THECIS Breakfast Seminar

Wednesday 7th November 2012

Why is Entrepreneurship Important?

- Entrepreneurship is important for SME development & growth
- Entrepreneurship is the vehicle for:
  - creating new jobs
  - generating revenue
  - **advancing innovation**
  - enhancing productivity
  - improving business models and processes
- Entrepreneurship provides a **real career opportunity** for many
- It cuts across **social boundaries**
- It is the means by which we can achieve economic progress and defend against the status quo
- Understanding & encouraging entrepreneurship in a country is critical for all organisations both big and small

Addressing the need to know more about entrepreneurs around the world...

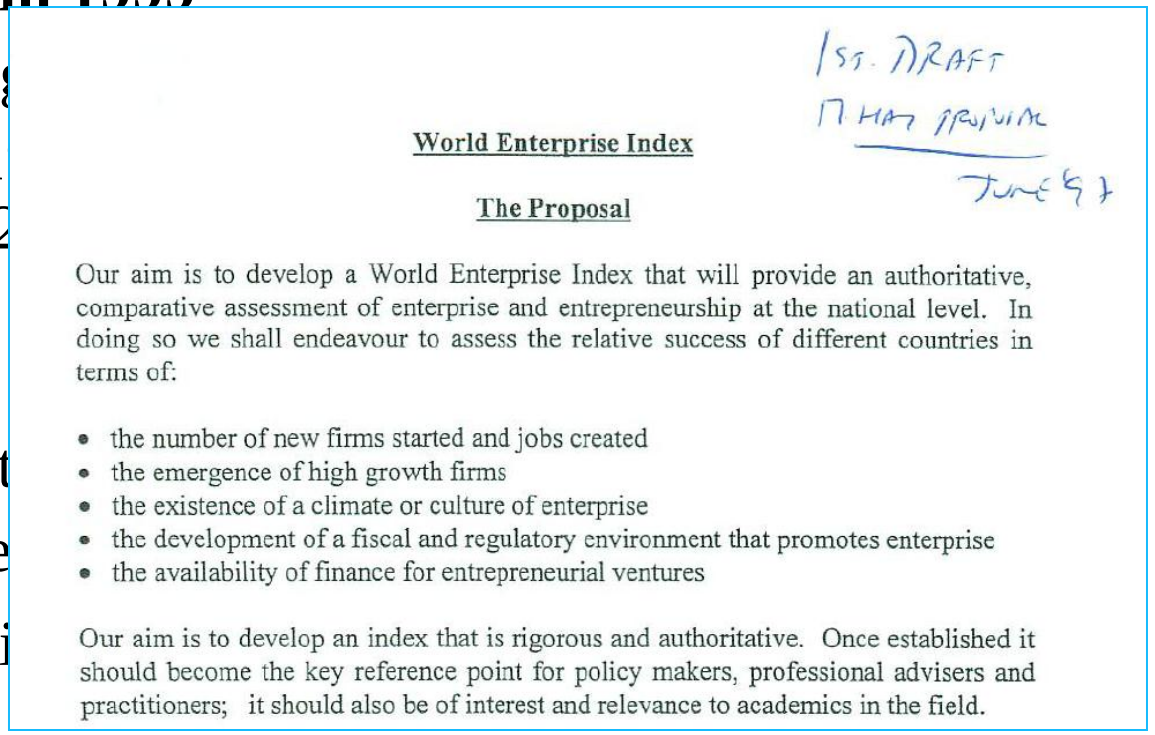
...with entrepreneurship research that is

- rigorously designed and continually refined through the collaboration of a network of academic researchers from across the globe
- optimized locally with central oversight
- harmonized across multiple diverse economies

Global Entrepreneurship Monitor (GEM)

History of GEM

- **GEM was initiated in 1997**
  - Pioneers: Michael Hay and Bill Bygrave
  - Founding institutions: London Business School & Babson College
- **First GEM report in 1999**
  - Principal Investi
  - 10 countries in 1 countries in 2012
- **GERA established national teams**
  - GEM continues t
  - Over 99 countrie
  - Country micro-si



