

More Than Half of All Entrepreneurs Expect to Create Jobs in the Next Five Years

The 2016/17 Global Entrepreneurship Monitor (GEM) reports that entrepreneurship is on the rise globally and that building a positive global entrepreneurial ecosystem is key for job creation.

Fifty-five percent of entrepreneurs worldwide expect to create at least one job in the next five years - this according to the Global Entrepreneurship Monitor (GEM) 2016/17 Global Report.

Yet globally, many factors are in play that could hinder such entrepreneurial growth. These include sophisticated technologies and communications that may enable entrepreneurs to operate on their own, rigid labour regulations, poor availability of skilled or educated labour, limited access to entrepreneurial finance, and the decision to stay small to avoid the complexities of formalisation.

“The power of entrepreneurship to create jobs demonstrates its crucial importance to economic growth and stability around the world,” said Babson College Professor and GEM US Team Lead Donna Kelley. “Whether this means alleviating regulatory burdens or offering specialised financial support, policy makers and private stakeholders will need to direct their attention toward policies and practices that can together strengthen the ecosystem that supports the efforts and ambitions of entrepreneurs.”

GEM countries in the 2016 survey cover 69.2 per cent of the world’s population and 84.9 per cent of the world’s GDP. In its 18th consecutive year, the report continues to serve as the largest single study of entrepreneurs in the world.

Key findings of the latest GEM report

Over the past year, entrepreneurial activity remained stable or increased in approximately two-thirds of all economies surveyed in both 2015 and 2016. Average Total Early Stage Entrepreneurial Activity (TEA) rates (measured as the percentage of individuals aged 18-64 who are either a nascent entrepreneur or owner-manager of a new business) tend to be highest in factor-driven economies, decreasing with higher levels of economic development (17 per cent in factor-driven and 9 per cent in innovation-driven).

Regionally, TEA rates are highest in Latin America and the Caribbean and in Africa. In both regions, roughly one-fifth of adults are engaged in early-stage entrepreneurial activity. Europe reports the lowest regional TEA rates, with three of the four lowest rates in this region. Italy, Germany, Malaysia, and Bulgaria all fall below 5 per cent.

Innovation levels in an economy also tend to track the level of economic development. Regionally, innovation intensity is highest in North America at 39 per cent and lowest in Africa at 20 per cent.

The report finds a strong link between levels of entrepreneurship and perceptions of entrepreneurship as being a positive career choice – also that this is affected by the type and frequency of media coverage of entrepreneurs.

The GEM Global Report aims to provide academics, educators, policy makers, and practitioners with key insights into the interdependency between entrepreneurship and economic development. GEM recognises that there is no one-size-fits-all solution for promoting entrepreneurship across the globe. However, the report offers some suggestions that could serve as a basis for discussion about policies and practices that might support entrepreneurs and promote greater impact on their societies.

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- **GEM 2016/2017 Global Report:** <http://bit.ly/GEM1617rpt>
- **GEM 2016/2017 Global Report Executive Summary:** http://gemorg.bg/wp-content/uploads/2017/03/GEM_2016_17_Report_Executive_Summary_EN.pdf

About the Global Entrepreneurship Monitor (GEM)

The Global Entrepreneurship Monitor (GEM) was initiated in 1999 as a joint venture of Babson College and the London Business School. GEM is the largest and most developed research program on entrepreneurship in the world. GEM is unique because, unlike most entrepreneurship data sets that measure newer and smaller firms, GEM studies the behaviour of individuals with respect to starting and managing businesses. GEM academic teams in each participating economy are members of an exclusive research project that provides access to the collective knowledge of some of the world's most renowned researchers and institutions involved in entrepreneurship research. At a time in history when individual entrepreneurial activity may hold the key to transforming the global economy and discouraging ingrained economic disparity in countries with minimal economic opportunity, GEM data has influenced national economic policies and continues to expand its collaborative role.

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