

# 5

## **Networks of Advantage: Urban Indigenous Entrepreneurship and the Importance of Social Capital<sup>1</sup>**

Rochelle R. Côté

The networks are still there...I had to establish networks and I am in the process of establishing more networks. You are always trying to better your business through networking because networking is probably one of the strongest areas...in business, as opposed to advertising and signs and publications. It's still a business...of word of mouth.

—Candice Holmstrom, CH Designs Inc.

### **Introduction**

As a way of gaining independence, encouraging prosperity, and fostering opportunity, economic development has increasingly become a focus of Indigenous communities across Canada. While job creation is important, Indigenous entrepreneurship is another important driver of economic prosperity. Recent data suggests that since 1996, Indigenous entrepreneurship has grown at a rate five to nine times the pace of the general population in Canada (Canadian Council for Aboriginal Business 2011; Statistics Canada 2006). Yet even with this rapid growth and increasing popularity, many businesses fail. Past research has focused primarily on access to funding and education as main reasons why entrepreneurs succeed or fail. Recent work, however, has determined that a third mechanism, social capital, provides advantages over and above money and education—in other words, who you know matters. Drawing on interviews with eighty entrepreneurs living and/or doing business in Toronto, this paper provides a rich narrative of Indigenous entrepreneurship by incorporating social capital alongside social-status predictors and participation in voluntary associations as predictors of entrepreneurial performance.

Indigenous entrepreneurship takes place in the form of both band-owned-and-operated and individual-owned-and-operated businesses. Band-owned-and-operated businesses are a focus of government, First Nations communities, and business associations alike, and no one can deny their importance. This type of business creates opportunities for employment, and increases personal and community

wealth and prosperity. But it does not include the 54 percent of the Indigenous population that lives and works in urban centres, as well as an increasing non-Status Indian and Métis population (INAC 2009; Statistics Canada 2008b). These individuals do not necessarily participate in reserve-based economies, yet are still a vital part of the Indigenous population. While current research and policy considers the many social problems that plague segments of urban populations, it ignores the successes of an emerging middle class (McCaskill and FitzMaurice 2007; Newhouse and Peters 2003; Wotherspoon 2003; Wotherspoon and Satzewich 2000). These individuals are well educated, successful in their chosen professions, and are some of the primary drivers of Indigenous economic activity in Canada. Many entrepreneurs feature as members of this emerging middle class.

Successfully competing in a marketplace by buying, selling, negotiating, and growing is the hallmark of a good entrepreneur. Past theories show that a lack of financial and human capital account for declining performance (Ley 2006; Rostow 1960; Schultz 1981). Even with the necessary skills and education, and adequate funding, many entrepreneurs are still excluded from opportunities. This continued lack of success has prompted researchers to consider the added importance of social capital—the resources that individuals can and do access through their networks—in helping entrepreneurs succeed (Aldrich and Zimmer 1986; Coleman 1988; Light 1972; Lin, Fu, and Hsung 2001; Sanders, Nee, and Sernau 2002). Whether it is because they are able to access information gleaned through contacts about new business opportunities, sources of unpaid labour, or temporary access to office space, entrepreneurs who are well connected also perform better in business (Burt 2000, 4). Networks are, therefore, an important source of advantage, opportunity, and support over and above financing, skills, and education.

But not all groups in society have equal access to advantageous social capital, and not all forms of social capital are created equal. It is still the case in North America that white men occupy many positions of power and prestige, reinforcing the “old boys network” and maintaining barriers to outside groups (Aldrich and Waldinger 1990; Burt 1997; Fong and Ooka 2002; Lin 2001; McDonald 2011; Sanders, Nee, and Sernau 2002; Wimmer 2004). Research shows that the exclusion of non-European immigrant groups from these key networks, and fewer ties to individuals in key mainstream positions, are a product of ongoing discrimination and racism (Green, Tigges, and Browne 1995; Lin 2001; Marsden 1988; McDonald 2011; Moren Cross and Lin 2008). As a result, they are unable to access needed mainstream business resources and opportunities, with the additional consequence of a devaluation of non-European immigrant forms of social capital.

While studies tell us that this is the case for many immigrant groups in Canada, little is known about the ability of Indigenous entrepreneurs to access valued contacts and social capital in mainstream marketplaces. Indigenous peoples are part of the fabric of Canada, and while they have been subject to hundreds of years of forced assimilation and discrimination, they are an integral part of

society and one of the founding populations of this country. In this respect, they have experiences that coincide with both immigrant and minority populations (discrimination and racism), as well as European, colonizing populations (familiarity with and participation in mainstream society and marketplaces). It is unclear how Indigenous entrepreneurs are accessing valued social capital and applying it to mainstream market opportunities. The importance that social capital plays in Indigenous entrepreneurship is also unclear.

This paper brings together emerging issues within the Indigenous population—economic development, entrepreneurship, urban living, and doing business successfully in a large metropolitan area. The relationship between these factors and social capital is complex, as more than one form of social capital exists and its effect on entrepreneurial performance is thought to be variable. This paper presents findings from analysis of data from the Aboriginal Entrepreneurship in Toronto Study (AETS),<sup>2</sup> as well as some final recommendations. Before doing so, it provides a brief discussion of the role of discrimination and racism in the exclusion of Indigenous people, along with Indigenous definitions of success.

## Structural Contexts that Bind

Indigenous people as an ethno-racial group hold the dubious honour of being the most discriminated against and disadvantaged group in Canada (Rex 1970; Forcese 1975). Attitudes enforced by stereotypes and misinformation create a picture of Indigenous people that is in discordance with a growing segment of the Indigenous population—a successful, educated, and professional middle class, spurred in part by an increase in entrepreneurship (McCaskill and FitzMaurice 2007; Statistics Canada 2006; Wotherspoon 2003). In relation to other ethno-racial groups in Canada, Indigenous peoples form a third distinct group, separate from newly entering immigrant groups and dominant Euro-Canadian populations, but sharing common experiences with both. Given their unique history, Indigenous people differ from these other populations and are considered by many to be *sui generis* or “a thing of its own kind” (RCAP 1996).

The relationship between Indigenous peoples and the Canadian government is paternalistic, differing vastly from any other ethno-racial group in the country. Indigenous peoples are considered wards of the federal state; this relationship is enshrined in the *Indian Act* (R.S., 1985, c. I-5)—a piece of legislation enacted in 1876 in an effort to colonize First Peoples. Historically, the *Indian Act* has been used to justify shutting down cultural ceremonies and taking children off reserves and putting them in residential schools. The effects of these actions are still apparent today through the loss of culture, language, and ties to Indigenous communities, leading to high rates of social, health, and economic inequality in Indigenous communities (Hanselmann 2001; Waldram, Herring, and Young 2006). The *Indian Act* has also been used as a mechanism to ignore nation-to-nation treaty agreements between First Nations and the Canadian government, in effect stripping individuals of their right to Indian Status—a designation enshrined in these agreements.

Perhaps in partial response to colonization, today's Indigenous population is searching for ways to reclaim and protect identity, while also prospering in a growing mainstream marketplace. Nowhere is this more apparent than with the increasing urbanization of Indigenous people. As previously mentioned, statistics show that roughly 54 percent of today's Indigenous population is now urban with the greatest concentration in major Canadian cities like Toronto, Ottawa, Montreal, Vancouver, Winnipeg, Regina, Saskatoon, Calgary, and Edmonton (INAC 2009; Statistics Canada 2008b). Many individuals move to the city with low levels of education and limited work prospects. This has contributed to a large transient population. Among those who do manage to find employment, many remain part of Canada's low-income class (Hanselmann 2001). There are high rates of single-parent families alongside escalating birth rates, which sometimes translates into a high reliance on Canada's social welfare system (Hanselmann 2001). These social situations serve to further entrench a stereotypical view of what an Indigenous person looks like, how they act, and what part of society they belong to. In summary, their historical treatment by colonizing populations, their constitutionally entrenched but misunderstood status as Indians, and their current participation in Canadian society have all contributed to the present-day discrimination and misunderstanding of Indigenous peoples in Canada. These factors have also contributed to a perceived lack of prestige and advantage associated with Indigenous network ties and social capital.

## **The Meaning of Success**

In measuring entrepreneurial success and performance, a variety of standardized performance indicators have allowed researchers to make comparisons across groups of entrepreneurs and to the larger community. Among these traditional markers of success, a business's financial wealth in terms of profit and gross earnings features prominently, alongside personal income (Bates 1985; Kalleberg and Leicht 1991). Number of years in business is another traditional marker of success, as the longer a business operates, the more likely it is doing so successfully (Bates 1990; Brüderl and Preisendörfer 1998). While essential for comparative research, these markers do not necessarily reflect the definitions of success that are important to Indigenous entrepreneurs.

In talking with respondents in Toronto, a sense of responsibility to one's Indigenous community and giving back featured prominently in their descriptions of success. Many Indigenous communities in Canada have varying levels of poverty, infrastructure, and opportunities for employment. Aware of these issues and expressing a commitment to making things better, many respondents state that success to them is about being in a position to give back to their communities. As Nicholas Delbaere-Sawchuk, a successful musician with the Métis Fiddler Quartet, says,

Success to me means not only have you been able to make yourself personally feel successful, but you have made other people successful. The fact that when you see success in other people and you see it helping...that's where the true success is.

Primary resource developer Paul B. (primary resource extraction)<sup>3</sup> states,

I like giving back to people where I come from and I mean that in every way...I try to give those people a hope when I go home. I don't lecture them, I don't judge them, I just try to say I'm doing okay, not partying, not doing anything bad. I'm not fighting, I'm not in trouble, I'm working, like you said, so what do you need, how can I help? It's peer support back to my friends I grew up with who weren't as lucky as me.

Support and help comes in many forms, whether it is simply peer support and encouragement, as Paul B. suggests, or more concrete, in relation to jobs, access to better health care, or changes to legal structures. "We are still helping with some of the big issues like housing, education, and dollars for Native communities, and success is really built around getting tangible things for people," says Luke Nicholas (Connect Consulting Solutions). For these respondents, helping is about raising the standard of living in their communities, and providing access to infrastructure and employment.

Respondents also felt a sense of duty to promote and strengthen the public image of Indigenous peoples in Canada. Like entrepreneurs from other ethno-racial groups, individuals were clear about trying to overcome stereotypes. By becoming successful, productive, and middle class, respondents felt as though entrepreneurship was a mechanism that allowed them to undo the negative image of Indigenous people. Joseph<sup>4</sup> (artist) puts it very clearly and succinctly: "People who are interested in our culture learn that we have so much to offer." Giving great thought to her responsibility to the image of First Nations in Canada, Millie Knapp (Knapp Media) states,

All I want to do is change [the] public perception of Native people. Get beyond the stereotypes. I think it's that some of the public are not aware in Canada and the States that Native people still exist, so it gets as basic as that...I can say we still exist. I had an Ethiopian friend who when he met me said, "I thought you people were extinct." We're not extinct, I am standing right here! NMAI [National Museum of the American Indian] published a book called *Do [All Indians] Live in Teepees?* That question is asked by schoolchildren to this day: "Do Native people still live in teepees?" So success to me would be to change that perception of Native people.

Not only does individual success become a mechanism through which to promote the positives in the Indigenous community, but the diffusion of stereotypes becomes a form of success in itself.

Other modest indicators that align with the respondent-identified measures of success—reflecting a basic commitment to supporting, assisting, and promoting members of the Indigenous business community—were also added. These included the number of Indigenous suppliers entrepreneurs used, as well as the number of Indigenous clients they had. Many respondents identified a strong desire to use other Indigenous businesses as suppliers, or to use their skills to assist other Indigenous people. For businesses, seeking out and using Indigenous suppliers shows support for other community members who are trying to build their businesses and reputations. Having increasing numbers of Indigenous clients reflects not only market prospects, but also a different kind of commitment to helping and supporting Indigenous peoples—not through financial support, but by sharing knowledge and skill sets to further a range of goals and facilitate the realization of opportunities.

