GEM

GLOBAL ENTREPRENEURSHIP MONITOR

National Entrepreneurial Assessment for the United States of America

2011 United States Report

Donna J. Kelley • Abdul Ali • Edward G. Rogoff • Candida Brush • Andrew C. Corbett • Mahdi Majbouri • Diana Hechavarria

BABSON

Baruch COLLEGE The City University of New York

Zicklin School of Business

THE LAWRENCE N. FIELD CENTER FOR ENTREPRENEURSHIP

Global Entrepreneurship Monitor

United States Report 2011

The Global Entrepreneurship Monitor and the authors thank the individuals in the U.S. who took the time to answer survey questions.

Thank you to Stephen J. Adams for his insightful comments.

This report would not be possible without the Consortium of GEM National Teams who participated in 2011: Algeria, Argentina, Australia, Bangladesh, Barbados, Belgium, Bosnia and Herzegovina, Brazil, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Guatemala, Hungary, Iran, Ireland, Jamaica, Japan, Republic of Korea, Latvia, Lithuania, Malaysia, Mexico, Netherlands, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Romania, Russia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Trinidad and Tobago, Turkey, United Arab Emirates, United Kingdom, United States, Uruguay and Venezuela

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors

Table of Contents

List of Figures

List of Figures

Executive Summary

During the summer of 2011, the United States participated in the 13th annual cycle of the Global Entrepreneurship Monitor (GEM) research. Across the globe, 54 economies participated in the survey, spanning diverse geographies and a range of development levels. In the United States over 5,800 adults between the ages of 18 and 99 were interviewed.

AN ESTIMATED 29 MILLION ADULTS STARTING AND RUNNING NEW BUSINESSES IN THE UNITED STATES

The results suggest that entrepreneurship in the United States experienced a turnaround in 2011, after two years of decline during the economic downturn. The survey revealed that 12.3% of working age adults (18–64 years of age) were starting or running new businesses during 2011, an estimated 29 million people. This represents an over 60% jump in the U.S. entrepreneurship rate from 2010. A confident and ambitious group, nearly 40% of these entrepreneurs anticipate adding five or more employees over the next five years.

Established business ownership also increased in 2011, involving 9.1% of the working age population in the United States. GEM additionally assessed entrepreneurship among employees, estimating that 5.3% of working age adults were starting and running new businesses for their employers. Together, many Americans are involved in multiple phases of entrepreneurial activity across different contexts.

AN ENTREPRENEURIAL SOCIETY AND PROMISING TRENDS

Compared to 2010, more people reported they were intending to start businesses, exhibiting a positive future outlook for entrepreneurship. In addition, while GEM's entrepreneurship rate includes both those starting up and those running new businesses, the majority of these entrepreneurs were just in the process of starting. This suggests that lots of people were taking the leap into entrepreneurship in 2011 and many more intend to do so in the future.

Although remnants of a higher level of necessity-driven entrepreneurship remain from the previous two years, 2011 saw an increase in the proportion of entrepreneurs starting businesses primarily to pursue an opportunity. United States entrepreneurs exhibit a clear focus on the large and diverse domestic market, but the 2011 survey saw an upward trend in sales to foreign customers. The U.S. continues to exhibit an above average level of innovativeness for its development level.

Fear of failure continued its gradual creep upward, but Americans remain confident in their capabilities for starting businesses and are increasingly seeing opportunities for entrepreneurship. The percentage of entrepreneurs projecting to add more than five employees increased for the second year after plunging downward in 2009. Taken together with the increase in the number of entrepreneurs, these growth ambitions have a high potential for job creation in the United States.

A DRIVE TOWARD INCLUSIVENESS

United States entrepreneurs number eight women for every 10 men. While this is a higher proportion than the global average, other developed economies (Switzerland, Singapore) show equal or greater participation in this activity among women compared with men.

Related to the lower participation level among women is more pessimism about the presence of entrepreneurial opportunities and greater fear of failure. In addition, while less than half the women believe they have the capabilities to start, close to two-thirds of men do. Women also have slightly fewer affiliations with other entrepreneurs, who can provide inspiration, advice and contacts. Women overwhelmingly start consumer-oriented businesses, rather than knowledge- and capital-intensive service and transforming businesses.

Entrepreneurial intentions and nascent activity are highly prevalent among the younger age groups, particularly for men. Male youth and those in the first half of their careers have high perceptions about opportunities and confidence in their capabilities. They are less inhibited by fear of failure and are more likely to know an entrepreneur, compared to both women of their age group and the general population at older ages.

Entrepreneurship is more prevalent among the wealthy and educated, and entrepreneurs from these demographic categories are more likely to cite opportunity motives. Blacks have twice the rate of entrepreneurship as whites, and non-U.S.-born adults have a slightly higher rate than those born in the United States; however, these demographic groups represent a small proportion of the U.S. population. As a result, a majority of entrepreneurs are white, U.S. born, wealthy, educated and male.

DIVERSITY AT THE STATE AND REGIONAL LEVELS

In 2011, GEM launched its first effort to oversample U.S. states and regions in order to explore the

diversity of entrepreneurship in this country. The survey sample was increased in California and New York and in the Southeast and Great Lakes to total 1,000 adults for each state/region. The results provide an in-depth look at the similarities and differences in entrepreneurship around the United States.

California and New York show similar attitudes about the presence of opportunities and capabilities, consistent with national levels. In addition, the levels of entrepreneurship are nearly equal, and similar to the United States as a whole. Both states place a high emphasis on consumer-oriented businesses.

California is distinct, however, in having a high proportion of adults intending to start businesses, suggesting a positive outlook for entrepreneurship in the future. The results also support the notion of innovative, opportunity-motivated, high-income entrepreneurs in this state. Besides those in consumer businesses, there are also many in the business services sector, which indicates an emphasis on knowledge intensity here. Projected growth in employment is only average, however, perhaps indicating that California's entrepreneurial potential is less associated with high employment prospects.

New York entrepreneurs are slightly more innovative than the national average, but have a lower level of international trade and low growth projections, which might also be reflected in its higher fear of failure rate. In addition, women participate in entrepreneurship at less than half the level of men.

The Great Lakes and Southeast regions have similar entrepreneurship rates as the national average, but each exhibits distinct qualities. Both regions have fewer entrepreneurs in the middle income category, while the Southeast has more low income entrepreneurs, and the Great Lakes shows more high income entrepreneurs. The Great Lakes exhibits an emphasis on manufacturing, while the Southeast has more business service activity.

Prospects for entrepreneurship look comparatively more favorable in the Southeast. The adult population has a somewhat lower fear of failure than the national average, and entrepreneurs are more likely to pursue growth and international sales. The Great Lakes, on the other hand, has generally low perceptions about the presence of entrepreneurial opportunities.

In all, the two states and two regions show aspects of entrepreneurship that are similar to national averages, but distinct qualities indicative of regional differences, highlighting the diversity of entrepreneurship in the United States.

KEY RECOMMENDATIONS

1. Recognize the mutual relationship of entrepreneurship and economic conditions.

2. Address the multidimensional nature of entrepreneurship.

3. Build globally competitive U.S. entrepreneurs.

4. Broaden access to under-participating groups, particularly women.

5. Address entrepreneurship at the state and regional level.

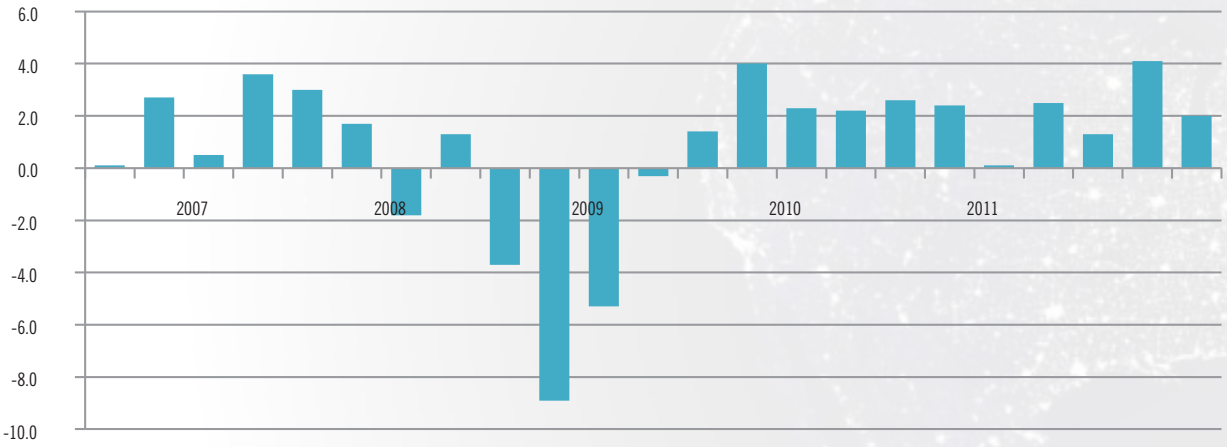
Introduction

THE U.S. ECONOMY FROM 2008 THROUGH 2012

In 2008, the U.S. economy fell into its worst economic downturn since the Great Depression of the 1930s. This downturn, later called the 2008 financial crisis, was most likely initiated from the burst of the housing bubble in mid-2006, and the liquidity crunch in the shadow banking system[1] in late 2007. There is no consensus on the immediate or root causes of this crisis; even the Financial Crisis Inquiry Commission arrived at three different conclusions. For a very good review of all the different narratives of the causes of the 2008 financial crisis please see Lo (2012).[2]

What is certain is that this financial crisis was a serious threat to the U.S. and global economic growth. Figure 1 shows the quarterly growth rate in the U.S. GDP per capita (seasonally adjusted annualized rates). According to National Bureau of Economic Research (NBER) Business Cycle Dating Committee (the authority on dating business cycles), the U.S. economy officially went into recession in December 2007. The growth rate in the first quarter of 2008 became negative (-1.8% seasonally adjusted annual rate), but the last two quarters of 2008 and the first quarter of 2009 were the worst time of the recession. In the last quarter of 2008, the economy shrank by 8.9% (annual rate).

Figure 1—Quarterly Real Growth Rate (Seasonally Adjusted Annual Rates)



The response to the crisis was complex along many dimensions. In the first steps, the U.S. government bailed out a variety of firms in a program known as the Troubled Assets Relief Program (TARP). The aim of the program was to restore liquidity and confidence to the financial markets and the economy. In the next steps, governments around the world implemented stimulus packages by borrowing and investing in various programs. These packages increased the government demand for goods and services and as a result ramped up production in the economy. The aims of these programs were to increase production, create jobs and achieve higher employment levels. The United States alone enacted two stimulus packages for a total of about $1 trillion in 2008 and 2009. The American Recovery and Reinstatement Act (ARRA) of 2009 was signed into law on February 17, 2009, and included about $787 billion in spending on infrastructure, education, health, energy, federal tax incentives, and unemployment benefits.

On the other hand, banks were very wary of giving out credit. The U.S. Federal Reserve and the central banks around the world bought more than $2.5 trillion of government debt and troubled assets from banks to free up credit. They increased money supply to avoid the risk of deflation. Deflation eventually lowers wages, which coupled with unemployment would reduce aggregate demand for goods and services and worsen the recession. Several regulatory legislations were also introduced to solve the vulnerabilities of the financial system in the long-run and avoid another similar crisis in the future.

[1] "Shadow banking system" is referred to parts of the financial industry that are outside the vision of regulators and are not in their direct control. It refers to money market funds, investment banks, hedge funds, insurance companies, mortgage companies, and government sponsored enterprises.
2 Lo, Andrew W., Reading About the Financial Crisis: A 21-Book Review (October 26, 2011). Available at SSRN: http://ssrn.com/abstract=1949908 or http://dx.doi.org/10.2139/ssrn.1949908

As the result of all these intermediations, the economy started growing in the third quarter of 2009 and the NBER Business Cycle Dating Committee officially announced the end of recession as occurring in June 2009. Since then, the quarterly growth rate has been positive for all quarters and even surpassed 4% (seasonally adjusted annual growth rate) in two quarters (see Figure 1).

Despite these achievements, unemployment levels remained close to 10% after the official end of recession and well into 2010. In the last quarter of 2011, the unemployment rate started to fall to about 9% and eventually went below that in late 2011. Since the 2011 survey was conducted, the unemployment rate fell to about 8% in the beginning of 2012, its lowest since 2009 (see Figure 2).

By investing in infrastructure programs, the stimulus packages were mainly trying to create jobs for the less educated. Yet unemployment rates remained high among those with lower levels of education. In 2011, for example, the unemployment rate for those with less than a high school education was about 14.1%, while for high school graduates it was 9.4%. For those with associate degrees it fell to 7% and for those with a bachelor degree or higher it was 4.3%. These rates are almost the same for both men and women.[3] Figure 3 shows the average unemployment rates in 2011 at the state level.

Figure 2—Unemployment Rate, in Percentages

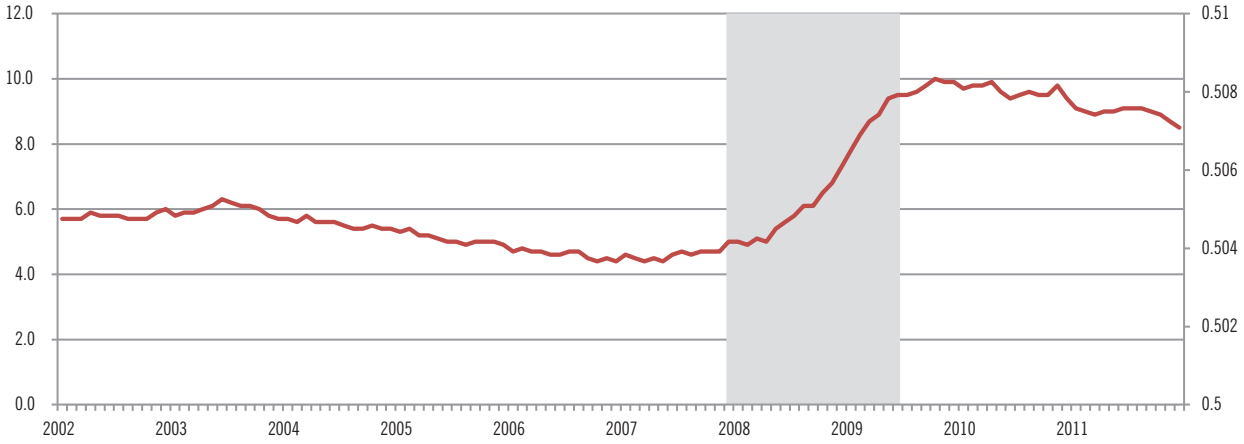
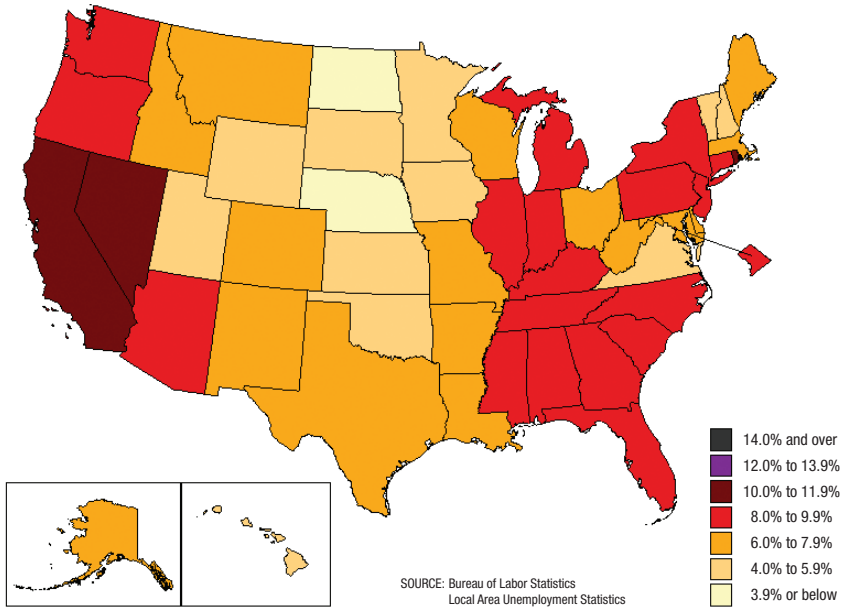


Figure 3—Unemployment Rates by State, 2011 Annual Averages (U.S. rate = 88.9 percent)



[3]The unemployment rates by education levels are from the labor force statistics of the Current Population Survey by the U.S. Bureau of Labor Statistics and can be retrieved here: http://www.bls.gov/cps/cpsaat07.htm

Nevada, California, and Rhode Island have the largest unemployment rates at 13.5, 11.7, and 11.3 percent respectively. As shown, the majority of unemployment was in the west and southeast.

As mentioned above, the U.S. economy went into recession in December 2007, but took a particularly sharp downward turn in the third quarter of 2008, just as the 2008 survey was being completed. The longitudinal analyses in this report will focus on this period, from 2008 through 2011.

THE GLOBAL ENTREPRENEURSHIP MONITOR

Since 1999, the Global Entrepreneurship Monitor has conducted annual adult population surveys (APS) in economies across the globe. These surveys are administered by national teams in each participating economy, with central oversight by the GEM coordination team. The GEM U.S. team is based at Babson College in Massachusetts, in partnership with Baruch College in New York.

