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# The interactive model of ethnic entrepreneurship : a case study of Pacific Mall in Markham, Ontario

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THE INTERACTIVE MODEL OF ETHNIC ENTREPRENEURSHIP:  
A CASE STUDY OF PACIFIC MALL IN MARKHAM, ONTARIO

by

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A Major Research Paper  
Presented to Ryerson University

In partial fulfillment of the requirements for the degree of

Master of Arts  
in the Program of  
Immigration and Settlement Studies

Toronto, Ontario, Canada, 2009

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# THE INTERACTIVE MODEL OF ETHNIC ENTREPRENEURSHIP: A CASE STUDY OF PACIFIC MALL IN MARKHAM, ONTARIO

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Master of Arts, 2009  
Immigration and Settlement Studies  
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## ABSTRACT

Using the Interactive Model of Ethnic Entrepreneurship created by Waldinger et al. (1990), this major research paper examines the strategies employed by Chinese entrepreneurs in Toronto. Pacific Mall, an indoor shopping centre located in the outer skirt of Toronto, is selected as a case study of Chinese enclave economy to determine whether the model is reflective of reality. An in-depth examination of a set of internal and external factors is presented to explain how the opportunity structure interacts with the group characteristics of the entrepreneurs to facilitate ethnic entrepreneurship in Pacific Mall. The findings of this paper indicates that the model generally presents a good explanation of the circumstances found in Pacific Mall; however, minor gaps remain as certain factors could not be explained by the model.

### **Key Words:**

Interactive Model of Ethnic Entrepreneurship; Chinese Entrepreneurs; Ethnic Enclave Economy; Pacific Mall, the Greater Toronto Area.

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Last but not least, this paper is dedicated to my grandmother who passed away during the course of my writing. Thank you for always believing in me, thank you for being the only one who truly understands me, and thank you for raising me to the person I am today. I will love and remember you forever.

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## Section 1: Introduction

Chinese entrepreneurship has had a long history in Canadian society. In the early years of Chinese settlement, businesses were heavily concentrated within a geographically confined area which is well known as Chinatown today. As the Chinese population continues to rise annually in Canada, the corresponding growth of Chinese commercial activities has also made significant impacts on the Canadian economy as well as on the geographic landscape of various Canadian cities. Similar to the past, many Chinese business ventures continue to locate themselves around neighbourhoods of dense co-ethnic residents. Throughout recent years, Chinese commercial developments have been growing at an exponential rate. In the Greater Toronto Area (GTA), for example, numerous Chinese indoor shopping centers are built to accommodate the growing Chinese consumer market. Pacific Mall, one of the well known Chinese indoor shopping centers in suburban Toronto, is a good example of an ethnic centre designed and built for Chinese entrepreneurs and Chinese consumers. Today, this mall, along with its surrounding community, is recognized as Toronto's new form of Chinatown as well as a successful shopping site attracting visitors from areas across and beyond the Greater Toronto Area.

In the literature, a number of theories have been developed to generalize the characteristics of ethnic entrepreneurships in Western societies. Through an in-depth examination of Waldinger et al.'s (1990) *Interactive Model* of Ethnic Entrepreneurship, the main research question of this paper is whether Pacific Mall, as a case study of ethnic enclave economy, fits all of the attributes described by Waldinger et al.. In essence, the

objective of this paper is to 'test' the *Interactive Model* and to determine whether theoretical explanations actually reflect the realities faced by ethnic entrepreneurs in Toronto. Since the Pacific Mall shopping area is continuing to expand, I believe an in-depth examination of the mall with theoretical explanations is beneficial not only to the entrepreneurs and community members, but the implications of this study would also be useful to city planners and policy makers.

As a literature review based essay, there are limitations in this research project. Ideally, it would be beneficial had entrepreneurs of Pacific Mall been interviewed. However, due to various constraints and challenges, interviewing the Chinese entrepreneurs was not possible for this project. Thus, future studies with interviews of Pacific Mall's entrepreneurs are needed in order to better understand their specific background information and group characteristics.

Following this introduction, the research paper will start with a brief overview of the history of Chinese commercial developments in Canada, particularly in Toronto. The next section is a discussion of the paper's theoretical framework, in which a detailed description of the *Interactive Model* will be provided. After delivering a broader understanding of the theoretical model used, the main research question, research objective, as well as the methodologies will be discussed. The next section, Section 5, presents an analytical perspective of how the characteristics of Pacific Mall reflect the elements discussed in the *Interactive Model of Ethnic Entrepreneurship*. Furthermore, Section 5 also includes a comparative analysis of the business patterns within Pacific Mall between the years of 2004 and 2009. As the size of Chinese shopping centers

continues to grow, developers have engaged in a competitive battle for building bigger and newer Chinese shopping centers around the Pacific Mall area; hence, Section 6 will be devoted to discussing the various expansion plans of retail space within the area as well as its associated impacts. The final section will conclude with remarks on whether Interactive Model is a good reflection of Chinese entrepreneurial activities in the GTA.

## **Section 2: History of Chinese commercial activities in Canada.**

Chinese immigrants have been a part of the Canadian mosaic long before the Confederation of the Dominion (Johnson, 1987; Yee, 2005). For much of their history in Canada, Chinese immigrants were victimized by prejudice, hostility, and discrimination of the dominant group (Johnson, 1987). As a result of systematic racism, not only were Chinese immigrants vulnerable to wage discrimination, the occupations available to Chinese immigrants in the earlier years were limited in the general labour market. The early Chinese immigrants were mostly employed in such industries as railroad construction, canneries, fishery, forestry, sawmills, and brickyards (Anderson, 1988, p. 354; Li, 2007, p. 145). The jobs within these limited industries were the least skilled and least paid positions; even if the same duties were performed by both Chinese and Caucasian workers, Chinese workers were always paid at lower rates (Li, 1998). Not only was such vulnerability not sympathized by the general public, the presence of Chinese labourers was also perceived as a threat to the economic well-being of the Caucasian labour force. One of the many reasons for such perception was that their cheap labour undermined collective bargaining power and created higher unemployment rates amongst the dominant group (Li, 1998, p.50).

As a response to societal hostility towards the oriental race, exclusionary legislations were stipulated into the Canadian law as official means to prevent the spread of the 'oriental germs' in Canada. In the year 1885, a \$50 Head Tax was imposed on every Chinese immigrant entering the nation. The fee was subsequently raised to \$100 in 1900 and \$500 in 1904 (Yee, 2005, p.14). In order to deter permanent settlement as well

as to avoid the expansion of the Chinese communities, the Chinese Exclusion Act was implemented in 1923 to extensively exclude Chinese immigrants from entering the nation, particularly Chinese women and children (Yee, 2005, p.14). Legislation, operating as the guidance of acceptable behaviours in society, were strategically used by the government to manipulate the general public's attitude against the oriental race as well as to safeguard the white domination of the Canadian land. The famous racist speech given by Prime Minister Mackenzie King clearly illustrated the government's discriminatory attitude towards the Chinese race. King stated that "it was impossible ever to hope to assimilate a white population with the races of the Orient.... To even contemplate assimilation would bring Canadians face to face at once with the loss of the homogeneity which ought to characterize the people of this country if we are to be a great nation" (cited in Kelley and Trebilcock, 2000, p. 203).

Being greatly discriminated against by the mainstream society, a few blocks of the urban fabric concentrated with Chinese residential and commercial activities inevitably became a sanctuary site for the early Chinese immigrants to escape the hostility from the mainstream labour market; eventually, such geographically confined areas came to be well-known as Chinatowns. The fortunate ones were able to find an alternative survival strategy by establishing their businesses within the tiny ethnic market niche. Typically, Chinese-run businesses were mostly located within Chinatown and operated to serve the local ethnic community.

The two most common types of businesses were laundries and Chinese restaurants (Li, 1998). The operation of these businesses was tolerated by mainstream society

because these services were portrayed as the work of domestic servants (Li, 1998, p.53). In essence, as long as the Chinese remained in the subservient labour sector, their presence in Chinatown would be accepted by the general public. These small businesses survived in Chinatown for two primary reasons: first, Chinese businesses could only be established within the Chinatown district because Chinese entrepreneurs were barred from the privileged dominate urban space; secondly, the nature of these oriental businesses was not in direct competition with the businesses of the mainstream society (Li, 1998). Not only were these businesses considered as an alternative survival strategy for Chinese entrepreneurs, the existence of these businesses also created extra job openings for Chinese labourers in Canada. According to Li (1993, p.225), by 1931, Chinese laundry and restaurant businesses employed up to 46% of Chinese labourers of the Canadian workforce.

