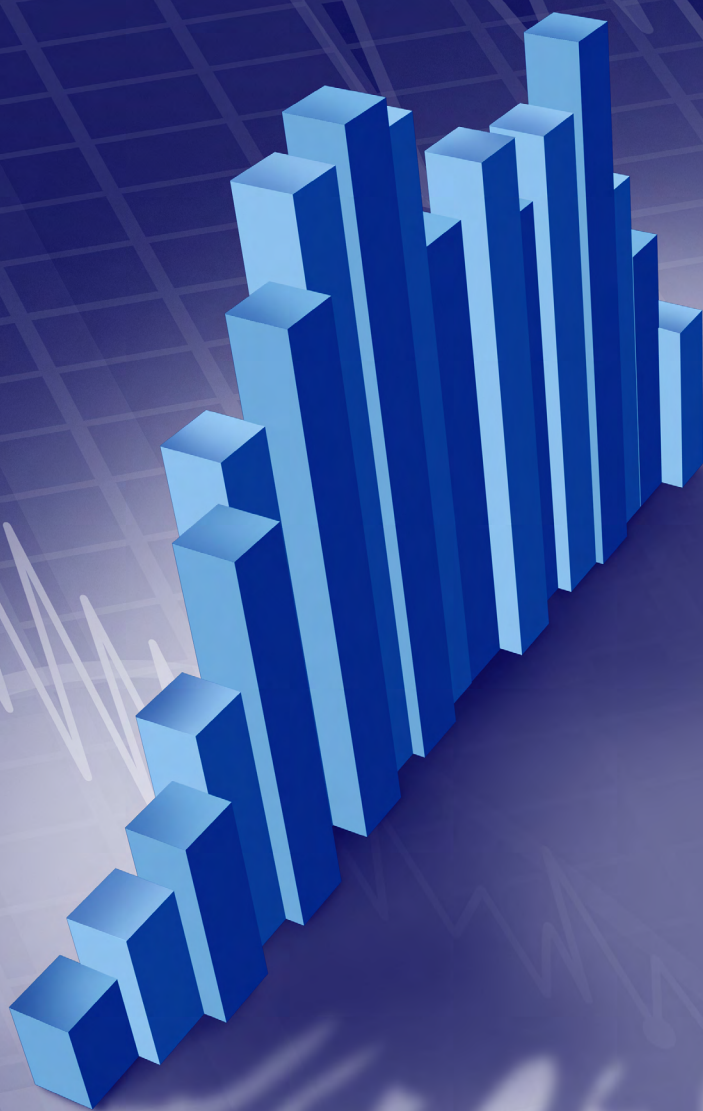




Global
Entrepreneurship
Monitor

2020/2021 Global Report



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

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Foreword from the GEM Chair of the Board

Niels Bosma, PhD



When fierce shocks such as the COVID-19 pandemic occur, the role of entrepreneurship for society is magnified. Of course, the initial key focus was (and remains) on preventing the number of infections

and casualties caused by an unrelenting virus. However, with the first wave of lockdowns, the implications for businesses and their employees came to the fore. Many governments responded with relief packages, even though not all governments have similarly deep pockets. In some economies, wages could still be paid, whereas in others many had to adapt and find alternative, creative solutions. Many entrepreneurs' activities were sorely missed during the second and third waves of lockdowns experienced in a number of economies.

Entrepreneurs form the glue that holds societies together. They also connect societies across time and place. Due to COVID-19, markets and rules of the game will change – and new solutions to the challenges faced will be developed. New inventions, small and large, will be tested in the market and may fail in the first instance, whereas an adapted version may be successful in a different context. It is therefore key for institutions not just to cater to the need to keep existent businesses alive. They must also continue to nurture a fertile ground for entrepreneurship and stay connected with other economies, to remain alert to new opportunities, and safeguard the jobs of the future. Against this backdrop, and with the knowledge that new, successful entrepreneurship is hard to predict, it is crucial to keep monitoring how entrepreneurial perceptions, attitudes and activities fare across the globe.

In 2020, a year like no other in the 22 years of our existence, our dedicated network of GEM National Teams comprising hundreds of passionate entrepreneurship scholars and our expert GEM Global coordination team, worked hard to assure continuity of our research. We warmly thank everyone involved in this effort and also the plethora of sponsors that support our activities — with particular appreciation to our Global Sponsor Babson College. We warmly thank the School of Management Fribourg, University of Applied Sciences & Arts Western Switzerland, our GEM Switzerland team, and in particular Professor Rico Baldegger, PhD, for the generous additional sponsorship support of the 2020/21 Global Report and engagement to GEM, particularly during this immensely challenging period for all university institutions worldwide. We also thank the GEM Research & Innovation Project (GRIPs) teams and finally the GEM/Global Entrepreneurship Research Association Board. Given these most challenging of times for universities, business schools and research institutions, your contributions are all the more valued.

Note from the Executive Director

Aileen Ionescu-Somers, PhD



It was in early March 2020, precisely the time of our GEM Annual Meeting and 2019/20 Global Report Launch in Miami, Florida, that the icy grip of a previously unknown virus was noticeably spreading

to populations around the globe. Literally one week later, on 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. Since then, a related public health and economic crisis has impacted almost every human being on the planet in one way or another. Large parts of economies in many countries have been, and — at the time of going to press, still are — at a virtual standstill. The global economy is in shock and, while massive vaccination programs are being implemented, urgently needed economic

recovery will be on policymakers' agendas. This report can support those efforts.

Global Entrepreneurship Monitor, as its name indicates, has kept a steady finger on the pulse of how entrepreneurs are impacted by the world around them for the past 22 years. In fact, how entrepreneurs respond to crises is a good barometer of the global economy's health. This 2020/21 Global Report not only holds a mirror up to the state of the art of entrepreneurship, but also to the state of economies and policymaking around the world. It reflects the start of an unprecedented story that will likely play out for some years to come. We invite our stakeholders to accompany us on that journey by reading and reflecting on the 2020/21 Report and using it as a benchmark and/or robust source of data and information for their own activities. Stay tuned for more insights in 2022 and beyond.



Join our research project



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

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

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

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

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

“GEM is your one-stop shop for everything you need to know about entrepreneurship in your country. It shows every stakeholder where to invest.”

Iskren Krusteff, Entrepreneur and Founder of GEM Bulgaria



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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



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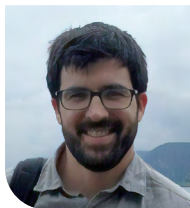
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The GEM Story and a Tribute to Co-founder Michael Hay

GEM is a wonderful example of not-for-profit social entrepreneurship. It was founded by London Business School and Babson College in the summer of 1997 when Bill Bygrave was working with Michael Hay at LBS. With prompting from George Bain, who was then the LBS Dean, Michael and Bill brainstormed what it would take to create an index for entrepreneurial competitiveness similar to the Global Competitiveness Index published annually by the World Economic Forum.

A few weeks later they sought the advice of Paul Reynolds at Babson College because of his expertise in measuring entrepreneurial activity with adult population surveys. Paul agreed to lead a pilot study of entrepreneurial activity in a handful of nations. Household surveys are expensive, and Bill and Michael had no funding specifically for the pilot study, so they bootstrapped it with funds gleaned from other budgets. By 1998, Paul had data comparing the entrepreneurial competitiveness of five nations — Canada, Finland, Germany, the UK and the USA — in the pilot study.

The timing could not have been better. In 1997, Tony Blair was elected UK Prime Minister and was keen to stimulate the nation's economic competitiveness, especially entrepreneurship. Michael had good contacts with the Blair administration, and in 1998 received an invitation for himself, Paul and Bill to make a presentation on the UK's entrepreneurial activity to a competitiveness committee that had been convened by Blair. Three government ministers attended a presentation that was based primarily on the results of Paul's five-nation pilot study. It was very well received by the committee and gave the founding team the confidence to push ahead with the research.

As the research expanded, the major challenges consisted of recruiting other nations

and funding the study. The recruitment of other nations was easier than expected because of the friendships that Michael, Paul and Bill already had with other researchers. Each National Team raised funding for its research, and Babson and LBS raised funding to cover the costs of leading and coordinating the project. The Kauffman Foundation generously provided both direct funding and in-kind support, such as publishing GEM Global Reports, publicizing GEM, and designing the GEM logo.

Adult population surveys of 1,000 interviews, which were all they could afford at the time, were fine for capturing micro-entrepreneurs, but not so useful for capturing high-growth entrepreneurs who planned to hire a significant number of employees — because there were so few of them. And it was employment growth that policymakers were most interested in. One possible way to capture high-growth entrepreneurs was to substantially increase the sample size, but that was too expensive. Instead, to supplement the adult population survey, the team came up with two methods for shedding light on high-growth entrepreneurship. The first was the key informant survey, in which entrepreneurship experts were questioned about the state of entrepreneurship in their nation. The second was to analyse each nation's venture capital, which funds high-growth businesses.

The initial GEM Global Study comprised researchers from all the G7 nations — Canada, France, Germany, Italy, Japan, UK and USA — together with Denmark, Finland and Israel. The first annual GEM Global Report was published in 1999. Since then, researchers from over 120 different countries have collaborated with GEM; and they have published hundreds of GEM Global, National and Special reports that have influenced entrepreneurship policy worldwide.

GEM has provided snapshots of how entrepreneurial activity has been impacted throughout these past 22 years, during both good and challenging economic times worldwide. Following the great recession of 2007–08, GEM’s research provided policymakers with valuable insights on how to best foster entrepreneurship to propel growth and prosperity once again. We are now in a unique point in our history and are able to show how entrepreneurship has been impacted

by COVID-19, one of the most challenging events in our lifetimes.

It is a matter of great sadness that one of our co-founders is no longer here to read our most recent Global Report. This past December, our dear friend and colleague Michael passed away. Michael was beloved by all in the GEM community and played a pivotal role in making GEM such a tremendous success. We dedicate this report to his legacy.

Executive Summary

The world is currently in the grip of a devastating pandemic, COVID-19, which has been causing widespread negative health, social and economic impacts. There is a pressing need for careful, authoritative and evidence-based assessment of the pandemic's impacts on levels of entrepreneurial activity across the world, as well as on attitudes and ambitions. These GEM 2020/21 Global Report findings are based on interviews with nearly 140,000 people (ages 18–64) from 46 economies, including both the Adult Population Survey and National Expert Survey. The report spells out how levels of entrepreneurial motivation and activity vary across the globe, providing the world's first evidence-based assessment of the impacts of COVID-19 on levels of entrepreneurship.

GEM is unique in the increasingly populated world of entrepreneurship research. The consortium has been actively and consistently measuring and evaluating levels of entrepreneurial activity since 1999. During that time, over 120 economies have been involved in the research. This has meant that GEM National Teams have collectively interviewed well over three million individuals: by all accounts, an impressive body of hard data and robust analysis. GEM's repository of data – over two decades' worth – presents many opportunities to various stakeholders.

Never has this ongoing research been more relevant than today. The consistency of GEM research over more than two decades provides an incomparable evidence base for the careful, measured and reliable assessment of how the pandemic has influenced entrepreneurial attitudes, motivation and activity, and on measures that policymakers have put in place to support the entrepreneurial context across the globe.

As this report goes to press, entrepreneurship, defined as the process of starting and running a new business, is of primary importance. After all, in the aftermath of economic crises, entrepreneurial activity will drive economic recovery (as it did following the 2008 financial crisis). Indeed, it might be said that the world was still recovering from that crisis when along came COVID-19. In any case, individuals that are currently making the decision to start and/or to grow a business are ultimately creating jobs and incomes, adding value to society and strengthening economies. In other words, much as vaccination is the key to global health recovery, so too is entrepreneurship the key to unlocking worldwide economic recovery.

This Executive Summary provides answers to a select number of key questions. Evidence for these answers is taken from relevant chapters in the first part of this report. The second part of the report provides a detailed profile of each of the 46 economies that participated in GEM's 2020 research, while the third and final part highlights a full set of data tables for each of the carefully defined GEM entrepreneurial variables.

THE DOMINO EFFECT: HAS THE COVID-19 PANDEMIC REDUCED INCOMES?

Unsurprisingly, the pandemic has led to massive layoffs and closures in many countries. GEM survey evidence overwhelmingly indicates that household income has taken a substantial knock-on hit – across the world – because of the pandemic. Of 43 economies that carried out GEM’s Adult Population Survey, there are only six, all European, where less than one in three adults reported a decrease in household income due to the pandemic.

For over half of the economies outside of Europe & North America, more than two out of three adults reported a decrease in household income. Many government furlough schemes and other governmental mechanisms were set up to support businesses through the pandemic, particularly in Europe and the United States. While these schemes have proved essential in safeguarding jobs and businesses, they are not without their drawbacks, given that blanket schemes cannot easily distinguish between viable and unviable businesses.

In low-income economies, such schemes are almost non-existent. In many of these economies, this GEM research bears witness to the importance of entrepreneurship as an income-generating alternative when the economy turns downward. And this includes even temporary ventures to fill income and employment gaps. To a large extent, entrepreneurship in such crises is necessity-driven; however, these entrepreneurial activities may, directly or indirectly, eventually generate secure and established businesses, and productive jobs and employment for many.

It is revealing – and a major red flag for policymakers – that half or more Total early-stage Entrepreneurs (TEAs) in nearly all Central & East Asia, Latin America & Caribbean and Middle East & Africa economies state that starting a business is more difficult than a year ago. More than half of all entrepreneurs in 11 Europe & North America economies agree with this. Moreover, there is even wider agreement that the pandemic has led to delays in getting the new business operational.

OPPORTUNITY KNOCKS: WHICH ECONOMIES ARE THE MOST ENTREPRENEURIAL?

One key GEM measure is the level of Total early-stage Entrepreneurial Activity (TEA): the percentage of adults aged 18–64 actively engaged in starting or running a new business. Of the 43 economies participating in the 2020 GEM Adult Population Survey, the highest, but also most variable, levels of TEA were in Middle East & Africa, with almost half of adults in Angola starting or running a new business, compared to less than one in 10 adults in Morocco, Iran and Israel. Interestingly, the lowest levels of early-stage entrepreneurial activity are in Europe & North America, with 14 out of 20 economies having less than one in 10 adults starting or running a new business. But the most consistently high levels of early-stage entrepreneurship are in the Latin America & Caribbean global region, with all six GEM participating economies from that region having more than one in five adults starting or running a new business.

The perception of how easy it is to start a business may be conducive to observed early-stage entrepreneurship. However, other factors are also at play. More than half of the population in the majority of economies agree that it is easy to start a business, according to the GEM research presented here. However, there are still many economies in which less than half agree that this is the case, primarily in middle- and high-income economies. There are some possible reasons for this. First, there are, generally speaking, fewer restrictions in less-developed economies, and more “informal economy” opportunities for entrepreneurship. The latter – being more spontaneously generated – are arguably less affected by a pandemic, but also lead to smaller and less ambitious businesses. Second, high-income economies present other alternatives to entrepreneurship.

GREEN OR RED FLAGS: CAN ANYONE START A BUSINESS?

In practice, entrepreneurs need to be able to spot the opportunity. They must also see themselves as having the skills, knowledge and experience to start that business. Opportunity perceptions for starting a business in the local area of entrepreneurs fell compared to 2019 in most Europe & North America economies. It was likely the pandemic that caused these perceptions to drop. However, and impressively, more than 80% of the adult population in Indonesia, India, Oman and Saudi Arabia perceived good opportunities to start a business. This is a strong indicator of the entrepreneurial outlook and mindset – as well as the conduciveness of the environment for entrepreneurship – in these countries.

COVID-19 has affected entrepreneurial role models and attitudes across the globe. Many entrepreneurs see new opportunities caused by the pandemic and its implications. The Adult Population Survey asked early-stage entrepreneurs and owner-managers in established firms if they had identified new opportunities, as a result of the pandemic, that they wish to pursue. Of the 43 economies studied, there are nine in which more than half of those starting or running a new business agree that the pandemic has led to new opportunities they want to pursue. In other words, a high proportion of intentions to create new businesses were driven by the pandemic. The highest shares of early-stage entrepreneurs that perceive new opportunities because of the pandemic are in Latin America & Caribbean economies, to some extent in the Middle East & Africa region, and in India. According to this research, entrepreneurship is growing in the Middle East despite the pandemic, or maybe even partly because of it. A red flag for some governments in developed economies is the fact that this is much less the case in Europe & North America.

In all the GEM economies, more than a third of those who see good opportunities to start a business also agreed they have the skills, knowledge and experience to do so. However, in eight of these economies – six from Europe & North America plus Taiwan and Israel – more than half of those seeing good opportunities do not agree that they have the capabilities to capitalize on them: a strong signal in

terms of capacity building and educating for entrepreneurship.

These regional distinctions are less prevalent for Established Business Ownership (EBO), with more parity in entrepreneurship perceptions when the business is more established. Given the level of variation in early-stage entrepreneurship levels relative to EBO, a few questions may be asked.

- Does each economy have a capacity limit for EBO, such that the economy can only support a certain number, no matter how many startups get off the ground?
- Given the high levels of early-stage entrepreneurial activity in the Middle East, will this convert to a lot of established businesses at a later stage, or will these countries experience conversion barriers? Next year's GEM Global Report will begin to answer this question.
- Interestingly, there is a close match between early-stage and established businesses in many Asian economies. It seems that starting a business is probably the best alternative when jobs are scarce. It would be interesting to understand fully what contributes to high levels of EBO in these countries. Is the business context able to sustain these established businesses? Again, the next GEM research cycle will provide perspectives on these questions.

In most economies, overall rates of early-stage entrepreneurial activity have not changed significantly compared to 2019, which feels somewhat counter-intuitive, given the ongoing world crisis. This may be due to the timing of 2020 GEM research: data collection ended in August 2020 and the full impacts of the pandemic may therefore not yet be reflected in those data. It is likely that the effect of COVID-19 on early-stage entrepreneurship will be more obvious in GEM 2021 research. However, relative to 2019, there are certainly more economies in which EBO rates decreased, reflecting the difficulties that new businesses have had in becoming established in the face of lockdowns, global shifts in consumer and business behaviour, and the knock-on effects of other impacts.

ENTREPRENEURSHIP DIVERSITY: HAS THE PANDEMIC AFFECTED YOUNGER AND OLDER ENTREPRENEURS DIFFERENTLY?

Of the 43 participating economies, there are nine – six from Europe & North America, plus Guatemala, Egypt and Kuwait – in which those in the youngest age group (18–24) are most likely to be starting or running a new business. In a majority of the 43 economies, the propensity to start or run a new business increases with age and then declines. The youngest age group has the lowest propensity to start a new business in just three economies, all in Central & East Asia: India, Taiwan and the Republic of Korea. This region also hosts the only economy in which the oldest age group (55–64) has the highest level of

early-stage entrepreneurial activity: Kazakhstan.

Interestingly, GEM data for 2020 show that, for the oldest age-group (55–64), levels of TEA had actually increased compared to 2019 in many more economies than it had decreased, while the opposite is the case for all other age groups. While the pandemic has certainly impacted the health of older people more than younger people, the evidence tells us that many seniors are still starting new businesses. At the same time, the digital nature of new entrepreneurial activity that emerged during the pandemic is also more likely to be encouraging young entrepreneurs.

BUCKING THE TREND: IS THERE STILL A GENDER GAP IN ENTREPRENEURIAL ACTIVITY?

Unfortunately, yes – which means that some economies are still missing out on the incomes, jobs and value-added that more equal representation could bring. GEM research in the last few years has provided evidence that the gap was closing.¹ That trend continues in the 2020 data, with six of the 43 economies in GEM 2020 showing early-stage entrepreneurial activity rates for women that are at least as high as those for men – though none from Europe & North America, where nine of the 20 economies have less than one in 20 women starting or running a new business. In contrast, according to this GEM

evidence, one in five women, or more, are starting or running a new business in each of the six Latin America & Caribbean economies, as well as in Kazakhstan, Burkina Faso, Togo and Angola.

However, again, because of the timing of the GEM research in 2020 (data were collected before August 2020), the full impact of the pandemic on women entrepreneurs may not yet be fully reflected in the 2020 results. Currently, despite the last few years' positive trends for women, GEM analysis shows that most new businesses are still more likely to be started by men rather than women.

OFF THE SCALE: HAS THE PANDEMIC REDUCED ENTREPRENEURIAL ACTIVITY?

Of the 46 economies participating in GEM research in 2020, 35 participated in both 2019 and 2020, allowing direct comparisons to be made between these years. In 15 of those economies, the proportion of adults starting or running a new business (TEA) fell significantly, including nine economies in which it fell by more than a quarter. On the other hand, for eight of these 35

economies, TEA rose, including by more than a quarter in four economies: Oman, Egypt, Panama and Colombia. For the remaining 12 economies, levels of early-stage entrepreneurial activity showed little difference in 2020 compared to 2019.

The picture for established businesses is remarkably similar. In 15 of the 35 economies, the percentage of adults owning and managing an established business fell, including by more than a quarter in nine economies, representing all global regions. In seven economies, the percentage of adults running an established business rose between 2019 and 2020. In the remaining 13 economies, there was little change in the level of established businesses.

¹ Elam, A., Brush, C., Greene, P., Baumer, B., Dean, M., & Heavlow, R. (2019). *Global Entrepreneurship Monitor 2018/2019 Women's Entrepreneurship Report*. London: Global Entrepreneurship Research Association. <https://www.gemconsortium.org/report/gem-20182019-womens-entrepreneurship-report>

Respondents from 43 economies in the GEM Adult Population Survey were more likely to know an entrepreneur who stopped their businesses because of the pandemic than they were to know an entrepreneur who started their businesses due to the pandemic. Of the 135,942 total APS respondents, 58,487 knew someone who stopped a business due to the pandemic and 34,184 knew someone who had started a business as a result of the pandemic. This is a logical consequence of a crisis situation – it is still important to keep encouraging those entrepreneurial initiatives with growth potential.

But, of course, there is some good news too: not all entrepreneurs suffered because

of the pandemic; many are actively pursuing opportunities related to the resulting massive shifts in business and consumer behaviours. Since many of these shifts are here to stay – the world has changed permanently in some ways – there are now quite a lot of new and promising businesses out there that are worthwhile investments for governments and investors in general.

Interestingly, Entrepreneurial Employee Activity (EEA) within existing companies became particularly dynamic during the first phases of the pandemic, where, as in previous years, highest percentages were observed in Europe & North America.

A POST-COVID-19 WORLD: HOW DIFFERENT WILL THE PICTURE BE FOR ENTREPRENEURS?

The research showed some interesting patterns regarding motivations. Much of the entrepreneurial population from Europe & North America and Latin America & Caribbean was motivated to create a business to “make a difference in the world”. This bodes well for potential global shifts towards more purpose-driven companies that add value to society and address some of the world’s biggest challenges according to the United Nations Sustainable Development Goals (SDGs). However, it would be unwise to go overboard with too much optimism. The global picture is highly fragmented: much of the entrepreneurial population of Central & East Asia and Middle East & Africa were mostly motivated to create a business to “build wealth or higher income”. Overall, most of the worldwide entrepreneurial population was motivated to create a business for a living “because jobs were scarce”, a result which, of course, may – among other prevalent factors – be causally related to the pandemic.

Part 2 of this report presents economy-by-economy profiles, including the national entrepreneurial context for each economy. This assesses the conduciveness of that entrepreneurial context – the extent to which it promotes entrepreneurship – against their adult population

results for levels of entrepreneurship. While each economy paints a different picture, overall it is evident that there is more satisfaction with the agility of entrepreneurs in the face of the crisis than with the responsiveness of governments in formulating and implementing policies to ensure that fledgling entrepreneurs can take flight or that established business may continue.

The GEM National Entrepreneurship Context Index (NECI) results show evidence that European, American and Latin American entrepreneurs have been suffering a substantial negative impact due to the pandemic while Asian markets were overall more positively impacted because – one of the results of globalization – they have become important suppliers of essential products and technologies to the world.

Developments in emerging economies are worth monitoring closely in a world that is changing at an increasingly accelerated pace because of the pandemic. As an example, the GEM India study provides a wide sample of experts which has enabled consistent results over the last few years indicating that India is strongly emerging in different and powerful sectors (pharmacy, space technology and others) despite the fact that the country as a whole remains in the low-income group.

A FINAL MESSAGE

Next year’s GEM Global Report will be even more revealing of the impacts of the pandemic on the worldwide entrepreneurial community. In the

meantime, governments need to keep moving faster, in order not to lose momentum in the post-pandemic recovery period which, hopefully, is looming.

PART 1

Analysis





Introduction

1.1 AN INTRODUCTION TO GEM

The Global Entrepreneurship Monitor (GEM) is the world's largest, and longest-running, study of entrepreneurs and entrepreneurial perceptions. Entrepreneurship is defined by GEM as the act of starting and running a new business. This is the 22nd annual GEM Global Report, representing the sustained research efforts of 46 different National Teams, each collecting data in a manner that is consistent and coherent, allowing comparisons between different economies¹ for the same year, and for the same economy in different years. It is this consistency that adds rising value to the GEM data set as the years of data grow. At the same time, GEM has been flexible in response to changing circumstances, never more so than in 2020, due to the largest and widest-reaching pandemic in living memory. A unique feature of this Global Report² is the first careful assessment and measurement of the impact of the COVID-19 pandemic on levels of entrepreneurial activity across the globe, and on attitudes and perceptions. This report reflects the very beginning of a long road: first of impact and then, hopefully, of economic recovery. GEM expects to keep its finger on the pulse of these pandemic effects for a long time to come.

Entrepreneurial activity is important to all economies, arguably even more so during a pandemic. Some may feel it would be understandable — albeit misguided — to put the United Nations Sustainable Development Goals (SDGs) to one side while the social and economic consequences of the pandemic are mitigated. Painful as the pandemic continues to be, recovery, which will come, provides new opportunities to live and work differently, and even to think differently about innovation and the role of entrepreneurship. Doing so could increase inclusion, reduce poverty and embrace sustainable economic development that does not damage the future. Entrepreneurship plays a key role, bringing jobs, incomes and value-added to society, all essential ingredients in the economic development mix, and needed now as never before. While many new businesses have been deferred or derailed by the pandemic, others have been able to seize new opportunities, ranging across the economic spectrum from the production of pharmaceuticals to the online purchase of takeaway food. This Global Report presents the first evidence-based worldwide assessment of the competing balance between those challenges and opportunities.

1.2 THE GEM METHODOLOGY

The GEM story is essentially a tale of two surveys. The first, the Adult Population Survey (APS), enquires about the attitudes and activities of a

random sample of at least 2,000 adults (and often more) aged 18–64 years, in each economy. The APS is conducted via a mix, appropriate to each economy, of face-to-face or telephone interviews, increasingly supplemented by online participation, and uses the same questions in each economy to find out whether that adult³ is involved in starting or running a new or established business, and about individual attitudes and perceptions of entrepreneurship, alongside demographics such as age, gender and education.

¹ This report uses the term *economy* rather than *country*, unless the use of the latter is unambiguous.

² This Global Report shows the first insights into the effects of the COVID-19 pandemic on entrepreneurship rates across countries. Indeed, the 2020 GEM indicators could be evidencing the short-term effect of the policy remedies highlighted in the GEM special report: Ionescu-Somers, A., & Tarnawa, A. (eds.) (2020). *Diagnosing COVID-19 Impacts on Entrepreneurship: Exploring Policy Remedies for Recovery*. London: Global Entrepreneurship Research Association. <https://www.gemconsortium.org/reports/covid-impact-report>

³ Henceforth, whenever this report mentions adults, it can be taken that an age range of 18–64 is implied, this being the range of those surveyed.

Above all, the APS captures the attitudes, behaviours and expectations of individual adults, which makes it very different from surveys of businesses and firms, and different from official government statistics such as business registrations. This is important because the APS data provide insight into the individual decision to start or continue a business, and the entrepreneurial journey from intentions through to business conception, business birth, and subsequent growth and development. Moreover, because individual responses are completely confidential and anonymized, the APS can also provide information on the elusive “hidden” or informal economy, involving unregistered and unrecorded economic activities and jobs, which can be a significant part of the national economy beyond the reach of official statistics, especially in developing countries. Slightly more than 140,000 respondents participated in the APS in 2020: quite an achievement for our GEM National

Teams given the increasingly global nature of the pandemic as it took hold throughout the year.

The second survey, the National Expert Survey (NES), focuses on the entrepreneurial context that influences an individual decision to start a new business, and subsequent decisions to sustain and grow that business, that are taken in a specific context represented by place. That place can facilitate and nurture the new business in terms of access to finance, the education and skills of the population, and through social support to entrepreneurship; or it may hinder the new business through excessive bureaucracy and taxes, poor infrastructure and social isolation. There are certainly examples of businesses starting and growing in very difficult circumstances and of businesses failing to start and grow in highly supportive environments. But there is little doubt that the environment for entrepreneurship can have a substantial impact, both on the likelihood of starting and of growing a business.

ENTREPRENEUR HIGHLIGHT

Pei-Yu Wang (Taiwan)

Business: AddCreative Inc. is a creative and cross-field innovation team. Its AddMusic and AddMusic for Brand are respectively a professional music licensing market and store background service for businesses. The company’s AddMaker platform is the biggest industrial design and manufacturing network in Taiwan. Through open factory and manufacturing resources, AddCreative helps more products turn from ideas to businesses.

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

On the team side, we understand that collaboration must be more flexible — anytime and anywhere. By using a variety of digital tools for management, we can already ensure that our operations are not affected under any situation.

With the new normal, both consumers and companies will have new demands. For suppliers and manufacturers, they actively start on digital transformation with the reduction of exhibitions



and physical transactions. In terms of stores, they focus more on online services. Physical stores have moved towards “experiential” services. So our focus moved to online and offline interactive integration. New business has been generated as a result. Only by seizing an opportunity can we survive in the new normal.

The GEM approach to assessing this national environment for entrepreneurship is through expert evaluation of nine Entrepreneurial Framework Conditions. They range from the ease of access to finance to social support for entrepreneurship, and from the adequacy of entrepreneurial education to the availability and cost of essential business services. These Framework Conditions are each assessed in the NES by a group of identified national experts in a much more targeted manner than for the APS. For the NES, at least 36 national experts are asked to rate the adequacy, or otherwise, of those defined Framework Conditions. For the GEM research cycle in 2020, the NES included new questions on how adequately entrepreneurs in general – and governments in particular – have responded to the economic challenges and opportunities of the pandemic.

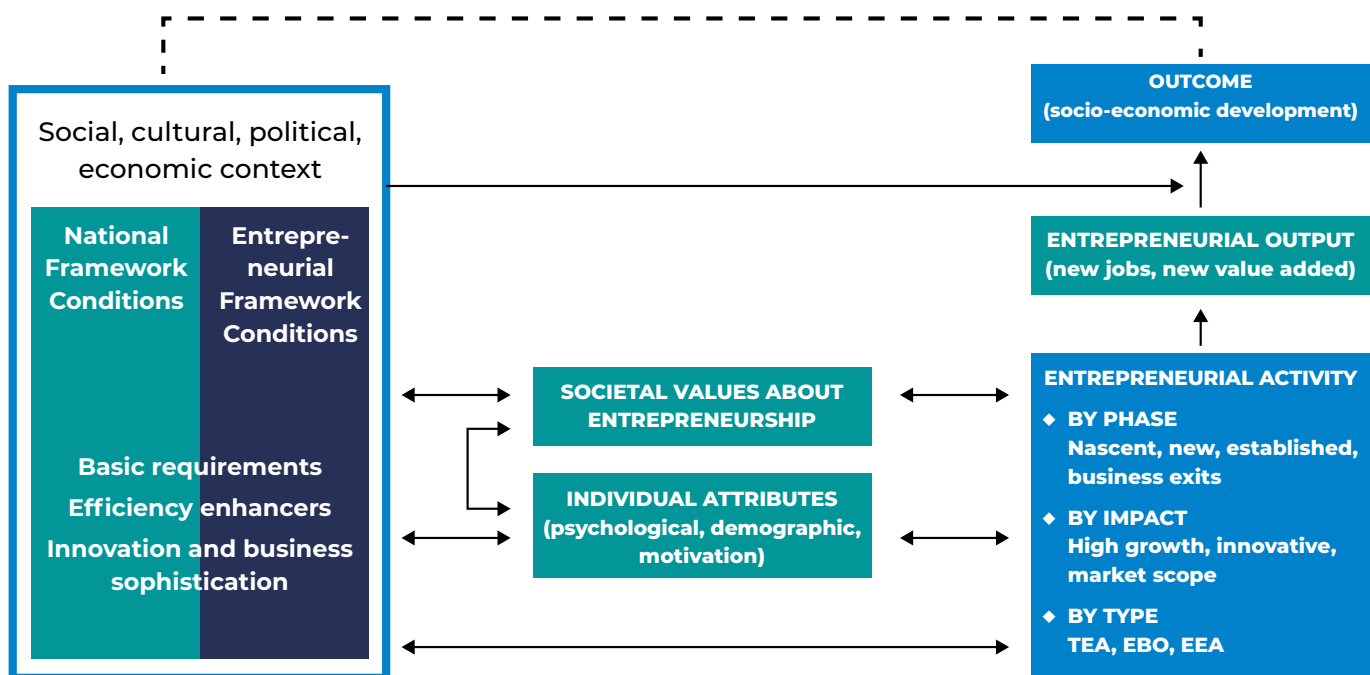
Taken together, the APS and the NES provide a detailed, comprehensive and contemporary picture of entrepreneurship in each participating economy. The GEM Conceptual Framework is set out in Figure 1.1 and portrays the relationship between entrepreneurship and its local, regional and national environment. The economic, social and cultural context influences entrepreneurship directly and indirectly through its impact on individual values. Hence, while the NES requires a small group of experts to assess the entrepreneurial ecosystem or environment, the

APS enquires about individual attitudes and perceptions across a large representative sample of the adult population, including whether it is easy to start a business, whether there are good business opportunities, and whether fear of failure is an obstacle. Other APS questions focus on whether that person is actively starting a new business or running an established business, whether they are doing so on behalf of their employer, and what their motivations and ambitions are. So the APS covers all levels of the entrepreneurial process, from those with intentions to start a business, to those actively starting but not yet trading (the nascent entrepreneur), to those running a new business (the new business owner), as well as those owning and running an existing established business.

Other questions focus on whether individuals have exited a business (and, if so, why?), whether that business still continued after their departure, and whether they had invested in someone else’s new business venture. All of these are important dimensions of the entrepreneurial landscape for a particular economy and this report will present a “helicopter overview” of that landscape across global regions.

Successful entrepreneurship stimulates economic development, creates jobs, and adds new value to society, although at each stage of the entrepreneurial journey there will be people exiting a business, many of whom will

FIGURE 1.1
The GEM Conceptual Framework



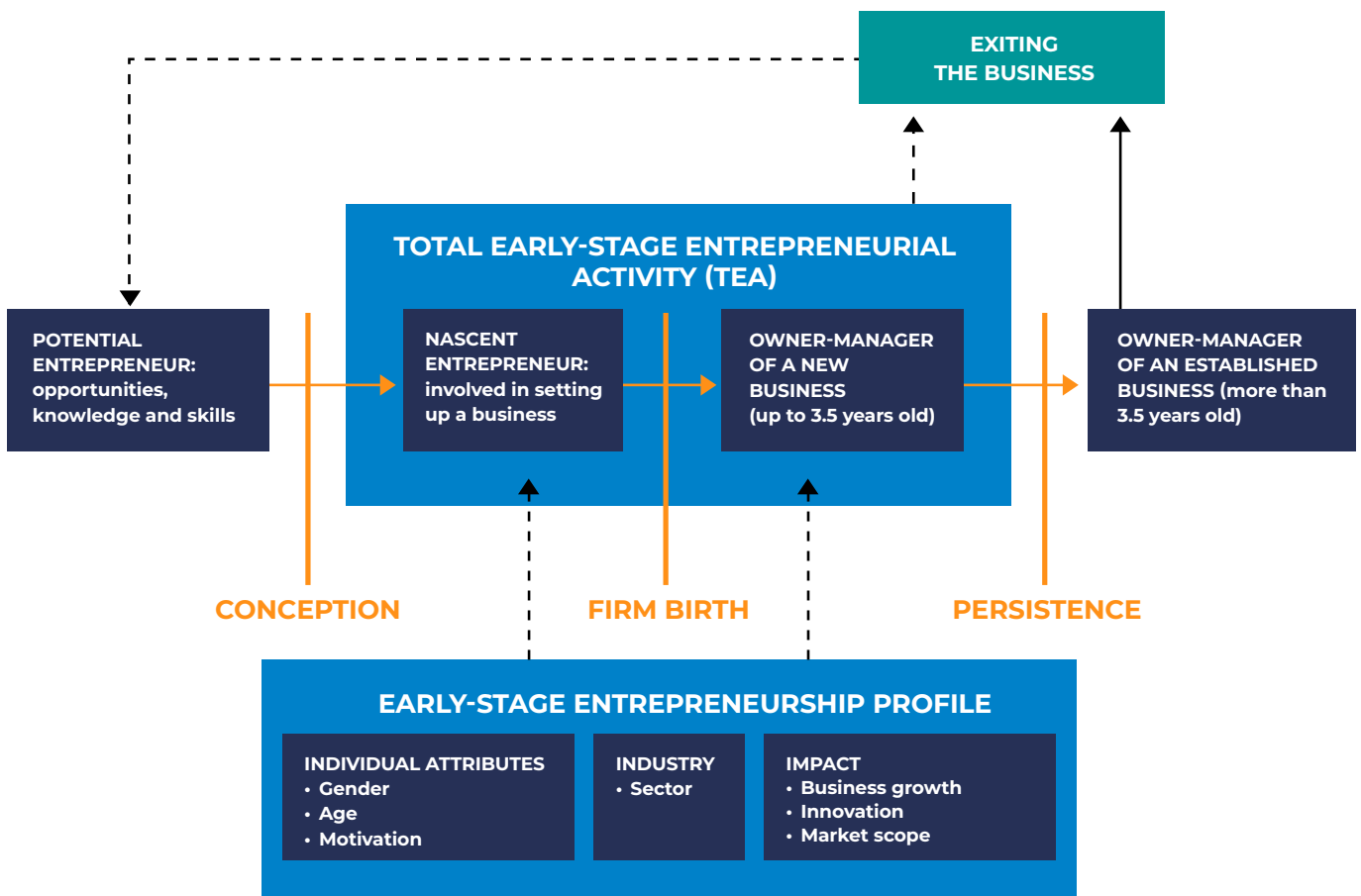
pick themselves up, dust themselves off and start again. The jobs, value-added and incomes generated feed back into new entrepreneurial activity.

There are many different notions of enterprise and entrepreneurship. These range from the very broad (such as the activities of an enterprising individual) to the very narrow (such as the activities of someone who has started a business in a particular period). Both are conceptually valid, but, given the objective of consistently measuring entrepreneurial activity across space and time, GEM has deliberately chosen to be very specific in its definition of entrepreneurship. Here, entrepreneurship is defined and measured as the activity of someone who is actively engaged in starting or running a new business. Recognizing opportunities for a new startup, thinking about starting a business, or intending to start a business can be linked to entrepreneurship. However, according to GEM's methodology, only active behaviour counts as entrepreneurship.

Figure 1.2 sets out the GEM entrepreneurship indicators, according to the stages involved as

the enterprise progresses from conception to an established business. A key GEM indicator of entrepreneurial activity is the level of Total early-stage Entrepreneurial Activity (TEA), or the percentage of adults who are either actively engaged in starting a new business (the nascent entrepreneur), or owning and managing a new business (the new business owner), minus any who are doing both (to avoid double counting). Another important indicator is the level of Established Business Ownership (EBO), or the percentage of adults owning and managing an established business, defined earlier as having paid wages or salaries for 42 months or more. If the new business is successful, then it will evolve over time to become an established business. Either the new business owner or the established business owner may exit the business at some stage, and that business may or may not continue without them. Former business owners are an important resource. They can share their experiences by mentoring other entrepreneurs and/or can start another business.

FIGURE 1.2
Entrepreneurial phases and GEM entrepreneurship indicators



1.3 ENTREPRENEURSHIP IN THE AGE OF COVID-19

As a research organization, GEM responded rapidly to the COVID-19 pandemic in March 2020 by including new questions concerning barriers and opportunities related to the pandemic, as well as about the effects of the pandemic on household income.

At the same time, GEM's continuity and consistency in providing harmonized measures of entrepreneurial activity, attitudes and perceptions over the past two decades enable immediate identification of any initial changes as a result of the pandemic. In 2020, the APS enquired about the impacts of the pandemic in terms of its effects on the ease (or difficulty) of starting a business, whether a new or existing business had to be curtailed, how growth expectations were affected, and about the adequacy (or otherwise) of government responses to the pandemic's economic impact. It is a tribute to the tenacity and perseverance of GEM national teams, as well as their determination to continue contributing to the GEM data series, that, despite the most trying of circumstances affecting universities and business schools as well as entire economies in 2020, a total of 46 National Teams were still able to participate in the 2020 Global Entrepreneurship Monitor research.

This level of participation in 2020, including more than 130,000 individual APS interviews,

means that, up to the present, a total of more than 3.2 million adults in more than 120 different economies have participated in the APS since the inaugural survey of 10 countries in 1999.

This year's Global Report will focus on the entrepreneurial impacts of the pandemic. Given the scale and impact of COVID-19, this adds another layer of understanding to the results of the APS 2020. For the 35 economies that participated in both the APS 2020 and the APS 2019, this report will present a comparison of key results from both years. Such comparisons are fraught with interpretational risks, given that economies may have been at different stages in the pandemic cycle. It is also important to note that, throughout two decades of annual GEM Global Report production, key variables sometimes undergo changes year on year. Some of this variation reflects structural or other changes in individual economies, while some will be the natural consequence of random sampling across a large population. In comparing 2020 results to 2019, most changes will be attributed to the widespread disruption of the pandemic and subsequent government responses. However, it should be noted that small changes may simply be a result of sampling.

1.4 2020 GEM ECONOMIES

In 2020, GEM National Teams from 46 economies participated. This includes 43 teams that conducted the APS, and 45 engaging in the NES. The research was mostly carried out during the third quarter of 2020. Participating economies are shown in Table 1.1, categorized by global region and by income group.⁴ Regions with just a few participating economies have been combined with others for the sake of clarity. In addition, there

is likely to be at least as much variation within these global regions as there is between them. It is important to note that, for these reasons — and because for every global region there are economies that did not participate in GEM 2020 — this report does not compare regional averages.

The Middle East & Africa region includes 12 economies across all income groups, while the Central & East Asia region has six economies, also with all income groups represented. The Latin America & Caribbean region is less diverse in terms of income groups, with eight economies divided equally between the middle- and high-income groups. The Europe & North America region has the largest number of economies (20), but is least diverse in terms of income group, with just one economy in the middle-income group and the rest categorized as high-income.

⁴ Income groups are derived from the new World Bank Classification, 2020–21 (see <https://blogs.worldbank.org/opendata/new-world-bank-country-classifications-income-level-2020-2021>). For brevity the World Bank's four income groups have been reduced here to three, by adding the lower-middle-income group to the lower-income group, here labelled as "low-income", while the upper-middle-income group in the World Bank classification is labelled here as "middle-income".

Global region/income group	Low-income	Middle-income	High-income
Middle East & Africa	Angola Burkina Faso Egypt Morocco Togo	Iran	Israel Kuwait Oman Qatar Saudi Arabia United Arab Emirates
Central & East Asia	India	Kazakhstan Indonesia	Japan* Republic of Korea Taiwan
Latin America & Caribbean		Brazil Colombia Guatemala Mexico*	Chile Panama Puerto Rico* Uruguay
Europe & North America		Russian Federation	Austria Canada† Croatia Cyprus Germany Greece Italy Latvia Luxembourg Netherlands Norway Poland Slovak Republic Slovenia Spain Sweden Switzerland United Kingdom United States

* Japan, Mexico and Puerto Rico did not participate in the 2020 APS.

† Canada did not participate in the 2020 NES.

TABLE 1.1
Economies in
GEM 2020

1.5 THE IMPACT OF THE COVID-19 PANDEMIC ON HOUSEHOLD INCOME

One of the new questions in the 2020 APS asked each adult respondent whether the pandemic had led their household income to strongly decrease, to somewhat decrease, to show no substantial change, to somewhat increase, or to strongly increase. Responses are summarized in Figure 1.3, categorized by global region.

According to the figure, the pervasive negative impact of COVID-19 is salient. The pandemic's impact appears to have hit those hardest who could least afford it. Of the 43 economies conducting the GEM APS in 2020, there are

only six — all in Europe & North America — in which the proportion of adults reporting that the pandemic had led to a fall in household income numbers lower than one in three. At the other end of the scale, there are 13 economies in which more than two in three adults report a fall in household income (seven from Middle East & Africa, four from Latin America & Caribbean and two from Central & East Asia). While this list includes all of the economies categorized as low-income in Table 1.1 and three of the eight middle-income economies, it also includes three high-income

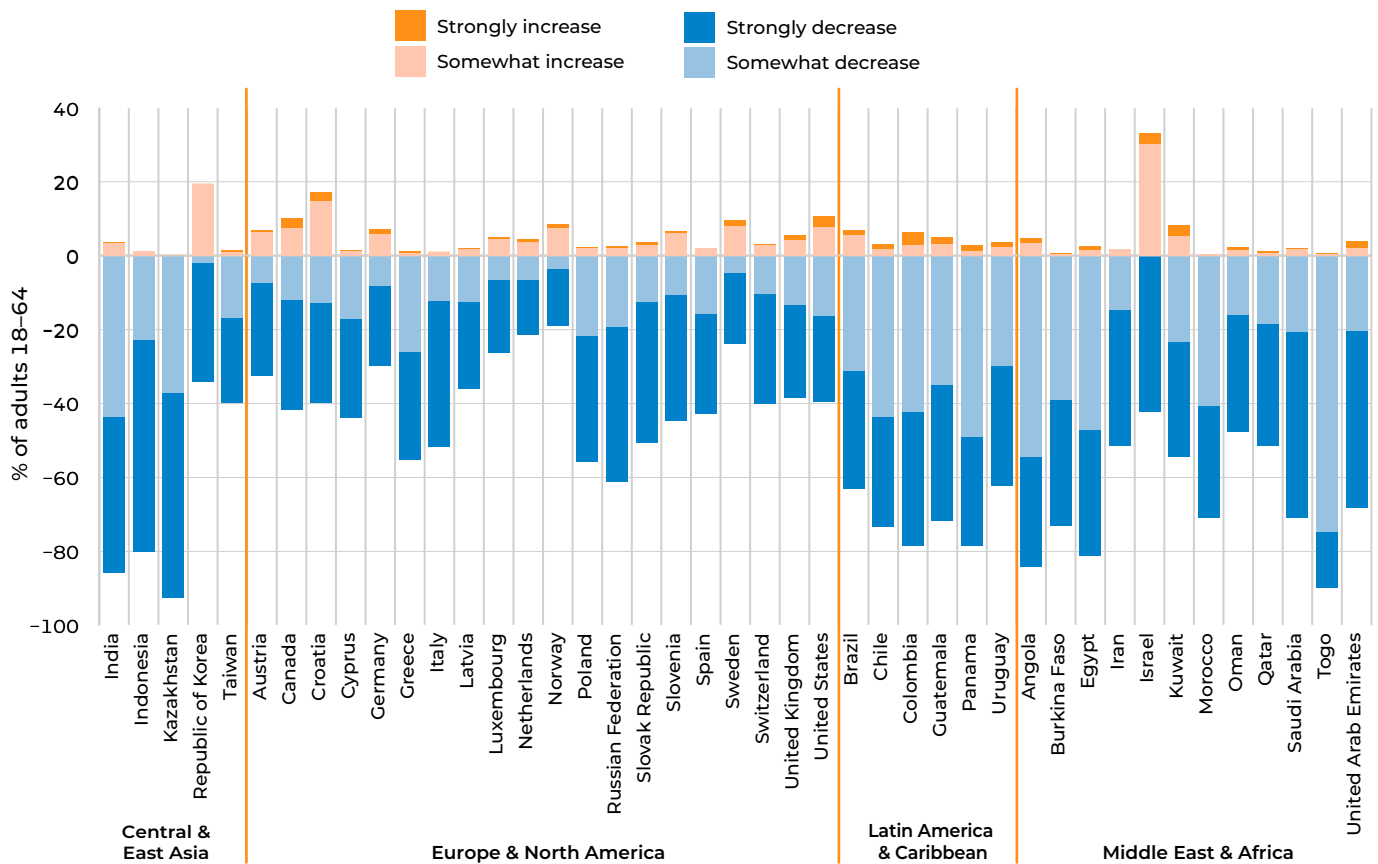


FIGURE 1.3

The impact of the pandemic on household income (% of adults aged 18–64 in each category)

economies. No economy on this list was from Europe & North America. However, within Europe & North America, there were five economies in which more than half of respondents report a fall in household income.

The five economies with the highest proportions of adults reporting that their household income has strongly decreased because of the pandemic are: Togo, Angola, Panama, Egypt and India. Four of these five are low-income economies. The five economies with the lowest proportions reporting a strong decrease in household income are Israel, the Republic of Korea, Norway, Sweden, and the Netherlands, possibly related to the magnitude of the economic stimulus packages in each of these. All are categorized as high-income economies in Table 1.1.

Figure 1.3 also shows that few adults reported an increase in household income due to the pandemic. The highest proportions with increasing household incomes are in Israel, the Republic of Korea and Croatia. In the sample of 43 economies, 28 have less than one in 20 adults reporting an increase in household income.

It is worth keeping in mind that, of the five possible responses to the household income question,⁵ “no substantial change” is the most frequent response choice in 26 of the 43 economies, including all those in Europe & North America, with the exception of the Russian Federation. In 12 of those economies, more than one in two adults report no substantial change in household income as a result of the pandemic.

⁵ Recall that these were “strongly decrease”, “somewhat decrease”, “no substantial change”, “somewhat increase” or “strongly increase”. The “no substantial change” category is not shown in Figure 1.3, but can be estimated as 100% minus the height of each column. The full data is set out in Table A1 of the Appendix Tables.

1.6 THE STRUCTURE OF THIS REPORT

Attitudes and perceptions are very important in the decision to start a business and will be considered in some detail in the next chapter, and these include whether respondents see good opportunities to start a business and whether fear of failure would prevent them from doing so. Given the current circumstances, the chapter will also address whether the individual knows someone who has started, or stopped, a business due to COVID-19. The subsequent chapter looks at levels of entrepreneurial activity across economies, as well as comparing those levels to the previous year, to present a fairly mixed picture. Chapter 4 asks who the entrepreneurs are, and looks at the relationship between entrepreneurial activity and key demographics including age, gender

and educational attainment. The subsequent chapter examines the motivation for starting a business, and whether that has changed in a pandemic, as well as whether starting a business has become more difficult, or if the pandemic has led to delays in getting the new business operational.

Chapter 6 examines informal investment, or those individuals who have invested in someone else's new business, including how this has been affected by the pandemic. Chapter 7 outlines the GEM approach to assessing the national context for entrepreneurship, including the latest results for the National Entrepreneurship Context Index (NECI), and some measures of both the entrepreneurial and governmental responses to the impacts of the pandemic.

ENTREPRENEUR HIGHLIGHT

Ellen Pimienta Glen (Colombia)



Business: Glennpi Broasted Chicken is a restaurant that specializes in hamburgers, wings and broasted chicken. It offers an experience based on tradition and the region's cultural identity.

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a "new normal"?

The pandemic led to uncertainty. We were forced to close during the first 20 days of the mandatory lockdown. However, we had a promise with the families that depend on our operations and were keen to deliver on it. This prompted us to take risks, persevere and create strategies to boost our sales. We strengthened our relationship with existing customers and attracted new clients through different ways.

Amidst the chaos, we increased our overall number of clients. Delivery sales increased by 70%. Thanks to a revamped social media and digital strategy, most of these new clients were from distant neighbourhoods.

As we go into a "new normal", we will keep the operations in place that have been attracting new customers and ensure the client database is always updated so that we can be in constant communication with them. The well-being of our talent is another one of our top priorities. So, moving forward, we will be looking after their stability. This will let us improve the way they perceive their work and their sense of belonging to our business.

Attitudes and Perceptions

2.1 WHAT DOES IT MEAN TO BE AN ENTREPRENEUR?

Entrepreneurs, no different from people in general, come in all shapes and sizes. Some are simply buying things and reselling them, often online. Others are producing goods, from baking cakes in the kitchen to manufacturing advanced robotics. Yet others provide services, from walking dogs to completing others' tax returns. One commonality is that they have all taken the decision to start a business or to take over a business from someone else. That decision tends to be influenced by a host of personal factors: the ability to spot opportunities; the attitude towards taking risks; individual ambitions, objectives and levels of self-confidence; as well as access to resources including social and family support. People starting businesses have to rely on the help of a range of other stakeholders: some formal relationships, such as those with suppliers and banks; others more informal, such as with family and friends.

Starting a business is, then, the product of the interaction between a person seeing a business opportunity and their perceived self-capacity to act upon this opportunity,

including their motivation, self-confidence and assumed skills, all set within the distinct conditions of their local environment (and its own specific mix of social values, ecosystem supports and economic resources). Entrepreneurship is a social as well as an economic phenomenon, and attitudes and perceptions are important influences on the nature and level of that entrepreneurship. The results presented in this chapter demonstrate that entrepreneurial attitudes and perceptions vary substantially across economies. These differences may have important implications for levels of entrepreneurial activity¹ and for the progression of new businesses in becoming established businesses.

The GEM Adult Population Survey (APS) has always asked a range of questions about attitudes and perceptions. In 2020, the APS included new questions about whether respondents know someone who has started a business due to COVID-19 as well whether they know someone who stopped owning and managing a business as a result of the pandemic.

2.2 KNOWING AN ENTREPRENEUR, AND THE IMPACT OF THE PANDEMIC

Knowing an entrepreneur is important,² because it can expand what is considered normal or even possible. Successful entrepreneurs can act as role models in their communities and can provide advice or act in a variety of stakeholder roles (e.g. partners, investors, suppliers, customers) to other entrepreneurs. The likelihood of knowing

an entrepreneur clearly depends on the local level of entrepreneurial activity and on the prominence given to entrepreneurship within those communities.

¹ Studies have shown that different cultural values support different aspects of entrepreneurship engagement, such as identifying and exploiting 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>

² Entrepreneurial role models (knowing entrepreneurs) in the same region strongly influence the adults' decision to start a business, as well as reducing the adults' fear of failure. In these challenging times, the analysis of role models is critical in understanding entrepreneurial behaviours and actions. See Wyrwich, M., Sternberg, R., & Stuetzer, M. (2019). Failing role models and the formation of fear of entrepreneurial failure: A study of regional peer effects in German regions. *Journal of Economic Geography*, 19(3), 567–88. <https://academic.oup.com/joeg/article/19/3/567/4996007>

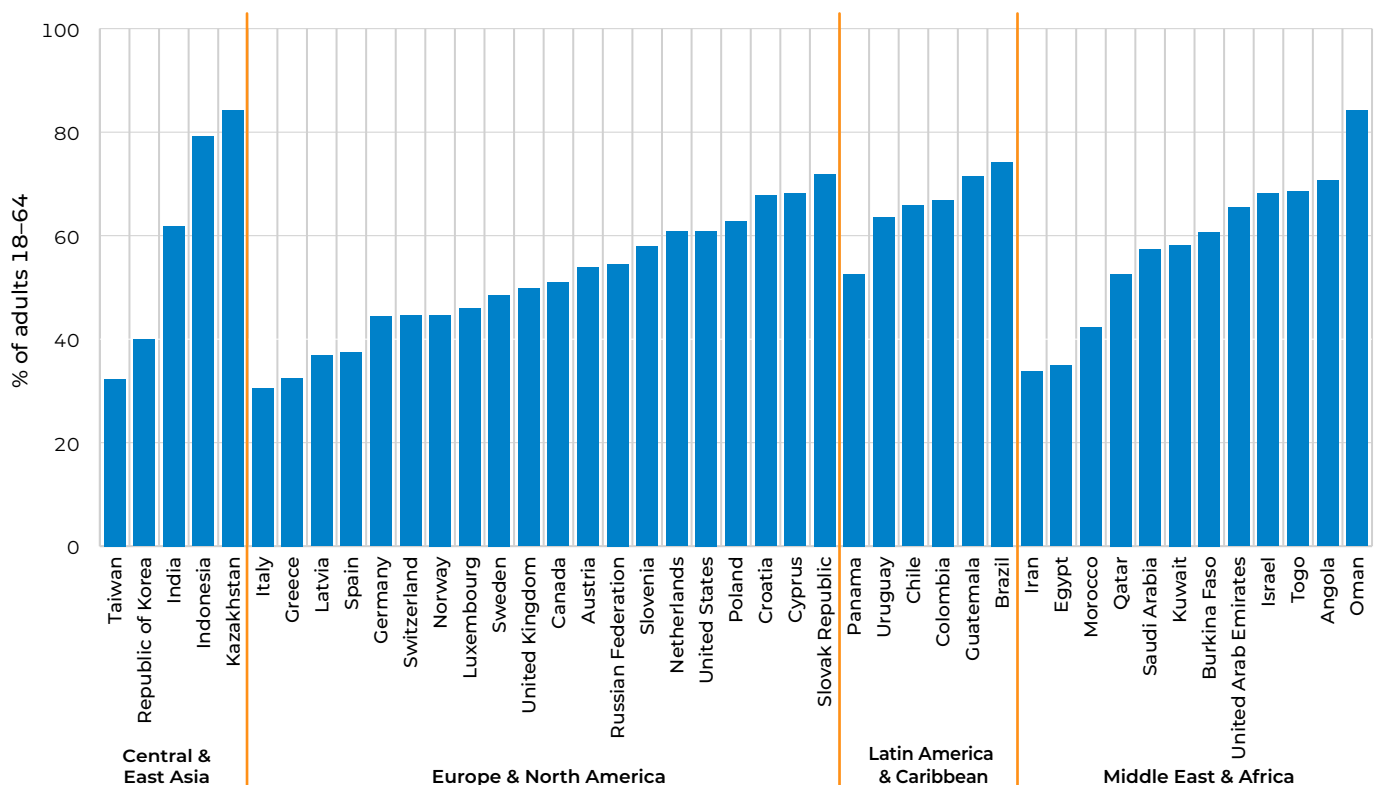


FIGURE 2.1
Knowing someone who has started a business in the past two years (% of adults aged 18-64)

Figure 2.1 shows the percentage of adults³ in each economy who personally know someone who has started a business in the past two years. This is highly variable, both within and between global regions. In Middle East & Africa, those personally knowing an entrepreneur ranged from one in three adults in Iran to more than four out of five in Oman. There is similar variation in Central & East Asia, from one in three in Taiwan to more than four out of five in Kazakhstan, but less variation in Latin America & Caribbean, from one in two in Panama to almost three out of four in Brazil. Finally, just three out of 10 adults in Italy personally know someone who has started a business in the past two years, compared to more than seven out of 10 in the Slovak Republic.

The APS also enquired as to whether respondents knew someone who had started a business in 2020 as a result of the pandemic, and, separately, if they knew someone who had stopped owning and managing a business due to COVID-19. The results of those two questions are set out side by side in Figure 2.2. The first (orange) column shows the percentage of adults knowing

someone who has started a business as a result of the pandemic, while the second (blue) column is those knowing someone who had stopped a business due to the pandemic.

Across all global regions, but especially outside of Europe & North America, a high proportion of adults report knowing someone who had started a business because of the pandemic. In all of the Latin America & Caribbean GEM participating countries except Uruguay, more than half of adults know someone who has started a business as a result of the pandemic, as they do in Indonesia, Angola, Oman and India. Less than one in 10 adults know someone who had started a business as a result of the pandemic in nine economies: seven from Europe & North America and two from Central & East Asia. These are extraordinary variations, and appear to be much greater than the variations in knowing an entrepreneur, shown in Figure 2.1. While the causes of this variation are as yet unknown, potential explanations include national culture (with, for example, all but one country from the Latin America & Caribbean region in the high proportion group), the availability or absence of income support systems, and overall average levels of income (since all of the lowest proportions [except Kazakhstan] are in high-income economies).

³ Recall that strictly these are working-age adults (18-64). The term adults is used for brevity in the text.

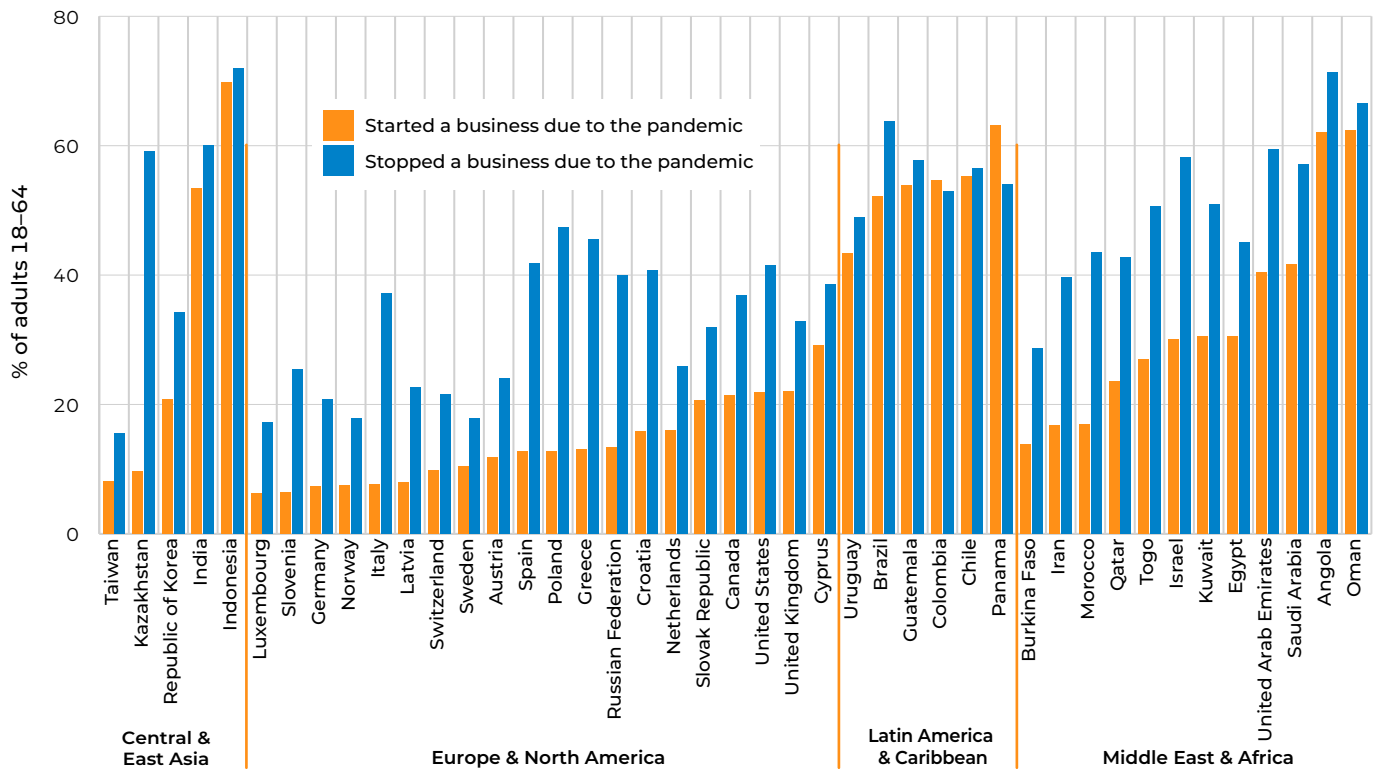


FIGURE 2.2

Knowing someone who has started, or stopped, a business due to the pandemic (both % of adults aged 18–64)

The second (blue) columns of Figure 2.2 show the proportions of adults knowing someone who has stopped a business due to the pandemic. Levels are generally higher than for knowing someone who started a business due to the pandemic: only two economies (Panama and Colombia) have higher proportions of adults knowing someone who had started a business because of the pandemic than those knowing someone who had stopped a business for the same reason. In 15 economies, all of them outside of Europe & North America, over half of adults know someone who has stopped a business due to the pandemic, reaching more than seven out of 10 adults in Angola and Indonesia. By contrast, less than half of adults in every economy in Europe & North America knew someone who had stopped a business as a result of the pandemic. Knowing someone who has stopped a business due to the pandemic depends on the numbers actually doing so, their visibility in the local community, and the perception or presumption that the pandemic was the cause.

In comparing the proportion of adults knowing someone who had stopped a business due to the pandemic to those knowing someone who has started a business, Indonesia had seven out of 10 adults in both groups, while Oman had more than six out of 10 in both. Taiwan, at the other end of the scale, had just one in six adults knowing someone who had stopped a business due to the pandemic, and just one in 12 knowing someone who had started one.

The contrast between regions can be highlighted by the ratio of the two percentages. Across the Latin America & Caribbean region, levels of knowing stoppers and starters are broadly similar, with the ratio ranging from 0.9 to 1.2. Outside of Europe & North America, only three economies – Iran, Morocco and Kazakhstan – have ratios higher than two. Within Europe & North America, 15 out of 20 economies have a ratio of more than two to one, with the highest being Italy, Poland and Greece. In Italy, an adult is nearly five times more likely to know someone who has stopped a business as a result of the pandemic as opposed to starting a business.

Philip Ammerman (Cyprus)

Business: Philip Ammerman is an entrepreneur and investment advisor, focusing on tech investments. He is the founder of Numenor Capital Partners, the Navigator Consulting Group and others. In 2010, he committed to investing in, supporting or founding one startup per year between 2010 and 2020. Last year, this commitment was extended to 2030.

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

The pandemic has taught me many lessons, particularly around patience, better communications and compassion.

One of my strengths is my ability to identify and react to opportunities and emerging trends. One of my weaknesses is ensuring that everyone on my team is adequately informed of risks and opportunities. During COVID, we hired a Strategy and Marketing Director who communicates key aspects of our business. The results have been invaluable.

In 2019, we were really working extremely fast. During last year’s lockdown, I took time to stop, think and reprioritize. Moving forward, we have sharpened and improved our strategic management and marketing processes through better reporting, procedures and decision making. We are extending this to other areas of our business.

Aspirationally, COVID has confirmed for me the need to contribute, share and inspire.



Small things include making a daily unsolicited phone call to a family member, friend or business contact to check on their well-being. For example, I called a retired consultant in Milan whom I had first met in 1999. I wanted to know how he was and whether he needed any help in getting through the lockdown. It was our first non-business phone call and it was a beautiful moment.

Larger things include charity: in 2020, I contributed more than my entire salary to families in need and other causes. I had a very good year in 2019, and felt that I should support other people in real need as much as possible.

2.3 OPPORTUNITIES AND INTENTIONS

The variation in the proportion of adults knowing someone who has started a business due to the pandemic may reflect both the level of new starts in a particular economy and how widely information about those starts is shared. The level of new starts may be influenced by perceptions of how easy it is to start a new business. The APS asks respondents whether they agree with the statement “in your country, it is easy to start a new business”. The proportion

of adults agreeing (or strongly agreeing) is set out in Figure 2.3.

In six of the 43 participating economies, more than three out of four adults agree or strongly agree that it is easy to start a business in that country, peaking at more than nine out of 10 in Saudi Arabia. Of the other economies, four are in Europe & North America and one in Central & East Asia. None is from the Latin America & Caribbean region. However, there are also two economies

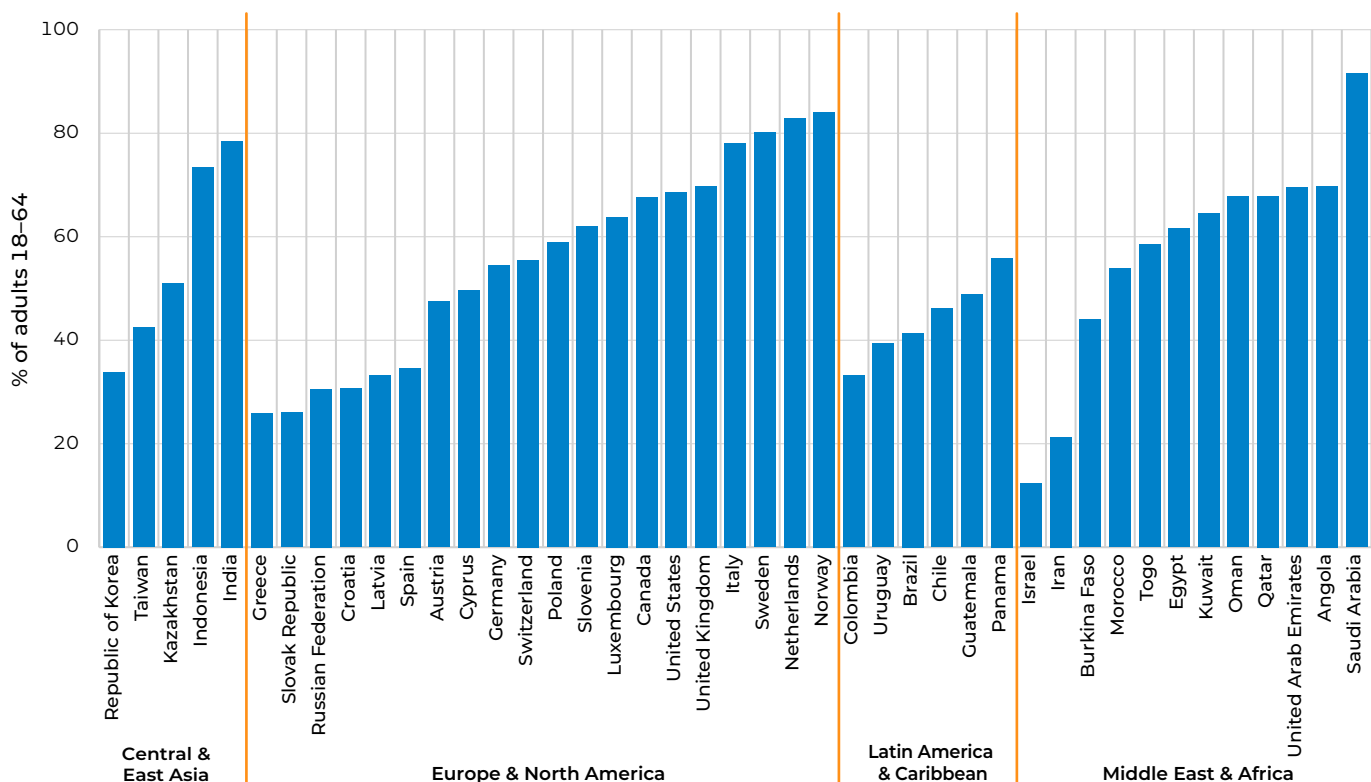


FIGURE 2.3

“In my country, it is easy to start a business”
 (% of adults aged 18–64 agree/strongly agree)

— Israel and Greece — where just one in four adults or less agree or strongly agree that it is easy to start a business.

If Figure 2.3 is compared to Figure 2.2, none of the Europe & North America economies with more than two-thirds agreeing it is easy to start a business is among the economies with high proportions knowing someone starting a business due to the pandemic — in contrast to Indonesia where seven out of 10 consider it is easy to start a business and a similar proportion know someone starting a business due to the pandemic, and to Oman, where both proportions are well over three out of five. Of the eight economies with less than one in three adults agreeing it is easy to start a business, five have less than a fifth of adults knowing someone who has started a business due to the pandemic.

The ability to spot opportunities is an important characteristic of the successful entrepreneur. Spotting those opportunities requires both observational awareness and the imagination to be able to compare what exists to what could be. High proportions of adults claiming that there are good opportunities to start a business may be the product of high levels of economic and social change in that economy and/or high levels of awareness. Figure 2.4 shows

that, in 2020, for eight of the 43 economies, more than two out of three adults agree there were good opportunities to start a business, all in the Middle East & Africa or Central & East Asia regions. There are eight economies in which one in three adults or less agree there are good opportunities to start a business: six in Europe & North America, plus Israel and Iran.

Notwithstanding the interpretational difficulties noted in Chapter 1, Figure 2.5 compares the proportions of adults agreeing that there are good opportunities to start a business in 2019 against the figures for 2020 for the 35 economies participating in the GEM APS in both years. There is considerable variation in the results. In 26 of the 35 economies, the proportion of adults who agree there are good opportunities to start a business fell between 2019 and 2020. For nine economies it actually increased, including by more than a third in Italy and by more than a quarter in Saudi Arabia and Brazil. Conversely, the proportion of adults agreeing they saw good opportunities to start a business fell by three-quarters in Iran and by around a half in Israel, Cyprus and Spain.

