Global Entrepreneurship Monitor

2014

GEM Canada Report on

Youth Entrepreneurship

2017 GEM CANADA REPORT ON YOUTH ENTREPRENEURSHIP

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For this report, "youth" are considered entrepreneurs aged 18-39 years old. This definition is consistent with the parameters provided by Futurpreneur: the only non-profit organization that supports aspiring youth business owners in Canada working at a national level.

The goal of this document is to help policy makers, practitioners and educators recognize the value that youth entrepreneurs bring to Canada.

Entrepreneurial experience and/or education can help youth develop new skills which can be applied to other challenges in life including: opportunity recognition, critical thinking, resiliency, decision-making, teamwork, and leadership.

Youth entrepreneurship has benefits for the overall health of the economy and can be promoted through targeted policy intervention.

Why GEM?

The Global Entrepreneurship Monitor (GEM) Project is widely recognized as the most comprehensive longitudinal study of entrepreneurship in the world. Uniquely, GEM paints a portrait of the individual entrepreneur in terms of attitudes, activities, and aspirations. It also permits a more detailed demographic breakdown of how factors like age, education, gender, region, ethnicity, and sector participation, play a role in Canadian youth entrepreneurship.

Report Findings

ATTITUDES

Overall, Canadian youth see entrepreneurship as a good career choice, associate it with high status, and think it is awarded favourable status in the media.

Over the last four years Canadian youth's perception of opportunity to start a business has decreased slightly, while at the same time their belief that they have the skills and experience to be an entrepreneur has increased.

ACTIVITY AND MOTIVATIONS

Total Early-Stage Entrepreneurial Activity (TEA) - While Canadian youth TEA and established business rates are high (over 14% in the last four years), they track slightly lower than the overall Canadian population. Nevertheless, more TEA was observable in 2016 for the youth cohort (i.e. they represented a larger sample size overall). The rate of established businesses is also on the rise.

Motivations: Canadian youth entrepreneurs tend to be drawn to entrepreneurship because of opportunity. However, as Canada recovered from the recession in 2015, the youth entrepreneurs surveyed saw less opportunities and were driven slightly more by necessity. In addition, since 2014 there has been an increase in respondents choosing greater independence as a motivation, with less youth identifying personal income as their core motivator.

Funding: Personal savings is the primary source of Canadian youth entrepreneur funding, at a rate of almost 60%. Additionally, the number of youth angel investors is increasing most of whom are contributing capital to either a close family members' business venture or that of a friend or neighbour.

Discontinuance: Positive factors such as another opportunity, selling the business, planned phase out, and /or retirement make up about 46% of why youth are leaving their entrepreneurial ventures. Negative factors such as the business not being profitable, encountering financial issues, and government bureaucracy, constitute about 27% of the discontinuance rate.

DEMOGRAPHICS

Age: Age clearly plays a role in the total TEA and established business rates for Canadian youth entrepreneurs. The 25-34 year age category shows almost an equal amount of early and established businesses and this cohort represents almost half of both these business rates in Canada. The total TEA still shows solid representation within the 35-39 age cohort (38%).

EXECUTIVE SUMMARY

Education: Canadian youth entrepreneurs are highly educated. There does not appear to be a large difference in educational level by age. Almost 80% of all three age groups (18-24, 25-34, 35-39) over the four-year period had either a secondary diploma or a post-secondary degree.

Gender: There is a gender gap for youth entrepreneurs. Female Canadian youth tend to exhibit less confidence with their skills and experience and higher levels of fear of failure than their male counterparts. The gender gap in more pronounced for youth in established businesses than it is for TEA. Youth participation in established businesses is increasing for both genders.

Region: Ontario and Alberta distinguish themselves as hubs for youth entrepreneurship.

Ethnicity: Canadian youth entrepreneurship has a slightly stronger visible minority presence than might be expected. However, Indigenous groups are underrepresented.

Sector Participation: Consumer services form the largest share of Canadian youth entrepreneurship initiatives, with business-oriented services being the second most important category for all age ranges. On average, young entrepreneurs (18-24) will be entering consumer oriented services. The next cohort (25-34) are more often found in transformative industries than entrepreneurs from other age groups. In the oldest cohort (35-39), business oriented services follow consumer oriented services more closely.

ASPIRATIONS

Job Creation: Overall, Canadian youth entrepreneurs are optimistic about the future and not aiming exclusively for sole proprietor businesses. Aspirations for significant growth (6-20+ employees) changes from the present base of 18% to a target of over 35% in five years. In the context of job creation, there are few significant differences between the youngest cohort (18 -24) and the next age group (25 – 34). At the 20+ level of aspirations, the younger group appears more ambitious.

Over 50% of Canadian youth entrepreneurs have some expansion plans with 4% describing this expansion as “profound”.

Export Orientation: Canadian youth entrepreneurs are slightly more motivated to export than the overall Canadian population surveyed. The majority of firms plan for a small but identifiable export market. One quarter of firms plan for a significant role for exports.

Product Novelty: Over 17% of TEA youth entrepreneurs believe their product or service is novel to customers, but fewer are convinced they face no competition from parallel products or services (over 11%). The levels of perceived innovativeness among these younger entrepreneurs is good compared to other Canadian studies.

Technology Use: The majority of TEA youth entrepreneurs do not report use of newer technologies, and their technology usage patterns are comparable to previous Canadian studies.

RECOMMENDATIONS

There are many areas where Canadian youth entrepreneurs are exceeding expectations in comparison to their global counterparts and the broader Canadian adult population. There are nevertheless places for improvement. Below are some key suggestions emerging from the report's findings.

1. Take advantage of positive perceptions about entrepreneurship as a good career choice, deserving of high status, and well represented in the media to further build a culture of youth entrepreneurship in Canada.
2. Consider additional funding opportunities and supports for youth entrepreneurs and youth investors. This report shows that almost 70% of financing comes from personal sources (savings and family income). It also demonstrates that youth angel investors are committing their funds to personal networks.
3. Provide support for underrepresented groups that may need more help building their entrepreneurial capital. Two that were particularly noticeable within this report were Indigenous youth entrepreneurs and female youth entrepreneurs.

4. Offer targeted programs that aim to capitalize on the different strengths of the youth demographic by cohort.
5. Collect additional baseline data on youth entrepreneurship attitudes, activity, motivations, and aspirations with a specific focus on youth immigration.

Introduction

CHAPTER 1

This report offers a perspective on youth entrepreneurship which represents a significant component of the Canadian population, over 30%.[1] Globally, Canada's youth demographic is an area of policy significance since Canada has one of the youngest populations in comparison to its general counterparts: the G8 countries.[2]

The goal of this report is to help policy makers, practitioners and educators recognize the value that youth entrepreneurs bring to Canada. This document will provide information that can guide efforts aimed at equipping youth with the capabilities they need to launch and run their businesses and create environments within which their ventures can thrive.

This analysis is based on the Canadian surveys (2013 – 2016) of random samples of the adult population (balanced for gender and age distribution) using the methodology of the Global Entrepreneurship Monitoring (GEM) Consortium. This approach has been used in more than 65 countries representing at least 90% of the world economy.

The GEM Adult Population Survey (APS) investigates the attitudes toward entrepreneurship of the general population and, more specifically, the perceptions, activities, and aspirations of individual entrepreneurs. In doing so GEM studies differ from most other sources of information about entrepreneurship that are based on firm level data. More specifically, GEM probes the individual, focusing on their role as an entrepreneur within the Canadian 'ecosystem'.

[1] For example, according to Statistics Canada (2017) recent data the the following cohorts: 15-19, 20-24, 25-29, 30-34 and 35-39 represent approximately 33.1% of the entire Canadian population. Source: http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo10a-eng.htm

[2] See: http://www.statcan.gc.ca/pub/91-003-x/2014001/section01/07-eng.htm

CHAPTER 1 What is youth entrepreneurship and why measure it?

The desire and realization of youth starting businesses is not a recent phenomenon but as an academic research topic it is still relatively new. Some helpful and often cited sources on this topic include Chigunta (2002)[3] who categorizes youth entrepreneurs into three (transitional) phases:

- Pre-entrepreneurs (15-19 years)- A formative stage in which youth transition from the home or education into the work world;
- Budding entrepreneurs (20-25 years)- A mid-level stage in which youth have gained experiences in the business world, and have at least three paths they may take (remain stuck in marginal activities, discontinuance, or achieve success running a business); and,
- Emergent entrepreneurs (26-29 years)- A stage in which youth are more mature entrepreneurs and are likely to continue with their ventures.

Instead of focusing on an "age and stage" approach, Lewis and Massey (2003) offer a general diagnostic framework classification for young entrepreneurs that depends on the level of readiness (level of skill and/ intention).[4] They propose at least four potential groups of entrepreneurs. 1) pre-enterprise (those who exhibit low readiness and low intention), 2) enterprisable (those who exhibit high readiness and low intention), 3) enterprise aware (those exhibit high intention and low readiness) and, 4) enterprising (those who exhibit high readiness and high intention). Each of these phases requires different interventions from a policy perspective.

Categorizations such as those presented above demonstrate the value of thinking of entrepreneurship in stages. A pipeline, or phases, approach to entrepreneurship is key to the GEM methodology (see below), thus making it an ideal source to better understand the youth demographic. GEM data considers both the activities of entrepreneurs (as highlighted by Chigunta) as well as their skills and aspirations (which are key to Lewis and Massey's framework).

[3] Chigunta, F. J. (2002). Youth entrepreneurship: Meeting the key policy challenges (pp. 1-34). Education Development Center.
[4] Lewis, K., and Massey, C.I. (2003). Youth entrepreneurship and government policy. New Zealand Centre for SME Research, Massey University.

In recent years, GEM data has been used to explore the role of youth in both a national (especially African countries)[5], regional[6], and global context[7] . Canadian data was not included in these reports, but they offer some interesting comparisons.

Youth entrepreneurship has become a focus in the literature because it has been acknowledged that a growing pool of unemployed youth can have negative economic consequences. Moreover, young people more often self-identify as "self-employed".[8]

In 2012, a special research effort was applied to the topic of young entrepreneurship, and adjustments were applied to the GEM research methodology.[9] For its study of youth entrepreneurship, GEM segments youth into two groups: 1)18 to 24 years (referred at as "Young"), and 2) 25 to 34 (referred to as "Young Adults").

