



Global
Entrepreneurship
Monitor 2019 / 2020

Report on Switzerland 



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Monitor 2019/2020
Report on Switzerland

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The report is available online at www.gemconsortium.org and at www.heg-fr.ch/GEM. All data used in this report are collected and processed centrally by the GEM consortium. The authors have exclusive responsibility for evaluating and interpreting the data.



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..... Management Summary/Key Results

The School of Management Fribourg (HEG-FR), member of the University of Applied Sciences and Arts Western Switzerland (HES-SO), collected data for the international Global Entrepreneurship Monitor (GEM). 2015 telephone interviews and 36 talks with experts revealed entrepreneurial attitudes, activities and aspirations, and identified the factors influencing the type and extent of the entrepreneurial activities. The 2019/2020 Global Entrepreneurship Monitor Report on Switzerland illustrates national differences in entrepreneurial activity¹ between economies, revealing the factors that determine the nature and level of national entrepreneurial activity, and identifying policy implications for enhancing entrepreneurship in Switzerland.

Self-perception about Entrepreneurship

Perception of opportunities is at a low level, with those interviewed in Spain recognizing the fewest entrepreneurial opportunities. Switzerland shows, with 49.2%, a higher

perception of capabilities than in the previous years (2018: 36.3%; 2017: 42.1%) but Switzerland's perception of capabilities is below the European benchmark, and clearly behind the very strong belief of Americans in their own capacity to start a business (65.5%). The same is true of people in Slovenia, Canada, Australia, and UK.

The **entrepreneurial intentions** of Swiss inhabitants are higher than in previous years, but still below the average of high-income economies, contrasting sharply with people in Israel or Republic of Korea. Perceptions and intentions are combined, with the challenge being to see **entrepreneurship as a good career choice**. Only 40.2% view entrepreneurship as an interesting pathway for one's professional future compared to 85.8% in Netherlands or 69.2% in Canada. On the other side, the status of a successful entrepreneur and media attention for entrepreneurship are at a good level, and **fear of failure** is lower than in previous years.

¹ Entrepreneurship isn't only about focusing on the start-up phase, but also about being seen as a mindset in young, growing, mature companies, or companies going through change.

Gender Equality: Further significant differences between men and women

A greater proportion of men than women typically engage in Total Entrepreneurial Activity (TEA) overall. The gender gap narrowed in

Switzerland in 2019, where there are six female entrepreneurs for every 10 male entrepreneurs. In 2018, the female to male entrepreneurship ratio was 5 to 10. The difference is for the established business owner rate and entrepreneurial employee activity.

Table 1 Gender differences regarding activity

	% Adults	Rank/50	% Female	% Male
Total early-stage Entrepreneurial Activity	9.8	31	7.3	12.3
Established Business Ownership rate	11.6	11	9.1	14.1
Entrepreneurial Employee Activity	5.4	13	3.4	7.3

At the same time, GEM finds differences in attitudes and outlooks between women and men. Women starting a business are more likely to agree with the motivation of making a difference to the world and the motivation to earn a living is more

important for women entrepreneurs in Switzerland than for men entrepreneurs. Men starting a business are more likely to agree with the motives of building great wealth or high income, or of continuing a family tradition.

Table 2 Gender differences regarding motivations

	% TEA	% Female TEA	% Male TEA
To make a difference	43.2	46.9	41.0
To build great wealth	38.1	23.5	46.6
To continue the family tradition	17.1	11.8	20.2
To earn a living	50.4	55.4	47.4



The Effects of Entrepreneurial Activity

Job growth expectations. High job growth expectations are indicated through an expected job creation of 6 or more new jobs in the next five years. In Switzerland, the percentage of those involved in TEA who expect to create 6 or more jobs in the next five years amounts to 28.3%. Together with the United Kingdom (28.4%) and the United States (32.5%), they all count almost a third of its TEA population aiming for high job growth.

Informal investment. Investment by friends, family, neighbor, etc., plays an important role in Switzerland and 8.9% of the people involved in an en-

trepreneurial activity in Switzerland have invested an average of 20000 US-Dollars in other entrepreneurial projects in the last three years.

International orientation. Swiss early-stage firms appear to have a very strong international orientation. Two-thirds of the newly founded start-ups in Switzerland expect to generate revenues from foreign customers and thus belong to early internationalizing SMEs. Together with Switzerland, Sweden (28.6%), Ireland (24.3%) and Slovenia (22.8%) rank at the top of the list of robust export-oriented start-up nations. In general, export-oriented entrepreneurs are more prevalent in small economies, in particular, European ones.

Table 3 Entrepreneurship impact

	% Adults	Rank/ 50 economies
Job expectations (6+)	2.8	22
International (25 %+ revenue)	2.5	8
National scope (customers and products / process)	3.2	6
Global scope (customers and products / process)	0.5	16
Industry (% TEA in business services)	29.8	9

Entrepreneurial Framework Conditions

Last year GEM introduced the National Entrepreneurship Context Index (NECI), a measure of the ease of starting and developing a business. In the latest report, Switzerland topped these rankings among the 54 countries involved in the study, followed closely by the Netherlands, Qatar, China and the United Arab Emirates. Data from NECI was derived from the 2019 GEM National Expert Survey (NES) in which national experts are asked to assess the national environment for entrepreneurship in terms of 12 GEM-defined framework conditions. Physical Infrastructure is universally rated the most well-developed of the framework conditions that support entrepreneurship. Entrepreneurship education at the school-level is universally regarded as the weakest, least developed condition.

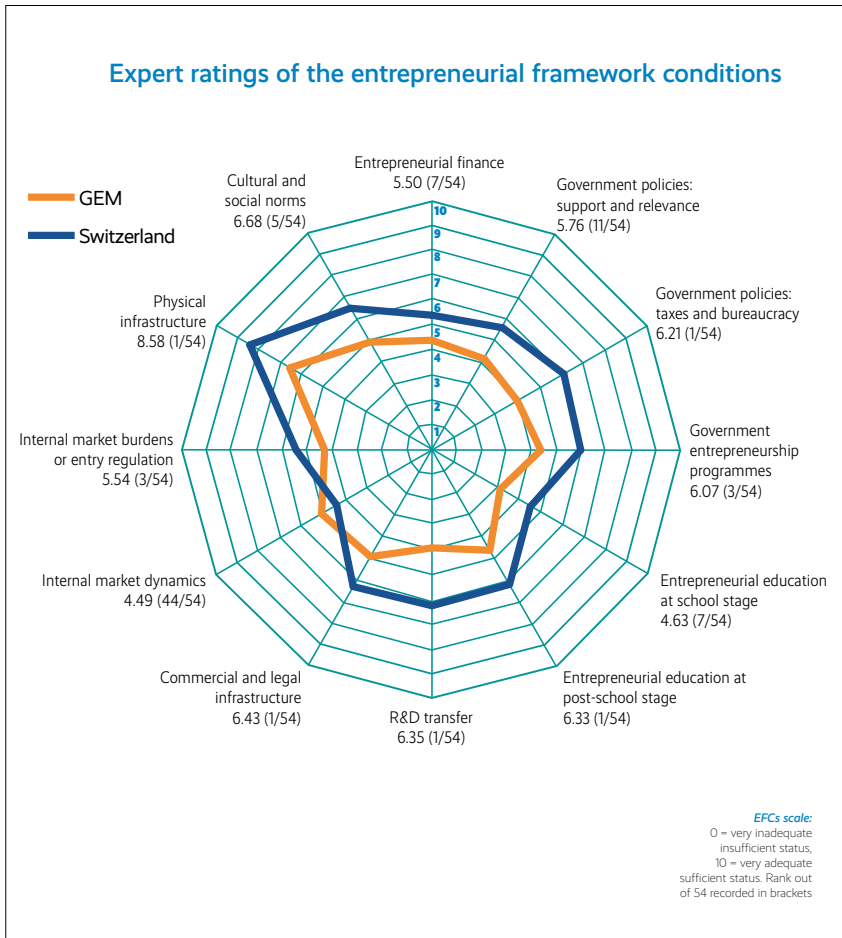
This is testament to the investment made by Swiss cities and cantons, positive media coverage of entrepreneurship in the country and an increase in corporate entrepreneurship. Many companies are investing in start-ups and this is making a difference. We also have a high level of diversity – culture, languages and disciplines, etc. – and this has been an important factor driving entrepreneurship.

The NECI consists of twelve framework conditions selected from the expert survey. For the compilation of the index, the framework conditions were weighted according to their assigned importance, based on the experts' judgements. The higher the index value, the better the assessment of the start-up-related framework conditions in the respective country. The aim of the NECI is to inform interested supporters and stakeholders at a glance about the overall picture of the environment and framework conditions of Switzerland as a location for start-ups.

The overall entrepreneurial framework conditions in Switzerland are high compared to other high-income economies included in the study. Switzerland achieves outstanding results in finance, commercial infrastructure, tertiary education, and knowledge and technology transfer, as well as in government programs. However, although the experts see the entrepreneurial framework conditions in a fairly positive light, several points for improvement are mentioned in the report.



Figure 1 Expert ratings of the entrepreneurial framework conditions in Switzerland



... 1 Recommendations for Policy and Practice

Over the last years, and particularly after the global financial crisis, the realization that people could no longer depend on large organizations or government as job creators is especially important for Switzerland with its SME dominance. We are convinced that this trend will follow due to the impacts of COVID-19 in the future.² Globalization, technological advances and the digital economy have also had a radical effect on the world of work. The traditional career path of a stable job with steady hours, a regular paycheck and a solid pension – a job for life – is no longer an option for many people. New organizational concepts and career perspectives of young talents are influencing the entrepreneurial ecosystem. Furthermore, the impacts of COVID-19 will be observed over the next few months and the entrepreneurial ecosystem is to be fostered in rural and semi-rural areas by integrating, decentralizing and coordinating ef-

forts, and by taking the SMEs as the back-bone for policies.

SMEs, family tradition and succession as the new venture crea-

tion: Digitalization, entrepreneurial behavior in large organizations and public institutions play a major role, supported by an entrepreneurial ecosystem with start-ups and dynamic SMEs. The number of career transitions experienced by individuals is already on the increase, and technology is disrupting the traditional patterns in many industries. While the changing world environment presents challenges of varying natures and magnitudes, it is clear that it also presents opportunities – in particular, for innovative and dynamic entrepreneurs.

Swiss Ecosystem-approach with critical mass and density:

Clusters/business hubs should be created – including entrepreneurs, as well as commercial and professional

² Special analyses of the COVID-19 and their impacts on entrepreneurial behavior are published in the Global Entrepreneurship Report 2020/21.

support structures – so that start-ups can be assisted in a more protected and supportive environment. The mentorship quality should be at a high-level all over Switzerland for young entrepreneurs, in particular, for those who often struggle to build up appropriate professional networks. It is important to provide mentorship programs where the mentors have practical personal experience running a business. It is essential that all entrepreneurial trainers and consultants are well trained and/or have experience in the specific area of expertise that they offer.

Several initiatives should be fostered to enhance the entrepreneurial ecosystem in Switzerland in order to have more high ambition start-ups and growing SMEs. The government has to focus on high-growth entrepreneurs in order to build a generation of robust, engaged entrepreneurs. **Innovation-based businesses and Gazelles** still create the majority of net new jobs in an economy. Government should create special dispensation for these two categories of enterprise, for example, by providing special funding vehicles and funding for business development services.

Women entrepreneurship. The support of entrepreneurial activities in

Switzerland rests strongly on the support of technology-based (often also high-tech) start-ups and projects. The probability of having women entrepreneurs in these sectors is obviously lower, and it is quite normal that women entrepreneurial projects are less supported. The entrepreneurial ecosystem in Switzerland has had an impressive development in the last years, but there is still a gender gap. The added value to an entrepreneurial ecosystem of women entrepreneurs, with their higher motivation to make a difference in the world, is shown in the new report. Thus, if purpose-driven activities in, e.g. the health or social sector, the special support of a circular economy project, or even the fashion industry, could lend support to women entrepreneurs for the future. The impact of the entrepreneurial activity should be at the center!

Strengthening SME succession as a start-up option in family businesses. In principle, stronger SME networking within the start-up world is essential. It creates personal relationships and new networks over a longer period of time and entrepreneurs can fall back on these in a handover situation. In the case of family businesses, digitization is currently a core issue with a great need

for action in the context of business succession. Many companies have not yet taken full advantage of the opportunities offered by digitization (Since the next generation is regarded to be “digitally savvy”, development processes are also expected here in the next few years.)

Serial entrepreneurs, failure and resilience: in fact, the feeling is that if you never experience failure, you are not being innovative enough. In order to spur entrepreneurial activity, corporates, investors, and government also need to be disruptive and adopt a new approach to investing in and funding new businesses. They need to back entrepreneurs and encourage them to experiment, even if they fail the first time. The Swiss ecosystem should accept that there is a high chance that a first venture will fail but recognize that this is a necessary part of the entrepreneurial journey.

Informal investment, pension funds and business angels: Informal investments and investments of family offices are an important factor in the financial entrepreneurial ecosystem in Switzerland, and are an ad-on to the pension funds investing in private equity and venture capital. The focus of their investment should be for the

growing stage of the company to allow and enhance their internationalization in order to create a greater impact for the local economy and society.

Finally, many people choose an entrepreneurial direction after school – it is, thus, important to increase investment in training programs **in entrepreneurship outside the traditional higher education** institutions. Programs must be regularly evaluated and continually improved to take into account changes in national conditions and research. GEM research has confirmed a positive link between training in starting a business and entrepreneurial behavior, which is not always visible in the short run. Practical and interactive business and entrepreneurship training programs at secondary school are an important factor in encouraging effective youth entrepreneurship. A lifecycle-based approach of Entrepreneurship should be the backbone of support programs. Understanding the specific needs along startup development, growth and change is key.

Education in entrepreneurship at school level should equip learners with key business skills. It is imperative, however, that teachers in these courses are well trained. Schools

also need to actively promote entrepreneurship as a career path – inviting successful young entrepreneurs to participate in the educational program. **Internships**, especially inside start-ups and SMEs, should be

provided for young adults interested in entrepreneurship. A culture of experiential learning provides young people with the opportunity to learn from the professional world while still students.

... 2 Entrepreneurial Attitudes and Perception

This section examines the rate of individual participation in the various phases of entrepreneurship for Switzerland as compared with other high-income economies. We discuss potential entrepreneurs, individuals with the intention of starting businesses, people starting and running new businesses (early-stage entrepreneurs), established businesses, and those after the discontinuation of businesses.

