

## A Discussion Paper on the Role of Entrepreneurship in Economic Development.

### Vision:

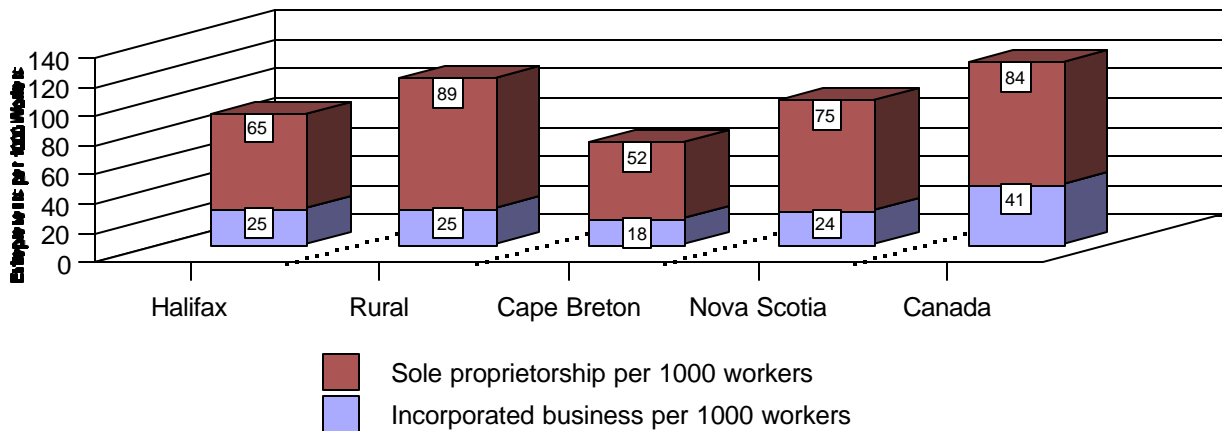
Every Nova Scotian considering a career option looks at the entrepreneurial option, feels supported in their decision to start and grow a business, sees boundless opportunity and believes they can be successful in creating a venture. Many people have the drive, ability and support to succeed. The same support exist for new and aspiring entrepreneurs as exists for new and aspiring hockey players.

### Context:

We look at the number of entrepreneurs in the economy as an indicator of the health of the economy. A greater proportion of entrepreneurs per capita will lead to more business activity and more economic growth. The quality of these entrepreneurs will impact the rate of this growth. High quality entrepreneurs will create dynamic high value businesses that will lead to high growth. Mediocre entrepreneurs may only maintain the status quo. How can Nova Scotia get more entrepreneurs? How do we impact the quality of entrepreneurs?

## Entrepreneurs per 1000 Workers

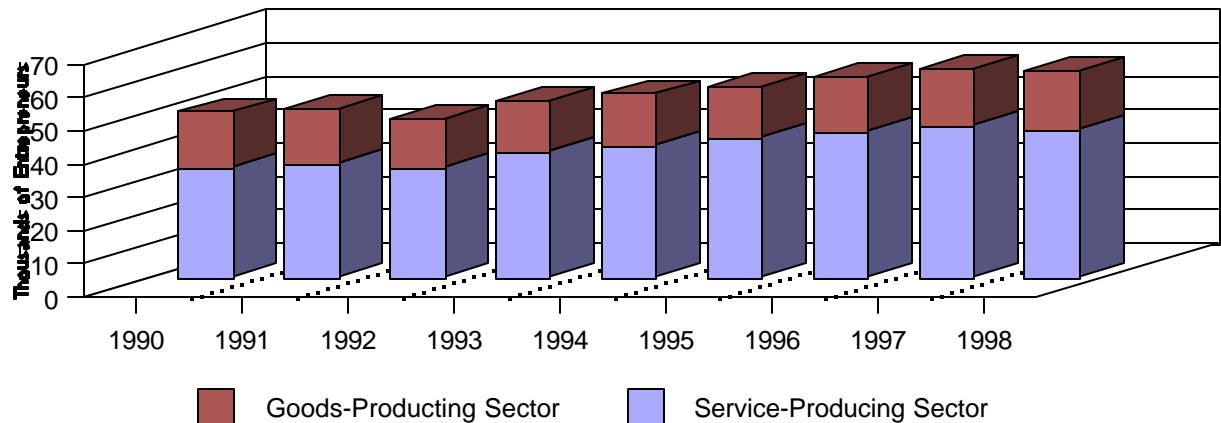
Statistics Canada - Census 1996



In Nova Scotia entrepreneurs play a large role in the economy. In the 1990 to 1998 period the number of entrepreneurs in Nova Scotia has increased 25% and now generates more than \$800 million in income for themselves.

