Location and Entrepreneurship among New Immigrants in Israel and Canada

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Self-employment among new immigrants in Israel and Canada is compared, and the influence of different urban settings within these countries is examined according to data of national censuses from the early 1980s. A slightly higher propensity of immigrants in Israel to become self-employed was due to their higher tendency to engage in white-collar self-employment activities. Immigrants in Canada were more active in typical distribution and blue-collar ethnic entrepreneurial niches. The larger metropolitan areas offered ample opportunities for immigrant entrepreneurs in distribution, while other centers offered fewer such opportunities, but provided entrepreneurial niches for immigrants in white-collar services and in blue-collar activities. In both countries, highly educated immigrants tended slightly more than others to become self-employed, so that entrepreneurship did not serve as a route of advancement for the less educated immigrants only.

The growing interest in economic implications of new waves of immigration to the developed Western countries during the last two decades has prompted a wealth of studies on the role of entrepreneurship in the economic mobility of immigrant groups. Studies of immigrant entrepreneurs have emphasized mostly class and ethnic resources, as well as contextual factors, and structural opportunities associated with the ethnic structure of the urban area (Light, 1984; Light and Bonacich, 1988; Mars and Ward, 1984). These studies, largely made in the USA, lacked a comparative perspective, and the role of economic-geographic conditions of urban areas (Moyes and Westhead, 1990) was rarely examined.

This paper examines self-employment among immigrants in Israel and Canada, countries with a tradition of absorbing permanent settlers. We

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argue that location influences the propensity of new immigrants of various origins to become self-employed, and that this influence depends on industry. We thus distinguish three major types of industries which define three entrepreneurial mobility routes. These types are: (1) distribution—trade, restaurants and transportation, in which barriers-to-entry are lowest and self-employment is not necessarily a function of prior education and skills; (2) blue-collar—mainly manufacturing and construction, in which some prior skills are needed, but these do not usually include high levels of formal education and knowledge of local language; and (3) white-collar—business, public and personal services, in which the role of human capital is greatest and family and ethnic networks are least important. The paper emphasizes the significance of location in theories of entrepreneurship among immigrant groups (Razin, 1989) and forms an essential step in evaluating the impact of immigrant entrepreneurial niches on local economic development. It also demonstrates the potential of census data analysis in international and inter-urban comparative studies of entrepreneurship, using self-employment as an indicator of business-formation. These two variables are closely correlated (Coombes and Raybould, 1988), and using the first as an indicator for the second is even more justified in the case of new immigrants, whose chances to inherit or purchase an existing business are relatively small.

MAJOR ARGUMENTS

The likelihood of an individual engaging in entrepreneurial activity can be attributed to four major factors: (a) personal character and cultural values; (b) human capital and personal resources; (c) social networks (Johannisson, 1988; Zimmer and Aldrich, 1987); and, (d) opportunities offered by the local economy. Whereas variations in personal attributes can create spatial variations in entrepreneurship, social networks and local opportunities are the major attributes of the environment which influence entrepreneurial behavior.

Immigrants facing barriers for advancement through local job opportunities have frequently used informal ethnic support networks to advance as self-employed. Such ethnic entrepreneurial enclaves have been utilized as major channels for recruiting labor, gathering information, transmitting entrepreneurial skills, and, in some cases, also forming input and output linkages (Portes and Bach, 1985; Waldinger, 1985). The formation of such enclaves is to some extent a product of unique local historical circumstances which explain spatial variations in the entrepreneurial behavior of specific immigrant groups. As to the role of local opportunities, in addition to general economic and geographic characteristics of the host country and the specific urban area, the local ethnic composition has been given a major role

in determining structural opportunities influencing immigrant entrepreneurship. A community of co-ethnics with distinct patterns of demand could form an initial basis for immigrant enterprise, whereas fragmented patterns of demand in multi-ethnic urban areas have been of greater importance in the subsequent evolution of ethnic sub-economies (Light and Bonacich, 1988).

International variations in self-employment among immigrants can be an outcome of differences in the attributes of immigrants attracted to each country, and of differences in the economic characteristics of the host economy and the political-organizational attitude toward small businesses and immigrants. Kim, Hurh and Fernandez (1989) argued, for example, that whereas immigrant businesses of Asian immigrants in Britain were more confined to the markets of their own ethnic community, Asian immigrants in the United States tended to expand their businesses into other minority neighborhoods and to specialize in types of businesses that potentially serve a large market of racially mixed or white customers. No attempt has been made to find the determinants of such differences. Our aim is to provide a more detailed assessment of the role of location at the international and inter-metropolitan levels. While we do not attempt to carry out a large scale analysis to identify explanatory variables at the international scale, we do opt at providing some insights based on the examination of the Israeli and Canadian cases. These can be summed up in four major arguments.

