



Global Entrepreneurship Monitor (GEM)

Executive presentation: Understanding the entrepreneurial phenomenon and its transformative benefits

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Dr. Alicia Coduras, GEM NES Coordinator, GEM Data Team

Why entrepreneurship and SMME development are important?



- SMMEs in most countries contribute between 50%-60% to GDP and to over 60% of countries employment
- Entrepreneurship in any form is the vehicle for:
 - creating new jobs
 - generating revenue
 - advancing innovation
 - enhancing productivity
 - improving business models and processes
- Despite the challenges they face, entrepreneurs have never been more vital to our economy than they are today
- Understanding and encouraging entrepreneurship in a country is critical for all organisations both big and small

History of GEM



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.

1st DRAFT
MAY 1997
JUNE 97

GEM was initiated in 1997

Pioneers: Michael Hay and Bill Bygrave

Founding institutions: London Business School & Babson College

First GEM report in 1999

Principal Investigator: Paul Reynolds

10 countries in 1999, 31 countries in 2003, 69 countries in 2012

First draft from Dr. Michael Hay describing the ideas to create GEM

GERA established in 2004: it is the consortium of participating national teams

GEM continues to expand

Over 100 countries involved between 1998 and 2012. Country micro-sites on www.gemconsortium.org

What is GEM?



In short, GEM is:

- The most ambitious monitor of entrepreneurship worldwide
- Created in 1997 by scholars at Babson College and London Business School
- Put in the field in 1999 with 10 countries and opened to the rest of the globe in 2000
- Formed by research teams (50+ annually) representing countries (also subnational regions and cities)
- Collects data on the main areas that make up the entrepreneurship phenomenon
- Offers global, national and 'special topic' reports describing the main features and results of the entrepreneurial sector, plus academic research products and data available for public use (subject to the GEM data release policy)

What does GEM?



GEM is 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 institutions across the globe
- Optimized locally with central oversight
- Harmonized across multiple diverse economies

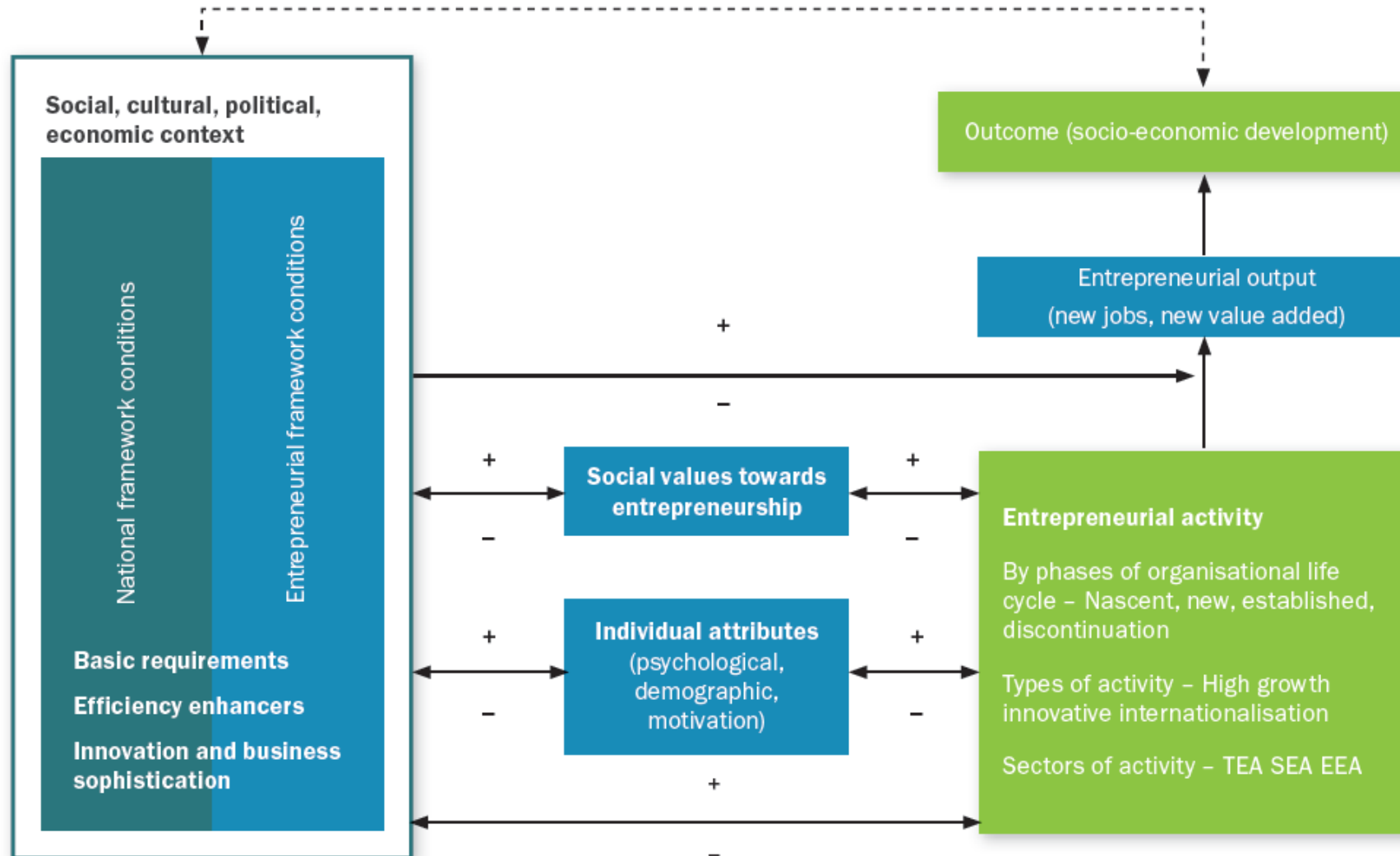
Why GEM?



GEM fills a specific information gap:

- When GEM began, there was no data available on entrepreneurs & SMMEs and their activities
- However, entrepreneurs were making a significant contribution to countries' GDP
- The modern concept of the "entrepreneur" was barely known – nobody knew the extent of their economic contribution, their personal and professional characteristics, the features of their initiatives, the society and the context in which they operate etc.
- **GEM is unique because it is mainly focused on individuals, their profiles, attitudes and aspirations**
- GEM was created to fill this information gap and provide as much data as possible on the main aspects or areas that form the complex frame of entrepreneurship
- Designed by scholars, GEM was sustained by a theoretical frame that has been updated as the knowledge on entrepreneurship grew. The current version looks like this...

