

***ENTREPRENEURS' EXPERIENCES IN THE ONTARIO SELF-
EMPLOYMENT BENEFITS (OSEB) PROGRAM***
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RESEARCH REPORT:

**Entrepreneurs' Experiences in the
Ontario Self-Employment Benefits (OSEB) Program**

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EXECUTIVE SUMMARY

The goal of this research project was to investigate the individual and situational factors that influence entrepreneurs' experiences and successes in the Ontario Self-Employment Benefits (OSEB) program.

We developed a partnership with 10 providers of the OSEB program in Ontario who agreed to allow us time during the program to administer surveys to participants. Participants were invited to complete three voluntary surveys. Survey 1 was administered during the first week of the program; survey 2 was administered approximately 8 weeks later; and survey 3 was administered 6-7 months later. The period of data collection ranged from the Spring of 2012 to the Summer of 2013, depending on the provider. In total, 195 entrepreneurs participated in this research project by answering survey questions about their personal characteristics, backgrounds, psychological resources, coping mechanisms in the face of challenges, and their motivation and behaviours toward continuous improvement and development.

The results presented in this report are intended to summarize what we learned about entrepreneurs' experiences in the OSEB program. They are organized into two sections:

- (1) Participants' open-ended feedback about their motivations, challenges, sources of success, and suggestions for improving the OSEB program
- (2) Results of statistical analyses linking participants' personal characteristics and backgrounds with their psychological and behavioural outcomes during the program

Results from the participants' open-ended feedback demonstrated that the most common reasons for participants to enrol in the OSEB program were to gain autonomy and to pursue their passions. With regard to the biggest challenges they faced while starting up their business, insufficient marketing, lack of finances, and time constraints were most frequently mentioned. With regard to the factors that contributed to their success as new entrepreneurs, participants cited personal and business connections, acquisition of new skills and knowledge, and self-perseverance as the main contributors. Lastly, participants provided a number of suggestions to help improve the OSEB program moving forward. These suggestions included timing and structural changes, a greater focus on accounting knowledge, and overall more training dedicated to business planning, marketing, and technology.

Results from the statistical analyses of the survey questions revealed that four personal characteristics were significantly related to stress and behavioural outcomes: (1) core self-evaluation, (2) proactive personality, (3) psychological capital, and (4) learning goal orientation. Each of these characteristics was related to participants' stress appraisals and business planning. In addition, some of these individual characteristics were also significantly related to participants' effort and continuous improvement. Considering the positive impact of these characteristics for the participants' ability to cope with stress and engage in proactive behaviours in support of their self-employment, OSEB may want to consider ways encourage their participants to adopt these optimistic and learning-focused mindsets during their participation in the program.

In summary, participants clearly appreciated the opportunity to participate in the OSEB program. They seemed to benefit not only from the acquisition of knowledge and skills from OSEB, but also from establishing connections with OSEB staff and other participants, as well as learning about what it takes for them to personally succeed as an entrepreneur. It seems that participants' ability to persevere through the struggles of launching a business, combined with the education offered through the OSEB program, work together to create a recipe for success. We hope that the results of this research will help with the continued efforts of the OSEB program in this regard.

PROJECT METHODOLOGY AND ANALYSES

To collect data for this project, we partnered with OSEB program providers at ten locations across Ontario (see Table 1). During a 14 month period starting in the spring of 2012, we invited participants from these programs to respond to three voluntary surveys. The first survey was administered during their first week in the program, the second survey was administered once they had received their formal business training (on average 8 weeks later), and the third and final survey was administered approximately seven months later, near the end of the program when they were in the midst of running their new business.

Table 1: Participating OSEB providers

CFDC OSEB providers	Other OSEB providers
• Elgin Business Resource Centre (St. Thomas)	• Ottawa YMCA (Ottawa)
• Grenville CFDC (Prescott)	• Skebo & Associates Inc (Kingston)
• Norfolk District Business Development Corporation (Simcoe)	• St. Lawrence College (Cornwall)
• Northumberland CFDC (Cobourg)	
• Northumberland CFDC (Peterborough)	
• PELA CFDC (Napane/Picton)	
• Trenval Business Development Center (Belleville)	

Note: In total, 61% of participants came from CFDCs

The surveys included open-ended questions as well as closed-ended survey questions about the participants' backgrounds, personal characteristics, psychological resources, stress and coping mechanisms in the face of challenges, motivation toward continuous improvement, as well as personal and business growth. Participants were given the option to fill out the surveys either online or using paper-and-pen surveys. 195 participants responded to survey one, 160 responded to survey two, and 118 responded to survey three (61% response rate). Each survey took approximately 30 minutes to fill out, and the participants received \$10 per survey as a token of appreciation.

