Global Entrepreneurship Monitor (GEM) – outcomes of societal meaning in Estonia

This article looks at the changing notion and paradigm of entrepreneurship and related research. Though previously "entrepreneurship" referred to a profitable action while risking one's personal property, the modern connotation is much broader. The contemporary view is not just about profit orientation but also focuses on exploiting entrepreneurial opportunities for the sake of solving social and societal problems, and therefore, achieving social benefit. The paper presents the results of measuring social entrepreneurial activities in Estonia using the GEM survey methodology. The GEM 2012 study demonstrated that the involvement in social entrepreneurship among the Estonian population (26.2%) is nearly twice as high as the involvement in “mainstream” entrepreneurship.

Keywords: entrepreneurship, social entrepreneurship, Global Entrepreneurship Monitor (GEM), societal entrepreneurship.

Introduction

There has been a significant increase in awareness about entrepreneurship as a source of social activity and economic well-being in Estonian society, especially during the last five-seven years, probably in association with the economic crisis. But

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the change is not only about attention; the entire paradigm has been modified. At the beginning of the 1990s, entrepreneurship was considered a countermeasure against unemployment, while nowadays the focus has shifted to discovering innovative ideas and creating ventures capable of achieving international growth.

Therefore, it is natural that entrepreneurship research has also experienced a change in paradigm. Earlier this field was studied using only modelling and numbers for single elements of entrepreneurship; now studies are interested in process-based approaches with a deeper understanding of the phenomenon (Wiklund et al., 2011).

Unfortunately, internationally compatible data about Estonian entrepreneurship did not exist until 2012. There have been attempts previously to apply the Global Entrepreneurship Monitor (GEM) methodology (in 2004, Estonian Institute of Economic Research). At that time the entrepreneurial activity index among the Estonian population was measured at 5%. There have been many more efforts related to this topic in Latvia, since it joined with GEM consortium already in 2005, while Estonia joined only three years ago. The entrepreneurial activity index in Latvia was originally measured at 6.6% (Dombrovsky, 2005). Entrepreneurial activity has risen in both Latvia and Estonia and was respectively 13.4% and 14.3% in these countries in 2012 (Arro et al., 2013).

The first entirely internationally comparable research using GEM methodology (Arro et al., 2013) has indicated that the Estonian population is much more entrepreneurship-minded than the earlier belief that only 5% of the population can be active in entrepreneurship. Therefore, investigating the essence of an entrepreneur, what is entrepreneurship and how Estonian (social) entrepreneurship can be described in the (international) context is justified.

Although the topic of social entrepreneurship has grown as part of the research agenda, it has not always been covered proportionately. Unfortunately, data collected about social entrepreneurship research were omitted from the Estonian GEM 2012 report (Arro et al., 2013), in spite of the fact that relevant data have been collected. According to that data, social entrepreneurship activity in Estonia is much higher than the “mainstream” entrepreneurial activity, reaching 26.2%.

In addition, entrepreneurial activity is gradually and increasingly starting to be understood in a wider sense. Therefore, not only the creation of formal enterprises should be considered and investigated but also participation in informal societies and general social activity. In the introduction to the book “Societal Entrepreneurship: Positioning, Penetrating, Promoting”, the authors assert that “most social ventures cross the boundaries between the private, the public and the non-profit/voluntary sectors. This broad involvement of actors and intertwining of sectors makes the label ‘societal’ entrepreneurship appropriate” (Berglund, Johannisson, Schwartz, 2012). This approach is also followed in the current paper.

Therefore, as social entrepreneurship in the wider context is an internationally growing research area, and one GEM study has exhibited additional focus on social entrepreneurship (2009), it should also be brought more into focus in Estonia.

The primary objective of this article is to describe the essence of social entrepreneurship in the context of contemporary scientific approaches and to analyse social
entrepreneurship activity in comparison with mainstream entrepreneurship in Estonia using the GEM methodology. The article will end by presenting conclusions and suggestions.

A short introduction to societal facets of entrepreneurship

Although there is sufficient reason to believe that entrepreneurial behaviour could be detected as part of the earliest possible human social action, the notion of entrepreneur is derived from the French language, and has roots in the medieval period in Europe (Landström, 2005). The common understanding associates entrepreneurial action with the purpose of gaining profit while risking the loss of personal investments. This understanding has become wider since. An enterprise is now understood as an independent economic unit with assets that are separate from the owners’ personal assets and which has a management that is separate from the existing labour force and capital.