## **The Role of Inherited and Ascribed Social Status**

The importance of different forms of status as predictors of entrepreneurial success cannot be disputed. There are many individual characteristics associated with entrepreneurs who are able to perform well in a mainstream marketplace. For example, entrepreneurs who are older are more likely to be successful. Whether entrepreneurs are already many years into owning a business or start a business at a later stage in life, they have useful industry and occupational experiences that help them to succeed (Brüderl, Preisendörfer, and Ziegler 1992). They may also be more likely to identify gaps or niches in the marketplace, know suppliers in the industry, and have practical experience. Given their longer history in the labour force, they are also more likely to have diverse contacts and to be sought out as possible sources of social capital in their own right. The average age of respondents for this study was 44.56 years, leaning towards the upper age range of Indigenous entrepreneurs reported on by Statistics Canada (2003). Many individuals worked for a number of years in the industry or occupation in which they now operate a business. This delayed their entry into entrepreneurship, but allowed them to accumulate knowledge that was beneficial when starting their business.

Knowledge achieved through post-secondary training can lead to new ideas and provide access to diverse activities and experiences from a variety of sources (Katz-Gerro 1999; Peterson 1992; Veenstra 2005). Because of their exposure to diverse ideas, individuals with higher levels of education also have more diverse social capital (Erickson 2004). In this respect, educational background is an important form of ascribed status that is linked to entrepreneurial success. The entrepreneurs interviewed had above-average levels of education for Indigenous people, with most having some kind of post-secondary training (Statistics Canada 2008a). The high

percentage of respondents with above-average levels of education speaks volumes about the necessity of post-secondary training and its link to entrepreneurship. Past research supports this idea, citing education as one of the most important factors related to entrepreneurial performance (Bates 1985, 1990; Birley, Moss, and Saunders 1987; Dolinsky et al. 1993; Mescon and Stevens 1982).

Living and doing business in the location where an entrepreneur hopes to succeed may affect Indigenous entrepreneurs and their activity in a mainstream marketplace. Greater opportunities to meet people or having a storefront that is easily accessible to clients and suppliers alike can increase the potential for success, yet many First Nations entrepreneurs still choose to register their businesses on-reserve. The advantage of tax-free status is not the only reason they may decide to do so; some entrepreneurs choose to live on-reserve to maintain ties to family and friends and to be closer to First Nations culture and practices. Given the number of reserves within driving distance of Toronto, living or maintaining a business on-reserve is possible and allows individuals to take advantage of the many benefits of doing so. The increasing prevalence of high-speed Internet and other communication technologies is allowing reserve-based businesses to make up for the lack of face time they would have if they were located in a large urban centre.

Living and working in a large urban centre, however, can provide entrepreneurs with access to mainstream opportunities, clients, and suppliers that are not available to individuals living and doing business on-reserve. Conversely, living on-reserve can provide access to Indigenous clients and suppliers that is not available to urban dwellers. Even though there are many First Nations communities within a two-hour drive of Toronto, access to opportunities may still be limited for entrepreneurs who do not live or do business in the mainstream marketplace. For this study, 69 percent of respondents listed their place of residence as the Greater Toronto Area (GTA), while 58 percent of all respondents chose to register their businesses on-reserve. When we look at these two percentages together, we find that roughly 32 percent of respondents live in the GTA while continuing to locate their businesses on-reserve. The opposite is true for only 4 percent of respondents.

Having a marital or common-law partner may also factor into an entrepreneur's success in several different ways. Of the respondents to this study, 66 percent were either married or common law. A partner can provide social support, by encouraging the entrepreneur; providing feedback, advice, and even just someone to talk to at the end of the day; and offering free labour if need be (Wellman 1992; Zimmer and Aldrich 1987). A partner may also provide a stable income while the entrepreneur is starting the business or going through a period of no growth. Finally, a partner can be an added source of network diversity. They may have access to resources and new opportunities that the entrepreneur can tap into.

Children can also provide hours of labour and offer a connection to other parents (through school groups or other activities) who may be potential clients or suppliers (Zimmer and Aldrich 1987). The average number of children per

respondent was 1.76. **Table 5.1** (below) shows the descriptive characteristics of the survey sample, including the percentage of respondents with a spouse and the average number of children per respondent.

## The Role of Business Assistance Programs

Given the resounding importance of ascribed and inherited forms of status, many formal programs have focused on ways of helping individuals gain access to funding, education, and training. By focusing on human and financial capital, formal programs created and managed by governments, associations, and non-profits are meant to provide entrepreneurs with some of the fundamental resources necessary for start-up.

Many respondents used business assistance programs, but they did so sparingly. On average, respondents accessed 1.77 programs throughout the life of their business. Of the specific kinds of formal programs they accessed, over 40 percent contacted Aboriginal Business Canada/Indian and Northern Affairs Canada (ABC/INAC; note: INAC is now known as Aboriginal Affairs and Northern Development Canada) for assistance, with the most frequent reason being to make inquiries for funding. **Table 5.2** (on the following page) shows a further breakdown of different formal programs accessed by respondents for business assistance. Of the respondents, 28 percent or fewer used the other kinds of formal

Table 5.1: Descriptive Characteristics of Sample

	%	S.D.	Min.	Max
<b>% Indian Status<sup>a</sup></b>	81.3	0.66	1.0	3.0
<b>% Female</b>	43.0	0.50	0.0	1.0
<b>Place of Residence = GTA</b>	69.0	0.47	0.0	1.0
<b>Business Location = GTA</b>	58.0	0.50	0.0	1.0
<b>% with a Partner</b>	66.0	0.48	0.0	1.0
<b>Prior Industry Experience</b>	78.0	0.41	0.0	1.0
<b>Prior Mainstream Experience</b>	95.0	0.22	0.0	1.0
	$\bar{x}$	S.D.	Min.	Max.
<b>Age in Years</b>	44.56	10.74	19.00	73.00
<b>Level of Education<sup>b</sup></b>	3.21	1.25	0.00	5.00
<b>Income (in dollars)</b>				
<b>Personal</b>	53,000.00	3.31	1.00	10.0
<b>Household</b>	69,000.00	3.14	1.00	10.0
<b>Number of Children</b>	1.76	1.57	0.00	7.0

a Non-Indian Status = 7.5%; Métis = 11.3%

b Less than high school = 0; high school = 1; some technical or university = 2; completed technical = 3; completed bachelor = 4; completed post-graduate = 5

Table 5.2: Use of Formal Assistance Programs

	All (%)	Indian Status (%)	Non-Indian Status (%)	Métis (%)
Aboriginal Business Canada/INAC	40.10	40.00	16.70	55.60
Toronto Self-Employment Centre (Miziwe biik)	28.80	29.20	33.30	22.20
Aboriginal Capital Corporation	20.10	23.10	0.00	11.10
Band Council or Economic Development Officer	11.30	13.80	0.00	0.00
Aboriginal Canada Portal	11.30	10.80	16.70	11.10
Provincial Business or Economic Development Agencies	8.80	6.20	16.70	22.20
Arts Funding Bodies	8.80	4.60	33.30	22.20
Bank or Other Financial Institution	8.80	9.20	0.00	11.10
Toronto Aboriginal Business Association	7.50	6.20	33.30	0.00
Canadian Council for Aboriginal Business	7.50	6.20	0.00	22.20
Canada Business Service Centre	3.80	3.10	16.70	0.00
Native Canadian Centre	3.80	3.10	0.00	11.10
Aboriginal Business Service Network	1.30	1.50	0.00	0.00
Other: Native Women's Centre, Wellesley Institute, Métis Nations of Ontario	13.80	12.30	33.30	11.10
<b>Overall Use of Formal Assistance Programs</b> $\bar{x}$	<b>1.77</b>	<b>1.70</b>	<b>2.00</b>	<b>2.11</b>

programs developed by government- and band-funded agencies, business associations, and civil organizations. Many turned to programs that were specifically for Indigenous entrepreneurs, rather than mainstream business programs. They mainly used these programs to access funding, but also mentoring, entrepreneurial training, and other educational opportunities. Given the many opportunities available, it is surprising that more individuals are not using these resources.

In considering use by specific groups, differences do exist across Indigenous entrepreneurs who have Indian status, who do not have Indian status, and individuals who are Métis. (Some caution should be taken when interpreting these results, however, given the size of each group in this study.) Again, these results beg the question of why entrepreneurs are not taking advantage of the opportunities available to them. Is it that (1) desirable resources are not being provided through formal programs; (2) forms of assistance are too difficult to access; (3) individuals are unaware of the range of programs available to them, or (4) resources are being adequately provided through their social networks?

In fact, respondents indicated that all four possibilities could explain why they were not taking advantage of business assistance programs. For example, respondents indicated that while funding exists for starting businesses, they had not found programs that offered continued funding for businesses that were already established but that needed a new injection of financial capital. Some confessed to having little knowledge of the programs available to them or thought that the application procedure was too daunting. Still others suggested that they needed opportunities to establish new contacts or to expand their businesses into new markets. As these types of opportunities are not offered through formal programs, they sought assistance within their networks instead. In this respect, their pre-existing personal and business contacts were invaluable in providing alternate sources of support.

## **Social Capital, Social Support, and Entrepreneurship**

It's 100 percent social networks. I think it's very, very rare that we've happened upon someone who's bought our service... it's all been word of mouth.

—Cindy K., information technology<sup>5</sup>

Social capital is characterized by a range of concepts, from relationships/networks to social norms/values and trust (Mignone 2003; Fulkerson and Thompson 2006). It is seen similarly as an attribute of individuals, or of individuals and their relations to others (Bourdieu 1987; Burt 1997, 2000; Coleman 1988; Lin 2001), and as an attribute of community structures that facilitate social cohesion (Putnam 2000). For the purpose of this study, social capital is defined as a network property, measured in terms of “the quantity and quality of resources that one’s network ties potentially provide or, better still, ultimately do provide” (Matthews and Côté 2004).

Research is varied with respect to the effect of different kinds of ties and network structures on entrepreneurial performance. While friends and family are important for initial business start-up, staffing, and emotional and financial support, diverse acquaintances help to create growth in companies through opportunities and information (Aldrich and Zimmer 1986; Zimmer and Aldrich 1987). Respondents clearly described the role that their networks played in their businesses. Some referred to the importance of acquaintances, or weak ties, in providing referrals that help grow the business, while others noted the importance of close friends and family members, or strong ties. For example, Evelyn D. (textiles and design)<sup>6</sup> explains that it is the strong ties through friends that matter most:

I still have a couple of key, now very close, friends that promote me at every opportunity...they're always trying to find new clients for me or sourcing connections or new places to sell. They are good friends and I am lucky to have them.

Jennifer Podemski (Redcloud Studios Inc.) talks of the role her family played in the success of her business:

My mom was hugely important. My mother provided me always with the highest quality work on all levels, whether it's doing the dishes, to office cleaning, to craft services, to whatever it is...she has done everything for me across the board when I couldn't afford it.

While respondents have differing ideas about which ties are most important, they overwhelmingly agreed that their success was, in part, a result of the social capital that they could harness through their networks. **Table 5.3** (below) provides a breakdown of the kinds of support and resources respondents receive from different members of their networks. For example, support that requires a significant investment of time and trust—such as a monetary loan, mentoring, a location from which to work, a computer, or furniture—is more likely to come from people that are very close to us, like parents or close friends (Pahl 1984; Wellman 1992; Wellman and Wortley 1990). With strong ties, trust is established. Individuals

Table 5.3: Provision of Social Support by Members of Network

	Someone Very Close <sup>1</sup> (%)	Someone Somewhat Close <sup>2</sup> (%)	Acquaintance <sup>3</sup> (%)
<b>Loan or Financial Support</b>	52.5	12.5	13.8
<b>Information on Business Opportunities</b>	40.0	42.5	43.8
<b>Government Contract</b>	8.8	6.3	28.8
<b>Market Information</b>	21.3	25.0	40.0
<b>Establish Business Contacts</b>	32.5	35.0	52.5
<b>Training/Skill Development</b>	26.3	23.8	30.0
<b>Potential Clients</b>	36.3	47.5	52.5
<b>Partner in Business</b>	27.5	10.0	11.3
<b>Staffing</b>	20.0	25.0	21.3
<b>Help with a Business Plan</b>	20.0	13.8	23.8
<b>Provide Furniture, Computer, Location</b>	27.5	12.5	15.0
<b>General Business Advice</b>	46.3	31.3	45.0
<b>Finding Suppliers</b>	15.0	23.8	26.3
<b>Help with Website Development/Maintenance</b>	22.5	16.3	25.0
<b>Mentoring</b>	48.8	32.5	26.3

1. Someone very close to you (e.g., someone you discuss important matters with, remain in touch with, or is there for you when you need help); 2. Someone who is somewhat close to you (not just a casual acquaintance, but not a close friend or relative); 3. Someone who is a casual acquaintance

are inclined to provide greater support to people they feel close to. Respondents stated that they are more likely to establish new business contacts or acquire market information from individuals who are acquaintances (Erickson 2003; Granovetter 1973; Lin 2001). Weak ties are typically more diverse and draw from different networks (Granovetter 1973). When it comes to finding clients, however, entrepreneurs in this study are fortunate to be able to draw on the assistance of the strong, not-so-strong, and weak ties in their network. As many respondents stated, referrals come from many sources and provide new business.

