



**Global
Entrepreneurship
Monitor**

Western Canada

Youth Report



**2019/2020 GEM
WESTERN CANADA
YOUTH REPORT**

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EXECUTIVE SUMMARY **COVID-19 Disclaimer**

While this document was being completed, the provinces of Western Canada, like the rest of the country and the world, were managing the impact of the COVID-19 pandemic.

The data for this Report was collected from May to July 2019, prior to any indication of economic instability and stress among small businesses and entrepreneurs. Consequently, this analysis now provides an informative baseline to measure against the post-pandemic recovery for youth entrepreneurs in British Columbia, Alberta, Saskatchewan, and Manitoba.

Prior to the onset of COVID-19, young workers were more likely to be unemployed compared to adults (often at double the rate),¹ but this trend has been magnified by the pandemic.² Youth are also more likely to be engaged in precarious employment over other age groups.³ While there has been some federal support to mitigate the impact of COVID-19,⁴ the effects of this pandemic on the youth entrepreneurial ecosystem are likely to be lasting and significant.

Purpose of GEM Western Canada Youth Report 2019/2020

This Report represents the first-ever detailed look at youth entrepreneurship in Western Canada.

Within this document, youth are categorized as aged 18-34, with a distinction made between those who are 18-24 and those who are 25-34, recognizing that each age cohort may represent different stages in life and experience.

Wherever possible, similarities and differences among the four provinces with respect to youth entrepreneurship are highlighted. Also, comparisons are made with the “Rest of Canada” (i.e. the Atlantic provinces, Quebec, and Ontario) and the broader adult population.

¹ RBC Royal Bank, *What's the Problem With Canada's Youth Labour Market?*, July 2018: http://www.rbc.com/economics/economic-reports/pdf/other-reports/Canadianyouthlabour_Jul2018.pdf

² Trading Economics, “Canada Youth Unemployment Rate 1976-2020”: <https://tradingeconomics.com/canada/youth-unemployment-rate>

³ RBC Royal Bank, *What's the Problem With Canada's Youth Labour Market?*, July 2018: http://www.rbc.com/economics/economic-reports/pdf/other-reports/Canadianyouthlabour_Jul2018.pdf

⁴ Government of Canada, “Support for Students and Recent Graduates Impacted by COVID-19,” April 2020: <https://www.canada.ca/en/departement-finance/news/2020/04/support-for-students-and-recent-graduates-impacted-by-covid-19.html>

Such assessments permit gaps in the entrepreneurial support system to be identified.

For the purposes of this Report, a significant difference between regions, provinces, and age cohorts is 10% or higher.

The results are based on the Adult Population Survey (APS) 2019, with additional sampling in the western provinces, following the methodology of the Global Entrepreneurship Monitor (GEM) Consortium.

Findings are intended to help policy makers, practitioners, and educators recognize the value that youth entrepreneurs bring to Western Canada and identify areas where additional support may be required.

Report Summary

- Distinctive differences exist between Canada's regions that shape the environment in which youth entrepreneurship takes place.
- Meaningful differences between the western provinces and variations between youth (18-24 versus 25-34 age cohorts) are apparent.
- There is still a great deal to learn about youth entrepreneurship in Western Canada.

Key Findings

This Report answers three major questions:

1. What characterizes the attitudes, perceptions, activities, motivations, and investment dynamics of youth entrepreneurs in Western Canada?
2. How do demographic factors contribute to a deeper understanding of the Western Canadian youth entrepreneurship ecosystem?
3. What are the growth aspirations for Western Canadian youth, and how innovative are they?

EXECUTIVE SUMMARY *Attitudes*

- Western Canadian youth have positive attitudes toward entrepreneurship.
- In both age cohorts (18-24 and 25-34), over 70% see it as a **good career choice**; more than 85% give it **high status** as a profession; and over 75% see **media coverage** of entrepreneurship as favourable. These results are similar to the broader adult population.
- The younger cohort of Western Canadian youth (aged 18-24) are significantly less likely to think it is **easy to start a business** than those in the Rest of Canada: 58.3% versus 75.4%.

Perceptions

- **Knowing an entrepreneur** is relatively high for Western Canadian youth. Over 60% of younger Western Canadian youth (18-24) report knowledge of an entrepreneur, and this increases to almost 75% in the older youth cohort (25-34).
- **Perceived opportunities** track well for Western Canadian youth. Approximately 66% of young people in both age cohorts see good opportunities for entrepreneurship. However, youth within Western Canada are still significantly less optimistic about their prospects than youth in the Rest of Canada.
- **Perceived capabilities** increase with age for Western Canadian youth. Just over 40% of Western Canada's 18-24 age cohort believe they have the ability to be an entrepreneur; this jumps by over 20% for the 25-34 cohort (62%).
- **Fear of failure** is not significantly different for Western Canadian youth than those in the Rest of Canada for either age cohort. Within the western provinces, 56.7% of those who are 18-24, and 55% of those who are 25-34, identify fear of failure as a barrier to entrepreneurship.

Activities

- Western Canadian youth (18-34) are significantly less likely to be involved in an **autonomous startup** than the Rest of Canada within both age cohorts.
- **Total Early-Stage Entrepreneurial Activity (TEA)** levels for younger Western Canadian youth are lower than in the Rest of the Canada. However, the TEA rate for this younger demographic is consistent with the rate found within the wider Canadian population (18.2%).
- Youth within Western Canada are more likely to **discontinue** a business than **exit** it; this pattern is not ideal, as it signifies more businesses are shutting down as opposed to remaining operational.
- Nevertheless, **discontinuance** factors for youth in the West indicate that opportunities to sell their businesses are high (a voluntary motivation) and youth within the region report significantly less issues with financing than elsewhere.

Motivations

- In the 18-24 age category, significantly more Western Canadian youth are motivated by **building wealth** than those in the Rest of Canada.
- In the 25-34 age category, significantly less youth in the West are motivated by **continuing a family tradition** than elsewhere.
- Provincially, some of the most significant findings include: Saskatchewan youth aged 18-24 score highest for **making a difference** in the world; in Alberta, **building wealth** is highest for youth aged 18-24 and significantly surpasses most other provinces; in Saskatchewan, significantly more youth aged 25-34 are motivated by **continuing a family tradition**; and in Alberta, more youth aged 18-24 are motivated by **earning a living**.

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Funding Dynamics

- Western Canadian youth are active *angel investors*; their participation tracks close to the Rest of Canada and the wider adult population.
- Saskatchewan youth aged 18-24 contributed the largest amount to informal investment, exceeding the national average.

Age

- The 25-34 age demographic is the leader in terms of *TEA* activity, both across the country and across different age cohorts.
- For the 18-24 age demographic, the Rest of Canada has a significantly higher percentage of *TEA* than Western Canada: 28.8% versus 18.9%.
- Alberta is a leader in Western Canada for total *TEA* activity in the 25-34 age category.
- In terms of *Established Business (EB)* activity, Saskatchewan has significantly more activity occurring within its older demographic (55-64).

Education

- Western Canadian youth involved in *TEA* are highly educated, especially those in the 25-34 age range. 60.4% of Western Canadian youth aged 18-24 involved in *TEA* have *some postsecondary education or higher* (i.e. completed a degree or have graduate experience), significantly less than in the Rest of Canada (72.2%). However, this number jumps to 83.6% in the 25-34 age category of Western Canadian youth with *some postsecondary or higher*, and differences from elsewhere begin to disappear.

- 62.5% of Western Canadian youth with **EB** ownership aged 18-24 have completed **some postsecondary education or higher** versus 47.1% for the Rest of Canada, marking a significant positive difference.
- There are some unique provincial demographics related to education. For example, in Alberta, 27.8% of the 18-24 age group engaged in TEA have only completed **some high school**. This significantly exceeds the rate in other Western provinces, especially BC (at 3.2%).

Gender Gaps

- Significant gender gaps exist in Western Canada and within specific provinces around **perceived capabilities** for both age cohorts.
- For Canadian youth in the Western provinces, gender gaps diminish for youth in older cohorts, especially around **knowing an entrepreneur** and **perceived opportunities**.
- Western Canada does not demonstrate a significant gender gap in **entrepreneurial intentions**, but the Rest of Canada does.
- There is a significant gender gap in **TEA** for Western Canadian youth aged 18-24: 13.8% of women are involved in **TEA** versus 23.7% of men, revealing a gap of almost 10% (this gap is almost 15% for youth in the Rest of Canada).
- Alberta females significantly exceed their male counterparts in **TEA** within the 25-34 age group: 34.4% versus 23.9%. There is also a significant jump in female **TEA** activity within this province in the 25-34 age cohort (19.7%) not seen by males.

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Sector Diversity

- Almost 50% of Western Canadian youth engaged in *TEA* are involved in four sectors: 1) ***retail trade, hotels, and restaurants***; 2) ***government, health, education, and social services***; 3) ***professional services***; or 4) ***manufacturing***.
- In *EB*, 67% of Western Canadian youth are involved in three industries: 1) ***mining/construction***; 2) ***government, health, education, and social services***; or 3) ***financial intermediation/real estate***.
- The ***retail trade, hotels, and restaurants*** category disappears entirely as an area of involvement for youth within the West in terms of *EB*.
- The sectoral profile of Western Canadian youth differs in both *TEA* and *EB* from youth in the Rest of Canada.
- Economic diversity, as indicated via sector participation, declines both in Western Canada and the Rest of Canada for *EB* owners.
- Overall, sector participation rates illustrate that new entrepreneurial business activity for youth is not the same as that of existing businesses, especially in Western Canada.

Job Creation

- In Western Canada, in terms of ***job aspirations***, 35.6% of younger youth aim to grow their business ***by more than five employees*** in the next five years; 30.9% of those aged 25-34 have the same expectation.
- Regarding ***high growth aspirations*** for youth in Western Canada, just over 20% of all youth (18-34) engaged in *TEA* aim to grow their business by ***more than 10 employees and expect 50% growth***; for *EB*, this rate is 20.6% for the 18-24 age category and 13% for older youth (25-34).

- Western Canadian youth aged 18-24 engaged in established businesses have significantly more **high growth aspirations** (20.6% versus 8.8%) than the broader national population.
- There are no significant regional differences in either age cohort of youth in terms of **job aspirations** or **high growth aspirations**. Significant differences, however, are apparent in certain provinces.
- BC has some of the highest **high growth aspirations** both in terms of **TEA** and **EB** activity in both age cohorts. Moreover, Manitoba's **high growth aspirations** are quite significant in the 18-24 age category.

Product Novelty

- Western Canadian youth in either age cohort engaged in **TEA** are generally not offering a **product** or **service**, or a **technology** or **procedure**, that is **new to their area, the country, or the world**.
- Within the 18-24 age demographic, significantly more youth in Western Canada (52.2%) say the **product** or **service** they are providing is not new versus 40.2% in the Rest of Canada; the same pattern is evident for **technologies** and **procedures**.

Innovation

- Western Canadian youth engaged in **TEA** in the 25-34 age cohort have significantly less intense export orientations (i.e. **more than 75% of revenue generation**) than the Rest of Canada; however, younger youth in Western Canada are significantly more likely to report that **25-75% of their revenues** come from outside the country.
- BC youth in the 18-24 age category have significantly higher **TEA** export aspirations (**more than 75% of revenue generation**) and Manitoba youth in this age cohort are significantly more likely to **generate 25-75%** of their business revenues from exports.
- Western Canadian youth who are owners of **established businesses** are more likely to generate significant revenue from exports (**more than 75% of revenue generation**) than those in the Rest of Canada, especially in the younger demographic.

EXECUTIVE SUMMARY *Recommendations*

1. Tackle negative perceptions regarding ease of starting a business for youth in Western Canada (and in BC in particular), especially in the younger demographic (18-24).
2. Increase ***perceived opportunities*** for younger youth. Efforts could also be made to decrease the gap between ***perceived opportunities*** and ***perceived capabilities*** for youth aged 18-24.
3. Support youth involvement in ***autonomous startups***.
4. Increase ***TEA*** for the 18-24 age group in the Western provinces to match the Rest of Canada. In addition, approaches that can help close the gap between ***TEA*** and ***EB*** rates for Western Canadian youth should be adopted.
5. Improve Saskatchewan's ***TEA*** within in its youth cohorts. This could be beneficial for the province's ecosystem given its higher rate of ***EB*** in older age cohorts (35 and up).
6. Recognize entrepreneurs' differing skill sets based on their education levels.
7. Implement strategies in the K-12 education system that increase young women's ***perceived capabilities*** to be entrepreneurs. A lasting intervention such as this could help diminish gaps in both age cohorts. Moreover, in BC, more attention could be paid to expanding networking opportunities (***knowing an entrepreneur***) for younger female youths and decreasing their ***fear of failure***.
8. Bolster the involvement of young females aged 18-24 in ***TEA*** in Western Canada.
9. Leverage higher-than-average job aspirations for youth that have already transitioned into lasting entrepreneurial ventures.
10. Offer additional educational opportunities for those engaged in ***TEA***, especially those in the 25-34 age cohort, in regard to the dynamics of new markets (to aim for ***75% of revenue*** generated from export activity).

Communication Strategies

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1. Take advantage of positive perceptions about entrepreneurship as a good career choice, one deserving of high status and well represented in the media, by using social media channels to further build a culture of youth entrepreneurship in Canada.
2. Strengthen ways to share best practices across the Western provinces.
3. Continue collecting baseline data on youth entrepreneurship and conduct more qualitative studies on youth entrepreneurship that seek to understand some of the challenges identified in this Report in terms of attitudes, activities, motivations, funding dynamics, and aspirations.

CHAPTER 1: INTRODUCTION

Introduction

This report constitutes the first-ever detailed look at youth entrepreneurship in Western Canada.

Youth are categorized as aged 18-34, with a distinction made between those in the 18-24 and 25-34 age cohorts. It is anticipated that these cohorts may exhibit differences relating to life experience and exposure to full-time employment opportunities.⁵

Key questions this document seeks to answer include:

- What characterizes the attitudes, perceptions, activities, motivations, and investment dynamics of youth entrepreneurs in Western Canada?
- How can demographic factors contribute to a deeper understanding of the Western Canadian youth entrepreneurship ecosystem?
- What are the growth aspirations of Western Canadian youth, and how innovative are they?

This is being done by comparatively interrogating the data using these four questions regarding entrepreneurial activity:

- How do Western Canadian youth compare to youth in the Rest of Canada (i.e. the Atlantic provinces, Quebec, and Ontario)?
- Are there significant differences between provinces within Western Canada?
- Are there significant differences between age cohorts?
- Where appropriate, how does the data compare to the findings within the broader adult population as reported in the *2019/2020 GEM Canada Report*?

Such assessments will permit gaps in the entrepreneurial support system to be identified.

⁵ See additional methodological justifications in: *Situation des jeunes entrepreneurs du Québec 2013-2018*, pp. 11-12 (downloadable at: <https://www.gemconsortium.org/economy-profiles/canada-2>).

Analytically, for the purposes of this Report, a significant difference between regions, provinces, and age cohorts is 10% or higher.

This document is designed to help policy makers, practitioners, and educators recognize the value that youth entrepreneurs bring to Western Canada and to identify areas where additional support may be required. It offers information to guide efforts aimed at equipping youth with the capabilities they need to launch and operate their businesses successfully.

The results are based on the Adult Population Survey 2019, with additional sampling in the western provinces, following the methodology of the Global Entrepreneurship Monitor (GEM) Consortium. This approach has been used to collect data from 115 economies on all continents across the world.⁶

The Western Canadian Context⁷

Western Canada consists of four provinces: British Columbia, Alberta, Saskatchewan, and Manitoba. According to the last federal Census (2016), approximately 11.1 million people, or roughly 32% percent of all Canadians, live in the West. The region contributes nearly 38% of Canada's real gross domestic product (GDP). Its GDP per capita was \$56,000 in 2017, 18% higher than the national average. The region is also home to 427,000 active small and medium-size enterprises (SMEs), which employ more than 3.4 million people.

Each province in the region has specific economic considerations, which determined the context for when the data for this report were collected.

BC has diverse strengths in natural resources, manufacturing, and the service industries. This mixture makes it resilient during economic downturns. The province's GDP increased by 2.4% in 2018 – its fifth consecutive year above the national rate.⁸ BC also has the highest median assessment value of owner-occupied properties in the Western region, and these higher values are more pronounced in Vancouver.⁹

⁶ More details about GEM can be found on its website: <https://www.gemconsortium.org/about/gem/5>

⁷ Information in this section, except when specified otherwise, is from: Western Economic Diversification, "Economic Overview," 2018: <https://www.wd-deo.gc.ca/eng/243.asp>

⁸ Statistics Canada, "Gross Domestic Product by Industry: Provinces and Territories, 2018": <https://www150.statcan.gc.ca/n1/daily-quotidien/190501/dq190501a-eng.htm>

⁹ Statistics Canada, "Total Family Income and Owner Characteristics at the Residential Property Level" (Table 46-10-0049-01): <https://doi.org/10.25318/4610004901-eng>

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Alberta has struggled financially with a recession that began in 2014, driven by low commodity pricing, and ended in 2017. While it has diversified its economy in response to lower oil prices, its success remains strongly tied to investment in the energy sector. Its GDP advanced by only 2.3% in 2018, following a rebound of 4.6% in 2017.

Saskatchewan, much like Alberta, has an economy that is influenced by oil prices but has increasingly diversified, with mining and services making up a large part of its economic activity. It saw a GDP increase of 1.6% in 2018, following an increase of 2.3% in 2017.

Manitoba's economy is considered the "most diverse" in Western Canada, with a strong construction and manufacturing sector. The province's GDP increased by 1.3% in 2018, following a 3.1% gain in 2017.

In sum, the Western provinces have different strengths and experienced varying levels of growth as they moved into 2019, when the data for this Report was collected.

Defining Youth and GEM Data

In 2012, a special research effort was launched on the topic of young entrepreneurship, and relevant adjustments were applied to GEM's research methodology. For purposes of its study of youth entrepreneurship, GEM segments youth into two age groups: 18-24 and 25-34.

Despite the general consistency in the GEM reports, what constitutes being a "youth" is open to debate. For example, the United Nations typically defines youth as persons aged 15-24.¹⁰ Moreover, Statistics Canada categorizes age in equal, five-year intervals (which do not overlap neatly with GEM's categories): 15-19, 20-24, 25-29, and 30-34.¹² Youth are often described in Statistics Canada data as aged 15-29.¹³ Finally, Futurpreneur, the only national, non-profit organization

¹⁰ The 2015 report, titled *Future Potential: A GEM Perspective on Youth Entrepreneurship*, can be found here: <https://www.gemconsortium.org/report/future-potential-a-gem-perspective-on-youth-entrepreneurship>

¹¹ See: <https://www.un.org/development/desa/youth/>

¹² See: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000501>

¹³ See: Statistics Canada, "A Portrait of Canadian Youth: March 2019 Updates": <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2019003-eng.htm>

¹⁴ More information on Futurpreneur is available on their website: <https://www.futurpreneur.ca/en/about/>

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providing targeted support for young people, delineates its youth population as 18-39.¹⁴ Such operational differences in definitions of youth make national and global comparisons of youth challenging.

In recent years, the GEM data has been used to explore the role of youth in national, regional, and global contexts. Current efforts include a report on youth in Asia (2019)¹⁵ and another on youth in Ecuador (2019).¹⁶ Furthermore, in 2018, Canada published its first-ever exclusively youth-focused look at entrepreneurship across the country using GEM data. This report examined youth activity drawing on the GEM surveys for 2013–16.¹⁷ Among its key findings were the following:

- Youth entrepreneurs are increasingly seeing less opportunities for entrepreneurship, but are more confident in their skills and experience;
- Early entrepreneurial activity for youth is slightly lower than the national average, but Established Business (EB) ownership rates are on the rise;
- There continues to be a gender gap for Canadian youth entrepreneurs;
- Canadian youth entrepreneurs are optimistic about the future and are not aiming exclusively for sole proprietor businesses; and
- Ontario and Alberta stand out as hubs for youth entrepreneurship.

More recently, a GEM report on youth in Quebec has been released that uses GEM data for 2013–18 to investigate trend data within this province.¹⁸ It revealed the following:

- Rising levels of fear and reduced entrepreneurial intention during the five-year period tracked;
- A very small proportion of emerging youth entrepreneurs (18-34 years old) in Quebec devote themselves to running their business full-time; the vast majority remained in a hybrid mode, keeping a salaried job in another organization; and

¹⁵ The full report can be downloaded here: <https://www.gemconsortium.org/report/youth-entrepreneurship-in-asia-and-the-pacific-2019>

¹⁶ The report's key findings can be found here: <https://www.gemconsortium.org/news/the-state-of-youth-entrepreneurship-in-ecuador>

¹⁷ For the full report, see: <https://www.gemconsortium.org/report/50190>

¹⁸ For the full report, see: <https://www.gemconsortium.org/report/50483>

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- A gender gap persists for female youth within the province, both in terms of assessed capabilities and entrepreneurial intentions. This low level of action is also seen among men aged 25-34.

The analysis that follows seeks to build upon these findings with a more particular focus on developments in Canada's four Western provinces.

What Do We Know About Youth in Canada?

According to Statistics Canada, in 2019 there were approximately 7.7 million 20-to-34-year-olds in Canada. A large portion of these youths are located in Western Canada: 2.55 million (approximately 33%), as demonstrated in the table below.

