

Study of Entrepreneurship Among Young Atlantic Canadians Aged 15-29



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada

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Introduction

Entrepreneurship, particularly youth entrepreneurship, has been an important component in the economic development approaches of the Atlantic Canada Opportunities Agency (ACOA) and other senior governments in Atlantic Canada for more than a decade. This interest and focus on entrepreneurship mirrors the global interest in entrepreneurship as an economic development approach, as well as a philosophical or cultural perspective. Factors such as the recessions of the early 1990s that prompted structural shifts in labour markets of most industrialized countries, demographic factors, and a growing realization of the value of a self-reliant rather than a dependency perspective all contributed to significant growth in entrepreneurship internationally.

In spite of the success in recent years, research undertaken by ACOA and other institutions indicates that the barriers to successful entrepreneurial development remain unresolved. Moreover, research indicates a significant potential for increased entrepreneurial activity. For example, research undertaken by ACOA as part of the Seed Capital Evaluation estimated a substantial potential volume of entrepreneurial-based business development in the region.

The Study of Entrepreneurship Among Young Atlantic Canadians Aged 15-29 is designed to advance the considerable efforts undertaken by ACOA over the past six years. In particular, it focuses on the specific needs of young Atlantic Canadians between the ages of 15 and 29 who either have the potential to become entrepreneurs or who are already operating their own business. The project is designed to place young entrepreneurs in the context of their labour market peers, namely other young persons who have either not considered or not started their own business.

Research Objectives

In terms of study objectives, the present research aims to fulfill the following goals:

1. Determine the extent to which young people in the Atlantic region are starting their own full-time entrepreneurial ventures;
2. Provide a profile of young entrepreneurs in Atlantic Canada as well as that of their businesses;
3. Capture attitudes and beliefs of the target young entrepreneurial group concerning business-related issues;
4. Examine the process by which young entrepreneurs initiate and develop their own businesses, noting gender, linguistic, and other relevant differences;
5. Explore the problems and challenges young entrepreneurs confront, as well as their coping strategies, again noting any gender, linguistic, and other relevant differences;



6. Review the nature and extent of young entrepreneurs' access to external venture financing, and the extent and reasons to which they are participating or not participating in generic financial assistance programs and other business support services, both private sector and government;
7. Determine among young entrepreneurs as well as potential young entrepreneurs the awareness level of existing support programs and how these are promoted to young Atlantic Canadians;
8. Gauge perceptions regarding whether or not one can be an entrepreneur while, at the same time, protecting the environment; and
9. Recommend methods to meet the financial as well as the non-financial needs of young entrepreneurs.

In accomplishing these goals, CRA engaged in a multi-faceted approach that involved an introductory statistical discussion of young entrepreneurship in the Atlantic region, a quantitative research component, as well as a qualitative research component. It should be noted that the quantitative research component included a sample of young entrepreneurs, who at present or in the recent past have operated their own business, and a sample of young non-entrepreneurs, who have not been business owners. To get another perspective, the qualitative research was designed to incorporate the opinions and feedback of individuals who work for government agencies and funding institutions that deal directly with potential business owners between the age of 15 to 29.

For the quantitative research, questionnaires were administered by telephone, with interviewing taking place during the period February 28 to May 9, 2001. Overall, 589 interviews were completed with young entrepreneurs and 800 interviews were completed with young non-entrepreneurs. Only Atlantic Canadians aged 15 to 29 were included in the samples, and the data sets were weighted so as to ensure that the final data sets are representative of the population of young Atlantic Canadians (non-entrepreneurs) and young, self-employed Atlantic Canadians (entrepreneurs). In addition to the above samples, CRA conducted interviews with a group of 69 young people associated with Junior Achievement organizations. While views of these young people are deemed to be informative, data from these individuals were not combined with the larger sample of young entrepreneurs due to important differences between Junior Achievement businesses and "true" businesses. Instead, a summary of the results from the sample of Junior Achievers is presented following the discussion of young entrepreneurs and young non-entrepreneurs. A more complete description of the methodology utilized to conduct this survey is provided at the back of this report.

In addition to the quantitative portion of this study, a total of 34 one-on-one interviews were conducted by telephone over the period of February 5 to February 19, 2001. Overall, the qualitative component of this study consisted of 15 interviews that were conducted with representatives from Government Departments and Agencies, while 19 interviews were conducted with representatives from lending/funding institutions.

This report contains an executive summary that encompasses all facets of the research conducted on behalf of ACOA. Subsequently, CRA reports the key conclusions and recommendations individually



for the quantitative and qualitative research components, including results of the statistical review of young entrepreneurs where applicable. Finally, the statistical review of young entrepreneurship, in addition to the detailed analysis and study methodology from both quantitative and qualitative research components, are presented for an in-depth discussion of overall results. Appendix A at the back of the report contains copies of the quantitative study questionnaires, while the tabular results are presented in Appendix B (entrepreneurs) and Appendix C (non-entrepreneurs). In the report, the tabular results are denoted by number for easy reference. Except where otherwise noted, all results are expressed as percentages. Also, Appendix D presents a copy of the Interview Protocol that was used for both the French and English one-on-one interviews conducted in the qualitative portion of this study.



Executive Summary

The following is a brief summary of the results of the **Study of Entrepreneurship Among Young Atlantic Canadians Aged 15-29**. The study was conducted on behalf of ACOA and consisted of both a quantitative and a qualitative component. The quantitative phase of the study sought opinions of young entrepreneurs and non-entrepreneurs throughout Atlantic Canada on a wide variety of business-related issues. The qualitative phase included one-on-one interviews with individuals from government agencies and lending institutions (agency representatives) to obtain their views of young entrepreneurs and current young entrepreneur programs, and to gather recommendations as to how these programs might be improved. As well, the report presents an analysis of Statistics Canada data on self-employed young Atlantic Canadians to examine trends in entrepreneurship throughout the region over the past decade.

Overall, results indicate that the opinion of youth entrepreneur programs is generally positive. In addition, young entrepreneurs demonstrate a high level of awareness and usage of a number of types of financial and non-financial assistance. Nevertheless, a key tenet of the overall research suggests there is room for improvement in terms of mentoring and skills development, with the potential for an increase in both the volume and success of young entrepreneurial activities in the region.

Compared to previous generations, today's young entrepreneur is viewed by agency representatives as more aggressive and self-assured, better educated, better informed and more technologically advanced. In addition, young entrepreneurs are more well-educated, and more likely to have taken post-secondary courses on the subject of starting a business, than similarly aged young non-entrepreneurs. Despite these advantages, today's young entrepreneur is also perceived by agency representatives to lack the knowledge and skills required to run a successful business. Agency representatives feel that these young people do not realize the importance of following their business plan, and that they only develop a business plan in order to gain access to capital. Indeed, young entrepreneurs themselves often cite financing as their greatest business need, while at the same time claiming that basic business skills such as management, sales, and business planning are not areas in which they require as much help. The difference of opinion on this issue between young entrepreneurs and officials at lending institutions and government agencies is noteworthy.

Government and financial officials identify a number of standard types of information as essential building blocks for young entrepreneurs to obtain when starting a new business. Information pertaining to developing a business plan, legal matters, human resource management, marketing, research and development, initial financing and general management practices are all viewed as key components when building a business. Centralizing such services and educating potential users as to the existence of this service would facilitate access to this information. Promoting young entrepreneur programs and services through the school system and fully promoting a one-stop approach to information gathering were seen as important areas to be explored. An approach of this sort may greatly benefit the rather substantial population of non-entrepreneurs who have considered opening a business but have yet to do so. Indeed, non-entrepreneurs as a whole are relatively unaware of the various sources of financial and non-financial assistance related to starting a business.



According to officials from government and lending institutions, obtaining access to working capital is also a major challenge young entrepreneurs confront when building their business. In fact, all parties interviewed in this study agree that securing the necessary capital to start-up and maintain a business still presents a problem for young entrepreneurs. For example, \$15,000 is reported to be the maximum amount of financing available to young people who wish to start their own business, an amount that is viewed as being insufficient.

As suggested, guidance from a mentor is another topic central to the results of the study. Young entrepreneurs and government officials alike highlight the significant contribution that a mentor can make to the success of a business career. Coupled with the importance of obtaining financing, the suggestion was made by agency representatives that capital programs should include a mandatory training or mentoring component. Young entrepreneurs are quick to seek out information regarding access to capital, however they need to recognize the importance of taking the same initiative when accessing training and skill development programs. Mentoring is generally perceived to have an intrinsic value to an entrepreneur. Ensuring that training and mentorship are mandatory components to accessing funds would ensure young people take the necessary steps to prepare themselves for operating a business.

Although mentoring is an important component in promoting the success of young entrepreneurs, it also presents challenges. Agency representatives recognize the need for mentorship, yet acknowledge that this type of support can be costly and time consuming to the business people involved. Finding the correct mentoring match, as well as identifying business people who would be suitable mentors willing to devote their time and energy, is a hurdle that needs to be overcome.

It is interesting to consider the role of parents and guardians in the mentorship process, especially for parents who are business owners themselves. The vast majority of young people interviewed in this study say their parents have the greatest influence over their career decisions. As evidence of that influence, children of business owners are far more inclined to follow in their parents' footsteps and become business owners themselves. The relationship between a parent and a child when both of them own a business likely goes beyond family bonds and enters the realm of mentorship. While it is acknowledged that not all parents possess the necessary tools and experience to be appropriate mentors, their value as a source of accessible, influential guidance should not be overlooked.

Finally, interviews with non-entrepreneurs uncovered some attitudes that undoubtedly impinge on the likelihood of these individuals ever becoming successful entrepreneurs. Specifically, among young non-entrepreneurs opinions are mixed as to whether or not a successful business can be operated while at the same time protecting the environment. In contrast, young entrepreneurs are nearly unanimous in their belief that both can be simultaneously achieved. On another topic, results indicate that young non-entrepreneurs have concerns over the relative lack of competitiveness of businesses located in Atlantic Canada. If strides are to be made in terms of growing the entrepreneurial base in the region, both of these issues need to be addressed so as to increase the appeal of business ownership on both regional and environmental levels.



Conclusions

Quantitative Research

The conclusions presented in this section were drawn from the results of interviews with young entrepreneurs and young non-entrepreneurs in the quantitative component of the research.

- **The incidence of business ownership among young Atlantic Canadians is consistent with other statistical information from the region.**

Results from a representative sample of young Atlantic Canadians suggests that fewer than one in ten young people in the region either currently own a business, or have done so in the past. These data are consistent with figures from Statistics Canada that indicate an annual rate of self-employment among 15-29 year olds of between 6.2 and 9.2 percent over the past 20 years.

Young entrepreneurs operate a wide variety of businesses and tend to open those businesses after they have reached the age of 21. The types of businesses run by young entrepreneurs are varied, with the service sector being the most highly represented.

- **On a comparative basis, those at the upper age limit for young entrepreneurs are better educated than similarly aged non-entrepreneurs and more likely to have taken post-secondary courses on the subject of starting a business.**

The majority of young entrepreneurs have at least some post-secondary experience while only about four in ten non-entrepreneurs have attained the same level of education. Although entrepreneurs are typically older than non-entrepreneurs, the difference in educational levels remains true even among respondents in the 25-29 year old age bracket. Moreover, of those respondents with at least some post-secondary experience, entrepreneurs are twice as likely as non-entrepreneurs to have taken courses on the subject of starting a business.

- **Not surprisingly, the most appealing aspect of business ownership is related to the independence associated with being your own boss, while financial concerns are the most significant obstacle.**

When asked the most important reason for starting or owning a business, over one-half of young entrepreneurs say that they enjoy being their own boss, an opinion that is held by an even greater percentage of young non-entrepreneurs.

On the other hand, young entrepreneurs consider money to be the main obstacle they faced when starting their business, while non-entrepreneurs mention a lack of money as the main obstacle that has **prevented** them from starting a business. Worries about a lack of funding are also prominent in entrepreneurs' decisions concerning business expansion.



- **As would be expected, young entrepreneurs are more knowledgeable regarding both financial and non-financial assistance for starting a business.**

Concerning sources of financial support for starting a business, entrepreneurs are able to name (unaided) a variety of institutions and programs including banks, development corporations, and various government programs. Importantly, awareness of the Young Entrepreneurs ConneXion Program as a specific source of financial assistance varies dramatically, with entrepreneurs being four times as likely as non-entrepreneurs to have heard of the Young Entrepreneurs ConneXion, or "Seed Capital" Program.

Results indicate that young entrepreneurs are also aware of more sources of non-financial business assistance than are non-entrepreneurs. Most entrepreneurs interviewed believe young people wishing to start a business can tap into non-financial assistance programs such as mentoring programs, help with business plans, and business counselling. In contrast, very few non-entrepreneurs are aware of any types of non-financial government assistance or government programs available to young people who wish to start their own business. In terms of potential options for support, entrepreneurs place the most emphasis on guidance from a mentor, while non-entrepreneurs lean towards attending courses or student internships.

- **While both young entrepreneurs and non-entrepreneurs alike identify their parents or guardians as having the greatest impact on their career choice, the parents of entrepreneurs are significantly more likely to be business owners themselves.**

Close to nine in ten respondents interviewed feel that parents or guardians are an important influence on their careers. Other sources of career influence for entrepreneurs include local business people and government programs, whereas non-entrepreneurs are more inclined to mention teachers and instructors. Given the stated importance of parents and guardians, the fact that parents of entrepreneurs tend to be business owners cannot be overlooked.

- **It is clear that the vast majority of young entrepreneurs has relied on the advice of a mentor or experienced business owner in the past and would be willing to do so in the future.**

It is evident that many of the young entrepreneurs in this study have received training and/or advice in a variety of areas. Receiving advice from a mentor or experienced business owner is the most common form of training undertaken by young entrepreneurs outside of any formal educational training. Guidance from a mentor is clearly valuable to young entrepreneurs as there is much enthusiasm for utilizing such resources in the future if they were available at no cost.

The primary skills in which young entrepreneurs believe themselves to be lacking are of a somewhat technical nature. E-commerce, exporting and bookkeeping are the top three areas in which entrepreneurs feel they are currently in need of improvement, while more traditional areas such as sales, business planning, and management skills, are mentioned relatively less often.



- **A significant percentage of non-entrepreneurs have aspirations of starting their own business within the next five years.**

Over half of young non-entrepreneurs interviewed say they are at least somewhat likely to start a business sometime in the future. This view may be somewhat optimistic. A more conservative estimate, which adjusts the stated intentions depending on the strength of the intentions, suggests that one in five non-entrepreneurs will start a business at some point in the future.

In terms of the timeframe for opening their first business, relatively few young non-entrepreneurs plan to do so in the immediate future (less than two years from now), although a sizeable minority believes they will start a business in the next two to five years.

Young non-entrepreneurs who have seriously considered becoming business owners report different reasons for not starting a business, compared to those who have not seriously considered becoming business owners. Specifically, those who have not thought about going into business for themselves tend to be uninterested in doing so, while those who have considered becoming business owners are of the opinion that financial concerns have held them back.

- **For the most part, young non-entrepreneurs have a realistic view of entrepreneurship and a positive outlook regarding business ownership.**

The vast majority of non-entrepreneurs believe business owners put in more time on a weekly basis than do salaried employees. However, the reward for doing so is perceived to be minimal. While close to one-half of young non-entrepreneurs consider business owners to have more disposable income than salaried employees, the majority are of the opinion that business owners have at most the same amount of disposable income as salaried employees.

While most employed young non-entrepreneurs are satisfied with their current employment situation, it is interesting to note that the vast majority of non-entrepreneurs interviewed feel that a career as a business owner would be fulfilling. Added to that is the belief on the part of young non-entrepreneurs that they have a business-oriented outlook on life. Together with other information reflecting young non-entrepreneurs' attitudes towards starting a business, it is apparent that there is the potential for growth in entrepreneurship in the region.

- **The college system is recognized as placing the most emphasis on, and doing the best job of, preparing students to be entrepreneurs.**

Non-entrepreneurs who have been through the college system give positive assessments of the emphasis and quality of courses about teaching students about business ownership. In comparison, the university system, and even more so the high school system, are perceived to be of somewhat lesser quality in terms of preparing students to become business owners.



- **Overall, most non-entrepreneurs support the involvement of the government in assisting youth to start their own business, although relatively few recognize the government's efforts in this regard.**

Government financial assistance is considered to be a very important source of support for potential business owners. Virtually all non-entrepreneurs interviewed state that the government should give special attention to young people who want to venture into the business world. Indeed, young non-entrepreneurs place government financial assistance ahead of other types of assistance such as business skills training, courses, or business counselling.

At present, the perception among young non-entrepreneurs is that the government is not doing a very good job of assisting young people who wish to start their own business. Clearly, every effort needs to be made to ensure that the government is seen as offering a helping hand to entrepreneurship in the region rather than a non-entity.

- **Differences in media usage between young entrepreneurs and non-entrepreneurs may provide important avenues for marketing and advertising.**

Results indicate that listening to the radio is the main media activity among young non-entrepreneurs and entrepreneurs alike. As for differences between the two groups, entrepreneurs are more apt to read daily newspapers and surf the Internet, whereas non-entrepreneurs spend more time watching television.

Qualitative Research

The following conclusions are based on the detailed findings of the one-on-one qualitative interviews with individuals from government agencies and lending institutions.

- **Overall opinion of young entrepreneur programs is generally favourable.**

Significant improvement has been noticed in the development of programs for young entrepreneurs over the past couple of years. For the most part, participants indicated that there are sufficient programs in place and that these programs should remain in place. Despite these findings, there is a need to better promote these programs and services. In particular, young entrepreneurs are viewed as requiring assistance and guidance in order to access the information they need to begin their business.

- **Financial assistance was viewed as critical, with most suggesting that these programs include mandatory training or mentoring.**

Although participants acknowledged that there were sufficient financial programs in place, they also pointed to the need for greater attention in the development of business skills and training. Young entrepreneurs are eager to obtain information on how to access capital, although the same degree of perseverance is not evident in terms of accessing training and educational programs.



Thus, while young entrepreneurs are anxious to start their own business, they often lack the fundamental business skills required to maintain and enhance their investment.

Participants believe that young people need to be better equipped with respect to business management skills. Accordingly, there is a need to place greater emphasis on the importance of acquiring these skills among young entrepreneurs, perhaps through mentoring and training programs. Incorporating a mandatory training component as part of the process of accessing capital would be key to ensuring that young entrepreneurs obtain the skills they need to foster the long-term success of their business ventures. Although the importance of mentorship is evident, attracting and maintaining appropriate mentors is a challenge, as it involves a significant commitment on the part of business people. In most cases, mentoring is done on a volunteer basis, although some feel that mentors should be compensated for their time. Clearly, mentorship is an area that requires further investigation.

- **Most believe that youth entrepreneurial programs are not adequately promoted within the school system, and that there is a need for a one-stop information resource for youth interested in starting their own business.**

Overall, the school system is viewed as a means to effectively introduce young people to entrepreneurship and what it entails. The school system (high school, community college and university) is thought to offer an effective venue for creating a general awareness of entrepreneurship as a career option. As such, it provides an ideal opportunity to introduce students to the services and supports available to them, should they decide to pursue a career in this field.

- **Access to capital financing and adhering to their business plans are the two most significant challenges young entrepreneurs face in building their business.**

For the most part, \$15,000 was identified as the maximum amount of financing available to young people who wish to start their own business, with many participants considering this an insufficient amount of capital to start a business. At this point in their careers young entrepreneurs have little or no capital of their own as an investment and traditional lending institutions are reluctant to approve funding they require to obtain working capital. Additionally, young entrepreneurs who successfully obtain working capital often times do not realize the importance of following their business plan until they are faced with financial difficulties.



Recommendations

The following recommendations are obtained from analysis of interviews with young entrepreneurs and young non-entrepreneurs, as well as from one-on-one interviews with individuals from government agencies and lending institutions.

- 1. A marketing campaign should be developed and directed at youth in the region to appropriately position business ownership as a viable option for young people.**

It is apparent that a majority of non-entrepreneurs are favourably disposed to starting their own business. Indeed, over half of young non-entrepreneurs indicated an interest in starting their own businesses, the majority saying they would do so within the next five years. The development of a marketing campaign should be directed at multi-audiences including the targeted youth segments, the general public and parents. Entrepreneurship as a career choice needs to be promoted using role models of successful young entrepreneurs to appropriately position this alternative to youth. This campaign must be designed to incorporate key messages, such as the benefits associated with owning a business and, perhaps most importantly, should have a call to action that is measurable.

- 2. New channel strategies should be developed in terms of reaching the target audience.**

It is clear that there is a significantly higher likelihood among young entrepreneurs than non-entrepreneurs to have parents who own their own businesses. With this in mind, owners of small businesses should be considered a prime target in terms of any communication strategy directed at potential young entrepreneurs. Small business organizations such as the Canadian Federation of Independent Businesses or the local Boards of Trade and Chambers of Commerce provide access to their members through their own publications, as well as making mailing lists available for direct marketing purposes. Another potential channel would be through cooperative marketing activities with the Community Colleges that are already well recognized as providing practical programming for those interested in starting their own businesses.

- 3. A clearing-house approach should be considered in terms of directing potential young entrepreneurs to the financial and non-financial sources of assistance available by providing a one-stop information resource to this target market.**

Given the variety of programs currently available to young entrepreneurs, both financial and non-financial, it would be beneficial to have a single source of information available to potential young entrepreneurs. A central clearing-house with an up-to-date database of all the relevant programs would simplify the process of obtaining the appropriate information for those interested in exploring the possibilities of starting their own business. A multi-channel contact strategy should be employed in this regard using not only a toll-free telephone number, but also a web-based option, perhaps with links to other relevant information sites.



4. Consideration should be given to a branded approach to programs for young entrepreneurs.

In keeping with the clearing-house approach to information dissemination, it would likely be advantageous to develop a brand for youth entrepreneurship. Just as “Participaction” created a brand for encouraging Canadians to become more physically fit, a similar approach to youth entrepreneurship would serve to heighten both the awareness and perhaps appeal of young Atlantic Canadians starting their own businesses. This might also assist in providing greater recognition for the government’s efforts in developing entrepreneurship within the region.

5. Financial assistance programs should incorporate a mandatory training program to ensure young entrepreneurs acquire the fundamental business skills to successfully manage their business venture.

The research indicates that most young entrepreneurs lack the necessary business skills to build their businesses. Often young entrepreneurs fail to appreciate the importance of having a business plan, and actually following such a plan. One potential approach to this problem is to develop a funding matrix that has different conditions for each level of funding. Thus, a higher level of funding would entail even greater training requirements. As well, the need and desire for mentorship is evident among young entrepreneurs. At the highest funding levels, the assignment of a mentor could be one of the key conditions associated with the funding.

