Global Entrepreneurship Monitor

GEM UK 2009 – Headline Results and Policy Issues

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GEM UK 2009 - Background

- In 2009, the Global Entrepreneurship Monitor (GEM) research consortium measured entrepreneurial activity of working age adults in 54 countries, making it the world's most authoritative comparative study of entrepreneurial activity in the general adult population.

- In 2009, 30,003 adults aged 16-80 were sampled for GEM UK (150,000 worldwide). We now have a pooled UK dataset (2002-09) for ~180,000 adults (18-64 yr olds)

- UK Report does two main things:
  - compares GEM measures of entrepreneurial activity in the UK with participating G7 and BRIC countries.
  - summarises entrepreneurial activity within the English regions and the Devolved administration areas.

Role and Contribution of GEM

- GEM's primary focus is on the study of three areas:
  - To measure differences in entrepreneurial attitudes, activity and aspiration between countries
  - To uncover factors which underpin these differences
  - To identify policies that may enhance entrepreneurial activity.
- The global GEM Executive 2009 Report was published in January 2010 and can be found at www.gemconsortium.org.

GEM UK Methodology

- GEM UK is the largest, longest running national study of entrepreneurial activity in the world, with over 200,000 individuals interviewed since monitoring began with a sample of 1,000 adults in 1998.

- In 2009, 30,003 adults aged 16-80 were interviewed.

- The distribution of respondents is not even across the UK as some Regional Development Agencies (RDAs) and the Devolved Administrations (DAs), Government Agencies and Organisations (e.g., Birmingham and Belfast) choose to boost their sample in order to have more detail about entrepreneurship in their region.

GEM Weighting Protocols

- Every attempt is made to ensure that the results reported are as reliable and robust as possible. To do this, four sets of weights are calculated for the UK data:
  - Weights for the whole UK that take the UK area sub-samples and the age, gender and ethnic minority proportion of the population of the UK (aged 18-64) into account.
  - Sub-sample area weights that take into account the population distributions *within* GEM UK sub-sample areas by age, gender and ethnicity.
  - Government Official Region (GOR) weights that create representative samples at the GOR level from all sub-samples within the same GOR.
  - In addition, separate weights were constructed for England, based on balanced GOR samples for each English region, as some variables (e.g. urbanity, deprivation) are only available for English regions.

Entrepreneurial Attitudes and Perceptions

- At least some of the difference in entrepreneurial activity rates between countries may be explained by differences in attitudes of the population towards entrepreneurship.
- It is increasingly being realised that GEM attitudinal data is best treated at the group rather than individual level, because individuals who are already entrepreneurs may have systematically different attitudes to others.
- GEMUK now provides attitude data for the total population and, where relevant, for that portion of the population who are not already entrepreneurs.

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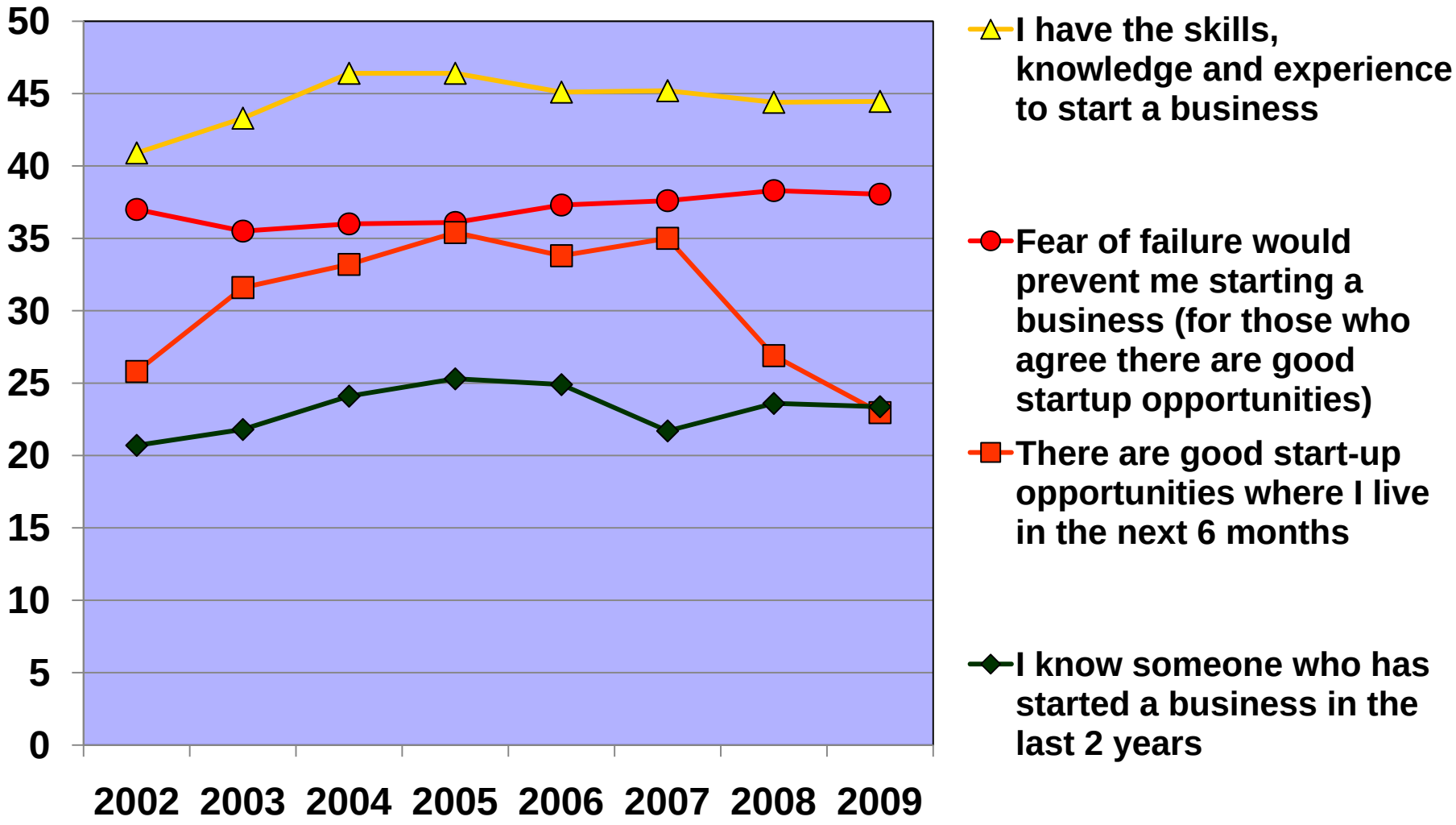
UK Trends in Attitudes

