

# FOOD FOR THOUGHT

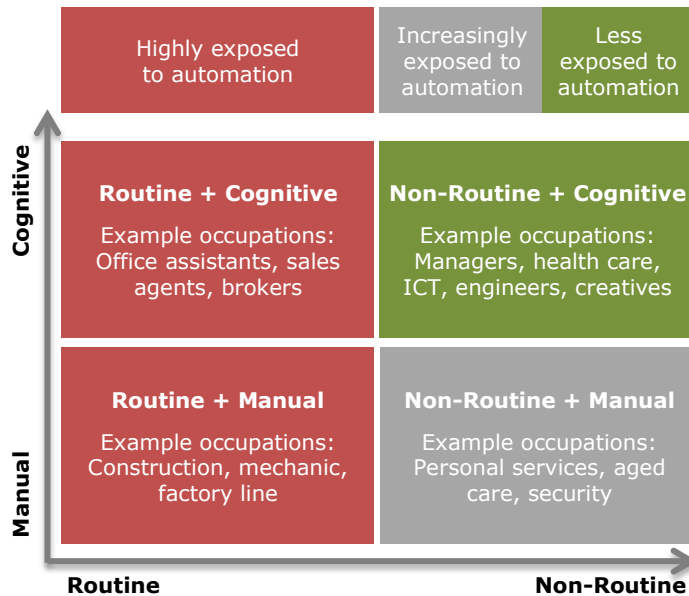


## A: The Workplace of the Future

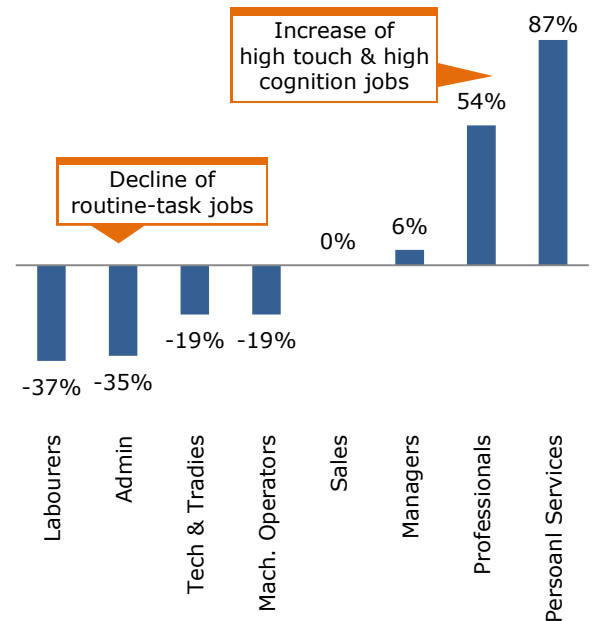
### WHAT - Changing jobs and skills

**40%** of current Australian jobs are expected to be displaced by automation in next 10-15 years

Some job types are more susceptible to automation

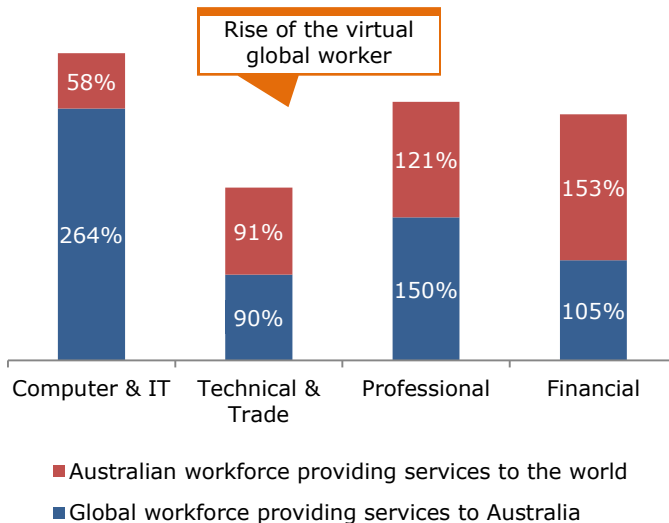


Percentage growth in occupation, 1991-2015



### WHERE - Globalization of labour

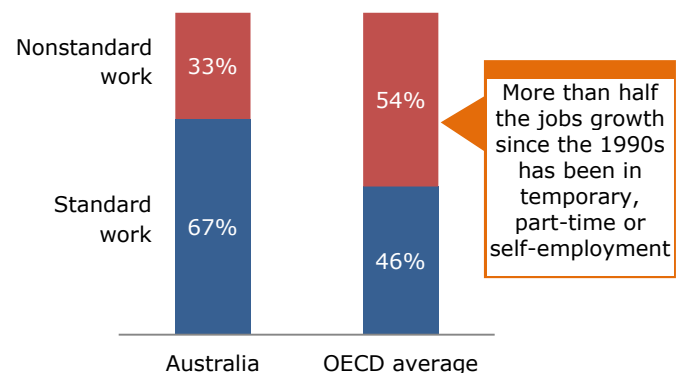
Percentage growth in trade of services, 1999-2014