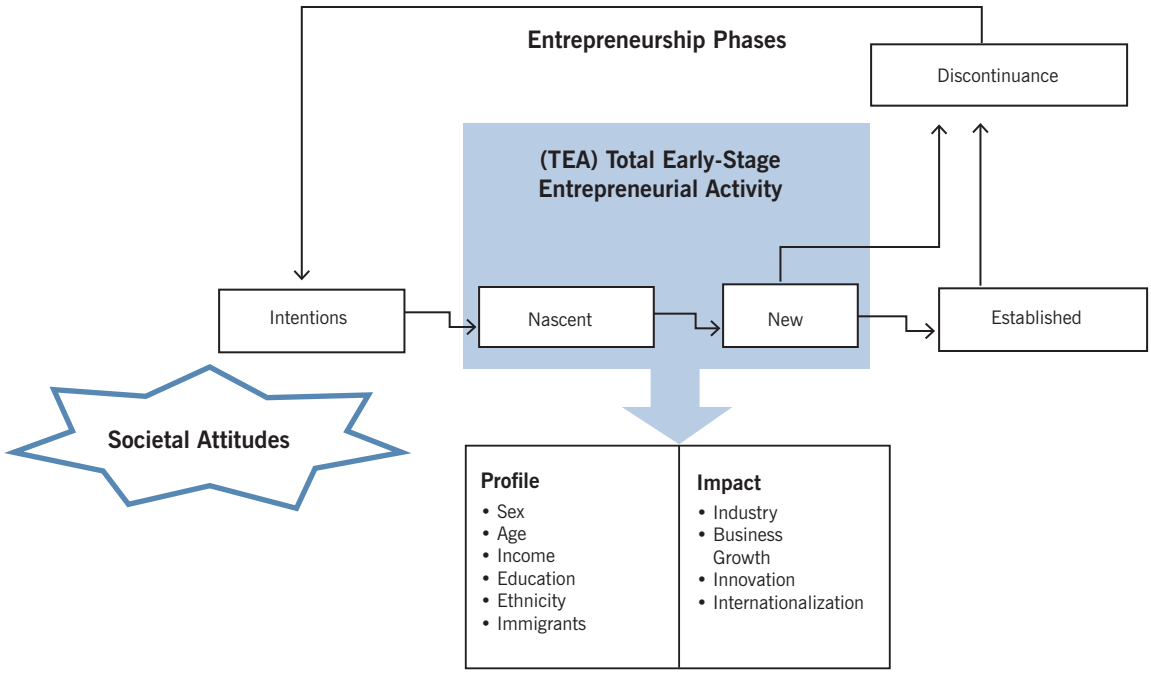
GEM was founded on the precept that, despite growing recognition regarding the importance of entrepreneurship to economic development, there was little understanding about the individuals that start businesses worldwide. GEM surveys include those individuals running both formal and informal businesses, overcoming problems with studies focused on firm registrations. It also tracks entrepreneurship through a range of stages and assesses societal attitudes with regard to this activity. In addition, this research examines characteristics of the entrepreneurs, such as their profiles, motivations, and the impact they can have on their societies.

Additionally, with 13 years of data collection, GEM can exhibit longitudinal changes in the rate and nature of entrepreneurship in many economies. Through GEM's harmonization processes, comparisons can be made with other participating economies. As such, GEM provides a comprehensive look at entrepreneurship around the world and over time, offering valuable insight for academic scholars, policy makers, educators, and practitioners.

GEM MEASURES

GEM's entrepreneurship indicators are illustrated in Figure 4. These include societal attitudes toward entrepreneurship, participation in multiple phases of the entrepreneurship process, and profile and impact indicators. Contained within this figure is a key measure of GEM: total early-stage entrepreneurial activity (TEA), which comprises nascent entrepreneurs in the process of starting a business as well as new business owners.

Figure 4—The GEM Model of Entrepreneurship Attitudes, Phases and Profile



A healthy entrepreneurial society contains individuals participating at multiple phases of the process. In order to have entrepreneurs, for instance, a society needs people willing to venture into this activity. Nascent entrepreneurs, if successful, become new business owners, and so forth. There needs to be some element of sustainability to encourage people to venture into this activity and to allow once-fledgling startups to create ongoing value for current and new stakeholders. Established entrepreneurs are therefore also necessary.

The arrows connecting different phases (intentions, nascent, new, etc.) in Figure 4 are uneven as a reminder that although each phase draws on those graduating from earlier phases, some in these earlier phases might not progress to the next. For example, not everyone starting a business will become a new business owner.

Two main characteristics provide additional detail on those individuals participating in TEA. First, indicators relating to profile tell us who is participating in entrepreneurship in the U.S., making it possible to discern whether all societal groups are engaging in this activity. Second, GEM recognizes that all entrepreneurs are important, but they can impact their societies to differing degrees. Elements like industry participation, growth ambitions, innovation, and internationalization show the contribution entrepreneurs can make toward job creation and national competitiveness.

Finally, Figure 4 includes societal attitudes, which indicate the extent a society possesses a ready supply of potential entrepreneurs and like-minded stakeholders that can support them and participate in their efforts. These indicators exhibit the degree to which people see opportunities, believe they are capable of starting a business, are willing to take risks, and have affiliations with entrepreneurs. Societal-level views toward entrepreneurship are key measures of an economy's entrepreneurial potential and support.

ECONOMIC DEVELOPMENT LEVELS

When examining the rate and nature of entrepreneurship globally, it's useful to acknowledge differences across levels of economic development and to examine economies within a particular development stage. GEM groups the participating economies based on GDP per capita and the share of exports comprising primary goods, following the World Economic Forum's (WEF) Global Competitiveness Report[4].

The earliest stage of development contains the factor-driven economies, which are characterized by subsistence agriculture and extraction businesses, and an accompanying reliance on labor and natural resources. At the middle stage of development are the efficiency-driven economies; here, industrialization has taken hold and capital-intensive large organizations have become more dominant as competition becomes increasingly reliant on economies of scale.

The United States is grouped with the advanced countries in the innovation-driven phase of development. Businesses at this development stage are more likely knowledge intensive, with an expanding service sector. In 2011, 23 innovation-driven economies participated in GEM. Besides the United States, these economies come from Western Europe and the Asia-Pacific region, and also include the United Arab Emirates in the Middle East.

HOW TO USE THIS REPORT

Since 1999, GEM has served as a distinctive and valuable source of data on entrepreneurship for a variety of audiences. GEM has provided the basis for innumerable academic studies, with publications in peer reviewed journals, books, and other research outlets. The study has garnered the interest of journalists around the world, appearing in such prestigious publications as the *Wall Street Journal, The Economist, Financial Times, The Huffington Post,* and *Business Week*.

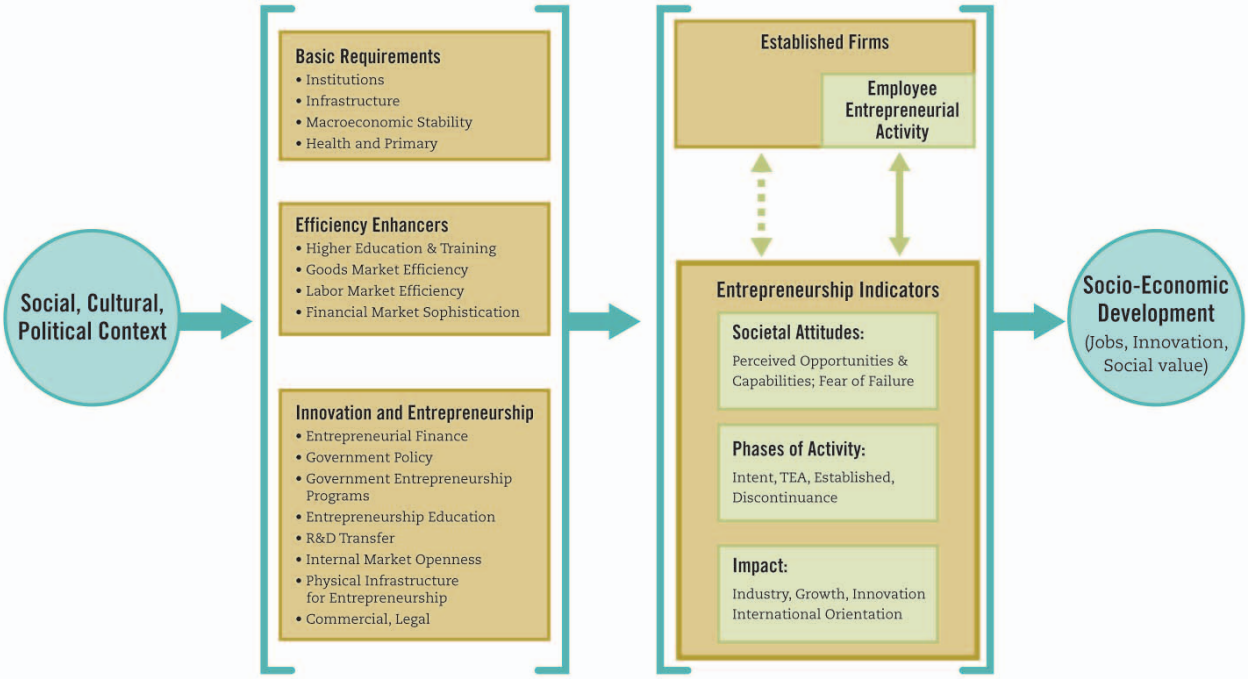
Educators around the world use GEM reports and data in their classes. Policy makers draw on GEM data to take the pulse of entrepreneurship in their districts and inform policy discussions and decisions. GEM is a frequent and popular topic of presentations around the world; in the United States, this has recently included the U.S. State Department, the World Bank, and the National Governor's Association.

This report marks the beginning of GEM U.S.'s study of entrepreneurship at the state and regional level. The team oversampled two states (California and New York) and two regions (Southeast and Great Lakes) in 2011 and will oversample three states (Florida, Ohio and Texas) in 2012. This data will provide more finely grained information on the rate and nature of entrepreneurship, including comparisons across states/regions and with national averages. It is the ambition of GEM U.S. to eventually acquire sufficient sponsorship to survey every state.

Much of the focus on enhancing entrepreneurship in a society is targeted toward the ecosystem—the mix of factors in the environment that directly or indirectly clear a path (or present obstacles) for entrepreneurs. The determinants of entrepreneurship

[4] http://www.weforum.org/issues/global-competitiveness

Figure 5—The Ecosystem and Role of Entrepreneurship in Society



Source: 2011 Global Entrepreneurship Monitor (GEM) United States Report

are complex and not well understood to the extent that specific variables can be tied to the rate or profile of entrepreneurship in a particular economy. The entrepreneurial ecosystem, however, is of critical significance to the study of entrepreneurship because it can represent conditions that entrepreneurs must navigate and levers that policy makers can address.

Figure 5 illustrates how entrepreneurship in a society is influenced by its ecosystem and, in turn, impacts economic development. The ecosystem conditions have been adopted from the World Economic Forum's (WEF) Global Competitiveness Report[5], and include basic requirements, efficiency enhancers, and innovation and entrepreneurship factors (the latter set of factors further modified by GEM). These conditions represent those that can have some bearing on the GEM entrepreneurship measures: societal attitudes toward entrepreneurship, who and how many participate in various phases of this process, and the impact of entrepreneurs on their economies.

Policy makers might consider the health of their entrepreneurship ecosystem and the extent to which conditions could impact people's willingness to venture into entrepreneurship, their ambitions for these ventures, and their ability to sustain their businesses over time. Comparisons of GEM results across states, regions, and economies, as well as over time, can provide the basis for discussions on what may or may not work in stimulating entrepreneurship in an area.

A key aim of GEM is to inform academic scholars, educators, policy makers and practitioners about the frequency and nature of entrepreneurship in and across economies worldwide, to encourage better understanding, support, and conditions that allow entrepreneurship to thrive.

[5]Schwab, Klaus, ed. The Global Competitiveness Report 2011–2012. Geneva: World Economic Forum, 2011.

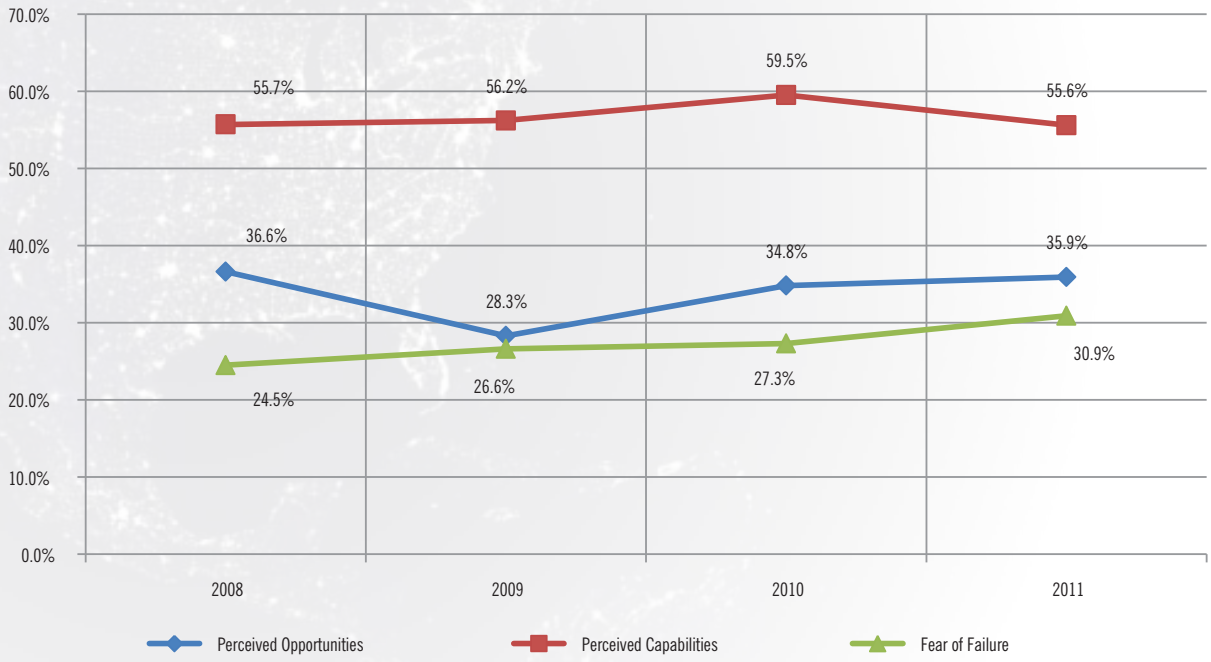
SOCIETAL ATTITUDES

Many people around the world see the United States as the model of an entrepreneurial society, with Silicon Valley as the example of a truly entrepreneurial ecosystem—one that numerous countries attempt to emulate. There are many factors contributing to a nurturing entrepreneurial ecosystem, and the presence and complexity of these factors make this phenomenon difficult to untangle and duplicate. But one set of indicators that are both influenced by this ecosystem and influencers of entrepreneurial activity relate to societal attitudes with regard to entrepreneurship.

Figure 6 shows three key attitude measures tracked in GEM: (1) the percentage of the adult population that believes there are many opportunities for entrepreneurship in one's area, (2) the extent those seeing opportunities would be dissuaded by fear of failure, and (3) the percentage of the adult population that believe they have the capabilities for starting a business.

A few qualifiers are important to mention here. First, the measures of opportunities and capabilities are reported as a percentage of the United States population, while fear of failure is reported as a percentage of those that see opportunities for entrepreneurship. Second, the measure of opportunities and capabilities are considered positive signals (the more the better), while fear of failure tracks in the opposite direction: more is generally considered more constraining.

Figure 6—Entrepreneurship Attitudes in the United States from 2008–2011 in the Adult Population (18–64 years of age)



OPPORTUNITY PERCEPTION

Opportunity recognition is a critical early step in the entrepreneurship process, and those seeing many opportunities may exhibit a greater awareness or readiness for this activity. Opportunity perception showed a 23% decline in the United States from 2008 to 2009. These perceptions then started to rebound in 2010, nearly returning to their 2008 level. This signals an early rebound in perceptions about opportunity, even while entrepreneurship rates continued to drop. It perhaps indicates some pessimism about prospects for entrepreneurship in 2009, followed by an increased search for income-generating activities in 2010.

Opportunity perceptions again increased, although slightly, in 2011. This represents a slightly above average level compared to other innovation-driven economies.

FEAR OF FAILURE

Given one recognizes opportunities for entrepreneurship, fear of failure can influence his or her willingness to act on these opportunities. People may be dissuaded to take risks, even relatively small ones, to start a business if they believe there would be negative consequences if these ventures don't pan out. Laws that lead an entrepreneur to be personally

liable for the financial debts of their failed businesses, or a negative societal stigma attached to failure, are examples of legal and cultural aspects contributing to this perception.

Particular businesses may be seen as having greater negative consequences associated with failure: a biotechnology company, for instance, versus a retail store. The type of business one has in mind may therefore influence this perception. People may also weigh starting a business against their next best alternative, such as working for an employer. Often referred to as opportunity costs, when these costs are high, as in when one is also weighing an attractive job offer, the perceived risk of starting a business can increase.

The innovation-driven economies consistently rank high, on average, on the fear of failure measure. But among these economies, the United States reports the lowest rates of fear of failure in the developed world, along with Switzerland and Slovenia. Less than one-third of U.S. adults (31%) between the ages of 18 and 64 who see opportunities for entrepreneurship would be dissuaded by the prospect of failure. This number continues a gradual increase, however, over the four-year period.

CAPABILITIES

Another indicator of entrepreneurial propensity relates to one's faith in his or her capabilities for starting a business. Embodied in this measure are two possible components: a more objective measure of his or her skills and a subjective measure relating to confidence in one's abilities. It is possible that one or the other weigh more heavily in one's self-assessment. This perception can also depend on the type of business one has in mind; the skills required for particular industries or for various levels of innovativeness or complexity, for example, can differ greatly.

Capabilities perceptions in the United States are among the highest of the innovation-driven economies. Over 55% of adults (aged 18–64) believe they have the skills and ability to start a business. This measure shows a relatively stable pattern over time.

PARTICIPATION ACROSS PHASES

We can conceptualize participation in entrepreneurship as encompassing a series of phases, extending from those with intentions to start through those discontinuing their businesses. Between these phases is GEM's key measure of entrepreneurship, Total Entrepreneurship Activity (TEA). This comprises those that have taken steps to start a business, called nascent entrepreneurs, and those that are running new businesses less than 42 months old. Beyond this is the established business owner phase.

