

PRESS RELEASE

Global Entrepreneurship Monitor (GEM) Report 2012

Innovative entrepreneurs focus their growth ambitions on export market

(Friday, 5 July 2013) The Minister for Jobs, Enterprise and Innovation Richard Bruton TD today launched the Global Entrepreneurship Report for Ireland for 2012. The report shows that 19,000 people started new businesses in Ireland in 2012, and highlights the findings that new business start-ups are increasingly innovative and that the majority expect to find customers in export markets. The Report also shows that for the first time the growth aspirations among women entrepreneurs have considerably increased and the gender gap in this area has been almost eliminated.

The GEM report is supported by the Department of Jobs, Enterprise and Innovation Enterprise Ireland and Forfás. The authors of the report are Paula Fitzsimons of Fitzsimons Consulting, who is the National GEM Co-ordinator, and Dr Colm O’Gorman, Professor of Entrepreneurship, DCU Business School.

As GEM research has been carried out in Ireland for nine of the last ten years, the 2012 report contains a ten year perspective. The earlier period (2003 to 2008) was characterised by high levels of entrepreneurial activity, with very many people perceiving opportunities to start new businesses. The overall culture was very supportive and entrepreneurship was considered a good career option.

Mirroring the changes in the economic environment, an overall decline in the rate of early stage entrepreneurial activity, particularly among men, is apparent in the latter period (2010 to 2012 inclusive), as is a rise in the proportion of those starting a new business out of necessity.

However, significant improvements in the overall entrepreneurship ecosystem in Ireland make this an increasingly supportive environment for starting a new business. Advances in access to seed and venture funding, international incubator supports, access to top level mentoring supports, and Enterprise Ireland’s and the City and County Enterprise Boards’ wide range of supports for start-ups, have all contributed to making Ireland a highly attractive location in which to start a new business venture.

Improvements in the degree of perceived innovation and intended internationalisation among those starting new businesses in the more recent period are also very positive and suggest an improvement in the *quality* of the new enterprises being started. Successful entrepreneurs continue to be held in high regard.

The GEM report indicates that Irish early-stage entrepreneurs have a stronger focus on international markets and exporting than their OCED and EU counterparts. This focus of entrepreneurs on developing innovative products and services for export is essential for growth and economic recovery. The increase in the level of ambition and export focus among women entrepreneurs is also welcome.

Launching the report, Minister Bruton said: “Two thirds of all new jobs are created by start-ups in the first five years of existence. That is why we have placed entrepreneurship at the

centre of our plans for jobs and growth. Through the Action Plan for Jobs, we have put in place a series of measures to support greater levels of start-up activity across the economy including a range of new credit measures and world-class supports for small business through the Local Enterprise Offices. Now we are taking advice from world experts and taking views from the public on the next phase of our plan to support more entrepreneurs and start-ups, and ultimately create the jobs we need.

“Today’s report is a very welcome analysis of entrepreneurship in Ireland. It provides substantial detail on trends across a range of indicators and will be of immense help as we frame policies in this area. I commend Paula Fitzsimons and Dr Colm O’Gorman on their work.”

Commenting on the report, Chairman of the Government’s new Entrepreneurship Forum Sean O’ Sullivan said: “Ireland has always been a place full of dreamers and doers and that’s essentially what entrepreneurship is, a blend of the two. As citizens, we must take on the responsibility of creating our own jobs, and figure out how to be more efficient, working at greater speed with higher innovation and reduced cost.

“If we can field world-class rugby players, artists, and scientists, why can’t we also field world-class, fast-growing indigenous businesses? An Ireland that restores economic growth is an Ireland that expands opportunity and quality of life for all its citizens.

“After the battering we’ve endured in recent years, we’ve got a long road ahead of us to return to being #1 in Entrepreneurship in Europe. As Taoiseach Enda Kenny has made it clear, however, Ireland is “open for business”. Our challenge is to seize this opportunity, move quickly and boldly go beyond where we have ever been before.”

Declan Hughes, Manager of the Enterprise, Trade and Innovation Division, Forfás, said, “The GEM report indicates that Irish early-stage entrepreneurs have a stronger focus on international markets and exporting than their OCED and EU counterparts. This focus of entrepreneurs on developing innovative products and services for export is essential for growth and economic recovery. The Action Plan for Jobs sets out a range of measures to support export-oriented start-ups. The increase in the level of ambition and export focus among women entrepreneurs is also welcome. At national policy level we need to continue to take the steps necessary to ensure we have the best environment to start a business in Ireland as set out in the Action Plan for Jobs’.

ENDS

Notes to Editors:

The Global Entrepreneurship Monitor (GEM) provides an annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals across a wide range of countries. GEM is the largest on-going study of entrepreneurial dynamics in the world. Initiated in 1999 as a partnership between London Business School and Babson College, the first study covered 10 countries. In 2012, 69 countries participated in the research. One of the unique features of GEM is the facility which it provides to compare countries with each other across a range of variables pertinent to entrepreneurship. This is made possible as the research is carried out in exactly the same way in each country and is coordinated by the Global Entrepreneurship Research Association (GERA) based in Babson College in the United States.

The findings include:

The majority of early stage entrepreneurs expect to become employers (73%).

The number of early stage entrepreneurs that have ambitious growth aspirations and expect to employ 20 or more after five years (15%) , compares very favourably with international averages.

More than one in four (28%) early stage entrepreneurs have, or expect to have, at least 25% of their customers in overseas markets.

Irish early stage entrepreneurs are relatively innovative with 23% of their products/services considered new to all customers compared to their international counterparts, 19% (OECD), 17% (EU-27) and 18% (EU-15).

There has been an increase in the number of those aged 50 and over that are actively considering setting up a business or have recently done so (6%) compared to 2011 (4.4%).

Success at entrepreneurship is still regarded with high esteem within Irish society and is above that of other international countries.

There has been an increase in the perception of positive media coverage about entrepreneurs by Irish society, up to 61% from 56% in 2011. This rate is higher than the international averages OECD (52%), EU-27 (50%) and EU-15 (51%).

Early stage entrepreneurship is higher among immigrant groups (7.2%) than it is among the non-immigrant population (5.8%). A higher percentage of first generation (3.0%) and second generation immigrants (2.9%) have recently started a business in Ireland, compared to the non-immigrant population (2.2%).

Informal investors are a vital source of funding for new businesses in Ireland. There was a slight increase in the number of adults reported having provided funds in the past three years (June 2009 to June 2012) to a business started by someone else (3.7%) from (3.2%) in 2011. The average amount invested by individuals in Ireland (€29,200) during this period was higher than the OECD average (€26,400).

There has been a significant reduction in the level of early stage entrepreneurial activity by men over the ten year period. In contrast there has been a much smaller reduction in the rate at which women engaged in early stage entrepreneurial activity.

There has been a slight fall in the percentage of businesses being set up out of necessity (28%). This rate is still above the international average OECD (21%), EU-27 (21%) and EU-15 (18%).

There was a decrease in the rate of Total Early-Stage Entrepreneurial Activity (TEA) in Ireland in 2012 - 6.1% down from 7.3% in 2011. Ireland is now ranked 14th across the EU and 18th among the OECD countries

There was a decrease in the rate at which entrepreneurs were discontinuing their business. This decreased from 2.8% in 2011 to 1.2% in 2012. This rate is now below the average across the OECD (1.9%), EU-27 (1.8%) and EU-15 (1.6%).

The majority of entrepreneurs that closed their business cited that the business was not profitable as their reason for doing so (42%). 17% claimed to have problems getting finance in order to keep the business going.