The GEM data collection for Switzerland yields entrepreneurial profiles along three important dimensions. Entrepreneurial attitudes, perceptions, and intentions reflect the degree to which individuals tend to appreciate entrepreneurship, both in terms of general attitudes and self-perceptions: how many individuals recognize business opportunities? How many believe they have the skills and knowledge to exploit such opportunities, and how many would be prevented from exploiting such opportunities due to fear of failure? Entrepreneurial activity measures the observed involvement in several phases of entrepreneurial activity. It also tracks the degree to which entrepreneurial activities are driven by

opportunity and/or necessity. Moreover, estimations of discontinuations of entrepreneurial activity (and the reasons for doing so) are based on the GEM Adult Population Surveys. Finally, entrepreneurial aspirations are of key importance in addressing the socio-economic impact of entrepreneurial behavior. Of particular interest are those entrepreneurs who expect to create jobs, to be involved in international trade, and/or to contribute to society by offering new products and services.

2.1 Entrepreneurial Attitudes

Fostering entrepreneurial awareness and positive attitudes toward entrepreneurship is high on Switzerland's policy agenda. The idea is that evolving attitudes and perceptions toward entrepreneurship could affect those individuals wishing to venture into entrepreneurship. However, the key factor that determines whether someone progresses to entrepreneurship is not the perception of opportunities for start-ups or of (matching) personal capabilities: context also plays a role. Factors such as the availability of (good) job alternatives in an economy can make a difference for those who perceive

Table 4 Percentage of people with specific entrepreneurial perceptions, intentions and societal attitudes in selected high-income economies, 2019

Selected High Income Economies	Perceived opportunities	Perceived capabilities	Fear of failure*	Entrepreneurial intentions **	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
Australia	45.7	56.0	47.4	13.0	56.4	74.0	70.5
Canada	67.1	56.8	47.2	11.9	69.2	79.9	76.5
Germany	52.2	45.8	29.7	9.1	53.6	80.7	55.3
Ireland	50.2	42.0	31.4	14.6			
Israel	46.0	43.3	55.4	21.2	64.2	84.1	59.0
Italy	45.1	48.1	27.6	5.4	19.0	13.1	36.9
Netherlands	64.6	41.9	27.1	9.2	85.8	76.4	75.4
Norway	69.5	31.5	30.2	5.7	66.7	93.5	79.3
Republic of Korea	42.9	51.7	7.1	25.7	54.3	86.0	68.8
Slovenia	47.6	57.5	42.2	15.0	63.5	84.0	82.5
Spain	36.1	50.8	48.2	7.4	57.3	57.9	54.0
Sweden	79.8	50.7	42.9	10.9	62.7	78.7	71.2
Switzerland	40.7	49.2	23.9	10.7	40.2	76.2	62.8
United Kingdom	43.8	55.2	44.5	7.6	56.4	76.7	71.0
USA	67.2	65.5	35.1	13.7	67.9	79.7	77.4
Average (High Income Economies)	52.7	54.8	39.7	20.2	60.4	71.5	65.3

* Fear of failure assessed among those seeing opportunities.

** Respondent expects to start a business within three years; currently not involved in entrepreneurial activity.

market opportunities and have confidence in their own entrepreneurial capabilities and help to determine whether they engage in independent entrepreneurial activity or not. So, while in some societies, positive attitudes and perceptions toward entrepreneurship may be instrumental in achieving new (high value) entrepreneurial activities, in many others they are certainly not, on their own, sufficient reason for people to choose to engage in entrepreneurial activity. For example, there may be other excellent options available to individuals. Bearing this in mind, we can see in Table 4 how, in terms of entrepreneurial perceptions and attitudes, Switzerland compares to other high-income economies in general and to the comparison group in particular.

Table 4 reflects the percentage of individuals who believe there are opportunities to start a business in the area they live in. Perceived capabilities reflect the percentages of individuals who believe they have the required skills and knowledge to start a new business. The measure of fear of failure (when it comes to starting your own business) applies only to those individuals who want to start a business. Entrepreneurial intentions are defined by the per-

centage of individuals who expect to start a business within the next three years (those who are currently already entrepreneurially active are excluded from this calculation.) For all four measures, cultural differences and business-cycle patterns are an important explanation for the differences in perceptions across countries.

In the 2019 census, the **perceived opportunities** in Switzerland to start a business (40.7%) are at a lower level compared to the average for high income economies (52.7%), and the difference is higher than in 2018. Sweden, Norway, the United States, Canada and the Netherlands remain at the top when it comes to available opportunities.

Switzerland shows a higher **perception of capabilities** (49.2%) in 2019 than in previous years (2018: 36.3%; 2017: 42.1%) paired with a **lower fear of failure** (23.9%) compared to 2018 (2018: 39.9%; 2017: 29.5%). Nevertheless, Switzerland's perception of capabilities is below the average of high-income economies, and clearly behind the very strong belief of Americans in their own capacity to start a business (65.5%). The same is true of people in Slovenia, Australia, Canada, Korea Republic, Spain, and Sweden.

The **fear of failure** in Switzerland (23.9%) is lower than the average when comparing economies. The impact of fear of failure tends to be more common in developed economies, where the greater prevalence of alternative career options can create the impression that people have more to lose by foregoing these other opportunities. However, the impact of the experience of fear on individual cognition and behavior can be beneficial as well as detrimental. Despite this dualistic nature, fear is examined to date as only a barrier to entrepreneurial behavior. Thus, low fear of failure is not always directly linked to the creation of new ventures (Cacciotti & Hayton, 2015).

The **entrepreneurial intentions** of Swiss inhabitants are higher (10.7%) than in 2018 (6.9%) and the same as in 2017, but under the average for high-income economies (20.2%). Most remarkable are the differences between Switzerland, the Korean Republic and Israel.

In the low-and middle-income economies, two-thirds of adults, on average, think **entrepreneurship is a good career choice**. In the high-income economies, 60.4% have this belief. The number of people to see entrepreneurship as a good career

choice in Switzerland (40.2%) decreased in 2019 and 2018 (46.5%) compared to 2017 (53.0%) and is under the average of high-income economies (60.4%). Compared to 85.8% in the Netherlands, 69.2% in Canada, 67.9% in the United States, 66.7% in Norway, 64.2% in Israel, and 63.5% in Slovenia, it seems that an entrepreneurial career is less attractive in Switzerland.

Interestingly, the **high status of successful entrepreneurs** (76.2%) is above the international average, and media attention for entrepreneurship is only slightly under average for high-income economies. In Norway, the US, Canada, Sweden, UK, Australia and Republic of Korea reports of entrepreneurs in the media are increasingly more important than in Switzerland.

2.2 Self-Perception and Entrepreneurial Talent

One important determinant of whether or not to start a business, and a significant influence on the success and longevity of that business, may be whether and to what extent individuals see themselves as potential entrepreneurs. The question is if the person has the knowledge, skills and experience to start a new business, and whether she or he

sees good opportunities but would fail, with results shown in Figure 2 and Figure 3.

Figure 2 You personally have the knowledge, skills and experience to start a new business (% adults)

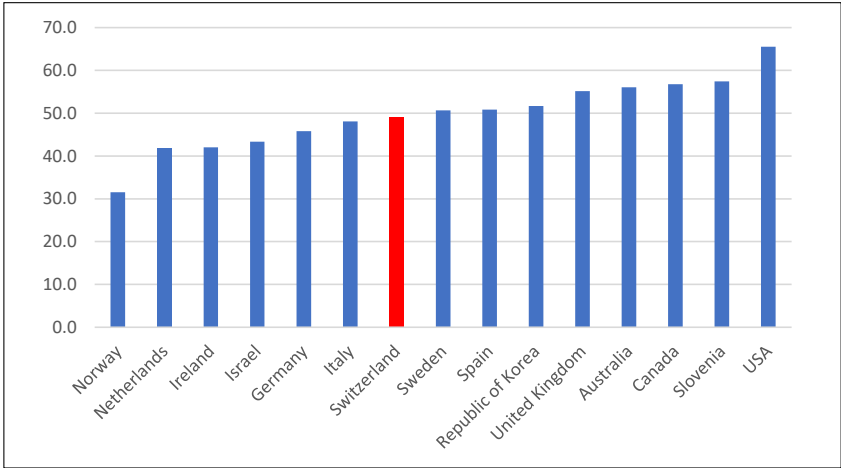
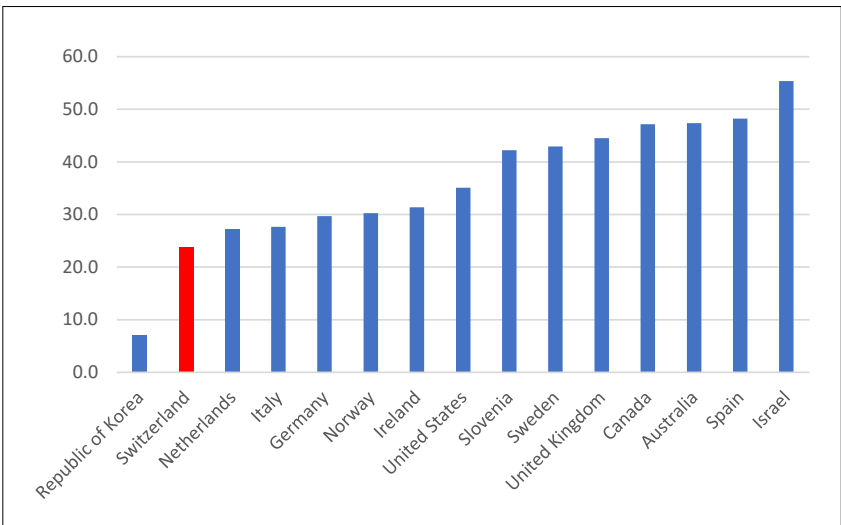


Figure 3 There are good opportunities, but would not start a business for fear of failure (% adults)



In 38 out of the 50 economies, more than half the adults consider they have the skills, knowledge and experience to start a new business. In Switzerland 49.2% of the people interviewed said they have the skills, compared to 65.5% in the US.

Similarly, in 42 out of the 50 economies, less than half of those who see *good opportunities would be deterred by fear of failure*. Confidence in the ability to start a business is lowest in Japan and parts of Europe (Norway and the Russian Federation).

The proportion of adults who agree that they see good opportunities, but would not start a business for fear that it might fail, is by far the lowest in the Republic of Korea (7.1%), while the next lowest are in three European countries: Switzerland (23.9%), the Netherlands and Italy. However, more than half of those who see good opportunities to start a business in Israel and Portugal would not do so because of fear of failure.

Entrepreneurship can be defined as the process undertaken by individuals who identify, evaluate and exploit new, entrepreneurial opportunities. As suggested by Shane and Venkataraman (2000), this process-oriented view of entrepreneurship as a

research area contains the following sub areas: the search for the origin of entrepreneurial opportunities, the process of the discovery, evaluation and exploitation of opportunities, as well as the individuals that discover, evaluate and exploit opportunities.

Hence, another influence on whether or not to start a business, and its prospects for success, may be the individual's outlook or disposition: whether they are opportunistic, proactive or creative, and whether that individual has, and acts upon, a long-term career plan. To shed light on these reflections, the following questions invited respondents to agree or disagree with the following set of statements:

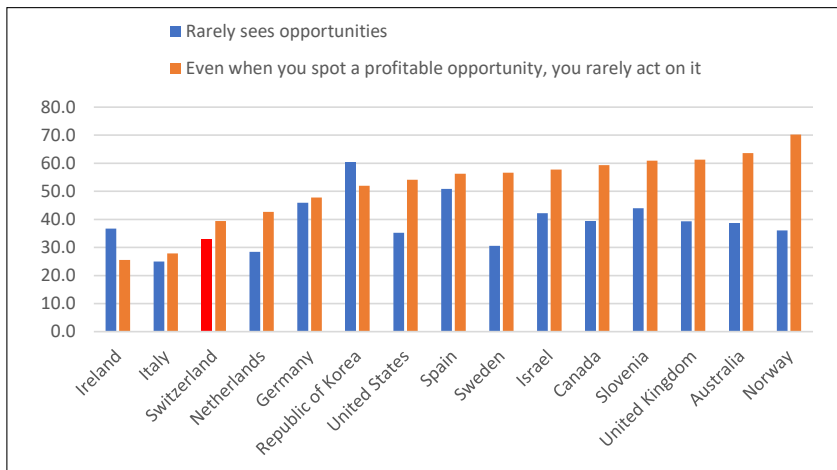
- You rarely see business opportunities, even if you are very knowledgeable in the area;
- Even when you spot a profitable opportunity, you rarely act on it;
- Other people think you are highly innovative;
- Every decision you make is part of your long-term career plan.

Questions about whether entrepreneurs see opportunities around them, and whether fear of failure would prevent them from pursuing them, are more or less indicators of how people perceive their environ-

ment. Questions about whether one tends to recognize opportunities, and one's tendency to act on them, are reflective of the level of a positive disposition towards entrepreneurship and illustrate the entrepreneurial potential of people in a society. Fig-

ure 4 shows that fewer than three in 10 adults in Italy and the Netherlands agree that they rarely see business opportunities. The proportion of adults agreeing that even when they spot an opportunity, they rarely act was lowest in Ireland and Italy.

Figure 4 Opportunism and proactivity: % of adults that (a) rarely see business opportunities, and (b) even if they see an opportunity, they rarely act on it



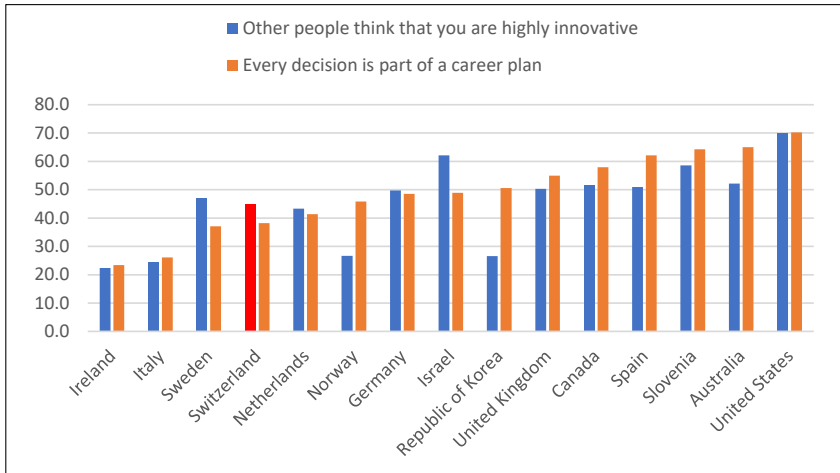
However, more than seven out of 10 in Norway agree that they rarely act when they see profitable opportunities. In general (35 out of the 50 economies), the proportion of people who rarely act on profitable opportunities is higher than those who rarely see such opportunities, although there is some positive correlation between the two. People often start undifferentiated “me too” businesses, which are difficult to sustain in a compe-

titive environment, and which give customers little compelling reason to buy. More innovative people, on the other hand, create the foundations for a unique, sustainable business, advancing and even transforming the business environment and improving people's lives. Likewise, a long-term perspective is suggestive of a strategic approach to life, enabling the building of significant value over a career.

