

# Good gem essay example

[Business](#), [Entrepreneurship](#)



**Part 2:**

A description of entrepreneurship in three selected countries, including an analysis comparing and contrasting their states of entrepreneurship

An increase in the importance of knowledge as a path way to achieving a competitive advantage in the modern economies is a clear indication that industries are always focused towards more innovations and unrestrained competition in order to achieve high growth rates. The entrepreneurial activity forms the most essential part of any country's economy in the present global business environment. Global Entrepreneurship Monitor (GEM) conducts a research about the economies of 70 countries worldwide. Out of these countries, this research has selected three countries. These are United States of America, China, and Nigeria. I chose these countries because of their contribution towards the global economy in their respective continents.

**United States (USA)**

The Global Entrepreneurship Monitor (GEM) team in USA is located at Babson College. USA is one of the world's largest economies with a (Gross Domestic Product) GDP growth rate of over 2. 2% since 2008 (Daily Post, 2014).

According to GEM United States Media report in 2013, the countries entrepreneurship rose at an alarming rate in 2012. The report indicated that more than 12. 8 per cent of US adults are entrepreneurs involved in various business activities that generate a lot of revenue for the country. In addition, the report discovered some individuals have big businesses that have been in operation for more than three years. Most people starting new businesses in USA do so in order to get an opportunity to earn cash, but not with an

entrepreneur mind (GEM U. S. A Report 2012, 2013).

According to Sekishita (2013), globalization has led to a more challenging business environment whereby traditional business models have no place in the current economy. The high access to more information through technology advancements assisted many people in USA become entrepreneurs because they learn new business ideas from their friends in other countries through the internet. USA has promoted new businesses through bringing together entrepreneurs to manage business networks in order to invite more people to become entrepreneurs. USA, however, faces a draw back in its effort to promote more people to get into various businesses because of the fear of another hit by economic recession. Such risks have become barriers for some potential entrepreneurs from launching their own ideas. The study by GEM revealed that a third of the USA population have excellent business ideas, but fear implementing them due to such constraints. The situation has led to many Americans venturing in very successful businesses in other parts of the world.

## **China**

The GEM team in China is located at the National Entrepreneurship Research Center, Tsinghua University. The body has done an excellent work in determining the state of economy of the country and comparing it with the rest 69 economies researched by GEM worldwide. In order to improve the state of economy in China, the body suggests that the country should focus on reinforcing the entrepreneurial morale and increase entrepreneurship power. After the first year of reform in China in 1978, the country has enjoyed a state owned sector that accounts for over 90 per cent of its GDP.

China is one of the emerging economies that enjoy a higher competitive advantage because of the many industries producing all forms of products used globally. China's entrepreneurship power ranges from village businesses, industries found in rural areas, and towns that contribute to a growing proportion of the country's economy. Foreign investors also play a significant role in improving the entrepreneurship power of the Chinese economy since 1990s (Huang, 2010).

Entrepreneurs in China have created new firms that are the key drivers of the recent observed growth. In addition, these firms are technologically advanced and very innovative attracting the attention of consumers worldwide. For instance, in 2002, China experienced a high turnover of over 2 million private enterprises, which accounted for high employment rates of more than 34 million people. Private enterprises are the third largest economic contributors in China from government sectors and state-owned enterprises. The high growth of the private enterprises in China started in the mid 1990. Since 1994, China has experienced an increased growth in the urban area, although the private businesses in rural areas performed poorly. The Chinese government has encouraged its entrepreneurs to work hard and open up new industries in order to sustain the economy and create more job opportunities (GEM China, 2013).

Entrepreneurs in China face some problems that hinder them from fully investing their potential into the global business. Lack of enough property and inadequate land in China because of government regulations had been a major source of problem. Currently, the government has allowed privatization of buildings, but limited to some capacity. Secondly,

entrepreneurs in China have excellent business ideas, but lack access to enough capital to start their new businesses. A survey conducted in China in 2012 showed that out of 50 million small and medium-sized businesses, only 2 per cent get access to bank loans. However, currently China enjoys the best global business environment with many production industries. In addition, the Chinese financial crises led to new opportunities for entrepreneurs to improve their businesses. An increase in number of entrepreneurs has led to an expansion of the Chinese market size, improved corporate governance, and production of high quality products. Moreover, the government has taken the responsibility of making the financial environment favorable for every entrepreneur regardless of the type and size of business through introducing policies that support tax incentives (Huang, 2010).

## **Nigeria**

In Nigeria, GEM team stays in TOMEB Foundation for Youth Development & Sustainability. The base was opened in 2010. Nigeria is one of the leading countries in Africa with stable economies. The country houses many entrepreneurs due to its rich in oil and gas wells. When Nigeria became a democratic country in 1999, a period of economic reforms followed and the government introduced new business reforms. Effective entrepreneurship was the only way for the country to achieve a sustainable growth. Leaders of all sectors came up with a plan to reinvest and create financial regulations aimed at boosting businesses in all sectors. Both micro and small-medium enterprises have put more efforts to sustain the economy of Nigeria through extensive entrepreneurship activities (CIA World Factbook, 2013).