### HOW - Increasing work flexibility

**30%** of Australian workers already have flexible working arrangements, involving multiple jobs or employers

Percentage growth in jobs, 1990-2015



Source: The New Work Order Report, Foundation for Young Australians

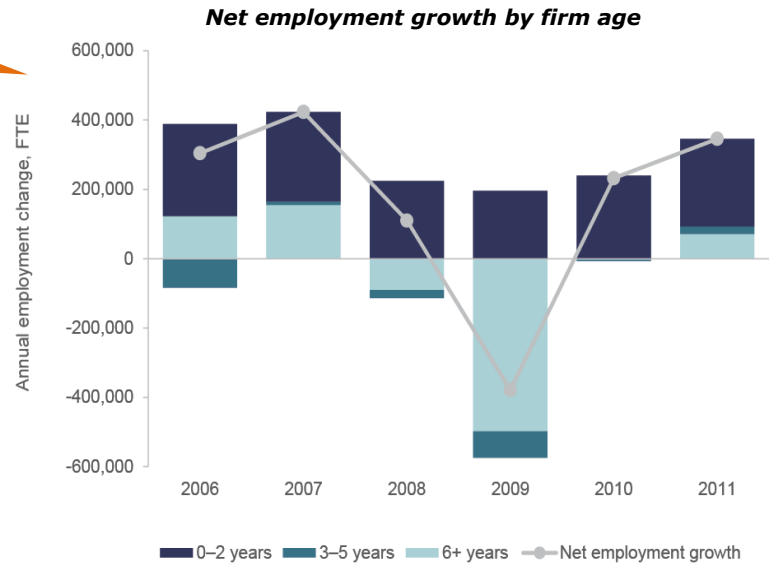
## B: Entrepreneurship and the Future of Work

### Start-ups drive employment growth

Most jobs come from start-ups

- Start-up firms (less than 2 years old) account for the lion share of Australia's net employment growth
  - In 2006–2011, just over 1 million jobs were added to the Australian economy
  - Start-ups added 1.4 million jobs
  - Older firms shed 0.4 million jobs
- Even during economic downturn start-ups consistently create jobs

Source: Department of Industry, Innovation & Science

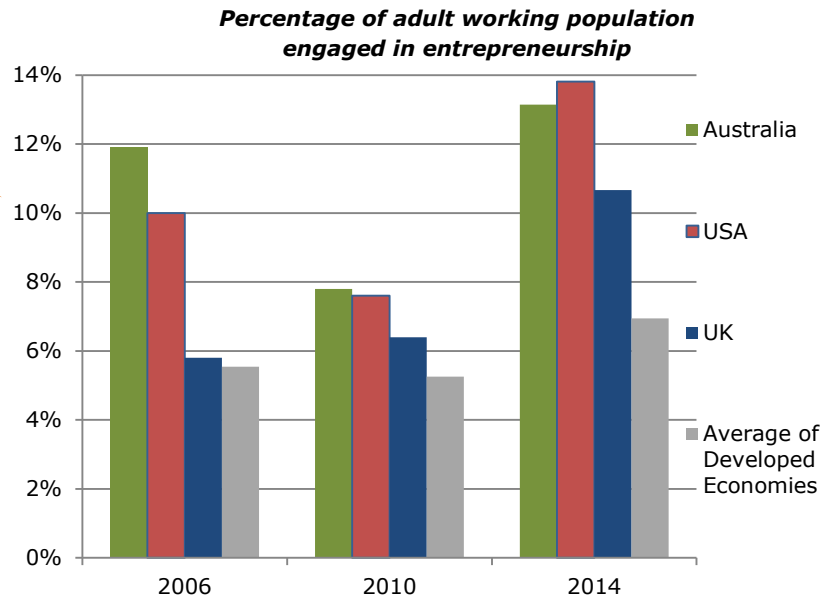


### Start-up creation provides a viable alternative to paid employment

Grassroots entrepreneurship is already alive and well in Australia

- **13.1%** of Australian adults are currently starting their own business or have done so in the last 3 years
- This compares well with other developed economies

Source: Global Entrepreneurship Monitor

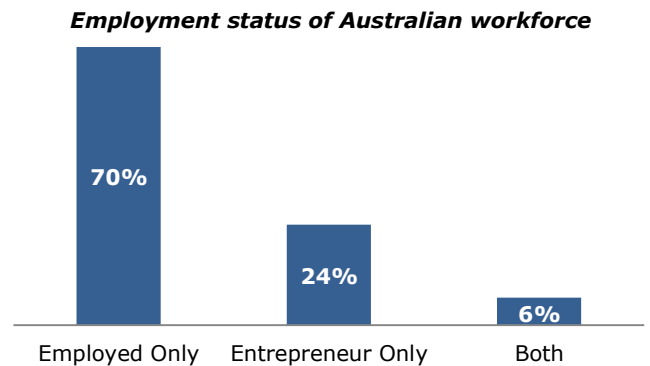


### Hybrid entrepreneurship

- Underemployment is chronic in Australia
  - 1.1 million Australians or 9% of the workforce are working part-time and looking for more hours
- Dual job & self-employment
  - Pathway to full-time entrepreneur
  - Income supplementation
  - Pursue social/non-monetary objective

Source: Roy Morgan Research

Source: Global Entrepreneurship Monitor



### Entrepreneurship as a pathway for job-disadvantaged cohorts

G20 Leaders have placed entrepreneurship as a priority for addressing youth unemployment

➔ YOUTH ➔ SENIOR ➔ WOMEN ➔ IMMIGRANT ENTREPRENEURSHIP



## ACE Research Vignette: Youth Entrepreneurship

The Australian Centre for Entrepreneurship Research (ACE) provides a series of research vignettes (2-page summaries); aimed at sharing current and interesting research findings from our team of international entrepreneurship researchers. In this vignette, Associate Professor Paul Steffens investigates how Australia is placed on the world stage in terms of Youth Entrepreneurship.

### Background and research focus

With spiralling youth unemployment in many parts of the world, in November 2014 G20 leaders in Brisbane prioritized the encouragement of youth entrepreneurship. Importantly, new businesses are a driver of employment, with 41% of new jobs created from small or medium enterprises less than three years old. The Australian government announced a \$300M package in the 2015 May budget. But how does Australia stack up against other countries?