The proportion of respondents agreeing that they are thought by other people to be highly innovative ranges from less than one in four in Japan, Ireland and Italy. The proportions agreeing that they act according to some long-

term career plan are generally higher than the proportions thought to be highly innovative but range from less than one in four in Ireland and Italy. Once more, there is a high degree of correlation between the two.

Figure 5 Innovation and long-term goals: % of adults agreeing that (a) other people think they are highly innovative, and (b) every decision is part of a career plan



While there are few people who rarely see opportunity in Italy, Ireland and Taiwan, and few who rarely act when they do see opportunity in the same economies, there are also very few in these economies who consider themselves to be seen by others as highly innovative. It is clear that attitudes and perceptions, including self-perceptions, vary considerably between and across economies, and that some of these differences may have substantial implications for

the level and durability of entrepreneurial activity. These levels will be assessed in some detail in the next chapter. This chapter has looked at attitudes towards entrepreneurship, self-perceptions in terms of capabilities and fear of failure, and disposition, characterized by opportunism and proactivity, as well as innovation and long-term planning. Each of these varies considerably between economies.

... 3 Why Do People Start or Run a Business?

There are as many reasons for starting a business as there are people willing to start them. These can include striving to make a difference, seeking higher income and wealth, the desire for independence and autonomy, continuing a family tradition, or simply the lack of alternative job options. These reasons matter and illustrate the overall socio-economic conditions in which individuals operate, for example, if there is a strong desire for independence or if jobs are seen as scarce. Similarly, the expectations and aspirations of those starting a business are important, including how many people they expect to employ, the anticipated scope of the customer base (e.g. the local area, the rest of the country, abroad), the proportion of revenue expected from international sales and, finally, the novelty of the business's products or services, and the technology and processes it uses. The people actively engaged in starting or running a business were asked to assess the following questions:³

- To make a difference in the world;
- To build great wealth or very high income;
- To continue a family tradition;
- To earn a living because jobs are scarce.

The proportion of those engaged in TEA who agree with the motive “To make a difference in the world” is highly variable. There is substantial variation in motivations across economies, sometimes between neighbors, and some commonalities between vastly different economies. For example, consider Canada compared to Italy and the Republic of Korea. Both the Republic of Korea and Italy have just one in 10 entrepreneurs agree they started the business to make a difference, compared to two out of three in Canada. Switzerland's results are at the same level as in Germany or Israel and near the average for high-income economies.

³ Autonomy and independence were not included as a motive, because pre-testing showed that this was a universal motivation common to virtually all early-stage entrepreneurs.

Table 5 Motivations in selected high-income countries, 2019

Country	Make a difference in the world	Build great wealth or very high income	Continue a family tradition	Earn a living because jobs are scarce
Australia	51.7%	64.5%	22.7%	41.4%
Canada	67.3%	64.0%	44.0%	62.8%
Germany	44.4%	32.0%	68.7%	42.6%
Ireland	26.9%	28.3%	69.2%	40.7%
Israel	42.7%	72.4%	19.2%	53.9%
Italy	11.0%	95.5%	26.7%	89.5%
Netherlands	32.3%	22.0%	18.0%	23.6%
Norway	36.6%	19.5%	14.5%	25.6%
Republic of Korea	9.4%	67.3%	5.6%	35.1%
Slovenia	48.2%	47.1%	23.2%	60.1%
Spain	49.4%	59.5%	13.4%	42.3%
Sweden	50.3%	55.0%	33.2%	38.8%
Switzerland	43.2%	38.1%	17.1%	50.4%
United Kingdom	49.0%	51.6%	5.8%	64.4%
USA	66.4%	69.0%	30.6%	41.4%
Average (High-Income Economies)	45.6%	51.7%	32.3%	54.2%

“To build great wealth or very high income” is still a very common motivation, agreed with by more than eight out of 10 of those starting or running a new business in Italy, but by less than two in 10 in Norway. In Switzerland (38.1%) this motive is

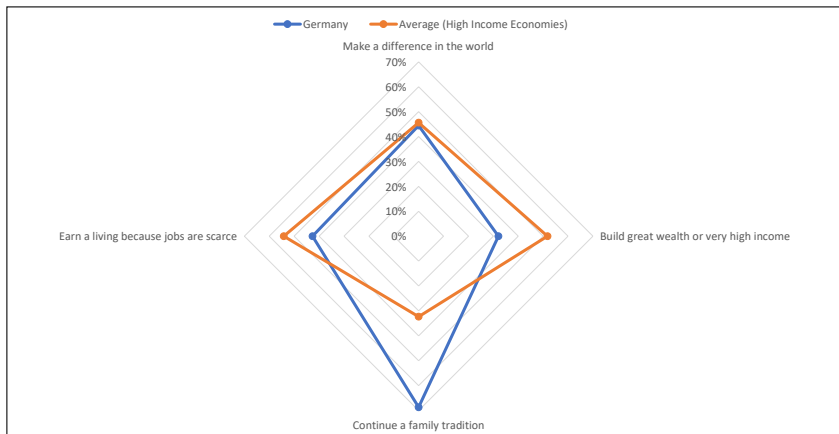
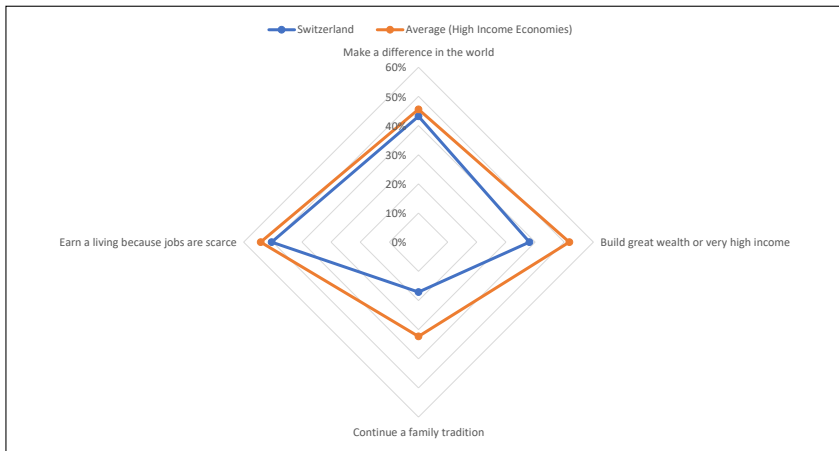
clearly under average of the high-income economies (51.7%).

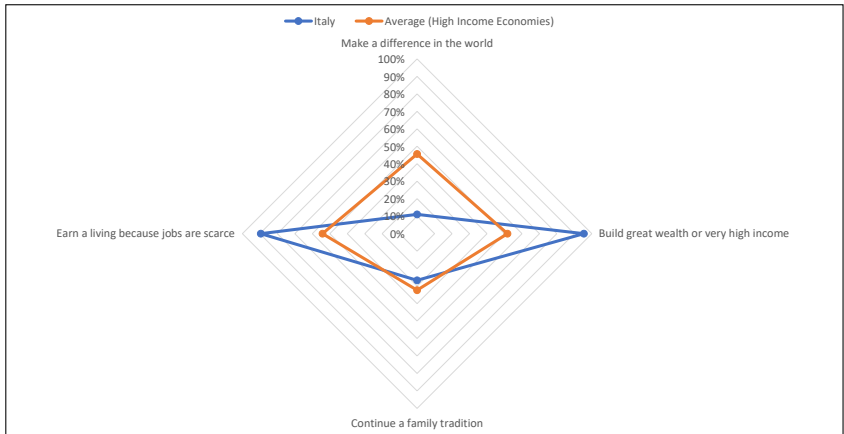
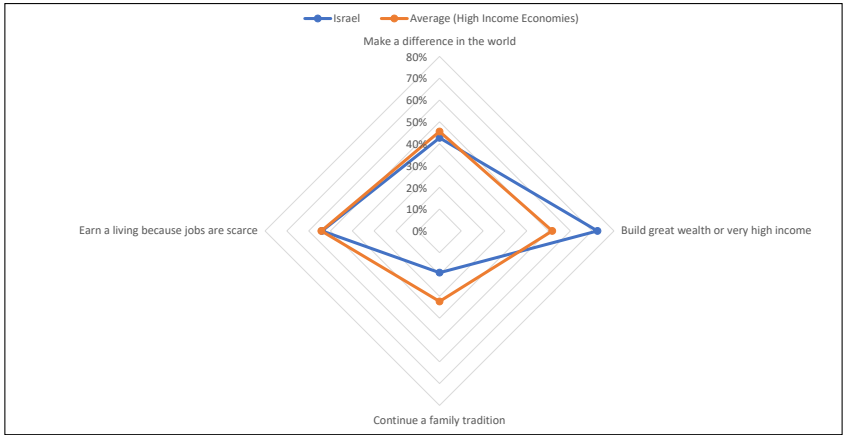
Responses to the motive “To continue a family tradition” also vary considerably, with the proportion of entrepreneurs agreeing with this motive

at less than one in 10 in both the Republic of Korea and the United Kingdom, and only 17.1% in Switzerland. This motive has the highest share in TEA in three economies: Germany, Ireland and Canada.

The motive, “To earn a living because jobs are scarce”, is important for those engaged in TEA in Italy, followed by Canada and Slovenia. In the Netherlands and in Norway, this motive is absolutely unimportant compared to the results in Switzerland: for 5 of 10 people this motive is vital.

Figure 6 Motivations in Switzerland, Germany, Israel and Italy





... 4 Entrepreneurial Activities

GEM conceptualizes entrepreneurship as a continuous process that includes nascent entrepreneurs involved in setting up a business, entrepreneurs who own and manage a new business, and entrepreneurs who own and manage an established business. In addition, GEM assesses the rate and nature of business discontinuations. As a result, indicators for several phases of the entrepreneurial process are available.

Table 6 illustrates the entrepreneurial activity by phases of the organizational lifecycle on the one hand (nascent, newly established and discontinued), and on the other hand, by sectors of entrepreneurial activities (early-stage entrepreneurial activity, entrepreneurial employee activity,

established business ownership). In this section, we elaborate on these phases of entrepreneurial activity. Most attention is paid to the situation in Switzerland, its development over the last years and the comparison with high-income economies.

Table 6 shows a low rate of discontinuation of businesses (3.0%) in Switzerland and a high-established business ownership rate (11.6%) compared to the average of high-income economies. Furthermore, entrepreneurial employee activity is above average. Thus, we are quite positive about the situation in the more mature stage of the entrepreneurial process in Switzerland. However, what is the setting regarding early entrepreneurial activity in Switzerland?

Table 6 Percentages of entrepreneurial activity in selected high-income economies, 2019

Selected High Income Economies	Early-stage entrepreneurial activity (TEA)	Entrepreneurial Employee Activity (EEA)	Established business ownership rate	Discontinuation of businesses
Australia	10.5	8.3	6.5	4.5
Canada	18.2	5.4	7.4	8.3
Germany	7.6	6.3	5.2	3.4
Ireland	12.4	7.5	6.6	4.1
Israel	12.7	5.8	5.5	5.2
Italy	2.8	0.7	4.7	0.8
Netherlands	10.4	6.0	10.8	2.6
Norway	8.4	2.6	5.6	2.6
Republic of Korea	14.9	1.4	13.0	3.1
Slovenia	7.8	7.0	8.5	1.9
Spain	6.2	1.7	6.3	1.6
Sweden	8.3	5.2	4.9	4.9
Switzerland	9.8	5.4	11.6	3.0
United Kingdom	9.3	8.1	8.2	3.4
USA	17.4	6.5	10.6	5.1
Average (High-Income Economies)	12.3	4.2	7.5	4.6

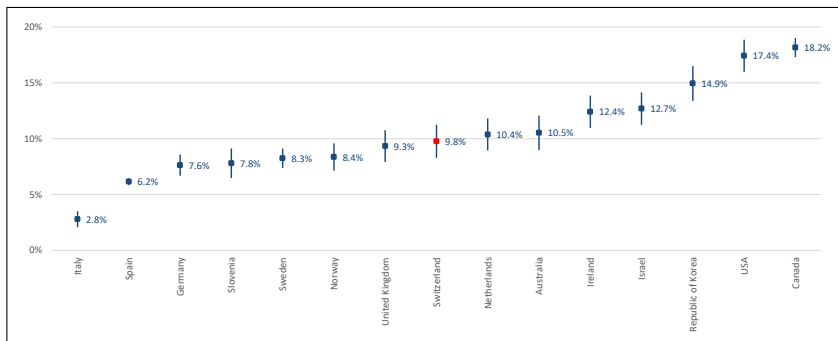
4.1 Total Early-Stage Entrepreneurial Activity (TEA)

The Total Early-Stage Entrepreneurial Activity (TEA) rate is defined as the prevalence rate of individuals in the working-age population who are actively involved in business start-ups, either in the phase in advance of the birth of the firm (nascent entrepreneurs), or the phase spanning 42 months after the birth of the firm (owner-managers of new firms). As such, GEM takes the payment of any wages for more than three months as the “birth event” of the firm.

Table 6 and Figure 7 present the TEA rates for high-income economies. The 95% confidence intervals help to interpret the differences between countries. Although the Swiss TEA rate tends to be higher than in neigh-

boring countries, such as France, Italy or Germany, only Austria's TEA rate is higher than in Switzerland with regard to adopting a 95% certainty. Among the comparison group, Canada (18.2), Australia (12.2%), the United States (17.4%) and Israel (12.7%) differ considerably. In addition, Ireland (12.4%) and Korea Republic (14.9%) have high TEA-rates. After the 2010 cycle, which was strongly influenced by the aftermath of the financial crisis, many Swiss entrepreneurship activity indicators for 2011 and 2012 turned upward again, with the total entrepreneurial activity (TEA) being one of them. After the all-time low of a Swiss TEA rate of only 5% in 2010, the most important indicator for entrepreneurial activity has once more reached a normal level (9.8%) but is below average for high-income economies (12.3%).

Figure 7 Total Early-stage Entrepreneurial Activity (TEA) in selected high-income economies, 2019

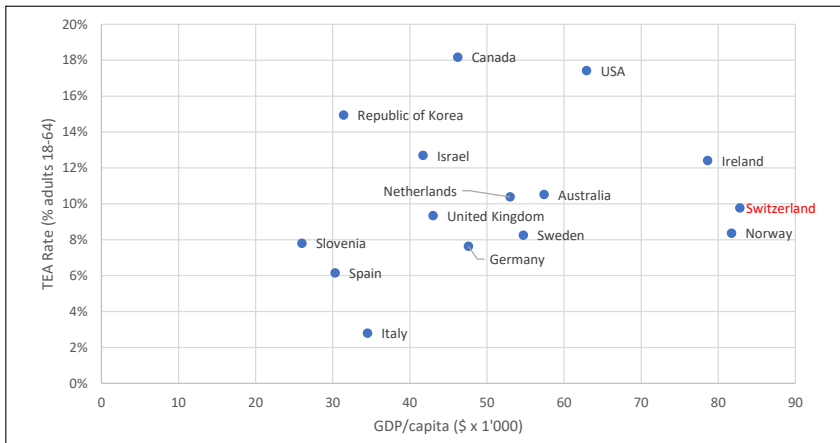


The results of the TEA-rate are analyzed in relation to the complex relationship between the levels of national income and entrepreneurship. High-income economies tend to have lower levels of TEA.⁴

States, Korea or Israel all have a lower GDP/capita than Switzerland, with Ireland as the exception. The positive effects of the entrepreneurial framework condition may have played a decisive role (Chapter 7).

