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Review

Russian transnational entrepreneurs in Toronto: How the global capitalist economy influenced entrepreneurship

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One of the most interesting results of the collapse of the former Soviet Union is the emergence of successful cosmopolitan entrepreneurs from former Soviet Republics who have immigrated to countries, such as the United States and Canada, settling in metropolitan areas like Toronto and making millions establishing businesses in their new host countries. The author has chosen to study successful cosmopolitan entrepreneurs from the former Soviet Union because this group comes from a place where the free market economy did not exist before the 1980s. It is important to understand how people who grew up in a context where entrepreneurship was forbidden and there was no privatization prior to the 1980s (Gold, 1995) could develop entrepreneurial skills and how they could transfer these skills to establish successful businesses in the modern context of market capitalism in Toronto.

Key words: Entrepreneurship, capitalist, global, economy, capitalist economy

INTRODUCTION

According to Statistics Canada, at the time of the 2006 Census, there were 20,920 recent Russian immigrants in Toronto. Many researchers have noted that in the US and Canada there is an overrepresentation of the foreign born in the business population and some groups have entered business ownership in numbers disproportionate to their group's size (Chan and Cheung, 1985; Aldrich and Waldinger, 1990). Despite their numbers, there has been relatively little research on this group (Gold, 1995). In Canada there has been very little systematic research which focuses on immigrant entrepreneurs from the former Soviet Union, and no studies have explored the effects of transnational business linkages between Russians in major immigrant receiving countries, such as Canada and in their sending countries.

This paper considers how experiences in the transitional economy affected the role of human capital, financial capital, and social capital in establishing businesses in Canada. It looks at the effects of transnational business linkages, which for Russian immigrants is unique from other immigrant groups because it reflects the unique cultural patterns and structural characteristics of the former Soviet Union. In short, the unique historical, economic and political environment of the former Soviet Union provided favourable conditions for entrepreneurship.

This study is based on qualitative data derived from face-to-face in-depth interviews with 32 immigrants from the former Soviet Union who became entrepreneurs by starting private companies/businesses in Toronto. In this study in-depth interviewing, the technique of many classic studies of immigrant communities and immigrant entrepreneurship was used (Bonacich and Modell, 1980; Portes and Bach, 1985; Gold, 1995; Zhou, 1992).

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Respondents were obtained from a non-probability snowball sample in the Greater Toronto area. Starting with only a few informants, a larger sample of two cohorts of immigrants from the former Soviet Union, those who immigrated to Toronto in the late 1970s and early 1980s and those who arrived in the late 1980s and 1990s were identified. 23 immigrants from the earlier cohort and 9 from the later were interviewed. This study focuses on Russian immigrants who consider themselves and are considered by others to be successful because they have businesses generating revenue of over $1 million per year. Several studies of businesses have found that survival odds and signs of prosperity improve once the $1 million in sales level is attained (Timmons, 1986). These two cohorts were chosen because it is expected that those who immigrated in the late 1970s and early 1980s came to Toronto with virtually no entrepreneurial experience and no financial capital because they came before the market transition in the former Soviet Union, making them more likely to use networks within their ethnic community in Toronto to establish businesses within the enclave economy or to rely on networks to access the mainstream Canadian economy. It is expected that those who immigrated in the late 1980s and 1990s were more likely to come with entrepreneurial experience and financial capital because they lived in the former Soviet Union during the market transition; they will be more likely to use networks and connections formed during the transitional Russian economy of the 1980s and 1990s to establish transnational businesses in Toronto.

To address how Russian immigrants have established businesses in Toronto, it will be examined how social capital, financial capital, human capital, and home country experience, specifically experience in the transitional economy have affected Russian entrepreneurs at each stage of business development in Toronto. These four factors are approached through the two following critical lenses: ethnic and class dimensions of entrepreneurship and transnationalism. The central postulates of each of the two approaches were used to determine how these major factors influenced and shaped business practice and success in Toronto for the two cohorts of Soviet immigrants. Two phases of entrepreneurship and the founding of a business are focused on: (1) Pre-Start-Up - Motivation and Idea Development and (2) Start-Up - Planning and Organizing the Founding of a Firm. As has been noted elsewhere, these phases are important to entrepreneurship (Greve, 1995; Carter et al., 1996; Kamm and Nurick, 1993).

Globalization leading to creation of medium and large businesses by immigrant entrepreneurs

In contrast to past research, which believed that medium and large businesses are run by native-born Canadians and established immigrants who have worked their way to the top, this research demonstrates that as a result of globalization, the immigrants interviewed from Russia established not only small businesses, family-owned ethnic businesses in an enclave market where they provide retail goods and services to co-ethnic or minority consumers (Bates, 1994; Razin, 1992; Lo and Wang, 2007), but also medium and large businesses. The latter generate a yearly revenue of over one million dollars in a diversity of industries, many of which have transnational links to Russia.

Global political and economic restructuring and the international population movement of the last two decades have drastically altered the market. Contemporary ethnic economies, which include medium-sized and large firms, go beyond retailing and ethnic enclaves to command transnational networks (Li, 1998, in Lo and Wang, 2007). In the past, medium and large businesses were mainly the territory of native-born Canadians and well-established immigrants. More recently, global movements of ideas and technology, and people and resources, have created a very different scenario. Many immigrants now come with human and financial capital, as well as management experience and business knowledge (Fong and Luk, 2007b). The Russian immigrants interviewed all came with a great deal of human capital; most of the second cohort who immigrated in the late 1980s and 1990s came with financial capital, management experience and business knowledge. This finding suggests that for the interviewees, self-employment represents an opportunity for economic advancement.

Unique market transition in the former Soviet Union

The conditions in the transition era were unique. Market transition can be implemented at different speeds and through a wide variety of policies. In Russia, a series of radical institutional reforms dismantled the system of far-reaching state control over the economy, leading to the rapid rise of private ownership and the market-based allocation of resources and consumer goods (Gerber, 2002).[1] However, the Russian transition differed from European countries, such as Hungary. For one thing, Russia retreated to primitive barter relations and a subsistence existence, while Hungary consolidated its money economy. Russia criminalized the economy, while Hungary had an emergent rule of law. In Russia, there was a huge concentration of power in oligarchs; Hungary had a diversified economic structure, where small producers began producing goods and offering services on price-regulating markets in agriculture, the service sector, the construction industry, and some industrial branches (Eyal et al., 1998; Burawoy, 2001). Unlike

[1] Russia experienced a recession in the 1980s, which contrasts starkly with the strong growth experienced in China after the introduction of market reforms (Gerber, 2002: 633).

other European countries, Russia chose unlimited "voucher" privatization that allowed mediated participation as a method of property transformation (Laki and Szalai, 2006). In Russia, Ukraine and most other CIS countries, new laws allowing free enterprise coexisted for many years with Soviet-period laws and were considered illegal until the mid-1990s (Havrylyshyn, 2006).