The GEM framework



GEM tools

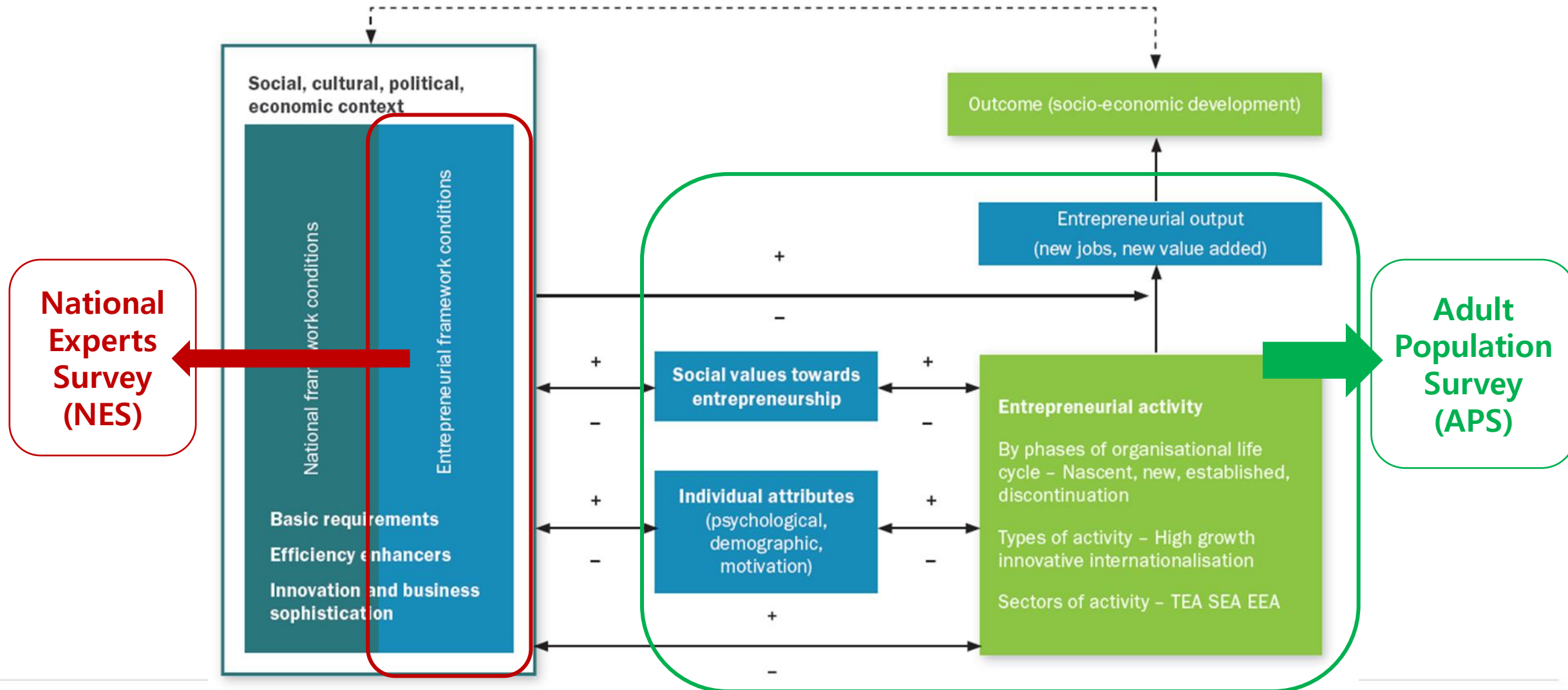


Two own tools were designed to collect data to fill the main sections of the theoretical model:

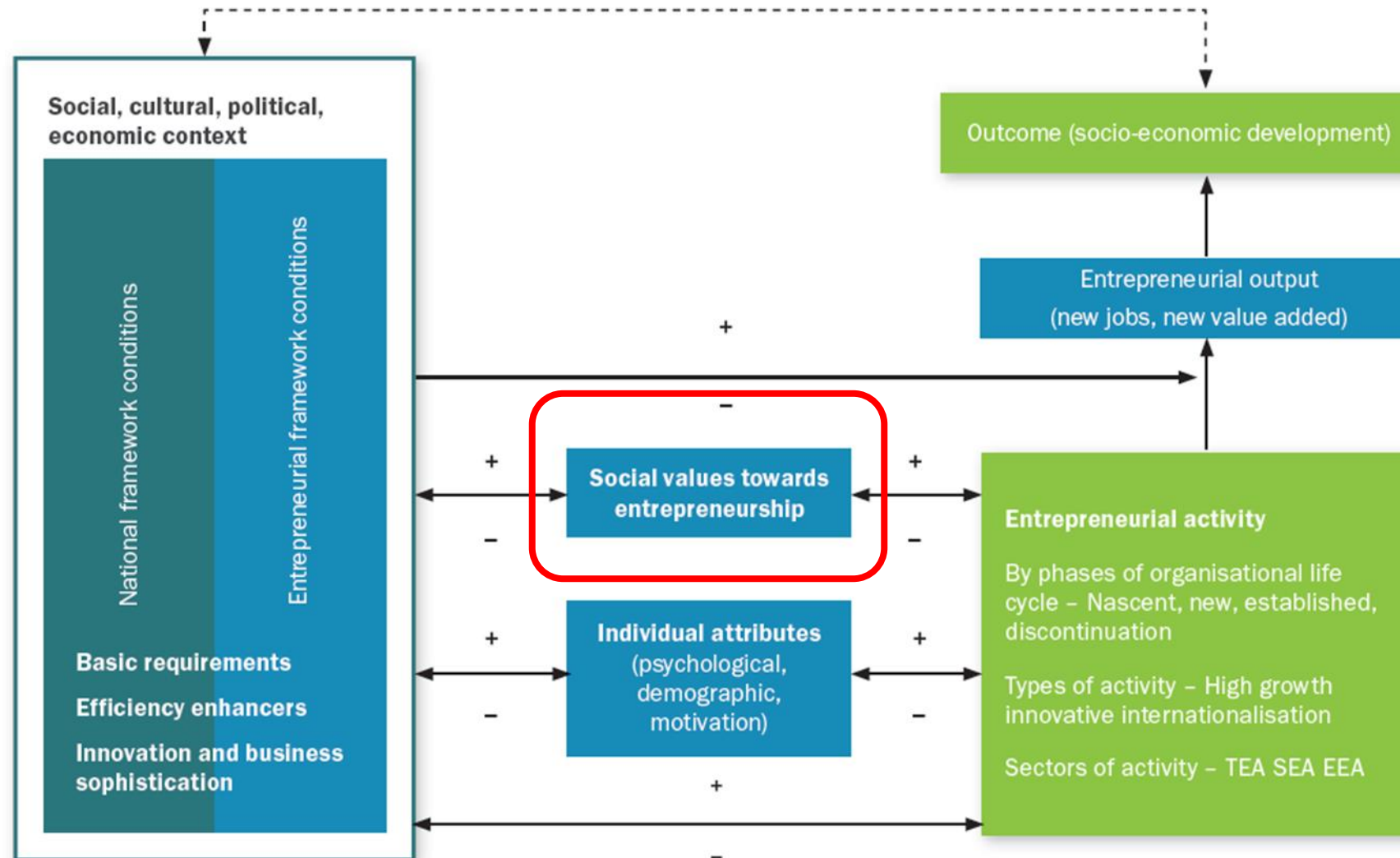
1. The Adult Population Survey (known as the APS): each participating team conducts a minimum of 2,000 interviews to generate a random and representative sample of the population aged 18-64. Some countries implement the project in subnational regions and create bigger samples (e.g. Spain - around 28,000 interviews / year)
2. The National Experts Survey (known as the NES): each participating team interviews at least 36 experts divided in 4 of 9 framework conditions (financing, government policies, government programs, entrepreneurial education and training, R&D transfer, commercial and professional infrastructure, internal market, physical infrastructure and social and cultural norms)

