

THE YOUNG AND THE ENTERPRISING:

A STUDY OF YOUTH SELF-EMPLOYMENT IN ONTARIO



FUNDED BY HUMAN RESOURCES DEVELOPMENT CANADA

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Human Resources
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**“The business is you and you are the business.
It’s your career. It’s your financial security.
It’s everything.”**

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- study participant, age 28



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Executive Summary

The goal of *The Young and the Enterprising* was to describe and analyze the experiences of self-employed youth with businesses based in the information technology sector. Human Resources Development Canada funded the project and a team of youth researchers at the Ontario Association of Youth Employment Centres conducted the study.

Method

- Forty-seven interviews were conducted with self-employed youth from Ontario, 17 women and 30 men between the ages of 19 to 30, with businesses in the information technology area. Included in this group were four youth aspiring to become self-employed.

Findings

- Generally, the young entrepreneurs interviewed were very well spoken, enthusiastic and optimistic about their work.
- Young entrepreneurs were supported by a number of conditions. About three quarters of the youth were self-employed without employees (72% of participants), more than half work at home (57%), more than three quarters live with parents or partner (79%) rather than alone, almost half (47%) used their personal savings as a main source of capital and about two thirds have high levels of education (64% have graduated from post-secondary education).
- This group of youth displayed great flexibility and resourcefulness. Daily activities for these workers may vary from day to day. To accomplish the wide range of tasks required to run their businesses, participants use a wide range of skills. The youth felt their computer/ technical, business management, and interpersonal or communication skills were their most valuable assets.
- Participants shared a variety of reasons for pursuing self-employment including dissatisfaction with paid employment, the opportunity and timing seemed right, and lack of paid employment.

The young entrepreneurs interviewed were very well spoken, enthusiastic and optimistic about their work.





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- Self-employment requires a large investment of time and energy. This group of youth works an average of 59 hours a week. With such a heavy workload, many found it difficult to maintain a balance between work and leisure activities.
- A concern over the economic feasibility of self-employment led to questions around income and benefits. A large majority of the participants (88%) had a net income from self-employment of less than \$35,000. Visible minority women fared the worst in terms of income, with 7 out of 8 participants making less than \$25,000.
- Almost two thirds of the youth interviewed had not made plans for training, medical insurance or pensions. These workers could be economically vulnerable should an accident or illness occur.
- Over half of the group supplements their self-employment income by working part-time, full-time or taking contracts. About half a dozen youth mentioned they are also enrolled in school. The various combinations of work, school and self-employment may reflect the flexibility required to succeed in today's labour market.
- Access to financing was identified most often (by 40% of the group) as a resource that was missing as the youth started their businesses.
- Participants reported more negative experiences with financial institutions and government than with other businesses and community agencies.
- Despite the long hours and relatively low pay, these young workers are generally satisfied with their working conditions. Most of them would not leave self-employment if offered permanent, paid employment. Enjoying the work and having freedom and independence were considered the most important factors of success.
- Despite a thorough recruitment process, members of equity target groups, young women, youth with disabilities, Aboriginal and visible minority youth, were not well represented in the pool of participants. Participants noted a lack of gender and ethno-racial minority balance in the information technology field.





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- Visible minority women (seven out of eight), more than other youth, acknowledged that they had encountered discrimination in their experience of self-employment.
- Self-employed contractors who can be loosely defined as own-account workers who are self-employed because of the lack of job opportunities, basically want to make a decent wage, and who are not necessarily interested in developing their business, were also absent from the group interviewed. This particular group may not be well connected with traditional business networks, associations or government programs.
- Future research directions may include needs assessment of self-employed contractors, evaluations of self-employment programs for youth “at-risk”, follow up with those who leave self-employment, and barriers to self-employment and /or the IT field for visible minority women.
- The findings of this report suggest a number of recommendations for government, industry and community agencies.





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Recommendations to Policy Makers

For further discussion of the following policy recommendations, refer to the section on Recommendations to Policy Makers in the full report.

1. **Increase access to start-up funds for young entrepreneurs¹**

- It is recommended that financing programs, modeled after existing youth-friendly entrepreneurship loan programs such as the one administered by the Canadian Youth Business Foundation, be expanded to make available more loans and income support at business start-up to alleviate initial cash flow difficulties for young entrepreneurs.

2. **Provide support for an information network on self-employment**

- It is recommended that Human Resources Development Canada (HRDC) provide funds to support existing or new projects initiated by community agencies to create and maintain an accessible and comprehensive on-line information network on self-employment.

3. **Arrange for access to group health benefits and insurance products for the self-employed**

- It is recommended that the option for young entrepreneurs and self-employed contractors to purchase comprehensive, group benefits and insurance products at affordable cost be explored with insurance companies and coordinated through the Ministry of Economic Development, Trade and Tourism.

4. **Expand existing mentoring programs for young entrepreneurs**

- It is recommended that HRDC and Industry Canada, as the main administrators and funders of entrepreneurship services, continue their leadership by sponsoring or expanding upon existing mentoring programs for young entrepreneurs and youth entering the information technology field in a manner consistent with the federal government's commitment to workplace equity.



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¹ The first two recommendations support the findings of the Prime Minister's Caucus Task Force on Youth Entrepreneurship.



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5. *Provide adequate funding to colleges and universities*

- It is recommended that the provincial and federal government (through cost sharing arrangements) provide adequate funding to colleges and universities to ensure youth have the means to acquire a post-secondary education and to graduate without a significant debt load.

6. *Establish support network for self-employed contractors*

- It is recommended that community agencies be provided funds and resources by HRDC and/ or Ministry of Labour to work with self-employed contractors to establish a network and to determine specific needs of this emerging group of workers.

7. *Support computer access and skills development for "at risk" youth who are starting businesses*

- It is recommended that support for public Internet and computer access continue through Industry Canada initiatives such as the Community Access Program and that programs be delivered to youth through OAYEC member agencies.

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Youth and Self-Employment

Youth in Ontario are currently faced with both opportunity and challenge as they enter the labour market. The strong economic growth experienced by the province has brought unemployment rates down considerably in the late 1990s. Job prospects for youth have improved over the last two years². Highly skilled young workers may benefit from technological advances that translate into new work opportunities involving more complex and creative tasks as computers take over monotonous routines. As well as increasing technical jobs, the retirement of a large pool of older workers is predicted to increase demand for jobs in human services such as nursing, policing, teaching and firefighting³. New jobs may emerge to meet demands for culturally specific products and services as Canadian communities increase in ethnic diversity. Aging baby boomers will create new needs and markets as their numbers increase in the new millennium⁴.

Not all youth are equally equipped to take advantage of opportunities in the labour market and some may find challenge rather than opportunity when looking for work. Educational requirements for entry-level positions are increasing. Computer literacy is already a minimum qualification for many positions. Youth who do not graduate from high school or have adequate computer skills are at a disadvantage when looking for work. While more youth are choosing to stay in school longer to achieve higher levels of education, students pay higher tuition fees and graduate with higher debt loads than in past. The period of transition from school to work has become longer and more involved⁵. Youth who do find work may work in temporary, part-time, contract, casual or otherwise irregular jobs. Lack of stable employment contributes to decreasing incomes⁶ and increasing levels of poverty for youth⁷.

Not all youth are equally equipped to take advantage of opportunities in the labour market and some may find challenge rather than opportunity when looking for work.



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² Statistics Canada. Autumn 1999. *Labour Force Update: Youth in the Labour Force, 1998-99*. In Ontario, the proportion of employed youth has increased 1.5 percentage points from 1997 to 54% in 1998. While youth unemployment remains relatively high compared to adult unemployment, the rate has declined in the last two years to 14.6% in 1998.
³ Baxter, David, Smerdon, Jim. July 1999. *Help Wanted: Projections of Canada's Labour Force Over the Next Four Decades*. Urban Futures Institute, BC.
⁴ Foote, David, Stoffman, Daniel. 1997. *Boom, Bust and Echo*.
⁵ Statistics Canada. Autumn 1999. *Labour Force Update: Youth in the Labour Force, 1998-99*.
⁶ Statistics Canada. May 12, 1998. *The Daily*. Incomes of Canadian youth 15-24 declined almost 20% from 1990-1995.
⁷ National Council of Welfare. Autumn 1999. *Poverty Profile 1997*. Poverty rates of families with heads under 25 and individuals under 25 increased throughout the 1990s to 43.6% and 58.2% respectively in 1997.





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Compared to paid employees, the self-employed tend to work longer hours while earning less¹³.



At the same time, self-employment has emerged as a popular option for workers. More than three-quarters of the job growth in Canada since 1989 has been in self-employment. In 1999, the self-employed accounted for 17% of all workers⁸. Compared to self-employment among adults, the proportion of self-employed youth is not as high. In 1999, approximately 280,000 youth (15-29) or 7.2% of young workers were self-employed. While the actual number and share of self-employed youth may be low, youth seem to have a growing interest in entrepreneurship. In one study of youth attitudes, almost a third of respondents expect to be self-employed in the next five years and the profession of entrepreneur was thought to be more desirable than lawyer, teacher or stockbroker⁹.

Many reasons have been proposed to explain the expansion of self-employment^{10,11}. The growth of the service sector and an emphasis on knowledge- and technology- based skills means businesses can start with relatively little capital investment. The demographics of an aging population means there are more mature workers with years of work experience who may be interested, able and willing to take the risk of starting a business. Lastly, lack of stable employment options due to company downsizing, lay-offs and increasing non-standard work arrangements may also influence workers to go out on their own.

Several levels of government have expressed an interest in youth self-employment as a strategy to alleviate youth unemployment. The current Ontario government has set a priority in their economic policy report, "A Road Map to Prosperity" to "foster an environment in which innovation and entrepreneurship can flourish." This includes a strategy to expand entrepreneurship and business courses at the secondary and post-secondary levels. At the federal level, the Prime Minister's Caucus Task Force on Youth Entrepreneurship recently released a report of their consultations in attempt to identify and assess barriers to youth entrepreneurship. The main recommendations to federal government were to develop strategies to promote and market entrepreneurship to youth, reduce duplication of youth



⁸ Statistics Canada. Autumn 1997. *Labour Force Update: The Self-Employed*.
⁹ Royal Bank, Angus Reid Group, D~Code. June 1997. *Building Bridges: New Perspectives on the Nexus Generation*.
¹⁰ Susan Crompton. Spring 1993. "The Renaissance of Self-employment" *Perspectives*, Statistics Canada.
¹¹ Lin, Zhengxi, Yates, Janice, Picot, Garnett. 1999. *Rising Self-employment in the Midst of high Unemployment: An Empirical Analysis of Recent Developments in Canada*. Statistics Canada.



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small businesses, which are often characterized by low productivity, below average incomes and marginal profitability, are not necessarily effective in stimulating economic growth. Also, job creation in small business occurs in conjunction with job destruction due to high turnover, layoffs and bankruptcies¹⁶.

There seem to be a variety of factors, both personal and environmental, which interact to influence youth to enter self-employment. Societal values and expectations about work and about youth shape the environment in which choices are made. There are also implications for quality of work, job security and economic self-sufficiency with the growth of self-employment.

This project will provide space for youth to express, in their own words, the effects of self-employment on their lives and in relation to changes in the labour market.

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¹⁶ Standford, Jim. 1999. *Paper Boom*. Canadian Centre for Policy Alternatives.

The Project

Background

Window on Youth Employment is a research project conducted by the Ontario Association of Youth Employment Centres (OAYEC) with funding from Human Resources Development Canada. The overall goal of the research project is to improve awareness of youth employment issues in Ontario and Toronto. Under this initiative, *The Young and the Enterprising* grew from an interest to focus specifically on youth self-employment.

Member agencies of OAYEC have a history of providing high quality employment services to youth in local communities across Ontario. Several OAYEC agencies have experience and interest in the delivery of self-employment training and workshops for youth through programs such as Generation E¹⁷ in partnership with Self-Employment Development Initiatives. Results of this research may provide insight to assist in future program development.

Project Goal

- To describe and critically analyze the experiences of youth who are self-employed or aspiring to be self-employed with businesses in the information technology sector in Ontario

Objectives

- To inform youth, community partners and policy makers of the feasibility and quality of youth self-employment
- To make policy, program and service recommendations to the private and public sectors
- To relate the experiences of self-employed youth to changes in labour market structure and employment policies

The Researcher Team

A team of three youth, a coordinator and two research assistants, conducted all aspects of the research. The team was able to contribute their insight and knowledge to shape the research questions from the start of the project. The collective experiences of joblessness, underemployment and the struggle to find meaningful work among the team grounded the research and helped to focus

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¹⁷ Generation E was an initiative to develop and deliver workshops to increase access and awareness of entrepreneurship to at-risk youth across Ontario.

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Forty-seven open-ended, structured interviews were conducted with youth from urban, southwestern Ontario who were either self-employed or aspiring to be self-employed with businesses based in Information Technology (IT).



the study design. There was interest in highlighting the diversity and strengths of young people. Involvement in the research process gave the team an opportunity to learn new skills such as interviewing, analysis and report writing. The experience was also empowering because it gave youth a chance to contribute to knowledge building, something that does not often happen in traditional research.

Technical assistance was provided by a research consultant and guidance provided by the executive director of OAYEC. An advisory group of community and government representatives with an interest in youth employment helped to develop the proposal for the project. Subsequently, individual members became available as a resource to the project.

Study Design and Methodology

Forty-seven open-ended, structured interviews were conducted with youth (up to 30 years old) from urban, southwestern Ontario who were either self-employed or aspiring to be self-employed with businesses based in Information Technology (IT). An aspiring candidate was someone who was participating in an entrepreneur training program or had a business plan developed, ensuring business start-up in the near future. In fact, almost all youth interviewed were self-employed, only four of the participants had not yet begun their business at the time of the interview.

A questionnaire focusing on demographic information accompanied the interview questions. Interviews were held in person or over the telephone between August 17 and October 1, 1999. Participants generously volunteered their time for the interviews, which lasted approximately 45 minutes each. Discussions were audio-taped. The interview question guide can be found in the appendix of this report.

The interview method was chosen because of its strength in capturing descriptive and detailed information from youth themselves on their experience of self-employment. The research design allowed for in-depth study of the issue even with a small number of participants interviewed. The results of this study might also be useful in generating questions for larger scale studies of different industrial sectors.





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In an attempt to control for variation across different occupational sectors, and thereby allow for a more substantial analysis of self-employment conditions, the IT area was chosen for the occupational focus since it is known to be a high growth sector where self-employed youth are represented. Youth with a variety of work experiences within the IT sector were interviewed in order to assess the range of self-employment opportunities available (see work conditions section).