Table 1.1: Youth Population by Western Province¹⁹

	Canada 2019	Manitoba 2019	Saskatchewan 2019	Alberta 2019	British Columbia 2019
Age group					
20 to 24 years	2,476,698	96,457	75,192	277,814	336,531
25 to 29 years	2,625,474	98,926	81,054	322,348	354,021
30 to 34 years	2,603,938	97,477	86,608	356,080	366,111
Total	7,706,110	292,860	242,854	956,242	1,056,663
Median age	40.8	37.4	37.4	37.1	42.2

Even though the total number of youths in Canada is increasing, their demographic weight is on a steadily decline with one exception: the number of Indigenous youth is growing. From 2006 to 2016, the number of First Nations, Métis, and Inuit youth aged 15-30 increased by 39%, compared to just over 5% for non-Indigenous youth.²⁰

Other findings of note relevant to this Report are:

- Canadian youth are more connected than ever before: nearly 100% of 15-to-30-year-olds use the Internet or a smartphone on a daily basis (similar across all provinces and household income groups). Further, 93% of youth aged 15-30 use social networking sites.²¹

¹⁹ Statistics Canada, "Population Estimates on July 1st, By Age and Sex" (Table 17-10-0005-01): <https://doi.org/10.25318/1710000501-eng>

²⁰ Statistics Canada, "A Portrait of Canadian Youth: March 2019 Updates": <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2019003-eng.htm>

²¹ Statistics Canada, "A Portrait of Canadian Youth: March 2019 Updates": <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2019003-eng.htm>

²² Ibid.

- Canadian youth are highly educated: The percentage of youth with a university degree has increased dramatically over the last 30 years: 15.3% for men and 27.9% for women.²²
- Despite being more educated, young people are putting off entry into the labour market longer. For example, in 1976 the maximum full-time employment rate among those aged 34 and under was reached at age 25. In 2012, the maximum rate was reached at age 31.²³
- Youth are also living with their parents much longer, especially in larger urban centres like Toronto, Vancouver, and Calgary.²⁴
- Place of residence as well as gender have been factors in past youth trends. In general, conditions for women aged 25-34 improved everywhere over the last 30 years, but deteriorated for men the same age in non-oil-producing provinces. For those 24 and under, conditions were generally not as positive for both males and females, but the declines were less pronounced in oil-producing provinces.²⁵

As these findings illustrate, youths remain a large and important group within the Canadian population. They are more educated and better connected than ever before. They are also entering the job market later, have higher levels of unemployment, and live with their parents longer.

Changes in the employment landscape have not been equal for female and male youths since the late 1970s, with women faring better over time; there have also been some advantages to living in an oil-producing province.

Why Study Youth?

Studies of youth have suggested this age category requires additional attention because:

- Youth tend to hire their peers, creating a positive cycle of growth for this demographic;
- Youth entrepreneurs are often active in high-growth sectors;

²³ Ibid.

²⁴ Statistics Canada, "A Portrait of Canadian Youth: March 2019 Updates": <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2019003-eng.htm>

²⁵ Statistics Canada, "Summary of Employment Conditions of Young People, 1981 to 2012," 2015: <https://www150.statcan.gc.ca/n1/pub/75-006-x/2013001/article/11847/youth-jeunes-eng.htm>

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- Young people who are self-employed have higher “life satisfaction”; and
- Entrepreneurial experience and/or education can help youth develop new skills that can be applied to other challenges in life: opportunity recognition, critical thinking, resiliency, decision making, teamwork, and leadership.²⁶

In sum, youth entrepreneurship has value for the overall health of the economy, and thus increased entrepreneurial participation should be promoted through targeted, evidence-based policy interventions.

Why GEM?

The Global Entrepreneurship Monitor (GEM) Project is widely recognized as the most comprehensive longitudinal study of entrepreneurship in the world. Launched in 1999 as a joint project between the London Business School (London, UK) and Babson College (Wellesley, Massachusetts), it has gathered data from more than 100 countries for over 20 years.

The primary purpose of the GEM Project is to understand entrepreneurship in both national and global contexts, focusing on two key dimensions: 1) attitudes, activities, and aspirations of individual entrepreneurs; and 2) the national context and how it impacts entrepreneurial activity.

In doing so, the project aims to identify policies that may foster the quality and quantity of entrepreneurial activity in each country.

Canada was involved in the global GEM Project early on, taking part in the survey several times during its earlier years, but did not participate between 2005 and 2012. Fortunately, Canada resumed its involvement in 2013, with the GEM Canada team gathering data and producing national reports for 2013-2019. These reports provide a much-needed picture of entrepreneurial activity in Canada.

²⁶ GEM, *An Ibero-American Perspective on Youth Entrepreneurship*, 2016, pp. 10-11: <https://www.gemconsortium.org/report/49750>

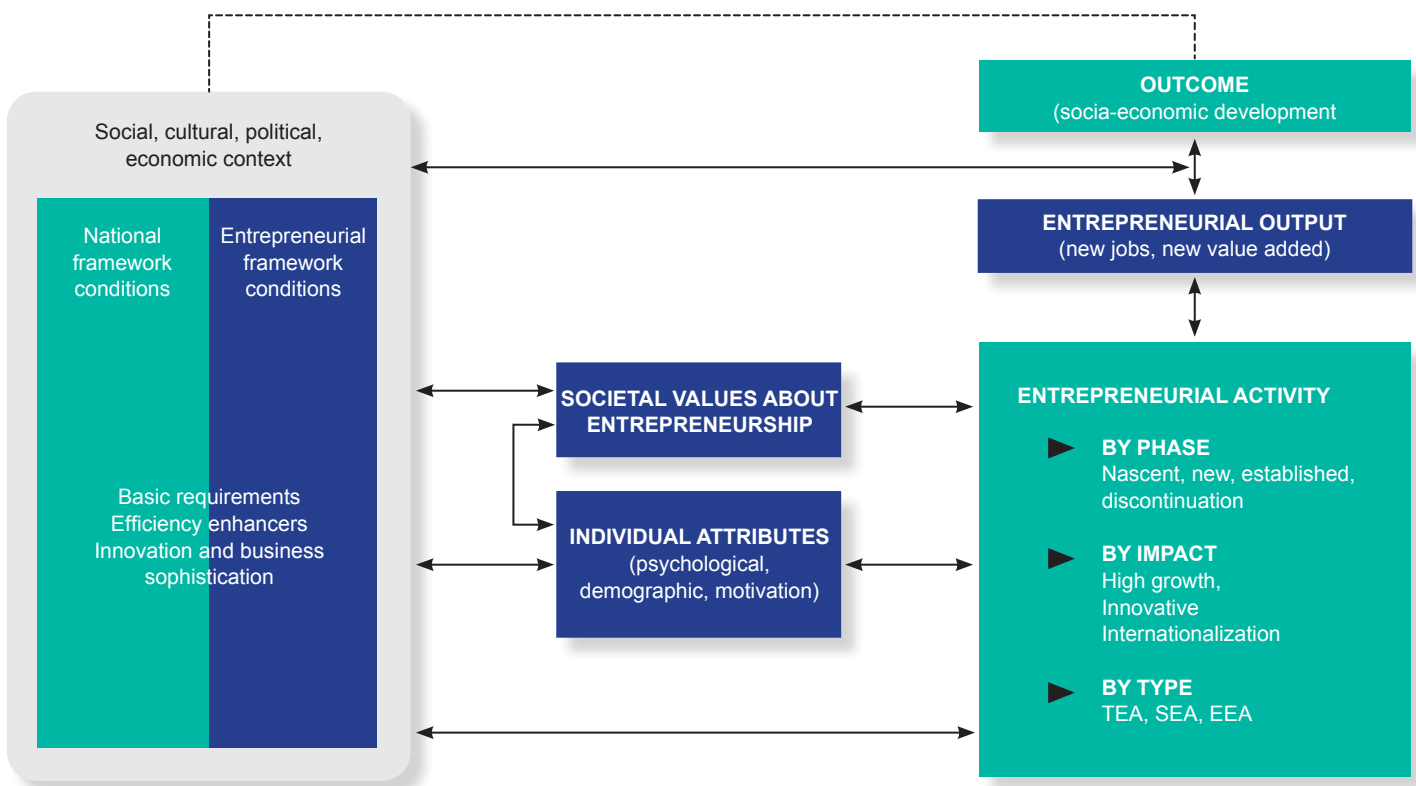
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GEM²⁷ defines entrepreneurship as:

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

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

Figure 1.1 : GEM Conceptual Model



In the GEM model, entrepreneurship is embedded in a wider social, cultural, and political context in the assumption that this will impact an entrepreneur's attitudes, activity, and aspirations – and, ultimately, how much they can contribute to national economic growth.

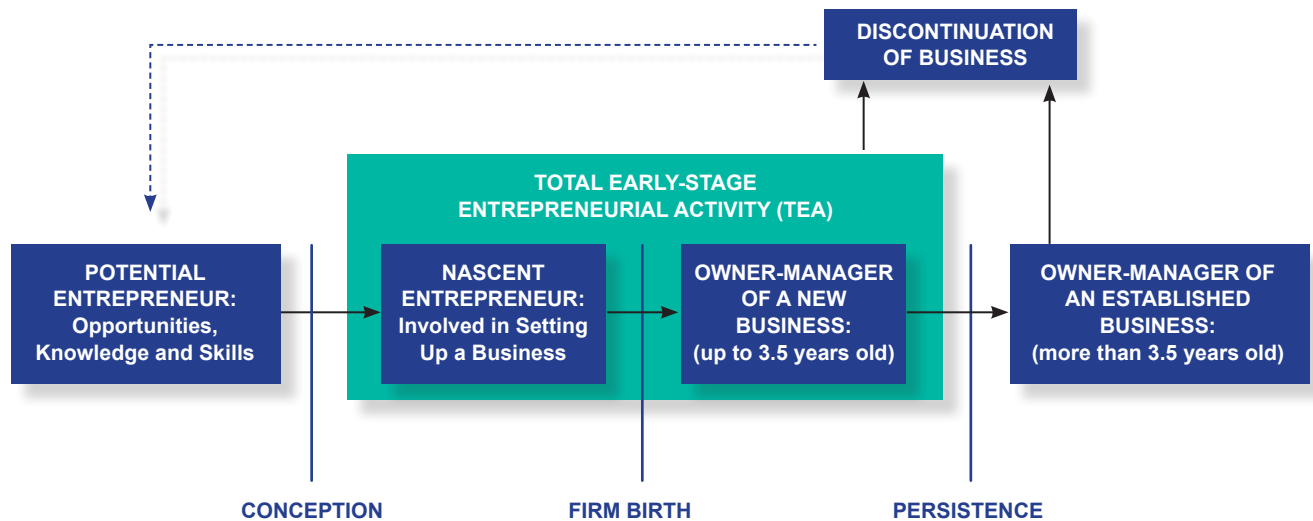
²⁷ See GEM website: <https://www.gemconsortium.org/wiki/1149>

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GEM classifies countries participating in the study according to a three-pronged typology derived from the *World Economic Forum's Global Competitiveness Report*: low-income, middle-income, and high-income. Moreover, GEM often aggregates global data by region: the Middle East and Africa; Asia and the Pacific; Latin America and the Caribbean; Europe and North America. Within this framework, Canada is classified as a high-income country in the Europe and North American region. Moreover, GEM has moved away from talking about countries and instead uses the language of economies, recognizing that “some parts of the world have individual economies that may not be classified as separate countries.”²⁸

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

Figure 1.2: GEM Stages of Entrepreneurship



A central measure of the GEM model is Total Early-Stage Entrepreneurial Activity (TEA). This includes those in the process of starting a business (nascent entrepreneurs) and those running a young business (3-42 months old) but excludes those in the established

²⁸ See 2019/2020 GEM Global Report, p. 26: <https://www.gemconsortium.org/report/gem-2019-2020-global-report>

business phase (firms older than 42 months or 3.5 years). By exploring these various phases – and especially the difference between TEA and established businesses (EB) – the GEM project offers data not typically available from standard business statistics or official government data.

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

1. **Adult Population Survey (APS):** Data for the APS is gathered through a telephone survey, conducted by an independent polling firm, of randomly selected adults aged 18-99. Using the standard GEM questionnaire protocol, it covers a variety of questions on entrepreneurial attitudes, activities, and aspirations. The APS data provides a profile of representative data, weighted for age and gender to standard Canadian demographic data.
2. **National Expert Survey (NES):** This questionnaire presents a series of statements concerning support for entrepreneurship. Experts are asked to assess the degree to which each statement is true for Canadian expertise areas as specified by GEM. These areas include: finance, policy, government programs, education and training, technology transfer, support infrastructure, and wider socio-cultural norms. The final section solicits open-ended responses.

This Report draws exclusively on the GEM Canada APS data for 2019 to look for similarities and differences.

In this document, the 18-34 sample is drawn from the general Canadian population sample of the APS. Numbers of youths surveyed from each province are summarized below:

**Table 1.2: Sample Size by Age and Province for
GEM Western Youth Report**

	18-24	25-34	35-44	45-54	55-64	65+	Total Sample
British Columbia (BC)	127	213	290	278	338	290	1536
Alberta (AB)	144	230	323	314	300	225	1536
Saskatchewan (SK)	208	339	204	239	267	279	1536
Manitoba (MB)	203	369	227	267	256	214	1536
Western Canada (WC)	682	1151	1044	1098	1161	1008	6144

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Study Limitations

The tables and figures in this Report should be used with caution. Not everyone surveyed in the APS was an entrepreneur. That said, this data offers a preliminary look at the youth entrepreneur ecosystem in Western Canada and offers a multitude of areas that may be fruitful for further research.

Report Structure

This document is a comprehensive snapshot of youth entrepreneurship in Canada's Western provinces (Alberta, British Columbia, Manitoba, and Saskatchewan). Wherever possible, it profiles each province individually and also evaluates them together as a region. Comparisons are also made to the Rest of Canada (RC), which includes the Atlantic provinces, Quebec, and Ontario. A national average of all Canadian youth has also been tabulated for the sake of information but is generally not used for comparative purposes.

Regional numbers represent a more robust point of comparison due to larger sample sizes. Where a breakdown by province is not provided for certain indicators, this is because it was not deemed statistically meaningful.

Chapter 2 of this document investigates the attitudes, perceptions, activities, motivations, and investment behaviour of youth entrepreneurs in Western Canada.

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

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

Chapter 5 offers a brief summary with specific policy recommendations.

This chapter investigates the attitudes, perceptions, activities, and motivations of youths and youth entrepreneurs in Canada. GEM is one of the first initiatives to collect such data. Today, with multiple years of data available for many economies, it is possible not only to analyze differences between locations but also to observe changes over time.

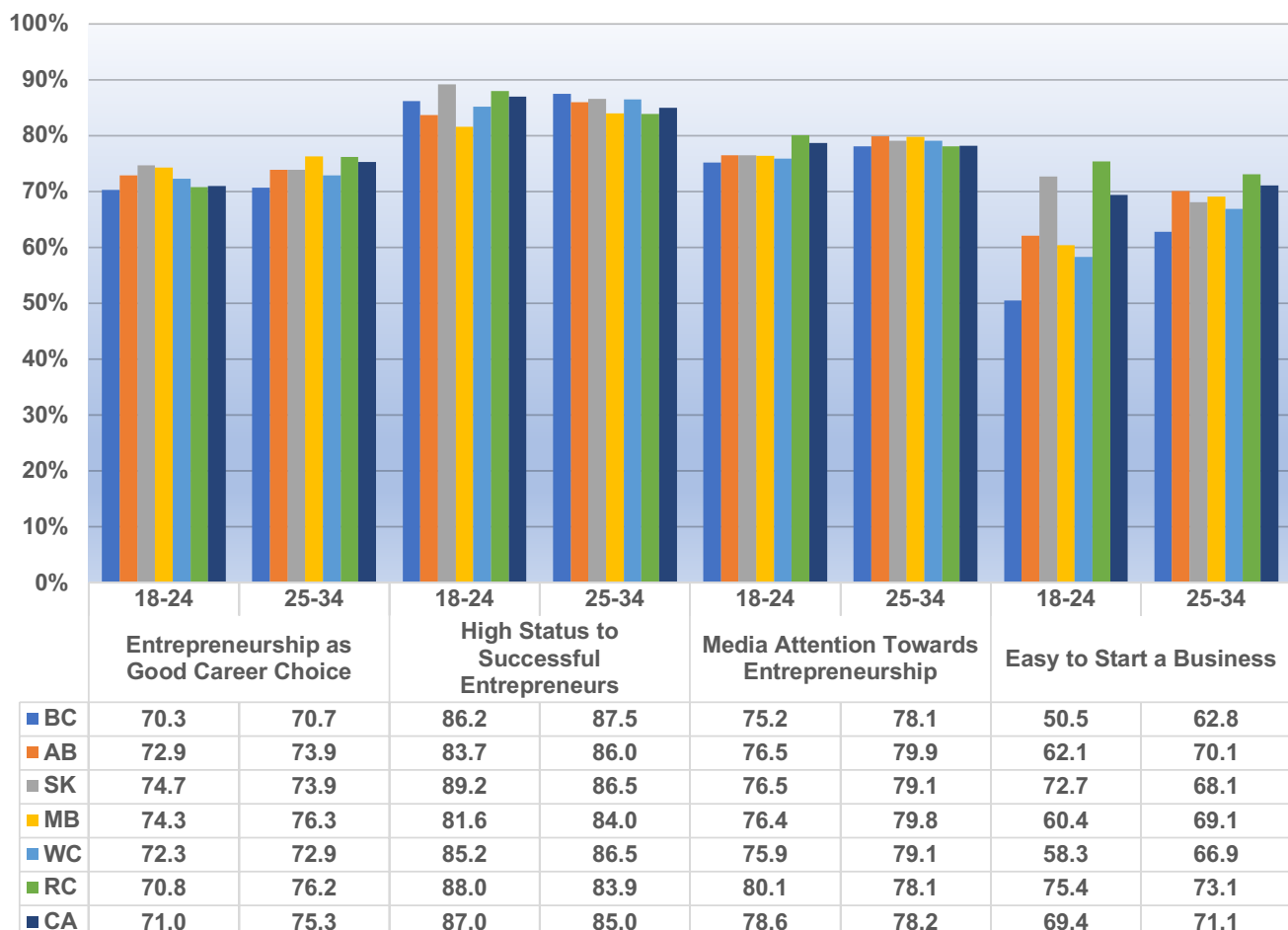
CHAPTER 2: ATTITUDES, PERCEPTIONS, ACTIVITIES, MOTIVATIONS, AND INVESTMENTS

Attitudes toward Entrepreneurial Culture

To measure attitudes, respondents are asked the following questions about entrepreneurship: Is it a good career choice? Do successful entrepreneurs enjoy high status? Does the media cover entrepreneurship well? Another attitudinal variable included in the figure below is: how easy is it to start a business?

The perception of the youth demographic in Western Canada in relation to these indicators is summarized in Figure 2.1.

Figure 2.1: General Attitudes of Youth toward Entrepreneurship by Western Province and the Rest of Canada (2019)



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Western Canadian youths tend to have positive attitudes toward entrepreneurship. In both age cohorts (18-24 and 25-34), over 70% see it as a **good career** choice; more than 85% give it **high status** as a profession; and over 75% regard **media coverage** of entrepreneurship as favourable.

In this regard, there is no significant difference between regions for the youth demographic. In Western Canada, the different age categories of youth also profile quite similarly.

These findings are consistent with wider national demographics regarding attitudinal variables.²⁹

Attitudinal differences are most pronounced where they concern the **ease of starting a business**. Here, a significant segment of the younger cohort of Western Canadian youth (aged 18-24) see it as being less **easy to start a business** than those in the Rest of Canada: 58.3% in contrast to 75.4%.

Individual provinces within Western Canada rate significantly lower than those in the Rest of Canada, notably in the younger cohort (18-24). This is especially true for BC; in this province, only 50.5% of youths aged 18-24 and 62.8% of those aged 25-34 responded that it was easy to start a business, whereas in the Rest of Canada, 75.5% of youths aged 18-24 and 73.1% of those aged 25-34 answered positively. This may be explained by higher living expenses in BC, especially for youths living in the Greater Vancouver Area, but other factors may also be at play.

Summary and Research Opportunity: The attitudinal findings for Western Canadian youth tell a positive story, but ease of becoming an entrepreneur appears to be a significant area meriting policy support at a regional level for the younger age cohort, and provincially, especially in BC.

Questions that emerge requiring more attention are: What barriers do youth perceive regarding starting a business? And how can service providers alleviate some of these perceptions and capitalize on the generally positive attitudes and media attention toward the profession?