However, numerous political actions took place to undermine the growth of Chinese businesses beyond the Chinatown district. In Vancouver for example, between the years of 1923 and 1936, Chinese merchants attempted to expand into areas beyond Chinatown but oppositions from mainstream merchant associations effectively suppressed the expansion of ethnic businesses (Li, 1998). In Toronto, early Chinese merchants also experienced similar, if not worse, kinds of limitations. In 1914, Ontarians proposed a bill to forbid Chinese employers from hiring white women in their businesses (Yee, 2005). Although such legislation did not passed because similar bills were struck down in Saskatchewan (Yee, 2005), the Chinese merchants continued to face legislative discrimination from the City and the general public in the subsequent years. Around 1918,

Torontonians demanded the government to withhold the business licences from those operators without Canadian citizenship (Yee, 2005, p. 79). Undeniably, such demand targeted specifically the Chinese business operators because the Canadian government did not grant citizenship to Chinese immigrants during that time period. Moreover, being considered a disaster to the urban landscape of Toronto, city officials demolished Old Chinatowns in the mid 1950s and rebuilt the area with today's City Hall and Civic centre (Yee, 2005). As a result, Chinese residential settlement and commercial establishment relocated themselves to the Dundas Street and Spadina Avenue (Yee, 2005).

Despite various oppositions against Chinese business establishments, the growth of commercial activities became apparent after the Second World War. During the 1930s, the expansion of Chinese commercial activities was a reflection of the immigrants' attempt to create an ethnic business niche to avoid discrimination and competition within the hostile 'white' market. As ethnic businesses prospered, many Chinese immigrants retreated from the 'white' industries and worked for ethnic businesses instead; correspondingly, the population of the Chinatowns grew over time.

Early ethnic businesses were small in scale, usually operated under a partnership among single working-class men. Many believed that the types of duties they perform for their own businesses were very similar compared to working for others in the community. Thus, it was more preferable to operate their own businesses because it could at least provide a shelter for them to stay in (Li, 1998). Another reason why partnerships were popular was that women and children were not allowed to enter Canada; due to an

absence of free family labour, combining the labour power of peers could effectively reduce the operation cost of their business (Li, 1998).

Analyzing the historical patterns of Chinese commercial activities from a theoretical perspective, it could be argued that the **blocked mobility theory** is the most applicable to the situation of the past. According to Li's analysis (1993), the motivation for the early Chinese immigrants to opt for entrepreneurship was largely a response to the group's inability to secure permanent employment in the mainstream labour market. Although the incomes gained from self-employment were low, the operation of a business at least provided the early immigrants with a greater sense of autonomy and also an escape from the general labour market's racial discrimination.

Although the Chinese Exclusion Act was repealed in the year 1947, it was not until 1967 when discrimination based on race was finally removed from Canada's immigration legislation. Unlike the past whereby Chinese entrepreneurship was a response to societal and institutional exclusions, the expansion of Chinese commercial activities in the recent era seems to be a response to Canada's welcoming policies for investor's class of immigration as well as the growing Chinese population in the nation (Li, 1993). The number of Chinese immigrants coming into Canada since 1967 skyrocketed. Along with the promotion of multiculturalism initiated by Prime Minister Trudeau in the 1970s, the contributions of Canada's visible minorities and the space they occupied were given greater recognition in the mainstream society.

The introduction of multiculturalism, as Abu-Laban and Gabriel (2008) argues, was a way for the Canadian government to reconfigure Canada's national identity to be



more inclusive of ethno-cultural and racial minorities. It was not until 1988 when the Multiculturalism Act was finally passed which gave the initiative firm legislative powers. The promotion of multiculturalism not only established Canada as a world leader in such initiative, but also helped Canada gain greater economic competitiveness. Canada's intention to link multiculturalism with business interest was clearly stated in Prime Minister Mulroney's speech given in 1986.

"...our multicultural nation gives us an edge in selling to the world. Canadians who have cultural links to other parts of the globe, who have business contacts elsewhere are of utmost importance to our trade and investment strategy for economic renewal. We as a nation, need to grasp the opportunity afforded to us by our multicultural identity, to cement our prosperity with trade and investment links the world over and with a renewed entrepreneurial spirit at home..." (cited in Abu-Laban and Gabriel, 2008, p. 111)

The main message that multiculturalism policy aims to deliver is the fact that Canada respects diversity and promotes pluralism. Rather than adopting the melting-pot strategy in which individuals are encouraged to assimilate into the culture of Canada's two founding groups (British and French), residents of all ethnic backgrounds are encouraged to practice their traditions freely this nation (Abu-Laban & Gabriel, 2002). In order to practice one's own cultural traditions in Canada, there is a need for businesses that provide ethnic goods and services. Hence, the implementation of multiculturalism creates entrepreneurial opportunities for ethnic members of the Canadian society. Vice versa, the visibility of ethnic businesses helps to build Canada's national identity as they are evidences of multiculturalism on the Canadian soil.

For ethnic entrepreneurs, the prospects for investing in Canada seem to have a promising path as institutions and legislations are becoming more and more supportive of

minority investments. Disregarding various provincial and municipal by-laws governing business establishment, at least, federal legislations such as immigration and multicultural policies are supportive of ethnic entrepreneurial activities in Canada.

### **Section 3: Theoretical Framework: The Interactive Model of Ethnic Entrepreneurship**

As the immigrant population rises in Canada, the demand for ethnic commodities rises accordingly; as a result, the emergence of ethnic entrepreneurship has been expanding rapidly in our immigrant-receiving society over the past decades. By definition, entrepreneurship implies an individual's attempt to establish a business venture or engage in self-employment activities with innovative strategies (Waldinger et al., 1990). At a macro perspective, ethnic economy implies any business activities involving ethnic initiatives with ethnic employers employing co-ethnic employees within a given society (Volery, 2007). Although the personnel involved in the business operations are co-ethnic members, the customers may not necessarily be co-ethnic members at all (Light & Gold, 2000). According to Light and Gold (2000, p. 10), an ethnic economy is a private economic sector in which the particular ethnic group has controlling ownerships over its stakes. Although the term ethnic economy does not carry a location-specific connotation, many ethnic entrepreneurs tend to establish businesses within a concentrated area of co-ethnic business enterprises. For this reason, the term ethnic enclave economy is established to represent the clustering of ethnic businesses within a geographically distinct ethnic community (Valdez, 2007). Another distinction between ethnic economy and ethnic enclave economy is that customers of the latter seem to be primarily co-ethnic members as well. Thus, although businesses of an ethnic enclave economy are concentrated within a particular area, co-ethnic customers are drawn to this locale from regions beyond the immediate enclave neighbourhood.

While certain ethnic groups have a higher propensity to engage in entrepreneurial activities than others, the survival and success of their business operations are dependent upon a number of complex and interrelated factors. Numerous theoretical frameworks have been formulated by various scholars, but very often, their theories tend to polarize towards one dimensional approach in analyzing ethnic entrepreneurship. For example, the **middleman theory** entails the concept that entrepreneurial attitude is rooted in one's cultural background of trading (Bonacich, 1973), and clustering businesses within ethnic enclave could effectively utilize their ethnic resources. As middlemen, entrepreneurs assume an intermediate position whereby they act as an agent connecting ethnic products to consumers and also connecting ethnic employers with co-ethnic employees (Bonacich, 1973). Likewise, the **cultural thesis** also stresses the individual's predisposed characteristics that motivate one towards self-employment; these characteristics include ethnic entrepreneurs' willingness to work long hours, cultural knowledge, business skills, and etc (Lo et al., 2002). However, Li (1993) criticizes the cultural thesis as overly emphasizing on the cultural values of ethnic immigrants but ignoring the contextual circumstances of the host society. Other theories, such as the **blocked mobility theory**, stress the fact that ethnic immigrants engage in entrepreneurship because of their limited mobility or opportunity in the labour market; hence, opting for self-employment is a survival strategy in the host society (Lo et al., 2002). In general, most theories tend to utilize a single-dimensional approach in analyzing ethnic entrepreneurship.