It was felt that previous reports of youth self-employment did not adequately capture diversity among the youth population. Many of the studies reviewed aggregated data and did not provide analysis of gender and ethno-racial differences. Recognizing this limitation, efforts were made to recruit members of equity target groups, in particular women and visible minorities. Key informants in ethno-specific, women's and Aboriginal business organizations, community agencies and employment training programs were contacted for referral of subjects. Despite these efforts, representation of young women and visible minority and Aboriginal youth was lower than anticipated. According to some study participants, workers in the IT sector are still predominantly white male (see Diversity section). Two national women's business associations indicated that their membership tended to be women older than 30.



The Participants

Recruitment of Participants

Study participants were recruited using a variety of methods. Contact was made with a number of organizations including community and OAYEC member agencies providing youth employment services, youth and general business associations, small-business loan programs for youth, youth and general self-employment programs sponsored by governments, IT business associations and private sector IT recruiters (complete list available in appendix) for subject referrals. Interviewees were asked whether they knew other youth who fit the participant criteria and would be interested in participating in the study. Subject recruitment was also done electronically through posting to electronic mailing lists either directly or through a previous contact.

Some of these avenues proved more successful than others in providing referrals to self-employed youth. The most referrals came from organizations that specialized in helping youth entrepreneurs in the IT industry (such as the Shad Valley program in Waterloo and Young Navigators in Toronto). This study may have been seen as an opportunity to showcase their members. The Young Entrepreneurs Association also provided a generous list of members with IT businesses. Many of the general business associations and networking groups contacted seemed to have an older membership, which is consistent with the older profile of self-employed workers in general. Finally, several community trainers in youth self-employment programs observed that only a small proportion of youth enrolled in their programs pursued IT businesses. These programs typically target youth “at risk”¹⁸ which suggests the IT area may not be equally or realistically accessible to all youth.

In evaluating the range of participants recruited, it was noted that own account, self-employed contractors were not represented. On the surface, these people may appear to be employees but they work under an arrangement whereby they have a business contract rather than an employment contract with the employer. It is hypothesized that self-employed contractors may not identify

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¹⁸ The definition of youth “at-risk” may vary depending on the program but typically refers to youth with multiple employment barriers including a combination of systemic (race, Aboriginal status, poverty, etc.) and individual barriers (low education, substance abuse, family status, contact with justice system, etc.).

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The types of businesses youth started in programs targeting youth “at-risk” tended to be artistically, or services-oriented.

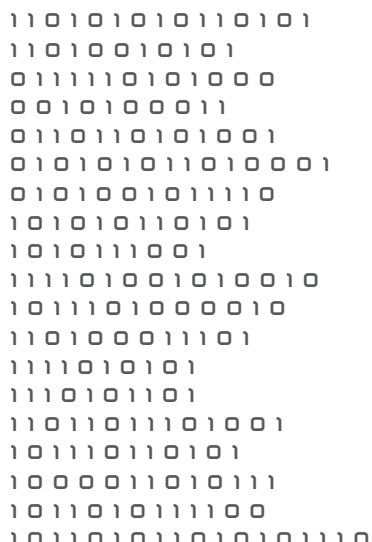


with the self-employed who are more truly entrepreneurial. They may have less contact with traditional business networks, associations and government programs which target “true entrepreneurs”. A comparison of the experiences of self-employed contractors to those of the “true entrepreneurs” may reveal further disparities among the self-employed. Perhaps these people work more through informal networks not accessible to this study.

Key Informant Interviews

Program coordinators and trainers with expertise in the delivery of youth self-employment programs in community-based agencies provided input to the project based on their experience and assessment of employment trends. While these key informants expressed interest in promoting self-employment to youth, they also had concerns regarding funding restrictions and lack of access to and awareness of youth entrepreneurship programs. Current programs may have restrictive eligibility criteria, which favour participants who need the least amount of assistance. This “creaming effect” may limit participation of youth with more extensive employment barriers. The types of businesses youth started in programs targeting youth “at-risk” tended to be artistically oriented, for example, selling hand-made candles, soaps or textiles, or services-oriented. Careers in information technology require access to computers and high levels of specialized computer skills or education not characteristic of this client group.

According to the key informants, the best way to encourage entrepreneurship in youth and create a positive entrepreneurial climate is by introducing entrepreneurial concepts early in the career planning process, making loans and small business information readily accessible to youth and promoting the merits of self-employment among the general public. A few program trainers seem to promote entrepreneurship as more than an employment option but rather a holistic approach to life characterized by creative, problem solving.

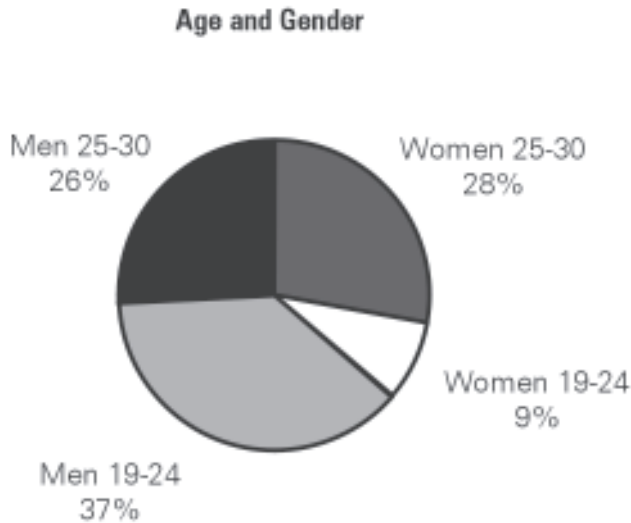


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Description Of Participants

Age and Gender

Out of 47 participants, 17 were women, 30 were men. Just over three-quarters of the women were aged 25-30. The number of older participants, aged 25-30, slightly outnumbered younger participants, aged 19-24.



Equity Group Status

30% of subjects considered themselves members of a visible minority. Aboriginal persons and people with disabilities were present in the sample in very small numbers.

Education

“Education is extremely important for me. I think nobody should start their own business without having a post-secondary education.”
 – female, 30



Study participants tended to have relatively high levels of educational achievement. 64% of participants (82% of women, 53% of men and 86% of visible minorities) graduated from post-secondary education or attained a university degree.

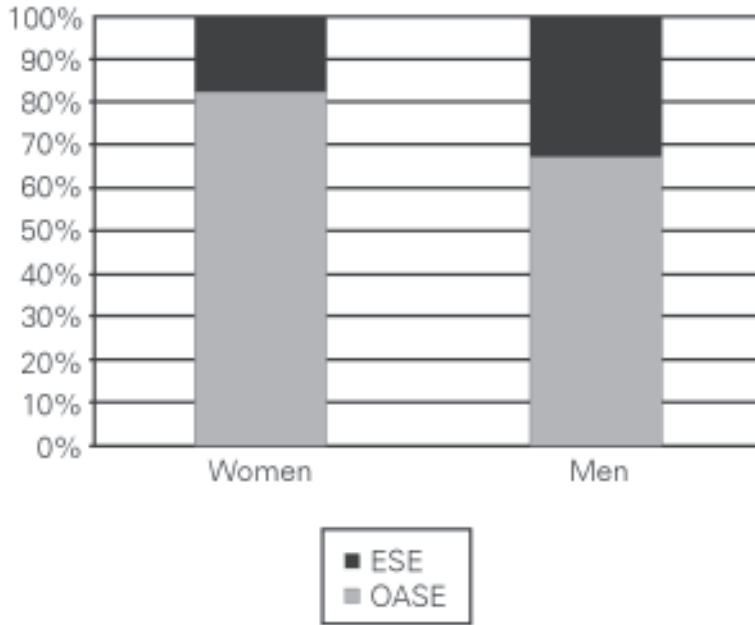
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Own Account versus Employer Self-employed



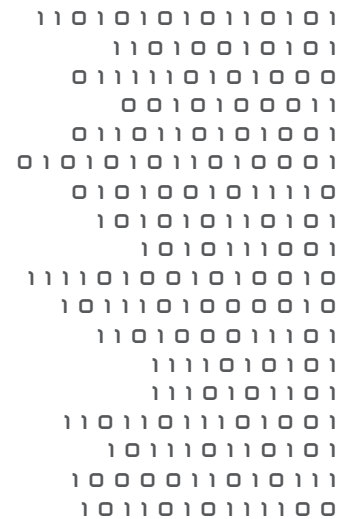
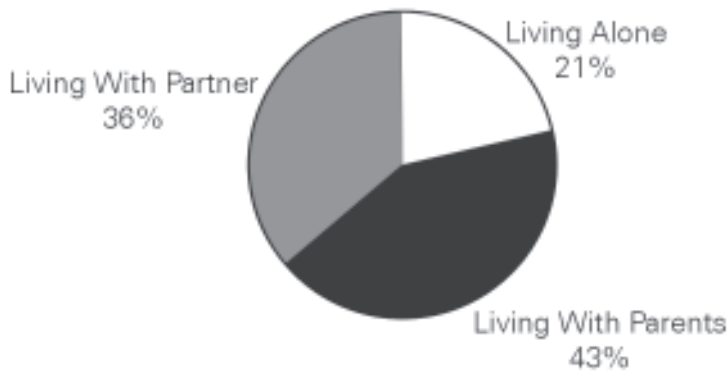
In this group, 28% of participants have employees in their companies, 72% of participants work on their own, without employees.



Living Arrangements of Participants

Twenty-one percent or 10 out of 47 participants lived alone; 17 (36%) lived with partner; the remaining 20 (43%) lived with parents. Of those living with partners, 7 had one or two dependents (4 mothers and 3 fathers). 70% of those living with parents were younger youth (15-24 years) and 82% of those living with partners were older youth (25-29 years); everyone living alone

Living Arrangements



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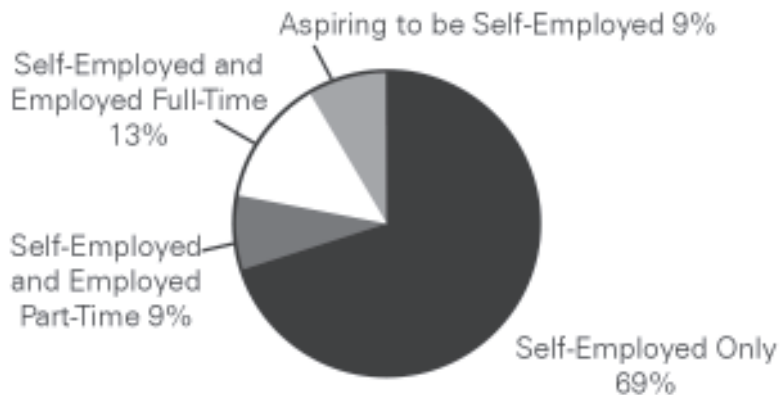
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was 23 years or older. A greater proportion of men than women lived alone and with parents, but women were more likely to live with partners. Participants who lived with their parents said that living at home gave them the opportunity to save enough money to launch their businesses. Likewise, participants who lived with a partner said that by sharing living expenses with another person they could put more money into their businesses than if they lived alone.

Work Status

The majority of this group of young entrepreneurs (70%) declared self-employment as their current work status. A few youth (22%) reported working part-time and full-time in paid employment while maintaining their business. As well as working in multiple jobs, some youth mentioned they are enrolled in school. The various combinations of work, school and self-employment may reflect the flexibility required to succeed in today's labour market.

Work Status



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Findings

The following sections describe the findings of the research. The interview data were analyzed thematically. Direct quotes of the participants are included to provide concrete examples of the themes that emerged. The findings are generally based on responses from 47 participants. Most of the responses of the four youth who were aspiring to be self-employed, but had not yet started their businesses, were incorporated with the larger group unless the question was not applicable. In some instances, not all participants responded to a question. For a detailed summary of number and rate of responses, see tables in Appendix 4.

Work Conditions

Types of Businesses

Interviews started with a discussion about participants' work. This group of 47 youth are involved in a wide range of work within the IT area²⁰. Slightly more than half of the participants have Internet-based businesses, over a quarter have multimedia enterprises, one fifth have graphic and web design companies and about 15% had software design firms²¹.

The majority of participants with Internet-based businesses are building and designing websites. Two young men describe having an e-commerce business with one selling computer parts and services, and the other selling percussion instruments. Two participants provide Internet consulting services.

Over a quarter of participants (28%) work in multimedia. Five young women in this area produce on-line magazines on a variety of topics such as women and sports, small business in Canada, music and young urbanites. A couple of young men do computer animation and CD ROM development.

Ten youth do graphic design work. Almost all of the graphic designers in this group are also website designers. About half (47%) of the participants had multiple areas of IT expertise. People combined areas such as website and software design, multimedia services and software design, software and database design. It may be advantageous to have a broad range of skills and expertise, particularly in an industry that changes so rapidly.

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²⁰ The following discussion does not follow any known job classification scheme but derives categories from responses of the participants.

²¹ Total exceeds 100% because some companies fall within more than one IT area.

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“It’s definitely difficult to get people to see us as a business. You work from home, people don’t think you’re a real company.”

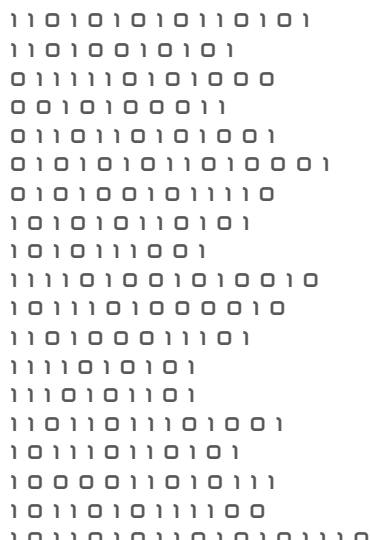
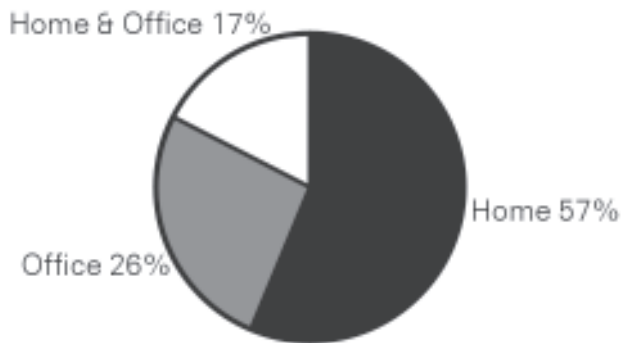


There were seven young people who developed software. One young woman developed training software for pilots. A couple of these companies also provide database design and consultation. One young man owns a retail computer store, another does technical writing and another does computer networking and hardware support.