Overall, the participants in our final sample were 51% women and 49% men, with an average age of 42 years old and 20 years of work experience. The majority of participants were Caucasian/White (87%) and had at least a two-year college degree or higher (63%). The participants' entrepreneurial businesses were quite diverse, including hair salons, lawn mowing companies, IT consulting services, accounting services, healthcare support, dog groomers, communication services, yoga studios, and wedding planners among others.

We arrived at our results for Section 1 through qualitative analysis of participant's open-ended feedback. Specifically, the open-ended feedback was coded by 3 independent research assistants (RAs) who followed a 4-step coding process. In step 1, the RAs open-coded the responses from each question independently into specific categories that emerged inductively from the responses. In step 2, the RAs discussed their findings to create a uniform set of categories (which are described in greater detail below), as well as a specific coding scheme for each category. In step 3, the RAs recoded the data with the newly established categories and coding scheme. In step 4, the RAs synthesized their findings and deliberated over any discrepancies to create the final coding results. The frequencies reported below reflect the outcome of this process where consensus was reached about all statements.

We arrived at our results for Section 2 through quantitative data analysis of participants' survey results. Specifically, we analyzed the survey data through correlational and regression analysis using SPSS. We restricted our analysis to examining variables that were measured at separate time periods. The variables reported include core self-evaluation, proactive personality, psychological capital, learning goal orientation, threat stress appraisals, challenge stress appraisals, effort, planning, and continuous improvement. Additional information on these variables' definitions is provided in Section 2 below.

Please note that in addition to the results presented in this report, we conducted supplemental analyses to see if there were any differences in findings as a function of comparing OSEB program providers or demographic groups (e.g., gender, age, educational background). Our results revealed that the pattern of responses was the same across all OSEB program providers. In addition, there were no consistent differences in findings across participants as a function of their demographics. As such, we have combined our results across OSEB providers and participants throughout the remainder of this report.

SECTION 1 RESULTS: OPEN-ENDED FEEDBACK

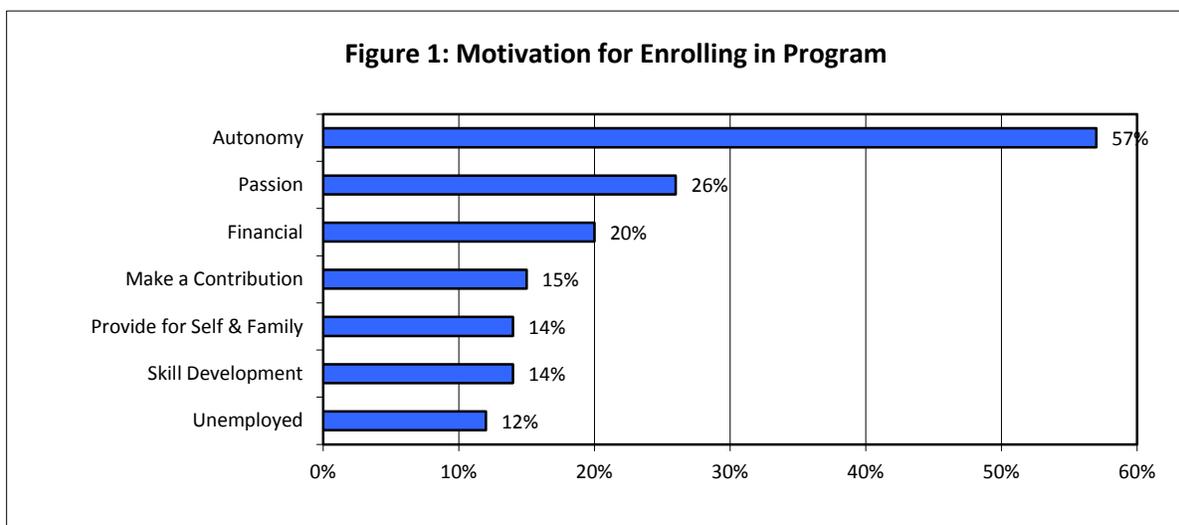
Question 1: At the start of the program, what were the entrepreneurs' motivations behind self-employment, and what were they hoping to learn from the program and this experience?

