

## **Challenges and Opportunities Faced by Immigrant Entrepreneurs in Kamloops, BC: An Empirical Investigation of Small and Medium Enterprises**

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### **Abstract**

Immigrant entrepreneurs (IEs) provide employment and help narrow down the unemployment gap in the host country. Furthermore, they have helped to increase the quality and quantity of goods and services, leading to diversification of culture and a rise in consumption patterns. This study aimed to investigate the challenges and opportunities encountered by immigrant businesses in Kamloops, Canada, through semi-structured interviews with four participants. The study used human capital theory, social capital theory, economic capital theory, and push and pull factors to analyze the data. The findings of the study revealed that immigrant entrepreneurs face various challenges in Kamloops, including discrimination, lack of access to capital and resources, language barriers, and lack of business knowledge and experience. However, the study also showed that immigrant entrepreneurs in Kamloops possess a strong work ethic, entrepreneurial spirit, and determination to succeed, which have enabled them to overcome some of these challenges and contribute to the local economy.

## **1. Introduction**

Immigrant entrepreneurs (IEs) are those business owners represented in a host country (Ilhan-Nas et al., 2011). IEs create employment and enhance economic developments to their host country and that of their origin (Ilhan-Nas et al., 2011). Barringer (2008) outlined that the obsession of entrepreneurs is associated with providing goods and services that satisfy consumers' wants. In order for this to be achieved, there is a need for an increment in the number of entrepreneurs. This is why the aging population of a developed country like Canada with its low birth rate has increased the need for immigrant entrepreneurs (OECD, 2007). The revitalization and social sustenance accomplished by immigrant entrepreneurs are essential for growth. Therefore, entrepreneurship has become an area of a great awareness thus immigrant entrepreneurship research in recent years has gained importance (Ilhan-Nas et al., 2011).

The importance of entrepreneurship goes both for immigrant entrepreneurs and non-immigrant entrepreneurs. This is because they provide economic benefit to the country in question. Baycan-Levent et al. (2002) indicated that entrepreneurs are motivated by the extra income their business generates. The economic benefit of immigrant entrepreneurship is the creation of jobs, whereby the newly opened business brings new jobs which helps in narrowing down the unemployment gap in the host country. New businesses have also helped immigrants secure jobs (Kloosterman & Rath, 2003). Furthermore, immigrant entrepreneurs have helped to increase the quality and quantity of goods and services, where consumers can now enjoy the vast variety of goods and services provided by immigrant entrepreneurs. The large quantity of goods provided by

the immigrant entrepreneur is as a result of the diversification of culture and the rise in the consumption patterns of the consumers (Grill & Thurik, 2004).

Immigrants are generally perceived as being skillful, entrepreneurial and essential for economic growth, development and innovation. McEvoy and Barratt (1992) described immigrants' motivation in business as pull and push factors. Domboka (2013) discovered that African women motivated to do business in the united-kingdom based on pull factors (i.e., the spotting of business opportunity, financial gain, quest to be own boss) and push factors of (i.e., the inability to get a good job, discrimination in the labor market). Schmis (2013) said that Vietnamese in Germany become entrepreneur due to their inability to get a good job in the restricted German labor market. Also, studies carried out in New Zealand discovered that immigrants there were also discriminated when searching for jobs thus, leading them to creating jobs for themselves (Butcher et al., 2006). Although some immigrants are pulled into entrepreneurship because of quest of freedom, ability to become owns boss and the need to make extra money are irrespective of the immigrants' motivation. Immigrants' contributions to an economy are visible especially in well developed and developing countries. For that most developed and developing countries have created a special type of migration routes in order to attract immigrants who want to establish a business (Fairlie & Lofstrom, 2013). Several entrepreneurship studies have confirmed that business creation is higher among foreign-born than native-born in countries like Australia, Canada, united-kingdom and the united states (Borjas, 1994; Clark & Drinkwater, 2000; Fairlie, 2008; Lofstrom, 2002).

According to Fairlie and Lofstrom (2013), immigrant entrepreneurs are making great contributions in the technology and engineering sectors of the economy in the U.S. Therefore, we can say that immigrant entrepreneurs have been spectacular in providing employment to both

immigrants and local workers, thereby social tension which could have resulted from high rate of unemployment is being reduced. Immigrant entrepreneurs' impact to their host countries is not only noticed in cities, but also in villages and in the rural areas (Fairlie & Lofstrom, 2013). Dana (1995) outlined that immigrant entrepreneurs made great contributions to the development of the rural area of the sub-Arctic community by being the head source of jobs. These immigrants with their skills and entrepreneurial activities help in the growth of the community by increasing the quality of goods offered and also making goods and services available (Kloosterman & Rath, 2003). Baycan-Levent et al. (2002) studied the challenges faced by immigrant entrepreneurs in the world. These challenges have therefore discouraged immigrants from venturing into business. Although there is a great importance of entrepreneurship in the world today with an increased immigrant business and their contributions to the economy of their host country, with the increased awareness of entrepreneurship, it's best to know the challenges and the opportunities it holds. Immigrants are faced with issues of discrimination and imbalanced distribution of resources, insufficient education, language barriers, and lack of capital and lack of experience in acquiring information to manage their business (Baycan-Levent et al., 2002). Lazaridis and Koumandraki (2000) indicated that Africans living in Greece can't acquire a job despite their educational qualification because of discrimination and imbalanced distribution of resources. Although there is a great importance of entrepreneurship which contributes to the economy of the host country, however, with the increased awareness of entrepreneurship, it's best to know the challenges and the opportunities it holds. As more immigrants moved into Kamloops, however, little research explored their entrepreneurial activities. To understand how these immigrant businesses in Kamloops are able to survive and to investigate the challenges and opportunities they encounter motivate my research.

This study adopted semi-structured interviews to collect data from 4 participants in Kamloops who run different businesses. The theories that were used in this study include human capital theory, social capital theory, economic capital theory and culture theory. Factors influencing the entrepreneur's decision making, determinants of self-employment and the entrepreneurial process are also reviewed and discussed.

This study is structured into five sections. Section one is introduction, followed by second section with literature review. The third section shows the research methodology, with section four and five showing the presentation of findings, discussion, recommendations and the conclusion.

## **Objectives of the Study**

This study sets out to examine the challenges and opportunities of immigrant entrepreneurs in Kamloops. The objectives set out for this study include:

- To examine the Challenges immigrant entrepreneurs of small and medium enterprise face in Kamloops
- To explore and investigate the opportunities immigrant entrepreneurs have in Kamloops

## **2. Literature review.**

### **2.1 Entrepreneurship**

Hisrich and Peters (2002) translated the entrepreneur word as 'between-taker' or 'go-between'. From an economic view, Cantillon (1734) indicated that to an entrepreneur as risk taker. Entrepreneurs are seen as special people with ability to optimize factors of production to produce

goods and services. In other words, entrepreneurs are viewed as people who bear risk of coordinating factors of productions while possessing psychological ability to fully coordinate entrepreneurial activities. Entrepreneurs possess some traits that helps to enhance their businesses. They must have the ability to innovate, take minimum risk, have control, and have independent personality (Aggarwal & Gupta, 2006; Hisrich & Peters, 2002b; Morris, 2002). However, some studies have argued against this, that using only qualities and capabilities of entrepreneurs to judge an individual doesn't make the person an entrepreneur rather, the ability of a person to identify and exploit opportunities within its environment (Lumpkin & Dess, 1996).

