GEM Global Entrepreneurship Monitor

BABSON COLLEGE

Global Entrepreneurship Monitor

2021/2022 Global Report

Opportunity Amid Disruption

UNITED ARAB EMIRATES MINISTRY OF ECONOMY

Khalifa Fund for Enterprise Development

Cartier WOMEN'S INITIATIVE

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

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In collaboration with GEM National Teams, the GEM Global Data Team — Forrest Wright, Francis Carmona and Alicia Coduras — produced the Economy Profiles in Part 2 and all figures and tables, while Kevin Anselmo produced the Entrepreneur Profiles used throughout the report.

Although GEM data were used in the preparation of this report, the interpretation and use of the data are the sole responsibility of the authors.

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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.

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 Employee Activity (EEA)
The rate of involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary, as part of their job.

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 Entrepreneurial Framework Conditions 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 $40,000.
Level B	Economies with a GDP per capita of between $20,000 and $40,000.
Level C	Economies with a GDP per capita of less than $20,000.

Acknowledgements

It is a great pleasure to present **Global Entrepreneurship Monitor's 2021/2022 Global Report: Opportunity Amid Disruption**. This annual report requires the time and expertise of several hundred people around the world, representing multiple academic institutions, research institutes and sponsoring organizations.

Our first acknowledgement therefore goes to our dedicated GEM National Teams and to their sponsors. Without their financial and intellectual efforts, GEM would not exist.

This is a very special year as we are launching our Global Report at Expo 2020 Dubai, a high-profile and innovative venue, at the invitation of the United Arab Emirates Ministry of Economy. We would like to warmly thank H.E. Abdulla Bin Touq Al Marri, UAE Minister of Economy, and H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi, UAE Minister of Entrepreneurship and SMEs. We would also like to extend our appreciation and thanks to H.E. Mohammed Ali Al Shorafa, Chairman, Khalifa Fund for Enterprise Development, and Mouza Obaid Al Nasri, former Acting CEO of the Khalifa Fund, for the sponsorship of one of our reports.

Our founding organization and GEM Global Sponsor, Babson College, has devoted substantial financial resources over the years towards ensuring that GEM remains a robust and resilient organization. This is appreciated all the more considering that, during this tough and turbulent pandemic period, National Teams have found it especially difficult to meet the costs of GEM research and even to carry out face-to face interviews. For Babson College's unconditional support, we are very grateful, and thank Babson's President Stephen Spinelli, Professors Donna Kelley and Jeffrey Shay, as well as Smaiyra Million, Executive Director of Babson's Arthur M. Blank Center for Entrepreneurship.

We also warmly thank the Cartier Women's Initiative (CWI), with whom GEM has a strategic partnership. Both GEM and CWI are focused on complementary objectives related to promoting women's entrepreneurship globally. I would like to thank Cyrille Vigneron, Cartier President and CEO, and Wingee Sampaio, CWI Global Program Director, for their engagement in GEM's activities and their willingness to provide support to boost the women's entrepreneurship dimensions of GEM research.

The School of Management Fribourg (HEG-FR) has also dedicated financial resources for the Global Report significantly over and above the GEM Switzerland contribution of data. HEG-FR is supporting the research that we will magnify in 2022 related to the impact of entrepreneurship on the Sustainable Development Goals. We warmly thank Rico Baldegger, Director and Professor of Strategy, Innovation and Entrepreneurship at HEG-FR.

This report brings together results and analysis in a series of chapters co-written with GEM National Team co-authors. There are too many to list here (they are named in the individual chapters and on the inside cover), but their work in making sure this Global Report is expertly written, reviewed and polished is very much appreciated. Thanks in particular to Dr Stephen Hill, the main author.

We are fortunate to have an extremely dedicated GEM Global core team. We acknowledge the careful data harmonization work of our data team—Francis Carmona, Alicia Coduras and Forrest Wright—as well as the efforts of Kevin Anselmo, who collected and edited the Entrepreneur Profiles as well as the first drafts of the full report. Thanks also to Laura Freeborn and Aurea Almanso for their valued contributions to GEM project planning and logistics related to the Global Report and the Expo 2020 Dubai Launch Event.

Without doubt, because of the global pandemic, these are the most extraordinary times GEM has ever experienced. GEM has been able to maintain its resilience despite all the odds. This points to the value of GEM research to our stakeholders. To all: warm thanks, and appreciation.

Aileen Ionescu-Somers, PhD
GEM Executive Director

Foreword

It is a privilege for us, as part of the Global Entrepreneurship Monitor (GEM) family, to present the **GEM 2021/2022 Global Report: Opportunity Amid Disruption**.

Why this title? The ongoing COVID-19 pandemic — as well as other global threats such as social and economic inequality, climate change, reduction in global biodiversity and pollution of air, ocean, fresh water and land — are currently forcing a rethink about the way business is conducted the world over. The United Nations Sustainable Development Goals point to the critical need for transformation of business-as-usual, in the interests of preserving the planet and assuring well-being for present and future generations. The pandemic has brought about drastic changes across the world, forcing most people to adopt entirely new ways of life that will not necessarily revert to pre-crisis conditions. Entrepreneurs are part of this rapidly changing landscape. They are also part of a complex web of individuals and networks providing solutions to the world's most challenging societal problems.

GEM was the first project in the world to provide data-driven evidence on cross-national entrepreneurship dynamics indicators. Today, 23 years later, it is still the only international organization that surveys entrepreneurs directly, gaining a bird's-eye view of how attitudes, perceptions, intentions, motivations and activities of entrepreneurs are evolving year on year across the globe. GEM also monitors the "radar screen" of how national and even regional or city entrepreneurship business contexts are evolving in today's highly competitive world. As a result, GEM is a source of diagnostic tools for policymakers and other stakeholders, to guide decision making and activities that enable entrepreneurs to flourish and grow robust and value-adding businesses.

GEM is increasingly interested in partnering with other organizations to explore the relationship between innovation and entrepreneurship more deeply, using the data in combination with data from other sources to produce results that give new and deeper perspectives.

GEM's unique research has always been highly valued by academics, policymakers, international organizations and entrepreneurs. However, during and after major crises such as the current global pandemic, access to hard data is even more highly prized — all the more so because GEM enables these important stakeholders to observe and understand impact, both in terms of the crisis and in terms of action that needs to be taken, whether in strategy building or decision making.

Disruption has been rife of late in multiple business sectors; but, as most entrepreneurs well know, with disruption comes opportunity. It is clear from this year's research that entrepreneurs, true to form, have been grasping pandemic-related opportunities and building resilience, even if many have been egregiously affected by the crisis financially and in their ability to grow value-adding businesses. Yet those that are finding opportunity in entrepreneurship are increasingly doing so without incurring a social or environmental cost. Motivations of entrepreneurs now routinely include "making a difference in the world", along with the customary financial aims and/or desire to continue a family tradition.

We hope that this report — as well as the forthcoming related GEM National Reports to be published throughout 2022, our databases, and the research that uses GEM data — will be of invaluable support in the pursuit of "building back better" in the post-pandemic era.

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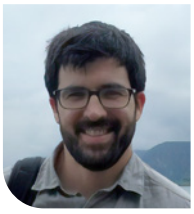

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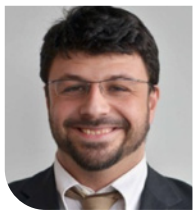

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About GEM

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 the economic shock wave created by the COVID-19 pandemic. The promotion of entrepreneurship will be central to multiple governments worldwide for the foreseeable future, especially considering the significant negative impacts of the pandemic on economies. Governments and other stakeholders will increasingly need hard, robust and credible data to make key decisions that stimulate sustainable forms of entrepreneurship and promote healthy entrepreneurial ecosystems worldwide. During its 23 years of existence, Global Entrepreneurship Monitor (GEM) has repeatedly contributed to such efforts, providing policymakers with valuable insights on how to best foster entrepreneurship to propel growth and prosperity once again.

GEM carries out survey-based research on entrepreneurship and entrepreneurship ecosystems around the world. GEM is a networked consortium of national country teams primarily associated with top academic institutions. It is the only global research source that collects data on entrepreneurship directly from individual entrepreneurs. GEM tools and data are therefore unique and benefit numerous stakeholder groups. By becoming involved with GEM:

- Academics apply GEM's unique approaches to studying entrepreneurship at the national level;
- Policymakers use GEM data to make better-informed decisions to help their entrepreneurial ecosystems thrive;
- Entrepreneurs increase their knowledge about where to invest and influence;
- Sponsors and partners collaborate with GEM to advance their own strategic organizational interests;
- International organizations leverage GEM's entrepreneurial insights in their reports and events and by combining GEM data with their own data sets to enhance analysis and thought leadership in entrepreneurship.

As indicators of GEM's credibility and impact in the area of entrepreneurship, in 2021, GEM represents:

- 22 years of data;
- 3,000,000+ entrepreneur respondents and expert interviews since 1999;
- 148,000+ respondents to the 2021 GEM Adult Population Survey;
- 2,000+ expert interviews for the 2021 GEM National Expert Survey;
- 120 economies since 1999;
- 370+ specialists in entrepreneurship research (GEM National Team members);
- 300+ academic and research institutions;
- 200+ funding institutions;
- 1,000+ publications in peer-reviewed journals.

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.

Collaborate with GEM to assess city and regional readiness for entrepreneurship

What makes a city or region attractive to entrepreneurs? Which factors draw creative entrepreneurs to a city or region … indeed, to any entrepreneurial ecosystem? What gives them the confidence that they can build successful, value-adding and profitable companies in a nurturing context? How good are cities and regions at building these contexts and nurturing entrepreneurship?

Collaborate with GEM to find answers to these questions in cities and regions that are important to you! Our **Entrepreneurial Ecosystem Quality Composite Index (ESI)** is a diagnostic tool that provides frameworks and data to analyse just about any subnational ecosystem. ESI reports have been conducted in several ecosystems around the world.

"The GEM ESI methodology provided a valuable contribution to deepen our knowledge of Madrid's entrepreneurial ecosystem. It is a solid scientific approach and offers the possibility to analyse a number of variables aligned to different key pillars. This enabled us to identify how the main actors interact and the key issues to be addressed to foster ecosystem development. The ESI tool is a great input for diagnosis and policymaking."

—Isidro de Pablo López, Universidad Autónoma de Madrid

"Reporting on the findings from the Global Entrepreneurship Monitor's Entrepreneurial Ecosystem Quality Index in our region of Nova Scotia, Canada, generated a significant amount of interest from policymakers and ecosystem actors. Some of the notable findings, based on our data, have informed debate and helped leading ecosystem players to think about strategies for further ecosystem development."

—Kevin McKague, PhD, Canada Research Chair and Associate Professor of Entrepreneurship, Shannon School of Business, Cape Breton University

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

Executive Summary

Stephen Hill, Aileen Ionescu-Somers, Maribel Guerrero and Niels Bosma

Entrepreneurship is a key driver of economic development and recovery. There is a clear and pressing need for hard data-driven evidence on entrepreneurship. Robust data serve as a policy base for governments, businesses and individuals. For these stakeholders, it is particularly important to understand what is happening in the area of entrepreneurship in the midst of the disruptions caused by the COVID-19 pandemic. This is because entrepreneurship can provide solutions to many of the world's most challenging economic, environmental and social issues.

In this 23rd Global Report, Global Entrepreneurship Monitor (GEM) offers a substantial and contemporary body of evidence based on extensive interviews in 2021 with some 150,000 individuals across 50 different economies, which together represent around 68% of global Gross Domestic Product (GDP) and 45% of the world's population.[1] This interview evidence adds to the stock of more than three million people interviewed by GEM since its inception in 1999. Time series data provide the background to the analysis and assessment of results in 2021, while consistency in definition and measurement allows changes to be identified. For example, levels of entrepreneurial activity in 2021 can be compared to 2020 and 2019, offering a clear guide to the impact of the ongoing COVID-19 pandemic on entrepreneurial activity.

Part 1 of this GEM Global Report paints a picture of the level of entrepreneurial activity in each economy. But it also goes far beyond that. It peers into each economy, to examine entrepreneurial motivations, intentions and attitudes related to creating new businesses and making them successful. It explores the nature of those new businesses and their prospects for creating new jobs and expanding internationally, and provides a host of other fine details about each economy's entrepreneurial environment.

An exploration and overview of national business context conditions and key data on each economy are presented in individual national Economy Profiles in Part 2 of this Report. Values for GEM variables in 2021 across participating economies are presented in the Appendix Tables in Part 3.

The following insights address key questions that GEM stakeholders may ask, based on 2021 GEM research.

1 Estimates based on World Bank data for GDP and populations.

HAS THE PANDEMIC REDUCED HOUSEHOLD INCOMES?

The answer is a resounding "Yes!" One of the questions in the 2021 GEM Adult Population Survey (APS) asked all respondents if the pandemic had, in 2021, led to a decrease in their household income. While answers varied, in 22 of the 47 economies more than one in two adults agreed their household income had decreased, including at least four out of five in India, Kazakhstan and Sudan. Those 22 economies included all 10 Level C economies, 10 out of 18 Level B and just two of 19 Level A economies. (A definition of the categorization of economies into Levels A, B and C is on page 7 of this report.)

It is no surprise that Level A economies are least affected in terms of reductions in household income. Governments in these economies have generally offered more generous personal and business income support through so-called "furlough schemes" which many Level C economies simply cannot afford. As furlough schemes wind down, it will be interesting to observe any further effects of the pandemic on household income in developed economies. Evidence of this will be forthcoming in GEM's next Global Report for 2022/23.

DO ATTITUDES AFFECT LEVELS OF ENTREPRENEURSHIP?

Again, the answer is another resounding "Yes!" Observing other people in their own communities starting businesses, being able to spot business opportunities, and having confidence in their own ability to start a business, are all important positive influences on the intention to start a business and its realization. However, in many economies, such intentions are constrained by fear of failure. Two examples: in Saudi Arabia, nine out of 10 adults see good business opportunities, think it is easy to start a business and consider they have the skills and abilities to start a business. Yet more than one in two of those seeing good opportunities agree that the fear of failure would prevent them from starting a business. In Saudi Arabia, less than one in five adults intend to start a business in the next three years. By contrast, in Kazakhstan just one in two know someone who has started a business, see good opportunities or consider it easy to start a business. However, only one in eight of those who see good opportunities to start a business would be deterred by fear of failure. In Kazakhstan, more than one in two adults intend to start a business in the next three years.

The capacity of entrepreneurs to realize their hopes, dreams and intentions can clearly be hampered by their fear of failure. Fear of failure exists for numerous reasons but one major influencing factor is the nature of the business environment. This is where policymakers can make a significant difference. The contrasting examples are revealing; it therefore matters that this fear of failure is addressed through informed policymaking and by creating conducive business frameworks for entrepreneurs. There are a number of possible actions: reducing the costs of exiting a business, for example, or increasing awareness of the many successful entrepreneurs that have had prior failures.

HAS THE PANDEMIC MADE IT MORE DIFFICULT TO START A BUSINESS?

While the answer is once again "Yes", some qualification is required. The 2021 GEM APS asks those starting or running a new business whether doing so is more difficult than a year ago. The same question was asked of entrepreneurs in 2020. In 2021, more than one in two entrepreneurs agreed that starting a business had become more difficult in 18 of 47 economies. In 2020, almost twice as many (33 out of 46 economies) had 50% or more of their would-be entrepreneurs agreeing that this was the case. So, while there is still agreement that the pandemic has made starting a business more difficult, agreement is less emphatic than a year ago. This points to some degree of global economic recovery and/or perhaps also to a degree of increased policy support.

At the same time, compared to 2020, there is more agreement among entrepreneurs in 2021 that the pandemic has led to new business opportunities. In 2020, in nine out of 46 economies, more than half of those starting or running a new business agreed that the pandemic had led to new business opportunities. In 2021, this is the case for 15 out of 47 economies. It seems that living with the pandemic has certainly raised awareness of the business opportunities it brings in its wake, and not only for independent entrepreneurs; more than half of entrepreneurial employees[2] see new pandemic-led opportunities being actively pursued in the businesses they work for.

HAS THE PANDEMIC REDUCED THE LEVEL OF ENTREPRENEURIAL ACTIVITY?

The GEM database allows comparisons between the proportions of adults starting or running a new business in 2019 (pre-pandemic) and 2021. Total early-stage Entrepreneurial Activity (TEA) is GEM's most well-known indicator, representing the percentage of adults (aged 18–64) that are starting or running a new business. The level of TEA has generally fallen in this period, including by more than a half in Colombia, the Slovak Republic and Norway. However, there are exceptions, particularly in Saudi Arabia and the Netherlands, both of which experienced increases in TEA in each of the past two years. One characteristic common to both — and which may explain these exceptions — is the availability of relatively generous support packages for new businesses. Levels of Established Business Ownership (EBO; the percentage of adults aged 18–64 owning or managing a business for more than 42 months) have also fallen in general, although again with exceptions.

WILL THESE NEW BUSINESSES EMPLOY MANY PEOPLE?

The GEM APS asks those starting or running a new business how many people they expect to employ in five years' time. Relatively few of those starting or running a new business expect to employ six people in five years' time, although this was more than one in 10 adults in Qatar, Chile and the United Arab Emirates. More worryingly, in a quarter of the GEM economies, over half of those starting or running a new business expect to employ no one but themselves in five years' time. This may be indicative of high levels of informal "survival" businesses, created during economic hardship when no other alternatives or social safety nets are available, and when people resort to entrepreneurship as their only fall-back solution. This is a particular concern in some low-income economies, where currently high levels of TEA may not easily translate into more jobs and growth in the future.

2 Entrepreneurial employees are those engaged in entrepreneurial activities such as developing new products or services, or setting up new business units, as part of their job. See Chapter 3.

ARE ENTREPRENEURS CHANGING HOW THEY DO BUSINESS?

Many people around the world are working differently as a result of the pandemic. The rise in online business and working from home may be the most important and transformative shifts of the century. GEM included a new question in the 2021 APS, asking those starting or running a new business, and those running established businesses, whether they expect to use more digital technology to sell their products or services in the next six months. This expectation was more prevalent in low-income economies, where startups are typically not so focused on high tech. New entrepreneurs are more likely than established businesses to expect to use more digital technologies: the proportion of new entrepreneurs with this expectation exceeded that of established entrepreneurs in all but three economies: South Africa, France and the Republic of Korea. It seems that established businesses will need more encouragement, or incentives, to invest in digital technologies to reach their customers, or they may be left behind by the new and accelerating business realities.

Additional questions integrated in the APS in 2021 asked those starting or running new businesses and those running established businesses if they always considered social or environmental implications when making decisions about the future of their business. While acknowledging the opportunity for social desirability bias in responses, there was widespread agreement that they did. Social implications were considered by more than half of new entrepreneurs in all economies except Poland and Norway, and by more than half of established entrepreneurs in all economies except Poland and in Kazakhstan. Environmental implications were considered by more than one in two new entrepreneurs in all GEM-participating economies except Poland and Kazakhstan, and a similar proportion of established entrepreneurs in all but Poland and Israel. These results suggest that entrepreneurs in a small number of countries, including Poland and Kazakhstan, are out of step with their contemporaries in most other economies. This type of GEM research result is interesting for policymakers in these countries. GEM National Reports will delve more deeply into these findings throughout 2022. These questions will be included as part of future GEM APS surveys, allowing trends to be identified as well as, no doubt, the impact of evolving policy frameworks.

WHO IS MOST LIKELY TO START A NEW BUSINESS?

Levels of entrepreneurial activity vary by gender, age and educational attainment. In most, but not all, economies, men are more likely to start new businesses than women, younger people are more likely to do so than older people, and graduates are more likely to start a business than non-graduates. And, while differences are often small and exceptions many, measures to support under-represented groups could make a significant contribution in increasing the level and variety of entrepreneurial activity, hence boosting the process of economic recovery from the pandemic.

However, differences in entrepreneurial activity rates between groups (men/women, young/older, graduates/non-graduates) within an economy are usually much smaller than differences in these rates between economies. Gender, age and education all matter, but national context seems to matter much more.

Levels of Employee Entrepreneurial Activity (EEA; the involvement of employees in entrepreneurial activities, such as developing or launching new goods or services) are typically higher in better-off economies, not least because those economies tend to have higher proportions of businesses with employees. While EEA levels have fallen slightly during the pandemic, more than half of entrepreneurial employees see new business opportunities due to the pandemic.

DO YOUNG PEOPLE HAVE DIFFERENT MOTIVATIONS FROM OLDER PEOPLE FOR STARTING A BUSINESS?

The APS asks about levels of agreement with different motivations for starting businesses, providing options for respondents. Levels of agreement with the motive "to make a difference in the world" were especially high in low-income (Level C) economies. This may seem counter-intuitive, but low-income economies often experience the worst effects of global challenges, such as the pandemic, climate change, loss of biodiversity and pollution. When confronted so directly with such effects in their everyday lives, entrepreneurs may be more motivated to look for solutions. However, there are generational, as well as income-level, differences in motivations. Younger people are more likely than older people to agree with the motive "to make a difference in the world", and older people in turn are more likely to agree with the motive "to earn a living because jobs are scarce". This motive is the dominant one across most economies outside Europe.

ARE PEOPLE EXITING THEIR BUSINESSES BECAUSE OF THE CORONAVIRUS PANDEMIC?

Despite the pandemic, in three-quarters of GEM economies less than one in 10 adults have exited a business in the past year, with just three economies (Poland, Egypt and Oman) in which the level of exits exceeded the level of startups. However, there are also 12 economies in which the main reason given for a third or more of those exiting a business in the past 12 months was the pandemic.

There are also more positive reasons to exit a business, such as getting a job offer or another business opportunity. These types of reasons were cited by more than a quarter of those exiting a business in 11 of the 47 economies, none of which are classed as low-income.

WHERE ARE THE MOST SUPPORTIVE PLACES TO START A BUSINESS?

GEM's National Expert Survey (NES) results are presented in Part 2 of this report, as are Economy Profiles which give a brief overview of both APS and NES results for each country. The GEM National Reports that will become available throughout 2022 will provide in-depth analysis on the results of the APS and NES for each and every participating economy.

GEM defines a number of Entrepreneurial Framework Conditions (EFCs), many of which are the direct responsibility of the government in each country. Yet these are consistently given low scores by national experts, as reflected in the spider graphs provided in Part 2 of this report. This is especially (and consistently over the years) true of the framework condition related to "Entrepreneurial Education in Schools", typically rated lowest of all the EFCs. Few if any experts would disagree that improvements in entrepreneurial education in schools could significantly improve the entrepreneurial environment of most economies.

In 2021, of the 47 GEM-participating economies, national expert assessments suggest that the United Arab Emirates has the most supportive environment for entrepreneurship and Sudan the least supportive, with many degrees of supportiveness in between. The United Arab Emirates has the highest total score by a clear margin, having improved in 11 of the 13 framework conditions since 2020, and scoring highest of all 47 economies in four of them. The United Arab Emirates is the only economy to have scored as sufficient or more for all framework conditions. These changes are the direct result of policy adjustments that have moved increasingly to promoting business conditions for entrepreneurs.

Finally, and to sum up, based on the research results underpinning this GEM Global Report, an evidence-based program to foster and enhance economic recovery could include the following:

- Support for household income, particularly in poorer economies;

- Actions — including reducing exit costs and focusing more media attention on successful entrepreneurs with previous failures — to overcome or limit the fear of failure that constrains levels of new business activity in too many economies;
- Additional support, not only for existing but also for new businesses during crises such as the pandemic, at times when conditions are typically not optimal for starting businesses;
- More support for women and older people to start their businesses and become entrepreneurs, thus increasing and strengthening the national entrepreneurship base while reducing pressure on social support systems and maintaining social harmony;
- Encouragement for new — but especially established — businesses to use more digital technology to market and sell their products or services;
- Across all income groups, encouragement of entry of differentiated products into business services sectors, to maximize growth opportunities and competitiveness in the marketplace.

Successful entrepreneurship can both drive economic recovery and meet the ambitions of talented and creative individuals across all economies. Unleashing this potential offers a much better route forward as we hopefully leave the ongoing pandemic behind us once and for all.

NOTE

Each of the 50 GEM National Teams will produce their own National Report subsequent to this Global Report, delving into country-specific impacts and policy alternatives in far more detail than is possible here. Policymakers with interest in specific economies among the GEM participants should contact the relevant GEM National Team, details of which are provided in the Economy Profiles in Part 2 of this Global Report.

Key Thoughts for Policymakers from the GEM 2021/2022 Global Report Authors

It is difficult to make informed decisions without having the right data. GEM fills this void for policymakers. GEM is the only global research source that collects data on entrepreneurship directly from the source — entrepreneurs! Policymakers can take action based on GEM data to help their respective entrepreneurial ecosystems to thrive. Based on this year's research, the GEM 2021/2022 Global Report authorship team shared some key insights for policymakers.

"Supported by our 22 years of studies, at GEM we are convinced that policymakers should know much more about the real difficulties that confront entrepreneurs. If one isn't an entrepreneur, it is difficult to appreciate all the aspects involved in setting a business idea in motion. From accessing finance to location and services, from dealing with taxes and regulations, to relying on wider society for both its support and its response, so much of it represents a challenge to be overcome. Policymakers in all countries need to address the realities faced by entrepreneurs and establish measures that facilitate entrepreneurial activity. In 2021, hardly any countries fared well in an evaluation of the main environmental factors that foster entrepreneurial activity."

Dr Alicia Coduras, GEM Global and GEM Saudi Arabia

"The Global GEM Report constitutes a unique window into the dynamic and turbulent world of entrepreneurs, who create new employment opportunities for many workers across the globe. It also helps us understand how each nation's entrepreneurial ecosystem has evolved and how entrepreneurs have created, or sustained, or wound down their initiatives in a particular year. The GEM Global Report has taken on new significance during the pandemic, given the severe new governmental restrictions on social interaction which have contributed to the disruption of economic activity and the modification of business models in many industries. This year's GEM Report motivates us to rethink strategies and support instruments for promoting entrepreneurship."

Dr Maribel Guerrero, Universidad del Desarrollo; GEM Chile

"As I pored over the 2021 GEM Global results, one word kept coming to mind: resilience. When we had to stay home, we didn't just hide beneath the covers: we baked bread and we made business plans. We looked for face masks and toilet rolls, and we found opportunities. If vaccines protect the health of nations, it is entrepreneurship that will protect the wealth of nations."

Dr Stephen Hill, Lead Author of the GEM 2021/2022 Global Report

"Every economy is unique and needs to operate within its own entrepreneurial ecosystem. At the same time, there are some principles and best practices that any economy can consider leveraging and adapting to its own context. Reading through the economy profiles, one country that stands out is the Republic of Korea. It is most impressive how this country responded to the pandemic by effectively managing COVID-19 outbreaks, resulting in a sustained high level of entrepreneurial activity throughout the crisis. Spain continued its impressive balance between different types of entrepreneurs, both male and female as well as older and younger entrepreneurs. Also noteworthy is Chile, whose population has built on a recent tradition of confidence in their ability to start businesses, and managed to recover its high TEA rate. I encourage all policymakers to study these examples as well as all the economy profiles. Consider the different actions — both positive and negative — and use that as a guide as you look to enable entrepreneurship to flourish in your communities of interest."

Dr Aileen Ionescu-Somers, GEM Executive Director

"Globally, there's still a lot to be done to bridge the gender gap for early-stage entrepreneurial activity. Our results show that youngsters (aged 18–34), as well as graduates, are more likely than non-graduates to start their own businesses. This underscores the need for inculcating skills and abilities in academic syllabi around the identification and generation of opportunities through creativity and innovation."

Dr Muhammad Azam Roomi, Professor at the Prince Mohammed Bin Salman College of Business and Entrepreneurship; GEM Saudi Arabia

"There is a clear relationship between the level of income and the share of startups in business services (e.g. professional services, communications), with this share typically being much higher in high-income than in low-income economies. Thus, encouraging new startups in differentiated and high-value business services may improve the development path of many low- and middle-income economies. Although there is a high-level entrepreneurial activity in low-income economies, their job creation ambition appears muted, and hence may not easily translate into employment-intensive established businesses in the future. Thus, a focus on training and other forms of business development support is needed in such economies."

Dr Sreevas Sahasranamam, Chancellor's Fellow in Entrepreneurship, Innovation, and Leadership at the Hunter Centre for Entrepreneurship, University of Strathclyde, Glasgow; GEM UK

"Consistent with crises throughout history, the COVID-19 pandemic crisis surfaced new opportunities for entrepreneurs around the globe. However, despite positive perceptions of the ease of starting a business, self-confidence in their skills and abilities, and other factors, many entrepreneurs were constrained by the fear of failure. Policymakers could allay much of this fear by drawing greater attention to entrepreneurial success stories both large and small and implementing risk-mitigating initiatives that reduce real and perceived impediments for startups."

Dr Jeffrey P. Shay, Babson College, Professor of Entrepreneurship, Entrepreneurship Division; GEM USA

PART 1

Analysis

What Is GEM?

Stephen Hill and Aileen Ionescu-Somers.

1.1 A BRIEF INTRODUCTION TO GEM

More than two decades ago, academics at Babson College (USA) and London Business School (UK) started a collaborative research project to measure and monitor levels of entrepreneurial activity across different countries. This project, which started with a mere handful of economies, has now become a research organization bearing a name and brand universally recognized by entrepreneurship academics, experts and policymakers around the world: Global Entrepreneurship Monitor (GEM).

This 23rd annual GEM Global Report maintains GEM's unique position as by far the world's largest and longest-running study of entrepreneurship. It draws comparisons between 50 economies that participated in GEM's 2021 research, during a challenging and turbulent period dominated by a global pandemic of epic proportions.

Such comparisons are only possible because GEM defines entrepreneurial activity in a precise and specific way. For GEM, entrepreneurial activity, or entrepreneurship, is the act of starting and running a new business, i.e. not just thinking about it, or intending to start, but expending resources to get a new business off the ground.

1.2 WHY IS ENTREPRENEURSHIP IMPORTANT?

Starting and running new businesses is a vital process in any dynamic economy. New businesses bring new jobs, increased incomes and added value, often by introducing new ideas, technologies and products to society. The successful new business hastens structural change, harnessing resources to produce the goods and services that people want but, crucially, which they are also prepared to pay for. Of course, not all new businesses grow and prosper. However, failure has proven to be an important part of the business development process, encouraging learning and personal growth for entrepreneurs prepared to pick themselves up, dust themselves off and start again.

Level of entrepreneurial activity is thus an important indicator of the dynamism of an economy.[3,4] It provides a benchmark for every economy, enabling comparison with others. Consistency in the definition and measurement of the level of entrepreneurial activity allows the evolution of entrepreneurship to be traced over time. This is a characteristic that is especially important in the midst of the turbulence caused by the largest and most pervasive pandemic in living memory. The coronavirus pandemic has had multiple impacts on entrepreneurship, ranging from stifling or constraining the intentions of entrepreneurs to create businesses, to providing new market opportunities for those nimble and creative enough to respond quickly to changing circumstances. This Global Report will provide ample evidence of the significant and far-reaching impact of the pandemic on entrepreneurial intentions and activity, as well as more detailed impacts on, for example, the use of technology in selling goods and services, or national expert views on the changing economy, such as the impact of working from home and the rise of the gig economy.

Few would deny that the business landscape has changed dramatically in the past two years. Millions of employees and business owners all over the world have adjusted to commuting

3 This report uses the term *economy* rather than *country*, because country status can be contested.

4 Decker, R., Haltiwanger, J., Jarmin, R., & Miranda, J. (2014). The role of entrepreneurship in US job creation and economic dynamism. *Journal of Economic Perspectives*, 28(3), 3–24. https://doi.org/10.1257/jep.28.3.3

less while working from home more. Consumer habits have shifted to significantly more online shopping and home delivery options, meaning that city centres and retail parks have had to adjust to substantially less direct business. Many changes are destined not to revert to the pre-pandemic era. Last year's report noted the innovative ways dynamic entrepreneurs grasped new opportunities resulting from the pandemic. Entrepreneurs, by their very nature, are constantly on the lookout for such opportunities.

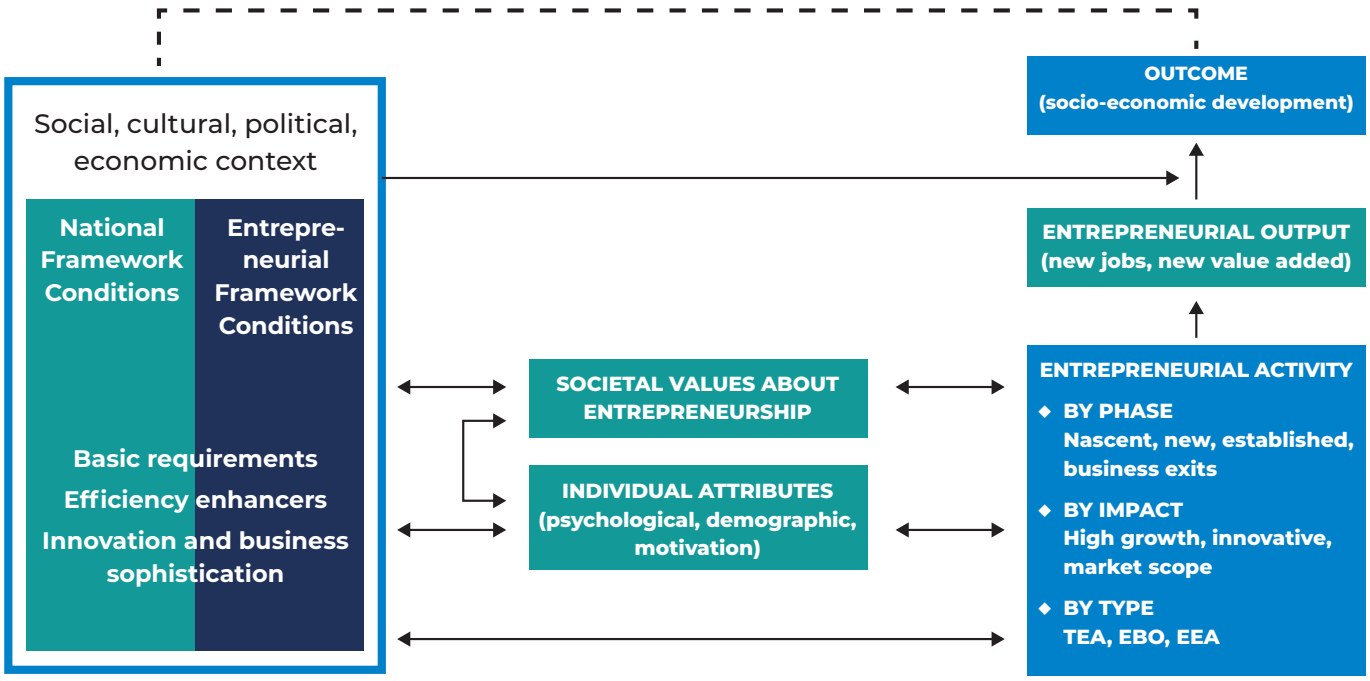
Globally, there appears to be a cautious shift towards recovery, with economies gradually opening up and lifting the significant restrictions put in place to stave off the worst effects of the pandemic, although, as new variants emerge, temporary restrictions are reappearing in some economies. As recovery hopefully turns the business environment towards more positive outcomes, there will be still more new opportunities for people to live and work differently. A key question to ask is: Is there potential for rethinking business models and creating businesses that also contribute to the kind of economic development that advances the United Nations Sustainable Development Goals (SDGs) of reducing poverty and promoting inclusion and a fairer society without damaging the future? GEM is increasingly focusing on these questions, too.

Starting a new business is a highly personal decision which reflects an individual's drive, competence and motivation. However, new entrepreneurs create business within a context of social values and frameworks that may promote or hinder an entrepreneurial mindset: for example, by encouraging or discouraging creativity or risk-taking.[5] Entrepreneurs operate within an entrepreneurial ecosystem that may provide or restrict access to resources, including finance and expertise. These relationships are set out in the GEM Conceptual Framework, illustrated in Figure 1.1.

There is a relationship between the decision to start a new business and the local, regional and national environment that influences that decision directly (through access to resources) and indirectly (through its effects on social values and priorities). The interaction of personal characteristics and the entrepreneurial environment also influences the startup in terms of choice of sector, innovativeness and ambitions. This affects the potential outcomes of any new business in terms of jobs and value-added and hence socio-economic development. The GEM

5 Sahasranamam, S., & Nandakumar, M.K. (2020). Individual capital and social entrepreneurship: Role of formal institutions. *Journal of Business Research*, 107, 104–17. https://doi.org/10.1016/j.jbusres.2018.09.005

FIGURE 1.1
The GEM Conceptual Framework



Global Report will examine opinions and values across the entrepreneur communities in the participating economies. It will identify those starting or running a new business and measure their motivations and ambitions. The report will also present informed assessments of the national entrepreneurial ecosystem and its impact in encouraging or deterring new businesses.

ENTREPRENEUR HIGHLIGHT

Nimesh Pithava

Director of Sales and Marketing at Qualimark (India)

How Resilience Helped a Family Business Survive and Thrive during the Pandemic

As covered on page 70 of this Global Report, the motivation of some entrepreneurs is to continue a family tradition. Qualimark is an India-based business that is revolutionizing and disrupting the food-processing industry through innovative products, high-quality solutions and superior after-sales services. The company lives by the statement "Where Quality Meets Expectations" in designing, manufacturing and exporting technologically superior and highly successful machines for the food-processing industry, all over the world.

Naval Pithava initially started Qualimark in 2001. His son, Nimesh Pithava, is the Director, Sales and Marketing at the company. A graduate from Entrepreneurship Development Institute of India, Nimesh's efforts in developing Qualimark's sales and marketing strategy has enabled it to scale operations and successfully export machines to 17+ countries around the globe. His efforts have also helped Qualimark products to reach 18 states in India.

COVID-19 was devastating for India. The world watched in grief as the country tried to combat the Delta variant in the spring of 2021. There were significant economic impacts as well. Like other industries, Qualimark also suffered badly. Said Nimesh:

> *Our excellent and enthusiastic team supported us in keeping pace with the challenging environment. Their dedicated efforts in using multiple media platforms in sales and service has resulted in very positive customer satisfaction. The team's innovative thought processes made them think outside the box and deliver according to clients' expectations.*

Having survived this unprecedented global event, Nimesh believes that the family business's plans and futuristic approach have prepared them for future uncertainties. He credits Naval Pithava. Nimesh concluded:

> *It was his positive dedication and proper guidance in the right direction that made us work for one goal. The one vision led us to heights of success and there are still many more ladders to climb.*

1.3 HOW ARE GEM DATA COLLECTED?

The abiding achievements of the early GEM pioneers were not only to provide a clear and consistent definition of entrepreneurship but also to develop the methodology by which entrepreneurship could be measured and assessed. They had the foresight to ensure that each participating economy would have a National Team to oversee the collection of GEM data and to report results based on that national data set. Each GEM National Team is usually led by a top academic institution in the country, or another organization with vested interest and appropriate expertise in entrepreneurship. The team (headed by a dedicated Team Leader) is solely responsible for collecting GEM data annually in that country. Each year, once the Global Report has been published, each team produces their own country-specific National Report. Details of each National Team, including both contacts and sponsors, are included in the Economy Profiles of this report (Part 2).

At the core of GEM research are two complementary surveys. The first and most comprehensive is the Adult Population Survey (APS), which provides analysis of the characteristics, motivations and ambitions of individuals starting businesses, as well as social attitudes towards entrepreneurship. The same detailed APS questionnaire is completed, by telephone, or by face-to-face interview, and sometimes online, by a random sample of at least 2,000 adult respondents[6] in each economy. The sample is stratified to reflect the underlying national population in terms of age, gender and location. Online responses remain a small proportion of the total because of the difficulties in ensuring representativeness. Respondents answer questions about their attitudes and perceptions, on whether they are actively engaged in starting or running a new business, and disclose demographic details such as age, gender and household income. It is the consistency of these questions, and the way in which results are used to estimate key variables, that enables comparisons between economies and over time. By surveying individuals and their attitudes and activities, GEM can offer insights into the personal decision to start a business, and the subsequent development of that business, in a way that official business statistics, such as the number of registered firms, simply cannot. Moreover, by surveying individuals and then presenting anonymous results, the APS reflects activity in the informal as well as the formal economy. In 2021, more than 148,000 people completed the GEM APS interview, adding to the core GEM database of well over three million APS respondents across 120 different economies since the first surveys began in 1999.

While recognizing the importance of continuity and consistency in APS questions, GEM must also respond to changing circumstances and priorities. New pandemic-related questions are discussed below, but the world has continued to turn despite the pandemic, and entrepreneurs have an increasingly important role in addressing issues of environmental and social sustainability. GEM is keenly aware of this role, and will soon publish a Special Report on the entrepreneurial contribution to meeting social and environmental objectives, including the UN SDGs. The 2021 GEM APS included new questions on whether entrepreneurs consider social and environmental impacts when making decisions about the future of their businesses.

The GEM APS database can be used to assess the impact of the pandemic on entrepreneurs worldwide. In 2021, the survey included specific COVID-related questions, including whether starting a business is more difficult than a year ago, and whether new businesses are expecting to use more digital technologies to sell their products. There are also multiple other ways that the APS can reveal impact: for example, by facilitating comparison of entrepreneurial activity between levels pre-pandemic (2019), in the early stages of the pandemic (2020), and in its more advanced stages (2021). However, these direct comparisons are only possible for those economies that participated in GEM in each one of these three years. Even then, such comparisons must be treated with caution, since, in the highly volatile spread of the pandemic, different economies may have been at different stages of the pandemic when the surveys were conducted. It is also important to bear in mind that, even under normal circumstances, GEM variables can in any case fluctuate year by year. Some of this variation may reflect structural change within

6 Throughout this report, the term "adult" is understood to mean those aged between 18 and 64 — the age range of the interviewees.

economies, but it may also be due to random sampling within large populations.

Figure 1.2 illustrates how the APS questionnaire responses are used to describe the different stages of the entrepreneurial journey, from having an idea, to seeing opportunities (conception), to starting a business by devoting resources to pursuing those opportunities (firm birth), to developing that new start into an established business (persistence) or, sometimes, a business exit. The figure also provides a guide to some key GEM definitions and measurements. Seeing business opportunities, and having an intention to start a business, are both important precursors of business creation, but do not meet the GEM definition of entrepreneurship.

In its research, GEM distinguishes between three stages of entrepreneurial activity:

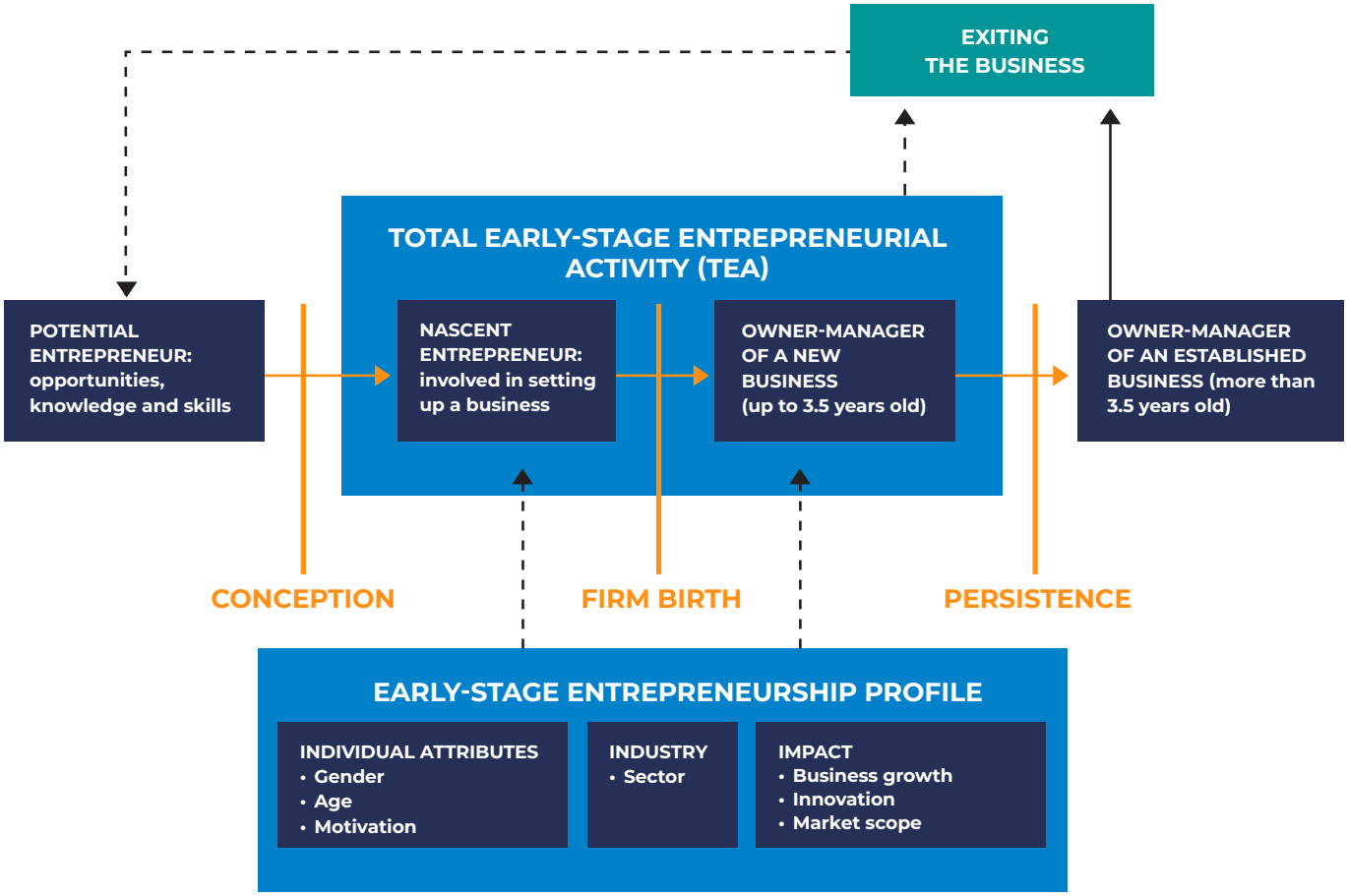
- Nascent Entrepreneurs: those who have actively devoted resources to starting a business but who have not yet paid wages or salaries for three months (including to themselves);
- New Business Owners: those starting and running a business and paying wages or salaries for three months or more;
- Established Business Owners: those running a business that has paid salaries for 42 months or more.

One fundamentally important GEM variable is Total early-stage Entrepreneurial Activity, or TEA, which is the proportion of adults in a particular economy that are starting or running a new business (or the sum of Nascent Entrepreneurs plus New Business Owners).[7]

The second core GEM survey is the National Expert Survey (NES), whereby at least 36 identified and GEM-approved national experts complete an online survey enquiring about carefully defined entrepreneurial environment conditions in that economy. The weight

7 To avoid double counting, Total early-stage Entrepreneurship Activity (TEA) equals Nascent Entrepreneurs plus New Business Owners minus the few doing both.

FIGURE 1.2
The entrepreneurial process and GEM indicators



and significance of the NES results belies its relative size, since the survey allows the context for entrepreneurship to be assessed and compared between economies. The results offer some insights into what could be the most advantageous places to start a business, and thus are of great potential value to entrepreneurs and policymakers alike in their decision making. In this year's NES, experts are also asked about the impacts of the pandemic on the entrepreneurial environment. Separate questions look at support for women entrepreneurs. These questions also enable GEM to produce Special Topic Reports on issues of key global importance such as recent GEM publications on the state of the art of women's entrepreneurship or on the impact of the COVID-19 pandemic on entrepreneurs and entrepreneurship.[8]

The APS and NES provide a comprehensive and detailed account of the level and nature of entrepreneurial activity in each economy under study. In 2021, 47 National Teams took part in both the GEM APS and NES, while a further three participated only in the GEM NES, mainly due to difficulties in collecting data because of restrictions during the pandemic. However, this level of involvement is a unique and substantial achievement in the face of the pandemic, and testament to the tenacity and perseverance of GEM National Teams.

1.4 WHICH ECONOMIES PARTICIPATED IN GEM'S 2021 RESEARCH?

Previous Global Reports have categorized participating economies by income and by region. The income categories were those used by the World Bank, based on Gross Domestic Product (GDP) per capita. However, as economies have developed, an increasing number of GEM-participating countries have fallen into the high-income category. Applying the World Bank income categories over the past three years would result in two-thirds or more of GEM economies being classed as high income, with few in the middle-income group and very few low-income. Hence, comparing GEM results by income group was becoming less and less meaningful.

Because of this, for the 2021/2022 Global Report, GEM has continued to use World Bank data but has defined its own income boundaries in order to achieve a more even spread of participating economies, and hence more meaningful comparisons.

Table 1.1 outlines the GEM-participating economies, categorized by GEM into three income-levels, using World Bank GDP per capita data[9] as follows:

- Level A: economies with a Gross Domestic Product (GDP) per capita of more than $40,000;
- Level B: economies with a GDP per capita of between £20,000 and $40,000;
- Level C: economies with a GDP per capita of less than $20,000.

Level A includes economies from northern Europe, east Asia and North America, plus three Gulf states, while a majority of Level B economies are from southern or eastern Europe. Level C is dominated by economies from Latin America, the Caribbean and Africa.

These boundaries are, of course, arbitrary, chosen to define groups with approximately equal numbers of economies.

These categorizations will be used in presenting results, analysis and conclusions throughout this report. Previous reports have also categorized economies by global region, a classification that has become increasingly politicized and difficult to maintain in a globally linked economy. However, GEM National Teams or other interested stakeholders that use GEM data are free to select their own comparators.

8 See GEM (2020). *Diagnosing COVID-19 Impacts on Entrepreneurship: Exploring Policy Remedies for Recovery*. https://www.gemconsortium.org/reports/covid-impact-report; and GEM (2021). *2020/2021 Women's Entrepreneurship Report: Thriving through Crisis*. https://gemconsortium.org/reports/womens-entrepreneurship

9 Note that World Bank GDP per capita data was accessed online in October 2021, finding mostly estimates for 2020, although some were for 2019. Note also that World Bank data may have been revised since then. See https://data.worldbank.org.

TABLE 1.1
Economies in GEM 2021, classified by income ($GDP per capita)
Source: GEM Adult Population Survey 2021

Level A >$40,000	Level B >$20,000<$40,000	Level C <$20,000
Canada	Belarus	Brazil
Finland	Chile	Colombia
France	Croatia	Dominican Republic
Germany	Cyprus	Egypt
Ireland	Greece	Guatemala
Israel	Hungary	India
Italy	Kazakhstan	Iran
Japan	Latvia	Jamaica
Luxembourg	Lithuania	Mexico
Netherlands	Oman	Morocco
Norway	Panama	South Africa
Qatar	Poland	Sudan
Republic of Korea	Romania	
Saudi Arabia	Russian Federation	
Sweden	Slovak Republic	
Switzerland	Slovenia	
United Arab Emirates	Spain	
United Kingdom	Turkey	
United States	Uruguay	

1.5 WHAT IS THE IMPACT OF COVID-19?

This very question forms a "red thread of enquiry" throughout this report, since it is considered in each chapter. However, household income is a highly significant indicator of the broad scale of impact of the pandemic. In the GEM 2021 APS, some 18 months into the pandemic, respondents were asked whether, in 2021, "the coronavirus pandemic led your household income to strongly decrease, to somewhat decrease, to show no substantial change, to somewhat increase or to strongly increase". Responses for 2021, summarized for each economy, are shown in Figure 1.3.

While no economy has escaped the impacts of the pandemic, the level of impact varies widely. In 22 of the 47 economies, more than half of adults report that the pandemic has reduced their household income in 2021. These include all 10 of the Level C economies, 10 out of 19 Level B economies and just two of 19 Level A economies. Meanwhile, the proportion of adults reporting no substantial change in income is less than one in two in all Level C economies, seven out of 18 Level B and 14 out of 19 Level A economies. In other words, an individual picked at random from a Level C economy is more likely to have experienced a fall in household income due to the pandemic in 2021 than an individual from a Level B economy, and much more likely than someone from a Level A economy.

As in the last Global Report, the pandemic appears to have hit those hardest who could afford it least. Roughly six months into the pandemic, the 2020 GEM APS had asked all respondents how their household income compared to before the pandemic. The results for 2020 were remarkably similar[10] to the results for 2021 presented here, despite being at very different stages of the pandemic. For example, in 2020, the three economies with the lowest proportion of households reporting a decrease in income were Norway (19%), Sweden (20%) and the Netherlands (21%). In 2021, the three lowest were Norway (11%), the Netherlands (18%) and Sweden (21%). Similarly, the three economies with the highest proportion reporting a decrease in 2020 were Kazakhstan (93%), Egypt (81%) and Colombia (78%), and in 2021 Kazakhstan (93%), Colombia (77%) and Egypt (76%).

A primary reason for these disparities has been the capacity (and willingness) of

10 The correlation coefficient between proportions of households reporting a decrease in income in the two years is 0.956.

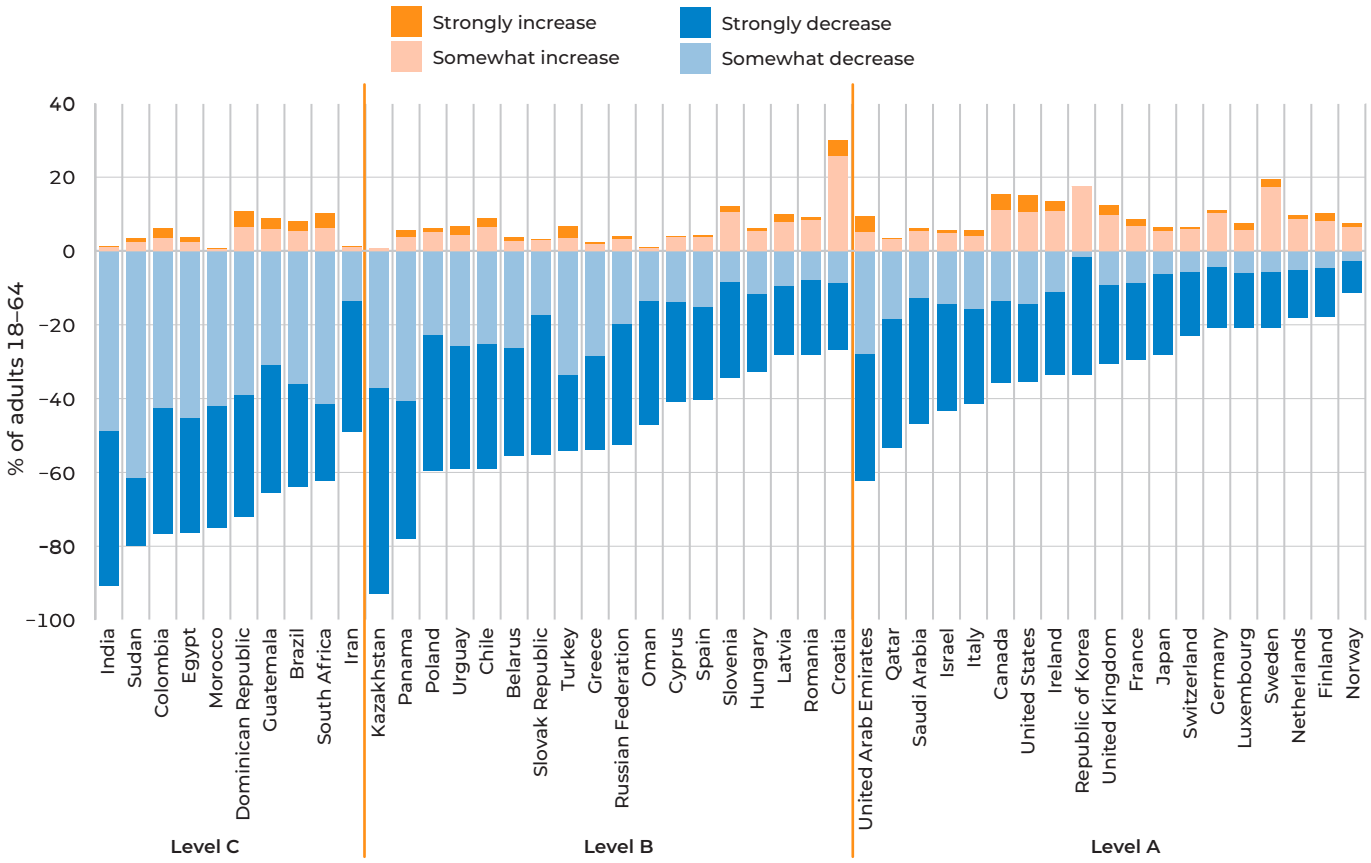


FIGURE 1.3 The impact of the pandemic on household income

Source: GEM Adult Population Survey 2021

governments in higher-income economies to offer and sustain prolonged support to pandemic-affected people and businesses, and the incapacity (or unwillingness) of governments in lower-income economies to do so.[11] Having cushioned the impact of the pandemic for their own citizens, higher-income economies may feel some imperative to help poorer economies. After all, as the World Health Organization and multiple international expert bodies have proclaimed: in a pandemic, nobody is safe until everybody is safe.

1.6 CONCLUSIONS

Economies and communities around the world have been hard hit by the COVID-19 pandemic. This economic and social pain is echoed in research results on household income highlighted in this chapter. This is just one of GEM's indicators, and many more follow in the next chapters.

Since entrepreneurship is a key driver of economic development, and a vital source of new jobs and incomes, policymakers will increasingly look towards entrepreneurship as a key component of the solution to repairing national economies in the post-pandemic era. This is because new businesses bring new ideas, technologies and products to society that hasten change, create jobs and increase wealth. Entrepreneurship also delivers major social benefits by making communities more dynamic and vibrant. Many entrepreneurs are increasingly delivering environmental pay-offs as well by developing and commercializing solutions to some of the world's most challenging

11 Georgieva, Kristalina, & Kaag, Sigrid (2020). The head of the IMF has a message for the international community. World Economic Forum. https://www.weforum.org/agenda/2020/12/internation-development-low-income-economics-finance-pandemic-covid-coronavirus (accessed 1 December 2021).

sustainability issues, such as climate change or sea and land pollution.

This 23rd GEM Global Report presents, analyses and assesses results from 50 individual economies spread across the world, representing some 68% of global GDP and 45% of the world's population.[12] By reflecting on, and above all by acting on, GEM's robust research results — both for this extraordinary period in history, and taking into consideration comparisons over time — policymakers can make better-informed decisions to help entrepreneurs and entrepreneurial ecosystems thrive in a more conducive business context. Such reflection and action will be essential in the post-pandemic era, but has proven itself to be highly relevant even in the throes of the economic chaos and volatility currently being experienced across the globe, as noted in the GEM Special Reports earlier.

Many GEM National Teams' sponsors are national governments that can advance their own strategic interests and gain a higher profile by partnering with GEM. That is why this report's Executive Summary, and the Conclusions section at the end of each chapter, outline key takeaways for policymakers, gleaned from the results of our analysis. However, GEM does not claim to be prescriptive; each national economy needs its own tailor-made solution based on context, potential and feasibility.

But that is not all. GEM's results also inform and support entrepreneurs. The research presented here provides guidance to entrepreneurs on where to invest their scarce resources and how to influence key stakeholders — such as investors — for the kind of support they most need. The research can also support international organizations that can not only leverage insights but also integrate GEM indicators to their own data sets, or even use GEM data as a benchmark for their own analyses. All in all, GEM presents a comprehensive evidence-based set of insights for a multiplicity of stakeholders, and crucially, today, into pandemic impacts and potential solutions.

12 Estimates based on World Bank data for GDP and populations. See https://data.worldbank.org.

2

What Does It Mean to Be an Entrepreneur?

Stephen Hill and Jeff Shay

2.1 WHY DO ATTITUDES MATTER?

According to the definition set out in Chapter 1, being an entrepreneur means starting or running your own business. That business can be buying and selling products (from home-made cakes or prosthetics to vintage clothes or computer systems) or providing a service (from taxi rides to online tutorials), among a myriad of other business activities. The intention may be to supplement an income, provide a community service or build the next global business giant. All entrepreneurs take a personal decision to start a business, influenced by their own attitudes and perceptions. These attitudes and perceptions are often derived from directly knowing an entrepreneur, their view of local business opportunities and whether they think starting a business is easy. The decision to start a business can also be influenced by the individual's self-image and confidence: whether they think they have the skills and knowledge to start a business and whether or not the fear of failure might prevent them.[13] One result of having these attitudes and perceptions is that many people intend to start a business, say, in the next three years. However, it is in the nature of human behaviour that there will be a discrepancy between intentions and actions. Unsurprisingly, there are fewer people actually running a business than intending to start a business.

This chapter will be in two parts. The first will look at attitudes and perceptions across each national economy, as reflected in that economy's Adult Population Survey (APS), and will highlight some important differences. The second will look at the attitudes and perceptions of those identified in the APS as already starting and running a new business or an established business. These attitudes are especially important because they provide insights into the potential impacts of that business in terms of jobs and incomes. As a reflection of the turbulent times in which we find ourselves, these business owners were also asked new questions about the direct and indirect impacts of the pandemic and about the importance of social and environmental considerations in their decision making.

2.2 WHAT DO YOU KNOW ABOUT STARTING A BUSINESS?

For some people, starting a business may be well outside their range of personal experiences. They may live in an environment in which entrepreneurs are few, or in which entrepreneurship has a low profile. Conversely, they may have family or friends who have started their own business, or be in an environment in which entrepreneurship is high-profile, with significant positive media attention. The difference is important, as it affects the awareness and perceived attractiveness of entrepreneurship as a positive career option. The very first question in the GEM APS asks how many people (if any) they know who have started a business in the past two years. The responses are summarized in Figure 2.1, arranged by income group.

There is considerable variation in the proportion of adults who know someone who

13 Cultural values can influence how people see opportunities, as well as their willingness to act on those opportunities. See Mickiewicz, T. & Kaasa, A. (2020). Creativity and security as a cultural recipe for entrepreneurship. *Journal of Institutional Economics*. https://doi.org/10.1017/S1744137420000533

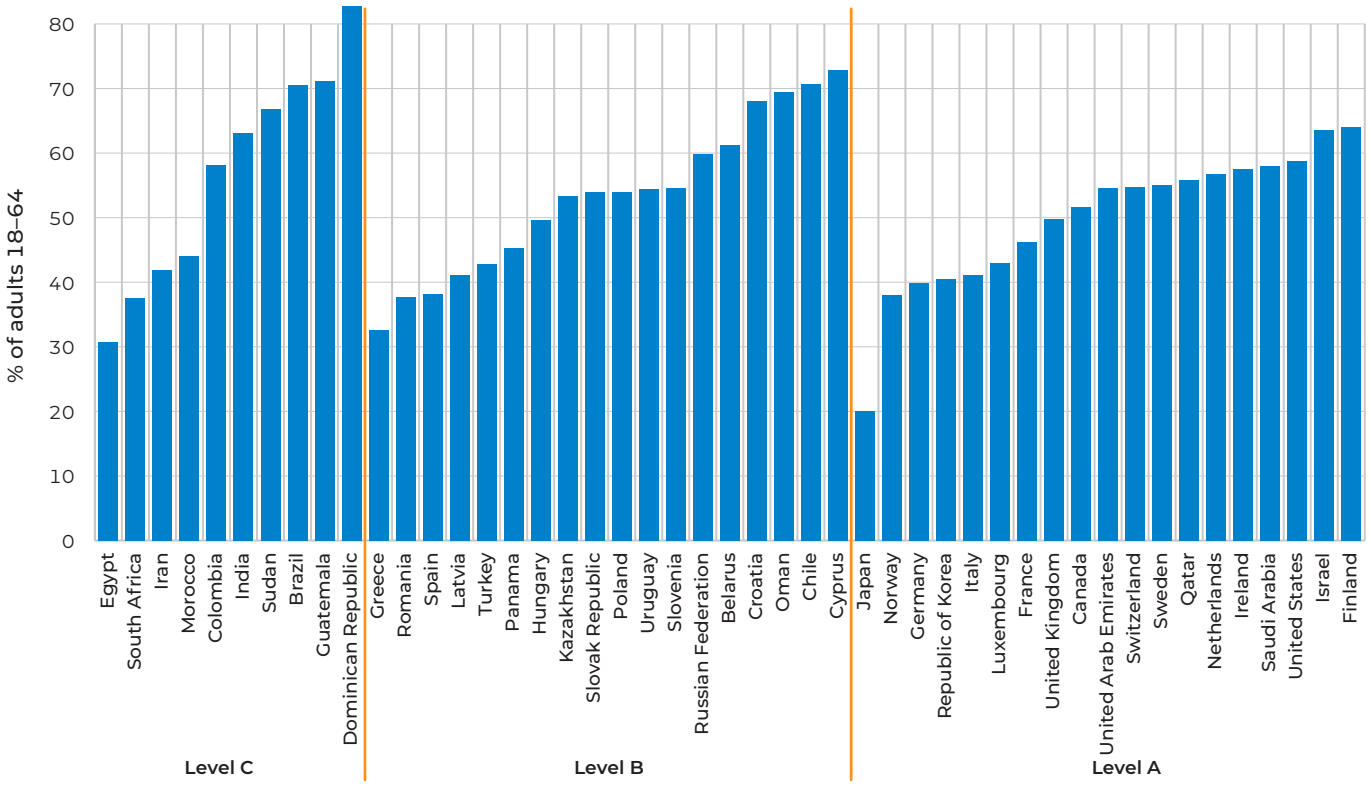


FIGURE 2.1
Knowing someone who has started a business in the past two years (% adults)
Source: GEM Adult Population Survey 2021

has recently started a business, within all income groups. The highest proportions are in the Dominican Republic, Guatemala and Cyprus, each relatively small economies, while the lowest proportions are in Japan and Egypt, both large economies. These proportions may also reflect both the relative level and profile of entrepreneurship in that economy. It is much harder to personally know an entrepreneur when they are relatively scarce and rarely reported in the media.

While the significance of positive entrepreneurial role models can be important, the choice to start a business may be discarded if people are not able to see good opportunities locally or if they think that starting a business is difficult. Both are considered in the APS:

Figure 2.2 shows the proportion of adults in each economy who agree or strongly agree that in the next three months there will be good local opportunities to start a business; and Figure 2.3 sets out the proportions who agree or strongly agree that it is easy to start a business.

Putting Figures 2.2 and 2.3 together illustrates what appears to be a strong correlation between the proportion seeing good opportunities and those who consider it easy to start a business. On both counts, Iran, Italy and Japan have relatively low proportions, while India, Saudi Arabia and Sweden each have more than four out of five adults seeing good opportunities to start a business and also more than four out of five agreeing it is easy to start a business.

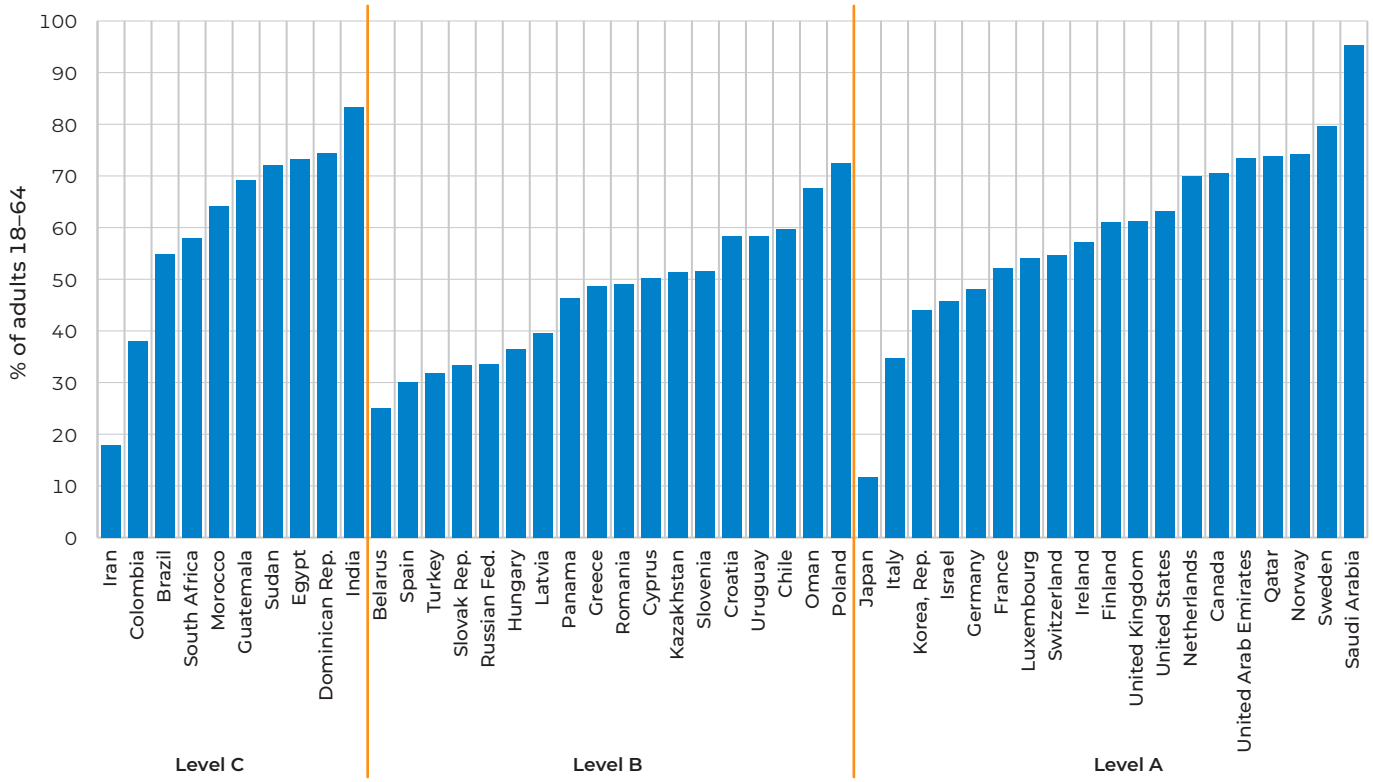


FIGURE 2.2 In the next three months, there will be good opportunities to start a business in my area (% adults agree or strongly agree)
Source: GEM Adult Population Survey 2021

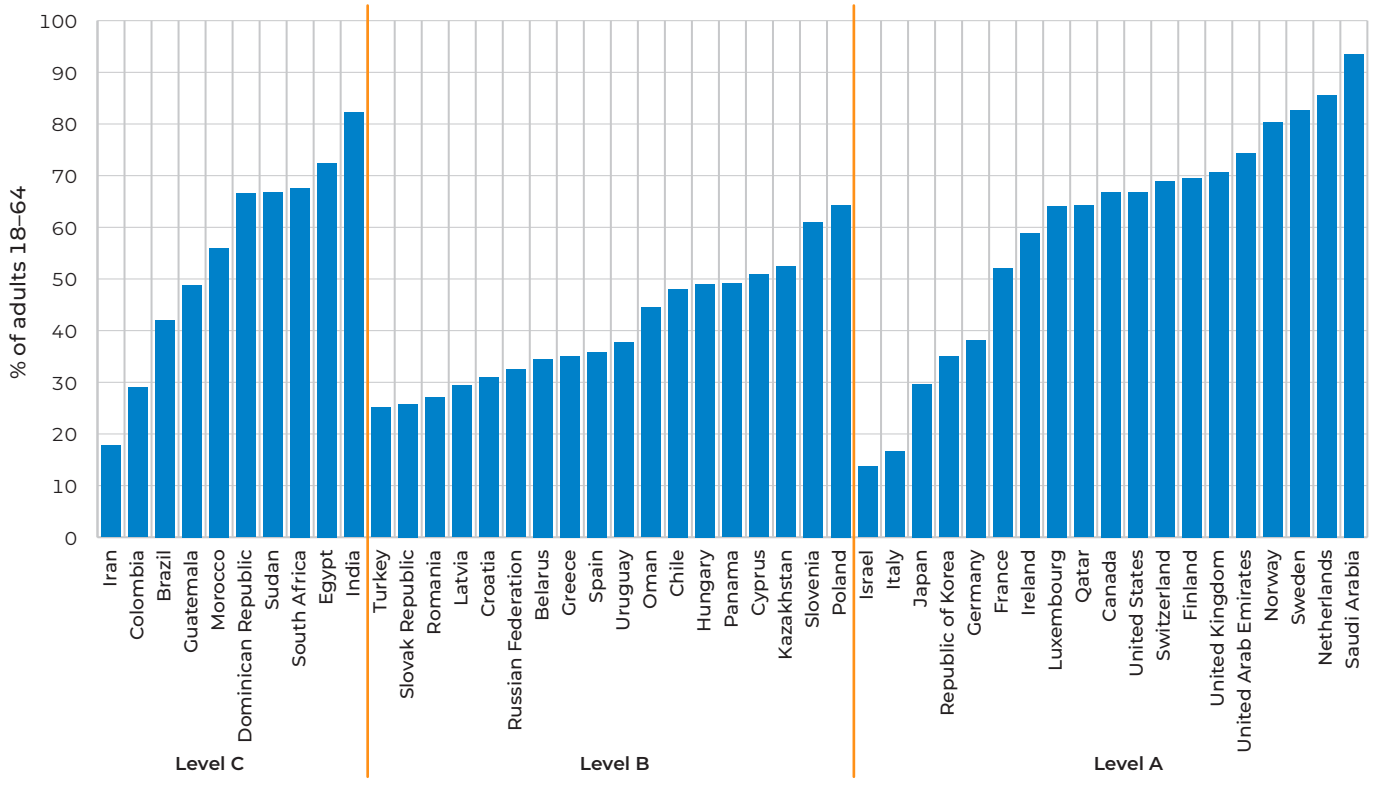


FIGURE 2.3 In my country, it is easy to start a business (% adults agree or strongly agree)
Source: GEM Adult Population Survey 2021

ENTREPRENEUR HIGHLIGHT

Diego Sardi

Founder of Ventolini (Colombia)

Entrepreneurship: The Ability to See Opportunities

> *Being an entrepreneur means that you are willing to take risks when others are not.*

These are the words of entrepreneur Diego Sardi, who founded Ventolini, a company based in Cali, Colombia, which produces ice cream, bakery products and other food items sold as private labels or directly through Ventolini-owned stores.

With a degree in Industrial Engineering from the Universidad Javeriana in Cali, Diego started his first company in 1983. Since that time, he has developed different businesses in Colombia and in the United States. Ventolini manages the Don Jacobo bakery stores throughout Colombia. In total, Ventolini manages 63 stores under the Ventolini, Doña Ramona and Don Jacobo (Genovesa) brands. The company's mission is to create wealth to positively impact the quality of life of all. He says:

> *I believe an entrepreneur has the ability to see what others do not see. It requires the ability to envision what it could become. An entrepreneur is always thinking about why and how things are done and how those things can be done differently.*

2.3 WHO CAN START A BUSINESS?

The recognition of good opportunities to start a business may not be sufficient enticement to actually do so if individuals do not see themselves as having the necessary skills, knowledge and experience, or if they fear that the businesses they start might fail. Hence, self-perceptions and attitudes towards risk can be important influencing factors on the decision to start a new business.[14]

APS results for the proportion of adults who consider themselves to personally have the knowledge, skills and experience to start a business are set out in Figure 2.4.

More than half of adults in Level C economies (see Section 1.4 and Table 1.1), including more than four out of five in India, Sudan and the Dominican Republic, agree they have the knowledge, skills and experience to start their own business. At the other end of the spectrum, less than a half of adults in 10 of the 19 Level A economies agree that they have the ability to start their own business. Saudi Arabia is a notable exception, where fewer than one in 10 believed that they *did not have* this ability.

Even if one has spotted good opportunities and sees oneself as having the ability to start a business, these factors may still not be sufficient to actually do so if the fear of failure is high. Figure 2.5 shows the proportion of adults who see good opportunities, but would not start a business because of the fear of failure. Note that Figure 2.5 cannot be directly compared with the previous charts in this chapter, which have shown the proportion of *all* adults; Figure 2.5 shows the proportion of those adults who already said they see good opportunities.

The research shows that perceptions of opportunity are highly variable across geographies and income groups. More than half of those seeing good opportunities would not start

14 "Scholars have assumed that entrepreneurs are exceptional individuals — an extraordinary combination of attitudes, experiences, motivations, cognitions, decision making, and actions. However, it appears that in the face of disasters, such as COVID, it is ordinary people that step up to do extraordinary things through entrepreneurial action." Shepherd, D.A. (2020). COVID 19 and entrepreneurship: Time to pivot? *Journal of Management Studies*, 15 September. https://onlinelibrary.wiley.com/doi/10.1111/joms.12633 (p. 1751).

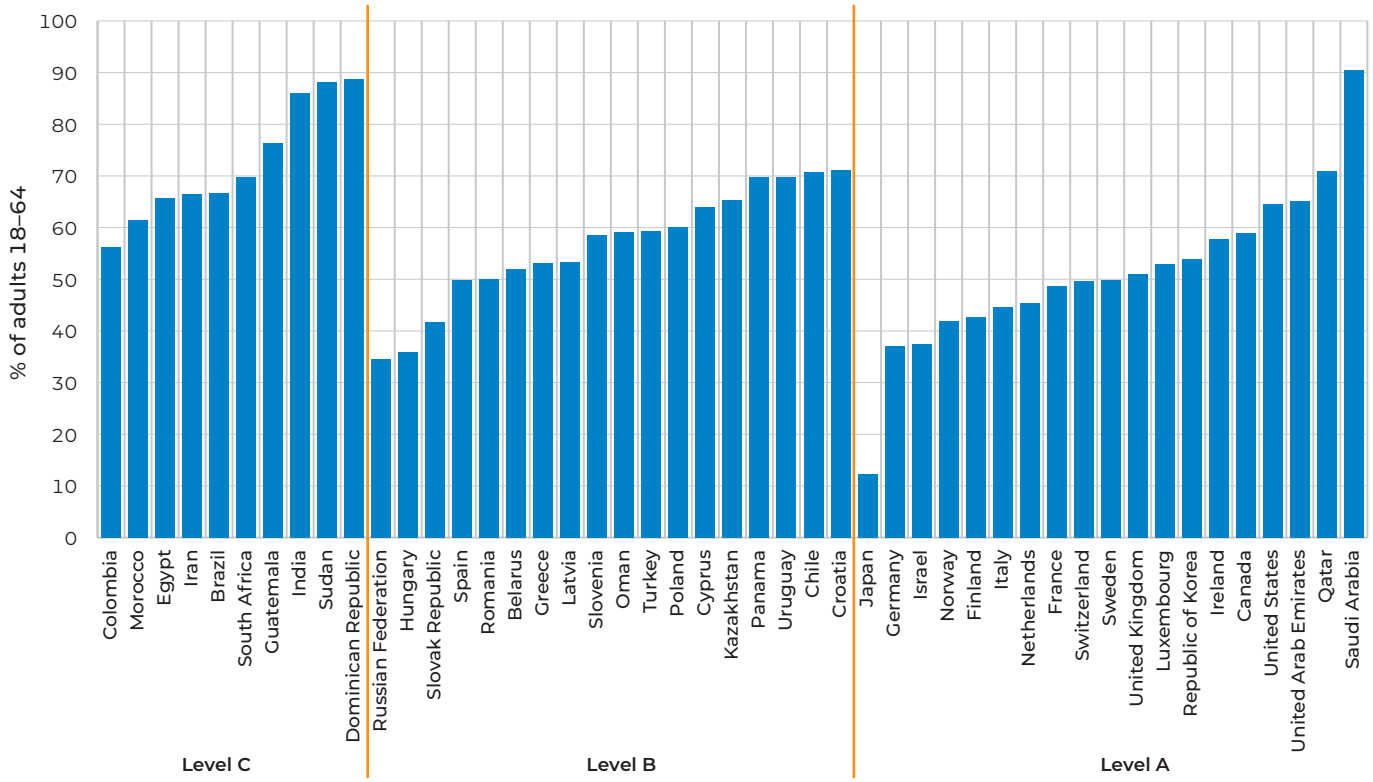


FIGURE 2.4 I personally have the knowledge, skills and experience to start a new business (% adults agree or strongly agree)
Source: GEM Adult Population Survey 2021

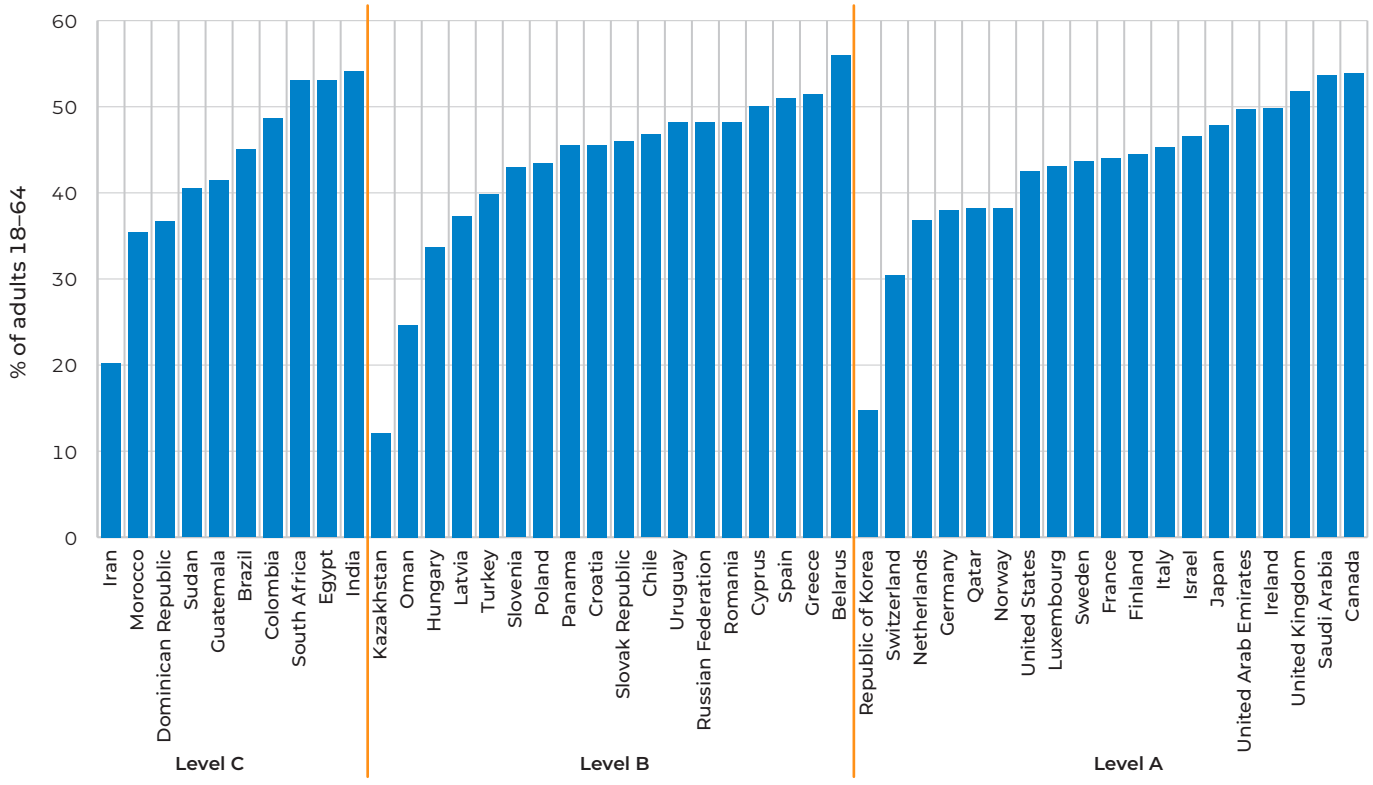


FIGURE 2.5 There are good opportunities, but I would not start a business for fear it might fail (% of those adults seeing good opportunities)
Source: GEM Adult Population Survey 2021

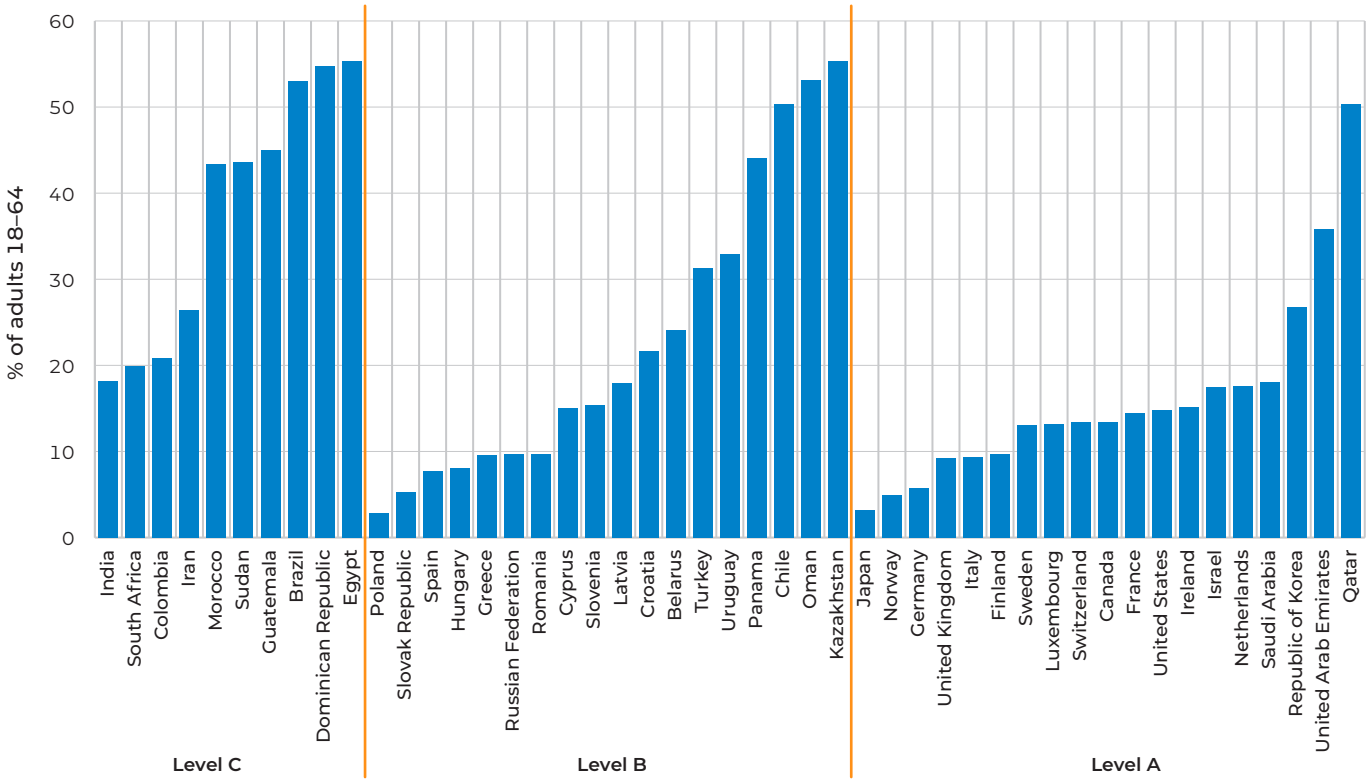


FIGURE 2.6 Are you expecting to start a business in the next three years? (% adults yes)
Source: GEM Adult Population Survey 2021

a business for fear it might fail in nine economies spread across all income groups, compared to one in five or less of those seeing good opportunities in Kazakhstan, the Republic of Korea and Iran, also across all income groups.

There is wide variety in the proportion of adults who expect to start a business in the next three years, as shown in Figure 2.6. But there is clearly more at work than just these attitudes and perceptions. For example, both India and Saudi Arabia scored relatively high in terms of the proportion of their adults seeing good opportunities, believing that it is easy to start a business and seeing themselves as having the ability to do so. However, both countries have less than one in five adults actually expecting to start a business in the next three years. India has the lowest intention rate of all the Level C participating economies, while that of Saudi Arabia is less than half of that of her neighbour, Qatar.

One explanation may be that the fear of failure ultimately discourages would-be entrepreneurs from taking action. This factor affects more than half of those seeing good opportunities in both India and Saudi Arabia. At the same time, Japan and Iran are among the lowest scores for knowing an entrepreneur, seeing good opportunities, and thinking it easy to start a business. These factors also have significant potential effects. Moreover, Japan — a highly developed economy — has the lowest intention rate of all 47 economies, while Iran is just half that of its Level C peer, Egypt.