## Self Employed in Nova Scotia

Growth (1990-1998) - 25%



### Entrepreneurs and Business Climate:

The private sector will create jobs and wealth -- not government and not the third sector. This requires a two pronged approach by government. One is to help existing entrepreneurs to grow. This is the goal of the strategy as a whole not just one part. This economic strategy helps existing entrepreneurs grow in several ways, it helps create a favourable business climate by creating a business friendly regulatory environment, reducing taxes; helping create private sector financing sources and venture capital pools, helping improve business management practices (APEC Atlantic Report - Winter 1998 [www.apec-econ.ca/publicat.html#atlrep](http://www.apec-econ.ca/publicat.html#atlrep)), assists in exporting, commercialization of ideas, and helps create a dynamic, enterprising, innovative labour force.

Equally important, we need to increase the pool of entrepreneurs. To grow the economy in Nova Scotia we need to grow more entrepreneurs. This discussion paper talks about putting a process in place that will grow new entrepreneurs.

### Growing Entrepreneurs:

Nova Scotia has had its share of great entrepreneurs. When you think of names like Sobey, Jodrey, Oland, Cunard, you think of self-made men and women, large industrial enterprises of fortunes made, lost and made again. These entrepreneurs were born into a Nova Scotia that was very supportive of the entrepreneur. Nova Scotians were building a new country, they were opportunists, risk takers, financiers, world traders. They were heroes, great Nova Scotians. Some time in the middle of the twentieth century we lost our entrepreneurial edge. We became protectionist, risk adverse, investment starved, and isolated from world markets. We had no formal strategy to develop a new entrepreneurial culture. We searched for new approaches. What we tried was big government, big loans, big

dependence. We created jobs - lots of them - they sometimes vanished as quickly as they came. We needed to get back our entrepreneurial past.

We forgot in Nova Scotia that businesses do not create themselves. Just creating a good business climate does not mean that businesses will start. Nothing will happen unless someone takes the initiative to start a business. It takes entrepreneurs. The entrepreneurs are the doers. They seek out the business opportunities, source financial, physical and human resources to exploit the opportunity and take the responsibility to ensure that the venture is successful. They reap the rewards and assume the financial risks if it is unsuccessful. Without entrepreneurs there are no new businesses, no economic activity.

While we never assume that doctors are born, or NHL hockey players, we sometimes believe entrepreneurs are born, and only born. If you think about the infrastructure we have in place in this province to support the creation of doctors or hockey players, you quickly realize that nothing is left to chance. A vast feeder system of schools provides the key skill sets to students that give them the background in the sciences, mathematics and communication skills that will give some the opportunity to make it into medical school and become the next generation of doctors. In hockey there is a similar process. We have rinks, coaches, leagues, school support, peer support, parental support, media support, heroes, mentors all helping thousands of young Nova Scotians learn the skills to play hockey. The parallels on the entrepreneurial side are many. The resources on the entrepreneurial side are growing but we have more work to do.

Nothing grows in a vacuum. Doctors do not create themselves, nor do young boys become hockey players in the absence of support structures. This is recognized in many government policies when it comes to the workforce. We must have a training infrastructure (Community colleges, Private trade schools, universities) to have a highly skilled knowledgeable workforce. The same is required for entrepreneurship, the employer force! Entrepreneurship is a unique set of knowledge, skills, and attitudes that require nurturing and education, and, as in any other career, programs are needed to foster it.

Studies (Lin, Yates and Picot 1999 [www.statcan.ca/english/ips/data/11F0019MPE99134.htm](http://www.statcan.ca/english/ips/data/11F0019MPE99134.htm)) show that individuals are twice as likely to start a business if they have started one before. By exposing a large number of Nova Scotians to their first entrepreneurial venture and helping them learn from their mistakes and successes will lead to the creation of more businesses in the future. More businesses mean more jobs and wealth for Nova Scotians.

Building the resources required to grow entrepreneurs can only be done through a partnership between future and existing entrepreneurs, community support organizations, government, educational institutions and the media. Understanding the dynamic of this partnership and making it work is government's role. The roles of other partners should be defined as well. Existing entrepreneurs show a willingness to accept new ways of doing business, and act as role models and mentors for other entrepreneurs. Community support organization need to understand entrepreneur's needs and delivery appropriate business supports, educational institutions need to continue to develop policies and procedures that help increase student exposure to entrepreneurship education and training. The media need to recognize the importance of entrepreneurs to economic growth and communicate the stories of successful entrepreneurs.