Although, the term entrepreneurship has been adopted for so many years, there is still no consensus the real definition and the process involved (Williams et al., 2010). In order to provide a good definition to entrepreneurship, Covin, Kuratko, and Morris (2008) viewed entrepreneurship as a means of wealth creation, an enterprise, change, self-employment innovation and growth. Therein, as a process of creating value by integrating resources to exploit opportunities. Entrepreneurship is perceived as a means to economic growth and if managed properly it could serve as a good source of national prosperity. Some studies have outlined various factors that leads to entrepreneurial process which includes culture, age, managerial skill, gender, entrepreneurial readiness, size of the business, education, capital, and social skills (Charney & Libercap, 2000; Kolveried, 1996; Kristiansen, et al., 2003; Mazzarol, et al., 1999). Research showed that an entrepreneur's cultural background has an impact on business performance (Lee & Peterson, 2000; Mueller & Thomas, 2001). Some entrepreneurship studies also argued that entrepreneurs who are between the ages of 25 and 44 years are most active (Kristiansen et al., 2003). Males render more help in entrepreneurship than the females (Charney & Libercap, 2000; Kolveried, 1996; Mazzarol et al., 1999).

According to Forbes (2015), five personality traits were identified to guarantee entrepreneurial success. These traits are passion, resilience, self-awareness, patience and persistence. An entrepreneur should have uttermost passion for business to be successful. Without having passion, it will be difficult for a business to survive. Resilience is important for entrepreneurs because they should be willing to learn from the past challenges because having or running a business itself is challenging. Self-awareness for an entrepreneur is very important as the entrepreneur should be able to identify its weakness and strengths and try to incorporate it into business. Patience is also important when working with employee or client relationships and business negotiations in order to achieve the goals of the business. A successful entrepreneur needs to be persistent because starting and running a business requires persistence. In addition, Glancey et al. (1998) proposed that family background influences entrepreneurs. Cromie (2000) said that entrepreneurial readiness is referenced to entrepreneurs' self-efficacy to succeed and achieve goals (Cromie, 2000). Self-efficacy is the beginning of human motivation and personal accomplishment. Kristiansen and Indarti (2004) proposed a positive correlation between self-efficacy and entrepreneurial intention.

Over the years there have been a large number of theoretical and empirical studies on immigrant entrepreneurs (Ihan-Nas et al., 2011; Legros et al., 2013; Ram et al., 2003). The process of immigrant entrepreneurship was analyzed using the human capital theory (Ramos-Rodriguez et al 2012), the social capital theory (Chand & Ghorbani, 2011; Brenner et al., 2010), the economic capital theory (Bourdieu, 1986), and the culture theory (Hoftstede, 2011).

## **2.2 The Human Capital Theory**

These are said to be skills, knowledge, and experience belonging to an individual or a population, which usually viewed in terms of their value to an organization or country (Becker, 1964). The human capital is built within an individual (Becker, 1964). Through investing in education, work experience, and skills that are valuable human capital can be established. This can be an entrepreneurs' core competency in which it factors into achieving its great ends. Immigrants who possess this will likely embrace entrepreneurship. Therefore, we agree that immigrants who possess high human capital are more likely to pursue entrepreneurship using their already established business network to excel.

### **2.3 The Social Capital Theory**

They are links, shared values and understandings in society that allows an individual or group to trust each other and so work together (OECD, 2010). This is capital that is associated with the real and possible resources a person possess within which is gotten through the relationship with another or a society its tied to (Ghoshal & Nahpiet, 1998). Therefore, this relationship can be organized to achieve ends or generate outcomes (Adler& Kwon, 2002). Alder also mentioned that this capital is mostly due to goodwill of the other parties involved. Therefore, immigrant entrepreneurs who possess this capital liable to excel through the exploitation of this in the community they settle (Ndofor & Priem, 2011).

### **2.4 The economic capital theory**

This capital refers to income, all financial assets, and liquid cash (Bourdieu, 1986). Any form of wealth that includes properties, gold, stocks, shares, and bonds that can be valuable to the survival of a business. This can also be any external financing such as equity or debt is also classified under the economic capital (Ndofor & Priem, 2011). Therefore, entrepreneurs with this



type of capital have more potential for survival. With immigrant entrepreneurs who have high economic capital tend to expand and achieve more in the country it migrates to.

## **2.5 Culture theory**

Hofstede (2011) defined culture as “a collective programming of the mind which distinguishes the member of one group or category of people from another”. Culture is viewed as a collective phenomenon that is designed by an individual’s social environment. Authors of migration have given special importance to cultural values such as hard work, participation of family members, religious ties and trust for each-other as the main reason of most immigrant cultural groups’ successes in business (Bonacich, 1973; Waldinger et al., 1990). The cultural theory states that ethnic cultural resources assist immigrants in their business start-ups and in the growth of their businesses in their host country. Bonacich, 1973 and Waldinger et al. (1990) have found that most immigrants have used ethnic resources to grow, as a customer base by word of mouth in their ethnic enclave. most immigrants’ businesses, especially those dealing in culturally related businesses, depend on their ethnic group for customers and business growth. Also, people who deal in foods will obviously rely on customers of their ethnicity for their business. The cultural perspective theory also advocates that immigrants who relocate to their host country with entrepreneurial skills which were developed in their home country, a planned cultural tradition of entrepreneurial mentality, a good knowledge of an ethnic social network, and also with an ethnic niche market, will be successful in their business performance (Arcand &Chrysostome,2009).

## **2.6 Opportunity structure**

According to Aldrich & Waldinger (1990), immigrant opportunity structures are made up of market conditions, access to ownership, job market conditions, and legal and institutional frameworks. The opportunity structure is means by which immigrant entrepreneurs can access business opportunities. Findings from this study agrees with this author as when one of the participant was contemplating on what sector of business to set-up, was able to make a decision when an opportunity came with a white-dominated business where the owner decided to offer it for sale. Aldrich & Waldinger (1990) also suggested that at the time retirement that the first-generation immigrants might sell off their businesses due to the reason that the second-generation immigrant might not be interested therefore, leaving it to newly arrived immigrant to grab the opportunity and purchase the business.