## **Diverse Networks, Better Social Capital**

It has traditionally been argued that larger networks of weak ties are more advantageous for growing a business than fewer strong ties—the theory being that more ties lead to more opportunities (Aldrich, Rosen, and Woodward 1987; Burt 1992; DiMaggio 1992; Hansen 1995). While extensive networks are useful in business, they are not always better. Large networks allow entrepreneurs to access a bigger pool of individuals, but there is no guarantee that the quality or range of resources they require will be available within that network. It is having a varied network that incorporates individuals from different aspects of their lives that enables entrepreneurs to expand (Gradacz 1991; Erickson 1996, 2001; Barron and Garcea 1999). For example, networks that are rich in different types of contacts are known to be equally rich in different kinds of information (Burt 2000; Erickson 2003; Lin and Dumin 1986; Lin, Fu, and Hsung 2001; McEvily and Zaheer 1999).

The rationale for this is as follows: different kinds of people have different interests and belong to many kinds of networks, and in each of these networks, they have access to different groups of contacts. The more diverse an entrepreneur's network, the greater his or her access to a variety of potential clients, suppliers, and opportunities (Burt 2000; Brüderl and Preisendörfer 1998). Entrepreneurship is inherently about the relationships that are formed, nurtured, and used to create and sustain business. The networks in which an entrepreneur is embedded dictate the types of resources that he or she can access. The more varied those networks, the greater the range of resources.

One way of measuring the diversity in a network is to consider the access it provides to people working in different kinds of occupations. Occupations have varying levels of prestige and are associated with diverse levels of income and education. Research shows that individuals in high-prestige occupations are sought out as valued contacts more frequently, and can provide access to beneficial information and opportunities (Angelusz and Tardos 2001; Erickson 2004). As such, individuals in high-prestige occupations are considered to be more valued forms of social capital, although more recent work also promotes the value of networks rich with contacts in low-prestige occupations because of the kinds of resources and information that they offer (Erickson 1996; 2003). By measuring the occupational diversity of the contacts in an individual's network,

researchers can make inferences about the kinds of resources individuals are accessing. They can also look at how social capital relates to a given outcome, like entrepreneurial performance.

Research also shows that occupations are stratified not only by prestige, but also along gender and ethno-racial lines. For example, race/ethnicity is a form of status that can alter the value of a contact just as significantly as prestige. Ethnic groups occupy different places in society and class structure, just as men and women do (Light, Bernard, and Kim 1999). Toronto is one of the most ethnically diverse cities in the world, yet many advantageous positions in companies are still held by men of European descent, while many working-class jobs are held by individuals of non-European descent (Aldrich and Waldinger 1990; McDonald 2011). Networks rich in contacts of European descent hold different kinds of resources and opportunities than networks rich in non-European contacts, given their relative placement in the labour force (Burt 1997; Lin 2001). This is not to say that a network with one type of contact is necessarily better than another—just different.

As stated above, research supports the value of contacts in both high- and low-prestige occupations. Access to different resources, information, and opportunities enriches an entrepreneur's social network and provide non-redundant sources of social capital. Entrepreneurs looking to succeed in a large mainstream market need these diverse contacts to succeed. Given the significant link between class and ethnicity, networks rich in diverse ethno-racial ties can also be advantageous, providing access to different parts of the social structure that bring diverse information and opportunities (Aldrich and Waldinger 1990; Aldrich and Zimmer 1986; Fong and Ooka 2002; Lin 2001; Sanders, Nee, and Sernau 2002; Wimmer 2004).

But how do these mechanisms work in a large centre like Toronto, which has the most ethnically diverse population in North America, but in which Euro-Canadians still dominate key positions in the marketplace? Do ties to different ethno-racial groups provide similar or different forms of advantage when it comes to entrepreneurial performance? For example, given the unique status of Indigenous people in Canada—a population that faces significant discrimination, but that is also very familiar with Euro-Canadian culture and practices—are diverse ties to this ethno-racial group a source of advantage or disadvantage in the marketplace?

Before considering the relative association of social capital to performance outcomes, it is necessary to look at how respondents are accessing class and ethno-racial forms of social capital. **Table 5.4** (on page 86) provides a summary of the diversity of respondents' ties, by class and ethno-racial group. On average, entrepreneurs know someone working in 20 of 28 occupations; levels of social capital are high amongst this group of respondents. But looking at the overall diversity of respondent networks limits the kind of conclusions that can be made and doesn't tell us much about the kinds of resources that individuals are accessing. When social capital is stratified by class and ethnicity, the story is not so straightforward.

Table 5.4: Summary of Social Capital Characteristics

	N	Total $\bar{x}$	S.D.	Min.	Max.	Indian Status $\bar{x}$	Non-Indian Status $\bar{x}$	Métis $\bar{x}$
Size ( $\alpha = .870$ )	80	19.70	5.47	6.00	27.00	19.54	19.33	21.11
<b>Class Diversity</b>								
High-Prestige Diversity ( $\alpha = .735$ )	80	12.96	2.69	5.00	16.00	13.00	12.00	13.33
Low-Prestige Diversity ( $\alpha = .829$ )	80	6.16	3.03	0.00	10.00	6.02	6.67	6.89
<b>Racial Diversity</b>								
Indigenous Diversity ( $\alpha = .882$ )	80	12.29	6.05	0.00	27.00	12.60	13.67	9.11
Euro-Canadian Diversity ( $\alpha = .885$ )	80	11.61	6.38	1.00	26.00	11.20	9.50	16.00
Non-Euro-Canadian Diversity ( $\alpha = .902$ )	80	2.83	4.03	0.00	19.00	2.63	4.17	3.33
High-Prestige, Indigenous Diversity ( $\alpha = .798$ )	80	8.14	3.44	0.00	15.00	8.31	8.67	6.56
High-Prestige, Euro-Canadian Diversity ( $\alpha = .812$ )	80	7.14	3.66	1.00	14.00	7.00	5.33	9.33
Low-Prestige, Indigenous Diversity ( $\alpha = .809$ )	80	3.44	2.66	0.00	9.00	3.62	3.83	1.89
Low-Prestige, Euro-Canadian Diversity ( $\alpha = .793$ )	80	4.48	3.18	0.00	12.00	4.20	4.17	6.67
High-Prestige, Non-European Diversity ( $\alpha = .862$ )	80	1.90	2.67	0.00	11.00	1.80	2.83	2.00
Low-Prestige, Non-Euro-Canadian Diversity ( $\alpha = .788$ )	80	1.11	1.94	0.00	8.00	0.97	1.33	2.00

( $\alpha$  derived using test of reliability for scale construction)

Respondents have more high-prestige than low-prestige ties. Of a possible 16 high-prestige ties, respondents knew, on average, someone in 13 occupations. The mean number of low-prestige ties was dramatically lower—of a possible twelve low-prestige ties, respondents knew, on average, someone in 6.2 of these occupations, or roughly half of all possible low-prestige ties. This is likely a product of the kinds of entrepreneurs interviewed and the types of businesses they run, as well as the overall higher levels of education within the group.

Occupational prestige is only one way of stratifying social capital. In this case, the real story lies in the division of network ties by prestige *and* ethno-racial group. Given the fact that research shows a link between ethnicity and occupation, accessing information and opportunities in Toronto's marketplace necessitates developing contacts within different ethno-racial groups, but in particular, with the Euro-Canadian ties that tend to dominate positions in the mainstream marketplace. In this way, diverse ties to Euro-Canadians are used as an indicator for the diversity of mainstream social capital.

Current theories suggest that increased Indigenous participation in mainstream economies leads to, and is a product of, assimilation and loss of connection to Indigenous communities (Kuhn and Sweetman 2002). Contrary to these ideas, respondents seem to be participating in Toronto's mainstream economy, developing diverse Euro-Canadian ties while maintaining equally diverse Indigenous ties—11.6 and 12.3 out of 27 and 26, respectively. It is a positive sign that respondents have the ability to pursue economically advantageous mainstream ties while maintaining family and friend ties in the Indigenous community. Economic participation has not meant assimilation, or the demise of co-ethnic social capital for these respondents. It is worthy of note, however, that respondents know Indigenous people and Euro-Canadians in less than half of all total occupations. While respondents' overall occupational diversity is high, this is occurring through a combination of ties to Euro-Canadians and Indigenous people. A further breakdown of network diversity by occupational prestige and ethno-racial group reveals similar patterns of diverse Euro-Canadian and Indigenous social capital.

In looking at entrepreneurs by Indigenous group, Métis entrepreneurs have more diverse ties to Euro-Canadians, while entrepreneurs with and without Indian status have more diverse ties to other Indigenous people. This may be a product of the kinds of individuals that respondents frequently come into contact with. Given the dual nature of Métis identity, it is possible that these entrepreneurs come into contact with Euro-Canadians more frequently by virtue of their cultural and ethno-racial backgrounds. Similarly, respondents with and without Indian status may have more opportunities to encounter other Indigenous people (both with and without status) on-reserve or in urban centres.

While respondents know many Euro-Canadians and Indigenous people across occupations, the mean diversity of ties to non-Euro-Canadians is surprisingly low and does not reflect Toronto's diverse population. The average number of ties to non-Euro-Canadians was 2.8 out of a possible 19. This pattern is reproduced

when non-Euro-Canadian ties are broken down by prestige—on average, respondents know 1 or 2 individuals in high- or low-prestige occupations. Given the distribution of ethnic minorities in Toronto and the number of opportunities to meet many different kinds of people, these patterns are surprising, and perhaps slightly disheartening.

One theory proposes that these respondents see a greater advantage in developing social capital with Euro-Canadians to harness opportunities and information that will help grow their businesses. Developing ties to Euro-Canadians allows them to gain entry to Toronto's mainstream marketplace. Access to non-Euro-Canadian social capital likely does not do so, given not only the lack of non-Euro-Canadians in key positions, but also the devaluation of non-Euro-Canadian social capital. Another theory suggests that a lack of familiarity with non-Euro-Canadian social and cultural practices is distinct enough that trust and the desire to develop ties are not strong (Bouckaert and Dhaene 2004). Whatever the reason, non-Euro-Canadian social capital remains an untapped source of opportunity for Indigenous businesses.

For immigrant entrepreneurs, the ability to do business in a mainstream marketplace depends, in part, on whether they can develop diverse social capital outside of their communities. Specifically, they must be able to create ties to members of the group that is in an advantageous and dominant position within the mainstream economy; in this case, individuals of European descent. Diverse ties to other immigrants do not create an advantage when doing business in a mainstream marketplace, because they do not provide access to the resources and opportunities that are typically controlled and preferentially accessed by Euro-Canadians. What about diverse ties to Indigenous people if they are considered to be a third and distinct population in Canada? Are co-ethnic ties advantageous in terms of accessing resources and opportunities and facilitating the mainstream market performance of Indigenous entrepreneurs, or are they merely advantageous when trying to access clients, suppliers, and opportunities in the Indigenous community? Findings show that respondents have equally diverse Indigenous and Euro-Canadian ties. Is this simply a matter of maintaining a cultural connection, or is diverse Indigenous social capital also a source of advantage in Toronto's marketplace?

