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COVID 19 DISCLAIMER

While this report was being written, the province along with the rest of the globe was in the process of managing the spread and effects of the COVID 19 pandemic. The data for this report was collected in mid-2019, prior to any hint of the economic instability and shock to small businesses and entrepreneurs both regionally and globally. This report now provides an informative baseline that can be used to gauge the rate and type of economic recovery coming out of this pandemic. In other words, this report provides a description of what entrepreneurship looked like in Saskatchewan immediately before the crisis and can help inform policies about recovery and growth.

Report Structure

What follows in this report is a look at entrepreneurship in Saskatchewan for 2018 based upon an analysis of the APS and PES for the province¹. Comparisons are made between Canada and other provinces where appropriate. Alberta and Manitoba have similar resource economies as Saskatchewan so they were used to offer additional context for the discussion. Aggregate Canadian results were also provided where applicable. Global GEM data were used to compare Saskatchewan to selected G7 economies including the United States.

Data Interpretation Caveats. In interpreting the comparative data presented throughout the report, consideration should be given to the underlying data. First, while comparisons between Saskatchewan and other regions are statistically sound, in that findings were drawn from adequate sample sizes and use the same data collection instruments, the comparison of country level data with provincial level data should be done with caution since they refer to comparisons between nations and provinces, which are different levels of analysis.

Conventions in this Report. Comparisons were made in this report using the “reasonable differences” approach. This means that in cases where the percentage difference between two or more figures were relatively close, within 2% or 5% of one another, they were considered

¹ Appendix 1 provides an explanation of APS, PES, the Global Entrepreneurship Monitor, and the GEM methodology.
to be sufficiently close enough as to be practically considered as similar figures. For example, if the difference in entrepreneurial activity for three age groups were within 2% of each other, they were considered to be, in the practical sense, essentially similar. Actual figures are provided in this report so that the reader can see these distinctions being made.

The Saskatchewan Context

Statistics Canada’s latest figures for 2018 show that the Saskatchewan economy is approximately divided between a resource economy and a service economy. Agriculture, oil, gas, and mining make up 36% of the Saskatchewan economy while services make up 34%. Construction and manufacturing contribute 7% and 6% respectively while public services make up the remaining 17%. Provincial GDP peaked in 2014 at $80.1B, then dipped for two years due in part to falling oil prices, recovering by 2017 to $80.4B. In 2018, provincial GDP rose to $82.2B, the highest point in over 20 years. These indicators show that business and business opportunities in the province are growing and balanced between resource, extraction, and a growing services economy.

Report Findings Overview

This GEM project surveyed slightly over 1,500 Saskatchewan residents with questions about their attitudes and activities associated with entrepreneurship in the province. Respondents were randomly selected to take part in the survey. An important starting point for the Saskatchewan GEM results is to show the state of new business and small business operation in the province. This first summary point provides a useful baseline for comparing post-COVID entrepreneurial recovery to prior levels.

Part One: 2019 Baseline Entrepreneurship in Saskatchewan

In 2019, per capita there was a 14% likelihood that a person is an early-stage entrepreneur an 11% likelihood that they are an owner of an existing small business, and a 4% likelihood that they are starting a
new business under the control of their existing employer. The investor profile for start-ups shows that Saskatchewan lags the regional and national averages for angel investor participation rates but leads the regional and national average for investment amounts.

The following parts highlight key results from the survey.

Part Two: Who They Are

Saskatchewan has a strong entrepreneurial culture. Approximately 75% of those surveyed indicated that entrepreneurship was desirable, respected, and talked about in the province. Canadians overall have positive attitudes about entrepreneurship and the Saskatchewan results about entrepreneurial culture are in similar ranges as those found in Alberta and Manitoba.

Only half of Saskatchewan residents think that entrepreneurship is accessible to them. When asked if they personally have the ability and risk tolerance for entrepreneurship and if they know other entrepreneurs, half the respondents say ‘no’ and only 15% say that they considering to start a new business. Results in Alberta and Manitoba show that people in those provinces believe they have a slightly better ability to be entrepreneurs.

Ideals are a more important motivator than money. Earning wealth and making money were an important motivator, however a desire to make a difference was noticeably more important for entrepreneurs.

Demographics like education, age, and region have little effect on entrepreneurial activity, but there is a small gender difference. Differences in entrepreneurial activity do not appreciably differ depending on age, level of education, age, or whether you live in Alberta, Manitoba, or Saskatchewan. There is however, a greater tendency for males to be entrepreneurs versus females.
Part Three: Where They Are Headed

**Businesses are exiting for non-business reasons.** Retirement and personal reasons were the leading reasons for closing an existing small business. These results indicate that the opportunity to take over an existing business is an attractive and potentially overlooked opportunity.

**The picture of new businesses in Saskatchewan is not the picture of existing businesses.** The resource economy of mining, construction, agriculture, forestry, and fishing currently represents 54% of the existing businesses that were involved in the survey. However, service economy businesses in health, education, social services, retail, hotel, and restaurants represents 35% of the businesses that entrepreneurs are currently working on.