The intention to start a business can be an important indicator of the level of entrepreneurial ambition in an economy, as well as a potential leading indicator for early-stage entrepreneurial

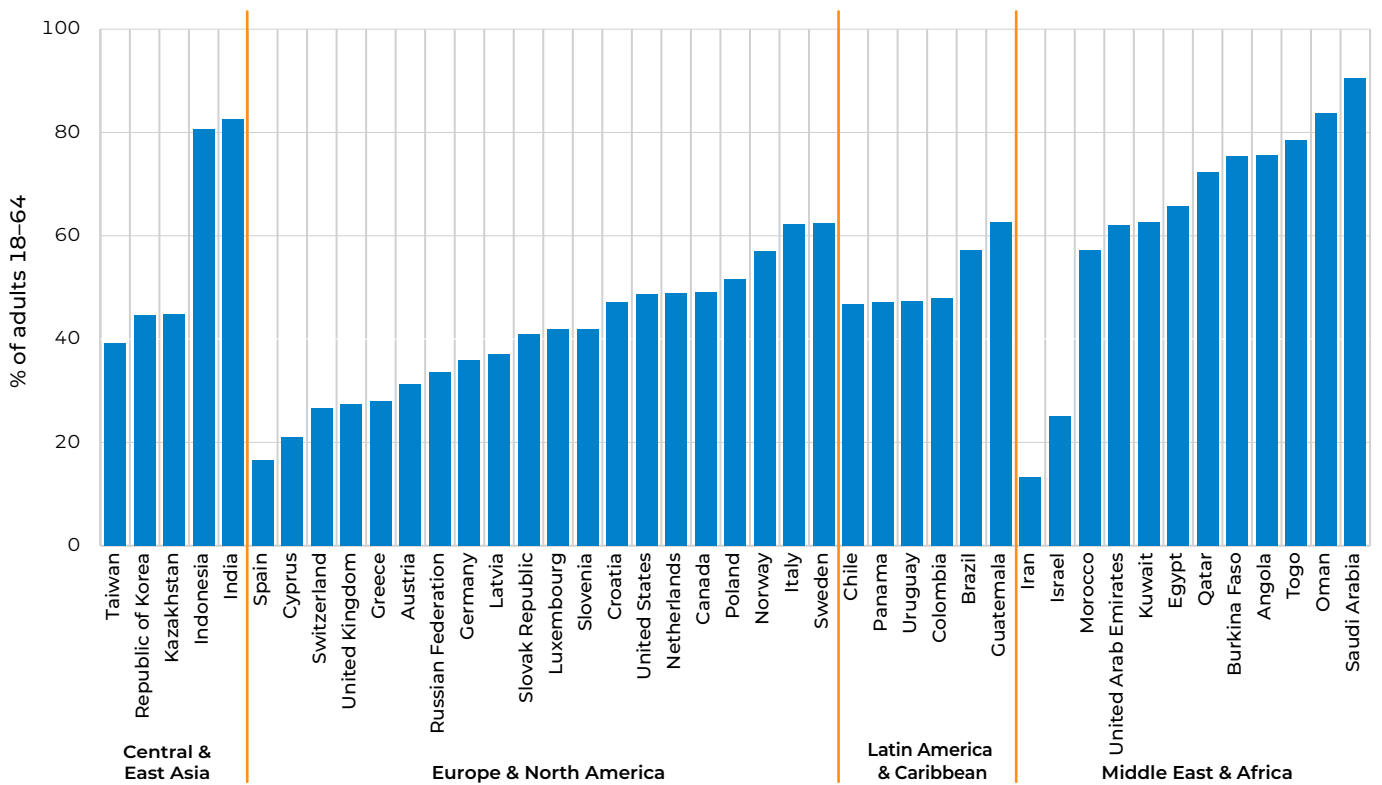


FIGURE 2.4 “There are good opportunities to start a business in the area where I live” (% of adults aged 18–64)

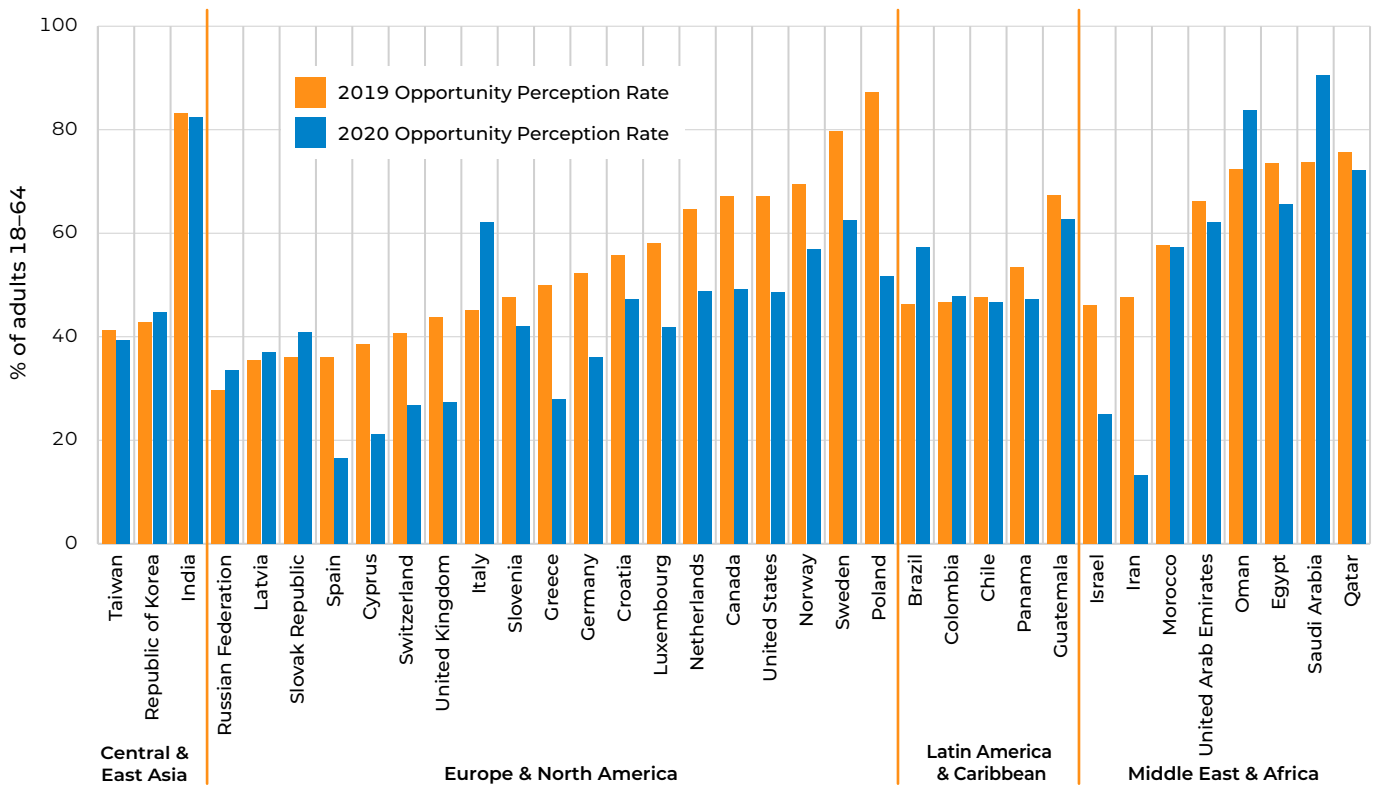


FIGURE 2.5 “There are good opportunities to start a business in the area where I live” (% of adults aged 18–64), 2019 compared to 2020

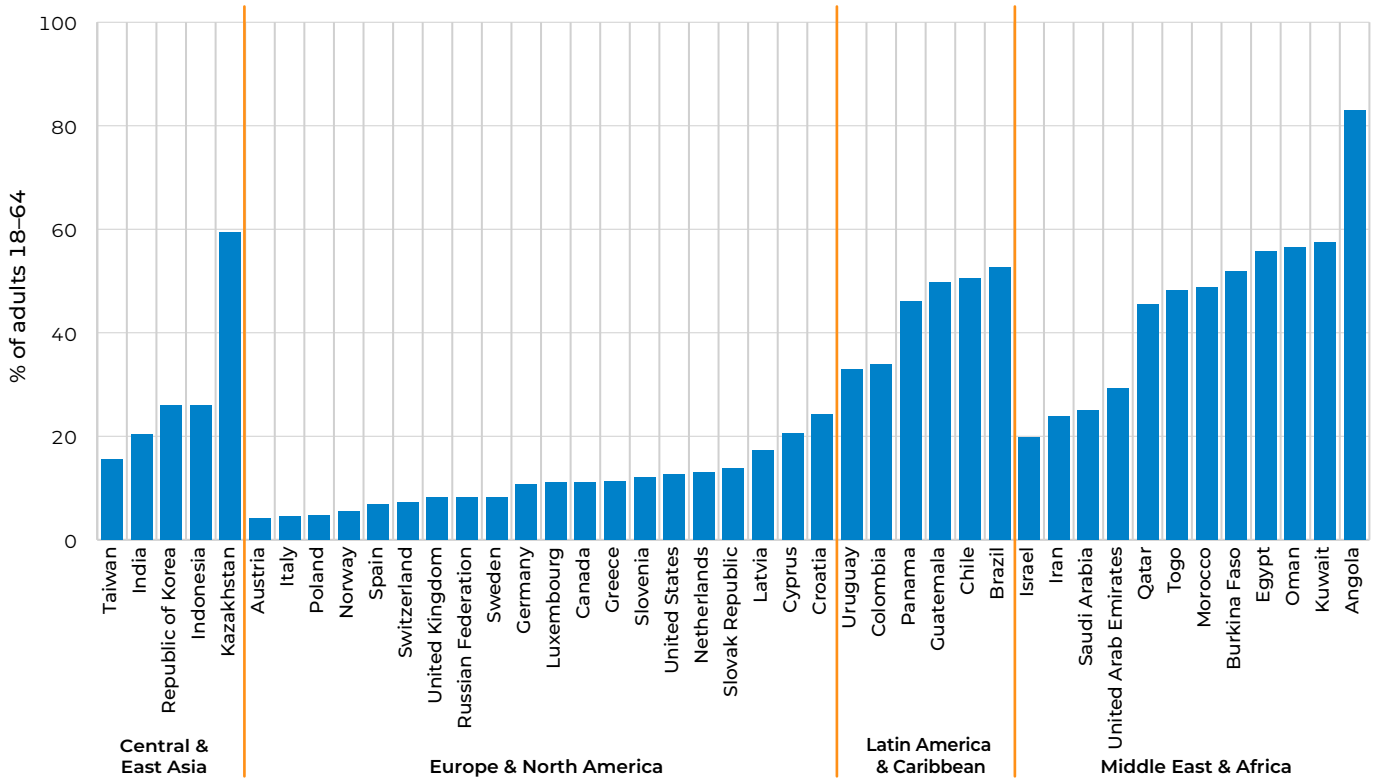


FIGURE 2.6 “Are you expecting to start a business in the next three years?” (% of adults aged 18–64 agree)

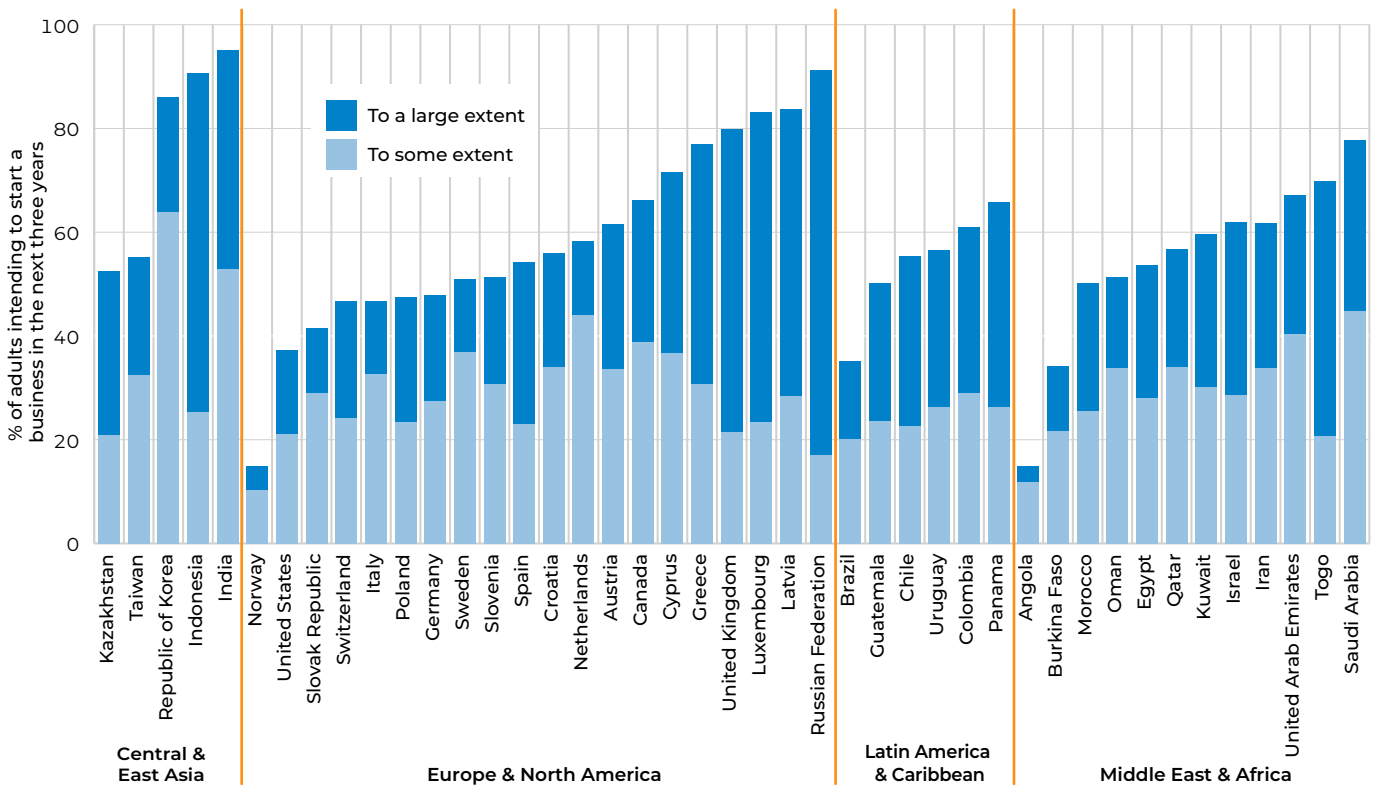


FIGURE 2.7 To what extent is this expectation to start a business influenced by the pandemic: “to some extent” and “to a large extent” (both % of adults intending to start a business in the next three years)

activity. Figure 2.6 illustrates the proportion of adults intending to start a business in the next three years. More than four out of five adults in Angola intend to do so, with more than one in two in another three Middle East & Africa economies, and two from the Latin America & Caribbean region, plus Kazakhstan. Start intentions are much lower in Europe, reflecting weaker entrepreneurial cultures, with less than one in 10 expecting to start a business in the next three years in nine European economies.

In the 2020 APS, GEM delved further into the expectations to start a business in the next three years. Intending starters were asked to what extent that expectation is influenced by the pandemic. The results are provided in Figure 2.7,

showing, for each economy both the percentage of intending starters responding “to some extent” and those replying “to a large extent”. For five economies, the pandemic appears to have had little influence on intention to start a business, with two out of five adults or less reporting some influence in Angola, Burkina Faso, Brazil, Norway and the United States. Conversely, for 32 of the 43 economies, over half of adults reported that the pandemic had influenced their intention to start a business, including over nine out of 10 adults in India, Indonesia and the Russian Federation. This influence could reflect new opportunities due to the pandemic and the response to it, or diminishing prospects for employment.

2.4 KNOWLEDGE AND FEARS: SELF-PERCEPTIONS

While intentions and opportunity perceptions are important to the aspiring entrepreneur, turning those intentions into a new business requires confidence in your own abilities, as well as the courage to overcome the possibility of failure intrinsic to any new business venture. The APS asks respondents whether they agree that they have the skills, knowledge and experience to start a new business,⁴ as well as whether they agree that they would not start a business for fear it might fail. The results of these questions are set out in Figures 2.8 and 2.9. Of course, a respondent agreeing that they have the skills and knowledge to start a business may simply mean that they underestimate the ability needed, or overestimate themselves. Conversely, agreeing you do not possess that ability may be to overestimate those needs, or to underestimate yourself. There may also be different notions of what starting a business entails.

In all 43 economies participating in the APS, more than one in three adults agree that they have the knowledge, skills and experience to start a new business, although with some

variation above this across global regions. For example, the rate in Israel, at 38%, is substantially lower than the other Middle East & Africa economies, all of which exceed one in two adults, reaching more than four out of five in Angola, Burkina Faso, Togo and Saudi Arabia. Nor are adults in the Central & East Asia economies short of confidence, with those agreeing they have the knowledge, skills and experience rising from two out of five in Taiwan to four out of five in India. This proportion exceeds more than one in two across all the Latin America & Caribbean economies. Confidence levels across Europe & North America are generally lower. In six economies, less than one out of two agree they have the knowledge, skills and experience to start a new business. Note the difference in the scale of the vertical axes between Figures 2.8 and 2.9.

Over half of those who see good opportunities would not start a business for fear it might fail in six economies: India, Spain, Greece, Croatia, Canada and Saudi Arabia. In contrast, the proportion of adults who see good opportunities but would not start for fear of failure is less than one in four in Iran, the Republic of Korea, Kazakhstan and Indonesia.

⁴ Adults with strong self-efficacy beliefs will be more likely to pursue new business opportunities even in adverse environments. This chapter provides insights into the alertness to new opportunities and self-efficacy beliefs. See Boudreaux, C.J., Nikolaev, B.N., & Klein, P. (2019). Sociology-cognitive traits and entrepreneurship: The moderating role of economic institutions. *Journal of Business Venturing*, 34(1), 178–96. <https://doi.org/10.1016/j.jbusvent.2018.08.003>

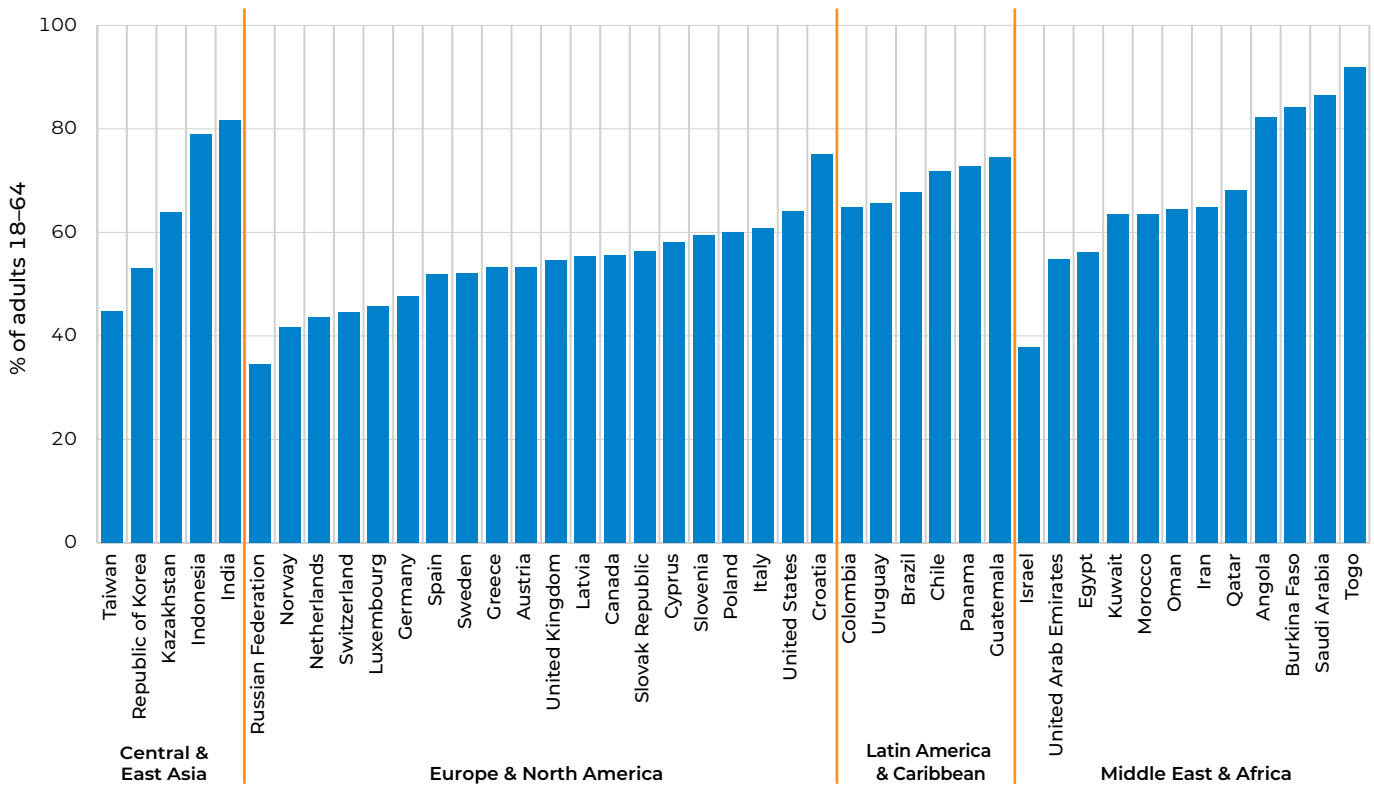


FIGURE 2.8 “You personally have the knowledge, skills and experience required to start a business” (% of adults aged 18-64)

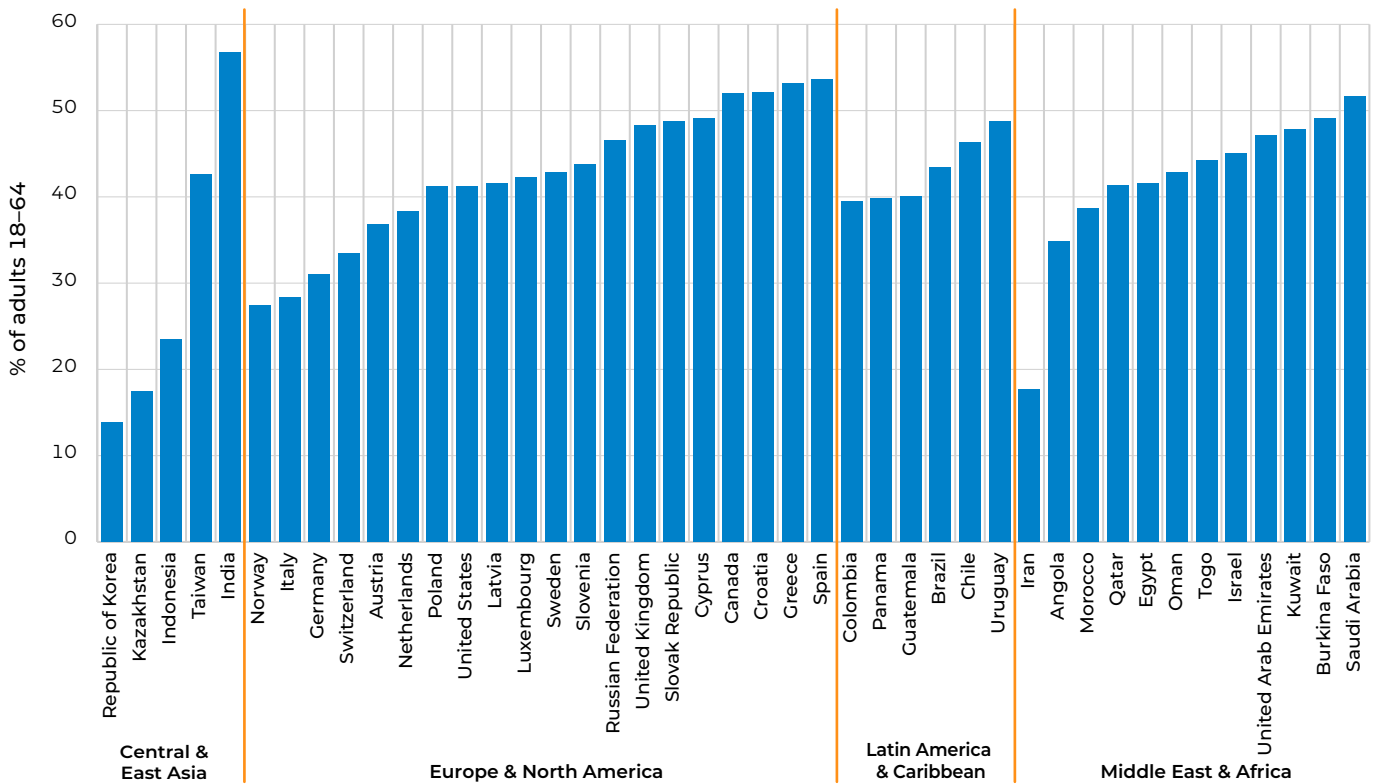


FIGURE 2.9 “You see good opportunities, but would not start a business for fear it might fail” (% of those seeing good opportunities)

2.5 CONCLUSIONS

There was considerable variation in the proportion of adults who see good opportunities to start a business in their area in 2020, ranging from less than one in four in Israel to more than nine out of 10 in Saudi Arabia. However, compared to 2019, this proportion had fallen in over two-thirds of the GEM economies. One new question in 2020, in particular, focused on whether individuals know someone who has stopped a business due to the pandemic, and, separately, whether they know someone who has started a business because of the pandemic. While in general more people know someone who stopped rather than started a business, levels of the latter are still surprisingly high in many economies, especially outside of Europe &

North America. In two economies, Panama and Colombia, an adult is more likely to know someone who has started a business because of the pandemic than to have stopped a business for this reason. This is in contrast to Italy, for example, where an individual is almost five times more likely to know someone who had stopped a business as a result of the pandemic than to have started one.

This chapter provided strong evidence of the impact, mostly negative, of the pandemic on attitudes, expectations and intentions, and shown considerable diversity in these impacts between economies. This diversity may be related to context, and especially the support (or lack of support) in mitigating the economic impacts of the pandemic in specific economies.

ENTREPRENEUR HIGHLIGHT

Hetika Shah (India)

Business: 4S Shield manufactures and sells nanofibre-based virus-protective sustainable products, including state-of-the-art face shields and masks for front-line COVID workers. It is a first-of-its-kind company in India, providing the highest protection to all sensory organs. Hetika, a student at the Entrepreneurship Development Institute of India, recently won the coveted “SheThePeople Digital Women Award” in 2020.

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

Every situation is an opportunity to work hard — success will follow your path. During the pandemic, I wanted to support the warriors on the front lines of combating COVID-19. Everyone is thinking about one’s self-interest; what about those helping us?

My original plan was related to industrial safety. But then, based on the situation, I started working on medical safety. I conducted a market survey to identify the pain points for front-line corona warriors. This informed the designing, developing and



certification of prototype face shields into production and delivering it to the front-line workers.

I learned from this experience that we have to change ourselves to seize opportunities. We also have to continuously put forth 100% effort. It will lead to good outcomes.

The Level of Entrepreneurship in 2020

3.1 INTRODUCTION

While attitudes and perceptions, surveyed in the previous chapter, are important influences on entrepreneurship, it is ultimately entrepreneurial activity — the process of starting and running a business — that creates jobs and incomes and thus added value for business and society. This chapter will show that, according to the results of the 2020 Adult Population Survey (APS), entrepreneurial activity varies considerably, both within and between global regions, with important consequences for each economy. Economies with relatively low levels of entrepreneurial activity are missing out on a whole range of positive effects, from incomes and job creation to innovation and productivity growth.

This variation between economies is not just in overall levels of entrepreneurial activity but also in the nature of that activity. Recall that GEM defines and measures entrepreneurship very carefully and specifically. Key measures include:

- Those starting or running a new business, or Total early-stage Entrepreneurial Activity (TEA), measured as a percentage of the adult population (% adults);
- Those running an established business, or Established Business Ownership (EBO) (% adults);

- Those starting or running a business on behalf of their employer, or Entrepreneurial Employee Activity (EEA, % adults).

This chapter will consider each of these in turn, as well as the distribution of early-stage entrepreneurship by sector. It will then present results on whether the new business is independent or sponsored through shared ownership, usually with the individual's employer. It concludes with an assessment of business exits, the opposite end of the entrepreneurial pipeline, and whether those exits have changed as a result of the pandemic.

In this strangest of periods — owing to the 2020/21 global pandemic — this chapter will also compare levels of early-stage and established business for those 35 economies participating in the APS in both 2020 and 2019, in order to provide some insight into the impact of the pandemic on both new and existing businesses. The 2020 APS included some new questions about the effects of the pandemic, including whether those running new or established businesses consider that there are new opportunities as a result of the pandemic. Results for this question are outlined below.

3.2 ENTREPRENEURIAL ACTIVITY IN 2020

Figure 3.1 charts, for the 43 economies participating in the APS in 2020, both the level of TEA, and the level of EBO, each as a percentage of the adult population.¹ Three of those economies — Italy, Poland and Germany — have one in 20

adults or less starting or running a new business in 2020, signifying a relatively low level of entrepreneurial culture in those economies. At the other end of the scale, one in two adults in Angola, and around one in three adults in Togo, Panama and Colombia, are starting or running a new business.

¹ Previous studies have shown empirical insights into the decisive impact of context on entrepreneurship prevalence and nature. See 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>

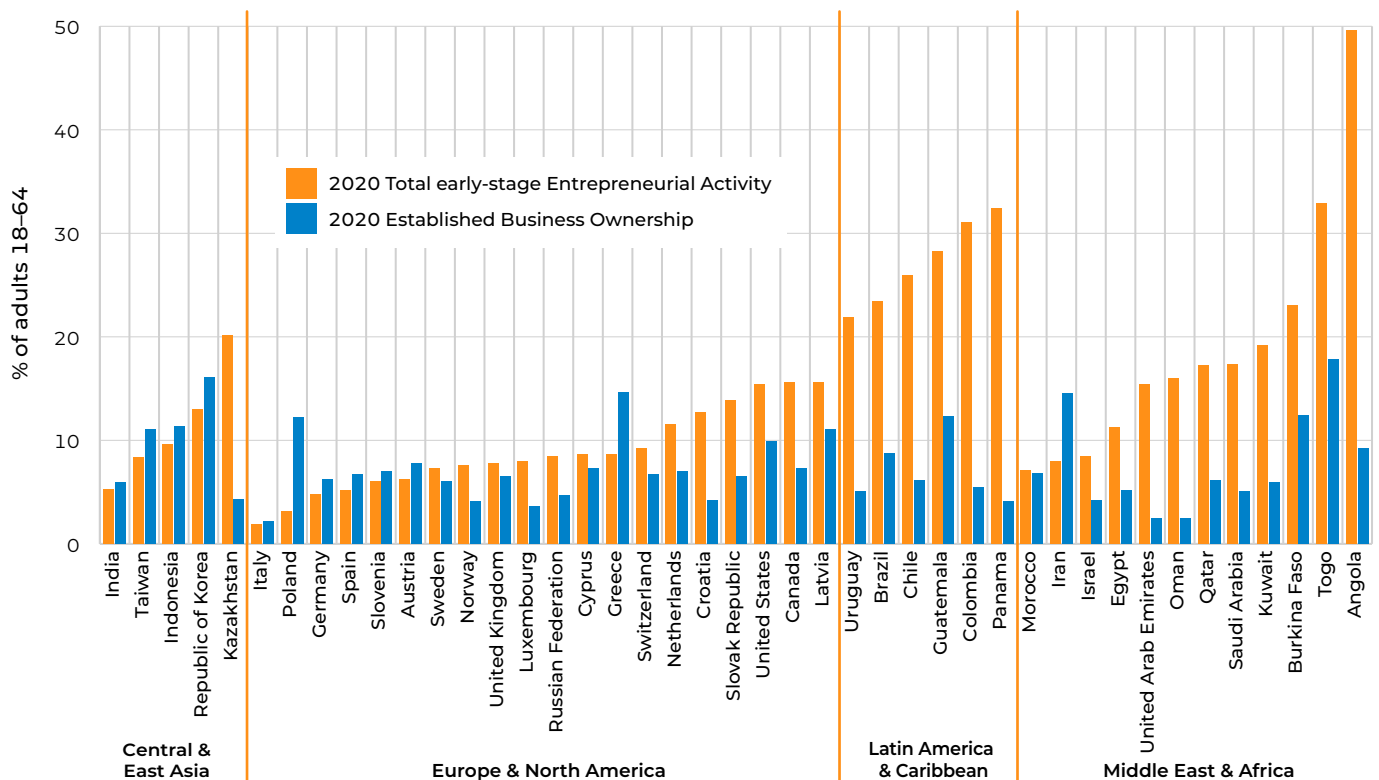


FIGURE 3.1
Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) (both % of adults aged 18–64, 2020)

All of the six participating economies in the Latin America & Caribbean region have at least one in five adults starting or running a new business. Europe & North America have the lowest levels of early-stage entrepreneurship, with 14 of their 20 economies having less than one in 10 adults starting or running a new business. The Middle East & Africa region is the most varied in terms of early-stage entrepreneurship, ranging from one in 14 adults in Morocco to one in two in Angola. Finally, the proportion of adults starting or running a new business in Central & East Asia ranges from one in 20 in India to one in five in Kazakhstan.

There are many reasons for these variations, from the lack of national entrepreneurial culture to the dearth of alternative employment opportunities, and from the presence (or absence) of social security systems to the strengths and weaknesses of local entrepreneurial ecosystems.

While starting or running a new business is rarely easy, neither is sustaining that business into the longer term, and this evidence indicates that many fail to make that transition. Established businesses are very important in any economy, providing stable jobs and incomes by continuing to produce the goods and services that people want, need and buy. Figure 3.1 shows that the

level of EBO across the 43 economies in 2020 is much less varied than TEA.

Ten of these economies have less than one in 20 adults owning and managing an established business, including Italy with just one in 40. All of the four global regions are represented in this group. Conversely, 11 economies have one in 10 adults or more owning and managing an established business, again with all four regions represented, including three out of five Central & East Asia economies. The highest level is in Togo, with just under one in five adults owning and managing an established business.

Having a high proportion of adults starting and running a new business relative to those running an established business may indicate a dynamic, growing economy, so that high levels of new starts have not yet translated into established businesses, or it might suggest difficulty in sustaining those new businesses. However, a low ratio of new to established businesses may in turn suggest difficulty in starting a business, and future problems in replenishing the stock of established businesses, or there may just be little incentive to start a business but more support for sustaining businesses.

In 2020, 12 of the 43 economies have fewer adults starting or running new business

than owning and managing an established business, including four of the five Central & East Asia economies, seven economies from

Europe & North America, just one from Middle East & Africa and none from Latin America & Caribbean.

3.3 INCOMES AND ENTREPRENEURIAL ACTIVITY

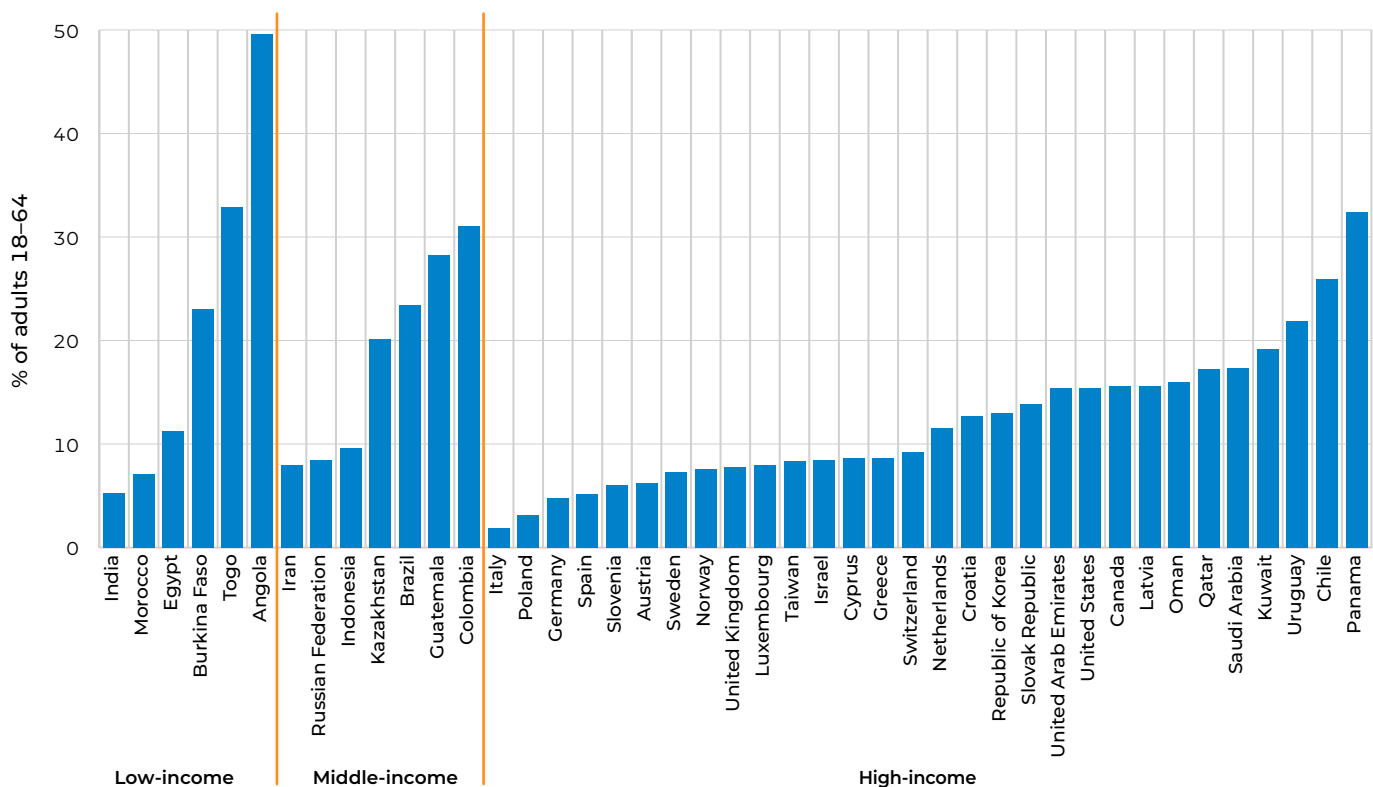
The relationship between income levels and rates of entrepreneurial activity is inevitably complex,² both within and between economies. High-income economies, like high-income individuals, usually have more opportunities, as well as better access to the resources needed to grasp those opportunities. On the other hand, in a high-income economy starting your own business may have a high opportunity cost, in terms of

employment salary foregone, while social security systems may break the direct link between work and incomes. Low-income economies, like low-income individuals, are likely to have fewer alternative sources of earnings, so that working for yourself may be an economic necessity.

Figure 3.2 plots the level of early-stage entrepreneurship by economy, with these economies arranged into the three income groups. There is no clear association between income group and early-stage entrepreneurial activity, with less than one in 10 adults starting and running a business in two of the low-income economies, three of the middle-income economies, and 15 of the many more numerous high-income economies. While four of the five highest levels of entrepreneurial activity are in low- or middle-income economies, one high-income economy (Panama) is also in that group, with another (Chile) not far behind.

² The majority of studies have analysed the relationship between income distribution and entrepreneurship using macroeconomic indicators. One advantage of the GEM individual-level data set is that it includes the adults' household income. See Matos, S., Hall, J., Bachor, V., & Silvestre, B.S. (2018). Low vs high income entrepreneurial households: Heterogeneous response to common institution environment in developing countries. In A. Presenza and Lorn R. Sheehan, *Geopolitics and Strategic Management in the Global Economy*, 242–60. Henley, PA: IGI Global.

FIGURE 3.2
Total early-stage Entrepreneurial Activity (TEA) grouped by income level (% of adults aged 18–64)



3.4 CHANGES IN ENTREPRENEURIAL ACTIVITY³

As 2020 developed, so too did the spread of COVID-19, with the World Health Organization⁴ declaring a worldwide pandemic on 11 March 2020, meaning that the virus had spread worldwide. Within a few months, many economies were in lockdown, with international travel restricted or banned and many shops, restaurants and hotels closed. In addition, people were increasingly encouraged to work from home, leading in many countries to a rapid decline in commuting as city centres emptied. Home deliveries boomed, both from online shopping and from a sharp rise in takeaway food deliveries. Many established businesses were hit hard, as orders drained away, and many new businesses were inevitably stillborn as markets evaporated. At the same time, new opportunities emerged, with an initial and ongoing massive consumer demand for sanitizing products and protective personal equipment, followed rapidly by demand for online education and entertainment, then for online sales.

In the midst of this economic, social and health turmoil – and since entrepreneurs spot opportunities – entrepreneurship has responded to these shifts. In Chapter 2, it was noted that, in many economies, almost as many people knew someone who had started a business as a result of the pandemic as those who knew someone who had stopped a business for the same reason. This section compares levels of TEA in 2020 to 2019, and will do the same with EBO, as outlined in Figures 3.3 and 3.4 for the 35 economies that participated in the APS in both years. Recall that in Chapter 1 it was made clear that entrepreneurial activity levels sometimes fluctuate year by year, so not all of the following changes can be attributed to COVID-19.

³ Although entrepreneurship literature has shown mixed results for the external shake-out effects (e.g. economic recessions, pandemic, natural disasters) on entrepreneurship, a few studies have shown pro-cyclical entrepreneurship trends during the last financial crises. See González-Pernía, J.L., Guerrero, M., Jung, A., & Pena-Legazkue, I. (2018). Economic recession shake-out and entrepreneurship: Evidence from Spain. *BRQ Business Research Quarterly*, 21(3), 153–67. <https://doi.org/10.1016/j.brq.2018.06.001>

⁴ See <https://www.euro.who.int/en>

ENTREPRENEUR HIGHLIGHT

Francisco Valencia (Mexico)

Business: Prothesia is a startup specialized in digital production of personalized medical devices. It is based on a technology system that allows health services personnel to 3D-scan patients with a smartphone and build highly tailored devices using artificial intelligence tools and 3D printing.



What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

The primary question is: what will really be the “new normal”? Silicon Valley is moving to “the cloud” and the world is much more adapted to remote work. In this context, companies will witness the full digitalization, democratization and demonetization of their industries.

We have learned to adapt quickly, sometimes putting ourselves in uncomfortable situations. The only way to survive and grow continually is by doing experiments and learning from them. We are increasingly planning to exercise the skills of non-stop learning and change in the following years. This is just the beginning.

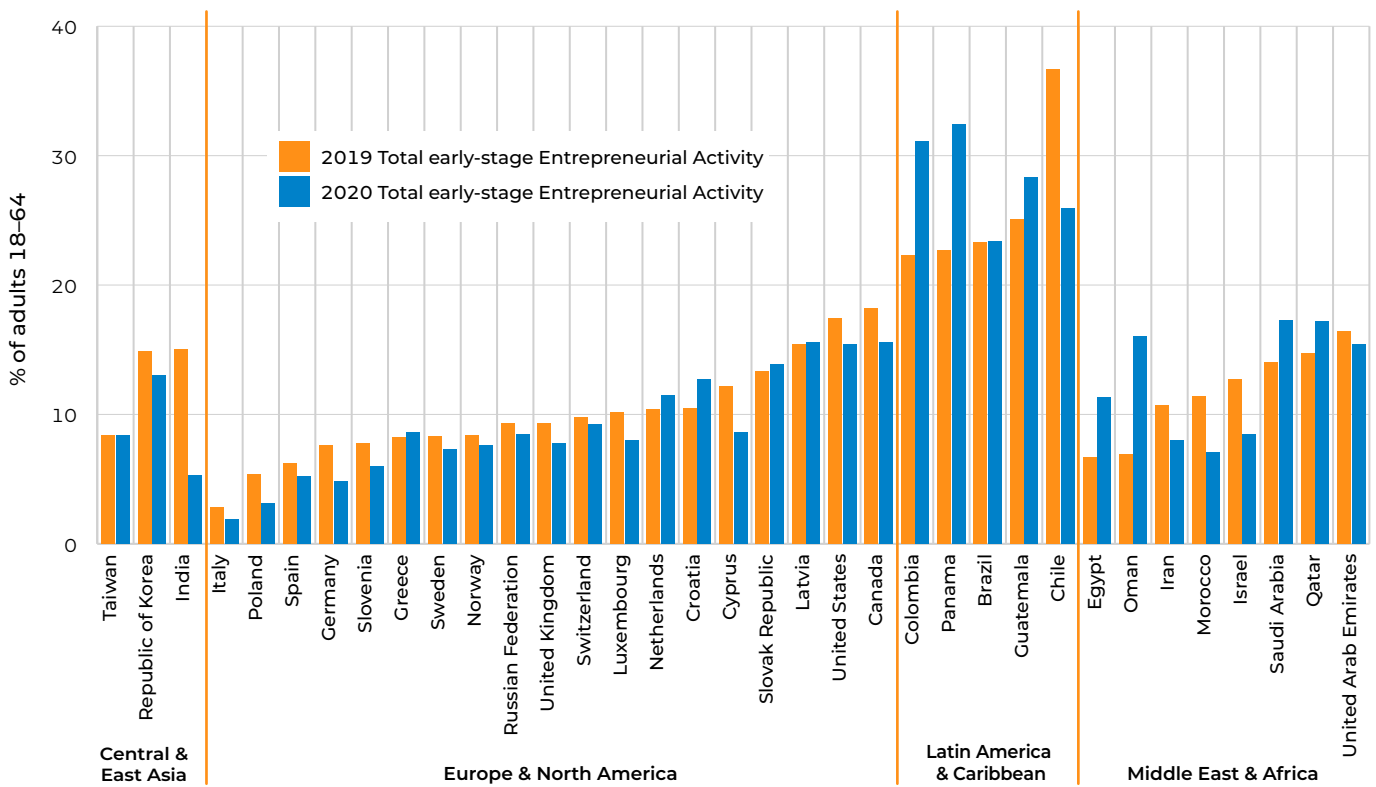


FIGURE 3.3 Levels of Total early-stage Entrepreneurial Activity (TEA), 2019 and 2020 (% of adults aged 18–64)

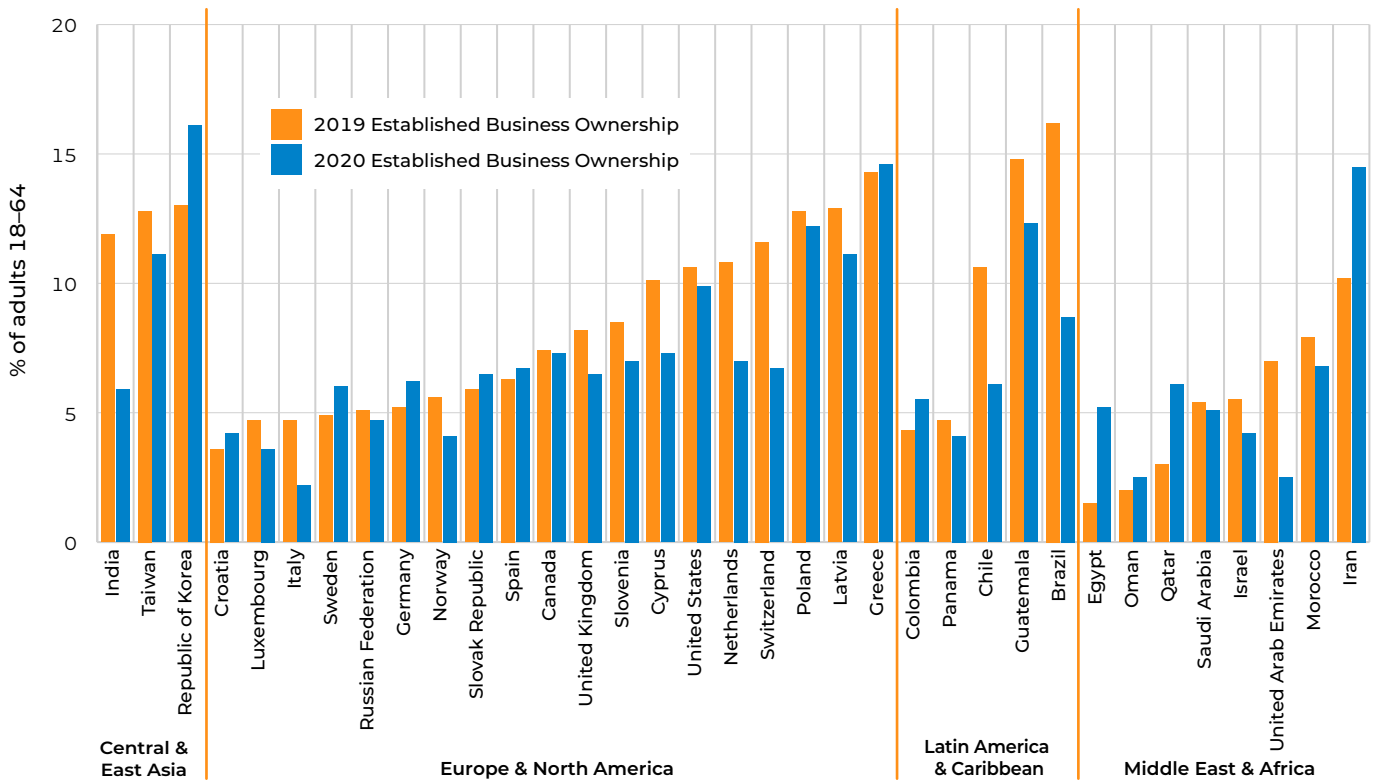


FIGURE 3.4 Levels of Established Business Ownership (EBO), 2019 and 2020 (% of adults aged 18–64)

Figure 3.3 is a study in contrasts. Of the 35 economies, 21 saw a fall in TEA between 2019 and 2020. While many of these falls were modest, others were much more dramatic. Early-stage entrepreneurial activity fell by more than a quarter in nine economies: four from Europe & North America, two each from Middle East & Africa and Central & East Asia, and just one from Latin America & Caribbean. Most of these economies already had relatively low levels of early-stage entrepreneurial activity, with just one (Chile) having more than one in 10 adults starting or running a new business in 2020.

However, over the same period, 14 economies actually saw an increase in TEA, including four economies in which early-stage entrepreneurial activity increased by more than a quarter. These were Oman, Egypt, Panama and Colombia.

So, early-stage entrepreneurial activity presents a very mixed picture over the 2019/20 period. There may be some association with income level: of the 21 economies experiencing a fall in TEA, 18 are categorized as high-income, while of the four economies in which TEA increased by more than a quarter, three were low-income or middle-income. This may suggest that many people may have turned to starting a business to try to generate an income, particularly in low-income economies.

Turning to EBO, Figure 3.4 compares levels in 2020 to one year earlier. This, like early-stage

entrepreneurship, presents a mixed picture, with levels of EBO falling in 23 economies but rising in 12.

Fluctuations in the levels of those starting a business can be expected to accompany any economic shock: falls in the proportion of adults running an established business, however, suggest that many of those businesses may have ceased to trade. For eight of the 23 economies experiencing a fall in EBO in 2020, that fall was at a level of more than a quarter, including three economies in which the percentage of adults reporting that they own and manage an established business had more than halved in one year (United Arab Emirates, Italy and India). The other five were Brazil, Chile, Switzerland, Norway and the Netherlands. Later chapters will examine whether the proportion of adults exiting a business in these economies has correspondingly increased. Seven of these nine economies are high-income, and, while all four global regions are represented in this list, five are from Europe & North America.

Finally, while 12 economies experienced an increase in EBO between 2019 and 2020, most of these were modest. However, at a time when most economies were experiencing a fall in established businesses, in Qatar the level more than doubled – and, in Egypt, more than trebled – though both from a relatively low base.

3.5 ENTREPRENEURIAL ACTIVITY AND THE PANDEMIC

In the 2020 APS, both those starting or running a new business, and those owning and managing an established business, were asked some questions about the impacts of the pandemic. Those starting or running a new business were asked if they agreed or disagreed⁵ with the statement “The coronavirus pandemic has provided new opportunities that you want to pursue with this business”, while established business owners were presented with a similar statement: “The coronavirus pandemic has led to new business opportunities that are currently

being pursued in your business”. Results for both questions are summarized in Figures 3.5 and 3.6. In Figure 3.5, the lower (orange) portion of the column is the percentage of all adults both starting or running a new business *and* agreeing that there are new opportunities because of the pandemic. In Figure 3.6, the lower (orange) portion is the percentage of all adults both owning and managing a business *and* agreeing that the pandemic has led to new business opportunities. In each chart, the upper (blue) portion is the percentage of all adults involved in that entrepreneurial activity who do not agree with the statements.

By nature, those starting or running a new business are likely to be alert to new opportunities. However, in the Republic of Korea and in Burkina Faso less than one in 12 of those starting or running a new business agree there

⁵ Strictly, the response options were “strongly agree”, “somewhat agree”, “neither agree nor disagree”, “somewhat disagree” and “strongly disagree”. As in the previous chapter, in the following charts and text the proportion agreeing includes those who strongly agree or somewhat agree.

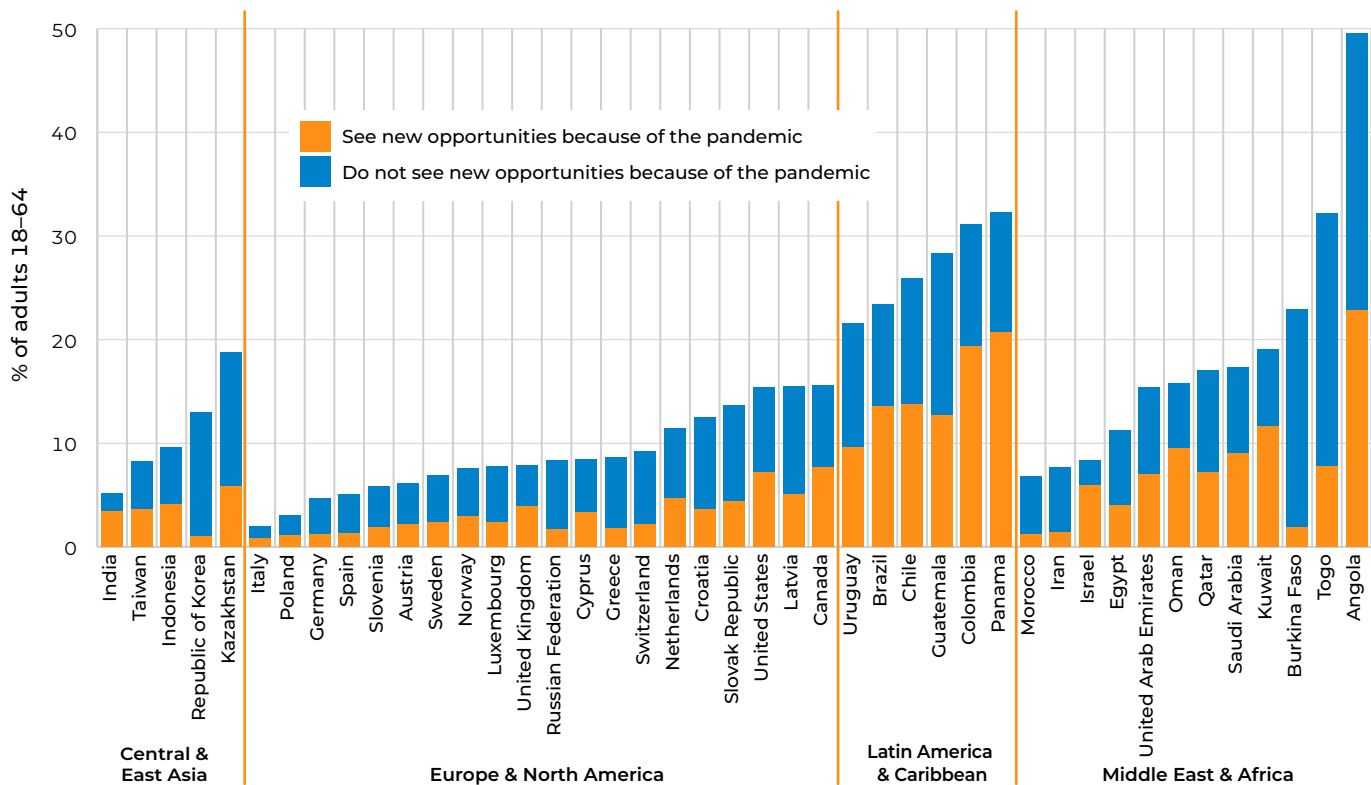


FIGURE 3.5 Levels of Total early-stage Entrepreneurial Activity (TEA), and those within this who agree there are new opportunities because of the pandemic, and those who do not (both % of adults aged 18–64)

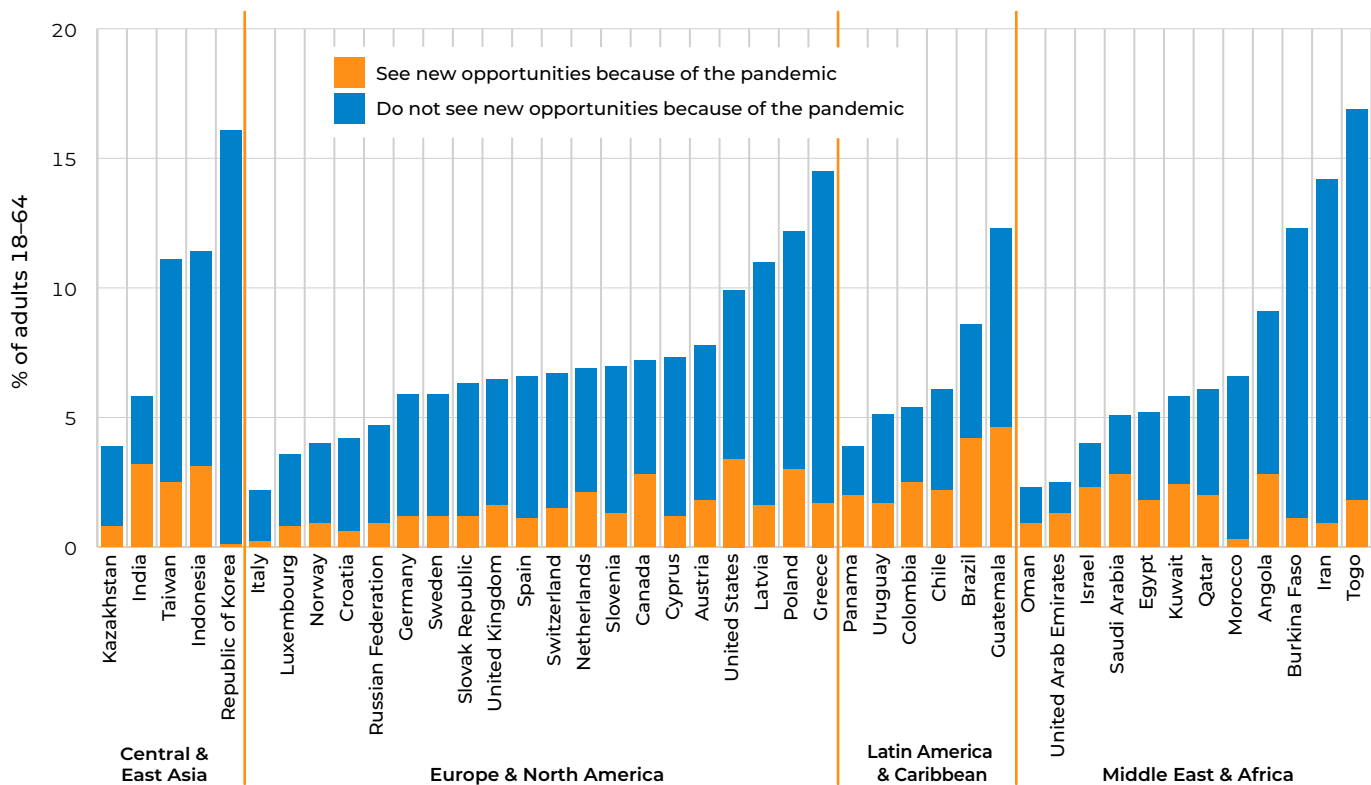


FIGURE 3.6 Levels of Established Business Ownership (EBO), and those within this who agree they see new opportunities because of the pandemic, and those who do not (both % of adults aged 18–64)

are new opportunities because of the pandemic, in stark contrast to the nine other economies in which over half of those starting or running a new business agree there are new opportunities because of the pandemic. Apart from India, all these economies are either in the Middle East & Africa or Latin America & Caribbean regions. None is from Europe & North America. These differences, as with others, may reflect the differential impact of the pandemic in different regions, with cases peaking in waves at different times.

Around one in five of all adults in Angola, Panama and Colombia are *both* starting or running a new business and agree that the pandemic has led to new opportunities they want to pursue, compared to less than one in 50 adults in 11 economies: seven from Europe & North America, three from Middle East & Africa and one

from Central & East Asia. None was in the Latin America & Caribbean region.

In general, fewer established business owners agree that the pandemic has led to new business opportunities than those starting or running a new business. Note also that the scale in Figure 3.6 is much shorter than in Figure 3.5. For 39 out of the 43 economies, the proportion of TEA agreeing the pandemic had led to new business opportunities exceeds the corresponding proportion of EBO. Interestingly, all of the four exceptions are in Middle East & Africa.

There are four economies in which less than one in 10 of those owning and managing an established business agree that the pandemic had led to new opportunities currently being pursued — these are the Republic of Korea, Iran, Morocco and Burkina Faso.

3.6 ENTREPRENEURIAL ACTIVITY BY SECTOR

Economies vary considerably in terms of their structure, reflecting their differing experiences and stages of economic development, their various trading patterns and their varied endowments of natural resources. While each economy will ultimately focus on those sectors in which it has a comparative advantage, transition processes can be long and complex, as competition disrupts trading patterns and new technologies emerge. New businesses play a crucial role in structural change, as opportunities are seized in emerging sectors and resources shift in response to consumer demand. These relentless processes of economic development can be harsh. As old industries decline, they ultimately make people better off, as resources shift away from things consumers no longer want and towards the things they do. Starting a new business in a growing sector enhances its prospects of success. Undoubtedly, there will be some new businesses that prosper in declining sectors — by becoming more efficient, by responding more quickly, and/or by capturing increasing shares of a declining market, but this is inevitably limited to the short term.

There are many factors that influence choice of sector for a new business, particularly in a pandemic, including identified opportunities, personal knowledge and experience, and

the availability of resources, but one very important factor is ease of entry to the sector. Some sectors are difficult to enter because of the scarcity of a given resource, including knowledge, or because of the dominant marketing or production advantages of existing businesses. Others are relatively easy to enter, because there are low entry barriers in terms of knowledge, technology or capital requirements, and/or little product differentiation. The inevitable downside of easy entry is the threat of competition. It is very difficult to make a sustainable living in an easy-entry sector, hence the relatively low returns on consumer services such as taxi-driving, tailoring, or even running the local “mom-and-pop” corner store.

The APS survey asks those starting or running a new business to identify the sector in which they are operating. These descriptions are coded into four broad categories: extractive (including agriculture), transformative (including manufacturing and transportation), business services (including professional services and information and communications technology), and consumer services (including retail, catering and hospitality, and personal services such as hairdressing).

For 28 of the 43 economies in the 2020 APS, less than one in 20 of those starting or running a

Saeed Talaat (Egypt)

Business: Saeed Talaat is an entrepreneur who co-founded Klickit in 2017. Based in Egypt, Klickit is a fintech startup enabling digital payments for educational entities. In 2020, Klickit signed a partnership agreement with GEMS Education, the world's largest school, with a network of 70 schools in over a dozen countries. This agreement allows parents of 6,000 students to make tuition payments online, with expansion planned to other GEMS schools in different countries.

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

An entrepreneur, from my perspective, is someone who has passion to solve a problem or bring a new idea to market. It is someone who can wake up every day determined to leave an impact and utilize each and every resource with maximum efficiency.

COVID-19 has actually been a catalyst for our space. Fintech has great potential to support financial inclusion in a country like Egypt where a large part of the population has low levels of both financial literacy and banking services penetration. COVID-19 helped Egyptians, both as business owners and end-users, to learn and adapt to online payments and many other efficient payment methods, increasing the need for fintech innovation and solutions.

Almost all schools were closed for a good part of the past year. Nevertheless, educational services needed to remain in place and businesses required ways to make and receive payment. Klickit was the optimal solution to complete needed transactions in a safe, secure and convenient way.

We believe that agility and readiness to adapt is key in the midst of downward trends. The pandemic reinforced this core company belief.



new business are in the extractive sector. There were just five economies with more than one in 10 new businesses in the extractive sector: Togo, Italy, Burkina Faso, Sweden and Croatia.

The transformative sector is typically larger, involving three out of 10 or more new businesses in six economies: the Russian Federation, Slovenia, Qatar, Egypt, Morocco and Kuwait, while for 16 economies this sector represents one in five new businesses or less, with all global regions represented except Latin America & Caribbean.

Finally, for most economies, business or consumer services represent the vast majority of those starting or running a new business. In the 2020 APS, no economy has less than half of its early-stage entrepreneurial activity in either the business or consumer services sector; and for 33 of the 43 economies these two sectors together represent more than two out of three new starts, including 10 economies with four out of five new businesses being in either of these two sectors.

However, the distribution of early-stage entrepreneurial activity between these two

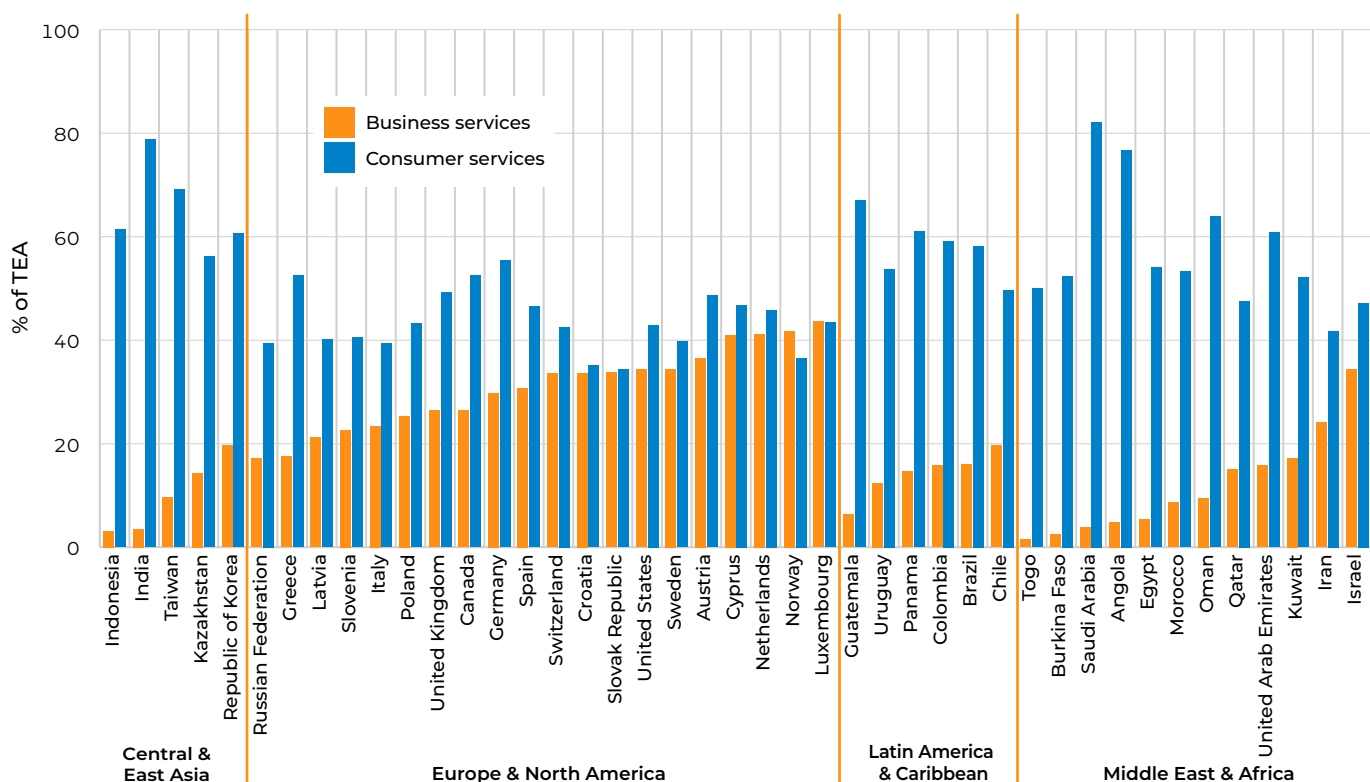


FIGURE 3.7
Business services and consumer services as proportions of Total early-stage Entrepreneurial Activity (% of TEA)

sectors is both highly diverse and extremely revealing, given the major shifts being experienced in business and society as a result of the pandemic. In general, less-developed economies have the vast majority of their early-stage entrepreneurial activity in the consumer services sector, where entry barriers are low and so are average incomes. This sector may have been hardest hit during the pandemic, with much of retailing, personal services and hospitality either closed or restricted. More advanced economies have higher proportions of starts in the business services sector, where entry is more restricted, products and services can be differentiated, and incomes subsequently higher. All of this is evident in Figure 3.7, showing the proportion of TEA in business services and in consumer services.

The proportion of new starts in business services provides an approximate guide to the level of economic development in each global region, with higher business services

entrepreneurship being much more common in developed economies. Within Central & East Asia, Indonesia and India may be the least developed and the Republic of Korea the most developed, in economic terms. Within Europe & North America, the Russian Federation, Greece and Latvia are among the least developed, while Luxembourg, Norway and the Netherlands may each claim to be most developed. In Latin America & Caribbean, Guatemala is least developed on this measure and Chile most developed. Within the Middle East & Africa global region, Togo, Burkina Faso and, perhaps surprisingly, Saudi Arabia, have the lowest proportions of new starts in business services, while Israel has the highest.

Finally, more than three out of four new starts in Saudi Arabia, Angola and India are in consumer services, compared to less than two out of five in Croatia, Norway, Sweden, Italy and the Russian Federation — all of which are in Europe & North America.

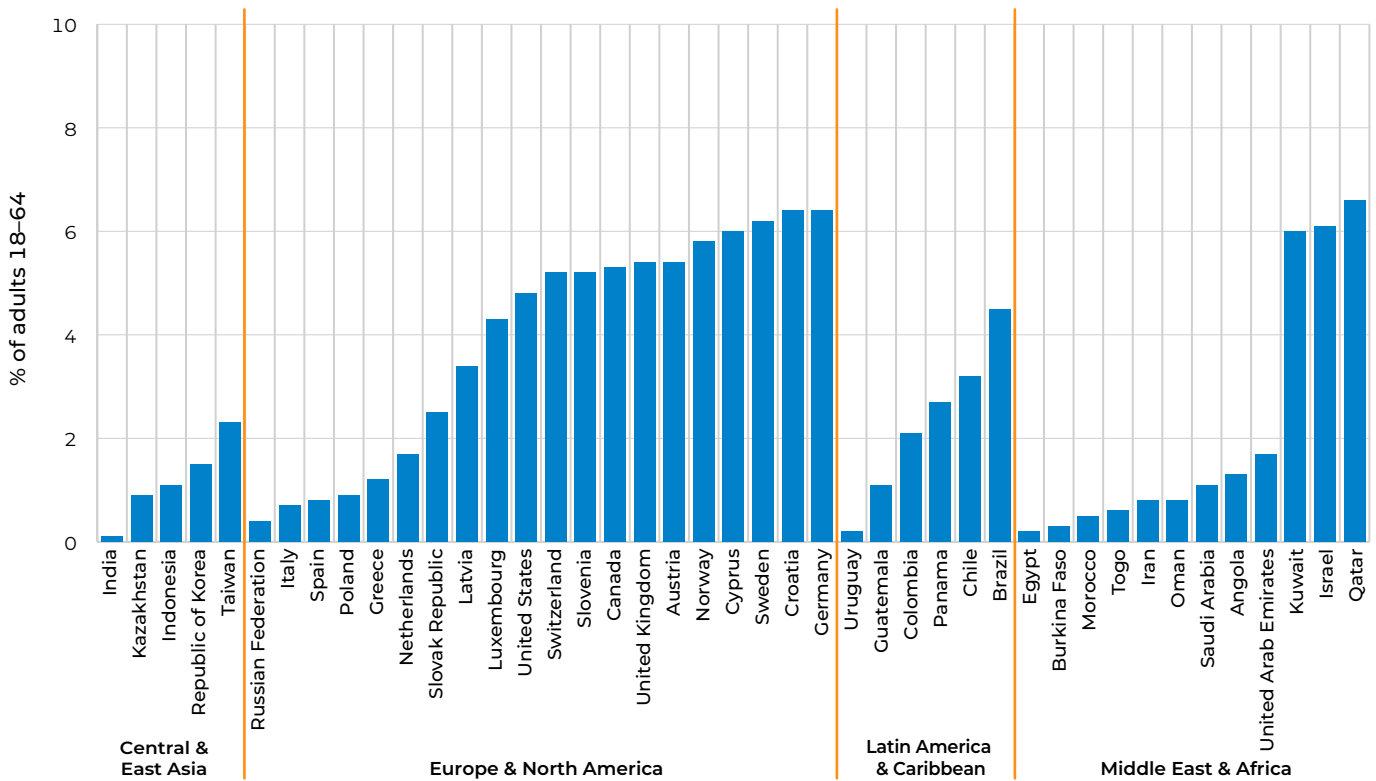


FIGURE 3.8 Entrepreneurial Employee Activity (EEA) (% of adults aged 18-64)

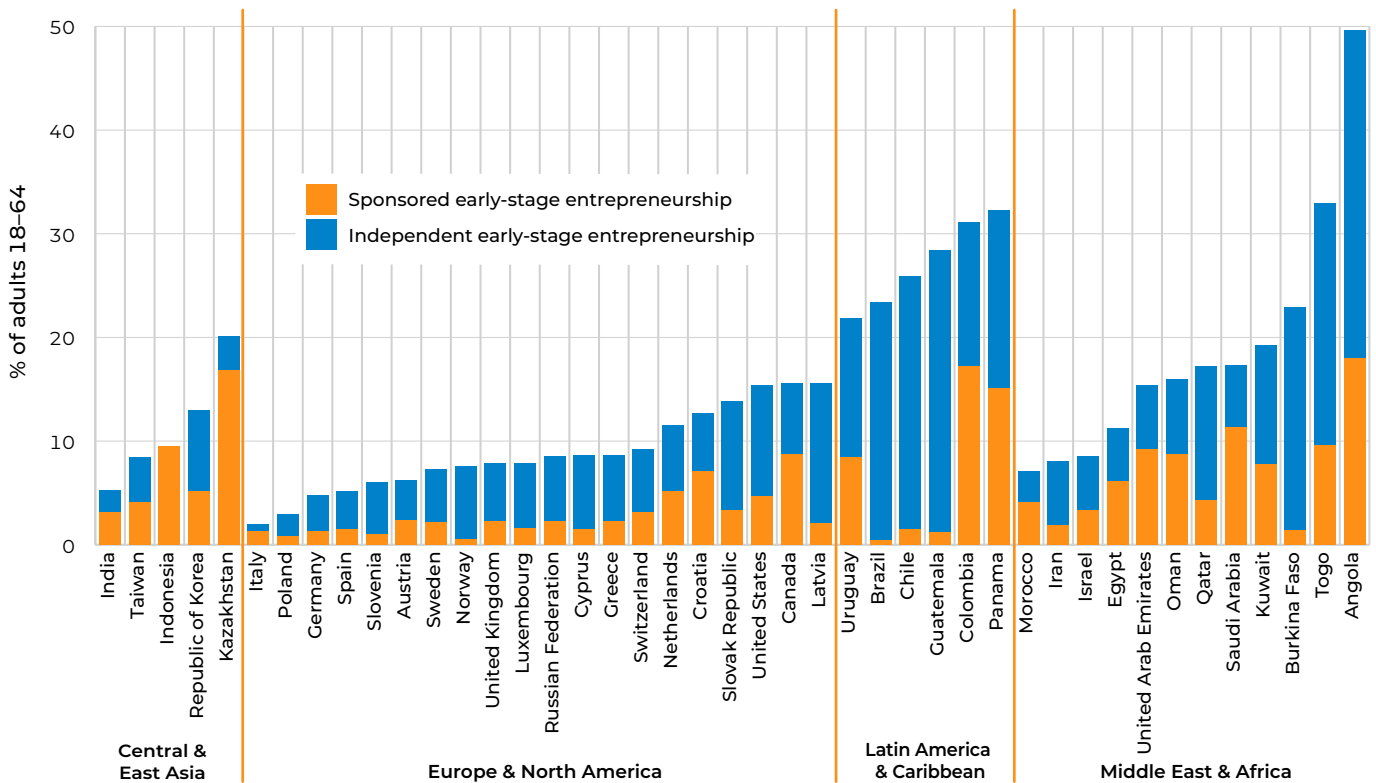


FIGURE 3.9 Sponsored and independent Total early-stage Entrepreneurial Activity (TEA) (% of adults aged 18-64)

3.7 ENTREPRENEURIAL EMPLOYEE ACTIVITY AND SPONSORED ENTREPRENEURSHIP

In recent years, GEM has recognized that entrepreneurship need not involve a separate, independent venture. On the contrary, much entrepreneurial activity is undertaken with and for others, often as a part of paid employment, while ownership of the new business may be shared with others, often including with an employer.

The entrepreneurial employee,⁶ or intrapreneur, is someone who develops new business activities as part of their job. This could involve activities such as creating and launching new products or services, or it could mean establishing a new business entity. Those individuals identified as undertaking these activities in the APS together constitute the level of Entrepreneurial Employee Activity (EEA), measured as a percentage of the adult population and shown in Figure 3.8. Within a given economy, the proportion of adults engaged in these entrepreneurial activities will reflect both the level of employment in that economy and the entrepreneurial propensity of both the employee and their employer.