Women Running IT Businesses

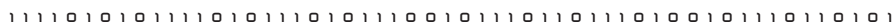
Women in the paid labour force have traditionally remained concentrated in a smaller number of occupations. Gendered patterns of segregation by occupation in paid employment are replicated in self-employed populations²². Some anecdotal evidence suggests that women who enter the IT field are less inclined to pursue more technical areas of IT work such as systems administration and software design and more likely in sales and marketing²³. One gender difference found in this group was that only young women ran on-line magazines.

Location of Work



Location of Work

A question about where the work is done was asked to get a sense of the work conditions these young workers face. Just over half of the participants (26 out of 46) worked out of home offices, about a quarter had offices outside of home and 17% worked both at home and at the office. For those with home



²² Huges, Karen. 1999 "Gender and Self-employment in Canada." Ottawa: CPRN

²³ "Building bridges across the high-tech gender divide" *The Globe and Mail*, Friday, October 29, 1999



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offices, 65% expressed some desire to change their physical workspace by getting an office or arranging for more space. A few people talked about being distracted while at home and one young man thought an office would look more professional. One young woman, who has her office in her bedroom and frequent visitors, did not think that was the best situation. This is how one young website designer coped: "It's definitely difficult to get people to see us as a business. You work from home, people don't think you're a real company. I had to get a separate mailbox and I also pay a corporation to accept mail for me."

There are advantages and disadvantages to setting up business at home. Working from home often means savings in time and money on commuting or office rent, which may be important to youth starting their businesses. Computer based businesses, in particular, are adaptable to home office environments. A few participants even pointed out that they required a minimum amount of capital to start their business because they already had the equipment: a computer.

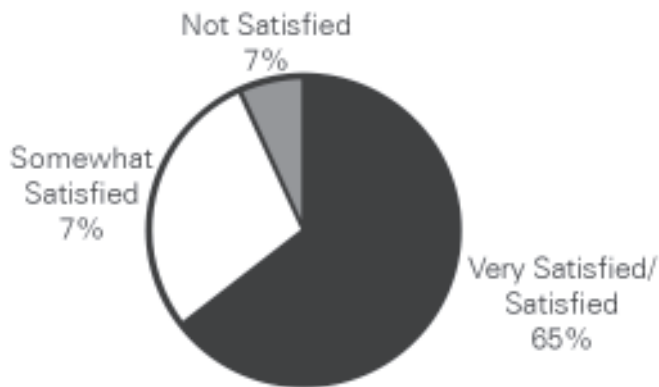
On the other hand, young parents in particular, mentioned the stress of physically combining living and working space. A mother said she would like to send her daughter to day care while she worked at home. A young father said he would like to physically close off household things that go on, such as his son crying while he is on the telephone. Another young man said: "You don't want personal stresses to interfere with your business and you don't want your business to start interfering with your personal life." This suggests a need for innovative ways to deal with space issues. The struggle to create family friendly work environments remains an issue for many workers, self-employed or otherwise.

When asked how satisfied participants were with present work conditions, out of 46 respondents, 65% reported very satisfied or satisfied, 28% were somewhat satisfied and 7% or 3 people were not satisfied. People were similarly satisfied with their work conditions whether they worked from home or not. While having a home office may be inconvenient for some of the participants, it did not seem to affect their overall satisfaction with work conditions. Alternatively, home offices may be considered temporary arrangements to be reassessed once the business becomes more prosperous.

When asked how satisfied participants were with present work conditions, out of 46 respondents, 65% reported very satisfied or satisfied




Satisfaction with Work Conditions



Everyday Tasks

Everyday activities undertaken by participants are varied and numerous. People talked about performing multiple tasks and the variation from day to day. One person said that what he did in a day depends on the project and time of year; another insisted that he did not have regular work days. The range of daily tasks include: meetings with clients, advertisers, suppliers, other businesses; recruitment, hiring and interviewing of staff or sub-contractors; responding to and sending email and making phone calls; faxing and office functions; computer work; marketing, sales, advertising and promotions, overall project management, writing proposals and securing contracts; brainstorming and creative thinking for future projects; research of market trends; business administration, financial and accounting work. A wide range of skills and the ability to be flexible would be required to accomplish this extensive list of tasks. The range of competencies required of youth running their own businesses appear to be extensive even in comparison to workers in paid employment who are often required to be skilled at multi-tasking.

Skills

“Business and networking skills are more important than I originally thought. My ability to talk to people is one of my biggest assets.” 
 – male, 23

Participants were asked what skills they expected to be using to get a sense of how much they knew before starting their businesses and whether those expectations met with reality.

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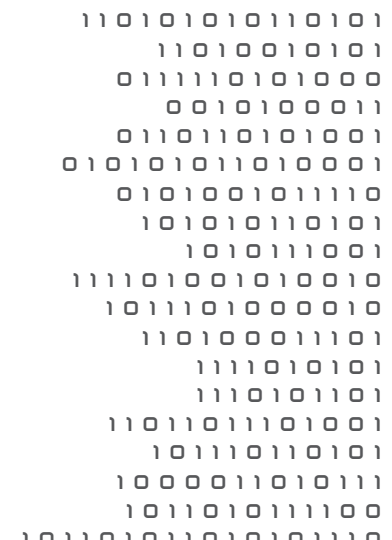
People were generally able to articulate their expectations of skills; only two participants indicated they did not have expectations. The skills expected to be used by most were computer or technical skills, accounting / financial and business skills, marketing and sales, people or interpersonal and communication skills. Other skills participants thought they would use included organization, project management, flexibility and problem solving skills. At least a dozen said that they expected to use all their skills and, in fact, this was the reality for them.

About a half-dozen participants recognized that they need more than technical skills to run their business. Some said: "In business these days, it's not just making a phone call and sending a fax. In order for you to actually compete and get business, you have to have great interpersonal skills." "The ability to meet strangers, talk about what I do, socialize and network seems to almost be more important than the ability to program in Java or do some highly technical things."

A question about skills the participants were not using in their self-employment was posed in attempt to assess the possibility of underemployment. Out of 40 respondents, approximately half (53%) indicated they were indeed using their full complement of skills. Furthermore, self-employment provided opportunities to use and develop more and different kinds of skills, which were not required in previous positions. "I've had to develop a whole additional bunch of skills that I would never really try to develop if I was in a job division," said one web page designer. One young woman said that she was using all the skills she acquired "since kindergarten." One young man characterized self-employment as "maximally self-actualizing" in relation to other (presumably paid) positions.

The other half of respondents (47%) felt they had skills, which they were not utilizing. About half a dozen participants spoke about having skills associated with degrees (for example, in geology, French and other languages, architecture, arts) which they were not using currently in self-employment. Unlike the majority, about three youth said they did not feel they were using their social, interpersonal skills as much. Working from home for these three may explain what seems to be in contradiction with the premium placed on strong interpersonal skills discussed earlier. Lastly, a few participants thought they were not using their technical skills in programming or graphic design as much as expected.

"The ability to meet strangers, talk about what I do, socialize and network seems to almost be more important than the ability to program in Java or do some highly technical things."



In general, those who specified they had unutilized skills may not be concerned about using those skills in their work and may be quite fulfilled and challenged in their current self-employment situation. About three-quarters of this group indicated they were in fact satisfied or very satisfied with their current work conditions. When examining the pattern of responses for motivation to become self-employed, there did not seem to be any discernable differences between the group that had unutilized skills and those that did not.

Time

"We found this year when people offered us money it wasn't even an incentive to say 'OK let's do the work'; it was, 'Do we have enough time to do the work?' If I had 30 hours in a day I'd be a lot more happy than if I had an extra \$100 a day."

- male, 20



There do not seem to be enough hours in the week for some of the young entrepreneurs interviewed. After working long hours running their business, they may still have family and social commitments. Questions about weekly work hours and balancing work and non-work activities were posed to assess the ways in which time affects this group of young entrepreneurs.

"Basically...I capture 3 to 4 hours of sleep per night. Because the magazine is on-line, it has to be updated daily and the Internet never shuts down so you could be updating at four o'clock in the morning."

- female, 28



Hours of Work

"When you work for yourself... you end up working a lot more."

- female, 26



This group of self-employed youth work relatively long hours as is predicted of the self-employed. Over three-quarters of the group (76%) work more than 35 hours a week while the remaining 24% work less than 35 hours. The group working less than 35 hours included three youth with full-time jobs, one working part-time and

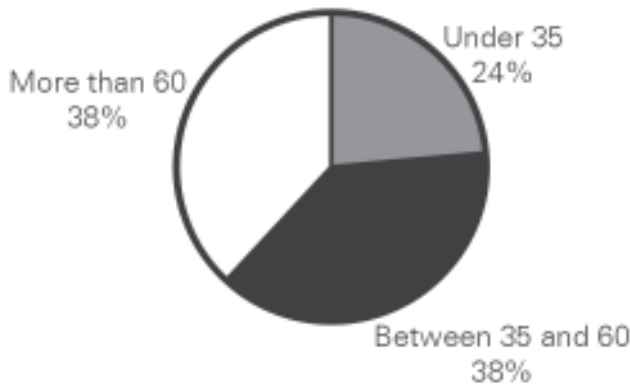
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a participant in a full-time youth entrepreneur program. About one half of those working more than 35 hours indicated they work almost the equivalent of two full-time jobs at more than 60 hours a week. In addition, five individuals said they worked more than 100 hours per week. The heavy workload may be due to the nature of contract work. One participant observed, "The struggle of working contract to contract creates a mindset where you're self-employed but you're really not self-employed because you're working a sixty hour week." The average number of hours worked was 59.

Hours of Work per Week



"I expect to be working long hours and to be practically living at work." – male, 28 

Twenty-one youth spoke about the fluctuation in their work schedule by giving a range of hours worked per week. The hours worked in a week varied from a low of 5 hours to a high of 40 hours. A software developer said, "You really go from having lots of time to do lots of things and start lots of projects to just being debilitatingly, paralyzingly busy."

Balancing work and non-work activities

Given the amount of time these young workers spent working, a question was raised about how they maintain equilibrium between work and non-work activities. Some youth said they simply plan their time in ways that allow them to engage in non-work activities. Other individuals made sure to dedicate certain periods of time off (e.g.

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“I’m successful in terms of how much I am learning. I’m providing a valuable service, and I enjoy what I am doing.” 

annual, two-week vacation). A few participants revealed that being self-employed has meant that their non-work activities have either been severely curtailed or eliminated altogether. Finally, a number of these young people pointed out that there might not be a clear distinction between work and non-work because the two are thoroughly integrated. A 30-year-old female who runs a multi-media company explained by saying: “When you’re not working you really are working because you’re bringing in ideas for everything.” Another participant said: “My non-work is very much integrated with my work. It’s very hard that way because no matter what I do, it’s always in the back of my mind...so it’s really hard to say what’s non-work. I think for me there’s no real difference.”

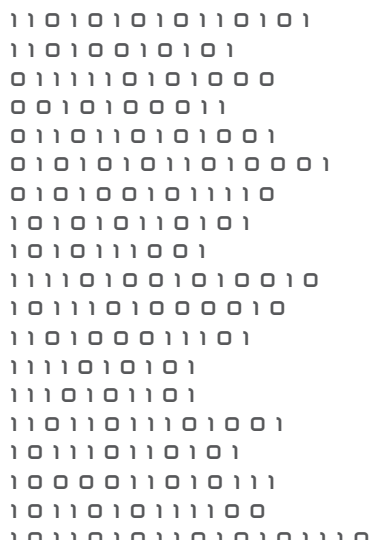
Defining Success

“If it does not feel like ‘a job’, then you are successfully self-employed.”

– male, 25 

Questions about whether the young entrepreneurs felt successfully self-employed and how they defined success were asked to give participants a chance reflect on their achievements. Having a sense of what young entrepreneurs find rewarding about their work would also give an indication of what motivates them to stay self-employed. The relative importance of money in relation to other indicators of success was also explored.

Of the 42 youth that responded, two-thirds felt they were successful, 3 participants (or 7%) felt they were not successful and just over quarter indicated they did not know if they felt successful or not. A couple of youth made a distinction between personal and financial success: “I’m successful in terms of how much I am learning. I’m providing a valuable service, and I enjoy what I am doing. Financially, there’s progress [to be made].” All of the participants who did not feel successful were at the beginning stages of starting their businesses. One young woman said that because she was taking other jobs to survive, she did not yet feel successfully self-employed. Almost everyone, who said they were not certain of their success, seemed quite optimistic about eventually reaching their goals. For some this would occur once they become more established in their businesses.

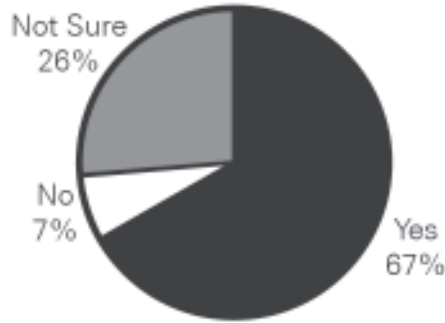




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Successful Self-Employment

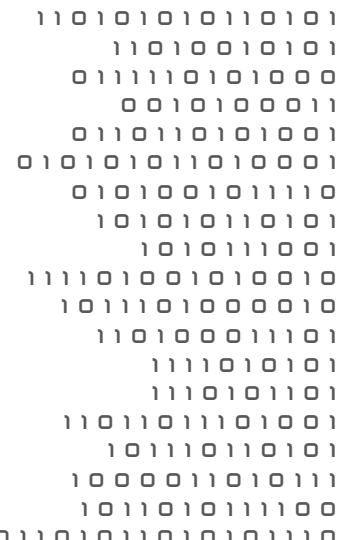


Participants defined success in a number of ways. Almost a third of the group felt being successful meant being able to earn enough to support themselves, pay the bills and cover their company expenses. Participants wanted financial stability and independence but generally felt “you don’t have to be a millionaire.” An equal number of young entrepreneurs said that being satisfied and enjoying in the work that they do was most important. “If it doesn’t feel like ‘a job’, you’re successful.”

Freedom and independence are the most important success factors for approximately a quarter of the group. Having the freedom to make choices about the work you wanted to do, to call the shots, to set your own goals and to be your own boss were important for considerations. “When you have a nine to five job you’re putting effort into building someone else’s business. The reason why their business is so successful is because of you. So you have to do that for yourself.”