**Entrepreneurs’ aspirations are not dependent on scale, export, or high tech.** Common attributes of high-growth ventures (scalability, international operation or export, and high-tech) are not common aspirations for Saskatchewan entrepreneurs.

Part Four: Saskatchewan Provincial Experts Survey

**Saskatchewan’s entrepreneurial index matches that of regional and national comparators.** The National Entrepreneurship Context Index (NECI) shows that entrepreneurship in Saskatchewan, Alberta, and nationally are essentially the same. This index provides a recovery baseline useful for comparing Saskatchewan with the rest of Canada.

**From a list of 12 business issues facing entrepreneurs in Saskatchewan, 4 are currently the most important.** A panel of Saskatchewan business experts were asked what would best serve growing a larger base of entrepreneurs in the province. The most important issues in increasing Saskatchewan entrepreneurship are in access to financing, educational programing at the primary and secondary levels, government policies, priority and support, and technology (R&D) transfer.
Introduction

This is the first year of a comprehensive survey of entrepreneurship in Saskatchewan since 2012. This report provides information that can guide efforts aimed at informing readers about the capabilities and resources needed to launch and run businesses and to create environments in which their ventures can thrive. This analysis is based on the Saskatchewan 2018 survey of approximately 1,500 adults in Saskatchewan (balanced for gender and age distribution) and a Provincial Expert Survey of approximately 35 regional business professionals using the methodology of the Global Entrepreneurship Monitoring (GEM) Consortium. This approach has been used for nearly 20 years to collect data in over 100 economies.

Baseline Entrepreneurship

Since its early inception, GEM focused on the phase that combines the stage in advance of the start of a new firm (nascent entrepreneurship) and the stage directly after the start of a new firm (owning-managing a new firm). Taken together this phase is denoted as “total early-stage activity” (TEA).

Total Early-Stage Activity (TEA) are:

• pre-startup entrepreneurs, &
• startups less than 42 months

Individuals involved as owner-managers in established firms are also identified as established business (EB) and those that choose to discontinue their entrepreneurial activity are included in the analysis.

Established Business (EB) are:

• businesses that have been operating for more than 42 months, &
• businesses operating over 42 months that have shut down

Entrepreneurship Profile in Saskatchewan, TEA and Established Businesses

Alberta historically has the highest TEA rates in Canada and normally outperforms it’s western Canadian partners. As Figure 1.1 reveals, the
2019 findings show that Saskatchewan’s TEA rate was lower than that of Manitoba, Alberta, and nationally.

The number of established businesses are higher though in comparison with a rate of 11.3% versus 7.8% for Manitoba and 9.2% for Alberta, and 7.4% for Canada overall.

Additionally, GEM provides the unique opportunity to track those who are involved in the start-up of a new venture or activity under the control of an employer, known as “Employee Entrepreneurs” or “Intrapreneurs”. In Saskatchewan the incidence rate of employee Entrepreneurs was 4%, which was essentially the same for Manitoba (4%), Alberta (5.5%), and Canada overall (4.7%).
Investment Profile

Access to capital is a key success factor for entrepreneurial ventures. In this section the role of the angel investor is explored. Participation rate refers to the percentage of start-ups that receive angel investment. Saskatchewan lags the regional and national averages for angel investor participation rates but leads the regional and national and average for investment amounts. A typical angel investor is a close family member. See Table 1.1 and Figure 1.1 for a comparative profile of angel investors in Saskatchewan.

Table 1.1: Angel Investor Profile by Region

<table>
<thead>
<tr>
<th></th>
<th>SK</th>
<th>MB</th>
<th>AB</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Rate %</td>
<td>3.9%</td>
<td>4.5%</td>
<td>6.7%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Average Investment CAD$</td>
<td>$56,224</td>
<td>$41,099</td>
<td>$46,449</td>
<td>$51,740</td>
</tr>
</tbody>
</table>

Close family member 48%

A friend or neighbor 20%

A stranger with a good business... 4%

A work colleague 8%

Some other relative 12%

Other 4%
Using GEM APS data this chapter investigates both the attitudes and activity of Saskatchewan entrepreneurs.

**Entrepreneurial Culture**

GEM was one of the first initiatives to collect data related to attitudes, perceptions, and intentions towards entrepreneurship. The 2019 survey asked respondents three questions about whether they thought starting a business was a desirable career choice, if entrepreneurs had a high level of status and respect, and if they see stories in the media about successful new businesses.

When taken together these three questions create a composite of the entrepreneurial culture in Saskatchewan. The results for all three questions were well above the 50% mark indicating that the majority of respondents had favorable attitudes about entrepreneurship in principle. Results for the three questions are as follows.

Figure 2.1 shows that two-thirds of respondents believe that entrepreneurship is a reasonable career choice. Canadians overall, both regionally and nationally, generally shared this attitude.
Figure 2.2 shows that four out of five respondents believe that entrepreneurs are respected, an attitude that is consistent across the country.

Figure 2.3 shows that three out of four respondents remember seeing media stories about entrepreneurs. This result is again consistent
Summary - Saskatchewan has a strong entrepreneurial culture.

With an average response of approximately 75% overall, these attitude questions show that there are strong beliefs about how favorable it is to be an entrepreneur. These beliefs indicate that there is a strong culture in place in Canada and Saskatchewan for entrepreneurship.