## **2.7 Self-Employment**

Although, entrepreneurship and self-employment are used in this study and are apparently identical, it is essential to know that these two words are different in terms. Having looked at the definitions of entrepreneurship in the above literatures, we try to understand what self-employment is and also discuss its determinants. Chrysostome & Lin (2010) highlighted some problems immigrants could face while searching for jobs in their host country. problems include language barriers, failure to recognize their academic credentials and professional experience, little or no knowledge of the local culture, and lack of mobility (Chrysostome, 2010). Immigrants who are not good in the native language of the host country and is also not educated in English language is left with not much choice than to follow the entrepreneurial path (Portes & Zhou, 1996). Therefore, language difficulties push immigrant entrepreneurs to become self-employed. Also, researchers also found discrimination in the labour market where a lot of European authors stated that in Europe there is higher rate of discrimination for immigrant than in the united states

(Chrysostome, 2010). This acts as a factor for immigrant entrepreneur to choose self-employment in their host country. Another factor for immigrant entrepreneur to choose self-employment could be as a result of a trend their family or ethnic traditions in their home country. Social network plays a good role in the immigrant community in many the decision of owning their business though there are other factors as potential opportunities and niche market which are spotted before a decision is made (Ensign & Robinson, 2011).

Self-employment can be as a result of an identified needs, taste and preference of a particular community they are associated with which helps in establishing a relationship through which a niche market is created (Ensign & Robinson, 2011). Self-employment is seen as a tool immigrant use in avoiding discrimination in the labor markets. Therefore, the decision for an immigrant to set-up an entrepreneurial activity is intelligent when looking at the opportunities in the labor market (Ensign & Robinson, 2011, p. 39-40).

### *2.7.1 Determinants of Self-Employment*

It is crucial to understand why entrepreneurs choose to become self-employed. It has been recommended that most workers choose self-employment due to the limited opportunities that comes with the wage sector (Rissman, 2006). Therefore, opportunity that comes with self-employment is far better than that of a waged market. Some other people choose self-employment to make ends meet till a better wage rate is obtained (Rissman, 2006). Studies have pinpointed two factors for this case. “Necessity driven” which involves those entrepreneurs who are pushed into business as a result of lack of employment. The second factor is “opportunity driven”, those entrepreneurs who seek to exploit business opportunities available in the market (Williams, 2008).

It is traditionally assumed that entrepreneurs are pushed by the necessity-driven factors into entrepreneurship as a result of their inability to secure employment therefore do it as a means of survival or last resort. (Castells & Portes 1989; Gallin, 2001; Portes & Walton, 1981; Raijman 2001; Sassen, 1997; Williams, 2008). Focusing on immigrant entrepreneurs, it is argued that immigrants choose self-employment to avoid racial discrimination in their host country, which has forced them into accepting low paid jobs (Jones et al., 1992; Ram, 1994, Basu & Altinay, 2002).

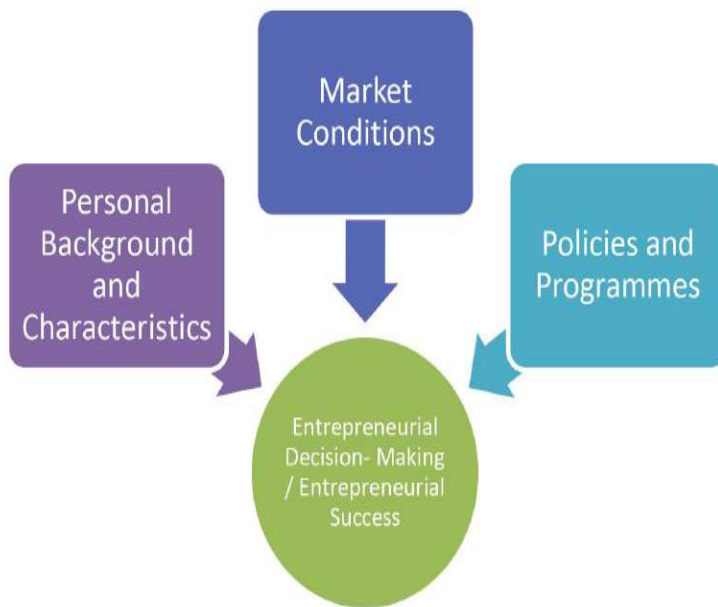
Portes & Rumbaut (1996) defined push factors as those factors that hinders in the entry or block opportunities in following the normal way of employment in the job market which market new immigrants to choose the self-employment. Light (1979) viewed it as a disadvantage theory, a situation where immigrants in labor markets are offered low wages, frequent unemployment and underemployment, scarcity of the basic necessities of life, and political climates problems which force immigrants into entrepreneurship or self-employment. Immigrants are pushed into self-employment due to discrimination, language barriers, and lack of experience (Bates, 1997). However, 'Pull' factors motivate entrepreneurs to become self-employed which are established by 'choice'. Also, 'Pull' factors motivate people to venture into business because they perceive an opportunity which they can exploit. 'Pull' factors are those positive attributes of self-employment which makes it an attractive enterprise which is influenced fully by choice alone (de Freitas, 1991).

Clark and Drinkwater (2000) suggested four main factors that makes immigrants choose self-employment. These factors are enclaves, language, religion, and immigrant status. Enclave is defined as a gathering of individuals from same ethnic group (Clark, Drinkwater, 2000). This helps to bring about protected market of immigrant entrepreneurs ethnic group which make them trade with one another in their own language. This entrepreneur knows their taste, preference and

provides a good reason to enter the market. Language is the inability to speak the native language of a host country is a factor for an immigrant to go for self-employment because of the lack of jobs due to the discrimination that comes in the labor market. Because of that immigrants in an ethnic group can decide to start up a business in their own language. It is viewed that people with less fluency in English language face more problems than others which helps to encourage self-employment (Clark, Drinkwater, 2000). Some religions view self-employment as a relevant way to a positive life. In Muslim and Sikh communities, people there usually start-up a business when comparing with people of other religion its generally high. (Clark, Drinkwater, 2000). Immigrants Status can also be a factor for turning to self-employment, as the duration of stay of the immigrants in the host country is increased, the cost of entry into self-employment is more likely to deter (Clark, Drinkwater, 2000).

## **2.8 Factors influencing entrepreneurial decision making.**

There are three main factors that plays a vital role in entrepreneurial decision making. These factors are personal background and characteristics, market conditions, policies and programs framework.



**Figure 1 Factors Influencing Entrepreneurial Decision-Making and Success**

### ***2.8.1 Personal Background and Characteristics***

#### *Gender*

There are a good number of personal background and characteristic factors that have an impact on potential entrepreneurs. Gender is included because it's very possible for a male and a female moving from same home country to another country at the same time will have different experiences. One aspect that might differ directly is the interaction and outcomes of the labor market. Though, depends on the opportunities present at the host country and how far they differ from gender. Most researchers found that businesses differ between male and females, as most females venture into hair-dressing, catering and clothing as they are more likely to specialize on home-based enterprises (Dallalfar, 1994; Pio, 2007; Strier & Abdeen, 2009).

