <http://www.statcan.gc.ca/daily-quotidien/031222/dq031222c-eng.htm>

<sup>6</sup> <http://www.statcan.ca/Daily/English/060927/d060927a.htm>

<sup>7</sup> <http://www.cpj.ca/en/content/does-arrival-canada-doom-newcomers-poverty>

found that “international skills and credentials are transferable to the Canadian labour market. By sourcing globally, it has created a working environment that contributes to attract and retain the very best people from around the world.” (Michel Cadieux, Senior Vice-President)

### **Racism in Labour Market**

Multiculturalism became the official policy in Canada in 1971<sup>8</sup>, which is now recognized as a global leader in diversity issues. Canada takes pride in its multicultural society that accepts immigrants with open arms, however, individual experiences and some research show that Canadian labour market is not completely free of ethnic and racial biases. Growing poverty among immigrant and Canadian-born peoples of colour<sup>9</sup> is sad reflection of this reality that can be termed a structural problem here. A study<sup>10</sup> “Why Do Skilled Immigrants Struggle in the Labour Market? ” by the University of British Columbia reveals that racism is a significant barrier to employment for new immigrants. In order to gauge the level of ethnic and racial bias, the study sent out six thousand fabricated resumes to online job postings in Toronto. The resumes represented recent immigrants from China, India, Pakistan and Britain, were randomly given either foreign or domestic educational experience, and aimed to do a comparison between responses received for Caucasian and non-Caucasian recent immigrants. The study revealed that interview request rates for English-named applicants with Canadian education and experience were three times higher compared to résumés with Chinese, Indian or Pakistani names with comparable foreign education and experience (5% versus 16%). However, foreign applicants from Britain were not discriminated and received the similar response as for the Canadian applicants. Resumes with English-sounding names received interview requests 40 percent more often than applicants with Chinese, Indian, or Pakistani names, with a call-back rate of 16% versus 11%”

This is not the only study to reveal the prevalence of racism in Canada. Review of literature suggests that race, more than religion or income, has been the biggest determinant in accessing employment in

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<sup>8</sup> [http://en.wikipedia.org/wiki/Multiculturalism\\_in\\_Canada](http://en.wikipedia.org/wiki/Multiculturalism_in_Canada)

<sup>9</sup> <http://www.cpj.ca/en/content/does-arrival-canada-doom-newcomers-poverty>

<sup>10</sup> <http://www.nber.org/digest/sep09/w15036.html>

Canada. Denying people access to hiring opportunities for reasons unrelated to their abilities is unfair and discriminatory and policy measures are needed to halt this detrimental social exclusion.

### **Social Economy and Social Enterprises**

The concept of social economy is gaining global recognition for its potential to help the marginalized. Social enterprises are the backbone of the social economy model which can play an important role in generating socially inclusive wealth and enabling communities to work collectively towards uplifting marginalized members within them like senior citizens, women, immigrants, single parents, people with disabilities etc. However, it is important to pause and peruse the definition of social economy in order to better debate the possible role it can play in economic integration of immigrants in Canada.

### **Social Economy and its scope**

According to Quarter and Mook (2010), ‘the boundaries of the social economy are both contested and fluid’, and ‘organizations that form the social economy overlap with the private and public sectors’<sup>11</sup>. Social economy<sup>12</sup> is referred to as a third sector in economies between the private sector, the public sector and government. It includes organizations like cooperatives, non-profits and charities. Human Resources & Skills Development Canada (HRSDC) terms ‘social economy’<sup>13</sup> as ‘a grass-roots entrepreneurial, not-for-profit sector, based on democratic values that seek to enhance the social, economic, and environmental conditions of communities, often with a focus on their disadvantaged members’. In this paper, we use this definition by HRSDC.

Statistics Canada study<sup>14</sup> over the years has shown that the bottom 20% of Canadian population gets about 4%, next 20% gets 9.6% and the middle 20% gets 15.6% of the national income. These 60%

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<sup>11</sup> Quarter, J and Mook, L 2010. “An Interactive View of the Social Economy”, Canadian Journal of Nonprofit and Social Economy Research, Vol. 1, No 1 Fall 2010 <http://www.anserj.ca/index.php/cjnser/article/viewFile/4/5>

<sup>12</sup> [http://en.wikipedia.org/wiki/Social\\_economy](http://en.wikipedia.org/wiki/Social_economy)

<sup>13</sup> [http://www.hrsdc.gc.ca/eng/cs/comm/sd/social\\_economy.shtml](http://www.hrsdc.gc.ca/eng/cs/comm/sd/social_economy.shtml)

<sup>14</sup> Statistics Canada (1998) Income Distribution by Size in Canada Catalogue No. 13-207, CANSIM Table 202-0701, V1546461 to V1546465, J.R. Podoluk (1968) Incomes of Canadians, Dominion Bureau of Statistics.

people earn little compared to the top 40% of the population and the situation has neither changed in the past fifty five years, nor there is a hope of an imminent change. The gap is actually on the rise<sup>15</sup>. Although, social economy has capacity to improve living standards of citizens placed at the lowest rung of the socio-economic order, we have not yet optimally explored its potential in Canada. There are numerous benefits of a thriving social economy as it surpasses the barriers and overcomes limitations of cut throat competition present in capitalism and market economy. People proffer to help each other in areas where others face disadvantage, and after initial help people are able to compete in the market. Some people, owing to the nature of their disadvantages, may need longer term support or continual mentoring; such as persons with special needs. While size and scale of social economy are still not known in Canada, in Quebec alone there are estimated 6,200<sup>16</sup> social enterprises that together employ 65,000 people and generate annual sales in excess of \$4 billion.