Professor Hans Landström from Lund University has described the development of entrepreneurial studies as a discipline in three stages (2013):

1. The economics era, 1870–1940.
3. The era of management studies, since the 1970s.

According to H. Landström, each era has its particular school, and each era has had its own impact on the contemporary period. The scholars from the first school discussed entrepreneurship in the macro-economic context while subsequent studies gradually led to a shift towards the personal characteristics of entrepreneurs, although during the social sciences era, entrepreneurs and entrepreneurship was investigated in the context of major companies. There was an understanding that only large companies as engines of economic growth can innovate, resulting in the creation of new products and only they can implement processes (Galbraith, 1967).

The new paradigm arrived with the era of management studies after “The Job Generation Process” by David Birch (1979) was published. According to his study, most new jobs are created in smaller companies with up to 20 employees. Since then, entrepreneurship has been considered as a major key to the employment and growth of public wealth (Landström, 2013).

William Gartner (1990) stated that entrepreneurship is a heterogeneous area – there is a great variety of entrepreneurs and a great variety of those starting a career as an entrepreneur. Since that decade, more and more attention has been paid to the entrepreneurial process instead of the entrepreneur’s personality, and also to the wider societal context. It was during this time that entrepreneurial studies began to be offered as a discipline at universities, where the concept of an entrepreneurial university was evaluated, and universities also became aware of their role in developing entrepreneurship in their region (Landström, 2013).

Since 2000, entrepreneurship studies have become more mature as a discipline, characterized by acceptance as part of formal scientific and educational institutions (written into curricula), and research theories have also been coined. Entrepreneurship has been divided into areas of research interest including social entrepreneurship, intrapreneurship (internal entrepreneurship), technology
entrepreneurship, and so on. Consensus has been created about the entrepreneurial process as the central notion and what distinguishes entrepreneurship, connecting different related research areas (Wiklund et al., 2011; in Estonia also, Kuura, Blackburn and Lundin, 2014).

The major characteristic of the entrepreneurial process is launching a new enterprise that may include (Bygrave, 2010, p. 2–3):

- Introducing a new product to the market,
- Introducing an existing product to a new market,
- Creating a new business/organization.

Although the entrepreneurial process is launched by recognizing the business opportunity or business idea, the prerequisites of a successful entrepreneurial process are tightly linked to the personal characteristics of the entrepreneur as an individual, the capability of his/her team, and is dependent on variables that may have impact on the entire society. The process has distinctive stages including the recognition of a business opportunity, the decision to launch action, allocating and managing resources, establishing an enterprise, managing its growth and finally the reward or gaining profit from entrepreneurial activities and exiting from the business (Baron, Shane, 2008, p. 13–17).

Having considered all of this, we may describe entrepreneurship as a behavioural model of an individual targeted at himself/herself, but also as the creation and management of a small enterprise – being an owner. This is also true for corporate entrepreneurship, small-sized entrepreneurship and intrapreneurship. There are also separate research fields such as social and female entrepreneurship, and community and rural entrepreneurship. As a result of different entrepreneurial pedagogies, team entrepreneurship has also been detected whereby teams execute ideas together.

As we have seen, the contemporary approach to studying entrepreneurship evaluates its impact at the societal level. Some authors have even described entrepreneurship as an ideology, competing with capitalism and socialism. There is one formulation, stating that “[e]ntrepreneurship is the process of doing something new (creation), and/or something different (innovation) for the purpose of creating wealth for the individual and adding value to society” (Kao, Kao, Kao, 2002, p. 41). Another formulation suggests focusing on entrepreneurship as a societal force for the alleviation of poverty, and the creation of wealth and well-being. Sustainable entrepreneurship should consider the interests of both entrepreneurs and society to “make the world a better place” (Sarasvathy, Venkaraman, 2011; McMullen, 2011).

Just as entrepreneurship has been approached in different ways, so has social entrepreneurship. Various scientists (see Defourney, 2004; Defourney, NysSENS, 2008; Mair, 2010) have put forth key factors and emphases, by which social entrepreneurship can be described and defined. S. A. Zahra et al. (2009) note that social entrepreneurs are strongly motivated to achieve some socially desirable objective. S. A. Zahra proposes a classification of definitions of social entrepreneurship as follows: a) definitions stressing the creation of social wealth, b) definitions stressing the creation of total wealth, c) definitions emphasizing social justice, and d) those offering the resolution of particular social problems.
However, most existing definitions imply that social entrepreneurship relates to exploiting opportunities for social change and improvement, rather than traditional profit maximization. J. Mair (2010) describes the phenomena within social entrepreneurship which depend on the aspects being observed: the entrepreneurial process with the activities involved, the entrepreneur, and the environment that enables or triggers entrepreneurship. He also describes the following types of social entrepreneurship: community entrepreneurship, social change agents, institutional entrepreneurs, social ventures, social innovation, entrepreneurial non-profit organizations and social enterprises.