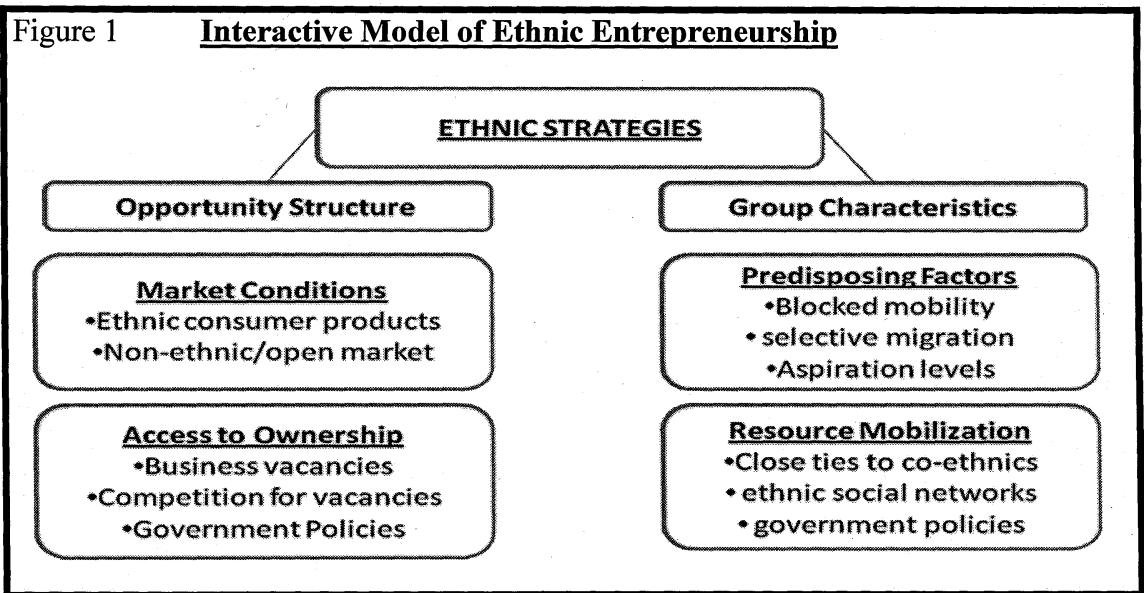
Rather than narrowly analyzing ethnic entrepreneurship from one perspective, Waldinger et al. (1990) developed the *Interactive Model* to explain the complexity of

ethnic entrepreneurship from a multi-dimensional approach. The *Interactive Model* presents an explanation of the interacting factors that are essential to the on-going operation of ethnic enterprises. According to the *Interactive Model*, the strategies employed by ethnic entrepreneurs are steered by both the opportunity structure and the group characteristics. On the other hand, the opportunity structure is composed of the market conditions and the entrepreneurs' ability to access business ownership. On the other hand, group characteristics are dependent upon the entrepreneurs' predisposing traits and their ability to mobilize resources.

According to Light and Gold (2000), entrepreneurship is often driven by both demand and supply and thus a comprehensive model of ethnic entrepreneurship should reflect on what the market requires (demand) and what entrepreneurs could offer (supply)(Light and Gold, 2000, p.16). In this regard, the opportunity structure is a resemblance of the demand side whereas the group characteristics represent the supply side; hence the emergence of ethnic entrepreneurship is also an interaction of demand and supply in the ethnic economy (or more specifically, ethnic enclave economy) (Light and Gold, 2000, p.16).

Figure 1

**Interactive Model of Ethnic Entrepreneurship**



Source: Waldinger et al., 1990, p. 22

The opportunity structure of any economy is never clearly transparent for entrepreneurs to take full advantage of; its discovery often involves an intrinsic process of negotiation, adaption, imagination, as well as reproduction (of entrepreneurial patterns prescribed by others) to develop one's business strategy (Oliveira, 2007). Analyzing Waldinger et al.'s *Interactive Model* closely, the authors broke the opportunity structure into two broad categories, including the market condition and one's ability to access business ownership. The market condition is determined by whether the commodities sold target to a specific ethno-racial clientele or whether the products are open to the general consumer market. In regard to the factors that impact one's access to business ownership, it includes the availability of business vacancies, competition for vacancies, as well as government policies that deter or encourage access to ownership. The factors that impact

the opportunity structure, again, resemble the market demand for the specific ethnic enterprise.

The opportunity structure of the economic environment interacts with entrepreneurs' group characteristics in order for the ethnic economy to function. According to Waldinger et al.'s model, the group characteristics of ethnic entrepreneurship also encompass two broad categories. The first category is the predisposing traits of entrepreneurs which encompass the factors that have motivated the individual into self-employment, such as one's blocked mobility<sup>1</sup> in the labour market, one's entrepreneurial background prior to migrating or the reasons for migrating, and the aspiration levels of the entrepreneurs to successful business operation. The second category entails entrepreneur's ability to mobilize resources. The authors of the *Interactive Model* believed that one's linkage to cultural ties, proximity to ethnic community, and a strong social ethnic network benefit ethnic entrepreneurship as it can provide the entrepreneurs with greater resources to operate the business. Furthermore, the *Interactive Model* also indicates that government policies also play a significant role in assisting (or preventing) ethnic entrepreneurs from mobilizing resources for their businesses.

It is important to recognize that social issues are never a concrete variable that could only be classified under a single category, thus, various contributing factors may

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<sup>1</sup> Although blocked mobility is essential a structural constraint in the general labour force for individuals, Waldinger et al.(1990) included blocked mobility as a group characteristic of the entrepreneurs because they often lack the capacity to secure desirable occupations in the labour market. Thus, block mobility is an internal factor that have driven the entrepreneurial activities. This may be due to a lack of language proficiency, work experience, and connections.

overlap amongst various categories listed in the *Interactive Model*. For example, as Waldinger et al. (1990) have envisioned, government policies play a significant role in both the entrepreneur's ability to access business ownership and one's ability to mobilize resources.

Light and Bhachu (1993) identified that the *Interactive Model* tends to ignore the influences of the host society on ethnic entrepreneurial activities. For example, ethnic entrepreneur's privileged connections with non-ethnic networks may also be mobilized, yet the model fails to take this factor into account. Furthermore, Light and Gold (2000, p. 63) have pointed out that the *Interactive Model* ignores the importance of the banking system as well as the complexity of the regulatory and policy framework (Oliveira, 2007). In the introductory chapter of the book, *Immigrant Entrepreneur Venturing Abroad in the Age of Globalization*, Kloosterman and Rath (2003) highlighted a number of criticisms of the *Interactive Model* raised in the academic sphere. Some scholars have pointed out that the *Interactive Model* ignores gender issues and others criticize the model as implying an automatic assumption that all ethnic businesses are naturally different from the mainstream businesses (Kloosterman & Rath, 2003). Kloosterman and Rath believed that a heavier emphasis should be devoted to explore the impacts of government regulations on ethnic enterprises. Taking all of the criticisms into consideration, Kloosterman and Rath have developed the **Mixed Embeddedness Model** attempting to capture a wider range of analysis for ethnic entrepreneurship. Not only does the Mix Embeddedness Model take the political regime into greater consideration, it also breaks down the opportunity structure of ethnic strategies into three different categories: vacancy chain,



post-industrial low skilled sector, and post-industrial high skilled sector (Kloosterman & Rath, 2003).

Although the Mixed Embeddedness Model presents itself as an elaboration of the *Interactive Model*, few significant distinctions could be found between the two theories. Since the Mixed Embeddedness Model was formulated in the European setting whereby greater regulations are imposed on small business operations, devoting greater emphasis to the political regime seems more relevant to the circumstances in Europe. Comparatively, Canada imposes fewer regulations on small business operations and thus the complex regulatory emphasis of the Mixed Embeddedness Model is less applicable in the Canadian context (Lo et al., 2002). The *Interactive Model*, on the other hand, also recognizes the importance of the regulatory regime, but the model's devotion to governmental policies is more balanced as it presents a clear and general explanation as to how it can influence the opportunity structure as well as the group characteristics of ethnic entrepreneurship. Therefore, the *Interactive Model* is a better theoretical framework for analyzing the survival and success of ethnic entrepreneurship in Canada.

## Section 4: Research Question, Objective, and Methodology

### **Site Selection: Case Study of Pacific Mall**

In using the *Interactive Model* to understand the structural and the operational characteristics of ethnic entrepreneurship, it is important to analyze how theories are reflected in reality. For the purpose of this essay, Pacific Mall in Markham, Ontario is selected as a site of case study to examine Chinese entrepreneurial behaviours and strategies in the GTA. The **main research question** of this paper is: Pacific Mall represents a typical ethnic enclave economy in Canada, does this locale reflects all of the attributes described in Waldering et al.'s *Interactive Model* of ethnic entrepreneurship? Since Pacific Mall is a resemblance of Chinese business establishments in Canada, studying Chinese entrepreneurship is relevant to settlement issues because it directly reflects Chinese immigrants' economic integration in Canadian society. Furthermore, it provides a sense of how Chinese commercial developments mark their ethnic imprints in the Canadian landscape.