### Human Endeavour and Social Economy

Human Endeavour (HE), a grassroots organization in Ontario Canada, has worked extensively with immigrants since 2005. Having its roots in the migrant communities, it was cognizant of constraints

<b>New Horizon, Community based economic development 2006-2009</b>	
Economic plans developed	188
Training workshops	59
Workshops attendance	785
Trade shows	8
Trade show stalls	168
<b>Started business</b>	<b>45</b>
<b>Part time self employed jobs</b>	<b>15</b>
<b>Found jobs</b>	<b>75</b>
<b>Improved prospects of existing businesses</b>	<b>75</b>

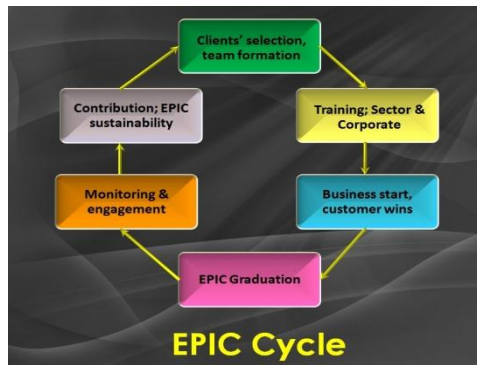
faced by immigrants on their arrival in Canada. HE initiated an economic development project titled ‘New Horizons’ for the immigrants in 2006. The project was aimed at improving the economic condition of new immigrants mainly through home-based businesses, however, it also focused on training needs of the immigrants for enhancing employability and provided

**Table 1 : New Horizon 2006-2009** networking support where needed. Key statistics of the project are presented in Table 1.

<sup>15</sup><http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2010/12/Richest%201%20Percent.pdf>

<sup>16</sup> [http://www.hrsdc.gc.ca/eng/cs/comm/sd/social\\_economy.shtml](http://www.hrsdc.gc.ca/eng/cs/comm/sd/social_economy.shtml)

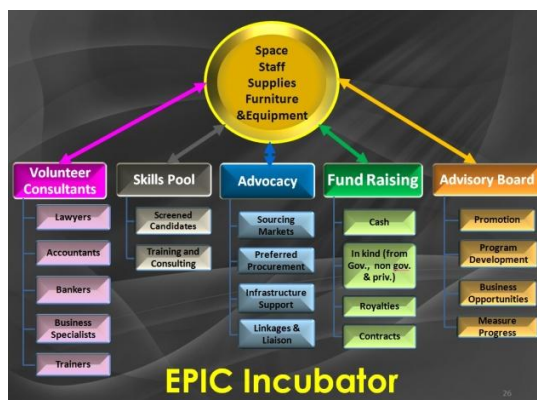
Success of the project encouraged HE to develop a new and more sophisticated model of economic



**Figure 2 : EPIC Cycle**

of this program are given in the next section. Second stream of this program is meant for people with set of disadvantages like physical or mental challenges, senior citizens, immigrant women who need long-term mentoring and hand holding in order to be independent. They are inducted into ‘supportive employment’ where they are allowed to develop their skills and become financially viable while working in supportive environment. If it’s not possible for them to compete in open market due to the nature of their disadvantage they continue to work with social enterprises set up by HE and earn decent living.

Based on the principles of social economy model, HE has set up an incubator that helps newcomers and other disadvantaged members of the communities in finding innovative economic solutions by



**Figure 3 : What is EPIC and how it works?**

using their entrepreneurial skills. EPIC assists prospective entrepreneurs from marginalised communities by providing support in market identification, technical support, training and launching community owned and operated low cost, service based social enterprises.

The EPIC incubator helps finding avenues leading to the self-reliance through community rooted social enterprises.

This model also helps immigrants in their sustainable social integration. Figure 3 explains the EPIC

<sup>17</sup> EPIC, A social enterprise incubator. A project of Human Endeavour in partnership with Elder Connections, New Hope United Church, Punjabi Community Health Services, RonoSys, Seneca College, TD Canada Trust, Vaughan Citizen/York Region Media Group, Vaughan Community Health Centre, Vaughan Business Enterprise Centre. Funded by the Ontario Trillium Foundation

model and how enterprises are initiated, helped and sustained over time. EPIC relies heavily on volunteer support provided by professionals in making enterprises successful. Such volunteers are highly skilled professional who proffer time for the benefit of these enterprises. Some of the upcoming enterprises under EPIC include: Party Planning, Event Management, Catering, Office Care, Desktop Design, Publishing & Brand Promotion, Crafts, Translations & Interpretation, Multimedia.

## **Conclusion**

Based on the foregoing discussion, it can be concluded that income levels of immigrants have dropped over the years. New immigrants face many challenges in their struggle to settle in Canada. Some of the main barriers in the way of job transferability are accreditation of skills and acceptance of previous work experience. Signs of racism are present in the job and market where Caucasians are given preferential treatment. It has thus been argued that a policy shift in favour of small and medium enterprises is needed at the Government level.

The paper argues for social economy as way out of the present quagmire. Human Endeavour is using social economy in helping its clients at a small scale but the potential of social economy is far greater and has not yet been fully recognized, let alone realized, in Canada. For HE, social economy is *caring economy* and has capacity to lift ordinary Canadians out of the poverty trap; and can safeguard the interests the bottom 60% of the population who have less than 30% share in the national income. Human Endeavour and other organizations are working on small scale to implement this model and the initial results are very encouraging. With support from policy makers, a transformation of scale can be brought about within a decade and it will help people on the margins to be part of the mainstream of the national economic activity. And social harmony of the Canadian society where diverse immigrants are assimilated with dignity will be a bonus of social economy enterprise.

Noor Din, migrated to Canada in 1990, is CEO of Human Endeavour ([www.humanendeavour.org](http://www.humanendeavour.org)) that he founded in 2004 after having worked two decades in technology industry in Pakistan and Canada.