Colombian Entrepreneurial Dynamic: 2006-2013

ABSTRACT

The Global Entrepreneurship Monitor (GEM) project is an annual assessment of the entrepreneurial activities, aspirations and attitudes of individuals, involved in various phases and types of entrepreneurial activity, across a wide range of countries. GEM is unique because, unlike other entrepreneurship data sets that measure newer and smaller firms, GEM studies the behavior of individuals with respect to starting and managing a business. This approach provides a more detailed picture of entrepreneurial activity than the one that could be found in official national registry data sets

GEM is the biggest and the most comprehensive study about entrepreneurship not only for its wide world coverage but also by the unified methodology that allows significant comparisons among countries, global regions and in some cases national regions and cities.

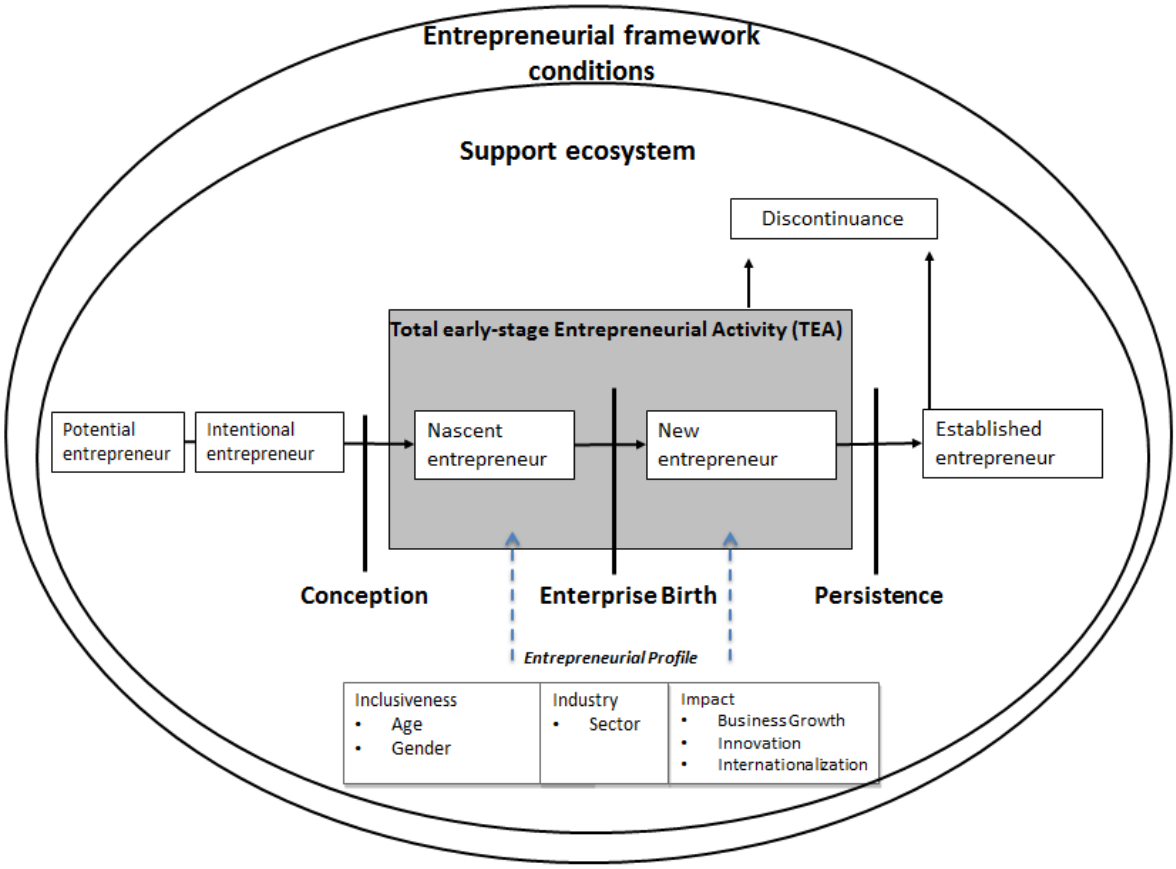
Colombia has participated of the GEM study since 2006 and through the years a complete set of data about entrepreneurial activity has been developed, including many specific regional and city measurements.

