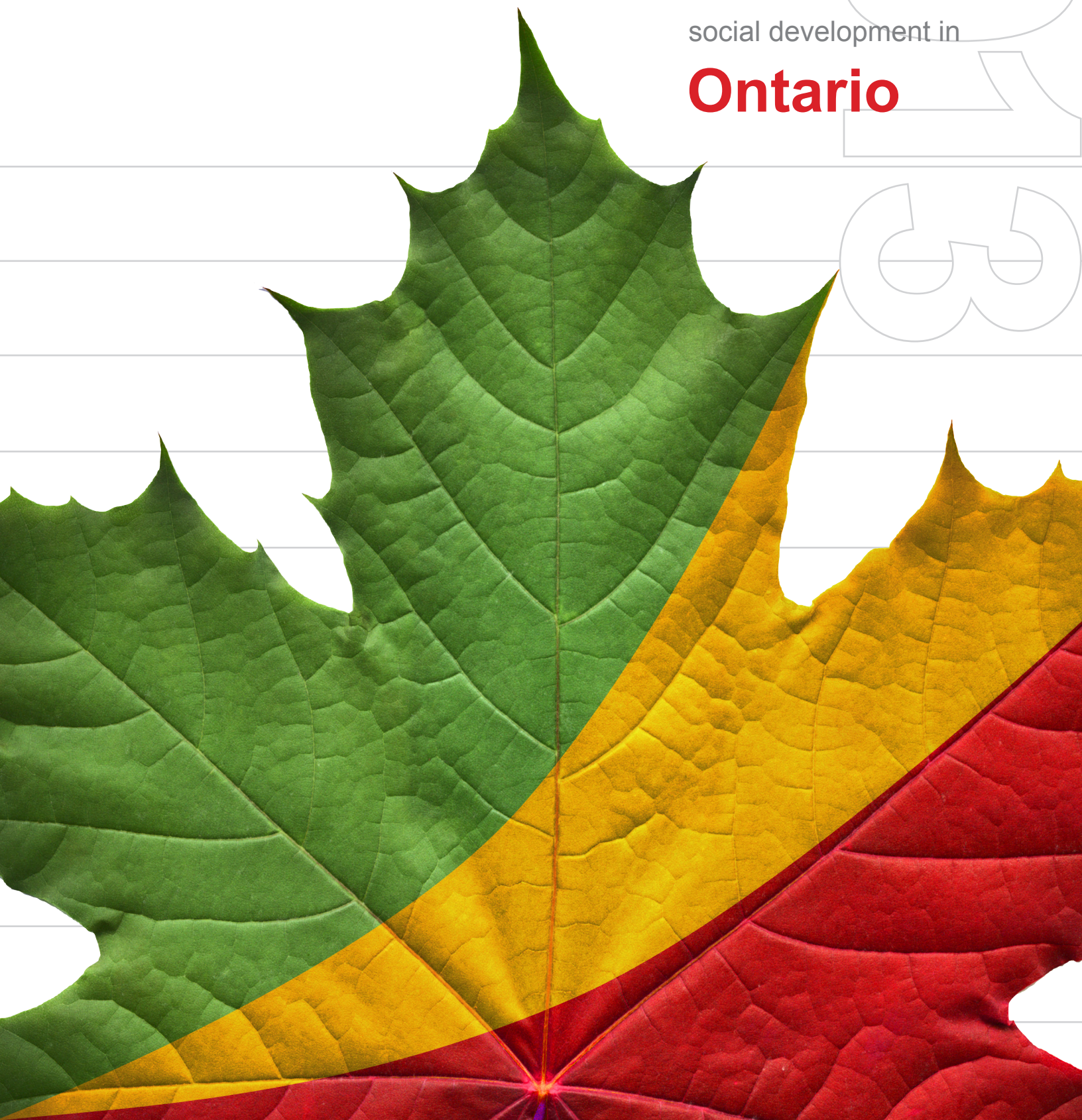




**Global
Entrepreneurship
Monitor**

Driving wealth creation &
social development in

Ontario



**2013 GEM
ONTARIO REPORT**

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EXECUTIVE SUMMARY

The Global Entrepreneurship Monitor (GEM) is an annual assessment of the entrepreneurial activity, aspirations, and attitudes of individuals across a wide range of countries and regions. In 2013, GEM found that Ontario had many indicators of a healthy entrepreneurship ecosystem as well as several reasons for concern.

Ontario's level of early-stage entrepreneurial activity is higher than the average among innovation-driven economies, ranking Ontario near to figures reported for national world leaders, which include Singapore, Israel, and the United States. Ontario's rate of opportunity-motivated entrepreneurship also ranks among the world's highest.

Ontarians are quite aware of entrepreneurship, and they generally have a positive attitude toward entrepreneurship and entrepreneurs. Entrepreneurial opportunities are believed to be abundant, and most Ontarians perceive conditions for starting businesses in the near future to be good. Almost half of all adult Ontarians also believe that they have the knowledge and skills to create a business, and they express a relatively low degree of fear of failure. However, experts believe that Ontario does not have a deep talent pool of individuals who know how to create and grow vigorous companies.

Ontario has a relatively high concentration of early-stage entrepreneurial activity among young adults in the 25-34 age range, and experts believe that policies and programs targeted at this demographic should be stronger. In terms of gender, although more males than females are involved in early-stage entrepreneurship in Ontario, the framework conditions (cultural, program, and policy) to promote greater gender equity in matters of entrepreneurship are relatively favourable.

Overall, Ontario's entrepreneurship ecosystem has quite a few strengths, including the province's physical infrastructure, opportunities to start a business, and the positive social image of entrepreneurs.

The four weakest links in Ontario's entrepreneurship ecosystem have to do with entrepreneurship education and training, the financing of new and growing firms, R&D transfer, and the extent of capabilities to start and grow businesses. We recommend that these areas be given special attention by policymakers, educators, leaders of innovation support institutions, investors, and business leaders.

A slight lag is observed in the use of advanced technology by Ontario's entrepreneurs, and this is corroborated by experts' assessments of various barriers to technology-based innovation in Ontario, including the cost of technology, the cost of professional services, and bottlenecks in the transfer of knowledge and technology from institutions of higher education and public research centres.

We also recommend strengthening the training, investment, and support services for three specific groups of entrepreneurs: youth and young adult entrepreneurs, women entrepreneurs, and immigrant entrepreneurs. We further recommend improved policy and program support for technology acquisition by new and growing firms, and strengthening policy and program support for entrepreneurial initiatives aimed at international customers

1. INTRODUCTION

1.1 GEM and Ontario

The Global Entrepreneurship Monitor (GEM) is the largest study of entrepreneurship in the world. For the past fifteen years, GEM has assessed individual entrepreneurial attitudes, activities, and aspirations in a wide range of countries and regions annually. In 2013, nearly 200,000 individuals and around 4,000 experts were surveyed in seventy countries. Collectively, these countries represent about 75% of the world's population and about 90% of the world's GDP.

GEM makes it possible to conduct reliable comparisons of early-stage entrepreneurial activities among participating countries. GEM's results are achieved through its rigorous conceptual framework and

accurate sampling of the adult population by age range and gender.

In 2013, Canada fully participated in GEM for the first time since 2003. A national GEM survey has been carried out, complemented by surveys in seven provinces, including Ontario. The GEM Canada 2013 report was released on April 9, 2014. The present GEM Ontario 2013 report is designed to read in conjunction with the GEM Canada report.

1.2 The Importance of Entrepreneurship

Entrepreneurship is well understood to be a key factor in economic growth and job creation, and it is usually promoted in pursuit of these goals. Entrepreneurship is also an important factor in the social and personal well-being of a country's population. The GEM survey provides valuable insights into the status and drivers of early-stage entrepreneurial activity.

GEM defines entrepreneurship as “any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”. Although GEM's definition of entrepreneurship is intended to be inclusive, it deliberately emphasizes entrepreneurship that aims primarily at economic value creation. Entrepreneurship aiming primarily at social value creation will therefore be addressed in a forthcoming GEM survey. In this report, we investigate entrepreneurial activities in the early-stages of starting and growing a firm. We do not discuss entrepreneurship in established businesses (intrapreneurship) or entrepreneurship aimed at creating social value (social entrepreneurship).

Entrepreneurs and existing small businesses are a key source of job creation. Small businesses in Canada created on average about 100,000 jobs annually in the decade between 2002 and 2012, representing about 78% of private jobs created. These figures do not take into account the large numbers of self-employed individuals who are registered as businesses but who do not have employees.

1.3 The GEM Model

GEM distinguishes between two different motives for enterprise: economic necessity and pursuit of opportunity. In less-developed countries or in times of economic downturn, people start businesses because no other income opportunities are available. Opportunity entrepreneurship is predominant in healthy economies and it has much stronger prospects for growth and job creation.

Using information from the World Economic Forum (WEF) regarding phases of economic development (as measured by GDP per capita and share of primary goods in the export mix), GEM classifies participating economies into three groups:

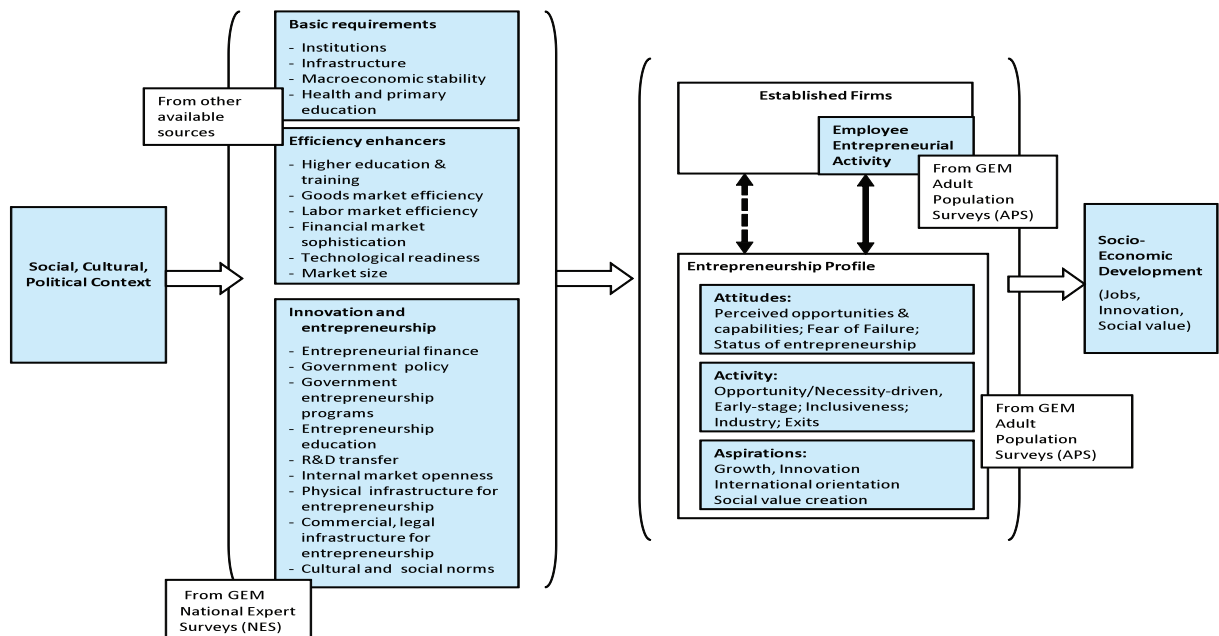
- Factor driven economies have low GDP per capita and export mainly natural resources.
- Efficiency driven economies are in the middle range of GDP per capita, and their export mix includes more value-added products
- Innovation driven economies (IDEs) have a predominant service sector and businesses that are relatively knowledge-intensive. Canada (and Ontario) are considered to be innovation-driven economies.

GEM focuses on individual entrepreneurs and their contributions to economic growth and development in the context of an ecosystem with interacting components, providing unique measures of the economic growth ambitions of early-stage entrepreneurs. GEM's Adult Population Survey (APS) produces an entrepreneurship profile based on measures of entrepreneurial attitudes, activities, and aspirations:

- Attitudes include perceived opportunities and capabilities, fear of failure, and the social status of entrepreneurship.
- Activities include motivation for entrepreneurship, level of early-stage entrepreneurship, inclusiveness, sectoral distribution of entrepreneurial activities, and rate of exits.
- Aspirations include growth, innovation, international orientation,

and social value creation. These yield entrepreneurial outputs (new jobs and new value added) which have socioeconomic development outcomes and impacts.

Figure 1: GEM Model



GEM also measures the effectiveness of framework conditions through its National or Provincial Expert Survey (NES/PES). Nine Entrepreneurial Framework Conditions are regularly assessed: adequacy of entrepreneurial finance, government policy, government entrepreneurship programs, entrepreneurship education, R&D transfer, internal market openness, physical infrastructure for entrepreneurship, commercial and legal infrastructure for entrepreneurship, and cultural and social norms.¹ These framework conditions influence the rate and quality of early-stage entrepreneurial activity in a given economic and social setting.

¹ In 2013, experts also provided assessment of several other themes.

1.4 Research Methodology and Scope

The Adult Population Survey (APS): For the APS, the GEM-Canada team contracted an independent polling firm to contact randomly selected adults between the ages of 18 and 99 by telephone. The sampling was stratified to ensure accuracy by age range, gender, and province. 3,286 adults were surveyed in Canada, of which 769 were located in Ontario. They were asked the same series of detailed questions used in all other GEM APS surveys. The questions assessed entrepreneurial attitudes, aspirations, and activities.

Although the Canada and Ontario surveys included adult respondents in the 65-99 year old age bracket, for reasons of comparison with results of GEM surveys in other countries, we provide an analysis only of adults between the ages of 18-64. In Ontario, this represents a sample of 616 individuals. This sample is assumed to represent the adult population of Ontario with reasonable accuracy.

In many respects, it would be useful to compare Ontario with provinces and comparable regions in other nations, but there is a lack of surveys of comparable subnational economies currently available against which to measure Ontario. Very few GEM participating countries conduct the survey at the subnational level. To produce accurate results at the subnational level often requires additional sampling, as was the case in Canada.