Figure 3.8 demonstrates the relatively high prevalence of EEA in many economies of Europe & North America, although levels are also relatively high in Brazil and in three Middle East economies.

Less than one in 100 adults are engaged in EEA in 13 economies, including six in Middle East & Africa.

New questions in the 2019 GEM APS enquired about whether ownership of the new business was shared with their employer. This allows TEA to be divided into those who are autonomous or independent, and those who are sponsored through shared ownership with an employer. Results for 2020 are shown in Figure 3.9.

While EEA levels have been fairly modest (peaking at 7% of adults in Qatar), sponsored early-stage entrepreneurial activity paints a very different picture of employer involvement. According to these data, in Indonesia virtually all of those starting or running a new business are sponsored by an employer in terms of ownership. Nor is Indonesia alone: ownership shared with an employer is the dominant business model for new entrepreneurship in 11 other economies, in each of which over half of those starting or running a new business are sponsored by an employer. All global regions are represented in this group, although the lowest shares of sponsored early-stage entrepreneurial activity are in three Latin America & Caribbean economies: Brazil, Guatemala and Chile.

3.8 EXITING A BUSINESS

Business exits are an important feature of a dynamic entrepreneurial economy. Owners exit their businesses for a variety of reasons, some of which are positive and others not. That business may be transferred to new owners and continue, or it may close. The person exiting the business may become employed, may start a new business, or may simply retire.⁷

Even if business exits are predominantly business closures, this can contribute to structural

change, releasing resources that can then shift from producing goods and services that people are not buying (which is, ultimately, why the business closed) towards the things they are buying. Based on the evidence from GEM data, typically around a third of those individuals who exit a business report that the business is being continued.

The APS asks all respondents if, in the last 12 months, they have sold, shut down, discontinued or quit a business they owned

⁶ For more details about the Entrepreneurial Employee Activity measurements, see the 2011 GEM Special Report: Bosma, N., Wennekers, S., Guerrero, M., Amorós, J.E., Martiarena, A., & Singer, S. (2011). *Special Report on Entrepreneurial Employee Activity 2011*. London: Global Entrepreneurship Research Association. <https://www.gemconsortium.org/file/open?fileId=48592>

⁷ Ecosystems and societal stigmas have led to variations in business exit rates across countries at different economic development stages. See Simmons, S.A., Wiklund, J., Levie, J., Bradley, S.W., & Sunny, S.A. (2019). Gender gaps and reentry into entrepreneurial ecosystems after business failure. *Small Business Economics*, 53(2), 517–31.

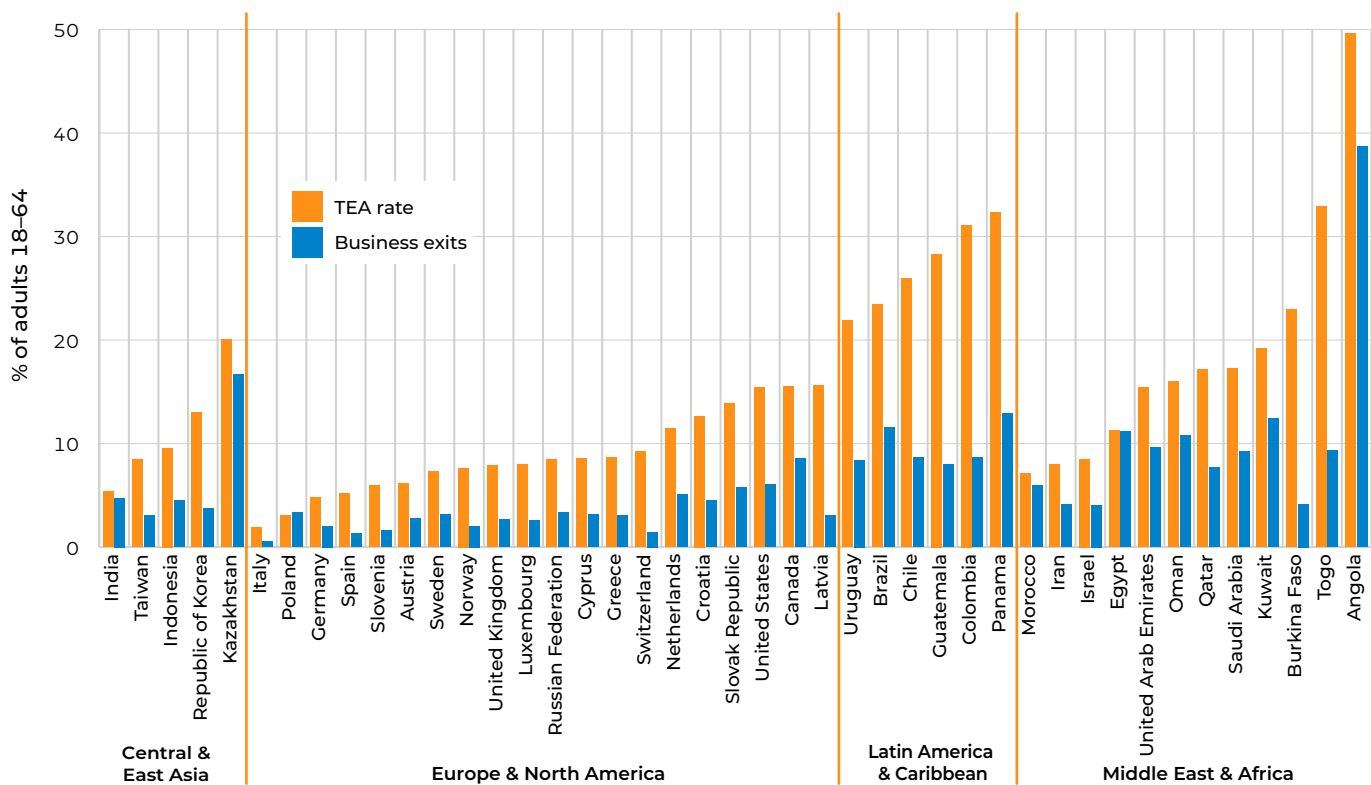


FIGURE 3.10
Business exits and Total early-stage Entrepreneurial Activity (TEA) (both % of adults aged 18–64)

and managed. Their responses are plotted in Figure 3.10, set against the corresponding level of TEA. The rate of business exits, as a proportion of all adults, is less than one in 20 among 23 of the 43 economies, including four from Central & East Asia, 16 from Europe & North America, three from Middle East & Africa and none from Latin America & Caribbean. By far the highest business exit rate is Angola, at nearly two out of every five adults, with another six economies in which one in 10 adults or more have exited a business in the past year: Kazakhstan, Panama, Kuwait, Brazil, Egypt and Oman. The lowest business exit rates are in Europe, with four economies having less than one in 50 adults exiting a business in the past 12 months: Slovenia, Switzerland, Spain and Italy.

This chapter listed eight economies in which the level of EBO had fallen by more than a quarter between 2019 and 2020, and raised the question of whether this was reflected in high levels of business exits in those economies. The answer, revealed in Figure 3.10, is inconclusive. Three of these economies have rates of business exits above 8% of adults (Chile, Brazil and the United Arab Emirates), but another three have rates of 2% or less (Norway, Italy and Switzerland).

The relationship between business exits and TEA is highly positive. Only one economy has a

rate of business exits that exceeds TEA in 2020 (Poland), while 12 economies have levels of TEA that are more than three times higher than their level of business exits.

If the respondent has exited a business in the past 12 months, the APS enquires if that business continued or not. In 28 of the 43 economies, the proportion of those exiting a business that then continues is between one and two in five. There are just three economies – Morocco, Chile and Kazakhstan – in which less than one in 10 of those exiting a business report that the business continued, but also two economies – Taiwan and the United Arab Emirates – where over half of those exiting a business report the business continuing.

There are many possible reasons for owners to exit businesses. Positive reasons include selling the business as an ongoing concern, an attractive alternative employment offer or other business opportunity, retirement or some other planned exit. The most prevalent negative reason is lack of profitability, but others include burdens of tax or bureaucracy, difficulty accessing finance or other resources, family or personal reasons, and, in 2020, the impact of the COVID-19 pandemic. In Figure 3.11 the results of this question are displayed in terms of exits for positive reasons,

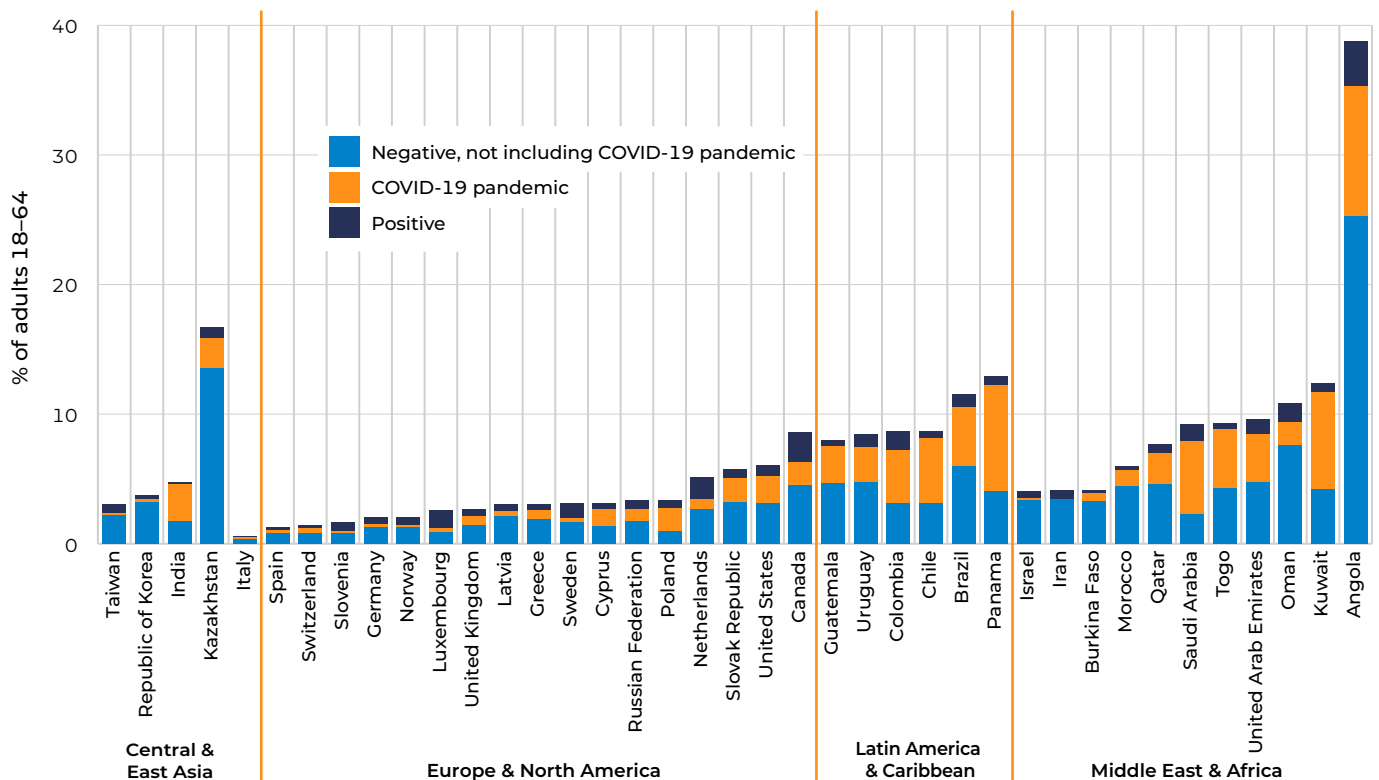


FIGURE 3.11
Positive, COVID-related, and other negative reasons within total business exits (% of adults aged 18–64)

exits because of the pandemic, and exits for other negative reasons.

In 13 of these GEM⁸ economies, less than one in 10 of those exiting a business do so for positive reasons, including six from Middle East & Africa, four from Latin America & Caribbean and three from Central & East Asia. None is from Europe & North America. Conversely, there are nine economies in which over one in five exits are for positive reasons, all of them except Taiwan being from Europe & North America, which includes Luxembourg, where over half of business exits are for positive reasons.

Turning to the impact of the COVID-19 pandemic, there are six economies – Panama, Saudi Arabia, India, Kuwait, Chile and Poland – in which the pandemic is cited as the most important reason for exiting by over one in two of those exiting the business. There are also seven economies in which less than one in 10 of those exiting the business listed the pandemic as the most important reason: three from Europe & North America and two each from Central & East Asia and Middle East & Africa. This includes

Iran, where no one exiting a business cited the pandemic as the most important reason. In 30 of these GEM economies, other negative reasons, most often lack of profitability, were cited by more of those exiting a business than cited the pandemic. Of course, the effects of the pandemic may well have played a part in some of those other negative reasons.

The previous chapter showed that many of those surveyed knew someone who had stopped a business because of the pandemic, raising the question of whether this awareness may be related to the proportion of adults citing the pandemic as the most important reason for exiting their business. In the event, there is no clear evidence of association between the two. To quote some extreme examples, less than one in 100 of those exiting a business in Italy, Spain or Greece cite the pandemic as their main reason for exit, while 37% of Italian, 42% of Spanish and 46% of Greek adults surveyed report knowing someone who has stopped a business because of the pandemic.

Finally, it may be tempting to consider that the pandemic has led to a sharp rise in the level of business exits. Once more, the evidence gathered by GEM is more complex and makes it challenging to reach a firm conclusion. Keep in mind that, of

⁸ Austria, Croatia, Egypt and Indonesia are excluded from this chart for technical reasons.

the 43 economies under scrutiny in this report, 35 National Teams completed the APS in both 2020 and 2019. In comparing business exit rates between the two years, 18 of those economies have experienced an increase, but 17 have seen a fall. The largest increases were in Panama, Brazil and Morocco. The largest falls were in Oman, Iran and Luxembourg.

3.9 CONCLUSIONS

This chapter has outlined levels of entrepreneurial activity across the globe in 2020 and has compared these to levels in 2019 to show that a majority of economies had lower levels of adults running either a new or established business in 2020, including nine economies in which the percentage of adults running an established business had fallen by a quarter or more. However, falls are certainly not universal: a minority of economies have experienced increases in entrepreneurial activity, especially in Latin America & Caribbean and Middle East & Africa economies. The Middle East, in particular, is emerging as a hothouse of entrepreneurial activity. Egypt, for example, has seen both its level of early-stage entrepreneurial activity and its level of Established Business Ownership rise substantially.

On a similarly positive note, those starting or running a new business were asked if the pandemic had led to new opportunities they wanted to pursue. In nine economies, mostly from Latin America & Caribbean or Middle East & Africa, over half agreed. There was less optimism about new business opportunities among established business owners, especially outside of the Latin America & Caribbean global region.

Finally, relatively few of those exiting a business in the past 12 months are prepared to cite the pandemic as the main reason. Despite expectations, in comparing exit rates in 2020 to 2019, across the 43 economies, an individual economy chosen at random was just as likely to have experienced a decrease as an increase.

ENTREPRENEUR HIGHLIGHT

Marvin Chiu (Taiwan)

Business: Speed 3D Inc. is the most creative and productive team in Asia. We have been committed to the augmented reality (AR) application field, delivering effective solutions for brand promotion in all AR platforms. The company aspires to be the one-stop shop for all of its clients' AR needs.



What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

The pandemic drove the acceleration of digital marketing transformation; it restricted offline campaigns to a considerable degree. Therefore, some new applications such as AR effects and AR ads have been widely applied in business to build connections with customers, and we believe AR online shopping will be the next step.

In response to what we were seeing around business communications, we committed ourselves to being ahead of the curve related to digital trends. Our focus moved to developing organic marketing strategies to achieve stronger customer engagement.

Diversity and Entrepreneurship

4.1 WHO ARE THE ENTREPRENEURS?

As mentioned in the previous chapter, entrepreneurship is a global phenomenon to widely varying extents. Given that entrepreneurship is an individual act taking place in a social setting, this chapter will explore some of the diversity among entrepreneurs, in terms of key demographics such as gender, age and education. It also explores the expectations and ambitions of those entrepreneurs and what these may mean for the future, as well as the shadow that the pandemic has cast over those expectations and ambitions.

Inferences can be made from the GEM Adult Population Survey (APS) because it carefully reflects the underlying structure of the host population in terms of age, gender and location. For example, if half of the working-age (18–64 years) population is under the age of 40, then the APS sample will be carefully selected so that half of respondents are under 40. Great care is taken to make the APS sample as representative of overall demographics as possible.

4.2 GENDER AND ENTREPRENEURSHIP

Just as the image of the entrepreneur working alone is a poor representation of modern entrepreneurial practice, so too is the dominant perception of the entrepreneur as male.¹ Figure 4.1 sets out the level of early-stage entrepreneurial activity by gender for each economy in 2020.

Inclusiveness in entrepreneurship is critical to any economy, because, if one group in society is not starting businesses on a par with other groups, this will limit job creation, innovation, income generation, the availability of new products and services, and all of the other benefits that new businesses bring to the economy and society. According to this research, in a majority of economies, new businesses are more likely to be started by men than women, although in a few economies the reverse is true and there are others where the gap is small.

The lowest rates of female early-stage entrepreneurship² are in Italy, Poland and India, although a further six economies, all in Europe, also have less than one in 20 women starting or running a new business. The highest levels of female entrepreneurship are in Middle East & Africa, with just over half of adult women in Angola, and more than a third in Togo, starting or running a new business, along with over one in five women in each of the Latin American economies, and Burkina Faso and Kazakhstan.

For men, the lowest rates of early-stage entrepreneurship are in Italy and Poland, although a further 12 economies also had less than one in 10 adult men starting or running a new business, including eight more from Europe & North America, three from Central & East Asia,

¹ For an in-depth understanding of the gender perspective, see the 2019 GEM Special Report: Elam, A., Brush, C., Greene, P., Baumer, B., Dean, M., & Heavlow, R. (2019). *Global Entrepreneurship Monitor 2018/2019 Women's Entrepreneurship Report*. London: Global Entrepreneurship Research Association. <https://www.gemconsortium.org/report/gem-20182019-womens-entrepreneurship-report>

² Plausible explanations of gender gaps are related to expectations, identities, culture and the entrepreneurial environment. See Bullough, A., Guelich, U., Manolova, T.S., & Schjoedt, L. (2021). Women's entrepreneurship and culture: Gender role expectations and identities, societal culture, and the entrepreneurial environment. *Small Business Economics*, 1–12. <https://doi.org/10.1007/s11187-020-00429-6>

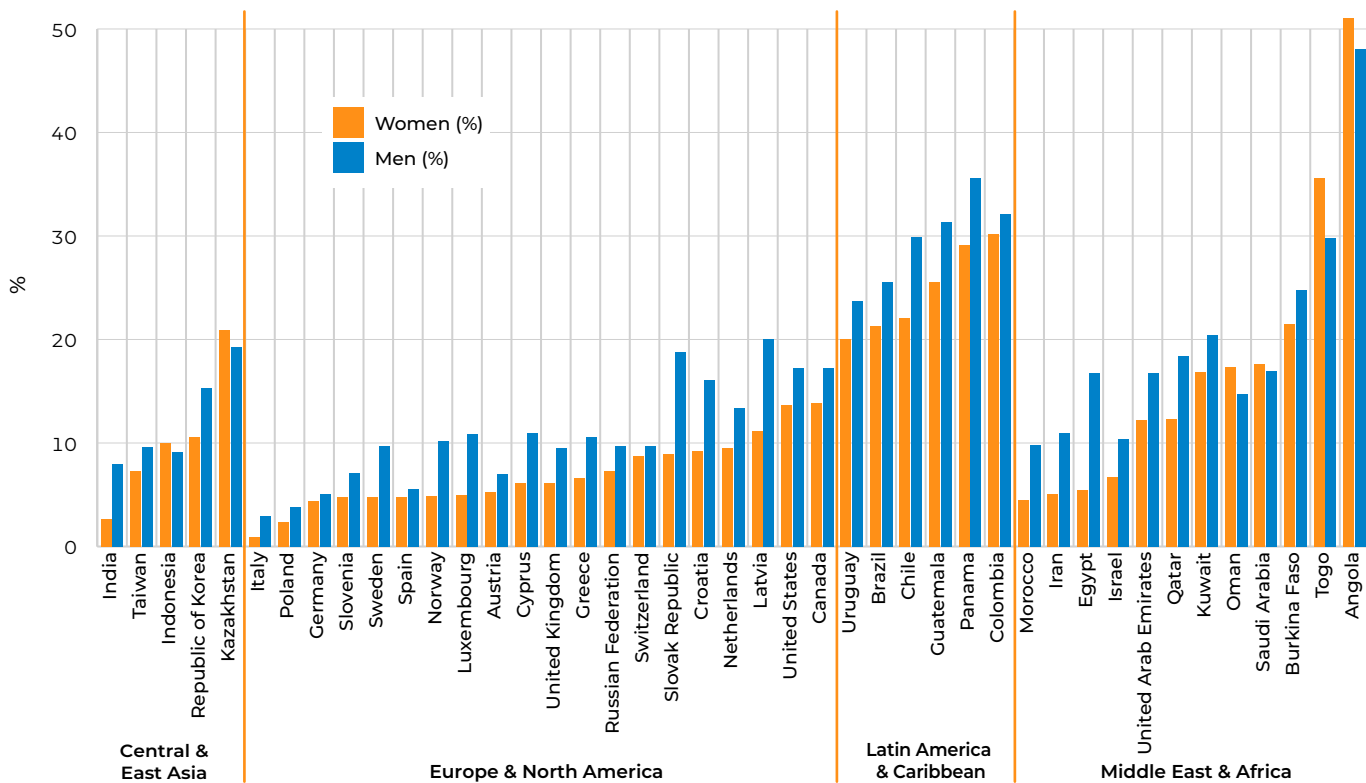


FIGURE 4.1

Total early-stage Entrepreneurial Activity (TEA) by gender (% women, % men)

and one from Middle East & Africa. Angola had the highest rate, at just under one in two, followed by Panama and Colombia. All of the Latin America & Caribbean economies have more than one in five adult males starting or running a new business, as do Kuwait and Latvia. The latter was the only economy in Europe & North America with at least one in five men engaged in early-stage entrepreneurship.

The ratio of female to male entrepreneurship measures the relative gender gap, and is shown in Figure 4.2. In 2020, there are six economies in which the level of female entrepreneurship exceeds the male rate: all from Central & East Asia or Middle East & Africa. The lowest ratios of female to male entrepreneurship are in Italy, India, and Egypt. Each of these has approximately three men starting or running a new enterprise for every woman doing the same. In these economies, low participation by women drags down the

overall levels of entrepreneurship. Increasing female participation in entrepreneurship could create thousands of new businesses, adding significantly to jobs and incomes.

Chapter 3 has already compared overall levels of early-stage entrepreneurial activity in 2020 to 2019 for the 35 economies that participated in the GEM APS in both years. Comparing Total early-stage Entrepreneurial Activity (TEA) rates by gender for these two years is also revealing. There is some evidence that female entrepreneurship rates have fallen more than male: in 22 of the 35 economies, the ratio of female to male entrepreneurship decreased. There are seven economies in which female rates fell by a third or more, compared to three where male rates fell by a third or more. However, over the same period, there are three economies — Oman, Colombia and Panama — in which female entrepreneurship rates increased by 10 percentage points or more.

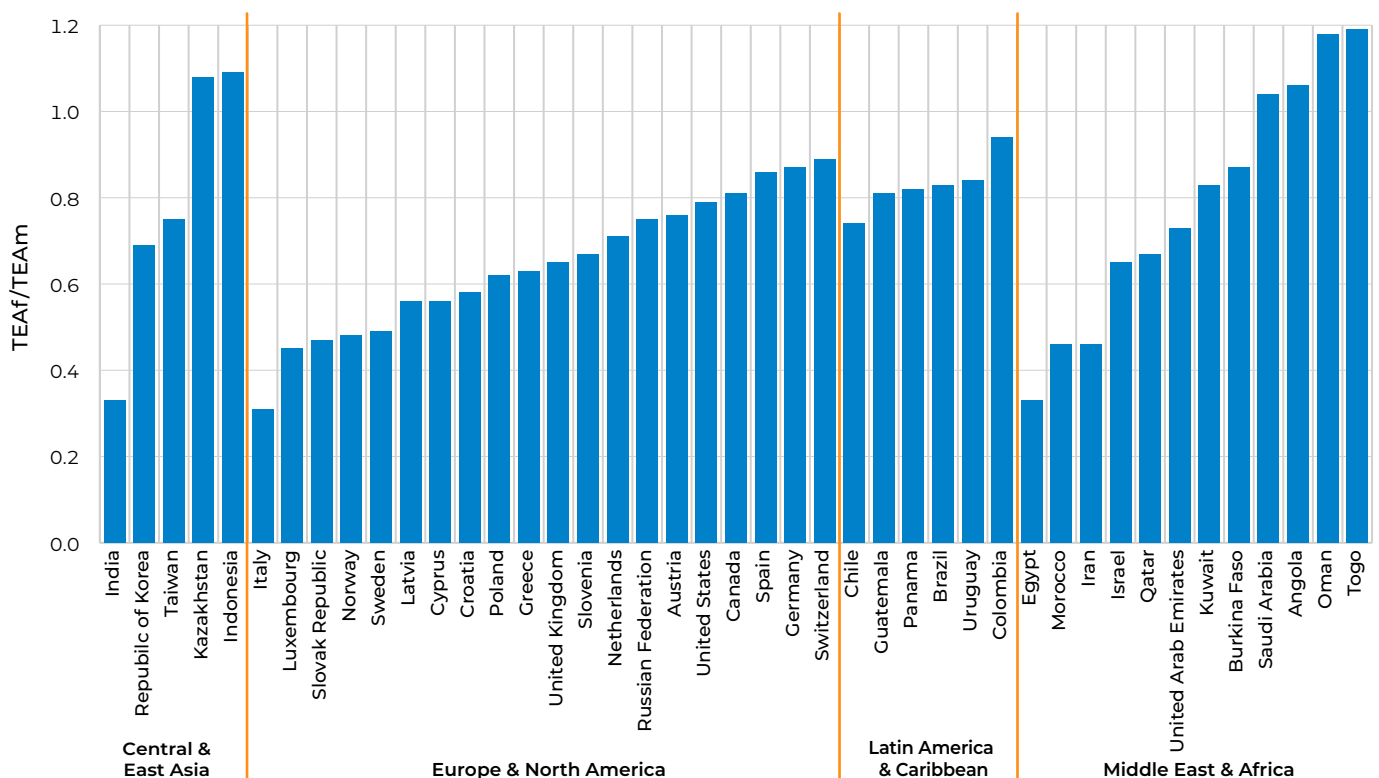


FIGURE 4.2
The relative gender gap: female Total early-stage Entrepreneurial Activity (TEA) (% women) divided by male TEA (% men)

4.3 AGE AND ENTREPRENEURIAL ACTIVITY

The relationship between age and entrepreneurial activity is ambiguous, just as the relationship between income and entrepreneurial activity was shown to be earlier, and perhaps for the same reasons, since income and age are often closely related. Younger people may have more energy and drive, have longer to reap the benefits of starting a business, are more familiar with technology and trends, and, perhaps most importantly, have not yet learned what they can't do.³ Older people are likely to have more skills and knowledge, including awareness of markets, and better access to the information, networks and other resources needed to launch a successful business. On the other hand, older people may have more responsibilities, including mortgages and dependent family members, and

have more to lose in giving up a well-paid job. So there is a balance of influences affecting the age-entrepreneurial activity relationship. Add in national culture and demographics, and it is not surprising that the relationship between age group and entrepreneurial activity is variable.

Figures 4.3 and 4.4 show the level of TEA for five different age groups across the 43 economies participating in the 2020 GEM APS. That is a lot of information, but some patterns are clear. For the vast majority of economies, including 18 of the 20 in Europe & North America, all of the Latin America & Caribbean economies and nine of the 12 in Middle East & Africa, the oldest age group (55–64) has the lowest level of TEA: but not necessarily in Central & East Asia, because in India, Taiwan and the Republic of Korea it is the youngest age group that has the lowest level of TEA.

The typical, but not exclusive, pattern, is for the level of TEA to increase with age group and then decline. This is the case for the majority of GEM economies, with the age group 25–34 having the highest level of TEA in 21 of these. However, there were also nine economies in which the level of TEA declined continuously with age: five from Europe & North America, two from Middle East &

³ Specifically, previous studies have shown that younger generations (millennials) have more propensity to be involved in entrepreneurship activities (e.g. corporate venturing activities) than elder generations (baby boomers). See Guerrero, M., Amorós, J.E., & Urbano, D. (2019). Do employees' generational cohorts influence corporate venturing? A multilevel analysis. *Small Business Economics*, 1–28. <https://doi.org/10.1007/s11187-019-00304-z>

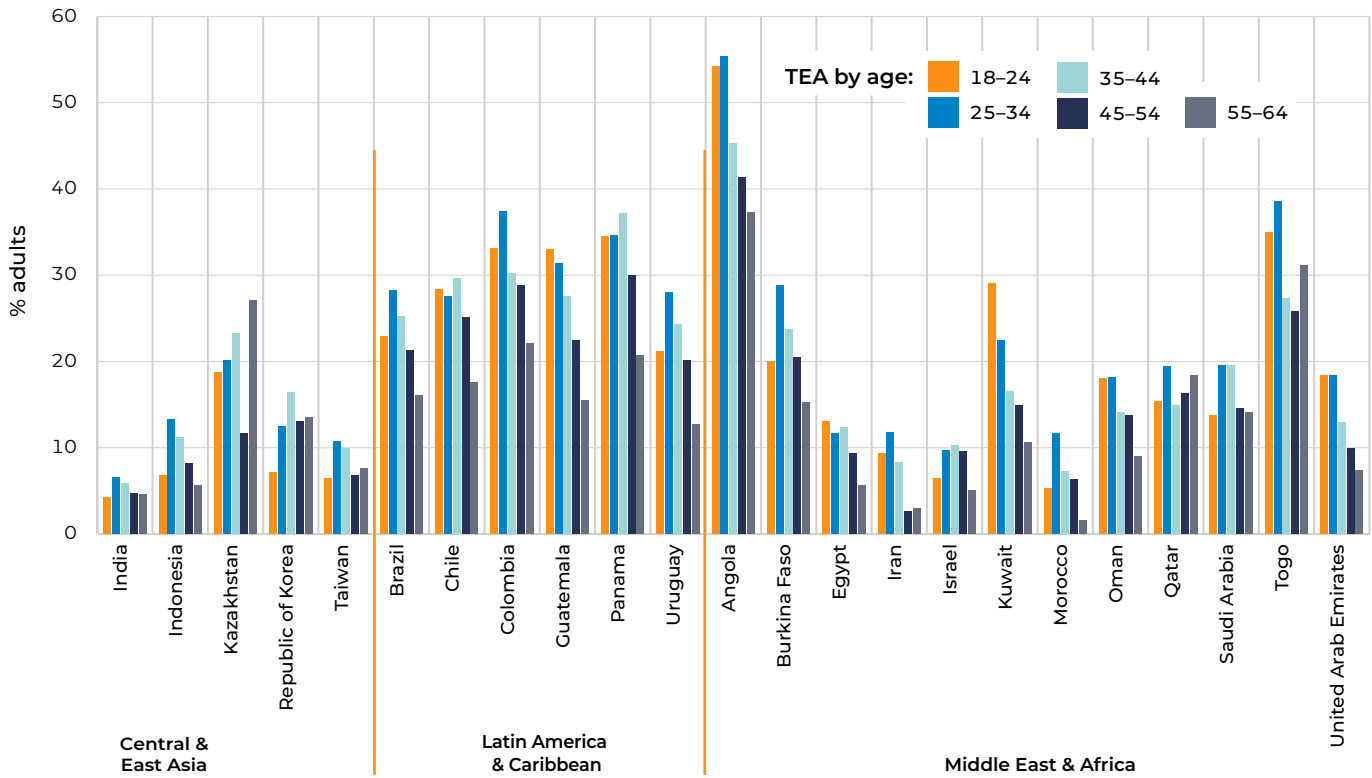


FIGURE 4.3 Total early-stage Entrepreneurial Activity (TEA) by age group (% of adults in each age group): Central & East Asia, Latin America & Caribbean and Middle East & Africa

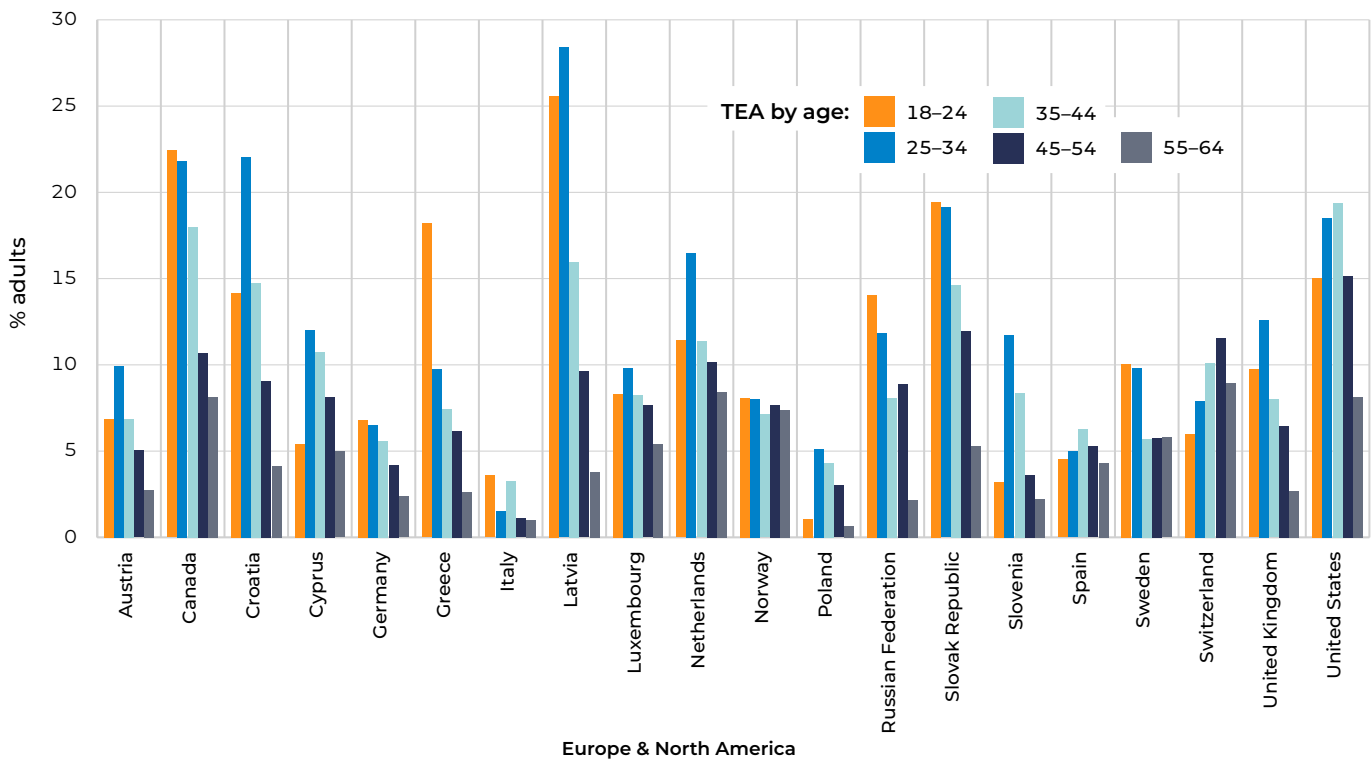


FIGURE 4.4 Total early-stage Entrepreneurial Activity (TEA) by age group (% of adults in each age group): Europe & North America

Age group	TEA increases	TEA decreases
18–24	17	18
25–34	14	21
35–44	10	25
45–54	11	24
55–64	19	16

TABLE 4.1
Changes in Total early-stage Entrepreneurial Activity (TEA) by age group: number from 35 economies, 2019–2020

Africa, and one from Latin America & Caribbean. The overall level of TEA varies considerably across this group, but one thing in common, for eight of the nine, is that the level of TEA for the 55–64 age group is less than half of that of the 18–24 age group. The exception is Sweden, where TEA declines with age from 10% to 6%. Finally, it is worth noting that the lowest level of TEA in any age group in Angola is greater than the highest level of TEA in any age group in all but two economies: Togo and Colombia.

The question of the impact of the pandemic on the age profile of entrepreneurship is an interesting one. It may seem reasonable to assume that, just as the pandemic has had

much more impact on older people, so levels of entrepreneurial activity among older adults must have declined relative to younger adults. The evidence, as ever, is less clear. Recall that 35 economies participated in both APS 2020 and APS 2019. One simple test is to compare levels of TEA in each age group between those years, and hence whether TEA increased or decreased for that age group, keeping in mind that TEA in 2020 was in general a little lower than in 2019. Table 4.1 shows that, for the oldest age group (55–64), more economies saw an increase than a decrease in TEA, while for all of the other age groups there were more economies experiencing declines than increases in TEA.

4.4 EDUCATION AND ENTREPRENEURIAL ACTIVITY

The APS asks respondents about their highest level of educational attainment. Access to education varies considerably across the globe, as does the quality of that education. There are also differences in the state provision of education, the definition of educational levels, and the age at which education shifts from compulsory to voluntary. It is therefore difficult to make comparisons between economies; most GEM Global Reports have not attempted to do so.

The relationship between educational attainment and the propensity to start a new business is complex, not least because of the positive association between education and lifetime income, and any link between education and the ability to spot opportunities. Figure 4.5 sets out the level of TEA for graduates⁴ compared to non-graduates for the 43 economies in APS 2020.

There are just seven economies in which the TEA rate for graduates is lower than that for

non-graduates, but only two – Cyprus and Burkina Faso – in which a non-graduate is a fifth or more likely to be starting or running a new business. In all the other 36 economies, a graduate is more likely to be starting or running a new business, including 15 economies in which a graduate is at least a third more likely to be starting and running a new business than a non-graduate: 11 from Europe & North America, three from Middle East & Africa and one from Latin America & Caribbean. The highest difference is in Switzerland, where a graduate is two-thirds more likely than a non-graduate to be starting or running a new business.

So, as anticipated, the relationship between holding a post-secondary degree and the propensity to start a new business is not straightforward. However, Figure 4.5 suggests that those with a degree are more likely to be starting a new business. Certainly, increasing the supply of graduates could be an important step towards higher levels of early-stage entrepreneurial activity. In addition, if high proportions of graduates start businesses, the inclusion of entrepreneurship courses and activities on campus may improve their business prospects.

⁴Defined here as holding at least a post-secondary degree.

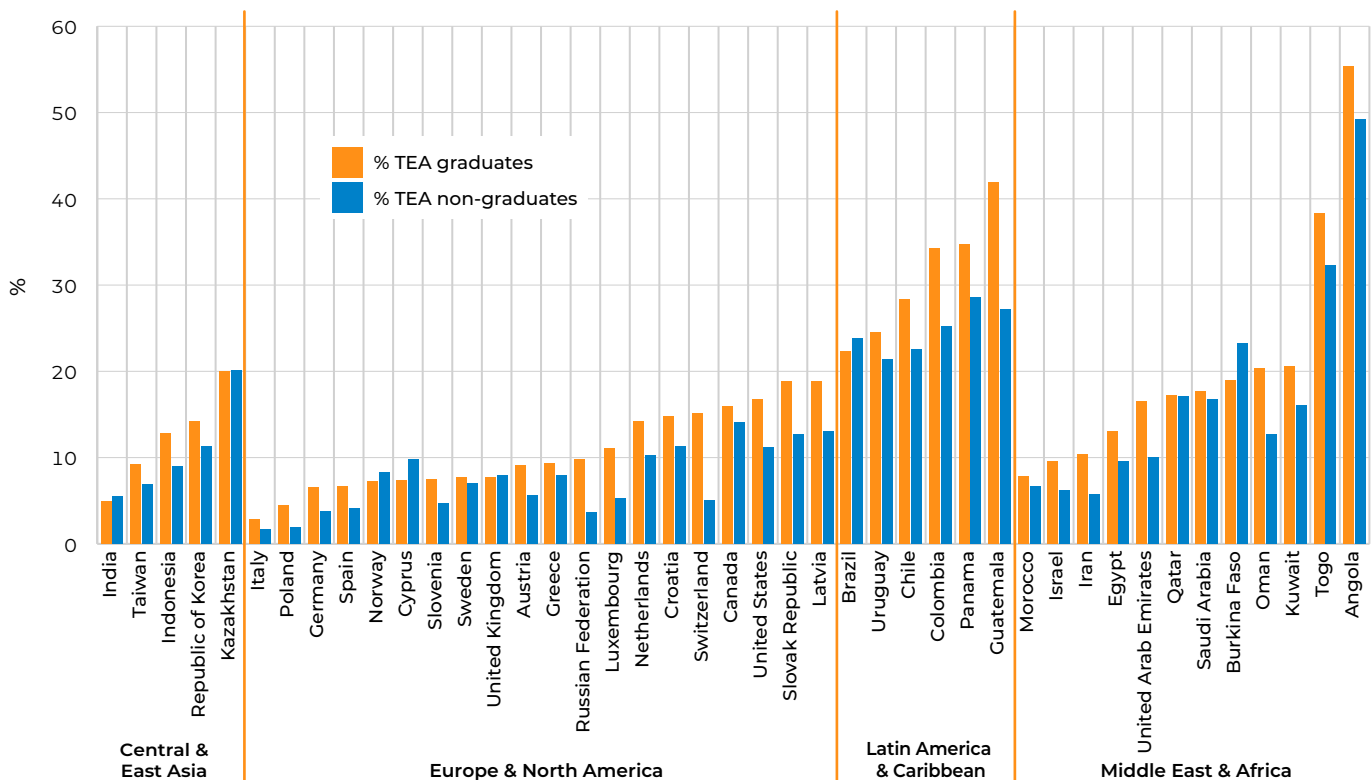


FIGURE 4.5 Level of Total early-stage Entrepreneurial Activity (TEA) for graduates and for non-graduates

ENTREPRENEUR HIGHLIGHT

Mandy Bowman (USA)

Business: Official Black Wall Street is the largest digital platform and app connecting consumers to Black-owned businesses, while giving Black entrepreneurs the resources and exposure needed to thrive.

What is one key lesson you have learned as an entrepreneur running a business in the midst of a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

One of the key lessons I learned is that rest is not a luxury but a requirement. The pandemic slowed many of us down, including myself, and taught me how important it is to prioritize mental and physical wellness. For me, this means creating boundaries with my business by implementing office hours and making sure I’m actually taking weekends off to rest and recharge.

I also began scheduling relaxing activities like monthly massages and facials, weekly walks, and exercise five days a week. At the end of the day, as an entrepreneur, you are the most important person in your company. I have found that neglecting your physical and mental well-being will almost always impact your ability to think clearly and make decisions as a business owner.



4.5 GROWTH EXPECTATIONS AND THE PANDEMIC

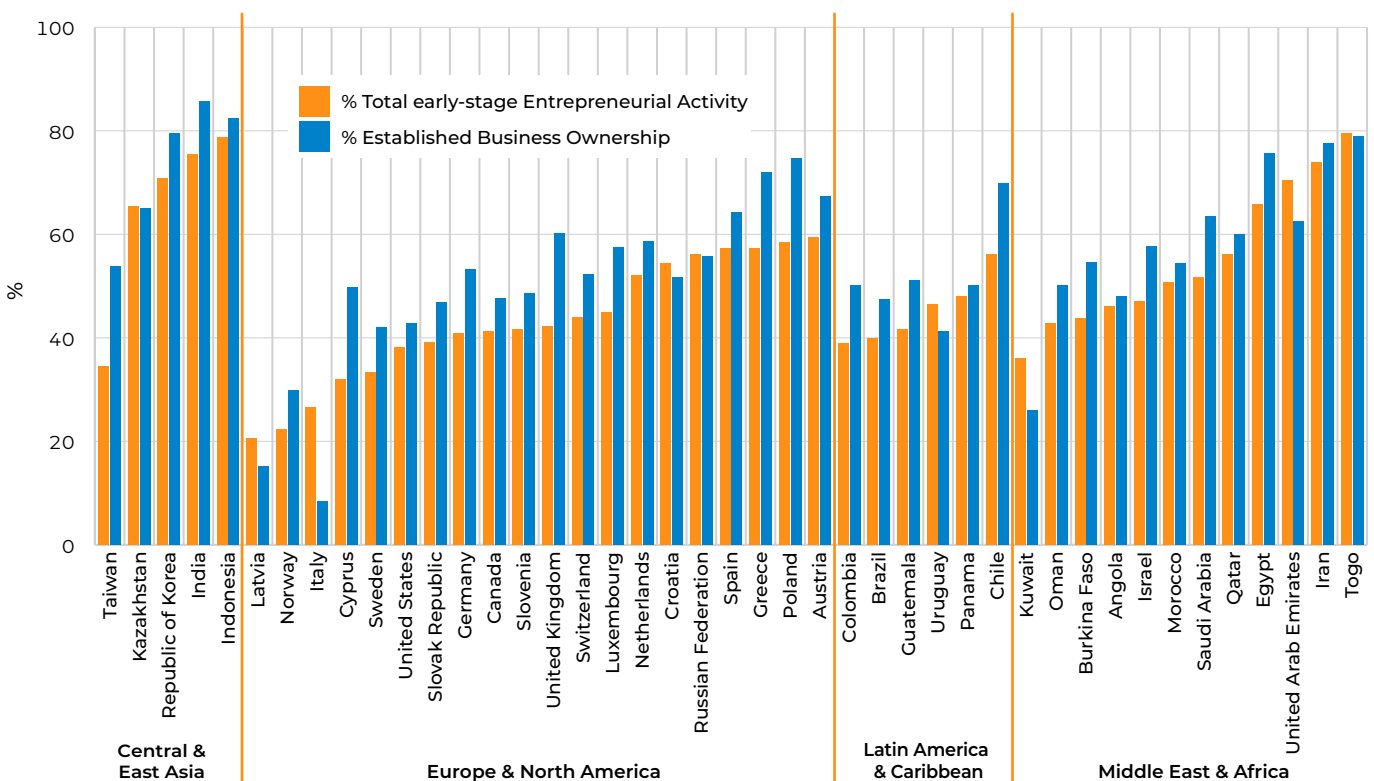
Expectations are important in entrepreneurship.⁵ After all, it is the expectation that revenue will exceed costs that leads to the business being started, and it is the expectation of business growth that leads to investment in the business, including investment in creating jobs. As part of assessing the impacts of COVID-19, the 2020 APS asked a new question: compared to one year ago, are expectations of business growth much lower, somewhat lower, about the same, somewhat higher or much higher? This was asked to both those starting or running a new business (those engaged in TEA), and established business owners (EBO).

Starting a new business is an exercise in optimism, as well as an emotional investment. Those starting any business are inclined to look

on the bright side. Figure 4.6 shows that the circumstances of the past year have, in general, played havoc with that optimism. In 19 of the 43 economies, over half of those starting or running a new business have seen their expectations of business growth lowered in the past year, including six economies in which that proportion is more than two out of three: all from Central & East Asia or Middle East & Africa. At the same time, there are five economies, all in Europe, with less than one in three entrepreneurs reporting lower growth expectations than a year ago.

Turning to owners of established businesses, the picture is even more dramatic. In 30 of the 43 economies, over half of all business owners anticipate lower growth than one year ago. In 34 economies, higher proportions of those running established businesses have lower growth expectations than a year ago, compared to those starting or running new businesses. Perhaps while those starting new businesses continue to bask in the warm glow of optimism, many established business owners are having to cope with the harsh realities of business conditions in a pandemic.

FIGURE 4.6
Shares of Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) reporting their business growth expectations are somewhat or much lower, compared to one year ago



4.6 ENTREPRENEURSHIP AND ASPIRATIONS

This section will look at the aspirations of those starting and running a new business. These aspirations matter, because they offer a guide to the likely economic impact of that new business. The new entrepreneur expecting to employ no one but themselves in five years' time, and to generate all of their revenue within their local area using established products and processes, remains important, but may have substantially less impact on jobs, incomes and value-added than one expecting to employ six or more people in five years' time, selling extensively outside their area and country, and introducing new products and processes. Of course, high expectations and aspirations do not themselves guarantee future delivery.

These aspirations may also have implications for the nature of the new business. Expecting to employ no one else may suggest the business is a sole trader, or a freelance worker, whose business activities may have a large influence on their own prosperity, but may have few implications for anyone else outside their trading network.

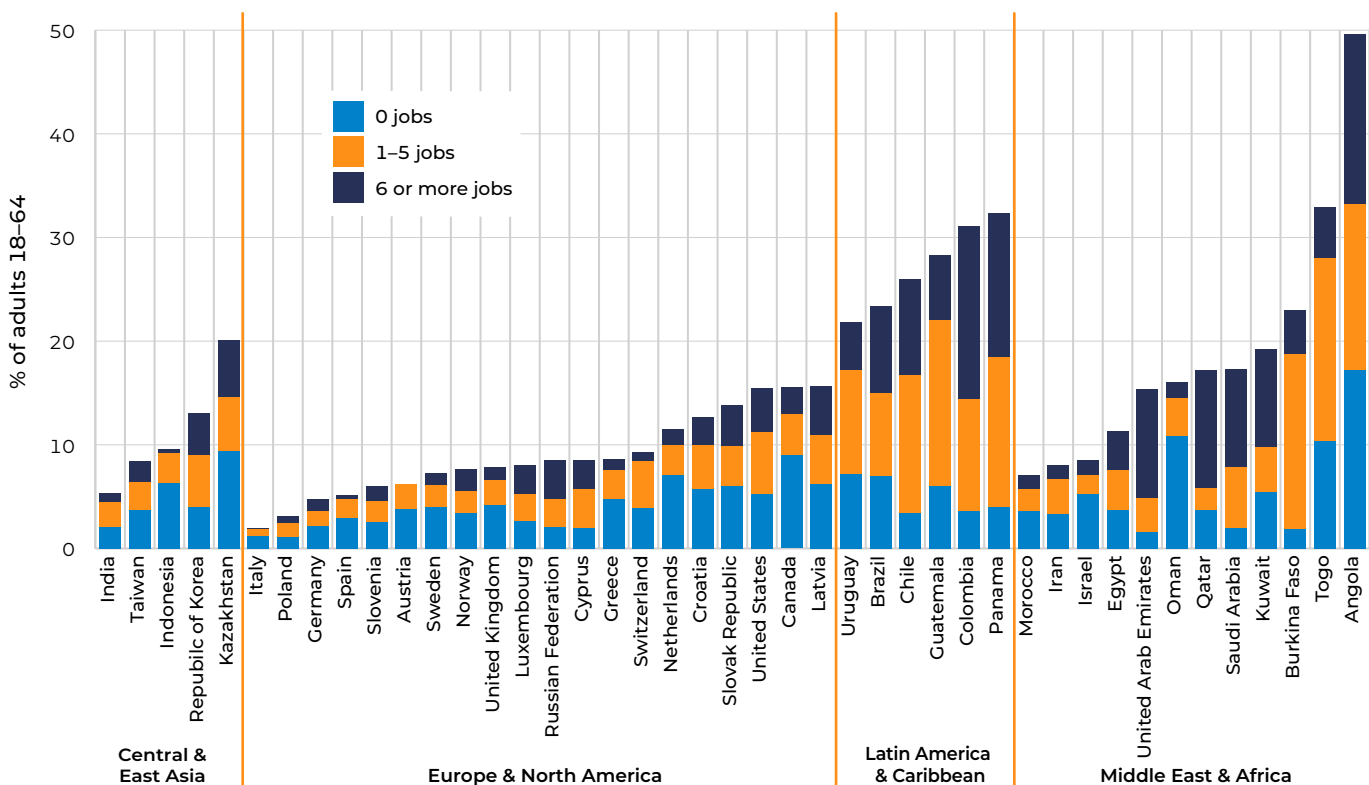
Figure 4.7 charts the job growth expectations of those starting or running a new business, divided into those expecting to employ no one but

themselves, or an additional 1–5 people, or six or more additional people, in five years' time. There are 11 economies in which over half of all those starting and running a new business expect to employ no one but themselves in five years' time. Oman had the highest proportion, with two out of three new entrepreneurs expecting to employ no one but themselves. Interestingly, nine of the 11 are high-income economies, with just one middle-income and one low-income economy.

There are also six economies in which less than one in five of those starting or running a new business expect to employ no one but themselves in five years' time, shared equally between Middle East & Africa and Latin America & Caribbean global regions. Lowest of all was Burkina Faso, with less than one in 10.

More positively, there were 10 economies in which more than a third of those starting or running a new business expect to employ an additional six people or more in five years' time. Two of these are in Europe & North America, four in Latin America & Caribbean, and four in Middle East & Africa, peaking with the United Arab Emirates and Qatar, each, despite the circumstances of the year, with two out three new

FIGURE 4.7
Job growth expectations:
Total early-stage entrepreneurs (TEA) expecting to employ an additional 0, 1–5, or 6 or more people in five years' time (all % of adults aged 18–64)



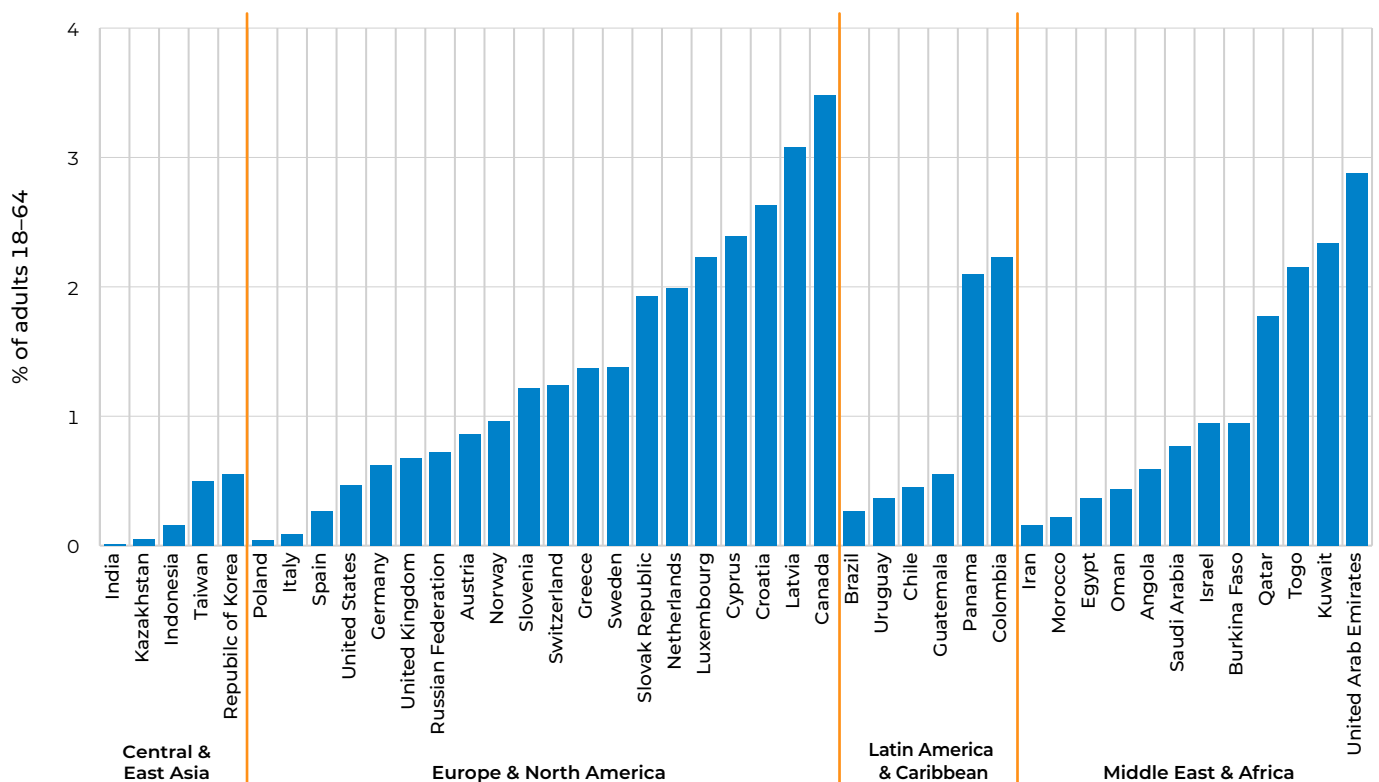


FIGURE 4.8
The percentage of adults (aged 18–64) both starting or running a new business and anticipating 25% or more revenue from outside their country

entrepreneurs expecting to employ an additional six people or more in five years' time.

The aspiration to sell outside of your own country is another key indicator of potential economic impact. The GEM measure of high-export orientation is those who anticipate 25% or more of their revenue coming from outside their home country. The new business anticipating significant revenue from outside their home economy is more outward-looking, less dependent on local trading conditions, and possibly more ambitious, although the potential for international trade is also influenced by trade policies, the relative size of markets, cultural and linguistic associations, and trading infrastructure. Of the 43 APS economies, only 15 have one in 10 or more of those starting or running a new business anticipating a quarter or more of their revenue from outside their country. All of these are in Europe. There are 17 economies with less than one in 20 new entrepreneurs expecting a quarter of their revenue from international markets. These

include all of the Central & East Asia economies, four of six from Latin America & Caribbean, six of the 12 Middle East & Africa economies and just two from Europe & North America.

Figure 4.8 charts the proportion of adults both starting or running a new business and anticipating a quarter of more of their revenue from outside their economy. Most of the economies with relatively high levels of export orientation have relatively low levels of new enterprise, so that the resulting share of adults starting a high-export orientation business tend to be low.

The chart shows only four economies in which one in 40 adults or more are starting or running new high-export oriented businesses: Canada, Latvia, Croatia and the United Arab Emirates. All have neighbouring countries bigger than themselves. However, over half of the 43 economies have less than one in 100 adults starting or running a high-export oriented business.

4.7 CONCLUSIONS

While it is encouraging to see six GEM economies in which the level of female entrepreneurship matches or exceeds the male rate, and while the gender gap is small in some others, there are still too many economies in which men are much more likely to be starting a new business than women, including nine GEM economies in which men were at least twice as likely. Moreover, there is some evidence that the proportion of females starting or running a new business in 2020 has declined much more sharply than the male equivalent, perhaps because women have been more heavily burdened with the homeworking and homeschooling that has followed the pandemic.

Contrary to expectations, there is some evidence that rates of early-stage

entrepreneurial activity among the senior age group (55–64) have increased compared to 2019. In addition, in most 2020 GEM economies, graduates were more likely than non-graduates to be starting a new business, perhaps because of the digital nature of many of today's new businesses.

In 2020, 10 of the 43 GEM economies had more than a third of new businesses expecting to employ an additional six people or more in five years' time. Meanwhile, 15 economies have one in 10 or more of those starting or running a new business anticipating a quarter of revenue or more from outside their country. Just two economies appear on both lists: Luxembourg and the Russian Federation.

ENTREPRENEUR HIGHLIGHT

Márcia Coelho (Angola)

Business: Kamba Rico ("Rich Friend") provides financial education for individuals in Angola to improve people's quality of life. The Kamba Rico website and social media channels regularly publish free personal finance advice. Kamba Rico provides individuals with financial advisory and planning services and offers companies financial education for employees, tailored to the needs of each organization.

What is one key lesson you have learned as an entrepreneur running a business in the midst of a pandemic? How do you intend to apply this lesson as we move into a "new normal"?

At the beginning of the pandemic, all of our in-person activities were cancelled due to the restrictions that had been put in place. During this period, there was lots of uncertainty. The recovery has been slow because finance training sessions were not a priority for organizations during the pandemic.

In response to the pandemic, we revamped our operations and began transferring our sessions to the online format using platforms such as Zoom, Microsoft Teams and others. Prior to the pandemic, we were planning to launch digital offerings in 2021. The pandemic accelerated this plan as we could deliver our experiences to customers while still complying with government restrictions.



Customers have resumed using our services, but we are not yet at pre-COVID-19 operating levels. One of the greatest lessons learned from the pandemic is the need to adapt, reinvent and build resilience in the face of adversity. Another key point is the importance of financial preparation for emergency situations. We are always reminding our followers, customers and readers about this message. It is a point that is particularly pertinent during these times.

Why Start a Business?

5.1 INTRODUCTION

This report has emphasized the individual nature of the decision to start a business, set in a specific economic and social context. The reasons for starting a business are inevitably personal, reflecting character and ambition as well as circumstances. The GEM approach to motivation is to specify some relevant motivations and then ask, via the Adult Population Survey (APS), whether the individual starting or running a new business agrees with that motivation. It is then possible to compare the levels of agreement between 2020 and the previous year for the 35 economies that participated in the APS in both years, and between genders within each economy. Each of these comparisons will be considered in this chapter.

Supporting entrepreneurship is a common policy objective in many economies, to maintain or enhance jobs and incomes, as well as to

plant the seeds of what will become tomorrow's major businesses. An indication of the growth potential of the new business is its perceived market scope and innovative orientation (in terms of the adoption of new products, new services and new technologies). This chapter will present an overview of these indicators and will demonstrate that innovative, ambitious entrepreneurship is a rare event in most economies.

First, however, this chapter will consider the very important question of whether it is harder now to start a business than it was a year ago, and whether the COVID-19 pandemic has led to delays in getting the new business operational. The answers, as anticipated, will be affirmative, although the extent of this affirmation varies considerably between economies.

5.2 STARTING A BUSINESS IN A PANDEMIC

This report has already noted the relatively high proportions of adults who know someone who has started a business because of the COVID-19 pandemic,¹ as well as the relatively high shares of those starting new businesses who see new opportunities to pursue as a result of the pandemic, offset by the even higher proportions of knowing someone who has stopped a business due to the pandemic. But has the pandemic made starting a business easier or more difficult? And

has it led to delays in getting businesses up and running?

The GEM 2020 APS addressed both of these issues, first by asking those starting or running a new business² whether doing so is more difficult than a year ago, and second by enquiring of those starting a business whether the pandemic has led to a delay in getting the business operational. Answers to each of these questions are set out in Figures 5.1. and 5.2.

There is general agreement among those starting and running a new business that doing so is more difficult than a year ago, with just 11 of 43 economies in which less than one in two agree, including eight from Europe & North America, two from Middle East & Africa and one from Central & East Asia. In 10 economies, over seven out of 10 starting and running a business consider it more

¹ There is a broad consensus that the likelihood of becoming an entrepreneur is not only influenced by individual characteristics but also by context. However, context factors are not stable per se; they tend to vary over time, particularly with regard to economic cycles. An example is the COVID-19 pandemic. See Pinho, J.C., & de Lurdes Martins, M. (2020). The opportunity to create a business: Systemic banking crisis, institutional factor conditions, and trade openness. *Journal of International Entrepreneurship*, 18, 393–418. <https://doi.org/10.1007/s10843-020-00275-3>

² Strictly, in this and other questions, all proportions are for those answering the specific question.

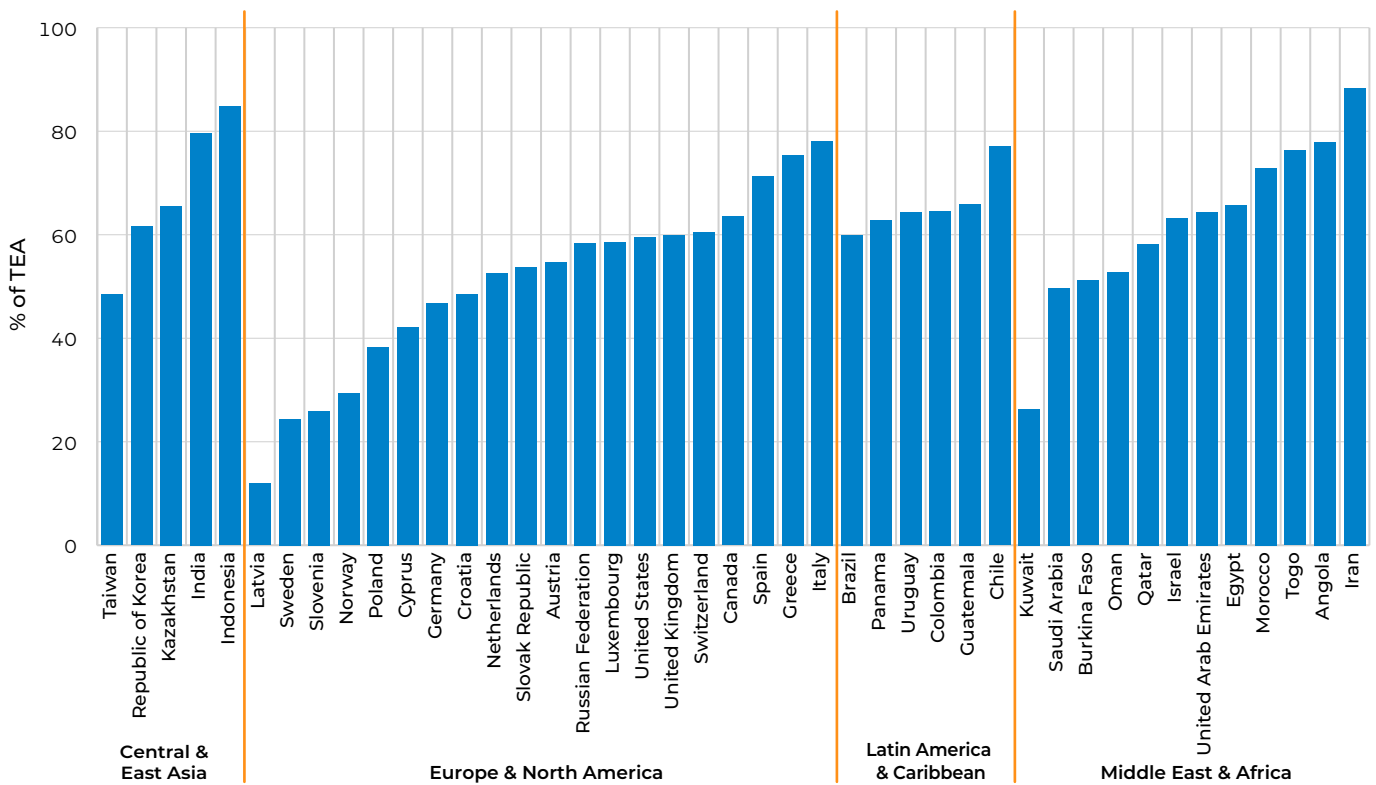


FIGURE 5.1 The percentage of those involved in Total early-stage Entrepreneurial Activity (TEA) who think starting a business is somewhat or much more difficult compared to a year ago

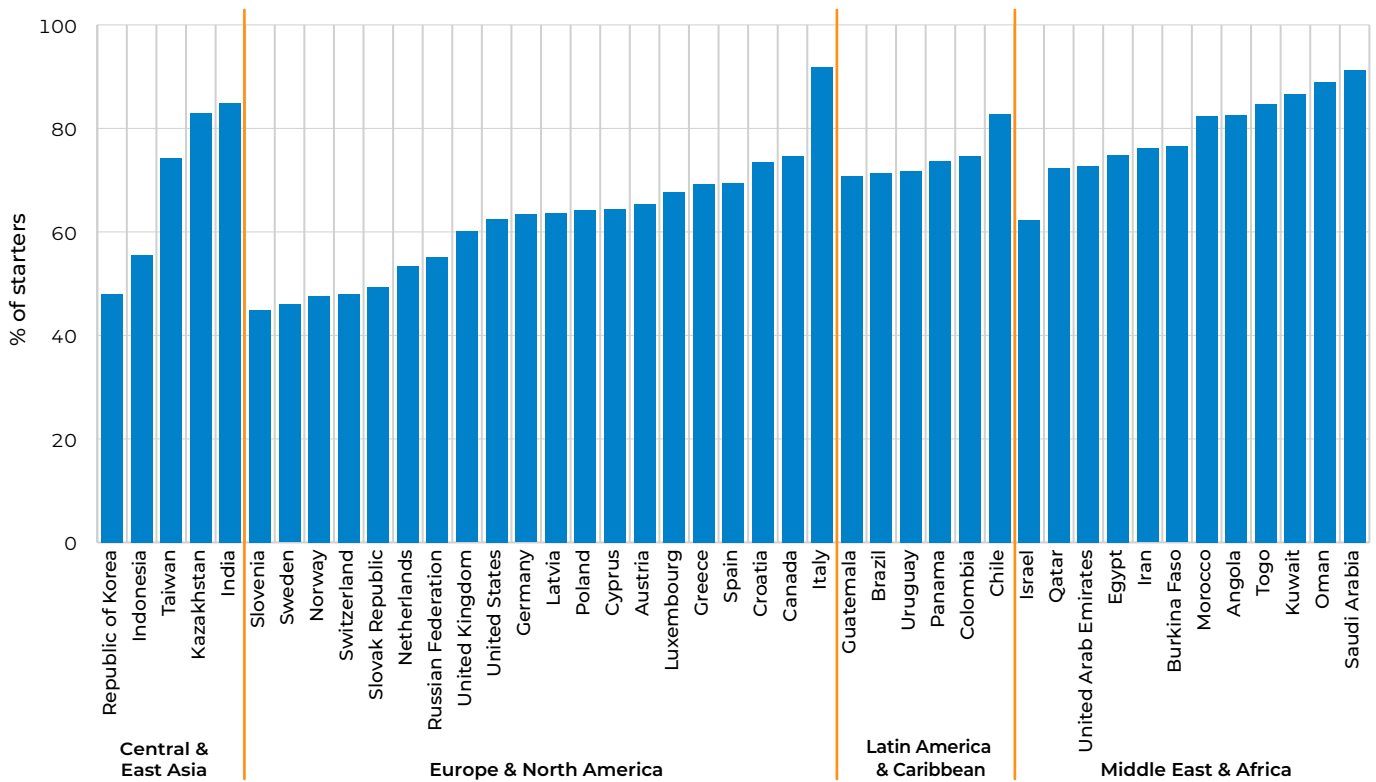


FIGURE 5.2 The percentage of those starting a business who agree that the pandemic has led to a delay in getting the business operational

difficult to do so in 2020 than in the previous year. All global regions are represented among these 10 economies. The highest is in Iran, where nearly nine out of 10 agree with this. The extent to which it is seen to be more difficult to start a business compared to a year ago may be dependent on the size of the pandemic-relief business-support package being offered in various economies.

There is even more agreement among those starting a new business that the pandemic has led to a delay in getting that business operational, with less than one in two agreeing in just six economies, five of which are in Europe & North America and one in Central & East Asia. Over half of the 43 economies have seven out of 10 or more of those starting a new business agreeing that the pandemic is delaying getting the new business operational, reaching a peak of over nine out of 10 in Italy and Saudi Arabia. Delays in getting the business started may make the already-fragile new business even more vulnerable in those crucial early days.

5.3 WHY START A BUSINESS?

Starting a business means having confidence in the future as well as in your own abilities, making financial and emotional investments for an uncertain return. It also means autonomy and independence, assuming and managing responsibility for your own future. It places the potential to make a difference in the world firmly in your own hands. It can potentially unlock great wealth or high income, can continue a family tradition or even start a new one. More pragmatically, it may simply be the means to an income in the absence of alternatives.

The 2019 APS introduced new questions about motivation, which were repeated in 2020. These questions ask those who are starting or running a new business whether they agree with the following statements about their own motivations:³

³ Evidence has shown that uncertain economic cycles influence the type and number of new entrepreneurs who are motive-related (either opportunity-driven or necessity-driven). It is reasonable to assume that the human nature of the COVID-19 pandemic will be embedded in the startup's motivations. See Christian, H., & Rolf, S. (2014). How did the economic crisis influence new firm creation? A multilevel approach based upon data from German regions. *Journal of Economics and Statistics*, 234(6), 722–56.

ENTREPRENEUR HIGHLIGHT

Muhammed Jaffar (Kuwait)

Business: JustClean is the Gulf's leading on-demand laundry marketplace app, SaaS (software as a service) and logistics platform. It gives users a stress-free, convenient alternative to normal cleaning experiences. JustClean is more than just a mobile application: it is connected to the largest selection of laundry partners seven days a week, making sure users receive the kind of service they deserve at the ease they need.



What is one key lesson you have learned as an entrepreneur running a business in the midst of a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

Due to COVID-19, many changes have happened in the world we live in. We therefore had to restructure and accommodate this changing environment. At JustClean, we are working very hard to disrupt and move the large laundry space online — and build a company that can continue into the future. Hopefully, God willing, all the hard work and sacrifice will one day translate into success.

- 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.

The desire for independence was not included as a motivation, since prior testing has shown that almost everyone starting a business agreed with that. Respondents could choose, on a five-point Likert scale, whether to strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, or strongly disagree. They could also agree or disagree with as many motives as they chose.

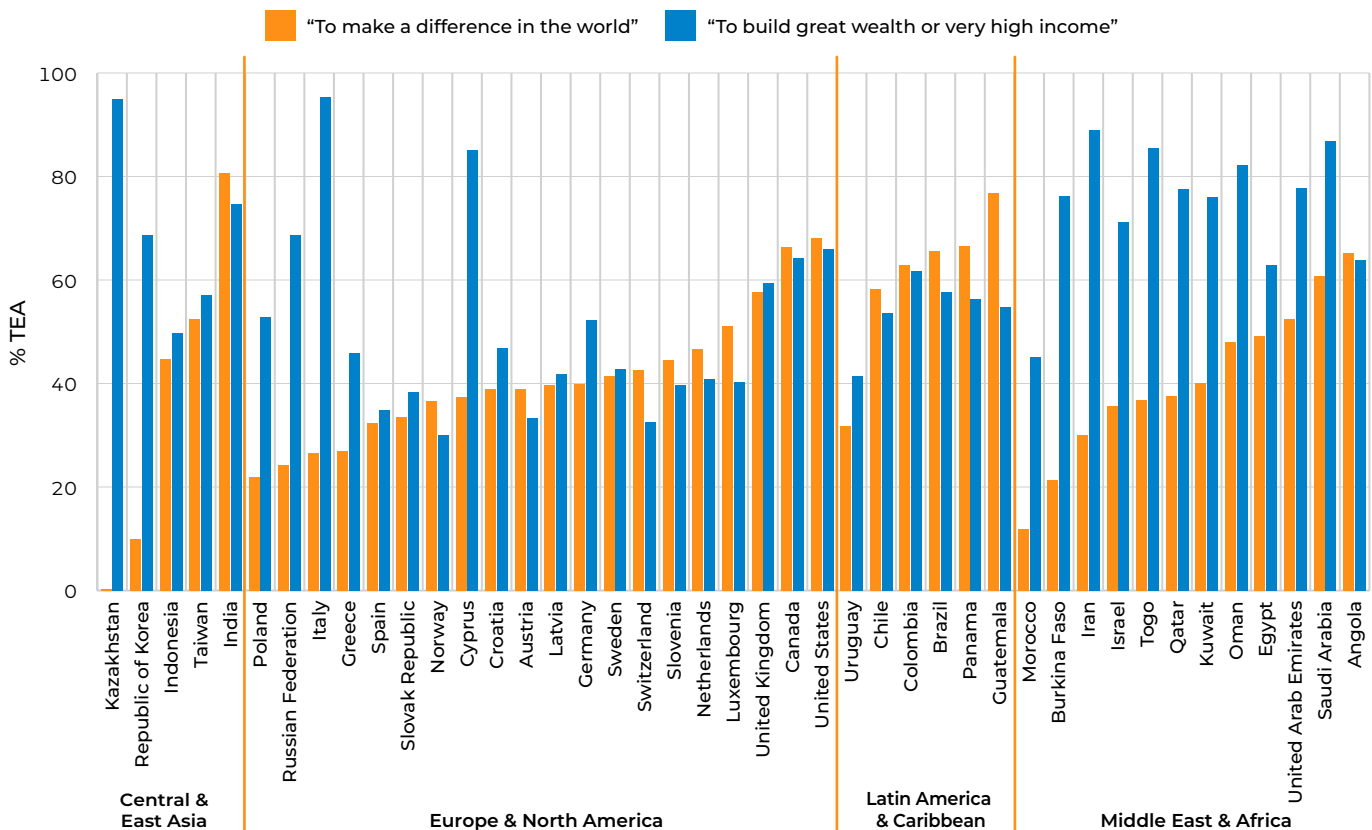


FIGURE 5.3

Motivations “to make a difference in the world” and “to build great wealth or very high income” (somewhat/strongly agree as % of Total early-stage Entrepreneurial Activity [TEA])

Figure 5.3 shows the percentage of those starting or running a new business in 2020 who agree or strongly agree with the motivation “to make a difference in the world” or “to build great wealth or very high income”. Nine economies have over three out of five of those starting and running a new business who agree⁴ with the motive “to make a difference in the world”. All the four global regions are represented, including both North American economies, and four of five Latin America & Caribbean economies. The highest level of agreement is, however, India, with just over four out of five. Making a difference in the world suggests social, cultural or environmental objectives alongside, or instead of, solely economic motives.

