Investigating Entrepreneurship in Europe

Purpose: Allow students to briefly compare entrepreneurship in European countries to entrepreneurship in the U.S.

The activity utilizes information from the Global Entrepreneurship Monitor (GEM) study of entrepreneurship. The activity can occur in the computer lab or in the classroom using modified documents.

Directions:

- **Computer lab Version:** Individually or with a partner, students visit the Country Profile links provided and read a summary of entrepreneurship in each country. Once students have read the summaries, they should answer a few questions and rank the countries on an entrepreneurship continuum and explain their reasoning.
- **Classroom Version:** Individually, with a partner, or in a small group (or jigsaw), students read the modified Country Profiles from the GEM website. Once students have read the summaries, they should answer a few questions and rank the countries on an entrepreneurship continuum and explain their reasoning.
- The placement of countries on the continuum does not need to be exact; however, the students should be able to place the countries in at least the correct order (as shown below) based on their level of entrepreneurship.

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Russia  Italy  Germany  United Kingdom  United States

Low Level of Entrepreneurship   High Level of Entrepreneurship
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Directions: Visit each website below summarizing the level of entrepreneurship in the U.S. and a few European countries. Use the information to answer the questions for each country in Part I and complete the entrepreneurship continuum in Part II.

Part I

1. United States: http://www.gemconsortium.org/country-profile/122
   Describe the level of entrepreneurship in the U.S. ______________________________________________________
   Why is entrepreneurship successful in the U.S.? ______________________________________________________

2. Germany: http://www.gemconsortium.org/country-profile/64
   Describe the level of entrepreneurship in Germany ______________________________________________________
   Describe the “supports” and “constraints” on entrepreneurship? __________________________________________

3. Italy: http://www.gemconsortium.org/country-profile/74
   Describe the level of entrepreneurship in Italy ______________________________________________________
   Describe the “supports” and “constraints” on entrepreneurship? __________________________________________

4. Russia: http://www.gemconsortium.org/country-profile/104
   Describe the level of entrepreneurship in Russia ______________________________________________________
   Describe the “supports” and “constraints” on entrepreneurship? __________________________________________

5. United Kingdom: http://www.gemconsortium.org/country-profile/121
   Describe the level of entrepreneurship in the United Kingdom ____________________________________________
   Describe the “supports” and “constraints” on entrepreneurship? __________________________________________
Part II: Use the information from Part I to place the countries on the entrepreneurship continuum below. Explain your reasoning for the placement of each country below the continuum.

Explain your reasoning for the placement of the countries on the continuum above.

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Investigating Entrepreneurship in Europe

Name(s) ___________________________ Date ______

Directions: Read the Country Profiles provided by your teacher summarizing the level of entrepreneurship in the U.S. and a few European countries. Use the information to answer the questions for each country in Part I and complete the entrepreneurship continuum in Part II.

Part I

1. **United States:**
   
   Describe the level of entrepreneurship in the U.S. ____________________________________________________________
   
   Why is entrepreneurship successful in the U.S.? ____________________________________________________________

2. **Germany:**
   
   Describe the level of entrepreneurship in Germany ____________________________________________________________
   
   Describe the “supports” and “constraints” on entrepreneurship? ____________________________________________________________

3. **Italy:**
   
   Describe the level of entrepreneurship in Italy ____________________________________________________________
   
   Describe the “supports” and “constraints” on entrepreneurship? ____________________________________________________________

4. **Russia:**
   
   Describe the level of entrepreneurship in Russia ____________________________________________________________
   
   Describe the “supports” and “constraints” on entrepreneurship? ____________________________________________________________

5. **United Kingdom:**
   
   Describe the level of entrepreneurship in the United Kingdom ____________________________________________________________
   
   Describe the “supports” and “constraints” on entrepreneurship? ____________________________________________________________
United States

http://www.gemconsortium.org/country-profile/122

Most recent data: 2014

Summary: Consistently high level of participation in entrepreneurship supported by favourable environmental conditions

...High rates of entrepreneurship are accompanied by high levels of innovation and growth. In 2014, 36.7% of U.S. entrepreneurs stated that their products or services were innovative and 44.8% expected to grow their businesses by 6 or more employees in the next five years. With a large and diverse internal market, however, U.S. entrepreneurs are less internationally oriented, with 14.5% having substantial international customers.

The average U.S. entrepreneur is educated with a college degree, closer to mid-career in age, from a higher income household, and more likely to be male. He is likely to be opportunity-motivated and comparatively likely to be operating in the knowledge-intensive sector (business services).

Enablers and Constraints
In general, entrepreneurship is seen positively in the U.S. and it is easy to get a business started. There is huge diversity, however, across the country...

Entrepreneurship thrives in the U.S. where there are universities, good transportation and communication, a population that includes young people, clusters of industrial activity, and quality of life (schools, climate, recreation, arts).

Initiatives Supporting Entrepreneurship
Programs and policies for entrepreneurship tend to occur at the state level. Overall, the U.S. is more oriented toward reducing barriers, but individual states may fund incubators or provide assistance programs (training, advising). Programs may target specific groups like women, youth or low income populations.