Figure 7 shows patterns in the different phases of entrepreneurial activity among adults (from 18–64 years of age) in the United States from 2008–2011. These phases include the following:

1. Intent. Percentage of non-entrepreneurs in the adult population that intend to start a business in the next three years.

2. Nascent. Percentage of the adult population that is in the process of starting a business that has not paid salaries or wages for more than three months.

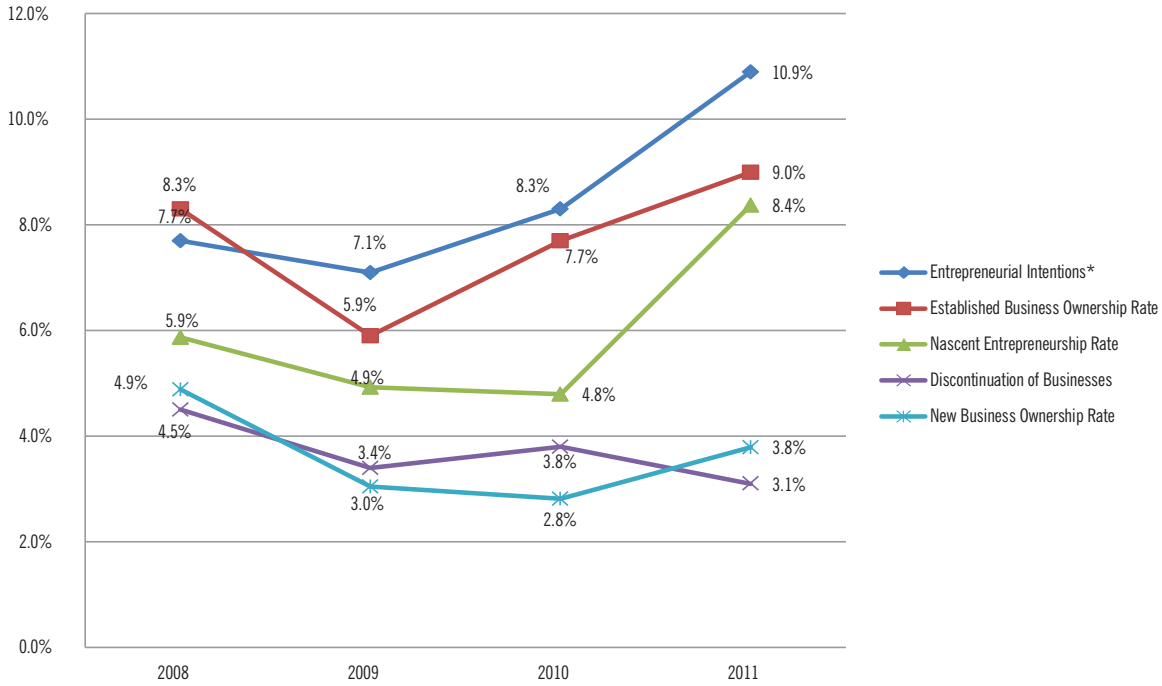
3. New. Percentage of the adult population that is running a new business (beyond nascent stage), less than 42 months old.

4. Established. Percentage of the adult population that is running an established business older than 42 months.

5. Discontinuance. Percentage of the adult population that has discontinued a business in the last year.

It should be noted that individuals may participate in entrepreneurship at multiple phases: for example, they may have closed a business and intend to start another one. In addition, the number of individuals participating in nascent, new or established activity is not necessarily indicative of the number of businesses in operation: people may be running more than one business and some businesses have multiple founders.

Figure 7—Participation in Entrepreneurship Activity in the United States from 2008–2011 in the Adult Population (18–64 years of age)



INTENT

Intentions are key measures of potential entrepreneurs in a society because they are positively correlated with TEA rate[6], indicating that if there are a lot of people intending to start a business in an economy, the entrepreneurship rate is also likely to be high. Intentions for starting a business are relatively low among the innovation-driven economies, however. On average about 10% of adults in the innovation-driven stage of development intend to start a business in the next three years, less than half the average of both the factor-driven and efficiency-driven economies. Entrepreneurial intentions were only a little higher in the U.S. at 10.9%. Yet this shows an over 30% increase from 2010, when intentions were 8.3%, after bottoming out at 7.1% in 2009.

TOTAL ENTREPRENEURSHIP ACTIVITY (TEA): NASCENT AND NEW ENTREPRENEURS

The GEM TEA rate includes all nascent and new entrepreneurs. Similar to intentions, average TEA rates in innovation-driven economies are low: 6.9% of the adult population from 18–64 years of age were starting or running new businesses at this development level in 2011. This is about half of that reported in the factor-driven and efficiency-driven economies.

The innovation-driven economies have more sophisticated ecosystems for entrepreneurship, which should attract people to start businesses. At the same time, there are also more corporate, government and other organizations to absorb a society's workers. Fewer people therefore need to start a business to generate income for themselves and their families. As a result, many of the necessity entrepreneurs fall away with greater development levels.

Yet some may start a business even if they have other options for work. In other words, they choose to pursue an opportunity. A healthy entrepreneurial ecosystem can facilitate these efforts. While the innovation-driven economies may contain, on average, a smaller number of entrepreneurs, there are proportionately more that are motivated by opportunity rather than necessity.

Opportunity-motivated entrepreneurs are important because they are more likely to be associated with

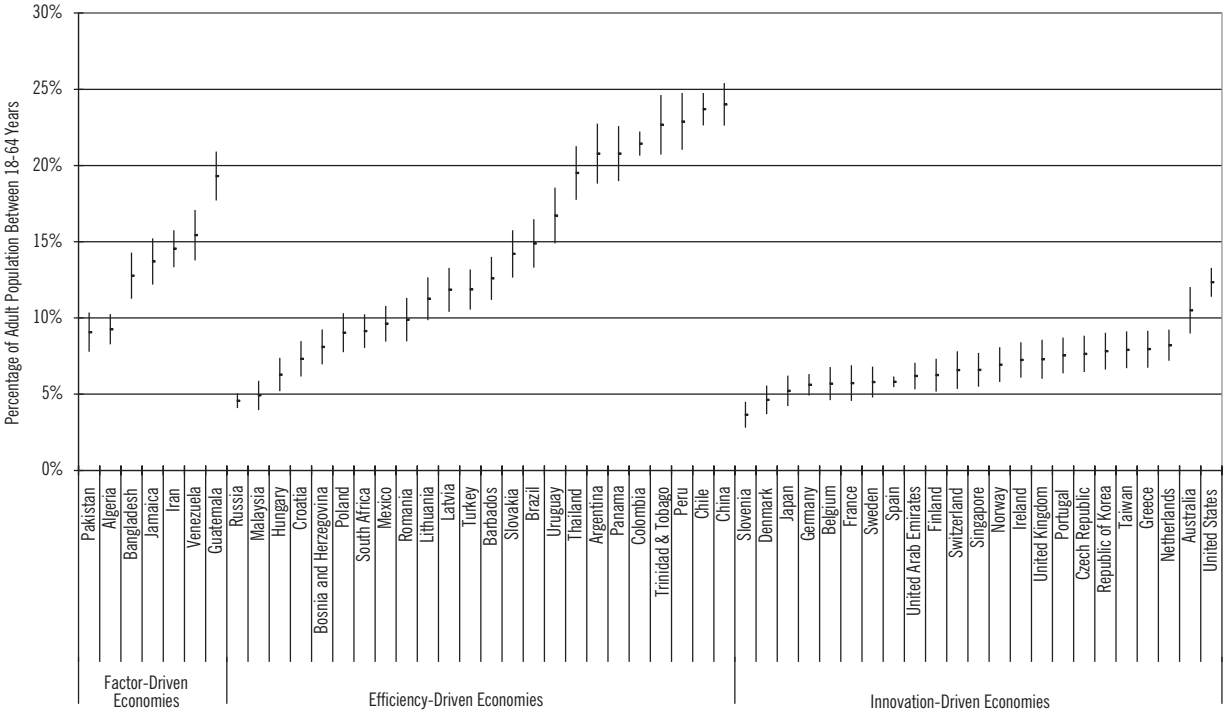
[6]See *GEM 2011 Global Report-EXTENDED* at www.gemconsortiumm.org

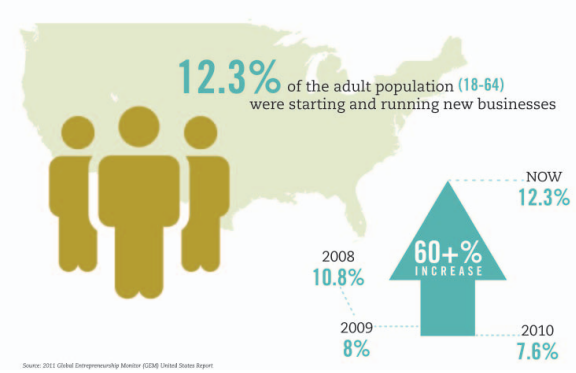
expansive characteristics, like growth ambitions and innovation. Yet necessity-based entrepreneurship is also critical, particularly in less developed economies and economies experiencing economic downturns, because it can indicate a capacity for people to fill in job gaps by creating their own income-generating opportunities, some or many of which will employ others.

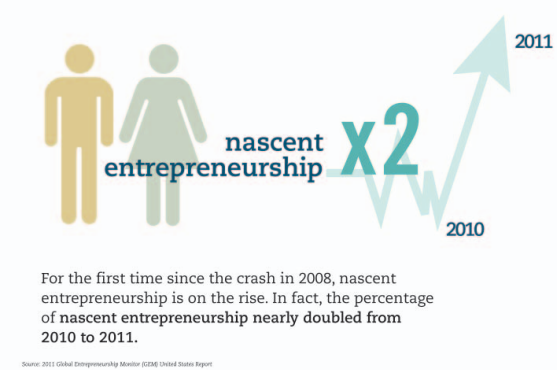
Figure 8 shows TEA rates for all economies participating in the GEM survey in 2011. As this figure shows, the United States reported the highest TEA level among the innovation-driven economies: 12.3% of the adult population (18–64 years of age) were starting and running new businesses. This represents an over 60% increase from 2010 and matches the TEA level reported in 2005, the highest since GEM data was first collected in 1999. This comes after a significant drop in 2009 and a further drop in 2010.

Nascent activity accounted for the majority of this activity: 8.4% of the adult working age population—two-thirds of the entrepreneurs—were in the early stages of this process. Additionally, nascent activity accounted for much of the increase in TEA, indicating that a lot of people were jumping into entrepreneurship in 2011.

Figure 8—Total Entrepreneurial Activity (TEA) in the Adult Population (18–64 years) for 54 Economies, Grouped by Economic Development Level, 2011







During the 2008–2011 period, nascent activity showed smaller declines than did new business activity and rebounded much more significantly in 2011. From 2008 to 2011, nascent activity increased by over 40%. After hitting a low point in 2010, this rate nearly doubled in 2011. This suggests that even while nascent activity diminished during the recession, it did not deter all potential entrepreneurs from their ambitions. As the U.S. started to pull out of the downturn, nascent activity led the increase in overall entrepreneurship. New business activity, on the other hand, was still down in 2011 relative to its 2008 level.

Accompanying the high level of entrepreneurship in the United States is an above average level of necessity entrepreneurship for its development level. This is a residue of the leap in necessity entrepreneurship during the recession. While TEA rates plummeted by over 25% in 2009, the proportion of those motivated by necessity nearly doubled. We might interpret this to mean that fewer people chose to venture into entrepreneurship. Perhaps those with jobs stayed put, counting their blessings, or they may have been unable to attract the financial, human and other resources needed. For sure, many were uncertain about the future of the economy. However, there were still others that needed a source of income and, with no alternatives on the horizon, were compelled to create their own source of employment.

The good news, though, is that opportunity-motivated entrepreneurs were pulling more of the TEA rate up in 2011 while the proportion of entrepreneurs motivated by necessity declined by over one-fourth in this year. So while we haven't yet made up the ground we lost in the higher proportion of opportunity entrepreneurs that is the hallmark of entrepreneurship in the U.S. and the developed world, there are some promising signs.

ESTABLISHED BUSINESS OWNERSHIP AND DISCONTINUATION

Established business ownership exhibits a somewhat positive relationship with GDP levels, the reverse of what we see with TEA rates. Here, factor-driven economies, while displaying high TEA rates, show relatively low established business rates. The less-developed ecosystems for entrepreneurship may help explain this finding; it is hard to stay in business, for example, when these ventures cannot find appropriate financing or educated workers, or amid an undeveloped or ineffective legal or policy environment. In addition, there may be fewer viable businesses being started because entrepreneurs may not have the expertise to sustain them. Some may see their businesses as shorter term efforts to generate income when there are shortfalls in employment opportunities.

Notably, the factor-driven economies also have the highest average rate of business discontinuance. This makes sense when considering that, with high TEA rates, more efforts to start businesses will be accompanied by many stops. But there are also indications of a tougher environment for staying in business in the early development-stage economies. The factor-driven economies cite profitability problems and an inability to obtain finance more often than the innovation-driven economies, while the latter is more likely to cite relatively positive reasons like retirement, sale, or stopping to pursue another opportunity.

The U.S. showed an above-average rate of established business ownership (9.0%) among its innovation-driven peers. This represents a 17% increase over 2010 and surpasses the 2008 level. Established business ownership had dropped by 29% in 2009, and then started rebounding in 2010, representing an earlier recovery while the TEA rate languished.

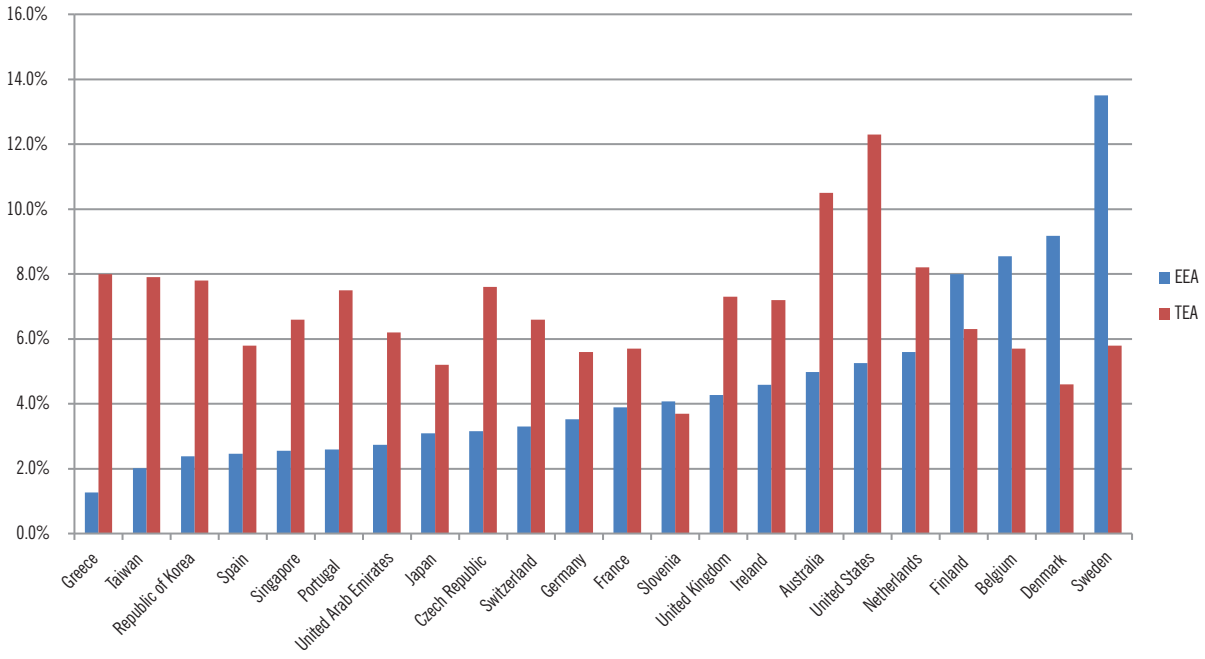
The discontinuance rate in the U.S. was slightly higher than the average for innovation-driven economies, showing a slight decline from its 2008 level. Viewed along with TEA results, the U.S. exhibits a high level of startup efforts accompanied by a moderate level of stops. This is indicative of a dynamic entrepreneurial society, which can carry both positive and negative implications. On the positive end, it can mean that a lot of people are experimenting with new venture ideas, many of which will not pan out. There is a high level of uncertainty associated with entrepreneurship, and in many cases, one can only discover if these ideas are viable by jumping in.

On the other hand, high dynamism could mean that a lot of people are endeavoring (or perhaps being compelled) to start businesses they aren't capable of sustaining, or that simply aren't sustainable. A lack of facilitating factors or the presence of constraining effects in the local environment, perhaps due to current economic conditions, may also weigh in. Given the higher-than-average level of necessity entrepreneurship, but the increase in opportunity-based activity in 2011, it is likely there is both experimentation and unsustainability contributing to this result in the U.S.

ENTREPRENEURIAL EMPLOYEE ACTIVITY (EEA)

While GEM has historically focused on the startup and ownership of independent businesses, the survey included additional questions relating to entrepreneurship among employees in established organizations as a special topic for 2011. Taken along with GEM's traditional measures, this special topic recognizes a greater range of entrepreneurial activity that encompasses multiple contexts.

Figure 9—Total Entrepreneurial Activity (TEA) and Entrepreneurial Employee Activity (EEA) in the Adult Population (18–64 years) for 22 Innovation-Driven Economies, Ranked by Level of EEA, 2011



GEM defines EEA broadly, to include employees developing or launching new goods or services or setting up a new business unit, a new establishment or subsidiary for their main employer. The focus is on employees who have taken a lead role in the creation and development of new business activities in their workplace. These entrepreneurial initiatives include both activities initiated by the organizations' top levels as well as those emerging from the bottom levels and up. Figure 9 shows a comparison of TEA rates and EEA rates in 22 innovation-driven economies.