Situated in the outer suburb of Toronto, Pacific Mall has become one of North America's largest Chinese indoor shopping centers. Located on the municipal border of Markham and Scarborough, Pacific Mall has become an attractive destination of consumption and leisure for residents of the surrounding regions. The mall is a two-storey in-door shopping centre containing approximately 400 retail stores within its premises. Situated next to the mall, Market Village is an additional Chinese shopping complex which adds the total number of stores in the area to more than 500 stores (Pacific Mall, 2005). Occupying more than 500 000 square feet of sales space along with more

than 1500 parking spaces (Pacific Mall, 2005; Lo, 2006b), Pacific Mall is an excellent example of a mass concentration of ethnic businesses clustering within one centralized geographic area. Moreover, Pacific Mall is surrounded by neighbourhoods of dense Chinese population.

According to the census-tract analysis, Chinese residential settlements are intensely concentrated from the Agincourt area and northwards to Markham and Richmond Hill (Qadeer & Kumar, 2003). Being primarily and secondarily the single largest ethnic group in the encompassing area (Agincourt and northwards to Markham and Richmond Hill), this suburban area has become one of the two largest ethnic enclaves in the GTA<sup>2</sup>. The Italians residing in Woodbridge and Vaughan constitute the other largest ethnic enclave in the GTA (Qadeer & Kumar, 2003). According to Marcuse's definition of enclave, it is essentially a "spatially concentrated area in which members of a particular population group, self-defined by ethnicity or religion or otherwise, congregate as a means of enhancing their economic, social, political and/or cultural development" (1997, p.242). Precisely, Pacific Mall lies in the heart of this suburban ethnic enclave, and as result, Pacific Mall is a good representation of an ethnic enclave economy whereby a large concentration of ethnic businesses are located within an ethnically distinct community.

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<sup>2</sup> According to Qadeer and Kumar (2003), primary concentration means the ethnic group's population occupies more than 50% of the census tract population. Secondary concentration means the population of the ethnic group is the largest in the census tract population but does not constitute the majority of the population.

Figure 2: Pacific Mall Exterior and Interior



### **Research objective & why the topic is important?**

Although a significant number of models have been developed for analyzing ethnic entrepreneurship in Western societies, only a few studies have applied these models to real life situations in Toronto. Pacific Mall, as a contemporary form of Chinatown located in the outer suburb of the GTA, has never been analyzed from a theoretical perspective. I believe that an in-depth theoretical analysis of this typical site of Chinese ethnic enclave economy is needed not only to test the applicability of ethnic entrepreneurial models but also to illustrate various complex elements of this growing ethnic shopping area. Similar patterns of Chinese commercial developments are constantly expanding within the same area, thus, I believe that an in-depth analysis of the factors that are driving the entrepreneurial patterns is beneficial not only to potential entrepreneurs and the community members, but the implication of the analysis will also be useful to city planners and policy makers.

Finally, as a Chinese immigrant and a resident of the Pacific Mall neighbourhood, learning more about the complexity of ethnic entrepreneurial activities within my neighbourhood is my personal motivations to pursue this topic of research.

## **Methodology**

The nature of this major research paper is a combination of literature review, newspaper-article review, and an analysis of observational data collected from site visits to Pacific Mall. As mentioned in Section 1, I do acknowledge that it would be greatly beneficial had the mall's entrepreneurs been interviewed. Due to various constraints and challenges, human subjects are not interviewed for this major research paper.

In order to better analyze the business patterns, a comparative analysis is conducted with the mall's current retail directory with the directory obtained from 2004 (provided by Dr. Shuguang Wang). Such analysis would supplement the research with a picture of the structural change in business patterns within the mall. However, there are limitations with solely relying on the directories obtained from the mall because there may be a time gap between the printout and the most current stores operating within the mall. In order to obtain the most accurate and up-to-date list of businesses within the mall, I have conducted a site visit to Pacific Mall and physically collected the names of the stores as well as to tabulate the number of stores within each retail category.

A second visit to the mall occurred on afternoon of September 5<sup>th</sup>, 2009 in order to collect more observational data on ethnicity of visitors. The purpose for this observation was to determine whether visitors are primarily co-ethnic members or not.

September 5<sup>th</sup> was a long weekend Saturday, and this day was selected because the flow of visitors is generally greater compared to any regular week-days which would provide a better estimate of the co-ethnic versus non-co-ethnic ratio of the mall's visitors. Standing outside of the mall's three major entrances (Kennedy Road entrance, side entrance, and Steeles Avenue entrance) for a half-an-hour interval at each entrance, I tallied and categorized the number of visitors who do and do not physically appear to be co-ethnic members of Chinese group. Specifically, visitors who appear to have yellow skin, black hair, and brown eyes were categorized as co-ethnic visitors. Again, I do acknowledge the limitations of categorizing visitors' ethnicity based on physical appearances because many Asian groups share similar physical features with the Chinese race; thus, the percentage of co-ethnic visitors may be slightly over-represented as it may include other oriental race such as Koreans, Vietnamese, Japanese, and others. Nonetheless, the observational data does depict a good illustration of the presumed ethnicity of the visitors to the mall.

## **Section 5: Analysis of Pacific Mall as a Case Study of Ethnic Enclave Economy**

Using Pacific Mall as a site of case study, the remainder of this essay will strive to determine whether Pacific Mall reflects all of the attributes described in Waldinger et al.'s *Interactive Model* of ethnic entrepreneurship.

### **Opportunity Structure**

In regards to the first broad category of ethnic strategies, the opportunity structure is a set of external factors that are encountered by ethnic entrepreneurs in the host society. As mentioned earlier, the opportunity structure includes the market conditions of one's ethnic enterprise and the accessibility to compete for business ownership.

### ***Market Condition***

In general, the construction of Asian theme malls, such as Pacific Mall, is a response to Canada's aggressive immigration policies. During the late 1980s and 1990s, Hong Kong, Taiwan and Mainland China dominated the top source countries of immigrants coming into Canada (Lo, 2006b). Although Toronto and Vancouver are amongst the top destinations of settlement, not all settled in the urban centers of these cities. Suburbanization of ethnic immigrants has been an increasing trend due to the more spacious and affordable housing available in the suburban areas (Lo et al., 2002). Although research has indicated that Canada's Chinese population is a heterogeneous group that can be sub-divided into a number of sub-groups with varying intra-ethnic differences (Lo and Wang, 1997), the majority of those who reside in Markham,

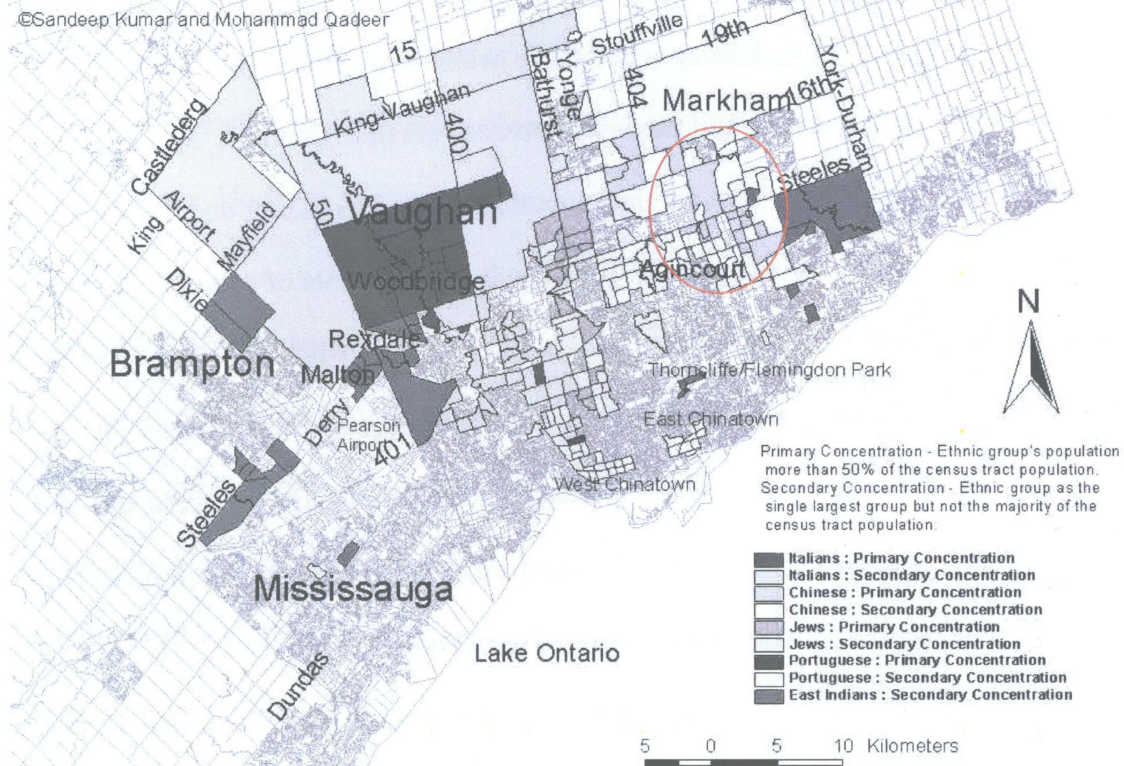
Richmond Hill, and Scarborough largely came from Hong Kong, Taiwan, and Mainland China (Lo and Wang, 1997). Furthermore, those who have moved into the suburban areas are relatively young, better educated, and possess greater economic resources and human capital; this is especially true for those coming from Hong Kong and Taiwan (Lo and Wang, 1997, p. 70; Lo, 2006b, p. 154). As a result, the residents of suburban Toronto possess a greater spending power compared to the cohorts who came prior to the introduction of the point system of immigration. Likewise Qadeer (1998) argues that the establishment of Chinese malls in suburban Toronto is a market driven process and that the sizable Chinese community surrounding Scarborough, Markham and Richmond Hill make up a distinct consumer market for Chinese cultural goods.