We first argue that *the propensity of new immigrants to become self-employed, as compared to that of the total population, has been lower in Israel than in Canada. This has been particularly evident in distribution and blue-collar activities, which normally serve as typical ethnic entrepreneurial niches.*

The dependency of immigrants in Israel on public absorbing agencies for provision of jobs, and prevailing assimilationist "melting pot" ideologies (Eisenstadt, 1985) may be responsible for reducing the prospects of forming ethnic entrepreneurial sub-economies. Israel's population dispersal policy (Shachar, 1971), leading to a relative geographical dispersal of immigrants, could have also influenced negatively prospects for entrepreneurship. The Canadian government has been less committed to assisting in the absorption of immigrants. Canadian emphasis on multiculturalism could have slowed down assimilation and enhanced maintenance of ethnic ties (Lipset, 1989), particularly in bilingual Montreal (Ossenberg, 1964). Thus, entrepreneurial ventures, utilizing kinship networks and broader ethno-religious ties, could have served immigrants more frequently as an upward mobility route in Canada than in Israel.

The perceived poorer business climate in Israel might have motivated the more ambitious immigrants to migrate to Western Europe and North America (Inbar and Adler, 1977). Business-formation in Israel has encountered bureaucratic and legal obstacles, which might have been particularly difficult to overcome by immigrants unaccustomed to Israeli realities (Green-

wood, 1990). The low-status, blue-collar bottom level strata of the labor market has been largely occupied by Arabs, and immigrants did not face the threat of plunging into such occupations. Hence, immigrants in Israel could have been less driven to utilize ethnic networks for advancement through distribution and blue-collar self-employment opportunities deserted by the native population, and may have preferred, as a result, salaried jobs in organizations offering stability and social benefits. By contrast, Canada might have offered a more facilitating free enterprise business climate. It has been argued that Canadian entrepreneurs were less aggressive, less innovative, and less risk-taking than American entrepreneurs, and had a lower social status (Lipset, 1989). However, these notions have lost ground during the 1980s (Cohen, 1988), and, in any case, need not have affected prospects for immigrant entrepreneurship (Langlois and Razin, 1989).

Turning to intra-national variations, we argue that *large metropolitan areas have offered more ample self-employment opportunities for immigrants than smaller urban centers, particularly in distribution activities.* The large metropolitan areas offer the most diversified markets and specialized entrepreneurial niches. Entrepreneurial support networks, based on kinship and ethnicity, are also most extensive in the larger metropolitan areas. Israel's small development towns, on the other hand, whose economies depended mainly on the combination of externally-owned industries and municipal public services (Razin, 1990b), might have served as traps for new immigrants in terms of hampering the use of entrepreneurial opportunities for economic advancement (Razin, 1988b). It could be argued that immigrants settling in development towns have been those lacking any intentions of becoming entrepreneurs. However, whereas in metropolitan areas immigrants could turn to self-employment in case their attempts to advance as employees had failed, such options have been more limited in development towns. In Canada, rates of self-employment were higher in small urban and rural centers serving as central places, than in metropolitan areas (Cohen, 1988).[2] However, the larger metropolitan areas in general may offer the most favorable environment for immigrant entrepreneurs, due to their ethnic diversity, extensive ethnic networks, and relative abundance of entrepreneurial niches for immigrants in distribution and blue-collar activities (Herman, 1978; Harney, 1985).

In addition, we argue that *significant inter-metropolitan variations in immigrant entrepreneurship exist in Israel and Canada.* In Israel, the Tel-Aviv metropolis, Israel's dominant economic core, offers the most diversified opportunities for immigrant entrepreneurs. Israel's capital—Jerusalem—has also offered abundant white-collar self-employment opportunities (Razin, 1990a), partly associated with the increasing tendency of government ministries and other public agencies to sub-contract some of their functions. During the last two decades, Jerusalem has attracted middle-class immigrants for religious

and ideological causes. Qualified immigrants could have found it difficult to advance in the public bureaucracy, characterized by job tenure and low turnover of employees, and thus preferred the option of serving these organizations as self-employed. Haifa has been a regional metropolis, suffering from economic stagnation since the 1970s (Kipnis et al., 1989) and prospects for immigrant entrepreneurs there are difficult to anticipate. In Canada, Toronto could provide most immigrant groups with a milieu more compatible with entrepreneurial ventures than the bilingual and stagnant Montreal (Higgins, 1986). The disadvantage of Montreal has been more pronounced with regards to high-level white-collar services, than for the non-leading blue-collar or distribution activities frequently utilized by immigrant entrepreneurs.

Lastly, we argue that *greater inter-metropolitan variations in self-employment, which do not necessarily conform with general spatial variations in the small-business sector, can be found among immigrant entrepreneurs of groups extensively utilizing blue-collar and distribution self-employment opportunities as routes for advancement*. Entrepreneurship plays a different role among different immigrant groups, and the influence of location on immigrant entrepreneurship thus varies among immigrant groups (Razin, 1988a). Immigrants from affluent Western countries might not be attracted to distribution and blue-collar self-employment opportunities, which represent a significant downward mobility for them, but only to white-collar services for which professional qualifications are a prerequisite. At the other end, immigrant groups lacking human capital and financial resources might occupy the lower strata of the labor market and have a low propensity to become self-employed anywhere. Immigrant groups possessing some skills and resources, but lacking formal qualifications and proper contacts to advance as employees, might resort to distribution and blue-collar self-employment activities as an alternative route for upward economic mobility. These groups extensively utilize ethnic entrepreneurial networks. Hence, they would be most influenced by the existence of specific localized networks. As we have assumed earlier, prospects for formation of ethnic enclaves are greater in Canada, so that the group specific effect of location may be greater in the Canadian case.