Just over a quarter of the group mentioned meeting client needs in their definition of success. These young business owners felt it is important to provide quality services and solutions that have lasting impacts on customers. One young woman said: “A big part of being successful is obviously your clients, making them happy and bringing them back. It’s important for us to build relationships with them. If they did not come back, we would not be successful.”

Other indicators of success included having a profitable company, having time for work and family, having a company that grows and expands and being able to employ others.





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Importance of Money

Over half of the group felt that money was not as important an indicator of success as other factors such as independence, freedom, happiness and satisfaction with work. This is how one young man described the importance of money: "Money is a means to an end for us. It's a means to a creative end. We're not being creative to make money; we're getting money to be creative."

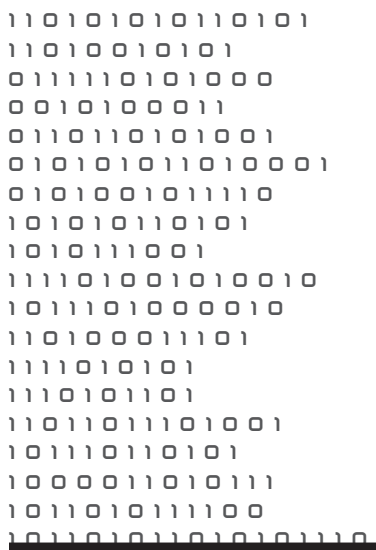
A couple of participants realized that money is often used as an indicator of success but that they personally do not subscribe to this perspective. They said: "From a business perspective, it's ... all about money. From a personal perspective, it's not very important at all." "If you can afford a nice office [in a] nice area, a nice car, [you] dress well, then people see you as being successful."

Participants who thought money was important, talked about the need to earn an income to maintain a certain lifestyle, pay off student loans, hire employees and develop the company. Money for a couple of participants was linked to happiness and freedom. Although the necessity of money is acknowledged, making lots of money does not seem to be the most important indicator of success for this group. "I don't think a person should concentrate on the money as much as [having] goals because money will come if you accomplish your goals."

Reasons for Self-Employment

"My father is a very intelligent man and was having a difficult time trying to reach the next level in his position. I thought I don't ever want to be facing something like that where I have to apply to get higher; I want to get higher if I'm better. I thought the only way I'm ever going to be able to do that is if I do it for myself."

- male, 20





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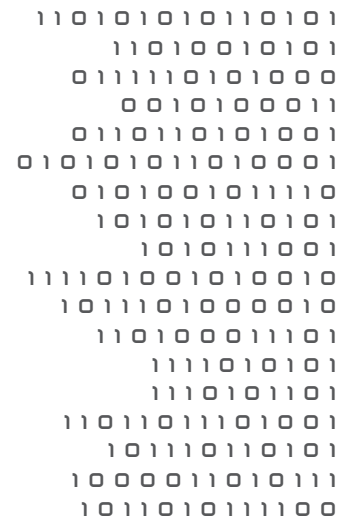
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A number of theories have tried to explain why people decide to become self-employed. The “push” theory suggests that people are pushed into self-employment because of lack of secure, well-paid employment positions. Within this framework, an increase in unemployment should cause an increase in the incidence of self-employment. One study found a small but statistically significant positive relationship between self-employment and unemployment rates.²⁴

The “pull” theory predicts that entrepreneurs are people with particular skills and abilities which make them more inclined to pursue self-employment as a career option. In this case, there is either no relationship between self-employment and unemployment or a negative relationship where self-employment decreases as unemployment increases. People may be less likely to start new businesses in times of high unemployment because chances of business failure are greater and if the business fails, it will be more difficult to find paid employment.²⁵

The comparative advantage theory proposes that workers are attracted to self-employment because the rewards (usually in earning potential) gained are greater than those found in traditional, paid employment. A longitudinal study of youth entrepreneurs found some evidence to support this hypothesis.²⁶

Reasons for Self-Employment



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²⁴ Zhengxi Lin, Janice Yates, and Garnett Picot. 1999. *Rising Self-Employment in the Midst of High Unemployment: An Empirical Analysis of Recent Developments in Canada*, Statistics Canada, p.6.

²⁵ *ibid.* p. 6.

²⁶ Emile Tompa, Evangelia Papadaki, Jan Patenaude, and Helene Roberge. 1999. *A Longitudinal Analysis of Young Entrepreneurs in Canada*, Industry Canada, p.11.



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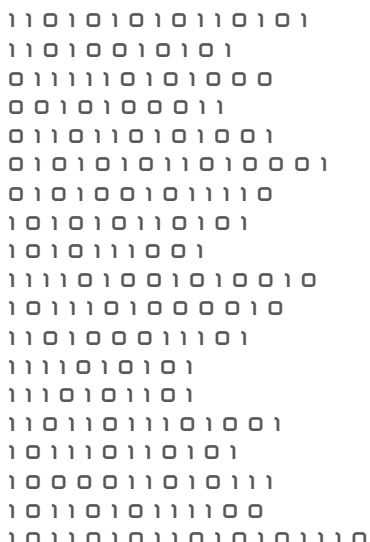
When participants were asked why they decided to become self-employed, responses fell into three main categories: dissatisfaction with paid work experiences (40%); the opportunity and timing was right (30%); lack of paid employment (23%); and other (6%).

Dissatisfaction with Paid Work Experiences (comparative advantage)

Nineteen (40%) of the participants, 6 women and 13 men, indicated that they became self-employed as a result of dissatisfaction with paid employment. They identified limited opportunities for advancement, not being in control of one's destiny, and the imposition of limits on creativity and innovative thinking in paid work. More generally, a number of youth did not like the idea of spending the rest of their lives working for someone else. One young web designer said: "I did not like working for someone else ...I do not like taking orders from others. So I decided to be self-employed." Another young man said: "If you're working for someone else and they say 'jump' then you'd better jump otherwise you're out of luck. If they want you to move to Alaska, you're out of luck because you have to move to Alaska if you want to keep your job." Only one respondent indicated that his primary motivation for becoming self-employed was to get rich.

Opportunities and Timing (pull)

Fourteen participants (30%), 3 women and 11 men, became self-employed because the opportunity and timing was right for them. Some participants created their own opportunities, for example, by capitalizing on the need for a product or service, others took advantage of a coincidence, for example, a high school computer project catching the eye of a local business person. For a 26 year-old woman who publishes an on-line magazine, the timing seemed right: "You have to do it when you're young and you have no responsibilities. Right now I have no kids, which is good, and I'm not married. These are the times to take risks because then I'm not hurting anybody except myself." The growth of the IT sector may have created opportunities for self-employment. A young female participant confirmed: "Technology has made it possible for the smaller businesses to do almost the same work as the bigger companies."





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Lack of Paid Employment (push)

Eleven participants (23%), 6 women and 5 men, identified lack of paid employment as their reason for becoming self-employed. Among those who were “pushed” into self-employment, seven held university degrees. Some participants recalled their difficulties in finding work: “I came out of university in 1994 and the job climate was extremely brutal where, basically, regardless of your education, you were coming out and going into clerical positions with no future.” “I graduated from university and found that I could not get a job so I decided to make one for myself. That was a big influence.” Those youth who did not attend university indicated that their decisions to become self-employed were fueled by lack of education, job loss, and prolonged unemployment.

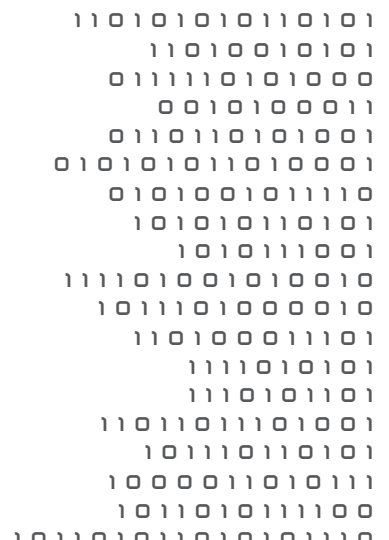
Proportionally, more women than men (35% versus 17%) described lack of paid employment as their reason for pursuing self-employment. In a difficult labour market, young women may be affected negatively by both gender and age stereotypes when applying for jobs. Young women with university degrees may be looking beyond clerical positions.

The remaining three participants (6%) became self-employed for other reasons. One participant was fulfilling his parents’ dream; another said self-employment was something he always wanted to do; and a young woman felt self-employment gave her the flexibility to care for her child. She said: “If I have to work the whole night in order to take my son to the ball game the next day then that is what I will do... I can get my work done and set my own hours.”

Push or Pull / Comparative Advantage?

A modified version of comparative advantage theory, which includes as a basis of comparison both monetary and non-monetary returns from self-employment, might best explain the decision to become self-employed for this group of youth. For the 16 participants who identified dissatisfaction with paid work experiences as their reason for becoming self-employed, the possibility of increased earnings from self-employment was rarely mentioned. The advantages of self-employment were associated with autonomy, creativity and self-fulfillment. These similar themes emerged in the discussion on how participants define success. Since both “push” and “pull” factors were identified by the group, the most likely explanation for entering self-employment combines elements of both.

“I graduated from university and found that I could not get a job so I decided to make one for myself.”



Self-Employment versus paid employment

The question of whether participants would take a permanent, paid position if it were offered to them was asked to get some insight into how secure participants felt being self-employed and into their motivation to remain self-employed. The majority of the participants (57%) would not take a permanent paid position if offered; 15% would take it and 28% said it would depend. About half of the seven participants who would take the paid employment offer mentioned that they would maintain their business on the side. A full-time job was seen to provide a steady income, which was important for the participants who were in the beginning stages of starting their business. The thirteen participants who would consider the offer said it would depend on the salary and the type of work. This finding suggests the push theory may be of lesser importance than other explanations as most of the group would not consider paid employment if it were available.

Influence of Family and Community

*“My father has his own business and three of my sisters do as well. It’s something we all want to do.”
- male, 24*



Participants were asked how their decision to be self-employed was influenced by their family and community to gain insight on non-occupational factors that can affect people’s decision to become self-employed.

Families strongly influenced this group of young entrepreneurs. Twenty-one participants (45%) had at least one self-employed family member. These youth came from entrepreneurial families where self-sufficiency through self-employment was highly regarded. Seventeen of the young entrepreneurs (36%) cited family support as having an influence on their decision to become self-employed. Almost two thirds of the group said their family has been supportive of their decision to be self-employed. Nine participants (19%) indicated that they became self-employed in the absence of family influence.

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As for community influence, 32 participants (68%) stated that their communities played a role in their decisions to become self-employed. Participants defined community quite broadly to include friends, teachers, professors, community agencies, computer moguls, mentors and various role models. Others were influenced by religious communities, artistic communities, and the IT community. Fifteen respondents (32%) said there was no community influence.

External Environment

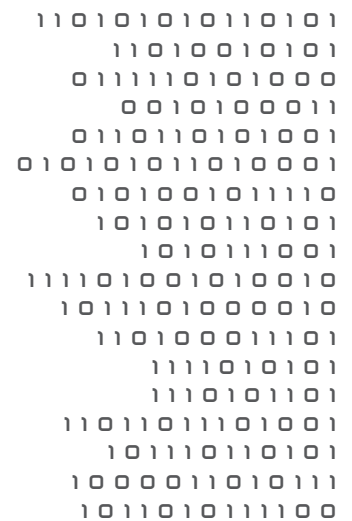
"I've tried to establish links with related business people so we can share clients but it's really competitive and people are resistant."
- female, 30

"The people who need the money most, and have the least guarantees, are asked to underwrite loans at 24% interest."

The term "entrepreneurial climate" generally refers to the extent to which institutions within both the private and public sector either foster or hinder the development and maintenance of an environment where entrepreneurial ventures can flourish. A question about experiences participants had with financial institutions, government, community agencies and the business sector was posed to get a sense of how participants felt about the "climate(s)" within which they operate²⁷.

Financial Institutions

Of the twenty-seven participants who shared their experiences with financial institutions, roughly one-third indicated that financial institutions had provided them with valuable assistance in the form of loans, lines of credit, and/or business accounts. The remaining two-thirds had experiences that were mixed or negative. These young people expressed concerns related to loan refusal, high interest rates, and excessive service charges. A 30-year-old Internet consultant noted: "The fees that I pay my bank could very easily pad up my RRSP quite nicely. Yearly, I pay \$600 to \$700 in banking fees." Another individual thought that certain people are faced with a tremendous interest burden when they approach financial institutions for funds: "It's kind of ironic that the people who need the money most, and have the least guarantees, are asked to underwrite loans at 24% interest." A few participants thought that banks were too "traditional" and had a poor understanding of self-employment in general and the IT sector specifically.



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²⁷ Only interviewees who indicated they had experience with the financial sector, government, community agencies, and/ or the business sector responded to these questions.



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Government

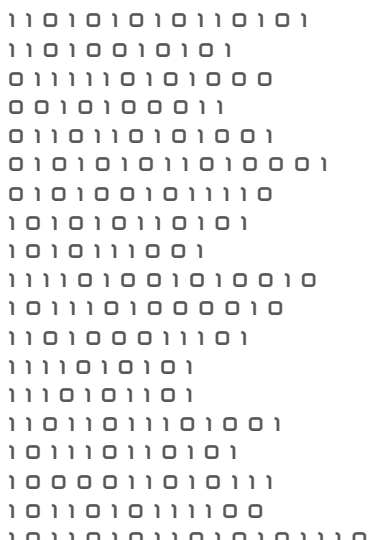
Approximately 11 out of 37 (30%) participants characterized their experience with government, specifically loan programs, self-employment training programs, websites, and tax benefits, as positive. A few of these youth had various levels of government as clients. A participant in a government funded program said: "I feel the government has a lot of programs... HRDC always has something going on." In contrast, about 40% had grievances such as: inadequate entrepreneurial programs; costly loans, i.e. "matching funds"²⁸; excessive red tape; trouble accessing information; and complicated procedures for taxation, GST and business registration. The rest of the group seemed to have what they considered routine interactions with government (e.g. incorporation, taxes, licensing, and registration).

Community Agencies

The majority of participants (23 out of 28) who had experiences with community agencies had favourable assessments. They thought agencies provided quality programs, good networking opportunities, and mentors. Some youth had agencies as clients while others actually provided free or discounted services to agencies. Four respondents had mixed experiences. For example, a 28 year-old female felt that agencies running government-funded youth entrepreneurial programs may have great potential but that government imposed guidelines limit how these programs are conducted. Another respondent thought that entrepreneurial programs were of limited use to youth interested in establishing businesses in the IT sector since the programs cater to everyone from hairstylists to computer programmers. Specialized preparation for running IT businesses is not a component of these programs. Only one respondent had a negative experience with community agencies. From her perspective, it was inappropriate for non-entrepreneurial organizations to be teaching entrepreneurs.

