GEM Global Entrepreneurship Monitor

GEM 25TH ANNIVERSARY 1999 2024

GEM 2023/2024 Global Report

25 Years and Growing

#SALMANQADIR

Cartier WOMEN'S INITIATIVE

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KINGDOM OF MOROCCO
MINISTRY OF ECONOMIC INCLUSION, SMALL BUSINESS, EMPLOYMENT AND SKILLS

KINGDOM OF MOROCCO
MINISTRY OF HIGHER EDUCATION, SCIENTIFIC RESEARCH AND INNOVATION

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CARTIER WOMEN'S INITIATIVE

The Cartier Women's Initiative is an annual international entrepreneurship program which aims to drive change by empowering women impact entrepreneurs. Founded in 2006, the program is open to women-run and women-owned businesses from any country and sector that aim to have a strong and sustainable social and/or environmental impact.

At the heart of the Cartier Women's Initiative is the vision of a world where every woman impact entrepreneur can realize her full potential. To reach this vision, obtaining and monitoring hard data related to the state of women's entrepreneurship is critical in enrolling more support into the ecosystem and to drive collaboration. Cartier Women's Initiative partnered with GEM as it was in search of a partner to track, monitor and assess women entrepreneurship activities.

THE SCHOOL OF MANAGEMENT FRIBOURG

The School of Management Fribourg (HEG-FR) is a bilingual public business school located in Fribourg, Switzerland, and a member of the University of Applied Sciences and Arts of Western Switzerland (HES-SO). Its Institute of Small and Medium Enterprises houses the Swiss chapter of GEM research, which is headed by Professor Rico Baldegger, PhD, in collaboration with other colleagues.

One of the forerunners in Switzerland for training and interdisciplinary research in the area of entrepreneurship and SMEs, the School of Management Fribourg has a particular thematic interest in research on women's entrepreneurship and impacts of entrepreneurship on the UN Sustainable Development Goals (SDGs).

MINISTRY OF ECONOMIC INCLUSION, SMALL BUSINESS, EMPLOYMENT AND SKILLS, MOROCCO

The Ministry of Economic Inclusion, Small Business, Employment and Skills is responsible, within the framework of the legislative and regulatory texts in force, for drawing up and implementing government policy in the areas of work, employment, vocational training, very small businesses and self-employment, and for evaluating their action plans. It steers strategic entrepreneurship programs.

MINISTRY OF HIGHER EDUCATION, SCIENTIFIC RESEARCH AND INNOVATION, MOROCCO

The Ministry of Higher Education, Scientific Research and Innovation oversees and regulates higher education in the country. The ministry plays a crucial role in shaping the future of education in Morocco by developing policies and strategies that promote academic excellence, scientific research and innovation.

UNIVERSITÉ HASSAN II, MOROCCO

Hassan II University of Casablanca is one of the top public universities in Morocco. Through its various research, training and support programs, the University contributes to producing the skills needed to ensure and foster the entrepreneurship ecosystem at three levels: (1) raising awareness and reinforcing the entrepreneurial spirit; (2) training in business creation, project management and SMEs; and (3) supporting project leaders.

Contents

Join our research project

It is difficult for policymakers to make informed decisions without having the right data. Global Entrepreneurship Monitor (GEM) fills this void. GEM is the only global research project that collects data on entrepreneurship directly from the source—entrepreneurs!

It is your one-stop shop for everything you need to know about entrepreneurship in your country, region or city.

Be part of future Global Reports, providing a snapshot of entrepreneurial activity across the world. You can contribute towards National Reports that include international benchmarking, local context and national entrepreneurship policy recommendations.

"GEM offers academics the opportunity to be part of a prestigious network, explore various dimensions of entrepreneurship and gain a full picture about the entrepreneurial activity of a country."

Virginia Lasio, Team Leader of GEM Ecuador and Professor at the ESPAE Graduate School of Management

For more information, visit www.gemconsortium.org or email info@gemconsortium.org

Figures

Tables

Key GEM Definitions and Abbreviations

Adult Population Survey (APS)	The APS is a comprehensive interview questionnaire, administered to a minimum of 2,000 adults in each GEM economy, designed to collect detailed information on the entrepreneurial activities, attitudes and aspirations of respondents.
National Expert Survey (NES)	The NES is completed by selected experts in each GEM economy and collects views on the context in which entrepreneurship takes place in that economy. It provides information about the aspects of a country's socio-economic characteristics that, according to research, have a significant impact on national entrepreneurship: referred to as the Entrepreneurship Framework Conditions (EFCs).
Total early-stage Entrepreneurial Activity (TEA)	The percentage of adults (aged 18–64) who are starting or running a new business, i.e. one that has not yet paid wages or salaries for 42 months or more.
Established Business Ownership (EBO)	The percentage of adults (aged 18–64) who are currently the owner-manager of an established business, i.e. owning and managing a business that has paid salaries, wages or any other payments to the owners, for more than 42 months.
Entrepreneurial Framework Conditions (EFCs)	The conditions identified by GEM that enhance (or hinder) new business creation in a given economy, and form the framework for the NES. The conditions are: A1. Entrepreneurial Finance — Are there sufficient funds for new startups? A2. Ease of Access to Entrepreneurial Finance — And are those funds easy to access? B1. Government Policy: Support and Relevance — Do they promote and support startups? B2. Government Policy: Taxes and Bureaucracy — Or are new businesses burdened? C. Government Entrepreneurial Programs — Are quality support programs available? D1. Entrepreneurial Education at School — Do schools introduce entrepreneurship ideas? D2. Entrepreneurial Education Post-School — Do colleges offer courses in starting a business? E. Research and Development Transfers — Can research be translated into new businesses? F. Commercial and Professional Infrastructure — Are these sufficient and affordable? G1. Ease of Entry: Market Dynamics — Are markets free, open and growing? G2. Ease of Entry: Burdens and Regulation — Do regulations encourage or restrict entry? H. Physical Infrastructure — Is this sufficient and affordable? I. Social and Cultural Norms — Does culture encourage and celebrate entrepreneurship?
National Entrepreneurial Context Index (NECI)	This summarizes in one figure the average state of 13 national EFCs selected by GEM researchers as the most reliable determinants of a favourable environment for entrepreneurship. It is calculated as the simple average of 13 variables that represent the EFCs, and which have been measured through a block of items evaluated by an 11-point Likert scale and summarized by applying factorial analyses (principal component method).
National Team	GEM is a consortium of "National Teams". Each Team is led by a local university or other institution with a strong interest in entrepreneurship. The team is the official national representative of the project: responsible for collecting GEM data in the country on an annual basis, producing a "National Report" on their findings, and acting as the point of contact for GEM enquiries.

GEM Income Classification

Level A Economies with a Gross Domestic Product (GDP) per capita of more than $50,000.

Level B Economies with a GDP per capita of between $25,000 and $50,000.

Level C Economies with a GDP per capita of less than $25,000.

Economies participating in GEM 2023 by income group

Level A >$50,000	Level B $25,000–$50,000	Level C <$25,000
Canada	Argentina*	Brazil
France	Chile	China
Germany	Croatia	Colombia
Italy	Cyprus	Ecuador
Rep. Korea	Estonia	Guatemala
Luxembourg	Greece	India
Netherlands	Hungary	Iran
Norway	Israel	Jordan
Qatar	Japan*	Mexico
Saudi Arabia	Latvia	Morocco
Slovenia	Lithuania	South Africa
Sweden	Oman	Thailand
Switzerland	Panama	Ukraine
United Arab Emirates*	Poland	Venezuela
United Kingdom	Puerto Rico	
United States	Romania	
	Slovak Republic	
	Spain	
	Uruguay	

* Participated only in the NES, not the APS

Acknowledgements

It gives special pleasure to present **Global Entrepreneurship Monitor's 2023/24 Global Report:** *25 Years and Growing***,** especially since this is the 25th anniversary of GEM. The GEM Global Report is published annually and requires the time, expertise and resources of several hundred people around the world, including technical experts at top academic institutions and research institutes, dedicated sponsoring organizations and high-quality national experts across countries. Our first acknowledgement and thanks therefore go to our dedicated GEM National Teams, to their sponsors and respondents, without whose efforts and support GEM would not be able to point to a quarter of a century of existence.

We also warmly appreciate and value the continued support of the **Cartier Women's Initiative (CWI)**, with which GEM has had a strategic partnership for the last four years. I particularly thank **Wingee Sin**, Global Program Director of CWI, for her passionate interest in GEM's research activities and her willingness to help us boost and elevate the women's entrepreneurship dimensions of GEM's global research. Each year, CWI has brought generous and invaluable financial support for both the Global Report and the GEM Women's Entrepreneurship report.

The **School of Management Fribourg (HEG-FR)** at the **University of Western Switzerland** has also dedicated precious financial resources for GEM's work in women's entrepreneurship and on the contribution of entrepreneurship to the United Nations Sustainable Development Goals. Both themes figure prominently in this Global Report. We warmly thank **Professor Rico Baldegger**, Director and Professor of Strategy, Innovation and Entrepreneurship at the School of Management Fribourg (HEG-FR), Switzerland. We once again thank HEG-FR for magnificently hosting the launch of the previous edition of the GEM Global Report in beautiful Switzerland.

In terms of extraordinary external funding and in-kind support in 2024, we warmly thank the **Hassan II University of Casablanca, Morocco**. The institution is supporting the publication and launch of this 25th anniversary edition of our iconic report. We are also enormously grateful that the Ministry of Higher Education, Scientific Research and Innovation and Ministry of Economic Inclusion, Small Business, Employment and Skills are also supporting us with this special edition. Special thanks go to **Professor Fatem Boutaleb** for her hard work in bringing the strong MENA dimension of GEM's work more into focus.

This report has been expertly orchestrated by lead author **Stephen Hill** and GEM Global staff. Firstly we would like to thank Steve profusely for both his expertise and his calm, paced manner in bringing together analysis from a group of **GEM National Team co-authors** across the world. There are too many co-authors to list here (they are named in the individual chapters), but their contributions are highly appreciated. They bring a high level of diverse expertise and points of view to our GEM thought leadership and help us to truly reflect a global perspective on the "State of the Art" of entrepreneurship.

GEM has a dedicated GEM Global core team that works virtually and truly globally from Spain, Portugal, Switzerland and the United States. We acknowledge the careful data harmonization work of our data managers, **Francis Carmona** and **Alicia Coduras**, with support from **Henrique Bastos**. **Kevin Anselmo**, our Communications Advisor, and **Dean Bargh**, of **Witchwood Productions**, steered the final draft of this complex report to successful completion. And last but certainly not least, thanks to our GEM Operations Manager **Aurea Almanso** for her unfailing dedication to ensuring that GEM runs smoothly, like the 25-year-old well-oiled machine that it is. To all, warm appreciation.

Aileen Ionescu-Somers, PhD
GEM Executive Director

Foreword

In 1999, when Professor Bill Bygrave of Babson College and Professor Michael Hay of London Business School put their heads together and co-created Global Entrepreneurship Monitor (GEM), did they dare to imagine that this "light bulb" research idea would one day have a 25-year (and counting) horizon? It turns out that they were particularly visionary academics, so the answer is probably a resounding "Yes!". Nevertheless, it is still a significant tribute to both that, as GEM celebrates its 25th Silver Anniversary and launches its 2023/24 Global Report in Casablanca, hosted by the GEM Morocco National Team and the Hassan II University of Casablanca, it can claim to be a research initiative with payoffs that create not only immediate but also generational benefits. Not many research projects can make a similar claim.

Keeping such a long-term research activity going is rarely accomplished by even the most prestigious of individual universities. A rapid succession of short-lived projects dictated by the longevity of PhD theses is a more common currency in universities nowadays. Whatever made it possible for GEM to succeed with its ambitious multi-generational work? The answer, as with many successes, is the passion and drive of its people. GEM is a multi-stakeholder effort. The National Teams bring requisite expertise and financial resources to collect national-level data, and are willing to pool these resources at an international level. This enables the writing of GEM Global Reports such as this one; a veritable annual "State of the Art" of global entrepreneurship.

In this Foreword for the 25th edition of the GEM Global Report, therefore, we leave it to some of the many long-standing members of the GEM consortium to tell our readers what they believe is the greatest achievement or contribution of GEM in the last quarter of a century:

- **José Ernesto Amorós, Tecnológico de Monterrey, and GEM Mexico National Team Co-Leader (and the GEM/GERA Board Chair):** *"The unique nature of the GEM methodology and data not only allows us to understand the current dynamics of entrepreneurship in various contexts but also enables us to provide scientifically based recommendations for improving regional or national entrepreneurship ecosystems through historical analysis. These are key GEM differentiators."*
- **Professor Alicia Coduras, GEM National Expert Survey Coordinator and GEM Global:** *"In these 25 years, GEM has succeeded with its original objective: to reveal the important contribution of entrepreneurship to the economy of countries and their development, to increase the understanding of the perceptions and activities of the protagonists (that is, the entrepreneurs themselves), as well as of the characteristics of their businesses and the context in which they operate."*
- **Professor Mark Hart, Aston University, UK, and GEM UK Team Leader:** *"Here in the UK it has allowed me to engage with national and regional policymakers in developing better evidence on the performance of policy and the development of the entrepreneurial ecosystem."*
- **Professor Donna Kelley, GEM founding organization, Babson College, GEM US National Team Co-leader, and GEM Saudi Arabia:** *"I am most proud of the fact that GEM has become the most frequently used data source on entrepreneurship among academic researchers, including those publishing in the most influential peer-reviewed journals."*
- **Professor Maribel Guerrero, Arizona State University and GEM Chile National Team Leader:** *"For 25 years, GEM has had a noteworthy impact on society, the economy, and academia by consistently providing annual radiography with inquiry information for a diversity of global stakeholders about business demography and factors entrepreneurs encounter when starting and expanding their businesses within different ecosystems."*

Today, GEM provides living proof that long-term research can flourish through international cooperation. Even if funded primarily (but not only) by governments on an individual national level, GEM has been able to fulfil the essential role of independent and objective messenger to decision-makers for what the meticulously collected data reveals, entirely free of political mandates.

GEM can also aim for a long-term future; the data it generates will never lose relevance as economies seek to grow and thrive, and as the world seeks innovative solutions to some of the greatest existential threats faced by humankind. Looking ahead, GEM will undoubtedly continue to be a fundamental study for generating knowledge about new ventures and their subsequent economic and social impacts in different regions of the world. As ***Ana Fernández-Laviada, Universidad de Cantabria and GEM Spain Leader*** states:

"Due to its scientific rigour and regularity, GEM has managed to be the world-renowned source of global intelligence on entrepreneurship. Today, you simply cannot talk about entrepreneurship without citing GEM. That is its greatest achievement."

Aileen Ionescu-Somers, PhD
Executive Director,
Global Entrepreneurship Monitor

Professor José Ernesto Amorós
GEM/GERA Board Chair

and the **GEM expert researchers**
that are mentioned in this Preface

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*** GRIPs = GEM Research & Innovation Projects**

About GEM

Entrepreneurship is an essential driver of societal health and wealth. It is also a formidable engine of economic growth. It promotes the essential innovation required not only to exploit new opportunities, promote productivity and create employment, but to also address some of society's greatest challenges, such as the United Nations Sustainable Development Goals (SDGs) or shocks from different global events.

Governments and other stakeholders increasingly need hard, robust and credible data to make key decisions that stimulate sustainable forms of entrepreneurship and promote healthy entrepreneurial ecosystems worldwide. To capture a complete picture of an entrepreneurial ecosystem, it is important to go beyond official statistics, like the number of registered businesses. Stakeholders need to understand on-the-ground perceptions about entrepreneurship. Global Entrepreneurship Monitor (GEM) is the only global research source that collects data directly from the source — entrepreneurs.

During its 25 years of existence, GEM has repeatedly provided policymakers with valuable insights on how best to foster entrepreneurship to propel growth and prosperity. The networked consortium of national country teams, primarily associated with top academic institutions, carries out survey-based research on entrepreneurship and entrepreneurship ecosystems around the world. GEM tools and data are unique and benefit numerous stakeholder groups. By becoming involved with GEM:

- Academics are able to apply unique methodological approaches to studying entrepreneurship at the national level;
- Policymakers are able to make better-informed decisions to help entrepreneurs and entrepreneurial ecosystems thrive;
- Entrepreneurs have better knowledge about where to invest their sometimes scarce resources and how to influence key stakeholders so that they get the support they need;
- Sponsors both advance their organizational interests and gain a higher profile through their association with GEM;
- International organizations leverage insights, but can also incorporate or integrate GEM indicators to their own data sets, or use GEM data as a benchmark for their own analyses.

GEM has an impressive and highly credible track record. In numbers, GEM represents:

- 25 years of data, allowing longitudinal analysis in and across geographies on multiple levels;
- Up to 170,000+ interviews annually with experts and adult populations including entrepreneurs of all ages;
- Data from 120 economies across five continents;
- Collaboration with 370+ specialists in entrepreneurship research;
- Involvement of 150+ academic and research institutions;
- Support from 150+ funding institutions.

GEM began in 1999 as a joint research project between Babson College (USA) and London Business School (UK). The consortium has become the richest source of reliable information on the state of entrepreneurship and entrepreneurial ecosystems across the globe, publishing not only the GEM Global Report annually, but also a range of national and special-topic reports each year.

GEM's first annual study covered 10 countries; since then, some 120 countries from every corner of the globe have participated in GEM research. As a result, GEM has gone beyond a project to become the highly networked organization that it is today. GEM can confidently stake a claim to be the largest ongoing study of entrepreneurial dynamics in the world.

Executive Summary

Stephen Hill and Aileen Ionescu-Somers

When next year's surveys are completed, the Global Entrepreneurship Monitor (GEM) will have been collecting primary data about entrepreneurship for 25 years, making it by far the world's largest and longest-running research study on levels of entrepreneurial activity. In that period, around 4 million people will have been surveyed across 120 different countries, and views sought from nearly 50,000 national experts.

Why all this effort over such a long period? Because entrepreneurship, defined by GEM as the act of starting or running a new business, matters. Of course it matters to the people involved, who are taking brave steps to secure their own livelihoods, to shape their own futures and, sometimes, to change the world. But entrepreneurship also matters to the wider economy and society. Those starting new businesses can bring new ideas turned into new products and processes, enhancing consumer and producer choice, building the next Apple or Tesla, or simply making a better cup of coffee.

Entrepreneurs identify and exploit new opportunities, create new jobs and value-added, enhance (and sometimes disrupt) supply chains, and tackle some of the world's most pressing problems, including climate change, the shortage of liquidity in developing economies and environmental pollution. Many entrepreneurs seized new opportunities during and after the COVID-19 pandemic, from delivering takeaway food to delivering new vaccines. Some new businesses fail, but resilient entrepreneurs will pick themselves up, reflect on lessons learned and try again.

The GEM project has provided consistent, coherent and contemporary data across different economies and through time. The Adult Population Survey (APS), and its smaller brother, the National Expert Survey (NES), are both conducted to rigorous standards, asking the same questions across the globe, with responses coded, harmonized and quality-checked by GEM Global, so that levels of entrepreneurial activity can be compared across space and through time.

This 2023/2024 Global Report presents the results of GEM APS and NES surveys conducted in summer/autumn 2023 at a time when the global economy was continuing its hesitant recovery from the shocks and aftershocks of the COVID-19 pandemic and the war in Ukraine.

Here are some key baseline statistics related to the 2023 GEM surveys:

- The APS was conducted in 46 economies, representing nearly 60% of current world population and 70% of global GDP.

- Over 136,000 individuals replied to APS questions about their attitudes, perceptions and activities related to entrepreneurship.
- An additional 2,000 experts from 49 economies offered their assessments for the NES.

2023/2024 GLOBAL REPORT FINDINGS

In 2023, global GDP was expected to grow by just 3%, and world inflation fall to 7%.[1] Despite this global GDP growth, all 46 economies in the GEM APS have a significant number of adults reporting that their household income has fallen in 2023. In the context of this environment, the following are five salient and noteworthy themes from the 2023 GEM surveys.

1. Schools continue to get low marks

- Despite incremental improvement in some cases, **entrepreneurial education at school** in most economies **continues to be assessed as poor**, and was rated as weakest of all 13 Entrepreneurial Framework Conditions in 31 out of 49 economies. Each year, GEM has profiled this framework condition as a general problem across economies.
- In the 2023 survey, entrepreneurial education at school was assessed by national experts as satisfactory or better in just five out of 49 economies. **Yet change is possible**: between 2021 and 2023, both Qatar and the United Arab Emirates showed substantially improved ratings for this framework condition. Do you have to be high-income to do this? **India had the most improved ratings over the same period**, from less than satisfactory to much better than satisfactory.

2. Entrepreneurial activity rates are highly variable

- **The highest levels of entrepreneurial activity are in the Latin America & Caribbean region,** with all five highest rates of adults starting and running new businesses coming from this region. However, **levels of new entrepreneurial activity are highly variable, across all regions and all income groups**. For example, in the Latin America & Caribbean region the level varied from 17% in Mexico to 31% in Panama, while in the low-income Level C group it varied from 6% in Morocco to (again) 31% in Panama. Other regions and income groups display similar variability. Established Business Ownership is typically both lower and less variable.

1 World Bank data.

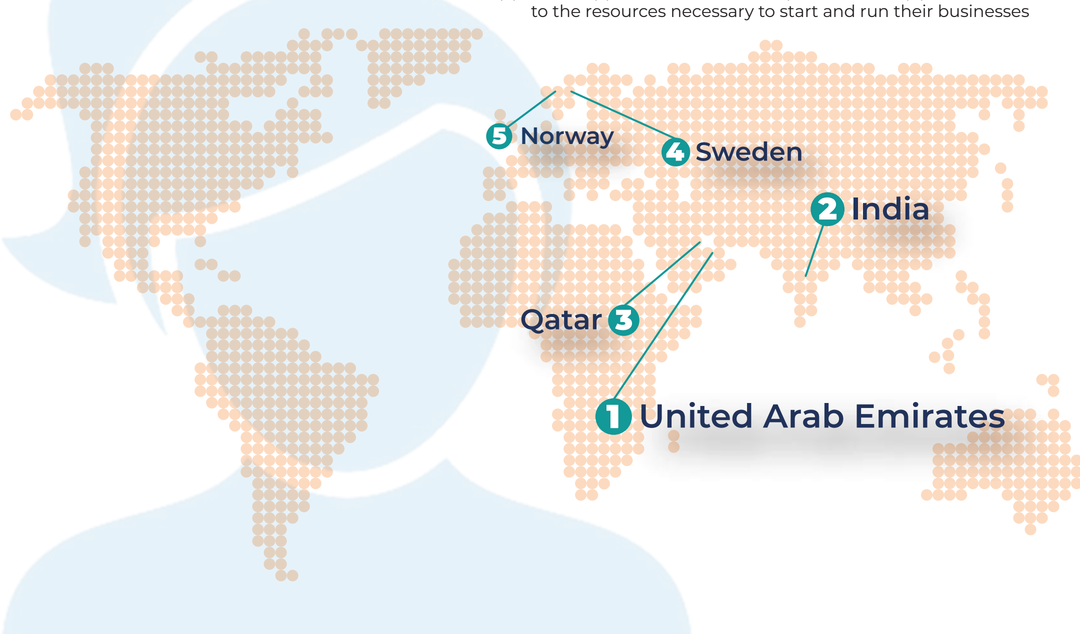
- **Among the different sectors, lower-income economies tend to have much higher proportions of new startups, specifically in the consumer services sector**, where entry-requirements are typically less demanding. Ten economies out of 14 from the lowest income group (Level C) had two out of three of their new startups in consumer services, compared to just one economy in the middle- and higher-income groups combined (Levels A and B).
- Among new entrepreneurs, **job creation expectations are generally higher in the Latin America & Caribbean** region than in other regions. Puerto Rico, Chile, Brazil and Mexico each had more than three in 10 of those starting and running new businesses expecting to employ at least another six people over the next five years. New entrepreneurs in European economies tend to have much lower job creation expectations, perhaps reflecting higher add-on costs of hiring people, and a more cautionary approach.

3. Women entrepreneurs deserve more support

- **Experts in most economies (37 out of 49) rated social support for women as unsatisfactory.** However, in a majority of economies (27 out of 49), women entrepreneurs' access to resources, as compared to that of men, rated as satisfactory or better. In only five economies did experts assess both social support for women entrepreneurs and their resource access compared to men as satisfactory or better: India, Qatar, Norway, Sweden and the United Arab Emirates.

THE FIVE ECONOMIES MOST SUPPORTIVE OF WOMEN ENTREPRENEURS

Only five economies (four Level A and one Level C) scored as satisfactory or more in both (a) social support for women entrepreneurs and (b) their access to the resources necessary to start and run their businesses



- **Fear of failure remains a formidable obstacle to new startups, especially for women.** At least two in five adults seeing good opportunities would not start a business for fear in might fail in 35 of the 45 participating economies. In 37 of these economies, a higher proportion of women than men seeing good opportunities would not start a business for fear it might fail. Interestingly, the biggest perception gap was in the United Kingdom, where 63% of those women seeing good opportunities would not start a business for fear it might fail, compared to just 44% of men.

4. Entrepreneurs are facing the future

- **Good news: many new and established entrepreneurs are contributing to a range of Sustainable Development Goals (SDGs).** At least one in two new entrepreneurs identified an SDG as a priority in 25 of 33 economies (these APS questions were optional). However, actions speak louder than words, and entrepreneurs are stepping up to the plate and walking the talk. More than one in two new entrepreneurs had taken concrete steps to minimize the environmental impact of their new business in 28 of 45 economies. Established Business Owners were even more active, with at least one in two taking steps to minimize environmental impacts in 36 of 45 economies.
- Intriguingly, in many economies, regardless of income level, **new entrepreneurs are assessed by experts as prioritizing good environmental or sustainability practices above economic performance**, indicating a considerable shift in mindset among those creating new businesses in today's challenged world. Of 48 economies,[2] 39 were assessed as satisfactory or better for prioritizing good sustainability practices, 36 for prioritizing good environmental practices and just 27 for prioritizing economic performance.
- **Notwithstanding the much-touted increasing availability of emerging technologies, many new businesses are simply replicating existing goods and services, using familiar processes and technologies.** Only seven economies had two in five or more of their entrepreneurs introducing new products or services: Chile, Guatemala, Italy, Luxembourg, Mexico, Panama and Sweden.

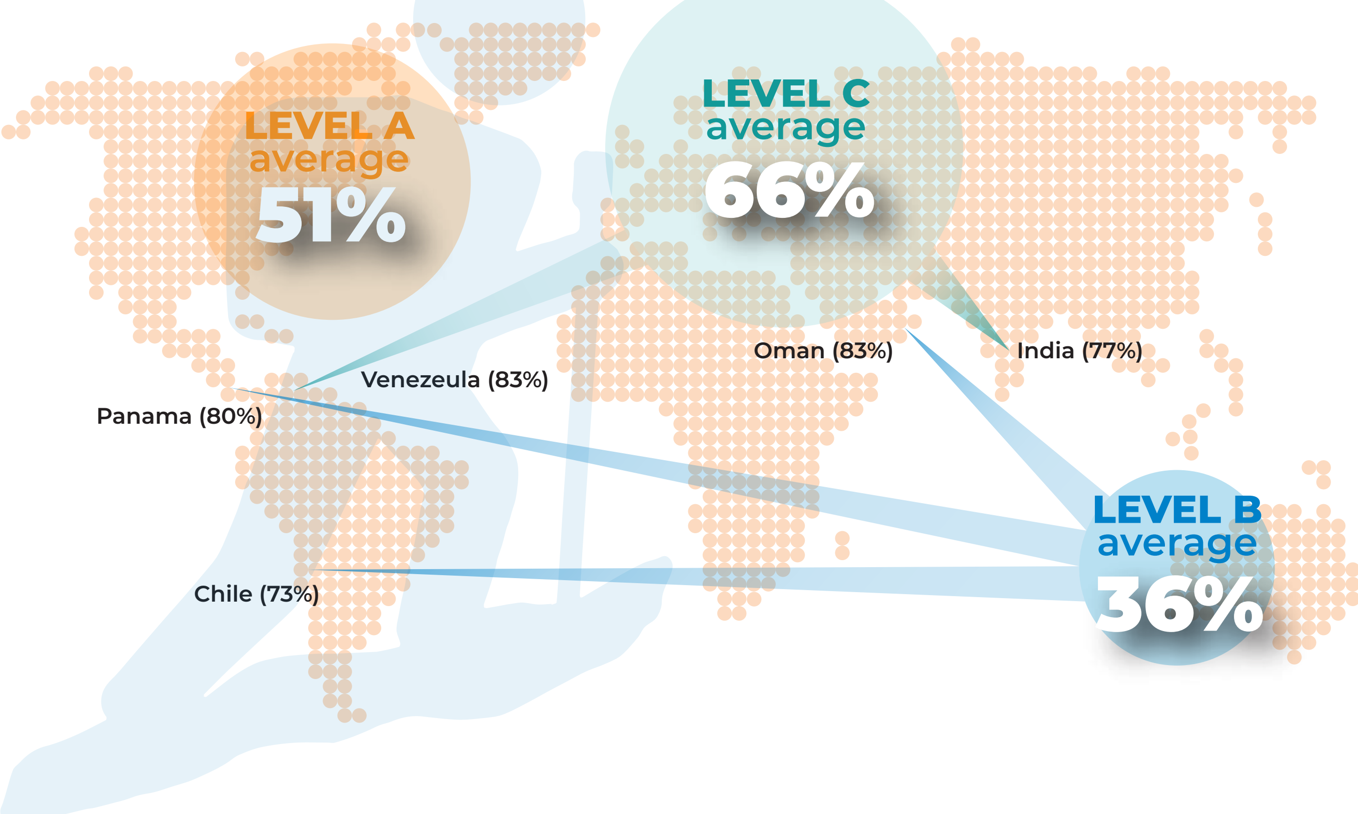
5. Entrepreneurs are resilient

- **Entrepreneurs have a high level of resilience**. Those adults exiting a business in the past 12 months are much more likely to expect to start a new business in the upcoming three years. In 32 of 46 economies, those exiting a business were more

2 Guatemalan experts were not asked these questions.

RESILIENCE LEVELS GLOBALLY

Measured as the percentange of those adults who have exited a business in the last 12 months who intend to start another business in the next three years. The (population-weighted) average across the three income levels along with the five highest-scoring economies.



than twice as likely to be expecting to start a new business in the next three years than the general public.

- **Economies can have an excellent entrepreneurial environment regardless of income level.** Examples include India and China, both in the lower-income group (Level C) but both in the top 10 scores out of all countries included in the GEM National Entrepreneurial Context Index (NECI; a score that is allocated based on assessment of each economy's Entrepreneurial Framework Conditions). Conversely, GEM data shows that being a country in the higher-income category does not guarantee an excellent entrepreneurial environment. Government priorities greatly influence outcomes and may matter as much as resources.

- But a small group of high-income economies in Europe and North America, since the pandemic, **have seen the assessed quality of their overall entrepreneurial environment slip into the "less than sufficient" category.** These include Canada, Sweden, Norway, Germany and even the United States, with France and Latvia close behind.

- As we look back over the last few years, there is evidence to support the notion that **entrepreneurship levels fell in the early days of the pandemic but have largely recovered in many countries since the pandemic abated** (end of 2021). Of the 32 economies participating in GEM in 2019, 2021 and 2023, there are 14 in which levels of early-stage entrepreneurial activity both fell 2019–2021, and then increased 2021–2023.

The chapters that follow will present much more details about entrepreneurial activity across the world in 2023. Within this rich tapestry will be more evidence that supports the key findings outlined above, as well as a host of other findings with important policy implications.

Entrepreneurship continues to be a key driver of prosperity and social and economic development. That is why the Global Entrepreneurship Monitor looks forward to the next 25 years of surveys, measurement and analysis.

PART 1

Introduction

Introduction to the 2023/2024 Global Report

Stephen Hill and Aileen Ionescu-Somers

1.1 INTRODUCTION

Global Entrepreneurship Monitor (GEM) is celebrating its 25-year Silver Anniversary in 2024. It marks a quarter-century of collaborative research focused on measuring and monitoring levels of entrepreneurial activity across the world. What started with just 10 participating economies in 1999 has grown to become the world's largest and longest-running study of entrepreneurship, backed up by a research organization and highly recognizable brand familiar to entrepreneurial academics, practitioners and policymakers.

GEM is a consortium of National Teams, primarily associated with top academic institutions, which carry out surveys around the world. GEM is the only global research source that collects data on entrepreneurship directly from individual entrepreneurs. GEM's Adult Population Survey (APS) provides an analysis of the characteristics, motivations and ambitions of individuals starting businesses, as well as social attitudes towards entrepreneurship. The GEM National Expert Survey (NES) focuses on the national context in which individuals start businesses.

In 2023, the APS was conducted in 46 different national economies across the globe, collectively representing some 57% of the world's population and 70% of global Gross Domestic Product (GDP).[3] It is the consistency of the questions in this survey, across countries and over time, asked of a large random sample of adults in each participating economy, that makes GEM such an important research resource for policymakers. The NES was conducted across over 2,000 experts in 49 countries in 2023. Again, it is the consistency of the questions asked of experts that creates such significant scope for monitoring entrepreneurial environments over time.

The GEM APS and NES databases are a resource of inestimable value to GEM's key stakeholders. Summary hard data may be directly accessed from the GEM website (http://www.gemconsortium.org). Insights from the data can be used in policymaking discussions and strategic decision-making, as well as in a plethora of research initiatives.

GEM's 25th anniversary is an appropriate moment to reflect on lessons learned and to contemplate future challenges. Since 1999, GEM has surveyed almost 4 million adults in nearly 120 countries, building the world's largest sustained database on individual activities, perceptions and attitudes in relation to entrepreneurship.

Each year, the annual launch of GEM's Global Report paves the way for the publication of numerous National Reports which further leverage the data at a detailed, national level. GEM also produces reports on topics of special interest: most recently, the *GEM 2022/23 European Regional Report: Research Insights for Policymakers* and the *2022/23 GEM Women's Entrepreneurship Report: Challenging Bias and Stereotypes* — all available for free on the GEM website.

The 20th Anniversary edition of the GEM Global Report (2018/2019) reviewed changes in entrepreneurial activity over the previous two decades, and concluded that, after two decades of rising incomes, levels of entrepreneurial activity had generally increased, both for new and established entrepreneurs. Today, the accumulated evidence over GEM's 25 years allows for some further conclusions, especially given the significant social and economic shocks that have taken place during this time. Here are three points of particular interest.

3 Estimated using World Bank data for populations and GDP. See http://data.worldbank.org.

1. **Levels of early-stage entrepreneurial activity continue to increase worldwide.** Of course, this isn't happening everywhere or all the time. But for many of those economies that have consistently participated in GEM research over time, levels of early-stage entrepreneurial activity have been increasing. For example, 74 economies have participated in the APS for five years or more between 2001 and 2023 (note: in itself, this is a considerable achievement!). Of 74 participating economies, 38 have shown a significant increase in early-stage entrepreneurial activity since their first participation, while only 17 a significant decrease.[4] These include 16 economies in which the level has more than doubled,[5] but also six in which the level has halved.[6]
2. **Women's entrepreneurship is catching up (albeit slowly).** Successive Global Reports have highlighted differences between levels of male and female entrepreneurship. While there is still much to do, there are signs that the gap is narrowing. One way to measure the entrepreneurial gap between women and men is to use the ratio of early-stage female entrepreneurs to male counterparts. Adopting the same methodology as above and taking the 74 economies that participated in GEM five times or more since 2001, in 57 of these 74, the ratio of women to men starting or running new businesses increased during their periods of participation in GEM. Outstanding examples include India, which went from three men starting new businesses for every woman doing the same in 2001, to virtual parity in 2022. Another example is Saudi Arabia. When the country joined GEM in 2009, there were 10 men starting or running new businesses for every woman doing the same. There are more than eight women starting new businesses for every 10 men doing the same in 2023. By any standards, these examples point to significant shifts in these societies and their economies.

   In their first year of GEM participation, 30 out of 74 economies had two or more men starting or running a new business for every woman doing the same. In their most recent year of participation, that number fell to just five (out of 74).
3. **Entrepreneurial activity can flourish in a crisis**, often by providing innovative solutions to help manage the crisis and then contributing to a more optimistic post-crisis scenario of restabilization and renewal. A crisis is occurring in some part of the globe at any given time. However, looking across economies over the past quarter of a century, two distinct periods of truly global crises can be identified, with World Bank data showing global GDP falling. The first was the financial crisis of 2009–2011, provoked by an earlier banking crisis. The second was the recent global pandemic. During both crises, levels of entrepreneurial activity typically fell, but then recovered.

   Let us suppose that 2009 was pre-financial crisis and 2011 was post-crisis — even though crises do not generally fit neatly into calendar years. Of the 36 economies that participated in GEM in all three years, 2009–2011, in 22 of those the level of early-stage entrepreneurial activity fell in 2009–2010 and then increased in 2010–2011. This suggests that entrepreneurship was sensitive to that crisis but then rapidly recovered. In addition, of these 36 economies, 27 had a level of entrepreneurial activity that was higher in 2011 than it had been in 2009, showing that entrepreneurial activity had bounced back stronger.

   The pandemic years paint a similar picture, although not quite as clearly — possibly because the pandemic lasted longer than the financial crisis, and because economies varied widely in their levels of support for new businesses during the period. Of the 34 economies that participated in GEM in each of the years 2019–2021, 15 saw their levels of early-stage entrepreneurial activity first fall and then increase, although just 12 had levels in 2021 that were higher than in 2019 (see the 2021/2022 GEM Global Report, pp. 47–49).

GEM will continue to monitor levels of entrepreneurial activity in years to come and, no doubt, there will come a day when there will be a review of GEM's first 50 years. In the meantime, there will be further challenges, both to entrepreneurship levels and to the GEM research process. Artificial intelligence (AI) is

4 The mean of two large random samples are significantly different if there is less than a 5% probability that the difference occurred by chance.
5 Angola, Barbados, Croatia, Hong Kong, Kazakhstan, Japan, Latvia, Panama, Puerto Rico, Romania, Russian Federation, Saudi Arabia, Slovenia, Turkey, United Arab Emirates and Uruguay.
6 Algeria, China, Indonesia, Morocco, North Macedonia and Poland.

already presenting a plethora of new business opportunities such as AI-powered talent-matching platforms, personalized health monitoring, customized e-learning experiences and sustainable energy management, to name a few. At the same time, new businesses are increasingly taking social and environmental concerns into account, as evidenced in this report.

1.2 THE GLOBAL CONTEXT IN 2023

In the autumn of 2023, the global economy appeared to be heading for a relatively "soft landing" after the tumult of previous years, with global GDP growth expected to fall from 3.5% in 2022 to just under 3% in 2023 and 2024.[7] Interest rates had been creeping steadily upwards to combat inflation, with the latter expected to fall from nearly 9% in 2022 to 7% in 2023 and then 6% in 2024.

In 2023, the global business environment achieved some stability after both the turmoil of the pandemic and subsequently the effects of the Russian invasion of Ukraine. However, the impacts of both events continue to disrupt the world economy. The pandemic led to new ways of working, interacting and consuming. The Ukraine–Russia war has impacted inflation as a result of significant supply chain disruption. Entrepreneurs, just like national economies, have had to adjust to new circumstances each time. As ever, economic turbulence brings both challenges and opportunities, and entrepreneurs have been quick to respond to each.

It is broadly accepted across the globe that current observable climate change is mainly caused by human activity, measurable by the tangible effects of increasing global temperatures, drought and extreme weather events. This has motivated an increasing amount of people to try to live and work sustainably. There are rising concerns about poverty and inclusion, especially given the impact of recent crises. These pressures are fully reflected in the United Nations Sustainable Development Goals (SDGs) (see Figure 1.1), which are slowly but surely working themselves into the business environment and into the consciousness of both entrepreneurs and consumers.

GEM makes its contribution to the SDGs by exploring the impact of entrepreneurs on these goals and ascertaining whether there are changes

7 IMF, World Economic Outlook 2023, https://www.imf.org (accessed 20 October 2023).

FIGURE 1.1
The United Nations Sustainable Development Goals (SDGs)
Taken from https://sdgs.un.org

in entrepreneurial behaviours that can be related to the goals. Since 2020, GEM has been including SDG-related questions in its research instruments (APS and NES). A special-topic GEM report related to these issues is forthcoming. To provide an initial overview, the results reported in each chapter of this 2023/24 Global Report will also be related, where possible, to specific SDGs.

1.3 WHY IS ENTREPRENEURSHIP IMPORTANT?

GEM defines entrepreneurship as the act of starting or running a new business. New businesses matter, and not only to the people that conceived and launched them. New businesses bring new products and technologies to the market and turn the ideas of entrepreneurs into tangible goods and services that consumers or other businesses want to buy. Entrepreneurs hasten structural changes in the economy, attracting resources towards products and services in new sectors and new industries, and pulling resources away from sectors that produce goods and services that people no longer desire. Such structural changes drive productivity increases and ultimately raise living standards across the economy. Entrepreneurial activity is thus a key component in the process of economic development.[8] Entrepreneurs can also hasten social change: for example, by finding new solutions to society's most pressing challenges, such as providing ways of overcoming obstacles in accessing business credit in poorer economies, or of extracting plastic from rivers, lakes and oceans.[9]

For these reasons, increasing entrepreneurship is a major policy objective in most economies. Policymakers recognize that new businesses are needed to create new jobs that can replace those lost in businesses that are already or are gradually becoming obsolete. New business formation is both a symbol of a dynamic economy and a key driver of dynamism. Of course, not all new businesses grow and prosper, and a significant proportion fail during the crucial early years of business development. Such failures, albeit painful for the would-be entrepreneurs in question, can also have human-capital benefits. The best of entrepreneurs learn from their experiences, pick themselves up, dust themselves off and try again!

The decision to start a new business is highly personal and depends on the individual's drive, motivation and circumstances. The act of new business formation takes place within a context of social values and business conditions. This entrepreneurial environment may be an important influence on the prospects of the new business. Take just two examples: easy and affordable internet access enables profitable online trading, and easy access to finance enables and facilitates new investment. On the other hand, the entrepreneurial environment may constrain or discourage new businesses: for example, high fees to register a new business can drive entrepreneurs away from the formal economy; or existing businesses may collaborate to deter new entry.

1.4 GLOBAL REPORT STRUCTURE

The next sections introduce the GEM 2023 participating economies. They are divided into three income groups, because income is often a key influence on entrepreneurial attitudes and activities. This introduction then offers a first glimpse of the APS data by considering the proportion of individuals in each economy reporting how their household income changed in 2023. The final section draws some brief conclusions.

The second chapter briefly lays out the GEM conceptual framework and methodology.

Chapter 3, which begins "Part 2: Analysis", examines attitudes and perceptions across the entire adult populations in each economy, towards — among other things — opportunity

8 According to a recent G20 communiqué, "startups have become synonymous with innovation, job creation and growth", G20 India 2023, *2023 Startup20 Communiqué: Taskforces — Recommendations and Policy Directives*, p. 16. https://www.startup20india2023.org

9 See examples throughout this report in our "The Real World Behind the Data" features.

THE REAL WORLD BEHIND THE DATA . . .

Funding the Dreams of Women Entrepreneurs in Developing Countries

CWI Loan Fund beneficiary Adriana Luna Diaz. Her company Tierra de Monte creates agricultural products that renew biodiversity and soil fertility.

The Cartier Women's Initiative Loan Fund

Women impact entrepreneurs, particularly those operating in developing countries, struggle to secure financing for their businesses. This constrains the sizes of their enterprises and prevents them growing their solutions to the scale of the problems they are addressing.

Each year, Cartier Women's Initiative (CWI), founded by Cartier in 2006, selects impact entrepreneurs from across the world to become their fellows and awards them up to €100,000 in grant funding. In an effort to further augment this financial support, CWI recently partnered with Beneficial Returns and launched a CWI Loan Fund for existing fellows.

Through this impact investing debt fund with its preferential rate, CWI can accelerate the growth of its fellows' impact businesses while enhancing their financial resiliency and priming the pump for future investors, both impact and conventional. This aligns with CWI's vision of ensuring that every woman impact entrepreneur driving social and environmental change can achieve her full potential. Infusing flexible loan instruments into early- to growth-stage impact businesses demonstrates commercial viability and sets the stage for these enterprises to scale.

The fund has already issued ten loans, totalling $970,000, to nine entrepreneurs across Mexico, Uganda, India, Pakistan, the Philippines and Indonesia. The industries impacted include sustainable agriculture, clean water and sanitation, responsible consumption, livelihoods and health.

One of several compelling examples is Valentina Rogacheva, co-founder of a digital platform called Verqor. This company provides financially excluded smallholder farmers in Mexico with access to financing for agricultural inputs such as seed and fertilizer. With $200,000 working capital, thanks to the CWI Loan Fund, Verqor was able to lend directly to partner farmers via the platform.

Then there is Spouts of Water, a Ugandan impact business that helps provide clean drinking water by manufacturing and distributing ceramic water filters. Co-founded by Kathy Ku, since its inception the company has distributed over 185,000 filters, benefiting individual households, schools, health centres, refugee camps and so on. A $200,000 CWI working capital loan has enabled Spouts of Water to build a larger factory.

CWI will build on these successes and further leverage GEM research insights as it looks to generate further impact through the fund. Wingee SIn, Global Program Director for Cartier Women's Initiative, concluded:

> *"Through the CWI Loan Fund, we hope to accompany further the remarkable impact entrepreneurs in our program to further scale their impact, and be a source of catalytic capital to attract other investors."*

- Consider investing with us! For further details please reach out to our Loan Fund partner Beneficial Returns at koko@beneficialreturns.com and marialuisa@beneficialreturns.com.

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

recognition, the fear of failure, plans to start their own business, and investing in someone else's new business.

Chapter 4 focuses on actual levels of entrepreneurial activity across the many economies participating in the 2023 GEM research cycle, identifying the most (and least) entrepreneurial economies, as well as the most popular sectors in which to start new businesses. Year-on-year consistency in the APS questions allows the ongoing impact of the pandemic on entrepreneurial activity to be assessed, at least for those economies participating in GEM throughout the last few years.

The fifth chapter examines the potential economic and social impacts of entrepreneurship in each economy, addressing the question of whether new startups mean more jobs, but also analysing levels of product and process innovation in those new startups, their customer base and the role of the SDGs.

Chapter 6 identifies the range of diversity of entrepreneurs, including by gender, age and educational attainment. It confirms that while entrepreneurs come in all forms, some groups are better represented than others among those likely to start a new business.

Chapter 7 scrutinizes views and expectations of entrepreneurship, including whether it is becoming harder to start or grow a business, whether the effects of the pandemic have increased opportunities, and whether the trend towards digital selling has run its course. The chapter also considers the impacts of social and environmental factors, and awareness of SDGs. Chapter 8, the final chapter of Part 2, focuses on the motivations for starting a business and the level of business exits, classified according to whether or not the exit means the business continues.

The entrepreneurial environment is a recurrent and important theme in this report. Chapter 9 draws conclusions from the GEM NES, and sets the scene for the individual country-specific Economy Profiles. This opening chapter of Part 3 will address the question of where — among the participating economies — is the best place to start a business and will highlight those economies in which starting or growing a business is most challenging for entrepreneurs. The Economy Profiles feature each GEM 2023 team. Included are key entrepreneurial variables, a brief Policy Roadmap and National Team details.

The report concludes with a data Appendix, defining and tabulating all the key variables used.

1.5 GEM 2023 PARTICIPATING ECONOMIES

A total of 46 National Teams participated in the GEM APS in 2023. These include Ukraine, whose National Team conducted a smaller sample Adult Population Survey plus a National Expert Survey, albeit under very difficult circumstances. In the following chapters, only major results for Ukraine's entrepreneurial activity will be reported, given the small sample size and understandable difficulties experienced in achieving national representation. However, it counts as a major achievement by the Ukrainian National Team to have any results at all. A further three National Teams participated in the NES but not the APS.[10]

Each economy is classified into one of three income groups, according to its level of GDP per capita.[11] Last year, GEM introduced its own definitions of low, medium and high income, with the aim of ensuring somewhat evenly sized groups for the purposes of analysis. With the same aim in mind, these have been revised this year as follows:

- Level A: economies with a GDP per capita of over $50,000;
- Level B: economies with a GDP per capita between $25,000 and $50,000;
- Level C: economies with a GDP per capita of less than $25,000.

These boundaries are necessarily arbitrary, but will be used throughout this report in presenting analyses, results and conclusions. Level A economies include 10 from Europe, two from North America and three from the Gulf, plus the Korean Republic. The Level B economies include

10 Argentina, Japan and the United Arab Emirates.

11 GDP per capita (PPP, international $) and population data are from the World Bank database, accessed 20 October 2023, providing data for 2022, except for Venezuela for which the 2021 figure was used. World Bank data may have been subsequently revised.

TABLE 1.1
Income groups

Level A >$50,000	Level B $25,000–$50,000	Level C <$25,000
Canada	Argentina*	Brazil
France	Chile	China
Germany	Croatia	Colombia
Italy	Cyprus	Ecuador
Rep. Korea	Estonia	Guatemala
Luxembourg	Greece	India
Netherlands	Hungary	Iran
Norway	Israel	Jordan
Qatar	Japan*	Mexico
Saudi Arabia	Latvia	Morocco
Slovenia	Lithuania	South Africa
Sweden	Oman	Thailand
Switzerland	Panama	Ukraine
United Arab Emirates*	Poland	Venezuela
United Kingdom	Puerto Rico	
United States	Romania	
	Slovak Republic	
	Spain	
	Uruguay	

* Participated only in the NES, not the APS. As a result, 46 economies participated in the APS (including Ukraine with a limited sample) and 49 participated in the NES

11 from Europe, five from Central or South America and three from Asia. Finally, Level C economies are more geographically diverse, with six from Central or South America, five from Asia, two from Africa, plus Ukraine (see Table 1.1).

1.6 CHANGES IN HOUSEHOLD INCOME

The 2023 APS included a question about changes in household income, with results set out in Figure 1.2. This chart makes it clear that in 2023, low-income economies (Level C in Table 1.1), were much more likely to have experienced a fall in household income than Level B or Level A economies. For example, in 11 out of 14 Level C economies, 40% or more of adults reported that their household income had fallen in the past year, compared to just four out of 17 Level B economies, and no Level A economies. Unsurprisingly, the highest proportion was in Ukraine, with more than seven out of 10 adults reporting a fall in their household income.

Level B Croatia led the way with the highest proportion of adults reporting an increase in household income in the past year (57%), followed by Level A Norway (37%).

Despite this optimistic result for some countries, the overall balance of the chart is negative, with 33 out of the 46 economies reporting a decrease in household income rather than an increase. This casts a distinct shadow over the strength of any recovery in 2023.

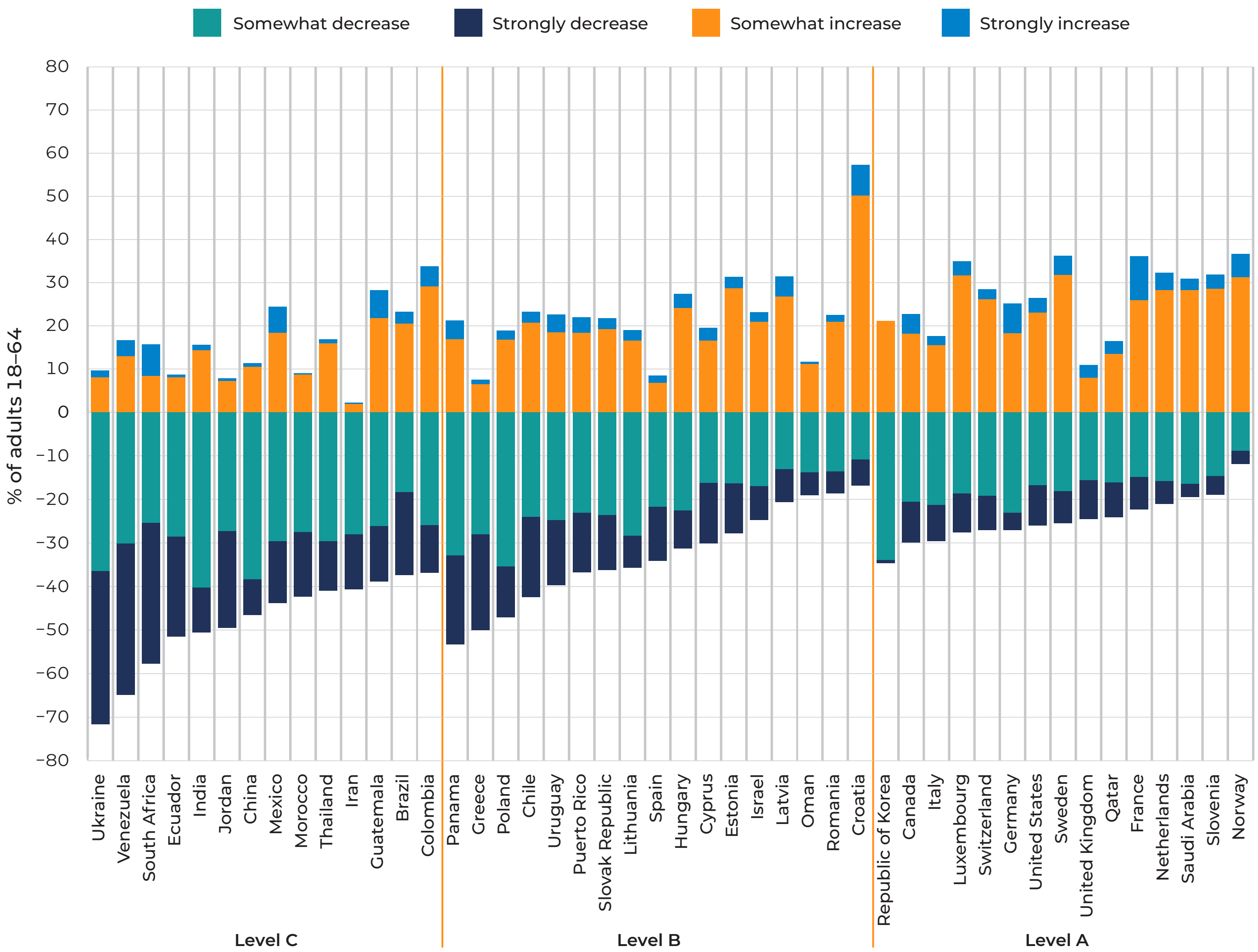


FIGURE 1.2
The percentage of adults reporting a change in household income in 2023
Source: GEM Adult Population Survey 2023

1.7 CONCLUSIONS

A brief review of entrepreneurial activity over the first 25 years of GEM suggests that the levels have increased overall, that entrepreneurship has been consistently resilient during and in the aftermath of global crises, and that the rate of female entrepreneurship is slowly catching up with that of men. These trends certainly have positive impacts on SDG 5 (Gender Equality) and on SDG 8 (Decent Work and Economic Growth). As widely reported, including by the United Nations itself, pre-pandemic worldwide poverty rates were decreasing, and extreme poverty was looking likely to be completely eradicated by 2030. However, the reported decreases in household incomes identified in GEM's research between 2020 and 2023, especially in low-income economies, point to likely negative impacts for the desired achievement of SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities).

2 The GEM Conceptual Framework and Methodology

Stephen Hill and Aileen Ionescu-Somers

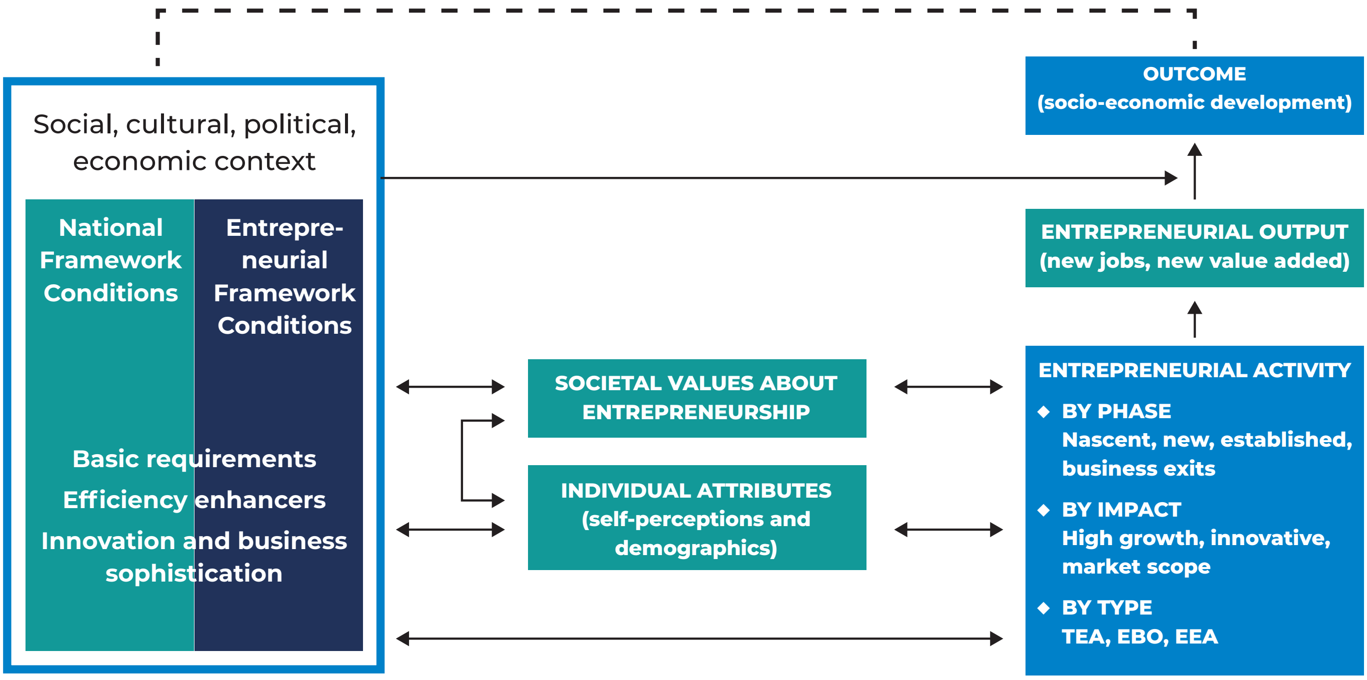
2.1 INTRODUCTION

GEM is a long-term multinational research study of entrepreneurship, conducted annually using population-based data to carefully measure the level of entrepreneurship in each participating economy. GEM defines and measures entrepreneurship as the act of starting or running a new business. Note that it is the act of entrepreneurship that is the key differentiator: simply thinking about starting a business or planning to do so at some point in the future is not counted, according to the GEM measure of entrepreneurial activity.

The GEM Conceptual Framework is illustrated in Figure 2.1. It shows the relationship between the decision to start a new business and the entrepreneurial environment that impacts that decision and its implementation, both directly (via access to resources) and indirectly (via social priorities and values). The relevant environment can be local, regional or national or a mixture of all three, depending on the nature of the new business and its scale.

The decision to start a business is then set within a social, economic and political context which conditions that decision in terms of variables, including choice of sector, scale of operations, and levels of ambition and innovation. These variables in turn influence the impacts of the new business on other factors, such as number of jobs, levels

FIGURE 2.1
The GEM Conceptual Framework



of value-addition and ultimately economic development. At the same time, multiple acts of starting new businesses may begin to shift social values, creating more positive attitudes to entrepreneurship, and in turn influencing potential new entrepreneurs.

2.2 THE GEM METHODOLOGY AND MEASURES OF ENTREPRENEURSHIP

GEM uses two principal research instruments: the Adult Population Survey (APS), a random sample of at least 2,000 adults per economy, and a National Expert Survey (NES) of at least 36 national experts per economy. The APS identifies the (usually small) proportion of adults who are starting or running new businesses. GEM refers to this as the level of Total early-stage Entrepreneurial Activity or TEA. Although the majority of surveyed adults are not currently starting a business, they still provide highly valuable information as a result of questions asked in GEM surveys. Their responses provide insights into their awareness of entrepreneurship and of local business opportunities, their view of their own competency to start a business, their perceptions of how easy it is to start a business and whether the fear of failure would stop them from doing so. They are also asked whether they intend to start a business in future.

In each participating economy, the APS is supervised by a GEM National Team, usually of academics at top universities, and sometimes by another organization with interest and expertise in entrepreneurship. These organizations work closely with GEM to ensure that the same questions are asked in the same way in each participating economy, so that answers can be compared across economies, and for the same economy over time. After the Global Report is published each year, National Teams usually produce and publish (also online) their own National Reports. These are customarily shared on the GEM website (https://www.gemconsortium.org).[12] Each year, new APS questions reflect a changing world; for example, by asking about the impacts of increasing energy prices or of the awareness of the United Nations Sustainable Development Goals (SDGs).

There are many ways to assess the level of entrepreneurial activity in an economy. Most official statistics count new firm or tax registrations as a measure of entrepreneurial dynamics. These are certainly useful, but only to the extent that new businesses register.

In many economies, especially less-developed ones, new firm registrations can actually comprise just a small proportion of new business startups. This can be due to several reasons. For example, a business may start off informally and very small, an owner may be waiting to see if the business works, or, as mentioned, the registration process may be expensive, difficult or excessively bureaucratic. Another measure is the number of self-employed; many self-employed people work only for themselves, and may not even perceive initially that they are actually running a business. Examples could include journalists, musicians or taxi drivers. The GEM approach circumvents the challenges of collecting comprehensive data both by being population-based and by assuring anonymity, thus capturing activity in the informal economy in a way that official statistics cannot. This is a major differentiation factor for GEM in comparison with other studies.

The way GEM uses APS data to estimate key entrepreneurial variables is set out in Figure 2.2. The APS includes a question about whether an individual has expended resources (including their own time) in trying to start that business, such as looking for premises, developing a business plan, etc. If the answer is affirmative, a follow-up question asks whether that business has paid any wages or salaries, including to the owner, and, if so, for how long. If those wages have not yet been paid for three months or more, then GEM classifies this as a nascent business and the individual as a nascent entrepreneur. If wages have been paid for three months or more, but for less than three-and-a-half years, then GEM categorizes this as a new business and the individual as a new business owner. The sum of nascent plus new business owners is Total early-stage Entrepreneurial Activity (TEA). If wages have been paid for three-and-a-half years or more, then, according to GEM, this is an established business and the individual is an Established Business Owner (EBO).

12 See the individual economy profiles in Part 3 of this report for details of each National Team.

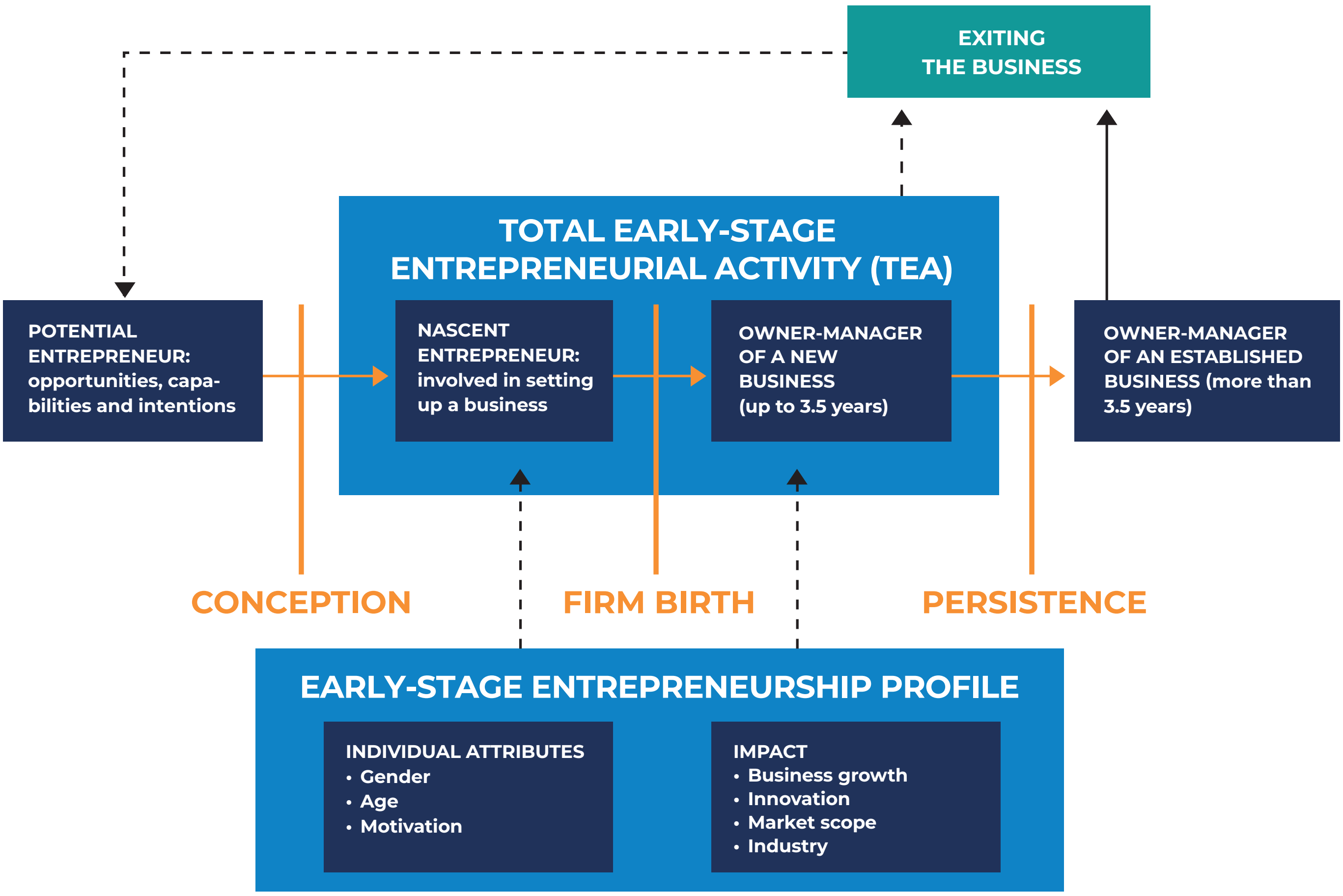


FIGURE 2.2
The entrepreneurial process and GEM indicators

Figure 2.2 illustrates the entrepreneurial pipeline, beginning from when potential entrepreneurs perceive new opportunities to grasp, to when they start expending resources to become nascent entrepreneurs, and then to become a new business, having paid wages for three months. Of course, at any stage the entrepreneur can exit that business, which may or may not continue without them. If the new business endures long enough, it becomes established.

The figure also shows the major GEM measures of entrepreneurial activity. Each is important, especially in relation to the level of TEA. For example, a high ratio of TEA to EBO may indicate difficulties in transitioning new businesses into established ones, sometimes because of an unsupportive entrepreneurial environment, while a high ratio of TEA to business exits may suggest a growing entrepreneurial base.

The decision to start a new business inevitably takes place within a particular context, which can be one that either supports or constrains the new startup and its subsequent development. To assess the quality of each national entrepreneurial business context, GEM classifies the entrepreneurial environment into 13 dimensions common to all contexts (referred to as the Entrepreneurial Framework Conditions or EFCs), and then surveys a group of national experts in each country to assess the quality of each framework condition. These assessments are then harmonized to provide a single figure for the quality of that entrepreneurial environment. This consistent qualitative data allows a simultaneous comparison of national entrepreneurial environments. It can also trace the evolution of a national entrepreneurial environment over time. The NES provides a crucial complement to the individual APS. Taken together, these unique surveys provide a detailed assessment of entrepreneurial activity in each economy, as well as the quality of the entrepreneurial ecosystem within which that activity takes place.

PART 2

Analysis

3

Entrepreneurship: Public Attitudes and Perceptions

Stephen Hill and Jeffrey Shay

3.1 WHAT ARE THE SOCIAL FOUNDATIONS OF ENTREPRENEURSHIP?

The decision to start a business is a personal one, influenced by a wide range of factors, including the ability to spot business opportunities, attitude towards risk, individual ambitions and aspirations, the absence or unattractiveness of alternative career paths, an individual's confidence in their own abilities, their self-belief, familiarity with others entrepreneurs, and their own access to resources, including social support. This long list is not exhaustive!

Many of these factors are attitudes and perceptions, and populations vary widely in their degree of social support for entrepreneurship — a significant influence on those attitudes and perceptions. Of course, there are exceptions, and some entrepreneurs build successful and sustainable businesses with very little encouragement or support. But this lack of support can make a difficult task even more so.

Starting a business can take many forms, and therefore may require different resources, abilities and knowledge. A very simple type of new business might involve just buying and selling, maybe door to door, on the street or online. Or the new business could provide a service: a personal fitness trainer, an Instagram influencer, or even as a designer of production lines or delivery schedules. Motivations will vary: to supplement an income, to work from home, to be your own boss, or to build the next Alphabet or Amazon.

This chapter looks at individual attitudes and perceptions across the adult populations. It includes whether survey respondents know someone who has started their own business, whether they think it is easy to start a business, and whether they consider they have the knowledge, skills and experience required to start their own. One factor that has been increasingly important in recent years is whether fear of failure would deter them from starting. These attitudes have a substantial impact on the propensity to start a business, and may affect the ability of the new business to become a sustainable established concern. Respondents are also asked whether they intend to start a business in the next three years.

Those that intend to start a business number many more than those that actually do so, just as many more people intend to start a diet or to take up exercise compared to those that carry out their intentions— there is usually a gap between intentions and actions. Finally, some choose to invest in another person's new business. The investee business may belong to a friend or colleague, but is more likely to belong to a family member. Such informal investment can be important when it comes to a new business's access to resources.

3.2 WHAT DO YOU KNOW ABOUT STARTING A BUSINESS?

It can be easy to assume that a normal career path progresses from education into salaried employment, based on the fact that starting a business or working for oneself may be outside one's range of experience or expectations. In light of this, familiarity with someone who has started a business can be an important precursor to doing the same. Similarly, a person may consider that starting a business is too difficult, or that there are no good business opportunities locally. The GEM

Adult Population Survey (APS) explores these issues directly, asking all respondents how many people they know who have started a business in the past two years, whether it is easy to start a business locally, and whether, in the next six months, there will be good opportunities to start a business locally. The 2023 results across 46 economies are shown in Figures 3.1–3.3.

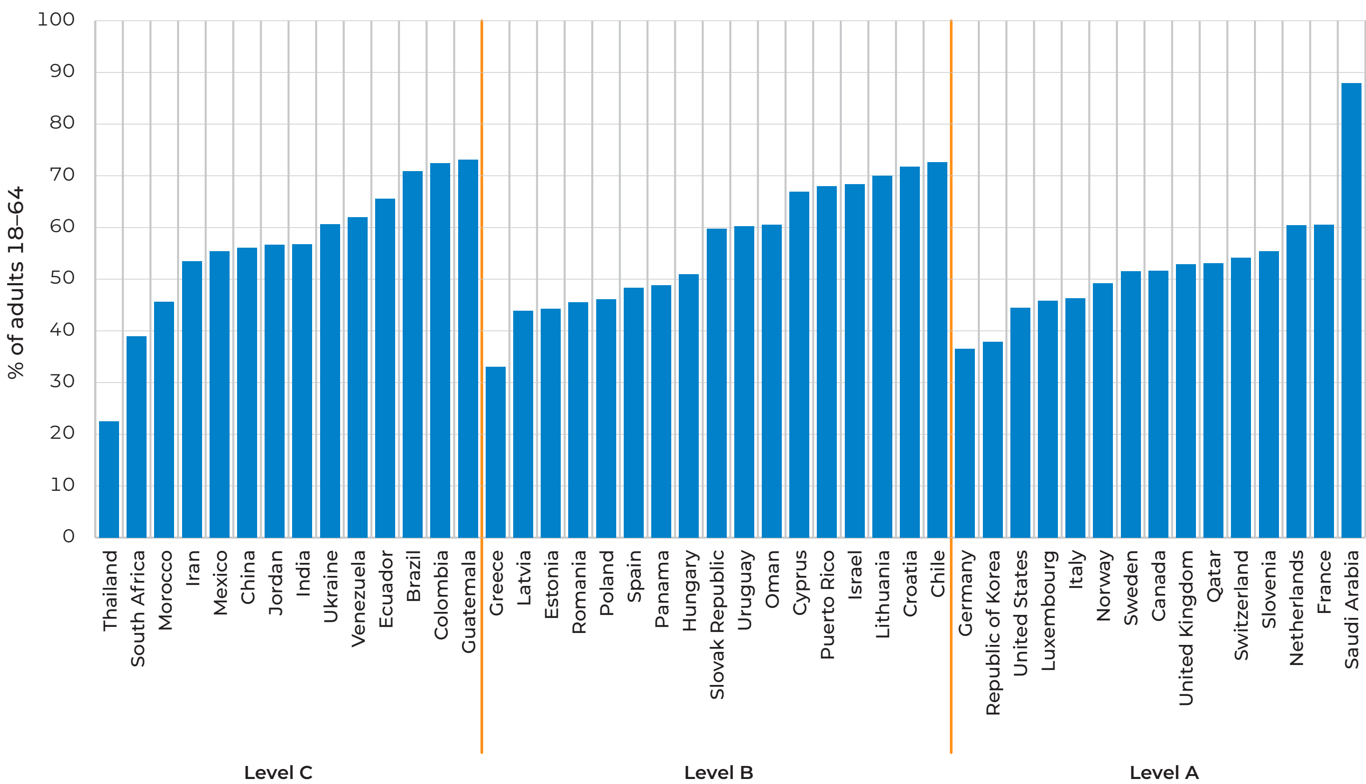
The proportion of those who know someone who has started a business varies considerably across economies, from just over one in five in Thailand to almost nine out of ten in Saudi Arabia. Notwithstanding this exceptional Saudi Arabia figure, the proportion appears to decline slightly in income groups B and C income compared to Level A. There are 11 of 14 group C economies having one in two or more adults who know an entrepreneur, compared to 10 of 17 Level B economies and nine of 15 Level A.

Figure 3.2 shows the percentage of adults agreeing that it is easy to start a business. It varies from less than one in five in Iran, Israel and Germany, to more than four out of five in Poland and Saudi Arabia. This time the proportion agreeing decreases slightly from Level C to Level B before increasing to Level A: one in two adults or more agreeing in five of 14 Level C economies, six of 17 Level B and 12 of 15 Level A. It can be surmised that individuals in Level A economies have better access to the resources needed to start a business, while in Level C economies many people are starting businesses just to survive because employment opportunities are scarce. As with knowing an entrepreneur, note that there is more variation within income groups than between those groups, so factors other than income are likely to be more important.

One of those factors may be the availability of local business opportunities and the ability to spot them. The APS asks respondents if they agree that, in the next six months, there will be good opportunities locally to start a business; note that these are respondents' perceptions. Agreement may reflect a low level of local opportunities but perceivable to those with a sharp eye, or an abundance of local opportunities and a low level of opportunity recognition on the part of would-be entrepreneurs — or any combination of the two.

While opportunity recognition typically declines with income, there is considerable variation across economies, with the proportion seeing good opportunities ranging from one in four in Iran to more than nine out of 10 in Saudi Arabia, although, as with the previous two figures, perceptions are generally high. In 30 of the 46 economies, one in two or more see good

FIGURE 3.1
Knowing someone who has started a business in the past two years (% adults)
Source: GEM Adult Population Survey 2023



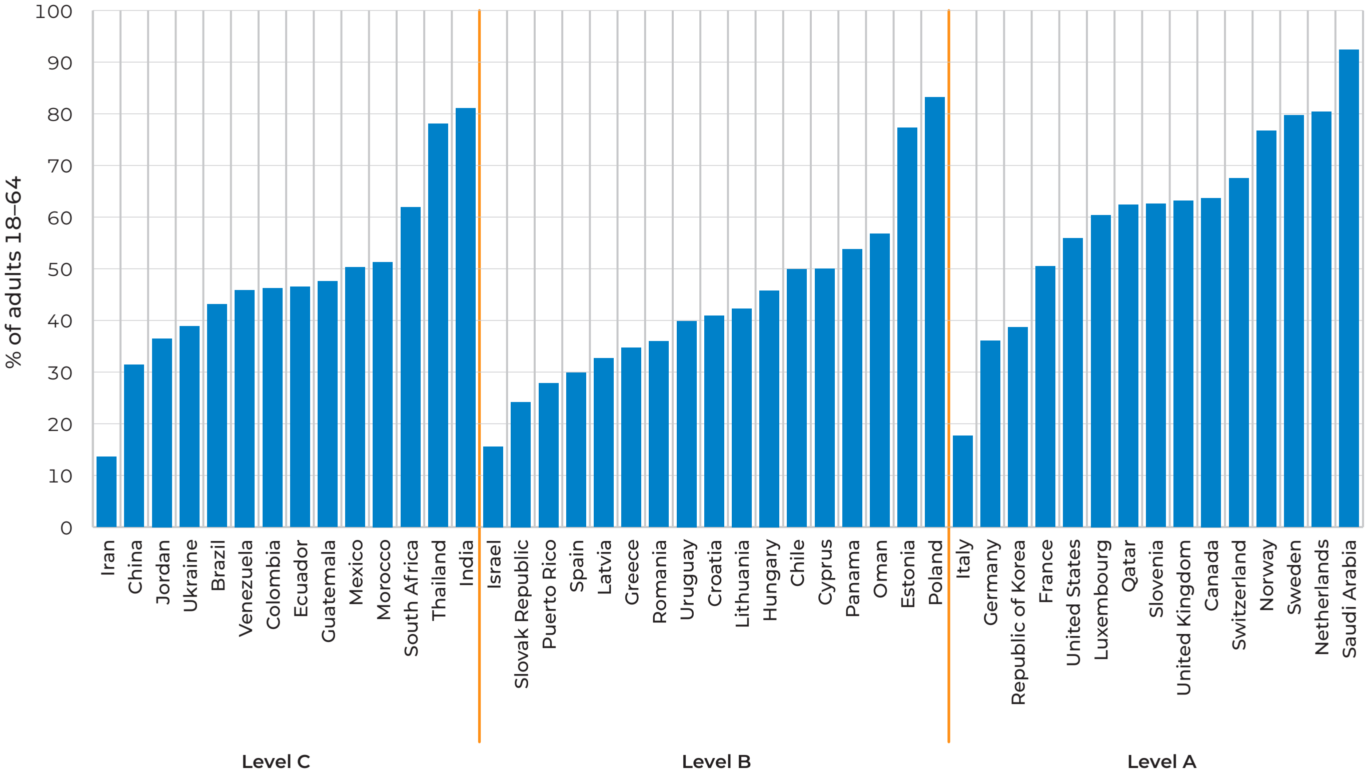


FIGURE 3.2 In my country, it is easy to start a business (% adults agree)
Source: GEM Adult Population Survey 2023

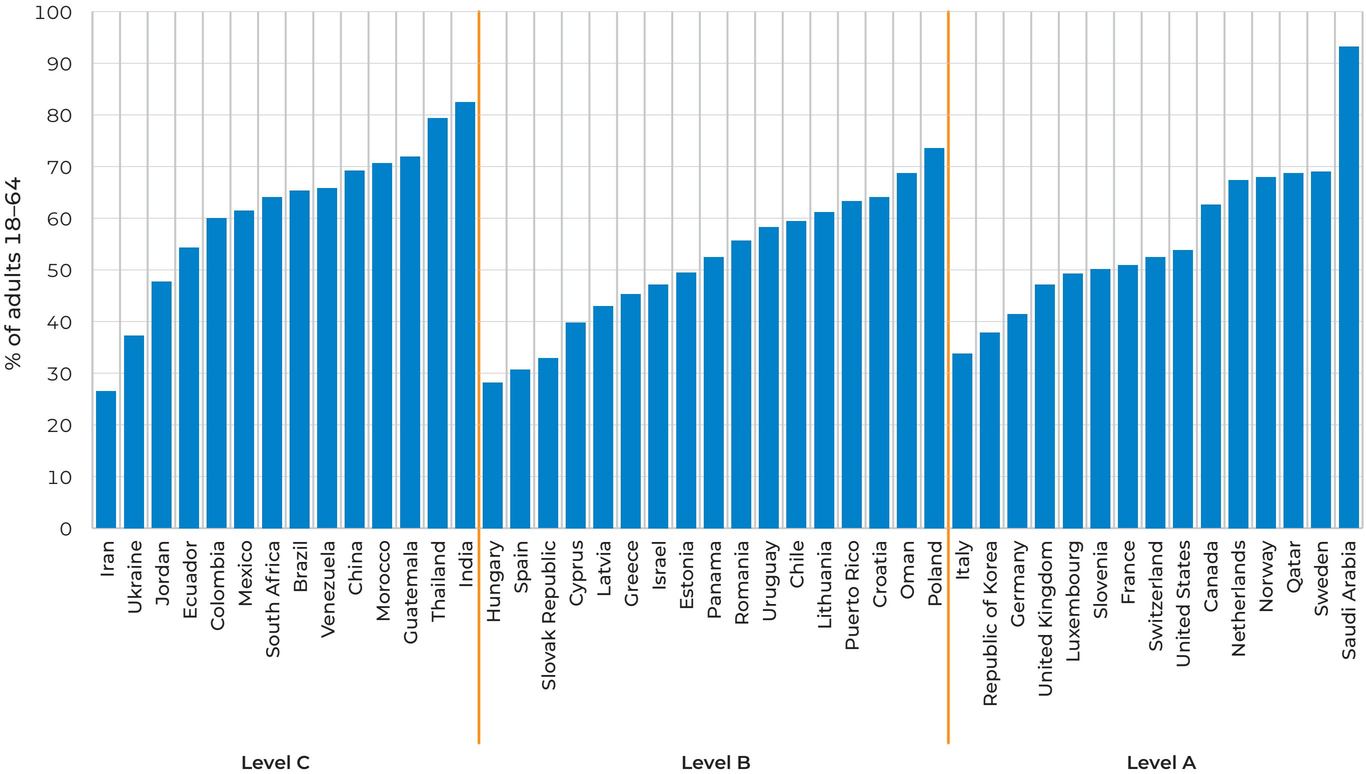


FIGURE 3.3 In the next six months, there will be good opportunities to start a business where I live (% adults agree)
Source: GEM Adult Population Survey 2023

opportunities, including 11 from Level C, nine from Level B and 10 from Level A.

While more than one in two adults in Iran know someone who has started a business recently, just one in four see good opportunities and only one in seven agree it is easy to start.

Despite very difficult circumstances, Ukraine scores reasonably well for these perceptions, with three out of five adults knowing a new entrepreneur, and two out of five agreeing it is easy to start or there are good opportunities locally.

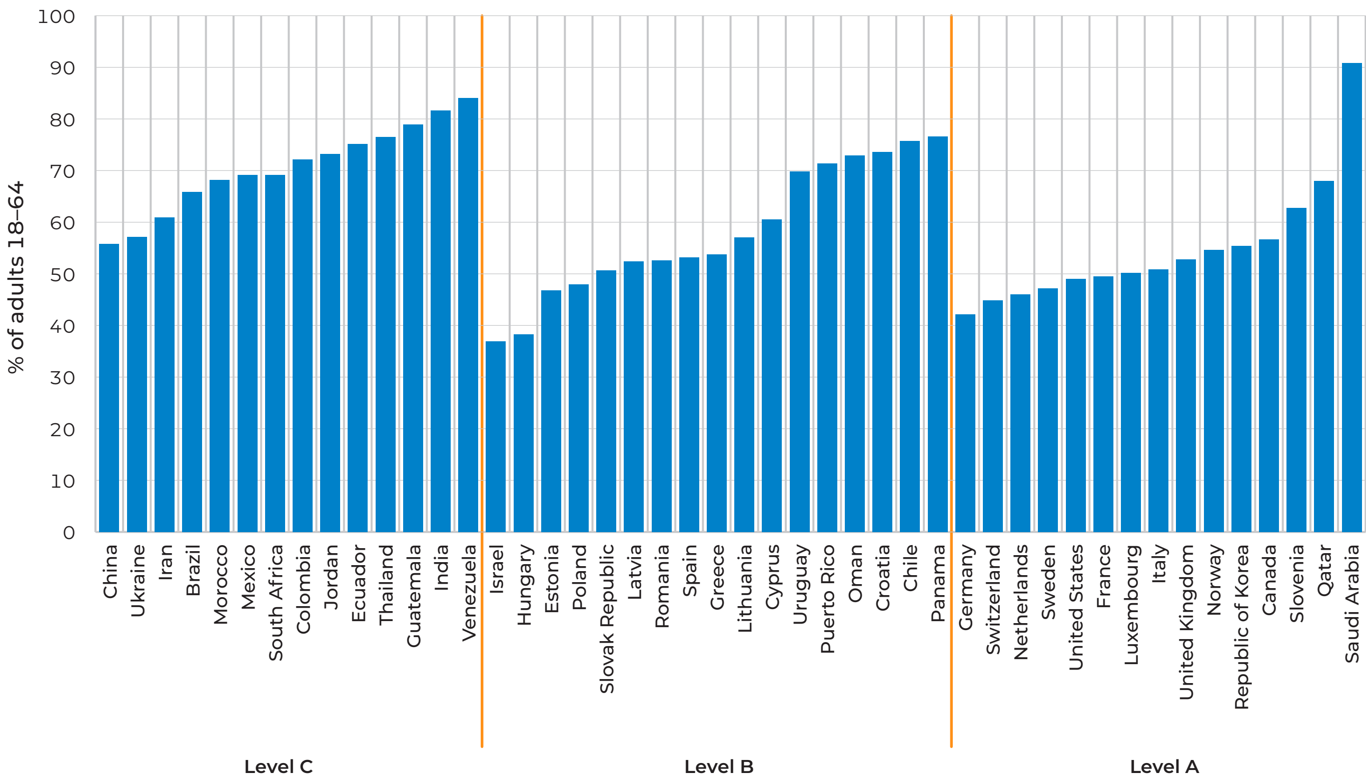
3.3 BUT CAN YOU START A BUSINESS?

The answer to this is clearly yes. Some people start the most unlikely businesses in the most difficult of circumstances, and some of those succeed to become established businesses. But you are more likely to start a business, and that business is more likely to endure, if you see yourself as having the skills, knowledge and experience to start that business, and if you are undeterred by the fear of failure. These self-perceptions are important influences and are addressed directly in the GEM APS. Figure 3.4 delves into this.

The responses vary from just over one in three in Israel to more than nine out of 10 in Saudi Arabia. However, confidence in one's own ability is typically inversely related to income: two out of three adults agree they have the knowledge, skills and experience to start their own business in 10 out of 14 Level C, six out of 17 Level B and just two out of 15 Level A economies. While the knowledge and skills necessary to start a business may vary by location, and while some people may under- (or over-) estimate their own knowledge or what is necessary to start a business, there is a wide variation within as well as across income groups.

Even if you see good opportunities locally, you think starting a business is easy and you believe you have the necessary knowledge and experience, you may still hesitate to start a business because of the fear it might fail. While new businesses fail in every economy, the consequences of that failure can vary widely, depending on culture, societal attitudes and economic costs. If failure carries high social or

FIGURE 3.4
I have the knowledge, skills and experience to start my own business (% adults agree)
Source: GEM Adult Population Survey 2023



HUMAN FACES BEHIND THE DATA . . .

Chengchuan Shi (China)

Cartier Women's Initiative 2023 Fellow

Overcoming silence: an entrepreneur's journey to empower the hearing-impaired

Businesses start in the most difficult circumstances. Sometimes the people running them begin with very little capital, skills or experience to draw on. And then there is Chengchuan Shi. He started an amazing business despite having lost hearing in both ears in a childhood accident.

This disability only served to strengthen Shi's tenacity. He went on to rank among the top 3% of the 500,000+ candidates in his province's national college entrance exam and gained admission to the Department of Mathematics at his dream school, Jinan University.

As early as 2012 he conceived of the product that would eventually become the Voibook app. It was around the time when Google had just launched its new smart hardware product, Google Glass. As he explains:

> *"I decided to modify this using speech-to-text technology to allow speech to be transcribed on the glass so hard-of-hearing people can communicate more smoothly."*

At the time, the supply chain in China was not mature enough for this type of smart glass, so Shi transferred his attention to building an app that translates speech to text in real time, with almost no delay. It uses AI-based voice recognition technology to provide two-way speech-to-text transcription for in-person as well as phone and video communication. The game-like format makes the app fun to use.

Over a million people have used Voibook since the company began operating in 2016, spending almost 10 million hours communicating. This offering – along with platforms oriented toward government and public service institutions – are becoming increasingly important to hearing-impaired people.

Additionally, Chengchuan's team has recently developed simultaneous interpretation functionality, which can translate Chinese and English into over 300 languages and display them as subtitles. Not only can this new feature help the hearing-impaired, but also people with different language backgrounds.

Shi's aim over the next five to ten years is to get Voibook listed on the stock exchange so the company can grow.

> *"We built our platform to serve the hard of hearing. Maybe, over time, fewer people will be born with hearing impairments. But, until then, we want to provide a service to as many people with hearing problems as we can."*

Of the millions of hours hearing-impaired people have spent using the Voibook app, each one is made more meaningful simply because it has occurred between two individuals who have been able to truly communicate.

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

Cartier WOMEN'S INITIATIVE

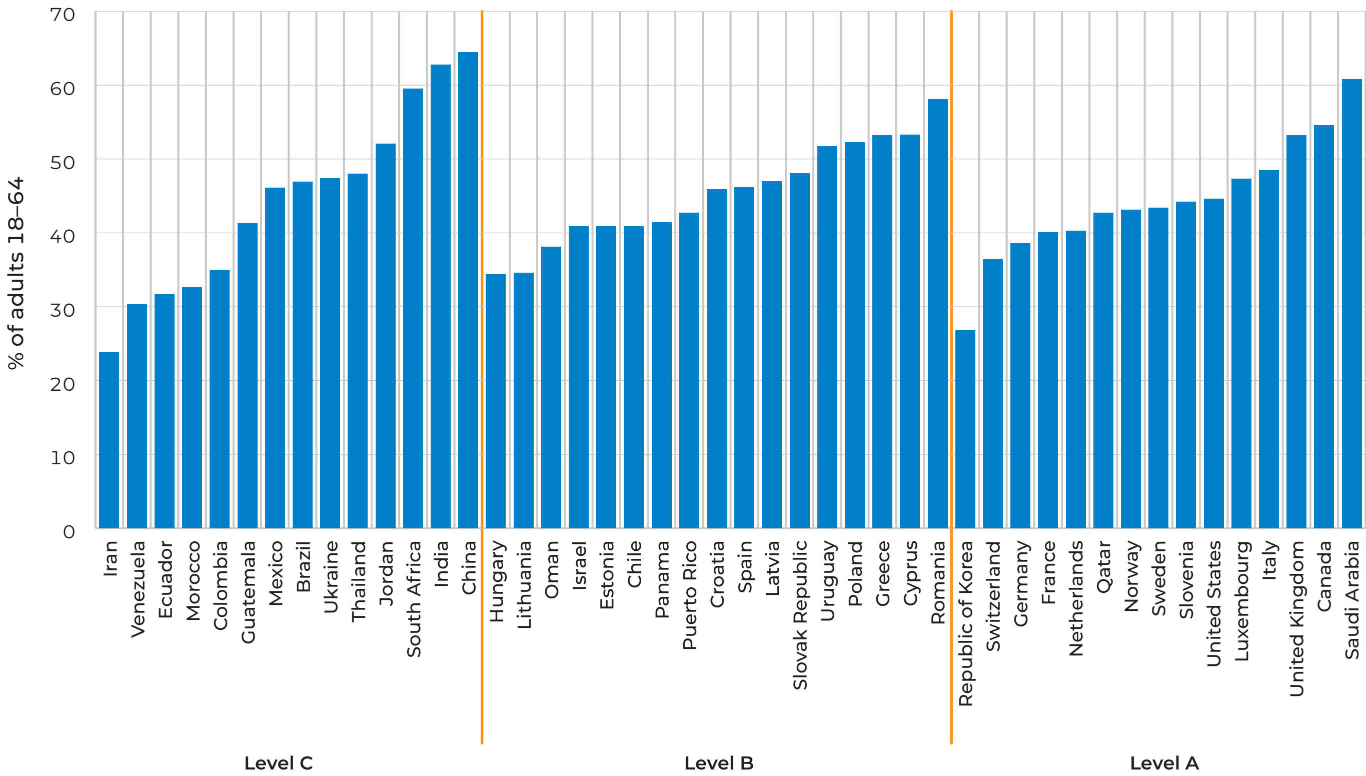


FIGURE 3.5
You would not start a business for fear it might fail (% of those agreeing there are good opportunities locally)
Source: GEM Adult Population Survey 2023

economic costs, individuals may hesitate to start a business. Similarly, attitudes towards risk and failure also vary widely. Figure 3.5 shows the percentage of adults seeing good opportunities who agree that they would not start a business for fear it might fail.

Once more there is widespread variation, including within income groups, from one in four of those adults seeing good opportunities in Iran and the Korean Republic, to three out of five in India, China, South Africa and Saudi Arabia. It is interesting that some economies with low proportions seeing good opportunities (Iran, Republic of Korea, Hungary) also have low proportion of those seeing opportunities who would be deterred by fear of failure, while many economies with high proportions seeing good opportunities also have high proportions deterred by fear of failure (such as China, India, Canada, Poland and Saudi Arabia).

Figure 3.5 clearly shows that fear of failure is a major deterrent to starting a business in most economies, with two in five or more of those seeing good opportunities agreeing that they would not start a business for fear it might fail in 35 of the 46 economies.