In the next slide we can see the relationship between these tools and the theoretical framework

The GEM tools



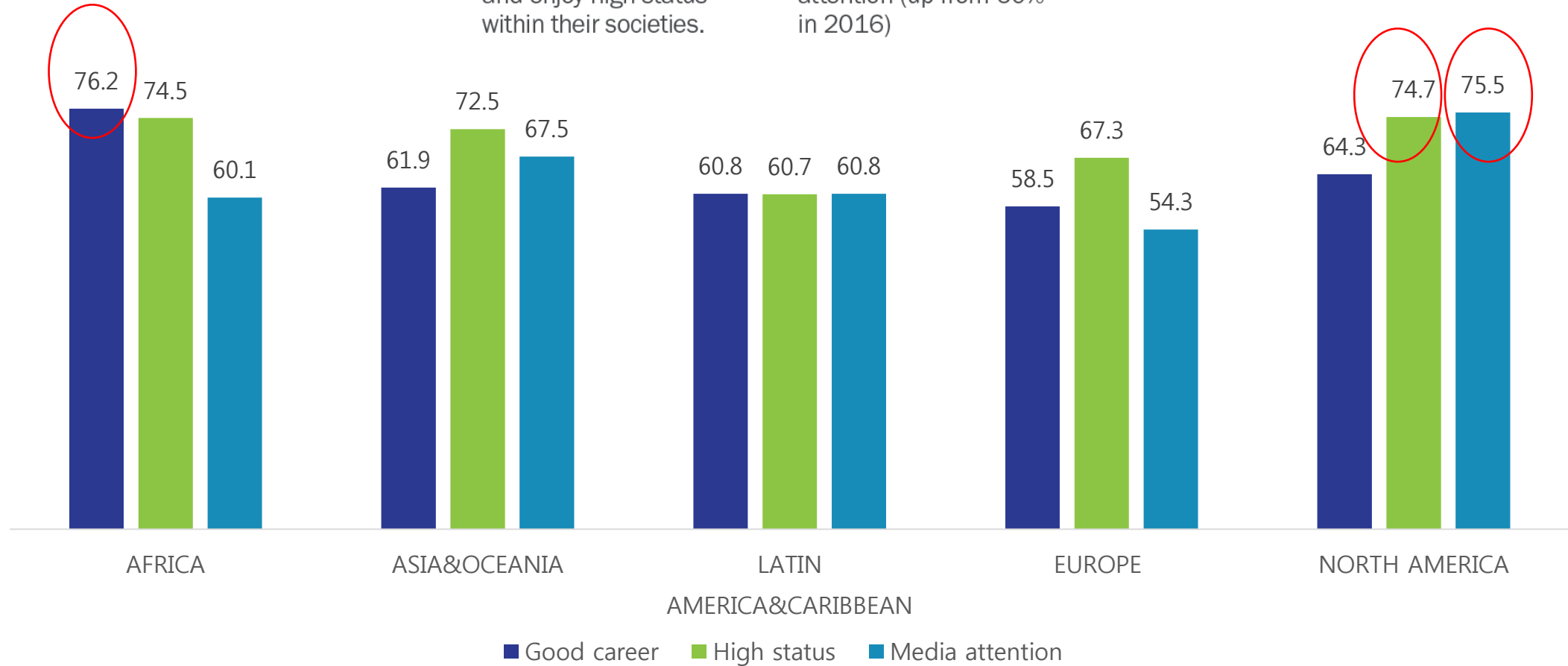
Average results on...