Entrepreneurial Accessibility

In addition to broad attitude data, GEM provides micro level findings about personal networks (knowledge of an entrepreneur), perceived strengths and weaknesses (opportunity, skills and experience, fear of failure), and future intentions (desire to start a new business in the next three years). Saskatchewan’s are summarized below in a national and provincial context (Figure 2.4).
Saskatchewan respondents were, however, more likely to say that they lacked the opportunity to be an entrepreneur relative to those in Manitoba and more broadly in Canada. Fewer perceived opportunities may be the result of a depressed oil and gas resource economy, which would explain why those in Saskatchewan and Alberta were more pessimistic about this.

When asked more directly if they had the intention of becoming an entrepreneur, those in Saskatchewan were slightly less likely to say yes. Nevertheless, as Figure 2.4 shows, there was less than 4% separating Saskatchewan from the highest reporting region.

**Summary: Only half of Saskatchewan residents think that entrepreneurship is accessible to them.**

When asked if they personally have the ability and risk tolerance for entrepreneurship and if they know other entrepreneurs, half the respondents say ‘no’ and only 15% say that they are considering to start a new business. Results in Alberta and Manitoba show that people in those provinces believe they have a slightly better ability to be entrepreneurs.

These results contrast somewhat with the earlier results about entrepreneurial culture. What we’ve seen so far is a strong positive entrepreneurial culture with middling beliefs about being an entrepreneur. One interpretation of these collective results is that Saskatchewan respondents think entrepreneurship is good, but perhaps not for them.

**Motivations**

GEM is keenly aware of the impacts of motivations for starting a business. Respondents were asked: Were you involved with this start-up to take advantage of a business opportunity or because there was no better choice for work? The distinction is made between opportunity-based ventures and those that are created out of necessity. Countries like Canada are primarily innovation-driven economies that are expected to have high levels of opportunity-based entrepreneurship.
This is because opportunities for employment are generally more abundant, offering individuals different alternatives to make a living. The motivations for Saskatchewan’s entrepreneurs are shown in Figure 2.5.

Saskatchewan respondents showed themselves to be rather more idealistic than might be expected in terms of why they wanted to start a new business. The most frequently selected answer to why they are involved with a start-up was to make a difference in the world. Further information about what kind of difference was not collected so it is not possible to say whether respondents were thinking about creating jobs, improving the environment, contributing to social causes, or other ways of making a difference. The social good motivation was noticeably more frequent than the next two economic reasons of making a living and getting rich. One explanation for this pattern is that entrepreneurs are influenced by media, pop culture, and business reporting about the importance of social causes. These people are listening intently to this message.
WHO THEY ARE

Of lesser importance is family ties to a business. Carrying on the family business was the least likely motivation reported. Later in the report there is data that the most frequent reason for exiting a business is retiring. Low motivation to continue the family business and existing businesses closing due to retirement support each other to suggest a macro trend about the exiting of small businesses in Saskatchewan.

Summary: Ideals are a more important motivator than money.

Earning wealth and making money were an important motivator, however a desire to make a difference was noticeably more important for entrepreneurs.

Demographics

Using the GEM APS data, this section examines the demographic dimensions of Saskatchewan entrepreneurship in greater detail through consideration of age, education, region location, and gender.

Below are the breakdowns of Saskatchewan Entrepreneurship by four demographic factors:

- age
- education
- regional location
- gender

As the results show, reasonably differences exist only by the factor of gender.
While there are a variety of differences in the number of entrepreneurs in the given age groups within Alberta, Manitoba, and Canada overall, in Saskatchewan the frequency of entrepreneurs is about 16% across the range from 18 years old to 44. A drop occurs in later ages from 45 to 64. This drop off occurs across the comparison regions and likely represents age cohorts in their prime wage earning years, those who may be more likely to decide that they will stay with the career that they have. The final group, 65+, represents those at or approaching retirement who have the lowest frequency of entrepreneurs. Figure 2.6 shows that age appears to have minimal effect on the number of entrepreneurs in the province.
Similarly, age does not seem to have a large effect on the number of established businesses in Saskatchewan. Established businesses, those more than 3 ½ years old, are more likely to be owned by those 35+, but once in this band the percentage of respondents who are established business owners is reasonably stable at approximately 12%.
**Education**

**Figure 2.8: TEA % by Education Levels and Region**

<table>
<thead>
<tr>
<th>Education Level</th>
<th>SK</th>
<th>MB</th>
<th>AB</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>7%</td>
<td>3%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Some Highschool</td>
<td>31%</td>
<td>15%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>High School</td>
<td>23%</td>
<td>15%</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Post Secondary</td>
<td>13%</td>
<td>14%</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Graduate Experience</td>
<td>19%</td>
<td>20%</td>
<td>14%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Figure 2.9: Established Business % by Education Level and Region**

<table>
<thead>
<tr>
<th>Education Level</th>
<th>SK</th>
<th>MB</th>
<th>AB</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>2%</td>
<td>14%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>Some Highschool</td>
<td>15%</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>High School</td>
<td>18%</td>
<td>11%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Post Secondary</td>
<td>11%</td>
<td>11%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Graduate Experience</td>
<td>12%</td>
<td>13%</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**WHO THEY ARE**
WHO THEY ARE

Figures 2.8 and 2.9 generally show that the level of education is consistent across new entrepreneurs and established business owners. Whether you look at those who have some high school or those who have a PhD, the frequency of those with that level of education is essentially the same.