METHODOLOGY

The analysis is based on the files of the 1983 Israeli Census of Population and the 1981 Census of Canada. The Israeli file includes a 20% sample of the total population and that of Canada includes a 2% sample. The different sampling restricts to some extent the level of detail at which comparisons can be made. The analysis deals only with new immigrants, and thus refers to those who turned to self-employment soon after immigra-

tion. It includes: (a) immigrants who arrived in Israel between 1972 and 1983, and lived in 1983 in one of its metropolitan areas or other towns of over 5000 inhabitants; and (b) immigrants who arrived in Canada between 1971 and 1981, and lived in 1981 in one of its 13 major metropolitan areas. The inclusion of non-metropolitan towns, particularly development towns, in the Israeli case was justified by the significant number of new immigrants directed by government policy to these towns. Such an effective policy did not exist in Canada, and the Canadian file did not enable the inclusion of immigrants settling in small urban and rural centers.

In addition to basic cross-tabulations, logit models for identifying variables influencing the propensity of new-immigrant males to become self-employed, and log-linear models for identifying factors associated with the industrial composition of the self-employed were constructed. These models helped to define influences of location and ethnicity on entrepreneurship among immigrants, taking into account influences of other variables such as education and personal attributes of the immigrants. Grouping the self-employed by industry was found preferable to grouping by occupation, since many self-employed defined their occupation as managers, and occupations gave less precise indication on the nature of the entrepreneurial ventures.

ISRAELI-CANADIAN VARIATIONS

Contrary to common beliefs (Greenwood, 1990), the rate of self-employment among the total population was higher in Israeli cities and towns than in Canadian metropolitan areas (Table 1). This could be attributed to the fact that the less advanced Israeli economy was characterized by lower levels of organizational concentration. However, thorough examination of the data for new immigrants does support, in general, our first hypothesis. Rates of self-employment among new immigrants were only slightly higher in Israel than in Canada, and the difference among new immigrants was narrower than among the total population of the two countries (Table 1). Moreover, the industrial composition of the self-employed immigrants differed considerably between the two countries. In Israel, a large proportion was engaged in public services, particularly health services. Of the immigrant entrepreneurs in Israel, 38.9% were in white-collar services (Table 2), compared to a figure of 32.4% for the total Jewish urban population (Razin, 1990a). Israel had a higher proportion of immigrant entrepreneurs also in manufacturing, but Canadian immigrant entrepreneurs were found more in areas serving as typical ethnic niches in North America such as construction, food services, wholesale and transportation, and business services (Table 2).

Table 1: Rates of self-employment among new immigrants in Israel-1983 and Canada-1981 by country of birth and urban area of residence.[1]

	Israel–1983					
Country of birth	All cities & towns		Tel-Aviv metro.	Jerusalem metro.	Haifa metro.	Dev'mnt towns[2]
USSR	11668	5.1	5.6	6.8	4.1	4.5
Poland	240	10.0	9.7	(18.4)	..	(5.4)
Romania	1563	4.5	5.3	6.9	3.8	2.7
Germany, Austria	173	13.3	11.0	(23.5)	..	..
Europe-others	1244	10.1	9.3	10.8	7.3	9.9
Iran	675	15.6	18.5	14.0	..	8.5
India, Pakistan	287	0.3	0	0	..	0.8
Asia-others	458	12.0	15.3	(0)	(9.7)	(2.2)
North Africa	969	9.5	13.8	14.2	6.5	3.6
South Africa	298	14.4	17.0	(4.2)	..	..
North America	1374	9.8	6.9	12.2	4.8	11.1
Latin America	1592	10.6	12.6	10.3	7.4	8.4
All immigrants	20541	7.0	8.0	9.9	4.8	5.0
Total Jewish pop.		11.6	13.3	10.4	10.1	8.4

	Canada–1981					
Country of birth	13 CMAs		Montreal CMA	Toronto CMA	Vancouver CMA	Other CMAs[3]
USSR	113	8.8	..	10.9	..	(0)
Poland	132	3.0	..	0	..	(2.0)
Germany, Austria, Netherlands	206	14.6	..	15.1	(14.6)	14.1
Britain	1372	5.2	4.0	5.0	8.7	3.9
Greece	213	11.7	13.7	10.1	..	14.7
Portugal	765	2.4	0.9	3.3	(0)	1.6
Europe-others	1064	7.5	7.3	7.4	7.6	7.8
China[4]	1460	5.1	4.3	5.7	5.3	4.2
Asia-others	2693	7.1	8.2	6.9	6.4	7.3
Africa	778	9.4	9.1	8.3	8.8	11.7
USA	563	7.5	7.0	7.3	12.3	5.4
Latin America	2131	2.6	2.3	2.3	10.3	2.5
All immigrants	11700	5.9	5.9	5.5	7.4	5.7
Total population		6.7	6.1	7.0	8.3	6.4

[1] Sources: national censuses of population. The Table includes those who immigrated to the two countries during the decade prior to the census. The Table does not give the details for Israeli non-metropolitan veteran towns in the coastal plain, and for some minor countries of birth in Canada. However, these are included in the relevant "total" rows and columns.
The figures in the Table are of % self-employed, except for those in bold, which are of the total working population. These figures of the total working population refer to the samples used in the analysis.
( ) Based on a sample of less than 50.
.. A sample of less than 25.