In another eight economies, however, less than three in 10 agree with the motivation “to make a difference in the world”. Four of these are from Europe, and two each from Central & East Asia and Middle East & Africa. The lowest

rate is Kazakhstan, with less than one in 100 new starters agreeing.

There is rather more agreement with the motive “to build great wealth or very high income”, with over three out of four starters agreeing in 11 economies, including eight from Middle East & Africa, two from Europe and one from Central & East Asia. Italy has the highest agreement, closely followed by Kazakhstan, both with 95%. Just six economies have less than two out of five of their starters agreeing, all in Europe & North America. Lowest is Norway, with just three in 10.

The next chart (Figure 5.4) refers to the other two listed motivations: “to continue a family tradition”, and “to earn a living because jobs are scarce”, with the latter showing much more agreement than the former. Continuing a family tradition is clearly important in a few, specific economies, agreed by over half of starters in Saudi Arabia and Germany, and over three out of four in India, but by less than one in five starters in eight economies, including just one in 20 in the Republic of Korea.

To earn a living because jobs are scarce has over half of all starters agreeing in 34 of the 43 economies, including 14 in which over three out of

⁴ Recall that in the text and charts, “agree” includes both “somewhat agree” and “strongly agree”.

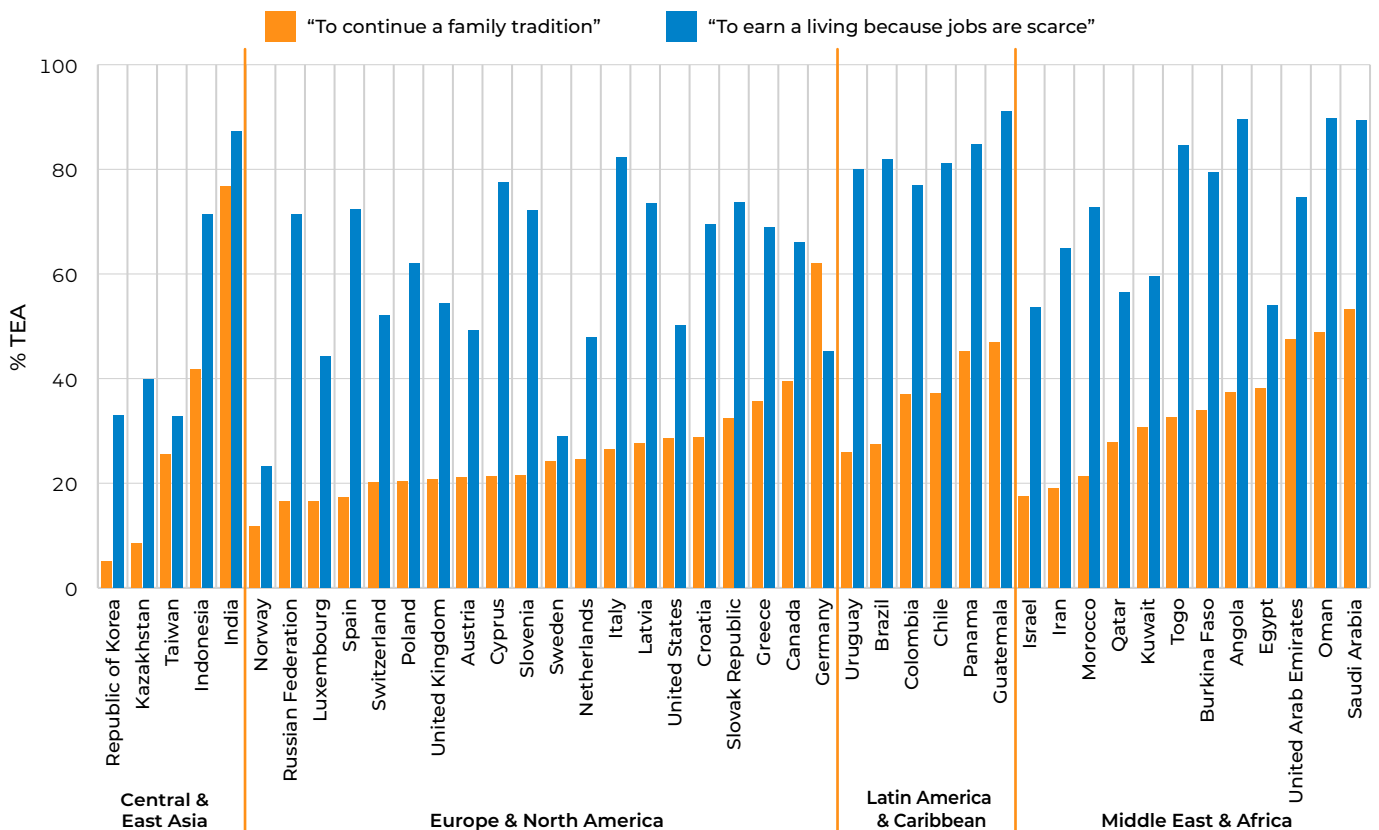


FIGURE 5.4
Motivations “to continue a family tradition” and “to earn a living because jobs are scarce” (somewhat/strongly agree as % of Total early-stage Entrepreneurial Activity [TEA])

four starters agree with this motive. These include all the Latin America & Caribbean economies, five from Middle East & Africa, two from Europe & North America and one from Central & East Asia.

It is interesting to compare motivations. Are those starting a business to continue a family tradition also seeking great wealth or high income? Are those starting a business to earn a living because jobs are scarce also starting that business to make a difference in the world? Certainly there are two economies (India and Saudi Arabia), where over half of those starting or running a new business agree with all four motivations.⁵

Given this is the second year these questions have been asked, and given the dark shadow cast by the COVID-19 pandemic, it may be anticipated that the proportions of those starting a business and agreeing with the motivation “to make a difference in the world” have decreased sharply since last year, while those agreeing

with the motivation “to earn a living because jobs are scarce” may be expected to have increased sharply. The evidence is rather more nuanced. Recall that there are 35 National Teams that participated in the APS in both 2019 and 2020. For 21 of those economies, the proportion of those starting or running a new business and agreeing with the motivation “to make a difference in the world” fell between those two years, with the largest falls in Poland (from 65% to 22%), Qatar (55% to 38%), and Spain (49% to 32%), but there were also 14 economies in which the proportion increased, most notably in Italy (11% to 27%) and Colombia (44% to 63%). This would seem to imply that, despite the impact of the pandemic, starting a business to make a difference in the world remains a strong motivator.

The evidence in terms of the motivations “to build great wealth or very high income” and “to earn a living because jobs are scarce” is even more mixed. For the former, there were 18 economies in which the proportion agreeing went down, and 17 in which that proportion went up. Notable changes in terms of the proportion of starters agreeing with the motive of building

⁵ There is strong positive correlation between the motives “to make a difference in the world” and “to continue a family tradition”.



Edwin Vargas Cortés (Panama)

Business: Include Technologies uses data-enabled immersive virtual experiences to help businesses change the way they train their collaborators.

What is one key lesson you have learned as an entrepreneur running a business in the midst of a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

Our key lesson from this pandemic was identifying when to pivot and adapt to clients’ new problems. As the pandemic struck, our clients’ needs changed dramatically. They were now very concerned about biological safety and allocating budget for new training solutions.

Some clients wanted video game-based training but were not willing to spend money on more hardware. We had to change our products accordingly. We developed more solutions for low-end VR devices and also started doing video game-based training experiences, all while keeping our data-enabled approach to all products.

As we move forward in this new post-pandemic reality, we plan to keep this mindset in the future as one of our company’s pillars.

great wealth were falls for Morocco (from 70% to 45%) and Spain (60% to 35%), but increases in the Netherlands (22% to 41%) and in Oman (53% to 82%). For the latter motive, “to earn a living because jobs are scarce”, the situation was very similar: 18 economies saw an increase in the proportion of starters agreeing, and 17 economies experienced a decrease. Major increases included Poland (16% to 62%) and Spain (42% to 72%), while the largest absolute fall was in Morocco (93% to 73%). Certainly, these results challenge the hypothesis that the pandemic has forced many people into entrepreneurship due to lack of alternatives.

The evidence in terms of the motivation “to continue a family tradition” is less ambiguous, with 21 economies experiencing a fall in the proportions of business starters agreeing with this motivation, while the same proportion increased in 14 economies. Substantial falls included Poland (from 82% to 20%) and Qatar (52% to 28%), while increases included Oman (26% to 49%) and the United Kingdom (6% to 21%).

The inclusion of these motivation questions in the APS allows responses to be subdivided by gender. Last year’s Global Report, for example, showed that women were more likely than men to agree with the motivation “to make a difference in the world”. This remains the case in 2020, with 26 economies in which higher proportions of women than men agree with this motivation. This is also the case with “earn a living because jobs are scarce”, with the proportion of women starters agreeing with this motivation exceeding that of men in some 30 economies. However, the converse is true with regard to the other motivations: higher proportions of men agree with the motivations “to build great wealth” and “to continue a family tradition”.

While there certainly are gender differences in motivation, it is worth keeping in mind that these in-country gender differences are typically much smaller than between-country differences. Indeed, there is a very strong and positive correlation between the proportions of male and female starters agreeing with the motivations.

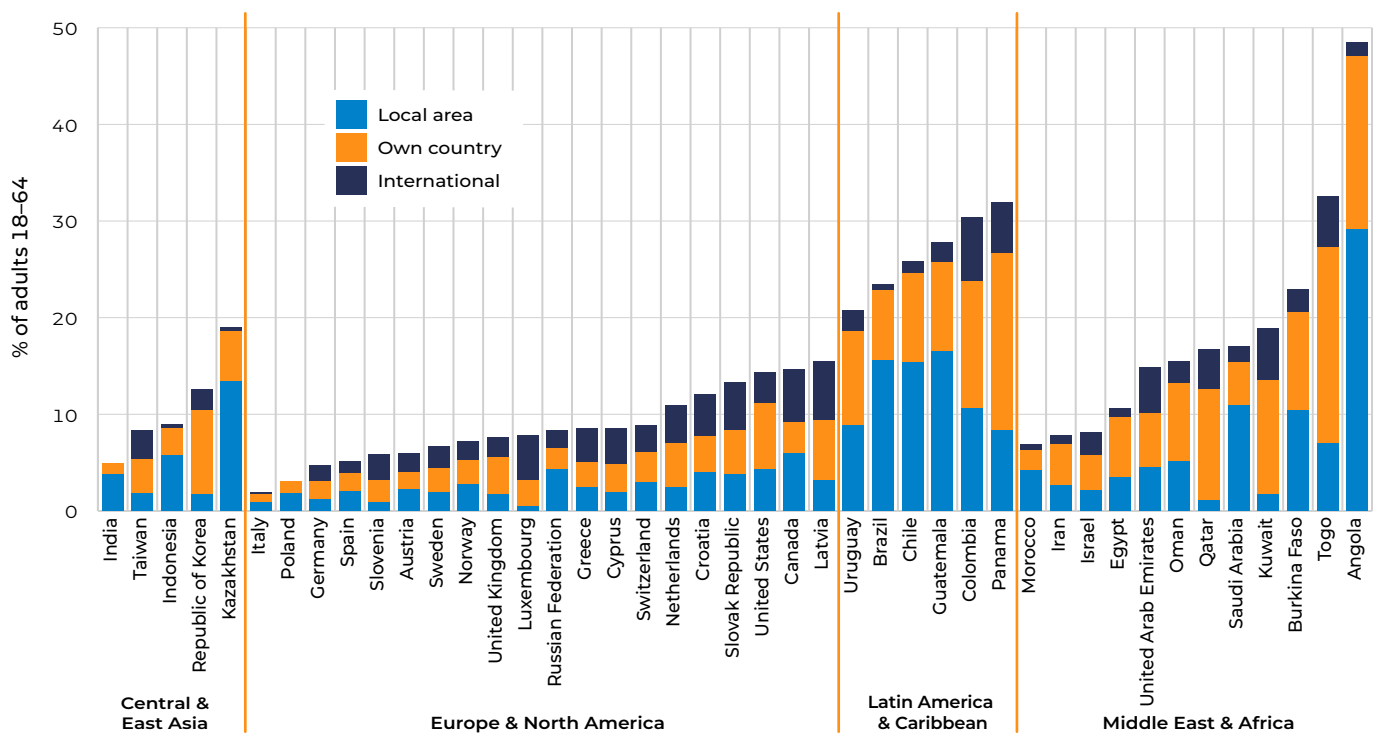


FIGURE 5.5
The level of Total early-stage Entrepreneurial Activity (TEA) and those within this having customers only within their local area, only within their own country, and those with international customers (all % of adults aged 18–64)

5.4 MARKETS AND INNOVATION

This Global Report has already offered a glimpse into the market potential of the newly started business, by looking at anticipated employment in that new business in five years’ time, as well as the proportion of those starting or running a new business who expect a quarter of revenue or more to come from outside their home economy. This section will go a step further, by considering the scope of the new business in terms of three dimensions: customers (whether local, national or international), new products or services (whether these are new to customers locally, nationally or new to the world), and new technologies or processes (whether these are new locally, new to that nation or new to the world). Each is important in terms of the potential impact of the new business.⁶ These different dimensions of

scope also say something about the opportunity for sustained value into the future.

Figure 5.5 demonstrates the local nature of much new entrepreneurship, with over three in five of those starting or running a new business having only local customers in six of the 43 economies: India, Indonesia, Kazakhstan, Brazil, Morocco and Saudi Arabia, in contrast to the three economies (Kuwait, Qatar and Luxembourg), in which less than one in 10 starting or running a new business have only local customers, though in smaller countries the distinction between local and national may not always be clear. There are 12 economies in which over nine out of 10 of those starting or running a new business have customers only within their own economy (local plus national): four of these are in Middle East & Africa, with three each from Latin America & Caribbean and Europe & North America and two from Central & East Asia. Of course, the economies with the lowest shares of national customers are those with the highest shares of local customers. There are just five economies within the 43 in which two out of five or more of those starting or running a new business have international customers: Luxembourg, Slovenia, Cyprus, Greece and Latvia.

⁶ Although the management literature recognizes innovation as the solution to external crises, entrepreneurship literature has found some trends. First, that necessity-driven entrepreneurship is ineffective during recessions. Second, innovation and opportunity recognition are more relevant as success factors during periods of recession than during periods of prosperity. See Devece, C., Peris-Ortiz, M., & Rueda-Armengot, C. (2016). Entrepreneurship during economic crisis: Success factors and paths to failure. *Journal of Business Research*, 69(11), 5,366–70.

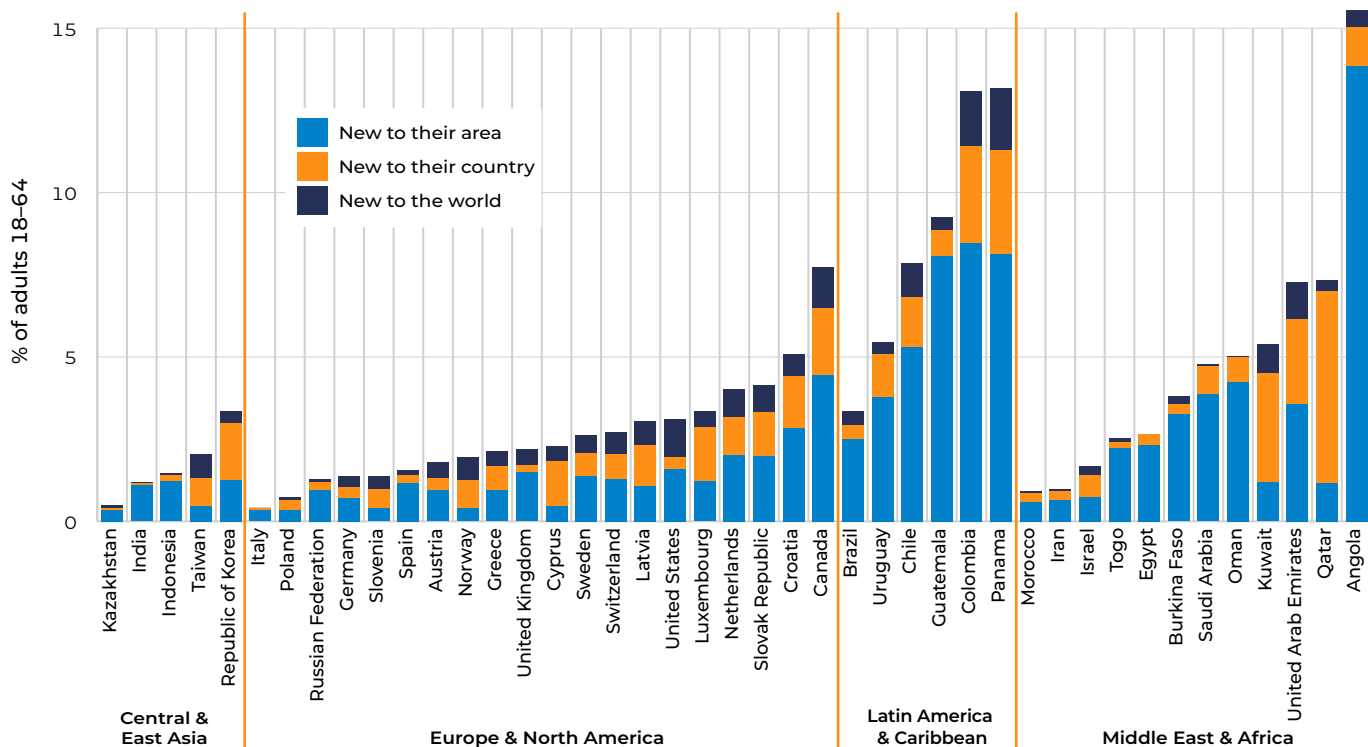


FIGURE 5.6

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 (all % of adults aged 18–64)

Some of the fastest-growing new businesses are likely to be those offering products or services that are new to their customers. One way to offer new products or services to local customers is to bring these from other parts of your own country or from abroad. Figure 5.6 plots the percentage of adults starting or running a new business and offering products or services that are new to the area, new to the country or new to the world.

The proportion of adults starting or running a new business and offering products or services that are new to their area is less than one in 50 in all of the Central & East Asia economies, all but four of the Europe & North America economies, five from Middle East & Africa, and in none of the Latin America & Caribbean economies. At the same time, one in 12 adults or more is starting or running a new business and offering products or services that are new to their area in four economies: Angola, Columbia, Panama and Guatemala.

The share of adults starting or running a new business offering goods or services that are new to their country is less than one in 100 in 27 of the 43 economies, and one in 50 or more in just six economies: three from Middle East & Africa, two from Latin America & Caribbean and just one from Europe & North America. Finally, those adults starting or running businesses offering

products or services that are new to the world continue to be very elusive; less than one in 100 in all but six of the 43 economies. The exceptions are the United Arab Emirates, Columbia, Panama, Chile, Canada and the United States.

The third of the dimensions of scope is the use of new technologies or procedures. Those starting or running a new business were asked if they were using technologies or procedures that are new to their area, new to their country or new to the world. The results are outlined in Figure 5.7, showing those adults both starting or running a new business and using technologies or processes that are new to their area, new to their country and new to the world. Over a third of those starting or running a new business in nine economies are using new technologies or processes, five from Europe & North America, three from Middle East & Africa and one from Latin America & Caribbean. Highest was Canada, where almost half of those starting or running new businesses are using new technology or processes. Relatively low levels of Total early-stage Entrepreneurial Activity (TEA) in many of these mean that the proportion of adults starting or running a new business and using new technology or processes tends to be low, exceeding one in 10 adults in just two economies: Columbia and Panama.

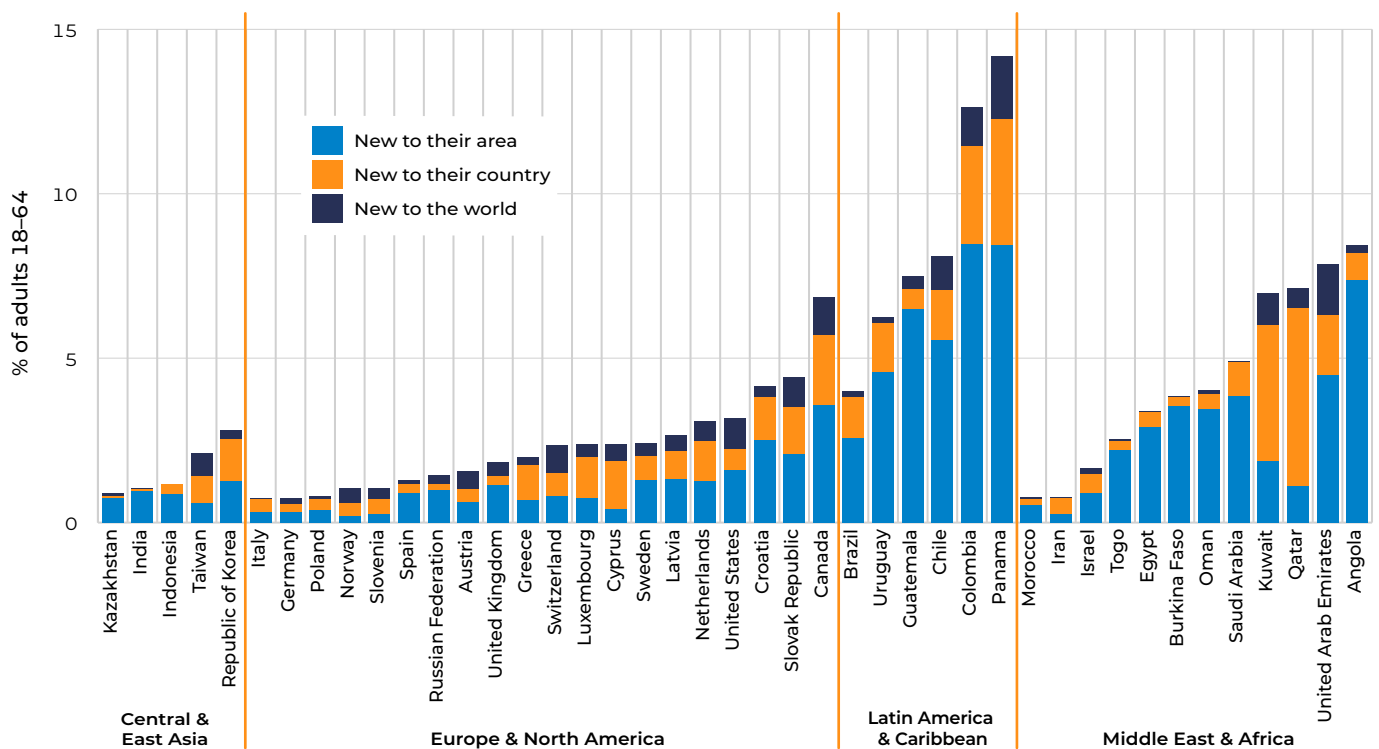


FIGURE 5.7
The proportion of adults starting or running a new business using technology or processes that are either new to their area, new to their country or new to the world (all % of adults aged 18–64)

Finally, the proportion of adults starting or running a new business using technology or processes that are new to the world is typically very low indeed, being less than 1% of all

adults in all but five of the 43 economies.⁷ The exceptions are Chile, Colombia, Canada, the United Arab Emirates and Panama, though all are lower than 2%.

5.5 CONCLUSIONS

There is widespread agreement among those starting or running a new business that doing so is more difficult than a year ago, agreed by over half of those in all the GEM Latin America & Caribbean economies, in all but one each of the Central & East Asia economies and Middle East & Africa economies, but in just 12 out of 20 Europe & North America economies. There is even more widespread agreement that the pandemic has led to delays in getting the new business operational. Here it is easier to count the GEM economies in which less than half of those starting or running a new business agree: just one in Central & East

Asia and five in Europe & North America. Delays in getting the new business operational is a very real concern, because most new businesses are very fragile in those early days.

This chapter has considered, in some detail, the motivations of those starting or running a new business, and how those motivations vary between economies, between genders, and between now and the innocent days of a year ago. In general, “building great wealth or very high income” and “earning a living because jobs are scarce” are dominant motives for the GEM economies in Latin America & Caribbean and in Middle East & Africa. Motivations are more mixed in GEM economies in Europe & North America and in Central & East Asia, where “making a difference in the world” remains a major motivator. Starting a business to continue a family tradition remains very important in a small number of economies across all global regions.

⁷ Indeed, there are also interesting growth patterns by gender. See Singer, S., Šarlija, N., Pfeifer, S., & Peterka, S.O. (2017). Gender patterns of businesses with growth potential in Croatia. In P. Wynarczyk and M. Ranga (eds.), *Technology, Commercialization and Gender: A Global Perspective*, 101–40. Cham, Switzerland: Palgrave Macmillan.

Informal Investment

6.1 INTRODUCTION

Starting a new business requires resources, including access to finance. Informal investment is the process whereby an individual provides funding for someone else's new business, typically to family or friends, and may make an important contribution to an entrepreneurially dynamic economy.

This informal investment can comprise crucial startup finance, often in territory where commercial lending institutions fear to tread. Despite the media attention given to well-resourced new high-technology startups, most new businesses start with very limited funding — often just the personal resources of the starter, including savings, overdrafts and credit cards, plus whatever can be borrowed from family

and friends. So, investing in someone else's startup can be the difference between that new business being able to start or not, and can also, for the very few new businesses that are spectacular successes, provide returns for the investors far beyond what is commercially available. However, investing in someone else's startup is a high-risk activity and it would be imprudent to invest more than one can afford to lose!

There may also be some association between informal investment and business exits. Exiting a business — and doing so early enough — may be especially problematic if family and friends have invested in it, as it may compromise those relationships.

6.2 LEVELS OF INFORMAL INVESTMENT

A question in the APS asks all participating adults if they have, in the past three years, personally provided funds for a new business initiated by someone else. The proportion of adults responding positively is plotted in Figure 6.1.¹ Investing in someone else's startup is very much a minority activity, undertaken by less than one in 20 adults in 29 of the 43 economies analysed, including all of the Central & East Asia economies, all but three of the Europe & North America economies, but including just one of the Latin America & Caribbean economies and six of the Middle East & Africa economies. There are only five economies with over one in 10 adults investing in someone else's new business: Chile, Saudi Arabia, Guatemala, Angola and Togo. Interestingly, all of these have relatively high levels of Total early-stage Entrepreneurial Activity

(TEA), indicating that different dimensions of entrepreneurship may be closely related.

Those survey participants who had invested in someone else's business are asked, in a subsequent question, how much they have invested (then converted by GEM into US dollars). Results, expressed in terms of the median² investment, are set out in Figure 6.2. In 20 of the 43 economies, the median value of informal investment is less than \$5,000, including in 10 where this median is less than \$1,000. Note that, in some economies, investment to the equivalent of \$1,000 could be substantial.

This leaves 23 economies in which the median investment is \$5,000 or more. However, 17 of these have rates of informal investment of less than one in 20 adults. There are only six economies — Qatar, Kuwait, Saudi Arabia, Switzerland, Luxembourg and the United States — in which

¹ Previous findings have suggested that informal investing propensity is less influenced by demographic factors and income and more influenced by prior entrepreneurial experience and self-perceived skills with the new business formation. See Wong, P.K., & Ho, Y.P. (2007). Characteristics and determinants of informal investment in Singapore. *Venture Capital*, 9(1), 43–70.

² If all the investments were arranged by order of magnitude, the median investment would be in the middle of that ranking. Here, the median is chosen over the average as it can be a good measure of central tendency if the population proportion is low and the average is susceptible to distortion by extreme values.

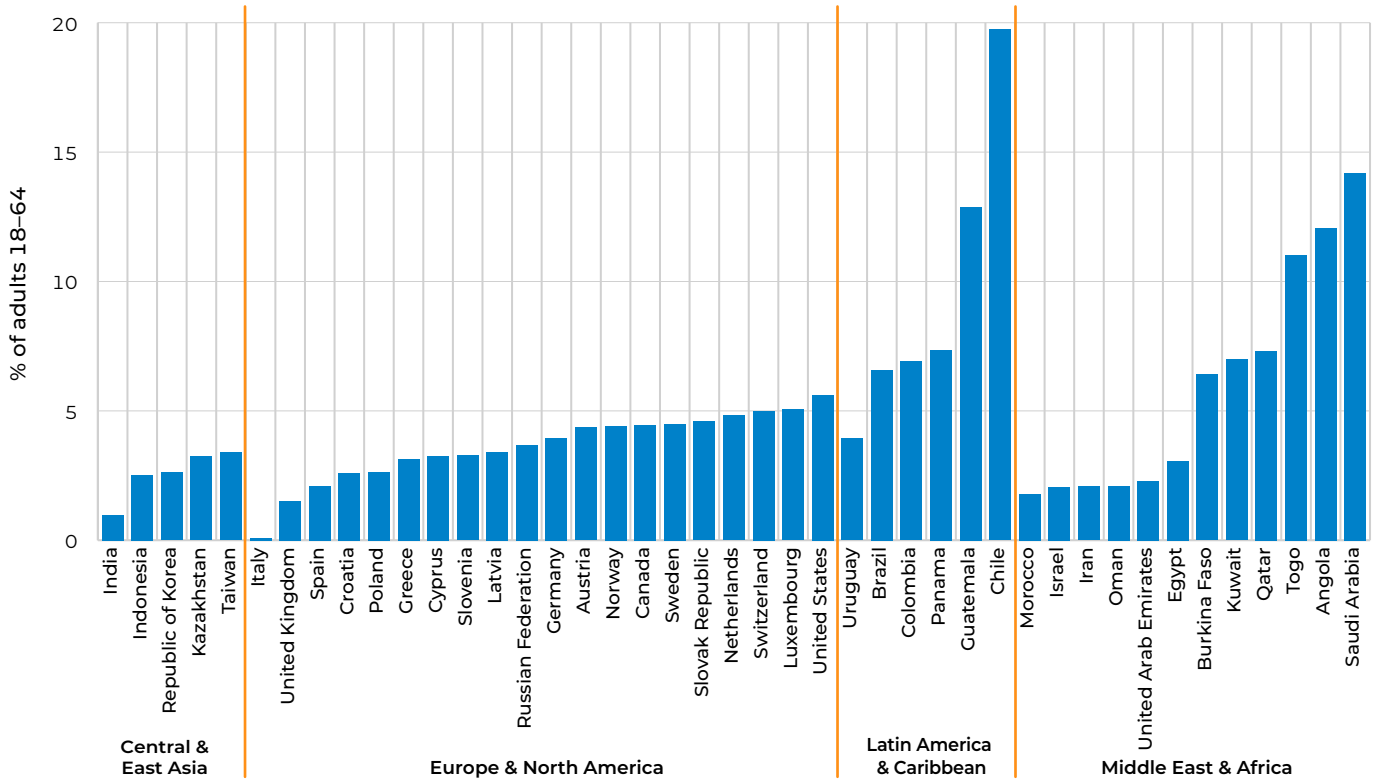


FIGURE 6.1 Informal investment (% of adults aged 18-64)

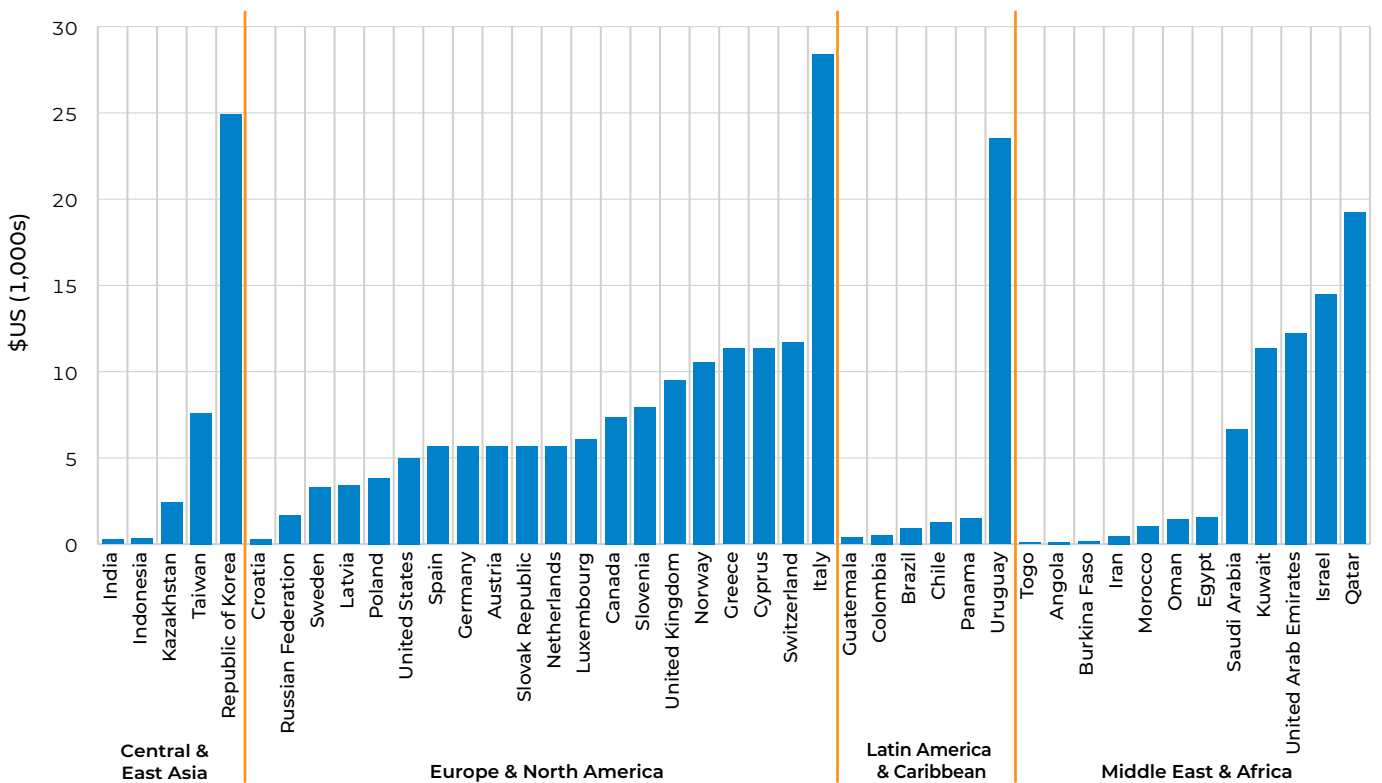


FIGURE 6.2 Median amount invested (US\$) in someone else's startup

the rate of informal investment is one in 20 adults or more *and* the median informal investment is \$5,000 or more. Each of these is a high-income economy.

Finally, the rates in the 35 economies participating in both the 2020 and 2019 GEM

Adult Population Survey (APS) can be compared across the two years. Unsurprisingly, in 29 of these economies, informal investment rates are lower in 2020 than in 2019. The greatest falls were in Oman (from 10% of adults to 2%) and Switzerland (9% to 5%). The largest rise was in Brazil (3% to 7%).

6.3 CONCLUSIONS

Informal investment continues to be a minority activity in most economies, but can be very important in specific, particularly high-income,

economies. In a majority of economies in which direct comparisons can be made between 2019 and 2020, rates of in formal investment have fallen.

ENTREPRENEUR HIGHLIGHT

Ivan Jelušić (Croatia)

Business: As COO of Orqa FPV, Ivan leads the operations and business development of a 50-person-strong full-stack engineering team with expertise in electronics, optics, mechanical engineering, firmware, and backend and mobile software development. The company works in Osijek, Croatia, and Washington DC, USA. Its core technologies are video headsets and ultra-low-latency video transmission systems over direct radio links and public networks. Major clients include the US Air Force, US Navy, SWAT teams and consumer clients in 50+ countries. Orqa's goal is to create a technology that will enable immersive, real-time experience of remote real-world environments (they call it Remote Reality).

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a "new normal"?

We can all agree on the fact that pretty much anyone can be a leader during easy times. However, when challenging times occur, like the events of 2020, it becomes clear who has done a good job of building their teams. Leaders who were genuinely empathetic towards their team members had an easier job of maintaining trust levels during the hard times of 2020. Trust allows team members and leaders to focus on the task at hand and build resilience through even harder times. Genuine empathy during smooth times is the key to resilience during tough times.



Until last year, to me, Ubuntu was just an open-source Linux operating system. There is a new meaning to that word I learned during 2020. *Ubuntu* is a word from African philosophy meaning "I am because of who we all are." Ubuntu made me stop, think, and deep-dive into my emotions during the hard times. The year 2020 has made me a stronger person and a better leader.

The Environment for Entrepreneurship

7.1 THE ROLE OF CONTEXT

It has been emphasized throughout this Global Report that starting a new business is an individual decision, influenced by preferences, attitudes and expectations. It is set in a social, cultural and economic context which affects both that decision and the ability of any subsequent business to prosper and endure. This chapter will outline the nature of that context, describe an established but evolving methodology¹ to assess that context, and present the resulting patterns across a large sample of economies in 2020.

At the same time, the pandemic has overshadowed every national context across the globe. The same methodology will be extended to present an assessment of both the entrepreneurial response to that pandemic, and how government in the various economies has supported entrepreneurship in these difficult times.

GEM presents the social, cultural and economic context of a business in terms of carefully defined Entrepreneurship Framework Conditions (EFCs). These are derived both from the academic literature about what is important to new businesses, and from more than 20 years of GEM experience and observation.² These EFCs are set out in Table 7.1, in the form of a series of statements.

GEM has observed that the state of these individual EFCs in any given economy can help

or hinder the setting-up of a new business and its development.³ Take for example, EFC 1, “Access to entrepreneurial finance”. If entrepreneurial finance is plentiful and affordable for a new business, it can start on a larger, more ambitious scale than if that business has to be financed entirely from the starter’s own resources. In a second example, another EFC, “Physical infrastructure” — including access to roads and airports as well as amenities such as affordable electricity and Internet — is very important in determining the ease, or difficulty, of trading, including marketing.

While there is no doubt that conducive EFCs make starting and growing a business easier, there is not necessarily a direct link between the state of a given entrepreneurial context and the level of entrepreneurial activity. For example, the state of the EFCs is heavily influenced by availability of resources, including governmental, as well as the cultural priority given to entrepreneurship. In some high-income economies with high levels of public and private employment and generous social security systems, the entrepreneurial mindset and culture can be negatively affected, and the drive to start a new business may be substantially weaker than in a low-income economy with few alternative ways of making a living. Consequently, there are some economies with very favourable entrepreneurial environments yet low levels of entrepreneurial activity, and others with very unfavourable environments and high rates of entrepreneurial activity. However, the state of the entrepreneurial environment may be a major influence on the process of

¹ For more detail, see *GEM Results: NES-NECI 2020*. <https://www.gemconsortium.org/images/media/gem-neci-background-notes-1613753990.pdf>

² There is a broad consensus that context matters for entrepreneurship. However, variation in entrepreneurial ecosystem quality matters with regard to the estimated marginal effect of entrepreneurial activity on economic growth. Therefore, it is relevant to identify the entrepreneurial ecosystem’s boundaries at country and regional levels. See 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.

³ Links between the state of the EFCs and entrepreneurial activity have, for example, been established by Levie, J., & Autio, E. (2008). A theoretical grounding and test of the GEM model. *Small Business Economics*, 31(3), 235–63.

TABLE 7.1 GEM's entrepreneurship context: Entrepreneurial Framework Conditions (EFCs)

- 1. ACCESS TO ENTREPRENEURIAL FINANCE.** Sufficient funds are available to new startups, from informal investment and bank loans to government grants and venture capital.

- 2.1 GOVERNMENT POLICY: SUPPORT AND RELEVANCE.** Government policies promote entrepreneurship and support those starting a new business venture.
- 2.2 GOVERNMENT POLICY: TAXES AND BUREAUCRACY.** Business taxes and fees are affordable for the new enterprise. Rules and regulations are easy to manage, without undue burden on the new business.

- 3. GOVERNMENT ENTREPRENEURSHIP PROGRAMS.** Quality support programs are available to the new entrepreneur at local, regional and national levels.

- 4.1 ENTREPRENEURIAL EDUCATION AT SCHOOL.** Schools are introducing ideas of entrepreneurship and instilling students with entrepreneurial values such as enquiry, opportunity recognition and creativity.
- 4.2 ENTREPRENEURIAL EDUCATION POST-SCHOOL.** Colleges, universities and business schools offer effective courses in entrepreneurial subjects, alongside practical training in how to start a business.

- 5. RESEARCH AND DEVELOPMENT TRANSFER.** Research findings, including from universities and research centres, can readily be translated into commercial ventures.

- 6. COMMERCIAL AND PROFESSIONAL INFRASTRUCTURE.** There are sufficient affordable professional services such as lawyers and accountants to support the new venture, within a framework of property rights.

- 7.1 EASE OF ENTRY: MARKET DYNAMICS.** There are free, open and growing markets where no large businesses control entry or prices.
- 7.2 EASE OF ENTRY: MARKET BURDENS AND REGULATIONS.** Regulations facilitate, rather than restrict, entry.

- 8. PHYSICAL INFRASTRUCTURE.** Physical infrastructure (such as roads), Internet access and speed, the cost and availability of physical spaces, is adequate and accessible to entrepreneurs.

- 9. SOCIAL AND CULTURAL NORMS.** National culture encourages and celebrates entrepreneurship, including through the provision of role models and mentors, as well as social support for risk-taking.

turning startups into established businesses, and unfavourable environments may be an important factor in those economies in which

levels of Total early-stage Entrepreneurial Activity (TEA) far exceed levels of Established Business Ownership (EBO).

7.2 METHODOLOGY AND A SELECTION OF RESULTS

The nature of these conditions is such that no objective assessment is available as to their quality or efficacy in a particular economy. In these circumstances, one established method of assessment is to seek multiple expert views, which can then be pooled. The GEM National Expert Survey (NES)⁴ includes a sample of at least

36 carefully selected national experts (four per EFC)⁵ for each economy. Each expert completes the NES questionnaire, which includes an assessment of the extent to which the statements about the EFCs (summed up in Table 7.1) are — on an 11-point Likert scale — completely untrue (0) to completely true (10).

⁴ The GEM NES 2020 included 44 economies: all who completed the APS minus Canada and plus Mexico and Puerto Rico. Japan also completed the 2020 NES but results were too late to include in this chapter.

⁵ These national experts, of whom at least a quarter must be running a new or established business, and at least a quarter must not have participated in the previous year, must be approved by GEM.

These pooled expert assessments are then converted into an overall score for each EFC.⁶ This provides 12 scores (since three conditions are each made up of two parts). These overall scores indicate the sufficiency or otherwise of each framework condition for each economy, with a score of five representing “just sufficient”, although this assessment of sufficiency is itself set in a national context. National experts in a particular developed economy, for example, may have a very different view of sufficiency from national experts in a much less-developed economy.

Some assessment examples are provided in Figure 7.1, where results are plotted for two selected high-income economies (Germany and

⁶ Technically, a principal components analysis is applied to derive 12 latent variables.

Qatar) and two low-income economies (India and Togo).⁷ Full EFC comparative results for each of the participating economies are set out in Appendix Table A9, while national results are plotted in each Economy Profile.

For seven of the 12 EFCs, India is rated highest of the four economies, with Togo rated lowest by its national experts for 11 of the EFCs. The EFC assessments point to the strengths and weaknesses of each economy. Germany, a high-income economy, scores particularly well for “Government entrepreneurship programs” and for “Physical infrastructure”, but much

⁷ A line graph format is used to make it easier to distinguish between economies. There is no suggestion that EFCs are necessarily linked to each other. Note that, strictly, the vertical axis is a Likert scale from 0 to 10, shortened because none of the EFC scores for these four economies exceeded 7.

ENTREPRENEUR HIGHLIGHT

Pía Cárdenas Olivero (Chile)

Business: Spinpitch created a methodology to train startups and organizations on how to communicate their value proposition in an effective, attractive and commercially oriented way.

What is one key lesson you have learned as an entrepreneur running a business in the midst of a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

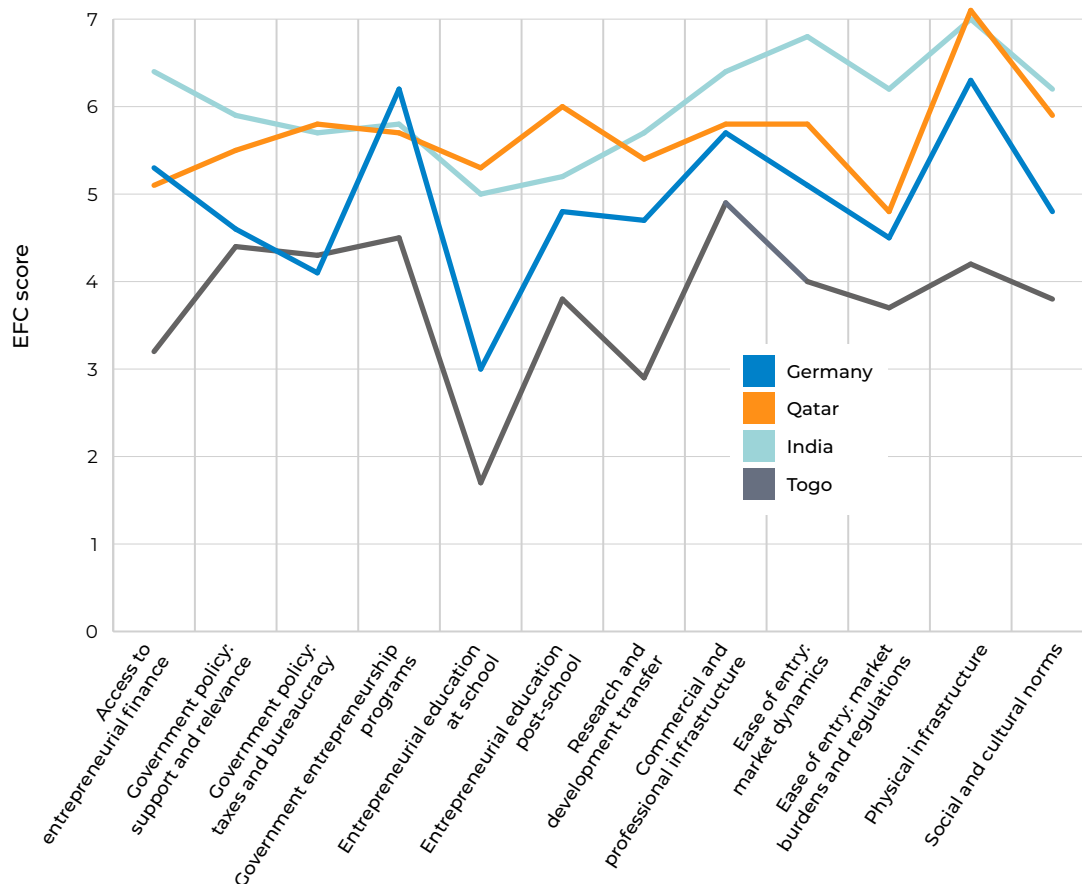
I learned that geographical distances were a very big obstacle to doing business before the pandemic. In my experience, most of the businesses were locally oriented. For customers abroad, proposals included travel and expenses that were often not approved as they exceeded the client’s budget.

But today, for many industries, geographic distances have become just an excuse. Throughout the pandemic, we were able to help organizations not only from all over Chile but from the Middle East, North America and different Latin American countries. These geographical barriers are also broken down with leaders and collaborators of different organizations. We can truly collaborate with anyone, working in the same or better way. This presents many opportunities.



Although the pandemic affected many people, families and industries, it also opened our eyes. It showed us that, if we organize ourselves correctly, it is possible to have an impact with remote work. We can decentralize and decongest the big cities and spend more time with our families and ourselves — a very important point for me as an entrepreneur and a mother.

FIGURE 7.1
Entrepreneurial
Framework
Condition (EFC)
scores: four
economies, 2020



poorer for “Entrepreneurial education at school”. High-income Qatar is regarded as sufficient in all EFCs except for “Ease of entry: market burdens and regulations”, and scores very highly for “Physical infrastructure”. Low-income Togo is rated as insufficient in all EFCs, although only just insufficient in “Commercial and professional infrastructure”. Togo scores poorly for “Entrepreneurial education at school” and for “Research and development transfer”. Finally,

another low-income economy, India, is regarded as at least sufficient in all EFCs, and scores particularly well in “Physical infrastructure” and in “Ease of entry: market dynamics”.

This wide variation makes it clear that there is no single recipe for a conducive entrepreneurial context. Each individual economy must find its own balance of factors to ensure it is encouraging, promoting and enabling entrepreneurship.

7.3 THE NATIONAL ENTREPRENEURSHIP CONTEXT INDEX

In 2018, GEM introduced the National Entrepreneurship Context Index (NECI), which summarizes, in one number, the average state of an economy’s environment for entrepreneurship. The NECI score for any given economy is the arithmetic mean of that economy’s EFC scores, so, like those scores, it is measured on a Likert scale from 0 to 10.

The NECI scores for the 44 economies included in the GEM National Expert Surveys

in 2020 are set out in Figure 7.2, ranked from highest to lowest. If a score of 5.0 is again regarded as “just sufficient”, only 15 of all participating economies have an environment for entrepreneurship that is just sufficient or better, including six from Europe & North America, five from Middle East & Africa, four from Central & East Asia and none from Latin America & Caribbean. Of the five economies with the highest NECI scores, three are classed

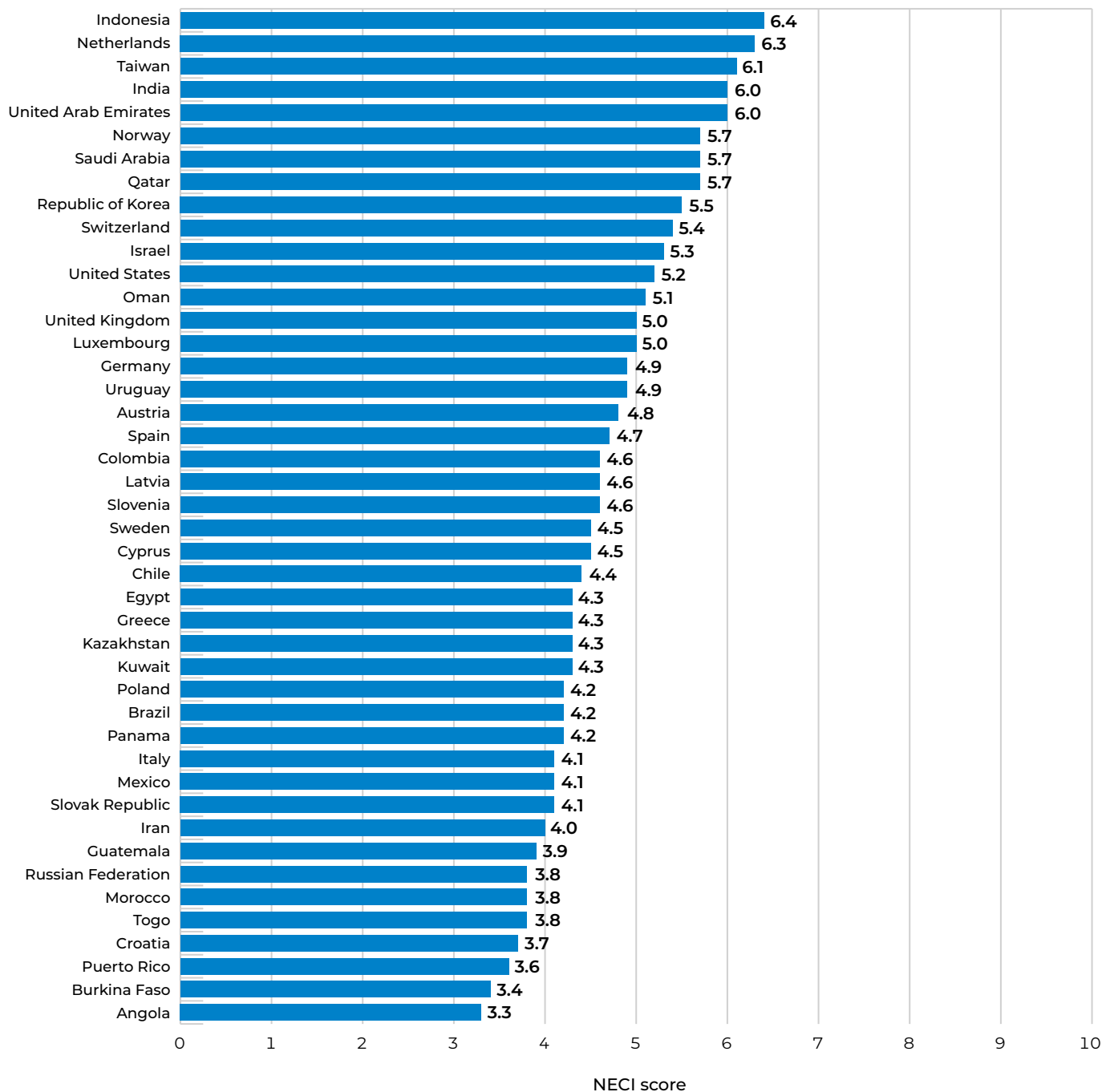


FIGURE 7.2
National
Entrepreneurship
Context
Index (NECI):
44 economies, 2020

as high-income, one middle-income and one low-income.

At the other end of the NECI scale, all global regions have economies with entrepreneurial environments scored as less than sufficient, with one from Central & East Asia, eight each from Latin America & Caribbean and Middle East & Africa, and 13 from Europe & North America. Of the five economies with the lowest-rated EFCs, three are categorized as low-income and two high-income. These findings suggest that neither

income level nor global region predetermines the quality of the environment for entrepreneurship.

Taken together, these NECI results indicate that a lot of ground still needs to be covered by governments around the world to put in place the kinds of condition conducive to maximizing the capacity of countries to promote and nurture entrepreneurship. Given the impact of COVID-19 on employment around the world, and the need to ensure that economies recover quickly, it behoves policymakers around the world to urgently put in



Neel Panchal (India)

Business: LHP Nana Technologies develops customized graphene-derivative products according to applications and customer requirements. These products have been used in technology for aerospace, water purification, composites, healthcare, textiles, inks, paints and coatings, batteries, and supercapacitors. A graduate of the Entrepreneurship Development Institute of India (EDII), Neel was first introduced to graphene when working on a project related to his studies. “It is truly a wonder material with immense potential to make a significant effect on human life,” said Neel.

He eventually developed his own proprietary method for graphene production at scale. Throughout the years, he has been supported by the mentoring of CrAdLE — Centre for Advancing and Launching Enterprises — an incubator that is part of EDII.

What is one key lesson you have learned as an entrepreneur running a business during a pandemic? How do you intend to apply this lesson as we move into a “new normal”?

Initially, my business was heavily impacted due to the complete shutdown of business. But, during the lockdown, we got an opportunity to think about other directions for our business. The brainstorming sessions and discussions opened up a completely new land of opportunity which led to the creation of a new venture. As an entrepreneur, we need to use adversity as a means to create opportunities for a better future.

This pandemic reminded us that we as humans need very little to actually live. This was forgotten due to our materialistic way of living. Secondly, we must not take our Mother Nature for granted. It’s our responsibility to take care of it in every possible way.

place the most conducive conditions possible to “nurture the nature” of entrepreneurship in their countries.

Given that this assessment of the state of each economy’s entrepreneurial environment was undertaken when those economies were still learning to cope with the icy grip of the pandemic (and perhaps they are still learning), it is revealing to compare NECI scores for 2020 to the pre-pandemic scores in the NES 2019 for the 35 economies that participated in both. While

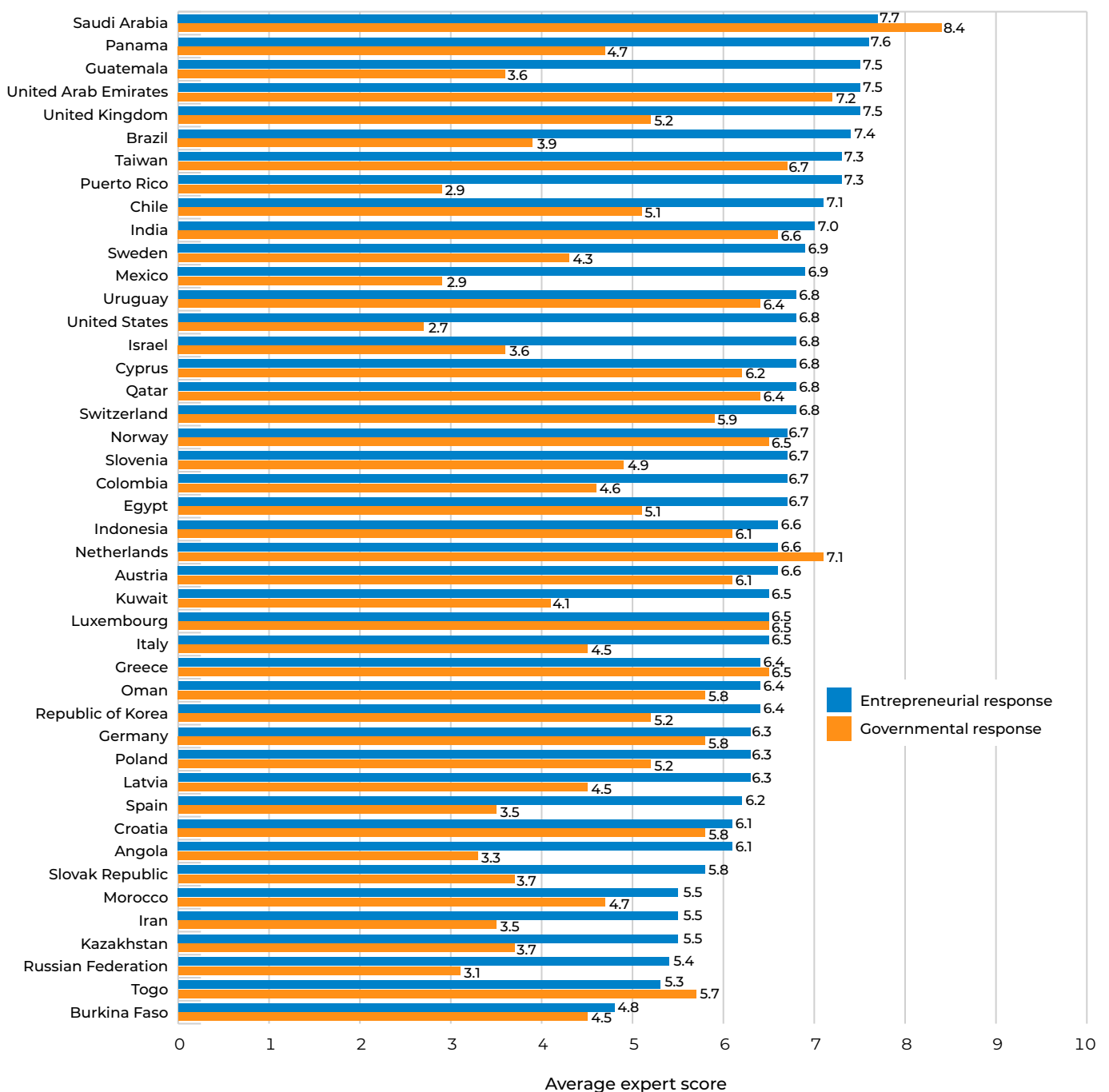
three economies saw their NECI scores fall by 0.5 points or more between 2019 and 2020 (Spain, Switzerland and Mexico), another five economies (Indonesia, Iran, Saudi Arabia, Oman and Israel) increased their NECI scores by 0.5 points or more in the same period. It is interesting that four of the five are in Middle East & Africa. The next section will show that a majority of these scored highly on the national experts’ assessment of the governmental response to the economic effects of the pandemic.

7.4 THE NATIONAL EXPERT SURVEY AND THE COVID-19 PANDEMIC

As with the Adult Population Survey (APS), GEM quickly responded to the pandemic, this time by inserting two extra blocks of relevant questions into the NES. These blocks of questions are designed to highlight two key areas: first, the response of entrepreneurs to the effects of the pandemic, and, second, the response of governments to the consequences of COVID-19.

The new questions related to the entrepreneurial response in NES 2020 focused on whether entrepreneurs are introducing new ways of doing business, promoting working from home, adjusting their products or services, identifying new opportunities, or are increasing cooperation with other businesses, including on global projects. Once more, expert responses are pooled

FIGURE 7.3
Experts' assessment of responses to the pandemic (nothing proactive = 0; fully proactive = 10)



into an aggregate response, signifying whether the entrepreneurial response to the pandemic is viewed by the experts as sufficient. Results for the 44 economies are presented in Figure 7.3.

The second block of new questions to national experts focused on government responses to the consequences of the pandemic: whether governments are effectively helping businesses to adjust, are helping to avoid the loss of firms, are effectively protecting workers and customers, and whether governments are increasing digital delivery of regulations. Summary expert views are presented alongside their assessment of entrepreneurial responses in Figure 7.3.

The side-by-side comparison makes it clear that the national experts see the entrepreneurs themselves as responding substantially more proactively than governments. For example, in 21 of the 44 economies, the lowest national expert score for the entrepreneurial response (Burkina Faso, 4.8), is higher than those same national experts score for the governmental response. Put another way, the entrepreneurial response to the pandemic is viewed by national experts as sufficient in all but one economy, compared to the 21 economies in which the governmental response is scored as less than sufficient.

Delving a little deeper, it is possible to discern two very different groups of economies.

The first, quite large, group has both proactive entrepreneurs and a proactive government, here depicted by scoring six points or more in the national expert assessments of both. This group has 13 economies, with all global regions represented: six from Europe & North America, three from both Central & East Asia and Middle East & Africa, and just one from Latin America & Caribbean. It will be interesting to see if a highly rated response to the pandemic for both entrepreneurs and governments in particular economies translates into less economic damage, such as to Established Business Ownership, and/or faster recovery from the economic impacts of COVID-19. Next year's GEM Global Report should be very revealing.

The second, smaller and perhaps less fortunate, group has both proactive entrepreneurs (scoring 6 or more) and much less proactive government responses to the pandemic (scoring 4 or less). This group has seven economies, with all global regions except Central & East Asia represented: four from Latin America & Caribbean, two from Europe & North America and one from Middle East & Africa. Time will tell if these economies experience greater economic damage and/or take longer to recover from the pandemic.

7.5 CONCLUSIONS

There are a number of key results that flow from the careful comparative analysis of the environment for entrepreneurship in each participating economy. First, from the overall assessment of EFCs represented by the NECI results, there is little evidence of any COVID-led sharp deterioration in the environment for entrepreneurship: of all the participating economies there are just three the NECI score of which fell by 0.5 points or more between 2019 and 2020, offset by the five economies the NECI score of which increased by 0.5 points or more over this period.

The second, equally notable, result is that there has been a strongly positive entrepreneurial response to the pandemic, as evidenced by the

national experts' assessments, with just one economy in which its national experts regarded the entrepreneurial response as insufficient (and then only just), compared to the 28 economies in which the entrepreneurial response to the pandemic was rated by national experts as highly sufficient (scoring 6.5 or more).

This is in stark contrast to those same national experts' ratings of the governmental response to the economic impacts of the pandemic, scored as insufficient by almost half of the 44 economies participating in the NES in 2020. There is much work for governments to do to help support the entrepreneurial activity: work that will be crucial to economic recovery.

PART 2

Economy Profiles



ECONOMY PROFILE



Angola

■ Population (2020): **31.8 million** (UN)

■ GDP per capita (2019; PPP, international \$): **6.98 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	70.7	7
Good opportunities to start a business in my area	75.6	6
It is easy to start a business	69.8	8=
Personally have the skills and knowledge	82.3	4
Fear of failure (opportunity)	34.8	35
Entrepreneurial intentions	83.0	1

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	16.4	2
International (25%+ revenue)	0.6	25=
National scope (customers and products/process)	1.7	18
Global scope (customers and products/process)	0.2	26=
Industry (% TEA in business services)	4.9	38

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	65.3	7	61.8	69.4
Build great wealth	63.8	18	59.4	68.9
Continue family tradition	37.3	11	34.9	40.0
To earn a living	89.5	3=	89.7	89.2

Activity

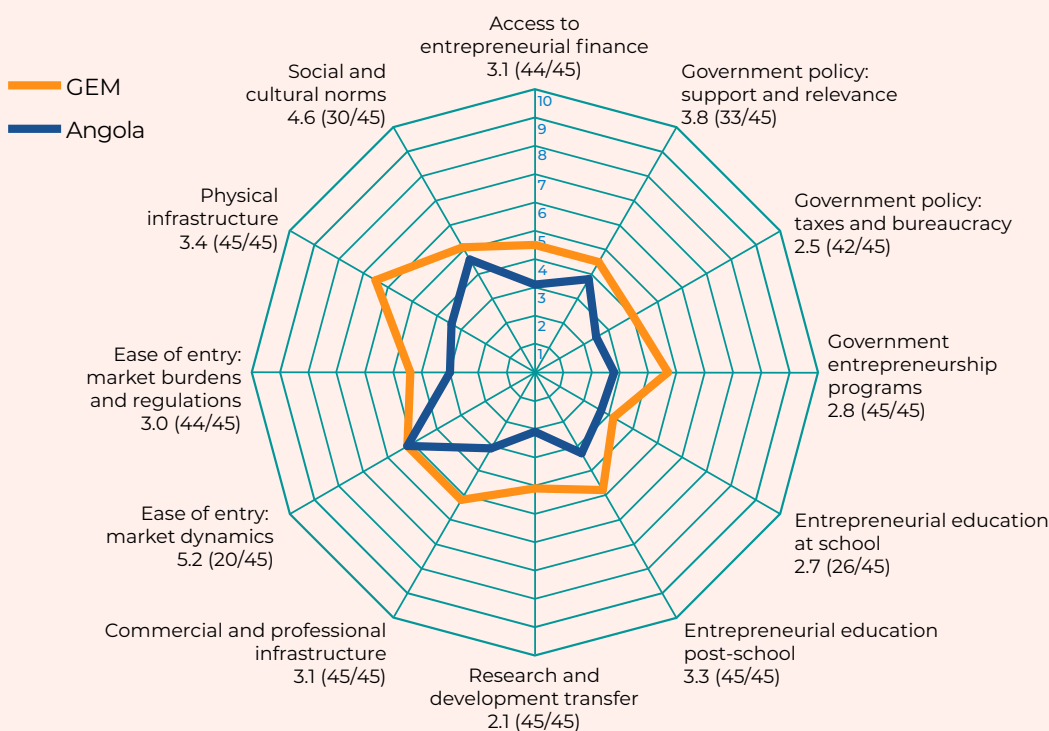
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	49.6	1	51.1	48.1
Established Business Ownership rate	9.2	12	10.0	8.4
Entrepreneurial Employee Activity	1.3	26	1.0	1.5

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	84.1	4
Know someone who started business due to pandemic	62.1	4
Know someone who stopped business due to pandemic	71.4	2

	% TEA	Rank/43
Pursue new opportunities due to pandemic	46.0	13

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

At the macro level of the economy, Angola has been severely impacted by COVID-19. This is evidenced by the 54% of Angolan adults (18–64) who reported that household income had “strongly decreased” as a result of the pandemic, and the 84% overall who reported a decrease. The rate of those reporting a strongly decreased household income is the second highest among GEM participating economies by a good margin, behind only Togo (75%). Yet much of Angola’s measured entrepreneurial activity in 2020 did not appear overly reactive — whether positive or negative — to the pandemic. This is evidenced by the 83% of Angolans who stated that they intend to start a business in the next three years, the most by far of any GEM economy. Of these prospective entrepreneurs, only 15% reported that the pandemic had influenced their expectation, reflecting an entrepreneurial ambition in Angola that does not seem to be overly swayed by the shifting economic landscape.

Angola leads all GEM economies in its Total early-stage Entrepreneurial Activity (TEA) rate, at 49.6% (there is no 2019 benchmark as the country did not participate in that year’s GEM cycle). This high TEA rate suggests that the ambitions in Angola of those intending to start a business — even though high at 83% — do tend to carry through into active entrepreneurship. These ambitions extend to new jobs: 16.4% of the Angolan adult population intend to hire six or more employees in the next five years, behind only Colombia (16.7%) among GEM participating economies. Despite Angolans’ early-stage entrepreneurship, a much smaller percentage of entrepreneurs seem able to sustain their business over 3.5 years, at which point levels of early-stage entrepreneurship turn into GEM’s Established Business Ownership (EBO) rate. In 2020, Angola’s EBO rate was 9.2%, below that of Burkina Faso (12.4%) and Togo (17.8%), indicating a need for policies that enable firm growth, perhaps through government-led incentive programs or by more firms looking for external financing opportunities.

2020 Framework Conditions Review

Framework Conditions in Angola received relatively low expert scores, with a few notable exceptions. Because Angola did not participate in the 2019 GEM survey cycle, discerning improvements or declines is difficult, making comparisons to peer economies an essential means of gauging performance. For the condition of “Access to entrepreneurial finance” Angola’s 3.1 score placed it 44th among GEM participating economies, ahead of Burkina Faso (2.7) and below Togo (3.2). Much like Burkina Faso and Togo, which both also have high entrepreneurial intentions and TEA rates among their adult population, financing will be in high demand for some time, perhaps higher than ever following the pandemic. Therefore, finding more creative means of linking entrepreneurs to financial opportunities will be essential to Angola’s recovery.

Unfortunately, on its overall governance-related indicators, Angola’s scores show much need for policy improvement. While “Government policy: support and relevance” scored 3.8 (higher than Burkina Faso but lower than Togo), both “Government policy: taxes and bureaucracy” and “Government entrepreneurship programs” were ranked at or near the bottom of GEM participating economies for 2020. This is reflected in Angolan experts’ assessment of the government’s response to the pandemic, which was scored at 3.3, 40th among GEM participating economies. However, relative to peer economies, Angola does seem to have stronger societal attitude toward entrepreneurship, which may also explain its high rate of entrepreneurial activity measured by the Adult Population Survey (APS). While its entrepreneurial response to the pandemic was 6.1, 37th overall but higher than both Togo and Burkina Faso, its “Social and cultural norms” scored 4.6, 30th among GEM participating economies and highest among African GEM economies.

Institution

Lead institution

Sociedade Portuguesa de Inovação/
Universidade Católica de Angola



Sociedade Portuguesa de Inovação

Type of institution

University

Website

<http://spi.pt>

<http://www.ucan.edu/wwww14/index.php>

Team

Team leader

Augusto Medina

Team members

Douglas Thompson

Salim Abdul Valimamade

Francisco Rocha

Funders

BFA — Banco de Fomento Angola S.A.R.L.

International Development Research
Centre (IDRC)

APS vendor

SINIFIC

Contact

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ECONOMY PROFILE



Austria

■ Population (2020): **8.9 million** (UN)

■ GDP per capita (2019; PPP, international \$): **55.41 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	53.9	25
Good opportunities to start a business in my area	31.2	36
It is easy to start a business	47.5	28
Personally have the skills and knowledge	53.3	31=
Fear of failure (opportunity)	36.8	34
Entrepreneurial intentions	4.1	43

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.0	42=
International (25%+ revenue)	0.9	20=
National scope (customers and products/process)	1.1	24=
Global scope (customers and products/process)	0.5	15=
Industry (% TEA in business services)	36.6	5

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	39.0	25=	44.9	34.6
Build great wealth	33.4	41	32.4	34.1
Continue family tradition	21.1	32	17.8	23.4
To earn a living	49.3	35	57.5	43.1

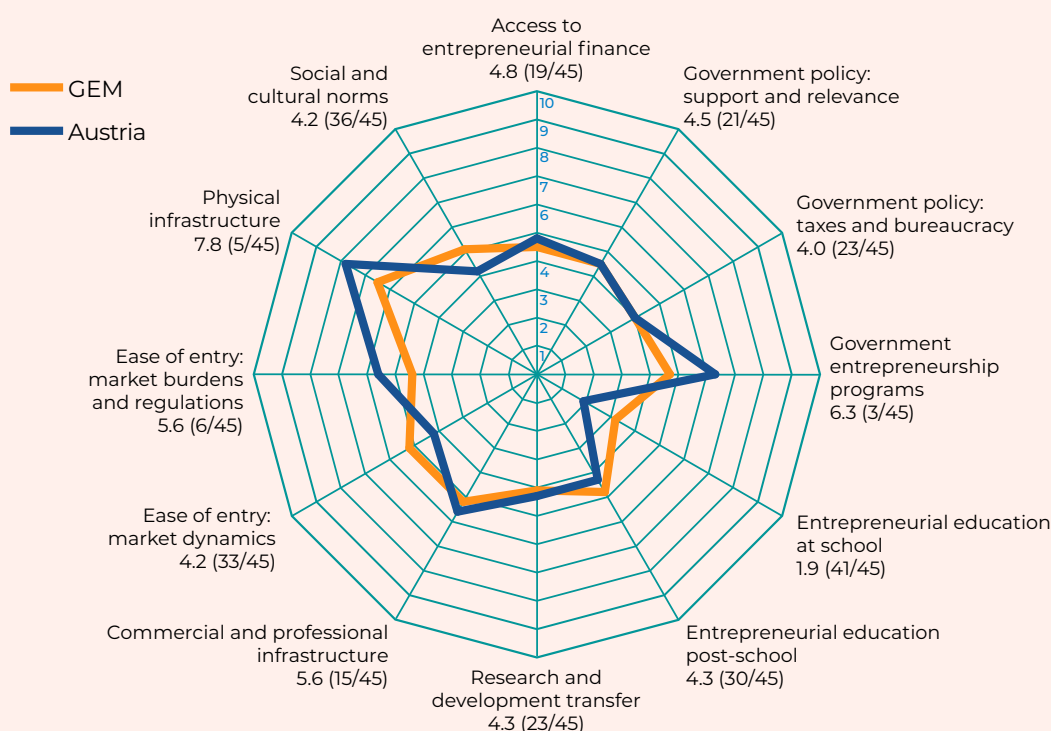
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	6.2	37	5.3	7.0
Established Business Ownership rate	7.8	14	5.9	9.6
Entrepreneurial Employee Activity	5.4	9=	3.7	7.1

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	32.3	38
Know someone who started business due to pandemic	11.9	33
Know someone who stopped business due to pandemic	24.1	36
Pursue new opportunities due to pandemic	36.5	24

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Austria appears to have been somewhat fortunate in terms of COVID-19's impact on its economy so far. Only 32% of Austrian adults (18–64) reported a loss of household income as a result of the pandemic: one of the lower rates among GEM European economies. In addition, 7% actually experienced an increase in their household income as a result of the pandemic, third highest among GEM European economies behind Norway (7.4%) and Croatia (14.7%). The fact that the pandemic has had less of an impact on income than in other countries may actually have reduced the ambition of some potential entrepreneurs to start new ventures. Only 4.1% of Austrian adults intend to start a business over the next three years, which is lowest among all GEM participating economies. Yet, within this group of prospective entrepreneurs, 62% indicated that the pandemic had influenced their decision to some extent, suggesting that the relatively small number of Austrians who do intend to start a new business are reacting to the pandemic — perhaps out of necessity — while most Austrians don't appear to be faced with such a decision.