Gender

Globally, and nationally, a gender gap is reported for female entrepreneurs. Saskatchewan results are consistent with this trend.

While the differences are small, there is a noticeable gap between the frequencies of male entrepreneurs versus female. Direct follow up questions that might allow for understanding why this difference exists were not part of the survey so it is not possible to suggest why this difference exists. The only interesting note is that the difference disappears in Alberta.

“Nascent: refers to pre-start-up entrepreneurs. Nascent Female and Nascent Male data allow us to see the difference between those with the nascent intent and those who have already launched a start-up. The data shows that 7% and 9% of Saskatchewan TEA are pre-start-
up, meaning that 3% and 5% are launched within the last 42 months. We see the same pattern favouring males over females, which can be interpreted as meaning that there is a small but consistent gender imbalance.

This difference falls within the reasonable differences principle, meaning that if this was a factor other than gender it would likely be considered as not being practically different. The reader is left to make their own conclusions.

Summary: Demographics like education, age, and region have little effect on entrepreneurial activity, but there is a small gender difference.

Differences in entrepreneurial activity do not appreciably differ depending on age, level of education, age, or whether you live in Alberta, Manitoba, or Saskatchewan. There is however, a greater tendency for males to be entrepreneurs versus females.

SUMMARY: WHO ARE THE ENTREPRENEURS IN SASKATCHEWAN

The first observation that stands out in reviewing the GEM Saskatchewan data is that the profile of entrepreneurs in Saskatchewan is not very different from the profiles from regional comparisons in Alberta and Manitoba and nationally in Canada. Differences do exist but are relatively small in comparison to general levels of factors such as entrepreneurial culture, accessibility, and motivation. The largest between-region differences are in the education level of entrepreneurs and established business owner where in Saskatchewan there is a relatively similar distribution of education levels for new entrepreneurs and established business owners. There is a slight spike in the number of established business owners who report having some high school; because a similar spike exists in Alberta but less so in Manitoba we speculate that this number is attributed to resource and agriculture sector businesses.
WHO THEY ARE

For the 2019 GEM Saskatchewan survey, one goal was to examine gender effects and specifically whether there were differences in who was starting new businesses. We found that 10% of females in the general survey were engaged in early-stage entrepreneurship compared to 14% of males. It’s an open question whether this difference is of practical importance. A more practical question may be why the numbers are that low to begin with, whether it is more important to boost female engagement 4% to match male engagement or to boost the engagement rate overall. If the gap were more prevalent, 10% for females and 20% for males, the difference would more likely be considered to be a practical issue. We leave it to the reader to consider this question.
In this section we look at the immediate direction that entrepreneurship is taking in Saskatchewan. Data on business exits, and the reasons for exits provides a view on business survival rates in the province. Comparisons between the structure of the established business community and the new start-up community shows how the business structure is changing in the province. Data about entrepreneurs’ plans for expected size of their business, export, and use of technology provides insight about aspirations for the future.

**Business Exits**

Just as the formation and establishment of new enterprises is important, exits from a business also forms an essential part of the entrepreneurial process. There are two types of exits that are tracked. If the business did not continue after the entrepreneur left the business, then this is denoted discontinued. If the business continued after the entrepreneur left the business, then this is denoted exited. The comparative findings for Saskatchewan are found in Table 3.1.

**Table 3.1: Business Exits**

<table>
<thead>
<tr>
<th></th>
<th>Saskatchewan</th>
<th>Alberta</th>
<th>Manitoba</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discontinued</td>
<td>3.9%</td>
<td>4.9%</td>
<td>3.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Exited</td>
<td>1.7%</td>
<td>3.6%</td>
<td>3.1%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

The ‘Discontinued’ can be considered less optimal for the provincial economy because it represents a business that closed its doors while ‘Exited’ represents the businesses that remained open. In Saskatchewan the trend was to see relatively fewer businesses remain open after the entrepreneur left. The 1.7% figure of exited businesses compares poorly with Alberta, Manitoba, and Canada overall. Ideally we would want to see the type of pattern shown in the Canadian figures where the number of exits is greater than the number of discontinues because this pattern means that there are proportionately more businesses staying in operation after the entrepreneur leaves than there are businesses closing down after the entrepreneur leaves. Figure 3.1 shows the reasons why Saskatchewan business owners left.
Figure 3.1: Reasons for Leaving the Business

WHERE THEY ARE HEADED

The eight reasons for why a business closed are shown in Figure 3.1. The first two most frequent reasons, retirement and family/personal reasons, represent almost 1/3 of the responses. These two reasons share the context that an entrepreneur made a non-business related decision to disengage from the business but did not have the opportunity to transition that business to another person. The remaining reasons are common business-related problems such as low/no profitability or inability to get financing. The non-business related reasons are significant because they suggest that a third of the business exits in Saskatchewan might possibly be mitigated if new entrepreneurs were motivated to take over these business.
Summary: Businesses are exiting for non-business reasons.