[2] All peripheral towns in Israel, including Beer-Sheva, and non-metropolitan new towns in the coastal plain populated by immigrants after 1948.

[3] Halifax, Quebec, Ottawa-Hull, Hamilton, St. Catharines-Niagara, Kitchener, London, Winnipeg, Calgary, Edmonton.

[4] Includes Asians born of Chinese ethnic origin.

Table 2: Self-employed immigrants by industry and urban area of residence, Israel–1983, and Canada–1981[1] (in percentages).

	Blue-collar		*Distribution*			
	Manufac-turing, Primary	Construc-tion	Wholesale	Retail	Food services	Transp., storage, communic.
Israel-urban pop., 1983	15.7	2.8	4.6	25.8	6.1	5.9
Tel-Aviv metro.	18.5	2.1	7.1	26.7	7.1	4.8
Jerusalem metro.	11.3	3.9	2.7	19.8	3.1	3.1
Haifa metro. & veteran towns in coastal plain	13.8	4.6	3.4	28.1	4.6	5.5
Development towns	15.2	1.7	1.3	27.3	8.2	12.6
Canada-13 CMAs, 1981	11.5	8.7	6.0	23.9	9.6	6.4
Montreal CMA	10.9	5.0	5.9	24.8	14.9	8.9
Toronto CMA	12.5	6.4	8.2	28.6	5.0	6.4
Vancouver CMA	14.2	17.3	7.1	16.5	11.0	2.4
Other CMAs	8.4	8.4	1.7	21.2	12.8	7.8

	White-collar		Total	Total (abs. no.)
	Business services	Public, personal services		
Israel-urban pop.,1983	8.4	30.5	100	1378
Tel-Aviv metro.	7.1	26.9	100	652
Jerusalem metro.	16.0	40.1	100	257
Haifa metro. & veteran towns in coastal plain	8.0	32.0	100	238
Development towns	4.3	29.5	100	231
Canada-13 CMAs, 1981	12.7	21.2	100	687
Montreal CMA	4.0	25.8	100	101
Toronto CMA	14.3	18.6	100	280
Vancouver CMA	13.4	18.1	100	127
Other CMAs	14.5	25.2	100	179

[1] The table includes only those who immigrated to the two countries during the decade prior to the census. Classifications of industries differ slightly in each country. Particularly, services are split in a slightly different way into business, public and personal services.

Country of birth was closely related to self-employment in both countries. Most entrepreneurial in Israel were the Iranian and South African immigrants (Table 1). These two entrepreneurial groups differed fundamentally: Iranians gravitated strongly toward small retail businesses, while South Africans were engaged with a wider range of activities (Table 3), and 28% of them employed three or more salaried workers. Most entrepreneurial in Canada were the Germans (including Dutch and Austrians) and Greeks.[3]

Table 3: Self-employed immigrants by industry and country of birth, Israel–1983, and Canada–1981[1] (in percentages).

	Blue-collar	*Distribution*	*White-collar*	*Total*	*Total (absolute numbers)*
Israel					
USSR	20.4	47.0	32.7	100	571
Romania	11.9	26.9	61.3	100	67
Europe-others	23.0	21.9	55.1	100	165
Iran	10.6	78.6	10.7	100	103
Asia-others	24.1	61.0	14.8	100	54
North Africa	18.1	52.3	29.5	100	88
South Africa	17.5	42.5	40.0	100	40
North America[2]	13.0	17.1	69.9	100	123
Latin America	18.6	38.3	43.2	100	167
Canada					
USA, North-western Europe[3]	24.7	27.3	48.0	100	154
Southern Europe[4]	33.3	39.3	27.4	100	84
Europe-others[5]	35.8	30.9	33.3	100	42
Asia[6]	13.0	64.6	22.4	100	192
Chinese[7]	14.6	50.7	34.6	100	75
Latin America	25.4	40.0	34.5	100	55

[1] See note no. 1 for Table 2. The table does not include countries of birth classified as others in Canada.
Blue-Collar—agriculture, other primary, manufacturing, construction.
Distribution—wholesale, retail, food services, transportation.
White-Collar—business, public and personal services.

[2] Including Oceania.

[3] USA, Belgium, Luxembourg, France, Germany, Netherlands, Austria, Ireland, Britain.

[4] Yugoslavia, Greece, Italy, Portugal.

[5] Mostly East European countries and the USSR.

[6] Not including those of Chinese ethnic origin.

[7] Chinese ethnic origin born in Asia.

