

**Immigration and Insurance in British Columbia:
A Cross-Disciplinary Exploration**

by

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PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

in the
School of International Studies
Faculty of Arts and Social Sciences

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SIMON FRASER UNIVERSITY

Summer 2011

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Abstract

This research project explores the relationship between immigration and the insurance industry in British Columbia. It does so in the context of increasing ethnic diversity and challenges to industry. The project takes a cross-disciplinary approach, incorporating findings in cross-cultural studies, cultural anthropology, and cross cultural marketing. The results show that the influence of ethnicity and culture of origin transcends generations. It also suggests greater similarity in values between Asian and European source countries and highlights the significance of smaller cultural groups within an overall ethnic group. Based on these findings, industry is encouraged to proactively anticipate the needs of immigrant populations based on function, while recognizing the distinctiveness of subgroups based on generation and country of origin.

Keywords: Immigration; ethnicity; values; ethnic marketing; assimilation; acculturation; generational influence

Acknowledgements

I would like to acknowledge the faculty and support staff of School for International Studies. They have provided extensive guidance throughout this process and I am truly grateful for their contributions.

I would also like to extend my sincere thanks to Stephanie Tucker. Her practical assistance was invaluable and I am deeply appreciative.

For Peter and Sebastian Weddigen

Table of Contents

Approval	ii
Abstract	iii
Acknowledgements	iv
Dedication	v
Table of Contents	vi
List of Figures.....	viii
1. Introduction.....	1
2. Population and Demographics	6
2.1. Federal Immigration Policy	7
2.1.1. History and Foundation	7
2.1.2. Distribution and Settlement	8
2.1.3. Diversity and Immigration: Canada Today	8
2.2. Policy in Practice: British Columbia	10
2.2.1. Immigration and growth in British Columbia.....	10
2.2.2. Ethnicity and Visible Minorities.....	12
3. The Insurance Industry in Canada	15
3.1. Overview	15
3.2. History.....	15
3.3. Structure and Governance.....	16
3.4. Products and Services	17
3.5. Ownership and Distribution.....	18
3.6. Insurance in British Columbia	19
3.7. Informing Immigrants: Communications on Arrival	19
3.7.1. Settlement Services	19
3.7.2. Regulatory Bodies.....	20
3.8. Changing Insurance Needs: Immigrant Adaptations	20
3.8.1. Value-Based Product: Shari'a Insurance	21
3.8.2. Needs-Based Product: The Business of Remittances	24

4. Methodology	27
4.1. The Relationship between Cultural Values and Consumer Behaviour	28
4.1.1. Linking Cultural Differences to Consumer Behaviour	29
4.1.2. Explanation of Value Framework	29
4.1.3. Application to British Columbia's Immigrant Populations	31
4.2. Ethnicity and Behaviour	37
4.2.1. Ethnicity and Chinese Canadians	39
4.2.2. Expecting the Collective: Unchanged Values in the UK Pension Industry	43
4.3. Marketing Diversity: Selling to Diverse Populations.....	44
4.3.1. Under One Roof: "Microcultures" within a Dominant Ethnic Community.....	45
4.3.2. Complexity of Product and Immigrant Usage.....	47
4.3.3. Ethnic Identification and Ethnic Advertising	47
5. Discussion.....	49
6. Conclusion	58
References.....	60
Appendices.....	63
Appendix A. National Dimension Scores of Leading Immigrant Source Countries	64
Appendix B. Canada's Immigrant Population, by Place of Birth and Period of Immigration, Census 2006	65

List of Figures

Figure 1.	Immigrant landings, Canada, by World Region pre-1991 to 2006	9
Figure 2.	Components of Population Growth in Canada, Alberta and British Columbia	11
Figure 3.	British Columbia’s Immigrant Population by Place of Birth	12
Figure 4.	Top 10 Reported Single Ethnic Origins in British Columbia.....	13
Figure 5.	Components of Hofstede’s Cultural Values Framework	30
Figure 6.	Application of Hofstede’s “Power Distance” Value.....	32
Figure 7.	Application of Hofstede’s “Individualist” Value	33
Figure 8.	Country Scores based on Hofstede’s Value “Uncertainty Avoidance”	34
Figure 9.	Country Scores based on Hofstede’s “Long Term Orientation”	35
Figure 10.	Country Scores based on Hofstede’s Value “Indulgence vs. Restraint”	36

1. Introduction

Insurance is an intangible service that is valued in different ways by its purchasers. In Canada, voluntary insurance is a means by which one buys a sense of security, a subjective 'feeling' of trust and loss protection. The subjectivity of this emotional response creates variability in the values of insurance products from person to person. The insurance environments amongst different countries are also varied. Insurance industries may follow a state-owned model, a free-market model or a hybrid of both. This variability is due to the fact that insurance has "evolved out of historically developed differences in values between one national society and another" (Hofstede, 1995, pg. 423). Values, priorities and "patterns of appreciation" constitute the *culture* of a society and insurance systems reflect that culture.

Canada today is frequently described as a "cultural mosaic" of differing ethnicities; a country where immigrant groups are able to maintain many of their own cultural values while integrating into the fabric of Canadian society.

This cultural mosaic may be attributable to many factors. Canada is a nation built by immigrants and a robust immigration mandate. In addition, Canada has complex and advanced policy framework that seeks to ensure diversity and tolerance while valuing the contribution that immigrants make to a dynamic and changing society. As a cultural mosaic, comprised of differing nationalities, languages and values within a relatively small population base,

British Columbia is no longer a single marketplace with a dominant culture. Because of this, the challenges faced by industry in British Columbia today are increasingly more akin to those of global organizations seeking to reach multiple diverse audiences. The collective differences between peoples of different countries do not necessarily change when immigrants arrive in a new home country. And, as immigration continues to be a primary component of population growth federally, a high concentration of immigrants will continue to settle in British Columbia making Vancouver one of the most culturally diverse cities in North America.

With an immigration policy in Canada mediated between federal and provincial jurisdictions, policymakers must meet the needs of a changing nation looking to the future. In recent decades, policy changes have led to changes in the very profile of the newcomer to Canada. Immigrants now arrive to Canada for economic reasons, as refugees or for family reunification. They are amongst the most educated populations within Canada and often continue to maintain strong connections to their home country (Statistics Canada, 2006).

A sound and developed insurance system is a marker of economic development and stability. At the same time, it is not commonplace in all societies and countries that attract immigrants to Canada. Insurance markets may be undeveloped due to lack of economic development, social or political structure, or cultural values that prioritize alternative means of assurance over a financial instrument such as an insurance product. As Canada has attracted more and more immigrants from developing nations, we are welcoming a higher

proportion of immigrants from countries with undeveloped or limited insurance markets. While consumers often gain awareness of unavailable products through the mass media and global branding platforms, the intangible nature of insurance combined with disparate distribution in global markets makes insurance products a poor fit for the degree of mass advertising that would create high levels of consumer awareness amongst non-purchasing populations. As a result, many newcomers to Canada are unaware of the diversity of insurance products and services available to them to protect their financial assets.

This paper seeks to explore the impact of immigration on the insurance market in British Columbia with a view to understanding how the research in 'international markets' and cross-cultural behaviour can be applied to the insurance industry in British Columbia. It uses a cross-disciplinary approach to apply relevant research in cultural anthropology, cross-cultural studies, and international marketing to British Columbia. The paper is motivated by the statement by noted cultural anthropologist Geert Hofstede, who stated "Insurance is a product of National Values" (Hofstede, 1995) because as British Columbia's ethnic composition becomes increasingly diverse, this statement now begs the question "*whose values? Which values?*"

I have selected insurance as the subject of study as insurance products are obtuse yet complex. This intangible nature means that consumers are influenced by their own cultural preferences, and cultural preferences in British Columbia are changing. The paper does not claim to address all of the issues involved in distributing insurance to a changing population base, rather, it

focuses on several selective aspects from diverse fields of study. Based on the above, the paper seeks to achieve five specific research objectives:

1. compare value differences amongst current and historical immigrant populations that could influence insurance usage,
2. explore the impact of ethnicity relative to immigration in first and second generation Canadians and the impacts this could have on insurance services,
3. apply findings in cross-cultural marketing to British Columbia's insurance marketplace,
4. identify wider social factors that could affect engagement within those communities,
5. consider the implications for policymakers, industry and academic theory.

The paper begins by providing an overview of immigration trends in Canada and British Columbia today, with a historical overview of immigration policy, settlement programs and changing immigrant patterns. It looks at immigration both in the context of country of origin and ethnic profile. The paper provides a clear view of the changing immigrant profile while showing an overall pattern of like ethnicity amongst immigrants. The second section provides an exhaustive review of the Literature from four distinct angles. From the perspective of anthropology, I explore the work of Hofstede's cultural values paradigm as it applies to the leading immigrant source countries of the past and present day. The paper then explores diverging views on the importance of ethnicity as it may influence consumer behaviour irrespective of country of birth. The research also focuses on literature pertaining to ethnic marketing and there

one finds theories regarding *how best* to reach the newcomer, with expanding learning on engaging ethnic subgroups. The fourth section of the paper embarks on a discussion of the research and findings. It explores the gaps identified between policy makers and industry in meeting the needs of the new immigrants and identifies differentiating features of the newcomer in terms of values and exposure to insurance products. The paper concludes with further research recommendations.

2. Population and Demographics

Canada is a progressive nation with rich resources, a high standard of living and a culture that celebrates ethnic diversity. As a comparatively young country, Canada depends on a steady inflow of immigrants to make essential contributions as employees, investors, students and temporary workers. Policy plays a key role in mediating the country of origin and profile of the immigrant to Canada.

There are now over one hundred ethnic groups residing in Canada (Bauder, 2001). The degree of variability differentiates Canada from other nations that receive a high volume of immigrants. The high proportion of *recent* immigrants also differentiates Canada; in 2001 recent immigrants accounted for over a third of the total immigrant population (Statistics Canada, 2006).

Canada's immigration framework is comparatively sophisticated and complex and is negotiated federally and provincially to address 21st Century needs (Bauder, 2001) such as a low rate of population growth or economic investment. Immigration is essential for Canada's longevity, as Canada experienced one of the lowest growth rates in its history during the census-to-census period between 1996 and 2001, with a growth rate of 4% during this period. The census stressed the importance of immigration as the primary

source of population growth and noted that the importance of immigration will continue to strengthen in the coming years (Statistics Canada, 2006).

2.1. Federal Immigration Policy

2.1.1. History and Foundation

Although immigration is now a core component of Canadian society, Canada had relatively open borders until the turn of the twentieth century. During this period, a rapid influx of Chinese immigrants to British Columbia led to the first call for a formalized federal policy, which in this case, aimed to restrict Chinese immigrants to Canada. Prior to this, immigration policy sought only to thwart undesirables, criminals and the diseased.

The revision of immigration policy in 1978 marked a change as the revised Immigration Act recognized the critical role that immigration could play in Canadian society. The Immigration Act of 1978 addressed a much broader scope of objectives than previous policy.

It included economic, demographic, cultural and social goals with specific objectives in terms of refugees and reunification. It also delineated classes of immigrants in terms of economic, investor, and family reunification. Objectives were established in an exhaustive consultation process that included provincial governments, industry, ethnic groups, and non-government organizations. Today, three specific federal agencies oversee the immigration act, and immigration remains a federal directive.