In order not to duplicate material in the 2013 GEM Canada report, we consistently compare Ontario with Canada as a whole or with the United States (referred to in this report as “reference countries”) and with average scores from four groups of countries: the G7, the G20, the EU28, and the Innovation-Driven Economies (referred to in this report as “reference groups”).² Occasionally we include one or more

² The G7 countries are: Canada, United States, United Kingdom, Germany, France, Italy, and Japan. The G20 countries are Canada, United States, United Kingdom, Germany, France, Italy, Japan, Argentina, Australia, Brazil, China, India, Indonesia, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, and Turkey. Of the European Union 28, the following participated in GEM in 2013: Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and UK. In 2013, 26 participating countries were classified as Innovation Driven Economies (IDEs). They are Belgium, Canada, Czech Republic, Finland, Germany, Greece, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Portugal, Puerto Rico, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Kingdom, and United States. (In 2013 GEM included Trinidad and Tobago in this group, but we have not included it in our analysis). For each group of countries, averages were calculated from the 2013 GEM APS database.

other countries, for purposes of comparison, when they are leaders in a particular aspect of entrepreneurship.

The Provincial Expert Survey (PES): For the PES, the GEM team distributed a questionnaire survey to 37 expert individuals in Ontario, using the same instrument as the global GEM project. These experts have diverse professional backgrounds relevant to entrepreneurship in the province. They were selected for their expertise in one or more of nine key framework conditions affecting entrepreneurship, and were asked to estimate the degree to which statements regarding conditions supporting entrepreneurship hold true for Ontario. The experts also provided an assessment of entrepreneurial conditions in Ontario relating to high growth firms, women entrepreneurs, and youth and young adult entrepreneurs.³

2. ENTREPRENEURSHIP IN ONTARIO IN 2013

2.1 Attitudes

GEM provides unique metrics regarding attitudes toward entrepreneurship in the adult population of surveyed nations and regions.

Figure 2 shows that public attitudes toward entrepreneurship in Ontario are quite positive. Ontario has a relatively strong "culture of entrepreneurship" where people generally see entrepreneurship as a good career choice. They admire entrepreneurs, are informed about entrepreneurship in the popular media, and they personally know people who are entrepreneurs. More than half (56%) of Ontarians in the 18-64 age range consider that starting a business is a good career choice. Two-thirds (67%) of adult Ontarians agree that people attach high status to entrepreneurs. 68% agree that entrepreneurship attracts lots of media attention. 27% of Ontario adults know someone who has started a business in the past two years. As Figure 2 indicates, attitudes toward entrepreneurship in Ontario compare favourably with attitudes

³The 37 Ontario experts were proposed by the GEM Ontario team and vetted by GEM headquarters. The experts represent a broad range of competencies and experience concerning entrepreneurship practice, policy, and research. Of the experts, 67% had experience as an entrepreneur. Further, 18% had experience in investment or finance, 19% in government policy, 54% in business support services, and 57% in entrepreneurship education or research. 73% indicated expertise in high-tech entrepreneurship, 70% in low and medium-tech entrepreneurship, 88% in high growth entrepreneurship, and 67% in low growth entrepreneurship. 37% were women.

in the international reference groups.⁴

However, Ontario does not stand out in any of the measures of entrepreneurial culture. Figure 2 shows the world leaders for each of the four measures of culture. In The Netherlands, nearly 80% of adults consider entrepreneurship to be a good career choice. In Finland, 85% of adults believe that people attach high status to entrepreneurs. Finland also leads in the number of adults who know someone who has started a business in the past two years (about 45%). The perception of high levels of media attention for entrepreneurship is greatest in Taiwan, where 87% of adults agree that media pay a lot of attention to entrepreneurship.

Thus, a majority of Ontarians are favourably disposed towards entrepreneurship in the abstract, but what about their capabilities to engage specifically in starting up and growing a firm?

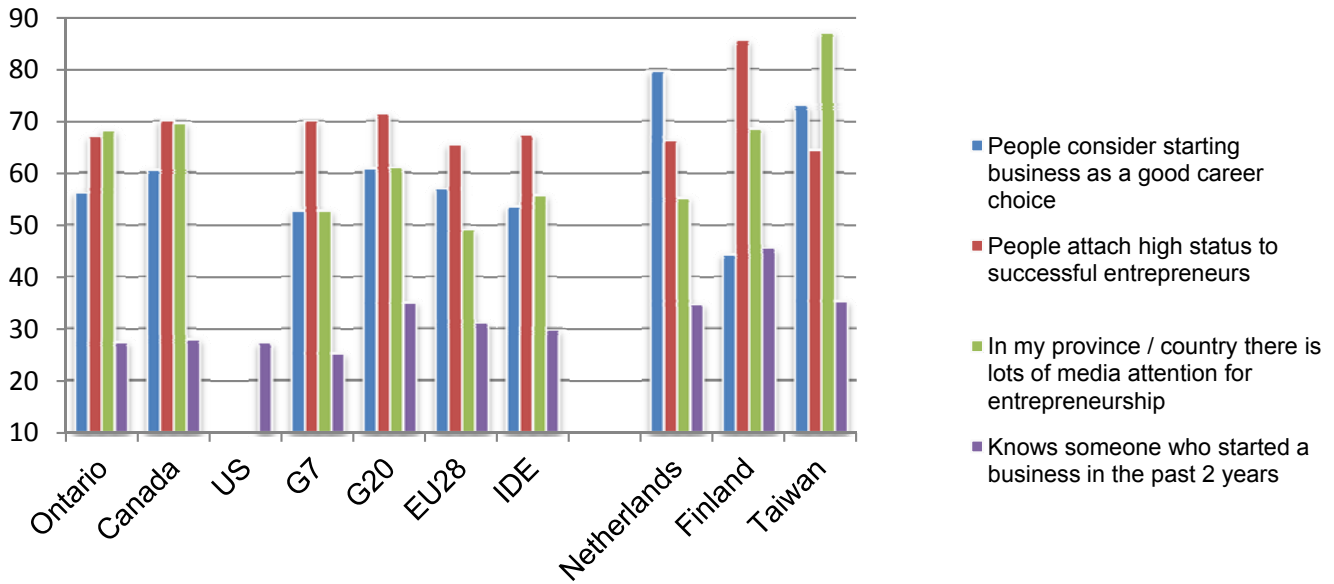
The GEM survey probes three critical capability issues that shape the level of a nation or region's entrepreneurial activity: 1) If the public perception of entrepreneurship is optimistic with regard to available opportunities for entrepreneurship. 2) If individuals believe that they personally have the skills and knowledge to undertake an entrepreneurial venture. 3) If individuals are inhibited from undertaking an entrepreneurial venture by fear of failure.

Figure 3 shows how Ontario compares to Canada and the reference groups in matters concerning perceptions of entrepreneurial opportunity and capability. In Ontario, as in Canada, a greater percentage of respondents than in other countries perceive good conditions to start a business in the next six months. Also, Ontarians express relatively higher confidence in having the required skills and knowledge to start a business, and less fear of failure, than the average in the reference groups. Around half of Ontario respondents express confidence in having the knowledge and skills to start a business.⁵

⁴ Among participating provinces, media attention to entrepreneurship is greatest in Newfoundland, while entrepreneurship enjoys its highest social status in Saskatchewan, and people in Quebec indicate the most favourable attitude toward entrepreneurship as a career choice.

⁵ In the national context, however, Ontario respondents are distinguished by their perceived less favourable conditions to start a business in the next six months. Ontarians' fear of failure (expressed by 39% of respondents) is comparable to that of Manitobans and British Columbians.

Figure 2: Culture of Entrepreneurship in Ontario (% of adult population)



Comparison with international leaders on each of the measures helps to situate Ontario on a global scale (Figure 3). Ontarians' view of the favourableness of conditions to start a business in the near future (53%) is below that of Norwegians (64%). Ontarians' level of confidence that they have the required knowledge and skills to start a business (48%) trails the most confident population in this respect, the United States (56%). Finally, Ontarians' fear of failure (39%) is higher than that of the least fearful country, Norway (33%).

2.2 Activities

The GEM model considers new business formation as a process with five specific phases:

- 1. Intent:** At this phase, GEM measures the percentage of the adult population potential entrepreneurs, or people who plan to start a business within three years.
- 2. Nascent or Start-up:** At this phase, GEM measures the percentage of the 18-64 population who are actively involved in setting up a new business that they will own or co-own. The business

has not paid any salaries, wages, or any other payments to the owners for more than three months.

3. New Business: At this phase, GEM measures the percentage of the adult population who act as the owner-manager of a business that has made payments to the owner for more than three months and less than 42 months.

4. Established Business: At this phase, GEM measures the percentage of the adult population who act as the owner-manager of a business that has made payments to the owner for more than 42 months.

5. Exits: At this phase, GEM measures the discontinuance rate for two types of exits: entrepreneurs who wind up a business and cease operations, and entrepreneurs who transfer ownership of an established business to a new owner.

The combination of nascent entrepreneurs and new firms (phases 2 and 3 in Figure 4) represents Total Early-stage Entrepreneurial Activity

Figure 3: Perceptions of Opportunity and Capability (% of adult population)

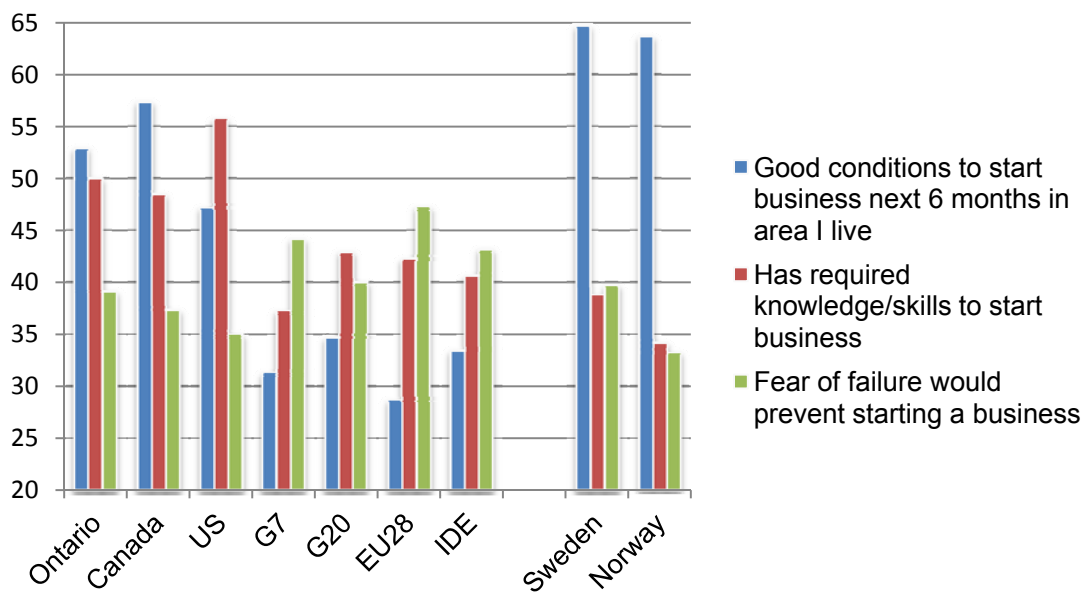
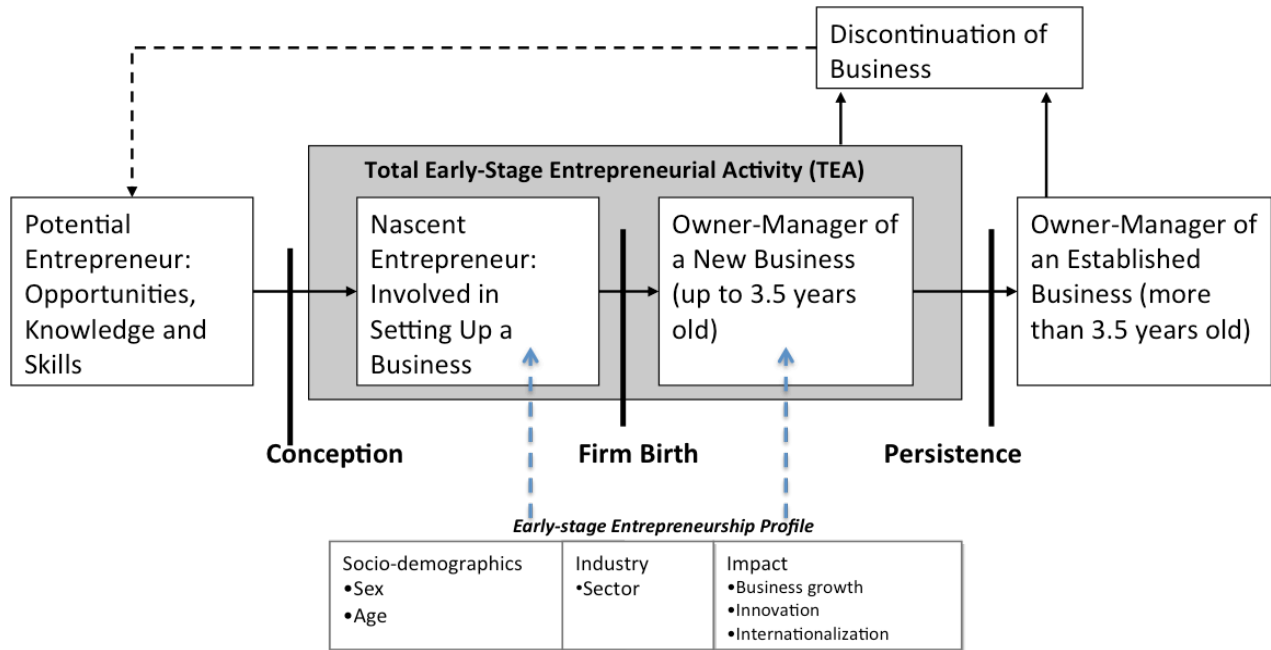