non-entrepreneurially active respondents aged 18-64



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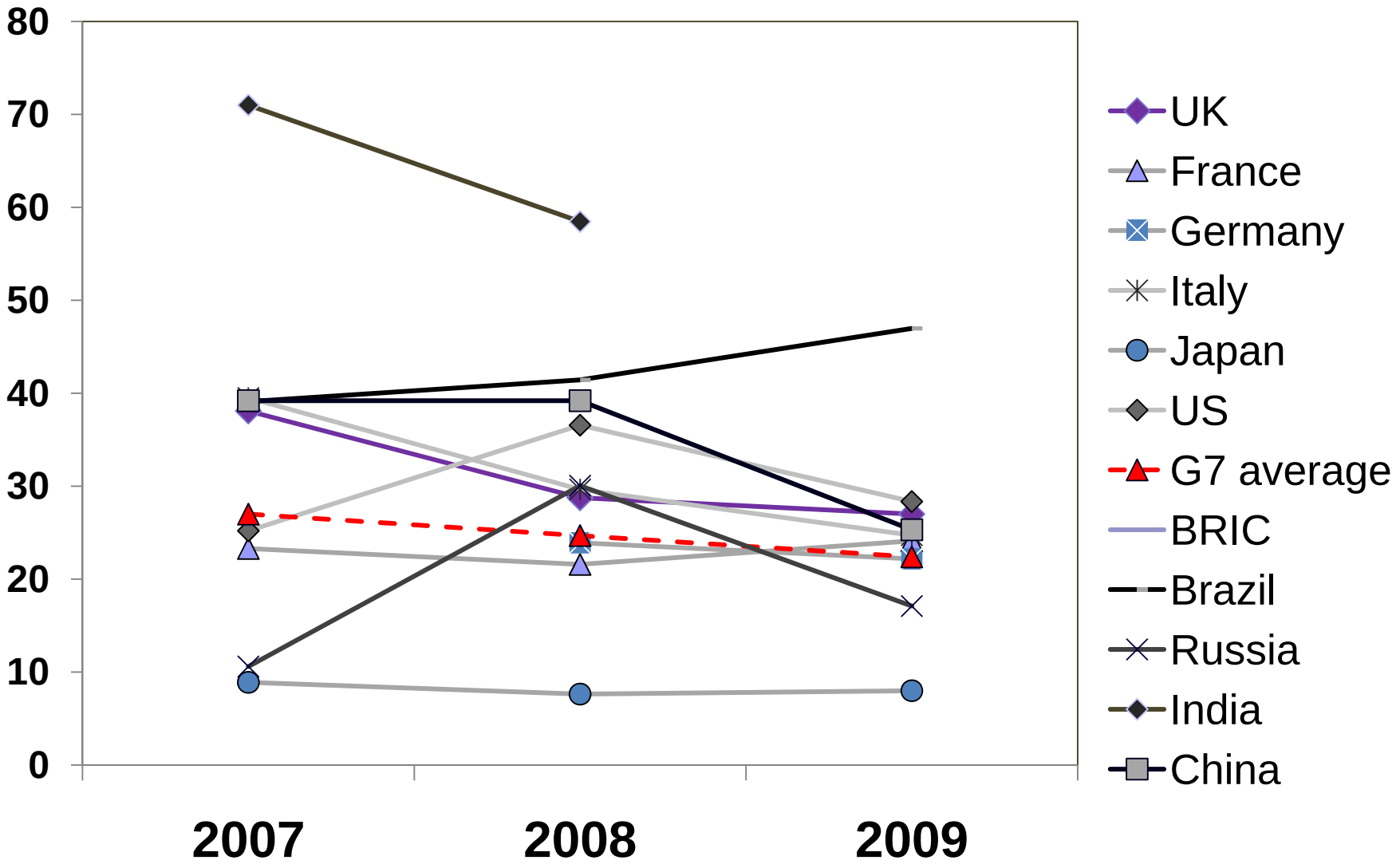
Opportunity Perception: all respondents



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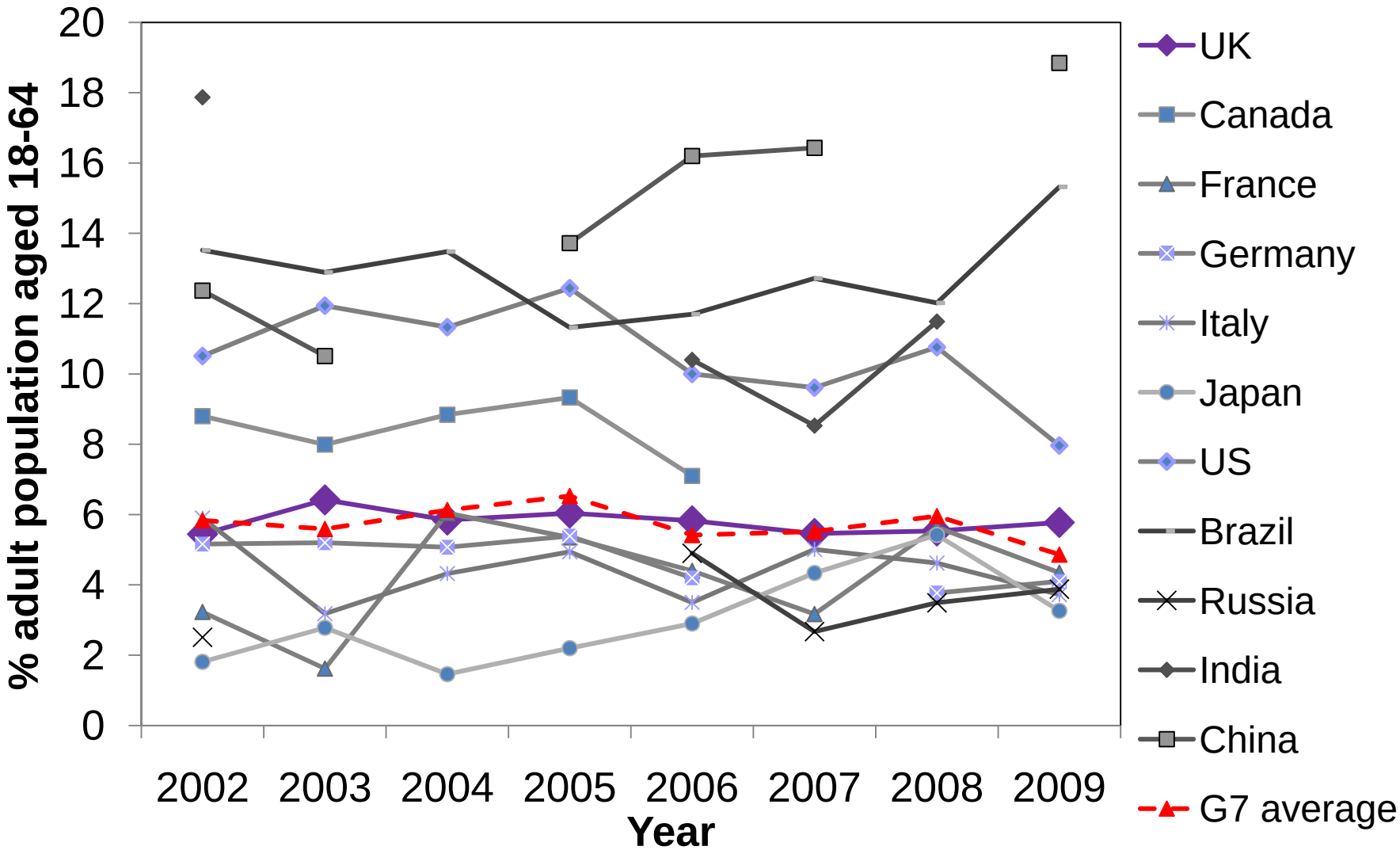
TEA rate trends for UK, G7 and BRIC



UK Activity in Context – 2002-2009

- The UK TEA rate remains just under 6%, close to the G7 average.
- From 2002 to 2005 the G7 average trend was slightly positive; after 2005 it has been slightly negative.
- The US had the highest TEA rate of G7 nations in 2009 at 8%, but this has dropped from a high of 12% in 2005.
- Three of the four BRIC countries have higher levels of entrepreneurial activity than the UK: Brazil (15.0%), India (11.5%: 2008 estimate) and China (18.8%).
- Russia (3.9%) had the lowest TEA rate among these nations in 2007.
- Conclusion: The UK's TEA rate has varied little during the period 2002 to 2009 and has tracked the G7 average very closely.