2.1.2. Distribution and Settlement

Canada's immigration framework covers policy, approvals and funding of settlement and integration programs for newcomers. At a provincial level, the practicalities of introducing new Canadians to society are handled through a web of federally funded initiatives that are broad based and inclusive for temporary and foreign workers, international students, sponsorship issues, immigrant health issues and provincial nominees.

2.1.3. Diversity and Immigration: Canada Today

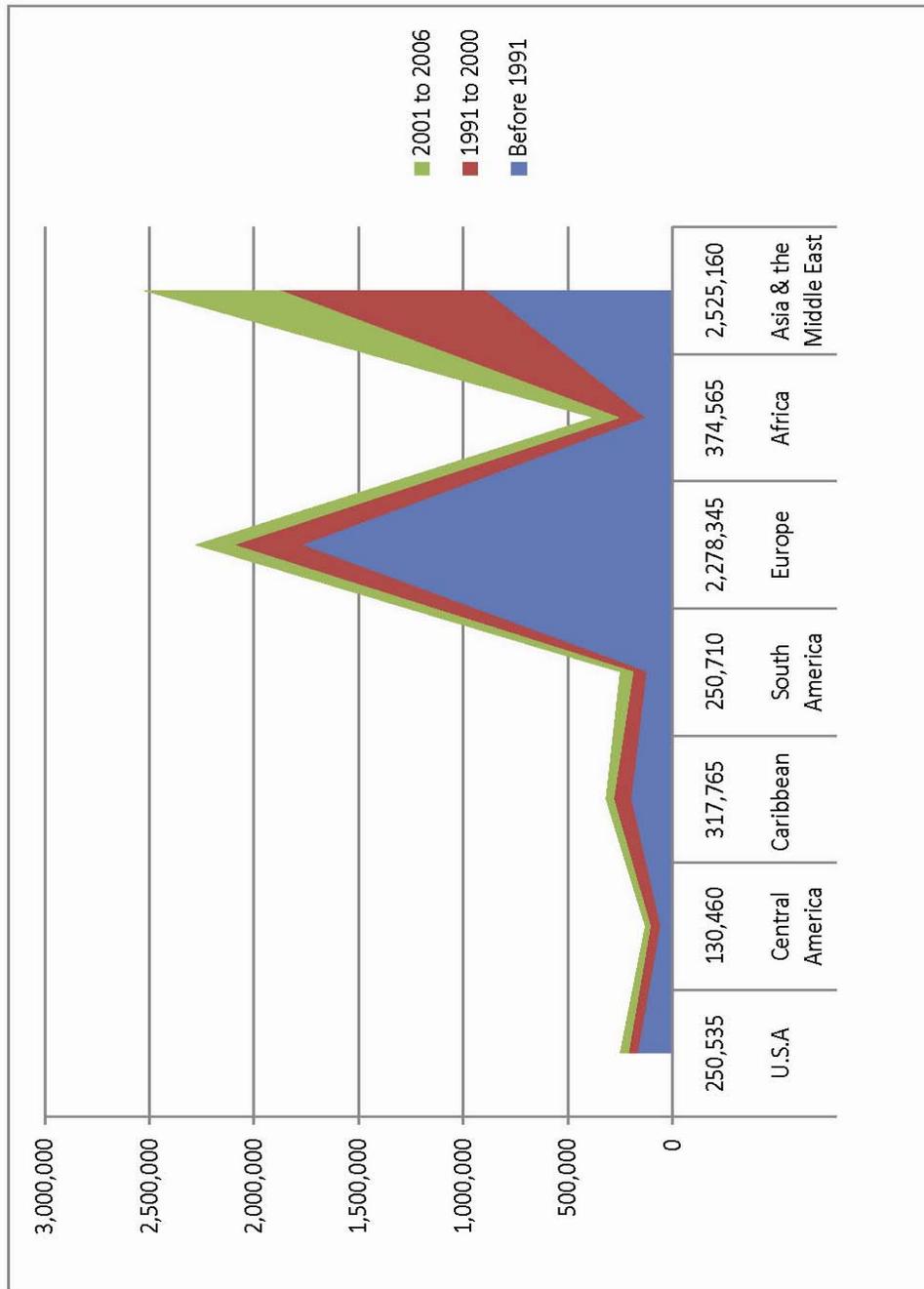
The ongoing evolution of the Immigration Act and the supporting settlement services has created one of the most complex immigration structures amongst advanced Western economies. In the early days of Canada's nationhood, the 1870 census calculated a population of 3.6 million citizens from four primary ethnic groups: British, French, German and First Nations. One hundred and 20 years later, Canada's population of 31 million comes from over one hundred countries. Ethnic minorities now account for up to 30% of the population in Canada's major cities.

This shift in diversity largely took place in the latter portion of the 20th Century. Between 1956 and 1976 and prior to the Immigration Act, over 60% of immigrants to Canada came from the UK and Europe, and 20% arrived from Asia. However, by 2004, only 17% of new immigrant landings were from European nations, while close to 50% of immigrants were from Asia. The

remaining 20% came from Asia and the Middle East combined, and 11% emigrated from the Americas.

Figure 1.

Immigrant landings, Canada, by World Region pre-1991 to 2006



Note. Statistics Canada, 2006.

By the turn of the 21st Century, Canada had truly become a multicultural nation; and the majority of newcomers flocked to Toronto, Montreal or Vancouver. Employment and ethnic diversity spurns migrants to gravitate to larger cities. Vancouver's milder climate and proximity to the Pacific Rim has resulted in a much more concentrated inflow of immigrants from Asian nations than other major Canadian cities and Vancouver's Asian communities continue to thrive.

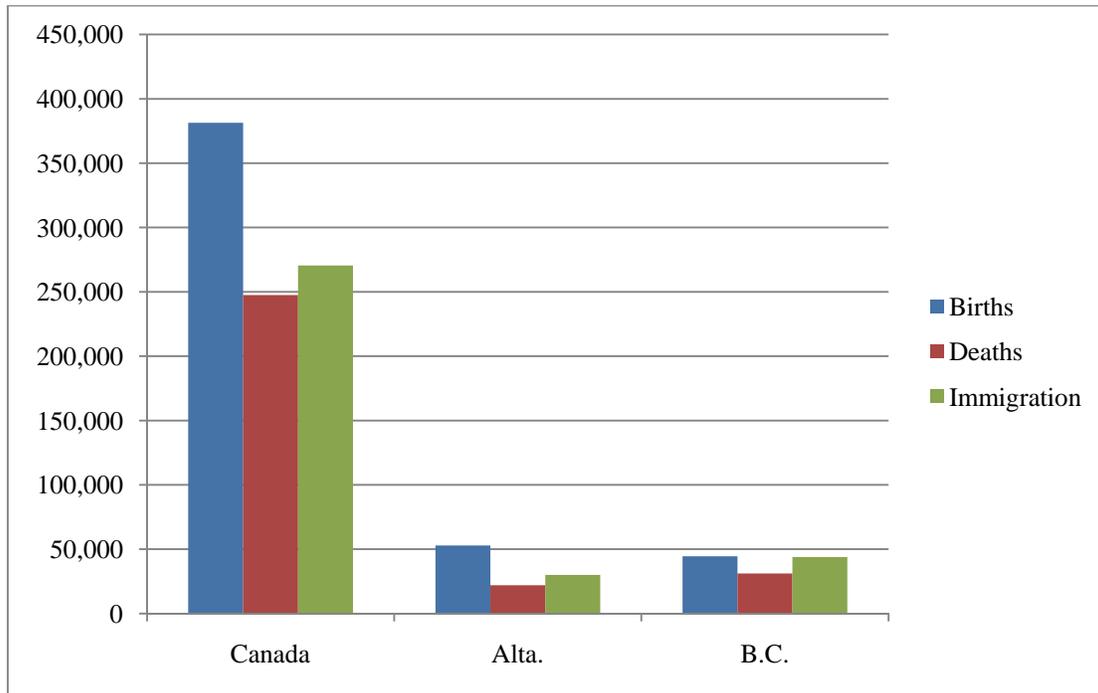
2.2. Policy in Practice: British Columbia

2.2.1. Immigration and growth in British Columbia

Statistics Canada has projected population composition to 2017 in large Canadian cities. They predict that larger cities will become increasingly concentrated with visible minorities; 75% of immigrants will be in Toronto, Vancouver, and Montréal. This high level of concentration in major cities is already in effect. The 2006 Census showed that over 1 million immigrants live in British Columbia, an increase of 14% since the 2001 Census and accounting for 27% of the overall population (BCStats, 2007).

Figure 2.

Components of Population Growth in Canada, Alberta and British Columbia

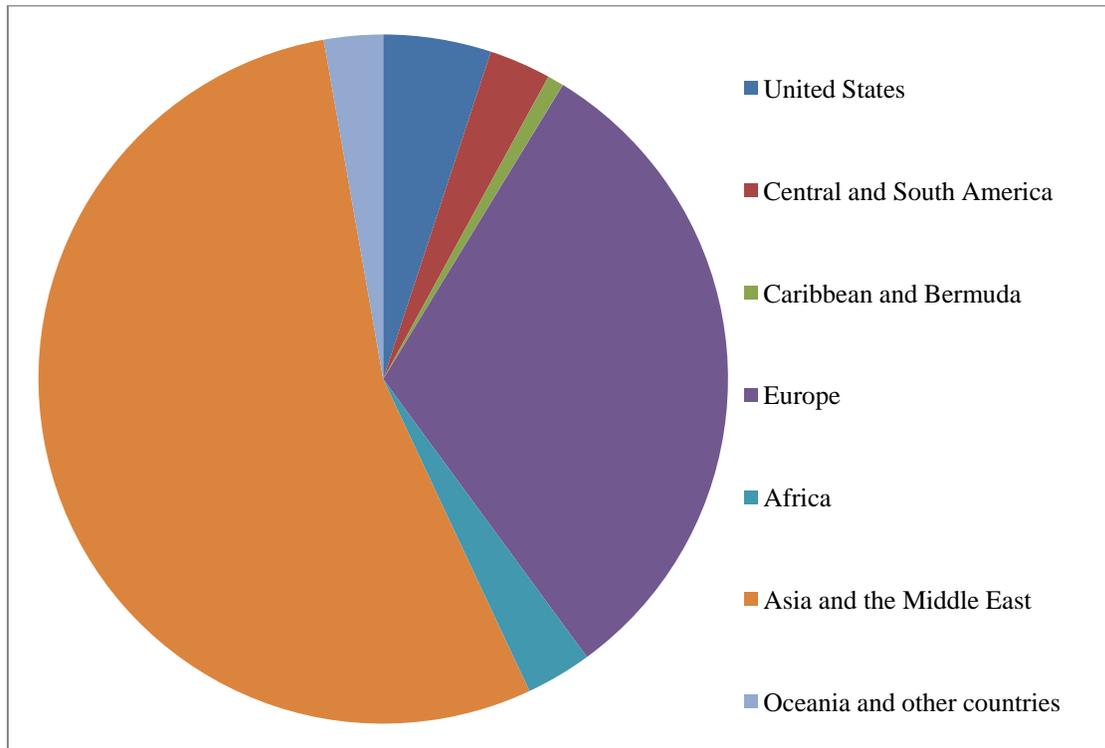


Note. Statistics Canada, 2006.