To achieve a complete overview of social entrepreneurship it is necessary to observe different processes, environments and the entrepreneur’s perspective. For example, community entrepreneurship can be defined as the social process of creating and exploring opportunities and mobilizing resources that form new ventures in the form of activities, services and institutions for the common good of a community (Austin et al., 2006; Morris, Jones, 1999). New entrepreneurial propositions and ideas are not created in a void, but are supported by an entrepreneur’s earlier experiences and the particular social needs of local communities.

In Estonia, where the rural society and community have had importance in the past, community entrepreneurship has a critical role in supporting local life. There can be the presence of both registered social enterprises and informal societies that play a significant role in the creation and execution of social initiatives.

In general, the community as an environment has vital importance for any entrepreneurial activity through its social networks and motivation to search for mutually beneficial win-win solutions. Community entrepreneurs rely heavily on social networks. There is general agreement that incentive patterns, cultural dispositions that guide practice, individual and local resources and social relations are critical factors in understanding the entrepreneurial processes at the community level (see Alsos et al., 2007).

Therefore, for the sake of better research into social entrepreneurship, it is necessary to take into consideration different aspects and also methodologies, enabling the mapping of the entire process in a better and more comprehensible way.

Methodology for measuring entrepreneurship – Global Entrepreneurship Monitor (GEM)

Although all states collect a range of data associated with different enterprises, these are not comparable at the international level because among other factors, the data collection has been organized using different methods and the regulations for launching and closing enterprises also differs. Therefore, there is an urgent need to unify international methodology and to take into consideration the comparison of larger target groups. The situation is more complicated in the research of social entrepreneurship, where most studies are focused on a single country or region, investigating different aspects of social entrepreneurship and having several social players as part of the methodology. Therefore, it is very complicated to obtain comparable data and make a global comparison.

The GEM methodology serves these purposes and this is the major strength of
GEM (Acs et al., 2008 p. 267). In addition, GEM does not set any limits on describing the form of the enterprise or society, GEM also takes into consideration those entrepreneurs who have not registered their business formally (Acs et al., 2008 p. 265–267).

The Development Fund of Estonia joined the GEM Consortium in 2012. Estonia participated in the collective research of 69 member states in GEM in the same year, asking respondents standardised questions. Besides standard questions, the working groups also generated their own ones in order to map different aspects of Estonian entrepreneurship.

GEM (established in September 1997) is working to achieve the following purposes (Xavier et al., 2013 p. 12):

- Enable different countries to compare their level of entrepreneurial activity and relevant characteristics;
- Define the duration of the impact on economic growth from entrepreneurial activity in each country;
- Define factors that support or hamper entrepreneurship;
- Support the creation of efficient and purposeful policies for stimulating entrepreneurship.

GEM was one of the first studies in the world to start collecting data about entrepreneurial attitudes, evaluations and intentions. GEM collects respondents’ replies about the opinions of people in their circle of acquaintances in regard to opportunity exploitation, success, failure and entrepreneurship in general (Xavier et al., 2013 p.18). Meanwhile, both individual and societal attitudes are surveyed which, besides entrepreneurial activity, also makes it possible to analyse the population’s general entrepreneurial mind-set. It is noteworthy that the GEM 2013 report covers 1/3 of the global population and 90% of global GDP (Amoros, Bosma, Levie, 2013).

In GEM, each country is represented by a National Team, led by an academic or research institution responsible for collecting the data and reporting on their findings. The project is overseen by the Global Entrepreneurship Research Association (GERA), a private limited not-for-profit company in the United Kingdom. The process of data collection itself varies slightly among teams. Each GEM country is required to find a minimum of 2,000 participants to complete the survey; the method by which they identify these respondents is largely dictated by the percentage coverage of the landline telephone network (GEM Wiki, 2015).

Sample design weights are required for all countries whose sampling design uses different strata or divisions. If the sample has been collected using different procedures or if the sample has been conducted independently using the same sampling procedure for various portions of the sample, then weights should be calculated separately for each stratum. The most typical sampling approach using strata does so by dividing the country being sampled into geographic areas. The determination of which variables and strata are used in calculating sample design weights follows from the particular sample design for the country being examined. Thus, for example, a sample design based on six regions in a country would have weights calculated separated for each of these six regions (GEM Wiki, 2015).