2.4 HOW DO ENTREPRENEURS SEE THE IMPACT OF THE PANDEMIC?

The remaining sections of this chapter will examine the attitudes and perceptions of those who are already starting or running a business. These attitudes are especially important because they can affect the way those businesses behave, and therefore the impacts of business on jobs and incomes. As mentioned in the previous chapter, GEM defines Total early-stage Entrepreneurial Activity (TEA) as the proportion of adults actively engaged in starting or running

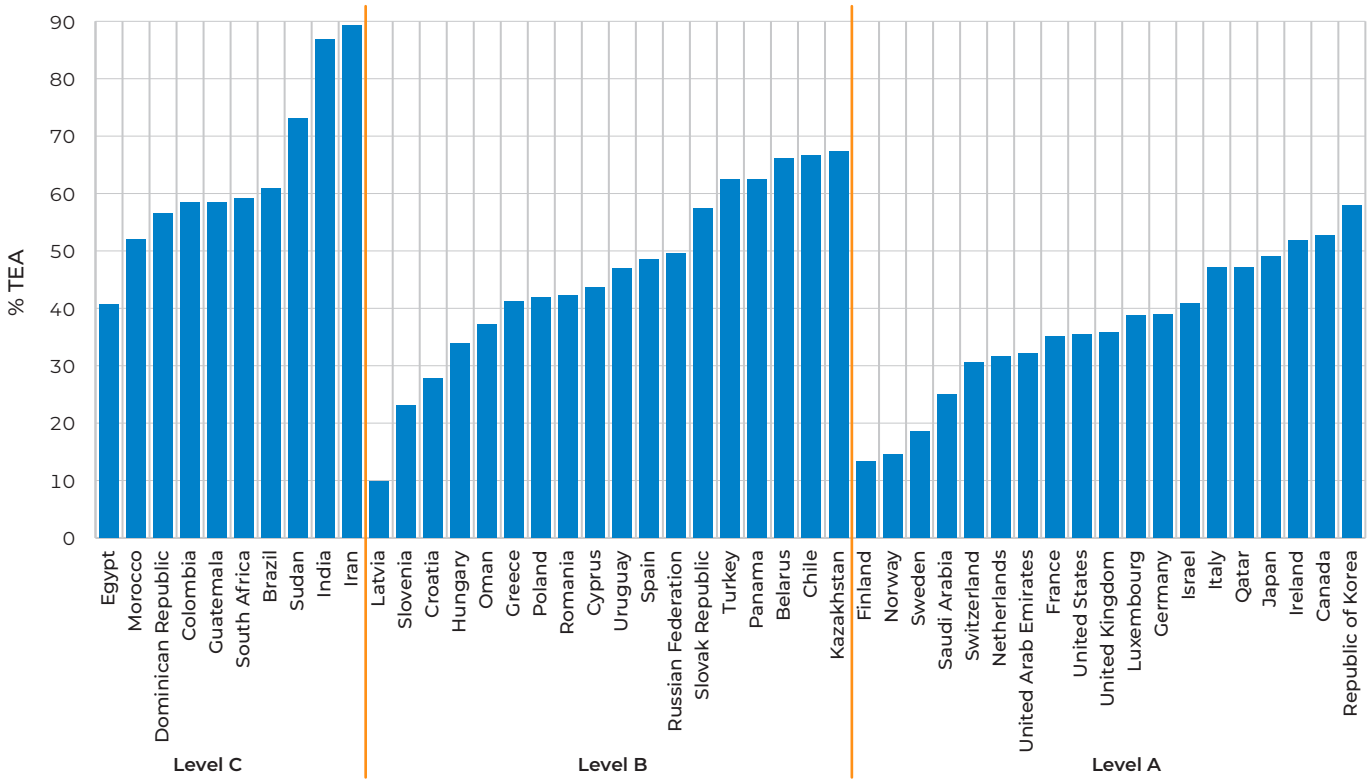
a new business, while Established Business Ownership (EBO) is the proportion of adults running an established business (having paid wages for three-and-a-half years or more). Results in the remainder of this chapter will be expressed in terms of proportions of TEA and EBO.

The first set of impact-related questions concerned the pandemic. Respondents were asked if starting or running a new business was more difficult than a year ago (when most economies were only in the first stages of the pandemic). The results are presented in Figure 2.7. The proportion of those who agreed that it was somewhat or much more difficult to start a business than a year ago ranged from one in 10 (Latvia) to almost nine out of 10 (Iran). In general, this proportion was higher in the Level C economies and lower in the Level A economies. More than half of those starting a business thought doing so was more difficult in nine out of 10 Level C economies, six out of 18 Level B and just three out of 19 Level A economies.

Last year's Global Report noted that, during the pandemic, many entrepreneurs had identified and acted upon new business opportunities. In the 2021 GEM APS, those starting or running a new business were asked if they agree that the pandemic had provided new opportunities that they want to pursue, while those running an established business were asked if the pandemic had led to new business opportunities that were currently being pursued. Both sets of responses are illustrated in Figure 2.8. The share of those starting or running a new business (TEA) and seeing pandemic-provided opportunities they wished to pursue was greater than the corresponding proportion of those running established businesses (EBO). However, it is easier to say you wish to pursue an opportunity than to report that you are actually going about the business of doing so. Still, the proportion of TEA was more than three times that of EBO in the Slovak Republic, four times higher in Iran and more than seven times higher in the Republic of Korea (although both proportions were relatively low). More than half of those starting new businesses saw new opportunities to pursue because of the pandemic in 15 of the 47 economies, while more than half of those running established businesses were pursuing such opportunities in just five economies (Ireland, United Arab Emirates, India, Dominican Republic and South Africa).

FIGURE 2.7
The proportion of those starting a new business who think doing so is somewhat or much more difficult than one year ago (% of Total early-stage Entrepreneurial Activity [TEA])

Source: GEM Adult Population Survey 2021



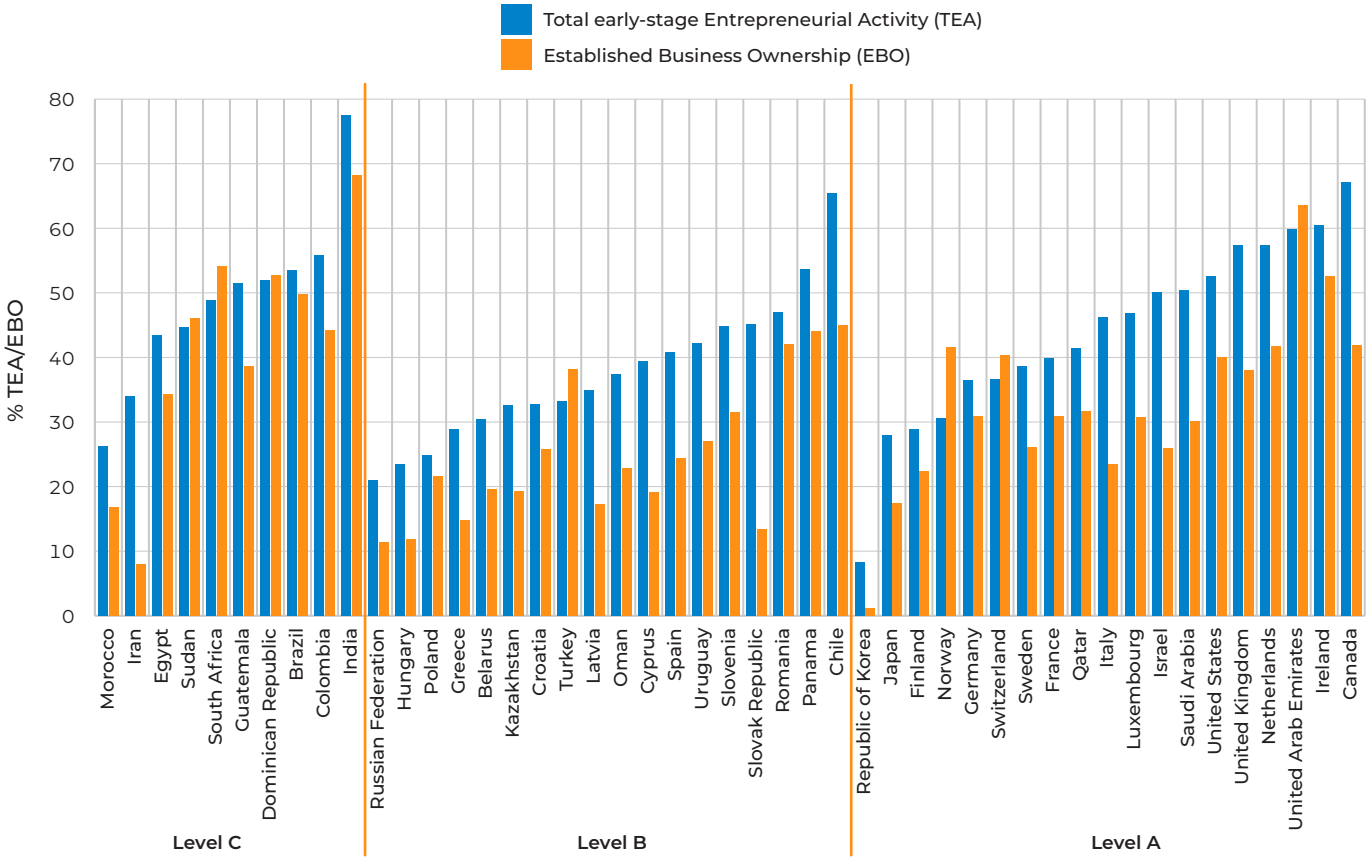


FIGURE 2.8
The proportion of those starting a new business who somewhat/strongly agree that the pandemic has led to new opportunities they wish to pursue, and the proportion of those running an established business who are pursuing such opportunities (% of Total early-stage Entrepreneurial Activity [TEA] and % of Established Business Ownership [EBO])

Source: GEM Adult Population Survey 2021

The pandemic has had a dramatic impact on the way business is done,[15] especially in relation to the way that goods and services are sold. For example, much more business is conducted online, promoted through social media, paid for digitally, etc. To monitor this impact, the 2021 GEM APS asked those starting or running a new business, or running an established business, if they expected their business to use more digital technologies to sell their products or services in the next six months (Figure 2.9).

In the Level C economies, that proportion ranged from 52% (South Africa) to 84% (Brazil), for the Level B economies from 17% (Slovak Republic) to 77% (Chile), while for the Level A economies the range was 9% (France) to 76% (United Arab Emirates). It should be noted that the question asked about expectations to make *more* use of digital technologies: in many economies, especially higher-income ones, that use may already be high.

15 "Entrepreneurship, along with homeownership, is one of the most prominent ways to build wealth ... The COVID-19 pandemic had a horrific impact on small businesses ... While small businesses either closed their doors or saw their revenues plunge dramatically, some of the biggest companies witnessed a financial boost in billions of dollars." Kuratko, D.F., & Audretsch, D.B. (2021). The future of entrepreneurship: The few or the many? *Small Business Economics*, 1–10 (24 July). https://link.springer.com/content/pdf/10.1007/s11187-021-00534-0.pdf (p. 5).

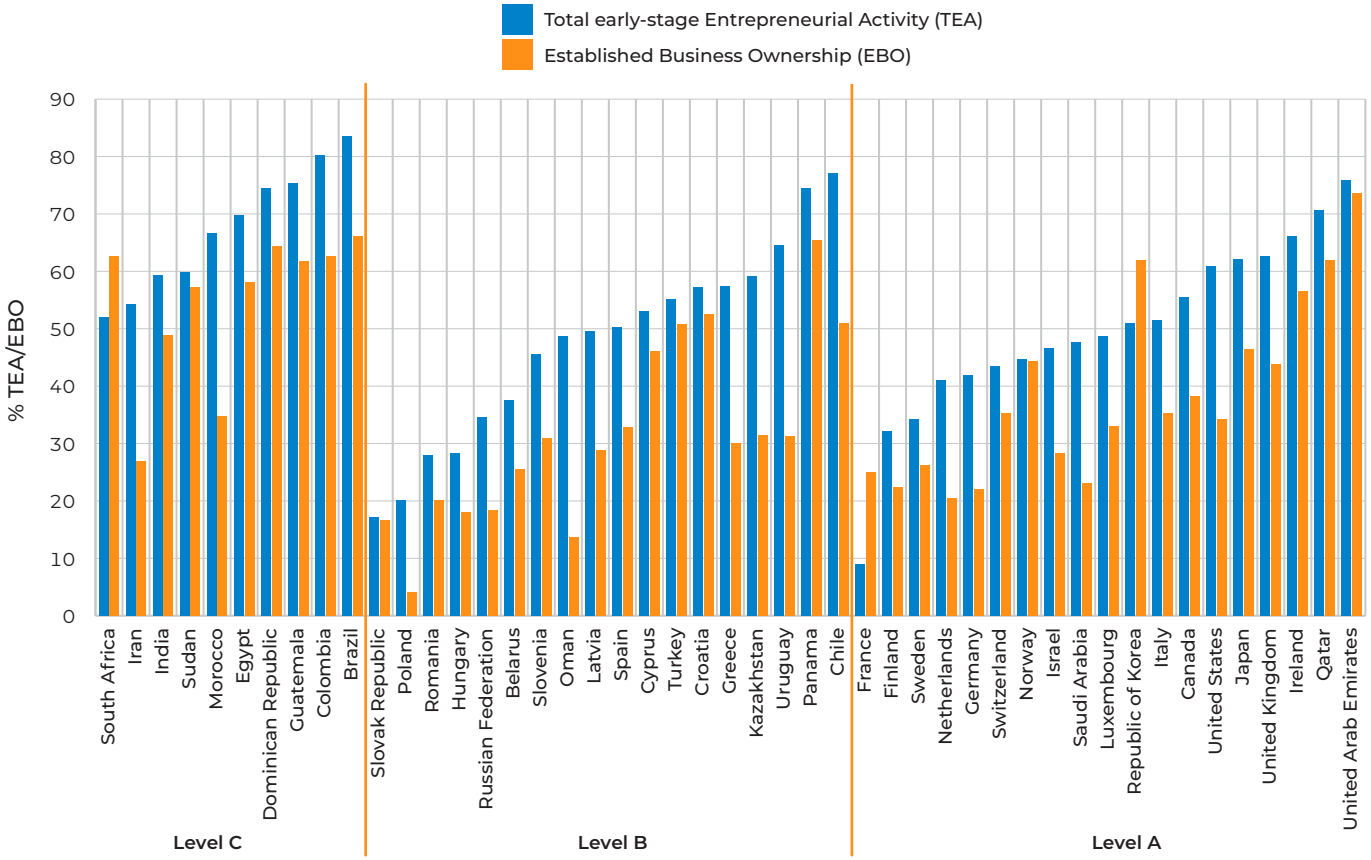


FIGURE 2.9 The proportion of those starting or running a new business, or running an established business, who expect to use more digital technologies to sell their products or services in the next six months (% of Total early-stage Entrepreneurial Activity [TEA] and % of Established Business Ownership [EBO])

Source: GEM Adult Population Survey 2021

2.5 HOW SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE ARE THE ENTREPRENEURS?

Recovery from the pandemic provides new opportunities to live and work differently, and in doing so to contribute to a fairer and more equal society that provides work and incomes without damaging the future. Many of those starting new businesses or running established ones already pay close regard to the social and environmental implications of their decisions. A desire to know just how many such businesses, and how this varies by economy, prompted new questions in the 2021 GEM APS. Those starting or running a business were asked if they always consider the social implications when making decisions about the future of their business. The proportions somewhat or strongly agreeing are set out in Figure 2.10 for both new (% of TEA) and established (% of EBO) businesses, although consideration of these results must be tempered with an awareness of the potential for social desirability bias.[16]

The proportion of those starting new businesses who always consider social implications exceeded the corresponding proportion of those running established businesses in 31 of the 47 economies. One notable exception is Luxembourg, where more than nine out of 10 of those running an established business agree they always consider social implications, compared to seven out of 10 of those starting a new business. The share of starters always considering social implications was more than half in all but two economies (Poland, 44%

16 Social desirability bias is the tendency of survey respondents to answer questions in a manner that might be viewed favourably by others. It takes the form of over-reporting "good" behaviour or under-reporting "bad", or undesirable behaviour. Such respondent bias is particularly prevalent in answers to questions about responsibility. Therefore, while it can be concluded from these results that entrepreneurs are becoming increasingly responsible in high numbers in many countries, reasonable account should be taken of potential bias.

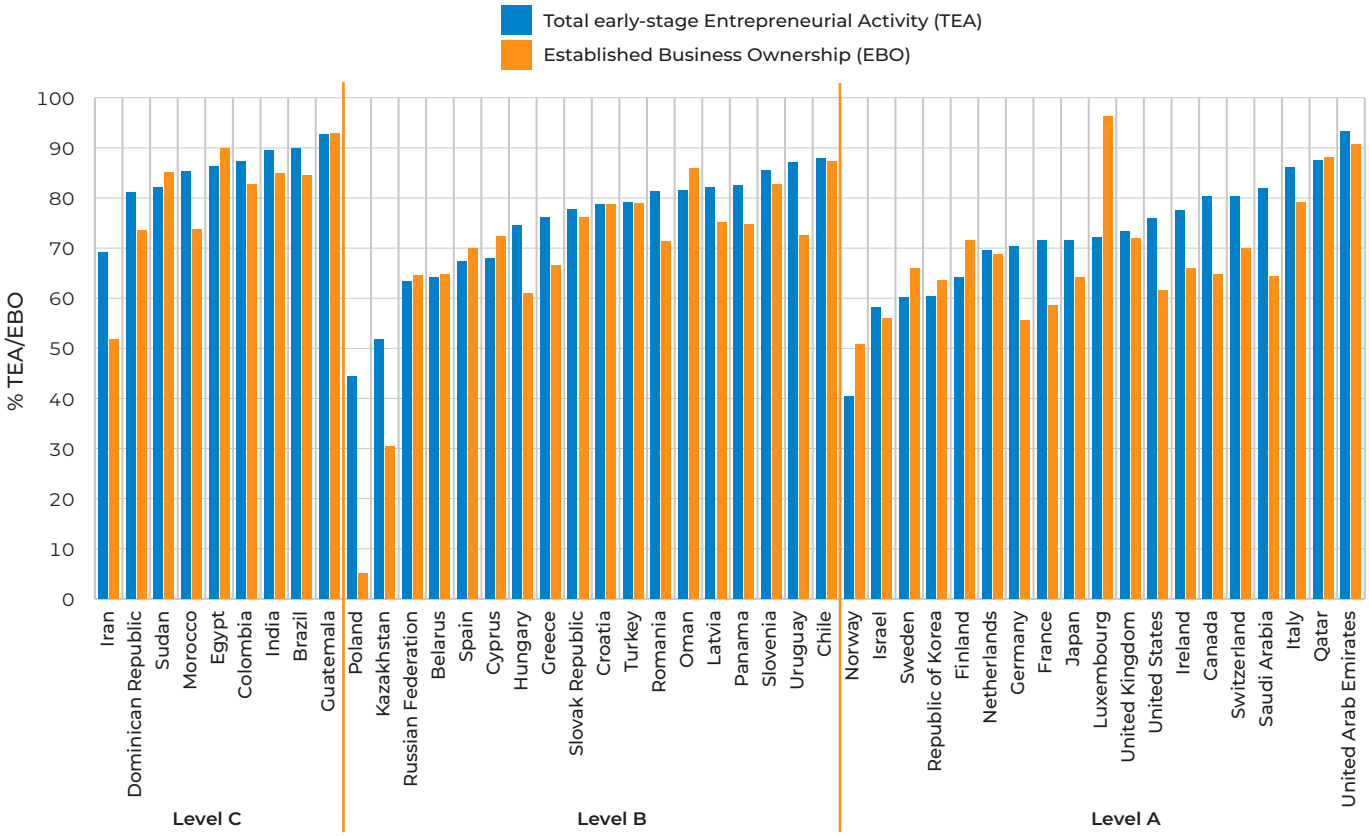


FIGURE 2.10 When making decisions about the future of my business, I always consider social implications (somewhat/strongly agree, % of Total early-stage Entrepreneurial Activity [TEA] and % of Established Business Ownership [EBO])

Source: GEM Adult Population Survey 2021

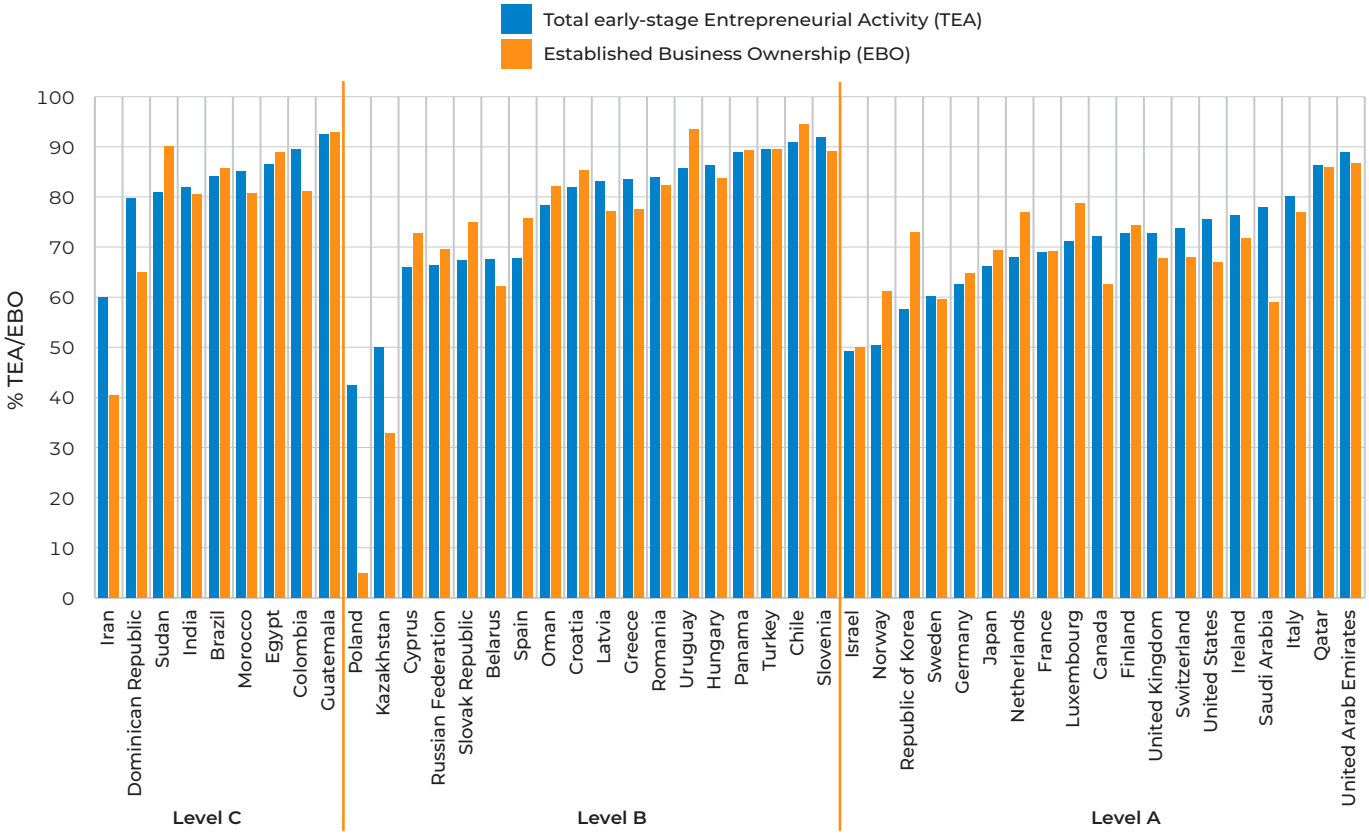


FIGURE 2.11 When making decisions about the future of your business, I always consider environmental implications (somewhat/strongly agree, % of Total early-stage Entrepreneurial Activity [TEA] and % of Established Business Ownership [EBO])

Source: GEM Adult Population Survey 2021

ENTREPRENEUR HIGHLIGHT

Luis Fernando Tascon Duran

General Manager of Santa Anita Nápoles (Colombia)

Entrepreneurs Impact Lives

Santa Anita Nápoles is the second largest producer of eggs in Colombia. It is the result of a merger between two main egg producers: Granja Santa Anita and Avícola Nápoles, founded by local family groups in the 1950s and 1960s. Santa Anita is known for its constant innovation in production processes and products. Sustainability is a key value; the company focuses on using environmentally friendly practices as part of its production. According to Tascon Duran, the company's General Manager:

> *For me, being an entrepreneur means providing purpose and impacting many lives. Entrepreneurs live with intensity, execute with passion and lead by example. They facilitate the dreams of collaborators and those involved in the business. Entrepreneurs stumble, fall and then get up with more intensity, never giving up in the face of adversity because of their optimistic vision of the future.*

and Norway, 41%). Similarly, the proportion of established businesses always considering social implications exceeded a half in all but two economies (Kazakhstan 30% and Poland 5%), and was more than four out of five in 12 economies.

Finally, those starting a new or running an established business were asked a similar question about whether they always consider the environmental implications of their decisions (Figure 2.11). There was widespread agreement that environmental implications were always considered by more than half of those running established businesses in all economies except Poland (5%) and Kazakhstan (30%), as well as for those starting new businesses except in Poland (42%) and Israel (49%).

2.6 CONCLUSIONS

The decision to start a business is a deeply personal one, reflecting perceptions of local business opportunities and the ease of starting a business, as well as an awareness of one's own skills and abilities. Across the GEM-participating economies in 2021, there was widespread awareness of entrepreneurship and some confidence in abilities. Certain economies, including Saudi Arabia, India and the Dominican Republic, consistently appear among those with high levels of awareness, opportunity recognition, perceived ease of starting a business and self-confidence in having the skills and abilities to do so.

However, many intentions appear to be seriously constrained by the fear of failure. One policy implication of this finding is the need to recognize and celebrate positive entrepreneurial role models and success stories, including those who have previously failed but are now succeeding (having learned from previous experiences). Also, it will be important to propagate improved awareness of the policy steps that can be taken to mitigate the risks involved in starting a business.

Many of those starting a new business considered that doing so was more difficult than a year ago, especially in Level C economies.

To promote successful entrepreneurship, easing those difficulties, both real and perceived, should become a policy priority. At the same time, many new starters see new business opportunities as a result of the pandemic, although new starters were more inclined to see new opportunities than those running established businesses.

Among all of the Level C economies, more than one in two new starters expect to increase the use of digital technologies to sell their products in the next six months, compared to just half of Level B and C economies. This not only indicates considerable opportunities for the providers of digital technology, but may also reveal the preparedness of entrepreneurs for a changing business world.

Finally, and encouragingly, the vast majority of those running new or established businesses already always consider the social and environmental implications of their decisions, although there are some interesting exceptions (Poland, Kazakhstan, Norway and Israel).

3

Which Places Have the Most Entrepreneurial Activity?

Stephen Hill and Sreevas Sahasranamam

3.1 HOW CAN ENTREPRENEURSHIP BE MEASURED?

As defined by GEM, entrepreneurship is the act or process of starting a new business. Any measure of entrepreneurship activity should reflect first and foremost the number of those starting new businesses. Alternative measures of entrepreneurship activity include the number or proportion of self-employed, and the number of new business (or value-added tax; VAT) registrations.[17] However, for some activities, such as freelance consultants or artists, individuals may regard themselves as self-employed rather than running a business. Counting the number of new companies or VAT registrations certainly identifies records of new businesses, but it misses those who do not register their businesses. Businesses can remain unregistered for various reasons, possibly because they are too small to be counted, or because the registration process is too expensive or bureaucratic, or simply because they remain part of the informal economy, where there is either no intention or need to register. Informal entrepreneurs start businesses and engage in trade that is not declared to the state for tax, benefit and/or labour law reasons. But measuring informal entrepreneurship is particularly important in seeking to understand entrepreneurial activity in developing countries.[18]

GEM goes to the heart of the issue by asking individuals if they are actively engaged in starting a new business and by being very precise about what this means. All GEM results are anonymized, so respondents have no incentive to supply misleading or incorrect answers. The same questions are asked in the same way across the globe of large samples (at least 2,000 people) in each economy and the results are carefully and consistently translated by the GEM data team into strictly comparable variables. This is why academics, policymakers and anyone else reading this report can have confidence in GEM results.

3.2 WHERE ARE ENTREPRENEURIAL ACTIVITY RATES HIGHEST?

There are substantial variations in the levels of entrepreneurial activity across economies in 2021. Figure 3.1 plots the levels of Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) for the 47 economies participating in the GEM Adult Population Survey (APS) in 2021. The range of TEA decreases with income level: for the Level C group (see Section 1.4 and Table 1.1), the spread of TEA is from 6% in Morocco to 42% in the Dominican Republic; for the Level B group it is from 2% in Poland to 30% in Chile; while for the Level A group the range is

17 For an introduction to this debate, see Desai, S. (2017). Measuring entrepreneurship: Type, motivation and growth. *IZA World of Labour*, 327. https://doi.org/10.15185/izawol.327.

18 Acs, Z.J., Desai, S., & Klapper, L.F. (2008). What does "entrepreneurship" data *really* show? *Small Business Economics*, 31(3), 265–81. https://doi.org/10.1007/s11187-008-9137-7

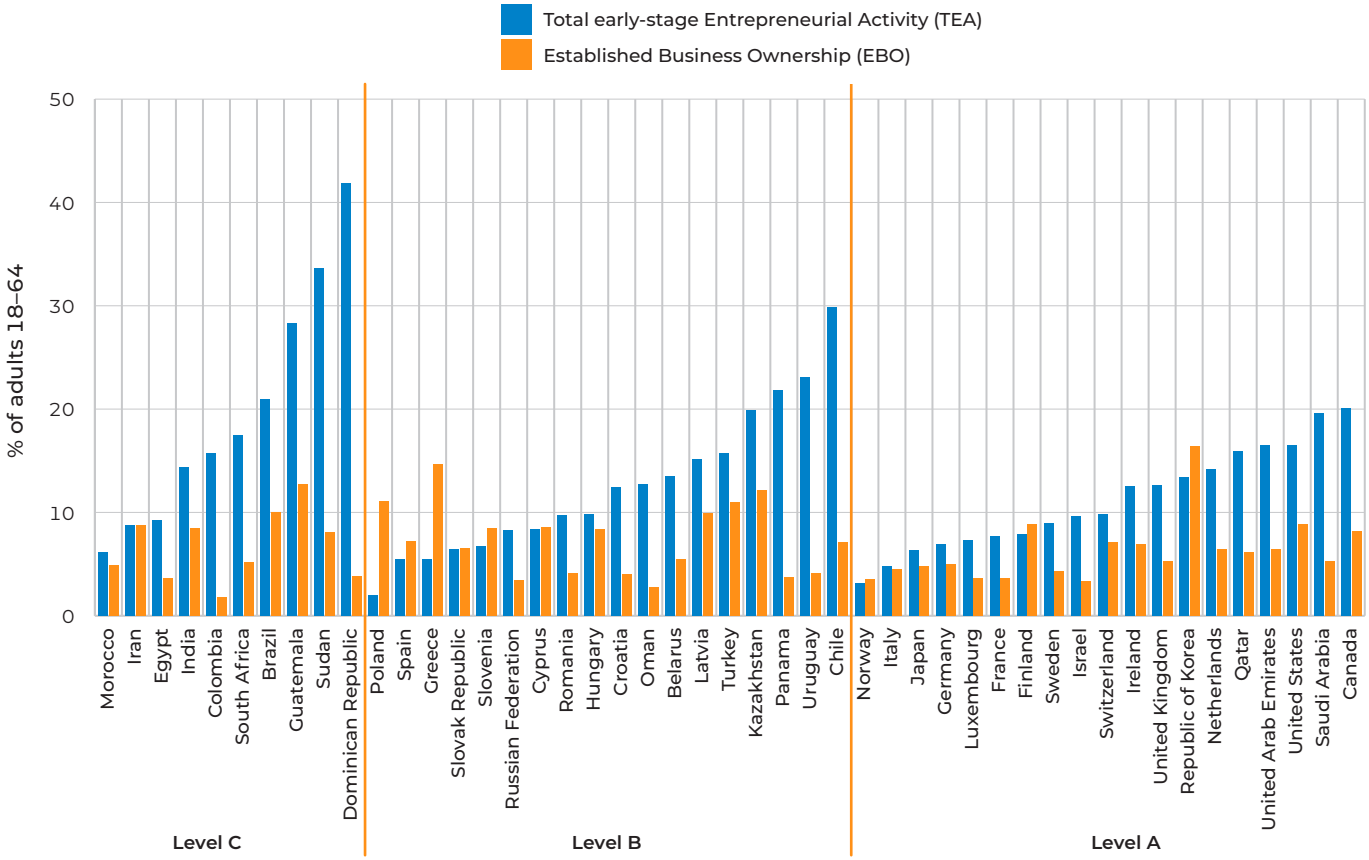


FIGURE 3.1
Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) (both % adults)
Source: GEM Adult Population Survey 2021

from 4% in Norway to 20% in Canada. In terms of the proportion of adults starting or running new businesses, the highest rate among the 47 economies is in the Dominican Republic, where more than two out of five adults are starting or running a new business. The lowest rate is in Poland, where just one in 50 is doing so.

In contrast, the level of EBO shows rather less variation and ranges are fairly similar for each income group. In the Level C group, EBO goes from 2% of adults in Colombia to 13% in Guatemala; for the Level B group from 3% in Oman to 15% in Greece; and for the Level A group from 3% in Israel to 16% in the Republic of Korea. Moreover, many of the economies that have the highest rates in terms of new businesses have relatively few established businesses. The most extreme example is the Dominican Republic, with a TEA level (42%) that is more than 10 times its EBO level. In other words, the Dominican Republic has more than 10 adults starting a new business for every adult running an established business. Either there has been a very recent blossoming of entrepreneurship in that economy, so that new businesses have not had time to become established, or — and more likely — most of its new businesses are transient and will probably not survive into maturity. At the other end of the scale, Poland has just 2% of adults starting a new business, compared to 11% running an established business, so more than five adults running an established business for every one starting a new business. While established businesses may provide sustained jobs and incomes, the relatively small number of new businesses in Poland may not be sufficient to replenish the base of established businesses over time.

3.3 DO WEALTHIER ECONOMIES HAVE HIGHER RATES OF ENTREPRENEURIAL ACTIVITY?

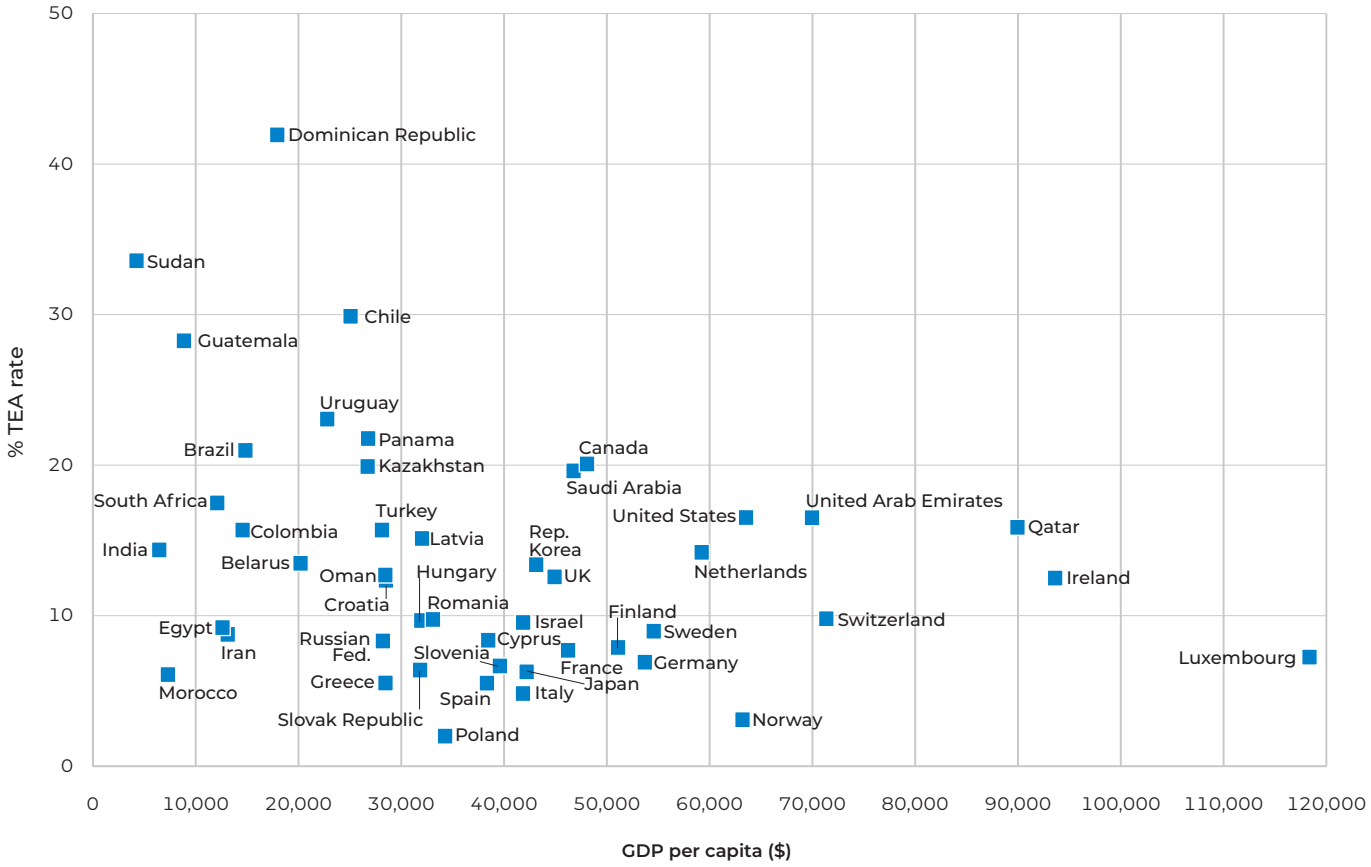
This turns out to be a very interesting question, to which the answer is: "Not necessarily!" The relationship between income and levels of entrepreneurial activity has long been argued — a debate that is unresolved because there are competing forces at work, as well as multiple layers of influences.[19] Higher levels of income may mean more business opportunities and increased access to resources, including education about entrepreneurship. On the other hand, higher incomes may also mean more and better career opportunities, so more sacrifices and concessions for those who start their own businesses, alongside stronger social security safety nets such as unemployment and welfare benefits, and therefore less necessity-driven motives to start a business. Low levels of income almost certainly mean scant access to resources and relatively low demand for goods and services, but it may also mean few other income alternatives and little to lose by starting your own business. Circular influences mean that current levels of income and of entrepreneurial activity influence each other in future. High levels of entrepreneurial activity today may lead to higher incomes in the future, while higher incomes today may mean more entrepreneurial activities in future. So levels of income and levels of entrepreneurial activity are intertwined. Certainly, most governments are keen to promote increases in entrepreneurial activity because of the economic and social benefits this can bring, including social harmony and a reduction in the likelihood of social conflicts.

The complex relationship between income and entrepreneurial activity is illustrated in Figure 3.2,

19 Carree, M.A., & Thurik, A.R. (2010). The impact of entrepreneurship on economic growth. In Z.J. Acs and D.B. Audretsch (eds.), *Handbook of Entrepreneurship Research*, 557–94. New York: Springer. Bosma, N., Sanders, M., & Stam, E. (2018). Institutions, entrepreneurship, and economic growth in Europe. *Small Business Economics*, 51(2), 483–99. https://doi.org/10.1007/s11187-018-0012-x

FIGURE 3.2 Levels of Total early-stage Entrepreneurial Activity (TEA, % adults) and GDP per capita, 2021

Source: GEM Adult Population Survey 2021 and World Bank https://data.worldbank.org. GDP per capita measured in $ international, PPS (purchasing power parity).



ENTREPRENEUR HIGHLIGHT

Débora Alcântara

CEO of ORNA Group Public Relations (Brazil)

How Policies Can Make or Break a Family Business

There are many examples of companies that came into being on the heels of individuals' content-creating activities. A case in point is Débora Alcântara and her sister Barbara. Back in 2010, they launched a blog called *Tudo Orna*. With their background in design and public relations, the sisters used this expertise ultimately to launch ORNA Group Public Relations — an agency specifically to assist "digital native" brands (i.e. those that are conceived online). The initiatives it has launched include: ORNA Makeup, in 2016 (which would later become ORNA Formula); the EFEITO ORNA education project, created with the aim of democratizing access to entrepreneurship education (today with over 3,500 students from 40 countries); and ORNA Cafe, launched in 2018 as a collaborative space for creatives. Said Débora:

> *The history of ORNA Group is driven by the purpose that collaborating is greater than competing.*

The sisters encountered the most unexpected challenge of their business when the pandemic arrived in Brazil in early 2020.

They were able to manage thanks in part to loans facilitated by the federal and municipal government (Pronampe/Federal government and Loan Resumption of the Economy of Curitiba/Municipal government).

As for future policies to support aspiring entrepreneurs, Débora says:

> *The best policies that can be introduced are programs that provide financial education for entrepreneurs.*

which plots the level of TEA in each economy against the level of Gross Domestic Product (GDP) per capita in that economy, combining GEM data on TEA with World Bank data on GDP per capita. The relationship appears to be weakly inverse: higher levels of income are associated with lower levels of TEA. Note that the reverse is not necessarily the case. There are a number of Level C economies with relatively low levels of TEA.

3.4 HOW HAS THE PANDEMIC INFLUENCED ENTREPRENEURSHIP LEVELS?

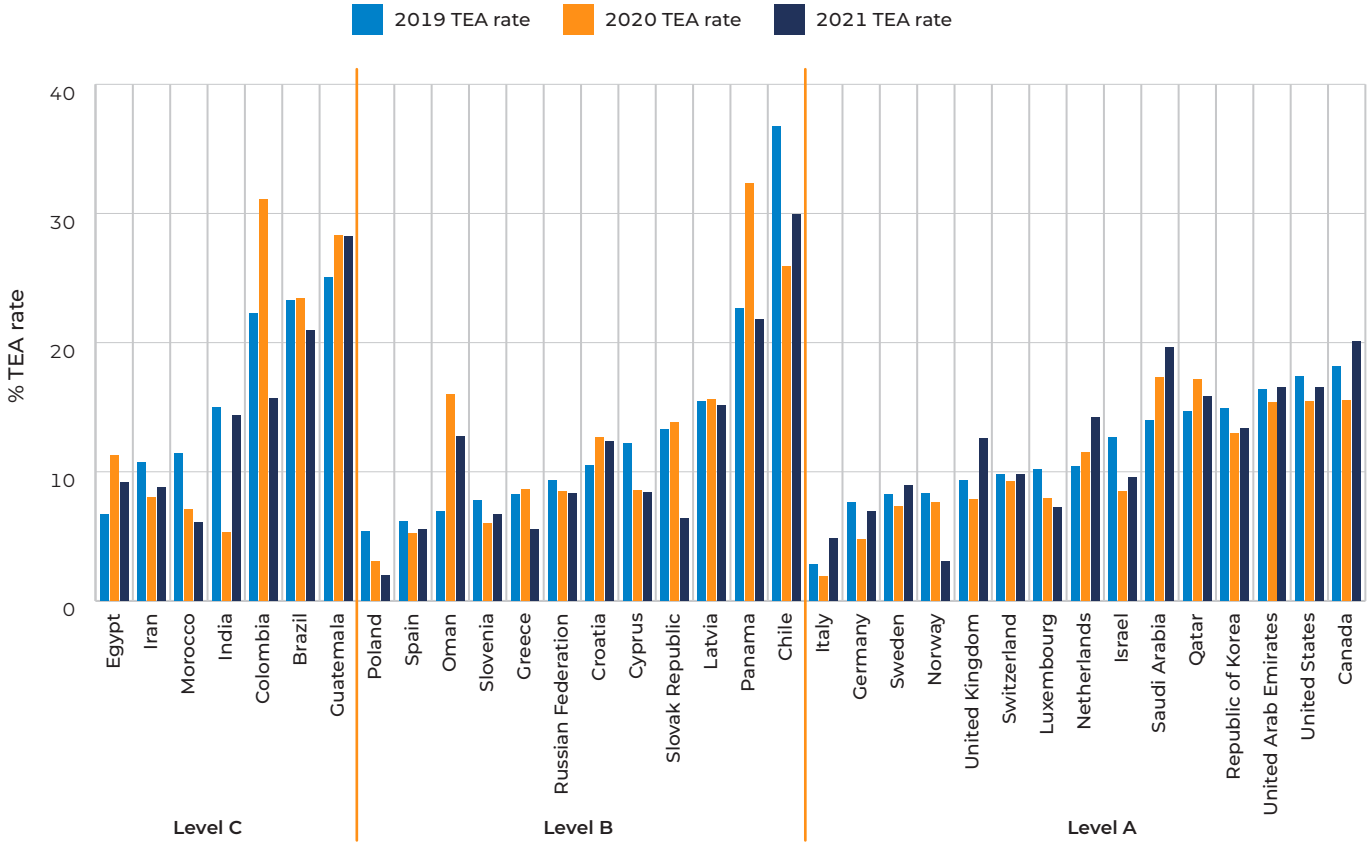
It may be obvious to say that this is another complex question, once more because of competing forces. The pandemic and the associated lockdowns seriously disrupted work and trade, with many entrepreneurial ambitions put on hold as markets shrank or disappeared. Yet other opportunities quickly emerged. Last year's GEM Global Report showed that many new and established businesses were pursuing those new opportunities. Many governments with the will and resources provided temporary support packages in the form of "furlough schemes" and other measures to businesses and their workers. By the summer of 2021, when the GEM APS presented in this report was largely conducted, many of those support packages had been reduced or withdrawn.

The culmination of these and other factors paints a mixed picture of entrepreneurial experiences into and during the pandemic. Thus, generalizations are difficult. Looking at entrepreneurship data throughout this period is illuminating, but such data must be treated with caution. The GEM APS takes place in summer/early autumn each year, and not all economies were at the same stage of the pandemic at these times. In addition, small variations in entrepreneurial activity rates over time may be simply the product of random sampling from a large population. Moreover, not all economies included in this report participated in the GEM APS over the three relevant years, taken here as 2019 (pre-pandemic), 2020 (first wave) and 2021 (second or third wave). Figure 3.3 shows the TEA level for the 34 economies that participated in the GEM APS in 2019, 2020 and 2021, with Figure 3.4 providing the corresponding data for levels of EBO.

Not surprisingly, there is a wide variety of experiences across countries. Only six of the 34 economies experienced a fall in TEA in both years, while two (Netherlands and Saudi Arabia) saw TEA increase in both years. The more common experience was mixed, with 15 economies seeing TEA fall from 2019 to 2020 and then increase in 2021, while 12 saw TEA increase from 2019 to

FIGURE 3.3 Levels of Total early-stage Entrepreneurial Activity (% TEA) in 2019, 2020 and 2021

Source: GEM Adult Population Surveys 2019, 2020 and 2021



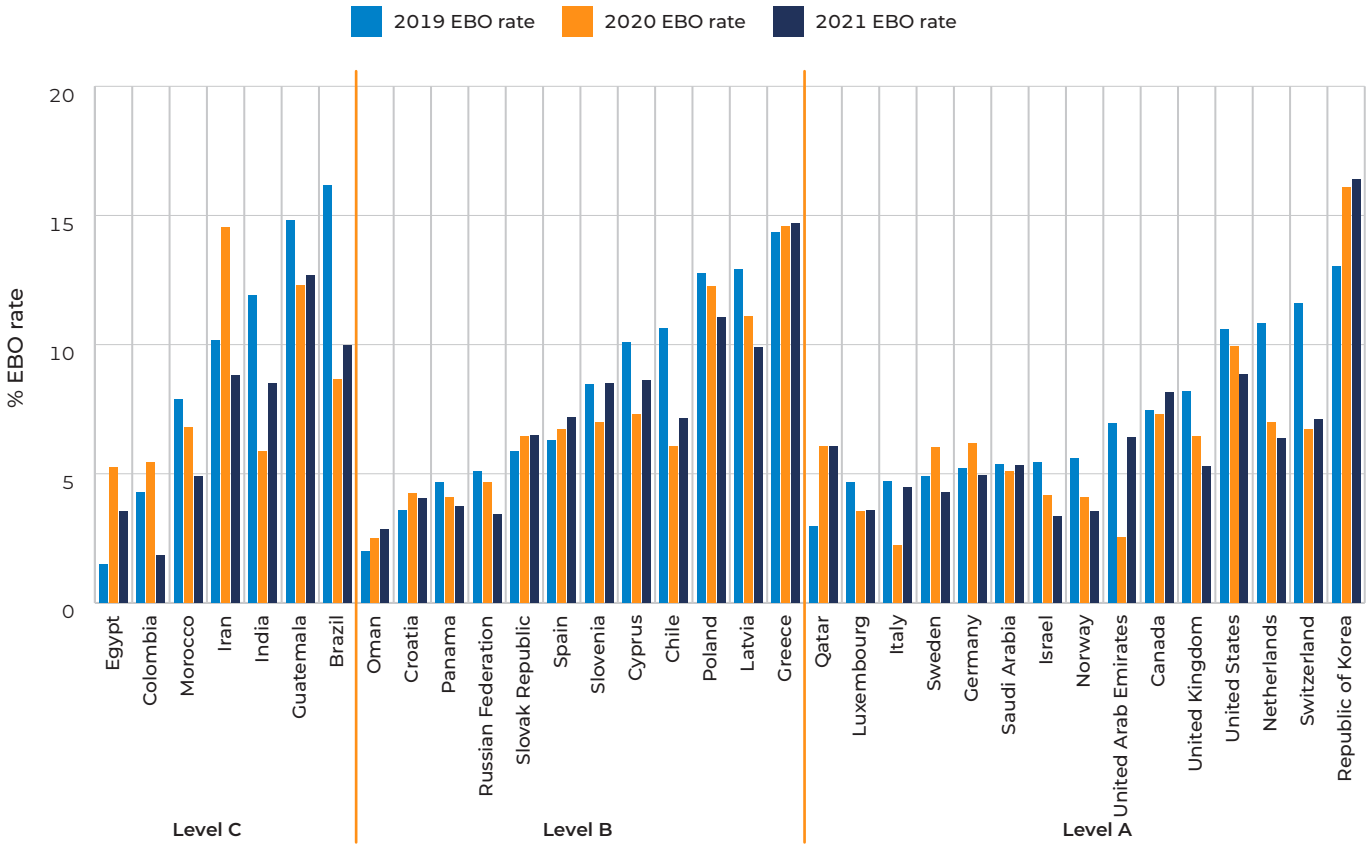


FIGURE 3.4 Levels of Established Business Ownership (% EBO) in 2019, 2020 and 2021

Source: GEM Adult Population Surveys 2019, 2020 and 2021

2020, and then fall in 2021. The upshot is that 12 of the 34 economies had levels of entrepreneurial activity in 2021 that were higher than in 2019, though differences were usually small. Exceptions included Oman (up from 7% to 13%), Saudi Arabia (from 14% to 20%) and the Netherlands (up from 10% to 14%). This left a clear majority of economies (22) where levels of TEA were lower in 2021 than in 2019. Over this period, the proportion of adults starting or running a new business fell by around a half or more in Poland, the Slovak Republic and Norway.

Therefore, in general, Level A economies saw some dip in entrepreneurial activity in the first period, until support schemes and economic recovery restored rates in 2021, at least partially. In Level B and C economies with generally less business support, the lack of jobs and other income alternatives may have pushed more people into starting their own business in 2020 and 2021.

Figure 3.4 presents a similar, slightly less dramatic, picture for EBO. The proportion of adults running an established business decreased from 2019 to 2020, and then increased in 2021, for 12 economies; the reverse (falling in 2020, increasing in 2021) was the case in six economies. There are five economies in which EBO increased in both years, compared to 10 economies where it fell each year. There are 10 economies in which EBO was higher in 2021 than it had been in 2019, though most differences were small (with only three economies in which the increase was more than 1% of adults in that economy: Egypt, Qatar and the Republic of Korea). In a majority of economies, the proportion of adults running an established business fell between 2019 and 2021. However, in only six economies, representing all income groups, was the fall in excess of 3% of the adult population (Colombia, India, Latvia, Brazil, Chile and Switzerland).

3.5 WHICH SECTORS ARE MOST POPULAR FOR STARTING A BUSINESS?

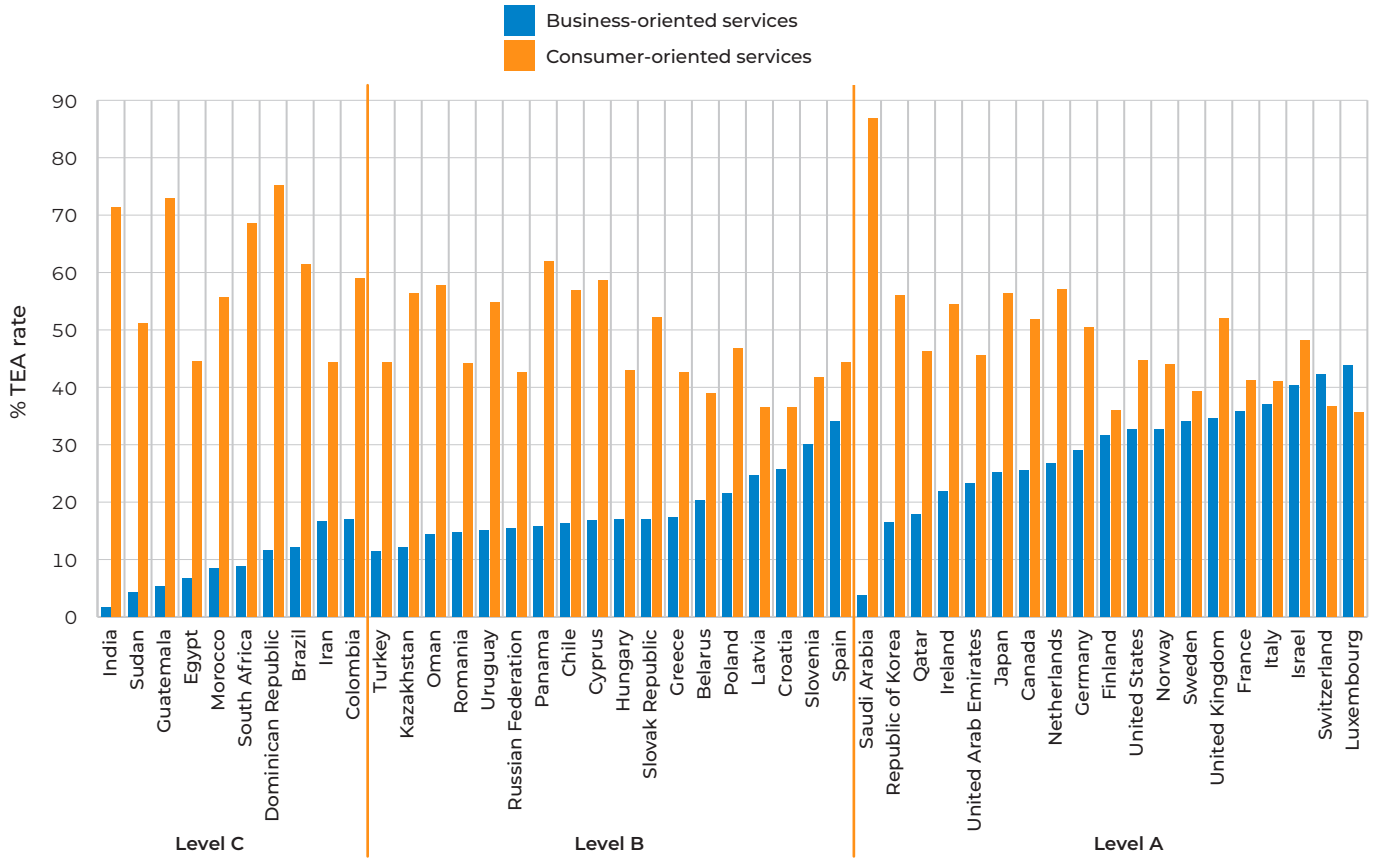
The choice of sector for the new startup is an important one, with implications not just for that business but for the economy more widely. Sectors such as personal services (such as hairdressing, taxi driving) or retailing common products (such as groceries, flowers or mobile phones) have few barriers to entry and therefore tend to be highly competitive and low-margin, with a high turnover of businesses. Other sectors may have a few large businesses dominating the market, making small-scale entry prohibitively expensive. Durable new businesses tend to be in niche markets, requiring high levels of human and financial capital, selling differentiated products for which consumers or businesses are prepared to pay a premium. Many of these businesses are in business services rather than in consumer services.

The GEM APS asks those starting or running a new business to declare which sector that business is in, and classifies responses into four broad sectors: Extractive, including oil and gas, mining and agriculture; Transforming, including manufacturing and transport; Business Services, including communications and professional services; and Consumer Services, including hotels and restaurants, retailing and personal services.

The first two sectors (Extractive and Transformative) tend to have high importance in a small number of economies, reflecting their economic history and geography, including their endowment of resources. Of the 47 economies in the 2021 GEM APS, the share of the Extractive sector in new startups exceeded one in five in just one economy (Sudan), and between 10% and 13% of new starts in six other economies, all in Europe. In 27 of the 47 economies, the Extractive sector's share of new starts was less than one in 20.

The Transformative sector is typically a bit larger, accounting for between one in five and two in five of all new startups in 25 of the 47 economies. Its share was largest in Egypt (39%) and the Russian Federation (37%), and lowest in

FIGURE 3.5
Business Services and Consumer Services as a percentage of Total early-stage Entrepreneurial Activity (TEA)
Source: GEM Adult Population Survey 2021



Saudi Arabia (9%) and the Dominican Republic (13%).

Figure 3.5 plots the share of startups in each economy for the remaining two sectors: Business Services and Consumer Services. There is a clear relationship between level of income and the share of startups in Business Services, with this share typically being much higher in high-income than in low-income economies. One notable exception is Saudi Arabia, a Level A economy with a low share of Business Services (4%); only India, a Level C economy, has a lower share of new startups in Business Services (2%).

3.6 DO NEW BUSINESSES EXPECT TO EMPLOY MANY PEOPLE?

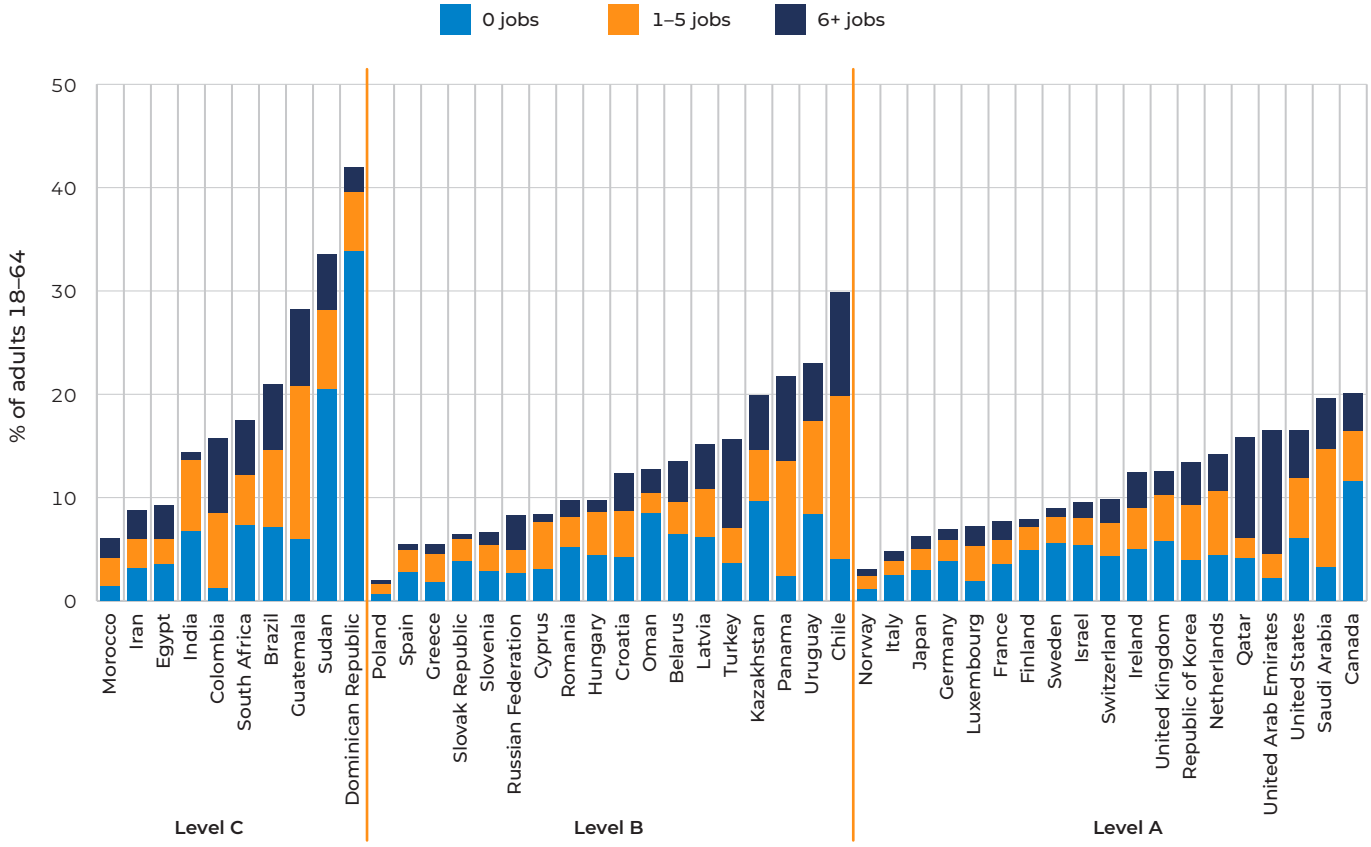
Ambition matters. New businesses that intend to employ more people are likely to have greater impact than those expecting to employ their founder and no one else.[20] Similarly, new businesses anticipating a significant share of revenue from customers from outside their national economy are likely to be more enduring and have a faster growth trajectory than those that don't. Hence the GEM APS asks those starting or running a new business how many people they expect to employ in five years' time, as well what proportion of revenue they anticipate from outside their own economy. The job growth expectations of those starting or running a new business are set out in Figure 3.6, while the proportion of adults starting a business and expecting at least 25% of their revenue from outside their own economy is shown in Figure 3.7.

The highest levels of new job expectations were in Qatar, Chile and the United Arab

20 Levie, J., & Autio, E. (2013). *Growth and Growth Intentions*. Enterprise Research Centre White Paper No. 1. https://www.enterpriseresearch.ac.uk/wp-content/uploads/2013/12/ERC-White-Paper-No_1-Growth-final.pdf (accessed 22 November 2021).

FIGURE 3.6 Job growth expectations among early-stage entrepreneurs expecting to employ 0, 1–5 or 6 or more people in five years' time (% adults)

Source: GEM Adult Population Survey 2021



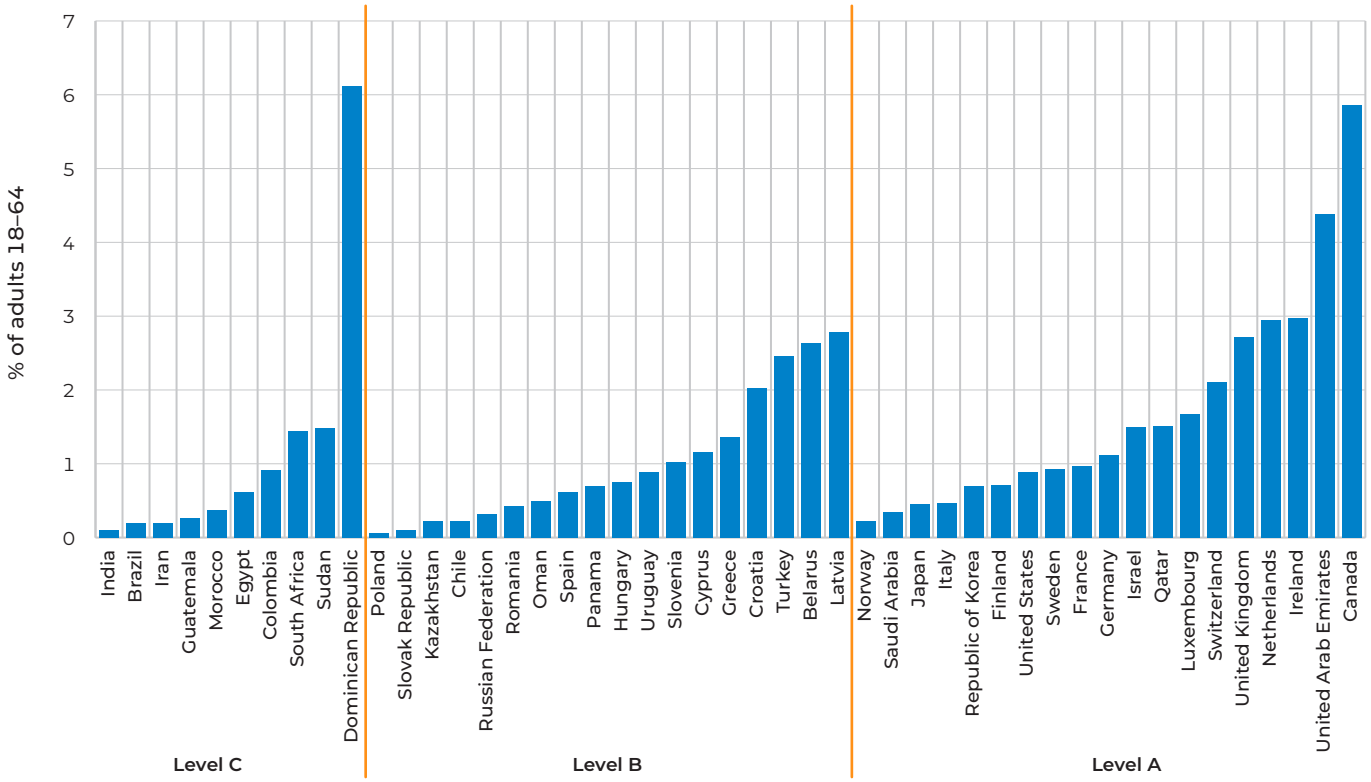


FIGURE 3.7
The percentage of adults both starting or running a new business and anticipating 25% or more of revenue from outside their country
Source: GEM Adult Population Survey 2021

Emirates, each with one in 10 of their adults or more both starting or running a new business and expecting to employ six or more people in five years' time. Conversely, less than 1% of adults were starting a new business and expecting to employ six or more in five years' time in 10 of the 47 economies surveyed in GEM 2021, nine of which are in Europe, the other being India.

At the other end of the scale, more than half of those starting or running a new business in 12 of the 47 economies expected to employ no one but themselves in five years' time, including more than one in three adults in the Dominican Republic and one in five adults in Sudan.

In 27 of the 47 economies in the 2021 GEM APS, less than 1% of adults were starting or running a new business and anticipating 25% of revenue or more from outside their country. The highest levels were in the Dominican Republic (6.1%), Canada (5.9%) and the United Arab Emirates (4.4%), while the lowest were India, the Slovak Republic and Poland (all around or less than 0.1%).

3.7 ARE NEW BUSINESSES INNOVATIVE?

In business terms, innovation is usually interpreted as introducing new products or services, or in using new technologies or processes. New businesses may be ideally positioned for either or both, since they have no commitment to existing products or services and can adopt the latest technologies if they have sufficient access to knowledge and finance. In practice, and confirmed by successive GEM data, new businesses introducing unique products or processes are very few and far between.

Recently, GEM started discussions and some experimentation with the World Intellectual Property Organization (WIPO) to explore how GEM data might contribute to the Global Innovation Index[21] indicators, and discussions are ongoing in this respect.

21 See Dutta, S., Lanvin, B., León, L.R., & Wunsch-Vincent, S. (eds.) (2021). *Global Innovation Index 2021: Tracking Innovation through the COVID-19 Crisis*. 14th edition. World Intellectual Property Organization. https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf

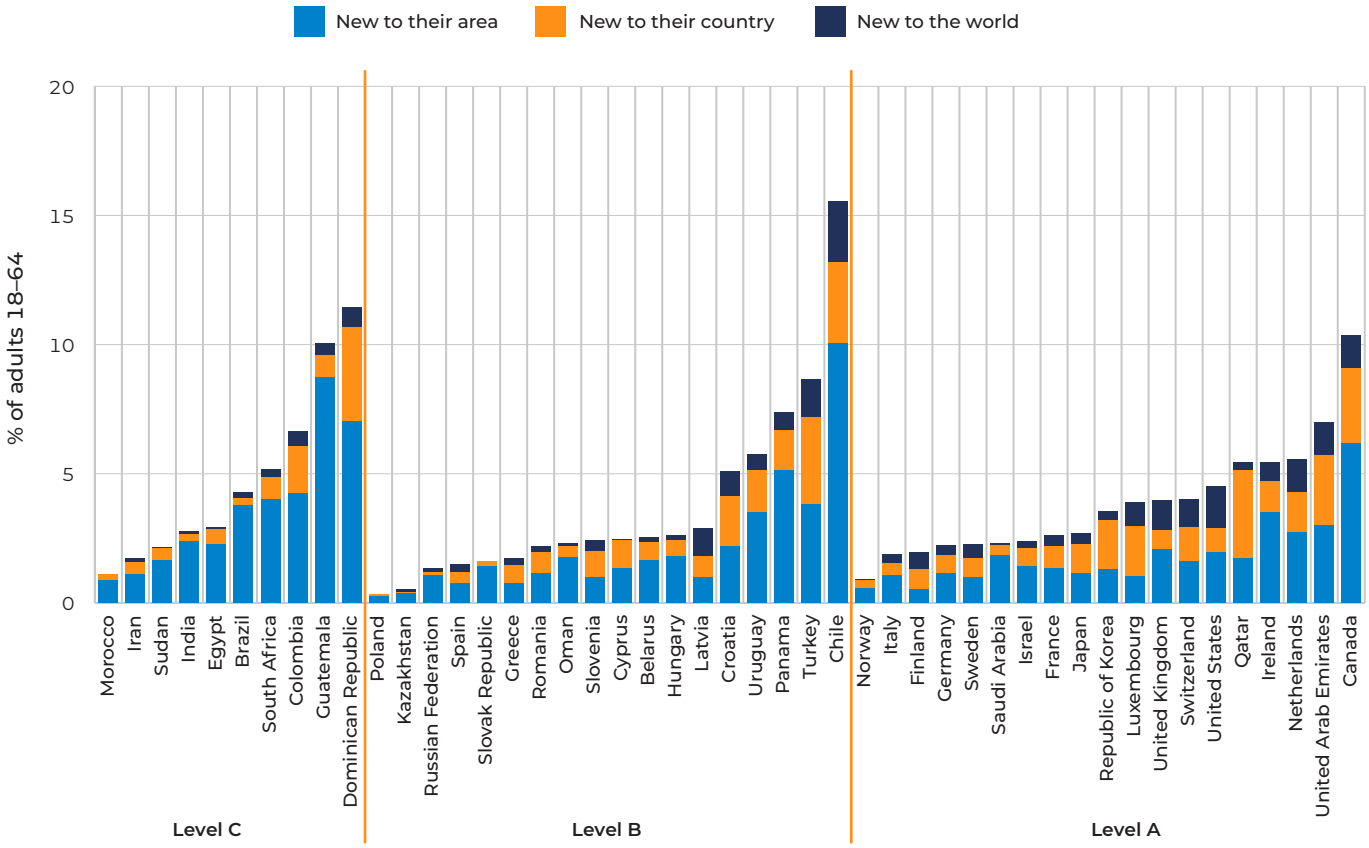


FIGURE 3.8
The proportion of adults starting or running a new business with products or services that are new to their area, their country or the world (% adults)
Source: GEM Adult Population Survey 2021

The GEM APS asks those starting or running a new business if any of their products or services are new to people in the area where they live, or new to people in their country, or new to the world. Responses, in terms of the proportion of adults in each economy, are shown in Figure 3.8. More than one in 10 adults are starting or running a new business and introducing products or services that are at least new to the area in Chile, the Dominican Republic, Canada and Guatemala, compared to less than one in 100 in Poland, Kazakhstan and Norway. The majority of these were new to the area but not to the country or the world, implying that entrepreneurs adopted ideas transferred from elsewhere. True innovation is relatively elusive; in 37 of the 47 economies in the 2021 GEM APS, less than one in 100 adults were starting a new business with products or services that were new to the world. Notable exceptions were Chile (2.4%), the United States (1.6%) and Turkey (1.5%).

The other dimension of business innovation is the introduction of new technologies and procedures. Figure 3.9 shows the proportion of adults in each economy who are starting or running a new business using technologies or procedures that are new to their area, new to their country or new to the world. Figure 3.9 is very much a reflection of Figure 3.8, with the Dominican Republic, Chile and Canada the most innovative in terms of the share of adults starting a business using technologies and procedures that at are at least new to the area, each with more than one in 10 adults doing so, and Norway, Poland and Morocco least innovative, with less than one in 100 adults doing the same. Once more, the vast majority of new technologies or procedures are transferred from elsewhere and truly fresh innovation is even more elusive. Only five economies had more than one in 100 adults starting a new business and using technologies or procedures that are new to the world: Uruguay, the United Arab Emirates, Chile, the United States and Luxembourg.

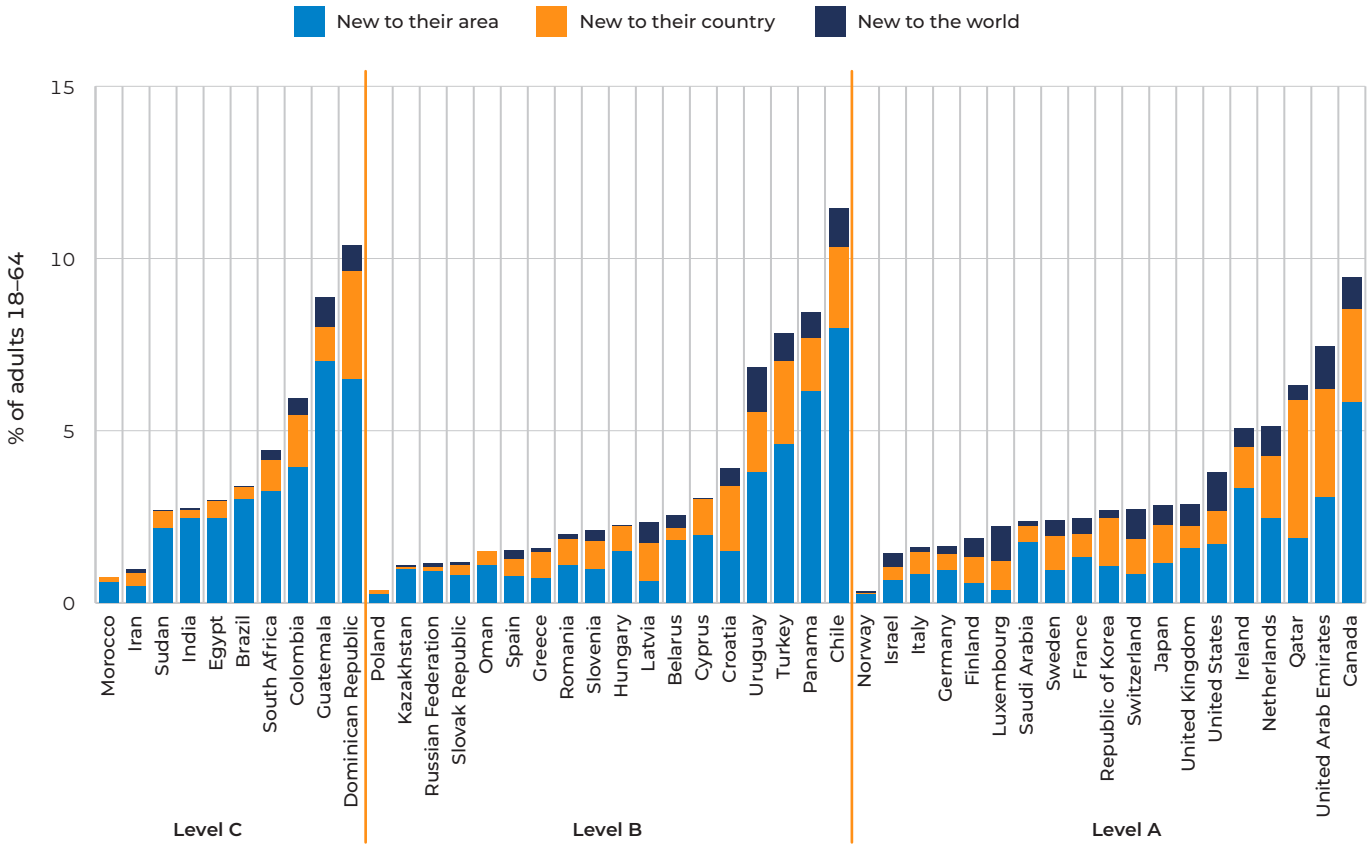


FIGURE 3.9
The proportion of adults starting or running a new business with technologies or procedures that are new to their area, their country or the world (% adults)
Source: GEM Adult Population Survey 2021

3.8 CONCLUSIONS

GEM defines and measures entrepreneurship in a very precise and consistent way. It is this precision and consistency that allows comparison between countries and over time. In 2021, of the 47 economies in the GEM APS, the Dominican Republic had the highest proportion of adults starting or running a new business. Poland had the least. In between, there is a sliding scale of different national scenarios.

What emerges from GEM research is that there is a complex relationship between average levels of income and rates of entrepreneurial activity. While the highest-income economies tend to have relatively low rates of entrepreneurial activity, the converse is not necessarily the case. Low-income economies have the highest variation in the range of TEA in 2021, while high-income economies have the least.

In general, the pandemic has been accompanied by falls in the rate of entrepreneurial activity between 2019 and 2021, including by more than a half in three economies (Poland, the Slovak Republic and Norway). There are exceptions, most notably the Netherlands and Saudi Arabia, both of which experienced increases in TEA in each of the past two years. One notable characteristic these exceptions have in common is relatively generous support packages for new businesses, which appear to have been effective in protecting levels of new startups.

The proportion of new startups that are in the Business Services sector has a clear and positive association with average levels of income, increasing steadily as incomes rise from just 2% of startups in Level C India to almost half of startups in Luxembourg. Encouraging new startups in differentiated Business Services may improve the development path of many Level B and C economies in their quest for durable and profitable businesses.

The GEM APS asks those starting or running a new business how many people they expect to employ in five years' time. The level of job creation ambition can be an important indicator of the economic impact potential of the new business. In a quarter of the GEM economies, more than half of those starting or running a

new business expect that business to employ no one but themselves in five years' time. This is especially concerning in a number of Level C economies, suggesting that high levels of entrepreneurial activity in those economies may not easily translate into employment-intensive established businesses in the future.

If entrepreneurial innovativeness is measured in terms of the proportion of adults in an economy who are either introducing products or services, or using technologies and procedures, that are at least new to the area, then the stand-out economies in the 47 GEM 2021 participants are Chile, the Dominican Republic and Canada, while the least innovative are Poland, Kazakhstan and Norway. Once more, levels of innovation in new businesses may be indicative of their future potential growth trajectory and therefore also their potential development impact. Incentivizing investment in innovation-driven new startups may yield substantial future returns.

Who Are the Entrepreneurs?

Stephen Hill and Muhammad Azam Roomi

4.1 INTRODUCTION: DIVERSITY IN ACTION

While anyone can be an entrepreneur, some sections of society may be better represented than others in an economy's pool of entrepreneurs. This matters, because the under-representation of some sections impacts potential new businesses, and the jobs, income and value addition that they could bring. It could also constrain the hopes, aspirations and ambitions of potentially entrepreneurial individuals. It is important that everyone, regardless of age, gender or education, can see people like themselves starting and running successful businesses and know that they too have that option.

In each participating economy, the GEM Adult Population Survey (APS) draws on a fully representative random sample of individuals, stratified in terms of key demographics such as age, gender and location. In any given economy, for example, if 20% of the adult population (aged 18–64) is known to be over 55 years old, then 20% of APS interviewees will be over 55. Naturally, this is more difficult, and more time-consuming, than using random sampling, but it is crucial to make sure responses are genuinely representative and that valid inferences can be drawn from those responses.

Recall that GEM measures entrepreneurial activity using two variables corresponding to the age of the business. Total early-stage Entrepreneurial Activity (TEA) refers to the percentage of adults who are actively engaged in starting or running a new business (who have not yet paid wages for three-and-a-half years or more), while Established Business Ownership (EBO) represents the percentage of adults running an established business, defined by having paid wages for three-and-a-half years or more. This chapter will address several questions: whether younger adults are more likely than older generations to start a business; whether men or women are more likely to start and run a new business; and also which gender is more likely to be running an established business. Finally, the chapter will present findings on whether graduates are more likely than non-graduates to be starting or running a new business. A major value of GEM's research, as demonstrated by the findings presented in this chapter, is that it highlights how these dynamics differ among the participating economies.

The approach taken to determine differences between groups will be the same in each case. Data for the highest and lowest levels of entrepreneurial activity for each group will be discussed and differences considered. This difference can be expressed in absolute or relative terms. For example, the proportion of men starting or running a new business in a particular economy minus the proportion of women doing the same is what is termed the *absolute* gender difference. The ratio of women to men starting a business is termed the *relative* gender difference. Both are important, but it is worth noting that the level of entrepreneurial activity varies widely between economies. It turns out, unsurprisingly, that variations in entrepreneurial activity between economies are typically very much greater than variations in entrepreneurial activity between different social groups within an economy. In other words, although there are differences in entrepreneurial activity rates between groups of different ages, genders or educational attainment, these differences are usually much smaller than differences in entrepreneurial activity between economies. For example, in the 47 GEM-participating economies in 2021, Chapter 3 showed that the lowest level of TEA was 2% (Poland) and the highest was 42% (Dominican Republic), a range of 40 percentage points. This chapter will show that the largest gap between male TEA and female TEA by country is just 14% (Sudan), and the Sudanese gender gap

is much larger than most. In other words, context certainly matters, and the national context is a very significant determinant of entrepreneurial activity levels.

The chapter will conclude with a brief examination of whether those people who are employed by someone else can themselves be entrepreneurial, and, if so, what is the prevalence of entrepreneurial employees in different economies, as well as whether these rates have evolved during the pandemic.

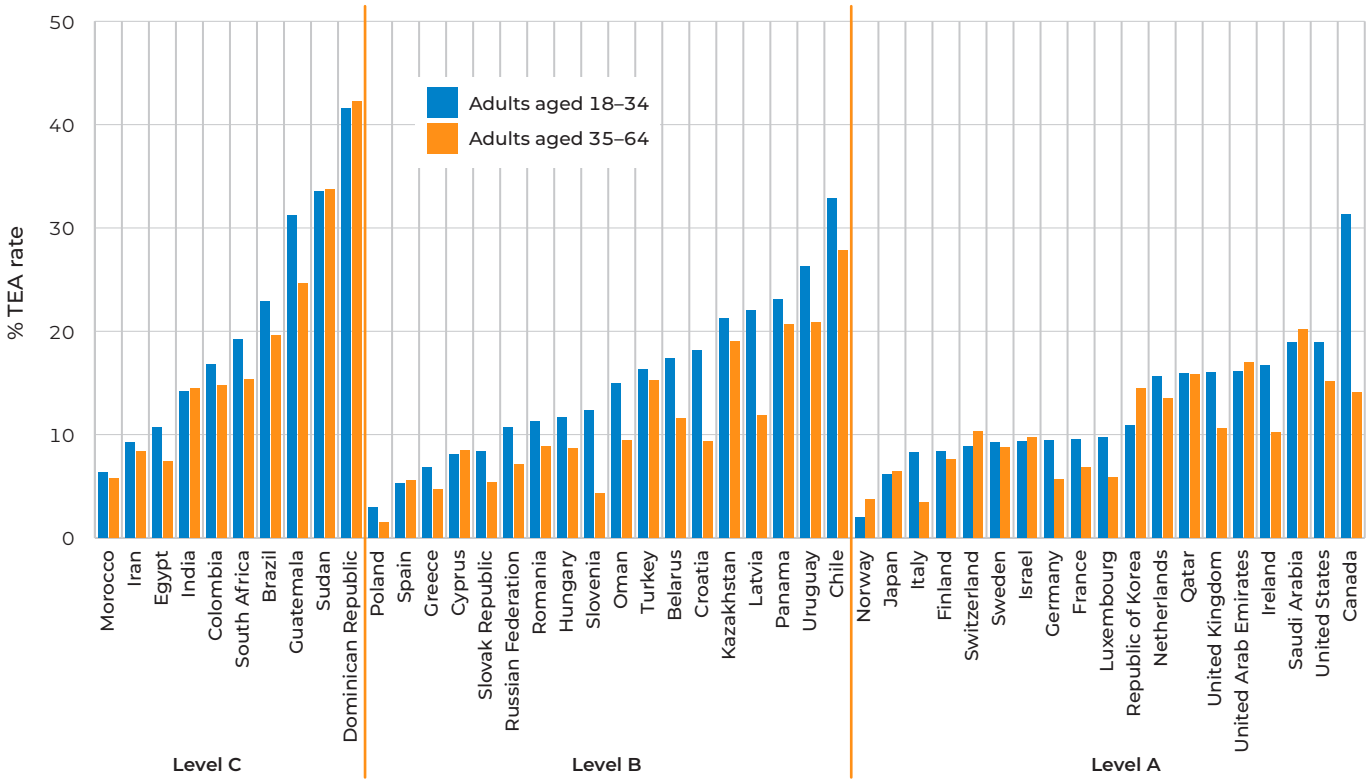
4.2 ARE YOUNGER PEOPLE MORE LIKELY TO START A BUSINESS?

Younger people generally have more energy, have fewer concessions to make in terms of established careers and high salaries, and might be closer to new or emerging markets and business-accelerating technologies. They might also be more prepared to take risks, since they may have less to lose, and, if the business fails, they can still have a long and successful career ahead of them. On the other hand, they are likely to have less knowledge and experience, and less access to resources, including established networks. Older people are more likely to have more awareness of markets and opportunities, better access to capital and other resources, and to have the skill and experience needed to run a business. But at the same time they might also have mortgages, more family responsibilities, a career to give up and, as a result, a greater aversion to risk.

Whether young people are more likely to start a business is essentially an empirical question.[22] The GEM APS asks the age of the respondent, which can then be related to whether that individual is starting a business. Results from the 2021 GEM APS are set out in Figure 4.1, showing,

FIGURE 4.1 The level of Total early-stage Entrepreneurial Activity (TEA) for adults aged 18–34 and for those aged 35–64 (% of adults in each age group)

Source: GEM Adult Population Survey 2021



22 Previous empirical studies have affirmed that generational cohorts also influence entrepreneurial behaviours. See, for example: Guerrero, M., Amorós, J.E., & Urbano, D. (2021). Do employees' generational cohorts influence corporate venturing? A multilevel analysis. *Small Business Economics*, 57(1), 47–74. https://doi.org/10.1007/s11187-019-00304-z

ENTREPRENEUR HIGHLIGHT

Salma Abdulai

Founder of Unique Quality Product Enterprise (now AMAATI Co. Ltd)
Cartier Women's Initiative Fellow, 2017

Entrepreneurial resiliency on display in Ghana

Fonio is a whole grain which is a great source of plant-based amino acids. However, nobody thought of processing this neglected, almost extinct crop in the drought-prone area of North Ghana. That is, until Salma Abdulai came along.

Drawing on her extensive knowledge and academic experience, Salma discovered the potential of fonio, which takes only eight weeks to mature and is drought- and flood-proof. It can be harvested twice in a season and can regenerate depleted soils. Driven by a desire to tackle malnutrition and transform rural women's lives, she therefore started AMAATI Co. Ltd to process and market fonio.

"I believe that in order to have a healthy, active society, we need to start with food," she says. "Malnutrition is a serious social issue in Ghana, where we have a lot of children dying under the age of five years old because of poor nutrition."

In addition to providing nutrition to rural households in North Ghana, AMAATI has also created jobs for employees and helped local farmers. There are some 3,100 smallholder farmers involved in the cultivation of fonio; 80% are landless women farmers with each farmer earning US$600 seasonally. They have received training in smart climate agricultural practices and post-harvest management.

Salma's advice to aspiring entrepreneurs is: "Believe in yourself. If you believe in yourself, you can change the whole world — that is my business philosophy."