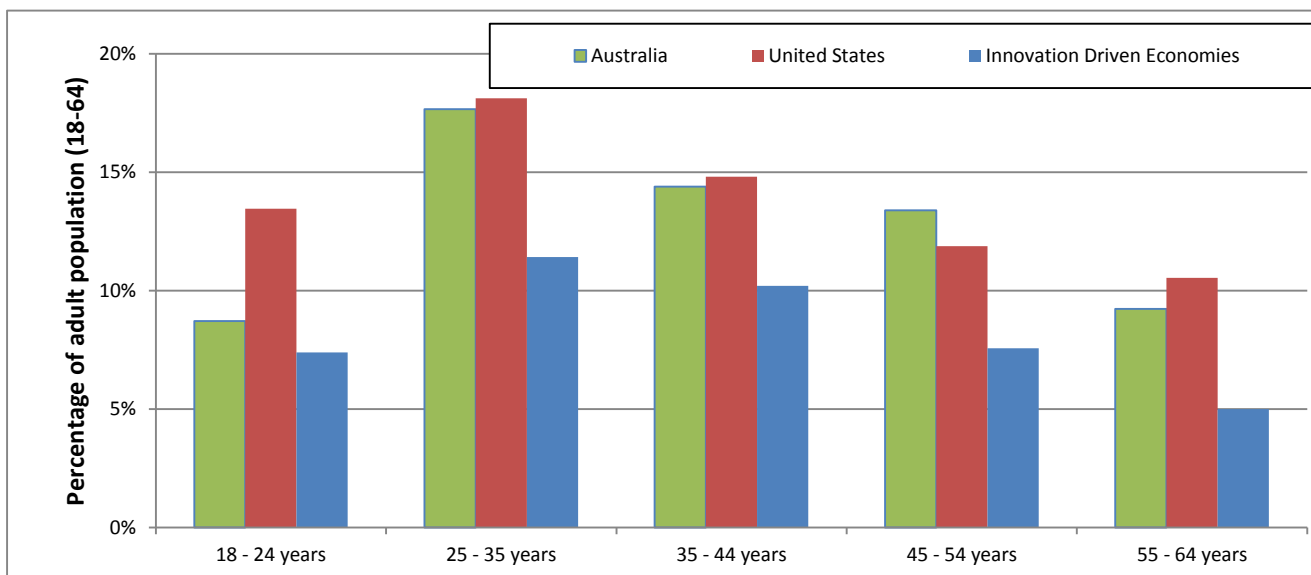
### How we investigated this

The Global Entrepreneurship Monitor (GEM) is the world's foremost study of entrepreneurship. ACE is the Australian partner for GEM. GEM, now in operation for 16 years, conducts over 200,000 interviews worldwide each year across more than 100 economies at a cost of over \$15M. Each national team conducts a survey of at least 2,000 adult individuals (a representative sample) annually using a proven methodology to benchmark levels of entrepreneurial participation, characteristics of entrepreneurs, as well as entrepreneurial attitudes and intentions ([www.gemconsortium.org](http://www.gemconsortium.org)).

### Entrepreneurship is alive and well in Australia, but youth entrepreneurship lags leading nations

With 13.1% of the adult population involved in setting up a new business or owning a newly founded business (TEA rate), Australia ranks highly among the innovation-driven (developed) economies (average 8.5%) and similar to the US (13.8%). However, Figure 1 shows Australia's youth entrepreneurship is comparatively low. While other age groups are almost identical to the US and well above the average of other innovation-driven economies, TEA for Australia's 18-24 year olds is well below the US (8.7% vs 13.5%) although approximately equivalent to the average of innovation-driven economies.

Figure 1: Age Distribution of Total Early-Stage Entrepreneurial Activity (TEA): Source GEM Global Report 2014



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## Enterprise education at school is a key driver of youth entrepreneurship

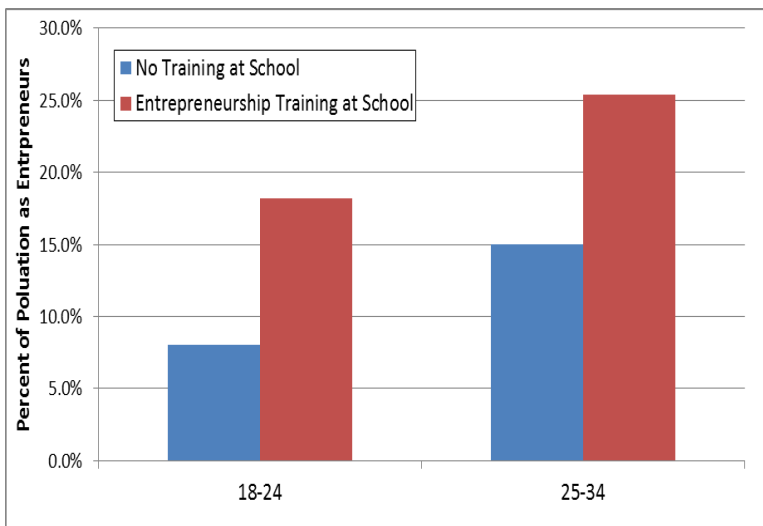


Figure 2: Impact of School-based Education on Youth Entrepreneurial Participation

In 2014 GEM introduced a special topic focussing on youth entrepreneurship. The data provides compelling evidence that enterprise education at school matters – and it matters a lot (see also ACE Vignettes 029 and 044).