1ST. DRAFT
17 MAY revised
JUNE 97

World Enterprise Index

The Proposal

Our aim is to develop a World Enterprise Index that will provide an authoritative, comparative assessment of enterprise and entrepreneurship at the national level. In doing so we shall endeavour to assess the relative success of different countries in terms of:

- the number of new firms started and jobs created
- the emergence of high growth firms
- the existence of a climate or culture of enterprise
- the development of a fiscal and regulatory environment that promotes enterprise
- the availability of finance for entrepreneurial ventures

Our aim is to develop an index that is rigorous and authoritative. Once established it should become the key reference point for policy makers, professional advisers and practitioners; it should also be of interest and relevance to academics in the field.

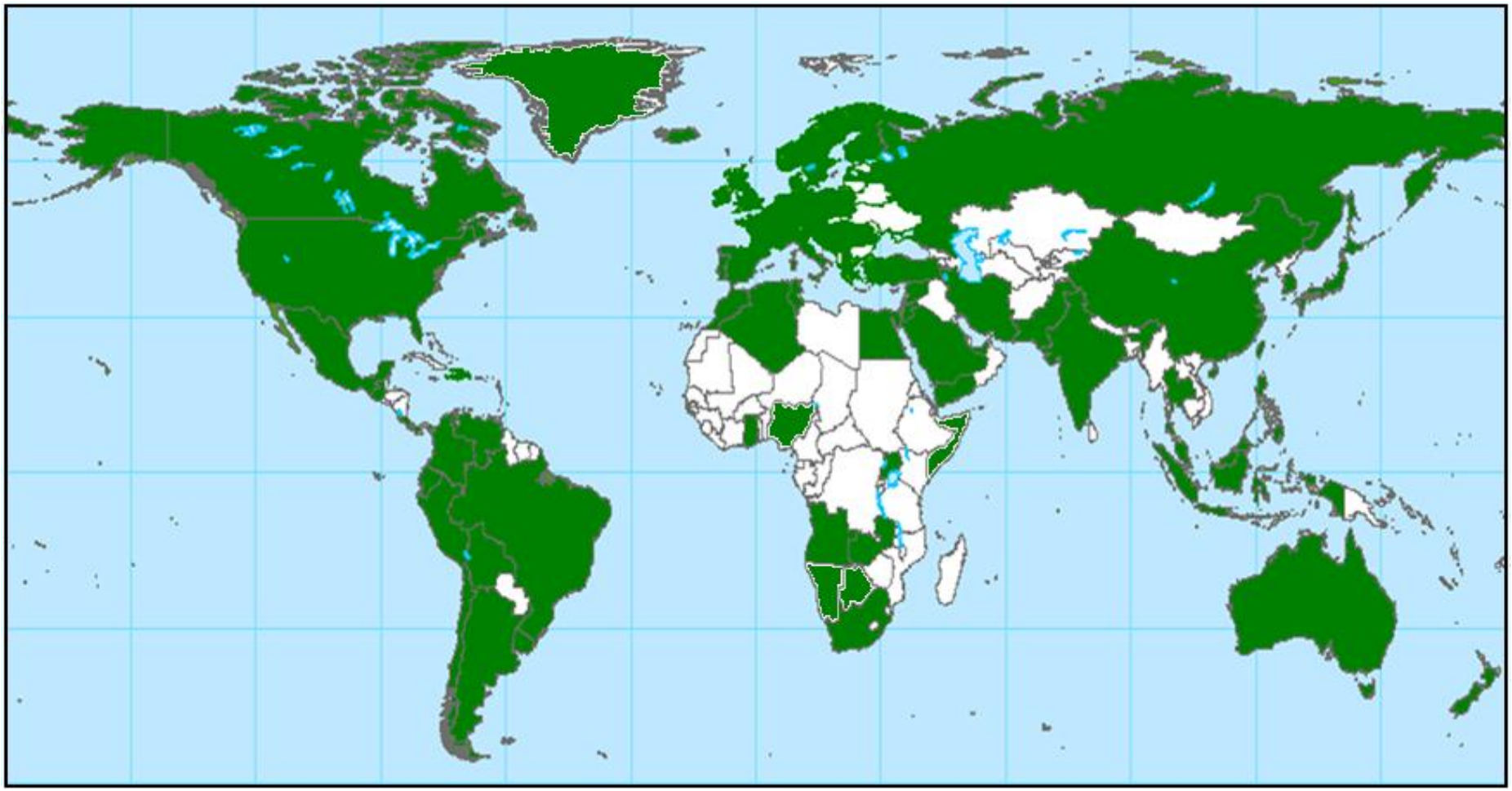
What is the GEM study?

