

**Global Upsurge in Entrepreneurship Means Nearly 400 Million Entrepreneurs are Active and Expect to Create Millions of New Jobs, According to Global Entrepreneurship Monitor Report**

**(San Francisco, CA) January 19, 2012** - The Global Entrepreneurship Monitor (GEM) 2011 Global Report finds an upsurge in entrepreneurship around the world – entrepreneurs are now numbering near 400 million in 54 countries -- with millions of new hires and job creation expectations in the coming years.

The 13<sup>th</sup> annual survey of early-stage entrepreneurship worldwide, launched today at the Global Entrepreneurship Monitor 2012 Annual Meeting in San Francisco, is the largest single study of its kind. The GEM Global Report is authored by Professor Donna Kelley, Babson College, Professor Slavica Singer, J.J. Strossmayer University in Croatia, and Dr. Professor Mike Herrington, Executive Director of the Global Entrepreneurship Monitor and Director of the Centre for Innovation and Entrepreneurship at the University of Cape Town, South Africa.

“Thanks to an uptick in entrepreneurship worldwide, we now have nearly 400 million entrepreneurs starting and running businesses in the 54 economies surveyed,” said the report’s lead author, Donna Kelley, Associate Professor of Entrepreneurship at Babson.

“Even better news is that over 140 million of these entrepreneurs expect to add at least five new jobs over the next five years. These figures and growth projections affirm that entrepreneurial activity is flourishing across the globe and that entrepreneurship, as an economic engine, is the best hope for reviving a weakened world economy,” she said.

Among the report’s key findings:

***Entrepreneurial Phases: From Early-stage to Discontinuance***

- Total early-stage activity (TEA) increased significantly from 2010-2011 in many economies and across all levels of economic development -- emerging, developing, and mature. In fact, TEA rose 25 percent among 16 developing economies with China, Argentina and Chile boasting above-average rates in 2010 and even higher rates in 2011.
- Twenty mature economies experienced, on average, a nearly 22 percent TEA increase over both years. United States and Australia showed substantial increases in 2011 from already high TEA rates in 2010.

- Intent to start businesses is highest in emerging economies (those in early-stage development). People in these economies are most likely to see opportunities and believe in their ability to start a business. They also hold entrepreneurship in high regard. Expectations to start a business are also high in some middle-stage developing economies like China, Chile, and Brazil. These measures tend to fall, however, as countries rise in economic development. Russia and the United Arab Emirates have the lowest entrepreneurial intention rates across the sample.
- More than 50 percent of entrepreneurs in emerging economies who discontinued their businesses did so because of negative influences, usually lack of profitability or funding. Entrepreneurs in mature economies were more likely than those in the other stages to end their ventures on a positive note — retirement, sale, or the pursuit of new opportunities.

### ***Profile of Entrepreneurs and their Businesses***

GEM interviewed more than 140,000 adults in 54 economies across diverse geographies and a range of economic levels. GEM estimates that, of the entrepreneurs engaged in starting and running new businesses in 2011:

- 163 million early-stage entrepreneurs are women
- 165 million early-stage entrepreneurs are young entrepreneurs (age 18 to 25)
- 69 million early-stage entrepreneurs are offering innovative products and services
- 18 million early-stage entrepreneurs are selling 25 percent of their products and services internationally
- Only eight out of 54 economies — Panama, Venezuela, Jamaica, Guatemala, Brazil, Thailand, Switzerland, and Singapore — have equal participation by men and women in entrepreneurship. The remaining economies show lower female participation, some as low as a 1:10 ratio (Pakistan).
- Early-stage entrepreneurs are most often young to middle-age (25-44 years), though in many developing economies, there is a tendency toward younger entrepreneurs. In Switzerland and Japan, on the other hand, older entrepreneurs (44-54 years) are the most frequent participants in entrepreneurship.
- Consumer-oriented businesses and manufacturing dominate entrepreneurship in the emerging and developing stages. Compared with entrepreneurs in the emerging economies, four times as many entrepreneurs from the mature economies are involved in more knowledge-intensive, business services sector.
- An evaluation of the job creation impact of entrepreneurs on their economies shows that although there are fewer entrepreneurs in mature economies, they are more likely to have high growth projections. A simple number count of entrepreneurs does not tell the whole story.

- Among the developing economies, Chile, Peru, South Africa, and Poland have high percentages of entrepreneurs with innovative products and services. In the mature stages it is Denmark that, despite a low TEA rate, has high innovation rates. On average, the proportion of entrepreneurs with innovative products and services increases with economic development level.
- Internationalization also increases with economic development; fewer entrepreneurs from emerging economies offer their products and services in the international marketplace. Countries such as Brazil, China, Argentina, and Russia with large populations and large geographic areas have lower rates of internationalization.

### ***Entrepreneurial Frameworks***

GEM interviewed country experts about the kinds of Entrepreneurship Framework Conditions (EFCs) - from education and national policy to internal markets and infrastructure systems - that will contribute to a healthy environment for entrepreneurship.

“Not surprising, we find discrepancies between EFCs in different economies,” said coauthor Slavica Singer. “Education, internal market dynamics, and cultural and social norms about entrepreneurship received high marks in emerging economies. Government programs, R&D transfer, finance and national policy EFCs rank highly in innovation economies but low in emerging economies.”

### ***Entrepreneurial Employee Activity***

Entrepreneurial employees - those who create and develop new business ideas for their organizations - are more likely found in mature economies. They develop or launch new goods or services, or set up new business units that constitute a new establishment or subsidiary for their main employer.

Surprisingly, entrepreneurial employees are found in mature economies with low TEA rates - Denmark, Belgium, and Sweden - as well as in those with high TEA rates - U.S., Australia, and the Netherlands.

“Entrepreneurs are not just involved in start-ups,” said Kelley. “Entrepreneurs of all kinds are found throughout the economies of the world – in established companies and organizations, family businesses, non-profits, and franchises, among others.”

### ***Policy Implications***

GEM researchers offer several guidelines for policy makers, entrepreneurs, and academics to help them build entrepreneurial eco-systems that enable entrepreneurship to thrive in every world economy.

“Policy recommendations that improve the flexibility of labor, communications and market openness while eliminating bureaucracy and red-tape will contribute to a more entrepreneurially-focused business environment,” said report coauthor Mike Herrington. “Cultures that reward hard work and creativity, rather than political connections, will also encourage entrepreneurial development. Governments ensuring that political interests do not supersede economic concerns are also more likely to create conditions in which entrepreneurs can grow and prosper. This is particularly important and relevant in many developing economies.”

“To create energy for making positive changes, societies must consider that entrepreneurship is not the heroic act of a few individuals, but the accomplishments of many people who pursue their ambitions in a supportive cultural and institutional environment,” adds Singer.

Download the report at

<http://www.babson.edu/academics/centers/blank-center/global-research/gem/pages/reports.aspx>

and

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

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## **About GEM**

The Global Entrepreneurship Monitor (GEM) is a not-for-profit academic research consortium that has as its goal making high quality information on global entrepreneurship activity readily available to as wide an audience as possible. GEM is the largest single study of entrepreneurial activity in the world.

Initiated in 1999 with just 10 countries, GEM has now conducted research in over 80 economies all over the world. Visit <http://www.babson.edu/academics/centers/blank-center/global-research/gem/pages/home.aspx> or <http://www.gemconsortium.org/>

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