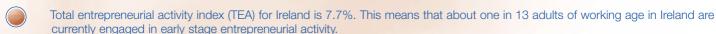
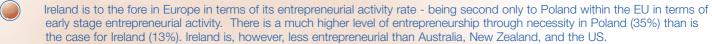


Total Entrepreneurial Activity









The Entrepreneurs

In 2004, GEM detected the first signs of an improvement in the number of women engaged in early stage entrepreneurial activity. The increase was primarily among Irish women planning a new business. The number of men planning a new business in 2004, however, declined. The ratio of men to women is 100:64 when just those that are actively planning new businesses are considered. The gender balance declines to 100:35 when the focus is confined to those that have actually set up new businesses in recent times.

New businesses in Ireland are being started predominantly by well educated men in their mid-thirties:

- Entrepreneurial activity rates are highest among those with 'third level' education (including vocational education) and among those with 'postgraduate' experience.
- Entrepreneurial activity rates are highest among those aged between 25-34 years of age.

The New Businesses

The sectors most favoured by entrepreneurs in Ireland during 2004 were Consumer Sectors (36%) and Transformative Sectors (30%). The proportion of entrepreneurs focusing on Business Services (23%) is less than might be expected for a high-income country.

In common with other OECD countries, most entrepreneurs expect their new businesses to remain very small with a quarter of all new businesses expecting to employ no one other than the entrepreneur. 13% of early stage entrepreneurs, however, expect to employ at least 20 people within five years of start-up and one in twenty new firms entrepreneurs already employs 20 or more.

The percentage of entrepreneurs with high growth aspirations in Ireland is lower than it was in 2003 (15%). This may be due to the decline in the number of male entrepreneurs.

Over 100,000 new jobs were created in Ireland in 2004 as a result of the entrepreneurial activity of Irish people.

The limited size of the home market drives many entrepreneurs to export at an early stage of their development. 14% of all early stage entrepreneurs from Ireland expect that at least half of their sales will come from outside the country.

Finance for New Businesses

The majority of entrepreneurs planning new businesses typically require relatively small amounts of money to start their new businesses. The average (median) capitalization of start-ups planned by nascent entrepreneurs is €25,000 (£16,800). This is higher in Ireland than it is in Northern Ireland and the UK. The average (median) planned investment by the entrepreneur is €10,000 (£6,700). This is lower in Ireland than it is in Northern Ireland and the UK.

There is a low level of informal investment by adults in Ireland. Of the adult population, only 2.28% are active as informal investors. The rate of informal investment among the population further declined in Ireland in 2004. Given the high rate of entrepreneurial activity in Ireland and the importance of informal investors, particularly in the early stages of a new business, this is an area that may need attention if sufficient funds are to be available to support the rate of entrepreneurial activity in the country.

The Cultural Context for Entrepreneurship



There is a continuing strongly supporting cultural context in Ireland. For example:

- 66% of adults consider that starting a business represents a good career choice.
- 85% of adults consider that there is a high degree of status associated with successful entrepreneurial endeavour
- 77% of adults believe there is good media coverage of entrepreneurship in Ireland.

The Personal Social Context for Entrepreneurship



Despite a supporting cultural context, there is a relatively high 'fear of failure' in Ireland (39% of adults) compared to the US (21% of adults).



48% of adults in Ireland believe they have the skills to start a business, while 45% belief that there are good opportunities to start a new business.



There are many role models in Ireland. A relatively high number of adults (41%) know a recent entrepreneur.



One in nine Irish adults (11%) indicated that they would expect to start a business in the next three years. This level of entrepreneurial intention is relatively low and is behind several other countries in Europe and the more entrepreneurial of the developed countries.

The Environment for Entrepreneurship



Among the positive contributors to a supportive environment are the following:

- A strongly supporting culture
- An increasing number of role models
- Government Policy with its pro-business attitude
- A continuing strong economy
- Positive media
- A growing population and a positive demographic structure.

Of these, positive cultural and social norms are the most pronounced.



Among the shortcomings within the Irish environment that inhibit entrepreneurial activity are as follows:

- A lack of access and availability of early stage finance
- The small size of the Irish home market (impacts growth firms)
- Rising costs and their impact on competitiveness
- A growing regulatory burden
- The slow rate of commercialisation of research out of the third level sector
- An educational sector which does little to address the lack of appropriate entrepreneurial skills and experience
- Certain aspects of the coordination and operation of the development agencies

Of these, access and availability of early stage finance was the most often cited by the entrepreneurs consulted.

Recommendations



The GEM Ireland report recommends that the following initiatives be taken:

- Development by government of a comprehensive national policy for entrepreneurship
- Address the skills deficit surrounding entrepreneurship of various types
- Targeted interventions that address gaps in pre and start-up financing for different types of business needs
- Make it attractive for investors to invest in early stage enterprises
- Identify why much fewer women become entrepreneurs and learn from the experience of other countries in successfully encouraging more women entrepreneurs
- Ensure that the significant research, technological development and innovation investment transfers into new entrepreneurial initiatives.

The Global Entrepreneurship Monitor (GEM) 2004 Irish report is based on the findings of GEM research in Ireland in 2004. The authors, Paula Fitzsimons and Colm O'Gorman, acknowledge the generous sponsorship of Enterprise Ireland and Inter *Trade*Ireland. Their continued sponsorship made possible Ireland's participation in GEM in 2004.