#### *Educational Attainment*

Education is related to the outcome of labor markets and immigrants are not exempted in this. They often have difficulties in getting their qualification recognized. In the condition impact on entrepreneurship among immigrants, it highly depends on the transferability of knowledge and skills acquired through formal education (Hay, 1980; Robinson & Tomes, 1982). In this case managerial abilities are fortified through education, leading to an increased probability of becoming self-employed. There is an positive relationship between education and entrepreneurial activities by an individual (Borjas, 1986; Vinogradov & Kolvereid, 2007). However, some studies says the exact opposite in that an higher level of education leads to smaller probabilities in starting own enterprise (Constant et al., 2007; Evans, 1989).

#### *Work and Entrepreneurial Experience*

Work experiences are also vital in the relation to the human capital. Having previous experiences can be a driving factor that pulls the decision of migrants to become an entrepreneur. also, a lack of experiences can discourage a person from this decision. An experience that is more than general and a prior business experience is important for entrepreneurs (Bruderl et al., 1992). There is a positive relationship between previous experience and self-employment (Aliaga- Isla & Rialp, 2012). A little or no experience can be an obstacle in venturing in a business (Rath, Eurofund, 2011). Another study viewed that parents' entrepreneurial experience may lead to positive effect on the person's likelihood of becoming an entrepreneur (Rueda-Armengot & Peris-Or z, 2010; Shinnar & Young, 2008).

#### *Networks*

The social network of immigrants is important when it comes to setting up a new business. According to Elfring & Hulsink (2003) “A network is one of the most powerful assets anybody can possess: it gives access to power, information, knowledge and capital as well as other networks”. Some say that successful entrepreneurs usually do not act isolated, but depend on the interactions with members of their networks. Positions within networks vary and while an immigrant might be receiving support today, they may be giving advice to someone else the next day (Portes & Zhou, 1996). Social network can enhance business relationships and also improve trade. As a strong network contributes to the success of a business (OECD, 2010).

### *Culture*

Culture is said to be values, norms and attitudes of a group of people. It has impact on the way people behave it also influences the risk-behavior of the people in the group and also the entrepreneurial decisions of its members (Verheul et al., 2001). Immigrants with different culture will be different with different conditions of starting up a business. The way start-up is carried out, the type of business and success rates are different across cultures (Jansen et al., 2003).

### *Motivation*

Motivation could be as a chance to exploit an opportunity or a desire to make financial gain or freedom. Some may choose entrepreneurship based on family background or experiences. (Basu,



2004; Chu et al., 2007). This motivation may vary by country which emphasizes on the importance of the country context (Benzing et al., 2008).

The Table 1 shows an overview of the possible motivations of immigrants in becoming an entrepreneur. It is also crucial to understand that these motivational factors are different for every person and most times it's not just one factor driving the decision, but a mixture of several factors.

**Table 1: Motivations for Becoming an Entrepreneur**

<b>Motivation</b>	<b>Description</b>	<b>Source</b>
<b>Extrinsic Rewards</b>	The economic reasons that pull entrepreneurs to work.	Basu, 2004; Chu et al., 2007; Li, 1997; Lofstrom, 2002
<b>Intrinsic Rewards</b>	The reasons related to self-satisfaction and growth.	Chu et al., 2007
<b>Independence/Autonomy</b>	The quest to become own boss.	Basu, 2004; Chu et al., 2007; Essers et al., 2010; Khosravi, 1999
<b>Family Security</b>	Entrepreneurship is seen as a way to secure a job for oneself and its family.	Chu et al., 2007
<b>Necessity</b>	No option	Basu, 2004; Bauder, 2008; Chavan & Agrawal, 1997
<b>Opportunity</b>	Taking advantage and exploit an opportunity.	Shinnar & Young, 2008

<b>Upholding Tradition</b>	When it's a tradition to run an business in one's family	Basu, 2004; Chavan & Agrawal, 1997
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*Entrepreneurial Qualities*

Knight (1921) argues that besides skills, luck is also a major determinant of business start-up and success. This tries to explain that not all the characteristics of a successful entrepreneur is observable. An analysis of personality traits and business success by Rauch & Frese (2007) shows, that the personality trait of a person plays a role in its entrepreneurial skills. These personality traits are not directly observable, but have influence in business and bring success.

**2.8.2 Market Conditions**

*Labour Market*

Discrimination is one of the main problems immigrants face when trying to secure a formal job in the labor market (Zhou, 2004). We have three different kinds of discrimination that might affect immigrants such as; taste discrimination: this is when the employer is being biased on the background, language or skills they want. Another is structural discrimination whereby a visa is required for a certain type of job. The third type of discrimination is statistical discrimination is when both the applicant and the employer have uneven information about the worker and their qualities and qualifications may not be recognized (Bruder & Raethke-Doppner, 2008). Therefore, we can say that immigrants facing discrimination may be pushed into entrepreneurship, though that might not be their first option. Immigrants in the united states who are not fluent in English tend to go towards self-employment because no employer will take them (Mora & Davila, 2007).

### *Product Market*

The increased globalization trend of international migration has raised demand for ethnic food products and services in host countries (Orozco, 2008). In the case of micro-enterprise, the demand for immigrant entrepreneurial business largely stems from their ethnic community. This includes food items, clothes and jewelry. To offer these products, having links to the country are important. Anyone from a different ethnic group will find it hard to offer the same products (Waldinger et al., 1990). Immigrant entrepreneurs are not just limited in providing products to their ethnic group and also to the local public of their host country. with the awareness that comes with globalization people are open to consuming products from abroad (Waldinger et al., 1990). Immigrant entrepreneur can penetrate into the foreign market by spotting opportunities in the market, this kind of entrepreneur is likely to the direction of a high growth business with innovation (Sanders, 2007).

### *Financial Market*

The main set back of an immigrant entrepreneur is getting start-up capital. Most immigrants always find it hard to obtain funds as most of them don't have savings, securities and a good credit history. (Evans & Jovanovic, 1989; Evans & Leighton, 1989; Blanch & Oswald, 1998). Banks and credit house are more selective when issuing credits to immigrants most times because the failure rates of immigrant entrepreneurs seems to be higher than the natives in their host country (Bruder et al., 2011; Desiderio, 2014). Due to the discrimination that comes with borrowing from financial houses, immigrants often rely on informal source of funds such as family, friends and social networks. An example is silicon-valley one third of immigrants depend mainly on the networks for funds (Saxenian, 2002).