As noted above, immigrants to British Columbia are migrating primarily from the Pacific Rim and South Asia. Of the B.C. immigrant population in 2006 who were born in Asia, over 30% were from Mainland China, followed by those from India, Hong Kong and the Philippines. Immigrants from China Mainland represented 13% of the total foreign born population in the province. India accounted for 10%, Hong Kong accounted for 7% and the Philippines, 6% (BCStats, 2007).

Figure 3.

British Columbia's Immigrant Population by Place of Birth



Note. Statistics Canada, 2006.

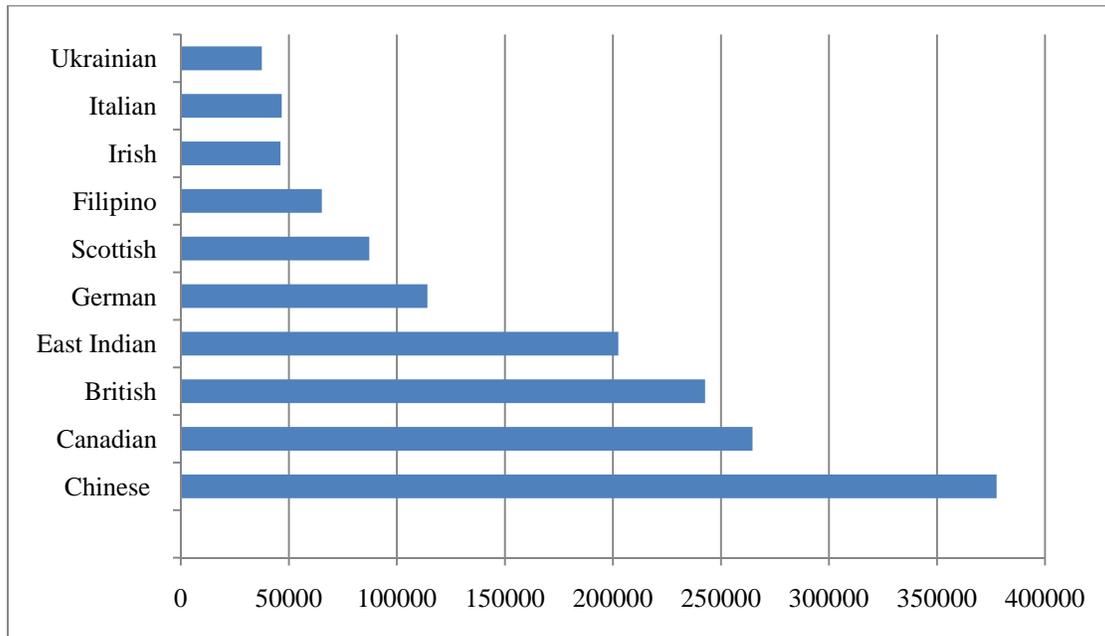
In 2006, over 80% of European immigrants to British Columbia immigrated prior to 1991, while over 60% of Asian born immigrants arrived in the country *after* 1991 (BCStats, 2007).

2.2.2. Ethnicity and Visible Minorities

British Columbia has received high inflows of immigrants over multiple generations. As a result, there is now high level of ethnic diversity amongst the current populous.

Figure 4.

Top 10 Reported Single Ethnic Origins in British Columbia



Note. Statistics Canada, 2006.

“Ethnicity”, per the Census of 2006, refers to the culture of origin of one’s ancestors. The recent rapid inflow of immigrants from diverse Asian nations that share similar ethnicity has directly affected the ethnic profile amongst British Columbians. Amongst British Columbians’ participating in the 2006 Census, a high proportion of British Columbians cited “Chinese” as their ethnicity, whether as a primary ethnicity or as one of multiple ethnicities.

Understanding the changing ethnic origin of new British Columbians and the importance of immigration as a means of population growth suggest that modern British Columbia will continue to evolve and strengthen in its diversity. In this regard, ‘change’ will continue to be a constant. The dynamic nature of a

changing populous is somewhat contradicted by the stability and enduring nature of the modern Canadian insurance industry.

3. The Insurance Industry in Canada

3.1. Overview

With a population of 31 million heavily dependent on immigration for growth, Canada is the smallest of the G7 economies. Though the second largest country in the world, Canada ranks twelfth globally in terms of GDP per capital yet remains the largest trade partner of the U.S. Despite the relatively smaller population base, Canada ranked eighth worldwide in insurance sold 2003, accounting for 2% of the world market (Insurance in Canada, 2010). These world rankings have historically remained stable prior to 2003 and it is assumed that they remain consistent. Canada's insurance market is valued at \$50 billion (IBC) inclusive of both the Canadian market and presence in overseas markets (Bernier & Nathan, 2010).

3.2. History

The history of the insurance industry mirrors the growth of Canadian industry and the global insurance industry. The property and casualty insurance industry was founded and formalized in 1817, prior to the establishment of a banking sector in Canada. Based in Montreal, the first general insurance company was licensed in 1804, followed by the Halifax Insurance Company in 1819. These founding insurance firms were established to meet a need for

marine insurance amongst merchant traders (Bernier & Nathan, 2007). As the flow of trade between the North America and the UK and Western Europe increased, so too did the insurance industry. The general insurance industry (covering property and casualty) grew at a similar pace as Canada evolved from an agricultural economy into industry. Throughout the early part of the 20th Century, the Canadian insurance industry transformed into a core component of the financial sector and industry. Together, the insurance and banking industries became the two primary institutions of Canada's financial landscape. Both are closely mediated by policy, governance and legal frameworks to ensure longevity, transparency, separation, and accountability (Bernier & Nathan, 2007).

3.3. Structure and Governance

Though Canada has a relatively small population base, the structure and regulation of the insurance industry is managed at both a federal and provincial level. Federally regulated insurance firms are the upper echelon of the financial institutions operating in Canada (Insurance in Canada, 2010). This tier includes major domestic banks and national insurers. It also includes foreign insurers active in the Canadian market. The secondary tier exists at the provincial level and includes financial institutions, in addition to provincial insurance funds, pension plans, and mutual funds. These institutions vary significantly from province to province. Provincial government monopolies on specific components of the general insurance industry, such as automobile insurance, exist in several Canadian provinces including British Columbia, Quebec and Manitoba. While the

federally incorporated firms tend to dominate the insurance marketplace, the distribution of insurance product is controlled at the provincial level (Bernier & Nathan, 2007). As a result, insurers must be approved federally and in the province in which they operate. Because the insurance industry is heavily regulated and reflects a 'top down' approach from the federal to the provincial level, there is a limited capacity for the insurance industry to change as a result of changes at the grassroots level.

The general insurance industry is represented by the Insurance Bureau of Canada (IBC) and the Canadian Life and Health Insurance Association (CLHIA), trade associations which work on behalf of members and consumer from an advocacy, policy and regulatory standpoint. The IBC and CLHIA are federal associations, and have offices in each respective province (Insurance in Canada, 2010).

3.4. Products and Services

The current product and service structure reflects the political environment, historical growth trajectory and the consumer priorities of the Canadian consumer. While the industry was founded on protecting against marine and fire disasters in the early 1800s, today, the industry operates two parallel industries which are subject to distinct regulatory bodies, industry management and rules (Bernier & Nathan, 2007). The 'non-life' insurance industry is often referred to as the 'general insurance' market, which is segmented into the 'accident/health insurance' sector and the 'property and

casualty' insurance sector. There are no real substitutes to insurance products, however many policies are legal requirements owing to provincial legislation or banking regulations for mortgages or small businesses. These can vary by province and are subject to change.

This variability means that a 'one-stop shop' approach to education and communication is not possible at the federal level, despite the fact that insurance is federally regulated and controlled. As a result, immigrants arriving to a new province of residence may be exposed to products and services which they may or may not have been exposed to in their home country. Each province may have different requirements for insurance and the immigrant may be required to purchase from a local government corporation. For a newcomer from a country that has had a limited or undeveloped insurance market, this fragmented approach is complex.

3.5. Ownership and Distribution

The ownership structure within the insurance industry is influenced by product and reflects the history and economic origins of Canada. It is also fragmented in line with the 'sub-industries' of general insurance and life/health insurance (Insurance in Canada, 2010).

At the start of the 20th century, 50 companies sold general insurance in Canada. Seventeen were from the United Kingdom, 10 were from the US and 13 were Canadian. Non-Canadian companies dominated the general insurance market. This has changed very little today. ING Canada is Dutch owned, and are

still the most highly subscribed insurer in Canada (Bernier & Nathan, 2007). The life sector differs from the general insurance sector as Life Insurers are largely domestic owned with foreign operations. Saskatchewan, Manitoba and British Columbia are distinct from other provinces as they operate government crown corporations which provide mandatory automobile insurance.

3.6. Insurance in British Columbia

British Columbia's insurance market is the third largest in Canada. As noted above, British Columbia's insurance market is a blend of government owned mandatory insurance and private insurance provision. In British Columbia, the Financial Institutions Commission of British Columbia (FICOM) is the provincial regulatory body which oversees the non-mandatory insurance industry. The government-owned mandatory automobile insurance provider, the Insurance Corporation of British Columbia (ICBC), is not regulated by FICOM. ICBC's pricing is regulated by the British Columbia Utilities Commission but is essentially self regulating. As of March 31, 2005, total premiums in British Columbia were \$5.29 billion, generated from a total of 255 general and life insurers.

3.7. Informing Immigrants: Communications on Arrival

3.7.1. Settlement Services

Settlement services are a critical component of Canada's immigration framework. The mandate for settlement programs is broad, however, the

insurance industry and the products and services of the industry are not a core component of settlement services. While a newcomer will be advised of the legally mandated insurance when purchasing a car or obtaining a mortgage, they may not be informed of products, such as Travel Medical Insurance, available in the general insurance industry. Leading settlement service organizations provide members of the insurance industry the opportunity to discuss insurance with newcomers on an ad hoc basis, however it is not a structured or formal component of settlement services.

3.7.2. Regulatory Bodies

The IBC and CLHIA represent both consumer and industry as a trade association. Both organizations are aware of the changing demographic within British Columbia. In the general insurance industry, adaptations or market adjustments to accommodate or address the immigrant population is left in the hands of industry directly. Noting an extensive network of private distributors within the immigrant communities, the IBC and industry training bodies have developed licensing and training programs directly within immigrant communities to ensure that agents and employees are able to communicate directly with immigrants.

3.8. Changing Insurance Needs: Immigrant Adaptations

Unique needs amongst immigrant populations go beyond language requirements and communication skills. In recent years, immigrant populations

have created demand for products and services to meet their unique needs and situations. Shari'a Insurance in the form of *takaful* was developed to meet the unique requirements of Shari'a law in regards to insurance product in terms of *values*; financial remittances are a key characteristic of the immigrant population, and have driven retail operations, monetary transmission and a micro-industry that facilitates the transmission of money to home countries. Investigation into these two developments show a much-needed market adaptation driven by a rapidly changing population and new market needs.

3.8.1. Value-Based Product: Shari'a Insurance

The development of a Shari'a compliant insurance model represents an evolution in insurance services away from the purely European values that drove the development of the insurance industry (Wahab, Lewis, & Hassan, 2007). Shari'a compliant insurance, *takaful*, developed in Sudan in 1979 in response to criticism of current insurance models from within the community of Muslim scholars; *takaful* was developed to better reflect the values of Islam (Wahab et al., 2007).