Thus, the countries with a higher TEA-rate, like Canada, the United

Figure 8 TEA rates and GDP/capita



Source: Bosma et al. 2020 and World Economic Forum 2019

4.2 Established Business Ownership

While it is important to have early-stage entrepreneurs generate dynamism in an economy, established

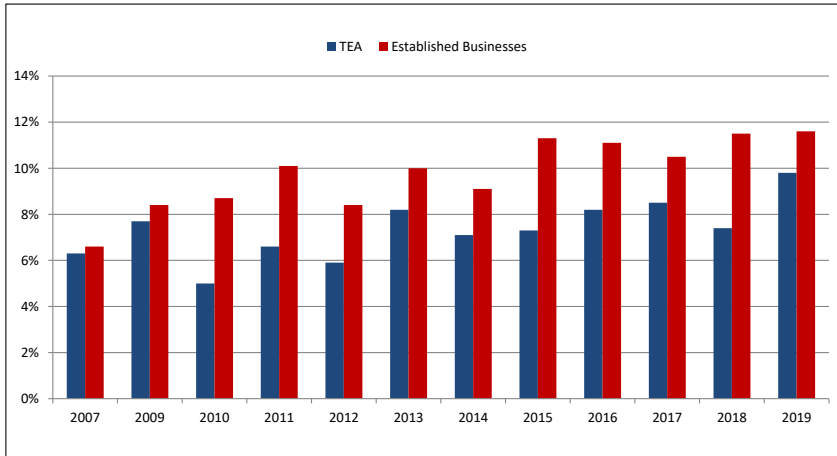
businesses and their owner-managers ensure an important degree of stability for the private sector. Owner-managers in established firms provide stable employment, can avail

⁴ On one hand, individuals in low-income economies are less likely to have access to the resources needed for a successful start-up activity. On the other hand, they may have greater motivation to start a business in the absence of alternative income sources. Furthermore, people in developing economies may have less intensive competition, plus a growing demand for new products and services.

themselves of the knowledge accumulated in past experiences and, as such, may contribute greatly to their societies – even if they are small or

solo entrepreneurs. A healthy set of business owners provide some indication of the sustainability of entrepreneurship in a society.

Figure 9 TEA rates and established business rates from 2007 – 2019 in Switzerland



Together with the TEA, the Swiss rate for established business (11.6%) is more or less at the same level as in the last years (Figure 9). The distinct prevalence of the established business rate over the TEA is quite unique within the comparison group. Switzerland, among other countries with lower-than-average TEA rates, shows comparatively high-established business ownership.

4.3 Industry Sector Participation

The analysis of industry sectors demonstrates diversity in the regional and development level of en-

trepreneurs around the world. Half or more of the entrepreneurs in Africa, Asia and Oceania, and Latin America and the Caribbean are starting wholesale or retail businesses, while just over one-fourth of the entrepreneurs in Europe and North America operate in this sector.

In contrast, information and communications, financial, professional, health, education and other services represent over half the entrepreneurs in North America and nearly half of those in Europe. However, less than one-fourth of entrepreneurs in the

other two regions appear in the industry sector by economy and region.

A look into the industry profile across the individual economies illustrates the diversity of entrepreneurship around the world. The emphasis on knowledge and service-based industries in Europe and North America is obvious. Switzerland has the highest proportion of early-stage entrepreneurs in health/education, government and social services (33.5%), followed by Germany (29.0%) and Israel (25.7%). In second position in Switzerland are new ventures in wholesale and retail (21.8%). Wholesale and retail are the dominant industries in Netherlands (59.7%), Republic of Korea (48.7%) and Italy (41.2%).

In third position in Switzerland are new ventures in professional services (12.8%), followed by entrepreneurs in information & communication technology (8.4%). Entrepreneurial activity in the financial sector is led by the US (11.0%) and covers only 4.8% of new ventures in Switzerland.

4.4 Discontinuance

As new businesses emerge, others close. Individuals selling or closing their businesses may once again benefit their societies by re-entering the entrepreneurship process.

Recognizing the importance of this measure, GEM tracks the number of individuals who have discontinued a business in the last 12 months. Along with TEA and established businesses, discontinuance may be considered a component of entrepreneurial dynamism in an economy. GEM Survey respondents who had discontinued a business in the previous 12 months were asked to give the main reason for doing so. First of all, it must be highlighted that in Switzerland the percentage rate of people who abandon their business is one of the lowest (3.0%) compared to their peers of high-income economies.

The results regarding Switzerland are special on two points: Bureaucracy, like in 2018, is not a major reason to stop the business. When comparing countries and for a substantial portion of entrepreneurs, discontinuance was already planned in advance. 5.6% chose an exit strategy, invested their time in another business opportunity (6.7%), stopped the activity due to retirement (20.7%) or sold the business (15.1%). These 'positive' reasons for discontinuing businesses explain half of all discontinuations in Switzerland (Figure 11). Personal reasons (24.1%), incident (19.3%), and an unprofitable situation (8.6%) cover the other reasons for discontinuing.

Figure 10 Industry distribution of TEA in selected high-income economies, 2019

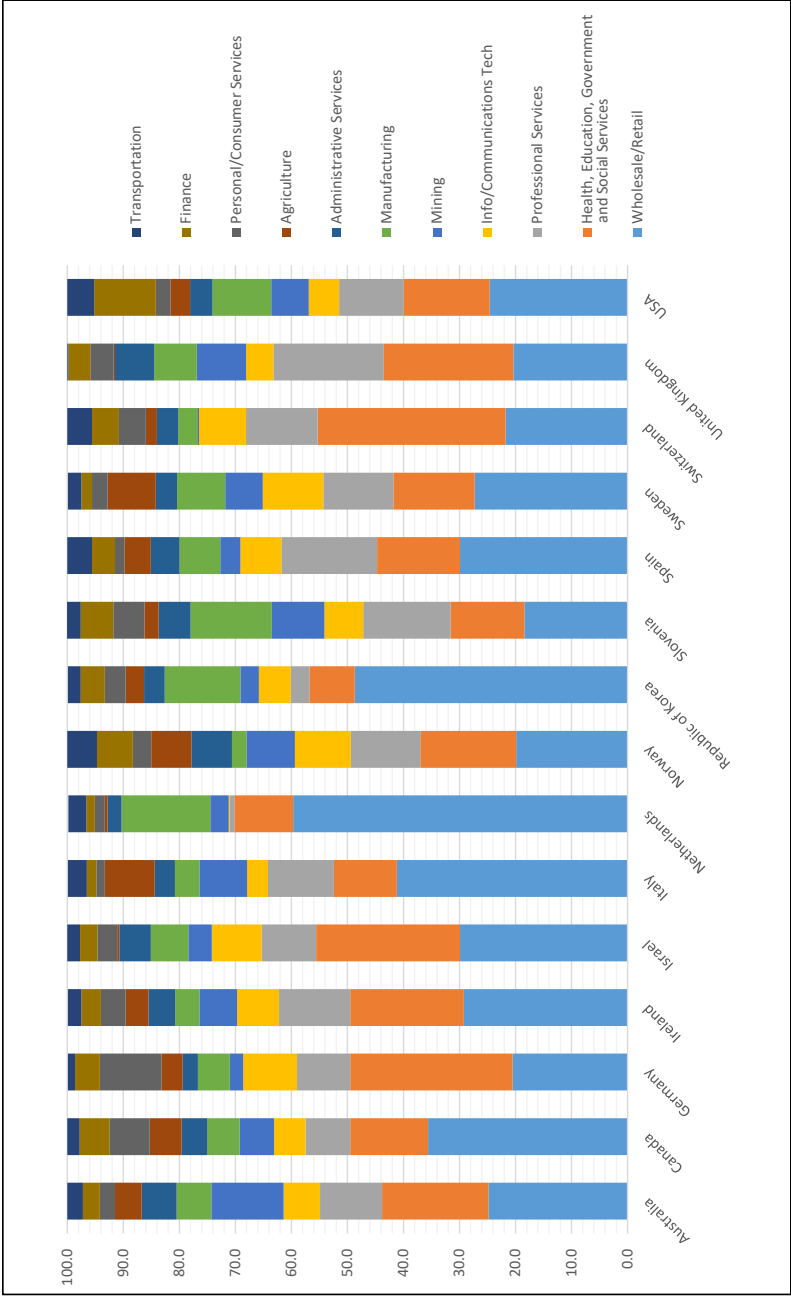
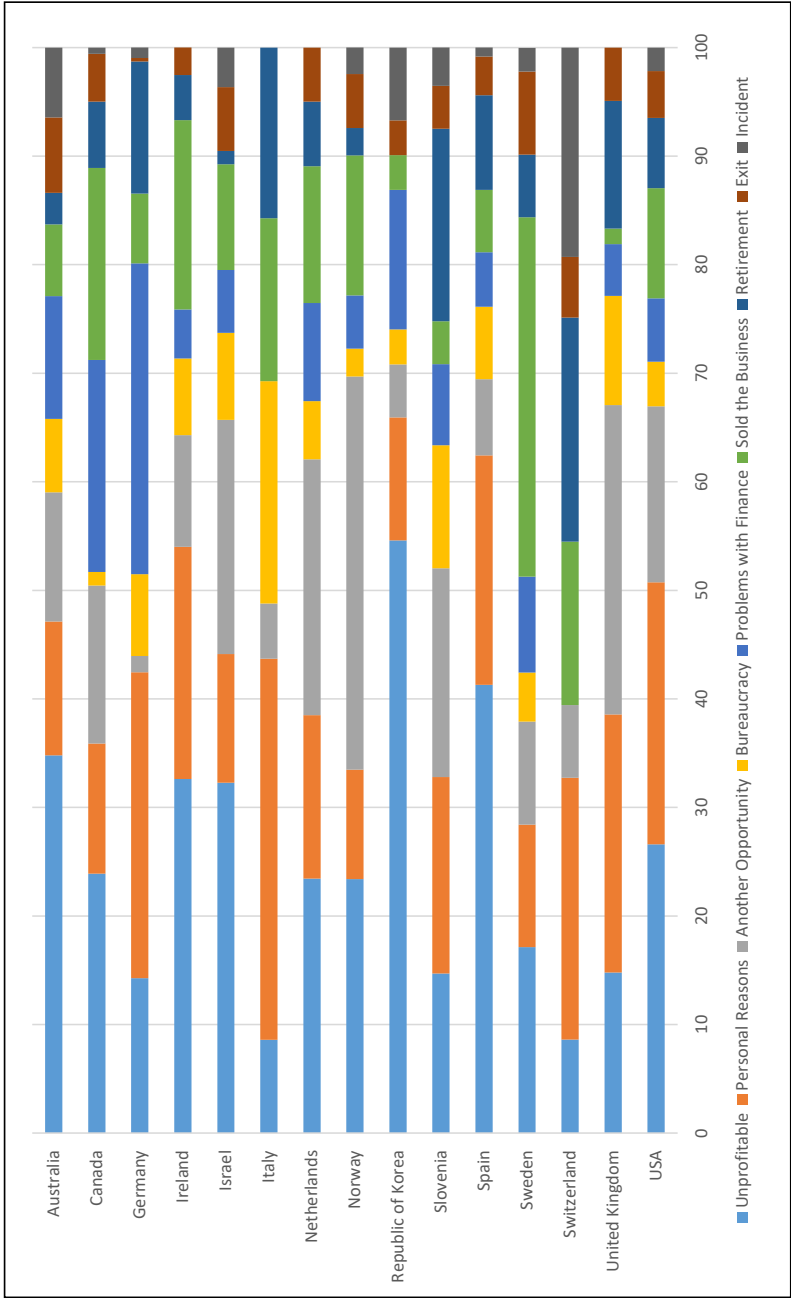


Figure 11 Reasons for discontinuing a business in selected high-income economies, 2019



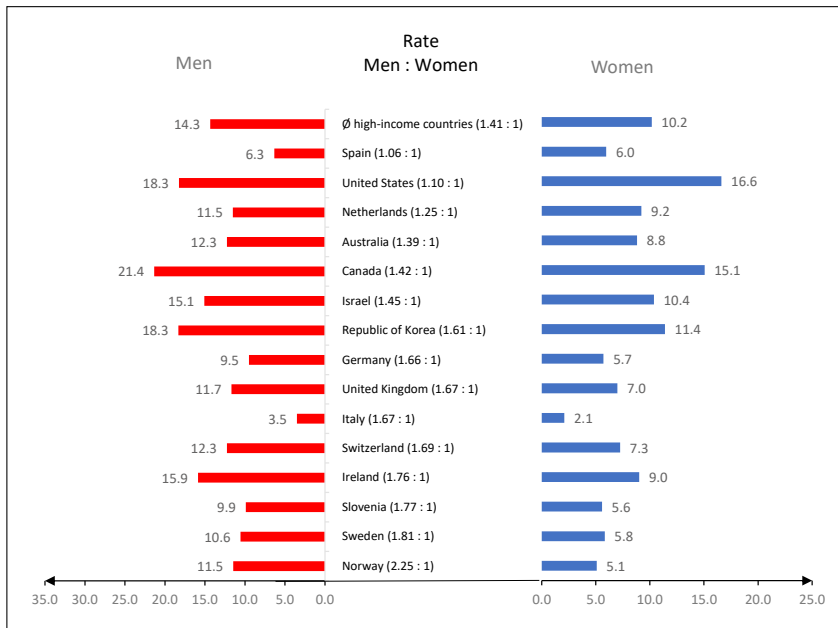
... 5 Gender Profile of Entrepreneurs

In contrast, the Europe and North America regions have many economies with a lack of gender equality. Only Spain and the United States show results of almost equal levels between the genders. Figure 12 shows the ratio male 12.3% (2018: 10%) to female 7.3% (2018: 4.7%). The TEA-rate is at a value of 1.7:1 (2018: 2.11:1) for Switzerland and 38th among 50 countries. The gender gap narrowed between entrepreneuring women and men last year. While a greater pro-

portion of men than women typically engage in Total Entrepreneurial Activity (TEA) overall, the gender gap narrowed in Switzerland in 2019, where there are six women entrepreneurs for every 10 men entrepreneurs. In 2018, the female to male entrepreneurship ratio was 5 to 10.