Business Sector

Twenty-five participants shared their experiences with the business sector. Seventeen of the youth had positive experiences such as conducting various forms of inter-business co-operation (i.e. bartering), getting encouragement from more established entrepreneurs, winning awards presented by the business



²⁸ For example, if an individual is able to invest \$10,000 into a new or established business, the government will match this amount with a \$10,000 loan. One respondent felt this "matching" requirement was a barrier for people who lacked substantial amounts of capital.



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community, and having mentors from the business sector. Three participants with negative experiences had problems finding investors and establishing connections with entrepreneurs who were willing to work collectively with them. The rest of the participants had either mixed or neutral experiences with the business sector.

Based on participant's responses, some aspects of the external environment seem to be constraining while other aspects are enabling of entrepreneurial activities. Financial institutions and government have the most room for improvement while community agencies and the business sector seem to be doing a decent job of contributing to a positive entrepreneurial climate where young entrepreneurs can flourish.

Financial Issues

"Self employment is much more free because you work for yourself, but it is less secure. You are not sure if you will be able to pay yourself at the end of the month."

- male, 24



Self-Employment Earnings

Participants were asked their net income from self-employment in order to consider the economic consequence of self-employment.²⁹ Percentages reported are based on a small group of young entrepreneurs. 88% of the 42 youth that responded made less than \$35,000 from self-employment (five young men declined to respond, of those, 4 had not yet started their business and therefore did not have self-employment income yet). Of the 36% making less than \$15,000, at least two thirds reported having other sources of income. At least half of the youth making less than \$15,000 had their businesses for less than a year and almost all of them did not feel secure financially.



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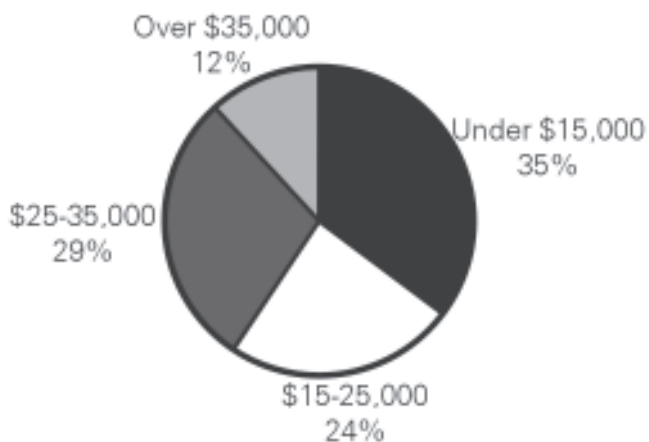
²⁹ Given the complex nature of self-employment income and the reliability of self-reporting, the authors feel fairly confident that responses accurately indicate level of take home pay. However, it should be noted that a few participants indicated they may chose a lower personal income in order to reinvest revenue into the business so that their earning potential may in some cases be greater.

THE YOUNG AND THE ENTERPRISING:

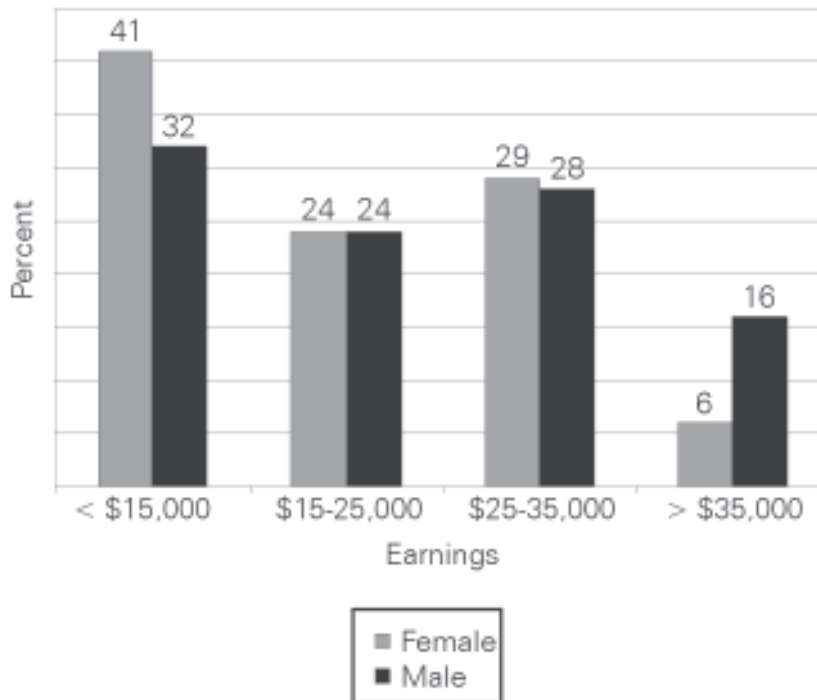
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	N=42	%
under 15,000	15	36
15-25,000	10	24
25-35,000	12	29
over 35,000	5	12

Self-Employment Earnings



Self-Employment Earnings by Gender



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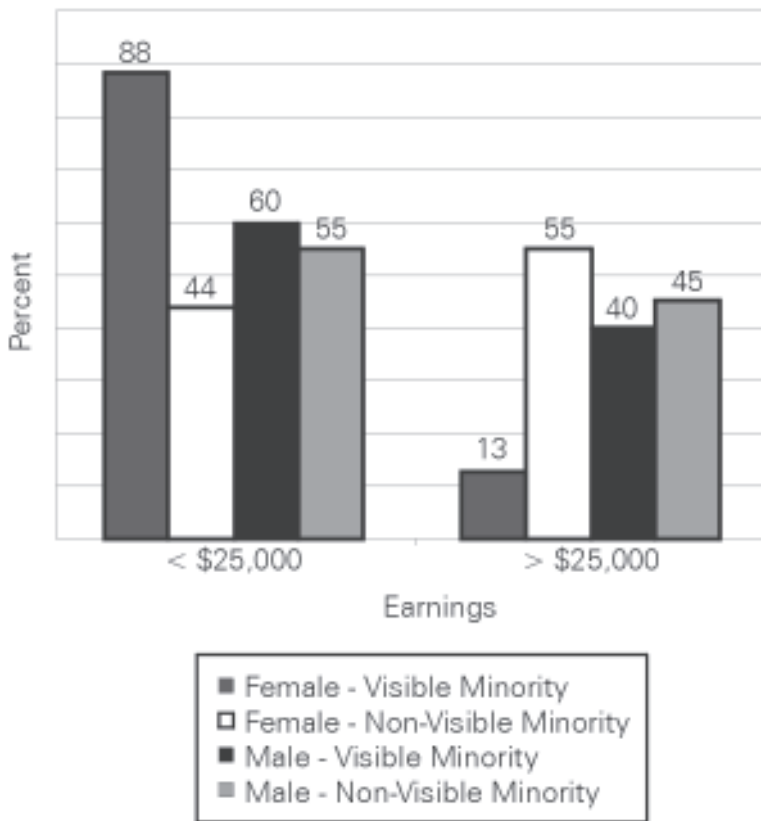


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When self-employment income patterns were examined more closely, variations based on gender and visible minority status³⁰ became apparent. Sixty-five percent of women and 56% of men made less than \$25,000. Visible minority women fared the worst in terms of income with 88% making less than \$25,000 as opposed to 44% of non-visible minority women, 60% of visible minority males and 46% of non-visible minority males. None of the visible minority women made more than \$45,000. Of the 5 participants who claimed incomes of over \$45,000, one was a woman and 4 were men, one of the men was a visible minority.

Self-Employment Earnings by Gender and Visible Minority Status



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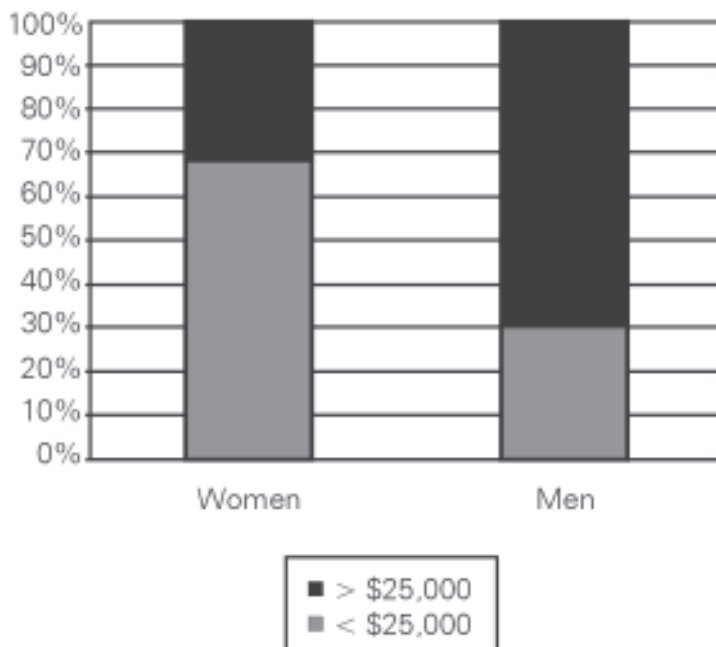
³⁰ Note: observations of gender and visible minority status are based on relatively small numbers.

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Self-employed persons with employees (ESE) are known to have higher incomes than own-account self-employed (OASE) or those without employees. 69% of OASE compared to 30% of ESE make less than \$25,000. 86% of OASE visible minority women earned less than \$25,000.

Earnings by OASE and ESE



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Alternative Forms of Income

Overall, just over half (55%) of the young entrepreneurs are currently supplementing their self-employment earnings, mainly through part-time, contract or full-time work. The proportion of youth supplementing their earnings is similar for those with incomes greater than \$25,000. People have found various and creative ways to earn extra income. Two young men play in bands, one woman uses her skills in architectural design, another does freelance writing and event promotion, another does computer training, and two youth rely on stipends from government sponsored self-employment programs.



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Profit

A question about profit was asked to assess another dimension of finances for study participants. The majority of subjects (65% of 43 who responded to the question) made a profit either immediately, presumably with a first contract, or in the first year of operation, 52% of female participants were among this group. Just over a quarter (26%) were not yet profitable and 9% declared a time frame of greater than one year.

Financial Risks

“To minimize financial risk, you have to be aware. Be aware of your market and your competitors. Don’t waste money or resources or labour that you do not need.”
- male, 22

“When you start your own business, you’re taking away all the safety nets. You’re taking away your benefits.”



Participants were asked how the financial risks associated with self-employment could be minimized. According to almost a quarter of the sample, the best way to deal with financial risks is to learn money management skills. The suggestions mentioned included investing and spending wisely, saving money for times when cash flow is reduced, balancing bank accounts and credit cards, maintaining low overhead and seeking alternative non-financial options like bartering. Having a strong business plan was important for about 15% of participants. Market research was suggested by another 15%. Another 15% said that having good connections with people (partners, accountants, clients, network contacts and mentors) was key to minimizing financial risk. Four youth suggested seeking out family and friends for funding. Getting educated (in business matters), seeking alternative financing, working at home and supplementing self-employment income with paid employment were other strategies mentioned. Three participants, two young men and a woman, thought not much could be done since there is always risk involved with self-employment. “When you start your own business, you’re taking away all the safety nets. You’re taking away your benefits.”

The responses to how financial risk can be minimized assume individual actions need to be taken. Participants generally regard the self-employed individual as most responsible for minimizing his or her own financial risk. Five participants identified government as having a role in providing entrepreneurship training and loans.





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Missing Resources

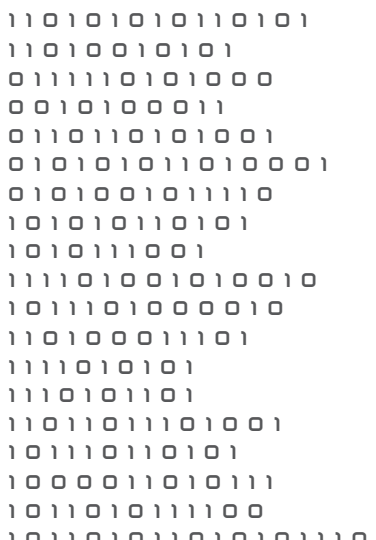
"I need more financing to get to the next level. I also need people with skills in marketing and sales."

- female, 28



When asked what resources were missing for participants as they started their businesses, the most likely response, lack of capital and financing, was given by 40% of the group. This finding is corroborated by other studies of youth entrepreneurship³¹ and by community trainers of youth self-employment programs. Participants mentioned other missing resources besides money. Just over a quarter of the group would like to hire more staff, about a fifth of the group would like more opportunities for professional networking while technological assistance was required by about 13% of participants. Lack of experience and high competition was thought to be a barrier for 17% and 11% of the group respectively. Seven youth (15%) felt that they were not missing any resources.

Missing Resources and Barriers



³¹ See Centre for Education and Training. 1999. *Environmental Scan: Youth Entrepreneurship in the Region of Peel* and Prime Minister's Caucus Task Force on Youth Entrepreneurship. November 1999. *Canada's Youth: Job Makers*



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Impact of capital shortage

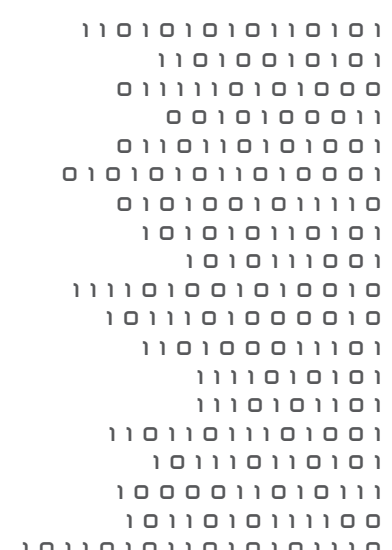
A couple of youth had trouble accessing funds through banks and found the loan approval process to be a hassle, time consuming and not always successful. It may be difficult for youth, who often do not have collateral, to obtain loans. Some participants said they needed someone to co-sign their business start-up loan. The opinion of one graphic designer is as follows: “[Unfortunately], the attitude of the bank... is that they will not lend you the money unless you have it in the bank. I think they are taking steps now to change that [but] I definitely think that banks could have better resources.”