"To have complete control of my daily life when it comes to income and work."

"I am following my passion. I love working in the area of education and helping people fulfill their dreams."

"To be independent financially and not worry about losing a job."

"My kids motivate me to want a better future and lifestyle for them."



The most common reason for participants to enrol in the OSEB program was to gain **autonomy and independence**. More than half of all participants indicated that they enrolled in OSEB because they wanted to gain flexible hours, become their own boss, gain independence in decision making, and attain the freedom to work anywhere. Tied to these freedoms, participants cited the opportunity to pursue their **passion** as the 2nd most common reason that they joined OSEB. Passion includes the opportunity to follow their dreams, take pride in their work, as well as gaining fulfillment and enjoyment from their work. The 3rd motivation to enrol in OSEB was to achieve **financial** success, such as gaining financial freedom, flexibility, and independence. Next, participants explained that they wanted to **make a contribution** by making a difference in others' lives and helping their community, as well as the opportunity to **develop and apply their skills** by starting a business in a domain where they have some expertise. Lastly, participants said that they enrolled in OSEB to **provide for themselves and/or their family** and because they were currently **unemployed**.

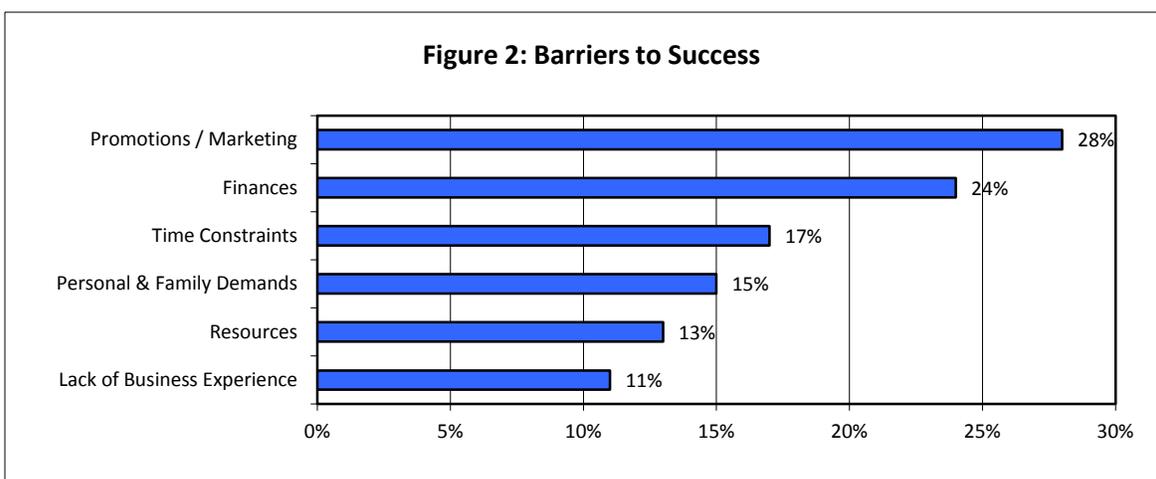
Question 2: At the time when they were launching their business, what were the most prominent challenges that the entrepreneurs faced?

“My biggest challenge is getting enough customers. I need a lot of repeat clients in my business as each sale is lower priced.”

“Time is limited. My goal to open is fast approaching and the OSEB course takes so much of my time that may be better spent physically working on the business rather than the plan itself.”

“My weak credit rating also makes it difficult to get a loan.”

“My starting a business requires excess amount of time, energy, and commitment that sometimes requires imbalance at home. This affects my family.”