After the 1980s, the state sector downsized; many state firms entered into contracts with foreign companies, and new opportunities for entrepreneurship emerged. Official control was completely withdrawn, so people could now start private businesses and control the entire budget of their business. By the time the USSR had collapsed at the end of the 1980s, the second economy shifted an ever-expanding proportion of the benefits of economic activity away from the state into private hands, paving the way for self-employment to grow unimpeded in Russia for the first time. The success of Russian entrepreneurs in cities like Toronto was likely influenced by these unique historical circumstances. In particular, Russian immigrants who lived in Russia during the transition or who returned to Russia from Toronto at that time took advantage of privatization schemes and developed networks with state officials, former managers of state enterprises, and new Russian entrepreneurs (known as 'New Russians'). They were then able to use these contacts to develop businesses in Toronto.

LITERATURE REVIEW

The author drew upon two bodies of literature, specifically the ethnic and class dimensions of entrepreneurship and transnationalism approach, to examine how social capital, financial capital, human capital, and home country experience, specifically experience in the transitional economy affected Russian entrepreneurs at each stage of business development in Toronto.

These two approaches were selected because individual-level explanations which focus on a certain kind of personality and competence are inadequate in explaining the founding and success of a business. Because of their similar backgrounds, individual level explanations may lead to the expectation that new Russian immigrants are prime candidates for ethnic entrepreneurship, but personality and culture do not explain how people who grew up in a similar environment in the former Soviet Union have different rates of entrepreneurship after immigrating to Toronto. They were also selected because past studies of ethnic businesses have not paid enough attention on the context of the country of origin and the role of the global economy on facilitating the setting up of businesses and the successful running of businesses in the host country.

According to the *ethnic and class dimensions of entrepreneurship approach*, the inclination toward business and the relative success of entrepreneurial efforts by immigrants is a balance of class resources, which include financial, human, and cultural capital and ethnic resources, but the balance varies from group to group (Light, 1984; Waldinger et al., 1990). *Ethnic resources* include relationships of trust, ethnic-derived social capital, native language fluency, a middleman heritage, entrepreneurial values and attitudes, rotating credit associations, sojourning orientation, social networks and other characteristics based in group tradition and experience that connect the entire group (Light and Gold, 2000). Newcomers intending to do business can draw on social networks for advice, information about business opportunities, access to credit, and customers, which are central to entrepreneurship during pre-start (motivation and idea development) and start-up (planning and organizing the founding of a firm) (Aldrich, 1999; Salaff et al., 2001; Light 1972, 1992, in Salaff et al., 2007). *Class resources* include financial capital, human capital and professional or entrepreneurial experience (Ley, 2006). Money and wealth are the two main forms of *financial capital* (Light and Gold, 2000). Education and work experience are the basic forms of *human capital*. Evidence shows that among all ethno-racial groups and categories, human capital increases rates of entrepreneurship (Light and Gold, 2000). Human and financial capitals do not guarantee optimal entrepreneurship nor do they adequately explain intergroup differences in entrepreneurial responsiveness. Therefore, it is necessary to look at the internal characteristics of groups to explain persistent intergroup differences. *Cultural capital* refers to the skills, knowledge, attitudes, and values required to succeed in entrepreneurship which is transmitted in the course of socialization (Light and Gold, 2000).

The ethnic and class dimensions of entrepreneurship approach focus on how local social networks impact entrepreneurship and business development and do not fully address the role of transnationalism. Some networks cross borders and draw on business communities back in their home country (Salaff et al., 2001). In recent decades, studies documenting the importance of the direct and indirect impact of transnational linkages on ethnic business operation have shown how products, clients, and employees are recruited from either the sending countries or the receiving countries (Kyle, 1999; Landolt, 2001, in Fong and Luk, 2007a). Growing numbers of migrants are participating in the political, social, and economic lives of their countries of origin, even as they put down roots in their host countries (Levitt, 2001). Such processes are likely to give rise to new structures and forces that determine ethnic entrepreneurship (Zhou, 2004). Therefore, the transnationalism approach will be used to demonstrate how immigrants draw on business communities from their home country and from the receiving country – transnational networks – to become successful entrepreneurs in their new host country.

According to the transnationalism approach, immigrant entrepreneurs are increasingly engaging in transnational business practices conducting business between their home and receiving countries (Wong, 2004; Fong and Luk, 2007a). Immigrants who are bilingual and who have international social networks have serious natural advantages in trade promotion (Collins, 1998; Lever-Tracy et al., 1991 in Light, 2007). They more easily notice the business opportunities that cultural frontiers generate and have the international social capital that supports international business (Fukuyama, 1995; Walton-Roberts and Hiebert, 1997; Wong, 1998 in Light, 2007). Immigrants often draw on business communities from their home country and the receiving country. These transnational entrepreneurs reinvest in firms back home while remaining abroad. Other migrants may return to their original country, bringing with them new business connections (Salaff, et al., 2007). Immigrant transnational entrepreneurs promote bilateral foreign trade with their homelands, so their businesses are not limited to local markets of the host society (Light, 2001; Levitt, 2001). Individuals with more extensive and diverse social networks will be in a better position to initiate and sustain transnational enterprise (Kyle, 1999; Poros, 2001).

In the empirical section which follows, it is demonstrated how human capital, social capital, financial capital, and home country experience influenced the path taken to entrepreneurship. Also the influence of institutional arrangements after the transition to a market economy in Russia are looked into, using the central postulates of each of the two theoretical approaches (ethnic and class dimensions of entrepreneurship and transnationalism) to explain the factors that influenced business practice and success in Toronto for the Russian immigrants interviewed. These factors will be discussed by looking at two phases of entrepreneurship and the founding of a business (Wilken 1979): (1) pre-start-up - motivation and idea development and (2) start-up - planning and organizing the founding of a firm. The work will compare how these two cohorts learned entrepreneurship skills; where they got ideas about business in Canada; where they learned about getting capital for their business, and how they established or took over existing firms.

Pre-start-up – motivation and idea development

In the first phase of entrepreneurship and the founding of a business someone is motivated to start a business. The business idea is developed and social support is sought through discussions with other people (Greve, 1995). The main incentives for startups include: gaining a better economic position; preventing unemployment; attaining higher social status (Radaev, 1997). In the pre-start-up stage, potential entrepreneurs look for advice, financial resources, and moral support from families, friends, and business associates, usually exploring possibilities within a small circle of close contacts. They contact others to test initial ideas, develop a business concept and get further support (Kamm and Nurick, 1993). This section discusses the influence of class and ethnic resources, the transitional economy, and transnational linkages on the pre-start-up stage of an immigrant business in Toronto. It considers where entrepreneurs get motivation and ideas for a business. Unlike Western entrepreneurs for whom the inclination toward business and the relative success of entrepreneurial efforts is influenced mainly by class and ethnic resources within the city where they start their business, immigrant entrepreneurs look to their financial, human, social, and cultural capital acquired elsewhere, in this case, the former Soviet Union.