Germans have been quick to assimilate into Canadian society, are prominent in professional occupations, and have strong roots in rural regions of Canada. Greeks have been perhaps the best example of a group arriving with little formal qualifications and using rather extensively entrepreneurial opportunities in the restaurant business and in other distribution activities.

Least entrepreneurial in Israel were immigrants from the USSR, Rumania and India, and in Canada immigrants from Latin America and Portugal (Table 1). The non-entrepreneurial groups in Canada were those occupying the lower strata of non-skilled and low-paid workers in the Canadian labor market. This has not been the case in Israel, where the large group of immigrants from the USSR, as well as other non-entrepreneurial groups, probably sought more protected jobs in large institutions and enterprises, leaving bottom-level occupations to the Arab minority.

As expected, self-employed immigrants from developed countries gravitated in Israel toward white-collar services, which accounted for as much as 70% of the self-employed in the case of North American immigrants (Table 3). Immigrants from North Africa, Asia and particularly Iran were at the other extreme: under-represented in white-collar services and over-represented in retail. In Canada, self-employed immigrants from the United States and other affluent northwestern European countries also gravitated toward white-collar services (Table 3). Asians were dominant in retail, and Chinese, Asians and southern Europeans tended more than others to engage in food services.

INTRA-NATIONAL VARIATIONS IN ISRAEL AND CANADA

Intra-national variations in the propensity of immigrants to become self-employed were small in Canada, but more marked in Israel (Table 1). New immigrants in the Tel-Aviv and Jerusalem metropolitan areas had high rates of self-employment, but, unlike the general labor force, immigrants had a higher propensity to become self-employed in Jerusalem. The self-employed immigrants in Jerusalem concentrated in white-collar professional services, whereas those in Tel-Aviv gravitated more into distribution and blue-collar activities, with particular relative concentrations in manufacturing and wholesale activities (Table 2).

The only immigrant groups having higher rates of self-employment in Tel-Aviv than in Jerusalem were Iranians, other Asians and Latin-Americans. Thus, Asians who gravitated toward distribution enjoyed an advantage in Tel-Aviv, whereas groups who preferred white-collar services found Jerusalem an advantageous location (Table 3).

The very low rate of self-employment among new immigrants in the Haifa metropolis is somewhat surprising, since it cannot be attributed to

Haifa's general opportunity structure. Haifa's economy, being relatively dominated by large-scale manufacturing and transportation facilities, had stagnated during the 1970s, but it offered a share of self-employment opportunities similar to that in the Jerusalem metropolis (Table 1). Moreover, the number of immigrants residing in each of these two metropolitan areas was also similar. It can be speculated that a slow turnover in Haifa's small-business sector, as well as the relative homogeneity of Haifa's society, and the lack of particular advantages for immigrant entrepreneurs have made it less likely for new immigrants to penetrate its local small-business sector.

Israeli development towns offered inferior opportunities for entrepreneurship (Table 1). A relatively high proportion (24.3%) of the economically active new immigrants in Israel lived in development towns in 1983, and this might have impeded their prospects for entrepreneurship. The disadvantage of development towns was particularly evident for immigrants from Asia, Africa, the USSR and Rumania (Table 1), probably due to the lack of sufficient self-employment opportunities in the distribution sector. A relatively large proportion of the small businesses in development towns was in distribution, but this niche had been mostly filled by earlier arrivals of Asian and African origins, who dominated the development towns. The limited markets in these towns did not enable a substantial extension of the distribution small-business sector, and left few opportunities for new immigrants in this entrepreneurial niche. Rates of self-employment among immigrants from Europe and America in development towns were comparable to those in the Tel-Aviv and Jerusalem metropolitan areas (Table 1). These immigrant groups could enter the small niche of white-collar services in these towns with very little competition from the local veteran population. For example, nearly 30% of the self-employed Europeans and North Americans in development towns were in health services, and over 50% were in white-collar services (including health), a figure double that of the general local population. Thus, it seems that the niche open for immigrant entrepreneurs in the development towns was exactly the one presenting the major disadvantage of these towns.

Inter-metropolitan variations in Canada were found more in industrial composition of the self-employed immigrants than in rates of self-employment. Rates of self-employment among immigrants did not differ substantially between Toronto and Montreal. However, whereas immigrants in Montreal were slightly more likely to become self-employed than in Toronto (Table 1), the data hints that the bilingual character of Montreal hindered prospects of immigrant entrepreneurs to engage in business services there (Table 2). Immigrant entrepreneurs in Montreal showed a particularly strong tendency to gravitate toward food services, but this tendency was prominent only for certain groups, mainly Greeks, who were the most entrepreneurial group in Montreal.

Immigrants in Vancouver had a slightly higher rate of self-employment than those in other locations (Table 1). In contrast to Toronto, where immigrant entrepreneurs were relatively concentrated in retail and wholesale, those in Vancouver were concentrated in construction and in the primary sector (Table 2), reflecting differences in metropolitan and provincial economies (Davis and Hutton, 1989). Relatively few immigrant entrepreneurs in Vancouver were engaged in retail, Chinese being a notable exception. One third of the Chinese entrepreneurs in Vancouver were retailers, whereas in Toronto Chinese exhibited more diversified activities.[4] In the smaller Canadian Metropolitan Areas, immigrant entrepreneurs concentrated more in white-collar services (Table 2). This hints to the existence of a niche of white-collar self-employment opportunities utilized by immigrants in these smaller Canadian metropolitan areas.