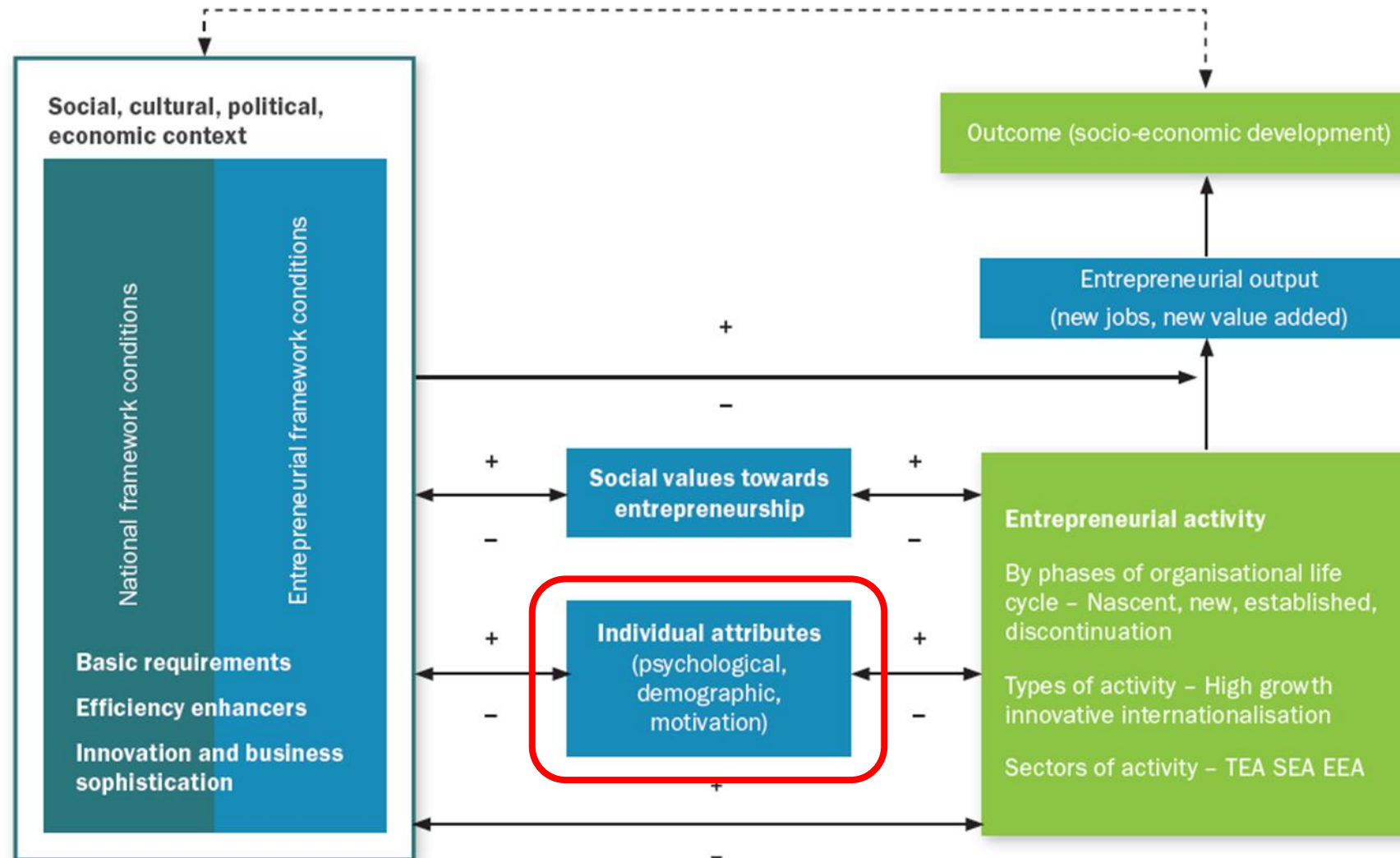


Societal Values

ALMOST
70%
of the adult population
across 52 economies
believes that entrepre-
neurs are well regarded
and enjoy high status
within their societies.

ABOUT
61%
of adults in all 3 economic
development groups
believe that entrepreneurs
garner substantial media
attention (up from 60%
in 2016)