6. Continued efforts should be directed at introducing youth to entrepreneurship through the public school system.

There is little question that there is insufficient exposure in the public school system to entrepreneurship as an alternative. Clearly, programs such as Junior Achievement are introducing students to entrepreneurship, although on a limited basis. The ideal solution is to have entrepreneurship offered as part of all schools’ curriculum. This is a long-term initiative. In contrast, other shorter-term solutions may be more viable. In-school campaigns using marketing and promotion materials such as posters and videos may be one approach worth considering. A special “Youth Entrepreneur Day” at high schools, featuring successful young entrepreneurs as guest speakers could also be considered. Most school boards have business curriculum specialists that might be approached in this regard. Another potential way of introducing students to starting their own businesses would be to sponsor a “business-simulation” competition. Such a competition could be undertaken on a province-wide basis initially, followed by a regional championship with provincial winners.

7. The development of a mentorship program for young entrepreneurs should be considered an important priority within the region.

Evidence suggests that the single most useful training or advice received by young entrepreneurs is guidance from a mentor, and virtually all young entrepreneurs would make use of a mentor again, given the opportunity. For many young entrepreneurs, their parents own their own businesses and act in a mentorship capacity almost by osmosis. Recruitment of appropriate mentors is clearly a challenge, due primarily to the time commitments required from mentors who typically have demanding enough schedules as it is. Nevertheless, given the importance of mentors to



successful entrepreneurship, a process should be put in place to recruit potential mentors, with the development of a database of potential mentors being a key component of the process.



Statistical Data Review of Young Entrepreneurship

Entrepreneurship has been part of ACOA's strategic priorities since the Agency's inception in 1988. Beginning in 1991, the Agency began to develop its policy on entrepreneurship in detail. The resulting approach for entrepreneurial development focused on youth, women and the education system. Over the past decade, ACOA has partnered with provincial government departments, community economic development agencies, business organizations and others to increase the growth and sustainability of entrepreneurship in Atlantic Canada.

This section examines trends in entrepreneurship in Atlantic Canada over the past decade. The analysis is based on self-employment data from the 1991 and 1996 Census of Canada and Statistics Canada's Labour Force Survey data. The statistical characteristics of these two data sources provide different measures of youth entrepreneurship from a labour market perspective. The analysis examines those population groups that ACOA and its partners have concentrated upon in its development efforts.

The Census estimates are based on the labour market characteristics of the young entrepreneur during a single point in time preceding the Census. For the analysis presented here, data are based on monthly activity from May 1991 and May 1996. The data are not seasonally adjusted to reflect the time of year when the data were collected and are subject to seasonal variability. The Census estimates are based on the entire Canadian population, and contain a vast amount of detailed information, although these data are now somewhat dated.

The annual Labour Market Survey data are based on seasonally adjusted estimates of labour market activity, using a sampling methodological approach. The data are collected monthly and adjusted to provide annual averages. These data provide a good perspective on the trends in the labour force but do not include the same level of detail or accuracy as the Census.

Overall Growth in Self-Employment

The growth in youth entrepreneurship in Atlantic Canada over the past 20 years follows a wave-like trend, mirroring the periods of strength and weakness in both the regional and national economies. Annual labour force data from Statistics Canada since 1980 indicates that the percentage of self-employed persons 15-29 years of age in the employed labour force in Atlantic Canada peaked at 9.2 percent in 1996 and by 2000 had subsequently declined by close to one-third to 6.2 percent. (This figure is consistent with the incidence of young Atlantic Canadian entrepreneurs as measured in the current study.) National rates followed a similar but dramatic decline, peaking in 1997 at 8.3 percent and declining in 2000 to 6.6 percent.

Data from the 2000 Labour Force Survey indicate that Nova Scotia has the greatest number of young entrepreneurs in Atlantic Canada, followed by New Brunswick. Most young entrepreneurs, regardless of gender or region, are in the 25-29 year age group. It is interesting to note, however, that the number of young entrepreneurs in the 15-19 year age group generally exceeds the number of 20-24 year old entrepreneurs. The reasons for this are not immediately apparent but could relate to the overall size of each age group, the educational status of these entrepreneurs or the variation in the labour force estimates.



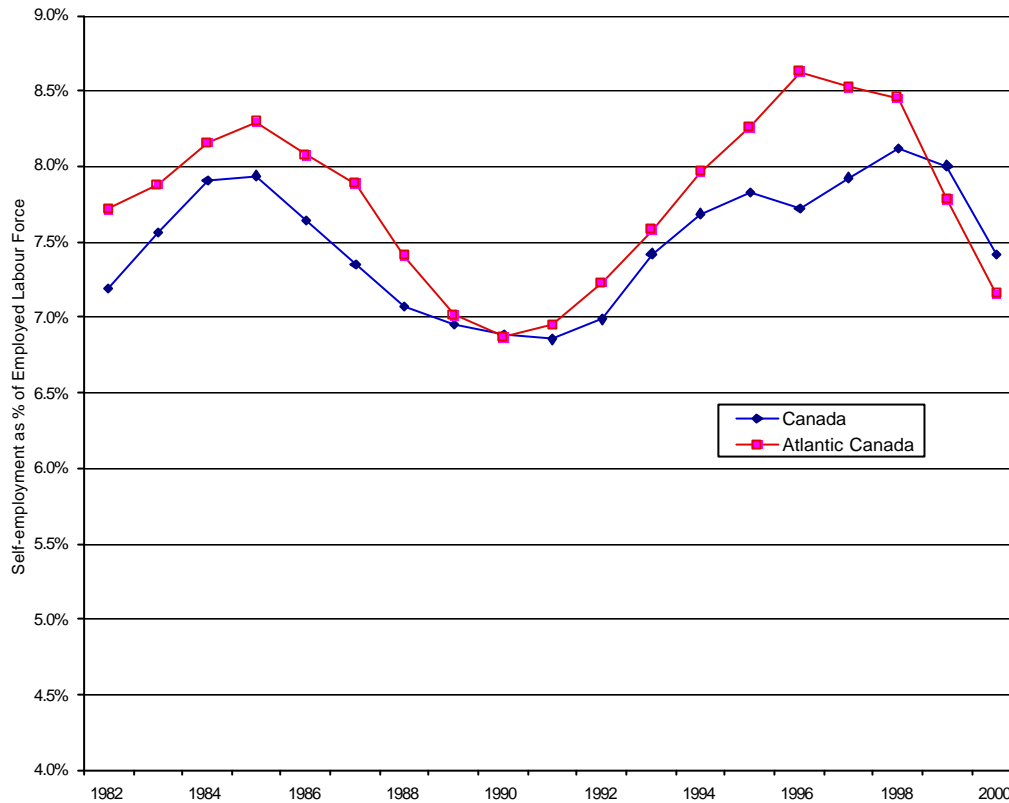
According to the Labour Force Survey, the number of self-employed youth in Atlantic Canada has declined more than 35 percent from the peak level in 1980 and has generally been diminishing, in absolute numbers, since the early 1980s. Of course, the decline in the absolute number of self-employed youth is largely a reflection of the overall decrease in the number of 15-29 year olds, self-employed or otherwise, in Atlantic Canada.

Moreover, the proportion of self-employed youth in the Atlantic Canada employed labour force for 2000 is marginally lower than the previous low point of the past 20 years, at 6.6 percent, established in 1989. The labour force data reveal that youth self-employment, in absolute terms, has been declining over the past 20 years at the national, regional and provincial levels. As noted, this trend is not surprising, given the overall decline in the population for this age group.

The trend in each Atlantic province generally follows the regional trend over the past decade, with slight variations. In contrast to the three Maritime Provinces, the proportion of self-employed youth amongst all employed youth in Newfoundland increased between 1999 and 2000 from 6.2 percent to 7.3 percent. This increase results from an increase in the number of self-employed youth; in each of the Maritime Provinces, the number of self-employed youth declined between 1999 and 2000, as reported in the Labour Force Survey.

The following chart indicates the change in the rate of self-employment amongst *employed* youth 15-29 years of age at both the national and Atlantic Canada levels. The trends shown in the chart are based on a three-year moving average of each data set; this statistical analysis technique is designed to remove any short-term fluctuations in the data.



Chart 1: Trends in the Rate of Youth Self-employment, 1982-2000¹

Source: Statistics Canada Labour Force Survey, 1982-2000

Changes in the rate of youth self-employment are influenced by several factors and these are likely all at play in the data described here. These include:

- Awareness of self-employment as a career option;
- Financial barriers to starting a business, particularly access to capital, credit history and interest rates;
- Alternatives to self-employment, particularly paid employment in a growing economy; and
- Management skills and other expertise needed to start and operate a small business successfully.

Recent analysis of the decline of self-employment, reflected in the Labour Force Statistics, suggests that the strong economic growth of the national economy during the latter half of the 1990s has provided an attractive alternative to self-employment for youth and other age groups. Employment opportunities in the business service sector, including information and communications technology

¹ Shown as a proportion of employed youth in the labour force.



(ICT), have exceeded the supply of labour in some jurisdictions. Moreover, employment in the ICT sector provided considerable financial benefits to employees that may have been more attractive than self-employment.

Census Perspectives

According to Census results over the period 1991 -96, overall rates of growth for self-employment in the Atlantic Provinces under-performed the national growth rate by almost one-third. The rate for New Brunswick was within 10 percent of the national rate; Nova Scotia growth was 84 percent of the national rate. The growth in the self-employed labour force in Newfoundland and Prince Edward Island fell well below national and regional rates of growth. During this time period, both these provinces had very high unemployment rates, reflecting generally poor economic conditions; the average annual unemployment rate from the Labour Force Survey for these provinces was 19.4 percent and 16.6 percent, respectively.

Table 1: Growth in the Self-Employed Labour Force, Aged 15 and Older, 1991-96

	1991	1996	Growth (%)
Canada	1,405,760	1,802,360	28.2
Atlantic Canada	83,785	99,855	19.2
NF	17,685	18,475	4.5
NS	34,295	42,415	23.7
PE	7,810	8,785	12.5
NB	23,990	30,175	25.8

Source: Statistics Canada 1991 and 1996 Census

Age Group Comparisons

This report focuses on youth self-employment, an area of special interest for ACOA and its development partners. During the past decade, the Agency has made considerable efforts to address entrepreneurship from a development or long-term perspective by concentrating on increasing awareness of entrepreneurship as a career option through cooperation with the educational system in the region.

These efforts have encouraged the inclusion of entrepreneurship programs in the curriculum, special pilot projects and model programs, and funding for initiatives such as the Centre for Entrepreneurship Education and Development in Nova Scotia.

According to the 1991 and 1996 Census results shown in Table 2, the proportion of the labour force reporting self-employment in Atlantic Canada was consistently less than the national rate in all age groups for both time periods.



In general, the self-employment rate increases by age group with the greatest proportion of entrepreneurs being in the 45-60 year age group. As the following table indicates, self-employment is lowest amongst the 15-29 year age group. The rate for this group was less than half that for both the 30-44 and 45-60 age groups during both Census periods. This should not be surprising, as self-employment is cumulative and, according to other research, is most likely to occur amongst persons at their late 30s and early 40s age.

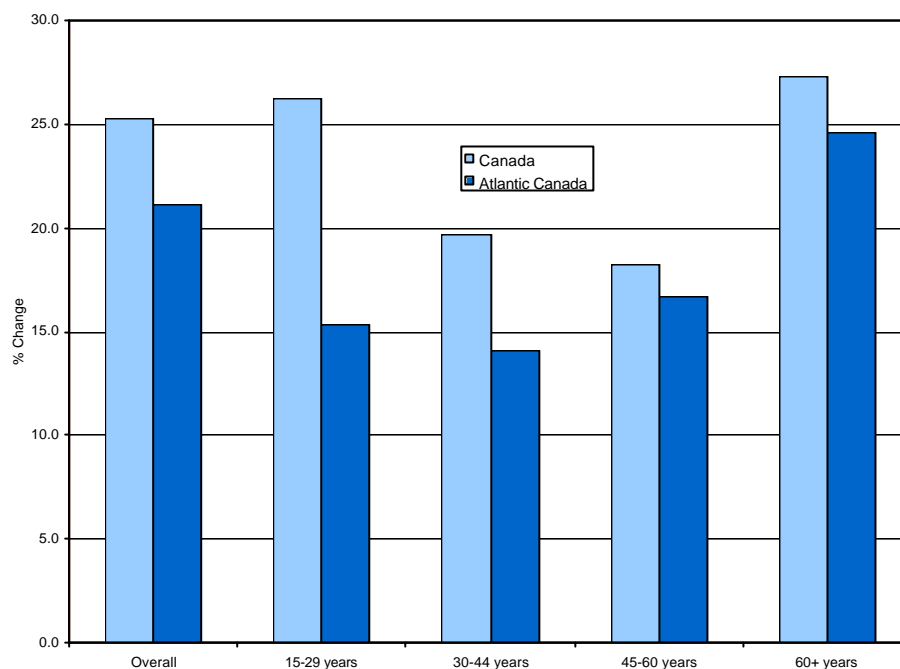
Table 2: Share of Self-Employment as a Percentage of the Labour Force by Age Groups, 1991-1996

	15-29 years		30-44 years		45-60 years	
	1991	1996	1991	1996	1991	1996
Canada	3.6	4.5	10.5	12.6	13.6	16.1
Atlantic Canada	2.9	3.3	8.0	9.1	10.9	12.7

Source: Statistics Canada 1991 and 1996 Census

In spite of strong growth rates between 1991 and 1996, Census results presented in the following chart indicate that growth in the share of self-employment in the Atlantic Canada labour force lagged behind that of Canada as a whole between 1991 and 1996. At the national level, the share of entrepreneurs aged 15-29 in the labour force grew by more than 25 percent over the five-year period. However, growth in this share in Atlantic Canada amongst this age group, while a substantial 15 percent, underperformed national growth rates by 41 percent. It should be noted that while *the number* of young entrepreneurs in Atlantic Canada actually declined over this 1991-96 period, the *share* of young entrepreneurs as a percentage of the labour force in the region actually increased.



Chart 2: Growth in the Share of Self-Employment as a Percentage of the Labour Force by Age Group, 1991-96

Source: Statistics Canada 1991 and 1996 Census

The following table presents the change in the share of self-employment by age group over the 1991-96 period for Canada, Atlantic Canada and each Atlantic province. Nova Scotia was the strongest performer amongst the four Atlantic Provinces, followed by New Brunswick. According to the Census data, PEI actually experienced a decline in youth self-employment during this period.

Table 3: Growth in the share of Self-Employment as a Percentage of the Labour Force by Age Group and Area, 1991-96

	Overall	15-29 years	30-44 years	45-60 years
Canada	25.3	26.3	19.7	18.2
Atlantic Canada	21.2	15.4	14.1	16.7
NF	13.4	2.5	10.3	10.9
NS	26.1	26.8	17.2	19.4
PE	8.5	-4.7	1.0	13.7
NB	22.9	17.2	15.5	17.8

Source: Statistics Canada 1991 and 1996 Census



Gender Comparisons

Self-employment has historically been perceived as being characteristically a male domain. However, the Census results confirm a widely held perception of a significant growth in female self-employment over the 1991-96 period amongst young entrepreneurs aged 15-29 years. The following table presents the number of young male and female entrepreneurs in Atlantic Canada and by province in 1991 and 1996.

Table 4: Youth Self-Employed Labour Force Aged 15-29 by Gender, 1991-96

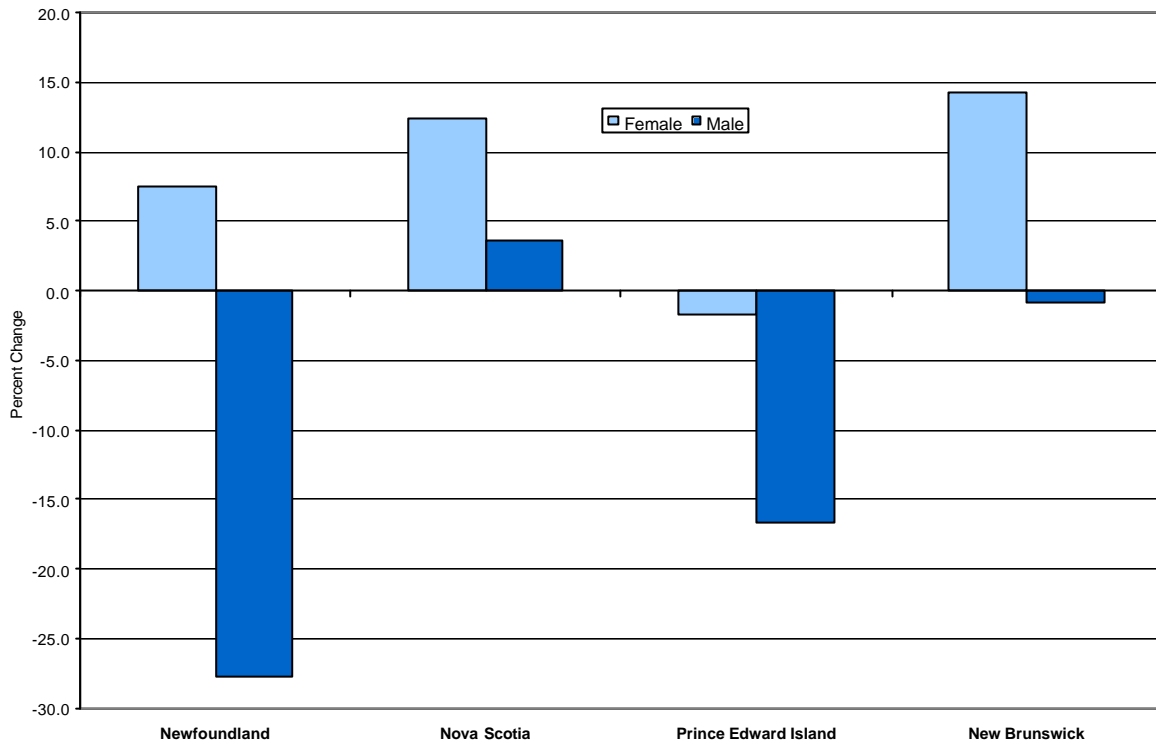
	Males		Females	
	1991	1996	1991	1996
Atlantic Canada	7,515	6,880	3,410	3,785
NF	2,180	1,575	595	640
NS	2,780	2,880	1,405	1,580
PE	660	550	290	285
NB	1,890	1,875	1,120	1,280

Source: Statistics Canada 1991 and 1996 Census

The overall number of self-employed youth in Atlantic Canada has declined over the period 1991 to 1996, although the overwhelming majority of the decline has been among young males. It is still the case however that among self-employed youth in the region, males outnumber females by nearly a 2 to 1 margin.

In all jurisdictions, the growth in the number of females who were self-employed exceeded by a substantial margin the growth in the number of self-employed males. At the national level, female self-employment grew by 30.6 percent compared to 2.8 percent for males; comparable rates in Atlantic Canada were 11.0 percent and a decline of 8.4 percent respectively. The following chart shows the changes in male and female self-employment by province for young entrepreneurs.



Chart 3: Changes in the Number of Self-employed Youth Aged 15-29 by Gender, 1991-96

The change in Newfoundland over the period stands out. The number of self-employed females amongst youth increased by 7.6 percent while male self-employment declined 27.8 percent. In each province, the growth rate of female self-employment exceeded that for male self-employment by a significant amount.

Although the growth of self-employment for females during the early 1990s was significant, it should be noted that by 1996, the proportion of the youth female labour force that was self-employed in Atlantic Canada — 1.9 percent of females aged 15-29 in the labour market — was well below the national proportion of 2.4 percent.

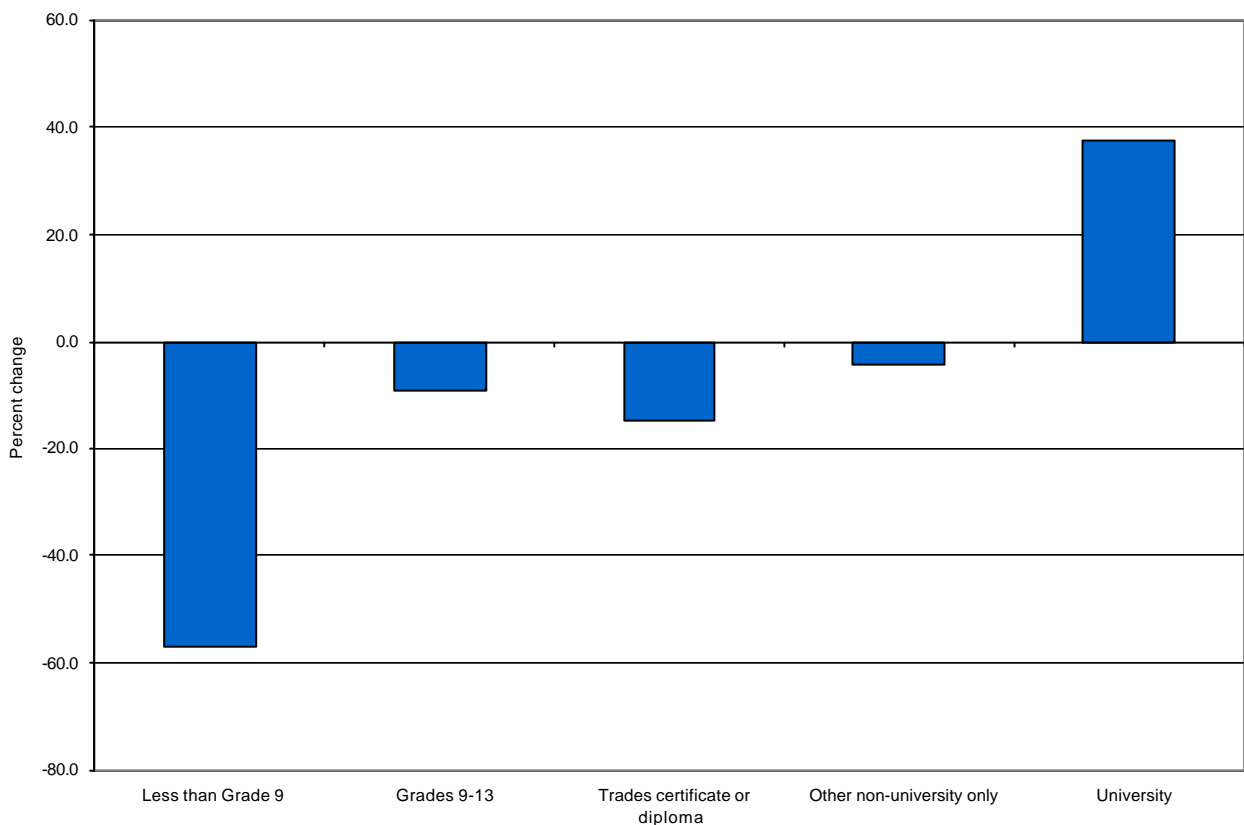
Education Attainment Comparisons

Labour market analyses for many years have consistently shown the important positive relationship between education and employment. The Census results reveal a strong correlation between educational attainment and self-employment, with the strongest growth in entrepreneurship occurring amongst those young entrepreneurs with a university education. (As reported below, results from the current study indicate that entrepreneurs are more likely than non-entrepreneurs to have attended a post-secondary institution.)