In analyzing youth entrepreneurship one of the most problematic aspects is identifying what exactly the term "youth" means. Numerous studies suggest different age categorizations, and they are followed by sets of definitions coined by national agencies and international organisations. For example, the United Nations defines youth as people aged 15 to 24 years, but it is more flexible when it comes to its agencies and their mandate. Narrow discussions of youth tend to focus on the under 25 cohort while GEM has widened the parameters slightly to 34. However, in innovation driven economies like Canada where more young people tend to seek post-secondary education after high school[10], there is often a recognition for leaders under forty (e.g. "top 40 under 40").

In Canada the under 40 cohort are significant because they have the opportunity to function influentially for over thirty years and the directions they are choosing to follow are important.

[5] Such as: GEM Botswana - Supporting Africa's Young Entrepreneurs (2015). Retrieved from https://www.gemconsortium.org/report/49177; GEM Ghana - Supporting Africa's Young Entrepreneurs (2015). Retrieved from https://www.gemconsortium.org/report/49178; and, GEM Malawi - Supporting Africa's Young Entrepreneurs (2015). Retrieved from https://www.gemconsortium.org/report/49179.
[6] Such as: Youth Entrepreneurship in the Caribbean Region (2012). Retrieved from https://www.gemconsortium.org/report/48842; An Ibero-American Perspective on Youth Entrepreneurship (2016). Retrieved from: https://www.gemconsortium.org/report/49750; GEM Special Report: Africa's Young Entrepreneurs (2015). Retrieved from https://www.gemconsortium.org/report/49222.
[7] Future Potential: A GEM Perspective on Youth Entrepreneurship (2015). Retrieved from https://www.gemconsortium.org/report/49200; GEM YBI Youth Report: The state of global youth entrepreneurship (2013). Retrieved from https://www.gemconsortium.org/report/48590 .
[8] OECD (2001).
[9] Youth Entrepreneurship in the Caribbean Region (2012).
[10] OECD (2016) Education at a glance.

CHAPTER 1

For this report, "youth" are considered entrepreneurs aged 18-39 years old encompassing a slightly larger demographic group than other GEM reports. This definition is consistent with the parameters provided by Futurpreneur: the only non-profit organization that supports aspiring youth business owners in Canada working at a national level.[11]

When looking at GEM and other global statements on the value of understanding the enterprising potential of youth those that are particularly relevant to the Canadian context include:

- young entrepreneurs are particularly responsive to new economic opportunities and trends;
- young people tend to hire other youth creating a positive cycle of growth;
- youth entrepreneurs are often active in high growth sectors;
- young people who are self-employed have higher "life satisfaction";
- entrepreneurship offers unemployed or discouraged youth an opportunity to build sustainable livelihoods; and,
- entrepreneurial experience and/or education can help youth develop new skills that can be applied to other challenges in life including opportunity recognition, critical thinking, resiliency, decision-making, teamwork, and leadership.[12]

In sum, youth entrepreneurship has benefits for the overall health of the economy and can be promoted through targeted policy interventions.

[11] For more on Futurpreneur see their website: https://www.futurpreneur.ca/
[12] OECD (2001), GEM (2016).

Why GEM?

CHAPTER 1

The Global Entrepreneurship Monitor (GEM) Project is widely recognized as the most comprehensive longitudinal study of entrepreneurship in the world. Launched in 1999 as a joint project between London Business School (UK) and Babson College (USA), it has gathered data from over 100+ countries in the past 18 years.

The primary purpose of the GEM Project is to understand entrepreneurship in national and global context, focusing on two key dimensions: i) the attitudes, activity, and aspirations of individual entrepreneurs; and ii) the national context and how it impacts entrepreneurial activity. In doing so it hopes to identify policies that may foster the quality and quantity of the entrepreneurial activity in each country.

With respect to Canada's history and participation in the global GEM Project, Canada was an early participant, taking part several times in the survey in the early years, but did not participate between 2005-2012. Fortunately, in 2013, Canada resumed their involvement, with the GEM Canada team gathering data and producing national reports from 2013-2017.[13] These reports provide a much-needed picture of entrepreneurial activity in Canada.

GEM MODEL AND METHODOLOGY

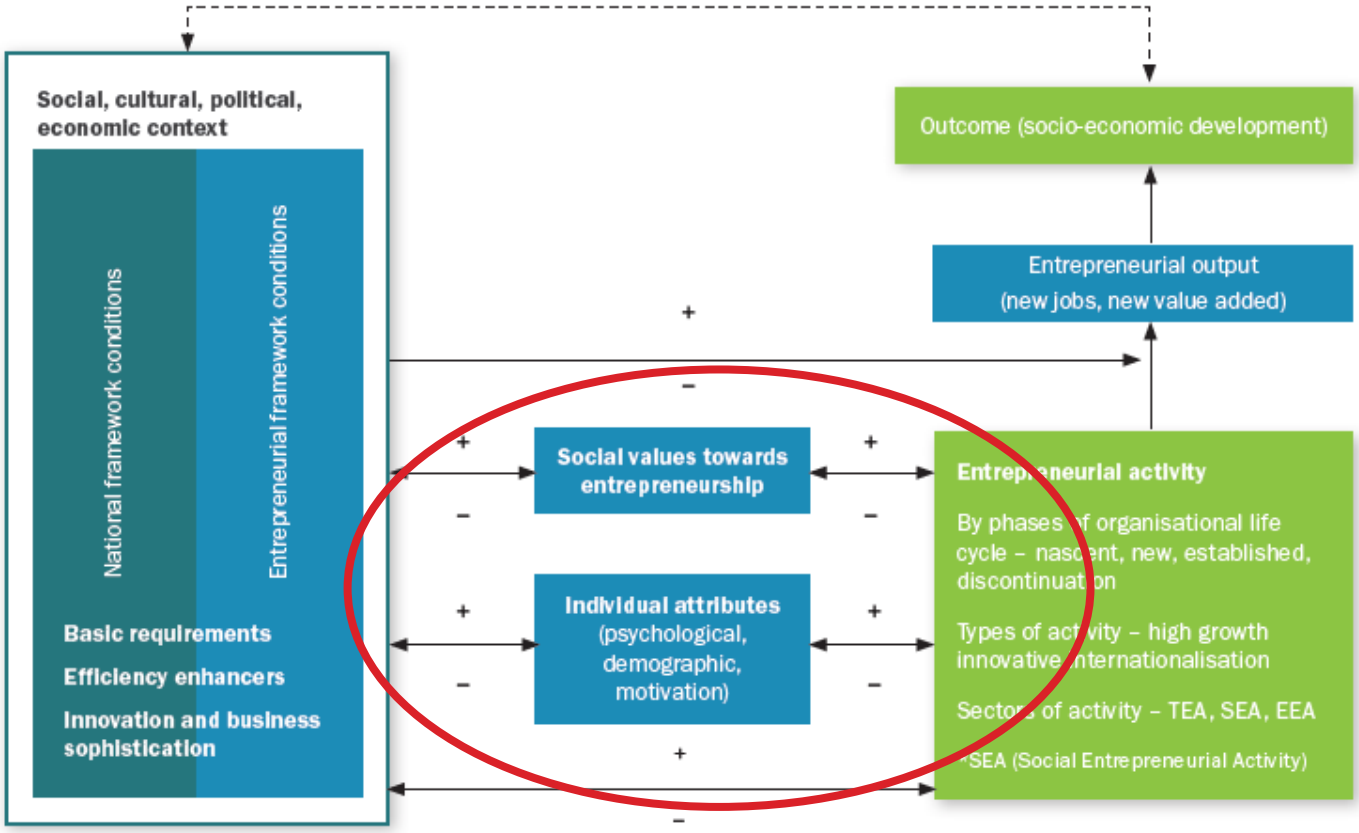
The Global Entrepreneurship Monitor (GEM) defines entrepreneurship as:

> *"Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business."*

At the heart of the GEM model is a focus on the individual entrepreneurs, and their personal aspirations and capabilities, as well as the entrepreneurial ecosystem. The GEM model is outlined below.

[13] Reports for Canada can be found on the GEM website: https://www.gemconsortium.org/report

Figure 1.1: The GEM conceptual framework



Source: GEM 2015/2016 Global Report

The area inside the red oval includes the aspects of entrepreneurial activity that are the subject of questions to entrepreneurs, and to the surrounding population about attitudes ("Social values", upper left) in the Adult Population Survey (APS). Within the red oval, in a first layer of the ecosystem, are questions addressed to all respondents that explore both general public attitudes toward entrepreneurship and general demographic characteristics. Moving to the left block outside the red oval, the top part refers to parts of the ecosystem determining the framework in which an entrepreneur must work, in the form of general national (or regional) conditions specifically influencing entrepreneurship. These are assessed in a national expert panel survey (NES) or a provincial expert survey (PES). The lower part on the left refers to general socioeconomic conditions that for example determine the assignment of the jurisdiction to one of the three World Economic

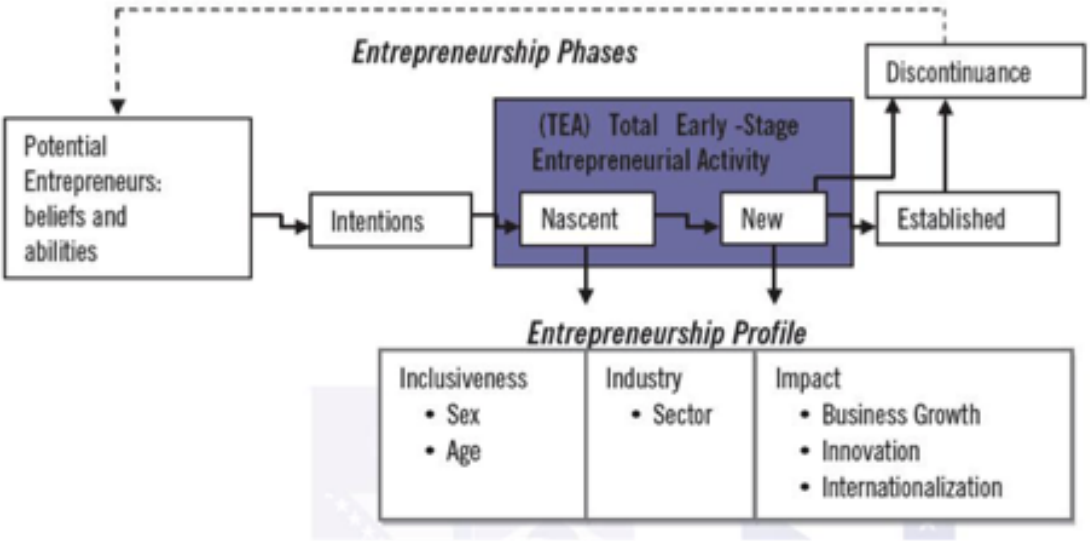
Forum categories of economy – in this case primarily those associated with innovation and business sophistication as core characteristics. Various sources, such as Statistics Canada data, are consulted to gather the required information.