Austria's 2020 Total early-stage Entrepreneurship (TEA) rate was 6.2%, below average for GEM European economies: higher than peer economy Germany (4.8%) but lower than Switzerland (9.2%). Within the group of respondents involved in TEA, 64% do not see new opportunities as a result of the pandemic. This is a worrying figure, as it implies that two-thirds of those actively involved in a new business may not be ready to adapt to the new conditions. This sentiment is also reflected in the hiring plans of Austrian adults. In 2020, only 0.03% plan on hiring six or more employees over the next five years, the lowest rate among all GEM economies. Considering the low intention (4.1%) and TEA (6.2%) rates in Austria, this means very little hiring is expected to come from new entrepreneurs over the next few years, which is not good news for economic growth prospects. However, despite these worrying signs within Austria's early-stage entrepreneurs, the economy's Established Business Ownership

(EBO) rate of 7.7% is actually slightly above average among GEM European economies. It may be that government support has focused more on sustaining established businesses rather than on encouraging early-stage entrepreneurship in Austria. But will that approach suffice?

2020 Framework Conditions Review

Despite Austria's ability to weather the pandemic reasonably well economically, experts were mostly negative in their assessment of the economy's conditions for entrepreneurship, albeit with a few positive scores. Experts were most critical about educational conditions, with the "Entrepreneurial education at school" condition scored at 1.9, 41st among GEM economies, and "Entrepreneurial education post-school" scored at 4.3, 30th among GEM economies. The government-related conditions were generally given low scores as well, with the exception of "Government entrepreneurship programs", which received a 6.3 score, placing it third among GEM participating economies. A high score for this condition is somewhat surprising, considering Austria's low levels of entrepreneurial intentions and TEA rates, which suggests that quality programs are not yet leading to new starts.

Relatedly, Austria's 5.6 score (sixth among GEM economies) for the condition "Ease of entry: market burdens and regulations", which assesses the ease of engaging in domestic entrepreneurial activity, suggests there are few barriers preventing access to markets. However, the availability of programs and ease of entry does not always mean that individuals will pursue entrepreneurship. There are many factors that lead to entrepreneurship, including gaining skills developed during years of formal education (where Austria scored poorly), as well as cultural factors. For the condition "Social and cultural norms" Austria scored 4.2, 36th among GEM economies. This may suggest that many of the intangible factors that support entrepreneurship must still be cultivated in Austria, in addition to concrete policy actions.

Institution

Lead institution

FH JOANNEUM University of Applied Sciences

FH JOANNEUM
University of Applied Sciences

Type of institution

University

Website

<https://www.fh-joanneum.at/en/university>

Other institutions involved

Joanneum Research

Team

Team leader

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Team members

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Bernadette Frech, PhD
Sara Koren

Funders

Federal Ministry of Digital and Economic Affairs (BMDW)

Federal Ministry of Transport, Innovation and Technology (BMVIT)

Austrian Federal Economic Chamber (WKO)

Federal Economic Chamber of Vienna (WKW)

Austrian Council for Research and Technology Development (Rat FTE)

Austrian Economic Service (AWS)

Austrian Research Promotion Agency (FFG)

Joanneum Research

FH JOANNEUM — University of Applied Sciences
B&C Privatstiftung

APS vendor

Market Marktforschungs-Ges.m.b.H. & Co. KG

Contact

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ECONOMY PROFILE



Brazil

■ Population (2020): **211.0 million** (UN)

■ GDP per capita (2019; PPP, international \$): **14.56 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	74.2	4
Good opportunities to start a business in my area	57.3	15=
It is easy to start a business	41.4	32
Personally have the skills and knowledge	67.8	12
Fear of failure (opportunity)	43.4	19
Entrepreneurial intentions	52.7	6

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	8.4	9
International (25%+ revenue)	0.3	35=
National scope (customers and products/process)	1.1	24=
Global scope (customers and products/process)	0.1	30=
Industry (% TEA in business services)	16.1	26

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	65.6	6	68.6	62.9
Build great wealth	57.7	22	53.6	61.2
Continue family tradition	27.4	23	26.3	28.4
To earn a living	81.9	9	81.9	81.8

Activity

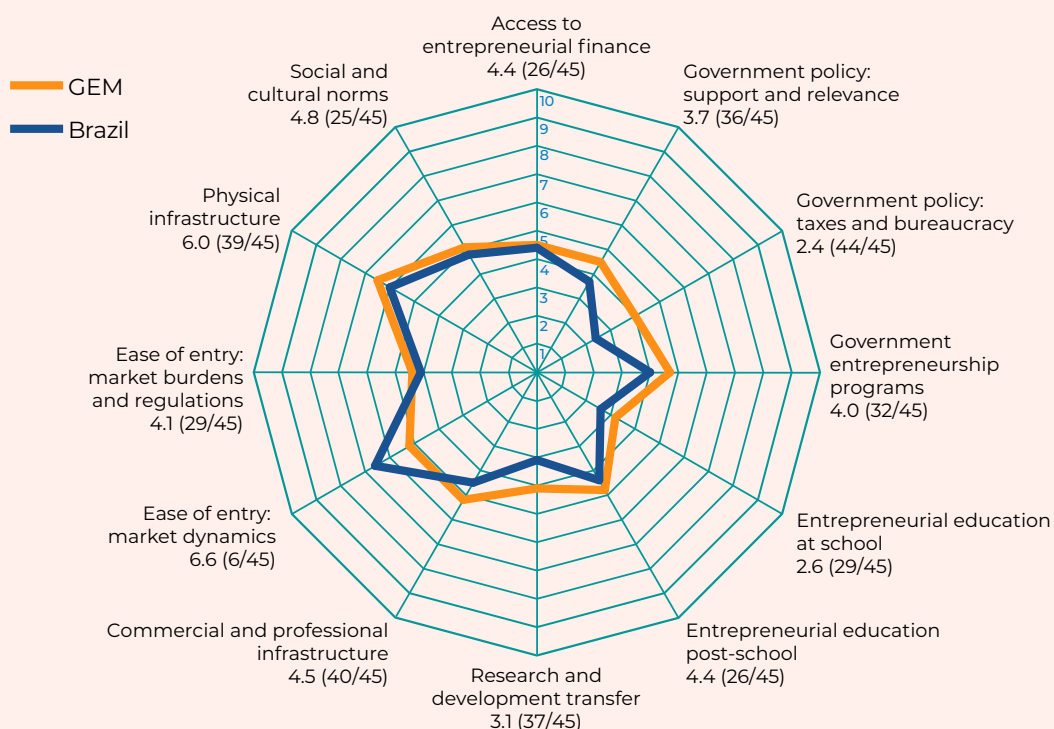
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	23.4	7	21.3	25.6
Established Business Ownership rate	8.7	13	5.4	12.0
Entrepreneurial Employee Activity	4.5	15	3.6	5.5

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	63.2	15
Know someone who started business due to pandemic	52.1	9
Know someone who stopped business due to pandemic	63.7	4

	% TEA	Rank/43
Pursue new opportunities due to pandemic	58.3	7

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Brazil's measures of entrepreneurial activity produced quite varied results in 2020, making it difficult to discern the impact of the COVID-19 pandemic. Often, the results depended on the stage of entrepreneurship. In 2020, 63% of Brazilian adults (18–64) reported that they had experienced a loss of household income overall as a result of the pandemic. This was the second-lowest rate among GEM Latin American countries, just ahead of Uruguay (62%). Brazil also had the highest rate among GEM Latin American economies of adults reporting an increase in their income as a result of the pandemic (7%): a fairly small amount but still lessening the impact of the pandemic compared to its peer economies. The rate of Brazilians stating they intended to start a business over the next three years increased remarkably, from 30% in 2019 to 53% in 2020. This was the highest proportional increase among all GEM participating economies. However, and even more remarkably, only 35% of those intending to start a business stated that this decision was influenced by the pandemic. Based on the huge increase in entrepreneurial intentions, this belies expectations. What is driving the increase if not the pandemic?

Brazil's Total early-stage Entrepreneurial Activity (TEA) rate remained steady, increasing ever so slightly from 23.3% in 2019 to 23.4% in 2020. Encouragingly, there appears to be high confidence among this set of early-stage Brazilian entrepreneurs. Of those respondents involved in TEA, 58% stated that they saw new opportunities as a result of the pandemic. This is a fairly high rate among GEM economies, suggesting some adaptability and optimism. This optimism is reinforced by the hiring plans of Brazilians. The rate of Brazilian adults planning to hire six or more employees for their business over the next five years was 8%, a sharp increase from just 2% in 2019. This is often used as a proxy for entrepreneurial confidence, of which there appears to be plenty among early-stage Brazilian entrepreneurs, a promising sign for the economy's recovery.

2020 Framework Conditions Review

Brazil's Framework Condition scores were quite varied in 2020, with some increasing substantially while others declined just as substantially. For "Access to entrepreneurial finance" experts scored Brazil at 4.4 in 2020 (26th among GEM economies), down from 4.8 in 2019. This is always a critical factor in the ability to pursue entrepreneurship, so it must be watched carefully, given that several other Latin American economies actually experienced an increased score for this condition in 2020. Brazil's government-related conditions improved overall, although they were generally low compared to other GEM economies, particularly the condition "Government policy: taxes and bureaucracy", which scored just 2.4 in 2020 (44th among GEM participating economies). Yet Brazil actually over-performed relative to its low scores on the governmental response to the pandemic, which experts rated at 3.9, 33rd among GEM economies.

Despite the issues across financing and government, Brazil's two "ease of entry" condition scores actually improved in 2020. For "Ease of entry: market dynamics" experts increased their score from 5.8 in 2019 to 6.6 in 2020 (sixth overall). This may reflect Brazil's rapidly expanding population and subsequently expanding consumer markets. The condition "Ease of entry: market burdens and regulations" increased slightly from 3.9 in 2019 to 4.1 in 2020 (29th overall), which is certainly a welcome improvement for entrepreneurs trying to access new markets. Additionally, Brazil's "Social and cultural norms" score rose from 3.7 in 2019 to 4.8 in 2020, 25th overall. This strong increase may help explain the surprisingly high score given to the entrepreneurial response to the pandemic: 7.4, sixth among GEM economies.

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

Erika Onozato, MSc
Paulo Bastos, MA
Vinicius Larangeiras de Souza

Funders

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

APS vendor

ZOOM—Agência de Pesquisas

Contact

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Burkina Faso

■ Population (2020): **20.3 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **2.2 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	60.7	20
Good opportunities to start a business in my area	75.5	7
It is easy to start a business	44.0	30
Personally have the skills and knowledge	84.1	3
Fear of failure (opportunity)	49.1	7=
Entrepreneurial intentions	51.9	7

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.3	15
International (25%+ revenue)	1.0	18=
National scope (customers and products/process)	0.7	31=
Global scope (customers and products/process)	0.2	26=
Industry (% TEA in business services)	2.5	42

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	21.4	40	20.1	22.7
Build great wealth	76.1	10	73.0	79.5
Continue family tradition	34.0	15	34.4	33.6
To earn a living	79.4	12	79.3	79.4

Activity

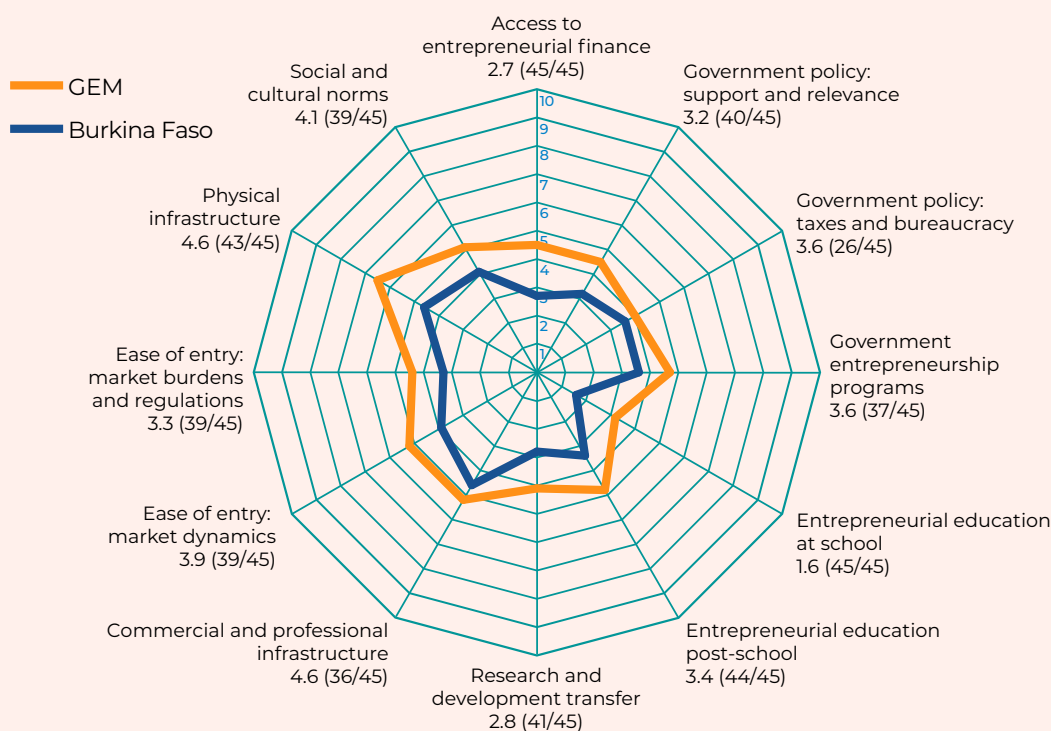
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	23.0	8	21.5	24.8
Established Business Ownership rate	12.4	5	10.0	15.4
Entrepreneurial Employee Activity	0.3	40	0.2	0.5

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	73.1	10
Know someone who started business due to pandemic	13.9	28
Know someone who stopped business due to pandemic	28.7	33

	% TEA	Rank/43
Pursue new opportunities due to pandemic	8.2	42

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Burkina Faso has experienced a significant economic impact as a result of the pandemic. Overall, 73% of adults (18–64) reported that they had suffered loss of household income as a result of the pandemic, a very high rate, but still low relative to peer GEM economies Angola (84%) and Togo (89%). Yet, similar to Angola, whose population suffered serious income decline, Burkina Faso's potential entrepreneurs do not seem overly reactive to the pandemic, despite a high level of adults intending to become entrepreneurs. The rate of those intending to start a business over the next three years in Burkina Faso is 52%, high compared to most GEM standards but not much more than Togo (48%) and much below Angola (83%). Of these prospective entrepreneurs, only 34% indicated that the pandemic had influenced their expectations, despite the income loss, and perhaps contrary to expectations, given the number of people looking to become entrepreneurs in the near future. There is no 2019 benchmark of potential entrepreneurship as Burkina Faso did not participate in that year's GEM cycle.

Burkina Faso's Total early-stage Entrepreneurial Activity (TEA) rate — 23% — is one of the highest among all GEM economies, but well below peer economies Togo (32.9%) and Angola (49.6%). This high TEA rate indicates that many entrepreneurs in Burkina Faso tend to carry their aspirations into the early planning and founding stage (as measured by TEA) and beyond. Relatedly, Burkina Faso's Established Business Ownership (EBO) rate was 12% in 2020, one of the higher rates among GEM economies, and higher than Angola (9%) but lower than Togo (18%). Again, this suggests that the transition from intentional, to early stage, and then to the established phase of entrepreneurship in Burkina Faso is not so onerous as it appears to be in other economies, and serves as a promising path for a country that exhibits a need to generate income opportunities as a result of the pandemic.

2020 Framework Conditions Review

For most Framework Conditions, Burkina Faso received relatively low expert scores compared to many GEM economies. Because it did not participate in the 2019 GEM survey cycle, it is difficult to determine where improvements or decreases occurred and therefore comparison to other economies is essential for reference. In the condition "Access to entrepreneurial finance", Burkina Faso's score of 2.7 was the lowest among GEM participating economies. This is an essential condition for aspiring entrepreneurs, made more difficult by the pandemic in many cases. Therefore, more creative means of vetting viable entrepreneurs (52% stated they expect to start a business in the next three years) and supplying finance could have a strong pay-off. However, in the governance-related indicators, Burkina Faso performed better. Its strongest condition — "Government policy: support and relevance" — scored 3.6, 26th overall. This is higher than Angola (2.5), though lower than Togo (4.3). This government support is also reflected in experts' assessment of the government's response to the pandemic, scored 4.5, 30th among GEM participating economies. This is on the lower end of GEM economies, though a bit higher than its cumulative governance conditions scores would suggest.

Unfortunately, Burkina Faso's educational conditions received quite low scores. In "Entrepreneurial education at school", its 1.6 score was the lowest among GEM economies, while its "Entrepreneurship education post-school" score of 3.4 was the second lowest, ahead of Angola. Burkina Faso's two "ease of entry" scores also reflected the difficulty of entrepreneurial activity in that economy, both receiving scores that placed them 39th among GEM participating economies. Considering these conditions, barriers to entrepreneurs were especially pronounced during the pandemic. Experts rated the entrepreneurial response to pandemic at 4.8, 44th among GEM participating economies.

Institution

Lead institution
CEDRES/LaReGEO



Type of institution
Research Centre

Website
www.cedres.bf

Team

Team leader
Florent Song-Naba

Team members
Mamadou Toé
Guimará Régis Gouem
Djarius Bama

Funders

Enabel (Belgium Development Agency)

APS vendor

CEDRES/LaReGEO

Contact

florent_songnaba@yahoo.fr



Canada

■ Population (2019): **37.6 million** (UN)
 ■ GDP per capita (2020; PPP, international \$): **47.57 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	51.0	28
Good opportunities to start a business in my area	49.1	19
It is easy to start a business	67.7	14
Personally have the skills and knowledge	55.6	27
Fear of failure (opportunity)	52.0	5
Entrepreneurial intentions	11.1	32=

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	2.6	24
International (25%+ revenue)	3.5	1
National scope (customers and products/process)	3.6	6
Global scope (customers and products/process)	1.3	1=
Industry (% TEA in business services)	26.4	14=

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	66.5	5	68.9	64.4
Build great wealth	64.2	17	58.0	69.3
Continue family tradition	39.5	9	34.9	43.2
To earn a living	66.1	25	62.7	69.0

Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	15.6	15=	13.9	17.3
Established Business Ownership rate	7.3	15=	5.9	8.7
Entrepreneurial Employee Activity	5.3	11	4.7	5.8

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	41.8	30
Know someone who started business due to pandemic	21.4	21
Know someone who stopped business due to pandemic	36.8	29

	% TEA	Rank/43
Pursue new opportunities due to pandemic	49.4	10=

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Canada experienced small declines across several key measures of entrepreneurial activity in 2020, some of which were clearly impacted by the pandemic. However, considering Canada's strong performance in 2019, the economy may be well positioned to absorb some of the pandemic's worst economic effects. Overall, 42% of Canadian adults (18–64) reported that they experienced a decline in household income, slightly above the rate of the United States (40%) and the United Kingdom (39%). However, 10% of Canadian adults actually experienced an increase in their household income as a result of the pandemic, which was the fifth highest rate among the set of GEM Europe & North America economies. Specifically, the 10% of Canadians experiencing an overall increase in household income was just below that of the United States at 11%.

However, the relatively high number of Canadians experiencing overall income loss (42%) seemed to have affected entrepreneurial aspirations. The rate of adults intending to start a business in the next three years declined slightly, from 11.9% in 2019 to 11.1% in 2020. However, two-thirds of these prospective entrepreneurs stated that their expectation was influenced by the pandemic, reflecting either a perceived opportunity or a decision born out of necessity to recover some income lost during 2020. The slight decrease in the entrepreneurial intentions of Canadian adults, coupled with the fairly high rate of those indicating that their intention was influenced by the pandemic (66%), suggests that the pandemic has pushed some into entrepreneurial

plans that they might not have pursued had the pandemic never happened.

Canada's Total early-stage Entrepreneurial Activity (TEA) rate also declined, from 18.2% in 2019 to 15.6% in 2020. About half of these respondents involved in TEA saw new opportunities because of the pandemic. The rate of those seeing opportunity was higher than the participating GEM European economies, as well as the United States. This suggests a high confidence among Canadian entrepreneurs to adapt to pandemic business conditions, relative to peer economies. Canada's Established Business Ownership (EBO) rates tell a similar story. The EBO rate declined slightly, from 7.4% in 2019 to 7.3%. Of those business owners, 39% reported that they saw new opportunities because of the pandemic. While this is not particularly high in absolute terms, it is the highest rate among GEM economies in Europe & North America. As with TEA respondents, this rate suggests a moderately high confidence among Canadian business owners to adapt to pandemic business conditions, relative to peer economies.

Given the strong state of entrepreneurship in Canada in 2019, the modest declines of 2020 suggest the possibility of a robust recovery, particularly given the relatively high confidence of early and established entrepreneurs to seek new opportunities as a result of the pandemic.

2020 Framework Conditions Review

Canada did not participate in the 2020 National Expert Survey.

Institution

Lead institution

The Centre for Innovation Studies (THECIS)



Type of institution

Research Institute

Website

<http://www.thecis.ca>

Other institutions involved

Centre for Policy Research on Science and Technology (CPROST), Simon Fraser University, Vancouver
Memorial University, St. John's, Newfoundland
Memorial University, Cornerbrook, 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
Thompson Rivers University, BC

Team

Team leader

Peter Josty

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Funders

Government of Canada
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Western Economic Diversification Canada
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Social Sciences and Humanities Research Council
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APS vendor

Elemental Data Collection Inc.

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ECONOMY PROFILE



Chile

■ Population (2020): **19.0 million** (UN)

■ GDP per capita (2019; PPP, international \$): **23.45 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	65.8	13
Good opportunities to start a business in my area	46.7	26
It is easy to start a business	46.1	29
Personally have the skills and knowledge	71.7	10
Fear of failure (opportunity)	46.3	15
Entrepreneurial intentions	50.6	8

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	9.2	8
International (25%+ revenue)	0.4	31=
National scope (customers and products/process)	2.6	9
Global scope (customers and products/process)	0.3	21=
Industry (% TEA in business services)	19.7	21=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	58.4	10	58.1	58.5
Build great wealth	53.7	26	52.5	54.5
Continue family tradition	37.1	12=	35.9	38.0
To earn a living	81.2	10	85.4	78.0

Activity

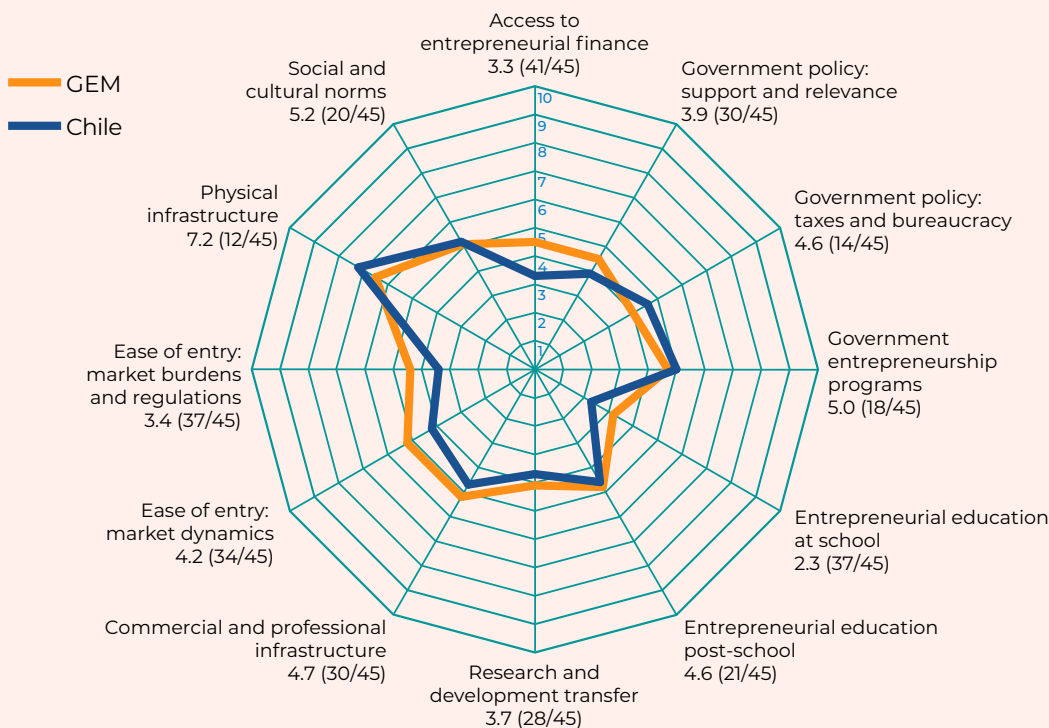
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	25.9	6	22.1	29.9
Established Business Ownership rate	6.1	25=	5.1	7.1
Entrepreneurial Employee Activity	3.2	18	1.3	5.1

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	73.5	9
Know someone who started business due to pandemic	55.2	5
Know someone who stopped business due to pandemic	56.5	11

	% TEA	Rank/43
Pursue new opportunities due to pandemic	52.9	8

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Across most measures, Chile's entrepreneurial activity declined in 2020. Much of this stems from the economic impact of COVID-19 and the resulting drop in entrepreneurial confidence. In 2020, 74% of Chilean adults (18–64) reported that they had experienced a loss of household income overall as a result of the pandemic. This was the third-highest rate among GEM Latin American countries, behind Colombia and Chile (both 79%). The rate of Chileans stating they intended to start a business over the next three years declined from 58% in 2019 to 51% in 2020, second in the region to Brazil (53%). Considering the high rate of income loss for Chileans, this lower entrepreneurial intentions rate suggests some potential entrepreneurs were hesitant to start a business in the face of such uncertainty, when they might have done so in past years.

Chile's Total early-stage Entrepreneurial Activity (TEA) rate also declined, from 36.7% in 2019 to 25.9% in 2020. This reduction in TEA adhered to a general trend of seemingly reduced confidence for Chilean entrepreneurs. In 2020, the rate of Chilean adults planning to hire six or more employees for their business over the next five years was 9%, a sharp reduction from 13% in 2019. Additionally, the rate of those planning to hire between one and five employees was 13% in 2020, fairly high among GEM participating economies, but again representing a decrease, from 18% in 2019. Finally, Chile's Established Business Ownership (EBO) rate decreased from 10.6% in 2019 to 6.1% in 2020. Of respondents in EBO, only 35% stated that they saw new opportunities as a result of the pandemic. This, again, suggests a lack of confidence in an uncertain future.

2020 Framework Conditions Review

Chile experienced declines across most of its Framework Conditions in 2020. The "Access to entrepreneurial finance" condition is essential to generating innovative entrepreneurship. On this condition, Chile received a relatively low 2020 score of 3.3 (41st overall) from experts, down from 3.8 in 2019. Alongside Brazil, Chile was the only other GEM Latin American country to experience a substantial decline for this condition. Additionally, Chile's three government-related condition scores all declined in 2020, clearly signalling a negative outlook for Chilean institutions. For "Government policy: support and relevance" the score decreased substantially, from 4.7 in 2019 to 3.9 in 2020 (30th among GEM participating economies); for "Government policy: taxes and bureaucracy" the score fell from 4.8 in 2019 to 3.6 in 2020 (14th among GEM economies); and, finally, for "Government entrepreneurship programs" the score decreased from 5.5 in 2019 to 5.0 in 2020 (18th overall). These lower scores were likely factored into experts' assessment of the Chilean government's response to the pandemic, which was scored at 5.1, 23rd overall.

"Ease of entry: market burdens and regulations" also fell, from 3.9 in 2019 to 3.4 in 2020 (37th overall). This outcome reveals a serious issue for Chile, as the government's underwhelming response to the pandemic as measured by experts means entrepreneurs will have to play a stronger role. Yet market burdens and regulations are making this more difficult. On the positive side, it appears entrepreneurs are getting some credit for their work. Chilean experts gave the entrepreneurial response to the pandemic a 7.1 score: ninth among GEM economies. Considering the wide gap between the Chilean government's response to the pandemic (23rd among GEM economies) and the entrepreneurial response (ninth), any steps the government can take to initiate a more supportive environment would surely have immediate benefits and spur nascent entrepreneurship.

Institution

Lead institution

Universidad del Desarrollo



Universidad del Desarrollo
Universidad de Excelencia

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

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Team members

Tomás Serey, MSc

Funders

Universidad del Desarrollo

APS vendor

Questio Estudios de Mercado y Opinión

Contact

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maribelguerrero@udd.cl

ECONOMY PROFILE



Colombia

■ Population (2020): **50.3 million** (UN)

■ GDP per capita (2019; PPP, international \$): **14.14 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	66.9	12
Good opportunities to start a business in my area	47.9	22
It is easy to start a business	33.2	36=
Personally have the skills and knowledge	64.8	15
Fear of failure (opportunity)	39.5	31
Entrepreneurial intentions	33.9	14

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	16.8	1
International (25%+ revenue)	2.2	7=
National scope (customers and products/process)	5.1	4
Global scope (customers and products/process)	1.3	1=
Industry (% TEA in business services)	15.8	27=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	62.9	8	65.9	59.8
Build great wealth	61.7	20	59.6	63.8
Continue family tradition	37.1	12=	40.2	33.8
To earn a living	77.0	14	82.1	71.7

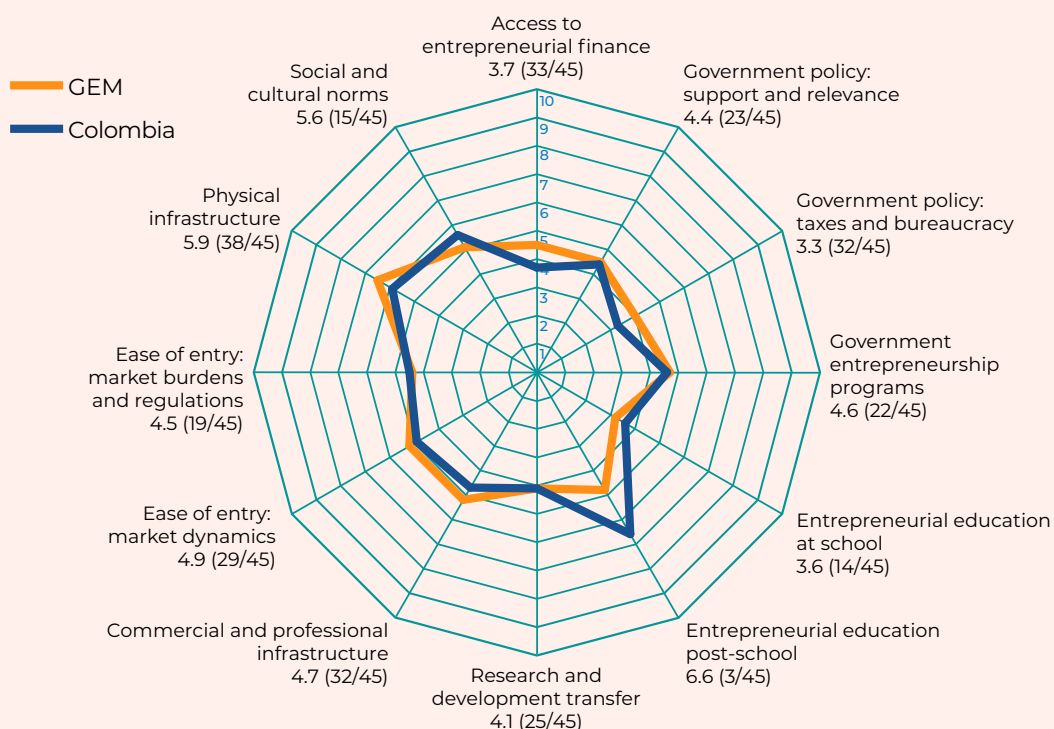
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	31.1	4	30.2	32.2
Established Business Ownership rate	5.5	30	5.3	5.6
Entrepreneurial Employee Activity	2.1	22	1.4	2.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	78.6	7=
Know someone who started business due to pandemic	54.6	6
Know someone who stopped business due to pandemic	52.9	13
	% TEA	Rank/43
Pursue new opportunities due to pandemic	62.2	4

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



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 0 = very inadequate
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 sufficient status. Rank
 out of 45 recorded in
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POLICY ROADMAP

2020 Entrepreneurial Activity Review

Colombia's entrepreneurial sector was significantly impacted by COVID-19, likely discouraging many potential entrepreneurs from starting their ventures, while simultaneously pushing others into entrepreneurship out of pandemic-driven necessity. In 2020, four out of five Colombian adults (18–64) reported that they had experienced loss of household income overall as a result of the pandemic. This was the highest rate among GEM Latin American countries, alongside Chile. Despite this high rate, only 34% of Colombians stated they intended to start a business over the next three years, second lowest among all GEM Latin American countries (just above Uruguay at 33%). Of those Colombians expecting to start a business, 61% reported that this decision was due to the pandemic, the second-highest figure among GEM Latin American economies. These figures indicate the pandemic's impact on simultaneously preventing and causing entrepreneurship. Colombia's low intentions rate relative to its high rate of lost income suggests many potential entrepreneurs are opting out of undertaking a new venture, perhaps due to uncertainty. However, those who are reluctant may become entrepreneurs anyway out of necessity, as indicated by the high rate of those stating that the pandemic influenced their decision.

Colombia's rising Total early-stage Entrepreneurial Activity (TEA) rate may also reflect the pandemic's impact. With an increase from 22.3% in 2019 to 31.1% in 2020, Colombia's TEA rate was almost the same as its 2020 intentions rate (34%). This is significant, because, as for Uruguay, this suggests a number of potential entrepreneurs have opted out of starting a business due to the pandemic. Typically, an economy with such a high TEA rate would have a much higher intention rate, as many people do not make it from the intention stage to the TEA stage. These potential entrepreneurs are missing, likely due to the pandemic.

2020 Framework Conditions Review

Across most conditions, Colombia increased its Framework Conditions expert scores in 2020, a rare achievement during a difficult year. For "Access to entrepreneurial finance" Colombia scored a 3.7, 33rd among GEM participating economies, but up from 3.4 in 2019. On the three government-related conditions, Colombia's performance was mixed: "Government policy: support and relevance" fell from 5.0 in 2019 to 4.4 in 2020 (23rd among GEM participating economies); "Government policy: taxes and bureaucracy" increased from 3.1 in 2019 to 3.3 in 2020 (32nd among GEM participating economies); and "Government entrepreneurship programs" went from 4.5 in 2019 to 4.6 in 2020 (22nd among GEM participating economies). Given these scores and rankings, the Colombian government's response to the pandemic received an expected score of 4.6, 27th overall.

However, with regard to education, Colombia vastly improved. The condition "Entrepreneurial education at school" improved from 3.1 in 2019 to 3.6 in 2020, 14th among GEM participating economies. Experts scored Colombia's "Entrepreneurial education post-school" at 6.6 in 2020, up significantly from 5.3 in 2020, and now third overall. These increases are encouraging signs of the economy's stronger commitment to the future of entrepreneurship, even as the pandemic complicated education for many people worldwide. Colombia's "ease of entry" scores also improved in 2020 over 2019, signalling a domestic market that was simultaneously increasing its receptiveness to new entrepreneurial products and services while also reducing regulations. Finally, Colombia also made impressive gains on the condition "Social and cultural norms". Experts increased their score for this condition from 4.7 in 2019 to 5.6 in 2020, taking it to a ranking of 15th among GEM economies. Yet, despite the stronger social support for entrepreneurship, experts collectively scored the entrepreneurial response to the pandemic a 6.7, only 19th among GEM participating economies.

Institution

Lead institution

Consorcio GEM: Universidad Icesi, Universidad Javeriana de Cali, Universidad del Norte



Type of institution

Universities

Website

<https://www.icesi.edu.co>
<https://www.javerianacali.edu.co>
<https://www.uninorte.edu.co>

Other institutions involved

Universidad EAN
Universidad Cooperativa de Colombia–Bucaramanga
Corporación Universitaria Americana
Corporación Universitaria del Caribe

Team

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Team

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Leon Dario Parra
Jairo Orozco
Francisco Matiz
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Piedad Buelvas

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Universidad Javeriana de Cali
Universidad del Norte, Universidad EAN
Universidad Cooperativa de Colombia–Bucaramanga
Corporación Universitaria Americana
Corporación Universitaria del Caribe

APS vendor

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ECONOMY PROFILE



Croatia

■ Population (2020): **4.1 million** (UN)

■ GDP per capita (2019; PPP, international \$): **27.68 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	67.8	11
Good opportunities to start a business in my area	47.2	24=
It is easy to start a business	30.7	38
Personally have the skills and knowledge	75.0	7
Fear of failure (opportunity)	52.1	4
Entrepreneurial intentions	24.3	20

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	2.7	22=
International (25%+ revenue)	2.6	4
National scope (customers and products/process)	2.3	11=
Global scope (customers and products/process)	0.7	12=
Industry (% TEA in business services)	33.7	10

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	39.0	25=	41.5	37.4
Build great wealth	47.0	30	44.2	48.6
Continue family tradition	28.7	19	33.9	25.6
To earn a living	69.4	23	72.5	67.6

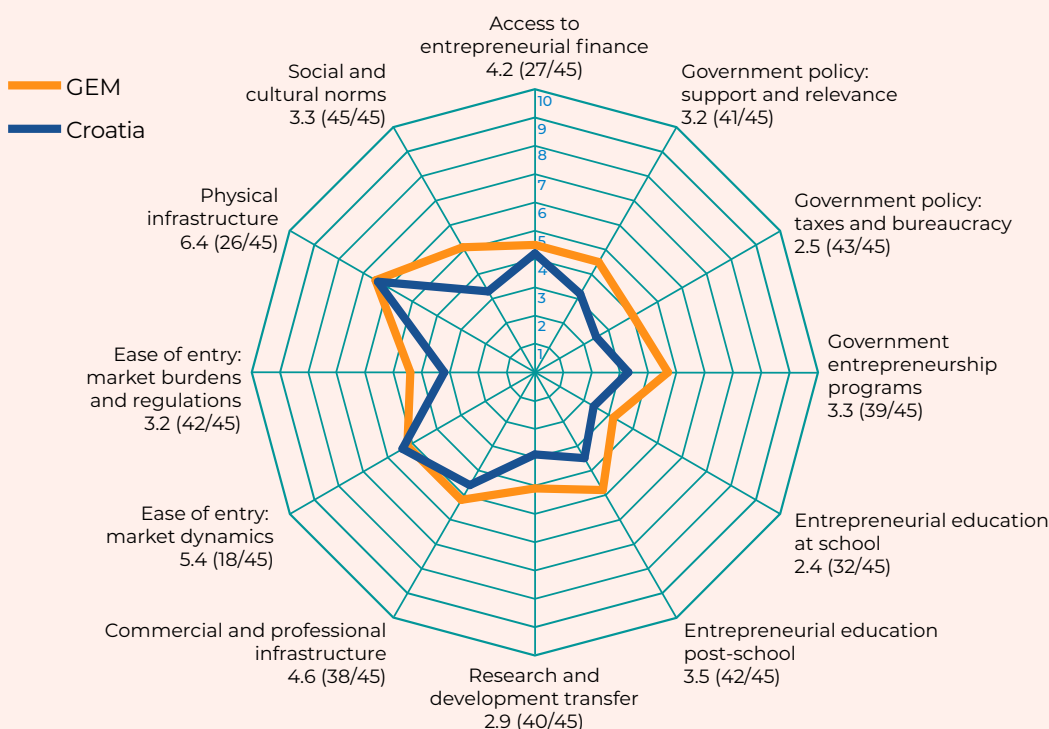
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	12.7	21	9.3	16.1
Established Business Ownership rate	4.2	36=	3.5	4.9
Entrepreneurial Employee Activity	6.4	2=	5.8	7.0

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	39.7	33
Know someone who started business due to pandemic	15.9	27
Know someone who stopped business due to pandemic	40.7	24
Pursue new opportunities due to pandemic	29.0	33

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Croatia's level of entrepreneurial activity in 2020 was reasonably strong, given the difficulties of the pandemic. It was also relatively fortunate economically: only 40% of Croatian adults (18–64) stated that they had suffered a loss in household income as a result of the pandemic. This percentage is relatively low among European countries. Conversely, 17% of Croatian adults actually reported an increase in household income as a result of the pandemic, the third-highest rate of all GEM economies, behind the Republic of Korea (19%) and Israel (33%). Croatia's rate of entrepreneurial intentions (adults stating they intend to start a business in the next three years), increased from 21% in 2019 to 24% in 2020, which is a little higher than expected given the experience of other European countries. In many instances in which the economic burden of the pandemic was managed fairly well, entrepreneurial intentions decreased. Economies such as Norway or the Netherlands, for example, both had much lower entrepreneurial intentions rates than Croatia. Yet, considering 56% of Croatians with entrepreneurial intentions stated that their decision was influenced by the pandemic, this may have been just enough motivation for new aspiring entrepreneurs.

Croatia's Total early-stage Entrepreneurial Activity (TEA) rate increased from 10.5% in 2019 to 12.7% in 2020, the second-highest rate among European economies (behind the Slovak Republic at 15.9%). Yet, considering how the pandemic influenced Croatians with entrepreneurial intentions, only 29% of those involved in TEA stated they saw new opportunities as a result of the pandemic. Additionally, it is rare to see economies in which TEA rates increased while rates seeing pandemic opportunities remained low. In a year so dominated by reactions to the pandemic, one may expect pandemic-related opportunities to drive many new ventures.

2020 Framework Conditions Review

Despite its fairly strong performance in many entrepreneurial activity indicators, Croatia's experts gave mostly negative assessments of the economy's Framework Conditions in 2020. Critically, scores for two of its three government-related conditions declined. For "Government policy: support and relevance" the score increased slightly, from 3.0 in 2019 to 3.2 in 2020 (41st among GEM participating economies). However, the score for "Government policy: taxes and bureaucracy" decreased from 3.0 in 2019 to 2.5 in 2020 (43rd among GEM economies); and "Government entrepreneurship programs" decreased slightly, from 3.4 in 2019 to 3.3 in 2020 (39th overall). Surprisingly, these negative assessments were not reflected in the relatively high score for Croatia's governmental response to the pandemic, rated 5.8 (15th overall). It is possible, however, that Croatia's governance suffered with regard to its overall support for entrepreneurs throughout the year while the government also acted reasonably efficiently to meet pandemic-specific issues.

Croatia's two education-related Framework Conditions increased over the past year despite the difficulties of in-person education during the pandemic. However, both were still poorly rated compared to other GEM economies. The condition "Entrepreneurial education at school" improved from 2.0 in 2019 to 2.4 in 2020 (32nd among GEM economies), while the "Entrepreneurial education post-school" score increased slightly, from 3.3 in 2019 to 3.5 in 2020 (42nd overall). The generally low scores on the Framework Conditions supporting entrepreneurship in Croatia, even if slightly improved this year, may point to an environment that is discouraging for some entrepreneurs. Accordingly, Croatia had the lowest score on "Social and cultural norms" in 2020 (3.3), reflecting a culture that may be somewhat sceptical about entrepreneurship.

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

Professor Slavica Singer, PhD

Team members

Professor Nataša Šarlija, PhD

Professor Sanja Pfeifer, PhD

Professor Sunčica Oberman Peterka,
PhD

Funders

Ministry of Economy,
Entrepreneurship and Crafts
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

Contact

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ECONOMY PROFILE



Cyprus

■ Population (2020): **1.2 million** (UN)

■ GDP per capita (2019; PPP, international \$): **39.08 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	68.1	9=
Good opportunities to start a business in my area	21.1	41
It is easy to start a business	49.7	26
Personally have the skills and knowledge	58.1	24
Fear of failure (opportunity)	49.1	7=
Entrepreneurial intentions	20.5	22

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	2.8	21
International (25%+ revenue)	2.4	5
National scope (customers and products/process)	2.4	10
Global scope (customers and products/process)	0.7	12=
Industry (% TEA in business services)	41.0	4

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	37.5	28	45.7	32.8
Build great wealth	85.2	6	78.6	88.9
Continue family tradition	21.3	31	27.5	17.8
To earn a living	77.4	13	87.0	72.0

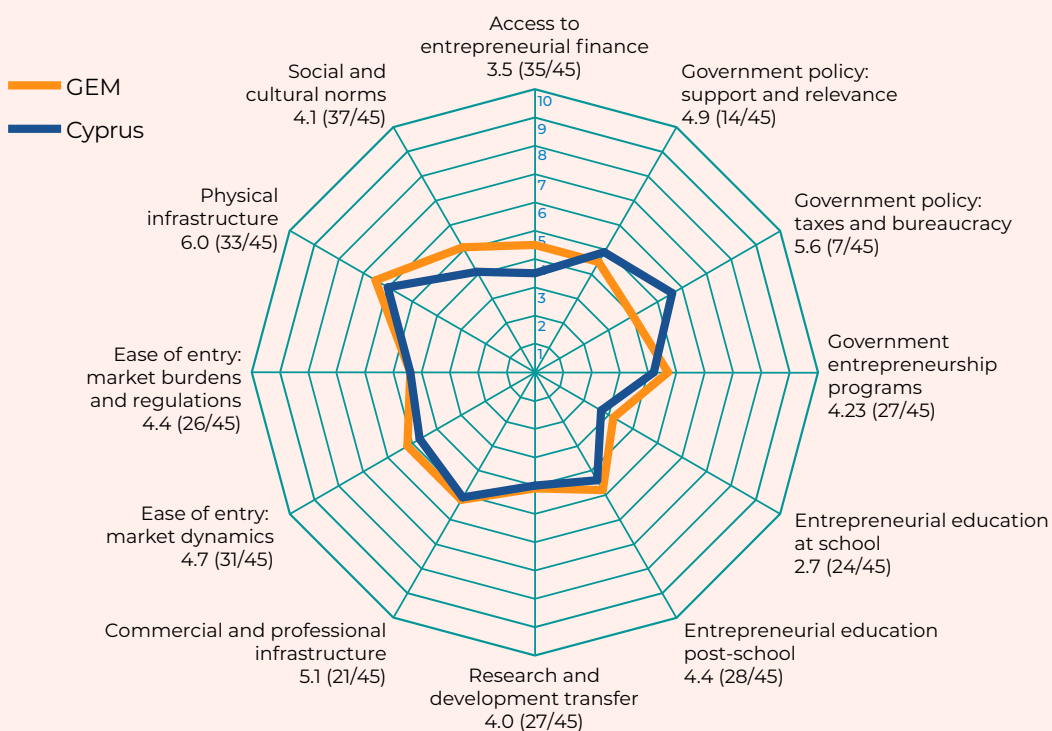
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.6	26=	6.1	11.0
Established Business Ownership rate	7.3	15=	4.7	9.9
Entrepreneurial Employee Activity	6.0	6=	4.3	7.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	43.7	27
Know someone who started business due to pandemic	29.2	16
Know someone who stopped business due to pandemic	38.5	27
	% TEA	Rank/43
Pursue new opportunities due to pandemic	38.8	22

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

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insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Cyprus's entrepreneurial activity levels in 2020 declined slightly across several key indicators, reflecting the understandable challenges of the COVID-19 pandemic. In 2020, 44% of Cypriot adults (18–64) reported a loss in household income as a result of the pandemic. This was a typical rate of income loss among European countries, a little higher than Spain (43%) but lower than Slovenia (45%). Cyprus's rate of entrepreneurial intentions (adults stating that they intend to start a business within the next three years) decreased slightly from 21.2% in 2019 to 20.5% in 2020: still the second-highest rate among GEM European economies, behind Croatia (24%). However, of those Cypriots intending to start a business in 2020, the majority (72%) stated that their decision was influenced by the pandemic: the fourth-highest rate among GEM European economies, just behind Greece, Latvia and Luxembourg. Cyprus's situation is actually quite similar to that of Luxembourg, with a high ratio of prospective entrepreneurs influenced by the pandemic, compared to a much smaller number of those not influenced by it, suggesting that many potential entrepreneurs decided not to start a business, at least for now, as the result of the pandemic.

Cyprus's Total early-stage Entrepreneurial Activity (TEA) rate declined substantially from 12.2% in 2019 to 8.6% in 2020. Unfortunately, this rate may decrease even more in the near future, given that only 39% of Cypriots involved in TEA reported they saw new opportunities as a result of the pandemic. This suggests a majority of those involved in TEA might not have the confidence to adjust their plans to meet future realities. However, the rate of Cypriot adults planning to hire six or more employees for their business within the next five years remained the same between 2019 and 2020, suggesting some medium-term confidence remains among early-stage entrepreneurs.

2020 Framework Conditions Review

Cyprus's Framework Condition scores were mixed in 2020, with some notable improvements despite the challenges of the pandemic and the decline of several Adult Population Survey (APS) indicators. For the condition "Access to entrepreneurial finance" experts awarded a 3.5 score in 2020, slightly down from 3.6 in 2019 and placing it 35th among GEM participating economies. This is Cyprus's lowest ranking in the Framework Conditions, which is concerning, given the essential function of finance to entrepreneurship. Policymakers must therefore monitor the availability of financing, which may have already played a role in Cyprus's decrease in TEA rate in 2020. However, the experts also gave a positive assessment of Cyprus's government-related conditions, all three of which improved in 2020, making Cyprus one of few GEM economies in which this occurred. For "Government policy: support and relevance" the score increased from 4.3 in 2019 to 4.9 in 2020 (14th among GEM participating economies); "Government policy: taxes and bureaucracy" increased from 5.0 in 2019 to 5.6 in 2020 (seventh among GEM economies); and "Government entrepreneurship programs" increased slightly, from 4.0 in 2019 to 4.2 in 2020 (27th overall). These improving sentiments were likely to have been factored into experts' decisions to rate the Cyprus governmental response to the pandemic at 6.2, 11th overall.

However, Cyprus's two education-related Framework Condition scores declined a little over the past year. The condition "Entrepreneurial education at school" was rated 2.7 in 2020 (24th among GEM economies), down from 3.2 in 2019. "Entrepreneurial education post-school" declined from 5.1 in 2019 to 4.4 in 2020 (28th overall). These lower education condition scores may reflect the challenges facing schools and other training options during the pandemic; however, it could also point to a deteriorating entrepreneurial culture in Cyprus which should be monitored. Relatedly, the condition "Social and cultural norms" declined from 4.4 in 2019 to 4.1 in 2020 (37th among GEM economies).

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

Professor Marios Dikaiiakos

Team members

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Ariana Polyviou, PhD
Pantelitsa Eteokleous, PhD

Funders

Ministry of Energy, Commerce and Industry

APS vendor

RAI Consultants Ltd

Contact

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ECONOMY PROFILE



Egypt

■ Population (2020): **100.4 million** (UN)

■ GDP per capita (2019; PPP, international \$): **12.72 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	34.9	39
Good opportunities to start a business in my area	65.7	9
It is easy to start a business	61.6	18
Personally have the skills and knowledge	56.1	26
Fear of failure (opportunity)	41.6	24=
Entrepreneurial intentions	55.7	5

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	3.7	19=
International (25%+ revenue)	0.4	31=
National scope (customers and products/process)	0.7	31=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	5.4	37

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	49.2	15	42.0	51.4
Build great wealth	62.9	19	57.2	64.5
Continue family tradition	38.1	10	35.1	39.0
To earn a living	54.0	31	55.7	53.5

Activity

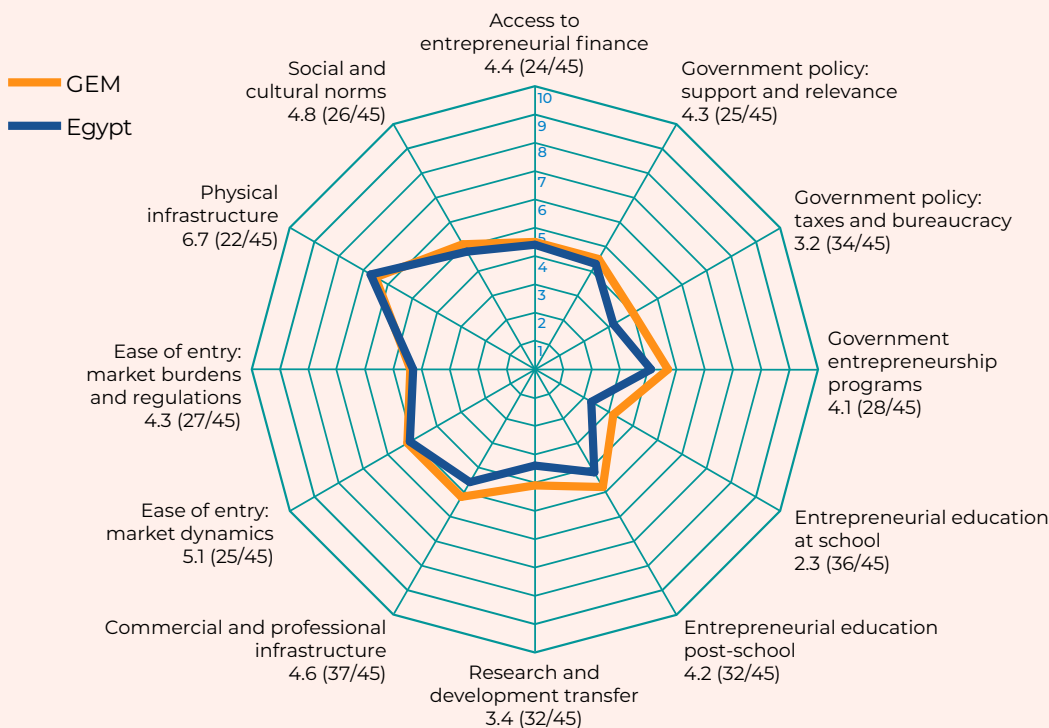
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	11.3	23	5.4	16.7
Established Business Ownership rate	5.2	31	1.5	8.8
Entrepreneurial Employee Activity	0.2	41=	0.0	0.4

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	81.2	5
Know someone who started business due to pandemic	30.6	13=
Know someone who stopped business due to pandemic	45.0	19

	% TEA	Rank/43
Pursue new opportunities due to pandemic	35.3	25=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

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 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Egypt's measures of entrepreneurial activity during 2020 were generally positive, despite the tremendous impact that COVID-19 had on the economy. In 2020, 47% of Egyptian adults (18–64) stated that their household income had “strongly decreased” as a result of the pandemic, while 81% reported a decrease overall. The rate of Egyptians reporting a strong decrease in household income was one of the highest among GEM economies, above Morocco (41%). Despite the severity of lost income in Egypt, the rate of adults intending to start a business within the next three years declined a little, from 62% to 56%. This fall might be explained by the hesitancy of potential entrepreneurs due to the pandemic. However, that is not the full story, as only 54% of Egyptians intending to start a new business within three years stated that their decision was influenced by the pandemic. This means almost half of potential entrepreneurs in Egypt may still pursue their venture regardless of pandemic concerns — surprising, given the severity of lost income.

Egypt's Total early-stage Entrepreneurial Activity (TEA) rate almost doubled, from 6.7% in 2019 to 11.3% in 2020. The majority of these new early-stage entrepreneurs, however, do not appear to be starting new firms as a result of the pandemic but, rather, in spite of it. Of those respondents involved in TEA, two-thirds see no new opportunities as a result of the pandemic. A similar dynamic exists among Egyptian Established Business Ownership (EBO). Egypt's EBO rate jumped from 1.5% in 2019 to 5.2% in 2020, the highest proportional increase in any GEM participating economy. Yet, like TEA, two-thirds of respondents involved in EBO also see no new opportunities as a result of the pandemic. It seems non-pandemic factors are driving a significant proportion of entrepreneurial activity in Egypt.

2020 Framework Conditions Review

Egypt's 2020 Framework Conditions remained quite steady, only veering from 2019 scores in a couple of notable instances. For the condition “Access to entrepreneurial finance” Egypt scored 4.4, down slightly from 4.5 in 2019, and placing it 24th among GEM participating economies. Considering how critical this factor is for entrepreneurs, policymakers should continue to monitor financing conditions, but it is quite possible the slight decrease can be explained by the extraordinary pressures of the pandemic. Across all three government-related conditions, Egypt's scores similarly wavered by only 0.1 points, with “Government policy: support and relevance” emerging as its strongest condition of the three, receiving a 4.3 score, 25th overall, and an increase from 4.3 in 2019. Perhaps this consistency across years gave Egypt's government something of a boost with regards to perceptions of its performance during the pandemic. Experts gave the governmental response to the pandemic a 5.1 score, 22nd overall. This exceeded its other government-related rankings.

The condition “Research and development transfer” improved for Egypt in 2020, from 3.1 in 2019 to 3.4 in 2020, putting Egypt 32nd among GEM economies. However, one area of concern is Egypt's “ease of entry” conditions, where two decreases signal a potential barrier for entrepreneurs. In particular, the condition “Ease of entry: market dynamics” showed the greatest decrease among all conditions, from 5.7 in 2019 to 5.1 in 2020, placing it 25th among GEM economies. Perhaps due to the pandemic, Egyptian entrepreneurs faced a less receptive market in 2020. However, experts gave the entrepreneurial response to the pandemic a 6.7 score, 22nd overall for Egypt, which is about the expected value, considering the totality of Egypt's Framework Condition scores generally fall within the 20–30 rankings range.

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

Professor Ayman Ismail, PhD

Team members

Professor Ahmed Tolba
Shima Barakat, PhD
Hakim Adel Hakim Meshreki, PhD
Seham Chalwash, MSc

Funders

Drosos Foundation

Oxfam Novib (Danish Arab Partnership
Program — DAPP)
Hivos

APS vendor

PHI Knowledge

Contact

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ECONOMY PROFILE



Germany

■ Population (2020): **83.1 million** (UN)

■ GDP per capita (2019; PPP, international \$): **53.57 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	44.4	34
Good opportunities to start a business in my area	36.0	34
It is easy to start a business	54.4	23
Personally have the skills and knowledge	47.6	36
Fear of failure (opportunity)	31.0	37
Entrepreneurial intentions	10.8	34

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.2	34
International (25%+ revenue)	0.6	25=
National scope (customers and products/process)	0.8	27=
Global scope (customers and products/process)	0.3	21=
Industry (% TEA in business services)	29.8	13

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	39.8	23=	38.3	41.1
Build great wealth	52.2	28	60.6	45.3
Continue family tradition	62.0	2	67.1	57.8
To earn a living	45.1	37	36.6	52.2

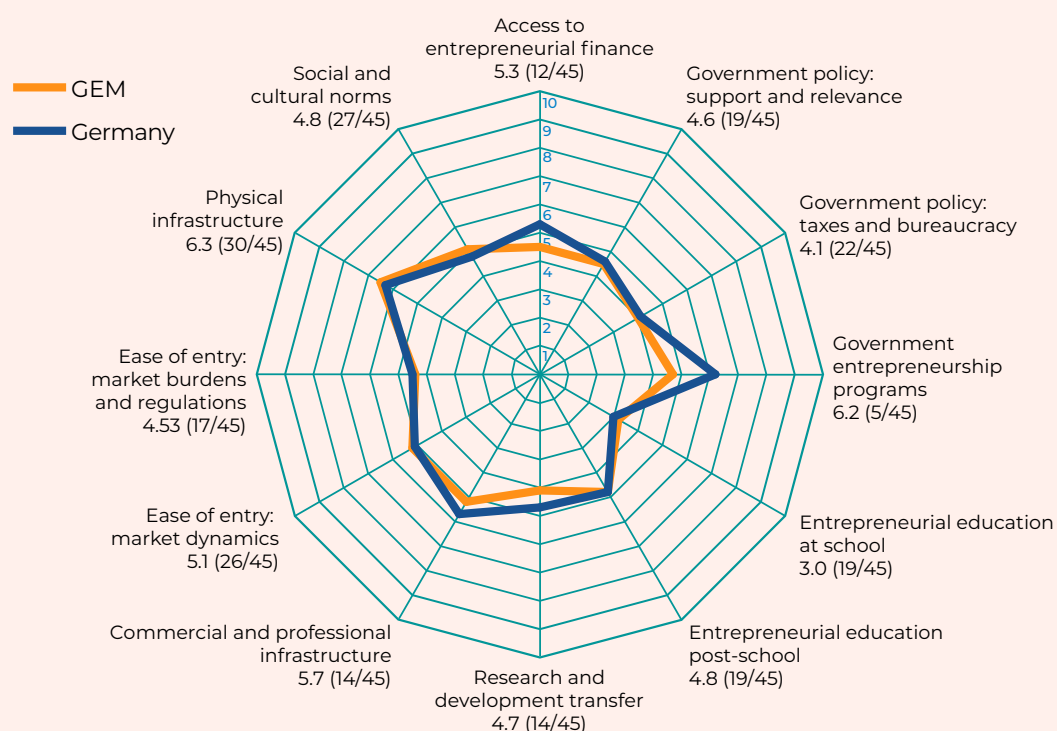
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	4.8	41	4.4	5.1
Established Business Ownership rate	6.2	24	4.1	8.1
Entrepreneurial Employee Activity	6.4	2=	4.0	8.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	29.7	39
Know someone who started business due to pandemic	7.3	41
Know someone who stopped business due to pandemic	20.8	39
	% TEA	Rank/43
Pursue new opportunities due to pandemic	24.9	35

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Germany experienced declines across several key entrepreneurial activity indicators, although there are also a few optimistic signs. One such is that only 30% of German adults (18–64) reported that they experienced some loss of household income as a result of the pandemic. In a normal year this would be an astonishing figure, but this was one of the lowest rates among GEM European economies in 2020. At the same time, 7% of German adults actually experienced an increase in their household income as a result of the pandemic: second highest among GEM European countries behind Sweden (10%). These relatively strong macroeconomic figures during an otherwise volatile period might make many Germans fear starting their own business, but actually the rate of adults intending to start a business within the next three years increased from 2019 (9.1%) to 2020 (10.7%). Of these prospective entrepreneurs, less than half (48%) reported that their intention was influenced by the pandemic, meaning there are also still strong non-pandemic-related reasons for wanting to start a business among Germans in 2020.

The German Total early-stage Entrepreneurial Activity rate (TEA), however, decreased, from 7.6% in 2019 to 4.8% in 2020, one of the lowest TEA rates among GEM European economies. Of the respondents involved in TEA, three-quarters indicated that they saw no opportunities as a result of the pandemic. Depending on the duration of the pandemic, if entrepreneurs are not identifying opportunities to explore new business models or services, this sentiment could threaten Germany's already fragile TEA rate. However, on a positive note, Germany's Established Business Ownership (EBO) rate increased from 5.2% in 2019 to 6.1% in 2020. Yet this otherwise encouraging sign implies a dilemma similar to that of Germans involved in TEA: these established business owners overwhelmingly see no new opportunities (80%) as a result of the pandemic. These are worrying signs, as innovative entrepreneurs, aspiring or established, will be essential in supporting Germany's recovery.

2020 Framework Conditions Review

It is difficult to decide whether the sentiments of German experts in 2020 are generally positive or negative. Across most Framework Conditions, scores were remarkably consistent between 2019 and 2020. However, for two conditions scores declined considerably. For the condition “Commercial and professional infrastructure” experts awarded Germany a 5.7 score, placing it 14th among GEM-participating economies, albeit a decline from their 6.3 score in 2019. This condition measures the availability of professional services that can help an aspiring entrepreneur's growth — or hinder it in their absence — and which in turn allows them to compete for business. The other condition experiencing a significant decline, “Ease of entry: market burdens and regulations”, received a 4.5 score, placing it 17th among GEM participating economies, but down from 5.1 in 2020. This score reveals a more constraining regulatory system that could prevent potential entrepreneurs from starting their own venture. This constraint, combined with the lack of available services reported for “Commercial and professional infrastructure”, may reveal some of the factors limiting aspirational entrepreneurship as reflected in Germany's lower TEA rates.

Interestingly, the one condition where German experts gave notably higher marks is “Government policy: support and relevance”. This condition increased from a score of 4.1 in 2019 to 4.6 in 2020, still only 19th among GEM-participating economies. A more accommodating policy environment is certainly an encouraging sign; however, it will take some time to determine if new policies positively impact entrepreneurship. Overall, experts expressed a relative preference for the German government's response to the pandemic over the entrepreneurial response. The governmental response scored 5.8, 16th among GEM economies, while the entrepreneurial response was 6.3, 32nd among GEM economies.

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

Professor Dr Rolf Sternberg

Team members

Armin Baharian
Professor Dr Simone Chlosta
Natalia Gorynia Pfeffer, PhD
Julia Schauer, MA
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Matthias Wallisch, PhD

Funders

RKW Competence Centre

APS vendor

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ECONOMY PROFILE



Greece

■ Population (2020): **10.7 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **29.05 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	32.5	41
Good opportunities to start a business in my area	27.9	37
It is easy to start a business	25.9	41
Personally have the skills and knowledge	53.3	31=
Fear of failure (opportunity)	53.1	3
Entrepreneurial intentions	11.3	31

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.1	35=
International (25%+ revenue)	1.4	14=
National scope (customers and products/process)	1.6	19
Global scope (customers and products/process)	0.5	15=
Industry (% TEA in business services)	17.5	23

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	26.9	36	28.8	25.6
Build great wealth	45.8	31	48.4	44.2
Continue family tradition	35.7	14	31.1	38.7
To earn a living	69.0	24	74.1	65.8

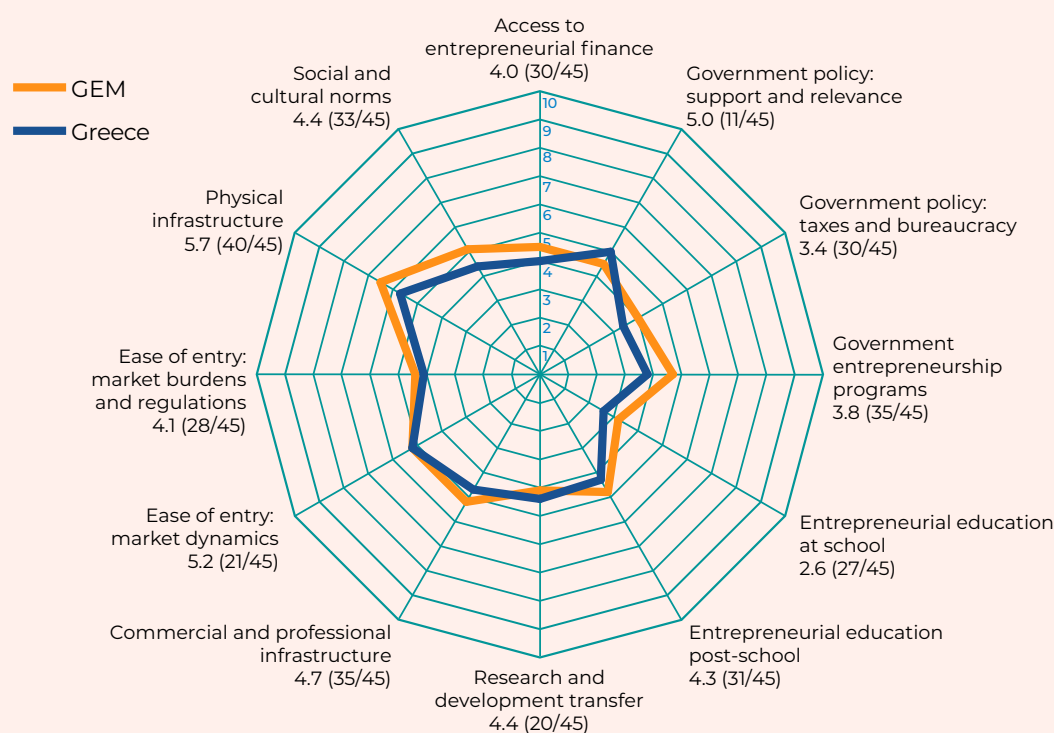
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.6	26=	6.7	10.6
Established Business Ownership rate	14.6	3	10.9	18.2
Entrepreneurial Employee Activity	1.2	27	1.4	1.1

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	55.1	19
Know someone who started business due to pandemic	13.0	30
Know someone who stopped business due to pandemic	45.6	18
Pursue new opportunities due to pandemic	20.6	38

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Entrepreneurial activity in Greece declined only slightly during 2020, as measured by several key GEM indicators. This may suggest that the COVID-19 pandemic did not have as strong an impact on Greek entrepreneurship as it did on other economies. However, this sector has in any case been underperforming overall compared to peer economies, which may hinder its ability to recover in the years ahead. Overall, 55% of Greek adults (18–64) stated that they had experienced a decrease in household income as a result of the pandemic. This is the third highest among GEM European economies. Most troubling, however, is that 26% reported that household income “strongly decreased”, which is the highest rate among GEM economies. This shock can generate a need to start a business, although the rate of entrepreneurs’ intention to start a business within the next three years declined slightly from 12.4% in 2020 to 11.3% in 2020. However, 77% of those intending to start a business stated that to an extent it was due to the pandemic, suggesting potential entrepreneurs were reacting to the situation, although clearly not (or not yet) at a high rate overall.

Greece’s Total early-stage Entrepreneurial Activity (TEA) rate actually increased slightly, from 8.2 in 2019 to 8.6 in 2020. While this is indeed an encouraging sign, some barometers of future entrepreneurial confidence are less positive. For example, 79% of respondents involved in TEA stated that they see no opportunities as a result of the pandemic. Additionally, the hiring plans of Greek adult respondents signal a low growth attitude — only 1% of Greeks plan on hiring six or more workers over the next five years, while 5% plan on hiring none. Entrepreneurs will need to generate substantially more employment growth to help aid the recovery. Similar to TEA, Greece’s Established Business Ownership (EBO) rate also increased slightly, from 14.3% in 2019 to 14.6% in 2020. This is the highest EBO rate among all GEM European countries, which

may prove to be an essential component of Greece’s recovery if early-stage entrepreneurs are proving less ambitious and as long as current barriers preventing growth are overcome.

2020 Framework Conditions Review

The slight underperformance of Greece on many entrepreneurial activity indicators is echoed in its experts’ assessments of its Framework Conditions. Across most conditions, Greece’s scores rank between 20th and 35th, which is squarely in the average-to-below-average range of GEM economies. Its worst-performing condition is “Physical infrastructure”, for which a 5.7 score places it 40th among GEM economies, and a decline from its 6.1 score in 2020.

However, experts also rated Greece’s government-related conditions somewhat more highly than in 2019, suggesting a much-needed improvement in some recently experienced institutional difficulties affecting the economy. For “Government policy: support and relevance” Greece’s score was 5.0: 11th among GEM economies in 2020 and a significant increase from 3.6 in 2019. Additionally, the conditions “Government policy: taxes and bureaucracy” (3.4) and “Government entrepreneurship programs” (3.8) also increased over 2019, although not as dramatically, and both are still ranked below average for GEM economies. The Greek government’s improvement in these conditions was also noticed by experts assessing their performance during the pandemic. On the government response to the pandemic, Greek experts gave a score of 6.5, placing it sixth among all GEM economies. Their score for the entrepreneurial response to the pandemic, however, was 6.4, only good for 29th place among GEM economies. These improving scores indicate that the Greek policies providing for gradual improvement should be continued in order to restore the confidence of early-stage entrepreneurs.

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

Associate Professor Aggelos Tsakanikas

Team members

Sofia Stavraki, MPhil, PhD Candidate

Evangelia Valavanioti, MSc

Assistant Professor Ioannis Giotopoulos

Funders

RAYCAP S.A.

APS vendor

Datapower SA

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Guatemala

■ Population (2020): **16.6 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **8.27 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	71.4	6
Good opportunities to start a business in my area	62.7	10
It is easy to start a business	48.8	27
Personally have the skills and knowledge	74.4	8
Fear of failure (opportunity)	40.0	29
Entrepreneurial intentions	49.7	9

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	6.3	10
International (25%+ revenue)	0.5	28=
National scope (customers and products/process)	0.9	27=
Global scope (customers and products/process)	0.1	30=
Industry (% TEA in business services)	6.3	36

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	76.7	2	76.8	76.7
Build great wealth	54.8	25	52.4	57.0
Continue family tradition	46.9	6	45.9	47.7
To earn a living	91.1	1	93.0	89.3

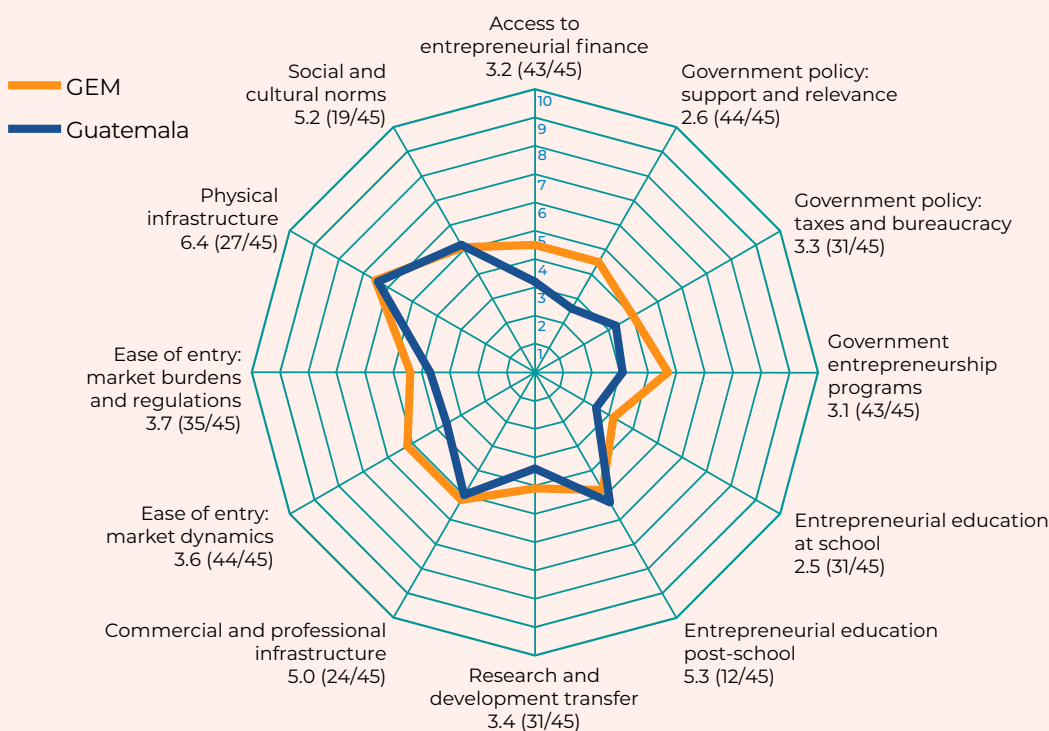
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	28.3	5	25.5	31.3
Established Business Ownership rate	12.3	6	9.7	15.1
Entrepreneurial Employee Activity	1.1	28=	0.4	1.8

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	71.8	11
Know someone who started business due to pandemic	53.9	7
Know someone who stopped business due to pandemic	57.8	9
	% TEA	Rank/43
Pursue new opportunities due to pandemic	44.8	15

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Guatemala's 2020 entrepreneurial activity remained fairly steady despite the significant impact of COVID-19, with 72% of Guatemalan adults (18–64) reporting that they had experienced a loss of household income overall as a result of the pandemic. This rate of Guatemalans registering household income loss was just below Chile (74%) and Colombia (79%), but above Brazil (63%). The rate of those Guatemalan adults stating they intended to start a business over the next three years declined slightly, from 52% to 50%: yet still the second highest among GEM Latin American participating economies behind Brazil (53%). Yet, despite a high level of intending entrepreneurs in Guatemala during this exceptional year, only 50% of those respondents stated that their intentions were influenced by the pandemic. Given the necessity to recoup lost income due to the pandemic, this may be below expectations, indicating non-pandemic factors still drive about half of prospective entrepreneurship in a country with many aspiring entrepreneurs.