The influence of education is clear in the next chart showing the growth in self-employment by level of education in Atlantic Canada. Data from the 1991 and 1996 Census indicate that the number of entrepreneurs with less than a grade 9 education declined by 72.5 percent between 1991 and 1996 in Newfoundland; this finding may represent a shift in employment status or a withdrawal from the labour force. The provinces of Prince Edward Island, New Brunswick and Nova Scotia experienced declines in entrepreneurship amongst those with low levels of educational attainment, albeit at a significantly lower level than Newfoundland.

Chart 4: Growth in Youth Self-employment by Education in Atlantic Canada, 1991-96



Industry Sector Comparisons

The traditional importance of the goods-producing sector in the Atlantic Canada economy has eroded over the past several decades, to be replaced by the increasing importance of the service sector. This trend suggests that this goods-producing sector may have declined in relative importance as a source of entrepreneurship amongst the region's youth. Results from the young entrepreneurs interviewed in this study mirror this assumption. More specifically, despite potential differences in job classification, it appears that young entrepreneurs interviewed in this study are far more likely to operate businesses in the service sector, especially non-professional services, compared to businesses in "goods-related" sectors.



In reviewing the data for the changes in youth entrepreneurship by industrial sector, it is important to recognize the significant decrease in the overall size of the population aged 15-29. This age group declined by close to 65 thousand persons over the five year period from 1991-96. Self-employment in this age group declined by 2.2 percent — a total of 245 persons.

Data from the 1991 and 1996 Census indicate that the attractiveness of the goods-producing sector has declined as a source of youth entrepreneurship. At the same time, the service sector has increased its level of importance, experiencing strong growth over the five-year period. At the national level, the number of young entrepreneurs active in the goods-producing sector declined by 12.8 percent while increasing by 26.8 percent in the service sector.

At the Atlantic Canada level, the number of youth active in the service sector grew from 5,850 persons to 7,005 persons, an increase of 19.7 percent. The goods-producing sector declined from 5,065 to 3,665 persons — 27.6 percent over the same period.

The analysis of the changes in data at the industry, provincial and gender levels reveals regional shifts in economic activity as well as important growth in the number of female entrepreneurs. The greatest decline in youth entrepreneurship at the Atlantic regional level occurred in the fish harvesting industry; self-employed youth in this industry declined by 1,055 persons or 37.9 percent between 1991 and 1996. In Newfoundland, self-employment in this industry declined by 785 persons or 49.4 percent.

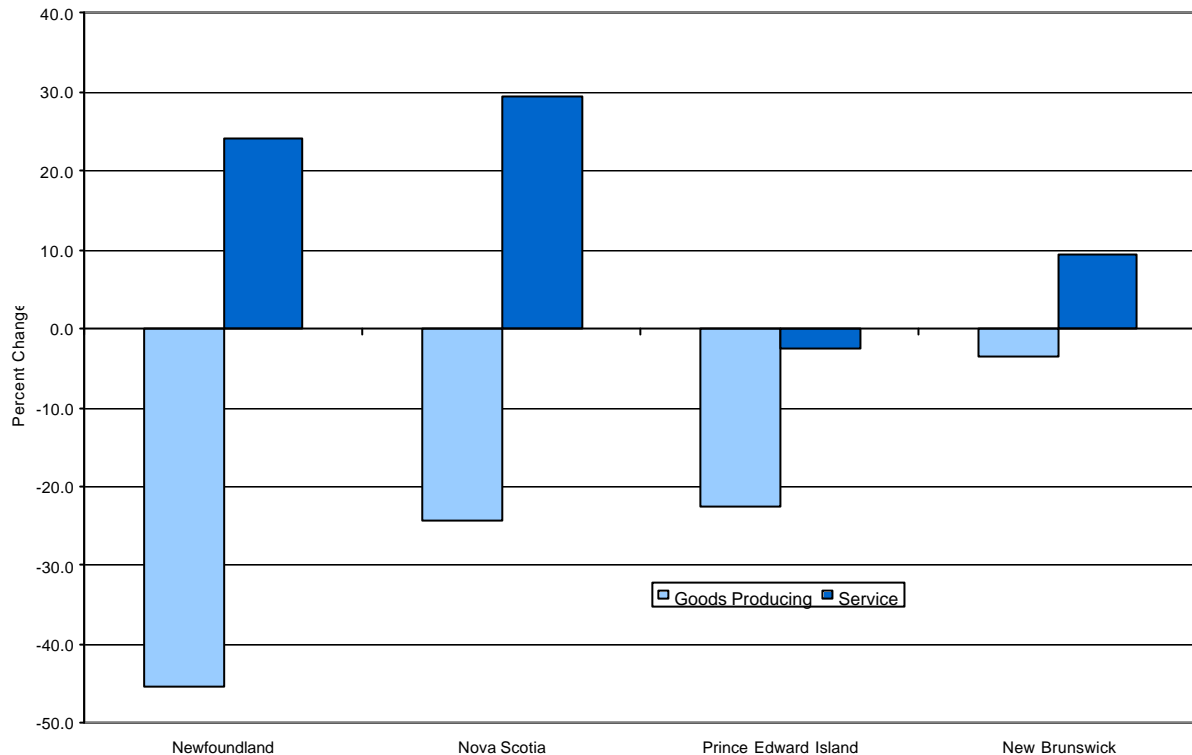
Youth self-employment in agriculture declined 39.8 percent; the effects mainly occurred in the three Maritime Provinces, with the greatest declines in Nova Scotia. Youth self-employment in agriculture declined 54.1 percent (165 persons). Other significant rates of decline took place in the construction industry (15.9 percent) and the finance and insurance industries (25 percent).

The three areas of strongest growth in youth self-employment were in the real estate industry, educational services industry, and health and social services industry. These industries experienced growth rates of 200 percent, 100 percent and 65.5 percent, respectively. However, the number of young entrepreneurs involved in the industry is modest: 165, 140 and 275, respectively for each industry. Business services industries grew by 29.2 percent (165 persons) over the five-year period.

Youth self-employment declined by 4.5 percent in the communication and utilities industry. However, the number of female entrepreneurs increased by 40 percent while male self-employment declined by 17.6 percent. This shift is likely the result of structural shifts within the industry; there are no clear differences in growth by province.

The following chart indicates the sectoral growth of the number of self-employed persons in the labour force aged 15-29 in each Atlantic Province over the 1991-96 period. The decline in self-employment in the goods-producing sector in Newfoundland is likely a reflection of the decline in the fishery during the early 1990s; the growth rate of 24.1 percent in the number of self-employed in the service sector may reflect a shift away from goods-producing industries to the service sector.



Chart 5: Growth in Youth Self-employment by Sector and Province, 1991-96

Summary

The relatively small size of the youth entrepreneurship sector in Atlantic Canada makes it somewhat problematic to develop a definitive statistical profile of the self-employed population aged 15-29. There are clear patterns in the population, however, and these are reflected in the following list of characteristics of young entrepreneurs. The data refer to young entrepreneurs in Atlantic Canada unless otherwise noted.

- Young entrepreneurs are concentrated at the upper end of the 15-29 age group; 64 percent of young entrepreneurs are in the 25-29 age group while only 11 percent are in the 15-19 group.
- Young entrepreneurs are more likely to be males than females: males outnumbered females by 2-1 in 1996 although the incidence of entrepreneurship amongst young females is growing.
- Young entrepreneurs mainly live in Nova Scotia: this province accounted for 42 percent of the region's young entrepreneurs.
- The proportion of youth entrepreneurship relative to the entire population aged 15-29 was greatest in Nova Scotia and Prince Edward Island while both New Brunswick and Newfoundland had disproportionately fewer young entrepreneurs.



- The service sector as a whole is more popular than the goods-producing sector for young entrepreneurs; two-thirds of young entrepreneurs in Atlantic Canada have their business in the service sector. This level of service sector self-employment lags behind the 78 percent rate of service sector youth self-employment at the national level.
- At the individual industry level, the fishing (and trapping) industry remained the most popular industry for youth self-employment in Atlantic Canada in 1996, with 1,530 young entrepreneurs. Retail trade and the construction industry ranked as the second and third most-popular industries with 905 and 865 self-employed youth, respectively.
- Although it may be that some young entrepreneurs have not finished their formal education, Census data indicate that educational attainment levels influence youth entrepreneurship. Most young entrepreneurs in Atlantic Canada— 34 percent in 1996 — have an education level of Grade 9-13; 31 percent have a university education.



Detailed Analysis of the Quantitative Research

This section of the report will provide the detailed results of the quantitative portion of the research consisting of interviews with a sample of young entrepreneurs and young non-entrepreneurs.

A central focus of this research was to examine current attitudes towards various business endeavours of young entrepreneurs, opinions of non-entrepreneurs on a number of business-related issues, as well as noting similarities and differences between the two groups of respondents. At this point, it is important to mention that the majority of young entrepreneurs interviewed in this study were identified through business development agencies and corporations in the Atlantic region. As a result, views of young entrepreneurs on various issues (e.g., awareness of funding sources and assistance) may reflect this sampling technique.

Only those descriptive variables that are determined to be of marked importance will be highlighted throughout the detailed analysis. In all instances, references will be made to the detailed tabular results included in Appendices B and C of this report.

Comparisons Between Entrepreneurs and Non-entrepreneurs

In this section of the report, comparisons are drawn between entrepreneurs and non-entrepreneurs with respect to issues asked of both groups. The main issues involved in comparing the two groups of respondents include educational experience, opinions regarding business start-ups, and general information pertaining to the two groups. It should be noted that, within the age group sampled, entrepreneurs tend to be older (64% are 25-29 years of age) than non-entrepreneurs (only 33% are 25-29 years of age). Similarly, while non-entrepreneurs are equally distributed across gender, male entrepreneurs outnumber female entrepreneurs by nearly a 2 to 1 margin. Differences in the age and gender demographics of the two samples may have ramifications for the overall opinions discussed in this report. In order to address this concern, comparisons between entrepreneurs and non-entrepreneurs are made within certain age groups (e.g., 25-29) or gender (e.g., male).

Educational Background

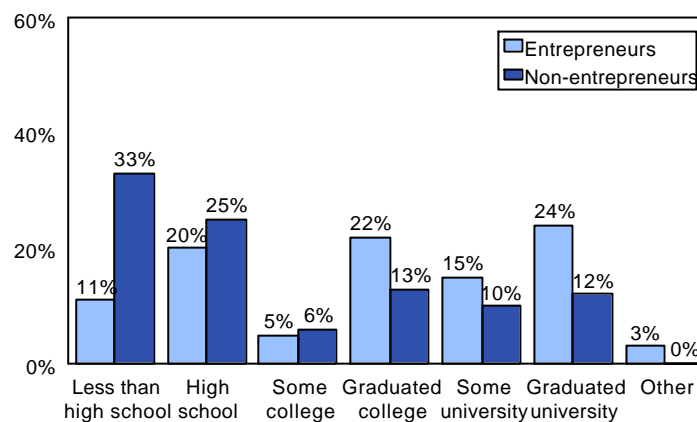
On a comparative basis, those at the upper age limit for young entrepreneurs are better educated than non-entrepreneurs, and are more likely to have taken post-secondary courses on the subject of starting a business.

Although a larger proportion of the young entrepreneurs are from older age brackets, it is nonetheless evident that entrepreneurs are more well-educated than non-entrepreneurs. Overall, 33 percent of young non-entrepreneurs have less than a high-school education, 25 percent are high school graduates, 19 percent have attended college, and 22 percent have attended university. In contrast, for young entrepreneurs, 11 percent have less than a high school education, 20 percent are high school graduates, 27 percent have attended college, and 39 percent have attended university. Educational differences between the two groups persist even when age differences in the samples are taken into account. Among non-entrepreneurs aged 25-29 (N=262), 38 percent have a high school education or less,



27 percent have attended college, and 32 percent have attended university. Again however, among entrepreneurs aged 25-29 (N=375), 24 percent have a high school education or less, 29 percent have attended college, and 44 percent have attended university. Thus, even for those respondents in the highest age group interviewed, entrepreneurs have stronger educational backgrounds, especially at the university level. Of interest, across the four Atlantic Provinces there is little variation in educational background among young non-entrepreneurs, although young entrepreneurs in Nova Scotia have more university experience than entrepreneurs in other Atlantic Provinces. Among young entrepreneurs, gender also plays an important role as female entrepreneurs report higher levels of education than male entrepreneurs. (Appendix B, Table 15; Appendix C, Table 22a)

Highest Level of Education Completed

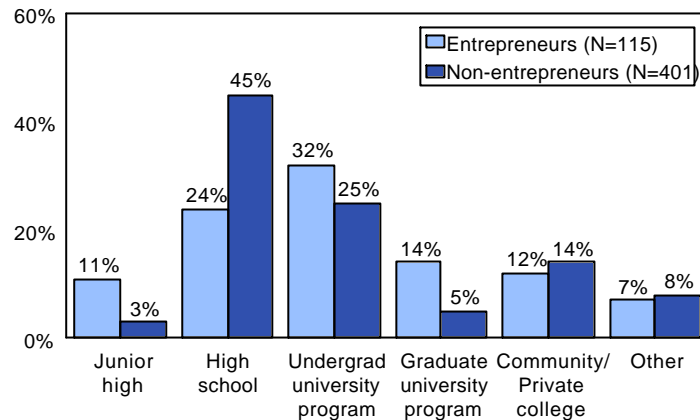


Concerning current schooling, it is not surprising that entrepreneurs (20%) are less inclined than non-entrepreneurs (50%) to be attending an educational institution at the present time, at least on a part-time basis. This finding is generally consistent across the various age groups. For example, more 20-24 year old non-entrepreneurs (46%) are currently enrolled in school than 20-24 year old entrepreneurs (25%). In addition, results indicate that Francophones are less likely than Anglophones to be enrolled in school at present, and this is true for both entrepreneurs and non-entrepreneurs. (Appendix B, Table 16; Appendix C, Table 22b)

Of those respondents currently attending school at least part-time, non-entrepreneurs (N=401) are most likely to be attending high school (45%), with many also currently enrolled in university programs (30%). In contrast, entrepreneurs (N=115) currently in school are most likely attending a university program (46%), while fewer entrepreneurs are still in high school (24%). (Appendix B, Table 17h; Appendix C, Table 23)



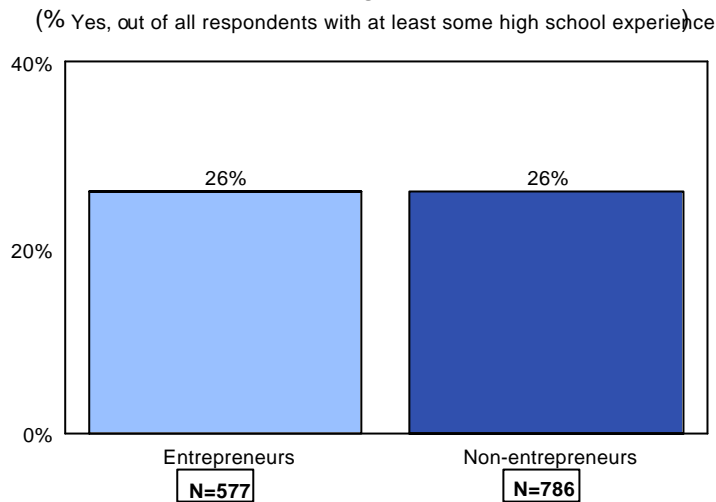
Current Educational Attendance (Among those currently enrolled at least part-time)



In order to assess the contribution of educational courses to starting a business, both groups of respondents were asked to rate the quality of the courses taken in school on the subject of starting a business. Results indicate that entrepreneurs (N=577) and non-entrepreneurs (N=786) with at least some high school experience are equally likely to have taken a high school course about starting a business. In particular, one-quarter of entrepreneurs and non-entrepreneurs participated in such a course in high school. Throughout the region, Newfoundlanders (entrepreneurs and non-entrepreneurs alike) are more likely than residents of other Atlantic Provinces to have taken high school courses on the subject of starting a business. Also, Anglophones are more likely than Francophones to have taken courses in high school on the topic of starting a business, especially in the case of non-entrepreneurs. As for gender, male entrepreneurs are more apt than female entrepreneurs to take high school courses about starting a business, although gender has little influence among non-entrepreneurs. Of special note, younger non-entrepreneurs and entrepreneurs (aged 15-24) are far more likely than older respondents (aged 25-29) to have taken business start-up courses in high school, which reflects recent changes in the availability of such courses at the high school level. (Appendix B, Table 19; Appendix C, Tables 28, 29)

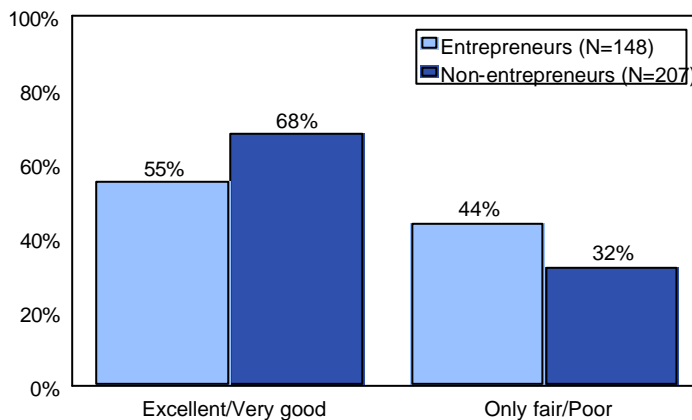


Did You Take High School Courses About Starting a Business



Of interest, ratings of the quality of high school courses about starting a business are slightly higher for non-entrepreneurs compared to entrepreneurs. Seven in ten non-entrepreneurs report the high school courses they have taken about starting a business to be either excellent or very good, while just over five in ten entrepreneurs hold the same opinion of their high school courses on the subject of business start-ups. Opinions on this topic were generally consistent across the population, although female entrepreneurs offer a more positive assessment than male entrepreneurs concerning the quality of high school courses taken about starting a business. (Appendix B, Table 20; Appendix C, Table 30)

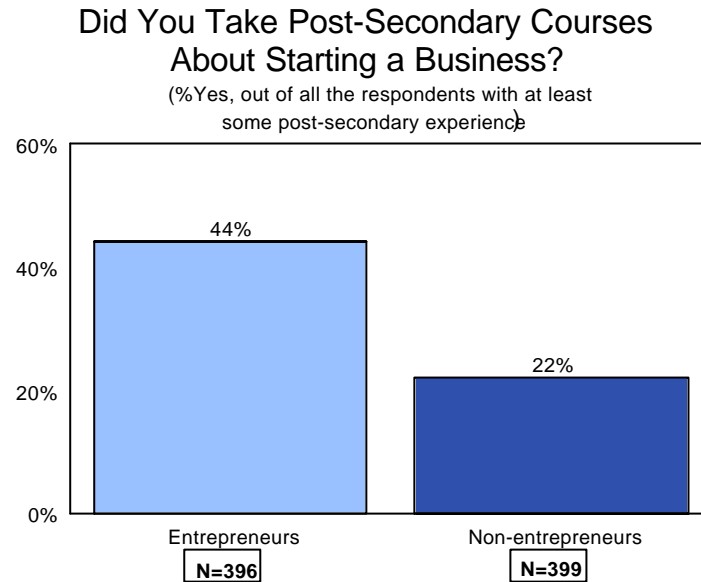
Quality of High School Courses About Starting a Business



At the post-secondary level, differences do emerge between the two populations of respondents in terms of the percentage who have taken courses about starting a business. Of note, entrepreneurs with at least some post secondary experience (N=396) are twice as likely as non-entrepreneurs (N=399) to have taken a post-secondary course on the subject of starting a business (44% vs.



22%, respectively). Regionally, results again show that entrepreneurs and non-entrepreneurs residing in Newfoundland are more likely than other residents to have taken a course after high school on the topic of starting a business. (Appendix B, Table 21; Appendix C, Tables, 31, 32)



Perceived quality of post-secondary courses pertaining to starting a business is again marginally higher for non-entrepreneurs compared to entrepreneurs. Results demonstrate that the vast majority of non-entrepreneurs taking such courses (N=86) say those courses were either excellent (15%) or very good (66%) in quality, while few feel that the courses were only fair (17%) or poor (2%). In contrast, seven in ten entrepreneurs taking post-secondary courses about starting a business (N=174) report the quality of those courses to be either excellent (16%) or very good (55%), while the remaining respondents say the courses were only fair (22%) or poor (8%). (Appendix B, Table 22; Appendix C, Table 33)

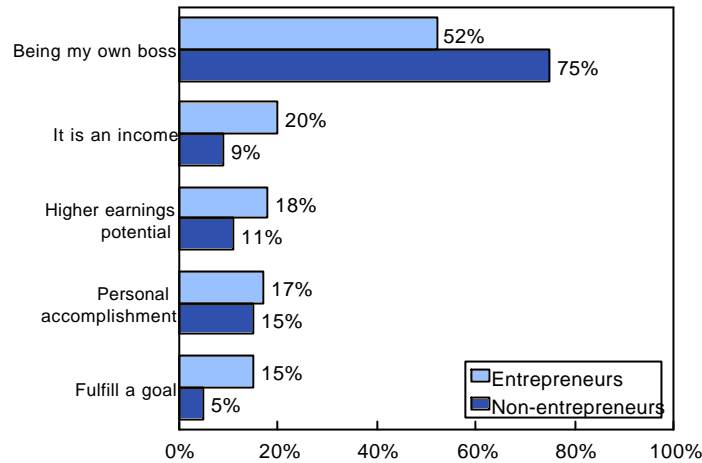
Opinions Regarding Business Start-ups

Not surprisingly, the most appealing aspect of business ownership is related to the independence associated with being your own boss, while financial concerns are the most significant obstacle.