GEM classifies countries that participate in the study according to the three-fold typology from the World Economic Forum's Global Competitiveness Report.[14]

Factor- driven economies are the least developed, with highest rates of entrepreneurship, often driven by necessity. In a more intermediate position are efficiency-driven economies where early innovation and infrastructure are emerging. Innovation-driven economies— such as Canada—typically have lower overall rates of entrepreneurship, but this activity is more likely to be technologically innovative, knowledge-based, and novel, and driven by opportunity-based, rather than necessity-based, motivations.

Overall, the GEM model also views entrepreneurship as a process with distinct phases. As depicted in Figure 1.2, this process moves from the intention to start a business, to nascent entrepreneurship involving a new start-up, to owner-managers of a relatively new business, to owner-manager of a more established venture. Following this process approach, it also tracks business exits (discontinuance).

Figure 1.2: The GEM entrepreneurial process



[14] The most recent report can be found here: https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018. In this report Canada ranks 14th in comparison to the United States which occupies 2nd place.

CHAPTER 1

A central measure of the GEM is Total Early-Stage Entrepreneurial Activity (TEA). This includes those in the process of starting a business (nascent entrepreneurs), and those running a young business (3 – 42 months old) but excludes those in the established business phase (firms older than 42 months or 3.5 years). By exploring these various phases—and especially the difference between 'early-stage' (TEA) and 'established businesses' (EBO)—the GEM project offers data not typically available from standard business statistics or official government measures.

With respect to data collection, GEM uses two main sources:

Adult Population Survey (APS) - Data for the APS is gathered through a telephone survey of randomly selected adults, aged 18-99 years, conducted by an independent polling firm. Using the standard GEM questionnaire protocol, it covers a variety of questions on entrepreneurial attitudes, activities, and aspirations. The APS data provides a profile of representative data, weighted for age and gender to standard Canadian demographic data.

National Expert Survey (NES) - This questionnaire presents a series of statements concerning support for entrepreneurship, and experts are asked to assess the degree to which each is true for Canadian Expertise areas that are specified by GEM include: finance, policy, government programs, education and training, technology transfer, support infrastructure, and wider socio-cultural norms. The final section solicits open-ended responses.

This report draws on GEM Canada data for four years (2013–2016) to look for trends and changes. It does not draw on the National Expert Survey.

In the case of this document, the youth population (18-39) is drawn from the general Canadian population sample of the APS.

The tables and figures within this report should be used with caution. Not all of those surveyed within the APS were entrepreneurs. Often times the data provides a cumulative picture over the four years in order to generalize using a larger sample size. That said, this data offers a preliminary look at the Canadian youth entrepreneur and offers a multitude of areas that can be fruitful for further research.

Structure of this report

What follows in this report is a comprehensive snapshot of youth entrepreneurship in Canada.

Chapter 2 investigates both the attitudes and activity of youth and youth entrepreneurs in Canada.

Chapter 3 examines the demographic dimensions of Canadian youth entrepreneurship in greater detail including age, education, gender, ethnicity, region and sector participation.

Chapter 4 explores the future aspirations of entrepreneurship in the economy focusing on factors like job creation, export orientation, innovation, and the use of technology.

Chapter 5 offers a brief summary and specific policy recommendations.

CHAPTER 2

Using the GEM data this chapter investigates both the attitudes and activity of youth and youth entrepreneurs in Canada.

Attitudes

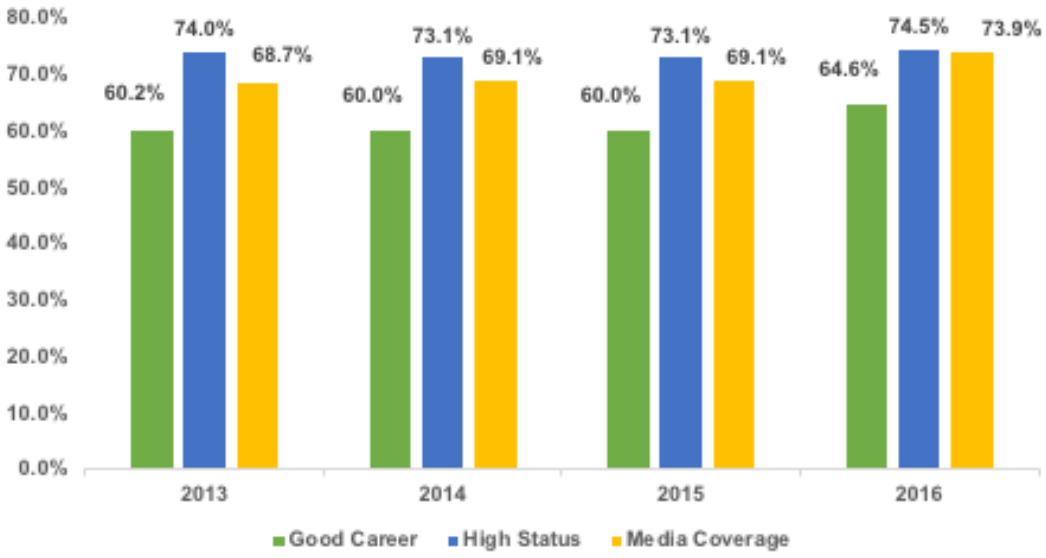
GEM was one of the first initiatives that collected data related to attitudes, perceptions, and intentions towards entrepreneurship. Now, with multiple years of data available for many countries, it is possible to not only analyze differences between countries but also to observe changes over time.

ATTITUDES TOWARDS ENTREPRENEURIAL CULTURE

When looking at attitudes, the Adult Population Survey probes the following key factors related to entrepreneurship: is it a good career choice; whether successful entrepreneurs enjoy high status and; and does the media covers entrepreneurship well?

The perception of how the Canadian youth demographic in Canada feel can be found in Figure 2.1.

Figure 2.1: Attitudes of Canadian Youth Towards Entrepreneurship, by year (2013-2016)



The data in this figure is relatively consistent, with the increasingly positive attitudes towards media coverage coinciding with the perception that entrepreneurship is a good career choice improving in the final year of analysis. Furthermore, the youth population shares a favorable response with the population as a whole, trending remarkably close to their year-over-year results.[15] These numbers are also consistent with youth data globally.[16]

PERCEPTION OF ENTREPRENEURIAL SKILLS/ INTENTION TO START A BUSINESS

While the attitudes data reveals a general view about entrepreneurship, the GEM data on perceptions captures more micro level findings about people's feelings regarding entrepreneurship and their desire to choose this as an employment option.

The perception questions cover the following topics: 1) knowledge, 2) opportunities, 3) skills and experience and 4) fear of failure. There is also a probe regarding whether youth plan on starting a new business (alone or with others) including any type of self-employment, within the next three years. The results of these probes are summarized in Figure 2.2 and Table 2.1.

Figure 2.2: Perception of Canadian Youth Towards Entrepreneurial Skills, by year (2013-2016)

[15] For example, in the Canadian GEM (2016) report approximately 65% of respondents see entrepreneurship as a good career choice and status and media coverage are both above 70%. In this case Canada's closest parallel economy, Australia, reports a somewhat lower ranking of the quality of the career choice as does Germany.

[16] See GEM YBI Youth Report, Generation Entrepreneur? The state of global youth entrepreneurship (2013).

Table 2.1: Perception of Canadian Youth Towards Entrepreneurial Skills, by year (2013-2016)				
Skills	2013	2014	2015	2016
Knowledge	33.8%	35.0%	37.1%	32.4%
Opportunity	61.3%	57.9%	54.7%	55.9%
Skills & Experience	44.8%	41.3%	45.4%	52.8%
Fear of Failure	41.6%	43.1%	45.4%	40.4%
Intent to Start a Business	19.8%	21.9%	19.9%	18.5%

These findings indicate that while all the attitudes are in different states of flux over the four years, there are two diverging trends overall: perception of opportunity has decreased, while confidence in skills and experience to become an entrepreneur has increased.

This seems paradoxical, unless we consider that greater knowledge of the business world makes it appear more daunting or challenging: as the young entrepreneurs have a better idea of what a business requires, they are less likely to join the fray. How consistent this attitude is with other assumptions about "millennial" choices away from traditional pursuits (home-ownership, marriage, etc.) is outside the scope of this study but something worthy of additional exploration.

This data is slightly inconsistent with the trend data expressed in the overall Canadian population since all of these attitudes (including opportunity and belief in skills and experience) increased from 2015 to 2016 for this group.[17]

Activity & Motivations

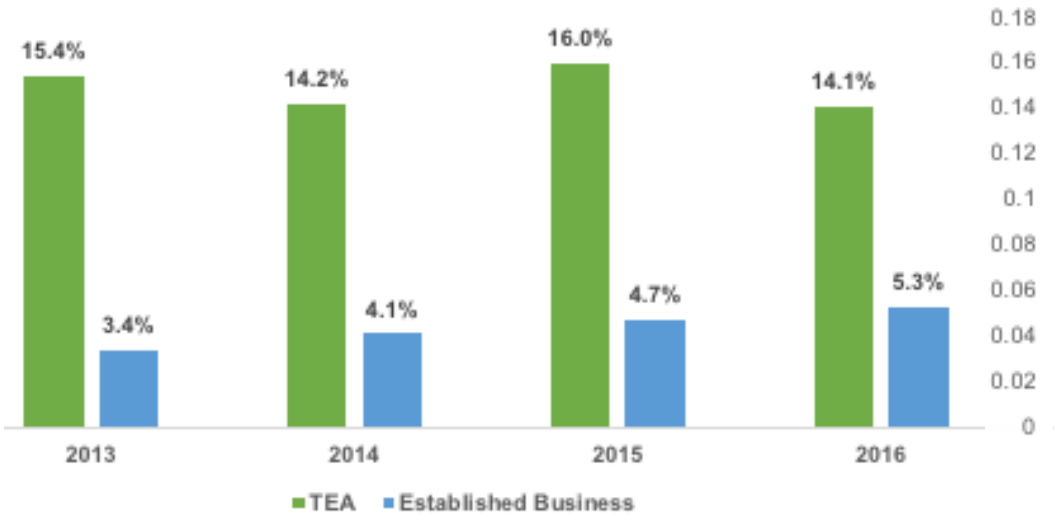
Since its early inception, GEM has focused on the phase that combines the stage in advance of the start of a new firm (nascent entrepreneurship) and the stage directly after the start of a new firm (owning-managing a new firm). Taken together this phase is denoted as "total early-stage entrepreneurial activity" (TEA). Individuals involved as owner-managers in established firms are identified, and those that choose to discontinue their entrepreneurial activity have also been tracked.