## **Voluntary Associations as Social Capital?**

Membership in voluntary associations is considered an ideal way to meet like-minded people and network (Erickson 2004). Putnam (2000) shows that voluntary associations are an ideal place for building social capital, but admits that not all associations can provide access to contacts and resources that are useful to entrepreneurs. Voluntary associations vary in terms of the nature of their mandates and the kinds of people they attract to their membership. As such, not all voluntary associations are the same—each association type is different and provides access to different kinds of contacts. For weak tie

development and access to entrepreneurial resources, business and professional associations provide spaces where people can expand their networks and access new resources. The mandates of these associations would attract other individuals interested in networking and accessing information about business activities (Davidsson and Honig 2003). As such, it is quite likely that the ties accessed within voluntary associations may be valuable for providing opportunities that spur entrepreneurial success.

While the relationship of voluntary associations to social capital is well documented, are there other reasons why participating in a voluntary association would lead to better performance in the marketplace? For example, seminars and workshops on how to grow a business hosted by these associations can help entrepreneurs. Some associations also offer discounts at a variety of businesses as a benefit of membership, which might provide some advantage to entrepreneurs. If so, findings will show a significant relationship between voluntary association participation and performance indicators, over and above the measures of social capital included in this study.

**Table 5.5** (on page 90) shows variable rates of participation in many different kinds of voluntary associations. Respondents were asked to indicate whether they had been active in any voluntary associations over the past five years. Overall, respondents participated in an average of 2.68 associations, with the highest rate of participation in Indigenous-specific associations like cultural groups or centres, business associations, and community groups. The one discrepancy is related to sports teams, as over 21 percent of respondents were members of a sports team. At the other end of the spectrum, respondents were least likely to be active members in children's school groups, religious associations, Indigenous professional associations, and the Toronto Aboriginal Business Association (TABA).<sup>7</sup>

When comparing entrepreneurs across Indigenous groups, average rates of participation do not differ substantially (between two and three associations respectively). What does differ somewhat across groups are the kinds of voluntary associations in which individuals are participating. For example, respondents without Indian status were more likely to be members of the Native Canadian Centre of Toronto or an Indigenous community association. Métis respondents were most likely to be members of sports teams, mainstream business associations, religious groups, and the Canadian Council for Aboriginal Business (CCAB). Respondents who had Indian status were most likely to be members of cultural groups, mainstream professional associations, and sports teams.

While these findings seem muddled, a slight pattern does emerge. Somewhat consistent with findings that Métis respondents have more diverse contacts to Euro-Canadians, they also seem to have higher rates of participation in many mainstream voluntary associations. Respondents with and without Indian status do not show higher rates of participation in specific associations than Métis respondents (with the exception of cultural groups). Depending on the nature of activities undertaken in cultural groups, this may be a counter to the higher

Table 5.5: Participation in Voluntary Associations

	All (%)	Indian Status (%)	Non-Indian Status (%)	Métis (%)
<b>Cultural Group</b>	27.50	27.70	33.30	11.10
<b>Native Canadian Centre</b>	23.20	18.50	50.00	22.20
<b>Sports Team</b>	21.70	21.50	16.70	33.30
<b>Canadian Council for Aboriginal Business</b>	21.70	20.00	16.70	33.30
<b>Indigenous Community Association</b>	20.30	17.20	50.00	22.20
<b>Mainstream Professional Association</b>	18.80	23.10	0.00	11.10
<b>Mainstream Business Association</b>	17.40	14.10	16.70	33.30
<b>Mainstream Community Association</b>	17.40	16.90	16.70	11.10
<b>Hobby Group or Club</b>	17.40	16.90	0.00	22.20
<b>Indigenous Political Citizen's Group</b>	15.90	15.40	0.00	11.10
<b>Other Indigenous Association</b>	14.50	12.30	0.00	22.20
<b>Alumni Association</b>	14.50	13.80	16.70	22.20
<b>Mainstream Political Citizen's Group</b>	13.00	12.30	0.00	22.20
<b>Indigenous Professional Association</b>	11.60	15.40	0.00	11.10
<b>Religious Affiliated Group</b>	10.10	9.20	0.00	33.30
<b>Toronto Aboriginal Business Association</b>	8.80	7.70	16.70	0.00
<b>Children's School Group</b>	8.70	9.20	0.00	11.10
$\bar{x}$	<b>2.68</b>	<b>2.81</b>	<b>2.33</b>	<b>3.44</b>

participation rates of Métis in religious groups. When it comes to participation in associations that are most likely to provide benefits to their businesses, respondents are no more likely to be members of business or professional associations than cultural groups or sports teams. This suggests that they are likely not pursuing volunteer opportunities out of a need to grow their businesses, even though there may be possible advantages to doing so.

## The Social Capital Advantage

Several patterns emerge throughout this paper with respect to the distribution of social capital, participation in voluntary associations, and forms of ascribed and inherited status. For example, respondents are, on average, older, with high levels of post-secondary education. Respondents were found to have diverse Euro-Canadian and Indigenous ties. They participate in two to three voluntary associations, but in different sorts of associations, depending on the Indigenous group to which they belong. Historically, research has documented the relationship between social status, social capital, and entrepreneurial performance. These

Table 5.6: Bivariate Correlations between Predictors and Outcomes

	Years in Business	% Sales in Toronto	Last Year Gross Sales	Change in Gross Sales Over Time	Personal Income	Indigenous Clients	Indigenous Suppliers
<b>Social Background Predictors</b>							
Female	-0.17	0.10	-0.24*	0.00	-0.18	0.08	0.03
Level of Education	-0.10	-0.13	0.27*	0.17	0.17	0.01	0.02
Marital Status	0.26*	0.03	0.12	0.13	0.07	-0.16	0.09
Number of Children	0.22*	-0.15	0.23*	0.13	0.12	-0.03	-0.01
Live in GTA	-0.39***	0.44***	-0.13	0.01	-0.15	-0.18	-0.12
Years in Business		-0.23*	0.21	0.15	0.13	0.11	0.09
<b>Participation in Voluntary Associations</b>							
Toronto-based Indigenous Business Association	-0.13	0.04	-0.13	-0.06	-0.12	-0.13	-0.18
Canada-wide Indigenous Business Association	-0.01	0.02	0.02	0.09	0.08	-0.22 <sup>a</sup>	-0.11
Other Indigenous Business Association	0.06	-0.03	0.00	0.10	0.13	-0.27*	-0.15
Mainstream Business Association	-0.18	0.01	-0.17	0.04	-0.05	-0.21 <sup>a</sup>	-0.28*
Indigenous Professional Association	-0.22 <sup>a</sup>	0.15	-0.15	0.10	-0.08	-0.03	-0.18
Mainstream Professional Association	-0.12	0.04	-0.16	0.18	0.17	-0.11	-0.03
<b>Social Capital Measures</b>							
Overall Diversity of Indigenous Ties	0.09	-0.43***	-0.05	0.14	0.33**	0.36***	0.39***
Diversity of High-Prestige Indigenous Ties	0.00	-0.38***	-0.06	0.16	0.35**	0.28*	0.36**
Diversity of Low-Prestige Indigenous Ties	0.26*	-0.44***	-0.01	0.12	0.32**	0.37***	0.36**
Overall Diversity of Ties to Euro-Canadians	0.06	0.12	0.03	0.12	0.21 <sup>a</sup>	-0.38***	-0.24*
Diversity of High-Prestige Ties to Euro-Canadians	0.06	0.03	0.01	0.13	0.27*	-0.34**	-0.14
Diversity of Low-Prestige Ties to Euro-Canadians	0.05	0.21 <sup>a</sup>	0.06	0.08	0.11	-0.37***	-0.31**

<sup>a</sup> p < .10; \* p < .05; \*\* p < .01; \*\*\* p < .001

analyses have not been applied to the case of Indigenous entrepreneurs, however, nor has research accounted for the differential effect of social capital stratified by class and ethnicity on entrepreneurial performance outcomes. This paper provides an initial step in that direction.

Before discussing the concluding analyses, it is necessary to briefly take a step back and look at the bivariate relationships between all performance indicators and predictors (**Table 5.6** on page 91).<sup>8</sup> Initial findings demonstrate that ethno-racial social capital is related to entrepreneurial performance, but in different and complex ways. Diverse Indigenous ties are positively related to having a greater number of Indigenous clients and suppliers and to high levels of personal income, but are negatively related to percentage of sales in Toronto. Diverse ties to Euro-Canadians have a negative relationship to the number of Indigenous clients and suppliers, but a positive relationship to personal income. This complex relationship, however, provides initial confirmation of the importance of diverse ties to different groups of people.

What is clear is that social capital is not significantly related to gross sales in the last calendar year or to the change in gross sales over time. It is likely that individual-level measures of social capital—kinds of contacts in an individual's network—are not appropriate predictors of business income, as they are for personal income. As such, these two performance indicators were eliminated from the final regression table. Interestingly, social background predictors (ascribed and inherited status) and participation in voluntary associations have little effect on many of the performance outcomes.

Full regression models were performed to completely test the relative impact of all variables on performance outcomes. These models are not published here, however, in favour of the final table (see **Table 5.7** on the following page), which includes only theoretically important and empirically significant factors—social background predictors and measures of diverse Indigenous and Euro-Canadian social capital. Given the overall lack of relationship between participation in voluntary associations and performance outcomes, they were not included in the final table. It has been argued that voluntary associations act as an alternative form of social capital, but in this case, whatever benefits of membership exist is taken care of through individual networks and the advantages they bring.

Table 5.7 presents the final, simplified regression models to test the effect of social capital on entrepreneurial performance. As expected, the effect of diverse ethno-racial ties is variable. It is interesting to note that diverse low-prestige ties seem to have the greatest association with performance indicators. Results show that respondents who have diverse low-prestige Indigenous ties are more likely to have many Indigenous clients and suppliers, while having diverse low-prestige Euro-Canadian ties is significantly related to having fewer Indigenous suppliers and clients. Entrepreneurs develop their networks and meet people in the marketplace in which they want to do business; in this case, respondents who want Indigenous clients and suppliers need access to those diverse Indigenous ties.

Table 5.7: OLS Regression for Performance Indicators

	Years in Business	% Sales in Toronto	Personal Income	Indigenous Clients	Indigenous Suppliers
<b>Social Background Predictors</b>					
Female	-0.44	-1.58	-0.74	0.22	0.06
Level of Education	0.05	-6.61*	0.54	0.02	-0.02
Marital Status	2.46	10.34	-0.14	-0.05	0.23 <sup>a</sup>
Number of Children	0.16	-1.39	0.19	-0.10	-0.06
Business in GTA	-1.99	11.70	-0.25	-0.58 <sup>a</sup>	-0.28 <sup>a</sup>
Live in GTA	-2.87	24.24*	-0.93	0.23	0.16
<b>Social Capital Measures</b>					
Diversity of High-Prestige Ties to Indigenous People	-0.79*	0.59	0.16	-0.06	0.01
Diversity of Low-Prestige Ties to Indigenous People	1.14*	-5.16*	0.19	0.21**	0.05 <sup>a</sup>
Diversity of Ties to High-Prestige Euro-Canadians	0.35	-3.90**	0.35*	-0.04	0.01
Diversity of Ties to Low-Prestige Euro-Canadians	-0.44	5.51***	-0.16	-0.12*	-0.07**
Constant	12.37	55.95***	0.74*	2.78***	0.71**
Adjust R-Squared	0.17	0.41	0.17	0.27	0.23
N	79	78	69	76	68

<sup>a</sup> p < .10; \* p < .05; \*\* p < .01; \*\*\* p < .001

The fact that individuals in low-prestige occupations are the ties most significantly associated with these performance indicators is telling of the kinds of clients and suppliers that respondents are looking to access, and of the kinds of resources and information that can be accessed through low-prestige ties. For example, when looking for someone in a trade who is reliable and good at what they do, the best people to ask for recommendations are those who work in the trades. It is likely that the kinds of suppliers being sought out by respondents are those in other low-prestige occupations.

A similar story is apparent when looking at the relationship between low-prestige ties and the percentage of sales conducted in Toronto. Again, diverse low-prestige social capital is most positively associated with higher sales figures, but in this case, it is ties to Euro-Canadians that make the difference.

Conversely, a negative relationship exists between low-prestige Indigenous ties and sales in Toronto. When looking to do business in a mainstream market, ties to the group most often in a position of influence in various industries are those most likely to lead to resources, information, and business opportunities. As discussed throughout this paper, many positions of influence are still occupied by individuals of European descent, making the need for this kind of network diversity

important to business performance. Co-ethnic ties to Indigenous contacts do not have the same advantage and are not cultivated in the same way by respondents who have a greater percentage of sales in Toronto.