EEA was almost nonexistent in the factor-driven group, and not much more apparent in the efficiency-driven group (less than 2% of the adult population on average). This type of entrepreneurship was more prevalent in the innovation-driven economies, however, with 4.6% of the adult population on average creating new businesses for their employers. This may be explained, in part, by the fact that there are simply more organizations at advanced stages of development. However, when the level of EEA was measured relative to the number of employees in an economy, there were still higher proportions of entrepreneurial employees in the innovation-driven group.

In some cases, EEA may be considered a substitute for independent entrepreneurs. Sweden, Denmark and Belgium, for example, had among the lowest TEA rates, but the highest employee entrepreneurship rates. Perhaps there are national-level cultural or social dimensions that encourage this activity over its independent form. Additionally, conditions like attractive salaries and benefits, job protection policies and other practices may entice entrepreneurs to work in organizations and perhaps exercise their ambitions in that context.

The U.S. shows a different pattern however. Employee entrepreneurship levels were above average (5.3% of the adult population), placing the U.S., along with Australia and Netherlands, in a category of having high proportions of both independent and employee entrepreneurs. Overall, it indicates that there are a lot of entrepreneurs in the U.S. operating across multiple contexts.

While the first section of this document presented an overview of societal attitudes and participation in business activity at different phases, we must keep in mind that the U.S. is quite large, with land area about equal to that of China and a population of over 300 million people from many different ethnic and geographic backgrounds. As such, this chapter will explore the diversity of entrepreneurship across the U.S., illustrating the distinct profile of U.S. entrepreneurs.

This examination of entrepreneurship profile can illustrate the extent all groups in society are involved in entrepreneurship. These profile measures can indicate the extent of inclusiveness and equity in the United States: in other words, the availability of entrepreneurship should not be determined by gender, age, income, education, ethnicity or immigration status. In fact, to the extent any one group is not participating in this activity, they deprive their communities of the new ideas and value their entrepreneurial energy can bring to society. We may consider, on one end, the cultural and other elements that may constrain the participation of certain groups, or conversely, the factors that may make entrepreneurship an outlet and income source for groups that are essentially excluded from other job options.

GENDER DIFFERENCES

Around the world and across the three development levels, there are about six women participating in entrepreneurship for every 10 men. This of course, varies, with a few economies reporting equal (Switzerland, Guatemala, Brazil) or slightly higher (Singapore, Thailand) participation levels by women compared with men. On the other end, there are countries like Pakistan, Bangladesh and Iran that show just one or two females for every 10 males participating in this activity.

The U.S. national TEA rate of 12.3% comprises a higher rate for men (13.6%) and a lower rate for women (10.8%). This reflects a ratio of nearly eight women participating for every 10 men. While the overall TEA rate has fluctuated quite a bit over the past four years, the proportion of female entrepreneurs has remained comparatively steady.

While the U.S. shows a higher female/male ratio among entrepreneurs compared to the global average, there are still fewer women than men entrepreneurs. Additionally, countries like Switzerland and Singapore indicate that equal levels are possible in the developed world.

Societal attitudes can shed some light on how entrepreneurship is perceived by the sexes, and provide some explanation for the differences in participation rates. Figure 10 reveals more optimism among men about the number of opportunities for entrepreneurship in their areas. Additionally, those men seeing opportunities felt less inhibited by fear of failure.

An even more striking difference can be seen in the capabilities perception measure, with around 47% of women, versus 64% of men, believing they have the capabilities to start a business. This is a nearly 17 percentage point difference. It is difficult to say whether training and experience or confidence in one's abilities weigh more heavily for either gender, but it is likely that both explain, to at least some extent, how women view their potential as entrepreneurs.

The GEM women's report (Kelley et al., 2010) showed that women entrepreneurs have smaller and less diverse networks than men entrepreneurs. Figure 10 indicates that slightly fewer women than men in the U.S. personally know an entrepreneur. Entrepreneurs may provide inspiration, advice and contacts, serving as a powerful influence in one's decision to start his or her own business. They can also serve as a source of support and guidance in these efforts. This highlights the importance of affiliations within the entrepreneurship community.

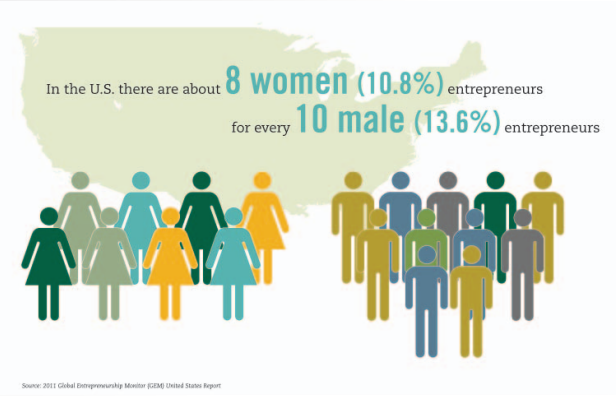
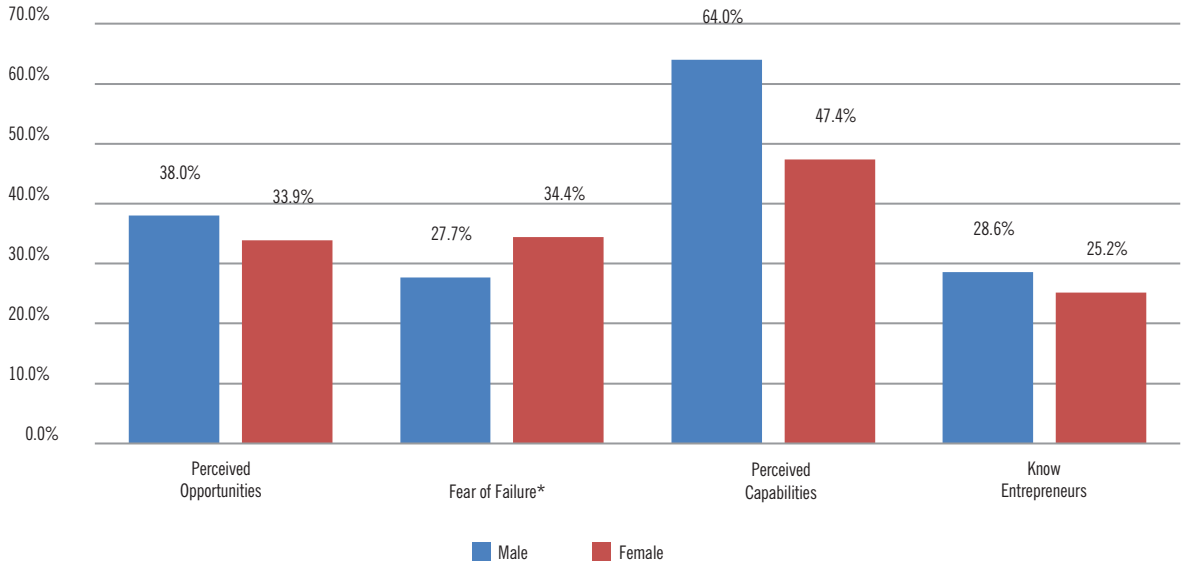


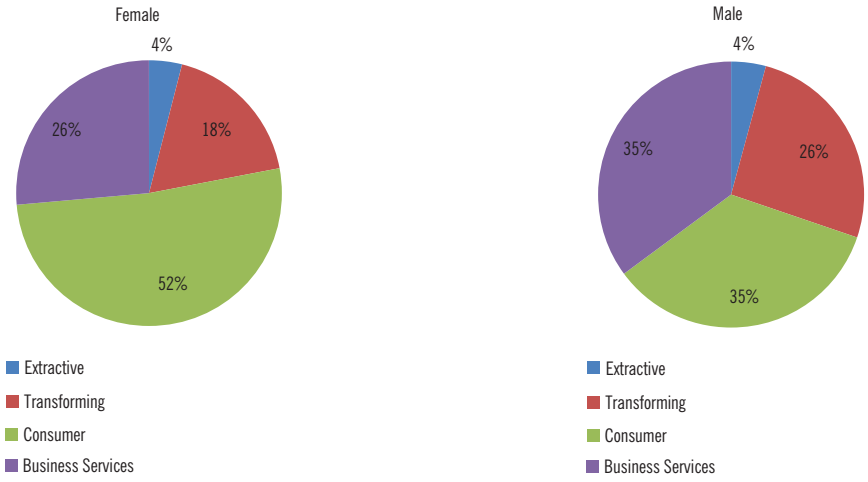
Figure 10—Entrepreneurial Attitudes of the Adult Population (18–64 years) in the U.S., 2011



Accompanying the lower rates of female entrepreneurship is a slightly higher percentage of necessity-driven motives (23.4% for women versus 21.3% for men). On the other hand, proportionately fewer women entered primarily to pursue an opportunity (70.1% for women versus 74.3% for men). While opportunity motives far outweigh necessity motives in the U.S., as is typical in a developed economy, we have 3.5 opportunity-motivated male entrepreneurs for every necessity-motivated one. For women, this ratio is only 3.0. Opportunity motives are more likely associated with higher potential businesses, presenting some potential concerns, particularly when considering both the lower proportion of opportunity motives and lower TEA rates among women.

We see additional differences in the distribution of male and female entrepreneurs across industry sectors. The pie charts in Figure 11 show male entrepreneurs participating equally in the consumer and business services sectors. For women, on the other hand, there are twice as many entrepreneurs running consumer businesses than there are in business services. In addition, there are a higher percentage of men starting and running transforming businesses compared with women. Business services are considered more knowledge-intensive while transforming (manufacturing) is generally more capital-intensive. Consumer businesses, on the other hand, are more apt to be smaller retail and service businesses with lower growth potential.

Figure 11—TEA Distribution Across Industry Sectors



AGE[7]

For the most part, the age distribution of U.S. entrepreneurs does not vary much from that of the average for innovation-driven economies, or for that matter, the other development levels. Half of the world's entrepreneurs, on average, fall in the 25–44 age group, and this is true for the U.S.

After two years of decline (in 2009 and 2010), all of the age groups showed increases in TEA for 2011. For the youth (18–24 year olds), however, entrepreneurship was still down in 2011 from its 2008 level. For all the older age groups, however, the TEA rate was higher in 2011 than it was in 2008—before the recession-fueled downward slide.

The early career (25–34 age) group was, by far, the most stable with regard to entrepreneurship rates over the four-year period, showing just moderate declines in TEA rate in 2009 and 2010, and a smaller increase than the other age groups in 2011. Each year, the early career entrepreneurs maintained the highest TEA levels.

Some interesting observations can be seen in an analysis of entrepreneurship phases by age group. As Figure 12 reveals, the earliest stage, intent to start a business, is more prevalent among the younger age groups. It is notable, however, that there are still prospective entrepreneurs in the older populations, with 10% of those 55–64 years of age and 4.4% of those over 65 years old intending to start businesses.

While the younger age groups are more dominant relative to intent and nascent activity, established business ownership is most frequent among those in late career. Even seniors have a higher rate of established business ownership than youth and those in their early careers. As one would expect though, older business owners are running businesses started at some point in their earlier years while youth entrepreneurs have generally not aged enough to be running established businesses.

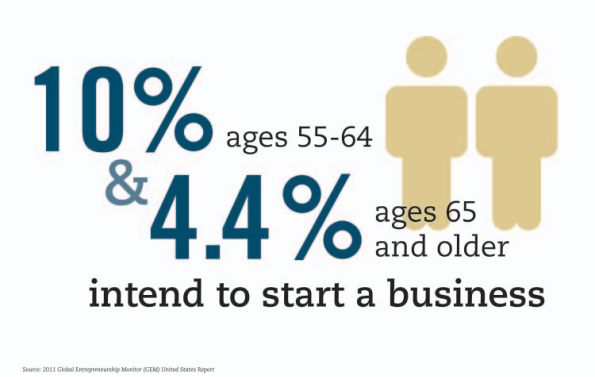
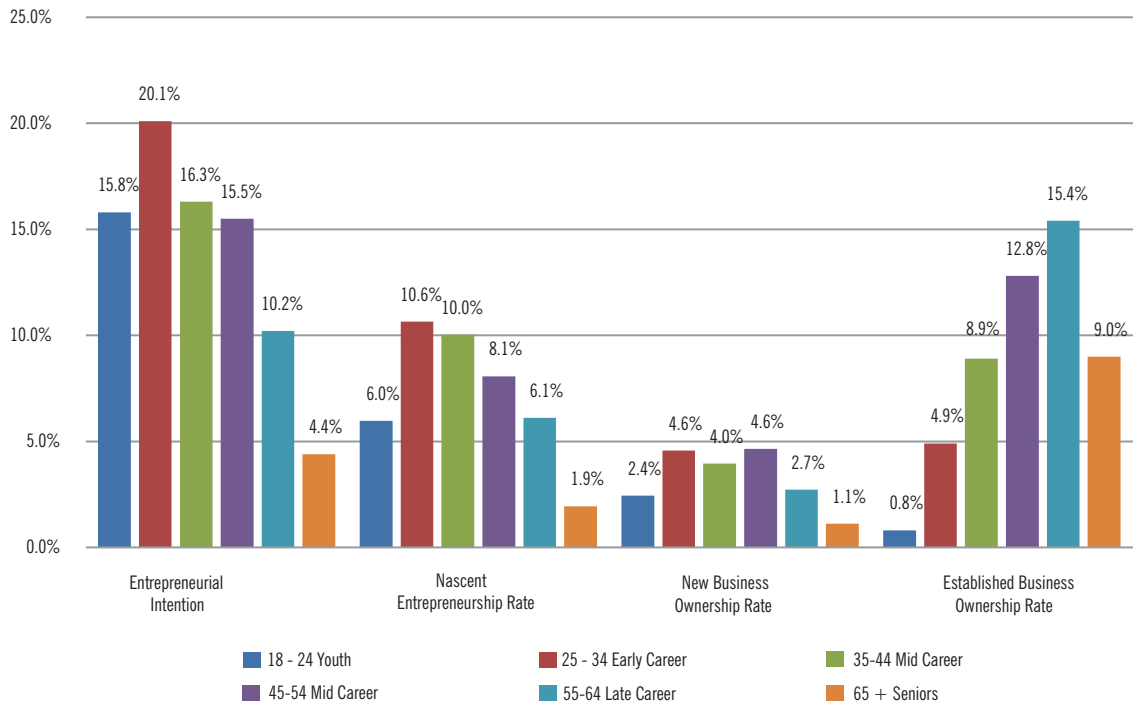


Figure 12—Participation in Entrepreneurship Across Phases by Age Group in the United States 2011



[7]The analyses on age were run in the 18–99 age group in the U.S.

What is most striking about these results, however, is that intent and nascent activity exist at relatively high levels from youth through those in mid-career. College education competes along with employment opportunities for youth entrepreneurs, and after that, more attractive employment opportunities with higher level positions and salaries. Nonetheless, Americans demonstrate a willingness to experiment and enact their entrepreneurial energy throughout a majority of their prime earning years.

For the most part, younger people have fewer obligations and are just entering the workforce; they are less weighed down by such obligations as mortgages and kids in college. At the same time, older individuals have experience, access to resources, and networks they could leverage, which can also be important for sustaining businesses. Younger and older people may thus draw on different advantages in their entrepreneurial endeavors.

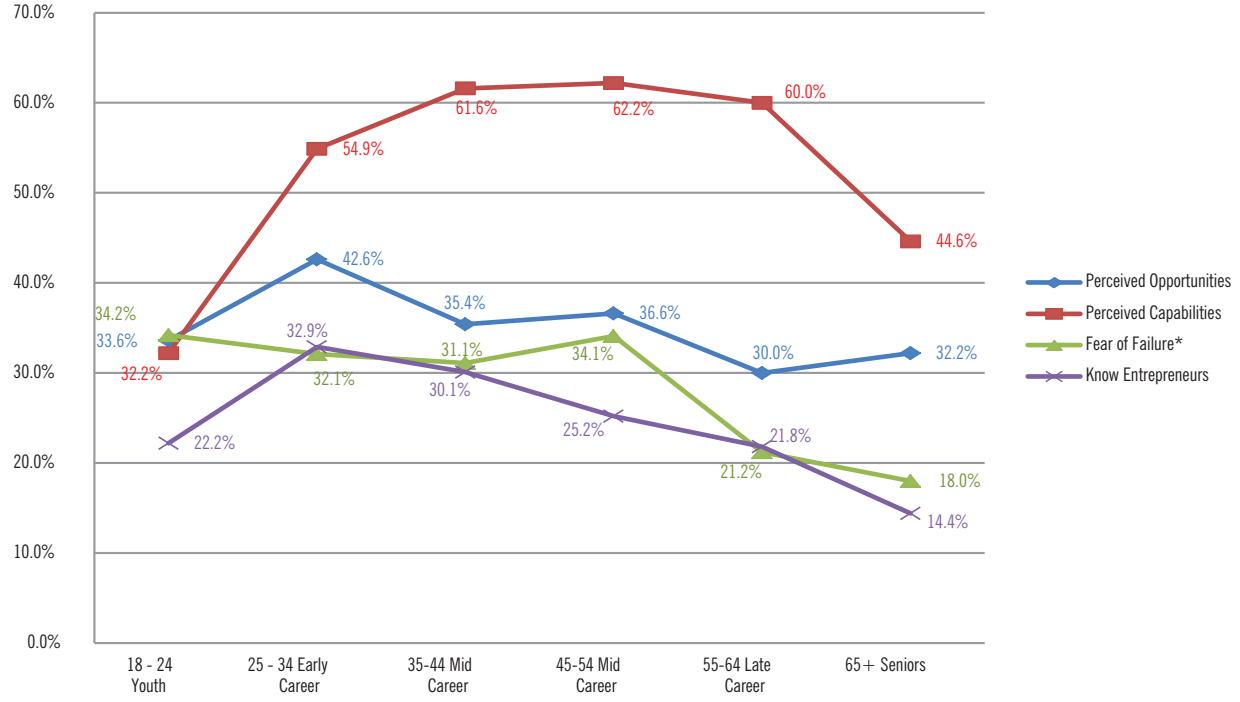
In addition, the rate of entrepreneurship among seniors is likely higher among those that have remained in the workforce. After the age of 65, people leave the workforce at a significant rate. Retirement therefore reduces the working population in this group; but among those that are still working, there are likely a high proportion of entrepreneurs and business owners.