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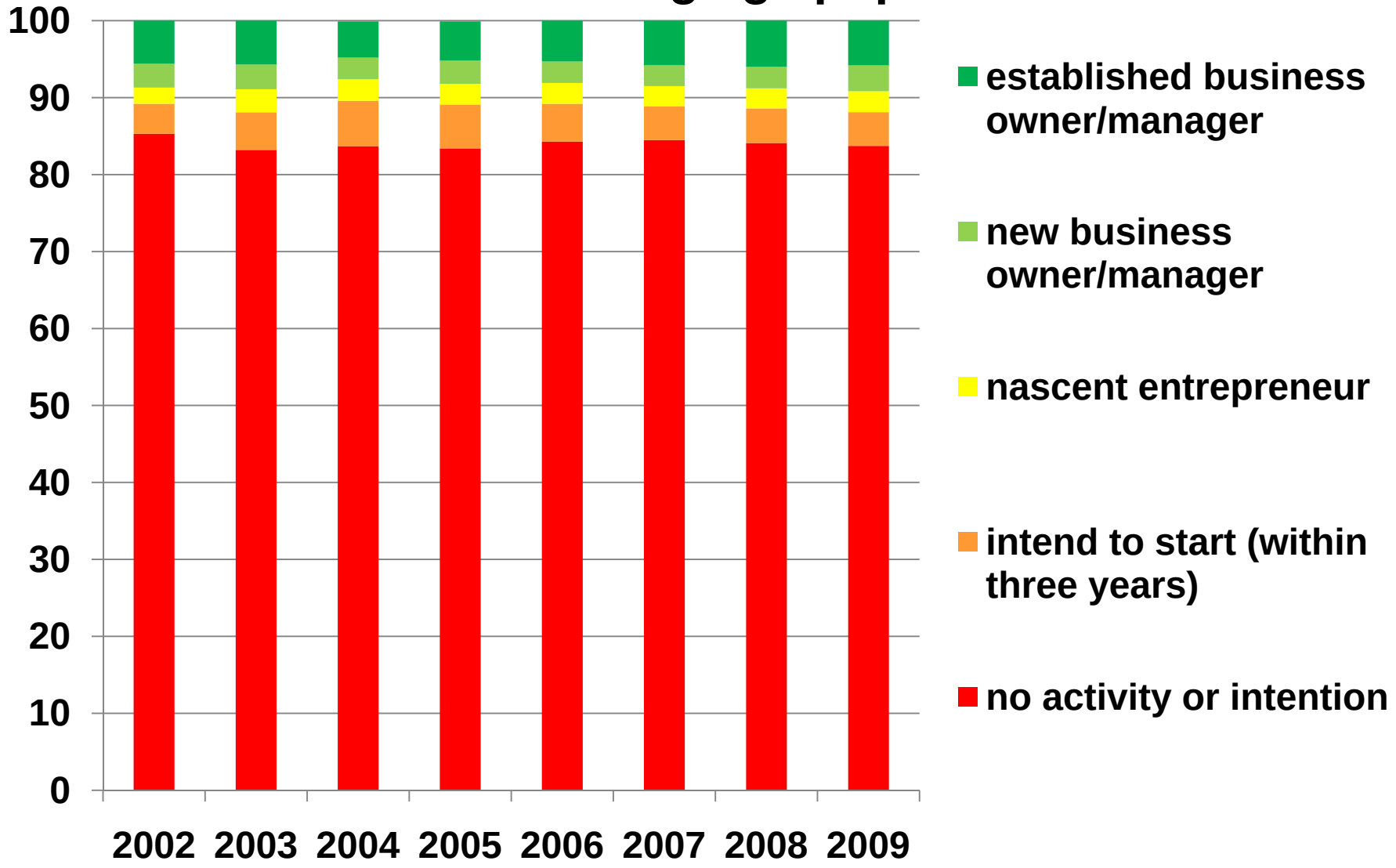
Participation in entrepreneurial activity

% of UK working age population



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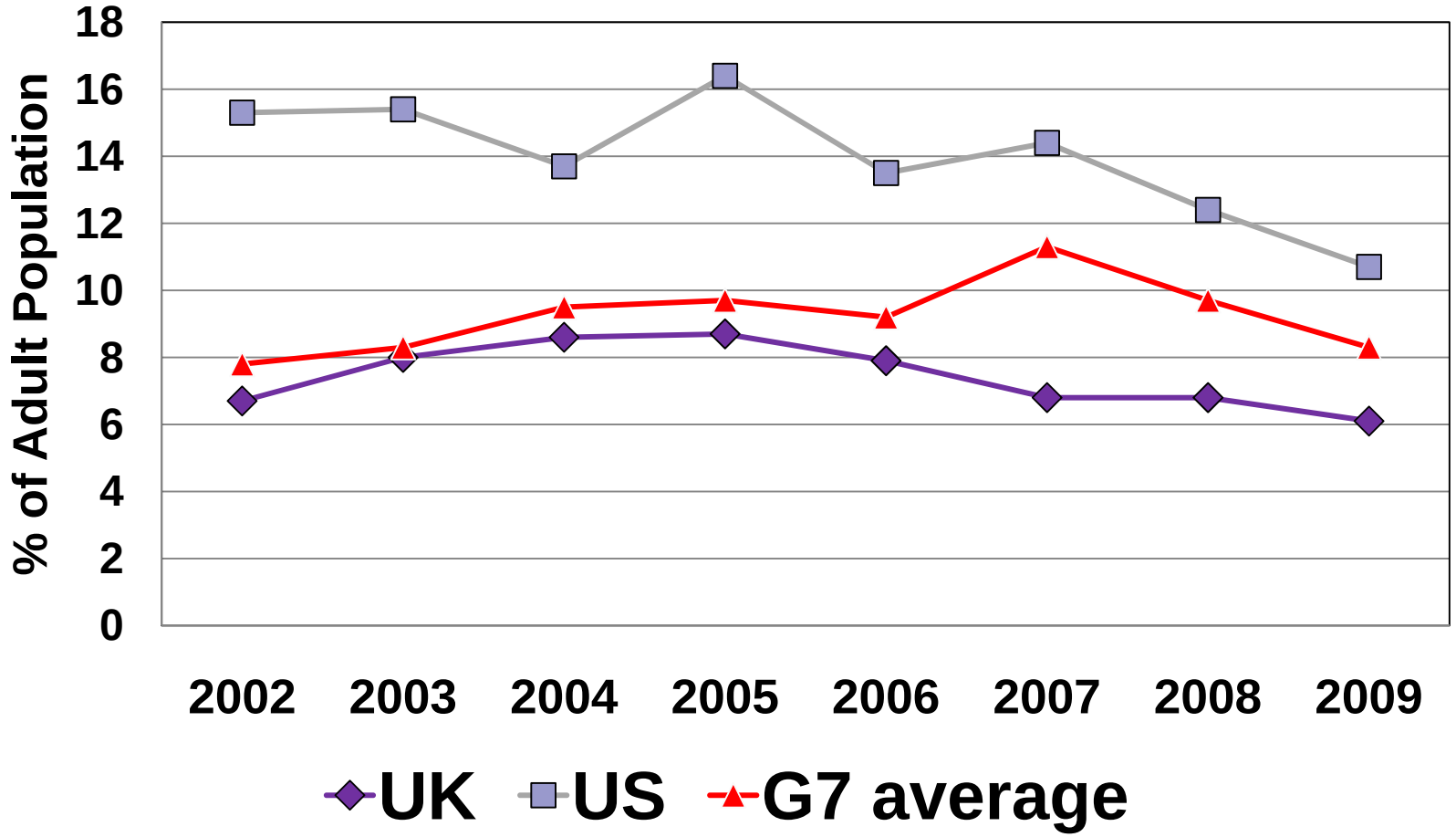
Intention to start in next 3 years 2002-2009