**2.8.3 Policies and Administrative Challenges**

*National Level*

As the relationship between immigrant and entrepreneurship gains more awareness, entrepreneurship is then linked to growth and development. A lot of countries are introducing policy measure for immigrant. It is proven that immigrants from some countries are more entrepreneurs than others, if a country occasionally encourages family migration than labor migration then it might be hard to implement special policies for immigrant entrepreneurs (OECD, 2010). Therefore, since immigrant entrepreneurs try to cover various business types, policies should be able to accommodate diversity (Collins, 2003). The table 2 shows criteria OECD countries introduced in their policies on entrepreneurship. These policies are selected in terms of countries which their immigrant bring both human and financial

**Table 2: Admission Criteria of Immigrant on Policies for Entrepreneurship in OECD countries (OECD, 2011).**

Admission Criteria	Countries Using Criteria	
	Self- Employment	Business Investment
Based on Experience	Australia, Austria, Belgium, Canada, Denmark, Finland, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland	Australia, Canada, New Zealand (only if the investment is minimum where no experience is required)

Minimum Investment	Czech Republic, New Zealand, United Kingdom ( it is required to provide proof of finance for living expenses and set-up of the business)	Australia, Canada, France, Greece, Ireland, Korea, Netherlands, New Zealand, Portugal, Spain, United Kingdom, United States
Business Plan	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Poland, Spain, Sweden, Switzerland	Greece, Ireland, Netherlands
Restricting field activity	Australia, Canada, Czech Republic, Denmark, Japan	Australia, Korea
Relevance to Local Economy	Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Netherlands, Poland, Switzerland	Greece, Ireland, Portugal, United States

*Source:* Compiled by authors based on government websites and OECD, 2011.

It is evident that these policies focus on a certain group of immigrant entrepreneurs. They lay emphasizes on immigrant with prior experience and funds, which they will be able to invest in their host countries. Also, we can view that this policy doesn't accommodate diversity in the population. A huge part of immigrants don't qualify for this type of visa due to the fact that they don't have enough capital and experience therefore they enter the country through other means. Such as labor, family migration and education, then turn entrepreneurs when they enter the country.

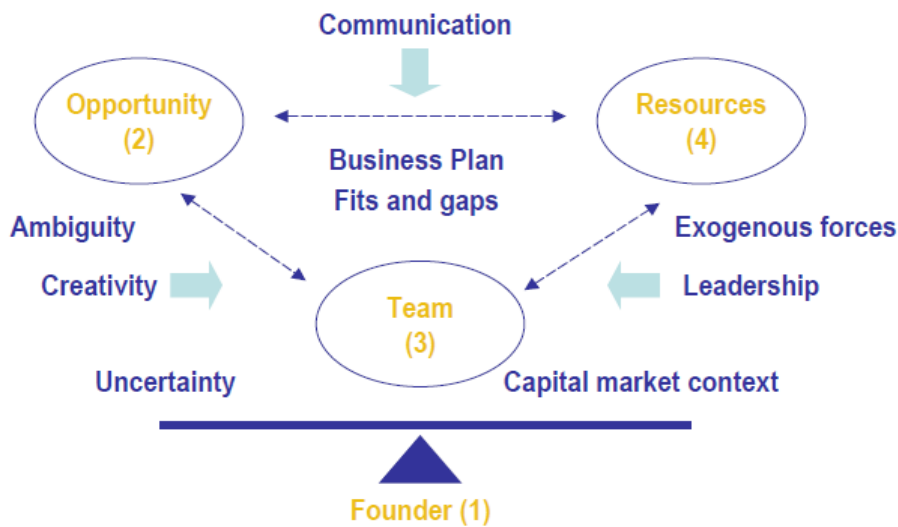
*Local Level*

There are more policies and programs set for immigrants already in the host country at a more local level. Where support programs are available for immigrant entrepreneurs to help them overcome obstacles they might face. These programs aim at supporting new businesses by offering help in language, credit access and human capital. Also, it is likely that immigrants will embrace these programs more than natives this could be as a result of insufficient knowledge about such programs, where they would prefer informal kinds of support and focus on their social, ethnic groups and networks when setting up a business (Deakins et al., 2007; Lassalle et al., 2011).

## **2.9 Entrepreneurial process**

This process enables us to have a better understanding of entrepreneurship. Many researchers have made revelations about the entrepreneurial process (Joseph & Israel,1934). Joseph Schumpeter, (1934) viewed the entrepreneurial process as a creative discovery this is mainly because entrepreneurship involves innovation. He also says that the entrepreneurial process center should be a creative discovery as this provides the essential market for goods and services enhances efficient and effective utilization of resources. Israel Kirzner, (1934) argued that spotting of opportunity, alertness, and exploitation is an entrepreneurial process and not a creative discovery which was established by Joseph Schumpeter. The entrepreneurial process involves three main components. (Timmons 1996), these components are needed when venturing into a new business and they are opportunities, resources, and entrepreneurial team.

### **2.9.1 Entrepreneurial process illustration (Timmons,1996)**



*Opportunity*

(Timmons & Spinelli 2009) say that an opportunity does not necessarily have to come from an idea. Most entrepreneurs have tons of ideas which turned down always but a few of them turn out to be lucrative. Opportunities need to be identified by immigrant entrepreneurs in their new country in order to navigate a business. Just their presences in a new environment give them ideas to start up a business and provide goods and services. (Waldinger & wand ,1990). Says that immigrant has the opportunity to provide ethnic consumer products which are related to a preferred taste or buying preference of the immigrants in that environment. These immigrants in that environment become the market for those entrepreneurs. To become a successful entrepreneur, one must be ready to sniff out opportunities by gathering information in other to spot out a trend and fill up the gap. (Spinelli 2009), describes opportunity as durable, attractive, in time and associated with a product or services.

*Resources*

According to (Timmons 2009), capital is not as important as a good opportunity or high entrepreneurial team to function effectively and remain sustainable. However, immigrant entrepreneur view capital as the most important requirement to establish a business that is why this has become their major challenge. (Spinelli 2009), indicated that many people believe that capital comes before an opportunity is recognized, also does immigrant entrepreneurs, which believes that with capital as the sole tool business and be effectively and efficiently run.

### *Entrepreneurial team*

Timmons (2009) indicated that an effective entrepreneurial team must have relevant prior experience, high motivation, creativity, adaptability skills, ability to spot opportunities, a good leadership trait, and excellent communication skills. A good achievement of the team is based on the makeup of the management. Therefore, an entrepreneur is the leader and founder and must set up a strong entrepreneurial team. (Timmons and Spinelli ,2009).

## **2.10 The Challenges Faced by Immigrant Entrepreneurs**

Migrants' challenging experiences can be viewed from two main perspectives: before and after migrating. migrants migrate sometimes when they can no longer endure the challenging situations in their home country, it could be political, economic or social difficulties. This is the reason why migrants from north Africa can cross the Mediterranean-sea at all cost to start a new life in Europe (Nkrumah., 2003). This can also explain why migrants sail in boats from Sri Lanka to Australia through the Indian Ocean. On getting to their host country, they are faced with the



challenges of settlement, culture, language, employment and other factors. One of the most important challenge to overcome is securing employment, as this essential to being able to sustain oneself. However, getting employed is not easy as migrants are often discriminated against for different reasons such as: inability to speak the host country language or having little or no host country work experience. Because of this, most immigrants venture into small business by spotting opportunities in the host country market. (Volery, 2007). Borjas (1986) indicated that migrants can easily secure employment or start a small business within their ethnic enclave.