It is notable that the seniors have a lower likelihood of being opportunity motivated. While about three–quarters of entrepreneurs in the other age groups stated that they were motivated to enter entrepreneurship primarily because they chose to pursue an opportunity, only 59% of seniors said so. This is despite the fact that the overall TEA rate contained more opportunity-motivated entrepreneurs in 2011 over the previous year.

An analysis of attitudes in the adult population sheds additional light on differences among age groups (see Figure 13). Opportunity perceptions and the likelihood one might know an entrepreneur are highest in early career. Fear of failure, on the other hand, stays relatively constant from youth through mid-career and then declines starting in late career. This greater willingness to take risks may correspond with greater resources and fewer financial obligations in the older age groups. Yet it may also indicate that younger people have more risky ventures in mind when judging their risk-taking propensity.

Capabilities grow with age and are relatively stable through mid and late career, suggesting the value of experience and maturity. It is interesting that the younger age group is willing to jump into entrepreneurship despite seeing risks and having less confidence in their abilities. It appears that they are less deterred by these factors and more inspired by the presence of opportunities and entrepreneurs around them.

Figure 13—Entrepreneurial Attitudes in the U.S. Adult Population (18–99 years)



*Assessed among those perceiving opportunities

Figure 14—TEA Rates for Men and Women by Age Group in the United States, 2011

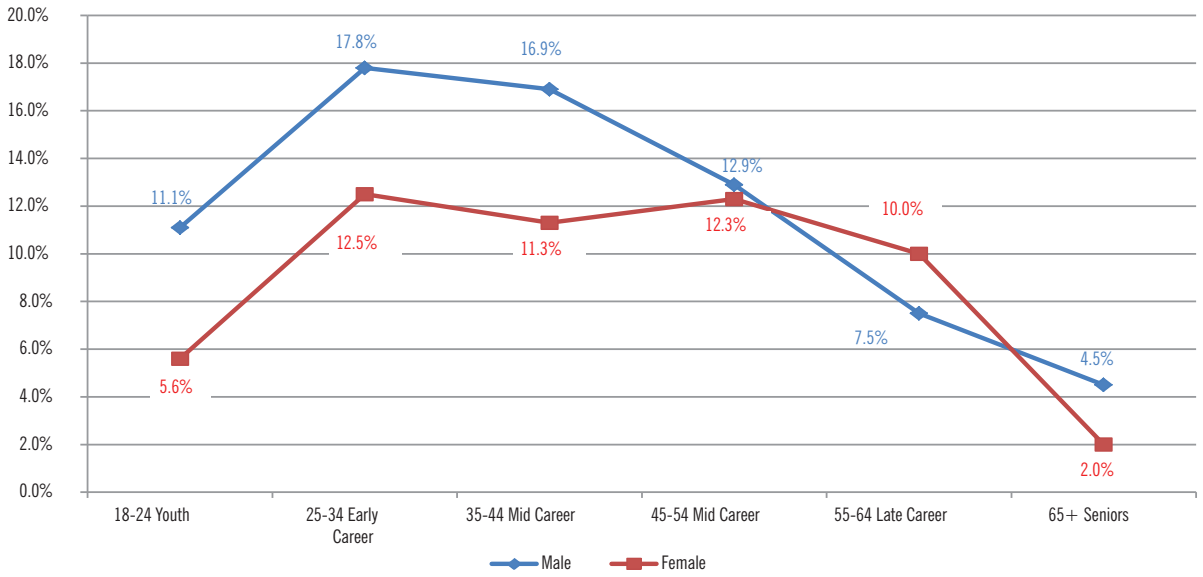
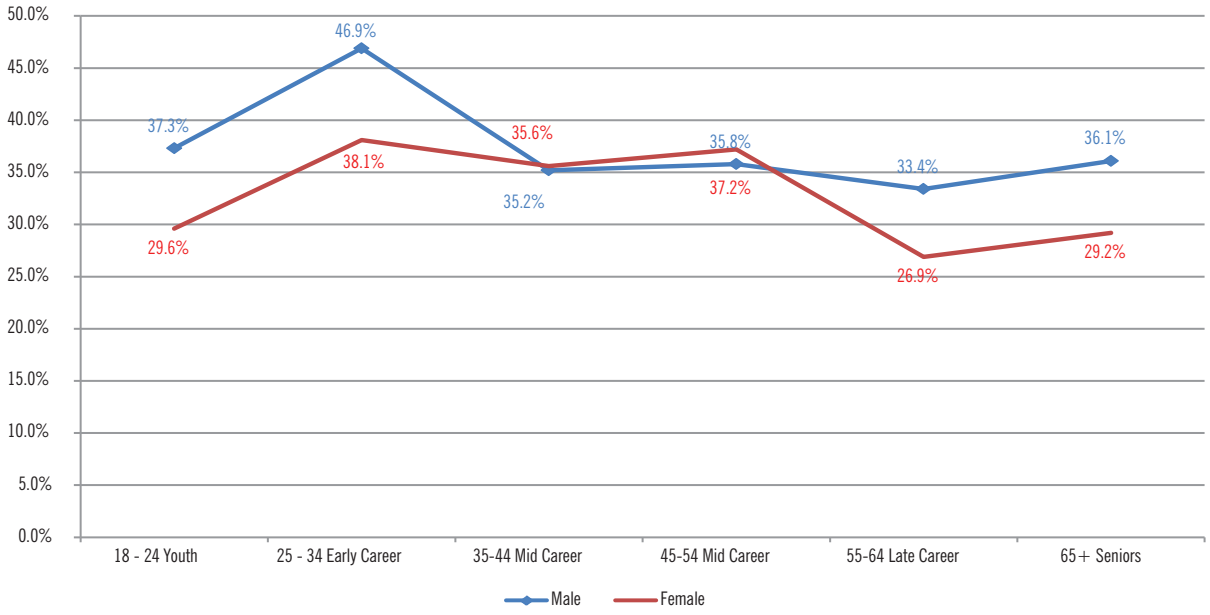


Figure 14 shows some noteworthy patterns relative to gender across the age groups. A gap in male and female TEA rates is clearly apparent at the younger ages. It then closes in the 45–54 age group, and at age 55–64 there are slightly more women than men starting and running new businesses.

The age pattern among men in the United States shows a peak in early career (25–34) that gradually declines with age. This indicates a type of "youth dividend" and then a more rapid decline with age for men. Conversely, women have virtually the same rate from early through late career.

An analysis of attitudes might help explain the youth dividend among male entrepreneurs. Figure 15 shows a disparity between men and women adults in the extent they see good opportunities for entrepreneurship. Male youth have a higher perception about opportunities, and this spread is maintained as the level of this attitude peaks during early career. Male and female adults in mid-career have about equal levels of opportunity perception and this attitude drops off more sharply for women after that, while it varies little for men over age 35.

Figure 15—Percentage of U.S. Male and Female Adults that See Good Opportunities for Entrepreneurship, 2011



Additionally, far more women than men in their youth and early careers feel deterred by fear of failure, as Figure 16 reveals. This perception fluctuates very little for women up to age 54 and then decreases after that. On the other hand, fear of failure is low for males in their youth and early career, and then increases to a level equivalent to women in the 35–44 year age group, lessening after that. It is now evident that women account for the higher fear of failure rate we previously observed among younger people in Figure 13.

Capabilities perceptions show a substantial gap between the sexes across all age groups, as illustrated in Figure 17. Men show a jump in this attitude measure from youth to early career, then a relatively stable level through late career. Women, on the other hand, ramp up more slowly from youth to early career, continuing this increase into mid-career before starting to decline in late career.

Figure 16—Percentage Among U.S. Male and Female Adults that Would be Deterred from Starting a Business due to Fear of Failure, 2011

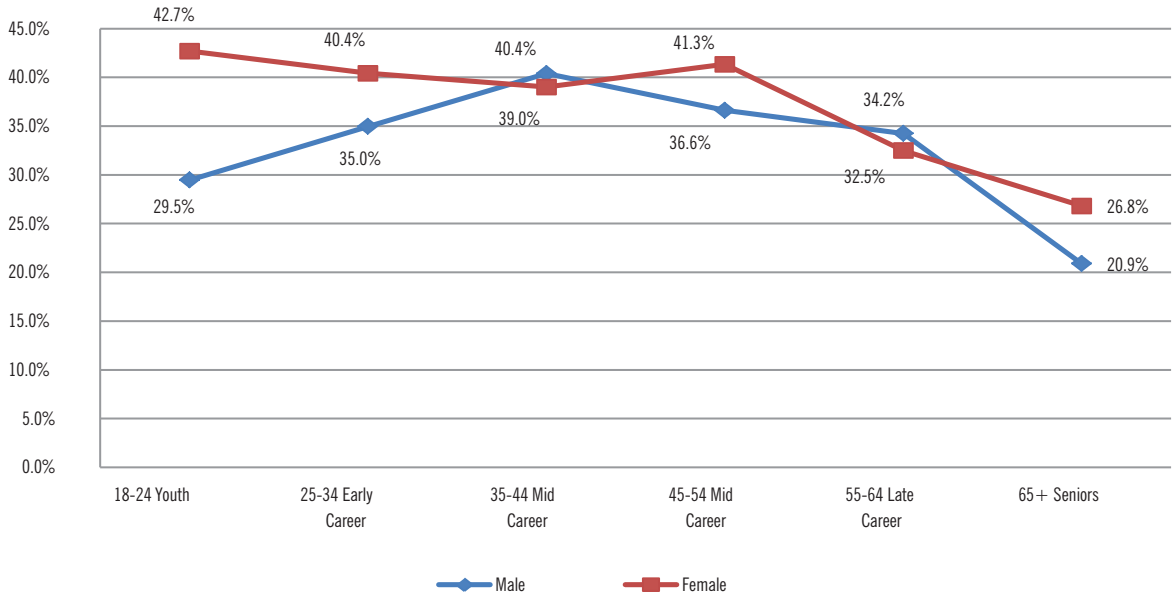
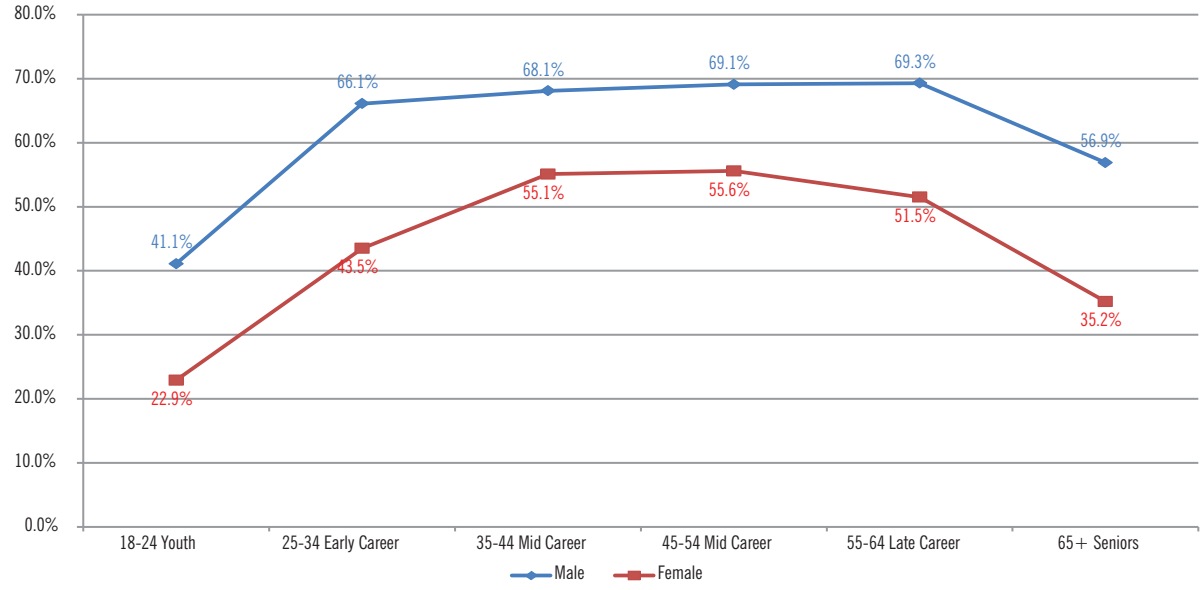


Figure 17—Percentage of U.S. Male and Female Adults that Believe They Have the Capabilities for Entrepreneurship, 2011



INCOME

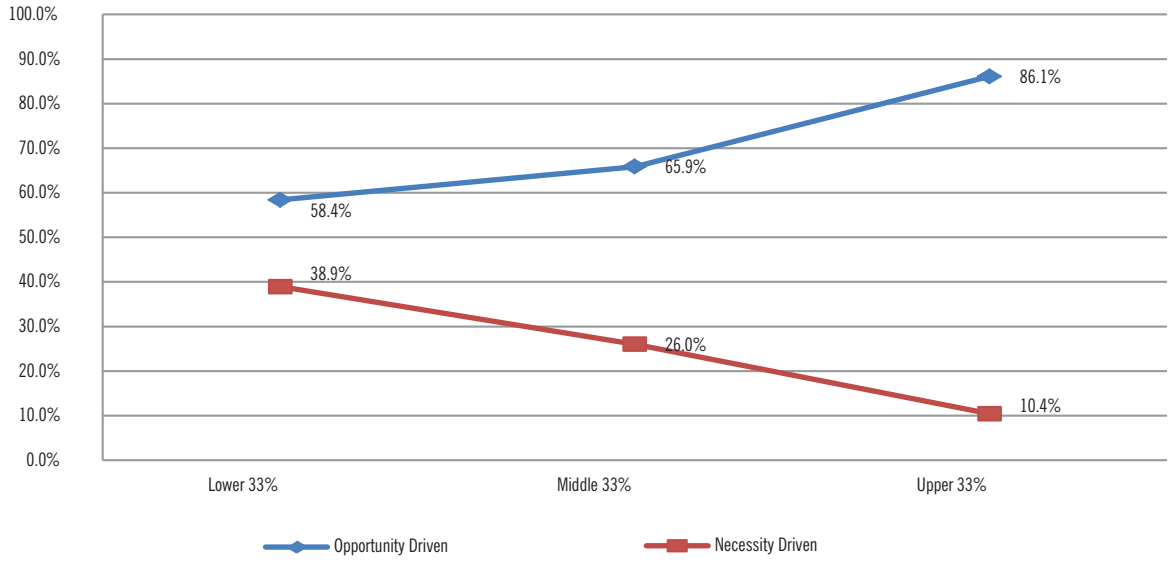
Generally speaking, entrepreneurs have wealthier households than non-entrepreneurs. The TEA rate is 11.3% for the lowest one-third household income category, and 14.4% for those in the upper one-third income group. The cause and effect relationship is hard to discern from this data—whether wealthy households beget entrepreneurs, or whether entrepreneurs create wealthier households.

The vast majority of TEA is composed of nascents, however, and it is likely that at least some of the new entrepreneurs have been running their businesses for less than three and a half years, perhaps as little as three months. In addition, new businesses generally take time to become profitable. This therefore indicates that the former cause and effect explanation is more probable—that wealthier households more often lead to entrepreneurship.

As Figure 18 shows, American entrepreneurs at all income levels are more likely to be motivated by opportunity, and that is consistent with this country's advanced development stage. Granted, there are distinct differences in the motives across income groups. The proportion of entrepreneurs motivated by necessity declines markedly with greater income, while those with opportunity motives increase steeply with rises in income.

Given that entrepreneurs are more likely to come from wealthier households, it may be concluded that wealthier households have more income or access to resources to finance businesses, and a financial cushion to fall back on if these ventures don't work. Those with low incomes and poor prospects for traditional salary employment, on the other hand, are more likely than wealthier households to pursue the entrepreneurship route due to necessity—in other words, they are pushed into this activity.

Figure 18—Percentage of TEA Entrepreneurs in the United States with Opportunity and Necessity Motives by Income Category, 2011



EDUCATION

Perhaps there is no stronger argument for the importance of education to economic prosperity than the information on the relationship between education and entrepreneurship. Our results show a strong and consistent relationship between entrepreneurship prevalence rates and level of education. College graduates and those with graduate-level education are over twice as likely to be entrepreneurs (around 15%) than those with no high school education (7%), and almost 50% more likely than high school graduates (10%) to enter this activity. This negates the old myth that entrepreneurs come from those that do not pursue higher levels of education.

Like differences in income, differences in education correlate with different motives for entering entrepreneurship. For those entrepreneurs with a high school diploma or higher level of education, around three-fourths cite opportunity motives. Conversely, two-thirds of entrepreneurs with no high school education cite necessity motives. Because opportunity-driven ventures tend to be associated with greater potential in terms of characteristics like growth and innovation, it is possible to infer an overall strong positive effect of education on entrepreneurship and, in turn, on the economy.