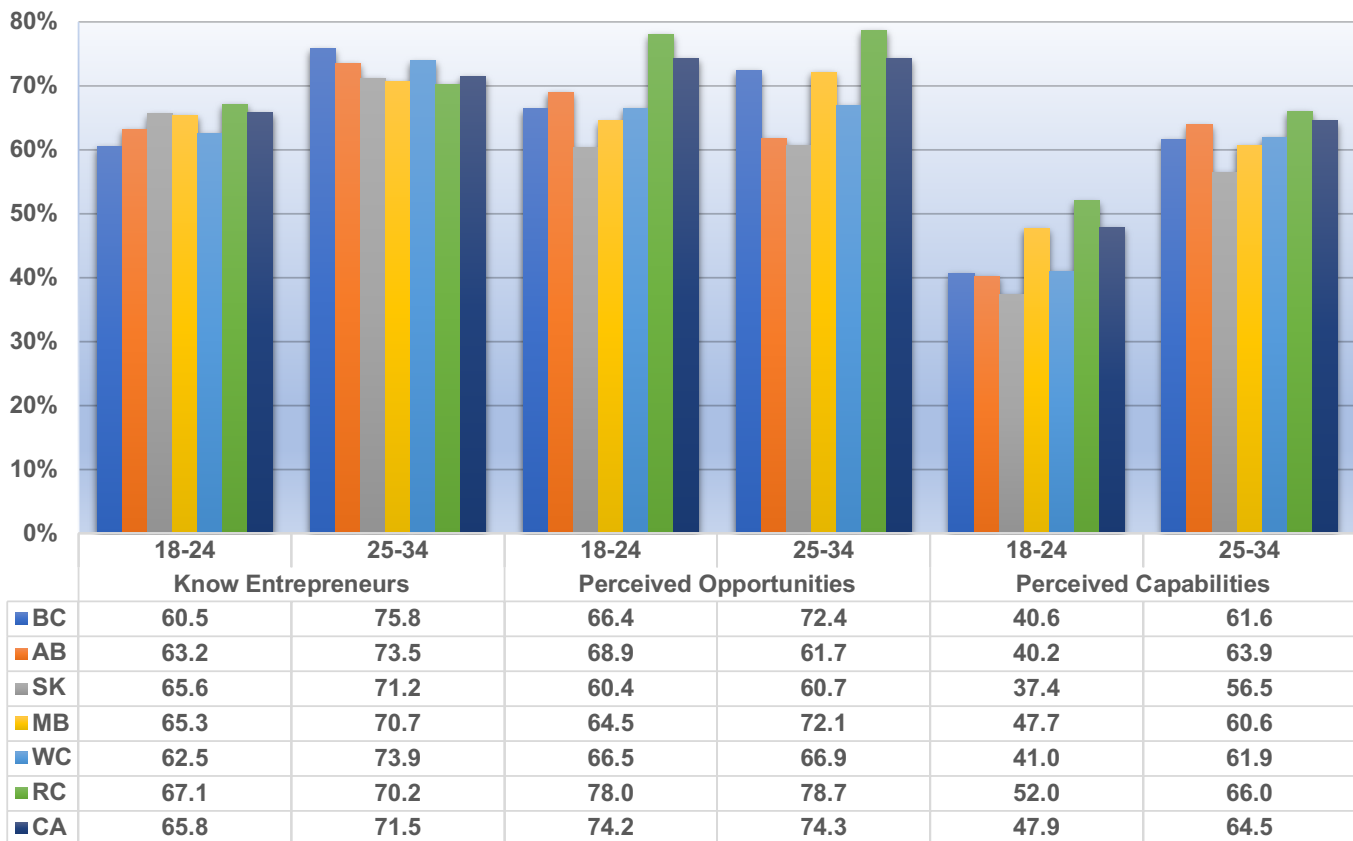
²⁹ GEM Canada 2019/2020 Report, p. 2: <http://thecis.ca/gem-2016/reports-and-papers/>

Perceptions of Entrepreneurial Skills

The GEM data on perceptions reveal more micro-level findings about people's feelings regarding entrepreneurship and their desire to choose it as an employment option. Perceptions are measured by: 1) knowledge of an entrepreneur, 2) opportunities, 3) capabilities, and 4) fear of failure. The question of whether a respondent plans on starting a new business (alone or with others), including any type of self-employment, within the next three years is also included.

These results are summarized in Figures 2.2a and 2.2b, below.

Figure 2.2a: Perceptions of Youths toward Entrepreneurship by Western Province and the Rest of Canada (2019)



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Knowing an entrepreneur is relatively common for Western Canadian youth. Over 60% of younger youth (18-24) report knowing an entrepreneur, and this increases to almost 75% in the older cohort (25-34); the national rate within the wider adult population was 55.1%.³⁰ There is no measurable distinction between regions or between Western Canadian provinces, but there are sometimes significant differences between age cohorts. The biggest jump between the younger and older cohort is within British Columbia: 60.5% of those aged 18-24 know an entrepreneur versus 75.8% of those aged 25-34.

Perceived opportunities track well for Western Canadian youth. Approximately 66% of young people in both age cohorts see good opportunities for entrepreneurship; this is consistent with national scores (67.1% for 2019).³¹ However, youth in Western Canada are significantly less optimistic about their prospects than the Rest of Canada (66.5% versus 78% of those aged 18-24, and 66.9% versus 78.7% of those aged 25-34, identify opportunity). This trend is apparent to some extent in all provinces when looking at both age cohorts, and could be connected to changes in the economy, such as the decline of the oil-and-gas sector, shifts in mining and extraction, and transformations in industries like forestry (some of these factors are discussed in Chapter 1). There are also some provincial variations connected to opportunity. For example, Saskatchewan youth track lower for this indicator, hovering at about 60% for both age groups.

Perceived capabilities increase with age for Western Canadian youth. Just over 40% of the 18-24 cohort in Western Canada believe they have the ability to be an entrepreneur; this jumps by over 20% for the 25-34 cohort (tracking at 62%).³² This indicator is significantly lower for youths in all the Western Provinces in the younger cohort (18-24): here, 41% believe they have the skills to be an entrepreneur versus 52% for youth in the Rest of Canada – an 11% difference. Saskatchewan has the lowest rates in both age cohorts for this variable.³³

³⁰ GEM Canada 2019/2020 Report, p. 24: <http://thecis.ca/gem-2016/reports-and-papers/>

³¹ GEM Canada 2019/2020 Report, p. 24: <http://thecis.ca/gem-2016/reports-and-papers/>

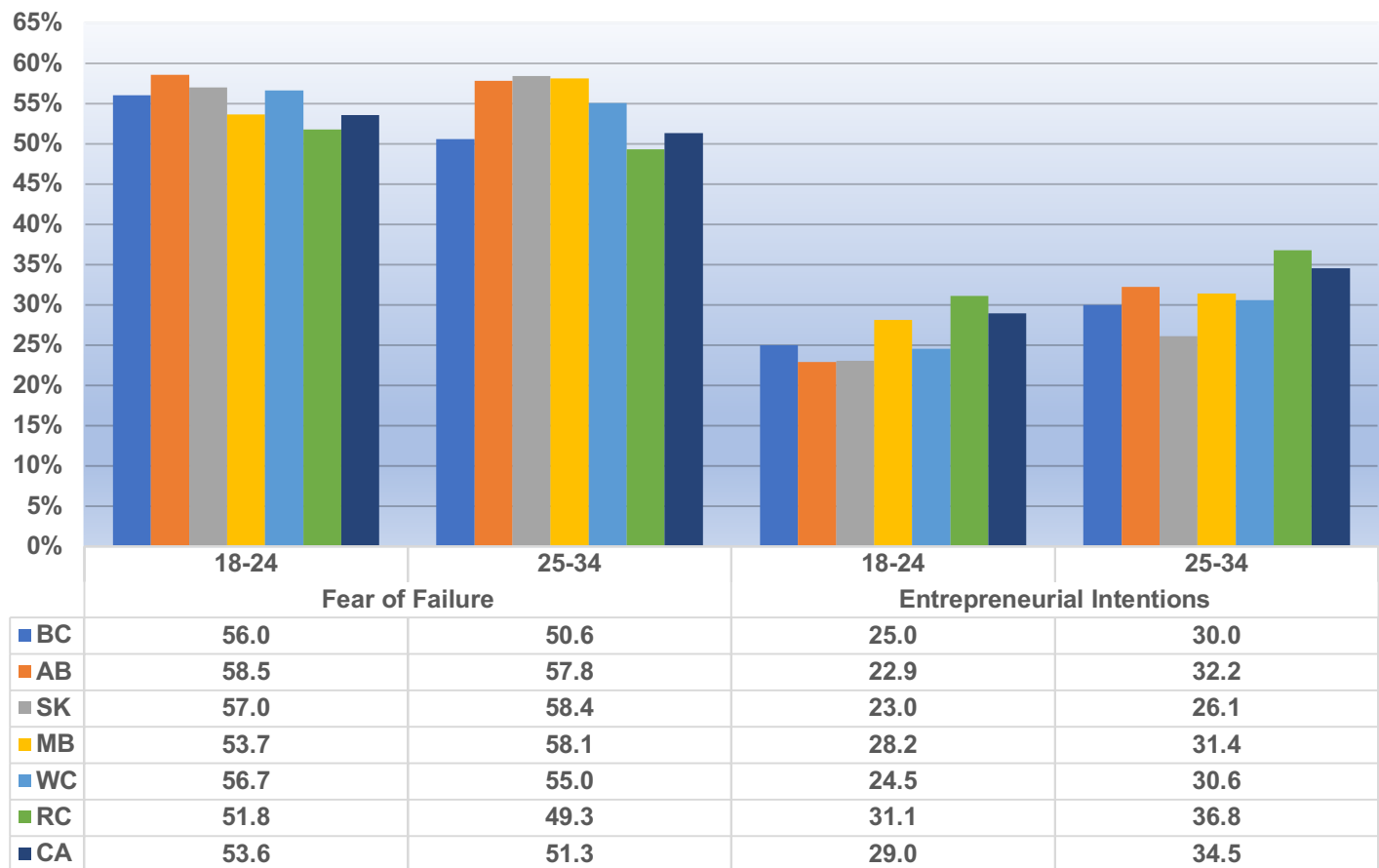
³² The Canadian rate is 67.1%; see: GEM Canada 2019/2020 Report, p. 24: <http://thecis.ca/gem-2016/reports-and-papers/>

³³ This finding is consistent with GEM data regarding the wider adult population in Saskatchewan versus other jurisdictions. See: GEM Saskatchewan 2019 Report, p. 10: <http://thecis.ca/gem-2016/reports-and-papers/>

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The gap between *perceived opportunities* and *perceived capabilities* is also significant for the younger youth demographic in Western Canada. 66.5% perceive opportunity while only 41% believe they have the skills to be an entrepreneur.

Figure 2.2b: Perceptions of Youths toward Entrepreneurship by Western Province and the Rest of Canada (2019)



Fear of failure is not significantly different for Western Canadian youth than for those in the Rest of Canada, in either age cohort. For example, 56.7% of those aged 18-24 and 55% of those aged 25-34 in Western Canada identify a fear of failure regarding entrepreneurship, with the Rest of Canada reporting 51.8% and 49.3%, respectively.³⁴

³⁴ *Fear of failure*, for the adult population within Canada for 2019, was 49.7%. *GEM Canada 2019/2020 Report*, p. 24: <http://thecis.ca/gem-2016/reports-and-papers/>

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Entrepreneurial intentions are not significantly lower for youth in Western Canada than for the Rest of Canada: 24.5% (18-24) and 30.6% (25-34) of Western Canadian youth indicate they intend become an entrepreneur versus 31.3% (18-24) and 36.8% (25-34) for the Rest of Canada. Alberta demonstrates the largest difference between the 18-24 and 25-34 age groups, with a not-quite-10% jump in intentions between the two cohorts (22.9% versus 32.2%). The youth rates for this intention are not significantly higher than the broader adult population surveyed (21.3%).³⁵

Summary and Research Opportunity: The GEM perception data shows areas of strength and reveals possibilities for future support for Western Canadian youth.

Older cohorts of youth within the Western provinces enjoy greater networks of entrepreneurs and their perceived capabilities increase with age. Strengthening perceived opportunities for younger youth could be a regional focus. Furthermore, Saskatchewan could benefit from additional supports in strengthening perceived opportunities and perceived capabilities. Efforts could also be made to decrease the gap between perceived opportunities and perceived capabilities for youth aged 18-24.

Key questions suggested by these results include: What are the best strategies for increasing perceived capabilities and opportunities for younger youth? And would altering some of these perceptions increase entrepreneurial intentions or views about the ease of starting a business?

Activities and Motivations

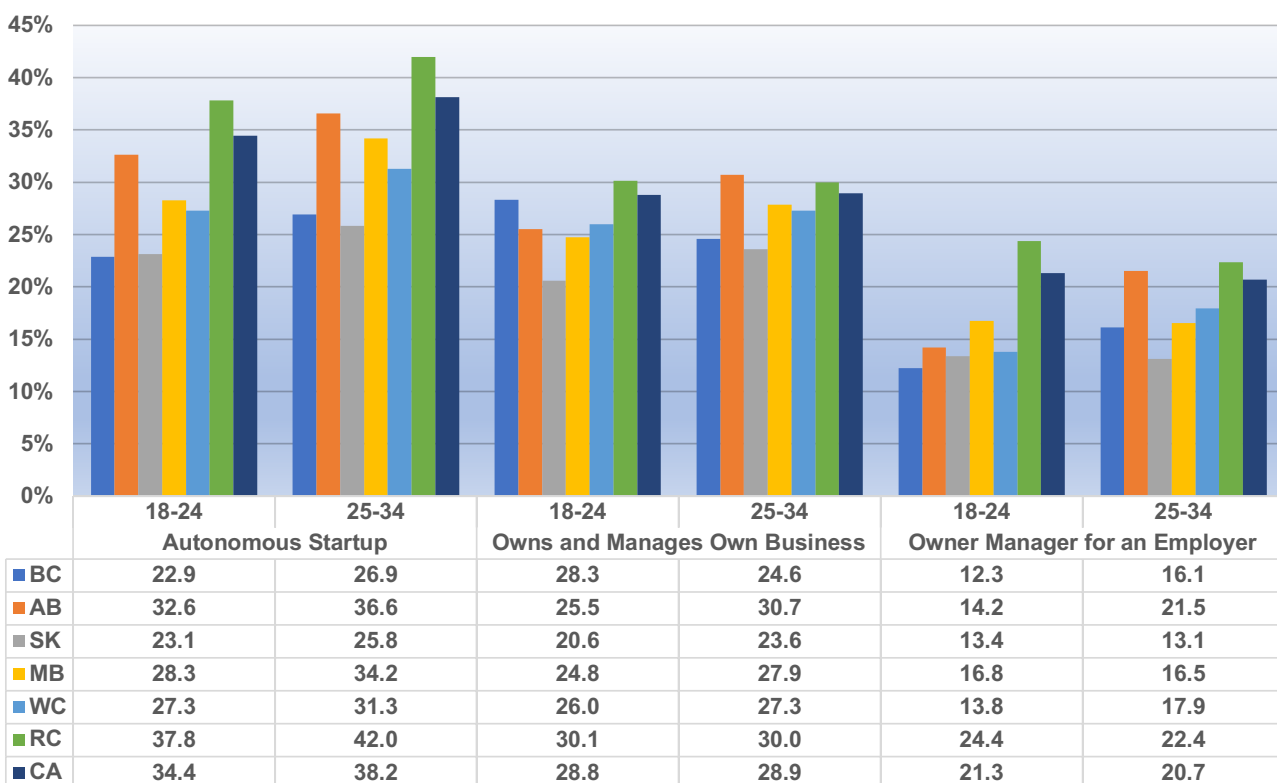
GEM provides a variety of measures for researching youth entrepreneurs in Western Canada and to begin exploring who they are. Several are outlined below.

³⁵ GEM Canada 2019/2020 Report, p. 24: <http://thecis.ca/gem-2016/reports-and-papers/>

Different Types of Youth Entrepreneurship

One way to appreciate the dynamics of the youth entrepreneurial ecosystem is to explore what types of entrepreneurship exist. Questions that emerge in this context are: How large is the existing startup culture (i.e. is the respondent involved in an autonomous startup)? Are participants primarily owners of entrepreneurial ventures or managers (either for themselves or for someone else)? Figure 2.3 summarizes these results in the context of the Canadian youth experience.

Figure 2.3: Different Types of Youth Entrepreneurship by Western Province and the Rest of Canada (2019)



Involvement in an autonomous startup, defined as being “currently setting up a business individually,” is significantly lower for Western Canadian youth than for youth in the Rest of Canada, in both age cohorts: 27.3% versus 37.8% (for the 18-24 age group) and 31.3% versus 42% (25-34). The differences between provinces do not quite rate as significant and there is no substantial variation between age cohorts. Startup numbers are highest in Alberta, at 36.6% (for the 25-34 cohort). BC has the lowest ***autonomous startup*** involvement numbers, at 22.9% (for the 18-24 age category).

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In terms of *owns and manages their own business* significant differences at the regional level, inter-provincially, or between age cohorts were not observed for Western Canadian youth.

In terms of *owns and manages for an employer*, the only significant difference that occurred between Western Canada and the Rest of Canada is in the 18-24 year-old age group; the rate is 10.6% lower for younger youth in Western Canada, but this gap disappears within the older youth cohort.

Summary and Research Opportunity: In general, less youth in Western provinces are involved in autonomous startups. Both age cohorts could benefit from support to increase participation in this domain.

Some questions prompted by these findings are: What are the primary ecosystem levers that can promote increased youth involvement within Western Canada for startups? And what lessons are to be learned from other parts of the country in terms of supports?

TEA, Established Businesses, and Intrapreneurship

As noted in Figure 1.2, above (Chapter 1), since its early inception, GEM has focused on a phase that combines the period before the start of a new firm (nascent entrepreneurship) and the period directly after the start of a new firm (owning/managing a new firm). Taken together, this phase is called Total Early-Stage Entrepreneurial Activity (TEA).

Those in the Established Business (EB) phase are defined as being in firms older than 42 months or 3.5 years.

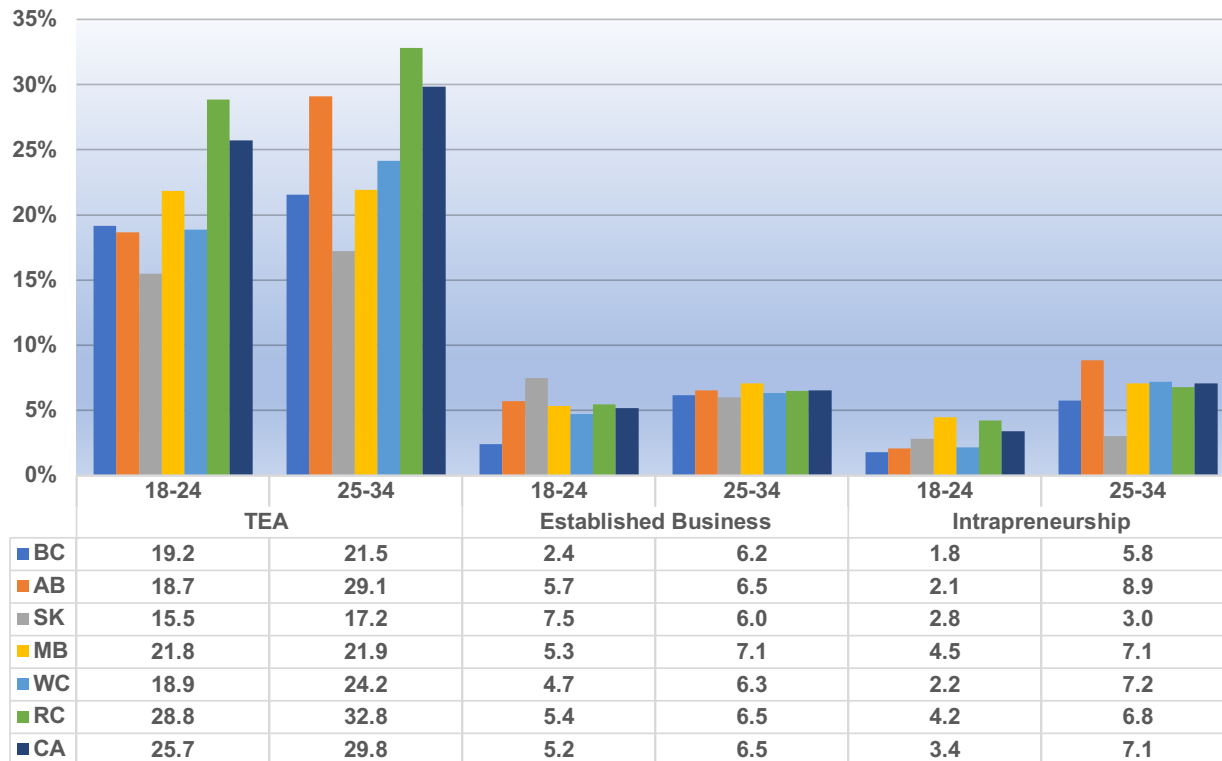
It is recognized methodologically that the distinctions between TEA and EB can reveal a great deal about the environment in which entrepreneurship operates and how sustainable maintaining an entrepreneurial business in the long term seems to be.

GEM also identifies individuals within organizations who behave entrepreneurially (i.e. who develop new business activities for their employer such as launching new goods and services, establishing new markets or outlets, or improving the production process). This is known as “Intrapreneurship” or “Employee Entrepreneurship” (EE).

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From the GEM national survey, we understand that Canada ranks among the top high-income economies globally for TEA.³⁶ The adult population fares less well for EB participation and Intrapreneurship. Consequently, the rates for young entrepreneurs in all of these categorizations is of considerable policy interest.