Improving opportunity recognition, profiling successful entrepreneurs, making it easier to start businesses and equipping enough people with the skills and knowledge to start businesses can all help to improve the potential level of new startups launched, but will count for little when so many of those seeing good opportunities are deterred by fear of failure. The GEM Global Report for 2022 noted that, in 37 out of 49 participating economies, two out of five or more of those seeing good opportunities would not start because of fear of failure, and called for more research into the financial, social and psychological costs of failure, and actions to mitigate these. Little appears to have changed since then.

Delving a little deeper, Figure 3.6 compares how men and women view the fear of failure. In eight of the 45 economies, the proportion of women who see good opportunities but would be deterred by fear of failure is less than the corresponding proportion of men, meaning that in 37 of these economies, the proportion of women seeing good opportunities but would not start a business because of fear of failure is higher than the corresponding proportion of men.

Many of the differences in Figure 3.6 are in fact very small. In fact, in 17 of the 45 economies, there was no significant difference between the proportions of men and women seeing good opportunities but agreeing that they would not

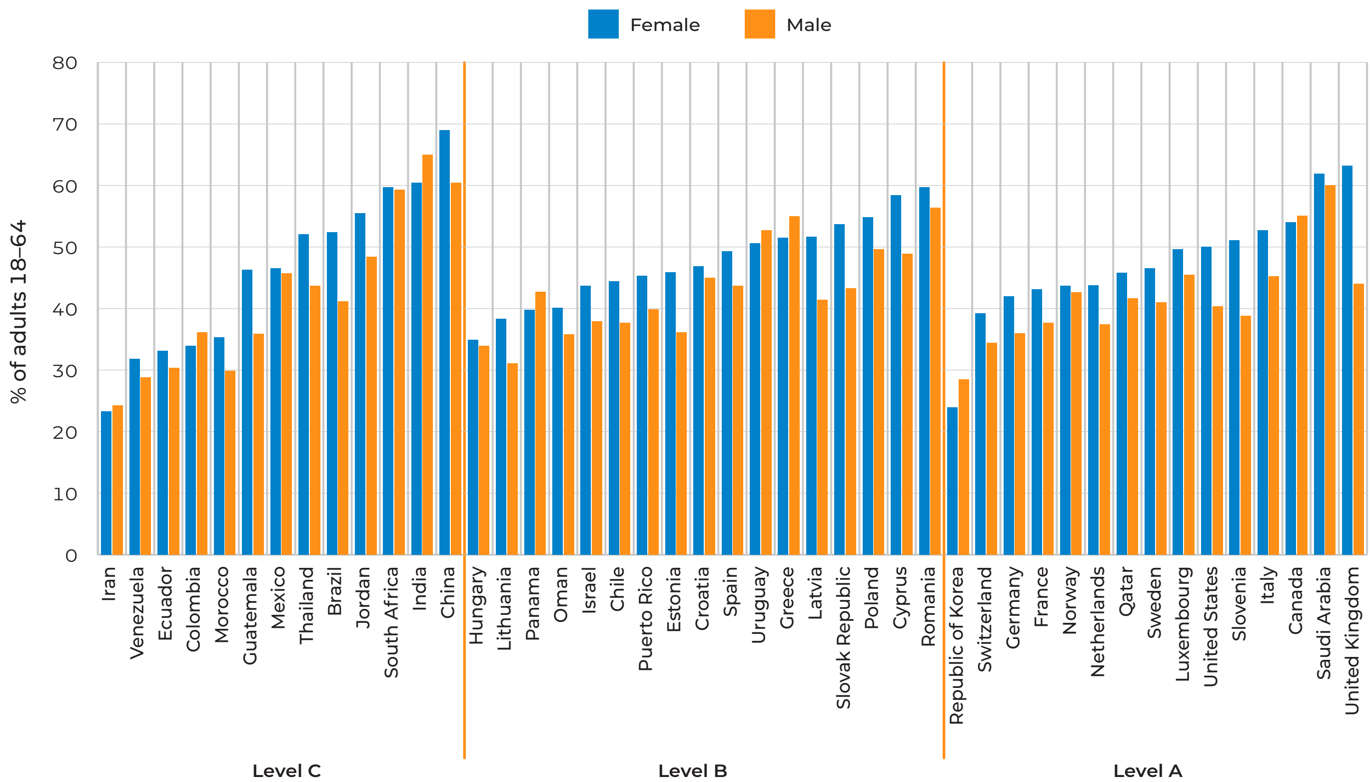


FIGURE 3.6
The percentage of men and of women who see good opportunities also agreeing that they would not start a business because it might fail
Source: GEM Adult Population Survey 2023

start a business for fear it might fail. There are two economies in which the proportion of women was significantly lower than that of men: India and the Republic of Korea. This leaves 26 of the 45 economies with a proportion of women significantly lower than the corresponding proportion of men. The largest difference was in the United Kingdom, where 63% of those women who saw good opportunities to start a business agreed they would not do so because of the fear of failure, compared to just 44% of men who saw good opportunities. Campaigns to reduce the perceived fear of failure may therefore be more effective if aimed at women rather than at the general population.

SDG FOCUS . . .

Individuals expressing their intention to start a business links to UN Sustainable Development Goal #8: Decent Work and Economic Growth.

Target 8.3 says: "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services."

Hence the importance of creating a culture that equips individuals with the confidence to start a business.

3.4 BUSINESS INTENTIONS

Alongside perceptions and attitudes, the APS also asks all respondents about their intentions and, in particular, whether they intend to start a business within the next three years. While intentions do not necessarily turn into actions, an intention to start a business is an inevitable (albeit insufficient) precursor to doing so.

Figure 3.7 shows the proportion of adults in each economy who replied yes to the question "Are you expecting to start a new business in the next three years?" These affirmative responses varied much more widely than the attitudes and perceptions already considered in this chapter.

Intentions to start a business were highest in Oman (more than three in five), and lowest in Poland (just one in 40), but with wide variation

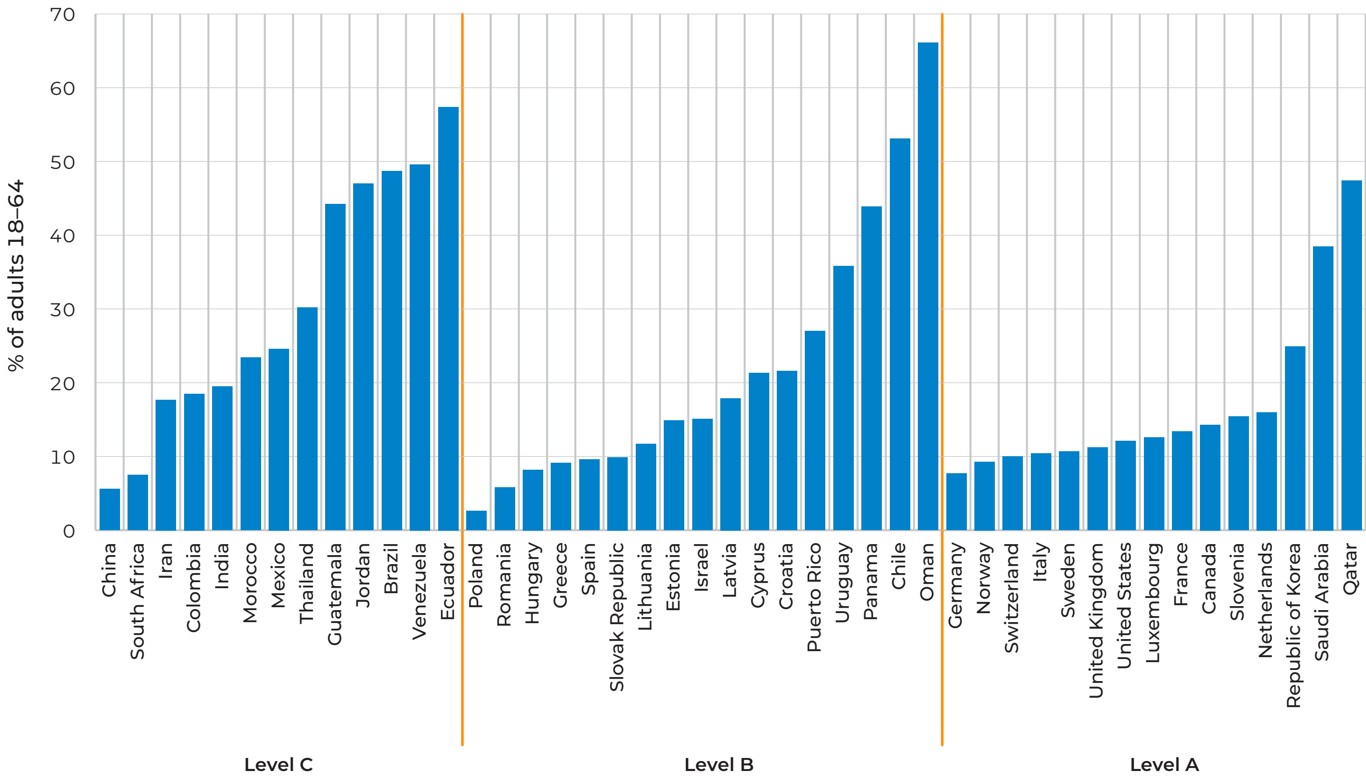


FIGURE 3.7
Are you expecting to start a business in the next three years? (% of adults responding yes)
Source: GEM Adult Population Survey 2023

both within and across income groups. There is some evidence that intentions are inversely related to income, with less than one in five adults intending to start a business in the next three years in five Level C economies, 10 Level B and 12 Level A. Conversely two out of five adults or more intended to start in five Level C economies, three Level B and just one Level A.

Of the 46 participating economies in 2023, there are 12 in which three in 10 adults or more intend to start a business in the next three years. Seven of those economies are in the Latin America and Caribbean region, while five are in Asia. Despite making up half of GEM 2023 economies, none of these are from Europe.[13]

3.5 CAN YOU INVEST IN SOMEONE ELSE'S NEW BUSINESS?

There are many different ways of being entrepreneurial, including starting or running a new business, or running an established business. People employed by someone else can behave entrepreneurially: for example, by setting up new businesses for their employer or developing new products or processes, etc. A further way of being entrepreneurial is by investing in someone else's new business through an informal investment.

Starting a new business requires resources, including money. Access to finance can often be difficult for those with no track record, and while the popular image of the startup is a capital-intensive graduate high-tech business in a shiny new co-working space, the reality can be very different, with savings, credit cards, overdrafts and whatever can be borrowed from family, friends and colleagues forming the majority of startup capital for many new businesses.

There are many reasons to invest in someone else's new business, ranging from the potential for high returns to the (possibly more likely) desire to help out family or friends. The GEM APS asks respondents if, in the past three years, they have personally provided funds for a new business started by someone else. Figure 3.8 shows that the proportion of adults doing so is typically very

13 In GEM 2022, 14 economies out of 49 had three out of 10 adults expecting to start a business in the next three years. None were from Europe.

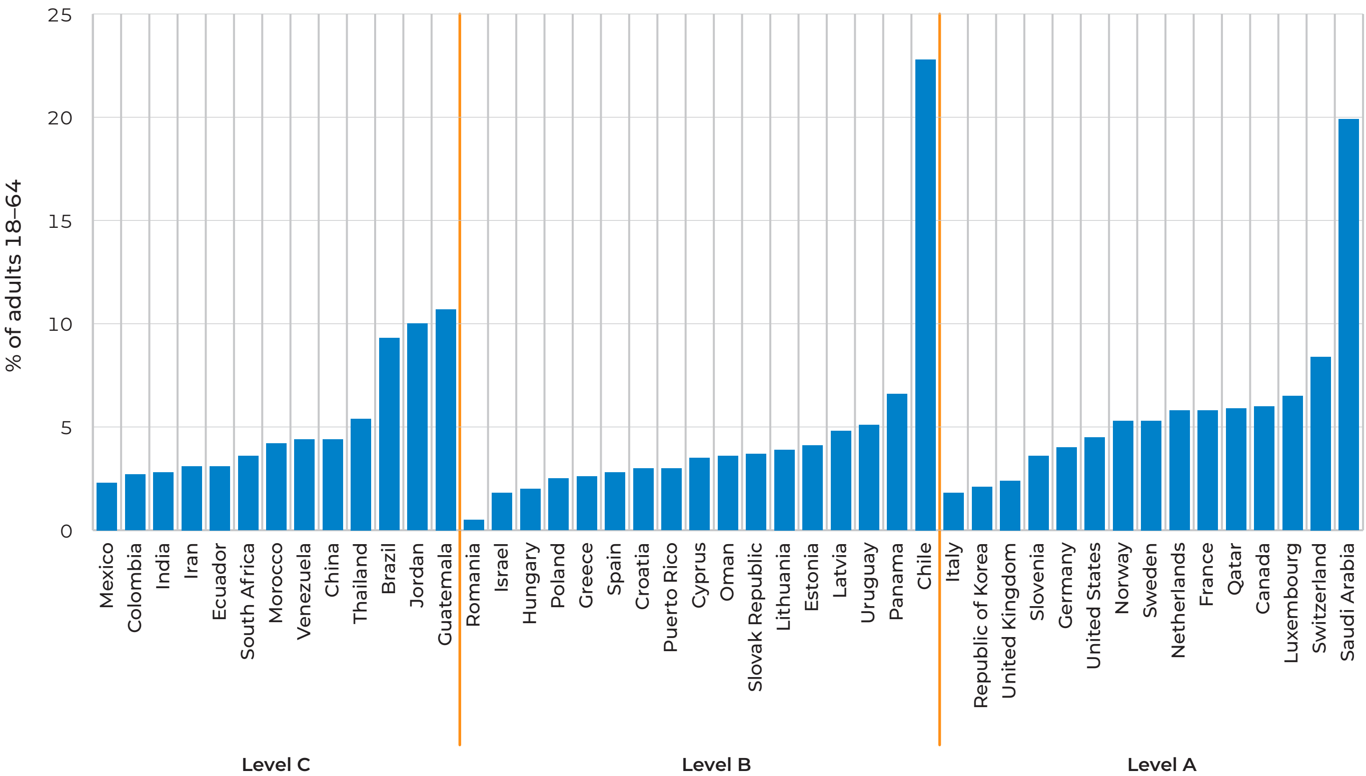


FIGURE 3.8
Investing in someone else's new business (% of adults)
Source: GEM Adult Population Survey 2023

low, but can be significant in certain national economies.

In 29 of the 45 economies, less than one in 20 adults had invested in someone else's new business in the past three years (nine Level C, 14 Level B and six Level A). This was the case for one in 10 or more adults in Jordan and in Guatemala, and one in five adults in Saudi Arabia and nearly one in four adults in Chile.

3.6 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

This chapter has examined entrepreneurial attitudes, perceptions and intentions across the adult populations of participating economies. Looking across the different dimensions of entrepreneurship's social foundations, one economy is at or near the top on most dimensions: Saudi Arabia. Of the 46 economies, Saudi Arabia has the highest proportion of adults knowing an entrepreneur, agreeing it is easy to start a business, seeing good opportunities, and viewing themselves as having the knowledge, skills and experience to start a business. Saudi Arabia also had the second highest proportion investing in someone else's startup, the tenth highest proportion of adults intending to start a business in the next three years, but also the third highest proportion saying that they would not start a business for fear it might fail. It is for the Saudi National GEM Team to help us to understand these high rankings, but for now it can be surmised that having a federally funded long-term action plan for entrepreneurship may be important.

The overwhelming policy conclusion from this chapter is that fear of failure remains a formidable obstacle to new startups, especially for women. Addressing that fear could involve both reducing the economic and social costs of failure, and foregrounding the many entrepreneurs who have endured failure on the long road to eventual success. This could play a significant role in promoting SDG 9 (Industry, Innovation and Infrastructure) and in moving towards SDG 10 (Reduced Inequalities), while a campaign to reduce the fear of failure among women could contribute to SDG 5 (Gender Inequality).

4

Levels of Entrepreneurial Activity

Stephen Hill and Sreevas Sahasranamam

4.1 WHAT IS ENTREPRENEURIAL ACTIVITY?

If entrepreneurship is the act of starting a new business, any measure of levels of entrepreneurial activity should reflect the number of new businesses, or, similarly, the number of people starting new businesses.

Chapter 2 briefly reviewed different ways of measuring entrepreneurship, including official statistics such as the number of self-employed or the number of new business or tax registrations, and pointed to the deficiencies of either measure, either by including people who are unlikely to consider themselves to be running a business, or by omitting those new businesses that are too small, or too disinterested for official business or tax registration. Instead, the GEM approach is to conduct a substantial Adult Population Survey (APS) of at least 2,000 adults[14] in a stratified random sample that reflects the age, location and male–female distribution of the underlying adult population in each participating economy. This sample is then fully representative and, because the same questions are asked each year and in each economy, comparisons of the level of entrepreneurial activity can be made between economies and for the same economy over time. Inferences can be drawn from these comparisons in terms of statistical significance and confidence intervals can be estimated for key variables.[15] So one economy can be described as having higher levels of entrepreneurial activity than another, and the evolution of entrepreneurial activity within a particular economy can be tracked.

The GEM measure of the level of entrepreneurial activity is Total early-stage Entrepreneurial Activity (TEA), or the proportion of adults in a particular economy who are starting or running a new business. It is reasonable to suppose that economies with relatively low levels of TEA are missing out on a range of positive outcomes, including new jobs, new products and new opportunities, which impacts the UN Sustainable Development Goals (SDGs), including SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation and Infrastructure).

However, TEA is not GEM's only entrepreneurial activity variable. Recall that early-stage entrepreneurial activity is defined by the business having paid wages or salaries for less than 42 months. Any person owning and managing a business paying wages or salaries for more than 42 months is classed by GEM as an Established Business Owner (EBO). Established businesses are also important in a dynamic economy, providing the bulk of private-sector employment and offering some stability in a changing world.

4.2 WHERE IS ENTREPRENEURIAL ACTIVITY HIGHEST?

Figure 4.1 shows the levels of TEA and EBO across the 46 economies. More than three in 10 adults were starting or running a new business in four economies (Guatemala, Ecuador, Chile and Panama, all in the Latin America & Caribbean region). With some Latin American exceptions,

14 The APS sample for Ukraine was just over 600. This is sufficient to report TEA and EBO (though each with a wide confidence interval), but not enough to report subdivisions within these.

15 So, for example, Country *x* may have a level of entrepreneurial activity that is significantly greater than that of country *y*, with less than a 5% probability that the difference in sample means occurred by chance.

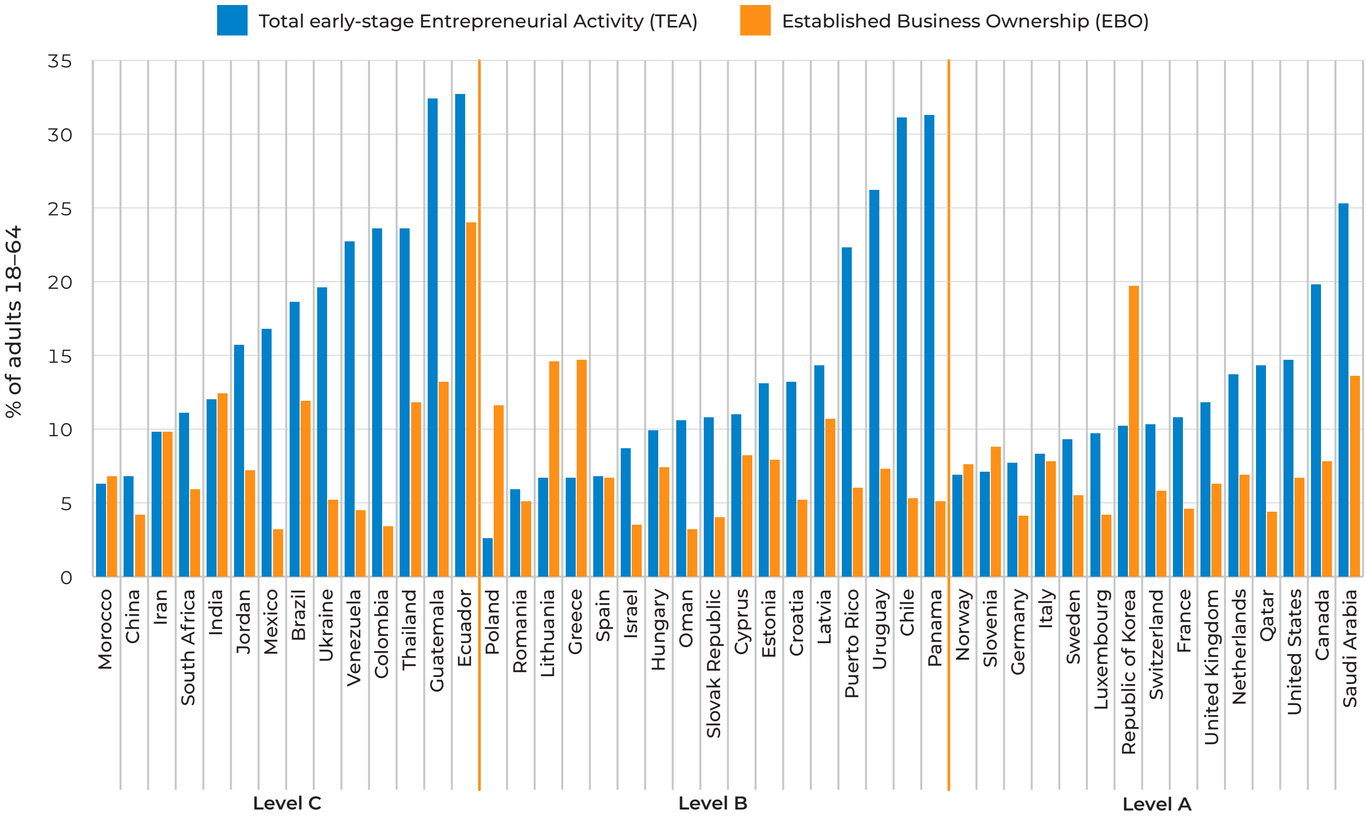


FIGURE 4.1
Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) (both % adults)
Source: GEM Adult Population Survey 2023

levels of early-stage entrepreneurial activity generally declined as income increased, although the seven lowest levels were all Level B or Level C economies.[16] There were five Level C economies with one in five or more adults starting or running a new business, compared to four in Level B and just one in Level A. Conversely, Level C had just three economies out of 14 with less than one in 10 adults starting or running a new business, compared to 13 economies out of 32 in Levels B and A combined.

The relationship between early-stage entrepreneurial activity and income has been a recurring theme in Global Reports over time. As in 2022, there is a negative association between TEA and income, though with considerable variation within income groups, and with nine Level A economies having one in 10 or more adults starting or running a new business. However, in general, as income rises the necessity to start a business declines, because there are more employment opportunities and better support systems. The regional variation in TEA rates has also been discussed in previous reports, with Latin America & Caribbean emerging as a region of high early-stage entrepreneurial activity, closely followed in recent years by the Gulf. Figure 4.1 provides some support for both of these notions. As with many perception variables in the previous chapter, Saudi Arabia leads the Level A group in terms of early-stage entrepreneurial activity.

SDG FOCUS . . .

Established businesses (owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than 42 months) provide the majority of employment in most economies, as well as stability.

The formation of established business should be a key policy objective. It directly connects to ending poverty in all its forms (UN SDG #1) and reducing inequalities (UN SDG #10).

16 Poland, Romania, Morocco, Lithuania, Greece, Spain and China.

Levels of EBO are generally lower than TEA, and with less variation. Around one in five adults owned an established business in Ecuador and in the Republic of Korea, but less than one in 20 adults owned an established business in 11 economies,[17] spread between regions and income groups. The association between EBO and income is less clear than that of TEA. In comparison to 2022 and 2023, a differing trend is that three Level C economies — Morocco, Iran and India — show parity or higher levels of EBO than TEA, an emerging trend that suggests businesses are also sustaining over a longer time in these economies.

4.3 WHAT IS THE RELATIONSHIP BETWEEN LEVELS OF EARLY-STAGE AND ESTABLISHED BUSINESS ACTIVITY?

Both are essential for a dynamic economy: new businesses bring fresh ideas, often expressed in innovative products or processes, and hastening structural change. Established businesses provide the majority of employment in most economies, as well as stability. The entrepreneurial pipeline was described in Chapter 2: people become nascent entrepreneurs when they start to expend resources in pursuit of their ideas. Soon that nascent business becomes a new business, and early-stage entrepreneurship is the sum of both,[18] which in turn is sustained into an established business, with the entrepreneur becoming an Established Business Owner.

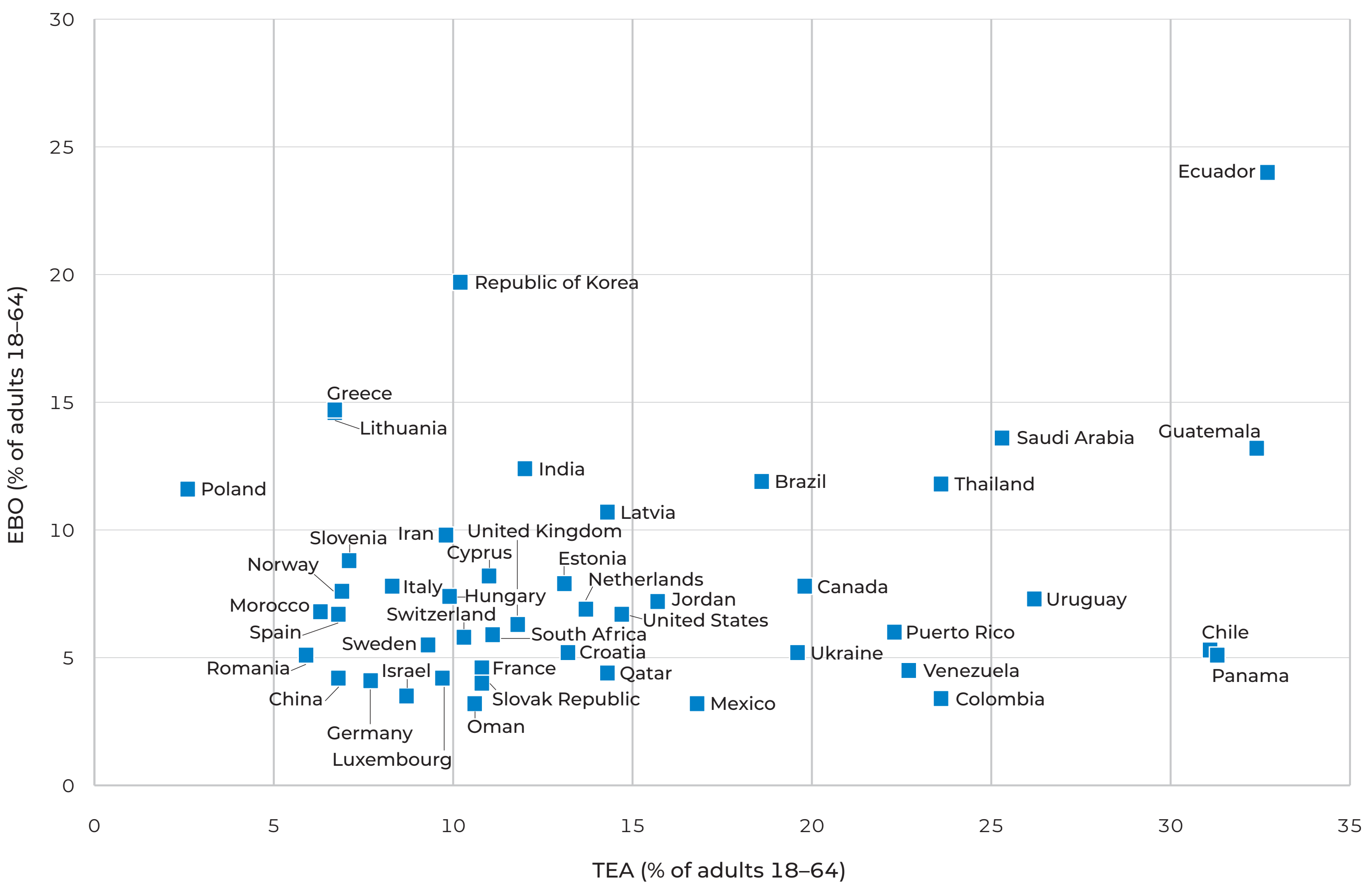
A dynamic economy needs people with business ideas, people starting and running

17 Mexico, Oman, Israel, Colombia, the Slovak Republic, Germany, China, Luxembourg, Qatar, Venezuela and France.

18 See Chapter 2 and Figure 2.2 for the formal GEM definition of each stage.

FIGURE 4.2
Total early-stage Entrepreneurial Activity (TEA) plotted against Established Business Ownership (EBO) (both % adults)

Source: GEM Adult Population Survey 2023



new businesses, and people owning established businesses. One interesting question is what numbers, or proportions, are needed in each. Without individuals with business ideas, the flow of new businesses would soon dry up. Without a steady stream of new businesses, the stock of established businesses is likely to age and may begin to decline as some established businesses die out without being replaced.

Figure 4.2 is a simple scatter plot of TEA and EBO rates, with each point representing an economy. Overall, there is some positive association, with both variables increasing together, but the association is not strong.[19] Economies with high levels of TEA compared to EBO include Colombia, with seven adults starting or running a new business for every adult owning an established business, Panama and Chile (six each) and Mexico and Venezuela (five each). One inference may be that, in these economies, sustaining a new business long enough for it to become established is difficult, possibly because of obstacles in the entrepreneurial ecosystem, which could include lack of access to finance, established businesses working together to restrict access, or a lack of policy support. This disproportion of new over established businesses is not confined to Latin America or the Level B and C economies. Qatar, Canada, France, Luxembourg and the United States (all from Level A) have more than two adults starting a new business for every adult owning an established one.

At the other end of the scale, there are nine economies[20] with more adults owning established businesses than starting or running new ones. The highest ratio was in Poland, with five adults owning an established business for every person starting or running a new one, followed by Lithuania, Greece and the Republic of Korea, each with more than two established businesses for every new one. A large disproportion of new over established businesses may suggest an insufficient flow of new businesses to replenish the stock of established ones, and some threat to stability (and employment) in that economy.

4.4 DID THE PANDEMIC REDUCE ENTREPRENEURIAL ACTIVITY?

This is an important issue, briefly addressed in the Introduction and previous Global Reports. The 2022 Global Report concluded that the evidence was mixed. This Global Report has the benefit of a further year of data, and the approach adopted will be to compare levels of TEA, and levels of EBO, for the three years 2019 (pre-pandemic), 2021 (mid-pandemic) and 2023 (post-pandemic). Of course, these are simplifications: the pandemic hasn't really gone away, and there have been other issues and crises, including the war in Ukraine.

Thirty-two economies participated in GEM in 2019, 2021 and 2023, and their respective levels of TEA and EBO are shown in Figures 4.3 and 4.4. Looking first at early-stage entrepreneurial activity, there are 14 economies in which TEA fell between 2019 and 2021 and then increased in 2023, and six each where TEA increased and then fell, where TEA fell each period, and where TEA increased each period. So mixed evidence indeed, although the most common pattern was a decrease and then an increase. Interestingly, this pattern (fall and then increase in early-stage entrepreneurial activity levels) was more likely in Level C and Level B economies (10 out of 18), than in Level A economies (four out of 14), perhaps reflecting the ability of higher-income economies to better support those starting new businesses.

Turning to Established Business Ownership reveals a clearer pattern. In 17 of the 32 economies, EBO fell between 2019 and 2021, and then increased from 2021 to 2023. It increased and then fell in five economies, increased and then increased again in six economies, and decreased and then decreased again in another five economies. Note the substantial rise in EBO in the Republic of Korea, up from one in eight adults in 2019 to almost one in five adults in 2023, and the halving of EBO levels in Switzerland over the same period.

Taken together, the evidence on entrepreneurial activity levels offers some weak support for the notion that levels fell in the early stages of the pandemic but have largely recovered since then.

19 The correlation coefficient between TEA and EBO is 0.18.

20 India, the Republic of Korea, Norway, Greece, Lithuania, Morocco and Poland.

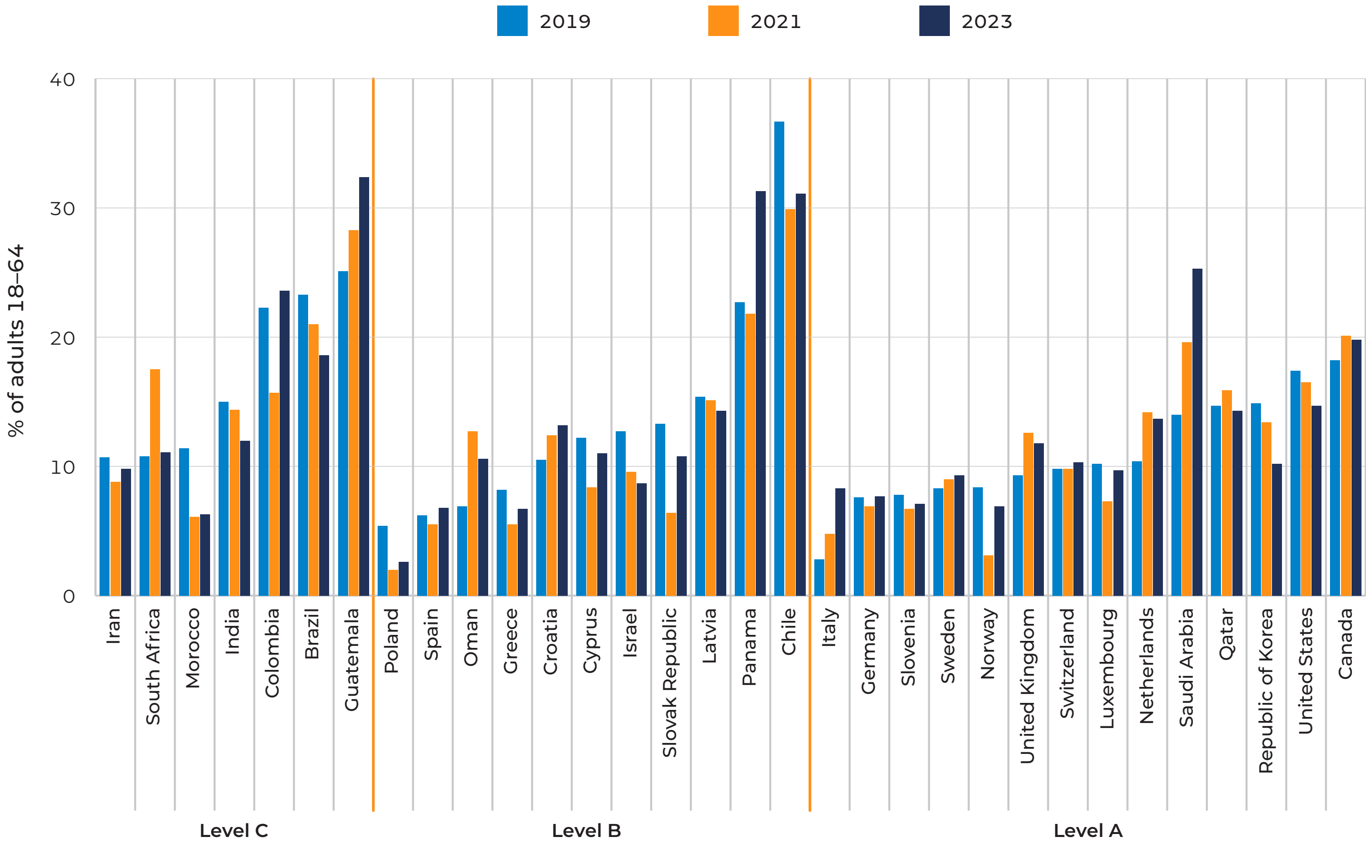


FIGURE 4.3 Total early-stage Entrepreneurial Activity (TEA), 2019, 2021 and 2023 (% adults)

Source: GEM Adult Population Survey 2023

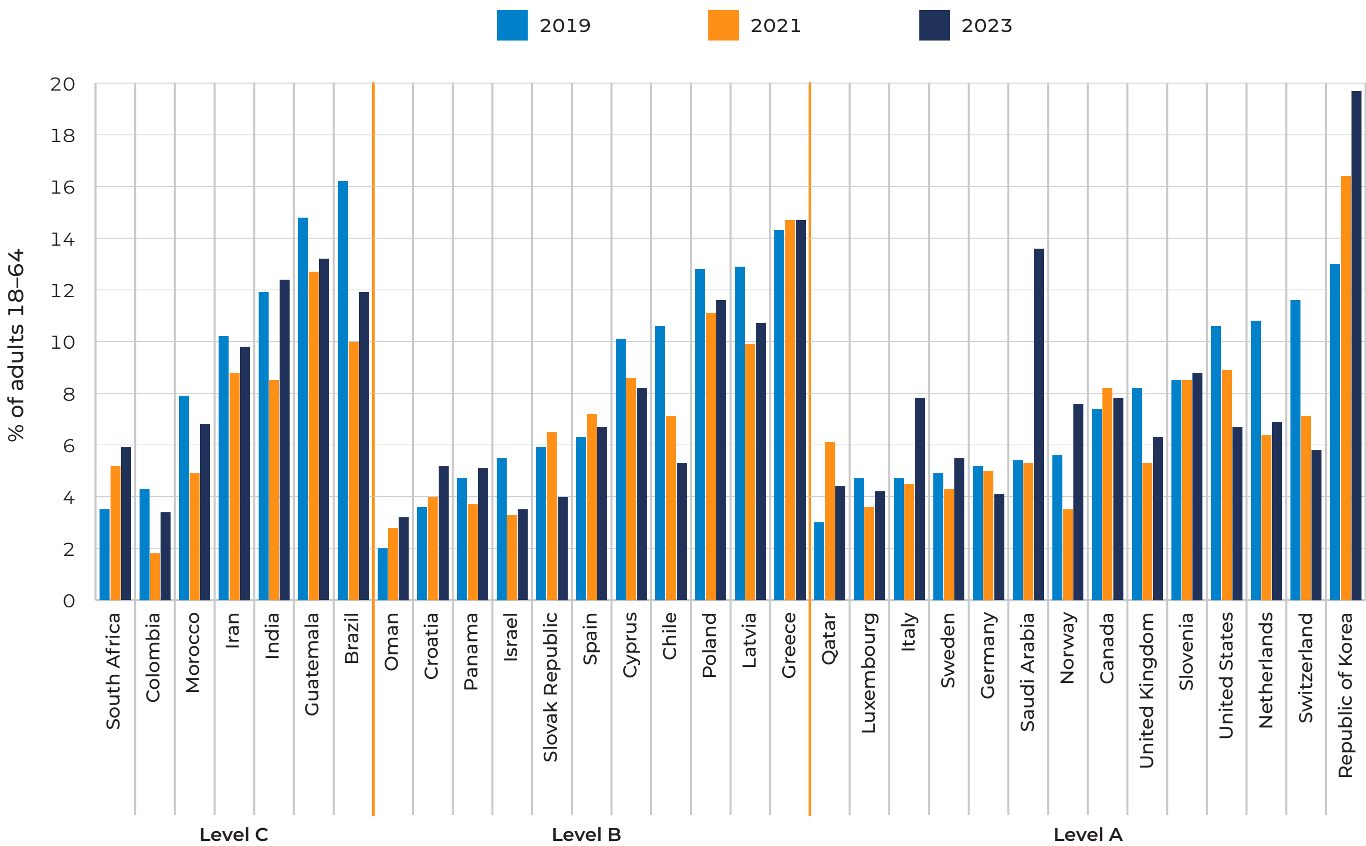


FIGURE 4.4 Established Business Ownership (EBO), 2019, 2021 and 2023 (% adults)

Source: GEM Adult Population Survey 2023

THE REAL WORLD BEHIND THE DATA . . .

Government Programs to Support Entrepreneurs

MIEPEEC, Morocco

One of the GEM Entrepreneurial Framework Conditions (see p. 96) is "Government Entrepreneurial Programs", which serves as a measure of a country's widely available quality support programs for entrepreneurs.

An example of such a program is Morocco's Ministry of Economic Inclusion, Small Business, Employment and Skills (MIEPEEC). It is responsible for drawing up and implementing government policy on labour, employment, vocational training, small business and self-employment and for evaluating their action plans. As it relates to entrepreneurship and economic integration, MIEPEEC oversees three major strategic programs:

1. PNEE

MIEPEEC is currently in charge of formulating Morocco's new National Employment and Entrepreneurship Policy (PNEE) for 2035, with its key objectives of increasing employment and incomes, raising the activity rate of women, extending social security, and reducing the weight of the informal economy.

2. The Awrach Program

The Awrach Program aims to create 250,000 jobs between 2022 and 2024 in the form of "work or temporary contracts" entered into by civil society, cooperatives and entrepreneurs. Support for sustainable integration is an important part of the program. It includes an employment support bonus for companies for each employee recruited for at least one year. This financial support is a key component of this national program and is aimed at jobseekers, including those without qualifications.

3. The Ana Moukawil Program

The Ana Moukawil educational program aims to support entrepreneurs in starting up, maintaining and developing resilient businesses through a structured, innovative and inclusive outreach approach. Targeting 100,000 entrepreneurs by 2026, it offers specific pathways to project leaders, self-entrepreneurs, informal economic units and very small businesses.

Younes Sekkouri, Minister for Economic Inclusion, Small Businesses, Employment and Skills

This integrated program comprises several areas of intervention tailored to each target/course: guidance, advice, support, matchmaking, incentives, etc. This is made possible thanks to a reinforced network of specialized entrepreneurial support advisors (CSAE), a filtered network of external support structures (SAE) and a rich portfolio of national and international partnerships.

One of its innovations is its digital dimension: it will be delivered in blended learning featuring a face-to-face offer (individual and group), a synchronous online offering and an asynchronous online offering.

KINGDOM OF MOROCCO

MINISTRY OF ECONOMIC INCLUSION, SMALL BUSINESS, EMPLOYMENT AND SKILLS

Thank you to MIEPEEC, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

4.5 WHICH SECTORS ARE THE NEW BUSINESSES IN?

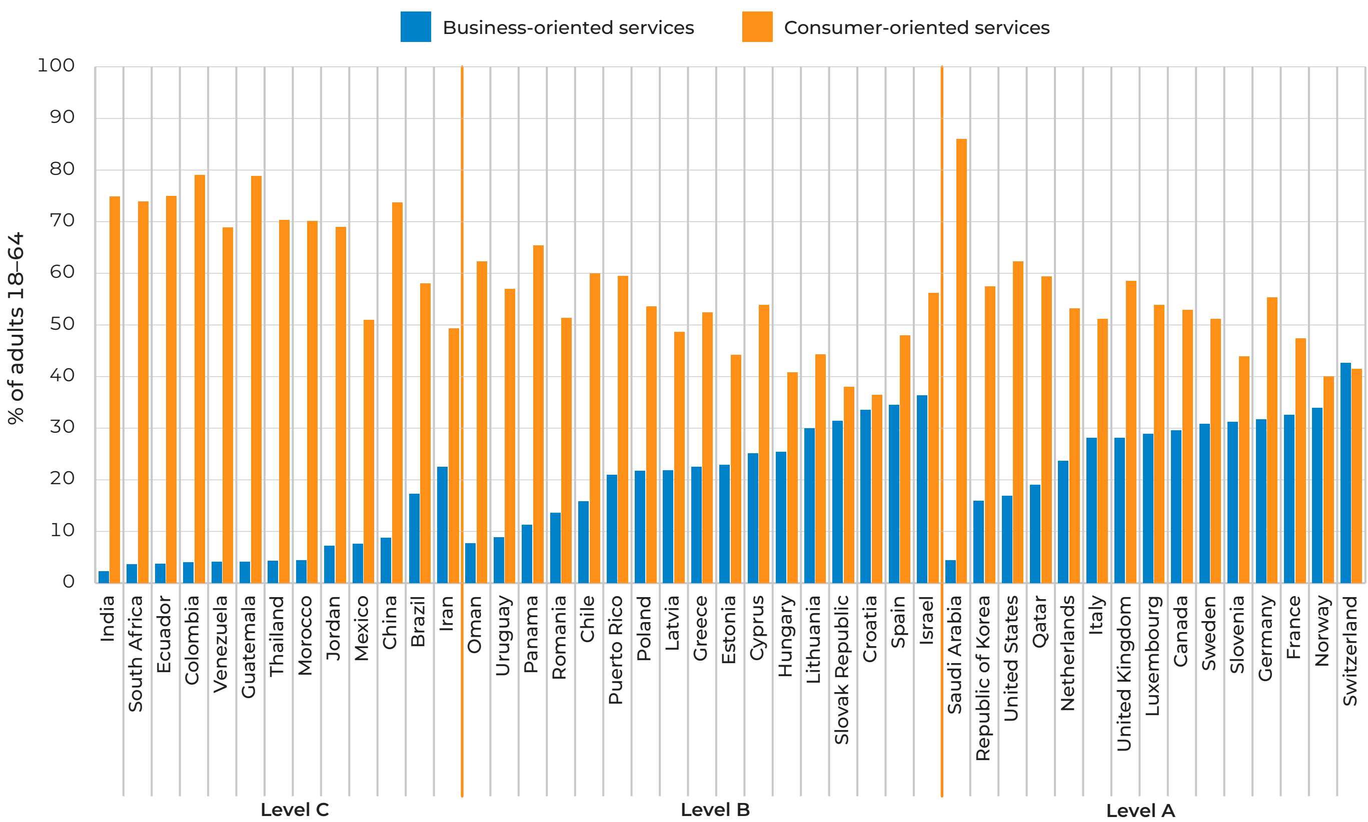
The choice of sector for a new business is important, and not just to the new business owner. New businesses help to shift resources as new sectors emerge and old ones decline, with new firms supplying goods and services that people or businesses want, replacing those businesses that may have been slow to respond to changing tastes.

For the person determined to start their own business, the easiest sectors to enter are those that require little capital or specialist knowledge. Unfortunately, this ease of entry comes at a price: any such sector is likely to be fiercely competitive, driving prices, and therefore margins, down, and making it difficult to sustain the competitive edge necessary for the new business to persist. These highly competitive sectors include personal services such as taxi driving, cleaning or delivering, as well as retailing or selling fast food. Products and services that require specialist inputs, such as highly developed skills like coding or content creation, are much more difficult to duplicate, and so are much more likely to retain good margins into the future. Easy-entry sectors are typically in Consumer Services, while Business Services are usually more difficult to enter.

The GEM APS asks those starting or running new businesses to describe their business. Based on this information, the business is allocated to one of four broad sectors: Extractive (agriculture, mining); Transformative (manufacturing and logistics); Business Services (information technology, professional services) or Consumer Services (retailing, hotels and restaurants, and personal services). Of the economies participating in GEM in 2023, only four had one in three or more of their new businesses outside of the Consumer and Business Services sectors (Mexico, Uruguay, Romania and Hungary), usually reflecting specific resources in that economy such as mining, refining or agriculture.

Figure 4.5 shows the proportion of new businesses by economy in the Consumer Services and Business Services sectors, and illustrates a clear relationship with income level, with the share of Consumer Services typically declining with income level while the share of Business Services usually rises. For example, Consumer Services account for more than two out of

FIGURE 4.5
Business Services and Consumer Services (% TEA)
Source: GEM Adult Population Survey 2023



three new businesses in 10 out of 13 Level C economies, and only one out of 32 Level B and Level A economies (Saudi Arabia). Of the Level C economies, only Iran has less than half of its new businesses in Consumer Services, compared to 11 out of the 22 Level B or Level A economies.

Turning to Business Services, only Iran and Brazil in the Level C economies group have more than one in 10 of adults starting or running new business in the Business Services sector, while of the Level A or B economies only three (Uruguay, Oman and Saudi Arabia) have less than one in ten starting in Business Services. The highest proportions of Business Services startups, at more than one in three, are in Croatia, Spain, Israel, Norway and Switzerland.

4.6 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

Early-stage entrepreneurial activity levels in 2023 were highest in four Latin America & Caribbean economies (Guatemala, Ecuador, Chile and Panama), each with more than three out of 10 adults starting or running new businesses. Early-stage entrepreneurial activity levels were lowest in five European economies plus Morocco and China, all from Levels B or C.

This chapter pointed to five economies, all in the Latin America & Caribbean region, with five or more people starting new businesses for every person owning an established business. Economies with such disproportionate numbers need to consider carefully what obstacles are preventing new businesses from becoming established, and then overcome these. This is important if they want to realize the economic stability and employment that those new businesses could bring by surviving into maturity. Such scaling-up of new business is key in meeting the UN SDGs (SDG 8 and SDG 9) and is duly recognized as a priority among G20 nations in their recent Startup20 policy paper.

There are also a small number of economies in which few people are starting new businesses relative to those owning established businesses. These economies need to consider carefully how to encourage new startups, or else face the very real prospects of their stock of businesses declining.

Less-well-off economies tend to have high proportions of their new businesses in the Consumer Services sectors, an understandable situation that may not be in the long-term interests of either the individuals starting those businesses or their overall economies. Encouraging new startups in the Business Services sectors could facilitate structural change in those economies.

5

The Social and Economic Impacts of Entrepreneurship

Stephen Hill and Maribel Guerrero

5.1 WHAT DETERMINES THE IMPACT OF NEW STARTS?

This report has already noted that new businesses can bring change. This manifests in new ideas, which are embodied in new products or services. Some of these innovations may address needs we were not aware of. Additionally, new businesses bring change by adopting new processes or technologies. They also open up new sectors or markets, accelerating the closure of old ones. This closure often occurs by introducing ideas from elsewhere, rather than entirely novel concepts.

Not every new business is a disruptor, bent on changing the world: some may exit as quickly as they arrived, others simply replace existing businesses, yet more employ no one but the owner, and often never will (the so-called "solo entrepreneurs"). These will impact in different ways and to different levels. An important question, then, is: "What will be the impacts of a particular new business?"

The simple answer is that we cannot know, but there are several current attitudes and perceptions that we do know and which make significant impacts more likely. The impacts of the new business will be determined by its growth trajectory in terms of size and scope, as measured by outputs, turnover, jobs and value-added, each depending on the sector chosen and on the potential demand for any new product or service, how that new business interacts with local suppliers, whether its sales are local or international, etc.

So, while the impact of the new business cannot be known or measured, there are a number of personal and organizational factors that are likely to influence economic impact. One is the current employment level and job growth expectations of the new business. While expecting to grow is an important precursor to organic growth, just as not expecting to grow is liable to be self-fulfilling, the current employment level of the new business shows jobs already created. Another is the level of innovativeness in terms of new products and processes. A third is the scope of the business's customers, whether they are local, national or international. All of these are assessed in the GEM Adult Population Survey (APS).

Nor is all impact economic. Many new businesses are focused on social or environmental objectives, such as creating jobs and income for disadvantaged groups, providing recycling facilities or improving local air quality. Many of these impacts are reflected in the United Nations Sustainable Development Goals (SDGs), so this chapter will also look at whether those starting new businesses are doing so in pursuit of the SDGs.

5.2 HOW MANY PEOPLE WILL THE NEW BUSINESS EMPLOY?

Individuals starting new businesses and expecting to employ many people in the future are likely to have much more impact than those who expect to employ nobody but the founder.

The APS asks those starting or running new businesses how many people they expect to employ in five years' time. The results are shown in Figure 5.1.

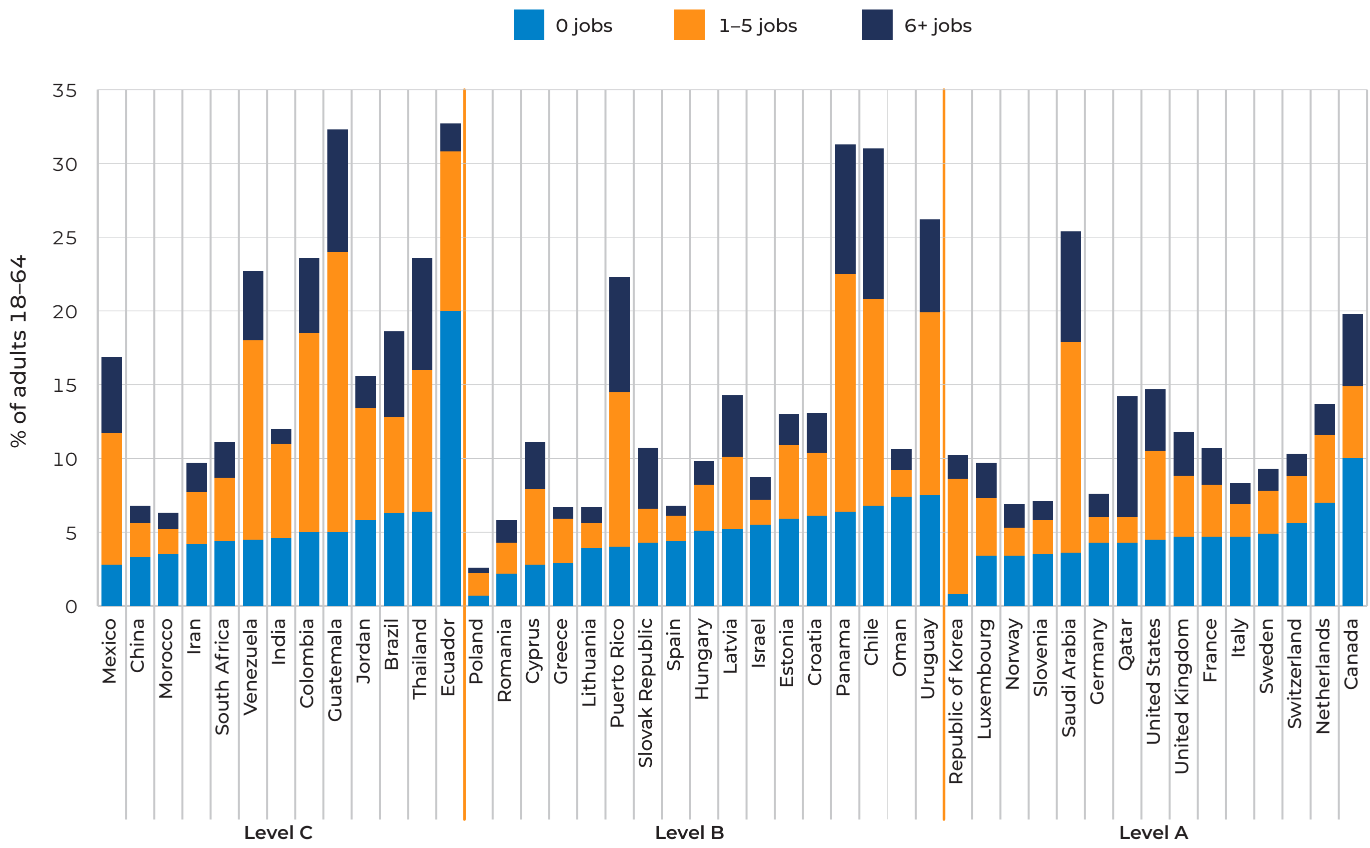


FIGURE 5.1
Job growth expectations among early-stage entrepreneurs expecting to employ 0, 1–5 or 6 more people in five years' time (% adults)
Source: GEM Adult Population Survey 2023

The lowest job growth expectations (in terms of percentage of adults) were in Ecuador, where one in five adults was starting or running a new business and expecting to employ no more people in five years' time, and in Canada, where that proportion was one in 10. There were also three economies, Poland, Greece and the Republic of Korea, in which just one in 100 adults or less was starting or running a new business and expecting to employ no more people in five years' time.

The highest job growth expectations (as a percentage of adults) were in the Latin America & Caribbean region, home to eight of the 11 economies having more than one in 20 of their adults starting or running a new business and expecting to employ another six people or more in five years' time. The others were Thailand, Saudi Arabia and Qatar, the latter two being the only Level A economies in this category.

Turning to those starting or running a new business, more than half were expecting to employ no more people in five years' time in two Level C, five Level B and six Level A economies. Hence the expectation of a new entrepreneur employing no more people increases with income group. In 29 of the 45 economies spread across all income groups, less than one in four new entrepreneurs is expected to employ no more people in five years' time.

The lowest shares of new entrepreneurs expecting to employ another six or more people in five years' time were in India, Ecuador, Spain and Greece. At the same time, there were nine economies in which three in 10 new entrepreneurs or more expected to employ at least another six people, three from Level C (Mexico, Brazil and Thailand), four from Level B (Puerto Rico, the Slovak Republic, Latvia and Chile), and just Qatar and Saudi Arabia from Level A. In terms of job growth expectations, Latin America & Caribbean lead the way, although closely followed by two Gulf economies. Job expectations in Europe & North America were typically much more modest.

The job growth expectation analysis showed interesting patterns. It may also be interesting to compare these job expectations to the current employment levels of new businesses: in other words, to know what proportion of new entrepreneurship represents "solo entrepreneurs" (defined as one owner, no employees) and what currently represents "high jobs" (defined as five or more employees).

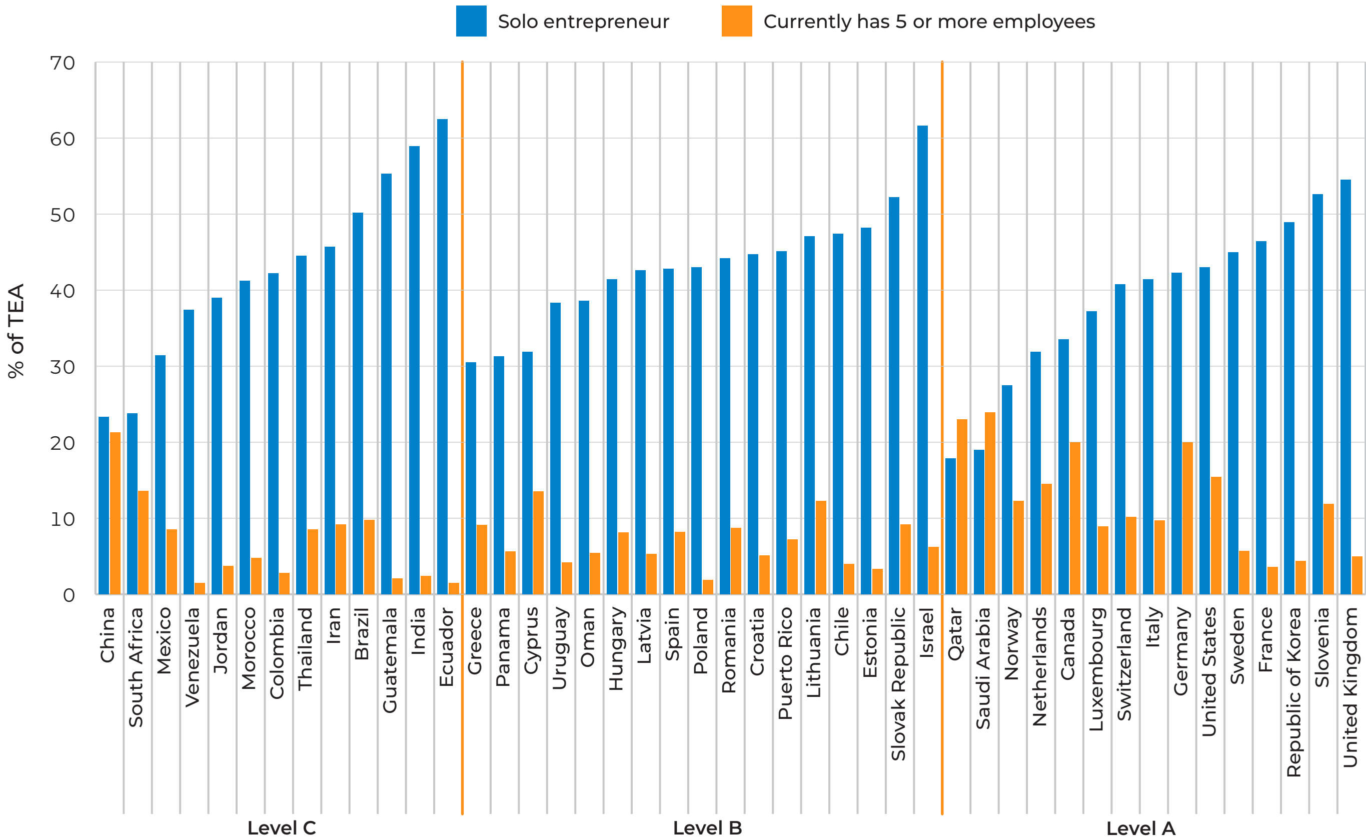


FIGURE 5.2
The percentage of Total early-stage Entrepreneurial Activity (TEA) who are solo entrepreneurs (one owner, no employees) and those currently employing five or more people

Source: GEM Adult Population Survey 2023

Not surprisingly, in Figure 5.2, the proportion of solo entrepreneurs usually exceeded that of those currently employing five or more people (except in Qatar and Saudi Arabia). There were eight economies, from all income groups, where more than one in two of those adults starting or running a new business were solo entrepreneurs, rising to 29 economies with two in five or more solo entrepreneurs. To be currently employing five or more was much less likely, accounting for less than one in 20 new entrepreneurs in 14 economies, again from all income groups, but reaching one in five or more in Saudi Arabia, Qatar, China, Germany and Canada, and one in 10 or more in eight others.

Of the 13 economies with half or more of their new entrepreneurs expecting to employ no more people in five years' time, all but three had at least two out of five solo entrepreneurs. The exceptions were Oman, the Netherlands and Canada. Additionally, both Saudi Arabia and Qatar each had high proportions already employing five or more people, and high proportions expecting to employ at least another six people in five years' time.

5.3 HOW INNOVATIVE ARE NEW BUSINESS PRODUCTS OR SERVICES?

This report has pointed to the ability of new businesses to bring in new ideas and ways of working, expressed in new products or services, or in the use of new technologies or processes. But in practice, how innovative are those starting new businesses? Are their new products totally unique (new to the world), or brought in from outside the country (new to the country), or from other parts of their own country (new to the area)?

The GEM APS addresses this issue by asking those starting or running a new business if any of their products, services, technologies or processes are new to their area, to their country or to the world. Results are shown in Figures 5.3 and 5.4. Not surprisingly, totally new products or processes are very rare indeed.

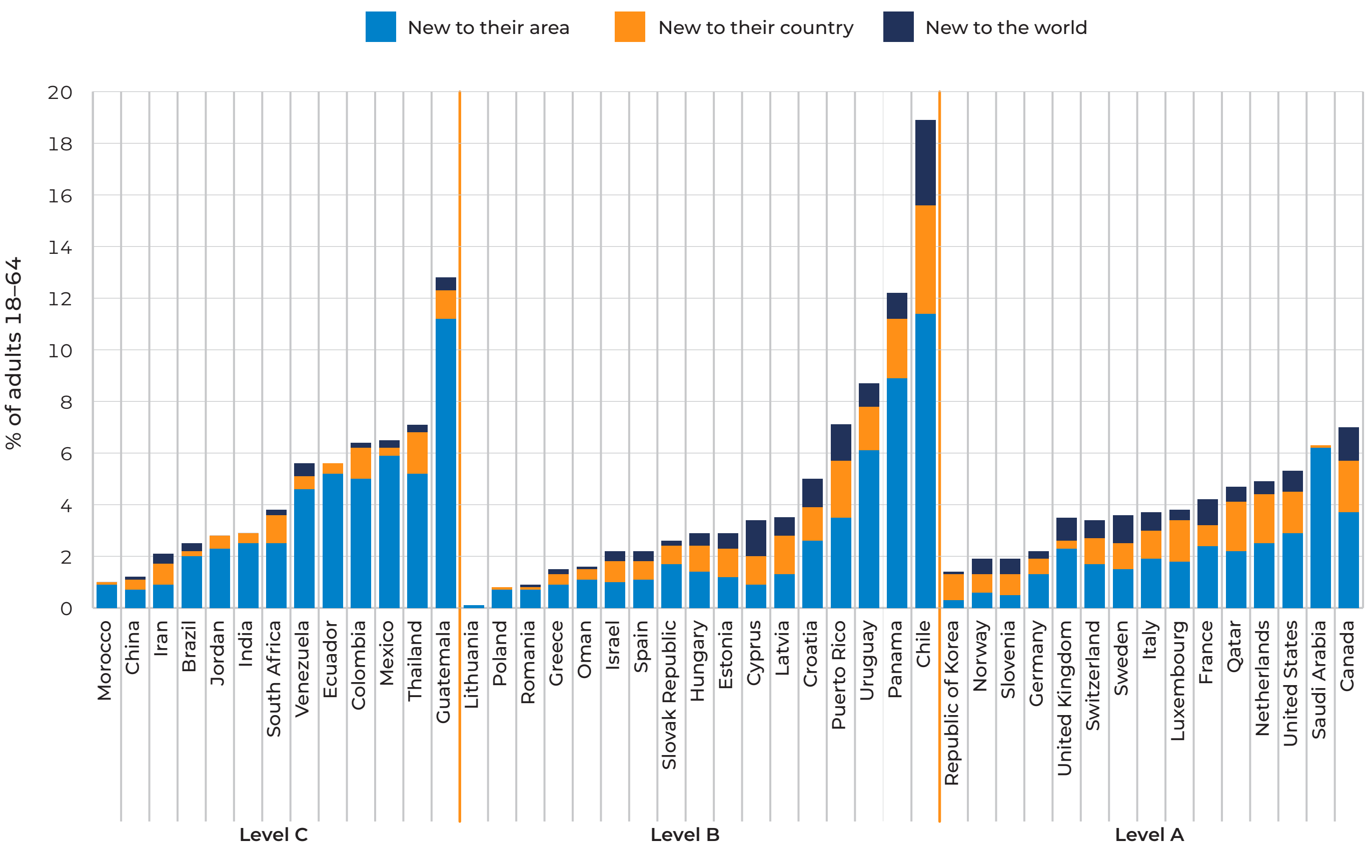
In 37 out of 45 economies, less than one in 100 adults was starting or running a new business producing goods and services that were new to the world. The highest level by far was in Chile, at just over 3%. Products or services new to the country were not quite as rare, but only reached 2% or more of adults in just four economies (Chile, Panama, Puerto Rico and Canada). Finally, new to the area was more common, but still exceeded 5% of adults in just nine economies (five Level C, three Level B and one Level A).

The results in Figure 5.3 are in terms of the percentage of adults starting or running a new business and introducing products or services that are new, at least to their area. It is useful to compare these results to the Total early-stage Entrepreneurial Activity (TEA) in each economy, or the total percentage of adults starting or running a new business in each economy. In eight economies (five Level C and three Level B), less than one in five of those starting or running a new business was doing so with a new product or service to the area, country or world. Only seven economies had two in five new entrepreneurs or more introducing new products or services (three Level A [Luxembourg, Italy and Sweden], two Level B [Chile and Panama] and two Level C [Mexico and Guatemala]).

Figure 5.4 presents similar results for new technologies or procedures. The share of adults starting or running a new business with technologies or processes that are new to the world exceeds one in a 100 in just five economies: Chile, Panama, Cyprus, Canada and France. Similarly, 12 economies (two from Level A and five each from Levels B and C) had less than one in five new entrepreneurs using new technologies or processes in their area, country or world. Only nine economies had two in five or more of their new entrepreneurs using new technologies or processes: three from Level A (Qatar, Luxembourg and Italy), three from Level B (Chile, Panama and Croatia) and three from Level C (Guatemala, Mexico and South Africa).

A small number of the same economies appear on the shortlists of both most innovative in terms of the proportion of new entrepreneurs introducing new products or services, and most innovative in terms of using new technologies or processes: Luxembourg, Italy, Chile, Panama and Mexico. These trends reveal that a high income level is not a necessary condition for entrepreneurial innovation, nor is low income necessarily a constraint.

FIGURE 5.3
The percentage of adults starting new businesses with products or services that are new to their area, country or the world
Source: GEM Adult Population Survey 2023



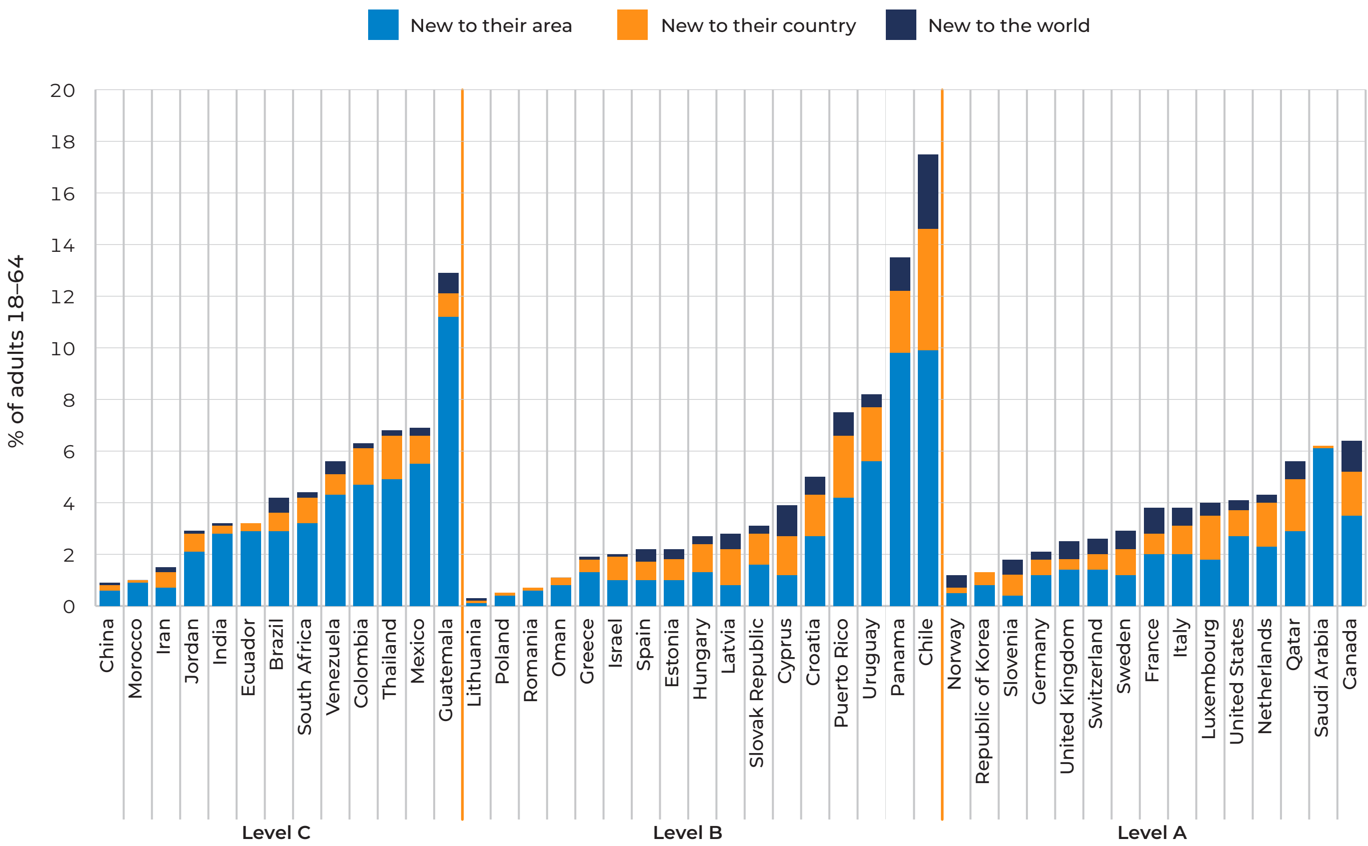


FIGURE 5.4
The percentage of adults starting new businesses using technologies or processes that are new to their area, new to their country or new to the world

Source: GEM Adult Population Survey 2023

5.4 HOW COMPETITIVE ARE NEW BUSINESSES?

There are a number of ways to assess the competitiveness of a business: by its changes in market share, by the responsiveness of demand to changes in price, by the effects of price changes by one business on the sales of another, or by the unit labour costs of each. This kind of data cannot be derived from the responses in the APS; however, some inferences can be made from the replies to questions about the scope of a new business's customers or whether that new business only had customers within their own local area, only within their own country or had international customers as well. Some care must be taken in interpreting these responses, because the definition of a local area may well depend on the size of the individual country: in relatively small countries like Cyprus or Qatar, local and national markets may be virtually synonymous.

Having customers beyond the local area is important in terms of impact because it brings money into the local economy, and because a diversified customer base increases resilience and reduces dependency on that local economy.

Figure 5.5 shows Total early-stage Entrepreneurial Activity (TEA) levels and businesses with local customers, only customers within their country or with customers outside their country. The percentage of adults in each category clearly depends on the level of TEA in each economy (the height of each column in Figure 5.5), as well as its distribution between the categories. There are five economies in which more than a quarter of adults were

SDG FOCUS . . .

A number of the targets under UN SDG #9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation – relate to the themes of competitiveness and innovation described in this chapter.

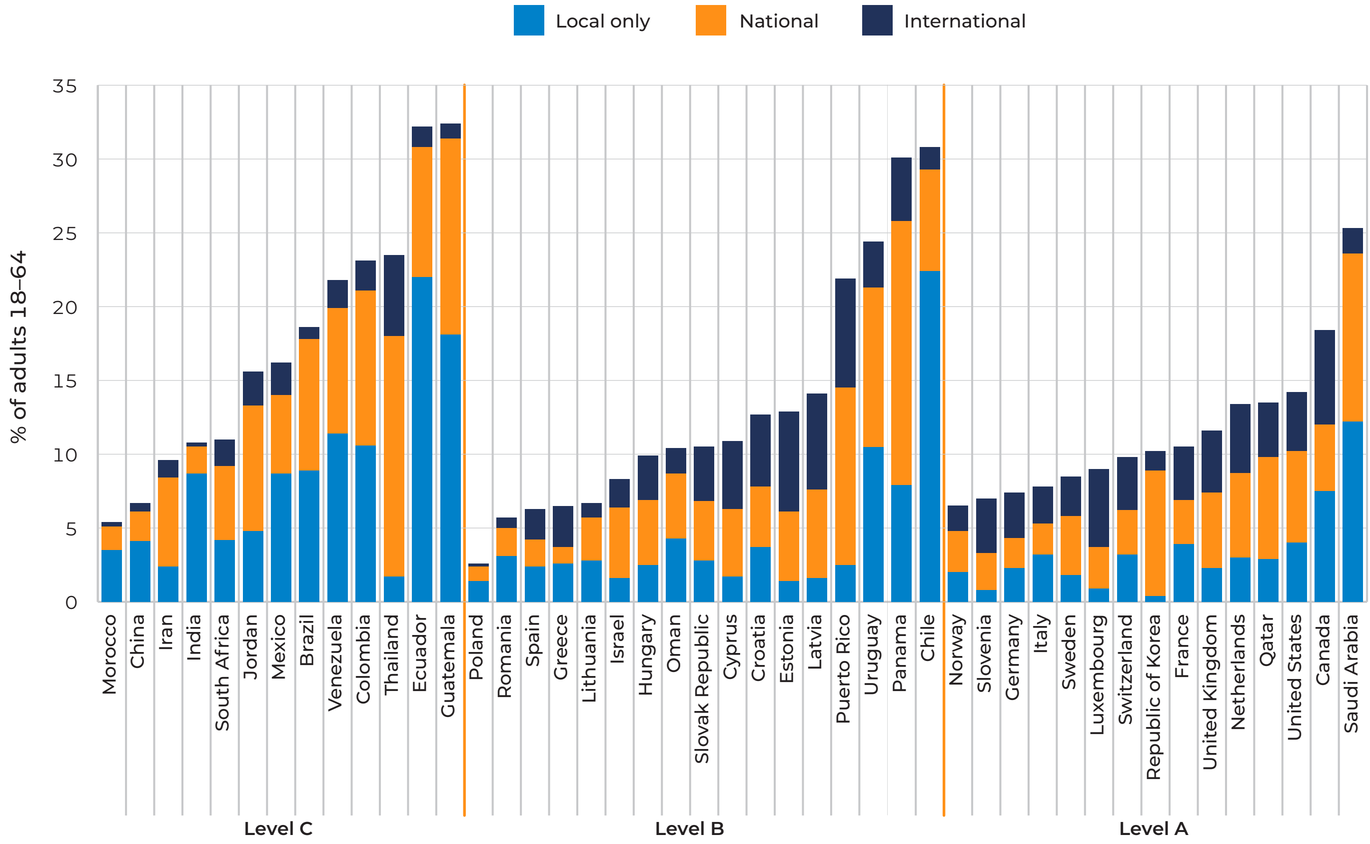


FIGURE 5.5
The level of Total early-stage Entrepreneurial Activity (TEA) and those within this with only local customers, only national customers, or with international customers (%)
Source: GEM Adult Population Survey 2023

starting or running new businesses with only local customers, four from the Latin America & Caribbean region, plus Saudi Arabia. Many economies had low proportions of adults starting or running new businesses with only local customers: 33 out of 45 had less than one in 20.

The proportion of adults starting or running a new business with just national customers was typically low, with just seven economies in which that proportion exceeded one in 10 (three Level C and Level B and one Level A). Finally, and as expected, relatively few adults were starting or running a new business with international customers, with 2% of adults or less in 18 of the 45 economies (nine Level C, six Level B and three Level A), and just 4% or more in 11 economies (one Level C, and five each from Levels A and B). There is therefore some evidence that the percentage of adults starting or running businesses with international customers increases with income level.

This is confirmed by examining the proportion of new entrepreneurs with international customers. Among Level C economies, 13 had one in five or less of their new entrepreneurs with international customers, compared to seven Level B economies and just two Level A. Not surprisingly, many lower-income economies have high proportions of only local customers, in fact forming the majority of customers for seven Level C economies, three from Level B but no Level A.

5.5 HOW EXPORT-INTENSIVE ARE NEW BUSINESSES?

The previous section showed that new entrepreneurs with international customers were relatively scarce, especially in Level C economies. The export-intensity of new businesses will be determined by a host of factors, including how easy it is to transfer the product or service abroad, whether it is available online, how public policy encourages or restricts exports, the ability to convert currency easily and cheaply and levels of tariffs and duties. Is language or culture a help or a hindrance? Finally, is the new business in a small economy with larger neighbours?

HUMAN FACES BEHIND THE DATA . . .

Gilles Suard (Switzerland)

Founder, Almighty Tree

How educational experiences can help inspire and inform future entrepreneurs

One of the interesting metrics in GEM's Adult Population Survey is level of educational attainment. A great example of someone whose higher-education experience led to the launch of a company is Gilles Suard, founder of Almighty Tree and a graduate of the School of Management Fribourg (HEG-FR), University of Applied Sciences and Arts Western Switzerland (HES-SO).

The mission of Almighty Tree is to mitigate climate change, create a cleaner environment, and raise awareness about the role of business and the general public as carbon emitters. In response, the company plants trees in Switzerland and abroad.

> *"On one hand, my education inspired me to launch a business and, on the other hand, it prepared me to face the challenges associated with such an adventure."*

During Gilles' studies (MSc BA, major in entrepreneurship), he was exposed to success stories, entrepreneurs' presentations/lectures, case studies on entrepreneurship and innovation, company visits, and the entrepreneurship ecosystem in Boston, MA.

> *"Such action-oriented activities inspired me, influenced my career choices and reinforced my deep desire to be an entrepreneur. I also received the appropriate knowledge for execution, from idea to the market. I was able to learn about the wide spectrum of fields needed to launch a business, such as marketing, finance, law, growth management and leadership."*

During his studies, he took part in Venture In Action, a project that allowed students to launch a real business. He went through all the steps required: he pitched an idea, created a team, tested and challenged the original idea, launched a go-to-market strategy, and truly lived an authentic entrepreneurial journey. In the process, he saw first-hand the importance of perseverance.

Gilles efforts are paying off. The company has grown incrementally each year, going from 2,000 trees in 2020, to 10,000 then 15,000 trees in the following years, reaching 25,000 trees in 2023. The projection for next year is to surpass 35,000 and generate a revenue of 1 million Swiss francs for the first time. There are 190 companies working with Almighty Tree.

In conclusion, Gilles explained:

> *"All my educational experiences informed me about how hard it is at the beginning of a venture and taught me how to keep going."*

Thank you to the School of Management Fribourg (HEG-FR), one of our report sponsors, for providing this material and helping to put our data in a real-world context.

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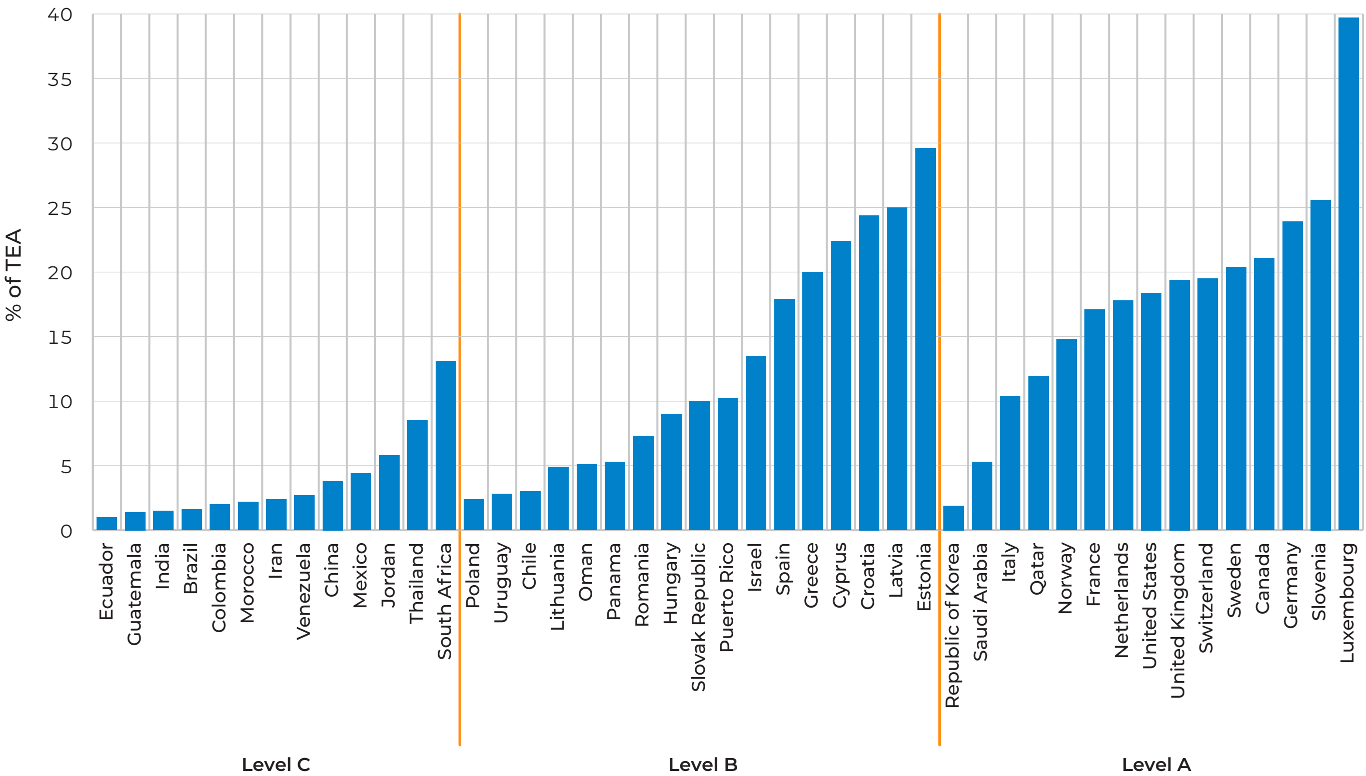


FIGURE 5.6
The percentage of those starting or running new businesses in each economy and anticipating 25% or more of revenue coming from customers outside that economy
Source: GEM Adult Population Survey 2023

For a new business that is able to export, the opportunities are endless, while the host economy also benefits from the flow of money from abroad. The APS asks those starting or running a new business what percentage of revenue they anticipate coming from customers outside of their own country. GEM defines a new business as export-intensive if its owner anticipates receiving 25% or more of its revenue from abroad. Figure 5.6 shows the percentage of those starting or running new businesses within this category.

As anticipated, there is some positive association with income, with just one Level C economy (South Africa) having one in 10 or more of its new businesses classed as export-intensive, compared to nine Level B economies and 13 from Level A. Export-intensity levels were lowest in Ecuador, Guatemala, India and Brazil (all less than 2%) and highest in Luxembourg (where two in five new businesses were export-intensive), followed by Estonia, Slovenia, Latvia and Croatia (all one in four or more). There are exceptions, with Level A Saudi Arabia and the Republic of Korea each having one in 20 or less of their new entrepreneurs classed as export-intensive. Relatively small Qatar (with some very big neighbours), only just exceeded one in 10 of its new entrepreneurs being export-intensive.

SDG FOCUS . . .

17 PARTNERSHIPS FOR THE GOALS

UN SDG #17 is about strengthening the means of implementation and revitalizing the global partnership for sustainable development. It is encouraging that many new entrepreneurs have identified SDGs as a priority.

As entrepreneurs become more aware of and connect their businesses to an SDG, they are better positioned to support this goal.

5.6 ARE NEW STARTUPS FOCUSED ON THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)?

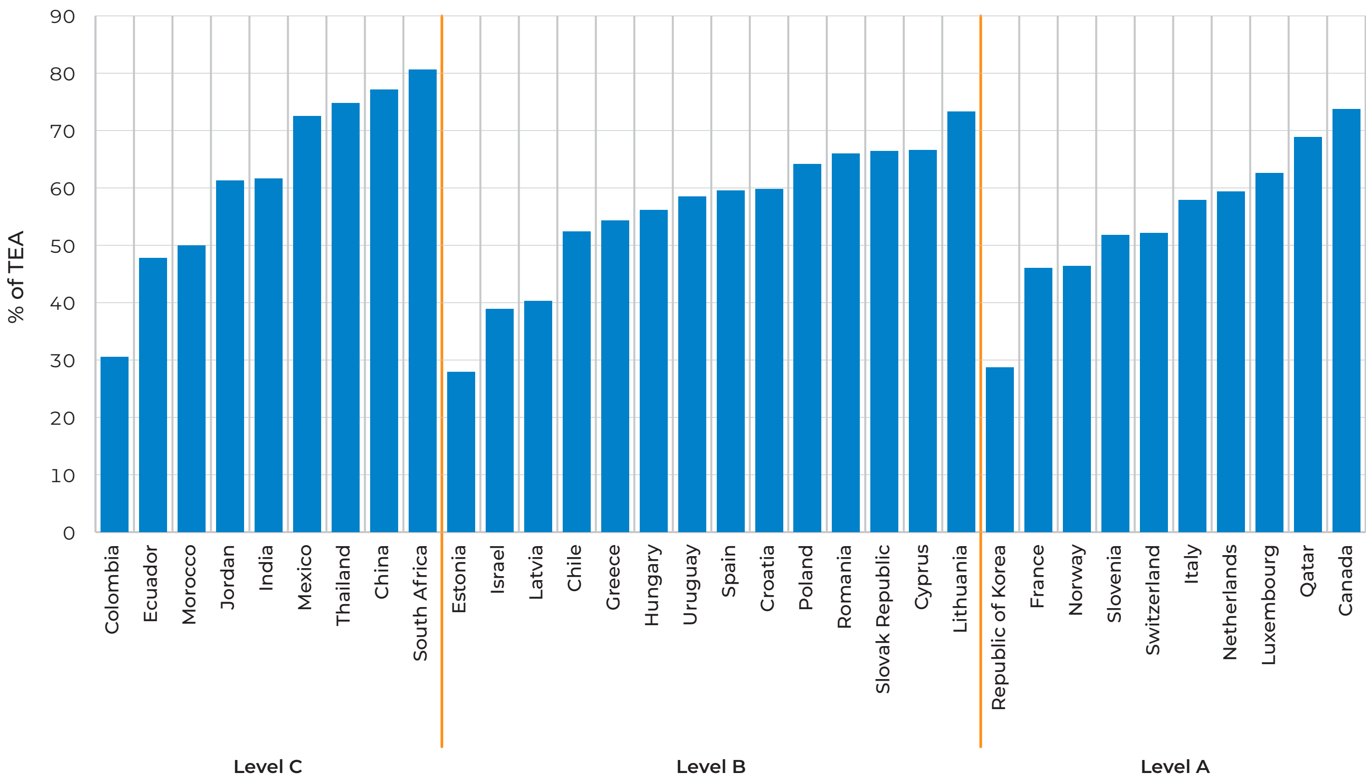
Since 2021, the GEM APS has asked those starting or running new businesses if they have identified any of the SDGs as a priority for their business. This question is optional for National Teams. In 2023, 33 of the National Teams participating in the GEM APS asked this question, and the percentage of new entrepreneurs confirming that they had identified a SDG as a priority is shown in Figure 5.7.

In 2023, the lowest levels were in the Republic of Korea, Estonia and Colombia (each around three in 10, and all separated by around 10 percentage points from the next lowest), while the highest levels were in South Africa, China, Thailand, Canada, Lithuania and Mexico (each seven in 10 or more). So, there is no discernible association between the proportion of new entrepreneurs identifying SDG goals as a priority and either income level or geographic region, since high and low levels can be found in all income groups and all regions. However, there is strong evidence that many new entrepreneurs have identified an SDG as a priority, with the proportion doing so exceeding one in two in 25 of the 33 economies.

This question has been asked since 2021. However, the evidence is inconclusive about whether the proportion of new entrepreneurs with SDGs as a priority is increasing or not. There are 21 economies whose National Teams have asked this question in the GEM APS in each of the three years. Over this period, in 12 economies the proportion increased but in nine it fell. Many of these changes were very small, with the largest increases in the Slovak Republic (up from 43% to 66%) and in South Africa (64% to 81%), while the largest falls were in Colombia (83% to 31%) and in Greece (85% to 54%).

FIGURE 5.7
The percentage of those starting or running new businesses in each economy who have identified a Sustainable Development Goal as a priority for that business

Source: GEM Adult Population Survey 2023



THE REAL WORLD BEHIND THE DATA . . .

A University Entrepreneurship Centre Helping a Country's Entrepreneurial Ecosystem

Hassan II University of Casablanca

In most economies, entrepreneurial education at schools continues to be assessed as poor. However, as this GEM Global Report notes, there are encouraging signs from a number of universities.

The Hassan II University of Casablanca (UH2C) is contributing to Morocco's national entrepreneurial dynamic through a number of programs while also carrying out research and development projects for the benefit of industry and innovation.

UH2C's student support structures dedicated to promoting entrepreneurship are carried out by its Career Center, the incubators of the university and its various establishments, and the Innovation and Technology Transfer Center, with the support of a number of partners such as the Casablanca-Settat Regional Council. Initiatives include:

- **National Status for Student Entrepreneurs (SNE).** An initiative of the Ministry of Higher Education, Scientific Research and Innovation, to help students set up a business during their studies.
- **Career Center UH2C.** Created by USAID, this is deployed in several universities and aims to provide individual coaching and support workshops, led by entrepreneurship professionals.
- **Yabda Entrepreneurship Center.** This offers training and support for business startups
- **ANAPEC UH2C University Agency.** UH2C and ANAPEC (National Agency for the Promotion of Employment and Competencies) partner to provide students with information, guidance and training workshops linked to the promotion of entrepreneurship.

- **Hassan II University Incubators.** These enable young entrepreneurs to benefit from support, infrastructure and resources, as well as the university's network of partners. One example is BlueSpace, a partnership between the Faculty of Law, Economics and Social Sciences – Ain Chock (located at UH2C) and the Bank of Africa. Its aim is to help entrepreneurs develop innovative, sustainable businesses that create jobs, through training and coaching services and co-working spaces.

Research

The "Entrepreneurship and SMEs" research laboratory at UH2C, in charge of the GEM Morocco study since 2015, aims to advance knowledge and support the development of entrepreneurship across three broad areas. (1) Research — creating an environment conducive to increasing scientific knowledge in the field of entrepreneurship, training new researchers, and experimenting with new theories. (2) Studies/Consultancy — macro and micro studies on behalf of government institutions, professional associations within the framework of sectoral studies, and international organizations. (3) Training — of future entrepreneurs and mentors, notably through the Master's degree in Entrepreneurial Mentoring, the fruit of a partnership between the Faculty of Law, Economics and Social Sciences – Ain Chock and the Mohamed V Foundation for Solidarity, through the Center for Solidarity-based Very Small Enterprises (CTPES).

Thank you to Hassan II University of Casablanca, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

5.7 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

Although it is difficult to predict the future of a specific new business, new entrepreneurs' current attitudes and expectations can provide insights into their businesses' potential impacts. These include their job expectations, the scope of their customers, the level of innovativeness of their new businesses, and their anticipated export-intensity. Potential social impact can be indicated by whether the new business has considered one or more of the Sustainable Development Goals.

In 13 of the 45 economies, more than half of new entrepreneurs expected to employ no more people in five years' time than they do now. Job growth expectations were generally highest in Latin American & Caribbean economies, with each of Puerto Rico, Chile, Brazil, and Mexico having more than three in 10 of their new entrepreneurs expecting to employ another six or more people in five years' time, although Qatar was highest with more than one in two. New jobs and job expectations in European economies were typically much more modest. **European economies, and perhaps the European Union, need to find ways to encourage new businesses to take on more employees, maybe by reducing the operational costs or challenges of tax requirements and labour market regulations.**

Innovation in terms of introducing products or services that were at least new to their area was less than widespread, with nine economies having less than one in five of their new entrepreneurs introducing new products or services, only one of which was in Latin America & Caribbean. By contrast, seven economies had two in five or more of those starting or running a new business and introducing products or services that were at least new to the area: four were from Latin America & Caribbean. Results for introducing new technologies or processes were very similar. Just six out of 45 economies had two or more new entrepreneurs introducing new products or services, and two or more new entrepreneurs using new technologies or processes: Luxembourg, Italy, Chile, Panama and Guatemala. **Having so few new entrepreneurs introducing new products or processes implies that many new businesses across most economies are simply reproducing products or services that already exist in the market, using familiar technologies and processes.** Such an approach may be understandable, and less risky, but is unlikely to be profitable, and therefore sustainable, in the longer term.