Retirement was the leading indicator for closing an existing small business and a desire to take over the family business was a minor motivation for new entrepreneurs. These results indicate that the opportunity to take over an existing business is an attractive and potentially overlooked opportunity.

Sector Participation

Figures 3.2 and 3.3 show the frequency distribution of the types of businesses that new entrepreneurs are opening or plan to open and the types of established businesses that are operating in Saskatchewan.
Figures 3.2 and 3.3 provide two important observations. First, they show a diversified economy in that both established and new businesses exist in several different sectors including resources, services, and manufacturing. The second observation is that the structure of the established business economy is different from the new business economy. The established business economy in Figure 3.3 is predominantly resource-based with agriculture, forestry, fishing, mining, and construction making up over half, 54%, of the current economy. Figure 3.2 shows a different direction. This figure represents the sectors where entrepreneurs are opening or planning to open a new business. The resource sector is significantly less represented with only 19% of new entrepreneurial activity. Instead, businesses associated with health, education, social services, retail, hotels, and restaurants show the most entrepreneurial activity comprising more than a third (35%) of the sector breakdown. When we recall the earlier data that ‘making a difference’ was the most popular reason for being an entrepreneur, the observation in Figure 3.2 further supports the social enterprise orientation of new entrepreneurs.
Summary: The picture of new businesses in Saskatchewan is not the picture of existing businesses.

The resource economy of mining, construction, agriculture, forestry, and fishing currently represents 54% of the existing businesses that were involved in the survey. However, service economy businesses in health, education, social services, retail, hotel, and restaurants represents 35% of the businesses that entrepreneurs are currently working on.

Aspirations

This section shows the future aspirations of entrepreneurship in the economy using the GEM APS data focusing on factors like job creation, export orientation, innovation, and the use of technology.

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

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

Job Creation

Job creation is one of the most discussed consequences of entrepreneurship and is of considerable importance in Saskatchewan. The basic GEM survey assessment of job creation potential is a question about aspiration for development over the next five years. The question begins with a report of the current level of employment and is followed by asking for the projected number of employees in five years. Figure 3.4 shows the results for four employment level aspirations for Saskatchewan entrepreneurs.
Figure 3.4 shows that current and future aspirations for job creation are essentially the same. New entrepreneurs and established business owners both plan to have same workforces of 1-5 employees now and in the near future.

**Internationalization**

Figures 3.5 and 3.6 show the international orientation of new entrepreneurs and established business owners in Saskatchewan. The figures show that there is a slight decrease in the international perspective for Saskatchewan entrepreneurs relative to Alberta, Manitoba, and Canada overall. Export orientation represents the expected share of revenue (intensity) coming from outside Canada. Figure 3.5 provide TEA export intensity, while Figure 3.6 details established business export intensity.
Figure 3.5: TEA Export Intensity by Region

Figure 3.6: Established Business Export Intensity by Region
Innovation

Innovation is a major goal of entrepreneurship policy, even if only a fraction of new initiatives offers substantial innovations. In some respect all new initiatives involve an entrepreneur undertaking something new. Initiatives that provide products or services that are novel or unfamiliar in a market and those initiatives that have no competitors are clearly innovative within the relevant market. This view of innovation is consistent with two dimensions of GEM data about the TEA population: the share of customers who are expected to find the new product or service novel or unfamiliar (innovative in that market), and the number of other firms who offer similar (competitive) products or services. Findings are supplied in Figure 3.7 TEA and 3.8 EB regarding novelty. Both figures show that Saskatchewan entrepreneurs are slightly less likely to be working with a new product or service relative to regional and national comparisons, although the differences are not very large.

Figure 3.7: TEA New Product or Service by Region

![Figure 3.7: TEA New Product or Service by Region](image)

WHERE THEY ARE HEADED

- Not a new product or service
- New to the people in the area where you live
- New to people in your country
- New to the world
**Technology**

Some definitions of innovation point to a relationship between innovativeness and use of up-to-date technology. In GEM, the members of the TEA population are asked whether their initiative draws on the latest technology introduced in the last year, technology introduced in the previous one to five years, or older technology. Responses to this indicator are shown in Figure 3.9.
The figures show that new technology use by Saskatchewan entrepreneurs is practically non-existent, although that observation is consistent for Alberta, Manitoba, and Canada as well. Because this effect is consistent in the overall Canadian percentages it’s less likely that this effect is because of the low number of manufacturing businesses in western Canada.
Summary: Saskatchewan entrepreneurs’ aspirations are not dependent on scale, export, or high tech.

Common attributes of high-growth ventures (scalability, international operation or export, and high-tech) are not common aspirations for Saskatchewan entrepreneurs.