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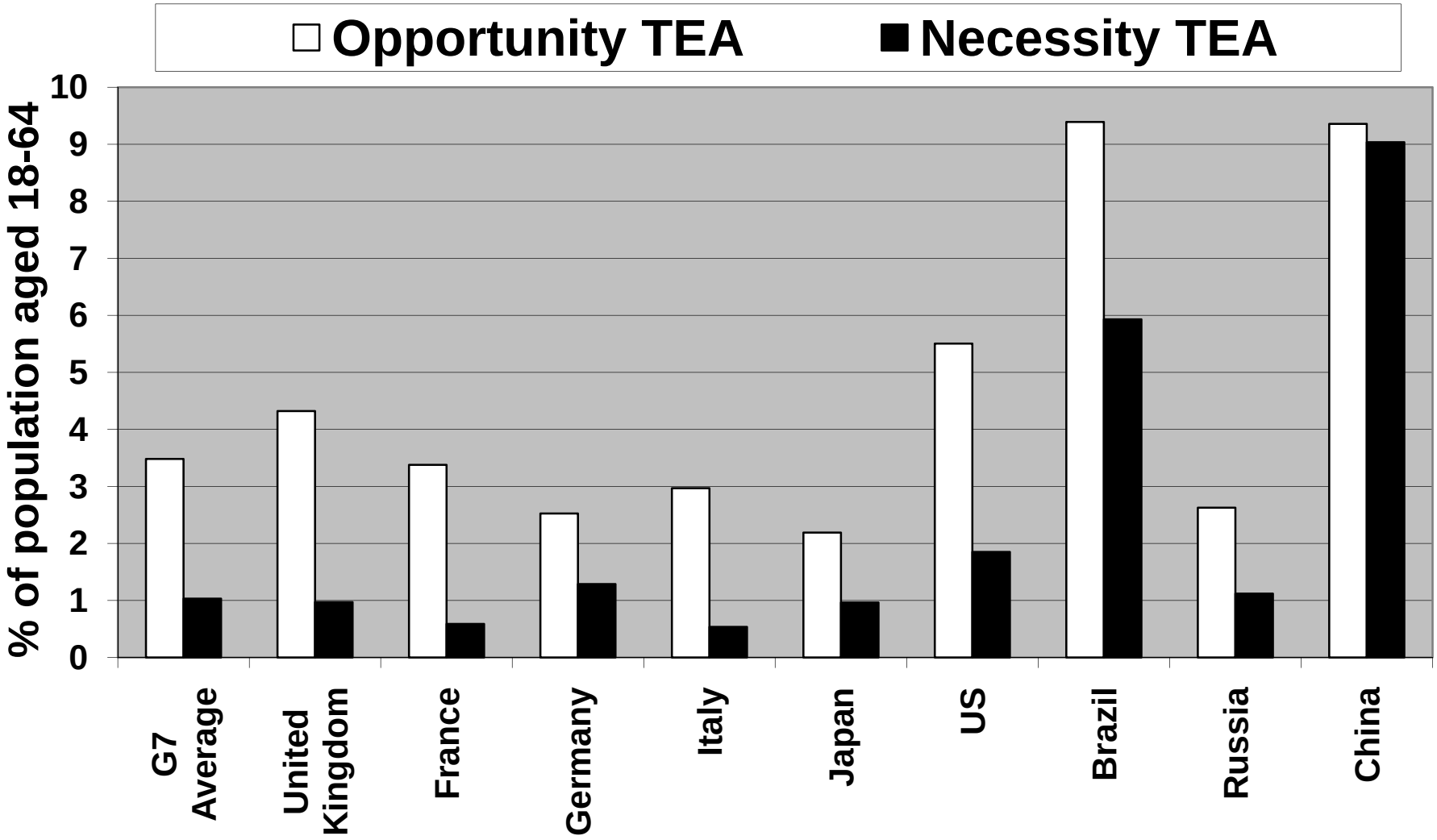
Opportunity and Necessity Entrepreneurship 2009



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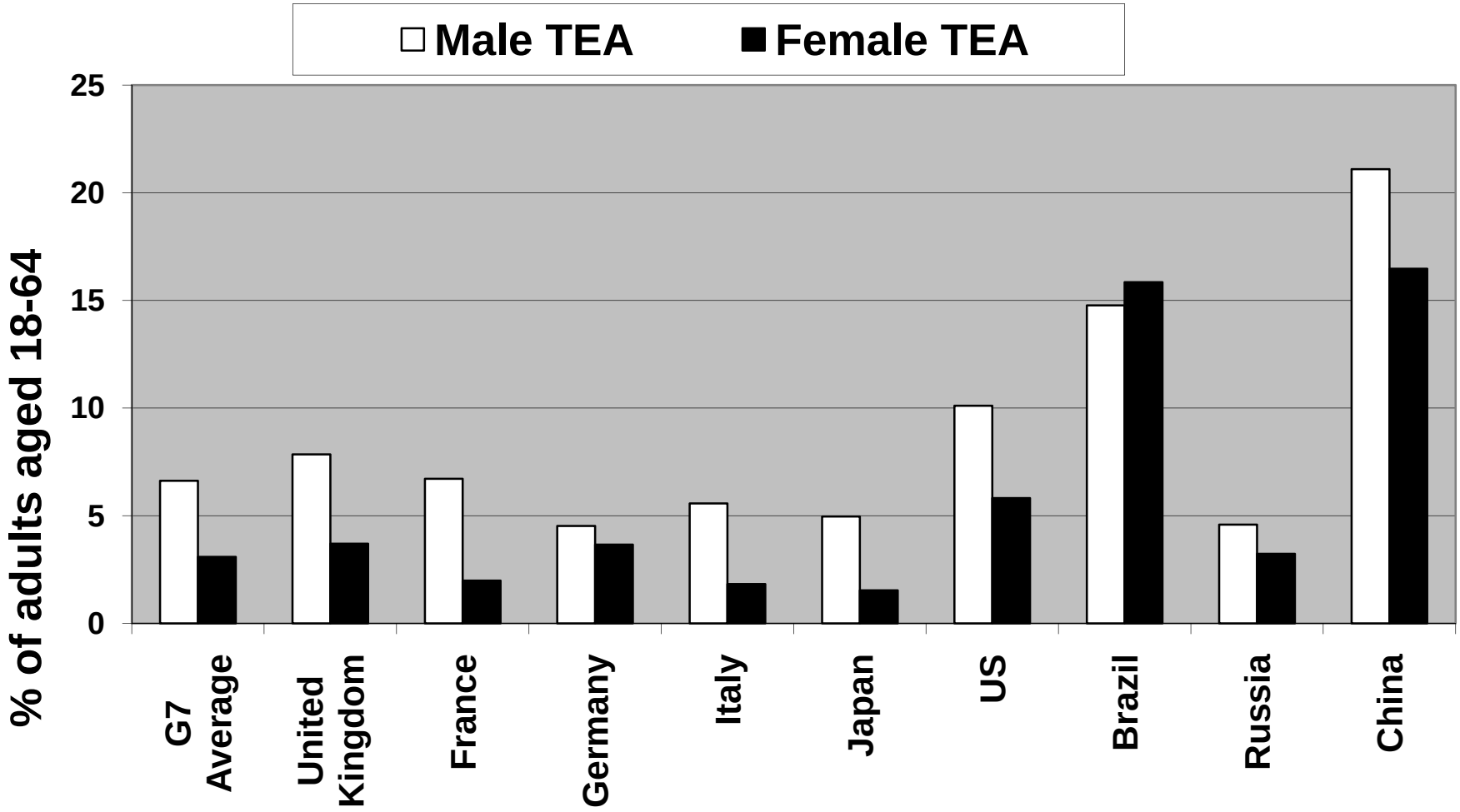
Female Early-stage Entrepreneurial Activity 2009