Many Latin America & Caribbean economies are proving to be very entrepreneurial, as evidenced by high proportions of their adults starting or running new businesses, and many of those new businesses look to be very impactful in terms of jobs and innovation. This implies some success for business strategies aiming to be productive and competitive in this vibrant market.

One area where Latin America & Caribbean economies scored less well is in terms of the proportion of new businesses that can be categorized as export-intensive. Of the 15 economies with less than one in 20 of their new entrepreneurs anticipating 25% or more of their revenue coming from customers outside their economy, eight were from the Latin America & Caribbean region, with only Panama and Puerto Rico from the region having higher proportions than this. Of the 10 economies with one in five or more new entrepreneurs expecting a quarter or more of their revenue from abroad, only one (Canada) was from outside Europe.

The rise in levels of entrepreneurship, and the impacts of those new businesses in the Latin America & Caribbean region, may stall unless those new entrepreneurs can be encouraged, perhaps by export promotion programs, to seek customers beyond their country's borders.

Finally, it is encouraging that many new entrepreneurs have identified an SDG as a priority, with the proportion doing so exceeding one in two in 25 of the 33 economies that asked this question in the 2023 GEM APS. It is less encouraging that the proportion of entrepreneurs doing so shows little sign of increasing over time. The United Nations, along with enterprise associations, needs to do more to promote and disseminate the SDGs.

6 The Diversity of Entrepreneurs

Stephen Hill and Przemysław Zbierowski

6.1 WHO ARE THE ENTREPRENEURS?

It is easy to think of the new entrepreneur as a young man starting a new technology business from high-rise shared-space offices, backed by venture-capital funding. This depiction is, of course, a simplification and, while such new entrepreneurs do exist, they are likely to be few and far between. However, this popular image may also be a disservice, if it leads some people to believe that entrepreneurship is not accessible to people like themselves.

Entrepreneurs can be male or female, young or old, a graduate or not, living in the city or in the mountains, and could be working from home or a backstreet workshop, and financed using an overdraft, savings or a credit card. This chapter will demonstrate the wide diversity of entrepreneurship and how businesses come in all shapes and sizes.

When looking at entrepreneurial activity levels across different groups, differences can be expressed in two ways. The first is the absolute difference between the groups, or the proportion of adults starting or running a new business, or running an established business, in one group, minus the corresponding proportion in another group. The second is the relative difference, or the proportion in one divided by the proportion in another. Both are important, since each says something about those differences. Note that variations in entrepreneurial activity between economies are typically much greater than differences between groups in the same economy. So, for example, while there may be differences between the proportions of men and women starting new businesses in a particular economy, if the proportion of men is high, then the proportion of women is also likely to be high, and vice versa.

6.2 ARE MALE AND FEMALE ENTREPRENEURSHIP LEVELS DIFFERENT?

Figure 6.1 shows the 2023 female and male levels of Total early-stage Entrepreneurial Activity (TEA). There are just five economies in which the proportion of women starting or running a new business is the same or higher than the proportion of men: four from Level C (China, Colombia, Ecuador and Thailand) plus Lithuania from Level B, and 39 economies in which more men than women were new entrepreneurs. So, on this evidence, equality in new entrepreneurship is rare, and more likely in lower-income economies.

The absolute difference between male and female new entrepreneurship levels was highest in Jordan and Canada (nine percentage points each), and in Brazil (eight points), but there were also 14 economies in which the difference was less than two percentage points (five Level C, six Level B and three Level A), reinforcing the conclusion of the previous paragraph. There is a consistent difference in some high-income European countries (Norway, Germany, Slovenia, Italy, Sweden and France), where the absolute difference between male and female is between three and four percentage points.

Figure 6.2 shows the female and male levels of Established Business Ownership (EBO) in 2023. There was just one economy where the proportion of women owning established businesses matched that of men (Israel), while the absolute gap was greatest in India (11%) and the Republic of Korea (9%). However, there were also 13 economies

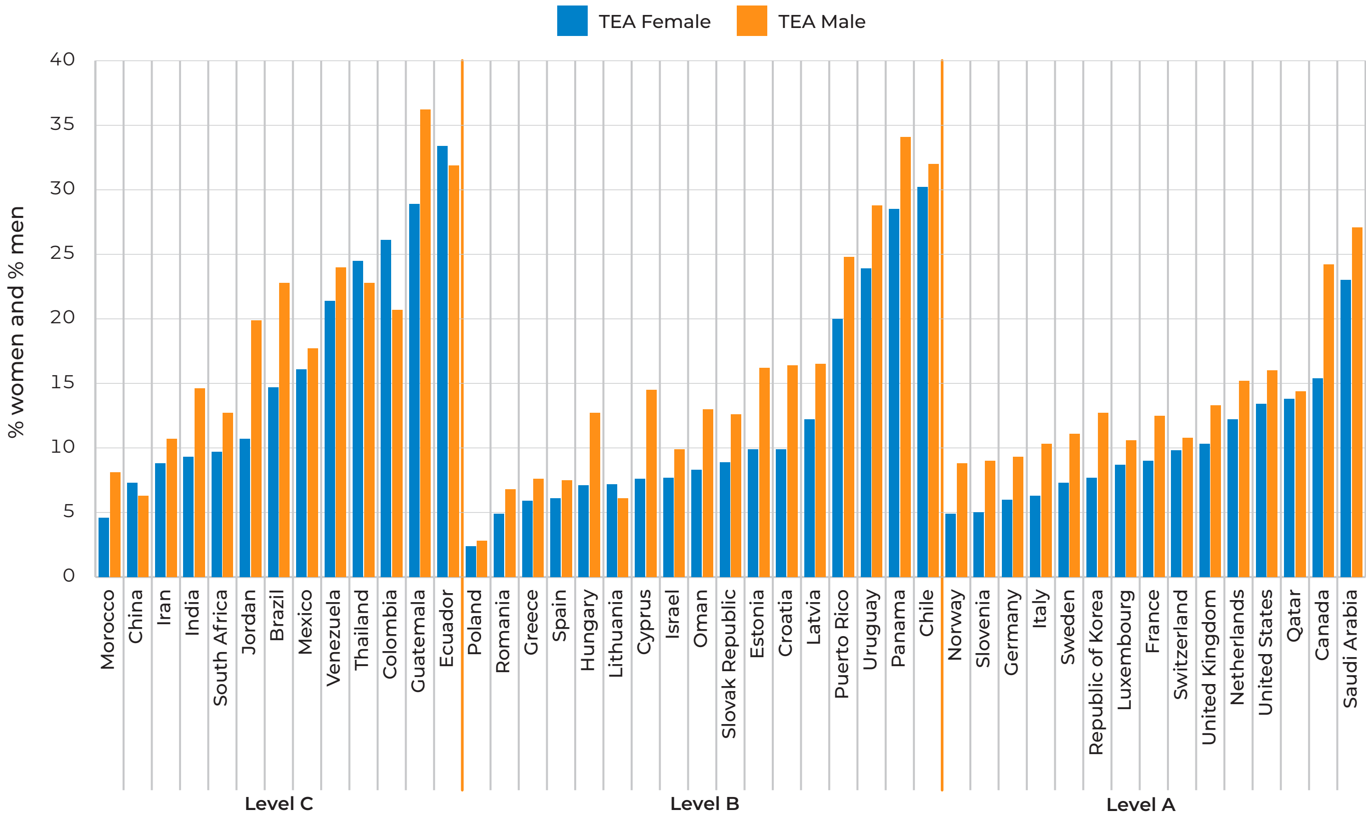


FIGURE 6.1 Levels of Total early-stage Entrepreneurial Activity (TEA) by women and by men (% women and % men)
Source: GEM Adult Population Survey 2023

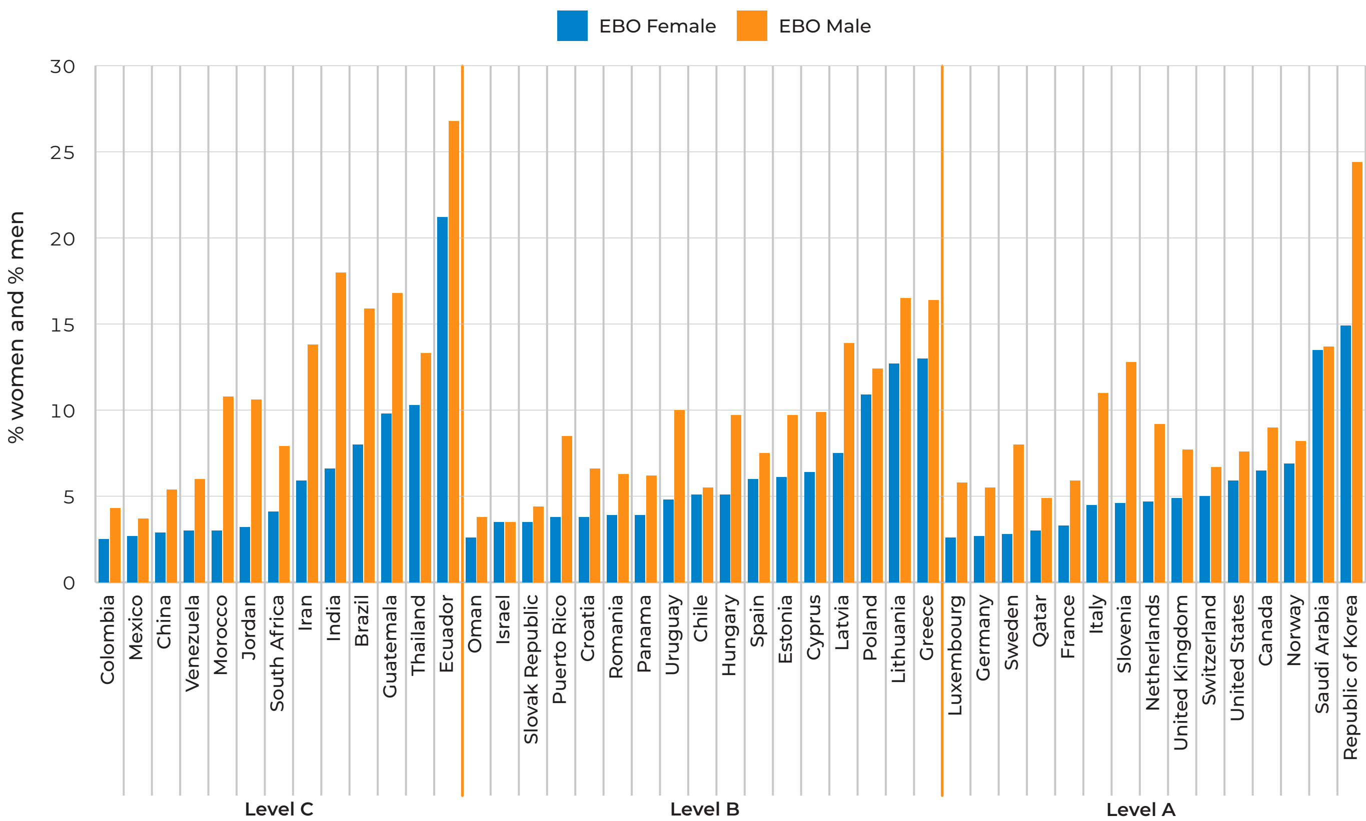


FIGURE 6.2 Levels of Established Business Ownership (EBO) by women and by men (% women and % men)
Source: GEM Adult Population Survey 2023

SDG FOCUS . . .

UN SDG # 5 is to achieve gender equality and empower all women and girls. At GEM, we are committed to do our part to help make this goal a reality.

This chapter has shown that entrepreneurial inequality between men and women was much more prevalent in those owning established businesses than in those starting new ones. More understanding is needed of the obstacles that are preventing women from sustaining their new businesses.

in which this absolute gap was two percentage points or less: two from Level C, six from Level B and five from Level A, suggesting that the absolute gap between men and women owning established businesses may decrease with income level.

Note that there were six economies in which both the difference between (a) the percentage of men and women starting new businesses and (b) the percentage of men and women owning established businesses was less than two percentage points: Chile, Mexico, Poland, Qatar, Spain and Switzerland.

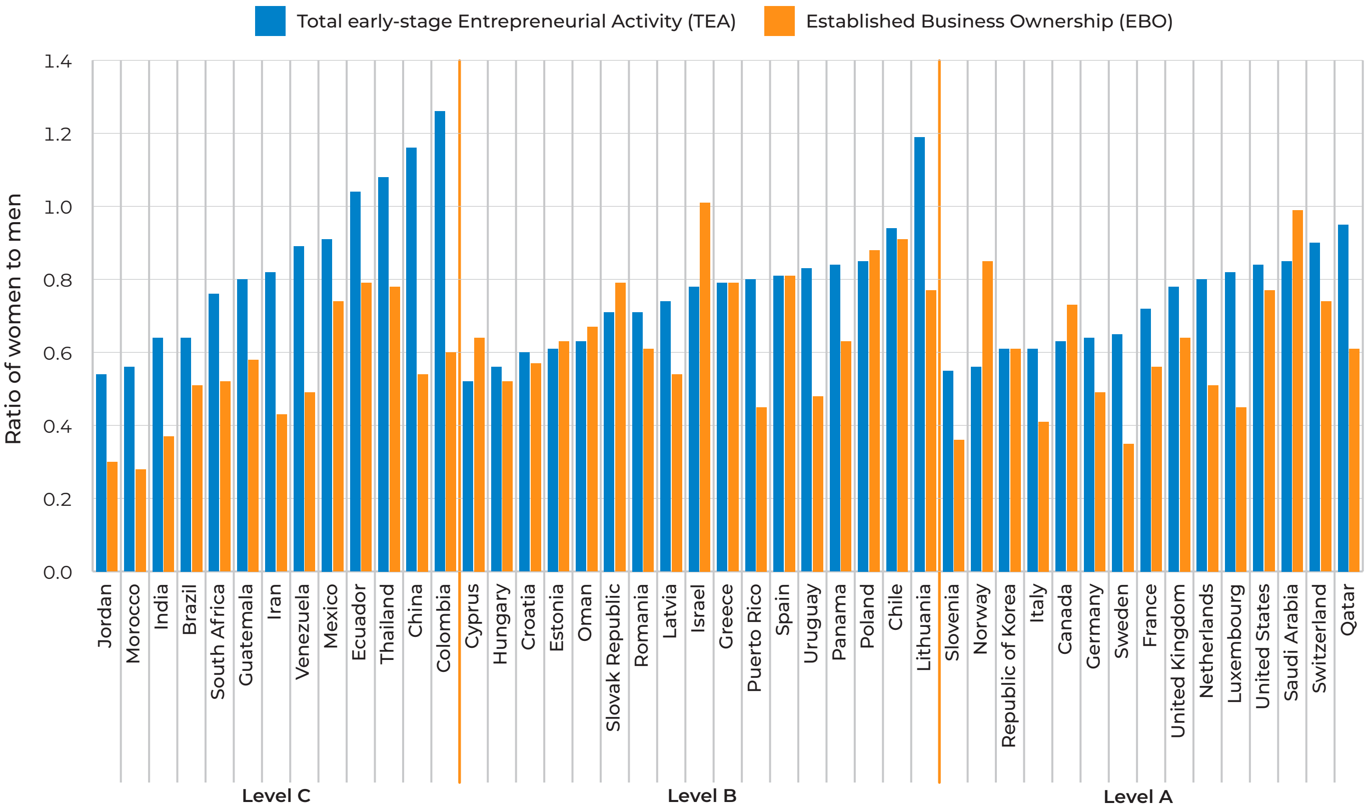
It is evident from these charts that the absolute entrepreneurial activity gap was typically smaller for new than for established businesses, suggesting either a recent flourish in women starting new businesses or a lower transition rate from new to established businesses for women, with the latter perhaps more likely. When this happens, women and their economies are missing out on the employment and stability these women would have brought with their established businesses.

Figure 6.3 shows the relative entrepreneurial gap for both new and established businesses and confirms much of what has been inferred from the absolute gaps. The ratio of women to men falls sharply as new businesses become established. In 29 of the 45 economies, there were at least two women starting or running a new business for every three men doing the same, but only 16 economies where the same applied to the ratio of women to men owning established businesses. The ratio of female to male new entrepreneurship exceeded that for Established Business Ownership in 34 of 45 economies, including all Level C, 10 Level B and 11 Level A.

Only two economies had two men starting or running new businesses for every woman doing

FIGURE 6.3
The ratio of women to men new entrepreneurship (TEAf/TEAm) and the ratio of women to men owning established businesses (EBOf/EBOm)

Source: GEM Adult Population Survey 2023



HUMAN FACES BEHIND THE DATA . . .

Julie Gaudin (Switzerland)

Co-founder of Zipback and co-founder of ATAWA

Change through sport, education and entrepreneurship

Entrepreneurs are leaders. They must be disciplined to persevere.

Julie Gaudin nurtured the necessary characteristics as a semi-professional rugby player and leveraged these experiences both as a student at the School of Management Fribourg, Switzerland, and as an entrepreneur. Said Julie:

> *"My background in sports taught me the importance of teamwork, discipline and resilience, which have been crucial in overcoming challenges, managing setbacks and pursuing excellence in every aspect of my business endeavours. The perseverance and goal-oriented mindset developed in sports have seamlessly translated into the determination and focus required for an entrepreneurial journey."*

While pursuing her education, Gaudin embarked on an entrepreneurial odyssey that led her to establish not one but two impactful businesses.

Zipback is a venture that offers reusable and recycled packaging tailored for online selling. Embracing the principles of the circular economy, its pouches can be reused up to 100 times. The pouches, made from recycled cement bags, are crafted by women from rural areas in Cambodia through a collaborative partnership with the NGO IWA Kep.

The business was launched as part of Gaudin's experience in the School of Management's Ventures in Action" an 18-month entrepreneurial initiative through which students transform innovative concepts into tangible businesses. It offers practical experience and industry insights, preparing students for the dynamic world of entrepreneurship.

> *"The experience had a significant impact on our education. It was not just a project; it was mindset shift, influencing how we approached business with a stronger commitment to sustainability."*

Julie also co-founded ATAWA, a premium sportswear brand that reflects the Swiss ethos of precision, quality and inclusivity. Designed in Switzerland and crafted in Europe, ATAWA is more than just sportswear; it's a statement of durability and accessibility. The brand caters to fitness enthusiasts and those embracing an active lifestyle, emphasizing not only the longevity of their products but also the idea that sportswear should be for everyone.

In conclusion, Julie affirmed:

> *"Entrepreneurship education empowers students with the mindset, skills and resilience to thrive in a dynamic environment. It cultivates innovation and business acumen, shaping a generation capable of creating positive impact and fostering sustainable change. Entrepreneurship is the ultimate sport of the business world – the playing field is ever-changing, the competition is fierce, and the champions are those who embrace challenges."*

Thank you to the School of Management Fribourg (HEG-FR), one of our report sponsors, for providing this material and helping to put our data in a real-world context.

HAUTE ÉCOLE DE GESTION HOCHSCHULE FÜR WIRTSCHAFT SCHOOL OF MANAGEMENT Fribourg Freiburg

the same: Cyprus and Jordan. However, there are still 12 economies with two or more men owning established businesses for every woman doing the same, including five each from Level C and Level A, and two from Level B. The highest ratios were in Jordan and Morocco, each with more than three men owning an established business for every woman doing the same.

That analysis shows that some economies may create a challenging environment for women entrepreneurs, as the rate of transition from new businesses run by women to established ones is particularly low. The first are low-income economies where women drop out from entrepreneurial activity at the highest rates. That group includes most Latin American and Asian countries. Many economies from those regions are similar with respect to the transition of women entrepreneurship even when they belong to middle-income (Puerto Rico, Uruguay, Panama) or high-income (Qatar) groups. It may be that low transition rates of women entrepreneurship from new to established phase is related to culture, although this effect can also be identified in countries with different cultural backgrounds, including Slovenia and Sweden, where less than one in three entrepreneurs running an established business is a woman.

6.3 ARE YOUNGER PEOPLE MORE LIKELY TO START NEW BUSINESSES AND OLDER PEOPLE MORE LIKELY TO OWN ESTABLISHED BUSINESSES?

The answer to both of these questions is a resounding yes, and it is not hard to work out why. Younger people are less likely to have family and other responsibilities that require a steady income, have yet to develop careers and may have less concern about the potential consequences of failure, as well as perhaps being more familiar with the ways technology and markets are developing. Older people may have more access to resources, and more experience, but they may also have more to lose from starting a new business. On the other hand, older people have had more time to watch their business become established, and to work out what they do best.

Figure 6.4 shows the level of TEA for the younger and older age groups (defined here as 18–34 and 35–64). The level of new entrepreneurial activity among the younger age group exceeds that of the older age group in 11 Level C economies, all Level B economies and 10 Level A economies. Over three in 10 of those in the younger age group were starting or running new businesses in two Level C economies, four Level B and just one Level A. Chile, Ecuador and Panama had three in 10 of those in the older age group starting new businesses. The biggest absolute differences were in Canada, Puerto Rico, Latvia and the Slovak Republic. However, 14 economies had differences of two percentage points: six each from Levels B and C and two from Level A.

Finally, there are seven economies in which younger people are more than twice as likely than older people to be starting new businesses: Romania, Lithuania, the Slovak Republic, Latvia, Poland, Germany and Canada. In these countries, people over 35 may be a hidden reservoir of entrepreneurial potential, and support activities aimed at them might boost the overall TEA rate. All but one of these had all or part of their country in the former Central & Eastern European bloc — and young people there appear to be leading the ongoing transformation of their economies.

Figure 6.5 shows the proportion of adults in each age group owning an established business, and paints a very different picture. In every economy but two, a higher proportion of older people than younger people were owning an established business, not too surprising as people get older with their businesses. The exceptions were the Slovak Republic and Canada, where differences were very small. Seven economies had differences that exceeded ten percentage points: Ecuador, the Republic of Korea, Poland, Guatemala, Iran, Thailand and Lithuania. Similarly, there were 29 economies in which older people were at least twice as likely as younger people to be owning an established business, including eight economies in which older people were four times as likely or more than younger people to be owning an established business, three of which were from Level A.[21] So the disparities between age groups in terms of Established Business Ownership are far greater than for Total early-stage Entrepreneurial Activity.

21 These were Switzerland, the United Kingdom and Norway.

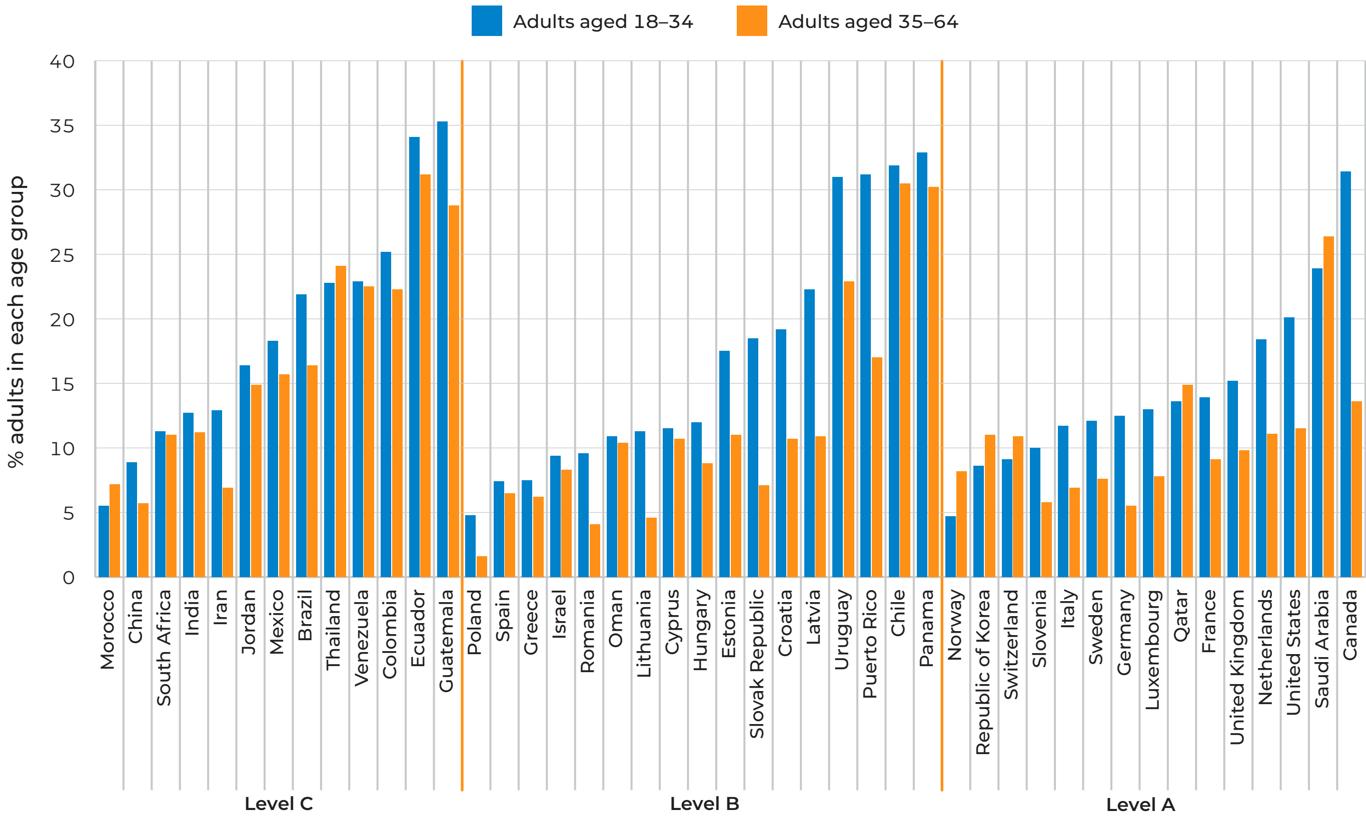


FIGURE 6.4 The level of Total early-stage Entrepreneurial Activity (% adults in each age group) for age groups 18–34 and 35–64
Source: GEM Adult Population Survey 2023

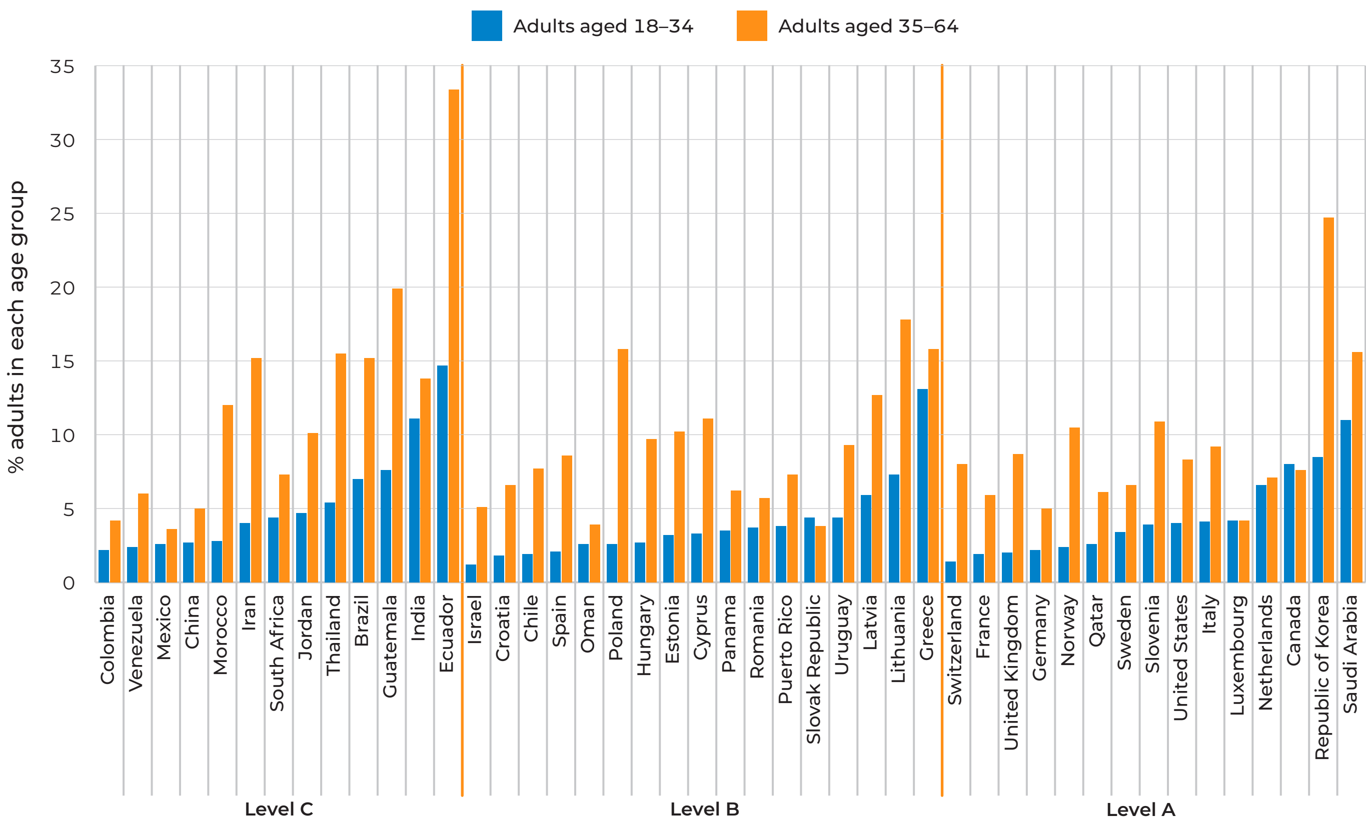


FIGURE 6.5 The level of Established Business Ownership (% adults in each age group) for age groups 18–34 and 35–64
Source: GEM Adult Population Survey 2023

HUMAN FACES BEHIND THE DATA . . .

Lidia Díaz (Dominican Republic)

Cartier Women's Initiative 2023 Fellow

Empowering women entrepreneurs in sustainable food: the Plant Powered story

The GEM Global Report shows that women entrepreneurs make up typically between one-third and a half of all new entrepreneurs.

Lidia Díaz is one of these women entrepreneurs and is making a difference in her country and Latin America more broadly. Her company, Plant Powered, uses proprietary food technology to provide consumers with culturally familiar meat- and dairy-free alternatives to animal products.

Worldwide carbon emissions attributable to manure increased by 20% between 2010 and 2018, and livestock production overall generated the equivalent of three billion tons of CO_2 in 2018 according to the UN Food and Agriculture Organization. Such data suggest that immediate climate benefits can be gained by addressing what is an individual consumer choice.

Díaz turned to a vegan diet in 2010, both in order to minimize her impact on the environment and to improve her health. But she struggled to find plant-based products that appealed to her.

> *"I wanted a more sustainable diet and there weren't many solutions in my country at the time. I found a few options in the Dominican Republic but there wasn't yet a boom in sustainable foods like there is now."*

Díaz's company was born as a result of addressing her own needs. She began by re-creating plant-based versions of the foods she grew up with and realized that this could be just what other people might be looking for, not only in her country but across the region.

> *"If I went to a barbecue, I would bring my plant-based burgers and mock meat for myself. My friends would eat everything I had brought to the party. And they liked it!*

When friends began asking if she was selling what she had created, the idea for Plant Powered was born. With a focus on Latin American cuisine, the company offers meat and dairy substitutes and ready-to-eat frozen foods, all with a Latin flair.

> *"We track the impact of substituting a pound of animal protein for a pound of plant-based protein. At the end of the year, we measure how many pounds of protein we sold.*

Currently, that translates into significant annual savings of water (19.3 million litres [5.1 million gallons]), CO_2 (26,800 kg [59,000 lb]) and usable land (3.4 million m^2). Plant Powered aims to be the leading brand of Latin plant-based foods in the world.

The company's close involvement with its suppliers is making a difference to the farmers' lives. And the company's inclusive approach is evidenced by the Braille on its packaging.

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

SDG FOCUS . . .

4 QUALITY EDUCATION

In 39 of 45 economies, graduates were more likely to be starting or running a new business than non-graduates.

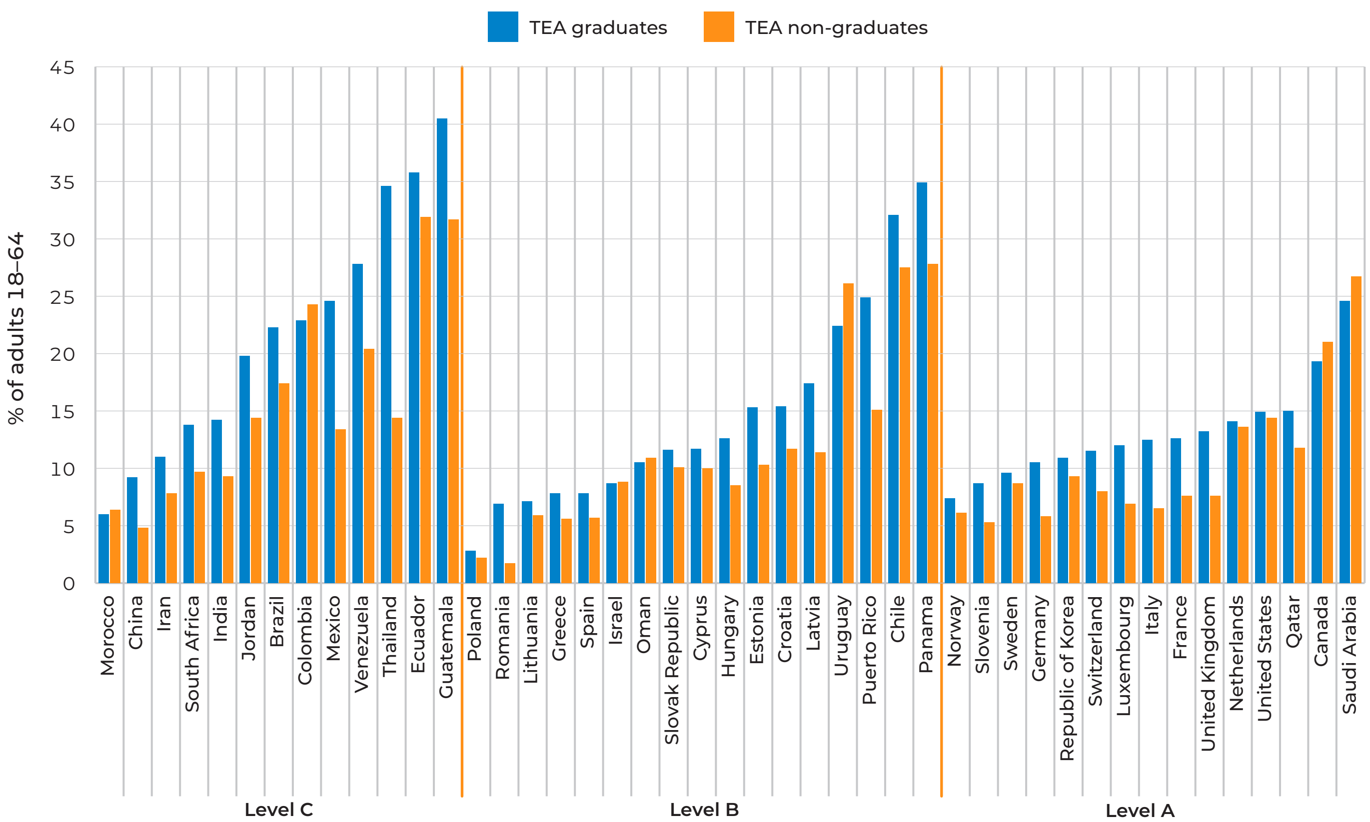
This finding underscores the importance of UN SDG #4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

6.4 ARE GRADUATES MORE LIKELY THAN NON-GRADUATES TO START A NEW BUSINESS?

Graduates may be more likely than non-graduates to start a new business because of their better access to resources, including knowledge, technical skills and information networks; however, since graduate salaries are generally higher than those of non-graduates, they may also have more to relinquish by starting their own business.

Figure 6.6 shows that in 39 of 45 economies, graduates were more likely than non-graduates to be starting or running a new business, the exceptions being Colombia and Morocco from Level C; Oman, Uruguay and Israel from Level B; and Canada and Saudi Arabia from Level A. However, the absolute gap between the percentage of graduates and non-graduates starting new businesses tends to be smaller than the gap for age groups, being five percentage points or less for 33 of the 45 economies, and two points or less for 15 of these. Only Romania and Thailand had graduates that were twice as likely or more as non-graduates to be starting new businesses.

FIGURE 6.6
The level of Total early-stage Entrepreneurial Activity (TEA) for graduates and for non-graduates (%)
Source: GEM Adult Population Survey 2023



6.5 DO CHANGES IN INCOME MAKE STARTING A BUSINESS MORE LIKELY OR LESS LIKELY?

Chapter 1 summarized the results of a new question in the GEM APS, which asks all those surveyed whether their household income had changed in the past year and, if so, whether it had increased or decreased. This section will briefly explore whether levels of entrepreneurial activity vary according to these changes in household income.

Respondents were asked whether their household incomes had strongly decreased, somewhat decreased, stayed the same, somewhat increased or strongly increased. Results were shown in Figure 1.2. For each category, a level of TEA can be calculated — but with care: TEA is a proportion, often small, and estimating a small proportion of a small proportion can lead to misleading results, or at best to estimates with wide confidence intervals which make inferences difficult. To reduce this problem, all results for any category that was selected by less than 10% of the sample were deleted. Unfortunately, only one economy (France) had 10% or more of respondents reporting that their household income had strongly increased, while in 22 economies 10% or more of respondents reported that their household income had strongly decreased (10 from Level B, 12 from Level C and none from Level A, reinforcing the conclusion that lower-income economies had more people reporting household income falls.

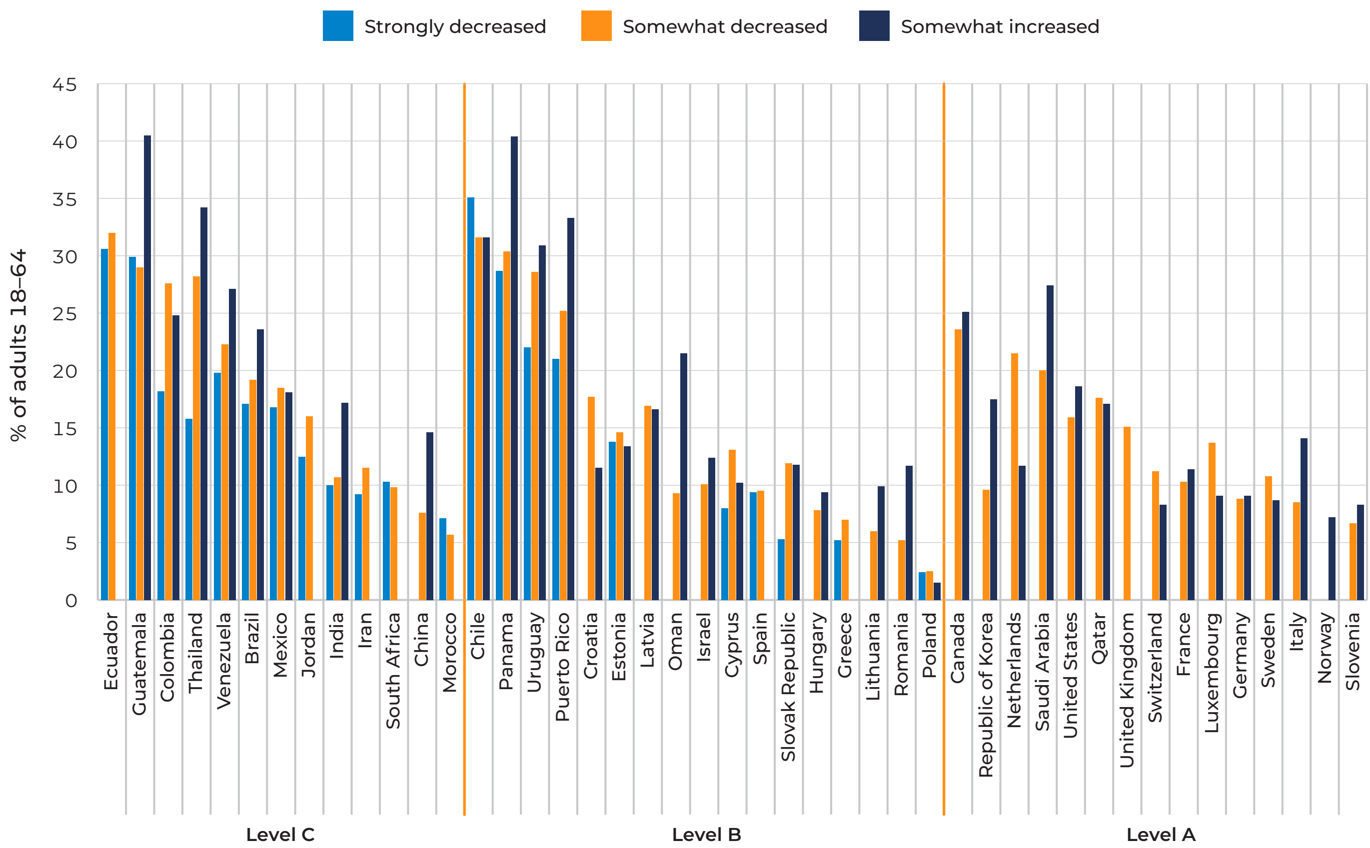
Figure 6.7 shows the level of TEA for each category where at least 10% of respondents had selected that category.[22] The first column for each economy is the level of TEA for those responding that their income had "strongly decreased", the second is TEA for those responding "somewhat decreased" and the third column TEA for "somewhat increased", but in each case only if 10% or more of respondents chose that category.

One way to interpret Figure 6.7 is to compare the level of TEA in each category to that economy's overall level of TEA, already

22 Except for the category "No substantial change", chosen by two in five adults or more in six Level C, 12 Level B and 12 Level A economies.

FIGURE 6.7
The level of Total early-stage Entrepreneurial Activity (TEA) (%) for those reporting that their household income had "strongly decreased", "somewhat decreased" or "somewhat increased" in 2023, where that category was at least 10% of responses

Source: GEM Adult Population Survey 2023



illustrated in Figure 4.1 in Chapter 4. In 18 of the 22 economies with sufficient responses in the category "strongly decrease", the level of TEA for that category was lower than for the economy overall. Some of the largest differences were in the Slovak Republic, where TEA for the income "strongly decreased" category was 5.3%, compared to 10.8% for the economy overall, and in Thailand, where TEA for the "strongly decreased" category was 15.8%, compared to 23.6% for Thailand overall. Overall, an individual reporting that their household income had fallen strongly in 2023 was less likely to start a new business.

Comparing TEA for the category "somewhat decreased" to that economy's average TEA reveals little difference. TEA is higher in this category than the average in 27 economies but lower in 17 others. Comparing TEA for the category "somewhat increased" to the economy's average is much more revealing. There are 28 economies in which TEA is higher than the average, and just eight in which TEA is lower than the average for that economy. Among the largest differences were China (TEA for those reporting that income had somewhat increased of 14.6%, compared to 6.8% overall), Oman (21.5% compared to 10.6%), Romania (11.7% compared to 5.9%) and the Republic of Korea (17.5% compared to 10.2%).

So if your income was reported as "somewhat increased" in 2023, you were more likely to be starting a new business, and sometimes much more likely. Of course, the direction of causation could be either way: you could be starting a new business because your income had increased, or your income could have increased because you were starting a new business.

6.6 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

This chapter has shown that entrepreneurial inequality between men and women was much more prevalent in those owning established businesses than in those starting new ones, implying that fewer women than men are successfully transitioning new into established businesses. While the evidence of greater equality in starting new businesses is welcome, and can contribute to SDG 5, **more understanding is needed of the obstacles that are preventing women from sustaining their new businesses**.

In most of the 45 economies, younger people are much more likely than older people to be starting new businesses, including six economies in which those young people were at least twice as likely. As with the comparison between men and women, the situation was very different with established businesses, with only two of the 45 economies having at least the same proportion of younger people owning established businesses as older people. Again, **careful consideration is needed of the obstacles that are constraining new businesses started by younger people from becoming established**.

Finally, this chapter looked at the association between changes in household income and the likelihood of starting a new business. If your household income had strongly decreased in 2023, you were less likely to be starting a new business compared to that economy's average, whereas if your household income had somewhat increased, you were more likely to be starting a new business.

7 Navigating the Entrepreneurial Landscape

Stephen Hill and Ehud Menipaz

7.1 WHY DOES THIS MATTER?

In this Global Report, Chapter 3 looked at the public attitudes and perceptions that form the social foundations of entrepreneurial activity. This chapter is much more targeted: it will look at the attitudes and perceptions of entrepreneurs, in order to better understand the landscape in which businesses are created and grow. Is it more difficult to start a new business than a year ago? And are the growth expectations of entrepreneurs lower than a year ago? Chapter 1 looked at the global context, and noted that, despite the ongoing war in Ukraine, the overall situation may be more stable, and more conducive to growth, although evidence on changes in household income challenges that view, especially in less prosperous economies (including Ukraine).

One feature of recent Global Reports has been the ability of entrepreneurs to find opportunity in adversity. This chapter will look at whether those starting new businesses consider that the COVID pandemic led to new opportunities they wish to pursue, while Established Business Owners are asked a more direct question: Has the pandemic led to new opportunities that you are pursuing? There is no doubt that the pandemic has changed the way that goods and services are bought and sold, with the shift from bricks-and-mortar to online. Those starting or running new businesses, or owning established businesses, are asked if they expect to use more digital technologies to sell their products or services. A negative answer may simply indicate that their business is already invested in digital technologies.

Last year the Global Report looked at whether those starting new businesses, or owning established ones, took environmental and social implications into consideration in their long-term decisions. This chapter will address the same issues more directly, by looking at whether their businesses had taken any steps, either to minimize their environmental impacts or to maximize their social impacts. Finally, this chapter will look at entrepreneurial awareness of the United Nations Sustainable Development Goals (SDGs), and, because this question has now been asked for three years in a row, will consider changes in this awareness.

7.2 IS IT GETTING HARDER TO START A NEW BUSINESS?

Those starting or running a new business were asked whether starting a business is more difficult compared to a year ago. Figure 7.1 summarizes the responses, in terms of the percentage of Total early-stage Entrepreneurial Activity (TEA) who considered it to be either somewhat more difficult, or much more difficult, to start a business than a year ago. This proportion varied from just four in 10 to eight in 10 in Level C, from three in 10 to seven in 10 in Level B and from just one in 10to six in 10 in Level A. Both the level and the range declined as the income group increased.

More than a half of new entrepreneurs considered it more difficult in six Level C economies, four Level B and just three Level A. Note that the obverse is also true: if a new entrepreneur didn't consider it to be more difficult than a year ago, then it was viewed either as just as difficult or less difficult than a year ago. Figure 7.1 implies that the proportion starting new businesses considering it as difficult, or less difficult, ranged from one in five in Level C (Iran) to four in five in Level A (Saudi Arabia).

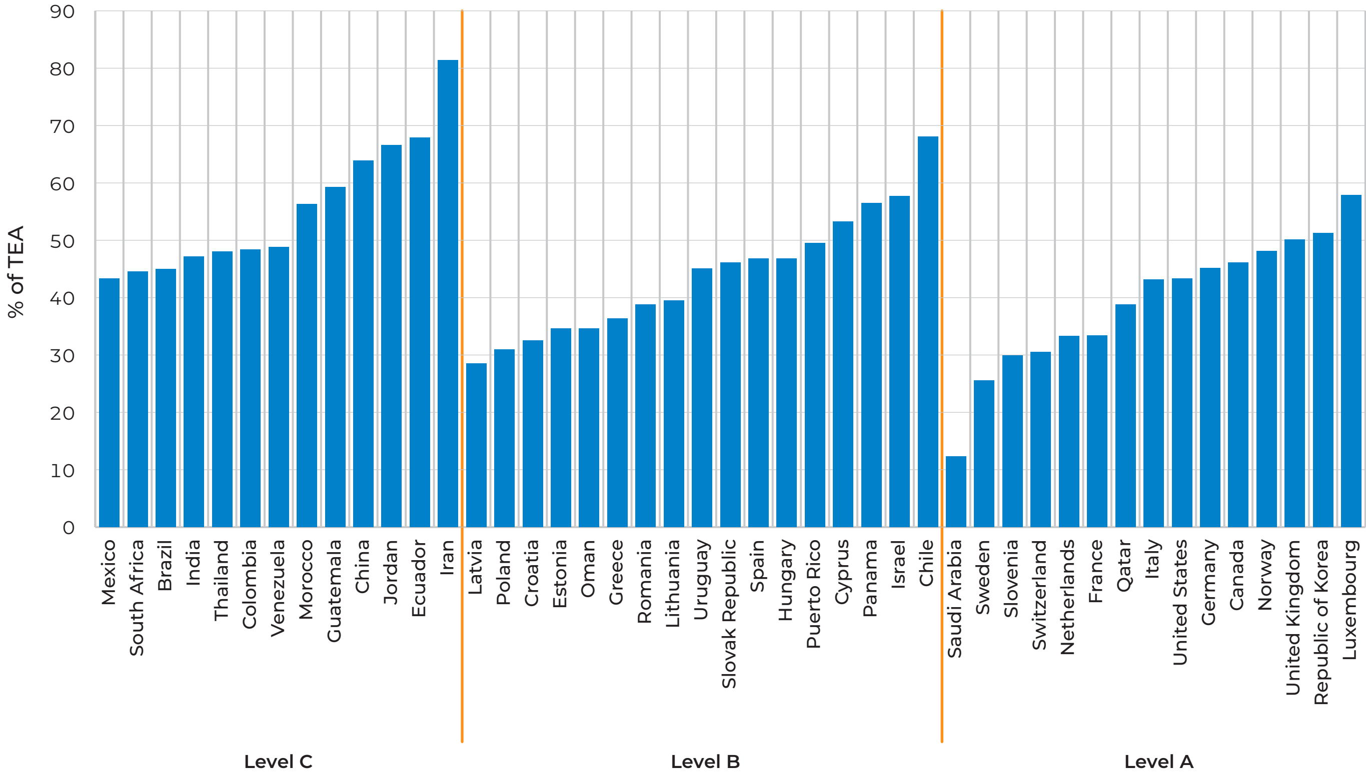


FIGURE 7.1 The percentage of Total early-stage Entrepreneurial Activity (TEA) who think starting a business is more difficult compared to one year ago

Source: GEM Adult Population Survey 2023

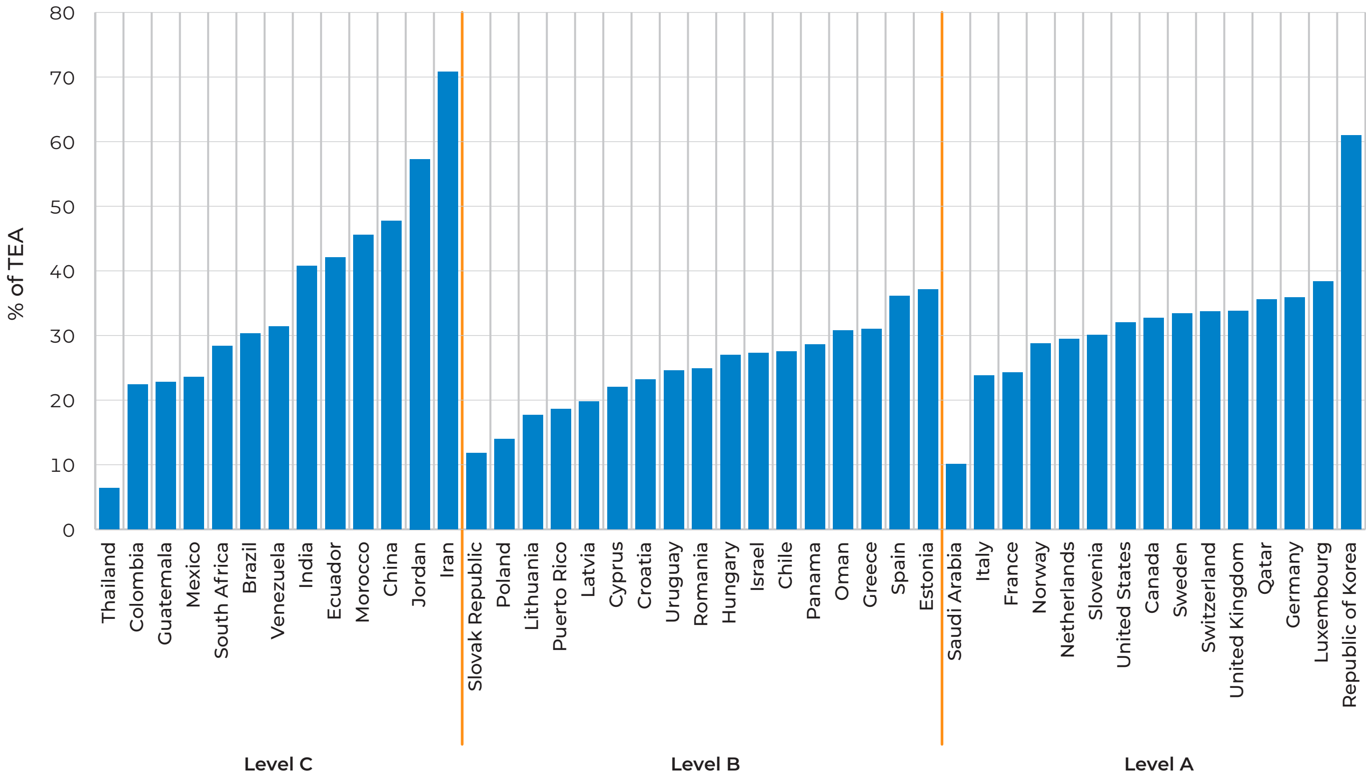


FIGURE 7.2 The percentage of Total early-stage Entrepreneurial Activity (TEA) whose business growth expectations are lower compared to one year ago

Source: GEM Adult Population Survey 2023

HUMAN FACES BEHIND THE DATA . . .

Iva Gumnishka (Bulgaria)

Cartier Women's Initiative 2023 Fellow

An entrepreneur's journey in addressing UN Sustainable Development Goals

The success of the United Nations Sustainable Development Goals (SDGs) is crucial for the global economy and society, which is why we ask our entrepreneurs if they are aware of them.

Iva Gumnishka certainly is. Her company Humans in the Loop is actively addressing Goal #1 (No Poverty), Goal #8 (Decent Work and Economic Growth) and Goal #10 (Reduced Inequalities).

In 2017, Iva was studying human rights in the United States when she learned about a social entrepreneur providing jobs for local youth. She began wondering if she could use social entrepreneurship to support refugees in her home country. Said Gumnishka:

> *"That entrepreneur was super inspiring for me. After graduating, I came back and started working as a volunteer in a refugee camp here in Bulgaria."*

Soon after, she founded Humans in the Loop.

> *"We started with classes to help people get jobs in places like call centres. Many are unable to get such jobs because they don't have the skills. The goal was to find an easy job that anyone can do so that they can start earning money immediately."*

A universal challenge across the artificial intelligence industry is that AI systems are only as good as the data used to train them. Without the right human oversight, systems can learn a distorted version of the world, and the resulting inaccuracies can harm the people they are intended to serve.

> *"For these systems to learn to recognize objects and images, you need to show them examples that are generated by humans."*

The idea of making a connection between this and the refugee crisis came from the company's first client and a friend in the AI field. After a successful pilot, the company began training refugees to become the "humans in the loop", monitoring the AI data sets used to build algorithms. Humans in the Loop has since evolved into a hybrid organization which includes the original job-providing entity and a foundation that provides training and career counselling. Local teams train and support the company's workforce.

> *"This is a much better practice compared to crowdsourcing marketplaces [which are typical for the industry] as it can guarantee the quality and consistency of data. To train AI systems, you need to test and verify them with human supervision and monitoring. This is the opportunity that we're using to generate work for people who are affected by conflict."*

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

Cartier WOMEN'S INITIATIVE

A related question is whether, compared to one year ago, the new entrepreneur expected business growth to be lower. Figure 7.2 shows that the proportion of those starting or running a new business whose expectations for business growth were somewhat lower, or much lower, than a year ago, ranged from less than one in 10 (Thailand) to more than seven in 10 (Iran) in Level C; from just over one in 10 (Slovak Republic) to four in 10 (Estonia) in Level B; and from one in 10 (Saudi Arabia) to six in 10 (Republic of Korea) in Level A. So, except for the Republic of Korea, there were lower growth expectations in relatively few Level B and A economies and much more variability in those growth expectations in Level C.

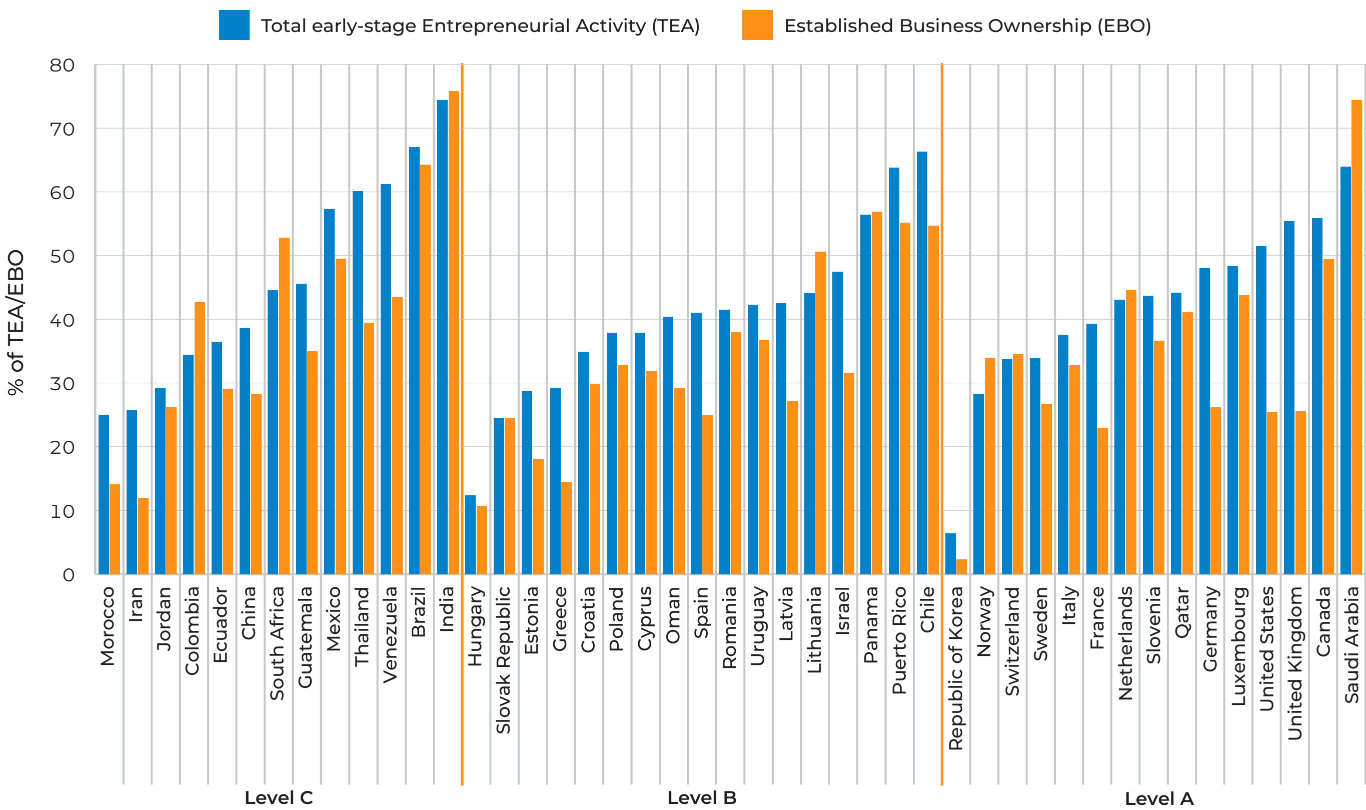
7.3 DID THE COVID-19 PANDEMIC CREATE NEW OPPORTUNITIES?

The GEM Adult Population Survey (APS) asked those starting or running a new business whether the COVID pandemic had provided new opportunities that they wish to pursue. Established Business Owners were asked a slightly different question: whether the pandemic had led to new opportunities that are currently being pursued. It may be easier to wish to pursue opportunities than to actually do so.

Results from both questions are illustrated side by side in Figure 7.3. Starting with new entrepreneurs, there were 12 economies with one in two or more agreeing that the pandemic has led to new opportunities that they wish to pursue (five from Level C, three from Level B and four from Level A), compared to nine in which less than one in three agreed (three from Level C, four from Level B and two from Level A). The highest levels of agreement were in India, Brazil and Chile, and the lowest, by far, in the Republic of Korea and in Hungary.

The picture for Established Business Owners currently pursuing pandemic opportunities was surprisingly similar, if scaled a little lower. There were just eight economies in which one in two or more were pursuing pandemic opportunities, and 23 were less than one in three was doing the same. The highest levels were again in India and Saudi

FIGURE 7.3
The percentage of Total early-stage Entrepreneurial Activity (TEA) who agree that the pandemic has led to new opportunities they wish to pursue and the percentage of Established Business Ownership (EBO) who are pursuing such opportunities
Source: GEM Adult Population Survey 2023



Arabia, and the lowest in the Republic of Korea and Hungary.

There are 40 economies in which this question was asked in both 2022 and 2023. Given that the COVID pandemic had fallen from the headlines, the reasonable expectation may have been that the proportion pursuing, or wishing to pursue, pandemic-led opportunities had declined. The experience was much less clear-cut. In 21 of those 40 economies, the proportion of new entrepreneurs wishing to pursue opportunities due to the pandemic had increased, and in 19 it had fallen. This looks like minor change, but in many of these economies the differences were large. For example, in 2022, just 9% of new entrepreneurs in the Slovak Republic had agreed the pandemic had led to new opportunities they wished to pursue; by 2023, this was 25%. In nearby Slovenia, the increase was from 9% to 43%, and in distant Saudi Arabia from 15% to 64%. There were similar large falls: in Iran from 62% to 26%, in the Republic of Korea from 50% to 6%, and in China from 84% to 39%.

The pattern for Established Business Owners was closer to expectations. In 26 of the 40 economies, the proportion of Established Business Owners agreeing they were currently pursuing pandemic-led opportunities decreased from 2022 and increased in just 14 economies. Once more, some of the shifts were large. In nine economies that proportion at least halved,[23] while in another five economies that proportion at least doubled.[24] So, overall, fewer Established Business Owners were pursuing pandemic-led opportunities in 2023 than in 2022, but there was minor change in relation to new entrepreneurs.

7.4 ARE ENTREPRENEURS READY FOR THE FUTURE?

Most people starting or running new businesses, or owning established businesses, are likely to consider themselves ready to face the future. Indeed, the very act of starting a business is a statement of faith in the future.

One way to assess that readiness is to look at expectations in a turbulent environment. A key feature of the recent past has been the rapid rise in the use of digital technologies to sell products and services. In the 2023 GEM APS, both new and established entrepreneurs were asked whether, in the next six months, they expected their business to use more digital technologies to sell their products. The proportions responding yes, for both new and established businesses, are shown in Figure 7.4.

There was wide variation, both for those starting new businesses and for those owning established businesses. For new entrepreneurs, the proportion ranged from three in 10 (China) to nine in 10 (Brazil) in Level C, from two in 10 (Lithuania) to eight in 10 (Puerto Rico) in Level B, and from one in 10 (Republic of Korea) to eight in 10 (Saudi Arabia) in Level A. Results for Established Business Owners were broadly similar. In group C, two in ten were expecting to use more digital technology to sell in Iran compared to eight in ten in Brazil. Group B ranged from one in 10 in Lithuania to seven in 10 in Brazil. For group A, there was one in 10 from the Republic of Korea and eight in 10 in Saudi Arabia. If digital technology was first adopted by new businesses in high-income economies, there is some evidence that low-income economies are fast catching up.[25]

Lithuania and the Republic of Korea had few (one in five or less) new or established businesses expecting to use more digital technologies in the next six months to sell their products, whereas Brazil, Venezuela and Saudi Arabia each had three in four or more. This may simply mean that levels in the Republic of Korea and Lithuania are high already. Another interesting feature of Figure 7.4 is that, in 41 of 45 economies, the proportion of new entrepreneurs expecting to use more digital technologies exceeded the corresponding proportion of Established Business Owners in that economy. The exceptions were all in Asia (China, Oman, Saudi Arabia and the Korean Republic). This may reflect the fact that, as seen in Chapter 6, younger people are more likely to be starting new businesses than owning established ones, as are graduates.

23 Morocco, Iran, China, Hungary, Greece, Spain, Republic of Korea, United States and United Kingdom.
24 South Africa, Slovak Republic, Venezuela, Slovenia and Saudi Arabia.
25 Tolba, A., Karadeniz, E., Boutaleb, F., Bouhaddioui, C., Menipaz, E., Pereira, F., Bueno, Y., Alsaeed, M., & Schøtt, T., "Exports during the pandemic: Enhanced by digitalization", *Small Enterprise Research*, 29(3): 308–27.

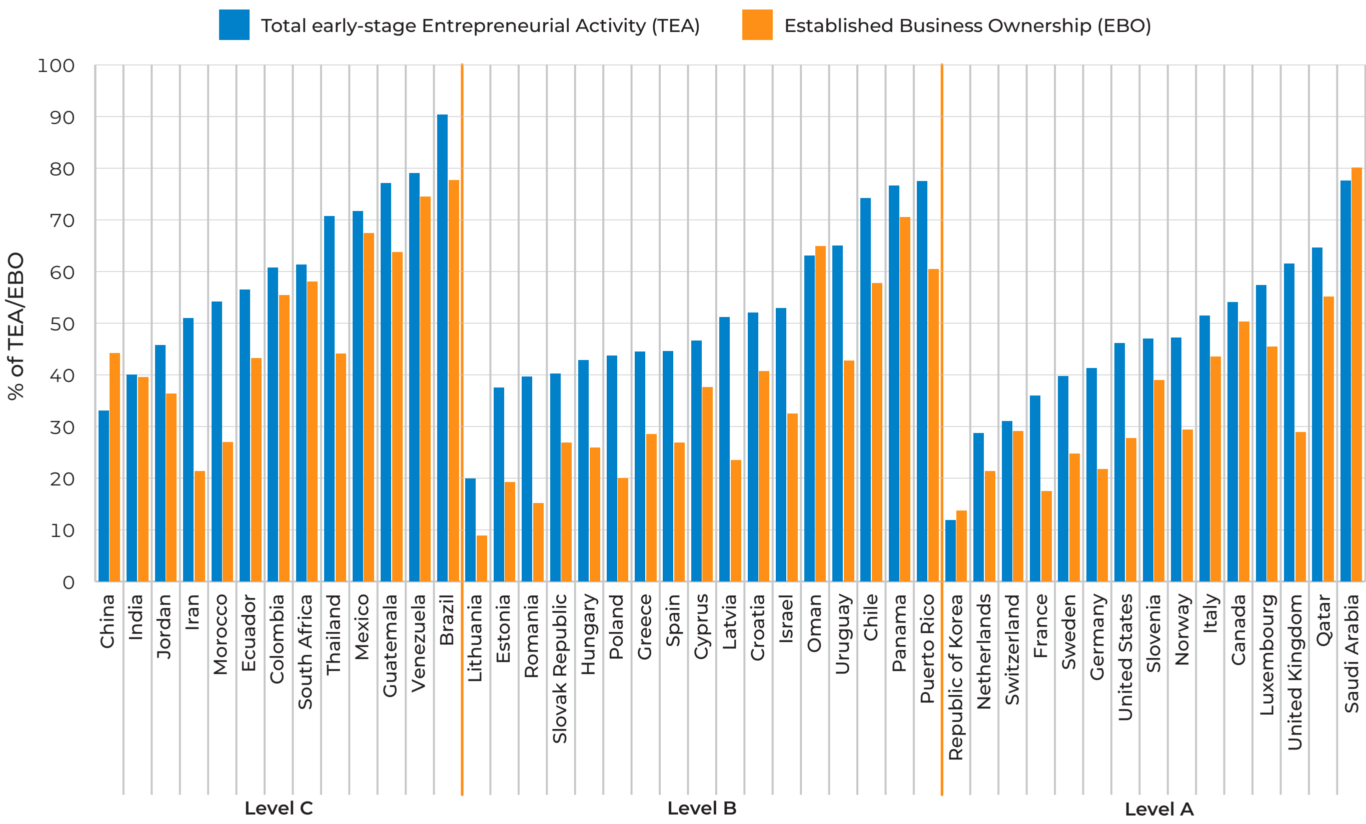


FIGURE 7.4
The percentage of new and established business owners expecting to use more digital technologies to sell their products or services in the next six months (Total early-stage Entrepreneurial Activity [TEA] and Established Business Ownership [EBO])
Source: GEM Adult Population Survey 2023

7.5 ARE ENTREPRENEURS MINIMIZING THEIR ENVIRONMENTAL IMPACTS, OR MAXIMIZING THEIR SOCIAL IMPACTS?

Last year's Global Report looked at whether new and established entrepreneurs took environmental and social implications into account when making decisions about the future of their businesses. A majority of both those starting or running new businesses, and those running established businesses, agreed that they did, although that majority declined slightly as income group increased.

In this report, the focus shifts slightly to two related questions about entrepreneurial behaviour, asking both new and established entrepreneurs whether they had taken any steps in the past year to minimize the environmental impacts of their business, such as energy-saving measures or the use of more environmentally friendly materials, or to maximize the social impacts of that business, such as creating new jobs for young people or ensuring fair workplace conditions and wages in their suppliers. Results are shown in Figures 7.5 and 7.6.

Figure 7.5 shows that, in the past year, at least one in two new entrepreneurs had taken steps to minimize environmental impacts in 27 of the 45 economies (including six in Level C, 13 in Level B and eight in Level A). Established Business Owners were even more emphatic, with at least one in two taking steps to minimize environmental impact in 36 of the 45 economies (eight in Level C, and 14 in each of B and A, respectively). Even those economies with fewer entrepreneurs taking steps to minimize environmental impact usually had more than two in five: just five economies had less than two in five new entrepreneurs, falling to just four economies for Established Business Owners. Interestingly, Established Businesses Owners were more likely than new entrepreneurs to have taken steps to minimize environmental impact in the past year.[26]

There is clear agreement among both new and established entrepreneurs that steps had

26 With % EBO > % TEA in 37 of 45 economies.

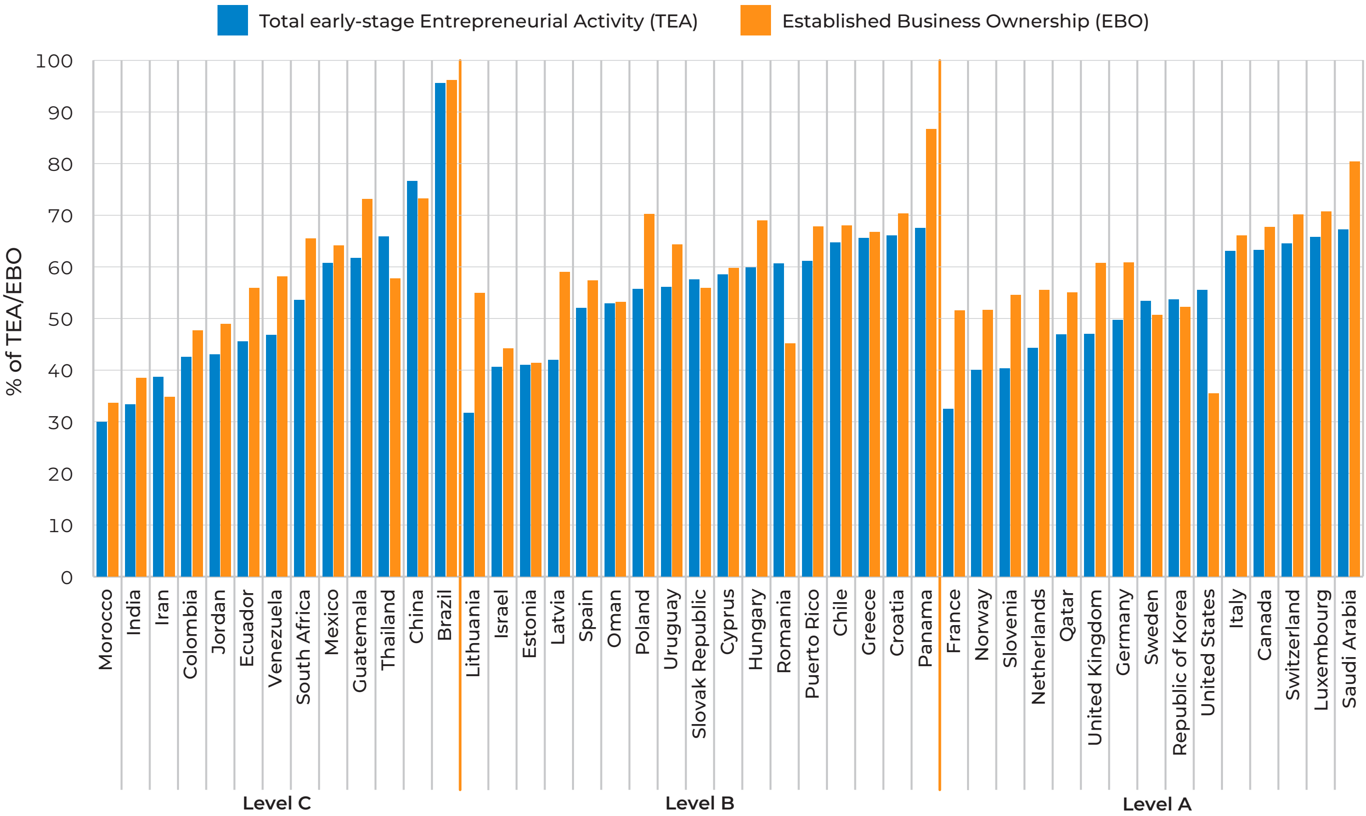


FIGURE 7.5 The share of new and established business owners who have taken steps in the past year to minimize the environmental impact of their business (% Total early-stage Entrepreneurial Activity [TEA] and % Established Business Ownership [EBO])

Source: GEM Adult Population Survey 2023

been taken to minimize environmental impacts. Exceptions included Morocco and Iran (for both TEA and EBO), Lithuania and France (TEA), and the United States (EBO).

Figure 7.6 relates to entrepreneurs having taken steps to maximize social impacts, again with regard to both new entrepreneurs and Established Business Owners. This time the

SDG FOCUS . . .

We asked both new and established entrepreneurs whether they had taken any steps in the past year to:

1. Minimize the environmental impacts of their business (such as energy-saving measures or the use of more environmentally friendly materials) or
2. Maximize the social impacts of that business, such as creating new jobs for young people or ensuring fair workplace conditions and wages in their suppliers.

There is clear agreement, among both new and established entrepreneurs, that steps were taken to minimize environmental impacts. Established Business Owners were a bit more likely than new entrepreneurs to have taken steps to maximize the social impact of their business.

This potentially correlates to progress on UN SDGs #6, Clean Water and Sanitation; #7, Affordable and Clean Energy; #13, Climate Action; and 14, Life Below Water; among others.

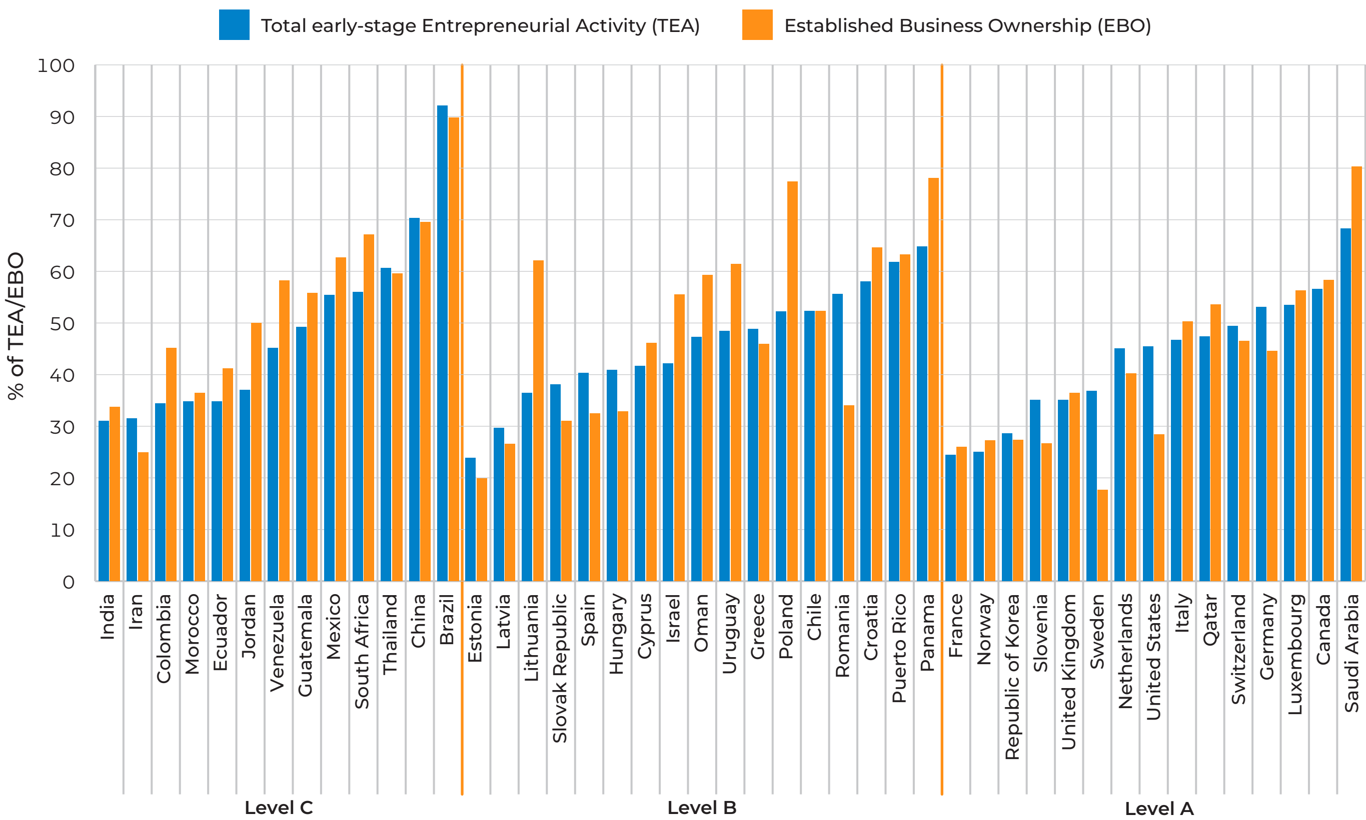


FIGURE 7.6
The share of new and established business owners who have taken steps in the past year to maximize the social impact of their business (% Total early-stage Entrepreneurial Activity [TEA] and % Established Business Ownership [EBO])
Source: GEM Adult Population Survey 2023

picture is more mixed, still with widespread agreement but less emphatic. At least one in two or more new entrepreneurs had taken steps to maximize the social impact of their business in 15 of the 45 economies (five Level C, six Level B and four Level A). The same was true of Established Business Owners in 22 of the 45 economies, so Established Business Owners were a bit more likely than new entrepreneurs to have taken steps to maximize the social impact of their business.

Relatively few economies had less than one in three of their businesses taking steps to minimize their environmental impact (four for new businesses and none for established). In relation to entrepreneurs taking steps to maximize their social impacts, this number of economies rises to seven for new businesses and 12 for established ones. Estonia, France and Norway had the lowest proportions of new entrepreneurs agreeing, while Sweden and Estonia had the lowest proportions of Established Business Owners in agreement.

Taking steps in the past year to minimize environmental impacts or to maximize social impacts was more common among established entrepreneurs than new ones, possibly because new entrepreneurs are more focused on survival. More new or established entrepreneurs were taking steps to minimize environmental impact than to maximize social impact, possibly because the latter may be more difficult, or perhaps revealing differences in preferences. It is clear that many new and established entrepreneurs are not just thinking about their social and environmental impacts but are doing something in response.

7.6 ARE ENTREPRENEURS AWARE OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)?

Chapter 1 briefly outlined the UN SDGs and suggested that they were becoming more influential in the business environment, including among entrepreneurs. The previous section showed that a majority of both new and established entrepreneurs are taking steps to change their social and environmental impacts: doing so would be in support of the SDGs

HUMAN FACES BEHIND THE DATA . . .

Yvette Ishimwe (Rwanda)

Cartier Women's Initiative 2023 Fellow

Empowering communities with clean water: an entrepreneur addressing UN SDG Goal #6

Yvette Ishimwe is one of many entrepreneurs who are addressing society's big challenges, like those encapsulated in the United Nations Sustainable Development Goals (SDGs).

SDG Goal #6 is about clean water and sanitation: a challenging area. For example, in Sub-Saharan Africa, 320 million people lack access to this basic right; only 57% of the Rwandan population can find potable water within 30 minutes of home, according to UNICEF; and children lose 443 million school days each year because of water-related illnesses.

Yvette experienced this problem first-hand when her family relocated from Rwanda's capital city Kigali to a rural village.

> *"There was no water for home use or even for drinking. Water was expensive and it was difficult to get clean water."*

She found that her family could hire a truck to pump water from a nearby lake to their home, and purify it with a $400 kit. She explains:

> *"My mom gave me the money. They installed it on our water tank. Then the neighbours started to come. After three days, our compound was full of people coming in to fetch water from our home."*

While at university she was awarded $10,000 through a business competition to implement the solution she'd found for her family on a wider scale. The village could now build a solar-powered plant to pump water from a natural spring.

This led to Ishimwe launching Iriba Water Group, a social enterprise that tackles the problem of drinking water scarcity in Rwanda and other low-income African countries. The company's Tap & Drink systems, installed in public places like markets, parking lots and schools, connect to and purify municipal tap water. The public can access water with a "water ATM card" and Iriba tracks usage with a software management system. Franchisees run the systems, complementing the company's core mission by providing local jobs.

Since 2017, the company's 74 Tap & Drink systems have brought safe, affordable water to over 300,000 people in Rwanda and eastern Democratic Republic of the Congo, and it is now replicating the model in Central African Republic. Along the way, it has created 68 jobs and prevents 62 metric tons of CO_2 emissions every month. In the next five years, the company plans to reach 2,750,000 people with affordable safe drinking water, create 685 jobs, and reduce emissions by a million metric tons monthly.

These numbers represent real human impact. Incidences of water-related illnesses such as typhoid and diarrhoea have fallen dramatically in schools, directly translating to fewer school days missed. Ishimwe concluded:

> *"No one should have to die or get sick for a lack of something so basic and so achievable as safe water. I believe that water is life, and life is a human right. The need is huge and abundant. We're just getting started."*

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

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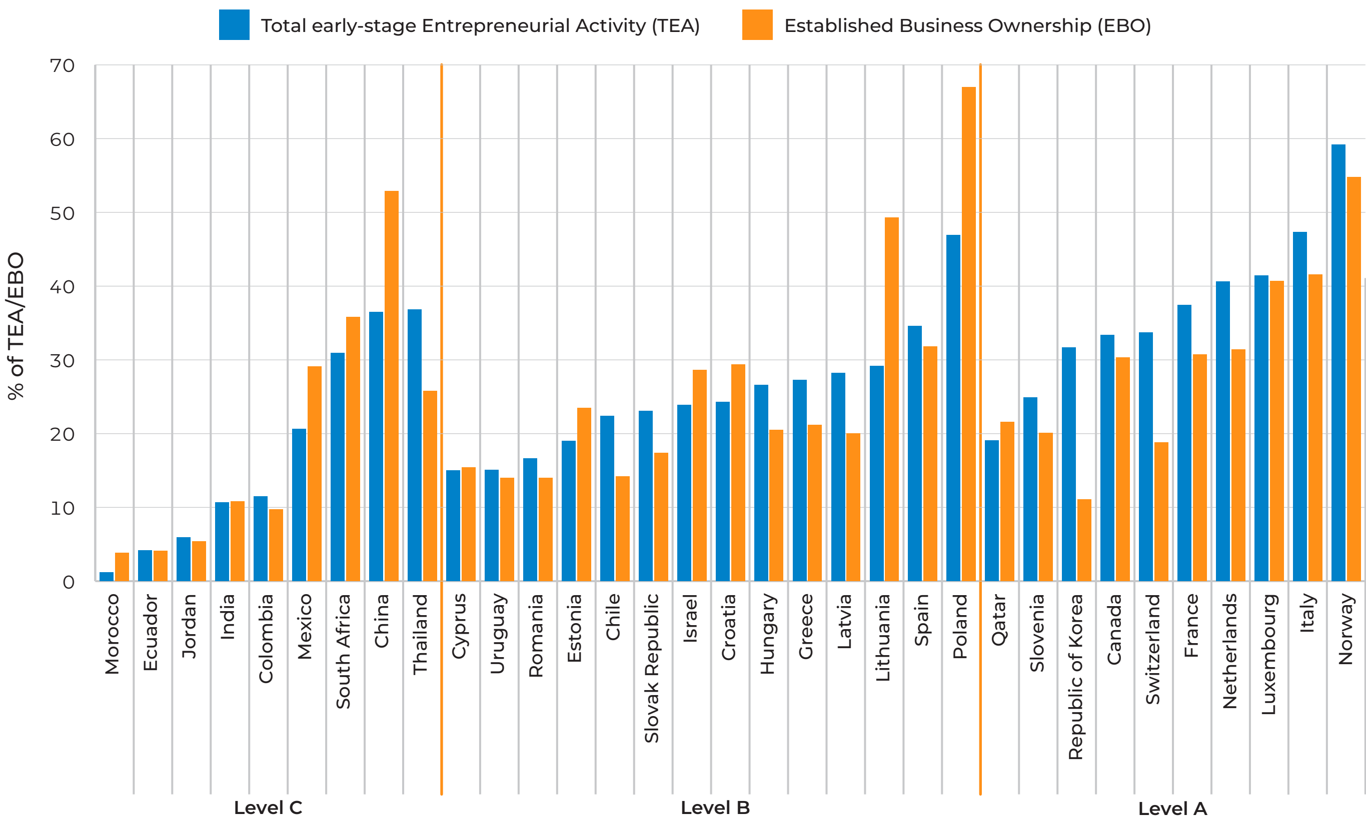


FIGURE 7.7
Are you aware of the United Nations Sustainable Development Goals (SDGs)? (% Total early-stage Entrepreneurial Activity [TEA] and % Established Business Ownership [EBO])
Source: GEM Adult Population Survey 2023

(especially SDGs 9, 11 and 12).[27] But the question must still be asked: are entrepreneurs aware of the SDGs and, if so, is this awareness changing over time? Is there evidence to support the notion that the SDGs are becoming more influential in the entrepreneurial world?

The GEM APS asks both new and established entrepreneurs if they are aware of the UN SDGs. This is an optional question and not asked by all National Teams. For those that did, results for 2023 are shown in Figure 7.7.

Awareness of the SDGs was patchy at best, reaching one in two or more new entrepreneurs in Norway, and one in two Established Business Owners in Poland, Norway and China. Across the 33 economies where this question was asked in 2023, less than one in five new entrepreneurs were aware of the SDGs in 10 economies (all income levels), compared to less than one in five Established Business Owners in 12 economies. The highest levels of awareness were in Norway (TEA 59%, EBO 55%), Poland (TEA 47%, EBO 67%) and in China (TEA 37%, EBO 53%). The chart shows awareness of the SDGs typically increasing with income, and lowest in Level C Morocco, Ecuador and Jordan.

So there is little evidence that awareness of the SDGs is widespread among entrepreneurs. But are there signs that this awareness is increasing?

There are just 20 economies where this question was asked in each of the last three years. These include seven economies in which the proportion of new entrepreneurs who were aware of the SDGs increased each year.[28] However, there were also eight economies in which awareness was lower in 2023 than in 2021.[29] Finally, there are 11 economies in which the level of awareness among new entrepreneurs either fell and then increased or increased and then fell. A very mixed picture indeed, and no support for the notion that entrepreneurial awareness of SDGs is increasing.

27 The full list of the UN SDGs can be found in Figure 1.1 on p. 26.

28 Chile, Cyprus, Hungary, Latvia, Poland and Spain.

29 Colombia, India, Morocco, Croatia, Romania and Uruguay.

7.7 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

This chapter has looked at the expectations and perceptions of new and established entrepreneurs. The responses help us navigate the entrepreneurial landscape in which the decision to start a business takes place, as well as the propensity of entrepreneurs to grasp opportunities that this landscape provides. It also shows the way that entrepreneurial behaviour reflects changing social values, especially in relation to the environmental and social impact of their businesses.

Responses to the question of whether those starting new businesses agreed that it was harder to do so than a year earlier were highly varied, with some reduction in agreement as income groups rose. Few entrepreneurs in Levels A and B agreed that their growth expectations were lower than a year earlier. Responses in Level C were more variable.

The proportion of new entrepreneurs agreeing that the COVID pandemic had led to new opportunities they wish to pursue remained high, while the proportion of Established Business Owners pursuing such opportunities was a little lower but still widespread. The highest levels were in India and Brazil, with the lowest levels in Hungary and the Republic of Korea. This may reflect the highly variable trajectory of the virus in different economies. **More research is needed to relate entrepreneurial perceptions of pandemic opportunities to health conditions in individual economies.**

There was wide variation in the proportions of new and established entrepreneurs expecting to use more digital technologies to sell their products or services in the next six months, although proportions were slightly higher among lower-income economies, and for established compared to new entrepreneurs, perhaps because, as Chapter 6 showed, new entrepreneurs tended to be younger than established ones. These proportions were typically higher in the Latin America & Caribbean region than in Europe, and lowest of all in the Republic of Korea and in Lithuania, possibly because digitalization levels were already high there. Relatively few Established Business Owners were expecting to use more digital technologies in Level B and A economies. **Greater awareness of market potential may be needed if these established businesses are not to lose market share to those utilizing new ways of selling.**

More optimistically, a majority of new and established businesses had taken steps to minimize their environmental impacts over the past year. Proportions of entrepreneurs taking steps to maximize their social impacts were a little lower, perhaps because maximizing social impacts can be more difficult. However, few new or established entrepreneurs could claim to be doing so in pursuit of the UN SDGs, because few appear to be aware of those goals. Of course, acting to minimize environmental impact or to maximize social impact is more important than being aware of the SDGs. **Nevertheless, those responsible for promoting the SDGs may wish to reflect on the reasons awareness remains low among many entrepreneurs.**

8

Why Start (or Stop) a Business?

Stephen Hill and Fatima Boutaleb

8.1 INTRODUCTION: THE SIGNIFICANCE OF BUSINESSES COMING AND GOING

The reasons for starting a business are inevitably personal, reflecting the circumstances, character and motivation of the individual concerned. The decision can be influenced by the desire for autonomy, the prospect of building a personal fortune, the drive to make the world a better place, sometimes by finding solutions to specific social or environmental concerns, or simply to generate an income in the absence of alternatives. This motivation matters, because it can influence the way the new business behaves, as well as its prospects for growth and sustainability. The nature of individual motivation may determine goals and aspirations for the firm, which in turn may influence economic outcomes. In either case, it is important for policymakers to understand entrepreneurial motivations so they can activate the factors within their sphere of influence.

It is important for an economy to have a steady flow of new businesses that evolve into established businesses. Important too is the ability to exit a business. An exit frees up resources from something that may not be generating a return, and redirects these resources towards new activities that can potentially raise productivity and living standards.

There are many reasons for exiting a business, and while the lack of profitability is certainly an important one, there are other, more positive reasons, such as planned retirement or to pursue more attractive alternatives, such as a salaried job. Furthermore, an individual exiting the business they created does not necessarily mean that that business does not continue: this chapter will show that, in many economies, a significant proportion of businesses continue their activities after the founder has left.

8.2 WHY START A BUSINESS?

In 2019, GEM updated its approach to motivation, surveying new business founders on specific reasons for starting a business. These motivations include making a difference, achieving substantial wealth, continuing a family tradition, and earning a living due to job scarcity.

The desire for autonomy was not included, since pre-testing showed that almost everyone agreed with this motivation. Those starting or running a new business select from a five-point scale (strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree and strongly disagree), and can choose one or more of these motivations (and many do choose more than one). The results for 2023 are set out in Figures 8.1 and 8.2.

There is wide variation in the proportion of adults starting or running a new business who agree[30] with the motivation “to make a difference in the world” (Figure 8.1), from just one in 25 new entrepreneurs in the Republic of Korea (by far the lowest), to more than four out of five in India. This wide variation was evident across all income groups. Less than two in five new entrepreneurs agree in four Level C, nine in Level B and four Level A economies, while more than three in five agree in six Level C, three Level B and three Level A economies.

30 “Agree” includes those who selected “strongly agree” or “somewhat agree”.