In recent years, *takaful* insurance companies have launched in non-Muslim countries to satisfy the needs of some members of the Muslim community. Now available in France and Canada, proponents of *takaful* have an aggressive growth mandate focusing primarily on Gulf States and secondarily on countries with strong Muslim populations (Wahab et al., 2007).

While the European insurance model was fuelled by industrial growth, the modern takaful model is *value driven*, with founding scholars directly referencing the text of the Koran as their rationale for development. They began by identifying the historical depth of the Muslim brotherhood, and the traditions of mutuality as outlined in the Koran. This was validated by numerous historical examples of Muslims protecting their community:

- Compulsory obligation to financially assist the impoverished.
- Merchants of Mecca pooled funds to aid those who had suffered from natural disasters.
- Surety was placed on traders who risked loss because of travelling hazardous trade routes.
- Assistance was provided to families of murder victims.

Takaful proponents criticized many practises within the modern insurance industry as not compliant with Shari'a law (Laldin, 2010; Wahab et al., 2007). Most significant is the very premise of profit-oriented insurance. They argue that interest charges are essentially usurious and profiting from the misfortune of another is not compatible with the values of brotherhood and mutuality (Laldin, 2010; Wahab et al., 2007). Second, they found it essentially problematic that the insurance industry is predicated on the premise of instability. In addition, there is an element of uncertainty in the transaction as the policyholder is not guaranteed a full payout for a claim (Laldin, 2010; Wahab et al., 2007). Third, insurance companies invest their resources as part of the underwriting process and to manage their overall assets. To fully comply with Muslim values those funds must not be investing in funds or companies who support unethical practices

such as alcohol, gambling or other illicit activities. Given the diverse and diffuse methods used to invest insurance funds, there is little opportunity to evaluate whether those funds are appropriate (Laldin, 2010; Wahab et al., 2007).

While the model has been popular in Muslim countries and well received in France and Canada, the very notion of introducing a religion-based financial instrument has resulted in a degree of criticism from some members of the Muslim community (Powell, 2006). Critics have suggested that it represents very traditional aspects of Islam that does not represent the Muslim majority, noting that the scholars who called for a Muslim-oriented financial instrument were highly conservative clerics (Powell, 2006). Others have noted the inherent challenge in ensuring that funds are invested in ethically compliant businesses. The distribution and investment of funds is difficult to trace in modern markets. Further, there is growing acceptance of profitability as part of the Takaful operation. This shows a shift in values from the early criticisms of lead scholars as the industry grows and adapts. Lastly, critics have noted the weaknesses in the distribution and operational aspects of the takaful model. There are currently two dominant structural frameworks that define the takaful business model; both have inherent weaknesses that leave the model vulnerable to revisions.

When we came to Canada, these things were not on the top of our agenda. The first thing was to find shelter, a place to worship, schools for our kids. Financial matters came much later. This is a natural progression for any community. (Nasim quoted in Daw, 2007, para. 21)

Despite the criticisms levied on both philosophical and practical grounds, the tafakul model of insurance serves as an important milestone for the Canadian

insurance industry. It demonstrates that within a new immigrant community there are distinct needs not met by the more traditional offerings of the mainstream insurance industry. It also demonstrates that newcomers will devise solutions to meet those needs.

3.8.2. Needs-Based Product: The Business of Remittances

Remittances are at the centre of research into immigration and migration. I include them in this paper as ‘the business of remittances’ represents a possible adaptation for the insurance industry. More importantly, the growth of remittances strengthens the argument that the financial requirements of immigrants are unique and it is in the best interest of industry to develop a strategy to respond.

Remittances are defined as “the money immigrants send home to family members in their home country”. After foreign direct investment, remittances are often the second largest source of income to developing countries. They are a huge force of capital and big business; the World Bank estimates that in 2005, over US\$167 billion was transferred into developing countries from remitting migrants (Houle & Schellenberg, 2008b). The World Bank also estimates that the real amount is likely 50% higher owing to funds transferred through informal channels that are not traceable such as post offices, community lenders, exchange bureaus or through family and friends. Remittances can be critical components of developing the land, resources and economies of home countries. The leading remittance-receiving countries were India, China, and Mexico (Hernández-Coss, 2005). Canada’s immigrant populations are now

amongst the highest in terms of remitting to home countries and British Columbia is one of the lead provinces for remittances. Among immigrants who remitted, those in Western Canada (British Columbia and Alberta) remitted 16% more than those in Toronto. This is likely attributable to the higher concentration of immigrants from high-remitting countries (Houle & Schellenberg, 2008a).

Transferring funds is highly dependent on the strength and ease of transmission in both Canada and home country. Given the diversity in financial systems amongst Canada's lead remitting countries, there is extensive variability in the means of transmission and in the solvency of the financial institution of the receiving country. Today, this is somewhat eased by extensive global networks of financial institutions and telecommunications technologies that are able to transmit funds. Today, the remitting of finances take place at a speed and volume not comprehensible to earlier immigrants. A small handful of monetary transfer operations have developed their own technology and infrastructure to support this and lead the competitive space (Hernández-Coss, 2005).

Many researches formally distinguish between two primary means of remitting funds. As noted above, the 'informal' mechanism is unregulated and exists at the community level via informal channels. It can include family, friends, and a wide range of service providers in the community. Research into the characteristics of the informal channel reveals an increase in vulnerability and involvement of organized crime. There are no regulatory bodies or government involvement in the informal channel. Specialized money transfer organizations exists in a grey area between formal and informal institutions.

Because of this, the formal channel is seen as comparatively undeveloped by many policymakers and researchers. The formal channel consists of traditional banking institutions that are subject to regulations designed to protect privacy, trace money laundering and control flow of private information. The formal channel is inherently 'safer' for the consumer, but is costly in terms of technology, compliance and manpower. Despite this, remittances are an opportunity for industry to leverage their current infrastructure to develop a service offering for new immigrants (Hernández-Coss, 2005). From the perspective of industry, this could increase a consumer base for additional non-remittances sales opportunities and provide extensive customer data. The World Bank is committed to supporting the growth of the formal channel to maximize the development potential, create transparency, and operate a more secure environment for immigrants as they transfer their funds.

While remittances is formally outside of the insurance industry, the development and needs of the remittance industry helps establish the argument that immigration is changing how and where business is transacted. While the Takaful model demonstrated the need for immigrants to develop a model that met their unique *values*, the business of remittances demonstrates the unique needs of immigrants in terms of *services*. As the following exploration shows, the unique needs and behaviours of diverse populations are consistent throughout the literature.

4. Methodology

Culture is:

the collective mental pre-programming that distinguishes the members of one group or category of people from another. Culture is composed of certain values, which shape behaviour as well as one's perception of the world. (Hofstede, 1995)

As previously stated, the paper uses a cross-disciplinary approach to identify how immigration could influence the British Columbia insurance industry.

The first two research objectives explore changing cultural values and the influence of parental ancestry on one's identity and consumer behaviour. For these objectives, I explored relevant research in the fields of cultural anthropology and cross-cultural studies. The concept of 'ethnicity' broadens the argument by including second and third generation Canadians.

Next, I explore the complex landscape of ethnic marketing and consumer behaviour. This takes many forms as the field is very much in an early state of development and is dominated by countries with singular immigrant populations. Collectively, the findings from the US and Europe provides insight into variability in large ethnic groups and differing patterns based on product or service.

4.1. The Relationship between Cultural Values and Consumer Behaviour

Geert Hofstede's theoretical framework of cultural values was developed in the field of organizational behaviours and human resources in the early 1970s. Since then, it has come to permeate most corners of the cross-cultural literature in psychology, ethnic marketing, anthropology, and management as it demonstrates a correlation between cultural values and behaviour (Hampden-Turner & Trompenaars, 1997; Hofstede, 2001; Nakata, 2009).

Hofstede was employed by IBM during a period of rapid growth and global expansion during the 1960 and 1970s. At the time, IBM was one of the few corporations with employees in a broad cross-section of cultures and countries. This breadth allowed him to develop an extensive research into cultural differences using IBM employees globally. Over 116,000 questionnaires were used in 72 countries and administered in 20 different languages. Hofstede assigned scores for 56 countries, and additional researcher have extended this to 85 countries. His findings were validated against an extensive range of cross-cultural studies from different disciplines. The scores explain variations in behaviour at the country level. They are also said to suggest relative differences between cultures (Hampden-Turner & Trompenaars, 1997; Hofstede, 2001; Nakata, 2009).

4.1.1. Linking Cultural Differences to Consumer Behaviour

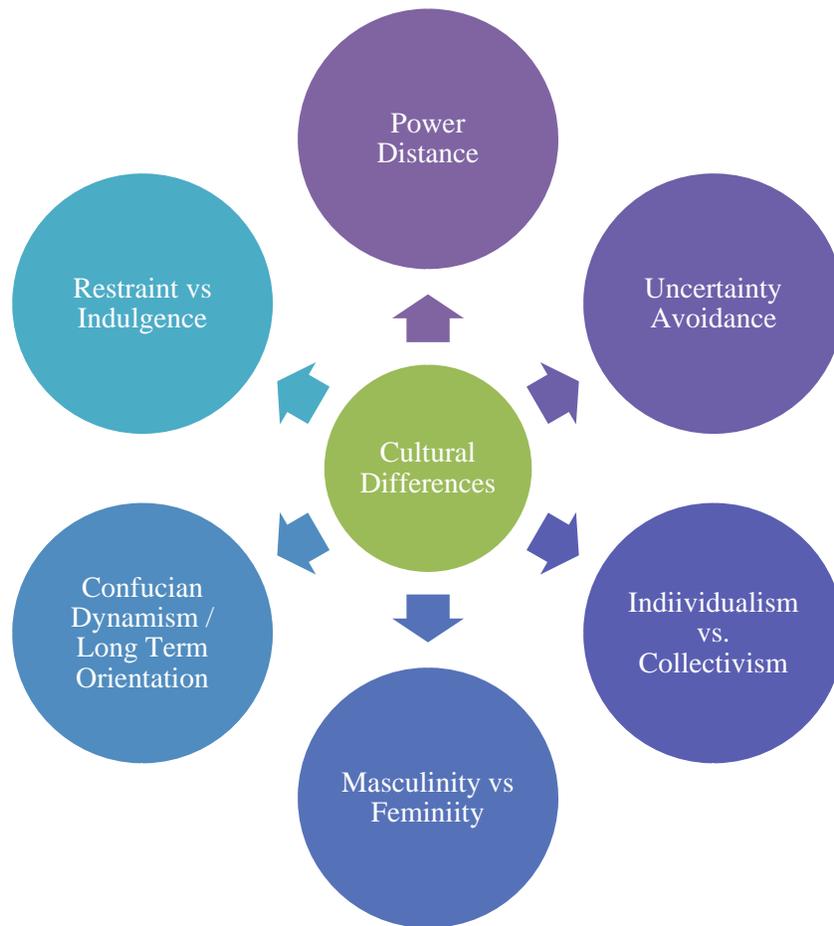
When Hofstede's framework is applied to consumers, it gives researchers and marketers a tool to operationalize culture and predict consumer behaviours. De Mooij married Hofstede's framework to consumer preferences in a wide range of countries, working both independent of Hofstede and directly with him. Her extensive research showed that national culture influences a wide range of consumer product preferences, including volume of mineral water, choice of car type, ownership of insurance, and initiative and interest in home maintenance. She also found that these behaviours are not transient or situational, rather, these differences are stable and become more definitive over time. De Mooij's research proves that national values can be predictive of consumer behaviour at the country level (de Mooij, M., & Hofstede, G. 2002). This is the rationale for exploring the differences in cultural values between different immigrant source countries in British Columbia. Hofstede's framework, when applied to British Columbia, suggests changes in the values of British Columbians.