Class resources: financial capital, human capital, and paths to entrepreneurship

Immigrant entrepreneurship success is partly determined by the amount of financial/material resources that immigrants bring with them (Zhou, 2004).

Since the Soviet government limited the amount of money and goods that émigrés could take out of the country (only about $100 in Rubles was permitted) (Gold, 1995), the majority of the immigrants came to Toronto with virtually no financial resources. They had also earned low wages in rubles in the state-run economy. A few came with financial resources because they had worked overseas, or had earned money while immigrating through another country to Canada. For example, Leon was allowed to work in Iran, where he was the manager of all construction sites for an Iranian construction company and was in charge of 5000 employees. He worked there from 1975 to 1978, making $10,000 a month; when he immigrated to Toronto in 1978, he had financial capital.

On the other hand, over 40% from the second cohort came with a significant amount of financial resources from businesses they ran in Russia after the transition. The relative absence of constraints on asset appropriation due to a period of regime instability and a privatization program that occurred rapidly and in an unregulated manner and no institutional framework created a new propertied and corporate elite with greater opportunities to maintain control of public assets as they were privatized or to obtain personal ownership of assets and enter the emerging market economy with large business advantages (Walder, 2003). For example, Victor G., who is a property investor in Toronto, ran several businesses in Russia, and came to Toronto with millions that he made from property investment in Russia.

Both cohorts had considerable human capital, coming to Toronto with a high education and skill sets. The majority of both cohorts had more than three years of work experience in the former Soviet Union before coming to Toronto; about half of the second cohort left state-sector jobs to work in other professional fields or to open up businesses. Those who worked in jobs in other countries before immigrating to Toronto accumulated financial capital and acquired valuable knowledge.

Opportunity theory suggests that when immigrants are working in salary jobs and an opportunity comes up to start a business, they may decide to do so (Aldrich and Waldinger, 1990; Cooper, 1986). Russian immigrants who took this path to entrepreneurship found opportunities within the organization where they were working and decided to open a business. Over half the immigrants from the first cohort and nearly half from the second cohort found business opportunities within their field or an allied field. Alex started his own business because an opportunity opened up within a field closely related to his field of expertise after developing close connections with a businessman who had good connections in Russia sourcing steel. Alex, an immigrant from the first cohort, decided to quit the company that he was working for in Switzerland after he met someone from Belgium who was a steel trader, and he became his partner in the steel business, and they decided to form a company together in 1992 called Transstall. Alex decided to start the steel business with his friend because he believed that this transnational business would be an effective means of maximizing his human capital returns and expanding his middle-class status through higher earnings and would give him more economic independence. As a result, human capital, in terms of his experience in the labour market in Switzerland and Russia, and social capital came together in a successful venture. Some of the highly educated immigrants, such as Alex, quit their salaried jobs to pursue entrepreneurship because they thought they could better utilize their skills, bicultural literacy, and transnational networks to reap material gains.

Some Russian immigrants started by working for a firm owned by a co-ethnic or a Canadian firm; while working here, they found out about an opportunity to open up a business from their co-ethnic friends, and if they had the necessary resources and capital requirements, they decided to do so. 30% of the immigrants from the first cohort and about 20% of the immigrants from the second cohort talked to friends and were convinced by them to leave a salaried position and start a business. Leon, an immigrant from the first cohort, talked to friends while he was working in a salaried job that was within his field of expertise. They mentioned a business opportunity, and he decided to leave his well-paying salaried job to start a business with them. Thus, his social capital was important. Leon, formerly chief engineer at a General Electric factory in Alberta, says:

I made $85,000 a year in wages, plus a car and benefits and allowances, and medical insurance. Then, I got an offer from two friends who told me that they were starting a shoe factory. I told them I didn't know anything about shoes. One of them said that he already worked for one year in a shoe factory, and he already knew the companies and he said that there is a shortage in the market for high fashion ladies shoes. He said bringing them from Europe is good business with a lot of opportunities. We started to send samples of our shoes to several companies in Toronto, and they said that they were interested and wanted to buy shoes from us. I brought some money from Iran that I made working as an engineer there and I put the money into the business. Our company, Luxan Shoes Manufacturing, lasted from1991 to 1997. We made Italian shoes for major shoe retail stores in Canada. Then we decided to open up factories in Russia and the Ukraine.

The chance encounter with friends from the Russian community who were in the process of opening up a business led Leon to leave his salaried position. Leon believed that this transnational business would be an effective means of maximizing his human capital returns and expanding his middle-class status through higher earnings and would give him more economic independence.

Business background theory suggests that immigrants who have business experience outside of North America or in their country of origin are more likely to use their business experience to establish businesses in their host country (Light, 1984; Bonacich, 1973; Portes and Bach, 1985). This path to entrepreneurship is consistent with the transitional economy approach (Pontusson, 1995; Nee, 1991), which states that the immigrants who were present during the transition to a market economy are more likely to set up businesses and come to Toronto with business experience and financial capital.

Victor G., as mentioned previously, opened a construction company and started building apartments and malls throughout Russia after the transition; he had no work experience in Toronto before starting a similar business. Victor G. says:

I was making millions doing various construction projects in Russia. It was very dangerous for businessmen like me in Russia who were making millions because I was approached by mafia groups who said that they would provide a 'krysha' (protection) for me if I would pay them protection money, meaning a percentage of my profits. While I was doing business in Russia, I of course complied, and in return for paying them a percentage of my profits they would ensure that all my customers paid *me on time and they would ensure the safety of my business. But it was still dangerous to do business in this type of environment, and I did not want my kids to be exposed to this and be in any danger, so I decided to move to Toronto, where it would be safer to do business. In Toronto, I immediately became involved in the real estate and construction business, buying and selling real estate and building and leasing shopping malls.*

Before his immigration, Boris opened a furniture business where he manufactured furniture cheaply and sold it for a large profit in Russia, Europe and Israel. When he moved to Toronto he continued to operate his furniture business in Russia. He had also opened a business in Brazil where he produced vodka and sold it to various countries; he also produced vodka in Russia. Boris came to Canada with business experience from Russia and financial capital from his businesses in Russia and Brazil.

Ethnic resources: ethnic social networks and social capital

The established community of earlier Russian immigrants in Toronto, a form of social capital in the host country, did not provide any information to the immigrant entrepreneurs from either cohort regarding the business climate or the types of enterprises that would be feasible in Toronto.

Some immigrant entrepreneurs drew upon their ethnic resources. For example, Alex, an immigrant from the first cohort, met his current partner, Edward, a fellow Russian, who was working as a head representative for a Hong Kong-based steel trading company. Edward knew all the general directors in Russia, and he knew the steel business inside out. Alex convinced Edward to become his partner, telling him he would be given freedom to operate and much more authority in their new company, Midland. Alex also offered to finance it. He took the capital that he needed from his old company, Transtall, which eventually stopped operating. In this case, Alex used his ethnic resources to enhance his business.