Figure 4: Phases of Entrepreneurial Activity

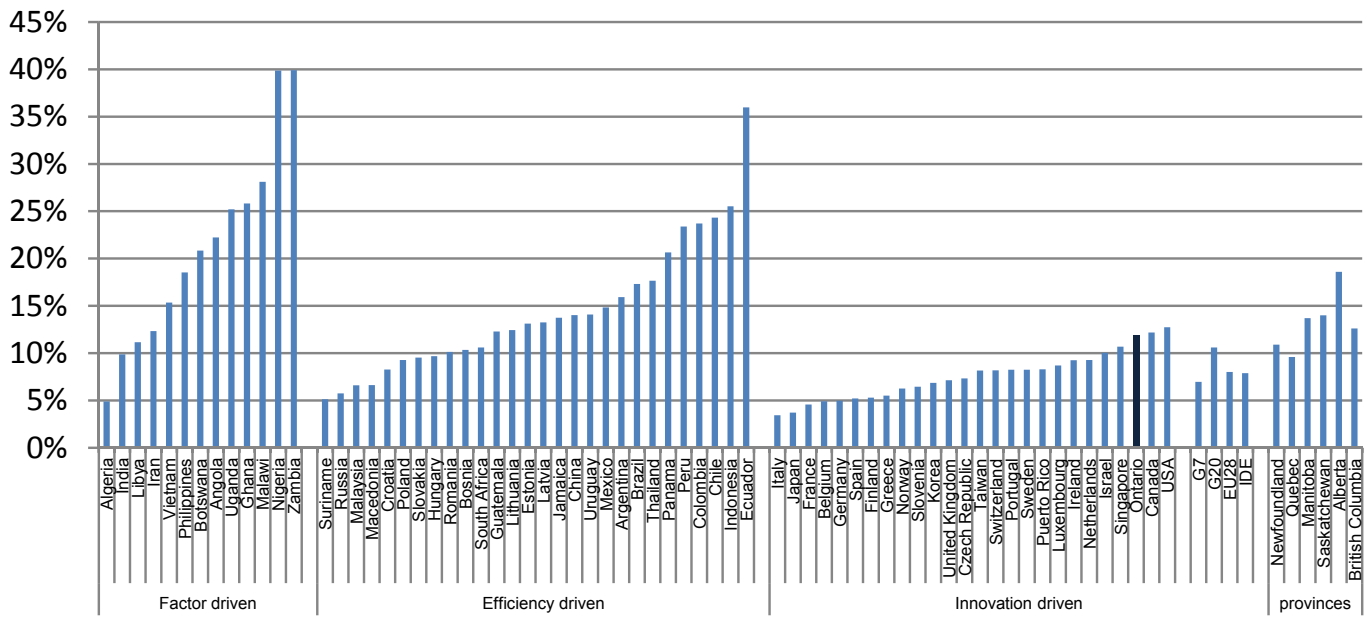


(TEA), a key GEM metric that measures the entrepreneurial intensity in economies around the world. The TEA metric is comparable across countries, and it provides an effective global benchmark against which to gauge Ontario’s entrepreneurial activity. TEA rates in participating GEM economies are shown in Figure 5.

A higher TEA rate does not necessarily indicate greater ability to create more economic value. Many entrepreneurs, especially in developing countries, are so-called ‘necessity entrepreneurs’ who engage in entrepreneurial activities because they have no other options for economic survival. This is why some countries have very high TEA rates. Furthermore, in highly developed economies, many self-employed individuals do not necessarily harbour ambitions of entrepreneurial growth. And even if they did, they may not have the resources or skills to realize their growth ambitions. Factors affecting the economic impact of entrepreneurial activities are discussed in the next section.

Ontario’s 2013 TEA rate is 11.7%, making the intensity of early-stage

Figure 5: Total Early-stage Entrepreneurial Activity (TEA) in Participating Economies, 2013



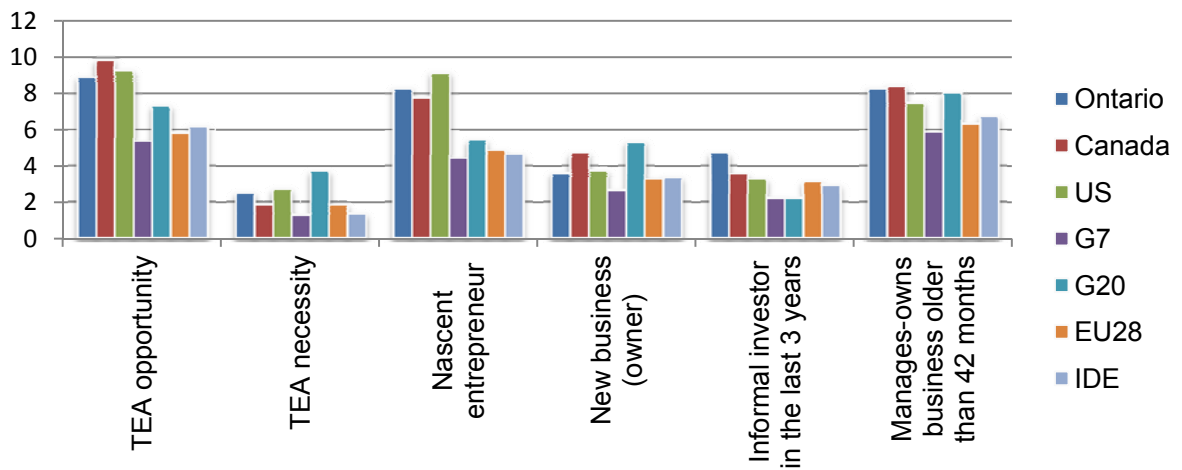
entrepreneurial activity in Ontario comparable to that of Canada as a whole as well as Israel, Singapore, and the United States. Ontario's TEA rate is higher than the average of the Innovation-Driven Economies (IDE, 7.9%). As Figure 5 indicates, among Canadian provinces, the Western provinces have higher TEA rates than Ontario.

Figure 6 shows that Ontario's rate of opportunity-driven entrepreneurship (8.9% of the adult population) is just a little lower than that of Canada and the US, but higher than in other comparable reference countries. Ontario's rate of necessity-driven entrepreneurship (2.5% of the adult population) is higher than in Canada, similar to that in the US, and lower than the rate of necessity-driven entrepreneurship in the G20.

Ontario's rate of nascent entrepreneurship (8.3%) and rate of established business ownership (8.3%) are among the highest in the reference groups. Also, 4.7% of Ontario adults are involved in informal investing, the highest rate among all reference groups (Figure 6).

Ontario's rate of new business ownership (3.6%) is below that of the

Figure 6: TEA-Related Indicators (% of adult population)



world IDE leader, Taiwan (5%). Ontario’s rate of informal investment (4.7%) is well below that of the world leader, the Czech Republic (7.7%).

The comparison with Canada and the US on these TEA-related indicators is appropriate due to the fact that the US is the world leader among IDE countries in early-stage entrepreneurial activity and Canada is second. Canada is the world leader among IDE countries in terms of the rate of opportunity-driven TEA, and the US is second. The US also leads in necessity-driven TEA (2.7% of the adult population), and Taiwan is second (2.3%).

In summary, TEA-related indicators show that entrepreneurial activities among Ontario adults align with the norms established in the most highly developed economies, and in some of the most promising indicators (especially the rate of opportunity-driven early-stage entrepreneurial activity), Ontario’s performance ranks among the strongest.

2.3 Aspirations

Most start-ups are not expected to survive past five years. The quality and ambition of the entrepreneurial venture are therefore important matters from the perspective of economic growth and employment creation. GEM measures three aspects of entrepreneurial growth

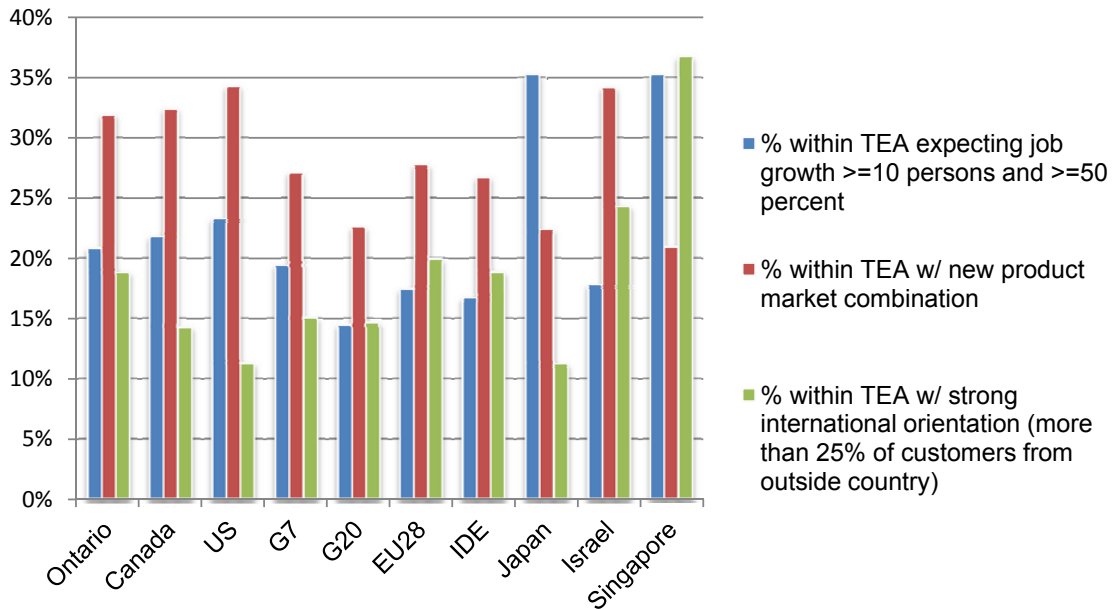
aspirations:

1. Is the business expected to create 10 or more jobs and more than 50% job growth within the next five years?
2. Will the business introduce a new product/market combination?
3. Will at least 25% of the customers be found internationally?

Figure 7 compares aspirations of Ontario early-stage entrepreneurs with those of the reference economies and with selected other countries that display particularly high entrepreneurial aspirations.

Benchmarked against most of the reference countries and groups, Ontario’s early-stage entrepreneurs are above average in their job creation expectations, with 20.8% of early-stage entrepreneurs expecting to create 10 or more jobs and grow their employment by 50% or more within 5 years. This is somewhat lower, however, than the job creation expectations in Canada overall and the US, and it is well short of the job creation expectations of early-stage entrepreneurs in Japan

Figure 7: Indicators of Entrepreneurial Aspirations



and Singapore, which are setting the pace among IDE countries in terms of job creation expectations.

Countries with innovation-driven economies and smaller domestic markets tend to have the highest rates of internationally orientated early-stage entrepreneurial activities. 19% of Ontario's early-stage entrepreneurs have a strong international orientation (with at least 25% of customers located outside the country). This is similar to the degree of international orientation among IDE countries, and is higher than the degree of international orientation in Canada generally or the US. But this is much lower than the degree of international orientation among Singapore's early-stage entrepreneurs (37%).

Ontario early-stage entrepreneurial activities resemble those of the world leaders (Canada and the US) in addressing new combinations of products and markets, and in aiming for markets in which few or no businesses offer the same product. Introducing an original or unique product into a new market is an important indicator of innovation and competitiveness. About 32% of Ontario TEA initiatives expect to introduce new products. This rate is somewhat lower than the rates of new product introduction in Canada and the US, and higher than the new product introduction rates in the reference group economies (G7, G20, EU28, and IDE groups). The US has one of the strongest rates of new product introductions among IDE early-stage entrepreneurs, along with Israel, Portugal, and Slovenia.

To complement the variables that measure aspirations of early-stage entrepreneurs, GEM collects information on variables that measure the potential competitiveness of these initiatives. They are: a) the currency of technology in use and b) the share of TEA addressed to markets with few or no competitors.

Figure 8 indicates areas of possible concern. A relatively low proportion of Ontario TEA ventures are in the medium or high-tech sector (5.6%) compared to 8.7% in Canada and 7.5% in the US and the G7. Ontario's share of TEA initiatives originating in the technology sector (5.6%) is

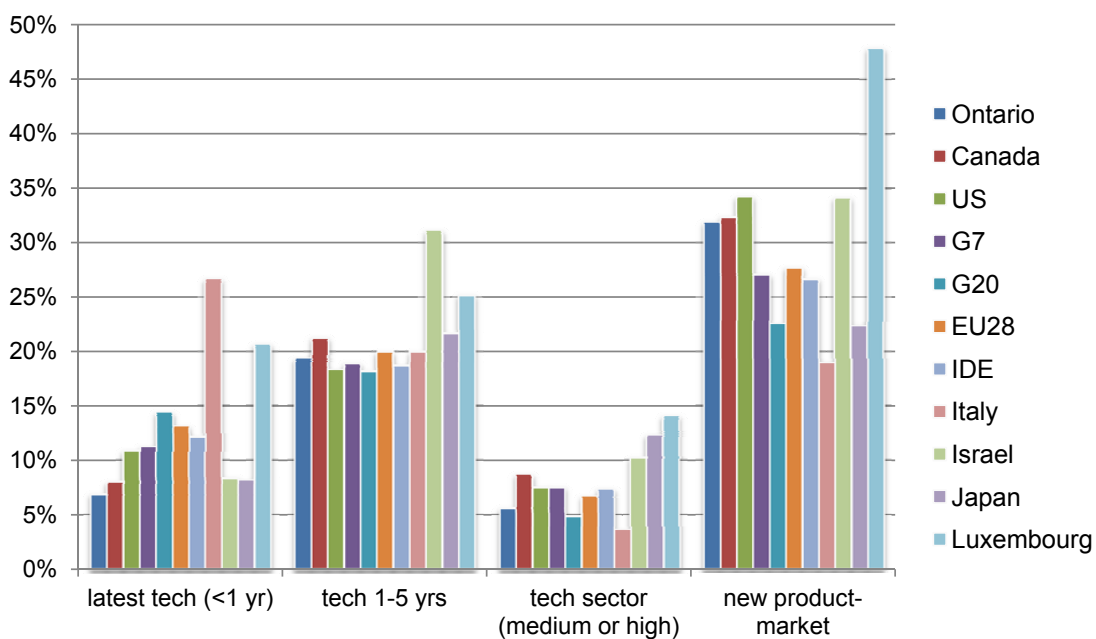
a few points lower than the shares in Canada as a whole, the US, the G7, or the IDE countries, and well below the share of tech-sector TEA initiatives in Israel (10.2%), Japan (12.3%), and Luxembourg (14.1%).

Figure 8 also shows that, benchmarked against these reference economies, relatively fewer Ontario early-stage entrepreneurs use technology that is less than one year old. In Ontario, 6.8% of TEA initiatives use technology that is less than one year old, while in the G20, EU28, and IDE countries the numbers are 14.4%, 13.2%, and 12.2% respectively. Among the IDE countries, Italy reports the largest share (26.7%) of TEA initiatives using technology that is less than one year old.