4.1.2. Explanation of Value Framework

Hofstede's framework includes six cultural 'dimensions' that capture cultural values; each is composed of oppositional values. A country is assigned a score of 1 to 100 based on alignment with one of two polar opposites. Comparing scores between countries on specific values shows where and how countries differ (de Mooij, M., & Hofstede, G. 2002).

Figure 5.

Components of Hofstede's Cultural Values Framework



The first score of Hofstede's framework is the dimension of "Power Distance"; this dimension evaluates the degree of equality and inequality between individuals within a society (Hofstede, 2001). The second dimension is "Collectivism vs. Individualism". This is particularly significant for British Columbia as more and more immigrants are arriving from China, a historically collective society. Hofstede says "Individualism pertains to societies where the ties to the individual are loose: everyone is expected to look after himself or herself and their respective family" (Hofstede, 2001). The third dimension is "Masculinity vs.

Femininity”. This dimension distinguishes between dominant values of achievement and success (masculine) versus nurturing and creating emotional harmony. The fourth dimension is Uncertainty Avoidance. Cultures with low Uncertainty Avoidance scores are typically very rule-oriented societies that are highly structured and have high regard for institutions and control.

Hofstede added two additional values over 20 years after his initial research. Initially named “Confucian Dynamism”, in reference to the high scores amongst ethnic Chinese, the fifth value was later renamed “Long Term Orientation”. A sixth dimension, “Restraint” related directly to a society’s permissiveness in allowing individuals to seek “gratification of natural drives” in terms of enjoying life and having fun (Nakata, 2009).

4.1.3. Application to British Columbia’s Immigrant Populations

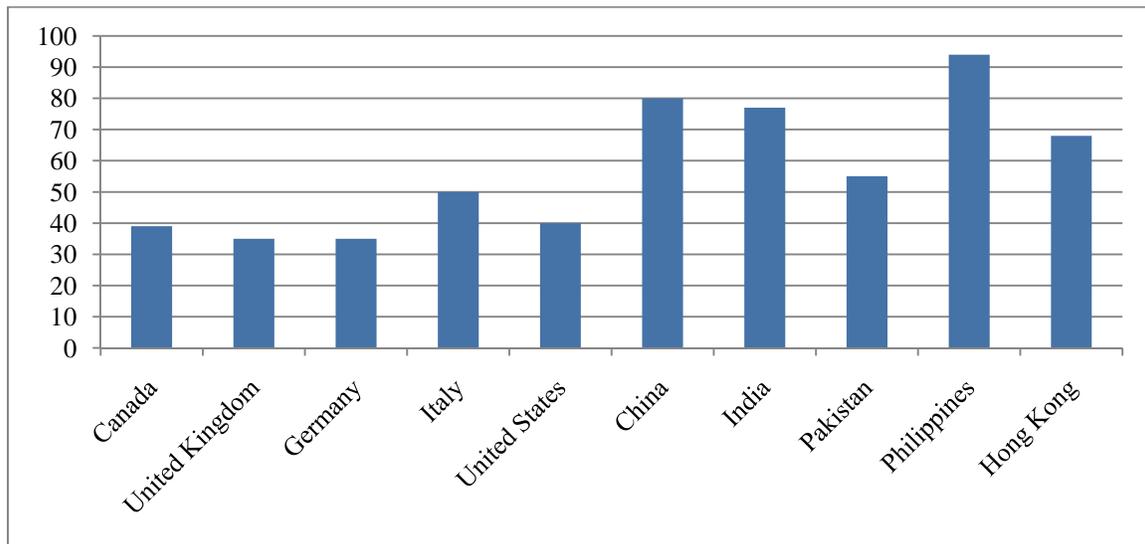
In exploring influence of immigrants on the British Columbia insurance industry, I wanted to explore the value tendencies of the new wave of immigrants relative to previous immigrants. As recent immigrants are largely from undeveloped Asian economies, relative to more culturally similar European cultures, it follows that there would be a measure of value differences between the two groups. Those differences in values would suggest differing consumer behaviours amongst products including insurance products (de Mooij & Hofstede, 2002).

To do this, I took the followings steps. First, the country values from Hofstede’s original research we sourced; this data set provided scores for each of the five of the six value dimensions for 82 countries. The “Masculinity vs.

Femininity” dimension was excluded as it did not add value. The most relevant immigrant source countries to Canada were identified using Statistics Canada Census data (2006), which provided immigrant patterns by country, by province and census period. The leading immigrant countries pre-1991 and post-1991 were selected, with 1991 being the census that captured a shift in ethnicity within the incoming immigrant population (Appendix A). Having identified the relevant 10 countries, I then applied Hofstede’s original data per cultural dimension per country (Appendix B). The first cultural dimension analyzed was the value of power distance.

Figure 6.

Application of Hofstede’s “Power Distance” Value



Note. Statistics Canada, 2006.

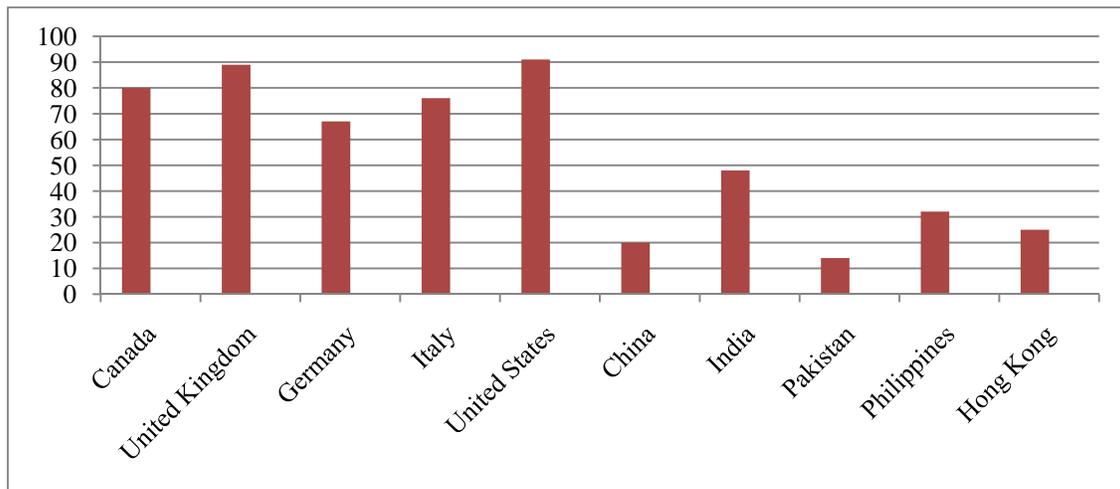
Statistics Canada’s 2006 Census reported that, prior to 1991, lead immigrant source countries included the United Kingdom, Germany, Italy, the

United States and India. Since 1991, lead immigrant source countries include China, India, Pakistan, the Philippines and Hong Kong.

The results demonstrate a sharp distinction between the scores of the five countries which provided the most immigrants prior to 1991 and those since 1991. Recent new Canadians emigrated from countries that have higher Power Scores, suggesting a lower sense of access to authority or less influence.

Figure 7.

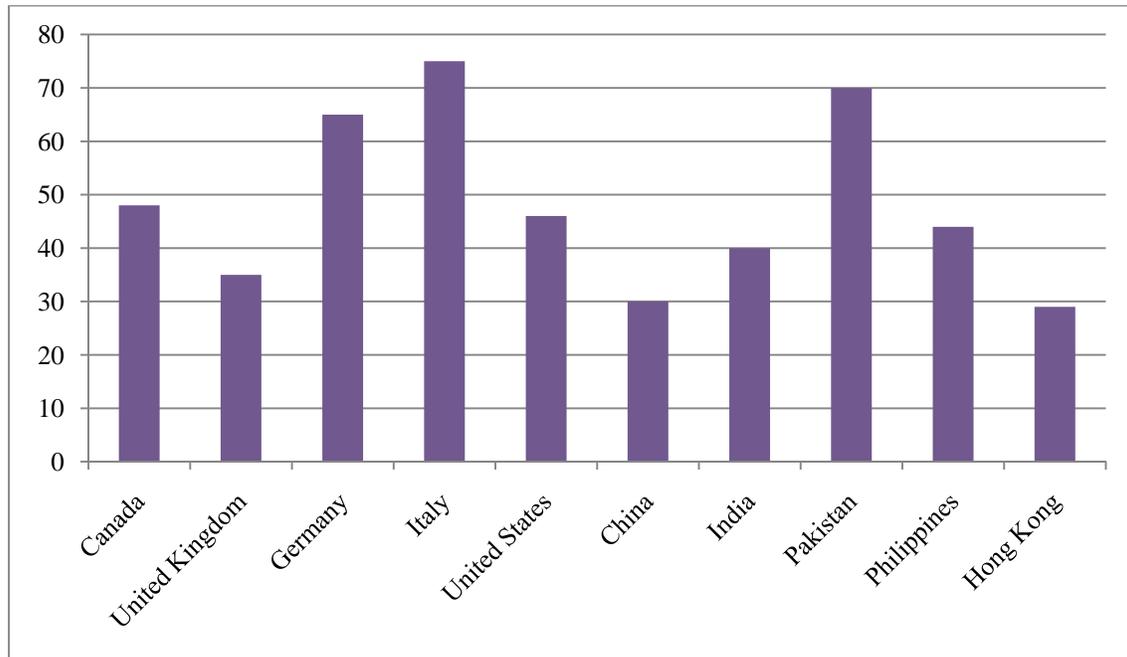
Application of Hofstede’s “Individualist” Value



Canada is now accepting a high volume of immigrants from countries that have traditionally been more collectivist in orientation; the country scores reflect this trend. A high volume of new immigrants are from collectivist countries and are less individually oriented.

Figure 8.