MULTIVARIATE ANALYSES

The influence of country of birth and urban area of residence on the propensity of male immigrants in Israel and Canada to become self-employed was examined by multivariate logit models which included the following additional explanatory variables: age, marital status, years of schooling, knowledge of language of host country and industry (Table 4). The first three variables are personal attributes known to influence self-employment (Razin, 1989; Pickles and O'Farrell, 1987). Knowledge of language of host country is vital for the integration of immigrants and can increase the number of business-formation opportunities open for them. The inclusion of industry assumed that the selection of type of industry in which to engage precedes, and thus influences, the decision whether to become self-employed. This assumption is reasonable for many white-collar occupations, but less so for many distribution and blue-collar occupations which attract the less educated. Industries were grouped into three categories (Table 4). One category included low barriers-to-entry industries in which the decision to become self-employed may frequently precede the choice of industry. The other categories included white-collar and blue-collar industries in which the choice of industry usually comes first.

Industry had an overwhelming significance in influencing the propensity of immigrants in both countries to become self-employed (Table 4). Nevertheless, considering the fact that for some self-employed immigrants the entrepreneurial decision preceded the choice of industry (Kallen and Kelner, 1983), these models underestimate the role of other factors. Highly educated immigrants had a somewhat greater propensity to become self-employed in Canada. In Israel, among the general population, those having only elementary school education had the highest propensity to become self-

Table 4: Logit analyses of the propensity of new-immigrant males to become self-employed in Israel–1983, and Canada–1981.[1]

Israel			*Canada*		
Variable	Coeff.	t	Variable	Coeff.	t
Industry			*Industry*		
(Manufact. & agric.)			(Manufact. & primary)		
Low–barriers[2]	1.27	27.19	Low–barriers	0.83	11.83
Publ., business, services	–0.42	–7.59	Publ., business services	–	–
Log(age)	–	–	*Log(age)*	2.22	5.29
Marital status			*Marital status*		
(Married)			(Married)		
Single[3]	–0.47	–8.01	Single	–0.28	–3.95
Education			*Education*		
(Low)			(Up to second.)		
High[4]	–	–	Over secondary	0.10	1.92
Knowledge of Hebrew			*Knowledge of official lang.*		
(No)			(No)		
Second language	0.18	3.70	English, French		
Primary lang.	–0.10	–2.09	or both	0.39	3.09
Country of birth			*Country of birth*		
(Iran)			(USA, NW Europe)		
Asia, Africa	–	–	Greece, Italy		
USSR	–0.50	–8.04	Yugoslavia	0.57	4.01
Europe, S. Africa	–0.21	–2.65	Portugal	–0.73	–3.04
North America	–	–	Asia	0.21	2.25
Latin America	0.24	2.44	Latin America	–0.61	–4.00
			Others	0.44	3.98
Place of residence			*Place of residence*		
(Tel Aviv met.)			(Toronto)		
Jerusalem metr.	0.33	4.49	Montreal	–	–
Haifa metro. & veteran towns[5]	–0.13	–1.90	Vancouver	–	–
Develop. towns	–0.30	–4.41	Other CMAs	–	–
r^2	0.15			0.09	
No. of cases	10613			6396	

[1] The table presents main-effects models fitted using the BMDP PLR procedure. Unpaid family workers were omitted from the analyses. P in these models is the probability of being self-employed. The table includes only variables whose t values > /1.5/. The reference categories are given in parentheses.

[2] Commerce, construction, transportation, personal services.

[3] Including widowed. Divorced are included in the reference category of married.

[4] Over 12 years of schooling.

[5] Haifa metropolis and veteran towns in the coastal plain.

employed (Ben Porath, 1986). Nevertheless, this was not true for immigrants, and entrepreneurship was utilized to some extent as a mobility path also by those coming with professional qualifications. A separate model for North African immigrants even indicated that the propensity of the more educated to become self-employed was higher. Thus, in both countries a dominant role of self-employment as a mobility route for those lacking formal qualifications to advance as employees was not identified. Knowledge of local language also contributed positively to the propensity to become self-employed. In Israel this relationship was more complicated. Those speaking Hebrew as a primary language, who could be assumed to be the most assimilated, gravitated less to self-employment than those using Hebrew only as a secondary language, perhaps due to the greater ease at which the former could advance in salaried jobs.

Taking into account the above variables, as well as age and marital status, country of birth was still significant in both Israel and Canada, and it can be claimed to be the major variable other than industry influencing the propensity of immigrants to become self-employed (Table 4). Urban area of residence, on the other hand, had a significant impact only in Israel. Immigrants in Jerusalem had the highest propensity to become self-employed, whereas those in development towns had the lowest propensity, even when compared to the Haifa metropolitan area. Models for separate immigrant groups in Israel indicated that the role of location was particularly strong for Iranians and other Asians and North Africans, for whom the disadvantage of development towns was particularly evident.