Participants considered the biggest barrier to their success as **insufficient marketing, promotions, and advertising**. Participants indicated that marketing was a barrier as they struggled to gain recognition and awareness in their markets, attract customers, and promote their business. The next biggest barrier to success was **finances**. Participants stated that they struggled with cash flow issues, including gaining financing, obtaining credit, dealing with debt in general, and earning enough revenue to fund their businesses. Next, participants cited time constraints and personal/family troubles as their 3rd and 4th biggest barriers to success. **Time constraints** refer to general time-management struggles, issues with the seasonal nature of their business, and struggles establishing their business and completing OSEB requirements by certain deadlines. **Personal/family struggles** include overall work-life balance issues, trouble managing at home, and personal issues such as low confidence and self-doubt. Lastly, participants indicated that **resource** issues, such as struggles establishing permits and accessing locations or equipment, and a **lack of business experience** were additional barriers to their success.

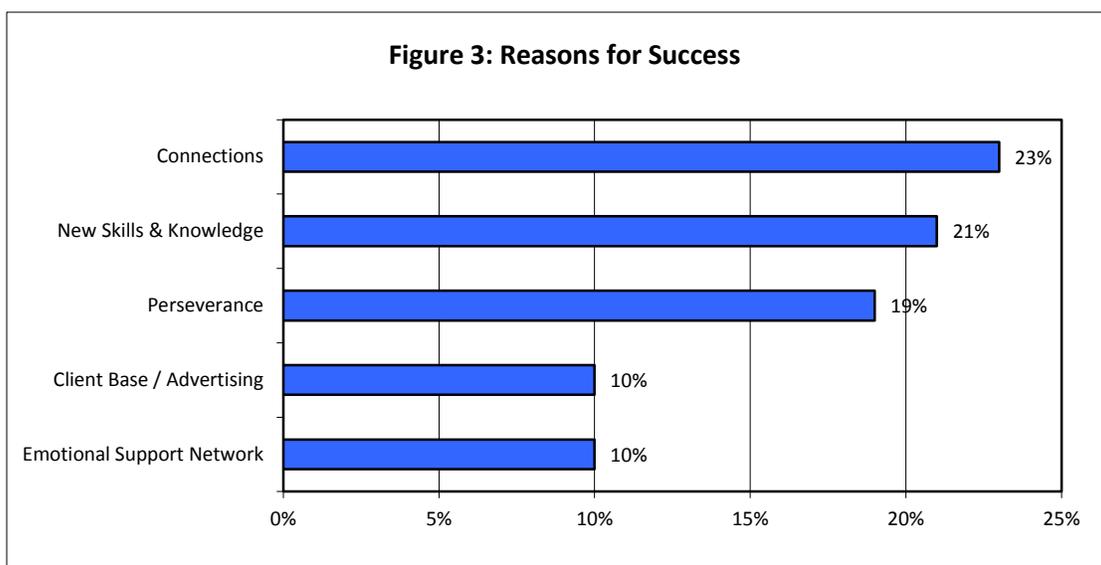
Question 3: At the end of the program, what did the entrepreneurs report to be the biggest contributions to their success?

“I feel confident knowing I can come and get professional advice from [the OSEB trainer]. I am grateful that I have a great network of tradesmen I can collaborate with.”

“Most important contributors to the success of the business to date are the social circles and networking to get the word out.”

“A positive attitude, supportive partner, patience and persistence have helped with any success we've had so far.”

“The OSEB program has made me accountable for my goals each month.”



Mostly, participants attributed their success to connections, the acquisition of new skills and knowledge, and their own perseverance and determination. **Connections** refer to participants’ networks and contacts prior to entering OSEB, as well as the connections that they developed with the OSEB staff and other participants. Participants’ explained that these connections helped them to increase the recognition and awareness of their business, gain more clients, and learn new skills and ideas. The **acquisition of new skills and knowledge** refers specifically to participants’ development because of OSEB, such as gaining knowledge in marketing or business planning. **Self-perseverance and determination** encompasses a wide array of positive feelings that participants attributed to their success, including beliefs in own abilities, motivation, drive, focus, and persistence through struggles. In addition, participants attributed their success to their **emotional support network**, which refers to emotional support provided by their family, friends, or mentors, as well as their **client base and advertising**, which they described as attracting a loyal client base and gaining helpful feedback.