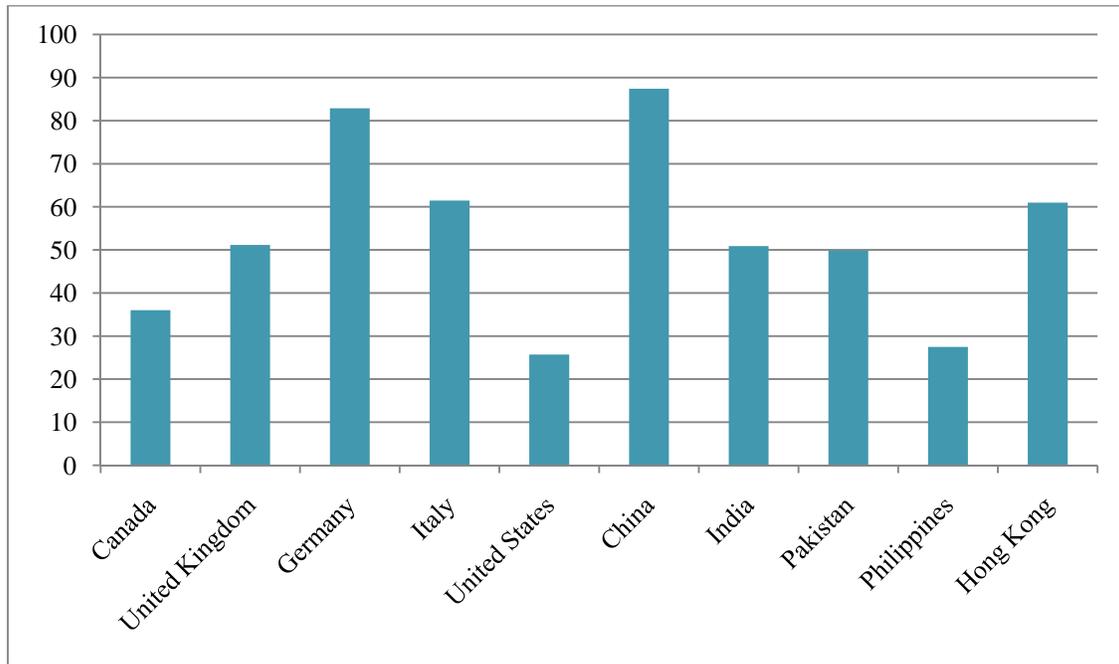
Country Scores based on Hofstede's Value "Uncertainty Avoidance"



China is the largest source country of new immigrants and yet has the highest tolerance for risk. Hong Kong and the Philippines have a higher tolerance for risk and uncertainty compared to Canada, Great Britain and Germany.

Figure 9.

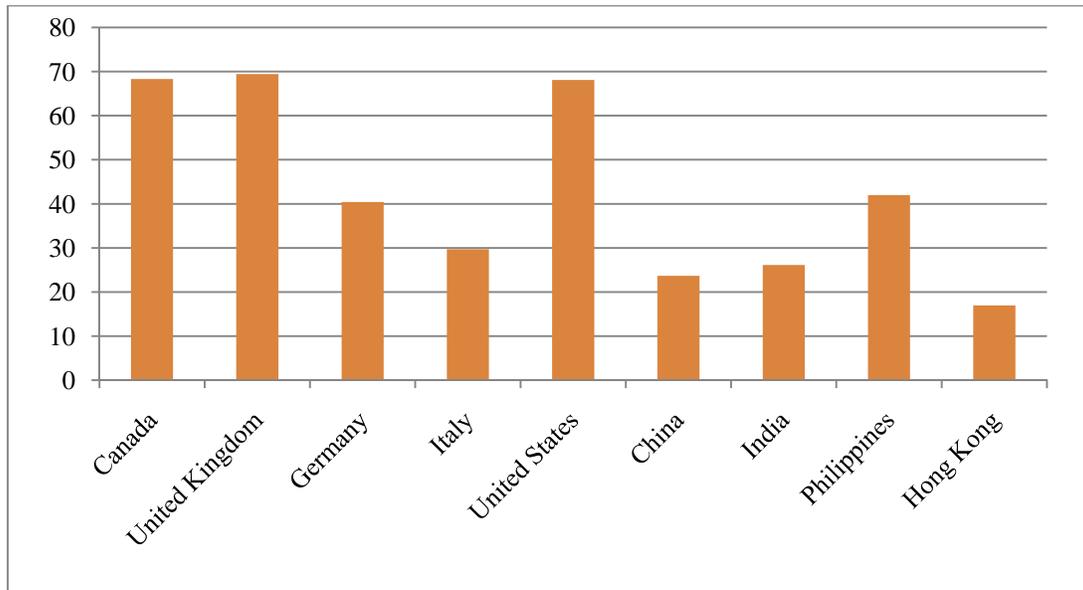
Country Scores based on Hofstede's "Long Term Orientation"



The dimension 'Long Term Orientation' was initially named 'Confucian Dynamism' because researchers identify unique patterns amongst the Chinese community. Unsurprisingly, China shows the highest scores on this value. However, Germany and Italy collectively yield similar higher scores on this value.

Figure 10.

Country Scores based on Hofstede's Value "Indulgence vs. Restraint"



When comparing early immigrant source countries to current source countries, a clear pattern emerges. Current immigrant source countries have a lower tolerance for indulgence and place a higher value on constraint.

In conclusion, application of a selection of Hofstede's initial country scores suggests that the consumer behaviour of current and future immigrants will show some differences from the behaviour of previous immigrants. Two dimensions that would appear to impact consumer behaviour are 'Collectivist vs Individualist' and 'Risk Aversion' as both of these dimensions are tied to the degree of 'self preservation' and risk management. The remaining values do not show a measurable change or discernable result. This will be addressed further in the discussion section.

4.2. Ethnicity and Behaviour

While Hofstede's model identifies preferences based on a collective people of a country, 'ethnicity' is an entirely distinct paradigm and area of research. Recent studies in the field of cross-cultural studies and human resources suggest that ethnicity is much more influential on consumer behaviour than previously shown. This is highly relevant for the British Columbia populous as ethnicity, defined by Statistics Canada as "the culture to which one's ancestors were born", transcends generations. And in British Columbia, the majority of residents are first, second or third generation Canadians. More specifically, Chinese is the dominant ethnicity of 48% of British Columbians, this includes recent immigrants and second and third generation Canadians who were born in Canada.

Recent work into ethnicity is a departure from the dominant trajectory of cross-cultural adaptation. It began in the 1980s and 1990s, as there was considerable attention focused on the manner and degree to which immigrants adapted to a new home country. This was seen as a dynamic process of adaptation and assimilation that is still relevant today (Andaleeb & Anwar, 1996; Ellis, McCullough, Wallendorf, & Chin, 1985; Holland & Gentry, 1999; Jun & Ball, 1993; Laroche, Joy, Hui, & Kim, 1991; Wallendorf & Reilly, 1983). The majority of the literature focused on two variables: the *pace of integration* and *the degree* to which newcomers adopted the values and behaviours of the new home country. Early research put forth that immigrants assimilated in a linear 'chameleon-like' process, gradually "changing colour" into the colours and culture

of their new home. As noted by Penaloza, the 'immigrant is in a state of adaption and accommodation; the immigrant identity is in flux as he oscillates between two distinct value systems' (Penaloza & Gilly, 1999). Research into 'assimilation' quickly gave way to a new theory of 'acculturation' in the 1990s. Acculturation was defined as 'a process that can occur when two or more cultures interact together'. It differs from assimilation by recognizing that individual participation in a new country was neither a linear process nor a given (Jun & Ball, 1993). J.W. Berry proposed four distinct modes to describe the experience of the immigrant as he integrates into society and negotiated a new cultural identity:

1. Assimilation: "Occurs when an individual does not wish to be a part of previous culture and seeks daily interaction/immersion with new culture" (Berry, Phinney, Sam, & Vedder, 2006)
2. Separation: "Occurs when an individual seeks to stay true to previous culture and avoid markers of new culture" (Berry et al., 2006)
3. Integration: "when the individual seeks to maintain one's individual culture while engaging daily with the new home culture" (Berry et al., 2006)
4. Marginalization "when there is little interest in identification with either home or new culture" (Berry et al., 2006)

Berry's research set the stage for additional research into cultural adaption. Edward Chung's research into ethnicity was one of the early studies within the literature. It looked directly at the Chinese Canadian community. His research suggested that ethnicity amongst Chinese Canadians could be largely a self-ascribed identity. He also notes that ethnic affiliation may be more linked to

culture of origin and less a process of linear adaptation (Chung, 2000). Despite this, he rejects that Chinese-Canadians share similar values, and states that those values identified as 'Chinese values' are now equally visible in non-Chinese population bases (Chung, 2000). His findings led to a call for greater research into ethnicity amongst Chinese immigrants.

Within the same decade, two schools of thought began to emerge regarding ethnicity. One school viewed ethnicity as a hard-wired, defined construct. The other began to acknowledge variability in the degree to which an immigrant may define himself as "Chinese" or show variability in a particular ethnic preference at any given time (Arnould & Price, 2006; Burton, 1996; Douglas & Craig, 2011; Ellis et al., 1985; Erdem & Schmidt, 2008; Holland & Gentry, 1999; Kara & Kara, 1996; Laroche et al., 1991; Sekhon & Szmigin, 2009; Torres & Briggs, 2005; Tung & Baumann, 2009; Wallendorf & Reilly, 1983).

4.2.1. Ethnicity and Chinese Canadians

Tung's (Tung & Baumann, 2009) recent research into the influence of ethnicity provides perhaps the most relevant insight into the Canadian populous in terms of the influence of ethnicity. Their research explored attitudes toward money, material possessions and savings amongst groups of differing and like ethnicity. Respondents were from China, Canada and Australia. Their overall research objective was to identify whether the attitudes towards money and savings amongst Chinese Canadians in Canada was more similar to the attitudes of those in Mainland China versus those in Canada (Tung & Baumann, 2009).

The research showed that Chinese Canadians had *more* similarities to their counterparts in China than their non-Chinese Canadian compatriots (Tung & Baumann, 2009). They concluded that this finding:

shows convergence on the basis of ethnicity, thus suggesting that intra-national diversity can be as salient as cross-national differences and highlights the need to examine the effectiveness of 'one size fits all' human resource management policies and practices within a domestic context. (Tung & Baumann, 2009)

This research strengthens the argument for both the inherence of ethnicity and the transcendence of the influence of ethnicity across generations. Their findings differ from those of Chung (2000) as he concluded that ethnicity was possibly a self-ascribed value. As a result of their recent findings, they identify the need for further examination of the 'intra-national' differences between groups (Tung & Baumann, 2009), particularly groups in Canada.

Tung and Bauman's research is unique in that it studies the influence of ethnicity across differing countries. Their research is conceptually supported by studies into generational influence and identity in the UK and Turkey. Both sought to establish whether the offspring of immigrants related to the culture of their ethnic origin or the country into which they were born. The results were similar in both countries, with each showing a preference for a hybrid of both cultures.

First, Sekhon's research into Punjabi Briton community showed second-generation participants consuming products that they felt made a statement about themselves and helped them interact with others from the Asian Indian community. The community of ethnic relevance was not mainstream British

society; rather, it was their peer group with like ethnicity (Sekhon & Szmigin, 2009). The first generation participants confirmed that “being Asian” was inextricably tied to their possessions, possessions being both linked to their migration and an integral part of their identity (Sekhon & Szmigin, 2009). The researchers noted that participants showed immensely complex identities made up of numerous variables, including gender, behaviour and culture. It was difficult to identify which variable or ethnicity could best define them. Based on the multiplicity of ethnic identifications, they concluded that single ethnic stereotypes are not enough and could even provoke feelings of stereotyping. The researchers also discovered that the second generation felt that they continued to balance two cultural identities and two sets of values. Participants also revealed an emotional component, noting that some participants oscillated between inclusion and displacement in both cultures. They concluded that ethnicity is dynamic and differs between generations, particularly the second generation as it is likely to operate on a ‘bicultural value system’, that enables them to participate in both their ethnic culture of origin and in modern Britain.