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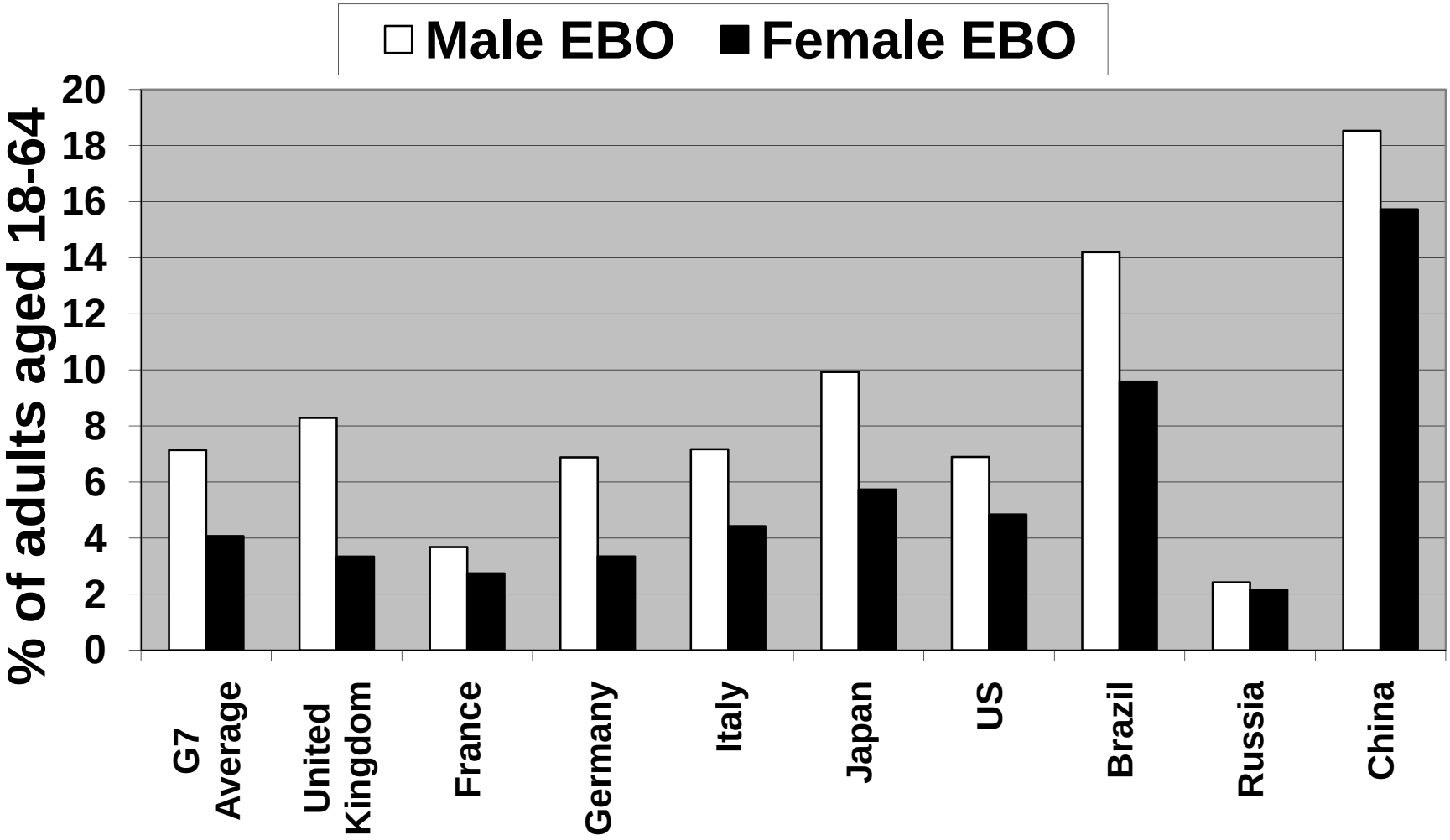
Female Established Business Ownership 2009



Gender - Summary Points

- In most high income countries, men are around twice as likely to be early-stage entrepreneurially active as women.
- In the UK the level of female early stage entrepreneurial activity was 47% that of males, the same as 2008: 3.7% compared to 7.8% for men.
- The female to male ratio is higher for established business ownership, except in the UK and Germany.
- But in Germany in 2009, the gender gap was much narrower than in the other G7 countries. This is because of a low male TEA rate in Germany.
- In the US the ratio of female to male TEA in 2009 was 57%, down from 70% in 2008.
- BRIC countries tend to have a higher ratio of female to male TEA than G7 countries

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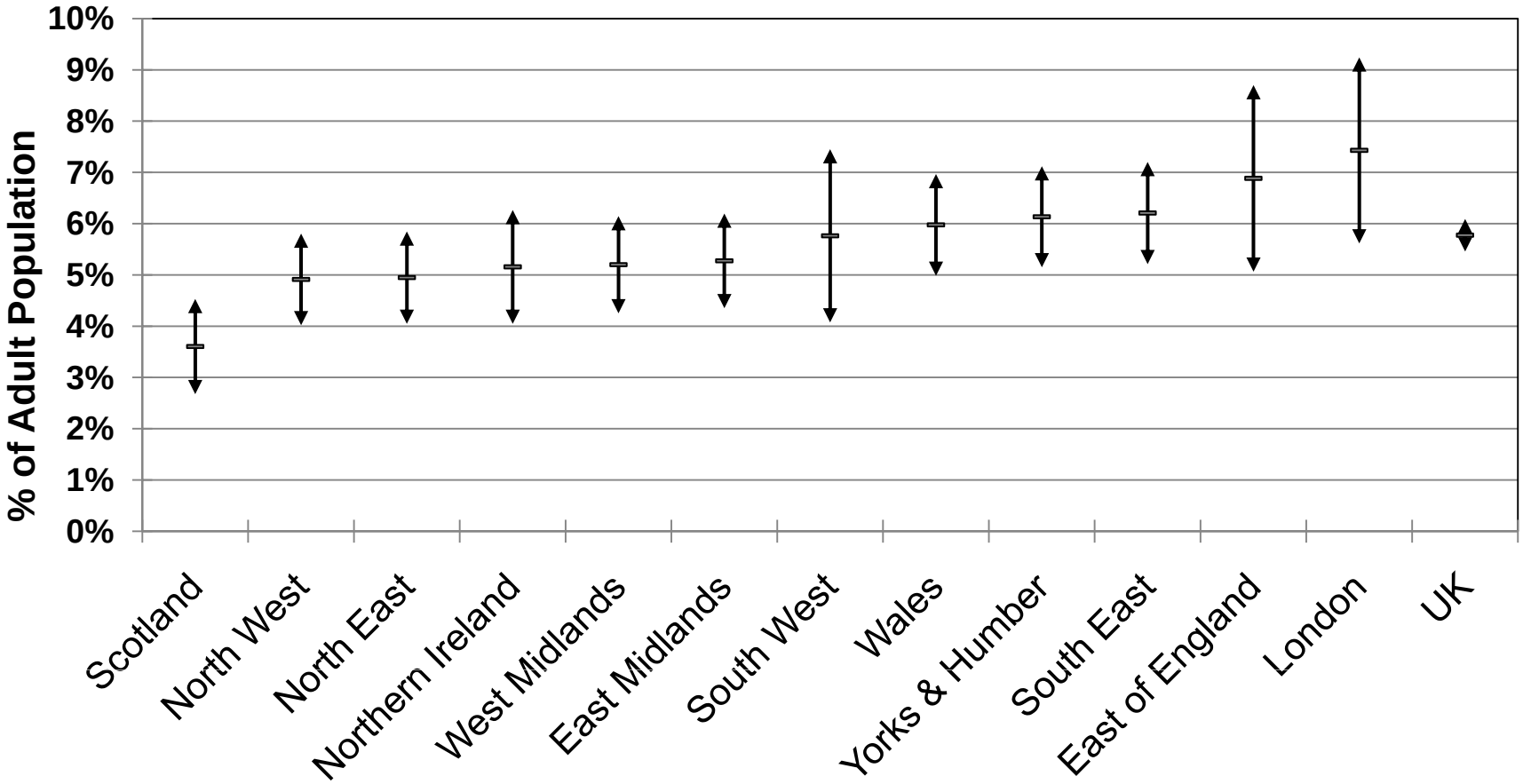
The UK Regions

- The distribution of TEA rates in 2009 was slightly wider than in 2007 but the only statistically significant difference was between Scotland (3.6%) and Wales (6%), Yorkshire & Humberside (6.1%), South East (6.2%), East of England (6.9%) and London(7.4%).