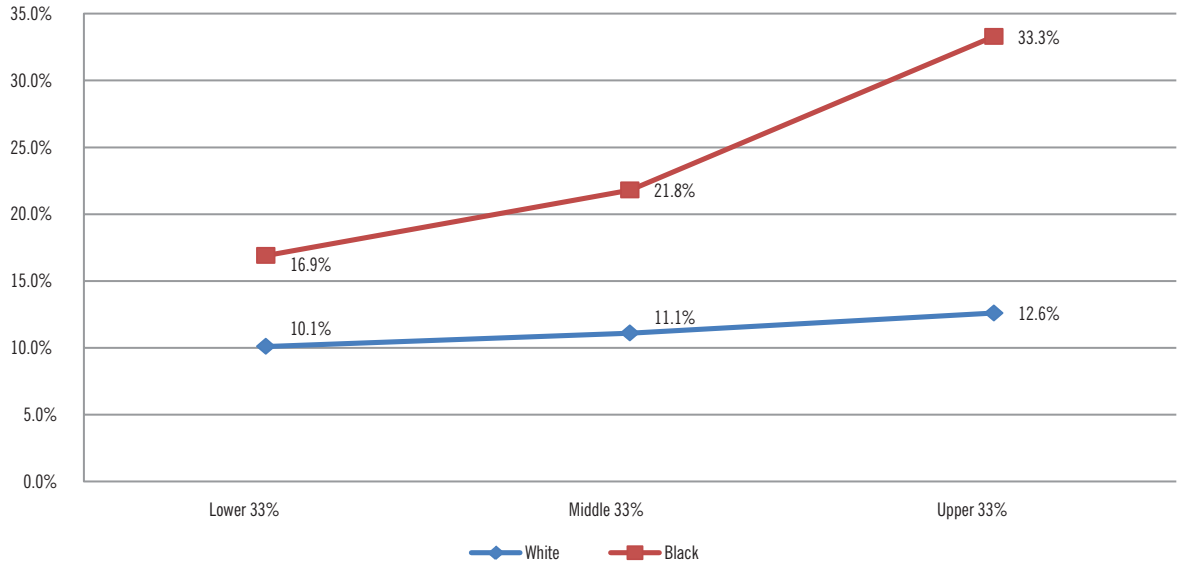
ETHNIC GROUPS

The GEM studies have consistently shown the importance of entrepreneurship to the black population. Blacks are twice as likely as whites to be entrepreneurs: 22% vs. 11%. In addition, blacks are much more likely than whites to believe there are lots of opportunities for starting businesses (51% for blacks vs. 32% for whites). Their intentions for starting up in the next three years are also much higher (31% for blacks vs. 12% for whites). On the other hand, beliefs about capabilities are similar between the two ethnic groups, and they have comparable levels of opportunity- and necessity-driven motives.

While entrepreneurship rates among blacks are higher, we must take into consideration that whites, as the most populous ethnic group in the United States, account for a majority of the entrepreneur population. In 2011, 68% of entrepreneurs were white, and 20% were black, with the remainder spread across other ethnic groups.

An interesting observation can be made relative to income, however. Figure 19 illustrates that entrepreneurship is more frequent for wealthier whites, but the increase is more dramatic for the black population: the top one-third income households are nearly twice as likely to be entrepreneurs as the lowest one-third.

Figure 19—TEA Rates for White and Black Adult Population Across Three Levels of Household Income, 2011



U.S.-BORN VS. NON-U.S.-BORN ENTREPRENEURS

While non-U.S.-born individuals may be equated with immigrants, it must be cautioned that this population also includes U.S. citizens born outside of the country. The non-U.S.-born group shows a slightly higher TEA rate (14.6%) than the U.S.-born population (12.5%).

But also like blacks, these non-U.S.-born individuals make up a small portion of the U.S. population; as a result, the majority of entrepreneurs (89%) are U.S. born. Non-U.S.-born entrepreneurs are more likely at 29.3% to cite necessity motivations than those that are U.S. born (22.5%). This may be due, at least in part, to difficulties immigrants may experience in obtaining traditional employment.

INDUSTRY PARTICIPATION

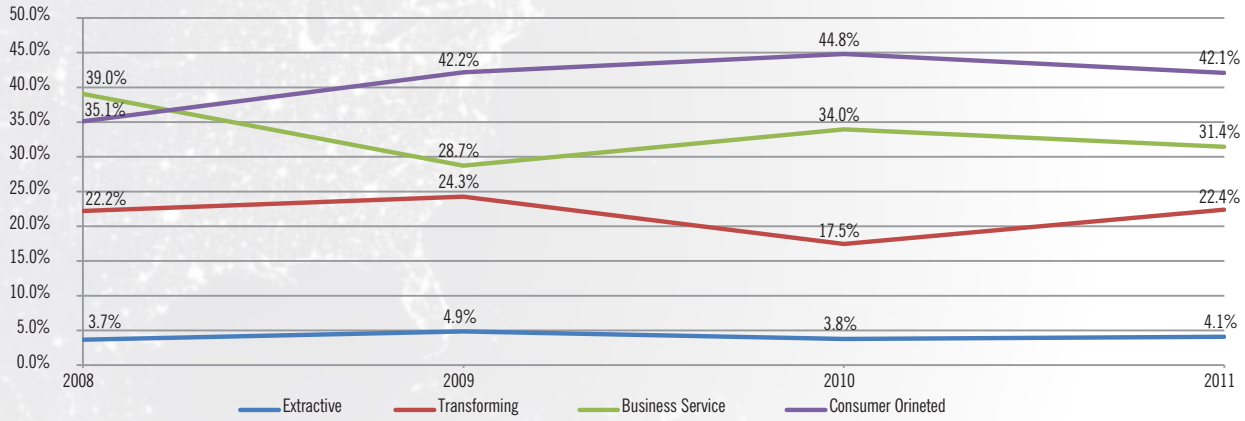
Across all economic development levels, entrepreneurs participate most frequently in the consumer sector. These are businesses that serve consumers directly through retail or services. Examples include product sales through retail outlets or the Internet, and services like hotels, restaurants and real estate. They generally have low barriers to entry, but high competition, and are more often associated with smaller businesses.

Extractive businesses are based on natural resources and can include farming, forestry or mining. Transforming involves the manufacturing of goods, and is generally capital intensive, but can also be labor intensive. Business services target the business customer and generally rely on greater knowledge intensity.

When compared with the factor-driven group, the innovation-driven economies generally exhibit a lower level of participation in extractive, transforming, and consumer-oriented business, but are more than four times as likely to engage in business services[8]. This result is even more dramatic in the United States with participation in business services approaching one-third of all entrepreneurs.

Figure 20 shows that consumer and business services have together composed about three-fourths of the sector participation of entrepreneurs over time. From 2008 to 2011, however, business services dropped while the consumer sector increased. This period saw a jump in the proportion of necessity-based entrepreneurship as well, which may explain the shift in dominance of consumer over business services starting in 2009. The transforming sector shows some fluctuation, but maintains relatively the same level on average, while the extractive sector sees few entrepreneurs consistently.

Figure 20—Distribution of TEA Across Industry Sectors in the United States, 2008–2011



GROWTH: 2009–2011

Growth ambitions are indicators of the job-creation potential of entrepreneurship. This measure reports anticipated growth levels, which is not the same as actual realized growth; in fact, the latter is likely lower than predicted. However, several reputable research studies have reported associations between projected and actual growth.[9]

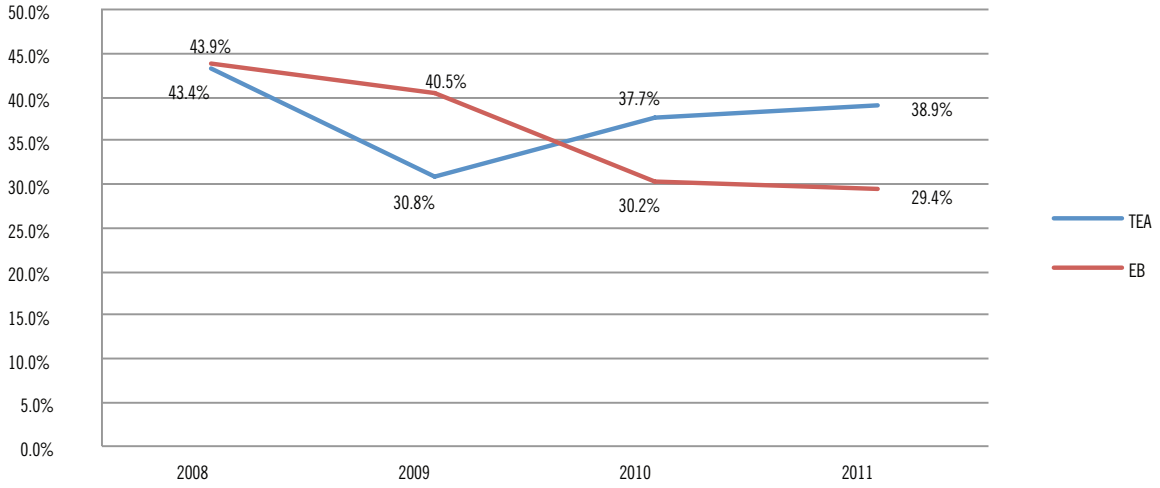
Across the globe, the innovation-driven economies generally contain fewer entrepreneurs than those in earlier stages of development. However, a higher proportion of these are growth-oriented and this is even more the case in the United States.

The 2011 results show a healthy job growth forecast among all U.S. entrepreneurs, with an average of 39% expecting to add more than five employees over the next five years, as Figure 21 shows. In 2008, over 43% of entrepreneurs expected to add more than five jobs. This rate plunged to less than 31% in 2009, but started to rebound in 2010, even while TEA rates continued their downward slide. In 2011, the proportion of entrepreneurs with these growth projections continued to increase, but this time it was accompanied by a substantial increase in TEA rates, suggesting a large jump in growth-oriented entrepreneurs on an absolute basis.

While overall job growth remains stable among entrepreneurs, Figure 21 illustrates some perhaps unsettling evidence relative to established businesses. These continued to languish after two years of decline, lagging behind TEA in growth expectations for both 2010 and 2011. Established businesses may be more

[8]Kelley et al. (2012). *Global Entrepreneurship Monitor 2011 Global Report*. Global Entrepreneurship Research Association.
[9]For example: Baum, R., Locke, E., and Smith, K. (2001) "Multidimensional Model of Venture Growth." In The Academy of Management Journal, 44(2): 292–303. Wiklund, J. and Shepherd, D. (2003). "Aspiring for, and Achieving Growth: The Moderating Role of Resources and Opportunities". Journal of Management Studies 40(8):1919–1941.

Figure 21—Percentage of TEA and Established Business Owners Expecting to Hire More Than Five Employees in Next Five Years, 2011



cognitively anchored to the lingering effects of the down economy and therefore more hesitant to add jobs. Some may look to downsize their operations, more or less permanently, or replace labor with technology or outsourcing.

INTERNATIONALIZATION

Entrepreneurs selling outside their national borders gain value through access to new markets and greater international competitiveness. In the innovation-driven group, close to one-fifth of the entrepreneurs reported that more than 25% of their customers come from outside their national borders, a higher level than the other two development groups. This greater reliance on international sales may be attributed to factors related to economic development level: for example, high internal competitive intensity, mature markets, and advanced technologies or innovations, as well as more open and sophisticated trade policies. Entrepreneurs here may see opportunities to expand their reach beyond their borders, and economies at equal or earlier stages of development may present themselves as attractive targets.

The United States, though, with its image as a global economy, reports a low level of internationally-oriented entrepreneurs for its development level. Only 13% of entrepreneurs in the United States report more than 25% of their revenues coming from foreign sales. This is among the lowest level of internationalization in the innovation-driven group, notably below the average of 20%.

Of course, it's important to recognize the size and diversity of this country, as well as the fact that there are only land connections to Canada and Mexico, and greater distances to other countries than we would see in Western Europe, Asia Pacific and other developed regions. Western Europe has common borders and people with multiple language abilities and cultural similarities. In the Asia Pacific, countries like South Korea, Japan, Singapore and Australia have either small populations or geographic isolation that has led to a historical reliance on sea trade.

While on the surface the U.S. results may appear to be a troubling statistic, it is likely a function of positive home market opportunities. The United States, with a large geographic footprint, one of the largest domestic markets in the world, and sharing borders with only two other countries, has both sufficient opportunity and a resultant efficiency for selling in its home market. It does, however, suggest some advantages in developing the language and cultural understanding of other lands.

What is more concerning, however, is the recent downward trend shown in Figure 22. This contraction in global trade is likely a result of the poor economy, loss of confidence, and conservative operating budgets. Fortunately, the uptick for entrepreneurs in 2011 suggests a possible return toward international competition. Established entrepreneurs, however, report only a leveling out after two years of declines.

INNOVATION

Innovation benefits society through new and improved products and services that provide unique value and enhanced well-being for the people they serve, and economic benefits to a range of stakeholders and ecosystem participants. From a GEM perspective, innovation represents the extent products or services are new to some or all customers and where few or no other businesses offer the same product.

It is important to note that innovativeness is not perceived the same way across all economies. What may seem new to customers in one region may already be familiar to customers in another. In addition, entrepreneurs may face more competition simply due to the fact that their economies have greater competitive intensity in general. Innovativeness is therefore also context-dependent.

In the innovation-driven economies, 28.9% of the entrepreneurs stated they offered products or services that were new to customers and with few or no other businesses offering the same thing. Not surprisingly, the United States is above this average at 33%, signaling an upward trend from previous years.

We do not see the same trend with established businesses, however; innovation rate remained little unchanged from previous years, as Figure 23 shows.

While we see an upward movement in innovation among entrepreneurs, the continued lower rate among established businesses in 2011 may indicate this group may be making incremental improvements or is slower to invest in innovation during and immediately after an economic downturn. Perhaps entrepreneurs, in contrast, see advantages in innovating as the economy recovers.

The lower overall innovation rate of established businesses relative to TEA can also be attributed to the mature stage of growth of these businesses. Nascent and new businesses more typically introduce innovative solutions to get a competitive foothold, and alter and remix product offerings as they try to find their market and customers. Alternatively, established businesses are likely to continue to exploit the product offerings they developed during their early years.

Figure 22—Percentage of TEA and Established Business Owners with More than 25% Foreign Customers

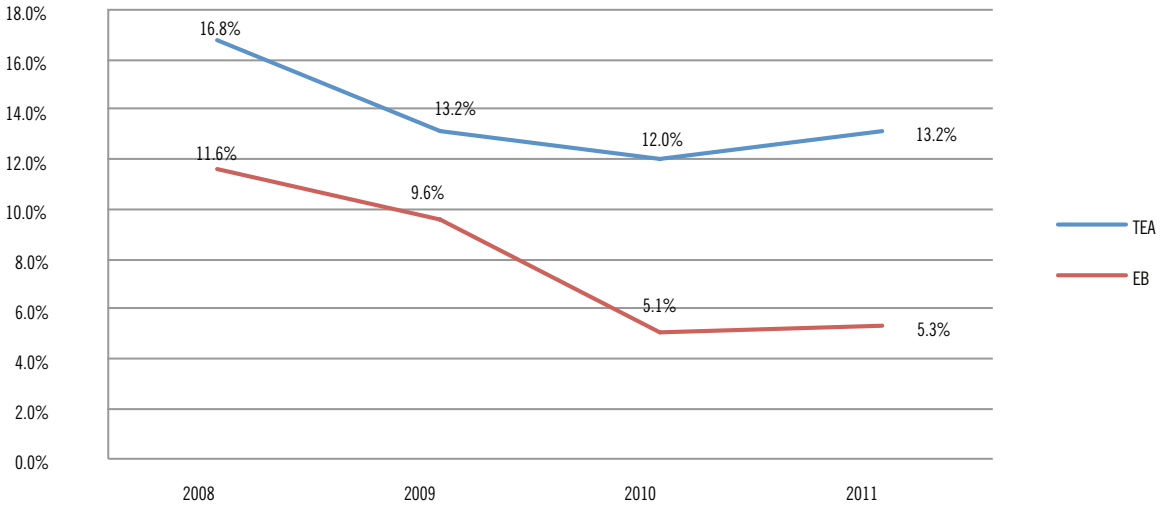
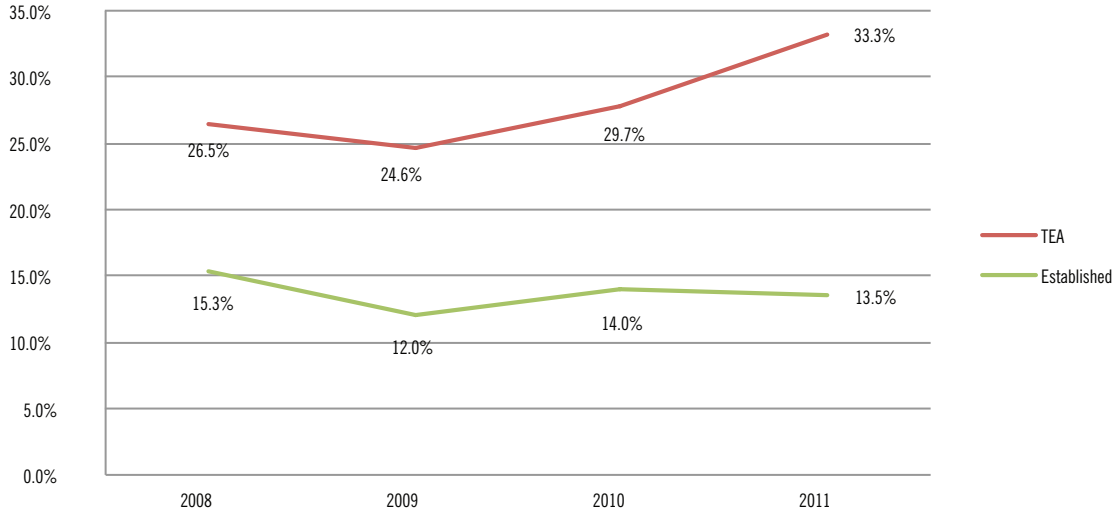


Figure 23—Percentage of TEA and Established Business Owners with New Product-Market Combinations



An In-Depth Look at Entrepreneurship in Two States and Two Regions

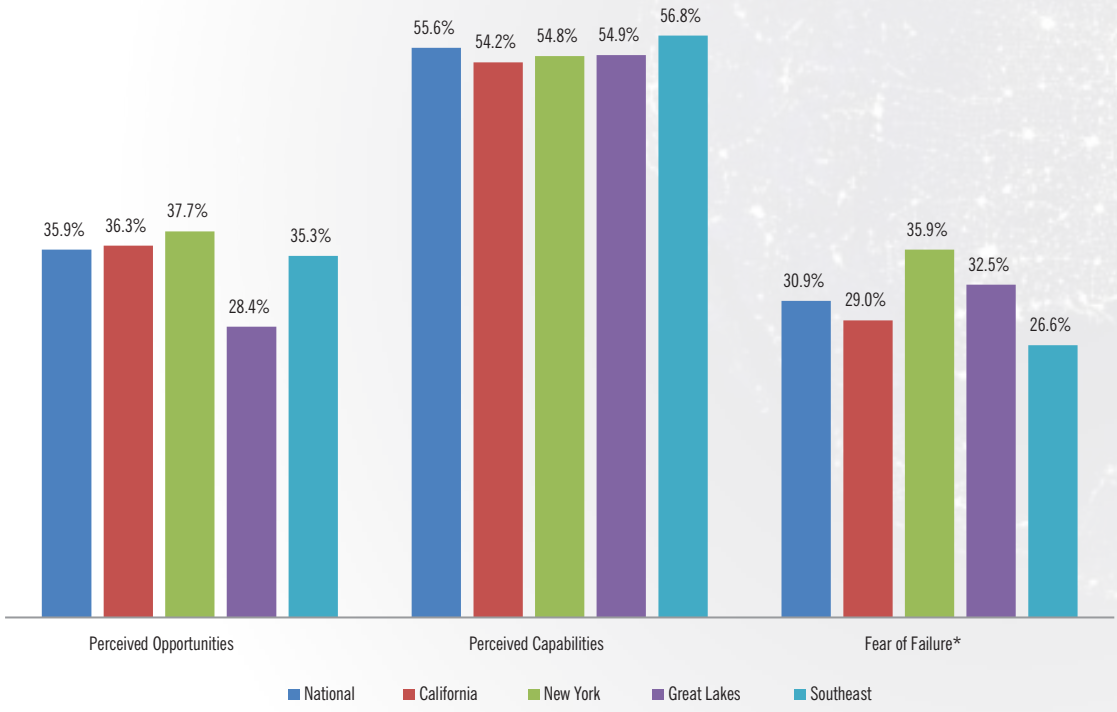
In 2011, GEM U.S. surveyed a nationally representative sample of about 4,000 adults from ages 18–99. Additional surveys were conducted in two states (CA and NY) and two regions (Southeast and Great Lakes[10]) to bring the sample size in each area to about 1,000 respondents. This enabled GEM to conduct more detailed analyses of the profile and impact of entrepreneurs in these regions, to assess the level of diversity represented in different areas of the country.