While the literature has suggested that high-prestige ties are most important, in this case it seems as though respondents with diverse low-prestige ties have a greater percentage of sales in Toronto, while respondents with diverse high-prestige ties are more likely to have fewer sales in the city. This likely relates to the kinds of businesses respondents own. It is likely that individuals who work in arts and entertainment or the trades, for example, have many opportunities in the city and can use their low-prestige Euro-Canadian ties to pursue these opportunities. Entrepreneurs with designs on mainstream business opportunities that extend outside the city may require high-prestige Euro-Canadian ties to connect them with provincial, national, and international opportunities; in other words, the kinds of information and resources that high-prestige Euro-Canadian ties may be more likely to access.

When it comes to cultivating high-prestige ties, respondents with higher personal incomes were more likely to have diverse high-prestige ties to Euro-Canadians; however, no significant differences existed with other forms of ethno-racial ties. In terms of accessing influential, high-prestige Euro-Canadian ties, it seems as though money is the great equalizer. Higher incomes allow respondents to participate in similar circles and gain opportunities to meet other high-income earners, unlike respondents with lower incomes. Participation in clubs, and sporting and cultural events requires financial capital. As with Euro-Canadians who are low-income earners, respondents in a similar position do not necessarily have the resources to take advantage of opportunities to connect with high-prestige Euro-Canadians.

Number of years in business is a good indicator of how well a business is performing. The longer an entrepreneur is in the business, the more diverse his or her networks should be, and the more frequent the opportunities to meet different kinds of people in both low- and high-prestige occupations. This does not seem to be the case with these respondents. The longer respondents are in business, the more diverse their low-prestige Indigenous ties, but the less diverse their high-prestige Indigenous ties. The respondents whose businesses have been in operation the longest run companies that are focused on primary resource extraction and construction trades. It makes sense that their low-prestige Indigenous ties would be more diverse than their high-prestige ties. It is possible that they are more likely to use those contacts in their operations.

Further, the diversity of ties to Euro-Canadians does not vary according to the length of time that entrepreneurs have been in business. All Indigenous entrepreneurs who are trying to operate in a mainstream marketplace need access to diverse ties to Euro-Canadians. Irrespective of the number of years in business, respondents were all just as likely to gain access to these advantageous ties. It is possible that having been in business for a longer period of time is not enough to ensure access to advantageous networks. Unlike similar situations observed in

past research with other groups, Indigenous entrepreneurs are all at the same level and this phenomenon is likely a result of mainstream discrimination.

In considering social status predictors independently, the lack of significant relationships still holds even after pruning the models. One exception is the unique finding with respect to education. Respondents with low levels of education are more likely to do a greater percentage of their business locally, in Toronto's marketplace. While research tells us that education is positively related to the successful performance of entrepreneurs, findings seem to indicate otherwise. It is possible, however, that respondents with higher levels of education do not feel limited to staying local, and have aspirations of expanding their businesses provincially, nationally, and even globally. Higher levels of education are associated with diverse experiences and kinds of knowledge, potentially putting these respondents at an advantage when they are considering how to market their companies in larger mainstream marketplaces. It is also possible that the kinds of businesses in which the highly educated engage require a larger market. For example, respondents working predominantly on land-claims issues or marketing primary resources would have much larger markets. These types of businesses would necessitate a wider gaze in order to do well.

Research has shown the importance of education to entrepreneurial success, yet with these respondents, the relationship is not overly significant. It would be wrong to dismiss education outright, given that the levels of education for this group are higher than average. With a greater diversity of educational attainment, it is likely that there would have been a significant and positive relationship, where higher levels of education would be linked to entrepreneurial success. I suggest that the lack of educational diversity makes a statement about how essential it is for Indigenous entrepreneurs to have higher levels of education to perform well in a mainstream marketplace.

Living in the GTA was also associated with a higher percentage of sales in Toronto. This is perhaps why respondents with better mainstream market performance have more diverse ties to low prestige Euro-Canadians—they are able to access more opportunities to network, and are more likely to find themselves in settings where they can access new business. While it is important to have a business located in the GTA, it would seem that living there provides a greater advantage. Urban Indigenous entrepreneurs have an advantage over reserve-dwelling entrepreneurs when it comes to doing business in Toronto. Even though it is at most a two-hour drive from the selected reserves to Toronto, it is perhaps too much to compensate for the advantages of living on-reserve, at least when it comes to business performance in a mainstream market. In contrast to the relationship between urban dwelling and increased sales in Toronto, respondents who live on-reserve are more likely to find Indigenous clients and suppliers. For those entrepreneurs who want to support co-ethnic businesses and who are searching for co-ethnic clients, living in the city presents a disadvantage, and decreased access to Indigenous people is likely the reason why.

## Conclusions and Discussion

It should be clear that the relationship between social capital and entrepreneurial performance is incredibly important, but not very straightforward. First, there is no one form of social capital: class, gender, and ethnicity/race create different configurations of social capital, each with advantages and access to opportunities in its own right. For this reason, I have argued that social capital is most advantageous when it is diverse, because it draws on resources and information from a variety of societal contexts. For this paper, social capital was stratified by class and ethnicity where the relationship to entrepreneurship is complex, as it should be. The different people that we know should facilitate different performance outcomes based on the networks they are members of and the resources they can provide. The outcomes measured should also require different social capital, because they are different predictors of entrepreneurial success.

The argument was also made that participation in voluntary associations is a viable source of social capital. Associations bring together different kinds of people that have a common interest. They provide an ideal opportunity to get to know diverse kinds of people from different backgrounds with different resources at their disposal. Whether or not there are separate effects of participation that have nothing to do with social capital, they were not apparent here; participation had absolutely no relationship to increased performance in Toronto's marketplace. While joining voluntary associations can be positive for all sorts of reasons, including meeting new people with similar interests, participating in activities, and doing good for the community, there were no benefits in terms of respondents' business performance. I would argue that this has more to do with the fact that respondents are being provided with the resources and information they require through their personal networks, rather than a lack of social capital in associations.

This paper also looked at the different kinds of support and resources that entrepreneurs are getting from strong, not-so-strong, and weak ties in their networks. The findings fit with what past research has to say. Forms of support that require a longer or larger investment of time and/or trust are provided more often through close friends and family members. Financial support, mentoring, and access to location, furniture, and computer equipment are all things that respondents are most likely to get from their strong ties.

Acquaintances (or weak ties) provided the most assistance in connecting entrepreneurs with others in business and also potential clients. In this way, weak ties within the network were able to provide entrepreneurs with access to new contacts to grow their businesses and also gain entry into advantageous networks. This also fits with what past research has found.

This paper has also argued for the importance of education as a necessary form of capital to help entrepreneurs succeed. While human capital has been found to influence business success, this does not hold true when it comes to

Indigenous entrepreneurs in this study. In fact, education was not significantly related to any of the performance indicators, with the exception of a negative relationship to percentage of sales in Toronto. While non-significance typically indicates a lack of relationship, this paper relates a different theory. The level of education for respondents was higher than average across the board, with most having at least some form of post-secondary training. Given this above-average level of education, I propose that education is not only required, but is essential to perform well as an entrepreneur. Non-significance in this case is a product of the lack of diversity within the sample and not lack of importance.

Many entrepreneurs also chose to live and/or register their businesses on-reserve as opposed to in Toronto. There are both advantages and drawbacks associated with registering a business or living on-reserve, and this paper, in part, looked at these and how they affected respondents' ability to do business in a large mainstream market. Findings suggest that if respondents want to be successful in Toronto's marketplace, they must live in Toronto. This makes it easier to access opportunities, meet people in positions of prestige, and outperform other entrepreneurs in that market. While communication technologies and the Internet have significantly increased the capacity of entrepreneurs to reach new markets, findings here show that the ability to interact face to face is still highly valued.

It is a similar story in terms of accessing non-Indigenous clients and suppliers. Respondents with businesses registered in Toronto were also more likely to have many non-Indigenous clients and suppliers. Conversely, respondents with businesses registered on-reserve were more likely to use Indigenous suppliers and have Indigenous clients. Opportunities either way are more plentiful in the milieu in which the entrepreneur is located, which is an important finding for entrepreneurs to consider when they are determining how to do business in a large mainstream marketplace like Toronto.

Finally, this paper considered the relationship between social capital and the performance of Indigenous entrepreneurs in Toronto's mainstream market. Given their unique place in Canada, questions were raised about the advantage of Indigenous and Euro-Canadian (as a proxy for ties in the mainstream marketplace) social capital in spurring entrepreneurial performance. In the pared-down model, four kinds of social capital were measured for their relationship to performance—diverse high- and low-prestige Indigenous ties and diverse high- and low-prestige ties to Euro-Canadians.

In considering these many forms of social capital, one thing is evident: Ties to Indigenous people are not the same as ties to Euro-Canadians, and each has a different relationship to entrepreneurship. What is also clear in considering performance in Toronto's mainstream marketplace is that diverse ties to Euro-Canadians are most important. A greater percentage of sales conducted in Toronto were related to diverse Euro-Canadian ties, and to finding non-Indigenous clients and suppliers. While Indigenous peoples have made advancements in education and professionalization, diverse Indigenous ties are still not advantageous enough

to provide access to mainstream market opportunities. On the other hand, they are more useful when it comes to seeking out Indigenous clients and suppliers, and for business occurring outside of Toronto.

What is also clear is that respondents have equally diverse ties to Indigenous people and Euro-Canadians. This is an important finding, as theories abound about the potential of assimilation into Euro-Canadian society with increased participation in mainstream markets. This does not seem to be the case with these respondents. Individuals are maintaining diverse ties to other Indigenous people because they are important and advantageous in other ways—culturally, for business, and to maintain connections to family and friends. What is lacking, however, are ties to the many non-Euro-Canadian or new immigrant communities in Toronto. Given the diversity of this city, this is surprising. These communities provide an untapped market and source of advantage for Indigenous entrepreneurs.

Research has shown that individuals should sample up and down the scale of prestige to get access to the most diverse resources and information possible. High-prestige contacts have access to different kinds of opportunities than low-prestige ties. In terms of business opportunities in mainstream markets, high-prestige Euro-Canadian ties are more advantageous because of the positions in society that they represent. Findings show that while Euro-Canadian social capital is most advantageous to sales in Toronto, it is the low-prestige ties that have the greatest positive effect. In other words, respondents with greater diversity of low-prestige ties also make a higher percentage of their sales in Toronto. A similar relationship exists with access to non-Indigenous clients and suppliers, as respondents with more diverse low-prestige social capital also use a greater number of non-Indigenous suppliers and work with a greater number of non-Indigenous clients. While it could be an issue of discrimination and not having initial access to high-prestige ties, it is likely the case that the more advantageous contacts for these types of business are low-prestige contacts. Past research supports this possibility. Access to trades and services require low-prestige ties. Many respondents owned businesses linked to arts and entertainment, construction, and resource development. When considering such items as sales in Toronto or finding clients and suppliers, it is possible that low-prestige ties have access to the kinds of information respondents need. Greater consideration of the role of low-prestige ties is required.

In discussing high-prestige Euro-Canadian ties, all relationships are negatively or not at all associated with performance indicators, with the exception of personal income. Respondents with diverse high-prestige ties to Euro-Canadians are also more likely to be high-income earners. This relationship likely occurs because individuals with higher incomes participating in similar social circles, activities, clubs, and occupations. Opportunities to meet are likely more diverse, allowing them to develop these connections and contributing to greater advantage.

If diverse ties to Euro-Canadians are in some way associated with higher personal income and a greater percentage of sales in Toronto, it begs the question of why ties to other Indigenous people remain diverse in spite of the lack of advantage these

provide in the mainstream marketplace. Considering the definitions of success that Indigenous entrepreneurs provide at the beginning of this paper may offer an answer. Respondents report that supporting Indigenous communities is an important part of their definition of success. Keeping diverse ties to Indigenous people is not only a way of maintaining connections to culture, family, and friends, but is also a way of supporting community members. Respondents see maintaining diverse network connections to individuals in a variety of occupations as not only a social capital advantage, but as a responsibility to their communities.