Figure 2.4: Youth TEA, Established Business, and Intrapreneurship Rates by Western Province and the Rest of Canada (2019)



Western Canadian youth aged 18-24 exhibit less *TEA* than those in the Rest of Canada: 18.9% versus 28.8% (for the 18-24 age group). The *TEA* rate for this age cohort in Western Canada, however, is consistent with that of the wider national population, which is 18.2%.³⁷ There are significant differences between provinces in the older (25-34) cohort (Alberta's youth *TEA* rate is 29.1% versus 17.2% for Saskatchewan's). Between the age cohorts, *TEA* rates are measurably unique in Alberta. In its older youth cohort, Alberta is the leader in *TEA* in Western Canada. But Alberta's younger cohort is not as dominant in this domain, as with a *TEA* for its 18-24 age group of only 18.7% versus 29.1% for the 25-34 group.

³⁶ GEM Canada 2019/2020 Report, p. 26: <http://thecis.ca/gem-2016/reports-and-papers/>

³⁷ GEM Canada 2019/2020 Report, p. 26: <http://thecis.ca/gem-2016/reports-and-papers/>

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There are no significant differences apparent in Established Business (*EB*) or Intrapreneurship rates for youth between regions, provinces, or age cohorts.

One area worth paying attention to is the high ratio of *TEA* to *EB* activity for Western Canadian youth. *EB* participation is above half the *TEA* rate. The gap between these activities is significantly large in comparison to the data for the broader adult population.³⁸ The variance in rates suggests that a challenge for the youth population is transitioning a startup into a lasting means of employment.

A possible hypothesis for why this gap exists for youth is that *EB* rates are harder to maintain in Canada because of market competitiveness and entrenched consumer preferences.³⁹

Summary and Research Opportunity: For the 18-24 age demographic, TEA levels in Western Canada are lower than in the Rest of Canada. Devising strategies that can increase TEA within this age cohort is advisable. In addition, policies designed to close the gap between TEA and EB rates for Western Canadian youth should be adopted.

Questions raised by these findings include: What dynamics within Western Canada contribute to the difference between TEA and EB ownership? How might TEA be increased for the younger age demographic? And are there any national or global best practices for increasing TEA?

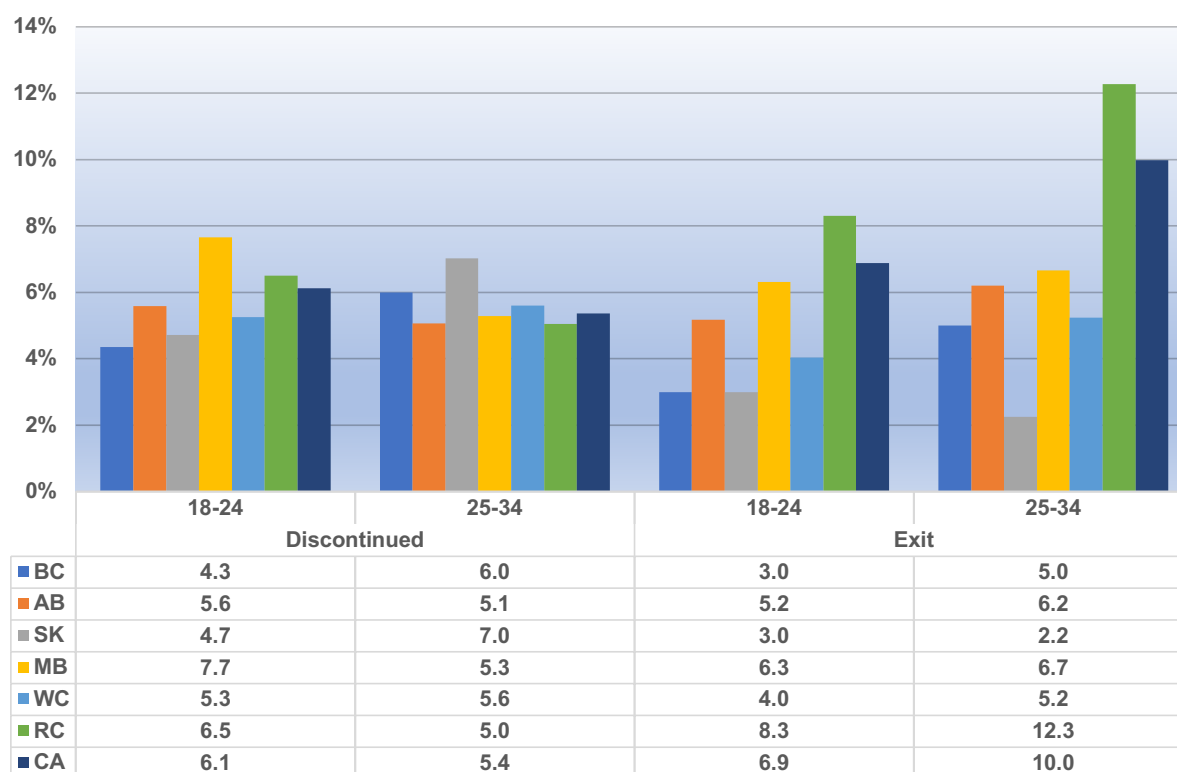
Discontinuances and Exits

Just as the formation and establishment of new enterprises is important, exits from a business represent another essential part of the entrepreneurial process. In GEM, exits are examined not only by asking respondents if they have been involved in exit from a business, but also by exploring the key reasons for their departure. Businesses that did not continue after the entrepreneur left are marked as “discontinued,” while businesses that continued after the entrepreneur left are measured as “exit.” The youth data for Canada related to these choices is documented below in Figure 2.5.

³⁸ GEM Canada 2019/2020 Report, p. 26: <http://thecis.ca/gem-2016/reports-and-papers/>

³⁹ GEM Canada 2019/2020 Report, p. 26: <http://thecis.ca/gem-2016/reports-and-papers/>

Figure 2.5: Exits and Discontinuances of Youth Entrepreneurs by Western Province and the Rest of Canada (2019)



There are no significant differences apparent in *discontinuances* or *exits* of youth between regions, provinces, or age cohorts. However, Western Canadian youth are more likely to *discontinue* a business than *exit* it; whereas in the Rest of Canada, the rate of *exits* is higher than that of *discontinuances* in both age cohorts.

The result gleaned from youths' responses in the Rest of Canada (i.e. number of exits is greater than the number of discontinuances) is positive because it means that more businesses are remaining operational after the entrepreneur leaves rather than simply shutting down.⁴⁰

In Western Canada, the only place where *exits* outstrip *discontinuances* is in the older youth age demographic in both Alberta and Manitoba.

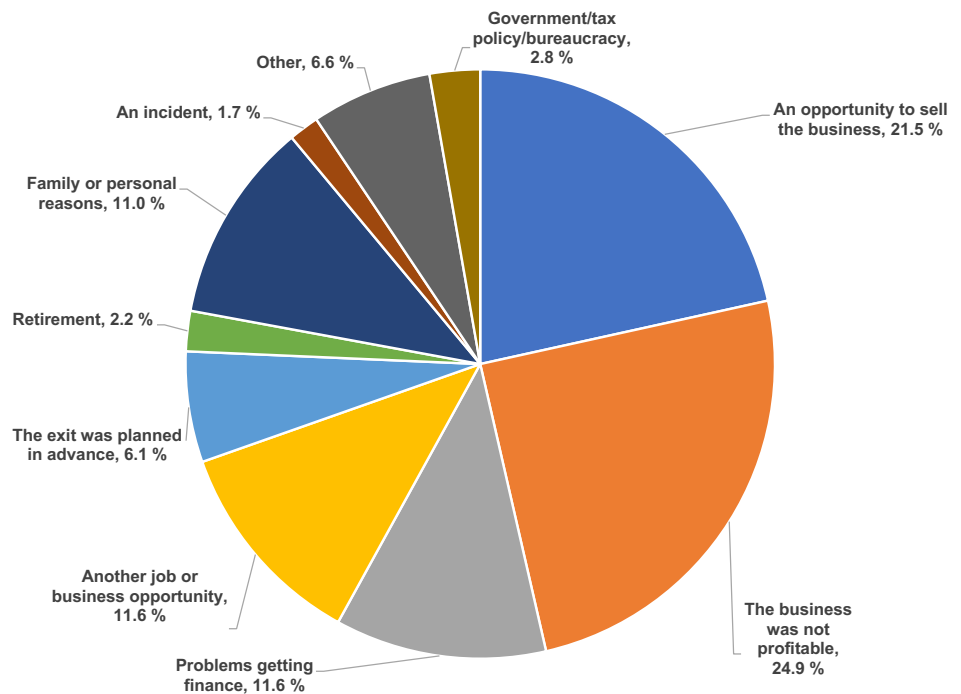
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⁴⁰ Within the wider adult population, exits are more common than discontinuances. *GEM Canada 2019/2020 Report*, p. 29: <http://thecis.ca/gem-2016/reports-and-papers/>

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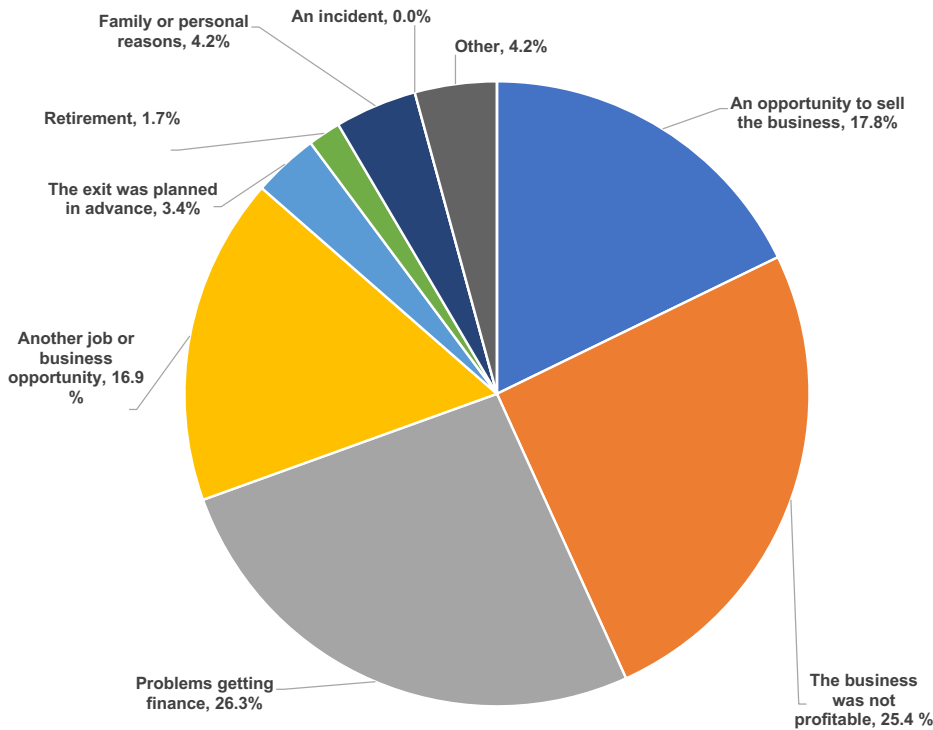
In terms of departure motivations, Figures 2.6a and 2.6b illustrate some noteworthy findings around the differences between discontinuances for youth (18-34) in Western Canada and the Rest of Canada. Discontinuance factors for youth can vary by region and include a mixture of voluntary (entrepreneur's choice) and non-voluntary (outside pressures) factors.

Figure 2.6a: Reasons for Exits of Youth Entrepreneurs in the Western Provinces, Ages 18-34 (2019)



Almost half of the discontinuances of businesses for youth in Western Canada happened because the business was not profitable (24.9%) or because an opportunity arose to sell the business (21.5%). Problems with financing and the appearance of another opportunity tied for third-most-selected motivation, at 11.6%.

Figure 2.6b: Reasons for Exits of Youth Entrepreneurs in the Rest of Canada, Ages 18-34 (2019)



In contrast, the Rest of Canada identified problems getting finance (26.3%) as the primary reason for discontinuance. The business not being profitable (25.4%) was a close second and an opportunity to sell the business (17.8%) ranked third.

Of all the discontinuance factors listed, the only one showing a significant difference between youth in Western Canada and in the Rest of Canada is **problems getting financing**. While **problems getting financing** was the primary reason for youths in the Rest of Canada to leave their business (26.3%), only 11.6% of youths in Western Canada chose this option.⁴¹

Summary and Research Opportunity: Western Canadian youth are more likely to discontinue a business than exit it; this pattern is not exhibited in the Rest of Canada. This trend is generally not ideal, as it signifies more businesses are shutting down as opposed to remaining operational.

⁴¹ In the wider adult population, 19% of entrepreneurs chose to discontinue their business due to financing problems. *GEM Canada 2019/2020 Report*, p. 30: <http://thecis.ca/gem-2016/reports-and-papers/>

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On a positive note, Western Canadian youth discontinuing their business rank a voluntary motivation highly (an opportunity to sell) and report less issues with financing.

Understanding in greater detail why youth businesses are not profitable across Canada also seems like an area where more research is merited. Additionally, information about where youth entrepreneurs go after they exit or discontinue their businesses would provide useful insight into the dynamics of the ecosystem.

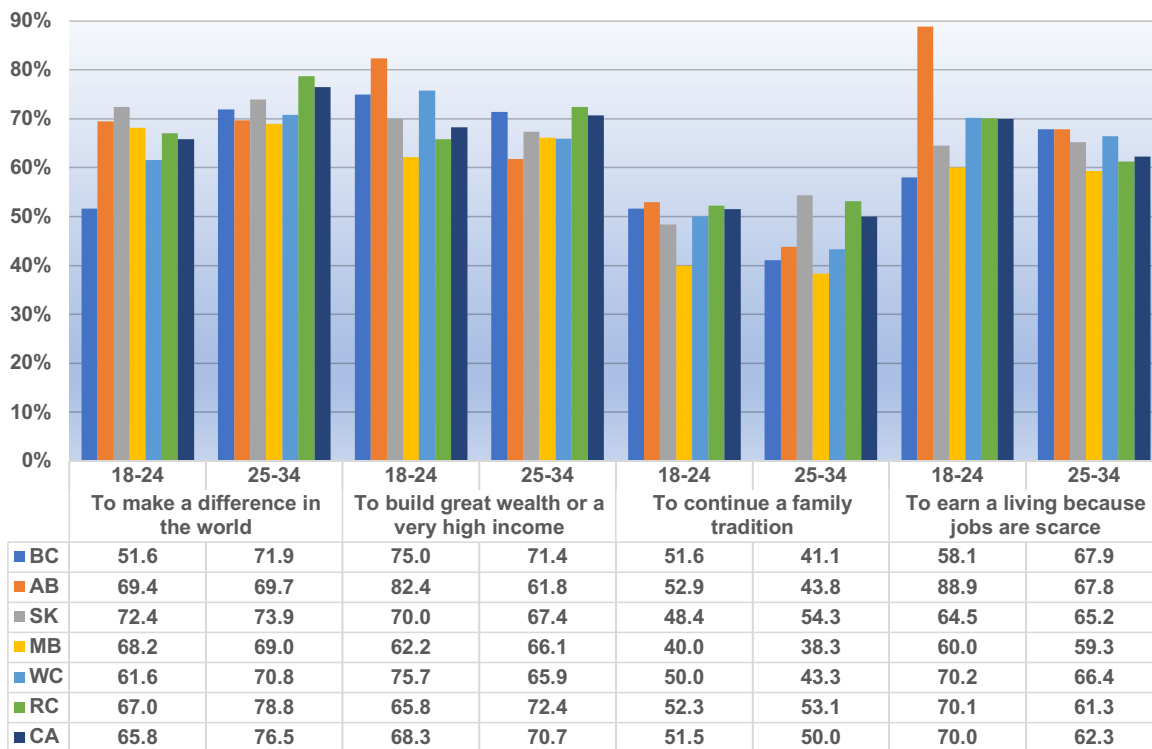
Motivations for Starting a Business for Youth Entrepreneurs

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

In 2018, new questions were introduced that probed in a more detailed manner the motivations to engage in entrepreneurial behaviour. These include: 1) making a difference in the world, 2) building wealth, 3) continuing a family tradition, and 4) earning a living.

Motivational data for youth in Western Canada is presented below. It is worth noting that entrepreneurs can have multiple motivations so the totals do not equal 100.

Figure 2.7: Youth TEA Motivations, by Western Province and the Rest of Canada (2019)



As Figure 2.7 reveals, the motivations for youth TEA within Western Canada are diverse.

Regionally, two results are significant:

- In the 18-24 age category, more Western Canadian youth are motivated by **building wealth** than in the Rest of Canada: 75.7% versus 65.8%.
- In the 25-34 age category, more youth in the Rest of Canada are motivated by **continuing a family tradition** than those in Western Canada: 53.3% versus 43.3%.

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Some notable differences between the Western provinces are outlined below.

Making a difference in the world

- Saskatchewan youth aged 18-24 score the highest (72.4%) for ***making a difference*** in the world;⁴² this is significantly different from British Columbia (51.6%), which ranks considerably lower than the other Western provinces. Younger BC youth are much more focused on ***building wealth*** – unsurprising given the province’s high cost of living and the fact that in major cities like Vancouver, youth are living longer with their parents.

Building wealth

- In Alberta, ***building wealth*** ranks highest for youth aged 18-24 (82.4%); it surpasses most other provinces significantly, especially Manitoba (62.2%). This is not surprising given the economic conditions within Alberta’s economy (e.g. its reliance on the energy sector).

Continuing a family tradition

- In Alberta, significantly more youth aged 18-24 are ***continuing a family tradition*** (52.9%) than in Manitoba (40%).
- In Saskatchewan, significantly more youth aged 25-34 are motivated by ***continuing a family tradition*** (54.3%).

Earning a living

- In Alberta, 88.9% of youth aged 18-24 are motivated toward entrepreneurship because they are ***earning a living***; this rate is significantly higher than the other provinces, especially BC (58.1%). This might be expected given the economic conditions relating to Alberta’s recovery from the recession; permanent jobs are likely harder to find.

⁴² These findings are consistent with the *GEM Saskatchewan 2019 Report*, p. 3: <http://thecis.ca/gem-2016/reports-and-papers/>

When comparing the motivations of Western Canadian youths to those reported by Canada's wider adult population, the one significant difference relates to ***building wealth***:

- 75.7% of Western youth aged 18-24 are motivated by ***building wealth***; within the Canadian adult population, only 64% of TEA entrepreneurs identified this as their motivation. The fact that youth are living longer with their parents may explain the popularity of this choice for the younger youth demographic.

Summary and: Research Opportunity: TEA motivations for entrepreneurship among youths in both Western Canada and the Rest of Canada are diverse. The biggest variations occur between provinces where some considerable differences are apparent.

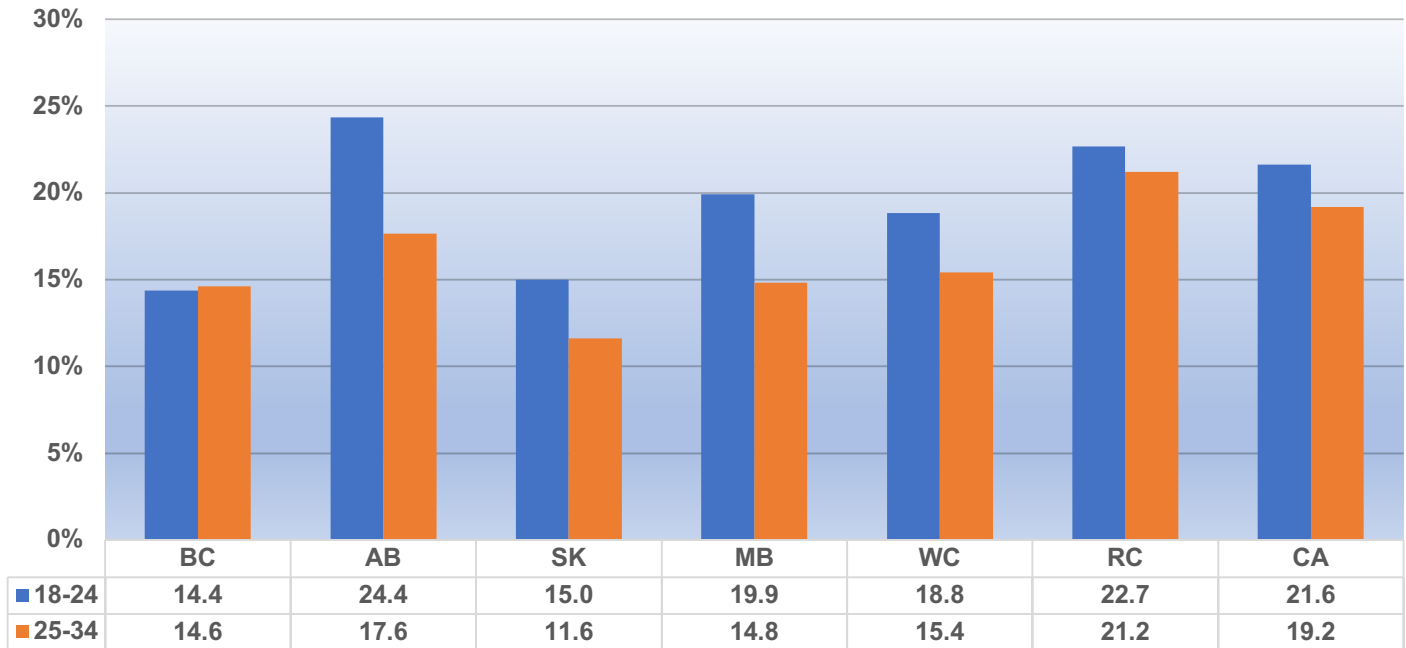
Future research is merited in regard to the kinds of family businesses that youth are taking over. Moreover, it would be interesting to examine how youth entrepreneurs define “making a difference” – is it via job creation, environmental impact, and/or social innovation? Finally, a question worth exploring is: How is motivational idealism linked, if at all, to the positive view of entrepreneurship in the media as revealed in the attitudinal data?