- Largest and longest longitudinal study of entrepreneurs in the world since 1999
- Network of over 300 scholars and researchers in entrepreneurship from diverse geographies and economic development levels
- World's richest database on entrepreneurship
- Research comes from 99 countries representing more that 90% of the world's population & 95% of the world's GDP

GEM Research

The GEM project is unique because rather than studying firms, or SMME's, it studies the individual in order to document the behavior and characteristics of nascent entrepreneurs, new entrepreneurs, and established business owners. The degree of innovativeness, competitiveness, and growth expectation is studied, as well as the social environment and it's conduciveness to entrepreneurship.

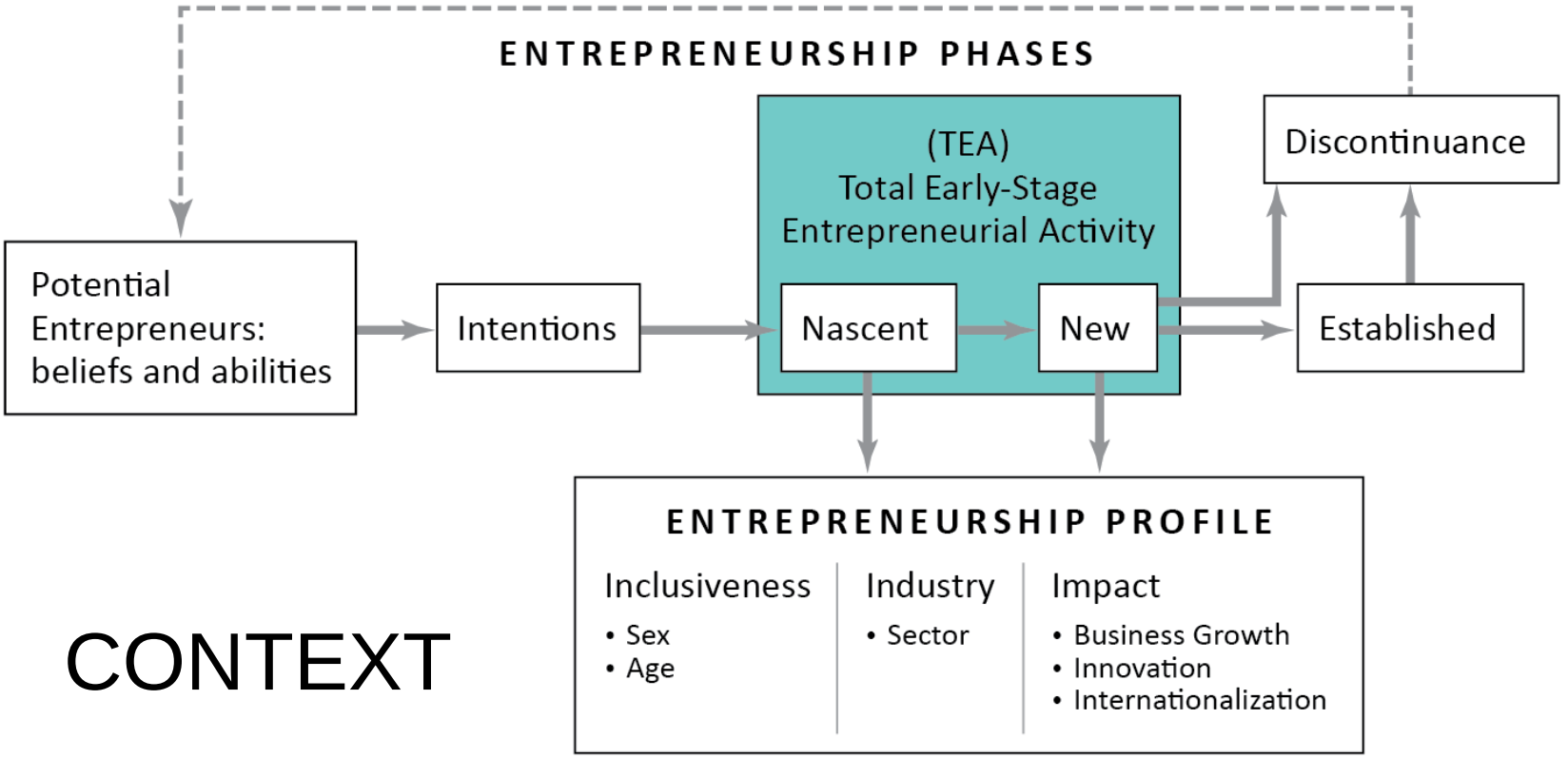
GEM 2012



GEM's Objectives

- To measure differences in the level of entrepreneurial activities among economies
- To uncover factors determining national levels of entrepreneurial activity
- To help identify policies that may enhance national levels of entrepreneurial activity

Phases and Profile of Entrepreneurship



Data Sources

Adult Population Survey (APS)

- 2,000+ individuals in each country by a reputable market research company
- Telephone or face-to-face in some
- Country teams
  - Central oversight
- Harmonized for inter-country comparisons

National Expert Survey (NES)

- 36 key informants
- New teams conduct face-to-face interviews 1st and 2nd year

APS Question Categories

- Involvement in starting or owning a business
- Perceptions and skills
- Motives
  - Necessity
  - Opportunity: income or independence
- Innovativeness
- Internationalization: % customers outside country
- Growth: current and expected employment
- Financing
- Discontinuance