Studies into the Turkish German population yielded similar results. In the posts-war period, Germany received a large influx of Turkish immigrants seeking short-term employment for economic gain. The researchers sought to evaluate the Turkish population characteristics and historical trends with the objective of identifying consumer patterns, values and adaptations as immigrant Turks integrate into the mainstream German population (Erdem & Schmidt, 2008). Given the transitory nature of the initial relocation, the researchers sought to

evaluate differences in a wide range of life factors including “motivation, life aims, economics potential, language skills and media between the first and second generation” (Erdem & Schmidt, 2008). Their findings suggest major differences between dominant German culture and the Turkish subculture. Erdem identified a distinct ethnic profile amongst young Turks, a profile that includes both traditional and modern values. On the one hand, trust remains a core family value, as does a continuing affiliation with the “homeland” of Turkey and a commitment to developing Turkish language media. On the other hand, the second generation is comparatively affluent and seeks to identify with the products and brands of modern German youth (Erdem & Schmidt, 2008). The researchers conclude that the second generation Turks are an identifiable ethnic subgroup, neither firmly identifying with their parents generation nor integrating fully into the German mainstream (Erdem & Schmidt, 2008).

These findings are relevant to this paper for two reasons. First, they collectively strengthen the case for ethnicity as an influence on consumer behaviour amongst second generation Canadians. In addition, they suggest that a third peer group is highly influential, that of fellow ‘second generation’ peers. The peer group community differs from that of ‘the collective’, but as Burton’s research into elderly Asian immigrants shows, an enduring sense of ‘community’ can directly impact consumer behaviour.

4.2.2. Expecting the Collective: Unchanged Values in the UK Pension Industry

Dawn Burton's research into the popularity of pension plans amongst ethnic minorities provides insight into several distinguishing features within the UK Asian population that are applicable to Canada. Her research showed that voluntary personal pension levels were low amongst elderly Asian population compared to the Caucasian population (Burton, 1996). She discovered clear gender differences within the Asian population; fewer older Asian female participants felt the need to establish their own pension plans (Burton, 1996). Burton then applied Hofstede's terminology to these findings and concluded that "uncertainty avoidance via purchasing a pension in old age is a highly western notion. Asian culture places more emphasis on family help and support, which frequently means having large and extended families as a way of ensuring financial support in old age" (Burton, 1996). She notes that "the emphasis on the collective group is a value system which does not naturally fit the concept of an individual or personal pension plan" (Burton, 1996).

Burton's findings show that immigrants from a collectivist or traditional society may not engage in a financial instrument because they assume they will be cared for by the collective. Her findings also implicitly strengthen the case for the use of the Hofstede framework as it applies to immigrant populations as her application of the 'collectivist' dimension demonstrated which values specifically influenced consumer behaviour.

4.3. Marketing Diversity: Selling to Diverse Populations

The findings of Burton et al demonstrate the importance of understanding how to market to distinct cultural groups and subgroups. Reaching diverse cultural subgroups is the domain of ethnic marketing and international management. To this point, my research has explored the literature from the perspective of cultural anthropology and cultural studies, however, insurance services are a profit-making industry that can benefit from recently acquired knowledge in the field of ethnic marketing and international business. This research is relatively new yet critically important as international markets share important characteristics with the BC population base. First, a rapid change in marketplace took effect in a relatively short period of time. Second, industry initially approached the diverse group as a group of converged consumers, prior to understanding the need for a more divergent approach.

Understanding the shift from 'converging customer' to 'diverging customer' at a global level provides insights that are applicable to British Columbia. The global trajectory followed a similar path; by the late nineties, marketers began to question the homogenous approach to reaching diverse consumers and even began to propose heterogeneity in a single market (Douglas & Craig, 2011). Failures to launch products and services in new markets using old methods began to suggest that not all consumers would respond to messages and products in the same way. More specifically, it began to suggest that different countries and ethnicities had differing product needs and values (Douglas & Craig, 2011) that would influence those needs. Creating cultural context became

critical, consumers needed to trust and understand product *on their own terms*. (Gentry et al., 1995). Sellers needed to speak to consumers in a language that resonated with their core beliefs and values, and reflected their own culture (Douglas & Craig, 2011). Thus, within a single decade, a convergence and divergence of the customer had taken place. Industry's 'one size fits all' approach to reaching a diverse consumer base was replaced by an understanding that each group has unique needs and preferences, and must be addressed in their own language and value set (Douglas & Craig, 2011).

4.3.1. Under One Roof: “Microcultures” within a Dominant Ethnic Community

The concept of developing frameworks to speak to unique language and value sets are supported by Perry's research into unbanked Hispanics in the US. Her findings are applicable to British Columbia as within larger ethnic groups, eg Chinese, there are many populations of different cultural background. Perry refers to these cultural subsets as “microcultures” within a dominant community (Perry, 2008). She began with an exploration of the 25% of Hispanics who did not participate in the US banking system, compared to 11% of the total population. Perry sought to identify non-consumer products (financial services) and the degree to which Hispanic immigrant community differs from non-Hispanic immigrants in their propensity to engage in formal banking institutions (Perry, 2008).

Her case study revealed two findings of relevance for this paper. First, contrary to dominant expectations, she discovered that the Hispanic immigrant is

”more likely to acculturate than assimilate, or replace their culture with the American mainstream” (Perry, 2008, p. 424). She defined ‘acculturation’ in terms of length of time in the US, plans to remain in the US either permanently or temporarily, language use at home, and citizenship/immigration status (Perry, 2008). Second, Hispanic immigrant groups have ‘microcultures’ within Hispanic culture – each microculture having a distinct variability in political and economic structure. Given that “Hispanic” ethnicity does not measure country of origin, and Hispanic respondents can include diverse countries such as Mexico, Cuba Puerto Rico, Dominican Republic or “other” Latin American countries (Perry, 2008).

Perry concluded that differing microcultures might have differing comfort levels that may be attributable to negative experiences had in Latin American countries of origin. She also recommended that institutions and policymakers target those who are less acculturated and newer residents to the US. She identifies unique needs because of their unique circumstances, and notes that the unbanked are accessing these services – outside of the financial mainstream. She advises policymakers and industry to accommodate the unique needs in terms of scope of services required (Perry, 2008). We can directly apply these findings to British Columbia, in terms of identifying unique needs and recognizing the distinctiveness of smaller cultures within larger ethnic groups.

4.3.2. Complexity of Product and Immigrant Usage

Torres provides one of the few studies that is directly applicable to the field of insurance and ethnic markets. He sought to establish the effectiveness and importance of adapting advertising or communication to the target audience (Torres & Briggs, 2005). His findings indicated that strong ethnic indicators are recommended to create favourable response to brands when promoting what he terms 'low involvement services'. 'Low involvement services' are services whereby the consumer does not have to make complex decisions (Torres & Briggs, 2005). Torres concluded that the more attributes that the consumer must evaluate, *the less influence that ethnic marketing has on the consumer*. His findings suggest that customized marketing may not yield desired results when promoting high-involvement services that require more evaluation prior to purchase (Torres & Briggs, 2005).

4.3.3. Ethnic Identification and Ethnic Advertising

Torres's findings also demonstrated the significance of ethnic identification. He found that individuals with a greater degree of ethnic identification had a greater response to ethnic advertising irrespective of the amount of time the immigrant had been in the country (Torres & Briggs, 2005). This refutes the concept of assimilation and acculturation as a key determinant of engagement, and places greater emphasis on ethnicity and ethnic identification (Torres & Briggs, 2005). Of particular significance is the fact that the work of

Torres and Briggs validates the importance of ethnicity *transcending* generations as put forward in the recent work of Tung (Torres & Briggs, 2005).

5. Discussion

The paper applied both a literature review and application of Hofstede's framework with the aim of exploring the impact of immigration on the insurance market in British Columbia. Using a cross-disciplinary approach, I sought to evaluate and apply dominant theory from ethnic marketing, cross cultural studies, and cultural anthropology.

The first of my objectives was to identify major value differences amongst new and old immigrant source countries that could influence insurance usage. To do this, I applied the Hofstede framework as his data set provides raw scores for each of six value dimensions for all of the countries that provide immigrants to Canada as this framework has been proven to be predictive of consumer behaviour. The results of this exercise are mixed; several of the values of newcomers suggest greater likelihood of valuing insurance while several suggest that large groups of newcomers are at ease with higher risk. Despite this, the overall results showed greater conservatism amongst newcomers from 2001 onwards. Conversely, "Risk Aversion" scores lower amongst the incoming populous. This would suggest that the incoming populations from Hong Kong and China are more comfortable with risk as they originate from countries that, as a whole, score higher on risk comfort. In practical terms, insurance is mandatory for vehicles and to secure a mortgage. On the other hand, newcomers may be unfamiliar with Commercial Insurance and more comfortable with the risks

inherent in being uninsured. At the same time, their restrained behaviour would make them a good target for insurance sellers as they likely would have a low claim ratio. It was expected that the value of 'Long Term Orientation' would have high scores within the Chinese populations as it was a 'Confucian' pattern that precipitated the development of this value. Surprisingly, there was no distinct trend or difference amongst new Asian populations or older European populations on this value. For example, the scores of Italy and Germany are directly in line with the scores of Hong Kong and the Philippines. As a whole, the newcomers differ little than previous immigrants, despite this being an originally 'Confucian' value. First, newcomers arriving post-1996 and onwards show much lower scores on the value of individualism indicated a higher value placed on Collectivism. This can be interpreted in one of two ways. On one hand, if we applied Burton's findings, it would suggest that those from more collectivist oriented cultures, and particularly women from those cultures, are less likely to seek means to provide them security from sources outside their own family or 'collective'. At the same time, the absence of a collective or home culture infrastructure could compel newcomers to engage in insurance product to provide that security. Given that the 'collective' is valued, but not present; this could create further demand and create opportunities for insurers to create products and supporting message to address the multiple needs of individuals from a collective culture seeking a safety net.

This aspect of the research suggests that the value differences in immigrant populations could both positively and negatively impact the insurance

industry in British Columbia. It highlights market opportunities amongst those who are from more conservative, restraint-oriented cultures committed to minimizing risk. It could provide a welcome boon of conservative policyholders less likely to make a claim. Despite this, value differences between new and old immigrant populations are not distinct enough to warrant a new direction in insurance nor recommendations to policymakers at a larger scale.

The secondary objective of the research was to explore the impact of ethnicity relative to immigration in first and second generation Canadians. These findings are particularly robust, particularly as they pertain to financial instruments and products. Tung and Bauman's research into ethnicity amongst Chinese Canadians demonstrate the long-standing influence of ethnicity and somewhat dispute the model of immigration as a process of assimilation and acculturation. While the Hofstede paradigm was unable to clearly show influence of country values, Tung and Bauman's research demonstrated that ethnicity effects decision-making amongst consumers. This shows that ethnicity is very much an inherent component of who and how we are. Their work provides an important insight into the driver of influence, ethnicity, and from a market standpoint, it suggests to industry and policymakers that the differences between consumer groups are not limited to time in country or a single generation. It demonstrates demarcations of values that are transcendent, and provides a starting point to address how we differ.

Their work is implicitly supported by the case studies of Turkey and Germany that show a second generation trying to balance the needs of old with

the needs of new. These studies suggest a next step in terms of the influence of ethnicity as both of these studies explored consumer products but neither explored financial products. There is perhaps now a gap in the literature in terms of confirming whether Tung and Bauman's recent findings are applicable to consumer product and insurance. Until this potential gap is addressed, one could argue that *certain* decisions or judgements may evoke a response more in-line with one's parents or traditional values but not all decisions will evoke a response more in line with ethnicity. The research would also benefit from greater exploration into 'degree of identification' from within the first and second generation community. Are there some values which transcend generations and some that evolve or are more negotiable?