According to the World Economic Forum’s classification, GEM groups participating countries into three categories by phase of economic development: namely factor-driven, efficiency-driven and
innovation-driven economies. The survey from 2012 also described two groups of states, which are transitioning from one group to another. According to that classification, Estonia belongs to transition countries moving from investment-based economies to innovation-based economies (Xavier et al., 2013 p. 19).

The general GEM concept is based on researching individual (a survey consists of respondents from age of 18–64) behaviour while the individual is establishing his or her own business, considering entrepreneurship as a process covering the entire lifespan of an enterprise (Reynolds et al., 2005 p. 209). GEM defines entrepreneurship as any attempt to create a new business, but also updating an existing business. All this can be launched by one individual or a group of people (Bosma, 2013 p. 70). Figure 1 describes the approach to the entrepreneurial process, according to GEM.

According to GEM, potential entrepreneurs (see Figure 1) are those expressing the intention to launch a new venture alone or with companions in the next three years. The distinctive feature of nascent entrepreneurs is real actions of launching a new business in the last 12 months (like purchasing equipment, completing a business plan or team, etc.), or paying for labour costs up to the duration of three months. Therefore, engaging in real actions will lead from the conceptual phases or intentions towards nascent entrepreneurship. The next transition will take place after the enterprise has been born and is starting its activities. New businesses are those who have been active in the field of entrepreneurship for 4–42 months (i.e., up to 3.5 years). The entrepreneurship in the early phase of the TEA (Total Entrepreneurship Activity*) index contains both nascent entrepreneurs and new businesses – but also overlap between these; therefore, it is not just a sum of those two (Reynolds et al., 2005 p. 210).

The keyword characterising the transition from an early phase entrepreneur to an established business is persistence.

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Fig. 1. The entrepreneurial process according to GEM

A person is considered to be an entrepreneur if the actions have been taken longer than 3.5 years. Former entrepreneurs (those who have exited entrepreneurship), according to the GEM survey methodology, are those selling their business during the last 12 months or finalizing its activities one way or another or just leaving their venture (Reynolds et al., 2005 p. 209–210). There is also a distinction if an enterprise has continued its activities or not.

Why one should make a distinction between established businesses and former entrepreneurs? The latter are a vital resource for other entrepreneurs, namely acting as financiers (business angels), mentors and counselors (Xavier et al., 2013 p. 13).

It is important to note that the TEA index has no linear correlation with economic growth. The factor that entrepreneurial activity favours economic growth is valid in the context of those countries with high GDP per capita (Acs, 2006 pp. 97–107; Hessels et al., 2008 p. 323). Therefore, there are limits to using the TEA index as a general indication of the entrepreneurial activities of a particular country. This index should not be used as an underlying basis for constructing entrepreneurial top-lists.

**Measuring social entrepreneurship using the GEM survey**

The GEM methodology should also be applicable for researching social entrepreneurship as it takes into consideration the cultural and social norms of each country, the phase of economic development (factor-driven, efficiency-driven or innovation-driven) and the inhabitants’ entrepreneurial mind-set.

Using special GEM questionnaires, social entrepreneurship activities have been surveyed on two occasions: first in 2006 in the United Kingdom (Harding, 2006) and secondly in 2009 in 49 countries with 150,000 respondents (Bosma, Levie, 2010). The second study was carried out using more concrete and specific questions with the intention of discovering the social mission of the respondents. For example, it asked: “Are you, alone or with others, currently trying to start or currently owning and managing any kind of activity, organization or initiative that has a particularly social, environmental or community objective?”

In regard to social entrepreneurship, the GEM 2009 study had particular interest in the business models of organisations. This study encompassed 49 countries (Terjesen et al., 2012). The GEM questionnaire three years later, in 2012, also included questions about social entrepreneurship. Before introducing the results, we should define the notion of social entrepreneurship.

According to the Estonian Civil Society Development Concept, social entrepreneurship is defined as an economic activity of civic organizations that aims to solve social problems through entrepreneurship. Civic organizations may also have business organizations as partners (Kodanikuühiskonna Arengukava 2011–2014, 2011 p. 29).