AMAATI's supply chain was greatly affected during the COVID-19 pandemic, both at the farmer and sales level. A new government directive proscribing meetings of over 10 people made it difficult for AMAATI to carry out its business operations. Travel restrictions exacerbated things and revenue dropped from 80% to 20% for the first three months of lockdown.

> *Our traditional way of selling was not working any longer. Out of urgency, AMAATI launched a supply chain software which made it easier to reach our existing farmers. We established a company-owned farm where we could monitor the women farmers to ensure COVID protocols were strictly adhered to. We also launched our ecommerce platform to reach our customers at their doorstep and used courier services to deliver to customers directly. Business started picking up gradually. Even though the pandemic was a hit, it has made us more resilient than ever.*

for the two age groups 18–34 and 35–64, the proportion of people starting or running a new business in each economy.

As with levels of entrepreneurial activity as a whole, the highest rates for younger people are in the Dominican Republic, Sudan, Guatemala, Chile and Canada, while the lowest rates are in Norway and Poland. Rates for older people (aged 35+) paint a similar picture. However, the rate of entrepreneurial activity among the younger group exceeds that of the older group in 36 of the 47 economies, although the differences are often small. The entrepreneurial rate among the younger group is around double or more of that of the older group in five economies (Italy, Croatia, Poland, Slovenia and Canada). For most of the 11 economies where the older group had higher entrepreneurial rates, differences are also usually small. Notable exceptions include Norway and the Republic of Korea. The relative difference in rates is illustrated in Figure 4.2, which plots the ratio of the level of

ENTREPRENEUR HIGHLIGHT

Raul Estrada Lavilla

Founder and CEO of Kiota (Spain)

A Company's Aspiration to Create New Jobs in a Ripple Effect

Do new businesses create jobs? This is a question that we have explored as part of the GEM 2021/2022 Global Report. As noted on page 50, we learned that 25% of new business owners plan to create six or more jobs within the next five years.

Not only do new businesses hire employees themselves, but some can also potentially bring them on board other players in their ecosystem. A case in point is Raul Estrada Lavilla, Founder and CEO of Kiota, a super-early-stage project. The company's offering is the democratization of advanced analytics for investors in early-stage projects. Kiota's rigorous and robust new system for assessing entrepreneurial teams and venture ideas aims at enhancing resource allocation and improving due-diligence efficiency. Said Raul:

> *We have developed an advanced minimum viable product through multiple iterations with representatives of our potential customers and we are already integrating with some of them. We are already growing the team in multiple positions and geographic locations. Over time, our aspirations are to dramatically increase the number of jobs in our company.*

Kiota's ultimate goal is not only to create a considerable number of jobs within its own walls but, more importantly, to help those projects with the highest potential for creating even more jobs globally and gain visibility and exposure to appropriate sources of resources and funding. Raul explained:

> *We hope to achieve a ripple effect that ultimately impacts a variety of industries. This allows resources to flow more naturally and transparently to deserving entrepreneurs regardless of their gender, ethnicity or geographic location.*

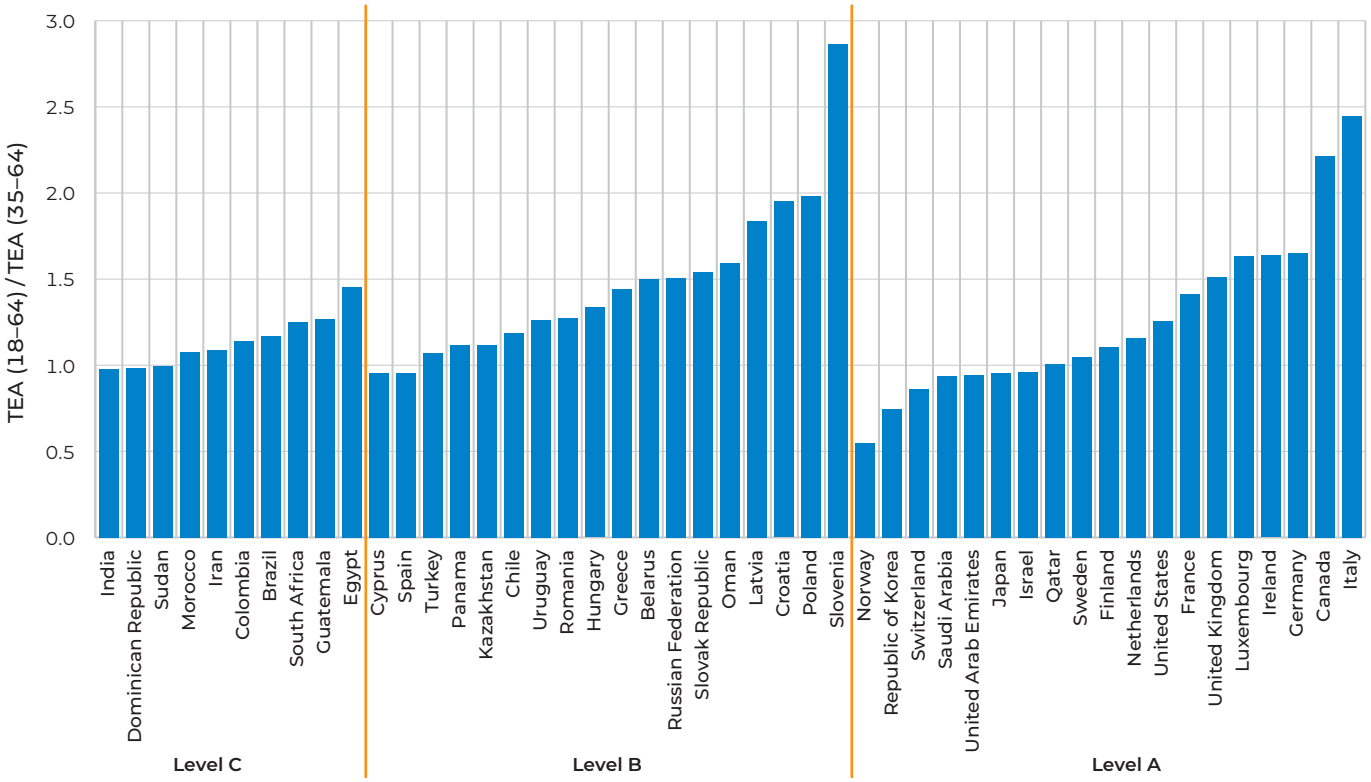


FIGURE 4.2 The relative entrepreneurial age gap (Total early-stage Entrepreneurial Activity [TEA] for adults aged 18–34, divided by TEA for adults aged 35–64)

Source: GEM Adult Population Survey 2021

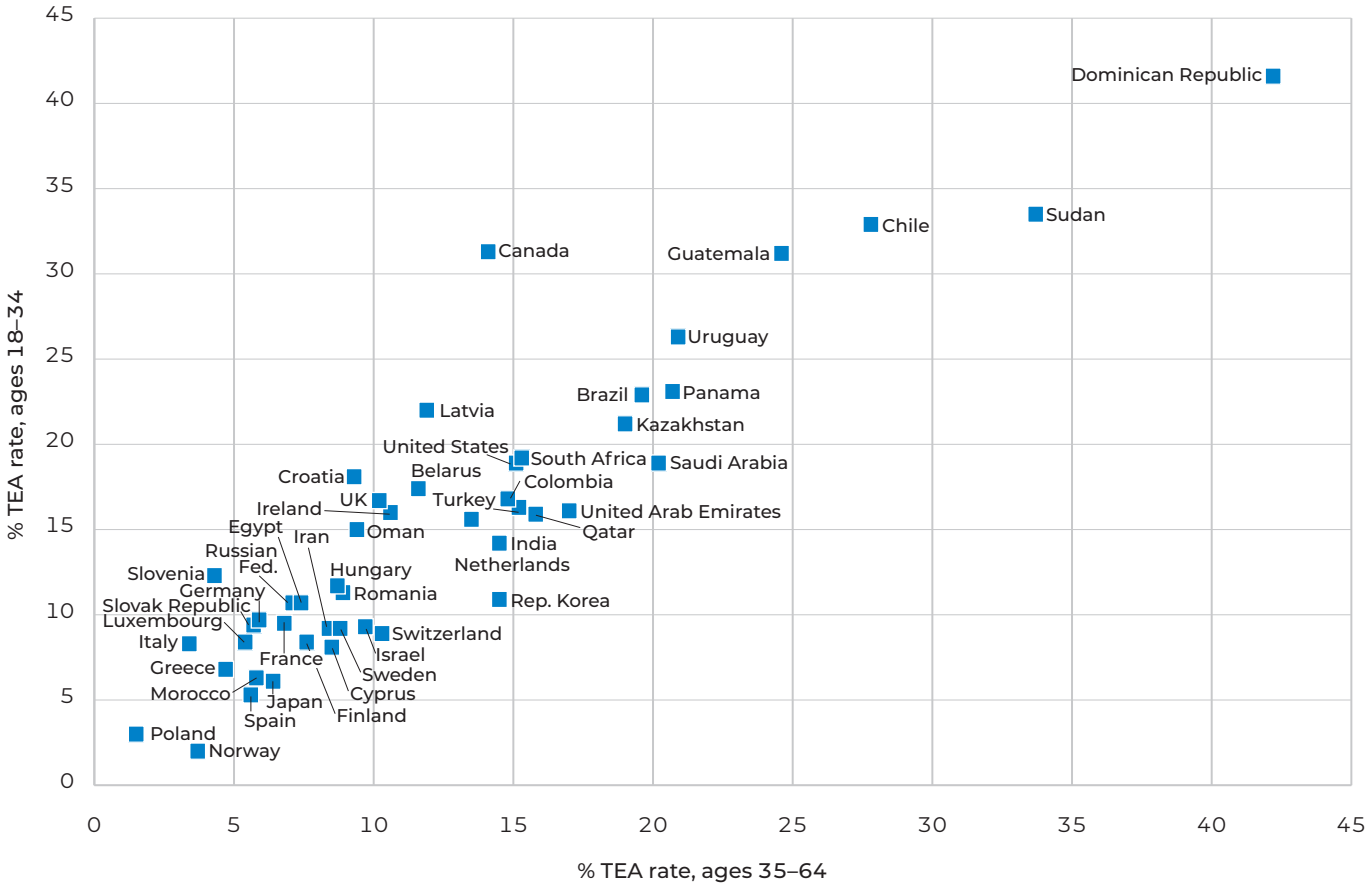


FIGURE 4.3 Scatter plot of Total early-stage Entrepreneurial Activity (TEA) rates for ages 18–34 and 35–64

Source: GEM Adult Population Survey 2021

entrepreneurial activity of the younger group against that of the older group.[23]

While this section has focused on the differences between entrepreneurial activity rates between the two age groups, it should be mentioned again that these differences are small compared to differences in rates between economies. Figure 4.3 is a simple scatter plot of pairs of rates for the two age groups for each economy, and makes obvious the close and positive association between them.

4.3 ARE MEN MORE LIKELY THAN WOMEN TO START A NEW BUSINESS AND MORE LIKELY TO RUN AN ESTABLISHED BUSINESS?

While traditionally the business world, including the world of new businesses, has been male-oriented, successive GEM reports[24] have shown that this landscape is changing, and relatively rapidly in some countries. Many governments include the promotion of women's entrepreneurship within their economic and social development policy portfolios, and with good reason. Increasing the women's entrepreneurial activity rate so that it is closer to that of men would substantially increase the number of new businesses in many (but not all) economies, providing new jobs and income opportunities, often to those who need them most.

Figure 4.4 shows the level of entrepreneurial activity among both men and women for the 47 economies in GEM 2021.[25] There are four

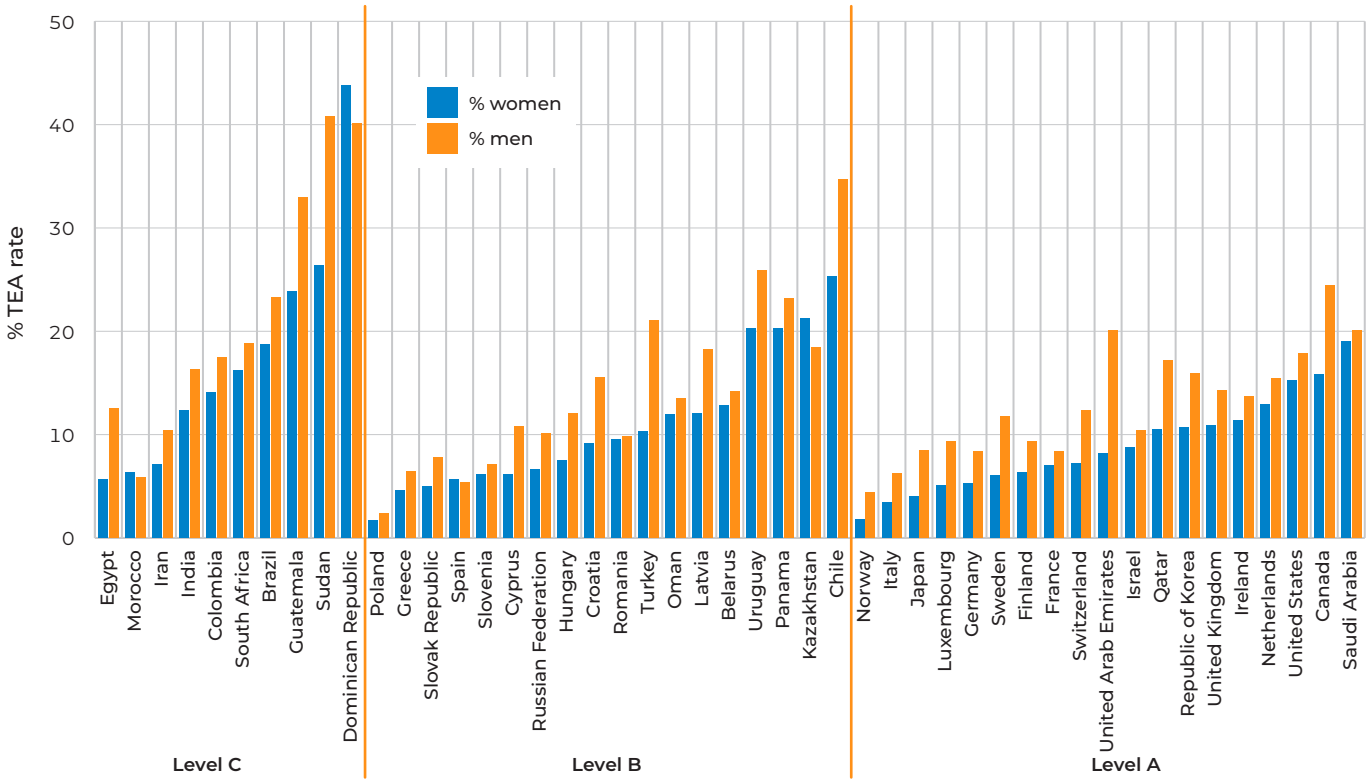
23 The correlation coefficient between the two rates is 0.908.

24 See the GEM 2020/21 Special Report on Women's Entrepreneurship: Thriving Through Crisis (2021). https://gemconsortium.org/reports/womens-entrepreneurship

25 The correlation coefficient between male and female TEA across the 47 economies is 0.918, while the correlation coefficient between male and female EBO is lower at 0.822.

FIGURE 4.4 Levels of Total early-stage Entrepreneurial Activity (TEA) by gender (% women and % men)

Source: GEM Adult Population Survey 2021



ENTREPRENEUR HIGHLIGHT

Ana-Lucia Cepeda

Founder of Bolsa Rosa
Cartier Women's Initiative Fellow, 2017

Responding to the pandemic with innovation

> *If you have a dream, don't wait for the right time. Just go for it.*

This advice comes from Ana-Lucia Cepeda, founder of Bolsa Rosa, an online job board that connects women with flextime jobs.

When Ana was growing up, her mother worked part-time. She assumed this was the norm, but she saw a different reality upon entering the professional world. Many accomplished women were forced to leave their jobs when they had children as their companies were unwilling to offer flexible work options.

"I just felt I needed to do something to help find a way to reduce the discrimination and disadvantages of Mexican women in the workplace," Ana said.

In response, she started Bolsa Rosa in 2014, since which time the company has helped many women secure flexible jobs. The average salary posted in the job offer is US$1,500 a month.

COVID-19 brought new challenges for mothers many of whom needed to help their children with remote schooling following government shutdowns.

"The pandemic permanently changed the way we work worldwide," she says. "It has forced the market to become flexible and digital. The importance of reducing the gender gap and capitalizing on female talent in the workforce has become more evident."

At the outset of the pandemic, Bolsa Rosa's job board and headhunting services were directly impacted because the employment market

dropped instantly. Ana saw this as an opportunity to expand the company's digital flextime products.

> *With the goal to be competitive, profitable and always one step ahead of the market trends, the pandemic gave us the opportunity to evolve our branding, improve our storytelling around new digital products and expand our reach in a wider global market. It also allowed us to address the long-term struggles and challenges for women looking for flextime work in the marketplace.*

In 2021, a new holding name — Beyond Work — was launched to reflect the new talent and flextime solutions, including, among others, e-learning programs, performance platforms and talent acquisition capabilities.

economies in which TEA for women exceeds that of men (Kazakhstan, Spain, Dominican Republic and Morocco), none of which are among the income-Level A economies (see Section 1.4 and Table 1.1), but also five economies in which there are still two men or more starting and running a new business for every woman doing the same (Japan, Egypt, Turkey, Norway, and United Arab Emirates, three of which are Level A). This is confirmed in Figure 4.5, which shows the relative gender gap (ratio of female to male TEA) across the 47 economies.

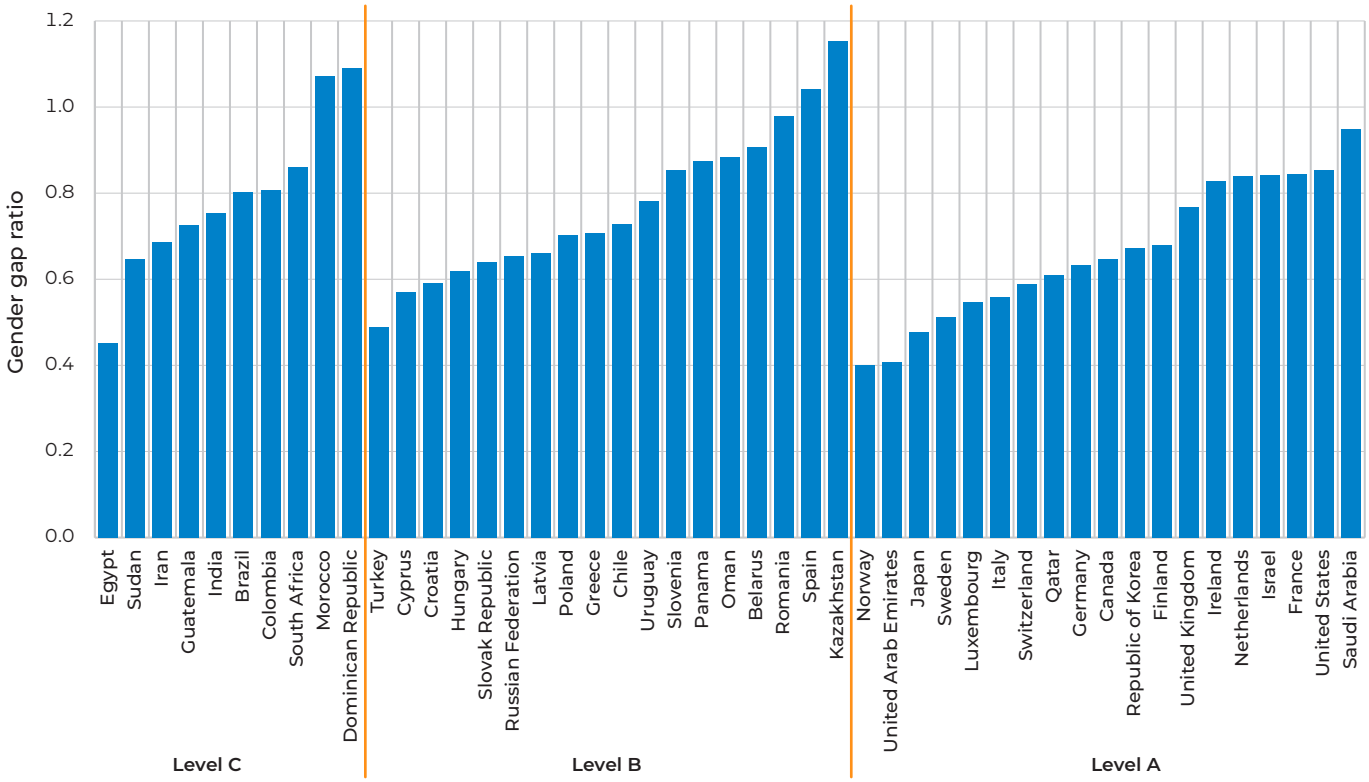


FIGURE 4.5 The relative gender gap: female Total early-stage Entrepreneurial Activity (TEA) (% women) divided by male TEA (% men)
Source: GEM Adult Population Survey 2021

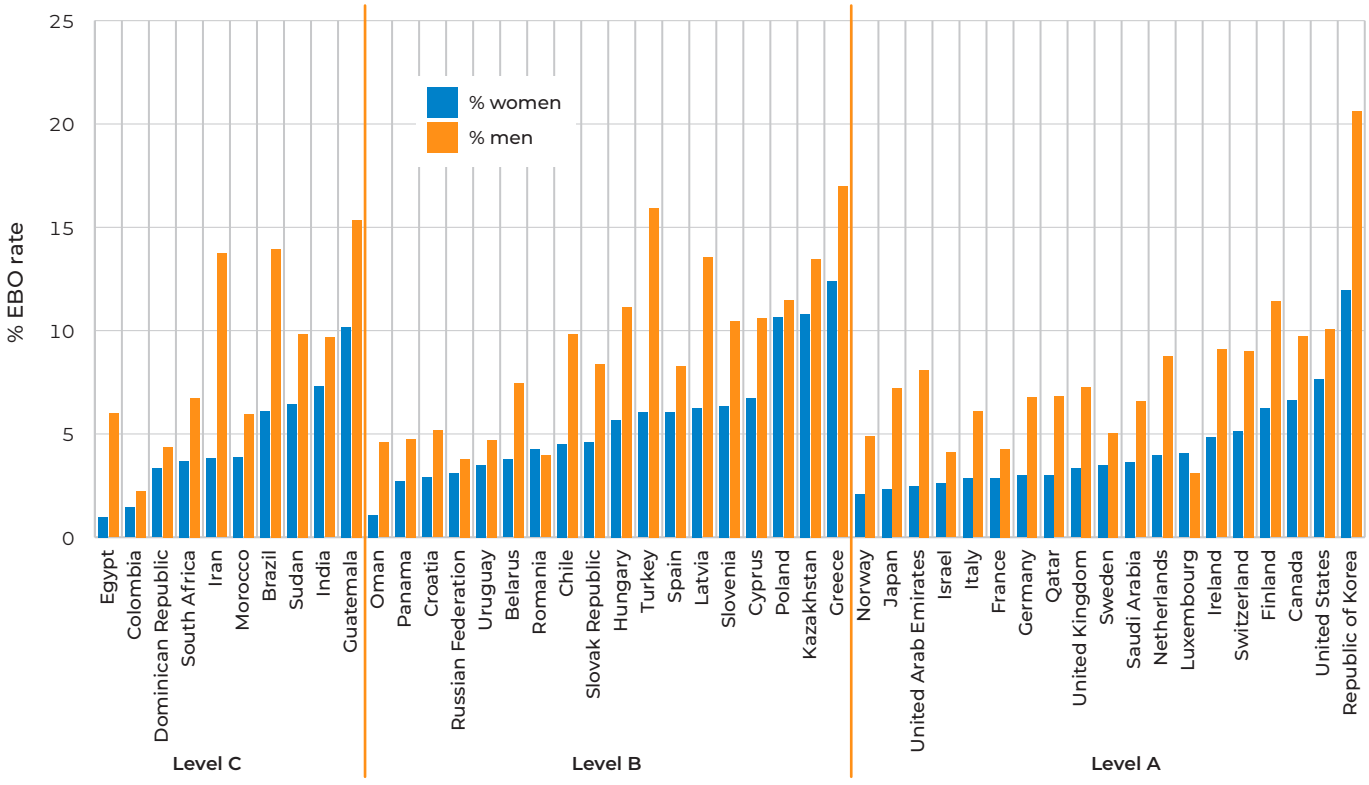


FIGURE 4.6 Established Business Ownership (EBO) rates by gender (% women and % men)
Source: GEM Adult Population Survey 2021

There are emerging indications that women-led businesses may have borne the brunt of the impacts of the pandemic, so some of the progress made towards greater gender equality in entrepreneurship in recent years may be jeopardized in the near future.[26] Certainly, the 2021 GEM Special Report on Women's Entrepreneurship found that women entrepreneurs were most affected as a result of lockdowns and restrictions, since they were mostly the ones managing both the absence of childcare and school closures.

Given that the increase in women's entrepreneurship rates is a relatively recent phenomenon, it would be surprising if men did not dominate EBO rates. Responses from the 2021 GEM APS (Figure 4.6) show that the EBO rate for women is higher than that of men in only two of the 47 economies (Luxembourg and Romania). Luxembourg is perhaps the more surprising result here, since Figure 4.4 showed that in 2021 just over one woman started a new business in Luxembourg for every two men doing the same. This may imply that women-led EBO in Luxembourg may slow in the near future as a result of the pandemic.

The concentration of established businesses in the hands of men is rather greater than is the case for new businesses, illustrated by the fact that 15 of the 47 economies have two or more men running established businesses for every women doing so, including five economies (Egypt, Oman, Iran, the United Arab Emirates and Japan) in which the ratio is three or more to one.

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

Higher levels of educational attainment are typically associated with higher levels of entrepreneurial activity, perhaps because the more highly educated are more confident about having the skills and abilities to start their own business or because they have more training in the ability to spot opportunities.[27] Therefore, the GEM APS asks respondents for their highest level of educational attainment, allowing them to be categorized as graduates or non-graduates, and an entrepreneurial activity rate to be calculated for each.[28]

Figure 4.7 shows the TEA level for graduates and non-graduates in each economy.[29] Graduates are more likely than non-graduates to be starting their own businesses in 36 of the 47 economies and, in four of these, all in Europe (Spain, France, Italy and Luxembourg), they are more than twice as likely. Therefore, in general, graduates are more likely than non-graduates to be starting new businesses.

The 11 economies in which the entrepreneurship rate for non-graduates exceeds that of graduates includes two Level C economies (Morocco and South Africa), three Level B (Latvia, Kazakhstan and Turkey), and six Level A (Norway, Japan, United States, Saudi Arabia, United Arab Emirates and Israel). The latter six are among the most knowledge-intensive economies in the world, and yet non-graduates are more likely than graduates to be starting businesses. This may reflect excellent employment opportunities for graduates in these economies in well-paid, secure jobs.

26 Manolova, T.S., Brush, C.G., Edelman, L.F., & Elam, A. (2020). Pivoting to stay the course: How women entrepreneurs take advantage of opportunities created by the COVID-19 pandemic. *International Small Business Journal*, 38(6), 481–91. https://doi.org/10.1177/0266242620949136

27 See, for example: Sieger, P., Raemy, L., Zellweger, T., Fueglistaller, U., & Hatak, I. (2021). *Global Student Entrepreneurship 2021: Insights from 58 Countries*. St Gallen/Bern: KMU-HSG/IMU-U.

28 "Graduate" here means those reporting that their highest educational attainment is a post-secondary qualification, usually a bachelor degree or higher.

29 The correlation coefficient between graduate TEA and non-graduate TEA is 0.943.

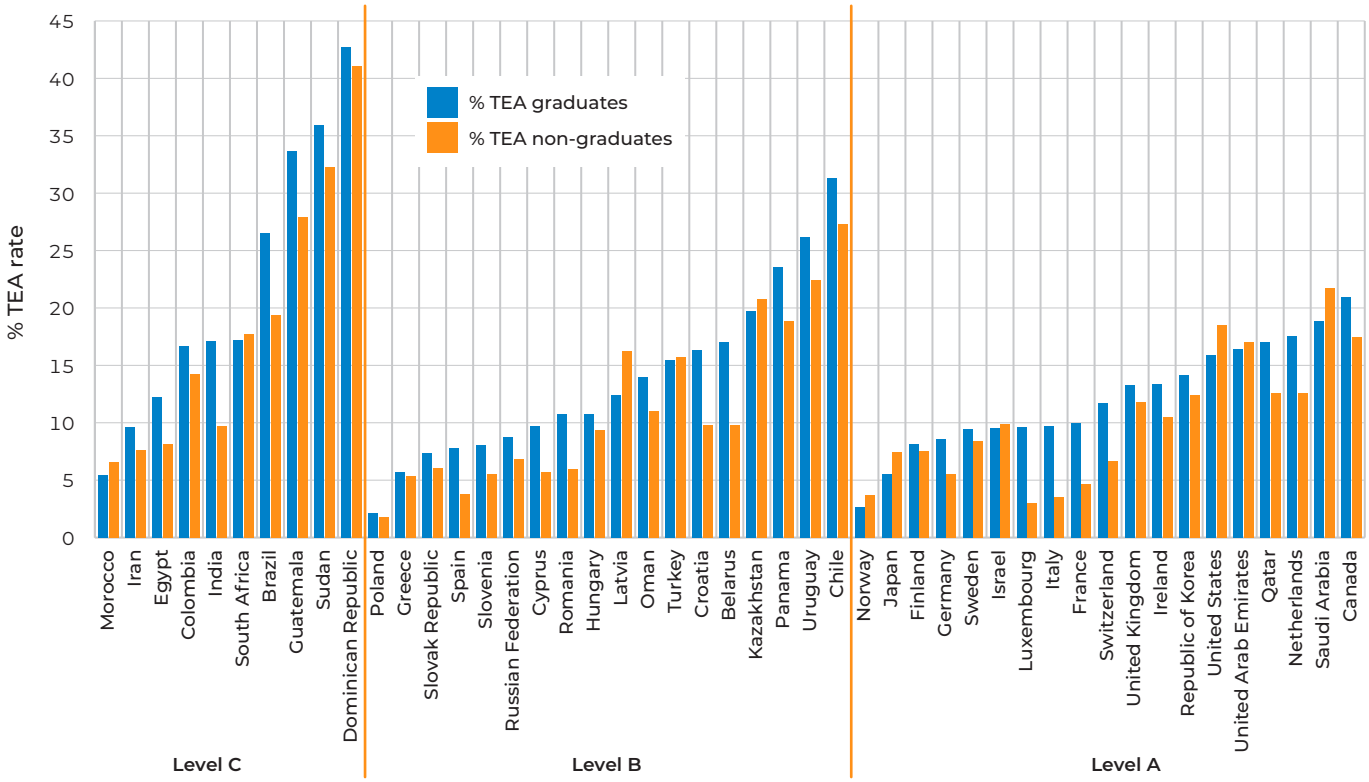


FIGURE 4.7 Levels of Total early-stage Entrepreneurial Activity (TEA) for graduates and non-graduates (% TEA graduates and % TEA non-graduates)
Source: GEM Adult Population Survey 2021

4.5 CAN EMPLOYEES BE ENTREPRENEURIAL?

In some economies, particularly more developed ones, the proportion of adults who are employed by others, which includes large corporations and state institutions, can be high. Can these employees be considered entrepreneurial even when employed by others? The answer, according to GEM, is "Yes" — by redefining slightly what it means to be entrepreneurial. GEM asks those who identify as employees if they are involved in developing new products, or in setting up a new business unit, etc. In other words, these employees are asked whether, as part of their job, they are engaged in the same types of activity as those who are setting up or running new businesses. If they confirm that they are, GEM then classes them as entrepreneurial employees. Figure 4.8 shows the level of Employee Entrepreneurial Activity (EEA) for the 37 economies for which 2021 data is available.[30]

EEA rates are generally higher in the Level A economies, not least because well-paid employees may have a lot to forfeit in starting a business, and therefore express their entrepreneurial inclinations within someone else's business. Other reasons include the preponderance of rapidly changing technology-oriented businesses in these economies, providing ample and rewarding opportunities for entrepreneurial employees.

However, the data need to be interpreted with caution. This is because employment as a share of adults also tends to be much higher in those economies. For example, an analysis of 2020 GEM APS data found employment rates ranged from just 12% of adults in Togo and 20% in Angola, all the way up to 70% of adults in Germany and 75% in Norway.[31] Levels of EEA therefore reflect both the percentage share of adults in employment and the propensity of employees to engage in entrepreneurial activity.

In 2021, the lowest levels of EEA in this group of economies are in the Russian Federation, Saudi

30 Technical issues in data collection mean that the EEA variable is not available for a small number of GEM-participating economies in 2021.

31 Hill, S. (2021). *The Impact of the Pandemic on Employment and Self-employment*. Global Entrepreneurship Monitor. https://www.gemconsortium.org/news/the-impact-of-the-pandemic-on-employment-and-self-employment

ENTREPRENEUR HIGHLIGHT

Raphaël Gaudart

Co-Founder of Simon & Josef (Switzerland)

Leveraging Education and Experiences as a Professor to Launch a Business

> *My educational experience at the School of Management Fribourg [Switzerland], both as a student and an employee, helped me gain a better and deeper understanding of what entrepreneurship is and how it can be applied to real-life situations.*

These are the words of Raphaël Gaudart, Co-Founder of Simon & Josef. The company's goal is to make room cleaning within hotels as sustainable as possible while allowing guests to personalize their room cleaning according to their wants.

Raphael and his colleagues launched the company in 2020, six years after he started as a professor at the School of Management Fribourg and eight years after he graduated with a Master of Science (MSc) in Business Administration in entrepreneurship from the same university. Raphaël has also been a part of the GEM Switzerland Team since 2015.

> *Thanks to great lecturers and entrepreneurs who shared their journeys and experiences with us, my curiosity for the topic was fuelled even more. I always had many ideas but never thought it was the right moment. However, as we are all aware, there is no right moment or right time to start your own business.*

Simon & Josef's services facilitate a reduction in the consumption of natural and chemical resources within housekeeping while enhancing the guest experience. Raphael explained:

> *When studying the topic of entrepreneurship, you eventually come across the "entrepreneurship life cycle". It explains all the necessary steps to start your own business; however, it does not prepare you for reality. It is a roller coaster with ups and downs along the way. You need to look out for new opportunities and juggle how to grow your business while pivoting if necessary. That's where my education comes in. I was prepped with the tools and knowledge on how to move forward when trying to shape an unknown future.*

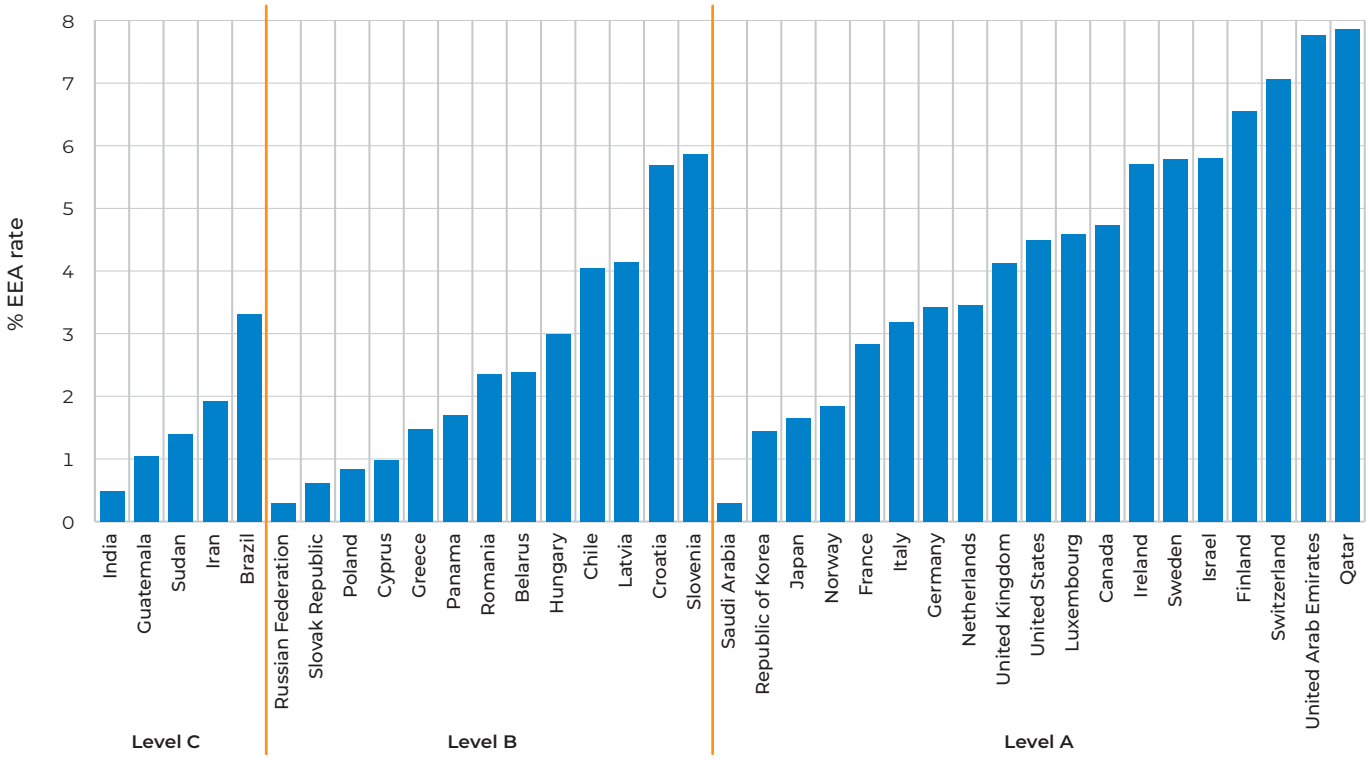


FIGURE 4.8 Employee Entrepreneurial Activity (EEA) (% adults)
Source: GEM Adult Population Survey 2021

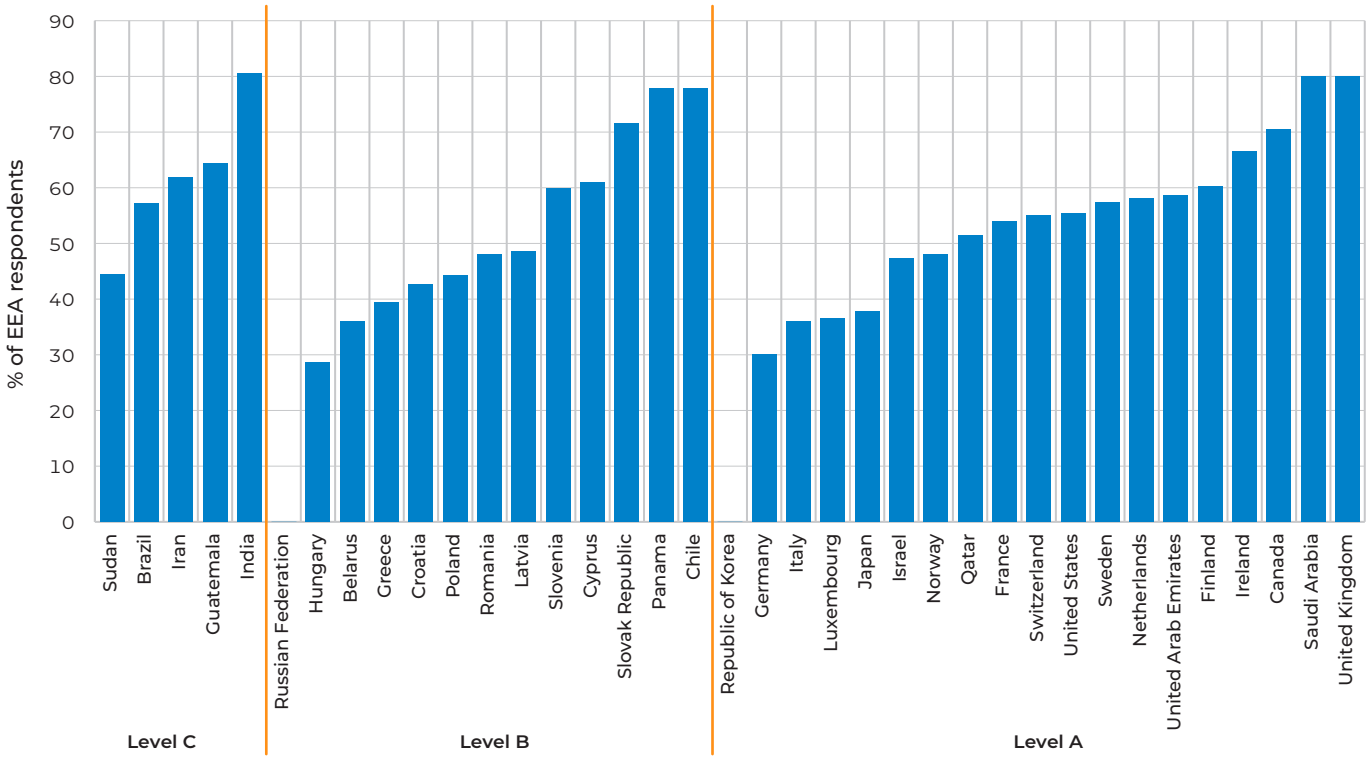


FIGURE 4.9 The proportion of entrepreneurial employees who agree/strongly agree that the pandemic has led to new business opportunities that are being pursued (% Employee Entrepreneurial Activity [EEA])
Source: GEM Adult Population Survey 2021

Arabia, India, the Slovak Republic and Poland. In each of these economies, less than one in 100 adults were engaging in EEA. In contrast, nine economies have one in 20 adults or more engaged in EEA, peaking at 8% of adults in both the United Arab Emirates and Qatar — in strong contrast to neighbouring Saudi Arabia.

By comparing rates in 2019 to those in 2020 and 2021, earlier chapters have shown that both TEA and EBO rates have generally declined a little during the pandemic. There are 27 GEM-participating economies for which levels of EEA can be estimated in 2019, 2020 and 2021. In seven of those economies (Poland, the Slovak Republic, Cyprus, Saudi Arabia, Canada, the United States and the United Kingdom), levels of EEA declined both from 2019 to 2020 and from 2020 to 2021. For 17 of these 27 economies, rates of EEA were lower in 2021 than in 2019. EEA, therefore, has followed the same trends as TEA and EBO over the pandemic period so far.

One feature of the entrepreneurial response to the pandemic has been the relatively high proportion of those starting or running new businesses, and, to a lesser degree, established businesses, who have seen new business opportunities due to the pandemic which they wish to pursue or are pursuing. A similar question was put to those identified as entrepreneurial employees in the 2021 APS, with results shown in Figure 4.9.

Once more, caution is needed in interpreting these figures, especially when the data show small proportions of what are already small numbers. For example, the EEA rates for the Russian Federation and the Republic of Korea are 0.3% and 1.5% respectively, both of which represent small numbers of respondents. Hardly surprisingly, respondents in countries with such small numbers did not think that the pandemic had led to new opportunities. The level of agreement elsewhere, however, is at least one in four — more than one in two in 21 of the 37 economies and more than three out of four in five economies: India, Panama, Chile, Saudi Arabia and the United Kingdom. In general, rates of entrepreneurial employees agreeing that the pandemic has led to new business opportunities to be pursued reflect similar rates among those running established businesses.

4.6 CONCLUSIONS

Levels of entrepreneurial activity differ when comparing age groups, gender and educational attainment (graduates and non-graduates). These differences matter, because the under-representation of some groups robs that economy of potential new businesses and the trade and jobs these bring. Measures to support and encourage under-represented groups to move into entrepreneurship can increase the flow of new jobs and incomes, as well as enabling individuals to realize their entrepreneurial potential. As economies hopefully move to recovery post-pandemic, inclusive entrepreneurship measures will ensure that economies can reap the rewards of exploiting maximum entrepreneurship opportunities.

The differences in entrepreneurial activity rates between groups within an economy, however, are generally very much smaller than the differences in activity rates between economies. The national context, or environment for entrepreneurship, looks likely to be a more important determinant of entrepreneurial activity than age, gender or level of education.[32] This will be explored in more depth in Part 2 of this Global Report. For now, suffice it to say that governments are a major player in developing and nurturing that national context, and that measures to improve the entrepreneurial environment may have a positive impact on levels of entrepreneurial activity across all groups within that environment.

In most of the 47 GEM-participating economies in 2021, rates of entrepreneurial activity are higher in the younger (18–35) age group than for older adults, although differences are usually small. However, five economies had rates of entrepreneurial activity in the younger group that were more than twice the rates in the older group. While it is very important to support young people in building an entrepreneurial future for themselves and their economies, better support for older people starting new businesses could help to redress the balance, by retaining older

32 Terjesen, S., Hessels, J., & Li, D. (2016). Comparative international entrepreneurship: A review and research agenda. *Journal of Management*, 42(1), 299–344. https://doi.org/10.1177/0149206313486259

ENTREPRENEUR HIGHLIGHT

Dan Hermann

Operating Chairman and Co-Founder of Yaymaker (USA)

How a Transformative Educational Experience Helped Launch a Successful Company

GEM's Adult Population Survey asks respondents about their highest level of educational attainment. Access to education varies considerably across the globe, as does the quality of that education. The 2021/2022 Global Report reveals that a graduate is more likely to be starting or running a new business in 77% of the participating economies.

A great example of someone who used an educational experience to start a new business is Dan Hermann. He is the Operating Chairman and Co-Founder at Yaymaker, a technology and support platform for local artists to hold ticketed live events in local restaurants and bars.

He first launched a business after earning his undergraduate degree in 1992. That business didn't succeed.

> *I learned more about business and myself with that endeavour than I ever had to that point in a classroom. One of the real lessons I took from that was how much harder and longer I would have to work without better business fundamentals and a stronger network to seek advice.*

This realization was a catalyst for Dan to eventually join Babson's evening MBA entrepreneurship program in 2006. The experience gave him a solid competency in key areas like accounting and finance, marketing and raising capital (among many others). It also gave him access to advisors and mentors who had successfully launched companies and could serve as guides.

> *This combination helped me to hone my skills, be inspired, expand my own horizons and believe in myself. It helped me to shape a unique and efficient business model that fit an opportunity.*

This program has enabled Dan to launch a company which today has reached thousands of artists and millions of people across North America, generated hundreds of millions in sales and was recognized as one of the fastest growing in the country.

people in gainful and productive activities in society for longer, as well as adding to the stock of new businesses.

Non-graduates have higher rates of entrepreneurial activity than graduates in a small minority of GEM economies in 2021. For most economies, this suggests that encouraging and supporting people into higher education could be an effective way to increase the flow of new businesses, as well as strengthening human capital overall.

Levels of Employee Entrepreneurial Activity are generally higher in the Level A economies, not least because those economies tend to have higher percentage shares of adults in employment. Not surprisingly, levels of EEA have tended to fall during the pandemic, although, in two-thirds of the participating economies, more than half of those entrepreneurial employees saw new pandemic-led business opportunities that were being pursued.

5

Why Start (or Stop) a Business?

Stephen Hill and Aileen Ionescu-Somers

5.1 INTRODUCTION

Entrepreneurs by their very nature are both passionate and creative when it comes to starting businesses. Their world can be exciting and dynamic, with many drivers at play. For this reason, there can be a wide variety of motives for starting a business: trying to make a difference in the world, building great wealth or income for themselves, their families and community, continuing a family tradition or generating an income when jobs are scarce. These reasons are all common. However, the most popular reason for starting a business is the desire of the entrepreneur to have independence and autonomy. This chapter takes an in-depth look at the major reasons that entrepreneurs start a business according to the 2021 GEM data collected during the COVID-19 pandemic.

It is never easy to start a business, but it is certainly much less difficult to do so when economies are healthy or even booming, with consumer spending rocketing and levels of optimism high. Starting a business during a pandemic, when patterns of business and trade are shifting rapidly, when uncertainty is growing and growth expectations falling, is a very brave undertaking. Yet, as earlier chapters have shown, levels of entrepreneurial activity have largely held up during the economic and social chaos caused by the pandemic. Granted, many of those starting or running a new business believe that it is harder compared to the previous year, but it is also the case that many of those same entrepreneurs perceive new pandemic-driven opportunities that they wish to pursue. This chapter will examine whether the pandemic has reduced business growth expectations among those starting or running new businesses, before presenting evidence of how new entrepreneurs rate the above-mentioned motivations for starting businesses.

Finally, it is fundamental that an entrepreneur be able to stop or exit a business. Business exits play an important role in a healthy business environment since they free up resources and enable those resources — such as entrepreneurial talent — to move away from the production of goods and services that people no longer want towards initiatives with greater demand. Entrepreneurs have many reasons for exiting a business, some of which are positive (such as the sale of the business or planned retirement) but many of which are negative, such as insufficient sales or profitability. In the current business climate, the disrupting impact of the COVID-19 pandemic may clearly have also been a significant reason for exiting a business.

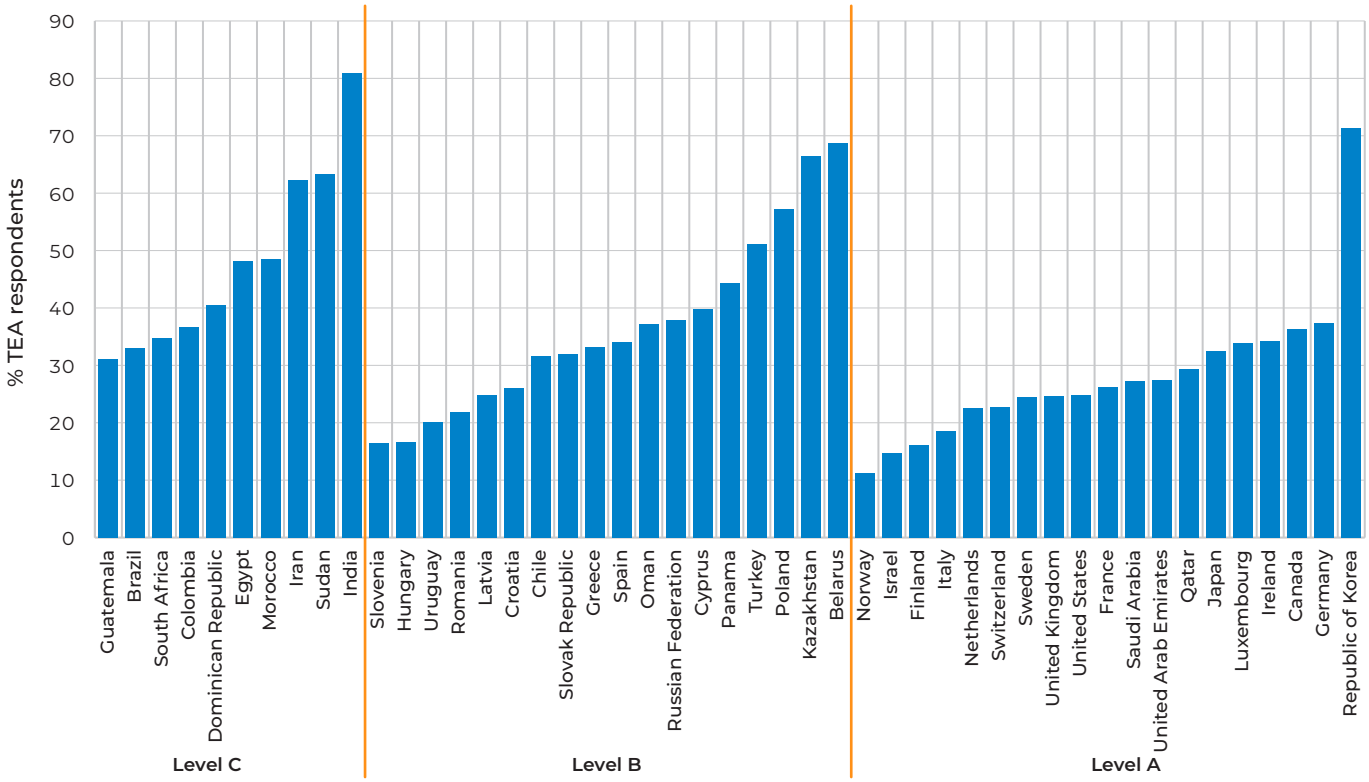


FIGURE 5.1 The proportion of those starting or running a new business and reporting somewhat or much lower growth expectations than a year ago (% Total early-stage Entrepreneurial Activity [TEA])

Source: GEM Adult Population Survey 2021

5.2 HOW DO ENTREPRENEURS SEE PROSPECTS FOR GROWTH?

The Adult Population Survey (APS) asked entrepreneurs how their business growth expectations compared to one year previously. Figure 5.1 shows the proportion of those starting or running a new business that reported somewhat or much lower growth expectations than a year ago. The highest proportion reporting lower growth expectations — more than three in five — were in India, the Republic of Korea, Belarus, Kazakhstan, Sudan and Iran. There is some relationship between declining growth expectations and average incomes. Less than one in three entrepreneurs had reduced growth expectations in two of 10 Level C economies (see Section 1.4 and Table 1.1), nine of 18 Level B and 14 of 19 Level A economies.

5.3 WHY START A BUSINESS ANYWAY?

The GEM APS specifies four motivations for starting a business, and then asks those already starting or running a new business whether they agree or disagree[33] with each motivation. The four specified motivations are:

- 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.

Note that entrepreneurs can choose whether they agree or disagree with any or all of these four motivations. Figure 5.2 shows the proportion of those starting or running a new business in each economy who agree with the first two motives, while Figure 5.3 shows corresponding results for the latter two motives.

The blue bars in Figure 5.2 represent the percentage of those starting or running a new

33 Respondents chose from a five-point Likert scale: strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree or strongly disagree. In the text "agree" includes both somewhat and strongly agree.

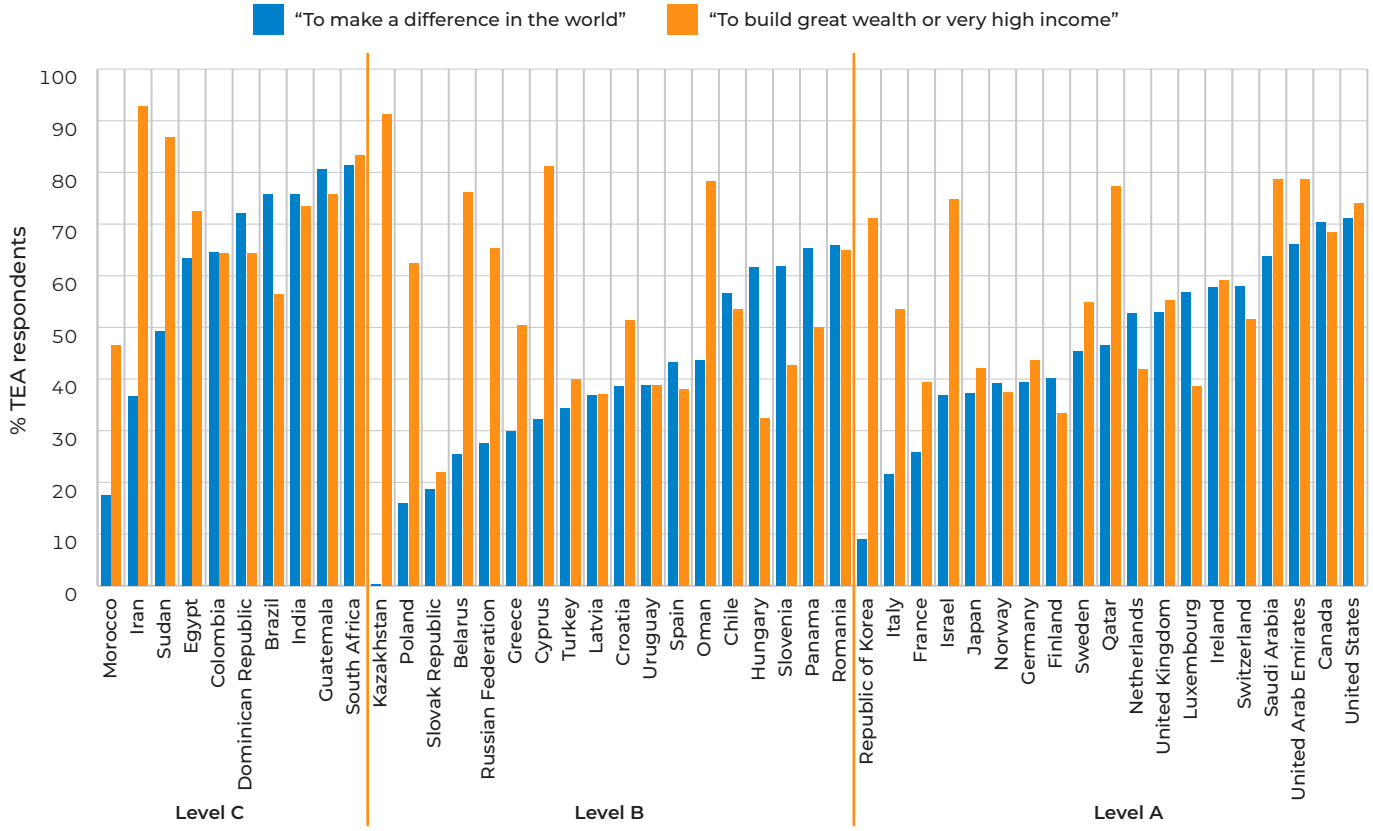


FIGURE 5.2 Motivations "To make a difference in the world" and "To build great wealth or very high income": somewhat/strongly agree as % Total early-stage Entrepreneurial Activity (TEA)

Source: GEM Adult Population Survey 2021

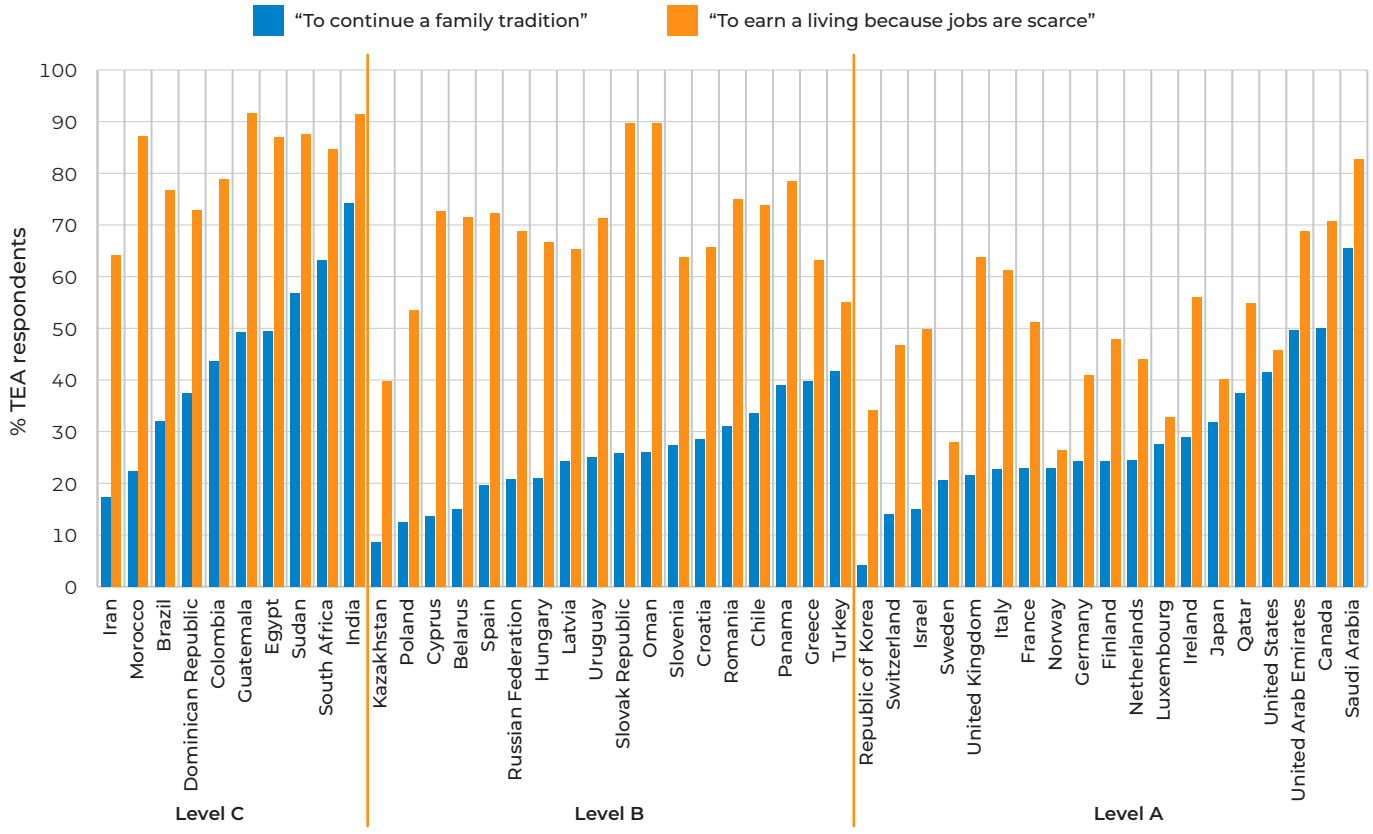


FIGURE 5.3 Motivations "To continue a family tradition" and "To earn a living because jobs are scarce": somewhat/strongly agree as % Total early-stage Entrepreneurial Activity (TEA)

Source: GEM Adult Population Survey 2021

ENTREPRENEUR HIGHLIGHT

Yasmeen Khamis and Farah El Masry

Co-Founders, Doodle Factory (Egypt)

Entrepreneurship as an Opportunity to Make a Difference in the World

Over the years, GEM has tracked entrepreneurs' motivations to start a business. The 2021/2022 Global Report shows that a high proportion of entrepreneurs agree with the motive "to make a difference in the world" (see Figure 5.2).

Two entrepreneurs personifying this are Yasmeen Khamis and Farah El Masry. Yasmeen is Co-Founder and CEO of Doodle Factory, and Farah its Co-Founder and Creative Director. The company is a design-centric Egyptian brand which inclusively empowers children in need by enabling them to take part in bettering their own lives. Using the children's drawings, Doodle Factory designs fashionable products which fund the children's medical, educational and shelter needs. Said Yasmeen and Farah:

> *We started our business as we realized that there was a gap in the market for a product that had social impact and met good quality and design standards. Our aim was to shift the way social responsibility happens by making creativity and inclusion take the lead and to give more substance to consumer trends by making purchases purposeful.*

The co-founders chose to work with children because children are a source of hope but are also more vulnerable to the vagaries of their circumstances. Fashion for them is a way to communicate others' stories and to spread the word about the company's causes.

> *To this day I think this is the perfect model for a business which carries meaning in every step. This is definitely where we should be heading in terms of sustainability and responsibility for a better future.*

business in that economy that agree with the motivation "to make a difference in the world". Of the four listed motivations, this is the most challenging to interpret, since making a difference in the world may mean very different things in different places or to different income groups.[34] Certainly, any presumption that making a difference in the world is a preoccupation of only wealthier economies is misplaced, with seven out of 10 Level C economies having more than half of their entrepreneurs agree with this motive, compared to five out of 18 Level B economies and nine out of 19 Level A. Seven economies had seven out of 10 or more of their entrepreneurs agree with this motive: five from Level C plus Canada and the United States from Level A. Five economies had less than one in five of their entrepreneurs agree with this motive, including two — Republic of Korea and Kazakhstan — where less than one in 10 entrepreneurs agreed.

Wealth generation remains a formidable driver of entrepreneurial activity. Results for the proportion of entrepreneurs agreeing with the business creation motive "to build great

34 "For many individuals, COVID 19 has represented the best opportunity for developing extraordinary entrepreneurial initiatives." Shepherd, D.A. (2020). COVID 19 and entrepreneurship: Time to pivot? *Journal of Management Studies*, 15 September. https://onlinelibrary.wiley.com/doi/10.1111/joms.12633

wealth or very high income" (the orange bars in Figure 5.2), were more consistent. This was agreed with by more than two out of three entrepreneurs in 17 economies including six from the Level C group, seven from Level A and just four from the Level B group. Less than a third of those starting or running a new business agree with this motivation in just two economies: the Slovak Republic and Hungary.

Continuing a family tradition is an important motivation in a minority of economies, agreed by around a half or more of entrepreneurs in just eight of the 47 economies (see Figure 5.3), while in nine economies less than one in five entrepreneurs agree with this motivation. Starting a business to continue a family tradition has a very strong cultural component, giving it high relevance in specific contexts, although the pandemic has brought new challenges.[35]

Results for the motive "to earn a living because jobs are scarce" are much more consistent.[36] Of the 28 economies in Levels B and C combined, only Kazakhstan has less than half of its entrepreneurs agreeing with this statement. A half or more of respondents in nine of the 19 Level A economies agree with this motive. Levels of agreement exceeded four out of five entrepreneurs in nine economies, only one of which is in Europe (the Slovak Republic). Meanwhile, less than one in three of those starting or running a new business in just three economies agreed with this motivation, all of them being European (Sweden, Norway and Luxembourg).

5.4 DOES MOTIVATION VARY WITH AGE?

The previous chapter showed that younger adults (aged under 35) were, in most GEM-participating economies, more likely to be starting or running a new business than older adults (aged 35–64). They are more motivated to continue the family tradition of running a business perhaps because it is they that bear the (sometimes heavy) weight of family hopes and expectations. Younger people are also more motivated to make a difference in the world than older generations, since they are all the more affected by current and impending social well-being and environmental challenges.

Given four motivations and 47 economies, this section will take the simplest approach and will only report absolute differences, i.e. the proportion of those younger people (aged 18–34) starting or running a new business and agreeing with a particular motivation minus the corresponding proportion for older (aged 35–64) entrepreneurs. Results for each motivation are set out in Figures 5.4–5.7.

Before briefly interpreting these results, two notes of caution. First, the vertical scales are different. For example, the vertical scale in Figure 5.4 runs from –10 to +20, a range of 35, whereas Figure 5.5 runs from –40 to +30, a range of 70. Second, within each income group, each chart is ordered by the size of the difference, so care must be taken when comparing one chart to another.

Results across the four motivations reveal interesting generational differentiations. Younger entrepreneurs are, as anticipated, more likely to agree with the motive "making a difference in the world" for economies in Levels A and B, with Level C more evenly split (Figure 5.4). Results for the motivation "build great wealth or very high income" are much less ambiguous (Figure 5.5). In 40 of the 47 economies, younger entrepreneurs are more likely to agree with this motive, often by a considerable margin. In 20 of these economies, the difference is 10 percentage points or more. Of the exceptions, Poland and Greece have the biggest negative differences between younger and older entrepreneurs.

Differences between the proportion of entrepreneurs agreeing with the motivation "to continue a family tradition" (Figure 5.6) are

35 According to De Massis & Rondi, family firms — the most ubiquitous form of business organization in any world economy — have been required to rethink the issue of succession for continuity because of the COVID-19 pandemic. De Massis, A., & Rondi, E. (2020). COVID-19 and the future of family business research. *Journal of Management Studies*, 57(8), 1727–31. https://doi.org/10.1111/joms.12632

36 Through the labor market conditions during the pandemic, the most common way to escape poverty is self-employment. It explains why most of the world's poor people are self-employed. See Fields, G.S. (2019). Self-employment and poverty in developing countries. IZA World of Labor. https://wol.iza.org/articles/self-employment-and-poverty-in-developing-countries/long

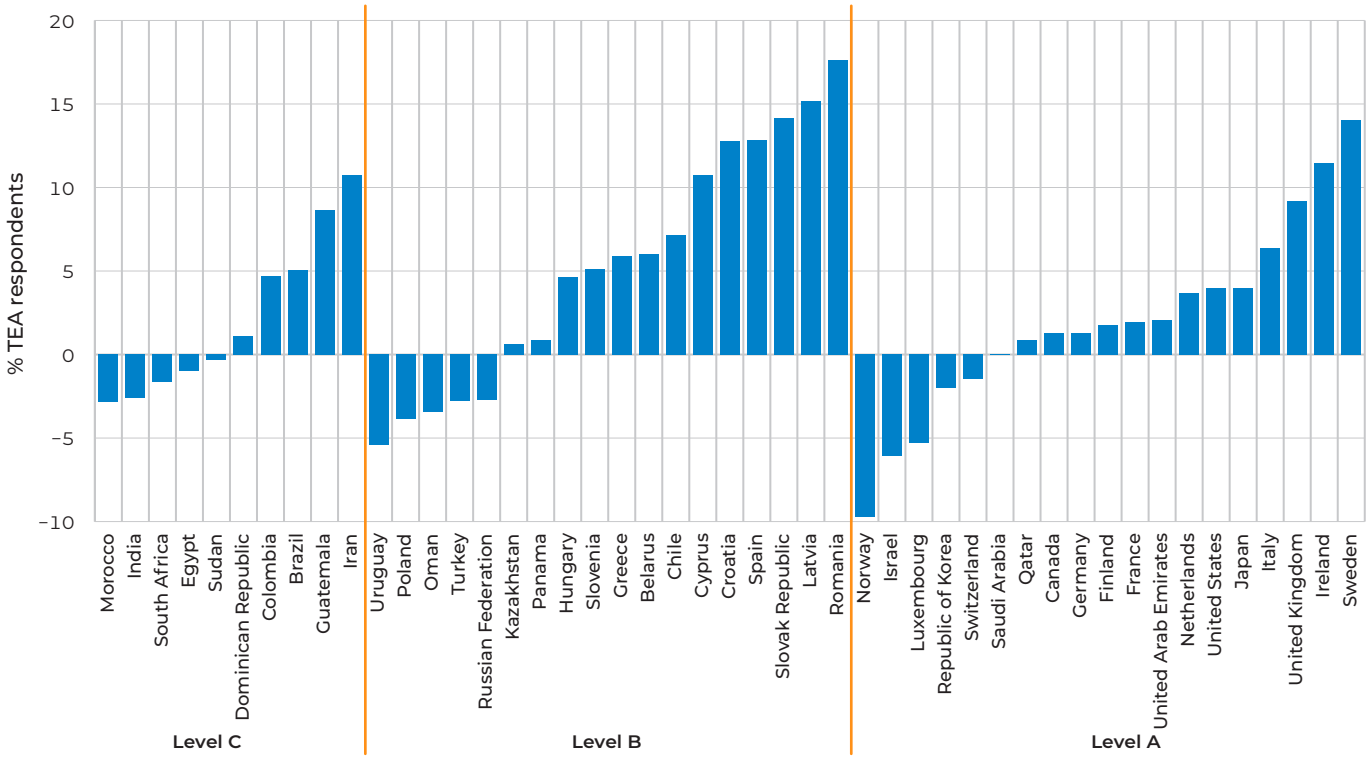


FIGURE 5.4 Motivation "To make a difference in the world": % Total early-stage Entrepreneurial Activity (TEA) of those aged 18–34 minus % TEA of those aged 35–64

Source: GEM Adult Population Survey 2021

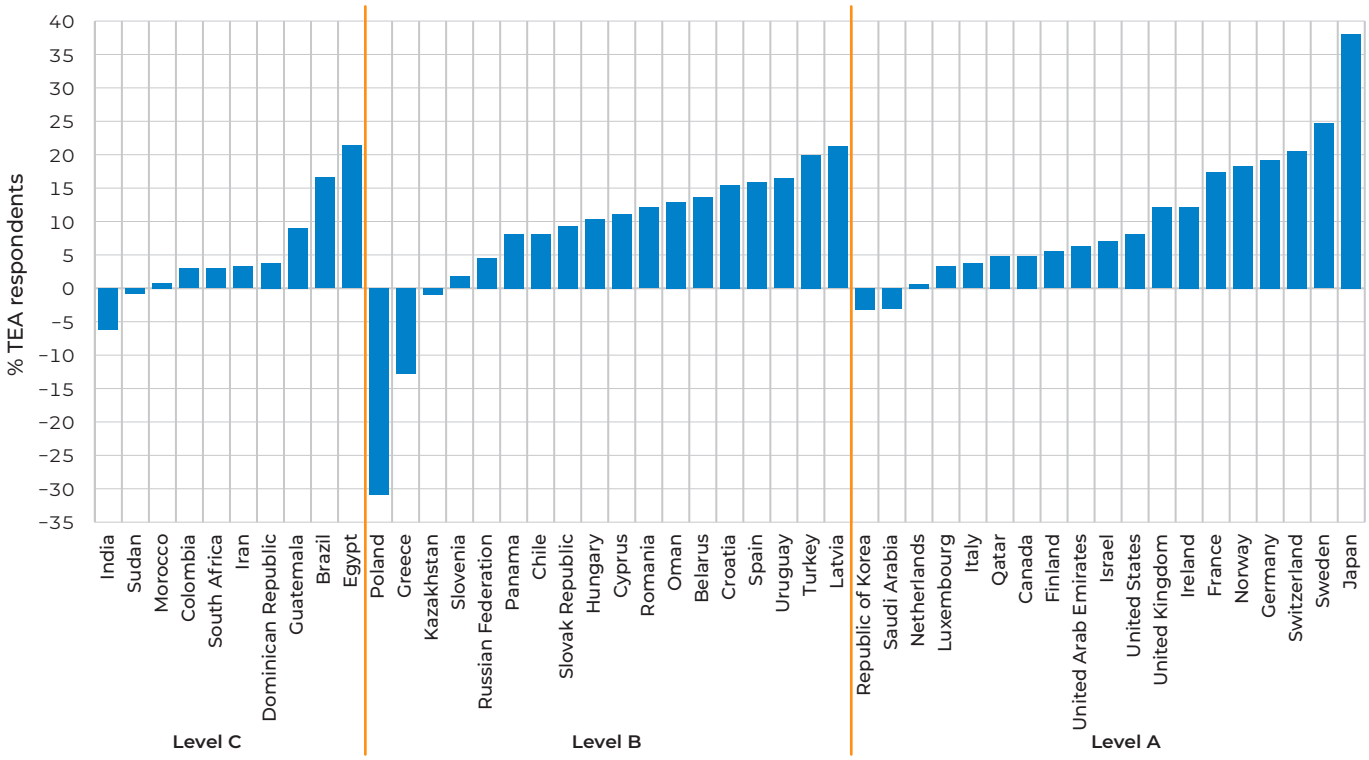


FIGURE 5.5 Motivation "To build great wealth": % Total early-stage Entrepreneurial Activity (TEA) of those aged 18–34 minus % TEA of those aged 35–64

Source: GEM Adult Population Survey 2021

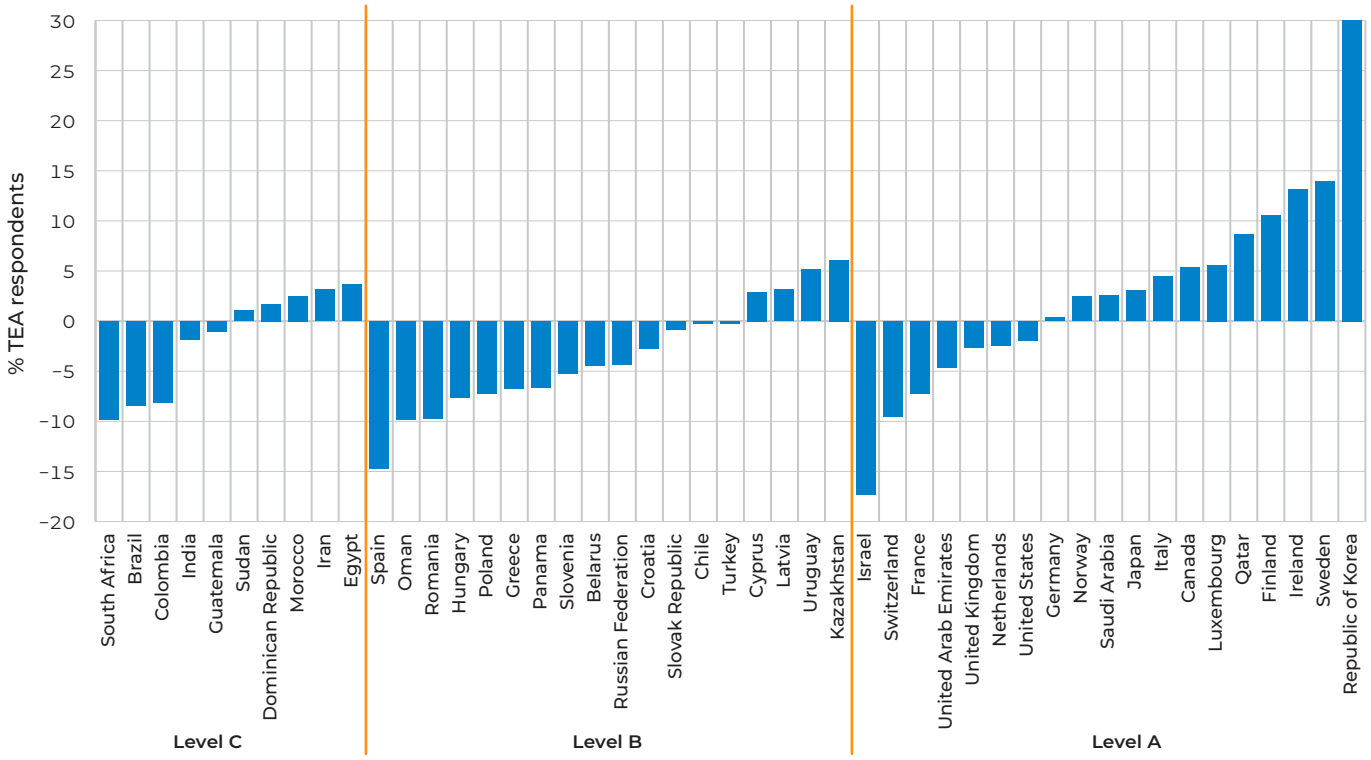


FIGURE 5.6 Motivation "To continue a family tradition": % Total early-stage Entrepreneurial Activity (TEA) of those aged 18–34 minus % TEA of those aged 35–64

Source: GEM Adult Population Survey 2021

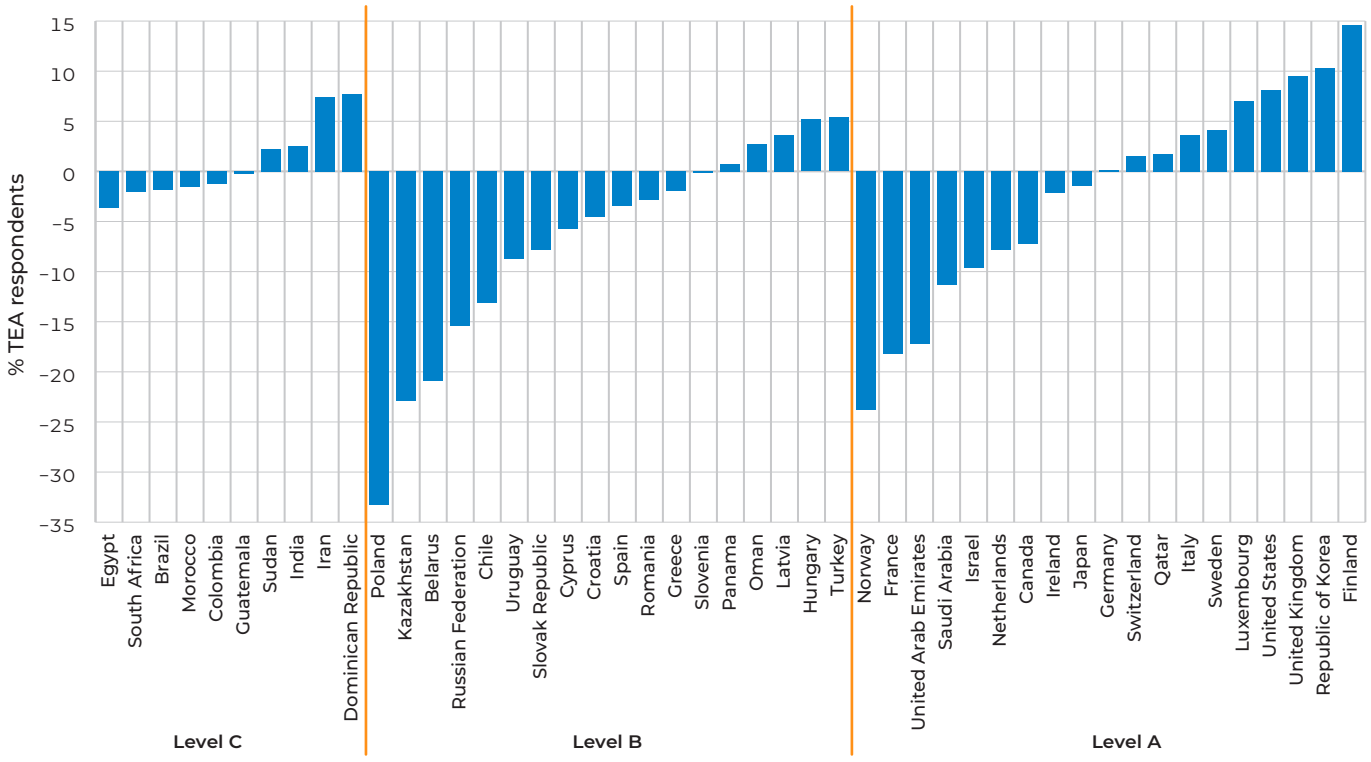


FIGURE 5.7 Motivation "To earn a living because jobs are scarce": % Total early-stage Entrepreneurial Activity (TEA) of those aged 18–34 minus % TEA of those aged 35–64

Source: GEM Adult Population Survey 2021

ENTREPRENEUR HIGHLIGHT

Shaima Al Mehyas

Founder of Baby Spa (United Arab Emirates)

Khadija Ali Mohammed Abdulrahman Alameri

Founder of Ingfit (United Arab Emirates)

Majed AlBakeri

Founder of National Factory for Safety and Security Products (United Arab Emirates)

Choosing the Right Business Location

Where is the ideal location to start a business? Even with so much business having gone virtual, this is still a question that any aspiring entrepreneur needs to consider. There are so many facets to a location's entrepreneurial ecosystem. We investigate this on page 85 of this report. Here we present three examples highlighting different entrepreneurs' rationales for starting their businesses in the United Arab Emirates.

Shaima Al Mehyas

Shaima Al Mehyas (*left*) is the Founder of Baby Spa, a destination experience for mothers and babies. Baby Spa offers a selection of pampering treatments, including hydrotherapy, massage, hair services, nails, postnatal and prenatal massage, and a wide range of exclusively hand-picked children's products, both online and in Yas Mall, situated on Yas Island in Abu Dhabi.

> *As always, choosing a prime location was a big challenge for Baby Spa. I wanted to serve all nationalities, both residents and tourists. I was looking for a high-end or luxury mall, high footfall and walk-ins, not only from Abu Dhabi but also from other Emirates and beyond. I believe Yas Mall is the ultimate location.*

Meanwhile, Khadija Ali Mohammed Abdulrahman Alameri (*above right*), the owner of Ingfit, described as a healthful marketplace built on cutting-edge, innovative technology, chose Dubai due to the mix and size of its "keto" community (adherents of the ketogenic — high-fat, adequate-protein, low-carbohydrate — diet). Said Khadija:

> *We are primarily an online marketplace, hence we are virtual with delivery capability all across the United Arab Emirates.*

Khadija Ali Mohammed Abdulrahman Alameri

Then there is the example of the National Factory for Safety and Security Products, founded by Mr Majed AlBakeri. This is the only manufacturing plant in the United Arab Emirates for safety, non-safety and tactical security footwear. Said Majed:

> *The main reason we chose the United Arab Emirates as a safety shoe supplier is to be close to many industries and to deal directly with them and supply materials on time. Our location also offers duty exemption, and the costs are lower compared with other industrial areas.*

typically much smaller, with the exception of the Republic of Korea, where the proportion of younger entrepreneurs agreeing with this motive exceeded that of older entrepreneurs by more than 30 percentage points. This may represent a new generation of young Koreans taking over family businesses. Other than Korea, responses are fairly even, with slightly fewer economies where the younger group were more likely to agree with this motive than for the older group.

Older entrepreneurs are more likely than younger ones to agree with the motivation "to earn a living because jobs are scarce" in a small minority of economies (Figure 5.7). However, where older entrepreneurs outnumber younger ones in agreeing with this motive, the differences tend to be rather larger than when it is the other way round. In only two cases does the percentage of young entrepreneurs agreeing with this motive exceed the corresponding percentage in the older group by 10 percentage points or more, compared to nine cases where the older entrepreneur percentage exceeds the younger percentage by the same margin.

So there are clear differences between the motives of younger and older entrepreneurs. However, this section has barely scratched the surface of these differences. The relevant GEM data look likely to represent a rich resource for researchers looking at generational differences in motivations and entrepreneurial activity.

5.5 WHY STOP (OR EXIT) A BUSINESS?

There are many reasons to exit a business. The most obvious, and usually most prevalent, relates to insufficient sales or profitability. Other negative reasons include the burden of taxation or bureaucracy, the failure to access resources, including finance, or some change in personal circumstances. In these turbulent times, the coronavirus pandemic must be added to those negative reasons. The pandemic may have hit a business directly, because of illness, lockdowns or other disruptions, or indirectly through its impacts on markets and supply chains. But there are also positive reasons to exit a business, including the chance to sell the business at an advantageous price, the attraction of a good or secure job, or some other business opportunity.

In some cases, an exit strategy may have been an integral part of the business plan, including the need to take account of retirement.

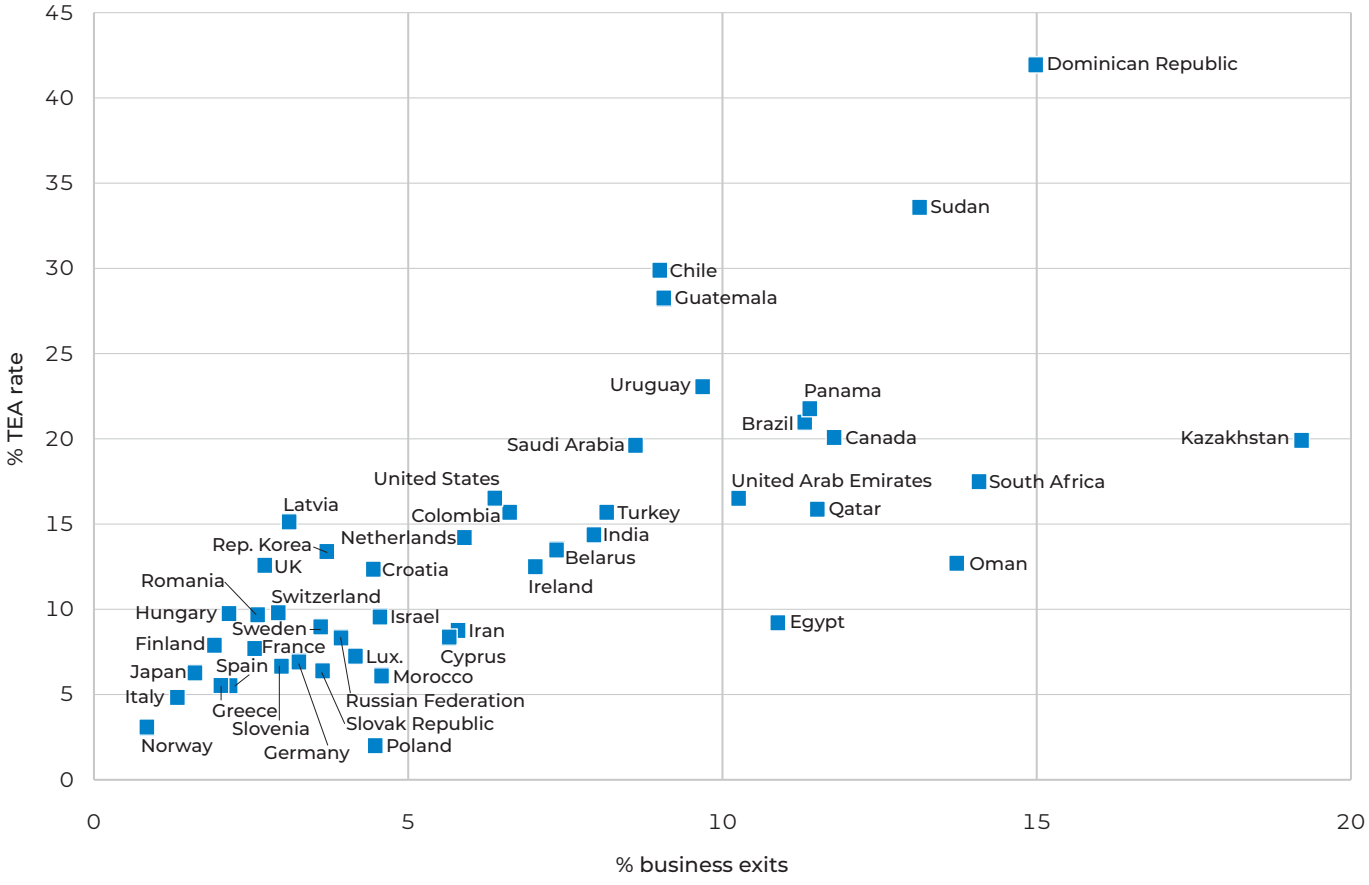
What is clear is that business exits are an important feature of a dynamic entrepreneurial economy. Many businesses fail, and the new ones are often the most vulnerable. Businesses may fail because people no longer want to buy the product or service (or in insufficient quantities), because others are selling it more cheaply or at better quality, or simply because tastes or technologies have changed. Business exits are a significant component of structural change, freeing up resources and ultimately improving productivity. However, business exits may also be directly related to insufficient support for new or existing businesses in the entrepreneurial ecosystem.[37] Furthermore, where business exit is difficult, bureaucratic or expensive, or where social and cultural values make business exit less acceptable, there may be some reluctance to start new businesses.