Ontario’s entrepreneurs who engage in TEA are more typical when it comes to using technology that is between one and five years old. In Ontario, 19.4% of TEA initiatives use technology of this vintage. Israel reports that 31.3% of its TEA initiatives use technology that is between one and five years old.

Regarding market aggressiveness, Ontario compares favourably with

Figure 8: Technology and Market Aggressiveness of Early-stage Ventures (% of TEA)



reference groups in the share of TEA intended for markets with few or no competitors (31.9% of Ontario TEA initiatives).

In summary, in matters of rapid adoption of technology by early-stage entrepreneurs, Ontario seems to be lagging slightly behind its competitors, but Ontario compares well in terms of introduction of products to new markets.

3. ONTARIO ENTREPRENEURS IN THE ECONOMY

The distribution of entrepreneurial activity among economic sectors is an important indicator of the ways that entrepreneurs perceive and pursue opportunities in an economy. Entrepreneurs are drawn to economic sectors where they believe the greatest value creation and economic gain are possible. GEM distinguishes between four economic sectors:

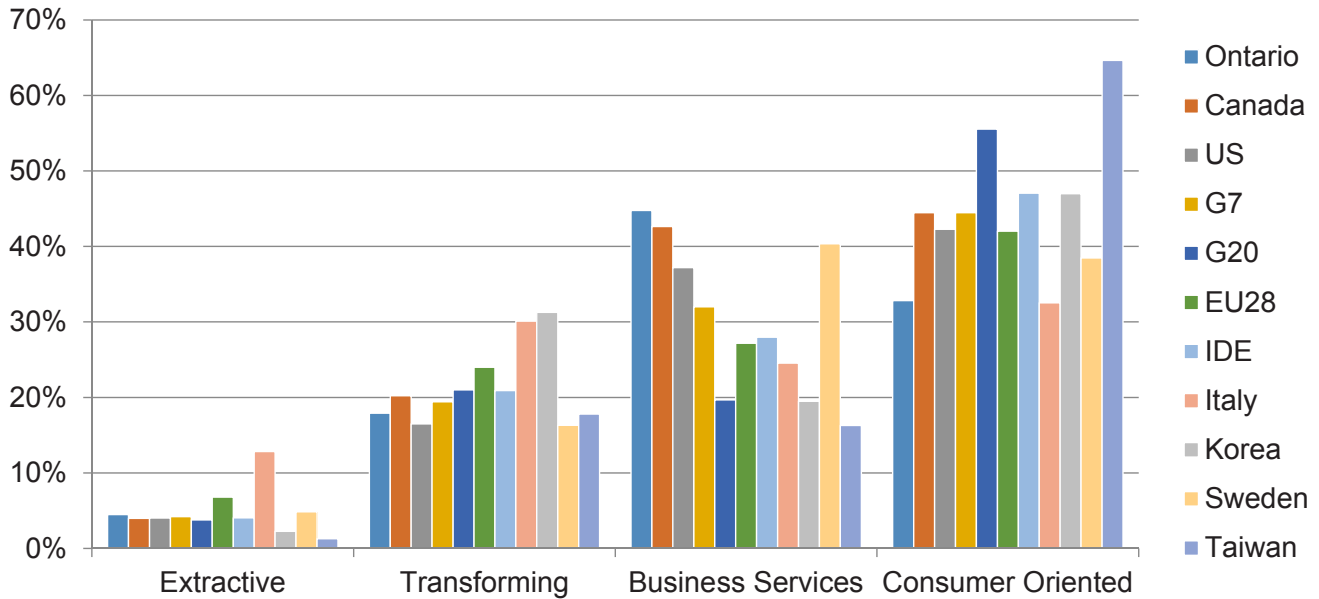
- Extractive (e.g., mining, agriculture)
- Transformative (e.g., manufacturing)
- Business-oriented services (e.g., consulting, transportation, information)
- Consumer-oriented services (e.g., retailing, personal services)

Figure 9 compares the sectoral distribution of early-stage entrepreneurial activities in Ontario with that of other countries and groups of countries. We see that Ontario's early-stage activity is concentrated in the business-oriented services sector (44.8% of TEA) and the consumer-oriented services sector (32.8% of TEA). In fact, Ontario has the highest rate of early-stage entrepreneurial activity in the business-oriented services sector of any reference economy, followed by Canada and Sweden.

Figure 10 shows the percentage in each of the four sectors of early-stage activity that is opportunity-driven, has high expectations of job creation, employs new products in new markets, and has strong international growth expectations.

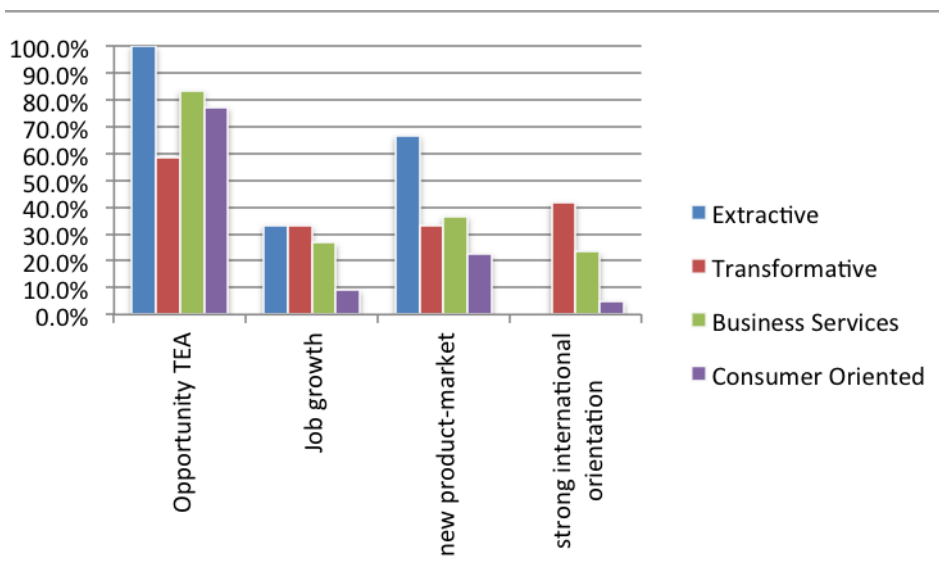
Early-stage entrepreneurial activity in the extractive sector in Ontario

Figure 9: Sectoral Distribution of Early-stage Entrepreneurial Activity (% of TEA)



is entirely opportunity-driven, has high expectations of job creation, and has the highest rate of introduction of new products into new markets, yet is entirely oriented toward the domestic market. Ontario's business-oriented services sector has the second-highest rate of opportunity-driven TEA (83%), but is similar to the transformative

Figure 10: Aspirations of Ontario Early-stage Entrepreneurs By Percentage of TEA Initiatives in Each Business Sector



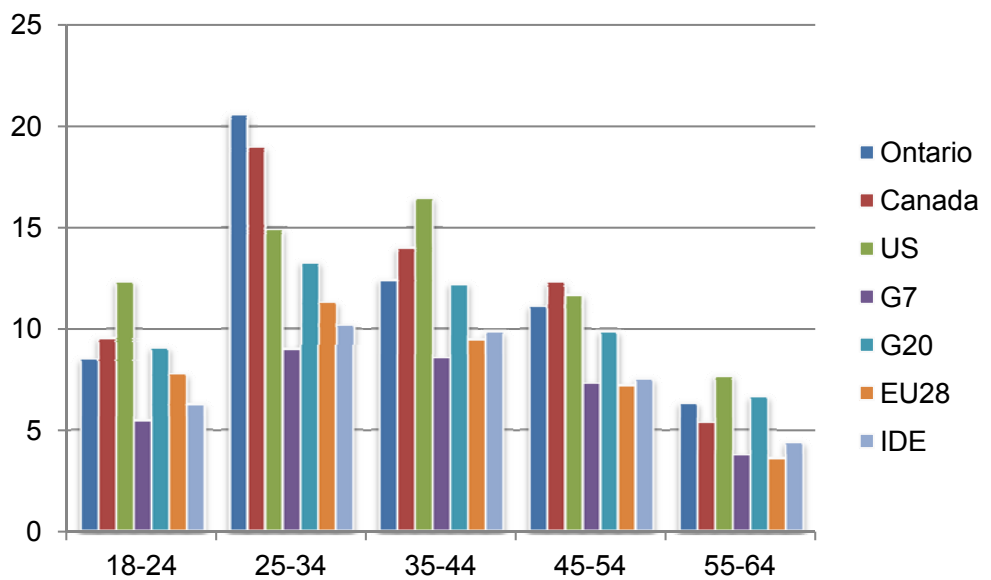
sector in terms of rate of expected job growth and introduction of new products. The transformative sector has the highest rate of internationally-oriented early-stage entrepreneurial activities in Ontario (42%). TEA initiatives in the consumer-oriented services sector do not show much orientation toward high growth (9%) or international customers (5%). These findings point to the importance of domestic demand for new firms in Ontario and the policy challenge of how to help Ontario early-stage ventures find international growth pathways.

4. ENTREPRENEURSHIP DEMOGRAPHICS

4.1 Age

Age is an important demographic variable affecting rates of entrepreneurship. Broadly, the rate of entrepreneurship is highest in young-adulthood and mid-adulthood, and it declines with age. Ontario is distinguished by its relatively high rates of early-stage entrepreneurship among people in the 25-34 age group (Figure 11) compared to the US, and a lower TEA rate among 19-24 year-olds. This points to a possible need to focus policy attention on the special needs of entrepreneurs in each age group. For example,

Figure 11: Distribution of Total Early-stage Entrepreneurial Activity by Age Group in the Adult Population (18-64)



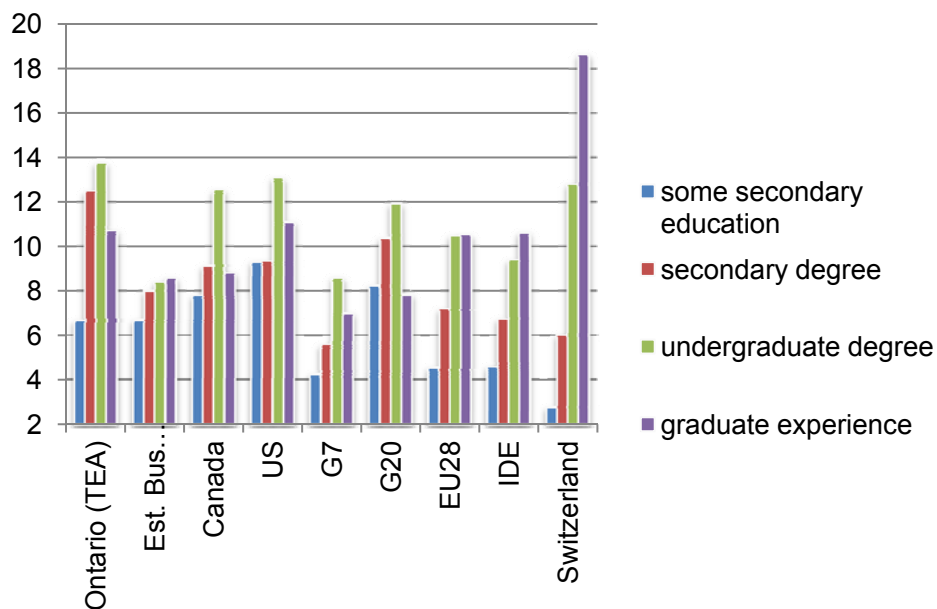
educational institutions can play a stronger role in encouraging and providing support services to early-stage entrepreneurs in the 19-24 age group. An experts' assessment of the favourableness of Ontario's entrepreneurial framework conditions for youth and young adult entrepreneurs is presented in Section 6.13.

4.2 Education

In the reference economies, engagement in early-stage entrepreneurial activity is related to education. TEA increases with education up to the undergraduate level, although in the IDE countries early-stage entrepreneurs are slightly more likely to be individuals with graduate experience (see Figure 12).

In Ontario, 12.5% of adults with a secondary degree are early-stage entrepreneurs, 13.8% of adults with an undergraduate degree, and 10.7% of adults with graduate experience. Early-stage entrepreneurs in Ontario have significantly more educational experience than owners of established businesses. The rate of engagement in TEA by individuals with a secondary degree is higher in Ontario than in any of the reference groups, though

Figure 12: Percent of Adult Population Engaged in TEA, According to Educational Attainment



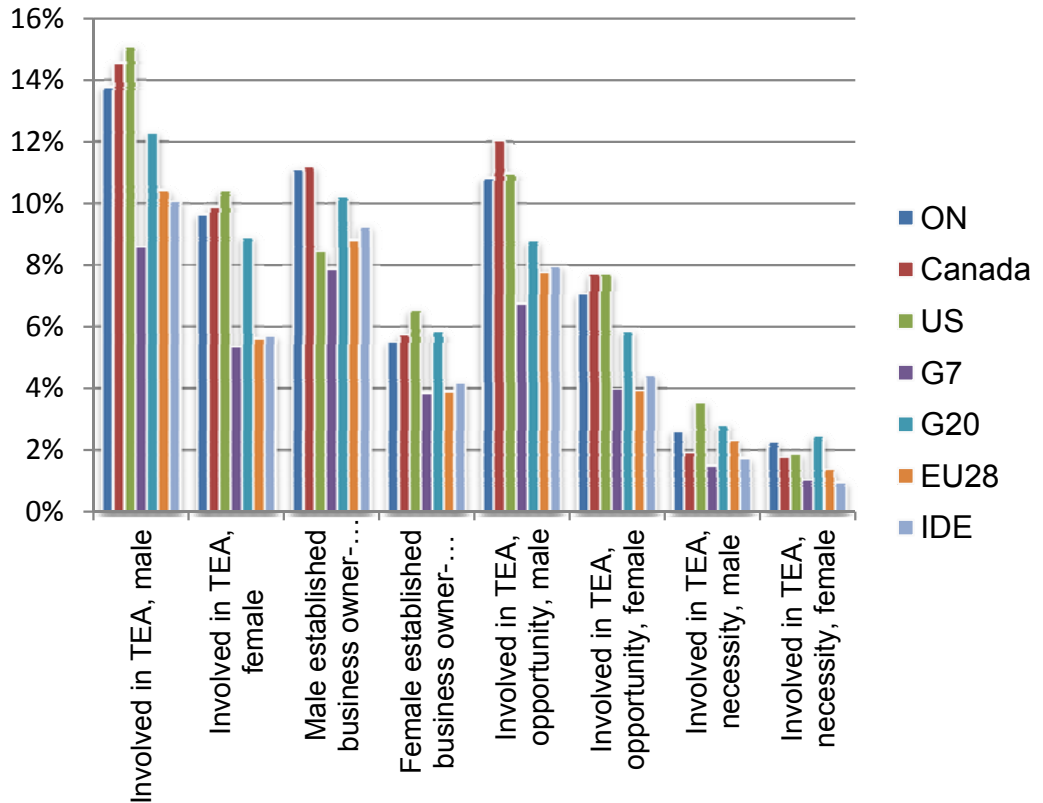
of the reference countries, the US and Switzerland have higher rates of engagement in TEA by individuals with graduate experience. In Ontario, TEA-engaged individuals with a secondary degree are not predominantly young recent high school graduates but instead individuals, mainly men, in the 35-64 age range who are engaged in TEA for a variety of reasons.