However, youth who have experience with loans programs specialized for youth businesses seem quite satisfied with the service: “I think CYBF [Canadian Youth Business Foundation] is good. They offer loans to small businesses at a very low percentage and they are easily accessible through the Internet.” The fact that only a few participants mentioned these youth friendly programs suggest the number of loans may be limited or that youth are not aware of them. Whether or not these programs outreach effectively to young women, visible minority, Aboriginal youth and youth with disabilities, may also be a question worth investigating.

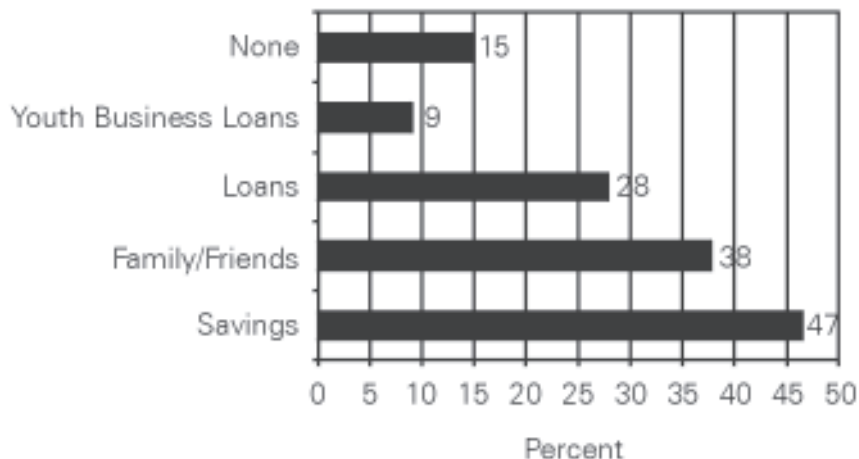
Lack of finances was connected with other missing resources. With more money, these young business owners would invest in technological upgrades of their computer systems and software, purchase new equipment (at least one person was using second hand equipment) and hire more staff. At least one young woman would do more marketing and advertising with additional funds. Besides actual access to funding, a couple of youth thought they could use some financial management tips.

Obtaining start up funds

Where this group of young entrepreneurs actually accessed their start-up funds reflects the difficulties with traditional lending institutions. Approximately two thirds of participants relied on a single source of start-up funds while the other third had multiple sources. Overall, the most common source of start-up capital was personal savings; twenty-two participants (47%) cited savings as their source of capital. Eighteen participants (38%) had family/ friends who provided them with start-up capital; thirteen (28%) took out loans or a line of credit from banks; 4 (9%) secured youth business loans. Seven participants (15%) did not require any start-up capital, having started their business with the computers and resources they already had on hand.



Source of Start-Up Funds



Human Resources

For a quarter of the participants, lack of finances prevented hiring of employees. Having more staff would allow heavy workloads to be shared. Working alone means the participants have less support from colleagues and less opportunity to interact with others.

Networking

Participants thought that networking opportunities were a missing resource at the start of their business. Networking was seen by the youth as an opportunity to share opinions and get feedback from others in the industry about marketing plans and business proposals. Networking could also lead to client referrals: "I...know people that have done similar work and people say, once they get going, the word of mouth takes care of all the work they can handle." Some participants were not pleased that there is no central location for entrepreneurs to access information regarding business administration and networks. In their opinion, the information that is available is dispersed among many agencies and young business owners may not have time to search for the advice they need, even though they would like to.

Technology Intensive Businesses

Lack of finances may affect the ability of participants to keep up with advances in the IT industry. The high level of competition in the IT industry that was identified as a barrier for five participants may necessitate the constant upgrading of technical skills and computer systems. "Our only obstacle [is] the competition, the

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cut-throatness of the industry.” Another way to deal with competition is to aggressively market products, however, marketing and advertising require financial investment: “By and large people vastly underestimate the cost of marketing and selling a product.” Eight youth felt their lack of experience in the IT area may be a barrier to success but that this barrier could be overcome by “working hard to develop a [good] track record.”

Training, Pensions and Medical Insurance

Almost two thirds of the participants did not have plans for training, medical insurance and pensions. Of the 17 participants that made plans, eight had plans for only one of the categories while the remaining nine youth had plans for more than one. Participants selected different benefits according to their immediate needs; overall, almost an equal number of plans were made for medical, training and pensions. Youth workers without benefits will be financially vulnerable should accident or illness occur.

Diversity in Youth Self-Employment

***“Some people don’t take you seriously when you’re a woman and young.”
– female, 30***



Youth differ in their social location along gender, ethno-racial and socioeconomic dimensions. There is ample documentation of the impact of social location on employment experience in the labour market. Several jurisdictions have established legislation requiring proactive programs to minimize the impact of race, gender, language and ability differences in labour market participation. To assess the perceived impact of diversity for these young entrepreneurs, participants were asked directly whether they personally experienced or observed discrimination in self-employment. Many of the responses provided examples of personal experiences and assessment of group differences and diversity based on gender, ethnicity and age.


Almost half of the participants mentioned at least one diversity factor. 6 spoke of racial difference, 7 (including 6 women) mentioned gender difference, 15 (8 women and 7 men) mentioned age as a factor. Four participants did not respond. Women were far more likely than men (75% of women and 33% of men) to make note of perceived differences based on gender, race or age. Visible minority women (seven out of eight), more than the other youth, acknowledged that they experienced discrimination. The remaining half did not recognize any difference or report any discrimination.





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“I think a lot of people have this preconceived notion that people who are young cannot do what they set out to do and I think that is a challenge for me right now.” 

Discrimination

A young Black woman, who had trouble getting a business loan from a community organization, identified an experience she perceived to be discrimination. She said: “I own my own home, my credit is good...I know they didn’t give me the loan because I’m Black. There’s no other reason for them to have said no.”

Assessing discrimination based on perception and self-assessment requires participants to be conscious of the experiences and to attribute them as discrimination. In fact, several participants asserted that they did not know, could not say, or would not even notice if they were discriminated against. When people responded to the question on discrimination, they tended to recognize differences or stereotypes based on age, ethno-racial or gender status. Whether discrimination occurred as a result of these observations was not always apparent.

Stereotypes Based on Age

Age seemed to be a salient social dimension for this group of youth. Almost a third of the group gave examples and consequences of negative and positive stereotypes based on age that they encountered. One young woman stated: “I think a lot of people have this preconceived notion that people who are young cannot do what they set out to do and I think that is a challenge for me right now.” Two women thought they were not being taken seriously because of their gender and age combined. One young man noticed his clients are hesitant to engage in business with him, and he thinks it is because he is 24 years old. One of the youth felt he was being taken advantage of because of his age when a client withheld money for a contract done. A couple of young men mentioned that their youthful fashion and casual appearance was challenging for customers who may be accustomed to working with people in suits. The irony of having to provide a ‘proper’ business façade does not go unnoticed by one young man who says: “I’m a jeans and tee-shirt type of guy...I’m selling my product, not my suit.”

To a lesser extent, a few young entrepreneurs recognized and capitalized on the positive assumption that youth have high degrees of technical ability and knowledge by virtue of being young. “I’d say our age has played to reverse discrimination where we’re getting contracts because we are young.” “There’s a perception and a bias that older people are not as informed as the younger generation about the Internet and its technology. It’s probably one bias that’s worked in my favour.”





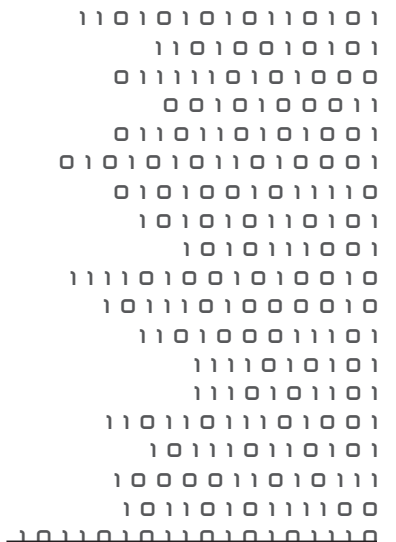
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Ethno-Racial and Gender Composition of the IT industry

Several participants shared their observations of diversity in the IT industry. In terms of ethno-racial backgrounds, two non-visible minority men commented that the IT area is still dominated by white males. A young Black woman made the comment: "I look at the different businesses that Black people establish and it is highly concentrated in the retail and restaurant industry." A lack of young, Black IT professionals was noted by two other non-visible minority participants. On the other hand, one Asian participant thought that Asians were well represented in the IT field.

There was a sense that women are currently underrepresented in the IT field. A representative from Young Navigators, an entrepreneur program for youth with IT businesses, confirmed that women are not equally represented in the IT field. When participants were asked to provide referrals of other young entrepreneurs, comments were also made that young women in IT, who also happened to be self-employed, were relatively few. One woman talked about getting into business with her husband, "I do not think I would have gone into this industry by myself. I joined this venture with my husband and it took off from there."





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Recommendations to Youth from Youth

These are recommendations young entrepreneurs running computer-based businesses in this study give to other youth who are thinking of becoming self-employed.

1. *Do research*

Research the market, learn how to create a business plan, and learn the practices of established companies within the chosen industry.

2. *Acquire business skills*

Learn and apply business skills including financial management, business planning and marketing. If business skills are weak or lacking, aspiring entrepreneurs may have to get a partner or hire someone who has those skills.

3. *Do financial planning*

Take time to obtain start-up money. Plan to have enough money for rent, equipment purchase, living expenses and business start-up capital. Costs associated with marketing and promotion will also need to be covered.

4. *Develop support networks*

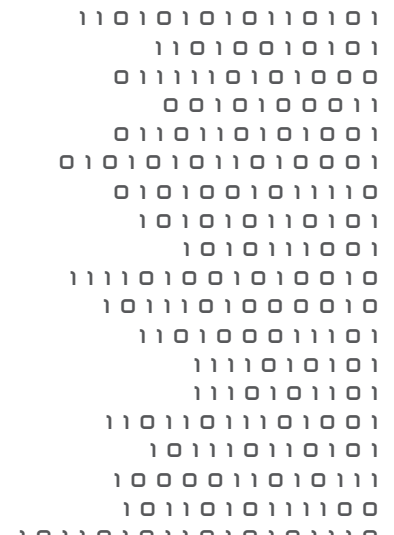
Establish support networks of mentors, advisors, or peers within the chosen industry.

5. *Develop a Niche*

Attempt to find some kind of niche within the chosen industry. Have a business idea that is unique or at least different from what others in the industry are doing.

6. *Obtain a Post-secondary Education*

Aspiring entrepreneurs can apply “transferable skills,” such as research, time management, writing, and presentation skills, acquired through post-secondary education to running a business. In case of business failure, a person with a post-secondary education has a better chance of securing a decent job than someone with less education.





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Recommendations to Policy Makers

1. *Increase access to start-up funds for young entrepreneurs*³²

- It is recommended that financing programs, modeled after existing youth-friendly entrepreneurship loan programs such as the one administered by the Canadian Youth Business Foundation, be expanded to make available more loans and income support at business start-up to alleviate initial cash flow difficulties for young entrepreneurs.

2. *Provide support for an information network on self-employment*

- It is recommended that Human Resources Development Canada (HRDC) provide funds to support existing or new projects initiated by community agencies to create and maintain an accessible and comprehensive on-line information network on self-employment.

- The contents for an interactive web-site would be created in consultation with OAYEC member agencies and entrepreneurship program providers. This would ensure linkages to both program information on government sponsored youth entrepreneurship programs and business resources, including information on small business loans, grants, business networks and associations and business planning, administration and management are made.

3. *Arrange for access to group health benefits and insurance products for the self-employed*

- It is recommended that the option for young entrepreneurs and self-employed contractors to purchase comprehensive, group benefits and insurance products at affordable cost be explored with insurance companies and coordinated through the Ministry of Economic Development, Trade and Tourism.



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³² The first two recommendations support the findings of the Prime Minister's Caucus Task Force on Youth Entrepreneurship



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4. **Expand existing mentoring programs for young entrepreneurs**

- It is recommended that HRDC and Industry Canada, as the main administrators and funders of entrepreneurship services, continue their leadership by sponsoring or expanding upon existing mentoring programs for young entrepreneurs and youth entering the information technology field in a manner consistent with the federal government's commitment to workplace equity.
- Mentors in the community and business sector who can provide specific support, information and networking opportunities to young women, visible minority youth, Aboriginal youth and youth with disabilities shall be identified and supported.

5. **Provide adequate funding to colleges and universities**

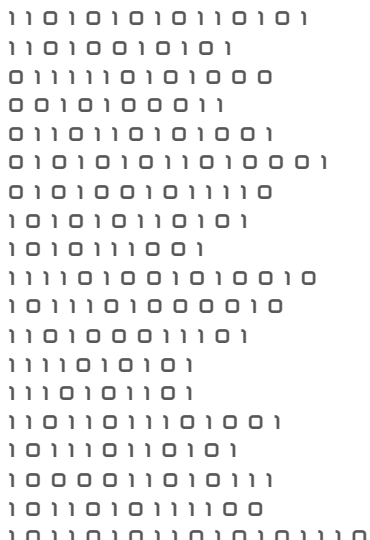
- Some of the youth participants acknowledged the importance of having a post-secondary education before pursuing self-employment.
- It is recommended that the provincial and federal government (through cost sharing arrangements) provide adequate funding to colleges and universities to ensure youth have the means to acquire a post-secondary education and to graduate without a significant debt load.

6. **Establish support network for self-employed contractors**

- It is recommended that community agencies be provided funds and resources by HRDC and/ or Ministry of Labour to work with self-employed contractors to establish a network and to determine specific needs of this emerging group of workers.

7. **Support computer access and skills development for "at risk" youth who are starting businesses**

- Many networking opportunities and information sources for self-employed youth will exist on-line and computer skills are considered important in the range of skills used by self-employed youth in this study.
- It is recommended that support for public Internet and computer access continue through Industry Canada initiatives such as the Community Access Program and that programs be delivered to youth through OAYEC member agencies.





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Future Research Directions

The following areas are suggested for future research on youth and self-employment:

Visible Minority Women

Visible minority women in this study reported experiencing discrimination more than other groups and they were found to earn less than the other self-employed youth. Future research might ask whether visible minority women are accessing IT training, what are the barriers to accessing self-employment and / or IT opportunities and what are their employment outcomes?