Start-up - planning and organizing the founding of a firm

In the second phase of entrepreneurship entrepreneurs start planning the business in detail; they work on financing the business, setting up business deals, agreements, and finding a property for their business (Greve, 1995). In the start-up stage they establish their companies, reaching out to partners, staff, buyers, and suppliers. At this point, entrepreneurs need to mobilize a larger social network (Carter et al., 1996). The two theoretical approaches, ethnic and class dimensions of entrepreneurship and transnationalism, help explain how various factors, including financial, human, social, and cultural capital influenced the start-up. The author maintains that while their class resources came into play, their ethnic resources were much less important.

Class resources: human capital

Some Russian immigrants from the second cohort obtained entrepreneurial experience by setting up business after the transition to a market economy in Russia or by going to other countries, and they used this experience to set up businesses in Toronto. One-third of the immigrants from the second cohort came to Canada with business experience and financial capital, already knowing they were going to do business. One such entrepreneur is Misha K., an immigrant from the second cohort, who has an MA in electromechanical engineering from the Technical University in Haifa, Israel. When he came to Toronto in 1998, he opened a telecommunications company three years after arriving, where he had business experience opening companies in several countries because he says that this industry has the technology that allows you to buy and sell throughout the world. Misha K. came to Canada with international business experience and financial capital, already knowing that he was going to do business. Although he had little work experience in Toronto, he drew upon his human capital, in terms of his expertise and experience in the international telecommunications industry, his social capital, in terms of his connections to providers around the world, and his financial capital.

Class resources: financial capital

The choice of financing source shows that human capital, in the form of years of education, work experience and high occupational skills, was recognized by the banks and the government. As a result, the majority of the immigrants obtained financing from traditional sources of capital, such as banks, or from a combination of sources, such as banks and private investors to start businesses in Toronto.

Ethnic resources: ethnic social networks and social capital

Ethnic groups regularly provide their members with financial capital through personal loans, which rely on reputation and enduring relationships as collateral (what Light and Bonacich (1988) call ethnic facilitation), but this was not the case for the author’s entrepreneurs. The Russian ethnic community did not provide the majority of the entrepreneurs with any business advantages. Possibly they had adequate financial means already, or they had social capital in terms of education to obtain resources in Toronto. At any rate, none of the immigrants knew anyone in Toronto before they arrived. As a result, the majority of the entrepreneurs turned to banks and private investors for seed capital.

These entrepreneurs began to network through mainstream and formal channels (that is professional associations and specific trade organizations), rather than joining ethnic associations or organizations. Igor A., an immigrant from the first cohort, went to various fishing and hunting, sporting goods, and outdoor shows in the United States, Canada and Europe, where he found many of the distributors and chain stores that are now selling his fishing rods.

Some of the entrepreneurs came with their own financial capital which they used to open up their business. Gabe worked in Moscow as an institutional equity salesman for a U.S-Russian investment bank called UFG (United Financial Group), and he made so much money in Moscow that he did not need to borrow any money when opening his investment company in Toronto.

The success of 13% of the entrepreneurs from the first cohort and 33% of the entrepreneurs from the second cohort was dependent upon their ability to utilize ethnic resources. These entrepreneurs targeted their businesses to the Russian ethnic community, hired co-ethnic employees, and used co-ethnic suppliers to buy their products. Paul, an immigrant from the first cohort, knew nothing about the grocery business, but together with a few people from his Russian ethnic group, he formed a food importing company called S&F Foods. Paul and his partners imported food from Europe and Russia and sold about 70% of their products to an ethnic network of delicatessens across Toronto. Valera, an immigrant from the second cohort, started the first Russian ethnic television channel in Toronto with his wife. The channel, called Russian Waves, is targeted exclusively to the Russian community. All journalists are Russian. This network combines reports on Russian immigrants in Toronto and programming from Russia, including news and entertainment. Misha K. targeted his Toronto telecommunications company to his ethnic community, providing international long distance services for mostly the Russian community:

When we started the telecommunications company in Toronto, I used Russian newspapers and television to target our products to the Russian community. We decided to focus on the Russian community because my partners were Russian-speaking so it was easier for them to target that community. The reason we targeted the Russian community was because of our ties to the Russian telecommunication market, so we were able to buy time cheaper than others, so it made sense that if we could buy those particular minutes from former Soviet Union telecommunications then we could compete better than others. Then we sold those minutes through calling plans to individual customers and businesses. If we were able to buy cheaper from India, then we would sell it to a service provider that was targeting the Indian community.

The majority of the immigrants from both cohorts did not target their businesses to the Russian enclave community or eventually expanded to other communities because they believed that they could make more money selling their products in a variety of different communities. Arkady, an immigrant from the first cohort, says his company, Eurotrade, imports a variety of food products from Russia. Some of his salespeople are Russian, and they sell many products in Russian meat and deli stores, but over time he expanded to stores across Ontario:

In order to grow the business we didn't want to just target the Russian ethnic delis, we wanted to expand. When we started expanding the business we started growing into the main food markets, targeting stores, such as Loblaws, Sobeys, and other big supermarket chains.

The majority of the immigrants did not target their businesses to the Russian enclave community because they were concentrated in mechanical and technical fields where they manufactured and sold products to anyone in their field. For example, Paul, an immigrant from the first cohort, owns a software company called pVelocity, which sells software to companies all over the world. Ilya, an immigrant from the first cohort, owns ITS Technology, which provides satellite communication technology for the military and satellite industry in Canada and other countries.

Class resources: class-specific cultural capital

Russian immigrants obtained cultural capital, in the form of skills, knowledge, attitudes, and values required to plan and organize the founding of their business in Toronto from experience in the Toronto labour market and other labour markets around the world and from the market transition economy in Russia.

ENTREPRENEURIAL EXPERIENCE DEVELOPED IN THE LABOUR MARKET IN TORONTO OR OUTSIDE TORONTO THAT HELPED ENTREPRENEURS START BUSINESSES IN TORONTO

Since the first-cohort immigrants had limited access to relevant home country business experience Canadian business experience is vital to the success of their enterprises. However, entrepreneurs from both cohorts, regardless of their path to entrepreneurship, all said their experience in the labour market in Toronto helped them develop the skills, knowledge, experience, and contacts required to eventually start their own businesses.