[17] See GEM Canada report (2016).

TEA AND ESTABLISHED BUSINESSES

From the general survey, we understand that Canada is among the top globally among innovation-driven economies. Consequently, how young entrepreneurs contribute to the TEA versus their established businesses rates is of significant interest and summarized below in Figure 2.3.

Figure 2.3: Canadian Youth Total TEA Share versus Established Business Activity, by year (2013-2016)



These findings illuminate that the TEA and established business rates are slightly lower than the overall Canadian data from comparable years. For example, in 2016 Canada's reported TEA rate was approximately 17% with the established business rate at about 7%.[18]

However, what this comparison also shows is the growing rate of established businesses among the youth population. The trend is small, but significant, as they represent graduates from the TEA stage, that are maintaining businesses.

Not shown in the above chart, but of significant interest is the overall increase in responses within this stage. For 2016, the sample of youth TEA represents an effective doubling of the responses compared to previous years, demonstrating a surge in early entrepreneurial activity. This could be linked to some of the broader economic conditions and illuminates the value of tracking these rates over time.

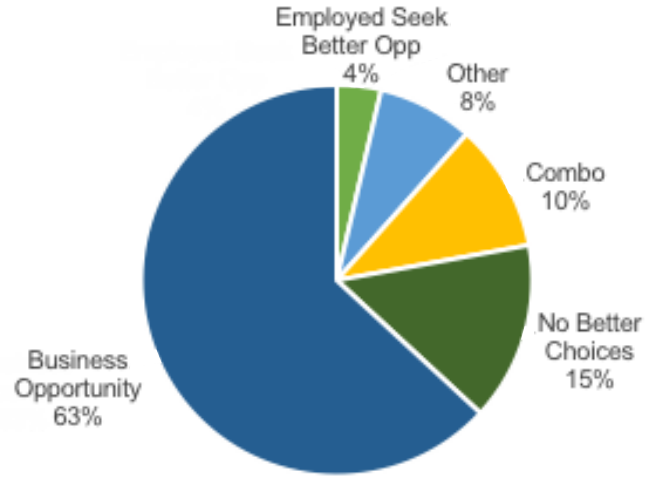
[18] See GEM Canada report (2016).

CHAPTER 2 MOTIVATIONS FOR STARTING A BUSINESS FOR EARLY STAGE YOUTH ENTREPRENEURS

From 2001 onward, GEM has paid attention to different motivations for starting a business. Respondents were asked: Were you involved with this start-up to take advantage of a business opportunity or because there was no better choice for work?

Figure 2.4 presents the cumulative average results of what has motivated Canadian youth entrepreneurs over the past four years.

Figure 2.4: Canadian Youth Entrepreneurs Motivations, cumulative % (2013-2016)



As GEM notes, countries like Canada which are primarily innovation driven are expected to have high levels of improvement-driven opportunity entrepreneurship.[19] This is because opportunities for employment are generally more abundant, offering individuals different alternatives to make a living. This expected result is reinforced by the youth data presented in Figure 2.4, as opportunity was significantly higher than the other options available.

Year by year data does however suggest that even within innovation driven economies motivations towards entrepreneurship for youth can vary, given wider economic variations.

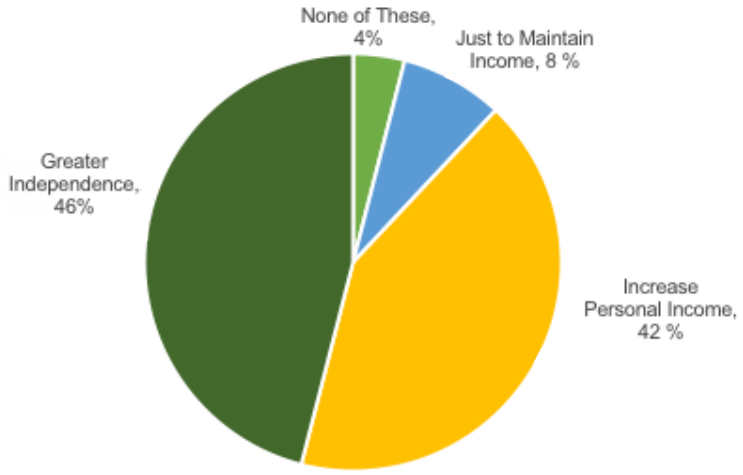
[19] See GEM website: https://www.gemconsortium.org/wiki/1177

Table 2.2: Canadian Youth Entrepreneurs Motivations, by year (2013-2016)				
Motivations	2013	2014	2015	2016
Business Opportunity	69.1	76.5	53.2	53.7
No Better Choices	17.3	8.8	18.1	14.8
Combo	4.9	4.4	10.6	22.2
Employed Seek Better Opportunity	1.2	1.5	6.4	5.6
Other	7.4	8.8	11.7	3.7

For example, as Canada recovered from the recession in 2015 the youth entrepreneurs surveyed saw less opportunities and were driven slightly more by necessity; with 76.5% choosing business opportunity and 8.8 % selecting no better choices in 2014, versus 53.2% identifying business opportunity and 18.1 % suggesting they were motivated by no better choices in 2015. This indicates that more fragile economic times entrepreneurs may require different supports if less opportunities seem present.

A further extension to the opportunity driven entrepreneurship measure is available from 2005 onwards in the GEM data; this indicator includes only those who are pulled to entrepreneurship by opportunity and not necessity. The question in this case is: which do you feel was the most important motive for pursuing this opportunity? The findings from this probe are summarized in Figure 2.5.

Figure 2.5: Motivations of Opportunity Driven Canadian Youth Entrepreneurs, cumulative % (2013-2016)



What these results indicate is that opportunity driven youth entrepreneurs in Canada are motivated to become entrepreneurs mostly to achieve greater independence and for an increase in personal income.

As the year by year comparison indicates, however these two factors (greater independence and a desire to increase their personal income) have varied in importance. In fact, since 2014 there has been an increase in respondents choosing greater independence as a motivation, with less youth identifying personal income as their core motivator (see Table 2.3 below).

Table 2.3: Motivations of Opportunity Driven Canadian Youth Entrepreneurs, by year (2013-2016)

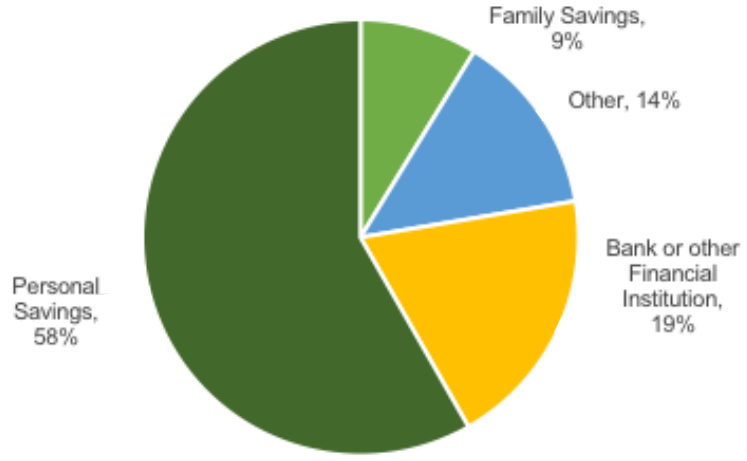
Motivations	2013	2014	2015	2016
Greater Independence	46.7	32.7	41.4	62.5
Increase Personal Income	43.3	52.7	43.1	30.0
Just to Maintain Income	5.0	3.6	0	7.5
None of These	5	10.91	15.5	0

Identifying examples of entrepreneurs that have been successful in achieving this lifestyle choice in the future might have increasing appeal and lead to additional success in expanding the culture of youth entrepreneurship within Canada.

FUNDING (PERSONAL INVESTMENT AND ANGEL INVESTMENT)

Almost every new business requires start-up funds. While not every year of the GEM survey has explored the funding components of expected or on-going entrepreneurial ventures, in 2014 funding sources was a special topic. That year, over 13% of those surveyed within the youth demographic commented on what they anticipated would be the cost of starting their entrepreneurial venture and the expected sources of these funds. Their responses are summarized in Figure 2.6.

Figure 2.6: Source of Funding for Canadian Youth Entrepreneurs (2014)



As this figure reveals personal savings is a key source of where the youth entrepreneurs are gaining funds. More support might be useful in order to connect this demographic with venture capital and or additional sources of funding in which they do not have to absorb so much personal risk.

This data is also insightful as it shows the range of what the youth entrepreneurs surveyed expected as a requirement to start their anticipated venture. The mean value given in this case was $268,214. However, the range was large: with $77 as the minimum value and $8,000,000.00 as the maximum value provided. This range indicates that expectations for running such a business differed from a modest venture to a more complex expectation.

Another important source of money comes from individuals who invest in others' business. They are known as "business angels" or "informal investors", and consist of the "three f's": friends, family and foolhardy strangers.

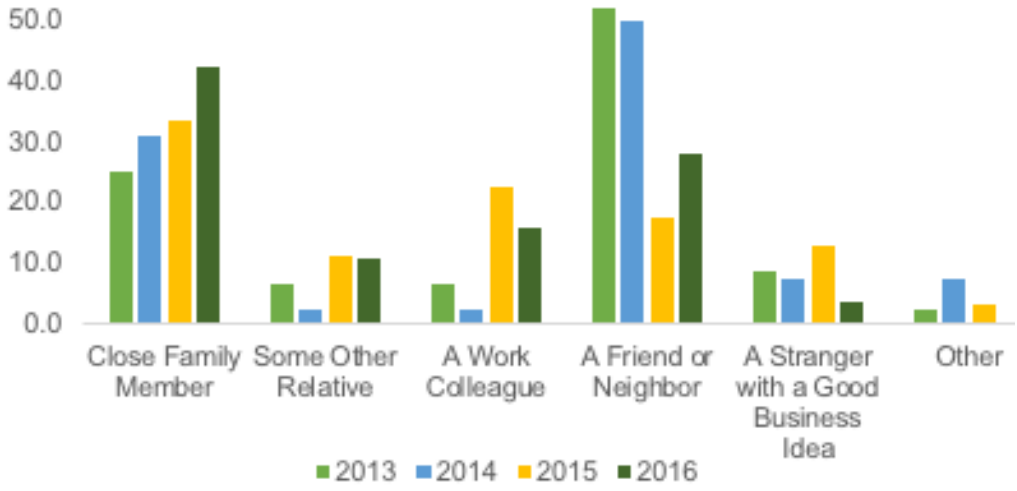
Asking the respondents in the GEM sample if they have "in the past three years contributed to a start-up" and "how much they have contributed?" provides a sense of the scale and scope of the sort of personal investment occurring. Results are summarized in Table 2.4.