ENTREPRENEURSHIP ATTITUDES

An analysis of entrepreneurial attitudes in California and New York show levels of opportunity and capability perceptions very similar to the national average. New York, however, shows a higher level of people dissuaded by fear of failure compared to California and the national average. This suggests that although a similar number of people in both states think they are capable of starting a business and see entrepreneurial opportunities, those in New York are more likely to feel deterred by the high risks associated with this activity.

The Southeast and Great Lakes regions also show a similar level of capability perceptions compared with the national average. However, the Great Lakes exhibits noticeably low perceptions about opportunities, yet an average level of fear of failure. The Southeast, on the other hand, shows average opportunity perceptions and a lower fear of failure. This would suggest more positive attitudes toward entrepreneurship in the Southeast compared with the Great Lakes (see Figure 24).

Figure 24—Entrepreneurial Attitudes in Two States and Two Regions Compared with National Average



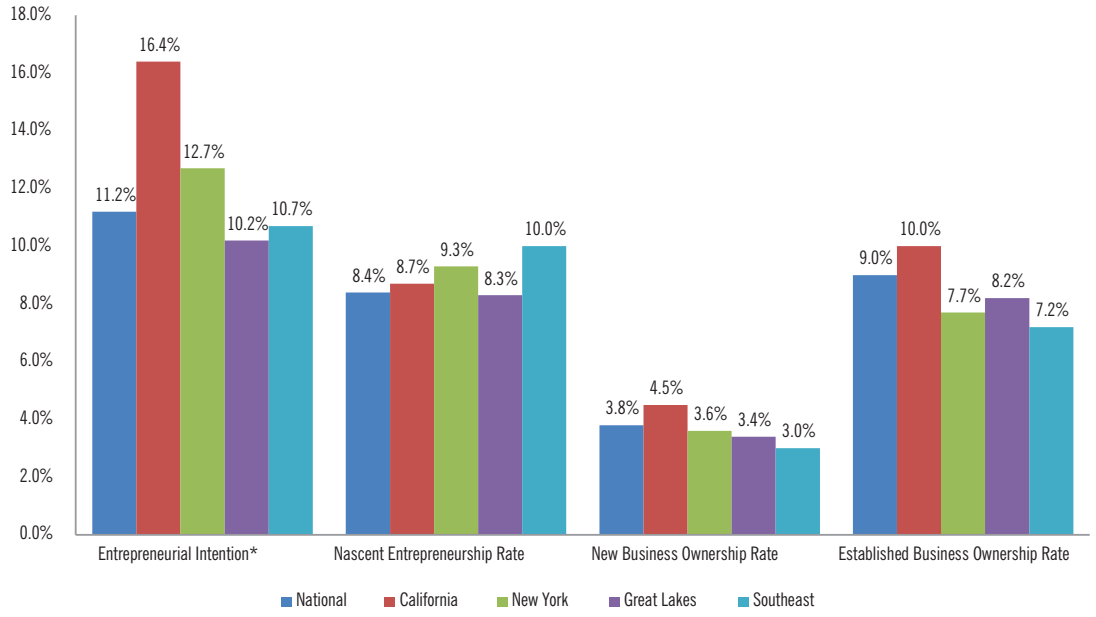
ENTREPRENEURSHIP ACTIVITY

In examining participation rates across the different phases of activity, intent to start a business is almost 40% higher in California than the national average. For the other phases, both states fall around the national average, as shown in Figure 25.

The Great Lakes region shows similar levels of activity across all phases compared with the national average. The Southeast does as well, with perhaps a slight emphasis on nascent activity over established businesses.

[10]Based on the U.S. Small Business Administration regional classification: http://www.sba.gov/about-offices-list/3. Southeast includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee. Great Lakes includes Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin

Figure 25—Entrepreneurial Activity in Two States and Two Regions, Compared with the National Level, 2011



While California's rate of entrepreneurship is similar to the national level, the motivations of these entrepreneurs differ quite markedly. Nationally, there are 3.3 opportunity-motivated entrepreneurs for every one motivated by necessity, and New York displays a similar level. This ratio is 6.4, however, for California (see Figure 26).

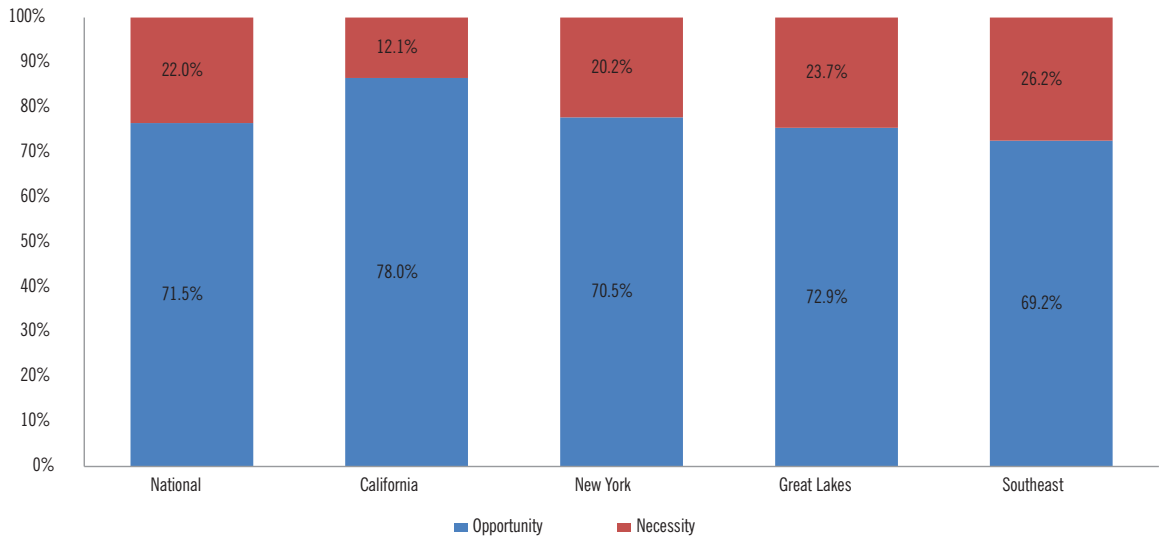
The proportion of entrepreneurs motivated by opportunity or necessity does not vary markedly from the national levels for the Great Lakes region. The Southeast leans somewhat more toward necessity entrepreneurship though, with 2.6 opportunity entrepreneurs for every necessity one.

PROFILE

Gender

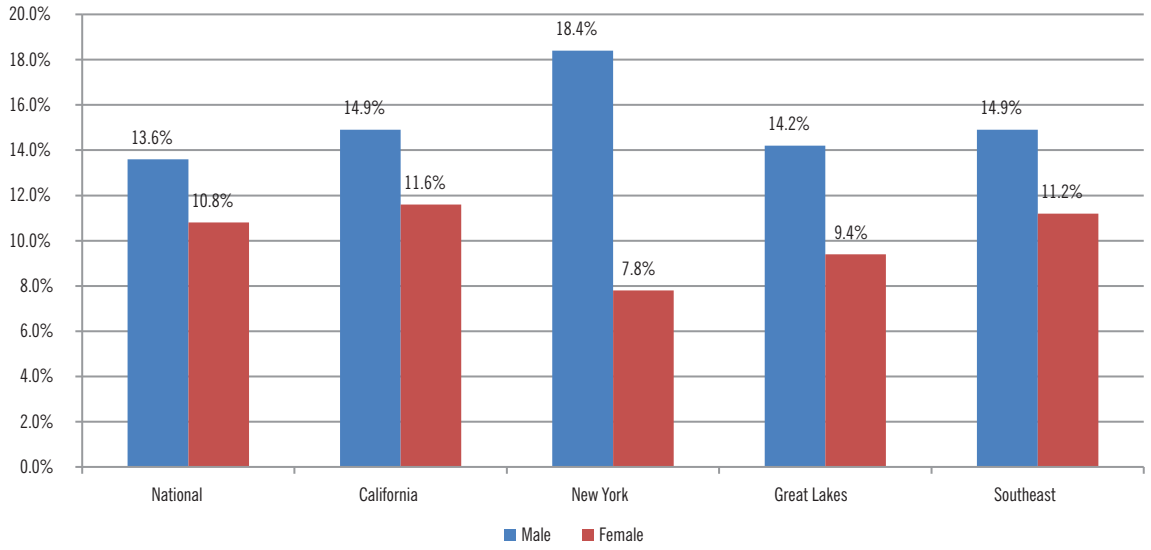
Nationally, there are about eight women for every 10 men entrepreneurs. The ratio for California is similar to the national average, but New York tells a much different story with only 4.2 women for every 10 men starting and running new businesses, as Figure 27 illustrates. The Southeast region has a similar ratio to the national average, but the Great Lakes region has just 6.6 women entrepreneurs for every 10 male entrepreneurs.

Figure 26—Opportunity vs. Necessity Motives for TEA*



*Some respondents give other responses (neither, both, don't know) so the proportions will not add up to 100%.

Figure 27—Differences Between Gender and TEA: 2011



Income Levels

Another profile characteristic exhibiting notable differences in the states and regions can be seen in a comparison of incomes levels. As Figure 28 illustrates, entrepreneurs tend to occupy higher income levels nationally. This is much more the case for California, where there are over twice as many entrepreneurs in the highest one-third income category than there are at the lowest one-third. New York, on the other hand, has about the same proportion of entrepreneurs at either end of the income scale with slightly higher middle income participation.

In the two regions, though, entrepreneurship in the middle income group is somewhat diminished relative to either ends of the income scale. The Great Lakes shows more emphasis toward the higher income levels while the Southeast has a high level of entrepreneurship at the lower income levels.

Figure 28—TEA by Household Income: 2011

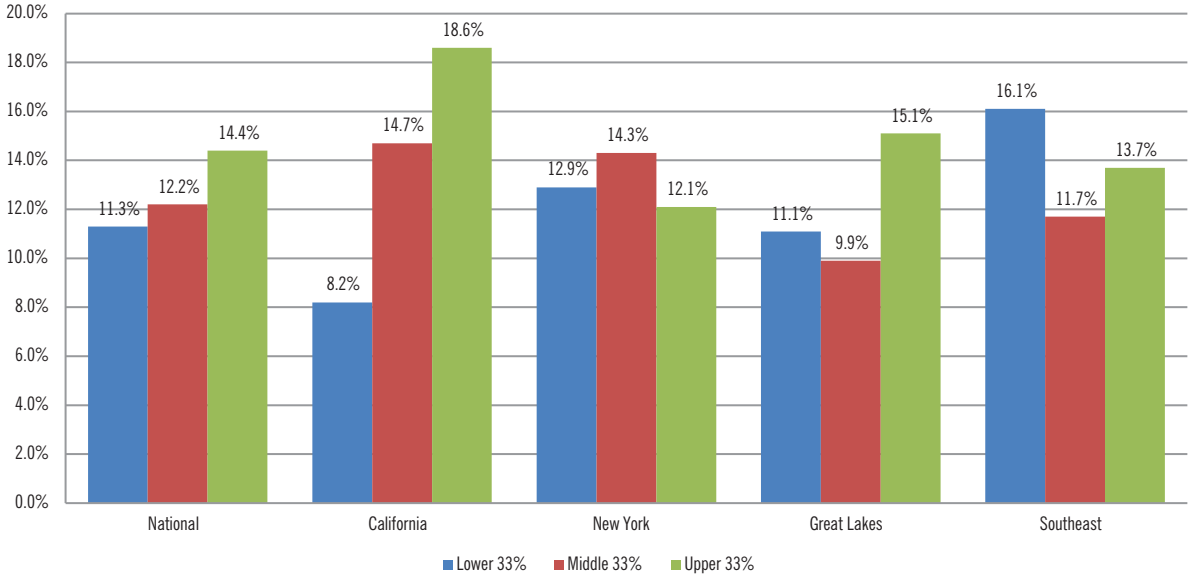
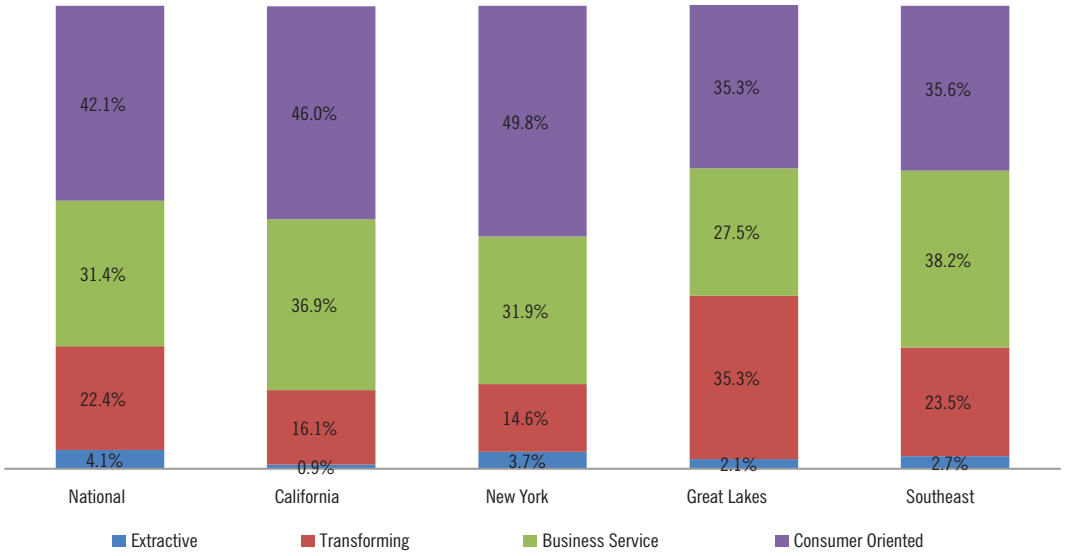


Figure 29—Industry Participation for TEA: 2011



IMPACT

Industry

Compared to national averages, California and New York entrepreneurs are more likely to participate in the consumer oriented sector, as displayed in Figure 29. Typically, consumer businesses elicit an image of small businesses personally serving customers like retail, restaurants, hairdressers, hotels, and so forth. The prolific consumer activity in these two states, however, may also reflect the ease of starting Internet-based C2C businesses. At the same time, it could also indicate the popularity of the tourist trade in either state. California also has a high proportion of entrepreneurs in business services.

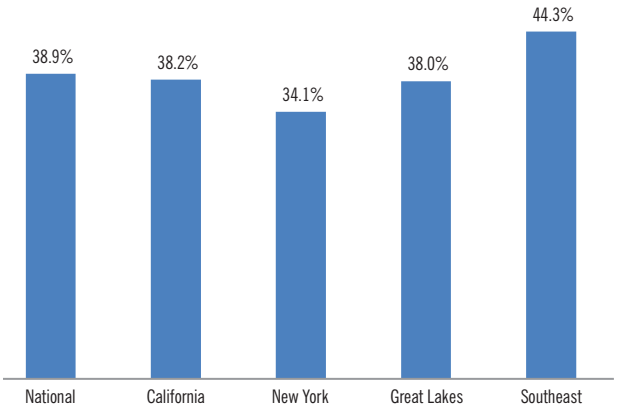
These two states show a lower emphasis on manufacturing (transforming), which may be more prevalent inland. This is particularly true in New York, where the population of New York City dominates the state, and where manufacturing has diminished upstate. California additionally has few entrepreneurs in the extractive industries, which may suggest, to the extent these industries are nonetheless present on the West Coast, that these are more often led by larger companies.