Entrepreneurs and non-entrepreneurs were also asked to comment on a variety of issues relating to the creation and maintenance of a business in Atlantic Canada. As for the reasons behind starting a business, the two groups of respondents are fairly similar in terms of outlook. When asked the most important reason for starting or owning a business, entrepreneurs are most inclined to say that they enjoy being their own boss (52%). Other common reasons given by entrepreneurs for starting a business include the fact that it is a source of income (20%), has higher earnings potential (18%), is a personal accomplishment (17%), and fulfills a goal (15%). Among the demographic subgroups, Francophones and older entrepreneurs (aged 20-29) are more inclined than other respondents to report “being my own boss” as the main reason for starting a business. (Appendix B, Table 14)



Most Important Reasons for Starting or Owning a Business

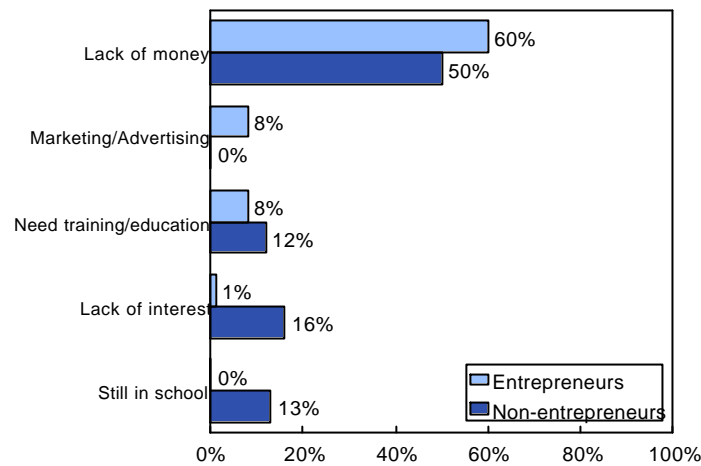


Non-entrepreneurs were similarly asked what the most appealing aspect **would be** about owning their own business. In line with the entrepreneurs, results show that the vast majority of non-entrepreneurs would enjoy the perceived independence that goes with being their own boss (75%). Indeed, feelings on this issue are even stronger among non-entrepreneurs than entrepreneurs. On the other hand, non-entrepreneurs are generally less inclined to mention secondary reasons such as a business being a source of income (9%) or fulfilling a goal (5%). Opinions on this topic show little variation across the demographic subgroups. (Appendix C, Table 14b)

In terms of perceived obstacles to starting a business, it is apparent that financial concerns are at the forefront. For entrepreneurs, the main obstacle faced when starting a business is, by far, a lack of money (60%). In fact, no other single reason is mentioned by as many as 10 percent of entrepreneurs. Likewise, non-entrepreneurs also cite a lack of money (50%) as the main obstacle that has **prevented** them from starting a business. Of interest, non-entrepreneurs are more inclined than entrepreneurs to mention lack of interest (16%) and enrollment in school (13%) as reasons preventing them from starting a business. It is interesting to note that for both entrepreneurs and non-entrepreneurs, Anglophones are predominantly concerned with a lack of money when asked to identify obstacles to starting a business. While many Francophones cite a lack of money as an obstacle, a substantial minority of Francophone entrepreneurs also mention marketing/advertising. Moreover, Francophone non-entrepreneurs tend to identify a lack of interest as the main reason, after money, preventing them from starting a business. (Appendix B, Table 29; Appendix C, Table 8b)



Main Obstacles to Starting a Business



It is interesting to note differences in opinion between young entrepreneurs on the one hand, and officials from government agencies and lending institutions interviewed in the qualitative phase of the research on the other. According to results from the qualitative research, people face two major hurdles when starting a business: financing and business training. While young entrepreneurs clearly recognize the challenge of obtaining the necessary capital to start a business, it appears that they may underestimate the importance of basic business skills to entrepreneurial success.

Support for Business Start-Ups

As would be expected, young entrepreneurs are more knowledgeable regarding both financial and non-financial assistance for starting a business.

Given the importance of support in starting a business, especially among young entrepreneurs, respondents were queried as to their knowledge of sources of available assistance, both financial and non-financial.

Concerning sources of financial support for starting a business, entrepreneurs are most likely to name banks and financial institutions (38%) as a place where young people can get financial assistance for starting a business. Other commonly mentioned sources of financial support are family (16%), ACOA programs (16%), ACOA's Business Development Program (15%), Community Business Development Corporations (13%), and the Young Entrepreneurs ConneXion Program (10%). No other single source of support is cited by more than nine percent of entrepreneurs. Among the various age groups interviewed, those aged 15-19 are less likely than older entrepreneurs to name banks, ACOA programs, and business development sources in general, although they are more likely than others to mention the YES program as a source of financial support. (Appendix B, Table 33)

Among non-entrepreneurs, the best **general** source of assistance for obtaining information about starting a business is believed to be from a business owner (23%). Other places mentioned by



non-entrepreneurs as sources of information about starting a business include schools (17%), the Internet (11%), and ACOA (8%). No other single source of information about starting a business is given by more than seven percent of non-entrepreneurs. Of note, one in five non-entrepreneurs (21%) is unable to provide any source of information about where to turn when starting a business. Opinions on this topic are quite consistent across the various demographics. Nevertheless, age does play a role with younger respondents more inclined to turn to schools, guidance counselors and parents, and older respondents (25-29) more likely to turn to ACOA. (Appendix C, Table 34)

Asking specifically about **financial** support for starting a business, non-entrepreneurs are generally unable to identify any particular organizations that provide financial support (52%). Of those organizations that are mentioned, ACOA (15%), as well as banks and financial institutions (15%) are the only organizations receiving more than eight percent of awareness among non-entrepreneurs. Interestingly, non-entrepreneurs from Prince Edward Island (25%) or Newfoundland (23%) are especially likely to mention ACOA as a source of financial support. Similarly, Anglophones (17%) are more likely than Francophones (6%) to identify ACOA specifically, and the likelihood of mentioning ACOA increases with the age of the respondent (e.g., 8% for those 15-19, 24% for those 25-29). (Appendix C, Table 35)

When asked to identify **financial assistance programs** that are available to young people who wish to start their own business, again, most non-entrepreneurs are unable to name any financial programs available to young people (72%). Those programs that are identified by non-entrepreneurs include bank loans (5%), the Young Entrepreneurs ConneXion Program (4%) and ACOA's Business Development Program (4%). No other financial assistance program is mentioned by more than three percent of non-entrepreneurs. There is little variation on this topic across the demographic subgroups. (Appendix C, Table 36)

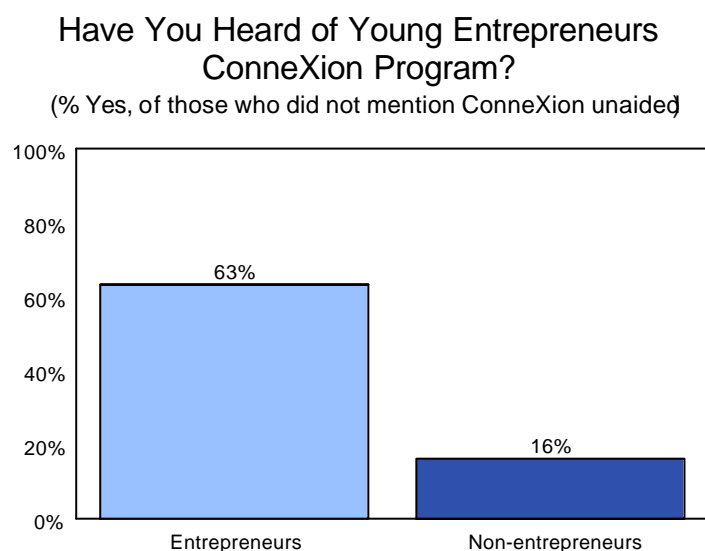
With respect to how respondents find out about financial assistance available to young people, there are notable differences between the two populations. Specifically, entrepreneurs most often mention development agencies (17%) as the place where they find out about available financial assistance, followed by schools (14%), other business people (11%), and friends (11%). In contrast, non-entrepreneurs are most likely to report learning about financial support at schools (23%). Other sources of information about financial assistance given by non-entrepreneurs include television (13%), the Internet (12%), friends (11%) and newspapers (10%). Of interest, only five percent of non-entrepreneurs mention development agencies as a place for obtaining information about the financial assistance available to young people, a finding that differs considerably from entrepreneurs. Not surprisingly, younger respondents (entrepreneurs and non-entrepreneurs) are more apt than older respondents to identify schools as places where they would find out about financial assistance. In contrast, older respondents are more inclined to mention development agencies although this pattern only holds for entrepreneurs. (Appendix B, Table 34; Appendix C, Table 37)

Those respondents who, unaided, did not name the Young Entrepreneurs ConneXion Program as a source of financial assistance were specifically questioned as to their awareness of this important program. Not surprisingly, entrepreneurs (63%) are four times as likely as non-entrepreneurs (16%) to have heard of the Young Entrepreneurs ConneXion Program, sometimes referred to as the Seed



Capital program. Thus, out of *all* young entrepreneurs interviewed, two-thirds (67%) show some awareness (aided or unaided) of the Seed Capital program, whereas only one-fifth (19%) of *all* non-entrepreneurs are similarly aware of the Seed Capital program. Awareness of the Seed Capital program is very consistent across all demographic subgroups. (Appendix B, Table 37; Appendix C, Table 38)

It is noteworthy that the agency representatives interviewed in the qualitative component of the research perceive young entrepreneurs as lacking an awareness of sources of financial support. On the whole, awareness of financial assistance programs is clearly an issue among the young non-entrepreneurs interviewed here. Moreover, although awareness is higher for the young entrepreneurs surveyed, there is clearly room for improvement in this area, especially given the stated importance of gaining access to capital among young entrepreneurs.



Concerning **non-financial assistance**, two-thirds (66%) of entrepreneurs believe that such forms of assistance are available to young people wishing to start a business, while the remainder are either unaware of these types of assistance (17%), or believe that they do not exist (18%). Notably, young entrepreneurs from Nova Scotia are more likely than entrepreneurs in other provinces to believe that there is non-financial assistance available. Entrepreneurs aware of non-financial assistance (N=386) list several types of such assistance including mentoring programs (25%), help with business plans (24%), business counselling (18%), courses/workshops (15%), and seminars (13%). (Appendix B, Tables 35, 36)

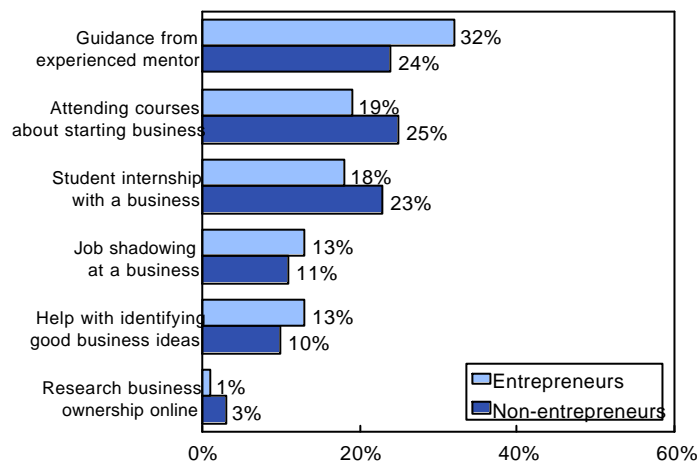
Unlike the entrepreneurs, very few non-entrepreneurs are aware of non-financial government assistance. Indeed, close to nine in ten non-entrepreneurs are unable to identify any kind of non-financial government assistance, and well over nine in ten non-entrepreneurs cannot name any specific non-financial government assistance programs available to young people who wish to start their own business. These results are consistent across the four Atlantic Provinces. (Appendix C, Tables 39, 40)

The study also sought opinions from entrepreneurs and non-entrepreneurs on potential options for helping young people who want to start their own business. Of the various options presented to



respondents, entrepreneurs are clearly of the opinion that guidance from a mentor would be most beneficial to young people interested in starting a business. Other potential options, such as attending courses about starting a business, going on a student internship, job shadowing, and having help identifying good business ideas, are preferred less often by entrepreneurs. On the other hand, non-entrepreneurs report a different ordering of the options in terms of importance. Specifically, attending courses about starting a business, guidance from a mentor, and going on a student internship are deemed to be most beneficial by an equal percentage of non-entrepreneurs, ahead of job shadowing and having help identifying good business ideas. Opinions on this topic vary slightly by language. For young entrepreneurs, both Anglophones and Francophones believe that having the guidance of a mentor would be the most helpful option, although Francophones place equal importance on attending courses or seminars about starting a business. In contrast, Francophone non-entrepreneurs favour attending courses or seminars, while Anglophone non-entrepreneurs are equally split between having the guidance of a mentor, attending courses or seminars, and going on a student internship. (Appendix B, Table 31; Appendix C, Table 9)

Most Helpful Options for Young People Starting a Business



Business and the Environment

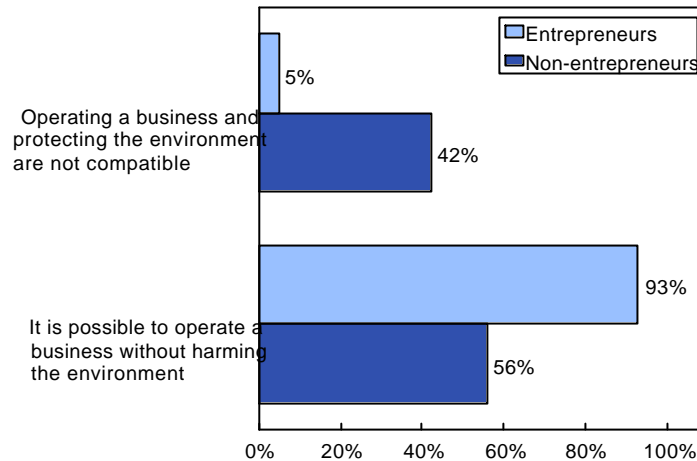
Non-entrepreneurs differ from entrepreneurs in that they are not convinced that businesses can operate successfully while at the same time protecting the environment.

Both entrepreneurs and non-entrepreneurs were questioned as to their opinions regarding the role of businesses in the environment. Of interest, opinions differ quite strongly between the two groups of respondents. Virtually all entrepreneurs (93%) believe it is possible to operate a business without harming the environment, while only a handful (5%) feel that operating a business and protecting the environment are incompatible. In comparison, non-entrepreneurs are more equally split on this issue, with a slim majority (56%) of the opinion that it is possible to operate a business without harming the environment, but a sizeable minority (42%) saying that it is not possible to simultaneously operate a



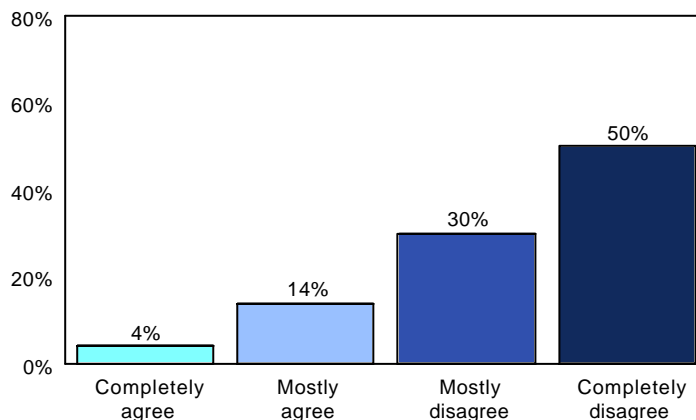
business and protect the environment. Beliefs on this issue are consistent for both entrepreneurs and non-entrepreneurs across the region. (Appendix B, Table 42; Appendix C, Table 47)

Business and The Environment



Consistent with the above results, non-entrepreneurs do not believe it is satisfactory for companies to get a leg up on their competition by placing greater emphasis on business interests rather than environmental concerns. Specifically, the vast majority of non-entrepreneurs disagree with the statement that it is acceptable to place business interests ahead of environmental concerns in order to succeed against the business competition. In contrast, less than two in ten non-entrepreneurs interviewed feel it is acceptable for companies to operate in this manner. While beliefs on this topic are relatively consistent, it should be noted that Francophones are more likely than Anglophones to agree that it is acceptable for companies to place business interests ahead of environmental concerns. (Appendix C, Table 48)

Agreement that it is Acceptable to Place Business Interests Ahead of Environmental Concerns (Non-entrepreneurs)

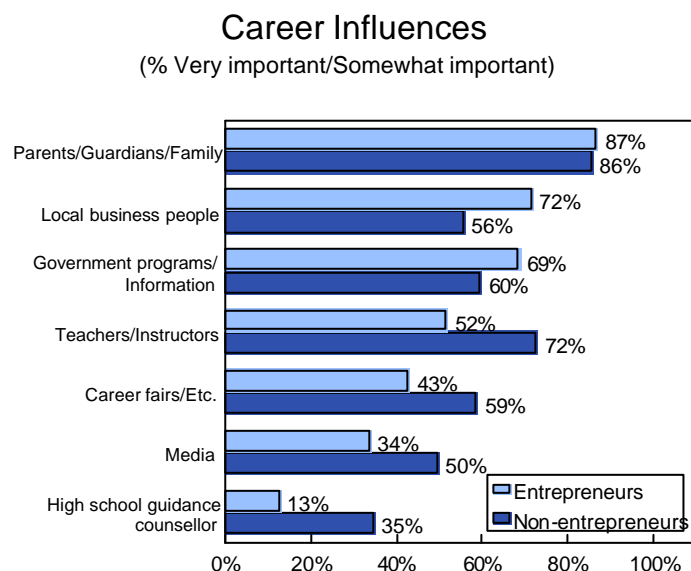


General Information

While both young entrepreneurs and non-entrepreneurs alike identify their parents or guardians as having the greatest impact on their career choice, the parents of entrepreneurs are significantly more likely to be business owners themselves.

The study also compared entrepreneurs and non-entrepreneurs on a number of general issues relating to the careers and lives of young Atlantic Canadians. Results demonstrate a clear distinction between the entrepreneurs and non-entrepreneurs in terms of the specific individuals shaping their careers. In general, it is evident that business owners play a much larger role in the careers of entrepreneurs compared to non-entrepreneurs.

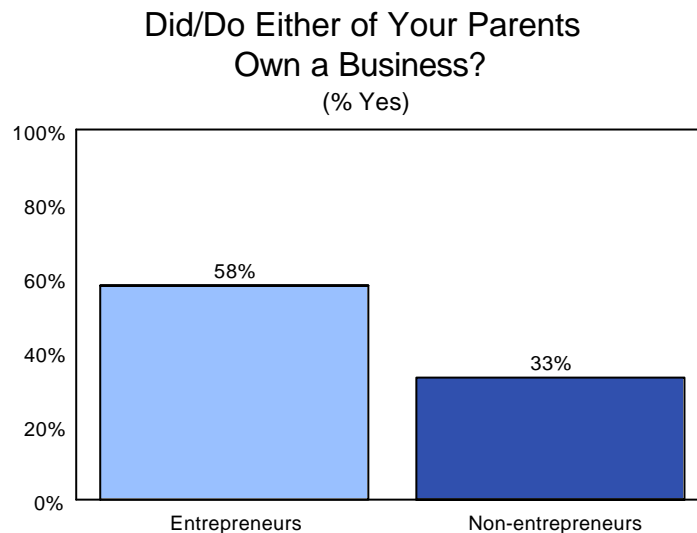
Entrepreneurs and non-entrepreneurs were asked to assess specific individuals and factors that may have been influential in their career decisions. While some similarities do exist between the two groups, there are also substantial differences in certain areas. Results indicate that parents and guardians have, by far, the greatest influence on the careers of both entrepreneurs and non-entrepreneurs. However, also of great importance to the careers of entrepreneurs are local business people and government programs, factors that are relatively less important to non-entrepreneurs. In contrast, for non-entrepreneurs, teachers and instructors rank second in terms of career influence. Other sources of influence, such as career fairs, media, and high school guidance counselors are reported to have somewhat less importance overall, although it is interesting to note that non-entrepreneurs consistently place higher emphasis on these other sources than do entrepreneurs. Generally speaking, career influences vary only slightly among the demographic subgroups. (Appendix B, Tables 32a-i; Appendix C, Tables 21a-i)



Given the substantial importance placed upon parents and guardians in guiding the careers of both young entrepreneurs and non-entrepreneurs, the career choices of their parents become a critical factor. In fact, there is a tremendous difference between the two groups of respondents in this



respect. Six in ten parents or guardians of young entrepreneurs currently own a business or have done so in the past, whereas only one-third of the parents or guardians of young non-entrepreneurs own a business or have owned a business in the past. Of special note, business ownership among parents of entrepreneurs is highest in Nova Scotia and New Brunswick, while business ownership among parents of non-entrepreneurs is highest on Prince Edward Island. Moreover, results indicate that parents of Anglophones are more likely than parents of Francophones to own or have owned a business, but this pattern is only true for non-entrepreneurs. (Appendix B, Table 43; Appendix C, Table 49)

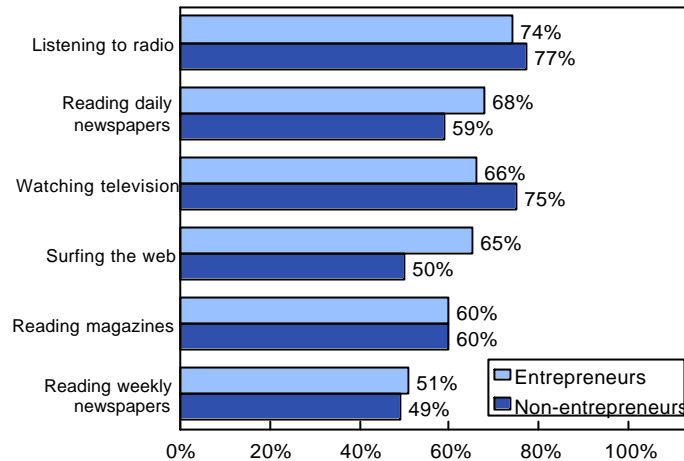


With respect to the influence surrounding media sources, entrepreneurs and non-entrepreneurs spend approximately the same amount of time per week accessing the various sources investigated. For both groups, listening to the radio and watching television are frequent activities, while television watching is engaged in more often by non-entrepreneurs than by entrepreneurs. Comparatively speaking, surfing the Internet and reading daily newspapers is a more common occurrence among entrepreneurs than non-entrepreneurs. The frequency of reading of magazines and weekly newspapers does not differ between the two groups. Concerning demographics, male entrepreneurs are more likely than female entrepreneurs to spend time surfing the Internet, while males and females do not differ in the amount of time spent on other media. Among non-entrepreneurs, females are more likely than males to read books or listen to the radio, but males and females do not differ otherwise. (Appendix B, Tables 44a-h; Appendix C, Tables 53a-i)



Amount of Time Spent on Various Information Sources

(% Saying a lot of time/Some time)



Information Pertaining to Entrepreneurs

In this section of the report, we present information gathered solely from entrepreneurs. Information presented in this section pertains to the specific business operations of young entrepreneurs, as well as information relating to the skills and training of these individuals. As mentioned previously, the large majority of young entrepreneurs in this study were contacted through their relationship with business development agencies and corporations in the region. As a result, the views expressed by young entrepreneurs with respect to various issues (e.g., awareness of funding sources and assistance) may reflect this sampling technique.

Business Information

Young entrepreneurs operate a wide variety of businesses and tend to open those businesses after they have reached the age of 21.