Challenges for the Future
The big challenges are getting entrepreneurs to be more globally competitive, and maintaining innovativeness in a global economy.
**Germany**

[http://www.gemconsortium.org/country-profile/64](http://www.gemconsortium.org/country-profile/64)

Most recent GEM data: 2014

**Summary: A relatively low level of activity – but favourable entrepreneurial framework conditions in terms of government policy support**

Germany has a relatively low level of entrepreneurial activity, even when compared with other industrialised economies. This is not due to a lack of government support – rather, it is due to a lack of entrepreneurial spirit among the majority of the population.

Knowledge-intensive start-ups are relatively frequent in Germany. Aspirations and attitudes towards entrepreneurship are broadly comparable with economies at the same level of development.

Germany's tendency to risk aversion puts it at a disadvantage where entrepreneurship is concerned; this has persisted for a long time, though there have been slight improvements in recent years.

**Enablers and Constraints**

The biggest enablers of entrepreneurship in Germany are good physical infrastructure, and good support for entrepreneurs via government policies.

The biggest constraints are a surplus of good job opportunities (which reduces the level of entrepreneurship), a lack of cultural and social values and norms in the society related to entrepreneurship, and a poor entrepreneurial climate in the education system.

**Italy**

[http://www.gemconsortium.org/country-profile/74](http://www.gemconsortium.org/country-profile/74)

Most recent GEM data: 2014

**Summary: A long tradition of diffused entrepreneurship with fewer new initiatives due to the lack of a supportive entrepreneurial ecosystem**

In term of attitudes, fear of failure in Italy is relatively high...Perceived opportunities to start a business increased in 2014...31.3% of the adult population believe they have the skills to start a business...

Almost twice as many men as women are involved in early-stage entrepreneurial activity. Growth expectation, measured in terms of jobs created is in general quite low...

The average entrepreneur is male, with an upper or lower secondary level education active in the service sector (commercial activities in particular).

**Enablers and Constraints**

According to the 2014 National Experts Survey Italy ranked worse than the big European countries across almost all aspects of the entrepreneurial ecosystem; government policies, government programs and entrepreneurial education were singled out as particularly lacking. These are perceived as constraints on entrepreneurship by the majority of the experts interviewed, and in particular those in business themselves.

**Initiatives Supporting Entrepreneurship**

In 2012 a special law was introduced to assist in the creation and growth of innovative start-ups. Importantly, it included a clear definition of an 'innovative company'.


Russia

http://www.gemconsortium.org/country-profile/104

Most recent data: 2014

Summary: About 90% of the population is not only not involved in business activities, but also do not see opportunities to build businesses for themselves.

Only 4.7% of working age adults are early-stage entrepreneurs. Entrepreneurship continues to play a small role in the economy, not only in comparison with other BRICS (Brazil, Russia, India, China, South Africa) countries but also in comparison with countries of Eastern Europe.

In fact, there is not only a low level of early-stage entrepreneurship in Russia - in addition, the majority of established companies do not succeed in overcoming the initial stages of development.

We should not expect significant growth in Russia’s entrepreneurial sector in the coming years, due to the fact that very few Russians plan to start a business in the next three years. Indeed, half of Russians who have entrepreneurial intentions are already active entrepreneurs.

Unpopularity of entrepreneurship in Russia can be partially explained by the negative perception of entrepreneurial opportunities of those not currently in business. Only 18% of non-entrepreneurs consider the external conditions favourable for starting up a business; for entrepreneurs, the figure is more than double. Fear of failure prevents 42% of non-entrepreneurs from starting up.

Enablers and Constraints

Physical infrastructure, market dynamics, commercial infrastructure, and professional education do not have a negative impact on entrepreneurship in Russia. Traditionally experts see state policies as one factor negatively impacting the development of Russian entrepreneurship.

The federal government and, to a large extent, regional authorities ideologically support the development of the private business sector. In recent years, the number of measures for state support has grown significantly, although as before that still does not cover all the needs of new and growing businesses. Besides that there is a lack of transparent rules and logic of interaction between companies and the state.

The low availability of financial resources for new and growing companies is one of the most acute problems facing Russian businesses. Access to finance for new companies is difficult because of high interest rates on loans.
United Kingdom
http://www.gemconsortium.org/country-profile/121
Most recent data: 2014

Summary: Early-stage entrepreneurial activity is relatively high and remains above the long-run average.

...The rate of total entrepreneurial activity is comparatively high, typically lying above that of France and Germany but below the US. In 2014, 8.5% of working age adults expected to start a business within the next 3 years which is above the longer term trend for the UK.

The UK has a high regard for the status of successful entrepreneurs and optimism about start-up opportunities has recovered to pre-2008 levels...

Enablers and Constraints
The UK has a relatively strong base for encouraging early-stage entrepreneurial activity with widespread access to business support and mentoring programmes; the provision of entrepreneurial awareness schemes throughout the education sector; and good access to office space, and IT and broadband infrastructure.

The key challenges remain access to bank finance; the costs involved with taking on staff; and access to and finance for developing export markets.

Initiatives Supporting Entrepreneurship
The Start Up Loans Company is a government funded initiative operated by the Department for Business, Innovation and Skills that provides start up support in the form of a repayable loan together with a business mentor for entrepreneurs across the UK. The Scheme was set up in 2013...in response to the relatively low levels of entrepreneurial activity in the UK compared to the US, and was designed to help solve the problem of supporting people who have a feasible business idea but no access to finance.