Table 2.4: Canadian Youth Angel Investors, Total and Mean Amount, by year (2013-2016)				
	2013	2014	2015	2016
Percentage of Youth Population Surveyed who are Informal Investors	4.6%	4.8%	6.2%	11.0%
Mean Amount Invested	10,964	23,551	16,371	16,899

These findings demonstrate that informal investors within the Canadian youth population appear to be on the rise, as does the amount of capital they are willing to invest.

It is also possible to see whom these informal investors contribute to (summarized in Figure 2.7).

Figure 2.7: Canadian Youth Angel Investors, Source Contributions, by year (2013-2016)



This table indicates angel investors within the youth demographic in Canada tend to invest their capital in either close family members business ventures or those of friends/neighbours. This parallels the findings of the GEM Canada (2015) report for the adult population.[20]

It would also be interesting to track in further detail where and how the "stranger with a good business idea" is being discovered. Is it through the use of crowdsourcing platforms or something else?

[20] See the GEM Canada (2016) report p.32 for more details on this.

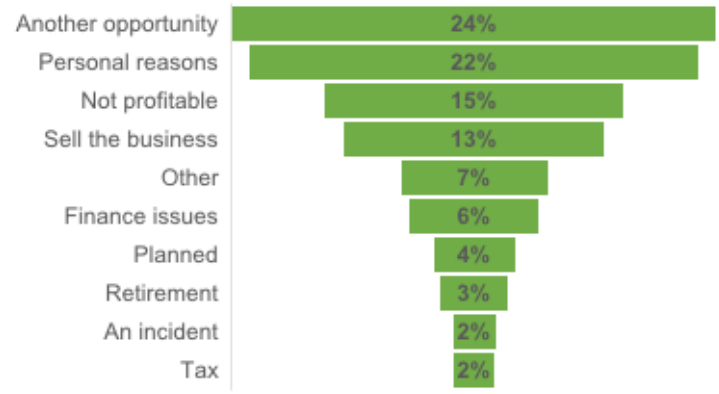
DISCONTINUANCE

Just as the formation and establishment of new enterprises are important, exits from a business also forms an essential part of the entrepreneurial process. In GEM, exits are captured not only by asking respondents if they have been involved in the exit of a business, but also in exploring the main reason for their departure.

When looking at the youth sample holistically, it is apparent that only a small number of youth entrepreneurs are leaving; for 2013 the total discontinuance rate was 8%, for 2014 it was 3%, for 2015 it was 4.9%, and for 2016 it was 7.7 %. These numbers do indicate however that while the rate of discontinuance fell in 2014 it has been steadily increasing. This could suggest opportunities for youth are perhaps rising outside of the entrepreneurship ecosystem.

The reasons for why youth leave changes slightly from year to year. However, cumulatively over the four years the motivations for exits is summarized in Figure 2.8.

Figure 2.8: Discontinuance Factors for Canadian Youth Entrepreneurs, cumulative % (2013-2016)



These results suggest that the current reasons for departures are mixed, as has been the case globally for GEM studies in the last decade.[21] Positive factors such as another opportunity, selling the business, planned phase out, and/or retirement, make up about 46% of why youth are leaving their entrepreneurial venture, whereas negative factors such as the business not being profitable, encountering financial issues, and government bureaucracy, constitute about 27% of the discontinuance rate.

[21] See GEM website on discontinuance: https://www.gemconsortium.org/wiki/1184

What remains to be explored is whether or not when these youth leave if they remain part of the broader entrepreneur ecosystem. More longitudinal work on this component of entrepreneurism which traces the same group of youth and explores where these entrepreneurs go next (i.e. pursue another entrepreneurial venture, choose a salaried position, or become unemployment) could provide further instructive insight on this matter.

Demographics

CHAPTER 3

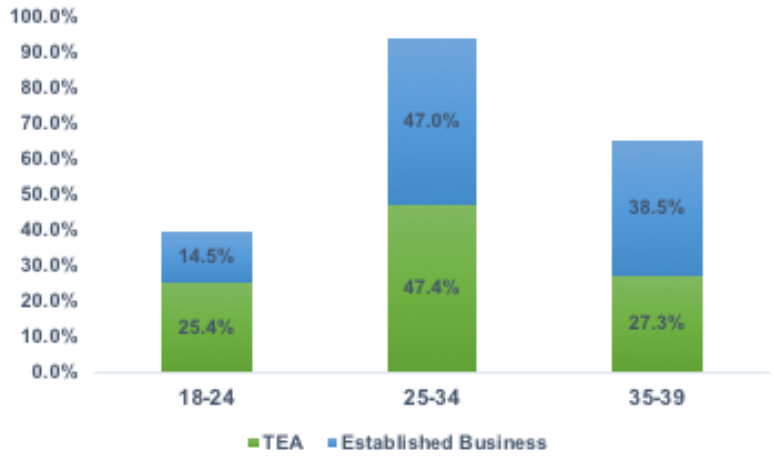
Using the GEM data, this chapter examines the demographic dimensions of Canadian youth entrepreneurship in greater detail including age, education, gender, ethnicity, region and sector participation.

AGE

Below is a breakdown of the Canadian Youth Entrepreneurship rates by age.

As Chapter 1 indicates, ages and stages approaches are quite common to the existing literature on youth entrepreneurship. In addition, most previous GEM studies indicate that it could be expected that there might be some variations in both Total Early-Stage Entrepreneurial Activity (TEA) and Established Business rates based on age.

Figure 3.1: Share Total of TEA and Established Business Rates for Canadian Youth Entrepreneurs by Age, cumulative % (2013-2016)



This data conforms somewhat with the expectations regarding age found previously. 22 For example, the 18-24 age cohort is more in the formative stage (higher TEA) and may not have had time to move into or maintain an established business. The 25-34 age category shows almost an equal amount of early and established businesses. This cohort occupies almost half of the total share of TEA and established business rates for Canadian youth entrepreneurs

[22] Such as Chigunta (2002); Lewis & Massey (2003).

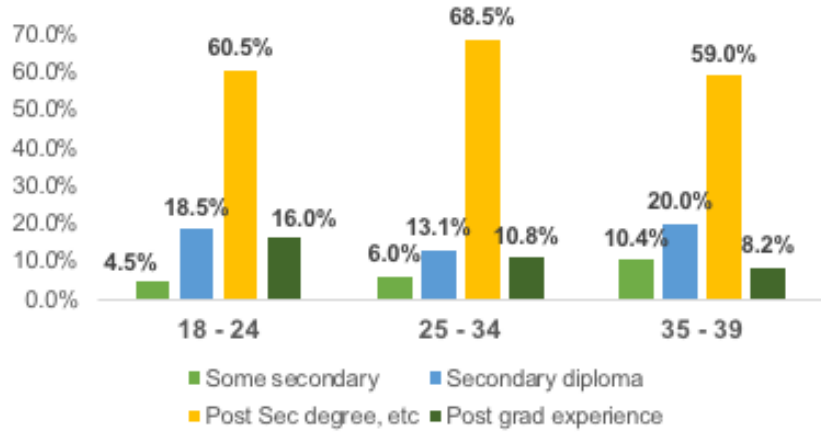
overall. In this age range you would have the budding and emergent entrepreneurs forming the early ventures. You would also likely find more enterprising individuals (those who exhibit high readiness and high intention) who have maintained their businesses over an extended period of time. The total TEA share still shows solid representation within the 35-39 age cohort (38%). There might have been the expectation by some for this cohort to have more established businesses over TEA since these entrepreneurs have had more time in the work force. However, recent data on age and entrepreneurship also suggests that the founding age of entrepreneurs worldwide who have gone on to hire one employee is over forty.[23]

The age data is an excellent reminder that it is not only "young" youth entrepreneurs that need support but rather that there continues to be the need to assist with the start-up and maintenance of entrepreneurial ventures beyond the pre-entrepreneur and budding entrepreneur stages.

EDUCATION

As the first chapter of this report noted Canada is classified as an innovative economy because it represents one of the highest educated populations globally. The question becomes: is this reflected in the youth entrepreneurship data? Figure 3.2 presents how education levels are connected to TEA.

Figure 3.2: Education Levels for TEA Canadian Youth Entrepreneurs, cumulative % (2013-2016)



[23] *See Somers, M. (2018).The 20-year-old entrepreneur is a lie. MIT Sloane. Retrieved from http://mitsloan.mit.edu/newsroom/articles/the-20-year-old-entrepreneur-is-a-lie*

This figure illustrates that most of the early-stage youth entrepreneurs in Canada have a higher-level education. While not unexpected given the OECD reports on Canadian education levels[24], it is much higher for instance than the Unites States; the GEM 2015 report indicated that only 51.8% of young entrepreneurs in America have at least a postsecondary degree.[25] There does not appear to be a large difference in educational levels by age cohort with almost 80% of all three groups (18-24, 25-34, 35-39) over the four-year period possessing either a secondary diploma or a post-secondary degree. However, it is interesting to note that the 35-39 age range has a slightly higher percentage of those with either some secondary or only a secondary diploma. This cohort are also less likely to have post grad experience. These results indicate that perhaps the requirement to become an entrepreneur is increasing in society, or perhaps more of those with a post-secondary degree are choosing the entrepreneurial path than those who were a decade ago.

Just as the age data indicates, there might be some opportunities for additional supports for the 35-39 age cohort within the youth entrepreneurial ecosystem as they may have entered with less formative education.

Educational pattern among owners of established businesses parallels TEA educational results and follows quite closely to the broader Canadian findings.[26]

GENDER

Globally and nationally a gender gap has been reported for male and female entrepreneurs. Exploring attitudes, TEA and established businesses rates for the youth demographic in Canada helps us understand what this looks like for young people today.