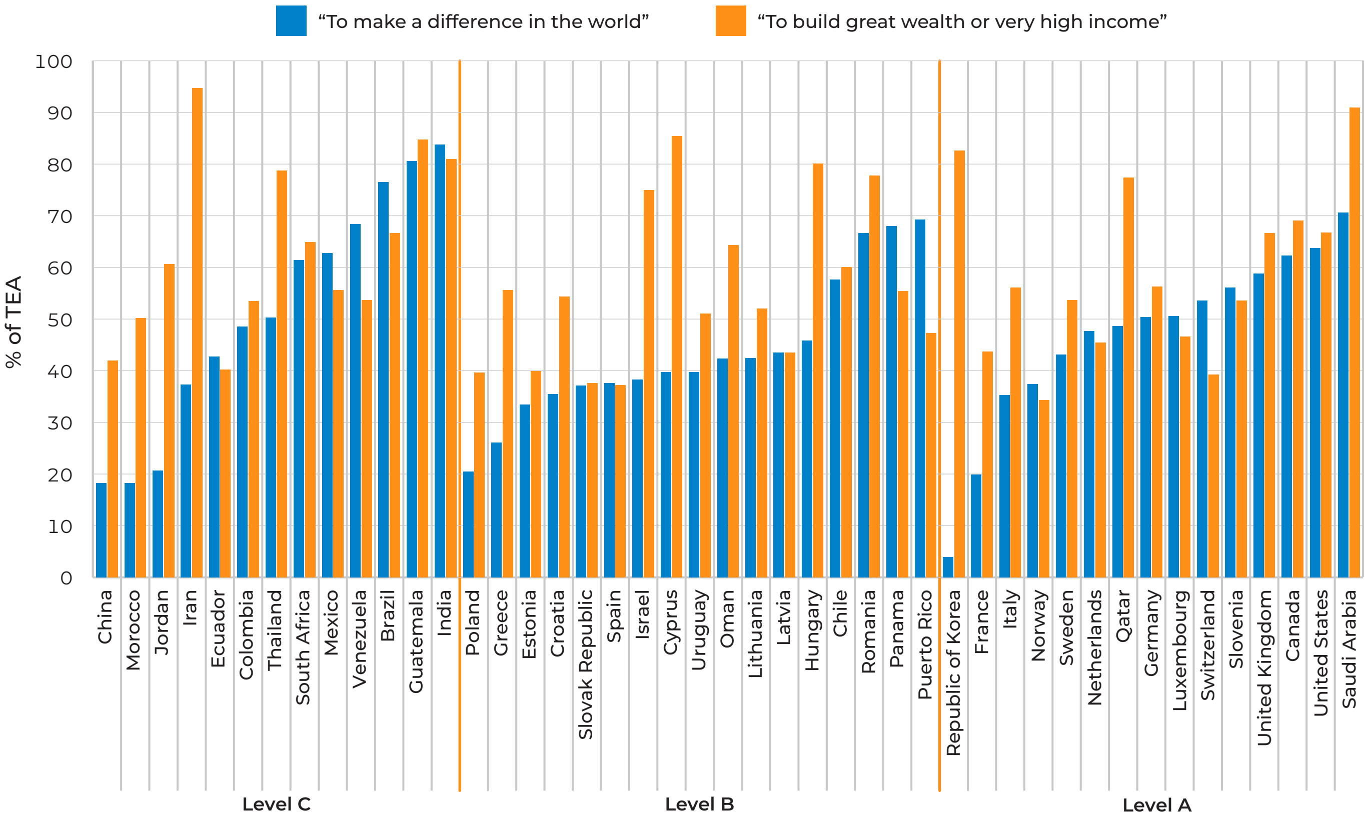


FIGURE 8.1 Agreement with motivations "to make a difference in the world" and "to build great wealth or very high income" (% Total early-stage Entrepreneurial Activity [TEA])

Source: GEM Adult Population Survey 2023

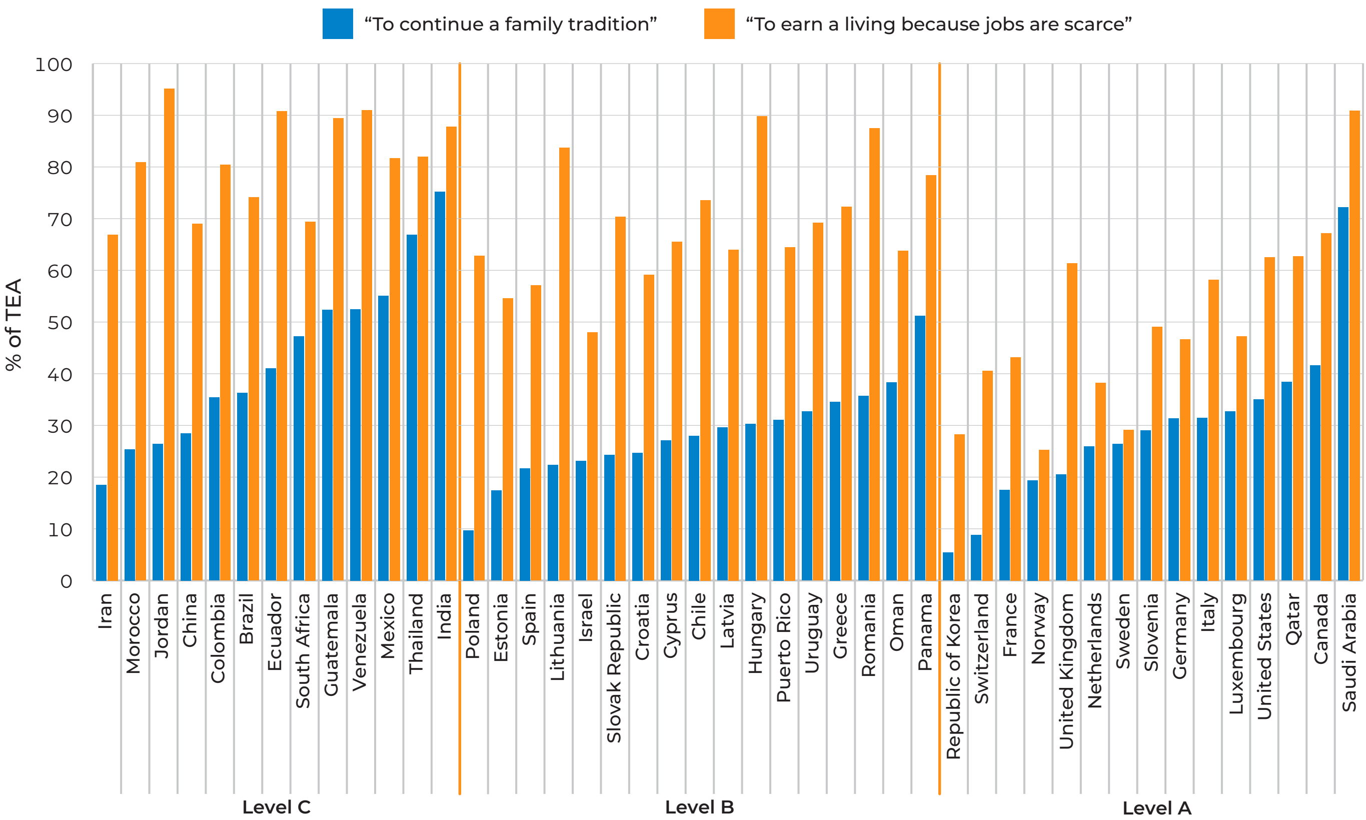


FIGURE 8.2 Agreement with motivations "to continue a family tradition" and "to earn a living because jobs are scarce" (% Total early-stage Entrepreneurial Activity [TEA])

Source: GEM Adult Population Survey 2023

There was less variation, but more association with income, for the motivation “to build great wealth or very high income” (Figure 8.1). Over three out of four new entrepreneurs agreed in four Level C economies, and three each in Level B and Level A. However, less than one in two new entrepreneurs agreed in two Level C, six Level B and five Level A economies. Within Level C economies, agreement ranged from 40% in Ecuador to 95% in Iran, in Level B from 37% in Spain to 85% in Cyprus, and in Level A from 34% in Norway to 91% in Saudi Arabia.

In previous Global Reports, the motivation “to continue a family tradition” was especially important in a minority of economies, and this is confirmed in 2023, with more than one in two entrepreneurs agreeing in just seven economies,[31] all outside Europe (Figure 8.2). In 35 of the 45 economies, less than two in five agreed with this motivation (six Level C, 16 Level B and 13 Level A).

The motivation “to earn a living because jobs are scarce” was more popular, especially in the Level C and Level B economies, with the lowest levels of agreement, at less than three in 10 new entrepreneurs, in just three economies: Republic of Korea, Norway and Sweden, all from Level A. Conversely, this motivation was agreed by four out of five new entrepreneurs or more in nine Level C economies, three Level B economies and one Level A economy. Agreement with the motivations to make a difference or to accumulate great wealth hardly varies by income group. But to build great wealth and to continue a family tradition are more popular in lower-income economies.

31 Thailand, India, Saudi Arabia, Mexico, Venezuela, Guatemala, and Panama.

SDG FOCUS . . .

We survey new business founders on specific reasons for starting a business. One of these motivations includes “making a difference in the world”. There is wide variation in the proportion of adults starting or running a new business who agree with this motivation. Noteworthy is that in India, four out of five agreed.

Making a difference in the world has various connotations for different people. In all likelihood, these motivations can align to one or more of the 17 SDGs.

Previous Global Reports have looked at variations between men and women in motivation among new entrepreneurs (GEM Global Report 2019/2020), and between younger and older entrepreneurs (GEM Global Report 2021/2022). Women and younger entrepreneurs were more likely to agree with the motivation “to make a difference in the world”, men were more likely to agree with “building great wealth or high income” or “to continue a family tradition”, while older entrepreneurs were more likely to agree with “earning a living because jobs are scarce”.

This report examines motivational differences according to levels of educational attainment. Table 8.1. shows the number of economies in which the proportion of graduate new entrepreneurs agreeing with the motivation exceeded the proportion of non-graduates.

For the motivation “to make a difference in the world”, there are 23 economies in which

Motivation	Out of 45 Grad > Non-grad	Out of 45 Non-grad > grad
“to make a difference in the world”	23	22
difference > 5 percentage points	*15*	*7*
“to build great wealth or very high income”	21	24
difference > 5 percentage points	*11*	*15*
“to continue a family tradition”	6	39
difference > 5 percentage points	*4*	*27*
“to earn a living because jobs are scarce”	11	34
difference > 5 percentage points	*4*	*26*

TABLE 8.1 Motivation by educational attainment: number of economies with the proportion of graduates agreeing with the motivation exceeding the proportion of non-graduates, and vice versa

Source: GEM Adult Population Survey 2023

HUMAN FACES BEHIND THE DATA . . .

Lily Dempster (Australia)

Cartier Women's Initiative 2023 Fellow

Revolutionizing climate change mitigation one small step at a time

Many entrepreneurs have strong social and environmental concerns. One of GEM's aims is to assess whether those concerns spill over into their business strategies.

One person for whom this is certainly the case is Lily Dempster, founder of One Small Step, a business focusing on rapid decarbonization via an app that helps anyone achieve net zero emissions through lifestyle changes.

People often feel confused and suffer information overload around climate-friendly options. So Dempster began looking at how behavioural science could make it easy, fast and rewarding. Launched in 2018, the One Small Step app enables users to log current behaviours and then get a personalized plan to improve their carbon footprint and achieve net zero emissions. Said Dempster:

> *"You want to work with behaviour, not against it."*

Many think that sustainability is costly from a financial perspective. It can actually be the opposite.

> *"An average user of our app can save over $3,000 a year."*

The origins of the business date back to Dempster's time as a market impact director at Australia's leading online community advocacy organization, where she ran campaigns encouraging consumers to switch to renewable energy. She realized how big an impact individual behaviour and consumer choices can make, particularly in high-income countries with high per capita footprints.

> *"With just a couple thousand people acting together, you can rapidly reduce emissions and also promote growth of zero-carbon businesses. That was the moment I shifted from top-down policy to grassroots consumer-driven work. I knew that climate change was the biggest social justice issue of our generation and I wanted to dedicate my life to helping solve it."*

To date, each of the app's 70,000 users in Australia and the United States have been able to reduce their carbon footprints by up to 50%, preventing eight million kilos of carbon emissions thus far.

The company's goal is to roll out the app globally. The potential to reach the 1.5 billion or so people around the world who care about climate change keeps Dempster optimistic even in the face of the most pressing crisis of our time.

The United Nations Intergovernmental Panel on Climate Change has noted that demand-side climate change mitigation, including consumer behaviour change, can make up a whopping 40–70% of the world's needed carbon emission reductions.

> *"It's time to stop treating consumer behaviour change as a fringe issue in the fight against climate change."*

Dempster is a great example of how individual entrepreneurs can be a driver of societal impact to address some of society's greatest challenges.

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

Cartier WOMEN'S INITIATIVE

the proportion of graduate new entrepreneurs exceeded the proportion of non-graduates, and 22 economies in which the reverse was the case. So not much difference. The next row of the table only counts those economies in which the difference was (an arbitrary) five percentage points or more. In 15 economies the percentage of graduate new entrepreneurs who agreed with the motivation "to make a difference in the world" exceeded that of non-graduates by five percentage points or more, compared to only seven where the reverse was the case. So there is weak evidence that graduate new entrepreneurs are more likely to agree with the motivation "to make a difference in the world".

The results for "building great wealth or very high income" are very similar, with some slight evidence that non-graduates are more likely to choose this motivation. Results for the final two motivations are much clearer, with higher proportions of non-graduate new entrepreneurs agreeing with "to continue a family tradition" in 39 of the 45 economies, and in 27 economies when differences are restricted to five percentage points or more. Similarly higher proportions of non-graduate new entrepreneurs agreed with "earning a living because jobs are scarce" in 34 of 45 economies, or 26 when small differences are discounted.

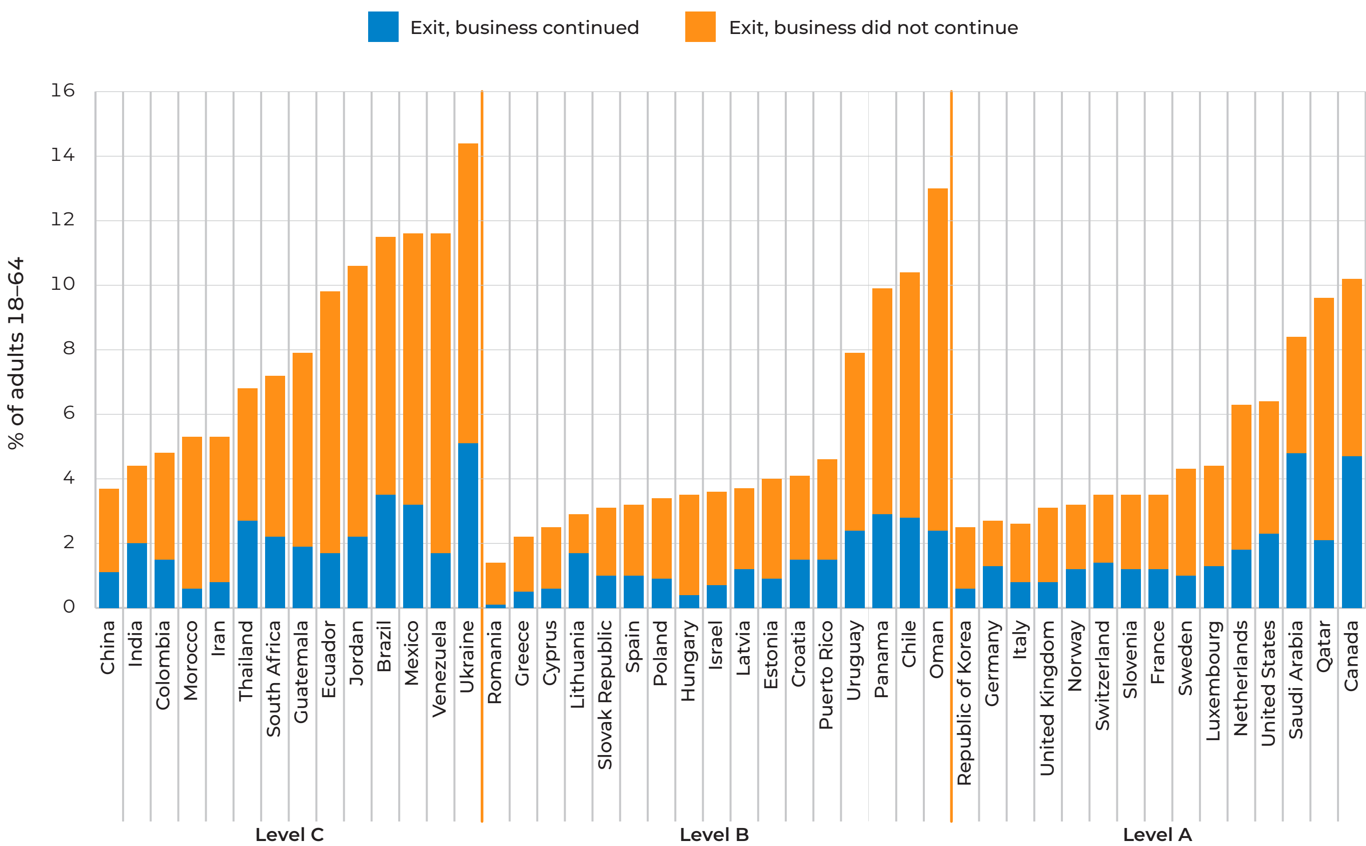
So graduate new entrepreneurs are less likely than non-graduate new entrepreneurs to agree with "to continue a family tradition" or "to earn a living because jobs are scarce" as motivations for starting a business. Explanations might include that those starting a business to follow a family tradition may have less incentive (or opportunity) to graduate, while graduates may have more employment opportunities than non-graduates.

8.3 HOW MANY ADULTS EXITED A BUSINESS?

The GEM APS asks adults whether, "in the past 12 months, they have sold, shut down, discontinued or quit a business they owned and managed". The proportion of adults responding yes is the exit rate, shown in Figure 8.3. Subsequent questions consider whether the business continued its

FIGURE 8.3
The percentage of adults exiting a business in the past 12 months, and whether that business continued

Source: GEM Adult Population Survey 2023



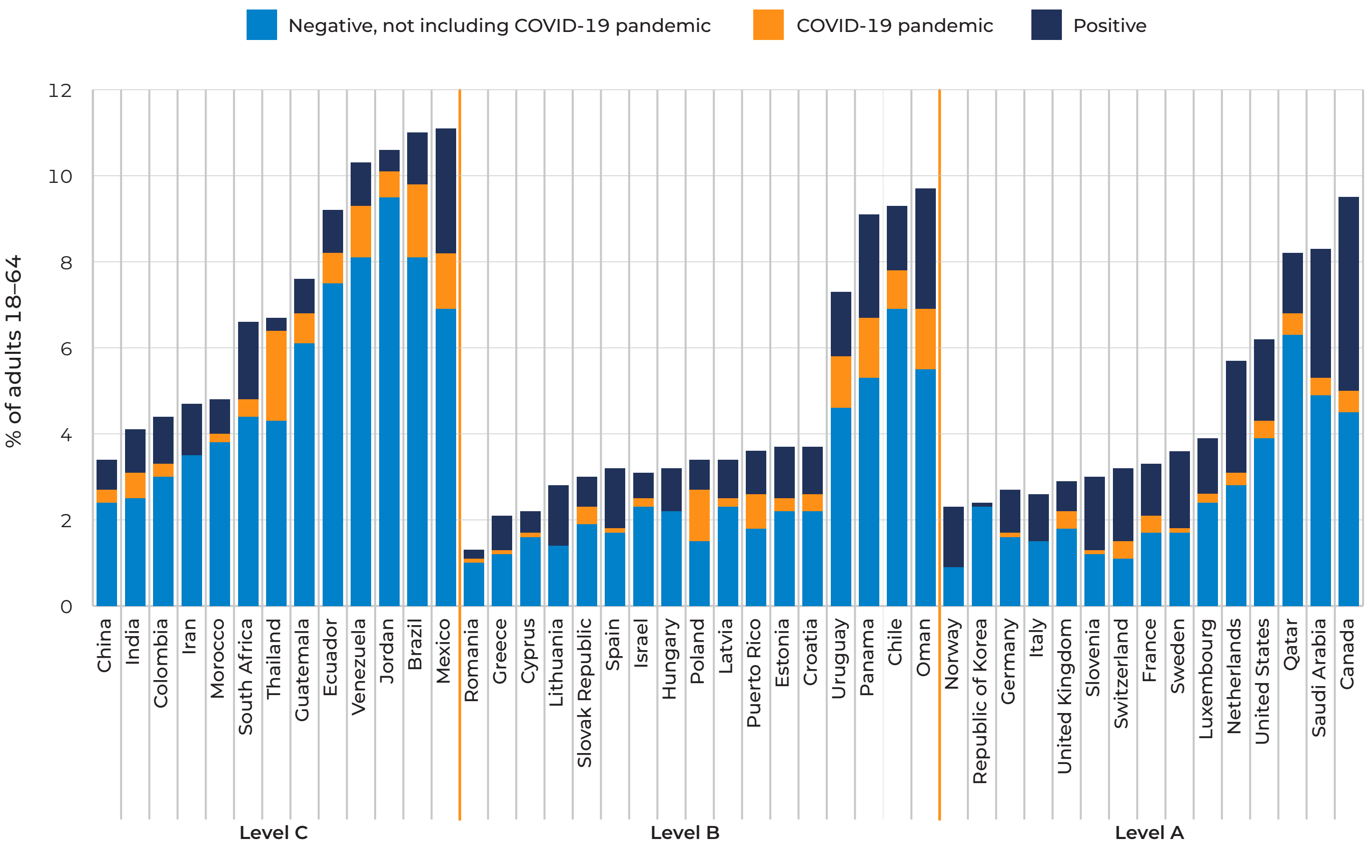


FIGURE 8.4
Positive, negative and COVID-related reasons within total exits
Source: GEM Adult Population Survey 2023

activities after they quit, and what was the most important reason for the exit.

The total exit rate is shown by the height of each column. Exit rates were highest in Ukraine (14%) and Oman (13%), followed by four Level C economies (Venezuela, Mexico, Brazil and Jordan), and lowest in Level B (Romania, Greece, Cyprus and Lithuania) and Level A (Republic of Korea, Italy and Germany). Exit rates appear to decline slightly with income group, although with exceptions. Exiting a business is very much a minority activity, with less than one in 20 adults involved in 26 of the 45 economies.

However, exiting a business doesn't have to mean that the business did not continue its activities. In Figure 8.3, the share of businesses that continued their activities after exit is shown by the blue (darker) portion of the column. In most economies (37 out of 45), between one in five and one in two businesses continue their activities after the previous owner-manager exited, with the figure peaking at just under three in five in Lithuania and Saudi Arabia. Businesses were least likely to continue in Morocco and Romania (around one in 10).

Those exiting a business in the past year were asked to choose the most important reason from a list of 12, ranging from selling the business to family or personal reasons. Some of these reasons can be classed as positive (selling the business, another job or business opportunity or retirement) with the rest classed as negative. Figure 8.4 shows the distribution of exits by positive, negative or pandemic-related reasons. Many of the most important reasons are negative, ranging from less than two out of five exits in Norway and Switzerland to nine out of 10 in Jordan and the Republic of Korea. COVID continues to decline as the most important reason for exit, accounting for less than 1% of exits in Italy, Hungary, Lithuania and Iran, although still more than three in 10 exits in Thailand and Poland.

The proportion reporting positive reasons for exit generally rises with income group, from a low of about one in 20 exits in Jordan and Thailand, to around three in every five exits in Slovenia and Norway.

8.4 HOW RESILIENT ARE ENTREPRENEURS?

The recurrence of crises (social, economic, political, health and security), and the increased interdependence that comes with globalization, have underscored the importance of resilience: the ability to bounce back from the unexpected.

Earlier chapters have shown that the fear of failure is a significant obstacle to starting a new business, even among those who see good opportunities (Chapter 3, Figure 3.5). Despite this, many of those not currently involved in entrepreneurial activity expect to start a business in the next three years (Chapter 3, Figure 3.7). Resilience is crucial in entrepreneurship studies, particularly in the context of learning from failure and being ready for subsequent attempts.

In the face of disruption, resilience can enable entrepreneurs and businesses to adapt to new, risky environments and circumstances, by providing a platform for effectively managing environmental variability and uncertainty or by promoting the use of innovative practices. Some indication of this resilience can be estimated by looking at the proportion of those who have exited a business in the last 12 months who expect to start a new business in the next three years (Figure 8.5). Of course, some of these may have sold their previous businesses.

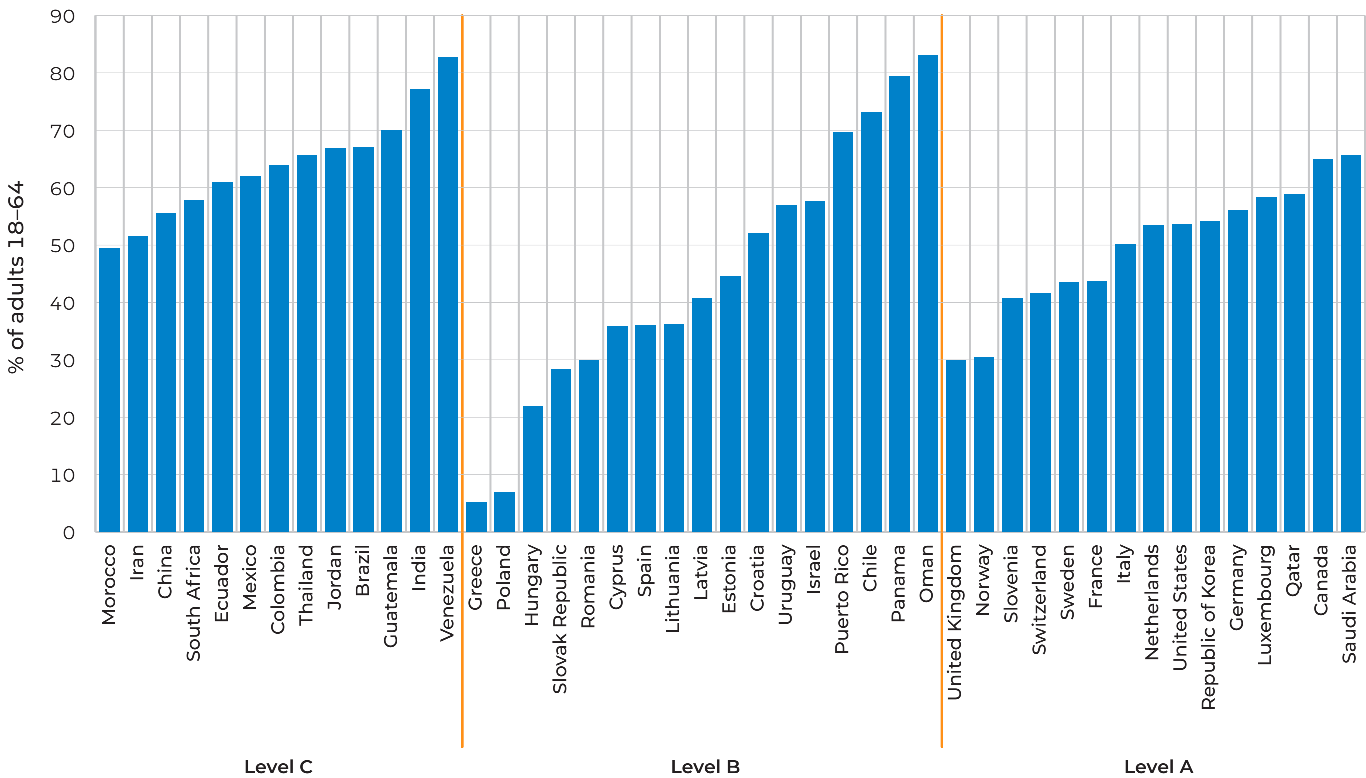
These results are surprisingly positive. Greece and Poland are outliers, at just 5% and 7% respectively, with every other economy having at least one in five of those who have exited a business expecting to start another in the next three years, including one in two or more in all Level C economies, seven out of 17 Level B and nine out of 15 Level A. The highest of all were Venezuela, Panama, Oman and India, in which more than three out of four of those exiting a business in the past 12 months expect to start another in the next three years.

Figure 8.4 showed that many of those exiting a business did so for positive reasons, but that proportion was typically low. Figure 8.5 points to considerable resilience, especially in low-income economies, and may suggest that the economic, social and ecological costs of exiting a business may not be as high as it is perceived to be by those who haven't tried it yet.

It is interesting to compare the proportion of those exiting a business and expecting to start another in the next three years to the proportion of adults in the general population (which of

FIGURE 8.5
The percentage of those adults who have exited a business in the last 12 months who intend to start another business in the next three years

Source: GEM Adult Population Survey 2023



course includes those who have exited) who intend to start a business in the next three years. In all but one economy (Greece), those who have exited a business in the past year are more likely than the general population to be expecting to start a business, and, in many cases, much more likely. In 32 of the 45 economies, someone who had exited a business was more than twice as likely to expect to start a business than the general population, including 10 times more likely in China (intention rate: general population, 5.6%; intention rate: those who have exited, 56%) and seven times more likely in both South Africa (7.5%, 58%) and Germany (7.7%, 56%).

8.5 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

This chapter's findings explore different ways in which policymakers can catalyse motivations and encourage more people to set up their own businesses. They also help to identify the main factors determining entrepreneurial exit, which may help to activate the necessary levers in the ecosystem for more sustainable entrepreneurship.

The dominant motivations to start a new business continue to be "to build great wealth or very high income" and "to earn a living because jobs are scarce", especially in lower-income economies, although the latter motivation has less agreement among graduates than non-graduates. Previous Global Reports have suggested increasing the graduate rate as a way of enhancing entrepreneurship levels; increasing the graduate rate may also change the reasons that people start businesses.

Exit rates are generally low, which is perhaps not too surprising when many of these economies also have the highest levels of early-stage entrepreneurial activity. The chapter showed that in all the low-income economies, and many of the others, a majority of those who had exited a business in the past 12 months expect to start another soon, and that business intention rates among those who had exited a business were usually much higher than among the general population. The only exception was Greece, where 10% of the adult population expect to start a business in the next three years, compared to just 5% of those who had exited a business in the past 12 months. It may well be worth careful consideration of how Greek entrepreneurs see the costs of exiting a business.

One implication of these results may be to understand where to look for long-term business resilience.

PART 3

National Contexts and Individual Economy Profiles

This part of the Global Report concerns the significance of place, first by setting out the GEM approach to analysing the characteristics of place that matter most to entrepreneurial activity, and then by assessing each economy against those characteristics. This is followed by a set of Economy Profiles, one for each of the GEM 2023 participating economies, including a "bird's-eye view" of key country-specific GEM research results alongside basic socio-economic data for that economy. Each is accompanied by a Policy Roadmap which identifies strengths and weaknesses in individual entrepreneurial ecosystems as well as recent trends in entrepreneurial activities.

9

Where Are the Best Places to Start a Business?

Stephen Hill and Alicia Coduras

The decision to start a business is inevitably set within a local and national context, or the local and national conditions that can support or constrain that new business. Most people start businesses within their own neighbourhoods, since this is the place they know best.

The location may be a source of encouragement for the new enterprise by providing quality education (on starting a business, for example), by having excellent communication links (not just internet and mobile phone networks, but good roads, public transport, etc.), by providing access to resources, including finance, premises, affordable utilities and quality local services, and with markets that are both growing and easy to enter. Obviously, the reverse may be true: national and local governments may have few or low-quality programs to support enterprise, and may burden the new business with high taxes, fees and heavy bureaucracy. Social and cultural norms may discourage risk-taking. Women or minorities may feel there is little support for starting a businesses.

Of course, one key characteristic of a successful entrepreneur is tenacity in overcoming obstacles. Some businesses succeed in the most adverse of environments, while others may fail to grow despite the most auspicious circumstances. The success or failure of an individual new business is unpredictable. But a supportive environment can make a big difference as to whether the business gets started, and whether the businesses that do start endure into maturity. Evidence shown earlier reveals that some economies have much higher levels of Total early-stage Entrepreneurial Activity (TEA) than Established Business Ownership (EBO). In an unsupportive or hostile business environment, starting a new business may be significantly easier than managing a new business into maturity.

9.1 HOW CAN CONTEXT BE DEFINED AND MEASURED?

The GEM Adult Population Surveys (APS) have already provided some insights into the business context in participating economies: for example, in terms of whether the general public sees good opportunities to start a business, or considers it easy to start a business locally, among other factors. However, there are many other dimensions of the entrepreneurial environment that cannot be assessed from a population survey, because most individuals do not have the relevant knowledge or expertise to give an informed response.

The GEM approach to this issue is to define a number of factors that frame the entrepreneurial environment, known as the Entrepreneurial Framework Conditions (EFCs), shown in Table 9.1. Assessment of these conditions is provided by a small survey of national experts: the National Expert Survey (NES). Each national expert, identified by National Teams and approved in advance by GEM, has expertise or experience in the entrepreneurial environment. These experts include business journalists, academics, finance experts, policymakers, etc., as well as entrepreneurs. They assess a number of statements about each EFCs and score the statement on an 11-point scale from completely false (0), to neither true nor false (5), to completely true (10). By presenting the same statements to national experts across different economies and over time, comparisons can be made. These expert assessments are then pooled to derive scores for each EFC. One caution is that the assessments themselves may be context-dependent.

The 2023 NES asked national experts to score additional statements about entrepreneurial priorities, including good environmental and sustainable practice, and about support for women entrepreneurs.

TABLE 9.1
Summary of national Entrepreneurial Framework Conditions (EFCs)

A1.	**Entrepreneurial Finance:** there are sufficient funds for new startups
A2.	**Ease of Access to Entrepreneurial Finance:** and those funds are easy to access
B1.	**Government Policy — Support and Relevance:** policies promote and support startups
B2.	**Government Policy — Taxes and Bureaucracy:** new businesses are not over-burdened
C.	**Government Entrepreneurial Programs:** quality support programs are widely available
D1.	**Entrepreneurial Education at School:** schools introduce entrepreneurial ideas
D2.	**Entrepreneurial Education Post-School:** colleges offer courses in how to start a business
E.	**Research and Development Transfers:** research is easily transferred into new businesses
F.	**Commercial and Professional infrastructure:** quality services are available and affordable
G1.	**Ease of Entry — Market Dynamics:** markets are free, open and growing
G2.	**Ease of Entry — Burdens and Regulations:** regulations encourage not restrict entry
H.	**Physical Infrastructure:** good-quality, available and affordable
I.	**Social and Cultural Norms:** encourage and celebrate entrepreneurship

9.2 ARE MOST PLACES GOOD IN PARTS?

Summary expert-derived scores for each EFC in the participating economy[32] are set out in the individual Economy Profiles in subsequent pages of this Global Report. This section features broad comparisons across economies and time.

Given that scores for each EFC can vary from 0 to 10, a mid-point score of 5 may be considered as sufficient or satisfactory. Figure 9.1 shows the number of EFCs scored as sufficient (out of 13) in each economy, ranging from none (Iran) to all 13 (Netherlands and United Arab Emirates). While the chart shows some positive association between number of EFCs scored as sufficient and income level, that association is far from complete. Other factors likely to be important include culture (including attitudes to risk-taking), the policy environment, access to resources, levels of education (including creativity and innovation), and the nature and quality of support systems for entrepreneurship.

Two economies in Level C (India and China) had more EFCs scored as sufficient than 16 economies in Level B and 10 economies in Level A, while two economies in Level A (Italy and Luxembourg) had fewer EFCs scored as sufficient than 15 economies in Level B and 10 economies in Level C.

This variability is evidenced for all EFCs in each income group. India had the highest score for 12 of the 13 EFCs in Level C, with Venezuela having the lowest scores for seven and Iran for three. Lithuania had the highest score in Level B for eight of the EFCs, and Estonia for three, while Argentina had the lowest score for four and the Slovak Republic for three. Finally in Level A, the United Arab Emirates had the highest EFC score for 12 EFCs, while lowest scores were shared between Norway, the United States and Italy, with two each.

SDG FOCUS . . .

11 SUSTAINABLE CITIES AND COMMUNITIES

The GEM National Entrepreneurship Context Index (NECI) assesses the entrepreneurial ecosystem of each economy by assessing 13 Entrepreneurship Framework Conditions (EFCs).

Stakeholders in urban locations should particularly take note of the NECI as it connects to UN SDG #11: "Make cities and human settlements inclusive, safe, resilient and sustainable."

Target 11.a notes the importance of supporting positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

32 Recall that the 46 economies completing the GEM APS are joined by three more in the NES: Argentina, Japan and the United Arab Emirates.

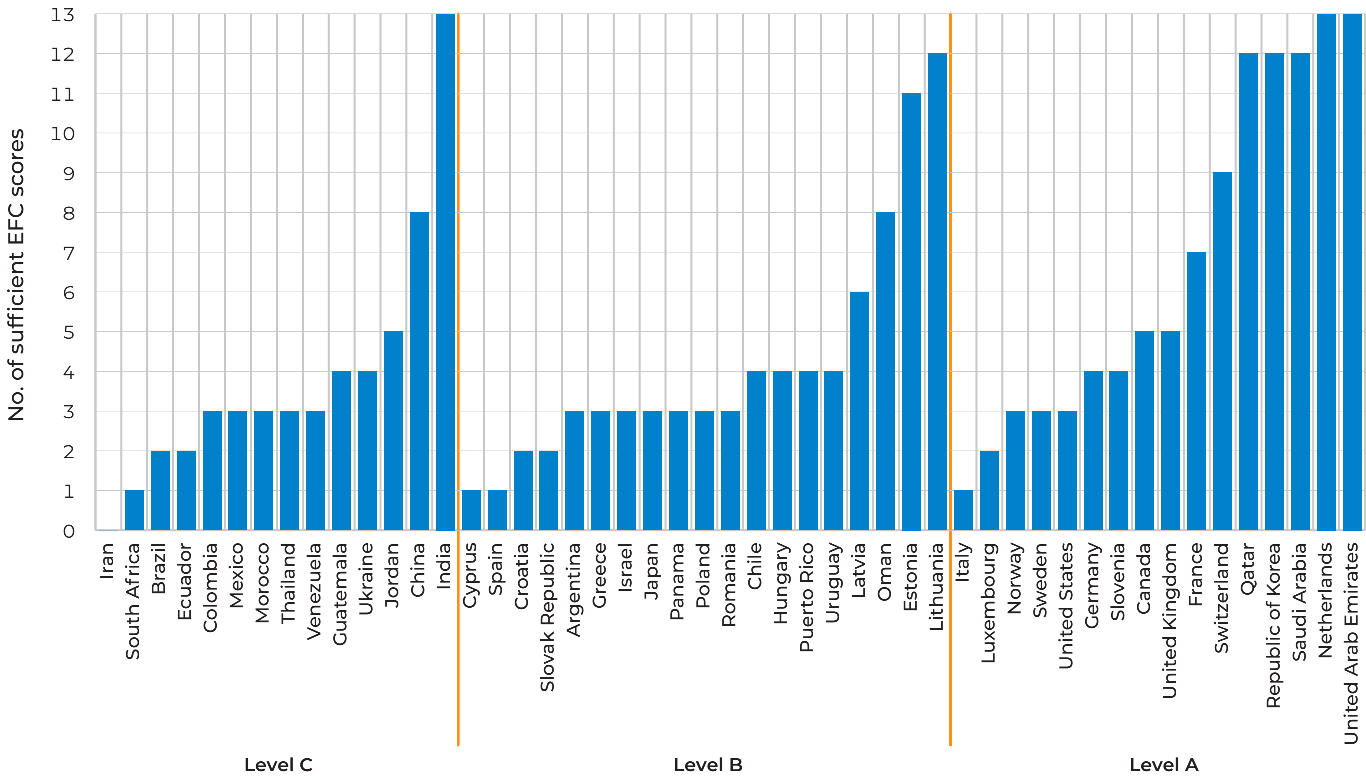


FIGURE 9.1
Number of Entrepreneurial Framework Conditions (out of 13) scored as sufficient (score ≥5) (49 economies, 2023)
Source: GEM National Expert Survey, 2023

9.3 HAVE ENTREPRENEURIAL ENVIRONMENTS RECOVERED FROM THE COVID-19 PANDEMIC?

The 2022 Global Report suggested that, for a handful of economies (South Africa, Croatia, Saudi Arabia and the United Arab Emirates), there was evidence of some improvement in EFCs since 2021, but for most economies the evidence was either too mixed, or changes too small, to draw conclusions. Two other economies, Mexico and Spain, showed some signs of deterioration in their EFCs.

This report compares scores for 2021 and 2023 for each EFC, and for the 41 economies participating in the NES in both years, noting that many governments were providing strong financial support for businesses in 2021, especially in higher-income economies, and that by 2023 most of these support schemes had been reduced or withdrawn. Hence there may be some decline in scores for the EFCs Government Policy: Support and Relevance and for Government Entrepreneurial Programs. Table 9.2 sets out the details, simply counting the number of economies for which each EFC score had increased or decreased over the period. Many of these changes are very small, so the table also identifies those economies in which the particular EFC score either increased or decreased by a quarter or more from 2021.

For nine of 13 EFCs, many more economies experienced a decrease in score between 2021 and 2023 than experienced an increase, including, as expected, for those EFCs most directly concerned with government, but also for both finance EFCs, for research and development transfers, commercial and professional infrastructure, and for physical infrastructure. Recurring economies in the list of those whose particular EFC scores had declined markedly included Spain, Iran, Israel and Norway.

Successive Global Reports have pointed to persistent low scores for the two educational EFCs, especially for entrepreneurial education at school, so seeing more economies with improvements than declines in these scores since 2021 is very welcome. Six economies improved their entrepreneurial education at school by more than 25%, although less welcome were the five economies whose score fell by 25% or more. Market dynamics and social and cultural norms both had more economies with score increases than with decreases, hinting that many economies

TABLE 9.2
Changes in Entrepreneurial Framework Condition Scores, 2021–2023 (41 economies)

Source: GEM National Expert Surveys, 2021 and 2023

Framework Condition (as in Table 9.1)	Number of economies in which score decreased	Number of economies in which score increased
A1. Finance	26	15
Change 25%+	*Iran, Spain*	*India*
A2. Access	26	15
Change 25%+	*Iran, Norway, Spain, Sweden*	*India*
B1. Policy	27	14
Change 25%+	*Colombia, Israel, Mexico, Spain*	*Croatia, India*
B2. Burdens	23	18
Change 25%+	*Israel, Norway, Spain*	*India, Oman*
C. Programs	24	17
Change 25%+	*Spain*	*India*
D1. Schools	16	25
Change 25%+	*Cyprus, Norway, Israel, Spain, Venezuela*	*Brazil, India, Iran, Panama, Slovenia, United Arab Emirates*
D2. Colleges	13	28
Change 25%+	*Israel*	*Spain*
E. R&D Transfer	24	17
Change 25%+	*Spain*	*India, Morocco, Romania, Oman, United Arab Emirates*
F. Commercial	26	15
Change 25%+	*Iran, Spain*	*India, Oman*
G1. Entry Dynamics	14	25
Change 25%+		*Hungary, Norway, Slovak Republic, Luxembourg*
G2. Entry Burden	23	18
Change 25%+	*Israel*	*India, Oman*
H. Infrastructure	27	13
Change 25%+	*Iran*	*Oman*
I. Culture	17	28
Change 25%+	*Spain*	*India, Panama, South Africa*

were recovering strongly post-pandemic, and that social support for entrepreneurship was improving. Recurring economies in the list of those whose particular EFC scores had increased markedly included India and Oman.

Overall, it is difficult to interpret these results as pointing to improvements in national entrepreneurial environments since the pandemic, not least because of diminishing support packages to business.

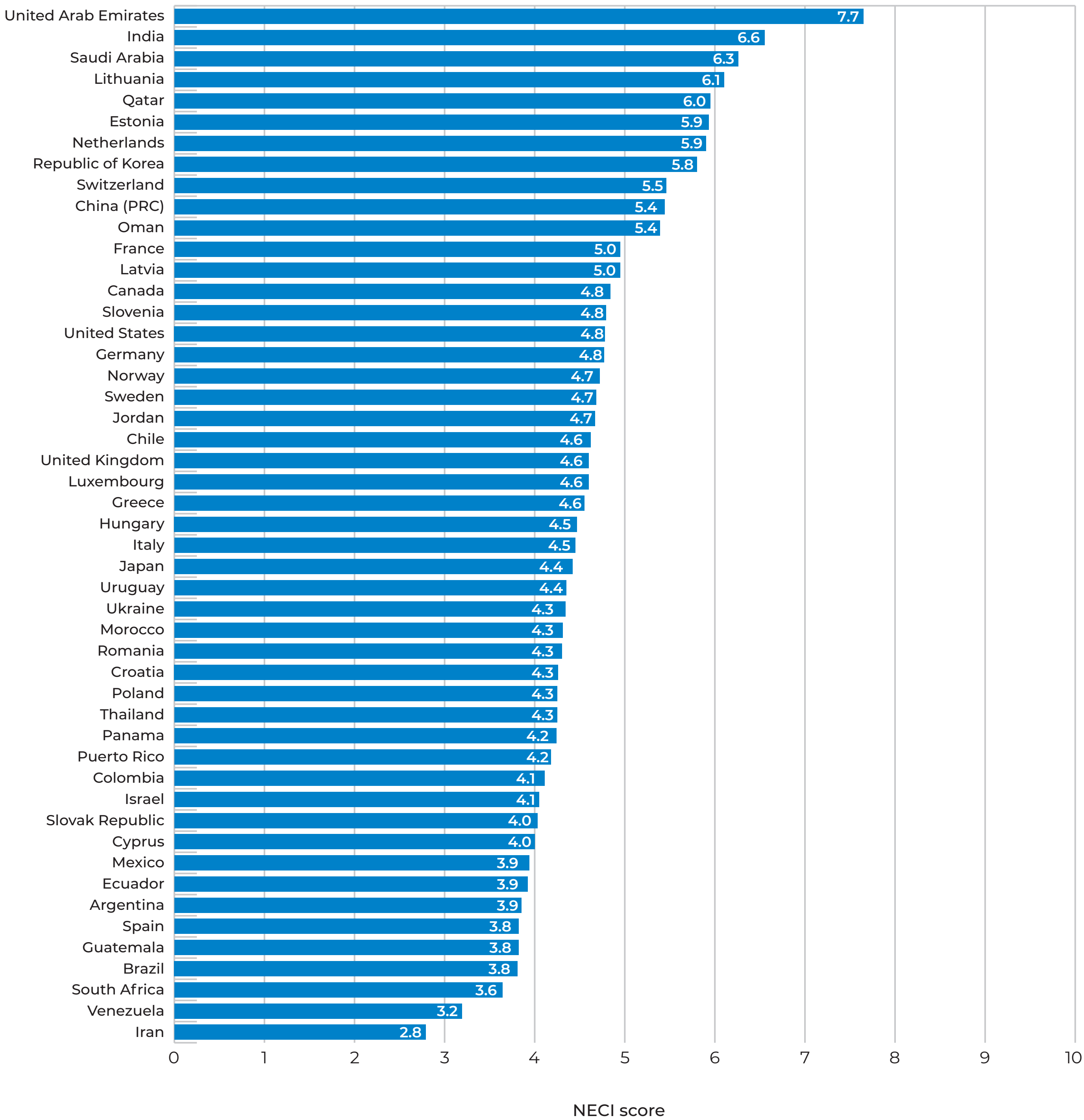
9.4 CAN CONTEXT BE SUMMARIZED IN ONE NUMBER?

Many economies demonstrate some improvement in particular EFCs but some decline in others. It is difficult to assess whether these national entrepreneurial environments have improved or not, or to compare across economies. In 2021 GEM addressed this issue directly, by introducing a single number to represent the quality of a particular economy's entrepreneurial environment: the National Entrepreneurship Context Index, or NECI.

The NECI is simply the average EFC score for a specific economy. Figure 9.2 sets out the results for 2023. Unsurprisingly, economies with many EFCs scored as sufficient scored well in the NECI.

FIGURE 9.2
National Entrepreneurial Context Index (NECI), 2023

Source: GEM National Expert Survey, 2023



HUMAN FACES BEHIND THE DATA . . .

Atilana Piñón (Chile and Colombia)

Cartier Women's Initiative 2023 Fellow

Empowering entrepreneurial dreams: how fintech innovation transforms cross-border finances

We live in a globally connected world. But it doesn't often seem like that when it comes to personal finances. And while in theory an entrepreneur can trade all over the world, what constitutes a propitious place to start a business varies considerably (as we learn in this chapter, amplified by the data in our Economy Profiles).

Fintech entrepreneur Atilana Piñón can relate to both of these dynamics. Born in Colombia, raised in Venezuela, she relocated to Chile, partly because of the more favourable economic opportunities and entrepreneurial environment. But she still had to support her family and pay the employees in her micropayments startup back in Venezuela. Alarmingly, she was unable to open a bank account and there was no affordable option to send money.

She investigated cheaper alternatives to popular wire transfer services, trying an option that involved contacting someone through WhatsApp.

> *"I didn't know if I was talking to a business or a person. They asked me to pay with a bank transfer and I had no idea who I would be sending money to."*

Such unsettling interactions gave birth to an idea.

> *"Trust is so important where money is concerned. I thought that there was definitely a better way."*

Piñón pivoted her business and created Retorna, an app to enable remittances to be sent at reasonable exchange rates and for low fees. In four simple steps, people can send money home from anywhere, risk-free, with delivery in less than two hours. The company also lets users pay with cash: with over 25,000 cash collection points in Colombia and Chile, the service can be accessed even without a bank account.

A fair, secure remittance system helps realize the entrepreneurial dreams of those who migrate to start a business elsewhere. Access to financial services keeps immigrants connected to family.

Since 2019, the company's 50,000 customers have saved US$2.1 million in fees compared to what they would have paid using other services. The platform has a proven security record, having engaged in over 1.8 million transactions totalling US$78 million with no fraud incidents.

Retorna's next move will be to expand to countries with limited financial services. It also plans to branch out beyond money transfers by adding banking services in the Latin American region. Piñón explained:

> *"In the US there are around 5,000 banks for 300 million people. In Latin America there are 200 banks for the same number of people. We want to make financial services affordable and accessible, especially focusing on immigrants because we want to keep them connected to their loved ones."*

Thank you to the Cartier Women's Initiative, one of our report sponsors, for providing this material and helping to put our data in a real-world context.

Cartier WOMEN'S INITIATIVE

Economies with EFC scores that have increased markedly in recent years have moved up the rankings. Once again, there is some (imperfect) association with income level, with six of the top 10 NECI scores from economies in Level A, while seven of the bottom 10 NECI scores are from economies in Level C. Yet China and India are both in the NECI top 10, India having moved up from fourth in 2022 to second in 2023, while China has moved from 11th to 10th. Lithuania, in Level B, has improved from sixth in 2022 to fourth in 2023, and is joined in the top 10 by Level B Estonia. So high income is no guarantee of a positive environment in which to start a business, just as low income need not prevent the attainment of a high-quality environment in which to start and grow a business.

Of course, in most economies, NECI scores averaged over the 13 EFCs change very slowly over time. For the 41 economies participating in the GEM NES in both 2022 and 2023, 26 saw falls in their NECI score, with one unchanged and 14 increases. For 21 of these 41 economies, the change in NECI score was less than 5% of their 2022 score. The largest relative increases in NECI scores were in Poland and Oman, with the largest relative falls in Israel and Iran. As a result, Israel and Oman more or less swapped places in the NECI league table, with Oman rising from 38th to 11th, while Israel fell from 12th to 38th.

9.5 SO WHERE IS THE BEST PLACE TO START A BUSINESS IN 2023?

Figure 9.2 showed the United Arab Emirates at the top of the NECI league table, having extended its lead from 0.9 points in 2022 (over Saudi Arabia) to 1.1 points in 2023 (over India). Moreover, the United Arab Emirates scored highest across the entire sample of 49 economies in 2023 in all but one of the EFCs (slightly behind Saudi Arabia for Ease of Entry: Burdens and Regulations). Other Gulf countries have also improved their entrepreneurial environment, including Oman and Qatar as well as Saudi Arabia. Outside of the Gulf, India has a rapidly improving environment for entrepreneurship, as do Lithuania and China. Each may offer a relatively low-cost supportive environment in which to start a new business. Switzerland and the Netherlands also have high-quality entrepreneurial environments at the heart of Europe, although it would be difficult to describe either as relatively low-cost.

A number of Latin America & Caribbean economies have entrepreneurial environments that are improving slowly, including Argentina, Mexico, Puerto Rico, Brazil and Chile, although Colombia appears to have taken a step back in 2023. Finally, if a NECI score of 5.0 can be regarded as a sufficiently supportive entrepreneurial environment, a number of developed economies in Europe and North America have seen their entrepreneurial environments slip from more than sufficient to less than sufficient in 2023. These include Canada, Sweden, Norway, Germany and the United States, with both France and Latvia very close to joining them.

9.6 WHAT ARE THE PERCEIVED PRIORITIES OF NEW BUSINESSES?

The NES also sought expert assessments in two key additional areas. One is: how important are good environmental and sustainability practices relative to economic performance?

These expert perceptions are summarized in Figure 9.3, which shows expert scores for the perceived priority that those running new and growing businesses gave to economic performance, good environmental practices and good sustainability practices, respectively. The first point to note is that these perceived priorities are complements rather than substitutes: in that, if an economy's score for one is high, its score for the others is likely to be high.[33] Secondly, if a score of 5 or more is regarded as satisfactory, then

33 The pairwise correlation coefficients between scores were: for economic performance and environmental practice, 0.848; for environmental and sustainability practices, 0.802; and for economic performance and sustainability practices, 0.721.

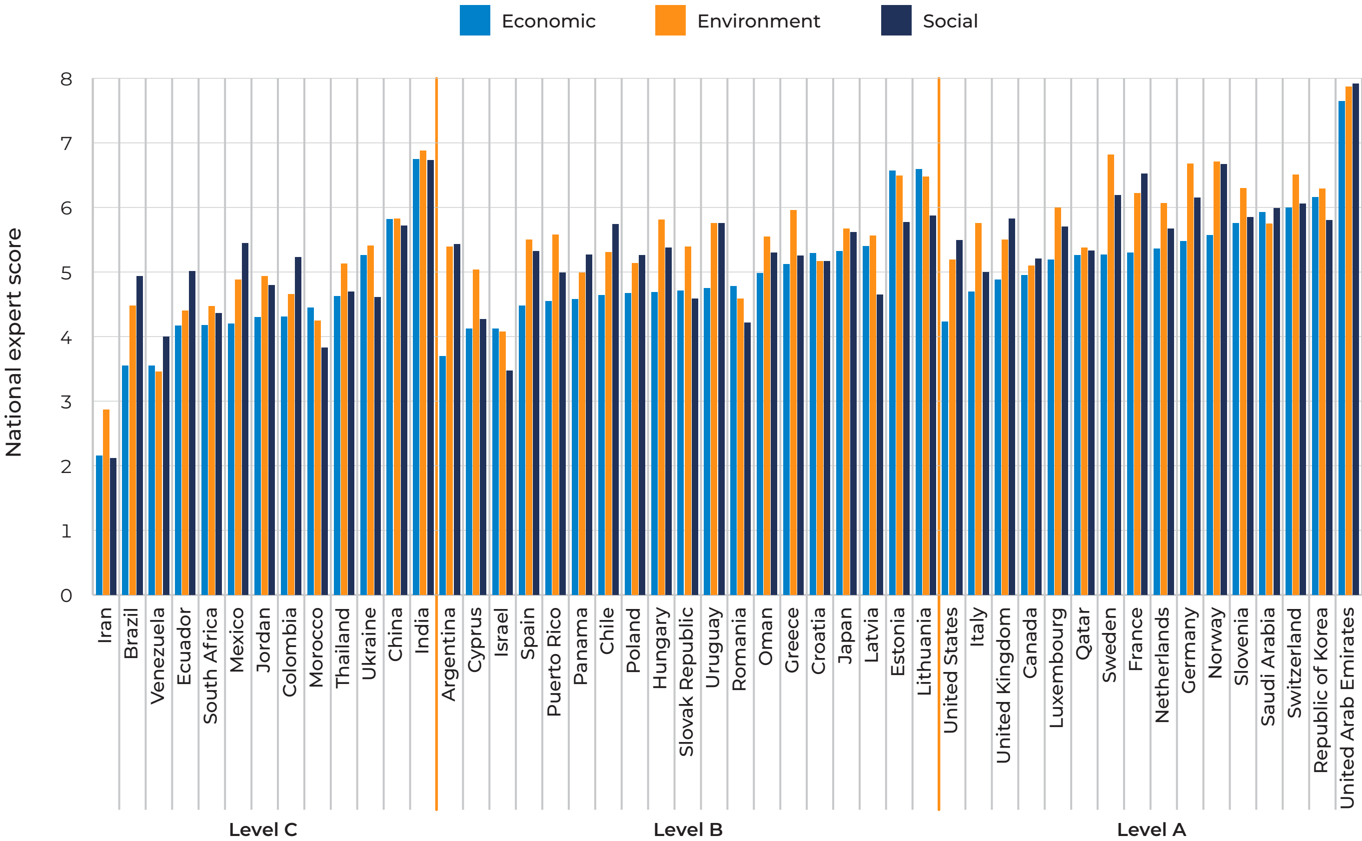


FIGURE 9.3
National expert scores for the perceived prioritization of economic performance, good environmental practices and good sustainability practices
Source: GEM National Expert Survey, 2023

of the 48[34] economies, 22 scored satisfactorily in terms of the priority given to economic performance (three from Level C, six from B and 13 from A), 36 scored satisfactorily for the priority given to good environmental practices (4 from Level C, 17 from B and 15 from A), and 39 scored satisfactorily for the priority given to good sustainability practices (9 from Level C, 14 from B and 16 from A). So while the number of economies with satisfactory scores typically increased with income group, there is no evidence that prioritizing good environmental or sustainability practices was only affordable for higher-income economies. Indeed, three times as many Level C economies scored over 5 for prioritizing good sustainability practices than they did for prioritizing economic performance.

These three scores added together give some indication of the prioritization perceived by experts as given to these three complementary objectives. The highest total was for the United Arab Emirates (23.6), closely followed by India (20.6), and Sweden and Estonia (both 19.9). The lowest total scores, indicating priorities that were seen to lie elsewhere, were for Iran (7.9), Venezuela (11.1) and Israel (12.1).

9.7 DO WOMEN ENTREPRENEURS GET THE SUPPORT AND ACCESS TO RESOURCES THEY NEED?

The second area of additional assessment concerned women's entrepreneurship: do the experts perceive women entrepreneurs as getting the social support they need, and do men have more access to key resources necessary to start and run a new business? The support that could help women entrepreneurs in particular includes things like affordable childcare, after-school clubs or eldercare, as well as regulations that make working for themselves at least as attractive as being employed. Access to resources includes the accessibility of markets, whether women have less

34 Guatemalan experts didn't assess this issue.

THE REAL WORLD BEHIND THE DATA . . .

Empowering Tomorrow's Entrepreneurs in Switzerland through Education and Experience

ADOpreneurs

School of Management Fribourg (HEG-FR) Professor Raphaël Gaudart joined the Swiss Global Entrepreneurship Monitor team back in 2015. One particular finding stood out for him: Switzerland was lagging behind other peer economies with regard to entrepreneurship education in primary schools.

Gaudart decided he would proactively address this concern by launching a summer entrepreneurship camp for teenagers in Fribourg. He identified a sponsor — the Fribourg Canton Chamber of Commerce — which made it possible for 17 teenagers to go through a week-long immersion into the world entrepreneurship.

"ADOpreneurs" was launched in July 2016, also in partnership with the Engineering School and the Innovation Lab Fribourg. It has been running every year since (with the exceptions of 2020 and 2021 due to COVID-19). Said Gaudart:

> *"ADOpreneurs was the opportunity for these young people to immerse themselves in the practical world of entrepreneurship since they had to create from A to Z a small enterprise."*

The students meet with entrepreneurs, visit different companies (including Google's offices in Zurich) and take part in various interactive activities related to entrepreneurship, such as brainstorming and creativity sessions. They work on creating a prototype for a business and designing a basic website to introduce their new ideas. They also learn the art of storytelling, finding the right formula for allocating roles in a company, defining a budget and looking for potential partners.

The week culminates with a launch event in which the teenagers present their projects to parents, professors and representatives from the different organizations involved with ADOpreneurs. According to Marie, a former participant:

> *"It's great to carry out a project and get help and guidance from entrepreneurs and professionals."*

Timon, another former participant, added:

> *"It was fun, varied but also educational. As an entrepreneur you have a lot of freedom but you also have to think about a lot of things."*

Thank you to the School of Management Fribourg (HEG-FR), one of our report sponsors, for providing this material and helping to put our data in a real-world context.

HAUTE ÉCOLE DE GESTION HOCHSCHULE FÜR WIRTSCHAFT SCHOOL OF MANAGEMENT Fribourg Freiburg

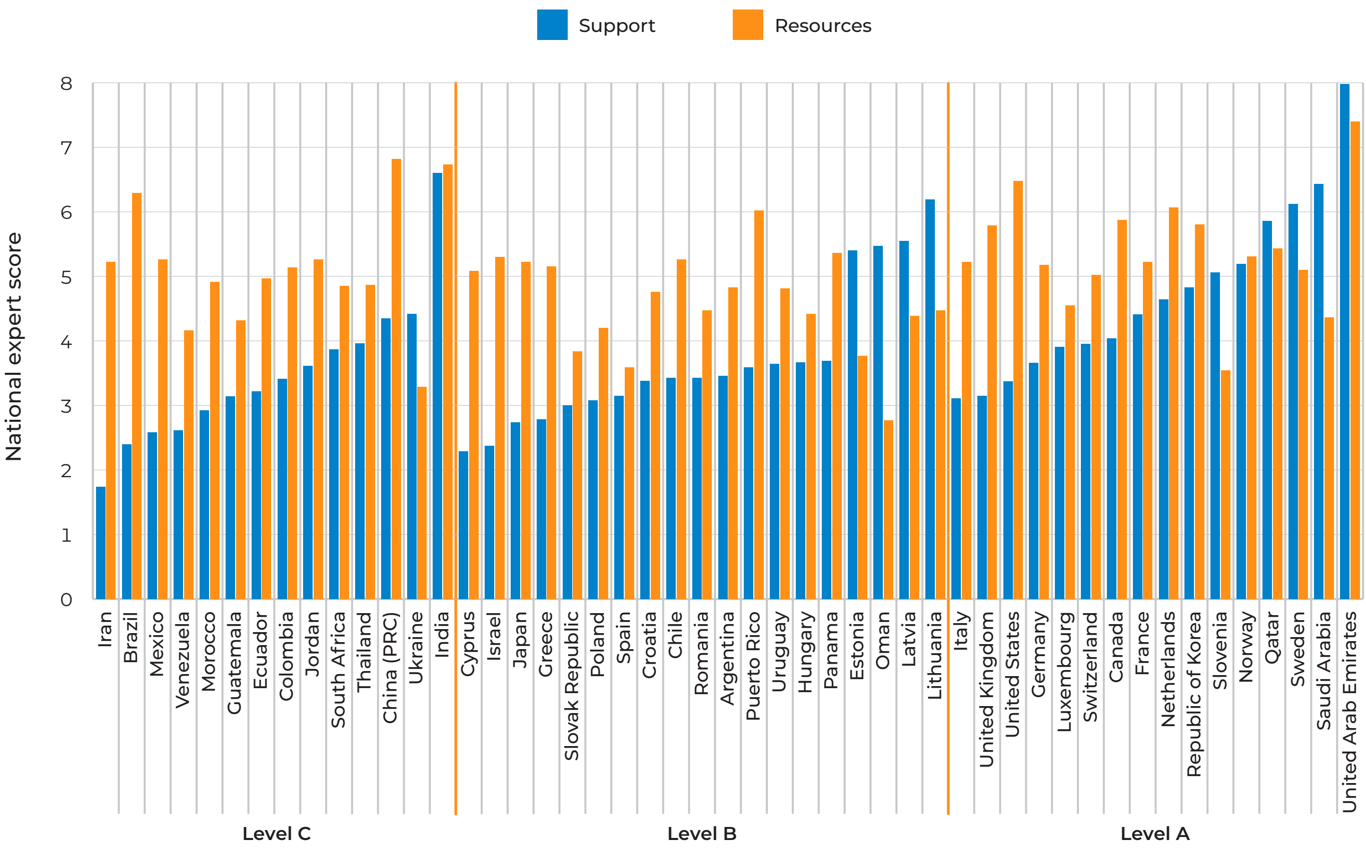


FIGURE 9.4
National expert scores for the perceived social support for women entrepreneurs, and their relative access to the resources necessary to start and run their businesses
Source: GEM National Expert Survey, 2023

public procurement opportunities, and less access to financing compared to men.

Figure 9.4 shows expert scores for their perceptions of the level of support for women entrepreneurs, and their access to the resources necessary to run a new and growing business. This time the perceptions are very different, and there is little correlation in the same economy between the score for support and the score for access to resources.[35] Of the 49 economies, only 11 scored as satisfactory in terms of support for women entrepreneurs (one from Level C, four from Level B and six from Level A), whereas 27 scored satisfactory for women entrepreneurs having similar access to resources compared to men (seven Level C, seven Level B and 13 Level A).

In 39 of these economies, the score for access to resources exceeded the score for support. Economies appear to have made much more progress in ensuring equal access to resources than they have in providing the support (often social) that some women need to run their businesses. The highest expert scores for perceived support for women entrepreneurs were in the United Arab Emirates, India and Saudi Arabia, with the lowest scores in Iran, Cyprus and Brazil. Indeed, there were far too many economies with poor scores for social support of women entrepreneurs, with 22 of the 49 economies scoring 3.5 or less, including three from Level A (Italy, the United Kingdom and the United States), 11 from Level B and eight from Level C. There is considerable room for improvement across the board.

The perceived access to resources for women entrepreneurs relative to men was rather better, not only with more high scores but with many fewer low ones. Only two economies scored less than 3.5 (Oman and Ukraine), although both Spain and Slovenia were close.

35 The correlation coefficient is 0.117.

9.8 WHAT ARE THE POLICY IMPLICATIONS OF THIS CHAPTER?

If an EFC score of 5 or more is regarded as sufficient or satisfactory, two economies had sufficient scores for all their EFCs in 2023: the United Arab Emirates and the Netherlands. Iran, a consistent supporter of both GEM and entrepreneurship, scored as unsatisfactory for all of its EFCs. The GEM NES has provided many examples of economies that have improved their EFCs over several years: Oman is a recent example. **There may be opportunities for Iran to draw inspiration from some of these examples.**

To examine whether national entrepreneurial environments had recovered from the COVID-19 pandemic, EFC scores in 2023 were compared to 2021. For nine of the 13 EFCs, many more economies had reductions in their score than had increases, probably exacerbated by the withdrawal of pandemic-related government business support schemes and by the war in Ukraine and its impacts on energy prices pushing up inflation. Spain, Iran, Israel and Norway had the most severe declines in EFC scores. **These economies in particular need to consider very carefully what support they can offer new businesses.**

On a brighter note, scores for the two educational EFCs were more likely to have increased than decreased since 2021. Successive GEM Global Reports have called for improvements in these areas, so this change is welcome. However, despite this general increase, there were still five economies whose score for Entrepreneurial Education at School had declined by more than a quarter since 2021: Cyprus, Norway, Israel, Spain and Venezuela. **These economies in particular need to be aware that many new businesses may never come to fruition because a generation of schoolchildren grew up unaware that starting a business was a possibility.**

Despite these changes, it is difficult to see national entrepreneurial environments overall as having recovered from the impacts of the pandemic. **In particular, many governments may need to take steps to support new businesses through their policies and programs if these environments are to recover fully.** This conclusion is further supported by the evidence that many more economies saw their overall entrepreneurial environment score (the NECI) fall in 2023 than saw an increase.

The United Arab Emirates retained (and extended) its position at the top of the NECI league table, scoring highest of all 49 economies in 12 of the 13 EFCs. Other Gulf economies also improved their NECI scores, as did India, China and Lithuania. However, a handful of well-developed, high-income economies in Europe and North America saw their NECI scores slip from sufficient to less than sufficient in 2023, including Canada, the United States, Sweden, Norway and Germany. It should be chastening to their respective governments that these entrepreneurial environments have been allowed to deteriorate to this extent, which may prove a challenge to their future prosperity. **Improving the entrepreneurial environment can be a long and slow process, and these economies need to begin to reverse this decline now.**

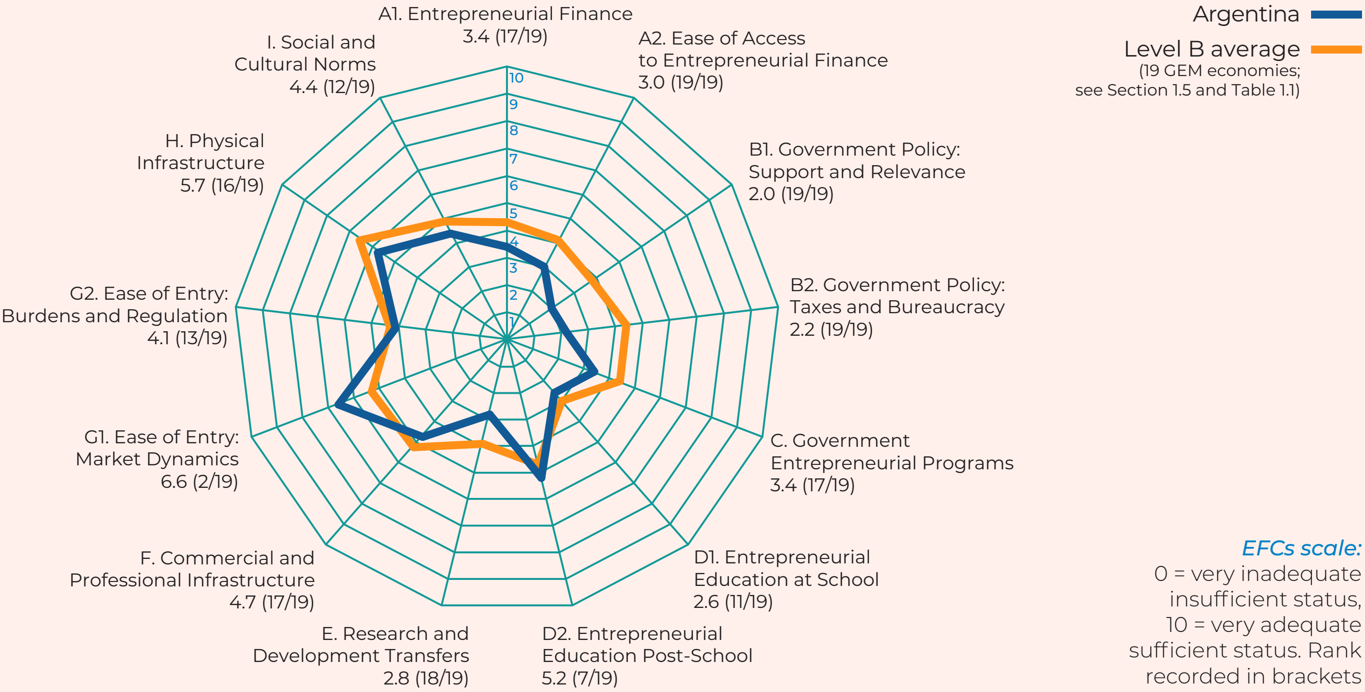
Economic performance, good environmental practices and good sustainability practices turn out to be complementary rather than competing priorities, with national experts perceiving high degrees of prioritization for each of these in many economies. However, national experts see women entrepreneurs in many economies as struggling to get the social support they need to run their businesses, reaching satisfactory levels in just 10 of the 49 economies. **Some Gulf economies have made significant improvements in this area, and other economies may have a lot to learn from them about the necessary actions to turn their own situation around.** There is much more favourable evidence that women were able to access the appropriate resources to start and grow their businesses as well as men, reaching satisfactory levels or better in 28 economies.

Argentina

■ **Population** (2022): **46.2 million** (World Bank)
■ **GDP** per capita (2022; PPP, international $): **26.5 thousand** (World Bank)

Argentina did not participate in the 2023 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Argentina's economy was stagnating in 2023, exacerbated by the drought, with GDP expected to fall by 2% over the year and inflation apparently set to be just under 200%. However, the election of a new president promised to provide some stability and recovery. The principal impact of high inflation on entrepreneurs has been to increase uncertainty around all decisions, but especially investments.

In Argentina, excessive regulations hinder entrepreneurship, with restrictions on access to external trade, in obtaining foreign exchange and in labour markets. Entrepreneurs also have to endure excessive taxation.

2023 Framework Conditions Review[1]

Despite the parlous state of its economy, the assessed quality of the overall entrepreneurial environment in Argentina improved slightly in 2023, although it was still regarded as much less than sufficient.

In 2023, 39 Argentinian experts rated just three Entrepreneurial Framework Conditions (EFCs) as sufficient or better: Entrepreneurial Education Post-School, Physical Infrastructure, and Ease of Entry: Market Dynamics, with the latter scored as strongest of Argentina's conditions for the second year running. That left 10 conditions rated as insufficient, many by a wide margin. Four conditions were scored as very poor (score <3.0): both Government Policy conditions, Entrepreneurial Education at School and Research and Development Transfers.

Nevertheless, eight conditions improved relative to 2022, with four scoring lower. Most differences were small, the largest increase being for Government Policy: Taxes and Bureaucracy (which had scored even worse a year earlier), while the largest fall was for Physical Infrastructure. Despite some increases, seven of Argentina's framework conditions ranked in the bottom 10 across the 49 economies in the GEM National Expert Survey (NES) in 2023. However, the average of Argentina's framework condition scores, labelled by GEM as the National Entrepreneurial Context Index (NECI), and used as measure of the overall quality of an entrepreneurial environment, was 3.9 in 2023, up from 3.7 a year earlier, and pushing Argentina up the NECI league from 46th of 51 to 43rd of 49.

Additional questions asked national experts to rate the social support for women entrepreneurs, and those women entrepreneurs' access to resources relative to men. Argentina scored 3.5 for social support (28th), and, like many economies, scored better for relative access to resources, at 4.8 (32nd).

1 In GEM the overall quality of an economy's entrepreneurial environment is assessed by asking a sample of that economy's national experts to rate 13 carefully defined Entrepreneurial Framework Conditions (EFCs). These ratings are turned into a score for each condition on a scale from 0 to 10, with the midpoint (5.0) representing the watershed between sufficient and insufficient. The average of these EFC scores is the National Entrepreneurial Context Index (NECI).

Institution

Lead institution
IAE Business School

Emprende IAE

Type of institution
Business School

Website
https://www.iae.edu.ar

Team

Team leader
Silvia Torres Carbonell

Team members
Araceli Calja
Victoria Galera

Funders

IAE Business School

APS vendor

Estrategia&Gestión MDQ SRL
FAWARIS

Contact

scarbonell@iae.edu.ar

Brazil

- **Population** (2022): **215.3 million** (UN)
- **GDP** per capita (2022; PPP, international $): **17.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	70.9	6
Good opportunities to start a business in my area	65.4	14
It is easy to start a business	43.1	29
Personally have the skills and knowledge	65.9	19
Fear of failure (opportunity)	46.9	18
Entrepreneurial intentions	48.7	5

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	76.5	3
To build great wealth or very high income	66.6	14=
To continue a family tradition	36.3	13
To earn a living because jobs are scarce	74.1	15

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	5.8	9
	% TEA	**Rank/45**
International (25%+ revenue)	1.6	42
Always consider social impact	89.2	5
Always consider environmental impact	90.4	4
Industry (% TEA in business services)	17.3	26

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	18.6	13	14.7	22.8
EBO (Established Business Ownership)	11.9	8	8.0	15.9

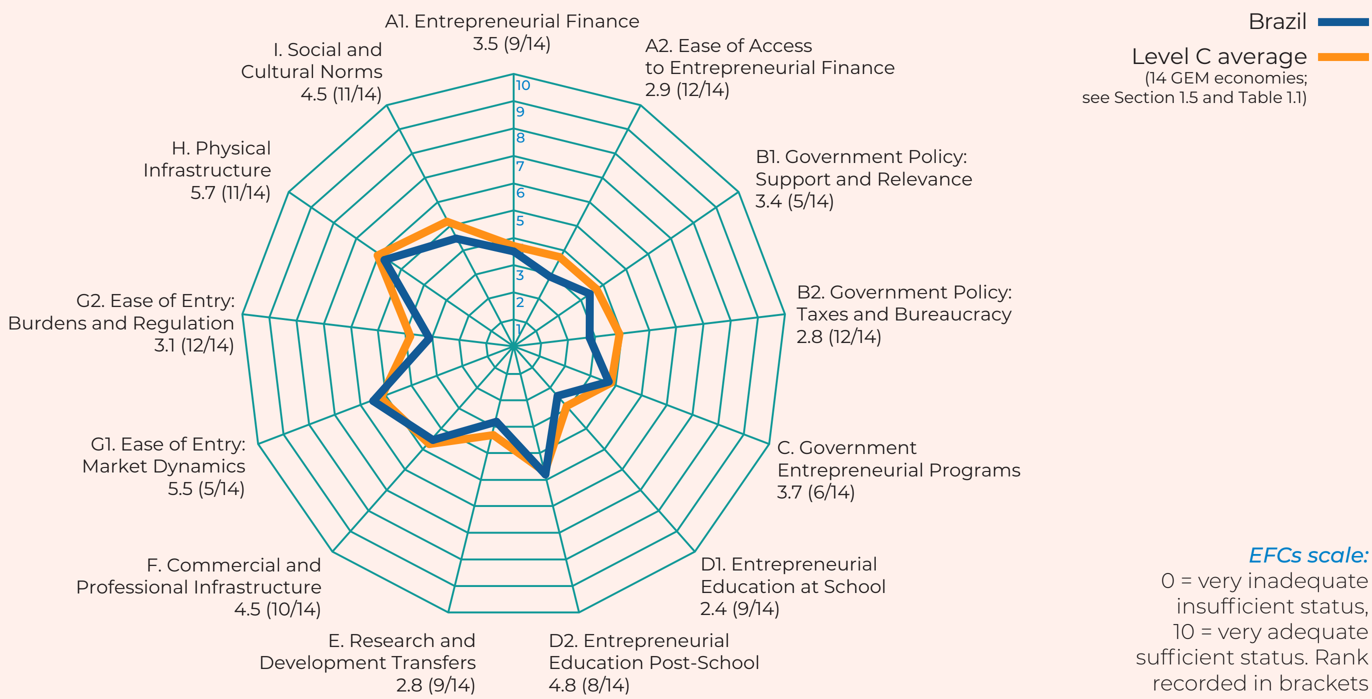
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	37.4	18
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	45.0	26
Use more digital technology to sell products or services	90.4	1
Pursue new opportunities due to pandemic	67.0	2

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Brazilian GDP growth was stable in 2023, expected to be just under 3% for the year, while inflation had fallen to around 4%. Business sales were down, and the fiscal deficit was up. The Brazilian Central Bank was maintaining high interest rates to combat inflation, inhibiting business lending.

Brazil has been reforming its tax and business regulations, reducing both business costs and the time needed to register a new business, now down to less than a day — a new record.

2023 Framework Conditions Review[1]

The assessed overall quality of the Brazilian entrepreneurial environment fell sharply in the COVID-19 pandemic, but has begun to recover. In 2023, only two of Brazil's Entrepreneurial Framework Conditions (EFCs) scored as sufficient — Ease of Entry: Market Dynamics and Physical Infrastructure — leaving 11 as insufficient. Four were very poor with scores less than three: Entrepreneurial Education at School, Research and Development Transfers, Government Policies: Taxes and Bureaucracy, and Ease of Access to Entrepreneurial Finance, with the latter ranking 47th among the 49 GEM economies. As usual, Entrepreneurial Education at School scored lowest, and Physical Infrastructure highest.

Eight of these scores were higher in 2023 than a year earlier, with the largest increases being for Entrepreneurial Education Post-School and Physical Infrastructure. As a result, Brazil's overall score for the quality of the entrepreneurial environment improved from 3.6 to 3.8, ranking Brazil 46th of 49 economies.

Additional questions asked national experts to rate Brazil's social support for women entrepreneurs and their access to resources compared to men. Brazil scored poorly for social support (2.4, ranked 46th), but very well for comparative access to resources (6.3, ranked 5th).

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Nearly two in five adults in Brazil reported that their household income had fallen in 2023, a substantial proportion but down from three in five two years earlier. Despite this, nearly one in 10 adults have invested in someone else's new business, the fifth highest level in GEM 2023.

Entrepreneurship has a high public profile in Brazil, with seven in 10 adults knowing someone who had started a business recently, while two out of three saw good opportunities to start a business locally or considered themselves as having the skills and experience to start their own. However, nearly one in two of those seeing good opportunities would not start a business for fear it might fail. Nevertheless, almost a half of those not already doing so expected to start their own business in the next three years — the fourth highest level in GEM.

The proportion of adults in Brazil who were starting or running a new business in 2023 was more than one in four, a stable proportion over the past three years. Men were more likely to start a business than women, with around five men starting new businesses for every three women doing the same. The rate of Established Business Ownership was relatively high at about one in eight, and had been rising steadily since the depths of the pandemic.

Making a difference in the world was the most agreed motivation among new entrepreneurs at three out of four, just ahead of making a living because jobs are scarce. Very few new entrepreneurs had customers beyond Brazil, although that may change, given that nine out of 10 expected to use more digital technologies to sell their products in the next six months. Three in 10 new entrepreneurs expected to employ at least another six people over the next five years, an impressive rate when one in two of those starting or running a new business was a solo entrepreneur, with one owner and no current employees.

Institution

Lead institution
ANEGEPE

Type of institution
Non-governmental organization

Website
https://anegepe.org.br

Other institutions involved
Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE)

Team

Team leader
Simara Greco

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Edmundo Inácio Junior
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Funders

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APS vendor

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Canada

- **Population** (2022): **38.9 million** (UN)
- **GDP** per capita (2022; PPP, international $): **58.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	51.6	28
Good opportunities to start a business in my area	62.6	18
It is easy to start a business	63.7	10
Personally have the skills and knowledge	56.7	25
Fear of failure (opportunity)	54.6	6
Entrepreneurial intentions	14.3	27

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	4.9	12
	% TEA	**Rank/45**
International (25%+ revenue)	21.1	8
Always consider social impact	71.3	26=
Always consider environmental impact	65.7	33
Industry (% TEA in business services)	29.6	12

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	62.3	11
To build great wealth or very high income	69.0	12
To continue a family tradition	41.6	9
To earn a living because jobs are scarce	67.2	22

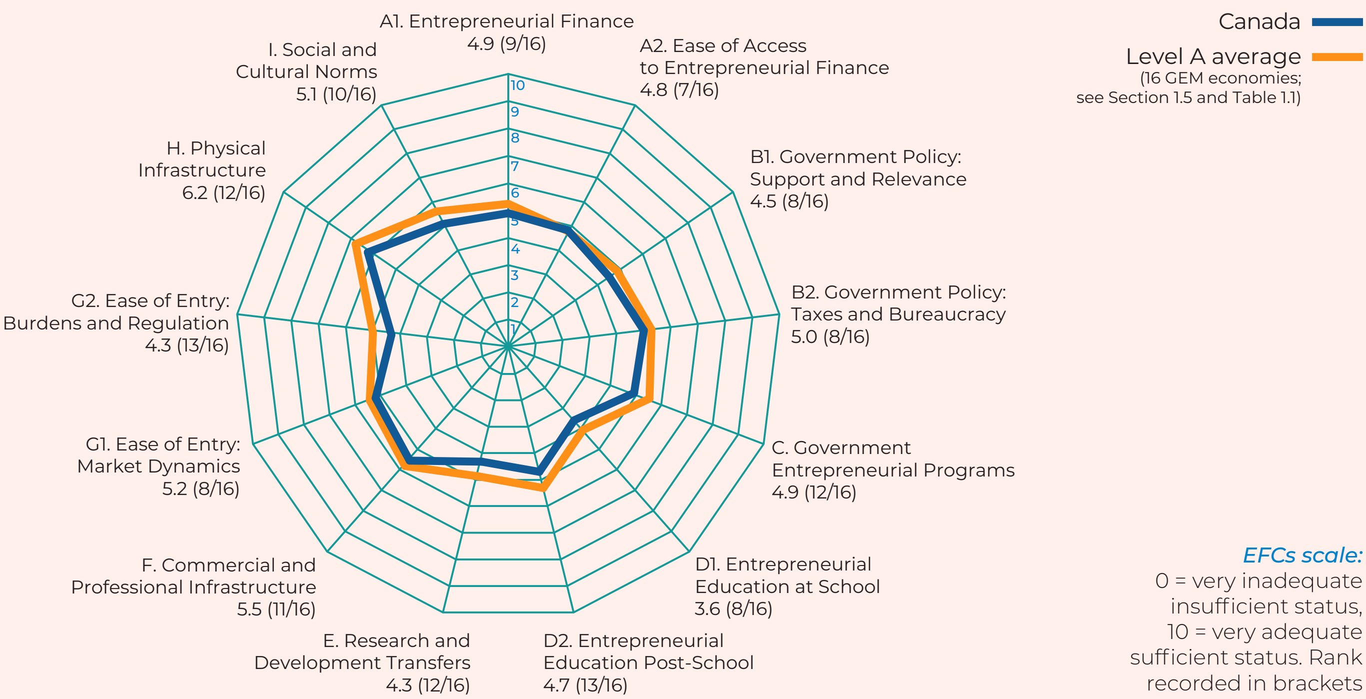
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	19.8	11	15.4	24.2
EBO (Established Business Ownership)	7.8	16=	6.5	9.0

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	29.9	27
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	46.1	22=
Use more digital technology to sell products or services	54.1	19
Pursue new opportunities due to pandemic	55.9	10

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Canadian GDP growth looked set to slow to just 1.4% in 2023, as higher borrowing costs weighed heavily on business activity. At the same time, inflation has been falling, from 6.8% in 2022 to an expected 3.6% in 2023.

The Canadian government has delayed repayment of funds lent to business during the pandemic. It has also announced the creation of the Canadian Innovation Corporation to increase business spending on research and development. A new Canadian Growth Fund will invest in businesses developing green technologies.

2023 Framework Conditions Review[1]

The Canadian entrepreneurial environment, as measured by the National Entrepreneurial Context Index (NECI), has been stable in recent years, hovering just above sufficient with a score of around 5.1. In 2023, the score declined to less than sufficient (4.8).

There were sharp falls in the scores for those Entrepreneurial Framework Conditions (EFCs) most closely associated with government, with Government Policy: Taxes and Bureaucracy reduced from 5.8 in 2022 to 5.0 in 2023, while Government Policy: Support and Relevance fell from 5.2 to 4.5 and Government Entrepreneurial Programs from 5.6 to 4.9. Partly as a result, the number of Canadian EFCs assessed as sufficient (score ≥5.0) had been seven in 2022 but was down to five in 2023. Some of this downturn may be associated with the gradual withdrawal of government support during the pandemic.

Additional questions in the 2023 National Expert Survey (NES) sought expert views of the sufficiency of social support available to women entrepreneurs, as well as how women entrepreneurs' access to resources compared to that of men. As with many economies, Canada scored fairly poorly on the former (a score of 4.0), but much better on access to resources (5.9, eighth highest of the 49 economies).

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Three in 10 Canadian adults reported that their household income had declined in 2023, a significant proportion but one that has been steadily falling from the four in 10 when this question was first introduced in 2020. Despite this, levels of entrepreneurial activity in Canada are not only high but increasing, reaching 19.6% in 2023 (up from 16.5% in 2022). Male entrepreneurial activity (24.2%) was higher than that of females (15.4%), possibly influenced by the lack of social support for women entrepreneurs noted earlier. A small increase in Established Business Ownership is encouraging, when the long-term trend had been downward, which suggested difficulty in converting Canada's relatively high rate of startups into established businesses.

Entrepreneurship continues to enjoy a high profile in Canada, with more than half of adults knowing someone who recently started their own business, or seeing themselves as having the skills and experience to do the same. Meanwhile, two out of three adults see good opportunities to start a business, but more than half of these would not do so for fear it might fail, matching the levels of the depth of the pandemic.

The two economic motivations (building great wealth or very high income, and earning a living because jobs are scarce) were agreed by almost seven in 10 new Canadian entrepreneurs. Making a difference to the world was not far behind at six in 10. New Canadian entrepreneurs have no difficulty in managing multiple motivations. One in three new entrepreneurs had customers beyond Canada, while one in two expected to use more digital technologies in the next six months.

The proportion of new entrepreneurs expecting to employ at least another six people over the next five years has been slowly increasing in recent years, approaching one in four in 2023, back above the pre-pandemic level in 2019.

Institution

Lead institution
The Centre for Innovation Studies (THECIS)

Type of institution
Research Institute

Other institutions involved
The Centre for Innovation Studies
University of Calgary
Memorial University of Newfoundland
Cape Breton University
University of New Brunswick
University of PEI
Université du Québec à Trois-Rivières
University of Ottawa
Toronto Metropolitan University
University of Manitoba
University of Regina
University of Saskatchewan
Mount Royal University
University of Alberta

Team

Team leader
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Kevin McKague
Marc Duhamel
Sandra Schillo
Amanda Williams
Charles Davis
Howard Lin
Geoff Gregson
Tyler Case
Reuben Domike

Funders

Government of Canada
Government of Alberta
Government of Quebec
PacifiCan
PrairiesCan
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Contact

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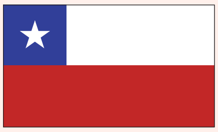


Chile

- **Population** (2022): **19.6 million** (UN)
- **GDP** per capita (2022; PPP, international $): **30.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	72.6	3
Good opportunities to start a business in my area	59.4	22
It is easy to start a business	49.9	23
Personally have the skills and knowledge	75.7	7
Fear of failure (opportunity)	40.9	30=
Entrepreneurial intentions	53.1	3

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	57.6	14
To build great wealth or very high income	60.1	19
To continue a family tradition	28.0	27
To earn a living because jobs are scarce	73.6	16

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	31.1	4	30.2	32.0
EBO (Established Business Ownership)	5.3	31	5.0	5.5

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	10.2	1
	% TEA	**Rank/45**
International (25%+ revenue)	3.0	34
Always consider social impact	82.7	13
Always consider environmental impact	83.0	11
Industry (% TEA in business services)	15.8	29

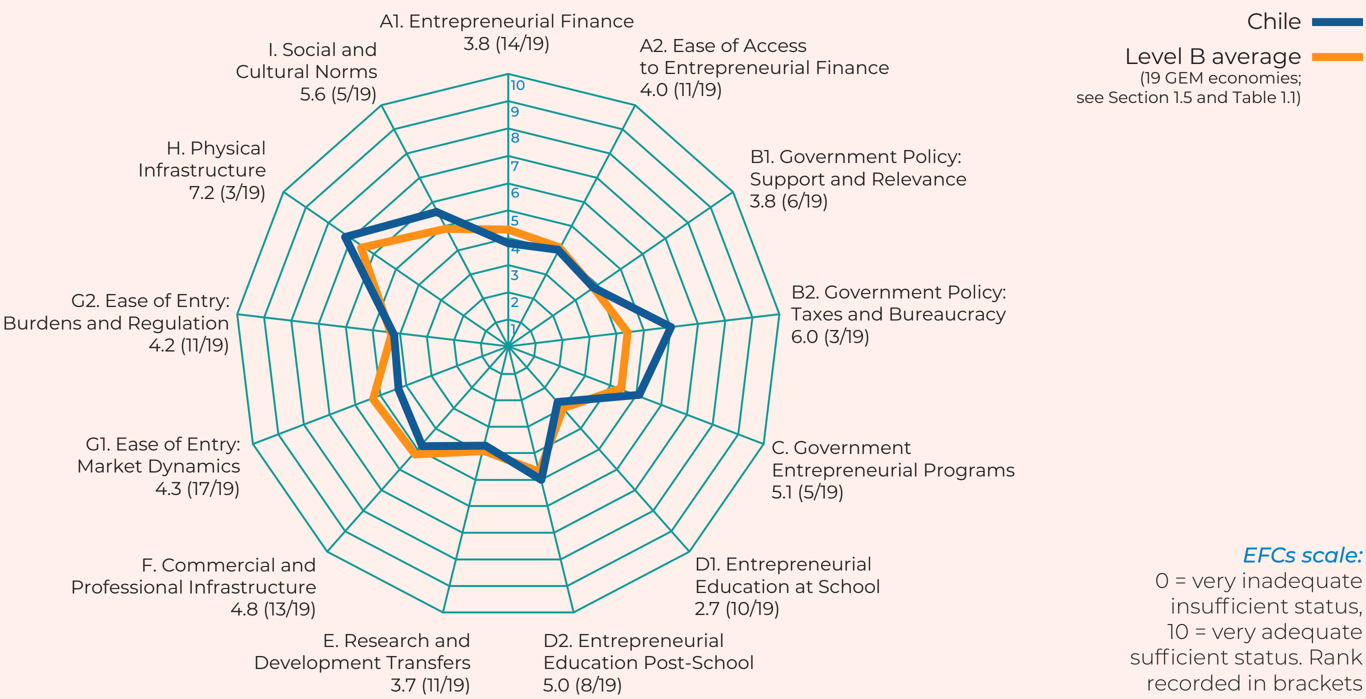
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	42.4	12
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	68.0	2
Use more digital technology to sell products or services	74.2	7
Pursue new opportunities due to pandemic	66.3	3

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

Economic growth has slowed in Chile, with real GDP expected to fall by 1% in 2023 after two years of strong recovery from the pandemic. The unemployment rate widened to 8% and inflation reached 12% in September 2023. This marks this highest inflation rate of the past 28 years.