PART THREE SUMMARY: WHERE THEY ARE HEADED

In this section we looked at the immediate direction that entrepreneurship is taking in Saskatchewan. Using data on business exits the structure of the start-up and the established business sector, and plans for expected size, export intent, and use of new technology we were able to gain some insight about aspirations for the future. Overall the data suggests that entrepreneurs are building a semi-traditional, locally/regionally oriented, and socially-aware entrepreneurial sector. Semi-traditional means that the types of businesses are similar in type to the existing businesses in Saskatchewan with a noticeable shift away from resource-based businesses to social service and hospitality business. This shift could be due to the capital-intensive nature of resource business. Semi-traditional also refers to the data showing that many existing businesses are being discontinued because there is no one interested in carrying on with it, suggesting that passing on a business legacy to family or friends is not as common as it might be.

Local/regional refers to the export aspiration of entrepreneurs. The Saskatchewan data shows a low tendency for exports or international business and an aspiration to create a small number of jobs, suggesting that local entrepreneurs tend to look locally for their opportunities and employees. Finally, socially-aware refers to the motivation for starting a new business, an observation made earlier but that also applies to where entrepreneurship in Saskatchewan is heading.
Recommendation Framework – Saskatchewan Provincial Experts Survey

Since its inception, GEM has proposed that entrepreneurship dynamics can be linked to conditions that enhance (or hinder) new business creation. In the GEM methodology these conditions are known as Entrepreneurial Framework Conditions (EFCs). EFCs are one of the most important components of any entrepreneurship ecosystem.

International Comparison - NECI

It is expected that different economies and regions have different structures and quality of EFCs. When all GEM data are collected, the national and regional files are centrally harmonized. The harmonization process includes an internal quality control process and the calculation of site variables that summarize each block of questions designed to measure a certain aspect of the EFCs. Using this methodology, each expert in each country is assigned individual values, allowing for international comparisons to be made. The list of experts in a region are varied annually and these are different from the experts used to assess national conditions.

The National Entrepreneurship Context Index (NECI), assesses the environment for entrepreneurship to allow for quick comparison across economies. Derived from the 12 framework conditions, the NECI weighs ratings for these conditions by the importance experts place on them.
Figure 4.1 provides the NECI average score for Saskatchewan in comparison with G7 nations.

**Figure 4.1: NECI Average Score Comparison for Saskatchewan, Canada, and Selected G7 Countries**

Figure 4.1 shows that entrepreneurship in Saskatchewan, Alberta, and nationally are essentially the same. This index provides a recovery baseline useful for comparing Saskatchewan with the rest of Canada.

**Saskatchewan Provincial Experts Survey (SK-PES)**

The ‘health’ of entrepreneurship in Saskatchewan is assessed using the Provincial Experts Survey (PES). While some secondary data provide analogous information, the PES remains the sole source of harmonized, internationally comparable data that specifically addresses the environmental factors that enhance (or hinder) new and growing firms’ performance.
The PES is similar to other surveys that capture expert judgements to evaluate specific national conditions. For example, the World Economic Forum’s “Global Competitiveness Index” or the World Bank’s “Doing Business” use similar surveys to build their indices. With regards to the PES, its main methodological difference is that it focuses only on EFCs, rather than on general economic factors. A Saskatchewan expert is an individual in the province who was personally invited to complete a special survey by the GEM Saskatchewan project team. Candidates were chosen based on their experience as an established entrepreneur or as someone who worked primarily in the entrepreneur services sector in roles such as banking, investing, government policy, or business consulting.

The PES questionnaire is used to collect the views of experts on a wide range of items, each of which was designed to capture a different dimension (Figure 4.2) of a specific EFC:

1. **Entrepreneurial Finance.** The availability of financial resources—equity and debt—for small and medium enterprises (SMEs) (including grants and subsidies).

2. **Government Policy.** The extent to which public policies support entrepreneurship. This EFC has two components: (a) Entrepreneurship as a relevant economic issue and (b) Taxes or regulations are either size-neutral or encourage new and SMEs.

3. **Government Entrepreneurship Programs.** The presence and quality of programs directly assisting SMEs at all levels of government (national, regional, municipal).

4. **Entrepreneurship Education.** The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels. This EFC has two components: (a) Entrepreneurship Education at basic school (primary and secondary) and (b) Entrepreneurship Education at post-secondary levels (higher education such as vocational, college, business schools, etc.).
5. **R&D Transfer.** The extent to which national research and development will lead to new commercial opportunities and is available to SMEs.

6. **Commercial and Legal Infrastructure.** The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs.

7. **Entry Regulation.** This EFC contains two components: (a) Market Dynamics: the level of change in markets from year to year, and (b) Market Openness: the extent to which new firms are free to enter existing markets.

8. **Physical Infrastructure.** Ease of access to physical resources—communication, utilities, transportation, land or space—at a price that does not discriminate against SMEs.