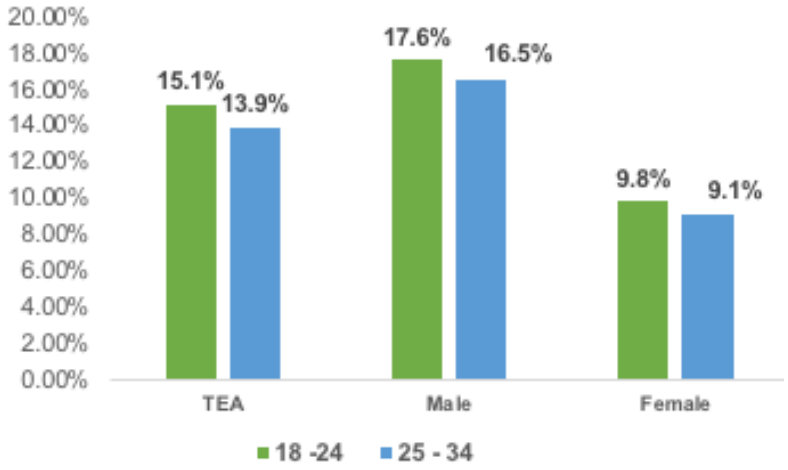
[24] *Such as OECD (2016) Education at a glance.*
[25] See Generation Entrepreneur Report from GEM (2015).
[26] Seem Gem Canada Report (2016).

Figure 3.3: Attitudes of Canadian Youth About Entrepreneurship, by Gender, cumulative % (2013-2016)

As figure 3.3 reveals the general youth demographic in Canada do not see the opportunities available significantly differently. However, gender plays a role both in their assessment of skills and experience and in their fear of failure. Females do not feel as confident about what they have to offer and are more likely to be apprehensive about their success as entrepreneurs. This mirrors results found in the general adult population.[27]

Not only are there some differences in attitudes between male and female youth in Canada, TEA also has a gendered component based on age. Figure 3.4 tracks this.

Figure 3.4: TEA Total, versus TEA by Gender, for Canadian Youth Entrepreneurs, cumulative % (2013-2016)



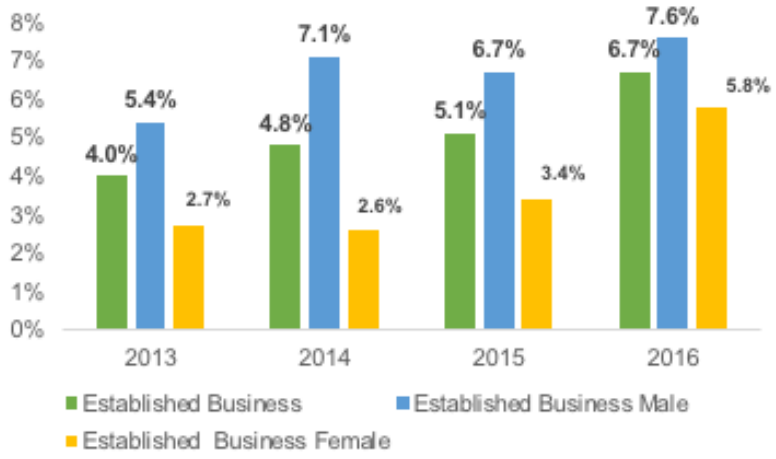
[27] See GEM Canada Report on Women's Entrepreneurship (2015/2016): http://thecis.ca/wp-content/uploads/2016/04/GEM-2015-16-Womens-Report-FINAL-Nov-14-2017.pdf

Figure 3.4 illustrates that while age does not play a significant role in the rates of TEA overall, when broken down by age the rates of male versus female TEA differs considerably. In both the younger and more advanced age groups the variation between male and female rates is significant.

Data across the developed economies show this is not a Canadian phenomenon alone. In fact, Canadian GEM surveys have shown that the gap between men and women has been smaller in Canada than in other developed countries. Most of these countries report a TEA for women approximately 60–65% of that for men. In some recent years, the corresponding TEA for women has been 80% of that for men in Canada.[28] The data in this youth report demonstrates a gap that is closer to other countries (55%) as opposed to the higher Canadian rates in the general adult population.

Gender disparities can also be examined in the context of established business rates. This is demonstrated in Figure 3.5.

Figure 3.5:Established Business Total versus Established Business by Gender, for Canadian Youth Entrepreneurs, by year (2013-2016)



Again, as Figure 3.5 illustrates, the established business rates of men versus women tends to be significantly higher (almost 50% from 2013-2015, with a positive upward spike in 2016). It seems that female youth entrepreneurs are more likely to engage in TEA but perhaps not

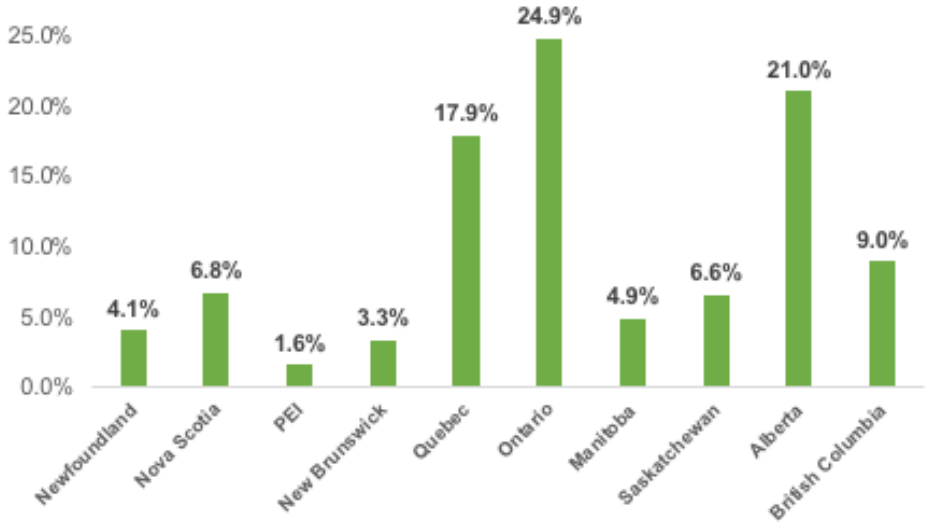
[28] See GEM Canada Report on Women's Entrepreneurship (2015/2016).

maintain their ventures as an established business. Figure 3.4 indicates an upward trend of established businesses over time for women, which is encouraging to see.

REGION

Across the globe there is a great deal of interest in the specific entrepreneurial ecosystem in which activities occurs. The difference that geographical location makes to entrepreneurial rates overall is summarized in Figure 3.6.

Figure 3.6: Provincial Location of Nascent, New and Established Canadian Youth Entrepreneurs, cumulative % (2013-2016)



Looking across the country one would expect that entrepreneurship for youth or otherwise would be considerably higher in Ontario, Quebec and British Columbia since they represent the largest percentage of the total Canadian population.[29] However, as Figure 3.6 indicates, Ontario and Alberta distinguish themselves as a hubs for youth entrepreneurship.. This data conforms with provincial breakdowns discussed in past GEM reports and has been explained by low infrastructure costs and a culture of entrepreneurship.[30]

[29] *Statistics Canada. (2017). Canada at a Glance. https://www150.statcan.gc.ca/n1/pub/12-581-x/2017000/pop-eng.htm*

[30] *See for example the GEM Alberta Report (2016) and the GEM Ontario Report (2016).*

ETHNICITY

Ethnicity data was collected for two of the four years in the GEM data sets examined for this document. The results below provide a preliminary snapshot of the youth entrepreneur population by ethnicity.

Table 3.1 Ethnicity of Nascent, News and Established Canadian Youth Entrepreneurs, by year (2013-2014)

Ethnicity	2013	2014
White/Caucasian American	65%	62%
Black/African American	5.5%	3%
Chinese/Chinese American	1.5%	1.8%
East Indian/East Indian American	3.5%	2.4%
South East Asian/South East Asian American	3.5%	0%
Latino Hispanic	0%	1.8%
First Nations	3.5%	1.8%
Other (specify)	17.4%	23%
Don't know	0%	4%
	N=201	N=165

According to Statistics Canada data, in 2016 South Asians, Chinese, and Blacks, were the largest visible minorities representing about 5.6% of Canada's total population. The non-immigrant population in Canada is approximate 80%.[31] The GEM youth entrepreneur results demonstrate a slightly stronger visible minority presence than might be expected. Additionally, this data indicates that the First Nations representation is lower than might be expected (rates in Canada would project representation at a 4.4%). [32]

It is interesting to note that in 2013, GEM data was also collected on first and second- generation immigration. It was noted that the TEA of first-generation immigrants (18-65) was slightly higher than the Canadian average, but for the second generation it was much lower. The sample size of the youth entrepreneur population is too small to conduct a fulsome analysis of this nature but further research in this area is advisable.

[31] Statistics Canada. 2017. Focus on Geography Series, 2016 Census. Statistics Canada Catalogue no. 98-404-X2016001. Ottawa, Ontario. Data products, 2016 Census.
[32] Statistics Canada. 2017. Focus on Geography Series, 2016 Census. Statistics Canada Catalogue no. 98-404-X2016001. Ottawa, Ontario. Data products, 2016 Census.

Exploring whether there is a difference between minority populations and their motivations (necessity or opportunity) and by educational levels could be revealing.

SECTOR PARTICIPATION

Sector participation is identified from an open-ended question that asks for a description of the new business. This description is used to classify the business in the four-digit categories of the International System of Industry Classification (ISIC=4D). There will only be a few examples in any given 4-digit group, so all those in the same first digit category are grouped (ISIC 1D). Numbers are small in many ISIC 1D categories so, in the absence of large samples, businesses in the GEM data set are assigned to one of four broader all-encompassing categories:

- extractives, including agriculture and oil and gas;
- transformatives which is mainly manufacturing;
- business oriented services; and
- consumer oriented services.

The figures below track the four-sector distribution of initiatives (TEA) undertaken by young Canadian entrepreneurs reported in the GEM survey data from 2013 through 2016.