This paper is oriented to analyze, in a longitudinal way, what has been happening with the main indicators provided for GEM along the years in order to identify trends and changes and from those generate policy recommendations that allow the improvement of the Colombian entrepreneurial process and in that way improve the socioeconomically development of the country

METHODOLOGY

All the basic data used in this paper, comes from the homogenized data base that GEM has developed for Colombia, in terms of the Adult Population Survey (APS) and the National Expert Survey (NES). In order to integrate the data in an easier way , and to facilitate the longitudinal study and the development of policy recommendation, the "Entrepreneurial Pipeline Concept" (Varela & Soler, 2013), which split the entrepreneurial process in six main stages was used. This concept is based in the GEM adjusted model presented in figure 1 and the main six stages are defined and measured as follows:

Figure 1. Entrepreneurial process



Source: Adjusted by author from Global Entrepreneurship Monitor 2013 Global Report (2014)

- Socio Cultural Acceptance: Measures the proportion of the adult population that has a positive perception on entrepreneurship, about three variables: 1) Is starting a new business a good career choice? 2) Do entrepreneurs have high status? 3) There is a lot of positive media attention for entrepreneurship?
- Potential Entrepreneurs: Measures the proportion of adult population that considers that they have the potential to become entrepreneurs in the future, using three variables: 1) Are they able to perceive opportunities in their environment?, 2) Do they have the necessary skills and abilities to create and manage a new business, 3) Do they have the capacity to overcome the fear of failure?.
- Intentional Entrepreneurs: Measures the proportion of adult population that expresses their intention of starting a new business alone or with others within the next three years.
- Nascent Entrepreneurs: Measures the proportion of adult population that has started to do specific activities in setting a business and have only paid salaries, wages or any other remuneration to employees and/or owners for less than three (3) months.
- New Entrepreneurs: measures the proportion of adult population that has been owning and managing a business and have paid salaries or any other remuneration to employees and/or owners for less than 42 months but more than 3 months.
- Established Entrepreneurs: measures the proportion of adult population that has been owning and managing a new business that has survived for more than 42 months paying salaries or any other remuneration to employees and/or owners.

It is important for GEM not only to know the quantity of the adult population in any stages of the entrepreneurial pipeline in a given year, but also to understand the entrepreneurial profiles and/or

the characteristics of the individuals who are in each of the stages. For this reason, the paper also analyze the changes in the demographic profiles of the entrepreneurs and the changes in the characteristics of the enterprises along the years

But given the fact that entrepreneurship is developed in an entrepreneurial environment, is necessary to study also the changes that have been happening in the Entrepreneurial Framework conditions in Colombia (financial support, government policies, governmental programs, education & training, R&D transfer, commercial & service infrastructure, openness of the market, physical infrastructure, cultural and social norms. In addition to that, the experts added their perception on the following subjects: opportunity perceptions, skills for start-up, motivation towards entrepreneurship, intellectual property legislation, support to women entrepreneurs, and support to business growth, innovation, well-being and youth entrepreneurship) in the last 8 years.

The last part of the paper is oriented to the development of policy recommendations that should be implemented in Colombia in order to: improve the entrepreneurial process by solving some of the" leaks" that the entrepreneurial pipeline shows; and to identify some new research areas that should be addressed in Colombia.

CONCLUSIONS

- There is a significant stability in the GEM results in Colombia along the 8 years of analysis, except in the established entrepreneurs that is presenting a declining trend.
- There is a significant gap between males and females, that grows along the entrepreneurial pipeline
- There is an improvement opportunity for the Colombian enterprises, because they are lacking innovation and international orientation.

- There is an improvement opportunity in most of the framework conditions because in these 8 years they have evaluated by the experts in a below average grade.
- There are several policy recommendations derived from the study
- There are several research areas identified that should be considered by the researchers as priorities in the following years

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