According to the following census tract map constructed by Qadeer and Kumar (2003), it is observable that the neighbourhoods surrounding Pacific Mall (circled in red) are populated heavily by the residents of Chinese descents which creates a favourable market condition for the entrepreneurs in Pacific Mall.



Figure 3: Census Tract Population by Ethnic Groups in the Greater Toronto Area

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Source: Qadeer and Kumar , 2003. p.8.

The greater the community, the greater the demand for cultural specific commodities, and thus generating a greater opportunity for potential market niches whereby ethnic entrepreneurs could take advantage of (Waldinger et al, 1990; Volery, 2007). A downside to establishing businesses within market niches is the limited ability to move upward for the ethnic entrepreneurs because the potential consumer market is limited to the co-ethnic group. On the other hand, if the enterprise offers commodities that are usable or open to both non-ethnic and ethnic markets, their ability to succeed are more promising than those constrained in the ethnic-specific market conditions (Waldinger et al., 1990). Pacific Mall resembles a good example of a mixed-market condition embracing both ethnic-specific and non-ethnic market conditions.

The products and services offered in Pacific Mall are both cultural specific and mainstream friendly to non-Chinese shoppers (Lo, 2006a). Cultural specific commodities include Asian food outlets, Chinese designer boutiques, transnational Hong Kong-style jewellery stores, herbal medicine stores, cultural ornament stores, video stores, and transnational banks from Hong Kong (Lo, 2006a). On the other hand, non-ethnic specific products and services include medical professional services, home electronic appliances, mobile-phone services, European-designer accessories, and much more. Offering products that are open to all ethnic groups, Pacific Mall has become a popular attraction for visitors of all ethnicities and ages. Moreover, non-co-ethnic visitors may have been attracted to the mall to experience the exoticness of the Chinese culture. Based on the physical appearances of visitors to Pacific Mall, Table 2 indicates that approximately 25.5% of the visitors are non-Chinese compared to 74.5% for Chinese visitors. In agreement with Lo (2006a)'s argument, the findings suggest that the majority of the

**Table 1: Co-ethnic versus Non-Co-Ethnic Visitors to Pacific Mall**

<b>Entrances</b>	<b>Non-Chinese</b>	<b>Chinese</b>	<b>Total</b>
Kennedy Road Entrance	154	550	704
Steeles Avenue Entrance	175	487	662
Side Entrance	90	187	277
<b>Total</b>	<b>419</b>	<b>1224</b>	<b>1643</b>
<b>Percentage</b>	<b>25.5%</b>	<b>74.5%</b>	<b>100%</b>

Source: onsite observation by this author on September 5, 2009; duration: half an hour at each entrance.

shoppers appear to be co-ethnic members of the broader Chinese community. Lo further asserts that visitors to the mall came from regions across and beyond the GTA (2006a).

Trust, as Waldinger et al. have emphasized, is also another essential element that has generated opportunities for ethnic entrepreneurs. Not only does trust act as a pull factor for immigrants to establish businesses in near proximity, it is also a crucial element that has attracted ethnic consumers to co-ethnic businesses (Waldinger et al. 1990, p. 23). Part of the second level of Pacific Mall is devoted to medical professional services including physicians, dentists, and pharmacists. Not surprisingly, almost all service seekers are of Chinese descent (personal observation and experience). This observation asserts Wang's findings that Chinese immigrants, especially those who could not speak the official languages, tend to seek services from co-ethnic medical service providers who could speak the same language as the service seeker (Wang, 2007). Trust, familiarity with cultural medical terminologies, and a sense of comfort are some of the reasons why Chinese immigrants tend to seek co-ethnic professional service providers (Wang, 2007), and Pacific Mall facilitates a large clinic to accommodate the needs of Chinese residents of the surrounding community.

### *Access to Ownership*

The second element that is essential to the opportunity structure is the entrepreneurs' accessibility to business ownerships. The ability to compete for business vacancies ultimately determines entrepreneurs' opportunity to pursue a business venture. However, a problematic aspect of acquiring business opportunities by filling the openings

of the vacancy chain is that those businesses for sale are usually the businesses well on their way to failure. When applying this interpretation to the case of Pacific Mall, the operation of the mall didn't seem to fulfill the negative repercussions raised in the criticisms because the mall itself generates enormous opportunities for newly established businesses.

The architectural concept of Pacific Mall is largely a replication of the indoor shopping centers in Hong Kong. Pacific Mall is organized in a condominium style whereby units are sold separately to individual owners (Wang, 1999). Unlike North American conventional shopping centers whereby units are leased to individual entrepreneurs, the condominium style of ownership renders the mall management less effective over the control of the types of businesses held within its premises. In traditional North American malls, mall management is a critical gatekeeper to one's accessibility of units for business operation. In Pacific Mall, business vacancies are also dependent upon the availability of unit space, but access to business vacancy is far simpler; if owners are willing to sell or lease, opportunity is open to potential entrepreneurs. Likewise, since each unit is individually owned, it is at the owner or the tenant's discretion to select the types of commodities sold within each unit. As a result, it is not uncommon to see numerous stores selling similar types of commodities inside Pacific Mall, particularly cellular mobile store, clothing stores, and beverage stores. Co-ethnic competitions are relatively intense within Pacific Mall, and needless to say, power dynamic of businesses is not evenly distributed within the mall. Not only do entrepreneurs have to compete with other small-medium size enterprises, they also have to compete with co-ethnic retailers of

powerful chains and even transnational companies; for example, businesses that have greater power relation include the transnational “Hong Kong-based jeweller Luk Fook” and the Chinese “herbal-giant Uncle Bill” (Lo, 2006a, p. 90). Yet, the presences of these powerful and well-established businesses may also be beneficial to the weaker entrepreneurs because their presence serve an anchoring purpose to attract more visitors to the mall.

### *Analysis of the Structural Change of Business Patterns in Pacific Mall*

In order to understand the business patterns of the Pacific Mall in greater depth, Table 2 presents a comparative analysis in the percentage change of business patterns in Pacific Mall between the years of 2004 and 2009. Comparing the year 2004 with 2009’s list of business directories of Pacific Mall, only insignificant changes have taken place amongst the different types of businesses. Of all, the categories of *other retailing* and *restaurant and take-out* experienced through the most dramatic percentage change; an increase of 3.7% for the *other retailing category* and a decrease of 3.8% for the *restaurant and take-out category*. The category of *other retailing* stores includes jewellery store, mobile communication stores, electronics, floral shops, and etc. In numeric terms, it is observable that *other retailing* stores occupy the most units in Pacific Mall, followed by *clothing/shoes* stores.