Ilya, an immigrant from the first cohort, arrived with human capital and worked in his field for a few years. Because of his social capital, he found a business opportunity within his field, and decided to leave his salaried job. Ilya says he gained experience to start his own company while working as a salaried employee. Ilya started his company, ITS Technology, after working for Malco and Associates in the United States and Canada for four years. At Malco he brought technologies purchased from Advancetech to Canada for the defense and satellite industry. While working at Malco, he realized that there were no longer any companies that were providing the services required by the military and satellite industry in Canada – in short, he discovered a niche:

I worked at Malco and Associates for four years in US and Canada. They sent me to Arizona and I worked there and brought technologies to Canada for the defense industry. This type of company didn't exist in Canada. There were some market leaders who were bought and closed, or absorbed by larger companies, and there was nobody to serve the need and I decided I was going to do that. Basically we built a company that Canada never had, and we are serving a lot of niches that Advantech no longer served. I basically wanted to build a Canadian Advantech. The business we are in is relatively small; it is only maybe 10-12 companies, so I decided to go into this market.

Another entrepreneur from the first cohort who worked in his field for a few years and because of his social capital, found a business opportunity within his field, and decided to leave his salaried job, but who received all his education and job experience in Canada is Paul. He obtained training and experience at IBM and at a software company, Unitech, that he later used to start his own software company:

I had a reasonably successful track record in sales with IBM Canada. Every year that I was in sales I was meeting my quota and exceeding my quota. In 1995, I was hired by a software company working out of Chicago called Unitech, which was maybe a $2 or $3 million company at the time. They were looking for some growth into Canada and they hired me because of my excellent sales record at IBM. So I joined forces with them and basically became in charge of their Canadian distribution. We built, in a couple of years, a nice business of about $5 or $6 million. They were also growing in the US. So I took responsibility for half of the US business. Then, when we decided to pursue international growth, so because I had the best sales record of all the executives, I was chosen to move to the Netherlands to take responsibility for the European part of business. During my 4-year period in the Netherlands, we basically built a $10 million business across Europe. We opened a subsidiary company in the UK, Germany, Sweden, Italy and Spain. So we had a pan-European business that was producing about $10 million in revenue for the company by the time we were done, which was in 2001. From there, I moved back to Chicago, and by that time we were a $35 million company. I learned a lot about how to build relationships, how to increase sales, and how to create a successful software company while working at IBM and Unitech. As a result, after a fairly short time I was able to build a successful software company.

When second-cohort member Misha K. arrived in Toronto, he had human capital, business experience, and financial capital and knew he was going into business. He had gained work experience in international telecommunications and project management companies that he opened in several countries before coming to Toronto. His past experience helped him to open Lorotel, his telecommunications and international project management business in the field of mechanical and electrical engineering:

Currently I am doing international project management. This came about when I was in Nigeria from 1976-1985 working for ETCO, where I eventually progressed to company general manager. In Nigeria one of my responsibilities was to build factories. The company that I worked for was a specialist sub-contractor for international companies that wanted to build factories in Nigeria. In that sense I developed an expertise in design and execution of various industrial projects, in many fields, such as car batteries and manufacturing, propane gas cylinders manufacturing, land rover and range rover manufacturing production lines. In 1985, I went to South Africa and started my own company, which was involved in contracting and servicing, air conditioning, plumbing, electrical, elevators, and communication. So, the knowledge and experience that I built up working in Africa was critical in helping me open my company in Toronto. In 1995, I opened a telecommunications company in New York. I came from New York to Toronto in 1998 with a background in telecommunications, so it was natural that I would continue in the same way in Toronto…. I learned a lot about the telecommunications industry while running the company in New York, and then in 2003 … I sold my shares, and opened Lorotel. Lorotel initially did services in international and long distance; gradually it has changed its direction to international project management in the field of mechanical and electrical engineering, which is what I am doing right now.

Entrepreneurial Skills and Transnational Ethnic Networks Developed During the Transition Economy in Russia that Helped Entrepreneurs Start Transnational Businesses Based in Toronto or Russia

An important form of immigrant economic adaptation is the practice of transnationalism.

The likelihood of establishing transnational businesses for both cohorts of immigrants from the former Soviet Union depended to some extent on the alliances forged at the beginning of the transition process between these immigrants and (a) state elites; (b) financial sector elites; and (c) Russian entrepreneurs. It was important for these immigrants to have connections to former managers of public enterprises who emerged as modern corporate executives, freed of the restraints of the command economy, as they acquired the majority of shares in most of the privatized and privatizing firms and assumed control of capital intensive firms. These firms required large capital investments to develop (often from abroad); some immigrants took advantage of this and established Toronto companies which entered into contracts with these state firms and provided the capital investment that they needed. About 35% of the immigrant entrepreneurs from the first cohort and the second cohort were able to develop businesses in Toronto with links to Russia because they had connections to elite insiders in the former Soviet Union.

Abe began to do business in the former Soviet Union during the transition because business was slow in Toronto:

In the 1980s, the company was very successful. We were building a lot; 17 homes in one place, 6 homes in another, industrial buildings, etc, and we were making very good money. But in the 1990s, everything disappeared, prices were falling, and we lost a lot of money. I was going overseas in the 90s because there was nothing to do here.

In 1993, Abe began building overseas when he established connections with people who came to Toronto from the former Soviet republics. Opportunities started to emerge as a result of the changes going on in the former Soviet Union:

When the Soviet Union fell apart, people from the Soviet Union were able to travel freely, and they started to come to Canada to look for materials and for Canadian experience on how to build. Before the Soviet Union became a free-market economy, we couldn't build there because everything was government operated. Once free enterprise and privatization began, people who became wealthy in Russia were interested in building homes, malls, industrial buildings. They didn't have the necessary supplies and knowledge about construction, so they began to look for connections with the Western world.

Abe's extensive and diverse social networks in Canada and Russia helped him to initiate and sustain transnational enterprise:

From the Canadian side, it was Olympia-York; from the Russian side, it was the Chamber of Commerce of the Soviet Union. Before the Soviet Union collapsed, it was established in 1988 or 1989 and one of the top guys from the Soviet Union was living in Toronto, and I was introduced to him in 1989 or 1990. We became good friends and everyone that was coming from Russia, Ukraine, or other republics, we'd go out for lunch together and they would tell me what they need, and that's how I got to know lots of people. As a result, in 1991, I was already in Moscow. I continued to establish alliances with state officials, bank officials, and owners of commercial businesses, malls, etc, and we were building for them.

Abe built commercial office buildings, shopping malls, retail, and high rise residential buildings in Russia, Kazakhstan, Ukraine, Lithuania, and Latvia. He was able to deal with government regulations because he spoke the language and could speak directly to the people in the government when he needed building and construction permits. He obtained supplies and construction material from Canada because it was cheaper to bring the supplies from Canada or the US. For the most part, he was hired by private companies and individuals. One of his biggest customers was a Pension Fund company, New Century Holdings, based in New York; this company was a big investor in the former Soviet Union, and the money came from companies such as General Motors, Kodak, etc. Then he got contracts in Almata, Kazakhstan, and Riga, Latvia.