4.3 Gender⁶

In Ontario, 13.8% of male adults and 9.6% of female adults between 18 and 64 are engaged in early-stage entrepreneurial activities (Figure 13). In other words, around 58% of early-stage entrepreneurs in Ontario are male and around 42% are female. This pattern of distribution of TEA ventures between genders is similar to that found in Canada, the US, and the G20. Male and especially female TEA rates are lower in the G7, EU28, and IDE countries.

Although the rate of opportunity-motivated early-stage entrepreneurial

Figure 13: Gender and Total Early-stage Entrepreneurial Activity



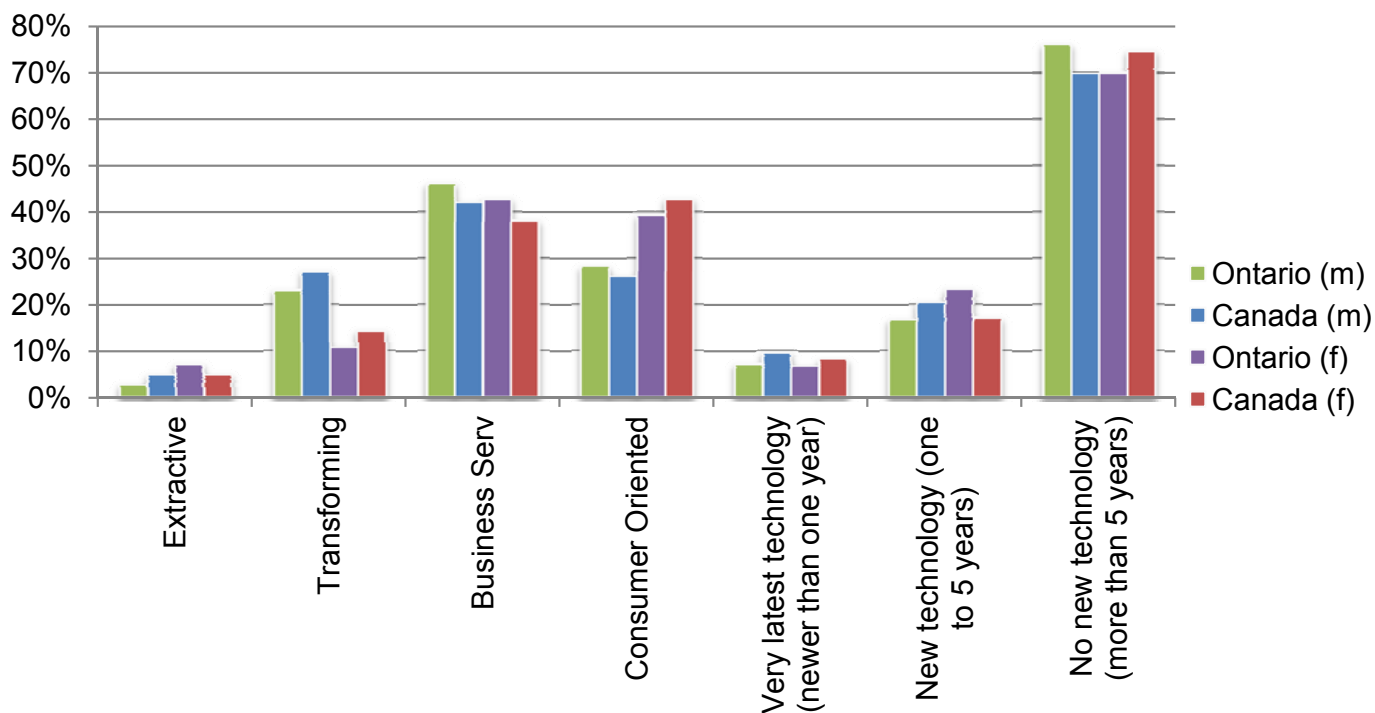
⁶Experts' assessment of the favourableness of Ontario's entrepreneurial framework conditions to women entrepreneurs are discussed in section 6.12 (Women and entrepreneurship).

activity is also higher for males than for females in Ontario and in comparator countries, the rate of necessity-motivated TEA is similar between the genders (2.6% and 2.3% of the adult male and female population, respectively).

Further measures of gender patterns regarding participation in early-stage entrepreneurial activities are presented in Figure 14. We see relatively similar rates of TEA among men and women in the extractive and business-oriented services sectors in Ontario and in Canada, but we see a predominance of male TEA initiatives in the transformative sector, and a predominance of female TEA initiatives in the consumer-oriented services sector. Figure 14 also shows patterns of use of technology by male and female early-stage entrepreneurs. No major gendered differences in uptake of technology are apparent in Ontario or in Canada.

Certain differences between male and female early-stage

Figure 14: TEA Activities by Gender, Sector, and Technology Use (% of TEA)



entrepreneurship appear with respect to expectations of job creation. Figure 15 shows patterns of expectation among early-stage entrepreneurs concerning the number of jobs that will be created in five years. Female early-stage entrepreneurs in Ontario and Canada are more likely to foresee no job creation than male early-stage entrepreneurs. However, female entrepreneurs are slightly more likely than males to expect to create 1-5 jobs. At the upper end of the scale, Ontarian and Canadian female TEA entrepreneurs are as likely as males to expect to create 20 or more jobs in five years. Nearly 15% of early-stage entrepreneurs in Ontario (male and female) expect to create more than 20 jobs in five years.

Gendered patterns of entrepreneurship are also related to an entrepreneur’s household income. Figure 16 shows the Ontarian and Canadian population divided into lower, middle, and upper thirds of household income. Canadian male early-stage entrepreneurs are somewhat more prevalent in the upper third income bracket than females engaged in TEA. However, in Ontario, a relatively larger proportion of early-stage entrepreneurial initiatives are undertaken by men in the lower third bracket of household income, while a relatively smaller proportion of TEA initiatives are undertaken by men in the upper third bracket of household income. This finding probably reflects

Figure 15: Job Creation Expectations by Gender (% of TEA)

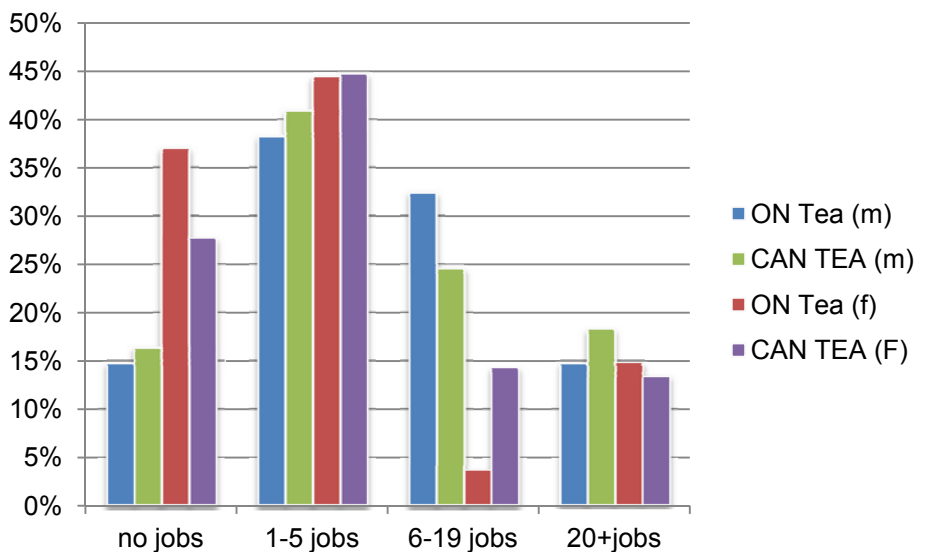
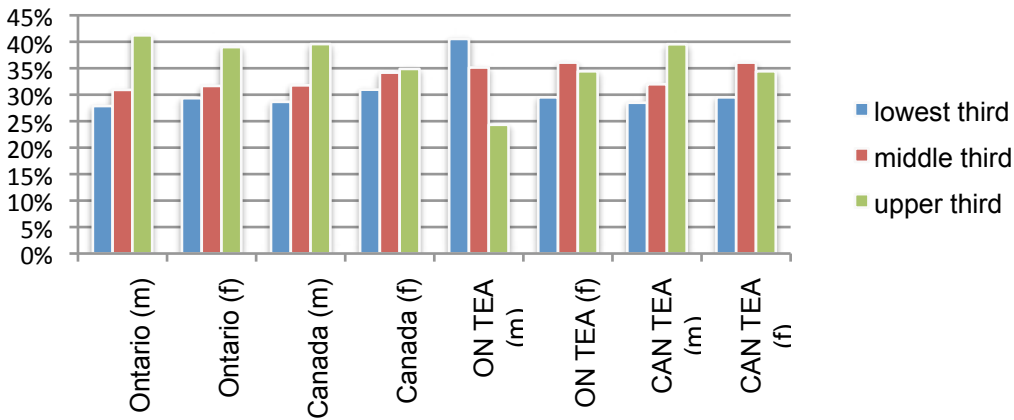


Figure 16: TEA Initiatives in Ontario and Canada by Gender and Household Income

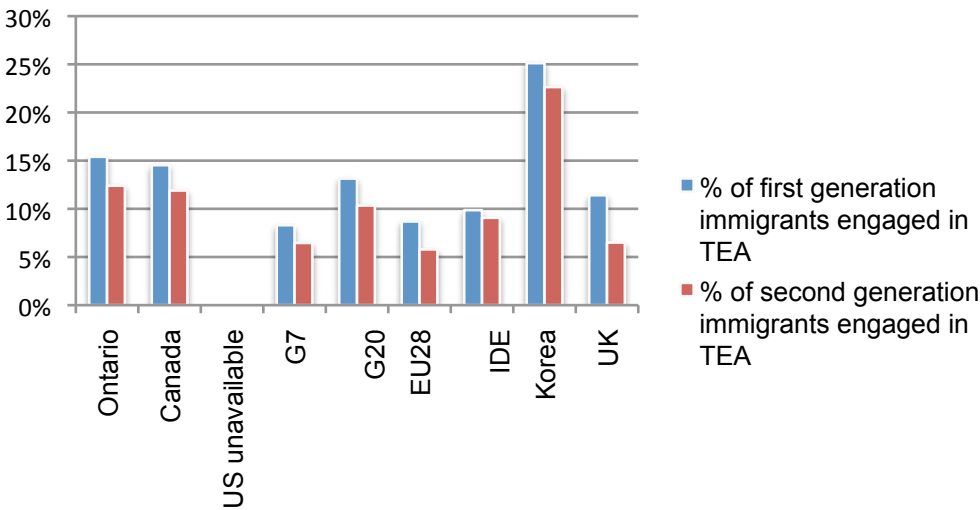


the high level of early-stage entrepreneurial activities among young men in the 25-34 age range in Ontario.

4.4 Immigrant Entrepreneurs

Entrepreneurship by immigrants is of importance in Ontario, where 51% of respondents in the 2013 survey were either first-generation or second-generation immigrants. Figure 17 shows that Ontario has one of the highest rates of early-stage entrepreneurship among first-generation immigrants (15.4%) among the reference economies⁷ 34.7% of all early-stage

Figure 17: Entrepreneurship and Immigration (TEA as % of adult population)



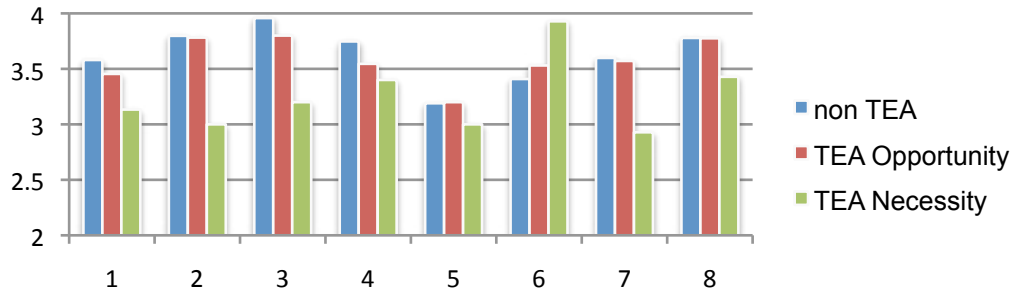
entrepreneurial activities in Ontario in 2013 were undertaken by first-generation immigrants. Ontario also has one of the highest rates of early-stage entrepreneurship among second-generation immigrants across all reference economies⁸.

4.5 Well-being

The well-being of entrepreneurs is an important metric to determine and assess the perceived success of entrepreneurial activity in Ontario. Figure 18 provides indicators of well-being that compare responses from Ontarians among three groups: non-entrepreneurs, early-stage entrepreneurs who are motivated by opportunity, and early-stage entrepreneurs who are motivated by necessity. Average scores are provided on a five-point scale from 1 (very dissatisfied) to 5 (satisfied).

It can be seen that opportunity-driven entrepreneurs express more or less the same degree of well-being as the non-entrepreneurs in the Ontario adult population. Modes of responses (not shown here) corroborate the finding in the Canada GEM report that significant numbers of entrepreneurs are very highly satisfied with their quality of life.