At the same time, GEM finds differences in attitudes and outlooks between women and men. Women starting a business are more likely to

Figure 12 TEA rates by gender in selected high-income economies, 2019



agree with the motivation of making a difference to the world. Men starting a business are more likely to agree with the motives of building great wealth or high income, or of continuing a family tradition.

It should be noted that, at least for the 33 high-income countries, there is no statistical correlation between the overall TEA rate and the relationship between male and female TEA rates. Countries with a relatively high proportion of women startups generally do not have a higher rate – and vice versa.

If, however, the aim of start-up promotion policy should be to make greater use of start-up potential as a whole, i.e., to persuade more people who have been dependent on a company or have not been employed at all to start a company, then it makes sense to focus on the support of women – because the potential is obviously not as well exploited here as it is among men.

Startup skills. The analyses of the attitudes and perceptions show that the behavior of men and women isn't significantly different, except for perceived capabilities for entrepreneurial activities. A key factor influencing startups is the extent to which entrepreneurs believe they have the skills to act on opportunities. This capa-

bility is part of the bundle of human capital that an entrepreneur brings to a startup (Davidsson, P., & Honig, B., 2003). It can be linked to education level, experience in the industry, or general startup experience. There are only a few countries in the study in which women entrepreneurs have a higher perception of their startup skills than men. In general, women entrepreneurs have much lower perceptions than men of their startup capabilities (e.g. in Japan, showing the largest gender gap at 32%). In Switzerland, only 4 of 10 women assume they have the capabilities to explore and exploit the opportunity compared to 6 of 10 men (Table 7). It is not clear why these perceptions exist, whether women are generally less optimistic about their business skills and men are more optimistic, or if the perceptions relate specifically to confidence in startup skills.

Are there gender differences in the **motivation for starting or running** a new business? If there are, this may suggest differences in the nature or sustainability of these businesses. Are men likely to be more motivated by financial gain, or “to build great wealth or very high income”, and are women more interested in non-financial matters or “to make a difference in the world”? Or does simply posing these questions reflect an inherent gender bias (World

Table 7 Attitudes and perception by women and male entrepreneurs

	Perceived opportunities	Perceived capabilities	Fear of failure	Entrepreneurial Intentions	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
Female	38.6%	37.9%	23.7%	9.8%	39.4%	74.8%	63.4%
Male	42.7%	60.0%	24.1%	11.8%	41.0%	77.5%	62.2%

Economic Forum, 2018)? Data from the 2019 GEM APS also allow us to see the proportion of men and women starting or running a new business who agree with the four statements on motivation outlined in the previous section. To assess any gender differences, the proportion of women that agree with each motivation for starting a business in a particular economy was deducted from the corresponding proportion of

men. A positive result shows that the proportion of men starting a business and agreeing with that motive is higher than that of women, implying that that particular motive is more important to men than to women.

Purpose-driven entrepreneurship.

Figure 13 shows that for the selected high-income economies, the proportion of women involved in TEA who

Figure 13 Gender differences in proportions of those engaged in TEA who somewhat /strongly agree with the motive “To make a difference in the world”

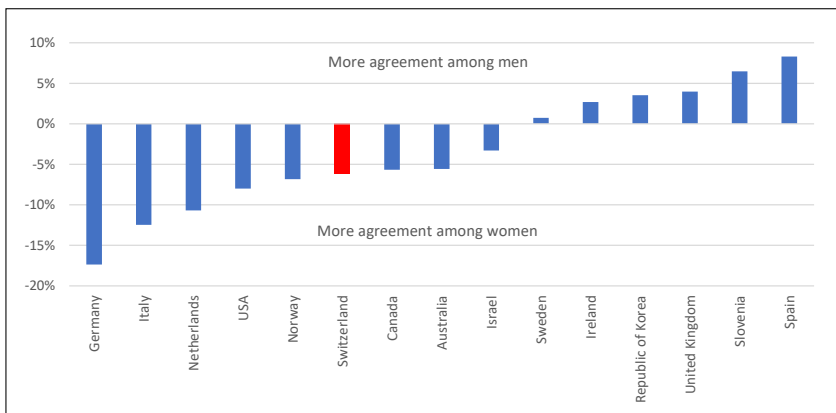


Table 8 Gender differences: Motivation for starting or running a new business in Switzerland

	% TEA	% Female	Continue a family tradition
To make a difference	43.2	46.9	41.0
To build great wealth	38.1	23.5	46.6
To continue the family tradition	17.1	11.8	20.2
To earn a living	50.4	55.4	47.4

agree with the motive **“to make a difference in the world”** exceeds that of men. So, in the majority of these economies, women – more often than men – agree that they started a business because they want to make a difference in the world. On this evidence, women entrepreneurs appear more purpose-driven than men. In Switzerland 46.9% aim to make a difference in the world compared to 41.0% men entrepreneurs. The difference in Germany is the biggest followed by Italy and the Netherlands.

Figure 13 provides details concerning the first motive “To make a difference in the world” for the selected high-income economies.

In 2019 more men were motivated in Switzerland “to build great wealth or very high income”. 23.5% of the women entrepreneurs interviewed considered this a motivation, com-

pared to 46.6% of men involved in an entrepreneurial activity.

Interestingly, the motivation to continue a family tradition is overall less important in Switzerland, and only 11.8% of women took it as a motivation, compared to 1/5th of the men entrepreneurs. Furthermore, the motivation to earn a living is an important domain of motivation for women entrepreneurs in Switzerland. Thus, it points to a higher importance of necessity entrepreneurship compared to men entrepreneurs.

In general, women seem to be less driven by **long-term career planning** than men. The proportions agreeing that they act according to some long-term career plan are generally higher among men than women, whereas the latter record higher proportions, indicating that they were actually not driven by such planning.

... 6 Effects of Entrepreneurial Activity

Next to the individual benefits of self-development and fulfilment for many opportunity-driven entrepreneurs, entrepreneurship and entrepreneurial activities in a society are considered to be an important mechanism for a series of collective positive outcomes. Entrepreneurship generates economic growth and development (Acs et al., 2008; Acs & Armington, 2006) and closely related macro-level benefits, such as job growth and improved innovative capacities. In an era of such drastic technological, socio-economic and environmental change, entrepreneurial activities are also meant to meet the needs of society and to generate and ensure its welfare (Bosma & Schutjens, 2011).

GEM measures the effects of entrepreneurship based on a handful of variables related to the activities and aspirations of early-stage entrepreneurs. Among them, we find the geographic scope of entrepreneurial activity, whether they have customers and thus aim to generate income from beyond their local area or even from Switzerland as a whole, and their job growth expectations. Beyond this, we measure the level of innova-

tion within entrepreneurial activities by inquiring about the novelty of the new venture's applied technologies and processes as well as the novelty of its products and services to its customers. All of these variables are highly important because they influence the likely impact of the new businesses on its long-term sustainability and its potential growth path (Bosma et al., 2020). In the following subchapters, we will look at these variables in comparison to other nations and across time.

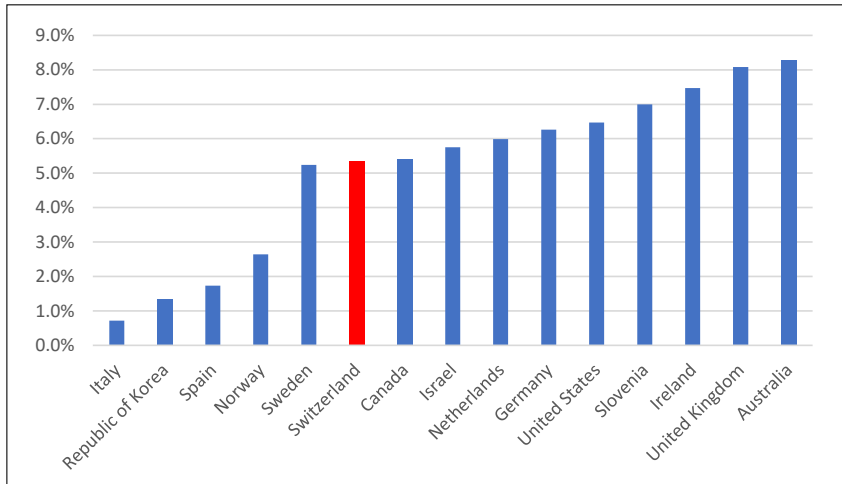
6.1 Entrepreneurial Employee Activity and Sponsored Entrepreneurship

Entrepreneurship is defined as new venture creation and entrepreneurial behavior in SMEs or big companies and public organizations. One example of this is the entrepreneurial employee (“intrapreneur”), who identifies, develops and pursues new business activities as part of their job. The GEM asks whether individuals are developing new activities for their employer, such as developing or launching new goods or services, or setting up a new business unit (Entrepreneurial Employee Activity: EEA). Figure 14 reports the results,

with those developing new activities as part of their job ranging from less than 1% of adults in Italy, up to around 5% of adults in Sweden,

Switzerland, and Canada. The highest level of employee entrepreneurial activity is shown in UK and Australia.

Figure 14 Employee entrepreneurial activity (% adults)

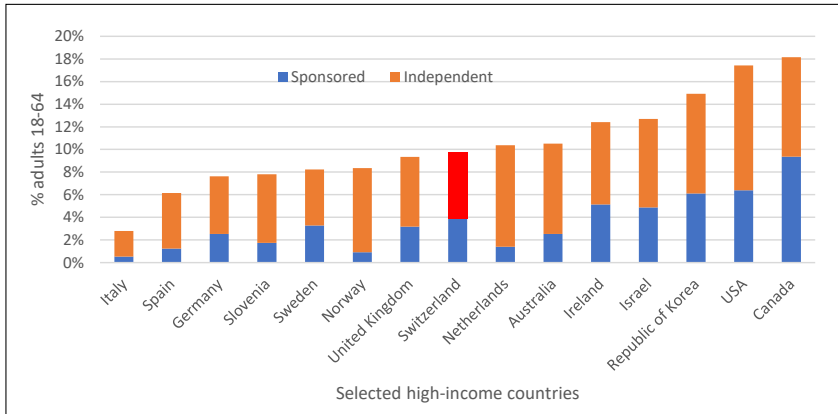


In 2019 a new question was introduced: “Are you – alone or with others – currently the owner of a business you help manage for your employer as part of your main employment?” Combined with existing questions, this one enabled identification of nascent, new and established business owner-managers whose business is autonomous or independent of a larger business, and those whose business is sponsored through shared ownership with the individual's employer. One intention of this question was to enable levels

of entrepreneurship to be balanced against levels of intrapreneurship in a more informed way.

Full results for the economies are exhibited in Figure 15, showing both the levels of sponsored TEA and independent TEA in each economy. Economies with the highest levels of independent entrepreneurial activity, as a percentage of adults, are all in the Latin America & Caribbean regions (Bosma et al. 2020).

Figure 15 Sponsored and independent TEA (% adults)



6.2 Informal Investment

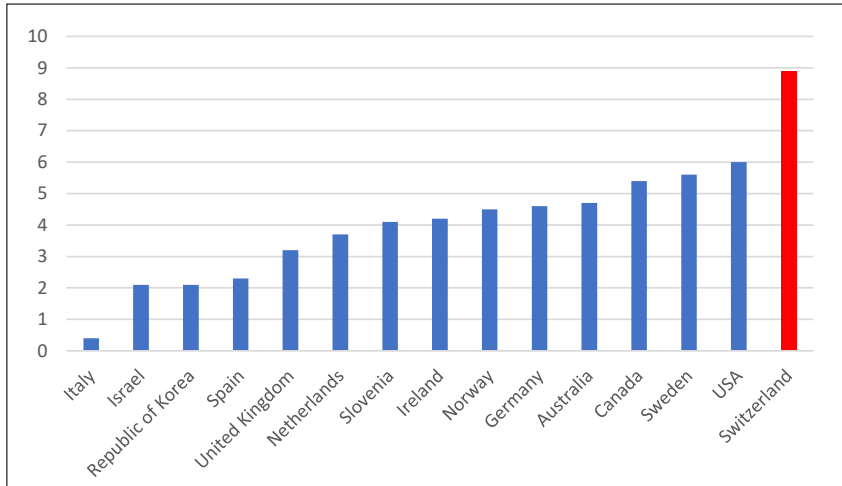
Informal investments are funds for a new business started by someone else, and are typically from family, or friends and other acquaintances. In the 2019 survey, individuals were asked if they had invested in a new business started by someone else, and if so, how much they invested and what their relationship was to that person. The most common relationships were a close relative, friend or neighbor. Figure 16 shows not only the proportion of adults in each economy who, as of 2019, had invested in someone else’s new business at any time in the past three years, but also how much they had provided.

The proportion of adults investing in someone else’s new business is less than 2% in 10 of the 50 economies, such as Italy (Bosma et al., 2020), but more than 5% in Canada, Sweden and the United States. The rate of informal investment is highest in Latin America & Caribbean, in the Middle East & Africa, and in Europe, especially in Switzerland (8.9%).⁵

Median investments range from less than 500 US-Dollars in four economies, to more than 10,000 US-Dollars in eight, including Switzerland and the Republic of Korea, where the median exceeds 20,000 US-Dollars. While levels of informal investment

⁵ More information regarding the situation in Latin America & the Caribbean and the Middle East & Africa are available in the Global Report written by Bosma et al. 2020.

Figure 16 Informal investment (% adults)



clearly reflect available resources, they may also point to a failure of the financial system to provide access to entrepreneurial finance. Insufficient access to finance may exclude many would-be entrepreneurs of limited means who do not already have either personal wealth or a wealthy network of informal investors.

6.3 Job Growth Expectations

In Switzerland, not only large firms contribute to job growth, with SMEs and new enterprises constituting a relevant source of employment. The Swiss economy is, in fact, strongly characterized and influenced by SMEs. This includes start-ups, since they not only account for more than 99% of the firms but also employ

two-thirds (67.6%) of the national workforce (Swiss Statistical Office, 2019). Their role is particularly relevant in the tertiary sector. In 2017, SMEs below 250 employees created more than 8000 new jobs in that sector and thereby contributed even more actively to the national employment development than their larger counterparts (Welte, 2019).