For 18-24 year old Australians, 18.1% who received entrepreneurship education at school were entrepreneurs, compared with only 8.0% for others. For the 25-34 year olds, while more entrepreneurial in general, the differences were still pronounced – 25.4% vs 15.0% respectively.

Here entrepreneurs include those attempting to start a business, or those who own and manage their own business (regardless of its age).

## Like the rest of the world, enterprise education at school has risen in Australia

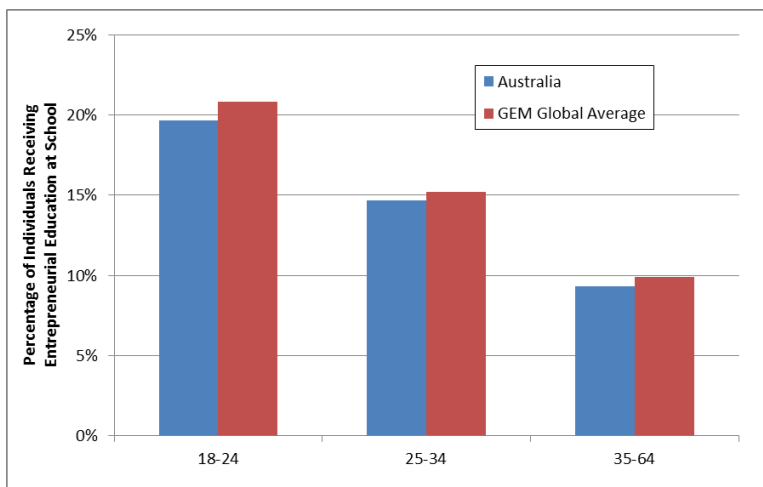


Figure 3: Level of School-based Education on Youth Entrepreneurial Participation by Age

Australia's level of entrepreneurship education and training at school shows very similar patterns to the average across other countries. This type of education has been increasing over time, with about 20% of 18-24 year olds reporting enterprise education, 15% of 25-34 year olds and just 10% of 35-64 year olds.

## Business and policy advice

Early entrepreneurship education embedded into schools is critical to encourage youth entrepreneurship. Despite Australia's generally high level of entrepreneurial participation, our youth entrepreneurship is comparatively weak. Youth entrepreneurial education and training should be maintained as a key priority.

This research vignette was written by: Associate Professor Paul Steffens. ACE is the Australian research partner fellow in GEM ([www.qut.edu.au/research/research-projects/global-entrepreneurship-monitor-gem](http://www.qut.edu.au/research/research-projects/global-entrepreneurship-monitor-gem))

Check the source & learn more from: Global Entrepreneurship Monitor 2014 Global Report. (2015) and special topic report Future Potential: A GEM perspective on youth entrepreneurship 2015. [www.gemconsortium.org](http://www.gemconsortium.org)

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## ACE Research Vignette: Senior Entrepreneurship

In this vignette, Associate Professor Roxanne Zolin investigates whether older entrepreneurs work harder or smarter than their younger counterparts.

### Background and research focus

Baby Boomers (born between 1946 and 1964) are enjoying longer, healthier, and more active lifestyles. Of interest, the youngest of this influential segment have now reached the age of 50, the age usually used as a dividing point between older and younger workers (e.g., Government of Alberta, 2011). The size and influence of this generation make it important to understand their career transitions, especially with respect to entrepreneurial careers. To highlight, statisticians have noted that Australian and American entrepreneurs starting their first businesses between the ages of 55 and 64 years represent the fastest growing entrepreneurship segment (Mayhew, 2014).

Although previous research has noted that seniors are less likely to engage in entrepreneurial activity due to health issues, time allocation preferences, and other personal reasons (Curran and Blackburn 2001; Singh and DeNoble 2003, Levesque and Minniti, 2006), mature workers may search out business opportunities to maintain their career, income, and self-expression (Álvarez-Herranz, Valencia-De-Lara, and Martínez-Ruiz, 2011). Wainwright and Kibler's (2014) qualitative study in the UK discussed how work-retirement balance was achieved through later stage self-employment. They concluded that older individuals pursued self-employment (businesses from home) as a means to stabilize and augment finances in retirement. Parker and Rougier (2007) indicated that average retirement ages are substantially higher in self-employment than in paid employment, implying that encouraging older retired or unemployed employees to become self-employed could stimulate greater aggregate labour force participation.

Nevertheless, there is sparse research on older entrepreneurs (Weber & Schaper, 2011). Previous literature on generational differences focuses on family businesses, but characteristics of founders of family businesses are quite different than those of founders of non-family businesses (Morris, Allen, Kuratko, & Brannen, 2010). De Kok, Ichou, and Verheul (2010) noted conflicting results from prior studies relating age to venturing and called for additional research to explore the relationship between age and entrepreneurship (e.g. in different countries) and the macro-economic effects of this development. They proposed an indirect link between age and entrepreneurship indicating that relevant mediators could be missing from the model if a direct relationship is found. Consequently, our study examines how older entrepreneurs compare to younger entrepreneurs in terms of performance and whether there exist differences in terms of how much effort and smarts older entrepreneurs put into their venture.

Taken together, do older entrepreneurs better utilize their human and social investments to create higher returns on their asset and time investments than younger entrepreneurs?

### How we investigated this

This study draws upon the Comprehensive Australian Study of Entrepreneurial Emergence (CAUSEE) data collected from a representative sample of 559 respondents who owned (or partly owned) a young firm (less than four years old). Entrepreneurs were judged to be older if they were over 50 when they started their current business. Working harder was operationalized by hours worked and assets invested in the business (loans and equity). Working smarter was measured by industry experience and start-up experience. Firm performance was measured by net profit.