The rate of business exits can be expected to be positively associated with the level of entrepreneurial activity, given that new businesses are typically most vulnerable in their early stages. Exits may be related to business starts more widely, as ideas are tried out and some businesses die off, sometimes to be reborn in other guises. The GEM APS asks all adults if they have exited a business in the past 12 months and, if so, why? Figure 5.8 plots the level of business exits against the Total early-stage Entrepreneurial Activity (TEA) level in

37 "The analysis of informal conditions revealed social media's critical contribution for legitimizing entrepreneurship and supporting those entrepreneurs who want to re-enter the domestic or international market after a business failure. In addition, social networks built during previous business angels or entrepreneurial experiences or with other entrepreneurs also play a crucial role for re-entrepreneurs to overcome the weaknesses in the entrepreneurial ecosystems' conditions." Espinoza-Benavides, J., Guerrero, M., & Díaz, D. (2021). Dissecting the ecosystems' determinants of entrepreneurial re-entry after a business failure. *European Business Review*, 33(6) 1–24. https://doi.org/10.1108/ebr-09-2020-0222

FIGURE 5.8 Scatter plot of business exits and Total early-stage Entrepreneurial Activity (both % adults)

Source: GEM Adult Population Survey 2021



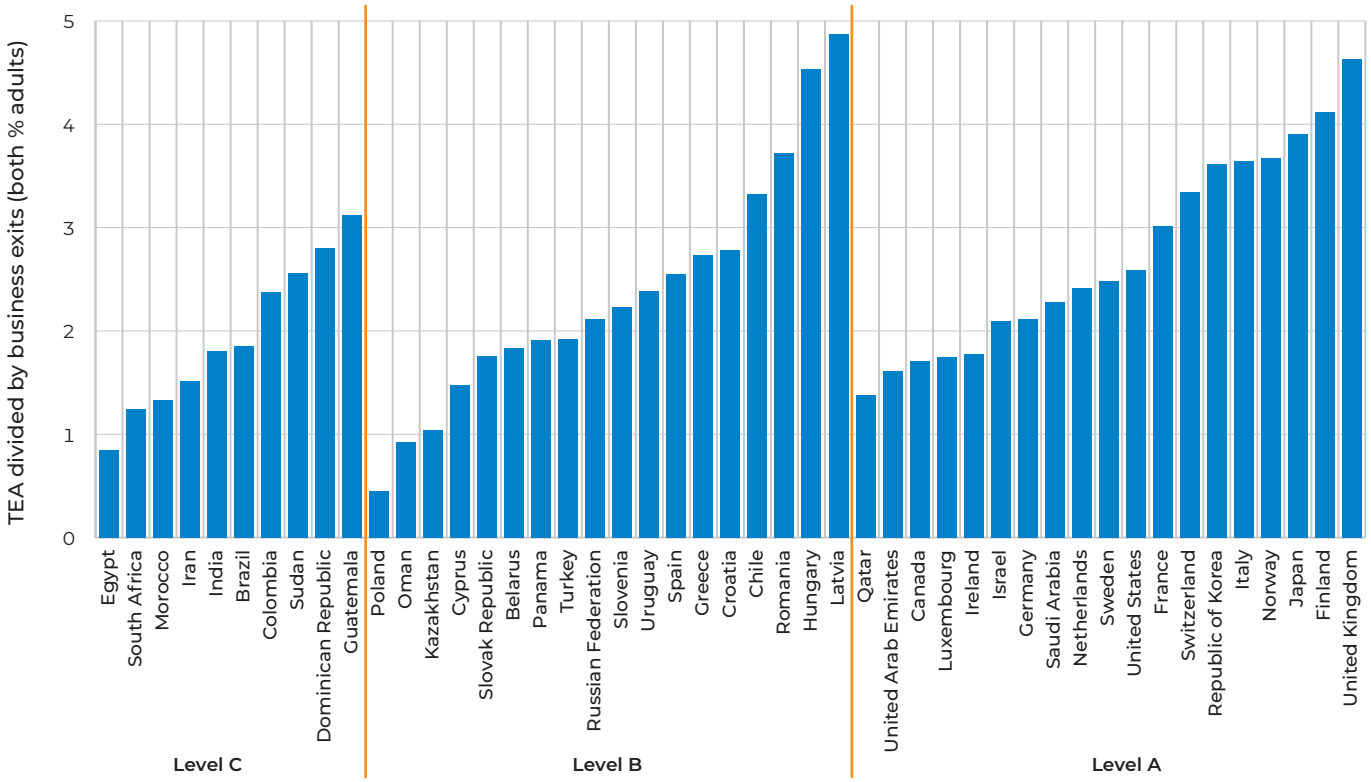


FIGURE 5.9
The ratio of Total early-stage Entrepreneurial Activity (TEA) to business exits (both % adults)
Source: GEM Adult Population Survey 2021

2021, illustrating a positive association but also showing that this association weakens as the level of TEA increases.

Variations in the level of business exits are rather lower than those in TEA. Business exits exceed one in 10 adults in just 11 of the 47 GEM economies, five from Level C (Dominican Republic, South Africa, Sudan, Brazil and Egypt), three Level B (Kazakhstan, Oman and Panama) and three Level A economies (Canada, Qatar and the United Arab Emirates). The lowest exit rates (around one adult in 50 or less) are in European countries; Greece, Finland, Italy, Japan and Norway.

In the 2021 GEM APS there are just three economies in which the rate of business exits exceeds the TEA level: Poland, Egypt and Oman. This is a concern, particularly in Poland where this happened for the second year in succession and where the stock of businesses appears to be declining. The ratio of TEA to business exits is shown in Figure 5.9. Thirteen economies have more than three times as many people starting or running a new business than have exited a business in the last 12 months: just one Level C economy, four Level B and eight Level A, which may be surprising given that Level A economies generally have low entrepreneurial activity rates. Possible explanations include the pandemic pushing up startup rates earlier than exit rates.

It was noted earlier that there can be many reasons — both positive and negative — for exiting a business. The GEM APS lists the positive reasons — such as the opportunity to sell, another job or business opportunity, planned exit or retirement — as well as negative reasons, such as lack of profit, problems accessing finance, taxes or bureaucracy, or some incident. In 2020 and 2021, the pandemic was added to these reasons. Figure 5.10 shows the level of business exits per economy in 2021, and the levels within that of positive exits, negative exits and, separately, exits related to the pandemic, all as chosen by respondents.

More than one in 10 adults had exited a business in the past 12 months in 11 economies, compared to less than one in 50 adults in four other economies. Positive reasons for exiting a business were far more prevalent in higher- than in lower-income economies, with the exception of Qatar, where just one in 20 of those exiting a business had done so for positive reasons. One explanation may lie in the fact that Qatar has the highest share of those exiting a business reporting they had done so because of the pandemic.

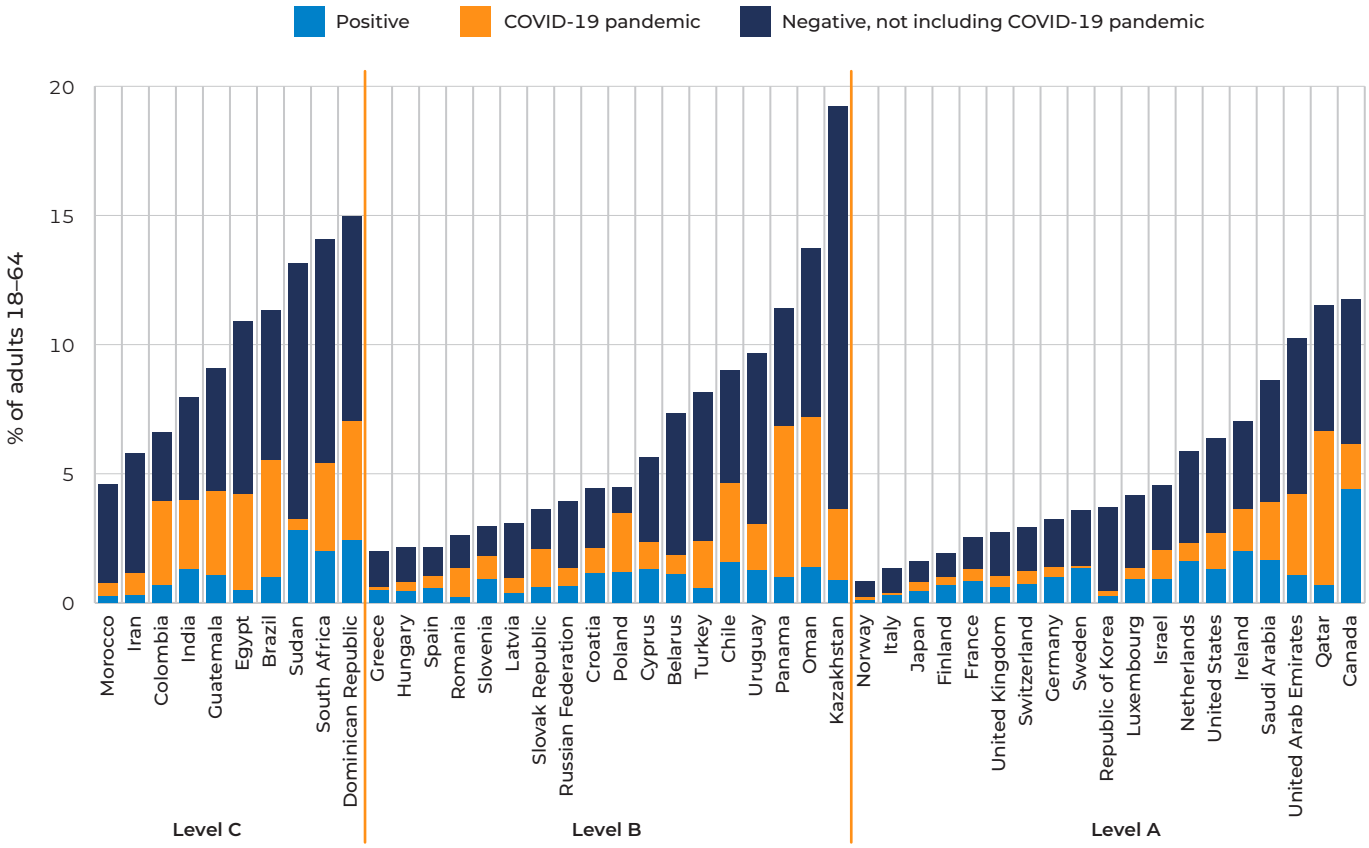


FIGURE 5.10
The level of business exits, divided into positive, negative or pandemic-related reasons (all % adults)
Source: GEM Adult Population Survey 2021

In 12 economies, the proportion of business exits for positive reasons exceeds a quarter of those exits, although none from the Level C group. In 11 economies, one in 10 or less of business exits are for positive reasons, including two economies from the Level A group (Qatar and the Republic of Korea).

In all but four economies, the proportion of those specifying other negative reasons for exit exceeded that specifying the coronavirus pandemic, the exceptions being Colombia, Poland, Panama and Qatar. However, in 11 economies, a third or more of those exiting a business cited the pandemic as the main reason: four from Level C, six from Level B and just one from the Level A group. These may be economies in which governments have struggled to find the resources to support businesses during the pandemic.

5.6 CONCLUSIONS

Growth expectations among entrepreneurs are lower than a year ago, as reported by more than one-third of entrepreneurs in 22 economies. This is concerning, given that many governments opened their economies again in the past 12 months after a series of lockdowns and/or considerable pandemic restrictions. However, the fact that entrepreneurs are still starting or running their businesses despite the challenges is a tribute to their resolve and determination.[38] Nevertheless, there is considerable scope for governments to encourage higher growth expectations.

"Making a difference in the world" as an entrepreneurial motivation is not just restricted to Level A economies. More than half of the entrepreneurs in seven out of 10 Level C economies agreed with this motive. As is often

38 Stephan, U., Zbierowski, P., Pérez-Luño, A., Wach, D., Alba Cabañas, M., Barki, E., ... & Zahid, M. (2021). Agility or wait-and-see? How the Covid-19 crisis impacts entrepreneurs' well-being across countries. In *Academy of Management Proceedings*, 2021(1), 11,848. Briarcliff Manor, NY: Academy of Management.

the case, low-income economies are often the hardest hit when major global events such as climate change or global pandemics strike. Entrepreneurs in low-income economies therefore have high awareness about global issues that need resolution such as those outlined in the United Nations Sustainable Development Goals. That said, the more obvious "Earning a living because jobs are scarce" is a dominant motivation for starting a business, especially outside of Europe. More than two out of three entrepreneurs agree with this motive in nearly half of the economies participating in the GEM APS in 2021. It will be interesting to see if agreement with this motive declines as economies begin to recover.

Younger entrepreneurs (aged 18–34) are more likely to agree with the aspirational motive "to make a difference in the world", while older entrepreneurs favour "Earning a living because jobs are scarce". Differences between motivations between the age groups may also play some part in explaining differences in levels of entrepreneurial activity between them.

In three-quarters of the GEM-participating economies, less than one in 10 adults had exited a business in the last 12 months, with the lowest exit rates being in Greece, Finland, Italy, Japan and Norway. Low exit rates are encouraging in the face of the pandemic, although there were 12 economies in which around a third or more of those exiting a business cited the pandemic as the main reason. Just three economies had higher exit rates than startup rates, strong evidence that in most economies the stock of businesses is rising despite the pandemic. There are some signs of an economic recovery, but these fledgling businesses may need extra support to survive into maturity under the current harsh conditions.

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PART 2

National Contexts and 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 2021 participating economies, including a "bird's-eye view" of key country-specific GEM research results alongside basic socio-economic data for that economy, plus a policy roadmap.

Introduction: The Entrepreneurship Context

Stephen Hill and Alicia Coduras

CONTEXT AND WHERE WE ARE NOW

The focus of this Global Report so far has been on the personal decision to start a business. That decision, with its many influences and multiple consequences, is not made in a vacuum. The context of that decision, or the entrepreneurial environment in which it is made, will be an important influencing factor in how that decision plays out, and in the progression (or otherwise) of the nascent entrepreneur towards becoming a new business owner, and then into the owner of an established business.[39] That context may support the entrepreneur — for example, through the encouragement of family and friends, and by providing access to resources including finance, expertise, premises, etc. — or may burden the fledgling enterprise with excessive regulation and high infrastructure costs, within a social and family environment that is unsympathetic or even hostile to the new business. Social norms may encourage risk-taking and creativity, including personal investment in the new business of others, or may be centred on family, security and responsibility. Markets may be free and open, with low-cost easy access, or may be tightly controlled by a few large businesses acting to ensure that small-scale entry is prohibitively expensive.

In 2021, as in 2020, the environment for starting a business has been heavily influenced by the pervasive grip of the coronavirus pandemic, and the actions of governments in response. As noted in Part 1, some entrepreneurs have seized on new business opportunities while others have seen their business plans deferred or derailed. This chapter presents an assessment of whether governmental responses to the pandemic have mitigated a decline in new business startups, as well as whether governments have been doing enough to support women entrepreneurs.

While the decision to start a business may be personal to the individual, the business context for that decision is shared with others that have similar intentions. GEM summarizes "context" in terms of the entrepreneurial characteristics of that particular environment.[40] Place matters, and, while it is still true that some entrepreneurial activity may flourish in the most difficult or unlikely of circumstances,[41] a supportive environment will foster ambition and growth, and can encourage the challenging transition from new to established businesses. Hence, the best place to start a business may not be the place with the highest levels of entrepreneurial activity. Indeed, some of the best places to start a business have some of the lowest levels of entrepreneurial activity, just as some of the worst places to start can be hives of enterprise.

39 Chapter 4 in Part 1 provided evidence that, while differences between groups within an economy are important, national context is the dominant influence on entrepreneurial activity rates.

40 See Welter, F., Baker, T., Audretsch, D.B., & Gartner, W.B. (2017). Everyday entrepreneurship: A call for entrepreneurship research to embrace entrepreneurial diversity. *Entrepreneurship Theory and Practice*, 41(3), 311–21. https://doi.org/10.1111/etap.12258

41 Successive Global Reports have shown that the highest levels of Total early-stage Entrepreneurial Activity (TEA) are often found in the poorest and least developed economies. However, little of this activity may transition into durable, sustainable businesses, providing significant employment and value-added, as evidenced by high ratios of new to established businesses.

ARE ENTREPRENEURIAL FRAMEWORK CONDITIONS STRONG IN MOST ECONOMIES?

GEM describes and assesses an economy's entrepreneurial ecosystem against nine Economic Framework Conditions (EFCs), as set out in Table 6.1. These EFCs, derived from two decades of research and experience, are the key influencing factors on the impact of entrepreneurial activity on economic growth.[42] The state of these EFCs can encourage, constrain or completely discourage either the setting up of new businesses, or the development of new startups into established businesses which can generate sustained incomes and jobs.

Having defined the optimal characteristics of a conducive entrepreneurial environment, the question then becomes: How can these be assessed? Each condition is multidimensional, with no available objective and quantifiable measure. To overcome this limitation, GEM seeks out expert views on the sufficiency or otherwise of each condition by carrying out a National Expert Survey (NES) in each economy. The NES asks the same questions of at least 36 national experts in each economy, and often more, each of whom has an identified high level of expertise in at least one of the framework conditions. In 2021, the 50 National Teams participating in the GEM NES[43] surveyed a total of 2,076 experts, each one identified by the National Team with prior approval by GEM Global. All experts completed the NES questionnaire by scoring their national economy against the extent to which they agreed or did not agree to questions about each framework condition. The Framework Conditions, summarized in Table 6.1, are scored according to an 11-point Likert scale, ranging from completely untrue (0) to completely true (10).

In 2021, the NES incorporated a new topic related to the ease of accessing funds for entrepreneurship. As a result, the financing pillar in the survey now has two parts: the traditional focus on sufficiency of funds, supplemented by an additional opportunity to score the relative ease of access to those funds. The NES also added some questions related to special areas of interest such as responses to the pandemic, progress and support to digitalization and teleworking, and the growth of the gig economy as a startup driver and business model. Another new block of questions concerned support for women entrepreneurs.

42 See, for example, Bruns, K., Bosma, N., Sanders, M., & Schramm, M. (2017). Searching for the existence of entrepreneurial ecosystems: A regional cross-section growth regression approach. *Small Business Economics*, 49(1), 31–54. https://doi.org/10.1007/s11187-017-9866-6

43 Comprising all 47 economies who had completed the 2021 GEM Adult Population Survey (Table 1.1 on page 28), plus Jamaica, Lithuania and Mexico.

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?

TABLE 6.1
Entrepreneurial Framework Conditions (EFCs)

EFC		Level A		Level B		Level C	
A1. Finance	High	Finland	7.13	Lithuania	6.08	India	4.96
	Low	Luxembourg	4.73	Belarus	2.58	Dominican Republic	2.42
A2. Access	High	Finland	6.61	Lithuania	5.59	India	4.73
	Low	Luxembourg	4.15	Belarus	2.81	Dominican Republic	2.78
B1. Policy	High	United Arab Emirates	6.99	Lithuania	6.09	India	5.31
	Low	Israel	3.44	Belarus	1.68	Sudan	2.24
B2. Burdens	High	United Arab Emirates	7.51	Lithuania	6.04	India	4.69
	Low	Italy	3.75	Slovak Republic	3.36	Sudan	2.24
C. Programmes	High	Saudi Arabia	6.54	Spain	6.28	Colombia	5.09
	Low	Israel	4.13	Belarus	2.19	Sudan	1.81
D1. Schools	High	Finland	6.09	Lithuania	4.74	India	3.77
	Low	Japan	2.13	Poland	1.73	Iran	0.94
D2. Colleges	High	United Arab Emirates	6.42	Spain	6.06	Colombia	5.94
	Low	Ireland	3.99	Poland	2.86	Iran	2.90
E. R&D Transfer	High	United Arab Emirates	6.19	Lithuania	5.78	India	4.38
	Low	Canada	4.20	Belarus	3.20	Dominican Republic	1.92
F. Commercial	High	Norway	6.94	Lithuania	6.80	Mexico	5.39
	Low	Japan	4.47	Oman	4.16	Iran	3.94
G1. Entry Dynamic	High	Republic of Korea	7.78	Turkey	7.04	Sudan	7.03
	Low	Luxembourg	2.99	Uruguay	2.66	Guatemala	3.29
G2. Entry Burden	High	Netherlands	6.48	Lithuania	6.47	Egypt	3.83
	Low	Israel	3.88	Oman	3.21	Iran	2.61
H. Infrastructure	High	Finland	8.59	Lithuania	8.52	Egypt	6.91
	Low	Ireland	5.23	Oman	4.87	Sudan	3.54
I. Culture	High	Israel	7.94	Lithuania	6.15	Jamaica	5.84
	Low	Japan	3.63	Croatia	2.96	Sudan	3.40

TABLE 6.2
Entrepreneurial Framework Conditions: highest and lowest average scores
Source: GEM National Expert Survey 2021

Results from the 2021 NES are summarized in Table 6.2. The economies in each income group scoring highest and lowest for each EFC are presented. There is a clear positive association between income level and the individual framework condition scores. For every framework condition, the highest scores for Level A economies (see Section 1.4 and Table 1.1) exceed those for the Level B economies, as do the lowest scores for each condition. The same pattern is repeated when the highest framework condition scores for Level B economies are compared to those of Level C economies. When the lowest scores per framework condition for the Level B group are compared to lowest scores for the Level C group, there are just four cases (out of 13) where the Level C group score exceeds that of the corresponding Level B group.

However, this does not imply that all framework condition scores are high in the Level A group. Indeed, if a score of 5 is regarded as sufficient, and a score of less than 5 means less than sufficient, Figure 6.1 shows that only one of the Level A economies is sufficient in all EFCs (United Arab Emirates). The Netherlands, Saudi Arabia and Finland each scored as insufficient in one EFC, while, at the other end of the scale, Level A Japan scored as insufficient for 11 of the 13 conditions, closely followed by Italy with 10.

None of the Level B or C economies scored as sufficient in all EFCs, although Lithuania came closest with just one score under 5. Of the 50

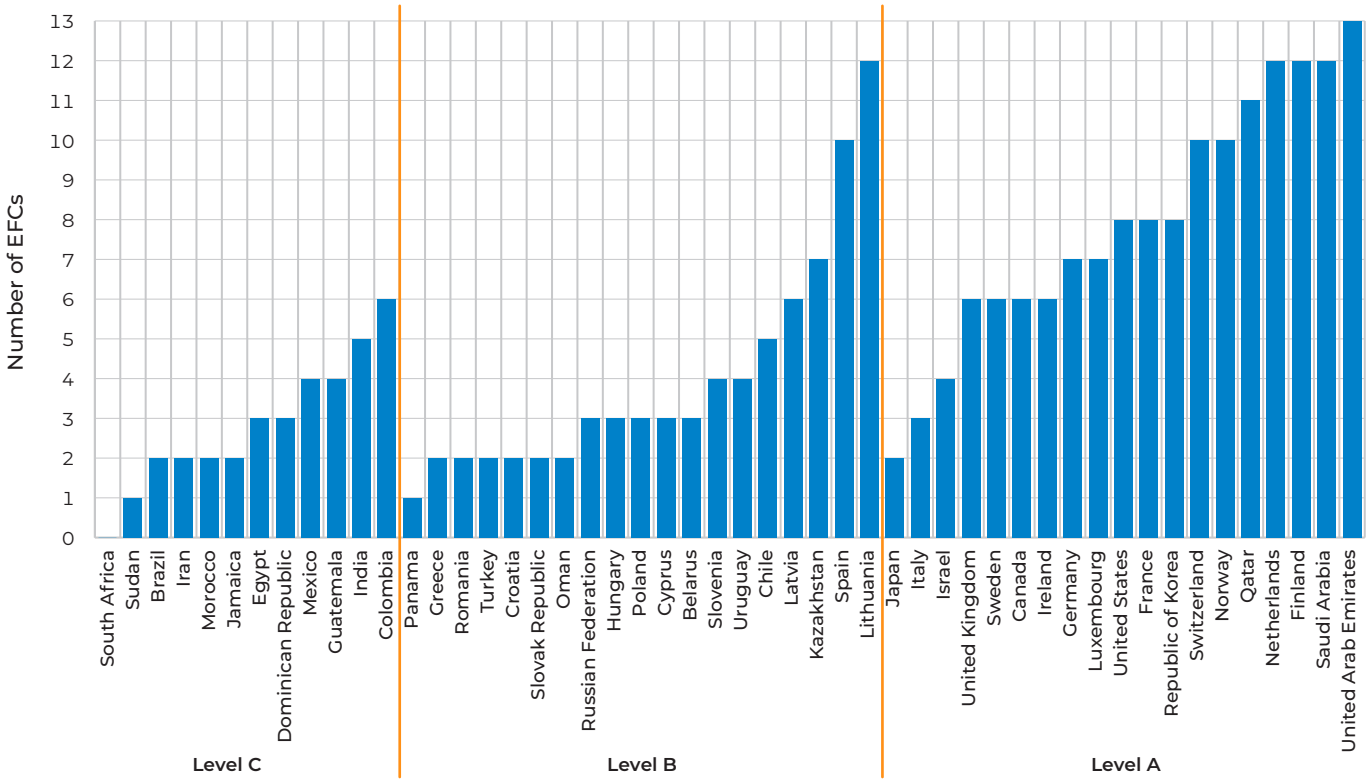


FIGURE 6.1 Number (out of 13) of Entrepreneurial Framework Conditions (EFCs) scored as sufficient per economy
Source: GEM National Expert Survey 2021

TABLE 6.3 Highest and lowest average expert scores per income group: responses to the pandemic, and support for women entrepreneurs, 2021
Source: GEM National Expert Survey 2021

		Level A		Level B		Level C	
Government mitigation of decline of new firms	High	Saudi Arabia	8.2	Uruguay	6.8	Dominican Republic	6.0
	Low	Japan	2.7	Belarus	2.3	Iran	1.3
Progress and support of digitalization and teleworking	High	Netherlands	7.8	Lithuania	7.5	Colombia	5.8
	Low	Japan	5.1	Belarus	4.3	Sudan	3.0
Rise of gig economy as a startup driver and business model	High	Saudi Arabia	7.4	Latvia	8.1	Mexico	7.9
	Low	Luxembourg	4.9	Belarus	4.2	Morocco	4.5
Prioritization of environment above profitability or growth	High	United Arab Emirates	7.4	Lithuania	5.9	India	5.2
	Low	Israel	3.4	Belarus	2.0	Iran	2.0
Support for women entrepreneurs	High	United Arab Emirates	7.9	Lithuania	7.0	India	5.1
	Low	Israel	3.5	Turkey	3.2	Iran	2.5

economies, only South Africa scored insufficient on all framework conditions, followed by Level C Sudan and Level B Panama, each viewed as insufficient for all but one of the 13 EFCs. However, a further 11 economies were seen as insufficient on all but two conditions, four from the Level C group, six from the Level B group, along with Level A Japan.

Experts were asked if measures adopted by their government in the first year of the pandemic had helped avoid a significant decline in the number of new and growing firms and associated jobs. Results, in terms of highest and lowest scores per income group, are set out in Table 6.3, alongside summarized responses to separate questions about support for women entrepreneurs.

There was strong expert agreement that government measures had helped to avoid a decline in new businesses in Level A Saudi Arabia and Level B Lithuania, and, to a lesser extent, in Level C India. Measures were judged as less effective in Japan, Belarus and Iran. Support for women entrepreneurs paints a similar picture, with support strongest in the United Arab Emirates, Lithuania and India, and weakest in Israel, Turkey and Iran.

Progress in and support for digitalization, as well as for increased teleworking due to the pandemic, is confirmed by experts in Level A economies, with average scores above 5 in all countries of this group, with Netherlands at the top. Lithuania and Colombia had the highest average scores of Levels B and C, while Japan, Belarus and Sudan had the lowest average scores of their income groups. Experts from 12 economies rated this progress and support as insufficient, but only one (Sudan) scored less than 4. Taken together, the results suggest that the pandemic has accelerated business digitalization and the adoption of digital technologies by entrepreneurs as an essential requirement in the current context.

HOW CAN THE ENTREPRENEURIAL CONTEXT BE SUMMED-UP?

To answer this question, in 2018 GEM introduced the National Entrepreneurial Context Index (NECI), summarizing in one number the pooled expert assessment of each economy's EFCs. The NECI is simply the average of the pooled expert scores across the 13 framework conditions. Results for 2021 are set out in Figure 6.2 and provide strong support for the assertions made earlier: in the collective views of the surveyed experts, the United Arab Emirates, with the highest NECI score of 6.8, may be the best place to start a new business, followed by the Netherlands, Finland, Saudi Arabia and Lithuania. All of these countries, except Lithuania, are classed as Level A economies. Of the five lowest NECI scores, every one is a Level C economy, with the exception of Belarus (Level B).

It may be presumed that the pandemic has adversely affected the entrepreneurial ecosystem. If that were the case, then NECI scores in 2021 would be lower than in 2019. There are 33 economies that consistently participated in the GEM NES in each of the three years 2019, 2020 and 2021. Of those 33, there are six in which that economy's NECI score increased each year: the largest increases were in Saudi Arabia (from 5.0 in 2019 to 6.1 in 2021), in the United Arab Emirates (from 5.8 to 6.8) and in the Republic of Korea (from 5.1 to 5.7). There are just two economies whose NECI scores fell both years: Qatar (5.9 to 5.5) and Luxembourg (5.2 to 4.9). Interestingly, all five of these economies are classed as Level A. When each NECI score for 2019 for these 33 economies was directly compared to its score in 2021, that score was more likely to have increased than to have decreased. Hence the coronavirus pandemic may have hastened, or at the very least coincided with, improvements in the entrepreneurial ecosystem.

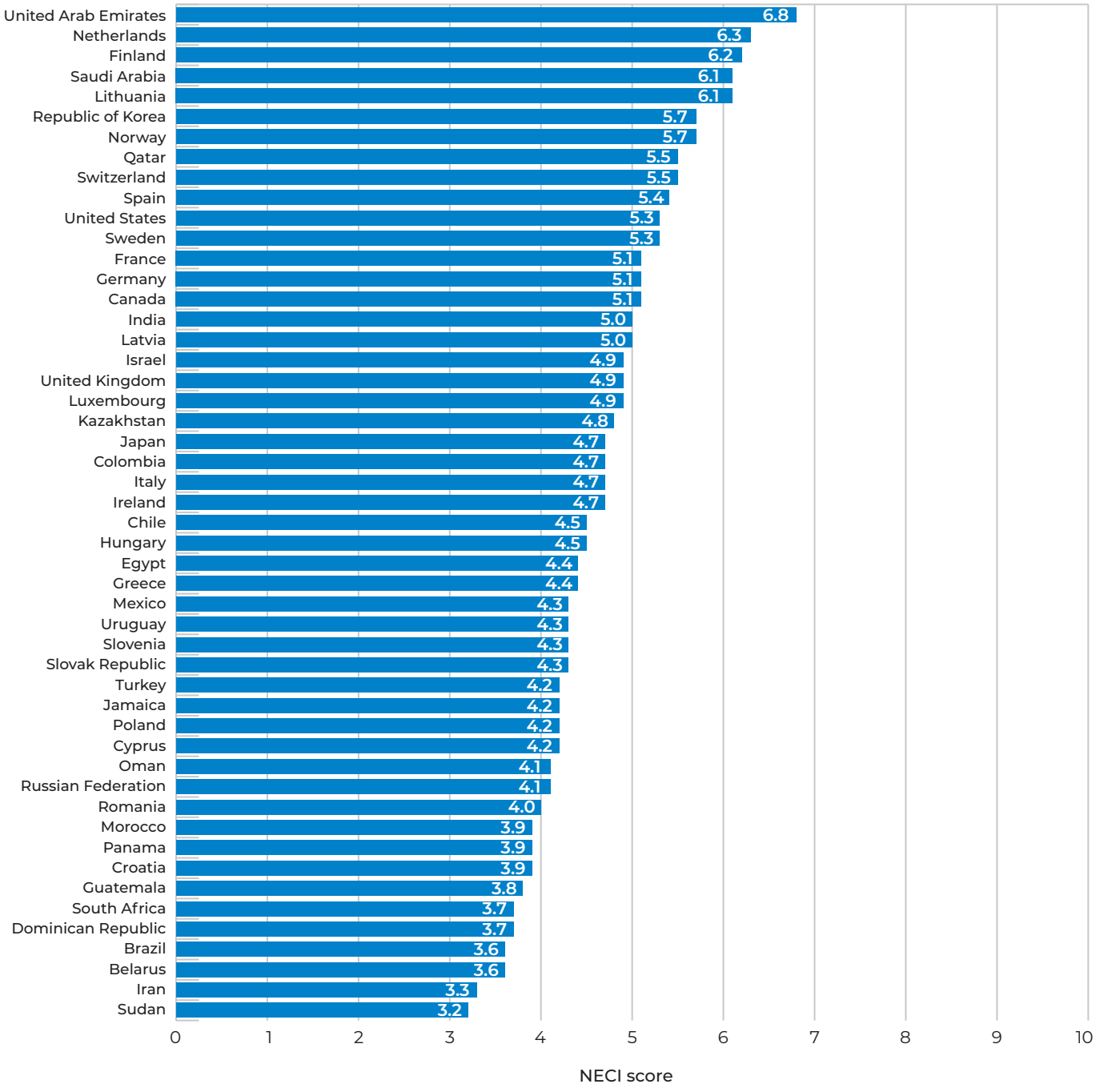


FIGURE 6.2 National Entrepreneurship Context Index (NECI), 2021

Source: GEM National Expert Survey 2021

CONCLUSIONS

Recent innovations in GEM methodology have allowed the quality of an economy's entrepreneurial ecosystem, or environment for entrepreneurship, to be assessed by a single number: the National Entrepreneurship Context Index (NECI). According to the 2021 NECI, of the 50 participating economies, the United Arab Emirates has the most supportive environment for entrepreneurship and Sudan the least supportive.[44]

At least four of 13 Entrepreneurial Framework Conditions (EFCs) are the direct responsibility of the national government, and these are not the EFCs typically rated highest by national experts. Each government has the ability to create and maintain a supportive environment for entrepreneurship: not doing so may damage the current and future prosperity of its people. For example, Entrepreneurship Education at School level is consistently scored low by national experts. Improvements in entrepreneurship education in schools could be a relatively low-cost, high-impact means of enhancing the entrepreneurial environment.

It is no coincidence that the economies scoring highest for government efforts to mitigate the impact of the pandemic on new startups (Saudi Arabia), or for supporting women entrepreneurs (United Arab Emirates), are also economies that have seen consistent and substantial improvements in their NECI scores in recent years. Similarly, those economies scoring worst on these measures also tend to have high numbers of EFCs rated as insufficient: Israel (9), Turkey (11) and Iran (11). Supporting new businesses during a pandemic, and supporting women entrepreneurs, should go hand in hand within policy strategies to enhance the environment for entrepreneurship, thereby adding to opportunities, promoting equality and encouraging new businesses and business development.

44 For an explanation of why this matters, see Guerrero, M., Liñán, F., & Cáceres-Carrasco, F.R. (2020). The influence of ecosystems on the entrepreneurship process: A comparison across developed and developing economies. *Small Business Economics*, 57, 1–27. https://doi.org/10.1007/s11187-020-00392-2

Belarus

■ **Population** (2020): **9.4 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **20.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	61.3	12
Good opportunities to start a business in my area	25.0	45
It is easy to start a business	34.5	36
Personally have the skills and knowledge	52.0	31
Fear of failure (opportunity)	56.0	1
Entrepreneurial intentions	24.1	17

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.9	17
International (25%+ revenue)	2.6	8
	% TEA	**Rank/46**
Always consider social impact	64.3	38
Always consider environmental impact	67.6	34
	% TEA	**Rank/47**
Industry (% TEA in business services)	20.3	22

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	25.5	41	28.9	22.9
Build great wealth	76.2	10	84.0	70.4
Continue family tradition	15.1	41	12.5	16.9
To earn a living	71.5	18	62.6	78.1

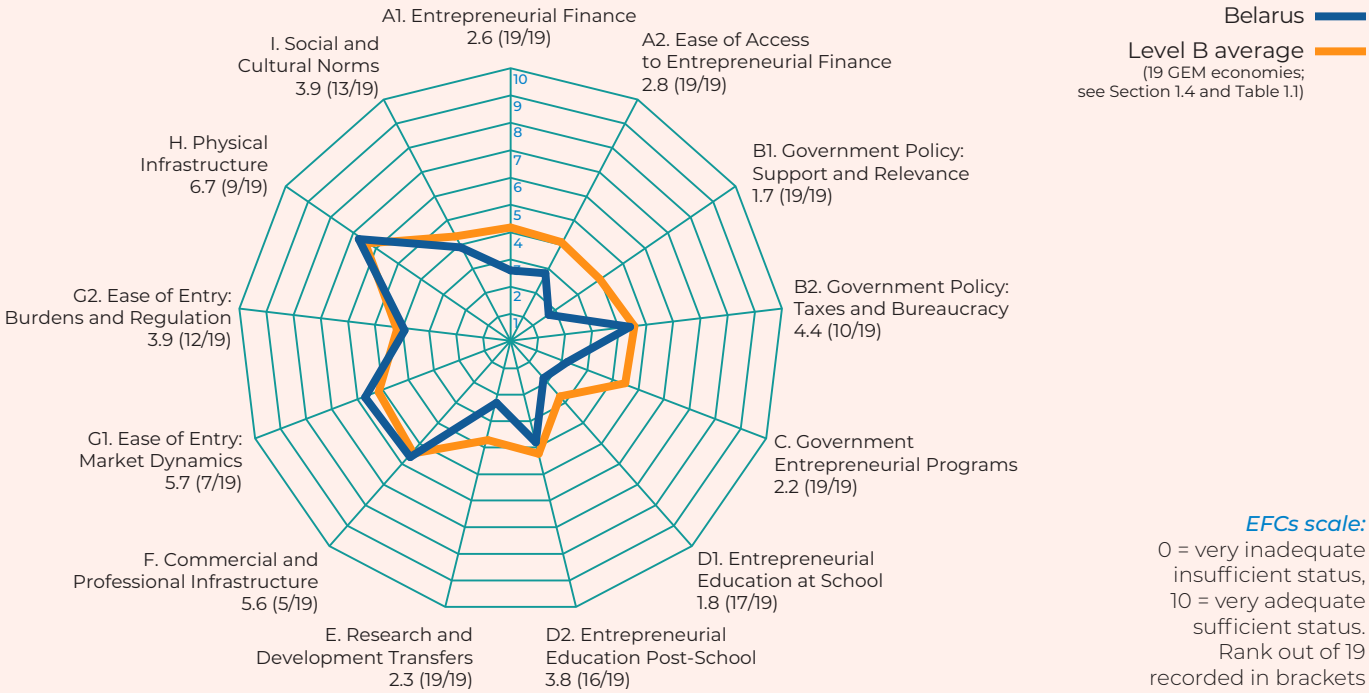
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	13.5	20	12.9	14.2
Established Business Ownership rate	5.5	26	3.8	7.5
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	2.4	22=	2.3	2.5

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	55.6	16
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	66.1	6
Use more digital technology to sell products or services	37.5	39
Pursue new opportunities due to pandemic	30.4	39

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

The last time Belarus participated in a GEM survey was 2019. Since then, the country has undergone significant challenges, stemming both from COVID-19 and from political unrest. While it is difficult to calculate the cost of political conflict, COVID-19 has certainly contributed to economic hardship, as 55.6% of Belarusians reported their household lost income this year as a result of the pandemic. These factors may help explain the expansion of Belarusian early-stage entrepreneurial activity, which increased to 13.5% in 2021, up from 5.8% in 2019. Lost income and general economic uncertainty can drive some to entrepreneurship out of necessity. However, EBO also increased to 5.5% in 2021 (from 2.7% in 2019), which is a generally encouraging sign that at least some new businesses are surviving to maturity.

The expansion of Belarus's entrepreneurial activity is somewhat paradoxical, as the general population does not appear to be enthusiastic about the available opportunities to start a business. This supports the idea that many early-stage entrepreneurs started their own company out of necessity. Only 25% of Belarusians said there were good opportunities to start a business where they live, lowest among GEM Level B economies. Of those respondents who did say they saw good opportunities, 56% said they feared the business would fail, highest among GEM Level B economies. These responses indicate strong pessimism around starting a new business in Belarus.

Entrepreneurs themselves were also fairly pessimistic in 2021. Among TEA respondents, 66.1% said it was more difficult to start a business than in the previous year. This was the third-highest rate of all GEM Level B economies. Similarly, only 30.4% of those TEA respondents agreed they saw new opportunities as a result of the pandemic, one of the lowest rates among GEM Level B economies.

EBO respondents also had a fairly low assessment of pandemic-related opportunities, with only 19.6% agreeing with this statement. These responses indicate that current Belarusian entrepreneurs are not very confident about their future. This negative sentiment, in addition to the low opportunity perception among the general population, means the quality of entrepreneurship in Belarus will continue to degrade unless conditions improve in the form of policy and social confidence.

2021 Framework Conditions Review

Experts assessing Belarus's framework conditions echoed the same sentiment as entrepreneurs and the general population. Most conditions were scored poorly, with a couple of exceptions. Critically, both financial and governance-related conditions were scored near the bottom of each condition compared to peers. Both Finance (2.6) and Ease of Access to Finance (2.8) received the lowest scores among GEM Level B economies. Similarly, the conditions Government policies: priority and support (1.7), and Government Entrepreneurship Programmes (2.2) were also the lowest scores among GEM Level 1 economies. Educational conditions received low scores as well. Cumulatively, these scores reflect a low investment and general lack of involvement in promoting high-quality entrepreneurship by Belarusian institutions.

Belarus's highest-ranking condition was Commercial and Professional Infrastructure, which received a score of 5.6, placing it fifth among GEM Level B economies. This indicates there is a relatively strong professional class within Belarus, and obtaining their services is affordable compared to other peer economies. This is fortunate, as many new businesses must turn to the professional class in the absence of government support for entrepreneurship.

Institution

Lead institution
BEROC Economic Research Center (Kyiv)

Type of institution
Research Centre

Website
https://www.beroc.org

Funders

BEROC Economic Research Center (Kyiv)

Contact

beroc@beroc.by

Brazil

■ **Population** (2020): **212.6 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **14.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	70.6	5
Good opportunities to start a business in my area	54.8	24
It is easy to start a business	42.0	30
Personally have the skills and knowledge	66.7	12
Fear of failure (opportunity)	45.1	24
Entrepreneurial intentions	53.0	5

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	6.4	8
International (25%+ revenue)	0.2	40=
	% TEA	**Rank/46**
Always consider social impact	89.9	3
Always consider environmental impact	84.1	13
	% TEA	**Rank/47**
Industry (% TEA in business services)	12.1	37=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	75.7	4	80.4	71.8
Build great wealth	56.5	24	65.5	48.9
Continue family tradition	32.0	17	27.4	35.9
To earn a living	76.8	12	75.8	77.7

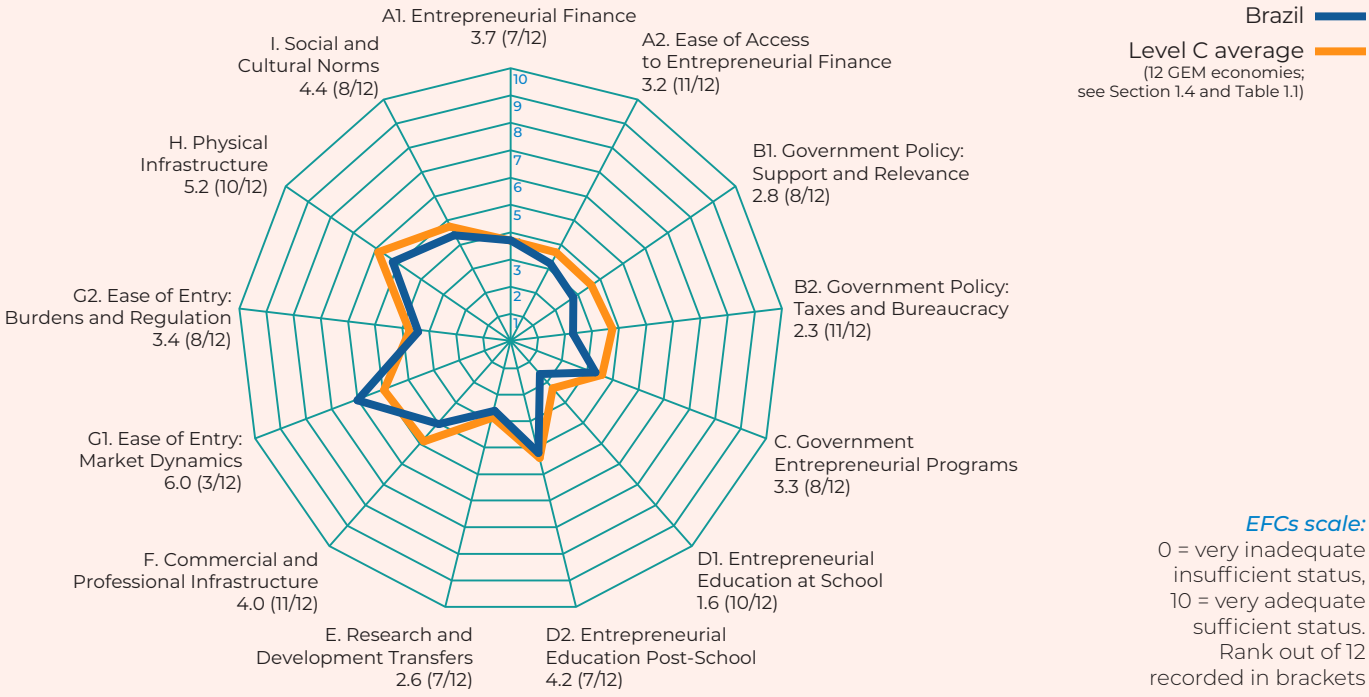
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	21.0	7	18.7	23.3
Established Business Ownership rate	10.0	7	6.1	14.0
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	3.3	18	2.0	4.7

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	63.8	10
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	60.9	9
Use more digital technology to sell products or services	83.6	1
Pursue new opportunities due to pandemic	53.6	10

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Brazil has long had high rates of entrepreneurial activity. In 2021, its TEA rate was 21%, down from 2020 (23.4%), but still highest among all participating GEM economies with populations over 50 million. Its EBO rate, which increased in 2021 to 10.0%, was second highest among both GEM Level C economies and among those GEM economies with populations over 50 million. With over 200 million people in Brazil, these rates mean a substantial number of people are participating in entrepreneurial activity, both early-stage and established, every year.

Unfortunately, the economic impact of Brazil's entrepreneurial activity has often been stymied by policies (or lack thereof) that seem to reduce productivity and competitiveness. The result is many Brazilian entrepreneurs do not hire many formal employees (high rates of "solopreneurship"), and do not undertake the steps needed to export their products for higher returns. For example, Brazil is second lowest among GEM Level C economies in entrepreneurs anticipating more than 25% of their revenue to come from outside their country. Part of this is due to the large domestic market of Brazil, but also due to difficult tax compliance and low public–private investment in infrastructure.

Perhaps because of some of these constraints mentioned above, 60.9% of Brazilian TEA respondents state that it is more difficult to start a business than a year ago, about average among GEM Level C economies. Similarly, 53.6% of TEA respondents and 49.7% of EBO respondents state that they see new opportunities as a result of the pandemic — both also about average among GEM Level C economies. These responses indicate that Brazilian entrepreneurs are still relatively unsure of how to assess new business realities caused the pandemic. Yet, surprisingly, 83.6% of TEA respondents state that they plan to use more digital technologies to sell goods and services over the next six months, highest among GEM Level C economies, and a strong statement for preparing for a post-pandemic consumer base.

2021 Framework Conditions Review

Even with Brazil's high rates of entrepreneurial activity, experts were mostly negative in their assessment of Brazil's entrepreneurial framework conditions. This implies that many of the Brazilian entrepreneurs are not reaching their potential as a result of constraints. On Ease of Access to Finance, Brazil scored 3.2, second lowest among GEM Level C economies. Entrepreneurs looking to make investments in digital technology may be constrained by difficulties obtaining financing.

On Government Policy: Taxes and Bureaucracy, Brazil scored 2.3, second lowest among GEM Level C economies. This reinforces findings from the APS that starting a business in Brazil is difficult, even if many people do so. Difficulties with bureaucracy and taxes often results in compliance costs that are too high for many entrepreneurs. As a result, many do not register their business.

As noted above, lack of investment in infrastructure also constrains Brazil's entrepreneurs. Unsurprisingly, then, its Physical Infrastructure condition also received a low score, 5.2, third lowest among GEM Level C economies. However, on the condition of Ease of Entry: Market Dynamics, a 6.0 score ranked Brazil third highest among GEM Level C economies. This may reflect the power of a large domestic economy with a consumer base eager for new products and services. This is an area of hope: despite its many challenges, the dynamic domestic consumer base is an advantage for Brazilian entrepreneurs if they can receive a little more help.

Institution

Lead institution
Instituto Brasileiro Da Qualidade E Produtividade (IBQP)

Type of institution
Non-governmental Organization

Website
http://www.ibqp.org.br

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

Team

Team leader
Simara Greco

Team members
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Funders
Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE)

APS vendor
Harvest Pesquisas

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Canada

■ **Population** (2020): **37.7 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **48.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	51.7	28
Good opportunities to start a business in my area	70.5	11
It is easy to start a business	66.8	13
Personally have the skills and knowledge	58.9	23
Fear of failure (opportunity)	53.8	3
Entrepreneurial intentions	13.4	31=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.6	19=
International (25%+ revenue)	5.9	2
	% TEA	**Rank/46**
Always consider social impact	80.3	20=
Always consider environmental impact	72.2	29
	% TEA	**Rank/47**
Industry (% TEA in business services)	25.5	16

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	70.4	7	71.0	69.7
Build great wealth	68.4	17	70.7	65.8
Continue family tradition	50.0	5	56.1	43.0
To earn a living	70.7	20	69.7	71.9

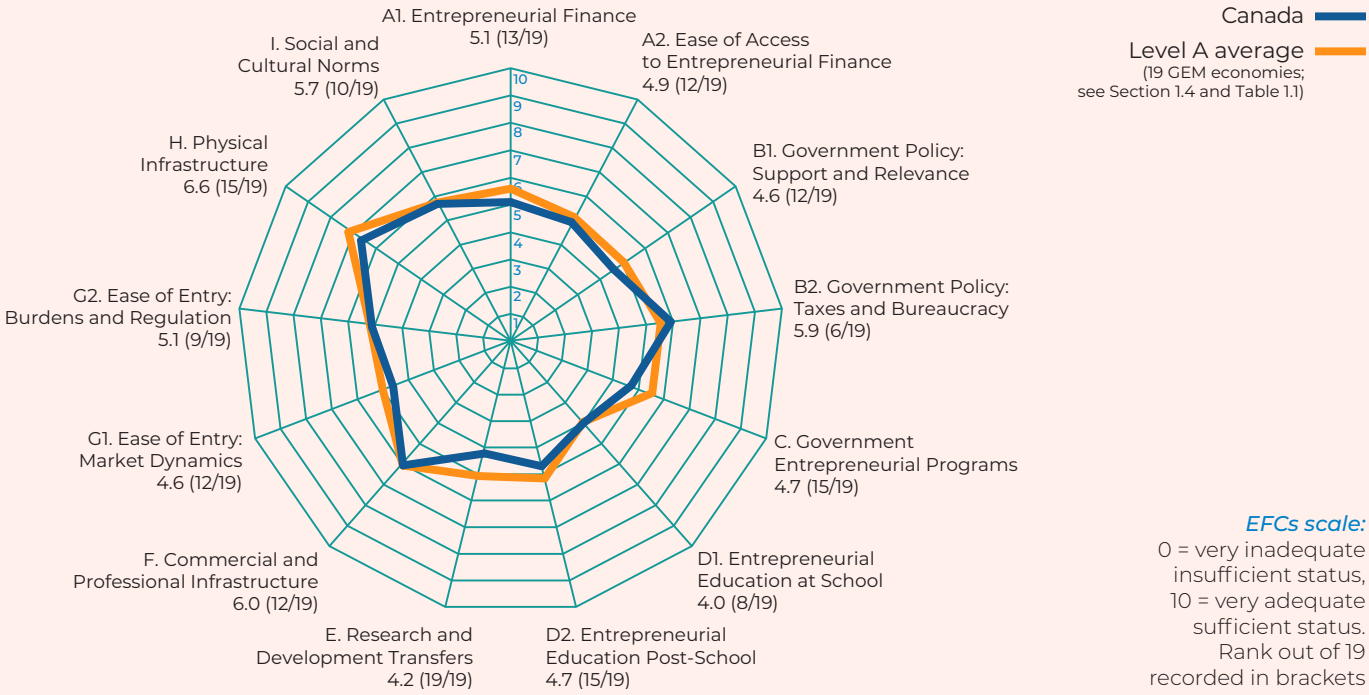
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	20.1	8	15.8	24.4
Established Business Ownership rate	8.2	16	6.6	9.7
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	4.7	10	3.2	6.2

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	35.6	29
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	52.8	16
Use more digital technology to sell products or services	55.4	21
Pursue new opportunities due to pandemic	67.1	2

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021 Canada had the highest TEA rate among all GEM Level A economies, 20.1% — its highest level since the country began participating in GEM. The country's EBO rate recovered to 8.2%, closer to its long-term average, from 7.3% in 2020. These are encouraging signs, both because they reverse a decline in entrepreneurial activity that occurred during 2020, and because they were primarily driven by opportunity-seeking entrepreneurship. Yet this recovery in entrepreneurial activity may have been expected, given the country's improved conditions in 2021. A growing economy and strong government policy support, including hiring and wage subsidies for new businesses, appears to have encouraged many more Canadians to start new businesses after 2020 proved too difficult.

One clear measure of improved entrepreneurial conditions in Canada is the strong increase in survey respondents seeing good opportunities to start a business where they live. In 2021, this rate was 70.5%, a significant increase from 49.1% in the 2020 survey. This improved sentiment was matched by Canadian entrepreneurs as well. Fewer TEA respondents said it was more difficult to start a business in 2021 than in 2020. Additionally, 67.1% said they saw new opportunities as a result of the pandemic, the highest rate among GEM Level A economies in 2021. This indicates many new entrepreneurs are responding to the changing landscape generated by COVID-19, but with a positive business perspective.

Many new entrepreneurial opportunities have been generated in 2021 by exporting goods and services, particularly to a recovering US market. The rate of Canadian entrepreneurs who plan to generate more than 25% of their income from outside the country nearly doubled between 2020 and 2021, making it the highest exporting country among GEM Level A economies. Export-based businesses tend to generate high revenues and employ many people, so this could be a strong growth opportunity for the economy overall.

2021 Framework Conditions Review

Despite the stronger government policy support in 2021 noted above, experts were less enthusiastic in their assessment of Canada's framework conditions. On two of the country's governance-related conditions, Government policies: Support and Relevance and Government Entrepreneurial Programmes, experts scored Canada below 5.0, placing Canada near the bottom of GEM Level A economies. However, on the condition Government Policy: Taxes and Bureaucracy experts were more generous, giving a 5.9 score, sixth among this group. This may reflect the manageable levels of bureaucracy entrepreneurs had to deal with to receive their wage subsidies, which the state has continued through the first quarter of 2022.

Other areas experts assessed as constraining entrepreneurship related to R&D and infrastructure. On the condition Research and Development Transfers, Canada received a 4.2 score, lowest among GEM Level A economies. The state should do more to encourage intellectual property and other sharing of research resources between firms, particularly between established and new firms. Otherwise, new firms will be lacking the necessary technology and procedures to effectively scale their operations. The condition Physical Infrastructure received a 6.6 score, which, while considered sufficient to enable entrepreneurship, was still 15th among GEM Level A economies. Improving infrastructure is an expensive and longer-term process; however, doing so would further boost the export potential of new businesses. This is a significant growth area for entrepreneurs, and an opportunity with high return on investment potential, both for entrepreneurs and the economy generally.

Institution

Lead institution

The Centre for Innovation Studies (THECIS)

Type of institution

Research Institute

Website

http://www.thecis.ca

Other institutions involved

Memorial University, St John's, Newfoundland

Cape Breton University, Sydney, Nova Scotia

University of New Brunswick, Moncton, New Brunswick

University of Prince Edward Island, Charlottetown, PEI

UQTR, Trois Rivières, Québec

University of Ottawa

Ryerson University

Asper School of Business, University of Manitoba, Winnipeg

University of Regina

University of Calgary

Mount Royal University, Calgary

University of Alberta, Edmonton

Team

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Peter Josty

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Matthew Pauley

Étienne St-Jean

Marc Duhamel

Sandra Schillo

Charles Davis

Howard Lin

Nathan Greidanus

Chad Saunders

Amanda Williams

Karen Hughes

Brian Wixted

Tyler Case

Funders

Government of Alberta

Government of Canada

Government of the Yukon

Western Economic Diversification Canada

Women's Economic Knowledge Hub (Ryerson University)

Social Sciences and Humanities Research Council

University of Manitoba

APS vendor

Elemental Data Collection Inc.

Contact

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Chile

- **Population** (2020): **19.1 million** (UN)
- **GDP** per capita (2020; PPP, international $): **25.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	70.7	4
Good opportunities to start a business in my area	59.8	19
It is easy to start a business	48.0	28
Personally have the skills and knowledge	70.7	8
Fear of failure (opportunity)	46.8	18
Entrepreneurial intentions	50.3	7

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	10.1	2
International (25%+ revenue)	0.2	40=
	% TEA	**Rank/46**
Always consider social impact	88.0	5
Always consider environmental impact	90.9	3
	% TEA	**Rank/47**
Industry (% TEA in business services)	16.3	31

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	56.6	19	60.5	53.3
Build great wealth	53.5	27	57.9	49.8
Continue family tradition	33.6	16	32.1	34.9
To earn a living	73.9	14	71.4	76.0

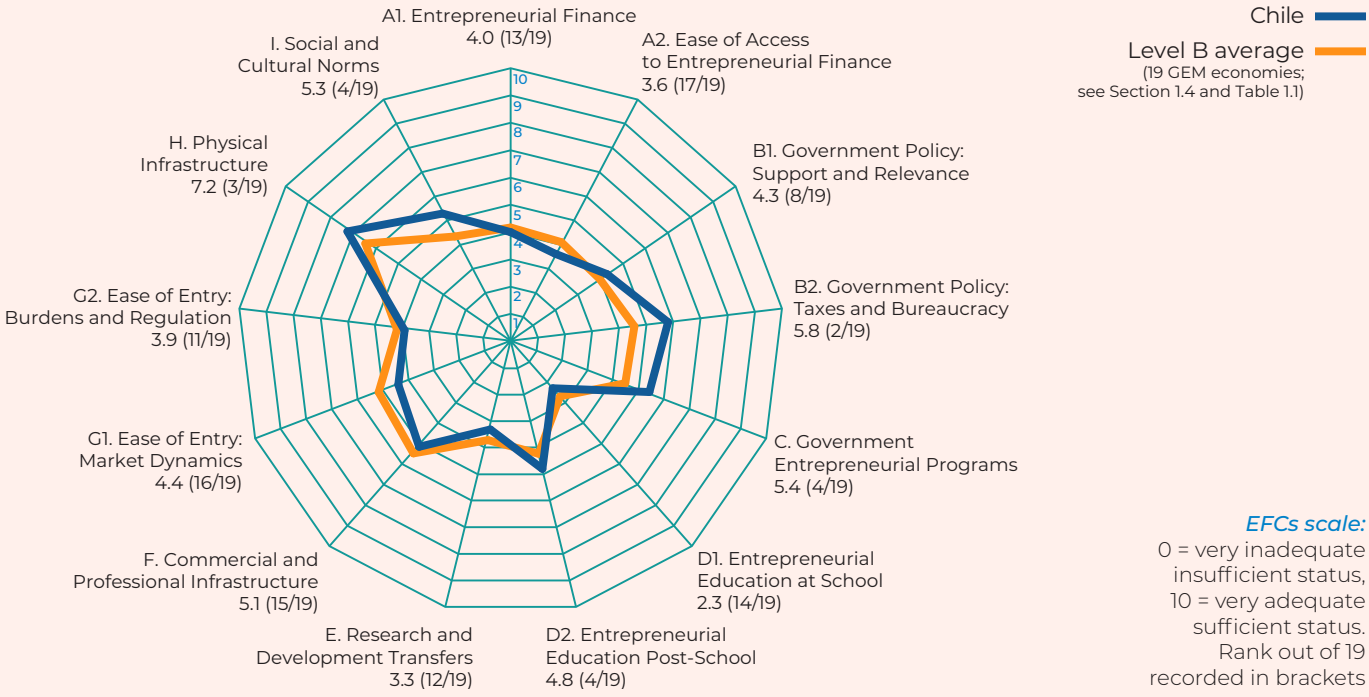
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	29.9	3	25.3	34.7
Established Business Ownership rate	7.1	19=	4.5	9.8
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	4.0	15	2.8	5.3

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	58.9	15
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	66.7	5
Use more digital technology to sell products or services	77.0	3
Pursue new opportunities due to pandemic	65.5	3

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Chile has experienced a high rate of early-stage entrepreneurial activity for over a decade. In 2021, its TEA rate was 29.9%, highest among GEM Level B economies. This entrepreneurial activity has corresponded with a strong perception of entrepreneurial capabilities among the Chilean population, with variations in annual TEA rate moving in sync with increases and decreases in the rate of Chilean respondents saying they have the skills, knowledge and experience necessary to start a business. This indicates that, for many Chileans, the perception of their capabilities is a strong factor in guiding their decision to become an entrepreneur. In 2021, this rate was 70.7%, highest among GEM Level B economies. Yet, like many other Level B economies, this does not translate to a high rate of sustained business activity. In 2021, Chile's EBO rate was 7.1% — a significant gap from the rate of early-stage entrepreneurship occurring in the country.

In addition to the high rate of Chilean's perceived entrepreneurial capabilities, many respondents also felt there were good opportunities to start a business where they lived — 59.8% in 2021, second among GEM Level B economies. Taken together, it is easy to understand why Chileans start businesses at such high rates. This enthusiasm is present in the plans of these early-stage entrepreneurs as well. Chile has the highest rate of adults planning to hire six or more employees (10.1%) for their new business among GEM Level B economies in 2021. Furthermore, 77% of TEA respondents said they planned to use more digital technologies to grow their business in the next six months. This projects confidence in the future growth of their business, supported by a strong sense of capability and opportunity.

Yet, in recent years at least, this confidence has not enabled more businesses to reach maturity in the form of EBO. Part of the explanation lies in a level of necessity-driven entrepreneurship occurring in the country, which results in many short-lived businesses as Chileans move to the next best available opportunity for them rather than trying to build something long-term. Many early-stage entrepreneurs in Chile clearly have longer-term plans for their business, but continue to hit a variety of barriers to their survival and eventual growth.

2021 Framework Conditions Review

An examination of Chile's scores on framework conditions can provide insight on some of the barriers to sustained entrepreneurship. One significant area is finance. On the Entrepreneurial Finance condition, Chile's score of 4.0 was 13th among GEM Level B economies, while Ease of Access to Finance received a 3.6, 17th among Level B economies. Lack of access to credit and finance is one clear constraint on the ability to grow a new business into the established phase. Other sources have also identified the difficulties in getting credit in Chile. In the most recent Doing Business rankings, Chile was rated 94th in the area of getting credit, despite the country having a fairly strong set of financial institutions. Policy guidance will be needed to incentivize these institutions to lend more to promising new businesses.

Internal market burden is another area in need of improvement. In particular, the condition Ease of Entry: Market Dynamics, Chile's 4.4 score was 16th among GEM Level B economies. This means there are unpredictable domestic market conditions, related to price and consumer demand, that distort entrepreneurs' ability to plan for future products and services. Smoothing these variations will take time, and will self-correct if the political and economic environment can stabilize.

Institution

Lead institution
Universidad del Desarrollo

Universidad del Desarrollo

Type of institution
University

Website
https://www.udd.cl

Other institutions involved
(From north to south)
Universidad Arturo Prat
Universidad Católica del Norte
Universidad Técnica Federico Santa María
Asociación de Emprendedores de Chile (ASECH)
Universidad Católica de la Santísima Concepción
Universidad de la Frontera

Team

Team leader
Maribel Guerrero, PhD

Team members
Tomás Serey, MSc

Funders

Universidad del Desarrollo

APS vendor

Questio Estudios de Mercado y Opinión

Contact

gem@udd.cl

Colombia

■ **Population** (2020): **50.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **14.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	58.2	15
Good opportunities to start a business in my area	38.1	38
It is easy to start a business	29.0	41
Personally have the skills and knowledge	56.2	26
Fear of failure (opportunity)	48.7	13
Entrepreneurial intentions	20.9	19

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	7.2	7
International (25%+ revenue)	0.9	22=
	% TEA	**Rank/46**
Always consider social impact	87.2	7=
Always consider environmental impact	89.6	4
	% TEA	**Rank/47**
Industry (% TEA in business services)	17.0	25=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	64.6	11	70.1	59.4
Build great wealth	64.3	21	65.8	62.9
Continue family tradition	43.6	9	44.1	43.1
To earn a living	78.8	10	80.0	77.8

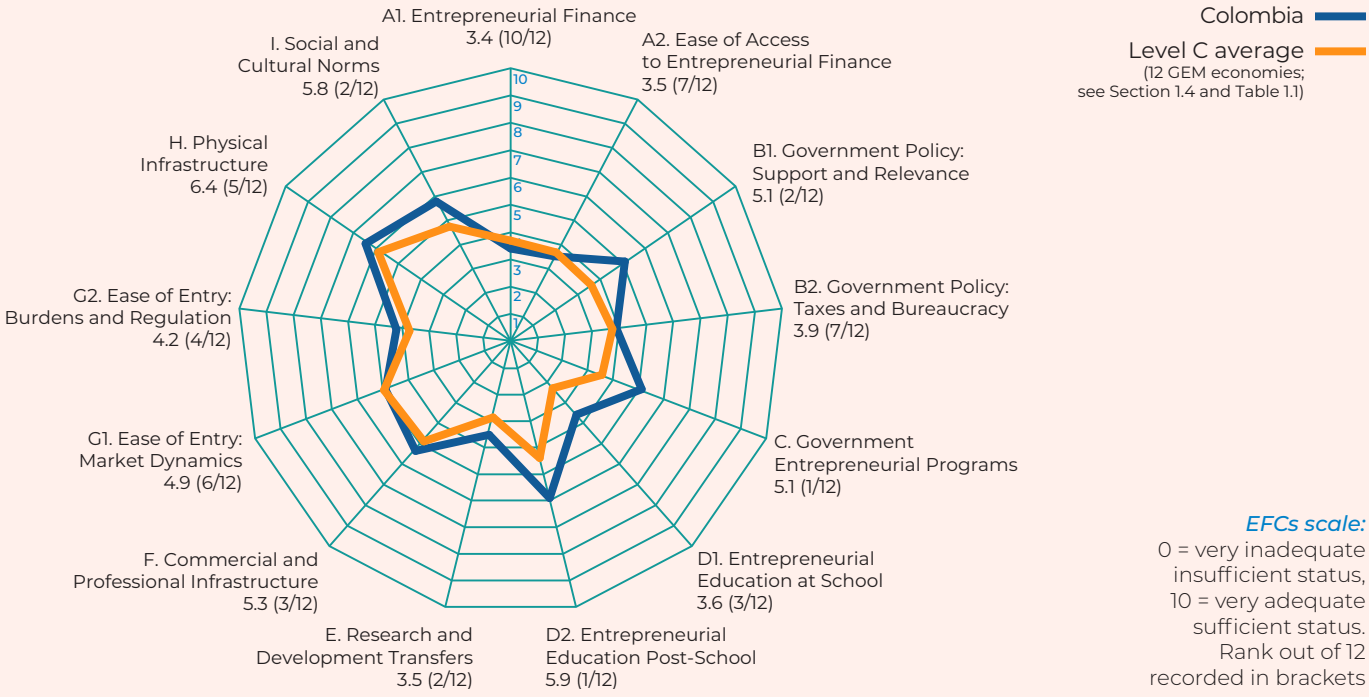
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	15.7	15=	14.1	17.4
Established Business Ownership rate	1.8	47	1.5	2.2
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	76.7	5
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	58.4	12
Use more digital technology to sell products or services	80.2	2
Pursue new opportunities due to pandemic	55.9	8

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Entrepreneurial activity in Colombia declined significantly from the previous year, though some of this decline may appear less dire given proper context. In 2021, Colombia's TEA rate was 15.7%, nearly half of its 31.1% TEA rate in 2020. However, that 31.1% TEA in 2020 was itself much higher than expected; Colombia's usual TEA rate over the previous several years averaged closer to 20%. Additionally, the reduction in 2021's TEA rate may also be attributed to a lag in the impact of COVID-19 on Colombia's large informal labour sector, about 60% of the entire workforce. Many people in the informal labour market are themselves early-stage entrepreneurs, starting businesses that are not officially registered. Because COVID-19 hit informal workers particularly hard, many of these early-stage entrepreneurs reduced and eventually stopped their entrepreneurial activity between 2020 and 2021. This may help explain the dip in Colombia's EBO rate as well, which decreased to 1.8% in 2021, from 5.5% in 2020. Making it easier to register and pay fair taxes on a new business would help address some of Colombia's issues with the informal sector. Only about 29% of surveyed Colombian adults stated it was easy to start a business, second lowest among GEM Level C economies.

Despite the decrease in Colombia's overall entrepreneurial activity in 2021, some indicators suggest entrepreneurs are more confident about their future. The rate of TEA respondents who stated it was more difficult to start a business now than a year ago was 58.4%, one of the lowest among GEM Level C economies, and an improvement from 2020 when it was 64.5%. Furthermore, 80.2% of TEA respondents stated they planned to use more digital technologies to sell goods and services over the next six months, second highest among GEM Level C economies, and a strong indicator that most early-stage entrepreneurs are responding to the new business realities caused by COVID-19 and investing in more efficient ways to reach more customers.

2021 Framework Conditions Review

One of the reasons someone might choose to keep their entrepreneurial venture informal is because of the lack of available finance. In Colombia, this constraint was identified by experts in their 2021 NES survey. On the Entrepreneurial Finance framework condition, Colombia received a score of 3.4, placing it third lowest among GEM Level C economies, while Ease of Access to Finance received 3.5, which was about average. Experts also identified issues with the condition Government Policy: Taxes and Bureaucracy, which received a score of 3.9, seventh among GEM Level C economies, even if it was an improvement over 2020. Difficulty dealing with taxes and bureaucracy is a constraint on expanding entrepreneurial ventures.

However, there did appear to favourable opinions among experts on the other government-related framework conditions. On the condition Government Policy: Support and Relevance, Colombia received a score of 5.1, second among GEM Level C economies, and up from 4.4 in 2020; and on Government Entrepreneurial Programmes experts scored a 5.1, first among GEM Level C economies and up from 4.6 in 2020. This suggests that the government is providing some support to entrepreneurs through some directed programs. However, to stabilize the sector, more work will be needed on making it easier to formalize new businesses.

Institution

Lead institution

Pontificia Universidad Javeriana de Cali
Universidad Icesi
Universidad del Norte
EAN
Corporación Universitaria Americana

Type of institution

Universities

Website

http://gemcolombia.org

Team

Team leader

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Funders

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Contact

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Croatia

- **Population** (2020): **4.1 million** (UN)
- **GDP** per capita (2020; PPP, international $): **28.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	68.0	7
Good opportunities to start a business in my area	58.3	21
It is easy to start a business	30.9	38
Personally have the skills and knowledge	71.1	6
Fear of failure (opportunity)	45.6	21=
Entrepreneurial intentions	21.7	18

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.7	18
International (25%+ revenue)	2.0	11
	% TEA	**Rank/46**
Always consider social impact	78.7	23
Always consider environmental impact	81.9	17=
	% TEA	**Rank/47**
Industry (% TEA in business services)	25.6	15

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	38.7	30=	44.9	32.1
Build great wealth	51.3	30	58.9	43.4
Continue family tradition	28.5	21	26.3	30.7
To earn a living	65.7	24	55.4	76.4

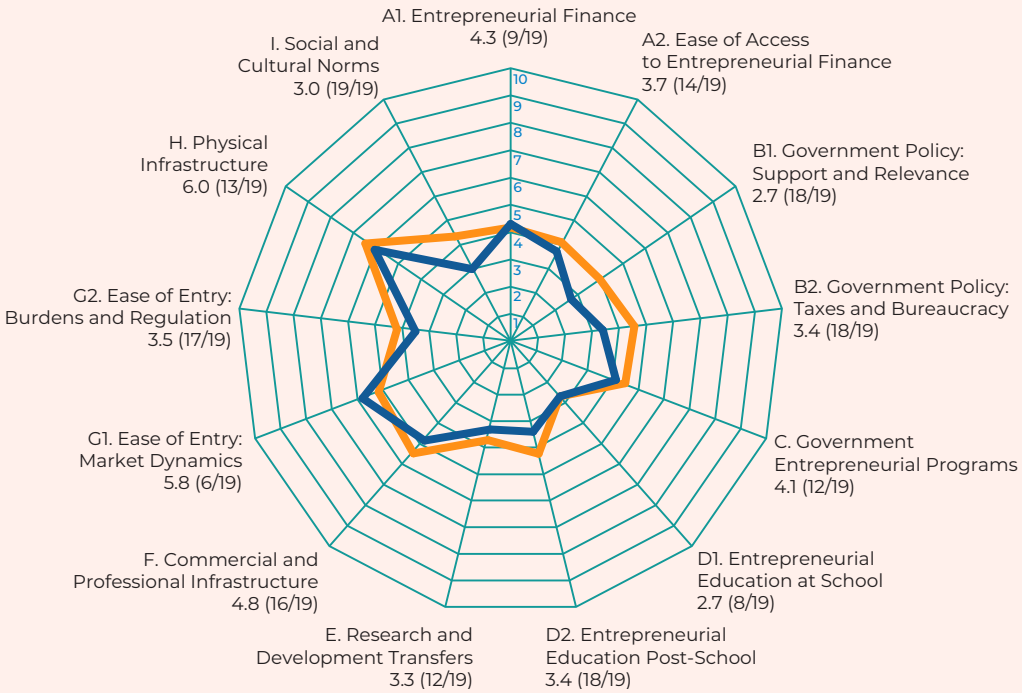
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	12.4	25	9.2	15.5
Established Business Ownership rate	4.0	37	2.9	5.2
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	5.7	8=	5.3	6.0

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	26.8	40
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	27.7	41
Use more digital technology to sell products or services	57.3	20
Pursue new opportunities due to pandemic	32.7	36

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Croatia

Level B average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

While the level of entrepreneurial activity in Croatia remained stable between 2021 and the previous year, many indicators point to stronger growth in the near future. The country's TEA rate was 12.4% in 2021, down slightly from 12.7% in 2020. Its EBO rate was 4.0% in 2021, also down slightly from 4.2%. This stability suggests most Croatian entrepreneurs were able to weather the challenges of COVID-19. However, perhaps more importantly, Croatia's 2021 survey results show an uptick in entrepreneurial confidence, which will be critical to expanding activity as the economy recovers from a difficult 2020.

Croatia's economy is heavily dependent on tourism. In 2019, it contributed 25% to GDP, highest among EU nations. The pandemic obviously had a significant economic impact on Croatia in 2020; however, this year, thanks in part to a recovery of the tourism sector, growth is up and household income is recovering. According to GEM's 2021 survey, 26.8% of Croatians lost household income as a result of the pandemic, compared to 39.7% in 2020. More significantly, 30% saw household income increase in 2021 as a result of the pandemic, highest of all GEM Level B economies, and up from 17% in 2020. These macroeconomic conditions may encourage more Croatians to start their own business. Indeed, 58.3% of Croatians said they saw good opportunities to start a business in 2021, up from 47.2% in 2020.

There also appears to be increased confidence among Croatians already involved in entrepreneurship. Of TEA respondents, 27.7% said it was more difficult to start a business compared to the previous year, a significant improvement from 49% in 2020. Additionally, 57.3% of TEA respondents planned to use new digital technologies to grow their business in the next six months, a reflection of both a willingness to invest and an understanding of current consumer demands. These positive indicators will hopefully help grow more new businesses into established ones. The low rate of established businesses in Croatia is one area that could use improvement.

2021 Framework Conditions Review

Despite the improved sentiment of Croatia's entrepreneurs, experts were mixed in their assessment of the country's framework conditions. Some scores improved, yet experts still gave low scores relative to GEM Level B peers. Some of the country's conditional challenges could be considered short-term in nature, while others long-term. In the short term, access to finance and government prioritization need improvements to encourage more potential entrepreneurs. The condition Ease of Access to Entrepreneurial Finance received a 3.7 score from experts, ranking it 4th among GEM Level B economies. If entrepreneurs (or potential ones) cannot easily access finance, some of their confidence will be constrained by these practicalities. Additionally, all three of Croatia's governance-related conditions received scores near the bottom among GEM Level B economies. If the state could generate some highly visible programs targeted at entrepreneurs, these conditions will hopefully improve and provide some assurance that the state supports their activity. Action can be taken in these areas relatively quickly.

Other conditions would be considered more long-term fixes, but are also important to maintain the future pipeline of Croatian entrepreneurship. The country's Entrepreneurial Education Post-School condition had a 3.4 score, 18th among GEM Level B economies, while Physical Infrastructure received a 6.0 score, ranking it 13th. Although these two areas require vastly different solutions, long-term investment is needed for both. If not, they will eventually constrain entrepreneurship, weakening some of the country's recent gains.

Institution

Lead institution

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

Type of institution

University

Website

http://www.efos.unios.hr

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

Other institutions involved

CEPOR — SMEs and Entrepreneurship Policy Centre

http://www.cepor.hr/gem-global-entrepreneurship-monitor/

Team

Team leader

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Team members

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Prof. Sanja Pfeifer, PhD

Sunčica Oberman Peterka, PhD

Funders

Ministry of Economy and Sustainable Development

Croatian Association of Banks

CEPOR — SMEs and Entrepreneurship Policy Centre

J.J. Strossmayer University in Osijek, Faculty of Economics

APS vendor

Puls d.o.o., Zagreb

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singer@efos.hr

Cyprus

- **Population** (2020): **1.2 million** (UN)
- **GDP** per capita (2020; PPP, international $): **38.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	72.9	2
Good opportunities to start a business in my area	50.2	30
It is easy to start a business	50.9	24
Personally have the skills and knowledge	64.1	18
Fear of failure (opportunity)	50.1	10
Entrepreneurial intentions	15.1	28

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.8	40=
International (25%+ revenue)	1.2	18
	% TEA	**Rank/46**
Always consider social impact	68.0	36
Always consider environmental impact	65.9	38
	% TEA	**Rank/47**
Industry (% TEA in business services)	16.7	28

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	32.2	37	38.4	27.7
Build great wealth	81.3	5	87.8	76.7
Continue family tradition	13.7	44	10.7	15.9
To earn a living	72.8	16	72.7	72.8

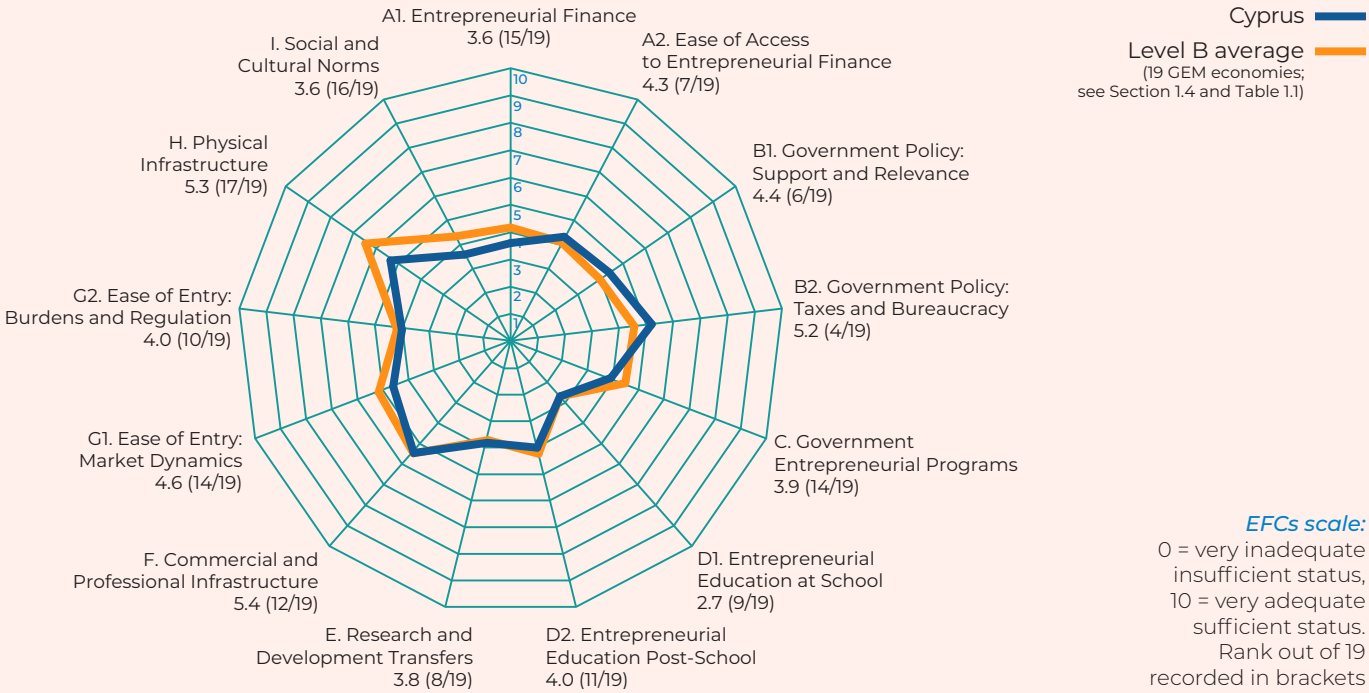
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	8.4	33	6.1	10.8
Established Business Ownership rate	8.6	12	6.7	10.6
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.0	32	0.7	1.3

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	40.8	27
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	43.6	25
Use more digital technology to sell products or services	53.1	24
Pursue new opportunities due to pandemic	39.4	28

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

For Cyprus's entrepreneurs, 2021 was quite similar to 2020, at least in terms of numbers. The island's TEA rate fell slightly from 8.6% to 8.4%, while its EBO rate actually increased to 8.6% in 2021 from 7.3% in 2020. The small uptick in the rate of established business activity is actually a significant accomplishment for Cyprus, as it means some previously new businesses were able to survive to get to the established stage, despite the myriad macroeconomic challenges faced by the country. As an island nation with a small population and a large tourism sector (23% share of GDP in 2019), COVID-19 clearly has a significant impact. While entrepreneurial activity, both TEA and EBO, understandably declined from 2019 levels (when TEA was 12.2%), two years of steady performance indicates that Cypriot entrepreneurship may have stabilized and could soon expand.

Cyprus's 2021 early-stage entrepreneurs also have a similar outlook to 2020. This year, 43.6% of TEA respondents said it was more difficult to start a business than in the previous year, while in 2020 this rate was 42.1%. As macroeconomic conditions improve, this sentiment should similarly improve as more opportunities emerge in a growing economy. In one area, this appears to have already happened. The rate of Cypriot respondents who said they see good opportunities to start a business jumped precipitously to 50.2% in 2021, from 21.1% in 2020. Whether this translates into more people in Cyprus starting a business will require another year or more of results.

One potential constraint on entrepreneurial growth in the coming year is the rate of current entrepreneurs who see new business opportunities because of the pandemic. In 2021, only 39.4% of TEA respondents saw these opportunities, as did only 19.1% of EBO respondents. Considering COVID is still impacting Cyprus's economy today, with its reliance on foreign visitors, entrepreneurs will have to shift strategy according to new business demands. Consumers have already adjusted their expectations and will favour those businesses that meet them.

2021 Framework Conditions Review

Despite the steady entrepreneurial activity of the past two years, many of Cyprus's framework conditions scores declined modestly. First, in the area of finance, there is a disparity between the quality of Entrepreneurial Finance, which received a score of 3.6, 15th among GEM Level B economies, and the condition Ease of Access to Entrepreneurial Finance, which received a 4.3 score, seventh among Level B economies. This split indicates that financial institutions are not currently meeting the needs of entrepreneurial growth demands, but that there are more options to find financing, perhaps in the form of alternative lending.

All three of Cyprus's governance-related conditions declined modestly in 2021. However, a score of 5.2 on the condition Government Policy: Taxes and Bureaucracy was still fourth highest among GEM Level B economies. The ease of paying taxes has recently been a strong point for Cyprus, supported by World Bank Doing Business rankings. Both the country's market conditions (Easy of Entry: Burdens and Easy of Entry: Regulations and Market Dynamics) also decreased their scores in 2021, yet both were still ranked in the bottom half of GEM Level B economies. This is somewhat expected, given the limited domestic market (less than a million population) for entrepreneurs to access. Instead, Cyprus has focused on its strategic position between Europe and the Middle East to act as a business intermediary between the two regions. This position should generate more opportunities for Cypriot entrepreneurs as the world emerges from COVID-19 business restrictions.