Jacob, an immigrant from the first cohort, got involved in Russia and the Ukraine by organizing space conferences. After developing contacts at these conferences he decided to introduce his company, Integrity Testing Laboratory, which tests and produces materials for aerospace applications, to space researchers in the Ukraine and Russia. Jacob says that his business opportunities emerged as a direct result of the market transition:

Before the transition happened, they didn't allow me to go to the Soviet Union to attend space conferences, which I was invited to, but couldn't attend because I was never given a visa to enter the country. The fact that you were now able to go and do business there is a direct consequence of the transition.

Igor S., an immigrant from the first cohort, became successful by acting as an intermediary between a buyer in the Ukraine and a supplier in India. He established a trading company that supplied some medical goods that were in short supply in the Ukraine during the transition. He could do so because of his connections:

It came through networking. A friend of mine was already doing business with Ukraine in construction materials. He told me that there are opportunities there; they still don't have a lot of medical supplies, and they can't afford the high-priced American goods. He had a relationship with someone high in the ministry of health, so it was very easy for us to follow all of the government regulations.

Alex, an immigrant from the first cohort, because of his connections, was able to establish a company, Midland, which sourced steel from Russia and the Ukraine for low prices and sold it all over the world for large profits. Alex established his first connections in the former Soviet Union by working for companies doing business there. He moved with his family to Switzerland to work in a global steel trading company that was doing business in Russia. When he met a steel trader from Belgium, they decided to form a company together in 1992 called Transtall. They saw it as an opportunity since Alex had contacts in Russia and would be able to source the steel:

He would tell me to go to such and such factory, we need to get such and such steel products. So I would go, or would ask my contacts to get as much as possible and we would sell it. Then we started getting leads to other factories. We had a company in the Ukraine and in Russia, and we had people that we hired that had contacts and were able to go and source steel products for the company.

Alex initially obtained steel by bartering and trading:

In order to feed their infrastructure, these steel companies would offer furniture, clothing, and other things to their workers in exchange for their work. They were willing to provide us metal if we could supply them with furniture and clothing in exchange for steel. We didn't need capital in the beginning because we could just exchange it for whatever goods we could find in the West.

Alex and his partner did not need a lot of capital because these companies were willing to give up their steel based on trust:

They used to give us the steel before receiving anything in return. In the beginning you didn't require money; we made money with absolutely no money, just on trust.

Many foreign companies took advantage of this trust and made millions. But Alex and his partner decided not to break the relationship they had built up, and this gave them an advantage over other foreign companies:

A lot of foreign companies took advantage of these steel factories because these factories trusted them because they believed that there was no risk signing a contract with a foreign company. These foreign companies would take millions of dollars of steel and just disappear. We never did that because we figured we would make a lot more money in the future if we did straight business. A lot of these people would succeed initially, but then nobody would continue to work with them. If you are a foreigner you are a person of great respect. The general directors would not even ask us for money because we were doing them a favour by getting rid of all their steel.

Initially Alex and his Belgium partner made money by trading goods for steel (bartering). Later, they decided to concentrate only on selling steel:

We started to concentrate on steel because we realized that if we ship 20 million shipments of furniture it takes up a lot of time and storage, while we can sell more steel for a higher profit margin.

Alex and his partner had an advantage because the company directors had no knowledge of how to operate in a free market global economy:

They were totally mismanaging their enterprises because they had no clue how to properly manage their enterprises because they were not in commerce. The general director was an engineer; he was not in business. The directors of these steel enterprises were used to getting all the raw materials and then they would get an order from the state in Moscow telling them where to ship all the steel. When Communism died, the general directors had no clue of what to do; they didn't know where to ship the material.

When the transition proceeded, the economic climate began to change and companies in the former Soviet Union were no longer willing to conduct business with foreign companies based only on trust; they now wanted prepayment for their products. Around 1993, the director of the steel mill in the Ukraine started requesting money upfront. Once again, Alex and his partner had an advantage over other foreign companies:

Representatives of foreign companies were told by the steel factories that they wanted money upfront. The representatives would then offer them a letter of credit, and the general director didn't know what it was and said he needed money right away to pay his employees. We were able to get more steel because the other companies *were not able to come up with the money.*

Then the steel mills began to have problems with the companies producing the raw materials. For example, the coal mine would not release coal to the steel company because it already owed them too much money. The whole system collapsed; more specifically, the supply chain collapsed because of the large debts between the companies producing the raw materials and the steel mill. Transtall mended the supply chain and the payment orders. Because they had good connections with the companies producing the raw materials Alex and his partner had a new opportunity:

Now the general director tells me I need iron and coal, so if I get him the coal and iron, he will get me steel. So we bartered the raw materials for steel. This was even better for me because now I could make money on the coal because I would buy coal for maybe $30 per ton and sell it to him for $40 per ton. For me it was great, but for other foreign companies it was not because they had to take the risk on the coal mine, on the iron mine and the steel mine. Now we were controlling the source of raw materials, and were getting steel every month. Now there were three or four stages before we would get steel, and every stage we would make money.

In 1993, Alex met his current partner, Edward, who was working as a head representative for a Hong Kong based steel trading company. Edward had great contacts. He knew all the general directors in Russia and the Ukraine and he knew the steel business inside out. Alex and his new partner decided that to beat out all the foreign competition; they had to buy the largest steel mill in the Ukraine. Alex claims that they were successful in buying the steel mill because other foreign companies were not willing to take the risk.

Alex's insider information and contacts in large scale state and private ventures bestowed credibility on his efforts. Drawing on transnational ties for social capital, Alex pieced together resources from many institutional fields. His networks bridged core industries in several countries. In network terms, he linked networks and created opportunities by spanning structural holes (Burt, 1992). He got ideas from different contacts and combined resources in novel ways, which is essential to starting profitable businesses (Burt, 1992, in Salaff et al., 2007). Alex's ethnic background and Russian and Canadian networks legitimated him among the Russian players. His brokering role is atypical of enclave businesses, in that his role is more like any other importer or exporter of goods and services. But at the same time, his ethnic background enables his business ties. Like many other enclave and mainstream businesses he depends on transnational links, and his links were activated through his migration to Canada.

Sam, another immigrant from the first cohort, established contacts on a business trip to the Ukraine for his former employer during the transition in 1995; he met the manager of a plant that manufactures Carbon Black. He discovered there was a demand for Carbon Black in the rubber and tire industries in Canada and the US, so he formed a partnership with the director of the company and is now part owner of the company in the Ukraine. He established a company, Sunrock, which imports synthetic chemicals:

On one of my business trips to Russia for my former employer, I accidentally met a manager of a factory that produces Carbon Black at a Russian restaurant. At the time, I didn't even know what Carbon Black was. He told me about the industries which use Carbon Black, and he asked me if I could help him export Carbon Black into the US and Canada. So, upon my return to Toronto, I did a lot of research, and I found out that there was a large demand for Carbon Black in Canada and the US, but at a much lower price than it was currently being sold at. I found a customer in Canada who bought a rubber plant and he was looking for suppliers of Carbon Black, so we made a business out of it, and he is now my main buyer. Then I found out about other companies that were also in the market for Carbon Black. In 1995, I went 10 times to the Ukraine and Russia before I started Carbon Black because first I had to prove that the product was good. I traveled to several plants in Russia and established connections with the plant managers. I agreed to buy it from them for a price that was considerably lower than the global market price and sell it in North America. They agreed to give me the exclusive rights to sell Carbon Black from their plants to North America. We started with Carbon Black; today we have synthetic rubber and chemicals.