Guatemala's 2020 Total early-stage Entrepreneurship (TEA) rate increased to 28.3% in 2020, from 25% the previous year. Only 45% of those Guatemalans involved in TEA reported that they saw new opportunities as a result of the pandemic, which is again below expectations, considering that most instances of increased TEA rates in 2020 have been accompanied by a higher assessment of pandemic opportunities. In the unique year of 2020, there were few opportunities for spurring entrepreneurship that did not come as a result of the new pandemic realities. However, Guatemala's Established Business Ownership (EBO) rate declined slightly, from 14.9% in 2019 to 12.3% in 2020. Of those respondents involved in EBO, only 37% saw new opportunities as a result of the pandemic, which aligns more with expectations.

2020 Framework Conditions Review

Across most conditions, Guatemala improved its Framework Condition scores in 2020. For "Access to entrepreneurial finance" Guatemala scored 3.2, which, while still 43rd among GEM participating economies, was a substantial increase over its 2019 score (2.6): a much-needed improvement in this critical Framework Condition. For the three government-related conditions, Guatemala's performance was generally positive, although the resulting scores were quite low relative to other economies. For the condition "Government policy: support and relevance" the experts score increased slightly from 2.4 in 2019 to 2.6 in 2020 (44th among GEM participating economies); for "Government policy: taxes and bureaucracy" the score decreased slightly from 3.4 in 2019 to 3.3 in 2020 (33rd among GEM economies) and for "Government entrepreneurship programs" there was an increase from 2.9 in 2019 to 3.1 in 2020 — 43rd overall. Although, as noted, these condition scores are all quite low compared to most GEM economies, their improvement during 2020 may have influenced the experts' score of 3.6 for the Guatemalan government's response to the pandemic, giving it a rank of 36th among GEM participating economies, a little higher than expected given Guatemala's Framework Conditions.

For the condition "Research and development transfer" Guatemala increased its score from 2.6 in 2019 to 3.4 in 2020, suggesting some improvement in the relationship between larger Guatemalan firms and smaller firms. Guatemala also improved its score for "Ease of entry: market burdens and regulations", from 3.2 in 2019 to 3.7 in 2020: 35th among GEM economies. This improvement in market access will hopefully continue as still more entrepreneurs will be needed to aid in Guatemala's recovery. Finally, the economy made a large jump in its score for "Social and cultural norms", similar to Colombia in scale, from 4.5 in 2019 to 5.2 in 2020. However, unlike in Colombia, experts were more impressed with the entrepreneurial response to the pandemic in Guatemala, awarding a high score of 7.5, third among GEM economies.

Institution

Lead institution

Kirzner Entrepreneurship Center at Francisco Marroquín University



Type of institution

University

Website

www.kec.ufm.edu
www.gem.ufm.edu

Team

Team leader

Mónica Río-Nevado de Zelaya, PhD

Team members

Carolina Uribe, MBA
David Casasola, MA
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Funders

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ECONOMY PROFILE



India

■ Population (2020): **1,366.4 million** (UN)

■ GDP per capita (2019; PPP, international \$): **6.28 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	61.9	17
Good opportunities to start a business in my area	82.5	3
It is easy to start a business	78.5	5
Personally have the skills and knowledge	81.7	5
Fear of failure (opportunity)	56.8	1
Entrepreneurial intentions	20.3	23

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.9	37=
International (25%+ revenue)	0.0	41=
National scope (customers and products/process)	0.1	42=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	3.5	40

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	80.7	1	74.3	82.7
Build great wealth	74.7	12	71.2	75.8
Continue family tradition	76.8	1	75.5	77.2
To earn a living	87.3	5	92.0	85.9

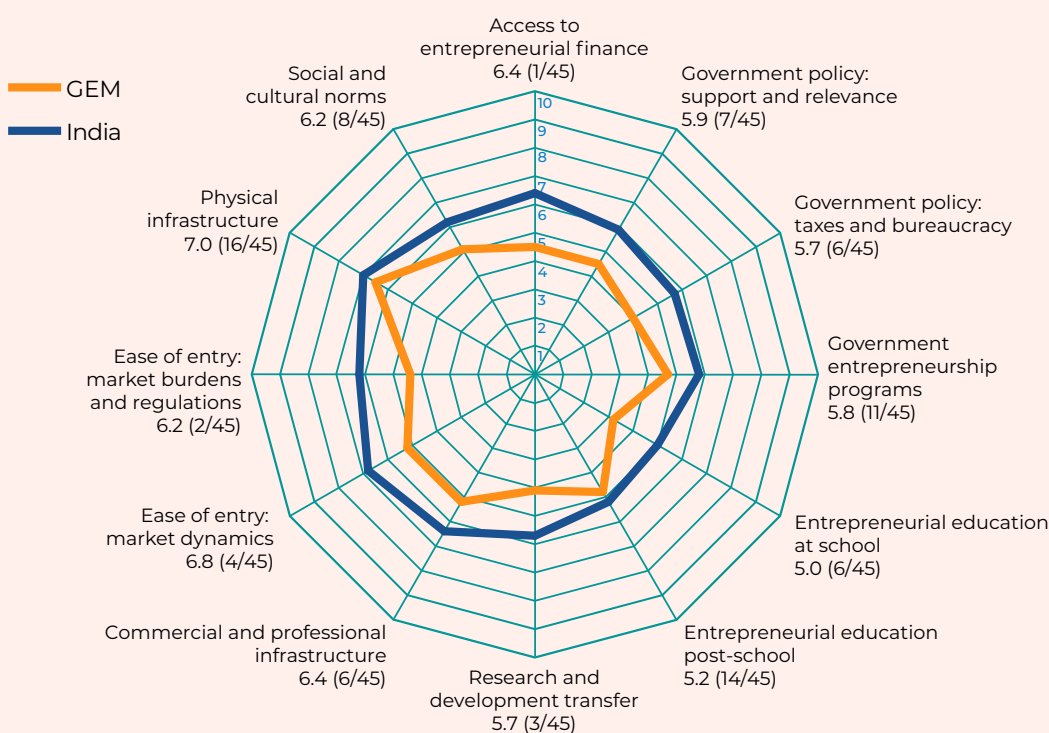
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	5.3	39	2.6	7.9
Established Business Ownership rate	5.9	28=	4.0	7.7
Entrepreneurial Employee Activity	0.1	43	0.1	0.2

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	85.8	3
Know someone who started business due to pandemic	53.4	8
Know someone who stopped business due to pandemic	60.1	5
Pursue new opportunities due to pandemic	65.2	2

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

India experienced significant declines across several important entrepreneurship indicators in 2020. The COVID-19 pandemic looks to have played a significant role in this reduced performance. This is evident at the economy-wide level, where 86% of Indian adults (18–64) indicated that they had lost household income as a result of the pandemic. Considering the significant financial impact of the pandemic on the Indian population, some of the declines witnessed by the entrepreneurial sector are to be expected. The rate of Indian adults intending to start a business within the next three years declined from 33% in 2019 to 20% in 2020, with 42% of those potential entrepreneurs saying the pandemic had influenced their decision “to a large extent”. This is one of the highest rates among GEM economies.

India’s Total early-stage Entrepreneurial Activity (TEA) rate declined considerably, from 15% in 2019 to 5.3% in 2020, representing the biggest drop among all economies that participated in both the 2019 and 2020 GEM survey cycles. Yet, among the remaining early-stage entrepreneurs in India, there are both positive and negative signs. On the plus side, 65% of Indian early-stage entrepreneurs reported that they saw new opportunities as a result of the pandemic, second only to Israel (70%) among GEM economies, indicating some confidence about the new market realities introduced by COVID-19. However, only 0.9% of early-stage Indian adults indicated that they planned on hiring six or more employees over the next five years, down from 1.6% in 2019. A low hiring expectation number may indicate entrepreneurs’ concerns about their ability to grow a company, as much as it reflects pessimism about the pandemic.

2020 Framework Conditions Review

Despite the generally negative trend in entrepreneurial activity in India over 2020, experts have scored the country relatively highly compared to 2019. For “Access to entrepreneurial finance” experts gave India a 6.4 score, highest among all GEM participating economies, and an increase over its 2019 score (5.7). This is an unexpected high score from experts, given that the decline in entrepreneurial activity suggests a lack of finance helping to sustain strained firms. Similarly, across a couple of the government-related Framework Conditions, India did better in 2020 than it did in 2019. For “Government policy: taxes and bureaucracy” experts scored the economy at 5.7 in 2020 (sixth among the GEM participating economies), up from 5.1 in 2019, while for “Government entrepreneurship programs” India scored 5.8 in 2020 (11th among GEM participating economies), compared to 5.1 in 2019. This improvement in institutional support for entrepreneurship is reflected in the experts’ assessment of the government’s response to the pandemic, where India’s 6.6 score places it fifth among all GEM participating economies. Experts also scored the entrepreneurial response at 7.0: 10th among all GEM participating economies. This reflects a reasonably strong estimation of how entrepreneurs weathered the challenges of 2020.

Other areas in which India scored well include “Research and development transfer” (5.7; third among GEM economies) and “Ease of entry: market burdens and regulations” (6.2; second among GEM economies) — both representing improvements from 2019. However, for some conditions, particularly the education-related ones, India’s scores declined, perhaps reflecting the challenges of educating entrepreneurs in the COVID-19 environment.

While Indian’s entrepreneurial activity declined across many indicators in 2020, some optimism can be gleaned from the positive outlook of the economy’s early-stage entrepreneurs, as well as the experts’ assessment of strong conditions for entrepreneurship. Tracking how India does over the next year will be essential in determining whether 2020 was a true outlier or part of a more worrying trend for the economy.

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

Sunil Shukla, PhD

Team members

Amit Kumar Dwivedi, PhD

Pankaj Bharti, PhD

Funders

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Entrepreneurship Education
and Development (CREED), EDII
— Ahmedabad

APS vendor

IMRB

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ECONOMY PROFILE



Indonesia

■ Population (2020): **270.6 million** (UN)

■ GDP per capita (2019; PPP, international \$): **12.35 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	79.2	3
Good opportunities to start a business in my area	80.6	4
It is easy to start a business	73.4	7
Personally have the skills and knowledge	79.0	6
Fear of failure (opportunity)	23.5	40
Entrepreneurial intentions	26.0	17

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.3	41
International (25%+ revenue)	0.2	37=
National scope (customers and products/process)	0.3	41
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	3.1	41

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	44.7	18	50.6	38.4
Build great wealth	49.8	29	50.6	48.8
Continue family tradition	41.8	8	43.2	40.3
To earn a living	71.4	21=	75.6	66.9

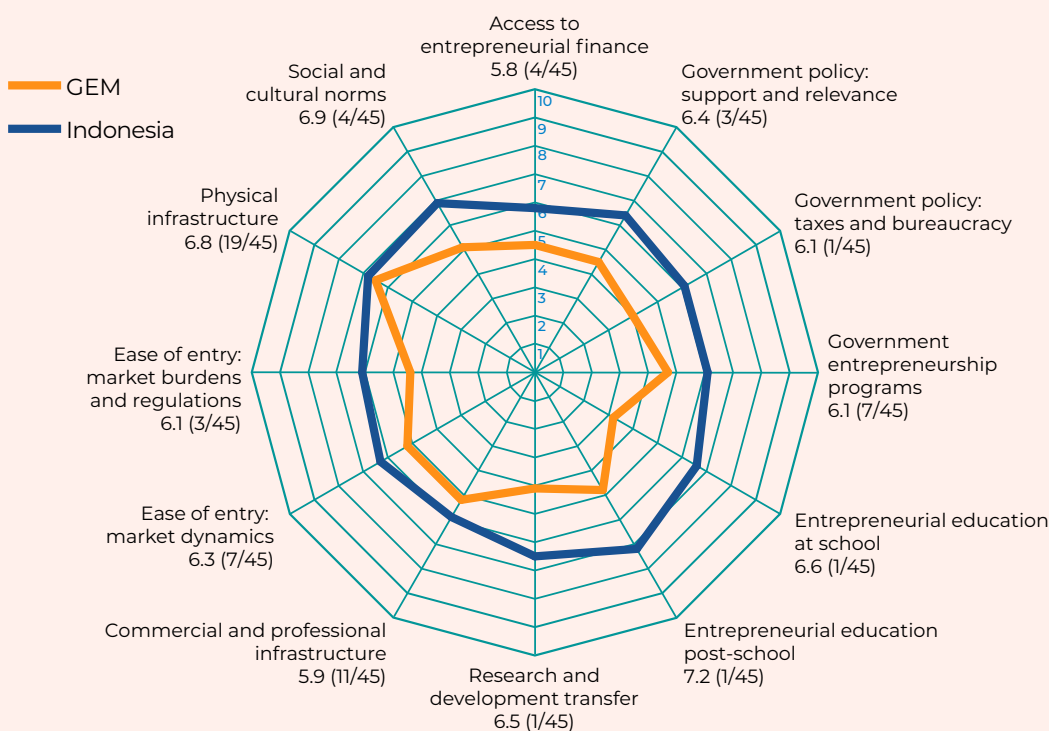
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	9.6	24	10.0	9.1
Established Business Ownership rate	11.4	8	8.7	14.1
Entrepreneurial Employee Activity	1.1	28=	0.7	1.4

COVID-19-related

	% Adults	Rank/43	% TEA	Rank/43
Pandemic has led household income to decrease*	80.1	6		
Know someone who started business due to pandemic	69.8	1		
Know someone who stopped business due to pandemic	72.0	1		
Pursue new opportunities due to pandemic	42.8	18		

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

2020 was a difficult year for Indonesia, with many entrepreneurs hesitant about the future, due at least in part to the COVID-19 pandemic. On a macro level, 80% of Indonesian adults (18–64) stated that they had lost household income as a result of pandemic, one of the highest levels among GEM economies, though similar to other lower–middle-income Asian economies such as India (85%). This strong impact can be seen in the economy's entrepreneurial activity as well. Of the 26% of Indonesian adults who expect to start a business within the next three years, 65% stated that their intention was influenced by the pandemic “to a large extent”. This is the second-highest rate among all GEM economies, behind only the Russian Federation (74%).

Indonesia's Total early-stage Entrepreneurial Activity (TEA) rate was 9.6% in 2020. Although Indonesia did not participate in the Adult Population Survey (APS) in 2019, it did so in 2018 and gained a TEA rate of 15% in that year, therefore signalling a decline since then. Neither is confidence high among this set of early-stage entrepreneurs. Specifically, 57% of Indonesian early-stage entrepreneurs stated that they saw no new opportunities as a result of the pandemic. Additionally, only 0.3% of the Indonesian population planned to hire six or more employees over the next five years, compared to 6.3% intending to hire no employees at all. This disparity between levels of high job creation and solo entrepreneurship points to a potential productivity issue for the future Indonesian entrepreneurial sector. However, Indonesia's rate of Established Business Ownership (EBO), 11.4% of the adult population, is relatively strong for the region, placing it at about the same rate as Taiwan (11.1%) and above most other lower-income economies participating in GEM. One worrying aspect among Indonesia's established business owners, however, is that three-quarters do not see opportunities as a result of the pandemic.

2020 Framework Conditions Review

Despite some of the mixed results for Indonesia's entrepreneurial activity indicators, Indonesian experts actually scored the economy quite highly on several Framework Conditions. Indonesia was highest of all GEM participating economies in “Government policy: taxes and bureaucracy” (6.1), “Entrepreneurial education at school” (6.6), “Entrepreneurial education post-school” (7.2) and “Research and development transfer” (6.5). All of these conditions have improved since 2019. The educational results are particularly noticeable. Experts gave “Entrepreneurial education at school” a 6.6 in 2020, compared to 5.0 in 2019, and “Entrepreneurship education post-school” a 7.2 in 2020, compared to 6.0 in 2019. This improvement in the assessment of entrepreneurial education portends a stronger set of future conditions for dynamic entrepreneurship in Indonesia.

However, these strong scores expose a disconnect between expert assessments of the conditions for entrepreneurship and the experience of many Indonesian entrepreneurs. This may explain the experts' score of 6.13 for the Indonesian government's response to the pandemic (12th among GEM participating economies), while scoring the entrepreneurial response at 6.6, which, while a higher score in absolute terms, was only 23rd among all GEM participating economies.

There appears to be much anxiety among current Indonesian entrepreneurs about the extent to which their activity will be curtailed by the pandemic. Leading indicators, such as seeing opportunities as a result of the pandemic, or future hiring plans, indicate wariness about the future. The significant loss of household income is also worrying. Therefore, policies aimed at boosting spending money and assuring stability if future crises emerge will be critical for encouraging Indonesian entrepreneurship.

Institution

Lead institution

Parahyangan Catholic University



Type of institution

University

Website

<http://unpar.ac.id>

Team

Team leader

Gandhi Pawitan, PhD

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APS vendor

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ECONOMY PROFILE



Iran

■ Population (2020): **82.9 million** (UN)

■ GDP per capita (2019; PPP, international \$): **11.96 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	33.8	40
Good opportunities to start a business in my area	13.3	43
It is easy to start a business	21.3	42
Personally have the skills and knowledge	64.9	14
Fear of failure (opportunity)	17.7	41
Entrepreneurial intentions	23.9	21

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.3	32=
International (25%+ revenue)	0.2	37=
National scope (customers and products/process)	0.4	36=
Global scope (customers and products/process)	0.1	30=
Industry (% TEA in business services)	24.1	17

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	30.1	35	38.4	26.1
Build great wealth	88.9	3	88.9	88.9
Continue family tradition	19.0	36	13.8	21.4
To earn a living	64.8	26	59.2	67.4

Activity

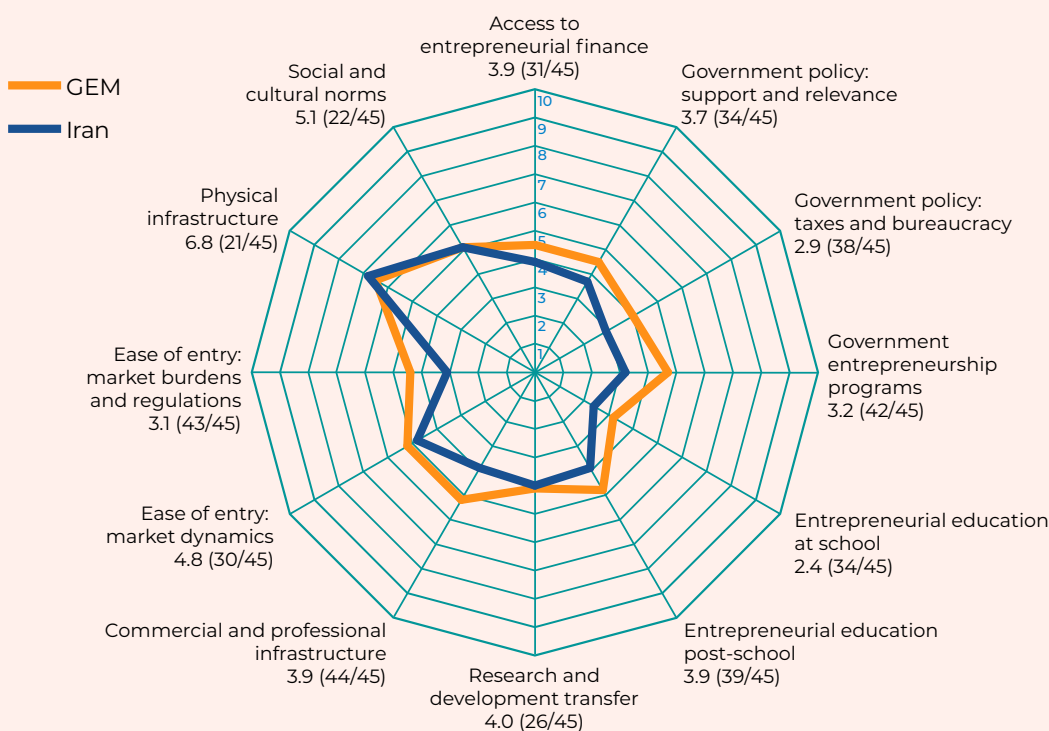
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.0	31=	5.1	10.9
Established Business Ownership rate	14.5	4	6.7	22.4
Entrepreneurial Employee Activity	0.8	31=	0.6	0.9

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	51.4	22=
Know someone who started business due to pandemic	16.8	25
Know someone who stopped business due to pandemic	39.6	26

	% TEA	Rank/43
Pursue new opportunities due to pandemic	18.1	41

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Iran's entrepreneurial activity in 2020 declined across most measures, a fall seemingly caused by uncertainty, and perhaps hesitancy, related to the pandemic. In 2020, 51% of Iranian adults (18–64) stated that they had lost overall household income as a result of the pandemic. While this was certainly a high rate, it was lower than in some peer economies such as the United Arab Emirates (68%) and Saudi Arabia (71%). Yet, perhaps due to uncertainty related to the pandemic, Iran's rate of adults intending to start a business within the next three years declined from 38% in 2019 to 24% in 2020. Within this set of prospective entrepreneurs, however, 62% stated that the pandemic had influenced their decision. The substantial decline in aspiring entrepreneurs, combined with the rate of those being influenced by the pandemic, suggests some potential entrepreneurs are avoiding starting a business due to the current uncertainty. At the same time, that uncertainty is cause for some to pursue entrepreneurship, perhaps out of necessity.

Iran saw a decline in its Total early-stage Entrepreneurial Activity (TEA), rate from 10.7% in 2019 to 8% in 2020. In 2019, 5% of Iranian adults had planned on hiring six or more employees in their business over the next five years. However, in 2020, this was just 1.3%, indicating a lack of confidence in the medium-term future. Additionally, those respondents currently involved in either TEA or Established Business Ownership (EBO) do not generally see new opportunities as a result of the pandemic. For TEA respondents, 82% do not see opportunities; for EBO respondents, it is 95%. These both suggest a need for policies that can provide near-term certainty before Iranians are willing to make big business decisions.

2020 Framework Conditions Review

Iran's 2020 Framework Condition scores were the most variable of any GEM economy. Its scores increased over 2019 across several conditions, including "Access to entrepreneurial finance" (3.9, 31st overall), "Government policy: support and relevance" (3.7, 34th overall), "Government entrepreneurship programs" (3.2, 42nd overall) and "Research and development transfer" (4.0, 26th overall). For the condition "Commercial and professional infrastructure" Iran's scores increased from 3.0 in 2019 to 3.9 in 2020. While this is a noteworthy improvement, it unfortunately only brings Iran's rank on this condition to 44th overall, indicating a significantly weak offering of professional services available to entrepreneurs in 2020. However, for some other conditions scores not only rose but increased dramatically, at a rate exceeding any other peer economy.

The condition "Ease of entry: market dynamics" increased from 3.0 to 4.8 (30th among GEM participating economies), the largest ratio increase on this condition among any economy. This would suggest a market that has opened up considerably for entrepreneurs relative to 2019 or before, despite the pandemic. Similarly, "Social and cultural norms" experienced an astonishing score increase, from 3.0 in 2019 to 5.1 in 2020, 22nd overall. It may be that these scores are an aberration, or truly reflect the unusual situation of COVID-19 impacting various aspects of Iranian entrepreneurship in 2020. However, Iranian experts scored the governmental response to the pandemic at 3.5, 38th among GEM participating economies, and the entrepreneurial response at 5.5, 40th overall. These scores suggest that, despite the vast improvements on several Framework Conditions, neither the Iranian government nor its entrepreneurs have yet met the challenges of the pandemic. It will be interesting to see how these scores hold up over time and if either entrepreneurs or the government can respond to the opportunity to help Iran's recovery.

Institution

Lead institution

Faculty of Entrepreneurship, University of Tehran



Type of institution

University

Website

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Team

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Professor Ali Rezaeian

Professor Abbas Bazargan

Mohammad Reza Zali, PhD

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APS vendor

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ECONOMY PROFILE



Israel

■ Population (2020): **9.1 million** (UN)

■ GDP per capita (2019; PPP, international \$): **39.13 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	68.1	9=
Good opportunities to start a business in my area	25.0	40
It is easy to start a business	12.3	43
Personally have the skills and knowledge	37.7	42
Fear of failure (opportunity)	45.0	16
Entrepreneurial intentions	19.8	24

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.5	27=
International (25%+ revenue)	0.9	20=
National scope (customers and products/process)	1.2	22=
Global scope (customers and products/process)	0.3	21=
Industry (% TEA in business services)	34.3	7=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	35.6	31	43.5	30.4
Build great wealth	71.2	13	66.1	74.6
Continue family tradition	17.5	37	10.8	21.9
To earn a living	53.6	32	54.4	53.1

Activity

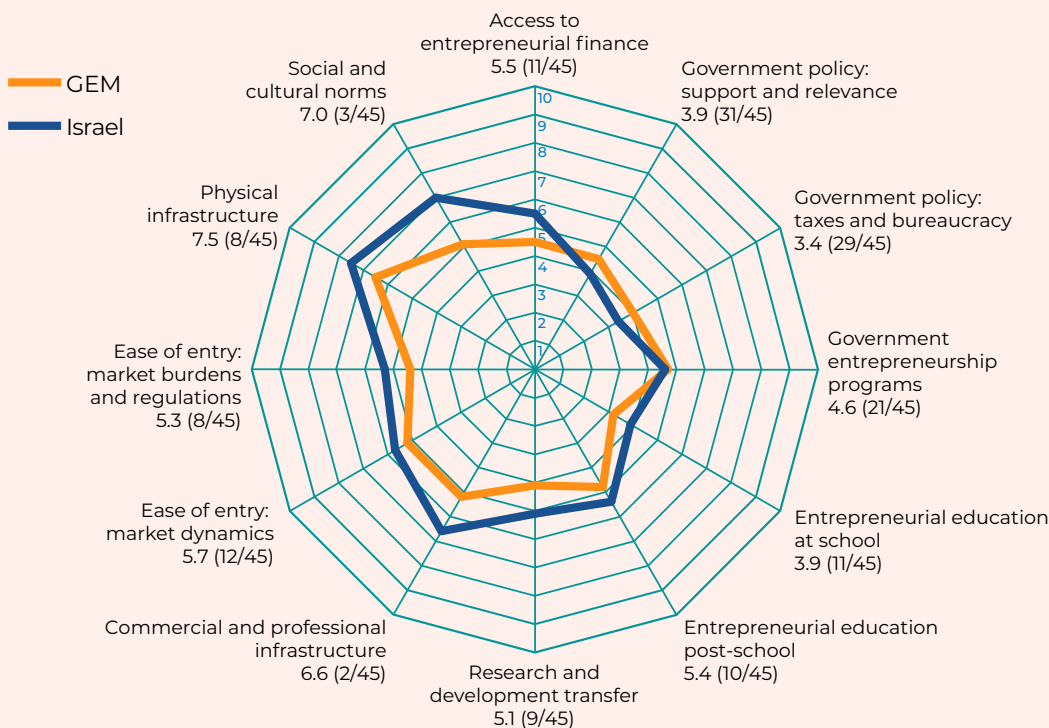
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.5	28=	6.7	10.4
Established Business Ownership rate	4.2	36=	2.7	5.7
Entrepreneurial Employee Activity	6.1	5	3.8	8.4

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	42.2	29
Know someone who started business due to pandemic	30.1	15
Know someone who stopped business due to pandemic	58.2	8

	% TEA	Rank/43
Pursue new opportunities due to pandemic	70.4	1

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate insufficient status,
10 = very adequate sufficient status. Rank out of 45 recorded in brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Israel experienced a unique 2020. The pandemic clearly impacted many entrepreneurs, and the population generally, although they appear to have found opportunities despite the challenges. In 2020, 42% of Israeli adults (18–64) reported that their household income decreased “somewhat” because of the COVID-19 pandemic. While this is indeed quite high, the encouraging signs are twofold: incredibly, no Israeli adults reported their household income had strongly decreased as a result of the pandemic (the only GEM participating country with zero on this figure), and 33% actually reported an overall income increase — by far the highest rate among GEM economies. Given the significant gap between those Israelis who lost or gained income in 2020, there are few case studies to draw from on how this would impact entrepreneurial intentions. It is hard to evaluate Israel’s slight decline in those adults intending to start a business within the next three years, (from 21% in 2019 to 20% in 2020). However, 62% of these prospective entrepreneurs stated that the pandemic had influenced their intentions, which does indicate a modest necessity factor when evaluating how the pandemic may have impacted the need for pursuing entrepreneurship, even if overall rates fell slightly.

Israel’s Total early-stage Entrepreneurial Activity (TEA), however, decreased more significantly, from 12.7% in 2019 to 8.5% in 2020. While a discouraging short-term sign, a GEM-leading 70% of Israelis involved in TEA stated that they see new opportunities as a result of the pandemic. If these opportunities are pursued, Israeli’s TEA rate should increase in the near future. An increase in the overall number of entrepreneurs may be necessary to aid Israeli’s recovery, given that a significantly higher percentage of Israelis plan on hiring zero employees for their venture over the next five years (5.3%) compared to those who plan to hire six or more (1.5%).

2020 Framework Conditions Review

Across several Framework Condition indicators, Israel’s scores improved dramatically, further reflecting the strong overall economic performance Israel maintained in 2020 (such as the 30% of Israeli adults experiencing a household income increase). For “Access to entrepreneurial finance” Israel’s score increased from 5.1 in 2019 to 5.5 in 2020, 11th among GEM participating economies. Two of its three government-related conditions also increased: “Government policy: taxes and bureaucracy” (from 3.1 in 2019 to 3.4 in 2020) and “Government entrepreneurship programs” (from 4.2 to 4.6). However, all of Israel’s governance scores are fairly low compared to other GEM participating economies. In particular, “Government policy: support and relevance” received a 3.9 score in 2020, 31st among GEM economies. Therefore, despite the improvements, there seems to be a general negative assessment of Israeli government performance in 2020, leading the experts to score the governmental response to pandemic at 3.6, just 37th among GEM economies.

However, some of Israeli’s strongest improvements came in education-related conditions. For “Entrepreneurial education at school” Israel’s score increased from 3.0 in 2019 to 3.9 in 2020, 11th among GEM economies. Similarly, for “Entrepreneurial education post-school” Israel made another strong leap, from 4.4 in 2019 to 5.4 in 2020, 10th among all GEM participating economies. Israel’s strongest condition, however, is “Commercial and professional infrastructure”, with a score of 6.6 in 2020, second among GEM participating economies (in 2019, the score was 5.6). The professional service providers that enable entrepreneurship may be entrepreneurs themselves, which can spur a generative set of conditions for innovation. Relatedly, the experts’ assessment of how entrepreneurs responded to the pandemic was much more positive than their assessment of government. The entrepreneurial response was scored at 6.8, 15th among GEM economies.

Institution

Lead institution

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



Type of institution

University

Website

<https://in.bgu.ac.il/en>

Other institutions involved

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Team

Team leader

Professor Emeritus Ehud Menipaz, PhD

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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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ECONOMY PROFILE



Italy

■ Population (2020): **60.3 million** (UN)

■ GDP per capita (2019; PPP, international \$): **40.07 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	30.6	43
Good opportunities to start a business in my area	62.2	13
It is easy to start a business	78.1	6
Personally have the skills and knowledge	60.8	21
Fear of failure (opportunity)	28.4	38
Entrepreneurial intentions	4.5	42

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.0	42=
International (25%+ revenue)	0.1	40
National scope (customers and products/process)	0.5	34=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	23.4	18

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	26.6	37	18.6	29.2
Build great wealth	95.3	1	100.0	93.8
Continue family tradition	26.5	24	25.8	26.7
To earn a living	82.2	8	84.4	81.5

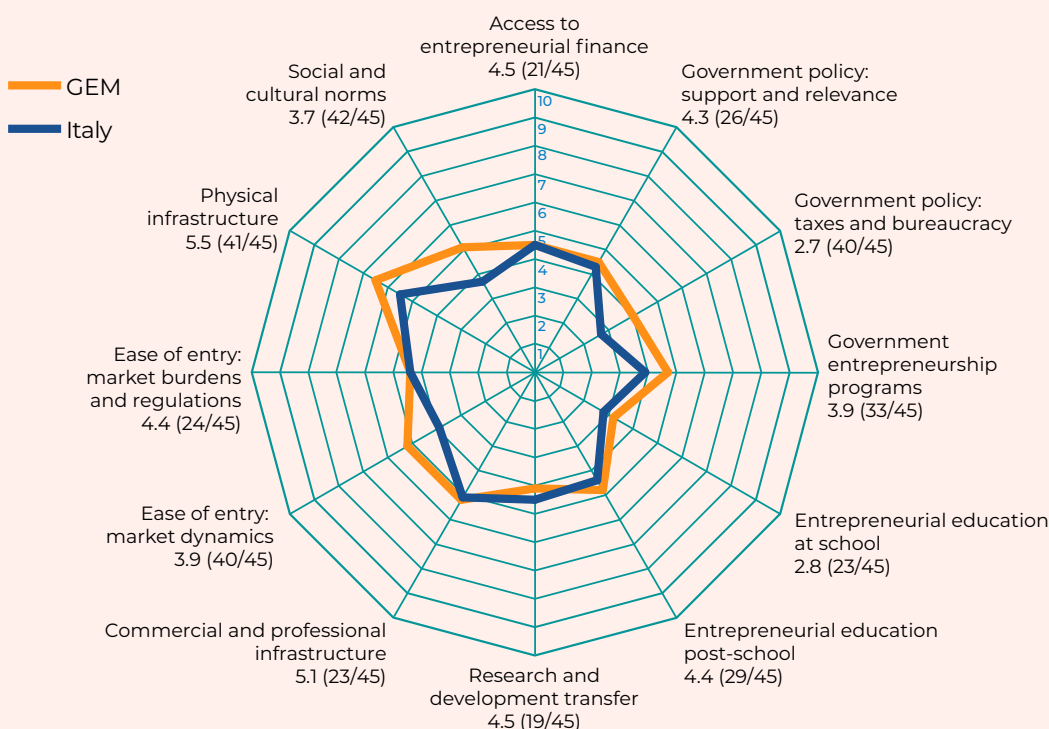
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	1.9	43	0.9	2.9
Established Business Ownership rate	2.2	43	0.8	3.7
Entrepreneurial Employee Activity	0.7	36	0.5	0.9

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	51.7	21
Know someone who started business due to pandemic	7.6	39
Know someone who stopped business due to pandemic	37.1	28
Pursue new opportunities due to pandemic	40.1	21

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Italy has experienced relatively low levels of entrepreneurial activity over the past few years, with 2020 unfortunately representing a further decline in most measures. Starting with the 2020 macroeconomic picture, 52% of Italian adults (18–64) stated that they had lost household income as a result of the pandemic. This is one of the highest rates among GEM European economies. However, it appears that pursuing entrepreneurship is not a popular path for recouping some of this lost income. The rate of Italian adults intending to start a business within the next three years declined from 5.4% in 2020 to 4.5% in 2019. This is the second-lowest intention rate among GEM European economies, behind Austria (4.1%). Interestingly, only 14% of Italian adults expecting to start a business stated it was due “to a large extent” to the pandemic. This is one of the lowest rates among GEM European economies, suggesting that those intending to start a new business would likely be doing so whether or not there was a pandemic.

Italy’s Total early-stage Entrepreneurial Activity (TEA) rate also declined, from 2.8% in 2019 to 1.9% in 2020. This is the lowest rate among all GEM economies, with Poland (3.1%) being the only other GEM economy with a TEA rate under 5.0 in 2020. Of this smaller set of respondents involved in TEA, 60% saw no new opportunities as a result of the pandemic. This sentiment is also apparent in hiring expectations for Italian adults. Only 0.04% of adults anticipated hiring six or more employees in the next five years, the second-lowest rate among all GEM economies, behind Austria (0.03%). This suggests a very low entrepreneurial confidence which could hamper Italy’s recovery. Furthermore, Italy’s Established Business Ownership (EBO) rate declined from its already low level of 4.7% in 2019 to 2.2% in 2020. Of those respondents involved in EBO, 90% saw

no opportunities as a result of the pandemic. This also indicates a worrying lack of reactivity among established Italian entrepreneurs: a factor that could be crucial to economic recovery.

2020 Framework Conditions Review

Italy’s modest declines across several areas of entrepreneurial activity is reflected in the 2020 scores given by experts, where several Framework Conditions received lower scores than in 2019. In particular, the condition “Government policy: taxes and bureaucracy” decreased from 3.0 in 2019 to 2.7 in 2020 (40th among GEM participating economies). The two internal market-related conditions also declined over this period. However, the condition “Ease of entry: market dynamics” was scored particularly severely in 2020, with experts in Italy giving it a score of 3.9 (40th among GEM economies), down significantly from 4.9 in 2019. Interestingly, the condition “Government policy: support and relevance” increased to 4.3 in 2020 from 3.6 in 2019, although Italy still ranks 24th in that condition. Additionally, the score for “Commercial and professional infrastructure” increased slightly from 4.8 in 2019 to 5.1 in 2020, ranking Italy 23rd among GEM participating economies.

Overall, however, experts tended towards a negative outlook on conditions for entrepreneurship in Italy in 2020. This applies to both entrepreneurs and the government. They gave a score of 6.5 to the entrepreneurial response and just 4.5 to the governmental response, both of which place it 28th among GEM economies. This suggests an overall pessimistic mood about the capacity for increased entrepreneurial activity in Italy. Finding ways to spur entrepreneurship, perhaps through reducing regulatory burdens or encouraging more public-private partnerships, might represent a start in generating these opportunities.

Institution

Lead institution

Università Politecnica delle Marche



UNIVERSITÀ
POLITECNICA
DELLE MARCHE

Type of institution

University

Website

<https://www.univpm.it>

Team

Team leader

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Team members

Associate Professor Diego D’Adda, PhD

Assistant Professor Alessandra Micozzi, PhD

Francesca Micozzi, PhD

Funders

Fondazione Aristide Merloni

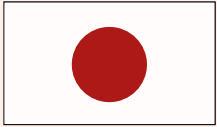
Università Politecnica delle Marche

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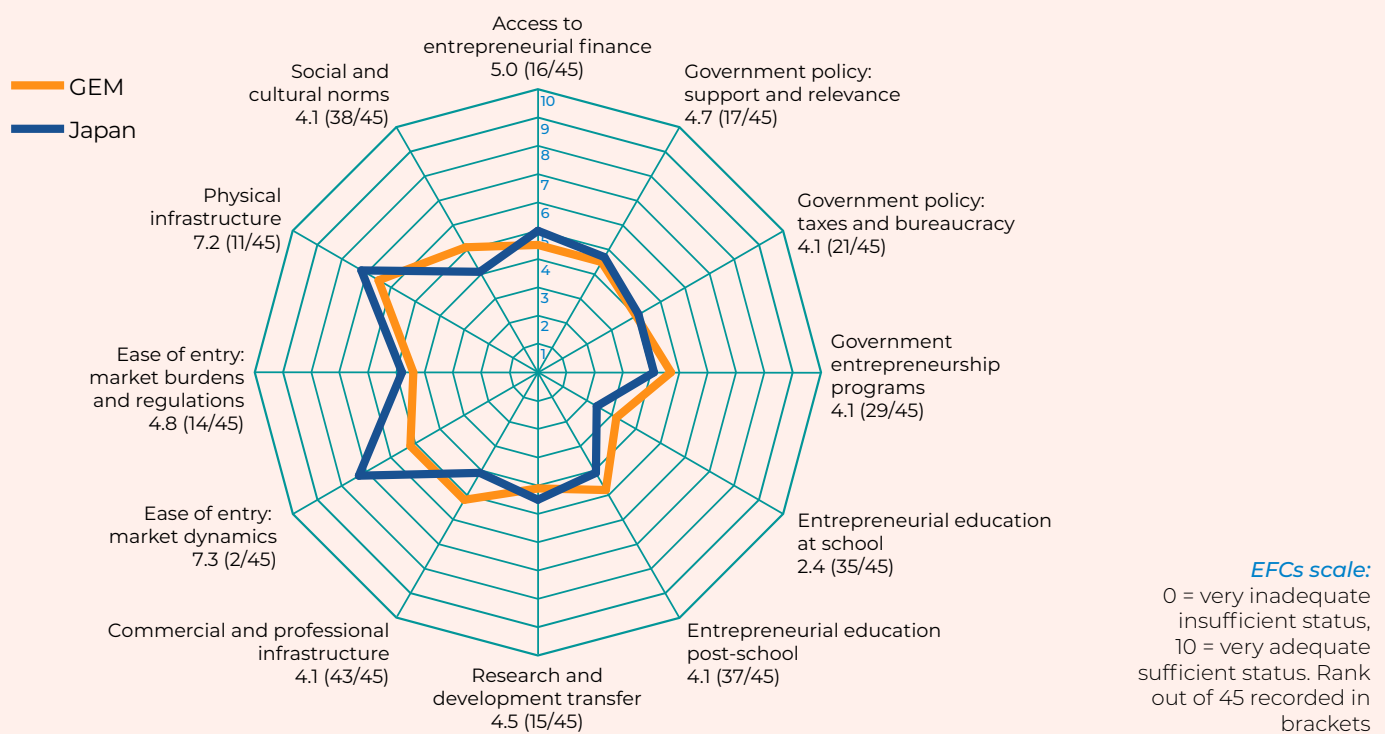


Japan

■ Population (2019): **126.3 million** (UN)
 ■ GDP per capita (2020; PPP, international \$): **41.64 thousand** (IMF)

Japan did not participate in the 2020 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2020 Framework Conditions Review

Japan experienced a balanced mix of increases and decreases in the strength of their National Framework Conditions for entrepreneurship in 2020. However, the scores did not fluctuate greatly, with one exception: “Ease of entry: market dynamics”. Japan’s score on “Access to entrepreneurial finance” held at 5.0 from 2019 to 2020, ranking 16th among GEM economies in the 2020 cycle. This score is slightly below some of its peer economies, such as the Republic of Korea, which scored 5.6 for this condition in 2020. However, managing to avoid a decline in this Framework Condition is a positive sign, considering a majority of GEM economies generally experienced decreases.

For the government-related Framework Conditions Japan’s scores mostly declined. For the condition “Government policy: support and relevance” the score declined from 5.0 in 2020 to 4.7 in 2020, 17th among GEM economies. “Government entrepreneurship programmes” declined from 4.4 in 2019 to 4.1 in 2020, placing Japan 29th among GEM economies for this condition. These falls are discouraging for Japan, since they indicate that the opinion of the government’s policies has diminished in the course of two consecutive GEM research cycles. This sentiment is further endorsed by Japan’s experts who gave the “Governmental response to the pandemic” quite a low score of 3.9, much lower than other GEM economies such as the Republic of Korea (6.4) and Taiwan (7.3). Therefore, according to the experts, the Japanese government will need to dramatically improve its support for entrepreneurship and business conditions generally in response to COVID-19.

Japan’s scores also decreased for two other conditions: “Entrepreneurship education

post-school” (from 4.6 in 2019 to 4.1 in 2020, placing it 37th among GEM economies) and “Social and cultural norms,” (from 4.4 in 2019 to 4.1 in 2020). The reduced score for post-school education may have been predictable, given the restrictions imposed on in-person activities as a result of COVID-19, including the availability and level of training related to entrepreneurship. However, the decline in “Social and cultural norms” is particularly concerning, particularly as it places Japan 38th among GEM economies. Entrepreneurship will be crucial in guiding Japan’s recovery from the economic impacts of the COVID-19 pandemic, yet, unfortunately, nascent entrepreneurs may not want to start new ventures if the societal context is unsupportive.

However, Japan’s experts did see improvement in conditions related to market access. For the condition “Ease of entry: market dynamics” the score increased significantly: from 6.1 in 2019 to 7.3 in 2020, thus placing Japan 2nd among all GEM economies in this condition; meanwhile, “Ease of entry: market burdens and regulations” increased from 4.5 in 2019 to 4.8 in 2020, placing Japan 14th among GEM economies. These increases are counter-intuitive, especially considering the constraints COVID-19 placed on business in 2020; however, they may also reflect the new digital business opportunities triggered by the pandemic, which put many customers in more direct contact with businesses via e-commerce. Still, despite these strong scores related to market access, experts still rated the economy’s “Entrepreneurial response to the pandemic” at 6.5, which is slightly below average among all GEM economies. This suggests that an overall improvement in market conditions for entrepreneurs did not necessarily lead to entrepreneurs responding as strongly as possible to the challenges of COVID-19.

Institution

Lead institution

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

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Funders

Ministry of Economy, Trade and Industry (METI)

APS vendor

Social Survey Research Information Co. Ltd (SSRI)

Contact

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Kazakhstan

■ Population (2020): **18.5 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **26.59 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	84.3	1
Good opportunities to start a business in my area	44.8	27
It is easy to start a business	51.1	25
Personally have the skills and knowledge	63.8	18
Fear of failure (opportunity)	17.5	42
Entrepreneurial intentions	59.4	2

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	5.5	11
International (25%+ revenue)	0.0	41=
National scope (customers and products/process)	0.1	42=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	14.3	31

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	0.4	43	0.5	0.2
Build great wealth	94.9	2	93.4	96.7
Continue family tradition	8.6	42	9.4	7.6
To earn a living	40.0	39	37.6	42.7

Activity

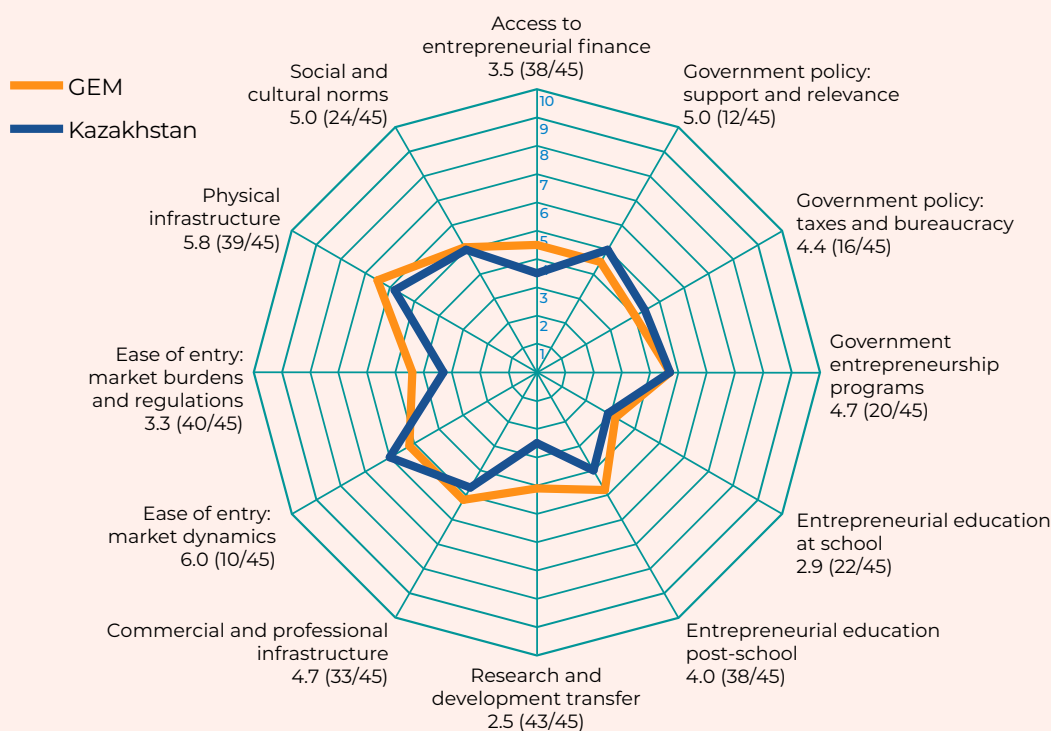
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	20.1	10	20.9	19.3
Established Business Ownership rate	4.3	35	4.0	4.5
Entrepreneurial Employee Activity	0.9	31=	1.1	0.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	92.6	1
Know someone who started business due to pandemic	9.6	36
Know someone who stopped business due to pandemic	59.1	7

	% TEA	Rank/43
Pursue new opportunities due to pandemic	30.8	31

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Kazakhstan is an economy with high entrepreneurial ambition which does not yet appear to be tempered by the reality of COVID-19. This is despite the significant toll the pandemic has taken on Kazakh adults. In 2020, 93% of Kazakh adults (18–64) reported that they had lost household income as a result of the pandemic. This is the highest rate among all GEM economies. Yet there are still strong intentions among Kazakh adults to start a business, with 59% stating that they plan on starting a business within the next three years, second only to Angola among all GEM participating economies. Interestingly, only 53% of those intending to start a business stated that the pandemic was a factor, either to some or to a large extent. This suggests that a significant number of Kazakh adults are still intending to pursue an entrepreneurial venture regardless of the difficult macroeconomic situation caused by the pandemic.

Kazakhstan's Total early-stage Entrepreneurial Activity (TEA) rate of 20% is the highest among the Central & East Asia GEM economies. While Kazakhstan did not participate in GEM's 2019 cycle, which would have provided a benchmark for 2020, this rate again indicates a relatively high level of entrepreneurial ambition in Kazakhstan. This ambition is also reflected in the percentage of Kazakh adults expecting to hire six or more employees over the next five years (5.5%; highest among all Central & East Asia and Europe & North America GEM economies). This confidence is a little surprising, however, given that 69% of early-stage entrepreneurs in Kazakhstan see no new opportunities as a result of the pandemic, suggesting that a particular set of Kazakh entrepreneurs may be estimating a significant number of hires in the next five years, while the wider entrepreneurial community may be more wary of such ambitions. Kazakh entrepreneurial ambition also falls somewhat short when it comes to converting new businesses into established ones. The Established Business

Ownership (EBO) rate for the economy is 4.3%, one of the lower rates among all GEM participating economies. Furthermore, of those business owners, 80% see no new opportunities as a result of the pandemic, suggesting a pessimism among those entrepreneurs with more business experience in Kazakhstan.

2020 Framework Conditions Review

Considering the ambition of early-stage Kazakh entrepreneurs, experts assessing the economy demonstrated a somewhat more measured take on the Framework Conditions concerned with the promotion of entrepreneurship. Kazakhstan was ranked 30th or below compared to all other GEM participating economies for the conditions "Access to entrepreneurial finance" (3.5), "Entrepreneurial education post-school" (4.0), "Research and development transfer" (2.5), "Commercial and professional infrastructure" (4.7), "Ease of entry: market burdens and regulations" (3.3) and "Physical infrastructure" (5.8). Additionally, in assessing how entrepreneurs have responded to the pandemic, Kazakh experts gave them a score of 5.5 (41st among GEM participating economies), with 3.7 for the government response (35th among GEM participating economies). These scores reflect a sobering review of the conditions necessary for sustainable entrepreneurship in Kazakhstan, beyond ambition and intention.

Despite the enthusiasm for starting new entrepreneurial ventures in Kazakhstan, there appears to be significant difficulty in moving from the early to established phase for many Kazakh entrepreneurs. Experts' assessments also suggest that work needs to be done to make Kazakhstan a more accommodating environment for entrepreneurial activity. Policies that can help sustain entrepreneurs from the daunting early phases into established businesses will be crucial for the economy.

Institution

Lead institution

Nazarbayev University Graduate School of Business



Type of institution

University

Website

<https://gsb.nu.edu.kz>

Team

Team members

Patrick Duparcq, PhD
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Funders

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APS vendor

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Contact

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ECONOMY PROFILE



Kuwait

■ Population (2020): **4.2 million** (UN)

■ GDP per capita (2019; PPP, international \$): **41.73 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	58.2	21
Good opportunities to start a business in my area	62.6	11
It is easy to start a business	64.5	15
Personally have the skills and knowledge	63.4	19
Fear of failure (opportunity)	47.8	12
Entrepreneurial intentions	57.5	3

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	9.5	6
International (25%+ revenue)	2.3	6
National scope (customers and products/process)	6.0	3
Global scope (customers and products/process)	0.9	6=
Industry (% TEA in business services)	17.2	24

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	40.1	22	47.5	37.0
Build great wealth	76.0	11	78.7	74.9
Continue family tradition	30.6	18	20.9	34.7
To earn a living	59.6	28=	44.5	65.8

Activity

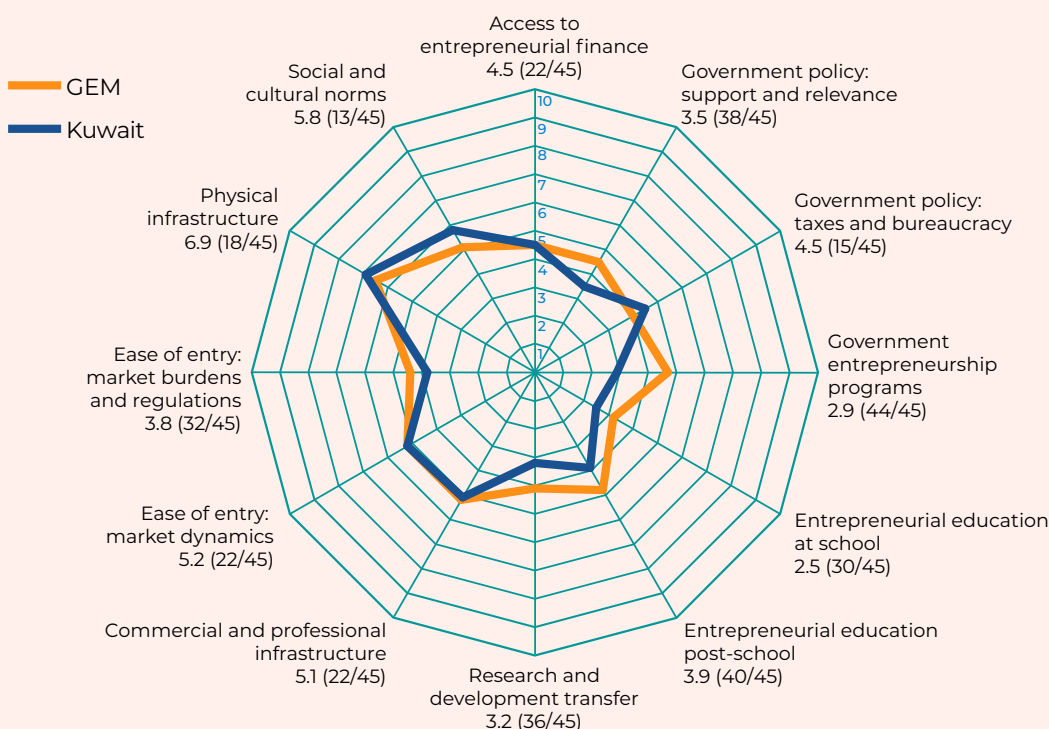
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	19.2	11	16.9	20.4
Established Business Ownership rate	5.9	28=	3.3	7.2
Entrepreneurial Employee Activity	6.0	6=	4.7	6.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	54.4	20
Know someone who started business due to pandemic	30.6	13=
Know someone who stopped business due to pandemic	50.9	14

	% TEA	Rank/43
Pursue new opportunities due to pandemic	60.6	5

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

2020 was Kuwait's first year of GEM participation and was certainly an interesting year in which to set benchmarks for entrepreneurial activity. In 2020, 54% of adults (18–64) in Kuwait reported that their household had suffered an overall loss in income because of the pandemic. However, one point of optimism is that 8% of Kuwaitis actually reported an overall increase in their household income as a result of the pandemic, second highest among all Middle East & Africa GEM participating economies, behind only Israel (33%). While there is no 2019 benchmark for adults intending to start a business in Kuwait within the next three years, in 2020 this rate was quite high at 58%, just above Oman (57%). But there is some light on prospective entrepreneurs' motivations: 59% stated that the pandemic had influenced their intentions, suggesting a very high number of Kuwaitis overall are reacting to the new economic reality in an entrepreneurial manner.

Kuwait's Total early-stage Entrepreneurial Activity (TEA) rate of 19.2% was the highest of all peer GEM Middle East economies, ahead of Qatar (17.2%) and Saudi Arabia (17.3%). Of the respondents involved in TEA, 61% indicated that they saw new opportunities as a result of the pandemic, slightly above Oman as the highest among peer GEM Middle East economies. This is a positive sign for Kuwait's recovery, as it appears a reasonably high proportion of aspiring Kuwaiti entrepreneurs do end up becoming early-stage entrepreneurs as evidenced by the TEA rate. This factor, combined with a strong expected hiring rate among Kuwaiti adults (9.5% expect to hire six or more employees within five years), indicates a significant amount of entrepreneurial potential could be funnelled into a Kuwaiti recovery.

2020 Framework Conditions Review

Kuwait's performance varied across its Framework Conditions in 2020, with some scores being ranked near the bottom of GEM economies while others reflect some strong components supporting entrepreneurship. Because Kuwait did not participate in the 2019 GEM survey cycle, these varied scores will be given context by means of comparison with peer economies. In the condition "Access to entrepreneurial finance", Kuwait's 4.5 score was about average among GEM participating economies (22nd), ahead of Iran (3.9) but below Oman (4.9), Qatar (5.1), the United Arab Emirates (5.3) and Saudi Arabia (6.0). In its government-related indicators, Kuwait had a mixed 2020 performance. For "Government policy: support and relevance" Kuwait scored 3.5, 38th among GEM participating economies, and lowest among GEM Middle East economies. This was similarly the case for Kuwait's "Government entrepreneurship programs": a 2.9 score, 44th among GEM participating economies and again lowest among GEM Middle East economies. The Kuwaiti government will need to open up its policies a little more if entrepreneurs are to help in its pandemic recovery. However, one positive note is that its "Government policy: taxes and bureaucracy" condition scored 4.5, 15th among GEM economies and third among its Middle East GEM peers.

Kuwait's score for "Social and cultural norms" is another optimistic sign, reflecting a society with positive attitudes about entrepreneurship but which may be constrained by policy decisions. In "Social and cultural norms", Kuwait's 5.8 score positioned it 13th among GEM economies, higher than Iran (5.1), but just below Qatar (5.9) and Oman (6.0). Experts also preferred the Kuwaiti entrepreneurial response to the pandemic (a 6.5 score and 26th overall), over their governmental response (4.1 score, 32nd among GEM economies).

Institution

Lead institution

Box Hill College Kuwait



كلية بوكسهل الكويت
Box Hill College Kuwait

Type of institution

Private College

Website

<http://www.bhck.edu.kw/en/page/20>

Team

Team leader

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Arezou Harraf, PhD
Wael Abdallah, PhD
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Sharifa Hamada
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Funders

Kuwait Foundation for the Advancement of Sciences (KFAS)

APS vendor

ARA Research and Consultancy

Contact

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ECONOMY PROFILE



Latvia

■ Population (2020): **1.9 million** (UN)

■ GDP per capita (2019; PPP, international \$): **30.58 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	36.8	38
Good opportunities to start a business in my area	37.1	33
It is easy to start a business	33.2	36=
Personally have the skills and knowledge	55.3	28
Fear of failure (opportunity)	41.6	24=
Entrepreneurial intentions	17.2	25

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.6	13=
International (25%+ revenue)	3.1	2
National scope (customers and products/process)	2.1	14
Global scope (customers and products/process)	0.8	8=
Industry (% TEA in business services)	21.2	20

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	39.8	23=	46.5	36.0
Build great wealth	41.8	34	34.5	45.9
Continue family tradition	27.5	22	30.1	26.1
To earn a living	73.6	17	78.1	71.1

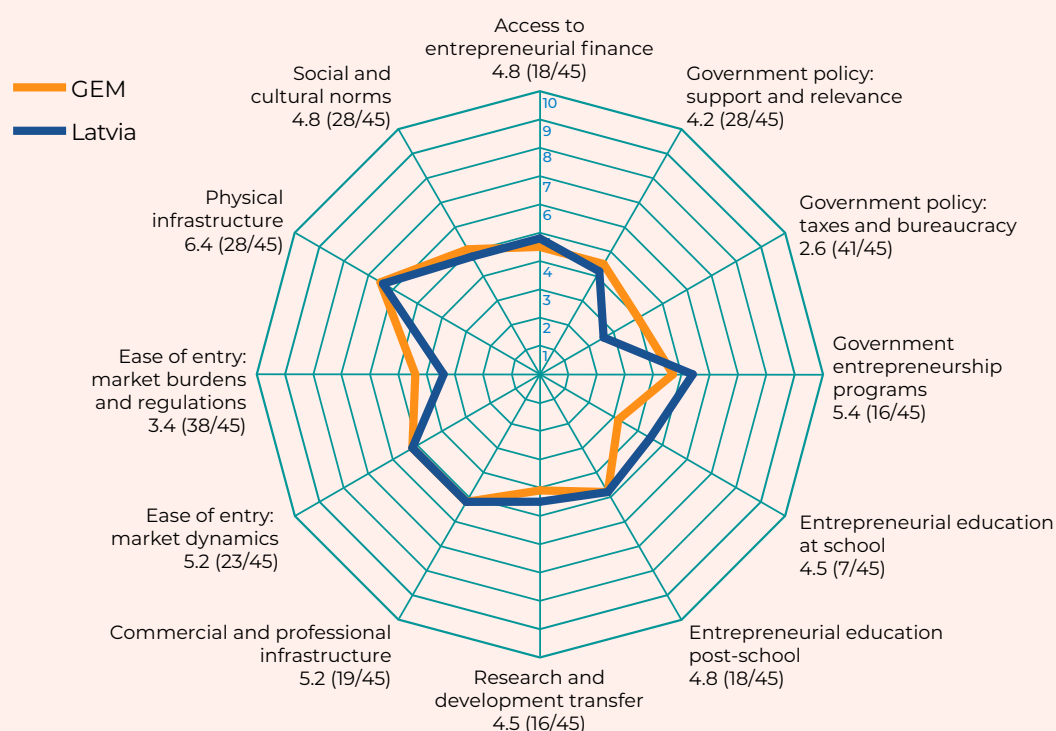
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	15.6	15=	11.2	20.0
Established Business Ownership rate	11.1	9=	6.9	15.3
Entrepreneurial Employee Activity	3.4	17	2.4	4.4

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	36.1	36
Know someone who started business due to pandemic	7.9	38
Know someone who stopped business due to pandemic	22.7	37
Pursue new opportunities due to pandemic	32.9	28

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Latvia's entrepreneurial activity in 2020 was steady compared to 2019; however, the COVID-19 pandemic may have discouraged a significant number of potential Latvian entrepreneurs. Latvia was also reasonably fortunate on the economic front compared to peers: just 36% of Latvian adults (18–64) stated that they had suffered a loss in household income as a result of the pandemic. This rate was below that of both Croatia (40%) and Slovenia (45%), taken as reference points. Latvia's rate of entrepreneurial intentions (adults stating that they intend to start a business within the next three years) declined from 23% in 2019 to 17% in 2020. Of these Latvians with entrepreneurial intentions, 84% stated that their decision was influenced by the pandemic. This is the highest rate among all GEM European economies, just ahead of Luxembourg at 83%. This suggests that the pandemic has discouraged many potential Latvian entrepreneurs in 2020. Given that the 2019, pre-pandemic rate of entrepreneurial intention was 23%, this would have been expected to rise in 2020 once combined with the large, new group of prospective entrepreneurs influenced by the pandemic. Instead, the rate declined, suggesting many potential entrepreneurs from 2019 evaluated the new pandemic landscape and decided to delay or perhaps drop their intentions to start a business in the near future.

Latvia's Total early-stage Entrepreneurial Activity (TEA) rate remained almost the same between 2019 (15.4%) and 2020 (15.6%). This rate may decrease in future, however, as only a third of those involved in TEA indicated that they saw new opportunities as a result of the pandemic. This lack of opportunity identification may hurt new businesses that are not willing or able to adapt to new business realities. This is especially concerning given the decrease in Latvia's entrepreneurial intentions rate, even if such intentions are overwhelmingly influenced by the pandemic: a 17.2% intentions rate is quite low for an economy with a steady 15+% TEA rate.

2020 Framework Conditions Review

Latvia's Framework Condition scores remained fairly steady between 2019 and 2020, with a few exceptions, both positive and negative. This steadiness was evident in "Access to entrepreneurial finance", with Latvia scoring 3.8 in both years, ranking 18th among GEM economies in 2020. However, Latvia's three government-related conditions mostly declined in 2020, signalling a negative outlook for Latvian institutions overall during 2020. For "Government policy: support and relevance" scores decreased from 4.4 in 2019 to 4.2 in 2020 (28th among GEM economies); "Government policy: taxes and bureaucracy" fell substantially, from 3.8 in 2019 to 2.6 in 2020 (41st among GEM economies); while "Government entrepreneurship programs" increased from 5.2 in 2019 to 5.4 in 2020 (16th overall). These negative sentiments are likely to have been factored into experts' decisions to rate the Latvian governmental response to the pandemic at 4.5, 28th among GEM economies.

However, Latvia's two education-related Framework Conditions scores increased over the past year, which is certainly impressive, given the difficulties of educating people during the pandemic. The condition "Entrepreneurial education at school" improved, from 4.2 in 2019 to 4.5 in 2020, seventh among GEM economies. The score for "Entrepreneurship education post-school" increased slightly, from 4.6 in 2019 to 4.8 in 2020 (18th overall). Latvia's diverging scores on the two "ease of entry" conditions represents an interesting case. The economy's "Ease of entry: market dynamics" score increased from 4.8 in 2019 to 5.2 in 2020 (23rd overall), while the condition "Ease of entry: market burdens and regulations" fell sharply from 5.0 in 2019 to 3.4 in 2020 (38th overall). This could signal that the available Latvian market and its consumers are in a slightly better position to support new entrants in 2020, but that regulations, perhaps due to COVID-19, are restricting those opportunities.

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 Kruminā, MSc, PhD candidate

Team members

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Funders

Stockholm School of Economics in Riga (SSE Riga)

APS vendor

SKDS

Contact

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ECONOMY PROFILE



Luxembourg

■ Population (2020): **0.6 million** (UN)

■ GDP per capita (2019; PPP, international \$): **112.88 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	45.9	31
Good opportunities to start a business in my area	41.9	30
It is easy to start a business	63.8	16
Personally have the skills and knowledge	45.7	37
Fear of failure (opportunity)	42.3	23
Entrepreneurial intentions	11.1	32=

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	2.7	22=
International (25%+ revenue)	2.2	7=
National scope (customers and products/process)	2.3	11=
Global scope (customers and products/process)	0.4	18=
Industry (% TEA in business services)	43.6	1

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	51.1	14	47.6	52.6
Build great wealth	40.3	37	24.7	47.2
Continue family tradition	16.6	39	19.5	15.3
To earn a living	44.3	38	41.5	45.5

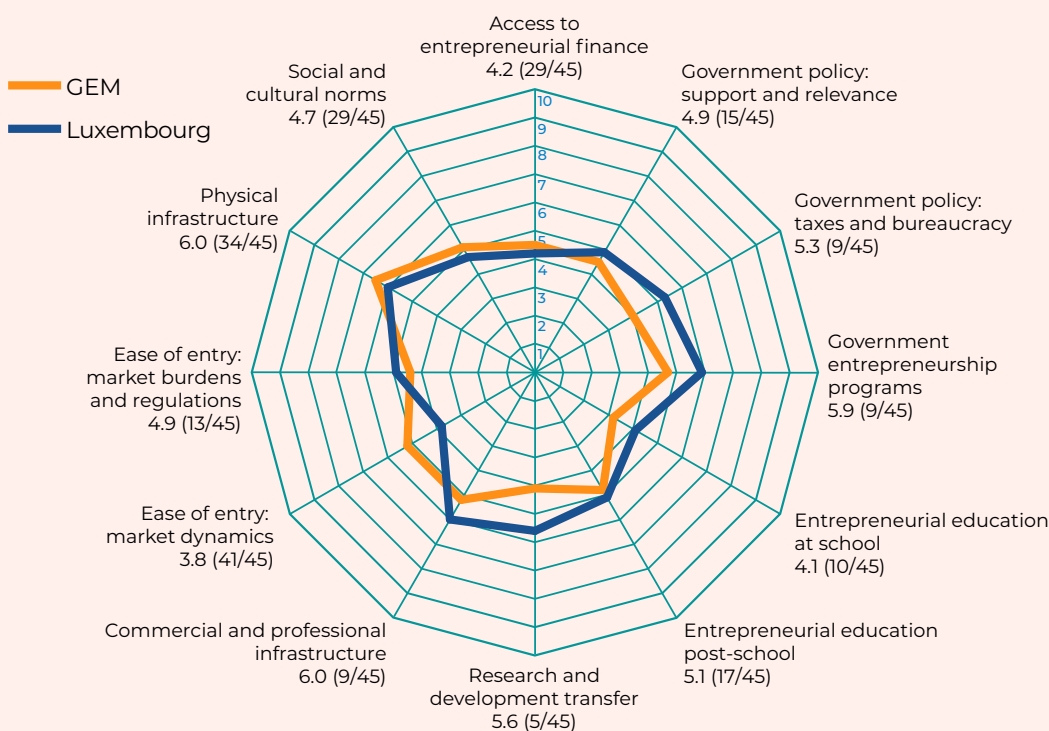
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.0	31=	4.9	10.9
Established Business Ownership rate	3.6	40	2.2	4.8
Entrepreneurial Employee Activity	4.3	16	2.8	5.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	26.3	40
Know someone who started business due to pandemic	6.3	43
Know someone who stopped business due to pandemic	17.2	42
Pursue new opportunities due to pandemic	30.7	32

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Luxembourg's levels of entrepreneurial activity in 2020 declined slightly across most measures; fortunately, however, it did not experience economic struggles on the scale of most other GEM participating economies, despite being hit early by the pandemic. In 2020, 26% of adults in Luxembourg (18–64) reported a loss of household income as a result of the pandemic, a rate that is one of the lower ones among GEM economies. Luxembourg's rate of entrepreneurial intentions (adults stating that they intend to start a business within the next three years) declined slightly from 13% in 2019 to 11% in 2020. Within this set of adults with entrepreneurial intentions, 83% stated that their decision was influenced by the pandemic: the second-highest rate among all GEM European economies, just below Latvia (84%). Much as is the case in Latvia, this dynamic between a low entrepreneurial intentions rate and a high pandemic influence rate suggests that the pandemic has discouraged many potential entrepreneurs. Considering the high rate of new prospective entrepreneurs influenced by the pandemic in 2020, one would expect in Luxembourg at least some increase in the total intentions rate over 2019, yet there was a small decline. This may suggest that many potential entrepreneurs from 2019 decided to delay or perhaps drop their intentions to start a business over the next three years having assessed the new pandemic realities.

Luxembourg's Total early-stage Entrepreneurial Activity (TEA) rate declined from 10.2% in 2019 to 8.0% in 2020. Unfortunately, this rate may decrease further, given declining confidence among Luxembourg's early-stage entrepreneurs. Only 30% of Luxembourg respondents involved in TEA indicated that they saw new opportunities as a result of the pandemic. This suggests a majority of those involved in TEA are not able to pivot to accommodate the new pandemic-led realities.

2020 Framework Conditions Review

Luxembourg's 2020 Framework Condition scores were quite varied, with some conditions being ranked relatively low, an unexpected outcome for a higher-income economy with generally strong institutions. For "Access to entrepreneurial finance" Luxembourg scored 4.2 in 2020, 29th overall among GEM economies, down from 4.3 in 2020. This is concerning, given the critical function of finance to entrepreneurship. Policymakers must therefore monitor the availability of entrepreneurial finance, particularly with measures of entrepreneurial activity such as TEA having declined in Luxembourg in 2020. Luxembourg's three government-related condition scores also declined in 2020, with "Government policy: support and relevance" dropping the most, from 5.9 in 2019 to 4.9 in 2020, positioning it 15th among GEM participating economies. However, despite their decreases, both "Government policy: taxes and bureaucracy" and "Government entrepreneurship programs" ranked ninth among GEM participating economies, reflecting a strong institutional foundation that can hopefully recover. This sentiment may be shared by experts, as the governmental response to the pandemic in Luxembourg scored 6.5, seventh among GEM economies — a little higher than scores on the government-related conditions would suggest.

The score for the condition "Commercial and professional infrastructure" actually increased, from 5.7 in 2019 to 6.0 in 2020 (ninth among GEM economies), suggesting an improved professional service sector which could foster early-stage entrepreneurship. Yet the increased availability of professional services may be offset by an overly competitive domestic market, discouraging new entrants. Luxembourg's score for the "Ease of entry: market dynamics" condition, which measures the viability of markets accessible to an economy's entrepreneurs, increased from 3.3 in 2019 to 3.8 in 2020. However, this improvement resulted in a ranking of only 41st among GEM economies. This may be due to the small size of the Luxembourg market, which makes entry to it extremely competitive. These barriers may have informed the experts' decisions to give the entrepreneurial response to the pandemic a score of 6.5, 27th among GEM economies. It is difficult to respond to the pandemic when such barriers exist.