This definition has the distinct connotation that social entrepreneurship is something typical for the third sector and NGOs. This is not necessarily so. There are other definitions that indicate that a social enterprise need not to be a charity organization, but may exist as a business venture with social dimensions. According to this approach, the organization
may be self-sustainable and capable of fast growth (Porter, Kramer, 2011 p. 70; Yunus, 2007 p. 53).

There is no agreement among scholars on the description (or even boundaries) of entrepreneurship, especially social entrepreneurship. Therefore, the variety of definitions should not be surprising. On one hand, this is the consequence of the relative novelty of these studies, but on the other, it is the result of the amount of variables involved: the cultural particularities of the country, as well its social policies, and the characteristics of development in their civil society and economic environment (Mair, 2010). Perhaps it would be useful instead of coining one universal definition of social entrepreneurship, to ponder the existence or absence of certain criteria: a social enterprise is oriented to solve a social problem; it has a sustainable business model and if it is a business venture with social dimensions, it will reinvest at least 70% of its profit for the sake of solving a social problem.

Having said the above mentioned it is understandable that there is no universal definition of social entrepreneurship in Estonia. In this study the broader approach has been chosen: both the community, civic and business enterprises are considered if they are established to solve some social problem or fulfill a social mission. This study has not taken into account the issues of sustainability and earning/delivering profit.

The 2012 GEM used a similar approach to GEM 2006 in the United Kingdom to study social entrepreneurship activities in Estonia. While GEM 2012 in Estonia and the GEM 2009 survey did not apply the same approach to social entrepreneurship, therefore, it is not possible to adequately compare the research data of these two surveys (see Bosma, Levie, 2010; Terjesen et al., 2013). Still, it may be concluded from these studies that the worldwide trend in social entrepreneurship activities is rising and social entrepreneurship activities in Estonia are at quite a high level compared with the other countries in the study. In addition to social problems in Estonia, many established societal needs are taken care of by collaborative initiatives improving everyday life or representing societal interests (e.g., the survival of traditional culture). In such a setting, these ventures represent societal entrepreneurship.

The method for measuring social (but also societal) entrepreneurial activity (SEA) follows the general logic of the GEM survey: individuals were asked a broad introductory question about whether they identify themselves as being involved in an organization with a social mission:

1. Are you alone, or with others, currently trying to start any social, voluntary or community service, activity or initiative?
2. Are you alone, or with others, currently trying to start any social, voluntary or community service, activity or initiative as part of your job?
3. Are you, alone or with others, currently managing any such social activity, voluntary or community service, activity or initiative?

To formulate these questions, a broader interpretation of social entrepreneurship was used in the Estonian GEM 2012 survey following the UK GEM from 2006 as an example, according to which social entrepreneurship includes individuals and organizations engaged in entrepreneurial activities dealing with societal problems and/or social goals. The UK
GEM 2006 adopted J. Mair and I. Marti’s (2006 p. 37) explanation of social entrepreneurship: a) social entrepreneurship is described as a process of creating value by combining resources in new ways; b) resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs; c) when viewed as a process, social entrepreneurship involves offerings of services and products but may also refer to the establishment of new organizations.

This approach covers any and all activities that could be any form of social or community work, incorporated or not incorporated, for-profit or not-for-profit. In other words, the intention of the Estonian GEM 2012 was to capture all activities of individuals that are involved in an organization with the purpose of addressing a particular social issue.

Comparison of levels of entrepreneurial activity in the Estonian population

Evidence of entrepreneurial activity can be found in very different contexts, and may depend on certain traditions in the third sector in different countries, the model of statehood and models of social policy. If one takes the Nordic countries into consideration, which have been role models for Estonia since the restoration of independence, then these countries can also be characterized by the tradition of the co-operative movement – workers’ or farmers’ co-operatives (Hulgård, 2004). Such co-operatives can also be found, for example, in Italy and Spain (Defourney, Nyssens, 2008). But due to the negative experience of such co-operation in the Soviet Union, they suffer from a very low image (Defourney, 2004) as can also be seen in Estonia.

In spite of the negative Soviet experience, the third sector has had a growing importance in the Western welfare states throughout the 20th century. It has been greatly associated with the economic functions of public authorities. Let us mention that the third sector is responsible for allocating resources, being active in the production of several goods and services: in the area of health, social action, sport, environment, leisure, culture, etc. It also performs a redistributive role, as it can provide a wide range of services at a very modest cost to deprived individuals through voluntary contributions. This can be mobilized by many associations. Next, the third sector may also function as a regulative force for the economy. The public authorities can be supported by associations or co-operatives in the assigning assistance and mobilizing the low qualified unemployed at risk of long-term unemployment.