Michael T., another first-cohort immigrant, went to Russia and the Ukraine during the transition in 1990 to find material that he could manufacture in Russia or the Ukraine at a fairly low cost and then sell it to the construction industry in Toronto. He established contacts with local partners and directors of construction companies in the Ukraine and Russia, patented this construction equipment, and started exporting it from the Ukraine to Canada.

After the collapse of the Soviet Union in the 1990s, I decided to go to the Ukraine and Russia to see if I could find the material that many people working the construction business, including myself believed was needed in the construction industry in Canada. At the time when I was travelling to the Ukraine and Russia I met up with managers of construction companies that were looking for construction materials from Canada, so I was able to supply it for them. And eventually that led to *my current business, Performance Steel Specialties, where we manufacture the reinforcements for concrete and develop equipment for handling the product. I came across a manufacturing company in the Ukraine that could make the material that I needed. I set up production lines for construction equipment components out of Ukraine to Canada. It was one of the first deals that was made between Canada and those very well known manufacturing facilities. It was a newer technology at the time that was not available in Canada. I decided to manufacture it in the Ukraine because everything is cost-oriented. Manufacturing was set in very close proximity to the raw materials supply line. The labour force was cheap, but well-trained in the Ukraine, and it was also inexpensive to manufacture the material there. I had local partners in the Ukraine who were working there under the government and they knew what they needed to do in order to make sure that all the government regulations were followed and all the right people were paid off.*

The enterprises established by immigrants like Sam, Alex, and Michael T. involved the production of goods at low prices which they could sell overseas for a large profit margin. Alex used his links in Russia and Ukraine to obtain a license from the government (not granted to everyone) to export steel at still-low Soviet prices to Canada and the US or anywhere else that it fetched a higher price, so he was able to make a lot of money very quickly. Some time elapsed between legalization of private activity and the elimination of government regulations, creating a gap between market prices and official prices and setting up opportunities for the new capitalists in Russia and Toronto, such as Alex, Sam, and Michael T., to maximize profits.

Leon, an immigrant from the first cohort, initially started Luxan Shoes with a few partners in 1980; they manufactured Italian shoes for major retail stores in Canada. Then they decided to expand to Moldova and the Ukraine in 1991. They were able to build successful shoe manufacturing plants in the former Soviet Union during the transition because he had good connections to former managers of state enterprises and to government officials:

Americans and Canadians who went to Russia and the Ukraine to do business during the 1990s were not successful because they didn't know the language and they didn't have connections to anyone in the government or any of the enterprise directors. I went to Moldova because my brother who lived there and was the manager of a construction business had good connections with the general director at a metallurgical plant, who was interested in becoming our financial partner in a joint venture. In the Ukraine we knew of a manager of a chemical production factory that had 26,000 employees. I went there and I met this guy and brought him to Canada and showed him our factory here. He was very surprised that we were a big factory here and said let's build this factory in my place too, I will be a partner with you. So we became partners and built shoe factories in the Ukraine selling Italian shoes. I wanted to help the Ukrainian government understand that it is important not to lose the manufacturing sector during the transition. If you have a product inside the country, everything stays inside the country…. I told the president that people were coming to work to make money, if the employee makes money then I make money, the country makes money. The president of the Ukraine was very impressed at how I was able to build a capitalist enterprise in the Ukraine that exported Italian designed shoes all over the world. As a result, the president took care of all the government regulations. The president also introduced a new law that all joint ventures were free of any taxes and duties, so companies like mine were now free to manufacture the shoes in the Ukraine, and then sell them outside of the Ukraine without paying any duties for five years.

Leon had to close down the factories in Moldova and the Ukraine in 1997 because of legal changes and the dangers of doing business in the former Soviet Union:

In one year's time there was a new president which cut the law that stated that all joint ventures were free of any taxes and duties and put in a new one; you had to pay duty and taxes on the supplies that you brought into the country. It became impossible to work. It also became very dangerous to work because the Russian mafia would come to your business offering to be your cover (meaning that they would protect you against criminals, vandalism, theft, etc, and they would ensure that all your customers paid you on time) if you paid them 15% of your profits every month. … So as a result of these mafia people coming in and threatening us, I closed down the business and told them to do whatever they wanted with the business. I no longer do any business with Russia or the Ukraine because today's "new Russians" are very close to the government and they stole everything. When we were there we built everything. Today the big businessmen are big crooks. They took from the government for $1 what was worth $100,000. For example, they bought a metallurgical company for 3 million dollars, which is now worth 3 billion dollars. The Russians no longer need us today. They needed us when they didn't know how to sell their products in the global market; now they know how.

Mark, who is currently the President of NEOS, an affiliate of E. H. Harms Company, is an immigrant from the first cohort who also established contacts during his business trips to Russia during the transition in the 1990s, and because of his connections he was able to set up businesses in Russia:

I established businesses in Kazakhstan and in other places in Russia when the Soviet Union collapsed in the early 1990s. … We had several businesses in Kazakhstan, including managing an airline, an elevator company, and many others.

He talks about the need to know how to manipulate the system:

In order to be successful in business you had to indirectly bribe government officials. … After a while, it was a small group of people who were running the whole country, and if you had connections to some of these people, you could be successful in business.

Like the other entrepreneurs, he found that he had good profit margins doing transnational business – but again, this was based on his connections:

It was the earlier people that were starting to bribe that are now in power. In my current business, we are still selling a lot of cars from Germany in Russia. I also currently have some companies in Russia manufacturing metals, so if it works I will sell it in the West. Russian steel companies and oil companies are good to develop because if you know how to bribe the right managers and officials, you will have the cheapest metal. If you ask what the difference is between the material bought here and made in Russia – i.e. a kilo made here in Canada costs $300, those from Russia cost $1.80. So, even though people say that products in Russia are now at the same price as anywhere in the world because now it has reached the global market, they don't know what they're talking about. People in Russia, like me, are still buying it for $1.80 and selling it for $300. So there are still people in Russia who know the right people, who know who to bribe and who are still buying a variety of products for very little money and selling them in the West for huge profits. This is how people become billionaires. For example, the Boeing company bought 90% of their steel from Russia. If you go to Russia, the guy that sold them their steel is a billionaire. So as you can see, you don't have to be extremely smart to become rich; you just have to have good connections.