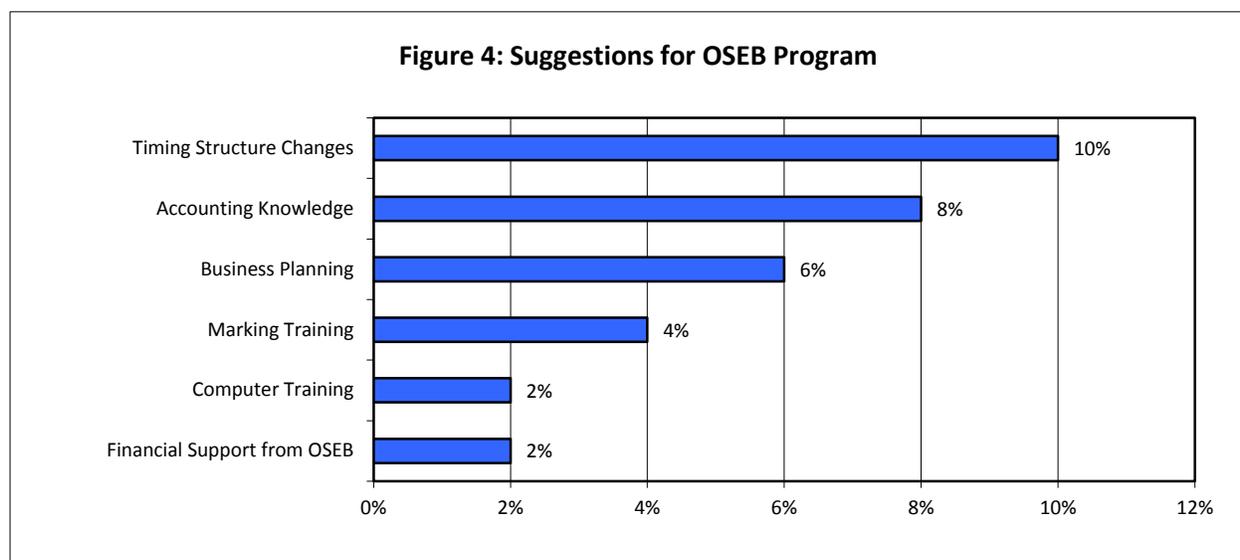
Question 4: Looking back on their experience in the program, what suggestions did participants have to help improve the OSEB program?

“Sometimes I found the intensity of the 4 weeks was a lot of information all together. I wonder how it would work with 1 week on, 1 week off working on your business plan.”

“I think it would also be helpful to have an online accounting course as well e.g., QuickBooks , since most people do their accounting online instead of the large accounting book.”

“More marketing what is good what is not good in advertising company. Marketing knowledge in general.”

“Placing a greater importance on business development and strategies to communicate and create new business.”



The top two suggestions that participants recommended for the OSEB program were timing/structure changes and more accounting and financial training. Participants felt that the **timing and structure** of the program placed too much time pressures on them to complete work by certain dates. As well, participants recommended a number of other structural changes, such as adding different workshops (e.g. confidence building), offering the program at more locations, and offering the program to participants who are not necessarily on EI. In terms of **accounting knowledge**, participants felt that they did not receive enough financial and accounting training, and as a result struggled with aspects of bookkeeping and using financial software. In addition, participants felt that they would benefit from more **business planning training, marketing/advertising training, and computer/technology/social media training**. Lastly, some participants felt that more **financial support from OSEB** would have helped them overcome some of their obstacles.