A developing country like Nigeria is considered a low-income area with

annual per capita income of less than 1, 0000 U. S. dollars. Even if the country suffers a low-income, it has done its best to attain a better than average economic growth compared to other developing countries in Africa. Nigeria recorded the highest GDP growth in 2005 in the whole of Africa, 6. 9 per cent growth. According to GEM, Nigeria’s economy is on the upward thread as many young entrepreneurs enter the oil and gas business. The country’s economy has significantly improved over the last few years that has provided a favorable business environment for entrepreneurial. Another motivating factor that makes Nigeria’s economy grow fast is the favorable tax rates levied by the government. GEM report indicated that Nigeria has the lowest tax rates amongst all GEM associated economies. The welcoming environment in Nigeria also gives chances for investors from other countries like U. S. to open up new businesses, hence; helping increase government revenues (GEM Nigeria, 2013).

According to Falola (2012), the main problem with developing countries like Nigeria and others in Africa is the lack of exposure to technology and innovations. The country has not yet established professionals in the field of science and excellent researchers to help in enhancing innovations. The level of exposure of Nigerians to entrepreneurial has no significant effect because of lack of exposure to many credit facilities. Individual in from western countries are highly exposed to credit facilities in terms of bank loans, bonds, mortgages, and credit cards that make them have many innovations and have morale to invest in businesses. In Nigeria, lack of such facilities have led to poor response to entrepreneurial because individuals do not have access to enough capital to start businesses, even with the availability

of great ideas.

An analysis comparing and contrasting states of entrepreneurship in U. S. A, china and Nigeria

The above three countries present a significant similarity and differences in their states of entrepreneurships. Firstly, each country has a different factor that contributes to its growth in economy. U. S. A's state of entrepreneurship is high because it is a developed country and many nations depend on it for funds and industrial products. In addition, U. S. A controls the world's economy in terms of monetary value due to the availability of the World Bank headquarters in New York, Washington. China centrally to U. S. A has a different state of entrepreneurship because it emerges to be the most industrialized country in the world. China is the leading producer of 90 per cent of world's electronics, automobiles, kitchen materials, clothing, and many other materials. The state of entrepreneurship in China is different from that of Nigeria and U. S. A. because it is more technologically advanced, and therefore, offers more innovations to the world market increasing its competitiveness (Tselichtchev, 2012). Nigeria's state of entrepreneurship also differs from the other two countries because it is a developing country. Unlike U. S. A, Nigeria has a higher potential of winning the global market because of the availability of large amount of oil and gas, but lack of technical knowledge and poor education makes entrepreneurial a burden to citizens.

The tree countries also differ in their states of entrepreneurship when it comes to the main drivers of economy. Countries like U. S and China encourage their citizens to adopt business activities by offering them

incentives like loans payable at low interest rates. Nigeria, being a developing country finds it difficult to grant huge amounts of loan to individuals or companies because most of its liquid cash loans from western countries. Secondly, the entrepreneurship state in Nigeria is necessity based because people enter into businesses without passion, but with the aim of getting something to feed their families. On the other hand, developed countries like U. s and China have good infrastructure that favor entrepreneurial activities, unlike Nigeria where poor infrastructure limits entrepreneurial effectiveness creating barriers to success. Nigeria also has an advantage over China because there are minimum risks associated with nuclear materials and other weapons of mass destruction that are assembled in China. Entrepreneurs in Nigeria are more comfortable to conduct their daily business activities without fear of terrorism, unlike U. S. A. The three countries also have some similarities in their state of entrepreneurial. They all encourage their citizens to become more entrepreneurial through introducing policies that favor businesses. In addition, they all encourage foreign investors who introduce new business ideas, and create job opportunities through their new industries. Finally, the state of entrepreneurial in Nigeria, China and U. S. A has promoted growth in their economy and participated in enabling the countries enjoy a global competitive advantage through exports.

### **Part 3:**

Thoughts on policy lessons for the US or your home country

United States has come up with policies aimed at improving the country's economy through encouraging more people to invest in businesses. The



policies aim at ensuring any person willing to start a business has access to enough capital to sustain that investment. In addition, the policies ensured the government encouraged people from all areas, including rural areas to start up new businesses in order to increase sources of revenue and create self-employments. The U. S. government has also realized that small businesses have the potential of driving the economy of the country in the near future. Small businesses generated more than 80 per cent of net new jobs in a year over the last 10 years. The government has put more effort in ensuring small businesses succeed through offering all the support required including financial support and consultation services (Daily Post, 2014). These policies are highly appreciated because they are for the benefit of the citizens. By implementing such policies, the government has shown a lot of concern for its people. In addition, the present environment is business driven and U. S. falls on the first line by implementing entrepreneurial policies aimed at improving the state of economy of the country. Moreover, U. S. entrepreneurial policies are based on innovations in order to reach the technological levels of countries like China and Japan. The U. S's environment for innovation is shaped by policies that concentrate on areas of taxation, intellectual property, capital markets, and government regulations. In addition, U. S. has introduced favorable policies in areas of market entry, labor standards, and bankruptcy. Aspiring entrepreneurs have an advantage of being more secure with these policies because they give an entrepreneur the morale to take a risk of creating a firm. In addition, these policies give investors the ability to support entrepreneurs without fear of losing their investments through unpaid loans or business failures (Kauffman

Foundation, 2013).

Finally, a thought on policy lessons for the U. S. allows an entrepreneur to feel considered because they support cultural and religious believes. Implementing such policies will make the country create a good reputation in terms of discrimination against race, ethnicity, color, and financial status. These policies ensure every citizen gets equal opportunity to invest in any business of their wish. In addition, labor flexibility allows new entrepreneurs to have more confidence to put up their businesses and promise their workers permanent jobs. The U. S. government has a leaf to borrow from other improved economies like China. The government goals must orient with the citizen goals for a nation to achieve a better state of entrepreneurship (Kauffman Foundation, 2013).

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