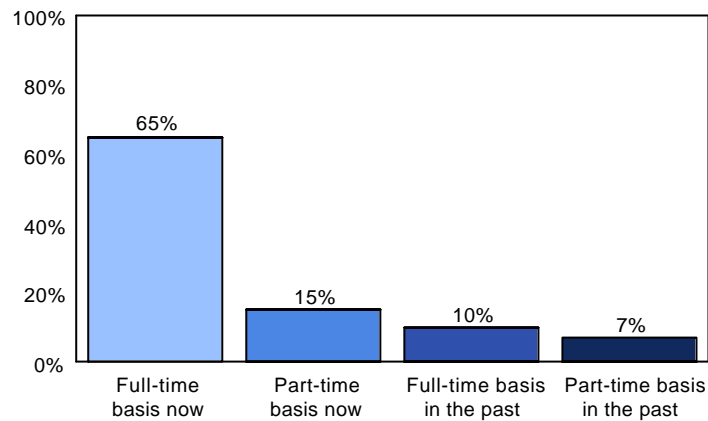
It is clear from the results of the study, that young entrepreneurs engage in a myriad of business ventures. Of all entrepreneurs surveyed, the most frequently encountered types of businesses are those involving non-professional services (36%), retail (27%), and professional services (22%). No other type of business is mentioned by more than five percent of young entrepreneurs interviewed. Although results on this front are fairly consistent across the various demographics, there are some notable exceptions. Businesses offering non-professional services are most likely to be run by those under 20 years of age, and by those without a high school education. In contrast, businesses offering professional services are more likely operated by older and more highly educated entrepreneurs. Of interest, retail operations are most likely to be run by entrepreneurs from Newfoundland, and by females instead of males. (Appendix B, Table 11)

Of the young entrepreneurs in the study, the vast majority operate a business either full-time or part-time at present, while less than two in ten are past business owners. Of special note, results



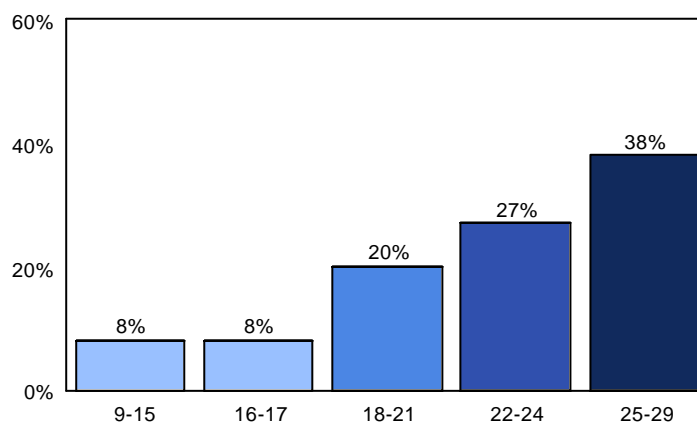
indicate that there is a higher proportion of full-time business owners at present among young New Brunswickers, and among Francophone entrepreneurs. As would be expected, those entrepreneurs aged 15 to 19, or with less than a high school education, are more likely to operate their business on a part-time basis compared to those in the older age brackets. (Appendix B, Table 12)

Business Operation Among Young Entrepreneurs



Evidence suggests that a significant number of young entrepreneurs get their businesses underway at a very young age. Close to one in five young entrepreneurs opens their first business prior to the age of 18, while another one in five does so between the ages of 18 and 21. However, the majority of young entrepreneurs start their first business later in life, especially after the age of 25. Of interest, males tend to start their first business at an earlier age than females. For example, 41 percent of males start their first business while 21 or younger compared to only 27 percent of females. (Appendix B, Table 13)

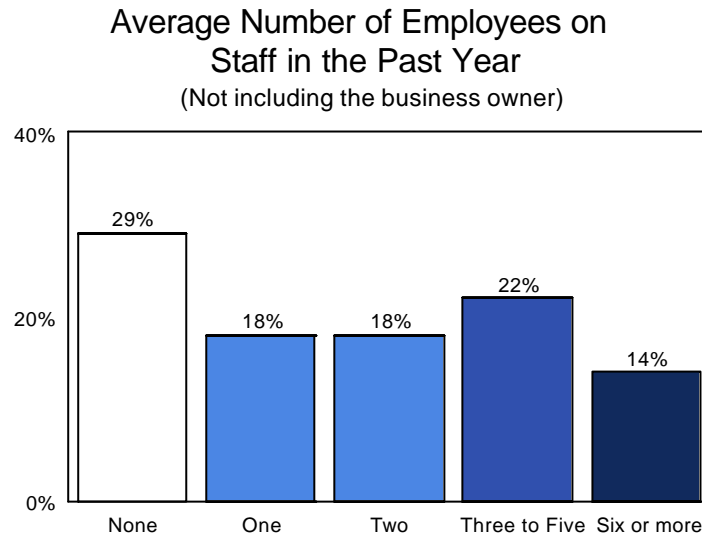
Age at Which First Business Was Started (Entrepreneurs)



In terms of the size of businesses started by young entrepreneurs, most are quite small. Indeed, three in ten entrepreneurs interviewed report having no employees on staff over the past year other than themselves. One-third of respondents say they have had one or two employees working for their



business over the past year, while another third have had at least three employees on staff over that time period. Across the population, males employ more individuals than do females, and those who currently operate full-time businesses have more employees on staff than those who operate part-time businesses. Regionally, entrepreneurs in Newfoundland have the fewest number of employees on staff, on average. (Appendix B, Table 27)



As a point of interest, young entrepreneurs are rather indifferent as to descriptions used to identify their employment status. Given the choice among “self-employed,” “business owner,” and “entrepreneur,” little preference is shown among the three terms. Thirty-five percent of those surveyed are more comfortable describing themselves as “self-employed,” 31 percent would prefer to be called a “business owner,” while 29 percent favour the term “entrepreneur.” Of special note, two percent of respondents do not like any of the three terms. It is interesting to note that while the results are relatively consistent throughout the population, the term “entrepreneur” is favoured by those aged 15 to 19. (Appendix B, Table 41)

Skills and Training

It is clear that the vast majority of young entrepreneurs has relied on the advice of a mentor or experienced business owner in the past and would be willing to do so in the future.

Of obvious importance to the development and continuation of a business are the skills and experience brought to the table by the business owner. Many of these skills are acquired outside of formal educational training and often occur “on the job.”

It is evident from the results that many of the young entrepreneurs in this study have received training and/or advice in a number of areas. In particular, well over eight in ten entrepreneurs report receiving advice from a mentor or experienced business owner. Likewise, the majority of respondents have had training or advice on business planning, bookkeeping, sales, marketing and management skills outside of any formal educational training. Examining language, Anglophones are more likely than



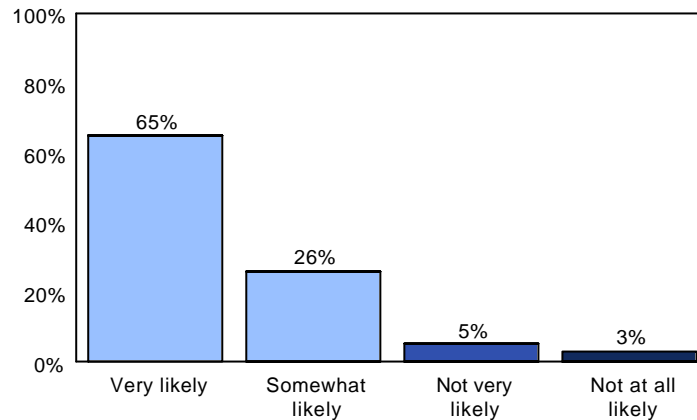
Francophones to report having received business skills training and advice in the areas of mentorship, marketing, employee motivation, and business planning. In terms of gender, males and female entrepreneurs have generally received the same types of training with the exception of mentorship and employee motivation for which a larger percentage of males have received training. (Appendix B, Tables 23a-23i)



Concerning advice from a mentor, this appears to be a very important source of information for entrepreneurs. Not only have entrepreneurs received advice from experienced business people in the past, but virtually all would be likely to utilize such a resource person in the future. When asked, nine in ten young entrepreneurs say they would be very or somewhat likely to consult a mentor to obtain business advice if this service were available at no cost. Opinions on this topic exhibit little variation across the population with the vast majority of all subgroups being somewhat likely to use the advice of a mentor. (Appendix B, Table 24)



Likelihood of Using a Mentor if Such a Person Were Available (Entrepreneurs)



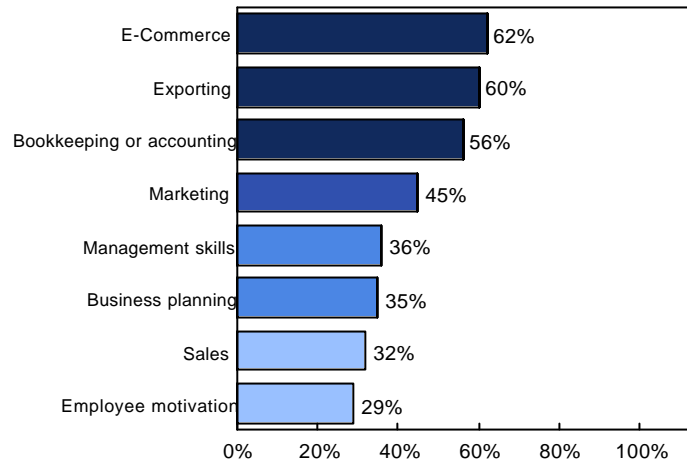
Using mentors to develop a successful business is a theme that was echoed by the officials from government agencies and lending institutions interviewed in the qualitative portion of the research. According to these agency representatives, mentorship, especially as a means of conveying the importance of basic business skills, is extremely important to the development of successful young entrepreneurs. In fact, many agency representatives interviewed are of the opinion that mentorship is such an integral part of the learning process that it should be a mandatory requirement in order to gain access to capital.

Entrepreneurs say they are most in need of e-commerce, exporting, and bookkeeping skills, and would prefer to learn new skills in a one-on-one format, or in a short seminar with other business owners.

This study also sought to uncover areas in which young entrepreneurs felt they were lacking business skills and as a result might be preventing their company from growing. Overall, entrepreneurs are most inclined to report that their e-commerce, exporting, and bookkeeping skills are most in need of improvement, with a majority of entrepreneurs saying they are lacking skills in these areas. In comparison, less than half of those surveyed feel that they are lacking marketing, management, business planning, sales, or employee motivation skills. Of special note, there is substantial variation among perceived skill sets according to the respondent's language. Francophones are more inclined than Anglophones to say they lack skills in the areas of sales, management, and employee motivation, whereas Anglophones are more apt than Francophones to feel they are lacking in the areas of e-commerce and exporting. (Appendix B, Tables 25a-i)



Areas Currently Lacking Skills (% Saying Yes - Entrepreneurs)



Given a choice among four different formats for improving their business skills, entrepreneurs would prefer to take training courses one-on-one with a business trainer (34%), or in the form of one or two day seminars with other young business owners (28%). The remaining one-third of respondents would either prefer to train on-line using the Internet where they can proceed at their own pace (20%), or in a classroom course situation with other young business owners (16%). Opinions concerning training formats are quite consistent throughout the population although there are some slight variations. Considering mother tongue, while Francophones (34%) and Anglophones (34%) would both prefer a one-on-one format with a business trainer, Anglophones' second choice would be to have a two-day seminar with other business owners (30%), whereas Francophones' second choice would be an Internet course. (Appendix B, Table 26)

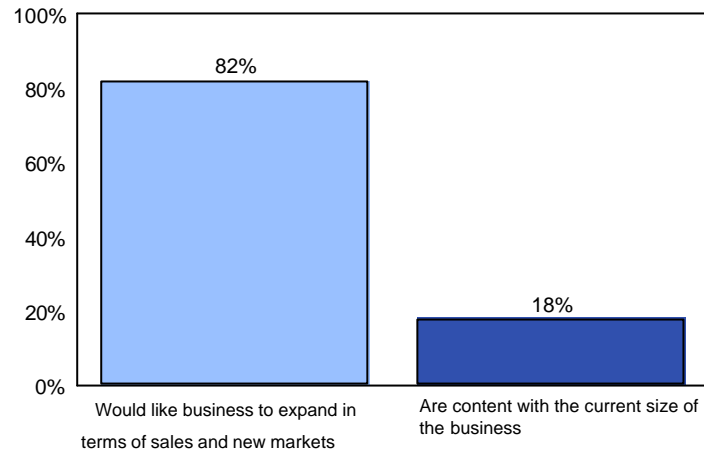
Business Start-up and Expansion

The vast majority of young business owners would like to see growth in their business, with access to continued sources of funding being the primary obstacle to expansion.

Young Atlantic Canadian entrepreneurs clearly are ambitious. Of all young entrepreneurs currently operating a business (N=502), eight in ten would like to see their business expand in terms of sales and new markets, while the remainder are content with the current size of their business. Of interest, expansion is less of a concern among those under 20 years of age. (Appendix B, Table 28)

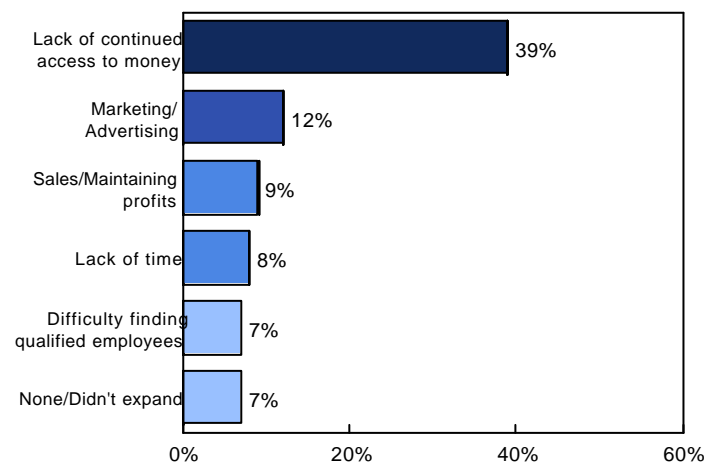


Attitudes Toward Business Expansion (Entrepreneurs)



As for the main obstacles to business expansion, financial concerns are again at the top of the list. Four in ten entrepreneurs believe that the lack of continued access to money is the primary obstacle they have to face in terms of sustaining and expanding their business, well ahead of marketing, sales, lack of time, and difficulty finding qualified employees. Results indicate that the lack of capital is more of a problem for older respondents (aged 25-29), whereas younger respondents quite often mention lack of time as their main reason for not expanding the business. In addition, Anglophones are more inclined than Francophones to mention lack of continued access to capital, whereas Francophones are more inclined to mention marketing/advertising as the main obstacle to sustaining and expanding the business. (Appendix B, Table 30)

Main Obstacles in Terms of Sustaining and Expanding Business (Entrepreneurs)



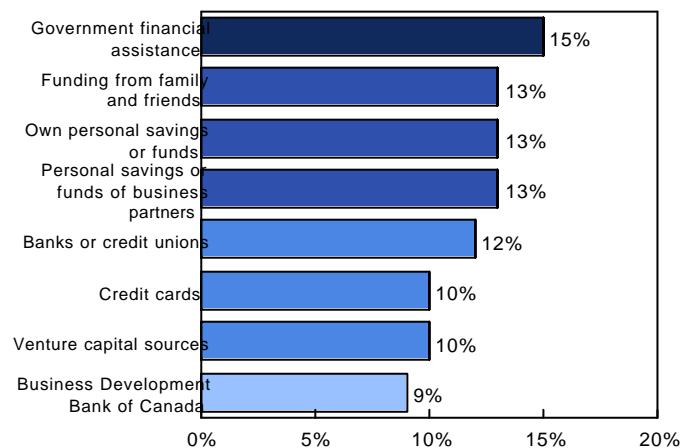
Once again, it is worth mentioning that the agency representatives interviewed in the qualitative phase of the research felt that young entrepreneurs do not place enough emphasis on the skills required to run a business successfully. It is evident from this analysis that young entrepreneurs themselves are more concerned with the financial aspects of operating a business, rather than particular business skills.

Financing the Business

Government financial assistance is considered to be a very important source of support for young people wishing to start a business.

Among young entrepreneurs in Atlantic Canada, no single source of financing for businesses stands out from the rest. Indeed, when asked to name the single most important source of financing used when starting their business, entrepreneurs are almost evenly divided amongst a variety of sources. Young entrepreneurs in this study frequently mention government financial assistance as the most important source of financing, followed closely by funding from family and friends, personal savings (both their own and their business partner's), and banks or credit unions. (Appendix B, Table 38)

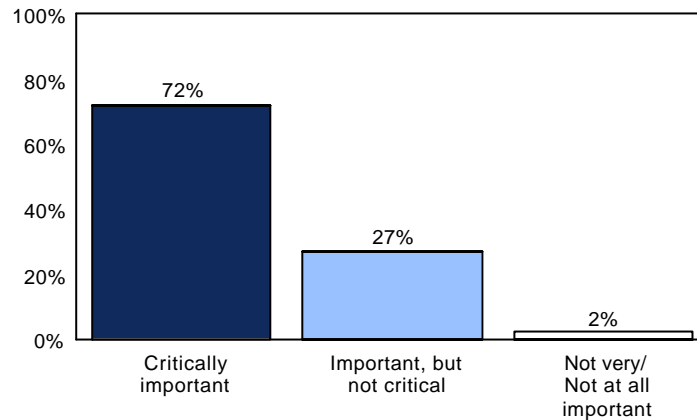
Most Important Source of Financing for Starting a Business
(Entrepreneurs)



It is noteworthy that while numerous sources of financing are mentioned by young entrepreneurs as being important to the process of starting a business, there is a high degree of importance placed upon government financial assistance. Specifically, virtually all entrepreneurs surveyed believe it is either critically important, or important but not critical, that the government make financing available to young people who want to start their own business. Very few feel that the availability of government financing is not very or not at all important to young people starting a business. Of interest, the youngest entrepreneurs (aged 15 to 19) are less likely to consider this source of financing to be critically important. (Appendix B, Table 39)



Importance of Government Financial Assistance for Young Entrepreneurs Financing (Entrepreneurs)



Among entrepreneurs, there is a substantial degree of awareness of government assistance to help young people open a business. When asked about several types of assistance available, financial assistance tops the list with nine in ten (90%) young entrepreneurs aware of such assistance from the government. Business counselling (79%) and business skills training (72%) are believed to be available from the government by close to three-quarters of entrepreneurs surveyed, while six in ten entrepreneurs surveyed think that courses about business ownership (64%) or programs to promote business ownership as a career (59%) are available from the government. Awareness of various types of government assistance is relatively consistent across the population. (Appendix B, Tables 40a-f)

Summary of Entrepreneurial Profiles

In this section, CRA reports a summary profile of young entrepreneurs from the perspective of differences between urban and rural entrepreneurs, as well as between male and female entrepreneurs.

Categorization of young entrepreneurs as rural or urban was accomplished using the postal code of the respondent, and followed the same methodology as that utilized by Canada Post. Results indicate only minor differences between entrepreneurs in rural and urban regions. From a business standpoint, urban entrepreneurs are more likely to have operated a business full-time, and have more employees working for them than their rural counterparts. With respect to demographics, urban entrepreneurs are more likely to speak French, and more likely to have attended university than rural entrepreneurs. Finally, urban entrepreneurs spend more time surfing the Internet, while rural entrepreneurs spend more time listening to the radio.

The study also revealed significant variation between male and female entrepreneurs on a number of issues. Compared to young male entrepreneurs, female entrepreneurs start their first business at a later age, have fewer employees on staff, and are more likely to run retail businesses. Additionally, females are less likely than males to have taken high school courses on the topic of starting a business, less likely to have received advice from a mentor, and less likely to have had training in the area of



employee motivation. Finally, female entrepreneurs are more highly educated than male entrepreneurs, and spend less time surfing the Internet.

Information Pertaining to Non-entrepreneurs

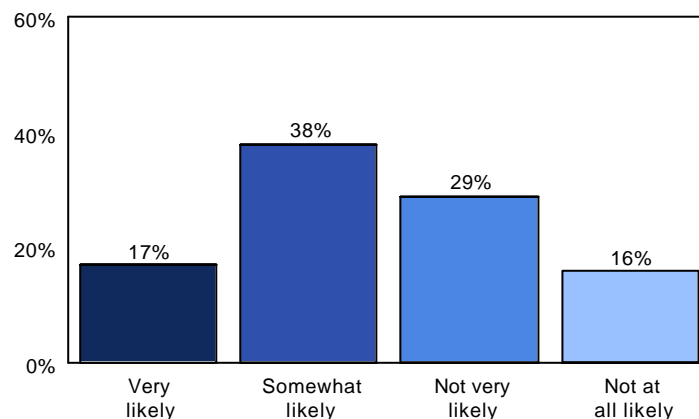
In this section of the report, we present information pertaining to individuals who have not owned a business in the past. Information contained in this section reflects young non-entrepreneurs' perceptions of business operations in Atlantic Canada, the likelihood of starting a business in the future, and the types of support that might be available to those wishing to start a business.

Future Business Intentions

A significant percentage of non-entrepreneurs have aspirations of starting their own business within the next five years.

Although not presently in business for themselves, a substantial number of young non-entrepreneurs foresee themselves engaging in business ventures in the future. Over half of the non-entrepreneurs interviewed in this study say they are very or somewhat likely to buy or start their own business in the future, whereas just over four in ten say they are not very or not at all likely to do so. Across the population, those non-entrepreneurs reporting the greatest inclination to run their own business in the future include Nova Scotians, Anglophones, and males. (Appendix C, Table 6)

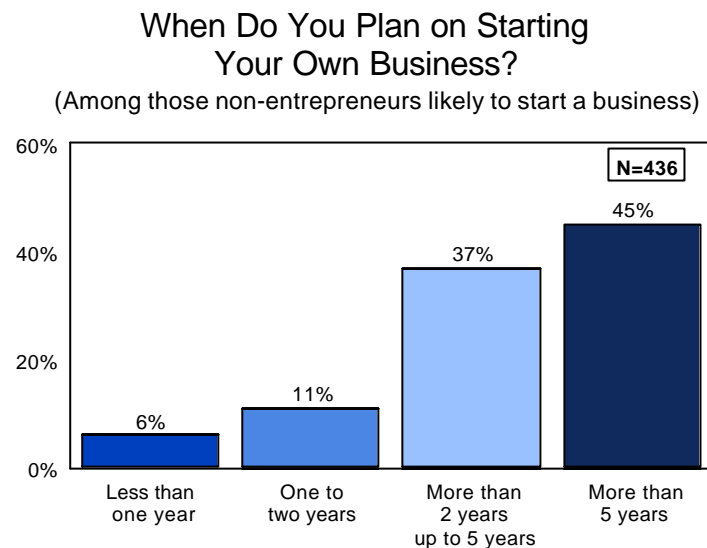
Future Business Start-ups
Among Young Non-entrepreneurs



This level of intended business start-up may be overly optimistic. A more conservative estimate can be gained through the use of an 80/20 rule commonly utilized in survey research whereby one assumes that 80 percent of those who say "very likely" will actually open a business, and only 20 percent of those who say "somewhat likely" will actually open a business. Application of this rule suggests that 21 percent of non-entrepreneurs will actually go on to start a business in the future.