Further thought must also be given to the pervasive importance of diverse ties to Euro-Canadians, the advantages and disadvantages of living on- or off-reserve, and Indigenous participation in Toronto's mainstream economy. As performing well in this market is important, it would seem that urban Indigenous entrepreneurs with diverse Euro-Canadian social capital are at a distinct advantage. And what of diverse Indigenous social capital? For the moment, these ties are most advantageous when seeking out co-ethnic business opportunities. As the Indigenous population continues to grow, further entrench, and succeed in mainstream markets, pursue higher levels of education, and professionalize, perhaps the advantage of Indigenous ties to mainstream economic activity will be realized.

## **Recommendations**

To provide recommendations based on the findings of this paper is not a straightforward venture. As should be clear by now, the role of social capital and its relationship to entrepreneurship is complex. Ties to different kinds of people are related to different outcomes, which makes it difficult to prescribe a "one size fits all" solution. The take-home message should be that entrepreneurs benefit most from having diverse networks, with contacts that draw from different parts of society and provide non-redundant information and resources. Where does this leave the Indigenous entrepreneur and what lessons can be learned from this Toronto-based case study?

In terms of the assistance formal organizations are providing, findings show that entrepreneurs are accessing business assistance programs sparingly. When they do use these programs, entrepreneurs are finding value in the resources and opportunities afforded them. Entrepreneurs do use these programs to apply for start-up funds and take classes to develop skills. Many entrepreneurs stated that while these resources are useful, they were not necessarily needed—most respondents had experience and knowledge in their chosen industry and profession before going into business. Many needed cash injections for capital expansion, but could only find programs that provided start-up, and not mid-term, funding. Others needed access to new markets, as they had been in business for a number of years and were ready to expand into the United States or overseas. Respondents were also unaware of the number of existing assistance programs, or were simply daunted by the application process.

This information should prompt governments and organizations to clarify procedures, encourage applications, and provide opportunities. To begin, advertising these initiatives and simplifying application procedures would likely go a long way to ensuring that people are aware of what is available, allowing them to take advantage of all possible opportunities. This is also an chance to encourage governments and organizations to network and talk with entrepreneurs. One important finding of this project was the lack of connections in Toronto's entrepreneurial community overall, where building social capital between entrepreneurs should be an important future focus. McCaskill and FitzMaurice (2007) expand upon and provide context for this finding, stating that members of the urban Indigenous middle class feel disconnected from the urban community in general. Citing internal discrimination as a cause, individuals feel excluded because of the perception of being too successful or not "Indian" enough. However, many respondents discussed with this author the desire to connect to other Indigenous entrepreneurs in Toronto to fortify and strengthen the entrepreneurial community. Opportunities must be created for these individuals to network and strengthen the business community; future steps could include the creation of a chamber of commerce or another formalized business association.

Social capital exists in the resources and information that entrepreneurs can access through contacts in their networks—the more diverse the network, the more diverse the social capital. The creation of opportunities to diversify their networks, meet people in different markets, and find new clients and suppliers is paramount to business success. While entrepreneurs were finding assistance through their own personal networks, many indicated that they would welcome new opportunities through organizations. Realizing the importance of creating opportunities to network, the Canadian Council for Indigenous Business has as a part of its mandate the creation of opportunities to network mainstream and Indigenous businesses. It is likely that other business assistance programs could provide similar opportunities.

While governments cannot give entrepreneurs social capital, they can provide opportunities for Indigenous entrepreneurs to diversify their networks and grow their businesses by finding new clients and suppliers. This study provides ample preliminary evidence that networks (and the social capital they provide) do matter in the marketplace. To get ahead, entrepreneurs need access to advantageous embedded contacts. Government could play a powerful role in getting mainstream businesses to the table and brokering opportunities to meet Indigenous entrepreneurs both in Canada and abroad. Similarly, opportunities need to be created to start developing relationships within Toronto's very diverse ethnic entrepreneurial communities. Government could work alongside business associations and non-profits to create this starting point.

Perhaps even more importantly, governments and organizations can also provide seminars, workshops, and courses to teach entrepreneurs how to build social capital and diversify social networks. Opportunities to learn how to

network are essential, especially how to network with the diverse groups that exist in a large, urban marketplace. Providing the skills and knowledge appropriate to acquiring advantageous forms of social capital will go a long way to enabling successful networking practices and furthering entrepreneurial successes.

And what of assimilation? This paper provides initial evidence that entrepreneurs in particular seem to be adept at building contacts in both Indigenous and Euro-Canadian communities. While theories suggest that increased participation in mainstream markets leads to decreased participation in Indigenous communities, this doesn't necessarily seem to be the case. Further study is of course required, but this is an important start, showing that it is possible to manage participation in multiple communities without sacrificing one for another.

Finally, a larger study that considers the diversity of ties in the Indigenous community and their impact on a variety of outcomes is essential. Social support and diverse social capital are necessary for entrepreneurship, but research also shows the link between social capital and outcomes such as better health and jobs. A more diverse sample of entrepreneurs and non-entrepreneurs in the Indigenous community nationwide is required to truly measure the impact of social capital on mainstream market performance.

## Appendix I: Data and Methods

### *Population, Data Collection, and Sample*

This paper focuses on data collected from the 2009 Aboriginal Entrepreneurship in Toronto Survey (AETS). Eighty in-depth interviews consisting of open-ended and survey questions were conducted with Indigenous entrepreneurs living and doing business in and around Toronto, Ontario. The literature defines entrepreneurship in a variety of ways. One theme incorporates aspects of risk-taking, innovation, growth, uniqueness, and leadership—in other words, a focus on attributes of the individual to identify an entrepreneur (for detailed discussion, see Gartner 1990). The difficulty of trying to identify these qualities in an individual who is already running a business is significant and not frequently considered in studies that demand empirical counts of entrepreneurship (Aldrich and Martinez 2005).

A second and more pragmatic definition considers an entrepreneur to be an owner/manager of a business and incorporates individuals who are self-employed (Gartner 1990). Individuals who own businesses assume risk and must continually find ways to grow, thereby incorporating “entrepreneurial” attributes. For reasons of clarity and ease, this study defined an entrepreneur as someone who owned and operated a business, or who was self-employed. At the time of the interview, individuals were asked if they owned and operated their own business, ensuring that these individuals fit with the operational definition used for this study.

Respondents were all entrepreneurs who have been in business for varying amounts of time with a range of experiences, allowing the project to look at how factors affect performance in Toronto’s marketplace. While this project initially considered only entrepreneurs who live and have businesses in the Greater Toronto Area (GTA), it quickly became evident that the area needed to be expanded to incorporate several reserve communities located within two hours of Toronto. Many individuals who live on-reserve have businesses registered in the city and commute to Toronto each week. The proximity of these communities to a large, mainstream market makes this commute relatively easy, as well as profitable.

The sample itself was cross-sectional. Given the time and cost of doing a longitudinal study, a one-time interview with respondents was the compromise. While the causal order of relationships cannot be fully determined, this study provides the best start to future work in this area. To be interviewed, respondents had to be Indigenous and entrepreneurs. Respondents included any and all individuals who self-identified as First Nation with Indian status, First Nation without Indian status, Métis, or Inuit, and who also identified as business owners or self-employed. The first 30 percent of respondents were randomly selected from publicly available Indigenous business directories in the GTA. The remaining respondents were located by asking the initial interviewees for the names of entrepreneurs “who would be good to talk to about their businesses”<sup>9</sup> at the end of their interviews. Over the course of one year, ninety-three individuals were contacted for interviews. In the end, eighty agreed to participate, for a response rate of 86 percent.

While issues of generalizability exist with this form of sampling, care was taken to ensure that entrepreneurs represented as diverse a group as possible in terms of income level, business type, and industry. I would suggest that starting with a random sample of business owners from different business directories also went a long way to ensuring that individuals were chosen from different groups within the population. A cursory examination at the time of selection showed little overlap between the business directories used.

### ***Dependent Measures: Entrepreneurial Performance Indicators***

Quantitative measures of business performance, such as length of time in business and personal income, are traditional markers of doing well. The longer a business has been in existence, the more likely it is considered a successful venture and that it has performed well in the marketplace. As such, “Years in Business” was measured as a continuous variable in number of years. The ability of an entrepreneur to earn a reliable monthly salary after expenses is also an important indicator of success. For this reason, “Personal Income” was included. Respondents were asked in a survey to check off the income category (of ten possible choices) that applied to them. The categories were: Less than \$20,000 = 1; \$20,000 to \$29,999 = 2; \$30,000 to \$39,999 = 3; \$40,000 to \$49,999 = 4; \$50,000 to \$59,999 = 5; \$60,000 to \$69,999 = 6; \$70,000 to \$79,999 = 7; \$80,000 to \$89,999 = 8; \$90,000 to \$99,999 = 9; \$100,000 or more = 10. This was done to increase the response rate as individuals are sometimes reluctant to share, or forgetful about, the precise amount of money they make in a year.

The third and fourth performance indicators were related to the last year’s gross sales (the year prior to the point when the interviews were conducted), as well as the increase from the first year of business to the last year of business. Rather than asking respondents for exact sales numbers, gross sales revenue categories were used. There were a few reasons for this strategy: (1) some respondents are hesitant to give actual sales numbers; (2) recalling first- and last-year sales may be very difficult depending on the number of years in business; (3) the amount of time used to recall the exact number would take away important minutes from other sections of the interview. As an alternative, eleven sales categories for both “First-Year Gross Sales” and “Last-Year Gross Sales” were created. The categories were: Less than \$20,000 = 1; \$20,000 to \$39,999 = 2; \$40,000 to \$59,999 = 3; \$60,000 to \$79,999 = 4; \$80,000 to \$99,999 = 5; \$100,000 to \$119,999 = 6; \$120,000 to \$139,999 = 7; \$140,000 to \$159,999 = 8; \$160,000 to \$179,999 = 9; \$180,000 to \$199,999 = 10; \$200,000 or more = 11.

To create the “Change in Gross Sales over Time” performance indicator, the sales category for the first year was subtracted from the sales category for the last year, giving a measure of whether sales had decreased, stayed the same, or increased. In this respect, a rough measure of performance was created. Apart from monetary indicators, it was important to consider the amount of sales that were conducted in and around the GTA. After all, this study was predominantly

about participation in Toronto's large and diverse marketplace. A marker of business performance was included for "Percentage of Sales in Toronto"—the greater the percentage of sales in Toronto, the better the entrepreneur's performance in this marketplace.

While these performance indicators are important for gauging successful overall business performance, respondents also identified the necessity of using Indigenous suppliers and cultivating Indigenous clients whenever possible. This particular performance indicator is unique and considered to be a measure of the growing ability to support Indigenous business through the use of suppliers, but also providing Indigenous alternatives to mainstream companies. As such, two final performance indicators were included: "Access to Indigenous Clients" and "Access to Indigenous Suppliers."

### ***Social Background and Human Capital Predictors***

Respondents were asked about a variety of attributes that were important to not only understand the distribution of characteristics, but also to consider as many factors that could affect social capital as possible. Respondents were asked whether they were First Nations status or non-status, Métis, Inuit, or other. This allowed for the creation of an Indigenous status variable consistent with measures developed and used by Statistics Canada in census data collection. These differences are significant enough to warrant inclusion in the survey and also in the analyses performed for this paper. The greatest number of respondents was First Nations status (81 percent); as a result, Indigenous status was coded as 1 for "First Nations status," and 0 for "Other." This final category included both respondents without Indian status and Métis respondents. This reflects the great number of First Nations communities around Toronto and also the number of First Nations members with status who live and do business in Toronto. Respondents were also asked if they were members of a First Nations community. Indicating First Nations status does not necessarily mean that individuals maintain ties to their reserve community. Membership was coded as 1 for "yes."

"Gender (Female)" was created as a dummy variable coded 1. Age was measured in years, but was also created as the square root of age to account for any curvilinear relationship that may exist. A curvilinear effect was not observed, so the square root of age was removed from analyses. "Level of Education" was coded as an ordinal variable using six levels: less than high school = 0; high school = 1; some technical school or university = 2; completed technical = 3; completed bachelor = 4; and completed post graduate = 5. Education was also not significantly related to any of the success indicators, and for that reason was dropped from the final series of analyses.

Respondents were asked whether they had a partner or not, and this variable was coded as a dummy where Partner = 1. "Number of Children" was created as a continuous variable, accounting for the actual number of children the respondent had.