Figure 3.7a: TEA Sector Participation of Canadian Youth Entrepreneurs, 18-24, cumulative % (2013-2016) N=150

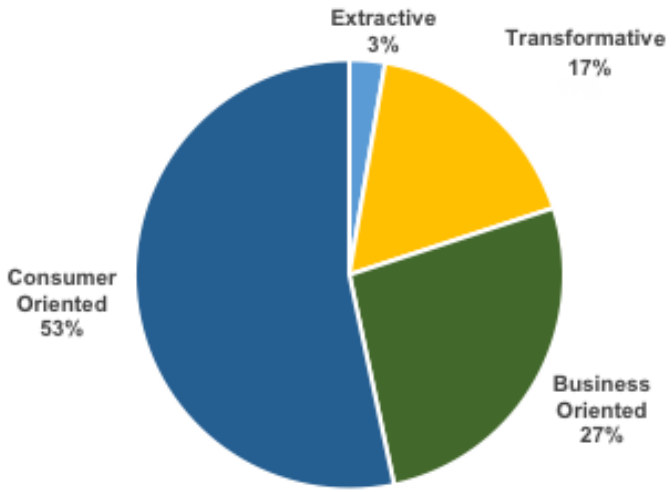


Figure 3.7b: TEA Sector Participation of Canadian Youth Entrepreneurs, 25-34, cumulative % (2013-2016) N=256

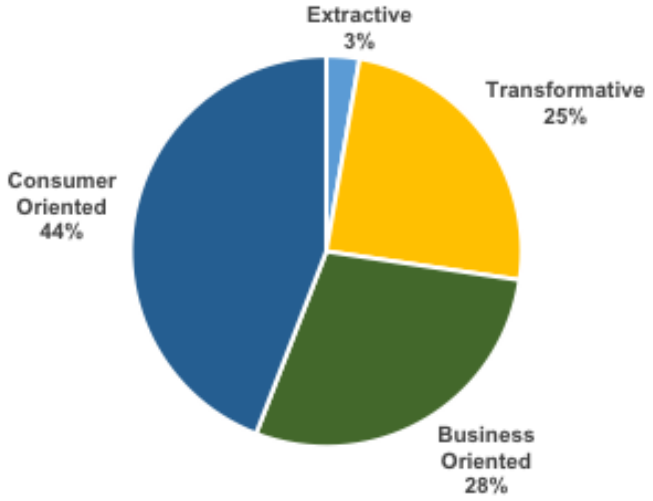
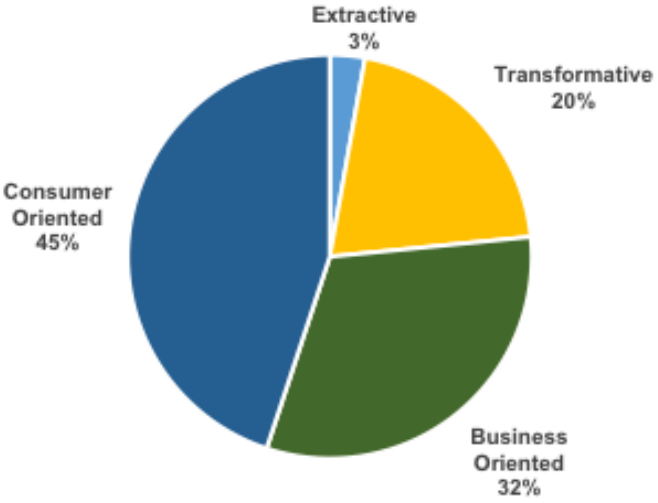


Figure 3.7c: TEA Sector Participation of Canadian Youth Entrepreneurs, Total to Age 39, cumulative % (2013-2016) N= 572



Consumer services has the largest share within all these figures followed by business services. The largest contribution to youth entrepreneurship comes from the 25-34 age group. In this cohort, transformatives (25%) stand out as significantly more important than in other age ranges, or other surveys.[33] The 25-35 age category is also strong in business-oriented services.

[33] See for example the GEM 2016 Canada report in which transformatives is below 20%.

The cohort with the largest share of initiatives in consumer oriented services is the 18 –24 age group (53%). Overall, this most commonly reported sector accounts for almost half (45%) of the TEA activity for the wider youth population.

In all cases, extractives are few. It can be noted that this does not mean initiatives are not relevant to areas such as oil and gas. However, small start-up firms working for those industries are more likely to be classified as business services firms.

On average, young entrepreneurs (18-24) will be entering consumer oriented services. The next cohort (25-34) are more often found in transformative industries than entrepreneurs from other age groups. In the oldest cohort (35-39), business oriented services follow consumer oriented services more closely.

CHAPTER 4

This chapter explores the future aspirations of entrepreneurship in the economy focusing on factors like job creation, export orientation, innovation, and the use of technology.

Aspirations

In recent years, increasing attention has been paid to particular types of entrepreneurship that have to do with aspiration levels of the individuals involved. While the degree of involvement in entrepreneurial activity in general is essential information, many academics and policy makers are interested in particular types of entrepreneurial activity. The following (ambitious) types of entrepreneurship can be determined using GEM data:

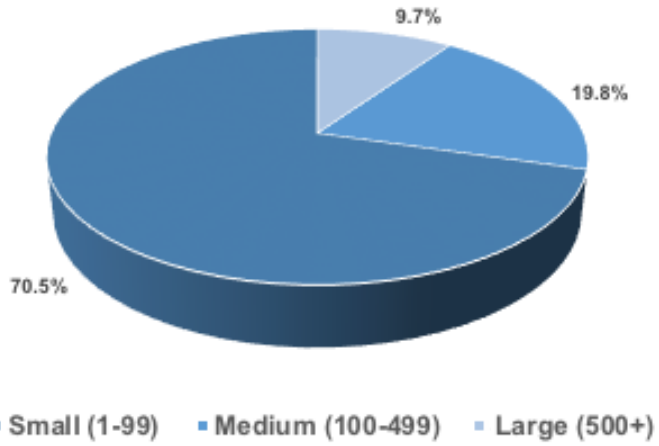
- Entrepreneurship with high growth expectations
- Entrepreneurship with (self-reported) innovative characteristics
- Entrepreneurship with (self-reported) international orientation

These aspirations are explored through a series of questions concerning expectations for firm performance after five years. The ambitions for the new businesses are probed with questions about: what fraction expects substantial job growth, what fraction will produce new products and expand markets, and what fraction will export. These questions are critical to an evaluation of the effects of entrepreneurship in the economy.

JOB CREATION

Job creation is one of the most discussed consequences of entrepreneurship and is certainly of considerable importance to the younger segment of the Canadian population. The respondents to the GEM survey are commenting on start-ups, which are expected to be small businesses in the Canadian economy where more than 70% of businesses are small (100 employees) and these account for about 40% of business employment. Of these, roughly half have one to four employees and 20% employ five to nine. The structure of employment is shown below.

Figure 4.1: The Distribution of Business Employment by Firm Size[34]



Statistics Canada also reported that the net change in private sector employment between 2005 and 2015 was approximately 1.2 million jobs. Of these jobs, over one million were in small businesses.[35]

Another key aspect of the contribution to employment is a high growth rate of a firm. Statistics Canada defines high growth firms (HGF) as 20% annual increase over a three-year period and reports the percentage of high growth firms for 15 industry sectors. Over all industries the percentage of high growth firms is approximately 7% based on revenue and 3% based on employment. The leading sectors are construction and professional and technical services; retail is 12th.[36]

The basic GEM survey assessment of job creation potential is a question about aspiration for development over the next five years. The questions begin with a report of the current level of employment and followed by asking for the projected number of employees in five years. Figure 4.1 represents the results for four employment levels.

[34] Source: Statistics Canada (2016). See: https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html.
[35] Labour Force Survey, 2016.
[36] Labour Force Survey, 2016.

Figure 4.2a: Job Aspirations Now of Canadian Youth Entrepreneurs, Total to Age 39, cumulative % (2013-2016)

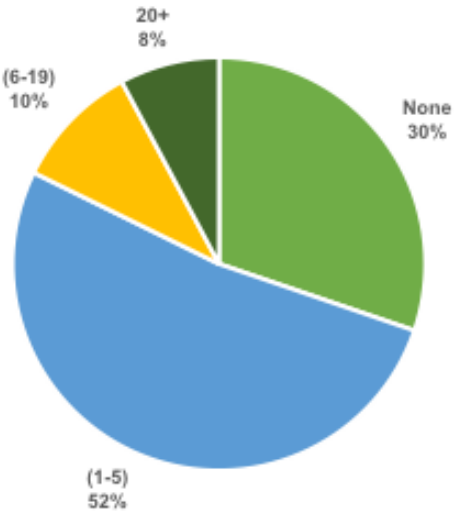
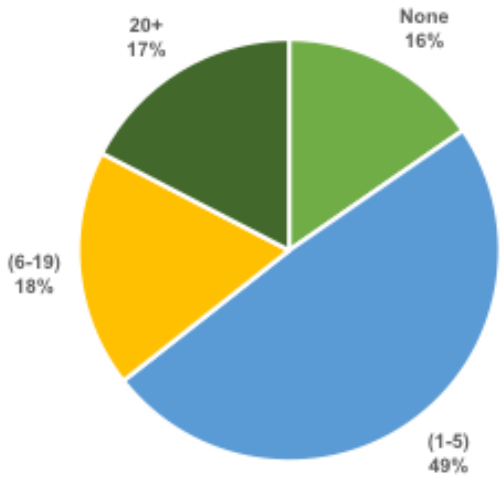


Figure 4.2b: Job Aspirations in Five Years of Canadian Youth Entrepreneurs, Total to Age 39, cumulative % (2013-2016)



These findings indicate that Canadian youth entrepreneurs are optimistic about the future and not aiming exclusively for sole proprietor businesses. Aspirations for significant growth (6-20+ employees) change from a present base of 18% to a target of over 35%. The increase of those at 20+ from 8% to 17% suggests aspirations to achieve high growth.

The samples size can also support a breakout of the GEM standard cohorts of 18 -24 and 25-34. The results are shown in Figure 4.2a and 4.2b.