Self-Employed Contractors

Self-employed contractors, defined as own account workers who are self-employed because of the lack of job opportunities and who basically want to make a decent wage and not necessarily interested in growing their business, may have less contact with traditional business networks, associations and government programs. Their invisibility make it difficult to determine program and resource needed to support them in their work. Research on the needs and work conditions of contractors would enrich the discussion of self-employment. Also, how are the needs of contractors different or similar to the needs of the “true entrepreneurs” or those business people who identify with the entrepreneurial spirit and are committed to expanding their business? As more companies use contract workers, what are the implications for organizing this diverse group of workers? Particularly for youth, how do they understand their contractual agreements and obligations and what resources are required to help negotiate contracts and advise on good business decisions?

Youth “at-Risk”

Program evaluation of government sponsored youth entrepreneurship programs targeted at high-risk youth is another area for future research. The young entrepreneurs in this study acknowledge the need for support from family, mentors or professional associations to assist them in their business. The extent to which youth “at-risk,” those with multiple barriers to employment, who may not have many resources or may be experiencing difficult life situations, benefit from mainstream youth entrepreneurship programs is not clear. What realistic self-

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employment outcomes can be expected from youth who may be concerned about finding permanent housing or escaping abuse? What type of entrepreneurship program and what levels of support (e.g. financial, child care, life skills training) would enable positive outcomes for youth "at-risk"?

Exit from Self-Employment

This study examined the experiences of young entrepreneurs who were entering self-employment or already running their business. Further insight into the quality and feasibility of self-employment for youth may be gained by examining the conditions under which self-employed individuals leave self-employment for other forms of employment and the experiences of those unsuccessful in their entrepreneurial endeavours.

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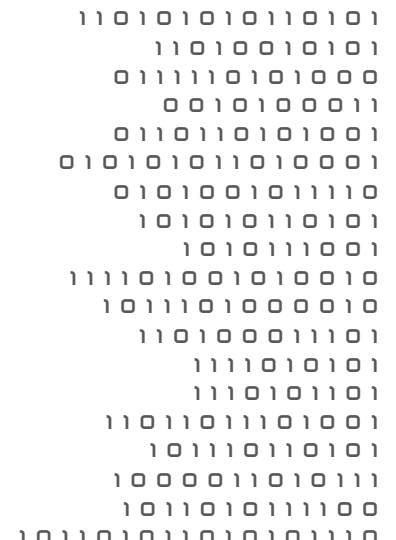
Conclusions

With the general decline of 'good,' secure, well-paid jobs, today's young workers are exploring less traditional career paths and employment arrangements. Self-employment presents itself as an optimistic and attractive alternative to paid employment. The self-employed youth who were interviewed for this study definitely showed a high level of commitment and enthusiasm for what they do. However, it is still debatable whether self-employment constitutes a viable employment option for all youth.

The study participants are a determined, adaptable and articulate group of youth with high levels of education and many skills. They are willing to work long hours, for not a lot of money and feel confident and successful in their work. These youth seem to have created work they find personally meaningful and rewarding.

On the other hand, the low level of earnings and lack of medical and other benefits found among the group suggests workers endure a range of experiences in self-employment, not all of which are positive. The struggle to balance work and leisure time and decisions to take multiple jobs may be common to paid employment as well as self-employment.

Policy responses to improve youth self-employment prospects will need to take into account the range of experiences within self-employment as well as the diversity among young people.





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Appendix 1

Interview Guide

The following questions were posed to study participants. The youth who had not yet started their businesses were asked their expectations for questions 1 (all parts), 4a, 5a to 5e, 7b. They were not asked questions 3a, 6b, 7c, 8a, 8g. In addition, they were asked: 8d. How are you supporting yourself as you start your business? These variations applied to only four youth. In the analysis, most of their responses were incorporated with the larger group.

- 1a. It's important for us to understand what you do. Tell me about your work?
- 1b. What kind of things would you do in a regular work day?
- 1c. Where do you work (home, office)?
- 1d. How many hours a week do you work?
- 1e. Do you have employees?

- 2a. How did you decide to become self-employed?
- 2b. How were you influenced by family?
- 2c. How were you influenced by your community?

- 3a. Do you feel you are successfully self-employed?
- 3b. What does it mean to you to be successfully self-employed?
- 3c. How important is money in relation to the other factors you just identified?

- 4a. Do you feel that you have job skills that you are not using? If yes, please explain.

- 5. I'm going to ask to compare your expectations of workload, income and skills to the reality of self-employment. (Emphasize expectations before and reality now.)
 - 5a. What workload did you expect as a self-employed person? How does it compare to reality? (Is it more, less or about the same as your anticipated?)
 - 5b. What income did you expect? How does it compare to reality? (Is your income higher, lower or same as you anticipated?)
 - 5c. What skills did you expect to need to be self-employed and what skills do you use now?
 - 5e. What risks did you anticipate and what risks have you encountered?





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- 5f. Were you previously employed in a full-time permanent job? If yes, how are the working conditions of self-employment different or similar to paid employment? (in terms of workload, income and skill requirements)
- 5g. (If applicable) Why did you leave that job(s)? (probe voluntary or involuntary leaving as well as reasons such as downsizing, lay offs, company moved or boring, low pay, long hours, underemployed, etc.)

- 6a. Tell me about how you balance work with non-work activities (such as family, leisure and community)? Is this what you expected?
- 6b. What would you change about your work environment and conditions in self-employment?
- 6c. What kind of resources would you say are missing for you as you run your own business?

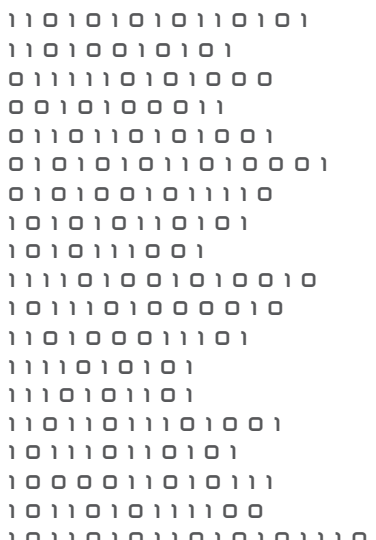
7a. We recognize that different groups in society experience different kinds of discrimination. Have you experienced any discrimination or harassment in your work? Have you observed any discrimination? Explain.

- 7b. What barriers have you faced in being self-employed?
- 7c. If you have employees, what is the composition of your workforce (gender, visible minority, people with disabilities)?

8a. Could you tell me the range of your current net income from self-employment? (we are interested in net income or personal, take home pay)

- under \$15,000
- \$15,000 - \$25,000
- \$25,000 - \$35,000
- \$35,000 - \$45,000
- \$45,000 - \$55,000
- more than \$55,000?

- 8b. What are your other sources of income? If currently you have no other income, do you plan to supplement your self-employment income?
- 8c. Where did you obtain capital to start your business?
- 8e. What plans have you made for medical insurance, training and pensions?
- 8f. How can the financial risks involved in self-employment be minimized? Who should be responsible for this?
- 8g. Upon becoming self-employed, how long did it take for you to earn a profit?





THE YOUNG AND THE ENTERPRISING:

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- 9. While trying to start your business, what has been your experience with:
 - 9a. Government?
 - 9b. Business sector (including financial institutions)?
 - 9c. Community agencies?

- 10a. If you were offered a full-time, permanent position, would you take it? Why or why not?

- 11a. What suggestions do you have for other young people who may be thinking about self-employment in your field?

- 12a. Are there other young self-employed people we can contact for interviews?

Questionnaire

At the end of the interview, participants were given the following questionnaire to complete. Interviewers explained that the information would be used to supplement interview responses and that all information was confidential.

- 1. Female Male

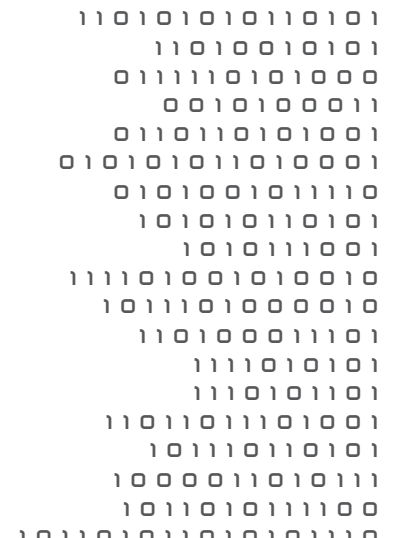
- 2. What is your age? _____

- 3. Please check all that are applicable to you:
 - Aboriginal
 - Visible minority
 - Person with disability

- 4. What is your level of education?
 - 0-8 years
 - some high school
 - graduated from high school
 - some post-secondary
 - graduated post-secondary
 - university degree

- 5. What year did you complete your last level of education?

- 6. What was your student debt load? \$ _____





THE YOUNG AND THE ENTERPRISING:

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- 7. Has most of your education been completed:
 - in Canada outside of Canada

- 8. Have you taken specialized training or courses in information technology?
 - yes no
 If yes, please specify:

- 9. What is your current work status (check all that apply):
 - employed full-time
 - employed part-time
 - unemployed
 - self-employed
 - soon to be self-employed

10. Please list your past full-time (FT) or part-time (PT) work experiences outside of self-employment and the length of time employed (in months) at those positions:

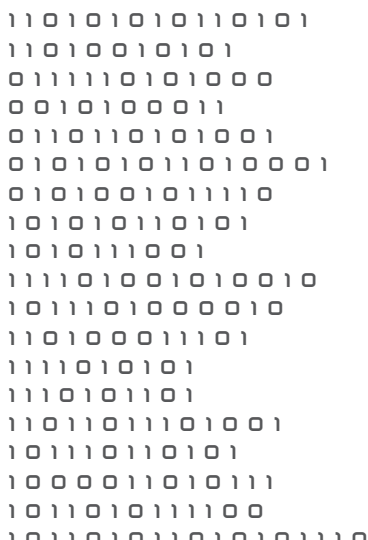
- 11. What are your living arrangements?
 - living with parents
 - living with partner
 - living alone

12. How many dependents do you have? _____

- 13. What level of financial security do you feel you have or think you will have as a self-employed person?
 - not secure
 - somewhat secure
 - secure
 - very secure

If you are **currently self-employed**:

- 14. How satisfied are you with your present work conditions?
 - not satisfied
 - somewhat satisfied
 - satisfied
 - very satisfied





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Appendix 2

Companies of Participants

The following is a partial list of the companies of participants. All contributions to the study were greatly appreciated.

A1 Wyka-Warzecha Enterprises

Email: sales@wyka-warzecha.com

Website: http://www.wyka-warzecha.com

Alderson, Caters & Hardy Inc.

Tel: (905) 682-5880 • Fax: (905) 682-5828

Email: info@achcreative.com

Biz-Zone Internet Group Inc./CanadaOne.com

Tel: (905) 888-0002 • Email: info@biz-zone.com

Website: http://www.canadaone.com

BlueNexus Software Corporation

Tel: (519) 885-9899 • Fax: (519) 888-7385

Email: info@bluenexus.com

BOXEYE

Tel: (416) 975-8283

Website: http://www.boxeye.com

Canadian Employers ONLINE

Tel: (416) 267-4091 • Fax: (416) 267-9838

Email: karin.van.lierop@recruiters.ca

Website: http://www.recruiters.ca

Campion Computers Canada

Tel: (416) 622-1278

Email: CampionCan@aol.com

Website: http://members.aol.com/CampionCan/

The Computer Store

Tel: (905) 641-9599

Website: http://www.nobeans.com

Cosmic Productions

Email: cp@canlp.com

Website: http://www.7by24inc.com/cp/

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Cyber Effects Inc.

Tel: (613) 592-3862

Email: casey@cybereffects.com

Website: <http://www.cybereffects.com>

Digital Playground

Email: samitd@mailcity.com

House9

Email: contact@house9.com

Website: <http://www.house9.com>

i3DS

Tel: (905) 688-2947 • Fax: (905) 688-6435

Email: jcantin@i3ds.com

Website: <http://www.i3ds.com>

ideas

Tel: (416) 686-6747 • Fax: (416) 686-9211

Email: ideascompany@home.com

Website: <http://www.members.home.net/ideascompany>

Jax Enterprises

Email: joseph.fung@shadnet.shad.ca

Website: <http://www.weAstonish.com/jax/>

Jesslin Services Inc.

Tel: (416) 504-4055 • Fax: (416) 504-4050

Email: jessjoss@jesslin.net

Website: <http://www.jesslin.net>

JobFind2000.com

Tel: (416) 821-6576 • Fax: (416) 821-6577

Email: rchong@jobfind2000.com

Website: <http://www.jobfind2000.com>

The Leaf Initiative

Email: michael@the-leaf.com

Website: <http://www.the-leaf.com>

Makeda Sports Inc./SportsFemmes.com Magazine

Tel: (416) 406-2746

Email: editor@sportsfemmes.com

Website: <http://www.sportsfemmes.com>





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Miyo

Tel: (416) 494-0662

Email: mshiua@miyomag.com

Website: <http://www.miyomag.com>

MyDesktop.com

Tel: (416) 818-7227

Email: alai@mydesktop.com

Website: <http://www.mydesktop.com>

NICHE Interactive Audio Magazine

Tel: (416) 567-0435 • Fax: (416) 504-6686

Email: editor@nichemagazine.com

Website: <http://www.nichemagazine.com>

Percussion Online

Website: <http://www.percussiononline.com>

Platypus Design

Tel: (416) 993-7047 • Fax: (416) 993-7043

Email: cleung@platypusdesigns.com

Website: <http://www.platypusdesigns.com>

Rednaxel Tribewave Productions

Tel: (519) 733-3330

Email: producer@rednaxel.com

Website: <http://www.rednaxel.com>

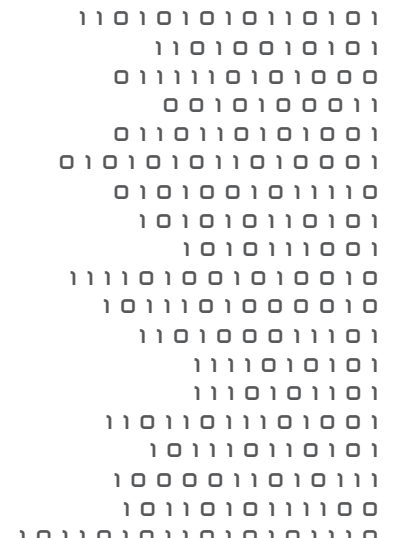
Seismic Productions

SolutionMaster Design

Tel: (613) 225-1270

Email: rmartin@solutionmaster.com

Website: <http://www.solutionmaster.com>





THE YOUNG AND THE ENTERPRISING: A STUDY OF SELF-EMPLOYMENT IN ONTARIO

Appendix 3

Recruitment of Participants

The following organizations were approached to provide referrals for study participants.

