Teaching IB: The GEM factor

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In her address to the Faculty Development in International Entrepreneurship, Donna Kelley explained the significance and goals of the Global Entrepreneurship Monitor (GEM).

According to the 2007 Executive Report, GEM is a “multinational, harmonized research program providing annual assessments of the entrepreneurial sector for a range of countries.”

In 2007, 42 countries participated in the GEM project. These include high-income countries such as France, Japan, United States; middle- and low-income countries in Europe and Asia such as China, India, Russia; and middle- and low-income countries in Latin America and the Caribbean such as Argentina, Brazil, Chile. In 2008, 45 countries are participating.

GEM measures the percentage of individuals in a country who are just starting businesses or are owner-managers of businesses up to 3.5 years old. “We measure individual participation in entrepreneurship as a percentage of the total population,” said Kelley. “We’re not focused solely on formal business registrations but can also capture those people who are engaged in informal businesses. In some economies, this number tends to be pretty high.”

In 2007, Thailand and Peru showed the highest entrepreneurial activity. Latin American countries and China also exhibited high rates of entrepreneurship. GEM also measures a number of characteristics of entrepreneurship in a country, such as perceptions about entrepreneurship, motivations for starting a business, the innovativeness of the products, and growth prospects. A global report is published every year, and there are also special reports on women-led businesses, entrepreneurial finance, and high-growth entrepreneurship.

“Our goals are to increase global awareness about entrepreneurial activity, increase academic understanding of the nature of entrepreneurship, and ultimately impact society in terms of creating policies that are supportive of new business creation,” said Kelley.

GEM was founded in 1999 by Babson College in the US, and the London Business School in the UK.