High inflation continues to adversely impact Chilean entrepreneurs, squeezed between rising costs and declining consumer spending. In the period January–September 2023, bankruptcies in Chile were up by 18%.

CORFO, the Chilean Economic Development Agency, in partnership with Banco Estado, announced new support mechanisms to enable entrepreneurs to access growth finance more easily and at a lower cost.

2023 Framework Conditions Review[1]

The overall quality of the Chilean entrepreneurial environment, as assessed by its own national experts and summed up in the National Entrepreneurial Context Index (NECI), has been reasonably stable in recent years, dipping slightly in the pandemic and then recovering. The country's 2023 NECI score of 4.6 is slightly up from 2022 (4.5), and matches pre-pandemic levels.

Chile's 2023 Entrepreneurial Framework Condition (EFC) scores were little changed from 2022, with eight of 13 increasing and five declining. The largest increases were for Entrepreneurial Finance and for Government Policy: Support and Relevance, while the largest fall was for Commercial and Professional Infrastructure. As in many economies, Entrepreneurial Education at School continues to have the lowest expert quality rating, some margin behind the other EFCs.

National experts rated the social support for women entrepreneurs at 3.4, much less than sufficient and mid-ranking among the GEM economies (29th). Women entrepreneurs' access to resources, compared to that of men, scored much better, both absolutely and relatively, with a score of 5.3 and a GEM rank of 15th (among 49 economies).

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Recent Global Reports have pointed to the Latin America & Caribbean region as an emerging global hotspot for entrepreneurial activity, with Chile playing a prominent role. GEM Adult Population Survey (APS) results for 2023 confirm this trend, with Guatemala, Ecuador, Chile and Panama having the four highest levels of Total early-stage Entrepreneurial Activity (TEA). Chile's rate of just over three in 10 adults starting or running a new business was its highest since before the pandemic, and the third highest in GEM 2023. Levels of new entrepreneurial activity were higher for Chilean men than women, but the difference was small.

Levels of Established Business Ownership were much lower, at 5%, implying six adults started a new business for every adult owning an established one. This suggests there are serious obstacles to sustaining a new business long enough for it to become established. It may be that the entrepreneurial environment makes it much easier to start a new business than to continue an existing one.

Entrepreneurial activity is very visible in Chile. Seven out of 10 adults know someone who has recently started a business (the third highest level in GEM) and an even higher proportion believe they have the skills and experience to start a business (second highest). This confidence is reflected in a relatively low fear of failure, with just two in five of those seeing good opportunities reporting that fear of failure would prevent them from starting a business. More than one in two adults in Chile intend to start a business in the next three years.

The most popular agreed motivation among new entrepreneurs was to earn a living because jobs are scarce. Three out of four new entrepreneurs expected to use more digital technology in the next six months. Just one in 20 of them had customers beyond Chile. Despite this, one in three new entrepreneurs anticipate employing at least another six people within the next five years.

Institution

Lead institution
Universidad del Desarrollo

Universidad del Desarrollo

Type of institution
University

Website
https://www.udd.cl

Other institutions involved
Universidad Católica del Norte
Universidad Técnica Federico Santa María
Universidad de la Frontera

Team

Team leader
Maribel Guerrero, PhD

Team members
Claudia Yáñez-Valdés

Funders

Universidad del Desarrollo

APS vendor

Questio Estudios de Mercado y Opinión Limitada

Contact

gem@udd.cl

China

- **Population** (2022): **1,412.2 million** (UN)
- **GDP** per capita (2022; PPP, international $): **21.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	56.1	21
Good opportunities to start a business in my area	69.2	7
It is easy to start a business	31.4	40
Personally have the skills and knowledge	55.8	26
Fear of failure (opportunity)	64.5	1
Entrepreneurial intentions	5.6	44

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	18.2	44
To build great wealth or very high income	42.0	38
To continue a family tradition	28.5	26
To earn a living because jobs are scarce	69.0	21

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	6.8	40=	7.3	6.3
EBO (Established Business Ownership)	4.2	39=	2.9	5.4

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.2	39
	% TEA	**Rank/45**
International (25%+ revenue)	3.8	33
Always consider social impact	82.8	12
Always consider environmental impact	82.5	13
Industry (% TEA in business services)	8.8	33

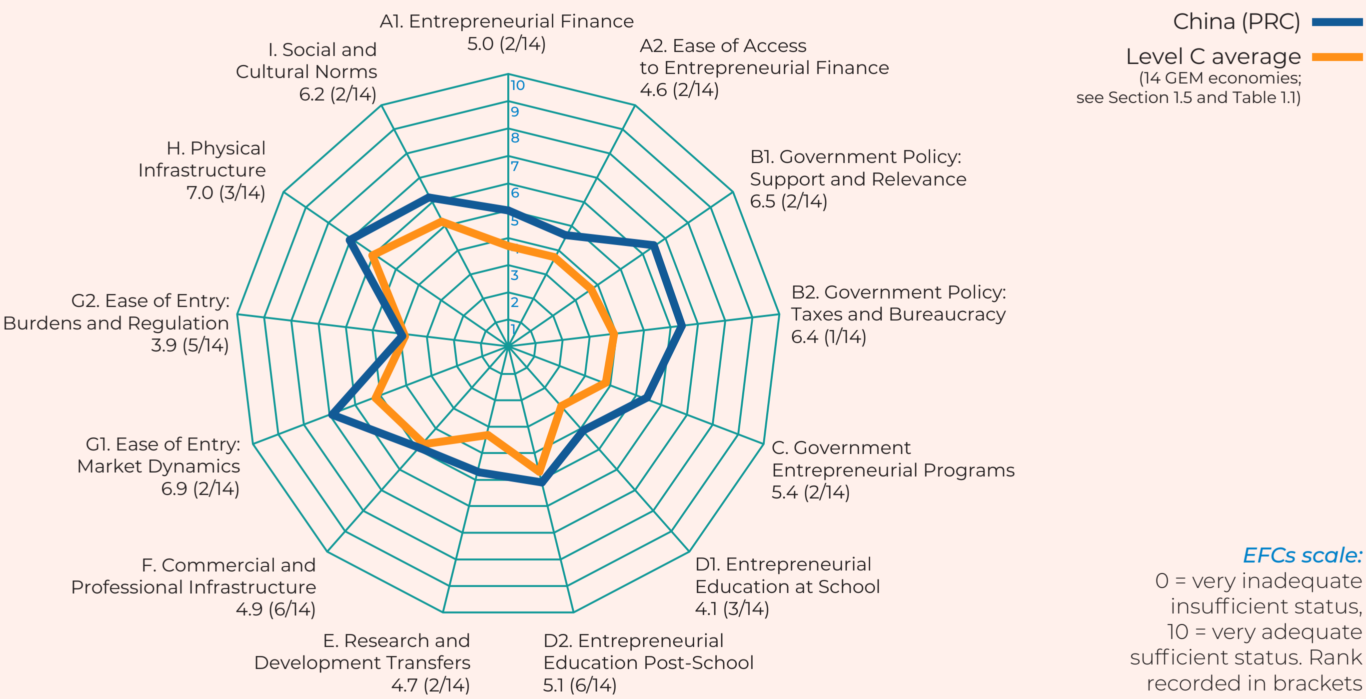
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	46.6	10
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	63.9	5
Use more digital technology to sell products or services	33.1	41
Pursue new opportunities due to pandemic	38.6	28

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Chinese economy was on track to meet its 2023 growth target, reflecting strong post-COVID recovery. Inflation was both low and stable, within the range of around 2%, and with little impact on entrepreneurship.

The Chinese government continues to implement a comprehensive support package post-COVID, with positive impacts on entrepreneurs.

2023 Framework Conditions Review[1]

China's entrepreneurial environment was ranked fourth of 51 economies in 2019, but was adversely affected by the pandemic and is still recovering, now placing it 10th of 49 in 2023.

In 2023, eight of the 13 Entrepreneurial Framework Conditions (EFCs) in China scored as sufficient or better, with Physical Infrastructure rated highest and Ease of Entry: Burdens and Regulations rated lowest, and hence a major concern. Both education EFC scores improved since 2022, but all other 11 condition scores were lower, with the largest fall being for Entrepreneurial Finance. Three of China's EFCs were ranked within the top five for that condition among the 49 economies in GEM 2023: Government Policy: Taxes and Bureaucracy (3rd in GEM), Government Policy: Support and Relevance (4th) and Ease of Entry: Market Dynamics (5th).

New questions asked national experts to assess the quality of social support for women entrepreneurs, and those women entrepreneurs' access to resources relative to that of men. China scored 4.4 for social support, less than sufficient and placing it 16th, and an excellent 6.8 for comparative access to resources, second highest in GEM.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), around one in two adults in China reported that their household income had fallen in 2023, a high proportion but lower than the almost three in four one year before.

Entrepreneurship has a reasonable profile in China, but there is some lack of confidence. Just under three in five adults knew someone who had started a business recently, with a similar proportion considering themselves to have the skills and experience to start their own, the lowest proportion in Level C. Nearly seven in 10 adults saw good opportunities to start a business locally, but about two out of three of these would not start a business for fear it might fail, which is highest among the 45 economies in the 2023 GEM APS. Just under one in 20 adults not already doing so expected to start their own business within the next three years: the lowest intention rate in GEM.

The percentage of adults who were already starting or running a new business in China rose to nearly 7% from 6% the year before, the lowest rate in Level C and sixth lowest in GEM, and a long way short of pre-pandemic levels. Men were slightly less likely than women to be starting a new business, but the gap was small. The Established Business Ownership rate was just one in 25 adults, up a little from a year earlier.

Nearly seven in 10 new entrepreneurs agreed with the motivation to earn a living because jobs are scarce, and one in three expected to use more digital technologies in the next six months. Nearly one in five of those new entrepreneurs expected to employ at least another six people over the next five years. Less than one in four were solo entrepreneurs, defined as those with one owner and no current employees — the third lowest level in GEM.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
ShanghaiTech University
上海科技大学 ShanghaiTech University

Type of institution
University

Website
https://www.shanghaitech.edu.cn/eng/

Team

Team leader
Guangwei Li

Team members
Yu Yang
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Wen Zheng
Suting Hong
Xiyi Yang
Qiao Yang

Funders

ShanghaiTech University

APS vendor

N/A

Contact

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Colombia

- **Population** (2022): **51.9 million** (UN)
- **GDP** per capita (2022; PPP, international $): **20.3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	72.4	4
Good opportunities to start a business in my area	60.0	21
It is easy to start a business	46.2	26
Personally have the skills and knowledge	72.2	12
Fear of failure (opportunity)	34.9	38
Entrepreneurial intentions	18.5	20

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	5.1	11
	% TEA	**Rank/45**
International (25%+ revenue)	2.0	40
Always consider social impact	64.4	34
Always consider environmental impact	63.9	34
Industry (% TEA in business services)	3.9	42

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	48.5	21
To build great wealth or very high income	53.5	29
To continue a family tradition	35.4	15
To earn a living because jobs are scarce	80.4	13

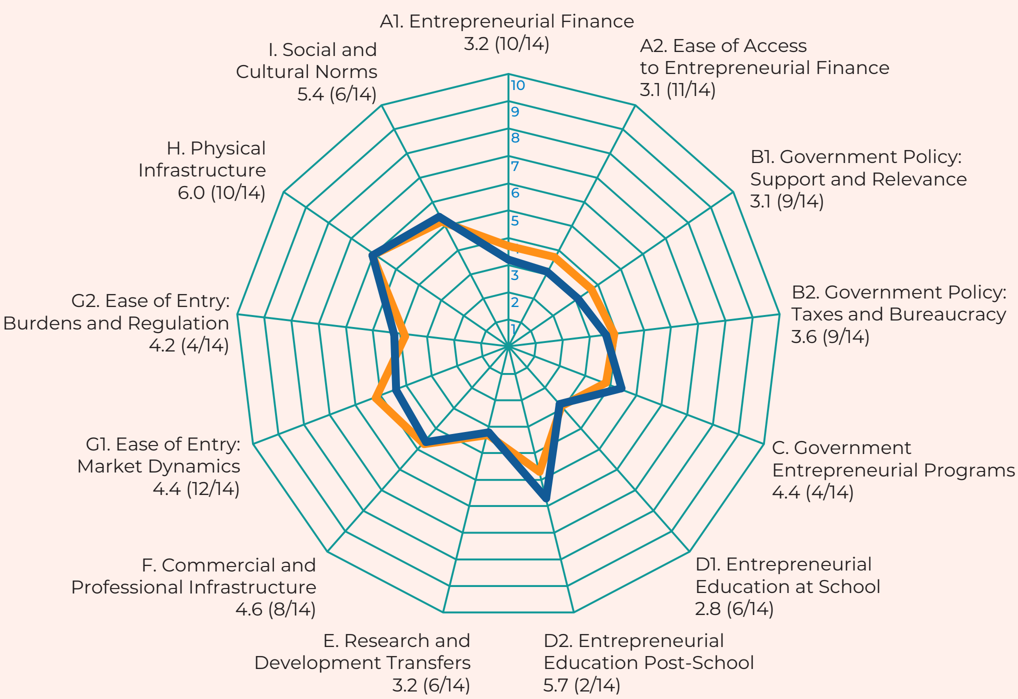
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	23.6	7=	26.1	20.7
EBO (Established Business Ownership)	3.4	44	2.5	4.3

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	36.8	19
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	48.4	16
Use more digital technology to sell products or services	60.7	15
Pursue new opportunities due to pandemic	34.4	34

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Colombia

Level C average
(14 GEM economies; see Section 1.5 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Colombian economy contracted by 0.3% in the third quarter of 2023, and is expected to end the year with GDP having grown by just 1% since 2022. Inflation, though decreasing for eight straight months, has remained persistently high, leaving entrepreneurs facing a negative economic outlook alongside political uncertainty with major reforms under way.

Colombia's new government was implementing its strategic national plan ("Plan de Desarrollo, 2022–2027"), including measures to shift the economy away from extractive sectors towards more sustainable, knowledge-based sectors and a focus on the popular economy.

2023 Framework Conditions Review[1]

The overall quality of Colombia's entrepreneurial environment had been assessed as improving from 2019 to 2021, but it faltered in 2022 and then fell again in 2023.

In 2023, only three of Colombia's Entrepreneurial Framework Conditions (EFCs) were rated as sufficient or better (score ≥5.0), leaving 10 as insufficient, up from eight the previous year. Moreover, six conditions were scored as poor (<4.0), with, as usual, Entrepreneurial Education at School rated lowest of all, a score that has fallen even further since 2022. This was just one of 10 conditions with a score that had declined over the year, including both finance conditions and both ease-of-entry conditions, now rated 45th among the 49 economies. The only conditions with improved scores were Government Policy: Taxes and Bureaucracy and Physical Infrastructure.

As a result of these changes, the assessed quality of the overall entrepreneurial environment in Colombia declined from 4.5 to 4.1, much less than sufficient, and its rank fell from 28th to 37th. Just two years earlier Colombia had scored 4.7 and was ranked 23rd.

New questions in 2023 asked experts to assess Colombia's social support for women entrepreneurs as well as their access to resources compared to that of men. Colombia scored 3.4 for social support (31st), and better for comparative access to resources at 5.1, just better than sufficient with a rank of 24th.

2023 Entrepreneurial Activity Review

More than one in three Colombian adults reported that their household income had fallen in 2023, a substantial proportion but much better than the seven in 10 just one year earlier.

Entrepreneurship has a high profile in Colombia, with more than seven out of 10 adults knowing someone who had started a business recently (fifth highest in GEM). A similar proportion considered themselves having the skills and experience to start their own, and six in 10 saw good opportunities to start a business locally. However, one in three of those seeing good opportunities would not start a business for fear it might fail. Despite this, nearly one in 10 of those not already starting or running a new business intended to do so within the next three years.

The proportion of adults who were currently starting or running a new business in Colombia in 2023 was high, at just under one in four. Women were more likely than men to be starting a business, with about five women starting a business for every four men. However, the share of adults owning an established business was very low, at about one in 30, among the bottom three in GEM along with Oman and Mexico. This implied around seven people starting a new business for every person owning an established one, suggesting that serious obstacles were preventing the transition from new to established business. The evidence of the analysis section pointed to access to finance possibly being one of those obstacles.

Four out of five new entrepreneurs agreed with the motivation to earn a living because jobs were scarce, and less than one in 10 had customers beyond Colombia. However, three in five intend to use more digital technology to sell their products in the next six months. Despite two in five of those starting or running a new business being solo entrepreneurs, with just one owner and no current employees, one in five new entrepreneurs expected to employ at least six more people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Universidad Icesi

Pontificia Universidad Javeriana de Cali
Universidad del Norte
Universidad EAN
Institución Universitaria Americana

Type of institution
University

Website
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Funders

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APS vendor

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Contact

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Croatia

- **Population** (2022): **3.9 million** (UN)
- **GDP** per capita (2022; PPP, international $): **40.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	71.8	5
Good opportunities to start a business in my area	64.1	15=
It is easy to start a business	40.9	31
Personally have the skills and knowledge	73.6	9
Fear of failure (opportunity)	45.9	21
Entrepreneurial intentions	21.6	17

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.7	19
	% TEA	**Rank/45**
International (25%+ revenue)	24.4	5
Always consider social impact	78.9	19
Always consider environmental impact	77.8	19
Industry (% TEA in business services)	33.5	5

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	35.5	36
To build great wealth or very high income	54.3	25
To continue a family tradition	24.7	33
To earn a living because jobs are scarce	59.1	32

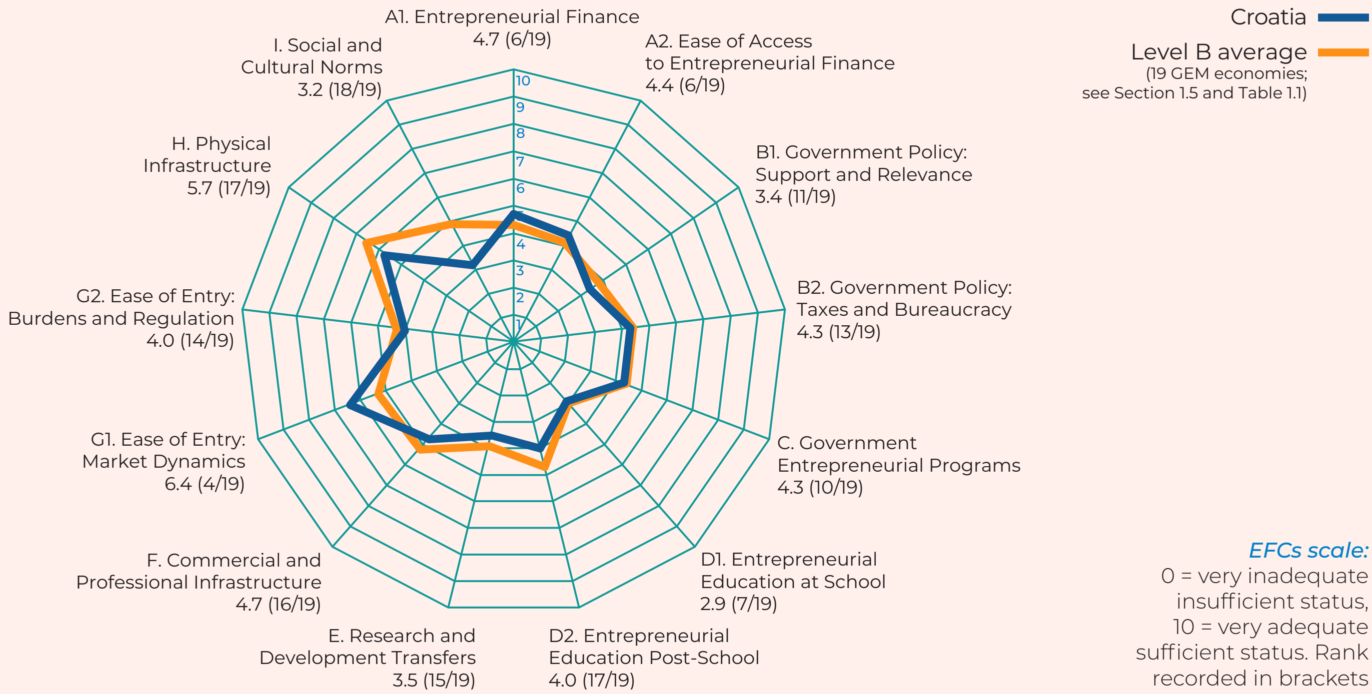
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	13.1	20=	9.9	16.4
EBO (Established Business Ownership)	5.2	32=	3.8	6.6

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	16.8	45
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	32.4	39
Use more digital technology to sell products or services	52.0	21
Pursue new opportunities due to pandemic	34.9	33

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In 2023, Croatia's GDP per capita was increasing slightly, and unemployment falling (to around 7%), but Croatia had one of the highest inflation rates in the Eurozone at just under 9%. High inflation was constraining consumption and reducing the competitiveness of Croatia's goods and services in international markets.

The Croatian government was continuing to subsidize energy for SMEs, which may have had unintended consequences for their competitiveness. Since 2021, the Croatian Chamber of Economy has been surveying the readiness of Croatian SMEs for the green transition. The findings from 2021, when 60% of surveyed businesses did not see the green transition as a business opportunity, warned policymakers and financial and educational institutions of the need for regulatory interventions, better access to finance for such projects, and more educational support for developing new knowledge and skills.[1]

2023 Framework Conditions Review[2]

The assessed overall quality of the Croatian entrepreneurial environment continues to improve.. In 2019, Croatia had had a National Entrepreneurial Context Index (NECI) score of 3.6, ranking it 50th of 54 economies. By 2022, this score had increased to 4.1, with Croatia ranked 39th of 51 economies. In 2023, it improved slightly, to a score of 4.3 and a rank of 32nd of 49.

In 2023, just two of Croatia's Entrepreneurial Framework Conditions (EFCs) were scored as sufficient or better: Ease of Entry: Market Dynamics and Physical Infrastructure. However, eight EFCs improved their scores from 2022, usually not by much, with the largest increase being for Government Policy: Taxes and Bureaucracy (from 3.7 to 4.3). Four EFCs had lower scores, again not by much. The score for Entrepreneurial Education at School remained unchanged, with a lowly 2.9, once more the worst of all Croatia's framework scores.

Additional questions in 2023 saw national experts assessing the quality of Croatia's social support for women entrepreneurs, and those women entrepreneurs' access to resources relative to men. For social support, Croatia scored just 3.4, ranking it 32nd. Women entrepreneurs' relative access to resources in Croatia fared a little better, with a score of 4.8 and a rank of 34th.

2023 Entrepreneurial Activity Review

In the Adult Population Survey (APS), less that one in five adults in Croatia reported that their household income had fallen in 2023, the lowest proportion of the 45 economies in the GEM APS, as it had been the year before.

Entrepreneurship enjoys a high public profile in Croatia, with seven out of 10 adults knowing someone who had recently started their own business, up from the year before, and second highest in Level B and fifth highest in GEM. A bit less than four out of five adults considered themselves to have the skills and experience to be able to start their own business, and more than three in five saw good opportunities to do so locally. However, one in two of those seeing good opportunities would not start a business for fear it might fail. Despite this, nearly one in five of those adults not already doing so expected to start their own business within the next five years.

In 2023, just over one in eight adults in Croatia was already starting or running a new business, a proportion that had been more or less the same for the previous two years. Perhaps reflecting the lack of social support noted earlier, women were much less likely to be starting a business than men, with more than three new businesses started by men for every two started by women. While the level of Established Business Ownership was low, at around one in 20 adults, this was an improvement from the year before.

Three in five new entrepreneurs agreed with the motivation to earn a living because jobs are scarce, and nearly one in two had customers beyond Croatia. A similar proportion expected to use more digital technologies in the next six months. Around one in five anticipated employing another six or more people over the next five years, despite 45% being solo entrepreneurs (one owner and no employees).

1 In 2023, the GEM Croatia team in collaboration with GEM Slovenia (and with contributions from GEM Spain and GEM Brazil) published *Entrepreneurship and Well-being: Exploring the UN Sustainable Development Goals through the Lenses of GEM and Other Indicators* (Sustainable Development Goals Series; Palgrave Macmillan, 2023).

2 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution

J.J. Strossmayer University in Osijek, Faculty of Economics in Osijek (EFOS)

Type of institution

University

Website

http://www.efos.unios.hr

http://www.ices.hr/en/gem

Other institutions involved

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Ministry of Economy and Sustainable Development

Croatian Banking Association

CEPOR SME & Entrepreneurship Policy Centre

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Cyprus

- **Population** (2022): **1.3 million** (UN)
- **GDP** per capita (2022; PPP, international $): **49.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	66.9	10
Good opportunities to start a business in my area	39.8	39
It is easy to start a business	50.0	22
Personally have the skills and knowledge	60.5	22
Fear of failure (opportunity)	53.3	7
Entrepreneurial intentions	21.3	18

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	3.2	17
	% TEA	**Rank/45**
International (25%+ revenue)	22.4	7
Always consider social impact	13.0	45
Always consider environmental impact	12.0	45
Industry (% TEA in business services)	25.1	17

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	39.7	29=
To build great wealth or very high income	85.4	3
To continue a family tradition	27.1	28
To earn a living because jobs are scarce	65.5	24

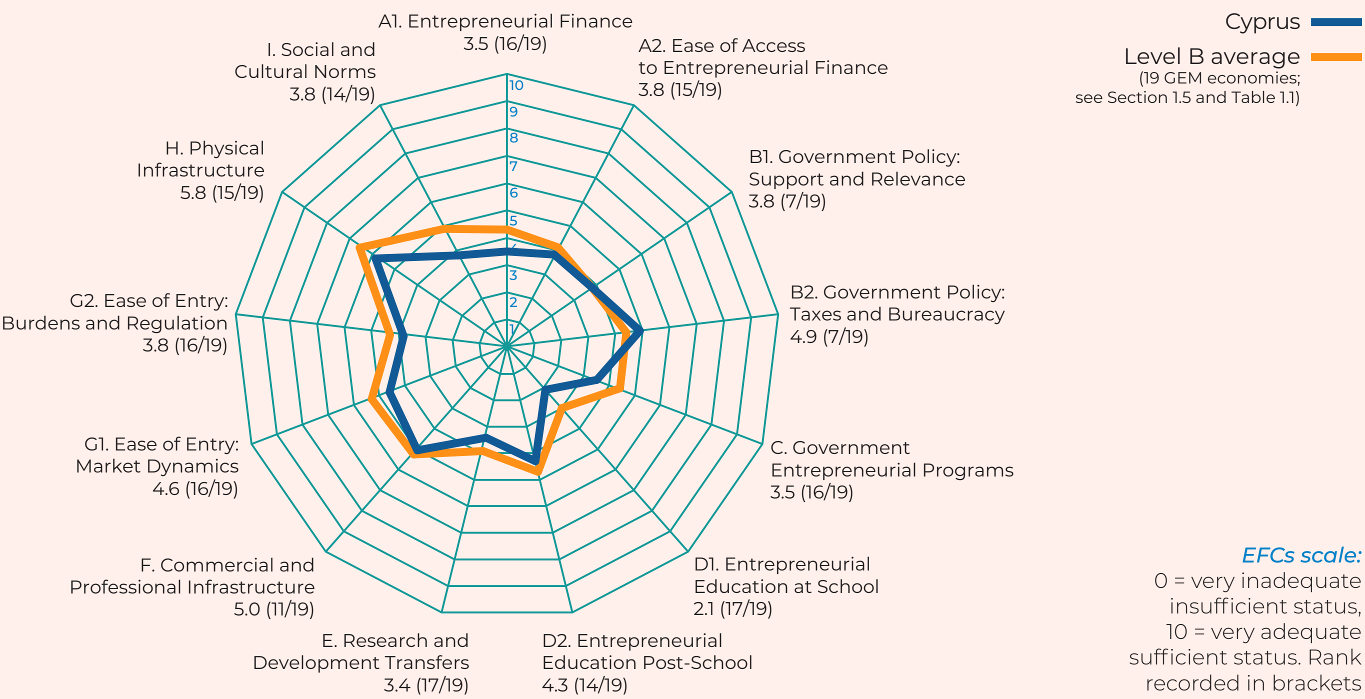
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	11.0	25	7.6	14.5
EBO (Established Business Ownership)	8.2	14	6.4	9.9

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	30.1	26
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	53.3	11
Use more digital technology to sell products or services	46.6	27
Pursue new opportunities due to pandemic	37.9	29=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Economic growth in Cyprus was expected to slow down to just over 2% in 2023, having reached over 5% the year before. Domestic consumption was up, and tourists were returning.

Cypriot banks charge higher interest rates on business loans, and offer lower rates for deposits, than in most Eurozone countries, so the incentive to invest in new ventures persists.

2023 Framework Conditions Review[1]

The assessed quality of the overall Cypriot entrepreneurial environment declined in the COVID-19 pandemic, and what looked like the beginnings of recovery in 2022 was reversed in 2023, with the Cypriot National Entrepreneurial Context Index (NECI) score well below pre-pandemic levels. In 2023, the quality of the overall entrepreneurial environment placed Cyprus 40th of 49 economies.

In 2022, four of the 13 Entrepreneurial Framework Conditions (EFCs) in Cyprus were rated as sufficient or better, with a score of ≥5.0. By 2023, this had fallen to just two: Ease of Entry: Market Dynamics and Commercial Infrastructure. In fact, 10 of 13 conditions scored lower in 2023 than the previous year. Most reductions were small, apart from Government Policy: Support and Relevance, which fell from 4.7 to 3.8, and Ease of Entry: Burdens and Regulation, which dropped from 4.6 to 3.8. The only EFC to improve was Physical Infrastructure, which continues to have the highest Cypriot score, just as Entrepreneurial Education at School continues to have the lowest, and which has declined further in 2023. Possibly of most concern was the fall in the assessed quality of Social and Cultural Norms in support of entrepreneurship, which by 2023 for Cyprus was ranked 43rd of 49 economies.

Additional questions in the National Expert Survey (NES) in 2023 enquired about the quality of social support for women, and about their access to resources compared to men. Cyprus rated very low for social support, with its score of 2.3 ranked 48th of 49 economies. Women entrepreneurs' resource access relative to men scored better, at 5.1 and ranked 26th.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), three in 10 adults reported that their household income had fallen in 2023, a significant rate, but down from four in 10 a year earlier.

Entrepreneurship has a high public profile in Cyprus, with two in three adults knowing someone who had recently started a business, three in five considering themselves to have the skills and experience to start their own, and two in five seeing good opportunities to do so locally. However, more than one in two of those seeing good opportunities would not start a business for fear it might fail, the second highest in Level B and seventh highest in GEM. Despite this, more than one in five of those adults not already doing so expected to start their own business in the next three years.

The proportion of adults in Cyprus who were already starting or running a new business in 2023 was just over one in 10, up on the previous year and nearly back to pre-pandemic levels. Men were much more likely than women to be starting a business, with nearly two men starting a new business for every woman doing the same, perhaps reflecting the lack of social support for women entrepreneurs noted earlier. One in 12 adults in Cyprus owned an established business, up on the level in 2022.

The motivation of new entrepreneurs in Cyprus was firmly focused on the economic, with more than four in five agreeing with the motivations to build great wealth or very high income, or to earn a living because jobs are scarce. A high two in five new entrepreneurs had customers beyond Cyprus, and nearly one in two expected to use more digital technologies in the next six months. Job growth expectations were high, with nearly three in five of those starting or running a new business expecting to employ another six or more people over the next five years, despite three in five being solo entrepreneurs, with one owner and no current employees.

Institution

Lead institution
University of Cyprus (UCY)
Centre for Entrepreneurship (C4E)

Type of institution
University

Website
http://www.ucy.ac.cy/en

Other institutions involved
Ministry of Energy, Commerce and Industry

Team

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Team members
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Ministry of Energy Commerce and Industry
PwC Cyprus

APS vendor

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Ecuador

- **Population** (2022): **18.0 million** (UN)
- **GDP** per capita (2022; PPP, international $): **12.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	65.6	11
Good opportunities to start a business in my area	54.3	25
It is easy to start a business	46.5	25
Personally have the skills and knowledge	75.1	8
Fear of failure (opportunity)	31.7	42
Entrepreneurial intentions	57.4	2

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.9	27
	% TEA	**Rank/45**
International (25%+ revenue)	1.0	45
Always consider social impact	65.1	33
Always consider environmental impact	67.6	30
Industry (% TEA in business services)	3.7	43

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	42.7	26
To build great wealth or very high income	40.2	39
To continue a family tradition	41.0	10
To earn a living because jobs are scarce	90.8	4

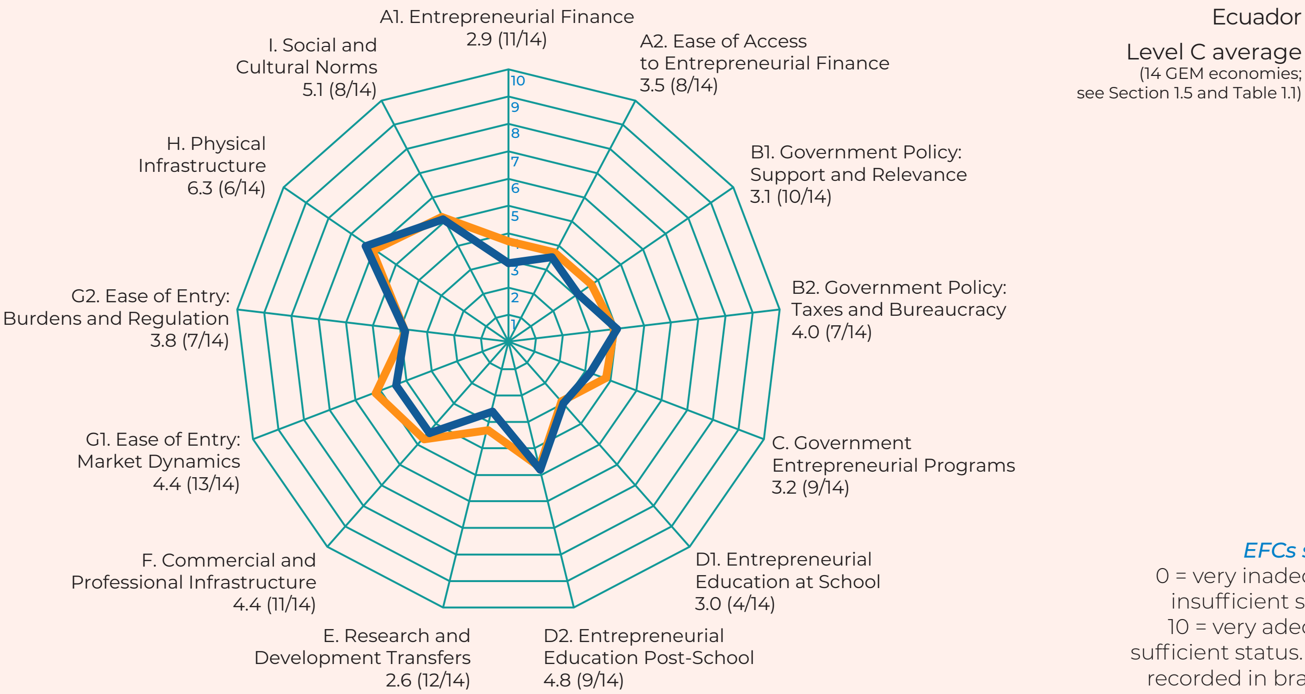
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	32.7	1	33.4	31.9
EBO (Established Business Ownership)	24.0	1	21.1	26.8

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	51.5	5
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	67.9	3
Use more digital technology to sell products or services	56.5	17
Pursue new opportunities due to pandemic	36.5	32

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Ecuadorian economy has been adversely affected by a number of factors in recent years, including high crime rates and widespread insecurity. Ecuador's GDP fell in Q1 2023 after having grown by 3% in 2022. Ecuador's dollarized economy shields it from much inflation volatility, although Ecuadorian entrepreneurs continue to see their costs increasing. In addition, more than half of all employment is estimated to be in the informal sector (the black economy).

Ecuador introduced new legislation in 2020 (the Organic Law of Entrepreneurship and Innovation, and the Simplified Stock Company Law), seeking to formalize enterprises by simplifying business registration and encouraging them into the formal economy. Since then, more than 6,000 simplified stock companies have been created.

2023 Framework Conditions Review[1]

Ecuador's previous participation in the GEM National Expert Survey (NES) was in 2019, before the COVID-19 pandemic and war in eastern Europe. Some limited comparisons will be made between 2019 and 2023.

In 2023, the quality of the Ecuadorian entrepreneurial environment was given an overall score of 3.9, according to national experts. This was both less than sufficient and less than the 4.2 it had scored in 2019. Ecuador ranked 38th of 52 economies for the quality of its entrepreneurial environment in 2019. In 2023, it was 42nd of 49 economies.

Of the 13 individual Entrepreneurial Framework Conditions (EFCs), 11 were assessed as lower in 2023 than in 2019, with just two higher. The largest falls were for Entrepreneurial Education at School and Physical Infrastructure, while the largest increase was for Government Policy: Support and Relevance. In 2019, four of 12 EFCs were assessed as sufficient (score ≥5.0). By 2023 this had reduced to just two: Social and Cultural Norms, and Physical Infrastructure. So, while legislation to encourage formalization has helped, there remains much to do to improve the quality of the entrepreneurial environment in Ecuador.

Finally, new questions in 2023 asked national experts to assess the quality of social support to women entrepreneurs, and those women's access resources to compared to that of men. For social support, Ecuador scored 3.2 (34th of the 49 GEM economies) and for access to resources 5.0 (28th). So there is much to do here, too.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Recent Global Reports have noted the emergence of the Latin America & Caribbean region as a global hub for entrepreneurial activity. GEM Adult Population Survey (APS) results for 2023 are entirely consistent with this: the four highest levels of Total early-stage Entrepreneurial Activity (TEA) were all in this region (Ecuador, Guatemala, Chile and Panama), with Ecuador leading the way with a TEA rate of 32.7%. In other words, almost one in three adults in Ecuador was starting or running a new business in 2023, with women slightly more likely to be new entrepreneurs than men. Nor was this lead confined to new entrepreneurs: Ecuador also had the highest rate of Established Business Ownership at 24%, with the next highest being the Republic of Korea at 20%. So, despite what is clearly a difficult entrepreneurial environment, Ecuador had the highest levels of both new and established entrepreneurship of the 45 economies in the 2023 GEM APS.

Not surprisingly, entrepreneurship has a very high profile in Ecuador, with two in three adults knowing someone who has recently started their own business. Three in four adults consider themselves to have the skills and experience to start their own business, and more than a half see good opportunities locally. However, three in 10 of those seeing good opportunities would not start a business for fear it might fail, a proportion that sounds high but is the fourth lowest of the 49 economies. More than half of those not currently doing so expect to start a business in the next three years.

Given the state of the Ecuadorian economy, it is no surprise that half of adults reported their household income had fallen in 2023. Meanwhile, the motivation to earn a living because jobs are scarce was agreed by nine out of 10 new entrepreneurs. Very few (about one in 20) new entrepreneurs had customers beyond Ecuador, and fewer still (around one in 50) expected to employ another six people or more within the next five years.

Institution

Lead institution
ESPAE Graduate School of Management–ESPOL

Type of institution
Higher Education/University

Website
https://www.espae.edu.ec

Other institutions involved
Universidad Técnica Particular de Loja–UTPL
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Escuela de Negocios con Propósito–EDES
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ESPAE-ESPOL AND UTPL

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ECONOMY PROFILE

Estonia

- **Population** (2022): **1.3 million** (UN)
- **GDP** per capita (2022; PPP, international $): **46.7 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	44.3	40
Good opportunities to start a business in my area	49.5	31
It is easy to start a business	77.3	7
Personally have the skills and knowledge	46.8	41
Fear of failure (opportunity)	40.9	30=
Entrepreneurial intentions	14.9	26

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.1	24=
	% TEA	**Rank/45**
International (25%+ revenue)	29.6	2
Always consider social impact	54.9	42
Always consider environmental impact	61.6	35
Industry (% TEA in business services)	22.9	19

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	33.4	38
To build great wealth or very high income	39.9	40
To continue a family tradition	17.4	42
To earn a living because jobs are scarce	54.6	35

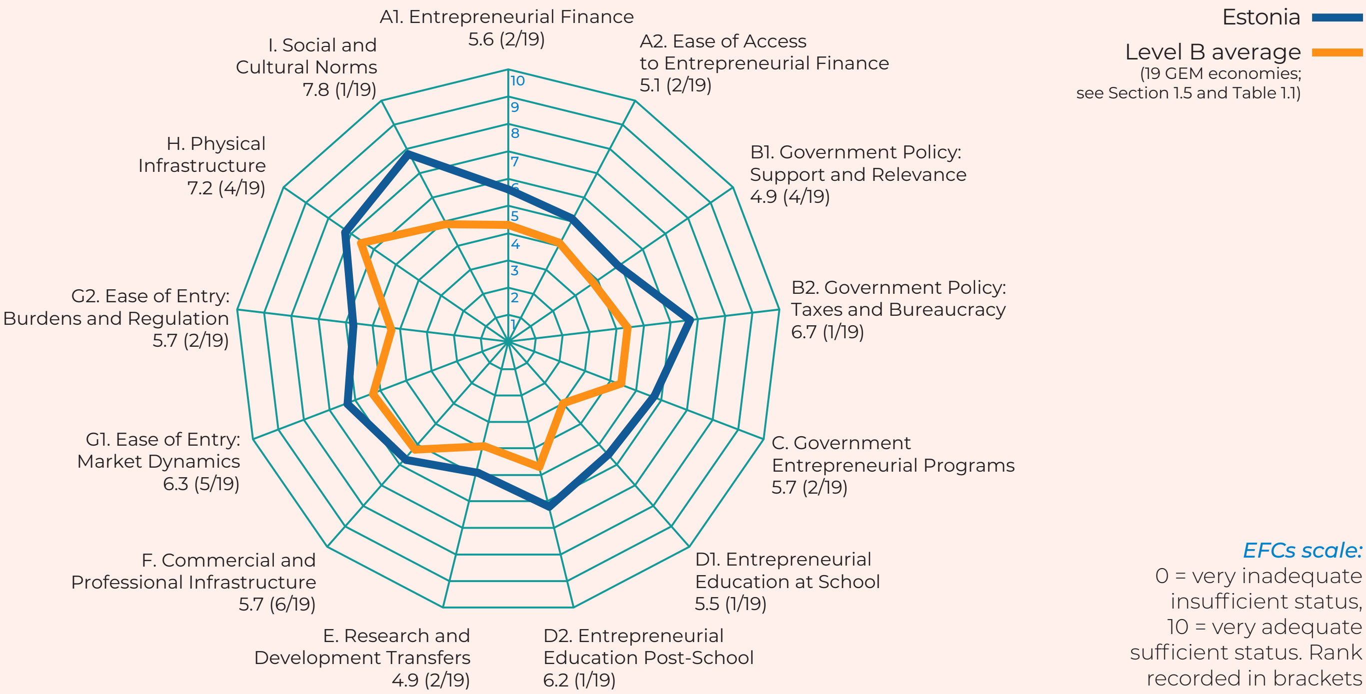
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	13.1	20=	9.9	16.2
EBO (Established Business Ownership)	7.9	15	6.1	9.7

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	27.8	29
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	34.6	35=
Use more digital technology to sell products or services	37.5	39
Pursue new opportunities due to pandemic	28.8	39

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Estonia's GDP was expected[1] to have contracted by just over 2% in 2023, because of declining private consumption and falling investment, but with positive growth anticipated in 2024. Inflation has also been declining over the year, although recent price increases have impacted business competitiveness, especially in international markets. Additionally, the minimum wage has increased over the last three years, and will become 40% higher in 2024 than it was in 2021. On the other hand, the unemployment rate has been increasing in the first three quarters of 2023.

Recent government policy changes in Estonia include increases in businesses taxes which may affect how local businesses compete, and increased financial support for the transition to "green" businesses for Estonia as a whole, and for transition measures in the Ida-Viru region.

2023 Framework Conditions Review[2]

Estonia has a high-quality entrepreneurial environment, as measured by the GEM National Entrepreneurial Context Index (NECI), scored by its own national experts at 5.9, well over sufficient and ranked sixth of the 49 economies in GEM 2023. In 2023, 11 of the 13 Entrepreneurial Framework Conditions (EFCs) were scored by Estonian national experts as sufficient (score ≥5.0), with the two that were less than sufficient (Government Policy: Support and Relevance, and Research and Development Transfers) both very close with scores of 4.9. Estonia's highest-rated condition was Social and Cultural Norms, with Physical Infrastructure rated as excellent as well (both >7.0). Of the 45 economies having their entrepreneurial environments surveyed by national experts in 2023, Estonia ranked second for Social and Cultural Norms and for Government Policy: Taxes and Bureaucracy, with its lowest-ranked condition being Commercial and Professional Infrastructure at 16th, which was nonetheless still comfortably sufficient.

A new question asked by the national experts regarded social support for women entrepreneurs, and their access to resources relative to men. Estonia scored well for social support (score 5.4, rank ninth) but poorly for relative access to resources (3.8 and 45th). The other two Baltic states, Latvia and Lithuania, had similar scores, being well over sufficient for social support but much less than sufficient for equality of access to resources. In fact, Lithuania, Latvia and Estonia ranked 4th, 7th and 9th respectively for social support, but 36th, 39th and 45th respectively for relative access to resources.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), nearly three in 10 adults in Estonia reported that their household income had fallen in 2023.

Entrepreneurship has a good public profile in Estonia, with more than two in five adults knowing someone who has started a business recently (third highest in Level B). Around one in two adults saw good opportunities to start a business locally, with a similar proportion considering themselves to have the skills and experience to start their own business (again, third highest in Level B). However, two out of five of those seeing good opportunities would not start a business for fear it might fail, while one in six of those not already doing so expected to start their own business within the next three years.

A reasonable 13% of adults in Estonia are currently starting or running new businesses, although men are more likely to be doing so than women, with around three men starting new businesses for every two women doing the same. This may be a reflection of the unequal access to resources noted earlier.

The level of Established Business Ownership stood at just under 8%.

More than one in two new entrepreneurs agreed with the motivation to earn a living because jobs were scarce, and one in five of their enterprises were in business services. More than one in three expected to use more digital technologies in the next six months, and more than half had customers beyond Estonia, a relatively high proportion.

Very few of those starting or running a new business in Estonia expected to employ another six or more people in the next five years, not too surprising when nearly a half were solo entrepreneurs (with one owner and no current employees), the third highest level in Level B and 10th highest in GEM.

1 economy-finance.ec.europa.eu
2 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Tallinn University of Technology and University of Tartu

Type of institution
University

Website
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Team

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Funders

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France

- **Population** (2022): **67.9 million** (UN)
- **GDP** per capita (2022; PPP, international $): **55.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	60.5	14=
Good opportunities to start a business in my area	50.9	29
It is easy to start a business	50.5	20
Personally have the skills and knowledge	49.5	37
Fear of failure (opportunity)	40.1	34
Entrepreneurial intentions	13.4	28

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.5	20
	% TEA	**Rank/45**
International (25%+ revenue)	17.1	16
Always consider social impact	66.6	31
Always consider environmental impact	67.1	31
Industry (% TEA in business services)	32.6	6

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	19.9	42
To build great wealth or very high income	43.7	36
To continue a family tradition	17.5	41
To earn a living because jobs are scarce	43.2	40

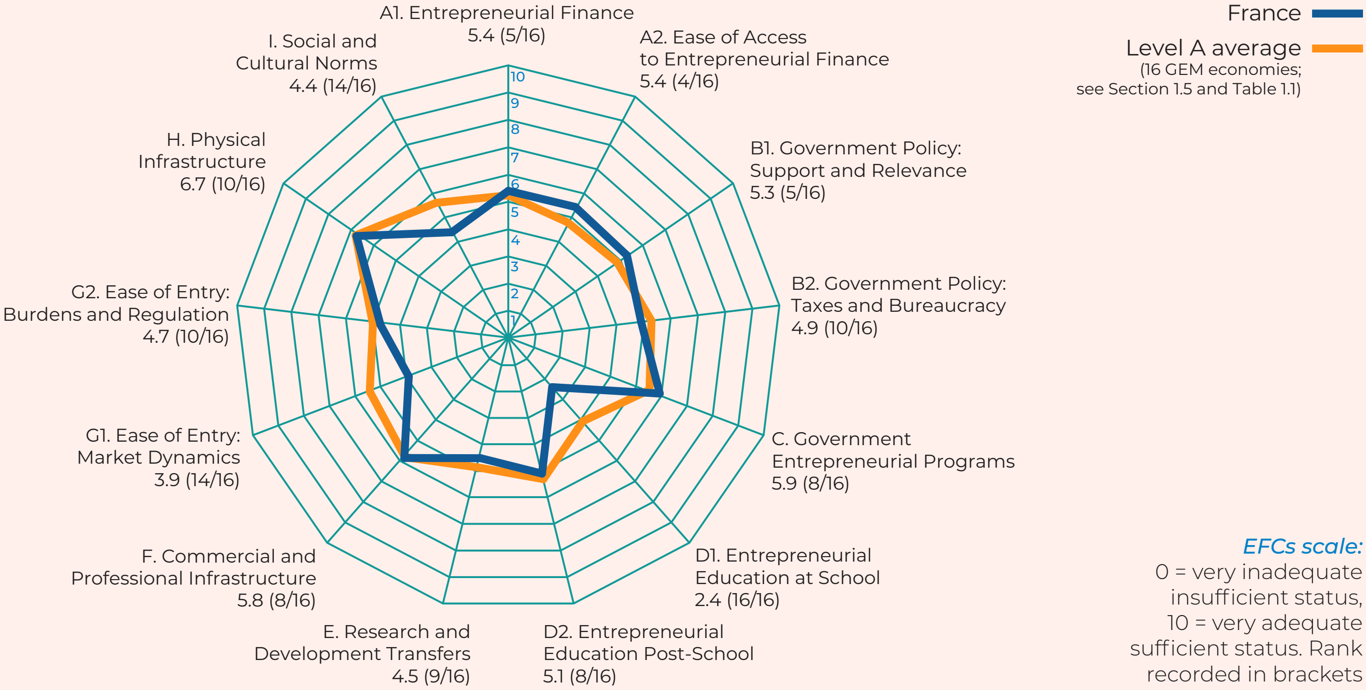
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	10.8	26	9.0	12.5
EBO (Established Business Ownership)	4.6	36	3.3	5.9

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	22.3	38
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	33.4	37
Use more digital technology to sell products or services	36.0	40
Pursue new opportunities due to pandemic	39.3	27

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

French GDP is anticipated to have grown by around 1% in 2023, as private consumption was restored and inflation fell, expected to be just under 6% for 2023. The French economy faced several challenges, including geopolitical uncertainties and rising energy costs. Bankruptcies among SMEs were up, with small businesses caught between declining consumer purchasing power and hence lower consumer spending, and higher costs of debt.

The French government has acted to limit energy price rises for businesses. Since 1 January 2023, the "Single Window" has opened, allowing new businesses to register faster and at lower cost.

2023 Framework Conditions Review[1]

Since 2021, the overall quality of the French entrepreneurial environment has been rated by its national experts as just sufficient, with its National Entrepreneurial Context Index (NECI) score falling to 5.0 from 5.1 the year before. However, larger falls elsewhere meant that France moved up the NECI ranking, from 18th to 12th. So far, France has avoided joining the sizeable group of North American and European high-income economies with an assessed entrepreneurial environment that has slipped to below sufficient since the COVID-19 pandemic.

In 2023 ,France scored as sufficient or better (score ≥5.0) in seven of the 13 Entrepreneurial Framework Conditions (EFCs). As with many economies, the highest score was for Physical Infrastructure (6.7), and the lowest score was for Entrepreneurial Education at School (2.4). Both these scores were lower in 2023 than in 2022, and the range between them in both years illustrates the variability of the quality of French EFCs. In fact, eight scores were lower, one the same and four higher in 2023, with the largest fall being for Government Policy: Support and Relevance and the largest increase for Research and Development Transfers. Indeed, both government policy and both finance EFCs scored lower, while Social and Cultural Norms, and both ease-of-entry EFCs scored higher, no doubt helped by that "Single Window".

Additional questions asked experts to rate the social support for women entrepreneurs, and their access to resources compared to men. France scored a less than sufficient 4.4 for social support, ranked 15th, and a more than sufficient 5.2 for relative access to resources, ranked 18th.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Just over one in five adults in France reported that their household income had fallen in 2023, down from three in 10 a year earlier.

Entrepreneurship had a reasonable public profile in France, with three in five adults knowing someone who had started their own business recently (joint second highest in Level A), and one in two adults considering themselves to have the skills and experience to start a business themselves or seeing good opportunities to do so locally — all three proportions having changed little from the year before.

The proportion of adults who were currently starting or running a new business was slightly up on the previous year, at a little over one in 10, with men more likely than women to be starting a new business: about four men starting a new business for every three women doing the same. Established Business Ownership was low at about one in 10, but still higher than a year earlier. So France had two people starting a new business for every person owning an established one.

None of the specified motivations were especially popular among new entrepreneurs, with making a difference in the world, and earning a living because jobs were scarce, each agreed by little over two in four. New entrepreneurs were outward-looking, with more than one in three having customers beyond France. A similar proportion expected to use more digital technologies in the next six months. Despite nearly one in two of those starting or running a new business being solo entrepreneurs, with just one owner and no current employees, just over one in four new entrepreneurs in France expected to employ at least another six people over the next five years.

Institution

Lead institution

Labex Entreprendre (Entrepreneurship)

University of Montpellier

Montpellier Business School

Erasmus University Rotterdam & Montpellier Business School

Type of institution

Research Institute

University

Business School

University & Business School

Website

https://labex-entreprendre.edu.umontpellier.fr/en/home-2/

https://www.umontpellier.fr/en/

https://www.montpellier-bs.com/international/

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Germany

- **Population** (2022): **84.1 million** (UN)
- **GDP** per capita (2022; PPP, international $): **63.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	36.5	44
Good opportunities to start a business in my area	41.4	38
It is easy to start a business	36.1	36
Personally have the skills and knowledge	42.2	44
Fear of failure (opportunity)	38.6	35
Entrepreneurial intentions	7.7	41

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.6	28=
	% TEA	**Rank/45**
International (25%+ revenue)	23.9	6
Always consider social impact	72.8	24
Always consider environmental impact	70.6	27
Industry (% TEA in business services)	31.6	7

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	50.4	18
To build great wealth or very high income	56.3	20
To continue a family tradition	31.4	21
To earn a living because jobs are scarce	46.7	39

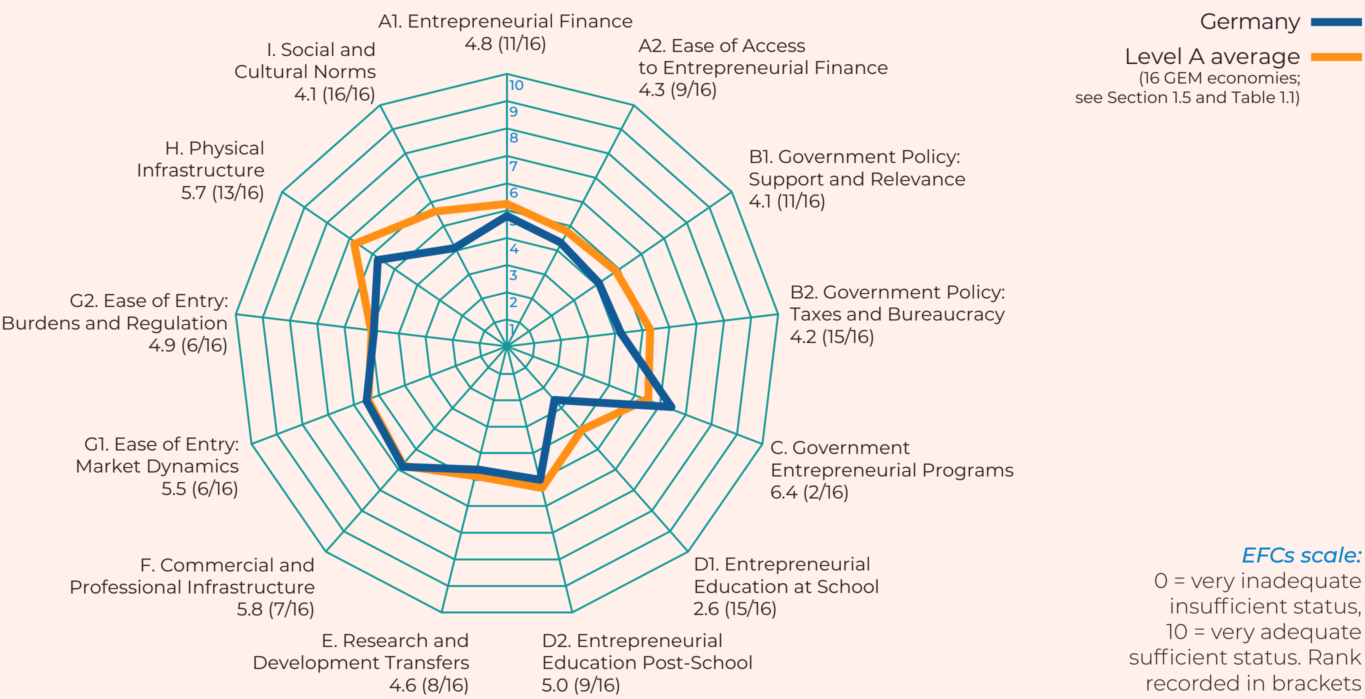
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	7.7	37	6.0	9.3
EBO (Established Business Ownership)	4.1	41	2.7	5.5

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	27.1	31=
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	45.2	24
Use more digital technology to sell products or services	41.3	34
Pursue new opportunities due to pandemic	48.0	14

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Germany continues to suffer a lack of economic growth relative to most European economies, but also with low unemployment. This lack of growth reflects the shortage of skilled labour, and the budget difficulties of federal and regional governments. Inflation was low and falling and is back to pre-recession levels.

The federal government has introduced a new fund to support businesses with high growth potential ("gazelles").

2023 Framework Conditions Review[1]

Recent National Entrepreneurial Context Index (NECI) scores have suggested that the assessed quality of the overall German entrepreneurial environment has hovered on the edge of sufficient for the past few years, but slipped into less than sufficient in 2023 with a score of 4.8. In doing so, Germany has joined the group of high-income European and North American economies with an assessed overall entrepreneurial environment that has fallen from sufficient to less than sufficient since the COVID-19 pandemic.

In 2023, just five of 13 German Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better, with, for the third year in a row, Government Entrepreneurial Programs scoring highest. While this score dipped slightly in 2023, it was still the highest among Level A economies, and fourth highest in GEM. This was just one of 10 scores to fall in 2023, including both entrepreneurial finance conditions, which each fell below sufficient, and both government policy conditions. Entrepreneurial Education at School continues to be the lowest-rated German condition by far, with its score of 2.6 even lower than the year before, and now the next to lowest score for this condition in Level A. However, the scores for Physical Infrastructure and for Social and Cultural Norms also fell, ranking both of these in the bottom 10 in GEM 2023.

New questions asked national experts in Germany to rate the social support given to women entrepreneurs, and how their access to resources compared to men. Social support scored 3.7, below sufficient, while comparative access to resources scored 5.2, better than sufficient.

By 2023, Germany, with its international finance centre in Frankfurt, was rated insufficient for both Entrepreneurial Finance conditions, and in the bottom 10 for Physical Infrastructure, just like its long-standing competitor, the United Kingdom.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

One in four adults in Germany reported that their household income had fallen in 2023, down a little from 2022.

Entrepreneurship had a low public profile in Germany, with just over one in three adults knowing someone who had recently started their own business, and two in five considering themselves to have the skills and experience to be able to start their own, both the lowest among Level A economies, and both third lowest in GEM. A similar ratio of two adults in five saw good opportunities to start a business locally, but the same proportion would not start a business for fear it might fail. Perhaps as a result, just one in eight adults not already doing so in Germany intended to start their own business within the next three years, the lowest proportion in Level A and fifth lowest in GEM.

Levels of new entrepreneurial activity in Germany in 2023 were good, with about one in eight adults starting or running a new business, down a little from record levels the previous year. Germany had around three men starting a new business for every two women doing the same, and the Established Business Ownership rate was also low, at about one in 25, sixth lowest in GEM.

More than one in two new entrepreneurs agreed with the motivation to build great wealth or very high income, closely followed by making a difference in the world. Two in five new entrepreneurs expected to use more digital technologies in the next six months, while a similar proportion had customers beyond Germany. Job growth expectations were high, with more than one in five of those starting or running a new business expecting to employ at least six more people over the next five years.

Institution

Lead institution

Institute of Economic and Cultural Geography at the Leibniz University Hannover

Leibniz Universität Hannover

RKW Kompetenzzentrum Eschborn

RKW Kompetenzzentrum

Type of institution

University

Government funded transfer institution

Website

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Team

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RKW Competence Centre

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Greece

- **Population** (2022): **10.6 million** (UN)
- **GDP** per capita (2022; PPP, international $): **36.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	33.1	45
Good opportunities to start a business in my area	45.3	36
It is easy to start a business	34.7	38
Personally have the skills and knowledge	53.8	29
Fear of failure (opportunity)	53.2	9=
Entrepreneurial intentions	9.1	39

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	0.8	43
	% TEA	**Rank/45**
International (25%+ revenue)	20.0	10
Always consider social impact	71.3	26=
Always consider environmental impact	78.8	17
Industry (% TEA in business services)	22.5	20=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	26.1	39
To build great wealth or very high income	55.6	22=
To continue a family tradition	34.6	17
To earn a living because jobs are scarce	72.3	17

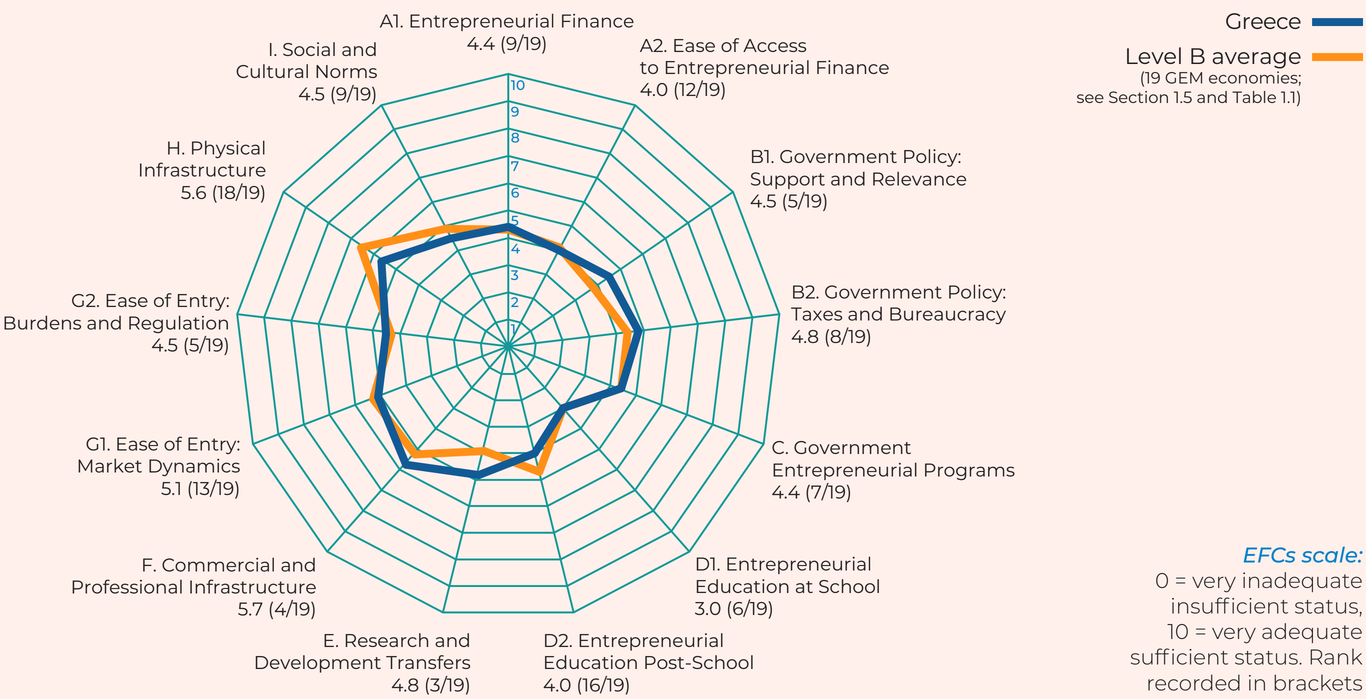
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	6.7	42=	5.9	7.5
EBO (Established Business Ownership)	14.7	3	13.0	16.4

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	50.0	7
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	36.4	34
Use more digital technology to sell products or services	44.5	31
Pursue new opportunities due to pandemic	29.2	37=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Real GDP in Greece was expected to have grown by just under 2% in 2023, due to increases in private consumption and in fixed capital formation. Unemployment was falling slowly. Inflation was just under 5% in the period January–October 2023, well down on a year earlier. Despite this reduction, inflation was still increasing business costs, including borrowing.

The Greek government had acted to offset increased energy costs for business to stabilize prices. An important mechanism to support SMEs in Greece is European monies through the structural funds in place until 2027, followed by additional resources from the new Resilience Fund.

2023 Framework Conditions Review[1]

The overall entrepreneurial environment in Greece has been improving slowly, but remains fairly weak. In 2023 Greece had just three Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better, the same as the previous year, meaning that 10 were considered less than sufficient. Scores were little changed from the previous year, with, in common with many economies, Physical Infrastructure scoring highest and Entrepreneurial Education at School lowest. Relative to other economies Physical Infrastructure was poor nonetheless, ranked at 43rd out of 49 GEM economies, as was Entrepreneurial Education Post-School.

Greece's score for the overall quality of its entrepreneurial environment has been increasing slowly in recent years, reaching 4.6 in 2022 and 2023, ranking 24th in 2023 — improving but not quite sufficient.

In 2023, these national experts were asked new questions about the quality of social support for women entrepreneurs, and their access to resources compared to men. Greece scored poorly for social support with 2.8, much less than sufficient and ranked 42nd of the 49 economies participating in the GEM National Expert Survey (NES). For comparative access to resources Greece scored much better, with 5.2, better than sufficient and ranked 23rd.

2023 Entrepreneurial Activity Review

Despite Greece's growing economy, one in two adults reported that their household income had fallen in 2023, the second highest proportion in Level B and the sixth highest of the 45 economies that participated in the GEM Adult Population Survey (APS).

Entrepreneurship had a fairly low public profile in Greece, with one in three adults knowing someone who had recently started a business (second lowest proportion in GEM behind Thailand), less than one in two adults seeing good opportunities to start a business and few more considering themselves to have the skills and experience to be able to start a business themselves. Of those seeing good opportunities, just over one in two would not start a business for fear it might fail. Business intentions were low, with less than one in 10 of those not already starting or running a new business expecting to do so within the next three years.

The percentage of adults in Greece who were already starting or running a new business was a modest 6.7%, fourth lowest in GEM jointly with Lithuania, but an improvement on the 4.9% of the previous year. The male rate was 7.6%, with just 5.9% of women starting or running a new business, with at least some of the difference perhaps attributable to the lack of social support for women entrepreneurs noted earlier. Established Business Ownership was high at 14.7%, above that of the previous year and third highest in GEM behind Ecuador and the Republic of Korea.

More than seven in 10 new entrepreneurs in Greece agreed with the motivation to earn a living because jobs are scarce. Nearly one in two expected to use more digital technology in the next six months, and a relatively high two in five had customers outside Greece. Around three in 10 of those starting or running new businesses were solo entrepreneurs with one owner and no employees. Nevertheless, more than one in 10 new entrepreneurs expected to employ at least another six people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Foundation for Economic & Industrial Research (FEIR/IOBE)

Type of institution
Research Institute

Website
http://iobe.gr

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Team

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Guatemala

- **Population** (2022): **17.4 million** (UN)
- **GDP** per capita (2022; PPP, international $): **10.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	73.0	2
Good opportunities to start a business in my area	71.8	5
It is easy to start a business	47.5	24
Personally have the skills and knowledge	78.9	4
Fear of failure (opportunity)	41.3	29
Entrepreneurial intentions	44.2	8

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	8.3	3
	% TEA	**Rank/45**
International (25%+ revenue)	1.4	44
Always consider social impact	93.2	1
Always consider environmental impact	93.0	1
Industry (% TEA in business services)	4.1	40=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	80.6	2
To build great wealth or very high income	84.7	4
To continue a family tradition	52.4	6
To earn a living because jobs are scarce	89.4	6

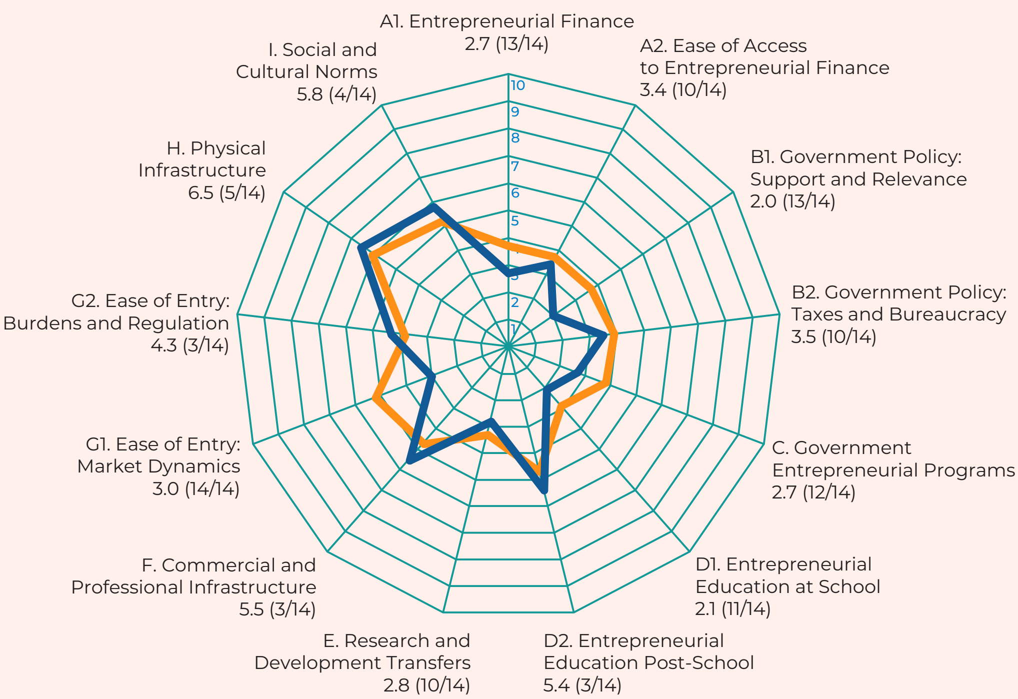
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	32.4	2	28.8	36.2
EBO (Established Business Ownership)	13.2	6	9.8	16.8

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	38.8	17
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	59.3	6
Use more digital technology to sell products or services	77.1	5
Pursue new opportunities due to pandemic	45.6	16

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Guatemala

Level C average
(14 GEM economies; see Section 1.5 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In 2023 the Guatemalan economy was expected to grow by just under 4%, with inflation a little higher at just over 4%, and with a fiscal deficit running at nearly 3% of GDP. Inflation has had more impact on the low-paid than on entrepreneurs, given that price increases had been highest for food.

The political economy was dominated by uncertainty in 2023, because, following the general election, the Public Ministry had launched investigations into the incoming elected President and his political party. These were widely interpreted as a concerted effort to circumvent the peaceful transition of power. Under these circumstances, the entrepreneurial environment was not a priority.

2023 Framework Conditions Review[1]

Guatemala has an overall environment for entrepreneurship that is weak but stable. In 2023, Guatemala had four of the 13 Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better, leaving nine as less than sufficient. As with many economies, and as it had been the year before, Physical Infrastructure scored the highest of Guatemala's EFCs, and Entrepreneurial Education at School the lowest.

Despite having four sufficient EFCs, Guatemala also had five EFCs scored at less than three, or very poor, and each ranked in the bottom 10 among the 49 economies participating in the GEM National Expert Survey (NES) in 2023. Guatemala's framework conditions are highly variable, with a few good ones and far too many that are very weak.

In 2023, Guatemala had an overall entrepreneurial environment score of 3.8, the same as the previous two years.

New questions saw national experts assessing an economy's social support for women entrepreneurs, and whether they had equal access to resources relative to their male counterparts. Guatemala scored 3.1 for social support and 4.3 for relative access to resources, both much less than sufficient.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), two in five adults in Guatemala reported that their household income had fallen in 2023, a substantial proportion but an improvement on the three in five just one year earlier.

Guatemala is one of the Latin America & Caribbean economies that has given the region a reputation for high levels of entrepreneurial activity, and this continued in 2023, with the five economies with the highest levels of new entrepreneurial activity in GEM all being from this region. Guatemala had one in three adults starting or running a new business, placing it second overall behind Ecuador. Men were more likely to be starting a new business than women, but not by much. Established Business Ownership levels were also high at 13%, up from the previous year and sixth highest in GEM. These figures imply nearly three people starting or running a new business in Guatemala for every person owning an established one, and may point to some difficulty in new businesses enduring long enough to become established, a transition not helped by the weak entrepreneurial environment noted earlier.

Given these high levels of entrepreneurial activity, it is not surprising that entrepreneurship is high-profile in Guatemala, with seven in 10 adults knowing someone who had recently started a business (second highest in GEM), a similar proportion seeing good opportunities to do so (fifth highest in GEM), and nearly four out of five adults considering they had the skills and experience to start a business themselves (fourth highest in GEM). Two in five of those adults seeing good opportunities would not start a business for fear it might fail. Finally, of those not already starting or running a business, two in five intended to start their own within the next three years.

Nearly nine in 10 new entrepreneurs agreed with the motivation to earn a living because jobs are scarce, closely followed by eight out of 10 agreeing with the motivation to build great wealth or very high income. Three in four new entrepreneurs expected to use more digital technology in the next six months, while very few (one in 30) had any customers outside of their own country. Finally, while well over half of those starting or running a new business were solo entrepreneurs, one in four new entrepreneurs expected to employ at least another six people over the next five years, a laudable ambition but unlikely when so few make it to become established businesses.

Institution

Lead institution
Kirzner Entrepreneurship Center at Francisco Marroquín University

Type of institution
University

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APS vendor

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Hungary

- **Population** (2022): **9.7 million** (UN)
- **GDP** per capita (2022; PPP, international $): **41.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	51.0	30
Good opportunities to start a business in my area	28.2	45
It is easy to start a business	45.8	28
Personally have the skills and knowledge	38.3	45
Fear of failure (opportunity)	34.4	40
Entrepreneurial intentions	8.2	40

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.6	28=
	% TEA	**Rank/45**
International (25%+ revenue)	9.0	24
Always consider social impact	72.3	25
Always consider environmental impact	77.4	22
Industry (% TEA in business services)	25.4	16

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	45.8	23
To build great wealth or very high income	80.1	7
To continue a family tradition	30.3	23
To earn a living because jobs are scarce	89.8	5

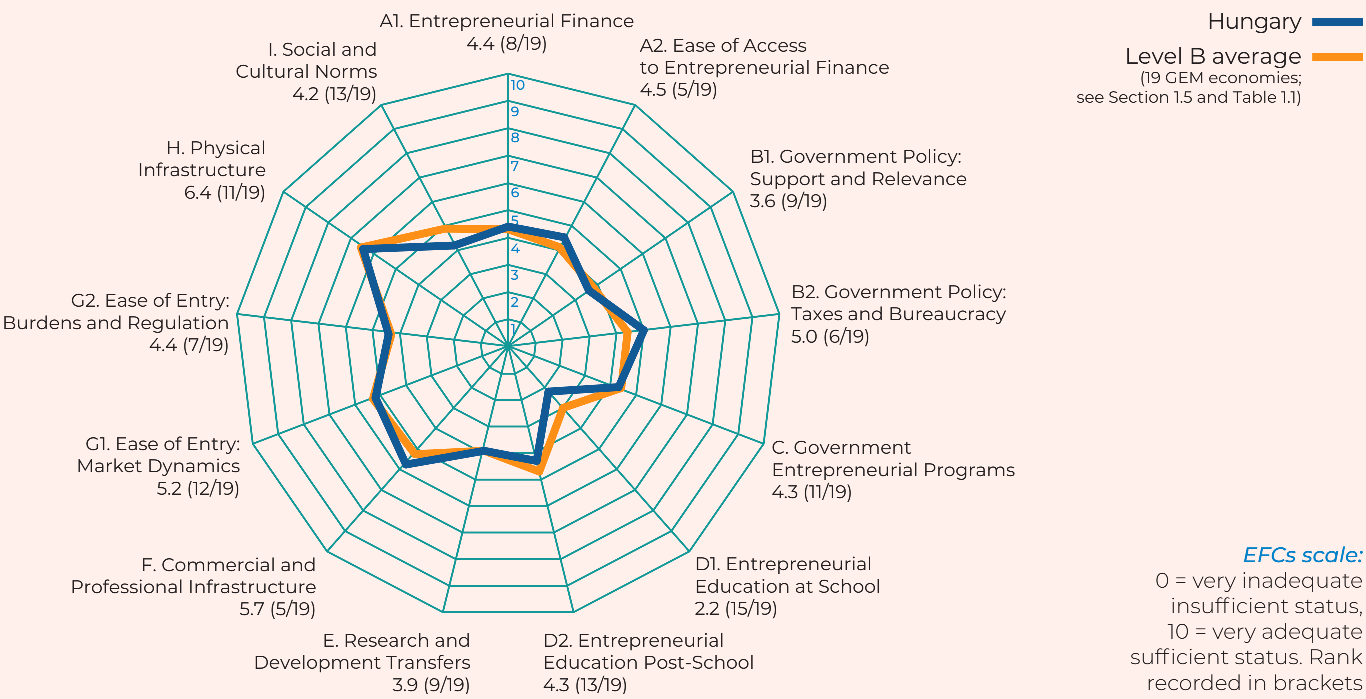
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	9.9	31	7.1	12.7
EBO (Established Business Ownership)	7.4	19	5.1	9.7

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	31.3	25
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	46.8	20=
Use more digital technology to sell products or services	42.8	33
Pursue new opportunities due to pandemic	12.4	44

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Hungarian economy is expected to have contracted slightly in 2023, with GDP set to fall by just under 1%. Inflation was also falling, but likely to average 17% over the year.[1] The economy faced a number of challenges, including energy supply issues, inflation and the war next door in Ukraine. High inflation had forced businesses to prioritize cost-cutting over growth, while high finance costs were straining supply chains.

Banks had acceded to a government request to cap interest rates on working capital loans to business, a move expected to restore lending and promote growth.

2023 Framework Conditions Review[2]

If a score of 5.0 (midpoint) is regarded as just sufficient, just four of Hungary's 13 Entrepreneurial Framework Conditions (EFCs) were scored as sufficient or better, the same number as the year before. Between 2022 and 2023, nine of 13 EFCs saw their scores increase, while two stayed the same and two increased. The largest fall was for Entrepreneurial Finance, with a score going from 5.3 (well sufficient) to 4.4 (less than sufficient). Both finance condition scores fell, as did the assessments for the three conditions most closely associated with government: both government policy conditions, as well as Government Entrepreneurial Programs. The largest increase was for Ease of Entry: Market Dynamics, which increased from 4.5 (less than sufficient) to 5.2 (just more than sufficient). The score for Social and Cultural Norms also improved slightly.

In 2023, the assessed quality of Hungary's overall entrepreneurial environment had a score of 4.5, ranked exactly in the middle of the 49 economies in the GEM National Expert Survey (NES). A year earlier it had scored 4.7, so some deterioration in overall quality, as reflected in those reduced framework condition scores, has undone the improvement from 2021 to 2022.

National experts were also asked to assess the quality of social support for women entrepreneurs, and their access to resources relative to men. For social support Hungary scored 3.7 and ranked 23rd, and for relative access to resources it scored 4.4, still less than sufficient, and ranked 38th.

As in many economies, the Hungarian entrepreneurial environment would benefit from improvements to what continues to be by far its weakest framework condition: Entrepreneurial Education at School.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), three in 10 Hungarian adults reported that their household income had fallen in 2023, a little higher than a year before but still the second lowest proportion in GEM (behind Iran).

Entrepreneurship had a limited public profile in Hungary, with one in two adults knowing someone who had recently started a business, less than one in three seeing good opportunities to start a business locally, and just two out of five considering that they had the skills and experience to start a business themselves, the second lowest proportion in GEM (behind Israel). Of those seeing good opportunities to start a business, a relatively low one in three would be deterred by fear of failure. Despite this, less than one in 10 of those not already starting or running a business intended to do so within the next three years, the third lowest in Level B and sixth lowest in GEM.

The proportion of adults in Hungary already starting or running a new business was fairly stable at just under one in 10, as it had been the previous two years, but with men much more likely than women to be starting a new business (in the ratio of about three to two). Established Business Ownership was a modest 7.4% of adults, but reversing the decline of the previous year.

The slowdown in the Hungarian economy was reflected in the nine out of 10 new entrepreneurs who agreed with the motivation to earn a living because jobs are scarce, although closely followed by the eight of 10 agreeing with the motivation to build great wealth or very high income. Two out of five new entrepreneurs expected to use more digital technology in the next six months, while a creditable three in five had customers outside the country. One in six new entrepreneurs expected to employ at least another six people over the next five years, while two in five were solo entrepreneurs (one owner, no current employees).

1 European Union: www.europa.eu
2 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Budapest Business University

18 57
BBU

Type of institution
University

Website
https://uni-bge.hu/en

Team

Team leader
Judit Csákné Filep

Team members
László Radácsi
Áron Szennay
Zsófia Borsodi
Gigi Timár

Funders

Budapest Business University (BBU)

APS vendor

TÁRKI Social Research Institute

Contact

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India

- **Population** (2022): **1,417.2 million** (UN)
- **GDP** per capita (2022; PPP, international $): **8.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	56.8	18=
Good opportunities to start a business in my area	82.5	2
It is easy to start a business	81.1	3
Personally have the skills and knowledge	81.6	3
Fear of failure (opportunity)	62.8	2
Entrepreneurial intentions	19.5	19

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.0	42
	% TEA	**Rank/45**
International (25%+ revenue)	1.5	43
Always consider social impact	90.9	3
Always consider environmental impact	81.6	14
Industry (% TEA in business services)	2.3	45

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	83.8	1
To build great wealth or very high income	80.9	6
To continue a family tradition	75.2	1
To earn a living because jobs are scarce	87.8	7

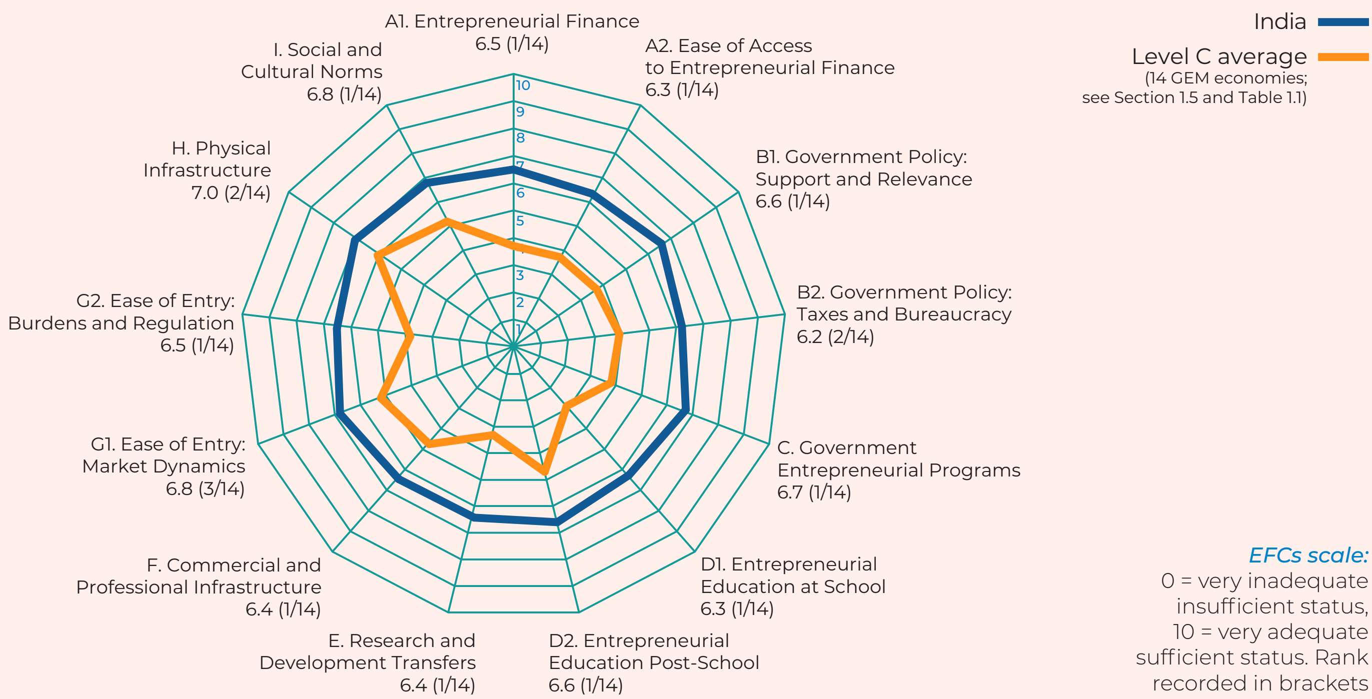
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	12.0	22	9.3	14.6
EBO (Established Business Ownership)	12.4	7	6.6	18.0

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	50.6	6
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	47.2	19
Use more digital technology to sell products or services	40.0	36
Pursue new opportunities due to pandemic	74.4	1

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Indian economy has been growing strongly. Real GDP is expected to have expanded by just under 8% in 2023. India reached a historic milestone when its GDP surpassed $4 trillion in November 2023. The 2023 inflation rate was expected to be around 5%, slightly above the Bank of India target rate.

The government announced in 2023 the establishment of 30 Skill India Centres, providing training in skills such as coding, artificial intelligence and robotics. Meanwhile, the rollout of the Startup India Seed Fund Scheme continues, with over 1,000 startups benefiting since the scheme was launched in 2021.

2023 Framework Conditions Review[1]

The entrepreneurial environment in India continues to go from strength to strength. The National Entrepreneurial Context Index (NECI) score, based on responses from national experts, was 6.6 in 2023. This marks a full recovery from the depths of the pandemic, with that same environment having been scored at 5.0 in 2021.

In 2022, all of India's 13 Entrepreneurial Framework Conditions (EFCs) were assessed as more than sufficient (score ≥5.0). By 2023, 10 of those 13 scores had improved, with the lowest assessment being for Government Policy: Taxes and Bureaucracy (6.2). All of the other 12 EFCs scored higher than this, all the way up to a score of 7.8 for India's Social and Cultural Norms in support of entrepreneurship. These EFC scores are a substantial achievement, particularly for a Level C economy, and make India one of only three GEM economies in 2023 in which all EFCs were assessed as more than sufficient (alongside the Netherlands and the United Arab Emirates). So India is, among these 49 GEM economies, one of the best places in the world to start a business.

National experts were also asked to assess India's social support for women entrepreneurship, and how women entrepreneurs' access to resources compares to that of men. India scored well on both counts, with its score of 6.6 for support and 6.7 for access to resources, ranking India second and third respectively of the 49 GEM economies.

2023 Entrepreneurial Activity Review

Despite the economic growth noted earlier, one in two adults in India reported that their household income had fallen in 2023. A year earlier, this number was three out of four adults.

Not surprisingly, given the supportive entrepreneurial environment, enterprise has a high profile in India, with more than one in two adults knowing someone who had recently started a new business, while more than four out of five adults considered themselves to have the skills and experience to start their own enterprise (third highest in GEM), or saw good opportunities to start a business locally (second highest in GEM). However, more than three in five of those seeing good opportunities would not start a business for fear it might fail, the third highest proportion in GEM 2023, behind China and Saudi Arabia. One in five adults in India expected to start their own business in the next three years.

India's level of Total early-stage Entrepreneurial Activity (TEA) in 2023 was just under 12%, up slightly from 2022 and more than twice the level at the depths of the pandemic. Men were more likely to start a new business (male TEA = 14.6%) than women (9.3%), and India had a relatively high level of Established Business Ownership at 12.4%. So there was roughly one new business for every established one.

Making a difference in the world was the most popular motivation among new entrepreneurs, agreed by more than four out of five. Three out of four also agreed they had started a business to continue a family tradition. Very few new entrepreneurs had customers beyond India, perhaps not too surprising given the scale and growth of national markets, and two in five expected to use more digital technology in the next six months. Finally, job expectations were fairly low among India's new entrepreneurs, with less than one in 10 expecting to employ at least six more people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution

Entrepreneurship Development Institute of India (EDII) — Ahmedabad

Entrepreneurship Development Institute of India Ahmedabad

Type of institution

Research Institute

Website

https://www.ediindia.org

Team

Team leader

Dr. Sunil Shukla, PhD

Team members

Dr. Amit Kumar Dwivedi, PhD
Dr. Pankaj Bharti, PhD

Funders

Centre for Research in Entrepreneurship Education and Development (CREED)

APS vendor

Kantar IMRB

Contact

akdwivedi@ediindia.org

ECONOMY PROFILE

Iran

- **Population** (2022): **88.6 million** (UN)
- **GDP** per capita (2022; PPP, international $): **18.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	53.5	25
Good opportunities to start a business in my area	26.5	46
It is easy to start a business	13.6	46
Personally have the skills and knowledge	60.9	21
Fear of failure (opportunity)	23.8	45
Entrepreneurial intentions	17.6	22

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.0	26
	% TEA	**Rank/45**
International (25%+ revenue)	2.4	37=
Always consider social impact	46.4	44
Always consider environmental impact	47.3	44
Industry (% TEA in business services)	22.5	20=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	37.3	34
To build great wealth or very high income	94.7	1
To continue a family tradition	18.5	40
To earn a living because jobs are scarce	66.9	23

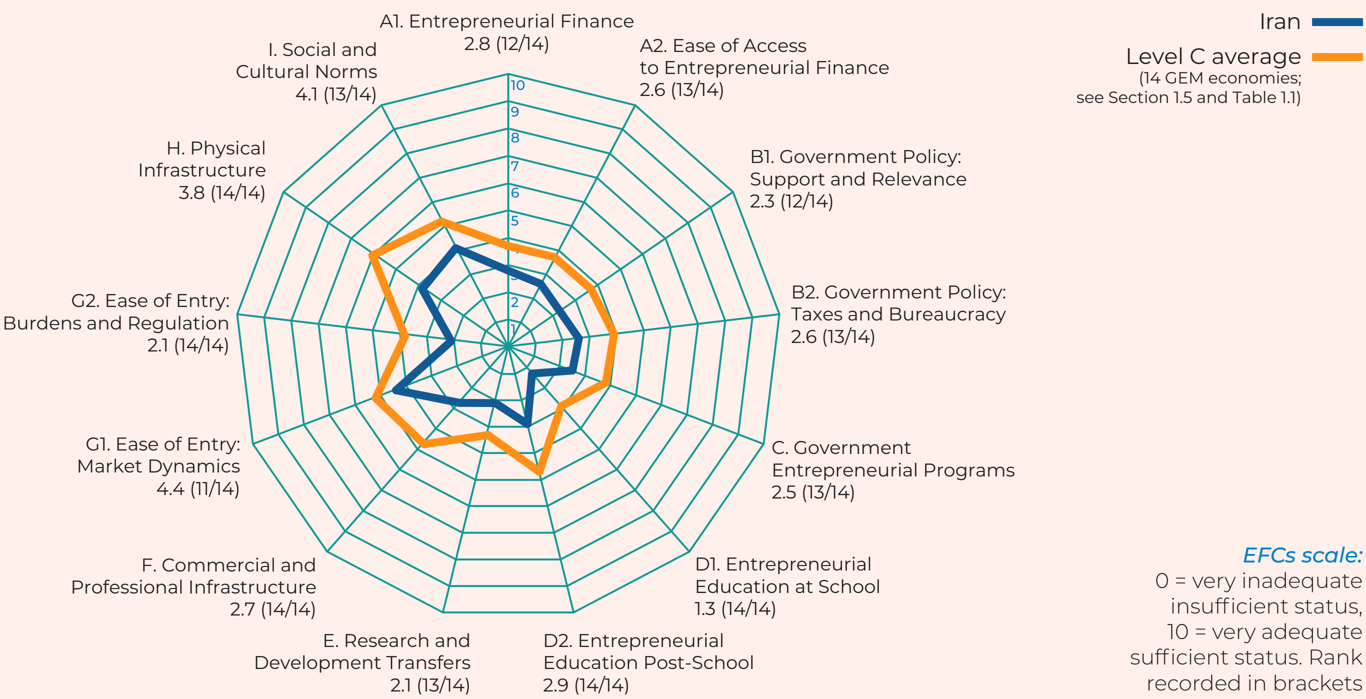
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	9.8	32	8.8	10.7
EBO (Established Business Ownership)	9.8	12	5.9	13.8

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	40.6	15
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	81.4	1
Use more digital technology to sell products or services	51.0	24
Pursue new opportunities due to pandemic	25.7	41

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Real GDP in Iran looked set to increase by 4% in 2023, driven by its services and manufacturing sectors. Inflation had been coming down, and likely to reach just 40% in 2023.[1]

2023 Framework Conditions Review[2]

Iran continues to be a difficult place in which to start a business. The assessed quality of its overall entrepreneurial environment had actually improved in the early days of the COVID-19 pandemic, but then fell, partially recovered in 2022, and then fell sharply again in 2023.