The entrepreneurs in the TEA sample of 2019 were asked to supply information on the number of new employees they envisaged in five years' time. Slightly more than half of the entrepreneurs estimated the creation of at least one new job in the next five years. This is approximately the same situation as in most of the

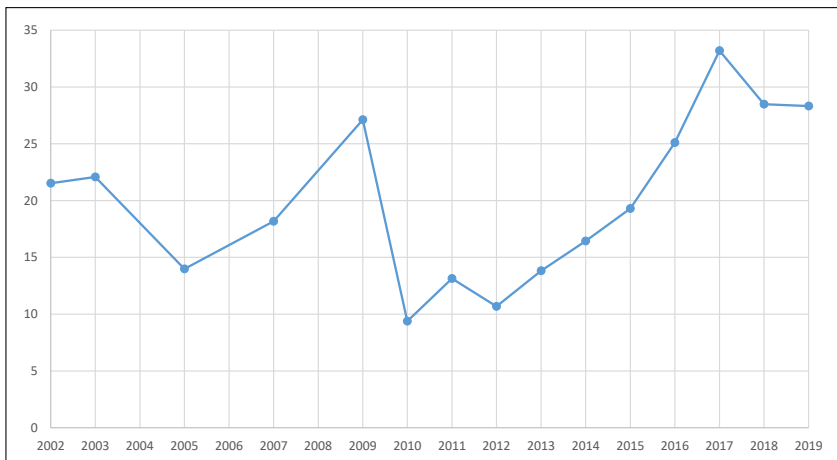
comparison countries, including Germany, Israel, Sweden, Italy, the United Kingdom or the United States. As the only country among the ones used for comparison purposes, South Korea has a majority of 62% of entrepreneurs who do not plan to create any new jobs. On the other side, in Slovenia, Ireland and Spain, the number of entrepreneurs among the TEA who plan to create new jobs amounts to more than 70%. In most cases, the entrepreneurs planning to create jobs expect the number of new jobs to be somewhere between 1 and 5.

High job growth expectations are indicated through an expected job creation of 6 or more new jobs in

the next five years. In Switzerland, the percentage of those involved in TEA who expect to create 6 or more jobs in the next five years amounts to 28.3%. Together with the United Kingdom (28.4%) and the United States (32.5%), they all count almost a third of its TEA population aiming for high job growth. While remaining well under half of the TEA population, only in Ireland (40.9%) is the expectation of such high job creation higher.

Since the beginning of the GEM survey in Switzerland, expectations of high job growth among early-stage entrepreneurs (TEA) have been highly volatile. They reached their all-time low in the aftermath of the financial

Figure 17 Job creation expectations (6 or more jobs in 5 years) within TEA in Switzerland, 2002 – 2019



crisis in 2010, where only 9.39% of the entrepreneurs questioned indicated they expected such a high job growth. After five years of uninterrupted and steady growth between 2012 and 2017, growth expectations have dropped down slightly from 33.2% in 2017 and remain at 28% for the second consecutive year. Depending on the length and impact of the current global crisis, we can expect a further drop and will see whether this trend is cyclical or structural.

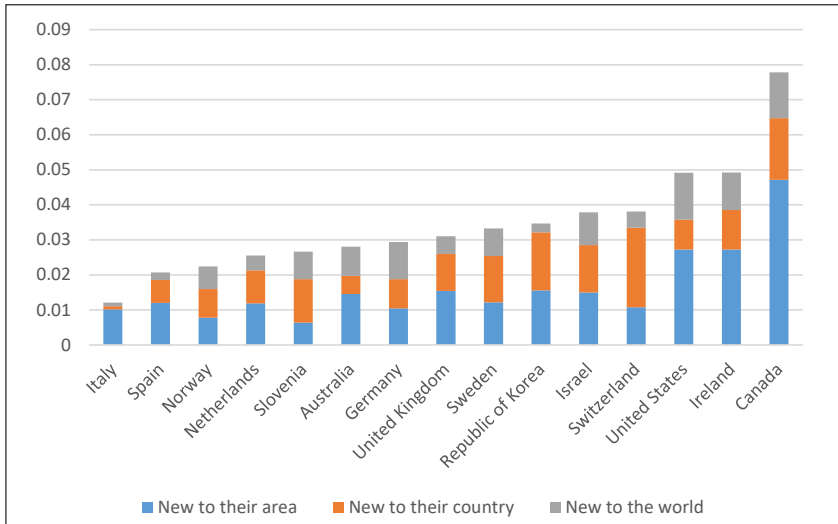
6.4 Innovative Orientation

Entrepreneurship involves the discovery, evaluation and use of opportunities that enable the launch of a product or service that is new and unique in its kind (Shane, 2003). Innovation is generally seen as the primary source of competitive advantage for the individual firm, as well as for the socio-economic system as a whole. The entrepreneurial process invariably involves some form of innovation and anyone seeking profits must innovate (Sledzik, 2013). According to Schumpeter (1934; 1939; 1942), launching a new product or product types and applying new production methods or new sources of supply for the production process are among the main factors that drive innovation and thus economic development.

The GEM study monitors the innovative direction of entrepreneurial activities by investigating the newness of the products and services provided by the entrepreneurs. In the past few years, the major variable measuring the innovation orientation was labelled innovation levels of TEA. It indicated whether the entrepreneurs' products and services were new to all or some customers and whether few or no other businesses offered the same product. In the 2019–20 survey, new questions enquired whether the products or services offered by the entrepreneurs – as well as the technologies and procedures applied by them – were new to their area, new to the country or even new to the world.

Introducing a product or service that is new to the world is a difficult undertaking and a rare phenomenon. While TEA rates seem to be highly volatile and fluctuate according to the economic situation of a country, the percentage of the working population that is involved in developing products or services that are new to the world remains remarkably stable in four of our comparison countries: Canada, the US, Germany and Ireland (Bosma et al., 2020). As depicted in figure 18 above, Canada (7.8%), the US and Ireland (both 4.9%) have a

Figure 18 The proportion of adults starting a new business with products or services that are either new to their area, new to their country or new to the world

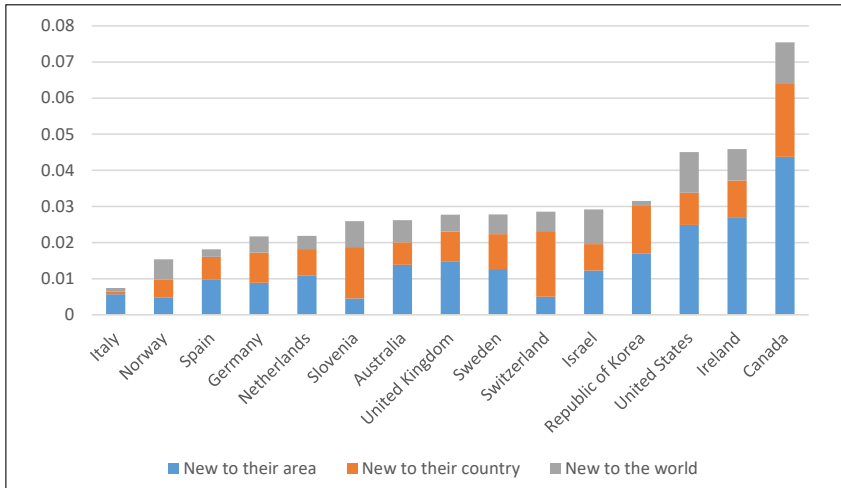


fairly high percentage among their working population that is starting a new business with products or services either new to the area, the country or the whole world. The largest part, however, develops products and services that are new to the area, not the country or the world.

The countries at the top of the list as depicted above also have a high TEA rate in general. Switzerland ranks just behind these three, with a total of 3.9%, whereas Italy brings up the rear with 1.2% among the working population involved in new products and services. A slightly different picture can be revealed when comparing

these figures to the TEA rates of these countries. In all of the observed cases in Switzerland and the comparison countries, the TEA consists of more than half of firms that do not produce any products or services new to their area, country or even the world. In six countries, namely Italy, Canada (both 43% within TEA), Sweden, Ireland (both 40% within TEA), Switzerland and Germany (both 39% within TEA), we can state that roughly four out of ten TEA entrepreneurs produce such “new” products or services. The Netherlands (24%) and South Korea (23%) bring up the rear with less than a fourth of such “new” products and services among their TEA sample.

Figure 19 The proportion of adults starting a new business with technologies or procedures that are either new to their area, new to their country or new to the world



A start-up is also innovating when starting a new business with new technologies or procedures in order to produce a product or service. Whether these kinds of innovation then lead to new products or services is thereby not required. Canada (7.5%), Ireland (4.6%) and the US (4.5%) are at the top of this list, here again with the largest part of this population working on technologies and procedures that are new to their area. In Switzerland, 1.8% of the working population works in start-ups that include new technologies or procedures, whereas another percentage is either involved in technologies and procedures that are new to their area or new to the world

(each about half of the percentage). Altogether, they make up almost a third of the TEA sample in Switzerland (9.8%). In Switzerland as in the comparison countries, there are, generally speaking, more entrepreneurs involved in product and service innovation than processes and technology innovation. Italy, who ranked in top position when analyzing the amount of product- and service-innovating individuals among their TEA population, is now just in the middle field, with Switzerland, Germany and the US. Only Canada and Ireland remain, with a fairly high proportion (roughly four out of ten) of process and technology innovating individuals among their TEA sample.

6.5 International Orientation

Internationalization is an important strategic option, in particular for start-ups from small countries with highly developed home markets, such as Switzerland. A high degree of specialization into often highly sophisticated niche markets and the limited domestic market size are pulling business into global markets.

Any decision to engage in an internationalization process involves some hurdles, mostly because of a variety of factors, both internal (financial, technological, human, managerial, and other resources) and external (market size, demand trend, politics, regulatory and socio-cultural systems, etc.). There is a further reason for the complexity of this choice, namely, the repercussions inside the firm itself, since it requires changing the corporate structures and processes.

GEM measures the degree of internationalization based on the number of customers the start-ups expect to have from outside their country of origin. It considers entrepreneurs as having a strong international orientation if a quarter or more of their expected revenues comes from customers outside their own economy. When compared to other nations sur-

veyed and, as we deduce from figure 20 below, Swiss early-stage firms appear to have a very strong international orientation. Two-thirds of the newly founded start-ups in Switzerland expect to generate revenues from foreign customers and thus belong to early internationalizing SMEs. 26.6% of the TEA sample population expects to generate more than a quarter of their revenues from foreign customers, whereas 39.7% remains somewhere below a quarter of expected foreign revenues. In general, export-oriented entrepreneurs are more prevalent in small economies, in particular, European ones. Together with Switzerland, Sweden (28.6%), Ireland (24.3%) and Slovenia (22.8%) rank at the top of the list of strongly export-oriented start-up nations. The United Kingdom (19.7%) and Germany (18.5%) also rank high despite their rather big domestic market. In Norway (30.8% strongly and weakly export-oriented) and South Korea (12.2% strongly and weakly export-oriented) the large majority of newly founded start-ups are aiming to sell only to their own citizens.

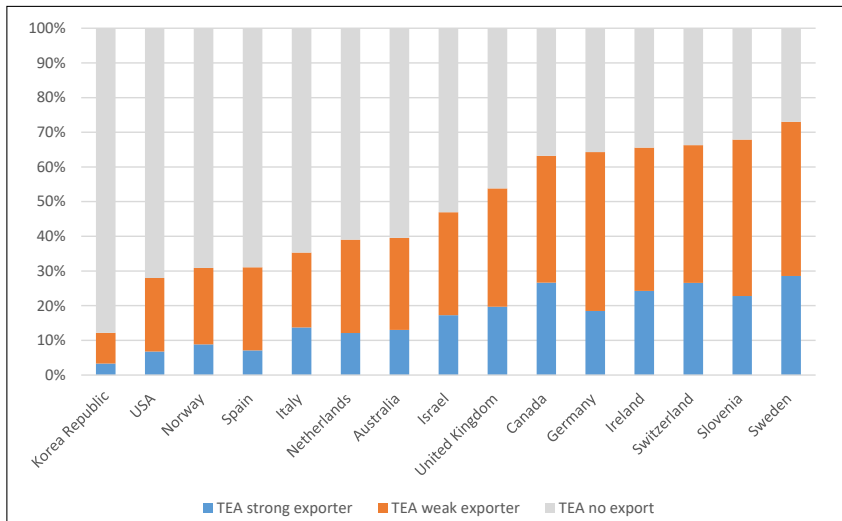
A new question was implemented in this year's survey regarding the TEA entrepreneur's international orientation. For the first time, it was measured whether the entrepreneurs

expected customer location to be international, national or local only. This new question helps to better understand whether start-ups who do not expect to export aim to become nationwide market players or if the new business serves local purposes only. Whereas in South Korea, the low figure of non-exporting start-ups is mainly composed of entrepreneurs that aim to sell nationwide, there are actually as few “local-only” sellers as there are international ones, Norway’s TEA sample is composed mainly of such “local-only” businesses.

In North America some strong differences in the geographic orientation between the United States and

Canada exist. Canada has a relatively high number of export-oriented start-ups. This is probably not least due to the business opportunities given by its economically strong US-Neighbor. 63.2% of Canadian start-ups either expect to be strongly (26.7%) or weakly (36.5%) export-oriented. In the United States, only 6.8% of the TEA sample has a strong – and 21.2% a weak export-orientation. However, most of the US start-ups expect to be nationwide market actors, whereas in Canada, the start-ups’ geographic start-up area seems to be rather a decision between selling internationally or “locally-only”, since nationwide selling start-ups are a minority among the three types.

Figure 20 TEA with strong, weak, or no international orientation



... 7 Entrepreneurship Context Switzerland

There is a wide range of local and national conditions that may facilitate or hinder starting and running a new venture. GEM assesses the strength of the national context for entrepreneurship.

7.1 Entrepreneurship Framework Conditions – EFC

The GEM conceptual framework identifies the social, cultural, political, and economic context in which individuals express their intentions and perform their entrepreneurial activities. It illustrates the relevant national settings that affect economic development and those activities that facilitate innovation and entrepreneurship in particular. The National Expert Survey (NES) employs expert judgments to evaluate

specific framework conditions for entrepreneurship.

Each of the 36 experts rated every item regarding a specific framework condition in the form of a statement on a scale from 0 (completely false) to 10 (completely true). GEM then harmonizes and weights the data (summarized variables are averaged across all the experts), calculating a rating for every framework condition by applying a principal component analysis to each section of the questionnaire.

Figure 21 shows at a glance that nearly all EFC ratings are higher than average. The only exceptions are the internal market dynamics, which are below average.

Figure 21 Composite indicators on Entrepreneurial Framework Conditions, by stage of development compared to Switzerland

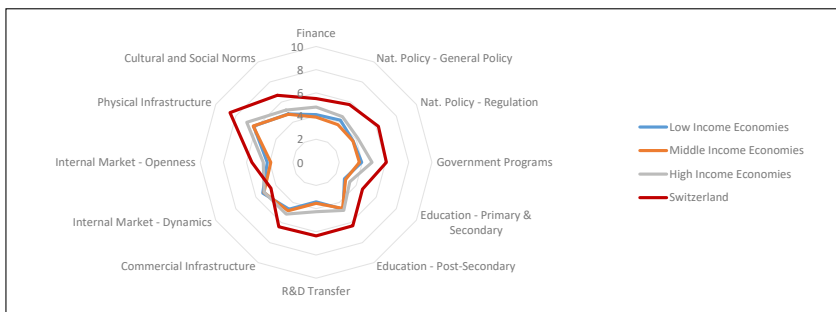


Table 9 displays the assessed values of the nine EFCs in Switzerland, as well as the values of selected high-income economies (benchmark economies) that serve as a comparison group. This helps to make more sense of our data.