Taking into consideration Estonia’s history and also the cultural context, it is not reasonable to deal with limited social entrepreneurship only but rather with social initiatives or undertakings. As it has been mentioned before there are many informal societies and communities that are not formally registered, but play an important role in initiating processes. And vice versa, there are many formally registered NGOs like housing associations, and their establishment has been prescribed directly by law. J. Defourney (2004) mentions Estonian housing associations as an excellent example of the practice of Estonian social entrepreneurship, but in the Estonian context we may find this not sufficiently justified. However,
the Estonian context would favour a broader, societal approach.

Recent data using GEM 2012 support the findings of high early engagement in social entrepreneurship in Estonia. Another sign of an Estonian entrepreneurial attitude is the number of NGOs and foundations – on the 1st of January 2015 these numbered 29,530 organisations (Table 1). This figure should be considered critically as not presenting the number of social enterprises because, for example, according to the law, dwellers of apartment buildings have to establish an NGO to maintain and develop their property. In 2009, there were approximately 9,000 housing co-operatives (Eesti Korteriühistute Liit, 2009). Co-operative housing activities in Estonia are remarkable because 55% of the population lives in co-operative housing units.

Table 1 presents an overview of the legal forms for entrepreneurship in Estonia during the last decade. As it is evident from the table, the total number of all kinds of enterprises has grown. That indicates a willingness among the inhabitants of Estonia to engage in entrepreneurial activities. Only the number of sole proprietorships is declining because from 1 January 2011 according to changes in the regulations, private limited companies may be established without contributing share capital if the proposed area of activity does not require capital investments. Some reduction in numbers is also evident concerning NGOs. This is due to the arrangement of the register – all passive NGOs that have not delivered reports on their activities were deleted from the register. According to a pilot survey by Statistics Estonia in 2013 and Estonian Social Enterprise Network (2014) most of the social enterprises are NGOs (84%), but some are private limited companies (7%) and others are foundations (9%) (Social Entrepreneurship..., 2014).

On the basis of the data from the Estonian GEM 2012, 26.2% of all the respondents answered “yes” to at least one of the three questions about social entrepreneurship. It is worth noting that 360 respondents are exclusively active in social entrepreneurship, and 164 respondents are active in both “conventional” entrepreneurship and social entrepreneurship. The overall percentage of engagement in social entrepreneurship among all respondents is 16.7%, and 17.5% would like be involved in social entrepreneurship in the future.

Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Sole Proprietorship</th>
<th>General Partnership</th>
<th>Ltd. Partnership</th>
<th>Private Ltd. Company</th>
<th>Public Ltd. Company</th>
<th>Commercial association</th>
<th>NGO</th>
<th>Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>19,443</td>
<td>305</td>
<td>468</td>
<td>43,266</td>
<td>7,862</td>
<td>933</td>
<td>15,886</td>
<td>436</td>
</tr>
<tr>
<td>2006</td>
<td>20,642</td>
<td>380</td>
<td>758</td>
<td>76,852</td>
<td>5,799</td>
<td>669</td>
<td>24,164</td>
<td>717</td>
</tr>
<tr>
<td>2010</td>
<td>34,797</td>
<td>509</td>
<td>1,505</td>
<td>108,603</td>
<td>4,819</td>
<td>607</td>
<td>31,208</td>
<td>851</td>
</tr>
<tr>
<td>2013</td>
<td>33,362</td>
<td>1,745</td>
<td>1,894</td>
<td>128,067</td>
<td>4,149</td>
<td>592</td>
<td>30,770</td>
<td>799</td>
</tr>
<tr>
<td>2015*</td>
<td>32,431</td>
<td>2,638</td>
<td>2,273</td>
<td>148,775</td>
<td>3,689</td>
<td>1,699</td>
<td>29,530</td>
<td>813</td>
</tr>
</tbody>
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*Jan 01
It is important to mention that that survey included both formal (established and registered ventures of all kind) and informal (societies that need not be recorded) activities. It is also necessary to stress that the survey used a self-reporting methodology. Therefore, there is a risk that the questions were misunderstood.

Differences were also discovered in the previously mentioned GEM survey in terms of the level of engagement in social entrepreneurship in different socio-demographic groups. Therefore, the state of social entrepreneurship was studied on the basis of gender and age, differentiating between early engagement with entrepreneurship and social entrepreneurship (Table 2).