Perceptions of Entrepreneurship

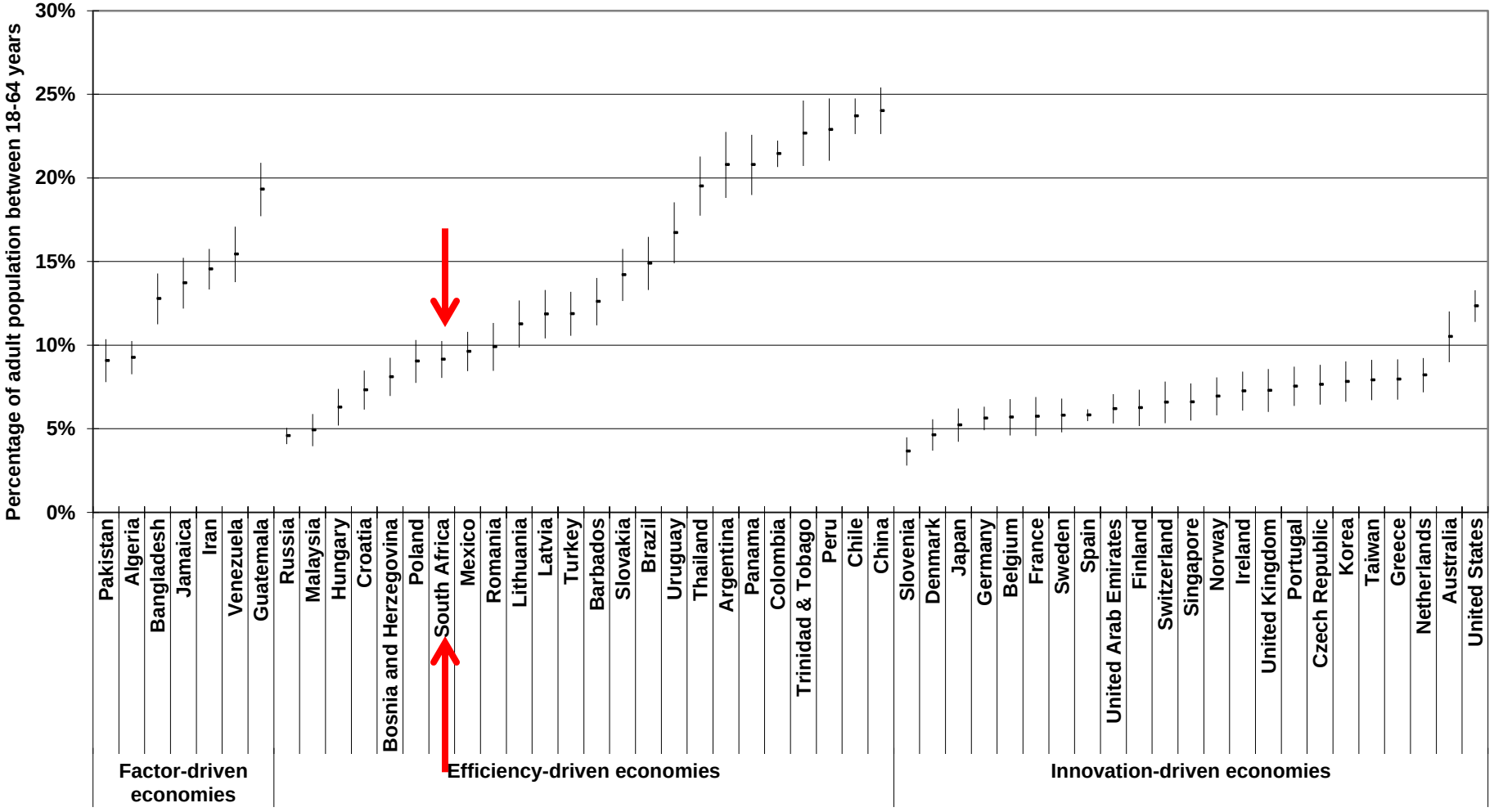
Individual level (with regard to general population)

- Perceived opportunities in the area
- Perceived skills to start a business
- Fear of failure when it comes to starting a business