Although certain categories of business tend to dominate in numbers over other categories, Pacific Mall does house a fair representation of each major business category. It is important to point out that Pacific Mall lacks hotel/motel services for tourists. For

**Table 2: Structural Change in Chinese Business Patterns within Pacific Mall**

Type of Business	2004*	2009	Change in Percentage 2004-2009
Auto Parts/Accessories/Service	5 (1.3)	4 (1)	-0.3
Business Service	1 (0.3)	0 (0)	-0.3
Clothing/Shoes	94 (24.5)	89 (22.5)	-2
Financial Service	3 (0.8)	3 (0.8)	0
Food Store	29 (7.6)	34 (8.6)	1
General Merchandise	3 (0.8)	3 (0.8)	0
Hotel/Motel	0 (0)	0 (0)	0
Household Furniture/ Service	9 (2.3)	13 (3.3)	1
Medical Service	5 (1.3)	4 (1)	-0.3
Miscellaneous	38 (9.9)	45 (11.4)	1.5
Other Retailing	95 (24.8)	113 (28.5)	3.7
Personal Service	26 (6.8)	28 (7.1)	0.3
Real Estate	1 (0.3)	1 (0.3)	0
Recreation/Entertainment	35 (9.1)	35 (8.8)	-0.3
Restaurant & Take Out	36 (9.4)	22 (5.6)	-3.8
Vacant	3 (0.8)	2 (0.5)	-0.3
<b>Total</b>	<b>383 (100)</b>	<b>396 (100)</b>	<b>13units</b>

\*SOURCE: WANG 2004

this reason, a major expansion plan has been approved by the Township of Markham to reconstruct Markham Village (the shopping complex next to Pacific Mall) into a mega indoor shopping centre with a condominium hotel built on top of the mall. A lengthier

discussion regarding the mall's expansion plan will be presented in Section 6 of this major research paper. At the current moment, neither Pacific Mall nor does its nearby area provide hotel/motel accommodations to shoppers coming from outside of the Greater Toronto Area.

Asides from a lack of hotel/motel service, the only business service unit that existed in the year 2004 were not found in the year 2009. Therefore, Pacific Mall also lacks business services. Furthermore, although Pacific Mall does house a number of medical professionals, it lacks other types of professional services. Categorized under the miscellaneous category, there was one lawyer's office in the year 2004; however, legal services are no longer available in the year 2009. Moreover, of the three hundred plus units, there is only one accounting and bookkeeping office. Since Pacific Mall houses close to 400 commercial units, an increase in legal and financial services may be beneficial and convenient for the entrepreneurs as well as visitors of the mall.

Lastly, another business category that is worth mentioning is the *Recreation/Entertainment* category. In both 2004 and 2009, there has been approximately 9% of units operating within this category. Of all the *Recreation/Entertainment* stores, approximately 43% in 2004 and 51% in 2009 have operated DVD and VCD sales distribution. It has been reported in news media that Pacific Mall is now well-known as one of Canada's largest centre for pirated DVD stores (Baute, 2009). Such negative publicity of Pacific Mall has ironically generated positive outcomes in attracting more visitors to the shopping center, including non co-ethnic visitors.

The total number of stores indicates that there is an apparent growth of 13 stores within Pacific Mall, from 383 units in 2004 to 296 units in 2009. This growth in commercial units, however, did not emerge because the mall had restructured their interior to house additional units. This growth is rather a reflection of an interesting observable trend within the mall. Owners or tenants subdivided their units into two small sectors; by doing so, the other half of the unit space are then subleased to another individual for the operation of another business.

Relating the structural change in Chinese business patterns in Pacific Mall to the *Interactive Model's* access to ownership, there seems to be a gap between Waldinger et al.'s explanation and the actual entrepreneurial behaviours of Chinese merchants. According to the authors, ethnic entrepreneurs often acquire business vacancies from retiring or failing merchants of an older immigrant cohort because the second- or third-generation are reluctant to take-over their parent's business as the occupational opportunities for them are greater in the labour market (Waldinger et al., 1990, p. 30). For example, the Koreans in the United States often purchase grocery stores from Jewish shop-keepers because younger Jewish generations are able to pursue professional careers in the labour market. The marginality of the small ethnic firms greatly discourages heirs' to take over their family's enterprise, this trend is especially true amongst white minorities like the Italians and Jewish in the United States (Waldinger et al., 1990, p.29). Although this explanation, whereby new ethnic immigrants are taking over business vacancies established by older immigrant groups, seems to be applicable in the United



States, this phenomenon does not seem to be applicable to Chinese merchants in Pacific Mall.

Based on the analysis of Table 2, the structural changes in Chinese business patterns indicate that there is a fluctuation of the number of businesses within each category. Not only have there been a slight decrease in *Clothing/Shoes* and *Restaurant/Take-out* stores, there have also been increases in the category of *Miscellaneous* and *Other Retailing* stores. Such fluctuation indicates that turnover rates of the stores in the mall are relatively flexible, thus, units are rarely obtained from bankrupting or failing merchants. In addition, because the construction of Pacific Mall tailors specifically to Chinese entrepreneurial activities, even if the units are obtained from failing merchants, the access to ownerships is rarely obtained from non-co-ethnic store owners. In this regard, the *Interactive Model* is unable to present a comprehensive explanation for ethnic merchants who rarely obtain vacant units from other ethnic groups or from failing businesses.

Nonetheless, government policies are supportive of Chinese entrepreneurial activities and have assisted in generating greater opportunity for the entrepreneurs. Due to the increasing popularity of the site, Pacific Mall has been officially recognized by the municipal government of Markham as a site of tourism. Being exempted from the Retail Business Holiday Act, Pacific Mall now holds the official permission for regular business operation all year round including statutory holidays (Pacific Mall, 2005, Lo, 2006b). Hence, as Waldinger et al. (1990) have emphasized, government regulations could either promote or discourage ethnic businesses operation; Pacific Mall's acquisition of

municipal by-law exemption definitely facilitates business operation and generates greater opportunity for the ethnic entrepreneurs involved (Lo, 2006b).

### **Group Characteristics**

Aside from the opportunity structure aspect, the second broad category of ethnic entrepreneurial strategies is group characteristics. The section examines the internal factors that have prompted entrepreneurial activities among ethnic groups. Group characteristics imply the individualistic factors that have contributed to the on-going operation of one's business.

#### ***Predisposing Traits***

This section is an incorporation of a number of existing theories regarding group characteristics and specifically entrepreneurs' predisposing traits. This includes the cultural thesis proposed by Light (1972) and Bonacich and Modell (1980) and the blocked mobility theory.

Like many other scholars, Waldinger et al.(1990) have argued that certain ethnic immigrants have a higher propensity to engage in self-employment activities because of their limited opportunity and mobility in the labour market. Feeling disabled in the labour market, self-employment not only provides entrepreneurs with a sense of autonomy, it also gives entrepreneurs greater degree of independence rather than being ceiled in the hostile labour market.

Qadeer (1999) interviewed 36 Chinese merchants from Chinese malls in Scarborough, a region in near proximity to Pacific Mall, to analyze the economic well-being of Chinese entrepreneurs in ethnic enclaves. Of the 36 Chinese interviewees, 100% of these participants are immigrants. The majority (80%) came from Hong Kong and had stayed in Canada for approximately six years at the time of the study. All of the Chinese merchants operate their businesses within the goods and service retail industry. According to Qadeer's categorization of the types of businesses Chinese merchants operate, the distribution of the services is quite diverse. Both food-and-catering and household goods and repairs constitute 33.3% each. Specifically, the category of household goods and repairs includes the sales and repair of furniture, photo, electronics, machines, and auto services (Qadeer, 1999). Others (16.7%) operate their business within the personal goods category including clothes, jewellery, gifts, utensils, hairdressers, and travel agents (Qadeer, 1999). Since the interviewees' business operations are similar to those found in Pacific Mall and are in close proximity to Pacific Mall, Qadeer's study is also a good reflection of the ethnic entrepreneurs in Pacific Mall. Qadeer (1999) suggests that although Chinese merchants occupy large units and are concentrated in Chinese malls, merchants themselves are not satisfied with their economic performance. Interviewees of his research have also expressed that opting for self-employment was partially triggered by their frustration with hostile labour market. As his findings further indicates, self-employment provides entrepreneurs with a higher sense of autonomy, but it does not provide entrepreneurs with a significantly greater level of income (Qadeer, 1990).

On the other hand, Wang (1999) argues that blocked mobility may be a leading factor to entrepreneurship for some, but certainly not for all. For example, independent class immigrants came into Canada with pre-disposed aspirations to start business ventures or self-employment activities, thus, these immigrants seldom consider the labour market as means to generate income (Wang, 1999). Furthermore, those admitted under the business class are obligated to start business enterprises and to hire Canadian workers to stimulate Canada's economic growth as part of their immigration requirements. As Waldinger et al. (1990) suggest, emigration from one's home country to a foreign land implies a great degree of uncertainty and instability; since risk-taking is always an essential element to business enterprises, immigrants' simple act of emigration indicate their greater ability to take risks compared to non-migrants/native born residents.