Institution

Lead institution

University of Cyprus (UCY), Centre for Entrepreneurship (C4E)

Type of institution

University

Website

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

https://www.c4e.org.cy

Other institutions involved

Ministry of Energy, Commerce and Industry

Team

Team leader

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Team members

Dr. Ariana Polyviou

Constantinos M. Savvides

Funders

Ministry of Energy, Commerce and Industry

APS vendor

RAI Consultants Ltd

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Dominican Republic

■ **Population** (2020): **10.8 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **17.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	82.7	1
Good opportunities to start a business in my area	74.4	4
It is easy to start a business	66.6	15
Personally have the skills and knowledge	88.7	2
Fear of failure (opportunity)	36.7	40
Entrepreneurial intentions	54.8	3

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.4	25=
International (25%+ revenue)	6.1	1
	% TEA	**Rank/46**
Always consider social impact	81.2	19
Always consider environmental impact	79.7	21
	% TEA	**Rank/47**
Industry (% TEA in business services)	11.5	39

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	72.1	5	70.6	73.4
Build great wealth	64.4	20	66.5	62.7
Continue family tradition	37.6	14	38.5	36.8
To earn a living	72.9	15	77.1	69.4

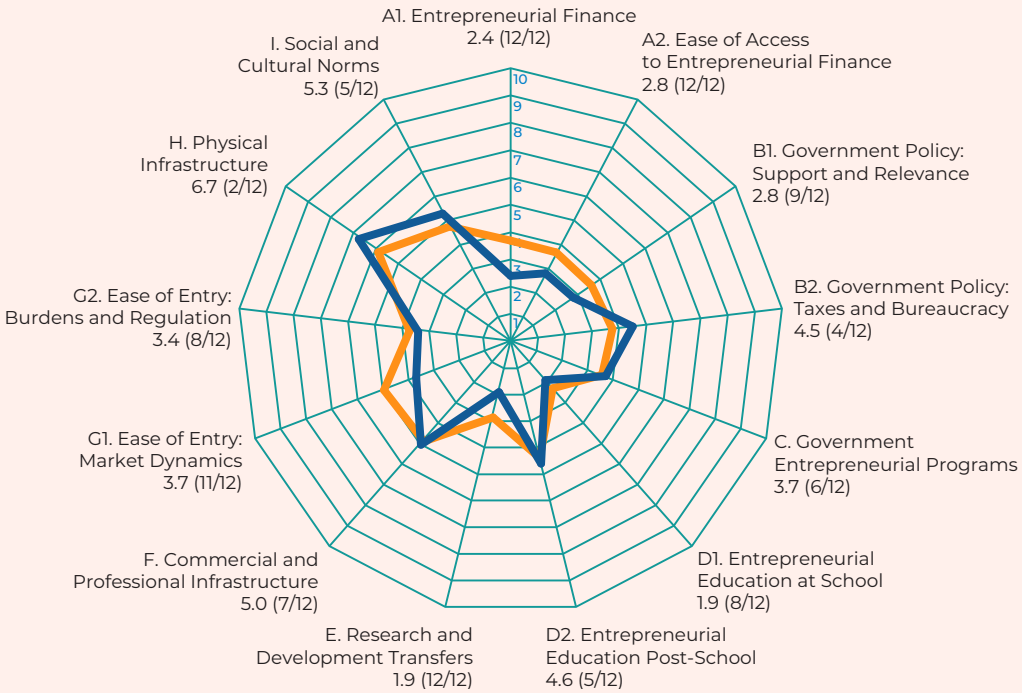
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	41.9	1	43.8	40.1
Established Business Ownership rate	3.8	38	3.3	4.4
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	72.0	8
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	56.5	15
Use more digital technology to sell products or services	74.5	6
Pursue new opportunities due to pandemic	52.0	12

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Dominican Republic
Level C average
(12 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Like many countries with a large tourism sector, the Dominican Republic's economy was strongly affected by COVID-19 related restrictions in 2020. However, by 2021, the Dominican Republic's tourism sector, and hence economy in general, have mostly recovered, with GDP expected to expand by 10% according to recent IMF projections. Likewise, while many Dominicans have suffered income loss as a result of COVID-19, 10.6% said that their household income increased as a result of the pandemic this past year, highest among GEM Level C economies.

With many financial indicators improving, the Dominican Republic's overall economy should soon complete its recovery from 2020 losses. However, the health and sustainability of that recovery will depend in part on its entrepreneurs, who help diversify the economy and create new jobs. Dominican entrepreneurs may struggle in this role in the short term. This is because, while there is a substantial amount of early-stage entrepreneurial activity in the Dominican Republic, these new businesses are not growing and hiring at significant rates.

In 2021, the Dominican Republic's TEA rate was 41.9%, highest among all GEM economies, while its EBO rate was 3.8%, third lowest. The substantial gap between TEA and EBO rates suggests many new businesses have not matured and established themselves. This can negatively impact employment, as established businesses tend to hire more people as they expand. Fewer businesses making it to the established stage mean fewer job creation opportunities. Indeed, 33.8% of Dominican adults plan to hire zero employees in the next five years, while only 2.4% plan to hire six or more. However, this outlook is likely to be due in part to the impact of COVID-19 on the Dominican Republic noted earlier. Only 52% of Dominican TEA respondents said they saw new opportunities as a result of the pandemic, reflecting some hesitancy about the future of vulnerable sectors such as tourism.

Still, there is some room for optimism about Dominican entrepreneurship in the medium term. With such high levels of TEA, there are likely to be more businesses maturing into the established stage in the near future by dint of sheer numbers. Additionally, Dominican adults report high confidence in having the skills and knowledge to start a business (88.7%). With policies directed at making it easier for new firms to register, simplify their taxes, and hire full-time — perhaps through tax benefits — Dominican entrepreneurship could thrive.

2021 Framework Conditions Review

For entrepreneurship to thrive, however, financing in the Dominican Republic will also need serious attention. In 2021, experts gave the country a 2.4 on their Entrepreneurial Finance condition, and 2.8 on Ease of Access to Finance. Both were lowest among GEM Level C economies. A lack of financing opportunities can also help explain why new Dominican businesses struggle to establish themselves. It may be necessary for the state to encourage financial institutions to lend more, as well as to make it easier for foreign investment to reach areas of the Dominican economy outside of tourism. Foreign direct investment (FDI) was increasing before the pandemic: a trend that could help in this regard.

On the conditions Ease of Entry: Burdens and Regulations and Ease of Entry: Market Dynamics experts also gave low scores. This suggests some regulations are holding back entrepreneurs from entering new markets for their goods and services. Targeting excessive regulation could help entrepreneurs gain a market foothold and expand their operations. On a positive note, however, on the condition of Physical Infrastructure, experts gave the country a 6.7 score, second among GEM Level C economies. This will help entrepreneurs expand quickly if financing and regulation can be addressed.

Institution

Lead institution
Ministry of Industry, Commerce and SMEs

GOBIERNO DE LA REPÚBLICA DOMINICANA
INDUSTRIA, COMERCIO Y MIPYMES

Type of institution
Government

Website
https://micm.gob.do/

Team

Team leader
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Aura Madera
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Egypt

■ **Population** (2020): **102.3 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **12.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	30.8	46
Good opportunities to start a business in my area	73.2	8
It is easy to start a business	72.4	7
Personally have the skills and knowledge	65.8	14
Fear of failure (opportunity)	53.0	5=
Entrepreneurial intentions	55.3	1=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.2	23
International (25%+ revenue)	0.6	30=
	% TEA	**Rank/46**
Always consider social impact	86.3	9
Always consider environmental impact	86.5	8
	% TEA	**Rank/47**
Industry (% TEA in business services)	6.7	43

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	63.4	13	63.1	64.0
Build great wealth	72.4	15	80.0	58.6
Continue family tradition	49.5	7	50.8	47.2
To earn a living	86.9	7	85.6	89.3

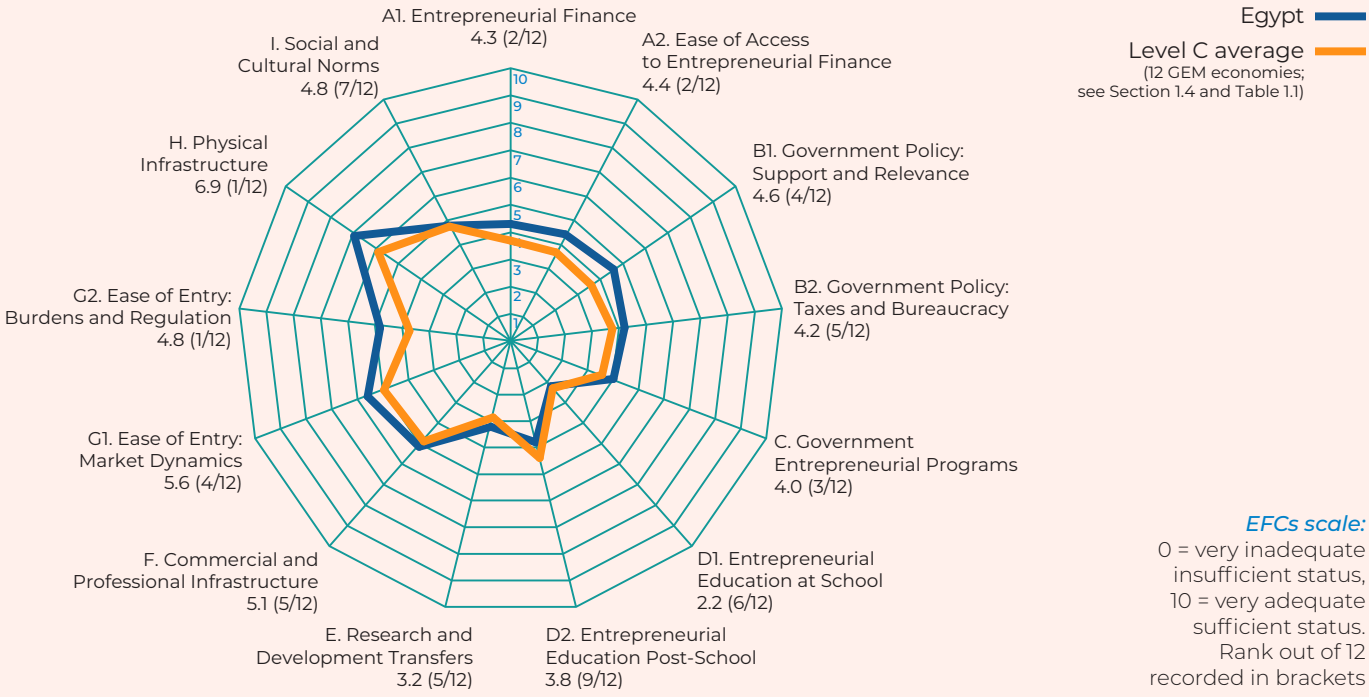
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	9.2	30	5.7	12.5
Established Business Ownership rate	3.6	40=	1.0	6.0
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	76.3	6
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	40.7	30
Use more digital technology to sell products or services	69.7	9
Pursue new opportunities due to pandemic	43.5	23

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Recent Egyptian government policy announcements have signalled the necessity of boosting entrepreneurship to make the economy more competitive. Reforms have been proposed to increase the role of the private sector and accelerate digital capacity by 2024. This will not be possible without entrepreneurs, as they are the group responsible for offering improved services and implementing new digital technologies. Therefore, the stated goals of the Egyptian government are necessarily tied to the success of Egyptian entrepreneurs.

The state of Egyptian entrepreneurship is currently lower than pre-COVID levels; however, there is evidence that the future could improve. This improvement will have to scale rapidly, though, to meet the government's goals. Egypt's TEA rate decreased in 2021, to 9.2% from 11.3% in 2020. Similarly, its EBO rate decreased to 3.6% in 2021, from 5.2% in 2020. This low EBO rate means that the capacity of current established business owners needs to be boosted to carry forward the expansionary private sector goals of the Egyptian government. Moreover, newer firms will have to scale up quickly to take on a bigger role in improving Egyptian competitiveness.

There is some reason to believe this could occur. First, only 40.7% of TEA respondents stated it was more difficult to start a business in 2021 than a year ago. In 2020, this rate was 65.6%. Additionally, 69.7% of TEA respondents stated that they plan to use more digital technologies to sell goods and services over the next six months; this is about average for GEM Level C economies but it will nonetheless help towards the government's goal of increasing the economy's digitalization. Still, increasing Egypt's entrepreneurial activity will be elusive without improved economic conditions. Over 76% of APS respondents stated that their household lost income because of the COVID-19 pandemic in 2021, only slightly below its 2020 figure. It is difficult to start or expand a new business when most households are losing money.

2021 Framework Conditions Review

If current or potential Egyptian entrepreneurs are evaluating their prospects, however, they will find that certain conditions are favourable, according to 2021 NES scores. Egypt scored 4.3 and 4.4, respectively, on the framework conditions Entrepreneurial Finance and Ease of Access to Entrepreneurial Finance, both second among GEM Level C economies. The framework condition of Government Policy: Taxes and Bureaucracy improved to 4.2 in 2021, from 3.2 in 2020, which suggests a loosening of some previous state obstacles to starting a business. This area will need continuous improvement if Egypt wants to increase the private sector's contribution to economic growth.

There also appeared to be improving domestic market conditions in Egypt, reflecting an expanding capacity for people to want new goods and services offered by entrepreneurs. On the condition Ease of Entry: Market Dynamics, Egyptian experts increased their score to 5.6 in 2021, from 5.1 in 2020; while the condition Ease of Entry: Burdens and Regulation scored 4.8 in 2021, which was highest among GEM Level C economies. Egypt's Physical infrastructure score of 6.9 was also highest among GEM Level C economies. Together, these scores indicate that some of the fundamentals needed to spur entrepreneurship in Egypt are in place. This is particularly true in financing, domestic market conditions and infrastructure. Yet direct policy aimed at scaling individual entrepreneurial ventures will be needed in the coming years if the government wants to meet its lofty growth goals.

Institution

Lead institution
The American University in Cairo — School of Business

Type of institution
Business School

Website
https://business.aucegypt.edu

Other institutions involved
Ministry of Energy, Commerce and Industry

Team

Team leader
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Team members
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Dr. Shima Barakat
Dr. Hakim Adel Hakim Meshreki
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Thomas Schøtt

Funders

Drosos Foundation
Oxfam Novib (Danish Arab Partnership Program — DAPP)
Hivos

APS vendor

PHI Knowledge

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Finland

■ **Population** (2020): **5.5 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **51.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	64.1	9
Good opportunities to start a business in my area	61.0	18
It is easy to start a business	69.6	9
Personally have the skills and knowledge	42.8	40
Fear of failure (opportunity)	44.5	25
Entrepreneurial intentions	9.7	35=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.8	40=
International (25%+ revenue)	0.7	27=
	% TEA	**Rank/46**
Always consider social impact	64.1	39
Always consider environmental impact	72.7	27=
	% TEA	**Rank/47**
Industry (% TEA in business services)	31.6	11

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	40.1	27	41.2	39.5
Build great wealth	33.4	45	36.9	31.4
Continue family tradition	24.3	28	27.6	22.2
To earn a living	47.9	37	43.3	50.6

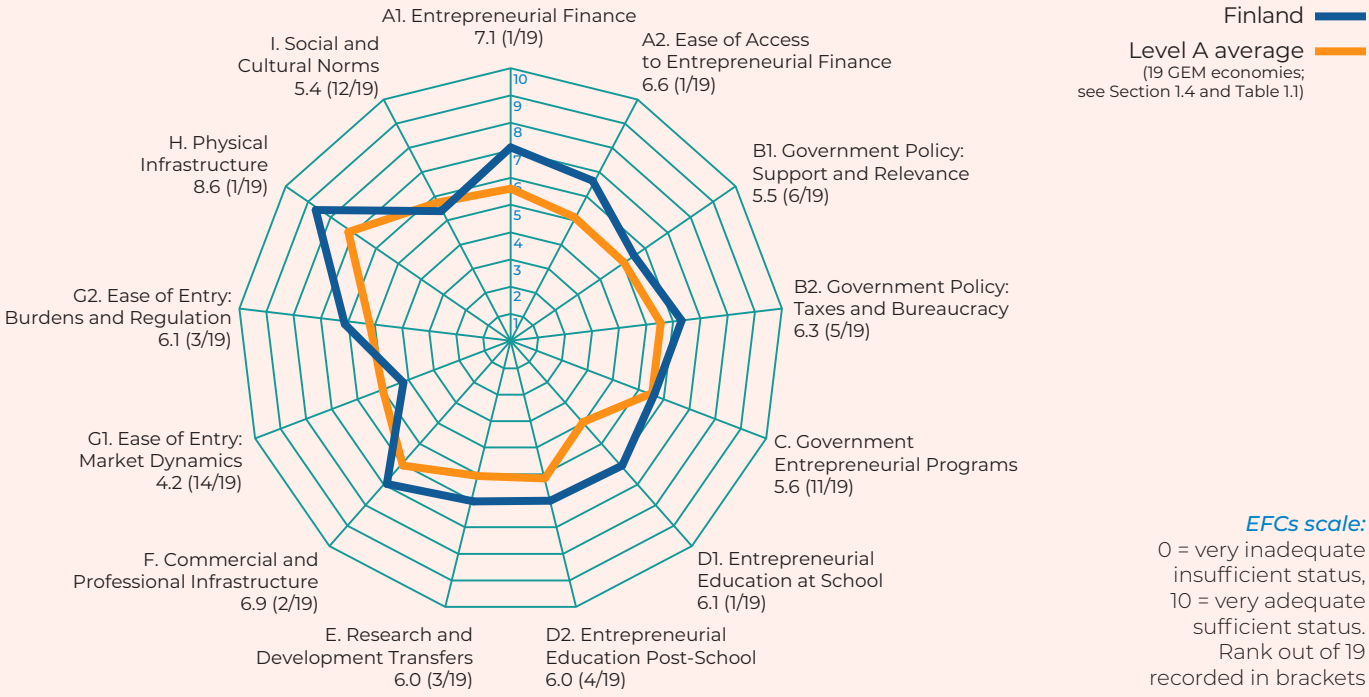
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	7.9	35	6.4	9.4
Established Business Ownership rate	8.9	9	6.3	11.4
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	6.6	4	5.3	7.8

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	17.7	46
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	13.3	46
Use more digital technology to sell products or services	32.2	42
Pursue new opportunities due to pandemic	28.8	41

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Finland last participated in the GEM surveys in 2016. From 2004 to 2016, Finland was a rarity among GEM economies in that its EBO rate was consistently higher than its early-stage entrepreneurship rate (TEA). In 2021, this inverted relationship continued, with the country's EBO rate at 8.9%, while its TEA rate was 7.9%. Such a sustained level of EBO compared to early-stage entrepreneurial activity can be interpreted in different ways. As a positive, it means that a steady flow of new businesses become established businesses every year in Finland, reflecting the availability of clear paths for new business growth. However, lower TEA rates can also suggest a lack of interest, or confidence, in becoming an entrepreneur within a particular country. It could also suggest a cultural and or state preference for established firms over new entrants.

A deeper consideration of Finland's 2021 results can help explain why EBO rates remain high, and consistently above TEA rates. This starts with the fact that 64.1% of Finnish adults say they know someone who has started a business in the last two years, the highest rate among GEM Level A economies. Often, a high positive rate for this question corresponds with higher TEA rates, as knowing other people who have started a business can inspire others to do the same by presenting role models. Other countries with high positive rates on this question, such as Israel, the United States and Saudi Arabia, had significantly higher TEA rates than Finland. Yet, despite their high rate of knowing new business starters, Finns seem discouraged when considering doing the same themselves. This is evident by the low rate of Finns who say they have the knowledge, skills and experience required to start a business (42.8%), as well as for those who expect to start a business in the next three years (9.7%). It is also quite possible many Finns see the risk undertaken by entrepreneurs they know and decide it is too high.

An unfortunate result of these attitudes appears to be a lower rate of female participation in both early-stage and established entrepreneurship. Among Finnish TEA respondents, the ratio of female to male entrepreneurs is 0.67%, so about three male to every two female entrepreneurs, while among EBO respondents the ratio is 0.54%, nearly two to one. With this knowledge, Finnish policymakers could help increase the rate and dynamism of early-stage entrepreneurship by specifically prioritizing potential female entrepreneurs, who would eventually become established business owners.

2021 Framework Conditions Review

The high scores on Finland's framework conditions are consistent with an environment that allows new businesses to grow and sustain themselves, even if a relatively few pursue early-stage entrepreneurship. On both financing-related conditions, Finland had the highest scores among GEM Level A economies. The quality of the country's financial sector, and its efficient distribution of funding, allows many new businesses to scale up and continue the growth necessary to become a sustained established business for many years. Why this does not result in more potential entrepreneurs wanting to start a business will need further study.

Finland also scored highly on its educational conditions, with Entrepreneurial Education at School (with a score 6.1) the highest among GEM Level A economies. This reflects the high priority the Finnish government places on education, and may explain why there is near parity between graduates of post-secondary degree holders and non-graduates among Finland's TEA respondents, an unusual balance among Level A economies, which tend to have more graduates among its early-stage entrepreneurs. Yet the lower rates of female participation indicate more subtle, perhaps cultural, barriers to pursuing entrepreneurship, which policymakers should consider.

Institution

Lead institution
Federation of Finnish Enterprises

Yrittäjät
THE FEDERATION OF FINNISH ENTERPRISES

Type of institution
Interest and service organization for SMEs

Website
https://www.yrittajat.fi/en/

Team

Team leader
Mika Kuismanen, PhD

Funders

Alhopuro Foundation
Yksitysiyrittäjäin Foundation

APS vendor

Taloustutkimus Ltd

Contact

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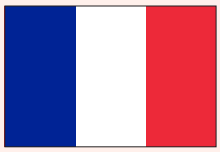


France

■ **Population** (2020): **65.3 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **46.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	46.3	31
Good opportunities to start a business in my area	52.1	27
It is easy to start a business	52.0	23
Personally have the skills and knowledge	48.6	37
Fear of failure (opportunity)	44.1	26
Entrepreneurial intentions	14.5	30

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.8	31
International (25%+ revenue)	1.0	20=
	% TEA	**Rank/46**
Always consider social impact	71.5	32
Always consider environmental impact	69.0	31
	% TEA	**Rank/47**
Industry (% TEA in business services)	35.9	5

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	25.8	40	26.9	25.0
Build great wealth	39.4	39	49.4	32.0
Continue family tradition	22.9	32	26.2	20.6
To earn a living	51.2	35	55.3	48.3

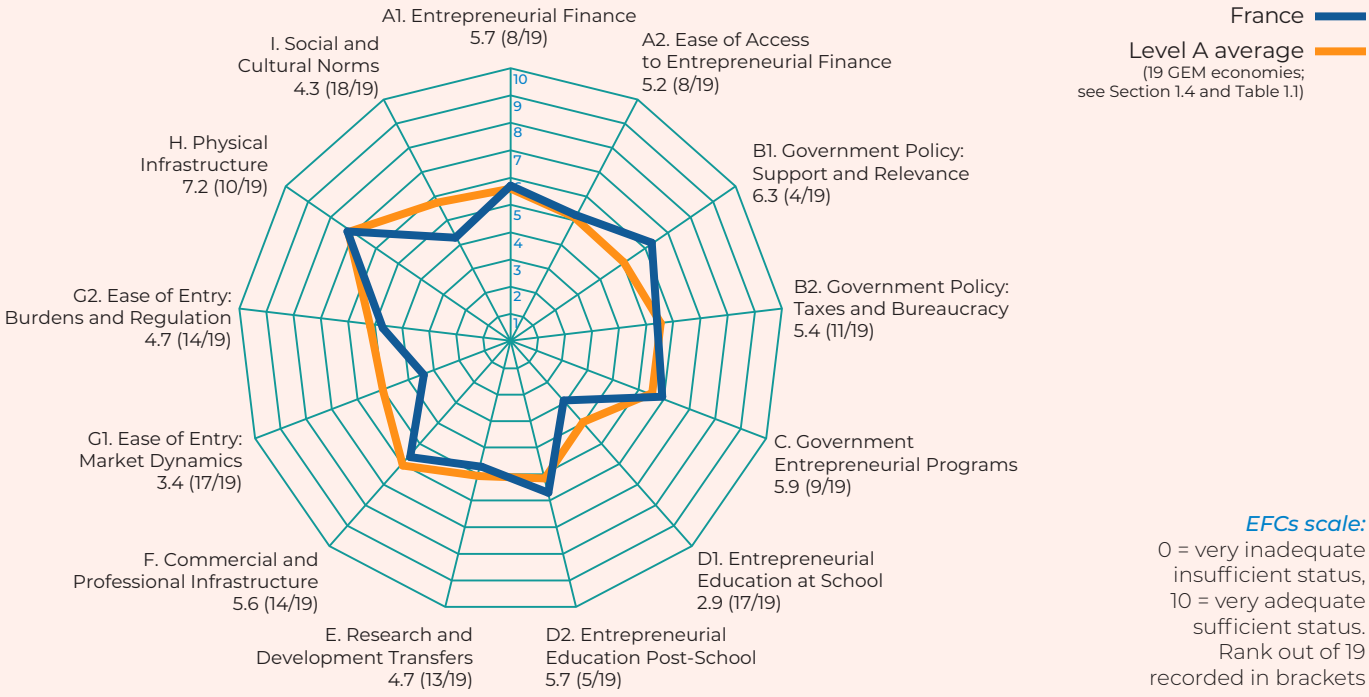
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	7.7	36	7.1	8.4
Established Business Ownership rate	3.6	40=	2.9	4.3
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	2.8	21	2.2	3.6

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	29.4	36
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	35.2	36
Use more digital technology to sell products or services	9.0	47
Pursue new opportunities due to pandemic	39.9	27

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

France last participated in GEM in 2018. Since then, the country's economy has undergone significant change, particularly as a result of COVID-19, resulting in a GDP decline of 8.2% in 2020 — lower than the European average of a 6.2% decline. Yet, in 2021, France is also expected to grow faster (above 6%), than the European average. While there are no data on how COVID-19 impacted French entrepreneurship in 2020, this past year overall entrepreneurial activity was up since it was last measured in 2018. The country's TEA rate was 7.7% in 2021, while its EBO rate was 3.6%. How much of this uptick was in response to the pandemic, positively or negatively, is an open question, however, as French entrepreneurs showed a mixed assessment of how much the pandemic would affect their future plans.

In the 2021 APS, 39.9% of French TEA respondents said they saw new business opportunities as a result of the pandemic, which was among the lower rates for GEM Level A economies. Concurrently, only 9% of these respondents said they planned to use new digital technologies to grow their business in the next six months, the lowest among GEM Level A economies by a significant margin. Taken together, these responses show that early-stage entrepreneurs in France are not reacting strongly to some of the new business realities caused by COVID-19, in particular new consumer demands for digital commerce to avoid in-person contact. Interestingly, EBO respondents were more inclined to plan to use new digital technologies (25%), though this is still a relatively low rate compared to peer economies.

However, there are some positive developments related to France's economic recovery from COVID-19. One is that only 35.2% of French early-stage entrepreneurs said they thought it was more difficult to start a business than in the previous year. This means the majority of early-stage entrepreneurs thought that, despite COVID-related challenges, 2021 had improved conditions for entrepreneurship, reflecting in part the growing economy and a general uptick in business optimism. The improving ease of starting a business can also be seen in other measures. While it is not a perfect corollary of entrepreneurship, France's National Institute of Statistics and Economic Studies (INSEE) reported a strong increase in the number of business registrations in the country in 2021, further confirming that more new business owners, including some who are entrepreneurs, are finding it easier to start a business in France.

2021 Framework Conditions Review

Experts gave France scores that were generally lower than its Level A peers. However, there were a few stand-out conditions. The condition Government Policy: Support and Relevance received a 6.3 score, fourth among GEM Level A economies. This reflects strong state support for entrepreneurship, which can occur in a variety of forms. In France, a well-known startup tech credit, used at higher rates in recent years, could be considered strong state support for entrepreneurship. Continuing this credit, and perhaps offering other credits for critical sectors, will further improve perceptions that the government sees entrepreneurship as critical to its economic success.

There are a few conditions that could be improved, however, particularly related to France's internal market. The condition Ease of Entry: Market Dynamics received a score of 3.4, 17th among GEM Level A economies, while Ease of Entry: Burdens and Regulation received a 4.7, 14th among this group. This reflects strong barriers to accessing domestic consumers for new goods and services, in part due to regulation, as well as a market dominance exerted by large, established firms. Addressing these barriers requires multifaceted approaches, including the reduction of regulation and increasing funding and tax support for new businesses so they can better compete against incumbents.

Institution

Lead institution

Labex Entreprendre (Entrepreneurship)

University of Montpellier

Montpellier Business School

Type of institution

University

Website

http://www.labex-entreprendre.fr
https://www.umontpellier.fr/en/
https://www.montpellier-bs.com/international/

Team

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Walid Nakara
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Olivier Torrès
Justine Valette

Funders

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Montpellier Research in Management

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Germany

- **Population** (2020): **83.8 million** (UN)
- **GDP** per capita (2020; PPP, international $): **53.7 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	39.9	40
Good opportunities to start a business in my area	48.2	33
It is easy to start a business	38.2	31
Personally have the skills and knowledge	37.1	44
Fear of failure (opportunity)	37.9	37
Entrepreneurial intentions	5.8	43

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.0	37=
International (25%+ revenue)	1.1	19
	% TEA	**Rank/46**
Always consider social impact	70.3	33
Always consider environmental impact	62.6	39
	% TEA	**Rank/47**
Industry (% TEA in business services)	29.0	13

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	39.4	28	40.1	38.8
Build great wealth	43.7	34	54.4	35.2
Continue family tradition	24.2	29=	25.7	23.1
To earn a living	40.9	41	34.5	45.9

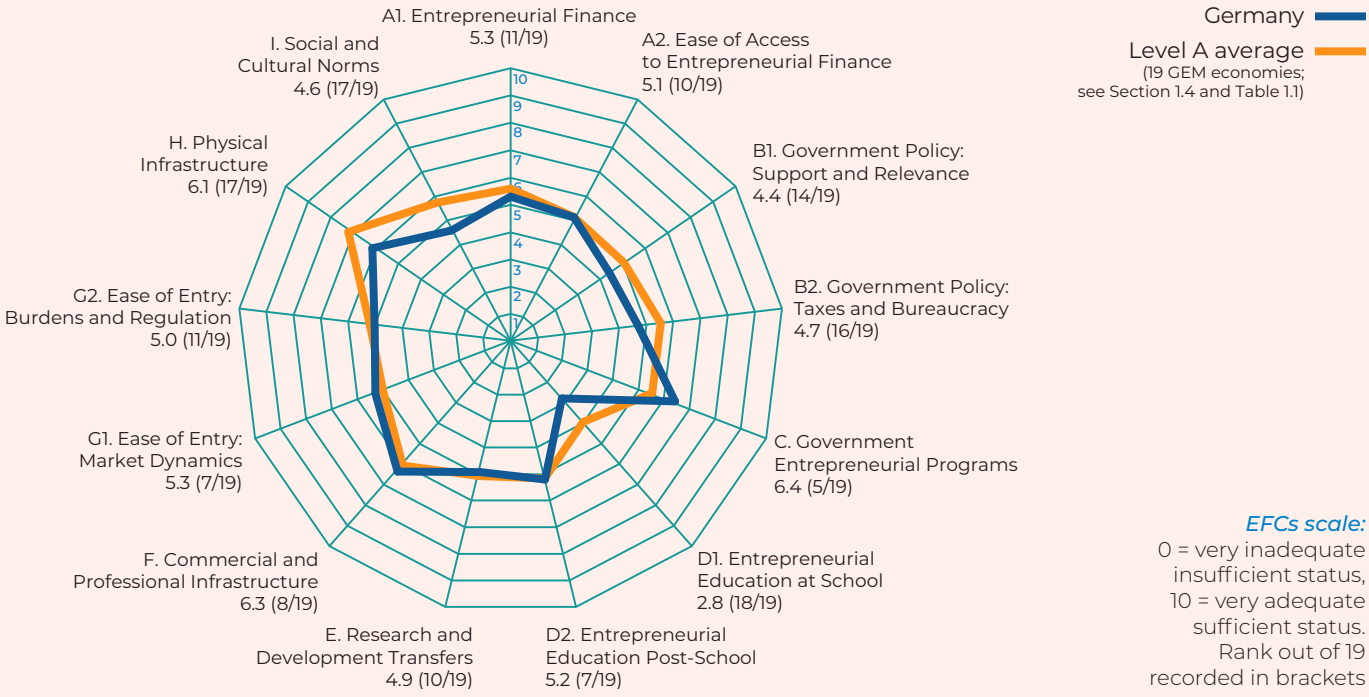
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	6.9	38	5.3	8.4
Established Business Ownership rate	5.0	30	3.0	6.8
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	3.4	17	2.1	4.7

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	20.8	42
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	39.0	31
Use more digital technology to sell products or services	41.9	37
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 out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Much like Japan, which also has a strong base of established companies focused on exporting, Germany typically has a higher EBO rate relative to its TEA rate. Yet in 2021 this also flipped for Germany, with its TEA rate increasing to 6.9%, up from 4.8% in 2020, while EBO decreased to 5% in 2021, from 6.2% in 2020. This trend of increasing early-stage entrepreneurship amid decreasing business ownership may signal a delayed market reaction to COVID-19 which hit entrepreneurs in some economies more in 2020 and others more in 2021. The performance of the German economy certainly suggests 2021 was more volatile than expected. In the early months of the year, growth was picking up and business sentiment was growing, but new COVID waves and supply chain crises which formed bottlenecks for Germany's exporters have resulted in reduced GDP forecasts and declining business sentiment. Energy prices have also increased throughout the year. In this environment it is easy to see how more Germans turned to entrepreneurship in 2021, starting new businesses out of necessity, while some established businesses suspended operations or closed entirely.

This suggests Germany's TEA rate may decrease in the coming years as the economy recovers from COVID-19, even if at reduced levels. One indicator is the country's low expectations for future entrepreneurship. According to GEM's 2021 survey results, only 5.8% of Germans plan to start a business in the next three years, third lowest among GEM Level A economies. Furthermore, Germans have typically shown lower interest in becoming entrepreneurs than peer economies. This was true in 2021 even as the country's TEA rate increased. For example, Germany had among the lowest rates for Level A economies in response to the questions "There are good opportunities to start a business where I live" (48.2%), "It is easy to start a business in my country" (38.2%) and "I personally have the skills, experience and knowledge to start a business" (37.1%).

The lower rates in these indicators of future entrepreneurial activity are also an acknowledgement of Germany's generally strong economy, with high employment rates and wages. When this is the case, many would prefer not to pursue entrepreneurship. German policymakers should be mindful of this as they will likely want to differentiate between new innovative entrepreneurial firms they want to support among a general increase in entrepreneurship.

2021 Framework Conditions Review

Experts tended to be critical of Germany's conditions for entrepreneurship. This may be surprising, given Germany's reputation as a well-governed state with an efficient, advanced economy; however, it is worth noting that experts are assessing how these factors relate to either enabling or constraining entrepreneurship. Therefore, scores on Entrepreneurial Finance (5.3, 11th among GEM Level A economies), or Government Policy: Taxes and Bureaucracy (4.7, 16th among GEM Level A economies), are considered barely or below sufficient by experts for enabling entrepreneurship. Relatedly, while German's education system is quite strong overall, its curriculum for entrepreneurship needs improvement, hence the 2.8 score on the condition Entrepreneurial Education at School.

One surprising result, however, is the 6.1 score for Physical Infrastructure, third lowest among GEM Level A economies. While the score itself is fairly strong, and Germany is known for its well-maintained infrastructure, it appears to be falling behind some of its Level A peers. In 2020, its score was 6.3. It also may be the case that the current supply chain crisis revealed some previously hidden bottlenecks or inefficiencies. Moving forward, it appears the German government may need to provide more direct policy for entrepreneurship as some of the country's clear economic strengths are not being felt by the entrepreneurial sector.

Institution

Lead institution

Leibniz University Hannover — Institute of Economic and Cultural Geography

Type of institution

University

Website

https://www.iwkg.uni-hannover.de

Team

Team leader

Prof. Dr. Rolf Sternberg

Team members

Armin Baharian
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Dr. Matthias Wallisch

Funders

RKW Competence Centre

APS vendor

uzbonn — Gesellschaft für empirische Sozialforschung und Evaluation

Contact

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Greece

■ **Population** (2020): **10.4 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **28.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	32.6	45
Good opportunities to start a business in my area	48.6	32
It is easy to start a business	35.1	34
Personally have the skills and knowledge	53.1	29
Fear of failure (opportunity)	51.5	8
Entrepreneurial intentions	9.6	38

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.0	37=
International (25%+ revenue)	1.4	16=
	% TEA	**Rank/46**
Always consider social impact	76.0	26=
Always consider environmental impact	83.5	15
	% TEA	**Rank/47**
Industry (% TEA in business services)	17.3	24

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	29.9	38	32.8	27.0
Build great wealth	50.4	31	43.9	56.7
Continue family tradition	39.7	12	42.8	36.7
To earn a living	63.2	29	51.4	74.3

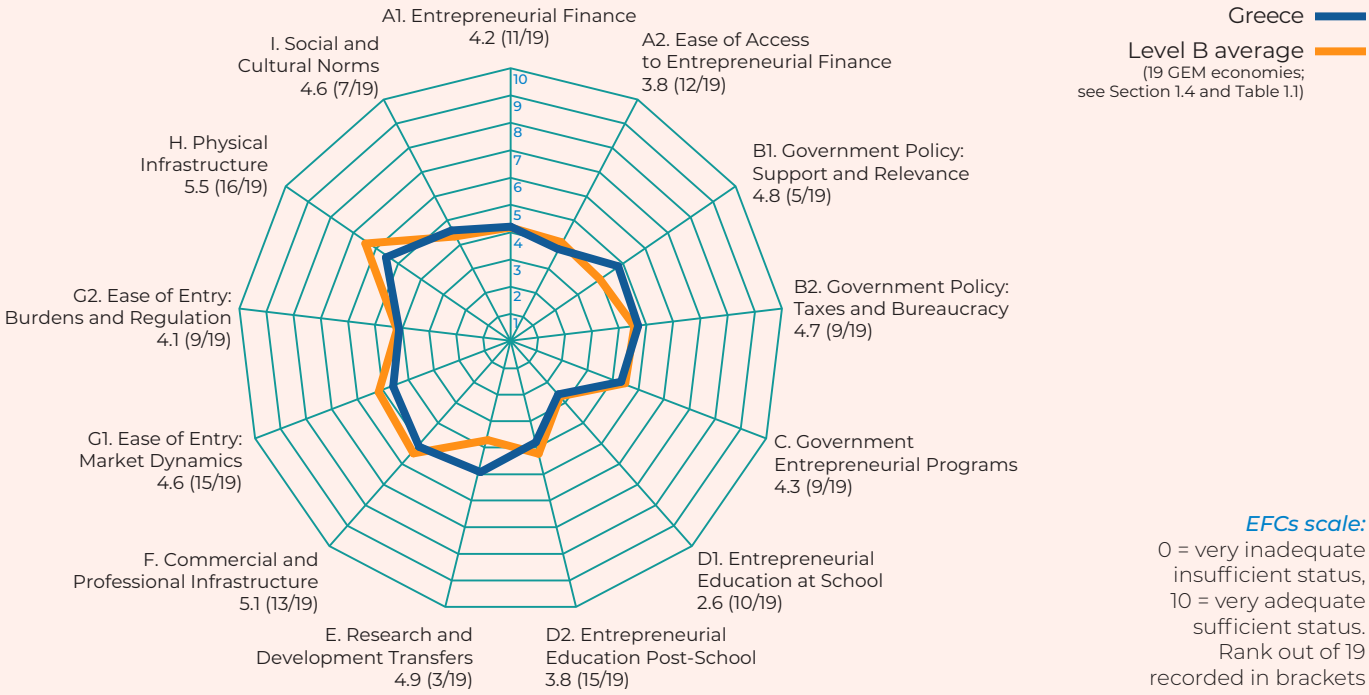
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	5.5	43=	4.6	6.5
Established Business Ownership rate	14.7	2	12.4	17.0
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.5	28=	1.4	1.6

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	53.9	19
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	41.1	28
Use more digital technology to sell products or services	57.4	19
Pursue new opportunities due to pandemic	28.9	40

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2021 Entrepreneurial Activity Review

The years since 2008 have not been easy for the Greek economy. Wedged between the two crises of the Great Recession and COVID-19, Greece also endured a fiscal crisis in 2015. These three macro events significantly disrupted Greek entrepreneurship, as evident by the falling TEA rates trailing each event, lasting at least a couple years before recovering. For example, in 2017, Greece's TEA rate hit a low of 4.8%, following the 2015 fiscal crisis. It had recovered by 2020 (8.6%), but the economic impact related to COVID-19 has pushed TEA back down to 5.5% in 2021. Based on previous scenarios, it may take Greece several more years to recover its early-stage entrepreneurship activity, unless significant opportunities present themselves and potential entrepreneurs feel confident enough to take risks.

Unfortunately, Greeks have had relatively low levels of entrepreneurial confidence in recent years. In 2021, 51.5% of Greek adults agreed that they saw good opportunities but would not start a business for fear it might fail. This was the second-highest rate among GEM Level B economies, and one of the highest rates across all GEM teams in 2021. With the exception of 2019, Greece's fear of failure rate has been above 50% since 2016, suggesting a trend. Additionally, the rate of TEA respondents in 2021 who said the pandemic had provided new opportunities was 28.9%, while the rate of EBO respondents agreeing with this statement was 14.9%. Both of these rates were among the lowest for GEM Level B economies, indicating a lack of confidence among many entrepreneurs in addressing the new business realities engendered by the pandemic.

While the Greek government has recently pledged a substantial amount of money to help entrepreneurs (€260 million) over the next five years, more work will be needed to address the confidence issues mentioned above. What might help is the fostering of more networking and mentorship opportunities between entrepreneurs. Only 32.6% of Greeks said they knew someone who started a business in the last two years, lowest among all GEM Level B economies. Strong entrepreneurial networks across different regions can help new entrepreneurs start and grow their business, as well as increase confidence in the face of challenges.

2021 Framework Conditions Review

Greece's Entrepreneurial Framework Conditions generally received low scores, though with a few exceptions. Funding is currently a serious constraint on entrepreneurial activity, with the condition Entrepreneurial Finance receiving a 4.2 score, 11th among GEM Level B economies, and Ease of Access to Finance receiving 3.8, 12th among GEM Level B economies. On the conditions related to governance, Greece experts provided some contradictory scores. On Government Policy: Support and Relevance, Greece's 4.8 score in 2021 was a decline from 5.0 in 2020, but still fifth among GEM Level B economies. Greece's new government has signalled it intends to help entrepreneurs in the coming years, and an improved score on this condition should follow.

On the condition of Ease of Entry: Market Dynamics, Greece's score of 4.6 in 2021 (15th among GEM Level B economies), was a significant decline from 5.2 in 2020. Ease of Entry: Burdens and Regulation remained flat at 4.1 both years. These two scores reflect a relatively high regulatory burden, constraining entrepreneurs in offering new products and services to the domestic market. If the Greek state is serious about its commitment to supporting entrepreneurs, reducing this regulation will be key to letting them thrive.

Institution

Lead institution
Foundation for Economic & Industrial Research (FEIR/IOBE)

Type of institution
Research Institute

Website
http://iobe.gr

Other institutions involved
Laboratory of Industrial and Energy Economics at the National Technical University of Athens

Department of Economics, University of Peloponnese

Team

Team leader
Assoc. Prof. Aggelos Tsakanikas

Team members
Sofia Stavraki, MPhil, Phd Candidate
Evangelia Valavanioti, MSc
Asst. Prof. Ioannis Giotopoulos

Funders

RAYCAP S.A.

APS vendor

Datapower SA

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Guatemala

■ **Population** (2020): **17.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **8.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	71.1	3
Good opportunities to start a business in my area	69.1	13
It is easy to start a business	48.8	27
Personally have the skills and knowledge	76.3	5
Fear of failure (opportunity)	41.5	32
Entrepreneurial intentions	45.0	8

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	7.5	6
International (25%+ revenue)	0.3	37=
	% TEA	**Rank/46**
Always consider social impact	92.7	2
Always consider environmental impact	92.5	1
	% TEA	**Rank/47**
Industry (% TEA in business services)	5.2	44

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	80.7	2	82.6	77.5
Build great wealth	75.8	11	79.2	70.2
Continue family tradition	49.2	8	48.8	49.8
To earn a living	91.7	1	91.6	91.9

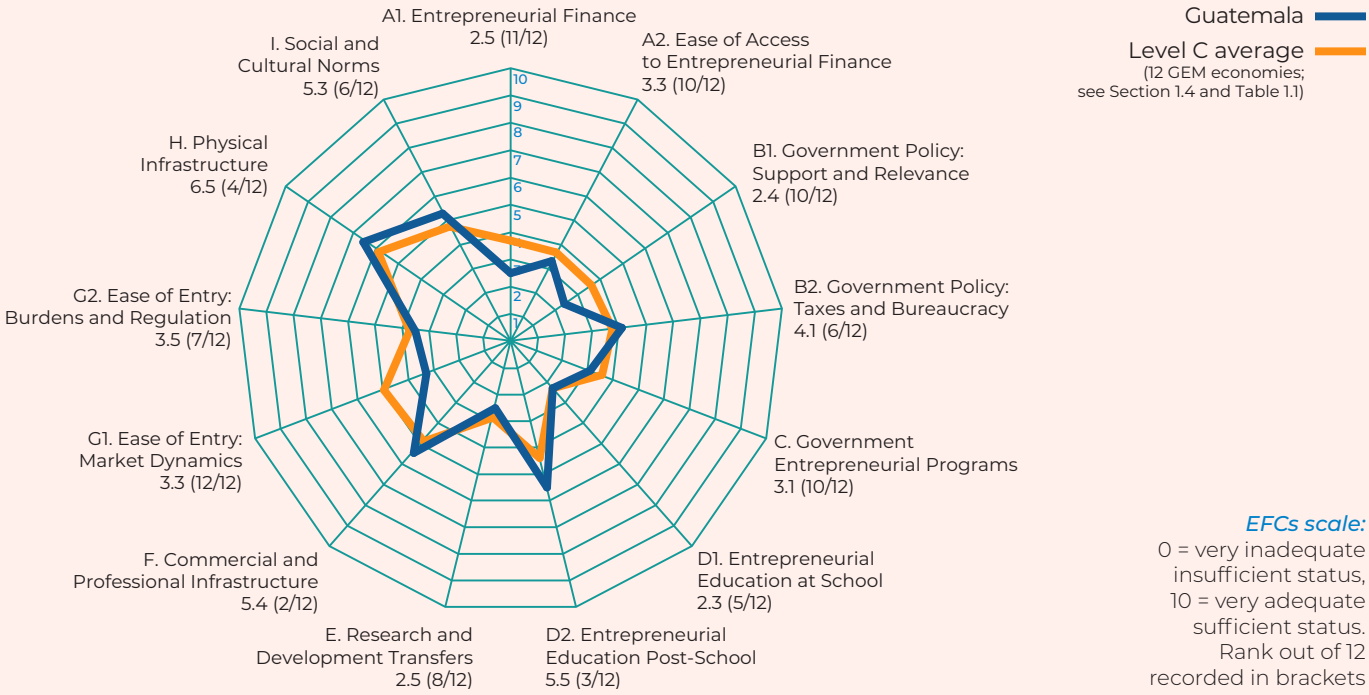
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	28.3	4	23.9	32.9
Established Business Ownership rate	12.7	3	10.2	15.4
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.1	31	0.7	1.4

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	65.5	9
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	58.5	11
Use more digital technology to sell products or services	75.3	5
Pursue new opportunities due to pandemic	51.5	13

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2021 Entrepreneurial Activity Review

Can boosting entrepreneurship in Guatemala help alleviate some of its recent socio-economic difficulties? This is the hope of the United States Agency for International Development (USAID), who recently pledged over $50 million to Guatemala specifically for entrepreneurial development. The goal is to spur entrepreneurial activity in areas of high outmigration, which are typically rural, so that people there have more economic opportunities at home than abroad.

The challenge of this initiative, in addition to others like it aimed at helping Guatemalan entrepreneurs, will not be to simply increase entrepreneurship, because Guatemala already has quite high rates — 28.3% TEA and 12.7% EBO in 2021, but to increase its entrepreneurial impact. This will require a more holistic policy approach. Entrepreneurship can have more effect when it is pursued for impactful reasons rather than survival reasons. Yet Guatemala leads all GEM economies in TEA respondents stating that their motivation for starting a new business was because jobs were scarce (91.7%). More job opportunities in the formal economy would help the quality of entrepreneurship in Guatemala. Additionally, impact increases when women can participate equally, but the female–male TEA rate in Guatemala was 0.73% in 2021, fourth lowest among all GEM economies. These challenges, among others, were acknowledged by USAID in the above-mentioned initiative. Addressing them will require the public and private sectors of Guatemala to help shape the conditions necessary for more impactful entrepreneurship.

In addition to the challenges of increasing entrepreneurship's impact on Guatemala, there is also the challenge of the COVID-19 pandemic. While the level of TEA respondents who stated that it was more difficult to start a new business than in the previous year fell to 58.5% in 2021, from 66% in 2020, only 51.5% stated they saw new opportunities as a result of the pandemic. More concerning, only 38.7% of EBO respondents saw such opportunities, fourth lowest among GEM Level C economies. This suggests a lack of confidence in the new business realities that may emerge from this period. However, in more positive findings, 75.3% of Guatemalan TEA respondents stated that they plan to use more digital technologies to sell goods and services over the next six months, third highest among GEM Level C economies, signalling an adaptability to current consumer demands.

2021 Framework Conditions Review

Across several key areas, experts were fairly negative in their assessment of Guatemala's Entrepreneurial Framework Conditions. On the condition of Entrepreneurial Finance, Guatemala received a score of 2.5, second lowest among GEM Level C economies, while Ease of Access to Finance received a 3.3 score, third lowest. A more developed finance ecosystem is needed to reach rural and female entrepreneurs in Guatemala. These groups typically have less access to finance options, which will constrain their potential and limit the overall impact of entrepreneurship in the country.

Support from the state also appears to be in short supply. On the conditions Government Policy: Support and Relevance and Government Entrepreneurial Programmes, Guatemala received scores that were both the third lowest among GEM Level C economies. Guatemala historically has low rates of social spending, which is reflected in the experts' assessments of state support for entrepreneurship. However, Guatemala's educational conditions received relatively strong scores, particularly on Entrepreneurial Education Post-School, where a 5.5 score was third highest among GEM Level C economies. Better entrepreneurial education is one way to increase impact, but other areas of the entrepreneurial ecosystem will need significant investment before change can be felt.

Institution

Lead institution
Kirzner Entrepreneurship Center at Francisco Marroquín University

Type of institution
University

Website
http://www.kec.ufm.edu
https://gem.ufm.edu

Team

Team leader
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Team members
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David Casasola, MA
Josías López, BS
Estefanía Vizcaíno, BS

Funders

Francisco Marroquín University — UFM

APS vendor

Khanti, S.A.

Contact

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Hungary

■ **Population** (2020): **9.7 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **33.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	49.7	30
Good opportunities to start a business in my area	36.5	39
It is easy to start a business	49.1	25=
Personally have the skills and knowledge	36.0	45
Fear of failure (opportunity)	33.7	42
Entrepreneurial intentions	8.1	41

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.2	35=
International (25%+ revenue)	0.8	26
	% TEA	**Rank/46**
Always consider social impact	74.5	28
Always consider environmental impact	86.3	10
	% TEA	**Rank/47**
Industry (% TEA in business services)	16.9	27

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	61.7	15	64.4	59.8
Build great wealth	32.5	46	38.6	28.2
Continue family tradition	21.0	36	20.5	21.3
To earn a living	66.8	23	62.2	70.0

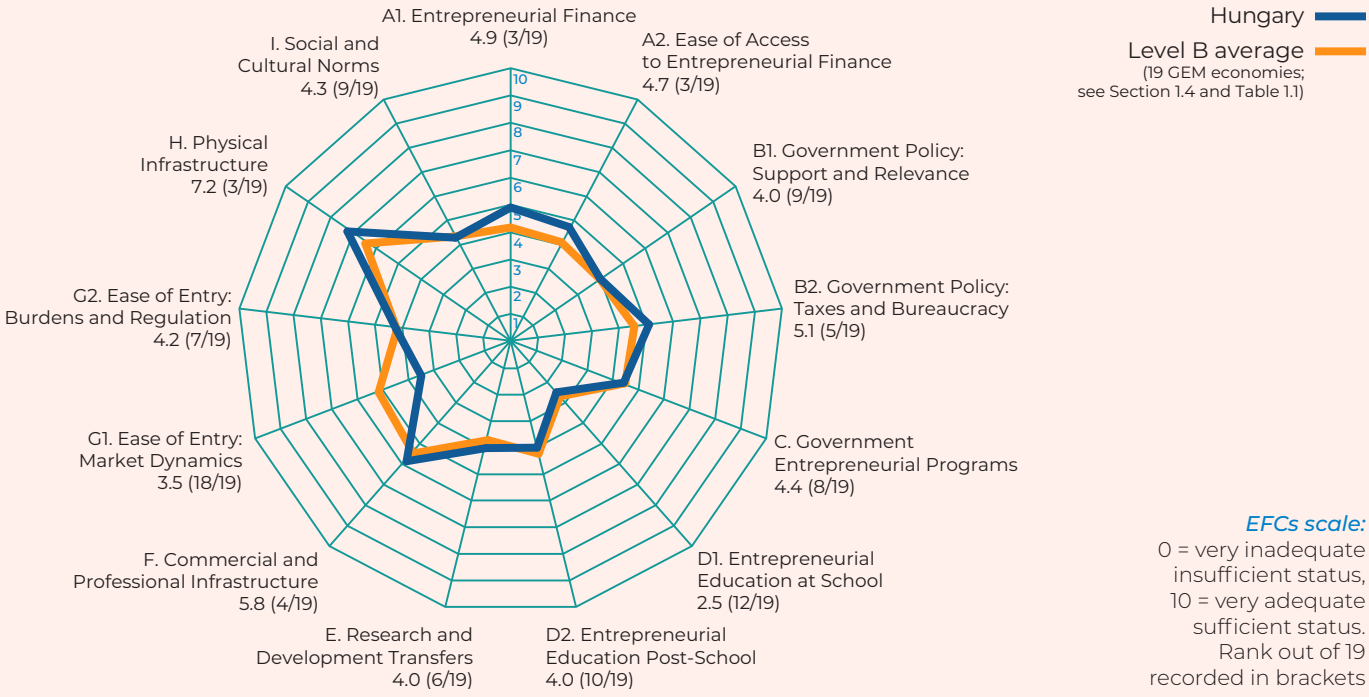
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	9.8	26=	7.5	12.1
Established Business Ownership rate	8.4	15	5.7	11.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	3.0	20	1.8	4.3

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	32.6	34
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	33.9	37
Use more digital technology to sell products or services	28.3	43
Pursue new opportunities due to pandemic	23.4	45

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Hungary is participating in GEM's surveys for the first time since 2016. In the years leading up to 2016, the country's TEA and EBO rates were averaging around 9% and 8%, respectively. Fittingly, in 2021, Hungary's TEA rate was 9.8%, while its EBO was 8.4%. This consistency suggests a stable, perhaps natural, level of entrepreneurial activity in the country, which was sustained despite the unique challenges of COVID-19 to global business conditions. Yet the results of this year's surveys also suggest that Hungarian entrepreneurs may not be sufficiently reacting to the new business realities caused by the pandemic, which could contribute to a decline in entrepreneurial activity if not addressed.

It is easy to see why Hungarian entrepreneurs were able to maintain previous activity levels in 2021, considering the economic performance of the country. In 2021, the IMF is projecting GDP to grow by nearly 8%. Additionally, according to GEM results, the rate of Hungarian adults who had lost household income as a result of the pandemic was only 32.6% — among the lowest of GEM Level B economies. Improved macroeconomic conditions can certainly foster entrepreneurial opportunities. Perhaps as a result of this performance, only 33.9% of Hungarian TEA respondents said it was more difficult to start a business than in the previous year, fourth lowest among GEM Level B economies.

Yet these strong economic conditions may be distracting Hungarian entrepreneurs from making necessary adjustments to their business strategy as a result of COVID-19, which is still a very present concern globally. This is evident in the number of entrepreneurs who said they saw new opportunities as a result of the pandemic. Only 23.4% of TEA respondents and 11.9% of EBO respondents agreed with this statement, both among the lowest rates for GEM Level B economies. Furthermore, only 28.3% of TEA respondents and 18% of EBO respondents said they planned to use more digital technology to grow their business in the next six months, the second-lowest rates among GEM Level B economies. These results indicate a low desire to meet new consumer demands for services and products generated by the pandemic. As COVID-19 will continue to be a significant factor in 2022, Hungarian entrepreneurs may be forced to change or risk decline.

2021 Framework Conditions Review

With a few exceptions, Hungary's framework conditions were scored relatively well by experts. In particular, the condition Entrepreneurial Finance received a 4.9, third among GEM Level B economies, while Ease of Access to Finance received 4.7, also third. Strong scores in these conditions may reflect the new business opportunities generated by Hungary's 2021 economic recovery. In a fast-growing economy with a developed financial sector, institutions' balance sheets grow and entrepreneurs can more easily get access to finance.

Hungary's infrastructure conditions also received strong scores, providing a solid foundation for maintaining entrepreneurial activity, much like its financial sector. The condition Commercial and Professional Infrastructure, scored 5.8, fourth among Level B economies; while Physical Infrastructure received a 7.2, which was third among this group. Yet, surprisingly, Ease of Entry: Market Dynamics received a score of 3.5, second lowest among GEM Level B economies. This would indicate some regulatory barriers preventing entrepreneurs from offering their goods and services to the domestic market, but it could also help explain why both TEA and EBO respondents were less likely to invest in digital technologies to grow their business. If there were regulatory hurdles in place that would cap entrepreneurial activity anyway, why would businesses invest in new technology? Lowering these regulatory burdens would therefore make these long-term investments more attractive.

Institution

Lead institution
Budapest Business School — University of Applied Sciences (BBS)

18 57 BUDAPESTI BUSINESS SCHOOL UNIVERSITY OF APPLIED SCIENCES
BGE

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 School — University of Applied Sciences (BBS)
Makronóm Institute Budapest

APS vendor

TÁRKI Social Research Institute

Contact

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India

■ **Population** (2020): **1,380.0 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **6.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	63.1	11
Good opportunities to start a business in my area	83.4	2
It is easy to start a business	82.2	4
Personally have the skills and knowledge	86.0	4
Fear of failure (opportunity)	54.1	2
Entrepreneurial intentions	18.1	21

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.7	43=
International (25%+ revenue)	0.1	45=
	% TEA	**Rank/46**
Always consider social impact	89.6	4
Always consider environmental impact	81.9	17=
	% TEA	**Rank/47**
Industry (% TEA in business services)	1.7	47

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	75.9	3	75.1	76.7
Build great wealth	73.4	14	70.4	76.6
Continue family tradition	74.3	1	70.2	78.4
To earn a living	91.5	2	90.9	92.1

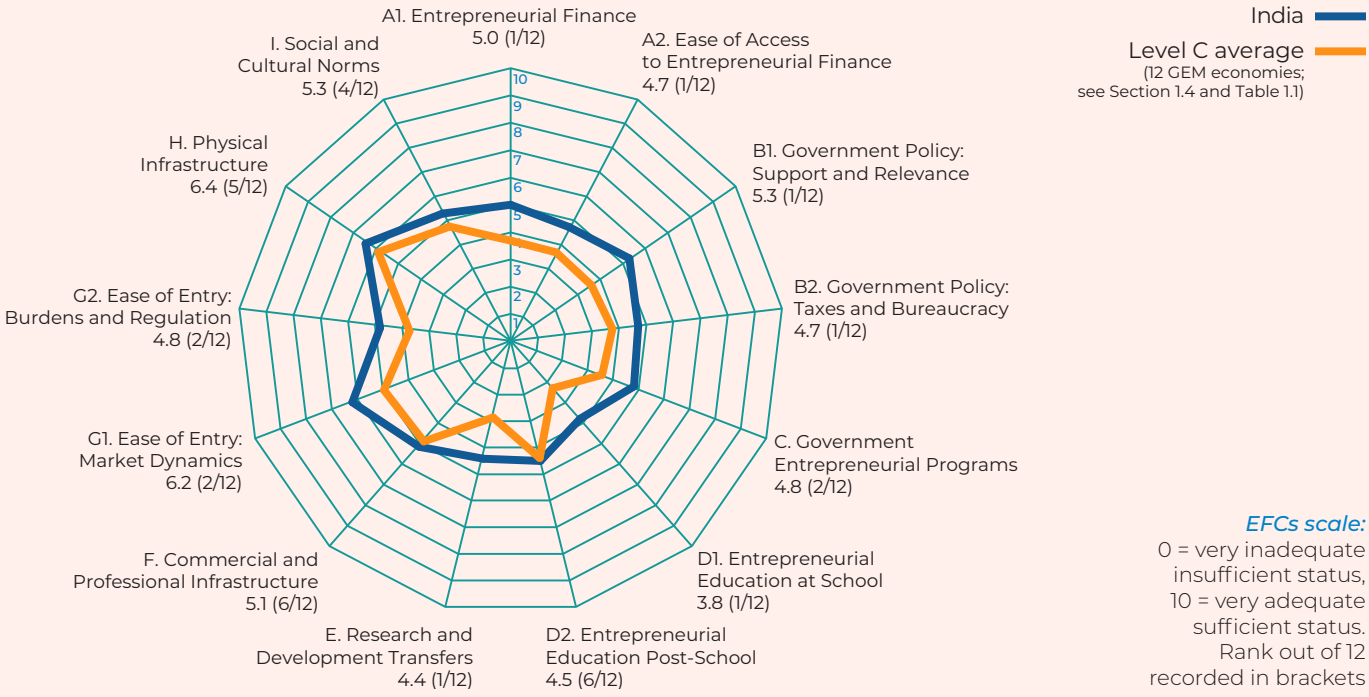
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	14.4	18	12.3	16.3
Established Business Ownership rate	8.5	13=	7.3	9.7
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	0.5	35	0.8	0.2

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	90.8	2
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	86.8	2
Use more digital technology to sell products or services	59.3	17
Pursue new opportunities due to pandemic	77.6	1

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

India's entrepreneurial activity expanded dramatically in 2021 despite some contradictory economic signals. The two headline entrepreneurship indicators, TEA and EBO, both increased after a discouraging 2020 performance. India's TEA rate increased to 14.4% in 2021, up from 5.3% in 2020, while its EBO rate increased to 8.5%, from 5.9% in 2020. This expansion corresponds with other figures pointing to a dramatic upswing in India's entrepreneurial activity. For example, nearly 20,000 new startups were registered by India's Department for Promotion of Industry and Internal Trade (DPIIT) in the single year between April 2020 and 2021 — nearly matching the 30,000 total startups registered by the DPIIT in the four-year period between 2016 and 2020.

Clearly, 2021 witnessed a boom in early-stage entrepreneurial activity for India. This flurry of activity may be due to the pent-up demand and subsequent opportunities generated by the reduction in COVID-19 risk that so damaged the Indian economy in 2020. Relatedly, the proportion of Indian TEA respondents who stated they saw opportunities as a result of the pandemic was 77.6%, highest among GEM Level C economies. The rate of EBO respondents seeing opportunities was 68.2%, also highest among this set of economies.

Yet there are also concerning economic signals that could constrain entrepreneurship in India. First, over 90% of APS respondents stated that their household lost income as a result of the pandemic in 2021, a rate higher than the 2020 survey. This may explain part of the increase in TEA, as more people needed to increase their income. Such necessity-driven entrepreneurship does not typically result in sustained, innovative businesses. Additionally, it is hard to find customers when so many households are losing income. Another surprising finding is that 86.8% of TEA respondents stated it was more difficult to start a business now than a year ago, which was higher than in 2020 (77.6%). Considering the profusion of new businesses, it would be expected that people are finding it easier to start a business than in the depths of the COVID-19 pandemic of 2020.

2021 Framework Conditions Review

Despite some of the contradictory findings noted, such as a higher TEA rate among the sentiment that is more difficult to start a business, the conditions for entrepreneurship in India appear to be quite strong. This may help explain why early-stage entrepreneurial activity rapidly expanded in 2021. In the framework conditions of Entrepreneurial Finance (5.0) and Ease of Access to Finance (4.7), both so crucial to expanding new ventures, India scored the highest of all GEM Level C economies. Additionally, on the framework conditions of Government Policy: Support and Relevance (5.3) and Government Policy: Taxes and Bureaucracy (4.7) India scored the highest among GEM Level C economies; while Government Entrepreneurial Programs (4.8) was second highest. These high scores point to a strong public–private support system for entrepreneurs, indicating that there could be capacity for even higher rates of early-stage entrepreneurship as the economy expands.

Indian experts also scored the economy's Research and Development Transfers condition highest among GEM Level C economies, at 4.4. This is somewhat expected given India's history of hosting many IT and other technical firms that support or partner with large international technology companies. However, at least one area in which it appears India could improve is Physical Infrastructure, where experts gave a score of 6.4, down from 7.0 in 2020. In such a large economy, access to quality infrastructure is key for entrepreneurs to meet market demand.

Institution

Lead institution
Entrepreneurship Development Institute of India (EDII)

Entrepreneurship Development Institute of India, Ahmedabad

Type of institution
Research Institute

Website
https://www.ediindia.org

Team

Team leader
Dr. Sunil Shukla

Team members
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Dr. Pankaj Bharti

Funders

Centre for Research in Entrepreneurship Education and Development (CREED), EDII — Ahmedabad

APS vendor

IMRB

Contact

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Iran

■ **Population** (2020): **84.0 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **13.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	41.9	36
Good opportunities to start a business in my area	17.9	46
It is easy to start a business	17.7	45
Personally have the skills and knowledge	66.4	13
Fear of failure (opportunity)	20.2	45
Entrepreneurial intentions	26.4	16

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.8	24
International (25%+ revenue)	0.2	40=
	% TEA	**Rank/46**
Always consider social impact	69.1	35
Always consider environmental impact	60.0	41
	% TEA	**Rank/47**
Industry (% TEA in business services)	16.6	29=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	36.7	35	36.5	36.8
Build great wealth	92.9	1	94.5	91.2
Continue family tradition	17.3	40	16.4	18.3
To earn a living	64.1	26	65.4	62.8

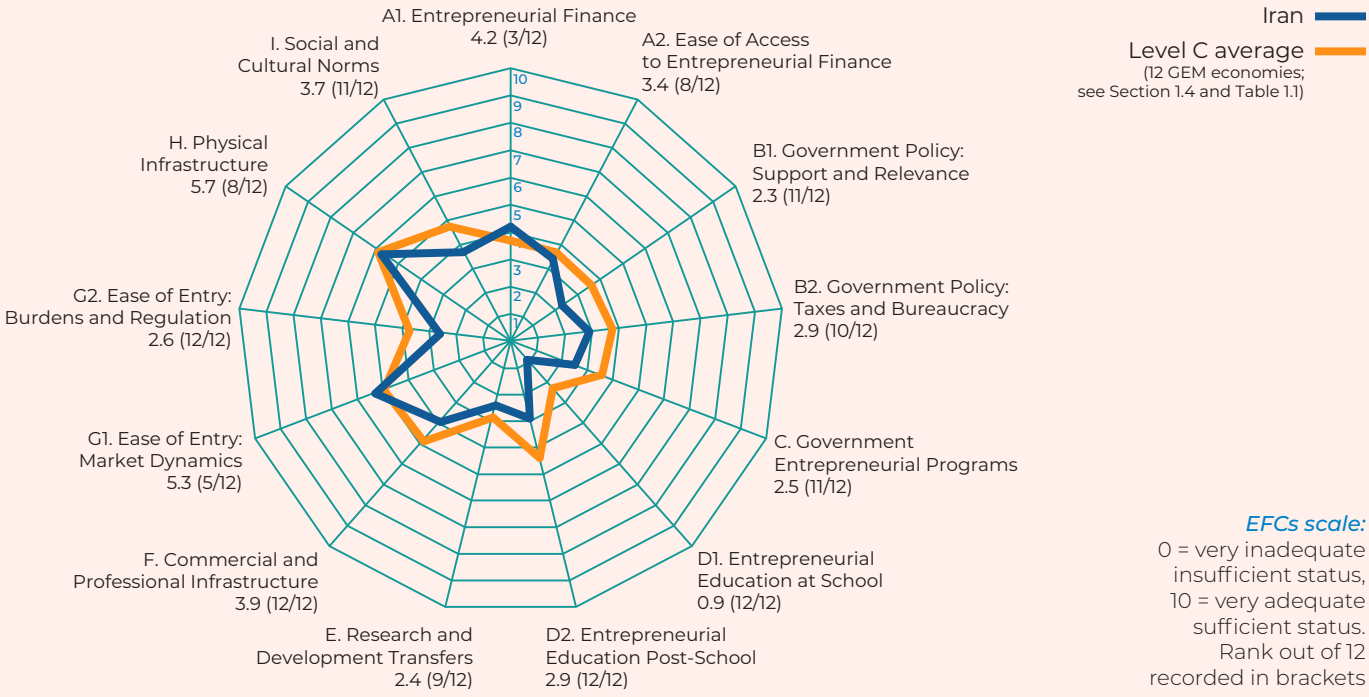
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	8.8	32	7.1	10.4
Established Business Ownership rate	8.8	11	3.8	13.7
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.9	24=	1.6	2.3

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	49.0	22
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	89.3	1
Use more digital technology to sell products or services	54.2	23
Pursue new opportunities due to pandemic	34.0	34

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

The past year has been a difficult time to be an entrepreneur in Iran. In addition to the impact of COVID-19, inflation took hold of the economy, running well above 40% in most months of 2021. High inflation rates made financing entrepreneurial ventures less attractive as investors looked for more immediate returns. As a result of these factors and others, Iran's entrepreneurial sector appeared to lose confidence.

This diminished confidence is most apparent in the contraction of EBO rates in Iran, which fell to 8.8% in 2021, from 14.5% in 2020. Declining EBO rates might be expected with so many macroeconomic concerns — the risk associated with operating your own business, even if it is established, is too difficult. The responses of EBOs in 2021 also demonstrate a decidedly negative outlook. The rate of EBO respondents who say they see opportunities as a result of the pandemic is only 8% in 2021, lowest among GEM Level C economies by a significant margin. Additionally, only 26.9% state that they plan to use more digital technologies to sell goods and services over the next six months, lowest among GEM Level C economies, and a signal that most EBOs are not planning, or able, to shift their strategy to deal with new business realities caused by the pandemic.

Despite the decreased EBO rates, TEA rates in Iran slightly increased to 8.8% this year, up from 8.0% in 2020. This increase may be due to some Iranians looking at new ventures for a source of additional income during this period of high inflation. However, there appears to be a similar lack of confidence among TEA respondents. In 2021, 89.3% of TEA respondents stated it was more difficult to start a business now than a year ago, highest among GEM Level C economies. Considering the challenges of the early pandemic stage in 2020, this is a surprising result. Additionally, only 34% of TEA respondents report that they saw new business opportunities as a result of the pandemic, lowest among GEM Level C economies, and further evidence of lowered confidence in the future.

2021 Framework Conditions Review

The difficulty experienced by Iranian entrepreneurs is also reflected in the scores given by Iranian experts on their 2021 NES survey. The framework conditions associated with government policy were mostly scored lower in 2021 compared to the previous year. Particularly, Government Policy: Support and Relevance scored 2.3 in 2021, second lowest among GEM Level C economies, down from 3.7 in 2020. The condition Government Entrepreneurial Programs scored 2.5 in 2021, also second lowest among GEM Level C economies, down from 3.2 in 2020. Similarly, the two conditions related to education both fell in 2021, with the condition Entrepreneurial Education at School scoring just 0.9, lowest among GEM Level C economies. These reduced scores all point to a dissatisfaction with recent government policy, pandemic-related and more generally.

Some areas of hope, however, are to be found in the market-related conditions that allow Iranian entrepreneurs to develop their ventures, if they can manage some of the constraints mentioned above. Iran's Entrepreneurial Finance score of 4.2 was third highest among GEM Level C economies, while the condition Ease of Entry: Market Dynamics increased to 5.3 in 2021, an improvement from 4.8 in 2020. In fact, early-stage and innovative Iranian entrepreneurs have been supported in the launch and growth of their new ventures by: entrepreneurship festivals held by non-governmental organizations (such as the annual Young Scientists Festival [YSF] made possible by the Jamili Charity Foundation and Zarrin Industrial and Minding Group); by the Ministry of Cooperatives, Labour and Social Welfare's superior entrepreneurs National and Provincial Festival; and by entrepreneurial financing from the Omid Entrepreneurship Fund and from the financial facilitation and services of the Prosperity and Innovation Fund (which also ran the ReTechs Cup 2021). Other startup accelerators have helped Iranian entrepreneurs gain entry into markets: for instance, the Azadi Innovation Factory (AIF).

There may be relatively strong market support for entrepreneurial activity, but direct policy for entrepreneurship will be needed to incentivize new entrants to take advantage.

Institution

Lead institution
Faculty of Entrepreneurship, University of Tehran

Type of institution
University

Website
http://ent.ut.ac.ir/en

Team

Team leader
Prof. Abbas Bazargan

Team members
Prof. Nezameddin Faghih
Prof. Ali Rezaeian
Prof. Abbas Bazargan
Dr. Mohammad Reza Zali
Dr. Jahangir Yadollahi Farsi
Dr. Seyed Mostafa Razavi
Leyla Sarfaraz
Dr. Reza Shariat

Funders

Iran Labour and Social Security Institute

APS vendor

Faculty of Entrepreneurship

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Ireland

- **Population** (2020): **4.9 million** (UN)
- **GDP** per capita (2020; PPP, international $): **93.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	57.5	17
Good opportunities to start a business in my area	57.3	23
It is easy to start a business	58.9	20
Personally have the skills and knowledge	57.8	25
Fear of failure (opportunity)	49.9	11
Entrepreneurial intentions	15.2	27

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.5	21
International (25%+ revenue)	3.0	4
	% TEA	**Rank/46**
Always consider social impact	77.5	25
Always consider environmental impact	76.4	24
	% TEA	**Rank/47**
Industry (% TEA in business services)	21.8	20

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	57.8	17	63.8	52.4
Build great wealth	59.0	23	65.5	53.3
Continue family tradition	29.0	20	31.4	26.9
To earn a living	56.0	31	57.9	54.3

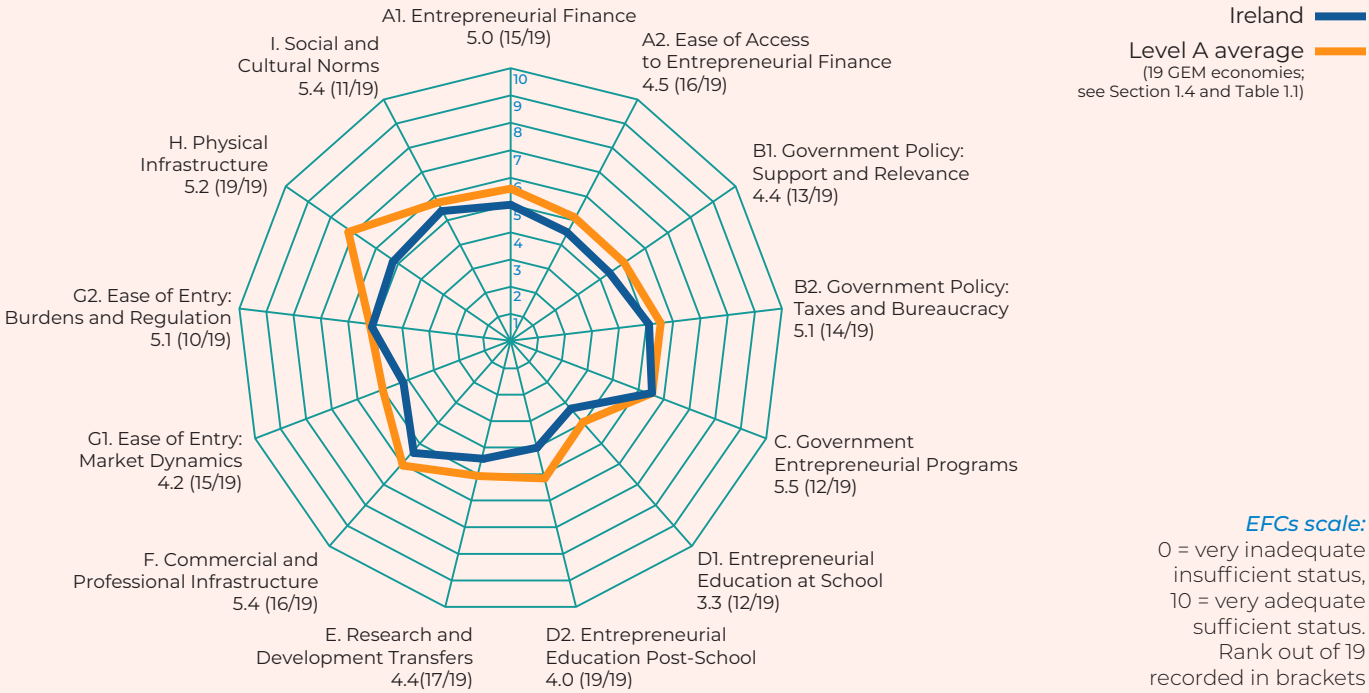
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	12.5	24	11.3	13.7
Established Business Ownership rate	6.9	21	4.8	9.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	5.7	8=	2.8	8.7

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	33.6	32
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	51.8	18
Use more digital technology to sell products or services	66.2	11
Pursue new opportunities due to pandemic	60.5	4

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

The level of entrepreneurial activity in Ireland remained high in 2021, broadly similar to 2019 levels which is when the country last participated in GEM. Despite the COVID-19 pandemic, Ireland's TEA rate held steady at 12.5% in 2021, while its EBO rate at 6.9% also held relatively steady. The relatively high level of entrepreneurial activity remained steady at a time when the circumstances were quite different, as the arrival of COVID-19 with its associated restrictions had a profound effect on the economy and society more generally. Despite these circumstances, two indicators of confidence — the rate of respondents seeing good opportunities to start a business and the rate of respondents regarding themselves as having the skills, knowledge and experience to start a business — show an upward trend in 2021. This sentiment also coincides with a relatively quick economic recovery from the pandemic compared to peer economies.

High levels of confidence were also expressed by Irish entrepreneurs in 2021. Among TEA respondents, 60.5% saw new business opportunities as a result of the pandemic, which was second highest among GEM Level A economies. Considering that 2021 entrepreneurship activity rates in Ireland were relatively high, this suggests that at least some entrepreneurs started new businesses in reaction to pandemic-related opportunities, in addition to already-active entrepreneurs who shifted strategy and pivoted when the pandemic hit. This is further evidenced by the rate of those TEA respondents, 66.2%, who said they planned to use new digital technology to grow their business in the next six months, third highest among GEM Level A economies. Again, this — the investment entrepreneurs are willing to make to meet new customer demands — is a sign of confidence.

However, two results from the 2021 APS survey should also be noted as they could constrain longer-term entrepreneurship levels. The first is Ireland's "fear of failure" rate — those who see good opportunities but would not start a business for fear it might fail — was 49.9% in 2021, fourth highest among GEM Level A economies. The second concerns a response from entrepreneurs themselves. Among TEA respondents, 51.8% thought it was more difficult to start a business now than in the previous year. Together, these responses may acknowledge the high degree of uncertainty and repeated lockdowns associated with COVID restrictions, even if many people can see opportunities.

2021 Framework Conditions Review

Among its peer group of GEM Level A economies, Ireland received relatively low scores on its framework conditions. On the condition of Entrepreneurial Finance, Ireland received a score of 5.0, which, while just sufficient, was 15th among GEM Level A economies, while Ease of Access to Entrepreneurial Finance received a 4.5, 16th among this group. A lack of funding options can constrain the entrepreneur who started a business with high confidence and strong intentions. Sensing this difficulty may contribute to an explanation as to why a majority of Irish TEA respondents (almost 52%) said it was more difficult to start a business in 2021.

The views of the experts consulted also indicated relatively low scores on certain other areas. For example, on the condition Government Policy: Support and Relevance, the country received a 4.4 score — 13th among GEM Level A economies. Other areas related to state support, namely Entrepreneurial Education Post-School and Physical Infrastructure, received the lowest scores among all GEM Level A economies. Government-supported programs for Irish entrepreneurs were more favourably regarded, however.

Institution

Lead institution
Fitzsimons Consulting

Type of institution
Private sector consultancy, specializing in entrepreneurship and growth

Website
http://www.fitzsimons-consulting.com

Team

Team leader
Paula Fitzsimons

Team members
Colm O'Gorman

Funders

Enterprise Ireland, supported by the Department of Enterprise, Trade and Employment

APS vendor

BMG Research

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Israel

■ **Population** (2020): **8.7 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **41.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	63.5	10
Good opportunities to start a business in my area	45.8	35
It is easy to start a business	13.7	47
Personally have the skills and knowledge	37.5	43
Fear of failure (opportunity)	46.6	19
Entrepreneurial intentions	17.5	25

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.5	33
International (25%+ revenue)	1.5	13=
	% TEA	**Rank/46**
Always consider social impact	58.1	43
Always consider environmental impact	49.2	45
	% TEA	**Rank/47**
Industry (% TEA in business services)	40.4	3

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	36.9	33=	33.3	39.4
Build great wealth	74.9	12	79.0	72.0
Continue family tradition	15.0	42	9.3	18.9
To earn a living	49.8	36	50.7	49.2

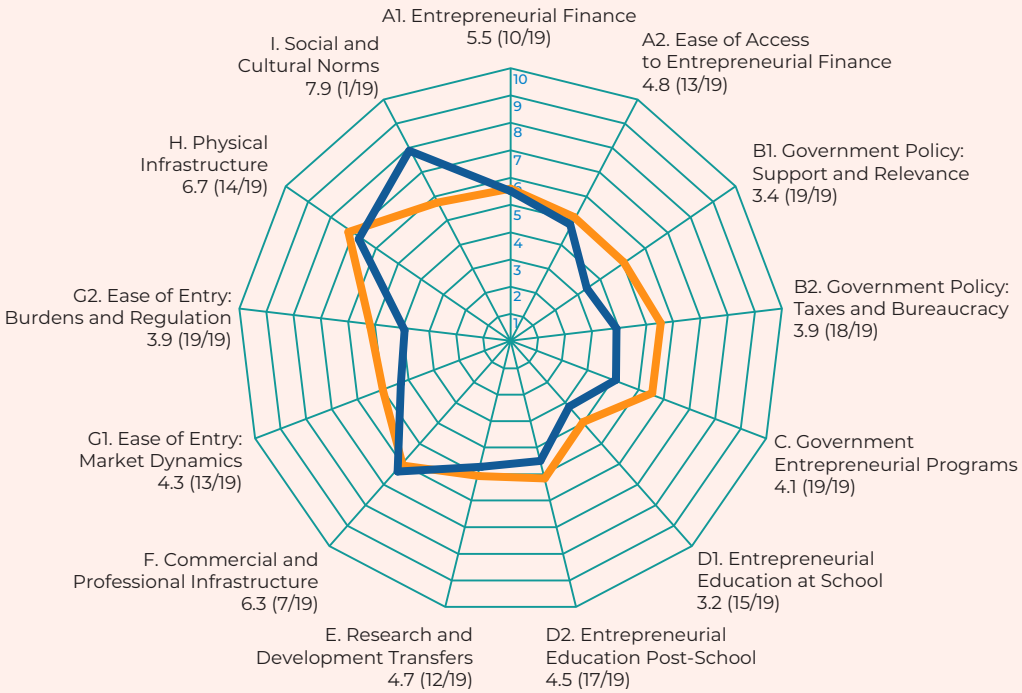
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	9.6	29	8.8	10.4
Established Business Ownership rate	3.3	45	2.6	4.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	5.8	6=	4.6	7.1

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	43.1	25
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	40.9	29
Use more digital technology to sell products or services	46.6	33
Pursue new opportunities due to pandemic	50.0	15

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Israel
Level A average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, Israel's tech startups raised over $25 billion in capital funding, a record for the country. This was accomplished, of course, during a global pandemic, when digital technology investment soared as a result of new business demands. Yet, despite the surge in this one industry, most Israeli entrepreneurs (and potential entrepreneurs) have experienced a more mixed recovery from 2020. As a top-line concern, many Israeli households are still feeling the economic impact of COVID-19. In 2021, 43.1% of Israelis said their household had lost income as a result of the pandemic, third highest among GEM Level A economies and only a slight improvement from 42.2% in 2020. While the economy is improving, with GDP expected to grow around 7% this year, the reality is many Israelis are still struggling with the economic impact of COVID-19, which may reduce entrepreneurial opportunity in the coming years.

Other signals point to a mixed entrepreneurial recovery from COVID-19. Israel's TEA rate did improve, to 9.6% in 2021, from 8.5% in 2020. While this is certainly positive evidence that more Israelis are starting new businesses in an improving economy, this rate is still low compared to previous years when the country's TEA rate stayed between 11% and 12% from 2015 to 2019. Thankfully, it appears that many of these entrepreneurs are feeling a bit more confident in their ability to adapt to the pandemic. Among TEA respondents, 40.9% said it was more difficult to start a business than in the previous year, which was an improvement over 63% in 2020. While the 2021 rate is still relatively high, likely due to the continued economic drag of the pandemic, it is moving in the right direction. Furthermore, 50% of those starting or running a new business saw new opportunities as a result of the pandemic, showing that many of these entrepreneurs are considering the new business realities of the moment, hopefully providing them with the best strategy for sustained growth.

However, policymakers will be most concerned with the general population's entrepreneurial attitudes, which were low in both 2020 and 2021, despite some of the country's more visible entrepreneurial success stories. While the rate of knowing someone who started a business was high in 2021, the rates of those who saw good opportunities to start a business, thought it was easy to start a business, or said they had the skills to start a business, were among the lowest for GEM Level A economies. Addressing this will take gradual improvements in education and government prioritization, among other policies to improve perceptions.

2021 Framework Conditions Review

Perhaps unsurprisingly given the low entrepreneurial attitudes among the general Israel population, experts gave the country low marks on its governance-related framework conditions. On Government Policy: Support and Relevance, experts gave a score of 3.4 in 2021, lowest among GEM Level A economies and a decline from 3.9 in 2020. Similarly, the condition Government Entrepreneurial Programs received a 4.1 score this year, also lowest among GEM Level A economies, down from 4.6 in 2020. These scores reflect the low prioritization the state gives to new Israeli businesses, even as some of its most successful startups receive international acclaim and funding.

The country's market burdens also received low scores with, in particular, Ease of Entry: Burdens and Regulation receiving a 3.9 score, lowest among GEM Level A economies. This reflects a strong bias towards large, established companies which makes it difficult for new firms to compete. Yet, despite conditions that may constrain some entrepreneurship in Israel, many Israelis are willing to take the risk and start a new business. This is clear by the 8.0 score experts gave on the condition Social and Cultural Norms, highest among GEM Level A economies.

Institution

Lead institution
Ira Center of Business, Technology & Society, Ben Gurion University

Type of institution
University

Website
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Other institutions involved
Ministry of Economics and Industry, Government of Israel

Team

Team leader
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Team members
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Funders

Ministry of Economics and Industry, Government of Israel
Ira Foundation of Business, Technology and Society

APS vendor

Brandman Institute

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Italy

■ **Population** (2020): **60.5 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **41.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	41.1	37=
Good opportunities to start a business in my area	34.7	40
It is easy to start a business	16.6	46
Personally have the skills and knowledge	44.7	39
Fear of failure (opportunity)	45.3	23
Entrepreneurial intentions	9.4	39

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.0	37=
International (25%+ revenue)	0.5	32=
	% TEA	**Rank/46**
Always consider social impact	86.1	10
Always consider environmental impact	80.2	20
	% TEA	**Rank/47**
Industry (% TEA in business services)	36.9	4

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	21.5	42	24.7	18.3
Build great wealth	53.4	28	55.3	51.6
Continue family tradition	22.8	33	14.2	31.6
To earn a living	61.4	30	56.6	66.2

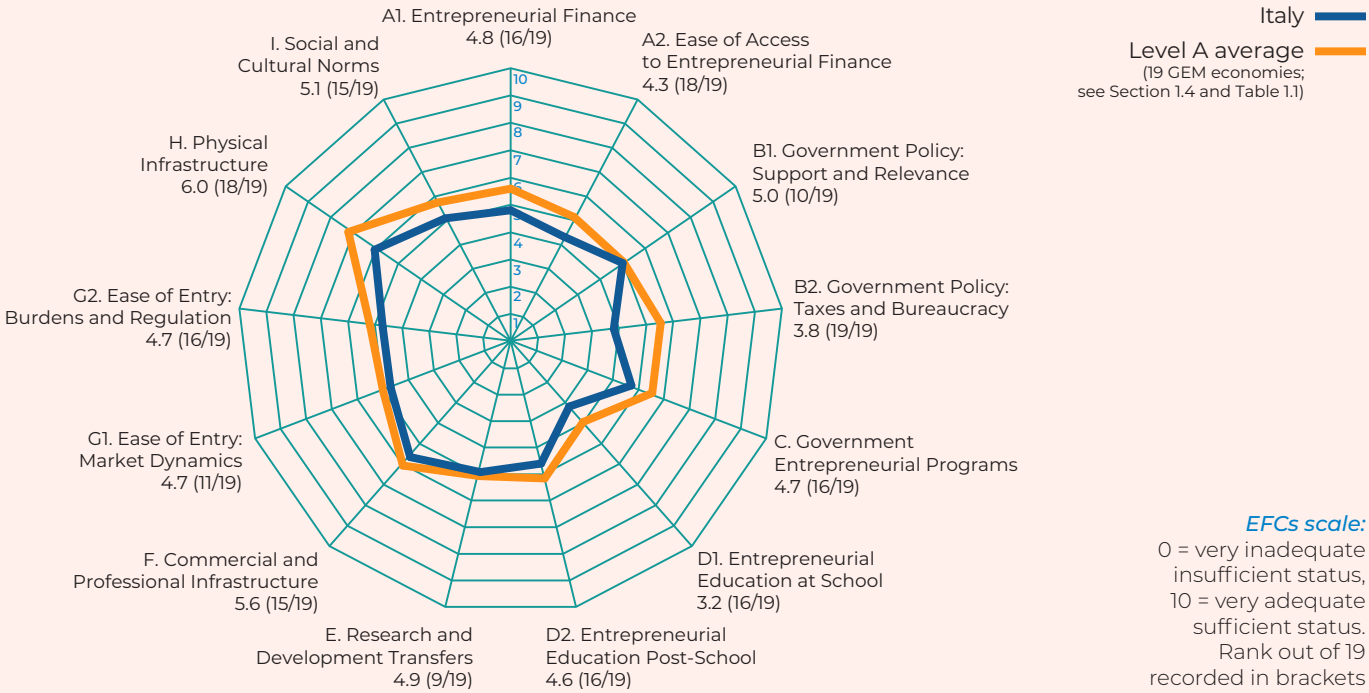
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	4.8	45	3.5	6.2
Established Business Ownership rate	4.5	33	2.9	6.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	3.2	19	1.7	4.6

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	41.4	26
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	47.0	23=
Use more digital technology to sell products or services	51.4	26
Pursue new opportunities due to pandemic	46.3	19

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In what seems like several years ago, Italy was the first European country to be significantly impacted by COVID-19 in early 2020. In addition to the human cost of the virus, the Italian economy contracted by nearly 9% in 2020. Every GEM economy has its own challenges, and therefore different reactions to COVID-19, which was certainly the case for Italy the last two years. While some countries' TEA rate increased during 2020 in response to COVID-19, pushing them to necessity-driven entrepreneurship, Italy's TEA rate fell to 1.9% that year, continuing a longer-term decline on that entrepreneurial indicator. Yet, in 2021, Italy's TEA rate rose to 4.8%, reversing a slide that began after 2018. Its EBO rate also hit a level (4.5%) not seen since 2015.