Institution

Lead institution
STATEC
RESEARCH

STATEC Research

Type of institution
Public Body

Website

<https://statistiques.public.lu/en/actors/statec/organisation/red/index.html>

Team

Team leader

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Team members

Chiara Peroni, PhD

Steinn Steinsson, MSc

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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ECONOMY PROFILE

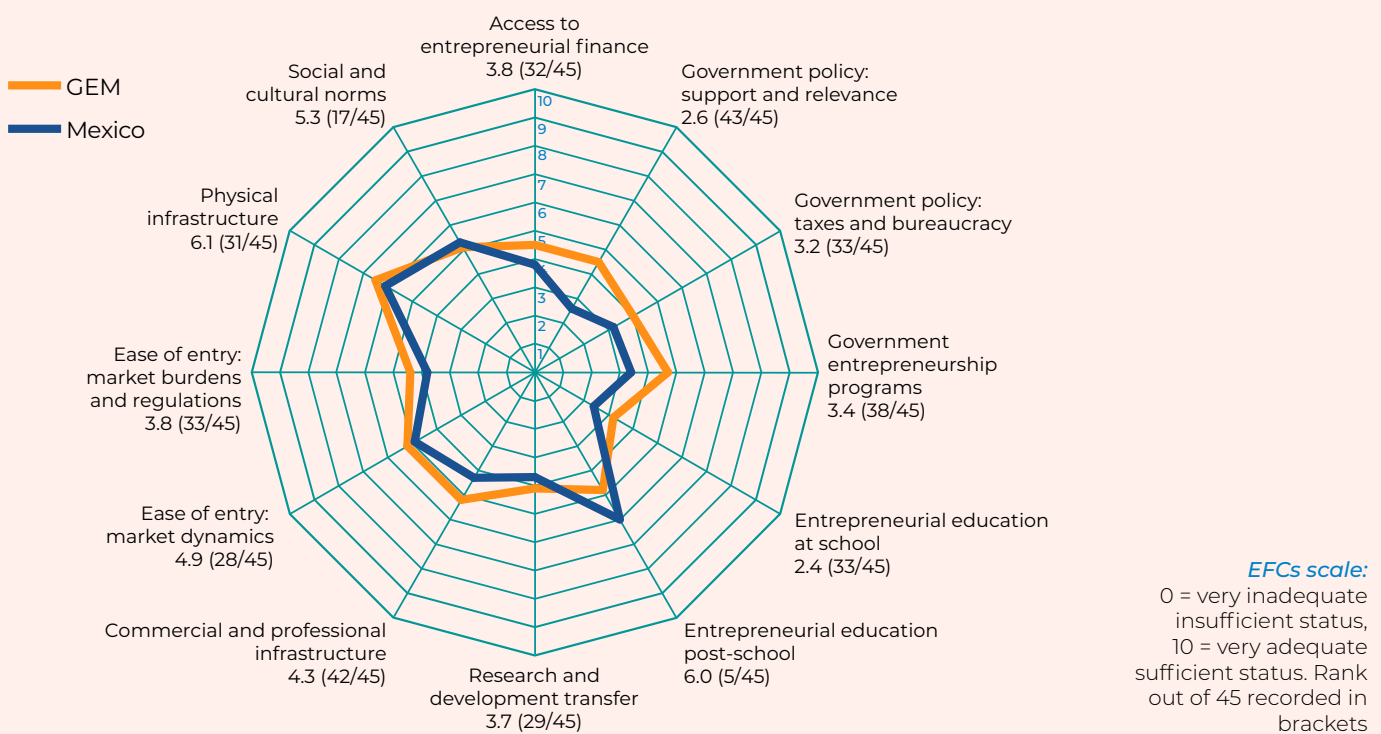


Mexico

- Population (2020): **127.6 million** (UN)
- GDP per capita (2019; PPP, international \$): **18.8 thousand** (IMF)

Mexico did not participate in the 2020 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2020 Framework Conditions Review

The majority of Mexico's Framework Conditions scores for supporting entrepreneurship declined in 2020, particularly in the areas of governance and related market regulations. The condition "Government policy: support and relevance" experienced the sharpest decline across all of Mexico's conditions, falling from 4.0 in 2019 to 2.6 in 2020, placing it 43rd among GEM participating economies. Similarly, "Government entrepreneurship programs" fell from 4.4 in 2019 to 4.4 in 2020, 38th among GEM economies. The dramatic decreases in both of these conditions reflect the Mexican experts' negative assessment of how the government has responded to the pandemic, diminishing entrepreneurs' capacity to pursue opportunities. This can also be seen in the scores given to the condition "Ease of entry: market burdens and regulations", which decreased from 4.4 in 2019 to 3.8 in 2020, 33rd among GEM economies. The low score on this condition suggests entrepreneurs faced more barriers in bringing their products and services to the market than in the previous year. The totality of these negative assessments likely explains the experts' score of 2.86 on how the Mexican government has responded to the pandemic. This score placed Mexico 43rd among all GEM economies on their governments' responses to the pandemic, just above the United States (2.65) and below Puerto Rico (2.94).

On Mexico's educational scores, results were mixed, perhaps reflecting the volatile educational experience most economies experienced in 2020. For the condition "Entrepreneurial education at school"

Mexico's score declined from 3.1 in 2019 to 2.4 in 2020, placing it third among GEM economies. However, for the condition "Entrepreneurial education post-school" Mexico had scores of 6.0 in both 2019 and 2020, receiving a ranking of fifth among GEM economies in 2020. This disparity in scores between school and post-school suggests that formal school-based entrepreneurial education was seriously impacted by the pandemic and related restrictions, while post-school educational opportunities occurring in continuing studies programs or vocational training remained strong despite the year's challenges.

The challenges of 2020 for Mexican entrepreneurs also extended to society's perceptions of them. For the condition "Social and cultural norms" the expert score declined from 6.1 in 2019 to 5.3 in 2020, 17th among all GEM economies. This low score may be the norm for Mexico, which typically scores within the 5.0–6.0 range on this condition in most years, with 2019 representing the outlier. Still, it will be critical to monitor social perceptions of entrepreneurship in Mexico, as this condition can have subtle impacts on public opinion surrounding policy aimed at helping entrepreneurs, the receptiveness of consumers to new products and services, or even on financing decisions. Yet, despite the challenges currently facing entrepreneurs in Mexico, experts were less critical of this group's response to the pandemic. For entrepreneurs' response to the pandemic, experts gave Mexico a score of 6.9, 12th overall among GEM economies: a little higher than some of the cultural and market-related conditions might suggest.

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

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Rafaela Bueckmann Diegoli, PhD
Ján Rehák, PhD
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Edgar Muñoz Ávila, PhD
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Funders

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APS vendor

Berumen y Asociados S.A. de C.V.

Contact

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ECONOMY PROFILE



Morocco

■ Population (2020): **36.5 million** (UN)

■ GDP per capita (2019; PPP, international \$): **7.61 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	42.3	35
Good opportunities to start a business in my area	57.3	15=
It is easy to start a business	53.9	24
Personally have the skills and knowledge	63.4	20
Fear of failure (opportunity)	38.7	32
Entrepreneurial intentions	48.7	10

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.4	31
International (25%+ revenue)	0.2	37=
National scope (customers and products/process)	0.4	36=
Global scope (customers and products/process)	0.1	30=
Industry (% TEA in business services)	8.6	35

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	11.8	41	18.2	8.7
Build great wealth	45.2	32	52.2	41.9
Continue family tradition	21.4	30	21.5	21.3
To earn a living	72.8	18	72.7	72.9

Activity

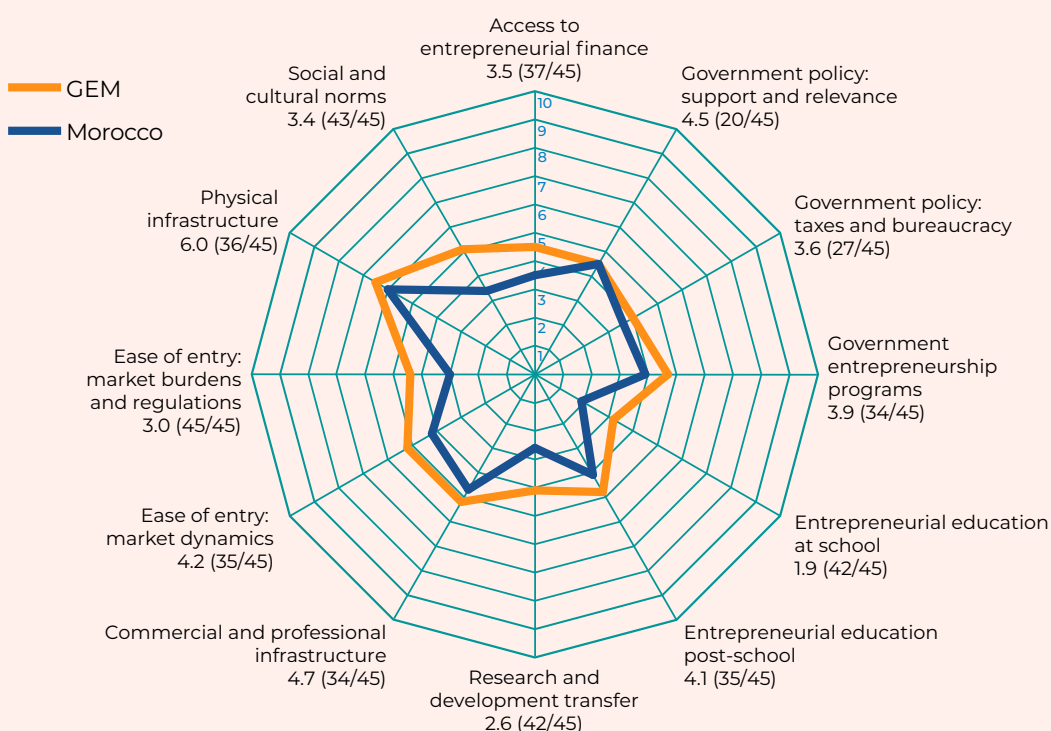
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	7.1	36	4.5	9.8
Established Business Ownership rate	6.8	19	3.2	10.5
Entrepreneurial Employee Activity	0.5	38	0.3	0.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	70.9	13
Know someone who started business due to pandemic	16.9	24
Know someone who stopped business due to pandemic	43.5	20

	% TEA	Rank/43
Pursue new opportunities due to pandemic	18.2	40

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Morocco experienced a difficult 2020 economically, with the pandemic having a significant impact on several key measures of entrepreneurial activity. At the level of the general population, 71% of Moroccan adults (18–64) reported a loss of overall household income as a result of the pandemic. This was one of the higher rates among GEM economies, although below its peer economy Egypt (81%). Perhaps in response to this economic reality (although not entirely, as will be discussed), Morocco's adult population increased its intention to start a business within the next three years, from 42% in 2019 to 49% in 2020. This was the largest increase, proportionally, of any GEM economy. This might lead to the assumption that most of this increase came from pandemic-driven necessity; however, only 50% of those prospective entrepreneurs stated that this was influenced by the pandemic, suggesting a collection of other factors driving this fairly large rate of aspiring entrepreneurs in Morocco.

Morocco's Total early-stage Entrepreneurial Activity (TEA) rate, however, declined from 11.4% in 2019 to 7.1% in 2020, meaning that many of 2019's prospective entrepreneurs (42%) did not make the leap into actively starting a new venture. Understandably, this could be because of uncertainty surrounding the pandemic. If this is the case, it is a worrying sign for Morocco. A substantial 82% of those Moroccan respondents currently involved in TEA see no new opportunities as a result of the pandemic. A more alarming 95% of those in the Established Business Ownership (EBO) category also see no opportunities. If aspiring Moroccan entrepreneurs are delaying their entry due to the pandemic, and TEA and EBO entrepreneurs fail to see new opportunities for the same reason, fears surrounding the pandemic could stymie entrepreneurship in Morocco in the near term, when it is most needed to meet new challenges.

2020 Framework Conditions Review

Across most conditions, Morocco's scores declined slightly, with a few exceptions of over- or underperformance. For the three government-related conditions, Morocco improved two of its scores. "Government policy: support and relevance" increased significantly, from 3.7 in 2019 to 4.5 in 2020 (20th among GEM economies), reflecting a much-improved policy environment aiding entrepreneurship. For "Government policy: taxes and bureaucracy" Morocco's scores decreased slightly, from 3.8 in 2019 to 3.6 in 2020 (27th among GEM economies); while for "Government entrepreneurship programs", again, scores increased slightly, from 3.8 in 2019 to 3.9 in 2020 (34th among GEM economies). Experts evaluated Morocco's governmental response to the pandemic consistently with their scores on the three government-related Framework Conditions, scoring the government's response at 4.7, 26th overall among GEM economies.

Despite improved scores on their government conditions, scores for Morocco's two "ease of entry" conditions declined in 2020. For "Ease of entry: market dynamics" experts reduced their score from 4.8 in 2019 to 4.2 in 2020 (35th overall); while the condition "Ease of entry: market burdens and regulations" decreased from 3.3 in 2019 to 3.0 in 2020 (45th overall). These are concerning signs for an economy in which, even in 2019, the market had not been very welcoming to new products and services from entrepreneurs. This suggests that internal market burdens or entry regulation issues had a direct impact on experts' assessment of entrepreneurs' response to the pandemic. This response was given the low score of 5.5, 39th overall. At the same time, the "Social and cultural norms" condition received a 3.4 score in 2020, placing Morocco 43rd among GEM economies.

Institution

Lead institution

Entrepreneurship Research Laboratory,
Faculty of Law, Economics and Social
Sciences, University of Hassan II
Casablanca



Type of institution

University

Website

<http://www.entrepreneurship.univcasa.ma>

Team

Team leader

Professor Khalid El Ouazzani, PhD

Team members

Professor Abdellatif Komat, PhD

Professor Salah Koubaa, PhD

Professor Fatima Boutaleb, PhD

Professor Hind Malainine, PhD

Professor Sara Yassine, PhD

Funders

University of Hassan II Casablanca

APS vendor

ClaireVision

Contact

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ECONOMY PROFILE



Netherlands

■ Population (2020): **17.3 million** (UN)

■ GDP per capita (2019; PPP, international \$): **57.1 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	60.8	19
Good opportunities to start a business in my area	48.8	20
It is easy to start a business	82.9	3
Personally have the skills and knowledge	43.6	40
Fear of failure (opportunity)	38.3	33
Entrepreneurial intentions	13.1	28

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.5	27=
International (25%+ revenue)	2.0	11
National scope (customers and products/process)	2.7	8
Global scope (customers and products/process)	0.8	8=
Industry (% TEA in business services)	41.2	3

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	46.6	17	48.4	45.3
Build great wealth	40.9	36	35.8	44.5
Continue family tradition	24.6	27	13.5	32.4
To earn a living	47.8	36	46.0	49.1

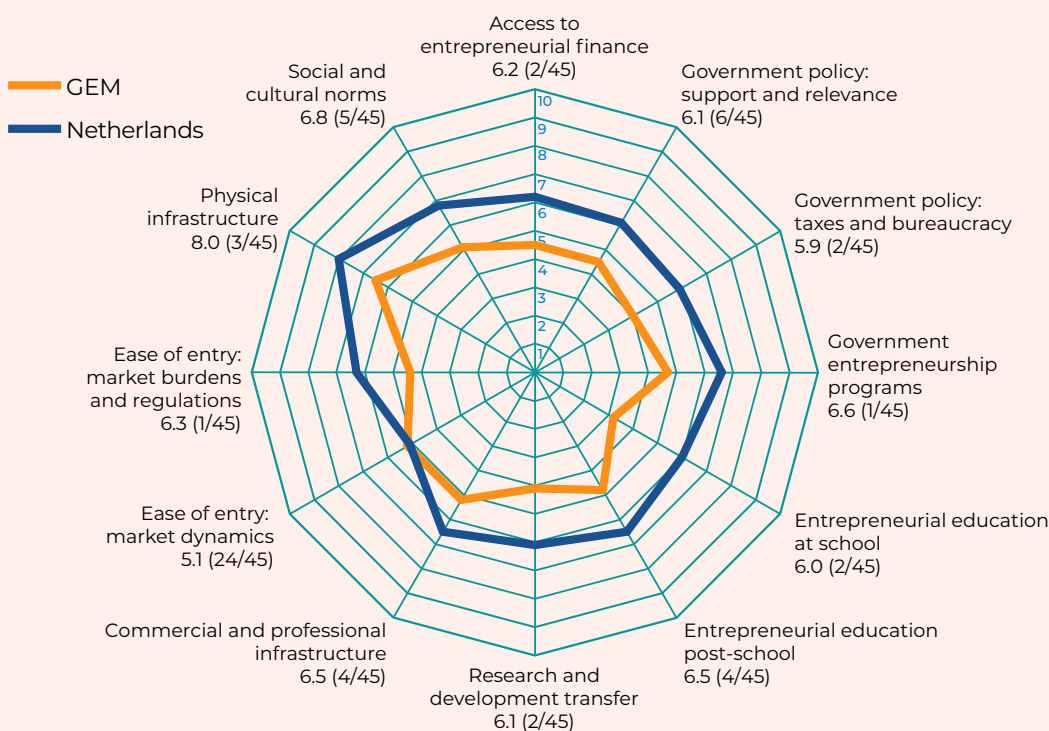
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	11.5	22	9.6	13.4
Established Business Ownership rate	7.0	17=	4.8	9.1
Entrepreneurial Employee Activity	1.7	23=	1.8	1.6

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	21.5	42
Know someone who started business due to pandemic	16.0	26
Know someone who stopped business due to pandemic	25.9	34
Pursue new opportunities due to pandemic	41.0	20

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

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sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

The Netherlands' 2020 experience is an interesting case among GEM economies. Across several key entrepreneurial indicators, the Netherlands actually improved on its 2019 numbers, with a couple of notable exceptions. At a macro level, the Dutch economic experience of the pandemic was relatively mild, which may explain the comparatively strong entrepreneurial performance. Only 22% of Dutch adults (18–64) stated that they had experienced household income loss in 2020. This is the second-lowest level among all GEM economies, behind Norway (19%). Its potential entrepreneurs were also somewhat more proactive than most other economies, with 13% of Dutch adults stating that they intended to start a business within the next three years, up from 9% in 2019. The rate of increase in intended entrepreneurship is the highest among all GEM European economies. And, while 44% of those Dutch adults expecting to start a business within the next three years said this was influenced by the pandemic “to some extent”, only 14% stated that the pandemic influenced their intention “to a large extent”: one of the lowest rates among GEM European economies. Much like the lost household income measure, prospective Dutch entrepreneurs were certainly impacted by the pandemic but to a seemingly lesser degree than many other nationalities, largely due to the high levels of business support available.

The Netherlands' Total early-stage Entrepreneurial Activity (TEA) rate also increased, from 10.4% in 2019 to 11.5%, in 2020, making it one of the few European GEM economies to experience a marked increase in this measure. However, there is cause for concern among otherwise strong numbers. First, only 1.6% of Dutch adults intend to hire six or more employees over the next five years, which is not a huge decline compared to 2019 (1.9%), but is made more stark when you consider that as many as 7.1% of Dutch adults plan on hiring zero employees for their business, meaning high rates of solo entrepreneurship. In fact, the relative disparity between solo entrepreneurs

and those planning to hire six-plus employees is the highest among European GEM economies, reflecting the Netherlands' relatively high levels of self-employment. Additionally, the rate of Dutch Established Business Ownership (EBO) declined from 11% in 2019 to 7% in 2020, which is a concern, in light of the fact that sustained business ventures are crucial for hiring new employees.

2020 Framework Conditions Review

Despite the decline in the Netherlands' EBO, the economy has handled the pandemic relatively well so far compared to peer economies, and has even improved in some areas. This optimism is reflected in experts' scores for the economy's Framework Conditions, for most of which the Netherlands was ranked near the top. The Netherlands was placed in the top three out of all GEM economies for the following conditions: “Access to entrepreneurial finance” (6.2), “Government policy: taxes and bureaucracy” (5.9), “Government entrepreneurship programs” (6.6), “Entrepreneurial education at school” (6.0), “Research and development transfer” (6.1), “Ease of entry: market burdens and regulations” (6.3) and “Physical infrastructure” (8.0). All of these conditions also improved compared to 2019, with the exception of “Access to entrepreneurial finance”, where there was a slight decline, from 6.3 to 6.2.

The majority of the conditions in which the Netherlands scored so highly relate, either directly or indirectly, to institutional and governmental effectiveness. This means that experts had favourable opinions about the ability of Dutch institutions to adapt to the pandemic. Therefore, the experts' 7.1 score for the governmental response to the pandemic, third among all GEM economies, is unsurprising. In contrast, the entrepreneurial response scored 6.6, 24th among GEM economies. This disparity — between a relatively highly regarded governmental response and a much more averagely rated entrepreneurial response — needs to be kept under review, as both are essential to a post-pandemic recovery.

Institution

Lead institution

Panteia



Type of institution

Research Institute

Website

<https://www.panteia.com>

Team

Team leader

Jacqueline Snijders, MSc

Team members

Paul van der Zeijden, MSc

Jan de Kok, PhD

Amber van der Graaf, MSc

Funders

The Ministry of Economic Affairs and
Climate Policy of the Netherlands

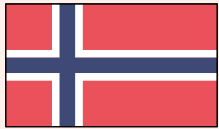
APS vendor

Panteia

Contact

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ECONOMY PROFILE



Norway

■ Population (2020): **5.3 million** (UN)

■ GDP per capita (2019; PPP, international \$): **64.86 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	44.7	32
Good opportunities to start a business in my area	57.0	17
It is easy to start a business	84.1	2
Personally have the skills and knowledge	41.6	41
Fear of failure (opportunity)	27.4	39
Entrepreneurial intentions	5.6	40

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	2.2	25
International (25%+ revenue)	1.0	18=
National scope (customers and products/process)	1.5	20
Global scope (customers and products/process)	0.6	14
Industry (% TEA in business services)	41.8	2

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	36.7	30	47.7	31.6
Build great wealth	30.1	43	15.1	37.0
Continue family tradition	11.8	41	18.7	8.7
To earn a living	23.1	43	23.2	23.1

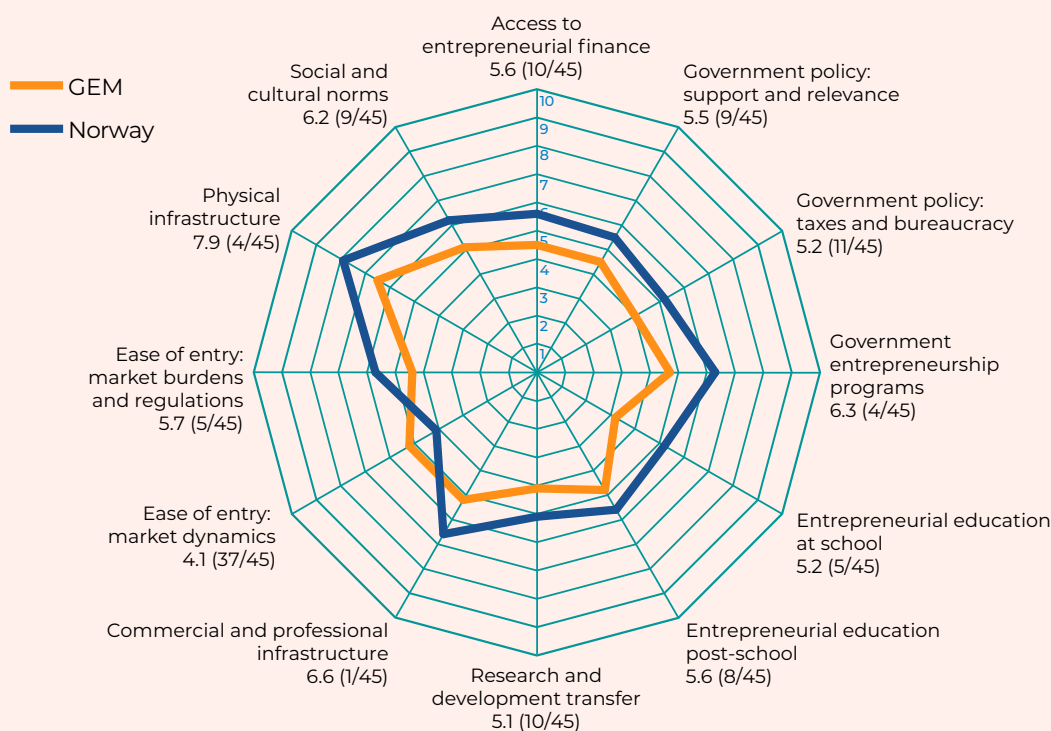
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	7.6	34	4.9	10.2
Established Business Ownership rate	4.1	38=	2.5	5.6
Entrepreneurial Employee Activity	5.8	8	2.9	8.5

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	18.8	43
Know someone who started business due to pandemic	7.5	40
Know someone who stopped business due to pandemic	17.8	41
Pursue new opportunities due to pandemic	37.8	23

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

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sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Of all the 2020 participating GEM economies, the Norwegian economy and its entrepreneurial sector may have been the least impacted by the COVID-19 pandemic. This is not to diminish the very real challenges of the pandemic in Norway, but it did lead all GEM economies in having the lowest rate of adults (18–64) experiencing overall household income loss, 19%, ahead of the Netherlands (22%) and Sweden (23%). Additionally, 9% of Norwegian adults reported an overall increase in their household income as a result of the pandemic: one of highest among GEM European economies. These positive figures, despite the pandemic, did not appear to have a significant impact, either positive or negative, on the intentions of potential entrepreneurs. In 2020, 5.6% of Norwegian adults stated that they intended to start a business within the next three years, more or less the same as in 2019 (5.7%). Furthermore, only 15% of prospective entrepreneurs overall (10% “to some extent” and 5% “to a large extent”) reported that the pandemic had influenced their decision, the lowest figure among all GEM economies. This suggests that most aspiring Norwegian entrepreneurs are not making huge changes to their plans due to the pandemic. Business as usual.

Norway’s Total early-stage Entrepreneurial Activity (TEA) rate declined slightly, from 8.4% in 2019 to 7.7% in 2020. Most of these early-stage entrepreneurs saw no opportunities as a result of the pandemic (62%) and yet seem more confident about the future than in most other economies. Among Norwegian adults, 2.2% plan on hiring six or more employees within the next five years. While this is a typical rate across GEM European economies, it is higher than the 1.9% figure in 2019, making Norway one of the few economies with an increase for this indicator. However, Norway’s Established Business Ownership (EBO) rate decreased from 5.6% in 2019 to 4.1% in 2020. These business owners also indicated a

wariness about future business conditions, with 77% stating that they saw no opportunities as a result of the pandemic. This is a potentially worrying sign, as Norway now has one of the lower EBO rates among European economies, and if business owners do not adapt to the pandemic, this figure could fall further.

2020 Framework Conditions Review

Norway’s relatively strong performance across several areas of entrepreneurial activity in 2020 was positively reflected in experts’ scores. Across most Framework Conditions, improvements were noted between 2019 and 2020. For the condition “Government entrepreneurship programs” Norway scored 6.3, fourth among GEM economies and an increase from 5.4 in 2019. Norway’s scores also improved in the other government-related conditions — “Government policy: support and relevance” (5.5) and “Government policy: taxes and bureaucracy” (5.2) — although less dramatically compared to 2019. Still, these improvements were seemingly captured in the experts’ assessment of the governmental response to the pandemic, which scored 6.5, eighth overall among GEM economies.

For the “Commercial and professional infrastructure” condition, Norway scored 6.6 in 2020, the highest rate among all GEM economies and an improvement from 6.2 in 2019. This condition is tangentially related to the two “ease of entry” conditions, in which Norway also improved considerably since 2019. The commercial and professional infrastructure of an economy can help or hinder an aspiring entrepreneur’s ability to obtain necessary services, which in turn allows them to compete in the domestic market, a topic covered in the “ease of entry” conditions. The improved scores for these three conditions are reflected in the experts’ positive assessment of Norwegian entrepreneurs’ ability to reach consumers.

Institution

Lead institution

Nord University Business School



Type of institution

University

Website

<https://www.nord.no>

Team

Team leader

Professor Gry Agnete Alsos, PhD

Team members

Professor Bjørn Willy Åmo, PhD
Professor Tommy Høyvarde Clausen, PhD
Are Jensen, PhD
Associate Professor Espen Isaksen, PhD
Iselin Kristine Mauseth Steira

Funders

Innovation Norway
The Norwegian Ministry of Trade, Industry,
and Fisheries
Nord University Business School

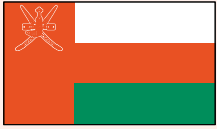
APS vendor

Polarfakta AS

Contact

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ECONOMY PROFILE



Oman

■ Population (2020): **5.0 million** (UN)

■ GDP per capita (2019; PPP, international \$): **29.91 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	84.2	2
Good opportunities to start a business in my area	83.8	2
It is easy to start a business	67.8	13
Personally have the skills and knowledge	64.5	16
Fear of failure (opportunity)	42.8	20
Entrepreneurial intentions	56.5	4

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.5	27=
International (25%+ revenue)	0.4	31=
National scope (customers and products/process)	0.7	31=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	9.5	34

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	47.9	16	42.1	54.7
Build great wealth	82.2	7	81.0	83.7
Continue family tradition	48.9	4	47.4	50.7
To earn a living	89.8	2	88.6	91.1

Activity

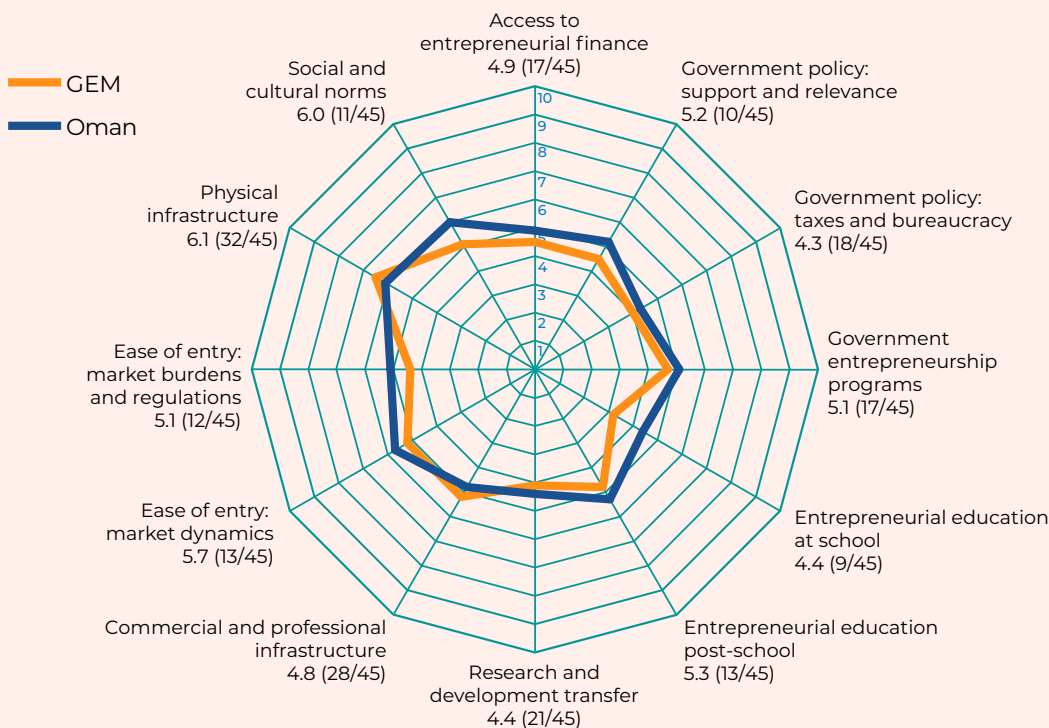
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	16.0	14	17.3	14.7
Established Business Ownership rate	2.5	41=	1.6	3.4
Entrepreneurial Employee Activity	0.8	31=	0.4	1.2

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	47.6	25
Know someone who started business due to pandemic	62.4	3
Know someone who stopped business due to pandemic	66.5	3

	% TEA	Rank/43
Pursue new opportunities due to pandemic	60.1	6

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Oman's measures of entrepreneurial activity in 2020 reflect an economy clearly impacted by the COVID-19 pandemic; however, simultaneously, the pandemic appears to be driving less of that activity than might be expected. In 2020, 48% of adults (18–64) in Oman reported that their household suffered an overall loss of income because of the pandemic. This was about the average rate for all GEM economies, although it was a little lower than for peer economies Qatar (51%) and Kuwait (54%). Yet, despite these income losses, the Omani population, while still highly ambitious, seemed slightly less inclined to pursue entrepreneurship: the rate of adults intending to start a business within the next three years fell from 63% to 57%, just behind Kuwait (58%). Yet, unlike some of its GEM peers in the Middle East, only 51% of those prospective entrepreneurs reported that the pandemic had influenced their intentions, lowest among its peer economies. This suggests there could be many Omanis pursuing entrepreneurship for factors unrelated to the pandemic, even if it did impact their income.

Omani's Total early-stage Entrepreneurial Activity (TEA) rate more than doubled between 2019 and 2020, going from 6.7% to 16%, the largest ratio of increase for all GEM economies. There could be many explanations for this, including that a significant portion of Omanis who intended to start a business in previous years (in 2019 it was 63%) ended up doing so in 2020. Additionally, Oman has one of the higher rates of adults intending to hire no additional employees (10.8%) for their business within the next five years, compared to just 1.5% expecting to hire six or more. These figures suggest that, for a strong and balanced recovery from the pandemic, Omanis require targeted policies providing incentives to hire and grow new businesses, rather than starting solo ventures.

2020 Framework Conditions Review

All of Oman's Framework Condition scores increased in 2020 compared to 2019, with one exception. This is remarkable considering the tremendous social and economic difficulties caused by the pandemic. For the condition "Access to entrepreneurial finance" Oman received a 4.9 score (17th among GEM participating economies) from its experts, just below peer economy Qatar, which scored 5.1, and an improvement from its 4.3 score in 2019. This is a welcome sign, given the high entrepreneurial intentions rate in the Adult Population Survey (APS), which found that 57% of adults in Oman expected to start a business within the next three years — which will create a strong demand for finance. Oman also improved significantly in its governance conditions, particularly "Government policy: support and relevance", for which its 5.2 score, increasing from 4.5 in 2019, placed it 10th among GEM economies. These improving conditions led to a relatively strong assessment of the government's response to the pandemic, which received a 5.8 score, 17th overall, and third among GEM Middle East peer economies, behind Qatar (6.4) and Saudi Arabia (8.4).

Oman's most dramatic improvements came in the education-related conditions. For "Entrepreneurial education at school" Oman's score increased from 3.5 in 2019 to 4.4 in 2020: ninth among GEM economies and its highest ranking for any condition. In "Entrepreneurial education post-school" Oman made another strong leap, from 4.4 in 2019 to 5.3 in 2020, 13th among all GEM economies. It is telling that Oman's strongest score improvements came in its government and educational conditions, with experts ranking Oman 17th among all GEM economies for the governmental response to the pandemic. However, their evaluation of the entrepreneurial response to pandemic placed it only 30th among GEM economies. This reflects a higher level of confidence in the government, rather than entrepreneurs, to assist Omanis during this time.

Institution

Lead institution

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

Abdallah Mohammed Al Shukaili, PhD:
Assistant Professor and Executive Director
of the Entrepreneurship Center

Team members

Professor Norizan Mohd Kassim, PhD
Bader Al Suleimani: The Director of
External Office
Swadhin Kumar Mondal, PhD: Assistant
Professor

Funders

University of Nizwa

APS vendor

Horizons Statistical Consulting

Contact

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nkassim@unizwa.edu.om

ECONOMY PROFILE



Panama

■ Population (2020): **4.2 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **30.03 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	52.6	27
Good opportunities to start a business in my area	47.2	24=
It is easy to start a business	55.9	21
Personally have the skills and knowledge	72.7	9
Fear of failure (opportunity)	39.8	30
Entrepreneurial intentions	46.1	12

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	13.9	3
International (25%+ revenue)	2.1	10
National scope (customers and products/process)	7.0	2
Global scope (customers and products/process)	1.1	5
Industry (% TEA in business services)	14.6	30

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	66.6	4	68.4	65.1
Build great wealth	56.3	24	55.8	56.7
Continue family tradition	45.3	7	45.2	45.3
To earn a living	84.7	6	85.2	84.3

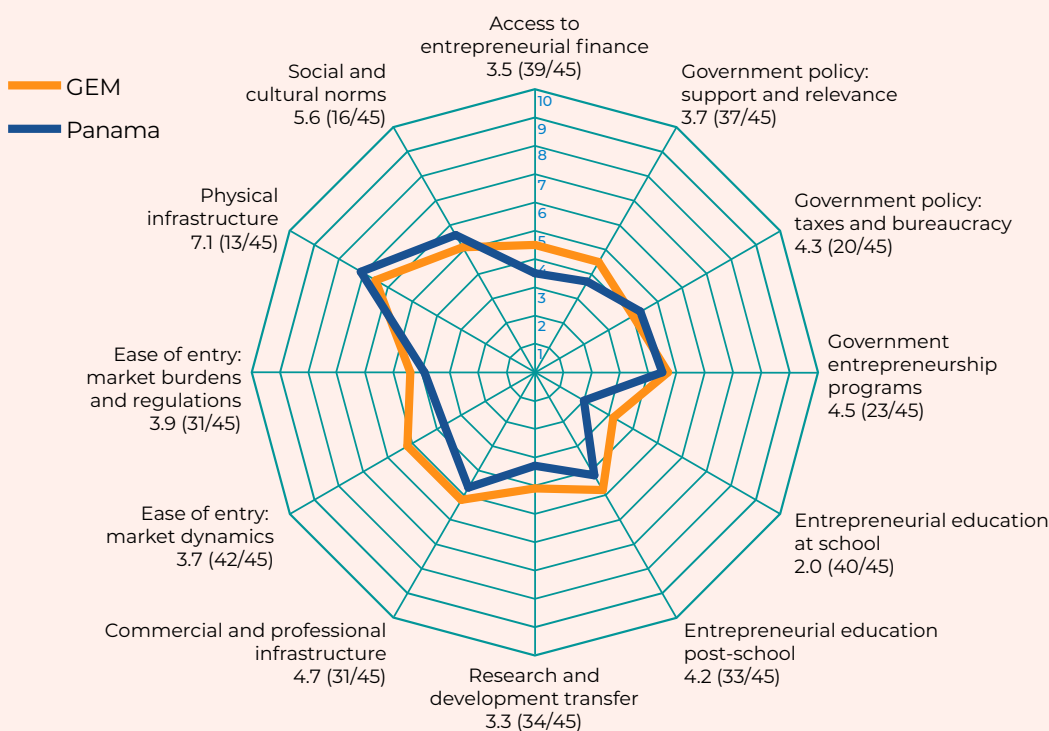
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	32.4	3	29.1	35.6
Established Business Ownership rate	4.1	38=	2.6	5.5
Entrepreneurial Employee Activity	2.7	19	1.5	3.9

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	78.6	7=
Know someone who started business due to pandemic	63.2	2
Know someone who stopped business due to pandemic	54.1	12
	% TEA	Rank/43
Pursue new opportunities due to pandemic	64.1	3

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



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 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Panama's entrepreneurial activity was significantly impacted by the COVID-19 pandemic, creating difficult economic realities and driving some pandemic-related necessity entrepreneurship. In 2020, four out of five Panamanian adults (18–64) reported that they had experienced a loss of household income overall as a result of the pandemic. For comparison, this rate was the same as Colombia, and slightly above Chile. This is likely to have impacted Panama's entrepreneurial activity, as the rate of adults intending to start a business over the next three years rose from 41% in 2019 to 46% in 2020. Of those intending to start a business, 66% indicated that this decision was influenced by the pandemic. Between the high rate of lost income, the increase in prospective entrepreneurs, and the declared motivations of those entrepreneurs, the pandemic was clearly a major factor steering aspirational entrepreneurship in Panama in 2020.

Further demonstration of pandemic's impact on Panama's entrepreneurs was the increase in the Total early-stage Entrepreneurship (TEA) rate, from 22.7% in 2019 to 32.6% in 2020. Based on the fact that 64% of those respondents involved in TEA reported that they saw new opportunities as a result of the pandemic (the highest rate among GEM Latin American economies), it is likely that many Panamanians moved from intending to start a business into the founding stages in 2020 in direct response to the pandemic. This can help explain the simultaneous increase in TEA and those indicating they saw new opportunities. However, among those in Established Business Ownership (EBO) in Panama, the pandemic seemed to be less of a factor. Panama's EBO rate decreased slightly, from 4.7% in 2019 to 4.1% in 2020, and only 51% of those owners stated that they saw new opportunities as a result of the pandemic. Therefore, pandemic-driven motivation appears to be strongest among those Panamanians who are aspiring or early-stage entrepreneurs.

2020 Framework Conditions Review

Across most conditions, Panama improved its Framework Condition scores in 2020. For the condition "Access to entrepreneurial finance" Panama scored 3.5, which, while a relatively low score in absolute terms (39th among GEM participating economies), was still an improvement over 2019 (3.1). In its three government-related conditions, Panama improved all of its scores, bringing two of the conditions into the middle of the GEM rankings. For the condition "Government policy: support and relevance" the score increased significantly, from 2.6 in 2019 to 3.7 in 2020 (37th among GEM participating economies), reflecting a much-improved policy environment supporting entrepreneurs. For "Government policy: taxes and bureaucracy" Panama's score also increased, although only slightly, from 4.1 in 2019 to 4.2 in 2020 (20th among GEM participating economies). For "Government entrepreneurship programs" the score increased by a somewhat larger margin, from 4.0 in 2019 to 4.5 in 2020 — placing it 23rd among GEM economies. Overall, the improvement in Panama's governance measures led to experts scoring their government's response to the pandemic at 4.7, with a rank of 36th among GEM participating economies.

Other areas of improvement for Panama include "Commercial and professional infrastructure", for which the 4.7 score was an improvement on 2019's score of 4.3. Similarly, the score for Panama's "Social and cultural norms" condition increased, from 5.4 in 2019 to 5.6 in 2020, placing it 16th among GEM participating economies. An improvement in this condition, coupled with the positively trending government policies, suggests Panama is increasingly recognizing the value of entrepreneurial activity. This is certainly the case in 2020, as reflected in the experts' score of 7.6 (second overall) for the entrepreneurial response to the pandemic in Panama.

Institution

Lead institution

City of Knowledge Foundation



Type of institution

Foundation

Website

<https://ciudadelsaber.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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ECONOMY PROFILE



Poland

■ Population (2020): **38.0 million** (UN)

■ GDP per capita (2019; PPP, international \$): **33.74 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	62.7	16
Good opportunities to start a business in my area	51.6	18
It is easy to start a business	58.9	19
Personally have the skills and knowledge	60.0	22
Fear of failure (opportunity)	41.2	27=
Entrepreneurial intentions	4.7	41

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.7	39
International (25%+ revenue)	0.0	41=
National scope (customers and products/process)	0.4	36=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	25.4	16

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	22.0	39	21.5	22.3
Build great wealth	52.8	27	41.5	59.9
Continue family tradition	20.4	34	13.9	24.4
To earn a living	62.0	27	65.7	59.8

Activity

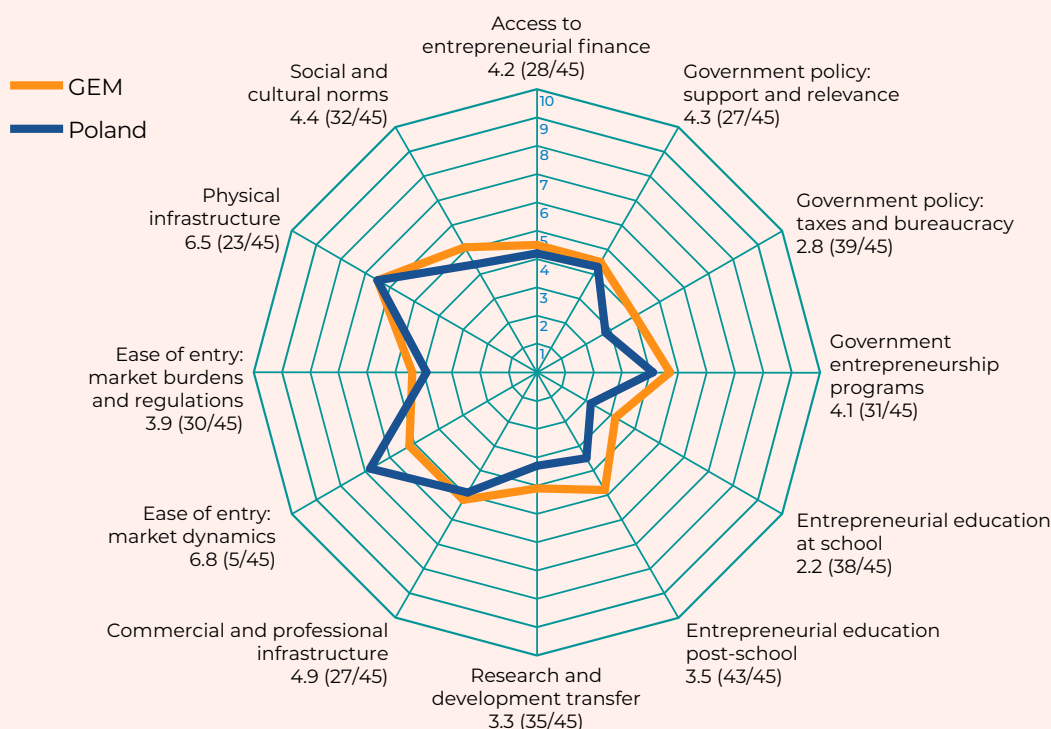
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	3.1	42	2.4	3.8
Established Business Ownership rate	12.2	7	7.9	16.6
Entrepreneurial Employee Activity	0.9	31=	0.7	1.1

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	55.6	18
Know someone who started business due to pandemic	12.8	31
Know someone who stopped business due to pandemic	47.4	17

	% TEA	Rank/43
Pursue new opportunities due to pandemic	35.3	25=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Poland experienced a difficult 2020, with the pandemic having a significant impact on several key measures of entrepreneurial activity. Starting with the broad picture, 56% of Polish adults (18–64) reported an overall loss of household income as a result of the pandemic. This is the second-highest rate among GEM European economies, behind the Russian Federation (61%). However, despite this loss of income, few Polish adults are pursuing entrepreneurship as a path for recouping some of this lost income in future. The rate of Polish adults intending to start a business within the next three years declined, from 6.0% in 2019 to 4.7% in 2020. This is the third-lowest rate among GEM European economies, behind Austria (4.1%) and Italy (4.5%). Only 48% of Polish adults intending to start a business stated that it was as a result of the pandemic, a figure that is relatively low among GEM European economies. This suggests that the pandemic has not compelled a strong reaction among aspiring Polish entrepreneurs, at least not yet.

Poland's Total early-stage Entrepreneurial Activity (TEA) rate also declined, from 5.4% in 2019 to 3.1% in 2020. This is the second-lowest rate among all 43 GEM economies, with Italy (1.9%) being the only other GEM economy with a TEA rate below 5% in 2020. Of those Polish adults involved in TEA, 65% see no new opportunities as a result of the pandemic. However, on a more optimistic note, the Polish Established Business Ownership rate (EBO) held fairly steady, from 12.8% in 2019 to 12.2% in 2020. This is the second-highest rate among GEM European countries, behind Greece (14.6%). The performance gap between aspiring entrepreneurs and established businesses suggests a set of conditions favouring incumbent firms but discouraging new ones. One of them might be a rising share of unemployment

among young Poles and at the same time a growing preference for a stable paid job instead of owning a business in the midst of a pandemic.

2020 Framework Conditions Review

Scores for Poland's 2020 Framework Conditions mostly confirm the concerns around early-stage entrepreneurship mentioned above, with a couple of exceptions. "Access to entrepreneurial finance", a huge issue for aspiring entrepreneurs, received a 4.2 score in 2020, 28th among GEM economies and a decline from 4.9 in 2019. The condition "Government policy: taxes and bureaucracy" is crucial to registering and operating a new business; Poland scored 2.8 for this condition, 39th among GEM economies. Additionally, both educational conditions were given low scores, which is in line with previous years' findings. "Entrepreneurial education at school" was scored at 2.2, 38th among GEM participating economies, and "Entrepreneurial education post-school" was scored at 3.5, placing it 43rd. However, experts scored the governmental response to the pandemic at 5.2, 21st overall. This is much better than the previous scores would indicate, perhaps reflecting more longstanding issues related to governance and education that predate the pandemic.

Poland's highest score was for "Ease of entry: market dynamics" (6.8). This was an improvement over 2019 (6.5) and put it fifth among GEM participating economies. This suggests that the domestic market would be fairly robust and welcoming of new entrepreneurial products and services. However, there is clearly an issue with aspiring entrepreneurs accessing this market. Based on the Framework Condition scores, easing regulations and improving entrepreneurial education should be helpful in achieving this goal.

Institution

Lead institution

Polish Agency for Enterprise Development (PARP)



Type of institution

Public Body

Website

<https://en.parp.gov.pl>

Other institutions involved

University of Economics in Katowice



Team

Team leader

Anna Tarnawa

Team members

Agata Kosińska
Melania Nieć, PhD
Joanna Orłowska
Anna Skowrońska
Paulina Zadura
Robert Zakrzewski
Przemysław Zbierowski, PhD

Funders

Ministry of Economic Development
University of Economics in Katowice

APS vendor

Centrum Badań Marketingowych
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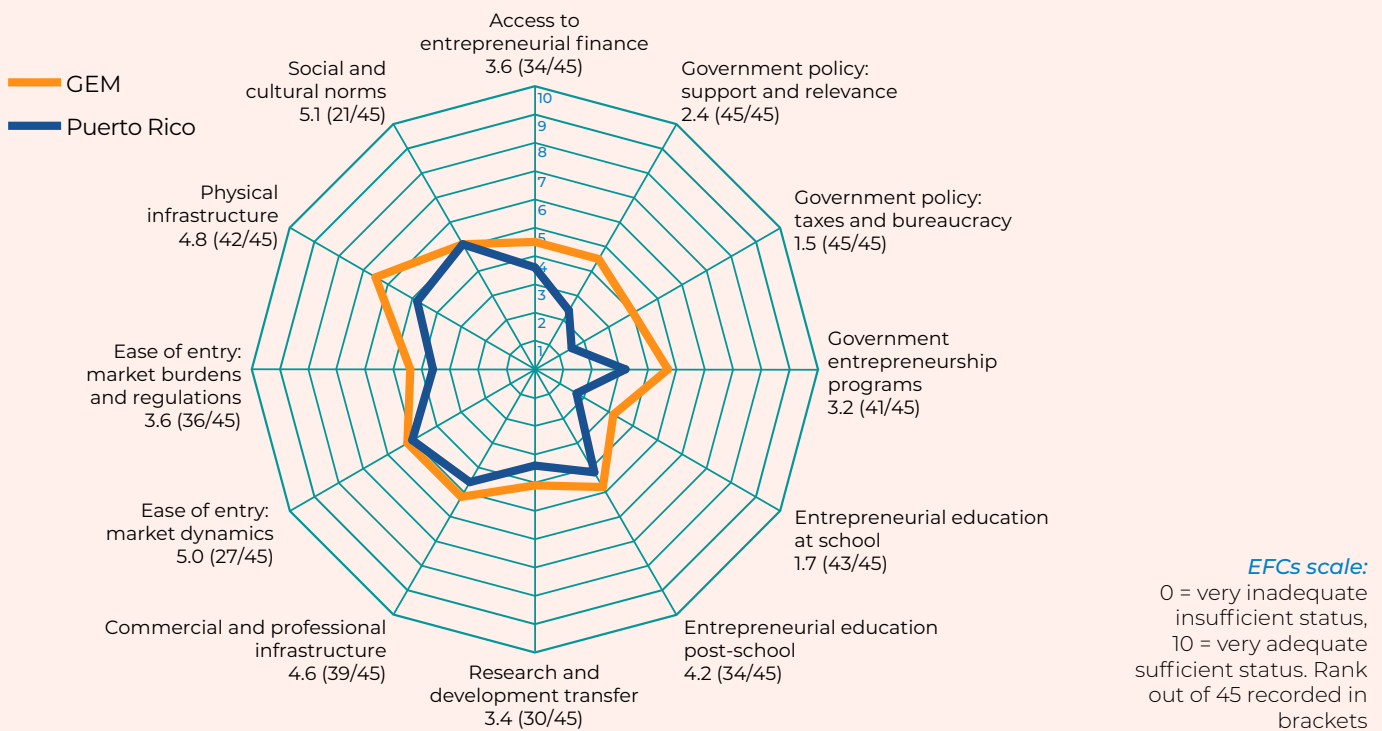


Puerto Rico

■ Population (2020): **3.2 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **35.0 thousand** (IMF)

Puerto Rico did not participate in the 2020 Adult Population Survey.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



POLICY ROADMAP

2020 Framework Conditions Review

Across most of Puerto Rico's Framework Conditions, scores increased in 2020 compared to 2019.

This is an encouraging sign; in absolute terms, however, in many cases Puerto Rico had been ranked quite low among GEM economies. So, the economy needs to continue this trend in order to stabilize conditions for entrepreneurs. For "Access to entrepreneurial finance" Puerto Rico's score increased from 3.4 in 2019 to 3.6 in 2020, 34th among GEM economies: significantly below the United States (5.6), although close to Mexico's score on this condition (3.8). Across the three government-related conditions, Puerto Rico's scores improved overall, although these improvements still resulted in low rankings compared to other GEM economies. This is particularly true for the conditions "Government policy: support and relevance" and "Government policy: taxes and bureaucracy", both of which received the lowest scores among GEM economies. Given these low scores, it is unfortunately unsurprising that experts evaluating the Puerto Rican government's response to the pandemic awarded a score of 2.9, placing it 42nd among GEM economies: just above Mexico and the United States.

For Puerto Rico, other areas of improvement compared to 2019 include educational conditions and professional infrastructure. For the condition "Entrepreneurial education at school" the score increased from 1.4 in 2019 to 1.7 in 2020, 43rd among GEM economies; while the condition "Entrepreneurial education post-school" went

from 3.7 in 2019 to 4.2 in 2020. This disparity in scores suggests that formal education in Puerto Rico remains a challenge — likely dating back to the island's recent hurricane disasters, which the pandemic has only exacerbated. However, relative to formal schooling, Puerto Rico's post-school educational sector — as measured by the availability of continuing studies programs or vocational training — managed to improve despite the year's challenges. Similarly, the condition "Commercial and professional infrastructure" improved from 3.8 in 2019 to 4.6 in 2020, placing it 39th among GEM economies, and suggesting that Puerto Rico's recent spell of natural disasters and resulting economic difficulties has diminished this sector's performance. However, it has since recovered somewhat, despite the pandemic.

The most optimistic trends for Puerto Rico, however, can be seen in the social perceptions of entrepreneurs and their improved ability to operate in the market. Improvement in scores for these conditions appears to have a direct relationship with experts' assessment of entrepreneurs' response to the pandemic. For the condition "Social and cultural norms" experts' scores increased significantly, from 3.6 in 2019 to 5.1 in 2020: 21st among all GEM economies. The condition "Ease of entry: market burdens and regulations" also increased, from 2.8 in 2019 to 3.6 in 2020 (36th overall). Yet this optimistic turn may have informed how experts perceived the entrepreneurial response to the pandemic: its 7.3 score placed it eighth among GEM participating economies.

Institution

Lead institution

University of Puerto Rico (UPR)



Type of institution

University

Website

<https://gem.uprrp.edu>

Team

Team leader

Marinés Aponte, PhD

Team members

Marta Álvarez, PhD

Manuel Lobato, PhD

Funders

University of Puerto Rico (UPR)

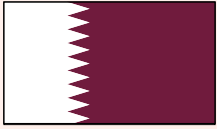
APS vendor

Gaither International, Inc.

Contact

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ECONOMY PROFILE



Qatar

■ Population (2020): **2.8 million** (UN)

■ GDP per capita (2019; PPP, international \$): **91.9 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	52.6	26
Good opportunities to start a business in my area	72.3	8
It is easy to start a business	67.9	12
Personally have the skills and knowledge	68.2	11
Fear of failure (opportunity)	41.3	26
Entrepreneurial intentions	45.6	13

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	11.4	4
International (25%+ revenue)	1.8	13
National scope (customers and products/process)	7.8	1
Global scope (customers and products/process)	0.3	21=
Industry (% TEA in business services)	15.0	29

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	37.6	27	47.3	36.0
Build great wealth	77.5	9	78.3	77.4
Continue family tradition	27.7	21	21.0	28.9
To earn a living	56.6	28=	58.6	56.2

Activity

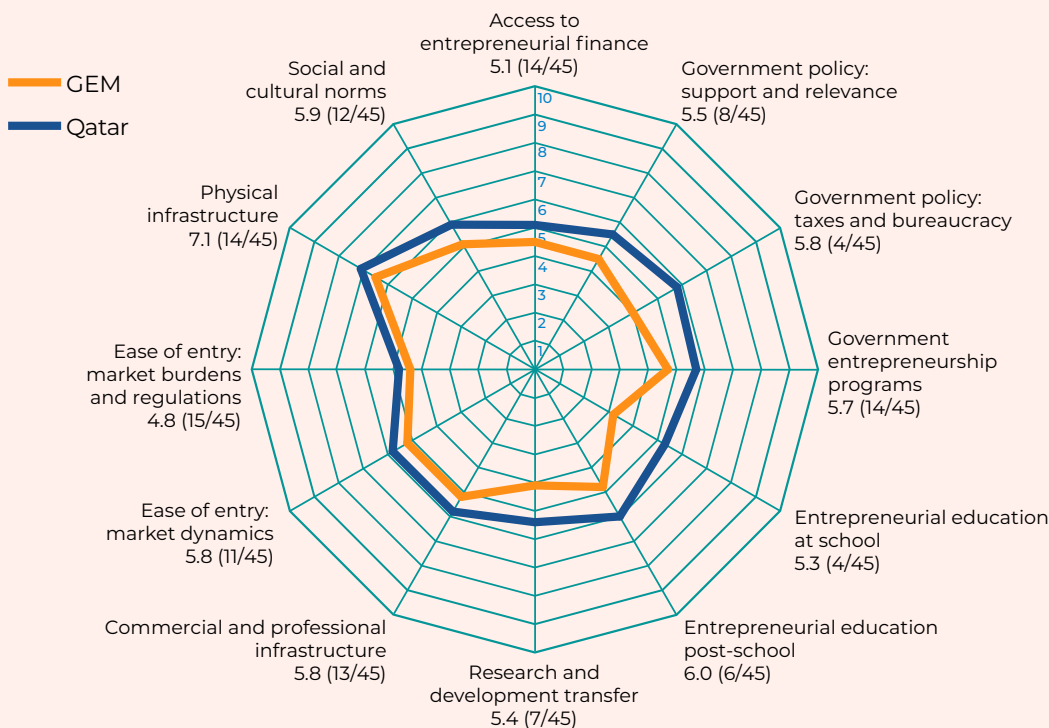
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	17.2	13	12.3	18.4
Established Business Ownership rate	6.1	25=	2.0	7.1
Entrepreneurial Employee Activity	6.6	1	2.3	7.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	51.4	22=
Know someone who started business due to pandemic	23.6	18
Know someone who stopped business due to pandemic	42.7	21

	% TEA	Rank/43
Pursue new opportunities due to pandemic	41.9	19

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Qatar's 2020 performance on most measures of entrepreneurial activity was favourable, despite the very real challenges of the pandemic. In 2020, 51% of Qatari adults (18–64) reported an overall decrease in household income because of the pandemic. While this was a high rate compared to some GEM economies, it was lower than several Middle East peer economies such as the United Arab Emirates (68%) and Saudi Arabia (71%). Yet these income figures appeared to have less impact than expected on aspiring Qatari entrepreneurs. The rate of adults intending to start a business within the next three years remained essentially flat: from 45% in 2019 to 46% in 2020. Of these prospective entrepreneurs, 57% stated that the pandemic had influenced their intentions. This was the second-lowest figure among GEM Middle East peer economies, ahead of Oman (51%). And, like Oman, these figures suggest many Qataris are considering entrepreneurship for factors unrelated to the pandemic, even if it did impact their income.

Qatar's Total early-stage Entrepreneurial Activity (TEA) rate increased from 14.7% in 2019 to 17.2% in 2020. With this increase came an apparent boost in confidence. In 2020, the rate of Qatari adults planning to hire six or more employees for their business over the next five years increased from 9% in 2019 to 11% in 2020. This rate is all the more encouraging, considering that only 4% of adults are planning to hire no more new employees over that period. This ratio indicates a quite healthy confidence in entrepreneurial ability and capacity among Qataris, and may be bolstered by the fact that Qatar's Established Business Ownership (EBO) rate also more than doubled from 2019 (3.0%) to 2020 (6.1%). The strong upward trend in established businesses must provide confidence to aspiring and early-stage entrepreneurs hoping to reach that phase.

2020 Framework Conditions Review

With a couple of exceptions, Qatar's 2020 Framework Condition scores fell slightly between 2019 and 2020, even as most APS (Adult Population Survey)-measured entrepreneurial activity increased. Yet, despite these declines across the Framework Conditions, Qatar remains highly rated on most of them. An optimistic reading of this performance, then, would be to assume Qatar has a little room to experience some intermittent declines as long as the foundational strengths continue to remain important to policymakers and other influential actors within the economy. Across all three government-related conditions, Qatar's scores declined: "Government policy: support and relevance" decreased from 6.0 in 2019 to 5.5 in 2020 (eighth among GEM participating economies); "Government policy: taxes and bureaucracy" declined from 6.1 in 2019 to 5.8 in 2020 (fourth among GEM participating economies); and "Government entrepreneurship programs" went down from 6.1 in 2019 to 5.7 in 2020 (14th among GEM participating economies). Experts seemed to recognize the underlying strengths of Qatar's government, despite the declines. The governmental response to the pandemic was scored at 6.4, ninth overall.

Experts were less generous in ranking Qatar's entrepreneurial response to the pandemic relative to the rest of GEM economies, with a 6.7 score (17th overall), while the score for the condition "Social and cultural norms" declined from 6.4 in 2019 to 5.9 in 2020. In an economy with high entrepreneurial activity (a 17.2% TEA rate in 2020), this is a condition to monitor, even if it is rather subjective, as positive social consensus is often a critical prerequisite for entrepreneurs to thrive.

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

Ahmad Hawi, MSc, DBA candidate

Funders

Qatar Development Bank (QDB)

APS vendor

Intelligence Qatar

Contact

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a.hawi@qdb.qa



Republic of Korea

■ Population (2020): **51.7 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **44.29 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	39.9	36
Good opportunities to start a business in my area	44.6	28
It is easy to start a business	33.9	35
Personally have the skills and knowledge	53.0	33
Fear of failure (opportunity)	13.9	43
Entrepreneurial intentions	25.9	18

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.0	17=
International (25%+ revenue)	0.6	25=
National scope (customers and products/process)	2.0	15
Global scope (customers and products/process)	0.4	18=
Industry (% TEA in business services)	19.7	21=

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	10.0	42	6.7	12.2
Build great wealth	68.6	15	63.4	72.1
Continue family tradition	5.0	43	3.9	5.8
To earn a living	32.9	40	41.8	27.0

Activity

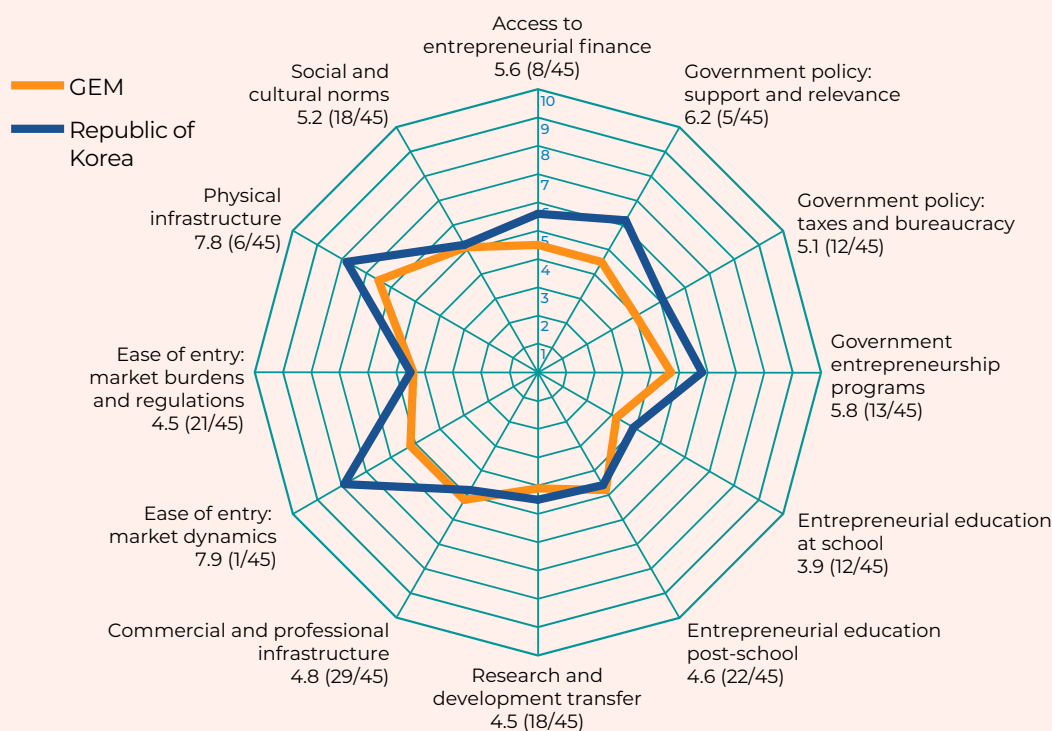
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	13.0	20	10.6	15.3
Established Business Ownership rate	16.1	2	11.3	20.7
Entrepreneurial Employee Activity	1.5	25	0.9	2.1

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	34.0	7
Know someone who started business due to pandemic	20.8	22
Know someone who stopped business due to pandemic	34.2	30

	% TEA	Rank/43
Pursue new opportunities due to pandemic	7.7	43

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate insufficient status,
 10 = very adequate sufficient status. Rank out of 45 recorded in brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

In 2020, the Republic of Korea's entrepreneurial sector managed to weather the COVID-19 pandemic relatively well, although clearly many entrepreneurs are worried about the future. Across Korean households, the pandemic did not have as significant an impact economically as it did for most other GEM economies. Only 34% of Korean adults (18–64) reported that they had lost household income as a result of the pandemic, with 19% even indicating they enjoyed something of an increase in income. This is second only to Israel (30%) among GEM countries, and indicates an advanced economy where many people can continue employment despite the threats of the pandemic. The confidence that comes from this economic environment may be reflected in the intentions for starting a business within the next three years, which actually ticked up slightly in 2020 to 25.9% among Korean adults, from 25.6% in 2019. Very few GEM economies saw increases from 2019 in this indicator. Additionally, only 22% of those intending to start a business stated that the pandemic had influenced their expectation “to a large extent”, placing it near other high-income GEM economies such as Taiwan and Switzerland.

The Republic of Korea's Total early-stage Entrepreneurial Activity (TEA) rate declined slightly this year, from 15% in 2019 to 13% in 2020. While this modest decline is actually one of the strongest outcomes among all high-income GEM economies, Korea's TEA rate delivers mixed signals. Among this set of early-stage entrepreneurs, 92% stated that they saw no opportunities as a result of the pandemic. This is the highest rate among all GEM economies by a fair margin and is somewhat perplexing, given that 4% of the Korean adult population plans to hire six or more employees within the next five years. This hiring rate is among the highest for high-income GEM participating economies (the United States has 4.2%, for example), and is typically an indicator of

entrepreneurial confidence. A similarly contradictory result can be seen in Korea's Established Business Ownership (EBO) rates. While the rate of established business owners in the Korean adult population increased from 13% in 2019 to 16% in 2020, 99% of Korean established business owners stated that they saw no opportunities as a result of the pandemic. Again, this is the highest rate among GEM participating economies.

2020 Framework Conditions Review

Korea performed fairly consistently across the major Adult Population Survey (APS) indicators between 2019 and 2020: a trend echoed in most of its National Expert Survey (NES) scores, although there were some noticeable improvements in some conditions. For “Access to entrepreneurial finance”, Korean experts awarded a score of 5.6, an increase from 5.1 in 2019. Additionally, the condition “Government policy: taxes and bureaucracy” also improved, from 4.6 in 2019 to 5.1 in 2020. For “Government entrepreneurship programs” Korean experts scored the economy at 5.8, up from 5.4 in 2019. These indicate friendly financial and institutional policies towards entrepreneurs, even as the pandemic hit the Republic of Korea, or perhaps as a result of the pandemic, as entrepreneurs and the government became closer due to the extraordinary circumstances.

Korea also did well on some of its traditional strengths, such as “Ease of entry: market dynamics”, with experts scoring the economy at 7.9 (first among GEM participating economies), and “Physical infrastructure” at 7.8 (sixth among GEM economies). Yet, despite the relatively strong Korean entrepreneurship sector, the score of 5.2 for the economy's “Social and cultural norms” condition places it only 18th among GEM participating economies.

Institution

Lead institution

Korea Institute of Startup & Entrepreneurship Development (KISED)



Type of institution

Research Institute

Website

www.kised.or.kr

Other institutions involved

Korea Entrepreneurship Foundation (KoEF)

Team

Team leader

Gihyun Kum

Team members

Professor Dohyeon Kim, PhD
Professor Chaewon Lee, PhD
Professor Byungheon Lee, PhD
Professor Choonwoo Lee, PhD
Yunsoo Choi, PhD
Myoung-jong Lee, PhD
Hyunjin Lee
Min-Wook Noh
EunSeong Kim

Funders

Ministry of SMEs and Startups

APS vendor

Max Research

Contact

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Russian Federation

■ Population (2020): **144.4 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **27.39 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	54.5	24
Good opportunities to start a business in my area	33.5	35
It is easy to start a business	30.6	39
Personally have the skills and knowledge	34.5	43
Fear of failure (opportunity)	46.5	14
Entrepreneurial intentions	8.3	35=

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	3.7	19=
International (25%+ revenue)	0.7	23=
National scope (customers and products/process)	0.5	34=
Global scope (customers and products/process)	0.2	26=
Industry (% TEA in business services)	17.1	25

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	24.2	38	21.2	26.6
Build great wealth	68.7	14	68.0	69.2
Continue family tradition	16.5	40	14.3	18.3
To earn a living	71.4	21=	76.7	67.1

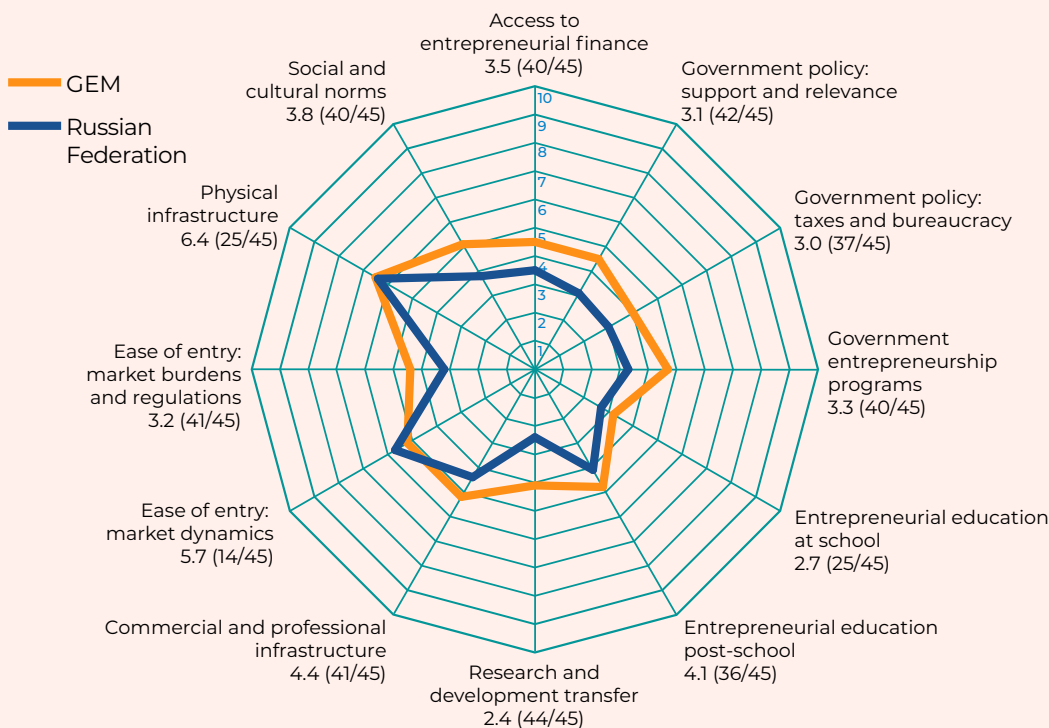
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.5	28=	7.3	9.7
Established Business Ownership rate	4.7	34	3.8	5.6
Entrepreneurial Employee Activity	0.4	39	0.3	0.6

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	61.2	17
Know someone who started business due to pandemic	13.4	29
Know someone who stopped business due to pandemic	40.0	25
	% TEA	Rank/43
Pursue new opportunities due to pandemic	20.5	39

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Entrepreneurial activity in the Russian Federation during 2020 was not significantly impacted by the pandemic, as measured by several critical GEM indicators. However, the economy has generally underperformed on most entrepreneurial activity measures compared to its European peers. This may stifle a recovery in which entrepreneurs will have to play a major role. It will certainly need this help, as the pandemic had a substantial impact on Russian households. Overall, 61% of Russian Federation adults (18–64) reported that the pandemic had led to a decrease in household income. This is the highest figure among all European GEM countries, ahead of Poland at 56% and Greece at 55%. Such high rates may have impacted the type of entrepreneurship that many Russian adults intended to pursue, although in the aggregate there was actually a small decrease in the rate of Russian adults intending to start a business. In 2020, only 8.3% of Russian adults stated that they intended to start a business within the next three years, down slightly from 9.8% in 2019. Yet, of those intending to start a business, 74% stated that the pandemic had impacted their expectation “to a large extent”. This is the highest rate among European economies by a considerable margin.

Much like entrepreneurial intentions, the Russian Federation’s Total early-stage Entrepreneurial Activity (TEA) rate only fell slightly, from 9.3% in 2019 to 8.5% in 2020 — positioning it somewhat below average among GEM European economies. It will be interesting to see if this rate continues to hold in the future, considering 80% of those Russian adults involved in TEA see no new opportunities as a result of the pandemic. This somewhat contradicts the hiring plans of Russian entrepreneurs, however, as 3.7% of the Russian adult population plan to hire six or more employees over the next five years, which is the third-highest rate among GEM European

economies. This suggests a confidence in a near future where the pandemic does not significantly impact entrepreneurial activity. This trend is also echoed by Russia’s Established Business Ownership (EBO) rate, which decreased slightly from 5.1% in 2019 to 4.7% in 2020. This is at the lower end of figures for GEM European economies. Among these business owners, 81% see no opportunities as a result of the pandemic: a figure almost matching the early-stage entrepreneurs’ assessment of opportunity.

2020 Framework Conditions Review

Russia’s slight underperformance in GEM’s entrepreneurial activity indicators is actually not consistent with its quite low National Expert Survey (NES) scores. On several Framework Conditions, Russia’s scores rank 40th or lower among participating GEM economies. Additionally, many scores declined between 2019 and 2020. Notably, “Government entrepreneurship programs” scored 3.3 in 2020 (40th among GEM economies), compared to 3.8 in 2019; “Research and development transfer” was awarded a 3.0 in 2019, but fell to 2.4 in 2020 (last among GEM economies); and “Commercial and professional infrastructure” also fell, from 4.9 in 2019 to 4.4 in 2020 (41st among GEM economies).