Log-linear models for self-employed immigrants in Israel and Canada, examined the association of education, country of birth, urban area of residence and industry. Females were excluded from the analysis, as well as from the logit models; their small numbers would have led to a high proportion of cells with small frequencies. The categories of the variables had to be highly grouped for the same reason. Iranians were grouped with other Asians and Africans in the Israeli sample, despite their stronger tendency to concentrate in retail, and even more aggregation was needed in the Canadian sample. Still, the models proved to be of great value in differentiating the influences of education, ethnicity and location on the choice of industry of the self-employed.

Tests of partial associations revealed that the role of location and of the interaction of location and ethnicity was more significant in the Canadian case. In Canada, the interaction of location and industry was significant at the 0.01 level and the interaction of location, ethnicity and industry was significant at the 0.07 level. In Israel, the interaction of location and industry was significant only at the 0.06 level and the interaction of location, ethnicity and industry was non-significant. The interactions of education

and industry, and of ethnicity and industry were most significant, whereas most three-way interactions were non-significant.

Since our major aim was not to construct a parsimonious model, but rather to examine the net influence of different locations and ethnic groups when education is taken into account, Table 5 displays the parameters of selected interactions in the saturated models.

Table 5: Log-linear models of self-employed new-immigrant males in Israel–1983, and Canada–1981. Parameter estimates for selected interactions[1]

	Blue-collar	*Distribution*	*White-collar*
Israel			
*Location*industry*			
Tel–Aviv metropolis	0.15	0.14	–0.29*
Haifa metro. & veteran towns	–0.09	–0.07	0.16
Jerusalem metropolis	–0.19	–0.09	0.28*
Development towns	0.13	0.02	–0.15
*Education*industry*			
0–12 years of school.	0.05	0.46*	–0.51*
13+ years of school.	–0.05	–0.46*	0.51*
*Country of birth*industry*			
Asia, Africa	–0.11	0.24	–0.13
Europe, America, South Africa	0.03	–0.29*	0.26*
USSR	0.08	0.05	–0.13
*Location*co. of birth*industry*			
Tel-Aviv metro. – Asia, Africa	–	–	–0.35
Canada			
*CMA*industry*			
Toronto, Montreal	–0.09	0.24*	–0.15
Vancouver, other CMAs	0.09	–0.24*	0.15
*Education*industry*			
Up to secondary	0.17*	0.18*	–0.35*
Over secondary	–0.17*	–0.18*	0.35*
*Co. of birth*industry*			
USA and Europe	0.33*	–0.36*	0.03
Asia, Africa, Latin-America, Oceania	–0.33*	0.36*	–0.03
*CMA*co. of birth*industry*			
Toronto, Montreal – USA and Europe	–0.19*	–	–

1 The table presents parameter estimates for selected interactions in saturated log-linear models which included the following variables: industry, location, education and country of birth. Only parameters significant at the 0.10 level are specified for the three–way interaction of location/CMA* country of birth* industry.

* Significant at the 0.05 level.

In general, the lower educated and those coming from Asian and African (and in the Canadian case also Latin American) origins tended to concentrate in distribution self-employment activities. These immigrants, engaged in distribution small businesses, tended to cluster in the largest and most diversified metropolitan areas Tel-Aviv, Montreal and Toronto. The higher educated gravitated in both countries into white-collar self-employment activities. Immigrants of European and American origins gravitated into white-collar activities in the Israeli case and to blue-collar activities in the Canadian case. Thus, entrepreneurs of these groups enjoyed a relatively smaller advantage in the largest and most diversified metropolitan areas (Table 5).

In Israel, location influenced particularly the tendency of self-employed immigrants to engage in white-collar services, being most pronounced in Jerusalem and least in Tel-Aviv. Tel-Aviv had an advantage in distribution, whereas development towns had a relative advantage in blue-collar self-employment opportunities (Table 5). In Canada, Toronto and Montreal offered particular opportunities in distribution, whereas in other, less diversified, metropolitan areas immigrant entrepreneurs had a stronger tendency to engage in white-collar and blue-collar activities.

The log-linear models, as well as Tables 2 and 3, indicate that blue-collar self-employment opportunities played a different role among immigrants in Israel and in Canada. In Israel, immigrants possessing medium levels of education from a wide variety of countries of origin were those who tended to engage in manufacturing. In Canada, the poorly-educated immigrants from specific countries of origin, mainly the United States and Europe, were those who engaged in manufacturing and construction, particularly outside of the largest centers (Toronto and Montreal).

CONCLUSIONS

The data and statistical analysis largely support our first three hypotheses, but only partially support the fourth one. The rate of self-employment was generally higher in Israel than in Canada, but new immigrants had only a slightly higher propensity to become self-employed in Israel. This difference between Israel and Canada was narrower among immigrants than among the general population, and was mostly due to the relatively high tendency of immigrants in Israel to engage in white-collar self-employment occupations. Immigrant groups in Canada were more active in typical ethnic entrepreneurial niches, other than retail, such as construction and food services.