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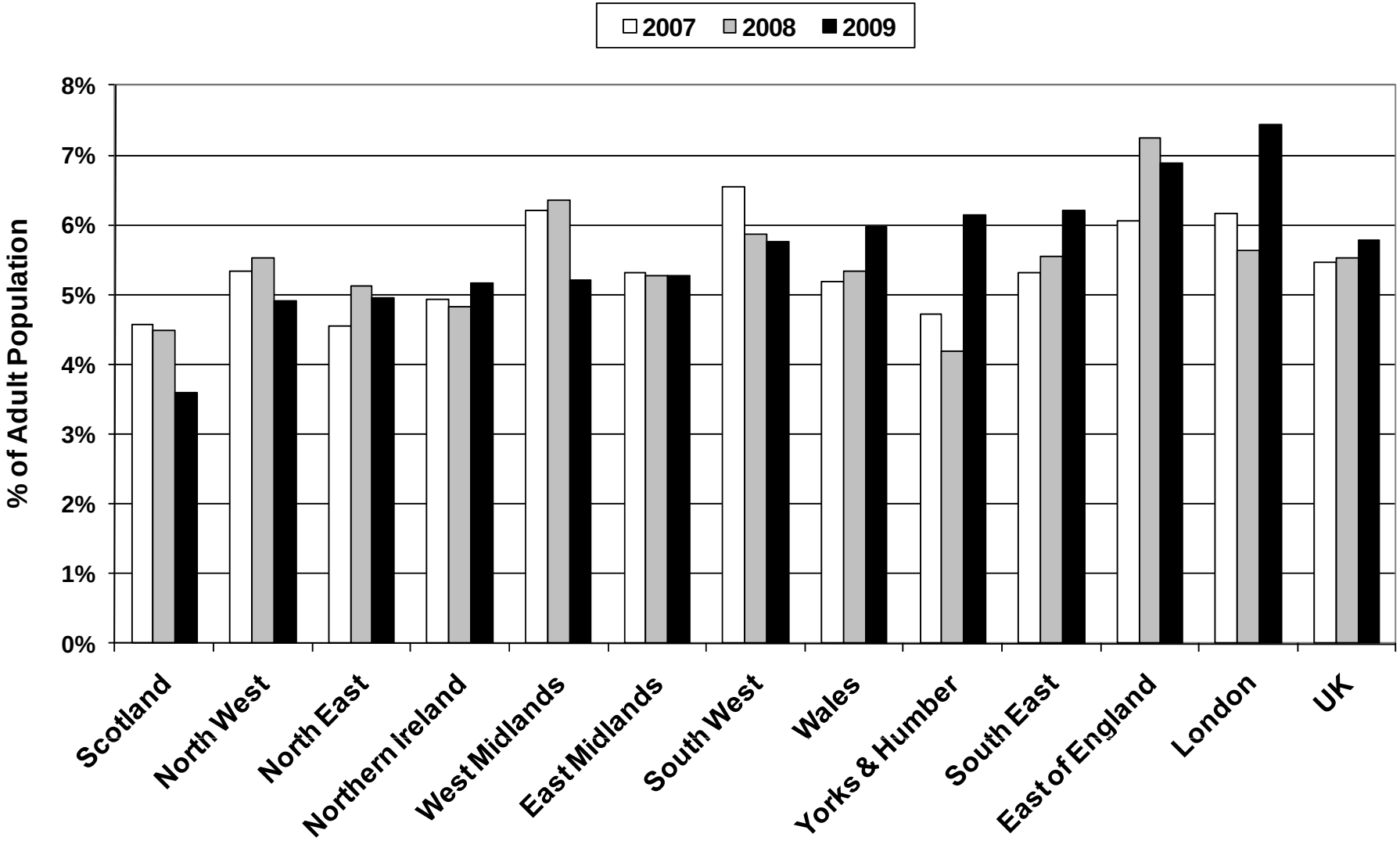
Have TEA rates changed since 2007 in the Regions?



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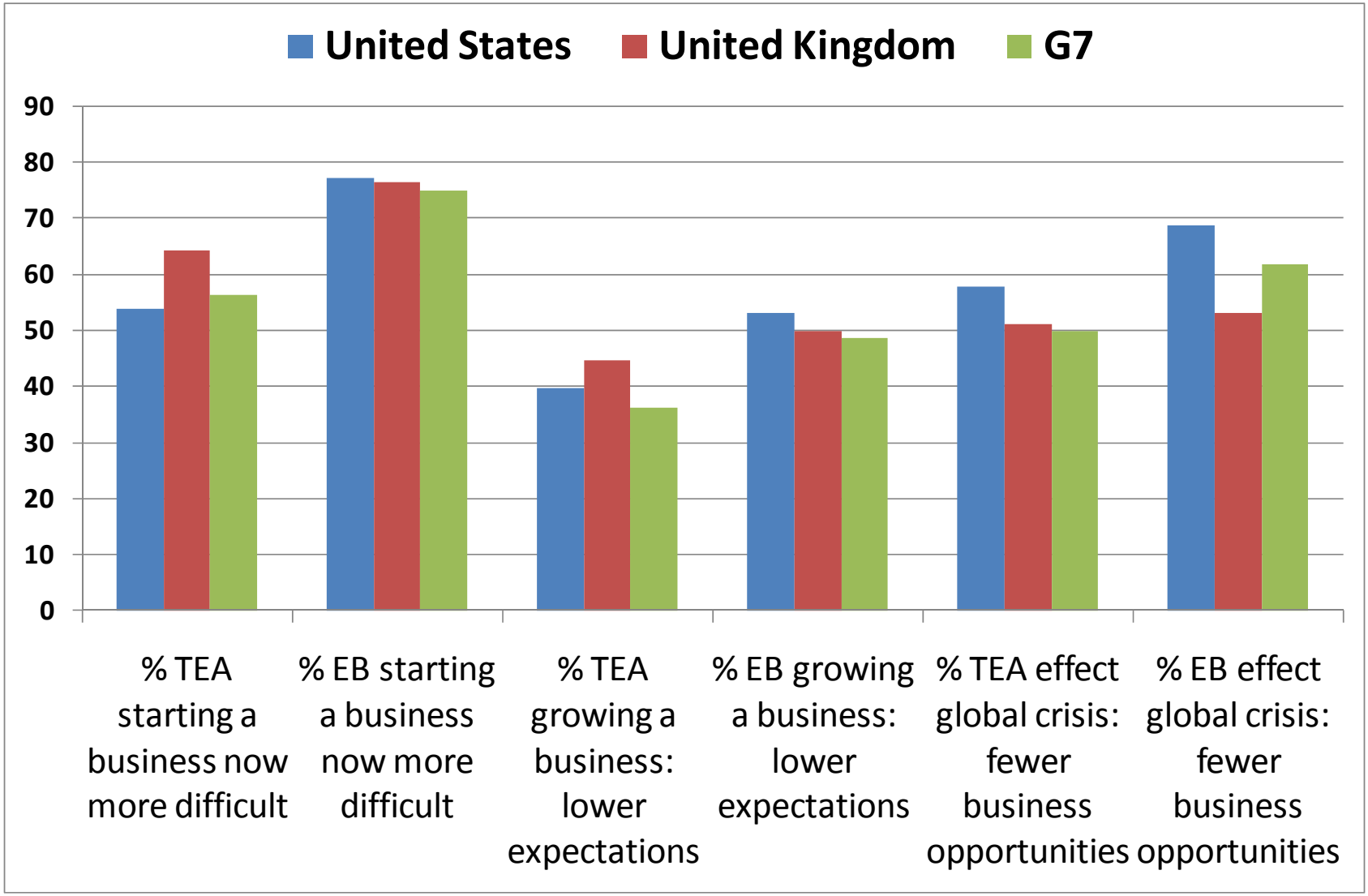
Impact of Recession on entrepreneurs