Aboriginal Business Canada - Industry Canada

Association of Collegiate Entrepreneurs Canada

Canadian Council Aboriginal Business

Canadian Foundation for Economic Education

Canadian Youth Business Foundation

Centennial College - Bell Centre for Creative Communications and Centre for Entrepreneurs

Centre for Education and Training

Centre for Student Ventures - Scarborough Centre for Alternative Studies

Communications and Information Technology Ontario

Community Business Resource Centre

Halton Peel Enterprise Centre

Heritage Skills

Humber College

IMI Ward Associates

Information Technology Association of Canada

Institute for Enterprise Education

Junior Achievement Canada – Toronto/York

KidsNRG

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Lutherwood Youth Employment Centre

Ministry of Economic Development Trade and Tourism - Young
Entrepreneurs Program

MIS Consultants

Ottawa Centre for Research and Innovation

Self-Employment Development Initiatives

Shad Valley International

SMART Toronto

Software Human Resource Council

St. Stephen's Youth Employment Centre

Toronto Webgrrls

Training Coodinating Group

Wired Woman

Women and Rural Economic Development

Women Business Owners of Canada

Women Entrepreneurs of Canada

YMCA Enterprise Centre

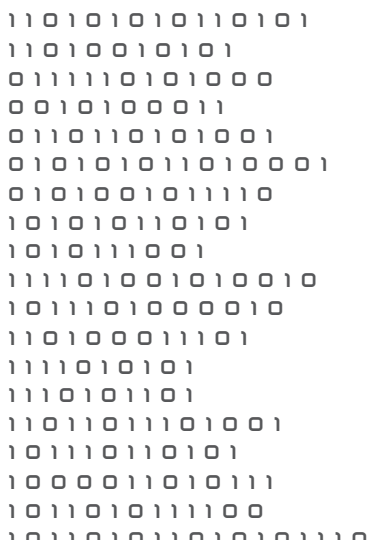
York Technology Association

Young Entrepreneurs Association

Young Navigators

Youth Employment Services – Youth Business Centre

YWCA of Greater Toronto





THE YOUNG AND THE ENTERPRISING:

A STUDY OF SELF-EMPLOYMENT IN ONTARIO

Appendix 4

Tables

Participants by Gender and Age

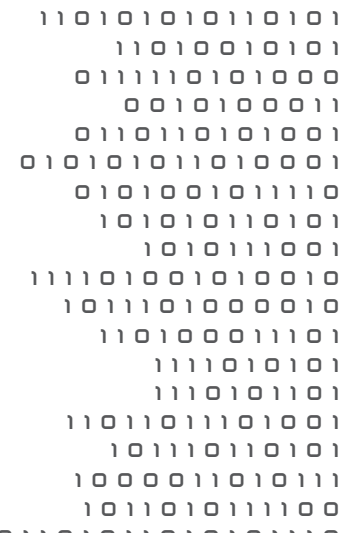
	Age Group	
	19-24	25-30
Women	4	13
Men	18	12

Participants by Equity Status

	Number of Participants N=47	Percent of Participants
Visible Minority	14	30
Aboriginal	1	2
Person with disability	2	4

Highest Level of Education of Participants

	Women N=17	% of Women	Men N=30	% of Men
University degree or post secondary graduate	14	82	16	53
Some post secondary	0	0	10	33
Graduated from high school	2	12	3	10
Some high school	1	6	1	3



THE YOUNG AND THE ENTERPRISING:
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Own Account Self-employed versus Employer Self-employed

	Women N=17	% of Women	Men N=30	% of Men
Own Account Self-Employed	14	82	20	67
Employer Self-Employed	3	18	10	23

Living Arrangements of Participants

	Women N=17	% of Women	Men N=30	% of Men
Living alone	3	18	7	23
Living with parents	3	18	17	57
Living with partners	11	65	6	20

Work Status of Participants

	N=47	%
Self-employed only	33	70
Self-employed and employed part-time	4	9
Self-employed and employed full-time	6	13
Aspiring to be self-employed	4	9

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THE YOUNG AND THE ENTERPRISING:

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Types of Businesses

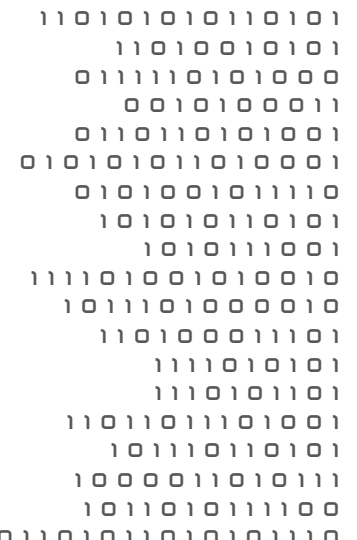
	N=47 (categories not mutually exclusive)	%
Internet based building/designing websites, e-commerce, consulting	26	55
Multimedia online magazine, computer animation, CD ROM production	13	28
Graphic design	10	21
Software development	7	15
Other database design/analysis, computer sales, technical support, computer networking, technical writing, training	8	17

Location of Work

	N=46	%
Home	26	57
Offices outside of home	12	26
Both home and office	8	17

Satisfaction with Work Conditions

	Women N=17	% of Women	Men N=29	% of Men	Both N=46	%
Very satisfied	6	35	9	31	15	33
Satisfied	6	35	9	31	15	33
Somewhat satisfied	4	24	9	31	13	28
Not satisfied	1	6	2	7	3	7



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Utilization of Skills

	N=40	%
Yes, using all skills	21	53
No, not using all skills	19	47

Hours of Work

Hours worked per week	N=45	%
Under 35 hours	11	24
Between 35 and 60 hours	17	38
More than 60 hours	17	38

Range of Hours

Hours of variation from week to week	N=21	%
Less than 20 hours difference	10	48
Between 20 and 40 hours difference	6	29
More than 40 hours difference	5	24

Do you feel you are successfully self-employed?

	N=42	%
Yes	28	67
No	3	7
Not sure	11	26

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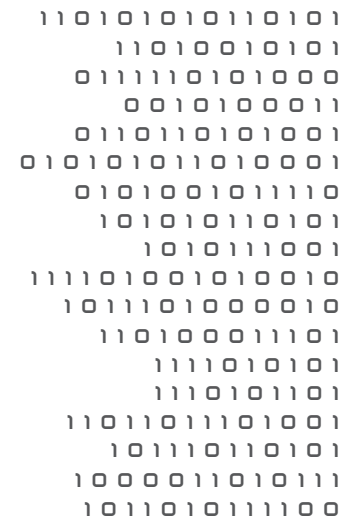
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Definitions of Success

	N=47 (categories not mutually exclusive)	%
Financial stability – able to sustain yourself, earn enough to support themselves, afford to pay bills, pay the rent, have income, earning a living, cover company expenses, pay off loans.	15	32
Enjoyment of and satisfaction with work	14	30
Freedom and independence	12	25
Being able to meet client needs – provide a valuable service, solve customer’s problems, have a reliable client base	12	25
Have a profitable company	4	9
Employ others	3	6
Have time for other things	3	6
Company growth	2	4

Reasons for Self-employment

	N=47	%
Dissatisfaction with paid work experiences Didn’t fit in with conventional work, didn’t like working for others, rare to get wealthy through a job, job imposed limits, couldn’t move up the career ladder	19	40
Opportunities and timing Not many obligations as youth, high school project led to work, parents were first clients, came across entrepreneurial program by accident	14	30
Lack of paid employment Didn’t have college education, lost job, trouble getting a job, no market for degree, couldn’t find a job after university, applied for jobs and was rejected	11	23
Other Fulfilling parents dream, need to accommodate child	3	6





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Family Influence

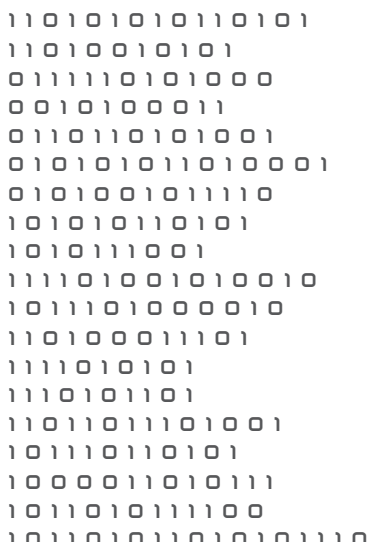
	N=47	%
Yes Given support and encouragement, family members also self-employed, family members influenced decision	38	81
No influence	9	19

Community Influence

	N=47	%
Yes Advisors in self-employment program, artistic community, role models, teachers, friends, community agencies	32	68
No Community has not been supportive	15	32

Experience with Financial Institutions

	N=27	%
Positive No problem getting a loan, got a line of credit, family has good history with bank	9	33
Negative High interest rates and collateral, service charges too high, ageism, trouble getting loans, banks don't understand self-employment	14	52
Mixed	2	7
Neutral	2	7





THE YOUNG AND THE ENTERPRISING:

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Experience with Government

	N=37	%
Positive Secured loan, good tax benefits, started out by having government as a client, websites helpful, good programs	11	30
Negative and Mixed Programs are out of touch, hard to get info, tax filing is confusing, too much red tape	15	40
Neutral	11	30

Experience with Community Agencies

	N=28	%
Positive Provides services to agencies, did some workshops, met mentors and clients, received support from agencies	23	82
Negative entrepreneurial programs are inadequate	1	4
Mixed	4	14

Experience with Business Sector

	N=25	%
Positive Private sector encouraging, meeting potential clients, received awards from business sector	17	68
Negative Hard time finding investors, no cooperation among businesses	3	12
Mixed	2	8
Neutral	3	12





THE YOUNG AND THE ENTERPRISING: A STUDY OF SELF-EMPLOYMENT IN ONTARIO

Self-employment Earnings of Participants

	N=42	%
Under 15,000	15	36
15-25,000	10	24
25-35,000	12	29
Over 35,000	5	12

Self-employment Earnings by Gender

	Women N=17	% of Women	Men N=25	% of Men
Under 15,000	7	41	8	32
15-25,000	4	24	6	24
25-35,000	5	29	7	28
Over 35,000	1	6	4	16

Self-employment Earnings for Women by Visible Minority Status

	Visible Minority N=8	% of Visible Minority	Non Visible Minority N=9	% of Non- Visible Minority
Under 15,000	5	63	2	22
15-25,000	2	25	2	22
25-35,000	1	13	4	44
Over 35,000	0	0	1	11

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A STUDY OF SELF-EMPLOYMENT IN ONTARIO

Self-employment Earnings for Men by Visible Minority Status

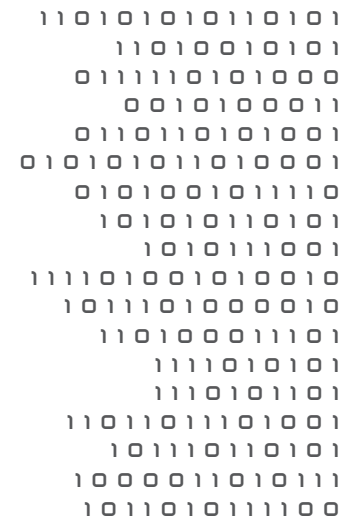
	Visible Minority N=5	% of Visible Minority	Non Visible Minority N=20	% of Non-Visible Minority
Under 15,000	2	40	6	30
15-25,000	1	20	5	25
25-35,000	1	20	6	30
Over 35,000	1	20	3	15

Self-employed Earnings by OASE and ESE

	OASE N=32	%	ESE N=10	%
Under 25,000	22	69	3	30
Over 25,000	10	31	7	70

Earnings of Own Account Self-employed Women by Visible Minority Status

	Visible Minority N=7	% of Visible Minority	Non Visible Minority N=7	% of Non-Visible Minority
Under 25,000	6	86	4	57
Over 25,000	1	14	3	43



Earnings of Own Account Self-employed Men by Visible Minority Status

	Visible Minority N=4	% of Visible Minority	Non-Visible Minority N=14	% of Non-Visible Minority
Under 25,000	3	75	9	64
Over 25,000	1	25	5	36

How participants supplement their self-employment earnings

	N=43 (categories not mutually exclusive)	%
Working part-time	4	9
Working full-time	6	14
Contract work	13	30
Government stipends	3	7
Friends/ family	2	5

Profit

	Women N=17	% of Women	Men N=26	% of Men
Immediate profit or within the first year	9	53	19	73
More than a year before profit	1	6	3	12
Not yet profitable	7	41	4	15

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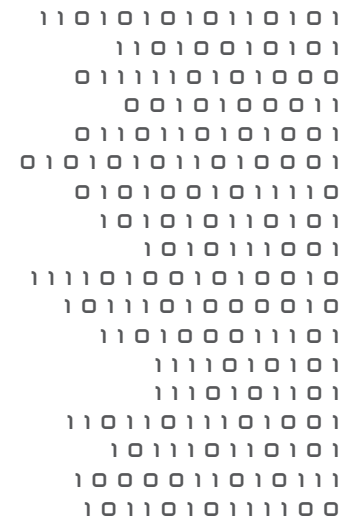
A STUDY OF SELF-EMPLOYMENT IN ONTARIO

Strategies to Minimize Financial Risk

	N = 46 (categories not mutually exclusive)	%
Money management strategies invest, save, spend wisely, keep low overhead, low credit	11	24
Have a good business plan	7	15
Connect with other people professionals, clients, mentors	7	15
Do market research	7	15
Seek financial support from family and friends	4	9
Other get education, work from home, seek loans, supplement income	8	17
Nothing can be done to minimize financial risk	3	7

Missing Resources

	N=47 (categories not mutually exclusive)	%
Lack of capital and financing	19	40
Lack of staff and human resources	12	26
Lack of networking opportunities	10	21
Need for technical upgrading of equipment and skills	6	13
Lack of experience	8	17
High competition in the industry	5	11
Nothing missing	7	15



THE YOUNG AND THE ENTERPRISING:
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Source of start-up funds

	N=47 (categories not mutually exclusive)	%
Savings	22	47
Family/ friends	18	38
Loans	13	28
Youth business loans	4	9
None	7	15

Diversity in youth self-employment

Dimension of diversity mentioned when questioned about discrimination	N=43 (categories not mutually exclusive)	%
Ethno-racial	6	14
Gender	7	16
Age	15	35
No difference or discrimination experienced	20	47

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