Figure 18: Entrepreneurship and Sense of Well-Being in Ontario



1. In most ways my life is close to my ideal.
2. The conditions of my life are excellent.
3. I am satisfied with my life.
4. So far I have obtained the most important things I want in my life.
5. If I could live my life again, I would not change anything.
6. I am satisfied with the way my time is divided between work and private life.
7. I am satisfied with my ability to balance the needs of my work with those of my personal or family life.
8. I am satisfied with the opportunity to perform well at work and to substantially contribute to home-related responsibilities at the same time.

⁷ First-generation immigrants are persons who were born outside Canada.

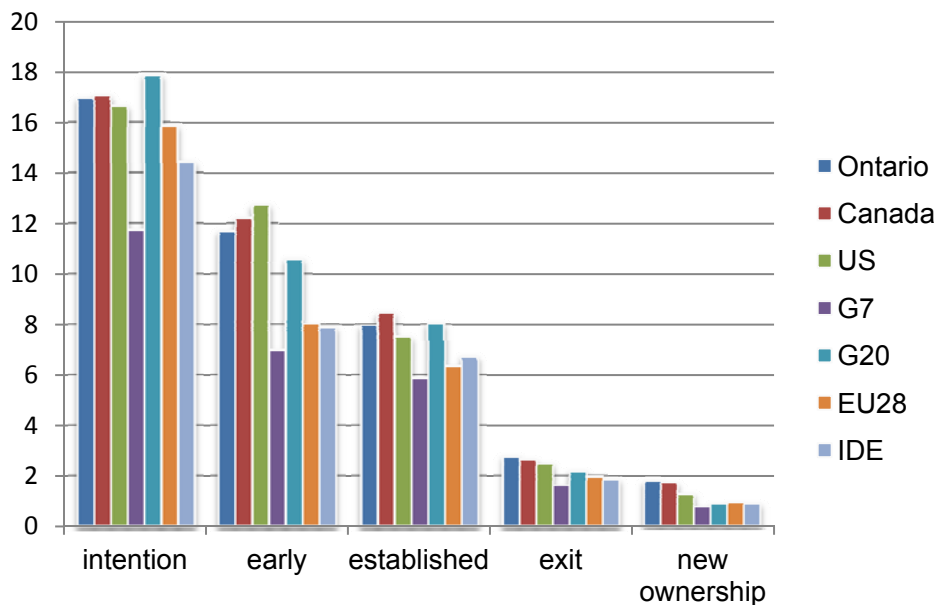
⁸ Second-generation immigrants are persons having at least one foreign-born parent.

Necessity-driven entrepreneurs, on the other hand, are significantly less satisfied with life quality, acknowledging that conditions are far from ideal, yet they nevertheless express very high satisfaction with their ability to reconcile work demands with home life. Overall, the results indicate a relatively high degree of life satisfaction among Ontarians, opportunity entrepreneurs, and non-entrepreneurs alike.

5. STAGES OF ENTREPRENEURSHIP

Normally the level of entrepreneurial activity can be expected to be much higher in the early stages than in the later stages of a venture. This is because more people intend to start a business than those who actually follow through. It therefore follows that more businesses are established than end up providing income to owner-managers after 42 months. Figure 19 shows the percentage of the Ontario adult population involved in each stage of the entrepreneurship cycle. 16.9% of adult Ontarians intend to start a business within three years, but only half as many (8.3%) are actively involved in starting up a business. 3.6% are involved in running a young business (i.e., less than 42 months).

Figure 19: Stages of Entrepreneurial Activity (% of adult population)



Nevertheless, substantial numbers of startup firms survive past 42 months, and 8.3% of Ontario adults are owner-managers of an established business. At the same time, about 5% of Ontario adults are involved in exiting a business through either discontinuation or transfer of ownership. 3% of adult Ontarians are closing down a business, and 2% are transferring a business to new ownership.

The entrepreneurial process is the same everywhere, although rates of intended entrepreneurship, new business formation, business ownership, and exit differ by entrepreneurial stage. Figure 19 shows that Ontario's rates are quite comparable to those of Canada as a whole and the U.S., and somewhat higher than the rates in the G20, EU28, or Innovation-Driven Economy group.

6. ENTREPRENEURIAL FRAMEWORK CONDITIONS

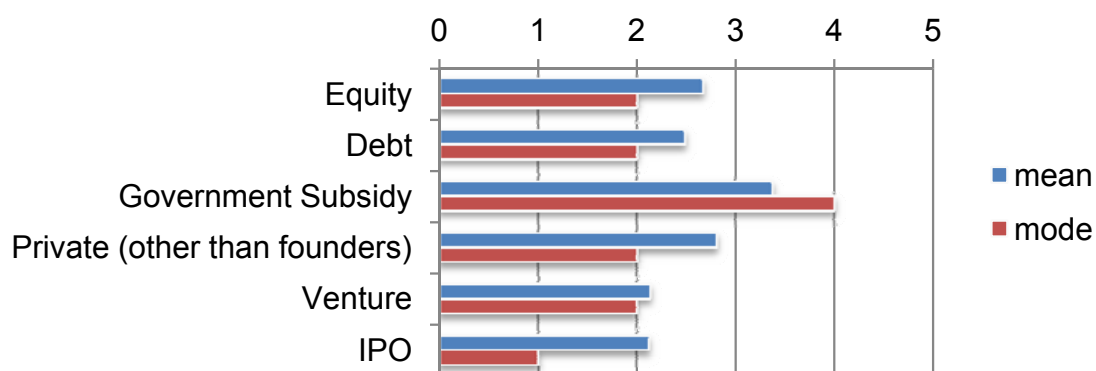
GEM measures the framework conditions for entrepreneurship with the Provincial Expert Survey (PES), which in 2013 was comprised of 37 experts selected to represent nine areas of expertise. Experts assess entrepreneurial framework conditions by rating the truth of a series of statements on a five point scale, from 1 (completely false) to 5 (completely true). The mid-range score of 3 indicates neither true nor false. We provide the average (mean) scores as well as the mode (the value given most frequently), which indicates the direction of majority opinion.

6.1 Finance

Availability of finance is critically important for new and growing firms. The PES assessed the adequacy of government policy by evaluating the truth of statements concerning whether six types of finance are sufficient for the needs of Ontario entrepreneurs: initial public offering (IPO), venture, private funding (other than founders), equity, government subsidy, and debt.

With the exception of government subsidies, experts considered the

Figure 20: Assessment of Finance for Entrepreneurs in Ontario



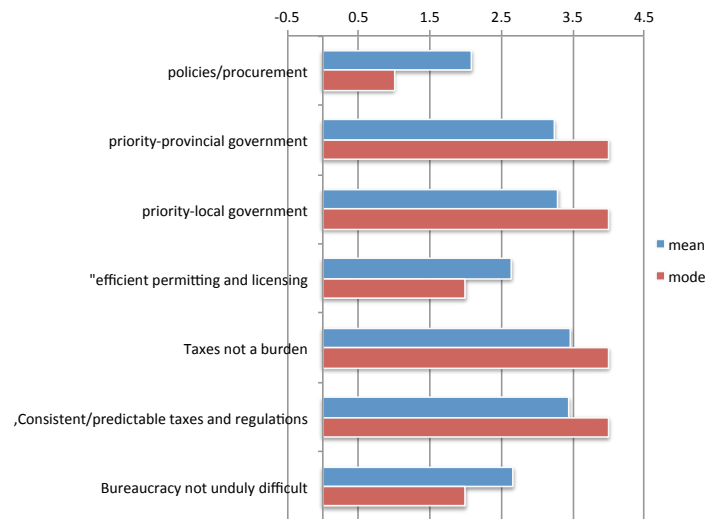
financial framework conditions affecting new and growing firms in Ontario to be relatively insufficient. Funding via IPOs is considered to be the most insufficient source of investment in new and growing firms in Ontario, though experts disagree on the severity of the problem. The overall results regarding finance are similar to those of Canada as a whole.

6.2 Government Policy

Experts assessed the adequacy of government policy by evaluating the truth of the following seven statements:

- In Ontario, Government policies (e.g., public procurement) consistently favour new firms.
- In Ontario, the support for new and growing firms is a high priority for policy at the national government level.
- In Ontario, the support for new and growing firms is a high priority for policy at the local government level.
- In Ontario, new firms can get most of the required permits and licenses in about a week.
- In Ontario, the amount of taxes is NOT a burden for new and growing firms.
- In Ontario, taxes and other government regulations are applied to new and growing firms in a predictable and consistent way.
- In Ontario, coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms.

Figure 21: Assessment of Government Policies for Entrepreneurship in Ontario



Experts are satisfied that in Ontario, taxes, regulations, and the expressed priorities of government (local and provincial) are relatively favourable to new and growing firms. On the other hand, the experts consider that administrative complexity, permitting and licensing processes, and government policies such as procurement do not consistently favour new firms in Ontario. Experts disagree on the severity of the latter factor.

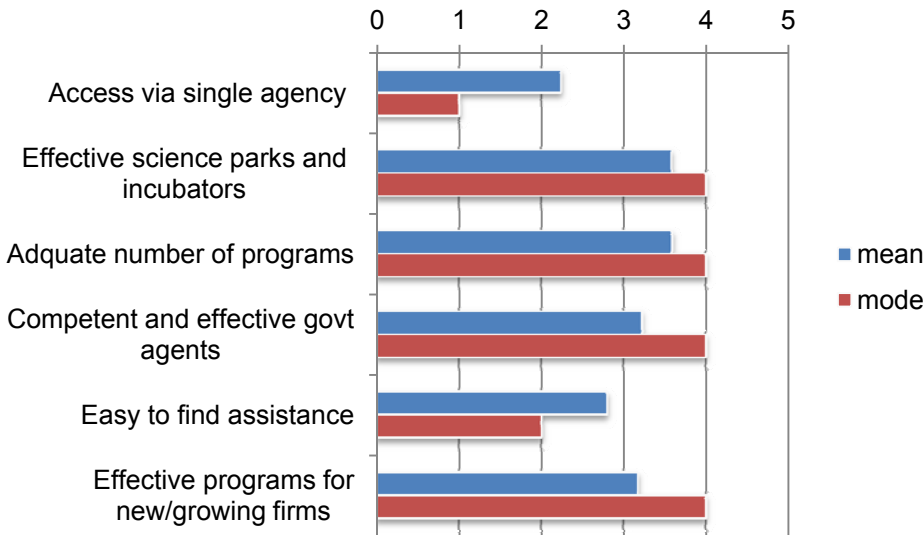
6.3 Government Programs

Experts assessed the adequacy of government programs by evaluating the truth of the following six statements:

- In Ontario, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency.
- In Ontario, science parks and business incubators provide effective support for new and growing firms.
- In Ontario, there are an adequate number of government programs for new and growing businesses.
- In Ontario, the people working for government agencies are competent and effective in supporting new and growing firms.
- In Ontario, almost anyone who needs help from a government program for a new or growing business can find what they need.

- In Ontario, government programs aimed at supporting new and growing firms are effective.

Figure 22: Assessment of Government Programs for Entrepreneurship in Ontario



Provincial experts consider that Ontario’s framework conditions are fairly satisfactory concerning the effectiveness of government programs, the competence and effectiveness of government agents, the number of support programs, and the effectiveness of science parks and incubators. On the other hand, the experts consider that it remains difficult for entrepreneurs to locate the help they seek from government programs. The experts consider the absence of a single-window entry point for assistance to be especially unsatisfactory, but they disagree about the severity of the problem.

6.4 Entrepreneurship Education

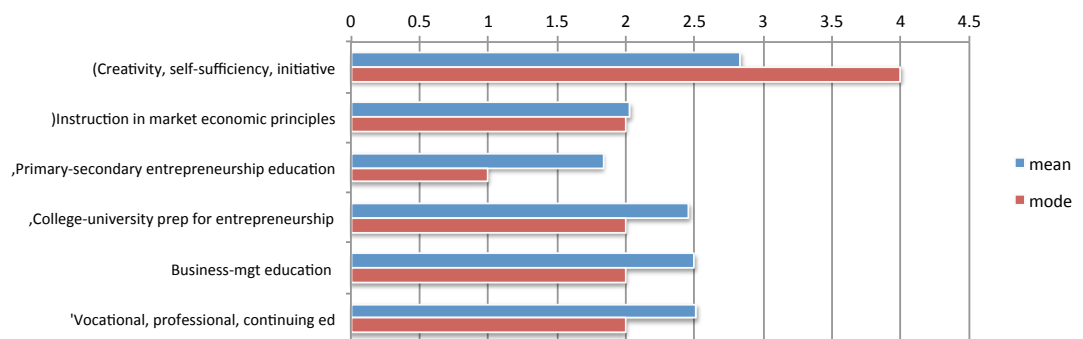
Experts assessed the adequacy of entrepreneurship education in Ontario by evaluating the truth of the following six statements:

- In Ontario, teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative.

- In Ontario, teaching in primary and secondary education provides adequate instruction in market economic principles.
- In Ontario, teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation.
- In Ontario, colleges and universities provide good and adequate preparation for starting up and growing new firms.
- In Ontario, the level of business and management education provide good and adequate preparation for starting up and growing new firms.
- In Ontario, the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms.

The experts surveyed consider entrepreneurship education in Ontario to be unsatisfactory. They see a need for improvement in entrepreneurship education at all levels of education: primary,

Figure 23: Assessment of Entrepreneurship Education in Ontario



secondary, vocational, professional, continuing education, and university, including even in business and management educational programs. The experts disagree about teaching creativity, self-sufficiency, and personal initiative at the primary and secondary levels, which may be satisfactory.