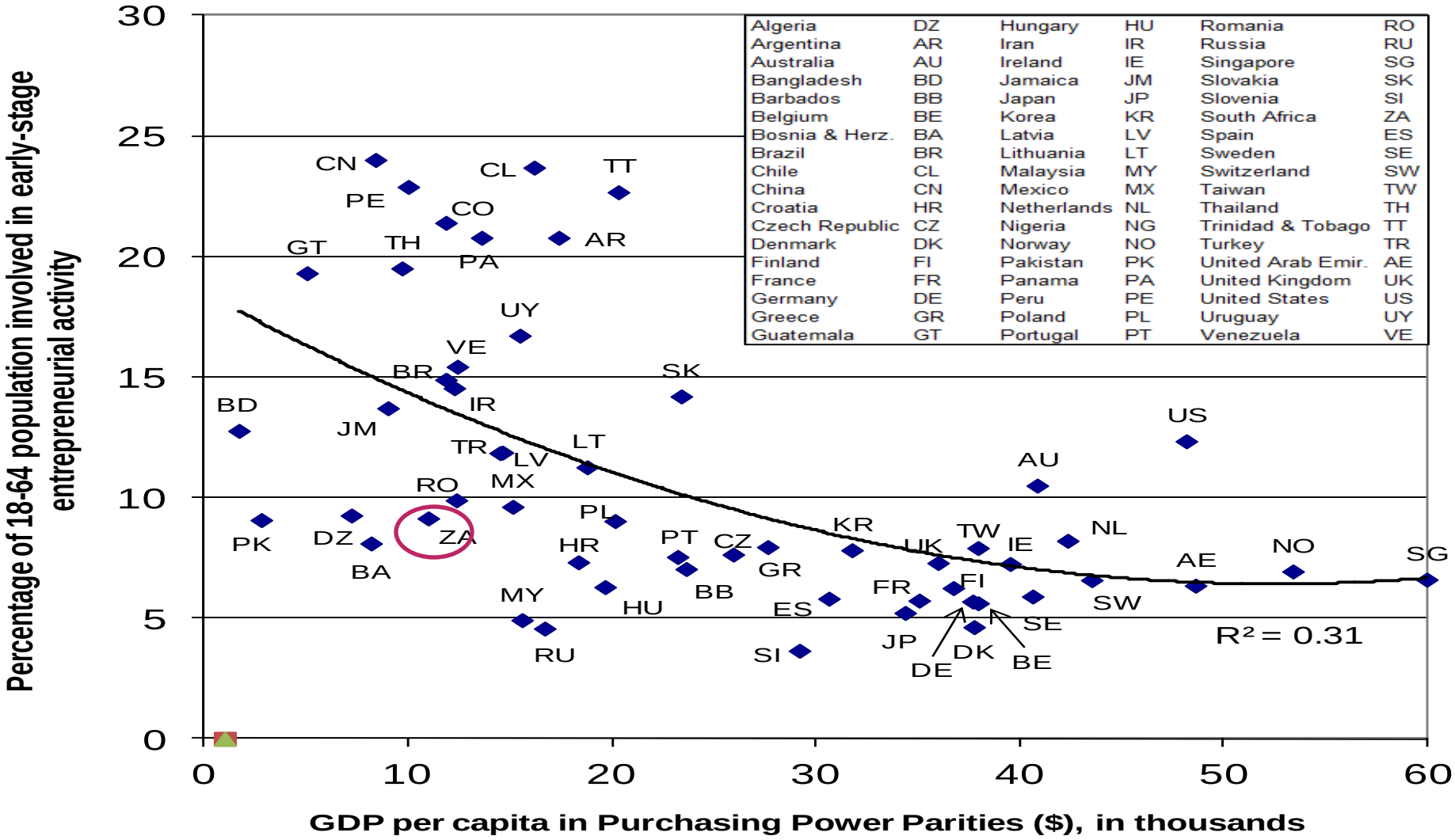
National level (as perceived by individuals)

- People consider starting business as good career choice
- People attach high status to successful entrepreneurs
- There is lots of media attention for entrepreneurship

Total Entrepreneurial Activity: GEM 2011



TEA and GDP across GEM countries, 2011



