

2004 Australian Entrepreneurship: themes and concerns

Global Entrepreneurship Monitor (GEM) Australia recently released a report documenting findings from its 2004 Australian Entrepreneurship Study. Internationally and in Australia, GEM research has created a valuable database that explores the nature, extent and effects of entrepreneurship. Each nationally based research team produces a complete picture of entrepreneurship within that country with selected international comparisons. The reports are produced annually and are sponsored by Westpac Bank.

From this survey of Australian business owners, eight key themes or concerns were collated:

- **High Volume, Low Quality New Venturing** – Although Australia has traditionally witnessed high levels of business participation (particularly in the start up phase), this positive is contrasted with the negative repercussions associated with the low level of growth intentions and take-up of innovative products, services and processes.
- **Getting Worse?** – The 2004 GEM report delivered a worrying trend with the increase in the number of businesses listing their primary motivation as ‘necessity’ rather than ‘opportunity’. Put simply there has been a marked increase in the amount of businesses that are in business because they have to be to survive rather than the discovery and development of a business that is both personally and financially rewarding. The ratio indicator between necessity and opportunity has fallen to below the level for 2002.
- **Misunderstanding of ‘Innovation’** – From their findings, GEM Australia feels that the Australian Business community focuses more on trying to differentiate themselves from rival competitors rather than focusing on developing or incorporating products that are ‘new’ to the customer or implementing new technology into their business.
- **A Financial Market Gap** – According to GEM, ‘the financial markets do not appear to cater for home-grown new ventures that have genuinely high growth potential (GEM Australia, p.1, 2005). They also report that the angel market seems to be in decline and the ability of start-up, high-growth potential ventures to acquire sufficient funding may also be corrupted by net financial market dynamics. GEM feels that Australia ‘must develop and maintain a financial support environment conducive to the creation and growth of high-quality start-up and young businesses’ (GEM Australia, p.1, 2005).
- **Low Priority, Fragmented Government Policy** – According to GEM, all forms of Australian Government simply do not understand the intricacies of entrepreneurship. Somewhat scathingly, GEM describes Government policy as ‘accordingly diffused, fragmented, ill directed and ineffective’ and that they ‘cannot prioritise it adequately as a policy issue’ (GEM Australia, p.1, 2005).
- **Educational Failure** – GEM Australia feels that improved education and training programs must be developed from kindergarten to university to improve entrepreneurship in Australia.
- **Middle of the Road Complacency** – Australia neither leads or lags behind international competitors in terms of factors that leading international experts feel

contribute to the total entrepreneurship picture. Our current 'so-so' performance should be seen as an exciting opportunity rather than resting on our laurels and being satisfied with an 'ok' performance.

- **Inadequate Entrepreneurial Capacity** – Put simply, GEM Australia suggests that 'In aggregate, the nation simply lacks the entrepreneurial capacity to create globally competitive, high-emplying businesses and is doing very little to address the deficiency' (GEM Australia, p.1, 2005). Key stakeholders simply do not understand the difference between the skills and training needed for small businesses and those needed to build and develop innovative high-growth-potential businesses.

Source: GEM Australia, Global Entrepreneurship Monitor: 2004 Executive Report, 2005.

The full report 'GEM Australia: A Study of Australian Entrepreneurship in 2004' can be downloaded at www.swin.edu.au/agse/research/gem.htm#1.