Also verified was the hypothesis suggesting that the largest and most diversified metropolitan areas offered wider entrepreneurial opportunities for new immigrants, particularly in distribution activities. Tel-Aviv in Israel,

and Toronto and Montreal in Canada, were advantageous locations for immigrant entrepreneurs in distribution activities. Thus, groups gravitating to these activities, such as Iranians in Israel and Greeks in Canada, benefited most from residing in the large metropolitan areas, where they could form ethnic entrepreneurial enclaves. In the Israeli case, smaller urban centers, particularly the development towns, were found to be traps for new immigrants in terms of utilizing entrepreneurial opportunities to economic advancement. This was particularly critical for immigrants of Asian and African origins, who tended to utilize self-employment opportunities in distribution as a route for economic advancement. Thus, settling these immigrants in development towns had a negative effect on their propensity to become self-employed.

The advantage of the larger metropolitan areas in white-collar and blue-collar self-employment opportunities was less evident than in distribution, both in Israel and Canada. Professional immigrants could enter the small niche of white-collar services in Israel's development towns. Native Israelis possessing professional skills rarely choose to live in development towns, and thus have left that niche open for immigrants. Hence, white-collar entrepreneurial opportunities for immigrants, which are more a function of objective qualifications rather than of ethnic contacts, have been less concentrated in the major cores of national economies. The larger metropolitan areas offer most abundant professional job opportunities, including self-employment in white-collar services (Razin, 1990a). However, white-collar new immigrant entrepreneurs are unlikely to penetrate significantly into highly concentrated top-level business services, but rather cluster at more dispersed services for smaller enterprises and final demand, for which competition from mainstream entrepreneurs is more limited.

Non-central locations might have also offered particular entrepreneurial opportunities for immigrants in blue-collar activities. The relative ease of assimilation of immigrants from Western origins into Canadian society might have enhanced their ability to penetrate white-collar and blue-collar entrepreneurial niches in smaller Canadian metropolitan areas. Still, the restricted scope of white-collar and blue-collar entrepreneurial niches in non-central locations should be taken into account when singling out niches in which large numbers of future immigrants could be absorbed.

Specific inter-metropolitan variations, linked to local opportunity structures, were also found in the study. Among them, bilingual and stagnant Montreal seemed to have been a disadvantageous location for immigrant entrepreneurs in business services. Jerusalem offered ample self-employment opportunities in white-collar services, linked with its extraordinary large public services sector. These opportunities were particularly attractive for immigrants from North America and Europe who were most inclined to engage in white-collar self-employment occupations.

Group-specific inter-metropolitan variations among immigrants who formed ethnic entrepreneurial enclaves in distribution and blue-collar activities were difficult to identify. This might have been due to their scarcity, or because the census data analysis was not sensitive enough to identify such variations. In well-studied American cases, entrepreneurial immigrant groups reached rates of self-employment as high as over one fourth of the working new immigrant population (Razin, 1988a). In no case did immigrant groups in Israel or Canada reach such rates. An interaction effect of location and ethnicity on entrepreneurship, indicating the existence of localized ethnic entrepreneurial enclaves, was more evident in Canada. The poorer quality of the Canadian file made it difficult to identify detailed spatial patterns of groups such as Chinese and Greeks. Nevertheless, such groups gravitated in the larger metropolitan areas, particularly in Canada, into distribution entrepreneurial niches which were unattractive for main-stream businesses, and benefitted from diversified patterns of demand and extensive ethnic networks. Still, both in Israel and Canada, entrepreneurship was not only an escape route for the less educated immigrants. The more educated had a slightly greater propensity than the less educated immigrants to become self-employed. These qualified immigrants probably utilized to a lesser extent ethnic networks as a channel for advancement, although difficulties in penetrating senior salaried jobs might have increased the attractiveness of self-employment for them.

Our aggregative analysis could not depict the role of immigrants with particular qualifications and contacts in developing new local entrepreneurial niches. Such immigrant entrepreneurs are few and their local impact is best assessed in micro-scale studies. Our analysis indicated that the large masses of immigrant entrepreneurs gravitated toward activities which were either declining or considered disadvantageous by the local population. These were mainly distribution activities in large metropolitan areas, and blue-collar and white-collar activities in other urban settlements. Seward and Tremblay (1989) assumed that a positive impact of immigrants on local economies depended on their direct contribution to structural change; i.e., their absorption in growing industries. Jones et al. (1990) further discredited immigrant-owned small businesses, based on self-exploitation in unpromising low yielding sectors. However, such arguments can mask the contribution of ethnic entrepreneurial niches for the survival and even revival of segments of the local economy, freeing labor and other local resources to engage in growing segments of the local economy.

NOTES

1. The study of the Israeli case was supported by a grant from the Israel Foundation Trustees. The study of the Canadian case was supported by the Programme of Canadian Studies of the Hebrew University.
2. These smaller centers were not included in the analysis.
3. Data of the 1986 census singles out Middle Easterners as another entrepreneurial immigrant group in Canada, which probably resembles mostly the Greeks in its characteristics.
4. This finding is based on small samples of self-employed Chinese new immigrants (24 in Vancouver, 32 in Toronto), and should be regarded only as indicative of a possible trend.

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