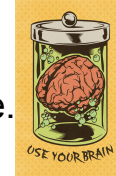




Journal # 6



Think about the following and share a situation from your life.

Do people discriminate against students your age? Have you been served in a store after an older person even though you were at the counter first? Do people listen carefully to what you have to say? Do people discriminate against the elderly? Have you seen an elderly person being ignored at a party or dinner?

Gender

Table 6 shows the percent of Canadian SMEs that were fully or partially owned by a woman in 2004 and 2007. The numbers for the two years are quite similar, although there is a slight decrease in female ownership in 2007. In both years, 35-37 percent of SMEs are half or majority-owned (50 percent or more) by a woman. This is significantly higher than in the United Kingdom where a similar study showed that in 2004 only 25 percent of SMEs were 50 percent or more owned by women. 28

Just over one-third of Canadian SMEs are owned by women.

Table 6: The Percent of Canadian SMEs that are Fully or Partially Owned by a Woman

| The extent to which the business is owned by a woman | 2004 | 2007 |
|--|------|------|
| No portion of the business is owned by a woman. | 52% | 53% |
| A woman owns between 0% and 50% of the business. | 11% | 11% |
| A woman owns half of the business. | 20% | 19% |
| A woman owns between 50% and 100% of the business. | 2% | 2% |
| A woman owns 100% of the business. | 15% | 14% |

Note: Numbers may not add up to 100 percent because of rounding.
 Sources: Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004 (Ottawa: Statistics Canada, 2005); Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2007 (Ottawa: Statistics Canada, 2009); and Industry Canada, *Key Small Business Statistics* (Ottawa: Industry Canada, 2009).

~~X~~ *Businesses started by women have a greater success rate than business started by men.

~~X~~ Women tend to take their time when they research, plan and prepare their venture.

Example of a women Intrapreneur

Patsy Sherman, entrepreneurial employee at 3M Inc., initiated the development of Scotchguard (soil repellent to protect fabrics). She had the idea when she saw a sneaker that remained cleaned after a chemical solution accidentally spilled on it.

Education

Over the ten-year period from 1997 to 2007, Canadian business owners have higher education levels, as shown in Table 7. The proportion of college and university graduates has increased — from 58 percent of the incorporated self employed with paid help in 1997 to 63 percent in 2007. This is a promising trend because people with more education tend to be better able to recognize and pursue opportunities. As a result, they tend to start more businesses ²⁹ and their businesses tend to perform better. ³⁰

Canadian SME owners are acquiring higher education levels.

Table 7: The Educational Achievement of Canadian Business Owners (Self-Employed Individuals with an Incorporated Business and Paid Help)

| Highest educational achievement of self-employed Canadians with incorporated businesses and paid help | 1997 | 2002 | 2007 |
|---|------|------|------|
| No high school | 4% | 4% | 3% |
| Some high school | 11% | 9% | 8% |
| High school graduate | 20% | 21% | 20% |
| Some post-secondary | 7% | 8% | 6% |
| Post-secondary diploma | 32% | 33% | 35% |
| University degree | 26% | 25% | 28% |

Video



Age and Experience

Over the period 2004 to 2007, there has been an increase in the age and the experience of Canadian SME owners, particular those over 50 years and those with more than 5 years experience, as shown in Table 8. This trend reflects the aging of the Canadian population as a whole. It suggests that over the next 10–15 years a substantial proportion of current business owners will be seeking retirement and want to transfer business ownership to family members or outside purchasers. Succession planning is therefore an issue for many business owners, and the evidence suggests that the majority do not have a plan in place. For example, a 2006 study by the Canadian Federation of Independent Business indicates that only 10 percent of SME owners have a formal, written succession plan; 38 percent have an informal, unwritten plan and the remaining 52 percent do not have any succession plan at all. ³¹

Canadian SME owners are becoming older and need to start planning for succession. We will soon see a greater transfer of businesses to next-generation family members or to outside buyers.

Table 8: The Percent of Canadian SMEs Whose Owner Fits the Following Age and Experience Categories

| Age of majority owner | 2004 | 2007 |
|---|-------------|-------------|
| Less than 30 years | 3% | 3% |
| 30 to 39 years | 15% | 12% |
| 40 to 49 years | 35% | 28% |
| 50 to 64 years | 37% | 45% |
| 65 years and over <i>Retired</i> | 10% | 13% |
| Total | 100% | 100% |
| Experience of majority owner in owning or managing an SME | 2004 | 2007 |
| Less than 5 years | 12% | 8% |
| 5-10 years | 18% | 20% |
| More than 10 years | 69% | 71% |
| Total | 100% | 100% |

Note: Numbers may not add up to 100 percent because of rounding.

Sources: Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004 (Ottawa: Statistics Canada, 2005); and Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2007 (Ottawa: Statistics Canada, 2009).

Diversity

Over the period 2004 to 2007, aboriginal persons, people from visible minorities and recent immigrants have become the majority owners of a larger proportion of Canadian SMEs, as shown in Table 9. This trend is also reflected in the increase in the percentage of business owners whose first language is not English or French. However, there has been a decrease in the proportion of Canadian SMEs majority-owned by a person with a disability over this three-year period.

Canadian SME owners have become more diverse, reflecting a greater diversity in the Canadian population.

Table 9: The Percent of Canadian SMEs Whose Owner Fits The Following Categories

| Characteristics of majority owner | 2004 | 2007 |
|---|-------------|-------------|
| Persons with a disability | 3.5% | 2% |
| Aboriginal persons | 1.5% | 2% |
| Visible minorities, other than aboriginal persons | 7.2% | 10% |
| Persons residing in Canada for less than 5 years | 1.4% | 3% |
| First language of majority owner | 2004 | 2007 |
| English | 67% | 67% |
| French | 19% | 18% |
| Other | 13% | 15% |
| Total | 100% | 100% |

Note: Numbers may not add up to 100 percent because of rounding.

Sources: Statistics Canada, *Survey on Financing of Small and Medium Enterprises, 2004* (Ottawa: Statistics Canada, 2005); and Statistics Canada, *Survey on Financing of Small and Medium Enterprises, 2007* (Ottawa: Statistics Canada, 2009).

How the business was acquired

Three-quarters of Canadian SME owners started their business from scratch, rather than acquiring it from a family member or from someone outside their family. As Table 11 indicates, this proportion has changed little between 2004 and 2007. However, although fewer than 10 percent of business owners acquired the business from a family member, past research has found a strong family influence on self-employment. Having parents who are self-employed can provide financial capital to start a business, but more significantly, such a family background provides business skills that are important even when the business is in a different industry than that of the parents. 32


Most SME owners started their business from scratch.

| Table 11: Means of Business Acquisition in 2004 and 2007 | | |
|--|-------------|-------------|
| How the current owner acquired the business | 2004 | 2007 |
| Acquired or bought from a family member | 9% | 9% |
| Acquired or bought from a person outside the family | 13% | 14% |
| Started from scratch | 75% | 76% |
| Other | 2% | 1% |
| Total | 100% | 100% |

Note: Numbers may not add up to 100 percent because of rounding.
 Sources: Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004 (Ottawa: Statistics Canada, 2005); and Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2007 (Ottawa: Statistics Canada, 2009).

Let's Look at a Famous Entrepreneur



 More People