9. **Cultural and Social Norms.** The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

The PES was carefully designed and refined to capture informed judgements of national, and in this case regional, key informants regarding the status of EFCs in their own country/region’s economies. National and regional experts are selected on the basis of reputation and experience (through a convenience sample approach). Each year at least 36 experts in each GEM economy are personally interviewed or surveyed and asked to fill out the PES self-administered questionnaire.
Figure 4.2: Entrepreneurial Framework Conditions – Average Importance vs. Average Score from Saskatchewan Business Experts

<table>
<thead>
<tr>
<th>Experts' Opinion on…</th>
<th>Where it is</th>
<th>Where it should be</th>
<th>GAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial environment related with entrepreneurship</td>
<td>4.71</td>
<td>8.33</td>
<td>3.62</td>
</tr>
<tr>
<td>Entrepreneurial education (primary and secondary)</td>
<td>4.46</td>
<td>7.73</td>
<td>3.27</td>
</tr>
<tr>
<td>Government policies, priority and support</td>
<td>4.51</td>
<td>7.64</td>
<td>3.13</td>
</tr>
<tr>
<td>R&amp;D transfer</td>
<td>4.09</td>
<td>7.15</td>
<td>3.06</td>
</tr>
<tr>
<td>Government policies bureaucracy, taxes</td>
<td>4.77</td>
<td>7.39</td>
<td>2.62</td>
</tr>
<tr>
<td>Entrepreneurial education (post-secondary)</td>
<td>5.16</td>
<td>7.69</td>
<td>2.53</td>
</tr>
<tr>
<td>Regional economic dynamics</td>
<td>4.9</td>
<td>7.42</td>
<td>2.52</td>
</tr>
<tr>
<td>Government programs</td>
<td>4.69</td>
<td>7.09</td>
<td>2.4</td>
</tr>
<tr>
<td>Regional economic burdens</td>
<td>5.32</td>
<td>7.06</td>
<td>1.74</td>
</tr>
<tr>
<td>Access to professional and commercial services</td>
<td>5.95</td>
<td>7.48</td>
<td>1.53</td>
</tr>
<tr>
<td>Cultural, social norms and society support</td>
<td>6.4</td>
<td>7.09</td>
<td>0.69</td>
</tr>
<tr>
<td>Physical infrastructure and services access</td>
<td>6.65</td>
<td>6.91</td>
<td>0.26</td>
</tr>
</tbody>
</table>

*All questions were on a 1-10 scale*
The experts survey asked questions about different issues and respondents then provided opinions about the importance of an issue such as the availability of financing for entrepreneurs, and how adequately that issue was being addressed. A gap score was created and used to sort the issues from most in need of attention to least in need. The table in Figure 4.2 shows that experts collectively thought that the financial environment for entrepreneurs is very important (8.33/10) and that currently the financial environment was rated a 4.71 out of 10 in terms of meeting the needs of entrepreneurs in Saskatchewan. The gap between these scores, representing the gap between what should be and what is, is the largest in the list, putting this issue at the top of the list.

Issues were grouped according to the gap scores to create categories of most important to least important.

**Category One: Most Important Issues for Entrepreneurs in Saskatchewan**

The most important issues to address for entrepreneurs in Saskatchewan are related to financing, policy, education, and R&D (technology) transfer.

**Entrepreneurial Finance.**
- The availability of financial resources—equity and debt—for small and medium enterprises (SMEs) (including grants and subsidies).

**Government Policy.**
- The extent to which public policies support entrepreneurship and promote Entrepreneurship as a relevant economic issue

**Entrepreneurship Education**
- The extent to which training in creating or managing SMEs is incorporated within the education system in basic school (primary and secondary)

**R&D Transfer.**
- The extent to which national research and development will lead to new commercial opportunities and then made available to SMEs.
Category Two: Important Issues for Entrepreneurs in Saskatchewan

Government Policy.
- The extent to which public policies support entrepreneurship, specifically relating to taxes or regulations that are either size-neutral or encourage new and SMEs.

Entrepreneurship Education.
- The extent to which training in creating or managing SMEs is incorporated within the education and training system at post-secondary levels (higher education such as vocational, college, business schools, etc.).

Entry Regulation.
- The extent to which entrepreneurial market dynamics (the level of change in markets from year to year) can be increased.

Government Entrepreneurship Programs.
- The presence and quality of programs directly assisting SMEs at all levels of government (national, regional, municipal).

Category Three: Secondary Issues for Entrepreneurs in Saskatchewan

Entry Regulation.
- Market Openness: the extent to which new firms are free to enter existing markets.

Commercial and Legal Infrastructure.
- The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs.

The last category, “Cultural, social norms and society support” and “Physical infrastructure and services access” have small gap scores indicating that experts consider these two issues as not being a burden or problem for Saskatchewan entrepreneurs.
Closing the Gap for Saskatchewan Entrepreneurs.

This report is meant to provide information for making informed plans for how to promote entrepreneurship in the province. This report was written with the perspective that different readers would have different interests, resources, and desired outcomes. To facilitate this variety we recommend that the report serve as a planning document and propose that further recommendations be developed that are specific to the group involved.

If you are interested in further discussion of the information in this report then please contact the report authors directly to inquire about information sessions and planning meetings targeted to your specific area.
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UQTR, Trois Rivières, Québec

University of Ottawa

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The Global Entrepreneurship Monitor (GEM) Project is widely recognized as the most comprehensive longitudinal study of entrepreneurship in the world. Launched in 1999 as a joint project between London Business School (UK) and Babson College (USA), the initial aim was to consider why some countries are more ‘entrepreneurial’ than others. The mandate expanded to include a range of annual global, regional, national and ‘special topic’ reports on topics like youth, women, and senior entrepreneurship.