Informal Investment

An important source of startup financing comes from individuals who invest in others' businesses. Such persons are known as “business angels” or “informal investors.” To measure this activity within the entrepreneurial ecosystem, GEM respondents were asked if they have “in the past three years contributed to a startup” and “how much they have contributed”?

Results are summarized in Figure 2.8 and Table 2.1.

Figure 2.8: Youth Angel Investors by Western Province and the Rest of Canada (2019)



CHAPTER 2: ATTITUDES, PERCEPTIONS, ACTIVITIES, MOTIVATIONS, AND INVESTMENTS

Western Canadian youths are active angel investors. No significant differences emerge regarding their participation versus the Rest of Canada, and their participation tracks similarly to the wider adult population.⁴³

Provincially, there is one variance of note:

- There is a significant difference between youth aged 18-24 in British Columbia and in Alberta: 14.4% versus 24.4%. This gap disappears in the older age cohort.

⁴³ GEM Canada 2019/2020 Report, p. 31: <http://thecis.ca/gem-2016/reports-and-papers/>

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The average amounts donated by these informal investors are summarized below.

Table 2.1: Average Youth Investment by Western Province and the Rest of Canada (2019)

Average Investment (USD\$)	BC	AB	SK	MB	WC	RC	CA
18-24 age cohort	\$4,186.0	\$39,764.4	\$93,941.6	\$36,700.7	\$55,030.6	\$25,730.4	\$52,681.0
25-34 age cohort	\$32,014.1	\$19,823.1	\$20,985.0	\$14,416.4	\$25,055.0	\$77,649.2	\$48,460.9

Surprisingly, Western Canadian youth investors tend to be in the 18-24 age demographic (except in BC); this trend is reversed in the Rest of Canada.⁴⁴

Average investments vary from province to province, with the younger cohort in Saskatchewan appearing to commit the largest investments.⁴⁵

The amount indicated by the younger Saskatchewan demographic is far in excess of the national average (\$34,887.60).⁴⁶

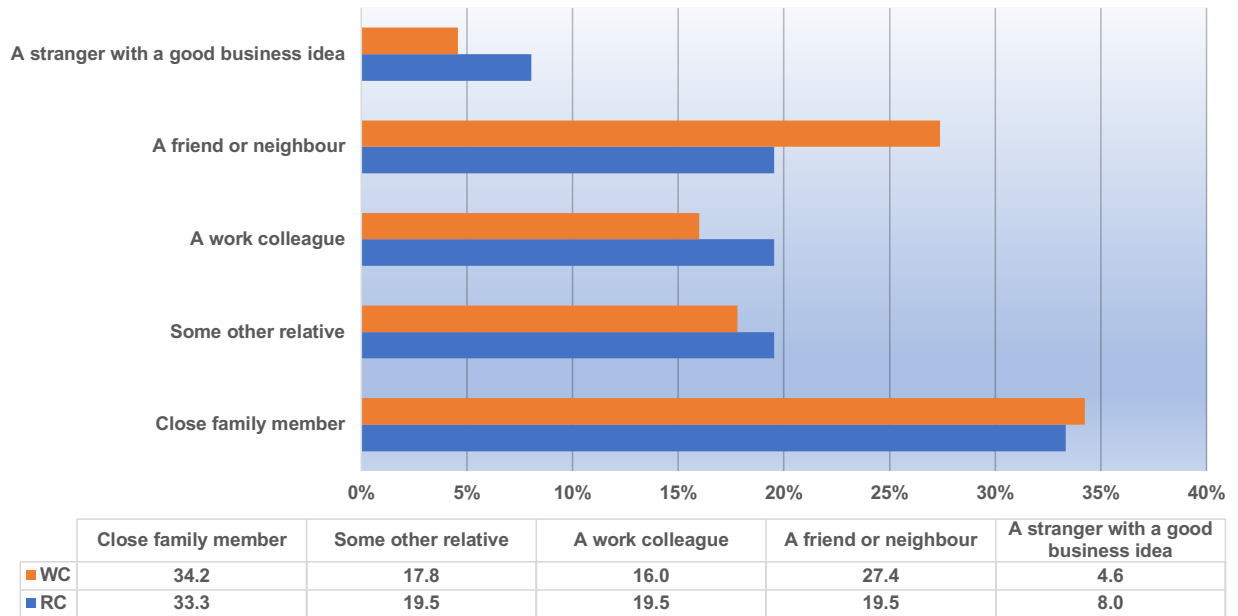
GEM also probes whom angel investors give to, as outlined in Figure 2.9.

⁴⁴ A recent study of angel investment demographics in the US suggests that the mean age at which angels make their first such investment is 48. See: Laura Huang et al., *The American Angel* (Angel Capital Association, 2017): https://www.hbs.edu/faculty/Publication%20Files/American%20Angel_50333d06-b332-4221-9919-2c35057ca468.pdf

⁴⁵ These findings are consistent with the *GEM Saskatchewan 2019 Report*, p. 7: <http://thecis.ca/gem-2016/reports-and-papers/>

⁴⁶ *GEM Canada 2019/2020 Report*, p. 32: <http://thecis.ca/gem-2016/reports-and-papers/>

Figure 2.9: Sources for Angel Investment (18-34) in Western Canada versus the Rest of Canada (2019)



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For Western Canadian youth angel investors, the largest investment category is close family members' businesses (34.2%), a figure comparable to youth in the Rest of Canada (33.3%). There are no significant regional differences, and this data was not provided in the *GEM Canada 2019/2020 Report*.

Summary and Research Opportunity: There are no clear regional differences between Western Canada and the Rest of Canada for angel investment. BC's younger youth cohort's participation in angel investment is significantly less than Alberta's, but these differences disappear in the older youth demographic. Saskatchewan youth aged 18-24 contributed the largest financial investment, exceeding the national average.

The cohort dimension of youth angel investment requires further exploration. Is the risk profile different in the 18-24 age cohort? Is the 18-24 demographic more likely to invest in businesses as opposed to engage in entrepreneurial ventures? What are their motivations – financial returns, being part of the entrepreneurial process, personal satisfaction, enjoyment, and/or the ability to mentor or support other entrepreneurs? Moreover, while it is instructive to know whom youth investors decide to support, knowing why they do so could be illuminating.

Demographics

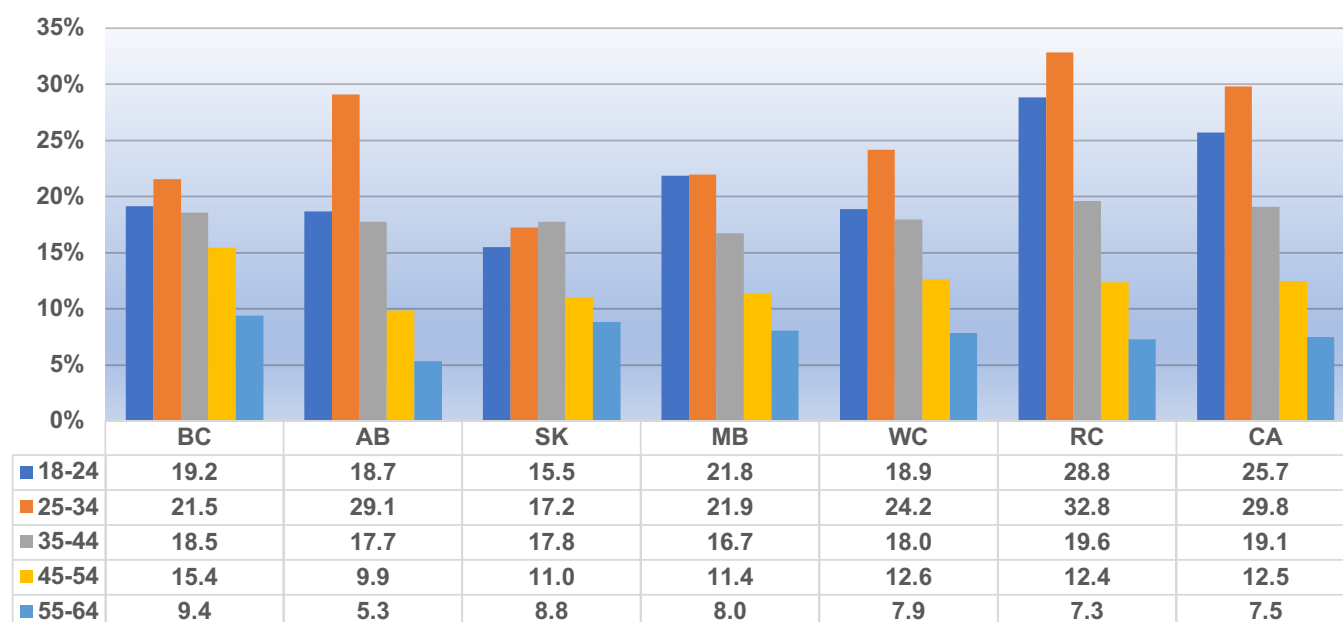
This chapter examines in greater detail the demographic dimensions of Western Canadian youth entrepreneurship. Age, education, gender, and sector participation are all explored.

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Age

Below is an analysis of the age breakdown of Western youth entrepreneurs in regard to TEA and EB.

Figure 3.1: Total of TEA by Age, Western Provinces and the Rest of Canada (2019)



Overall, Figure 3.1 reveals that across the country, the 25-34 age demographic is the leader in terms of proportional *TEA* (with the exception of Saskatchewan) and that *TEA* tends to decrease with age.

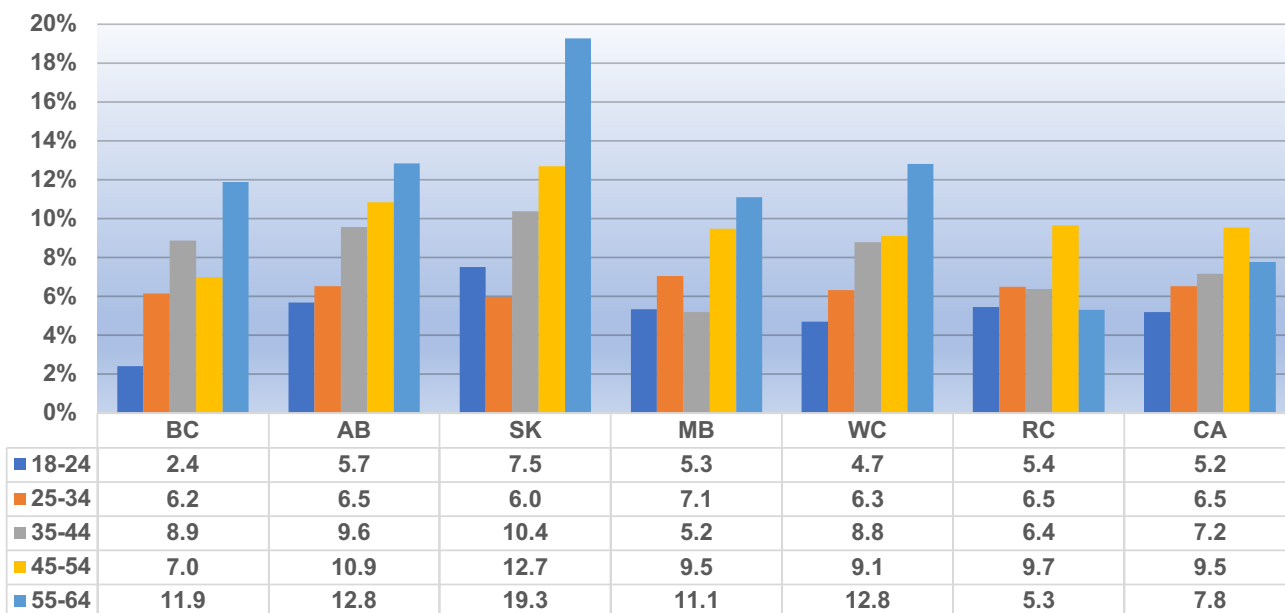
Regionally, for the 18-24 age group, the Rest of Canada has a significantly higher percentage of *TEA* than Western Canada: 28.8% versus 18.9%.

Alberta is a leader in Western Canada for *TEA* activity in the 25-34 age category (29.1%), differing significantly from Saskatchewan (17.2%) as well as from other age cohorts within the province.

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Age can also be explored in regard to Established Business (EB) rates, as revealed in Figure 3.2.

Figure 3.2: Total of EB by Age, Western Provinces and the Rest of Canada (2019)



The **EB** rates as recorded reveal no significant differences between regions.

The only significant difference in **EB** rates occurs in Saskatchewan: its 55-64 age cohort's rate is significantly higher (19.3%) than the 25-34 (6%) and 18-24 (7.5%) cohorts. This means significantly more Established Business ownership occurs within the older demographic.

Summary and Research Opportunity: In the entrepreneurial ecosystem, age matters. The vast majority of the TEA occurs in the youth demographic (ages 18-34). Moreover, the TEA activity within provinces is most pronounced in the 25-34 age cohort (except in Saskatchewan).

Additional support for younger youth, to boost their TEA levels in Western Canada, is recommended. Moreover, increasing TEA in Saskatchewan could be beneficial to the province's ecosystem given that it has a higher rate of Established Business ownership in the older cohorts.

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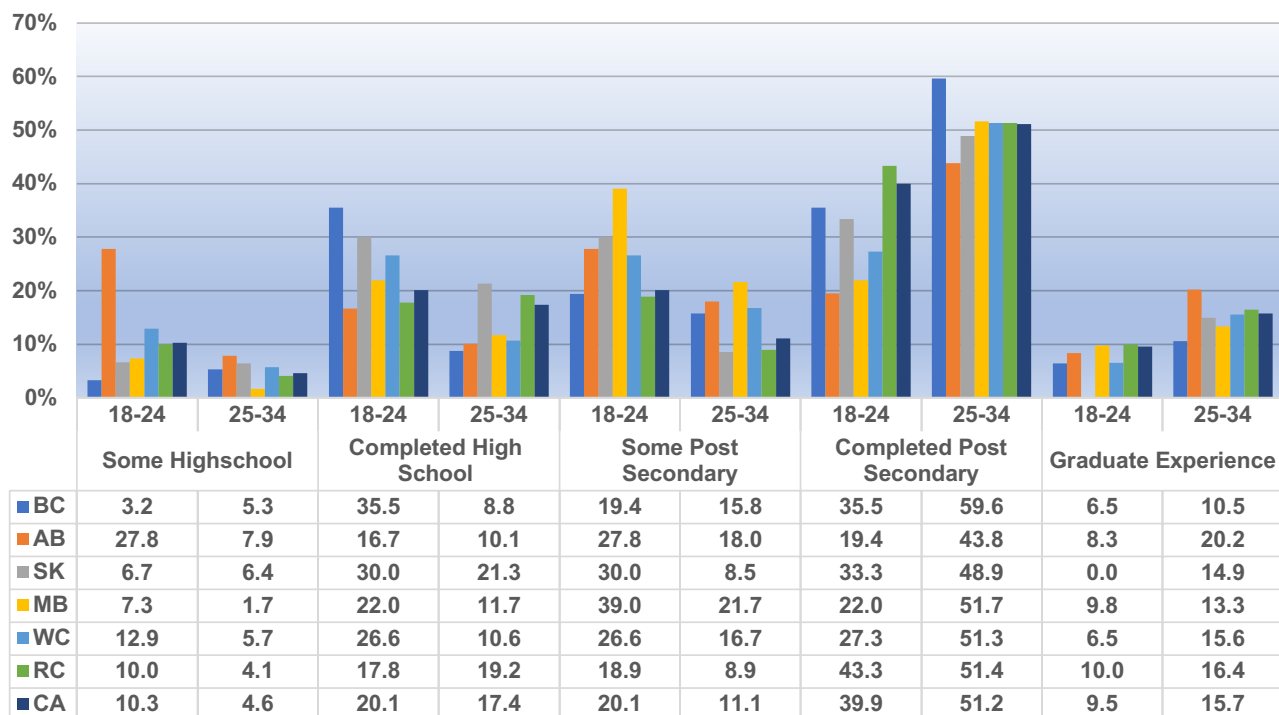
Questions raised by these results include: Since age plays a role in the entrepreneurial ecosystem, how much currently existing programming acknowledges this (youth programs versus supports for older entrepreneurs)? How might different age cohorts be better supported, especially to meet the perceptual challenges identified in Chapter 2 regarding capabilities and fear of failure? And how might EB rates best be increased for younger age cohorts?

Education

As Chapter 1 revealed, Canadian youth are highly educated, with postsecondary rates growing dramatically in the last 30 years. The question becomes: Is this trend reflected in the young people who pursue entrepreneurial ventures?

Figure 3.3 explores this question by examining TEA.

Figure 3.3: TEA Education Levels by Western Province and the Rest of Canada (2019)



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Western Canadian youth involved in TEA are highly educated, especially those in the 25-34 age range. 60.4% of Western Canadian youth aged 18-24 involved in TEA have ***some postsecondary education*** or higher, versus the 72.2% reported in the Rest of Canada. The Rest of Canada does have a significantly more educated population than Western Canada in the 18-24 age group. However, 83.6% of Western Canadian youth in the 25-34 age category have ***some postsecondary education*** or higher, which exceeds the rate in the Rest of Canada (76.7%).

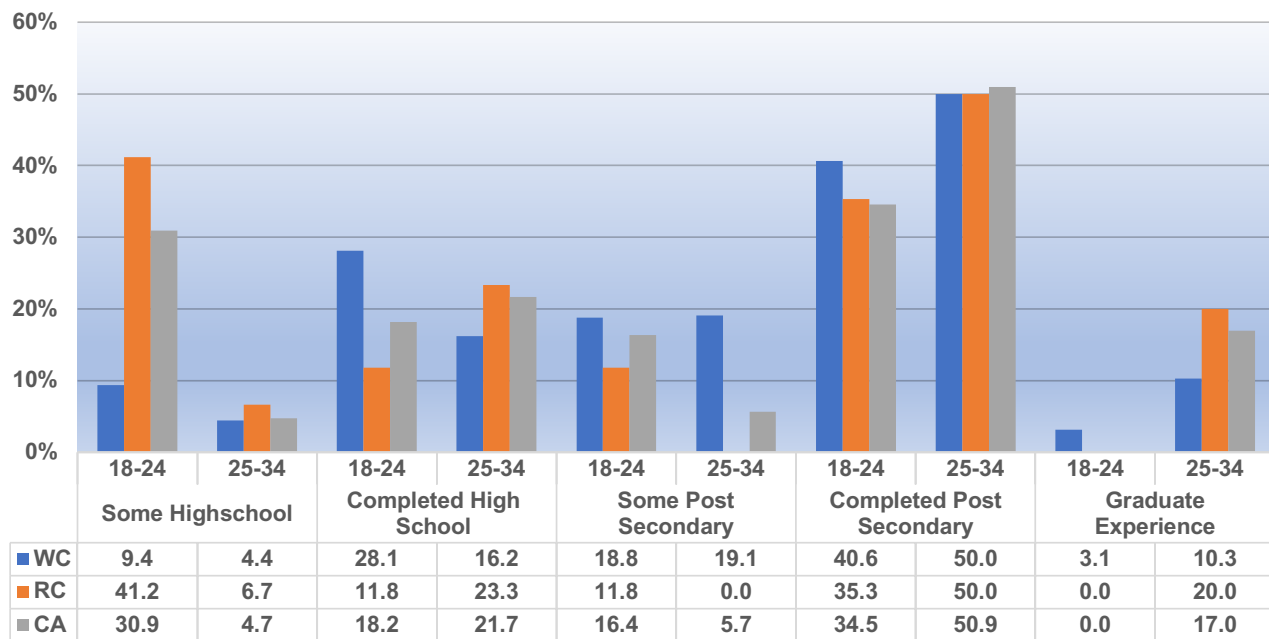
Provincially significant differences exist which may explain these regional variations, some of them highlighted below:

- In Alberta, 27.8% of youths aged 18-24 engaged in TEA have only completed ***some high school***; this significantly outnumbers those in other Western provinces, especially BC (3.2%).
- BC has significantly higher numbers of youth, in both age cohorts, who have ***completed postsecondary***.

Significant differences also exist between age cohorts, the most obvious being between youths in Western Canada engaged in TEA who have completed postsecondary: 51.3% of those aged 25-34 versus 27.3% in the 18-24 age category.

Education levels shift slightly for Established Businesses, as indicated in Figure 3.4.

Figure 3.4: EB Education Levels, Western Canada and the Rest of Canada (2019)



62.5% of Western Canadian youth in **EB** aged 18-24 have completed **some postsecondary** or higher, versus 47.1% for the Rest of Canada. This is a significant difference and may be explained by the fact that the Rest of Canada has more youth aged 18-24 involved in **EB** who only have **some high school** (41.2% versus just 9.4% for Western Canada).

For the older demographic of Western Canadian youth (25-34), 79.4% have **some postsecondary** or higher, compared with 81.8% of the Rest of Canada.