Self-Perception

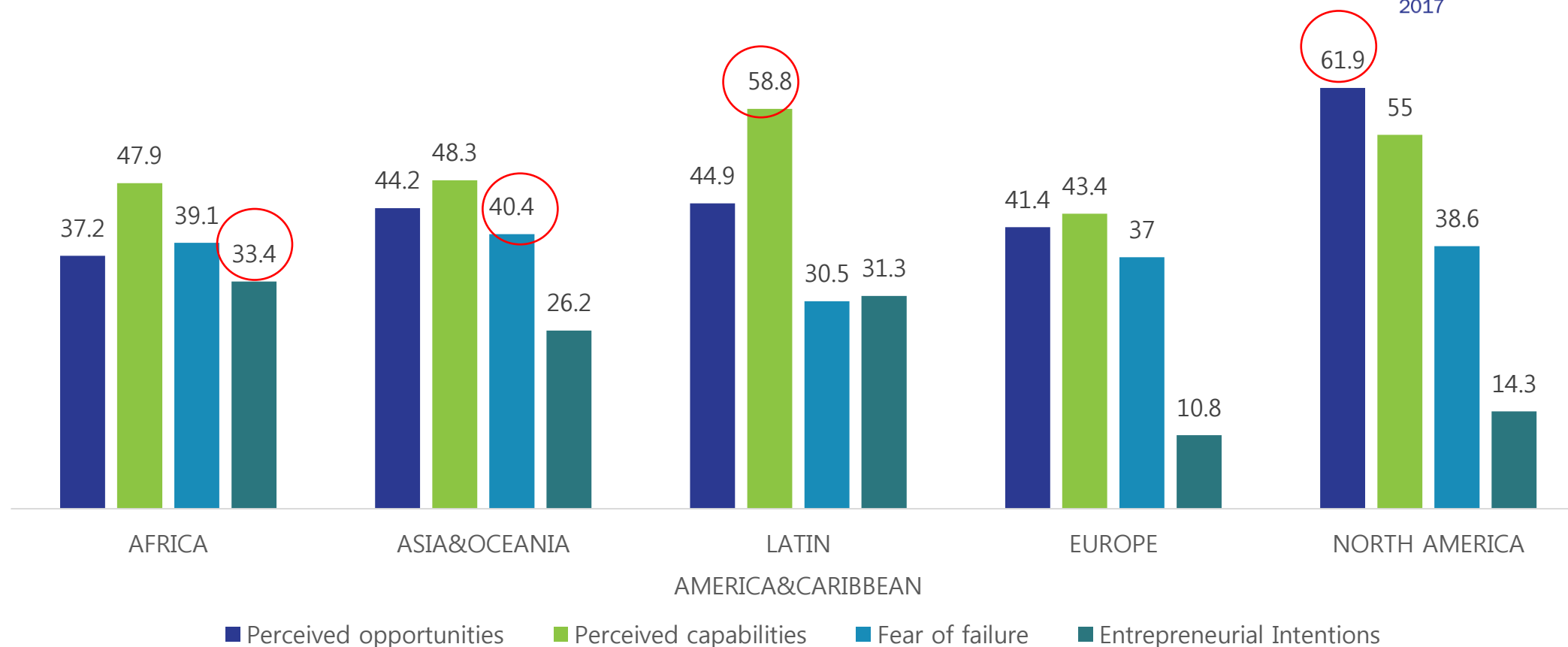


OPPORTUNITY PERCEPTION

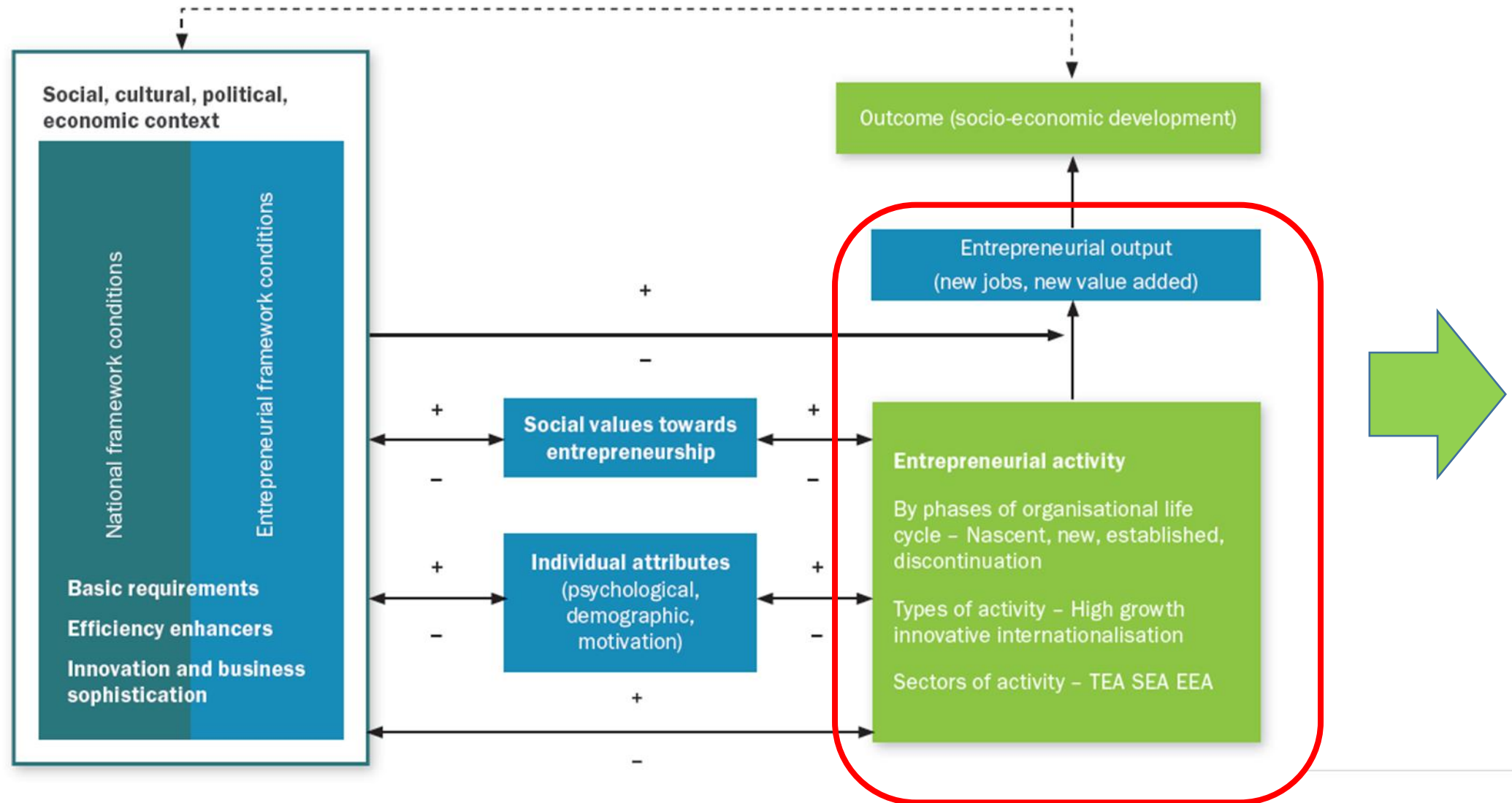
43% of the global population see good opportunities for starting a business within the next six months.