Of those non-entrepreneurs who are at least somewhat likely to start their own business in the future (N=436), most are clearly thinking long term on this issue. Fewer than two in ten respondents say they plan on opening their own businesses within the next two years, while just under four in ten say they plan to do so two to five years from now. Most non-entrepreneurs who are likely to start a business, however, plan on doing so more than five years down the road. Results are fairly consistent across the population, although married respondents, as well as those aged 25 to 29, are more likely than others to plan on starting their businesses in the very near future. (Appendix C, Table 7)



As an aside, it is perhaps informative to review trend data collected from non-business owners over the past nine years on CRA's *Atlantic Omnibus Survey*. Results indicate that among 18 to 34 year olds who are not business owners, approximately 19 percent say they are very or somewhat likely to start a business in the next two years. In fact, these results have been very consistent over the past eight years and have varied within a narrow band (between 16% and 25%).

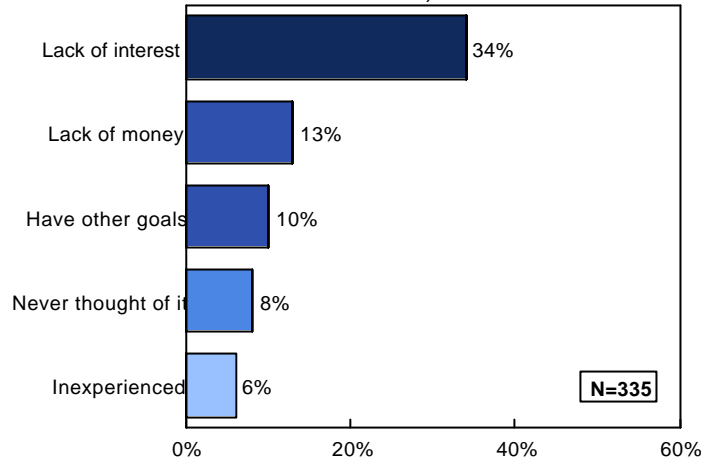
Non-entrepreneurs were also asked to state the extent to which they have seriously considered opening their own business when considering their career direction. Results reveal that a slim majority has either very (21%) or somewhat (36%) seriously considered starting their own business, while four in ten have not very (24%) or not at all (18%) seriously considered doing so. Examining the demographic variables, it is evident that Nova Scotians, Anglophones, and males are most likely to have seriously considered starting their own business. (Appendix C, Table 11)

Subsequently, non-entrepreneurs who said they have not seriously considered opening their own business (N=335) were queried as to why this option has not been seriously considered. By far the most common response among this group was a lack of interest in starting a business. Other reasons for not seriously considering opening a business include a lack of money, other goals, not thinking of it as an option, and inexperience. Across the population, "lack of interest" is mentioned more often by female non-entrepreneurs, as well as those actively looking for work. In comparison, "lack of money" is more likely to be given by those aged 25 to 29, and by married respondents. (Appendix C, Table 12)



Top Five Reasons for Not Starting Your Own Business

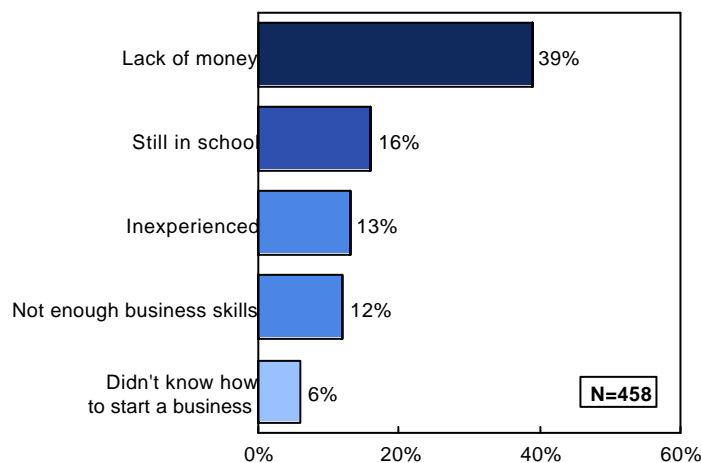
(Among those non-entrepreneurs who have not seriously considered it)



Of interest, non-entrepreneurs who said they have seriously considered opening their own business (N=458) were queried as to why they have not as yet done so. For these respondents, lack of money is well ahead of all other reasons for not starting their business. Other justifications for not opening a business even though they have seriously considered doing so include being in school, being inexperienced, not having enough business skills, and not knowing how to start a business. A “lack of money” is more of a consideration for males, those at least 20 years of age, those with at least a high school education, and those currently employed full-time. Of special note, younger non-entrepreneurs are especially inclined to mention a lack of business management skills as the reason behind their decision not to start their own business. (Appendix C, Table 13)

Top Five Reasons for Not Starting Your Own Business

(Among those who have seriously considered it)

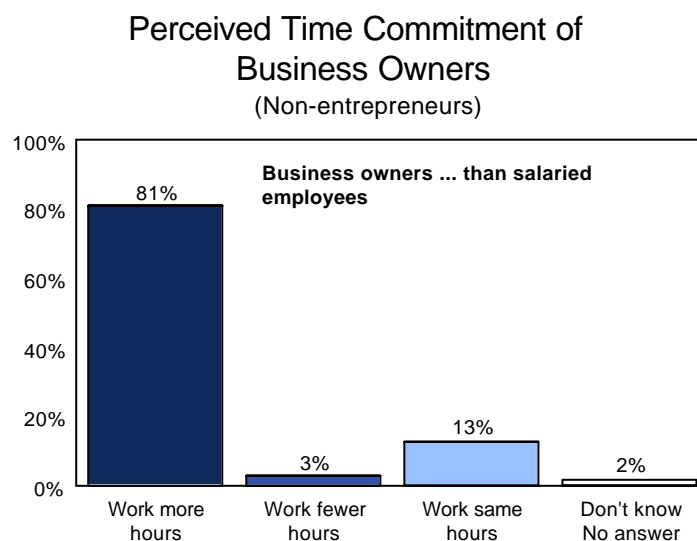


Non-entrepreneurs were also asked to name the persons or factors that have been the most influential in terms of guiding their career decisions. Parents and guardians are identified by more than half of those surveyed (55%) as having the greatest influence on their career decisions. Teachers (23%) and friends (20%) also play a role in the career decisions of non-entrepreneurs, as does “personal interest” (13%) and local business people (8%). No other specific factor or person is cited by more than four percent of respondents. Across the population, females are more inclined than are males to name parents and guardians as the most influential person in terms of guiding their career. Also, the influence of parents and guardians, as well as that of teachers, on respondents’ career choices declines sharply with age. (Appendix C, Table 20b)

Opinions Concerning Business Ownership

For the most part, non-entrepreneurs have a realistic view of entrepreneurs and a positive outlook regarding business ownership.

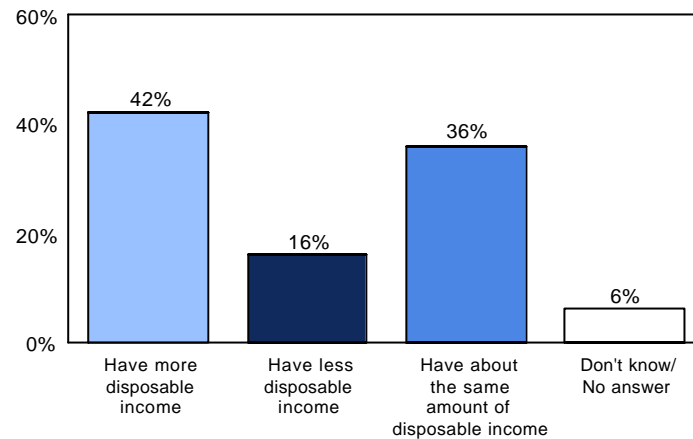
Non-entrepreneurs are of one mind concerning the perceived time commitment of business owners. An overwhelming majority of non-entrepreneurs are of the opinion that business owners work more hours as compared to employees who are paid a salary at their jobs. In contrast, only a small percentage believes that business owners work about the same or fewer hours than salaried employees. All demographic subgroups hold the view that business owners work more hours than salaried employees, although this view is less extreme among those with less than a high school education. (Appendix C, Table 16)



With respect to the perceived amount of disposable income among business owners, non-entrepreneurs are somewhat divided. One-third of those surveyed feel that business owners have about the same amount of disposable income as do salaried employees. Of the remaining respondents, more than twice as many feel that business owners have more, as opposed to less, disposable income than do salaried employees, while few have no definite opinion on this issue. Attitudes on this issue are consistent throughout the population, although Francophones and males are more likely to believe business owners have more disposable income. (Appendix C, Table 17)



Do Business Owners Have More Disposable Income Than Salaried Employees? (Non-entrepreneurs)



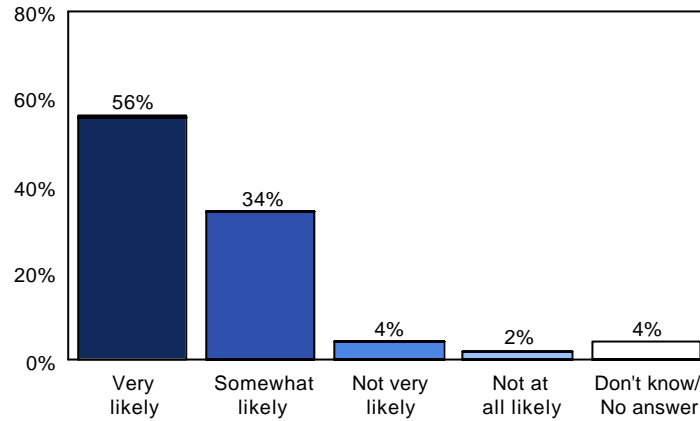
Non-entrepreneurs are not necessarily devoid of an entrepreneurial spirit. Indeed, six in ten (61%) young non-entrepreneurs report having a business-oriented outlook on life. In contrast, one-third of those surveyed (34%) feel they do not have a business-oriented outlook, while the remaining five percent have no definite opinion. Results on this issue are relatively consistent throughout the population. (Appendix C, Table 19)

On a related matter, six in ten (59%) non-entrepreneurs surveyed consider themselves to be risk-takers, while the remaining respondents either do not consider themselves to be risk-takers (38%), or have no definite opinion (3%) on this matter. Those demographic subgroups most likely to categorize themselves as risk-takers include males, those with a lower educational background, single respondents, and those under 20 years of age. (Appendix C, Table 18)

Interestingly, virtually all non-entrepreneurs are of the opinion that a career as a business owner would likely be fulfilling. Specifically, over one-half say that such a career would very likely be fulfilling, while another one-third feels that it is somewhat likely to be fulfilling. Very few believe that such a career would be not very or not at all fulfilling. Across the population, there is little variation on this topic. (Appendix C, Table 15)

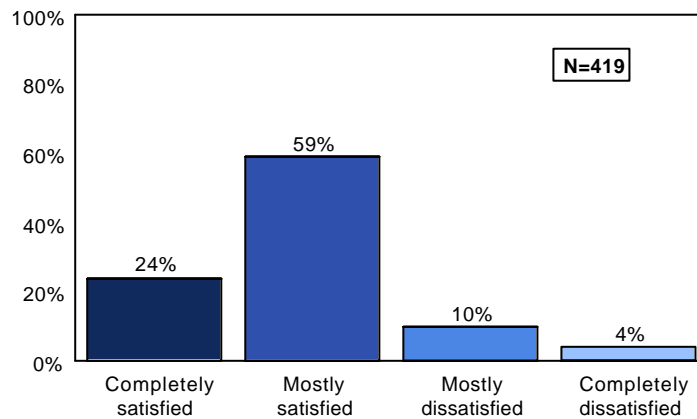


Would Career as a Business Owner be Fulfilling? (Non-entrepreneurs)



In general, young non-entrepreneurs employed on at least a part-time basis (N=419) express a high level of satisfaction with their current employment. The majority of respondents are either completely or mostly satisfied, while relatively few are mostly or completely dissatisfied. Satisfaction with their current employment shows little variation among the demographic subgroups. Despite previous statements by non-entrepreneurs regarding potential business ownership, the relatively high level of employment satisfaction may well play a large role in those decisions. (Appendix C, Table 51)

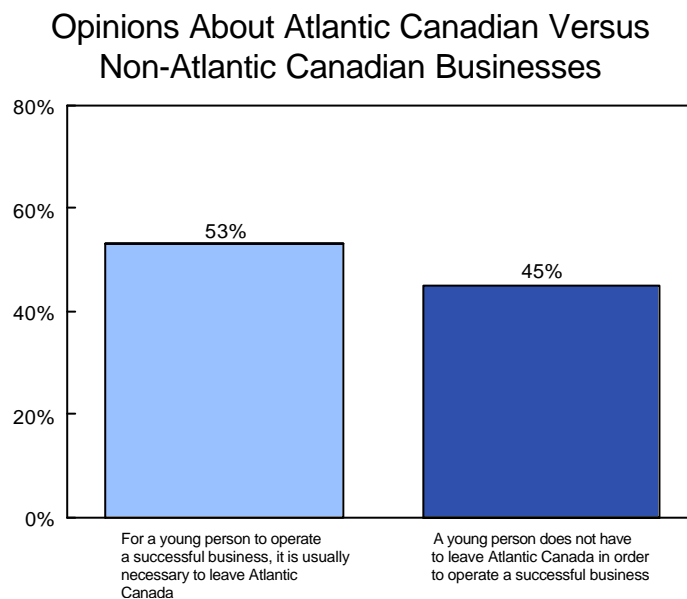
Satisfaction With Current Employment (Among those non-entrepreneurs currently employed)



Opinions Concerning the Business Climate in Atlantic Canada

Many young non-entrepreneurs perceive Atlantic Canadian businesses to be less successful than businesses located elsewhere in Canada. However, many also feel that businesses within the Atlantic region can be competitive even if they are not located in a major city.

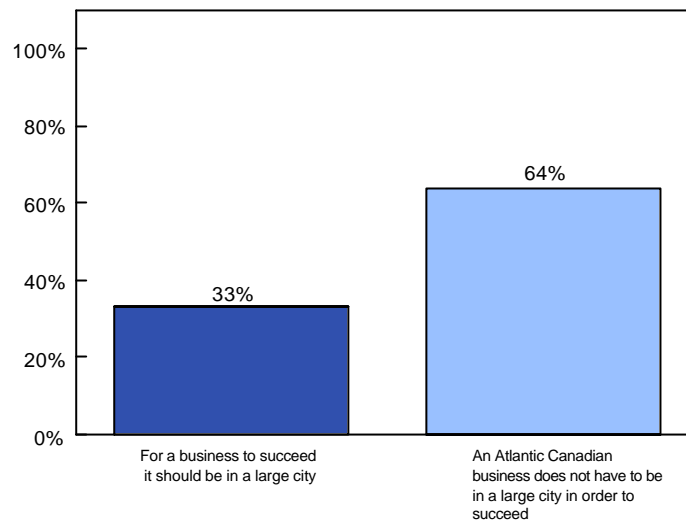
Concerning the success of businesses located within Atlantic Canada, the beliefs among non-entrepreneurs are somewhat mixed. A slim majority of respondents surveyed feel that for a young person to operate a successful business, it is usually necessary to leave Atlantic Canada. On the other hand, just under half of non-entrepreneurs feel that young people do not have to leave Atlantic Canada in order to operate a successful business. Feelings on this topic are quite consistent throughout the population. (Appendix C, Table 46)



It is interesting to note that non-entrepreneurs place somewhat less importance on the location of businesses within Atlantic Canada. Two-thirds of those surveyed believe that a business located in Atlantic Canada can be successful regardless of whether or not it is located in a large city. In contrast, only one-third of non-entrepreneurs are of the opinion that a company needs to be located in a large city in the region to be successful. Those respondents most likely to believe that the success of businesses in Atlantic Canada is dependent on their being located in a large city include younger residents (less than 20 years of age) and those with less than a high school education. (Appendix C, Table 45)



Opinions About the Success of Businesses Located in Atlantic Canada



Business Preparation in the School System

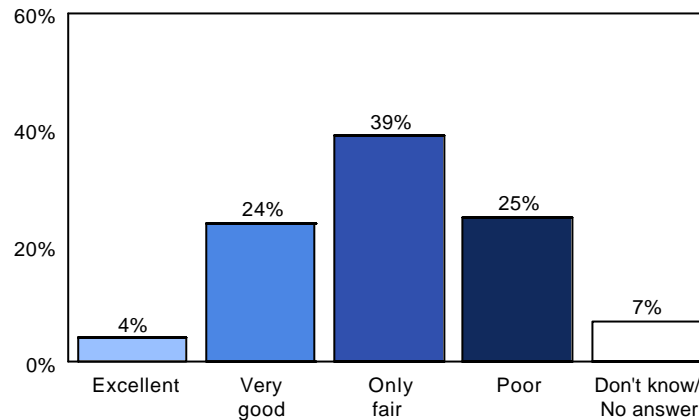
The college system is recognized as placing the most emphasis on, and doing the best job of, preparing their students to be entrepreneurs.

Non-entrepreneurs were asked to report their opinions on how well various levels of the educational system prepare students for starting and running a business. With respect to the **high school system**, there is a mixture of opinions about the amount of emphasis placed on teaching students about running a business. Specifically, just under half of the non-entrepreneurs interviewed say the high school system places either a great deal of (8%) or some (36%) emphasis on teaching students about opening a business, while half say the high school system places not very much (36%) or no emphasis at all (14%) on teaching students in this area. Newfoundlanders are more apt to report that their high school system places a higher emphasis on informing students about running a business, as do younger non-entrepreneurs (less than 20 years of age), those with less than a high school education, and those actively looking for work. (Appendix C, Table 24a)

Respondents are fairly skeptical of the job done by the high school system in terms of teaching students about starting a business. Less than three in ten non-entrepreneurs believe the high school system does an excellent or very good job in this respect, while the majority says the high school system does an only fair or a poor job at teaching students about running a business. Across the population, those respondents with the most positive assessment of the high school system's performance in teaching students about starting a business are Newfoundlanders, Francophones, those less than 20 years of age, and those with less than a high school education. (Appendix C, Table 24b)



Performance of High School System in Teaching Students About Starting Business (Non-entrepreneurs)

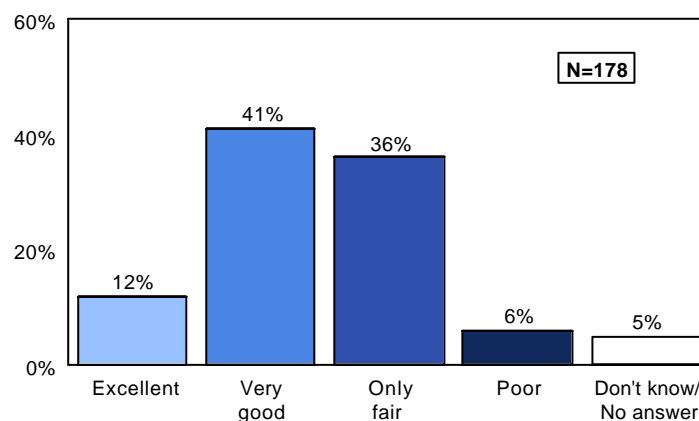


Three-quarters of non-entrepreneurs who have attended or are attending college (N=178) are of the opinion that the **college system** places a great deal of (27%) or some (46%) emphasis on instructing students about starting and running a business. In contrast, only two in ten respondents feel that within the college system there is not very much emphasis (18%) or no emphasis at all (3%) on teaching students about starting a business. (Appendix C, Table 25a)

Non-entrepreneurs give a moderately positive review of the college system's performance with respect to teaching students about starting and running a business. Over half of non-entrepreneurs who have attended or are attending college say that the job the college system does in this respect is excellent or very good. In contrast, four in ten respondents say that the college system does an only fair or poor job of educating students about starting a business. (Appendix C, Table 25b)

Performance of College System in Teaching Students About Starting a Business

(Among those non-entrepreneurs with college experience)

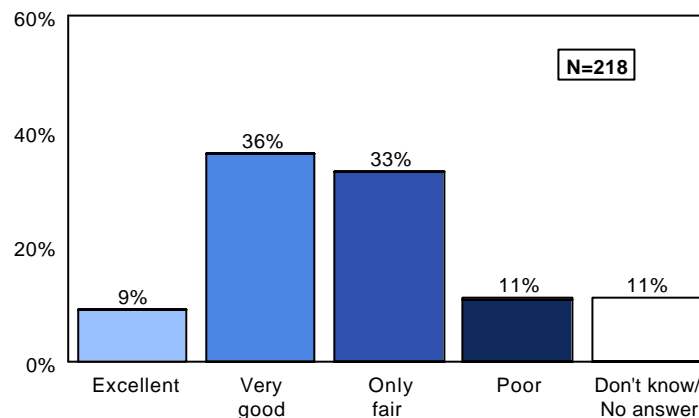


Two-thirds of non-entrepreneurs who have attended or are attending university (N=218) believe that the **university system** places a great deal (15%) or some (51%) emphasis on instructing students about starting and running a business. In contrast, one-quarter of those surveyed are of the opinion that the university system places not very much emphasis (20%) or no emphasis at all (5%) on training students about starting a business. (Appendix C, Table 26a)

University-experienced non-entrepreneurs are divided on their assessment of the performance of the university system in terms of instructing students about starting and running a business. Just less than half of those surveyed feel that the university system does an excellent or very good job at educating students about starting a business, while a similar number say the university system is only fair or poor in this respect. (Appendix C, Table 26b)

Performance of University System in Teaching Students About Starting a Business

(Among those non-entrepreneurs with university experience)



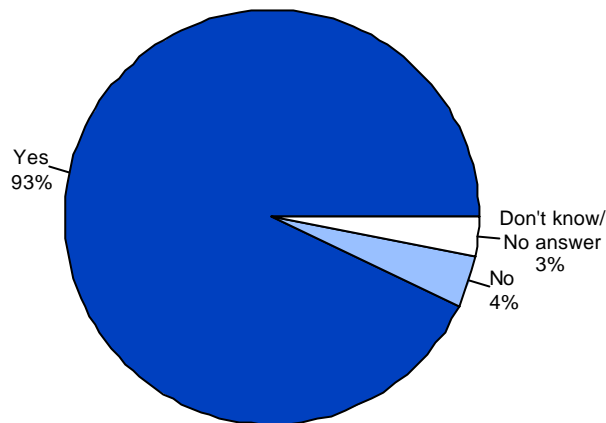
Government Assistance

Overall, most non-entrepreneurs support the involvement of the government in assisting youth to start their own business, although relatively few recognize the government's efforts in this regard.

