GLOBAL ENTREPRENEURSHIP MONITOR
A Research Consortium of National Teams

- Argentina
- Australia
- Belgium
- Brazil
- Canada
- Chile
- China
- Chinese Taipei
- Croatia
- Denmark
- Finland
- France
- Greece
- Germany
- Hong Kong
- Hungary
- Iceland
- India
- Ireland
- Italy
- Israel
- Japan
- Korea
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland*
- Portugal
- Russia*
- Singapore
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Thailand
- Uganda
- United Kingdom
- United States
- Venezuela

* No national teams as of 2003.
General National Framework Conditions
- Openness (External Trade)
- Government (Extent, Role)
- Financial Markets (Efficiency)
- Technology, R&D (Level, Intensity)
- Infrastructure (Physical)
- Management (Skills)
- Labor Markets (Flexible)
- Institutions (Unbiased, Rule of Law)

Entrepreneurial Framework Conditions
- Financial
- Government Policies
- Government Programs
- Education & Training
- R&D Transfer
- Commercial, Legal Infrastructure
- Internal Market Openness
- Access to Physical Infrastructure
- Cultural, Social Norms

Major Established Firms (Primary Economy)

Micro, Small, and Medium Firms (Secondary Economy)

National Economic Growth (GDP, Jobs)

Entrepreneurial Opportunities
- Skills
- Motivation

Entrepreneurial Capacity

Business Churning
What is national entrepreneurship?

People Creating New Firms
- Start-up phase, before firm operational
- Young firm, up to 3.5 yrs old
- Some innovative and growth oriented, most are not

Entrepreneurship among existing firms
- Produce market innovation
- Focus on growth

National Infrastructure focuses on adaptation
- Coordinated, centralized effort
- Collaboration among major sectors
- Government, research, education, financial
Total Entrepreneurial Activity [TEA] Index

• Based on survey of adults in the population
• Locate those entrepreneurially active
• Count those in start up process
  – Active, will own, no salary/wage payments for over 3 months
• Count those owning/managing a new firm
  – Active, do own, salary/wage payments 3-42 months
• Add them together for TEA index
  – Count once if person doing both, as 6% are
• High correlations with other measures of activity
  – Men, women, high growth, high technology, etc.
TEA Average [1-4 yrs:2000 to 2004]

Number per 100 18 to 64 yrs old [95% confidence interval]
Firm Entrepreneurial Activity [FEA] Index

- Reflects data from firm owners identified in representative sample of all adults in the population
- Locate those owners and managers of existing firms
- Identify those that expect their firm to
  - Make an innovative change in the market
  - Add new jobs in the future
  - Consider these as “entrepreneurial firms”
- Compute as a percent of all existing firms in country
- Compute percent of business jobs in entrepreneurial firms
- Index reflects both aspects
- Base is all firms and business jobs in the country
Firm Entrepreneurial Activity Index: 2002-2003
## Overall National Entrepreneurial Activity
### Two Dimensional Classification

<table>
<thead>
<tr>
<th></th>
<th>Low TEA</th>
<th>Medium TEA</th>
<th>High TEA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hi FEA</strong></td>
<td>Hong Kong, Slovenia</td>
<td>China, Mexico</td>
<td>Chile, Korea (South), New Zealand, Uganda, Venezuela</td>
</tr>
<tr>
<td><strong>Medium FEA</strong></td>
<td>Belgium, Finland, <strong>ITALY</strong>, Sweden</td>
<td>Australia, Canada, Denmark, Iceland, Ireland, Hungary, Singapore, Spain, Spain, UK, US</td>
<td>Brazil, India</td>
</tr>
<tr>
<td><strong>Low FEA</strong></td>
<td>Chinese Taipei [Taiwan], Croatia, France, Japan, Netherlands, Poland, Russia</td>
<td>Germany, Greece, Israel, Norway, South Africa, Switzerland</td>
<td>Argentina, Thailand</td>
</tr>
</tbody>
</table>
## National Entrepreneurship: Five Ordinal Groups

<table>
<thead>
<tr>
<th>Ordinal Group</th>
<th>Count</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>5</td>
<td>Chile, Korea (South), New Zealand, Uganda, Venezuela</td>
</tr>
<tr>
<td>Above Average</td>
<td>4</td>
<td>Brazil, China, India, Mexico</td>
</tr>
<tr>
<td>Average</td>
<td>14</td>
<td>Argentina, Australia, Canada, Denmark, Hong Kong, Hungary, Iceland, Ireland, Slovenia, Spain, Singapore, Thailand, UK, US</td>
</tr>
<tr>
<td>Below Average</td>
<td>10</td>
<td>Belgium, Finland, Germany, Greece, Israel, <strong>ITALY</strong>, Norway, South Africa, Sweden, Switzerland</td>
</tr>
<tr>
<td>Low</td>
<td>7</td>
<td>Chinese Taipei [Taiwan], Croatia, France, Netherlands, Japan, Poland, Russia</td>
</tr>
</tbody>
</table>
## Country Groups and Projected Growth

<table>
<thead>
<tr>
<th>Ordinal Group</th>
<th>Countries</th>
<th>Percent Growth GDP 2003-2004 [IMF Projections]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>Chile, Korea (South), New Zealand, Uganda, Venezuela</td>
<td>5.2 %</td>
</tr>
<tr>
<td>Above Average</td>
<td>Brazil, China, India, Mexico</td>
<td>4.9 %</td>
</tr>
<tr>
<td>Average</td>
<td>Argentina, Australia, Canada, Denmark, Hong Kong, Hungary, Iceland, Ireland, Slovenia, Spain, Singapore, Thailand, UK, US</td>
<td>3.3 %</td>
</tr>
<tr>
<td>Below Average</td>
<td>Belgium, Finland, Germany, Greece, Israel, <strong>ITALY</strong>, Norway, South Africa, Sweden, Switzerland</td>
<td>2.2 %</td>
</tr>
<tr>
<td>Low</td>
<td>Chinese Taipei [Taiwan], Croatia, France, Netherlands, Japan, Poland, Russia</td>
<td>3.2 %</td>
</tr>
</tbody>
</table>
• Entrepreneurial Activity Related to subsequent national economic growth
  – Moderate, positive, statistically significant association
• TEA index- higher association that with FEM
• Necessity entrepreneurship TEA association higher than opportunity entrepreneurship TEA
  – Poor countries more necessity entrepreneurship
  – Poor countries grow faster than rich countries
• Entrepreneurship without growth is rare
• CAUSAL MECHANISM REMAINS OBSCURE
Developing Economies

• Weak infrastructure
  – Medium to high opportunity entrepreneurship
  – Medium to high necessity entrepreneurship
    • Massive waves of draftees
  – Less technically sophisticated entrepreneurship

• Helpful structural improvements
  – Expand education, general and entrepreneurial specific
  – Systematize recognition of property rights
  – Enhance access to institutional finance
  – Improve efficiency of government, reduce corruption
  – Provide special assistance for women

• May become strong global competitors