43%

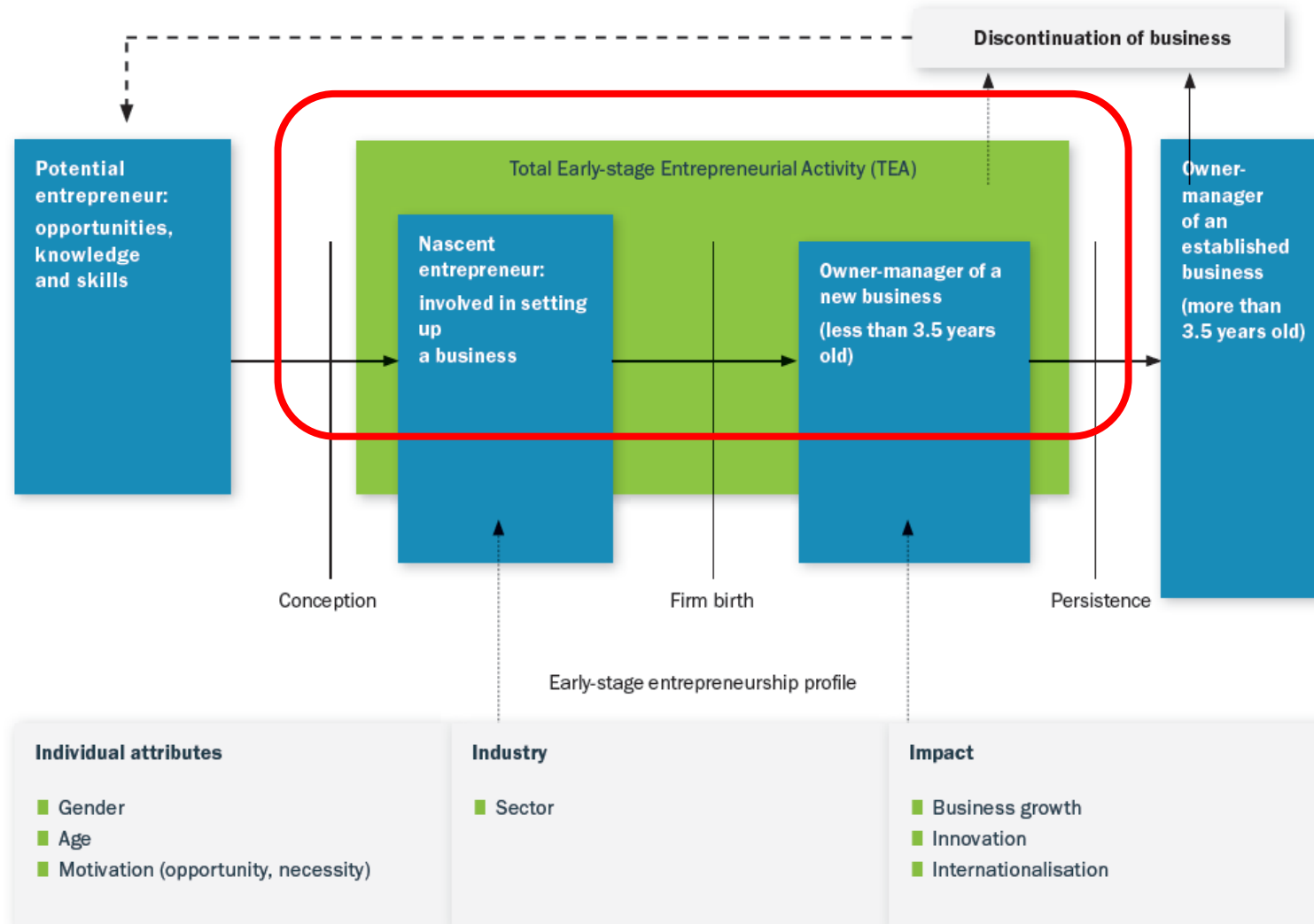
2017



Average results on...



The entrepreneurial process and GEM operational definitions



Entrepreneurial activity

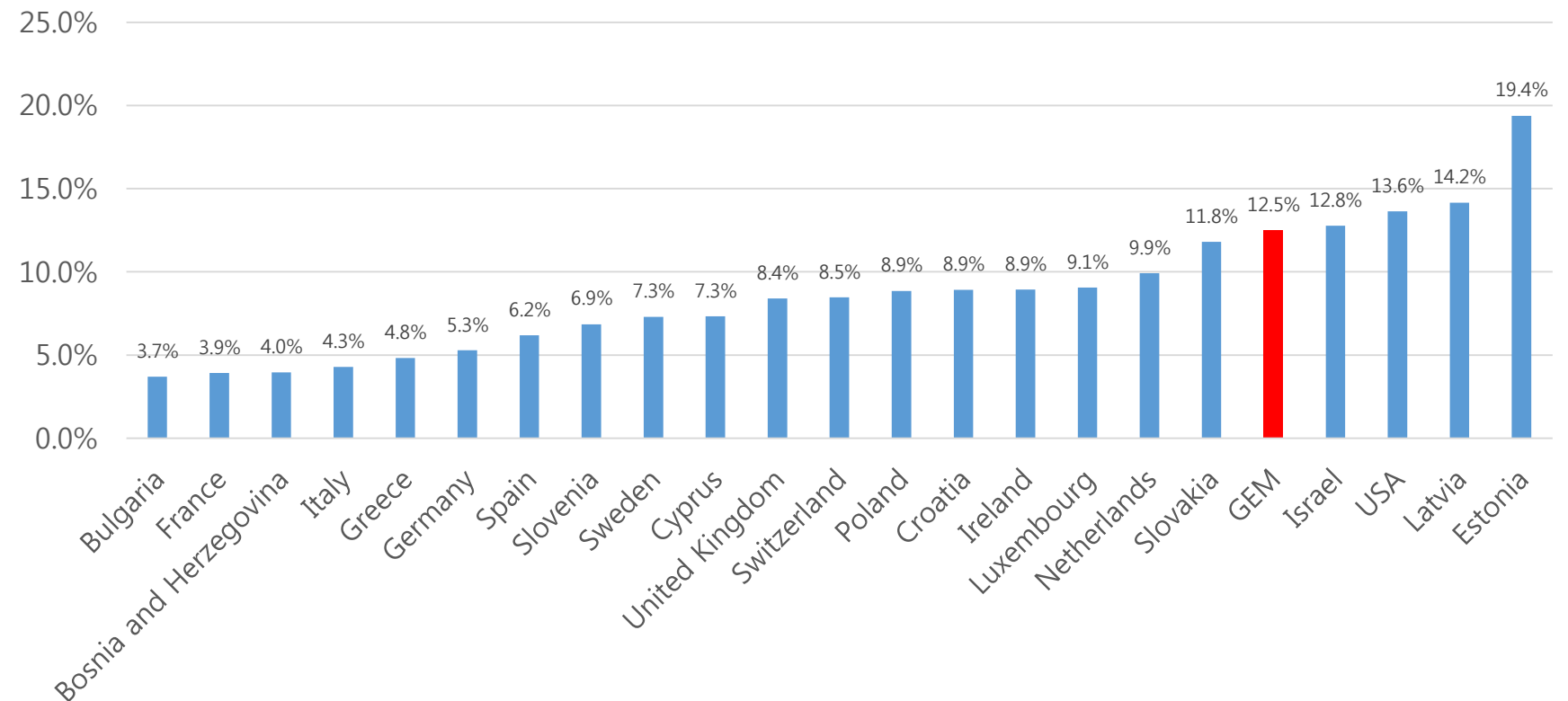


TEA = percentage of 18-64 years old population involved in nascent (up to 3 months) or new (between 3 and 42 months) businesses

These results are presented by entrepreneurial stage, motivation, Business features, by gender, age, education and many more...