These are encouraging signs for an economy in need of some positive models of entrepreneurship to show the general population that it is a viable career path. Indeed, several of Italy's survey responses indicate a lack of confidence in pursuing entrepreneurship. The rate of Italians saying they saw good opportunities where they lived was only 34.7%, second lowest among GEM Level A economies, while the rate of those who said it was easy to start a business in their country was only 16.6%, the lowest among GEM Level A economies by a significant margin. With these perceptions among the general population, it is understandable why Italy's TEA rate has tended to be on the lower end of GEM economies in the last few years.

Improving these attitudes will require a mix of visible entrepreneurial success in Italy, investments in entrepreneurial education and programs, and some new policies aimed at making it easier to start a business. Without these longer-term strategies it will be hard to convince Italians to start their own business and to feel confident that they can one day grow into an established business. It will also be necessary to boost entrepreneurship as a means of recovering from the pandemic. The economy is not expected to recover to pre-pandemic levels until the first or second quarter of 2022. Additionally, the rate of Italians who said their household has lost income as a result of the pandemic was 41.4% in 2021, among the highest for GEM Level A economies.

2021 Framework Conditions Review

Considering the recent challenges faced by Italy, including economic slowdowns and the political volatility that preceded the pandemic, some of Italy's low scores on framework conditions might be expected. Several areas show constraints to entrepreneurship that need to be addressed if the country is to improve entrepreneurial impact and make it easier to grow a business. Foremost, the condition Entrepreneurial Finance received a 4.8 score, 16th among Level A economies, while Ease of Access to Entrepreneurial Finance received a 4.3, second lowest among this group. Finance is a primary constraint of any country in the midst of a financial slowdown as returns are lower and any investment takes on a new risk profile. In these situations, a mix of improved economic conditions and targeted government policy can help. The Italian economy is expected to grow by around 6% in 2021, which should help, but policy guidance will also be needed.

There are several conditions that will require longer-term solutions, but will be necessary to boost entrepreneurship to a sustained level. These relate to governance and education. In particular, the condition Government Policy: Taxes and Bureaucracy received a 3.8 score in 2021, which was an improvement from 2.7 in 2020, but still the lowest among GEM Level A economies. An improvement is encouraging but will need to be consistently maintained to improve perceptions of bureaucracy in the country. Both education conditions also received low scores, which will require long-term and gradual plans for improvement. Without this investment, Italians will continue to have low perceptions of their entrepreneurial abilities.

Institution

Lead institution
Università Politecnica delle Marche

UNIVERSITÀ POLITECNICA DELLE MARCHE

Type of institution
University

Website
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Team

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Funders

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Università Politecnica delle Marche

APS vendor

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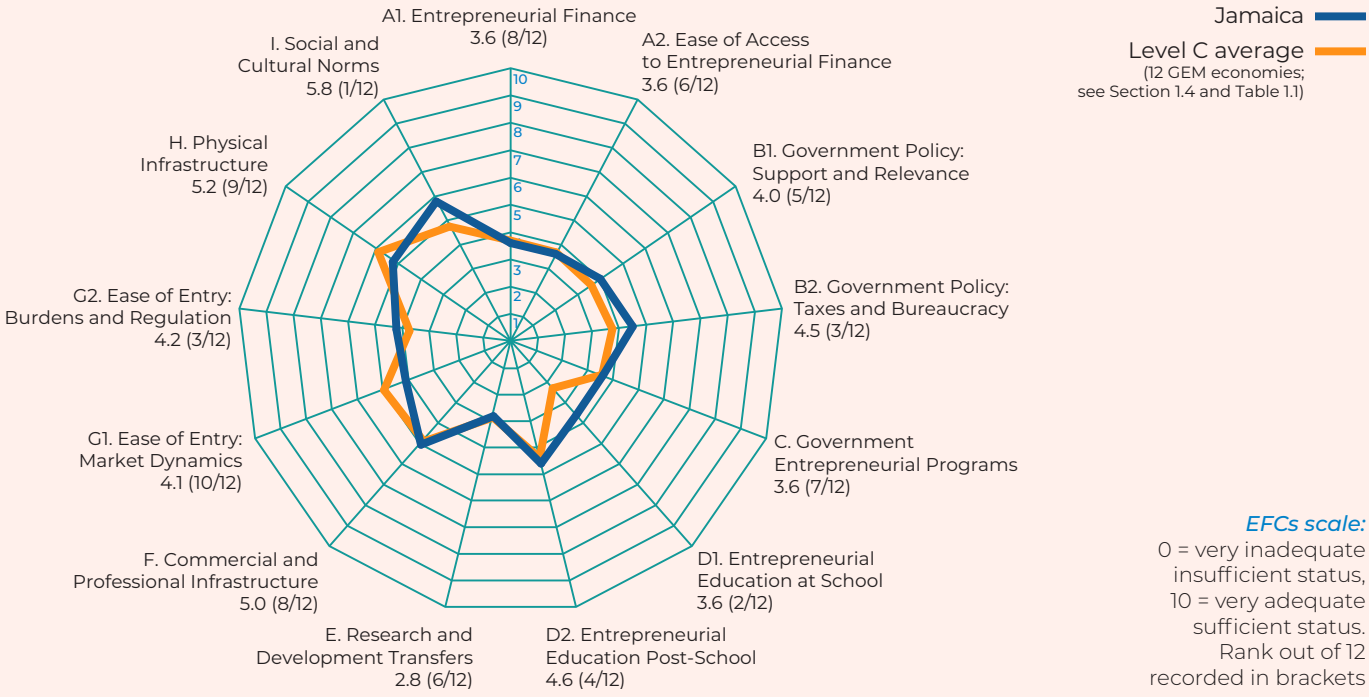
Jamaica

- **Population** (2020): **3.0 million** (UN)
- **GDP** per capita (2020; PPP, international $): **9.2 thousand** (World Bank)

Jamaica did not participate in the 2021 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Framework Conditions Review

GEM's Jamaica Team participated in just the NES survey in 2021. However, valuable insights into its state of entrepreneurship can still be gleaned from these results. Like many lower-income economies, there is an identified need for more available financing, less burdensome regulation and better infrastructure (commercial and physical). However, experts also identified a couple of key strengths of Jamaica, in the areas of education and cultural values, which can boost entrepreneurial activity in future.

On the conditions related to finance, experts scored Jamaica a 3.6 on both Entrepreneurial Finance and Ease of Access to Entrepreneurial Finance. Both were about average scores for GEM Level C economies. Like many of its peer GEM economies, Jamaica will need to improve its available financing to help entrepreneurs pursue new opportunities and to have money for hiring. Jamaica's informal economy is estimated to be quite large, which contributes to a deleterious cycle. Financial institutions will not lend to informal new businesses, which keeps these new businesses from growing, which limits the number of businesses available for financing. The state may need to create more financing programs directly targeted at entrepreneurs to incentivize financial institutions to join in the market.

Surprisingly, experts gave a 4.5 score on the condition Government Policy: Taxes and Bureaucracy, third highest among GEM Level C economies. In past World Bank Doing Business reports, Jamaica had scored quite low on ease of paying taxes. However, this has been an area targeted by recent government policy. If taxes can be made easier for new firms, entrepreneurs will have better opportunities to expand under this more predictable and simple tax regime. Jamaica's educational related conditions were also scored quite high, with 3.6 for Entrepreneurial Education at School, second among GEM Level C economies, and 4.6 for Entrepreneurial Education Post-School, fourth among GEM Level C economies. It will take some time for these students to advance into entrepreneurship, but it bodes well for future development.

Jamaica's scores on market entry conditions were contradictory. On Ease of Entry: Market Dynamics, a score of 4.1 placed it 10th among GEM Level C economies, while Ease of Entry: Burdens and Regulation was ranked third with a score of 4.2. This suggests that there are regulatory burdens that may prevent entrepreneurs from offering their goods and services to the domestic market, but that there appears to be a strong market to welcome these new products if entrepreneurs had better access. Reducing regulation on market entry will therefore be an easy means for Jamaican entrepreneurs to boost growth and opportunities, creating paths for specialization in response to market demands as well.

Much like the strong entrepreneurial educational performance by Jamaica noted above, a score of 5.8 on Social and Cultural Norms also demonstrates a strong future for entrepreneurship. The strong entrepreneurial culture means that future generations will see it as a viable and respectable option to pursue. It also means that Jamaicans will be more receptive to entrepreneurial ventures. Therefore, if conditions related to financing and regulation can improve, Jamaica should have an improving entrepreneurial future.

Institution

Lead institution
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Type of institution
University

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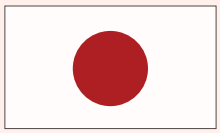


Japan

- **Population** (2020): **126.5 million** (UN)
- **GDP** per capita (2020; PPP, international $): **42.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	20.1	47
Good opportunities to start a business in my area	11.7	47
It is easy to start a business	29.7	39
Personally have the skills and knowledge	12.3	47
Fear of failure (opportunity)	47.9	17
Entrepreneurial intentions	3.2	46

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.3	34
International (25%+ revenue)	0.5	32=
	% TEA	**Rank/46**
Always consider social impact	71.6	31
Always consider environmental impact	66.1	37
	% TEA	**Rank/47**
Industry (% TEA in business services)	25.2	17

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	37.3	32	40.1	36.1
Build great wealth	42.1	36	69.5	31.4
Continue family tradition	31.9	18	38.1	29.5
To earn a living	40.1	42	41.4	39.6

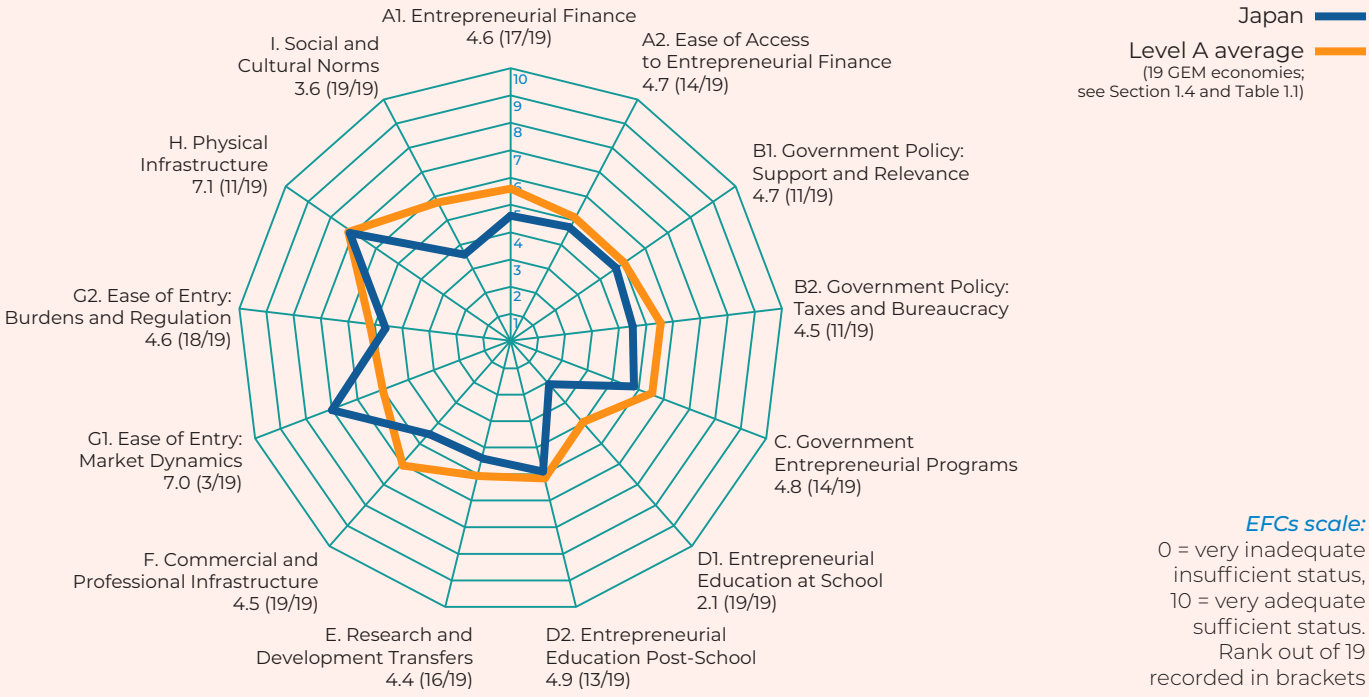
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	6.3	41	4.0	8.5
Established Business Ownership rate	4.8	32	2.3	7.2
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.7	26=	0.7	2.6

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	28.1	39
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	49.1	20
Use more digital technology to sell products or services	62.1	14
Pursue new opportunities due to pandemic	28.0	42

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2021 Entrepreneurial Activity Review

In every year that Japan has participated in GEM, its EBO rate has been higher than its TEA rate. However, in 2021 this changed. This past year, Japan's TEA rate was 6.3% while its EBO rate, 4.8%. This reflects a few simultaneous changes occurring within the country, both in the structure of its economy and as a result of COVID-19. Japan has traditionally supported its older, more established businesses, sometimes at the expense of newer firms, according to some economists. This has been done in large part to maintain a competitive export market. Yet gradual changes to this model, recently accelerated by COVID-19, have forged some new business realities. Production capacity in Japan's large export sector, the automobile industry, for example, dealing with COVID-19 related supply chain issues and a temporary fall in consumer demand, has meant some established businesses have had to reduce their operations or shut down entirely in 2020. Typically, established businesses have been more resilient to COVID-19 among GEM economies, but in Japan the EBO rate fell from 7.0% in 2019 to 4.8% in 2021.

Yet there are strong opportunities for Japanese entrepreneurs, both from domestic and international markets, which should provide a path for new entrepreneurs to replace the established businesses that have exited in the past two years. Demand for automobiles and other advanced manufacturing exports from Japan is still high globally and domestic consumers are finally spending more after saving through most of the pandemic. More government stimulus is planned for 2022. Yet early-stage entrepreneurs in Japan expressed mixed sentiments about their future in GEM's 2021 survey. The rate of Japanese who plan to hire one or more employees in the next five years was third lowest among GEM Level A economies. The country was also third lowest for entrepreneurs anticipating 25% or more of their revenue to come from outside their country. This was a surprising figure, given Japan's export figures, but perhaps reflects the difficulty of new businesses accessing export markets in a country where large, established firms do most of the exporting.

2021 Framework Conditions Review

New firms have difficulty competing against established firms, evidenced by experts' scores given to the condition Ease of Entry: Burdens and Regulation. This condition's 4.6 score was 18th among GEM Level A economies. Addressing this issue is complicated and can take several years of gradual reform. While consumers may benefit from the scale and capability of large, established firms providing goods and services, after some time their dominance can result in a decline in value and an increase in price. Having a set of competitive new firms challenging the established ones creates a healthier environment for consumers. To accomplish this goal, policymakers should ensure mergers do not create such market dominance that new companies cannot compete. Similarly, the state should be fair in distributing tax incentives and investment dollars between new and older firms. Ironically, the condition Ease of Entry: Market Dynamics received a 7.0 score, third among GEM Level A economies, which means consumers are open and willing to spend money on new products and services offered by entrepreneurs.

Overall, experts were fairly negative on assessing Japan's framework conditions. In particular, financing was given low scores, which may reflect the country's recent lower economic growth trajectory, made worse by COVID-19. Hopefully, a recovery can boost funding opportunities as financial institutions' balance sheets recover. The country's governance conditions were also given low scores, suggesting a lack of government prioritization of entrepreneurship in 2021. In the next round of stimulus, policymakers might want to consider earmarking some funds specifically for promising new businesses.

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
Keio University

Team

Team leader
Prof. Noriyuki Takahashi

Team members
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Prof. Yuji Honjo
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Prof. Takehiko Isobe

Funders

Ministry of Economy, Trade and Industry (METI)

APS vendor

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Contact

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Kazakhstan

■ **Population** (2020): **18.8 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **26.7 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	53.4	27
Good opportunities to start a business in my area	51.4	29
It is easy to start a business	52.4	22
Personally have the skills and knowledge	65.4	15
Fear of failure (opportunity)	12.1	47
Entrepreneurial intentions	55.3	1=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	5.4	11
International (25%+ revenue)	0.2	40=
	% TEA	**Rank/46**
Always consider social impact	51.8	44
Always consider environmental impact	50.1	44
	% TEA	**Rank/47**
Industry (% TEA in business services)	12.1	37=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	0.3	47	0.6	0.0
Build great wealth	91.3	2	90.8	91.7
Continue family tradition	8.7	46	11.6	6.4
To earn a living	39.8	43	35.0	43.7

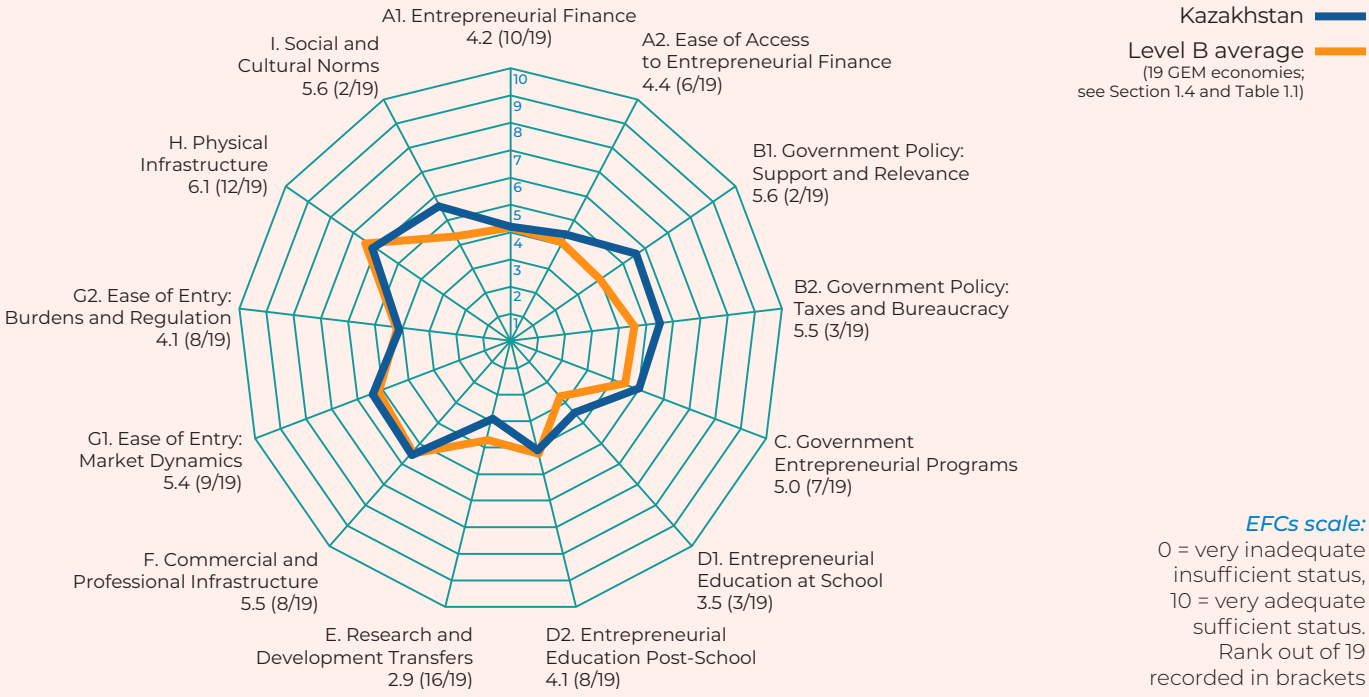
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	19.9	9	21.3	18.5
Established Business Ownership rate	12.1	4	10.8	13.5
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	92.8	1
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	67.3	4
Use more digital technology to sell products or services	59.1	18
Pursue new opportunities due to pandemic	32.5	37

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In Kazakhstan, policy conditions for starting a business have improved recently. This is evident both from GEM survey results as well as from the improving scores given by other research sources such as the Ease of Doing Business rankings. The result of these improvements is a culture that is highly ambitious and supportive of entrepreneurship. Among GEM Level B economies in 2021, for example, Kazakhstan had the third-highest rate of survey respondents saying that in their country it is easy to start a business (52.4%). In a related measure, 65.4% said they had the skills, knowledge and experience required to start a business, the fourth-highest rate among GEM Level B economies. Yet the most impressive finding of the 2021 survey was that only 12.1% of Kazakhs who saw good opportunities to start a business would not do so for fear it might fail, the lowest rate among all GEM economies across the three Levels.

Given this level of confidence, it is unsurprising that so many Kazakh adults intend to start a business in the next three years (55.3%). The rise in entrepreneurial intentions has been a recent development, increasing significantly in 2017 to 46%, and increasing gradually since then. This mirrors the country's GDP figures, which also grew at higher rates starting in 2016 through 2019 after a few years of slow growth, suggesting a correlation between expanded economic opportunity and entrepreneurial intentions among the general population.

Policymakers should track if confidence can remain high despite the recent economic difficulties resulting from COVID-19. In both 2021 and 2020, around 93% of Kazakh respondents reported their household had lost income as a result of the pandemic, the highest among GEM Level B economies. The relationship between growth and confidence could be disrupted in this difficult economic environment. Perhaps those already involved in entrepreneurship will help grow the economy to aid in its recovery. For example, among the country's relatively high level of early-stage entrepreneurs (19.9% TEA rate), 59.1% say they plan on using more digital technology to grow their business, demonstrating a commitment to grow in the face of some difficult economic circumstances.

2021 Framework Conditions Review

Kazakhstan's framework condition scores were mixed in 2021. Unsurprisingly, given the strong entrepreneurial culture noted above, their Social and Cultural Norms score of 5.6 was second among GEM Level B economies. A strong entrepreneurial culture will help resist some of the pessimistic attitudes towards entrepreneurship that might occur when an economy is temporarily contracting. The country's governance conditions were also scored fairly high in 2021, improving from 2020. In particular, the condition Government Policy: Support and Relevance was highly rated by experts, receiving a 5.6 score, second among GEM Level B economies; while Government Policy: Taxes and Bureaucracy (5.5) was third. These show an impressive commitment by the state to supporting entrepreneurship, even as many competing priorities emerged during the pandemic. Indeed, this appears to be a state priority.

Some areas for improvement that could have a strong, immediate impact on entrepreneurs are finance and R&D. Kazakhstan's Entrepreneurial Finance condition received a score of 4.2, 10th among Level B economies. Some policies, such as loan guarantees to promising entrepreneurial projects, may incentivize financial institutions to lend more in an otherwise tightening environment. The condition Research and Development Transfers received a 2.9, 16th among GEM Level B economies, reflecting some barriers to knowledge and other IP sharing between large and small organizations. Policies that would offer tax incentives for sharing IP could be an immediate benefit for those new businesses looking to grow in the competitive technology field.

Institution

Lead institution
Nazarbayev University Graduate School of Business

Type of institution
University

Website
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Team leader
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Shumaila Yousafzai, PhD
Nurlan Kulbatyrov
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Funders

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APS vendor

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Contact

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Latvia

■ **Population** (2020): **1.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **32.0 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	41.1	37=
Good opportunities to start a business in my area	39.6	37
It is easy to start a business	29.4	40
Personally have the skills and knowledge	53.3	28
Fear of failure (opportunity)	37.3	38
Entrepreneurial intentions	17.9	23

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	4.3	15
International (25%+ revenue)	2.8	6
	% TEA	**Rank/46**
Always consider social impact	82.1	14=
Always consider environmental impact	83.1	16
	% TEA	**Rank/47**
Industry (% TEA in business services)	24.7	18

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	36.9	33=	45.2	30.0
Build great wealth	37.1	44	48.6	27.3
Continue family tradition	24.2	29=	24.1	24.3
To earn a living	65.3	25	58.2	71.3

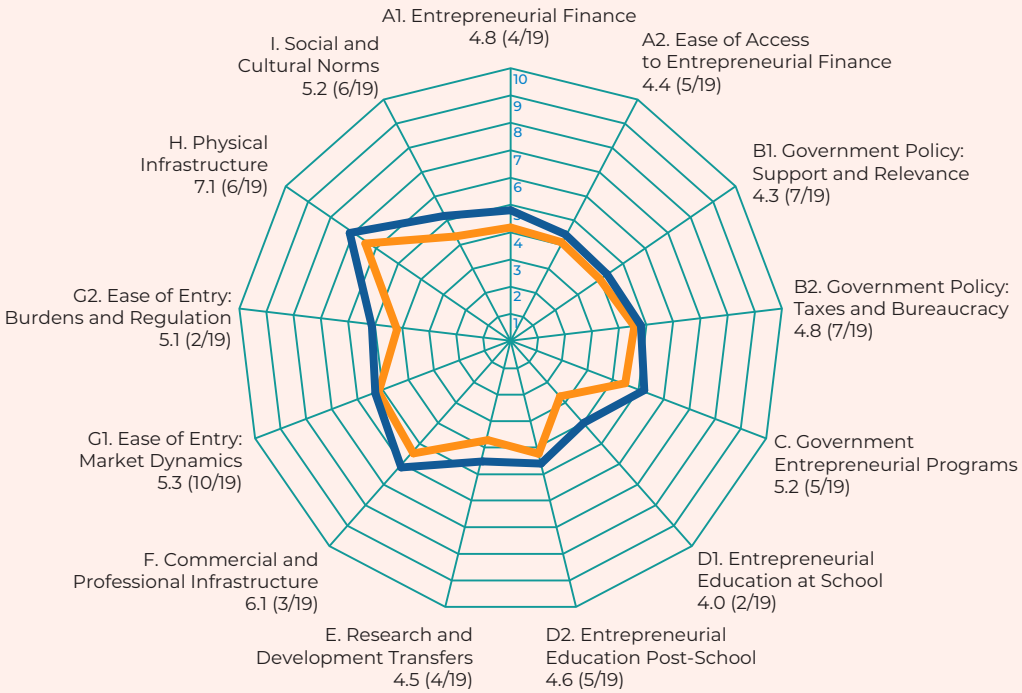
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	15.1	17	12.0	18.2
Established Business Ownership rate	9.9	8	6.3	13.5
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	4.1	13=	2.9	5.4

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	28.2	37=
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	9.8	47
Use more digital technology to sell products or services	49.6	29
Pursue new opportunities due to pandemic	35.0	33

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Latvia's early-stage entrepreneurial activity remained strong in 2021, declining just slightly to 15.1% from 15.6% in 2020. Yet, more importantly, the results of Latvia's GEM surveys provide several reasons to believe that their early-stage entrepreneurship could translate to even stronger innovative and sustainable business activity in the coming years. Unfortunately, Latvia's EBO activity showed less reason for optimism, even if their rate was relatively high (9.9% in 2021), compared to peers. However, if early-stage entrepreneurs can innovate and grow, they will eventually join the ranks of established business owners, improving this sector in the future.

Latvia appeared to be recovering economically from COVID-19, with GDP projected to grow by 4.5% according to the IMF. Additionally, only 28.2% of GEM APS respondents lost household income this year as a result of the pandemic, third lowest among GEM Level B economies, while 10% had their income increase, third highest among that group. This fosters strong macroeconomic conditions for new businesses to expand their customer base. Surprisingly, among the general Latvian population, only 39.6% reported good opportunities to start a business where they lived, while only 29.4% agreed it was easy to start a business, both low rates compared to peer GEM Level B economies.

Fortunately, those Latvians who actively participated in early-stage entrepreneurship expressed more positive sentiments about the business environment, paving the way to more growth and innovation in future. Among TEA respondents, only 9.8% said it was more difficult to start a business than in the previous year, substantially lower than any other GEM Level B economy. This rate was also low in 2020 (11.9%), demonstrating a sustained confidence among this set of entrepreneurs. And, while only 35% of TEA respondents saw new opportunities as a result of the pandemic, 49.6% still planned to use more new digital technologies to grow their business in the next six months. Conversely, only 28.8% of EBO respondents planned to use more new digital technologies, suggesting that the set of newer businesses are better positioning themselves to respond to new consumer demands created by COVID.

2021 Framework Conditions Review

The foundations for stronger entrepreneurial performance in Latvia is also evident in the totality of scores given by experts in 2021. The country was ranked near the top of most conditions compared to its peer group. On Entrepreneurial Finance, Latvia's 4.8 score was fourth among GEM Level B economies, while the condition Ease of Access to Entrepreneurial Finance (4.4) was fifth. While there is room for improvement, these scores suggest that at least some Latvian entrepreneurs can turn to traditional financing options to grow their business. If these new businesses continue to grow, there will be further incentive for financial institutions to increase their lending to promising entrepreneurs, resulting in an even healthier financial condition.

Latvia's governance-related conditions mostly improved compared to 2020, in particular the condition Government Policy: Taxes and Bureaucracy, which increased its score to 4.8 in 2021 from 2.6 in 2020. Last year, this would have been considered a significant weakness for Latvia. However, it is possible experts are responding to the new tax reform policy enacted in July 2021. Modelled on Estonia's corporate tax law, the new policy will bring substantial changes to taxation in the country. Experts indicate this change might be for the better. Results in the coming years will confirm if it was an effective improvement for entrepreneurs as well.

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
Marija Krumina, MSc, PhD candidate

Team members
Anders Paalzow, PhD

Funders

Stockholm School of Economics in Riga (SSE Riga)

APS vendor

SKDS

Contact

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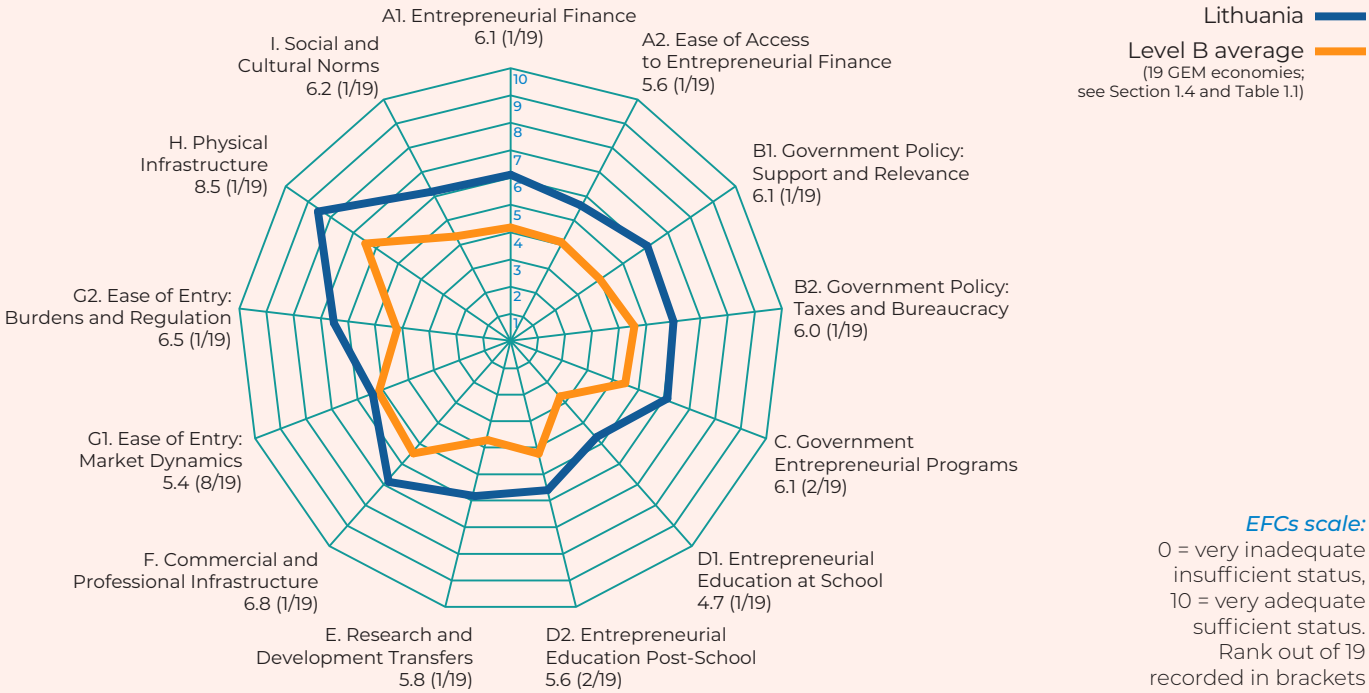
Lithuania

- **Population** (2020): **2.7 million** (UN)
- **GDP** per capita (2020; PPP, international $): **39.1 thousand** (World Bank)

Lithuania did not participate in the 2021 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Framework Conditions Review

In 2021, Lithuania did not participate in the GEM APS survey. However, results from the NES survey provide key insights into the country's conditions for entrepreneurship. Across most conditions, Lithuania scored at or near the top when compared to its peer-group GEM Level B economies, reflecting a strong climate for impactful entrepreneurship. On Entrepreneurial Finance (6.1), as well as Ease of Access to Entrepreneurial Finance (5.6), Lithuania was first among GEM Level B economies. The strong scores on these conditions reflect the strong investment climate for entrepreneurs sparked by the country's recent surge in new tech businesses, particularly fintech and blockchain startups.

The country's government-related conditions also scored quite well, with Government Policy: Support and Relevance (6.1) and Government Policy: Taxes and Bureaucracy (6.0) scoring at the top of GEM Level B economies. The state has clearly made a priority of encouraging entrepreneurship, with policies such as the creation of the Entrepreneurship Promotion Fund, established in 2009. While the size of this fund may be small compared to entrepreneurial programs in large economies, in a country of less than 3 million it has had a significant impact.

Given the government's interest in promoting entrepreneurship, it is unsurprising that both education and infrastructure also received strong scores from experts. In particular, the 4.7 score on Entrepreneurial Education at School was significantly higher than any other GEM Level B economy, reflecting a strong focus on youth and entrepreneurship in Lithuania. On the condition Physical Infrastructure, an 8.5 score was again first among Level B economies, and second overall, including Level A economies.

The only low score Lithuania received was on Ease of Entry: Market Dynamics: 5.4, eighth among GEM Level B economies. This means there are some unpredictable consumer market conditions, particularly related to price and demand, which can create some barriers for Lithuanian entrepreneurs. It may be difficult to improve this condition given the small size of Lithuania's domestic market, and may be overcome with the country's strong, entrepreneur-enabling performance on other conditions.

Finally, the Research and Development Transfers condition received a 5.8 score, placing it first among Level B economies and second overall, including Level A economies. This is a particular point of emphasis for the Lithuanian government and businesses. In 2019, the World Economic Forum named Lithuania as the best place for R&D in Central and Eastern Europe, so a strong performance on this condition was expected.

Institution

Lead institution
Vilnius University

Vilnius University

Enterprise Lithuania

Type of institution
University

Website
https://www.vu.lt/en/

Team

Team leader
Prof. Saule Maciukaite-Zviniene

Team members
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Vytenis Mockus
Marius Kalanta, PhD
Taurimas Valys
Jurgita Pesliakaitė

Funders

Vilnius University
Ministry of the Economy and Innovation of the Republic of Lithuania

APS vendor

Not available

Contact

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Luxembourg

■ **Population** (2020): **0.6 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **118.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	43.0	33=
Good opportunities to start a business in my area	54.1	26
It is easy to start a business	64.1	18
Personally have the skills and knowledge	52.9	30
Fear of failure (opportunity)	43.0	29=
Entrepreneurial intentions	13.2	33

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.0	29=
International (25%+ revenue)	1.7	12
	% TEA	**Rank/46**
Always consider social impact	72.2	30
Always consider environmental impact	71.2	30
	% TEA	**Rank/47**
Industry (% TEA in business services)	43.8	1

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	56.9	18	54.2	59.6
Build great wealth	38.6	41	40.3	37.1
Continue family tradition	27.7	22	23.8	31.0
To earn a living	32.9	45	23.3	41.5

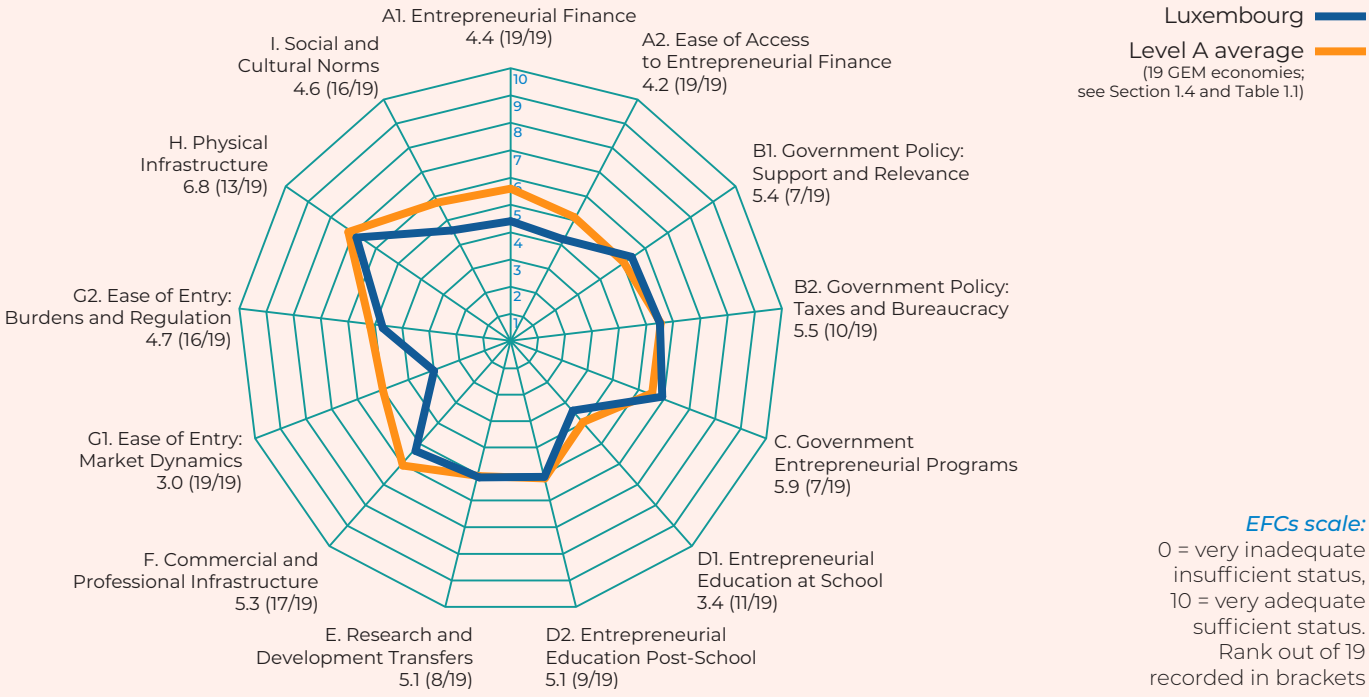
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	7.3	37	5.1	9.3
Established Business Ownership rate	3.6	40=	4.1	3.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	4.6	11	3.2	5.9

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	20.7	43=
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	38.8	32
Use more digital technology to sell products or services	48.8	30=
Pursue new opportunities due to pandemic	46.8	18

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, Luxembourg was one of only two GEM economies (alongside Switzerland) to have a higher rate of early-stage entrepreneurial activity in the business services sector than the consumer services sector. This is representative of the country's robust financial and professional services sector, which attracts entrepreneurs, compared to most other economies where entrepreneurs tend to gravitate towards consumer services. It also signals an economically healthy entrepreneurial sector, as business services tend to generate more income and require less in-person activity than other industries; a big advantage to those firms during the COVID-19 era.

Yet there are also potential downsides to such a financialized entrepreneurial sector, which can dampen other forms of entrepreneurship. Luxembourg, being one of the highest-income economies in the world, means entrepreneurs face high barriers to starting a new business because of how much income they must generate to make it worthwhile leaving their job, as well as to fund their new business's operations. As a result, Luxembourg's TEA rate, which measures entrepreneurship across all sectors, has gradually declined over the last few years, even as the rate of business services has increased. In 2021, Luxembourg's TEA rate was 7.3%, the lowest rate since 2014, while the share of entrepreneurs involved in business services reached 44%, its highest since Luxembourg began participating in GEM in 2013.

In addition to the industry bias generated by this trend, there are also demographic imbalances. Among GEM Level A economies, Luxembourg had one of the lowest rates of female participation in early-stage entrepreneurial activity, as well as one of the highest ratios of college graduates vs. non-graduates. Luxembourg's early-stage entrepreneurs also have higher under-35 age participation rates than other GEM economies. Taken together, these mean that Luxembourg's entrepreneurial sector is predominantly young, male and highly educated. This may be seen as a natural result of the economic realities of Luxembourg; however, addressing this imbalance will be necessary to enable the economic opportunities of other groups and other sectors. Policymakers looking to make changes in this area will need to look holistically at educational opportunities as well as role models and network factors shaping the current situation.

2021 Framework Conditions Review

In 2021, experts gave Luxembourg generally low scores compared to its Level A peer economies, with the exception of governance-related conditions. On both financial conditions, Luxembourg received the lowest scores among GEM Level A economies, with Entrepreneurial Finance scored at 4.4 and Ease of Access to Entrepreneurial Finance 4.2. This is a bit surprising given the strength of Luxembourg's financial sector, but may reflect the high cost of starting a business, which makes funding hard to obtain for entrepreneurs. Addressing this deficiency will be difficult, as it will take substantial capital to meet the demands of new businesses. Looking for alternative funding sources may be necessary for Luxembourgian entrepreneurs.

However, Luxembourg fared a bit better on its governance-related conditions. For example, on the condition Government Policy: Support and Relevance, experts gave a 5.4 score, up from 4.9 in 2020, and seventh among GEM Level A economies. This improved government prioritization will hopefully continue as the economy recovers from COVID-19, since entrepreneurs will provide the new products and services that spur growth after the economy stabilizes. The government should also look for ways that entrepreneurs can more easily access new consumer markets. On the two conditions related to market entry, Luxembourg received low scores, reflecting limited domestic markets for entrepreneurs to access.

Institution

Lead institution
STATEC Research

Type of institution
Public Body

Website
https://statistiques.public.lu/en/actors/statec/organisation/red/index.html

Team

Team leader
Dr. Francesco Sarracino

Team members
Dr. Chiara Peroni
Dr. Maxime Pettinger

Funders

Ministry of the Economy of the Grand Duchy of Luxembourg

House of Entrepreneurship (an initiative of the Chamber of Commerce and the Ministry of the Economy of the Grand Duchy of Luxembourg)

APS vendor

TNS ILRES

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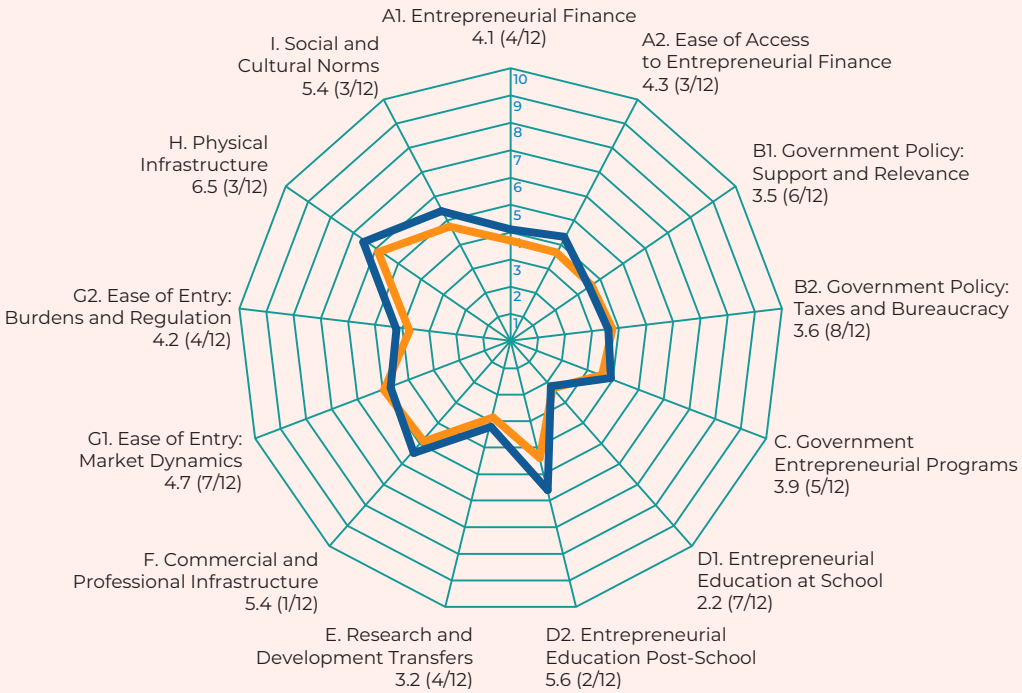
Mexico

■ **Population** (2020): **128.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **18.8 thousand** (World Bank)

Mexico did not participate in the 2021 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Framework Conditions Review

This year, GEM's Mexico Team participated only in the NES survey. However, valuable insights into the state of entrepreneurship in Mexico can still be gleaned from the experts' assessments. Overall, Mexico's scores from experts tend to be above average compared to other GEM Level C economies. This is particularly true in the areas of financing and infrastructure (commercial and physical). However, other areas that are traditionally seen as strengths of the Mexican entrepreneurship sector scored a bit lower than expected.

In 2020, Mexico's Entrepreneurial Finance condition scored 3.8, which was an underperformance based on previous results. However, this past year, experts improved their assessment, scoring Entrepreneurial Finance at 4.1, fourth among GEM Level C economies, and 4.3 on Ease of Access to Entrepreneurial Finance, third among GEM Level C economies. The lower scores in 2020 may have reflected both the impact of COVID-19 and the simultaneous currency spike, which made financing quite volatile. Fortunately, the peso stabilized in 2020.

Mexico's governance-related conditions received average scores in 2021; however, all had improved over 2020. The condition Government Policy: Taxes and Bureaucracy rose to a score of 3.6 in 2021, from 3.2 in 2020. However, it is still eighth among GEM Level C economies. The difficulties of paying taxes in Mexico has been noted by previous World Bank Doing Business reports, although the government is making some digitization efforts, in part as a response to COVID-19 concerns. Until very recently, registering a business in Mexico required in-person paperwork and dealing with several agencies. By continuing to digitize this process, younger entrepreneurs will be more comfortable registering their new businesses.

Both infrastructure conditions also improved this year compared to 2020. On Physical Infrastructure, a 6.5 score in 2021, third among GEM Level C economies, was an improvement from a 6.1 score in 2020, while Commercial and Professional Infrastructure improved by a full point to 5.4 in 2021, first among GEM Level C economies. Mexico's strong performance relative to its peers on Commercial and Professional Infrastructure is to be expected, given the country's level of development and strong professional sector. However, the Physical Infrastructure score is a little surprising because it has traditionally been seen as difficult to get electricity and to register property in Mexico. However, thanks to recent digitization efforts this may be improving. Additionally, this condition also assesses the quality of communication infrastructure, which is quite strong in most areas of Mexico.

Yet, on the conditions of Research and Development Transfers and Ease of Entry: Burdens and Regulation, Mexico underperformed relative to its peers compared to expectations. In 2021, Mexico received a 3.2 score for the former, down from 3.7 in 2021. The 2021 score was still fourth among GEM Level C economies. Mexico has quite a few domestic firms and startups that partner with large international businesses. The knowledge sharing that should be occurring in these partnerships may have been disrupted by recent macro challenges, but should hopefully improve going forward. Additionally, while Mexico's Ease of Entry: Burdens and Regulation score actually increased to 4.2 in 2021, it is still surprising, considering the size and demand of Mexico's domestic consumer base, that this score is not higher. Perhaps, as the economy continues to recover from COVID-19 and currency concerns, this condition will improve and better reflect one of Mexico's core strengths as a huge domestic market ready for entrepreneurial activity.

Institution

Lead institution

Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) (aka Tecnológico de Monterrey)

Type of institution

University

Website

https://tec.mx/en

Team

Team leader

José Ernesto Amorós, PhD

Team members

Elvira Naranjo, PhD

José Manuel Aguirre, MSc, PhD Candidate

Funders

Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) (aka Tecnológico de Monterrey)

APS vendor

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Contact

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Morocco

- **Population** (2020): **36.9 million** (UN)
- **GDP** per capita (2020; PPP, international $): **7.3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	44.0	33=
Good opportunities to start a business in my area	64.1	15
It is easy to start a business	56.1	21
Personally have the skills and knowledge	61.5	19
Fear of failure (opportunity)	35.5	41
Entrepreneurial intentions	43.3	11

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.0	29=
International (25%+ revenue)	0.4	35=
	% TEA	**Rank/46**
Always consider social impact	85.3	12
Always consider environmental impact	85.1	12
	% TEA	**Rank/47**
Industry (% TEA in business services)	8.5	42

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	17.6	44	18.0	16.9
Build great wealth	46.5	33	46.9	46.0
Continue family tradition	22.3	34	23.4	20.9
To earn a living	87.1	6	86.5	88.0

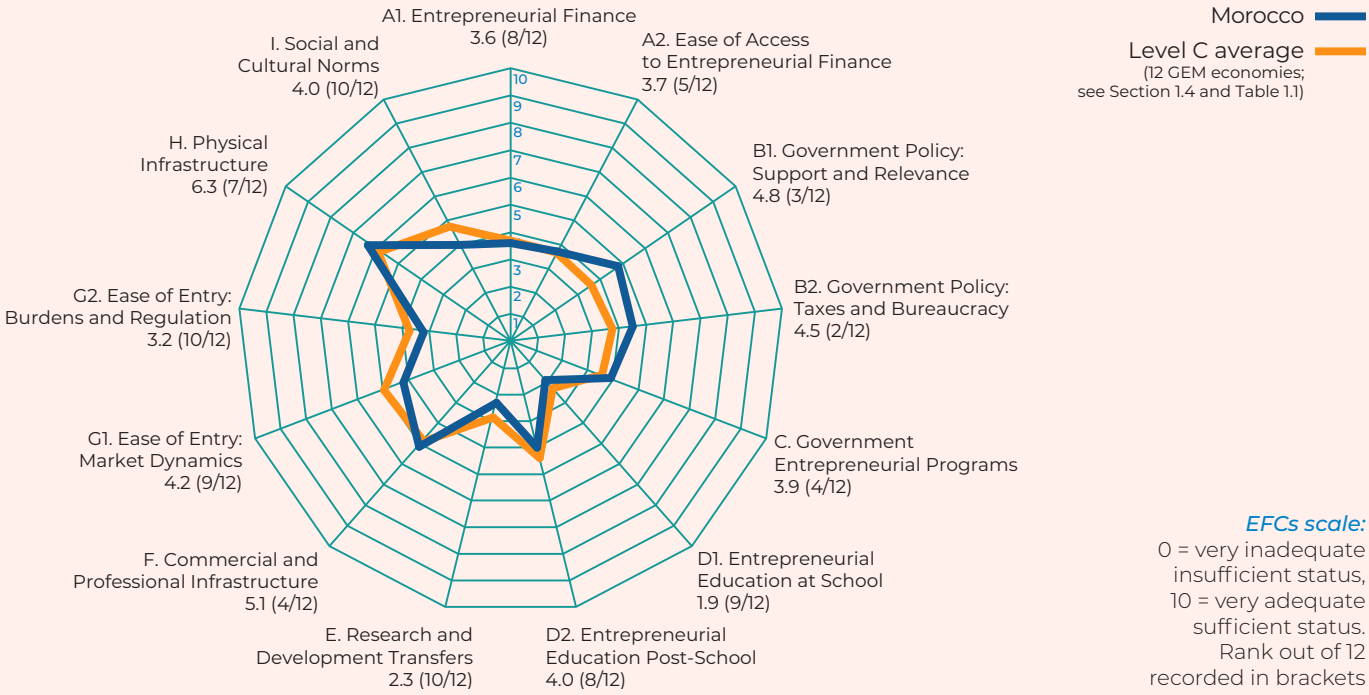
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	6.1	42	6.3	5.9
Established Business Ownership rate	4.9	31	3.9	6.0
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	74.8	7
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	52.0	17
Use more digital technology to sell products or services	66.6	10
Pursue new opportunities due to pandemic	26.3	43

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Can entrepreneurship help Morocco improve its high unemployment situation? It is to be hoped the answer is "yes", after the Moroccan finance bill signed in November 2021 allocated $331 million to entrepreneurship initiatives with the goal of creating 250,000 jobs within two years. This bill was the most recent effort by Moroccan officials to spur entrepreneurship, with several agreements signed aimed at integrating financial support between government, large financial institutions and new entrepreneurial ventures.

It is still too early to determine the impact of these policies. According to GEM data, the Moroccan entrepreneurial sector is currently under stress. However, the conditions necessary for starting a new business are improving. This suggests that, while the Morocco entrepreneurial sector may have shrunk during the pandemic, it should improve in the future if policy support continues.

Macroeconomic conditions in Morocco can explain part of the entrepreneurial slump. The number of Moroccan households reporting that their income either strongly or somewhat decreased in 2021 was higher than in 2020, meaning more households lost income. This could be expected as national unemployment levels also increased in 2021 compared to 2020, from 12.3% to 12.8%. As Moroccan finance officials recognize, entrepreneurs will need to create jobs to help relieve the economy's employment issue.

Yet, unfortunately, both TEA rates and EBO rates declined in 2021. TEA fell from 7.1% in 2020 to 6.1% in 2021, while EBO declined to 4.9% in 2021 from 6.8% in 2020. Additionally, the rate of TEA respondents who saw more opportunities as a result of a pandemic was quite low at 26.3%, least among GEM Level C economies, and just 16.8% among EBO respondents — second lowest among GEM Level C economies. However, despite these lower rates of entrepreneurial activity, there appears to be some acknowledgement among Moroccan entrepreneurs that the worst of the downturn may be over. The rate of TEA respondents who stated that it was more difficult to start a business this year compared to the previous year decreased to 52% (second among Level C economies) — a vast improvement from 72.9% of Moroccan TEA respondents in 2020.

2021 Framework Conditions Review

Further evidence that conditions for entrepreneurship in Morocco may have hit a low point, but is now gradually improving, can be found in the GEM NES survey responses. The entrepreneurial support offered by the Moroccan government in 2021 was noted, with the three government-related framework conditions of Government Policy: Support and Relevance, Government Policy: Taxes and Bureaucracy and Government Entrepreneurial Programs all improving in 2021 compared to 2020. Particular improvements were made on the condition Government Policy: Taxes and Bureaucracy, where a 2021 score of 4.5, although second among GEM Level C economies, was a marked improvement from 3.6 in 2020.

However, one area of weakness in Morocco's framework conditions is education. Both Entrepreneurial Education at School and Entrepreneurial Education Post-School saw declines in their scores in 2021, and were towards the bottom of GEM Level C economies overall. However, the condition of Commercial and Professional Infrastructure score improved to 5.1 in 2021, fourth among GEM Level C economies, from 4.7 in 2020. Overall, these scores reflect an improvement in the baseline conditions for Morocco's entrepreneurs. If the Moroccan government can continue its support, entrepreneurial activity should bounce back in 2022.

Institution

Lead institution

Entrepreneurship Research Laboratory Faculty of Law, Economics and Social Sciences University of Hassan II Casablanca

FSJES Ain Chock
FACULTÉ DES SCIENCES JURIDIQUES, ÉCONOMIQUES ET SOCIALES AIN CHOCK
UNIVERSITÉ HASSAN II DE CASABLANCA

Type of institution

University

Website

http://www.entrepreneurship.univcasa.ma

Team

Team leader

Khalid El Ouazani, PhD

Team members

Abdellatif Komat, PhD
Salah Koubaa, PhD
Fatima Boutaleb, PhD
Hind Malainine, PhD
Sara Yassine, PhD

Funders

University of Hassan II Casablanca

APS vendor

ClaireVision

Contact

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Netherlands

■ **Population** (2020): **17.1 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **59.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	56.8	18
Good opportunities to start a business in my area	69.9	12
It is easy to start a business	85.6	2
Personally have the skills and knowledge	45.4	38
Fear of failure (opportunity)	36.8	39
Entrepreneurial intentions	17.6	24

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.6	19=
International (25%+ revenue)	2.9	5
	% TEA	**Rank/46**
Always consider social impact	69.6	34
Always consider environmental impact	67.9	32
	% TEA	**Rank/47**
Industry (% TEA in business services)	26.8	14

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	52.7	21	55.0	51.3
Build great wealth	41.8	37	42.2	41.6
Continue family tradition	24.5	27	21.6	26.3
To earn a living	44.1	40	33.4	50.7

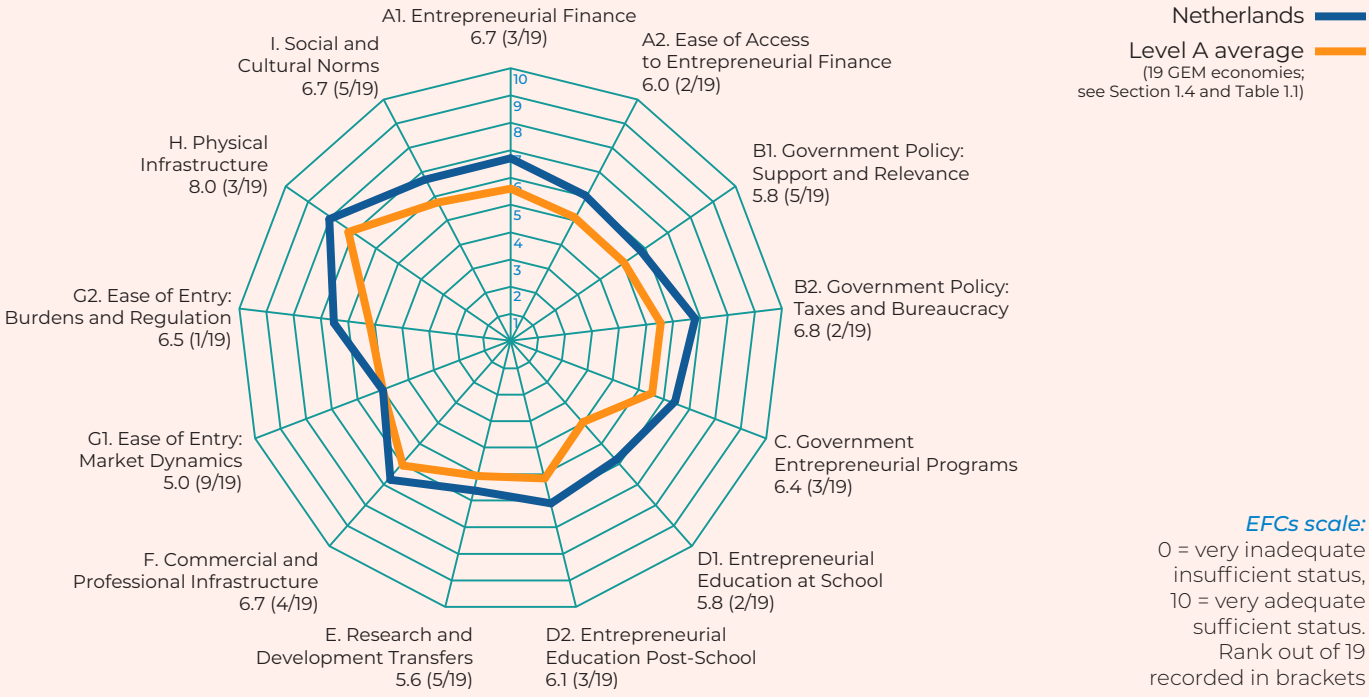
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	14.2	19	13.0	15.5
Established Business Ownership rate	6.4	23=	4.0	8.8
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	3.5	16	2.1	4.8

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	18.1	45
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	31.7	39
Use more digital technology to sell products or services	41.0	38
Pursue new opportunities due to pandemic	57.4	6=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, the Netherlands experienced a strong increase in early-stage entrepreneurial activity, in part due to a more positive assessment of opportunities as the economy recovered more quickly than expected after the lockdowns. This can be seen in the GEM survey responses from both the general Dutch population and from entrepreneurs. Among the general Dutch population, 69.9% saw good opportunities to start a business where they lived. This is a substantial increase over 2020, when only 48.8% of respondents agreed with this statement. Additionally, 17.6% of Dutch respondents intend to start a business within the next three years, up from 13% in the COVID-19 year of 2020. With this increase in entrepreneurial attitudes among the general population, TEA rose to 14.2% in 2021, a peak since the Netherlands began participating in GEM, and up from 11.5% in 2020.

This improved attitude was shared by many Dutch entrepreneurs in 2021, potentially paving the way for sustained growth among these new businesses. Most significantly, a majority of entrepreneurs, 57.4% of TEA respondents, see new opportunities as a result of the pandemic, and only 31.7% of these respondents saw it as more difficult to start a business now than in the previous year, compared to 52.5% in 2020. These results, taken together, indicate that a significant portion of early-stage entrepreneurs in the Netherlands have assessed and acted on the new, positive opportunities that have emerged despite some of the obvious challenges of COVID-19.

This entrepreneurial confidence, if sustained, also has the potential to overcome the so-called "Dutch Entrepreneurship Paradox", as coined by Erik Stam.[1] This is the paradoxical relationship between high levels of TEA in the Netherlands and low levels of scaled growth. In 2020, the Netherlands appeared to be experiencing this paradox again, as 7.1% of adults were starting or running a new business and intending to hire no new employees in the next five years (also known as solopreneurship), with only 2.8% intending to hire between one and five new employees; and just 1.5% intending to hire six or more. The period from June 2020–June 2021 was unique in the Netherlands' history as the state generated significant support programs for self-employed individuals and enterprises, resulting in lower exit rates and bankruptcies. This allowed economic growth to recover quickly. Together, these measures had an impact on survey respondents' perceptions as seen in the 2021 APS results. The rate of adults starting or running a new business and intending to hire no new employees declined to 4.3%, while those intending to hire between one and five additional employees increased to 6.2%; those expecting to hire six or more new employees rose to 3.6%. Policymakers should monitor whether these entrepreneurs follow through on their plans, as this could change the nature of entrepreneurship in the Netherlands.

1 Stam, E. (2014). The Dutch Entrepreneurial Ecosystem (July 29). Available at SSRN: https://ssrn.com/abstract=2473475.

2021 Framework Conditions Review

The Netherlands has typically received high scores from experts on its framework conditions. In 2021 this remained the case, particularly in the areas of finance and governance. On the condition Entrepreneurial Finance, the Netherlands' 6.7 score was third overall among GEM Level A economies, while a 6.0 score on Ease of Access to Entrepreneurial Finance placed it second among this group.

On the country's governance-related conditions, Government Policy: Taxes and Bureaucracy stands out for its significant improvement — increasing to 6.8 in 2021 from 5.9 in 2020.

Institution

Lead institution
Panteia

Type of institution
Research Institute

Website
https://www.panteia.com

Team

Team leader
Jacqueline Snijders

Team members
Paul van der Zeijden
Dr Jan de Kok, Phd
Martin Clark
Pim Zijlstra

Funders

The Ministry of Economic Affairs and Climate Policy of the Netherlands

APS vendor

Panteia

Contact

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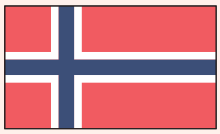


Norway

■ **Population** (2020): **5.4 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **63.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	38.0	42
Good opportunities to start a business in my area	74.3	5
It is easy to start a business	80.3	5
Personally have the skills and knowledge	42.0	41
Fear of failure (opportunity)	38.3	35
Entrepreneurial intentions	4.9	45

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.7	43=
International (25%+ revenue)	0.2	40=
	% TEA	**Rank/46**
Always consider social impact	40.5	46
Always consider environmental impact	50.4	43
	% TEA	**Rank/47**
Industry (% TEA in business services)	32.6	9=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	39.2	29	31.8	41.6
Build great wealth	37.4	43	51.3	33.0
Continue family tradition	23.0	31	45.7	15.7
To earn a living	26.5	47	34.3	24.0

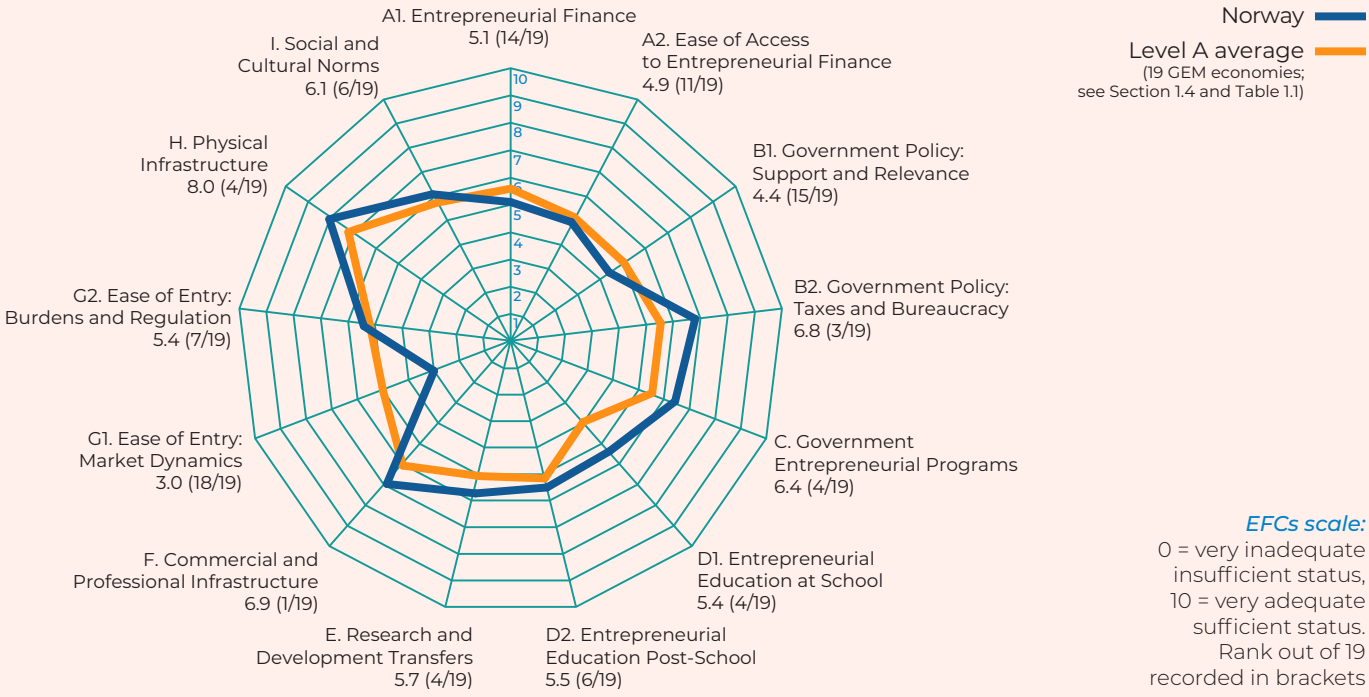
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	3.1	46	1.8	4.4
Established Business Ownership rate	3.5	43	2.1	4.9
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.9	24=	1.3	2.4

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	11.4	47
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	14.5	45
Use more digital technology to sell products or services	44.7	35
Pursue new opportunities due to pandemic	30.5	38

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

As a very high-income country with a small population emerging from COVID-19, one of the main concerns for Norway's entrepreneurs may be that the country's economy is actually growing too fast. Both GDP and business hiring has increased and will likely continue to rise into 2022. As a result, there is a lot of competition among Norwegians for the talent and material resources needed to grow a business. Perhaps because of this competition, Norway's TEA rate declined significantly to 3.1% in 2021, from 7.6% in 2020. Its EBO rate also declined, although less dramatically, to 3.5% in 2021 from 4.1% the previous year.

The difficulty in recruiting talent is evident in the future hiring plans of Norway's early-stage entrepreneurs. The rate of Norwegians expecting to hire any employees over the next five years is the lowest among all GEM Level A economies. This is expected in part because salaries are so high in Norway, entrepreneurs must have enough resources and anticipated future growth to justify hiring even one employee. It will become more difficult as wages rise at an even faster rate in the near future. There are also very few Norwegians who will need to take an entrepreneurial risk as a result of lost income due to COVID-19. In 2021, the rate of Norwegians who reported that their household lost income was just 11.4%, lowest among GEM Level A economies.

In order to overcome the very high financial bar for starting and maintaining a new business in Norway, policymakers will need to be creative in their approach. Tax incentives that reduce the steep cost of hiring for new, innovative companies could help. Policymakers should also target an expansion of the country's entrepreneurial exports. Among GEM Level A economies, Norway has the lowest rate of entrepreneurs anticipating 25% or more of their revenue from outside the country. For a country with a smaller population, this is one way to help entrepreneurs find the bigger markets that will allow them to scale in size. The challenge will be finding markets willing to pay the high price of Norwegian goods and services, given the country's income level.

2021 Framework Conditions Review

Norway's framework conditions received generally strong scores compared to its peers, with just a few areas identified as needing improvement. The most significant of these is in finance. The condition of Entrepreneurial Finance received a 5.1 score in 2021, 14th among GEM Level A economies. While Norway has a strong financial sector overall, entrepreneurs may still find it difficult to get funding because of the high costs associated with starting a business in that country. This is also evident in the 4.9 score on Ease of Access to Entrepreneurial Finance, which was 11th among GEM Level A economies.

Surprisingly, the condition Government Policy: Support and Relevance received a 4.4 score from experts, 15th among GEM Level A economies, and a significant decline from a 5.5 score in 2020. Norway is known for its strong governance, but perhaps, as the economy surged ahead in 2021, many entrepreneurs felt they were a lower priority as they found it more and more difficult to compete. Yet, on the other governance-related framework conditions, experts gave Norway high marks, reflecting a strong and efficient bureaucracy that can properly assist entrepreneurs in registering their business and paying taxes. With this in mind, few improvements will be needed in the country's entrepreneurial bureaucracy, but policymakers should consider ways they can target the unique challenges of entrepreneurs in 2022.

Institution

Lead institution
Nord University Business School

Type of institution
University

Website
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Team

Team leader
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Funders

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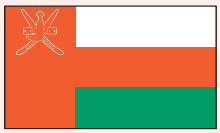


Oman

■ **Population** (2020): **5.1 million** (UN)
■ **GDP** per capita (2019; PPP, international $): **28.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	69.4	6
Good opportunities to start a business in my area	67.7	14
It is easy to start a business	44.5	29
Personally have the skills and knowledge	59.2	22
Fear of failure (opportunity)	24.6	44
Entrepreneurial intentions	53.2	4

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.3	27
International (25%+ revenue)	0.5	32=
	% TEA	**Rank/47**
Always consider social impact	81.5	17
Always consider environmental impact	78.3	22
	% TEA	**Rank/47**
Industry (% TEA in business services)	14.5	36

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	43.7	25	42.7	46.1
Build great wealth	78.2	8	82.2	69.3
Continue family tradition	26.0	24	23.9	30.6
To earn a living	89.7	4	89.1	91.0

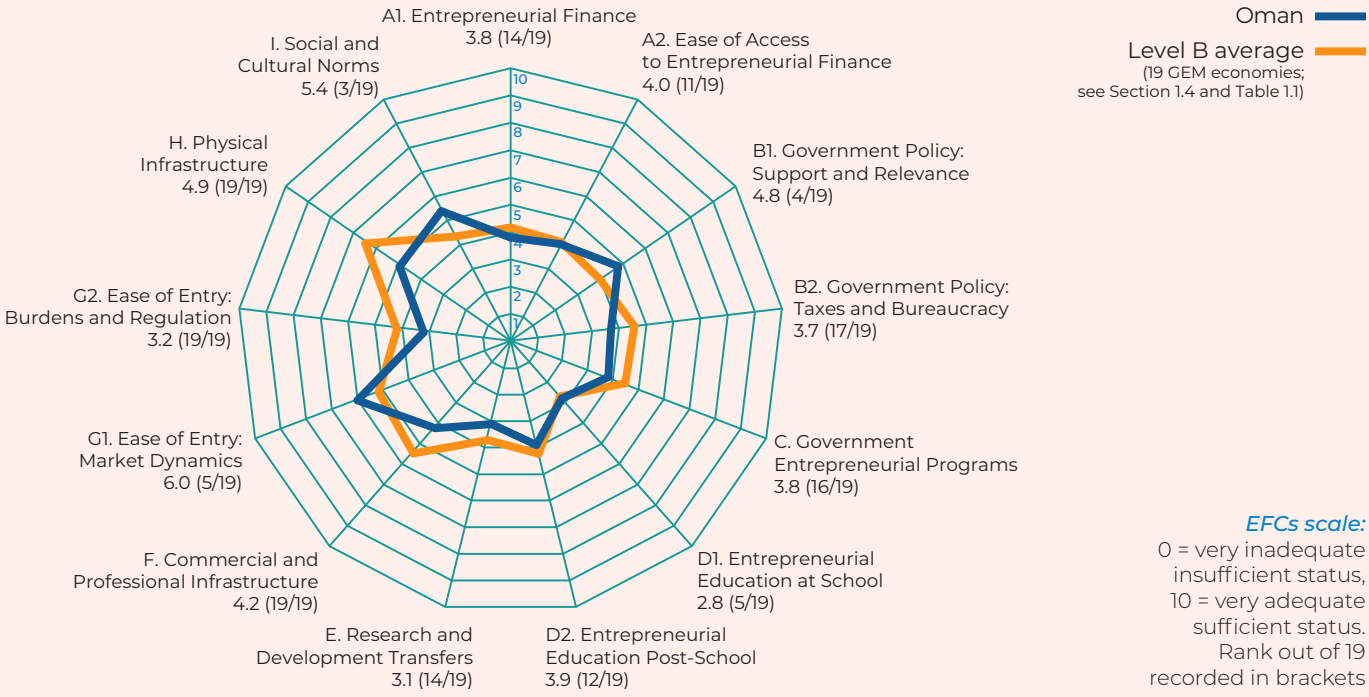
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	12.7	22	11.9	13.5
Established Business Ownership rate	2.8	46	1.1	4.6
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	46.9	23
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	37.2	33
Use more digital technology to sell products or services	48.8	30=
Pursue new opportunities due to pandemic	37.4	30

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2021 Entrepreneurial Activity Review

Oman's population shows a high degree of entrepreneurial confidence. This confidence, combined with improving macroeconomic conditions, should result in a relatively high level of early-stage entrepreneurship. Even if TEA declined to 12.7% in 2021, from 16.0% in 2020, which can be explained in part by more necessity-driven entrepreneurship in 2020 resulting from the pandemic, and lower oil prices, there are strong conditions for starting a business in the country. Yet Oman's EBO rate of 2.8% in 2021 is low, both in relation to its early-stage entrepreneurial activity, and to its peer group of Level B economies. This indicates that many new businesses, at least in recent years, have not managed to reach the maturity stage. Accomplishing this will require more accommodative policy on top of an ability for entrepreneurs to better access business sectors currently closed off to new entrants.

Omanis have a high assessment of the entrepreneurial opportunities currently available to them. In 2021, 67.7% said there are good opportunities to start a business where they live, second highest among GEM Level B economies. Additionally, of those who said they saw good opportunities, only 24.6% said fear of failure would prevent them starting, the second lowest among GEM Level B economies. This level of confidence, in addition to the fact that 69.4% of Omanis said they knew someone who started a business in the last two years (third highest among GEM Level B economies), means that many Omanis have a strong sense of what it takes to be an entrepreneur.

While these factors may result in more early-stage entrepreneurship, Oman's economy could be helped significantly by a stronger rate of EBO. Unfortunately, current EBO respondents do not seem as confident in their future emerging from the pandemic. Among EBO respondents, only 22.8% said they saw new business opportunities as a result of the pandemic and only 13.6% said they planned to use more new digital technologies to grow their business in the next six months. This shows a hesitancy to meet the new realities of consumer demand created by the pandemic. However, a much higher rate (48.8%) of TEA respondents said they planned to use more digital technology, which will hopefully help them to grow into more mature businesses in the near future.

2021 Framework Conditions Review

Oman's scores on its framework conditions also reflect a country facing several constraints on entrepreneurial development, amid some strengths. On the condition of Entrepreneurial Finance, Oman received a score of 3.8, 14th among GEM Level B economies. A lack of funding will often cap entrepreneurial ambitions, which can help explain difficulty in reaching the established business stage. Similarly, on the condition of Government Policy: Taxes and Bureaucracy, which scored 3.7, 17th among GEM Level B economies, entrepreneurs will find themselves disincentivized from growing if they have trouble paying taxes and dealing with bureaucracy. Finally, low scores on Ease of Entry: Burdens and Regulation as well as Physical Infrastructure, both last among GEM Level B economies, show that entrepreneurs have difficulty reaching domestic consumer markets for their goods and services, which also hampers growth.

Yet Oman also had a quite high score for Social and Cultural Norms. Experts awarded a 5.4, which, while a decrease from 6.0 in 2020, still placed it third among GEM Level B economies. As noted above, Oman has a strong entrepreneurial culture which will help generate new businesses. Sustaining those businesses and encouraging their growth is the main challenge for policymakers, who will need to open the economy a bit more to enable this transition.

Institution

Lead institution
University of Nizwa

جامعة نزوى
University of Nizwa

Type of institution
University

Website
http://www.unizwa.edu.om

Other institutions involved
Authority of Small and Medium Enterprise Development

Team

Team leader
Dr. Abdallah Mohammed Alshukaili

Team members
Mr. Bader Alsuleimani
Prof. Norizan Mohd Kassim
Ms. Kawther Al Kindi
Dr. Swadhin Kumar Mondal
Mr. Mohammed Al Maawaly

Funders

University of Nizwa

APS vendor

Horizons Statistical Consulting

Contact

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nkassim@unizwa.edu.om

Panama

■ **Population** (2020): **4.3 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **26.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	45.3	32
Good opportunities to start a business in my area	46.3	34
It is easy to start a business	49.1	25=
Personally have the skills and knowledge	69.8	9=
Fear of failure (opportunity)	45.6	21=
Entrepreneurial intentions	44.1	9

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	8.2	5
International (25%+ revenue)	0.7	27=
	% TEA	**Rank/46**
Always consider social impact	82.6	13
Always consider environmental impact	89.0	6
	% TEA	**Rank/47**
Industry (% TEA in business services)	15.7	32

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	65.4	10	65.8	65.0
Build great wealth	50.1	32	54.5	46.4
Continue family tradition	39.0	13	40.7	37.6
To earn a living	78.4	11	80.4	76.8

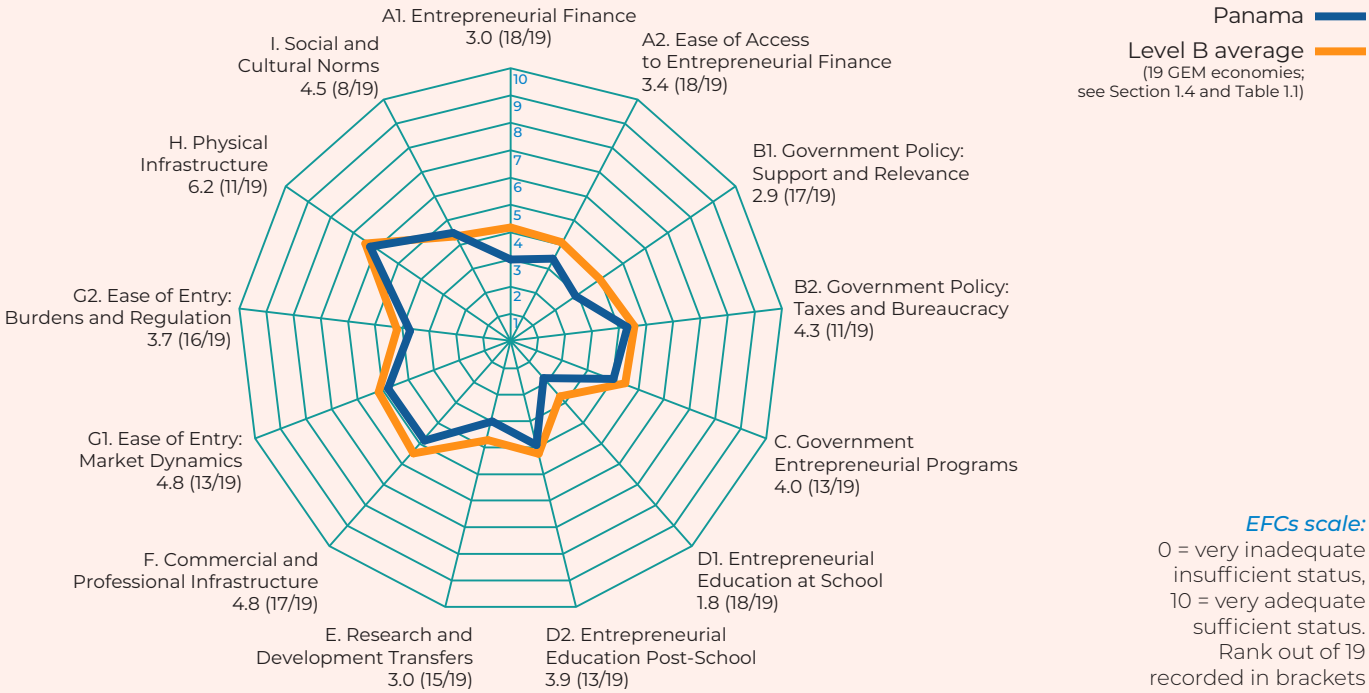
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	21.8	6	20.3	23.2
Established Business Ownership rate	3.7	39	2.7	4.8
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.7	26=	1.1	2.3

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	78.0	4
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	62.5	7
Use more digital technology to sell products or services	74.4	7
Pursue new opportunities due to pandemic	53.7	9

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Among all GEM teams, Panama was one of the most economically affected by COVID-19 over the past two years. In 2020, GDP contracted by 18%, while the unemployment rate rose to nearly 19%. This dire situation likely drove many Panamanians to entrepreneurship out of necessity, raising its TEA level to 32.4% in 2020. However, in 2021, the country's TEA rate fell to 21.8%, indicating many new entrepreneurs did not continue their activity after 2020. Yet Panama's policymakers should be focused less on the lower TEA rate and more on the country's low EBO rate, which has been below 5% for three consecutive years. This low rate compared to the country's high TEA rate means many new entrepreneurs never reach the established business stage. Policies that encourage these new businesses to expand should therefore be the priority.

In a more encouraging sign, many of Panama's TEA respondents expressed growth-oriented attitudes in the 2021 survey. Among TEA respondents, 53.7% saw new business opportunities as a result of the pandemic, the second highest among GEM Level B economies. Additionally, 74.4% said they planned on using more digital technologies to grow their business in the next six months — also second highest among GEM Level B economies. These results show a willingness to shift business strategy in the face of changing business dynamics resulting from COVID. Considering the economic impact of the pandemic in 2020, this should be a welcome development.

Supporting new business expansion should also help Panama's high unemployment rate, which peaked during the pandemic. This is particularly true considering the hiring plans of Panama's early-stage entrepreneurs. In 2021, Panama ranked second among GEM Level B economies in expecting to create 1–5 jobs within the next five years, and third for expecting to create 6+ jobs in that time. While not all of these new businesses will meet their goals, such hiring ambitions should still be encouraging as the unemployment situation cannot be solved without new businesses creating jobs.

2021 Framework Conditions Review

Yet, despite the improving entrepreneurial confidence, experts mostly identified constraints when assessing Panama's framework conditions. This is particularly true in the areas of financing, governance and market burdens. Both Entrepreneurial Finance and Ease of Access to Entrepreneurial Finance were rated second lowest among GEM Level B economies. New businesses in Panama will need more access to finance to expand operations and reach the established business stage. Otherwise their size will be capped at a certain level, and hiring cannot occur. Hopefully, with the country's economy expected to grow in 2021 and 2022, financial conditions will improve enough to justify taking some additional risk to fund entrepreneurs.

Among Panama's three governance-related conditions, Government Policy: Support and Relevance received the lowest score (2.9), 17th among GEM Level B economies. It is difficult to prioritize entrepreneurship among competing economic challenges, but, at its current level, almost any state policy offered in 2022 would represent a significant improvement. One option would be to make sure entrepreneurs involved in the tourism industry receive some of the government's upcoming $300 million tourism revitalization project, to be distributed through 2025. Such steps would also improve perceptions of the Government Entrepreneurial Programs condition. In 2021, this condition received a 4.0 score, 13th among GEM Level B economies, and down from 4.5 in 2020. This indicates a lack of targeted programs for entrepreneurs. If the government can reverse this slide and prioritize entrepreneurship as part of its efforts to boost tourism or other goals, there should be significant returns on its investment.

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
Carla Donalicio

Team members
Alejandro Carbonell, MBA

Funders

AMPYME (Micro, Small and Medium Enterprise Authority of Panama)

APS vendor

IPSOS

Contact

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Poland

■ **Population** (2020): **37.8 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **34.3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	54.0	25
Good opportunities to start a business in my area	72.5	9
It is easy to start a business	64.3	16
Personally have the skills and knowledge	60.1	20
Fear of failure (opportunity)	43.5	28
Entrepreneurial intentions	2.9	47

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.4	46=
International (25%+ revenue)	0.1	45=
	% TEA	**Rank/46**
Always consider social impact	44.4	45
Always consider environmental impact	42.4	46
	% TEA	**Rank/47**
Industry (% TEA in business services)	21.5	21

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	16.0	45	14.1	18.0
Build great wealth	62.5	22	46.8	77.8
Continue family tradition	12.5	45	8.9	16.1
To earn a living	53.4	34	36.7	70.0

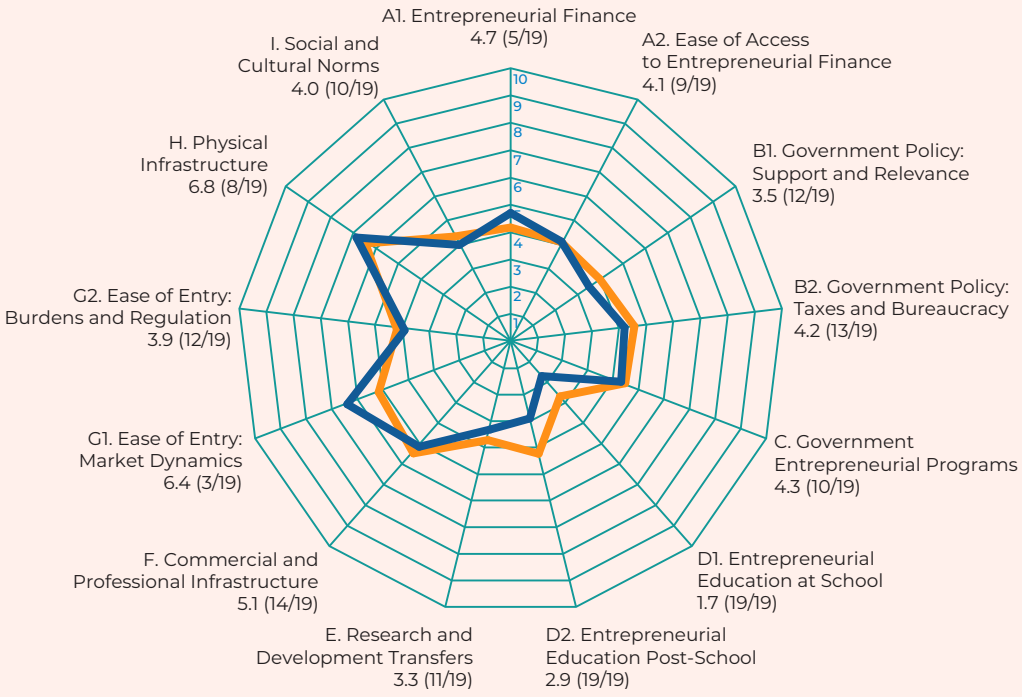
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	2.0	47	1.7	2.4
Established Business Ownership rate	11.1	5	10.6	11.5
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	0.8	33	0.8	0.8

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	59.5	13
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	41.9	27
Use more digital technology to sell products or services	20.1	45
Pursue new opportunities due to pandemic	24.8	44

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Poland
Level B average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2022, a major priority of the Polish government is to boost entrepreneurial activity. This is the goal of the new "Polish Deal" signed at the end of 2021, which aims to simplify and cut taxes for entrepreneurs and to incentivize investment in innovative technology. Such steps, and likely more, will be necessary if Poland wants to boost its entrepreneurship, as both early-stage activity and entrepreneurial confidence are quite low in the country.