Non-entrepreneurs were also questioned about the importance of government support for young people wishing to become business owners. Of special note, the vast majority of non-entrepreneurs interviewed believe that the government should pay particular attention to helping people under the age of 30 buy or start their own businesses. Indeed, very few of those surveyed feel that the government should not give extra attention to young entrepreneurs or have no definite opinion on this topic. Attitudes on this matter are quite consistent throughout the population. (Appendix C, Table 41)

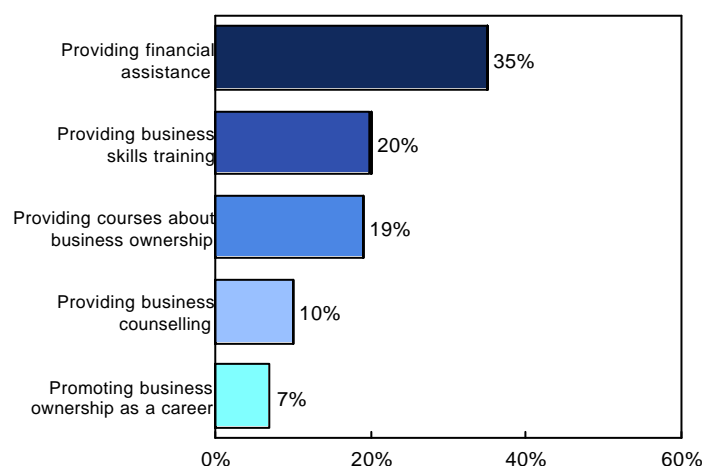


Should the Government Pay Particular Attention to Young People Starting a Business? (Non-entrepreneurs)



Given a list of five potential government actions that should be taken to help young people become business owners, financial assistance is deemed to be most important. One-third of non-entrepreneurs surveyed believe that providing financial assistance is the most important action the government should take to help young entrepreneurs. Two in ten respondents are of the opinion that providing business skills training would be the best course of action for the government to take, while an equal number favour providing courses about business ownership in the education system. Relatively few respondents believe that the most important government action that should be taken to help young entrepreneurs is providing business counselling and promoting business ownership as a career. Beliefs on this issue are consistent across the population. (Appendix C, Table 42)

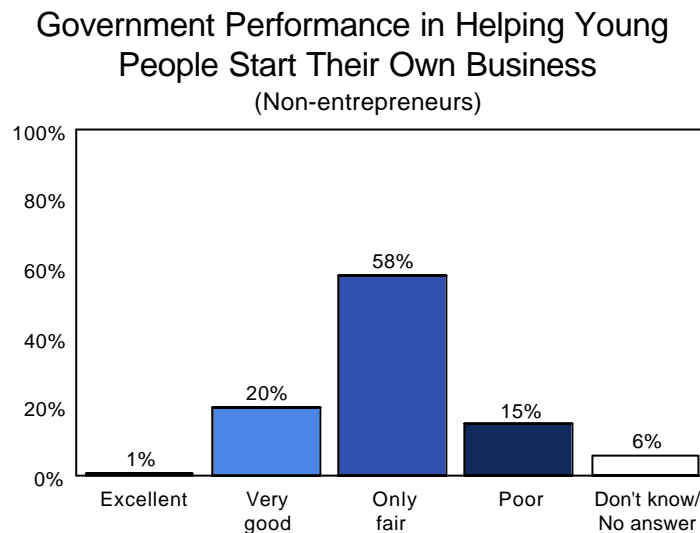
Most Important Government Action to Help Young People Starting a Business (Non-entrepreneurs)



At present, non-entrepreneurs give a generally unfavourable assessment of the government in terms of its assistance to young people who want to start their own business. Only two in ten non-



entrepreneurs surveyed rate the government's performance in helping young people who want to start their own business as either excellent or very good. In contrast, three-quarters of those interviewed feel the government does an only fair or poor job in this respect. Notably, opinions on the government's performance are consistent across the demographic subgroups, although those non-entrepreneurs from Newfoundland or PEI give the most favourable assessments. (Appendix C, Table 43)



Other Demographic Information about Non-entrepreneurs

Young entrepreneurs are generally single, have an income less than \$20,000, and have access to a personal computer with a connection to the Internet.

In order to gain further insight into the profile of young non-entrepreneurs and how they might best be reached via media and marketing, various demographic questions were asked including Internet usage, favourite types of media programming, marital status, and income.

Results reveal that a large majority of young non-entrepreneurs have access to a personal computer and a connection to the Internet. Specifically, seven in ten non-entrepreneurs can access the Internet through a personal computer, while the remaining three in ten do not have such access. Within the population, those most likely to have Internet access through a personal computer include Anglophones, and those under 25 years of age. (Appendix C, Table 52)

The favorite websites among non-entrepreneurs who surf the Internet (N=634) vary widely. Those sites mentioned most often by non-entrepreneurs include general sites such as Yahoo (13%) and Hotmail (10%), as well as sports (general: 5%; TSN.com: 4%) and music (Napster: 5%; MuchMusic: 3%; general: 2%) sites. (Appendix C, Table 54)



As for favourite television shows, again, a wide variety of shows are identified by non-entrepreneurs who indicate spending time watching television (N=764). Among the shows most frequently watched by young non-entrepreneurs are Survivor (17%), Friends (17%), and The Simpsons (13%). (Appendix C, Table 55)

Young non-entrepreneurs who report listening to the radio (N=747) are most likely to listen to music. The types of music mentioned most often by non-entrepreneurs are country (21%), rock (19%), and alternative (17%). Less than one in ten respondents (8%) say that they usually listen to news programs on the radio. (Appendix C, Table 56)

Of the young non-entrepreneurs interviewed, the vast majority are single (74%), while only one-quarter are currently married or living as married (23%), and very few are divorced or widowed (1%). Not surprisingly, the likelihood of being married increases dramatically among the older respondents, with just over half of those aged 25 to 29 being married at the present time. Of note, there is a higher rate of married respondents among those non-entrepreneurs working full-time compared to those working only part-time or those not presently working. (Appendix C, Table 57)

As one might expect among a sample of young non-entrepreneurs, the level of income reported in the past year is typically quite low. Overall, one-third of non-entrepreneurs aged 15 to 29 reports making less than \$5,000 before taxes in the year 2000. Another one-third of those interviewed reports making between \$5,000 and \$19,999 in the past year, while two in ten say they made at least \$20,000 last year. Not surprisingly, income rises with age and education level. (Appendix C, Table 58)

Information Pertaining to Junior Achievement Entrepreneurs

In this section of the report, CRA presents a brief summary of the views of a sample of 69 young entrepreneurs gathered from Junior Achievement sources. It should be cautioned that the majority of respondents in this sample are very young (aged 15-19) and are from Newfoundland.

In general, the survey results from the sample of young entrepreneurs drawn from Junior Achievement sources are similar in most respects to those from the larger sample of young entrepreneurs.

Of note, it should not be surprising to find that the businesses of Junior Achievers sampled are almost entirely part-time, as the vast majority of respondents in this sample are in junior high or high school. The most common businesses listed by respondents in this sample include arts and crafts, or general retail. Notably, four in ten Junior Achievers have parents who are/were business owners, a figure that is slightly below that found for other young entrepreneurs.

One difference noted for the sample of Junior Achievers is the most important reason for starting the business. Junior Achievers are more likely to say they started their business for the experience, whereas young entrepreneurs in the larger sample claim they did so for the independence provided by being their own boss. Nevertheless, Junior Achievers are in agreement with other young entrepreneurs in that the biggest obstacle to starting a business is the lack of money.



In keeping with the larger sample, Junior Achievers state that the advice of a mentor is the most common form of skills or advice they have received since starting the business, although sales, management skills, business planning, and business seminars are also prominent. Likewise, the vast majority of Junior Achievers say they would utilize the resources of a mentor in the future, if one were available. Guidance from a mentor, as well as student internships with a business, are also perceived to be the most helpful options to those young people wishing to start a business.

The skills claimed to be lacking by Junior Achievers are also the same as that found in the larger sample and include e-commerce, exporting, and bookkeeping. In terms of the format for learning new skills, it is noteworthy that Junior Achievers would most prefer to undergo training in either a short one or two day seminar, followed by a classroom setting with other young business owners. This latter finding contrasts with that of the larger sample.

With respect to the influence of various people and programs on career choices, Junior Achievers are largely similar to other young entrepreneurs, with a few exceptions. While Junior Achievers agree with other young entrepreneurs in placing great importance on parents and guardians, as well as local business people, Junior Achievers cite their teachers and instructors as having the greatest influence on their career. In addition, Junior Achievers place a high degree of importance on career fairs and other promotional events, a finding at odds with other young entrepreneurs.

Concerning financial assistance, Junior Achievers report finding out about various sources of assistance through schools and Junior Achievement. As for where financial assistance is available, the most common sources named by Junior Achievers are banks, family and the Y-Enterprise Program. In addition, only about one in five Junior Achievers is aware of the Young Entrepreneurs ConneXion program, a rate that is far below that of other young entrepreneurs.

As for the role of the government, Junior Achievers believe it is important for the government to make financing available to young people wishing to start a business. Moreover, Junior Achievers believe that many forms of financial and non-financial assistance are presently available from the government.

Of interest, the Junior Achievers sampled indicate a strong preference to be called an “entrepreneur” as opposed to “self-employed” or a “business owner.” This preference differs from the larger sample of young entrepreneurs who had no preference among the three terms.

Finally, concerning the usage of various forms of media, results from Junior Achievers are consistent with those from the larger sample of young entrepreneurs in that the most time is spent listening to the radio, watching television, or surfing the web.



Key Findings from the Qualitative Research

This section of the report will provide the in-depth results of the qualitative portion of the research consisting of one-on-one interviews with representatives from government agencies and lending/funding institutions. Throughout the report these parties will be referred to as participants.

A central focus of this research was to obtain information on young entrepreneurs and current young entrepreneur programs, and to gather recommendations as to how these programs can be improved.

The Interview Protocol for this portion of the research is presented in Appendix D.

Programs For Young Entrepreneurs

There has been marked improvement in young entrepreneur programs, but more training is required to prepare young people for a career in entrepreneurship.

Participants were asked to share their views on the development and need for young entrepreneurial programs.

Participants noted there has been a significant improvement over the past couple of years in regard to the development of programs for young entrepreneurs. For the most part, participants felt that there were sufficient programs in place and many considered it essential that these programs continue. Despite these findings, participants recognized that there is a need to better promote these programs and services. In particular, young entrepreneurs were viewed as requiring assistance and guidance in order to access the information they need to begin their business. Better promotion of these support services would greatly aid young entrepreneurs during the initial start-up phase of their business.

“I don’t believe there is a need for more programs, but I do believe that they are essential and the existing ones need to continue.”

“Some of the programs could be reviewed, but for the most part I think there are enough programs in place, the trouble is nobody knows how to get access to them, it is finding that information that is singularly the biggest problem.”

“We collectively have not done a good enough job in letting young entrepreneurs know what is available, and in most instances, even once we have got them through the door we have not been aggressive enough in causing them to be informed about those programs.”

Although participants felt there was sufficient financial assistance programs in place, they recognized a need for more training programs. Today’s young entrepreneur was seen as not being cognizant of what is required to be an entrepreneur. Once young entrepreneurs successfully obtain the financial support they need to start their business, they lack the skills and abilities to manage and run their business on a daily basis. Participants pointed to the fact that more entrepreneurial training courses



and, more specifically, mentorship programs are required to address this issue. In the early stages of their business, young entrepreneurs were seen as requiring a lot of “hand holding” and “coaching.” It is important to note that participants often made reference to the training component of the ACOA Seed Capital and Counselling Program, with most acknowledging the inclusion of the training component in this program as a step in the right direction. However, participants also felt that most young entrepreneurs do not take advantage of this training opportunity.

“Just approving money is a dangerous thing if they (young entrepreneurs) don’t know what to do with it. A proactive and a hands-on approach with youth is helpful because a lot of the more successful cases acknowledge the fact that they need help, they enjoy receiving help.”

“Programming shouldn’t be only specifically designed to the Seed Capital component, there shouldn’t simply be a financial package. If it is going to be a complete package, it should offer training as well.”

Experience with Young Entrepreneurs

There is variation in terms of the level of priority agencies and organizations place on young entrepreneurs. As would be expected, participants displayed varying degrees of experience in terms of young entrepreneurs. For instance, some participants had less than one year of experience dealing or working with young entrepreneurs while others had been assisting young entrepreneurs for over thirty years.

Similarly, there was variation in terms of the type of involvement and level of priority participating organizations placed on young entrepreneurs. For example, the financial and lending institutions tend to be involved in organizations like Junior Achievement, but for the most part they do not consider young entrepreneurs to be a high priority. Young entrepreneurs are seen more as a “focus” as opposed to a “priority” by these organizations. The financial institutions do not anticipate shifts in their organizations’ role with regard to young entrepreneurs. It is interesting to note that one participant from a financial institution indicated that the only thing that distinguishes young entrepreneurs from entrepreneurs is their age. This participant also acknowledged that young entrepreneurs are the future business leaders of tomorrow and therefore should be considered a greater priority. This particular financial institution may consider bundling some services that might be attractive to young entrepreneurs.

“Young entrepreneurs are an important target group for the bank as they are our future prospects. They are an important market segment because they are going to be the future business leaders and the corporate citizens of tomorrow.”

In contrast, other organizations adopt a more active role with young entrepreneurs, with most providing direction and support. Participants in such agencies and organizations have experienced an increase in demand for service from this population and most perceive the need for such services will continue to grow. To keep pace with this demand, participants expect that their organizations will either maintain or afford more attention in this area.



“There are slightly more young entrepreneurs coming through our doors.”

“Three years ago there was very little emphasis placed on youth, there was no special effort made to attract them, but in the past three years that has been steadily increasing and each year we devote more of our own financial resources to try to get to young people.”

“Our organization is gearing up to better serve our young entrepreneurs. They are our future and more attention should be given to them.”

Changes in Today's Young Entrepreneur

Today's young entrepreneurs are more aggressive and self-assured, but most continue to lack the business skills they require to achieve success.

Participants were asked if they have noticed any changes in today's young entrepreneurs. Participants viewed today's young entrepreneurs as more aggressive and self-assured, better educated, better informed and more technologically advanced. Despite possessing these qualities, young entrepreneurs were still seen as not having the knowledge and skills required to run a successful business. This finding was found to be consistent across all participants.

“They are more aware of their potential to do things and I think they are more predisposed to look at entrepreneurship as an option, whereas in the early 90s it was not the case.”

“They are better educated, but they are still ill-equipped with business know how.”

“Younger people are better equipped with the tools to increase their chance of success, but there are still things there that are invaluable to capture.”

“There still seems to be an academia approach to entrepreneurship in the sense that if they complete a business plan and if it is half right, well that is reason enough to move forward. I don't think they fully understand that there is a longer waiting time and a learning curve in getting their business off the ground.”

Most young people were described as first becoming exposed to the concept of entrepreneurship through the school system, but the value of such exposure received mixed reviews. For instance, some participants felt that entrepreneurship courses and school curriculum served to create an awareness of entrepreneurship as a potential career option. In contrast, other participants felt the entrepreneurial curriculum was not given the time and resources it deserves. In many cases, the entrepreneurial courses were seen as “easy credits” and did not always attract would-be young entrepreneurs.

“The curriculum has changed in the high schools and they (meaning young people) are more in tune with what entrepreneurship is all about.”



“The schools have increased the level of awareness, but they haven’t done a bang up job of convincing students that it is a viable career option. There has not been enough training for teachers to position entrepreneurship in the right way. They have probably turned off as many people as they have turned on.”

“I think that the entrepreneur classes that they have are weak and in many cases individuals that are less likely to become involved in business are the ones that take these courses. They appear to be easy and this is a class that they can breeze through and they don’t have to think about it that much, so they do it for that sake, whereas some of the more motivated students might be taking biology and physics. They don’t see business as a serious option and perhaps that in the school system should be addressed.”

The changes that have been observed in young entrepreneurs were seen as being reflective of the changes that have occurred in society as a whole. Globalization, the Internet and e-commerce were viewed as having a significant impact on entrepreneurship development.

In addition, some participants considered today’s job market to be less secure than that of previous years. Participants who held this viewpoint believed that a high unemployment rate was a contributing factor in the rise of young entrepreneurs.

It is interesting to note that in rural areas, it was indicated that often times if young people want to remain in the area the only job opportunity available to them is to create their own business. Entrepreneurship is often viewed as a means to combat an aging and shrinking population. The survival of some rural communities was regarded as being dependent on whether young people made the decision to remain in their community and begin their own business or move to larger centers to look for employment.

“More and more young entrepreneurs realize that they can no longer rely on others for a job, especially those in the rural areas. They realize that they have to create their own job and they do.”

“The population is shrinking and the population here is becoming more and more old and we really have to try and get a higher percentage of young people interested in staying in the area. If they don’t, the region is just going to die.”

Information Needs of Young Entrepreneurs

Although the initial objective of young entrepreneurs is to access capital, what they require is a better understanding of entrepreneurship as a career option.

Information sought versus what is required

When asked to discuss the information needs of young people who are considering starting their own business, participants made a clear distinction between what information young entrepreneurs **are looking for** and what information they **really need**. More specifically, when starting their own business, young entrepreneurs are eager to obtain information regarding access to capital, but participants agreed that what they really require is a better understanding of what it takes to be an entrepreneur.



“Just getting the money is most important to them, rather than knowing best what to do with it once they have got it.”

“I am not sure if they realize the amount of personal commitment that is required to make a business successful. A lot of times they have an idea, and they just want the money to make it work.”

They don't understand what people are looking for in terms of financing and the importance of projections and the realism of them. I think a better understanding of what is going to be required for your business is pretty important and a lot of people don't like to deal with the numbers, but it is definitely key to the start-up.”

Initially, young entrepreneurs need assistance and guidance in determining what they do not know about running their own business and finding answers to these questions. Many participants noted that developing a business plan was often dependent on a young entrepreneurs' educational background. Young entrepreneurs who have attended university were considered to be more familiar with developing a business plan, while those who have not tended to be less familiar with the process. However, regardless of their level of familiarity, young entrepreneurs were regarded as not realizing the importance of following their business plan, with most seeing its development as simply a means to access capital. Training which addresses the importance of adhering to the business plan was seen as an important area requiring attention.

“They don't see it (forecasting and projections) as a priority, they just see it as a means to an end. They get this information cause they have to and don't realize that it is important to their business. It is hard to get anyone to recognize that a forecast is a budget and something you've got to aim for to live by, rather than just a tool to get the money you need.”

It is not until young entrepreneurs begin to develop their business plan that they consider such issues as learning more about their potential markets, examining their human resource requirements, establishing accounting practices and thinking about legal matters (e.g., registering their business). The value of marketing is often overlooked initially because young entrepreneurs find it hard to justify spending the money. One participant explained 'we have to push it on them.' Many participants agreed that young entrepreneurs are anxious to get the money and get started, often sacrificing valuable preliminary start-up research.

“Once they're ready to start it's hard to hold them back.”

“It's a lot easier to train them before they get the money.”

Access to and Promotion of Programs and Services

Most believe that youth entrepreneurial programs are not adequately promoted within the education system and that there was a need for a one-stop information resource for youth interested in starting their own business.

The information young entrepreneurs require was regarded as available, but very difficult to access. Often, potential young entrepreneurs were viewed as becoming frustrated with the process of



starting their own business because they could not readily gain access to the information they seek. Participants felt that the system lacked a single reference source or “one-stop shop” where potential young entrepreneurs can go to find out what services and supports are available. The information that is available and how it can be accessed is not promoted to its fullest potential. This was identified as an area that requires further attention.

“There is no one-stop shop, it is still pretty disparate and difficult to ask some basic questions. Youth are still intimidated, although they are self confident and all that sort of stuff, there are a lot of them that are so self confident they feel that they can do this themselves and will try and do this themselves rather than asking some of the fundamental questions. Somehow we have got to have an ability for youth to interact to ask some basic questions.”

“They are not accessing the information because they don’t know that it’s available. They stumble on it more so by chance than design.”

Participants felt there was a need to better promote the services that were available to young entrepreneurs. When asked, participants typically identified the school system (high school, community college and university) as an effective venue for creating a general awareness of entrepreneurship as a career option. In addition, this would also serve to introduce students to the services and supports that are available to them, should they decide to pursue a career in this field.

“Schools are very important in the promotion of these services. You have their attention while they are in school, so they should be made aware of the programs at that time.”

“You have got to get the teachers to disseminate the information, otherwise it just sits on their desks and it doesn’t go anywhere.”

Many participants also noted the value of having successful young entrepreneurs provide presentations to high school classes as a means to promote entrepreneurship as a career option. This method of communication was viewed as being potentially beneficial, as it would clearly demonstrate that young people could be successful in the business community. Young positive role models were seen as having a positive effect on young people.

“They want to hear it from their peers, they don’t want to hear it from someone who is ten or 15 years older. You don’t want Ganong, or McCain or Craig Dobbin because they are so far removed from reality that they can’t identify with them.”

“We need to tap into young entrepreneurs who are willing to talk about their successes and how they did it at the high school and university level. We need to touch kids three hundred at a time.”

In addition to these experiences through the educational system, the Internet, the radio and continued face-to-face contact were seen as successful means to promote the services that are currently available to young entrepreneurs. School and entertainment newspapers, such as ‘The Coast’, were cited as effective information sources for young entrepreneurs. Participants did note that TV is also an effective means to promote these services, but it was viewed as a costly method to do so.



It was suggested that the channels used to promote youth entrepreneurship should be based on the media best accepted by this age group and easily accessible to a wide range of youth. One participant felt that the Internet is only successful in reaching a select segment of web-savvy youth.

Building a Business

Steps Followed

Access to capital financing and adhering to their business plans are the two most significant challenges young entrepreneurs face in building their businesses.

When asked to describe the steps young entrepreneurs take when building their business, most participants noted that it all begins with an idea. In most cases, potential young entrepreneurs will discuss this idea with their family and friends to obtain feedback on its appeal. Several participants noted that at this early stage there is no place where young people can easily go to “bounce” their idea off someone. One participant commented that youth have a lot of great ideas; they just need assistance in formulating and nurturing their ideas into a viable business venture.

“Staffing the programs with people who are encouraging, certainly for the first contact. It’s good to have some kind of due diligence bulldogs somewhere in the system, but you don’t want those people to be the first people that a young entrepreneur runs into when they’re kind of letting their idea out into the light of day for the first time.”

One issue that came out of the quantitative research is the importance of family in the careers of young entrepreneurs. Although participants in this segment of the research also voiced sentiments to this effect, they were quick to acknowledge that support from family and friends will only take young entrepreneurs so far. In order to successfully move into the next phase of entrepreneurship, youth need an understanding of the many facets of a business. Many will turn to the education system for guidance and support only to find it is not available through this venue.

“They go to their schools for support and there isn’t any place to go to within the school. Very few young people will find an avenue to support their idea.”

“They want to talk about their idea.”

In most cases participants reported that young entrepreneurs come to their agency or organization with a “sketchy” business plan or idea. A limited number of young people will have done some preliminary research with respect to their potential market, but for the most part young people do not realize the upfront work that has to be completed before financial assistance can be ascertained. As previously mentioned, they do not see the importance and value in developing their business plan.

“They need information on what being in business is all about and they need to understand that financing is the end line product of a good solid business idea and the research that goes with it.”

Obtaining access to working capital and adhering to their business plan are the two biggest challenges youth face when building their business. Young entrepreneurs who successfully obtain working



capital often times were seen as not realizing the importance of following their business plan, and in most cases did not realize the importance of their plan until they were faced with financial difficulties. Having a mentor to provide assistance to young people in the initial years of their business and demonstrating to them the importance of adhering to their business plan was seen as the most effective way to overcome this hurdle.