Locating a business or living in the GTA was also of interest. Respondents were asked to provide postal codes for both their business and place of residence, and these postal codes were then used to situate individuals inside or outside the GTA. “Business in the GTA” and “Living in the GTA” were then coded as dummy variables where “yes” was equal to 1. Respondents were also asked whether or not they had “Prior Mainstream Work Experience” and “Prior Industry Experience.” Both of these indicators were created as dummy variables where “yes” was equal to 1.

### ***Membership in Voluntary Associations***

Associations are typically combined into broad categories with little attention paid to the impact of specific kinds of associations on social capital. For the purpose of this project, voluntary associations were divided into eighteen different types, with a nineteenth “other” category.<sup>10</sup> Membership was coded as 1 for “Member.”

Given the importance of ethno-racial categories in this study, many associations were also broken down into mainstream and Indigenous forms. Different kinds of associations have different mandates and memberships. Indigenous-based associations likely have different memberships with access to different resources and opportunities than Euro-Canadian-based associations. As such, the distinction here is pertinent when considering their impact on mainstream market performance.

### ***Social Capital***

Relying on occupational diversity as the measure of network diversity for this study, a position generator (see **Table 5.8** on pages 106 to 107) was created. It consisted of twenty-eight occupations in which three represented high-prestige positions within the Indigenous community (hereditary or elected chief; band council member; and community economic development officer), and twenty-five represented a variety of mainstream occupations, such as doctor, journalist, police officer, and construction worker (see Table 5.8 for a full list). From the list of twenty-eight occupations, respondents were asked to check off those in which they knew at least one person. Prestige scores derived from the work of Ganzeboom and Treiman (1996) were used to classify the mainstream occupations as being either high- or low-prestige.<sup>11</sup> While Ganzeboom and Treiman accorded prestige scores to the mainstream occupations used for this position generator, similar scores were not available for the Indigenous-specific occupations of chief, band council member, and community economic development officer. While this may have been problematic if the prestige scores were used in calculations of any kind, the prestige scores were merely used to rate occupations as high- or low-prestige. Given the prestige of holding these positions in Indigenous communities, they were considered high- prestige occupations when creating the scales for diversity of social capital.

For mainstream occupations, high-prestige occupations were those with prestige scores of 50 and higher and low-prestige occupations were those with

Table 5.8: Position Generator—Measure of Occupational Diversity in Social Networks

Do You Know A...	Very Close	Somewhat Close	Acquainted Only	Male	Female	Aboriginal	White	Non-Aboriginal, Non-White
A. Band Council Member	1	2	3	4	5	6	Not Applicable	Not Applicable
B. Hereditary or Elected Chief	1	2	3	4	5	6		
C. Cashier	1	2	3	4	5	6	7	8
D. Community Economic Development Officer	1	2	3	4	5	6	7	8
E. Delivery Driver	1	2	3	4	5	6	7	8
F. Venture Capitalist	1	2	3	4	5	6	7	8
G. Hairstylist	1	2	3	4	5	6	7	8
H. Lawyer	1	2	3	4	5	6	7	8
I. Caretaker	1	2	3	4	5	6	7	8
J. IT Engineer/Computer Programmer	1	2	3	4	5	6	7	8
K. Electrician	1	2	3	4	5	6	7	8
L. Sales or Marketing Manager	1	2	3	4	5	6	7	8
M. Police Officer	1	2	3	4	5	6	7	8
N. Entrepreneur/Small Business Owner	1	2	3	4	5	6	7	8
O. Schoolteacher	1	2	3	4	5	6	7	8

Table 5.8: Position Generator—Measure of Occupational Diversity in Social Networks, continued

Do You Know A...	Very Close	Somewhat Close	Acquainted Only	Male	Female	Aboriginal	White	Non-Aboriginal, Non-White
P. Physician or other health worker	1	2	3	4	5	6	7	8
Q. Truck Driver	1	2	3	4	5	6	7	8
R. Human Resources Manager	1	2	3	4	5	6	7	8
S. Waiter	1	2	3	4	5	6	7	8
T. Journalist/Editor in Media	1	2	3	4	5	6	7	8
U. Construction Worker	1	2	3	4	5	6	7	8
V. Accountant	1	2	3	4	5	6	7	8
W. Farmer	1	2	3	4	5	6	7	8
X. Bank Loan Officer	1	2	3	4	5	6	7	8
Y. Security Guard	1	2	3	4	5	6	7	8
Z. Academic/Professor	1	2	3	4	5	6	7	8
AA. Tailor, Furrier, Dressmaker	1	2	3	4	5	6	7	8
BB. Government Official	1	2	3	4	5	6	7	8

scores less than 50. Scales were created by combining high-prestige occupations to produce a scale of high-prestige occupational diversity consisting of sixteen occupations, ( $\alpha = .735$ ) and by adding low-prestige occupations together to create a scale of low-prestige occupational diversity consisting of ten occupations ( $\alpha = .829$ ).<sup>12</sup>

In many cases, creating a position generator based solely on occupational diversity provides an excellent measure of network diversity. In this case, however, diversity of ties based on race is also important given the distribution of positions that fall unevenly across ethno-racial groups and the different kinds of resources and opportunities potentially associated with each. For the entrepreneur, accessing diverse and advantageous contacts can mean the difference between performing well and performing very well in a mainstream marketplace. As such, it was necessary to include a measure of occupational diversity that incorporated ethno-racial categories.

The position generator developed by Lin and Dumin (1986) was composed exclusively as a comparison of prestige in occupations, but was extended by Erickson (2004) to include gender as an additional variant. With this study, it is also important to look at race as an indicator of tie diversity. Traditionally, high-prestige mainstream occupations have been dominated by individuals of European descent. To do business in a mainstream marketplace, entrepreneurs must get to know these people and make connections to those in positions of power. As such, a measure of ties to different racial groups was important to determine another form of reach. For ease of understanding, respondents were asked whether they knew someone Aboriginal, someone white, and someone non-Aboriginal/non-white in each of the occupations. For analytic and theoretical purposes, these categories were translated to reflect ties to Indigenous people, Euro-Canadians, and non-Euro-Canadians.

The number of occupations in which the respondent knew someone in each of these categories was totalled to provide scales for diversity of Indigenous ties ( $\alpha = .882$ ); diversity of ties to Euro-Canadians ( $\alpha = .885$ ); and diversity of ties to non-Euro-Canadians ( $\alpha = .902$ ). Further elaborations were made where scales for high- and low-prestige ties were also created. In this way, ties to Indigenous people in high-/low-prestige occupations ( $\alpha = .798/.809$ ); ties to Europeans in high-/low-prestige occupations ( $\alpha = .812/.793$ ); and ties to non-Euro-Canadians in high-/low-prestige occupations ( $\alpha = .812/.788$ ) were also included.

For the purposes of this paper, diversity of high- and low-prestige ties was used exclusively to allow comparison between the maximum number of different forms of diversity of social capital. These measures are more sensitive than overall diversity of ties to different racial/ethnic groups, and are more likely to reflect the effects of diversities of social capital for success indicators. In total, this position generator allowed for the creation of twelve different measures of occupational diversity and social capital.

## Endnotes

1. Infinite thanks to members of Toronto's Indigenous entrepreneurial community for sharing their stories and experiences. This paper would have not been possible without your input and I hope this provides a valuable contribution to future research, policy, and programming. Thank you also to Bonnie Erickson, Eric Fong, Jean-Paul Restoule, Barry Wellman, Miriam Jorgensen, Ian Record, Jennifer Lee Schultz, Joan Timeche, and peer reviewers for comments on earlier drafts of this paper. I would also like to thank my funders, the Social Sciences and Humanities Research Council, the Government of Ontario, Fondation Ricard, the Office of the Federal Interlocutor on Métis and Non-Status Indians, and Massey College for their generous support of this research and related activities.
2. Data are taken from the Aboriginal Entrepreneurship in Toronto Study (AETS), conducted over the period of one year as part of the author's dissertation research at the University of Toronto, in the city of Toronto, Canada. Further details about the study can be found in *Appendix I: Data and Methods*.
3. To ensure confidentiality, the individual's name has been changed at his/her request.
4. To ensure confidentiality, the individual's name has been changed at his/her request.
5. To ensure confidentiality, the individual's name has been changed at his/her request.
6. To ensure confidentiality, the individual's name has been changed at his/her request.
7. It should be noted that at the time of this study, there were not many Indigenous professional associations in existence and TABA was not very active.
8. Diversity of ties to non-Euro-Canadians was not included in further analyses due to the low number of contacts that respondents had in this community.
9. A tense and abusive history with researchers has led to decreased trust with Indigenous peoples. Finding respondents to interview was about being able to instill trust, and using snowball sampling was the best way to do this. Respondents were much more willing to speak with me when they were highly recommended by a friend or colleague. Significance tests were used to ensure reliability and validity of this sample, but these data cannot necessarily be used to generalize to the population of Indigenous entrepreneurs.
10. The voluntary associations considered a range of kinds of businesses and personal interests, some specific and others of a more general nature, all related to life in business and Toronto. These were Indigenous and mainstream business associations, community associations, professional associations, political/citizens' groups, religious-affiliated groups, sports teams or clubs, and children's school groups.
11. Hierarchical cluster analysis was chosen over factor analysis because of the size of the sample and also the binomial nature of the variables. Although there were hypotheses to suggest that variables would cluster by ethnic/racial group and by gender, hierarchical clustering was a way to initially confirm this pattern and to inform the creation of scales. Yule's Q was used as method of selection, given position generator variables were coded as 1 = yes and 0 = no. The range of solutions requested was between 2 and 6 to simplify the clusters and allow for the best solution possible. It is worth noting here that each series of variables clustered differently, suggesting different mechanisms functioning for diversity of ties by class, gender, and race. Once clusters were determined, scale reliability analyses were performed, solving for the best possible model. This allowed for maximum  $\alpha$  where each variable could be excluded based on whether or not it decreased the  $\alpha$  score of the scale with its inclusion.
12. Table not published in this paper.

## References

- Aldrich, H., & Martinez, M. A. (2005). Entrepreneurship as Social Construction: An Evolutionary Approach. In Z. Acs & D. Audretsch (Eds.), *Handbook of Entrepreneurship Research: An Interdisciplinary Survey and Introduction*, 359–399. Boston: Kluwer Publishers.
- Aldrich, H. E., Rosen, B., & Woodward, W. (1987). The Impact of Social Networks on Business Foundings and Profit: A Longitudinal Study. In N. C. Churchill, J. A. Hornaday, B. A. Kirchoff,