Boris, an immigrant from the second cohort, was able to set up a furniture manufacturing plant and store in Russia that sold furniture in Russia, Europe, and other markets in the world because he had connections and because there was a large demand:

When I came back to Russia it was a new country and everything started to grow. In 1995, I decided to open a furniture business. My partner and I had connections to the government to deal with logistics and people at the border to let some of our parts arrive from Germany with having to pay high tariffs. We built our own factory and we manufactured the furniture in Russia and Germany and sold it in Russia, Israel, Europe, and Canada. When we opened our first shop, the next morning we sold all our furniture exhibition. There was a huge line up all day. There was nothing in Russia at all, so people were starving for anything.

After a few years of successful sales, he decided that he did not want to spend most of the year in Russia watching over his business while his family lived in Toronto, so he moved back to Toronto and opened Sunca Hardwood, which imports hardwood floors from a manufacturer in Russia and Brazil; he sells it to individual customers and private contractors in Toronto. He also exports hardwood from Brazil to Russia and Kazakhstan, and from Brazil and Russia to Spain.

The people who became successful entrepreneurs in Russia during the transition to a market economy, such as Sam, Michael T., Mark, Abe, Leon, Igor S., and Alex, were double entrepreneurs (Yang, 2002). They were innovative and creative in identifying and creating new markets to export the goods that were manufactured in the state-run economy before the transition and discovering what goods were in demand and therefore should be imported from the West to Russia. They were talented in making use of and manipulating institutional rules, such as government regulations; this was valuable when the government introduced laws to promote the establishment of private enterprises. Because these entrepreneurs had connections with people who knew members of the government or had personal connections with members of the government, they could manipulate the new laws.

Immigrant entrepreneurs do not merely react to structural disadvantages they face in their host countries but actively look for opportunities and market niches beyond the national boundaries of the receiving countries, utilizing their bicultural skills and binational ethnic networks. Drawing on transnational networks to their country of origin, some Russian immigrant entrepreneurs mobilized resources for their businesses that were not available locally. Those with extensive and diverse international social networks, such as Alex, Sam, Michael T., Mark, Igor S., Leon, and Abe, were in a good position to initiate and sustain transnational entrepreneurship. They better understood the cultural aspects of business practices, the government regulations in the former Soviet Union, and the language, and were able to link up easily with distributors and retailers in Toronto. This constituted a form of "insider advantage".

As transnational entrepreneurs, Sam, Michael T., Mark, Igor S., Abe, Leon, and Alex, are part of the elite in their communities; from their activities they make higher-than-average incomes. These transnational entrepreneurs travel frequently between their permanent homes in the West where their families stay and their business in their country of origin. Alex travels every month to the Ukraine to his steel company to conduct business, while his family stays in Toronto.

Conclusion

The success of immigrant entrepreneurs in the two phases of entrepreneurship (pre-start-up and start-up) is influenced by a combination of the following factors:

1) social capital, 2) financial capital, 3) human capital, and 4) home country experience. To understand how the above four factors influence the success of immigrant entrepreneurs in the two phases of entrepreneurship, it is necessary to use a multi-level theoretical approach which includes the following perspectives: ethnic and class dimensions of entrepreneurship and transnationalism. Rather than seeing class and ethnic resources as competing, when we use longitudinal analysis we can see how both class and ethnic resources are important at different times and stages of business development.

The experience of Russian immigrants from the former Soviet Union casts light on our understanding of contemporary immigrant entrepreneurship, reminding us that we cannot glibly generalize about all immigrants – each case has its own unique qualities. Since the collapse of the Soviet Union, immigrants from the former Soviet republics have immigrated to countries such as the United States and Canada, and settled in metropolitan areas like Toronto. They have made millions establishing businesses in their new host countries. This research was the first systematic study done in Canada to focus on these immigrant entrepreneurs.

This work focused on the emerging phenomenon of immigrants arriving with a lot of human capital, and some with a great deal of financial capital, establishing medium and large businesses. The Russian immigrants interviewed all came with human capital; most of the second cohort had financial capital, management experience and business knowledge. In contrast to past research, which believed that medium and large businesses would be run by native-born Canadians and established immigrants who had worked their way up, this research demonstrates that as a result of globalization, the tendency of the immigrants interviewed was to establish not only small businesses in an enclave market, but also medium and large businesses in a diversity of industries, many with transnational links to Russia.

Both cohorts of immigrant entrepreneurs embodied considerable human capital, coming to Toronto with a good education and excellent skill sets. They had technical and professional degrees and had graduated from university, many with higher degrees. This seems to indicate that those with significant amounts of human capital may make more effective entrepreneurs. Overall, the degrees they attained corresponded to the business they established.

Some first-cohort immigrant entrepreneurs accumulated financial resources and business experience in other countries before coming to Canada; they worked at various jobs or opened businesses. About half of the second cohort came with a significant amount of money they made in business after the transition.

The second cohort came to Toronto after the transition to a market economy in Russia; therefore, they were more likely to have entrepreneurship experience in the former Soviet Union and to come with enough financial capital to start a business. They were also more likely to arrive knowing that they wanted to do business. Since the first cohort immigrated without any entrepreneurial experience in the former Soviet Union, most found jobs where they worked for over 5 years before starting a business.

Second-cohort immigrants who lived in Russia during the transition and those from the first cohort who returned to Russia at that time obtained valuable cultural capital. They were likely to have built up transnational social networks, connections with state enterprise directors, state elites and business groups, that they used to good effect in Toronto.

The transnational entrepreneurs derive higher-than-average incomes. They succeeded because they actively looked for opportunities and market niches beyond the national boundaries of the receiving countries. They had a distinct advantage in forming transnational businesses with republics in the former Soviet Union because they understood how to conduct business there, the government regulations, and the language, and they were able to link up with distributors and retailers in Toronto. The entrepreneurs with extensive and diverse international social networks were in a better position to initiate and sustain transnational entrepreneurship. They set up new joint private firms with entrepreneurs and managers of enterprises in Russia, who could take advantage of the combination of legalization of private businesses and the continued government regulation of prices, export, import and internal trade licensing.

In the case of the Russian immigrant entrepreneurs interviewed, transnational entrepreneurship does not financially benefit the ethnic community, as these entrepreneurs seem to be only concerned with making millions for themselves.

Russian businesses have been networking internationally since the breakdown of the former Soviet Union. Some of the new Russian businesses started by

Russian immigrants in Toronto are propelled by globalization and oriented towards transnational networking. These businesses differ from their predecessors in scale and structure. “Enclave” is no longer an appropriate word to describe these Russian businesses because their success depends on transnational linkages with Russia. Since these transnational entrepreneurs are economically successful, they may stimulate others to follow their example, thus expanding this mode of economic adaptation.

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