“They need motivational information. Need to be able to talk to people that will listen and guide them.”

“I’d include a chat process... often people want to come in for ‘a chat.’ They don’t necessarily want to come in to fill out the application form or to pick up documents or present their business plan. They want to come in and just say, ‘I’ve got this idea. What do you think it would take, do you think it would work and how would I go about it?’ That kind of personal interaction would work well and isn’t readily available.”

This approach meshes well with results from the quantitative research. Interviews with young entrepreneurs demonstrate that they recognize the challenge presented in obtaining the necessary capital to start a business, and that they understand the benefits that a mentor can provide, but they seem to underestimate the basic skills required to operate a successful business.

In general, \$15,000 was seen as the maximum amount of financing available to young people who wish to start their own business. It is important to note that many participants felt that \$15,000 was not a sufficient amount of capital to ensure the long-term success of a business.

“What we are finding is the young entrepreneurs are in the building, their first month’s rent is paid, the equipment is bought and the lease holds are complete, but yet they have no working capital to grow the business or to move it in that direction.”

The challenge young people face when trying to access working capital is they have no personal equity and many are currently relying on their family and friends to access the funds they require to maintain their business. With little or no capital of their own as an investment and traditional lending institutions are reluctant to approve funding. Most of these young entrepreneurs also have large student loans, which also impede their ability to generate working capital. In addition, some young entrepreneurs also tend to be intimidated by bankers and professional business people, and as a result lack the confidence to aggressively pursue the money to finance their ideas.



To overcome these challenges and to take their business in a forward direction, young entrepreneurs were seen as requiring advice and counselling from people in the business community who have undergone the same process. Establishing mentoring programs that are made mandatory by the lending institutions was seen as a means to overcome this issue.

“We can help build their characteristics – during their developmental years.”

“It’s cheaper for them to learn from someone else’s mistakes.”

Financial Assistance

Financial programs need to be reviewed, both in terms of amount of available capital as well as training requirements.

Participants were able to identify many of the financial programs that are available to young entrepreneurs. The most frequently mentioned programs included YES, Y-Enterprise, Youth Venture Program, Metro Business Opportunities, Chartered Banks, and the Seed Capital and Counselling Program.

With respect to financing, many participants felt there are sufficient financial programs, however these programs need to be reviewed. More specifically, the amount at which these programs are capped and the addition of a mandatory mentoring program were areas seen as requiring further investigation. One participant from a lending institution suggested that there be a program that combined entrepreneurship training and financing. He envisioned this program as having several rounds of training and financing, with each successive round of financing being dependent on achieving some predetermined level of success.

“There should be subsequent rounds of financing available and a mentoring component attached to this program. For example, there would be several financing phases, with the first phase being access to \$15,000. To move to each of the phases there would be a prequalifier whereby the young entrepreneur would have to produce some level of success to move to the next phase.”

Although participants felt that the prerequisites of the current financing programs were adequate, some participants noted that often times difficulties arise due to the age requirements. For instance, some participants felt that 29 was too early a cut off age, while others believed there should be different criteria for different age groups.

“The age requirement is too restrictive. There should be a 15 to 18 component, than a 19 to 22 component and then a 23 year and older component.”



Differences Among Young Entrepreneurs

Both males and younger entrepreneurs are more apt to take business risks, whereas females and older entrepreneurs are more cautious and are better prepared.

Participants were asked what differences, if any, exist in how young entrepreneurs develop their business. More specifically, participants' views on males versus females, urban versus rural young entrepreneurs, and Francophone versus Anglophone entrepreneurs were sought. Participants were also asked how they felt young entrepreneurs differed from more mature entrepreneurs. The comments provided for each of these differences are presented in the following sections.

Male versus Female Entrepreneurs

In general, female young entrepreneurs were considered to be more cautious, paid closer attention to their business plan and its development and were more willing to take advice. In other words, females were considered to be thorough planners. In contrast, males tended to be more willing to take a risk, paid less attention to their business plan and its development, and showed a general reluctance to take advice.

It was consistently noted that females tend to start smaller, safer business ventures, such as hairdressing salons or craft shops with most consisting of small home-based operations. In contrast, males were more likely to pursue larger, riskier ventures.

"Women tend to come to us better prepared because they do not take for granted that funding will be given to them. Men tend to act in the opposite way."

"Women tend to be better at planning than men."

"Women usually being the primary care givers, will have to consider child care issues to a greater extent than a lot of men have to."

It is also interesting to note that many participants felt that either there were an equal number of males and females exploring entrepreneurship as a career option, or slightly more males than females embarking on this career option.

Urban versus Rural Entrepreneurs

For the most part, participants indicated that both urban and rural young entrepreneurs have to follow the same process and take into the consideration the same factors when exploring the possibility of establishing their business. Some participants indicated that in rural areas young entrepreneurs would have better access to mentors due to the smaller community size. In contrast, others believed urban young entrepreneurs had more opportunities and were in a better position to talk face-to-face with individuals who could provide them with support and guidance.

"The Valley doesn't have a lot for assistance."



“Not all Nova Scotians have access to support. The system still needs work.”

“I think that rural Prince Edward Islanders tend to be more interested in entrepreneur opportunities than urban Prince Edward Islanders. There’s generally less opportunity in rural areas, so people are more willing to look at a broader range of options.”

Francophone versus Anglophone Entrepreneurs

In general, participants did not readily identify any differences in terms of how Francophone and Anglophones go about starting their business. Both Francophone and Anglophone young entrepreneurs follow the same process and encounter the same difficulties when they pursue a career in entrepreneurship. Despite this finding, it is worth mentioning that a few participants noted that although information that is distributed by the federal government is available in both official languages, some of the information available through other groups and associations is only provided in English.

One participant noted that French communities tend to be more supportive of the young entrepreneurs in their midst. This participant further explained that there is a fear of youth leaving the community if sufficient career opportunities are not made available to young adults.

“The Francophone community tends to be more supportive of initiatives by their youth.”

Older versus Younger Entrepreneurs

There are distinct differences between entrepreneurs under the age of thirty and those over the age of thirty. Most notably, younger entrepreneurs are more willing to take risks, are less cautious, more aggressive, and are less likely to pay attention to the development of and consequently adherence to their business plan. They also come to the table with less personal equity. In contrast, older entrepreneurs are more apt to be risk adverse, are cautious, pay closer attention to the development of their business plan, tend to grow their business by using their business plan, and come to the table with more personal equity.

“The main positive difference is that they (young entrepreneurs) are more willing to take risks. Young entrepreneurs tend to have the ability to go without sleep longer. And they tend to have fewer family responsibilities.”

Understandably, older entrepreneurs have more family responsibilities to keep in mind when investing time and money into a new venture. Not surprisingly, more time is spent on the preliminary research and planning. Many participants also attribute the more sophisticated start-up process to the larger degree of experience that older entrepreneurs possess, and the wider network of friends and support to which they have access.



Building the Ideal System to Assist Young Entrepreneurs

Business training and mentorship are key elements in assisting young entrepreneurs.

When asked to design the ideal system to assist young entrepreneurs in starting their business, most identified “business training,” “business counselling” and/or “mentorship programs” as key elements to be included. As previously mentioned, participants believe that most young entrepreneurs have good ideas, but for the most part they lack the business sense to transform their ideas into sound, viable business propositions. The ideal system would assist young entrepreneurs in developing the business skills they require.

“Lacking a dedicated staff to work from start to finish with young entrepreneurs.”

“Everybody has different strengths and weaknesses. They need mentoring.”

The ideal system would also be proficient in stimulating awareness of entrepreneurship as a viable career option among today’s youth. Working with the school system, the ideal system would begin introducing young people to entrepreneurship and what it entails at a very young age.

“Young people need to know what entrepreneurship is all about.”

“Awareness placed in schools and in the curriculum is key.”

This system would have a “one-stop shop” approach to accessing information. Young people would be made aware of their ability to consult one entity and from there be able to access all the information they require.

“One-stop shop – so they don’t have to run around to get the information.”

Young Entrepreneurs – A Profile

Changes in both the promotion of entrepreneurship and the economy itself were seen as influencing the number of young people exploring entrepreneurial careers.

Participants were asked to provide a brief description of the types and kinds of young entrepreneurs who have contacted their organization or agency. It is interesting to note that while there was some variation in terms of the percentage of participants’ clients who were under the age of 29, many indicated that approximately 20 percent of their client base fell within this age range. Most participants believed that the percentage of young entrepreneurs contacting their organizations has and will continue to increase in the coming years.

Participants provide a variety of reasons explaining the increase in the number of young people who are pursuing an entrepreneurial career. In some cases, participants felt that the promotion of entrepreneurship as a career option for young people has led to this increase, while others believe that



a high level of unemployment has caused some young people to pursue such a career. The development of such programs as the ACOA Seed Capital and Counselling Program was also viewed as contributing to the increase in the number of young entrepreneurs.

As the middle-aged entrepreneur moves out of the work force, there will be a need for young entrepreneurs to fill this role. This was the viewpoint held by some of the participants who felt the percentage of young entrepreneurs would continue to increase in the coming years.

Many participants also believed that as the programs and supports continue to evolve for young entrepreneurs, they would serve to attract more young people to the field.

“We’ve become more well-known to the youth.”

It is also interesting to note that participants who felt that the economy was stable, with a low unemployment rate, generally felt that the number of young people exploring entrepreneurship as a career option would diminish. In contrast, those participants who considered the economy to be in a slightly worse state and those who perceived the unemployment rate to be high felt that the number of young entrepreneurs would increase. Participants working in rural areas most notably expressed this latter viewpoint. More specifically, these participants indicated that there is conscious effort to encourage young people to remain in these rural areas and pursue an entrepreneurial career. Attracting and keeping young people in these communities were seen as essential to the survival of these areas.

“There’s even more of a fear of youth out-migration in the Acadian community than in the regular Atlantic Anglophone community. So there’s more of an effort put into keeping youth in the community and encouraging them.”

On another matter, participants reported that young entrepreneurs continue to establish their businesses in the service industry sector. Most participants felt that young people decided to establish a service based business because it is the type of business with which they are most familiar and comfortable. Aside from the service sector, the retail sector was also viewed as an area where a lot of young people decide to establish their business.

“A lot of personal service businesses... we have not had many people applying to us in the Arts. I don’t think people really think that entrepreneurship money is for their screen writing business or their film making business.”

“Primarily we’ve had people that want to establish retail outlets, service outlets, food businesses, child friendly businesses, and home-based businesses too. A lot of people don’t want to go out and rent a store front and commit to that kind of expense.”

More recently, there has been a slight shift in the types of businesses young people seek to establish, but despite this shift most continue to remain in the service sector. Most notably, there has been a slight increase in the number of young entrepreneurs attempting to establish businesses in the IT sector. As the IT sector as a whole continues to grow most participants felt that the number of young people attempting to establish businesses within this sector would also continue to grow. One



participant acknowledged that young people have a greater confidence in their ability to use technology and recognize that these skills may present an advantage for them.

“Young people are pioneering the industry.”

“Grade 10 students are developing websites and IT troubleshooting.”

Mainly, participants believed that young entrepreneurs are starting small, sole proprietorship businesses, with a limited few having more than one staff member. Having one to two employees was considered the norm for young entrepreneurs. With respect to sales, participants provided a variety of different responses to this question. Most provided a figure between the range of \$20,000 and \$100,000 as the gross annual sales in the first year of establishment.

“They’re starting up small companies. I mean obviously everything starts (small), it’s the Ed Mirvish with a push cart syndrome, people very rarely set out to start large companies and again on a purely anecdotal basis most of the applications that I’ve seen that have been for creating something large or even medium have either been acts of desperation or poorly thought out.”

“A lot of people are sole proprietorships and have maybe some part-time help.”

In terms of personal investment, participants indicated that young people are generally required to invest between 15 and 20 percent. In terms of dollar value, typically participants indicated that it translated into about \$15,000 to \$25,000.

Looking Forward

Incorporating mentorship into existing programs and dealing with the inherent difficulties of mentoring requires further attention.

In order to better assist young entrepreneurs in their endeavors, participants again noted that there needs to be greater attention paid to equipping young people with the skills and knowledge they require to run a successful business. To better meet the needs of young entrepreneurs, participants suggested that more emphasis be placed on complementing financial programs with mandatory business training, counselling or mentorship programs.

“Programs don’t have the luxury of guiding young entrepreneurs.”

“Young people come in wanting to start a business, not knowing what it entails.”

To increase uptake of the mentoring and training programs that are currently available, there is a need to place greater emphasis on the importance of young entrepreneurs acquiring business skills. More specifically, participants suggested having entrepreneurship camps and more networking training as two methods by which young people can learn the merits of having business skills.

“Programs need to let them have first-hand experience without the financial consequences.”



“I think there’s lots of people out there who would be interested in pursuing an entrepreneurial career, but you have to have people with the time to deal with them.”

Although participants throughout the interview continually made reference to the importance of mentorship, many also acknowledged that attracting and maintaining appropriate mentors is a challenge. Mentoring was viewed as involving a significant commitment on the part of already very busy business people. In most cases, mentoring is undertaken on a volunteer basis, but some participants felt that mentors should be compensated for their time in some way. This is an area that requires further investigation.

“We can’t expect to build a mentorship system through the existing entrepreneurs. The odd one will work, but these people are too busy to commit to serious mentorship on a regular basis.”

“In my circumstances, when we first started doing the youth program, I promoted the heck out of it and got a tremendous response but, as the workload grew with it, I eased off because I can’t deal with the workload on a purely volunteer basis.”

“There is an expectation that people will help. There are costs associated that are barely covered and time that is not covered.”

In closing, it is important to note that some participants emphasized the importance of incorporating the ideas and opinions of young entrepreneurs when deciding upon steps for future growth of programs. Many participants said they felt that youth should play a more active role in determining how their needs can best be met. Further research, such as focus groups with young entrepreneurs, was commonly mentioned as an ideal starting point to better understanding how programs could be tailored to meet the needs of young entrepreneurs.

“Young people need to be more actively involved in the input of the programs.”



Study Methodology

Quantitative Research

This portion of the study was designed to complete telephone interviews with two populations of young Atlantic Canadians aged 15 to 29: a representative sample of young entrepreneurs, as well as a representative sample of young non-entrepreneurs. Questionnaires were designed by CRA in consultation with ACOA staff. Both surveys were administered by telephone, with interviewing of non-entrepreneurs taking place between February 28 and March 16, 2001, and the interviewing of entrepreneurs between April 5 and May 9, 2001. Interviews with entrepreneurs took approximately 17 minutes to complete, on average, while interviews with non-entrepreneurs took approximately 20 minutes, on average. Interviews were conducted by fully-trained and supervised interviewers, with ten percent of all interviews verified by a field supervisor either through callbacks or monitoring.

Entrepreneurs

In an effort to conduct interviews in a cost-effective manner with as many young entrepreneurs as possible in the Atlantic region, the sample for the young entrepreneurs was solicited from a variety of sources including but not limited to Business Development Corporations/Centres in Atlantic Canada, Regional Development Agencies in each of the Atlantic Provinces, University Business Development Centres, Economic Development Commissions in many cities throughout the Atlantic region, ACE Canada, Realm Magazine, The Centre for Entrepreneurship Education and Development in Halifax, all Chambers of Commerce and Boards of Trade in the Atlantic Provinces, Junior Achievement offices in the Atlantic Provinces, the YES program in Nova Scotia, and from the Atlantic Canada Opportunities Agency. In addition, a “snowball” sample method was utilized whereby young entrepreneurs and non-entrepreneurs interviewed in the study were asked to provide names of young entrepreneurs. Similarly, names of young entrepreneurs were recruited directly utilizing several of CRA’s syndicated research instruments including the *Atlantic Omnibus Survey*, the *Saint John Metro Quarterly*, and the *Halifax Metro Quarterly*. The data set for these respondents was weighted in order to ensure that it matched the age, gender and provincial demographics of self-employed 15-29 year olds in Atlantic Canada according to the 1996 Census. A total of 589 interviews were conducted with young entrepreneurs, yielding results that are accurate to within ± 4.0 percent, 95 times out of 100.

Although the data set was weighted to ensure it matched the demographics of the 15-29 year old entrepreneurs in Atlantic Canada, it is worth noting that the sampling technique employed to identify young entrepreneurs was directed towards development agencies, development corporations, and other “government-related” sources. It is recognized that there is considerable complexity in ascertaining the extent to which young entrepreneurs in the population are associated with these types of sources. Nevertheless, the fact that a majority of the sample comes from government or government-related sources should be kept in mind when evaluating the views of young entrepreneurs on issues relating to sources of funding and business assistance.

In addition to the above sample of young entrepreneurs, CRA conducted interviews with a group of 69 young entrepreneurs specifically associated with Junior Achievement organizations. Data from



these individuals were not combined with the larger sample of young entrepreneurs due to important differences between Junior Achievement businesses and “true” businesses.

Non-entrepreneurs

The sample for the young non-entrepreneurs was designed to complete interviews with a representative sample of young Atlantic Canadians aged 15 to 29 years of age who have never owned a business. Age and gender quotas were predetermined to ensure the number of interviews with these groups was proportionate to that found throughout the region. The final data set was weighted by province to ensure that the sample matched the population demographics across Atlantic Canada. A total of 800 interviews were conducted with young non-entrepreneurs, yielding results that are accurate to within ± 3.5 percent, 95 times out of 100.

Sample Size and Tolerances

As noted, a sample of 589 young entrepreneurs in Atlantic Canada produces a sampling error of ± 4.0 percent in 19 out of 20 samples. A sample of 800 young non-entrepreneurs in Atlantic Canada produces a sampling error of ± 3.5 percent in 19 out of 20 samples. Margins of error for various sub-samples and proportions will vary. Therefore, a selection of sampling tolerances is presented in the following table:

Sample Size	Proportion				
	90/10	80/20	70/30	60/40	50/50
50	8.3%	11.1%	12.7%	13.6%	13.9%
100	5.9%	7.8%	9.0%	9.6%	9.8%
150	4.8%	6.4%	7.3%	7.8%	8.0%
200	4.2%	5.5%	6.3%	6.8%	6.9%
300	3.4%	4.5%	5.2%	5.5%	5.7%
400	2.9%	3.9%	4.5%	4.8%	4.9%
500	2.6%	3.5%	4.0%	4.3%	4.4%
600	2.4%	3.2%	3.7%	3.9%	4.0%
700	2.2%	3.0%	3.4%	3.6%	3.7%
800	2.1%	2.8%	3.2%	3.4%	3.5%

Completion Results: Entrepreneurs

Among all eligible young entrepreneurs contacted (including Junior Achievers), the response rate was 65 percent. Response rate is calculated as the number of cooperative contacts (1175), divided by the total number of eligible telephone numbers called (1814). The final disposition of all telephone numbers called is shown below according the Professional Market Research Society (PMRS) Standard Record of Contact Format.



A. Total Numbers Attempted	2327
Not in Service	215
Fax/Modem/Blocked Number	38
Cell Phone/Pager	25
Incorrect Number/Address	201
Duplicates	34
B. Total Eligible Numbers	1814
Busy	11
Answering Machine	174
No Answer	103
Call Backs	62
Illness, Incapable	5
Selected/Eligible Respondent Not Available	180
C. Total Asked	1279
Gatekeeper Refusal	24
Respondent Refusal	72
Terminated	8
D. Co-operative Contacts	1175
Disqualified (Age, Non-business owner)	517
Complete (Active Young Entrepreneurs)	589
Complete (Junior Achievers)	69
Response Rate (D/B)	65%



Completion Results: Non-entrepreneurs

Among all eligible young non-entrepreneurs contacted, the response rate was 57 percent. Response rate is calculated as the number of cooperative contacts (12,993), divided by the total number of eligible telephone numbers called (22,997). The final disposition of all telephone numbers called is shown below.

A. Total Numbers Attempted	27,035
Not in Service	3,169
Fax/Modem/Blocked Number	374
Business Number	362
Incorrect Number/Address	142
Duplicates	11
B. Total Eligible Numbers	22,977
Busy	144
Answering Machine	1,425
No Answer	3,171
Call Backs	900
Language Problem	72
Illness, Incapable	135
Selected/Eligible Respondent Not Available	575
C. Total Asked	16,555
Gatekeeper Refusal	1,736
Respondent Refusal	1,718
Terminated	108
D. Co-operative Contacts	12,993
Disqualified (Age, Business Owner)	10,884
Quota Full	1,309
Complete	800
Response Rate (D/B)	57%

Qualitative Research

A total of 34 one-on-one interviews were conducted between February 5 and February 19, 2001. Professionally trained interviewers conducted all interviews. More specifically, a CRA Research Associate conducted the 24 English interviews, while a senior researcher at ADCOM GROUP Inc. conducted the 10 French interviews. Interviews were conducted by telephone, with each



interview lasting between 45 to 60 minutes. Overall, 15 interviews were conducted with representatives from Government Departments and Agencies, while 19 interviews were conducted with representatives from lending/funding institutions.

Based on the sample provided by ACOA, the total number of interviews completed throughout Atlantic Canada are as follows: Newfoundland 6, Nova Scotia 13, Prince Edward Island 4, New Brunswick 11. The following table details the Government Departments and Lending Institutions with whom interviews were conducted.

Government Departments and Agencies	
Name of Agency	# of Interviews
ACOA/APECA	3 English/2 French
Atlantic Colleges Committee for Entrepreneurial Development Inc.	1 English
Canada/Nova Scotia Business Service Centre	1 English
Canadian Youth Business Foundation	1 English
Canada—Prince Edward Island Business Service Centre	1 French
Canada—New Brunswick Business Service Centre	1 French
Centre for Entrepreneurship Education and Development	1 English
Training and Employment Development New Brunswick	1 English
Enterprise Cape Breton Corporation	1 English
Newfoundland/Labrador Entreprise	1 English
Youth Entrepreneurial Skills Program Department of Economic Development (NS)	1 English

Lending and Funding Institutions	
Name of Agency	# of Interviews
Acadia Centre for Small Business and Entrepreneurship	1 English
Annapolis Ventures Ltd.	1 English
Banque de développement du Canada Place BDC	1 French
Burin Peninsula Community Business Development Corporation	1 English
Business Development Bank of Canada	2 English
Caisse populaire de Lamèque	1 French
Centre de développement et d'entrepreneurship Chaleur inc.	1 French
Centre for Women in Business – Mount Saint Vincent University	1 English
Centre Jodrey Université Sainte-Anne	1 French
Cumberland Development Corporation Ltd.	1 English
East Prince Development Inc.	1 English
Junior Achievement of Mainland NS	1 English
Nortip Development Corporation	1 English
Regional Cooperative Development Centre	1 English
Royal Bank of Canada	1 English
Saint Mary's University Business Development Centre	1 English
Société d'aide au développement des collectivités de la Péninsule acadienne inc.	1 French
Société d'aide au développement des collectivités du Madawaska inc.	1 French