	N	Older Entrepreneurs		Younger Entrepreneurs	
		M	SD	M	SD
Owner Age	98	56.93	5.49	38.39	6.64
Hours Worked	59	31.81	18.50	38.08	23.12
Assets Invested	50	329,604.80	1,487,508.88	127,492.73	271,871.79
Exp. Industry	98	14.29	13.25	7.93	7.55
Exp. Start-up	98	.47	.50	0.33	.47
Net Profit	98	58,581.75	264,010.73	57,696.98	115,105.03

Table 1: Descriptive statistics for older entrepreneurs compared to younger entrepreneurs

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## Our findings

We found that although older entrepreneurs have more industry and start-up experience, they do not work more hours or invest more money. In fact, older entrepreneurs work fewer hours. Hence, the older entrepreneurs in our sample did not work significantly harder than younger entrepreneurs. However, we found that the effect of hours worked by older entrepreneurs had a significantly bigger effect on net profit than the time spent by younger entrepreneurs. Similarly, we found that the financial assets invested by older entrepreneurs also had a significantly bigger effect on net profit than the assets invested by younger entrepreneurs. Consequently, we conclude that older entrepreneurs do work smarter, not harder.

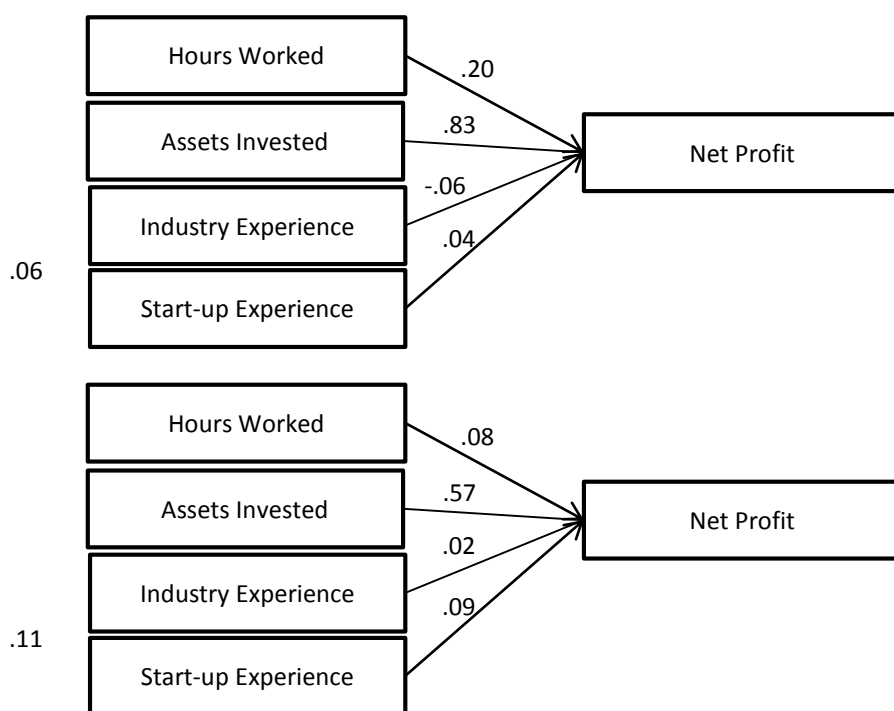


Figure 1: Net profit for older entrepreneurs only (part A) and for younger entrepreneurs only (part B)

## Business and policy advice

This study enriches entrepreneurship theory by indicating that age may not have a direct impact on firm performance but may be mediated by other variables, such as industry experience, start-up experience, hours worked, and assets invested. We also indicate that age could moderate the effects of these variables on firm profit.

This study contributes to entrepreneurship practice by showing that older entrepreneurs can be just as profitable as younger entrepreneurs, despite working fewer hours. This should encourage more seniors to enter entrepreneurship. This should also be an indicator to government policy makers that entrepreneurship can be a viable option to extend the working life and contributions to society of mature workers. Training and funding programs should be developed to assist mature workers to make the transition from the workforce into entrepreneurship.

*This research vignette was written by:* Associate Professor Roxanne Zolin

*Check the source & learn more from:* Zolin, Roxanne & Schlosser, Francine (2015) Older entrepreneurs: Do they work harder or smarter? ACERE, the Australian Centre for Entrepreneurship Research Exchange, Adelaide, Australia.



## ACE Research Vignette: Women's Entrepreneurship

In this vignette, Associate Professor Paul Steffens, Dr Michael Stuetzer and Professor Per Davidsson investigate where Australia ranks on the world stage in terms of Female Entrepreneurship, and discover that Australia is in a very healthy position.

### Background and research focus

It has been often argued that entrepreneurship is male dominated. Recently a report was published by the Global Entrepreneurship Monitor (GEM) reviewing the state of female entrepreneurship globally. Based on the data and findings of this report we ask two questions: Where does Australia rank in female entrepreneurship when compared with the US, UK and other developed economies? And what are the differences between female and male entrepreneurs?

### How we investigated this

ACE is the Australian partner for GEM which measures entrepreneurial activity in more than 80 countries. Each national team conducts a survey of at least 2,000 adult individuals (a representative sample) annually using a proven methodology ([www.gemconsortium.org](http://www.gemconsortium.org)). The main indicator of entrepreneurship is the Total Early-Stage Entrepreneurial Activity rate (TEA) which measures the proportion of a country's adult population that is currently involved in start-up businesses. In this report, we compare Australia with other developed economies (denoted innovation-driven economies by GEM).