In 2023, Iran's national experts scored all 13 Entrepreneurial Framework Conditions (EFCs) as less than sufficient (score <5.0), with 10 rated as very poor (score <3.0). Weakest of all was Entrepreneurial Education at School, with its score ranked lowest of the 49 economies, as were five other conditions. In 2023, Iran's strongest condition was Ease of Entry: Market Dynamics, the highest-ranked condition among Level C economies.

All 13 conditions had lower scores in 2023 than a year earlier, with the largest falls being for Physical Infrastructure, previously a strength, and for Commercial and Professional Infrastructure. The average of the framework condition scores is labelled by GEM as the National Entrepreneurial Context Index (NECI), and these lower condition scores drove this down to 2.8 in 2023, ranked lowest in GEM. In 2022, the score was 3.6.

1 Sources: imf.org, statista.com

2 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), just under two in five adults in Iran reported that their household income had fallen in 2023, a proportion that has been gradually shrinking from the one in five of 2020.

The public profile of entrepreneurship in Iran was very much a mixed picture. More than one in two adults knew someone who had recently started a business, but just one in four saw good opportunities to start a business locally, the lowest proportion in GEM. However, just one in four of those seeing good opportunities would be deterred by fear of failure, the second lowest in GEM, and more than three in five adults in Iran considered they had the skills and experience to start a business themselves. So in brief we can see good awareness of entrepreneurship, high confidence and low fear of failure, but low levels of opportunity recognition.

The proportion of adults who were already starting or running a new business was just under one in 10, third lowest in Level C, down from one in six the year before. Men were a little more likely than women to be starting a business, with around five men doing so for every four women. Established Business Ownership was reasonably high at just under one in 10.

Building great wealth or very high income was by far the dominant motivation among those starting new businesses, agreed by more than nine in 10, well ahead of the two in three agreeing with to earn a living because jobs are scarce. One in eight new entrepreneurs had customers beyond Iran, and just over one in 10 expected to employ at least another six people over the next five years.

Institution

Lead institution
Faculty of Entrepreneurship, University of Tehran

Faculty of Entrepreneurship
University of Tehran

Type of institution
University

Website
http://ent.ut.ac.ir/en

Team

Team leader
Professor Abbas Bazargan

Team members
Professor Abbas Bazargan
Leyla Sarfaraz
Jahangir Yadollahi Farsi
Mohammad Reza Zali
Nezameddin Faghih
Seyed Mostafa Razavi, PhD
Asadollah Kordnaeij
Ali Rezaeian

Funders

Iran Labour and Social Security Institute (LSSI)

APS vendor

Faculty of Entrepreneurship

Contact

abazarga@ut.ac.ir

Israel

- **Population** (2022): **9.6 million** (UN)
- **GDP** per capita (2022; PPP, international $): **49.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	68.4	8
Good opportunities to start a business in my area	47.1	35
It is easy to start a business	15.6	45
Personally have the skills and knowledge	36.9	46
Fear of failure (opportunity)	40.8	32
Entrepreneurial intentions	15.1	25

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	38.3	31
To build great wealth or very high income	75.0	11
To continue a family tradition	23.1	35
To earn a living because jobs are scarce	48.0	37

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.5	32=
	% TEA	**Rank/45**
International (25%+ revenue)	13.5	18
Always consider social impact	58.5	41
Always consider environmental impact	48.8	43
Industry (% TEA in business services)	36.3	2

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	8.7	35	7.7	9.9
EBO (Established Business Ownership)	3.5	43	3.5	3.5

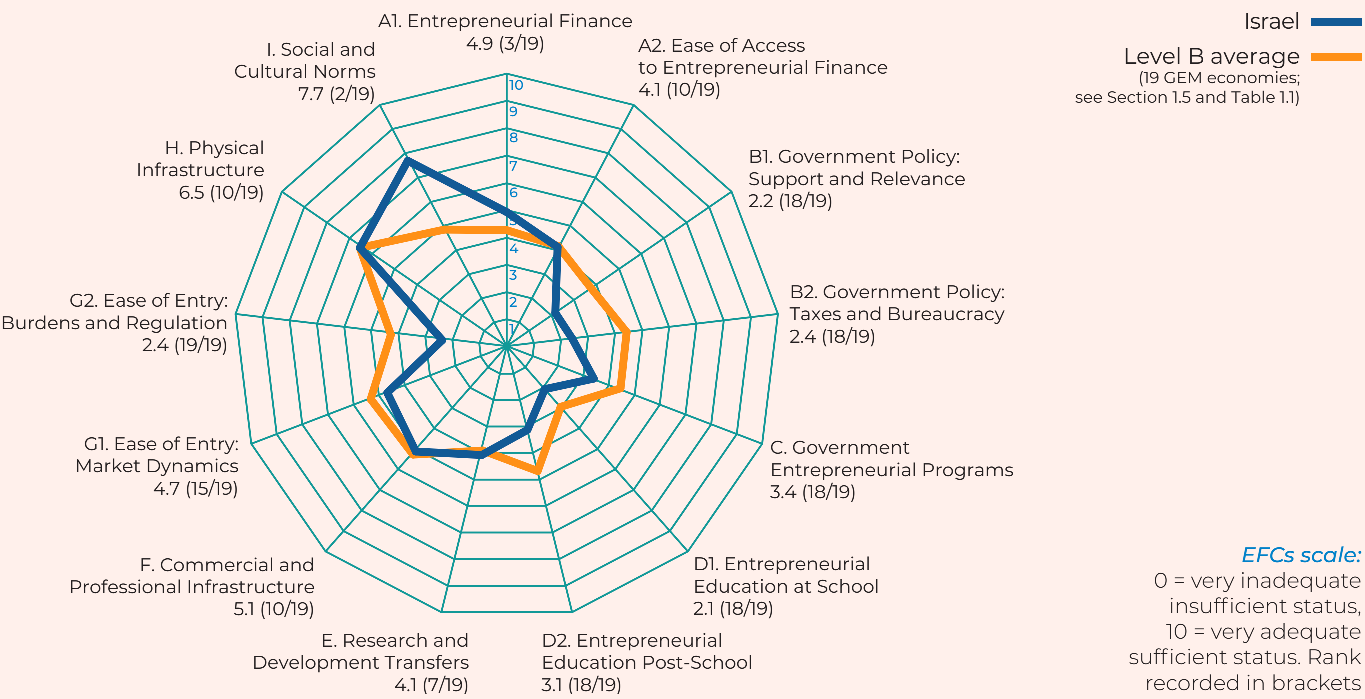
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	24.8	35
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	57.7	8
Use more digital technology to sell products or services	52.9	20
Pursue new opportunities due to pandemic	47.5	15

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale: 0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In 2023, the Israeli economy was expected to grow by 6%, led by its high-technology sector, with an annual inflation rate of just under 3%. However, the terrible events of late autumn may have derailed these expectations.

Demand for goods and services in Israel was robust, underlining startup intensity, especially in digital, medical, cyber and energy ventures. Israel has a newly created innovation authority to initiate startup programs, especially in knowledge-oriented industries.

2023 Framework Conditions Review[1]

The GEM Policy Roadmap for Israel in 2022 reported that “the evolution of Israel’s quality of entrepreneurial environment is both complex and contradictory”. Results for 2023 continued this trend.

The Policy Roadmap for Israel 2022 noted that 12 of 13 Israeli Entrepreneurial Framework Conditions (EFCs) had changed status from the previous year: eight shifting from insufficient to sufficient, and four shifting the other way. The scores in 2023 compared to 2022 were only slightly less volatile, with eight changing from sufficient to insufficient, and three changing the other way. In 2022, the Social and Cultural Norms condition was Israel’s lowest at 2.5; in 2023, it scored highest at 7.7. Physical Infrastructure had been second lowest with a score of 3.6; by 2023, it was second highest with a score of 6.5. The contradictions continue. Entrepreneurial Education at School had scored highest in 2022 (7.6) but was lowest (2.1) in 2023. Ease of Entry: Burdens and Regulations (6.9) had been second highest in 2022, but by 2023 was second lowest (2.4).

One consequence of these shifts is that the assessed overall quality of the Israeli entrepreneurial environment, as measured by the National Entrepreneurial Context Index (NECI), fell from 5.5 in 2022, ranked 12th of 50 GEM economies, to just 4.1, 38th of 49 economies in 2023.

In 2023, the experts were asked to assess the quality of social support for women entrepreneurs, and their access to resources relative to men. Israel scored reasonably well for relative access to resources (5.3, 14th), but very poorly for social support (2.4, 47th).

2023 Entrepreneurial Activity Review

In the 2023 GEM Adult Population Survey (APS), one in four adults in Israel reported that their household income had fallen in 2023, an improvement on the more than one in three a year earlier.

Entrepreneurial activity in Israel appears to be much more stable than its assessed Entrepreneurial Framework Conditions. Entrepreneurship was high-profile in Israel, although its people had little faith in their own abilities. More than two out of three adults knew someone who had recently started a business, with just under one in two seeing good opportunities to start a business locally. Of those seeing good opportunities, two in five would not start a business for fear it might fail. Just over one in three considered themselves to have the skills and experience to start their own business, a proportion little changed in recent years, and the lowest in the 49 economies in the GEM APS in 2023. This may partially explain why just one in six of those people not already starting or running a business expected to start one within the next three years.

The proportion of adults who were already starting or running a new business in Israel in 2023 was just under one in 10, little changed in recent years, and with men a little more likely to be starting a business than women, despite the lack of social support for women entrepreneurs noted earlier. However, the rate of adults owning an established business was very low, at less than 4%, fourth lowest in GEM 2023 just behind Oman, Colombia and Mexico.

Three out of four new entrepreneurs agreed with the motivation to build great wealth or very high income, and more than one in two expected to use more digital technology in the next six months. Just under two in five new entrepreneurs expected to employ at least another six people over the next five years, a high level of job expectations when more than three in five of those Israelis starting or running a new business were solo entrepreneurs, with one owner and no current employees, the second highest level in GEM behind Ecuador. Finally, new entrepreneurs were fairly outward-looking, with one in four having customers outside Israel.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Ira Center of Business, Technology & Society, Ben Gurion University of the Negev

Type of institution
University

Website
https://in.bgu.ac.il/en

Other institutions involved
Ministry of Economics and industry
Government of Israel
The Ira Foundation
Voyage Capital
M51 Digital

Team

Team leader
Prof. Emeritus Ehud Menipaz, BScEng, MScEng, MBA, PhD

Team members
Prof. Eli Gimmon, PhD
Michal Ben David, MSc

Funders
Brandman Institute

APS vendor
Brandman Institute

Contact
ehudm@bgu.ac.il

Italy

■ **Population** (2022): **58.9 million** (UN)
■ **GDP** per capita (2022; PPP, international $): **51.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	46.3	34
Good opportunities to start a business in my area	33.7	42
It is easy to start a business	17.7	44
Personally have the skills and knowledge	50.8	34
Fear of failure (opportunity)	48.5	13
Entrepreneurial intentions	10.4	34

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.4	36=
	% TEA	**Rank/45**
International (25%+ revenue)	10.4	21
Always consider social impact	73.2	23
Always consider environmental impact	79.8	16
Industry (% TEA in business services)	28.1	14=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	35.3	37
To build great wealth or very high income	56.1	21
To continue a family tradition	31.5	20
To earn a living because jobs are scarce	58.2	33

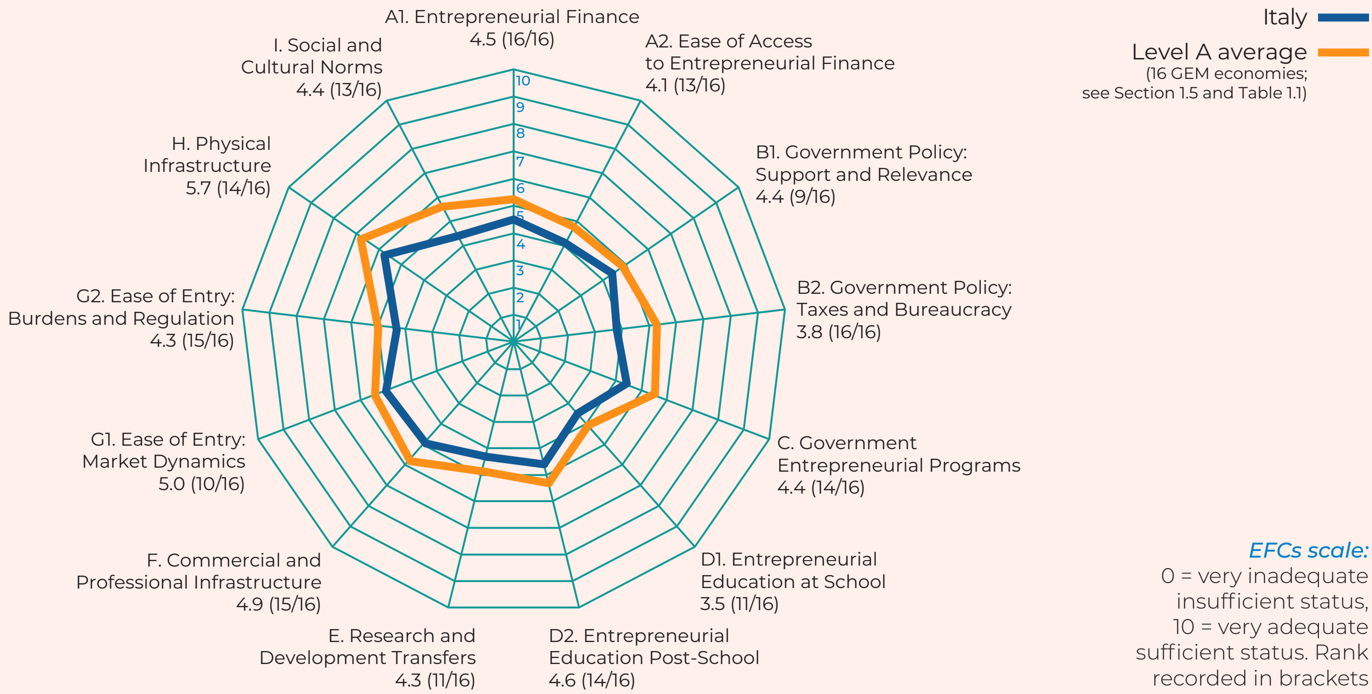
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	8.3	36	6.3	10.3
EBO (Established Business Ownership)	7.8	16=	4.5	11.0

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	29.6	28
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	43.2	30
Use more digital technology to sell products or services	51.4	22
Pursue new opportunities due to pandemic	37.6	31

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Italian economy has been growing strongly in recent years. In 2023, that growth slowed to an expected rate of just under a 1% increase in GDP, led by consumer spending despite high interest rates to combat inflation, which was expected to fall to around 4% in 2023.

Continued high interest rates impact funding options and costs for new businesses. The level of bank loans has been declining in Italy, due to weakening business demand and tightening credit controls.

Italy has an EU-funded Recovery and Resilience Plan (RRP), with almost €200 billion of investment funding earmarked for 2022–2026, contingent on the implementation of reforms, including to public administration, competition rules, education and the labour market.

A positive example of policy fostering entrepreneurial activities is legislation relating to innovative startups. An innovative startup is carefully defined, including having research and development expenses of at least 15% of value-added, at least one-third of the total workforce holding PhDs, and being the owner or custodian of at least one patent. Startups meeting these requirements benefit from a series of tax breaks.

2023 Framework Conditions Review[1]

The score for the overall quality of the Italian entrepreneurial environment has fluctuated in recent years: in 2023, it increased a little to 4.5 from 4.2 a year earlier, though still well below the 4.7 scored in 2021. However, despite this improvement, Italy's overall entrepreneurial environment quality continues to be assessed as insufficient.

This is confirmed by a brief examination of individual Entrepreneurial Framework Condition (EFC) scores. As in many economies, Physical Infrastructure scored highest of the EFCs, with Entrepreneurial Education at School scoring lowest. Both had the largest increases of all EFCs in 2023 compared to 2022. In fact, 11 EFCs improved their scores in 2023, with just one scoring lower. However, Italy still had 11 EFCs scored as insufficient in 2023, as it had in 2022, so an overall "insufficient" rating for the Italian entrepreneurial environment was unavoidable.

As part of new National Expert Survey (NES) questions, experts assessed the quality of social support for women entrepreneurs, and their access to resources compared to men. Italy scored modestly on the former (score of 3.1 and rank of 38th) and better for the latter (5.2 and 20th).

2023 Entrepreneurial Activity Review

Some limited comparisons will be made between entrepreneurial activity levels in 2021 and 2023 (Italy did not participate in the GEM Adult Population Survey [APS] in 2022).

In the GEM APS, three in 10 Italian adults reported that their household income had fallen in 2023, a substantial proportion but lower than the two in five of just two years earlier.

Entrepreneurship had a fairly low profile in Italy in 2023, with less than one in two adults knowing someone who had recently started a business, one in two considering themselves to have the skills and experience to start their own business, and just one in three seeing good opportunities to start a business locally, the lowest proportion in Level A and the fifth lowest in GEM 2023. Moreover, around a half of those seeing good opportunities would not start a business for fear it might fail, fourth highest in Level A, while just one in 10 of those not already starting or running a business expected to start one within the next three years, the fourth lowest in Level A.

The proportion of adults currently starting or running a new business was 8.3%, nearly double the level of two years earlier. Men were much more likely to be starting a new business than women, with around five men for every three women, perhaps reflecting the lack of social support noted earlier. Established Business Ownership also increased from 4.5% of all adults in 2021 to 7.8% in 2023.

Earning a living because jobs are scarce was the most agreed motivation, at around three out of five new entrepreneurs. One in two of those new entrepreneurs expected to use more digital technology in the next six months, and one in three had customers outside of Italy. Despite two in five of those adults who were starting or running a new business being solo entrepreneurs (with just one owner and no employees), around one in six expected to employ at least another six people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Universitas Mercatorum

Universitas Mercatorum
Università telematica delle Camere di Commercio Italiane

Type of institution
University

Website
https://www.unimercatorum.it

Other institutions involved
Centre for Innovation and Entrepreneurship, Università Politecnica delle Marche

Team

Team leader
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Team members
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Funders

Universitas Mercatorum

APS vendor

IPSOS

Contact

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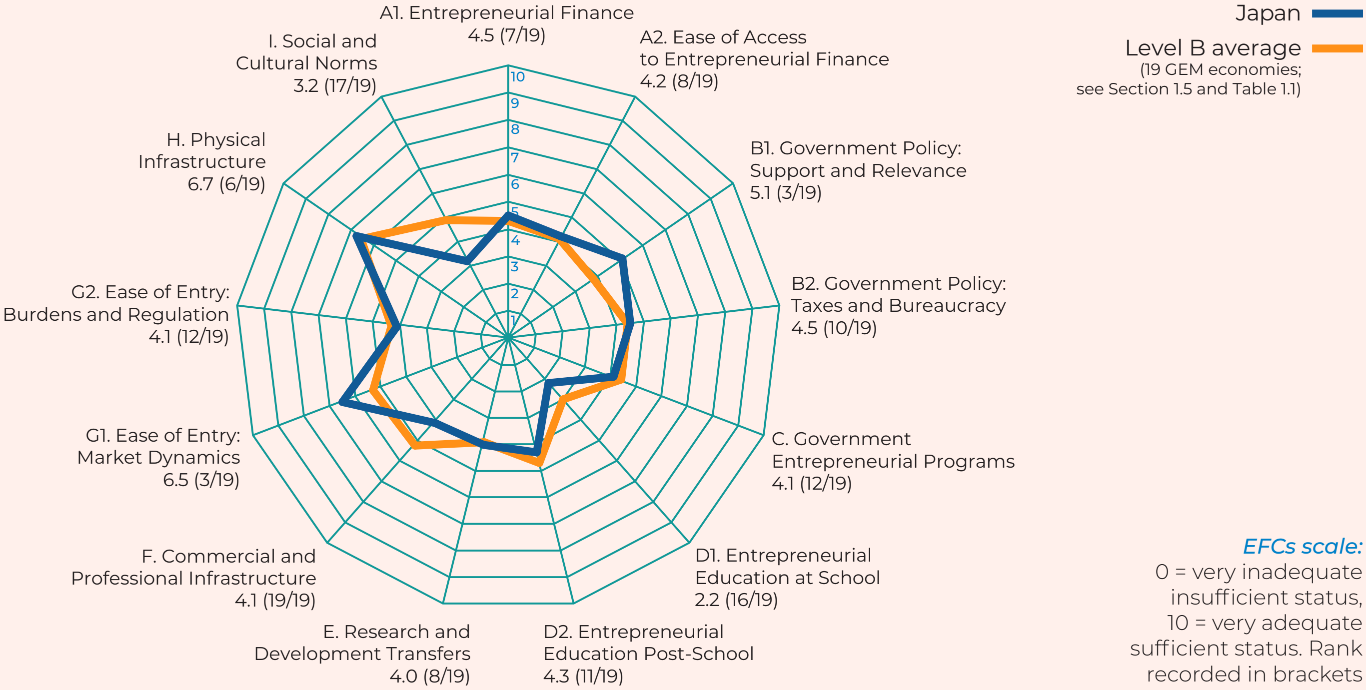
Japan

- **Population** (2022): **125.1 million** (World Bank)
- **GDP** per capita (2022; PPP, international $): **45.6 thousand** (World Bank)

Japan did not participate in the 2023 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In 2023, real GDP in Japan was set[1] to grow by just over 1%, mainly driven by domestic demand. Inflation was expected to be around 3%, relatively low internationally, but the highest level in Japan for a decade. Entrepreneurs in Japan continue to face labour shortages, and are becoming adept at managing this.

In November 2022, the government announced a five year startup development plan, with a budget of over 10 trillion yen.

2023 Framework Conditions Review[2]

Having slowly improved in the three years to 2022, the quality of the overall entrepreneurial environment in Japan dipped sharply in 2023. In 2022, the quality of Japan's overall entrepreneurial environment was scored at 5.0, or just sufficient, and ranked 21st of 50 economies in GEM. In 2023, this score fell to 4.4, less than sufficient and ranked 27th of 49.

This fall was the product of reductions in scores for 11 of the 13 Entrepreneurial Framework Conditions (EFCs), with just two scoring the same as in 2022. Both entrepreneurial education scores fell, as did both market entry conditions, but the biggest falls were for Commercial and Professional Infrastructure, reflecting the shortage of both lawyers and intermediate support organizations, and for Research and Development Transfers. Like many economies, Japan's strongest framework condition is its Physical Infrastructure and its weakest Entrepreneurial Education at School. For the latter, Japan ranked 41st of the 49 GEM economies in 2023. However, large falls since 2023 meant that Japan ranked 47th for both Commercial and Professional Infrastructure and for Social and Cultural Norms, a fairly startling outcome for an economy with a good reputation for the quality of its financial and social systems.

As part of new questions, national experts assessed the quality of social support for women entrepreneurs, and their access to resources relative to men. Japan scored poorly on social support (2.7, 43rd) but much better for relative access to resources (5.2 and 20th). The result for social support is particularly concerning given that social support for entrepreneurship also appears to be in decline.

Japan did not participate in the GEM Adult Population Survey (APS) in 2023.

1 OECD Economic Outlook.
2 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Musashi University

MUSASHI UNIVERSITY

Type of institution
University

Website
https://www.musashi.ac.jp/english

Other institutions involved
Nihon University
Chuo University
Toyo University
Kwansei Gakuin University

Team

Team leader
President Noriyuki Takahashi

Team members
Prof. Masaaki Suzuki
Prof. Yuji Honjo
Prof. Takehiko Yasuda
Prof. Masatoshi Kato

Funders

Ministry of Economy, Trade and Industry, METI

APS vendor

Social Survey Research Information Co. Ltd (SSRI)

Contact

noriyuki@cc.musashi.ac.jp

Jordan

- **Population** (2022): **11.3 million** (UN)
- **GDP** per capita (2022; PPP, international $): **11.0 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	56.7	20
Good opportunities to start a business in my area	47.7	33
It is easy to start a business	36.5	35
Personally have the skills and knowledge	73.2	10
Fear of failure (opportunity)	52.1	11
Entrepreneurial intentions	47.0	7

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	20.7	40
To build great wealth or very high income	60.6	18
To continue a family tradition	26.4	29=
To earn a living because jobs are scarce	95.1	1

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	15.7	15	10.7	19.9
EBO (Established Business Ownership)	7.2	21	3.2	10.6

Entrepreneurship impact

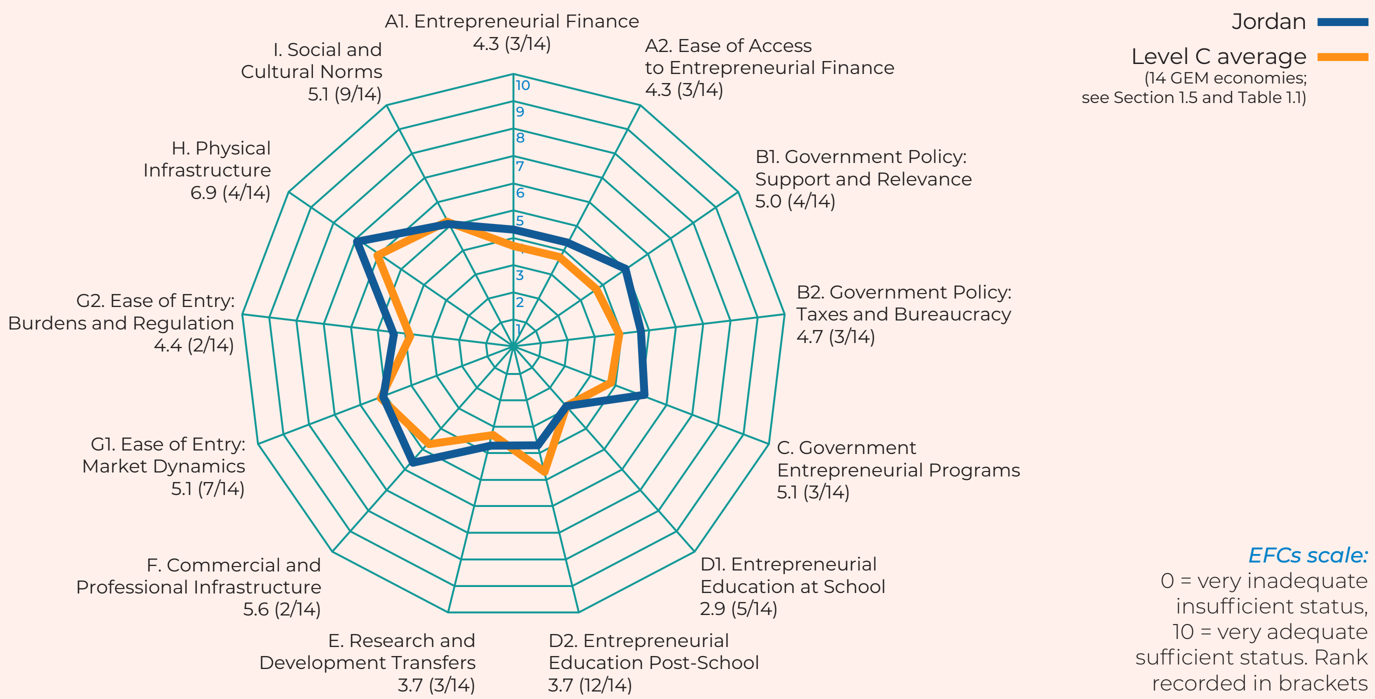
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.2	23
	% TEA	**Rank/45**
International (25%+ revenue)	5.8	27
Always consider social impact	79.6	18
Always consider environmental impact	72.1	26
Industry (% TEA in business services)	7.2	36

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	49.5	8
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	66.6	4
Use more digital technology to sell products or services	45.6	29
Pursue new opportunities due to pandemic	29.2	37=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Jordan's GDP grew by nearly 3% in the first half of 2023, and was expected to grow further in the second half. Despite the aftermath of the COVID-19 pandemic and geopolitical disputes, inflation rates in Jordan are among the lowest in the world.

The government of Jordan has recognized the importance of entrepreneurship, by appointing its first Minister for Digital Economy and Entrepreneurship in October 2020, then by developing, in collaboration with the World Bank and entrepreneurs, a National Entrepreneurship Policy (NEP), outlining the actions needed to build the local entrepreneurship ecosystem. The policy lays strong emphasis on diversifying the economy, promoting innovation and enhancing competitiveness, with a budget for 24 strategic projects to support startups and entrepreneurship.

Jordan last participated in GEM in 2019. Much has happened since then, including the pandemic and the geopolitical disputes noted above, so only a limited comparison will be made between 2019 and 2023 GEM Adult Population Survey (APS) and National Expert Survey (NES) results.

2023 Framework Conditions Review[1]

In 2023, national experts assessed six of Jordan's Entrepreneurial Framework Conditions (EFCs) as sufficient, leaving seven insufficient. As in many economies, Physical Infrastructure was the strongest, scoring 6.9, while Entrepreneurial Education at School was weakest, scoring 2.9.

Not surprisingly, many EFC scores had changed a great deal since 2019, with scores for both education conditions falling a long way, as did scores for Ease of Entry: Market Dynamics and Research and Development Transfers. Notable increases were for Government Policy: Taxes and Bureaucracy and for Government Entrepreneurship Programs, probably on the back of the General Entrepreneurship Policy.

In 2023, the overall quality of the entrepreneurial environment in Jordan earned a National Entrepreneurial Context Index (NECI) score of 4.7, ranking Jordan 20th of the 49 economies participating in the National Expert Survey (NES). In 2019 that score had been 5.2, placing Jordan 11th of the 54 GEM 2019 economies.

Additional questions in the 2023 NES saw experts assessing the quality of social support for women entrepreneurs, and their access to resources relative to men. Jordan scored well on access to resources (score of 5.3, ranked 16th), but less well on social support (3.6, ranked 26th).

2023 Entrepreneurial Activity Review

Despite the stability of the Jordan economy, one in two adults in Jordan reported that their household income had fallen in 2023. Just one in 12 of Jordan's adults reported an increase in household income in 2023, third lowest of the 49 GEM economies.

The profile of entrepreneurship has improved in Jordan since 2019. In 2023, nearly three in five adults knew someone who had started a business recently, one in two saw good opportunities to do so locally, and nearly three out of four considered themselves to have the skills and experience to start their own. In 2019, the corresponding proportions had been less than one in two, two out of five and three in five, respectively. However, the proportion of those seeing good opportunities who would not start a business for fear it might fail remained at just over one in two. Despite this, nearly one in two of those adults in Jordan in 2023 not already starting or running a business expected to do so within the next three years, the seventh highest proportion in GEM and well up on the three in 10 with this expectation in 2019.

Nearly 16% of adults in Jordan were starting or running a new business in 2023, with men nearly twice as likely as women to be doing so, perhaps reflecting the unequal access to resources noted earlier. Established Business Ownership stood at 7% of adults, meaning more than two people starting a new business for every person owning an established one. Two in five of those starting or running a new business were solo entrepreneurs (one owner, no employees) and one in seven new entrepreneurs expected to employ at least another six people over the next five years.

Finally, making a living because jobs are scarce was by far the dominant motivation for those starting new businesses, agreed by 19 out of 20.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Ministry of Digital Economy and Entrepreneurship

Type of institution
Government

Website
https://www.modee.gov.jo/EN/Pages/Entrepreneurship

Other institutions involved
Center for Strategic Studies
German Jordan University

Team

Team leader
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Team members
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Funders
(GIZ) Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH

APS vendor
Center for Strategic Studies

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Latvia

- **Population** (2022): **1.9 million** (UN)
- **GDP** per capita (2022; PPP, international $): **40.0 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	43.9	41
Good opportunities to start a business in my area	43.0	37
It is easy to start a business	32.7	39
Personally have the skills and knowledge	52.4	33
Fear of failure (opportunity)	47.0	17
Entrepreneurial intentions	17.9	21

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	43.5	24
To build great wealth or very high income	43.5	37
To continue a family tradition	29.6	24
To earn a living because jobs are scarce	64.0	26

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	14.3	17=	12.2	16.5
EBO (Established Business Ownership)	10.7	11	7.5	13.8

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	4.2	14=
	% TEA	**Rank/45**
International (25%+ revenue)	25.0	4
Always consider social impact	75.8	20
Always consider environmental impact	77.5	21
Industry (% TEA in business services)	21.8	22

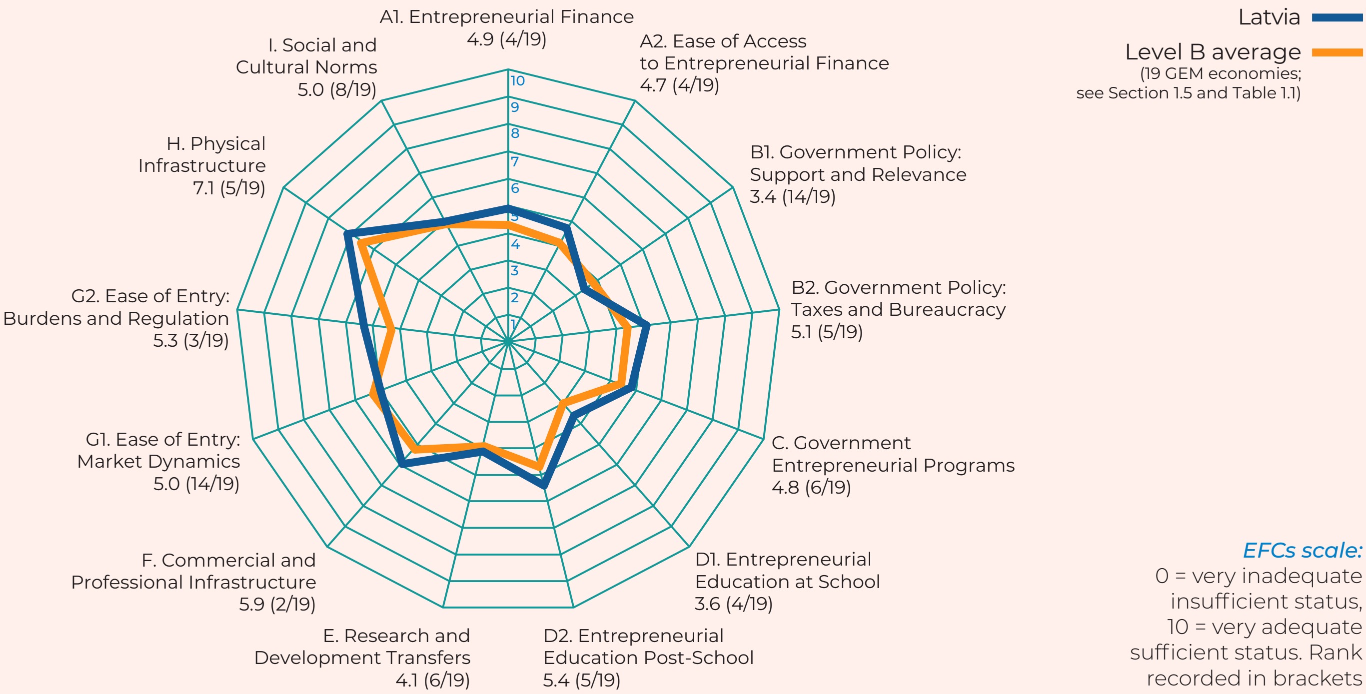
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	20.6	40
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	28.5	43
Use more digital technology to sell products or services	51.2	23
Pursue new opportunities due to pandemic	42.5	22

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In 2023, Latvia's GDP was expected to fall by 0.2%, hampered by high inflation of 9.6%, well above the Eurozone average, but heading downwards. Entrepreneurs were cautious about growth in the face of this energy-price driven inflation.

Latvia has continued to increase its minimum wage, adding to cost burdens in labour-intensive sectors like retailing and restaurants. The Law on Support for Overcoming the Economic Consequences of the Sanctions and Countermeasures Applied due to Russia's Military Aggression Against Ukraine, did exactly that, supporting entrepreneurs who had been adversely affected by the war.

2023 Framework Conditions Review[1]

The quality of the Latvian entrepreneurial environment had been adversely impacted by the COVID-19 pandemic, and then by the war in Ukraine, but, after some recovery, faltered in 2023.

In 2022, Latvia had 10 of its 13 Entrepreneurial Framework Conditions (EFCs) scored as at least sufficient, but by 2023 this had fallen to seven. Some of the score changes were severe, with Entrepreneurial Education at School falling from 5.6 to 3.6, Ease of Entry: Market Dynamics from 7.1 to 5.0, and Government Policy: Support and Relevance from 4.7 to 3.4. At the same time, Physical Infrastructure improved from 6.3 to 7.1.

Latvia's National Entrepreneurial Context Index (NECI) score fell from 4.9 to 4.6 between 2019 and 2020, recovered to 5.0 in 2021, improved to 5.3 in 2022 and then fell again to 5.0 in 2023. This is quite a roller-coaster trajectory, with Latvia ranking 20th of the GEM economies in 2019 and 13th in 2023.

Additional questions in 2023 asked experts to assess the quality of social support for women's entrepreneurship, and how women entrepreneurs access resources compared to men. Like its Baltic Sea neighbours Lithuania and Estonia, Latvia scored relatively high for social support (score of 5.6, seventh in GEM) and poor for women entrepreneurs accessing resources compared to men (4.4, 36th). This is an interesting phenomenon, worthy of further research, given that, for the majority of other economies, access to resources scored much higher than social support.

2023 Entrepreneurial Activity Review

One in five adults in Latvia reported that their household income had fallen in 2023, a significant proportion but down from the previous year.

The proportion of adults who were starting or running a new business was 16.5%, and had been falling slowly for the previous three years. Men were more likely than women to be starting a business, with around four new starts by men for every three by women. Presumably, this may be influenced by the unequal access to resources noted earlier. Established Business Ownership was at 10.7%.

Entrepreneurship has a fairly low profile in Latvia, with just two in five adults knowing someone who had recently started a business (second lowest in Level B, sixth lowest in GEM 2023), and around the same proportion seeing good opportunities to start a business locally. One in two adults considered themselves to have the skills and experience to be able to start their own business, but one in two of those adults seeing good opportunities would not start a business for fear it might fail. The proportion of adults not already doing so who expect to start a business in the next three years has been very consistent, at around one in five, in Latvia over the previous four years.

New entrepreneurs in Latvia are very outward-looking, with one in two having customers beyond their own (relatively small) national market. A similar proportion expected to use more digital technologies in the next six months. Despite two in five of those starting or running a new business being solo entrepreneurs, with one owner and no current employees, job expectations were reasonably high, with three in 10 new entrepreneurs anticipating employing at least another six people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Stockholm School of Economics in Riga (SSE Riga)

Type of institution
Business School

Website
https://www.sseriga.edu

Other institutions involved
Baltic International Centre for Economic Policy Studies (BICEPS)

Team

Team leader
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Team members
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Funders

Stockholm School of Economics in Riga

APS vendor

SKDS

Contact

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Lithuania

- **Population** (2022): **2.8 million** (UN)
- **GDP** per capita (2022; PPP, international $): **48.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	70.0	7
Good opportunities to start a business in my area	61.2	20
It is easy to start a business	42.3	30
Personally have the skills and knowledge	57.1	24
Fear of failure (opportunity)	34.6	39
Entrepreneurial intentions	11.7	31

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.1	40=
	% TEA	**Rank/45**
International (25%+ revenue)	4.9	31
Always consider social impact	60.6	37=
Always consider environmental impact	52.4	42
Industry (% TEA in business services)	30.0	11

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	42.4	27
To build great wealth or very high income	52.0	30
To continue a family tradition	22.4	36
To earn a living because jobs are scarce	83.7	9

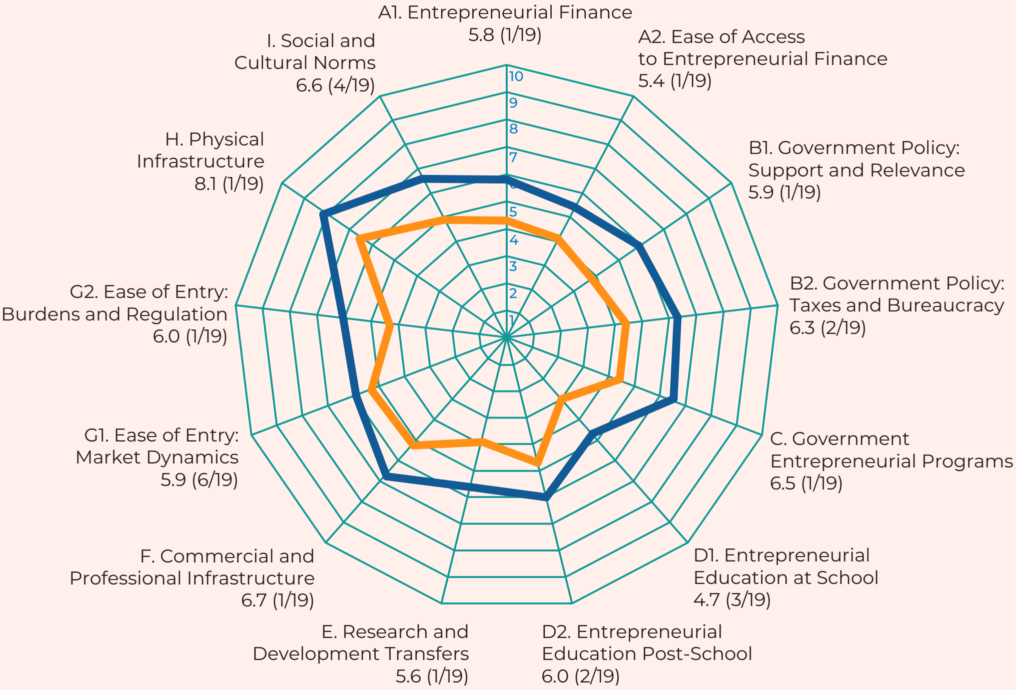
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	6.7	42=	7.2	6.1
EBO (Established Business Ownership)	14.5	4	12.7	16.5

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	35.7	22
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	39.5	31
Use more digital technology to sell products or services	19.9	44
Pursue new opportunities due to pandemic	44.1	19

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Lithuania
Level B average
(19 GEM economies; see Section 1.5 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Strong economic growth since the pandemic looked set to be halted in 2023, with inflation at 11% (five points above the Eurozone average) and increased uncertainty tightening financial conditions. Lithuania has also managed an influx of around 80,000 refugees from Ukraine, around a quarter of which have found employment. Lithuania's real GDP is expected to decrease by 0.4% in 2023 due to high inflation weighing on private consumption and weak global demand.

The latest data showed Lithuania with around 1,000 startups in 2023, with one-third selling to consumers and two-thirds to other businesses. The Lithuanian economy was still feeling the effects of the war in Ukraine, with increased energy prices and broken supply chains in 2023. However, the government had developed a business support package to reduce the energy price shock, while the "Recovery and Resilience Plan" (RRP) aimed to create a fairer and growth-oriented tax system.

2023 Framework Conditions Review[1]

Lithuania's high-quality entrepreneurial environment dipped slightly when the war started in Ukraine. By 2023, it had been restored. From 2022 to 2023, 11 of Lithuania's 13 Entrepreneurial Framework Condition (EFC) scores had increased, with just two reduced (and not by much). The largest increases were for Entrepreneurial Education Post-School, Ease of Entry: Burdens and Regulations and for Government Entrepreneurial Programs. In both 2022 and 2023, Lithuania had just one EFC scored as insufficient: Entrepreneurial Education at School. As with many economies, this EFC had the lowest score and Physical Infrastructure had the highest, for both 2022 and 2023.

In 2021, Lithuania had a National Entrepreneurial Context Index (NECI) score of 6.1, placing it fifth among the 47 economies in GEM that year. This score fell to 5.8 in 2022 (6th) but had recovered to 6.1 in 2023, placing it fourth among 49 economies.

Additional questions in the 2023 National Expert Survey (NES) sought an assessment of the quality of social support for women entrepreneurs, and for their access to resources compared to men. Lithuania scored well for social support with 6.2, ranked fourth, but badly for relative access to resources with 4.5, ranked just 36th of the 49 economies.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Lithuania participated in the GEM Adult Population Survey (APS) in both 2022 and 2023. More than one in three adults reported that their household income had fallen in 2023, up sharply from the year before.

Lithuania has a high profile for entrepreneurship, with seven out of 10 adults knowing someone who had recently started their own business, third highest in Level B, while three out of five adults saw good opportunities to start a business locally, and just slightly fewer considered themselves to have the skills and experience to start their own business. Of those who saw good opportunities, around one in three would not start a business for fear it might fail, the second highest proportion in Level B. One in eight of those not already doing so expected to start a business within the next three years, down a little on a year earlier.

Despite the improving entrepreneurial environment, the percentage of adults starting or running their own business in Lithuania in 2023 (6.7%), was well down on the 12.7% of the year before. Much of this decline was in male entrepreneurship, falling from 16.6% to 6.1% in just one year, while female entrepreneurship fell from 9.0% to 7.2%. So from having more than three men starting businesses for every two women doing the same in 2022, just one year later the rate of women entrepreneurs exceeded that of men, despite the unequal access to resources noted earlier. In the same period the Established Business Ownership rate almost doubled, to nearly 15%, the second highest in Level B and fourth highest in GEM 2023.

Earning a living because jobs are scarce was by far the dominant agreed motivation, agreed by four out of five new entrepreneurs. Just 15% of those entrepreneurs had customers outside their country, and only one in five was expecting to use more digital technology in the next six months. Despite almost half of those starting or running a new business being solo entrepreneurs, around one in five new entrepreneurs expected to employ another six or more people over the next five years.

Institution

Lead institution
Vilnius University Business School

Vilnius University

Type of institution
University

Website
https://www.vm.vu.lt/en/

Other institutions involved
Innovation Agency

Inovacijų agentūra

Team

Team leader
Prof. Saule Maciukaite-Zviniene

Team members
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Jone Kalendiene
Aneta Slekyte-Kaminiene
Jurgita Pesliakaite
Ieva Druktene

Funders

Moody's Lithuania
Innovation Agency
Vilnius University Business School
Ministry of Economics and Innovation

APS vendor

SQ Shopper Quality

Contact

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Luxembourg

- **Population** (2022): **0.7 million** (UN)
- **GDP** per capita (2022; PPP, international $): **142.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	45.8	36
Good opportunities to start a business in my area	49.3	32
It is easy to start a business	60.4	15
Personally have the skills and knowledge	50.2	36
Fear of failure (opportunity)	47.3	16
Entrepreneurial intentions	12.6	29

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	50.6	17
To build great wealth or very high income	46.6	34
To continue a family tradition	32.7	18=
To earn a living because jobs are scarce	47.2	38

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	9.7	33	8.7	10.6
EBO (Established Business Ownership)	4.2	39=	2.6	5.7

Entrepreneurship impact

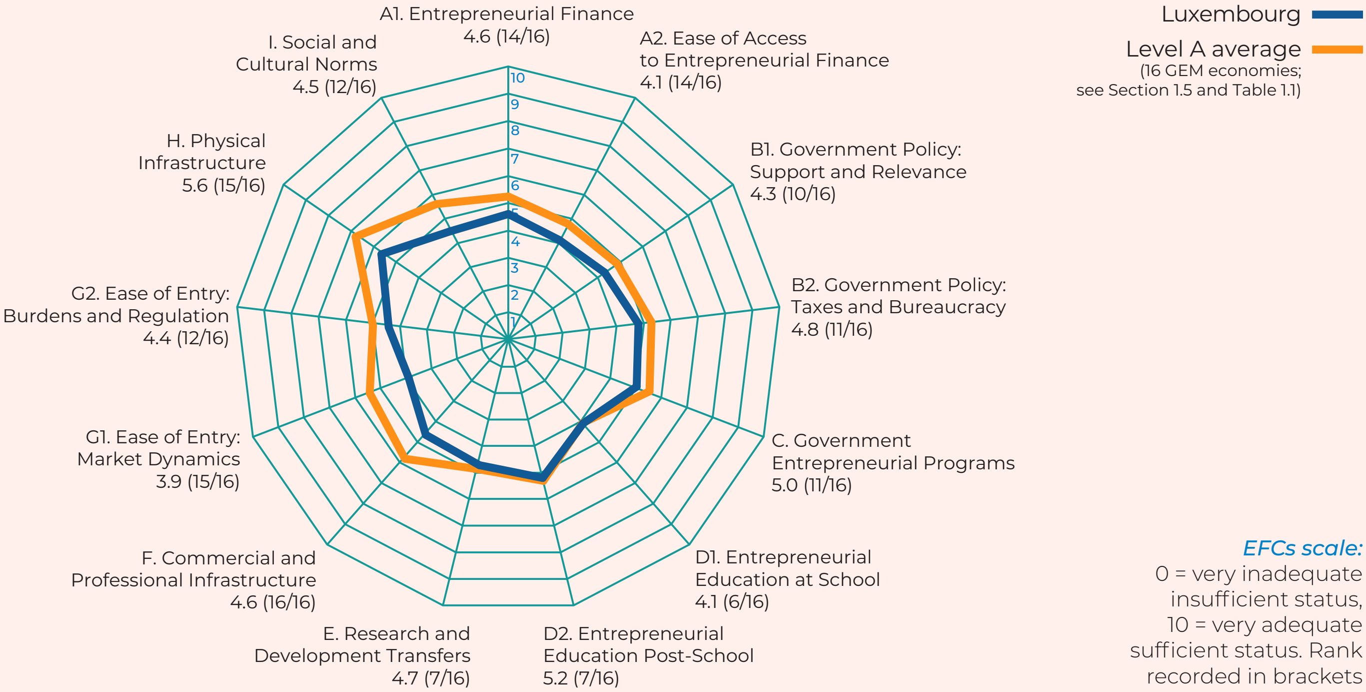
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.4	21=
	% TEA	**Rank/45**
International (25%+ revenue)	39.7	1
Always consider social impact	73.6	22
Always consider environmental impact	75.9	23
Industry (% TEA in business services)	28.9	13

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	27.6	30
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	57.9	7
Use more digital technology to sell products or services	57.3	16
Pursue new opportunities due to pandemic	48.3	13

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Luxembourg economy grew modestly in 2022, with GDP up just 1.4% and inflation rising to 6.3%, driven by rising energy costs and supply chain issues.

In July 2023, the Luxembourg Parliament approved a new law introducing the principle of a fresh start ("Nouvelle Chance") for individuals previously involved in bankruptcy, allowing them, subject to certain criteria, to engage in business activity.

2023 Framework Conditions Review[1]

The overall quality of the Luxembourg entrepreneurial environment, as summed up by its own national experts and as measured by the National Entrepreneurial Context Index (NECI), deteriorated in 2023, with its NECI score falling from 5.0 (just sufficient) to 4.6 (less than sufficient). In 2019, Luxembourg had ranked 13th among GEM economies for the quality of its overall entrepreneurial environment. By 2021, it had fallen to 20th, and by 2023 was down to 23rd. The fall in 2023 reflects an across-the-board reduction in Entrepreneurial Framework Condition (EFC) scores, with 11 of the 13 scoring lower in 2023 than in 2022, and just two improving (Entrepreneurial Finance and Ease of Entry: Market Dynamics). As a result, Luxembourg's number of sufficient conditions (score ≥5.0), fell from seven in 2022 to just three in 2023. The greatest reductions in score were for Commercial and Professional Infrastructure (from 5.6 to 4.6), Government Policy: Support and Relevance (5.2 to 4.3), and for Social and Cultural Norms (from 5.4 to 4.5).

Luxembourg is one of many developed, high-income economies in Europe and North America that has seen the quality of their overall entrepreneurial environment fall from sufficient to less than sufficient since the pandemic.

2023 Entrepreneurial Activity Review

Despite some deterioration in the overall entrepreneurial environment, levels of Total early-stage Entrepreneurial Activity (TEA) in Luxembourg remained relatively high at 9.7%, up significantly from 2022. The male rate (10.6%) is a little higher than that for women (8.7%). Established Business Ownership rates have been fairly stable for the last few years, at a little under 5%.

Almost half of all adults know someone who has recently started a business, see good opportunities to do so locally, or consider themselves to have the skills and experience to start their own enterprise, proportions that are fairly constant over time. However, the percentage of those adults seeing good opportunities who would not start a business for fear it might fail has been drifting upwards recently, from 42% in 2020 to 47% in 2023. The "Nouvelle Chance" legislation noted above may go some way to alleviate these fears.

Making a difference in the world was the top motivation for new entrepreneurs, closely followed by earning a living because jobs are scarce. Not surprisingly for a small country, many of Luxembourg's new entrepreneurs are externally focused, with three in five having customers outside the country.

A similar proportion expect to use more digital technology to sell their products in the next six months, and one in four expect to employ at least six people over the next five years. This number is trending negative, as the previous year two in four had this expectation. This may have been influenced by the high proportion of adults (28%) reporting that their household income fell in 2023, the highest for Luxembourg since this question was introduced by GEM four years ago.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
STATEC Research

STATEC RESEARCH

Type of institution
Public Body

Website
https://statistiques.public.lu/en/statistique-publique/statec/red.html

Team

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Funders

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House of Entrepreneurship
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APS vendor

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Contact

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ECONOMY PROFILE

Mexico

- **Population** (2022): **127.5 million** (UN)
- **GDP** per capita (2022; PPP, international $): **21.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	55.3	23
Good opportunities to start a business in my area	61.5	19
It is easy to start a business	50.3	21
Personally have the skills and knowledge	69.2	15=
Fear of failure (opportunity)	46.1	20
Entrepreneurial intentions	24.6	15

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	62.8	10
To build great wealth or very high income	55.6	22=
To continue a family tradition	55.1	4
To earn a living because jobs are scarce	81.7	11

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	16.8	14	16.1	17.7
EBO (Established Business Ownership)	3.2	45=	2.7	3.7

Entrepreneurship impact

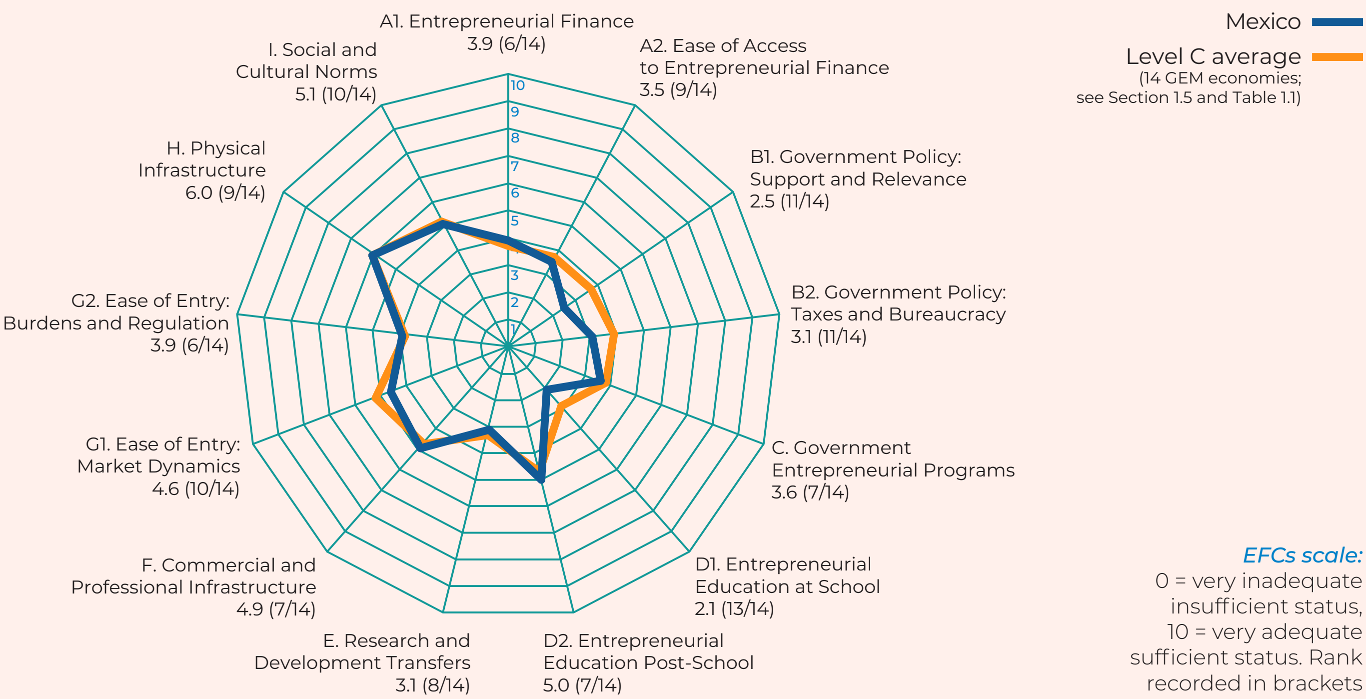
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	5.2	10
	% TEA	**Rank/45**
International (25%+ revenue)	4.4	32
Always consider social impact	82.6	14
Always consider environmental impact	83.7	10
Industry (% TEA in business services)	7.6	35

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	21.0	39
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	43.3	28=
Use more digital technology to sell products or services	71.7	8
Pursue new opportunities due to pandemic	57.3	8

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Economic expansion slowed in Mexico in 2023, with the annual rate of GDP growth falling to around 3% in the first three quarters of the year. Inflation had also fallen to just over 4% by the end of October. Interest rates, however, continued to rise.

Two out of three companies in Mexico in 2023 reported that their costs had increased, including price hikes for raw materials, while one in 10 reported a drop in sales.

In 2023, regulatory changes impacting businesses include new official Mexican standards for health and for telecommuting, increases in holiday entitlements and increased employer pension contributions. The Federal Entrepreneurship Law continued to make progress in Congress, aiming to promote new business registrations and to support potential high-impact entrepreneurship.

2023 Framework Conditions Review[1]

The assessed overall quality of the Mexican entrepreneurial environment fell sharply in the pandemic, with some evidence of recovery but then another sharp fall in 2022, and some small improvement in 2023.

In 2023, there were 36 Mexican participants in the GEM National Expert Survey (NES), with just three of Mexico's Entrepreneurial Framework Conditions (EFCs) scored as sufficient (score ≥5.0), the same number as a year before. As in many economies, Physical Infrastructure was rated the strongest of Mexican conditions, and Entrepreneurial Education at School the weakest. Mexico had five conditions rated among the bottom 10 in GEM 2023, with Entrepreneurial Education at School ranked lowest at 48th out of 49, with only Iran scoring lower. Yet nine Mexican conditions had higher scores in 2023 compared to one year earlier, with the largest increase being for Social and Cultural Norms. That left four conditions with lower scores, and the biggest fall was for Ease of Entry: Market Dynamics.

Mexico's score for the quality of its entrepreneurial environment in 2019 had been 4.7, ranked 23rd of 54 economies. At the start of the COVID-19 pandemic this fell to 4.1, before recovering to 4.4 in 2021, falling sharply to 3.8 in 2022 as energy prices rose, and then improving slightly to 3.9 in 2023, leaving Mexico ranked 41st of 49 economies.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), more than two in five adults in Mexico reported that their household income had fallen in 2023, well down on the three in four of one year earlier.

Entrepreneurship has a good public profile in Mexico, with more than one in two adults knowing someone who had recently started a business (above pre-pandemic levels), three in five seeing good opportunities to start a business locally, and a high seven out of 10 adults considering they had the skills and experience to start a business themselves. However, nearly one in two of those seeing good opportunities would not start a business for fear it might fail. The proportion of adults in Mexico not already doing so who expected to start a business within the next three years was one in four, up from less than one in five the year before.

The percentage of adults who were already starting or running a new business in Mexico increased to 17% from 13% in 2022, with men a little more likely than women to be starting a business, but the gap was small (about one percentage point). Mexico was one of a small number of economies with very low levels of Established Business Ownership, at one in 25 adults or less, Oman, Israel and the Slovak Republic being the others. This implied that in 2023 Mexico had more than four adults starting a new business for each one owning an established one, a finding that points to considerable difficulties in sustaining new businesses long enough for them to become established and reflecting the weaknesses in the Mexican entrepreneurial environment noted earlier. This correlates to the relatively large number of informal businesses in Mexico. As noted above, the Federal Government is improving mechanisms to formalize small business, via tax facilitation.

Four out of five new entrepreneurs in Mexico agreed with the motivation of earning a living because jobs are scarce, and seven out of 10 expected to use more digital technologies in the next six months. Just one in eight had customers beyond their country, although three in 10 expected to employ at least another six people over the next five years, an expectation probably helped by just three in 10 being solo entrepreneurs with just one owner and no current employees.

Institution

Lead institution
Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM)

Tecnológico de Monterrey

Type of institution
University

Website
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Team

Team leader
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Funders

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APS vendor

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Morocco

- **Population** (2022): **37.5 million** (UN)
- **GDP** per capita (2022; PPP, international $): **9.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	45.6	37
Good opportunities to start a business in my area	70.7	6
It is easy to start a business	51.3	19
Personally have the skills and knowledge	68.2	17
Fear of failure (opportunity)	32.6	41
Entrepreneurial intentions	23.4	16

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.1	40=
	% TEA	**Rank/45**
International (25%+ revenue)	2.2	39
Always consider social impact	62.7	36
Always consider environmental impact	68.9	28
Industry (% TEA in business services)	4.4	37=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	18.2	43
To build great wealth or very high income	50.2	32
To continue a family tradition	25.4	32
To earn a living because jobs are scarce	80.9	12

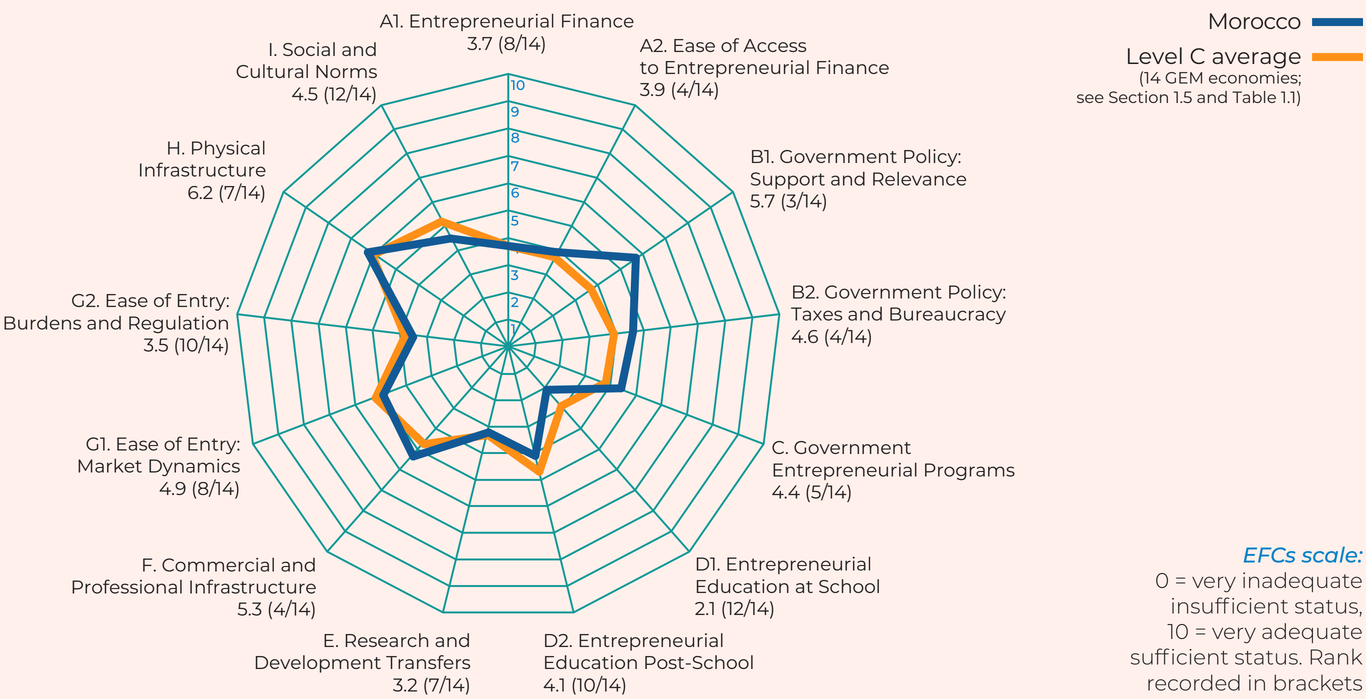
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	6.3	44	4.6	8.1
EBO (Established Business Ownership)	6.8	23	3.0	10.8

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	42.3	13
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	56.3	10
Use more digital technology to sell products or services	54.2	18
Pursue new opportunities due to pandemic	25.0	42

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Real GDP in Morocco was expected to have grown by 3.5% in 2023, helped by a favourable harvest after the disastrous drought the year before. Most macroeconomic data are in the “green”: there is sustainable inflation, forecast at 5% in 2023, compared to almost 7% in 2022, despite an increase in interest rates by the Central Bank, with its attendant risk of limiting lending and investment opportunities for small businesses.

To encourage greater entrepreneurial dynamism, public authorities have launched a number of major programs to help entrepreneurs and unemployed young people. The new “Forsa” program in Morocco aims to finance and support 10,000 new entrepreneurs, while the “Awrach” plan is designed to secure temporary employment for up to 250,000 young Moroccans.

2023 Framework Conditions Review[1]

The quality of the overall entrepreneurial environment in Morocco had been slowly improving since 2020, though it faltered in 2023.

In Morocco, scores for eight of 13 Entrepreneurial Framework Conditions (EFCs) increased in 2023 compared to 2022, while five scores decreased. Most changes were small, with the biggest increase for Government Policy: Support and Relevance. The largest fall was for Entrepreneurial Finance. As with many economies, the Entrepreneurial Education at School was by far the lowest score. Physical Infrastructure was the highest.

In 2020, Morocco ranked 39th out of 50 GEM economies, scoring 3.8 for the quality of its overall entrepreneurial environment amidst the challenges posed by the COVID-19 pandemic. By 2022, that score had improved to 4.3, ranking Morocco 35th of 51 economies. The mixture of some increases and some decreases in individual framework condition scores left that overall score unchanged in 2023. Morocco is up to 30th place in the overall National Entrepreneurial Context Index (NECI).

New questions in 2023 saw national experts assessing the quality of social support for women entrepreneurs, as well as their access to resources compared to male entrepreneurs. Morocco scored modestly in each, with a score of 2.9 for social support (ranked 41st) and a higher score of 4.9 for relative access to resources, ranked 29th.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), four out of 10 adults in Morocco reported that their household income had declined in 2023, a high figure but lower than the six in 10 a year earlier and the seven in 10 in 2021.

Just under one in two Moroccan adults knew someone who had recently started their own business, the third lowest proportion in Level C. Seven out of 10 saw good opportunities to start a business locally, with only slightly less believing they had the skills and experience to start their own business. Of those seeing good opportunities, just under one in three would be deterred from starting their own business by the fear of failure, once more the third lowest in Level C. Nearly one in four of those intend to start their own business within the next three years.

The proportion of adults currently starting or running their own business was a modest 6.3%, up from 4.2% a year earlier but the lowest rate in Level C and third lowest in GEM 2023. Men were nearly twice as likely as women to be starting new businesses, and more than seven out of 10 of all new businesses were in consumer services. The Established Business Ownership rate was a little higher than that for new entrepreneurs, at 6.8%.

More than eight out of 10 new entrepreneurs agreed with the motivation to earn a living because jobs are scarce, and one in two expected to use more digital technologies in the next six months. Just one in 20 new entrepreneurs had customers beyond Morocco, and the proportion expecting to employ at least another six people was fairly high at just under one in five. The relatively low levels of new entrepreneurship meant that only about one in 100 Moroccan adults was starting or running a new business that expected to employ another six people or more over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

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FSJES Aïn Chock
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Type of institution
University

Website
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ClaireVision

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Netherlands

- **Population** (2022): **17.7 million** (UN)
- **GDP** per capita (2022; PPP, international $): **69.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	60.4	16
Good opportunities to start a business in my area	67.4	12
It is easy to start a business	80.4	4
Personally have the skills and knowledge	46.0	42
Fear of failure (opportunity)	40.3	33
Entrepreneurial intentions	16.0	23

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.1	24=
	% TEA	**Rank/45**
International (25%+ revenue)	17.8	15
Always consider social impact	60.6	37=
Always consider environmental impact	59.1	38
Industry (% TEA in business services)	23.6	18

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	47.7	22
To build great wealth or very high income	45.4	35
To continue a family tradition	25.9	31
To earn a living because jobs are scarce	38.2	42

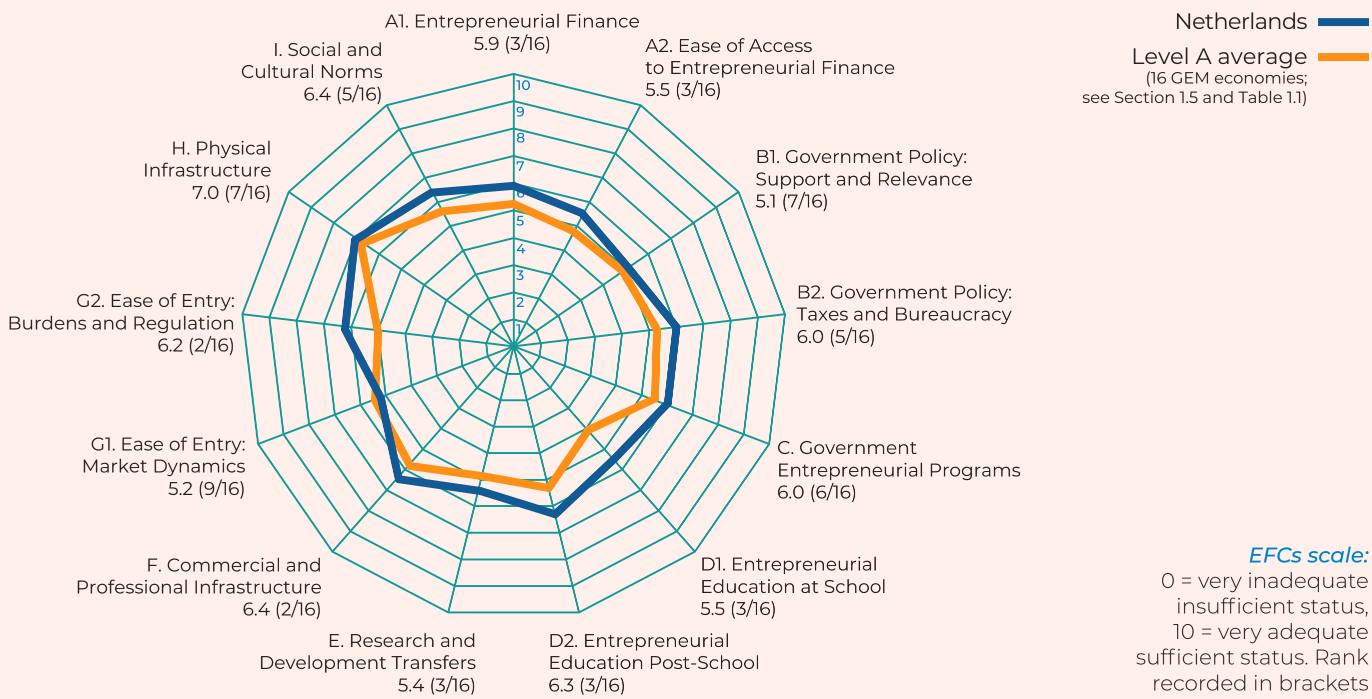
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	13.7	19	12.2	15.2
EBO (Established Business Ownership)	6.9	22	4.7	9.2

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	21.0	39
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	33.3	38
Use more digital technology to sell products or services	28.7	43
Pursue new opportunities due to pandemic	43.1	21

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Netherlands economy looks to have contracted in 2023, with GDP falling slightly in each of the first three quarters. Falling energy prices have reduced inflationary pressures but, given the volatility of the energy market, the inflation level is not considered stable, and even excluding energy the inflation rate is still considered too high.

In 2022 and 2023, the government developed an extensive package of measures to reform the labour market, including steps to reduce what is seen as "bogus" self-employment. Due to the other challenges and the fall of the government, the package was still awaiting approval by parliament.

2023 Framework Conditions Review[1]

The Netherlands has a consistently high-quality entrepreneurial environment. In the last five years, none of the 13 Entrepreneurial Framework Conditions (EFCs) for the Netherlands has scored less than 5.0, the cut-off point for sufficiency. The lowest was a 5.0 score for Ease of Entry: Market Dynamics in 2021. These EFC scores have fluctuated, but for the Netherlands, none has fallen below sufficient in that period.

In 2023, six EFC scores were lower than in 2022, but four were higher. The largest falls were for Entrepreneurial Finance and for Government Policy: Support and Relevance. The largest increases were for both the entrepreneurial education EFCs (school and post-school levels). The 2023 EFC assessed as being strongest was Physical Infrastructure, while the weakest, but still well sufficient, was Government Policy: Support and Relevance.

In 2019, the Netherlands had a score for the quality of its overall entrepreneurial environment of 6.0, placing it second of all the participating GEM economies; in 2020 and 2021 that score increased to 6.3, still in second place. The 2022 score fell to 5.9, after 12 of 13 framework scores fell from the previous year. The Netherlands maintained its 5.9 score in 2023, but now ranked seventh of the 49 economies in the National Expert Survey (NES).

New questions in 2023 saw experts assessing the quality of social support for women entrepreneurs and their access to resources compared to men. Social support was assessed at 4.6, less than sufficient, while relative access to resources was scored at 6.1, well sufficient and placing it sixth.

2023 Entrepreneurial Activity Review

One in five adults in the Netherlands reported that their household income fell in 2023, more or less the same proportion since this question was introduced in 2020.

The proportion of adults who were starting or running a new business was 13.7%, up from the previous year and back above the pre-pandemic level of 10.4% in 2019. Men were a little more likely than women to be starting a new business, with five new businesses started by men for every four started by women. The level of Established Business Ownership was stable, at around 7% for the past three years, but well below the pre-pandemic level of 10.8% in 2019. So the Netherlands has shifted, from roughly one new business for every established one in 2019 to two new for every established in 2023.

Entrepreneurship has a fairly high profile in the Netherlands, with three in five adults knowing someone who had recently started a business (third highest in Level A), and two out of three seeing good opportunities to start a business locally; but less than one in two adults considered they had the skills and experience to start their own (third lowest in Level A). Of those seeing good opportunities, two in five would not start a business for fear it might fail. Around one in six of those expected to start a business within the next three years.

Making a difference to the world was the top motivation, but still chosen by less than one in two new entrepreneurs. Less than three in 10 expected to use more digital technology in the next six months, perhaps because use was already high. Around one in six new entrepreneurs expected to employ at least another six people over the next five years, despite three in 10 of those starting or running a new business being solo entrepreneurs (i.e. having one owner and no current employees).

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Panteia

Type of institution
Research Institute

Website
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Team

Team leader
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APS vendor
GDCC and PanelClix

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Norway

- **Population** (2022): **5.5 million** (UN)
- **GDP** per capita (2022; PPP, international $): **114.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	49.2	31
Good opportunities to start a business in my area	68.0	11
It is easy to start a business	76.7	8
Personally have the skills and knowledge	54.6	28
Fear of failure (opportunity)	43.1	25
Entrepreneurial intentions	9.3	38

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	37.4	33
To build great wealth or very high income	34.3	45
To continue a family tradition	19.4	39
To earn a living because jobs are scarce	25.3	45

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	6.9	39	4.9	8.8
EBO (Established Business Ownership)	7.6	18	6.9	8.2

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.6	28=
	% TEA	**Rank/45**
International (25%+ revenue)	14.8	17
Always consider social impact	50.2	43
Always consider environmental impact	65.9	32
Industry (% TEA in business services)	33.9	4

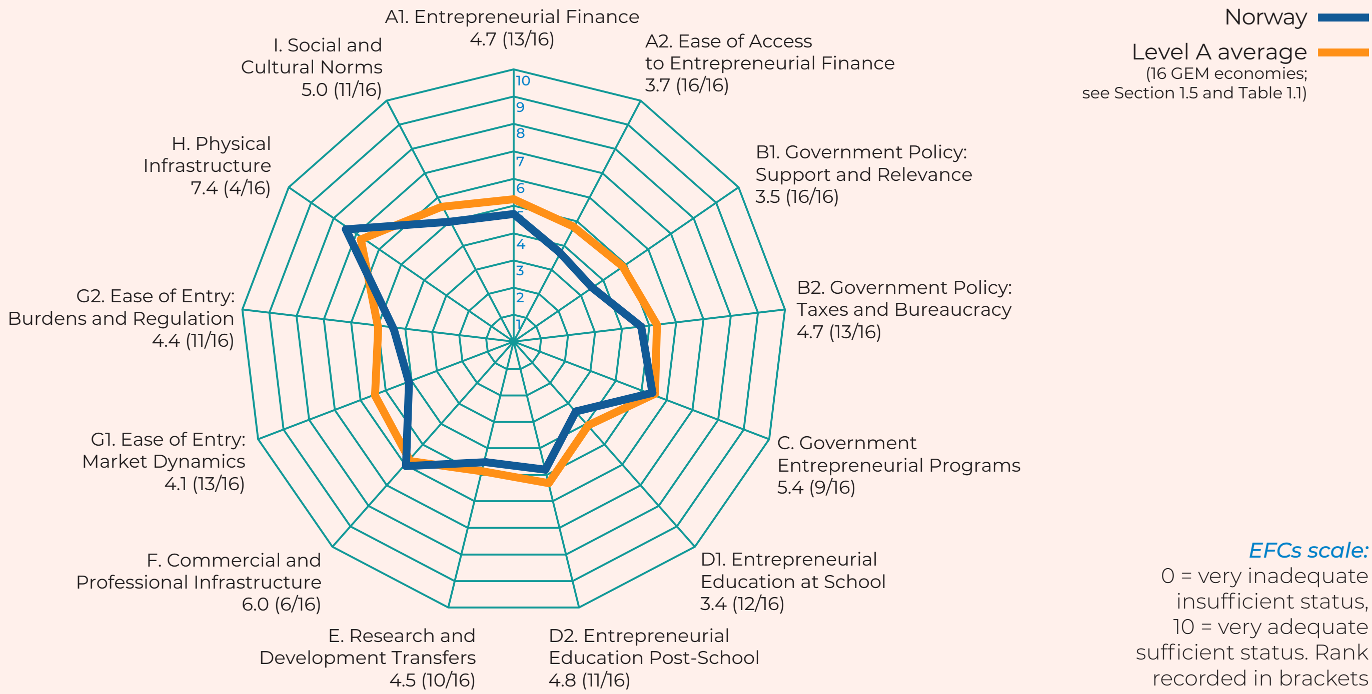
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	11.9	46
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	48.1	17
Use more digital technology to sell products or services	47.2	25
Pursue new opportunities due to pandemic	28.1	40

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Norway is experiencing an economic downturn, with higher inflation and increasing interest rates, and a weakened Norwegian currency. However, the financial system in Norway is resilient. Despite the heightened risk of vulnerabilities, the overall financial outlook is stable. Nevertheless, some entrepreneurs face difficulties due to rising costs and higher interest rates. At the same time, export-oriented businesses benefit somewhat from the weakened currency.

Norway maintains its commitment to supporting entrepreneurship through public policies, particularly focusing on youth, social initiatives and exports. Public spending on entrepreneurship and innovation support was very high during COVID-19, but is now back to pre-pandemic levels, hence significantly lower than the previous couple of years.

2023 Framework Conditions Review[1]

Norway had a National Entrepreneurial Context Index (NECI) score of 5.7 in 2021, placing it seventh among the 50 GEM participating economies. By 2023 this score had fallen to 4.7, less than sufficient, and placing it 18th of 49 economies.

Norway is among those European and North American economies with an entrepreneurial environment that has slipped from sufficient to less than sufficient in the short period since the pandemic. It is too early to discern whether this is just a reaction to the pandemic or marks a shift in the established order. In 2023, just four of the top 10 NECI economies were in Europe, two of which could be described as from the “new Europe” (Lithuania and Estonia) and two from the “old Europe” (the Netherlands and Switzerland). None were from North America.

Norway’s fall in 2023 relative to 2022 was the product of lower scores for 10 of its 13 Entrepreneurial Framework Conditions (EFCs), with the largest reductions being for Entrepreneurial Education at School, Ease of Entry: Burdens and Regulation, and for Government Policy: Support and Relevance. Improvements were for Entrepreneurial Finance and Ease of Entry: Market Dynamics. These falls mean that Norway had just four sufficient EFCs in 2023 (in 2022, there were seven).

1 A brief description of the GEM approach is given in the footnote on p. 107.

National experts in 2023 were asked to assess the quality of social support for women entrepreneurs, as well as their access to resources compared to men. Norway scored fairly high in each, with a 5.2 score for social support (ranked 10th) and a 5.3 score for relative access to resources (ranked 13th).

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), just one in 10 Norwegian adults reported that their household income had been reduced in 2023, a rate that has halved since 2020.

Entrepreneurship had a reasonable profile in Norway in 2023, with one in two adults knowing someone who had recently started their own business. Slightly more see themselves as having the skills and experience to start their own business, and two out of three see good opportunities to do so locally. Of the latter, some two out of five would not start a business for fear it might fail, a proportion that has been consistent in recent years. The proportion of adults intending to start a business in the next three years was just 9%, up from 5% two years earlier, but second lowest (behind Germany) among the 45 economies participating in the 2023 GEM APS.

The percentage of adults starting or running a new business in Norway was a modest 7%, up from 3% two years earlier, but lowest among Level A economies. Men were almost twice as likely as women to be starting new businesses. The level of Established Business Ownership was slightly higher than the level of new entrepreneurship, at 7.6% of adults.

Norway had the second highest proportion of new starts in business services in the entire GEM sample of economies, behind Switzerland. Making a difference in the world was the most commonly agreed motivation for new entrepreneurs, but hardly dominant, with just two out of five agreeing. More than a quarter of those new entrepreneurs had customers beyond Norway, and one in two intended to use more digital technology in the next six months.

Job expectations were reasonably high, with one in four new entrepreneurs expecting to employ at least six people over the next five years. Just over a quarter of those starting or running a new business were solo entrepreneurs (with just one owner and no employees), the fourth lowest level in GEM 2023.

Institution

Lead institution
Nord University Business School

NORD University / BUSINESS SCHOOL

Type of institution
University

Website
https://www.nord.no

Team

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The Norwegian Ministry of Trade, Industry, and Fisheries
Nord University Business School

APS vendor

Polarfakta AS

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Oman

■ **Population** (2022): **4.6 million** (UN)
■ **GDP** per capita (2022; PPP, international $): **41.7 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	60.5	14=
Good opportunities to start a business in my area	68.7	9=
It is easy to start a business	56.8	16
Personally have the skills and knowledge	72.9	11
Fear of failure (opportunity)	38.1	36
Entrepreneurial intentions	66.0	1

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	42.2	28
To build great wealth or very high income	64.3	17
To continue a family tradition	38.3	12
To earn a living because jobs are scarce	63.8	27

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	10.6	28	8.2	13.0
EBO (Established Business Ownership)	3.2	45=	2.5	3.8

Entrepreneurship impact

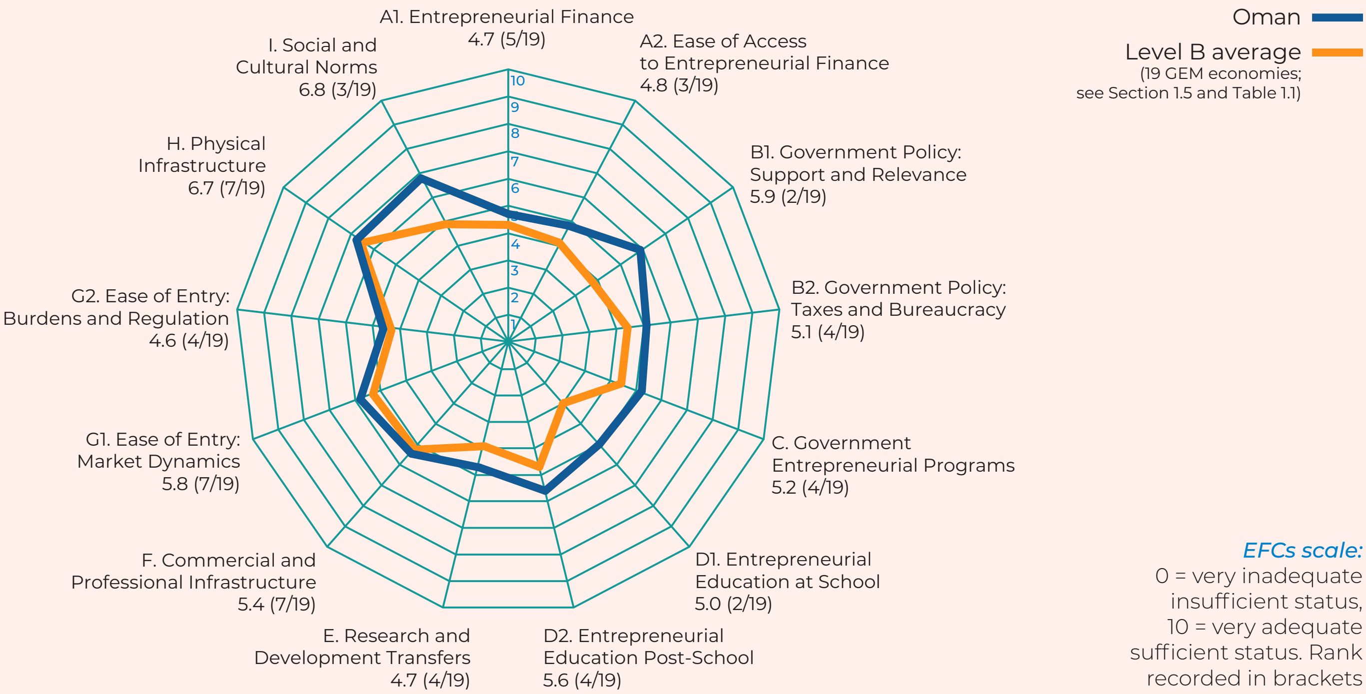
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.4	36=
	% TEA	**Rank/45**
International (25%+ revenue)	5.1	30
Always consider social impact	63.8	35
Always consider environmental impact	68.2	29
Industry (% TEA in business services)	7.7	34

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	19.0	42=
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	34.6	35=
Use more digital technology to sell products or services	63.1	12
Pursue new opportunities due to pandemic	40.4	26

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Omani economy continues to expand. GDP growth in 2023 was expected to be 4%, while inflation was down below 2%. Growth in Oman has been led by the private sector, with non-public-sector employment rising.

The Sultanate has been investing in entrepreneurial readiness/skills development programs and in a new incubator program for startups, including professional support. This builds confidence among the adult population, as do increasing numbers of government programs to promote the importance of entrepreneurship activities in Oman.

Further, a public investment plan, the "Oman Future Fund", is allocating $5.2 billion to boost emerging businesses. Ministerial decisions in 2023 include new regulations for home businesses and an improved regulatory framework for small businesses and incubators.

2023 Framework Conditions Review[1]

After a two-year decline amid the COVID-19 pandemic, Oman's entrepreneurial environment quality, measured by the National Entrepreneurial Context Index (NECI) score, is now sharply improving. During the pandemic, the score fell from 5.0 in 2020 to 4.1 in 2021, with little change in 2022 at 4.2. In 2023, this score bounced back strongly, rising to 5.4 and placing Oman 11th among 49 participating GEM economies. A year earlier, this rank was just 38th out of 50.

Each Entrepreneurial Framework Condition (EFC) score, as well as the overall average, typically changes very slowly. In 2022, just one of those conditions in Oman scored as sufficient: Social and Cultural Norms, with a score of 5.0. By 2023, all 13 conditions had increased their scores, with eight shifting from less than sufficient to more than sufficient. The biggest increases were for Physical Environment (up from 4.6 to 6.7), for Social and Cultural Norms (from 5.0 to 6.8) and for Government Policy: Support and Relevance, up from 4.3 to 5.9.

In 2023 national experts were also asked to assess the quality of social support for women entrepreneurs, as well as their access to resources compared to men. For social support, Oman scored an impressive 5.5, placing it eighth of the 49 economies, but just 2.8 for their relative access to resources, placing it 49th.

2023 Entrepreneurial Activity Review

Despite the strongly growing Oman economy, just under one in five adults reported that their household income had fallen in 2023. This is well down from the two in five a year earlier.

Entrepreneurship has a high profile in Oman, with three out of five adults knowing someone who had recently started their own business, two out of three seeing good opportunities to start their own business (second highest in Level B), and seven out of 10 considering themselves to have the skills and experience to start their own business. Fear of failure is relatively low, with just two out of five who see good opportunities reporting that they would not start a business for fear it might fail. Many people are not deterred, with a massive two out of three of those adults expecting to start their own business within the next three years. This is the highest business intention rate in GEM 2023.

The proportion of adults who were already starting or running their own business in 2023 was just over one in 10. The level for men is much higher (13%) than for women (8.3%), implying three men start a new business for every two women doing the same. The level of Established Business Ownership is very modest, falling from an already low 4.1% in 2022 to just 3.2% in 2023. This implies Oman had more than three adults starting new businesses for every adult owning an established one, a ratio that has persisted over time and which may suggest new businesses face considerable obstacles in becoming established.

To build great wealth or very high income, or to earn a living because jobs are scarce, were the dominant motivations agreed by new entrepreneurs. Just two in 10 new entrepreneurs had customers beyond Oman. This was less than the previous year. Three out of five expected to use more digital technology in the next six months, while just one in eight expected to employ at least six more people in the next five years. This is low, but not too surprising when two out of five of those starting new businesses in Oman in 2023 were solo entrepreneurs, with one owner and no current employees.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
University of Nizwa

University of Nizwa

SMEs Development Authority

Type of institution
University
Organization

Website
http://www.unizwa.edu.om
https://www.sme.gov.om/

Other institutions involved
Small and Medium Enterprises Development Authority

Team

Team leader
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Team members
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Norizan Binti Mohd Kassim
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Swadhin Kumar Mondal
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Funders
University of Nizwa
SMEs Development Authority

APS vendor
Horizons Statistical Consulting

Contact
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Panama

- **Population** (2022): **4.4 million** (UN)
- **GDP** per capita (2022; PPP, international $): **39.3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	48.8	32
Good opportunities to start a business in my area	52.5	27=
It is easy to start a business	53.8	18
Personally have the skills and knowledge	76.6	5
Fear of failure (opportunity)	41.4	28
Entrepreneurial intentions	43.9	9

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	8.8	2
	% TEA	**Rank/45**
International (25%+ revenue)	5.3	29
Always consider social impact	83.7	11
Always consider environmental impact	90.2	5
Industry (% TEA in business services)	11.2	31

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	68.0	7
To build great wealth or very high income	55.4	24
To continue a family tradition	51.2	7
To earn a living because jobs are scarce	78.4	14

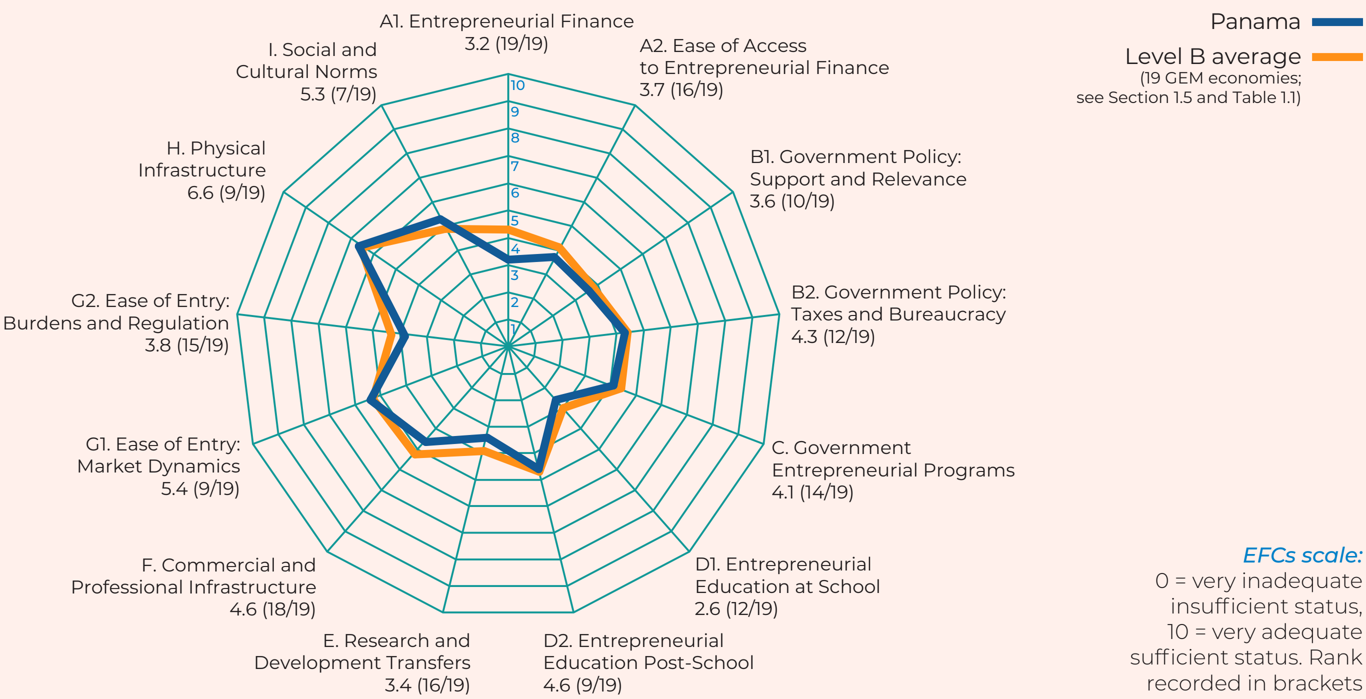
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	31.3	3	28.5	34.1
EBO (Established Business Ownership)	5.1	34=	3.9	6.2

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	53.3	4
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	56.5	9
Use more digital technology to sell products or services	76.6	6
Pursue new opportunities due to pandemic	56.4	9

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Panama's economy has been recovering strongly since the pandemic-induced GDP contractions, with growth of 5% expected in 2023, down from 11% the previous year. Inflation stood at just under 2%, fuelled by electricity and import costs.