The entrepreneurial finance framework condition describes the availability of financial resources – equity and debt – for small and medium enterprises (SMEs). Experts evaluate Switzerland’s financial environment (5.5/10) related positively to entrepreneurship and innovation. It occupies the 4th place, notably behind the Netherlands and the USA.

Government policy conditions have two components covering public policies priorities and support (5.8/10), where we share 7th place with the Netherlands, behind e.g. the Republic of Korea and Luxembourg. *Bureaucracy, tax regime, labor market regulation, and social security legislation* (6.2/10) are in 1st place and a very positive sign for Swiss bureaucracy, a longtime target of criticism.

Government programs relate to the presence of programs (at national and regional levels) and other initiatives to support new and growing

firms. Experts in Switzerland rate the presence of these governmental programs very positively (6.1/10). Just slightly behind Germany, we share 2nd place with the Netherlands again.

Entrepreneurial education relates to the extent to which entrepreneurship and entrepreneurial qualities receive attention in all phases of the educational and training system and is divided into two components. Entrepreneurial education at primary *and secondary levels* in Switzerland (4.6/10 – 5th Place) is again behind leading countries like, e.g. Norway or the Netherlands. On the other hand, Swiss experts evaluate *post-secondary* education (colleges, university, and professional education) much more positively and emphasize the world-class quality of the Swiss higher education system (6.3/10). Ahead of benchmark economies, Switzerland ranks 1st place.

The R&D level of transfer refers to the extent to which national research and development will lead to new commercial opportunities and whether or not these are available for new, small, and growing firms. Experts rate Switzerland very positively (6.4/10), putting it in 1st place, especially when compared to the benchmark economies.

Access to professional and commercial infrastructure relates to the presence of property rights, commer-

cial, accounting, and other legal and assessment services and institutions that support or promote SMEs.

Table 9 Entrepreneurial Framework Conditions (EFC) in selected high-income economies, 2019. Average scores from Likert scales of 10 points (1 = highly insufficient, 10 = highly sufficient)

	Financial environment related with entrepreneurship	Government concrete policies, priority and support	Government policies bureaucracy, taxes	Government Programs	Entrepreneurial education at Primary and Secondary levels	Entrepreneurial education at Vocational and Professional levels
	1	2a	2b	3	4a	4b
Australia	5.1	4.0	4.3	4.5	3.8	4.5
Canada	5.3	5.2	4.5	4.7	4.3	5.0
Germany	5.3	4.1	4.2	6.2	2.7	4.8
Ireland	4.8	4.1	4.5	5.4	3.0	4.7
Israel	5.1	4.1	3.1	4.2	3.0	4.4
Italy	4.5	3.6	3.0	4.1	2.9	4.9
Netherlands	6.3	5.8	5.5	6.1	5.5	5.8
Norway	5.5	5.1	4.5	5.4	5.2	5.7
Republic of Korea	5.1	6.5	4.6	5.4	3.4	4.2
Slovenia	4.5	4.0	3.4	5.1	2.8	4.3
Spain	4.9	5.3	5.2	6.0	2.7	5.5
Sweden	5.2	3.6	3.5	4.6	4.3	4.8
Switzerland	5.5	5.8	6.2	6.1	4.6	6.3
United Kingdom	5.3	4.0	5.1	4.3	3.4	4.7
USA	6.0	4.4	4.9	4.2	3.9	5.4
Average of High-Income Economies	4.8	4.6	4.2	4.8	3.4	4.8

Switzerland (6.4 / 10) is again on top, but just a slice ahead of Germany, Netherlands or Norway.

The entry regulation condition has two components: *internal market dynamics and internal market bur-*

	R&D level of transfer	Access to professional and commercial infrastructure	Internal market dynamics	Internal market burdens	Access to physical infrastructure and services	Cultural and social norms, social support
	5	6	7a	7b	8	9
Australia	3.9	5.2	4.3	4.7	6.3	5.2
Canada	4.2	5.5	5.1	4.8	7.0	6.3
France	4.8	6.3	5.8	5.1	6.5	4.8
Germany	4.2	5.0	4.8	4.8	5.5	5.7
Ireland	4.7	5.6	4.8	4.2	7.1	7.6
Israel	4.6	4.8	4.9	4.5	5.4	4.4
Italy	5.4	6.3	5.3	6.1	7.9	6.5
Korea Republic	4.7	6.2	5.1	4.8	7.8	6.3
Netherlands	4.2	4.4	7.5	4.2	7.4	4.8
Slovenia	3.9	5.1	5.4	4.7	7.1	3.7
Spain	5.3	6.0	5.3	5.1	7.0	4.8
Sweden	4.3	5.3	6.1	4.7	7.4	5.2
Switzerland	6.4	6.4	4.5	5.5	8.6	6.7
United Kingdom	3.8	5.1	4.9	5.2	6.5	5.7
USA	4.5	5.8	5.0	4.4	7.5	7.7
Average of High-Income Economies	4.3	5.2	5.2	4.6	6.9	5.2



dens. The former (4.5/10) refers to the level of dramatic change in markets from year to year. This has an inverse scaling: hence, smaller values are regarded more positively. On the other hand, internal market burdens (5.5/10) relate to the extent to which new firms are restrained from entering markets.

With regard to access to physical infrastructure and services, e.g., communication, utilities, transportation, land or space, at a price that does not discriminate against new, small or growing firms, Switzerland (8.6/10) ranked 1st, proving that Switzerland offers one of the world's finest physical and technological infrastructures for economic growth.

Cultural and social norms and social support are standards that encourage and/or allow actions leading to new business methods or activities that can potentially increase personal wealth and income. Switzerland (6.7/10) demonstrates that although we lag behind the leading benchmark economies, we can still be happy to be among the top 4.

7.2 NECI – National Entrepreneurship Context Index

The 2018 Report marks the beginning of the GEM National Entrepre-

neurship Context Index (NECI). It represents a composite index, which displays in one figure the weighted average state of the set of national Entrepreneurship Framework Conditions. Its methodological approach is a principal components analysis that then defines key constructs and transforms them into 12 weighted pillars. These are then used to calculate a simple average, which constitutes the NECI. The NECI identifies areas where there are gaps between the ratings on the framework conditions in relation to the importance placed on them.

An analysis of the top-ranked economies reveals how important it is to have strong and stable conditions across all aspects of the environment affecting entrepreneurship.

For 2019, Switzerland was ranked #1 for the National Entrepreneurship Context Index (NECI), slightly ahead of the Netherlands. Switzerland achieves outstanding results in finance, commercial infrastructure, tertiary education, and knowledge and technology transfer, as well as in government programs. Compared to the previous year, where Switzerland remained in 3rd place, it improved slightly in finance support, as well as in education at primary and sec-

ondary levels. These are the foremost reasons why Switzerland has overtaken the Netherlands and the USA. These new NECI results will support the efforts made to inform policy, practitioners, and key stakeholders

about the strength of Switzerland's environment for entrepreneurship. When it comes to "ease of starting a business", Switzerland is, however, only in the middle of the benchmark economies.

... 8 Entrepreneurship over Time in Switzerland

The GEM project began more than 20 years ago as a joint project between the Babson College (USA) and the London Business School (UK). In addition to these two initiators, the USA and the United Kingdom, we find the Netherlands, Brazil and Spain, who together conducted the first GEM survey in 1999. Switzerland joined a few years later, in 2002, when the consortium already included 37 out of the more than one hundred economies that participate nowadays.

The duration of the project and the consistency of the questionnaire, with its carefully designed methodological framework, is one of the major strengths of this study. Asking the same set of carefully designed questions over the past two-decades enables an in-depth understanding of the evolution of entrepreneurial activities, related societal values and individual attributes among the population. In last year's Report on Switzerland, we shed a light on the interactions between the early-stage entrepreneurial activities and the general economic cycles in Switzerland. We considered annual GDP growth and unemployment

rates, as well as their TEA rate and put them in a timeline, starting from 2002 to 2018 (Baldegger, Alberton, Gaudart, Huber und Wild, 2019). Consistent with the insights from the 2018/19 global report, we concluded that TEA rates tend to follow annual rates of GDP growth rather than predict them (Bosma & Kelley, 2018). In times of decreasing economic output, both the TEA and nascent entrepreneurship tend to decrease as well. Rising unemployment rates, on the other hand, usually lead to an increase in necessity-based entrepreneurship. In Switzerland however, necessity-based entrepreneurship remains remarkably low, among the lowest in the world, even when compared exclusively among high-income economies. As an effect of the last global economic crisis that started in 2007/08 in the United States, Swiss GDP growth slowed down in 2008 and reached a negative growth figure in 2009. This led to an all-time low TEA rate in 2010, but had no significant effect on necessity-based entrepreneurship rates.

This year we address the question of whether entrepreneurship activities,

resulting from both TEA and established business-ownership (EBO) rates are actually increasing over time. Entrepreneurship seems to be a highly topical issue that is generating more and more interest among both the young and older working population. Alternatively, one could argue that the rates remain stable or even decline due to the many job opportunities offered by the numerous prospering multinationals and SMEs in Switzerland.

In 2019 in Switzerland, the TEA rose to its all-time high since its measurement began twenty years ago. With a TEA rate of 9.8%, we are actually 1.3 percentage points higher than at its previous peak in 2017 and a remarkable 2.6 percentage points higher than the 7.1% of 2002. The EBO has increased even more throughout the years. It has grown steadily since 2002 when it started at 6.8% and has almost doubled to its peak at 11.5% last year. This year, it is even 0.1 percentage points higher, at 11.6%.

While getting a closer look at year-by-year developments for the past

decade, we have complete data from 16 economies, including Switzerland and six of the compared economies from this report, namely: the Netherlands, Slovenia, Spain, Sweden, United Kingdom, and the United States of America.⁶

Early-stage entrepreneurial activity clearly sloped upwards in most economies, despite some year-by-year fluctuations. This is the case in 12 out of the 16 economies. This is also true for all of the economies being compared in this report, from which we have these data. The strongest TEA growth was recorded in the United States where it has more than doubled from 8.0% in 2009, to 17.4% as measured ten years later. The Netherlands also recorded a high growth of TEA rates throughout the last decade, starting at 7.2% in 2009 and reaching its all-time high in 2018, with 12.3%. In the figure 22 below, we see the TEA development of these two economies, together with the Swiss, which remains slightly lower.

A high rise in TEA rates but at a lower level than the US and the UK, even

⁶ The other nine economies who have participated in every survey since 2009 are: Brazil, Chile, Colombia, Croatia, Germany, Greece, Ireland, Iran and Taiwan. They are not in the focus of this report since they are not as comparable to the Swiss ecosystem as our focal economies. Nevertheless, we consider them in this text in order to give some additional information on Entrepreneurship worldwide.

lower than Switzerland, was recorded in Slovenia. Starting at 5.4% in 2009, the TEA rates actually fell to 3.7% in 2011, from where they recovered, rising until they reached their peaks of

around 8% in 2015 and again in 2019. The weakest TEA growth is recorded in Spain, where TEA rates ranged around 5% from 2009 to 2016 and have grown to slightly more than 6% ever since.

Figure 22 Levels of TEA, 2009 – 2019, in the US, Netherlands and Switzerland



The four countries among the 16 which have participated year-by-year throughout the last decade but did not record a rise in TEA rates, are outside the scope of compared economies in this report. They are Colombia, Taiwan and Greece in the case of no TEA growth, and Iran, where levels of early-stage entrepreneurship have even fallen during this last decade.

The next question that arises when observing increasing levels of TEA is whether this also leads to rising levels of established business ownership (EBO). In actual fact, EBO has increased in most of the economies with rising TEA rates, namely nine out of the 12. In the figure below, we can observe the evolution of EBO rates as compared across the United

Figure 23 Levels of TEA, 2009 – 2019, in Spain, Slovenia and Switzerland

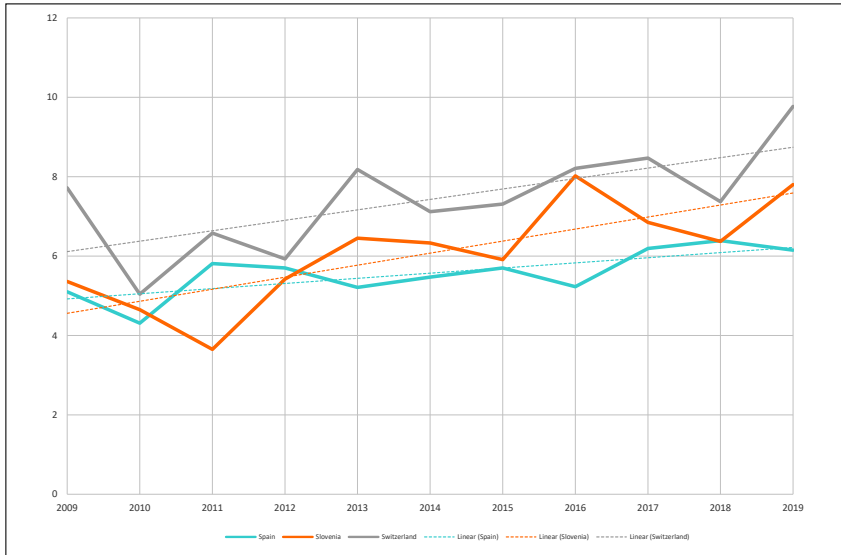


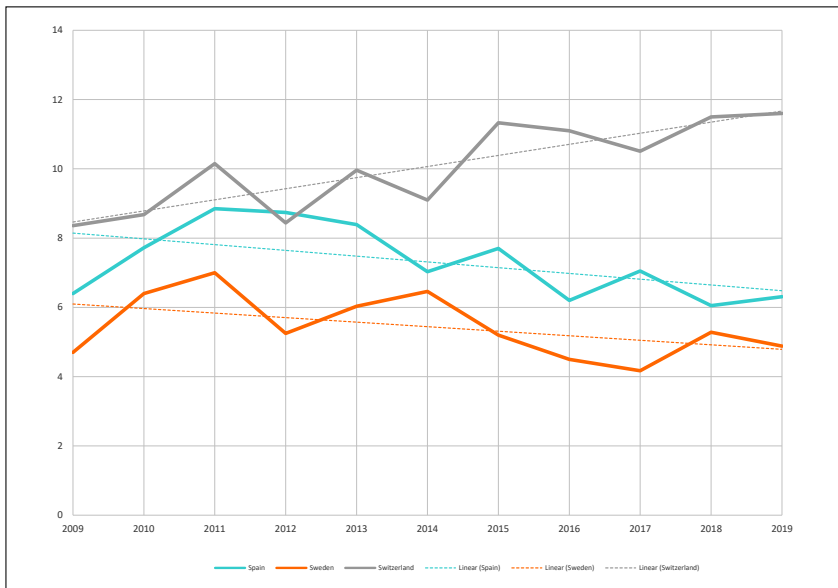
Figure 24 Levels of established business ownership, 2009 – 2019, in the United States, the Netherlands and Switzerland



States, the Netherlands and Switzerland. Interestingly, the Swiss curve runs above the USA, where EBO increased from 5.9% to 10.6% and is convoluted by the Dutch curve, which also rose slightly more weakly than Switzerland's throughout the last decade. We can actually state that, among the comparison countries for this trend study, Switzerland not only has the highest EBO rate, it also recorded its highest rise, from 8.4% in 2009 to 11.6% in 2019.