Summary and Research Opportunity: A large portion of Western Canadian youth entrepreneurs are highly educated; this is unsurprising given the wider societal trends discussed in Chapter 1 in regard to the changing nature of the youth population over the last 30 years. For both TEA and Established Business ownership rates, older youth (25-34) are more educated.

Policies that recognize the different skill sets of entrepreneurs based on their education levels are advisable. For example, youth in Alberta might need a little more support, given the higher-than-average numbers of youth aged 18-24 engaged in TEA who only have some high school.

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There appear to be some interesting dynamics at play in the different provincial ecosystems, which motivate youth at different educational levels to pursue entrepreneurship. Research questions suggested by these results include: What sort of motivations are driving youth at different levels of education within certain provinces to pursue entrepreneurship? And what factors (necessity, opportunity, family tradition, or something else) prompt those with only some high school to become entrepreneurs and stay entrepreneurs?

Gender

Globally and nationally, gender differences are reported for male and female entrepreneurs.⁴⁷ Gender dynamics are most commonly apparent in regard to attitudes, entrepreneurial intentions, and TEA and EB rates.

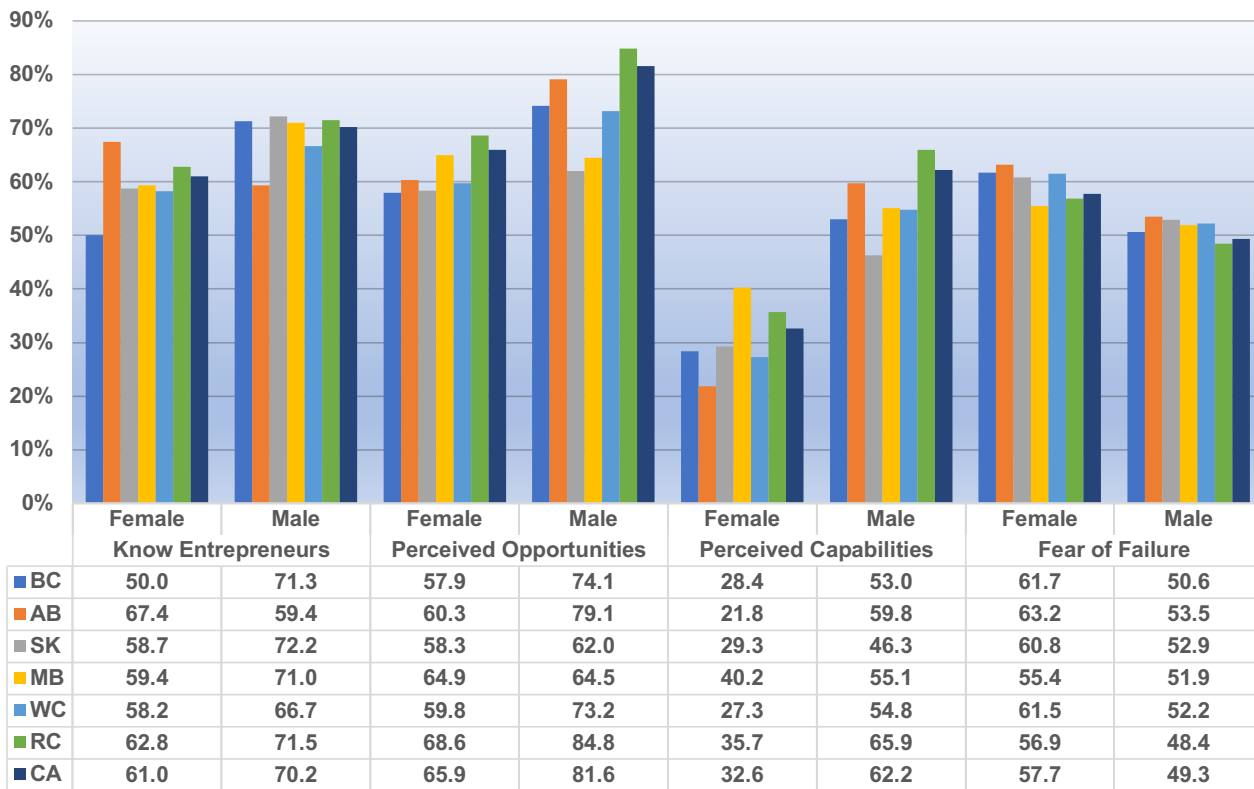
These factors are explored below, in the context of Western Canada's youth population.

Perception Gaps

The two figures that follow explore the perception data tracked in Chapter 2 by gender. The results are presented by age cohort.

⁴⁷ GEM Global 2019/2020 Report, p. 56: <https://www.gemconsortium.org/report/gem-2019-2020-global-report>

Figure 3.5a: Perceptions, by Gender, by Western Province and the Rest of Canada, 18-24 Age Cohort (2019)



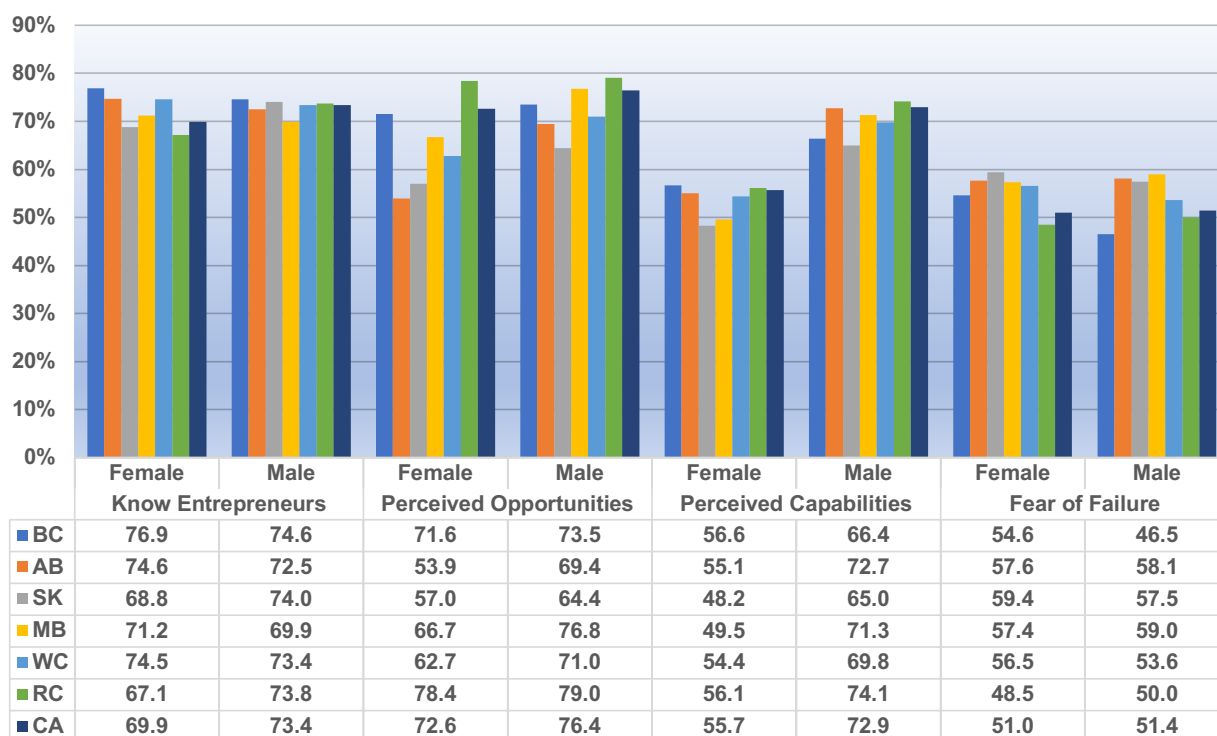
Significant gaps exist between younger female and male entrepreneurs, both in the Western provinces and the Rest of Canada. For Western Canadian youth aged 18-24, there is a 13.4% difference in **perceived opportunities** and a 27.5% difference in **perceived capabilities**. These differences are slightly more pronounced, though not significantly so, in the Rest of Canada, where there is a 16.2% difference in **perceived opportunities** and a 30.2% difference in **perceived capabilities**.

In the Western Provinces, there are slight variations on this pattern within the 18-24 age cohort:

- BC has the most significant gender gap for knowledge of entrepreneur (71.3% of men know an entrepreneur versus 50% of women) and the highest difference in terms of fear of failure (11.1%).
- Alberta has the largest gender gap for perceived opportunities (18.8%) and perceived capabilities (38%).

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Figure 3.5b: Perceptions, by Gender, by Western Province and the Rest of Canada, 25-34 Age Cohort (2019)



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Findings for the older youth demographic (25-34) point to a shift in these perceptions as indicated by a narrowing of the gender gap, both in Western Canada and elsewhere. The only place where a significant gap between male and females remains in the older youth age group is in *perceived capabilities*, and it exists in both regions: 15.4% for Western Canada and 18% for the Rest of Canada.

In fact, in Western Canada's 25-34 age cohort, women outpace men in *knowledge of entrepreneur* in three of the four Western provinces, though not significantly so.

BC seems to exhibit the greatest changes between age cohorts, with women in the 25-34 age group demonstrating much more positive perceptions.

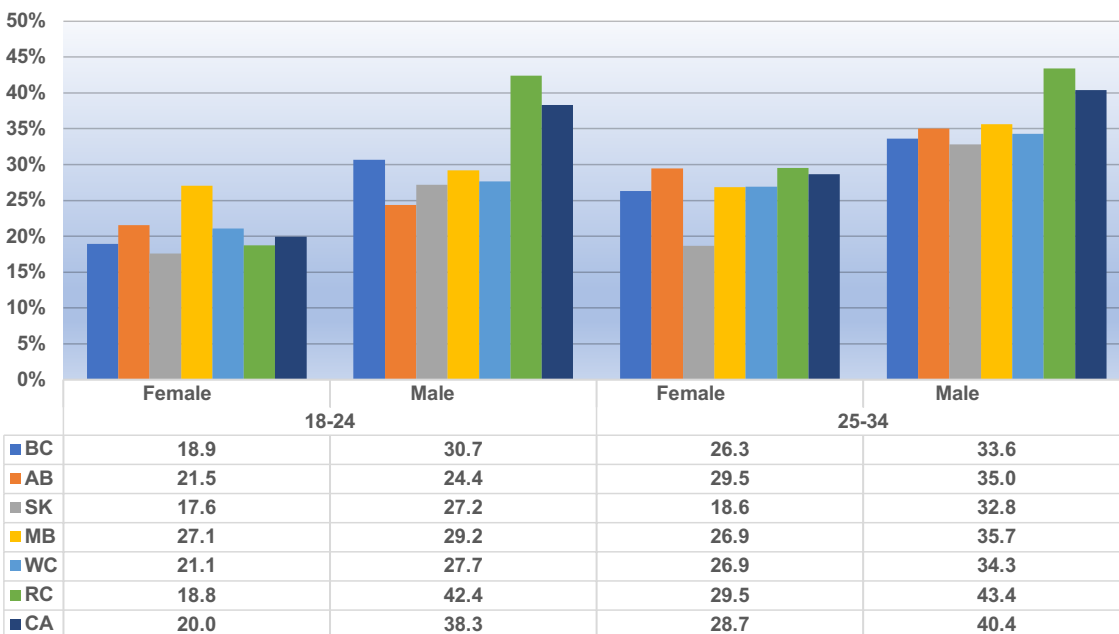
Between provinces, most gender gaps disappear, with two notable exceptions:

- Alberta continues to show a significant gender gap in regard to *perceived opportunities* (15.5%)
- All provinces (except BC) continue to demonstrate a significant gender gap in *perceived capabilities*, the largest being in Manitoba (21.8%).

Entrepreneurial Intentions

As noted in Chapter 1, GEM's recent report on youth entrepreneurship in Quebec (*Situation des jeunes entrepreneurs du Québec 2013-2018*) revealed a significant gap in entrepreneurial intentions for women and men aged 25-34. Figure 3.6 focuses exclusively on this phenomenon.

3.6 Entrepreneurial Intentions by Gender, by Western Province and the Rest of Canada, 18-34 Age Cohort (2019)



Western Canadian female youths have lower entrepreneurial intentions than their male counterparts in both age cohorts, but this gap is not significant (about 7% in both cohorts). However, the gap for youth in the Rest of Canada is significant: 23.6% for youths aged 18-24 and 13.9% for youths aged 25-34.⁴⁸

⁴⁸ This confirms that Western Canada does not experience the same issues in regard to gender and entrepreneurial intentions as articulated in the *Situation des jeunes entrepreneurs du Québec, 2013-2018*: <https://www.gemconsortium.org/report/50483>

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In the Western provinces, some significant gender gaps are evident:

- BC's younger youth cohort (18-24) demonstrates an 11.8% gender gap in regard to entrepreneurial intentions.
- Saskatchewan's older youth cohort (24-35) demonstrates a 14.2% gap.

Summary and Research Opportunity: Gender gaps in regard to perceived capabilities exist regionally and within specific provinces for both age cohorts. Western Canada does not demonstrate a significant gender gap in entrepreneurial intentions, but the Rest of Canada does.

In Western Canada, gender gaps diminish for youth in older cohorts, especially around network opportunities and perceived opportunities.

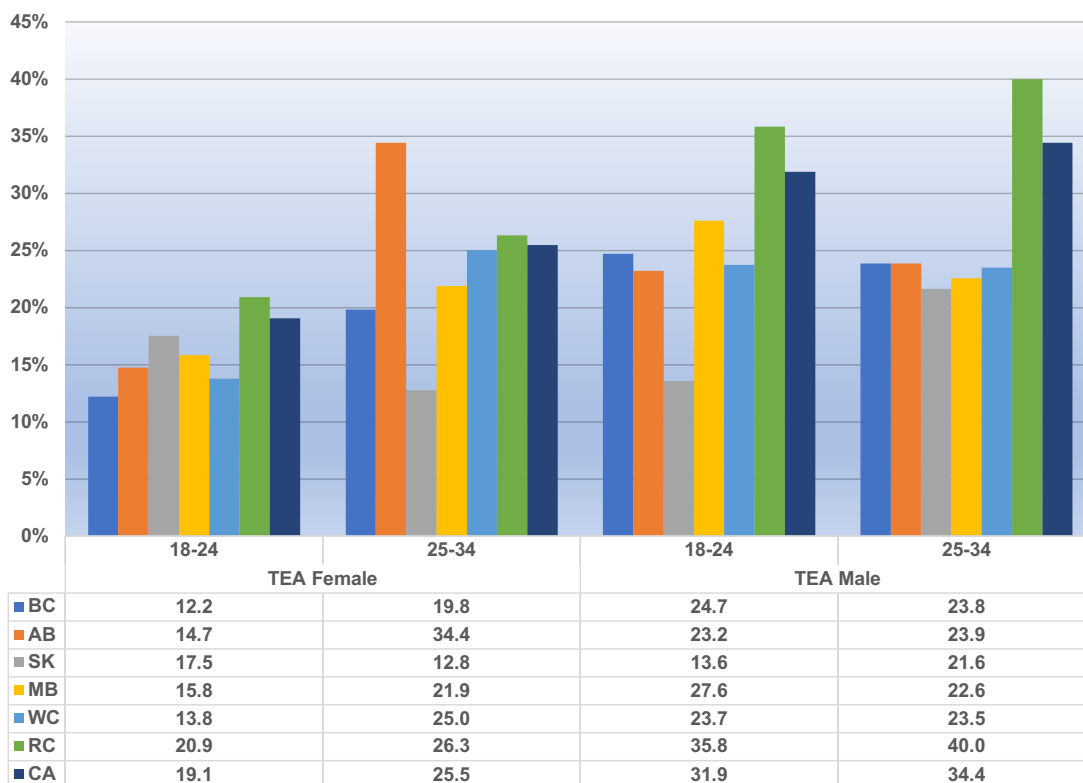
Efforts to implement strategies in the K-12 education system that increase young women's perceived capabilities to be entrepreneurs are recommended. This lasting intervention might help diminish gaps in both age cohorts.

From a research perspective, it would be interesting to explore the role of postsecondary education and field of study in relation to differing perceptions in this domain. Moreover, further investigations into the networking channels that women in the 25-34 age cohort are using to connect with entrepreneurs could be instructive.

Activity Gaps

GEM reports often seek to explore gender dynamics by investigating TEA and EB ownership rates. These rates are explored below, in the context of female and male responses, in Figures 3.7 and 3.8.

3.7: TEA Rates of Youth, by Gender, by Western Province and the Rest of Canada (2019)



The gender gap for *TEA* for Western Canadian youth is significant in the 18-24 age category; 13.8% of women are involved in *TEA* versus 23.7% of males, a gap of almost 10%. In the Rest of Canada, the female *TEA* rate within this age cohort is 20.9% compared to 35.8% for males – an even larger gap of almost 15%.

Within the Western provinces, some gender gaps are even more significant:

- In BC, the gender gap for *male TEA* versus *female TEA* is 12.5% for the 18-24 age category; in Manitoba, it is 11.8% for the same age cohort.

The gender gap in regard to *TEA* for Western Canada is not significant for those aged 25-34, but it remains so for the rest of Canada (13.7%).

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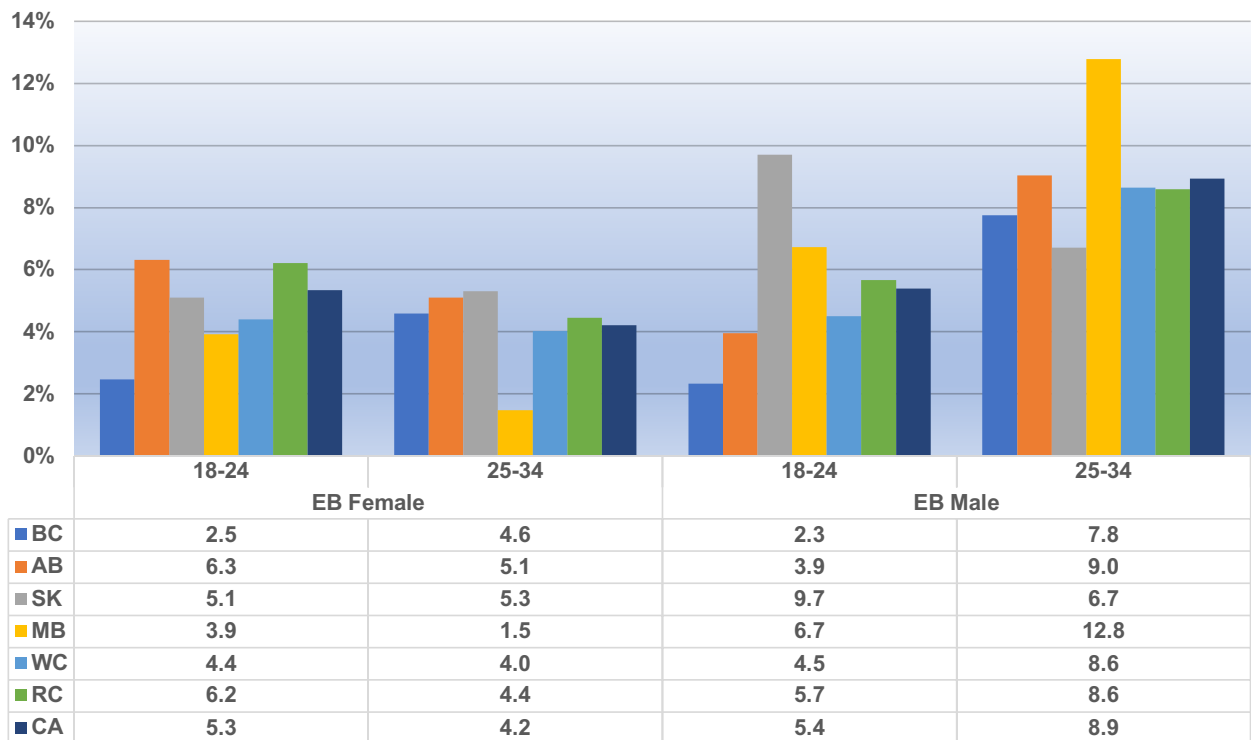
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Some interesting provincial dynamics emerge:

- Alberta females significantly exceed their male counterparts in *TEA* within the 25-34 age group (34.4% versus 23.9%).
- Moreover, Alberta females exhibit a significant jump between age cohorts for *TEA*, a jump not seen for males; 14.7% of Alberta female youth aged 18-24 report *TEA* versus 34.4% in the 25-34 age category (a 19.7% jump).

Established Business ownership rates provide a different picture of the gender gap.

3.8: Established Business Rates for Youth, by Gender, by Western Province and the Rest of Canada (2019)



The gender gap for *EB* rates in the younger cohort are quite small. No significant differences emerge regionally.

The one exception provincially is that in Manitoba, the male *EB* rate for those aged 25-34 is 12.8% versus a female rate of 1.5% (a gender gap of 11.2%).

Summary and Research Opportunity: There is a significant gender gap in regard to TEA activity for Western Canadian youth aged 18-24. This gap diminishes when looking at the 25-34 age group. Established Business rates demonstrate no significant gender gap, except for older youth (25-34) in Manitoba.

Alberta females significantly exceed their male counterparts in TEA activity within the 25-34 age group and demonstrate a significant jump between age cohorts for TEA activity not seen by males.