National Expert Survey (NES)

There are 9 critical Entrepreneurial Framework Conditions (EFCs) that can influence SME development & capacity

Financing for entrepreneurs

Governmental policies

Governmental programs

Entrepreneurial education and training

R&D transfer

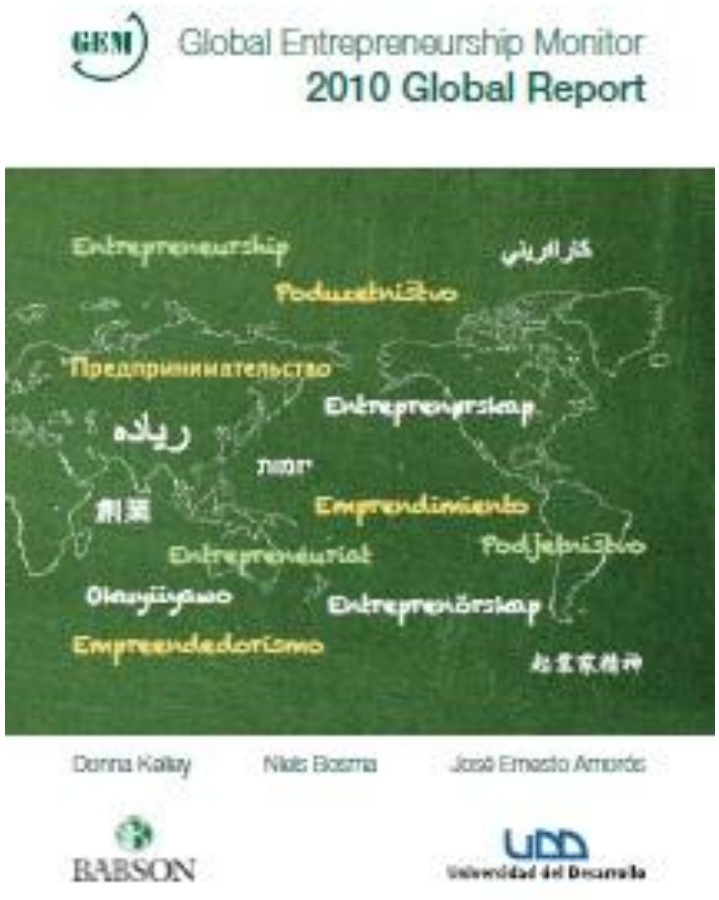
Commercial and professional infrastructure