In 2021, Poland's TEA rate was 2.0%, lowest among GEM Level B economies, and down from 3.1% in 2020. This low level of early-stage activity is contrasted with a relatively high EBO rate of 11.1% in 2021. Such a gap between TEA and EBO indicates that, for some time, many new businesses have not been able to mature into established ones, while older businesses have potentially gained an incumbency advantage. This kind of advantage can be achieved by the existence of policies that favours established firms, or perhaps by consumer preference for these kinds of business. Helping early-stage entrepreneurs reach the established stage should be a policy priority. Otherwise, there will be little incentive to start new, innovative businesses.

On a more positive note, the rate of Polish TEA respondents who said it was more difficult to start a business than it was a year ago was 41.9%, which was on the lower end of GEM Level B economies. A result below 50% indicates that more early-stage entrepreneurs find it is getting easier to start their business. Yet only 24.8% of TEA respondents and 21.6% of EBO respondents stated that they saw new business opportunities as a result of the pandemic, among the lowest of GEM peer economies, indicating these entrepreneurs may not be responding to the new business realities. Additionally, only 20.1% of TEA respondents and 4.1% of EBO respondents plan on using more digital technology over the next six months to grow their business. This also demonstrates low confidence in their ability to innovate to meet new consumer realities caused by the pandemic.

2021 Framework Conditions Review

Across most framework conditions, Poland scored below average compared to its Level B peers. However, in the area of Entrepreneurial Finance, Poland's 4.7 score was the fifth highest among GEM Level B economies. This could reflect the new finance opportunities that have emerged as Poland has joined the EU and integrated more into its financial investment system. Yet it received a 4.1 score on Ease of Access to Entrepreneurial Finance, ninth among GEM Level B economies, indicating that improvements could be made in the distribution of those financial flows.

On governance, Poland's framework conditions scores signalled contradictory trends. On Government Policy: Support and Relevance, Poland's 3.5 score in 2021 was a sharp decrease from 4.3 in 2020. Meanwhile, Government Policy: Taxes and Bureaucracy received a 4.2 score this year, a sharp increase from 2.8 in 2020. This suggests that the government had entrepreneurship as a lower priority in 2021, but that bureaucracy that had previously hindered entrepreneurship had actually improved. How these conditions will be affected in the next couple of years by the new Polish Deal will give insight into that program's effectiveness.

Poland performed best on the condition Ease of Entry: Market Dynamics, which received a 6.4 score, third among GEM Level B economies. This means that entrepreneurs face fewer regulatory barriers to accessing markets, which is one obstacle removed in helping new businesses in Poland grow into established ones.

Institution

Lead institution
Polish Agency for Enterprise Development (PARP)

Type of institution
Public Body

Website
https://en.parp.gov.pl

Other institutions involved
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Team

Team leader
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APS vendor

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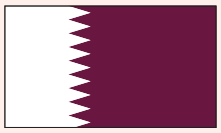


Qatar

■ **Population** (2020): **2.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **89.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	55.9	19
Good opportunities to start a business in my area	73.8	6
It is easy to start a business	64.2	17
Personally have the skills and knowledge	70.9	7
Fear of failure (opportunity)	38.2	36
Entrepreneurial intentions	50.4	6

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	9.8	3
International (25%+ revenue)	1.5	13=
	% TEA	**Rank/46**
Always consider social impact	87.5	6
Always consider environmental impact	86.4	9
	% TEA	**Rank/47**
Industry (% TEA in business services)	17.8	23

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	46.5	23	46.9	46.0
Build great wealth	77.3	9	79.4	74.6
Continue family tradition	37.4	15	37.5	37.2
To earn a living	54.8	33	54.9	54.7

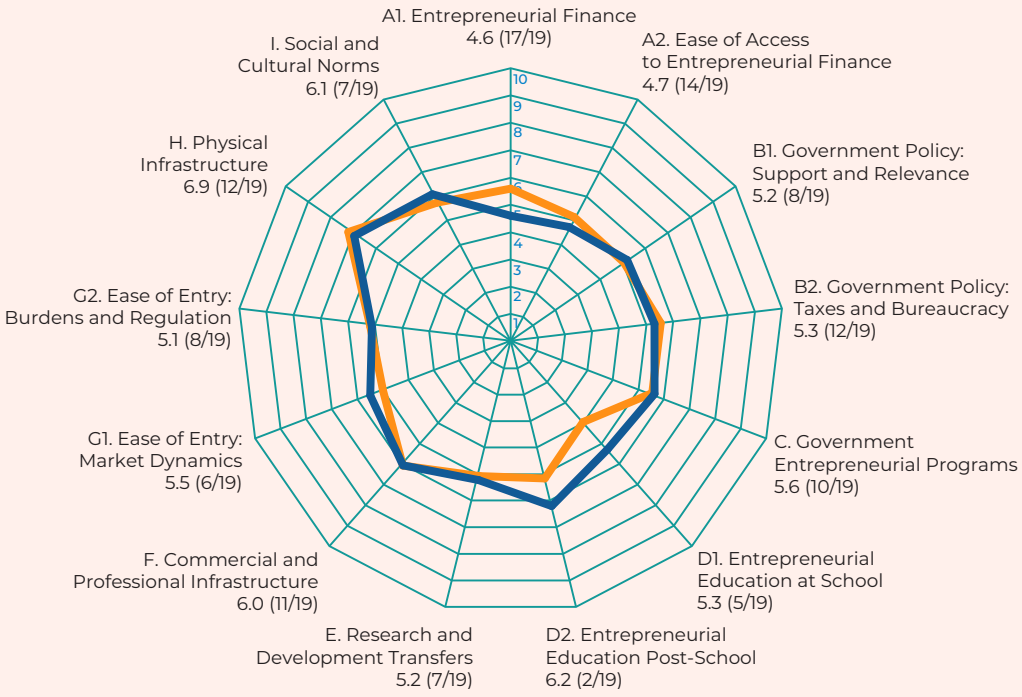
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	15.9	14	10.5	17.2
Established Business Ownership rate	6.1	25	3.0	6.8
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	7.9	1	4.7	8.6

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	53.5	20
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	47.1	22
Use more digital technology to sell products or services	70.6	8
Pursue new opportunities due to pandemic	41.5	25

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Qatar
Level A average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

During their time participating in GEM, the Qatar population has consistently expressed high levels of entrepreneurial confidence, both among the general population and among active entrepreneurs themselves. This continued in 2021, improving on 2020 levels, which were relatively high despite the COVID-19 pandemic. For example, 73.8% of the Qatar population saw good opportunities to start a business where they lived, compared to 72.3% in 2020, while 70.9% also said they had the skills, knowledge and experience to start a business, compared to 68.2% in 2020. Unsurprisingly given this level of confidence, the Qatar population led all GEM Level A economies in expectations to start a business within the next three years (50.4%) during the 2021 GEM cycle.

Yet, despite this enthusiasm, Qatar's TEA rate declined slightly to 15.9% from 17.2% in 2020, while EBO remained the same at 6.1%. Confidence may generate new business plans, but the country also had to contend with some serious economic challenges from COVID-19 which must have contributed to this decline. Even in 2021, as the country's GDP recovered, 53.5% of the Qatar population said their household income had decreased because of COVID-19, the second-highest rate among GEM Level A economies.

The impact of COVID-19 also weighed on entrepreneurs in 2021. The country had by far the highest rate of businesses that exited due to COVID-19 than any other GEM Level A economy. In total, the rate of individuals exiting a businesses in 2021 nearly equalled the country's TEA rate, meaning there is significant churn in entrepreneurial activity as a result of the pandemic's impact on Qatari business.

One clear solution to this dilemma is to manage COVID-19 effects on businesses, so that fewer exits occur. In time, this will also boost EBO levels as more firms survive to the established stage. Other options include encouraging more business services startups, which tend to generate more income and can more easily operate remotely, within targeted growth policies. Qatar currently has a high rate of consumer service-oriented new businesses, which tend to be highly susceptible to economic swings, such as the kind generated by COVID-19. Given their enthusiasm, Qatari entrepreneurs could thrive beyond the consumer services sector.

2021 Framework Conditions Review

Qatar's framework conditions received generally lower scores in 2021 compared to 2020, even as the economy improved. Financing was particularly viewed as a constraint on entrepreneurship by experts. The condition of Entrepreneurial Finance received a 4.6 score, ranked 17th among GEM Level A economies. Improving this condition will be crucial in reducing the high rate of business exits seen in 2021. Policymakers may offer tax breaks and other financial incentives for new businesses, particularly in innovative sectors, so that those companies may compete better for funding. Additionally, on the other side, the state could offer tax incentives or funding matches for financial institutions who lend to entrepreneurs.

Qatar has a highly visible development program, called the Qatar National Vision 2030, which includes a strong component of entrepreneurial support. Yet, despite this, experts gave the country's governance conditions lower scores than in 2020. Still, these conditions fared better than finance when compared to peer economies. Qatar's Government Policy: Support and Relevance condition received a 5.2 score, which was down compared to 2020, but still eighth among GEM Level A economies. This suggests the state does provide sufficient support to entrepreneurs, but perhaps more is needed beyond the Vision 2030 plan. Policies that help entrepreneurs survive the economic strains of COVID-19 into the future would be a significant boost.

Institution

Lead institution
Qatar Development Bank (QDB)

Type of institution
Public Body

Website
https://www.qdb.qa/en

Team

Team leader
Farha Al Kuwari, MPhil, MSc

Team members
Ahmed Badawy, MSc

Funders

Qatar Development Bank (QDB)

APS vendor

Intelligence Qatar

Contact

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Republic of Korea

■ **Population** (2020): **51.3 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **43.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	40.5	39
Good opportunities to start a business in my area	44.0	36
It is easy to start a business	35.0	35
Personally have the skills and knowledge	54.0	27
Fear of failure (opportunity)	14.7	46
Entrepreneurial intentions	26.7	15

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	4.1	16
International (25%+ revenue)	0.7	27=
	% TEA	**Rank/46**
Always consider social impact	60.5	41
Always consider environmental impact	57.5	42
	% TEA	**Rank/47**
Industry (% TEA in business services)	16.6	29=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	9.0	46	7.5	9.5
Build great wealth	71.1	16	68.7	71.9
Continue family tradition	4.1	47	6.0	3.5
To earn a living	34.3	44	16.4	40.3

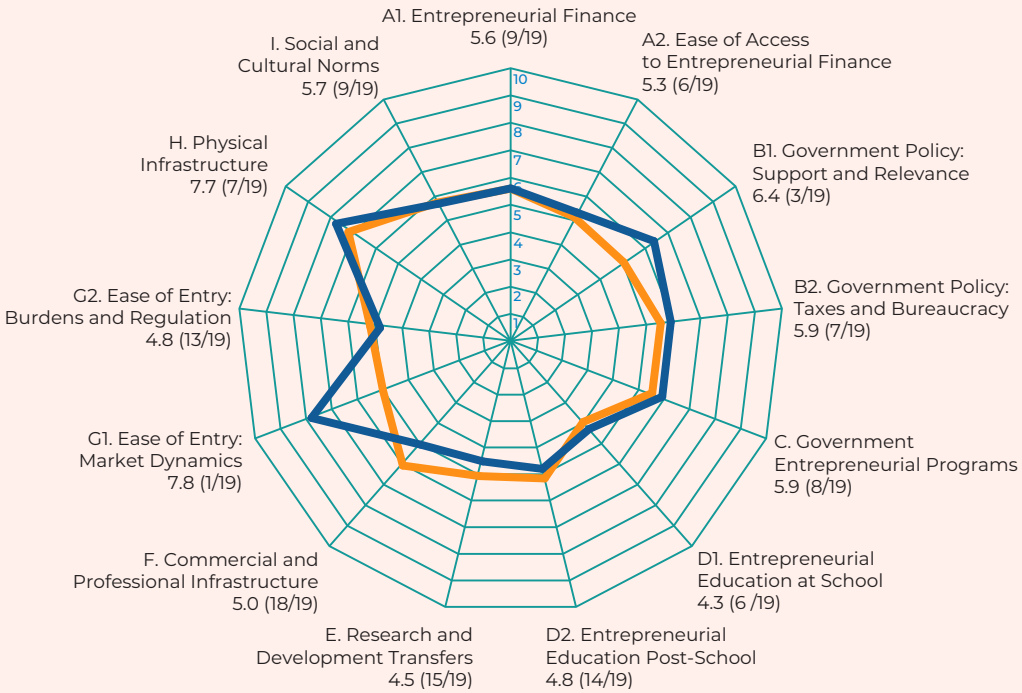
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	13.4	21	10.7	15.9
Established Business Ownership rate	16.4	1	12.0	20.6
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.5	28=	0.9	2.0

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	33.5	33
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	57.9	13
Use more digital technology to sell products or services	51.0	27
Pursue new opportunities due to pandemic	8.2	47

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Republic of Korea
Level A average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

The Republic of Korea's entrepreneurial activity levels remained remarkably consistent between 2020 and 2021, despite the challenges presented by COVID-19. This is a credit to the country's handling of the pandemic, which enabled businesses and entrepreneurs to recover quickly from COVID-19 related restrictions. As of the end of 2021, there have been fewer than 5,000 deaths from COVID-19 in Korea, and the economy has already recovered in terms of GDP growth. And, while 32% of Korean respondents said their household income had somewhat decreased as a result of the pandemic in 2021 (the same as 2020), only 1.5% said it had "strongly decreased", the lowest rate among GEM Level A economies.

As a result of this handling of the pandemic between 2020 and the end of 2021, Korean entrepreneurs were able to maintain their activity levels. The TEA rate rose to 13.4% in 2021, up slightly from 13.0% in 2020, while the EBO rate also increased slightly to 16.4%, from 16.1%. This impressive consistency was unique among GEM economies during this period. It also yielded an interesting result related to Korean entrepreneurial sentiment. The country had by far the lowest rates of both TEA and EBO respondents who said they saw new opportunities as a result of the pandemic. Of TEA respondents, only 8.2% saw opportunities as a result of the pandemic, while EBO respondents only 1.2%. These results make sense, however, considering the lower economic impact of COVID-19 on Korea, which did not necessitate the emergence of new business models. Therefore, few new opportunities were created in this period.

Still, Korean entrepreneurs appear willing to invest in new technology to grow their business in the next six months, either due to competition or in anticipation of future COVID-19 restrictions. Of TEA respondents, 51% plan to use more new technologies, as do 62% of EBO respondents, the second-highest rate among GEM Level A economies. The EBO response is particularly promising, as established businesses are often able to withstand economic turmoil longer than new firms. Investing in this period will make them stronger in the face of an uncertain future.

2021 Framework Conditions Review

Much like Korea's entrepreneurial activity rates, the country's framework conditions scores slightly improved in 2021 across most areas. Some clear strengths were identified in finance, governance and internal market conditions. The country received a 5.3 score on the condition Ease of Access to Entrepreneurial Finance, placing it sixth among GEM Level A economies. While this leaves some room for improvement, the already high levels of Korean entrepreneurship might create too much competition in some sectors if funding were to increase dramatically. Therefore, moderate improvements to financial incentives should be targeted, rather than blanket policies. On the condition Government Policy: Support and Relevance, Korea improved to 6.4 in 2021, third among GEM Level A economies, up from 6.2 in 2020. This positive assessment could be expected, given the state's handling of the health and economic challenges of the pandemic.

However, some areas scored less favourably. Of particular note here is the condition Commercial and Professional Infrastructure which received a 5.0 score, second lowest among GEM Level A economies. This reflects a lack of available and affordable access to the professional services (such as legal and financial services) needed to grow a new business. To address this constraint on entrepreneurship, policymakers can look at licensing to determine if a scarcity of professionals are creating an unfair pricing market. Or they can explore the creation of services networks, where entrepreneurs can combine resources to obtain professional services collectively rather than on an individual basis.

Institution

Lead institution
Korea Institute of Startup & Entrepreneurship Development (KISED)

Type of institution
Research Institute

Website
https://www.kised.or.kr

Other institutions involved
Korea Entrepreneurship Foundation (KoEF)

Team

Team leader
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Team members
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Dongha Lee
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Funders
Ministry of SMEs and Startups

APS vendor
Korea Research & Institute

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Romania

■ **Population** (2020): **19.2 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **31.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	37.7	43
Good opportunities to start a business in my area	49.1	31
It is easy to start a business	27.0	42
Personally have the skills and knowledge	50.0	33
Fear of failure (opportunity)	48.3	14
Entrepreneurial intentions	9.7	35=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.6	32
International (25%+ revenue)	0.4	35=
	% TEA	**Rank/46**
Always consider social impact	81.4	18
Always consider environmental impact	83.9	14
	% TEA	**Rank/47**
Industry (% TEA in business services)	14.6	35

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	65.9	9	76.6	59.0
Build great wealth	64.9	19	72.4	60.3
Continue family tradition	31.1	19	25.1	34.8
To earn a living	75.0	13	73.3	76.1

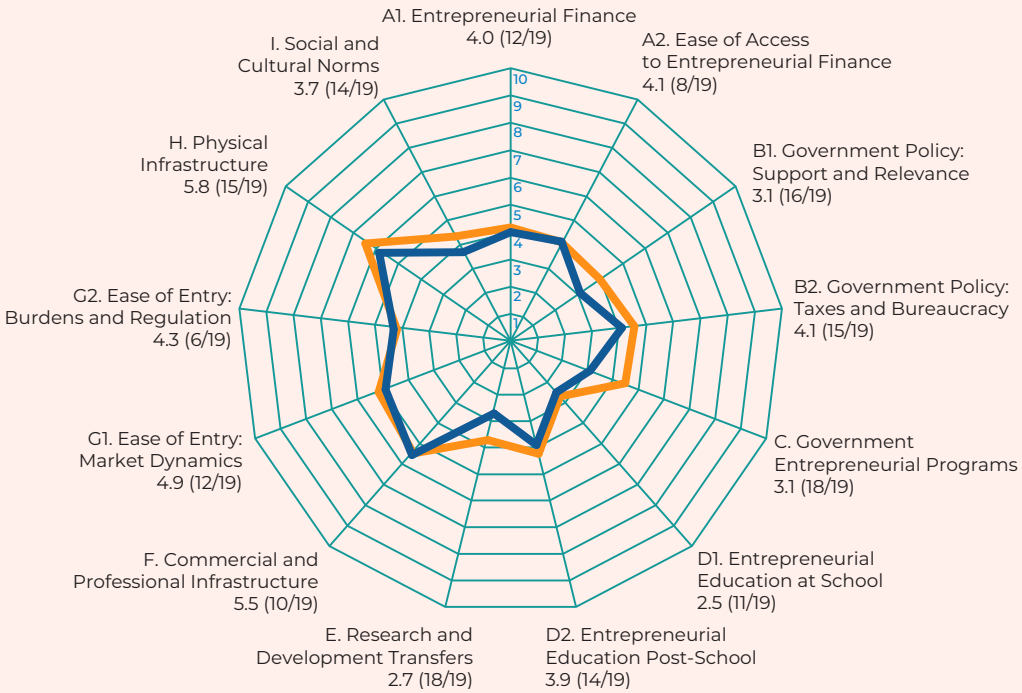
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	9.7	28	9.6	9.8
Established Business Ownership rate	4.1	35=	4.2	4.0
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	2.4	22=	2.1	2.5

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	28.2	37=
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	42.2	26
Use more digital technology to sell products or services	28.0	44
Pursue new opportunities due to pandemic	47.0	17

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Romania is participating in GEM's surveys for the first time since 2015. The results of their 2021 surveys suggest an economy with relatively strong early-stage entrepreneurial activity but lower rates of EBO that can serve as models for aspiring entrepreneurs. If more new businesses can grow into the established phase and have highly visible success, then confidence can gradually increase among the general population, fostering a stronger entrepreneurial culture and ecosystem in Romania.

Romania's TEA rate in 2021 was 9.7% in 2021, while its EBO was 4.1%. This lower rate of EBO means many new businesses have not survived to the next stage of entrepreneurial activity, at least in recent years. Whether or not this is as a result of policy, economic realities, culture or other external factors will require more years of data collection. However, some factors suggest that the economic challenges of COVID-19 may not constrain Romanian entrepreneurs as much as in other economies. Only 28.2% of Romanians had lost household income as a result of the pandemic in 2021, second lowest among GEM Level B economies, while 9.2% reported their household income had increased, one of the higher rates among peer economies. Additionally, among the entrepreneurs themselves, only 42.2% of TEA respondents thought it was more difficult to start a business than a year ago: among the lower rates for Level B economies. While many factors go into this assessment, including policy and other economic conditions, it is clear that Romanian entrepreneurs should have relatively positive domestic conditions in the near future, despite the challenges of COVID-19.

Hopefully, these positive trends can continue, spurring more new businesses to reach the established phase. However, the low rate of EBO in Romania may diminish the general population's assessment of the viability of entrepreneurship. For example, only 37.7% of Romanians knew someone who started a business in the past two years, the second lowest among GEM Level B economies. A lack of personal connection with an entrepreneur will understandably dissuade many from pursuing their own business. Relatedly, just 50% of Romanians regarded themselves as having the knowledge, skills and experience to start a business. If Romania wants to increase the size and impact of its entrepreneurial sector, it will be crucial for more new businesses to succeed and serve as strong examples for other aspiring entrepreneurs.

2021 Framework Conditions Review

Paving the way for more new businesses to become established will require commitments to both better policy and education: two areas where Romania is currently struggling, according to national experts. The country received quite low scores on the three governance indicators. The condition Government Policy: Support and Relevance scored a 3.1, 16th among GEM Level B economies, while Government Entrepreneurial Programs also received a 3.1, 18th among GEM Level B economies. The low assessment of these two conditions in particular shows that the state needs to generate more positive policies targeted at entrepreneurship. Policies that help new businesses grow and establish themselves will be particularly valuable, such as tax incentives for investments and hiring, or matching grants that can persuade lenders to increase their entrepreneurial portfolio.

A longer-term investment in entrepreneurial education will also be needed. Romania's 2.5 score on Entrepreneurial Education at School placed it 11th among GEM Level B economies, while a 3.9 score on Entrepreneurial Education Post-School ranked 14th. It is not surprising that so few Romanians consider they had the skills to start a business. While it takes time and a sustained effort to see the investments in entrepreneurial education pay off, a healthy entrepreneurial sector cannot occur without it.

Institution

Lead institution
Faculty of Economics and Business Administration, Babes-Bolyai University

Type of institution
University

Website
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Team

Team leader
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Bálint Csaba
Györfy Lehel-Zoltán
Szász Levente
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APS vendor

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Russian Federation

■ **Population** (2020): **145.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **28.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	59.8	13
Good opportunities to start a business in my area	33.5	41
It is easy to start a business	32.5	37
Personally have the skills and knowledge	34.5	46
Fear of failure (opportunity)	48.2	15=
Entrepreneurial intentions	9.7	35=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.4	22
International (25%+ revenue)	0.3	37=
	% TEA	**Rank/46**
Always consider social impact	63.3	40
Always consider environmental impact	66.4	36
	% TEA	**Rank/47**
Industry (% TEA in business services)	15.4	33

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	27.6	39	26.1	28.8
Build great wealth	65.3	18	67.8	63.3
Continue family tradition	20.8	37	15.3	25.1
To earn a living	68.9	21	70.4	67.7

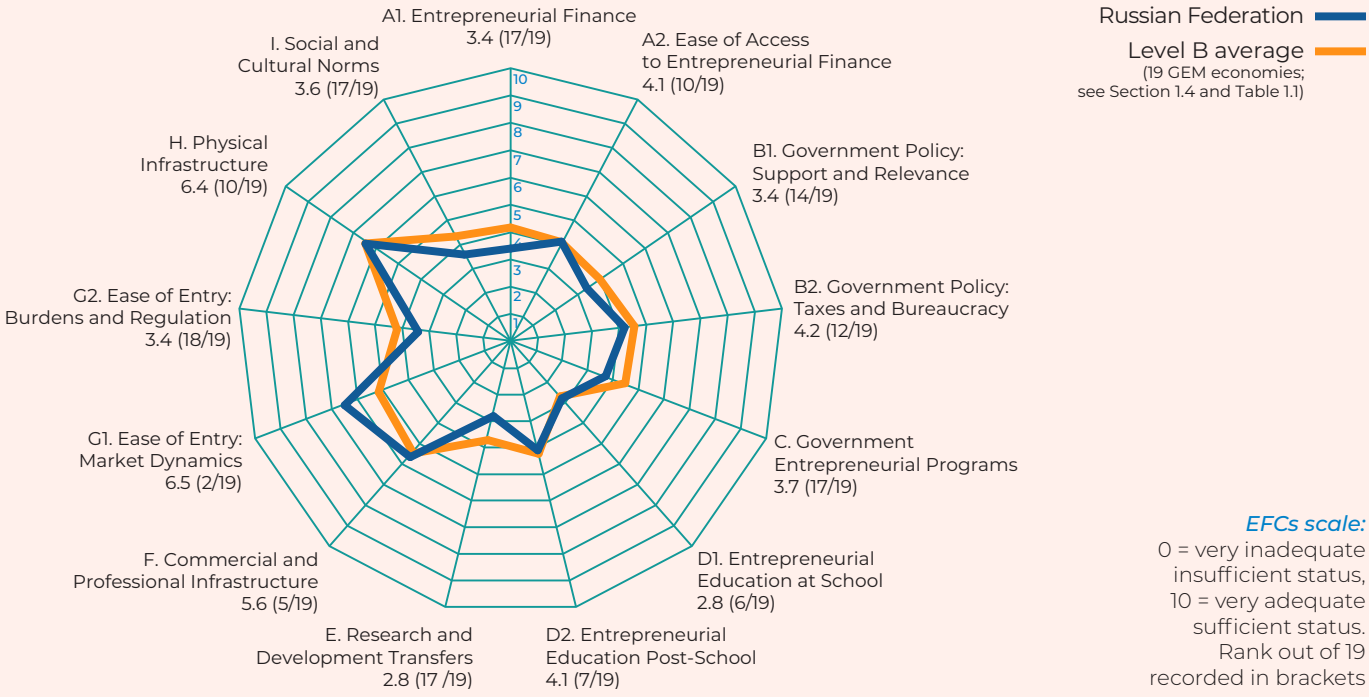
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	8.3	34	6.6	10.2
Established Business Ownership rate	3.4	44	3.1	3.8
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	0.3	36=	0.2	0.4

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	52.5	21
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	49.6	19
Use more digital technology to sell products or services	34.6	40
Pursue new opportunities due to pandemic	21.0	46

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Russia's overall entrepreneurial activity declined slightly in 2021, even as the economy was projected to recover from the impacts of COVID-19. The rate of respondents who said their household experienced a decrease in income as a result of the pandemic declined to 52.5%, down from 61.2% a year earlier. While this is certainly an improvement, the rate of lost income in Russia is still high in absolute terms. Two years of declining income for a large portion of households look likely to have had an impact on entrepreneurial activity. Russia's TEA rate declined to 8.3% in 2021, from 8.5% in 2020, while EBO had a sharper decline to 3.4% from 4.7% in 2020.

While these were relatively modest declines in entrepreneurial activity, Russia faces a more serious issue in its entrepreneurial confidence, dating back well before COVID-19. In 2021, the rate of Russian survey respondents who agreed there are good opportunities to start a business in the area where they live was only 33.5%, the lowest among Level B countries. This diminished assessment of opportunities is also compounded by the fact that few Russians (32.5%) agreed that it is easy to start a business in their country. Finally, only 34.5% said they had the knowledge, skills and experience (i.e. capabilities) required to start a business. These three rates were either the lowest or close to lowest among the peer group of GEM Level B economies. All three rates, which can be seen as proxies for potential entrepreneurial confidence within the population, have been relatively low for several years.

And while its macro economy has recovered in terms of GDP, COVID-19 has seemingly further diminished the confidence of Russia's entrepreneurs themselves. Only 21% of Russian TEA respondents said they saw new opportunities as a result of the pandemic. Additionally, only 11.4% of EBO respondents reported to see opportunities. Both of these rates were the lowest among GEM Level B economies in 2021. Therefore, while the economic rebound may help entrepreneurs by expanding the consumer base, much work will be needed to boost entrepreneurial confidence. This will require a mix of policies, including making it easier to register a business and get access to physical and digital infrastructure, as well as an increase in entrepreneurial education programs to boost skills and knowledge. These are longer-term investments, but necessary to generate a healthy entrepreneurship sector.

2021 Framework Conditions Review

Russia's framework conditions generally improved from 2020, though they tended to receive lower scores than their Level B peers. The condition of Entrepreneurial Finance received a score of 3.4, the third lowest among GEM Level B economies. More policy incentives, such as direct funding or tax breaks, will be needed to convince more financial institutions to lend. It could also help boost entrepreneurial confidence to know there were strong financing options available.

However, generally, Russian policymakers have preferred to not get so directly involved in entrepreneurial support. This was evident by the government's decision to have a relatively short COVID-19 lockdown in the early phase of the pandemic (six weeks), electing not to distribute much relief money in the hope that businesses could recover by opening early. Perhaps unsurprisingly, then, Russia's governance scores received relatively low scores compared to peers, even if they did improve. The condition Government Entrepreneurial Programs received a 3.7 in 2021, up from 3.3 in 2020. Still, this was the third-lowest score among GEM Level B economies. Considering the relatively small role the government is willing to play in assisting entrepreneurship, it is understandable that the population is not very confident in the available opportunities to start a business. This is a clear place to make a policy change.

Institution

Lead institution

Graduate School of Management, St. Petersburg University

Graduate School of Management
St. Petersburg University

Type of institution

Business School

Website

https://gsom.spbu.ru

Team

Team leader

Assoc. Prof. Olga R. Verkhovskaya, PhD candidate

Team members

Asst. Prof. Karina A. Bogatyreva, PhD candidate

Asst. Prof. Dmitri Knatko, PhD candidate

Maria V. Dorokhina, PhD candidate

Eleonora V. Shmeleva, MA

Funders

Sberbank

APS vendor

Levada-Center

Contact

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Saudi Arabia

■ **Population** (2020): **34.8 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **46.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	58.0	16
Good opportunities to start a business in my area	95.4	1
It is easy to start a business	93.5	1
Personally have the skills and knowledge	90.5	1
Fear of failure (opportunity)	53.6	4
Entrepreneurial intentions	18.0	22

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	4.9	13
International (25%+ revenue)	0.3	37=
	% TEA	**Rank/46**
Always consider social impact	81.9	16
Always consider environmental impact	77.9	23
	% TEA	**Rank/47**
Industry (% TEA in business services)	3.8	46

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	63.7	12	63.7	63.8
Build great wealth	78.6	7	76.8	79.9
Continue family tradition	65.5	2	67.3	64.3
To earn a living	82.8	9	81.9	83.4

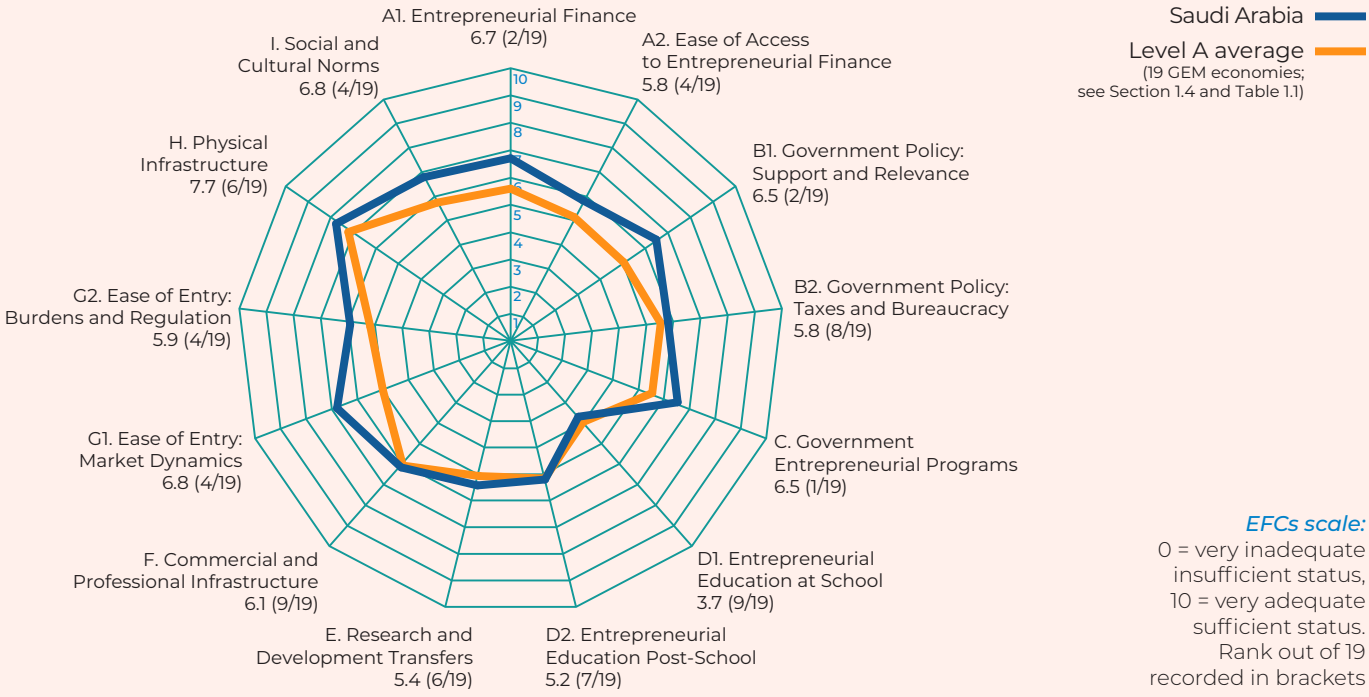
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	19.6	10	19.0	20.1
Established Business Ownership rate	5.3	27=	3.7	6.6
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	0.3	36=	0.2	0.4

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	46.8	24
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	25.0	42
Use more digital technology to sell products or services	47.7	32
Pursue new opportunities due to pandemic	50.3	14

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2021 Entrepreneurial Activity Review

Unlike most GEM economies, Saudi Arabia experienced increases in both entrepreneurial activity rates and attitudes through both 2020 and 2021, despite the COVID-19 pandemic. From the outside, this is an unexpected development, given that the state did not push a heavy stimulus package during the pandemic. Yet, thanks in part to increased taxes, a recent increase in oil prices and more domestic consumer spending, the Saudi economy grew over this period on a sustained footing. This has played a role in generating new opportunities, particularly for domestically focused entrepreneurs.

In 2021, Saudi Arabia's TEA rate was 19.6%, a peak level for the country — and up from 17.3% in 2020. This increase was expected given the previous year's high levels of entrepreneurial attitudes, which increased again in 2021, likely setting the stage for even more growth in the near future. For example, over 90% of Saudis see good opportunities, agree they have the skills, knowledge and experience to start a business, and consider it easy to start a business. On these three questions, Saudi had the highest rates among all GEM Level A economies. This sentiment helps explain how Saudis managed to increase their entrepreneurial activity even during COVID-19 related restrictions.

Yet, if Saudi Arabia is to achieve its Vision 2030 policy goals of sustained high-impact entrepreneurship, there are some areas that need addressing. Because of the country's strong consumer spending rebound in 2020 and 2021, most Saudi entrepreneurs have focused their products and services domestically, resulting in the second-lowest rate of new business owners expecting 25% or more of their revenue to come from outside the country (0.3% of Saudi adults). While Saudi Arabia is a large domestic market with abundant opportunities, achieving impactful scale often also requires an international footprint. Therefore, policymakers should also be aware of this when promoting their domestically focused entrepreneurship policy. This has worked well recently, but can eventually limit growth in the longer term.

2021 Framework Conditions Review

In 2021 Saudi Arabia performed well on some key framework conditions, particularly on finance and governance. On the condition Entrepreneurial Finance, the country scored a 6.7, second among GEM Level A economies. While its governance-related conditions — Government Policy: Support and Relevance (6.5) and Government Entrepreneurial Programs (6.5) — were ranked first and second, respectively, among GEM Level A economies. This may be expected given the recent priority on entrepreneurial governance resulting from the country's Vision 2030 strategy, which began in 2019. So far, the push for more entrepreneurship as a means of diversifying away from oil production has worked, and policymakers should look to maintain their progress as competition from regional economies intensifies.

Other areas are improving and can hopefully continue this trend. This is true in the areas of education and access to professional services. The condition Entrepreneurial Education at School received a 3.7 score in 2021, ninth among GEM Level A economies, but an improvement from a 2.9 score in 2020. Similarly, the condition Entrepreneurial Education Post-School received a 5.2 score, seventh among GEM Level A economies, representing an increase from 4.6 in 2020. This improvement is encouraging, as the state has emphasized entrepreneurial capacity building as part of its economic strategy. The condition Commercial and Professional Infrastructure received a 6.1 score in 2021, which was also an improvement from the previous year, but still ninth among GEM Level A economies. This will need further improvement, as entrepreneurs need access to affordable professional services as their firms require more advanced business operations to grow.

Institution

Lead institution

Prince Mohammed Bin Salman College of Business and Entrepreneurship (MBSC)

Babson Global Center for Entrepreneurial Leadership (BGCEL)

Type of institution

Business School

Website

https://www.mbsc.edu.sa

Team

Team leader

Prof. Muhammad Azam Roomi, PhD

Team members

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Prof. Donna Kelley, PhD

Funders

Babson Global Center for Entrepreneurial Leadership (BGCEL)

APS vendor

Field Interactive MR

Contact

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kstanhouse@babson.edu

Slovak Republic

■ **Population** (2020): **5.5 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **31.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	53.9	26
Good opportunities to start a business in my area	33.4	42
It is easy to start a business	25.8	43
Personally have the skills and knowledge	41.8	42
Fear of failure (opportunity)	46.0	20
Entrepreneurial intentions	5.3	44

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.4	46=
International (25%+ revenue)	0.1	45=
	% TEA	**Rank/46**
Always consider social impact	77.7	24
Always consider environmental impact	67.3	35
	% TEA	**Rank/47**
Industry (% TEA in business services)	17.0	25=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	18.7	43	26.7	12.6
Build great wealth	22.1	47	27.4	18.0
Continue family tradition	25.8	25	25.7	25.9
To earn a living	89.8	3	92.9	87.5

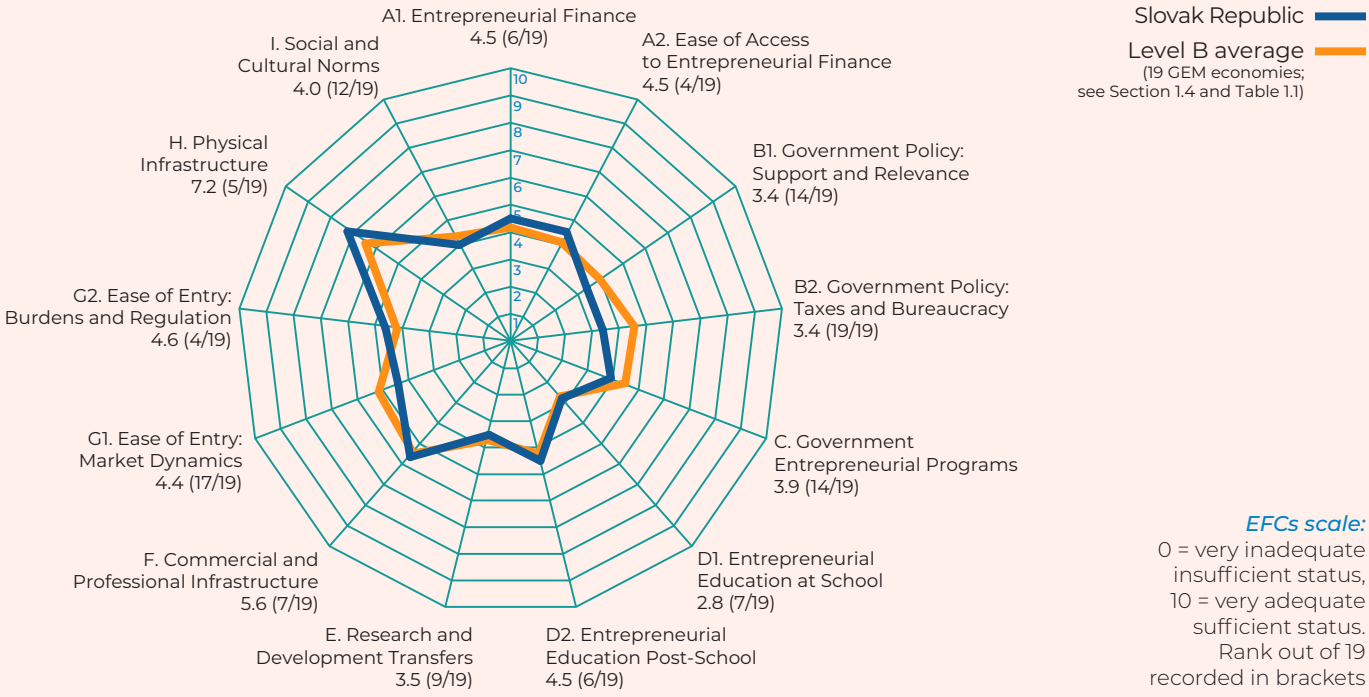
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	6.4	40	5.0	7.8
Established Business Ownership rate	6.5	22	4.6	8.4
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	0.6	34	0.8	0.4

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	55.2	17
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	57.5	14
Use more digital technology to sell products or services	17.2	46
Pursue new opportunities due to pandemic	45.1	20

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, the Slovak Republic's early-stage entrepreneurial activity declined significantly, to 6.4%, from 13.9% in 2020. This was likely to have been caused by the lagging impact of COVID-19, as cases in the country did not rise considerably until the very end of 2020 and through the first half of 2021. As a result, entrepreneurs were reacting to new realities forced by the pandemic through much of the past year. This can also be seen in the rate of TEA respondents who said that starting a business in 2021 was more difficult than the previous year. In 2021 this rate was 57.5%, a rise from 53.6% in the 2020 survey, reflecting a slight decline in confidence over this period.

The lasting impact of COVID-19 can also be seen in the number of Slovakian survey respondents who reported their household income had "strongly decreased" as a result of the pandemic. In 2020, this rate was just 12.5%. However, in 2021 it has increased to 17.3%, meaning a more constrained consumer environment in the country. Despite these challenging macro forces, EBO in the Slovak Republic actually remained steady from 2020 to 2021, at 6.5%. Slovakian policymakers should monitor EBO rates, however, as these businesses typically lag the rise or fall in early-stage businesses. Therefore, unless the Slovak recovery from COVID-19 is particularly strong before the next GEM survey, EBO next year may fall. This is made all the more likely by the fact that so few EBO respondents said they saw new opportunities because of the pandemic. In 2021, this rate was only 13.4%, one of the lowest among Level B GEM economies.

In light of these factors, Slovak policymakers should look for ways to boost overall early-stage entrepreneurship activity. Otherwise, there will be an insufficient number of new businesses to move into the established business stage in the near future. This will impact both employment and consumer choices. One area to target specifically is incentivizing more new businesses to implement digital technologies. In 2021, only around 17% of both TEA and EBO respondents said they planned on using more digital technologies to sell their products in the next six months. This was the lowest rate among GEM Level B economies and a statement about the willingness of Slovakian entrepreneurs to meet new consumer demands.

2021 Framework Conditions Review

The Slovak Republic's 2021 framework condition scores demonstrated a mix of both enabling and constraining factors for entrepreneurs. On finance, the country scored relatively well. The Entrepreneurial Finance condition received a 4.5 score, placing it sixth among GEM Level B economies, while Ease of Access to Entrepreneurial Finance scored 4.5, fourth among these economies. Improving on these conditions, or at least maintaining them, should be a policy priority in the Slovak Republic as most new businesses cannot grow without access to finance. If increasing early-stage entrepreneurship is the goal, then finance will play a major role.

However, the Slovak Republic's governance-related conditions scored quite poorly this year, declining overall from 2020. The condition Government Policy: Support and Relevance scored 3.4 in 2021, 14th among GEM Level B economies and down from 3.7 in 2020. The condition Government Policy: Taxes and Bureaucracy actually improved to 3.4 in 2021, but was still relatively low among GEM Level B economies, ranked 19th. Government Entrepreneurial Programs also declined in 2021. These scores reflect a need for the Slovak government to have stronger, more visible policies aimed specifically at entrepreneurs. Some new policies were unveiled in 2021, but were relatively small in scale. Boosting these efforts could show potential entrepreneurs that the state is invested in their success.

Institution

Lead institution
Comenius University in Bratislava, Faculty of Management (UNIBA SK)

Type of institution
University

Website
https://www.fm.uniba.sk/en

Other institutions involved
Slovak Business Agency (SBA)

Team

Team leader
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Team members
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Mgr. Juraj Mikuš, PhD
Mgr. Ján Rehák, PhD

Funders

Comenius University in Bratislava, Faculty of Management (UNIBA SK)
Slovak Business Agency (SBA)

APS vendor

Crystal Research, a.s.

Contact

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Slovenia

■ **Population** (2020): **2.1 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **39.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	54.6	22=
Good opportunities to start a business in my area	51.5	28
It is easy to start a business	61.0	19
Personally have the skills and knowledge	58.5	24
Fear of failure (opportunity)	43.0	29=
Entrepreneurial intentions	15.4	26

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	1.2	35=
International (25%+ revenue)	1.0	20=
	% TEA	**Rank/46**
Always consider social impact	85.6	11
Always consider environmental impact	92.0	2
	% TEA	**Rank/47**
Industry (% TEA in business services)	30.0	12

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	61.8	14	64.2	59.0
Build great wealth	42.6	35	43.4	41.6
Continue family tradition	27.4	23	20.8	35.5
To earn a living	63.8	27=	62.3	65.7

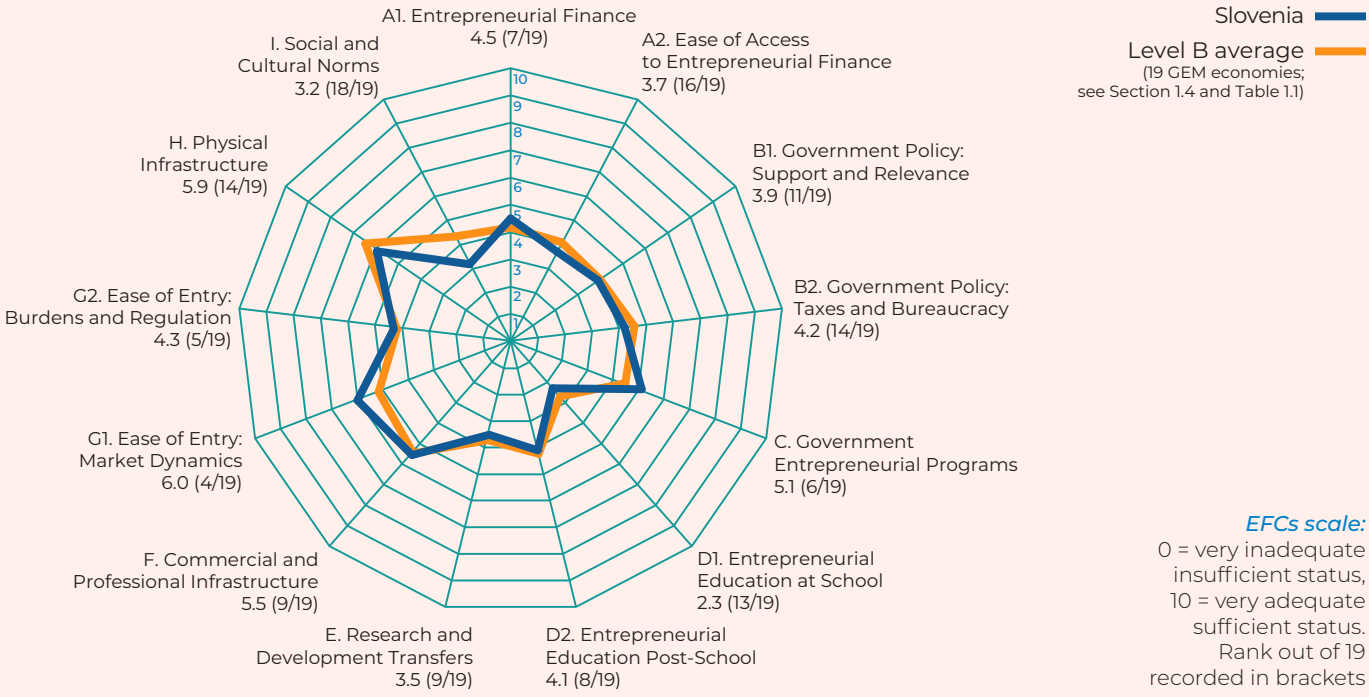
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	6.7	39	6.1	7.2
Established Business Ownership rate	8.5	13=	6.4	10.5
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	5.9	5	4.3	7.3

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	34.2	31
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	23.0	43
Use more digital technology to sell products or services	45.6	34
Pursue new opportunities due to pandemic	44.9	21

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, Slovenia experienced a gradual recovery from COVID-19, both in the general economy and for entrepreneurs specifically. Consumer conditions improved: the rate of Slovenians who said their household had lost income because of the pandemic declined to 34.2% in 2021, from 44.7% in 2020. Conversely, 12% of respondents stated their household income had increased because of the pandemic, the second highest among GEM Level B economies. These conditions likely contributed to a better economic environment for entrepreneurs to grow.

Slovenia's TEA rate increased to 6.7%, up from 6.0% in 2020, while EBO increased to 8.5%, from 7.0%. This is credit to the country's entrepreneurs, given the macro challenges faced throughout the world. Indeed, the rate of TEA respondents who said that starting a business was more difficult than the previous year was only 23%, the second lowest among GEM Level B economies. This suggests a strong entrepreneurial confidence among Slovenians. Other data collected by GEM's Slovenian team support this claim. The rate of Slovenian respondents who said it was easy to start a business was 61% in 2021, second among GEM Level B economies.

Maintaining Slovenia's steady entrepreneurial gains of 2021 will be the challenge for policymakers in 2022. There are reasons to be cautious, particularly regarding established businesses. For example, only 31.5% of EBO respondents state they see new opportunities as a result of the pandemic and only 30.9% plan to use more digital technologies to sell their products in the next six months. These suggest that established businesses may be reluctant to shift their resources and strategies to deal with new business realities presented by the pandemic, which is still ongoing in the region. Policies that incentivize the integration of new digital technologies, such as targeted tax breaks for new technical investments, could boost this activity, enabling established businesses to meet new consumer demands.

2021 Framework Conditions Review

Slovenia's framework conditions generally improved in 2021, although scores were relatively low compared to peer Level B economies. The condition of Entrepreneurial Finance was given a 4.5 score, placing it seventh among GEM Level B economies, but Ease of Access to Entrepreneurial Finance was scored at 3.7, 16th among these economies. This disparity between the quality of finance and the ability to get it may reflect a situation where there is bias in how finance is distributed. Financial institutions may prefer doing business with established customers as opposed to new ones. The emergence of alternative vehicles for finance, such as lending platforms and other fintech solutions, may improve the situation.

Slovenia's strongest performing conditions relate to its internal market. The condition Ease of Entry: Market Dynamics increased its score to 6.0 in 2021, placing it fourth among GEM Level B economies, and up from 5.6 in 2020. Its Ease of Entry: Burdens and Regulation score decreased slightly to 4.3 but was still fifth among Level B economies in 2021. These relatively strong scores reflect the overall positive economic and consumer environment in which entrepreneurs operated during 2021. There appears to be lower entry barriers to accessing new Slovenian customers, who are willing to try new products and services. This is somewhat contradicted by Slovenia's lower score on Social and Cultural Norms, which declined to 3.2 in 2021, from 4.5 in 2020. This should be monitored moving forward, as it may be a leading indicator of some societal pushback on entrepreneurship, despite recent success.

Institution

Lead institution

University of Maribor, Faculty of Economics and Business, Institute for Entrepreneurship and Small Business Management

University of Maribor
Faculty of Economics and Business

Type of institution

University

Website

https://www.um.si/en

Team

Team leader

Prof. Miroslav Rebernik, PhD

Team members

Prof. Karin Širec, PhD
Prof. Polona Tominc, PhD
Prof. Barbara Bradač Hojnik, PhD
Matej Rus, MSc
Assoc. Prof. Katja Crnogaj, PhD

Funders

MGRT — Ministry of Economic Development and Technology
SPIRIT Slovenia — Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology
Slovenian Research Agency

APS vendor

Mediana

Contact

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South Africa

■ **Population** (2020): **59.3 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **12.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	37.6	44
Good opportunities to start a business in my area	57.9	22
It is easy to start a business	67.6	11
Personally have the skills and knowledge	69.7	11
Fear of failure (opportunity)	53.0	5=
Entrepreneurial intentions	20.0	20

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	5.3	12
International (25%+ revenue)	1.4	16=
	% TEA	**Rank/46**
Always consider social impact	–	–
Always consider environmental impact	–	–
	% TEA	**Rank/47**
Industry (% TEA in business services)	8.8	41

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	81.4	1	83.2	78.5
Build great wealth	83.3	4	84.4	81.4
Continue family tradition	63.2	3	64.4	61.3
To earn a living	84.7	8	87.5	80.0

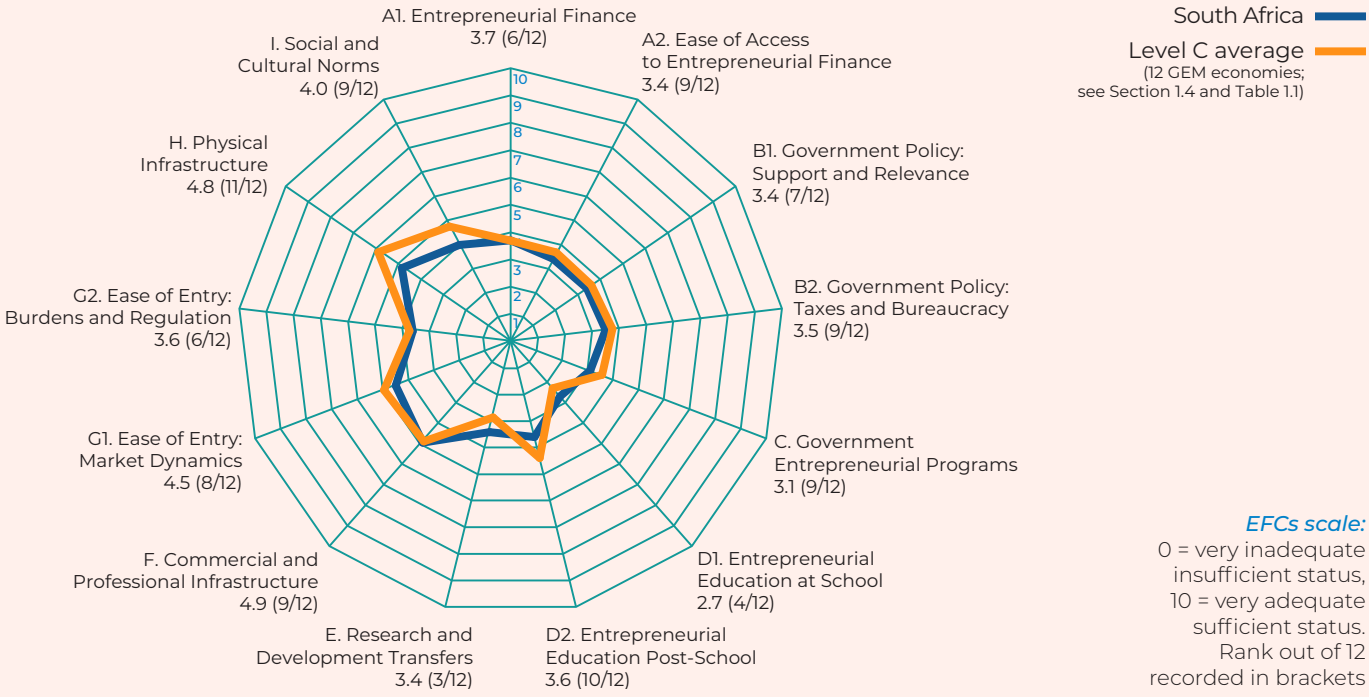
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	17.5	11	16.2	18.8
Established Business Ownership rate	5.2	29	3.7	6.7
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	62.2	12
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	59.2	10
Use more digital technology to sell products or services	52.0	25
Pursue new opportunities due to pandemic	48.9	16

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

South Africa is the second largest economy in Africa (by GDP) and has relatively well-established markets and supply chains. Yet constraints on entrepreneurship make it challenging to sustain a business. Structurally, the economy remains characterized by excessive concentration of ownership and control in key sectors, as well as by a lack of participation by the totality of South Africans.

In 2021, overall entrepreneurial activity in the general population remained positive, despite the macro challenges of COVID-19, the electricity shortages that prevailed throughout the year, and the civil unrest and riots in July.

In 2021, South Africa's TEA rate increased to 17.5%, from 10.8% in 2019, while its EBO rate increased to 5.2% in 2021 from 3.5% to 2019. The increase in EBO is particularly encouraging, as this means more early-stage entrepreneurs made it to the established stage between 2019 and 2021, despite the obvious constraints placed on businesses due to COVID-19. The improvement in TEA may have been buoyed by slightly improved economic conditions, and most likely by the staggering rate of unemployment reported in the second quarter (34.9%, or 44.4% using the expanded definition).

In 2021, 62.2% of South African adults stated that their household income had decreased because of the pandemic, while 10.3% stated that their household income increased, the second highest among GEM Level C economies.

However, despite some of these more promising indicators, confidence among South African early-stage entrepreneurs appears to be mixed. For example, 59.2% of TEA respondents stated that it was more difficult to start a business now than a year ago, while 48.9% stated that they saw new opportunities because of the pandemic; both rates were about average for GEM Level C economies. Perhaps somewhat concerning is that only 52% of TEA respondents plan to use more digital technologies to sell goods and services over the next six months, the lowest figure among GEM Level C economies. The latter may be the result of a lack of access and affordability rather than intent. Taken together, these rates may indicate that early-stage entrepreneurs in South Africa are less likely to adjust their business plans to respond to new business realities.

2021 Framework Conditions Review

Opinions on existing framework conditions point to a diminished outlook for early-stage entrepreneurs. This is particularly true for finance, where the framework condition Ease of Access to Entrepreneurial Finance received a 3.4 score from experts, the third lowest figure among GEM Level C economies. This is one of the constraints that can dampen business investment, such as the kind needed to implement digital technologies — an area in which it appears many South African early-stage entrepreneurs may not be investing.

The framework condition Government Policy: Taxes and Bureaucracy also received a low score from experts — 3.5 — which was the fourth lowest among GEM Level C economies. This reinforces a frequent economic analysis of South Africa that identifies excessive regulation and a difficult tax system as constraints on entrepreneurship. Only once this is addressed can more entrepreneurs scale up, make it to established-business stage, and formally hire employees. Similarly, the condition Government Entrepreneurial Programs received a 3.1 score, the fourth lowest among GEM Level C economies, signalling a lack of effective programs from the state that could help entrepreneurs navigate challenges.

Infrastructure spending in South Africa has also declined in recent years, a reality identified by experts. For Physical Infrastructure, the score came in at 4.8, the second lowest for GEM Level C economies. The South African state clearly faces a myriad of challenges with infrastructure investment, including ensuring reliable energy supply, rail freight network optimization, rebuilding public sector transport systems, and service delivery at local government level. Improvements to these will all contribute to economic growth and indirectly to entrepreneurship development.

Institution

Lead institution
Stellenbosch University

USB University of Stellenbosch Business School
Responsible leaders. We shape them.

Type of institution
University

Website
http://www.sun.ac.za/

Team

Team leader
Angus Bowmaker-Falconer

Team members
Prof. Marius Ungerer
Dr. Mike Herrington

Funders

University of Stellenbosch Business School (USB)
Small Enterprise Development Agency (SEDA)

APS vendor

NielsenIQ South Africa

Contact

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Spain

■ **Population** (2020): **46.8 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **38.3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	38.1	41
Good opportunities to start a business in my area	30.0	44
It is easy to start a business	35.9	33
Personally have the skills and knowledge	49.8	35
Fear of failure (opportunity)	51.0	9
Entrepreneurial intentions	7.7	42

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.6	45
International (25%+ revenue)	0.6	30=
	% TEA	**Rank/46**
Always consider social impact	67.3	37
Always consider environmental impact	67.8	33
	% TEA	**Rank/47**
Industry (% TEA in business services)	34.1	7=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	43.2	26	52.4	39.6
Build great wealth	38.0	42	49.5	33.5
Continue family tradition	19.7	39	21.8	18.9
To earn a living	72.4	17	68.2	74.0

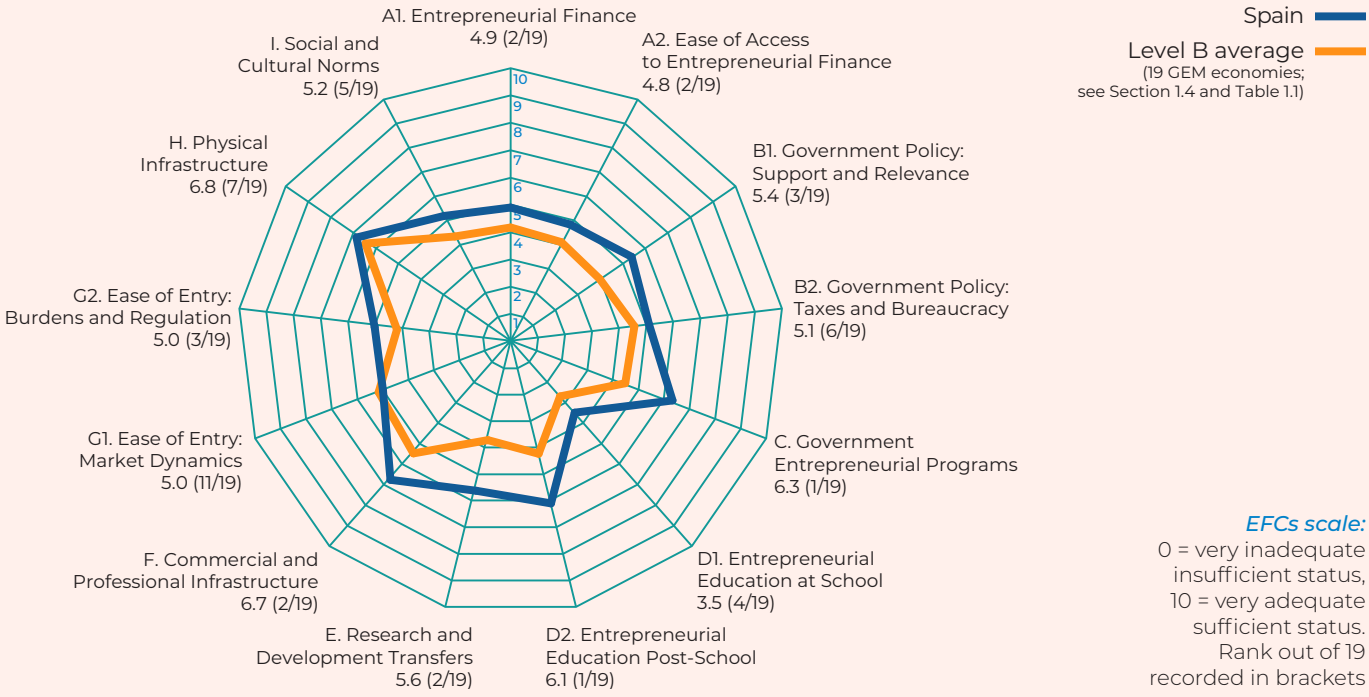
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	5.5	43=	5.6	5.4
Established Business Ownership rate	7.2	18	6.0	8.3
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	40.2	28
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	48.5	21
Use more digital technology to sell products or services	50.3	28
Pursue new opportunities due to pandemic	40.8	26

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In early 2021, Spanish President Pedro Sánchez unveiled the Spain Entrepreneurial Nation Strategy, which seeks to make the country a major hub of technology startups by 2030. This was driven in part by the identification of several gaps in Spain's startup sector, in terms of gender, region, socio-economic status and age of those involved. These are admirable goals for the Spanish startup sector, yet it is also important to keep in mind that startups are only a small part of the entire entrepreneurial picture. If one looks at entrepreneurship in Spain holistically, the emerging story is of balance, rather than gaps.

Spain's TEA rate in 2021 was 5.5%, a slight improvement from 2020. This has also been the average TEA rate, more or less, since Spain began recovering from the Great Recession around 2011. This suggests there may be a natural rate of early-stage entrepreneurial activity within the Spanish entrepreneurial environment, in balance with a recovery in employment, as well as how much the market is willing to accept new products and services. Similarly, its EBO rate of 7.2% in 2021 was a slight improvement from 6.7% in 2020, which is also about average compared to previous years in Spain, following the recession. Ideally, Spain might benefit from a higher TEA rate so that there are newer businesses to replace established ones that eventually exit. Yet this would likely require a very targeted policy approach to boost new businesses at the margin, perhaps similar to the Spain Entrepreneurial Nation Strategy, but expanded to other high-potential sectors. Any blanket policy might risk creating an over-competitive entrepreneurial sector, where very few new firms can survive to the established stage.

The theme of balance can be seen in other areas of Spanish entrepreneurship. In terms of age, the rates of TEA respondents in Spain under 35 and over 35 are nearly identical. While, on the one hand, this shows a population that does not significantly "age out" of entrepreneurship, it could also be a concern to policymakers because new innovative firms tend to be founded by younger people. It could also be a concern to policymakers because new innovative firms tend to be founded by younger people, meaning fewer young entrepreneurs to replace older entrepreneurs who retire or leave their business. Finally, Spain's entrepreneurial gender gap ratio is also quite balanced, at just over 1.0, meaning slightly more women than men are involved in early-stage entrepreneurship. This contradicts the story of Spanish startups, which is apparently much more skewed towards men. If the entirety of Spanish entrepreneurship is considered, women are much more present.

2021 Framework Conditions Review

Spain's Entrepreneurial Framework Conditions generally performed well compared to other GEM Level B economies. This is particularly true in the areas of finance and governance. For the condition of Entrepreneurial Finance, Spain received a 4.9, while for Ease of Access to Entrepreneurial Finance a 4.8, placing it second in both among GEM Level B economies. This was an improvement over 2020, when the Entrepreneurial Finance condition received a 4.4 score. While these are strong scores, Spain's aspirations, according to the Spain Entrepreneurial Nation Strategy, is to close the investment gap between itself and its neighbours France and Germany. A critical component of closing that gap will be to attract even more capital and to make it accessible to entrepreneurs in need of finance.

Spain's three government-related conditions also improved in 2021, reflecting more government prioritization of entrepreneurship coming out of the COVID-19 pandemic. Specifically, Government Entrepreneurial Programs received a 6.3 score from experts, placing it first among GEM Level B economies. This level of prioritization will be essential in attracting more talent, including from abroad, to start new businesses in Spain. However, achieving this goal will require sustained prioritization so that potential innovators associate Spain with supportive conditions for entrepreneurship.

Institution

Lead institution

Observatorio del Emprendimiento de España (OEE) (formerly Asociación RED GEM España)

Type of institution

Nonprofit organization

Website

http://www.gem-spain.com

Team

Team leader

Ana Fernández Laviada, PhD

Team members

National Team

Paula San Martín Espina, PhD; Isabel Neira Gómez, PhD; Nuria Calvo Babío, PhD; Yago Atrio Lema, PhD Student; Mahsa Samsami, PhD Student; Isidro de Pablo López, PhD; José Ruiz Navarro, PhD; María Saiz, PhD; Sebastián Pérez Vides

Regional Teams

José Ruiz Navarro, PhD (Director GEM Andalucía); Lucio Fuentelsaz Lamata, PhD (Co-director GEM Aragón); Consuelo González Gil, PhD (Co-directora GEM Aragón); Manuel González Díaz, PhD (Director GEM Asturias); Julio Batle Lorente, PhD (Director GEM Baleares); Rosa M. Batista Canino, PhD (Directora GEM Canarias); Ana Fernández Laviada, PhD (Directora GEM Cantabria); Carlos Guallarte, PhD (Director GEM Cataluña); Juan José Jiménez Moreno, PhD (Director GEM Castilla La Mancha); Nuria González Álvarez, PhD (Directora GEM Castilla y León); Gabriel García-Parada Ariza, PhD (Director GEM Ceuta); Isidro de Pablo Lopez, PhD (Director GEM Madrid); José María Gómez Gras, PhD (Director GEM Comunidad Valenciana); Ricardo Hernández Mogollón, PhD (Director GEM Extremadura); Loreto Fernández Fernández, PhD (Directora GEM Galicia); Luis Alberto Ruano Marrón, PhD (Director GEM La Rioja); María del Mar Fuentes Fuentes, PhD (Directora GEM Melilla); Alicia Rubio Bañón, PhD (Directora GEM Murcia); Ignacio Contin Pilart, PhD (Co-director GEM Navarra); Martin Larraza Kintana, PhD (Co-director GEM Navarra); María Saiz Santos, PhD (Directora GEM País Vasco)

Funders

Empresa Nacional de Innovación, SA (ENISA)

Observatorio del Emprendimiento de España

APS vendor

Opinometre

Contact

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Sudan

■ **Population** (2020): **43.8 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **4.2 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	66.8	8
Good opportunities to start a business in my area	72.1	10
It is easy to start a business	66.7	14
Personally have the skills and knowledge	88.1	3
Fear of failure (opportunity)	40.5	33
Entrepreneurial intentions	43.7	10

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	5.5	10
International (25%+ revenue)	1.5	13=
	% TEA	**Rank/46**
Always consider social impact	82.1	14=
Always consider environmental impact	81.0	19
	% TEA	**Rank/47**
Industry (% TEA in business services)	4.3	45

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	49.3	22	48.2	50.8
Build great wealth	86.8	3	86.5	87.3
Continue family tradition	56.8	4	52.7	62.5
To earn a living	87.7	5	86.8	88.9

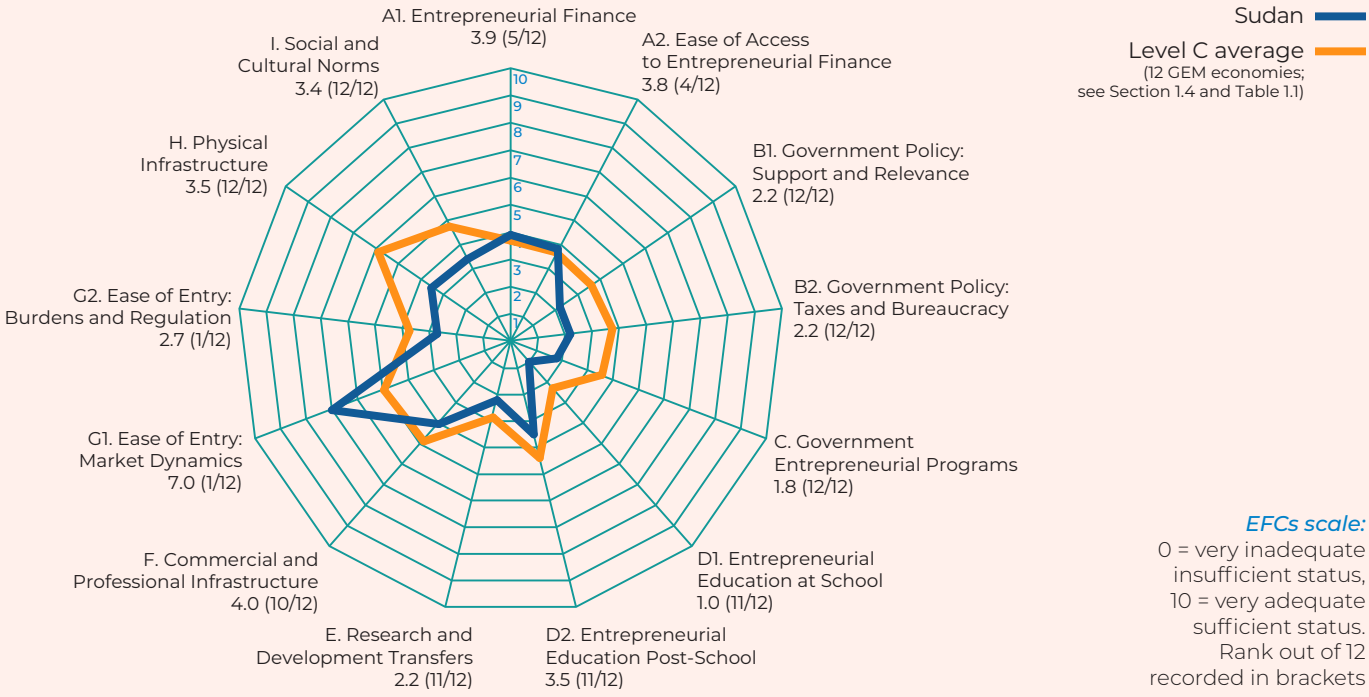
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	33.6	2	26.4	40.8
Established Business Ownership rate	8.1	17	6.5	9.9
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	1.4	30	0.9	1.9

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	79.9	3
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	73.1	3
Use more digital technology to sell products or services	59.9	16
Pursue new opportunities due to pandemic	44.7	22

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 12 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

Sudan has undergone extraordinary change over just the last two years. In 2019, the country formed a new government under Prime Minister Abdalla Hamdok. This government was briefly deposed by a military coup in October 2021, followed by the reinstatement of the Hamdok government one month later. The 2021 data collected by GEM Team Sudan occurred in the months shortly before the military coup. Therefore, it gives an accurate snapshot of Sudanese entrepreneurship as it stood in the period between the initial Hamdok reforms (starting in 2019) and the most recent episode of political instability. After some initial success following the 2019 reforms, how Sudanese entrepreneurs respond to this moment will be critical to their long-term survival.

The market reforms began by Hamdok in 2019 opened the Sudanese economy for more entrepreneurial activity. However, it should be noted that these reforms also strained many Sudanese as they adjusted to the transitioning economic model. The result was that many Sudanese started new businesses, for a mix of both opportunity and necessity reasons. In 2021, the Sudan TEA rate was 33.6%, second among all GEM economies, while its EBO rate was 8.1%. Sudan did not participate in the 2020 survey, but it appears that its general population has a strong entrepreneurial outlook, which must have been present well before 2019, before the market reforms. Over 70% of Sudanese reported that there were good opportunities to start a business where they live, and nearly 90% state they have the knowledge, skills and experience to start a business. This outlook has contributed to its high rate of entrepreneurial activity.

Of course, COVID-19 has also played a significant role in shaping entrepreneurial activity. In 2021, only 44.7% of Sudanese TEA respondents and 46.0% of EBO respondents stated they saw opportunities as a result of the pandemic, some of the lowest rates among GEM Level C economies. Additionally, 73.1% of TEA respondents stated it was more difficult to start a business than in the previous year. Cumulatively, the challenges of both COVID-19 business realities, in addition to the political unrest, may dampen the potential of Sudanese entrepreneurs, even if they are highly confident in their pursuit of the opportunities made available in the last couple of years.

2021 Framework Conditions Review

Experts gave Sudan relatively low scores across many Entrepreneurial Framework Conditions, reflecting the unstable nature of an entire economy transitioning to a new model. It is difficult to provide ideal conditions for entrepreneurship in such a situation. On the three conditions of government policy, Sudan was given the lowest scores of all GEM Level C economies. These scores indicate the low priority assigned to helping entrepreneurs by the state. This can also be seen in the scores given to the conditions of entrepreneurial education, at both the early and advanced schooling levels. Both sets of scores (1.0 for primary and secondary school; 3.5 for post-secondary school) were the second lowest among GEM Level C economies, again reflecting low investment by the new government in training the next generation of Sudanese entrepreneurs.

However, two areas where experts provided a higher score were in financing and market entry. On the condition of Entrepreneurial Finance, Sudan's 3.9 score was fifth among GEM Level C economies, while a 3.8 score on Ease of Access to Entrepreneurial Finance placed it fourth. Sudan's 7.0 score on the condition, Ease of Entry: Market Dynamics was first among GEM Level C economies. This corresponds to the size of Sudan's domestic market (44 million) and their desire for new products and services. Sudan's entrepreneurial capacity, combined with its large consumer demand, is a tremendous opportunity, but will require political stability to meet its economic potential.

Institution

Lead institution
Ahfad University for Women

Type of institution
University

Website
http://www.ahfad.edu.sd/

Team

Team leader
Widad Ali A/Rahman

Team members
Mohamed Alsaeed Othman Mahjoub
Amira Kamil
Amel Hassan Ahmed
Muna Mudathir Ragab
Mutaz Mohamed Nour
Ahmed Elmurtada
Nafisa Tarig
Midhat Abdel-Magied

Funders

African Development Bank (through) ENABLE Youth Sudan Program

APS vendor

Diva Marketing Services

Contact

widadali01@live.com

Sweden

■ **Population** (2020): **10.1 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **54.6 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	55.1	20
Good opportunities to start a business in my area	79.6	3
It is easy to start a business	82.6	3
Personally have the skills and knowledge	49.9	34
Fear of failure (opportunity)	43.6	27
Entrepreneurial intentions	13.1	34

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	0.8	40=
International (25%+ revenue)	0.9	22=
	% TEA	**Rank/46**
Always consider social impact	60.1	42
Always consider environmental impact	60.2	40
	% TEA	**Rank/47**
Industry (% TEA in business services)	34.1	7=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	45.3	24	53.9	39.9
Build great wealth	55.0	26	70.1	45.4
Continue family tradition	20.6	38	27.1	16.5
To earn a living	28.0	46	37.0	22.4

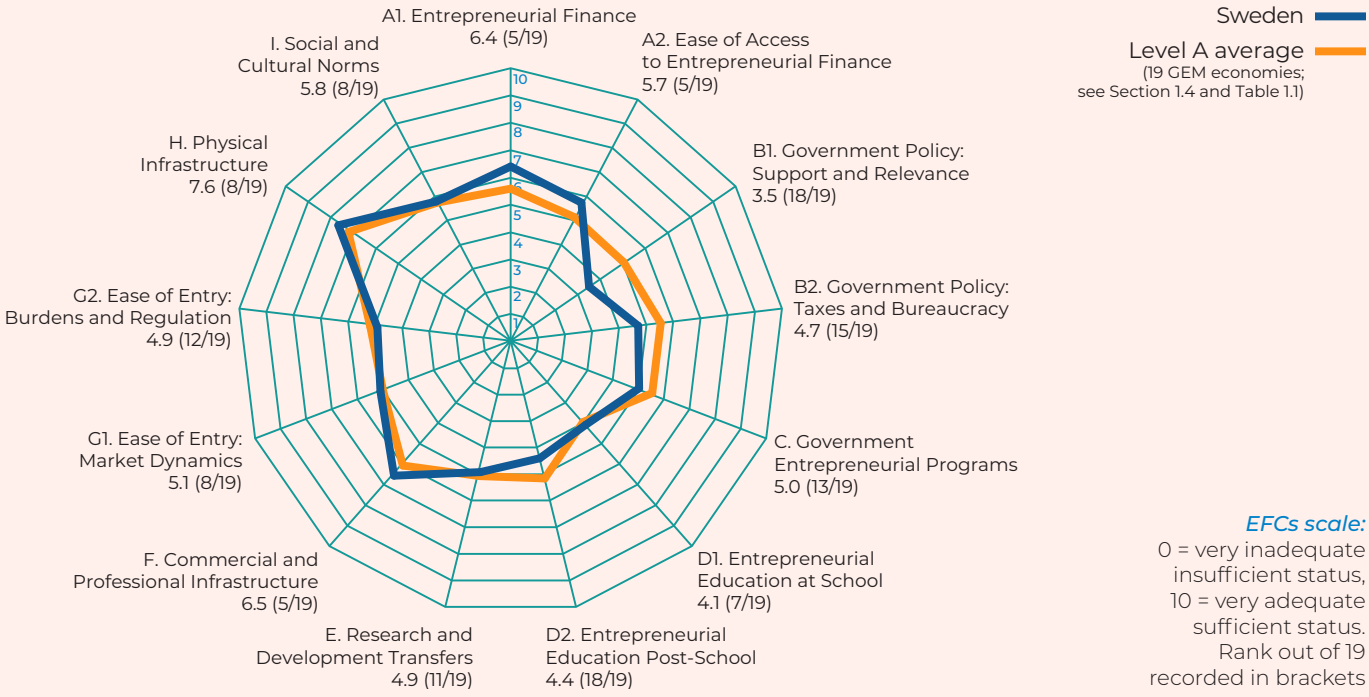
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	9.0	31	6.0	11.8
Established Business Ownership rate	4.3	34	3.5	5.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	5.8	6=	4.7	6.9

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	20.7	43=
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	18.6	44
Use more digital technology to sell products or services	34.3	41
Pursue new opportunities due to pandemic	38.6	29

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, Sweden recovered some of its entrepreneurial confidence lost to the pandemic. This is most evident in the number of Swedes pursuing early-stage entrepreneurship: the country's TEA rate increased to 9.0% in 2021, from 7.3% in 2020. These entrepreneurs were also more positive in their assessment of Sweden's business conditions. Only 18.6% of TEA respondents said they thought it was more difficult to start a business now than in the previous year, a decrease from 24.4% in the 2020 survey. Additionally, 38.6% of these respondents said they saw new opportunities as a result of COVID-19, reflecting an acknowledgement by many entrepreneurs of the new business realities generated by the pandemic.

Yet it was not just entrepreneurs themselves who appeared more confident in 2021. According to GEM results, 79.6% of Swedes see good opportunities to start a business where they live, second among GEM Level A economies. This is a significant improvement on the 62.5% of Swedes who agreed with this statement in 2020. Typically, Sweden scores quite high on this question, around 75–80%, so 2020 was a serious decline, likely in response to the pandemic. Perhaps as a result of this increased confidence, 13.4% of Swedish respondents plan to start a business in the next three years, up from 8% in 2020.

Hopefully, this increase in entrepreneurial sentiment and activity in Sweden will result in more new businesses that can grow and sustain themselves for several years or longer. This will be necessary to replenish the country's EBO levels, which declined to 4.3% in 2021, from 6.0% in 2020. In recent years leading up to 2020, Sweden's EBO rate was gradually increasing, so this year's results likely reflect a delayed reaction to business constraints engendered by the pandemic. Policymakers should therefore look to capitalize on this year's increase in early-stage entrepreneurship, by creating a more accommodating environment for new business growth in the form of tax breaks and reduced market regulation, in order to guide these new businesses into the established stage.

2021 Framework Conditions Review

Sweden does appear to be making improvements in its framework conditions, which should help foster new business growth. On the condition Entrepreneurial Finance, Sweden received a 6.4 score, placing it fifth among GEM Level A economies, while on Ease of Access to Entrepreneurial Finance, its 5.7 score also placed it fifth among this group. These high scores should help new businesses obtain the necessary funding to grow, as well as convincing some latent entrepreneurs to finally pursue their business intentions, knowing they will be able to get access to quality finance.

However, on some conditions, Sweden was given low scores compared to other GEM Level A economies, despite the country's improvements over last year. This is particularly true among governance-related conditions. On the condition Government Policy: Support and Relevance, Sweden received a 3.5 score, which was 18th among GEM Level A economies, while Government Policy: Taxes and Bureaucracy scored 4.7, 15th among this group, despite an improvement from 3.0 in 2020.

Institution

Lead institution

Swedish Entrepreneurship Forum (Entreprenörskapsforum)

Type of institution

Research Institute

Website

https://entreprenorskapsforum.se

Team

Team leader

Professor Johan Eklund

Team members

Per Thulin, PhD

Associate Professor Martin Svensson

Marcus Kardelo, Project Manager

Postdoctoral Researcher Emma Lappi

Funders

Triton Advisers Sweden

The Confederation of Swedish Enterprise (Svenskt Näringsliv)

APS vendor

Norstat

Contact

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Switzerland

■ **Population** (2020): **8.7 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **71.4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	54.7	21
Good opportunities to start a business in my area	54.7	25
It is easy to start a business	68.9	10
Personally have the skills and knowledge	49.6	36
Fear of failure (opportunity)	30.4	43
Entrepreneurial intentions	13.4	31=

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.2	28
International (25%+ revenue)	2.1	10
	% TEA	**Rank/46**
Always consider social impact	80.3	20=
Always consider environmental impact	73.8	26
	% TEA	**Rank/47**
Industry (% TEA in business services)	42.2	2

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	57.9	16	56.9	58.4
Build great wealth	51.5	29	65.9	45.3
Continue family tradition	14.1	43	12.4	14.8
To earn a living	46.8	38	41.3	49.1

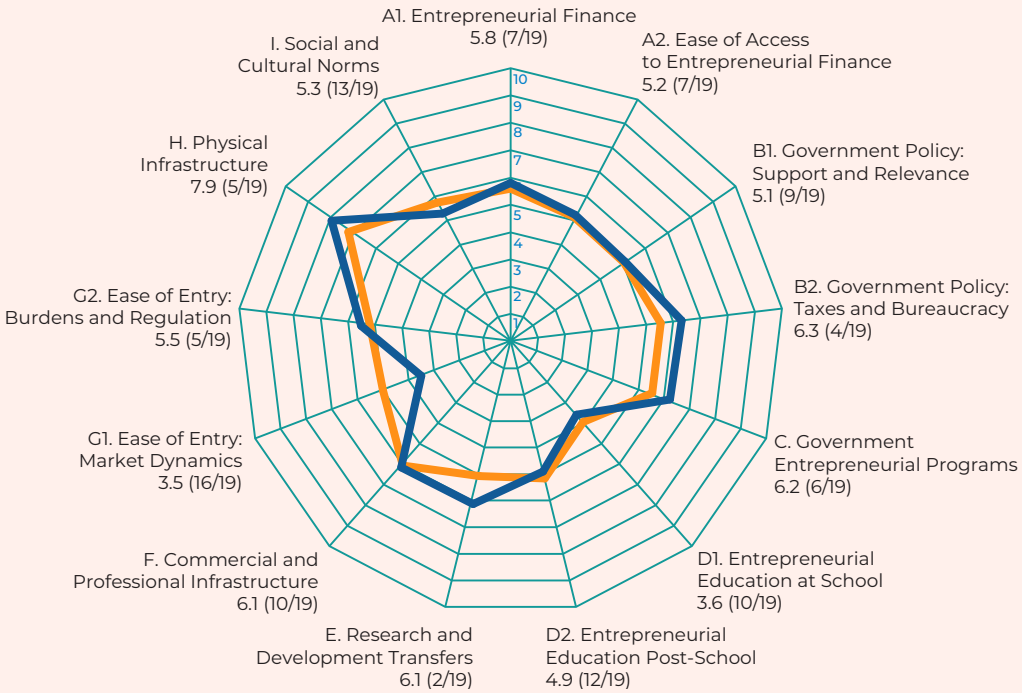
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	9.8	26=	7.2	12.3
Established Business Ownership rate	7.1	19=	5.1	9.0
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	7.1	3	5.5	8.6

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	23.0	41
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	30.6	40
Use more digital technology to sell products or services	43.4	36
Pursue new opportunities due to pandemic	36.6	31

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, Switzerland's entrepreneurial confidence improved. This is evident from the sentiments expressed by the Swiss population overall, as well as by entrepreneurs themselves, in GEM's 2021 APS. Among the country's adults, 54.7% saw good opportunities to start a business where they lived, the highest rate recorded by Switzerland. This was double the 26.7% rate recorded in 2020, reflecting a surge in perceived opportunities that has strong potential for new business creation in the near future. Relatedly, the rate of those who said it was easy to start a business in Switzerland also improved. In 2021, 68.9% of Swiss adults said it was easy, compared to 55.5% in 2020. Together, this improved sentiment likely contributed to the slight increase in Switzerland's TEA rate, to 9.8% in 2021 from 9.2% in 2020.