Also they are complemented by results on established businesses and exits

TEA2017: EUROPEAN COUNTRIES PLUS THE USA AND ISRAEL



TEA versus GDP

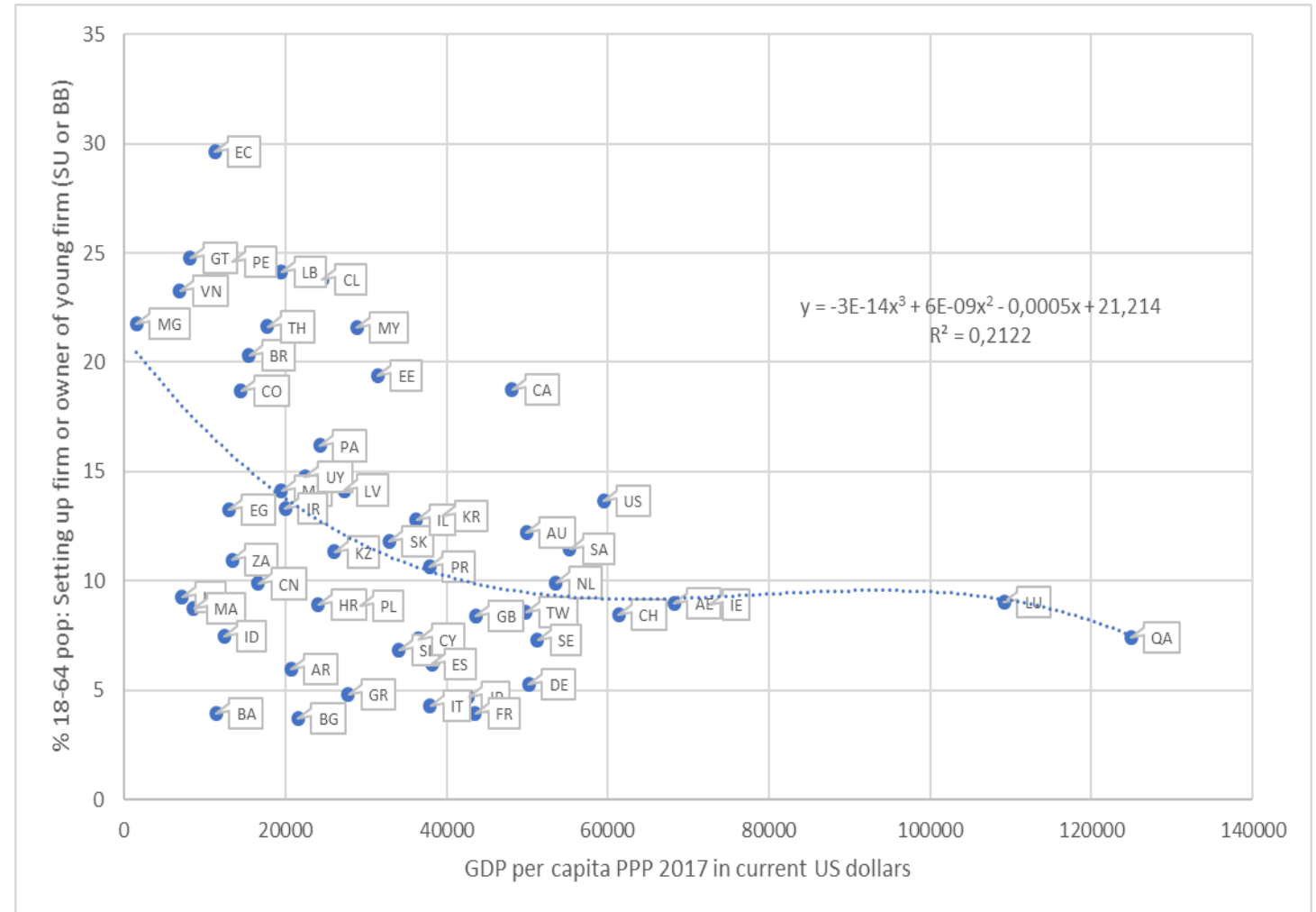


The relationship between the TEA rate and the GDP per capita PPP is:

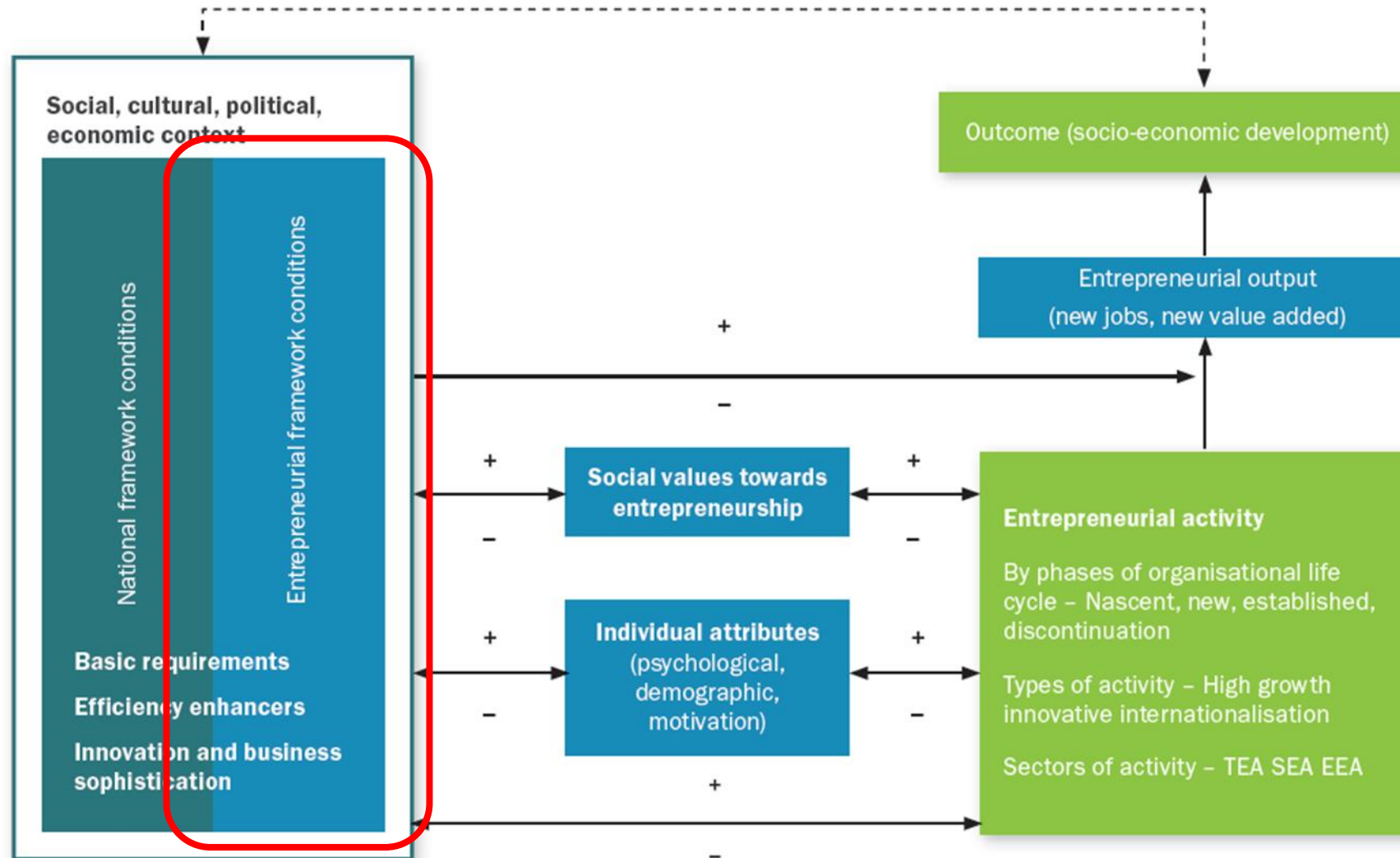
Negative: as countries develop the number of jobs offered in the labour market increases, and the proportion of individuals willing or needing to become entrepreneurs decreases. Countries with strong e-ship culture and countries that have surplus capital to invest in innovative e-ship are less elastic and keep TEA rates high