6.5 R&D Transfer

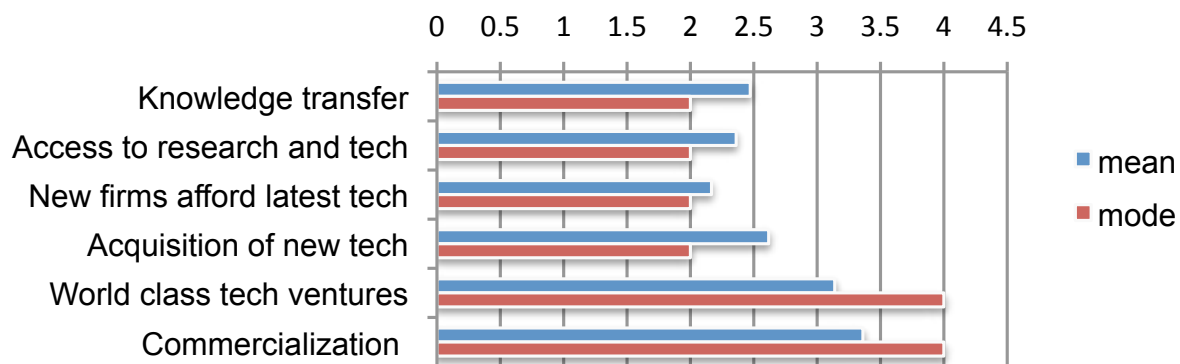
R&D transfer refers to the conveyance of knowledge, skills, ideas,

information, and technology from research institutions in the public and higher education sectors to recipients—in this case, new and growing firms. Experts assessed the adequacy of R&D transfer in Ontario by evaluating the truth of the following six statements:

- In Ontario, new technology, science, and other knowledge are efficiently transferred from universities and public research centers to new and growing firms.
- In Ontario, new and growing firms have just as much access to new research and technology as large, established firms.
- In Ontario, new and growing firms can afford the latest technology.
- In Ontario, there are adequate government subsidies for new and growing firms to acquire new technology.
- In Ontario, the science and technology base efficiently supports the creation of world-class new technology-based ventures in at least one area.
- In Ontario, there is good support available for engineers and scientists to have their ideas commercialized through new and growing firms.

The surveyed experts' assessment of the adequacy of Ontario's S&T base in supporting new ventures is largely positive. So is their assessment of the adequacy of support measures for commercialization by scientists and engineers.

Figure 24: Assessment of R&D Transfer in Ontario



On the other hand, the experts surveyed tend to believe that the other aspects of R&D transfer in Ontario are relatively unsatisfactory. They feel that, in Ontario, new firms are unable to afford the latest technology and that government support for acquiring new technology is insufficient. (As discussed earlier, the survey of Ontario adults provides some evidence of a technology lag among early-stage entrepreneurs in Ontario).

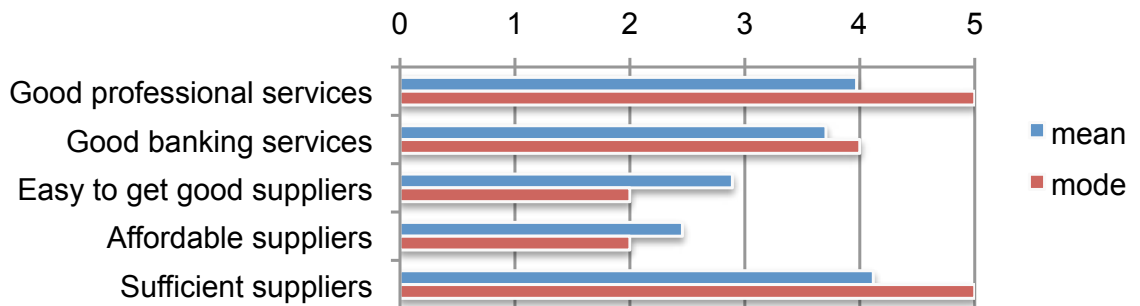
The experts surveyed also consider as relatively unsatisfactory the transfer of knowledge from public research centres and universities, and new firms’ access to research and technology in Ontario.

6.6 Commercial and Service Infrastructure

Experts assessed the adequacy of Ontario’s commercial and service infrastructure by evaluating the truth of the following five statements:

- In Ontario, there are enough subcontractors, suppliers, and consultants to support new and growing firms.
- In Ontario, new and growing firms can afford the cost of using subcontractors, suppliers, and consultants.
- In Ontario, it is easy for new and growing firms to get good subcontractors, suppliers, and consultants.
- In Ontario, it is easy for new and growing firms to get good, professional legal and accounting services.

Figure 25: Assessment of Commercial and Service Infrastructure in Ontario



- In Ontario, it is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and other banking services).

According to the experts surveyed, entrepreneurial framework conditions in Ontario are quite satisfactory regarding the supply of subcontractors, consultants, and suppliers to new and growing firms. Also, it is relatively easy to get good banking services and good professional, legal, and accounting services.

However, the experts surveyed tend to believe that new and growing firms in Ontario experience some difficulty getting good suppliers, subcontractors, and consultants, and that the affordability of commercial and professional services is a factor that hinders new and growing firms.

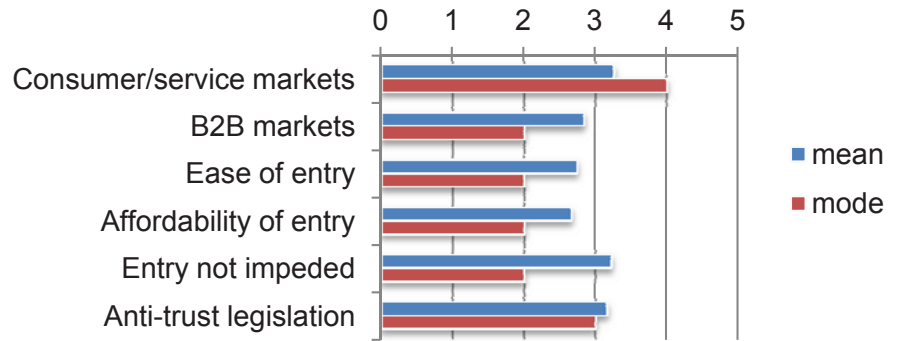
6.7 Market Operations

Experts assessed the adequacy of Ontario's market operations for new and growing firms by evaluating the truth of the following six statements:

- In Ontario, the markets for consumer goods and services change dramatically from year to year.
- In Ontario, the markets for business-to-business goods and services change dramatically from year to year.
- In Ontario, new and growing firms can easily enter new markets.
- In Ontario, the new and growing firms can afford the cost of market entry.
- In Ontario, new and growing firms can enter markets without being unfairly blocked by established firms.
- In Ontario, the anti-trust legislation is effective and well enforced.

Overall, the experts surveyed consider as somewhat unsatisfactory Ontario's market conditions affecting new firms' ease of entry and affordability of entry. While consumer goods and service markets

Figure 26: Assessment of Market Operations in Ontario



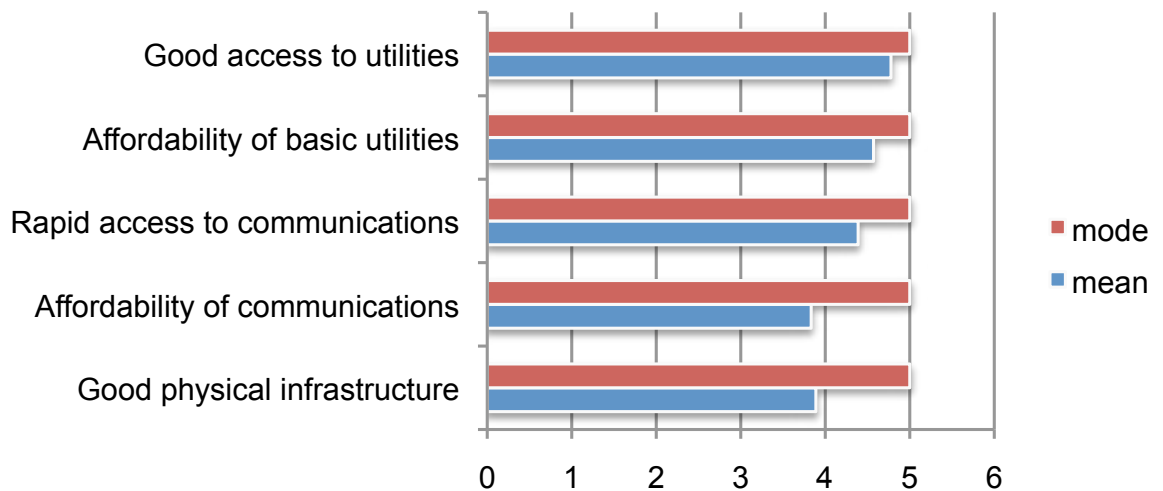
are regarded as satisfactorily dynamic, business-to-business markets are regarded as less dynamic, and some of the experts feel that new firm entry is impeded by established firms. The experts are of divided opinion regarding anti-trust legislation in Ontario.

6.8 Physical Infrastructure

Experts assessed the adequacy of Ontario’s physical infrastructure for new and growing firms by evaluating the truth of the following five statements:

- In Ontario, the physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms.

Figure 27: Assessment of Physical Infrastructure in Ontario



- In Ontario, it is not too expensive for a new or growing firm to get good access to communications (phone, internet, etc.).
- In Ontario, a new or growing firm can get good access to communications (telephone, internet, etc.) in about a week.
- In Ontario, new and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer).
- In Ontario, new or growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month.

As Figure 27 indicates, Ontario's physical infrastructure is considered to be highly satisfactory for the support of new and growing firms. Basic utilities are easily accessible and affordable. The physical infrastructure is generally good. Communications services are relatively affordable.

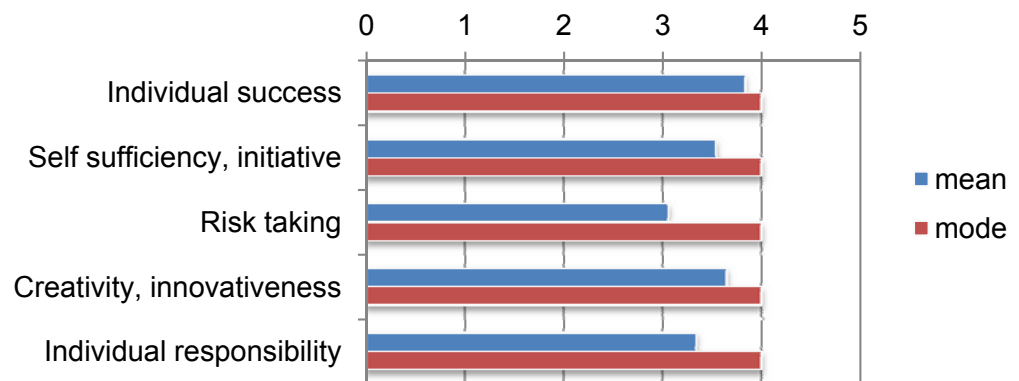
6.9 Cultural and Social Norms

Experts assessed the adequacy of Ontario's cultural and social norms for new and growing firms by evaluating the truth of the following five statements:

- In Ontario, the national culture is highly supportive of individual success achieved through one's own personal efforts.
- In Ontario, the national culture emphasizes self-sufficiency, autonomy, and personal initiative.
- In Ontario, the national culture encourages entrepreneurial risk-taking.
- In Ontario, the national culture encourages creativity and innovativeness.
- In Ontario, the national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life.

The surveyed experts tend to believe that Ontario's cultural and social norms are largely favourable to entrepreneurship. These norms emphasize individual responsibility, creativity, innovativeness, entrepreneurial risk-taking, and self-sufficiency, and they support

Figure 28: Assessment of Social and Cultural Norms in Ontario



individual success achieved through personal efforts.

6.10 High Growth Entrepreneurship

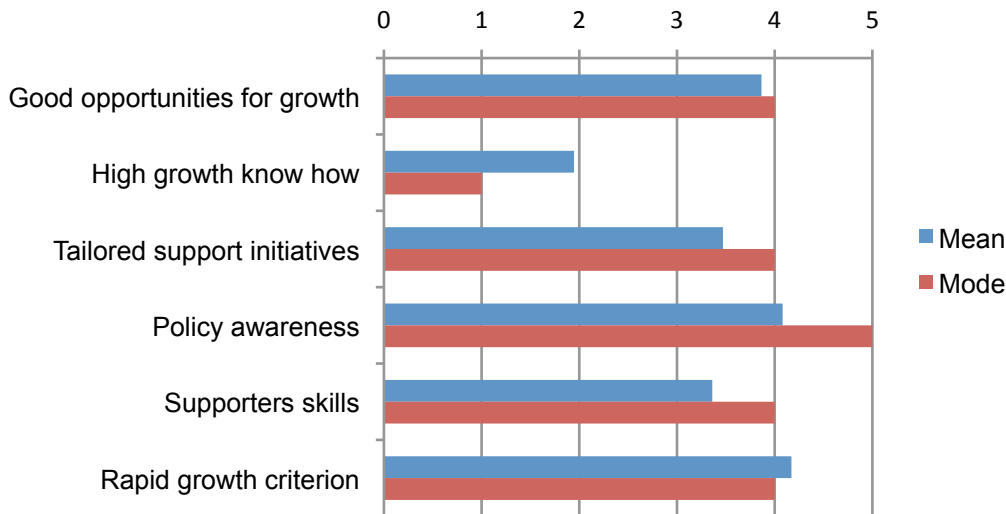
Experts assessed the adequacy of Ontario's framework conditions for creation of high-growth firms by evaluating the truth of the following seven statements:

- In Ontario, there are plenty of good opportunities to create truly high-growth firms.
- In Ontario, many people know how to start and manage a high-growth business.
- In Ontario, there are many support initiatives that are specially tailored for high-growth entrepreneurial activity.
- In Ontario, policy-makers are aware of the importance of high-growth entrepreneurial activity.
- In Ontario, people working in entrepreneurship who support initiatives have sufficient skills and competence to support high-growth firms.
- In Ontario, potential for rapid growth is often used as a selection criterion when choosing recipients of entrepreneurship support.
- In Ontario, government programs are highly selective when choosing recipients of entrepreneurship support.

The surveyed experts tend to believe that there is a relatively

high degree of favourableness in Ontario toward high-growth entrepreneurship. There are good opportunities for high-growth

Figure 29: Assessment of Factors Affecting



ventures, and government policies and programs favour high-growth entrepreneurship. The main factor detracting from the potential for high-growth entrepreneurship in Ontario is that not many people know how to start and manage a high-growth enterprise, a problem that is related to the shortcomings in entrepreneurship education mentioned earlier.

6.11 Women and Entrepreneurship

Experts assessed the adequacy of Ontario’s framework conditions for new and growing female-owned and managed firms by evaluating the truth of the following five statements:

- There are sufficient social services in Ontario so that women can continue to work even after they start a family.
- In Ontario, starting a new business is a socially acceptable career for women.
- In Ontario, women are encouraged to become self-employed or start a new business.

- In Ontario, men and women get equally exposed to good opportunities to start a new business.
- In Ontario, men and women have the same level of knowledge and skills to start a new business.