Both Qadeer(1999) and Wang's (1999) research suggest Chinese immigrants' background experience and resources play a significant role in immigrants' entrepreneurial attitude. Cultural thesis implies the fact that immigrants carry a set of cultural characteristics from their place of origin to the host country which has prompted greater ambition to succeed in business operation; these characteristics include individual's desire to work long hours, possession of resources, education, and entrepreneurial skills (Lo et al., 2002). According to Qadeer's study (1999), a great majority of his sample came from a business family, had great aspiration to operate their own business, and are extremely willing to devote long hours and energy into their business venture. Similarly, family asset, education, social status, business experience,

and human capital are also identified as factors that prompted one towards self-employment amongst the Chinese immigrant group (Wang , 1999).

As mentioned earlier, Pacific Mall is a resemblance of the shopping centers in Hong Kong whereby the business norms are to centralize in areas of direct competition. The spatial concentration of ethnic businesses in Asian theme malls help to centralize customers to one area for consumption (Qadeer, 1999), and this “spatial concentration for direct competition” is highly appreciated by the entrepreneurs because this is the “Hong Kong way of doing business” (Wang, 1999, p. 30).

### ***Mobilization of Resources***

In terms of entrepreneurs’ ability to mobilize resources, the demographics of the surrounding environment, personal resources, cultural knowledge, social network, and governmental policies play a significant role in facilitating their business operation. As mentioned earlier, Pacific Mall is situated in the outer suburb of Toronto whereby a large proportion of Chinese immigrants reside. The result of such massive suburbanization of Chinese immigrants creates a centralized social network in the suburbs. Since Pacific Mall is situated in the heart of a dense Chinese neighbourhood, there is a constant flow of customers visiting Pacific Mall. As a primary site of socialization and consumption for many community members, Pacific Mall has maintained strong ties with its surrounding ethnic community.

Since cultural knowledge is a prerequisite for entrepreneurs to efficiently satisfy the community’s cultural demands, these specific cultural needs could only be satisfied

by co-ethnic entrepreneurs. In combination with the unique cultural decorations on the second floor of the mall, this ethnic strategies employed in Pacific Mall have successfully attracted large flow of visitors by appealing to their nostalgic sentiments of homeland shopping experience (Wang, 1999).

As for mobilizing resources, various entrepreneurs in Pacific Mall have demonstrated their ability to transplant business strategies from Hong-Kong to Canada, including controversial activities. The sales of pirated DVDs is a heated trend in Kong Hong and China for a long period of time, consequently, the entertainment industry has suffered significant revenue losses from such illegal actions. The sales of pirated DVDs have become an attractive and profitable alternative product of sales. Undoubtedly, as mentioned earlier, a few enterprises in Pacific Mall also offer pirated DVDs in large quantity and for extremely low prices; as a result, Pacific Mall is well-known as Canada's "largest center for illegal DVD sales" (McLean, 2009). The sales of these illegal products have caught significant media and law enforcement attention. Throughout the past years, numerous news reports have included the actions taken by the RCMP in confiscating these illegal products in Pacific Mall (Toronto Police Service, 2005; York Region, 2007; Baute, 2009). However, police raids did not seem to deter these business operations. According to the reports issued by the International Intellectual Property Alliance, the recurrence of these businesses in Pacific Mall is due to the fact that the punishments for copyright infringement are too light, thus, police actions and the subsequent punishments did not serve as a significant denunciation factor for these illegal activities (International Intellectual Property Alliance, 2009; Metalitz, 2006).

Asides from transplanting illegal business operations into Canada, Chinese entrepreneurs have also effectively mobilized personal capital to facilitate their business operations. Again, referring to Qadeer's (1999) study of Chinese entrepreneurs in Scarborough, the availability of family labour is a significant resource for deducing the operation cost of the business. To elaborate from my personal experience, entrepreneurs in Pacific Mall often hire bilingual (Chinese and English) co-ethnic employees to serve a wider clientele hoping to catch a wider market of sales. Based on personal observations, many businesses in Pacific Mall widely advertise their products as imported goods from Asia. The importation of Asian commodities reflects the middleman theory of ethnic entrepreneurship because ethnic entrepreneurs act as agents connecting and providing the diaspora community with cultural goods found abroad. Often times, having the connections to ethnic supplies from abroad is an asset of ethnic entrepreneurs because products may not be easily obtainable locally nor obtainable by mainstream non-ethnic entrepreneurs (Lo, 2006a).

In terms of mobilizing resources, credits should also be given to Pacific Mall's management and marketing team as their efforts have contributed significantly in drawing more visitors to the mall, in turn, the entrepreneurs of Pacific Mall becomes the beneficiaries of these events. In August of 2009, for example, Pacific Mall was working in collaboration with ATV (Hong Kong's one

Figure 4: Marketing Events of Pacific Mall



of two major television Broadcaster) to facilitate the 2009 Miss Asia Beauty Pageant contest for the Toronto district. Not only would events like this attract curious visitors, it would also advertise Pacific Mall to a wider range of potential visitors as this event is an renowned annual international event for the Hong Kong entertainment industry.



## Section 6: Future Expansion of the Pacific Mall Shopping Complex and Impacts

As mentioned in Section 5, intra-ethnic competitions are intense within the Pacific Mall shopping complex; however, such competitions also exist between malls. A newly built Chinese shopping centre immediately south of Pacific Mall, The Splendid China Tower, currently provides an additional 96,000 square feet of retail space to ethnic entrepreneurs.

Figure 5: Splendid Tower



It will continue to expand as the developer has already obtained approval for an additional 200 000 square feet (Wong, 2007). In response to the development of Splendid China Tower, Same Cohen (the developer who created Pacific Mall) and the entrepreneurs were intimidated about this perceived economic threat.

Oppositions and legal battles were raised against the development and expansion plan of Splendid China Tower. One of the major reason for the opposition was that an additional shopping centre would cause additional traffic congestion as well as an over saturation of ethnic businesses within the area. Because Splendid Tower lies within the jurisdiction of the City of Toronto, lawyers argued that the claims made by Markham entrepreneurs and developers were of selfish interest and was intended to delay the development of any of its competitors (Wong, 2007). Thus, the Ontario Municipal Board (OMB) ruled in favour to the Splendid China Tower's developments and expansion. To

date, phase I of Splendid China Tower is completed and operating for approximately 2 years now (Reinhart, 2009), however, its existence did not seem to threaten the customer inflow of Pacific Mall significantly. As a visitor to Splendid China Tower for a number of times, the economic activities are apparently much less vibrant compared to the Pacific Mall shopping complex.

Despite the fact that Splendid China Tower did not turn out to be a significant economic threat to the businesses in Pacific Mall or Market Village. Rudy Bratty, developer of Market Village and CEO of Remington's Group, decided to redevelop

Figure 6: Market Village



Market Village and reconstruct it into a new mega shopping center of 800 000 square feet of retail space with a new 20-storey hotel and condominium tower (Wong, 2009; Reinhart, 2009). The newly constructed complex will be named the Remington Centre. Three major bridges will be built to

connect the future Remington Centre with Pacific Mall (see figure 7). Essentially, the two shopping centres will be transformed or amalgamated into one giant indoor shopping centre in order to enhance the centre's economic competitiveness in the GTA. The total developed and planned retail space within the immediate Pacific Mall neighbourhood will be increased to approximately two million square feet (Reinhart, 2009). Transforming the Kennedy Road and Steeles Avenue East intersection into a



Figure 7: Remington Centre Pre-Construction Image



Photo Source: Remington Centre Official Website

mega ethnic enclave economy, this area has been coined as the new *Great Mall of China* in Toronto (Cushman & Wakefield Lepage 2009; Reinhart, 2009).

What is ironic about this development of more retail space provided to ethnic entrepreneurs is the fact that developers themselves are not co-ethnic members of the Chinese community. This investment in Chinese shopping centre by non co-ethnic members signifies the fact that mainstream developers have recognized the profitability of ethnic minorities. This is especially true when this giant investment plan is announced amidst the century's most devastating economic recession (Reinhart, 2009). In connection to the multiculturalism discourse discussed earlier, the promotion of ethnic commercial space becomes a direct revenue generator for developers as condominium retail space greatly reduces the developer's financial burden in the investment. Indirectly, the

government also becomes a beneficiary of ethnic commercial development as a significant increase in revenue and property tax will be gained. In this regard, the opportunity structure in terms of the construction and the availability commercial units continues to be controlled and manipulated by mainstream developers.