SECTION 2 RESULTS: STATISTICAL ANALYSES OF SURVEYS

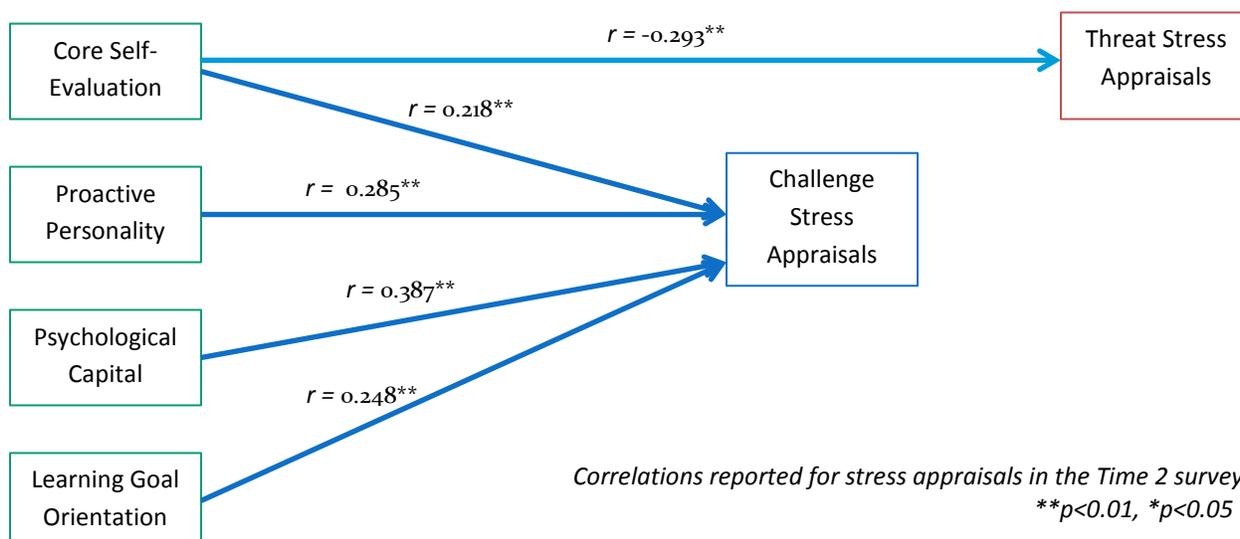
In this section, we report the results of analyses that assessed the relationships between individual personal characteristics, their experiences of stress during the program, and their entrepreneurial behaviours at the end of the program. These individual characteristics vary as a function of personality but they may also be enhanced or reduced as a function of situational factors. In other words, they are personal characteristics but are amenable to change. We looked at four individual factors:

- **Core Self-Evaluation:** A composite measure assessing individuals' views of themselves, consisting of: (1) self-esteem, (2) self-efficacy, (3) internal-locus of control, and (4) emotional stability
- **Proactive Personality:** A tendency to engage in proactive behaviours that influence one's environment (e.g., to show initiative)
- **Psychological Capital:** A composite measure of an individual's positive psychological state of development, consisting of: (1) self-efficacy, (2) optimism, (3) hope, and (4) resilience
- **Learning Goal Orientation:** An individual's focus on developing competence by acquiring new skills, mastering new situations, and learning from experiences

Experiences of Stress during the Program: Challenge versus Threat Stress Appraisals

To begin, we looked at the relationship between these four individual characteristics and participants' appraisal of stress as either a threat or a challenge. **Threat stress appraisals** refer to individuals' interpretation of stress as carrying the potential for harm or loss in the future, whereas **challenge stress appraisals** refer to individuals' interpretation of stress as leading to possible gain or growth. We examined this distinction because prior work has shown that threat stress appraisals tend to lead to demotivation and strain, yet challenge stress appraisals tend to generate more constructive behaviors in the face of stress. Participants' reports of negative versus positive stress were reported at the mid-point survey. Our results demonstrated that all four of the individual characteristics were positively related to challenge stress appraisals (Figure 5). In contrast, Core Self Evaluation was the only individual characteristic to be significantly related to threat stress appraisal, such that individuals with higher core self-evaluations perceived lower threat stress than individuals with lower core self-evaluations.

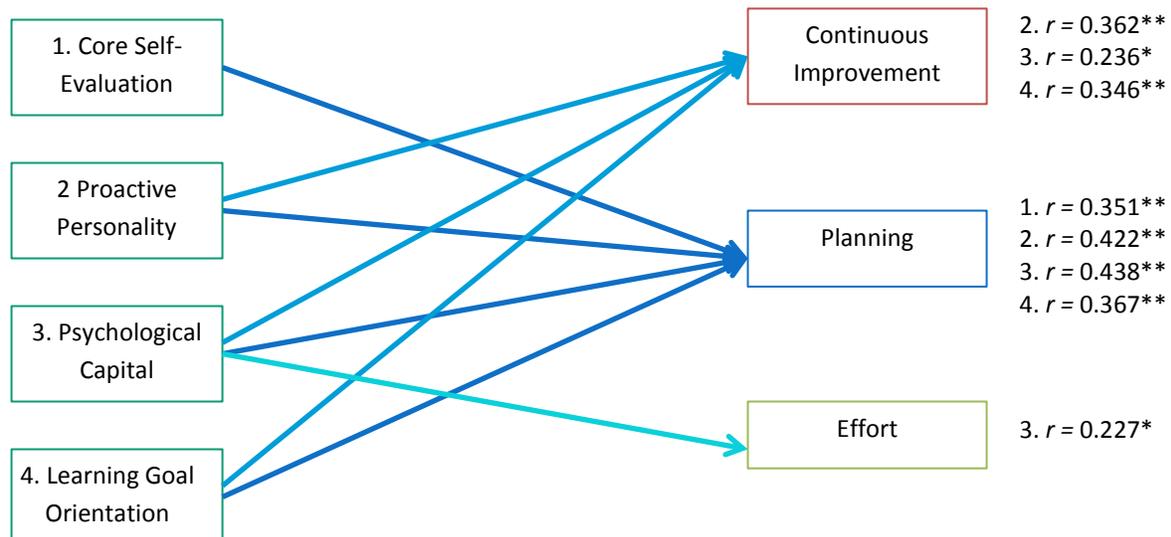
Figure 5: Relationships between Individual Characteristics and Stress Appraisal