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

Canada was an early participant in GEM, taking part several times in the survey in the early years, while experiencing a hiatus between 2005-2012. However, since 2013 the GEM Canada team have actively participated in the study and in the global organization, producing national, regional, and provincial reports annually, while providing ongoing contributions to the international organizing body.

**GEM Conceptual Framework and Methodology**

The Global Entrepreneurship Monitor (GEM) defines entrepreneurship broadly as:

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

At the heart of the GEM Conceptual Framework is a focus on individual entrepreneurs, and their personal aspirations and capabilities, as well as the nature of the entrepreneurial ecosystem.
The GEM Conceptual Framework guides data collection activities and research, both of which contribute to GEM’s key aims:

- To uncover factors which encourage or hinder entrepreneurial activity, especially related to societal values, individual attributes, and entrepreneurial framework conditions.

- To provide a platform for assessing the extent to which entrepreneurial activity influences socio-economic development (including economic and inclusive growth) within individual economies.

- To uncover policy implications for the purpose of enhancing entrepreneurial capacity and resulting outcomes in an economy.

The GEM Conceptual Framework is shown in Figure 1.1.
Starting on the left-hand side of the framework, the social, cultural, political and economic context is represented through National Framework Conditions, which include entrepreneurial finance, government policy, government entrepreneurship programs, entrepreneurship education, R&D transfer, commercial and legal infrastructure, physical infrastructure, internal market dynamics and entry regulation, and cultural and social norms. These are assessed through a survey of selected experts on each of the framework conditions as part of the Provincial Expert Survey (PES).

Societal values include societal beliefs about entrepreneurship as a good career choice, whether entrepreneurs have high societal status, the extent to which media represents entrepreneurship positively in an economy, and whether it is easy to start a business.

Individual attributes include demographic characteristics (i.e., gender, age, etc.), self-perceptions (i.e., perceived capabilities, perceived opportunities, fear of failure), and motives for starting a business (i.e., necessity versus opportunity).

Entrepreneurial activity encompasses multiple phases of the business process (i.e., nascent, new business, established business, discontinuation), potential impact (i.e., job creation, innovation, internationalization), and type of activity (such as total early-stage entrepreneurial activity or TEA, and employee entrepreneurial activity or EEA).

Societal values, individual attributes, and entrepreneurial activity are assessed through a broad-based survey of the population called the Adult Population Survey (APS).

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

TOTAL EARLY-STAGE ENTREPRENEURIAL ACTIVITY (TEA)

POTENTIAL ENTREPRENEUR: Opportunities, Knowledge and Skills

NASCENT ENTREPRENEUR: Involved in Setting Up a Business

OWNER-MANAGER OF A NEW BUSINESS (up to 3.5 years old)

OWNER-MANAGER OF AN ESTABLISHED BUSINESS (more than 3.5 years old)

CONCEPTION

FIRM BIRTH

PERSISTENCE

Early-stage Entrepreneurship Profile

<table>
<thead>
<tr>
<th>Individual attributes</th>
<th>Industry</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Gender</td>
<td>• Sector</td>
<td>• Business growth</td>
</tr>
<tr>
<td>• Age</td>
<td></td>
<td>• Innovation</td>
</tr>
<tr>
<td>• Motivation (opportunity, necessity)</td>
<td></td>
<td>• Internationalization</td>
</tr>
</tbody>
</table>
A central measure of the GEM approach is Total Early-Stage Activity (TEA). This includes those in the process of starting a business (nascent entrepreneurs), and those running a young business (3 – 42 months old) but excludes those in the established business phase (firms older than 42 months or 3.5 years). By exploring these various phases—and especially the difference between total early-stage (TEA) and established businesses (EB)—the GEM approach offers insights not typically available from standard business statistics or official government measures.

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

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

**The National or Provincial Expert Survey (NES/PES) - The NES/PES** is a questionnaire completed by a group of experts in a country, or province (in this case Saskatchewan), using the instrument developed for the global GEM project. The survey presents a series of statements concerning support for entrepreneurship, and experts are asked to assess the degree to which each is true. Areas probed are based upon the framework conditions: entrepreneurial finance, government policy, government entrepreneurship programs, entrepreneurship education, R&D transfer, commercial and legal infrastructure, physical infrastructure, internal market dynamics and entry regulation, and cultural and social norms.
THECIS (The Centre for Innovation Studies) is a not for profit organization devoted to study and promotion of innovation. Based in Calgary, Alberta, and Incorporated in 2001, it operates through a network of 35-40 THECIS Fellows.

THECIS has three core functions – research, networking and education.

• Research. Creating new knowledge and building insights into how the innovation systems functions and policies that can improve it.

• Networking. Providing opportunities for exchange of ideas through breakfast meetings, workshops and conferences.

• Education. Dissemination of information through Newsletters, events and other informal education activities, particularly for graduate students.

For more information about THECIS go to www.thecis.ca

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More information

For more information on the GEM global reports and on GEM, please contact the GEM Executive Director, Aileen Ionescu-Somers, at asomers@gemconsortium.org


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