Policy interventions to help bolster involvement in TEA of young females aged 18-24 within Western Canada are advisable.

Some key questions include: What lessons can be learned from Alberta in regard to boosting TEA rates for females, given their high involvement in TEA in the 25-34 age group? And how can we encourage more women in the youth demographic to transition from TEA into EB activity?

Sector Participation

Sector participation is identified via an open-ended question asking for a description of the new business. This description is used to classify the business according to the 4-digit categories of the International System of Industry Classification (ISIC 4D). There will be only a few examples in any given 4-digit group, so all those in the same first-digit category are grouped (ISIC 1D). The results of these groupings for TEA are presented below in Figures 3.9a and 3.9b.

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Figure 3.9a: Youth Entrepreneurship, TEA by Sector,
Western Canada (2019)

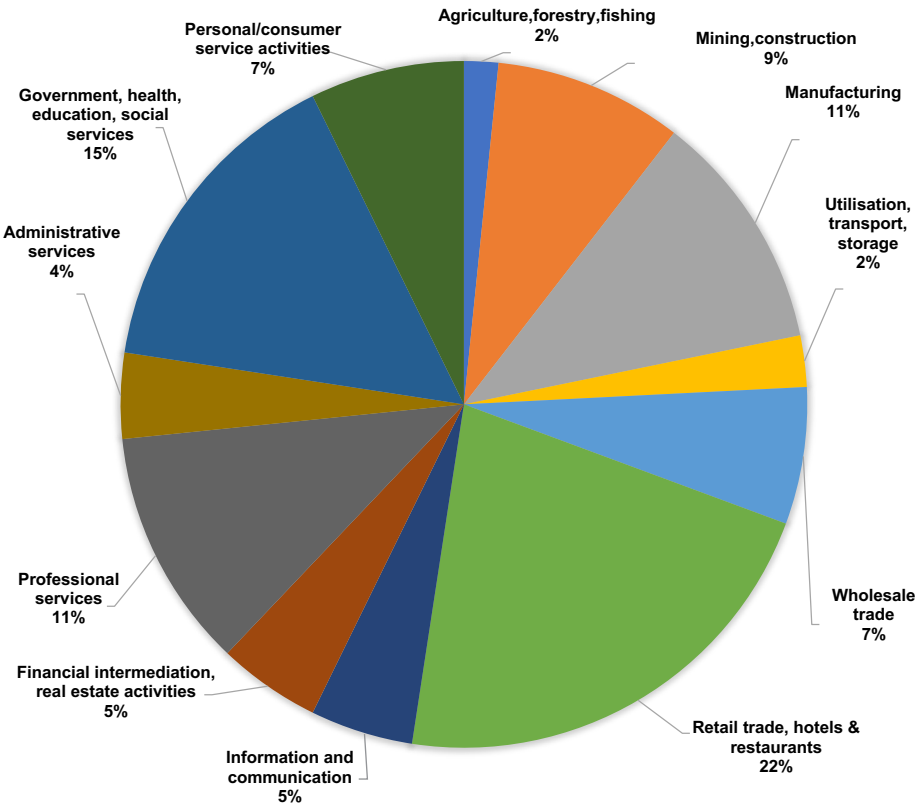
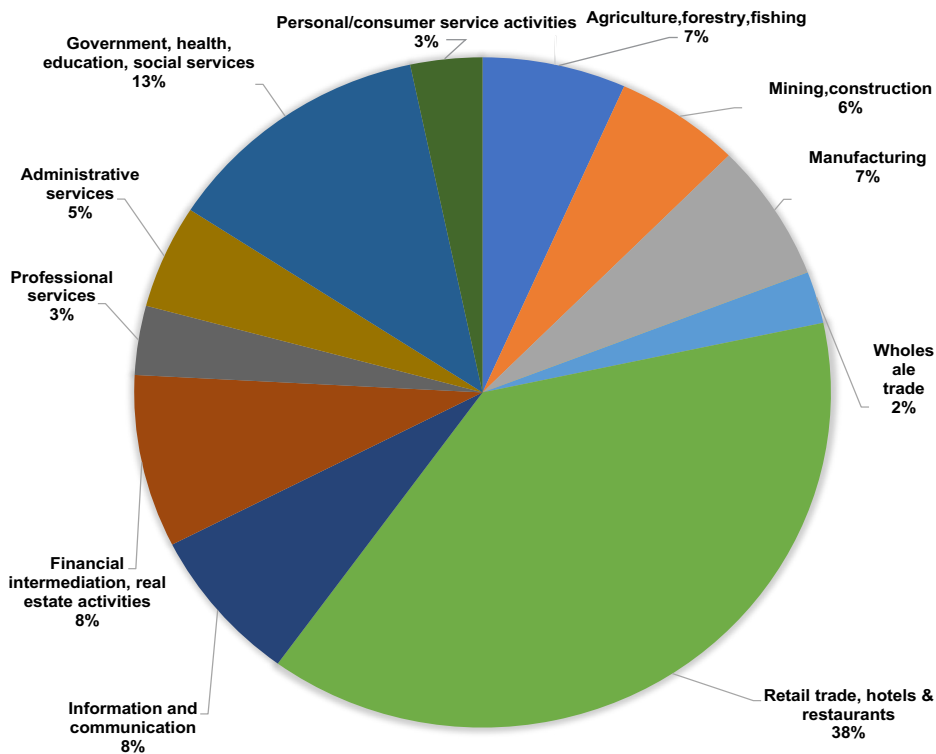


Figure 3.9b: Youth Entrepreneurship, TEA by Sector,
Rest of Canada (2019)



These figures reveal that **TEA by sector** differs slightly for Western Canadian youth as compared to the Rest of Canada. The top sectors for young people (18-34) in the Western provinces include:

- Retail trade, hotels, and restaurants (22%)
- Government, health, education, and social services (15%)
- Professional services (11%)
- Manufacturing (11%)

In the Rest of Canada, youth (18-34) are primarily engaged in these **TEA sectors**:

- Retail trade, hotels, and restaurants (38%)
- Government, health, education, and social services (13%)
- Financial intermediation and real estate activities (8%)
- Information and communication (8%)

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Both regions' sectoral profiles illustrate diversity in the range of opportunities being pursued for those starting entrepreneurial ventures; this is encouraging from a policy perspective because it signifies the potential to maintain economic diversity.

These findings can also be compared to the sectoral breakdown for youth *EB activity by sector*.

Figure 3.10a: Youth Entrepreneurship, EB by Sector,
Western Provinces (2019)

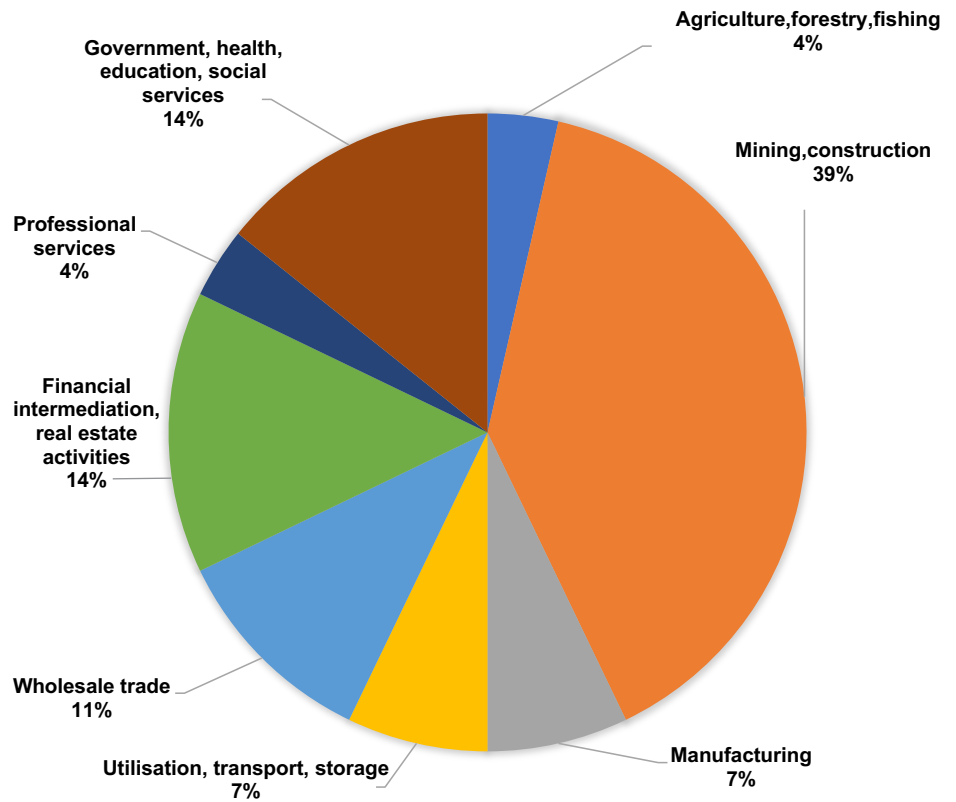
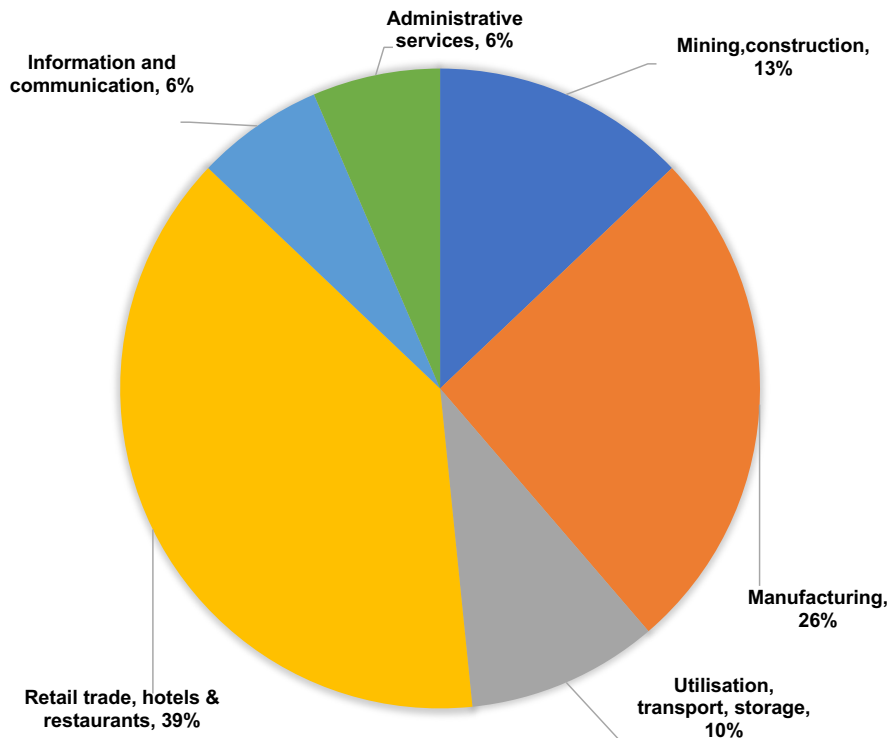


Figure 3.10b: Youth Entrepreneurship, EB by Sector, Rest of Canada (2019)



Among Western Canadian youth (18-34) the rate for *mining, construction* (39%) increases significantly in EB from its TEA level, replacing the dominance of *retail trade, hotels, and restaurants* (with the latter category disappearing altogether – a significant shift). *Government, health, education, and social services* profiles at a similar level in regard to TEA (15%). *Financial intermediation, real estate activities* increases to 14% from 8%. The rise in mining, construction is not surprising, as Western Canada's economy is highly dependent on natural resources, and support for such resource-intense activities is often connected to *mining, construction*.

While only twelve sectors are represented in *TEA* for Western Canadian youth, there are only eight sectors in *EB*, indicating less diversity among more established entrepreneurial enterprises.

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In the Rest of Canada, youth (18-34) reported being involved with *retail trade, hotels, and restaurants* (39%), *manufacturing* (26%), and *mining, construction* (13%). There are significant jumps in *manufacturing* from *TEA* to *EB* in this region.

While eleven sectors are represented in *TEA*, only six are connected to *EB* ownership, indicating less diversity for more established enterprises (as was evident in the youth trends for Western Canada).

Summary and Research Opportunity: Almost 50% of Western Canadian youth engaged in *TEA* are involved in four sectors: 1) retail trade, hotels, and restaurants; 2) government, health, education, and social services; 3) professional services; and 4) manufacturing. This differs from the Rest of Canada, where significantly more youth are involved in *TEA* in the retail trade, hotels, and restaurants sector.

In terms of established business entrepreneurial activity, 67% of Western Canadian youths are involved in: 1) mining, construction, 2) government, health, education, and social services, or 3) financial intermediation and real estate activities. Retail trade, hotels, and restaurants disappears entirely in Western Canada. Sectoral pattern shifts are also apparent in the Rest of Canada but are not as pronounced.

Economic diversity indicated via sector participation declines both in Western Canada and the Rest of Canada for *EB*. Overall, sector participation rates indicate that new entrepreneurial business activity for youth is not the same as the rates for existing businesses, especially in Western Canada.⁴⁹

In terms of future research, connecting exits and discontinuances to the dynamics of specific sectors (i.e. why Western Canadian youth are not transitioning their businesses in retail trade, hotels, and restaurants into established enterprises) could yield some interesting insights.

⁴⁹ Sectoral shifts in *TEA* and *EB* activity were also found in the *GEM Saskatchewan 2019 Report*, p. 23: <http://thecis.ca/gem-2016/reports-and-papers/>. Here, in the wider population, *TEA* was focused on *retail trade, hotels, and restaurants* and *government, health, education, and social services* (35%). In contrast, the *EB* economy was composed of *agriculture, forestry and fishing* and *mining, construction* (54%). This Report suggests that within Saskatchewan the difference might be explained by the social enterprise orientation found in new entrepreneurs, as demonstrated in the motivational data in which *making a difference* figures prominently.

This chapter explores entrepreneurs' aspirations for the future, and the consequences for the economy, focusing on factors like job creation, export orientation, and innovation.

Aspirations

In recent years, increased attention has been paid to particular types of entrepreneurship as they relate to the aspiration levels of the individuals involved in them. While the degree of involvement in entrepreneurial activity in general is essential information, many academics and policy makers today are interested in particular types of entrepreneurial activity.

The following (ambitious) types of entrepreneurship can be determined using GEM data:

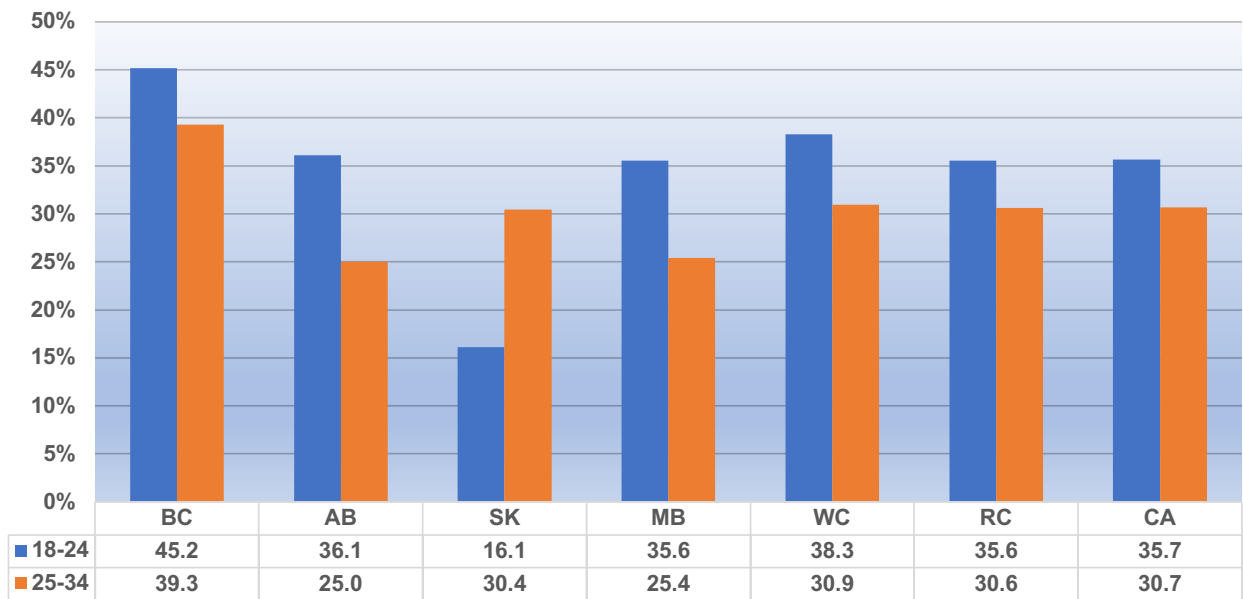
- Entrepreneurship with high expectations for jobs and growth;
- Entrepreneurship with (self-reported) innovative characteristics in terms of the novelty of what is offered to existing markets; and
- Entrepreneurship with a (self-reported) international orientation and with revenues generated from exports.

Job Creation

Job creation is one of the most discussed consequences of entrepreneurship and is of considerable importance to the younger segment of the Canadian population.

Figure 4.1 illustrates the level of expected growth in the TEA youth population by age cohort in response to the query: expects more than 5 employees in next 5 years.

Figure 4.1: Job Aspirations of Youth for the Next 5 Years, Western Provinces and the Rest of Canada (2019)



CHAPTER 4: YOUTH ASPIRATIONS

As this figure reveals, there are no significant regional differences, in either youth age cohort, in terms of *job aspirations*.

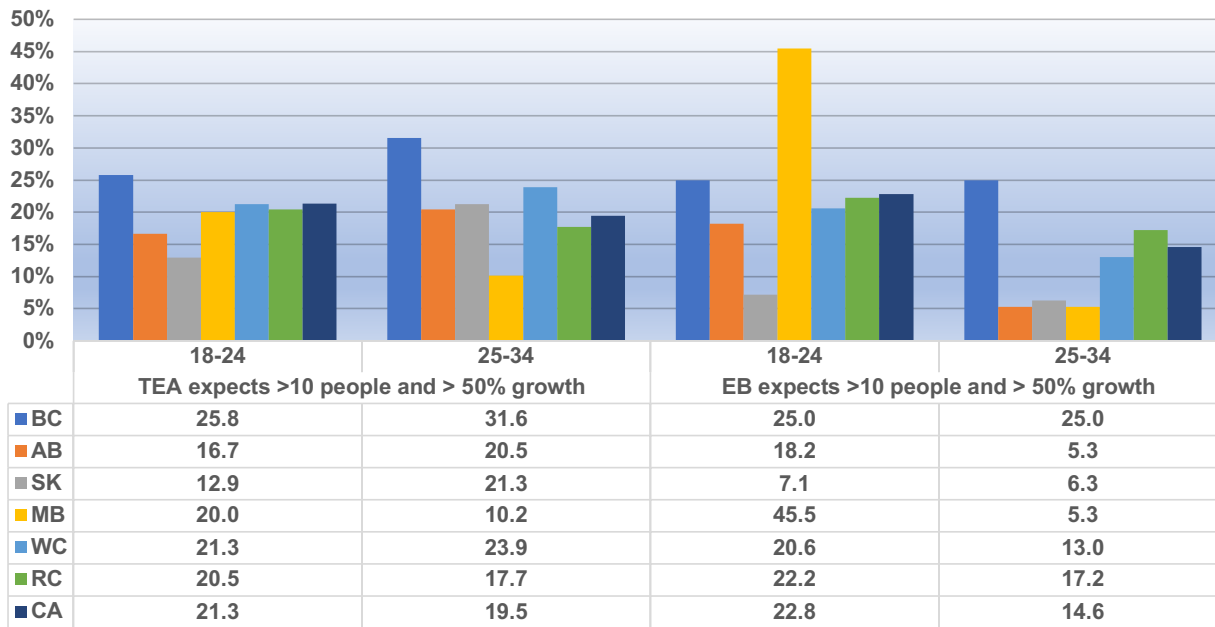
In Western Canada, 38.3% of younger youth aim to grow their business by more than five employees in the next five years, and 30.9% of those aged 25-34 have the same expectation. The figures for the Rest of Canada are 35.6% and 30.6%, respectively.

Bigger differences in regard to *job aspirations* are found between provinces and age cohorts:

- In BC, 45.2% of youth aged 18-24 wish to increase beyond 5 employees in the next 5 years versus just 16.1% in Saskatchewan. Also, in BC, 39.3% youth aged 25-34 want to grow their business; this is in sharp contrast to Alberta and Manitoba (both about 25%).
- Saskatchewan sees an increase in *job aspirations* between the 18-24 and 25-34 age cohorts of 14.3%.
- In contrast, in Manitoba, job aspirations decline with age by just over 10%.

Another way to measure this growth is via *high growth aspirations* (those aspiring for more than 10 employees and more than 50% growth in the next 5 years). The youth data for this indicator is presented below for both TEA and EB.

Figure 4.2: High Growth Aspirations of Youth, Western Provinces and the Rest of Canada (2019)



As Figure 4.2 indicates, there are no significant regional differences in either youth age cohort in terms of *high growth aspirations* in either the *TEA* or *EB* samples.

In Western Canada, just over 20% of all youth (18-34) engaged in *TEA* aim to grow their business by more than 10 employees and expect more than 50% growth. For youths running *Established Businesses* in the 18-24 age category, this rate is 20.6%; with 13% for older youth (25-34).