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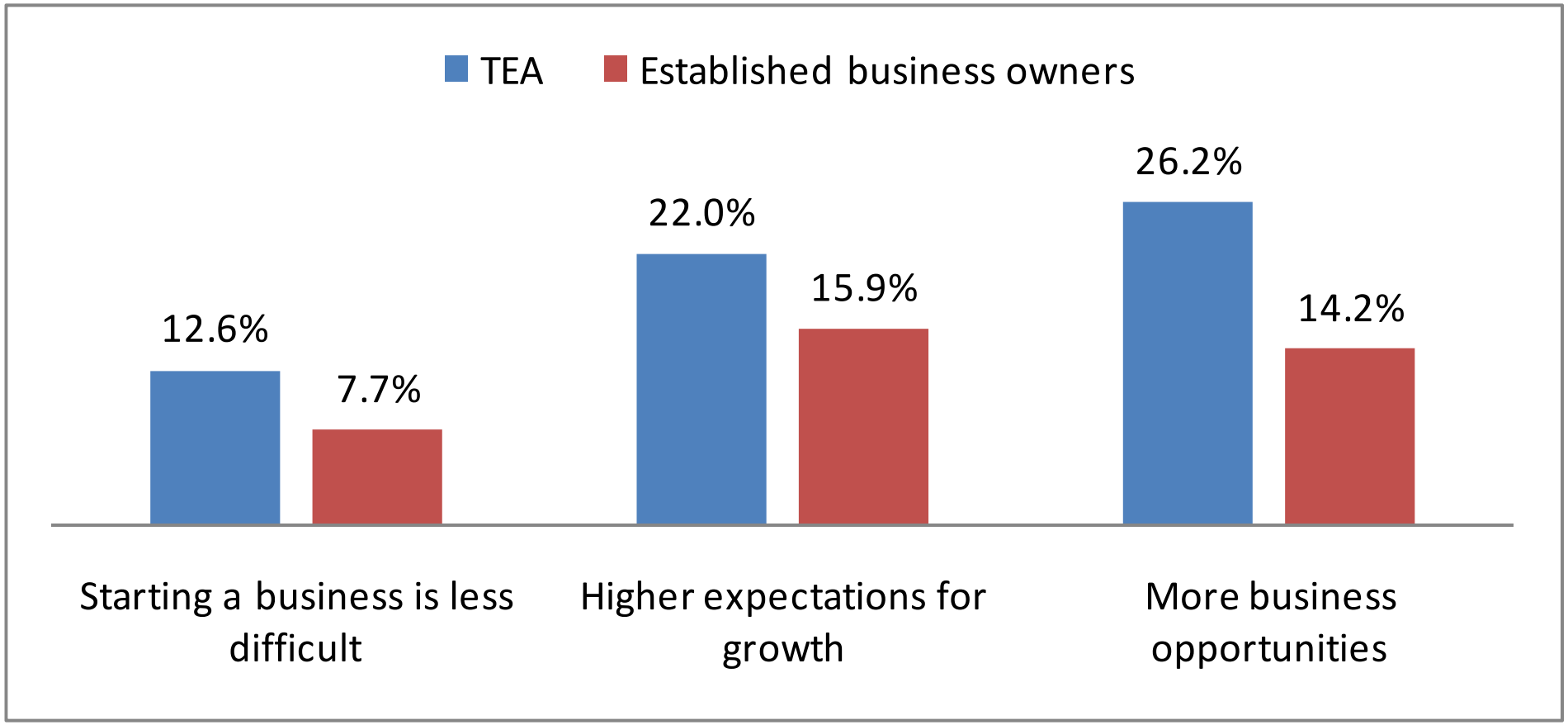
Impact of Recession: Silver linings?



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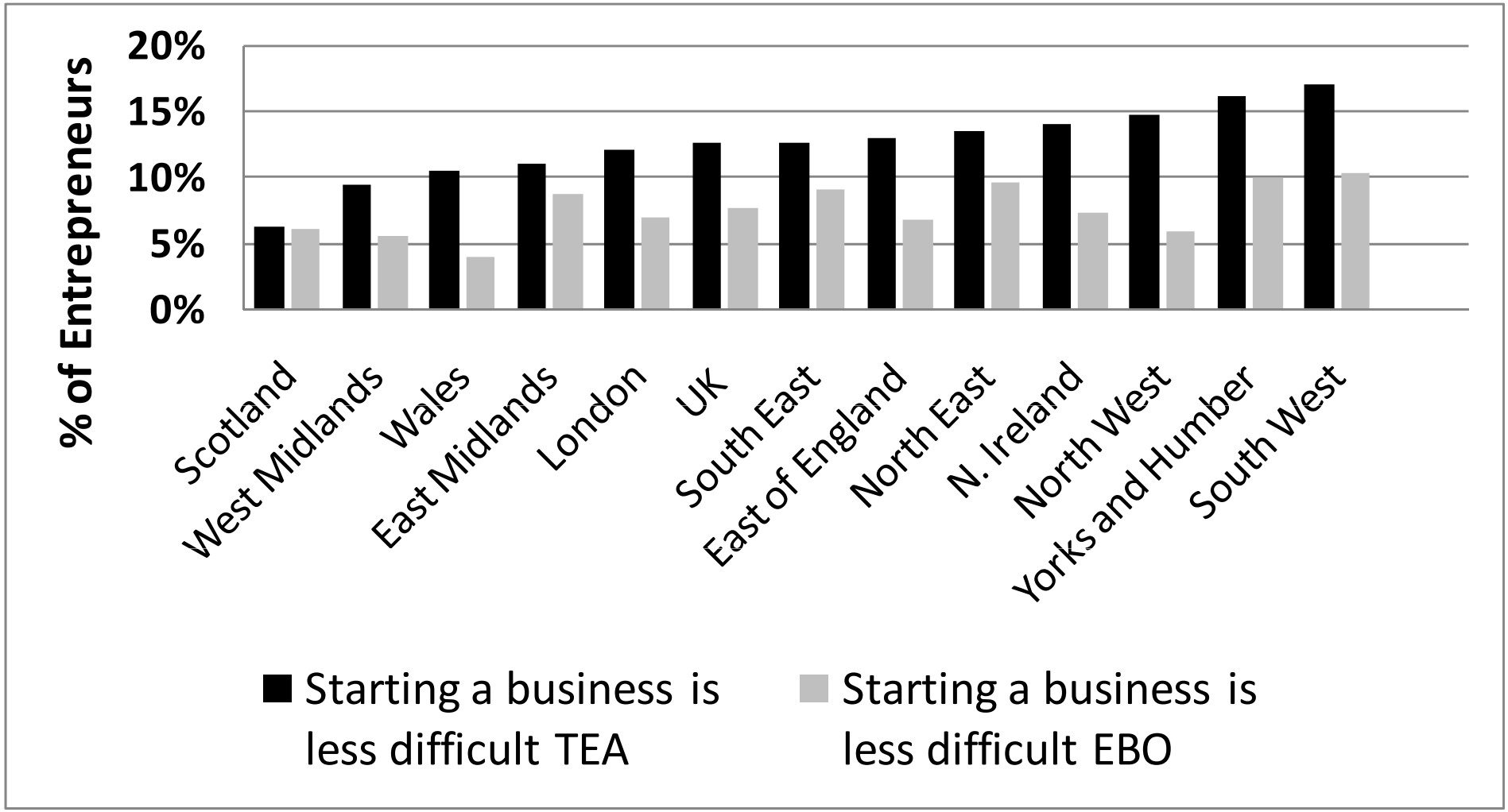
….and across the UK Regions