### Female entrepreneurship is thriving in Australia

With 7.8% of the adult female population involved in setting up a new business or owning a newly founded business (female TEA rate) Australia ranks number one among the developed economies. Furthermore, Figure 1 shows that Australia is the only developed economy where men and women are participating equally in this important economic activity.

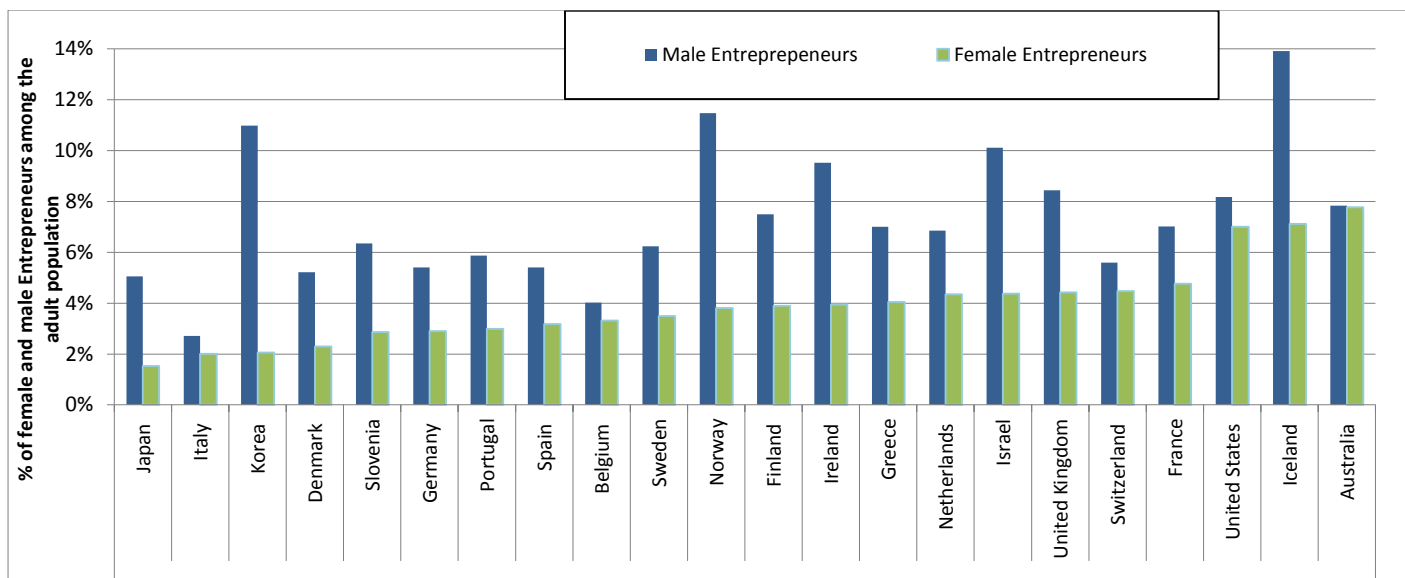


Figure 1: Percentage of Female and Male Entrepreneurs in 2010 in Innovation-Driven Economies: Source GEM 2010 Women's Report

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So what are the reasons for a high rate of women's entrepreneurship in Australia? The data suggests that this due to a combination of both business opportunities and entrepreneurial skills. Approximately 40% of the female population identify opportunities for new ventures and believe that they have the necessary skills to start a business. Furthermore, a majority of the Australian women report that the high media attention for entrepreneurship in Australia provides successful role models for prospective female entrepreneurs. These numbers are all well above average when compared to the other major economies (Table 1).

**Table 1: Selected Statistics for Drivers of Entrepreneurial Activity from the GEM 2010 Women's Report**

	Perceived Opportunities	Perceived Capabilities	Media Attention for Entrepreneurship
Australian Women	40.1	44.0	69.2
Women in other Innovation-Driven Economies (average)	29.5	35.2	54.7

## ***Differences between female and male entrepreneurs***

While there is no distinct gender gap in the number of entrepreneurs, there are important differences between female and male entrepreneurs' aspirations. With respect to expectations regarding job growth, 42% of Australian male entrepreneurs but only 24% of women entrepreneurs indicate that they want to grow their business larger than 5 employees within the next five years. Women entrepreneurs are also less ambitious in terms of internationalisation of their business. Only 6% aim to have a substantial share of customers from international trade compared with the 13.7% of their male counterparts that do.

These differences can partly be explained by virtue of the fact that, like in many other countries, women and men start businesses in very different industries. Manufacturing, mining, finance and information technology – industries where size does seem to matter – are dominated by businesses founded by males. By contrast, Australian women are more likely to start their business in the service industry. Furthermore, the GEM report also reveals that women utilize networks to develop their business to a lesser extent than men do. Additionally, female entrepreneurs comparatively rely on the advice from family members more often. Finally, male entrepreneurs are more likely to receive advice from work colleagues and professional advisors which is arguably more valuable to grow a business.

## ***Business and Policy Advice***

The approx. 500,000 female entrepreneurs paint a healthy picture of access to entrepreneurial opportunities for Australian women. With female participation in entrepreneurship ranked number one amongst developed nations, this indicates Australia's policies and institutional support for our female entrepreneurs. However, there is not yet equality in the type and industry of businesses started. One potential reason for this is that women are still underrepresented in the workforce in growth oriented industries. From a policy and business development perspective it would seem that a renewed focus on extending the industries in which potential female entrepreneurs work, could have significant positive impact on the creation of additional ventures in industries that typically demonstrate growth.