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Significant differences between provinces are apparent for *high growth aspirations*, both in terms of *TEA* and *EB*:

- BC youths aged 18-24 involved in *TEA* have much greater *high growth aspirations* than those in Saskatchewan (25.8% versus 12.9%). BC youths aged 25-34 engaged in *TEA* also surpass all other provinces in terms of *high growth aspirations*. This difference is most pronounced between BC and Manitoba (31.6% versus 10.2%).
- *Established Business* owners with *high growth aspirations* are more often found in Manitoba (45.5%) in the 18-24 age category (perhaps due to the province's higher level of economic diversity, as discussed in Chapter 1), and in BC (25%) in the 25-34 age category.
- Saskatchewan has significantly lower *high growth aspirations* than all other provinces in the 18-25 age cohort.

The results for *TEA* and *EB* in regard to *high growth aspirations* can also be compared with the wider national population: 18.2% for *TEA* and 8.8% for *EB*. In Western Canada, the rate of youth aged 18-24 involved in *EB* significantly exceeded the average of the broader adult sample (20.6% versus 8.8%).⁵⁰ The significance of this difference diminishes in the older youth cohort.

Summary and Research Opportunity: There are no significant regional differences in either youth age cohort in terms of job aspirations or high growth aspirations. Significant provincial differences are apparent, however.

Western Canadian youth aged 18-24 engaged in *EB* have significantly greater high growth aspirations than the national population. Policy attention directed toward considering how best to leverage these higher-than-average hopes among youth who have already transitioned into lasting entrepreneurial ventures seems well advised, especially in Manitoba where the numbers are significantly higher.

⁵⁰ GEM Canada 2019/2020 Report, p. 40: <http://thecis.ca/gem-2016/reports-and-papers/>

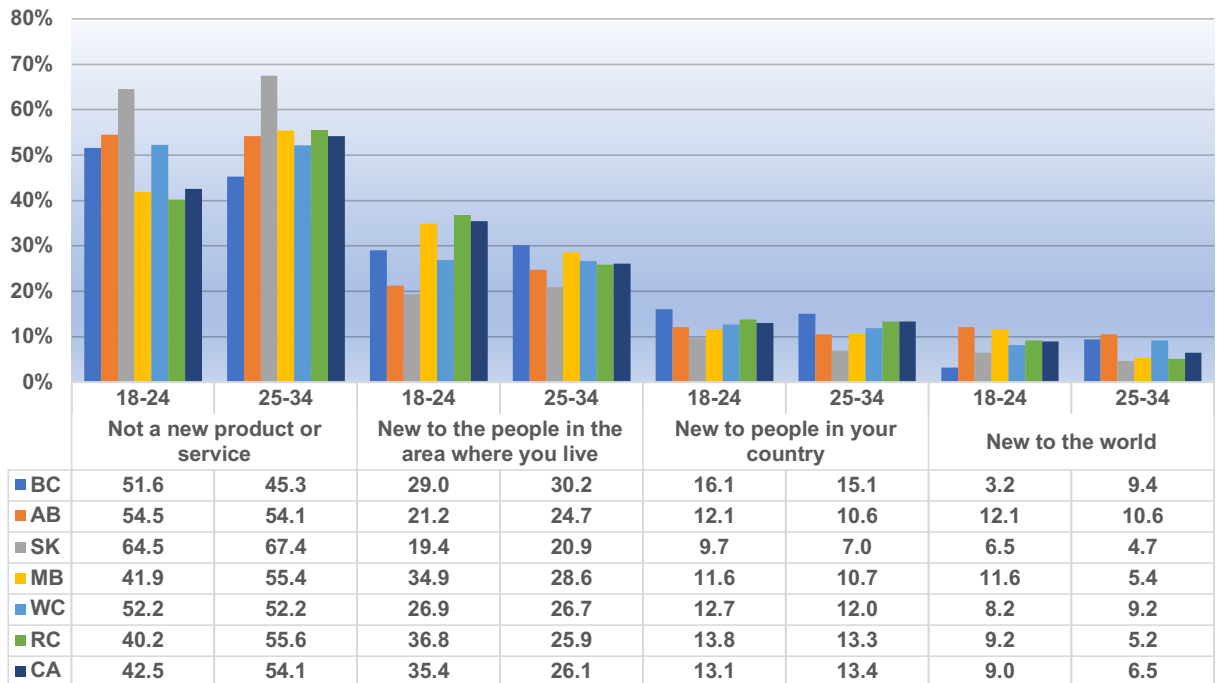
Further research into what motivates these high growth aspirations is also merited: is the aim to expand the market, to generate revenues and accumulate wealth, or something else? For example, do the uniquely high growth expectations of BC youth engaged in TEA relate to the province's high cost of living and a concomitant need for a new business to become an established business?

Product Novelty

Innovation is a major goal of entrepreneurship policy. It is hard to define innovation precisely. In some respects, all new initiatives entail an entrepreneur undertaking something new. However, the definition of innovation most relevant for purposes of this Report is an activity new to a particular market.

Initiatives that provide products or services that are novel or unfamiliar in a market clearly fall inside this definition. As well, initiatives that have no competitors are also clearly innovative within the relevant market. This definition coincides with GEM data on the TEA population: the share of customers who are expected to find the new product or service novel or unfamiliar (innovative) in that market. Findings for Canada's youth population are supplied in Figures 4.3 (for products or services) and 4.4 (for technologies or procedures).

Figure 4.3: TEA Product or Service Novelty for Youth by Western Province and the Rest of Canada (2019)



CHAPTER 4: YOUTH ASPIRATIONS

The novelty of products or services offered by Western Canadian youth engaged in TEA is significantly different from that of the Rest of Canada in the 18-24 age cohort; for example, in the Western provinces, 52.2% of youth aged 18-24 report that what they are offering is **not a new product or service**, versus 40.2% for the Rest of Canada.

In the 18-24 age demographic, significantly more youth in the Rest of Canada are offering a product that is **new to the people where they live** than in Western Canada: 36.8% versus 26.9%, respectively.

There also appear to be some noteworthy provincial trends:

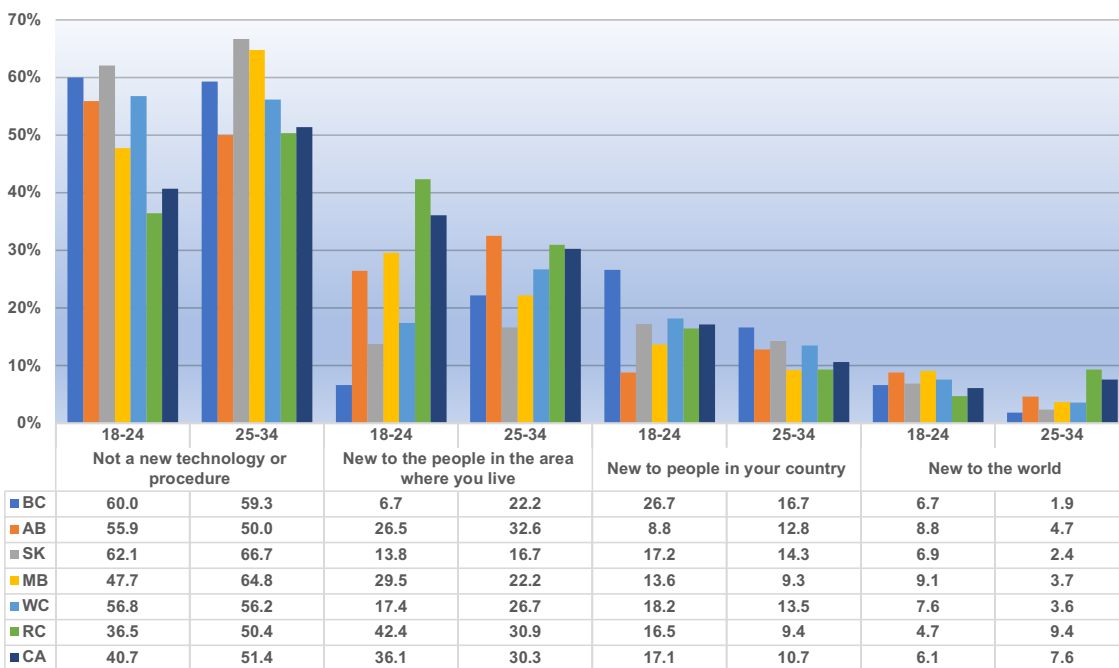
- Saskatchewan youth are less likely to provide a new product or service, responding significantly higher in the **not a new product or service** category than youth in other provinces, in both age cohorts.

CHAPTER 4: YOUTH ASPIRATIONS

- Youth in Manitoba's older age cohort (25-34) are significantly more likely not to offer product novelty. However, the province records the highest number of youth aged 18-24 offering a product that is *new to the people or area in which they live*, especially in comparison to Saskatchewan (34.9% versus 19.4%).

Comparable data for technologies and procedures offered by youth engaged in TEA was also available and is presented in Figure 4.4.

Figure 4.4: TEA Technology or Procedure Novelty for Youth by Western Province and the Rest of Canada (2019)



There are significant differences between youth in Western Canada and the Rest of Canada in the 18-24 age cohort. In the Rest of Canada, 42.4% of youth aged 18-24 report offering a technology or procedure that is *new to the people in the area where you live* versus 17.4% of Western Canadian youth. Western Canadian youth also track significantly higher for *not a new technology or procedure* in the 18-24 age category: 56.8% versus 36.5% in the Rest of Canada.

CHAPTER 4: YOUTH ASPIRATIONS

Some differences emerge between provinces, most notably that Manitoba has significantly more youth aged 18-24 (29.5%) offering a technology or procedure that is *new to the people in the area where they live* than do British Columbia (6.7%) and Saskatchewan (13.8%). Moreover, significantly more youth aged 18-24 in BC (26.7%) are offering a product that is *new to the people in your country* than in Alberta (8.8%).

Summary and Research Opportunity: Western Canadian youth in either age cohort engaged in TEA are generally not offering a product or service, or a technology or procedure, new to their area, country, or the world. Put another way, their self-reported innovative characteristics are quite low. In the 18-24 age demographic, significantly more youth in Western Canada, in comparison with the Rest of Canada, claim that the product or service they are providing is not new; the same pattern is evident for novelty of technologies and procedures.

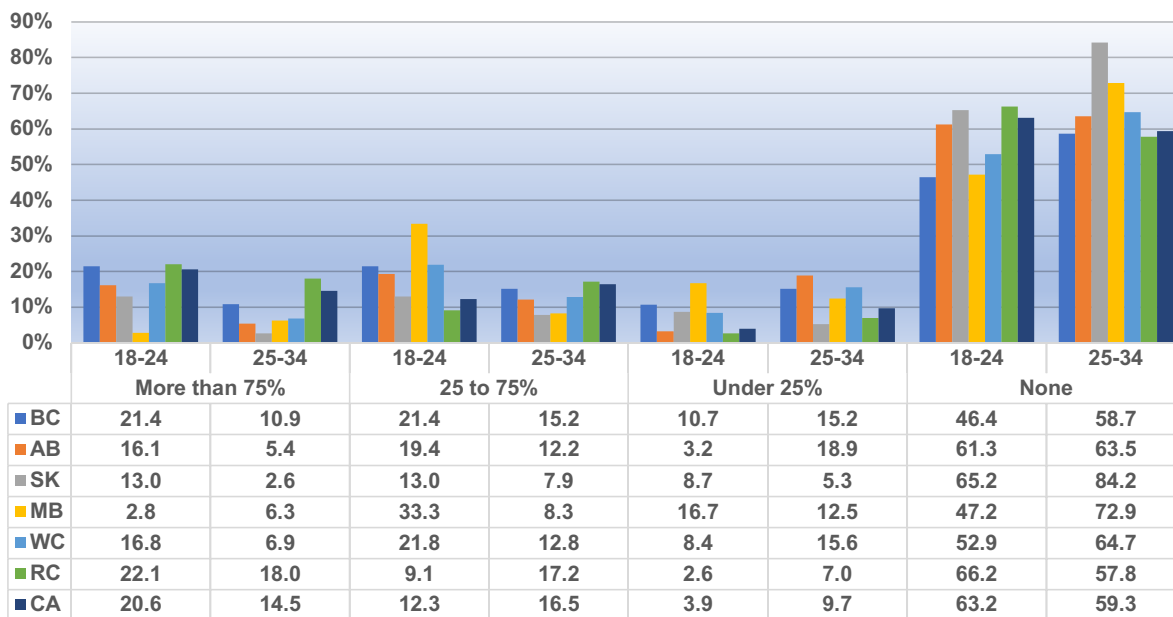
Policy consideration should be given to how much effort should be taken to encourage youth entrepreneurs to create products, services, technologies, and procedures that are new to their area, country or the world.

A research question that presents itself is: Can these results around lack of novelty be explained by the vast range of goods available to consumers within our ecosystem via the ease and ubiquity of e-commerce platforms?

Export Orientation

Another activity thought to be correlated to innovation is export orientation. The GEM survey provides data on the expected share of revenues coming from outside Canada. The responses are divided into ranges from none to over 75%. Data for this indicator are provided for TEA in Figure 4.5 and for EB in Table 4.1.

Figure 4.5: Revenue Generated from Exports, Youth TEA, Western Provinces and the Rest of Canada (2019)



Western Canadian youth in the 25-34 age cohort engaged in *TEA* have significantly less-intense export orientations (*more than 75% of revenue generation*) than the same cohort in the Rest of Canada; only 6.9% of youth in this age category in Western Canada report high export revenue versus the 18% reported in the Rest of Canada. However, younger youth in Western Canada (18-24) are significantly more likely to report **25-75%** of their revenues coming from outside the country than younger youth in the rest of Canada: 21.8% versus 9.1%.

Provincially, BC proves to be an exception in the younger age demographic in Western Canada, with 21.4% of the 18-24 age group reporting *more than 75% revenue generation*, in contrast to just 2.8% in Manitoba. However, younger youth (18-24) in Manitoba do score higher (33.3%) in the **25-75% revenue generation** category than other provinces.

Whether or not these revenue aspirations align with what we know about current activity can be examined by exploring EB activity across the country.

CHAPTER 4: YOUTH ASPIRATIONS

CHAPTER 4: YOUTH ASPIRATIONS

Table 4.1: Revenue Generated from Exports, Youth EB, Western Provinces and the Rest of Canada (2019)

	More than 75%		25 to 75%		Less than 25%		None	
	18-24	25-34	18-24	25-34	18-24	25-34	18-24	25-34
WC	31.0	13.4	20.7	16.4	3.4	1.5	44.8	68.7
RC	0.0	22.2	0.0	7.4	33.3	11.1	66.7	59.3
CA	7.3	17.2	7.3	11.1	25.5	8.1	60.0	63.6

As Table 4.1 reveals, Western Canadian youth who are **Established Business** owners may be more likely to generate significant revenue from exports (**more than 75%**) than those in the Rest of Canada in the younger age demographic. In the 18-24 age cohort, 31% of **EB** owners reported that **more than 75%** of their business revenue is generated from outside the country whereas none in the Rest of Canada did. This pattern does not continue in the 25-34 age category. There is a significant difference between the export orientations of the Western Canadian youth age cohorts: those in the 25-34 cohort are much more likely to report none in terms of export activity versus those in the 18-24 group: 68.7% versus 44.8%.

This suggests some strong differences between early and more established business activity in regard to exports.

Summary and Research Opportunity: In terms of TEA, youth in Western Canada are aiming to build much more localized businesses within their communities, and are generating revenues from within.

It is recommended that additional educational opportunities be provided to early entrepreneurs, especially those in the 25-34 age cohort, to appreciate the dynamics of new markets. The findings on exports reported above suggest that the realities of running a business may shift the dynamics of whom you sell your product to. More revenue generation opportunities may present themselves the longer you are in business; or, to remain financially viable, you may end up marketing your product elsewhere.

Research that aims to track the transition of youth entrepreneurs' export behaviour and revenue generation as they transition from TEA to an Established Business could offer additional insights into these findings.

Summary

This Report constitutes the first-ever specific look at youth entrepreneurship in Western Canada. It provides a detailed look at the areas of strength and weakness within this ecosystem using the attitudes, activities, demographics, and aspirations of youth in the Rest of Canada as a benchmark.

Based on this document's results, three summative findings are clear.

First, distinct differences between the regions of Canada shape the environment in which youth entrepreneurship takes place. This includes specific challenges faced more acutely by youth entrepreneurs in Western Canada that merit policy consideration.

Second, meaningful differences between the Western provinces and variations between youth age cohorts (18-24 versus 25-34) are apparent. Recognizing the dynamics of these disparities, as this Report attempts to do, is an important first step and can provide important direction for policy-directed action in the future.

Finally, there is much to learn about youth entrepreneurship in Western Canada that extends beyond the scope of the questions posed in the GEM dataset. Each chapter in this Report proposes questions meriting further exploration. Enhancing our understanding through different research strategies, in conjunction with the insights provided by the GEM Adult Population Survey, can only serve to strengthen the types of policy action that are developed.

This Report also offers some specific recommendations for policy makers (ten in total) – strategies for strengthening and supporting the entrepreneurial ecosystem in Western Canada. Three communication strategies are also provided, which focus on improving informational exchanges throughout the region.

CHAPTER 5: SUMMARY AND RECOMMENDATIONS

Recommendations

1. Tackle negative perceptions regarding the *ease of starting a business* for youth in Western Canada, especially in the younger age demographic (18-24) and in BC in particular.
2. Increase *perceived opportunities* for younger youth. Efforts could also be made to narrow the gap between *perceived opportunities* and *perceived capabilities* for youth aged 18-24.⁵¹
3. Support youth involvement in *autonomous startups*.
4. Increase *TEA* for the 18-24 age category in the Western provinces to match the Rest of Canada. In addition, approaches that may help close the gap between *TEA* and *EB* rates for Western Canadian youth should be adopted.
5. Improve Saskatchewan's *TEA* in its youth cohorts. This could be beneficial to its ecosystem, given its higher rate of *EB* in older age cohorts (35 and up).
6. Recognize the different skill sets of entrepreneurs based on their education levels. For example, youth in Alberta might need a little more support given the province's higher-than-average numbers of youth aged 18-24 engaged in *TEA* who only have *some high school*.
7. Implement strategies in the K-12 education system to increase young women's *perceived capabilities* to be entrepreneurs. A lasting intervention of this kind might help diminish gaps in both age cohorts. Moreover, in BC, more attention could be paid to expanding networking opportunities (*knowing an entrepreneur*) for younger female youths and to reducing *fear of failure*.
8. Bolster involvement of young women aged 18-24 in *TEA* in Western Canada.

⁵¹ As a potential point of intervention for closing the gender gap, this recommendation is consistent with the *GEM Canada 2019/2020 Report*, p. 9: <http://thecis.ca/gem-2016/reports-and-papers/>

9. Leverage higher-than-average job aspirations on the part of youth who have already transitioned into lasting entrepreneurial ventures. In Western Canada, youth aged 18-24 engaged in *EB* significantly exceed the broader adult sample average (20.6% versus 8.8%) for *high growth aspirations*.
10. Create additional educational opportunities for those engaged in *TEA*, especially in the 25-34 age cohort, around dynamics of new markets (aiming for *75% of revenue* generated from export activity). The GEM findings suggest that for youth in this age category, the reality of running a business may shift the dynamics of who you sell your product to. More revenue generation opportunities can present themselves the longer you are in business; or, to remain financially viable, you may end up marketing your product elsewhere.

Communication Strategies

1. *Take advantage of positive perceptions about entrepreneurship as a good career choice, one deserving of high status and well represented in the media, to build a culture of youth entrepreneurship using social media channels.* Consider focusing on entrepreneurship case studies that exemplify a concerted effort to promote economic growth and create jobs, and that promote the lifestyle choice of entrepreneurship. It is recommended that organizations use different social media platforms to highlight youth accomplishments and make additional efforts to connect with the media regarding the local and provincial accomplishments of youth entrepreneurs. This is likely to have a large impact, as youth in Canada are more connected than ever before.

CHAPTER 5: SUMMARY AND RECOMMENDATIONS

2. ***Strengthen ways to share best practices across the Western provinces.*** Provincial strengths and weaknesses in the West are identified throughout this Report; ensuring that mechanisms (i.e. via conferences, webinars, informational exchanges) are available for communication between relevant stakeholders about high-impact practices to assist youth entrepreneurs is thus advisable. Practices that are shared should have clear metrics for demonstrating evidence of success, and the potential to be replicated or adapted to other provincial settings.
3. ***Continue collecting baseline data on youth entrepreneurship and conduct more qualitative studies on youth entrepreneurship aimed at understanding the challenges identified in this Report in regard to attitudes, activities, motivations, funding dynamics, and aspirations.*** GEM data comprise an excellent departure point for providing a look at Western youth entrepreneurs – who they are and where they are going. Multiple research questions (highlighted in each section) also arise in response to this data – questions that go beyond what GEM addresses, and which, if answered, might, with an evidence-informed base, enhance and improve the types of policy supports being offered to youth entrepreneurs.

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2019**

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THECIS (The Centre for Innovation Studies) is a not for profit organization devoted to study and promotion of innovation. Based in Calgary, Alberta, and Incorporated in 2001, it operates through a network of 35-40 **THECIS** Fellows.

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The Western Canada Youth Report 2019/2020 is available at www.gemconsortium.org

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



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