With the economic development immigrant entrepreneurs bring to their host country as a course of running a business, these immigrant entrepreneurs often come faced with challenges in their host country. Brenner et al. (2000) argued that immigrant entrepreneurs are faced with various problems in their host country. The author specialized mainly the Chinese immigrant entrepreneurs in Canada. Where the Toronto immigrant was challenged with access to finance, sales and managerial skills. They also said that the Montreal based immigrant entrepreneurs were faced with mostly internal issues. These problems weren't limited to finance or sales/management but also human resources, economic and environment, poverty, high tax rate, competitive environment and cultural differences etc. (Brenner et al., 2000). In respective of the high rise of entrepreneurship among immigrants, when compared to the native-born in Canada, Immigrants businesses have shown to have lower survival rates than that of enterprises run by the native-born. This is because there are high financial capital constraints, limited human and social capital and the lack of knowledge with how the local market functions. Inadequate funding is another major constraint to an immigrant entrepreneur faces in the quest to the starting-up its business. however, credit constraints have proven to be greater for an immigrant entrepreneur. This is because the immigrant lack familiarity and sometimes discrimination going against immigrant borrowers. Most

Immigrant entrepreneurs have short credit histories in their host countries than that of a native born. Therefore, when an immigrants credit score is not enough or sometimes not recognized by the financial institution, then funding is denied.

Furthermore, immigration and visa policy is also a challenge for immigrant entrepreneurs one of the reason is because most immigrants who start-up businesses in their host country were migrated through a different stream i.e. employment purpose of study where the human and social capital grows with time, showing that most immigrant entrepreneurs have lived longer in their host country than those who are employed. Stating that a secured resident status is needed for an immigrant business development and competitiveness. This is the reason why immigrants on temporary visas are less likely to be able to start up a business because financial institutions may have difficulties providing funds for them. (Gaskill et al., 1993) outlines four reasons business may likely fail. These authors say that if strategic management, marketing, growth and competitive environment are not well organized by the entrepreneur, it will lead to business failure.

(Waldinger, Aldrich & Wand 2009) immigrant entrepreneurs in the united states, Great Britain, Netherlands, and Germany are usually faced with seven issues when starting up their business.

- How and where to gather information to startup and survive
- How to acquire startup capital.
- How to gain skills and training needed to effectively run the business
- How to recruit the right managers
- How to effectively manage customers and their supplier relationship
- How to remain sustainable and competitive
- How to guard themselves against attacks.

### **3. Research Methods**

Saunders (2000) specified that a clear research structure will be essential as a method which will be used to answer the outlined research questions. To respond to the research questions mentioned in this project, the semi-structured interview method of immigrant entrepreneur guided by an interview instruction was utilized. Descriptive research is used to answer the 5W questions including who, what, when, where, and how. Blumberg et al. (2005) indicated that the descriptive study is about a question or hypothesis in which we ask about, or state something about the size, form, distribution or existence of a variable. The reason for which this method is used is to explain the state of issue, the way the situation was at the time of the research while exploring the causes of the issues at hand. It also entailed gathering information from different immigrant entrepreneurs to achieve a rational conclusion and a recommendation for the study.

#### **3.1 Research Design**

There are quite a lot of research designs that could be used for this study such as experimental design, cross-sectional design, longitudinal design, case study and comparative design. Our study employed case study because it's the most suitable and it has been well adopted by many researchers. Stakes (1995) stated that "case study research is concerned with the density and particular nature of the case in question". This design has been used in previously to achieve good research results in the business and management field. Bryman and Bell (2007) claimed that "advocates of case study design indicate that case study offers a way through which numerous qualitative research can be achieved. In that way, relying on one single approach is avoided". Stakes (1995), Simons (1980) and Yin (1984) have proposed that the case study research design

follows five stages: determining and defining the research questions (stage 1), preparing to collect data (stage 2), collecting data in the field (stage 3), evaluating and analyzing data (stage 4), and preparing the report (stage 5).

### **3.2 Data collection**

The data collection was achieved using face-to-face interview, whereby interview was carried by meeting immigrant entrepreneurs in person on a face- to- face basis. The case study design gives the opportunity to question the queries required to carry out the findings, though might not necessarily show all the right questions related to the study thus issues might be missed out.

## **4. Results**

### **4.1 Case 1- Linda**

Country of origin: Taiwan

Duration of interview: 25mins

Linda came to Canada for to further her education with her family in Taiwan, then after her studies, she decided that all she wanted to do was to become an entrepreneur. she had no previous business experience in her home country but she was determined. She was able to spot an opportunity for a hotel that was up for sale and she bought it and took over.

#### *4.1.1 Business idea and challenges*

The business idea Linda had was to provide motel accommodation in Kamloops. Her strategy was to provide clean day to day rooms and also monthly stay rooms to customers and even students in

Kamloops. Linda's main challenge was building own clients/ customers since the business was bought over, new customers were needed. Another challenge she had was networking and learning the Canadian culture as said: "everything was scary and I didn't know what to do".

#### *4.1.2 Reason for choosing this business*

Linda says her reason for choosing this motel business was as a result of easy entry and also the business is easy to operate.

#### *4.1.3 Future opportunity*

Linda thinks that there aren't many opportunities to tap into her business rather keep pushing as it already is.

## **4.2. Case 2- Mark**

Country of origin: China

Duration of interview: 20mins

Mark moved to Canada with his family. He once operated a grocery store business back home in China so he had prior experience. Gaining business license from the government was easy although had no financial support from them. With the experience, Mark had from his home country he decided to start up his own grocery store to meet the need of the Chinese community in Kamloops.

#### *4.2.1 Business idea and challenges*

Mark's business idea was to provide a grocery store in Kamloops. Before Mark started his business, he identified a gap to provide Chinese groceries in the south shore of Kamloops. His business strategy was to provide solely Chinese groceries to meet the high rise need of the Chinese community in Kamloops. Mark's biggest challenge was getting his goods down to Kamloops in the winter time. Another challenge was learning the Canadian culture and networking although the business was created to target the Chinese community, Networking and building customer base was its major challenge.

#### *4.2.2 Reason for choosing the business*

Mark's reason for choosing this business was the need to fill a gap in the Kamloops towards the Chinese community.

#### *4.2.3 Future opportunities*

Mark thinks that there is an opportunity to expand the business and provide more product variety.