Explained by a non-linear model

There is a time lag between the activity and its economic impact - estimated at approx. 3 years



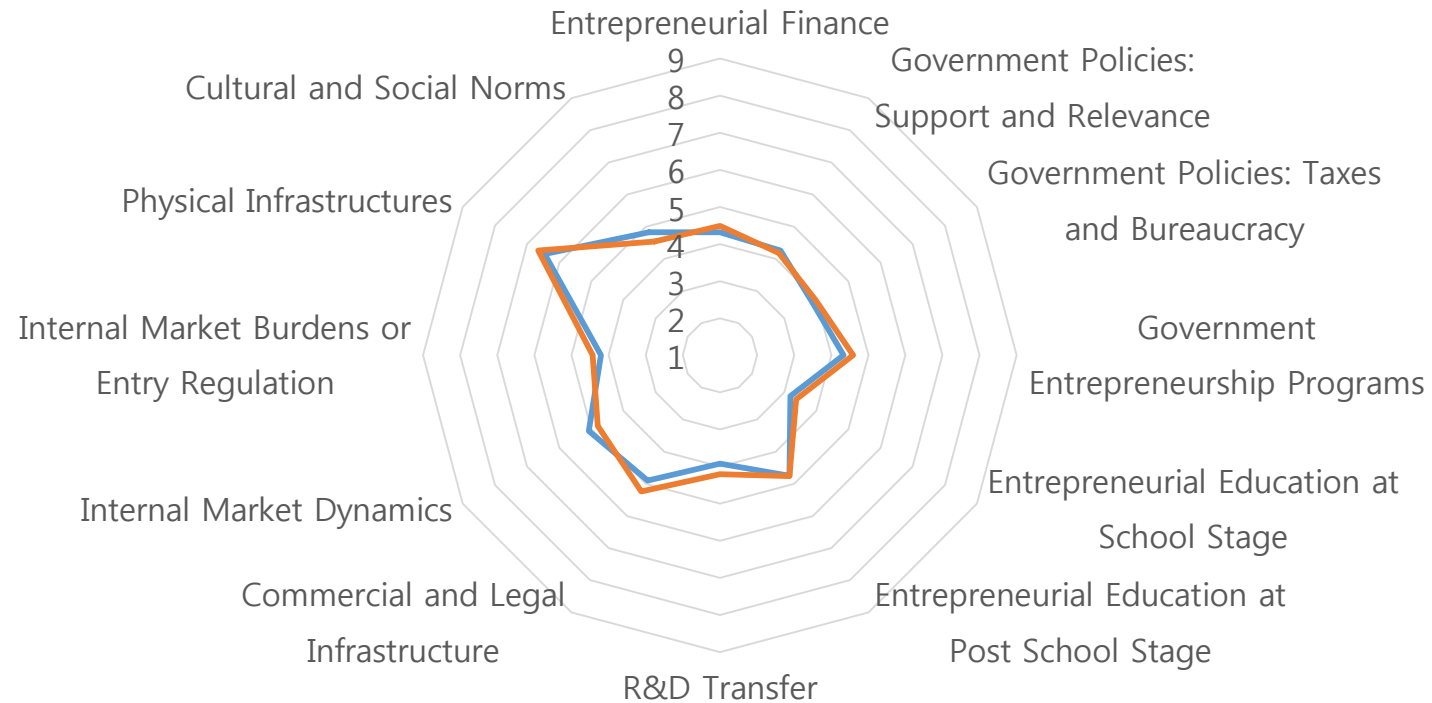
Average results on...



Average state of the context for entrepreneurship



— GEM 2017: average state — Europe 2017: average state



Final remarks



- For 20 years, GEM has been providing annual reports on entrepreneurship as well as 'special topic' reports looking at particular aspects
- We offer the broadest perspective on entrepreneurial activity because our variables allow the calculation of rates of general activity, high growth/innovative activity, opportunity versus necessity activity, independent entrepreneurship, autonomous, team entrepreneurship, corporate entrepreneurship/intrapreneurship, internationalization, etc.
- GEM continues to innovate and design new indicators and research products. One that is going to open the door to studying subregions or cities within countries is the project to measure the quality of Entrepreneurial Ecosystems, following Erik Stam's theoretical frame.
- Coming soon: a composite index summarizing the state of the context for entrepreneurship, as well as other indicators related to self-perception and other sections of the theoretical framework.



Thanks for your attention

We are at your disposal

<https://www.gemconsortium.org/>

Caylett@gemconsortium.org (Operations Manager)
Mherrington@gemconsortium.org (Executive Director)
acoduras@gemconsortium.org (NES Coordinator)