Table 2 suggests the following conclusions: first, that the level of early engagement is high among Estonian inhabitants. Secondly, in spite of significant overlap between entrepreneurial and social entrepreneurial commitment, entrepreneurship and social entrepreneurship are mostly segregated. Thirdly, the largest group that engaged early in social entrepreneurship are women aged 45–65+; however, men aged 65+ demonstrate an even higher rate of early engagement.

It is worth noting the participation of elderly people (283 respondents or 14% of the total sample) in social entrepreneurship. Among respondents aged 65+ years, 49 respondents confess their engagement in social entrepreneurship (43 are engaged exclusively in social entrepreneurship, six in both social and conventional entrepreneurship). For comparison, let us mention that only ten respondents among the age group 65+ were engaged exclusively in traditional entrepreneurship.

Social entrepreneurs can be found quite equally among all Estonian age groups. However, the largest group is women aged 18–24 (30%), while only 6% of women are engaged in conventional entrepreneurship in this age group. There are also more respondents involved in social entrepreneurship in the following age groups: women aged 45–54 and 55–64 (22%). This rate is much higher compared to the engagement in conventional entrepreneurship (6%).

There is a high rate of engagement in social entrepreneurship among domestic respondents (27.6%), pupils and students

<table>
<thead>
<tr>
<th>Age</th>
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<tbody>
<tr>
<td></td>
<td>men</td>
<td>women</td>
<td>men</td>
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<tr>
<td>18-24</td>
<td>12</td>
<td>30</td>
<td>8</td>
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<tr>
<td>25-34</td>
<td>12</td>
<td>19</td>
<td>16</td>
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<td>35-44</td>
<td>9</td>
<td>20</td>
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<tr>
<td>45-54</td>
<td>13</td>
<td>22</td>
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<tr>
<td>55-64</td>
<td>17</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>65+</td>
<td>22</td>
<td>21</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: compiled by the authors based on the GEM 2012 Estonian Adult Population Survey (APS).
(30.2%) and the unemployed (27.6%) (Figure 2). The biggest differences can be detected between retired people, where more people are engaged in social entrepreneurship, and the self-employed where engagement in social entrepreneurship is rather rare.

If we consider income, there was no clear pattern among social entrepreneurs, while there were differences among entrepreneurs active in both conventional and social entrepreneurship, where there were fewer with lower income (5%) and many more with higher income (14%) compared to the average income group.

According to the analysis of the language of the interviews, social entrepreneurs can be found more frequently among Estonians (28%). The situation is similar if one considers conventional entrepreneurship. Both in conventional and social entrepreneurship, respondents with another language than Estonian are less frequently engaged.

What have we learnt from the GEM study?

What can we conclude from these findings? It is reasonable to conclude that social entrepreneurship can be found in society in a rather latent way. It is understandable that this phenomenon is not monitored to the same extent as conventional entrepreneurship by official statistics. However, if we consider the magnitude of the phenomenon, it is much more widespread in society. It forms a comprehensive continuum, of which on one hand, participants may be not conscious that their business has some social dimension, and on the other hand, may not understand that their activities have gathered some characteristics of conventional entrepreneurship.

Entrepreneurship as a scientific discipline is relatively young compared to economics and business. Its worldwide genesis took place around the same time that Estonia’s independence was restored.

![Fig. 2. Type of engagement in entrepreneurship and employment groups](source: The authors’ calculations on the basis of GEM APS 2012 data.)
Entrepreneurship as an engine of social and economic development has been studied only comparatively in different societies in the last fifteen years (i.e., by the GEM Consortium). Although this is a short period, the data collected have provided us with the understanding that entrepreneurship has a much wider importance in society than the growth of well-being through business success.

For Estonia, joining the GEM Consortium has provided a much better understanding of our society as a whole because there was a lack of any benchmarking with other societies. The results of two years of GEM data go some way to help deconstruct the myth about the low entrepreneurial mind-set and engagement in the Estonian population.

Although one can find less established entrepreneurs in the Estonian labour market compared to the EU average and other transitional countries (Estonia 5%, EU 6.5%, transition countries 7.7%, 2013), the Estonian population’s readiness to be engaged in entrepreneurship is much higher (respectively 13.1%, 7.8% and 11.2%) (Arro et al., 2013). Opportunity propelled by business activity is unusually high in Estonia, being the highest in Europe (11.3% in 2012 and 10.4% in 2013). It is possible to argue that there is considerable potential in the Estonian entrepreneurial environment.