### **4.3. Case 3- Nishan**

Country of origin: India

Duration of interview: 25mins

Nishan did not have any business experience from home country but he came to Canada and started up a restaurant business. Getting his business license was easy. He loves meeting people, therefore, he decided to start up an Indian restaurant to meet the need of Indians in Kamloops.

#### *4.3.1 Business ideas and challenges*

Nishan business idea was to provide oriental Indian dishes. His strategy was to provide good quality food at an affordable price. The major challenge he faced was getting start-up capital and finding new clients/customers. Networking was also had for him but learning the Canadian culture wasn't. Another challenge he had was language.

#### *4.3.2 Reason for choosing the business*

Nishan reason for choosing a restaurant business is because he loves meeting people and also the need to fill the gap in Kamloops.

#### *4.3.3 future opportunities*

Nishan spots opportunities in expanding the restaurant business and opening more branches.

### **4.4 Rohan case in Kamloops**

country of origin: India

duration of interview: 20mins

Rohan had previous business experience from his country back home in India where he worked in his family business. He runs a motel business in Kamloops where he provides daily stays and monthly room accommodation to clients.

#### *4.4.1 Business ideas and challenges*

Rohan’s business strategy is providing affordable daily accommodation and monthly accommodation during the hotel off season which is the winter period. His major challenge was getting start-up capital and building clients and networking in Kamloops.

*4.4.2 Reason for choosing the business*

Rohan thought the motel business will be a lot easier to manage, therefore he decided to venture into while buying it off a previous owner.

*4.4.3 Future opportunities*

Rohan perceives the opportunity in expanding his business someday whereby he will acquire a similar business and make it an extension.

**Table 3. A summary of Kamloops cases**

Kamloops	S1	S2	S3	S4
Past experience	No past business experience	Yes, had previous experience	No past business experience	Yes, had past business experience
Type of business	Motel	Grocery store	Restaurant	Motel
Country of origin	Taiwan	China	India	Indian



Business idea	Providing daily and monthly accommodation	Chinese groceries	Indian recipes	Providing daily and monthly stay.
Reason for choosing this business	Easy entry and easy to operate	Need to satisfy the Chinese community in Kamloops	Like meeting people	Easy to manage
Challenges	-Building own client and customers. -networking and learning the Canadian culture	-delivery of good during winter period -language barrier -networking and learning the Canadian culture	-start-up capital -finding new clients -networking challenge -language challenge.	-Getting start-up capital -marketing -networking
opportunities	See no possible opportunity in the business	Perceives opportunities in store expansion and increased product variety	Spots possible business expansion opportunity in	Possibility of expanding its motel

Reason for choosing entrepreneurship	Because it has always been a dream come true	Time flexibility and freedom	Quest to control owns life	Flexibility that comes with working for oneself
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#### **4.5 Analysis of areas of challenges**

##### *4.5.1 Lack of start-up capital*

This finding shows that the immigrant entrepreneurs in Kamloops were faced the start-up finance for the growth of their business. They generally had a problem of access to finance in the cause of setting up their businesses. Immigrant S1 encountered this problem but got finance from their home country. In the quest to raise money for their business start-up immigrant entrepreneurs S2 and S3 gotten money from both their families and friends. One of the major problems immigrant entrepreneurs face while setting up or expanding their business is lack of finance. (Holguin et. al. 2007).

##### *4.5.2 Networking*

The difficulties in networking whereby different entrepreneurs form relationships where information is shared and opportunities are being spotted out. immigrant entrepreneurs S1, S2, S3, and S4 faced this challenge.

##### *4.5.3 Language barrier*

Language skills play important role in every business success. When immigrant entrepreneur migrates to host countries they tend to have issues in learning and understanding the countries language and culture. Therefore, they have to study to effectively communicate with their

customers. According to (Pinkowski 2009), Lack of competency in language resulted to the reason Chinese immigrant do not look at documents written in the English language. Even though immigrant entrepreneurs in Kamloops have families who understand the language and can help them, they still need to gain language skills to overcome language barriers.

#### *4.5.4 Building new customers.*

Gaining customers and building your customer base is a challenge faced by immigrant entrepreneurs in Kamloops. Immigrant entrepreneur S1 faced this challenge while she bought the business over from a previous owner, she had to start building her own client base from the scratch. Also, immigrant entrepreneur S3 encountered this challenge because it was his first time of starting up such business and the fact he knew no one in Kamloops that operated such business prior to setting up the business. However, immigrant s2 didn't face this problem because he already had family and friends in Kamloops therefore with the help of word of mouth he built his client base.

#### *4.5.5 Weather conditions*

According to immigrant entrepreneur S2, weather condition posed a challenge in the delivery of products which he imports from China. Thus, during the winter periods, it's always a challenge to receive their goods. However, immigrant entrepreneur S1, S3, S4 doesn't have this problem.

### **4.6 Immigrants perceived opportunities in Kamloops.**

#### *Business expansion*

immigrant entrepreneur S2, S3 and s4 perceives opportunities to expand their business through increasing the number of stores in different Kamloops location and neighboring towns

#### **4.7 Providing more product variety**

Immigrant entrepreneurs S2 and S3 sees opportunity in providing more product variety to cater to the needs of the Chinese community in Kamloops.

### **5. Conclusion**

Immigrant entrepreneurs in Kamloops face challenges such as access to finance, networking, learning Canadian culture, networking, language barriers, building new clients and weather conditions. This case study reveals that immigrant entrepreneurs in Kamloops face three major challenges, access to start-up capital, networking and language barriers. These challenges are much more significant because they have other minor challenges, such as building clients, learning the Canadian culture and weather conditions. The major reason start-up capital is a major challenge it's because there is discrimination by the finance provider, usually they require mostly people with permanent residence status or people with high credit ratings etc. as a result these entrepreneurs have to rely on funds from family, friends and other financial houses from their home country. this is challenge faced at the beginning stage of the business and not necessarily on the expansion stage. Networking was another challenge immigrants face in Kamloops as entrepreneurs don't meet to form strategic relationships that can help each other businesses. The

last major challenge is the language barrier. This is challenge because immigrant entrepreneurs have to develop language skills to communicate effectively with its customers. Thus, they have to devote time in studying the language to aid effective communication and smooth running of the business.

The immigrant entrepreneurs in Kamloops have also perceived opportunities in possible business expansion. Thus, opening their business in different locations of Kamloops. Due the reason that Kamloops is growing in size, the see it as an opportunity to expand their business to other locations in Kamloops and neighboring towns. They also perceived opportunities in offering more product varieties to meet the increased need of the growing economy of Kamloops. Findings from this study show that Immigrant entrepreneurs are faced with challenges while trying to set up or sustain themselves, such as; access to finance, networking, language barrier and, costs of building new clients. However, immigrants have been of immense help in contributing to the Canadian economy by providing employment, creating new businesses, and enhancing the economic growth and development.