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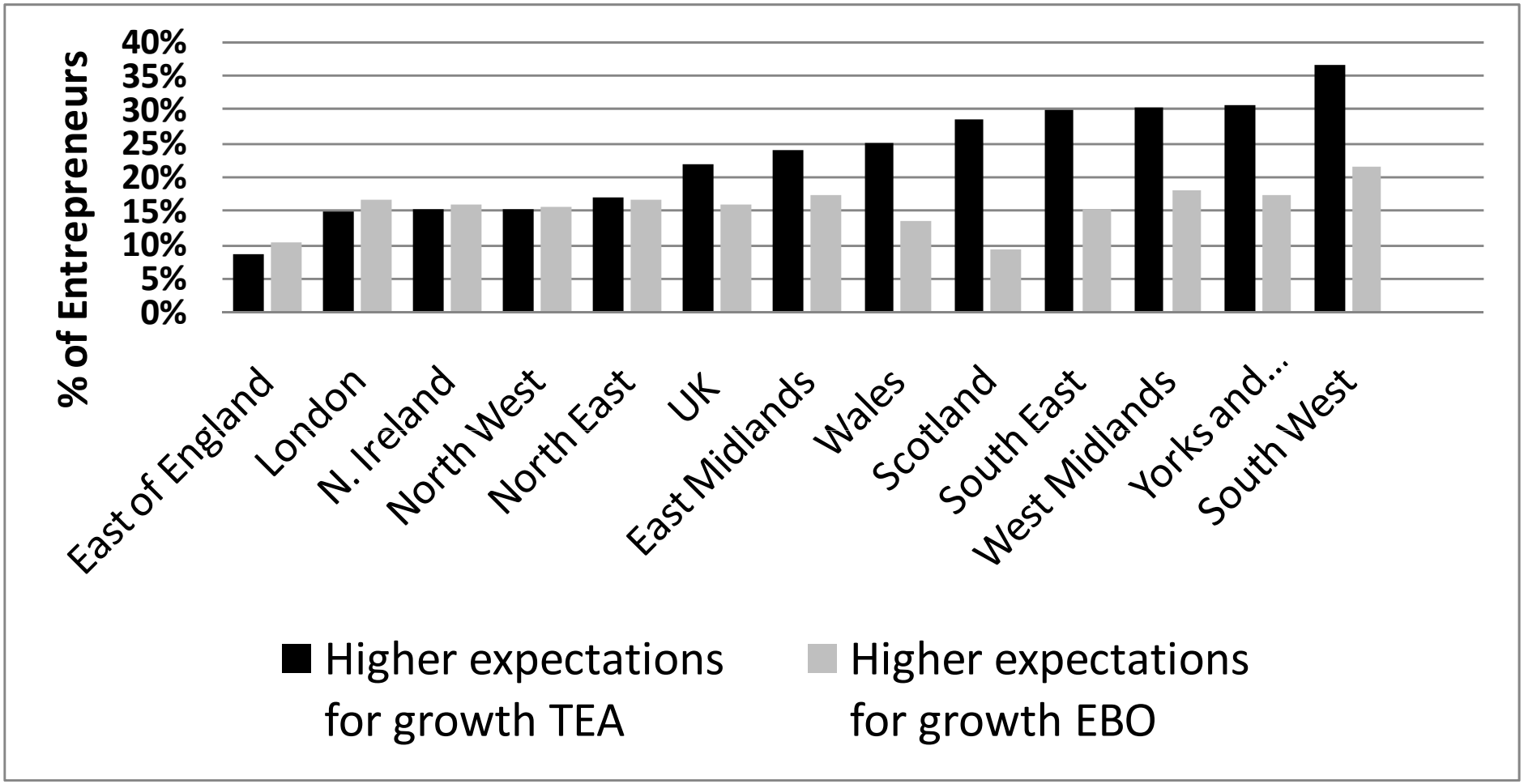
Growth Expectations



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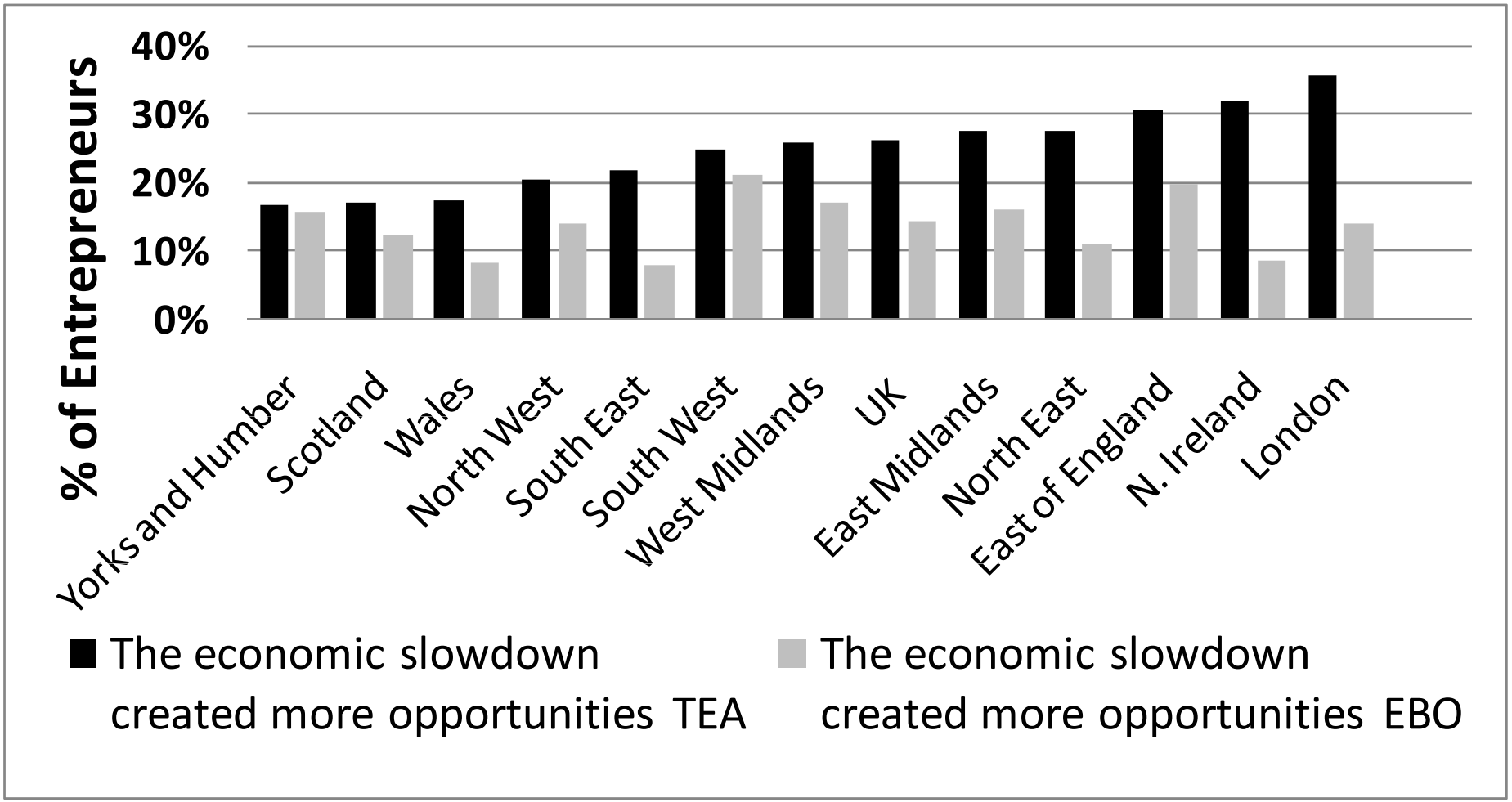
Opportunities in the Recession



Conclusions

- New business formation holding up, but sentiment among the non-entrepreneurially active population has declined – evident in opportunity perception and intention rates
- Females: Gender gap remains, and in the US it has widened
- Recession:
  - affecting perceptions of nascent and new entrepreneurs less than established business owners
  - Around a quarter of nascent and new entrepreneurs saw MORE opportunities and more prospects for growth than a year ago