It is important to note that entrepreneurship in Estonia is highly linked to civic society and the wider entrepreneurial mind-set than just launching a business for purely economic purposes. Social entrepreneurship (entrepreneurship with some social dimension) can be found among more respondents (26.2%) than entrepreneurship in the early phase (14.3%) in 2012. About one-third of all social entrepreneurs are also conventional entrepreneurs according to the results of the GEM study – this indicates the close connection in between these two.

There are more women engaged in social entrepreneurship compared to conventional entrepreneurship, and there are more social entrepreneurs among elderly women and elderly men.

Social entrepreneurship has significant roots in Estonia. It appears that the data from Statistics Estonia and the Estonian Social Enterprise Network do not paint the whole picture of social enterprises in Estonia. Their survey says that total revenue from social enterprises was 36.6 million euros, of which 24.4 million euros was business income; about 1,400 individuals were employed by social enterprises in 2012 (Social Entrepreneurship…, 2014). These numbers could underestimate the actual situation and describe the phenomenon of social entrepreneurship as not taking into account the wider context of the results of the GEM study, which indicates much more extensive involvement and potential beneficiaries among the population. This fact points to a valuable resource that could be better exploited for the sake of Estonian society. Therefore, more attention should be paid to social entrepreneurship as a phenomenon in society, suggesting the need for a system and structures to support social entrepreneurship.

Unfortunately, the knowledge of how to support social entrepreneurship, its process and its results is modest both in Estonia and Europe. There is a need for specific studies in the Estonian context in addition to the international GEM survey, in order to elaborate monitoring and
support measures for all areas of entrepreneurship to achieve greater efficiency in entrepreneurial education and entrepreneurial support measures.

We can argue that the first GEM study from 2012 helped to deconstruct the myths about the modest level of entrepreneurial engagement among Estonians. However, the study from 2013 indicated that the entrepreneurial mind-set might not be a very static phenomenon. Its decrease (having supportive background information) may indicate the growing exhaustion of natural entrepreneurial resources in society. Therefore, what options are there to support entrepreneurship and create an innovative and knowledge-based economy for Estonia – the answer to this demands the constant development of research into entrepreneurship in Estonia in addition to the GEM surveys.

In summary, entrepreneurial education, and the long-term and systematic development of entrepreneurial and innovation strategies can only rely on a broad and complex approach that includes social entrepreneurship.

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GLOBALIOS VERSLUMO STEBĖSENOS TYRIMAS: ESTIJOS REZULTATŲ REIKŠMĖ VISUOMENEI

Santrauka

Todėl yra tikslina ištirti verslininko sąvoką, taip pat suvokti, kas yra verslumas ir verslininkystė bei kaip Estijos (socialinė) versluminių gali būti apibūdinama tarptautiniame kontekste.


Nors lyginant su Europos Sąjungos vidurkiu ir kitomis perėmimo laikotarpio šalimis Estijoje yra mažiau įsteigtų verslų (Estija 5 proc., Europos Sąjunga 6,5 proc., pereinamojo laikotarpio šalys 7,7 proc., 2013), estų versluminių verslo pasiūlymų nuostatų GEM indeksas nėra šiose sąlygose mažiau nei 30 proc. visuomenės verslo savininkų. Estijoje yra didžiausias Europoje (11,3 proc. 2012 m. ir 10,4 procentus 2013 m.). Visi šie faktai puikiai rodo, kad Estijos versluminių aplinkoje yra daug neišnaudoto potencialo.

Svarbu pažymėti, kad verslumas Estijoje glaudžiai susijęs su pilietine visuomenė ir platesne verslumo mąstymu, kuri orientuojasi ne tik į ekonominius tikslus. Socialinė verslininkystė (verslumas
su tam tikru socialiniu aspektu) dažniau identifikuojama tarp respondentų (26,2 proc.), kurie verslauti pradėjo nuo 2012 metų. 2012 metų pradžioje procentinė išraiška yra žymiai mažesnė ir siekia tik 14,3 proc. GEM rezultatai rodo, kad trečdalis socialinių verslininkų yra ir tradiciniai verslininkai – tai rodo glaudų ryšį tarp abiejų verslo grupių.

Ankstesnių tyrimų rezultatai nuvertina socialinio verslumo reiškinį Estijoje. GEM rezultatai rodo ženklesnį visuomenės įsitraukimą bei potencialią naudą visuomenei, socialinėje bei visuomeninėje verslininkystėje. Šis faktas atskleidžia naudingą išteklių, kuris gali būti geriau išnaudojamas Estijos visuomenės labui.