In Sweden and Spain, two countries with a rather low rise in TEA rates, EBO actually declined over the past decade. Spain reached its peak of EBO at 8.8% in 2011 and it has fallen ever since. In Sweden, EBO also dropped from 7% in 2011 to 5.3% in 2012, then slightly recovered to almost 6.5% before dropping down to levels around 4% of EBO.

Figure 25 Levels of established business ownership, 2009 – 2019, in Spain, Sweden and Switzerland



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..... GEM Framework

The GEM Project

Entrepreneurship has become a term that is increasingly widespread around the world. According to key players in society, including policy-makers, academics, entrepreneurs themselves, and the population at large, entrepreneurship tends to be associated with economic development and social well-being. Since its beginning, one of GEM's core principles has been to explore and assess the role of entrepreneurship in national economic growth. This scope is aligned with the "Schumpeterian" view that entrepreneurs are ambitious and spur innovation, speed up structural changes in the economy, introduce new competition and contribute to productivity, job creation, and national competitiveness. However, entrepreneurship has many faces and includes initiatives that are accompanied by less ambitious business activities leading to limited or no growth. It is important to note that different types of entrepreneurship may all have important implications for socio-economic development.

In 2016, 65 economies participated in the study, collectively representing all regions of the world and a broad range of economic development levels.

GEM contributes to the understanding of the role played by new and small businesses in the economy by focusing on the following objectives (Reynolds et al., 1999, p. 3):

- to allow for comparisons with regard to the level and characteristics of entrepreneurial activity among different economies;
- to determine the extent to which entrepreneurial activity influences economic growth within individual economies;
- to identify factors which encourage and/or hinder entrepreneurial activity;
- to guide the formulation of effective and targeted policies aimed at stimulating entrepreneurship.

GEM provides a comprehensive view of entrepreneurship across the globe by measuring the attitudes of a population, and the activities and characteristics of individuals involved in various phases and types of entrepreneurial activity.

How GEM Measures Entrepreneurship

Since its beginning, GEM's focus has been on individuals as units of

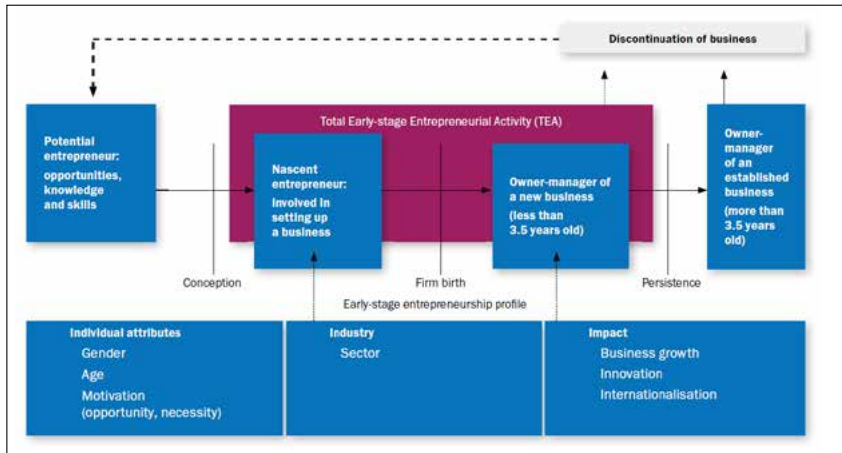
observation: men and women who are involved in different stages of entrepreneurial dynamics. Entrepreneurship is a process comprising different phases, from intending to start, to just starting, to running new or established enterprises and even discontinuing a business.

Given that the context and conditions that affect entrepreneurship in different economies are diverse and complex, it is not possible to conclude that one phase inevitably leads to the next. The entrepreneurship process and GEM's operational definitions are illustrated in Figure 26. GEM's conceptualization of entrepreneurship as a multiphase process is useful for assessing the state of entrepreneurship at different points. This process starts with the involvement of potential entrepreneurs – those individuals who believe they possess the capabilities to start businesses, who see opportunities for entrepreneurship, and who would not be dissuaded from doing so for fear of failing. For some potential entrepreneurs, their intentions to start businesses are underpinned by the perceptions society holds of entrepreneurs, the status these individuals enjoy in their society and whether the media positively represents entrepreneurs.

The next phase is nascent entrepreneurial activity – i.e., those starting new enterprises less than three months old. Given the challenges associated with starting a new business, many fledgling businesses fail in the first few months, hence not all nascent entrepreneurs progress to the next stage. New business owners are defined as those former nascent entrepreneurs who have been in business for more than three months, but less than three and a half years. Nascent and new business owners together account for the total early-stage entrepreneurial activity (TEA) in an economy, a key measure of GEM.

Established businesses are those that have been in existence for more than three and a half years. It is important to consider both established business owners as well as entrepreneurs who have discontinued or exited businesses because these two categories represent a key resource for other entrepreneurs (for example, by providing financing, mentorship, advice or other types of support). In addition, former entrepreneurs may re-enter entrepreneurship (serving as serial entrepreneurs) or they may join established companies and enact their entrepreneurial ambitions as employees.

Figure 26 GEM model of business phases and entrepreneurship characteristics

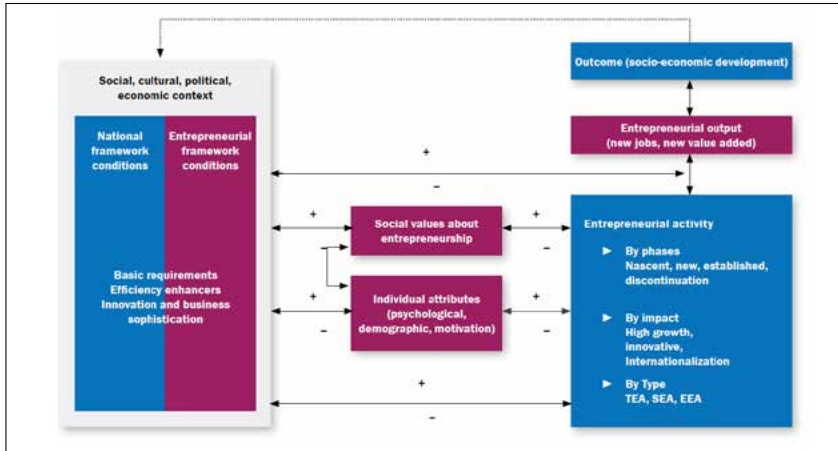


The GEM Conceptual Framework and Methodology

The GEM model shown in Figure 26 sets out key elements of the relationship between entrepreneurship and economic growth and the way in which the elements interact. At the same time, it acknowledges that the contribution entrepreneurs make to an economy varies according to that economy’s phase of economic development, which to a certain extent drives the institutional setting. It also reflects a nuanced distinction between phases of economic development, in line with Porter’s typology of “factor-driven economies”, “efficiency-driven economies” and “innovation-driven economies” (Porter et al., 2002), and recognizes that GEM’s unique contribution was to describe and measure, in detail,

the conditions under which entrepreneurship and innovation can thrive. Classification according to phases of economic development is based on the level of GDP per capita and the extent to which countries are factor-driven in terms of how much primary goods account for total exports. Factor-driven economies are primarily extra-active in nature, while efficiency-driven economies exhibit scale intensity as a major driver of development. At the innovation-driven stage of development, economies are characterized by the production of new and unique goods and services that are created via sophisticated, and often pioneering, methods. Together with 26 other countries, Switzerland is included in the group of “innovation-driven” economies.

Figure 27 The GEM Conceptual Framework



The framework incorporates the three main components that capture the multi-faceted nature of entrepreneurship: entrepreneurial attitudes, entrepreneurial activity, and entrepreneurial aspirations. These are included as components of a “black box” that produce innovation, economic growth and job creation, without spelling out in detail how they affect and reinforce each other. Figure 27 also shows how GEM measures different components, such as entrepreneurial framework conditions using the National Experts Survey, and the entrepreneurship profiles, encompassing entrepreneurial attitudes, activity and aspirations using the adult population survey.

One of the key purposes of GEM is to provide reliable data on entrepre-

neurship that will be useful over time in making meaningful comparisons, both internally and between economies. For this reason, all participating economies make use of standard research instruments. The GEM data is gathered annually and is derived from the following two main sources.

Adult Population Survey (APS)

Each participating economy conducts a survey of a random representative sample of at least 2000 adults (aged 18 years and older). The surveys are conducted at the same time of year (generally between April and June), using a standardized questionnaire developed by the GEM consortium. The raw data is sent directly to the GEM data team for inspection and uniform statisti-

cal calculations before being made available to the participating economies.

National Experts Survey (NES)

The NES provides insights into the entrepreneurial start-up environment in each economy with regard to the nine entrepreneurial framework conditions, namely:

- Entrepreneurial finance
- Government policies: support and relevance
- Government policies: taxes and bureaucracy
- Government entrepreneurship programs
- Entrepreneurial education at school stage
- Entrepreneurial education at post school stage
- R&D Transfer
- Commercial and legal infrastructure
- Internal market dynamics

The NES sample comprises a minimum of 36 respondents, with four experts drawn from each of the entrepreneurial framework condition categories. Out of this sample, a minimum of 25% must be entrepreneurs or business owners, and 50% must be professionals.

Additional aspects, such as geographical distribution, gender, the public versus private sector, and level

of experience, are also taken into account in selecting the sample.

In addition to the APS and NES, GEM reports also make use of standardized national data from international data sources, such as the World Bank, the International Monetary Fund, and the United Nations. This information is used to add context to the report, and to explain the relationship between entrepreneurial activity and national economic growth.

The GEM conceptual framework opens the “black box” of an Entrepreneurship Profile and tests the characteristics of the assumed relationships between social values, personal attributes and forms of entrepreneurial activity.

The **social values towards entrepreneurship** include the social status of entrepreneurs, how society values entrepreneurship as a good career choice and how media attention to entrepreneurship has an impact on the development of a national entrepreneurial culture. Individual attributes cover demographic factors (gender, age and geographic location), psychological factors (perceived capabilities and opportunities, fear of failure) and motivational aspects (necessity-based versus opportunity-based venturing). Entrepreneurial Activity defines the venture’s lifecycle phases, the types of activity and the sector of the activity.



... Glossary

Measure	Description
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Societal values and perceptions

Entrepreneurship as a good career choice	Percentage of the adult population between the ages of 18 and 64 years who believe that entrepreneurship is a good career choice.
High status to successful entrepreneurs	Percentage of the adult population between the ages of 18 and 64 years who believe that high status is afforded to successful entrepreneurs.
Media attention for entrepreneurship	Percentage of the adult population between the ages of 18 and 64 years who believe that there is a lot of positive media attention for entrepreneurship in their country.

Individual attributes of a potential entrepreneur

Perceived opportunities	Percentage of the population between the ages of 18 and 64 years who see good opportunities to start a firm in the area where they live.
Perceived capabilities	Percentage of the population between the ages of 18 and 64 years who believe they have the required skills and knowledge to start a business.
Entrepreneurial intention	Percentage of the population aged 18–64 years (individuals involved in any stage of entrepreneurial activity excluded), who are latent entrepreneurs and who intend to start a business within three years.
Fear of failure rate	Percentage of the population aged 18–64 years perceiving good opportunities who indicate that fear of failure would prevent them from setting up a business.



Entrepreneurial activity indicators

Three indicators describe the life cycle of a venture:

<p>TEA Total Early-stage Entrepreneurial Activity</p>	<p>Percentage of the adult population between the ages of 18 and 64 years who are in the process of starting a business (a nascent entrepreneur) or owner-manager of a new business which is less than 42 months old. This indicator can additionally be enriched by providing information related to motivation (opportunity vs. necessity), inclusiveness (gender, age), impact (business growth in terms of expected job creation, innovation, internationalization) and industry (sectors).</p> <p>Nascent entrepreneurs – those who have committed resources to starting a business, but have not paid salaries or wages for more than three months.</p> <p>New business owners – those who have moved beyond the nascent stage and have paid salaries and wages for more than three months but less than 42 months.</p>
<p>Established business ownership rate</p>	<p>Percentage of the adult population between the ages of 18 and 64 years who are currently an owner-manager of an established business, i.e. owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.</p>
<p>Business discontinuation rate</p>	<p>Percentage of the adult population aged between 18 and 64 years (who are either a nascent entrepreneur or an owner-manager of a new business) who have, in the past 12 months, discontinued a business, either by selling, shutting down, or otherwise discontinuing an owner/management relationship with the business.</p>

Other indicators which describe additional types of entrepreneurial activity:

<p>EEA Entrepreneurial Employee Activity</p>	<p>Percentage of the adult population aged between 18 and 64 years who as employees have been involved in entrepreneurial activities such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary.</p>
<p>International orientation</p>	<p>Percentage of entrepreneurs who report that 25% or more of their sales come from outside their economy.</p>

... Country List

Country/International code

Armenia	AM	Oman	OM
Australia	AU	Pakistan	PK
Belarus	BY	Panama	PA
Brazil	BR	Paraguay	PY
Bulgaria	BG	Poland	PL
Canada	CA	Portugal	PT
Chile	CL	Puerto Rico	PR
China	CN	Qatar	QA
Colombia	CO	Republic of Korea	KR
Croatia	HR	Russian Federation	RU
Cyprus	CY	Saudi Arabia	SA
Ecuador	EC	Slovak Republic	SK
Egypt	EG	Slovenia	SI
Germany	DE	South Africa	ZA
Greece	GR	Spain	ES
Guatemala	GT	Sweden	SE
India	IN	Switzerland	CH
Indonesia	ID	Taiwan	TW
Iran	IR	Thailand	TH
Ireland	IE	United Arab Emirates	AE
Israel	IL	United Kingdom	UK
Italy	IT	United States	US
Japan	JP		
Jordan	JO		
Latvia	LV		
Luxembourg	LU		
Madagascar	MG		
Mexico	MX		
Morocco	MA		
Netherlands	NL		
North Macedonia	MK		
Norway	NO		



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SUPSI

