



Building a Culture of Entrepreneurship

The biggest growth in Canada's economy, productivity and job creation is through its' small and medium sized companies or SME's. Given that Canada's population is aging, and that a substantial number of today's older and experienced entrepreneurs will soon be retiring – to maintain this economic growth and prosperity -it becomes increasingly important for Canada's youth to fill this projected entrepreneurial void.

Since 1996, young entrepreneurs across Canada have been entering the SME marketplace at three times the rate per year of entrepreneurs over the age of 45. Youth entrepreneurs are found in every sector of the Canadian economy – 20% operate in goods producing and 73% were in the service sector – which includes wholesale/retail, professional services and other services.

Young entrepreneurs have a proportionally higher presence in the knowledge-based industry. Young entrepreneurs tend also to be engaged in research and development activities when operating a company. Businesses owned by youth are typically more likely to be high growth and are, for the most part, financially viable.

Youth entrepreneurs are likely to identify access to financing as an obstacle to increased growth. Some of the barriers to financing include limited credit history; and fewer assets to pledge as collateral. Additionally small firms are normally less established in their sector of operation, and have fewer years of management experience. This contributes to higher than average use of informal financing arrangements such as utilizing personal savings, and family money.

Canadians need to better understand the vital importance of entrepreneurship and small business ownership to the economy. We also need to work together with governments, corporations, and educational institutions to not only build a culture of entrepreneurship throughout the country, but to also build a system that promotes and supports entrepreneurship as a viable career choice.

*Statistics/key findings quoted with permission from Industry Canada (SME Financing Data Initiative). For the full content of Industry Canada's 2010 *The State of Entrepreneurship in Canada* visit http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02468.html