In relation to the *Interactive Model*, the expansion of retail space within the area correlates directly with the opportunity structure and specifically with the accessibility of business ownership for the entrepreneurs. Not only will it create investment and speculation opportunities for unit owners, additional units will open up greater business opportunities for potential entrepreneurs, especially for those who were unable to seek vacant units in Pacific Mall. Being able to obtain government approvals for such massive expansion indicates that both the Township of Markham and City of Toronto's policies and officials are supportive of ethnic commercial activities.

Although it could be argued that such expansion of ethnic commercial space is beneficial to a number of players, including the developers, government, as well as entrepreneurs themselves, the inevitable increase in traffic congestion would bring upon an unpleasant transportation access to the surrounding neighbourhood. Furthermore, it could also bring upon greater environmental pollution to the neighbourhood as buildings are being torn down and re-constructed. Foreseeing a greater increase in vehicle emissions upon completion of the projects, it will be inevitable that the pollution level of the environment will be increased which, in turn, would affect the residential community of the surrounding neighbours.

## Section 7: Conclusion

Pacific Mall is an extreme example of Chinese entrepreneurial success in Canada because its distinct characteristics stimulated significant opportunities. In general, Pacific Mall fits the *Interactive Model* well. Not only have ethnic entrepreneurs in Pacific Mall manoeuvred the advantages of the opportunity structure provided by its surrounding environment, the group characteristics of the Chinese entrepreneurs have also prompted the on-going operation of the businesses within the mall.

Although the majority of the visitors to the mall seems to be co-ethnic members of the Chinese community, approximately one-quarter of the visitors are of other ethnic backgrounds. The attraction of a wide range of visitors may be directly a result of the mixed market condition whereby the commodities sold include ethnic- and non-ethnic specific consumer products and services. In combination with flexible access to ownership of store units as well as an massive expansion plan approved, Pacific Mall has thus far generated enormous economic opportunities for Chinese entrepreneurs. In general, the *Interactive Model's* opportunity structure does seemingly fit the most of the characteristics of Pacific Mall; however, minor gaps are still found between the theory and the reality.

In regard to access to ownership, Waldinger et al. predicted that ethnic immigrants generally take-over failing businesses and/or businesses of older immigrant cohorts because their heirs rather opt for the general labour market. This is especially true for ethnic entrepreneurs in the United States whereby many white minority entrepreneurs are selling their businesses to recent ethnic immigrants. Since Pacific Mall was developed

for Chinese entrepreneurs and is operating under a condominium structure whereby units can be overturned easily, the *Interactive Model* fails to take into account ethnic entrepreneurs who rarely purchase businesses from other ethnic groups and/or failing businesses.

The emergence of ethnic businesses is essentially a response to various government policies. First of all, immigration and multiculturalism policies have generated great economic opportunities for ethnic entrepreneurs due to the government's respect for diversity. Developers, at the same time, also took advantage of these opportunities and have constructed infrastructures to house ethnic enterprises. Specifically in Pacific Mall, we can see that municipal by-laws are also supportive of Chinese commercial activities and have granted the mall permission to operate businesses all year-round. In this regard, the political regime is supportive of ethnic entrepreneurship in Canada. Focusing specifically on developers and ethnic entrepreneurs, it could be argued that an interactive relationship exists. Both developers and ethnic entrepreneurs generate economic opportunities for each other as the former constructs retail space because there is a demand from the latter.

Group characteristics of ethnic entrepreneurship are other important elements described in the *Interactive Model*. The predisposing traits of Chinese entrepreneurs found in Qadeer's study reiterates the fact that opting for self-employment activities provides the Chinese entrepreneurs with greater economic autonomy as well as providing an alternative option from the hostile labour market. The establishment of a vibrant ethnic enclave economy is not made possible without the individual's strong entrepreneurial

aspirations, long working hours, family background in business, and human capital. In Pacific Mall, it is observable that the entrepreneurs are able to transplant various business practices from overseas such as the sales of Chinese herbs, imported goods, as well as the undeniable sales of pirated DVDs. Despite its negative publicities, such business practice does illustrates the fact that Chinese entrepreneurs in Pacific Mall are able to mobilize cultural resources and strategies to manipulates the market demand offered within its opportunity structure.

As a creation of an well-establish ethnic enclave economy, Pacific Mall has generated mutual benefits for the surrounding community in numerous respects; it creates employment opportunities, reduces the spatial distances for community members for purchasing cultural goods, and it creates a self-sustaining economy for the community. However, the creation of a self-sustaining economy of relatively minor interaction with the mainstream economic sphere hinders the economic integration of the ethnic group because they are isolated within their self-sustained community (Wang , 1999). Moreover, as the Chinese commercial activities continue to grow within the immediate neighbourhood around Pacific Mall, traffic problems and distractions to the local community cannot be ignored. Since the City of Toronto and the Township of Markham have approved the expansion plans of the various ethnic centres, this signifies that the governments are also in support of ethnic commercial developments. In order for the opportunity structure of ethnic entrepreneurship to effectively facilitate the economic growth of ethnic businesses within the region, city planners and developers must establish a comprehensive plan to address the traffic problems.

Yet, the *Interactive Model* of ethnic entrepreneurship fails to take into account the oppositions raised by other non-ethnic stakeholders of the community. The development of Pacific Mall in Markham was not without its oppositions, the deputy mayor of Markham has vocally expressed her resentments against the increase of Chinese commercial development in Markham in 1995 and have said that “my problem is with developers focusing on one group of people and allowing one group to monopolize the retail sector in Markham” (*Toronto Star*, 27, August 1995). The deputy mayor’s concerns are legitimate because intense Chinese commercial developments do create a possibility of excluding or hindering non-Chinese commercial developments or non-Chinese residential settlement near the area of development. When the development of huge ethnic malls target specifically to Chinese entrepreneurs, an unwelcoming message for non-Chinese entrepreneurs may be indirectly delivered thereby deterring the opportunity for entrepreneurs outside of the Chinese ethnic group. Consequently, as businesses are often established to serve the local needs of the community, a promotion of Chinese commercial activities in the area equate to an de-emphasis of other ethnic goods and thereby discouraging non-Chinese residential settlement.

Moreover, in agreement with Light and Bhachu’s (1993) criticism of the *Interactive Model*, the model does also seem to ignore the influences of non-ethnic members of the host society. This is particularly true when developers of the various shopping centres in the area are all non co-ethnic members of the Chinese community; as a result, the model fails to take into account the impacts and influences of non-co-ethnic members on the ethnic economy. Though, from my interpretation, developers of these



malls would radically fit under the opportunity structure of the *Interactive Model* because the existence of the retail space created enormous opportunities for the ethnic entrepreneurs. However, the model should have explicitly included a section whereby it acknowledges the influences of non-co-ethnic members so that the model can become more comprehensive.

It is important to note that further research is needed in other Canadian cities in order to generalize the findings into a broader spectrum. Locally, in-depth interviews with Pacific Mall's businessmen are needed in order to enrich readers' understanding of the group characteristics as well as the economic well-being of Chinese entrepreneurs in Pacific Mall. Unlike the past, whereby Chinese economic centres were considered as a slum of the urban fabric (Yee, 2005, p. 82), Pacific Mall, representing a contemporary form of Chinatown, has now become a symbolic representation of Chinese settlements as well as one of the most proliferating ethnic economic centres in Canada. As mass expansion of the shopping complex is about to break grounds soon, the future economic prospects of this site remains unknown. The development of Remington Centre in combination with the expansion plans of Splendid China Tower may perhaps significantly draw away consumers from Pacific Mall. Or it may generate positive outcomes for Pacific Mall as tourist accommodations are being built next to the mall.

Nevertheless, Pacific Mall is a successful business establishment of Chinese entrepreneurs in Canada. As envisioned by Waldinger et al. (1990) whereby cultural ties, such as the unique Asian style of shopping centre in combination with unique Chinese cultural decorations, have not only attracted visitors from the immediate areas, but also

attracted many tourists from all over North America. Visitors of Pacific Mall could observe the astonishing Chinese infrastructural development on the Canadian soil, could savour the taste of their homeland cuisines, and could also adventure (re-adventure) the shopping experiences similar to those found in Asia.

Figure 8: Cultural Interior Design of Pacific Mall



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