### **5.1 Limitation of the Study**

Researchers who carry out studies are required to pinpoint the limitations they may have encountered while carrying out a study (Baltimore, 2015). Limiting the study to Kamloops, Canada constitutes a limitation to the study. Kamloops was selected because there isn't much exploration of this topic with reference to Kamloops. However, results from this study cannot be generalized to other Canadian cities. Another limitation is a result that businesses in Kamloops explored were mainly focused on hotel, restaurants and grocery store.

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## Appendix

### **Interview Questions:**

- What type of business do you currently operate in Kamloops?
- What main challenges did you encounter while setting up your business in Kamloops?
- Was networking and learning the Canadian culture a big challenge in your business?
- How easy was it for you to obtain business license for startup?
- What opportunities do you perceive in regards to your business?
- Any support you received from the local city government?

### **Personal questions**

- Did you have previous business experience in your home country before starting up in Kamloops? Y  N
- Did you have any administrative experience.? Y  N
- What country are you originally from?
- Why did you choose to become an entrepreneur?
- Was language a challenge? Y  N
- Why did you choose this business?

Illustration 1

Motivation	Description	Source
<b>Extrinsic Rewards</b>	The economic reasons that pull entrepreneurs to work.	Basu, 2004; Chu et al., 2007; Li, 1997; Lofstrom, 2002
<b>Intrinsic Rewards</b>	The reasons related to self-satisfaction and growth.	Chu et al., 2007
<b>Independence/Autonomy</b>	The desire to be one's own boss.	Basu, 2004; Chu et al., 2007; Essers et al., 2010; Khosravi, 1999

<b>Family Security</b>	Entrepreneurship is seen as a way to secure a job for oneself and its family.	Chu et al., 2007
<b>Necessity</b>	No option	Basu, 2004; Bauder, 2008; Chavan & Agrawal, 1997
<b>Opportunity</b>	Taking advantage and exploit an opportunity.	Shinnar & Young, 2008
<b>Upholding Tradition</b>	When it's a tradition to run an business in one's family	Basu, 2004; Chavan & Agrawal, 1997

Admission Criteria	Countries Using Criteria	
	Self- Employment	Business Investment
Based on Experience	Australia, Austria, Belgium, Canada, Denmark, Finland, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland	Australia, Canada, New Zealand (only if the investment is minimum where no experience is required)

Minimum Investment	Czech Republic, New Zealand, United Kingdom ( it is required to provide proof of finance for living expenses and set-up of the business)	Australia, Canada, France, Greece, Ireland, Korea, Netherlands, New Zealand, Portugal, Spain, United Kingdom, United States
Business Plan	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Poland, Spain, Sweden, Switzerland	Greece, Ireland, Netherlands
Restricting field activity	Australia, Canada, Czech Republic, Denmark, Japan	Australia, Korea
Relevance to Local Economy	Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Netherlands, Poland, Switzerland	Greece, Ireland, Portugal, United States

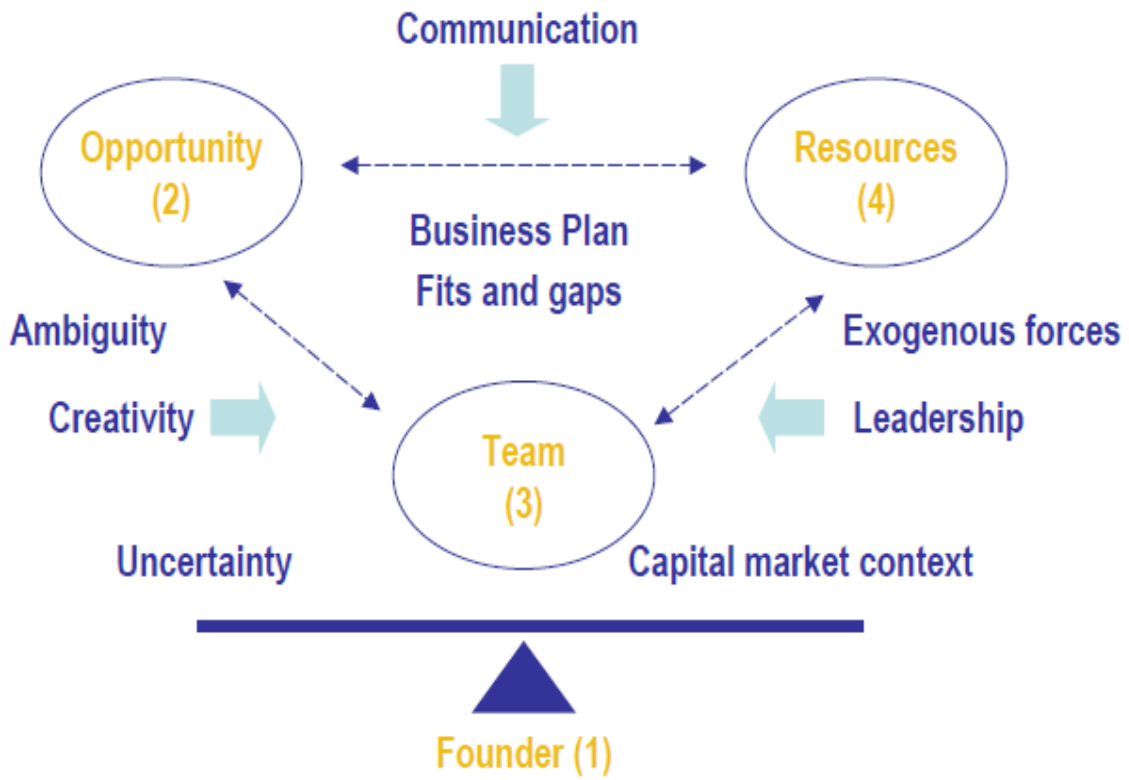


Table 1.

Kamloops	S1	S2	S3	S4
Past experience	No past business experience	Yes, had previous experience	No past business experience	
Type of business	Motel	Grocery store	Restaurant	
Country of origin	Taiwan	China	India	
Business idea	Providing daily and monthly accommodation	Chinese groceries	Indian recipes	
Reason for choosing this business	Easy entry and easy to operate	Need to satisfy the Chinese community in Kamloops	Like meeting people	
Challenges	-Building own client and customers. -networking and learning the Canadian culture	-delivery of good during winter period -language barrier -networking and learning the Canadian culture	-start-up capital -finding new clients -networking challenge -language challenge.	



Reason for choosing entrepreneurship	Because it has always been a dream come true	Time flexibility and freedom	Quest to control owns life	
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**Table 2**

challenges	S1	S2	S3	S4
Lack of start-up capital	yes	Yes	yes	Yes
networking	yes	Yes	yes	yes
Language barrier	yes	Yes	yes	yes
Building new customers	yes	No	yes	yes
Weather conditions	no	yes	no	No
Opportunities	-	-	-	-
Business expansion	no	yes	yes	yes
Product variety	no	yes	yes	yes