In the past year the government introduced legislation (Law 256) covering electronic invoices to support sales, and implementing the Panama Electronic Invoicing System (SFEP). Meanwhile, the government continues to implement Law 186 of 2020, which established "Sociedades de Emprendimiento" to promote innovation and entrepreneurship.

2023 Framework Conditions Review[1]

Apart from a sharp drop during the pandemic, the overall expert assessment of Panama's entrepreneurial environment, as summed up by the National Entrepreneurial Context Index (NECI), has been fairly stable over the past five years. The score of 4.2 in 2023 was the same as in 2020, although a touch lower than in 2022 (4.3).

Between 2022 and 2023 there was little change in Panama's individual Entrepreneurial Framework Condition (EFC) scores, with six of 13 having increased slightly while another six fell slightly. The largest falls were for Government Entrepreneurial Programs (from 4.8 to 4.1) and for Commercial and Professional Infrastructure (5.4 to 4.6), while the largest increase was for Ease of Entry: Market Dynamics, up from 4.0 to 5.4. Panama sits towards the lower end of Level B for EFCs, with eight of its scores below the group average and just three above.

National experts rated Panama a little higher in relation to women entrepreneurs, with a score of 3.7 for social support for those entrepreneurs, well below sufficient but ranked 22nd of 49 participating economies in 2023. Access to resources compared to male entrepreneurs scored higher at 5.4, 12th among the 49 economies.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Just over a half of adults in the GEM Adult Population Survey (APS) in Panama reported that their household income had fallen in 2023: a high proportion, but well below the more than seven out of 10 of the previous three years.

Entrepreneurship has a reasonably high social profile in Panama, with around one in two adults knowing someone who has recently started a business, or seeing good conditions to do so locally. Confidence is high, with three in four adults considering they have the skills and experience to start their own business. However, two in five of those seeing good opportunities would not start a business for fear it might fail, although a similar proportion expect to start their own business in the next three years.

Levels of Total early-stage Entrepreneurial Activity (TEA) were high, with 31.1% of adults starting or running their own business in 2023, a share that has been rising steadily over the previous two years (it was 21.8% in 2021 and 27.9% in 2022). Men were slightly more likely than women to be starting businesses. However, the Established Business Ownership rate was just under 5%, implying around six people were starting or running new businesses for every person owning an established one. This suggests there may be some serious obstacles that prevent new business from enduring long enough to become established.

To earn a living because jobs are scarce was the most popular motivation among those starting new businesses, agreed by more than three out of four, although making a difference in the world was also well supported at two in three. The other two motivations were also agreed by more than a half of those starting new businesses, suggesting that new entrepreneurs agreed with multiple motivations.

Just 14% of new entrepreneurs had customers beyond Panama, while more than three out of four expected to use more digital technologies in the next six months. A relatively high three in 10 new entrepreneurs expected to employ at least another six people over the next five years, although down from the four in 10 of last year.

Institution

Lead institution
City of Knowledge Foundation

Ciudad del Saber

Type of institution
Foundation

Website
https://ciudaddelsaber.org/en

Other institutions involved
IESA Management School (Panama Campus)

Team

Team leader
Alejandro Carbonell

Team members
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Cristina Collazos

Funders
AMPYME

APS vendor
OMG

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Poland

■ **Population** (2022): **37.6 million** (UN)
■ **GDP** per capita (2022; PPP, international $): **43.3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	46.1	35
Good opportunities to start a business in my area	73.6	4
It is easy to start a business	83.2	2
Personally have the skills and knowledge	48.0	39
Fear of failure (opportunity)	52.3	10
Entrepreneurial intentions	2.6	45

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	20.5	41
To build great wealth or very high income	39.6	41
To continue a family tradition	9.7	43
To earn a living because jobs are scarce	62.8	28

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	0.4	45
	% TEA	**Rank/45**
International (25%+ revenue)	2.4	37=
Always consider social impact	85.9	8
Always consider environmental impact	88.9	7
Industry (% TEA in business services)	21.7	23

Activity

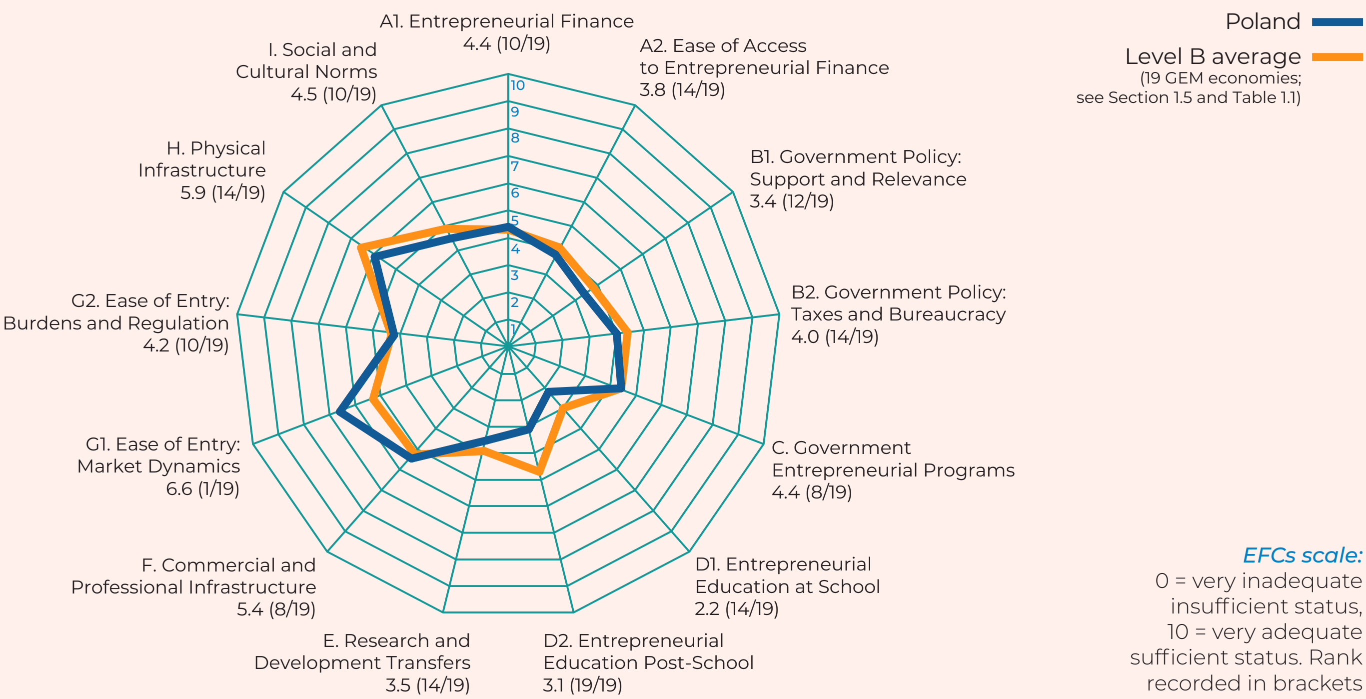
	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	2.6	46	2.4	2.8
EBO (Established Business Ownership)	11.6	10	10.9	12.4

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	47.0	9
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	31.0	40
Use more digital technology to sell products or services	43.7	32
Pursue new opportunities due to pandemic	37.9	29=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

According to European Union forecasts, Poland's overall GDP growth in 2023 will amount to 0.4%. It is expected to rise to 2.7% in 2024, led by strong retail sales and improvements in the construction sector. An inflation rate of around 11% in 2023 is predicted to fall to 6% in 2024.[1] This has led to some business optimism, driven by declining supply prices and costs; however, those two factors remain key barriers to business development.

Tax reforms in 2022/2023 have reduced personal income tax rates, while VAT rates were reduced in 2022 on food, fuels and some agricultural products, in order to combat inflation.

2023 Framework Conditions Review[2]

The GEM Policy Roadmap for Poland in 2022 pointed to declining expert-assessed Entrepreneurial Framework Condition (EFC) scores across the board, and concluded that "these results constitute a red flag for the Polish government and require appropriate strategies, radical actions and significant investment". Things have improved considerably in the intervening period, with 12 of the 13 EFC scores increasing in 2023 and just one staying the same.

Improvements have been high in those EFCs most closely associated with government, including Government Entrepreneurial Programs (up from 3.4 to 4.4), and both government policy EFCs (Support and Relevance, up from 2.7 to 3.4, and Taxes and Bureaucracy, up from 3.5 to 4.0). Scores for Commercial and Professional Infrastructure and for Research and Development Transfers have also risen sharply. Many Polish EFCs are still less than sufficient; the country lags behind the Level B average on many counts. Improvements will hopefully reverse a downward drift in the quality of the overall entrepreneurial environment.

One result of these improvements is that the expert-assessed quality of that entrepreneurial environment, as summed up by the National Entrepreneurial Context Index (NECI), improved in 2023 (4.3 in 2023 from 3.8 in 2022). There remains much to be done, especially in relation to entrepreneurial education.

The social support for women entrepreneurs and their access to resources compared to men were given rather low scores by Polish national experts, at 3.1 and 4.2 respectively. So, once more, there is still much to do.

2023 Entrepreneurial Activity Review

Since the pandemic, Poland's Total early-stage Entrepreneurial Activity (TEA) levels have been among the lowest in GEM participating economies, and this did not change in 2023, although Poland's TEA rate of 2.6% was a substantial improvement from 1.6% in 2022. There is some way to go before Poland's percentage of adults starting or running a new business is back to the pre-pandemic rate (5.4% in 2019). The data gives some hope that a corner may have been turned. Poland does much better for established businesses: nearly 12% of the adult population. This implies that more than four people own an established business for each person starting a new one, a ratio that may make it difficult to replenish the stock of Polish established businesses.

On a social level, perceptions of entrepreneurship in Poland are on par with many European economies. Despite the low level of TEA, around a half of Polish adults know someone who has recently started a business, and a similar proportion consider themselves to have the skills and experience to do the same. Meanwhile, around three in four adults see good opportunities to start a business, although a half of these would not do so for fear it might fail. Despite these comparable perceptions, the percentage of Polish adults who expect to start a business in the next three years is 2.6%, lowest of all GEM participating economies in 2023 by a substantial margin. One shadow over business intentions may be that nearly one in two adults reported their household income had fallen in 2023.

Of the few who were starting or running new businesses in Poland in 2023, earning a living because jobs are scarce was the dominant motivation, while a half expected to use more digital technology in the next six months.

1 Forecasts from European Commission, 15 November 2023.
2 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Polish Agency for Enterprise Development (PARP)

PARP Grupa PFR

Type of institution
Public Body

Website
https://en.parp.gov.pl

Other institutions involved
Polish Agency for Enterprise Development
University of Economics in Katowice

Team

Team leader
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Milena Gojny-Zbierowska

Funders

Ministry of Development Funds and Regional Policy
University of Economics in Katowice

APS vendor

Centrum Badań Marketingowych INDICATOR Sp. z o.o.

Contact

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Puerto Rico

- **Population** (2022): **3.2 million** (UN)
- **GDP** per capita (2022; PPP, international $): **40.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	68.0	9
Good opportunities to start a business in my area	63.3	17
It is easy to start a business	27.9	42
Personally have the skills and knowledge	71.4	13
Fear of failure (opportunity)	42.7	26=
Entrepreneurial intentions	27.0	13

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	69.3	5
To build great wealth or very high income	47.3	33
To continue a family tradition	31.0	22
To earn a living because jobs are scarce	64.5	25

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	22.3	10	20.0	24.8
EBO (Established Business Ownership)	6.0	27	3.8	8.5

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	7.8	5
	% TEA	**Rank/45**
International (25%+ revenue)	10.2	22
Always consider social impact	89.4	4
Always consider environmental impact	89.8	6
Industry (% TEA in business services)	20.9	24

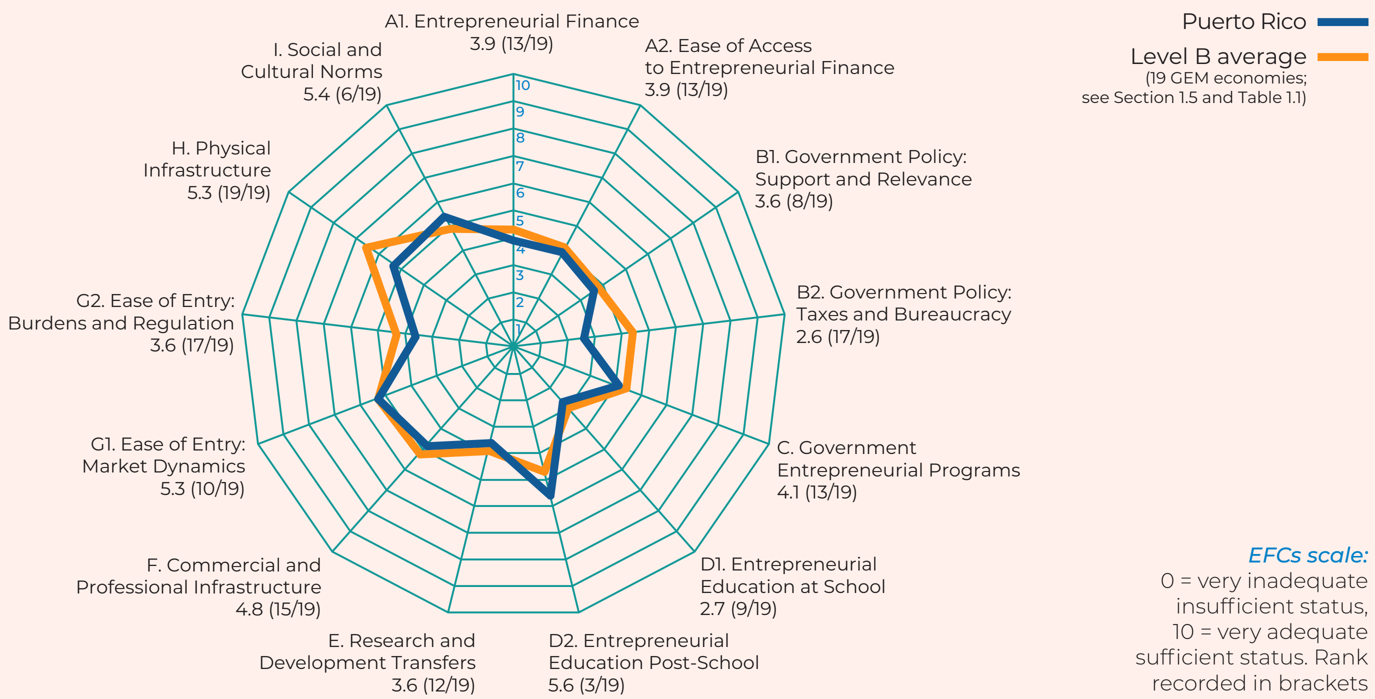
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	36.7	20
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	49.5	14
Use more digital technology to sell products or services	77.5	4
Pursue new opportunities due to pandemic	63.8	5

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In 2023, GDP growth in Puerto Rico was expected to be just under 1%, while unemployment averaged 6% and inflation stood at just under 3%. However, the influx of federal funds helped to support consumer spending, with retail sales up nearly 4% in 2023.

The business permit procedure in Puerto Rico is consistently identified as hindering the entrepreneurial process. In June 2023, the Supreme Court ruled that existing permit regulations were null and void. The Governor quickly enacted emergency permit regulations and is working towards new ones.

2023 Framework Conditions Review[1]

The National Entrepreneurial Context Index (NECI), based on assessments shared by national experts, measures the overall entrepreneurial environment of an economy. Puerto Rico's score has been steadily improving in recent years. In 2019, the score was at 3.2, much less than sufficient, and ranked 53rd of the 54 economies in GEM. By 2023, the score increased to 4.2, still not sufficient but much less so, and ranked 36th of 49 economies.

In 2023, nine of of Puerto Rico's Entrepreneurial Framework Condition (EFC) scores improved and just one declined. Most of these changes were small; however, the score for Government Policy: Support and Relevance increased from 2.5 to 3.6, while Entrepreneurial Education Post-School rose from 4.8 to 5.6, reflecting improvements in university entrepreneurial programs. In 2022, just one condition scored as sufficient: Physical Infrastructure. In 2023, it was joined by Entrepreneurial Education Post-School, Ease of Entry: Market Dynamics, and Social and Cultural Norms. Commercial and Professional Infrastructure was the only score that declined and that was only marginally.

In 2022, the Department of Economic Development and Commerce (DDEC) unveiled PRopósito ("purpose"), a strategic framework which includes entrepreneurship as one of five pillars for Puerto Rico's economic development. The plan focuses on strategies aimed at the creation of a more competitive entrepreneurial ecosystem by streamlining the permit process, facilitating access to capital programs, incentives and other benefits to drive the creation and growth of local businesses. The framework also includes reforms on tax and employment laws. Puerto Rico is already a more positive environment in which to start and grow a new business than it was just a few years ago. Further improvement is necessary, especially in Entrepreneurial Education at School, to fulfil its entrepreneurial potential.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), one in three adults in Puerto Rico reported that their household income had fallen in 2023, a substantial proportion but a lot lower than the more than one in two reporting the same thing a year earlier.

Entrepreneurship has a reasonably high profile in Puerto Rico, with two in three adults knowing someone who has recently started a business, or who consider themselves to have the skills and experience to start one of their own. Just under two in three adults saw good opportunities to start a business locally, but three out of five of these would be deterred by the fear of failure. Despite this, the business intention rate was high, with more than one in four of those adults not currently doing so expecting to start their own business in the next three years.

The proportion of adults in Puerto Rico who were currently starting or running a new business was just over one in five, slightly up from the previous year, the fourth highest level in Level B and also the 10th highest in GEM 2023. Men were more likely than women to start a business, but the difference was small. The level of Established Business Ownership was a lot lower, at 6%, implying more than three people were starting or running a new business for every person owning an established one. This may point to obstacles in the entrepreneurial pipeline preventing new business from enduring long enough to become established.

Making a difference in the world was the motivation most agreed among new entrepreneurs, with seven out of 10, followed by to earn a living because jobs are scarce. New entrepreneurs in Puerto Rico look outwards, with one in three having customers beyond their country. Three out of four new entrepreneurs expected to use more digital technology in the next six months, but job expectations were low. Less than one in 10 of these new entrepreneurs expected to employ at least six more people in the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
University of Puerto Rico School of Business, Rio Piedras Campus

Type of institution
Business School

Website
https://www.uprrp.edu/english/

Team

Team leader
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Team members
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Segundo Castro
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Funders
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Banco Popular de Puerto Rico
The Department of Economic Development and Commerce.

APS vendor
Gaither International

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ECONOMY PROFILE

Qatar

■ **Population** (2022): **2.7 million** (UN)
■ **GDP** per capita (2022; PPP, international $): **114.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	53.1	26
Good opportunities to start a business in my area	68.7	9=
It is easy to start a business	62.4	13
Personally have the skills and knowledge	68.0	18
Fear of failure (opportunity)	42.7	26=
Entrepreneurial intentions	47.4	6

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	48.6	20
To build great wealth or very high income	77.4	10
To continue a family tradition	38.4	11
To earn a living because jobs are scarce	62.7	29

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	14.3	17=	13.8	14.4
EBO (Established Business Ownership)	4.4	38	3.0	4.9

Entrepreneurship impact

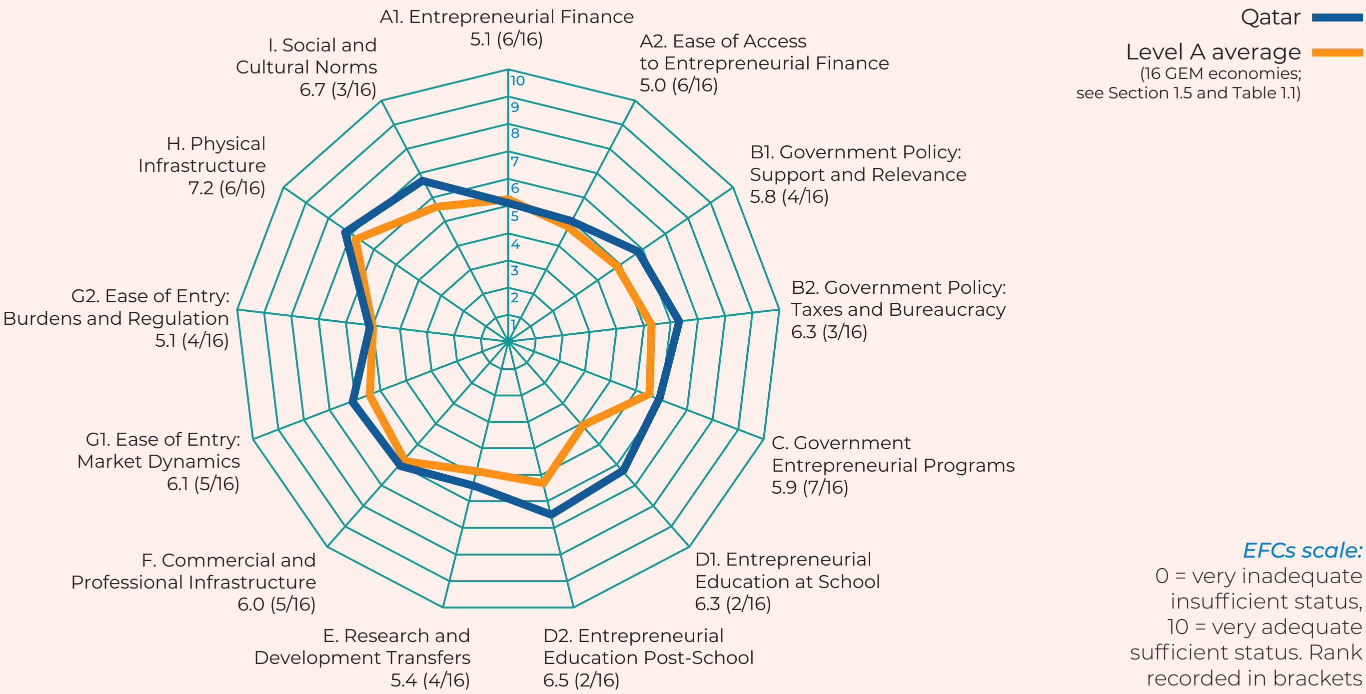
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	8.2	4
	% TEA	**Rank/45**
International (25%+ revenue)	11.9	20
Always consider social impact	82.2	15
Always consider environmental impact	83.9	9
Industry (% TEA in business services)	19.0	25

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	24.1	37
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	38.7	33
Use more digital technology to sell products or services	64.6	11
Pursue new opportunities due to pandemic	44.2	18

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

In recent years, the Qatari economy has exhibited positive growth, with expansions in GDP and various sectors. Despite the challenges posed by the COVID-19 pandemic, the economy rebounded notably in 2022, with a real GDP growth rate of 4.3%. Notwithstanding the effects of inflation on businesses, efforts have been made to address this issue, resulting in a decreasing inflation trend observed in 2023, reaching 2.4% by August.

While inflation poses challenges for businesses, particularly those reliant on imports, the impact can vary across industries. Small businesses and startups, with limited capital reserves, may face greater difficulties due to rising interest rates aimed at countering inflationary pressures. However, the Qatari government has implemented programs to support entrepreneurs, enhance their access to capital, and mitigate the impact of inflation. Looking ahead, the International Monetary Fund (IMF) predicts a further decrease in inflation rates in Qatar, potentially reaching around 2% by 2024.

In line with Qatar National Vision 2030, the Qatari government has implemented various policy changes and initiatives to strengthen entrepreneurship and the SME sector. Notable examples include encouraging SME participation in government procurement, and opening new opportunities for small businesses and startups. The launch of the Qatar Fintech Strategy by the Qatar Central Bank (QCB) has fostered innovation in the finance sector.

2023 Framework Conditions Review[1]

Qatar has a quality entrepreneurial environment, consistently ranked among the top 10 of GEM participating economies in the past five years. This quality dipped a little during the pandemic. The National Entrepreneurial Context Index (NECI), based on insights from national experts, fell from 5.9 in 2019 to 5.5 in 2021. The score has improved since then and reached 6.0 in 2023, above the corresponding pre-pandemic level.

Of the 13 individual Entrepreneurial Framework Conditions (EFCs) that make up the NECI, nine improved in 2023 compared to 2022, with just one score declining. As a result, all 13 EFCs scored as sufficient or better in 2023 (score ≥5.0), the only economy to do so besides the United Arab Emirates and the Netherlands. Both finance scores improved, as did both government policy and both education scores.

New 2023 National Expert Survey (NES) questions asked about the level of social support for women entrepreneurs, as well as those women entrepreneurs' access to the resources needed to start and run a business compared to that of men entrepreneurs. Qatar was among the top 10 in GEM 2023 for social support (sixth), with a score of 5.9, and 11th for relative access to resources with a score of 5.4.

2023 Entrepreneurial Activity Review

One in four Qatari adults in the GEM Adult Population Survey (APS) reported that their household income had fallen in 2023, a significant proportion but much less than the one in two of a year earlier.

Entrepreneurship has a reasonable profile in Qatar, with around one in two adults knowing someone who had recently started a business, and two out of three seeing good opportunities to start a business locally, or considering themselves to have the skills and experience to start their own. Just over two out of five of those seeing good opportunities would not start a business for fear it might fail, a proportion that has been fairly consistent in the past few years. Despite this, business intentions are very high, with nearly one in two of those adults not already doing so expecting to start a business in the next three years.

The proportion of adults already starting or running a new business in 2023 was just over 14%, up from nearly 11% a year earlier. Men and women were more or less equally likely to start a business, demonstrating that the new entrepreneurial activity rate among women has grown faster than that of men. However, Established Business Ownership rates remain very low, at just over 4%, although an improvement on the previous year. This implies that Qatar has more than three adults starting or running a new business for every Established Business Owner, so that established rate should keep increasing.

Three out of four new entrepreneurs agreed with the motivation to build great wealth or very high income. Many were outward-looking, with nearly three in 10 having customers beyond Qatar, perhaps reflecting the relatively small size of national markets. Two out of three new entrepreneurs expected to use more digital technology in the next six months. Job expectations were very high, with nearly three in five expecting to employ at least another six people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Qatar Development Bank

Type of institution
Public Body

Website
https://www.qdb.qa/en

Team

Team leader
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APS vendor

Wise Consultancy

Contact

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Republic of Korea

- **Population** (2022): **51.6 million** (UN)
- **GDP** per capita (2022; PPP, international $): **50.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	37.9	43
Good opportunities to start a business in my area	37.9	40
It is easy to start a business	38.7	34
Personally have the skills and knowledge	55.4	27
Fear of failure (opportunity)	26.8	44
Entrepreneurial intentions	24.9	14

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.6	28=
	% TEA	**Rank/45**
International (25%+ revenue)	1.9	41
Always consider social impact	66.4	32
Always consider environmental impact	58.4	40
Industry (% TEA in business services)	15.9	28

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	3.8	45
To build great wealth or very high income	82.6	5
To continue a family tradition	5.4	45
To earn a living because jobs are scarce	28.3	44

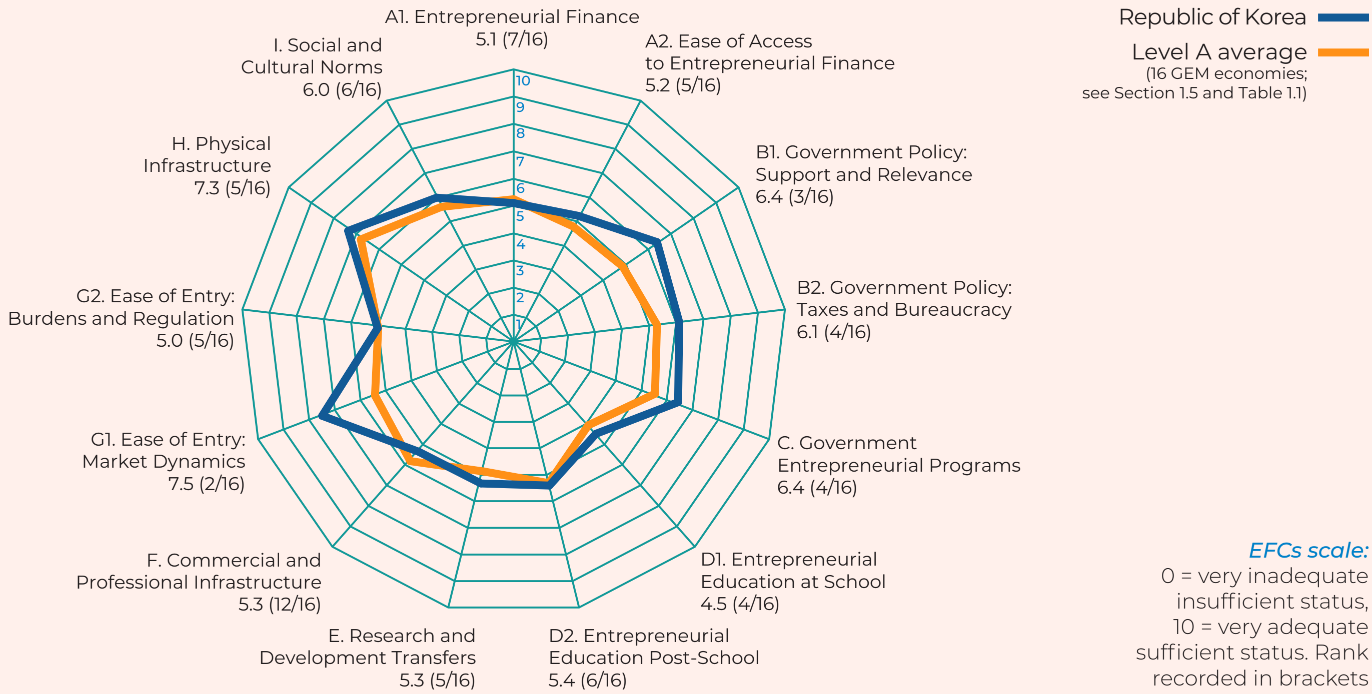
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	10.2	30	7.7	12.7
EBO (Established Business Ownership)	19.7	2	14.9	24.3

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	34.6	23
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	51.3	12
Use more digital technology to sell products or services	11.9	45
Pursue new opportunities due to pandemic	6.4	45

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Republic of Korea's economy continues to grow slowly. GDP growth was expected to be 1.4% in 2023 and 2.2% in 2024. Inflation was just over 3% in 2023, with high interest rates reducing new investment, including in entrepreneurship.

The government introduced "Start-up Korea" in 2023, aiming to leapfrog Korea into a global startup powerhouse, backed by detailed strategies for the digital economy, inward and outward investment and private venture capital. On the outbound side, there are plans to extend the scope of government support to include overseas corporations founded by Koreans. On the inbound side, the visa system will be improved to facilitate foreigners' startups, and a new K-Tech college will be established as a global startup centre.

2023 Framework Conditions Review[1]

The Republic of Korea's National Entrepreneurial Context Index (NECI) score, based on perspectives from national experts, has been steadily improving in recent years, from a score of 5.1 in 2019 to 5.8 in 2023. This pushes Korea up the international NECI league table from 15th of 51 economies in 2019 to eighth of 49 economies in 2023. As a score of ≥5 is regarded as sufficient, the entrepreneurial environment in the Korean Republic has gone from just sufficient to well over sufficient in that time.

Most of Korea's Entrepreneurial Framework Condition (EFC) scores improved a little; 12 of the 13 are sufficient in 2023, compared to just 10 in 2022. The only EFC in the Republic of Korea in 2023 assessed by experts as insufficient was Entrepreneurial Education at School (4.6 in 2022 to 4.5 in 2023). As in many economies, Entrepreneurial Education at School continues to be the worst-performing EFC in the Republic of Korea, and a blot on an otherwise encouraging entrepreneurial landscape.

The Republic of Korea scored reasonably well on expert assessments of the social support to women entrepreneurs, and on how those women entrepreneurs access resources compared to their male counterparts, scoring 4.8 and 5.8 respectively.

These scores place Korea 12th and ninth among the 45 economies in 2023, mirroring Korea's position in the NECI league table.

2023 Entrepreneurial Activity Review

Despite the steady growth in the Republic of Korea's economy, the proportion of adults reporting that their household income had fallen in 2023 has stayed stubbornly consistent, at around one in three, since this question was introduced to the GEM Adult Population Survey (APS) in 2020.

Entrepreneurship has a modest profile in the Republic of Korea, with two in five adults knowing someone who has recently started their own business, or who see good opportunities to start a business themselves. However, less than one in two adults consider themselves as having the skills and experience to start a business, while only one in four of those seeing good opportunities would not start a business for fear it might fail: the second lowest level in the 45 GEM economies (behind Iran). Less than one in four adults intend to start a business in the next three years.

Just over one in 10 adults in the Republic of Korea was starting or running a new business in 2023, a rate that has been falling steadily since 2021 and is well below the pre-pandemic level of 14.9% in 2019. Men are more likely than women to be new entrepreneurs, with around three men starting a new business for every two women doing the same.

The level of Established Business Ownership in the Republic of Korea is high, at just under one in five (second highest in GEM 2023). There are about two Established Business Owners for every person starting a new business.

To build great wealth or very high income is the dominant motivation agreed by more than eight in 10 new entrepreneurs, with earning a living because jobs are scarce a distant second (just three in 10). Most new entrepreneurs are highly focused on Korean markets, with just one in 10 having customers outside the Republic. A similarly small proportion expected to use more digital technology in the next six months. Many more new entrepreneurs (15%) expect to employ at least another six people over the next five years, although that proportion has halved in just a year.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Korea Institute of Startup & Entrepreneurship Development (KISED)

Type of institution
Research Institute

Website
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Team

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Romania

- **Population** (2022): **19.0 million** (UN)
- **GDP** per capita (2022; PPP, international $): **41.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	45.5	38
Good opportunities to start a business in my area	55.7	24
It is easy to start a business	36.0	37
Personally have the skills and knowledge	52.6	32
Fear of failure (opportunity)	58.1	5
Entrepreneurial intentions	5.8	43

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.5	32=
	% TEA	**Rank/45**
International (25%+ revenue)	7.3	26
Always consider social impact	84.0	10
Always consider environmental impact	82.7	12
Industry (% TEA in business services)	13.6	30

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	66.6	8
To build great wealth or very high income	77.8	9
To continue a family tradition	35.7	14
To earn a living because jobs are scarce	87.5	8

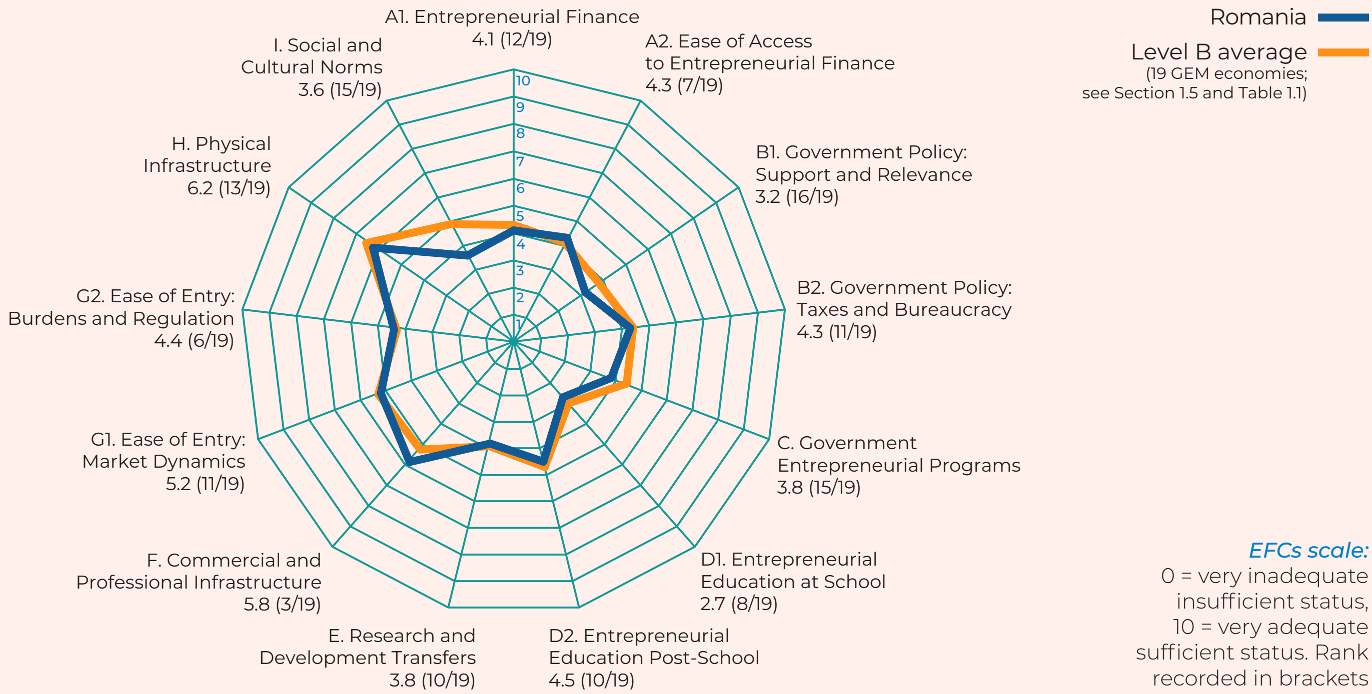
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	5.9	45	4.9	6.8
EBO (Established Business Ownership)	5.1	34=	3.9	6.3

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	18.6	44
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	38.8	32
Use more digital technology to sell products or services	39.6	38
Pursue new opportunities due to pandemic	41.5	24

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Romanian GDP growth looks set to have fallen to just over 1% in 2023, although capital inflows from the European Union funds are likely to boost growth in the near future. Inflation fell to 8%, with price pressures still challenging entrepreneurs. However, an increasing budget deficit led to new fiscal measures in the second half of 2023.

2023 Framework Conditions Review[1]

Romania's overall entrepreneurial environment has been improving in recent years. In 2023, eight of its 13 Entrepreneurial Framework Condition (EFC) scores increased, while four fell. Three have risen for two consecutive years: Government Entrepreneurial Programs, Research and Development Transfers, and Commercial and Professional Infrastructure. Like in many economies, the Romanian entrepreneurial environment scored highest for its Physical Infrastructure (6.2) and lowest for Entrepreneurial Education at School (2.7).

In 2021, Romania had a National Entrepreneurial Context Index (NECI) score of 4.0 and was ranked 40th. By 2022, it had risen to 4.2 (36th) and reached 4.3 in 2023, placing Romania 31st among the 49 economies.

National experts assessed the quality of social support to women entrepreneurs and how their access to resources compared to men (new questions for 2023). These scores for Romania came in at 3.4 for social support (30th) and 4.5 for resources (37th), so there is much work to be done here.

2023 Entrepreneurial Activity Review

In 2023, two out of 10 adults in Romania reported that their household income had fallen, down from three in 10 a year earlier.

The percentage of adults who were starting or running a new business had been falling since 2021, and was just 5.9% recently, ranking Romania 38th of the 46 economies. Men were more likely than women to be new entrepreneurs (male rate 6.8%, female rate 4.9%). Established Business Ownership was also relatively low, at 5.1%, meaning just over one person started a new business for each running an established one.

The entrepreneurial profile in 2023 was fairly muted, with just under one in two adults knowing someone who had started a business recently. Just over one in two considered themselves to have the skills and experience to start their own business, with a similar proportion seeing good opportunities to start a business locally. However, three in five of those seeing good opportunities would not start a business for fear it might fail, the second highest proportion in Level B and fifth highest in GEM. One consequence was that entrepreneurial intentions were low, with just one in 20 adults not already doing so expecting to start a business in the next three years, about half of the level two years earlier and third lowest in GEM 2023 behind Poland and China.

Nine out of 10 new entrepreneurs agreed with the motivation to earn a living because jobs are scarce. Eight out of 10 agreed with the motivation to build great wealth or very high income. Just one in eight new entrepreneurs had customers outside of their country, while two in five expected to use more digital technology in the next six months.

A high rate of one in four new entrepreneurs expected to add at least another six jobs in the next five years. This is a strong number considering that more than two out of five are solo entrepreneurs. However, because the proportion of adults starting or running a new business was low, this high rate translates into less than 2% of adults in Romania being both new entrepreneurs and expecting to employ another six people or more over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution

Faculty of Economics and Business Administration, Babes-Bolyai University

Type of institution

University

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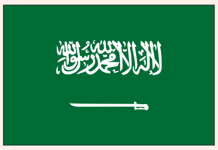


Saudi Arabia

- **Population** (2022): **36.4 million** (UN)
- **GDP** per capita (2022; PPP, international $): **59.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	87.9	1
Good opportunities to start a business in my area	93.2	1
It is easy to start a business	92.4	1
Personally have the skills and knowledge	90.8	1
Fear of failure (opportunity)	60.8	3
Entrepreneurial intentions	38.5	10

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	7.5	7
	% TEA	**Rank/45**
International (25%+ revenue)	5.3	28
Always consider social impact	85.3	9
Always consider environmental impact	78.7	18
Industry (% TEA in business services)	4.4	37=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	70.6	4
To build great wealth or very high income	90.9	2
To continue a family tradition	72.2	2
To earn a living because jobs are scarce	90.9	3

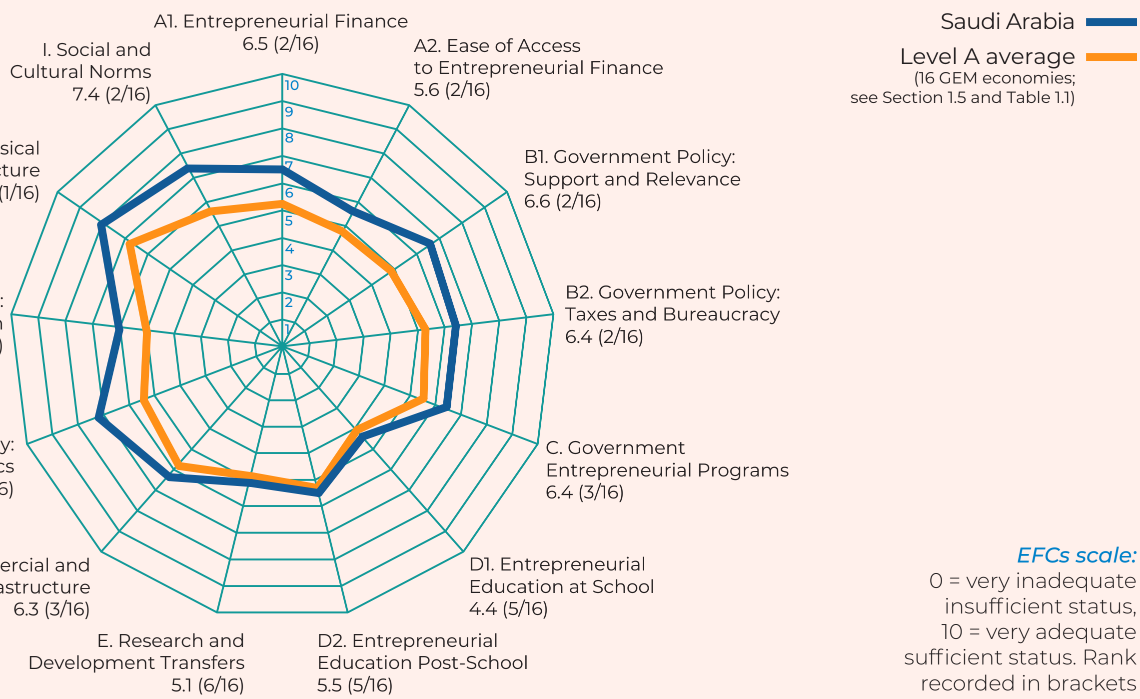
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	25.3	6	23.0	27.1
EBO (Established Business Ownership)	13.6	5	13.5	13.7

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	19.5	41
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	12.3	45
Use more digital technology to sell products or services	77.6	3
Pursue new opportunities due to pandemic	64.0	4

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Saudi Arabia is continuing to transform its economy, diversifying income sources to reduce reliance on oil, and improving competitiveness. Non-oil GDP growth in 2023 was expected to reach 5%, with inflation at 3%.

Recent legislation has sought to encourage entrepreneurship, safeguard private investment and lower the expense of doing business. Private investment was boosted by the Saudi Public Investment Fund (PIF).

2023 Framework Conditions Review[1]

Saudi Arabia has invested heavily in its entrepreneurial environment as an important component in its diversification strategy. This investment has borne fruit, with the overall quality of its entrepreneurial environment, as assessed by its own national experts and measured by the National Entrepreneurial Context Index (NECI), increasing steadily from 5.0 in 2019 to 6.3 in 2022 and the same in 2023, pushing Saudi Arabia up the NECI league table from 17th in 2019 to second in 2022 but down to third in 2023 (because of improvements in India's NECI score). Saudi Arabia clearly has a high-quality entrepreneurial environment, with all individual Entrepreneurial Framework Conditions (EFCs) assessed as more than sufficient in 2023, with the exception of Entrepreneurial Education at School, which, as in so many economies, continues to have by far the lowest EFC score. Individual EFC scores were little changed in 2023 compared to 2022.

National experts assessed social support for women entrepreneurs and those women entrepreneurs' access to resources compared to their male counterparts (new 2023 questions). Results for Saudi Arabia were quite surprising. The social support for women starting their own business had an excellent score of 6.4, much better than sufficient and ranked third of the 49 GEM economies in the National Expert Survey (NES) in 2023. However, women entrepreneurs' comparative access to resources, which ought not to be an issue in such a rich country, scored just 4.4, ranked 40th of those 49 economies. Urgent action is required here if Saudi Arabia is to maintain its new reputation as an excellent place to start a business.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

2023 was an excellent year for entrepreneurial activity in Saudi Arabia, though with some concerns.

Just one in five adults reported that their household income reduced in 2023, down from one in two a year earlier. Entrepreneurship has a very high profile in Saudi Arabia, with around nine in 10 adults each knowing someone who had recently started a business, or seeing good opportunities to do so locally, or considering themselves to have the skills and experience to start their own. Each of these proportions was the highest in GEM 2023. However, three out of five of those seeing good opportunities would not start a business for fear it might fail (third highest in GEM). Despite this, nearly two in five adults not already doing so intended to start their own business in the next three years.

In 2023, almost one in four adults in Saudi Arabia were starting or running a new business, by far the highest in Level A, and sixth highest in GEM. This level was around twice that of pre-pandemic 2019. However, one concern is that more than four out of five of these new businesses was in consumer services. Reflecting several years of high levels of new startups, the level of Established Business Ownership continues to grow: 5% in 2021, 10% in 2022 and reaching 14% in 2023. So many new businesses are transitioning into established ones.

Building great wealth and earning a living because jobs are scarce share dominance as agreed motivations for new entrepreneurs. However, and perhaps because of the large and growing internal market, very few new Saudi entrepreneurs have customers beyond the country (less than one in 20). Nevertheless, more than three in four of those new entrepreneurs expect to use more digital technology in the next six months, while three in 10 expect to employ another six or more people over the next five years.

Overall, this is a very positive set of entrepreneurial outcomes for Saudi Arabia, with very high awareness of entrepreneurship, high levels of new and increasing levels of established businesses, all within a supportive and high-quality entrepreneurial environment. Concerns include the relative access of women entrepreneurs to resources, high levels of potential entrepreneurs deterred by fear of failure and the overwhelming dominance of consumer services.

Institution

Lead institution

Prince Mohammed bin Salman College (MBSC)

Babson Global Center for Entrepreneurial Leadership (BGCEL)

Type of institution

Business School

Website

https://www.mbsc.edu.sa

Other institutions involved

Emaar The Economic City

Team

Team leader

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David Abdow

Team members

Dr Alicia Coduras

Kim Stanhouse

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Funders

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Slovak Republic

- **Population** (2022): **5.4 million** (UN)
- **GDP** per capita (2022; PPP, international $): **37.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	59.8	18=
Good opportunities to start a business in my area	32.9	43
It is easy to start a business	24.2	43
Personally have the skills and knowledge	50.7	35
Fear of failure (opportunity)	48.1	14
Entrepreneurial intentions	9.9	36

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	4.1	16
	% TEA	**Rank/45**
International (25%+ revenue)	10.0	23
Always consider social impact	80.3	17
Always consider environmental impact	80.4	15
Industry (% TEA in business services)	31.4	8

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	37.1	35
To build great wealth or very high income	37.6	43
To continue a family tradition	24.3	34
To earn a living because jobs are scarce	70.4	18

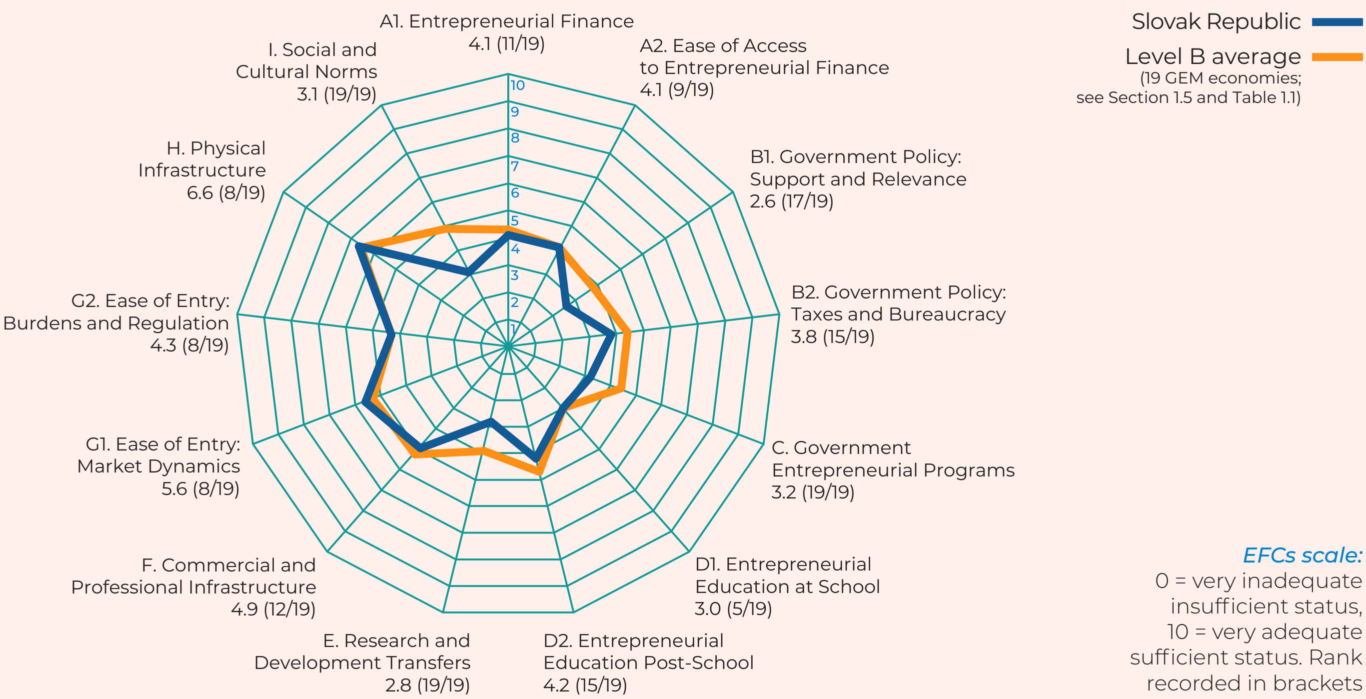
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	10.7	27	8.9	12.6
EBO (Established Business Ownership)	4.0	42	3.5	4.4

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	36.2	21
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	46.1	22=
Use more digital technology to sell products or services	40.2	35
Pursue new opportunities due to pandemic	24.5	43

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

GDP growth in the Slovak Republic was expected to reach just over 1% in 2023, while inflation stood at 12%, one of the highest rates in the Eurozone. High inflation was causing uncertainty for entrepreneurs, with price instability identified as a major concern.

Slovakia introduced legislation in 2023 to define family businesses, setting the foundations for future policy support.

GEM has been established as an important source of input for entrepreneurship policymaking in Slovakia. Examples using GEM results include the Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic, the Audit of the application of the Small Business Act principles in the Slovak Republic, and an analysis of the effectiveness of government entrepreneurship support programs.

2023 Framework Conditions Review[1]

The quality of the overall entrepreneurial environment in the Slovak Republic had been improving in recent years from a fairly low base, but took a step back in 2023. The National Entrepreneurial Context Index (NECI) score for the Slovak Republic increased from 4.0 in 2019, placing it 42nd of 54 participating economies that year, to 4.4 in 2022, placing it 31st of 50. It then fell to 4.0 in 2023, back to 39th of 49.

The driver of this decline was reduced scores for 11 of the Entrepreneurial Framework Conditions (EFCs) between 2022 and 2023, with just one small increase (for Entrepreneurial Education at School). Many of these falls were small, with the largest being for Government Policy: Support and Relevance and for Commercial and Professional Infrastructure. The Slovak Republic continues to score well for its Physical Infrastructure, the highest of the Level B economies. However, Research and Development Transfers had the lowest score among Level B economies, and in the bottom 10 in GEM 2023.

National experts assessed the quality of social support for women entrepreneurs, and their access to resources compared to their male counterparts (new 2023 questions). The Slovak Republic scored fairly poorly in each, with a score of 3.0 for social support (40th of 49) and 3.8 for access to resources (44th).

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

Slow growth in the Slovak economy was reflected in one in three adults reporting that their household income had fallen in 2023, although this was an improvement on the one in two a year earlier.

The level of Total early-stage Entrepreneurial Activity (TEA) was just over one in 10 adults (10.8%), the same as the year before but much higher than it had been in 2021 (6.4%), although not yet back to pre-pandemic levels (13.3% in 2019). Men were more likely than women to be starting or running a new business, with three men doing so for every two women, perhaps not too surprising given the lack of social support and unequal access to resources for women entrepreneurs noted earlier. It is not only some women who are losing out here: so is the Slovak economy in terms of lost output, value-added and jobs.

The level of Established Business Ownership had fallen from a year earlier: from 6.4% in 2022 to just 4% in 2023. This implies a hollowing-out of the stock of small businesses, and is a major concern.

The profile of entrepreneurship in the Slovak Republic was reasonably good, with more than three in five adults knowing someone who had recently started a business, one in two adults considering they had the skills and experience to start their own, and one in three seeing good opportunities to start a business locally. However, almost a half of those seeing good opportunities would not start a business for fear it might fail. The proportion of adults not already doing so but expecting to start a business in the next three years was just under one in 10, higher than a year before, but, like TEA, not yet back to pre-pandemic levels.

Earning a living because jobs are scarce was by far the most agreed motivation among new entrepreneurs, who were also export-oriented, with more than one in three having customers beyond their borders. Two in five of those new entrepreneurs expected to use more digital technology in the next six months, while job expectations were fairly high, with almost four in 10 anticipating employing at least another six people over the next five years. This was the second highest proportion in GEM 2023, behind only Qatar, made more surprising by the Slovak Republic having the second highest share of solo entrepreneurs (those with one owner and no employees) at more than one in two, second to Israel in Level B and sixth highest in GEM 2023.

Institution

Lead institution
Comenius University in Bratislava, Faculty of Management

Type of institution
University

Website
https://www.fm.uniba.sk/en

Other institutions involved
Slovak Business Agency (SBA)

Team

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Juraj Mikus
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Funders

Slovak Business Agency (SBA)
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APS vendor

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Slovenia

- **Population** (2022): **2.1 million** (UN)
- **GDP** per capita (2022; PPP, international $): **50.0 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	55.4	22
Good opportunities to start a business in my area	50.2	30
It is easy to start a business	62.6	12
Personally have the skills and knowledge	62.8	20
Fear of failure (opportunity)	44.2	23
Entrepreneurial intentions	15.4	24

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	56.1	15
To build great wealth or very high income	53.6	28
To continue a family tradition	29.0	25
To earn a living because jobs are scarce	49.1	36

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.3	38
	% TEA	**Rank/45**
International (25%+ revenue)	25.6	3
Always consider social impact	74.0	21
Always consider environmental impact	77.7	20
Industry (% TEA in business services)	31.2	9

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	7.1	38	5.0	9.0
EBO (Established Business Ownership)	8.8	13	4.6	12.8

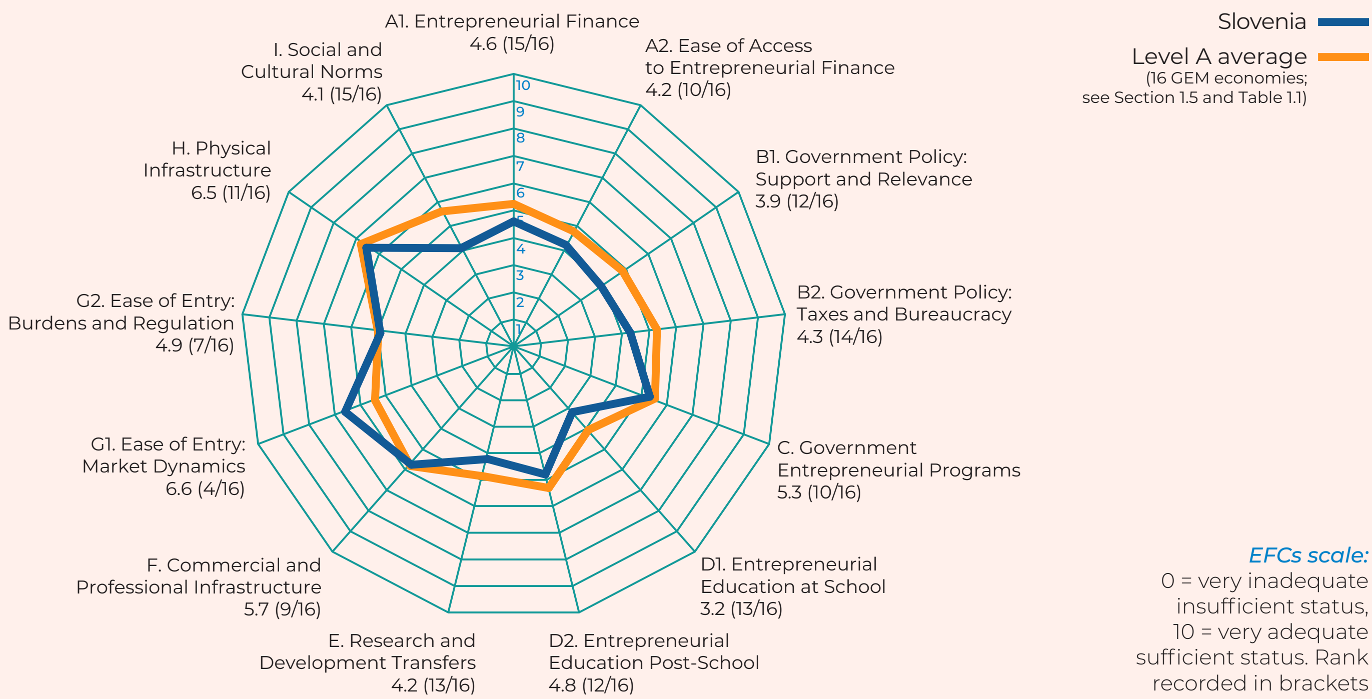
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	19.0	42=
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	29.9	42
Use more digital technology to sell products or services	47.0	26
Pursue new opportunities due to pandemic	43.7	20

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Slovenian economy was expected to grow slowly in 2023, with GDP expanding by just under 2%, impacted by the global slowdown which reduced export growth. The inflation rate was just under 8%, so entrepreneurs were faced both with rising costs and weakening export markets.

In 2023 the Slovenian government was trying to control energy prices to reduce inflation, support employment and wage growth to boost consumption, and to prioritize construction investment for flood recovery and expansion. The government's focus has been on fostering green investments and improving access to finance, particularly for SMEs. This effort is reflected in the strategic development of the capital market, which is aimed at creating a more inclusive and supportive financial environment for businesses.

2023 Framework Conditions Review[1]

The overall quality of the Slovenian entrepreneurial environment, as assessed by its own national experts and as summarized in the National Entrepreneurial Context Index (NECI), has recovered strongly from the depths of the pandemic. Slovenia's NECI score was 4.3 in 2021 and increased to 4.8 in both 2022 and 2023. In 2021, that score had placed Slovenia 32nd of the GEM economies; by 2023, the new score placed Slovenia among the top third of GEM economies, helped by the fact that many other economies saw their NECI score decline between 2022 and 2023.

Between 2022 and 2023, Entrepreneurial Framework Condition (EFC) scores for Slovenia changed very little, although eight increased slightly and three decreased. The largest changes were for Government Policy: Support and Relevance, falling from 4.4 to 3.9, for Government Entrepreneurial Programs (from 5.8 to 5.3), while Ease of Entry: Market Dynamics saw its score increase from 6.0 to 6.6.

National experts were asked in 2023 to assess the social support for women entrepreneurs, and those women entrepreneurs' access to resources compared to their male counterparts. Slovenia was one of just 10 economies in which the assessment for social support (5.0) exceeded that for access to resources (3.5), the former placing Slovenia 11th of the 49 GEM economies, and the latter placing it 47th. There is clearly much work to do to improve access to resources for women entrepreneurs.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), one in five adults in Slovenia reported that their household income had fallen in 2023, a proportion that has been steadily reducing since this question was first asked by GEM in 2020, when it had been two in five.

The profile of entrepreneurship in Slovenia in 2023 appeared close to the European average, with just over one in two adults knowing someone who had started a business recently, and a similar proportion seeing good opportunities to start a business locally. Confidence was fairly high, with just over three in five adults considering themselves to have the skills and experience to start their own business. However, more than two in five of those seeing good opportunities would not start a business for fear it might fail, which may be why the proportion of adults expecting to start a business in the next three years was less than one in six.

The proportion of adults starting or running a new business in Slovenia in 2023 was fairly modest at 7%, down from 8% a year earlier. Men were much more likely than women to be starting a new business, possibly reflecting the difficulties noted above that women face accessing resources compared to men. The level of Established Business Ownership was a little higher than for new entrepreneurship, at 8.8%, implying just under one new business for every established business.

Agreement among new entrepreneurs was about evenly split between the motivations to make a difference in the world (56%) and to build great wealth or very high income (54%). New entrepreneurs were very outward-looking, with more than one in two having customers outside of their own borders, the second highest proportion in GEM 2023. Just under one in two new entrepreneurs expected to use more digital technology in the next six months, while around one in five expected to employ at least another six people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
University of Maribor, Faculty of Economics and Business

Type of institution
University

Website
https://www.um.si/en
https://www.epf.um.si/en/
https://ipmmp.um.si/globalni-podjetniski-monitor/

Team

Team leader
Prof. Karin Širec, PhD

Team members
Prof. Polona Tominc, PhD
Prof. Katja Crnogaj, PhD
Prof. Barbara Bradač Hojnik, PhD
Matej Rus, MSc
Ivona Huđek, PhD
Prof. Emeritus Miroslav Rebernik, PhD

Funders

SPIRIT Slovenia — Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology
Slovenian Research and Innovation Agency
Institute for Entrepreneurship and Small Business Management at Faculty of Economics & Business, University of Maribor

APS vendor

Mediana

Contact

karin.sirec@um.si

South Africa

- **Population** (2022): **59.9 million** (UN)
- **GDP** per capita (2022; PPP, international $): **15.9 thousand** (World Bank)

Attitudes and perceptions	% Adults	Rank/46
Know someone who has started a new business	39.0	42
Good opportunities to start a business in my area	64.1	15=
It is easy to start a business	61.9	14
Personally have the skills and knowledge	69.2	15=
Fear of failure (opportunity)	59.5	4
Entrepreneurial intentions	7.5	42

Motivational (somewhat or strongly agree)	% TEA	Rank/45
To make a difference in the world	61.4	12
To build great wealth or very high income	64.9	16
To continue a family tradition	47.2	8
To earn a living because jobs are scarce	69.4	19

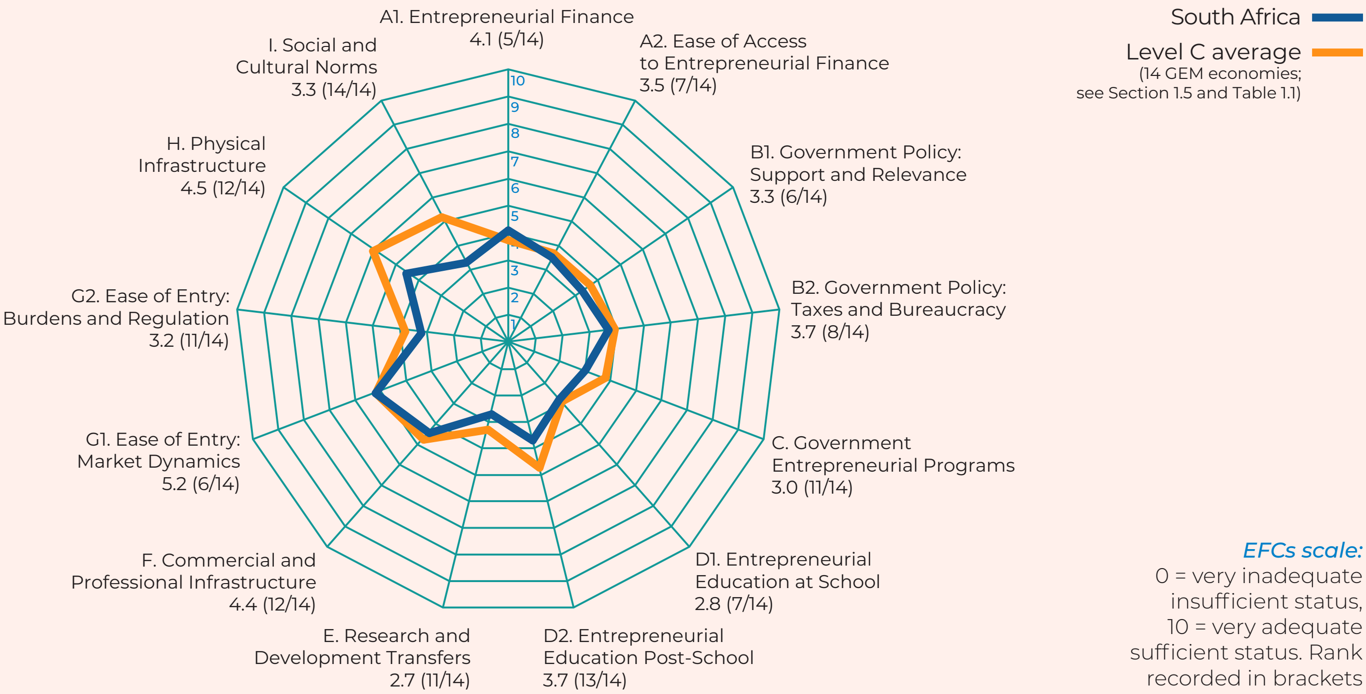
Activity	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	11.1	24	9.7	12.7
EBO (Established Business Ownership)	5.9	28	4.1	7.9

Entrepreneurship impact	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	2.4	21=
	% TEA	Rank/45
International (25%+ revenue)	13.1	19
Always consider social impact	68.4	29
Always consider environmental impact	60.9	37
Industry (% TEA in business services)	3.6	44

Recent changes	% Adults	Rank/46
Household income has decreased in 2023*	57.7	3
	% TEA	Rank/45
Starting a business is more difficult than a year ago	44.6	27
Use more digital technology to sell products or services	61.3	14
Pursue new opportunities due to pandemic	44.6	17

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Economic growth, as measured by real GDP change, has slowed in South Africa, falling from 2% in 2022 to an expected 0.4% in 2023. Shortages of electricity continue to disrupt business activity and to increase business costs. Inflation rose to 7% in 2022, and is expected to remain high at around 6% in 2023. Interest rates had increased to almost 12% by the end of 2023, placing huge pressure on businesses and consumers.

The National Small Enterprise Amendment Bill (2023) aims to provide support to small businesses by introducing an independent arbiter to deliver justice to small businesses outside of the complexity and expense of the formal legal system.

2023 Framework Conditions Review[1]

The quality of the overall entrepreneurial environment in South Africa, as assessed by its own national experts and summarized in the National Entrepreneurial Context Index (NECI), had improved from a score of 3.7 in 2021 to 4.1 in 2022, but fell back to just 3.6 in 2023, third lowest of the 49 GEM participating economies.

This reduction reflected declines in 11 of the 13 Entrepreneurial Framework Conditions (EFCs), with only Entrepreneurial Finance and Ease of Entry: Market Dynamics recording increases. The greatest fall was in Social and Cultural Norms, down from 4.5 in 2022 to just 3.3 in 2023. Such a large fall for this EFC is unusual, because Social and Cultural Norms typically change very slowly. Scores for other EFCs also fell substantially, including for both educational EFCs, for Government Entrepreneurial Programs, for Government Policy: Support and Relevance, and for Research and Development Transfers. No South African EFC was scored as sufficient (score ≥5.0) in 2023.

Although South Africa's scores for women's entrepreneurship were also less than sufficient, those scores were relatively better than for most of the EFCs. Experts assessed the social support for women entrepreneurs at 3.9, which, while low, placed South Africa 21st of the 49 GEM economies. The assessment for women entrepreneurs' access to resources scored higher at 4.9, but this was 31st of the 49 economies.

2023 Entrepreneurial Activity Review

The parlous state of the South African economy was reflected in the GEM Adult Population Survey (APS), with nearly three in five adults reporting that their household income had fallen in 2023, a proportion little changed over the previous two years.

The entrepreneurial profile remains high in South Africa, with two in five adults knowing someone who had recently started a business, and two in three either seeing good opportunities to do the same or considering they have the skills and experience to start their own business. However, nearly three in five of those seeing good opportunities would not start a business for fear it may fail. Partly as a result, just 8% of adults expected to start their own business in the next three years.

In recent years, the level of Total early-stage Entrepreneurial Activity (TEA) in South Africa has fluctuated a great deal: from 17.5% in 2021 to 8.5% in 2022, and then up to 11.1% in 2023. Men are slightly more likely to be starting a business than women (male TEA = 12.7%, female TEA = 9.7%). Established Business Ownership, at 5.9%, was up sharply on a year earlier.

Seven out of 10 new entrepreneurs agreed with the motivation to earn a living because jobs are scarce, with slightly fewer (two out of three) agreeing with the motivation to build great wealth or very high income. Only one in five new entrepreneurs had customers outside of their own country, but three in five expected to use more digital technologies in the next six months. A respectable one in five new entrepreneurs expected to employ at least another six people over the next five years, more or less the same proportion as in 2022, but down from the three in 10 of 2021.

Overall, the level of entrepreneurial activity has held up relatively well in 2023, despite some deterioration in the quality of the entrepreneurial environment.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Stellenbosch University

Stellenbosch University Iyunivesithi Universiteit | Stellenbosch Business School

Type of institution
University

Website
www.sun.ac.za

www.stellenboschbusiness.ac.za

Other institutions involved
University of Johannesburg

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Team members
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Dr Mahsa Samsami
Prof Marius Ungerer

Funders

Stellenbosch Business School
Small Enterprise Development Agency (Seda)
Standard Bank of South Africa Limited

APS vendor

NielsenIQ South Africa

Contact

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Spain

- **Population** (2022): **47.6 million** (UN)
- **GDP** per capita (2022; PPP, international $): **45.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	48.3	33
Good opportunities to start a business in my area	30.7	44
It is easy to start a business	29.9	41
Personally have the skills and knowledge	53.2	30
Fear of failure (opportunity)	46.2	19
Entrepreneurial intentions	9.6	37

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	37.6	32
To build great wealth or very high income	37.2	44
To continue a family tradition	21.7	37
To earn a living because jobs are scarce	57.1	34

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	6.8	40=	6.1	7.5
EBO (Established Business Ownership)	6.7	24=	6.0	7.4

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	0.7	44
	% TEA	**Rank/45**
International (25%+ revenue)	17.9	14
Always consider social impact	60.1	39=
Always consider environmental impact	58.8	39
Industry (% TEA in business services)	34.5	3

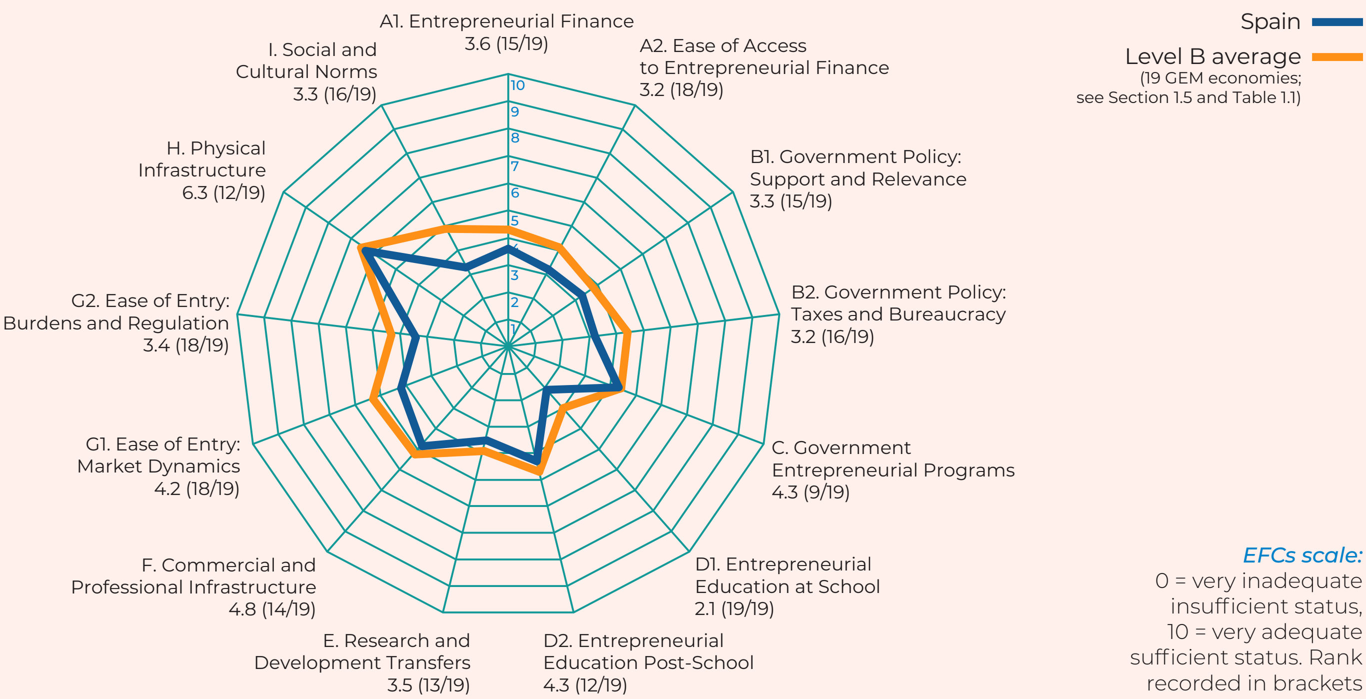
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	34.1	24
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	46.8	20=
Use more digital technology to sell products or services	44.6	30
Pursue new opportunities due to pandemic	41.0	25

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Spanish economy is expected to grow over 2% in 2023, and is continuing to create new jobs and reduce the number of temporary employees. Inflation in September 2023 stood at 3.5%, one of the lowest levels in the European Union.

In 2022, Spanish Startup Law 28/2022 aimed to create a more favourable regulatory framework and thereby boost emerging and innovative businesses, although there are still some continuing entrepreneurial perceptions of instability in Spain. In 2023, Spain's government expanded the application of the Startup Law.

2023 Framework Conditions Review[1]

In 2021, Spain had a National Entrepreneurial Context Index (NECI) score of 5.4, placing it 10th of the 50 economies participating in GEM that year. In 2022, this score fell to 4.0, and in 2023 fell further to 3.8, much less than sufficient, and placing Spain 44th of the 49 economies evaluated.

Despite a lower average perception of the quality of the national Entrepreneurial Framework Conditions (EFCs), in 2023 national experts improved their evaluation of Government Entrepreneurial Programs, Research and Development Transfers, and Government Policy: Support and Relevance for entrepreneurs in Spain. However, these improvements were more than offset by declines in eight other framework conditions, with just one assessed as sufficient in 2023 (Physical Infrastructure), compared to three the year before.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

The percentage of adults starting or running a new business in Spain has increased slowly over the previous three years, reaching 6.8% in 2023 compared to 6.0% in 2022. Men were more likely than women to start a business, although the difference was small. Established Business Ownership was more or less the same rate as for those starting or running a new business, implying that Spain had one adult starting a new business for each adult owning an established one.

The proportion of adults reporting that their household income had fallen in 2023 was just one in three, having declined slowly each year from two in five in 2020.

Almost one in two adults in Spain know someone who had recently started their own business, with just over one in two considering themselves to have the skills and experience to start their own. The proportion seeing good opportunities to start a business locally was lower at three in 10, and of these one in two adults would not start a business for fear it might fail. Just one in 10 of those not already doing so intend to start a business in the next three years.

Earning a living because jobs are scarce was the most agreed motivation among new entrepreneurs, at nearly three out of five, although the relevance of this motivation compared with others has decreased considerably in 2023. Those starting or running a new business were relatively international in outlook, with more than one in three having customers beyond Spain. Just about one in two expected to use more digital technology in the next six months, while job creation expectations were fairly low, with only one in 10 new entrepreneurs expecting to employ at least another six people over the next five years.

Institution

Lead institution

Observatorio del Emprendimiento de España (OEE)

RED GEM ESPAÑA
OBSERVATORIO DEL EMPRENDIMIENTO

Type of institution

Non Profit Organization

Website

http://www.gem-spain.com

Regional teams

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National team

Team leader

Ana Fernández Laviada, PhD

National team members

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Yago Atrio Lema
Ariadna Monje Amor, PhD
Paula San Martin Espina, PhD
Ignacio Mira Solves, PhD
Mª del Mar Fuentes Fuentes, PhD
María Saiz Santos, PhD

Funders

ENISA (Ministry of Industry, Commerce and Tourism)

APS vendor

Opinometre

Contact

presidencia@gem-spain.com

ECONOMY PROFILE

Sweden

- **Population** (2022): **10.5 million** (UN)
- **GDP** per capita (2022; PPP, international $): **64.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	51.5	29
Good opportunities to start a business in my area	69.0	8
It is easy to start a business	79.7	5
Personally have the skills and knowledge	47.2	40
Fear of failure (opportunity)	43.4	24
Entrepreneurial intentions	10.7	33

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.5	32=
	% TEA	**Rank/45**
International (25%+ revenue)	20.4	9
Always consider social impact	60.1	39=
Always consider environmental impact	53.8	41
Industry (% TEA in business services)	30.7	10

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	43.1	25
To build great wealth or very high income	53.7	26=
To continue a family tradition	26.4	29=
To earn a living because jobs are scarce	29.1	43

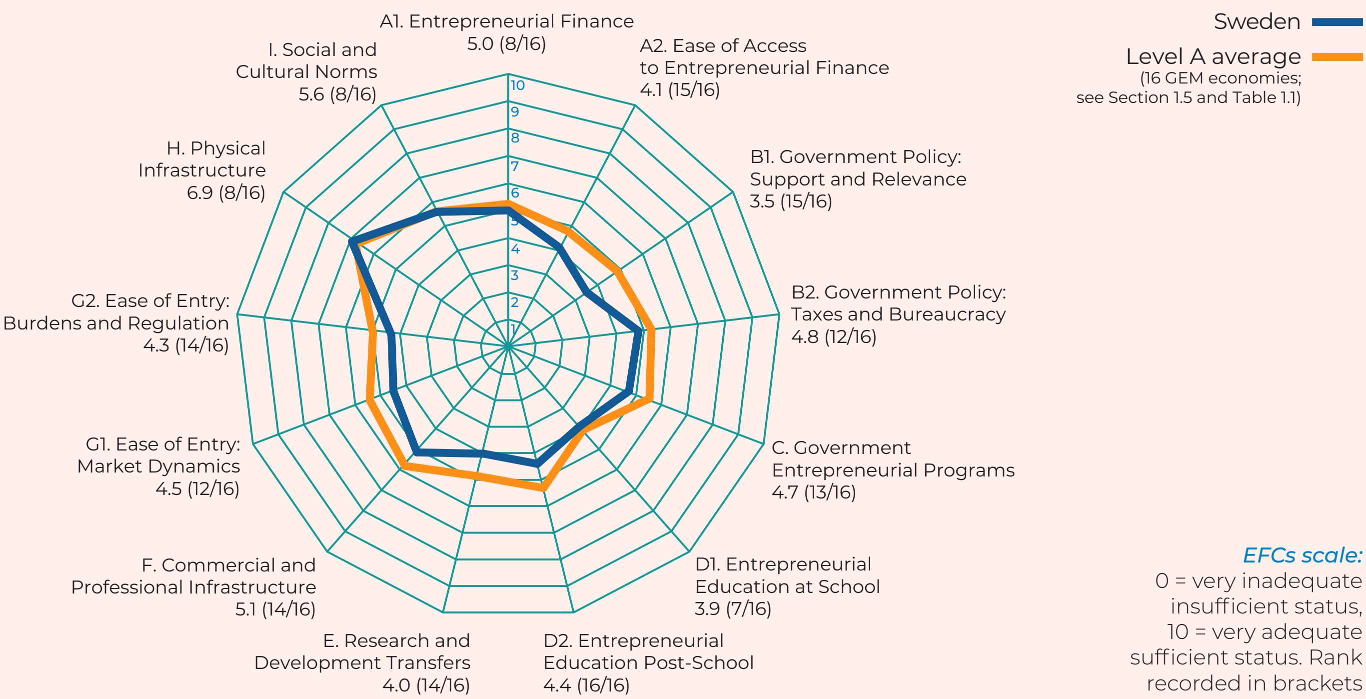
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	9.2	34	7.3	11.1
EBO (Established Business Ownership)	5.5	30	2.8	8.0

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	25.5	34
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	25.6	44
Use more digital technology to sell products or services	39.7	37
Pursue new opportunities due to pandemic	33.9	35

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Swedish economy entered recession in 2023, with GDP per capita expected to fall by 1.2% over the year. Even though inflation has been falling, it remains well above the target of 2%, leading the Riksbank to continue to increase interest rates and dampen economic activity. The number of bankruptcies has risen to the highest levels in Sweden recorded over 20 years.

2023 Framework Conditions Review[1]

In 2023 Sweden joined the group of high-income developed North American and European economies which had seen the national-expert-assessed quality of their entrepreneurial environment slip from sufficient to less than sufficient since the pandemic.

The quality of that overall environment is distilled in the National Entrepreneurial Context Index (NECI). In 2021 Sweden had a NECI score of 5.3, declining to 5.0 (just sufficient) in 2022 and then to a less-than-sufficient 4.7 in 2023.

Just two years ago, Sweden had six of its 13 Entrepreneurial Framework Conditions (EFCs) scored as sufficient. By 2023, this had fallen to four, with Ease of Access to Entrepreneurial Finance and Ease of Entry: Market Dynamics no longer regarded as sufficient, both having experienced large falls in their scores from 2022. In fact, between 2022 and 2023, 10 EFC scores fell, with scores increasing in just two.

National experts assessed the quality of social support for women entrepreneurs, and their access to resources compared to their male counterparts (new 2023 questions). For social support for women entrepreneurs, Sweden scored a creditable 6.1, fifth among all the GEM economies, but for access to resources the score was just 5.1, or 25th among GEM economies. Sweden was part of a select group of 10 economies with scores for social support that exceeded their scores for access to resources. Interestingly, six of these economies were from Northern Europe, with the other four from the Arabian Gulf.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In 2023, one in four Swedish adults reported that their household income had fallen in 2023, down from two in five the previous year.

The entrepreneurial landscape is reasonably visible in Sweden, with just over one in two adults knowing someone who had recently started a business, and just under one in two adults considering they had the skills and experience to start a business themselves. Nearly seven out of 10 adults saw good opportunities to start a business locally, but two in five of these would not start a business for fear it might fail. Around one in 10 of Swedish adults not starting or running a business expect to do so in the next three years.

The level of Total early-stage Entrepreneurial Activity (TEA) in Sweden in 2023 was just under one in 10 adults, a level that has been consistent over the past three years, and a little higher than pre-pandemic. The male rate was well above that for females, implying that three men were starting or running a new business in Sweden for every two women doing the same. The level of Established Business Ownership was around 5%, meaning that there were two adults starting or running a new business for every adult owning an established one.

One in two new entrepreneurs agreed with the motivation to build great wealth or very high income, while two in five agreed with making a difference in the world. One in three new entrepreneurs had customers outside Sweden, while two in five expected to use more digital technologies in the next six months. About one in six of those starting or running a new business expected to employ at least another six people over the next five years, a rate twice that of two years ago.

Institution

Lead institution
Swedish Entrepreneurship Forum (Entreprenörskapsforum)

Type of institution
Research Institute

Website
https://entreprenorskapsforum.se

Team

Team leader
Per Thulin

Team members
Marcus Kardelo
Anders Broström
Martin Svensson

Funders
Confederation of Swedish Enterprise
Triton Advisers Sweden

APS vendor
Norstat

Contact
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marcus.kardelo@entreprenorskapsforum.se

Switzerland

- **Population** (2022): **8.8 million** (UN)
- **GDP** per capita (2022; PPP, international $): **83.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	54.2	24
Good opportunities to start a business in my area	52.5	27=
It is easy to start a business	67.5	9
Personally have the skills and knowledge	44.9	43
Fear of failure (opportunity)	36.4	37
Entrepreneurial intentions	10.0	35

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	53.6	16
To build great wealth or very high income	39.2	42
To continue a family tradition	8.8	44
To earn a living because jobs are scarce	40.6	41

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	10.3	29	9.7	10.8
EBO (Established Business Ownership)	5.8	29	5.0	6.7

Entrepreneurship impact

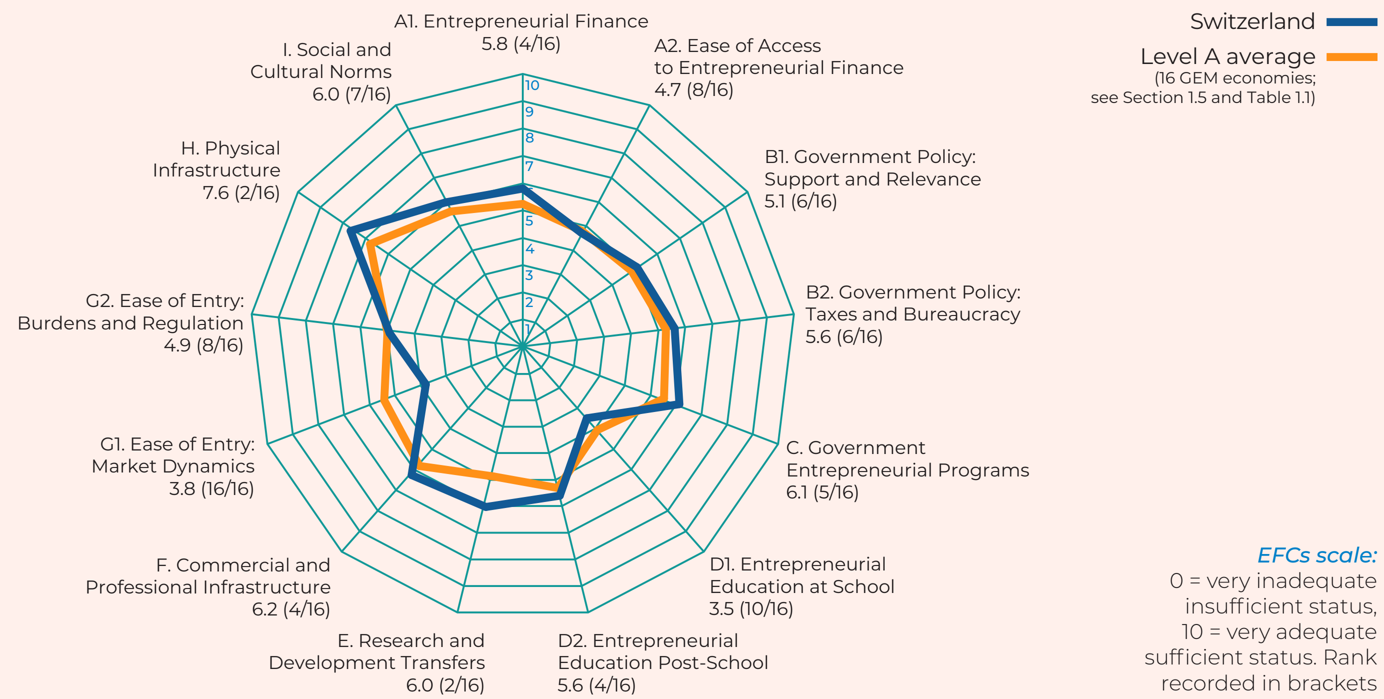
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	1.5	32=
	% TEA	**Rank/45**
International (25%+ revenue)	19.5	11
Always consider social impact	70.9	28
Always consider environmental impact	75.4	24
Industry (% TEA in business services)	42.6	1

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	27.1	31=
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	30.5	41
Use more digital technology to sell products or services	31.0	42
Pursue new opportunities due to pandemic	33.7	36

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Swiss GDP growth has slowed, with the economy expected to have expanded by just over 1% in 2023, slightly above the Eurozone average. By November 2023, inflation was down to 1.3%. Switzerland has been affected by the poor global economic climate, with the strong Swiss franc limiting exports.

The Swiss government has introduced a new program, "Swiss Accelerator", for established startups with innovation potential, providing direct financial support. The Federal Act on the Promotion of Research and Innovation (RIPA) was revised to provide better support for science-based entrepreneurship. The Swiss Parliament is dealing with a number of initiatives to improve the entrepreneurial environment.

2023 Framework Conditions Review[1]

The assessed quality of the overall entrepreneurial environment in Switzerland dipped in the pandemic, but looked well on the path to recovery before improvement faltered in 2023. In 2019, Switzerland topped the GEM National Entrepreneurial Context Index (NECI). Since then, there have been some declines, combined with improvements in other economies, that pushed Switzerland down to just ninth in 2023.

As the midpoint of 5.0 is regarded as sufficient, Switzerland had nine Entrepreneurial Framework Conditions (EFCs) assessed as sufficient or better in 2023, down from 11 the year before. The four insufficient conditions were Ease of Access to Entrepreneurial Finance, Ease of Entry: Market Dynamics, Ease of Entry: Burdens and Regulations, and Entrepreneurial Education at School, with the latter rated weakest of all the conditions, yet again. Physical Infrastructure scored highest, also typically. Between 2022 and 2023, all three government conditions and both education conditions had lower scores, as did five other conditions. The only condition with an improved score was Social and Cultural Norms. Yet in 2023 Switzerland still had three conditions ranked in the top five across the 49 economies: Entrepreneurial Finance, Research and Development Transfers, and Physical Infrastructure.

New questions in 2023 saw experts assessing the quality of social support for women entrepreneurs, and for those women entrepreneurs' access to resources compared to men. Like in many economies, Switzerland scored higher for the latter than for the former, with a score of 4.0 for social support (ranked 19th) and 5.0 for relative access to resources, ranked 27th.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), more than one in four adults reported that their household income had fallen in 2023, while almost one in 10 had invested in someone else's new business, back to pre-pandemic levels.

Entrepreneurship has a reasonable public profile in Switzerland, with more than one in two adults knowing someone who had recently started a business, a similar proportion seeing some opportunities to start a business locally, but under one in two considering they had the skills and experience to start a business themselves (third lowest in GEM). Of those seeing good opportunities, more than one in three would not start a business for fear it might fail. Of those adults not already doing so, just one in 10 intended to start their own business within the next three years, just about back to pre-pandemic levels. More than two out of five new startups were in business services, the highest level in GEM 2023.

A little more than one in 10 adults were already starting or running a new business in Switzerland, with men more likely to be doing so than women, but the difference was small. Established Business Ownership stood at just 6% of adults, little more than half of its pre-pandemic level in 2019.