Entrepreneurial Behaviours

We also examined the relationship between the four individual characteristics and self-reported entrepreneurial behaviours, specifically measures of effort, planning, and continuous improvement, as measured at the end of the program (Figure 6). *Effort* reflects the amount of time and effort that entrepreneurs put towards their business, *planning* reflects the extent to which entrepreneurs have formed strategic plans to achieve their business goals, and *continuous improvement* reflects to the extent to which entrepreneurs feel that they actively search for creative ideas to improve their business. We found that all of the individual characteristics were significantly positively related to planning. The individual characteristics, except core self-evaluations, were also significantly related to continuous improvement. Finally, psychological capital was the only characteristic that was significantly positively related to effort.

Figure 6: Individual Characteristics and Entrepreneurial Behaviours

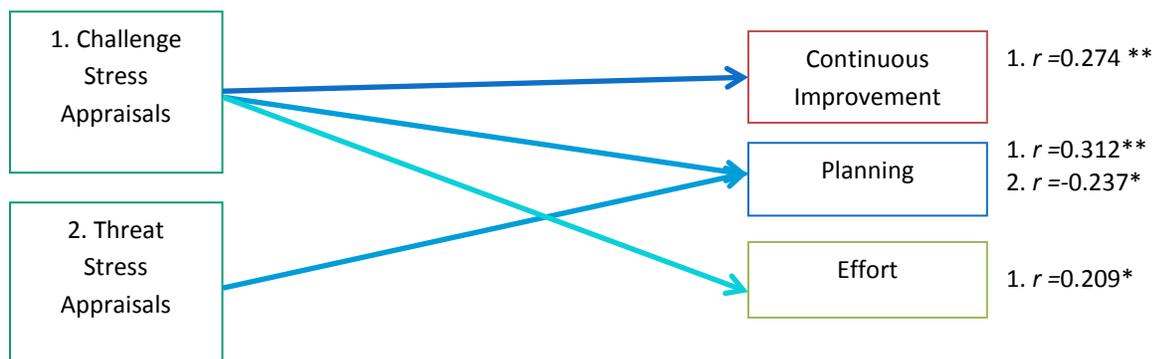


Significant correlations are listed to the right of the entrepreneurial behaviour measures
 $^{**}p < 0.01$, $^*p < 0.05$

Linking Stress Appraisals to Entrepreneurial Behaviours

Lastly, we examined the impact of the entrepreneurs' stress appraisals for their behaviours outlined above. As shown in Figure 7, participants' challenge stress appraisals at the program mid-point had significant relationships with their effort, planning, and continuous improvement at the end of the program. This effectively indicates that higher levels of challenge stress appraisals were related to positive increases in entrepreneurial behaviours. Conversely, participants' threat stress appraisals had a significant negative relationship with their planning behaviours. This indicates that higher threat stress appraisals at the mid-point were related to decreased levels of planning at the end of the program.