- O. J. Krasner and K. H. Vesper (Eds.), *Frontiers of Entrepreneurship Research*, 154–168. Wellesley, MA: Babson College.
- Aldrich, H. E., & Waldinger, R. (1990). Ethnicity and Entrepreneurship. *Annual Review of Sociology*, 16, 111–135.
- Aldrich, H. E., & Zimmer, C. (1986). Entrepreneurship through Social Networks. In D. Sexton & R. Smilor (Eds.), *The Art and Science of Entrepreneurship*, 3–34. Cambridge, MA: Ballinger.
- Angelusz, R., & Tardos, R. (2001). Change and Stability in Social Network Resources: The Case of Hungary under Transformation. In N. Lin, K. Cook, and R. S. Burt (Eds.), *Social Capital: Theory and Research*, 297–323. New York: Aldine de Gruyter.
- Barron, F. L., & Garcea, J. (1999). *Urban Indian Reserves: Forging New Relationships in Saskatchewan*. Regina: Purich Publishing.
- Bates, T. (1985). Entrepreneur Human Capital Endowments and Minority Business Viability. *Journal of Human Resources*, 20(4), 540–554.
- . (1990). Entrepreneur Human Capital Inputs and Small Business Longevity. *Review of Economics and Statistics*, 123(4), 551–559.
- Birley, S., Moss, C., & Saunders, P. (1987). Do Women Entrepreneurs Require Different Training? *American Journal of Small Business*, 12(1), 27–35.
- Bouckaert, J., & Dhaene, G. (2004). Inter-ethnic Trust and Reciprocity: Results of an Experiment with Small Businessmen. *European Journal of Political Economy*, 20(4), 869–886.
- Bourdieu, P. (1987). The Forms of Social Capital. In *Handbook of Theory and Research for the Sociology of Education*, 241–258. New York: Greenwood Press.
- Brüderl, J., & Preisendörfer, P. (1998). Network Support and the Success of New Businesses. *Small Business Economics* 10, 213–225.
- Brüderl, J., Preisendörfer, P., & Ziegler, R. (1992). Survival Chances of Newly Founded Business Organizations. *American Sociological Review*, 57(2), 227–242.
- Burt, R. S. (1992). The Social Structure of Competition. In N. Nitin & R. Eccles (Eds.), *Networks and Organizations: Structure, Form and Action*, 57–91. Boston: Harvard Business School Press.
- . (1997). The Contingent Value of Social Capital. *Administrative Science Quarterly*, 42, 339–365.
- . (2000). The Network Structure of Social Capital. In B. M. Staw & R. I. Sutton (Eds.), *Research in Organizational Behaviour*, 345–423. New York: Elsevier Science Inc.
- Canadian Council for Aboriginal Business. (2011). *Promise and Prosperity: The Aboriginal Business Survey*. <[www.ccab.com/uploads/File/CCAB-businesssurvey-F2-singles.pdf](http://www.ccab.com/uploads/File/CCAB-businesssurvey-F2-singles.pdf)>
- Coleman, J. S. (1988). Social Capital in the Creation of Human Capital. *American Journal of Sociology*, 94, S95–S120.
- Davidsson, P., & Honig, B. (2003). The Role of Social and Human Capital among Nascent Entrepreneurs. *Journal of Business Venturing*, 18, 301–331.
- DiMaggio, P. (1992). Nadel's Paradox Revisited: Relational and Cultural Aspects of Organizational Structure. In N. Nitin & R. Eccles (Eds.), *Networks and Organizations: Structure, Form and Action*, 118–142. Boston: Harvard Business School Press.
- Dolinsky, A., Caputo, R., Pasumarty, K., & Quazi, H. (1993). The Effects of Education on Business Ownership: A Longitudinal Study of Women. *Entrepreneurship: Theory and Practice*, 18(1), 43–53.
- Erickson, B. (1996). Culture, Class and Connections. *American Journal of Sociology*, 102(1), 217–251.
- . (2001). Good Networks and Good Jobs. In N. Lin, K. Cook, and R. Burt (Eds.), *Social Capital: Theory and Research*. New York: Aldine de Gruyter Inc.
- . 2003. Social Networks: The Value of Variety. *Contexts* 2(1), 25–32.
- . (2004). The Distribution of Gendered Social Capital in Canada. In H. Flap & B. Volker (Eds.), *Creation and Returns of Social Capital: A New Research Program*. London and New York: Routledge.
- Fong, E., & Ooka, E. (2002). The Social Consequences of Participating in Ethnic Economy. *International Migration Review*, 36, 125–146.
- Forcese, D. (1975). *The Canadian Class Structure*. Toronto: McGraw-Hill Ryerson.
- Fulkerson, G. M., & Thompson, G. H. (2006). The Evolution of a Contested Concept: A Meta-Analysis of Social Capital Definitions and Trends (1988–2006). *Sociological Inquiry*, 78(4), 536–557.

- Ganzeboom, H. B. G., & Treiman, D. J. (1996). Internationally Comparable Measures of Occupational Status for the 1988 International Standard Classification of Occupations. *Social Science Research*, 25, 201–239.
- Gartner, W. B. (1990). What Are We Talking About When We Talk About Entrepreneurship? *Journal of Business Venturing*, 5, 15–28.
- Gradacz, R. (1991). Community Socio-Economic Development from a Plains Indian Perspective: A Proposed Social Indicator System and Planning Tool. *Native Studies Review*, 7(1), 53–80.
- Granovetter, M. S. (1973). The Strength of Weak Ties. *American Journal of Sociology*, 78(6), 1360–1380.
- Green, G. P., Tigges, L. M., & Browne, I. (1995). Social resources, job search, and poverty in Atlanta. *Research in Community Sociology*, 5, 161–182.
- Hanselmann, C. (2001). *Urban Aboriginal People in Western Canada: Realities and Profiles*. [http://www.aboriginal-edmonton.com/internet\\_resources/can\\_west\\_urban\\_rpt.pdf](http://www.aboriginal-edmonton.com/internet_resources/can_west_urban_rpt.pdf)
- Hansen, E. (1995). Entrepreneurial Networks and New Organization Growth. *Entrepreneurship Theory and Practice*, 19(4), 7–19.
- Indian Act* (R.S., 1985, c. I-5). Department of Justice Canada. Ottawa, Canada.
- INAC (Indian and Northern Affairs Canada). (2009). *A Demographic and Socio-Economic Portrait of Aboriginal Populations in Canada*. Ottawa: Government of Canada.
- Kalleberg, A. L., & Leicht, K. T. (1991). Gender and Organizational Performance: Determinants of Small Business Survival and Success. *Academy of Management Journal*, 34(1), 136–161.
- Katz-Gerro, T. (1999). Cultural Consumption and Social Stratification: Leisure Activities, Musical Tastes and Social Location. *Sociological Perspectives*, 42(4), 627–646.
- Kuhn, P., & Sweetman, A. (2002). Aboriginals as Unwilling Immigrants: Contact, Assimilation and Labour Market Outcomes. *Journal of Population Economics*, 15, 331–335.
- Ley, D. (2006). Explaining Variations in Business Performance Among Immigrant Entrepreneurs in Canada. *Journal of Ethnic and Migration Studies*, 32(5), 743–764.
- Light, I. (1972). *Ethnic Enterprise in America*. Berkley: University of California Press.
- Light, I., Bernard, R. B., & Kim, R. (1999). Immigrant Incorporation in the Garment Industry of Los Angeles. *International Migration Review*, 33(1), 0005–0025.
- Lin, N. (2001). Building a Network Theory of Social Capital. In N. Lin, K. Cook, and R. Burt (Eds.), *Social Capital: Theory and Research*, 3–30. New York: Aldine de Gruyter.
- Lin, N. & Dumin, M. (1986). Access to Occupation through Social Ties. *Social Networks*, 8, 365–385.
- Lin, N., Fu, Y., & Hsung, R. (2001). The Position Generator: Measurement Techniques or Investigations in Social Capital. In N. Lin, K. Cook, and R. S. Burt (Eds.), *Social Capital: Theory and Research*. New York: Aldine de Gruyter.
- Marsden, P. V. (1988). Homogeneity in Confiding Relations. *Social Networks*, 10(1), 57–76.
- Matthews, R., & Côté, R. (2004). *Aboriginal Community Policing and Social Capital*. Presented at Social Capital In Action: Thematic Policy Studies Roundtable. Policy Research Initiative, Ottawa, Canada.
- McCaskill, D., & FitzMaurice, K. (2007). *Urban Aboriginal Task Force: Final Report*. Commissioned by The Ontario Federation of Indian Friendship Centres, The Ontario Métis Aboriginal Association and The Ontario Naive Women's Association.
- McDonald, S. (2011). What's in the "Old Boys" Network? Accessing Social Capital in Gendered and Racialized Networks. *Social Networks* (In Press).
- McEvily, B. & Zaheer, A. (1999). Bridging Ties: A Source of Firm Heterogeneity in Competitive Capabilities. *Strategic Management Journal*, 20(12), 1133–1156.
- Mescon, T., & Stevens, G. E. (1982). Women as Entrepreneurs: A Preliminary Study of Female Realtors in Arizona. *Arizona Business*, 29(7), 9–13.
- Mignone, J. (2003). Measuring Social Capital: A Guide for First Nations Communities. Canadian Population Health Initiative. <[www.communityict.ca/docs/measuring\\_social\\_capital\\_a\\_guide\\_for\\_fn\\_communities.pdf](http://www.communityict.ca/docs/measuring_social_capital_a_guide_for_fn_communities.pdf)>

- Moren Cross, J. L., & Lin, N. (2008). Access to Social Capital and Status Attainment in the United States: Racial/Ethnic and Gender Differences. In N. Lin & B. H. Erickson (Eds.), *Social Capital: An International Research Program*, 380–420. Oxford: Oxford University Press.
- Nee, V. (2001). Understanding Diversity of Immigrant Incorporation: A Forms of Capital Model. *Ethnic and Racial Studies*, 24, 386–411.
- Newhouse, D. R., & Peters, E. J. (2003). Introduction. In D. Newhouse & E. Peters (Eds.), *Not Strangers in These Parts: Urban Aboriginal Peoples*. Ottawa: Policy Research Initiative.
- Pahl, R. E. (1984). *Divisions of Labour*. Oxford: Blackwell.
- Peterson, R. A. (1992). Understanding Audience Segmentation: From Elite and Mass to Omnivore and Univore. *Poetics*, 21, 243–258.
- Putnam, R. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.
- Rex, J. (1970). *Race Relations in Sociological Theory*. New York: Schocken Books.
- Rostow, W. W. (1960). *The Process of Economic Growth*. Oxford: Clarendon Press.
- RCAP (Royal Commission on Aboriginal Peoples). (1996). *Report of the Royal Commission on Aboriginal Peoples*, Vol. 2(2).
- Sanders, J. M., Nee, V., & Sernau, S. (2002). Asian Immigrants' Reliance on Social Ties in a Multiethnic Labour Market. *Social Forces*, 81, 281–314.
- Schultz, T. (1981). *Investing in People: The Economics of Population Quality*. Berkeley: University of California Press.
- Statistics Canada. (1999). Aboriginal Entrepreneurs in Canada—Progress and Prospects. *Insights* 3(3), 1–6.
- . (2003). Aboriginal Peoples of Canada: A Demographic Profile. 2001 Census Analysis Series.
- . (2004). Aboriginal Entrepreneurs Survey. The Daily, September: 1–3. <[www.statcan.gc.ca/daily-quotidien/040927/dq040927d-eng.htm](http://www.statcan.gc.ca/daily-quotidien/040927/dq040927d-eng.htm)>
- . (2006a). Canada Year Book: Aboriginal Entrepreneurs. <[www41.statcan.ca/2006/2239/ceb2239\\_002-eng.htm](http://www41.statcan.ca/2006/2239/ceb2239_002-eng.htm)>
- . (2008a). Educational Portrait of Canada, Census 2006. Ottawa, (Cat. no. 97-560-X2006001).
- . (2008b). 2006 Census: Aboriginal Peoples in Canada in 2006: Inuit, Métis and First Nations, 2006 Census: Findings. <[www12.statcan.ca/census-recensement/2006/as-sa/97-558/index-eng.cfm?CFID=386218&CFTOKEN=86542893](http://www12.statcan.ca/census-recensement/2006/as-sa/97-558/index-eng.cfm?CFID=386218&CFTOKEN=86542893)>
- Veenstra, G. (2005). Can Taste Illuminate Class? Cultural Knowledge and Forms of Inequality. *Canadian Journal of Sociology*, 30(3), 247–280.
- Waldram, J. B., Herring, D. A., & Young, T. K. (2006). *Aboriginal Health in Canada: Historical, Cultural and Epidemiological Perspectives*, 2nd ed. Toronto: University of Toronto Press.
- Wellman, B. (1992). Which Types of Networks Give What Kinds of Social Support? *Advances in Group Processes*, 9, 207–235.
- Wellman, B., & Wortley, S. (1990). Different Strokes from Different Folks: Community Ties and Social Support. *American Journal of Sociology*, 96(3), 558–588.
- Wimmer, A. (2004). The Making and Unmaking of Ethnic Boundaries: A Multilevel Process Theory. *American Journal of Sociology*, 113(4), 970–1022.
- Woolcock, M. (1998). Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework. *Theory and Society*, 27, 151–208.
- Wotherspoon, T. (2003). Prospects for a New Middle Class Among Urban Aboriginal People. In D. Newhouse & E. Peters (Eds.), *Not Strangers in These Parts: Urban Aboriginal People*. Ottawa: Policy Research Initiative.
- Wotherspoon, T., & Satzewich, V. (2000). *First Nations: Race, Class and Gender Relations*. Regina: Canadian Plains Research Centre.
- Zimmer, C., & Aldrich, H. A. (1987). Resource Mobilization through Ethnic Networks: Kinship and Friendship Ties of Shopkeepers in England. *Sociological Perspectives*, 30(4), 422–445.