The Global Entrepreneurship Monitor (GEM) and Its Impact on Entrepreneurship Research
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Abstract

The Global Entrepreneurship Monitor (GEM) is a project carried out by a research consortium dedicated to understanding the relationship between entrepreneurship and national economic development. Since 1999 GEM reports have been a key source of comparable data across a large variety of countries on attitudes toward entrepreneurship, start-up and established business activities, and aspirations of entrepreneurs for their businesses. The growing databases increasingly allow for in-depth academic research and this is mirrored by the rapidly increasing amount of GEM-based scientific publications in a wider range of academic journals. At this point it is appropriate to provide an overview on these publications, to summarize their main contributions, and to provide some directions for obtaining promising GEM-based academic contributions in the future. This publication provides a review of 89 GEM-based academic publications in SSCI-listed journals since 2004, with the objectives to highlight the particular advantages of GEM data, their quality and usability, as well as their limitations. It also recommends a number
of ways in which the GEM project might evolve further and make more impact on entrepreneurship research, on entrepreneurship policy and practice, and ultimately on getting more grip on the complex relation between entrepreneurship and economic development.

Keywords: Global Entrepreneurship Monitor, Entrepreneurial Activity, Economic Development.

JEL Codes: E02, J24, L26, O11
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It is common wisdom that venture creation is an essential element of dynamic economic systems and that individuals pursuing perceived business opportunities are required to maintain and develop economic dynamism. However, the process of venture creation can take on many forms. Historical, cultural, economic, sociologic, and demographic factors lead to vastly different characteristics of venture creation across the globe. Yet the process of venture creation and its variance across regions and nations has been understudied in economic theory, certainly up to the 1990s (Baumol, 1968; Barretto, 1989).

In the 1990s, interest in the role of entrepreneurship in economic development increased and the lack of comparable international data on entrepreneurship and venture creation became recognized as a serious issue (Reynolds et al., 1994). Government databases were not comparable, and in many countries data on new venture creation was not systematically collected. This led to the establishment of a research initiative by a small group of academic scholars.
Introduction

The initiative was called the Global Entrepreneurship Monitor (GEM) and as it grew, three main objectives were set for it:

— To measure differences in the level of entrepreneurial activity between countries.
— To uncover factors determining national levels of entrepreneurial activity.
— To identify policies that may enhance national levels of entrepreneurial activity.

Achieving the three GEM objectives would also help establish how entrepreneurship relates to economic growth and, in a longer-term perspective, economic development. Entrepreneurship is believed to contribute to economic development because entrepreneurs create new businesses, and new businesses create jobs, intensify competition, and may even increase productivity through technological change. Some studies argue that in recent decades, the development of new technologies and in consequence the emergence of new business models has shifted from large corporations to small and new ventures (Blau, 1987; Audretsch and Thurik, 2001; Thurow, 2003). However, we have still much to learn about why entrepreneurship rates differ not only among countries at different stages of economic development but also among regions in a single country, and why not all entrepreneurial efforts have the same impact on economic development. As the GEM data collection efforts allow for comparisons across widely varying sets of countries and regions and for making distinctions between several types of entrepreneurship, future GEM-based studies may help in substantiating the impact of (specific types of) entrepreneurship on economic growth and economic development.

GEM was created in September 1997 by Michael Hay and William D. Bygrave as a joint research initiative by London Business School and Babson College. The first effort in 1999 analyzed 10 countries: the G7 countries (i.e., Canada, France, Germany, Italy, Japan, United Kingdom, and United States) and three small countries: Denmark, Finland, and Israel. Under Paul D. Reynolds, who was Principal Investigator of the project between 1998 and 2003, the project expanded to 32 participating countries in 2003.
As with any new venture’s growth, the expansion of GEM required a restructuring of the organization. The growing number of participating teams led to the establishment of the Global Entrepreneurship Research Association (GERA) in 2004. GERA, a charity registered in the United Kingdom, is a consortium consisting of all national teams participating in GEM research, the two founding organizations and global sponsors. Global Entrepreneurship Monitor is owned and managed by GERA. By 2011, GEM had conducted annual assessments in 88 economies, covering more than 80% of world population and almost all nations with globally significant economies. The 2012 GEM cycle included 69 economies, with a fairly even balance in terms of the three main stages of national economic development recognized by the World Economic Forum (Schwab, 2009).

In this publication, we review the academic contributions of the GEM project since its inception. We do this by first providing a basic overview of the GEM methodology in Section 2, as well as updates to the extensive assessment of the GEM design and implementation during the first five years in Reynolds et al. (2005). Sections 3–5 review all 89 identified GEM-based empirical papers that have been published in journals listed in the Social Science Citation Index (SSCI), by categorizing these contributions along the main GEM objectives. Section 6 concludes and provides suggestions for future GEM-based research.
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