The experts surveyed tend to believe that in Ontario, men and women largely have the same level of knowledge and skills to start a business. They also feel that it is generally considered socially acceptable for women to start a business and that women are encouraged to become

Figure 30: Assessment of Factors Affecting Female Entrepreneurship in Ontario



entrepreneurs. They responded that the situation in Ontario is fairly favourable regarding social services for women with family to work. The experts also consider that women in Ontario are probably less exposed than men to good entrepreneurial opportunities, but the experts disagree on the extent of the problem.

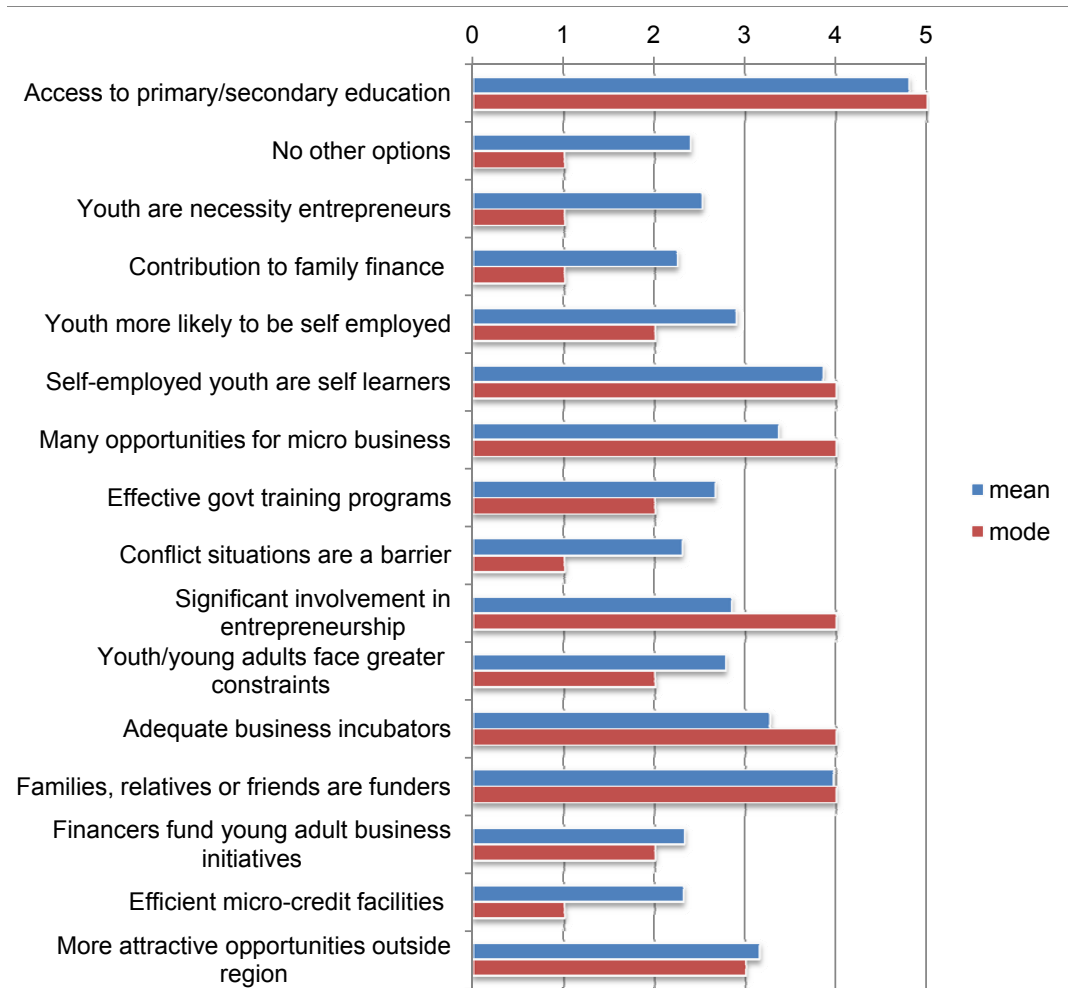
6.12 Youth, Young Adults, and Entrepreneurship

Experts assessed the adequacy of Ontario’s framework conditions for youth and young adult entrepreneurs by evaluating the truth of fifteen statements:

- In Ontario, youth have easy access to primary and secondary education.
- In Ontario, most of the youth have no option other than to find work.
- In Ontario, youth are pushed into business activity out of necessity.
- In Ontario, families expect youth to contribute to the family's finance.
- In Ontario, the youth involved in business activity are more likely to be self-employed than an employee (working for someone else).
- In Ontario, self-employed youth learn to develop their business activities largely through their own experience and relationships.
- In Ontario, there are many opportunities to develop “micro business” for youth.
- In Ontario, governmental programs effectively train and support youth entrepreneurs.
- In Ontario, the young adults are significantly involved in entrepreneurship.
- In Ontario, youth and young adults face greater constraints to entrepreneurship relative to the general adult population.
- In Ontario, there is an adequate system of business incubators that can be accessed by young adult entrepreneurs.
- In Ontario, most of young adults that become entrepreneurs have been helped to start up by their families, close relatives, or friends.
- In Ontario, financiers (banks, informal investors, business angels) fund young adults' business initiatives.
- In Ontario, micro-credit facilities for young adults to start a business are efficient.
- In Ontario, the young adults consider life/work opportunities outside the country to be more attractive.

As shown in Figure 31, the surveyed experts feel that Ontario's strengths in matters of youth and young adult entrepreneurship are: access to primary and secondary education, access to informal funding from family or friends,⁹ the ability of youth and young adults to learn from experience, abundant opportunities for micro-business, and adequate business incubation facilities. Furthermore, on average, the experts thought that Ontario youth and young adult entrepreneurs have various options and are generally not driven to entrepreneurship through necessity or by the

Figure 31: Assessment of Factors Affecting Youth and Young Adult Entrepreneurship in Ontario



expectation to contribute to family income, though the experts disagree strongly about this, and their views probably reflect regional disparities within Ontario. Youth and young adult entrepreneurs are thought to face greater constraints than older entrepreneurs. Notably, government training programs and investment facilities are not as favourable to youth and young adult entrepreneurs as they could be.

7. SUMMARY

Figure 32 provides a summary assessment of Ontario’s framework conditions for creating and encouraging new and growing firms.¹⁰

⁹The Adult Population Survey confirms the relatively high level of informal investing in Ontario.

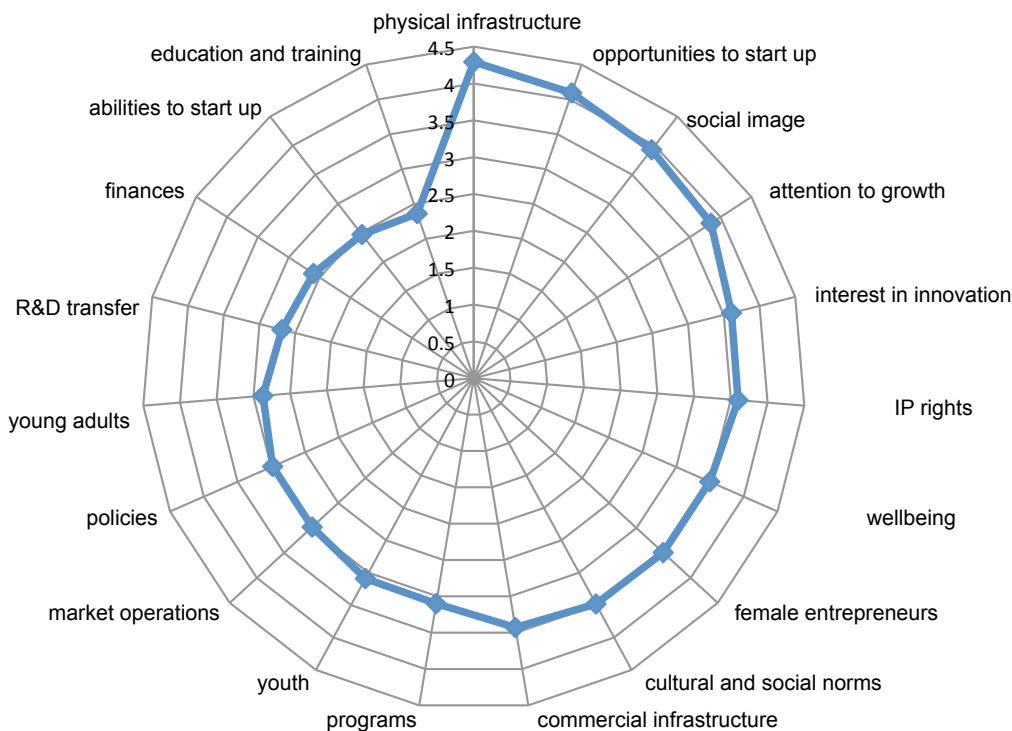
Ontario’s relative strengths are:

- high quality and affordable physical infrastructure
- abundant opportunities to start up
- the positive social image of the entrepreneur
- policy attention to firms with growth potential
- consumer interest in innovation
- protection of IP rights
- entrepreneurs’ sense of well-being
- encouragement and involvement of female entrepreneurs
- cultural and social norms that are favourable to entrepreneurship
- quality, availability, and relative affordability of the commercial and services infrastructure

Framework conditions of middling strength in Ontario are:

- government programs regarding new and growing firms

Figure 32: Summary Assessment of Ontario’s Framework Conditions¹⁰



¹⁰ Calculated as averages of scores for statements on each theme. The experts' perceived adequacy of the nine conditions in Ontario is measured on a scale from 0 (completely inadequate) to 5 (completely adequate).

- training and investment facilities for youth entrepreneurs
- market operations (openness, dynamism)
- government policies regarding new and growing firms
- support programs and investment facilities for young adult entrepreneurs

The four weakest links in Ontario for creating and growing new firms are:

- R&D transfer from higher education and public labs
- financing for new and growing firms
- abilities within the population to start up and grow a firm
- entrepreneurship education and training throughout the educational system

8. CONCLUSIONS AND RECOMMENDATIONS

Our findings indicate that Ontario's performance in matters of advancing entrepreneurship is outstanding in some respects, and in many respects is very good. In certain other respects, however, improvements are needed in the conditions that foster new and young firms in Ontario.

Ontario's rate of opportunity-motivated entrepreneurship ranks among the world's highest, representing a tremendous asset for the province. In terms of the intensity of early-stage entrepreneurship, Ontario resembles some very vigorous entrepreneurial countries (Singapore, Israel, the United States). Ontario's level of early-stage entrepreneurial activity is higher than the average among Innovation Driven Economies.

Ontarians are quite aware of entrepreneurship, thanks to the media. They have a positive attitude toward entrepreneurship and entrepreneurs, similar to what is found in most other innovation-driven economies. More than one in four Ontarians knows someone who started a business in the past two years. Entrepreneurial opportunities are believed to be abundant, and Ontarians see quite good conditions to start a business in the near future. This is stronger

confidence than among the reference groups of countries.

Almost half of all adult Ontarians believe they have the knowledge and skills to create a business, and they express a relatively low degree of fear of failure. However, experts consider that Ontario does not have a deep talent pool of individuals who know how to create and grow vigorous companies. About one in five early-stage entrepreneurs in Ontario expect significant job creation, and fewer than one in five have a strong international orientation.

We find some evidence of a lag in the use of advanced technology by Ontario entrepreneurs, and this is corroborated by the experts' assessment of various barriers to technology-based innovation in Ontario, including cost of technology, cost of professional services, and bottlenecks in the transfer of knowledge and technology from institutions of higher education and public research centres.

Ontario has the highest concentration of early-stage entrepreneurial activity in the world in the business services sector. This may represent an area of emerging competitive advantage, although presently Ontario entrepreneurs in this sector do not have an unusually strong international orientation or express particularly high expectations of employment growth.

Ontario is also distinguished by a relatively high concentration of early-stage entrepreneurial activity among young adults in the 25-34 age range, but a lower than average rate of activity among young adults in the 19-24 age range. Experts believe that policies and programs targeted these demographics should be stronger.

Early-stage entrepreneurs in Ontario are more highly educated than owners of established businesses, and Ontario has a relatively high rate of early-stage entrepreneurship among persons with an undergraduate degree. Almost 14% of Ontario adults with this level of education are engaged in early-stage entrepreneurial activities — a reflection, probably, of the high level of engagement among 25-34 year-olds.

Although more males than females are involved in early-stage entrepreneurship in Ontario, the framework conditions (cultural, program, and policy) to promote greater gender equity in matters of entrepreneurship are relatively favourable.

Ontario draws a relatively high proportion of its male early-stage entrepreneurs from the lowest third of the household income stratum (yet Ontario's level of necessity-driven TEA is not inordinately high). The causes and implications of this phenomenon deserve closer scrutiny. It may be related to the fact that Ontario has one of the highest rates in the IDE group of early-stage entrepreneurial activity among first-generation immigrants.

The GEM Ontario 2013 report shows that the four weakest links in Ontario's entrepreneurship ecosystem have to do with entrepreneurship education and training, financing new and growing firms, R&D transfer, and the extent of capabilities to start and grow a business. We recommend that these areas be given special attention by policymakers, educators, leaders of innovation support institutions, investors, and business leaders.

The GEM 2013 report has certain limitations, which we hope to improve in future surveys. We hope eventually to bring a stronger focus to social entrepreneurship, senior entrepreneurship, and entrepreneurship in

Table 1: Recommendations From the GEM Ontario 2013 Report

- 1) We recommend that stakeholders take immediate action to remedy the shortcomings of the four weakest links in the Ontario entrepreneurship ecosystem:
 - entrepreneurship education
 - finance for new and growing firms
 - R&D transfer
 - growth-oriented startup capabilities among Ontarians
- 2) We recommend strengthening the training, investment, and support services for three specific groups of entrepreneurs:
 - youth and young adult entrepreneurs
 - women entrepreneurs
 - immigrant entrepreneurs
- 3) We recommend improved policy and program support for technology acquisition by new and growing firms.
- 4) We recommend strengthening policy and program support for entrepreneurial initiatives aiming at international customers.

Ontario's regions.

Our recommendations are summarized in Table 1.

9. ACKNOWLEDGEMENTS

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The 2013 GEM Canada report is available at www.gemcanada.org

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

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