While California and New York had high levels of participation in the consumer sector, the Great Lakes and Southeast regions show less presence here. Instead, the Southeast region shows more emphasis on business services than the national average. The Great Lakes, on the other hand, has low participation in business services, but a very high emphasis on transforming—almost 60% higher than the national average, and consistent with this region's reputation as the "rust belt."

Growth Aspirations

California, with its image of high potential entrepreneurs like Steve Jobs and Mark Zuckerberg, reports a similar level of growth-oriented entrepreneurs compared with the national level, as shown in Figure 30. New York reports a low level of growth expectations, however. Perhaps this is less surprising when we consider the high level of consumer-oriented activity in California, but more so in New York—overall, painting a picture of many small businesses catering directly to consumers.

Figure 30—Percentage of TEA Job Growth, Adding More Than Five Employees in the Next Five Years: 2011



The Great Lakes region is also comparable to the national average for expected job growth. It is in the Southeast region, however, where we pick up a higher level of growth entrepreneurs: a more than 5 percentage point difference from the national level. This region had a high level of business service activity, along with low participation in the consumer sector. Perhaps this reveals the growth potential of the knowledge-based services sector, while the opposite may be typical in the consumer sector.

International Sales

As Figure 31 indicates, California has only average levels of internationally trading entrepreneurs than the national average. New York shows a low level of international trade, suggesting that entrepreneurs are focusing on the local and national markets and/or their goods and services are positioned more for domestic rather than international sales.

The Great Lakes is about on par with national levels for internationalization, whereas the Southeast, with its coastline, shows a much higher level of international customers than the national average.

Innovation

California reports a high level of entrepreneurs with innovative products and services, consistent with its Silicon Valley image, as shown in Figure 32. New York also reports a higher than average level of innovativeness. Together, these states project images of innovative activity on either coast. In the Southeast and Great Lakes regions, however, innovation rates are comparable to the national average.

Figure 31—Percentage of TEA and Established Business Owners with More than 25% Foreign Customers

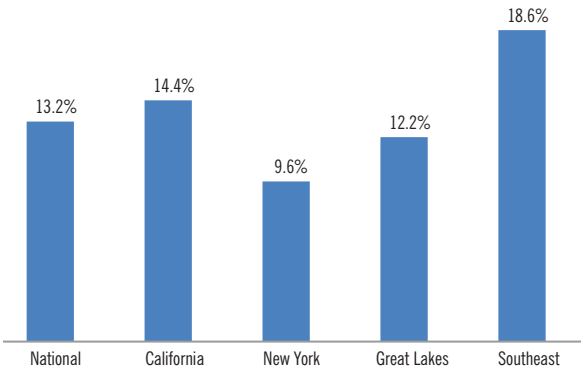
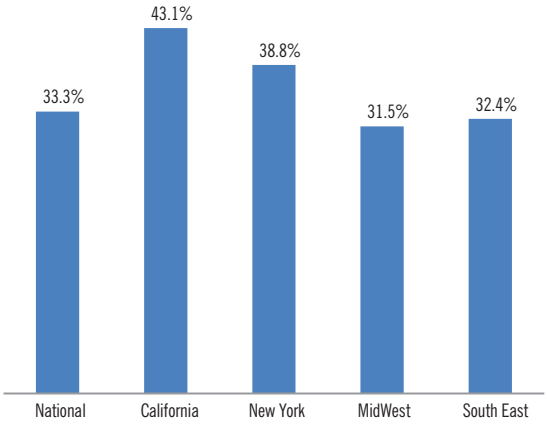


Figure 32—Percentage of TEA and Established Business Owners with New Product-Market Combinations



Conclusions and Implications

2011 was a year of great consequence for entrepreneurship in the U.S. After two years of declining numbers, entrepreneurship appeared to be making a recovery with a higher rate and quality of startup activity. Improvement in indicators like intent to start and perceptions about the presence of opportunities for entrepreneurship suggest there are promising trends ahead. Recognizing that entrepreneurship is, by nature, highly uncertain, we look toward the 2012 GEM results with great interest.

A key purpose of this report is to develop and distribute a greater depth of understanding about the nature of entrepreneurship in the United States. Targeted outcomes include a greater and more sophisticated dialogue about the strengths, weaknesses and future trends of entrepreneurship in this country, with the ultimate aim of shaping actions that can improve the quality and impact of U.S. entrepreneurial endeavors. Following are some key considerations drawn from the analyses conducted for this report; it is hoped these will help foster further reflection and discussion among academics, policy makers, educators and practitioners.

- **Recognize the mutual relationship of entrepreneurship and economic conditions.** As more individuals opted out of entrepreneurship during 2009 and 2010, necessity entrepreneurship took over proportionately more of this activity, showing its ability to fill employment gaps during a downturn. The loss of entrepreneurs during this period was therefore more on the side of those electing to pursue this activity: the opportunity-motivated entrepreneurs. As signs of a recovery stirred, entrepreneurs exhibited greater willingness to pursue opportunities and grow their businesses, helping to play a restorative role in the economy.

  This report also demonstrates the changes in attitudes that occur with economic cycles. In 2009, there was a drop in perceptions about the presence of opportunities for starting businesses, followed by a rebound in this indicator the next year—even while the U.S. economy languished, fear of failure continued to creep upward, and entrepreneurship rates were still dropping. It is possible that people were searching for income-generating opportunities in 2010, perhaps out of necessity, or because they were looking toward a recovery. Intentions also increased in 2010, suggesting that more people were making plans to enter entrepreneurship. Capabilities seemed to remain stable over the recessionary period, however, indicating that people maintained confidence in themselves, regardless of the economic situation.

  Implications: Recognize that necessity entrepreneurship may serve as an important employment stopgap during a recession; identify issues with regard to constraints on starting up, such as licensing and other procedures, as well as costs. Equip entrepreneurs to deal with both persistent constraints, but also those associated with changing economic conditions. Account for changes in attitudes as leading indicators or signs of shifting behaviors relative to entrepreneurship.

- **Address the multidimensional nature of entrepreneurship.** Entrepreneurial dynamism reflects the fact that an inflow of new businesses is needed to replace those that have died out or have become less relevant in a changed environment. These new businesses can also propel change, create new value for people and improve societal wellbeing. Entrepreneurial stability signals there are businesses with the ability to outlast their initial start-up years. As such, they can provide ongoing value for their stakeholders and leverage the capabilities and technologies they have built over time. Positive societal attitudes signal the presence of future entrepreneurs and potential stakeholders that will support their efforts.

  In addition, entrepreneurs can operate in many different contexts. As the U.S. data show, there are many people in this country starting and running independent new businesses, but also those doing the same for their employers. This illustrates the potential for exercising entrepreneurial creativity in organizations that may have resources and reputation, or independently where one has fewer constraints relative to legacy businesses.

  Implications: Account for the unique nature of entrepreneurship across different phases and contexts. Basic skills may be applied, but other skills will need to be developed to help entrepreneurs overcome unique constraints associated with a particular phase or type of entrepreneurship. In addition, particular environmental conditions may be necessary to sustain a diverse variety of entrepreneurs. For employee entrepreneurship, organizations can increase their understanding about the internal conditions that can foster and support this activity.

- **Build globally competitive U.S. entrepreneurs.** Although the U.S. plays a central role in the global economy, its entrepreneurs are less likely to venture beyond their borders. A majority of American entrepreneurs are innovative and growth oriented, and the large and diverse—as well as familiar—domestic market provides customers for their products and services. As regions of the world are quickly becoming innovators, these entrepreneurs will need to maintain their global competitiveness and they are most likely to do so by engaging with international markets.

Implications: Build abilities to communicate and operate in other cultures, starting in early education. Teach and assist students and entrepreneurs how to assess foreign markets, particularly how to look beyond assumptions rooted in one's home culture. Create learning experiences around immersion in different cultures and cooperative activities with those from other countries. Support and facilitate the international trade efforts of entrepreneurs: for example, assist them in understanding and navigating the regulatory process, offer country-specific (rather than generic) export assistance, provide information systems that can report on current and changing regulations, and develop ways to motivate service providers to work with new and small businesses on their internationalization efforts.

In addition, despite its low level of international sales, the United States contains a highly diverse global population. Many people residing in this country have knowledge and connections to growing export markets. While there have long been opportunities for specific nationalities and ethnic groups to meet and support each other, there can be great benefits in fostering global networks and communities.

- **Broaden access to under-participating groups, particularly women.**
  There are fewer women starting and running businesses compared with men in the U.S. In addition, males experience a youth dividend, where they have a high incidence of entrepreneurship in the first half of their career, with declines after that. Women, on the other hand, have static levels of participation in this activity through most of their career. The disparity between women and men therefore occurs during youth and the first half of their career.

  This youth dividend is accompanied by higher perceptions about opportunities, confidence in capabilities, affiliations with entrepreneurs and risk–taking propensity among young males compared with young females. In addition, women are most likely to start consumer-oriented businesses, while men show more balance between consumer, business services, and manufacturing sectors.

  Implications: Identify and address the structural, policy, cultural and other socioeconomic factors that impede certain groups from participating in entrepreneurial activity. Educate policy makers and the public about the job creation potential and the contribution to the economy that is associated with broader access. Build affiliations with entrepreneurs by promoting role models, mentors and networking for women and other under-participating groups. Encourage access and interest in entrepreneurship across a broader array of sectors through training, internships and experiential learning opportunities. Address and assess attitude changes to foster positive attitudes. To the extent child-care issues constrain women from participating in entrepreneurship, consider policy solutions that provide support for child care, including increasing men's involvement in this role.

- **Address entrepreneurship at the state and regional level.**
  A national level of analysis is useful in comparing the U.S. with other economies, particularly those at the same economic development level. Additionally, with 13 years of data on entrepreneurship, trends in the various indicators can be tracked. But national-level indicators are less useful for providing insights about the level of diversity exhibited within the U.S. relative to the level and nature of entrepreneurship.

  Our analysis showed similarities in some attitudes and entrepreneurship levels in the two states and in the two regions we oversampled. However, each state and region had its own distinct characteristics. California had only average growth projections despite having high numbers of innovative, opportunity-motivated, and high-income entrepreneurs. New York had low participation in entrepreneurship among women and a low level of international trade. Entrepreneurship in the Great Lakes is highly dependent on manufacturing, and people there have low perceptions about the presence of opportunities. Entrepreneurs in the Southeast are pursuing growth and international markets, but many of them come from low income households.

  Implications: Use state and regional data to understand the particular nature and unique concerns of entrepreneurship in a locality. Make comparisons against other states and the national average to reveal areas for consideration at the state level. Identify states and regions with exemplary results on some measures and examine these for ecosystem factors or policies contributing to these outcomes.

The United States has long been regarded as an entrepreneurial society, and this report has illustrated the multifaceted and diverse nature of American entrepreneurship. Entrepreneurs bring creative energy to society, providing people with new products and services that enhance their lives. They help to advance technological progress, solve key societal problems and promote economic growth. In turn, we can work to ensure their efforts are supported and unobstructed, celebrate their accomplishments, and enjoy the new benefits they bring us.

GEM Sponsors

GERA AND GEM

The Global Entrepreneurship Research Association (GERA) is, for formal constitutional and regulatory purposes, the umbrella organization that hosts the GEM project. GERA is an association formed of Babson College, London Business School and representatives of the Association of GEM national teams.

The GEM program is a major initiative aimed at describing and analyzing entrepreneurial processes within a wide range of countries. The program has three main objectives:

- To measure differences in the level of entrepreneurial activity between countries
- To uncover factors leading to appropriate levels of entrepreneurship
- To suggest policies that may enhance the national level of entrepreneurial activity

New developments, and all global, national and special topic reports, can be found at **www.gemconsortium.org**.

BABSON COLLEGE

is a founding institution and lead sponsor of the Global Entrepreneurship Monitor (GEM). Located in Wellesley, Massachusetts, USA, Babson is recognized internationally as a leader in entrepreneurial management education. *U.S. News & World Report* has ranked Babson #1 in entrepreneurship education for 18 years in a row. Babson grants B.S. degrees through its innovative undergraduate program, and offers M.B.A. and M.S. degrees through its F. W. Olin Graduate School of Business. The School of Executive Education offers executive development programs to experienced managers worldwide. Babson's student body is globally diverse, hailing from 45 U.S. states and 57 countries (non-U.S. students comprise more than 20% of undergraduates and 40% of full-time MBA students). Students can choose from over 100 entrepreneurship courses offered each year, taught by 17 tenure or tenure-track faculty, all with entrepreneurship experience, 7 faculty from other divisions around the college, and highly accomplished business leaders serving as adjunct faculty.

BARUCH COLLEGE

has a 160-year history of excellence in public higher education with an emphasis on business. A senior college in the City University of New York system, Baruch College offers undergraduate and graduate programs of study through its three schools: the Zicklin School of Business, the Weissman School of Arts and Sciences and the School of Public Affairs. Housed at the Zicklin School is the Lawrence N. Field Center for Entrepreneurship, a model of entrepreneurship education built around the collaboration of an institution of higher education, government and the private sector. For information, visit www.baruch.cuny.edu

About the Authors

DONNA J. KELLEY, PH.D.

Donna J. Kelley, Ph.D. is an Associate Professor of Entrepreneurship at Babson College, and holds the Frederic C. Hamilton Chair of Free Enterprise. She has taught and conducted research extensively in the U.S., China and Korea, and worked in Indonesia as a Fulbright Specialist. Her research has been published in leading entrepreneurship and innovation management journals. Prof. Kelley is a board member of the Global Entrepreneurship Research Association and leader of the GEM U.S. team. She co-authored the 2008 GEM Korea Report, the 2008 GEM Education and Training Report, the 2010 GEM Global Women's Report, and the 2010 and 2011 GEM Global Reports.

ABDUL ALI, PH.D.

Abdul Ali, Ph.D. is an Associate Professor of Marketing and Entrepreneurship at Babson College. Earlier, he served as Chair of the Marketing Division from 2000 to 2006 at Babson College. Dr. Ali's research, teaching, and consulting focus on entrepreneurial marketing, new product management, marketing analytics, marketing strategy and marketing high-tech products. His work has appeared in leading Innovation Management and Marketing journals. Dr. Ali has been Area Editor of Marketing and Entrepreneurship for the *Journal of Asia Business Studies* since 2006.

CANDIDA BRUSH, PH.D.

Candida Brush, Ph.D. is Professor of Entrepreneurship, Chair of the Entrepreneurship Division, holds the Franklin W. Olin Chair in Entrepreneurship, and serves as Director of the Arthur M. Blank Center at Babson College. She holds an honorary doctorate from Jonkoping University, in Sweden and is a Visiting Ad Junct Professor at Nordlands University, in Bodo, Norway. Dr. Brush is a founding member of the *Diana Project International*, and winner of the 2007 Global Award for Outstanding Research in Entrepreneurship. Her research investigates women's growth businesses, angel investing and strategies of emerging ventures. She has authored 9 books, 120 journal articles and other publications. She serves as an Editor for *Entrepreneurship Theory and Practice*, is an angel investor and board member for several companies and organizations.

ANDREW C. CORBETT, PH.D.

Andrew C. Corbett, Ph.D. is an Associate Professor of Entrepreneurship at Babson College. He is the General Editor of the Journal of Management Studies and serves on the editorial board of other entrepreneurship journals. His research on entrepreneurship has been published in leading outlets around the globe including the *Harvard Business Review, the Journal of Business Venturing, and Entrepreneurship: Theory & Practice.*

DIANA M. HECHAVARRIA

Diana M. Hechavarria is doctoral candidate in Management at the University of Cincinnati's Lindner College of Business and a Doctoral Researcher at Orkestra Basque Institute of Competitiveness. Her research interests include nascent entrepreneurship, and topics in organizational theory. In particular, Diana explores the various dynamics confronted in the different stages of launching a new firm. Diana's research has been published in journals such as *Small Business Economics, Journal of Business and Entrepreneurship,* and *International Entrepreneurship and Management Journal.* Diana has been involved in the coordination and analysis of the Panel Study of Entrepreneurial Dynamics II (PSED II). She received her B.A. in Sociology from University of Florida (2004), and her M.A. in Liberal Studies from Florida International University (2007).

MAHDI MAJBOURI, PH.D.

Mahdi Majbouri, Ph.D. is an Assistant Professor of Economics at Babson College since August 2010, when he received his Ph.D. from University of Southern California. He has a B.S. in Mechanical Engineering and an M.B.A. from Sharif University of Technology in Tehran, Iran. Development Entrepreneurship, and Labor Economics are his main areas of research, but his past work covers topics in finance, real-estate economics, and microeconomic theory as well. His work has been published in *The Journal of Real Estate Economics* and *The Quarterly Review of Economics and Finance.*

EDWARD G. ROGOFF, PH.D.

Edward G. Rogoff, Ph.D. is the Lawrence N. Field Professor of Entrepreneurship in the Department of Management of the Zicklin School of Business at Baruch College, The City University of New York. He is Chair of the Department of Management where he teaches and conducts research in entrepreneurship, particularly relative to minority and later-life issues. Dr. Rogoff was named the 2010 Outstanding Entrepreneurship Educator of the Year by the United States Association of Small Business and Entrepreneurship. He is the author of *Bankable Business Plans*, co-author of both *The Entrepreneurial Conversation*, and *The Second Chance Revolution: Working for Yourself after 50*. He has published in such journals as *The Journal of Business and Entrepreneurship, The Journal of Developmental Entrepreneurship, Family Business Review*, and *Journal of Small Business Management.*

Contacts

For more information on the Global Entrepreneurship Monitor 2011 United States Report contact:

Donna J. Kelley
dkelley@babson.edu

GEM global reports, national team reports, public datasets (and Google Data Explorer), events information, etc., are available on the GEM website: www.gemconsortium.org

Researchers from economies not currently represented in the GEM Consortium may inquire about joining and request information by e-mailing GEM Executive Director Mike Herrington at
MHerrington@gemconsortium.org


GEM