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*This research vignette was written by:* Associate Professor Paul Steffens, Dr Michael Stuetzer and Professor Per Davidsson. ACE is the Australian research partner in GEM ([www.qut.edu.au/research/research-projects/global-entrepreneurship-monitor-gem](http://www.qut.edu.au/research/research-projects/global-entrepreneurship-monitor-gem))

*Check the source & learn more from:* Global Entrepreneurship Monitor 2010 Women's Report. (2010). [www.gemconsortium.org/download/1325814368647/GEM%202010%20Womens%20Report.pdf](http://www.gemconsortium.org/download/1325814368647/GEM%202010%20Womens%20Report.pdf)



# The Australian Centre for Entrepreneurship Research



## ACE Research Vignette: Immigrant Entrepreneurship

In this vignette, Associate Professors Artemis Chang, Paul Steffens and Roxanne Zolin investigate the (dis)advantages of setting up a business inside ethnic enclaves for immigrant entrepreneurs.

### Background and research focus

Australia is considered an immigrant country, with 26% of the population (or 6 million) foreign-born and 20% (or 4.1 million) second generation immigrants (ABS 2011). Figures 1 & 2 show net overseas migration as a main strategy for population growth in all states; and indicate that new immigrants tend to cluster in some geographic areas.

Immigrant entrepreneurs often start businesses within their ethnic enclave, as it is an integral part of their social and cultural context where ethnic resources reside (Logan, Alba, & Stults, 2003). For example, Chinese entrepreneurs are known for their successful business practices and their enclave activities (Drori, Honig, & Ginsberg, 2010).

However, is it beneficial for new immigrants to start their businesses inside ethnic enclaves (EE)?

### How we investigated this

This study followed the development of “Chinese Cuisine” as an industry over time in Brisbane and the enclave in Sunnybank, and identified factors that influenced the growth of these businesses. Data were collected from Chinese and English Yellow Pages, and through a survey among 100 restaurant owners complemented with 10 interviews.

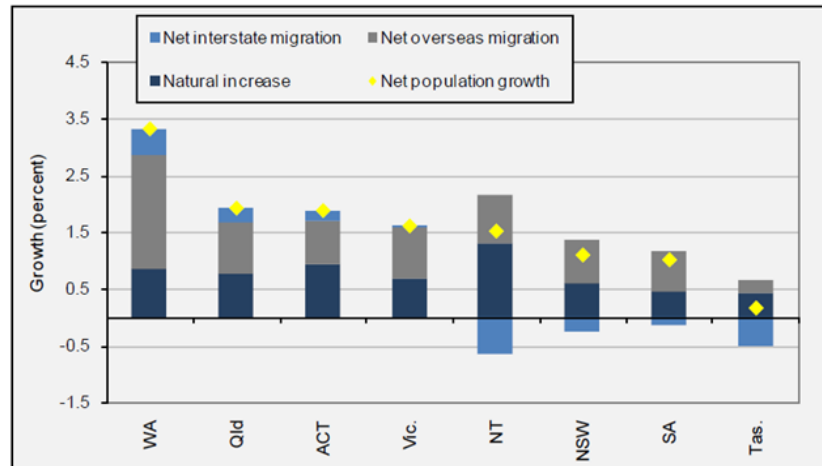


Figure 1: Population growth rates per state/territory, ABS 2011-2012 Demographic Statistics

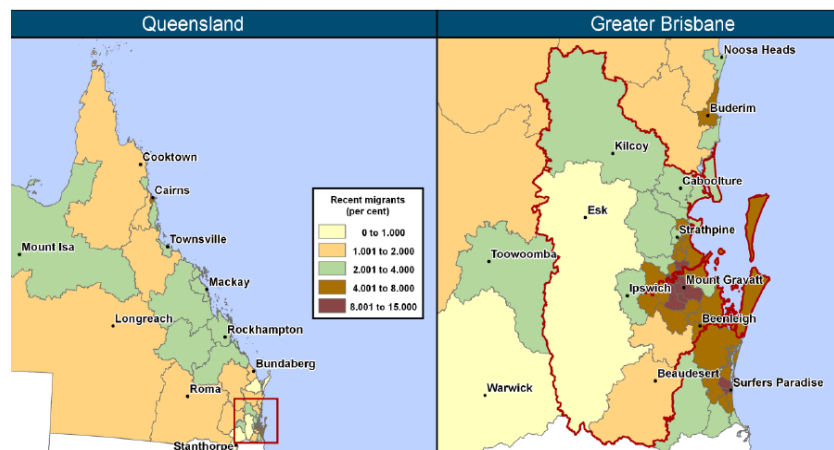


Figure 2: Population distribution of recent migrants, ABS 2011 Census of Population & Housing



### Our findings

Our analyses revealed that it depends on “WHEN” the business was set up. Ethnic business activities associated with an EE develop through stages of a cluster lifecycle: an emergence phase during which the founding businesses are established; a growth phase that sees rapid growth in the number of related businesses; a maturity phase where the number of businesses is relatively stable. The figures below provide evidence of the cluster life cycle and how market conditions vary over the different stages of the life cycle.