The importance of ethnicity is supported by the studies into ethnic marketing. Industry and policymakers would strongly benefit from developing a strategy to address microcultures while acknowledging a different political and economic history. In many cases, the microcultures of a single ethnicity will have experienced political tensions between their own communities, such as those from Mainland China relative to Taiwan and Hong Kong. Given this, there is often inconsistency in how ethnic groups are defined within the academic literature. And as first and second generations meld, it is unclear where one subgroup ends and another begins. Ultimately, the research into the importance of ethnicity established a starting point for industry and policymakers to address differing values and behaviours – and has much more relevance in terms of

market segmentation than country of origin or patterns of values amongst distinct countries.

In reviewing implications for the business community and insurance industry, Perry's research showed that despite a shared ethnicity, microcultures of that ethnicity will respond based on their prior experience with an institution of corporate in their home country. This is an important consideration and point of differentiation that must be addressed prior to developing an ethnicity-focused platform. As the Takaful model demonstrates, differing values and expectations from institutions may exist between cultures. Perry's advice that policymakers pay attention to unique needs amongst less acculturated and newer residents is also applicable to BC. She advises policymakers and industry to accommodate the unique needs in terms of scope of services required, this could also be applied to unique products that could be developed to meet the needs of the newcomer. In practical terms, a pro-active approach to unique product needs would reduce the need for immigrant communities to develop their own product.

Torres findings regarding product complexity and ethnic communication suggest that the insurance industry could better meet the needs of the new immigrant by developing a product-led communications platform based on product complexity. Given that products which require greater analysis are least influenced by ethnic markers, industry may not benefit by ensuring communication strategies are in local languages or resonate with the local community. It may be prudent to identify low complexity products for communication strategies in local language, while retaining English language

communication and marketing for products or services with greater complexity.

While the language of product description may be less essential, the overall producer or supplier will have a greater likelihood of gaining the trust of the immigrant or non-acculturated if they have either direct or indirect referral from within the immigrant community. To summarize the findings from the business literature, a broad range of findings in international and ethnic marketing are directly applicable to the BC market. They include a recommendation to identify smaller 'microcultures' within a more dominant ethnic group and to seek and address differences in trust factors and product needs based on differing countries of origin and degrees of complexity.

The research also aimed to identify wider social factors that may influence engagement and participation in insurance services within a new country. As Burton's research suggested, there are gender differences that may preclude women from volunteering to purchase products that serve a function traditionally carried out by a collective unit or family. The issue of gender and immigration was not explored in this project however the literature would suggest that there is considerable opportunity to explore the issue of gender further, particularly given the importance of values that are multi-generational.

This paper has been written on the assumption that consumer behaviour is a blend of conscious and unconscious behaviour, influenced by home country values and new. Beyond being influenced by unconscious values or prejudices, there is exceptional variability in the degree of exposure based on market size and market evolution. Nowhere is this more visible than within the ethnic Chinese

communities. Here, one could interpret a clash between theory and practicality. On one hand, the extensive literature on the importance of ethnicity suggests that the Chinese communities and Chinese Canadian communities would have similar responses and engagement with insurance products and services. On the other hand, within the “ethnic Chinese” communities, there is exceptional variability in basic exposure and experience to insurance products and services. More specifically, insurance products and services have only been available in China since the late 1990s. Torres’s research into microcultures would suggest that those from Taiwan, Hong Kong and China would have immensely different views and experiences with institutions that provide insurance. These views could be highly influential. Likewise, exposure to transparent, accountable organizations would be of greater benefit. Industry would be wise to address the need to build trust and to communicate the solvency and trustworthiness of their organizations.

The research yielded diverse results for policymakers, industry and academic theory. From a policy standpoint, policymakers would be wise to extend their reach into private industry to ensure that they are meeting the needs of the new immigrants with education and product enhancements that address the needs of those with no experience or exposure to an insurance market. An education mandate or communications program would address variable levels of knowledge. Though settlement services provide many of the tools needed to adapt to a new society, many new immigrants are now arriving from countries that do not share the same economic infrastructure as the European nations on

which Canada's economy was modelled. Those leaving behind a support structure or 'collective' may be at a distinct disadvantage and / or less likely to engage. Policymakers cannot assume that the institutions that define Canada are relevant, trustworthy or developed in the nations from which Canada now receives the majority of immigrants. Policymakers would be prudent to explore the issue of gender and inclusion/engagement in financial services.

The implications for industry are less clear. The overwhelming importance of ethnicity was demonstrated by the work of Tung and Bauman, Penaloza, and Perry. They demonstrated a 'convergence' of values based on ethnicity and yet suggested greater study into the 'divergences' within that ethnic make-up. It is critical that industry does not employ a blanket policy or communications platform to address a single ethnic group. Rather, cultural sensitivity is required to avoid stereotyping and to recognize subtle differences between 'microcultures' within a dominant ethnicity. In terms of planning and development, industry would also be prudent to have a pro-active approach by anticipating the needs of newcomers who arrive without a support structure – and approach each newcomer segment based on their immigration status and need. A short-term student will have a different level of needs from a domestic employee remitting earnings to the Philippines. These are the lessons from the Takaful market and remittances industry. While neither presents a serious threat to industry at this time, their evolution demonstrates that specific immigrant communities will seek to develop products and services that meet their needs and values.

The implications for the academic community are significant. First, there is a scarcity of literature pertaining to insurance services and immigrant communities. The available research focuses on financial services and banking, and while sharing a key trait of 'intangibility', the product is fundamentally different as it is abstract and complex. Second, the literature that investigates ethnicity and immigration is overwhelmingly oriented towards the US Hispanic population. There is also an absence of literature that speaks to multiple ethnicities, rather than exploring how a single ethnic group may function within a dominant culture. Third, the overwhelming use of the Hofstede paradigm within the literature is challenging in that his data was collected prior to major economic and political changes in two countries which lead as immigrant source countries, India and China. Both now have much more open markets and political movement. Given the sheer rate of change in both those nations in the past decade, it follows that the value scores of both those nations may already be out of date. Critics of his framework note the challenge in operationalizing culture and demonstrating genuine difference that is applicable at a market level. My own challenges in applying the Hofstede framework suggest that while a portion of values may differ significantly, the value of the paradigm will be in understanding which values affect consumer behaviour the most. There is a scarcity of literature to support the application of Hofstede's framework to consumer products in real terms. These weaknesses were in sharp contrast to the robust case made for the importance of ethnicity.

6. Conclusion

The project began with the premise, “insurance is a product of national values” followed with the questions “*whose values?*” and “*which values?*”. It also sought direction on whether this was an ‘immigrant issue’ or indicative of a broader issue outside of the scope of an insurance product or service.

The insurance industry faces challenges as increasing newcomers are arriving from countries with limited exposure to a broad insurance market and a lack of knowledge of what is an inherently complex and obtuse product. While insurance is mandatory in terms of healthcare, mortgage insurance and automobile coverage, the general insurance market in Canada depends on consumers seeking to protect their assets. If consumers are unaware, unexposed or not communicated to in an effective way, they may not participate in the market. And while the industry is heavily regulated, there is no specific industry response or plan to accommodate and address a changing populous. This is likely due to this being seen as a competitive issue that is addressed at the market level. In addition, the heavy concentrations of migrants in major cities is a provincial occurrence, while industry policy is developed for all provinces.

The paper found that several of the constructs used to evaluate culture and assimilation are a challenging fit for modern British Columbia. Based on the research, one could conclude that time in country, or even immigration status, is

less relevant than one's overall ethnicity. In this case, "Insurance is a product of national values" *of one's ancestors*...While converging in terms of ethnicity, the project identified a need to re-evaluate how the academic community defines, identifies and measures ethnic and immigrant subgroups within the Canadian populous. Without this, industries such as the insurance industry will have little academic or cross-cultural research to draw on. The research demonstrated that the issue of 'national values and insurance' is more than 'an immigration issue' as it extends beyond the immigrant community and beyond the boundaries of the insurance industry. Despite this, the insurance industry must acknowledge and plan for a changing populous at the federal and provincial level, in the interest of newcomers and industry growth. The insurance industry of today is very much a product of *Canadian* national values; values that celebrate diversity, tolerance, and the essential contributions made by Canadians new and old.

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Appendices

Appendix A.

National Dimension Scores of Leading Immigrant Source Countries

Cultural Dimension:	Power Distance	Individualist vs Collectivist	Masculinity vs Femininity	Uncertainty Avoidance	Long Term Orientation	Restraint vs Indulgence
Canada	39	80	52	48	36	68
China	80	20	66	30	87	24
Germany	35	67	66	65	83	40
Great Britain	35	89	66	35	51	69
Hong Kong	68	25	57	29	61	17
Italy	50	76	70	75	61	30
Pakistan	55	14	50	70	50	0
Philippines	94	32	64	44	27	42
U.S.A.	40	91	62	46	26	68
India	77	48	56	40	51	26

Note. Data collected from Hofstede (n.d.).

Appendix B.

Canada's Immigrant Population, by Place of Birth and Period of Immigration, Census 2006

	Total immigrant population	Period of immigration		
		Before 1991	1991 to 2000	2001 to 2006
Immigrant population	6,186,950	3,408,415	1,668,550	1,109,980
United States	250,535	168,840	42,925	38,770
Central America	130,460	62,100	45,080	23,275
Caribbean and Bermuda	317,765	200,735	82,045	34,985
South America	250,710	127,730	61,645	61,330
Europe	2,278,345	1,777,195	322,630	178,525
Western Europe	424,640	346,275	45,945	32,425
Eastern Europe	511,095	270,650	147,875	92,565
Southern Europe	698,085	586,540	85,950	25,590
Italy	296,850	289,815	4,760	2,270
Other Southern Europe	401,235	296,725	81,190	23,315
Northern Europe	644,530	573,720	42,865	27,940
United Kingdom	579,625	515,135	38,830	25,660
Other Northern Europe	64,900	58,585	4,030	2,285
Africa	374,565	136,235	121,115	117,215
Western Africa	48,640	10,070	18,645	19,930
Eastern Africa	129,925	59,150	39,960	30,810
Northern Africa	134,505	43,875	41,785	48,845
Central Africa	22,410	3,640	7,935	10,830
Southern Africa	39,090	19,500	12,790	6,795
Asia and the Middle East	2,525,160	898,750	979,185	647,225
West Central Asia and the Middle East	370,520	119,050	144,595	106,870
Eastern Asia	874,365	293,560	365,520	215,280
China, People's Republic of	466,945	133,905	177,925	155,105
Hong Kong Special Administrative Region	215,430	107,925	100,075	7,430
Other Eastern Asia	191,995	51,725	87,520	52,750
Southeast Asia	560,995	280,415	180,355	100,230
Philippines	303,190	107,760	117,550	77,880
Other Southeast Asia	257,800	172,650	62,805	22,345
Southern Asia	719,280	205,720	288,715	224,845
India	443,690	156,830	157,715	129,140
Other Southern Asia	275,590	48,895	131,000	95,700
Oceania and other ^a	59,410	36,825	13,925	8,655

^a 'Other' includes Greenland, Saint Pierre and Miquelon, the category 'Other country,' as well as immigrants born in Canada.

Note. Table adapted from Statistics Canada (2006).