Figure 4.3a: Job Aspirations of Canadian Youth Entrepreneurs, 18-24, cumulative % (2013-2016)

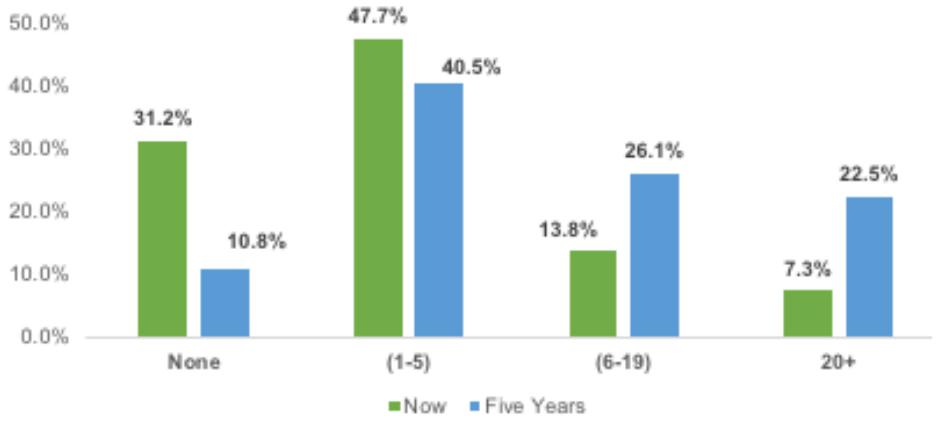
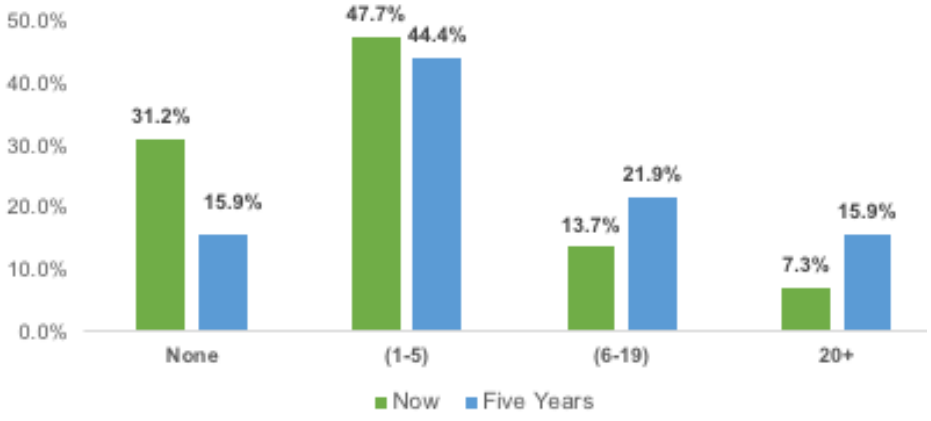


Figure 4.3b: Job Aspirations of Canadian Youth Entrepreneurs, 25-34, cumulative % (2013-2016)



In the context of job creation, there are almost no significant differences between the youngest cohort (18-24) and the next age group (25-34). The older demographic reports no employees after five years at a significantly higher rate indicating a higher incidence of initiatives aimed at self-employment. At the 20+ level of aspirations, the younger group appears to be the more ambitious.

A final parameter closely related to employment growth is market expansion, a second dimension of growth. In most cases ambitions to expand markets will accompany employment growth, but the two do not have to correlate closely since increasing revenues are most profitable if costs do not increase as fast as revenue. The data of interest are those related to ambitions for market expansion in the five-year time frame.

A significant fraction of respondents do not report any market expansion plans (none), but a majority do. The responses are for some expansion with no linkage to new technology, for expansion linked to new technology, and for profound market expansion.

The data are presented in the table below.

Table 4.1: Market Expansion of All Canadian Youth Entrepreneurs, cumulative % (2013-2016)

Market Expansion	None	Some (no new tech)	Some (with new tech)	Profound
%	48	38.7	9.1	4.3

As this table indicates over 50% have some expansion plans (i.e. did not answer none), some with relationships to new technology, with 4% describing the expansion planned as “profound”.

Looking at the younger cohort showed no defined trend with age and there are not large differences between the numbers given for the entire adult Canadian population in 2016.[37]

EXPORT ORIENTATION

Another activity that is thought to be correlated with innovation is export orientation. The GEM survey provides data on the expected share of revenue coming from outside Canada. The responses are divided into ranges from none to over seventy-five percent. The data for this indicator appear in Table 4.2.

[37] See GEM 2016 Canada report.

Table 4.2: Export Orientation of TEA Canadian Youth Entrepreneurs, cumulative % (2013-2016)				
Export Revenue	25% - 75%	Greater than 75%	Less than 25%	None
%	15.6	8.3	59.7	16.3

As these findings illustrate, the majority of firms plan for a small but identifiable export market. One quarter of firms plan for a significant role for exports. Canada's geopolitical circumstances does however favor exports, and this must account for a part of the high fraction of exporters. The less than 25% rate of almost 60% is higher than the overall Canadian data for 2016 which was at 43.7% for TEA and 50.7% for established businesses.[38] However, youth are less likely to identify none than the findings offered from the 2016 report; it documented none at about 23% for both TEA and established business rates. This would suggest that youth entrepreneurs are slightly more motivated to export than the overall adult Canadian population.

PRODUCT NOVELTY

Innovation is a major goal of entrepreneurship policy, even if only a fraction of new initiatives offer substantial innovations. Innovation is hard to define precisely. In some respect all of the new initiatives respond to an entrepreneur undertaking something new. However, the most relevant formal definition of innovation is an activity new to a market.

Initiatives that provide products or services that are novel or unfamiliar in a market lie clearly within that definition and those initiatives that have no competitors are also clearly innovative within the relevant market. This definition coincides with two dimensions of GEM data about the TEA population: the share of customers who are expected to find the new product or service novel or unfamiliar (innovative in that market); and the number of other firms who offer similar (competitive) products or services. Findings are supplied in Table 4.3 regarding novelty and Table 4.4 regarding competition.

[38] See GEM 2016 Canada report.

Table 4.3: Novelty (Unfamiliarity) of Product or Service of TEA Canadian Youth Entrepreneurs, Cumulative % (2013-2016)			
Novelty	All	Some	None
%	17.2	38.4	44.3

Table 4.4: Competition of Product or Service of TEA Canadian Youth Entrepreneurs, Cumulative % (2013-2016)			
Others offering	Many	Few	None
%	41.4	46.9	11.6

As these Tables indicate, the most innovative parts of these scales are at opposite ends. Unfamiliarity or novelty to all customers is the most innovative case, whereas no other firms offering competitive products or services is the parallel case. Over 17% of youth entrepreneurs in Canada believe their product or service is novel to customers, but fewer are convinced they face no competition from parallel products or services (over 11%). The levels of perceived innovativeness among these younger entrepreneurs is good compared to other Canadian studies since the general population surveyed expressed lower levels of excepted novelty of products and higher levels of no competitors for the services being offered.[39]

Technology

Some innovation literature proposes a relationship between innovativeness and use of up to date technology. The members of the TEA population are asked whether their initiative: draws on the latest technology introduced in the last year; or technology introduced in the previous one to five years; or older technology. Response data are shown it Table 4.5.

Table 4.5: Technology Use of TEA Canadian Youth Entrepreneurs, Cumulative % (2013-2016)			
Technology Use	Latest Year	1 - 5 years	Older
%	13.3	21.6	65

As is common across most GEM studies, the majority of youth entrepreneurs do not report use of newer technologies, and the sum of the use of the latest and 1-5 years old technology, is comparable past Canadian results for the adult population overall.[40]

[39] See the GEM 2015 and 2016 Canada reports as examples.
[40] See the GEM 2015 and 2016 Canada reports as examples.

CHAPTER 5 Recommendations for Policy and Future Research

There are many areas where Canadian youth entrepreneurs are exceeding expectations in comparison to their global counterparts and the broader Canadian adult population. There are nevertheless places for improvement. Based on the attitudes, activities, motivations, demographic and aspiration data reviewed in this report, several suggestions emerge.

POLICY RECOMMENDATIONS

1. **Take advantage of positive perceptions about entrepreneurship as a good career choice, deserving of high status, and well represented in the media to further build a culture of youth entrepreneurship in Canada.** Consider focusing on case studies of entrepreneurship that exemplify a concerted effort to promote economic growth and create jobs, and ones that are promoting the lifestyle choice of entrepreneurship. It is recommended that organizations use of different social media platforms to highlight youth accomplishments and make additional efforts to connect with the media regarding the local accomplishments of youth entrepreneurs.

2. All entrepreneurs struggle to find funding at the various phases of the entrepreneurial pipeline. This report shows that almost 70% of financing comes from personal sources for Canadian youth entrepreneurs. It also shows that angel investors are tending to commit their funds to members within their personal network. Consequently, **additional funding opportunities and supports for youth entrepreneurs and youth investors should be made available.**

3. **Provide capacity (training and funding) for groups that may need more help in building their entrepreneurial capital.** The two that are particularly noticeable in this report were Indigenous youth entrepreneurs and female youth entrepreneurs. While limited data was provided on ethnicity, it appears as though the Indigenous entrepreneur is underrepresented. More data was available on the gender gap, and here it became clear that

education to help female youth entrepreneurs feel confident in their skills and abilities and efforts to mitigate their higher fear of failure should be a priority.

4. **Offer targeted program support that capitalizes on the different strengths of the youth demographic**. Some clear strengths identified in this report include building upon the high growth expectations of the 18-24 years old cohort, recognizing the balanced TEA and established business aspirations of the 25-34 year old cohort, and acknowledging the unique contribution of the 35-39 year old cohort to more diverse sector participation and TEA.

5. **Collect additional baseline data on youth entrepreneurship attitudes, activity and motivations, and aspirations**. A focus area should be youth immigration; there are some differences noted in the GEM Canada 2013 Report that could not be adequately explored with the youth data available. Undoubtedly the biggest limitation to delving deeper about many of the findings in this report was a small sample size.

FUTURE RESEARCH

Some of the key areas that data could be collected upon to make these policy recommendations more effective are documented below:

Media coverage:

- Where and how are youth accessing information from the media about entrepreneurship?
- What platforms do they access and why?
- What key messages about entrepreneurship do they take away?
- What would youth entrepreneurs like to see more of from the media about entrepreneurship?
- What kind of media coverage of youth entrepreneurship is most effective?

CHAPTER 5

Financing

- What are some of best practices for different financing and support models for youth entrepreneurs in Canada and around the globe?
- What motivates youth angel investors to invest and how do they measure success?

Marginalized Entrepreneurs

- What does the typical Indigenous youth entrepreneur profile like? How does it differ from the overall Canadian youth profile?
- How do first-generation and second-generation immigration patterns of youth entrepreneurship differ?
- Where are female youth entrepreneurs doing their business (at home or elsewhere)? In what sectors?
- Does gender impact future aspirations for youth entrepreneurs? If so, how?
- How does having children impact the entrepreneurial path?
- Are the opportunity versus necessity motivations for youth entrepreneurs the same based on gender or ethnicity?

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Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors and the GEM Canada team.

SPONSOR RECOGNITION

The GEM Canada project would not be possible without the support and encouragement of many supporters and funders. We would like to recognize the following as funders of the GEM Canada Report on Youth Entrepreneurship.

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ACKNOWLEDGEMENTS

The author would like to acknowledge the contributions of Ray Op'tland and the late Dr. Cooper H. Langford who were instrumental in data preparation and analysis.

NOTES

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