Internal market dynamics

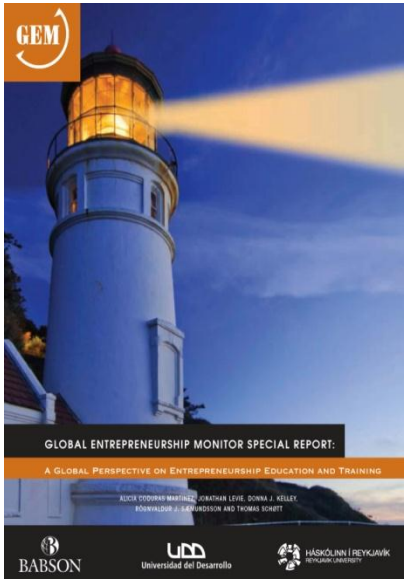
Physical and services infrastructure

Cultural and social norms

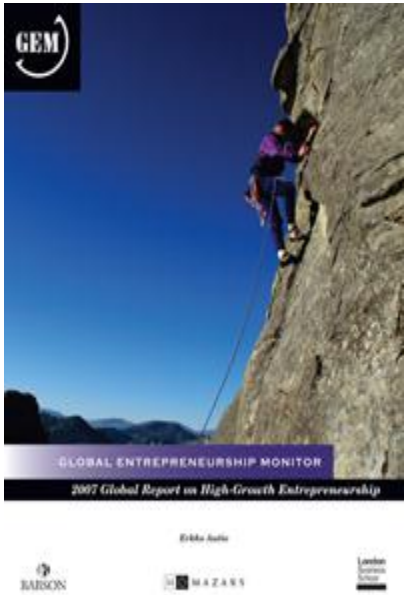
GLOBAL and SPECIALTY REPORTS



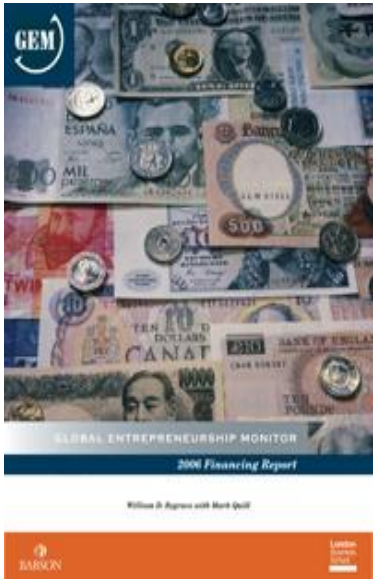
GEM Special Reports



Education & Training



High Growth Entrepreneurship



Finance Report

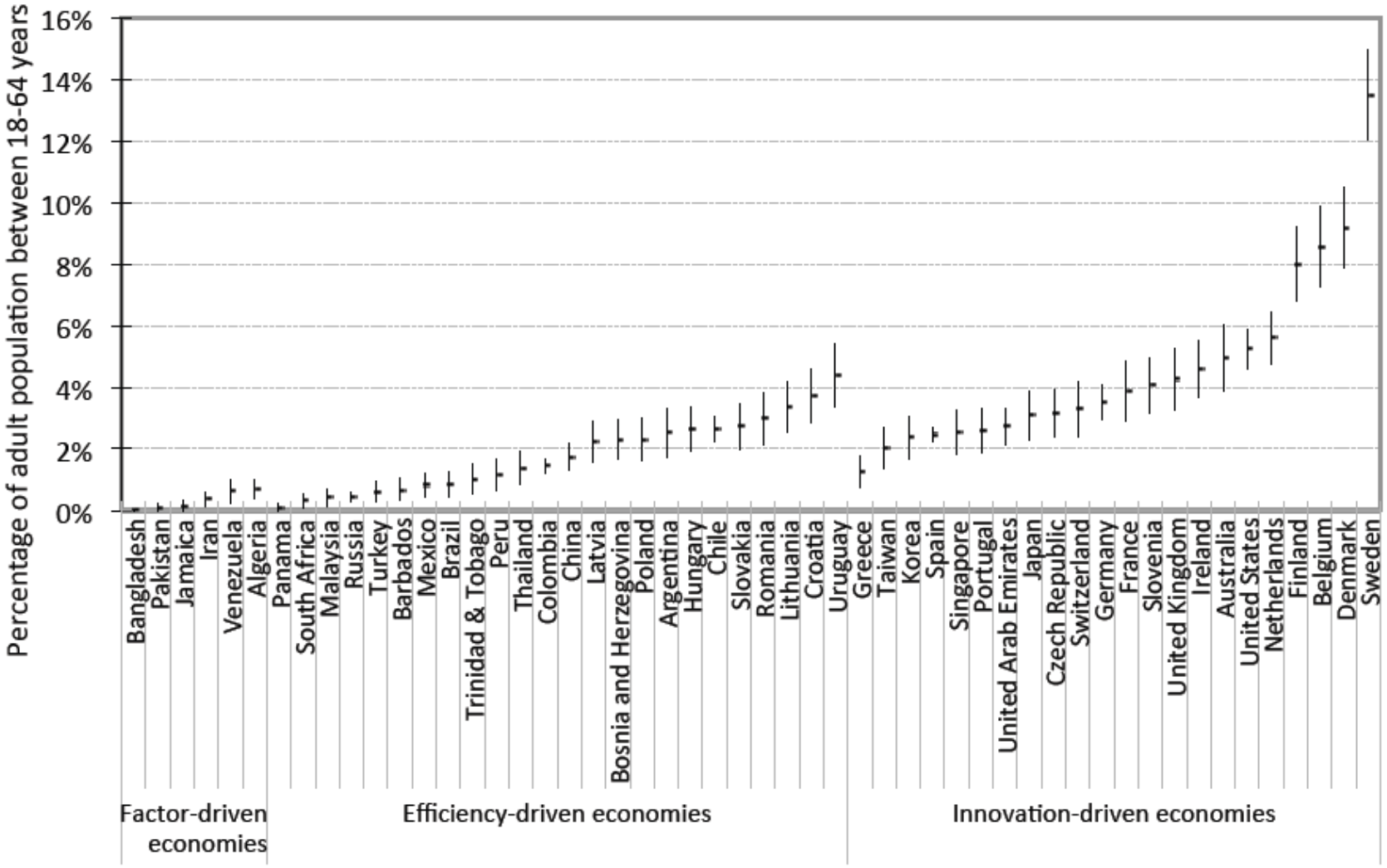
New GEM Measure in 2011:

Entrepreneurial Employee Activity (EEA):

…employees developing new business activities for their employer

e.g. establishing a new outlet or subsidiary
and launching new products
or new product-market combinations

Intrapreneurs are “dreamers who do”, those who take hands-on responsibility for creating innovation of any kind within an organization

Gifford Pinchot

Entrepreneurial Employee Activity