Figure 7: Relationships between Stress Appraisals, Entrepreneurial Behaviours and Perceptions of Success



*Significant correlations are listed to the right of the outcomes
 $^{**}p < 0.01$, $^*p < 0.05$*

Summary of Statistical Results

As can be seen in the preceding figures, there is a relationship between entrepreneurs' individual characteristics when they join the program and their experiences in the program. Most importantly, people with a higher core self-evaluation, proactive personality, psychological capital, and learning goal orientation are more likely to interpret the stressful experience of starting a new business as a challenge, rather than as a threat. Subsequently, these challenge appraisals are positively associated with entrepreneurial behaviours several months later (continuous improvement, planning, effort), which may actually help the entrepreneurs be more successful at running their business. We also found direct relationships between these personal characteristics and entrepreneurial behaviors.

SYNTHESIS OF RESULTS AND RECOMMENDATIONS

The OSEB program provides an important opportunity for new entrepreneurs to build the skills and awareness necessary for successfully becoming self-employed. To shed light on the individual and situational factors that influence entrepreneurs' experiences in this program, we formed a research partnership with ten different OSEB providers across Ontario during a 14 month period in 2012 and 2013. While our research indicates that participants are generally very satisfied with the support offered by OSEB, our findings also offer some suggestions for improvement as elaborated upon below.

First, our analysis of participants' open-ended feedback indicated that the main reason individuals want to join the OSEB program and become entrepreneurs is to become more autonomous and independent. In helping them to succeed in this endeavour, participants acknowledged the importance of their personal and professional networks and of the skill development offered by OSEB. Their most prominent challenges in becoming self-employed included a lack of marketing and financial skills, which participants felt they needed to develop further to be able to succeed. In addition, several participants recommended a re-structuring or extension of the initial business plan development phase of the OSEB program to allow them time to create a more solid foundation for their future business. Specifically, they wanted more time to develop their business plan in conjunction with taking coursework.

Based on these qualitative results, OSEB may want to consider bolstering participants' marketing skills further through extra workshops and/or through the expansion of the participants' networks (considering how participants linked their networks to much of their success). Additionally, OSEB may want to look at ways to incorporate even more financial and accounting support to their participants on an ongoing basis, perhaps as an additional workshop or service available to participants while in the program (and even afterwards at a shared cost among participants). Moving forward, OSEB may also want to review its current program structure to remove some of the time pressures early on that may lead participants to rush into starting their own business without a sufficiently strong foundation of skills and networks. While the different OSEB providers currently offer slightly different program structures, the option for some more flexibility in the training and business plan phase may benefit the entrepreneurs.

Second, our statistical analyses of the survey results indicate that entrepreneurs' appraisals of stress are important for their constructive behaviours in the OSEB program. In particular, entrepreneurs who interpreted the difficulties of starting their own business as a challenge that they could grow from were more likely to engage in important behaviors necessary for entrepreneurial success (continuous improvement, planning, and effort) compared to entrepreneurs who instead looked at their stressful circumstances as a threat that they were unlikely to overcome. Building on this, our results also found that entrepreneurs with certain types of individual characteristics were more likely to be challenge-oriented in their appraisal of stress and to also engage in more positive and proactive behaviours in support of their self-employment. In particular, entrepreneurs' core self-evaluation, proactive personality, psychological capital, and learning goal orientation positively influenced their challenge appraisals and proactive behaviors during the OSEB program.

Based on these survey results, OSEB may want to encourage participants to become more challenge-oriented in their stress appraisals as part of their training. To do so, OSEB could help participants to interpret and react to common stressors when starting up a business in more constructive ways. Alternatively, OSEB could indirectly encourage these challenge stress appraisals through the development of individual characteristics that have shown to foster such positive stress appraisals. For example, participants' psychological capital (consisting of a combination of their self-efficacy, optimism, hope, and resilience) helps them engage in more constructive coping behaviors when faced with difficult situations. OSEB participants with higher levels of psychological capital were also more likely to find ways to plan, continuously improve, and exert more effort overall as they pursued their own business. As a result, and since psychological capital is open to development in individuals, OSEB may want to find ways to foster participants' self-efficacy, resilience, hope, and optimism in addition to building more traditional entrepreneurial skillsets. One possibility would be to share more 'success stories' from program graduates and/or encourage mentoring relationships with graduates who can help participants to work through difficulties and foster these positive states.

In conclusion, OSEB offers new entrepreneurs an important opportunity for business development and we hope that this research will help with the continued efforts of the OSEB program managers and administrators to develop successful new entrepreneurs.