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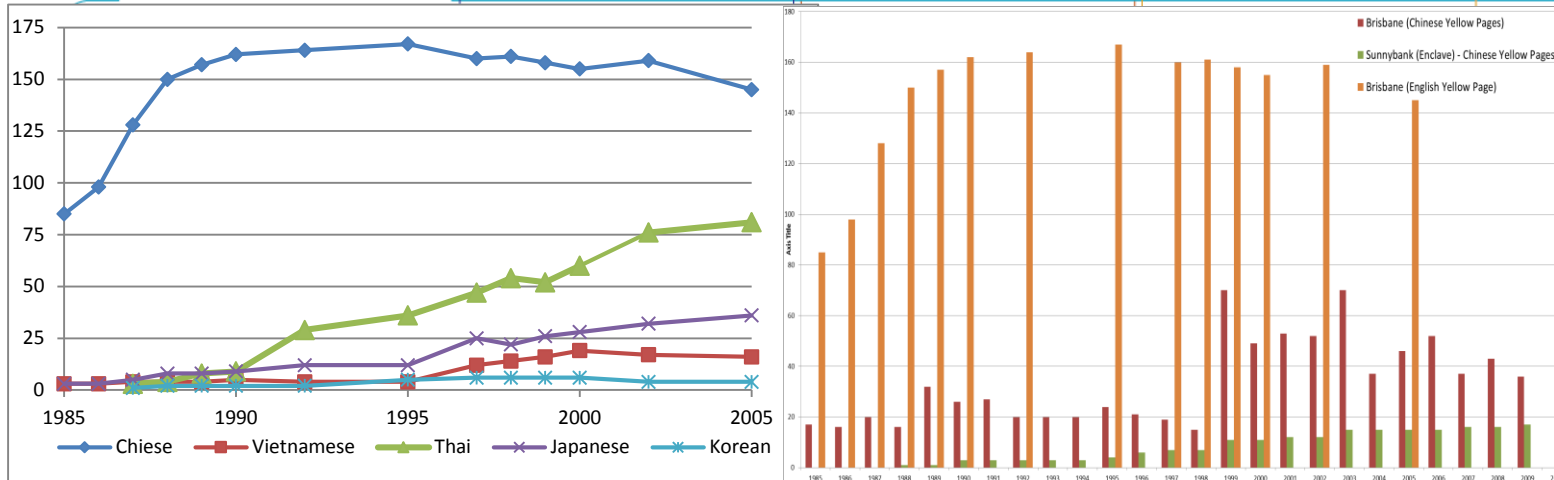


Figure 3: Growth of (i) Asian and (ii) Chinese restaurant industry in Brisbane

The **growth phase** of the EE cluster lifecycle is triggered by two conditions: (i) an increase in the immigration patterns and geographic concentration of residential settlement; and (ii) the establishment of supporting institutions. The **maturity phase** of the EE cluster lifecycle is triggered by a saturation of businesses in the EE location. During the maturity stage of an EE cluster, distinctive location characteristics have developed. Local demand conditions, access to specialized inputs and complementary industries are all well developed to support. However, these advantages are offset by intense local competition that has reached a saturation level. There is disadvantage for entrepreneurs establishing their business inside the EE compared with outside.

- 1987 – Yung’s market (Valley) planned to open another Chinese grocery store in market square.
- 1989 - First and the earliest Taiwanese association. (Formal Taiwanese chamber of commerce)
- 1990 - Shopping centre trading hour deregulated act 1990
- 1994 - Taiwanese Women Association Established.
- 1994 - Hong Kong bank established in sunny bank.
- 1994 - First Taiwanese Restaurants in Market Square
- 1994 - Chang business migration policy.
- 1997 - First FREE Chinese weekly newspaper
- 1998 - Bridge magazine ( First Chinese free magazine)
- 1998 - Australian Taiwanese chamber of commerce is established.
- 2000 Another free Chinese newspaper was established.
- 2007 Yang’s market was on fire, the entire market square area was refurbished.
- 2009 Taiwan Hokka association established

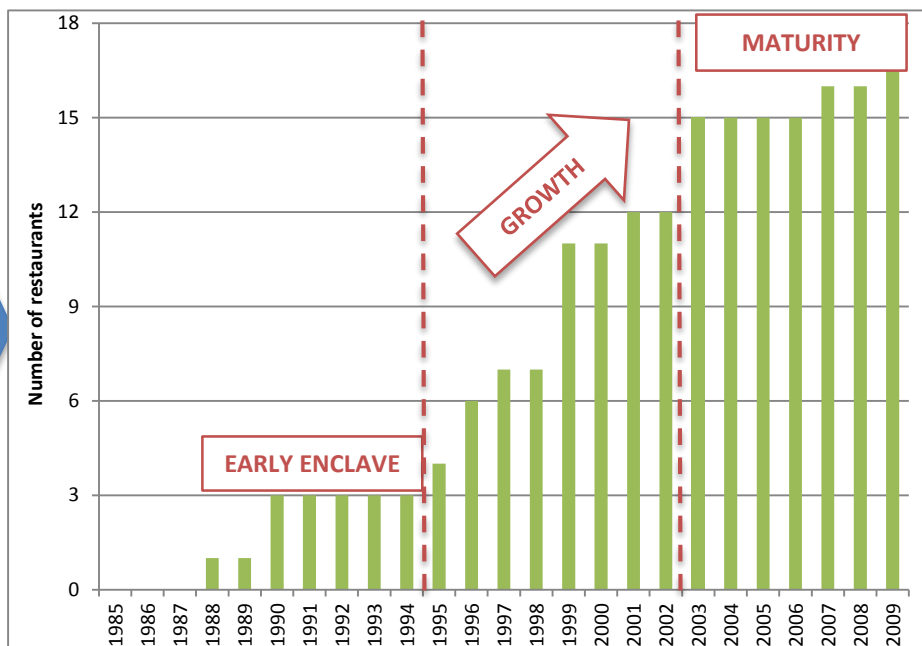


Figure 4: Growth of Chinese restaurant industry in Sunnybank

### Quick answer

During the growth phase, Chinese restaurants inside the EE will report superior performance. During the maturity phase of the EE, Chinese restaurants outside the EE will outperform those inside.

This research vignette was written by: Associate Professor Artemis Chang

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