Making a difference in the world was the most agreed motivation among new entrepreneurs, but hardly dominant at one in two. Three in 10 expected to use more digital technologies in the next six months, and nearly four in 10 had customers beyond Switzerland. Despite two in five starting or running a new business being solo entrepreneurs (one owner and no current employees), around one in seven new entrepreneurs expected to employ at least another six people within the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
School of Management Fribourg (HEG-FR)

HAUTE ÉCOLE DE GESTION
HOCHSCHULE FÜR WIRTSCHAFT
SCHOOL OF MANAGEMENT
Fribourg
Freiburg

Type of institution
Business School

Website
https://www.heg-fr.ch/en

Other institutions involved
Swiss Start-up Factory
Swiss Economic Forum
Impact Hub Switzerland

Team

Team leader
Prof. Rico Baldegger, PhD

Team members
Raphael Gaudart
Gabriel Simonet
Pascal Wild
Maya Dougoud
Lucia Zurkinden

Funders

School of Management Fribourg (HEG-FR)
University of Applied Sciences and Arts of Western Switzerland (HES-SO)

APS vendor

Gfs Bern

Contact

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Thailand

- **Population** (2022): **71.7 million** (UN)
- **GDP** per capita (2022; PPP, international $): **20.7 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	22.5	46
Good opportunities to start a business in my area	79.4	3
It is easy to start a business	78.1	6
Personally have the skills and knowledge	76.5	6
Fear of failure (opportunity)	48.0	15
Entrepreneurial intentions	30.1	12

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	7.6	6
	% TEA	**Rank/45**
International (25%+ revenue)	8.5	25
Always consider social impact	87.4	6
Always consider environmental impact	87.8	8
Industry (% TEA in business services)	4.3	39

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	50.3	19
To build great wealth or very high income	78.7	8
To continue a family tradition	66.9	3
To earn a living because jobs are scarce	82.0	10

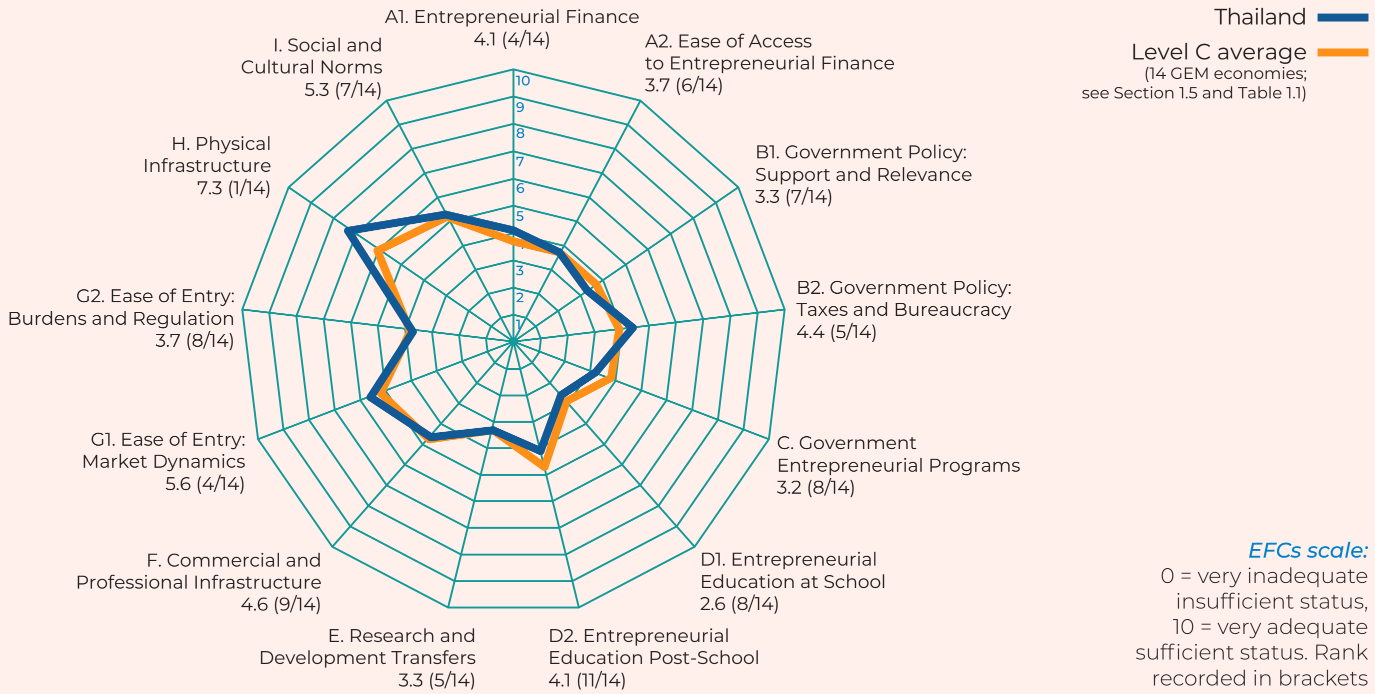
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	23.6	7=	24.5	22.8
EBO (Established Business Ownership)	11.8	9	10.3	13.3

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	40.9	14
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	48.0	18
Use more digital technology to sell products or services	70.7	9
Pursue new opportunities due to pandemic	60.1	7

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale: 0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The Thai economy grew by 2% in the first half of 2023, led by an increasing influx of tourism after the difficult pandemic years. Inflation was very low (0.4%), despite increasing energy and food prices. Potential dangers on the horizon include a slowdown in manufacturing and exports, and an expected increase in the minimum wage in 2024.

Thailand has been making sweeping changes in its tax regulations and practices as international tax principles are incorporated into its domestic regulations.

2023 Framework Conditions Review[1]

Thailand last participated in the GEM National Expert Survey (NES) in 2019, so only limited comparisons will be made with those results. Of course, the world has changed over that period, including the global COVID-19 pandemic, the war in Ukraine and shifts in energy prices.

In 2019, the quality of the overall entrepreneurial environment in Thailand, as assessed by its own national experts and summed up in the National Entrepreneurial Context Index (NECI), was scored at 5.0, or just sufficient. By 2023 that NECI score had fallen to 4.3, much less than sufficient. One consequence is that Thailand moved down the GEM NECI rankings, from 18th of 51 economies in 2019, to 34th of 49 economies in 2023. In the period between these years, experts' scores for 12 of 13 Entrepreneurial Framework Conditions (EFCs) had fallen, with the largest declines being for the two finance EFCs and for Ease of Entry: Burdens and Regulations. In 2023, Thailand sat firmly in the middle of the Level C EFC assessments, with six of its EFCs rated above the group average and five below.

Thailand scored a bit better in the expert assessments of social support for women entrepreneurs, and for women entrepreneurs' access to resources compared to men, scoring 4.0 for the former (18th of 49) and 4.9 for the latter (30th).

2023 Entrepreneurial Activity Review

Before 2023, there had been no recent participation by Thailand in the GEM Adult Population Survey (APS), so no comparisons over time can be made. In 2023, two in five adults in Thailand reported that their household income had declined in that year, slightly less than average for a Level C economy.

Entrepreneurial networks were fairly low-profile in Thailand, with just one in five adults knowing someone who had recently started a business, the lowest level of the 45 GEM economies. However, three in four adults considered they had the skills and experience to start a business themselves, and a similar proportion saw good opportunities to start a business locally (third highest in GEM behind Saudi Arabia and India). So there is no lack of entrepreneurial confidence in Thailand, confirmed by the three in 10 adults who expect to start a business in the next three years. That proportion could be higher, but nearly half of those seeing good opportunities would not start a business for fear it might fail.

Nearly one in four adults were already starting or running a new business in Thailand, with slightly more women doing so than men. Established Business Ownership was relatively high, at nearly 12%, but had declined compared to pre-pandemic levels of 20% in 2018. Both the percentages of adults starting new businesses and the percentage owning established businesses put Thailand in the top 10 for entrepreneurial activity of the 46 economies participating in the 2023 GEM APS.

Four out of five new entrepreneurs agreed with the motivations to earn a living because jobs are scarce and to build great wealth or very high income. Just one in five had customers outside Thailand, while seven in 10 expected to use more digital technologies in the next six months to sell their products. Job expectations were low, with just one in 10 of those starting or running a new business expecting to employ at least another six people over the next five years.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
Bangkok University — School of Entrepreneurship and Management (BUSEM)

Type of institution
University

Website
www.bu.ac.th

Team

Team leader
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Wutnipong Warakraisawad

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Arthorn Prompatanapak
Phongphet Chutitananon
Oytip Sodsang

Funders

Bangkok University
OSMEP (Office of SMEs Promotion)

APS vendor

Intage (Thailand) Co. Ltd.

Contact

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Ukraine

- **Population** (2022): **38.0 million** (UN)
- **GDP** per capita (2022; PPP, international $): **12.7 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	60.6	13
Good opportunities to start a business in my area	37.3	41
It is easy to start a business	38.9	33
Personally have the skills and knowledge	57.2	23
Fear of failure (opportunity)	–	–
Entrepreneurial intentions	–	–

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	–	–
To build great wealth or very high income	–	–
To continue a family tradition	–	–
To earn a living because jobs are scarce	–	–

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	19.6	12	–	–
EBO (Established Business Ownership)	5.2	32=	–	–

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	–	–
	% TEA	**Rank/45**
International (25%+ revenue)	–	–
Always consider social impact	–	–
Always consider environmental impact	–	–
Industry (% TEA in business services)	–	–

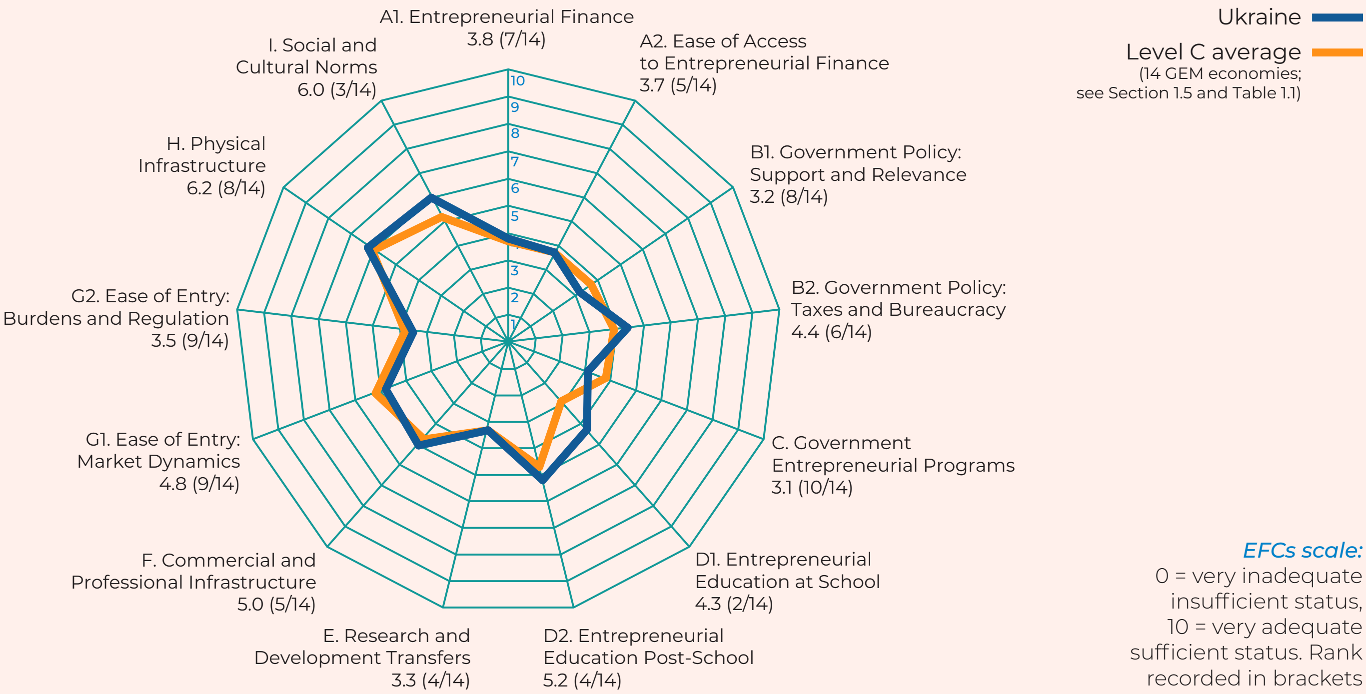
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	71.6	1
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	–	–
Use more digital technology to sell products or services	–	–
Pursue new opportunities due to pandemic	–	–

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Ukraine's economy is gradually recovering, with projected GDP growth of just under 5% in 2023, following a decline of about 30% in 2022. Inflation is forecast to slow to around 6% by the end of 2023, continuing to challenge entrepreneurs by increasing both costs and uncertainty.

The Ukrainian government has taken steps to support entrepreneurship during the war. Initiatives include the "Affordable Credits" program providing finance for businesses in deoccupied territories, expanding the program to include arms production and energy, and offering new loans to agricultural enterprises.

2023 Framework Conditions Review[1]

In 2023, 91 national experts in Ukraine participated in the National Expert Survey (NES), providing a wide range of perspectives.

In this NES, just four of Ukraine's Entrepreneurial Framework Conditions (EFCs) were scored as sufficient or better: Entrepreneurial Education Post-School, Commercial and Professional Infrastructure, Social and Cultural Norms in support of entrepreneurship, and Physical Infrastructure, with the latter scored as strongest of Ukraine's EFCs. So Ukraine has a solid physical infrastructure and strong social support for entrepreneurship. At the other end of the scale, six conditions were rated as poor, scoring less than 4.0, with Government Entrepreneurial Programs the weakest, followed by Government Policy: Support and Relevance. Across the 49 economies, the highest-ranked of Ukraine's EFCs was Entrepreneurial Education at School, 10th, while the lowest rank was for Government Entrepreneurial Programs, at 45th.

1 A brief description of the GEM approach is given in the footnote on p. 107.

In 2023, Ukraine had an National Entrepreneurial Context Index (NECI) score of 4.3, ranked 29th of 49 economies.

National experts assessed the quality of social support for women entrepreneurs, and their access to resources compared to men (new questions for 2023). Ukraine had a reasonable, if less than sufficient, score for social support with 4.4, ranked 14th, but a very poor score for comparative access to resources, scoring 3.3 and ranked 48th. In this, Ukraine was alongside the small group of Baltic states (Latvia, Lithuania and Estonia) which also scored relatively highly for social support for women entrepreneurs but much more poorly for their equal access to resources.

2023 Entrepreneurial Activity Review

Because of the relatively small sample size in Ukraine's Adult Population Survey (APS), only limited results will be presented here, with no subdivisions within those starting or running a new business in Ukraine.

Ukraine had the highest proportion of adults reporting that their household income had fallen in 2023 of the 46 participating economies, at just over seven in 10.

Entrepreneurship has a reasonable profile in Ukraine, with nearly three out of five adults knowing someone who had recently started a business, nearly one in two seeing good opportunities to start a business locally, and almost three in five considering themselves to have the skills and experience to start their own. However, of those seeing good opportunities, about one in two would not start a business for fear it might fail.

A creditable one in five adults in Ukraine in 2023 were already starting or running a new business, while one in 20 were Established Business Owners, implying that, despite the most difficult of conditions, one in four adults in Ukraine were involved in running a new or established business.

Institution

Lead institution
Institute for Circle and Hydrogen Economy (NGO)

Type of institution
NGO

Website
https://www.circularh2economy.org/

Team

Team leader
Serhii Apalkov

Team members
Viktoriia Apalkova
Oksana Tarasiuk
Nataliia Meshko

Funders
Institute for Circle and Hydrogen Economy (NGO)

APS vendor
IMData, Ltd

Contact
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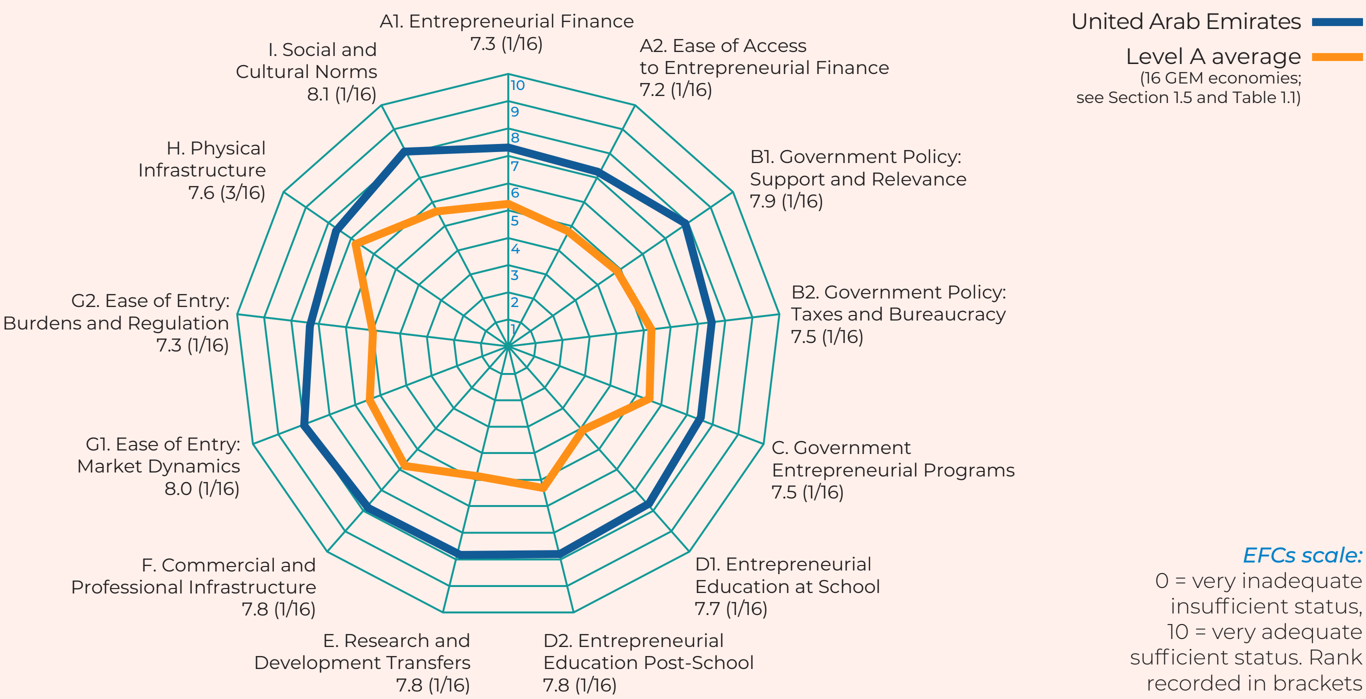
United Arab Emirates

- **Population** (2022): **9.4 million** (World Bank)
- **GDP** per capita (2022; PPP, international $): **87.7 thousand** (World Bank)

United Arab Emirates did not participate in the 2023 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The United Arab Emirates' GDP is expected to grow by just under 4% in 2023, with inflation modest enough, at around 3%, to have little impact on entrepreneurship.

The government continues to pursue entrepreneurship as a key priority in the "Project of 50", a series of projects to develop the country in the next 50 years of independence.

2023 Framework Conditions Review[1]

The United Arab Emirates has invested heavily in its entrepreneurial environment, and the assessed quality of that environment continues to improve. In 2022, it had an overall entrepreneurial environment assessed by its national experts as the best in GEM, with a National Entrepreneurial Context Index (NECI) score of 7.2, well above that of second place Saudi Arabia who scored 6.3. In 2023, this lead was extended, with the score improving to 7.7, the highest NECI score ever recorded by GEM, this time with India second at 6.6. Yet, as recently as 2019, the United Arab Emirates had scored 5.8 and ranked fifth. This demonstrates astonishing progress, and a shining example of how political determination and sufficient resources can transform an entrepreneurial environment.

In 2023, 11 of the 13 Entrepreneurial Framework Condition (EFC) scores improved from 2022, with one decrease and one unchanged. The highest increases were for Research and Development Transfers and for Commercial and Professional Infrastructure, each improving its score from 6.8 to 7.8. The only condition with a score that fell was Physical Infrastructure, dipping slightly (from 7.7 to 7.6), and being the only condition not rated first across the 49 economies participating in the National Expert Survey (NES) in 2023.

It is difficult to see how the entrepreneurial environment in the United Arab Emirates can continue to improve from these very high scores. Yet the same could have been said in 2021 or 2022. Results for 2024 are awaited with interest.

National experts assessed the quality of social support for women entrepreneurs, and their access to resources compared to men (new questions for 2023). The United Arab Emirates had excellent scores for each: 8.0 for social support and 7.4 for comparative access for resources, both the highest in GEM 2023.

1 A brief description of the GEM approach is given in the footnote on p. 107.

Institution

Lead institution
United Arab Emirates University (UAEU)

Type of institution
University

Website
https://www.uaeu.ac.ae/en
https://gemuae.uaeu.ac.ae/en/

Team

Team leader
Teemu Kautonen

Team members
Chafik Bouhaddioui
Llewellyn Thomas

Funders

United Arab Emirates University (UAEU)

APS vendor

Kantar

Contact

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United Kingdom

- **Population** (2022): **67.0 million** (UN)
- **GDP** per capita (2022; PPP, international $): **54.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	52.9	27
Good opportunities to start a business in my area	47.2	34
It is easy to start a business	63.2	11
Personally have the skills and knowledge	52.8	31
Fear of failure (opportunity)	53.2	9=
Entrepreneurial intentions	11.2	32

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	3.0	18
	% TEA	**Rank/45**
International (25%+ revenue)	19.4	12
Always consider social impact	80.8	16
Always consider environmental impact	72.6	25
Industry (% TEA in business services)	28.1	14=

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	58.8	13
To build great wealth or very high income	66.6	14=
To continue a family tradition	20.5	38
To earn a living because jobs are scarce	61.4	31

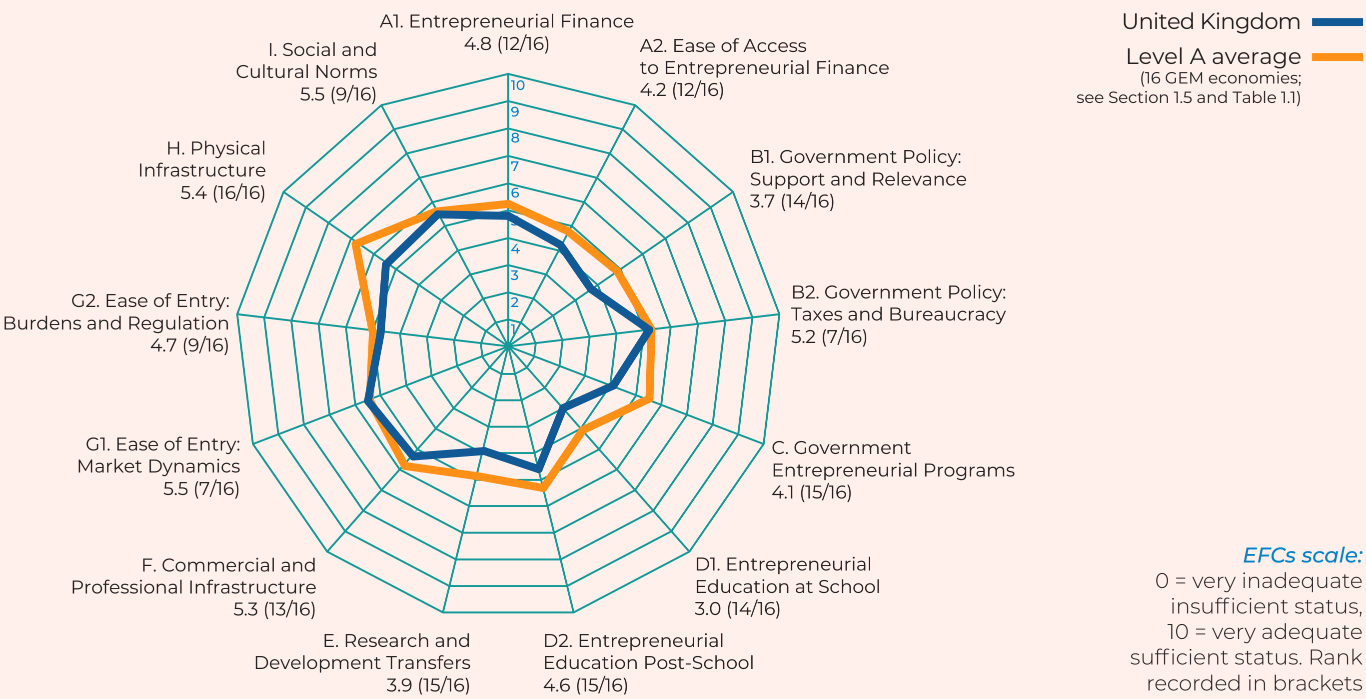
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	11.8	23	10.3	13.3
EBO (Established Business Ownership)	6.3	26	4.9	7.7

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	24.5	36
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	50.1	13
Use more digital technology to sell products or services	61.5	13
Pursue new opportunities due to pandemic	55.4	11

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

The UK economy has been growing slowly since the pandemic, with UK GDP some 2% larger in June 2023 when compared with the last quarter before the pandemic (three months to end of December 2019). However, growth in 2023 has been sluggish at best and GDP showed no growth in the three months to September 2023.

However, business insolvencies increased by 17% in the year to September 2023, pushed up by higher business costs including interest rates. Inflation was beginning to fall, from 10% at the start of 2023 to just 5% in October, but still more than twice the Bank of England target rate of 2%.

The UK government confirmed its continued funding of the Help to Grow: Management program launched in 2021 to help small businesses develop a growth action plan. In response to the cost-of-doing-business crisis, the government introduced the Energy Bill Relief Scheme for all businesses and non-domestic contracts. The British Business Bank's Start Up Loan program has delivered more than £1 billion of funding to over 105,000 businesses since 2012, and funding has been secured until 2025, which will continue to be a vital component of the entrepreneurial ecosystem in the UK.

2023 Framework Conditions Review[1]

In 2020, the overall quality of the UK entrepreneurial environment, as assessed by its own national experts and as measured by the National Entrepreneurial Context Index (NECI), was rated as just satisfactory, with a score of 5.0. Since then, that overall quality score has declined slowly, moving further and further away from satisfactory, and reaching 4.6 in 2023, placing the United Kingdom 22nd of the 49 economies participating in the GEM National Expert Survey (NES).

This decline in overall score reflects the cumulative impact of declines in nine individual Entrepreneurial Framework Condition (EFC) scores from 2022, compared to increases in just four. Most of these changes were small, but the net effect was an overall reduction. The scores for the two entrepreneurial finance EFCs have fallen over the last three years, with both rated less than sufficient in 2023, surely a major concern for a leading international finance centre.

The United Kingdom's national experts rated its social support for women entrepreneurs as much less than satisfactory at 3.2, ranked 36th of the 49 economies. Access to resources for women entrepreneurs relative to men fared better, with a score of 5.8. This is much better than sufficient and 10th highest overall.

Since the pandemic, the United Kingdom has been part of an increasing group of high-income economies with an assessed overall entrepreneurial environment that has slipped from sufficient to less than sufficient. By 2023 there were 12 high-income economies with NECI scores of less than 5.0.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), almost one in four UK adults reported that their household income had declined in 2023, although this proportion has been slowly reducing from just under one in four in 2020.

The United Kingdom has a reasonable profile for entrepreneurship, with more than one in two adults knowing someone who had recently started a business, or considering they had the skills and knowledge to do so themselves. Just under a half of adults saw good opportunities to start a business, but more than half of these would not start a business for fear it might fail. This fear of failure rate has been growing slowly, up from just four in 10 pre-pandemic in 2019. Nevertheless, the proportion of adults intending to start their own business in the next three years had also been growing slowly, from 8% in 2019 to 11% in 2023.

Many new entrepreneurs in the United Kingdom are outward-looking, with two in five having customers beyond the borders and three in five expecting to use more digital technologies in the next six months. Growth expectations are strong, with one in four new entrepreneurs anticipating employing at least another six people over the next five years. Finally, to build great wealth or very high income is the dominant motivation among new entrepreneurs, agreed by more than two out of three.

Institution

Lead institution

Aston Business School, Aston University

Aston University

Type of institution

University

Website

https://www2.aston.ac.uk

Other institutions involved

Queen's University Belfast
University of Glasgow
University of Edinburgh
University of Strathclyde
Ulster University

Team

Team leader

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Wendy Ferris
Neha Prashar
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Anastasia Ri
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Sreevas Sahasranamam
Andy Loung

Funders

Department for Business and Trade (DBT)
Welsh Government
Hunter Centre for Entrepreneurship, University of Strathclyde
NatWest Group
Department for the Economy (NI)
Be the Business
Mastercard
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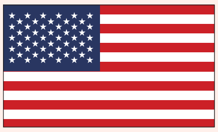


United States

- **Population** (2022): **333.3 million** (UN)
- **GDP** per capita (2022; PPP, international $): **76.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	44.5	39
Good opportunities to start a business in my area	53.8	26
It is easy to start a business	55.9	17
Personally have the skills and knowledge	49.0	38
Fear of failure (opportunity)	44.6	22
Entrepreneurial intentions	12.1	30

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	63.7	9
To build great wealth or very high income	66.7	13
To continue a family tradition	35.0	16
To earn a living because jobs are scarce	62.5	30

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	14.7	16	13.4	16.0
EBO (Established Business Ownership)	6.7	24=	5.9	7.6

Entrepreneurship impact

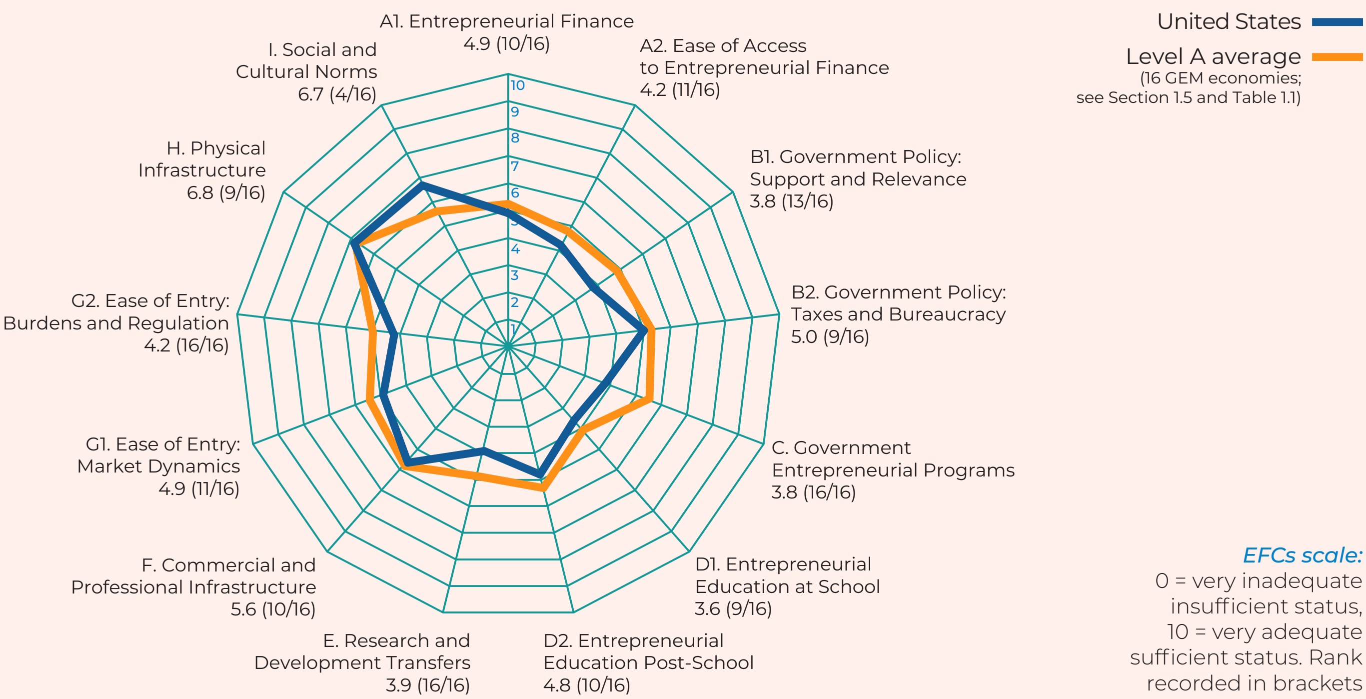
	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	4.2	14=
	% TEA	**Rank/45**
International (25%+ revenue)	18.4	13
Always consider social impact	67.3	30
Always consider environmental impact	61.2	36
Industry (% TEA in business services)	16.9	27

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	26.0	33
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	43.3	28=
Use more digital technology to sell products or services	46.1	28
Pursue new opportunities due to pandemic	51.5	12

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

The US economy was doing well in 2023, reflected by low unemployment, and with GDP having grown in all quarters since 2022 (at an annualized rate of just under 5%). However, inflation was showing some signs of starting to edge upwards again after having fallen to around 3%. Since February 2023, wage increases had outpaced inflation, raising living standards for those in work, but increasing business costs.

The focus of US policy has been for the Federal Reserve to increase interest rates to reduce inflation, but also making access to capital more expensive for entrepreneurs. However, the "Inflation Reduction Act" has created new opportunities in green and environmental sectors.

2023 Framework Conditions Review[1]

Economic growth in the United States has been stable, despite some deterioration in Entrepreneurial Framework Conditions (EFCs), with expert scores for both finance EFCs (sufficiency and accessibility) falling sharply, as did the score for Commercial and Professional Infrastructure. Partly as a result, only four EFCs scored as sufficient (score of ≥5) in 2023, down from six in 2022. Both finance framework condition scores fell to less than sufficient, as did the score for Ease of Entry: Market Dynamics, although Government Policy: Taxes and Bureaucracy improved its score to just sufficient.

In 2019, experts rated the entrepreneurial environment in the United States as more than sufficient, with a National Entrepreneurial Context Index (NECI) score of 5.3, placing it 10th among all GEM participating economies. In three of the four years since, that overall score has fallen. In 2023, the score fell to 4.8, less than sufficient overall, with a rank of 16th. A number of other developed economies in Europe and North America also had overall entrepreneurial environment assessments that have shifted from sufficient to less than sufficient since 2022, including Norway, Sweden, Germany and Canada, with France and Latvia coming close. This may simply mark the withdrawal of COVID-19-pandemic business support schemes, or may be an indication of the slow relative decline of once dominant economies.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

The United States has long been a bastion of entrepreneurial activity, with a level of Total early-stage Entrepreneurial Activity (TEA) in the high teens for at least the past five years (touching 20% in 2022, but falling back to just under 15% in 2023). Men are more likely than women to be starting or running a new business, but the difference is both small and narrowing. More than half of adults in the United States consider that there are good opportunities to start a business locally, while just under a half know someone who has recently started a new business, or consider themselves to have the skills and experience to do (but for the first time in the past five years, this proportion has fallen below around two-thirds). Over the same period, the proportion of adults who see good opportunities but would not start a business for fear it might fail has remained just over two in five. Meanwhile, just 12% of those adults not currently involved in entrepreneurial activity intend to start a business in the next three years.

More than three in five of those starting or running new businesses agreed with the motivations to make a difference in the world, to build great wealth or very high income, or to earn a living because jobs are scarce. Despite the large home market, three in 10 new entrepreneurs have customers outside of the United States, and job creation expectations are high, with the same proportion expecting to employ another five people or more over the next five years. However, the proportion of those new entrepreneurs expecting to use more digital technology to sell their products has fallen since this question was introduced in 2021, from 61% to 46%. It may be that digitalization levels were already high.

Overall, the results are consistent with the country's reputation for providing a favourable environment for entrepreneurship, although the gradual drift in framework conditions may present some concerns.

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Uruguay

- **Population** (2022): **3.4 million** (UN)
- **GDP** per capita (2022; PPP, international $): **28.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	60.2	17
Good opportunities to start a business in my area	58.3	23
It is easy to start a business	39.9	32
Personally have the skills and knowledge	69.8	14
Fear of failure (opportunity)	51.7	12
Entrepreneurial intentions	35.8	11

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	6.3	8
	% TEA	**Rank/45**
International (25%+ revenue)	2.8	35
Always consider social impact	86.1	7
Always consider environmental impact	90.8	2
Industry (% TEA in business services)	8.9	32

An equals sign (=) indicates that the ranking position is tied with another economy or economies.
** Those reporting "somewhat decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	39.7	29=
To build great wealth or very high income	51.1	31
To continue a family tradition	32.7	18=
To earn a living because jobs are scarce	69.2	20

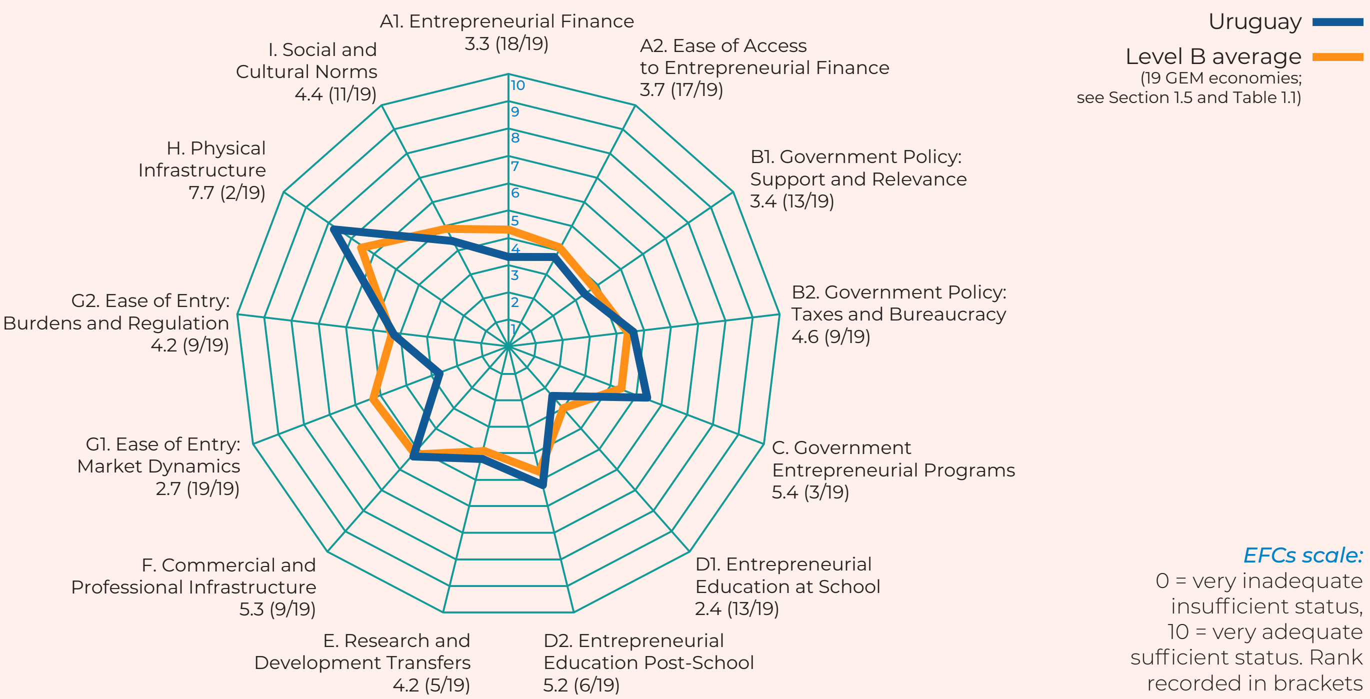
Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	26.2	5	23.9	28.8
EBO (Established Business Ownership)	7.3	20	4.8	10.0

Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	39.7	16
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	45.1	25
Use more digital technology to sell products or services	65.0	10
Pursue new opportunities due to pandemic	42.3	23

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

GDP in the Uruguay economy was expected to grow by just 1% in 2023, with inflation falling to 4%, its lowest level for almost two decades.

A number of Uruguay's ministries have recently been coordinating the "Uruguay Innovation Hub", a strategic plan to strengthen the entrepreneurial ecosystem in science, technology and innovation. Both the National Development Agency and the National Research and Innovation Agency have been working together to develop incubators, accelerators and financing plans for innovative entrepreneurship.

2023 Framework Conditions Review[1]

In 2023, just four of Uruguay's Entrepreneurial Framework Conditions (EFCs) were scored as sufficient, leaving nine as less than sufficient. As in many economies, Uruguay's weakest condition was Entrepreneurial Education at School, and its strongest was Physical Infrastructure. Both improved in score in 2023, with Physical Infrastructure ranked third of the 45 economies in the 2023 National Expert Survey (NES). However, eight conditions had lower scores in 2023 than in 2022, with just four improving their scores. The largest fall was for Commercial and Professional Infrastructure, and the largest rise was for Ease of Entry: Market Dynamics. Despite this increase, Ease of Entry: Market Dynamics still ranked last among the 45 GEM economies. All government-related EFCs (Government Policy: Support and Relevance, Government Policy: Taxes and Bureaucracy, and Government Entrepreneurial Programs), scored lower in 2023.

In 2023, the National Entrepreneurial Context Index (NECI) score for Uruguay declined slightly from 4.5 to 4.4. There is much to do to improve Uruguay's entrepreneurial environment, and Entrepreneurial Education at School would be a good place to start.

National experts assessed the quality of social support for women entrepreneurs, and their access to resources compared to their male counterparts (new questions for 2023). Uruguay scored 3.6 for social support, ranked 25th, and better at 4.8 for equal access to resources, but ranked lower at 33rd.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

In the GEM Adult Population Survey (APS), two in five adults in Uruguay reported that their household income had fallen in 2023, a substantial proportion, but one that has been reducing steadily since the three in five of 2020.

Uruguay is part of the group of Latin America & Caribbean economies cementing the region's emerging reputation as a hothouse for entrepreneurial activity, with Uruguay forming the fifth of the top five in GEM 2023 for levels of new entrepreneurial activity, all from this region. Just over one in four adults in Uruguay was starting or running a new business, with men slightly more likely than women to be doing so, but the difference was small. Established Business Ownership was a lot lower, at just over 7%, so Uruguay had more than three people starting a new business for each person owning an established one.

Not surprisingly, given its high level of activity, around three in five adults knew someone who had recently started their own business, with just a little less seeing good opportunities to start a business locally. Seven out of 10 adults considered themselves to have the skills and experience to start their own business, although one in two of those seeing good opportunities would not start a business for fear it might fail. Despite this, more than one in three adults not already doing so intended to start their own business within the next three years, the fourth highest proportion in Level B.

Seven out of 10 new entrepreneurs agreed with the motivation to earn a living because jobs are scarce, while two out of three expected to use more digital technology in the next six months. Nearly one in four expected to employ another six or more people over the next five years, despite just one in eight having customers beyond Uruguay.

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University

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Venezuela

- **Population** (2022): **28.3 million** (UN)
- **GDP** per capita (2022; PPP, international $): **17.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/46
Know someone who has started a new business	62.0	12
Good opportunities to start a business in my area	65.8	13
It is easy to start a business	45.9	27
Personally have the skills and knowledge	84.1	2
Fear of failure (opportunity)	30.3	43
Entrepreneurial intentions	49.6	4

Motivational

(somewhat or strongly agree)

	% TEA	Rank/45
To make a difference in the world	68.4	6
To build great wealth or very high income	53.7	26=
To continue a family tradition	52.5	5
To earn a living because jobs are scarce	91.0	2

Activity

	% Adults	Rank/46	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	22.7	9	21.4	24.0
EBO (Established Business Ownership)	4.5	37	2.9	6.0

Entrepreneurship impact

	% Adults	Rank/45
Job expectations (expecting to employ six or more people in five years' time)	4.7	13
	% TEA	**Rank/45**
International (25%+ revenue)	2.7	36
Always consider social impact	92.3	2
Always consider environmental impact	90.7	3
Industry (% TEA in business services)	4.1	40=

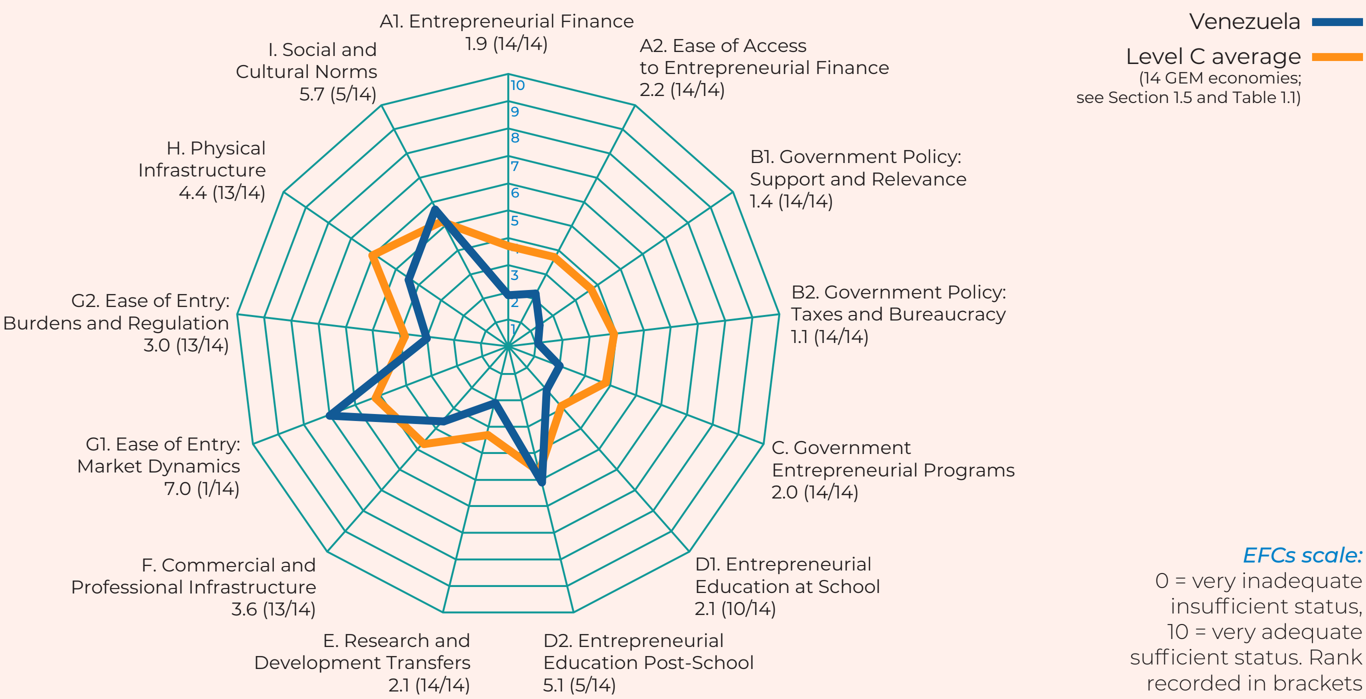
Recent changes

	% Adults	Rank/46
Household income has decreased in 2023*	64.9	2
	% TEA	**Rank/45**
Starting a business is more difficult than a year ago	48.8	15
Use more digital technology to sell products or services	79.0	2
Pursue new opportunities due to pandemic	61.2	6

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

** Those reporting "somewhat decrease" or "strongly decrease".*

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank recorded in brackets

POLICY ROADMAP

Real GDP in Venezuela is expected to have grown by 4% in 2023, the third year of positive growth after seven years of often substantial decline (2014–2020). Inflation in 2023 is likely to exceed 300%, one of the highest rates in the world, but significantly lower than in recent years.

The government continues to implement the 2021 Law for the Promotion and Development of New Enterprises, recognizing the right of individuals to start and run a business without hindrance.

2023 Framework Conditions Review[1]

Venezuela continues to have the most variable of Entrepreneurial Framework Conditions (EFCs), with scores by its own national experts ranging from very poor (Government Policy: Support and Relevance, score = 1.1) to excellent (Ease of Entry: Market Dynamics, score = 7.0). In between, just three of 13 EFCs were assessed as sufficient or better (score ≥5.0): Social and Cultural Norms, Entrepreneurial Education Post-School, and Government Policy: Support and Relevance. Eight EFCs scored lower in 2023 than in 2022, with just three scoring higher.

As a result, the assessed overall quality of the entrepreneurial environment in Venezuela declined slightly from the previous year, as measured by the National Entrepreneurial Context Index (NECI). In 2023, Venezuela ranked 48th of the 49 participating economies, just above Iran.

National experts scored social support for women entrepreneurs at a lowly 2.6, but above the corresponding scores for five other economies (Iran, Cyprus, Brazil, Israel and Mexico). The availability of resources for women entrepreneurs compared to men scored better at 4.2, seventh from bottom of the 49 economies.

1 A brief description of the GEM approach is given in the footnote on p. 107.

2023 Entrepreneurial Activity Review

One reflection of the parlous state of the Venezuelan economy was that nearly two in three adults in the Adult Population Survey (APS) reported that their household income had fallen in 2023, although even that was an improvement on the four out of five adults reporting the same a year earlier.

Nevertheless, entrepreneurship continues to have a high profile, with three in five adults seeing good opportunities to start a business, while four out of five consider they have the skills and experience to do so themselves. This high level of personal confidence is confirmed by the relatively low proportion of those seeing good opportunities to start a business who would be deterred by fear of failure — just three in 10. Perhaps as a result, nearly half of those adults not already engaged in entrepreneurship expect to start a business in the next three years.

The level of Total early-stage Entrepreneurial Activity (TEA) in Venezuela in 2023 was 22.7% of adults, up from 15.9% a year earlier. The male rate (24.0%) was a little higher than the female rate (21.4%). However, the Established Business Ownership rate was just 4.5%, implying that there are around five people starting or running a new business for each person running an established one. This points to substantial obstacles in sustaining new businesses, no doubt compounded by the relatively weak entrepreneurial environment.

Earning a living because jobs are scarce was the dominant motivation for new entrepreneurs, agreed by more than nine out of 10, followed by making a difference in the world, agreed by seven in 10. Most new entrepreneurs looked inwards for their customers, with just one in 10 having customers beyond Venezuela. However, four in five expected to use more digital technology in the next six months, while one in five expected to employ at least another six people over the next five years.

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PART 4

Appendix Tables

GEM Indicators

Knowing a Startup Entrepreneur	Percentage of adults aged 18–64 who personally know someone who has started a business in the past two years.
Perceived Opportunities	Percentage of adults aged 18–64 who agree that they see good opportunities to start a business within the next six months in the area in which they live.
Ease of Starting a Business	Percentage of adults aged 18–64 who agree that it is easy to start a business in their country.
Perceived Capabilities	Percentage of adults aged 18–64 who agree that they have the required knowledge, skills and experience to start a business.
Fear of Failure Rate	Percentage of adults aged 18–64 who agree that they see good opportunities but would not start a business for fear it might fail.
Nascent Entrepreneurship Rate	Percentage of adults aged 18–64 who are currently nascent entrepreneurs, i.e. are actively involved in setting up a business they will own or co-own; this business has not yet paid salaries, wages or made any other payments to the owners for more than three months.
New Business Ownership Rate	Percentage of adults aged 18–64 who are currently owner-managers of a new business, i.e. who own and manage a running business that has paid salaries, wages or made any other payments to the owners for more than three months, but not more than 42 months (3.5 years).
Total early-stage Entrepreneurial Activity (TEA)	Percentage of adults aged 18–64 who are either a nascent entrepreneurs or owner-managers of a new business, i.e. the proportion of the adult population who are either starting or running a new business.
Established Business Ownership Rate (EBO)	Percentage of adults aged 18–64 who are currently owner-managers of an established business, i.e. who are owning and managing a running business that has paid salaries, wages or made any other payments to the owners for over 42 months (3.5 years).
Business Services	Percentage of TEA respondents involved in business services.
Consumer Services	Percentage of TEA respondents involved in consumer services.
Entrepreneurial Employee Activity (EEA)	Percentage of adults aged 18–64 who, as employees, have been involved in entrepreneurial activities such as developing or launching new goods or services, or setting up a new business unit, a new establishment, or a subsidiary in the last three years.
Sponsored	Percentage of adults aged 18–64 who are involved in TEA and that business is part-owned with their employer.
Independent	Percentage of adults aged 18–64 who are involved in TEA and that business is independently owned.
Motive for Starting a Business: "To make a difference in the world"	Percentage of TEA respondents who agree that a reason for starting their business is "to make a difference in the world".

Motive for Starting a Business: “To build great wealth or very high income”	Percentage of TEA respondents who agree that a reason for starting their business is “to build great wealth or a very high income”.
Motive for Starting a Business: “To continue a family tradition”	Percentage of TEA respondents who agree that a reason for starting their business is “to continue a family tradition”.
Motive for Starting a Business: “To earn a living because jobs are scarce”	Percentage of TEA respondents who agree that a reason for starting their business is “to earn a living because jobs are scarce”.
High Growth Expectation Entrepreneurial Activity	Percentage of adults aged 18–64 involved in TEA who expect to employ another six or more people five years from now.
Internationally Oriented Entrepreneurial Activity	Percentage of adults aged 18–64 involved in TEA who anticipate 25% or more revenue coming from outside their country.
Scope (local/national/ international)	Percentage of adults aged 18–64 involved in TEA having customers only within their local area, only within their country, or those having international customers.
Product/Services Impact (local/national/global)	Percentage adults aged 18–64 involved in TEA having products or services that are either new to the area, new to their country or new to the world.
Technology/Procedures Impact (local/national/ global)	Percentage of adults aged 18–64 involved in TEA having technology or procedures that are either new to the area, new to their country or new to the world.
Informal Investment	Percentage of adults aged 18–64 investing in someone else’s new business in the last three years.
Business Exit Rate	Percentage of adults aged 18–64 who have exited a business in the past 12 months, either by selling, shutting down or otherwise discontinuing an owner/management relationship with that business.
Exit, Business Continues	Percentage of adults aged 18–64 who have exited a business in the past 12 months and that business has continued.
Exit, Business Does Not Continue	Percentage of adults aged 18–64 who have exited a business in the past 12 months and that business has not continued.
Household Income Change	Percentage of adults aged 18–64 who reported that their household income had somewhat or strongly decreased.

PANDEMIC-RELATED INDICATORS

Knowing an Entrepreneur Who Stopped a Business	Percentage of adults aged 18–64 who know someone who has stopped a business because of the pandemic.
Knowing an Entrepreneur Who Started a Business	Percentage of adults aged 18–64 who know someone who has started a business because of the pandemic.
Pandemic Opportunities	Percentage of TEA respondents who agree or strongly agree that the pandemic has provided new opportunities they wish to pursue.

Table A1. Changes in household income in 2023 (% of adults aged 18–64)

	Income group[1]	Strongly decrease	Somewhat decrease	No substantial change
Brazil	C	19.1	18.3	39.5
Canada	A	9.4	20.5	47.3
Chile	B	18.4	24.0	34.3
China	C	8.3	38.3	42.0
Colombia	C	10.9	25.9	29.4
Croatia	B	6.0	10.8	25.8
Cyprus	B	13.9	16.2	50.5
Ecuador	C	23.0	28.5	39.9
Estonia	B	11.5	16.3	41.0
France	A	7.5	14.8	41.6
Germany	A	4.1	23.0	47.8
Greece	B	22.0	28.0	42.5
Guatemala	C	12.7	26.1	33.0
Hungary	B	8.8	22.5	41.4
India	C	10.4	40.2	33.8
Iran	C	12.6	28.0	57.1
Israel	B	7.9	16.9	52.0
Italy	A	8.4	21.2	52.8
Jordan	C	22.3	27.2	42.7
Latvia	B	7.6	13.0	48.0
Lithuania	B	7.4	28.3	45.4
Luxembourg	A	9.0	18.6	37.4
Mexico	C	14.3	29.5	31.9
Morocco	C	14.9	27.4	48.7
Netherlands	A	5.2	15.8	46.7
Norway	A	3.1	8.8	51.4
Oman	B	5.2	13.8	69.2
Panama	B	20.5	32.8	25.5

1 Income groups are explained on p. 30.

Somewhat increase	Strongly increase
20.5	2.7
18.1	4.6
20.7	2.6
10.5	0.8
29.1	4.7
50.2	7.1
16.5	3.0
8.0	0.7
28.7	2.6
25.9	10.2
18.2	7.0
6.4	1.1
21.8	6.4
24.1	3.3
14.3	1.3
1.9	0.3
20.9	2.3
15.5	2.1
7.2	0.6
26.7	4.7
16.5	2.5
31.6	3.3
18.3	6.1
8.7	0.3
28.2	4.1
31.2	5.5
11.1	0.6
16.9	4.3

Table A1 (continued)

	Income group[1]	Strongly decrease	Somewhat decrease	No substantial change
Poland	B	11.7	35.3	34.0
Puerto Rico	B	13.7	23.0	41.2
Qatar	A	8.0	16.1	59.4
Republic of Korea	A	0.7	33.9	44.3
Romania	B	5.1	13.5	59.0
Saudi Arabia	A	3.1	16.4	49.6
Slovak Republic	B	12.7	23.5	41.9
Slovenia	A	4.4	14.6	49.1
South Africa	C	32.4	25.3	26.5
Spain	B	12.5	21.6	57.5
Sweden	A	7.4	18.1	38.2
Switzerland	A	8.0	19.1	44.5
Thailand	C	11.4	29.5	42.2
Ukraine	C	35.2	36.4	18.6
United Kingdom	A	9.0	15.5	64.6
United States	A	9.3	16.7	47.4
Uruguay	B	15.0	24.7	37.7
Venezuela	C	34.8	30.1	18.4

Somewhat increase	Strongly increase
16.8	2.1
18.3	3.7
13.5	2.9
21.1	0.0
20.9	1.6
28.2	2.7
19.2	2.6
28.6	3.2
8.4	7.3
6.8	1.6
31.7	4.5
26.1	2.4
15.9	1.0
8.0	1.7
7.9	3.0
23.0	3.5
18.5	4.1
12.9	3.8

Table A2. Entrepreneurial activity (% of adults aged 18–64)

An equals sign (=) indicates that the ranking position is tied with another economy or economies

	Total early-stage Entrepreneurial Activity		Established Business Ownership		Informal investment	
	Score	Rank/46	Score	Rank/46	Score	Rank/46
Brazil	18.6	13	11.9	8	9.3	5
Canada	19.8	11	7.8	16=	6.0	9
Chile	31.1	4	5.3	31	22.8	1
China	6.8	40=	4.2	39=	4.4	19=
Colombia	23.6	7=	3.4	44	2.7	36
Croatia	13.2	20=	5.2	32=	3.0	32=
Cyprus	11.0	25	8.2	14	3.5	29
Ecuador	32.7	1	24.0	1	3.1	30=
Estonia	13.1	20=	7.9	15	4.1	22
France	10.8	26	4.6	36	5.8	11=
Germany	7.7	37	4.1	41	4.0	23
Greece	6.7	42=	14.7	3	2.6	37
Guatemala	32.4	2	13.2	6	10.7	3
Hungary	9.9	31	7.4	19	2.0	42
India	12.0	22	12.4	7	2.8	34=
Iran	9.8	32	9.8	12	3.1	30=
Israel	8.7	35	3.5	43	1.8	43=
Italy	8.3	36	7.8	16=	1.8	43=
Jordan	15.7	15	7.2	21	10.0	4
Latvia	14.3	17=	10.7	11	4.8	17
Lithuania	6.7	42=	14.6	4	3.9	24
Luxembourg	9.7	33	4.2	39=	6.5	8
Mexico	16.8	14	3.2	45=	2.3	40
Morocco	6.3	44	6.8	23	4.2	21
Netherlands	13.7	19	6.9	22	5.8	11=
Norway	6.9	39	7.6	18	5.3	14=
Oman	10.6	28	3.2	45=	3.6	26=
Panama	31.3	3	5.1	34=	6.6	7

	Total early-stage Entrepreneurial Activity		Established Business Ownership		Informal investment	
	Score	Rank/46	Score	Rank/46	Score	Rank/46
Poland	2.6	46	11.6	10	2.5	38
Puerto Rico	22.3	10	6.0	27	3.0	32=
Qatar	14.3	17=	4.4	38	5.9	10
Republic of Korea	10.2	30	19.7	2	2.1	41
Romania	5.9	45	5.1	34=	0.5	45
Saudi Arabia	25.3	6	13.6	5	19.9	2
Slovak Republic	10.8	27	4.0	42	3.7	25
Slovenia	7.1	38	8.8	13	3.6	26=
South Africa	11.1	24	5.9	28	3.6	26=
Spain	6.8	40=	6.7	24=	2.8	34=
Sweden	9.3	34	5.5	30	5.3	14=
Switzerland	10.3	29	5.8	29	8.4	6
Thailand	23.6	7=	11.8	9	5.4	13
Ukraine	19.6	12	5.2	32=	–	–
United Kingdom	11.8	23	6.3	26	2.4	39
United States	14.7	16	6.7	24=	4.5	18
Uruguay	26.2	5	7.3	20	5.1	16
Venezuela	22.7	9	4.5	37	4.4	19=

Table A3. Public attitudes and perceptions (% of adults aged 18–64 somewhat or strongly agree)

	Knowing someone who has started a business in the past two years	"There are good opportunities to start a business in the area where I live"	"In my country, it is easy to start a business"
Brazil	70.9	65.4	43.1
Canada	51.6	62.6	63.7
Chile	72.6	59.4	49.9
China	56.1	69.2	31.4
Colombia	72.4	60	46.2
Croatia	71.8	64.1	40.9
Cyprus	66.9	39.8	50.0
Ecuador	65.6	54.3	46.5
Estonia	44.3	49.5	77.3
France	60.5	50.9	50.5
Germany	36.5	41.4	36.1
Greece	33.1	45.3	34.7
Guatemala	73.0	71.8	47.5
Hungary	51.0	28.2	45.8
India	56.8	82.5	81.1
Iran	53.5	26.5	13.6
Israel	68.4	47.1	15.6
Italy	46.3	33.7	17.7
Jordan	56.7	47.7	36.5
Latvia	43.9	43.0	32.7
Lithuania	70.0	61.2	42.3
Luxembourg	45.8	49.3	60.4
Mexico	55.3	61.5	50.3
Morocco	45.6	70.7	51.3
Netherlands	60.4	67.4	80.4
Norway	49.2	68.0	76.7
Oman	60.5	68.7	56.8

"You personally have the knowledge, skills and experience required to start a business"	"You see good opportunities, but would not start a business for fear it might fail" (% of those seeing good opportunities)	"Are you expecting to start a business in the next three years?"*
65.9	46.9	48.7
56.7	54.6	14.3
75.7	40.9	53.1
55.8	64.5	5.6
72.2	34.9	18.5
73.6	45.9	21.6
60.5	53.3	21.3
75.1	31.7	57.4
46.8	40.9	14.9
49.5	40.1	13.4
42.2	38.6	7.7
53.8	53.2	9.1
78.9	41.3	44.2
38.3	34.4	8.2
81.6	62.8	19.5
60.9	23.8	17.6
36.9	40.8	15.1
50.8	48.5	10.4
73.2	52.1	47
52.4	47.0	17.9
57.1	34.6	11.7
50.2	47.3	12.6
69.2	46.1	24.6
68.2	32.6	23.4
46.0	40.3	16.0
54.6	43.1	9.3
72.9	38.1	66.0

* Strictly, this is the percentage of adults excluding those already engaged in entrepreneurial activity.

Table A3 (continued)

	Knowing someone who has started a business in the past two years	"There are good opportunities to start a business in the area where I live"	"In my country, it is easy to start a business"
Panama	48.8	52.5	53.8
Poland	46.1	73.6	83.2
Puerto Rico	68.0	63.3	27.9
Qatar	53.1	68.7	62.4
Republic of Korea	37.9	37.9	38.7
Romania	45.5	55.7	36.0
Saudi Arabia	87.9	93.2	92.4
Slovak Republic	59.8	32.9	24.2
Slovenia	55.4	50.2	62.6
South Africa	39.0	64.1	61.9
Spain	48.3	30.7	29.9
Sweden	51.5	69.0	79.7
Switzerland	54.2	52.5	67.5
Thailand	22.5	79.4	78.1
Ukraine	60.6	37.3	38.9
United Kingdom	52.9	47.2	63.2
United States	44.5	53.8	55.9
Uruguay	60.2	58.3	39.9
Venezuela	62.0	65.8	45.9

“You personally have the knowledge, skills and experience required to start a business”	“You see good opportunities, but would not start a business for fear it might fail” (% of those seeing good opportunities)	“Are you expecting to start a business in the next three years?”*
76.6	41.4	43.9
48.0	52.3	2.6
71.4	42.7	27.0
68.0	42.7	47.4
55.4	26.8	24.9
52.6	58.1	5.8
90.8	60.8	38.5
50.7	48.1	9.9
62.8	44.2	15.4
69.2	59.5	7.5
53.2	46.2	9.6
47.2	43.4	10.7
44.9	36.4	10.0
76.5	48.0	30.1
57.2	47.3	48.5
52.8	53.2	11.2
49.0	44.6	12.1
69.8	51.7	35.8
84.1	30.3	49.6

* Strictly, this is the percentage of adults excluding those already engaged in entrepreneurial activity.

Table A4. Attitudes and perceptions of entrepreneurs: % of Total early-stage Entrepreneurial Activity (TEA) and % of Established Business Ownership (EBO)

	The % of those starting or running a new or established business who agree/strongly agree that pandemic has provided new opportunities that they want to pursue/are pursuing		The % of those starting or running a new or established business who think starting a business is somewhat or much more difficult as a year ago	
	% TEA	**% EBO**	**% TEA**	**% EBO**
Brazil	67.0	64.3	45.0	51.5
Canada	55.9	49.4	46.1	50.1
Chile	66.3	54.7	68.0	71.3
China	38.6	28.3	63.9	69.1
Colombia	34.4	42.7	48.4	59.2
Croatia	34.9	29.8	32.4	22.9
Cyprus	37.9	31.9	53.3	58.9
Ecuador	36.5	29.1	67.9	82.8
Estonia	28.8	18.1	34.6	32.4
France	39.3	23.0	33.4	33.4
Germany	48.0	26.2	45.2	50.4
Greece	29.2	14.5	36.4	45.8
Guatemala	45.6	35.0	59.3	62.5
Hungary	12.4	10.7	46.8	49.7
India	74.4	75.7	47.2	44.4
Iran	25.7	12.0	81.4	78.4
Israel	47.5	31.6	57.7	57.3
Italy	37.6	32.7	43.2	39.8
Jordan	29.2	26.2	66.6	79.6
Latvia	42.5	27.2	28.5	37.6
Lithuania	44.1	50.6	39.5	32.8
Luxembourg	48.3	43.7	57.9	56.4
Mexico	57.3	49.5	43.3	44.6
Morocco	25.0	14.1	56.3	46.0
Netherlands	43.1	44.6	33.3	31.2

The % of those starting or running a new or established business who expect to use more digital technologies to sell products or services in the next six months		The % of those starting or running a new or established business who agree/strongly agree that they always consider the social implications of decisions		The % of those starting or running a new or established business who agree/ strongly agree that they always consider the environmental implications of decisions		The % of those starting or running a new or established business who are aware of the United Nations Sustainable Development Goals	
% TEA	**% EBO**	**% TEA**	**% EBO**	**% TEA**	**% EBO**	**% TEA**	**% EBO**
90.4	77.7	89.2	86.9	95.6	96.2	92.1	89.8
54.1	50.3	71.3	76.5	63.3	67.7	56.6	58.3
74.2	57.7	82.7	77.2	64.7	68.0	52.3	52.3
33.1	44.2	82.8	71.8	76.6	73.2	70.3	69.5
60.7	55.4	64.4	64.9	42.5	47.7	34.4	45.2
52.0	40.7	78.9	85.8	66.1	70.3	58.0	64.6
46.6	37.6	13.0	13.4	58.5	59.8	41.7	46.1
56.5	43.2	65.1	66.0	45.5	55.9	34.8	41.2
37.5	19.2	54.9	56.8	41.0	41.4	23.9	19.9
36.0	17.5	66.6	56.4	32.5	51.5	24.4	26.0
41.3	21.7	72.8	70	49.7	60.8	53.1	44.6
44.5	28.5	71.3	73.1	65.6	66.7	48.8	45.9
77.1	63.7	93.2	89.3	61.7	73.1	49.2	55.8
42.8	25.9	72.3	57.9	59.9	69.0	40.9	32.9
40.0	39.5	90.9	86.7	33.3	38.5	31.0	33.7
51.0	21.3	46.4	38.5	38.7	34.8	31.5	24.9
52.9	32.5	58.5	46.9	40.6	44.2	42.2	55.5
51.4	43.5	73.2	76.0	63.1	66.1	46.7	50.3
45.6	36.3	79.6	74.3	43.0	48.9	37.0	50.0
51.2	23.5	75.8	61.4	42.0	59.0	29.7	26.6
19.9	8.9	60.6	79.7	31.7	54.9	36.4	62.1
57.3	45.4	73.6	69.1	65.8	70.7	53.5	56.3
71.7	67.4	82.6	80.0	60.7	64.1	55.4	62.7
54.2	27	62.7	60.5	30.0	33.6	34.8	36.4
28.7	21.3	60.6	62.4	44.3	55.5	45.1	40.2

Table A4 (continued)

	The % of those starting or running a new or established business who agree/strongly agree that pandemic has provided new opportunities that they want to pursue/are pursuing		The % of those starting or running a new or established business who think starting a business is somewhat or much more difficult as a year ago	
	% TEA	% EBO	% TEA	% EBO
Norway	28.1	33.9	48.1	50.7
Oman	40.4	29.2	34.6	40.4
Panama	56.4	56.9	56.5	61.2
Poland	37.9	32.8	31.0	11.8
Puerto Rico	63.8	55.2	49.5	54.1
Qatar	44.2	41.1	38.7	36.5
Republic of Korea	6.4	2.3	51.3	66.2
Romania	41.5	38.0	38.8	43.8
Saudi Arabia	64.0	74.4	12.3	27.5
Slovak Republic	24.5	24.5	46.1	58.3
Slovenia	43.7	36.6	29.9	18.4
South Africa	44.6	52.8	44.6	42.9
Spain	41.0	24.9	46.8	50.9
Sweden	33.9	26.7	25.6	22.0
Switzerland	33.7	34.5	30.5	25.6
Thailand	60.1	39.5	48.0	52.6
United Kingdom	55.4	25.6	50.1	56.3
United States	51.5	25.5	43.3	37.8
Uruguay	42.3	36.7	45.1	51.9
Venezuela	61.2	43.5	48.8	51.8

The % of those starting or running a new or established business who expect to use more digital technologies to sell products or services in the next six months		The % of those starting or running a new or established business who agree/strongly agree that they always consider the social implications of decisions		The % of those starting or running a new or established business who agree/ strongly agree that they always consider the environmental implications of decisions		The % of those starting or running a new or established business who are aware of the United Nations Sustainable Development Goals	
% TEA	% EBO	% TEA	% EBO	% TEA	% EBO	% TEA	% EBO
47.2	29.4	50.2	63.1	40.0	51.6	25.0	27.2
63.1	64.9	63.8	49.5	52.9	53.2	47.3	59.3
76.6	70.5	83.7	86.5	67.5	86.7	64.8	78.1
43.7	20	85.9	92.2	55.7	70.2	52.2	77.4
77.5	60.4	89.4	83.3	61.1	67.8	61.8	63.3
64.6	55.1	82.2	84.4	46.9	55.0	47.4	53.6
11.9	13.7	66.4	49.6	53.7	52.2	28.6	27.3
39.6	15.1	84.0	73.8	60.6	45.2	55.6	34.0
77.6	80.1	85.3	88.3	67.2	80.4	68.3	80.3
40.2	26.9	80.3	79.5	57.5	55.9	38.1	31.0
47.0	39.0	74.0	89.8	40.3	54.5	35.1	26.7
61.3	58.0	68.4	73.1	53.6	65.5	56.0	67.1
44.6	26.9	60.1	62.2	52.0	57.3	40.3	32.5
39.7	24.7	60.1	48.8	53.4	50.7	36.8	17.7
31.0	29.1	70.9	67.3	64.5	70.1	49.4	46.5
70.7	44.1	87.4	74.4	65.9	57.7	60.6	59.6
61.5	28.9	80.8	70.7	47.0	60.7	35.1	36.4
46.1	27.7	67.3	37.9	55.5	35.5	45.4	28.4
65.0	42.7	86.1	79.9	56.1	64.3	48.4	61.4
79.0	74.5	92.3	89.6	46.8	58.1	45.2	58.2

Table A5. Entrepreneurial activity by age, gender and education

	Total early-stage Entrepreneurial Activity (TEA) by gender		Established Business Ownership (EBO) by gender	
	% Male	% Female	% Male	% Female
Brazil	22.8	14.7	15.9	8.0
Canada	24.2	15.4	9.0	6.5
Chile	32.0	30.2	5.5	5.0
China	6.3	7.3	5.4	2.9
Colombia	20.7	26.1	4.3	2.5
Croatia	16.4	9.9	6.6	3.8
Cyprus	14.5	7.6	9.9	6.4
Ecuador	31.9	33.4	26.8	21.1
Estonia	16.2	9.9	9.7	6.1
France	12.5	9.0	5.9	3.3
Germany	9.3	6.0	5.5	2.7
Greece	7.5	5.9	16.4	13.0
Guatemala	36.2	28.8	16.8	9.8
Hungary	12.7	7.1	9.7	5.1
India	14.6	9.3	18.0	6.6
Iran	10.7	8.8	13.8	5.9
Israel	9.9	7.7	3.5	3.5
Italy	10.3	6.3	11.0	4.5
Jordan	19.9	10.7	10.6	3.2
Latvia	16.5	12.2	13.8	7.5
Lithuania	6.1	7.2	16.5	12.7
Luxembourg	10.6	8.7	5.7	2.6
Mexico	17.7	16.1	3.7	2.7
Morocco	8.1	4.6	10.8	3.0
Netherlands	15.2	12.2	9.2	4.7
Norway	8.8	4.9	8.2	6.9
Oman	13.0	8.2	3.8	2.5

Total early-stage Entrepreneurial Activity (TEA) by % of age group		Level of Total early-stage Entrepreneurial Activity (TEA) for graduates and for non-graduates	
% 18–34	% 35–64	% of graduates	% of non-graduates
21.9	16.4	22.3	17.4
31.4	13.6	19.3	21.0
31.9	30.5	32.1	27.5
8.9	5.7	9.2	4.8
25.2	22.3	22.9	24.3
19.2	10.7	15.4	11.7
11.5	10.7	11.7	10.0
34.1	31.2	35.8	31.9
17.5	11.0	15.3	10.3
13.9	9.1	12.6	7.6
12.5	5.5	10.5	5.8
7.5	6.2	7.8	5.6
35.3	28.8	40.5	31.7
12.0	8.8	12.6	8.5
12.7	11.2	14.2	9.3
12.9	6.9	11.0	7.8
9.4	8.3	8.7	8.8
11.7	6.9	12.5	6.5
16.4	14.9	19.8	14.4
22.3	10.9	17.4	11.4
11.3	4.6	7.1	5.9
13.0	7.8	12.0	6.9
18.3	15.7	24.6	13.4
5.5	7.2	6.0	6.4
18.4	11.1	14.1	13.6
4.7	8.2	7.4	6.1
10.9	10.4	10.5	10.9

Table A5 (continued)

	Total early-stage Entrepreneurial Activity (TEA) by gender		Established Business Ownership (EBO) by gender	
	% Male	% Female	% Male	% Female
Panama	34.1	28.5	6.2	3.9
Poland	2.8	2.4	12.4	10.9
Puerto Rico	24.8	20.0	8.5	3.8
Qatar	14.4	13.8	4.9	3.0
Republic of Korea	12.7	7.7	24.3	14.9
Romania	6.8	4.9	6.3	3.9
Saudi Arabia	27.1	23.0	13.7	13.5
Slovak Republic	12.6	8.9	4.4	3.5
Slovenia	9.0	5.0	12.8	4.6
South Africa	12.7	9.7	7.9	4.1
Spain	7.5	6.1	7.4	6.0
Sweden	11.1	7.3	8.0	2.8
Switzerland	10.8	9.7	6.7	5.0
Thailand	22.8	24.5	13.3	10.3
United Kingdom	13.3	10.3	7.7	4.9
United States	16	13.4	7.6	5.9
Uruguay	28.8	23.9	10.0	4.8
Venezuela	24.0	21.4	6.0	2.9

Total early-stage Entrepreneurial Activity (TEA) by % of age group		Level of Total early-stage Entrepreneurial Activity (TEA) for graduates and for non-graduates	
% 18–34	% 35–64	% of graduates	% of non-graduates
32.9	30.2	34.9	27.8
4.8	1.6	2.8	2.2
31.2	17.0	24.9	15.1
13.6	14.9	15.0	11.8
8.6	11.0	10.9	9.3
9.6	4.1	6.9	1.7
23.9	26.4	24.6	26.7
18.5	7.1	11.6	10.1
10.0	5.8	8.7	5.3
11.3	11.0	13.8	9.7
7.4	6.5	7.8	5.7
12.1	7.6	9.6	8.7
9.1	10.9	11.5	8.0
22.8	24.1	34.6	14.4
15.2	9.8	13.2	7.6
20.1	11.5	14.9	14.4
31.0	22.9	22.4	26.1
22.9	22.5	27.8	20.4

Table A6. Sector distribution of new entrepreneurial activity (% of Total early-stage Entrepreneurial Activity)

	Business-oriented services	Consumer-oriented services	Extractive sector	Transforming sector
Brazil	17.3	58	3.7	21.1
Canada	29.6	52.9	1.9	15.6
Chile	15.8	60.0	3.4	20.8
China	8.8	73.7	3.4	14.1
Colombia	3.9	79	1.7	15.4
Croatia	33.5	36.4	8.0	22.2
Cyprus	25.1	53.9	5.7	15.3
Ecuador	3.7	75.0	7.5	13.7
Estonia	22.9	44.2	6.2	26.7
France	32.6	47.4	2.6	17.4
Germany	31.6	55.3	3.9	9.2
Greece	22.5	52.4	6.1	19.0
Guatemala	4.1	78.8	3.9	13.1
Hungary	25.4	40.8	5.4	28.4
India	2.3	74.9	4.8	18.0
Iran	22.5	49.3	3.9	24.3
Israel	36.3	56.2	0.0	7.6
Italy	28.1	51.2	7.3	13.4
Jordan	7.2	69.0	3.4	20.4
Latvia	21.8	48.6	4.4	25.2
Lithuania	30.0	44.3	3.6	22.0
Luxembourg	28.9	53.9	4.1	13.1
Mexico	7.6	51	0.2	41.2
Morocco	4.4	70.1	7.1	18.4
Netherlands	23.6	53.2	2.6	20.5
Norway	33.9	40.0	9.1	17.0
Oman	7.7	62.3	1.4	28.6
Panama	11.2	65.4	6.3	17.1
Poland	21.7	53.6	3.4	21.3

	Business-oriented services	Consumer-oriented services	Extractive sector	Transforming sector
Puerto Rico	20.9	59.5	0.9	18.7
Qatar	19.0	59.4	0.9	20.7
Republic of Korea	15.9	57.4	1.9	24.7
Romania	13.6	51.3	8.6	26.5
Saudi Arabia	4.4	86.0	0.5	9.1
Slovak Republic	31.4	38.0	6.1	24.5
Slovenia	31.2	43.9	5.8	19.1
South Africa	3.6	73.9	1.2	21.4
Spain	34.5	48.0	2.7	14.8
Sweden	30.7	51.2	6.9	11.2
Switzerland	42.6	41.5	4.4	11.6
Thailand	4.3	70.3	5.8	19.7
United Kingdom	28.1	58.5	0.6	12.8
United States	16.9	62.3	4.2	16.6
Uruguay	8.9	57.0	9.6	24.6
Venezuela	4.1	68.9	5.0	22.0

Table A7. Business exits, and reason for exit (positive, negative [non-COVID] and COVID-related), % of adults aged 18–64

	Exiting rate	Positive	Negative, not including COVID-19 pandemic	COVID-19 pandemic
Brazil	11.4	1.2	8.1	1.7
Canada	10.2	4.5	4.5	0.5
Chile	10.4	1.5	6.9	0.9
China	3.7	0.7	2.4	0.3
Colombia	4.8	1.1	3.0	0.3
Croatia	4.1	1.1	2.2	0.4
Cyprus	2.5	0.5	1.6	0.1
Ecuador	9.8	1.0	7.5	0.7
Estonia	4.0	1.2	2.2	0.3
France	3.6	1.2	1.7	0.4
Germany	2.7	1.0	1.6	0.1
Greece	2.1	0.8	1.2	0.1
Guatemala	8.0	0.8	6.1	0.7
Hungary	3.5	1.0	2.2	0.0
India	4.4	1.0	2.5	0.6
Iran	5.2	1.2	3.5	0.0
Israel	3.7	0.6	2.3	0.2
Italy	2.7	1.1	1.5	0.0
Jordan	10.6	0.5	9.5	0.6
Latvia	3.7	0.9	2.3	0.2
Lithuania	2.9	1.4	1.4	0.0
Luxembourg	4.4	1.3	2.4	0.2
Mexico	11.6	2.9	6.9	1.3
Morocco	5.2	0.8	3.8	0.2
Netherlands	6.3	2.6	2.8	0.3
Norway	3.2	1.4	0.9	0.0
Oman	13.0	2.8	5.5	1.4
Panama	9.9	2.4	5.3	1.4
Poland	3.4	0.7	1.5	1.2

	Exiting rate	Positive	Negative, not including COVID-19 pandemic	COVID-19 pandemic
Puerto Rico	4.7	1.0	1.8	0.8
Qatar	9.6	1.4	6.3	0.5
Republic of Korea	2.5	0.1	2.3	0.0
Romania	1.4	0.2	1.0	0.1
Saudi Arabia	8.4	3.0	4.9	0.4
Slovak Republic	3.1	0.7	1.9	0.4
Slovenia	3.5	1.7	1.2	0.1
South Africa	7.2	1.8	4.4	0.4
Spain	3.2	1.4	1.7	0.1
Sweden	4.3	1.8	1.7	0.1
Switzerland	3.5	1.7	1.1	0.4
Thailand	6.8	0.3	4.3	2.1
United Kingdom	3.2	0.7	1.8	0.4
United States	6.4	1.9	3.9	0.4
Uruguay	7.9	1.5	4.6	1.2
Venezuela	11.6	1.0	8.1	1.2

Table A8. Entrepreneurial expectations and scope (% of adults aged 18–64)

	Job creation expectations			The % of adults (aged 18–64) starting or running a new business and anticipating 25% or more revenue from outside their country	The % of adults starting a new business with products or services that are either new to their area, new to their country or new to the world		
	0 jobs	1–5 jobs	6 or more jobs		New to their area	New to their country	New to the world
Brazil	6.3	6.5	5.8	1.6	2.0	0.2	0.3
Canada	10.0	4.9	4.9	21.1	3.7	2.0	1.3
Chile	6.8	14.0	10.2	3.0	11.4	4.2	3.3
China	3.3	2.3	1.2	3.8	0.7	0.4	0.1
Colombia	5.0	13.5	5.1	2.0	5.0	1.2	0.2
Croatia	6.1	4.3	2.7	24.4	2.6	1.3	1.1
Cyprus	2.8	5.1	3.2	22.4	0.9	1.1	1.4
Ecuador	20.0	10.8	1.9	1.0	5.2	0.4	0.0
Estonia	5.9	5.0	2.1	29.6	1.2	1.1	0.6
France	4.7	3.5	2.5	17.1	2.4	0.8	1.0
Germany	4.3	1.7	1.6	23.9	1.3	0.6	0.3
Greece	2.9	3.0	0.8	20.0	0.9	0.4	0.2
Guatemala	5.0	19.0	8.3	1.4	11.2	1.1	0.5
Hungary	5.1	3.1	1.6	9.0	1.4	1.0	0.5
India	4.6	6.4	1.0	1.5	2.5	0.4	0.0
Iran	4.2	3.5	2.0	2.4	0.9	0.8	0.4
Israel	5.5	1.7	1.5	13.5	1.0	0.8	0.4
Italy	4.7	2.2	1.4	10.4	1.9	1.1	0.7
Jordan	5.8	7.6	2.2	5.8	2.3	0.5	0.0
Latvia	5.2	4.9	4.2	25.0	1.3	1.5	0.7
Lithuania	3.9	1.7	1.1	4.9	0.1	0.0	0.0
Luxembourg	3.4	3.9	2.4	39.7	1.8	1.6	0.4
Mexico	2.8	8.9	5.2	4.4	5.9	0.3	0.3
Morocco	3.5	1.7	1.1	2.2	0.9	0.1	0.0
Netherlands	7.0	4.6	2.1	17.8	2.5	1.9	0.5

The % of adults starting or running a new business using technology or processes that are either new to their area, new to their country or new to the world			The % of adults starting or running a new business having customers only within their local area, only within their country, and those having international customers		
New to their area	New to their country	New to the world	Local only	National	International
2.9	0.7	0.6	8.9	8.9	0.8
3.5	1.7	1.2	7.5	4.5	6.4
9.9	4.7	2.9	22.4	6.9	1.5
0.6	0.2	0.1	4.1	2.0	0.6
4.7	1.4	0.2	10.6	10.5	2.0
2.7	1.6	0.7	3.7	4.1	4.9
1.2	1.5	1.2	1.7	4.6	4.6
2.9	0.3	0.0	22.0	8.8	1.4
1.0	0.8	0.4	1.4	4.7	6.8
2.0	0.8	1.0	3.9	3.0	3.6
1.2	0.6	0.3	2.3	2.0	3.1
1.3	0.5	0.1	2.6	1.1	2.8
11.2	0.9	0.8	18.1	13.3	1.0
1.3	1.1	0.3	2.5	4.4	3.0
2.8	0.3	0.1	8.7	1.8	0.3
0.7	0.6	0.2	2.4	6.0	1.2
1.0	0.9	0.1	1.6	4.8	1.9
2.0	1.1	0.7	3.2	2.1	2.5
2.1	0.7	0.1	4.8	8.5	2.3
0.8	1.4	0.6	1.6	6.0	6.5
0.1	0.1	0.1	2.8	2.9	1.0
1.8	1.7	0.5	0.9	2.8	5.3
5.5	1.1	0.3	8.7	5.3	2.2
0.9	0.1	0.0	3.5	1.6	0.3
2.3	1.7	0.3	3.0	5.7	4.7

Table A8 (continued)

	Job creation expectations			The % of adults (aged 18–64) starting or running a new business and anticipating 25% or more revenue from outside their country	The % of adults starting a new business with products or services that are either new to their area, new to their country or new to the world		
	0 jobs	1–5 jobs	6 or more jobs		New to their area	New to their country	New to the world
Norway	3.4	1.9	1.6	14.8	0.6	0.7	0.6
Oman	7.4	1.8	1.4	5.1	1.1	0.4	0.1
Panama	6.4	16.1	8.8	5.3	8.9	2.3	1.0
Poland	0.7	1.5	0.4	2.4	0.7	0.1	0.0
Puerto Rico	4.0	10.5	7.8	10.2	3.5	2.2	1.4
Qatar	4.3	1.7	8.2	11.9	2.2	1.9	0.6
Republic of Korea	0.8	7.8	1.6	1.9	0.3	1.0	0.1
Romania	2.2	2.1	1.5	7.3	0.7	0.1	0.1
Saudi Arabia	3.6	14.3	7.5	5.3	6.2	0.1	0.0
Slovak Republic	4.3	2.3	4.1	10.0	1.7	0.7	0.2
Slovenia	3.5	2.3	1.3	25.6	0.5	0.8	0.6
South Africa	4.4	4.3	2.4	13.1	2.5	1.1	0.2
Spain	4.4	1.7	0.7	17.9	1.1	0.7	0.4
Sweden	4.9	2.9	1.5	20.4	1.5	1.0	1.1
Switzerland	5.6	3.2	1.5	19.5	1.7	1.0	0.7
Thailand	6.4	9.6	7.6	8.5	5.2	1.6	0.3
United Kingdom	4.7	4.1	3.0	19.4	2.3	0.3	0.9
United States	4.5	6.0	4.2	18.4	2.9	1.6	0.8
Uruguay	7.5	12.4	6.3	2.8	6.1	1.7	0.9
Venezuela	4.5	13.5	4.7	2.7	4.6	0.5	0.5

The % of adults starting or running a new business using technology or processes that are either new to their area, new to their country or new to the world			The % of adults starting or running a new business having customers only within their local area, only within their country, and those having international customers		
New to their area	**New to their country**	**New to the world**	**Local only**	**National**	**International**
0.5	0.2	0.5	2.0	2.8	1.7
0.8	0.3	0.0	4.3	4.4	1.7
9.8	2.4	1.3	7.9	17.9	4.3
0.4	0.1	0.0	1.4	1.0	0.2
4.2	2.4	0.9	2.5	12.0	7.4
2.9	2.0	0.7	2.9	6.9	3.7
0.8	0.5	0.0	0.4	8.5	1.3
0.6	0.1	0.0	3.1	1.9	0.7
6.1	0.1	0.0	12.2	11.4	1.7
1.6	1.2	0.3	2.8	4.0	3.7
0.4	0.8	0.6	0.8	2.5	3.7
3.2	1.0	0.2	4.2	5.0	1.8
1.0	0.7	0.5	2.4	1.8	2.1
1.2	1.0	0.7	1.8	4.0	2.7
1.4	0.6	0.6	3.2	3.0	3.6
4.9	1.7	0.2	1.7	16.3	5.5
1.4	0.4	0.7	2.3	5.1	4.2
2.7	1.0	0.4	4.0	6.2	4.0
5.6	2.1	0.5	10.5	10.8	3.1
4.3	0.8	0.5	11.4	8.5	1.9

Table A9. The motivation to start a business (% of Total early-stage Entrepreneurial Activity who somewhat or strongly agree)

	"To make a difference in the world"	"To build great wealth or very high income"	"To continue a family tradition"	"To earn a living because jobs are scarce"
Brazil	76.5	66.6	36.3	74.1
Canada	62.3	69.1	41.6	67.2
Chile	57.6	60.1	28.0	73.6
China	18.2	42.0	28.5	69.0
Colombia	48.5	53.5	35.4	80.4
Croatia	35.5	54.3	24.7	59.1
Cyprus	39.7	85.4	27.1	65.5
Ecuador	42.7	40.2	41.0	90.8
Estonia	33.4	39.9	17.4	54.6
France	19.9	43.7	17.5	43.2
Germany	50.4	56.3	31.4	46.7
Greece	26.1	55.6	34.6	72.3
Guatemala	80.6	84.7	52.4	89.4
Hungary	45.8	80.1	30.3	89.8
India	83.8	81.0	75.2	87.8
Iran	37.3	94.7	18.5	66.9
Israel	38.3	75.0	23.1	48.0
Italy	35.3	56.1	31.5	58.2
Jordan	20.7	60.6	26.4	95.1
Latvia	43.5	43.5	29.6	64.0
Lithuania	42.4	52.0	22.4	83.7
Luxembourg	50.6	46.6	32.7	47.2
Mexico	62.8	55.6	55.1	81.7
Morocco	18.2	50.2	25.4	80.9
Netherlands	47.7	45.4	25.9	38.2
Norway	37.4	34.3	19.4	25.3
Oman	42.3	64.3	38.3	63.8
Panama	68.0	55.4	51.2	78.4
Poland	20.5	39.6	9.7	62.8

	"To make a difference in the world"	"To build great wealth or very high income"	"To continue a family tradition"	"To earn a living because jobs are scarce"
Puerto Rico	69.3	47.3	31.1	64.5
Qatar	48.6	77.4	38.4	62.7
Republic of Korea	3.9	82.6	5.4	28.3
Romania	66.6	77.8	35.7	87.5
Saudi Arabia	70.6	90.9	72.2	90.9
Slovak Republic	37.1	37.6	24.3	70.4
Slovenia	56.1	53.6	29.0	49.1
South Africa	61.4	64.9	47.2	69.4
Spain	37.6	37.2	21.7	57.1
Sweden	43.1	53.7	26.4	29.1
Switzerland	53.6	39.2	8.8	40.6
Thailand	50.3	78.7	66.9	82.0
United Kingdom	58.8	66.6	20.5	61.4
United States	63.7	66.7	35.0	62.5
Uruguay	39.7	51.1	32.7	69.2
Venezuela	68.4	53.7	52.5	91.0

Table A10. National Entrepreneurship Context Index and number of Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better (score ≥5)

	Income level	Number of Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better (≥5)	NECI score
Argentina	Level B	3	3.9
Brazil	Level C	2	3.8
Canada	Level A	5	4.8
Chile	Level B	4	4.6
China (PRC)	Level C	8	5.4
Colombia	Level C	3	4.1
Croatia	Level B	2	4.3
Cyprus	Level B	1	4.0
Ecuador	Level C	2	3.9
Estonia	Level B	11	5.9
France	Level A	7	4.9
Germany	Level A	4	4.8
Greece	Level B	3	4.6
Guatemala	Level C	4	3.8
Hungary	Level B	4	4.5
India	Level C	13	6.5
Iran	Level C	0	2.8
Israel	Level B	3	4.0
Italy	Level A	1	4.5
Japan	Level B	3	4.4
Jordan	Level C	5	4.7
Latvia	Level B	6	4.9
Lithuania	Level B	12	6.1
Luxembourg	Level A	2	4.6
Mexico	Level C	3	3.9
Morocco	Level C	3	4.3
Netherlands	Level A	13	5.9
Norway	Level A	3	4.7
Oman	Level B	8	5.4

	Income level	Number of Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better (≥5)	NECI score
Panama	Level B	3	4.2
Poland	Level B	3	4.2
Puerto Rico	Level B	4	4.2
Qatar	Level A	12	5.9
Republic of Korea	Level A	12	5.8
Romania	Level B	3	4.3
Saudi Arabia	Level A	12	6.3
Slovak Republic	Level B	2	4.0
Slovenia	Level A	4	4.8
South Africa	Level C	1	3.6
Spain	Level B	1	3.8
Sweden	Level A	3	4.7
Switzerland	Level A	9	5.5
Thailand	Level C	3	4.2
Ukraine	Level C	4	4.3
United Arab Emirates	Level A	13	7.6
United Kingdom	Level A	5	4.6
United States	Level A	3	4.8
Uruguay	Level B	4	4.3
Venezuela	Level C	3	3.2

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