While these are encouraging improvements, Switzerland also faces some longer-term challenges. One worry is the country's falling rate of EBO. In the years leading to 2020, Switzerland averaged an 11% EBO rate, one of the highest levels for GEM Level A economies. Yet this rate dropped to 6.7% in the pandemic year of 2020; slightly recovering to 7.1% in 2021. Returning to the higher pre-2020 rate may take some time, but there are some paths to achieving this goal.

The first such path is to increase the flow of new businesses, which will eventually replace the established businesses that closed in 2020. This is seemingly under way in Switzerland judging by the increase in TEA rate, and will hopefully continue in conjunction with the country's improved sentiments. Other solutions may take more time; these relate to increasing the population's entrepreneurial mentorship opportunities and skills. Currently, Switzerland's entrepreneurs are mostly male, at a rate of nearly two-to-one to females for both TEA and EBO respondents. In this environment, potential female entrepreneurs would be well served by having mentors with established networks, who could guide them through the process of starting and succeeding in a business.

Additionally, Switzerland's TEA respondents overwhelmingly have four-year university degrees. While this is expected given Switzerland's income level, it could also signal that some potential entrepreneurs lack the opportunity to gain entrepreneurial skills outside of university settings. With some non-academic training opportunities in entrepreneurship, these individuals could also participate in Switzerland's entrepreneurial sector, increasing its demographic dynamism.

2021 Framework Conditions Review

Experts identified a mix of strengths and constraints within Switzerland's framework conditions. Its scores on governance were particularly strong. On the condition Government Policy: Taxes and Bureaucracy, the country scored 6.3, placing it fourth among GEM Level A economies, while its score on Government Entrepreneurial Programs (6.2) was sixth among this group. These favourable governance conditions both improved from 2020 and correspond to a more accommodating environment for entrepreneurial activity. Switzerland also received a strong score on the condition Research and Development Transfers (6.1), second among GEM Level A economies. This reflects new firms' ability to access advanced technology at reasonable costs, which is crucial to be competitive in a country like Switzerland, which is a high-income, open economy.

However, Switzerland's education-related conditions underperformed relative to peer economies. The condition Entrepreneurial Education Post-School received a 4.9 score in 2021, 12th among GEM Level A economies, and down from 5.2 in 2020. Improving entrepreneurial education in vocational and professional settings will be critical to expanding access to entrepreneurship among the general Swiss population.

Institution

Lead institution
School of Management Fribourg (HEG-FR)

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

University of Applied Sciences and Arts Western Switzerland (HES-SO)

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
SUSPI (University of Applied Sciences and Arts of Southern Switzerland)
Swiss Start-up Association

Team

Team leader
Prof. Rico Baldegger, PhD

Team members
Assoc. Prof. Raphael Gaudart
Assoc. Prof. Pascal Wild, PhD
Gabriel Simonet, MSc

Funders

School of Management Fribourg (HEG-FR)
University of Applied Sciences and Arts Fribourg (HES-FR)

APS vendor

Gfs Bern

Contact

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Turkey

- **Population** (2020): **84.3 million** (UN)
- **GDP** per capita (2020; PPP, international $): **28.1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	42.8	35
Good opportunities to start a business in my area	31.9	43
It is easy to start a business	25.1	44
Personally have the skills and knowledge	59.3	21
Fear of failure (opportunity)	39.8	34
Entrepreneurial intentions	31.3	14

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	8.7	4
International (25%+ revenue)	2.5	9
	% TEA	**Rank/46**
Always consider social impact	79.0	22
Always consider environmental impact	89.5	5
	% TEA	**Rank/47**
Industry (% TEA in business services)	11.4	40

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	34.3	36	32.9	35.7
Build great wealth	39.9	38	49.7	29.7
Continue family tradition	41.7	10	38.4	45.1
To earn a living	55.0	32	55.3	54.6

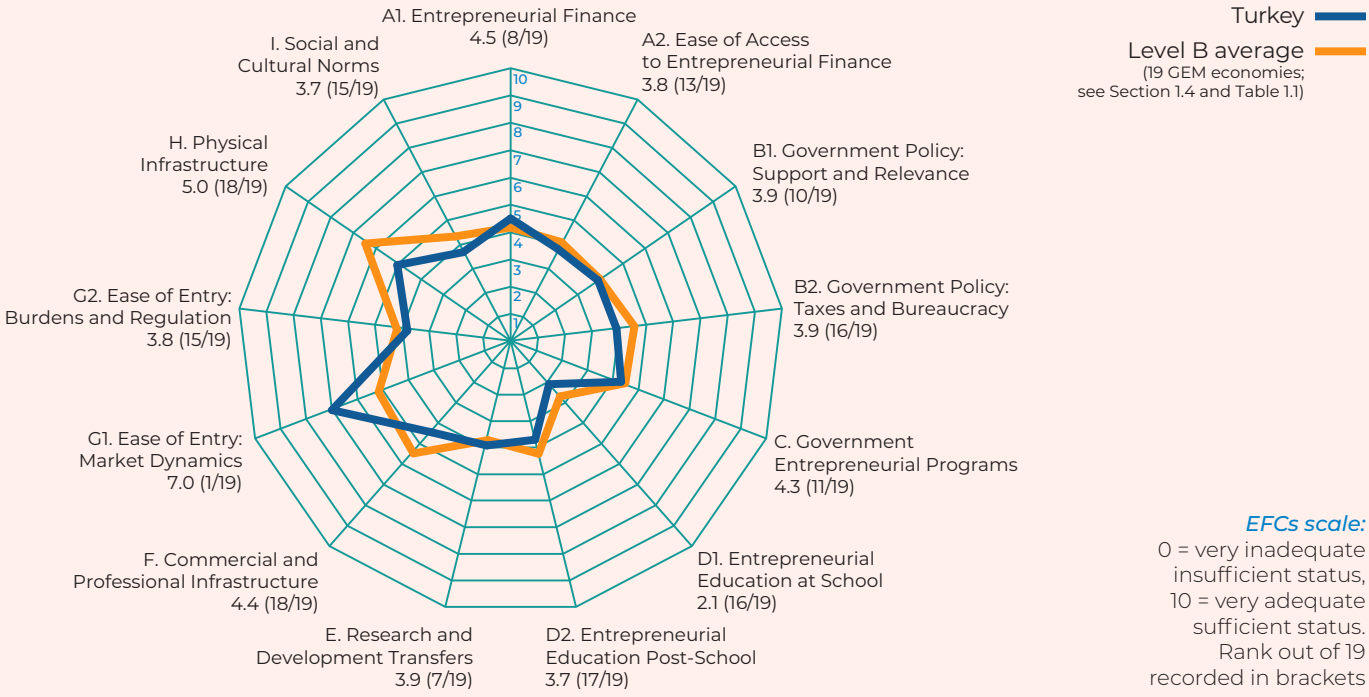
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	15.7	15=	10.3	21.1
Established Business Ownership rate	11.0	6	6.0	15.9
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	54.0	18
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	62.4	8
Use more digital technology to sell products or services	55.2	22
Pursue new opportunities due to pandemic	33.2	35

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

Turkey last participated in GEM in 2018. Since that time, the country has experienced significant challenges, including the COVID-19 pandemic in addition to currency volatility. Yet the level of entrepreneurial activity in the country has remained fairly stable. In 2021, Turkey's TEA rate was 15.7%, up a bit from 14.2% in 2018, while EBO increased to 11% in 2021 from 8.7% in 2018. This suggests a resilient entrepreneurial sector, but there are several risks identified by GEM survey results that could undermine future activity.

While Turkey's GDP managed to grow by an annual 1.8% in 2020 (one of the few large economies to do so), and is poised to grow by more than 8% in 2021 according to the IMF, households still struggled financially, in part from inflation but also the impact of COVID-19. In 2021, 54% of Turkish respondents said their household had lost income as a result of the pandemic, one of the higher rates among GEM Level B economies. The challenges faced by Turkey have likely played a role in reducing business confidence among the general population. For example, in 2021, only 31.9% said they saw good opportunities to start a business where they lived, down from 44% in 2018. This is despite the fact that 59.3% claim to have the knowledge, skills and experience to start a business. Such a disparity shows that entrepreneurial talent exists among the general population but there are few good opportunities to use it. If Turkey could maintain a more stable economic environment, opportunity identification would likely increase, matching the talent level already existent in the population.

Turkish entrepreneurs also sense diminishing opportunities. In 2021, 62.4% of TEA respondents said it was more difficult to start a business than in the previous year, while only 33.2% indicated they saw new business opportunities as a result of the pandemic. Yet, despite this assessment, 55.2% of TEA respondents and 50.7% of EBO respondents said they planned to use more digital technology to grow their business in the next six months. This suggests a desire to shift business strategy to meet new consumer demands, particularly stemming from new realities generated by COVID-19. With such willingness to invest in their business, there is significant potential to grow entrepreneurial impact. Providing a more stable economic environment would help more entrepreneurs find returns on those technological investments.

Experts in 2021 tended to be negative when assessing Turkey's framework conditions. While a 4.5 score on Entrepreneurial Finance placed it eighth among GEM Level B economies, Ease of Access to Entrepreneurial Finance received a score of 3.8, 13th overall in this group. In a climate of high inflation it is unsurprising that finding funding is difficult. It may be necessary for the state to further incentivize lending to entrepreneurs through their own programs, or by securing some loans made by the financial sector. Such actions could contribute to better experts' assessments of government support for entrepreneurship. In 2021, all three of Turkey's governance-related conditions received low scores compared to peers, reflecting the need for more visible policies targeted at entrepreneurs in the coming years.

Similarly, the government's role in offering entrepreneurial education was also deemed to be insufficient. In particular, the condition Entrepreneurial Education Post-School received a 3.7 score, the third lowest among GEM Level B economies. This belies an otherwise strong reputation for a well-trained professional class in Turkey, which may be lacking in entrepreneurially focused training. However, the condition Ease of Entry: Market Dynamics received a 7.0 score, placing it first among GEM Level B economies and reflecting a consistent consumer market that can be accessed without excessive regulation. Yet, conversely, the condition Ease of Entry: Burdens and Regulation received a 3.8, 15th among GEM Level B economies, which means new businesses face strong and perhaps unfair competition when entering those markets.

Institution

Lead institution
Yeditepe University

Type of institution
University

Website
https://yeditepe.edu.tr

Other institutions involved
Turkish Entrepreneurship Foundation (Girisimcilik Vakfi)

Team

Team leader
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Team members
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Galactic Unicorn Fund

APS vendor

Method Research Company

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United Arab Emirates

■ **Population** (2020): **9.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **70.0 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	54.6	22=
Good opportunities to start a business in my area	73.5	7
It is easy to start a business	74.4	6
Personally have the skills and knowledge	65.1	16
Fear of failure (opportunity)	49.7	12
Entrepreneurial intentions	35.9	12

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	12.0	1
International (25%+ revenue)	4.4	3
	% TEA	**Rank/46**
Always consider social impact	93.3	1
Always consider environmental impact	88.9	7
	% TEA	**Rank/47**
Industry (% TEA in business services)	23.2	19

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	66.1	8	67.0	65.0
Build great wealth	78.7	6	81.5	75.2
Continue family tradition	49.7	6	48.5	51.2
To earn a living	68.8	22	73.1	63.6

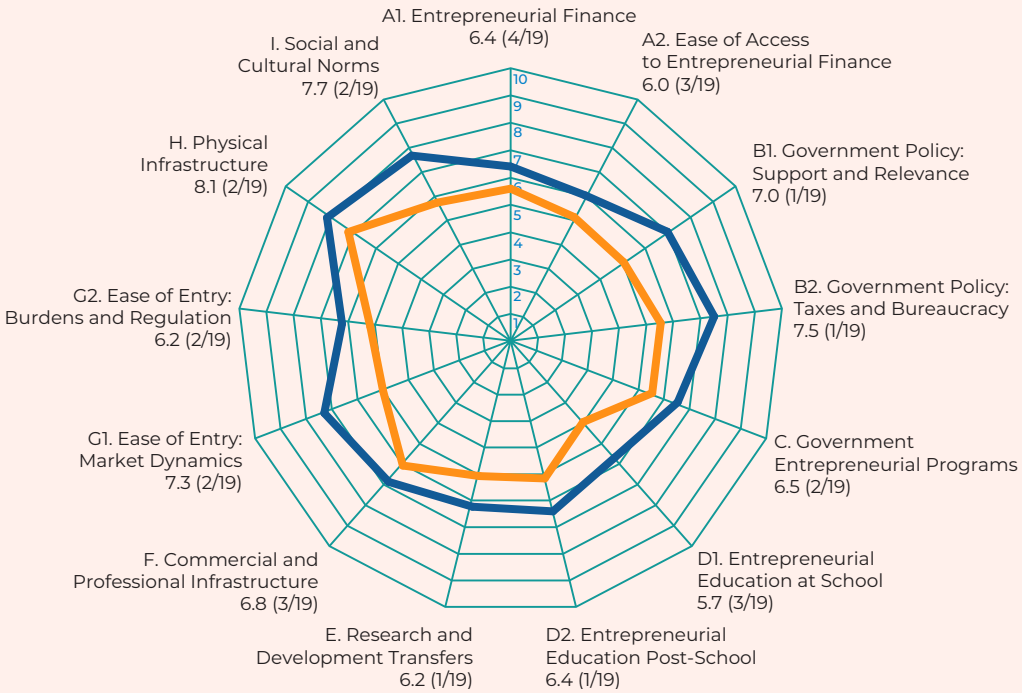
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	16.5	12=	8.2	20.1
Established Business Ownership rate	6.4	23=	2.5	8.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	7.8	2	2.8	9.9

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	62.3	11
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	32.2	38
Use more digital technology to sell products or services	75.9	4
Pursue new opportunities due to pandemic	59.9	5

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



United Arab Emirates
Level A average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2016, the United Arab Emirates embarked on a new strategy, emphasizing entrepreneurship as a means of diversifying its economy away from oil production. Since that time, the United Arab Emirates' TEA rate has gradually increased, reaching 16.5% in 2021. Measures of entrepreneurial attitudes among the population have also increased. The extent to which the 2016 policy spurred these increases requires further analysis, but it is clear the country has reached a sustained, higher level of entrepreneurial activity. This is evident by the quick recovery in both TEA rates and attitudes following COVID-19 related restrictions on business.

The improvement in entrepreneurial attitude can be measured through GEM survey responses. In 2021, 73.5% of Emiratis saw good opportunities to start a business where they lived — one of the highest rates among GEM Level A economies and up from 62.1% in 2020 — while 6.1% also reported that they had the skills, knowledge and experience to start a business, compared to 54.7% in 2020. These 2021 rates were also the highest rates measured since 2016, reflecting the upward trends seen across other indicators of entrepreneurship in the United Arab Emirates. This is despite the economic constraints of COVID-19 — which have had a significant impact on the country. In 2021, 62.3% of Emiratis said their household had lost income as a result of the pandemic, the highest percentage among Level A economies.

Yet entrepreneurs also remain confident in the face of these challenges. Among TEA respondents, 59.9% say they see new opportunities as a result of the pandemic and 75.9% plan to use more digital technology to grow their business in the next six months. This reflects well on the country's entrepreneurs, who are clearly willing to adjust their strategy and invest in response to the ongoing disruption. Perhaps because of this planning, the United Arab Emirates also has the highest rate of entrepreneurs expecting to hire six or more additional employees in the next five years among its peer group of GEM Level A economies. Such confidence and investment will be required to continue the state's evolving entrepreneurial goals. In late 2021, its Minister of State for Entrepreneurship and SMEs announced a new policy seeking to host 20 new startups aiming to be worth more than $1 billion each by 2031.

2021 Framework Conditions Review

The UAE received high scores on most of its framework conditions, which may help explain the improvement in entrepreneurial attitudes in 2021. Both financial conditions received high scores, rated near the top of all GEM Level A economies. This will need to be sustained, or even improved, to meet the country's lofty entrepreneurial goals of developing high-impact startups, which tend to be extremely capital-intensive. Even if access to finance were to stay at its current levels, however, this should benefit those new businesses that would like to become established in the next few years. Businesses with more modest goals also need finance to grow operations, but return that investment by hiring employees and offering more products and services.

The United Arab Emirates' performance on its governance conditions was the most impressive among its 2021 scores. On the conditions Government Policy: Support and Relevance (7.0) and Government Policy: Taxes and Bureaucracy (7.5) the country had the highest scores among GEM Level A economies. The condition Government Entrepreneurial Programs (6.5) was second highest among this group. All three conditions improved over 2020, representing further progress in the country's march to generating more impactful entrepreneurship. Policymakers will have to be active in maintaining this quality as many regional economies are also pursuing similar entrepreneurial strategies. Despite these successes, the United Arab Emirates cannot rest on its laurels.

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/

Other institutions involved
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Sandooq Al Watan
Tawazun

Team

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Funders

United Arab Emirates University (UAEU)
Khalifa Fund

APS vendor

Kantar

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United Kingdom

■ **Population** (2020): **67.9 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **44.9 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	49.8	29
Good opportunities to start a business in my area	61.2	17
It is easy to start a business	70.7	8
Personally have the skills and knowledge	51.1	32
Fear of failure (opportunity)	51.8	7
Entrepreneurial intentions	9.3	40

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	2.4	25=
International (25%+ revenue)	2.7	7
	% TEA	**Rank/46**
Always consider social impact	73.3	29
Always consider environmental impact	72.7	27=
	% TEA	**Rank/47**
Industry (% TEA in business services)	34.5	6

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	53.0	20	57.9	48.7
Build great wealth	55.2	25	61.7	49.6
Continue family tradition	21.7	35	20.6	22.5
To earn a living	63.8	27=	68.2	60.1

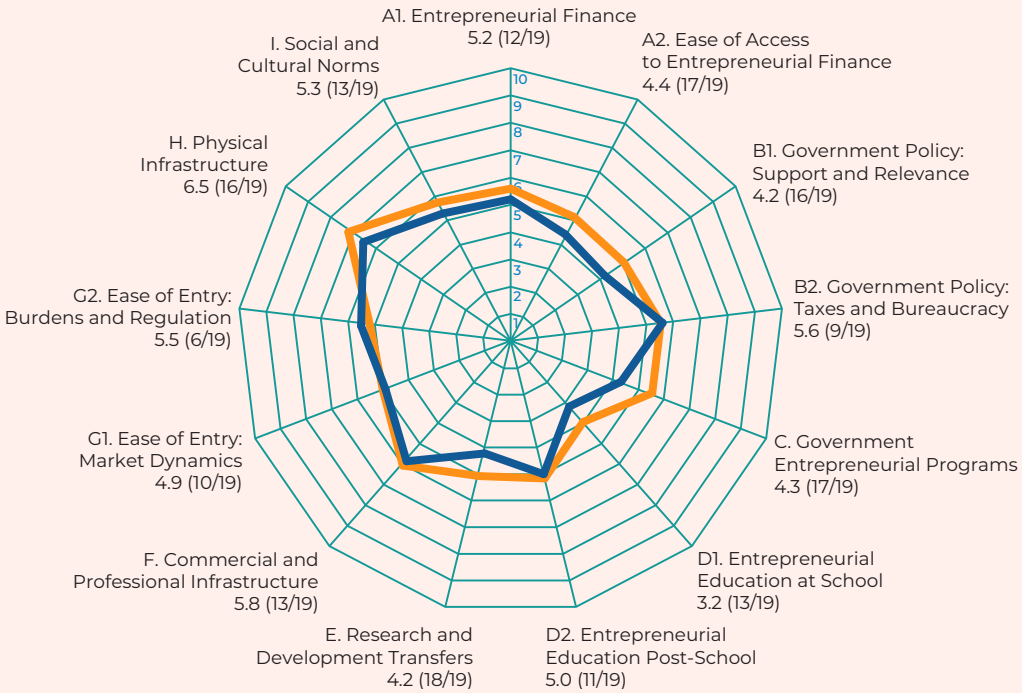
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	12.6	23	10.9	14.2
Established Business Ownership rate	5.3	27=	3.3	7.3
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	4.1	13=	2.6	5.7

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	30.5	35
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	35.7	34
Use more digital technology to sell products or services	62.7	13
Pursue new opportunities due to pandemic	57.4	6=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



United Kingdom
Level A average
(19 GEM economies; see Section 1.4 and Table 1.1)

EFCs scale:
0 = very inadequate insufficient status, 10 = very adequate sufficient status. Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, the United Kingdom's TEA rate increased significantly to 12.6%, from 7.8% in 2020 — which is the highest ever recorded since the start of the GEM project in the late 1990s. This occurred while undergoing the dual challenges related to political volatility, including Brexit, and of course, COVID-19. In response to such challenges, entrepreneurs either pull back activities to mitigate risk or pursue new opportunities in response to the changing environment. In this case, it appears many UK entrepreneurs elected for the latter strategy, primarily in response to COVID-19, explaining some of the large increase in TEA.

The impact of COVID-19 on UK entrepreneurship is evident from the large percentage of respondents (80%) in the previous GEM survey of 2020 who said they planned to start a new business in the next three years — and that COVID-19 had influenced their decision to some or large extent. These intending entrepreneurs may have delayed their start in 2020 due to the economic and public health uncertainties, but decided to proceed in 2021, increasing the country's TEA rate.

Some UK entrepreneurs have pursued new businesses out of economic necessity generated by the pandemic. The UK economy, as measured by GDP, contracted considerably, by nearly 10% in 2020, and is slowing in 2021. Similarly, over 30% of overall UK respondents reported their household had lost income as a result of the pandemic, a fairly high rate among GEM Level A economies. Yet many entrepreneurs also see opportunity as a result of the pandemic, a positive sign for the country's economic recovery. In 2021, 57.4% of UK TEA respondents said they saw new business opportunities as a result of the pandemic and 62.7% said they planned to use more digital technologies to grow their business in the next six months. These results, combined with the fact that the UK had strong employment growth throughout 2021 (meaning new entrepreneurs could find jobs if they preferred), suggest that many UK entrepreneurs are pursuing new businesses in response to good opportunities they see being generated by the paradigm-shifting realities of COVID-19. However, ONS (UK Office for National Statistics) data for the UK between Q2 and Q3 in 2021 show a sharp fall in the number of individuals officially registered as self-employed (124,000) — an important element of the TEA rate. Since the start of the pandemic, the fall in self-employment was nearly 600,000.

2021 Framework Conditions Review

Policymakers should look to capitalize on the number of new UK entrepreneurs willing to take risks and invest in their business in response to the pandemic. These new businesses may eventually spur the economic growth and dynamism needed to recover from the serious economic impact of COVID-19. Yet there are many potential constraints on entrepreneurship, as identified by UK experts evaluating the country's framework conditions. As in 2020, finance remains one of the foremost challenges to sustained entrepreneurial activity. The UK received a 5.1 score for its Entrepreneurial Finance condition, 12th among GEM Level A economies, while its 4.4 score for Ease of Access to Entrepreneurial Finance placed it 17th among this group. Policymakers should target tax breaks and incentives for new businesses, particularly in innovative sectors, so they can invest in the resources and talent necessary to attract funding. Additionally, incentives for financial institutions who lend to entrepreneurs can also be used.

Yet the experts had a more positive assessment of the country's internal market conditions, reflecting a strong foundation for entrepreneurs to sell their goods and services domestically to a receptive consumer base. In particular, the condition Ease of Entry: Burdens and Regulation received a 5.5 score, placing it sixth among GEM Level A economies. This suggests most entrepreneurs are able to compete fairly for consumers among larger competitors, which can help sustain a new business even in challenging conditions. Yet these are particularly difficult times as the pandemic continues into 2022 and new import/export regulations resulting from Brexit take effect on 1 January 2022, so policymakers should ease burdens wherever possible, enabling the new set of UK entrepreneurs to thrive.

Institution

Lead institution
Aston Business School, Aston University

Aston University
BIRMINGHAM UK

Type of institution
University

Website
https://www2.aston.ac.uk

Other institutions involved
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United States

■ **Population** (2020): **331.0 million** (UN)
■ **GDP** per capita (2020; PPP, international $): **63.5 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	58.8	14
Good opportunities to start a business in my area	63.2	16
It is easy to start a business	66.9	12
Personally have the skills and knowledge	64.6	17
Fear of failure (opportunity)	42.6	31
Entrepreneurial intentions	14.8	29

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	4.6	14
International (25%+ revenue)	0.9	22=
	% TEA	**Rank/46**
Always consider social impact	76.0	26=
Always consider environmental impact	75.6	25
	% TEA	**Rank/47**
Industry (% TEA in business services)	32.6	9=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	71.2	6	73.5	69.5
Build great wealth	74.1	13	78.7	70.6
Continue family tradition	41.5	11	49.4	35.5
To earn a living	45.8	39	48.2	44.0

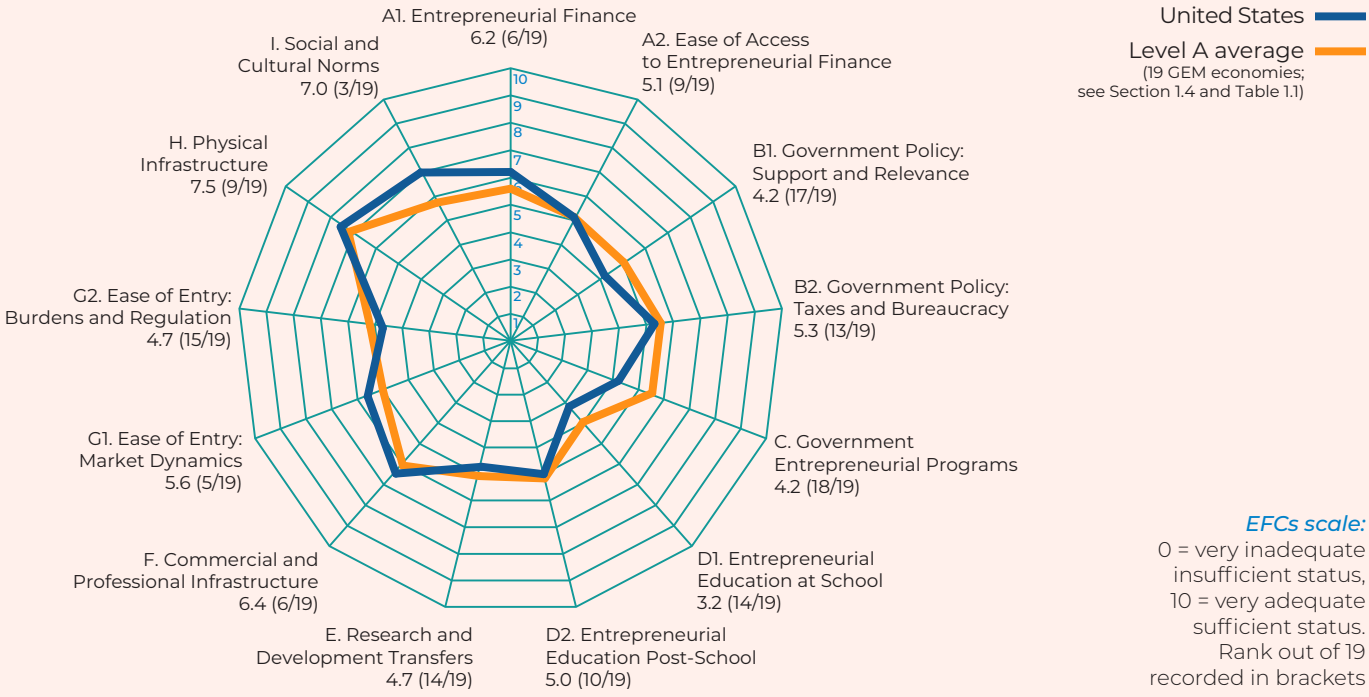
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	16.5	12=	15.2	17.8
Established Business Ownership rate	8.9	10	7.6	10.1
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	4.5	12	3.1	5.9

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	35.4	30
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	35.4	35
Use more digital technology to sell products or services	60.8	15
Pursue new opportunities due to pandemic	52.6	11

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

The initial severity of COVID-19 in the United States caused many economists to set expectations by comparing that moment to the Great Recession of 2008–2009. During that economic downturn, the US TEA rate decreased precipitously and took some time to recover. Yet the experience of COVID-19 has turned out to be much different. While the country's TEA declined mildly in 2020, it recovered quickly in 2021, to the nearly pre-pandemic level of 16.5%. The rate of new business registrations, as calculated by the US Census Bureau, also increased dramatically during this time, beyond pre-pandemic levels. While business registrations are not a perfect measure of entrepreneurship, this is further evidence that the United States is experiencing a strong entrepreneurial response.

While some of the United States' entrepreneurs may have chosen this route due to economic necessity, many have done so because of opportunity. This is made clear by first looking at 2020 data, when few of the US respondents intending to start a business soon said it was due to the pandemic (36%), one of the lower rates among peer economies at the time. Now in 2021, many entrepreneurs are seeing COVID-19 as an opportunity: 52.6% of TEA respondents see new opportunities as a result of the pandemic. Additionally, 60.8% of these respondents plan to use more digital technologies to grow their business in the next six months, indicating a willingness to adjust strategy and invest in the new consumer demands generated by the pandemic.

A strong characteristic of COVID-19 era entrepreneurship is that it appears to be accelerating the rate of single-employee companies, known as "solopreneurship": a trend that started a few years earlier. These tend to be solo consultants, professional service specialists or contract workers. In 2021, the rate of US adults expecting to remain as the only employee in their business was up by nearly 20% from 2020. Like entrepreneurship more generally, some of these solopreneurs start their business out of economic necessity, but many do so out of opportunity. This could mean business opportunity, or the opportunity for more flexible work arrangements, which became more essential during COVID-19. Federal and state policymakers should consider these factors in crafting policies. While many are looking to push employers to classify contractors as benefit employees, policymakers could instead assist these solopreneurs by providing decent options for health care, savings and other benefits. More Americans are revealing their preference for flexible work, but current policies disincentivize these potential entrepreneurs.

2021 Framework Conditions Review

The United States improved on many framework conditions in 2021. Unfortunately, many of the country's scores remain below average within its peer group of GEM Level A economies. Yet there were also positives. Both of its financing-related conditions received sufficient scores for enabling entrepreneurial activity, meaning entrepreneurs can generally access finance options, though there is room for improvement, particularly for those entrepreneurs outside certain fields like technology or digital media. The condition Commercial and Professional Infrastructure was also a stand-out for the United States. In 2021 this condition received a 6.4 score, up from 6.0 in 2020 and placing it sixth among GEM Level A economies. This reflects the strong legal and financial services sector in the United States, which is generally accessible to entrepreneurs, though rarely would it be considered affordable.

The country's governance-related conditions, however, received low scores compared to peer economies, even if scores improved from 2020. This indicates further need for targeted entrepreneurial programs from the federal government that are accessible and offer worthwhile compensation.

Institution

Lead institution
Babson College

Type of institution
Business School

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Team

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Team members
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Prof. Donna Kelley, PhD
Assoc. Prof. Mahdi Majbouri, PhD
Smaiyra Million
Doug Scibeck, MA, MSc

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Babson College

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Qualtrix

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Uruguay

- **Population** (2020): **3.5 million** (UN)
- **GDP** per capita (2020; PPP, international $): **22.8 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	54.5	24
Good opportunities to start a business in my area	58.4	20
It is easy to start a business	37.7	32
Personally have the skills and knowledge	69.8	9=
Fear of failure (opportunity)	48.2	15=
Entrepreneurial intentions	33.0	13

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	5.6	9
International (25%+ revenue)	0.9	22=
	% TEA	**Rank/46**
Always consider social impact	87.2	7=
Always consider environmental impact	85.7	11
	% TEA	**Rank/47**
Industry (% TEA in business services)	15.1	34

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18–34 TEA	% 35–64 TEA
To make a difference	38.7	30=	35.8	41.2
Build great wealth	38.8	40	47.5	31.0
Continue family tradition	25.0	26	20.9	28.6
To earn a living	71.3	19	74.0	68.8

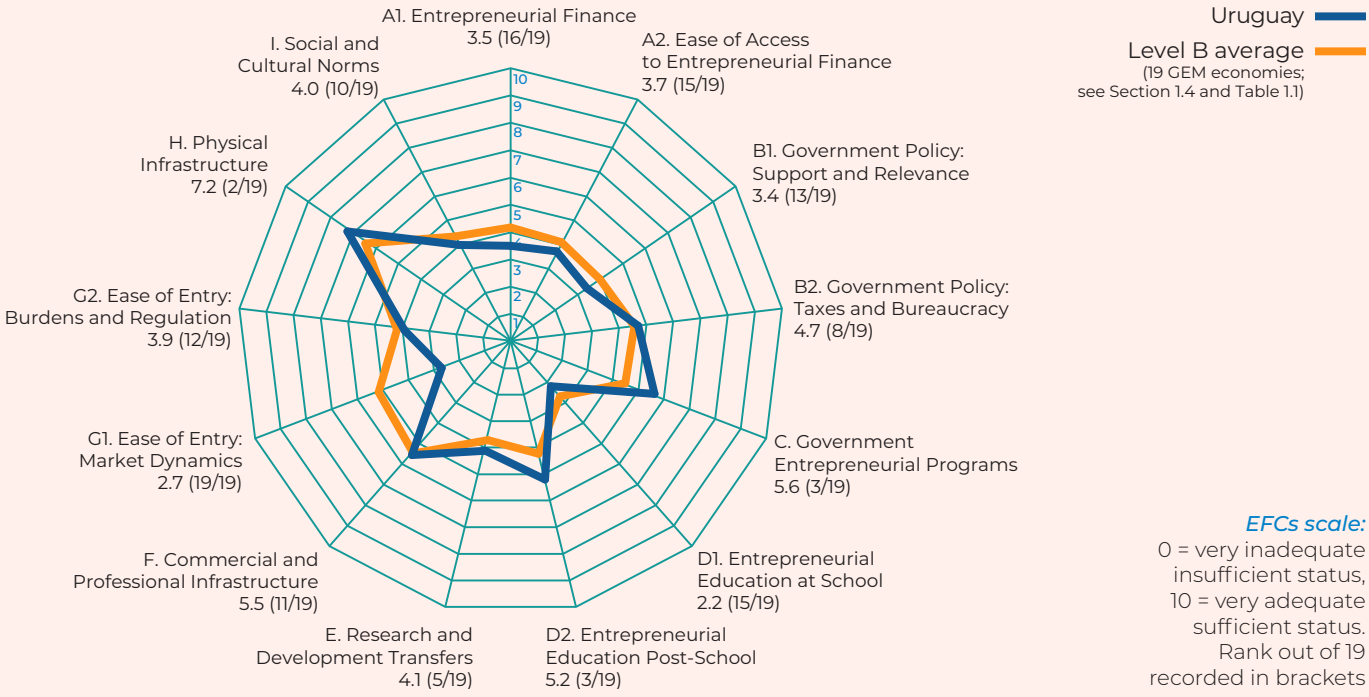
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	23.1	5	20.2	25.9
Established Business Ownership rate	4.1	35=	3.5	4.7
	% Adults	**Rank/37**	**% Female**	**% Male**
Entrepreneurial Employee Activity	–	–	–	–

COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	59.0	14
	% TEA	**Rank/47**
Starting a business is more difficult than a year ago	47.0	23=
Use more digital technology to sell products or services	64.5	12
Pursue new opportunities due to pandemic	42.2	24

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
0 = very inadequate insufficient status,
10 = very adequate sufficient status.
Rank out of 19 recorded in brackets

POLICY ROADMAP

2021 Entrepreneurial Activity Review

In 2021, Uruguay's TEA reached its highest recorded level of 23.1%. Over the past several years, the country's TEA rate has gradually increased, which has correlated with a period of sluggish economic growth in recent years, starting in 2015 and going through to 2020, when GDP decreased by nearly 6% as a result of the pandemic. This suggests that many new businesses started in Uruguay during this time may have been started out of necessity rather than out of an assessment of strong economic opportunities. Indeed, Uruguay's EBO rate has been simultaneously low during this period, 4.1% in 2021, indicating much of the increased early-stage entrepreneurial activity has not resulted in established businesses.

Thankfully, economic growth above 3% is expected to return in 2021 and 2022, according to the IMF. However, economic conditions will still need time to recover from the pandemic. The rate of Uruguayan GEM survey respondents who said their household had lost income was 59% in 2021, down just a little from 2020. Clearly, there will still be pressure to start necessity-based new businesses.

However, there are some positive signs for a recovering entrepreneurial sector in the coming years, which will hopefully result in more new businesses reaching maturity. Among TEA respondents, the rate of those saying it was more difficult to start a business in the previous year was 47%, down from 64% in 2020. Additionally, 64.5% of TEA respondents say they plan to use more digital technologies to grow their business in the next six months. These responses indicate that conditions are improving for early-stage entrepreneurs, with many planning to even invest more in growing their business. The outlook of these entrepreneurs will hopefully guide them in reaching the established business stage. This is especially important as EBO respondents tend not to share this optimism. Among these, only 27.1% say they see new business opportunities as a result of the pandemic and only 31.4% plan to use new digital technology over the next six months. This suggests growth among these entrepreneurs will be constrained, making it ever more important for early-stage entrepreneurs to succeed in helping the economic recovery.

2021 Framework Conditions Review

Experts were mixed in their assessment of Uruguay's framework conditions. Some strengths relate to governance, education and infrastructure. On the condition Government Entrepreneurial Programs, Uruguay received a 5.6 score, ranking it third among GEM Level B economies. However, Government Policy: Support and Relevance received a 3.4 score, placing it 13th among GEM Level B economies. This disparity is a little surprising, given the strong reputation of Uruguay's government relative to Latin American peers, but will likely improve, as the country's incoming Economy Minister has pledged to develop policies that reduce red tape and attract private investment. Related to governance quality, Uruguay's Physical Infrastructure condition received a 7.2 score, second among GEM Level B economies. A strong infrastructure will also help new businesses expand by reaching new customer bases.

However, in the areas of finance, Uruguay performed relatively poorly in 2021. On the Entrepreneurial Finance condition, its 3.5 score was 16th among GEM Level B economies, while Ease of Access to Entrepreneurial Finance received a 3.7, which placed it 15th. New businesses will need more access to finance to expand operations. Hopefully, the country's expected economic growth in 2021 and 2022 will loosen tight financial market conditions in Uruguay, with stronger investment returns.

Institution

Lead institution
IEEM Business School, University of Montevideo

Type of institution
University

Website
https://www.ieem.edu.uy/en

Team

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Funders

University of Montevideo/IEEM
National Development Agency
Grant Thornton Uruguay

APS vendor

Equipos Mori

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PART 3

Appendix Tables

List of GEM Indicators

Knowing a Startup Entrepreneur	Percentage of adults aged 18–64 who personally know at least one person who has started a business in the past two years.
Perceived Opportunities	Percentage of adults aged 18–64 who agree[1] that they see good opportunities to start a business in the area where 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 18–64 who agree that they have the required knowledge, skills and experience to start a business.
Fear of Failure Rate (opportunities)	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 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-manager of a new business, i.e. who own and manage a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not for more than 42 months (3.5 years).
Total early-stage Entrepreneurial Activity (TEA)	Percentage of adults aged 18–64 who are either a nascent entrepreneur or owner-manager 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-manager of an established business, i.e. who are owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 month (3.5 years).
Business Services	Percentage of TEA in business services.
Consumer Services	Percentage of TEA 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.
Motive for Starting a Business: "To make a difference in the world"	Percentage of TEA 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 who agree that a reason for starting their business is "to build great wealth or a very high income".

1 In all cases, "agree" includes both somewhat and strongly agree.

Motive for Starting a Business: "To continue a family tradition"	Percentage of TEA 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 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 starting or running a new business (TEA) who expect to employ 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.
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.
Digitization Rate	Percentage TEA who expect their business to use more digital technologies to sell their product or service in the next six months.
Social Impact Rate	Percentage of TEA who agree they always consider social implications when making decisions about the future of their business.
Environmental Impact Rate	Percentage of TEA who agree they always consider environmental implications when making decisions about the future of their business.
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.

PANDEMIC-RELATED INDICATORS

Household Income Impact	Percentage of adults 18–64 who consider that the pandemic has led their household income to somewhat or strongly decrease.
More Difficult to Start a Business	Percentage of TEA who agree that, compared to one year ago, starting a business is somewhat or much more difficult.
Growth Expectations	Percentage of TEA whose growth expectations, compared to a year ago, are somewhat or much lower.
Pandemic Opportunities	Percentage of TEA who agree or strongly agree that the pandemic has provided new opportunities they wish to pursue.

Table A1. Impact of pandemic on household income in past year (% of adults aged 18–64)

			Strongly decrease	Somewhat decrease
Belarus	>$20k<$40k	Level B	26.2	29.4
Brazil	<$20k	Level C	36.0	27.8
Canada	>$40k	Level A	13.3	22.3
Chile	>$20k<$40k	Level B	25.2	33.7
Colombia	<$20k	Level C	42.5	34.2
Croatia	>$20k<$40k	Level B	8.6	18.3
Cyprus	>$20k<$40k	Level B	13.7	27.1
Dominican Republic	<$20k	Level C	38.8	33.2
Egypt	<$20k	Level C	45.2	31.1
Finland	>$40k	Level A	4.6	13.1
France	>$40k	Level A	8.5	20.9
Germany	>$40k	Level A	4.3	16.5
Greece	>$20k<$40k	Level B	28.2	25.6
Guatemala	<$20k	Level C	30.7	34.8
Hungary	>$20k<$40k	Level B	11.4	21.2
India	<$20k	Level C	48.7	42.1
Iran	<$20k	Level C	13.4	35.6
Ireland	>$40k	Level A	11.0	22.6
Israel	>$40k	Level A	14.1	29.1
Italy	>$40k	Level A	15.5	26.0
Japan	>$40k	Level A	6.0	22.1
Kazakhstan	>$20k<$40k	Level B	37.1	55.7
Latvia	>$20k<$40k	Level B	9.4	18.7
Luxembourg	>$40k	Level A	5.7	15.0
Morocco	<$20k	Level C	42.0	32.8
Netherlands	>$40k	Level A	4.9	13.2
Norway	>$40k	Level A	2.6	8.8
Oman	>$20k<$40k	Level B	13.5	33.5
Panama	>$20k<$40k	Level B	40.5	37.5
Poland	>$20k<$40k	Level B	22.6	37.0

	No substantial change	Somewhat increase	Strongly increase
Belarus	40.5	2.5	1.3
Brazil	28.4	5.4	2.5
Canada	49.2	11.1	4.2
Chile	32.2	6.3	2.6
Colombia	17.3	3.5	2.5
Croatia	43.2	25.6	4.3
Cyprus	55.4	3.7	0.1
Dominican Republic	17.4	6.4	4.2
Egypt	19.9	2.2	1.6
Finland	72.4	8.1	1.9
France	62.1	6.7	1.8
Germany	68.0	10.2	0.9
Greece	43.9	1.7	0.6
Guatemala	25.8	5.9	2.8
Hungary	61.2	5.4	0.8
India	7.7	0.9	0.5
Iran	49.9	1.0	0.1
Ireland	53.0	10.7	2.7
Israel	51.3	4.7	0.9
Italy	53.1	4.0	1.4
Japan	65.5	5.2	1.2
Kazakhstan	6.7	0.6	0.0
Latvia	62.0	7.7	2.2
Luxembourg	71.9	5.5	1.9
Morocco	24.7	0.5	0.1
Netherlands	72.4	8.4	1.2
Norway	81.3	6.4	1.0
Oman	52.1	0.7	0.2
Panama	16.4	3.7	1.9
Poland	34.4	5.1	1.0

Table A1 (continued)

			Strongly decrease	Somewhat decrease
Qatar	>$40k	Level A	18.2	35.2
Republic of Korea	>$40k	Level A	1.5	32.0
Romania	>$20k<$40k	Level B	7.6	20.5
Russian Federation	>$20k<$40k	Level B	19.7	32.8
Saudi Arabia	>$40k	Level A	12.7	34.1
Slovak Republic	>$20k<$40k	Level B	17.3	37.9
Slovenia	>$20k<$40k	Level B	8.4	25.8
South Africa	<$20k	Level C	41.3	20.9
Spain	>$20k<$40k	Level B	15.0	25.2
Sudan	<$20k	Level C	61.4	18.5
Sweden	>$40k	Level A	5.6	15.1
Switzerland	>$40k	Level A	5.6	17.4
Turkey	>$20k<$40k	Level B	33.4	20.6
United Arab Emirates	>$40k	Level A	27.8	34.5
United Kingdom	>$40k	Level A	9.0	21.5
United States	>$40k	Level A	14.2	21.2
Uruguay	>$20k<$40k	Level B	25.6	33.4

	No substantial change	Somewhat increase	Strongly increase
Qatar	43.0	3.0	0.5
Republic of Korea	48.9	17.5	0.0
Romania	62.6	8.3	0.9
Russian Federation	43.6	3.1	0.8
Saudi Arabia	47.2	5.4	0.7
Slovak Republic	41.7	2.9	0.2
Slovenia	53.8	10.4	1.6
South Africa	27.5	6.0	4.3
Spain	55.4	3.7	0.6
Sudan	16.8	2.2	1.1
Sweden	59.8	17.1	2.3
Switzerland	70.5	5.7	0.8
Turkey	39.5	3.5	3.0
United Arab Emirates	28.3	4.9	4.4
United Kingdom	57.2	9.6	2.7
United States	49.5	10.3	4.8
Uruguay	34.3	4.2	2.4

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		Entrepreneurial Employee Activity	
	Score	Rank/47	Score	Rank/47	Score	Rank/37
Belarus	13.5	20	5.5	26	2.4	22=
Brazil	21.0	7	10.0	7	3.3	18
Canada	20.1	8	8.2	16	4.7	10
Chile	29.9	3	7.1	19=	4.0	15
Colombia	15.7	15=	1.8	47	–	–
Croatia	12.4	25	4.0	37	5.7	8=
Cyprus	8.4	33	8.6	12	1.0	32
Dominican Republic	41.9	1	3.8	38	–	–
Egypt	9.2	30	3.6	40=	–	–
Finland	7.9	35	8.9	9=	6.6	4
France	7.7	36	3.6	40=	2.8	21
Germany	6.9	38	5.0	30	3.4	17
Greece	5.5	43=	14.7	2	1.5	28=
Guatemala	28.3	4	12.7	3	1.1	31
Hungary	9.8	26=	8.4	15	3.0	20
India	14.4	18	8.5	13=	0.5	35
Iran	8.8	32	8.8	11	1.9	24=
Ireland	12.5	24	6.9	21	5.7	8=
Israel	9.6	29	3.3	45	5.8	6=
Italy	4.8	45	4.5	33	3.2	19
Japan	6.3	41	4.8	32	1.7	26=
Kazakhstan	19.9	9	12.1	4	–	–
Latvia	15.1	17	9.9	8	4.1	13=
Luxembourg	7.3	37	3.6	40=	4.6	11
Morocco	6.1	42	4.9	31	–	–
Netherlands	14.2	19	6.4	23=	3.5	16
Norway	3.1	46	3.5	43	1.9	24=
Oman	12.7	22	2.8	46	–	–

	Total early-stage Entrepreneurial Activity		Established Business Ownership		Entrepreneurial Employee Activity	
	Score	Rank/47	Score	Rank/47	Score	Rank/37
Panama	21.8	6	3.7	39	1.7	26=
Poland	2.0	47	11.1	5	0.8	33
Qatar	15.9	14	6.1	25	7.9	1
Republic of Korea	13.4	21	16.4	1	1.5	28=
Romania	9.7	28	4.1	35=	2.4	22=
Russian Federation	8.3	34	3.4	44	0.3	36=
Saudi Arabia	19.6	10	5.3	27=	0.3	36=
Slovak Republic	6.4	40	6.5	22	0.6	34
Slovenia	6.7	39	8.5	13=	5.9	5
South Africa	17.5	11	5.2	29	–	–
Spain	5.5	43=	7.2	18	–	–
Sudan	33.6	2	8.1	17	1.4	30
Sweden	9.0	31	4.3	34	5.8	6=
Switzerland	9.8	26=	7.1	19=	7.1	3
Turkey	15.7	15=	11.0	6	–	–
United Arab Emirates	16.5	12=	6.4	23=	7.8	2
United Kingdom	12.6	23	5.3	27=	4.1	13=
United States	16.5	12=	8.9	9=	4.5	12
Uruguay	23.1	5	4.1	35=	–	–

Technical issues in data collection mean that the EEA variable is not available for a small number of economies in 2021.

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"
Belarus	61.3	25.0	34.5
Brazil	70.6	54.8	42.0
Canada	51.7	70.5	66.8
Chile	70.7	59.8	48.0
Colombia	58.2	38.1	29.0
Croatia	68.0	58.3	30.9
Cyprus	72.9	50.2	50.9
Dominican Republic	82.7	74.4	66.6
Egypt	30.8	73.2	72.4
Finland	64.1	61.0	69.6
France	46.3	52.1	52.0
Germany	39.9	48.2	38.2
Greece	32.6	48.6	35.1
Guatemala	71.1	69.1	48.8
Hungary	49.7	36.5	49.1
India	63.1	83.4	82.2
Iran	41.9	17.9	17.7
Ireland	57.5	57.3	58.9
Israel	63.5	45.8	13.7
Italy	41.1	34.7	16.6
Japan	20.1	11.7	29.7
Kazakhstan	53.4	51.4	52.4
Latvia	41.1	39.6	29.4
Luxembourg	43.0	54.1	64.1
Morocco	44.0	64.1	56.1
Netherlands	56.8	69.9	85.6
Norway	38.0	74.3	80.3

	"You see good opportunities, but would not start a business for fear it might fail" (% of those seeing good opportunities)	"You personally have the knowledge, skills and experience required to start a business"	"Are you expecting to start a business in the next three years?"
Belarus	56.0	52.0	24.1
Brazil	45.1	66.7	53.0
Canada	53.8	58.9	13.4
Chile	46.8	70.7	50.3
Colombia	48.7	56.2	20.9
Croatia	45.6	71.1	21.7
Cyprus	50.1	64.1	15.1
Dominican Republic	36.7	88.7	54.8
Egypt	53.0	65.8	55.3
Finland	44.5	42.8	9.7
France	44.1	48.6	14.5
Germany	37.9	37.1	5.8
Greece	51.5	53.1	9.6
Guatemala	41.5	76.3	45.0
Hungary	33.7	36.0	8.1
India	54.1	86.0	18.1
Iran	20.2	66.4	26.4
Ireland	49.9	57.8	15.2
Israel	46.6	37.5	17.5
Italy	45.3	44.7	9.4
Japan	47.9	12.3	3.2
Kazakhstan	12.1	65.4	55.3
Latvia	37.3	53.3	17.9
Luxembourg	43.0	52.9	13.2
Morocco	35.5	61.5	43.3
Netherlands	36.8	45.4	17.6
Norway	38.3	42.0	4.9

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"
Oman	69.4	67.7	44.5
Panama	45.3	46.3	49.1
Poland	54.0	72.5	64.3
Qatar	55.9	73.8	64.2
Republic of Korea	40.5	44.0	35.0
Romania	37.7	49.1	27.0
Russian Federation	59.8	33.5	32.5
Saudi Arabia	58.0	95.4	93.5
Slovak Republic	53.9	33.4	25.8
Slovenia	54.6	51.5	61.0
South Africa	37.6	57.9	67.6
Spain	38.1	30.0	35.9
Sudan	66.8	72.1	66.7
Sweden	55.1	79.6	82.6
Switzerland	54.7	54.7	68.9
Turkey	42.8	31.9	25.1
United Arab Emirates	54.6	73.5	74.4
United Kingdom	49.8	61.2	70.7
United States	58.8	63.2	66.9
Uruguay	54.5	58.4	37.7

	"You see good opportunities, but would not start a business for fear it might fail" (% of those seeing good opportunities)	"You personally have the knowledge, skills and experience required to start a business"	"Are you expecting to start a business in the next three years?"
Oman	24.6	59.2	53.2
Panama	45.6	69.8	44.1
Poland	43.5	60.1	2.9
Qatar	38.2	70.9	50.4
Republic of Korea	14.7	54.0	26.7
Romania	48.3	50.0	9.7
Russian Federation	48.2	34.5	9.7
Saudi Arabia	53.6	90.5	18.0
Slovak Republic	46.0	41.8	5.3
Slovenia	43.0	58.5	15.4
South Africa	53.0	69.7	20.0
Spain	51.0	49.8	7.7
Sudan	40.5	88.1	43.7
Sweden	43.6	49.9	13.1
Switzerland	30.4	49.6	13.4
Turkey	39.8	59.3	31.3
United Arab Emirates	49.7	65.1	35.9
United Kingdom	51.8	51.1	9.3
United States	42.6	64.6	14.8
Uruguay	48.2	69.8	33.0

Table A4. Attitudes and perceptions of entrepreneurs: % of Total early-stage Entrepreneurial Activity (TEA), % of Established Business Ownership (EBO), and % of Employee Entrepreneurial Activity (EEA)

	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	% EEA	% TEA	% EBO
Belarus	30.4	19.6	36.1	66.1	58.8
Brazil	53.6	49.7	57.1	60.9	61.9
Canada	67.1	41.9	70.5	52.8	54.9
Chile	65.5	45.0	77.9	66.7	72.4
Colombia	55.9	44.3	–	58.4	78.8
Croatia	32.7	25.7	42.7	27.7	24.7
Cyprus	39.4	19.1	61.0	43.6	36.0
Dominican Republic	52.0	52.7	–	56.5	38.3
Egypt	43.5	34.3	–	40.7	38.0
Finland	28.8	22.4	60.3	13.3	21.0
France	39.9	30.9	54.0	35.2	33.0
Germany	36.5	30.9	30.1	39.0	40.7
Greece	28.9	14.9	39.4	41.1	56.9
Guatemala	51.5	38.7	64.5	58.5	67.7
Hungary	23.4	11.9	28.6	33.9	41.3
India	77.6	68.2	80.6	86.8	83.8
Iran	34.0	8.0	61.9	89.3	88.9
Ireland	60.5	52.6	66.6	51.8	55.3
Israel	50.0	25.9	47.4	40.9	45.9
Italy	46.3	23.4	36.0	47.0	57.6
Japan	28.0	17.4	37.9	49.1	52.3
Kazakhstan	32.5	19.2	–	67.3	75.5
Latvia	35.0	17.2	48.6	9.8	10.1
Luxembourg	46.8	30.7	36.5	38.8	44.2
Morocco	26.3	16.8	–	52.0	59.7

	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	
	% TEA	% EBO	% TEA	% EBO	% TEA	% EBO
Belarus	37.5	25.5	64.3	64.8	67.6	62.1
Brazil	83.6	66.2	89.9	84.5	84.1	85.7
Canada	55.4	38.3	80.3	64.8	72.2	62.6
Chile	77.0	51.0	88.0	87.2	90.9	94.4
Colombia	80.2	62.6	87.2	82.7	89.6	81.2
Croatia	57.3	52.5	78.7	78.7	81.9	85.4
Cyprus	53.1	46.2	68.0	72.3	65.9	72.7
Dominican Republic	74.5	64.4	81.2	73.5	79.7	64.9
Egypt	69.7	58.2	86.3	89.9	86.5	89.0
Finland	32.2	22.4	64.1	71.5	72.7	74.3
France	9.0	25.0	71.5	58.6	69.0	69.2
Germany	41.9	22.1	70.3	55.6	62.6	64.8
Greece	57.4	30.0	76.0	66.6	83.5	77.4
Guatemala	75.3	61.7	92.7	92.9	92.5	92.8
Hungary	28.3	18.0	74.5	60.9	86.3	83.7
India	59.3	48.8	89.6	85.0	81.9	80.5
Iran	54.2	26.9	69.1	51.7	60.0	40.3
Ireland	66.2	56.5	77.5	65.9	76.4	71.7
Israel	46.6	28.3	58.1	55.9	49.2	50.0
Italy	51.4	35.2	86.1	79.1	80.2	77.0
Japan	62.1	46.4	71.6	64.1	66.1	69.4
Kazakhstan	59.1	31.5	51.8	30.4	50.1	32.9
Latvia	49.6	28.8	82.1	75.2	83.1	77.1
Luxembourg	48.8	33.0	72.2	96.3	71.2	78.8
Morocco	66.6	34.8	85.3	73.7	85.1	80.8

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	% EEA	% TEA	% EBO
Netherlands	57.4	41.7	58.1	31.7	35.5
Norway	30.5	41.7	48.0	14.5	10.0
Oman	37.4	22.8	–	37.2	37.0
Panama	53.7	44.0	77.8	62.5	62.7
Poland	24.8	21.6	44.2	41.9	23.8
Qatar	41.5	31.6	51.5	47.1	54.7
Republic of Korea	8.2	1.2	0.0	57.9	69.9
Romania	47.0	42.0	48.1	42.2	36.5
Russian Federation	21.0	11.4	0.0	49.6	62.9
Saudi Arabia	50.3	30.1	79.9	25.0	19.2
Slovak Republic	45.1	13.4	71.7	57.5	62.4
Slovenia	44.9	31.5	60.0	23.0	28.2
South Africa	48.9	54.2	–	59.2	56.2
Spain	40.8	24.5	–	48.5	48.3
Sudan	44.7	46.0	44.5	73.1	75.7
Sweden	38.6	26.1	57.4	18.6	15.6
Switzerland	36.6	40.3	55.0	30.6	35.6
Turkey	33.2	38.1	–	62.4	71.3
United Arab Emirates	59.9	63.6	58.7	32.2	29.3
United Kingdom	57.4	38.0	80.0	35.7	40.9
United States	52.6	40.1	55.4	35.4	39.0
Uruguay	42.2	27.1	–	47.0	39.3

Technical issues in data collection mean that the opportunity EEA variable is not available for a small number of economies in 2021, and that social and environmental implication variables are not available for South Africa.

	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	
	% TEA	% EBO	% TEA	% EBO	% TEA	% EBO
Netherlands	41.0	20.5	69.6	68.7	67.9	77.0
Norway	44.7	44.4	40.5	50.7	50.4	61.2
Oman	48.8	13.6	81.5	85.9	78.3	82.2
Panama	74.4	65.3	82.6	74.7	89.0	89.3
Poland	20.1	4.1	44.4	5.1	42.4	4.9
Qatar	70.6	61.9	87.5	88.1	86.4	85.9
Republic of Korea	51.0	62.0	60.5	63.5	57.5	72.9
Romania	28.0	20.1	81.4	71.3	83.9	82.3
Russian Federation	34.6	18.4	63.3	64.5	66.4	69.6
Saudi Arabia	47.7	23.1	81.9	64.3	77.9	59.0
Slovak Republic	17.2	16.7	77.7	76.1	67.3	74.9
Slovenia	45.6	30.9	85.6	82.7	92.0	89.0
South Africa	52.0	62.7	–	–	–	–
Spain	50.3	32.9	67.3	69.9	67.8	75.8
Sudan	59.9	57.3	82.1	85.1	81.0	90.1
Sweden	34.3	26.3	60.1	66.0	60.2	59.7
Switzerland	43.4	35.2	80.3	69.9	73.8	67.9
Turkey	55.2	50.7	79.0	78.9	89.5	89.4
United Arab Emirates	75.9	73.5	93.3	90.7	88.9	86.6
United Kingdom	62.7	43.8	73.3	72.0	72.7	67.8
United States	60.8	34.3	76.0	61.6	75.6	67.0
Uruguay	64.5	31.4	87.2	72.5	85.7	93.5

Table A5. Entrepreneurial activity by age, gender and education (% of adults aged 18–64)

	Total early-stage Entrepreneurial Activity (TEA) by gender		Total early-stage Entrepreneurial Activity (TEA) by age group		Total early-stage Entrepreneurial Activity (TEA) for graduates and for non-graduates	
	TEA male	TEA female	18–34	35–64	% TEA graduates	% TEA non-graduates
Belarus	14.2	12.9	17.4	11.6	17.1	9.8
Brazil	23.3	18.7	22.9	19.6	26.5	19.4
Canada	24.4	15.8	31.3	14.1	20.9	17.4
Chile	34.7	25.3	32.9	27.8	31.3	27.3
Colombia	17.4	14.1	16.8	14.8	16.7	14.3
Croatia	15.5	9.2	18.1	9.3	16.3	9.8
Cyprus	10.8	6.1	8.1	8.5	9.7	5.7
Dominican Republic	40.1	43.8	41.6	42.2	42.7	41.0
Egypt	12.5	5.7	10.7	7.4	12.3	8.1
Finland	9.4	6.4	8.4	7.6	8.2	7.6
France	8.4	7.1	9.5	6.8	10.0	4.7
Germany	8.4	5.3	9.4	5.7	8.5	5.6
Greece	6.5	4.6	6.8	4.7	5.7	5.4
Guatemala	32.9	23.9	31.2	24.6	33.7	27.9
Hungary	12.1	7.5	11.7	8.7	10.7	9.3
India	16.3	12.3	14.2	14.5	17.1	9.7
Iran	10.4	7.1	9.2	8.4	9.6	7.6
Ireland	13.7	11.3	16.7	10.2	13.4	10.5
Israel	10.4	8.8	9.3	9.7	9.5	9.8
Italy	6.2	3.5	8.3	3.4	9.7	3.5
Japan	8.5	4.0	6.1	6.4	5.5	7.4
Kazakhstan	18.5	21.3	21.2	19.0	19.7	20.8
Latvia	18.2	12.0	22.0	11.9	12.4	16.2
Luxembourg	9.3	5.1	9.7	5.9	9.6	3.0
Morocco	5.9	6.3	6.3	5.8	5.4	6.6
Netherlands	15.5	13.0	15.6	13.5	17.5	12.6
Norway	4.4	1.8	2.0	3.7	2.7	3.7

	Total early-stage Entrepreneurial Activity (TEA) by gender		Total early-stage Entrepreneurial Activity (TEA) by age group		Total early-stage Entrepreneurial Activity (TEA) for graduates and for non-graduates	
	TEA male	TEA female	18–34	35–64	% TEA graduates	% TEA non-graduates
Oman	13.5	11.9	15.0	9.4	14.0	11.1
Panama	23.2	20.3	23.1	20.7	23.6	18.9
Poland	2.4	1.7	3.0	1.5	2.1	1.7
Qatar	17.2	10.5	15.9	15.8	17.0	12.6
Republic of Korea	15.9	10.7	10.9	14.5	14.1	12.4
Romania	9.8	9.6	11.3	8.9	10.7	6.0
Russian Federation	10.2	6.6	10.7	7.1	8.7	6.9
Saudi Arabia	20.1	19.0	18.9	20.2	18.9	21.7
Slovak Republic	7.8	5.0	8.4	5.4	7.3	6.0
Slovenia	7.2	6.1	12.3	4.3	8.0	5.5
South Africa	18.8	16.2	19.2	15.3	17.2	17.7
Spain	5.4	5.6	5.3	5.6	7.8	3.8
Sudan	40.8	26.4	33.5	33.7	36.0	32.3
Sweden	11.8	6.0	9.2	8.8	9.4	8.4
Switzerland	12.3	7.2	8.9	10.3	11.7	6.6
Turkey	21.1	10.3	16.3	15.2	15.5	15.7
United Arab Emirates	20.1	8.2	16.1	17.0	16.4	17.1
United Kingdom	14.2	10.9	16.0	10.6	13.3	11.8
United States	17.8	15.2	18.9	15.1	15.9	18.5
Uruguay	25.9	20.2	26.3	20.9	26.2	22.5

Table A6. Sector distribution of new entrepreneurial activity (% of Total early-stage Entrepreneurial Activity)

	Business-oriented services	Consumer-oriented services	Extractive sector	Transforming sector
Belarus	20.3	39.0	7.8	33.0
Brazil	12.1	61.4	2.5	24.0
Canada	25.5	51.9	3.4	19.2
Chile	16.3	56.9	4.0	22.8
Colombia	17.0	59.0	0.7	23.3
Croatia	25.6	36.6	11.2	26.6
Cyprus	16.7	58.6	3.2	21.5
Dominican Republic	11.5	75.2	0.8	12.5
Egypt	6.7	44.6	9.5	39.2
Finland	31.6	36.0	12.1	20.3
France	35.9	41.2	4.0	18.9
Germany	29.0	50.4	2.6	18.1
Greece	17.3	42.7	12.4	27.6
Guatemala	5.2	72.9	5.5	16.4
Hungary	16.9	42.9	11.5	28.7
India	1.7	71.3	8.2	18.8
Iran	16.6	44.4	4.8	34.2
Ireland	21.8	54.5	5.1	18.6
Israel	40.4	48.1	0.6	10.9
Italy	36.9	41.0	5.4	16.7
Japan	25.2	56.3	2.8	15.6
Kazakhstan	12.1	56.4	6.0	25.5
Latvia	24.7	36.5	8.4	30.4
Luxembourg	43.8	35.7	2.7	17.8
Morocco	8.5	55.6	5.5	30.4
Netherlands	26.8	57.1	0.5	15.6
Norway	32.6	44.1	7.4	16.0
Oman	14.5	57.8	8.3	19.4
Panama	15.7	61.9	4.6	17.8

	Business-oriented services	Consumer-oriented services	Extractive sector	Transforming sector
Poland	21.5	46.8	8.2	23.4
Qatar	17.8	46.2	2.3	33.7
Republic of Korea	16.6	56.0	3.0	24.4
Romania	14.6	44.1	12.9	28.4
Russian Federation	15.4	42.6	4.9	37.0
Saudi Arabia	3.8	86.9	0.4	8.9
Slovak Republic	17.0	52.1	2.4	28.5
Slovenia	30.0	41.7	2.6	25.7
South Africa	8.8	68.6	4.6	18.1
Spain	34.1	44.4	3.4	18.1
Sudan	4.3	51.1	20.7	23.9
Sweden	34.1	39.3	8.3	18.3
Switzerland	42.2	36.6	2.7	18.5
Turkey	11.4	44.4	12.0	32.2
United Arab Emirates	23.2	45.6	1.3	30.0
United Kingdom	34.5	52.1	1.9	11.5
United States	32.6	44.6	3.9	18.9
Uruguay	15.1	54.9	5.7	24.4

Table A7. Business exits, and reason for exit (positive, negative [non-COVID] and COVID-related), % of adults aged 18–64

	Business exits	Positive	Negative, not including COVID-19 pandemic	COVID-19 pandemic
Belarus	7.4	1.1	5.5	0.7
Brazil	11.3	1.0	5.8	4.5
Canada	11.8	4.4	5.6	1.8
Chile	9.0	1.6	4.4	3.0
Colombia	6.6	0.7	2.7	3.2
Croatia	4.4	1.2	2.3	1.0
Cyprus	5.7	1.3	3.3	1.1
Dominican Republic	15.0	2.4	7.9	4.6
Egypt	10.9	0.5	6.7	3.8
Finland	1.9	0.7	0.9	0.3
France	2.6	0.8	1.3	0.5
Germany	3.3	1.0	1.9	0.4
Greece	2.0	0.5	1.4	0.1
Guatemala	9.1	1.1	4.7	3.3
Hungary	2.1	0.4	1.3	0.4
India	8.0	1.3	4.0	2.6
Iran	5.8	0.3	4.6	0.9
Ireland	7.0	2.0	3.4	1.6
Israel	4.6	0.9	2.5	1.2
Italy	1.3	0.3	0.9	0.1
Japan	1.6	0.4	0.8	0.4
Kazakhstan	19.2	0.9	15.6	2.8
Latvia	3.1	0.4	2.2	0.6
Luxembourg	4.2	0.9	2.8	0.4
Morocco	4.6	0.3	3.8	0.5
Netherlands	5.9	1.6	3.6	0.7
Norway	0.8	0.1	0.6	0.2
Oman	13.7	1.4	6.5	5.8
Panama	11.4	1.0	4.5	5.8

	Business exits	Positive	Negative, not including COVID-19 pandemic	COVID-19 pandemic
Poland	4.5	1.2	1.0	2.3
Qatar	11.5	0.7	4.8	6.0
Republic of Korea	3.7	0.3	3.3	0.2
Romania	2.6	0.2	1.3	1.2
Russian Federation	3.9	0.6	2.6	0.7
Saudi Arabia	8.6	1.6	4.7	2.3
Slovak Republic	3.6	0.6	1.6	1.5
Slovenia	3.0	0.9	1.2	0.9
South Africa	14.1	2.0	8.7	3.4
Spain	2.2	0.6	1.1	0.5
Sudan	13.1	2.8	9.9	0.4
Sweden	3.6	1.3	2.2	0.1
Switzerland	2.9	0.7	1.7	0.5
Turkey	8.2	0.6	5.8	1.8
United Arab Emirates	10.3	1.1	6.0	3.2
United Kingdom	2.7	0.6	1.7	0.4
United States	6.4	1.3	3.7	1.4
Uruguay	9.7	1.3	6.6	1.8

Table A8. Entrepreneurial expectations and scope (% of adults aged 18–64)

	The % of adults (aged 18–64) starting or running a new business and their job expectations in five years' time			The % of adults (aged 18–64) starting or running a new business and anticipating 25% or more revenue from outside their country
	0 jobs	1–5 jobs	6 or more jobs	
Belarus	6.5	3.1	3.9	2.6
Brazil	7.1	7.5	6.4	0.2
Canada	11.6	4.9	3.6	5.9
Chile	4.0	15.8	10.1	0.2
Colombia	1.2	7.3	7.2	0.9
Croatia	4.2	4.4	3.7	2.0
Cyprus	3.1	4.5	0.8	1.2
Dominican Republic	33.8	5.8	2.4	6.1
Egypt	3.5	2.5	3.2	0.6
Finland	4.9	2.2	0.8	0.7
France	3.5	2.4	1.8	1.0
Germany	3.8	2.1	1.0	1.1
Greece	1.8	2.8	1.0	1.4
Guatemala	6.0	14.8	7.5	0.3
Hungary	4.4	4.2	1.2	0.8
India	6.7	6.9	0.7	0.1
Iran	3.1	2.9	2.8	0.2
Ireland	5.0	3.9	3.5	3.0
Israel	5.4	2.6	1.5	1.5
Italy	2.5	1.3	1.0	0.5
Japan	3.0	2.0	1.3	0.5
Kazakhstan	9.6	5.0	5.4	0.2
Latvia	6.1	4.7	4.3	2.8
Luxembourg	1.9	3.4	2.0	1.7
Morocco	1.4	2.7	2.0	0.4
Netherlands	4.4	6.2	3.6	2.9

	The proportion 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			The proportion 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		
	New to their area	New to their country	New to the world	New to their area	New to their country	New to the world
Belarus	1.6	0.7	0.2	1.8	0.4	0.4
Brazil	3.8	0.3	0.3	3.0	0.4	0.0
Canada	6.2	2.9	1.3	5.8	2.7	0.9
Chile	10.0	3.1	2.4	8.0	2.3	1.2
Colombia	4.3	1.8	0.5	3.9	1.5	0.5
Croatia	2.2	2.0	0.9	1.5	1.9	0.5
Cyprus	1.3	1.1	0.0	2.0	1.0	0.1
Dominican Republic	7.0	3.6	0.7	6.5	3.2	0.7
Egypt	2.3	0.6	0.1	2.4	0.5	0.0
Finland	0.5	0.8	0.7	0.6	0.8	0.5
France	1.3	0.9	0.4	1.3	0.7	0.4
Germany	1.1	0.7	0.3	0.9	0.5	0.2
Greece	0.8	0.7	0.3	0.7	0.7	0.1
Guatemala	8.7	0.8	0.5	7.0	1.0	0.9
Hungary	1.8	0.6	0.2	1.5	0.7	0.0
India	2.4	0.2	0.1	2.5	0.2	0.1
Iran	1.1	0.5	0.2	0.5	0.4	0.1
Ireland	3.5	1.2	0.7	3.3	1.2	0.6
Israel	1.4	0.7	0.3	0.6	0.4	0.4
Italy	1.1	0.5	0.3	0.8	0.6	0.2
Japan	1.1	1.2	0.4	1.2	1.1	0.6
Kazakhstan	0.4	0.1	0.1	1.0	0.1	0.0
Latvia	1.0	0.8	1.1	0.6	1.1	0.6
Luxembourg	1.0	2.0	0.9	0.4	0.8	1.0
Morocco	0.9	0.2	0.0	0.6	0.2	0.0
Netherlands	2.7	1.6	1.2	2.4	1.8	0.8

Table A8 (continued)

	The % of adults (aged 18–64) starting or running a new business and their job expectations in five years' time			The % of adults (aged 18–64) starting or running a new business and anticipating 25% or more revenue from outside their country
	0 jobs	1–5 jobs	6 or more jobs	
Norway	1.1	1.3	0.7	0.2
Oman	8.5	1.9	2.3	0.5
Panama	2.4	11.1	8.2	0.7
Poland	0.6	1.0	0.4	0.1
Qatar	4.1	2.0	9.8	1.5
Republic of Korea	3.9	5.4	4.1	0.7
Romania	5.1	3.0	1.6	0.4
Russian Federation	2.7	2.3	3.4	0.3
Saudi Arabia	3.2	11.5	4.9	0.3
Slovak Republic	3.8	2.2	0.4	0.1
Slovenia	2.8	2.6	1.2	1.0
South Africa	7.3	4.9	5.3	1.4
Spain	2.8	2.1	0.6	0.6
Sudan	20.4	7.7	5.5	1.5
Sweden	5.5	2.6	0.8	0.9
Switzerland	4.3	3.3	2.2	2.1
Turkey	3.6	3.4	8.7	2.5
United Arab Emirates	2.1	2.4	12.0	4.4
United Kingdom	5.7	4.5	2.4	2.7
United States	6.0	5.8	4.6	0.9
Uruguay	8.4	9.1	5.6	0.9

	The proportion 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			The proportion 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		
	New to their area	New to their country	New to the world	New to their area	New to their country	New to the world
Norway	0.6	0.3	0.1	0.2	0.0	0.1
Oman	1.8	0.5	0.1	1.1	0.4	0.0
Panama	5.1	1.5	0.7	6.1	1.5	0.7
Poland	0.2	0.1	0.0	0.3	0.1	0.0
Qatar	1.7	3.4	0.3	1.9	4.0	0.5
Republic of Korea	1.3	1.9	0.4	1.1	1.4	0.3
Romania	1.1	0.8	0.2	1.1	0.8	0.1
Russian Federation	1.0	0.1	0.2	0.9	0.1	0.1
Saudi Arabia	1.8	0.4	0.1	1.7	0.5	0.1
Slovak Republic	1.4	0.2	0.0	0.8	0.3	0.1
Slovenia	1.0	1.0	0.5	1.0	0.8	0.3
South Africa	4.0	0.9	0.3	3.2	0.9	0.3
Spain	0.8	0.4	0.3	0.8	0.5	0.3
Sudan	1.6	0.5	0.0	2.2	0.5	0.0
Sweden	1.0	0.7	0.6	0.9	1.0	0.5
Switzerland	1.6	1.3	1.1	0.8	1.0	0.9
Turkey	3.8	3.4	1.5	4.6	2.4	0.8
United Arab Emirates	3.0	2.7	1.3	3.1	3.1	1.2
United Kingdom	2.1	0.8	1.2	1.6	0.6	0.7
United States	1.9	1.0	1.6	1.7	1.0	1.1
Uruguay	3.5	1.7	0.6	3.8	1.8	1.3

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"
Belarus	25.5	76.2	15.1	71.5
Brazil	75.7	56.5	32.0	76.8
Canada	70.4	68.4	50.0	70.7
Chile	56.6	53.5	33.6	73.9
Colombia	64.6	64.3	43.6	78.8
Croatia	38.7	51.3	28.5	65.7
Cyprus	32.2	81.3	13.7	72.8
Dominican Republic	72.1	64.4	37.6	72.9
Egypt	63.4	72.4	49.5	86.9
Finland	40.1	33.4	24.3	47.9
France	25.8	39.4	22.9	51.2
Germany	39.4	43.7	24.2	40.9
Greece	29.9	50.4	39.7	63.2
Guatemala	80.7	75.8	49.2	91.7
Hungary	61.7	32.5	21.0	66.8
India	75.9	73.4	74.3	91.5
Iran	36.7	92.9	17.3	64.1
Ireland	57.8	59.0	29.0	56.0
Israel	36.9	74.9	15.0	49.8
Italy	21.5	53.4	22.8	61.4
Japan	37.3	42.1	31.9	40.1
Kazakhstan	0.3	91.3	8.7	39.8
Latvia	36.9	37.1	24.2	65.3
Luxembourg	56.9	38.6	27.7	32.9
Morocco	17.6	46.5	22.3	87.1
Netherlands	52.7	41.8	24.5	44.1
Norway	39.2	37.4	23.0	26.5
Oman	43.7	78.2	26.0	89.7

	"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"	
	18–34	35–64	18–34	35–64	18–34	35–64	18–34	35–64
Belarus	28.9	22.9	84.0	70.4	12.5	16.9	62.6	78.1
Brazil	80.4	71.8	65.5	48.9	27.4	35.9	75.8	77.7
Canada	71.0	69.7	70.7	65.8	56.1	43.0	69.7	71.9
Chile	60.5	53.3	57.9	49.8	32.1	34.9	71.4	76.0
Colombia	70.1	59.4	65.8	62.9	44.1	43.1	80.0	77.8
Croatia	44.9	32.1	58.9	43.4	26.3	30.7	55.4	76.4
Cyprus	38.4	27.7	87.8	76.7	10.7	15.9	72.7	72.8
Dominican Republic	70.6	73.4	66.5	62.7	38.5	36.8	77.1	69.4
Egypt	63.1	64.0	80.0	58.6	50.8	47.2	85.6	89.3
Finland	41.2	39.5	36.9	31.4	27.6	22.2	43.3	50.6
France	26.9	25.0	49.4	32.0	26.2	20.6	55.3	48.3
Germany	40.1	38.8	54.4	35.2	25.7	23.1	34.5	45.9
Greece	32.8	27.0	43.9	56.7	42.8	36.7	51.4	74.3
Guatemala	82.6	77.5	79.2	70.2	48.8	49.8	91.6	91.9
Hungary	64.4	59.8	38.6	28.2	20.5	21.3	62.2	70.0
India	75.1	76.7	70.4	76.6	70.2	78.4	90.9	92.1
Iran	36.5	36.8	94.5	91.2	16.4	18.3	65.4	62.8
Ireland	63.8	52.4	65.5	53.3	31.4	26.9	57.9	54.3
Israel	33.3	39.4	79.0	72.0	9.3	18.9	50.7	49.2
Italy	24.7	18.3	55.3	51.6	14.2	31.6	56.6	66.2
Japan	40.1	36.1	69.5	31.4	38.1	29.5	41.4	39.6
Kazakhstan	0.6	0.0	90.8	91.7	11.6	6.4	35.0	43.7
Latvia	45.2	30.0	48.6	27.3	24.1	24.3	58.2	71.3
Luxembourg	54.2	59.6	40.3	37.1	23.8	31.0	23.3	41.5
Morocco	18.0	16.9	46.9	46.0	23.4	20.9	86.5	88.0
Netherlands	55.0	51.3	42.2	41.6	21.6	26.3	33.4	50.7
Norway	31.8	41.6	51.3	33.0	45.7	15.7	34.3	24.0
Oman	42.7	46.1	82.2	69.3	23.9	30.6	89.1	91.0

Table A9 (continued)

	"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"
Panama	65.4	50.1	39.0	78.4
Poland	16.0	62.5	12.5	53.4
Qatar	46.5	77.3	37.4	54.8
Republic of Korea	9.0	71.1	4.1	34.3
Romania	65.9	64.9	31.1	75.0
Russian Federation	27.6	65.3	20.8	68.9
Saudi Arabia	63.7	78.6	65.5	82.8
Slovak Republic	18.7	22.1	25.8	89.8
Slovenia	61.8	42.6	27.4	63.8
South Africa	81.4	83.3	63.2	84.7
Spain	43.2	38.0	19.7	72.4
Sudan	49.3	86.8	56.8	87.7
Sweden	45.3	55.0	20.6	28.0
Switzerland	57.9	51.5	14.1	46.8
Turkey	34.3	39.9	41.7	55.0
United Arab Emirates	66.1	78.7	49.7	68.8
United Kingdom	53.0	55.2	21.7	63.8
United States	71.2	74.1	41.5	45.8
Uruguay	38.7	38.8	25.0	71.3

	"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"	
	18–34	35–64	18–34	35–64	18–34	35–64	18–34	35–64
Panama	65.8	65.0	54.5	46.4	40.7	37.6	80.4	76.8
Poland	14.1	18.0	46.8	77.8	8.9	16.1	36.7	70.0
Qatar	46.9	46.0	79.4	74.6	37.5	37.2	54.9	54.7
Republic of Korea	7.5	9.5	68.7	71.9	6.0	3.5	16.4	40.3
Romania	76.6	59.0	72.4	60.3	25.1	34.8	73.3	76.1
Russian Federation	26.1	28.8	67.8	63.3	15.3	25.1	70.4	67.7
Saudi Arabia	63.7	63.8	76.8	79.9	67.3	64.3	81.9	83.4
Slovak Republic	26.7	12.6	27.4	18.0	25.7	25.9	92.9	87.5
Slovenia	64.2	59.0	43.4	41.6	20.8	35.5	62.3	65.7
South Africa	83.2	78.5	84.4	81.4	64.4	61.3	87.5	80.0
Spain	52.4	39.6	49.5	33.5	21.8	18.9	68.2	74.0
Sudan	48.2	50.8	86.5	87.3	52.7	62.5	86.8	88.9
Sweden	53.9	39.9	70.1	45.4	27.1	16.5	37.0	22.4
Switzerland	56.9	58.4	65.9	45.3	12.4	14.8	41.3	49.1
Turkey	32.9	35.7	49.7	29.7	38.4	45.1	55.3	54.6
United Arab Emirates	67.0	65.0	81.5	75.2	48.5	51.2	73.1	63.6
United Kingdom	57.9	48.7	61.7	49.6	20.6	22.5	68.2	60.1
United States	73.5	69.5	78.7	70.6	49.4	35.5	48.2	44.0
Uruguay	35.8	41.2	47.5	31.0	20.9	28.6	74.0	68.8

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	NECI score
Belarus	Level B	3	3.6
Brazil	Level C	2	3.6
Canada	Level A	6	5.1
Chile	Level B	5	4.5
Colombia	Level C	6	4.7
Croatia	Level B	2	3.9
Cyprus	Level B	3	4.2
Dominican Republic	Level C	3	3.7
Egypt	Level C	3	4.4
Finland	Level A	12	6.2
France	Level A	8	5.1
Germany	Level A	7	5.1
Greece	Level B	2	4.4
Guatemala	Level C	4	3.8
Hungary	Level B	3	4.5
India	Level C	5	5.0
Iran	Level C	2	3.3
Ireland	Level A	6	4.7
Israel	Level A	4	4.9
Italy	Level A	3	4.7
Jamaica	Level C	2	4.2
Japan	Level A	2	4.7
Kazakhstan	Level B	7	4.8
Latvia	Level B	6	5.0
Lithuania	Level B	12	6.1
Luxembourg	Level A	7	4.9
Mexico	Level C	4	4.3
Morocco	Level C	2	3.9
Netherlands	Level A	12	6.3

	Income level	Number of Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better	NECI score
Norway	Level A	10	5.7
Oman	Level B	2	4.1
Panama	Level B	1	3.9
Poland	Level B	3	4.2
Qatar	Level A	11	5.5
Republic of Korea	Level A	8	5.7
Romania	Level B	2	4.0
Russian Federation	Level B	3	4.1
Saudi Arabia	Level A	12	6.1
Slovak Republic	Level B	2	4.3
Slovenia	Level B	4	4.3
South Africa	Level C	0	3.7
Spain	Level B	10	5.4
Sudan	Level C	1	3.2
Sweden	Level A	6	5.3
Switzerland	Level A	10	5.5
Turkey	Level B	2	4.2
United Arab Emirates	Level A	13	6.8
United Kingdom	Level A	6	4.9
United States	Level A	8	5.3
Uruguay	Level B	4	4.3

Global Sponsor

BABSON COLLEGE

Babson College is a founding institution and sponsor of the Global Entrepreneurship Monitor (GEM). Located in Wellesley, Massachusetts, USA, with hub locations in Boston and Miami, Babson is recognized internationally as a leader in entrepreneurship education.

Ranked No. 1 in entrepreneurship education for 26 consecutive years by *US News & World Report*, Babson grants BS degrees through its innovative undergraduate programme, and offers MBA and MS degrees, as well as certificate programs through its F.W. Olin Graduate School of Business. Babson Executive Education and the Babson Academy for the Advancement of Global Entrepreneurial Learning also help drive growth and innovation at organizations and other universities all around the world. Babson believes that entrepreneurship is the most powerful force in creating great economic and social value everywhere. For more information, visit www.babson.edu.

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UNITED ARAB EMIRATES MINISTRY OF ECONOMY

The United Arab Emirates Ministry of Economy contributes to achieving the UAE's vision and strategic directions in terms of supporting innovation and excellence. The Ministry has adopted innovation as a methodology in all areas of its work and made it an integral part of its strategic objectives. The Ministry is keen to provide an incubating and stimulating environment for innovation, and to launch initiatives, strategies and programmes that consolidate and spread the culture of innovation at the national level. The Ministry has included innovation in its corporate vision: "Building a diversified global competitive economy based on knowledge and innovation and led by national competencies".

KHALIFA FUND FOR ENTERPRISE DEVELOPMENT

Khalifa Fund was established in June 2007 under Law 14 of 2005, as an independent, Not-for-Profit Small and Medium Enterprises (SMEs) Socio-economic Development Agency of the Government of Abu Dhabi. The purpose of establishing the fund is to help develop local enterprises in Abu Dhabi by instilling and enriching the culture of investment among UAE nationals, as well as supporting and developing small to medium-sized investments in the Emirate. Khalifa Fund started with a total capital of AED 300 million, which was gradually increased to AED 2 billion, covering all the United Arab Emirates.

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 in which 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 in academia and institution from the entrepreneurial ecosystem in Switzerland.

One of the forerunners in Switzerland for training and interdisciplinary research in the area of entrepreneurship and SMEs (small and medium-sized enterprises), 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). For more information, visit www.heg-fr.ch/en/.

Global Entrepreneurship Monitor (GEM) is a consortium of national country teams, primarily associated with top academic institutions, that carries out survey-based research on entrepreneurship 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 analysis on the characteristics, motivations and ambitions of individuals starting businesses, as well as social attitudes towards entrepreneurship. The National Expert Survey (NES) looks at the national context in which individuals start businesses. The unique GEM tools and data benefit numerous stakeholder groups:

- Academics apply GEM's unique approaches to studying entrepreneurship at the national level.
- Policymakers use GEM data to make better-informed decisions to help their entrepreneurial ecosystems thrive.
- Entrepreneurs increase their knowledge about where to invest and influence.
- Sponsors and partners collaborate with GEM to advance their own strategic organizational interests.
- International organizations leverage GEM's entrepreneurial insights in their reports and events and by combining GEM data with their own data sets to enhance analysis and thought leadership in entrepreneurship.

As indicators of GEM's credibility and impact in the area of entrepreneurship, in 2021, GEM represents:

- 22 years of data
- 3,000,000+ entrepreneur respondents and expert interviews since 1999
- 148,000+ respondents to the 2021 GEM Adult Population Survey
- 2,000+ expert interviews for the 2021 GEM National Expert Survey
- 120+ economies since 1999
- 370+ specialists in entrepreneurship research (GEM National Team members)
- 300+ academic and research institutions
- 200+ funding institutions
- 1,000+ publications in peer reviewed journals

GEM began in 1999 as a joint project between Babson College (USA) and London Business School (UK). The consortium has become the richest resource of information on entrepreneurship, publishing a range of global, national and "special topic" reports on an annual basis.

GEM Global Entrepreneurship Monitor