Building this partnership was the key element of the entrepreneurship strategy put forward by ACOA and the provincial governments of the Atlantic Region in 1989. The strategy was recognized for its innovative approaches by the Organization for Economic Cooperation and Development (OECD) in 1996. ([www.acoa.ca/e/library/reports/oecd.pdf](http://www.acoa.ca/e/library/reports/oecd.pdf)) Various components of the strategy have been evaluated and found to impact the creation of more entrepreneurs. The strategy has been fine tuned over the ten year period but the core elements of the strategy are still valid today.

The key elements of the strategy are as follows:

- 1) Promote entrepreneurship as a desirable employment option.
- 2) Enhance learning of the process required to become an entrepreneur.
- 3) Enhance the availability and quality of small business supports.
- 4) Build networks at the government and local level and between potential and existing entrepreneurs.
- 5) Support research and dissemination of entrepreneurial approaches and techniques.
- 6) Manage the change process required to implement the strategy.

The strategy is targeted at:

- 1) Future entrepreneurs - women, youth, corporate employees, and the unemployed.
- 2) Existing entrepreneurs
- 3) Business support organizations.
- 4) Educational institutions and educators.
- 5) The media.
- 6) Corporations.
- 7) The public-at-large.
- 8) Business community outside of Atlantic Canada.

The province of Nova Scotia has been a partner in the development and implementation of the entrepreneurship strategy in Nova Scotia. The entrepreneurial curriculum used in secondary schools was developed by staff of the Department of Education, who later founded the Centre for Entrepreneurship Education and Development (CEED). Numerous other CEED projects followed including "Open for Business" a new approach to developing entrepreneurs that has been sold to Sweden. ([www.ceed.ednet.ns.ca/finalreport/index.html](http://www.ceed.ednet.ns.ca/finalreport/index.html)) The Nova Scotia Economic Development Department lent its expertise in; venture capital, financial and non financial support, experience with women, youth and black entrepreneurs, and initiated and participated in entrepreneurial research projects.

The results have been significant:

- The number of women entrepreneurs in Nova Scotia from 1984 to 1997 increased 92% and their income 163% , male entrepreneurs increased 33% and income 61%. (Statistics Canada - Tax Statistics)
- In the 1990 to 1997 period, 100% of paid employment growth in Nova Scotia was created in the self-employment sector (Statistics Canada, Lin, Yates, Picot, March 1999 [www.statcan.ca/english/ips/data/11F0019MPE99133.htm](http://www.statcan.ca/english/ips/data/11F0019MPE99133.htm))
- 65% of parents would recommend entrepreneurship to their children (Omnibus poll March 2000)
- Nova Scotian's intent to start a business has grown from 7% to 11% (Omnibus poll April 1991 and May 2000)
- 64% of Atlantic Canadian youth (12 to 30) say they are likely to start their own business

(Angus Reid May 1999)

- Entrepreneur is most desirable profession for youth (18 to 35) beating former number ones, doctor and lawyer. (Angus Reid “Nexus” June 1997)
- 1,500 NS grade 12 students take “Entrepreneurship 12” in high school making it the number one elective.

**Performance Measurement:**

We need to develop some key indicators of our entrepreneurial health. Both quantity and quality of Nova Scotia entrepreneurs need to be measured and compared with the rest of Canada.

Performance Measure	Nova Scotia	Canada	Best Province
Five year growth in the number of entrepreneurs per 1000 workers (quantity rating) Source: Census	1990 - 75 1995 - 99 Growth - 31.9%	1990- 99 1995-125 Growth - 27.3%	1990 - 112 1995 - 149 (BC) Growth - 32.7%
Five year growth in income earned per entrepreneur (quality rating) Source: Revenue Canada	1992 - \$4,837 1997 -\$7,286 Growth - 50.6%	1992-\$5,248 1997-\$8,009 Growth - 52.6%	1993-\$5,746 1997-\$9,256 (Alberta) Growth - 66.9%

**Government's Role in Entrepreneurship Development**

Government in Nova Scotia has a key role in creating an entrepreneurial culture.

Some roles are:

- 1) Entrepreneurship strategy formulation/dissemination including: partnership identification and development to implement strategy elements.
- 2) To increase opportunities, to develop the motivation of potential entrepreneurs to go into business and to enhance potential entrepreneurs' ability to start a business.
- 3) Communicating the entrepreneurial process and the importance of entrepreneurs to the Nova Scotia economy to government and the general public.
- 4) Departments and agencies that have jurisdiction over educational matters should continue to develop policies and procedures that help increase student exposure to entrepreneurship education and training.
- 5) Help create an entrepreneurial climate by developing partnerships among businesses, government and community agencies to design and implement a broad range of financial (both private sector loans and venture capital) and non financial support for potential and existing entrepreneurs.
- 6) Help create a business friendly policy and regulatory environment.
- 7) Measurement and communication of outcomes.
- 8) Entrepreneurial research and the development of baseline statistical information.