Canadian PSED Findings: Person, Process, Outcomes

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Individual–Level Factors: Key Findings

- Socio-demographic background, work-career background, and personal context factors not associated with engagement in the start-up process
- Personal predispositions did differentiate between those engaged in the start-up process and those who disengaged

Personal Predispositions	Engaged (n=57)		Disengaged (n=57)			
	Number	Percent	Number	Percent	χ^2	Signifi-cance
Preference for: (n=94)						
'doing things better'	33	64.7	18	41.9	4.029	0.022**
'doing things differently'	18	35.3	25	58.1		
Goal orientation (n=111)						
I want it [the business] to be as large as possible	2	3.6	16	28.6	10.929	0.001***
I want a size to manage by myself or with a few key employees	53	96.4	40	71.4		
Belief actions will lead to goal accomplishment (n=62)						
high confidence	30	83.3	20	76.9	0.093	0.377
low confidence	6	16.7	6	23.1		
Perceived extent that preferred style of solving problems matches type of problems encountered in starting a business (n=101)						
often a good match	42	73.7	16	36.4	20.259	0.001***
sometimes a good match	13	22.8	13	29.5		
rarely a good match	2	3.5	15	34.1		

[a] 2 cells had expected counts less than 5.
significant at $p < 0.01$; * significant at $p < .001$ (All tests of personal predispositions are one-tailed)

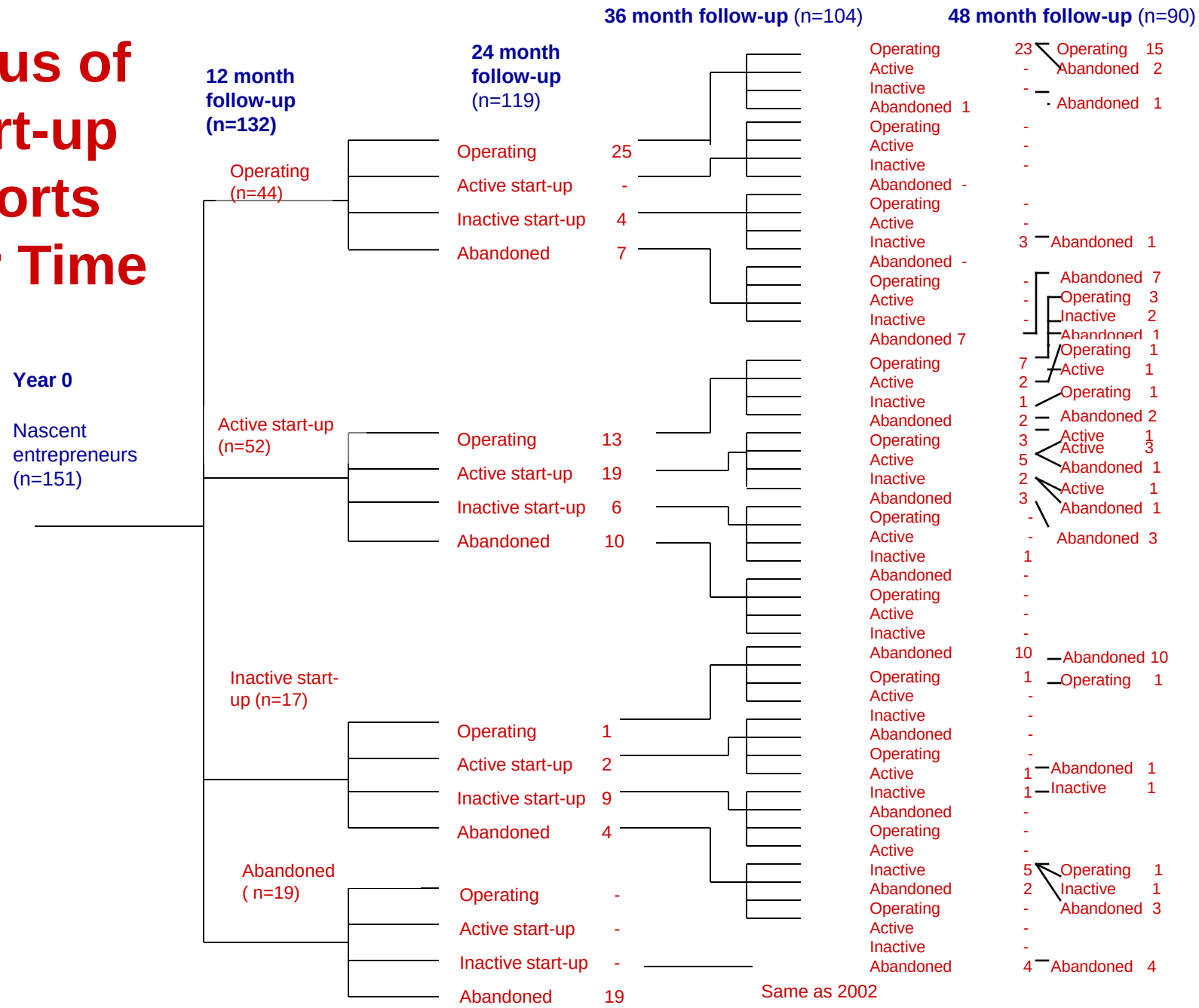
Key Findings re: Nature of Process

- gestation period is long
  - reflects conservativism, moderate risk taking
- differences between operating and non-operating ventures are initially indiscernible, based on activities
- activities account for about a third of the variance between start-up efforts that become a going concern and those that do not
- ‘failure’ is overestimated

Outcome Status At Time Of Annual Follow-up (2001-2004)

	2001		2002		2003		2004	
Start-up Status	n	%	n	%	n	%	n	%
Operating	44	33	39	33	35	34	22	24
Active Start-up	52	39	21	18	8	8	6	7
Inactive Start-up	17	13	19	16	13	12	4	4
Abandoned	19	15	40	33	48	46	58	65
Total	132	100	119	100	104	100	90	100

Status of Start-up Efforts Over Time



Key Question

- What constitutes a valid basis for determining when a start-up has made the transition from ‘becoming’ to ‘being’ a new firm?

Completion of Firm Founding Events

	Self-reported operational status 2001 (n=44)		Self-reported operational status for 3 consecutive years [a] (n=19)		Self-reported sustainable new business (n=17)		
Proposed indicators	**n**	**%**	**n**	**%**	**n**	**%**	**Ave. # of mths since event first occurred**
Operational within previous12 months (n=41[b])	37	90.2	17	89.5	17	100.0	8.3
Legal form							
Propriertorship	26	59.1	11	57.9	10	58.8	n/a[c]
Partnership	8	18.2	5	26.3	5	29.4	
Incorporated	10	22.7	3	15.8	2	11.8	
Income from sales (n=42)	42	100.0	19	100.0	17	100.0	15.7
Other founding indicators							
Employees	15	34.1	8	42.1	7	41.2	8.5
Filed federal income tax return (n=43)	30	69.8	13	68.4	11	64.7	[d]
Paid employment insurance premiums	11	25.0	5	26.3	5	29.4	9.8
Monthly revenue exceeds expenses (n=42)	37	88.1	18	94.7	16	94.1	9