The generally lower scores among a range of Framework Conditions shows that experts were fairly critical of the performance by a range of economic actors during 2020. This includes both entrepreneurs and governments. In 2020, Russian experts rated the entrepreneurial response to the pandemic at 5.4, 42nd among all GEM economies, and the government response at 3.1, 41st among GEM economies. This means a combination of policies directed at both the public and private sector will be essential in creating more accommodating conditions for entrepreneurship going forward.

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

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Funders

SberBank

APS vendor

Levada-Center

Contact

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Saudi Arabia

■ Population (2020): **34.3 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **46.27 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	57.3	23
Good opportunities to start a business in my area	90.5	1
It is easy to start a business	91.5	1
Personally have the skills and knowledge	86.4	2
Fear of failure (opportunity)	51.6	6
Entrepreneurial intentions	25.1	19

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	9.4	7
International (25%+ revenue)	0.8	22
National scope (customers and products/process)	0.8	27=
Global scope (customers and products/process)	0.0	36=
Industry (% TEA in business services)	3.9	39

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	60.8	9	61.8	60.0
Build great wealth	86.9	4	86.7	87.0
Continue family tradition	53.2	3	55.9	51.1
To earn a living	89.5	3=	89.4	89.5

Activity

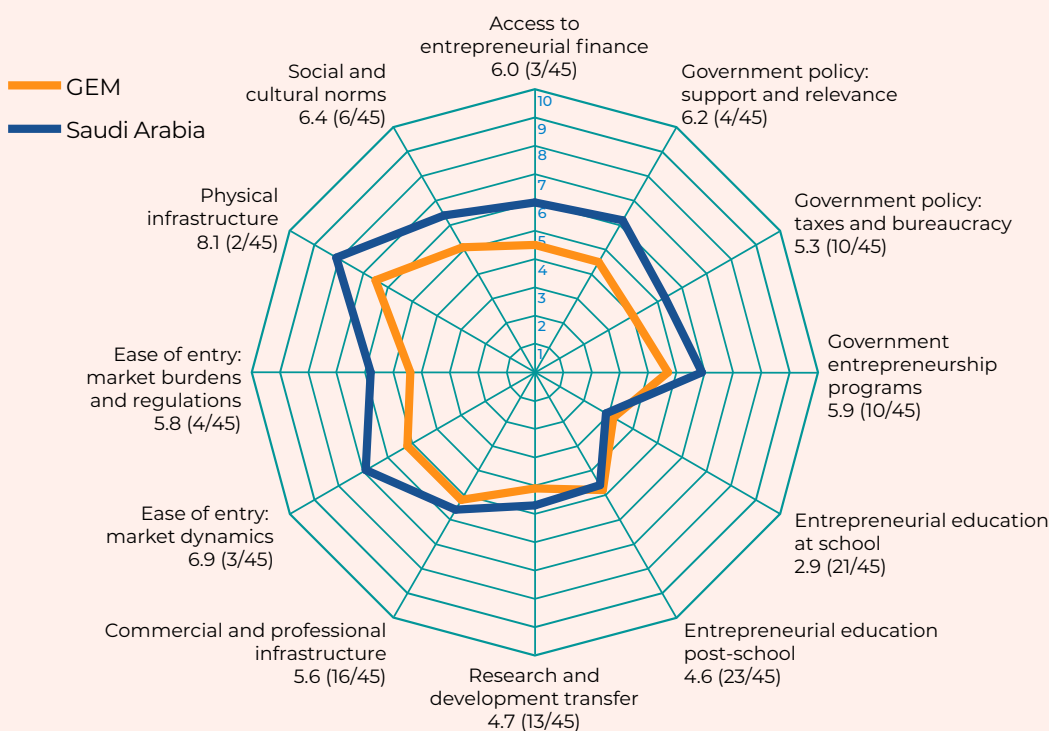
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	17.3	12	17.7	17.0
Established Business Ownership rate	5.1	32=	3.8	6.1
Entrepreneurial Employee Activity	1.1	28=	0.8	1.3

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	71.0	12
Know someone who started business due to pandemic	41.6	11
Know someone who stopped business due to pandemic	57.1	10

	% TEA	Rank/43
Pursue new opportunities due to pandemic	52.1	9

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate insufficient status,
 10 = very adequate sufficient status. Rank out of 45 recorded in brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Saudi Arabia experienced declines across several key entrepreneurial activity indicators in 2020, although there are also some optimistic signs as the economy enters a recovery phase. In 2020, 70% of Saudi adults (18–64) reported that their household suffered an overall decrease in income because of the pandemic. This was the highest rate among GEM Middle East economies, with the United Arab Emirates (68%) close behind. Yet, despite these income losses, the Saudi population seemed less inclined to pursue entrepreneurship if they weren't already involved in a venture: the rate of adults intending to start a business within the next three years fell from 32% to 25%. At the same time, 78% of those with intentions to start a business stated that the pandemic had influenced them, meaning the pandemic had the effect of simultaneously discouraging overall entrepreneurship while spurring action in many Saudis who retained such business-launching inclinations.

Surprisingly, however, given the declining intentions rate, the rate of Total early-stage Entrepreneurial Activity (TEA) in Saudi Arabia actually increased from 14% in 2019 to 17.3% in 2020. Adding to this positive sign, 52% of those Saudis involved in TEA reported that they saw new opportunities as a result of the pandemic. Furthermore, 9.4% of Saudi adults said that they planned on hiring six or more employees within the next five years, one of the highest rates among all GEM economies. Considering that only 2.0% stated that they planned on hiring no employees for their business, it appears that Saudi Arabia is well positioned for a strong recovery from the pandemic.

2020 Framework Conditions Review

Saudi Arabia's 2020 Framework Conditions were evaluated as quite robust overall, with many conditions being ranked at or near the top of all GEM economies. For the condition "Access to entrepreneurial finance" Saudi Arabia's 6.0 score, improving significantly from 5.0 in 2019, was third among GEM participating economies. For "Government policy: support and relevance" Saudi Arabia scored 6.2, fourth overall, and an increase from 6.0 in 2019. Saudi Arabia also improved its scores for "Government policy: taxes and bureaucracy" and "Government entrepreneurship programs" (10th among GEM economies for both conditions). Most impressively, Saudi experts rated their government's response to the pandemic at 8.4, first among GEM economies, reflecting confidence in the government's ability to maintain strong entrepreneurial conditions despite the tumult of the pandemic.

Other areas of improvement include the market-related conditions: "Ease of entry: market dynamics", for which Saudi Arabia's 6.9 rate was third overall, showed an increase from 5.9 in 2019; and "Ease of entry: market burdens and regulations" earned a 5.8 score (fourth overall), representing a vast improvement from 2019 (4.7). The experts' scores suggest that Saudi entrepreneurs have the ability to compete in markets while not being overly constrained by regulations. Perhaps this has given entrepreneurs more visibility in Saudi Arabia, as other related scores also reflect a positive entrepreneurial environment. For "Social and cultural norms" Saudi Arabia scored 6.4, sixth among GEM participating economies and an increase from 5.9 in 2019. But what is of greater consequence is that experts gave the entrepreneurial response to the pandemic a 7.7 rating, ranking Saudi Arabia first overall among GEM economies.

Institution

Lead institution

Prince Mohammad 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>

Other institutions involved

Emaar The Economic City

Team

Team leader

Professor Muhammad Azam Roomi, PhD

Team members

Professor Alicia Coduras Martínez, PhD

Professor Donna Kelley, PhD

Funders

Babson Global Center for Entrepreneurial Leadership (BGCEL)

APS vendor

Field Interactive MR

Contact

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Slovak Republic

■ Population (2020): **5.5 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **32.18 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	71.9	5
Good opportunities to start a business in my area	40.9	31
It is easy to start a business	26.0	40
Personally have the skills and knowledge	56.4	25
Fear of failure (opportunity)	48.7	10
Entrepreneurial intentions	13.8	27

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.0	17=
International (25%+ revenue)	1.9	12
National scope (customers and products/process)	2.9	7
Global scope (customers and products/process)	1.2	3=
Industry (% TEA in business services)	33.8	9

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	33.6	32	43.2	29.1
Build great wealth	38.3	39	39.7	37.7
Continue family tradition	32.4	17	32.4	32.4
To earn a living	73.8	16	84.7	68.6

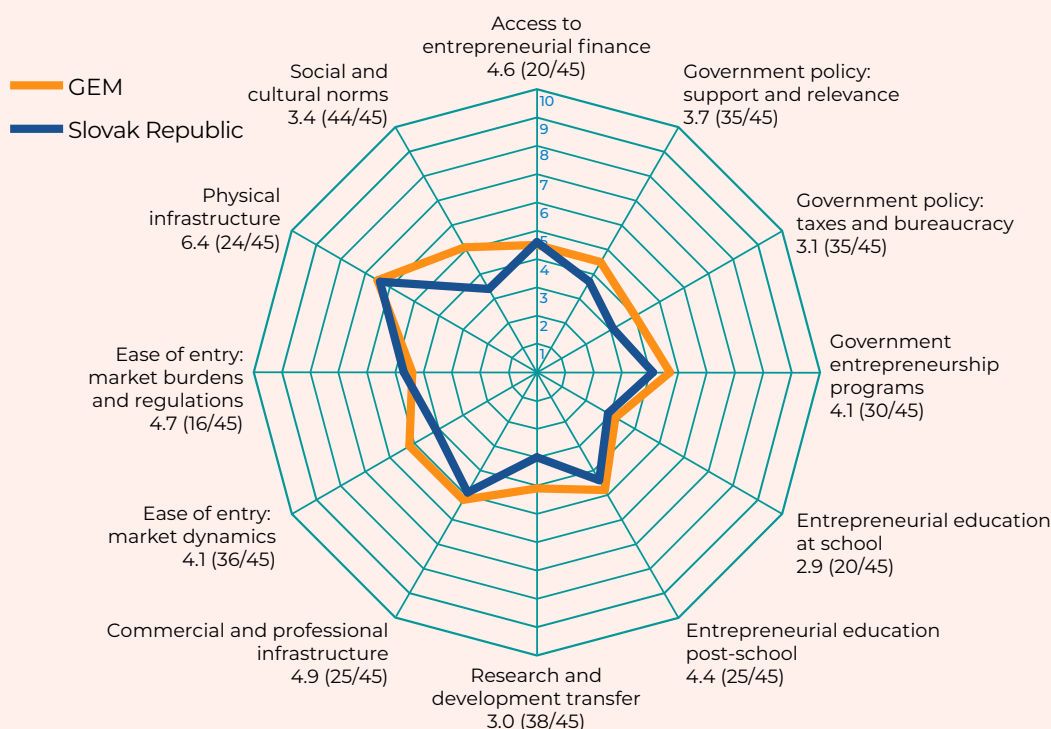
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	13.9	19	8.9	18.8
Established Business Ownership rate	6.5	22=	3.8	9.2
Entrepreneurial Employee Activity	2.5	20	1.6	3.5

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	50.5	24
Know someone who started business due to pandemic	20.6	23
Know someone who stopped business due to pandemic	31.9	32
	% TEA	Rank/43
Pursue new opportunities due to pandemic	32.0	30

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

The Slovak Republic experienced strong economic impacts as a result of the pandemic; however, few of its measures of entrepreneurial activity changed dramatically. On the economic front, 51% of Slovak adults (18–64) reported a loss in household income as a result of the pandemic. This was one of the highest rates among its peer group of GEM European economies, below only Italy (52%), Greece (55%), Poland (56%) and the Russian Federation (61%). However, despite the significant loss in household income, only 13.8% of Slovaks reported that they intended to start a business within the next three years, a slight increase from 13.6% in 2019. Considering the steadiness of this rate across the years, it is perhaps unsurprising that only 42% of those Slovaks intending to start a business reported that it was because of the pandemic. A higher pandemic-driven motivation would likely generate a larger increase in that set of aspiring entrepreneurs.

The Slovak Republic's Total early-stage Entrepreneurial Activity (TEA) rate also remained fairly stable year on year, increasing slightly from 13.3% in 2019 to 13.8% in 2020. However, less than a third of respondents involved in TEA stated that they see new opportunities as a result of the pandemic, which is about average for GEM European economies. The Slovak Republic's Established Business Ownership (EBO) rate increased from 5.9% in 2019 to 6.5%, and, yet, similar to the respondents involved in TEA, there appears to be little opportunity-spotting in evidence among Slovakian business owners. Among established business owners, only 20% saw new opportunities as a result of the pandemic. These are worrying results. Despite a stability in entrepreneurial activity in 2020 that many other economies would have been happy to replicate, these rates may decline due to an unwillingness to pursue opportunities created by new pandemic realities.

2020 Framework Conditions Review

The Slovak Republic's government-related scores increased across all three Framework Conditions in 2020; however, they remained low relative to other GEM economies. For "Government policy: support and relevance" the score increased substantially, from 2.8 in 2019 to 3.7 in 2020 (although this only brought the Slovak Republic up to 35th among GEM economies); the condition "Government policy: taxes and bureaucracy" also increased, although less dramatically, from 2.7 in 2019 to 3.1 in 2020 (35th among GEM economies); and "Government entrepreneurship programs" increased from 3.5 in 2019 to 4.1 in 2020 (30th among GEM economies). Fittingly, given that the Slovak Republic's rankings all fall within the 30th–34th range, experts rated the economy's governmental response to the pandemic at 3.7, 34th overall among GEM economies.

The Slovak Republic received diverging scores for its two "ease of entry" conditions. The condition "Ease of entry: market dynamics" decreased from 4.4 in 2019 to 4.1 in 2020 (36th overall), while the condition "Ease of entry: market burdens and regulations" increased from 4.4 in 2019 to 4.7 in 2020 (38th overall). This suggests that proactive measures were taken to improve the regulatory environment to help entrepreneurs enter new markets in the Slovak Republic (as reflected in the improved "market burdens" score). However, those markets were less able to support these entrepreneurial services or products. A market that is less receptive to new entrants also signals issues surrounding social perceptions of entrepreneurs. This is clearly reflected in the Slovak Republic's "Social and cultural norms" score, which was 3.4 in 2020 (44th among GEM economies). Experts also rated the entrepreneurial response to the pandemic quite low: 5.8 (38th among GEM economies).

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

Professor Ing. Anna Pilková, PhD, MBA

Team members

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RNDr Zuzana Kovačičová, PhD

Mgr Juraj Mikuš, PhD

Mgr Ján Reháč, PhD

Funders

Comenius University in Bratislava, Faculty of Management (UNIBA SK)
Slovak Business Agency (SBA)

APS vendor

AKO, s.r.o.

Contact

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Slovenia

■ Population (2020): **2.1 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **38.51 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	57.9	22
Good opportunities to start a business in my area	42.0	29
It is easy to start a business	62.0	17
Personally have the skills and knowledge	59.4	23
Fear of failure (opportunity)	43.8	18
Entrepreneurial intentions	12.0	30

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.5	27=
International (25%+ revenue)	1.2	16=
National scope (customers and products/process)	1.1	24=
Global scope (customers and products/process)	0.5	15=
Industry (% TEA in business services)	22.7	19

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	44.6	19	43.6	45.2
Build great wealth	39.7	38	52.5	31.6
Continue family tradition	21.6	29	23.9	20.2
To earn a living	72.2	20	77.9	68.7

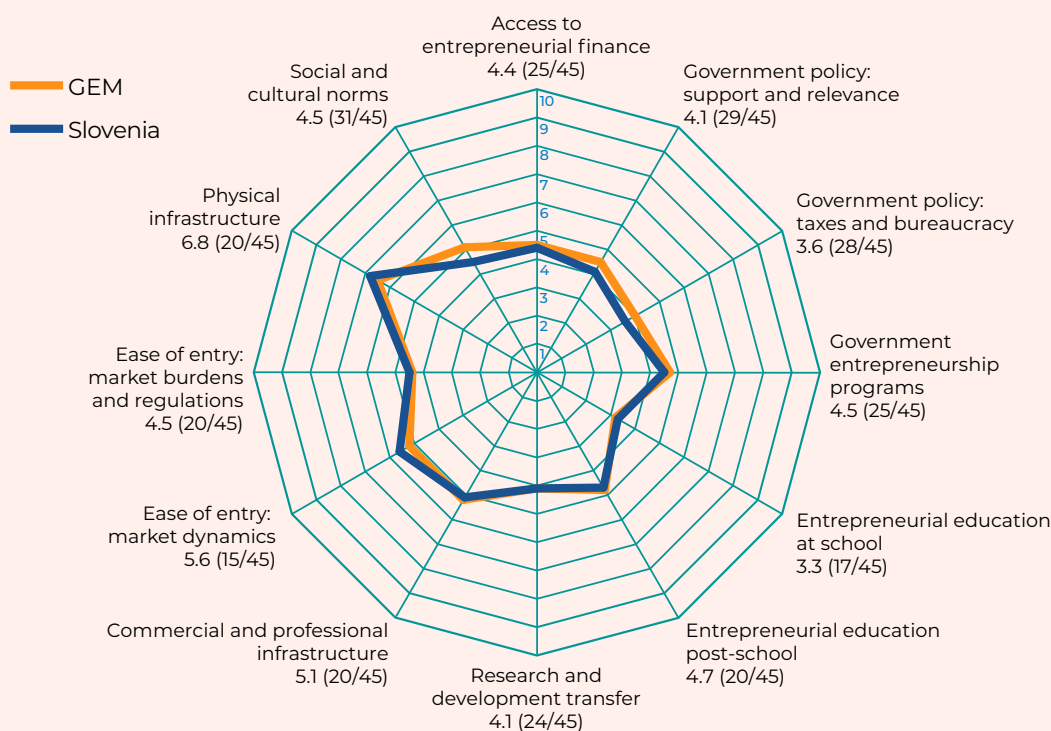
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	6.0	38	4.8	7.1
Established Business Ownership rate	7.0	17=	4.6	9.2
Entrepreneurial Employee Activity	5.2	12=	3.2	7.0

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	44.7	26
Know someone who started business due to pandemic	6.4	42
Know someone who stopped business due to pandemic	25.4	35
Pursue new opportunities due to pandemic	32.3	29

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Slovenia's entrepreneurial activity declined across most measures in 2020. Starting with economic performance, 45% of Slovenian adults (18–64) reported a loss in household income as a result of the pandemic. This was typical among Slovenia's peer group of GEM European economies, closest to Cyprus, which registered 44% of adults experiencing income loss. Conversely, 7% of Slovenian adults actually reported an increase in household income as a result of the pandemic, similar to Austria. Slovenia's rate of entrepreneurial intentions (adults stating that they intend to start a business within the next three years) fell from 15% in 2019 to 12% in 2020, suggesting some Slovenians may be cancelling their future entrepreneurial plans as a result of the pandemic. Yet, of those who are intending to start a new business, more than half stated that their decision was influenced by the pandemic, indicating that, even if the pandemic did keep some people away from pursuing entrepreneurship, it is also driving some into it.

Slovenia's Total early-stage Entrepreneurial Activity (TEA) rate declined from 7.8% in 2019 to 6.0% in 2020, one of the lower rates in Europe. This decrease may be explained by the fact that only 32% of respondents involved in TEA stated that they saw new opportunities as a result of the pandemic. This indicates a lack of readiness to respond to the changes brought on by the pandemic, which may already be generating a small decline in TEA. Slovenia's hiring plans, a correlate for confidence in the future, is also fairly low: only 1.5% of Slovenians stated that they planned on hiring six or more employees for their business over the next five years. These are trends that must be monitored carefully, as entrepreneurial confidence is a delicate and intangible condition that can take years to rebuild before potential entrepreneurs are willing to take risks again.

2020 Framework Conditions Review

Slovenia's governmental performance was given mixed reviews in 2020, with two of its three scores increasing somewhat, while the third decreased substantially. For "Government policy: support and relevance" the score increased slightly, from 4.0 in 2019 to 4.1 in 2020 (29th among GEM economies). Similarly, "Government policy: taxes and bureaucracy" rose from 3.4 in 2019 to 3.6 in 2020 (28th among GEM economies). However, for "Government entrepreneurship programs" the score fell substantially, from 5.1 in 2019 to 4.5 in 2020 (25th among GEM participating economies). Fittingly, experts rated Slovenia's governmental response to the pandemic at 4.9, 24th overall among GEM economies.

Slovenia's two education-related Framework Conditions increased from 2019 to 2020, despite the difficulties of in-person education during the pandemic. The condition "Entrepreneurial education at school" improved in score from 2.8 in 2019 to 3.3 in 2020, 17th among GEM economies. The score for the condition "Entrepreneurial education post-school" similarly increased, from 4.3 in 2019 to 4.7 in 2020 (20th overall). These are always encouraging signs and perhaps reflect a stronger, growing commitment to the future of entrepreneurship in Slovenia. Somewhat relatedly, Slovenia's "Social and cultural norms" score increased from 3.7 in 2019 to 4.5 in 2020 (31st among GEM economies). This improvement in social perceptions of entrepreneurship may also explain why experts rated Slovenia's entrepreneurial response to the pandemic as being a little stronger than the governmental response. This was scored 6.7, 19th among GEM economies, compared to the governmental response ranking of 24th among GEM economies.

Institution

Lead institution

University of Maribor, Faculty of Economics and Business, Institute for Entrepreneurship and Small Business Management



Faculty of Economics and Business



Type of institution

University

Website

<https://www.um.si/en>

Team

Team leader

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Professor Polona Tominc, PhD

Associate Professor Barbara Bradač Hojnik, PhD

Assistant Professor Katja Crnogaj, PhD

Matej Rus, MSc

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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ECONOMY PROFILE



Spain

■ Population (2020): **47.1 million** (UN)

■ GDP per capita (2019; PPP, international \$): **38.14 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	37.4	37
Good opportunities to start a business in my area	16.5	42
It is easy to start a business	34.6	34
Personally have the skills and knowledge	51.9	35
Fear of failure (opportunity)	53.6	2
Entrepreneurial intentions	6.8	39

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.5	40
International (25%+ revenue)	0.3	35=
National scope (customers and products/process)	0.4	36=
Global scope (customers and products/process)	0.1	30=
Industry (% TEA in business services)	30.8	12

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	32.3	33	29.9	34.3
Build great wealth	34.9	40	27.6	41.1
Continue family tradition	17.4	38	17.8	17.0
To earn a living	72.3	19	74.1	70.7

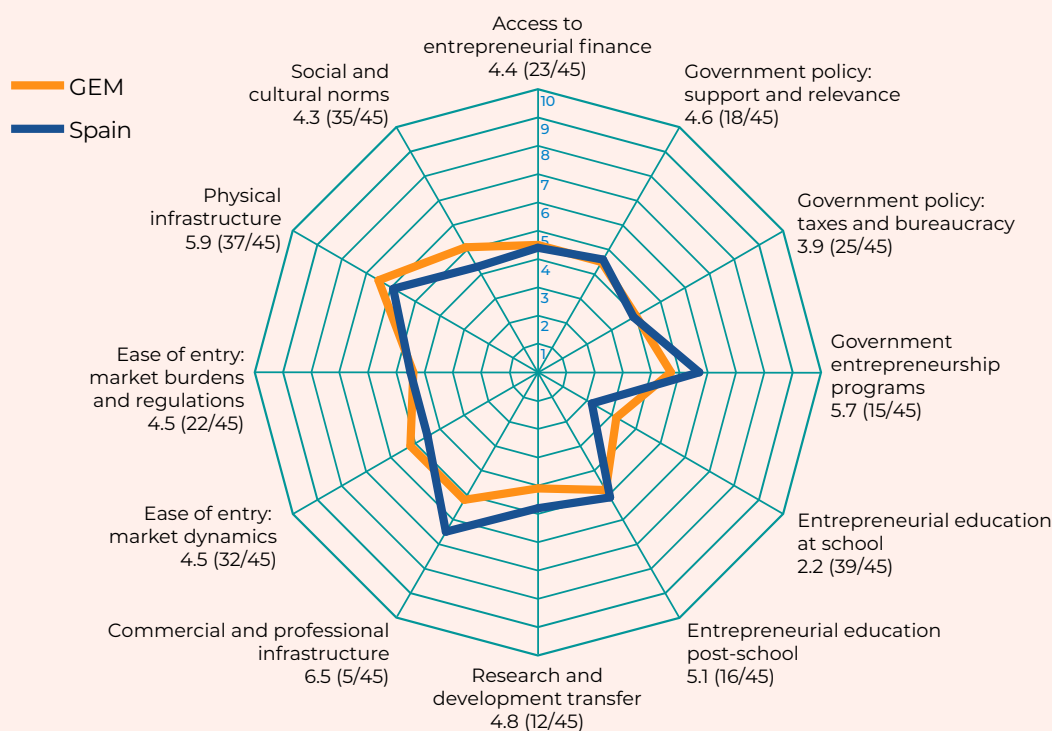
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	5.2	40	4.8	5.6
Established Business Ownership rate	6.7	20=	5.8	7.7
Entrepreneurial Employee Activity	0.8	31=	0.8	0.8

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	42.7	28
Know someone who started business due to pandemic	12.7	32
Know someone who stopped business due to pandemic	41.8	22
Pursue new opportunities due to pandemic	25.5	34

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

In 2020, Spain experienced small declines among many of its key entrepreneurial activity indicators, with the entrepreneurial outlook being shaped by the COVID-19 pandemic. Overall, 43% of Spanish adults (18–64) reported that they had lost at least some household income as a result of the pandemic. While this is on the higher side for GEM European economies, it is a bit lower than other southern European economies such as Greece (55%) and Italy (52%). This macroeconomic decline may impact entrepreneurial confidence, as Spanish adults' intentions to start a business in the next year shrank slightly, from 7.4% in 2019 to 6.8% in 2020, one of the lower rates among all GEM participating economies, although still above Italy's rate of 4.5%. Of these potential entrepreneurs, 54% stated that the pandemic had influenced their intention to start a business.

Spain's Total early-stage Entrepreneurial Activity (TEA) rate declined slightly, from 6.2% in 2019 to 5.2% in 2020. Its 5.2% rate is the third lowest among GEM European economies, ahead of only Italy (1.9%) and Poland (3.1%). This has been about the average, or near-average, TEA rate for Spain over the past few years, suggesting a fairly stable set of entrepreneurially oriented adults in the economy ready to engage in new business ventures. However, it will be interesting to track whether this rate remains in the 5–6% range, as three-quarters of adults involved in TEA reported that they saw no new opportunities because of the pandemic. Depending on the severity of the pandemic in Spain, those who are not ready to adapt may not remain entrepreneurs, in which case the rate may decline further. This dynamic is also present in Spain's Established Business Ownership (EBO) rate, which actually increased, from 6.3 in 2019 to 6.7 in 2020. However, four-fifths of Spanish adults involved in EBO see no opportunities because of the pandemic.

It will be essential to track whether established business owners, like early-stage entrepreneurs, can continue their business model without reacting to opportunities presented by the pandemic during the economy's recovery.

2020 Framework Conditions Review

While entrepreneurial activity in Spain remained relatively stable during 2020, giving the impression of steadiness, Spanish experts did not see it this way. In all but one Framework Condition, experts awarded significantly lower scores to Spain in 2020 compared to 2019. Their assessment of the Spanish government was particularly negative. For "Government policy: support and relevance" the score declined from 5.3 in 2019 to 4.6 in 2020; for "Government policy: taxes and bureaucracy" the score declined from 5.1 to 3.9; and for "Government entrepreneurship programs" it fell from 6.0 to 5.7. It is unsurprising, then, that experts rated the Spanish government's response to the pandemic at only 3.5, 39th among all GEM economies. The only condition in which Spain improved is "Commercial and professional infrastructure", the score for which rose from 6.0 in 2019 to 6.5 in 2020, placing it fifth among all GEM economies.

The negative assessment of the Spanish government's response is matched by a negative assessment of entrepreneurial performance during the pandemic. Experts' gauging of the entrepreneurial response to the pandemic as 6.2 places Spain 35th among GEM economies. This presents a unique challenge, given how many conditions Spain will need to improve on if it is to enhance the conduciveness of its business context for entrepreneurship. Policies that make it easier to access new customer markets may help, as many entrepreneurs fail to see opportunities as a result of the pandemic.

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>

Other institutions involved

National Team

Empresa Nacional de Innovación, SA (ENISA)

Regional Teams

Universidad de Cadiz (GEM Andalucía); Universidad de Zaragoza (GEM Aragón); Universidad de Oviedo (GEM Asturias); Universidad de las Islas Baleares (GEM Baleares); Universidad

de las Palmas de Gran Canaria (GEM Canarias); Universidad de Cantabria (GEM Cantabria); Universidad Autónoma de Barcelona (GEM Cataluña); Universidad de Castilla la Mancha (GEM Castilla La Mancha); Universidad de León (GEM Castilla y León); Universidad de Granada (GEM Ceuta, GEM Melilla); Universidad Autónoma de Madrid (GEM Madrid); Universidad Miguel Hernández de Elche (GEM Comunidad Valenciana); Universidad de Extremadura (GEM Extremadura); Universidad de Santiago de Compostela (GEM Galicia); Universidad Internacional de la Rioja (GEM La Rioja); Universidad de Murcia (GEM Murcia); Universidad de Navarra (GEM Navarra); Universidad del País Vasco (GEM País Vasco); Universidad Internacional de la Rioja (Deusto)

Team

Team leader

Ana Fernández Laviada, PhD

Team members

National Team

Isabel Neira, PhD; Yago Atrio

Regional Teams

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Funders

Empresa Nacional de Innovación, SA (ENISA)

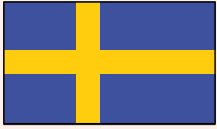
APS vendor

Opinometre

Contact

ana.fdez.laviada@gem-spain.com

ECONOMY PROFILE



Sweden

■ Population (2020): **10.3 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **52.48 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	48.5	30
Good opportunities to start a business in my area	62.5	12
It is easy to start a business	80.1	4
Personally have the skills and knowledge	52.1	34
Fear of failure (opportunity)	42.8	21
Entrepreneurial intentions	8.3	35=

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.1	35=
International (25%+ revenue)	1.4	14=
National scope (customers and products/process)	1.2	22=
Global scope (customers and products/process)	0.4	18=
Industry (% TEA in business services)	34.4	6

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	41.5	21	43.0	40.8
Build great wealth	42.8	33	31.4	48.1
Continue family tradition	24.2	28	16.1	28.0
To earn a living	28.9	42	24.1	31.1

Activity

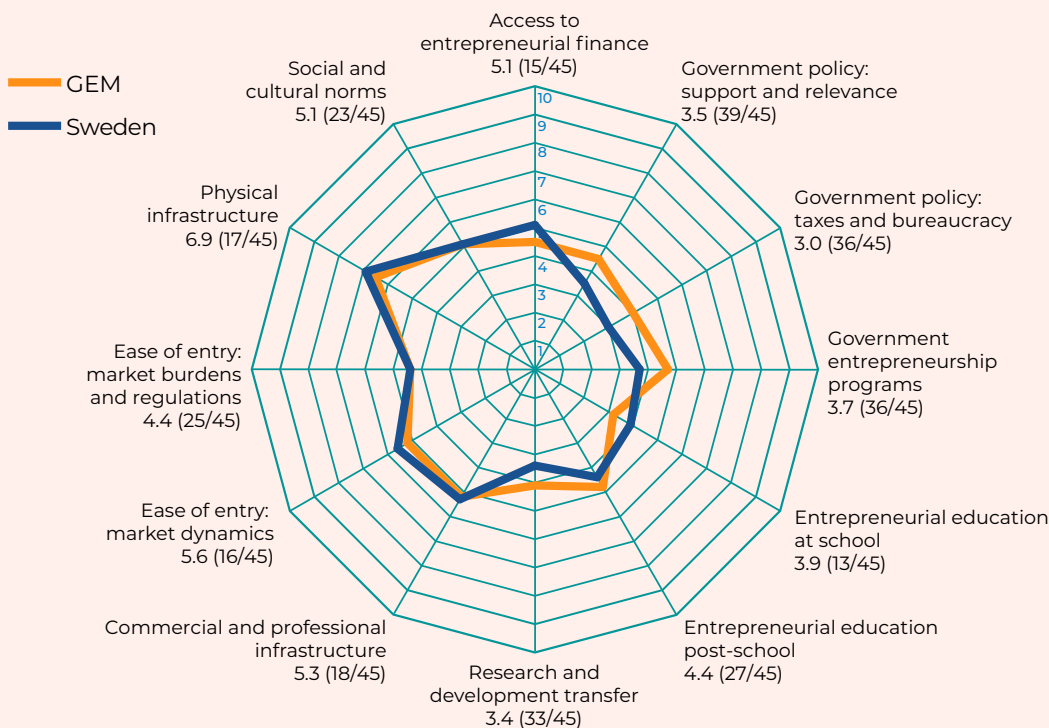
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	7.3	35	4.8	9.7
Established Business Ownership rate	6.0	27	3.6	8.4
Entrepreneurial Employee Activity	6.2	4	5.2	7.3

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	23.7	41
Know someone who started business due to pandemic	10.5	34
Know someone who stopped business due to pandemic	17.9	40

	% TEA	Rank/43
Pursue new opportunities due to pandemic	34.5	27

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Sweden generated a mix of positive and negative results from its 2020 GEM cycle. In contrast to most other economies, only 24% of Swedish adults (18–64) reported that they had experienced a loss of household income as a result of the COVID-19 pandemic. This was the third-lowest rate among GEM European economies, behind the Netherlands (22%) and Norway (19%). Additionally, 10% of Swedish adults actually reported an overall increase in their household income as a result of the pandemic: highest among GEM European countries and just behind the United States (11%). These relatively positive figures may have reduced the ambition of some potential entrepreneurs to start new ventures in the midst of so much uncertainty. Accordingly, only 8.3% of Swedish adults in 2020 intended to start a business over the next three years, a decrease from 10.9% in 2019. Within this group of prospective entrepreneurs, only 14% reported that their decision was influenced “to a large extent” by the pandemic, indicating that the pandemic may not be top of mind for aspiring Swedish entrepreneurs, particularly given the relatively small effect it has had on the overall economy.

Sweden’s Total early-stage Entrepreneurial Activity (TEA) rate declined slightly, from 8.3% in 2019 to 7.3% in 2020. Within the group of respondents involved in TEA, 65% saw no new opportunities as a result of the pandemic. This is potentially worrying, as a significant portion of early-stage entrepreneurs may not be adapting to the pandemic’s new business realities. It may also have diminished the future plans of Swedish early-stage entrepreneurs. In 2020, only 1.1% of Swedish adults planned on hiring six or more employees over the next five years, down slightly from 1.2% in 2019, but still one of the lowest rates among GEM European economies. However, on an optimistic note, Sweden’s Established Business Ownership (EBO) rate increased, from 4.9% in 2019

to 6.0% in 2020. While a modest increase, it is the only GEM European economy to increase by at least 1% over this time period, suggesting that there is a resilient set of business owners in Sweden.

2020 Framework Conditions Review

Despite Sweden’s strong macroeconomic performance and relatively strong EBO sector, experts were overwhelmingly negative in assessing the economy’s conditions for entrepreneurship. Across all but one condition, experts gave Sweden lower scores in 2020 compared to 2019. Of its government-related conditions, “Government policy: taxes and bureaucracy” was scored at 3.0 (36th among GEM economies) in 2020, compared to 3.5 in 2019, while “Government entrepreneurship programs” was scored 3.7 in 2020, compared to 4.6 in 2019. This negative assessment of government performance was reflected in the experts’ scores on the governmental response to the pandemic, scoring Sweden at 4.3, 31st among all GEM economies.

Other negative assessments include the condition “Research and development transfer”, which was given a score of 3.4 in 2020 (33rd among GEM economies), compared to 4.3 in 2019: a serious decline in an economy generally considered to have strong research and development operations. The two “ease of entry” conditions, which assess the ease or difficulty of engaging in domestic entrepreneurial activity, were also given lower scores in 2020, suggesting that entrepreneurs faced significantly more barriers to participating in the domestic economy than in the previous year. Yet experts scored the Swedish entrepreneurial response to the pandemic at 6.9, 11th overall among GEM economies. Perhaps this high score, relative to government performance, acknowledges the difficulty of being a Swedish entrepreneur in 2020, suggesting a more accommodating government policy is needed.

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
Postdoctoral Researcher Emma Lappi

Funders

Confederation of Swedish Enterprise
(Svenskt Näringsliv)

Swedish Agency for Economic and
Regional Growth (Tillväxtverket)

APS vendor

AskSweden

Contact

johan.eklund@entreprenorskapsforum.se



Switzerland

■ Population (2020): **8.6 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **68.34 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	44.6	33
Good opportunities to start a business in my area	26.7	39
It is easy to start a business	55.5	22
Personally have the skills and knowledge	44.5	39
Fear of failure (opportunity)	33.5	36
Entrepreneurial intentions	7.3	38

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	0.9	37=
International (25%+ revenue)	1.2	16=
National scope (customers and products/process)	1.4	21
Global scope (customers and products/process)	0.9	6=
Industry (% TEA in business services)	33.6	11

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	42.5	20	44.2	41.1
Build great wealth	32.5	42	29.9	34.7
Continue family tradition	20.1	35	16.9	22.9
To earn a living	52.0	33	41.9	60.9

Activity

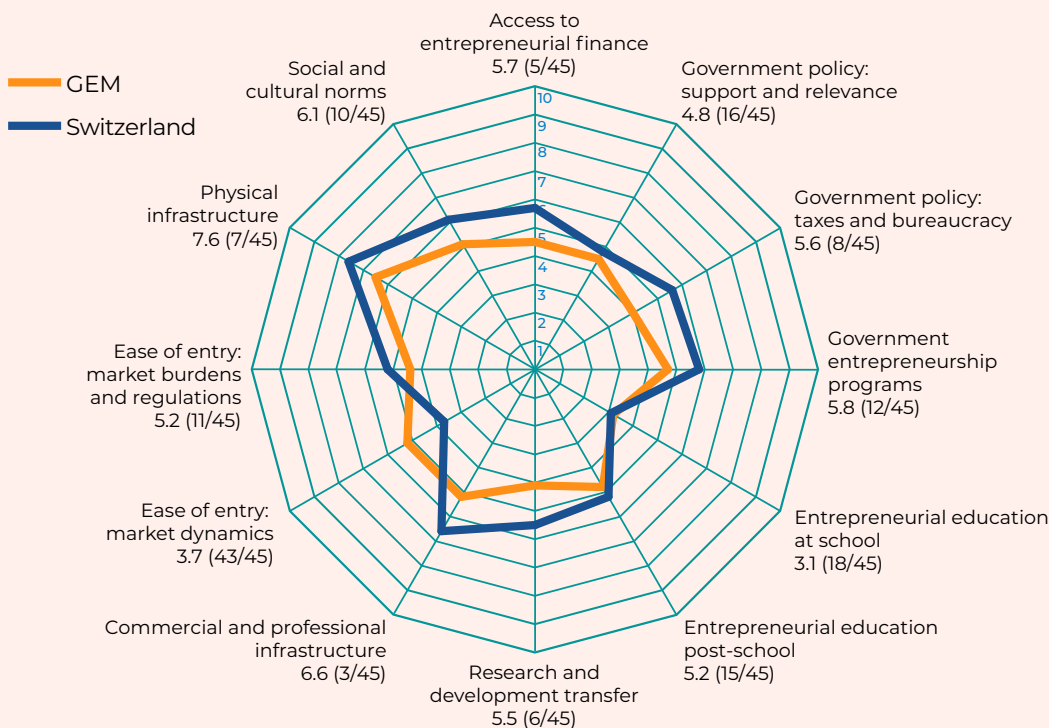
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	9.2	25	8.7	9.8
Established Business Ownership rate	6.7	20=	5.3	8.2
Entrepreneurial Employee Activity	5.2	12=	4.2	6.1

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	40.0	31
Know someone who started business due to pandemic	9.8	35
Know someone who stopped business due to pandemic	21.6	38

	% TEA	Rank/43
Pursue new opportunities due to pandemic	24.2	36=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
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 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

The pandemic had a significant impact on many Swiss households and established entrepreneurs. In total, 40% of Swiss adults (18–64) reported some household income loss as a result of the COVID-19 pandemic, which is near the median among all European economies but higher than peer countries Austria (32% reporting income loss) and Germany (30%). Intentions to start a business within the next three years declined from 11% in 2019 to 7% in 2020 among Swiss adults. This decline, coupled with the fact that only 47% of those intending to start a business were influenced by the pandemic, suggests that potential Swiss entrepreneurs are perhaps discouraged from pursuing a new business for macroeconomic and policy reasons, in addition to the pandemic.

Yet, despite the decline in entrepreneurial intentions, the rate of early-stage entrepreneurs in Switzerland remained relatively steady from 2019 (9.8%) to 2020 (9.2%). The rate of Established Business Ownership (EBO) declined significantly, however, from 11.6% in 2019 to 6.7% in 2020. The decline in this set of entrepreneurs is particularly concerning, given that 78% of Swiss business owners see no opportunities as a result of the pandemic. While it is difficult to predict these trends, the lack of opportunity identification among this group suggests that the Swiss EBO rate may continue its decline unless positive policy responses can be identified. Similarly, 76% of early-stage Swiss entrepreneurs see no pandemic-led opportunities. This pessimism may explain why only 1% of the adult Swiss population expects to hire six or more employees over the next five years, down from 3% in 2019.

2020 Framework Conditions Review

Despite some of the pessimism felt by established and aspiring Swiss entrepreneurs, Switzerland's National Expert Survey (NES) assessment scores were quite strong overall, particularly in the areas of "Access to entrepreneurial finance" (5.7; fifth among GEM participating economies), "Research and development transfer" (5.5; sixth among GEM participating economies) and "Commercial and professional infrastructure" (6.6; third among GEM economies). These imply solid foundations from which research and capital-intensive entrepreneurship could guide Switzerland's COVID-19 recovery if targeted policy continues to support these areas.

However, like most GEM economies, Switzerland's NES scores in many other areas declined compared to the previous year. This is to be expected, considering the impact of the pandemic on public institutions. Specifically, the condition "Government policy: support and relevance" decreased from 5.8 in 2019 to 4.8 in 2020. Ironically, the Swiss government had done well in supporting small business at the outset of the early COVID-19 lockdown, but inconsistent policy in this area during the second half of the year may have caused a more pessimistic evaluation from experts. When directly evaluating the government's response to COVID-19, Swiss experts gave the government a 5.9 score, about average among all GEM economies. Both education-related framework conditions also declined significantly compared to 2019, perhaps reflecting concerns over how COVID-19 has impacted the consistent delivery of a previously high-scoring Swiss school system.

After a fast start to an apparent economic recovery from COVID-19, Swiss entrepreneurs are facing an uncertain future. There appears to be deep pessimism among both early-stage and established entrepreneurs about how to adapt to the pandemic. Policies that can boost entrepreneurs' confidence in the future stability of the Swiss economy, during and after COVID-19, will be crucial to halting the current decline.

Institution

Lead institution

School of Management (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

Team

Team leader

Professor Rico Baldegger, PhD

Team members

Associate Professor Raphael Gaudart
Associate Professor Pascal Wild
Gabriel Simonet, MSc

Funders

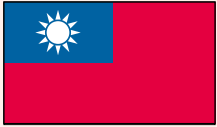
School of Management (HEG-FR)
University of Applied Sciences and
Arts Fribourg (HES-FR)

APS vendor

Cfs Bern

Contact

rico.baldegger@hefr.ch



Taiwan

■ Population (2020): **23.8 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **54.02 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	32.3	42
Good opportunities to start a business in my area	39.3	32
It is easy to start a business	42.5	31
Personally have the skills and knowledge	44.8	38
Fear of failure (opportunity)	42.6	22
Entrepreneurial intentions	15.5	26

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	2.0	26
International (25%+ revenue)	0.5	28=
National scope (customers and products/process)	2.3	11=
Global scope (customers and products/process)	0.8	8=
Industry (% TEA in business services)	9.6	33

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	52.5	12	45.7	57.7
Build great wealth	57.2	23	52.6	60.8
Continue family tradition	25.6	26	24.5	26.4
To earn a living	32.8	41	40.3	27.1

Activity

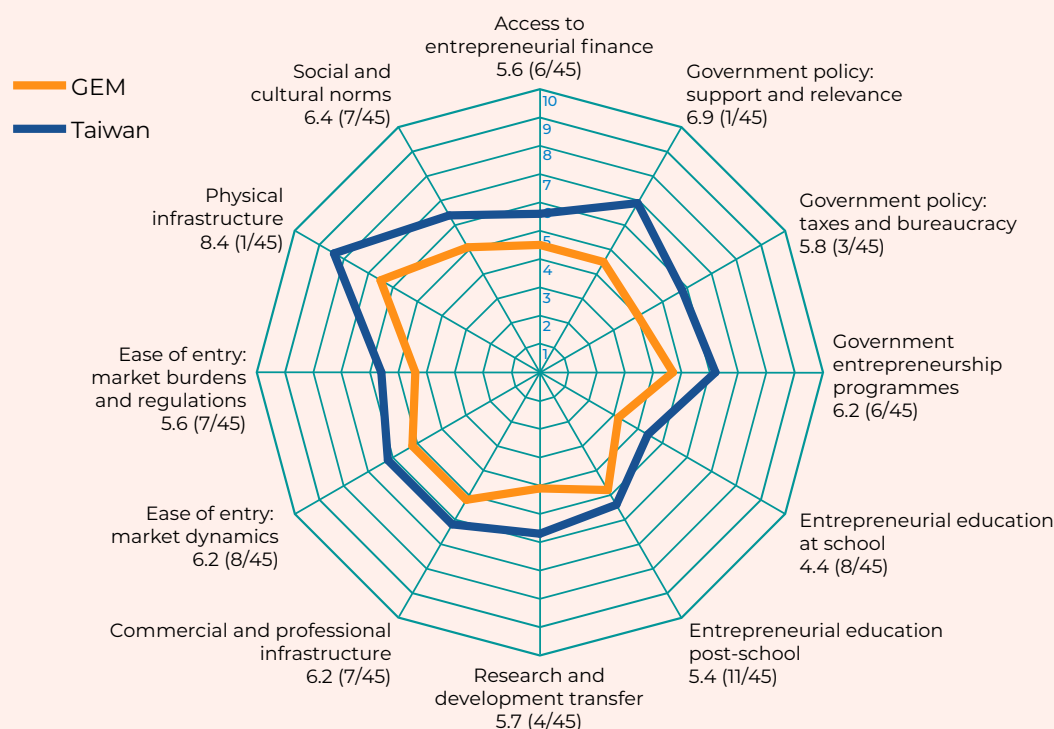
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	8.4	30	7.3	9.6
Established Business Ownership rate	11.1	9=	8.0	14.3
Entrepreneurial Employee Activity	2.3	21	1.3	3.4

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	39.8	32
Know someone who started business due to pandemic	8.1	37
Know someone who stopped business due to pandemic	15.5	43

	% TEA	Rank/43
Pursue new opportunities due to pandemic	43.2	17

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Taiwan's entrepreneurs seem to have survived the pandemic period relatively well, much like its regional peer economy the Republic of Korea. In 2020, 40% of Taiwan's adult population (18–64) reported that they had lost household income as a result of the pandemic, which is one of the better outcomes among all GEM economies, and similar to some other high-income countries like the United States, which also registered a 40% rate in this area. The Taiwanese population also maintained a steady inclination towards starting a new business, with the rate of adults intending to start a business within the next three years increasing from 14.4% in 2019 to 15.5% in 2020, making it one of the few GEM economies to experience a higher rate of entrepreneurial intentions from 2019 to 2020. Of those intending to start a business, 23% stated that the pandemic had influenced their decision “to a large extent”: a rate similar to that of the Republic of Korea (22%).

Taiwan's Total early-stage Entrepreneurial Activity (TEA) rate also remained steady over this period, at 8.4% in both 2019 and 2020. While this is lower than the Republic of Korea (13%), it is higher than many other high-income GEM economies, indicating a healthy entrepreneurial dynamism that is difficult to achieve in highly industrialized economies. Among these early-stage entrepreneurs, there is some concern in the finding that 57% of them see no new opportunities as a result of the pandemic. However, other related findings suggest optimism has not declined too much. In 2020, 2% of the Taiwanese population indicated that they planned on hiring six or more employees over the next five years, which is just a little below the 2019 rate of 2.5%. While it is not near the top of high-income countries, this hiring expectation is still reasonably strong and well above

several industrialized European economies. Similarly, Taiwan's Established Business Ownership (EBO) rate also experienced a slight decline, from 12.8% in 2019 to 11.1% in 2020. While this is slightly concerning, this figure is still one of the higher rates among all high-income GEM countries.

2020 Framework Conditions Review

Taiwan's entrepreneurial activity as measured by Adult Population Survey (APS) indicators largely remained the same in 2020. However, Taiwanese national experts actually registered some significant improvement across several Framework Conditions. In particular, the condition “Government policy: support and relevance” score increased from 6.0 in 2019 to 6.9 in 2020, placing Taiwan first in that condition among GEM participating economies. “Research and development transfer” increased from 5.4 in 2019 to 5.7 in 2020, placing Taiwan fourth, and the “Physical infrastructure” score went from 8.2 in 2019 to 8.4 in 2020 (first among GEM participating economies). Scores for Taiwan's educational Framework Conditions also increased from 2019 to 2020. This is rare among GEM economies in 2020, given the significant impact COVID-19 has had on in-person learning over the past year.

All of these score improvements suggest that experts were more impressed with Taiwan's handling of the pandemic than experts in many other economies. This is also apparent in the experts' scores for how entrepreneurs responded to the pandemic (7.3, seventh among GEM participating economies) and for the government's response (6.7, fourth among GEM participating economies). These strong foundations, in addition to the reasonably stable rates of entrepreneurial activity despite the pandemic, suggest that Taiwan is well positioned for a strong COVID-19 recovery.

Institution

Lead institution

Taiwan Institute of Economic Research (TIER)



Type of institution

Research Institute

Website

<https://english.tier.org.tw>

Team

Team leader

Xin-Wu Lin, PhD

Team members

Ju-Yin Tang, PhD

Jia-Jing Lin, PhD

Funders

Small and Medium Enterprise Administration (SEMA)

APS vendor

China Credit Information Service

Contact

d32562@tier.org.tw

ECONOMY PROFILE



Togo

■ Population (2020): **8.1 million** (UN)

■ GDP per capita (2019; PPP, international \$): **1.64 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	68.5	8
Good opportunities to start a business in my area	78.5	5
It is easy to start a business	58.5	20
Personally have the skills and knowledge	91.9	1
Fear of failure (opportunity)	44.2	17
Entrepreneurial intentions	48.3	11

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.9	12
International (25%+ revenue)	2.2	7=
National scope (customers and products/process)	0.4	36=
Global scope (customers and products/process)	0.1	30=
Industry (% TEA in business services)	1.5	43

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	36.9	29	31.1	44.7
Build great wealth	85.5	5	86.1	84.7
Continue family tradition	32.6	16	33.2	31.7
To earn a living	84.6	7	86.7	81.7

Activity

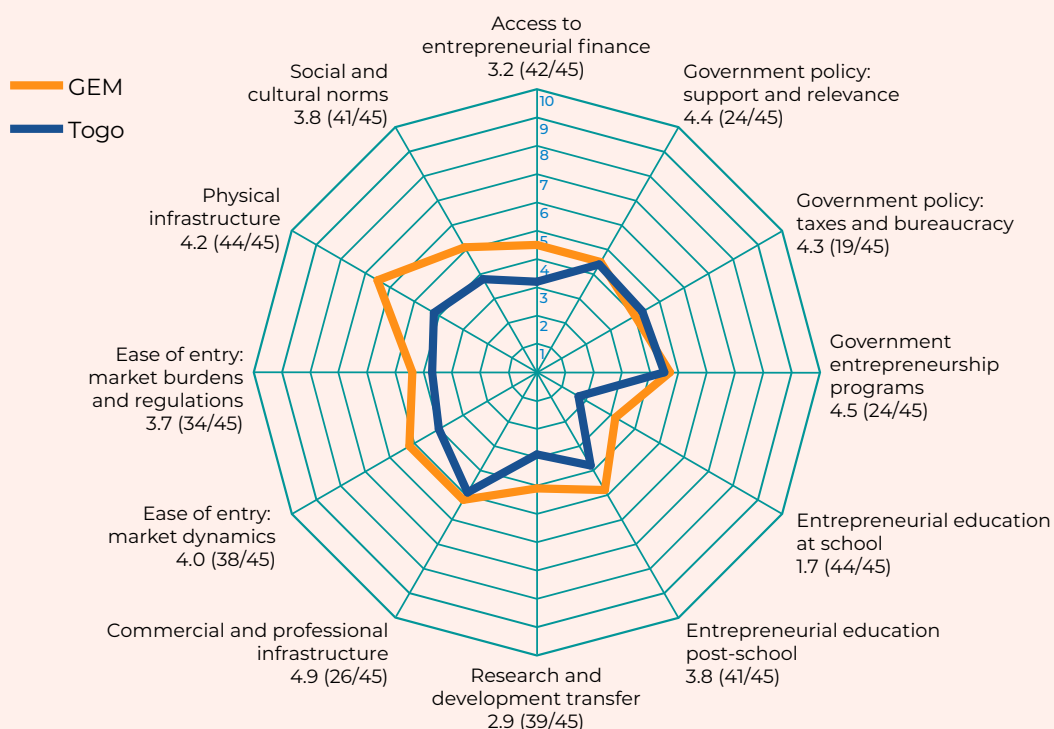
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	32.9	2	35.6	29.8
Established Business Ownership rate	17.8	1	17.0	18.7
Entrepreneurial Employee Activity	0.6	37	0.6	0.6

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	89.8	2
Know someone who started business due to pandemic	27.0	17
Know someone who stopped business due to pandemic	50.7	15

	% TEA	Rank/43
Pursue new opportunities due to pandemic	24.2	36=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Togo suffered severe economic consequences as a result of the COVID-19 pandemic, as measured by GEM. In 2020, three-quarters of Togolese adults (18–64) reported that household income had “strongly decreased” as a result of the pandemic, and 90% reported a decrease overall. The rate of those whose income had strongly decreased was the highest among all GEM participating economies by a wide margin. Yet, unlike Angola or Burkina Faso, the majority of aspiring entrepreneurs in Togo were quite reactive to the pandemic when making decisions about future entrepreneurship. In Togo, 48% of adults intend to start a business within the next three years, and of those prospective entrepreneurs, 70% stated that their decision was influenced by the pandemic; as many as 49% stated that it was “to a large extent”, much higher than Angola or Burkina Faso.

Togo’s Total early-stage Entrepreneurial Activity (TEA) rate, at 32.9%, was the second highest among GEM economies, behind Angola (49.6%). This high TEA rate demonstrates an economy in which many prospective entrepreneurs foster those aspirations into the early planning and founding stages of a new business (captured by TEA) and then past the established business threshold. Togo’s Established Business Ownership (EBO) rate was 17.8% in 2020, the highest rate among all GEM economies, ahead of Iran (14.5%) and Greece (14.6%). Much like Burkina Faso, these high rates along each stage of the entrepreneurial process (intentions, early-stage, then established) suggest a defined and even viable path for entrepreneurs in this economy. However, the vast majority of Togolese respondents involved in either TEA or EBO see no new opportunities as a result of the pandemic, a potentially worrying sign for a recovery that will likely require the shifting of business models and the offering of new products and services.

2020 Framework Conditions Review

On most Framework Conditions, Togo received relatively low expert scores compared to other GEM economies, with the exception of its governance indicators. Because it did not participate in the 2019 GEM survey cycle, comparisons to other economies is an essential component in assessing its performance. For the condition “Access to entrepreneurial finance” Togo’s score of 3.2 placed it 42nd among GEM participating economies, although ahead of its African GEM peers Angola (3.1) and Burkina Faso (2.7). In its governance-related indicators, however, Togo performed significantly better. For the condition “Government policy: support and relevance” Togo scored 4.4, 24th among GEM economies; for “Government policy: taxes and bureaucracy” it scored 4.3, 19th among GEM economies; and for “Government entrepreneurship programs” it scored 4.5, 24th overall. These relatively strong conditions seemingly led experts to acknowledge the Togolese government’s response to the pandemic as being above average among GEM economies, with a score of 5.7.

Unfortunately, with the exception of “Commercial and professional infrastructure”, for which it scored 4.9 (26th among GEM economies and the highest among African peers), Togo found itself in the lower portion of GEM economies in its remaining conditions. For the condition “Social and cultural norms” Togo’s 3.8 score (41st overall, behind Angola and Burkina Faso) is a little surprising for an economy with a high TEA rate and high intentions for starting a business in the next three years. Yet, despite these high levels among the Togolese adult population, current entrepreneurial activity is not particularly well regarded by experts, as evidenced by the “Cultural norms” score and the fact that its 5.3 score on how entrepreneurs have responded to the pandemic ranked 43rd among GEM economies.

Institution

Lead institution

Coalition Nationale pour l’Emploi des Jeunes (CNEJ)



REPUBLIQUE TOGOLAISE
Ministère du Développement à la Base,
de l’Artisanat
et de la Jeunesse
Coalition nationale pour l’emploi des
jeunes

Type of institution

Public Body

Website

<http://democnej.info>
<http://www.caderdt.com>

Team

Team leader

Eric M. Tamandja, A.B. Dr

Team members

Gnassingbe-E Odilia B.
Kola Koboyo
Abalo-Koboyo Padakale
Ayao Kokou-Maduvo
Korku Kofi Soweto
Soklou Ahoefa Immaculée
Abdel Adhime A. A. Salami
Junien Roxan Nze Biyoghe
Koulalo Kodjo
Amewokunu Yao A.

Funders

Coalition Nationale pour l’Emploi des Jeunes (CNEJ)

APS vendor

Centre autonome d’études et de renforcement des capacités pour le développement au Togo (CADERTD)

Contact

cnej.tg@gmail.com
caderdt@caderdt.com



United Arab Emirates

■ Population (2020): **9.8 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **58.47 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	65.5	14
Good opportunities to start a business in my area	62.1	14
It is easy to start a business	69.5	10
Personally have the skills and knowledge	54.7	29
Fear of failure (opportunity)	47.1	13
Entrepreneurial intentions	29.3	16

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	10.6	5
International (25%+ revenue)	2.9	3
National scope (customers and products/process)	4.1	5
Global scope (customers and products/process)	1.2	3=
Industry (% TEA in business services)	15.8	27=

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	52.4	13	58.1	50.7
Build great wealth	77.7	8	75.9	78.3
Continue family tradition	47.6	5	47.5	47.6
To earn a living	74.7	15	79.6	73.1

Activity

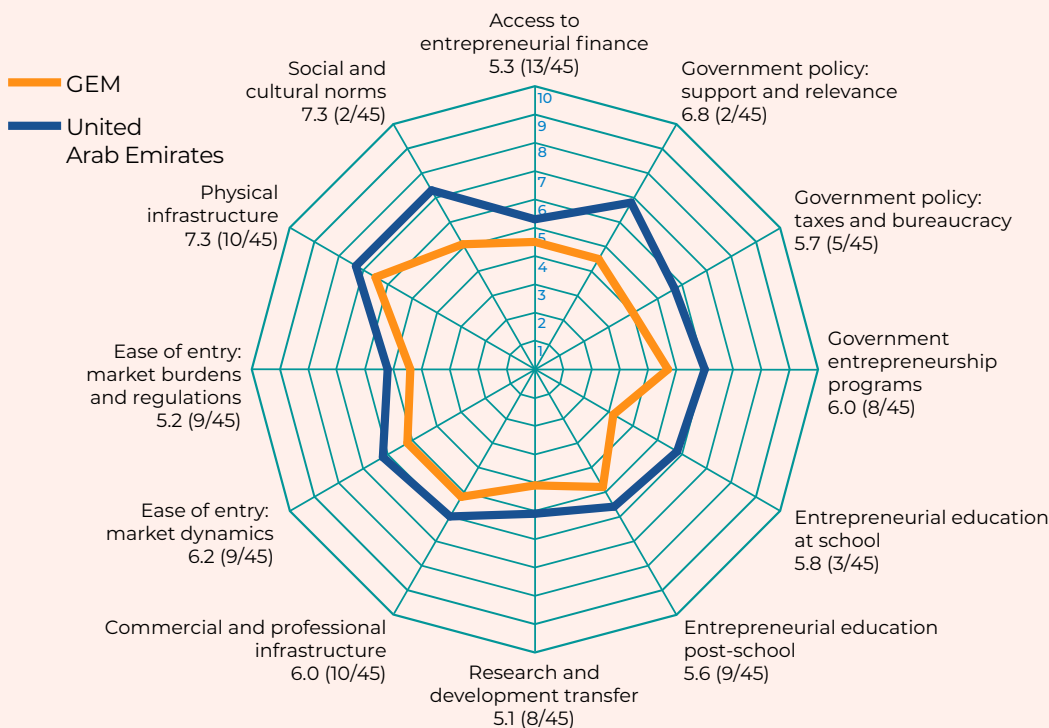
	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	15.4	17=	12.2	16.8
Established Business Ownership rate	2.5	41=	1.8	2.9
Entrepreneurial Employee Activity	1.7	23=	1.3	1.9

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	68.1	14
Know someone who started business due to pandemic	40.4	12
Know someone who stopped business due to pandemic	59.5	6

	% TEA	Rank/43
Pursue new opportunities due to pandemic	45.6	14

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
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 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

The United Arab Emirates experienced declines across several key entrepreneurial indicators in 2020, although there are also some optimistic signs moving forward. In 2020, 20.3% of UAE adults (18–64) reported that their household suffered a strong decrease in income because of COVID-19. This rate was similar to other high-income, resource-driven Middle East economies: Saudi Arabia (20.5%), Kuwait (23.3%), Qatar (18.3%) and Oman (16.1%). Perhaps as a result of these income losses, 67% of UAE adults stated that the pandemic had somewhat influenced their intention to start a business within the next three years, and 27% stated that the pandemic had impacted their intention to a large extent. Unsurprisingly, intentions to start a business within the next three years have declined in the United Arab Emirates overall, with 29% of adults reporting this intention in 2020, compared to 39% in 2019. This decline in new business intentions is comparable to Saudi Arabia's decline over the same period.

The United Arab Emirates also experienced a concerning decline in its Established Business Ownership (EBO) rate, from 7% in 2019 to 2.5% in 2020, while its Total early-stage Entrepreneurial Activity (TEA) only declined from 16.4% to 15.4% over this same period. This suggests that the pandemic has hit established businesses more than early-stage ventures in the United Arab Emirates. However, both established and early-stage entrepreneur categories revealed mixed levels of confidence in the future. Only 51% of established business owners see business opportunities as a result of the pandemic, and only 46% of early-stage entrepreneurs. Yet, despite these worrying signals about early-stage entrepreneurship, this group of entrepreneurs' hiring intentions have

actually remained quite steady over the past year. In 2020, 10.6% of the UAE adult population expected to hire six or more employees over the next five years, which was almost the same rate as 2019. This indicator demonstrates entrepreneurial confidence: an asset that will be necessary over the near future.

2020 Framework Conditions Review

Despite declines across several Adult Population Survey (APS) indicators, the UAE's National Expert Survey (NES) scores actually increased across several conditions compared to 2019. The condition "Government policy: support and relevance" increased from 6.4 in 2019 to 6.8 in 2020. The score for "Government entrepreneurship programs" also increased slightly, from 5.9 in 2019 to 6.0 in 2020. While these are relatively modest increases, it reveals that experts' evaluations of governmental conditions improved during the pandemic, compared to many other economies in which experts registered frustrations with their government's response. Perhaps unsurprisingly, then, UAE experts rated their government's response to the pandemic at 7.4, second among all GEM economies. The "Social and cultural norms" score also increased, from 6.8 in 2019 to 7.3 in 2020, putting the United Arab Emirates near the top of all GEM participating economies in that condition.

Overall, the positive signs in entrepreneurial activity, in addition to some strong expert scores on the government's handling of the pandemic, indicate that there may be reasons for optimism over the coming years.

Institution

Lead institution

United Arab Emirates University (UAEU)



Type of institution

University

Website

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Other institutions involved

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Tawazun

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Funders

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APS vendor

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United Kingdom

■ Population (2020): **66.8 million** (UN)
 ■ GDP per capita (2019; PPP, international \$): **44.29 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	49.8	29
Good opportunities to start a business in my area	27.3	38
It is easy to start a business	69.8	8=
Personally have the skills and knowledge	54.5	30
Fear of failure (opportunity)	48.3	11
Entrepreneurial intentions	8.2	37

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	1.3	32=
International (25%+ revenue)	0.7	23=
National scope (customers and products/process)	0.9	27=
Global scope (customers and products/process)	0.3	21=
Industry (% TEA in business services)	26.4	14=

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	57.6	11	60.0	56.0
Build great wealth	59.4	21	39.1	72.7
Continue family tradition	20.7	33	16.4	23.4
To earn a living	54.4	30	58.2	52.0

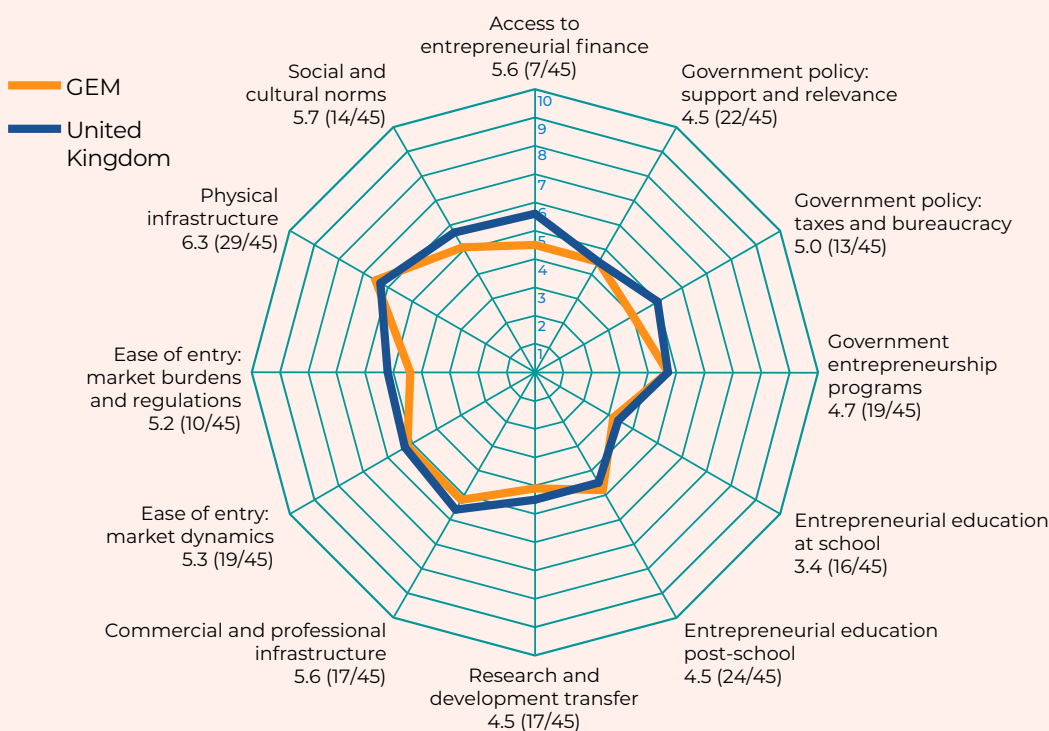
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	7.8	33	6.2	9.5
Established Business Ownership rate	6.5	22=	4.2	8.8
Entrepreneurial Employee Activity	5.4	9=	3.0	7.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	38.5	35
Know someone who started business due to pandemic	22.1	19
Know someone who stopped business due to pandemic	32.9	31
	% TEA	Rank/43
Pursue new opportunities due to pandemic	49.4	10=

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

The United Kingdom experienced falls across most measures of entrepreneurial activity in 2020, although there were also some points of optimism, and it is difficult to disentangle the effects of the pandemic from the impacts of Brexit. Only 39% of UK adults (18–64) reported that they experienced some loss of household income as a result of the pandemic, one of the lower rates among GEM European economies in 2020. Furthermore, 5% of UK adults actually experienced an increase in their household income as a result of the pandemic, which was about the average experience for GEM European countries. However, the pandemic still played a significant role in spurring entrepreneurship, perhaps in part due to lost income. The United Kingdom was one of the few European economies to increase its entrepreneurial intentions rate, which is adults expecting to create a new business in the next three years, up from 7.6% in 2019 to 8.2% in 2020. Of those adults intending to start a new business, 80% indicated that this decision was influenced by the pandemic to some extent.

The United Kingdom's Total early-stage Entrepreneurial Activity (TEA) rate fell from 9.3% in 2019 to 7.8% in 2020, below the Netherlands (11.5%) but above Germany (4.8%) as peer comparisons. Within the respondents involved in TEA, there was an even split between those who saw new opportunities because of the pandemic and those who did not. The 49% of UK early-stage entrepreneurs who saw opportunities because of the pandemic represents the highest figure among European countries, and the same rate as the United States. This suggests a level of adaptability to the pandemic that is rare among peer economies. However, this adaptability does not necessarily translate to higher confidence. Only 1.3% of UK adults plan on hiring six or more employees over the next five years, just half of the 2.6% in 2019. Yet 4.2% plan on hiring no employees for their business. This is made more concerning by the fact that the United Kingdom's Established Business

Ownership (EBO) rate decreased from 8.2% in 2019 to 6.5% in 2020, though, again, it is difficult to separate the effects of the pandemic from the impacts of leaving the EU. The low rate of hiring plans and falling number of established businesses is likely to mean fewer work opportunities in the coming years.

2020 Framework Conditions Review

Though the United Kingdom experienced declines across several key measures of entrepreneurial activity, experts rated a number of Framework Conditions as stronger in 2020 than in 2019. For the condition "Access to entrepreneurial finance" experts scored the United Kingdom at 5.6 in 2020, seventh among GEM economies, up from 5.3 in 2019. The condition "Research and development transfers" showed an even larger score increase, from 3.8 in 2019 to 4.5 in 2020, although only ranking 17th among GEM economies despite the improvement. "Commercial and professional infrastructure" also experienced a score increase, from 5.1 in 2019 to 5.6 in 2020.

Experts also saw improvements in a couple of factors related to government support. Both the conditions "Government policy: support and relevance" (4.5) and "Government entrepreneurship programs" (5.0) were rated significantly higher in 2020 compared to 2019. Curiously, this improvement was not fully extended to experts' assessments of the government's response to the pandemic. For this, experts scored the government at 5.2, 20th among GEM economies. However, experts rated the entrepreneurial response to the pandemic much higher at 7.5, fifth among GEM economies. This may relate to the rate of entrepreneurs who saw new opportunities during the pandemic, which was higher than other GEM European countries. The adaptability of UK entrepreneurs during the pandemic and the turmoil of Brexit may have been captured in expert scores, providing some optimism for future innovations.

Institution

Lead institution

Aston Business School, Aston University



Aston Business School
BIRMINGHAM UK

Type of institution

University

Website

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Department for the Economy (Northern Ireland Government) (DfE)
Welsh Government

NatWest Bank Ltd

Hunter Centre of Entrepreneurship, Strathclyde Business School

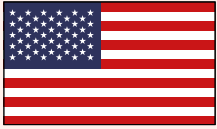
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United States

■ Population (2019): **328.2 million** (UN)
 ■ GDP per capita (2020; PPP, international \$): **63.05 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	60.9	18
Good opportunities to start a business in my area	48.6	21
It is easy to start a business	68.6	11
Personally have the skills and knowledge	64.0	17
Fear of failure (opportunity)	41.2	27=
Entrepreneurial intentions	12.6	29

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.2	16
International (25%+ revenue)	0.5	28=
National scope (customers and products/process)	1.8	16=
Global scope (customers and products/process)	0.8	8=
Industry (% TEA in business services)	34.3	7=

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

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

Motivational

	(somewhat or strongly agree)		% Female	% Male
	% TEA	Rank/43	TEA	TEA
To make a difference	68.2	3	70.4	66.4
Build great wealth	66.0	16	60.9	70.1
Continue family tradition	28.6	20	26.3	30.5
To earn a living	50.2	34	51.1	49.4

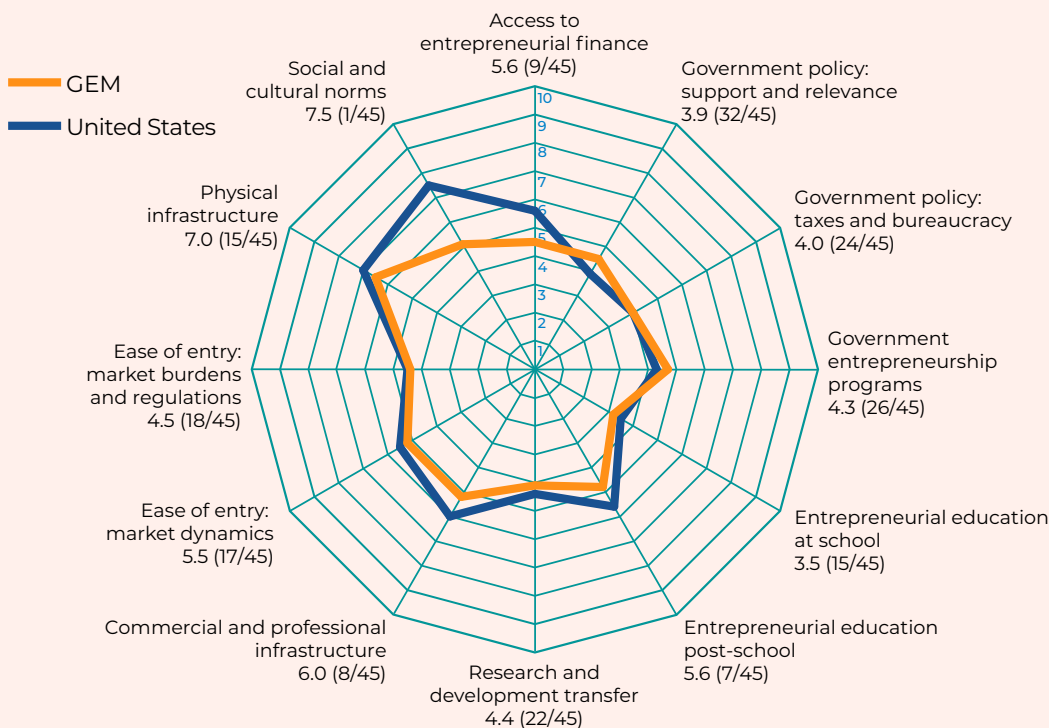
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	15.4	17=	13.6	17.3
Established Business Ownership rate	9.9	11	7.3	12.6
Entrepreneurial Employee Activity	4.8	14	2.8	6.7

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	39.6	34
Know someone who started business due to pandemic	21.8	20
Know someone who stopped business due to pandemic	41.5	23
	% TEA	Rank/43
Pursue new opportunities due to pandemic	46.7	12

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate
 insufficient status,
 10 = very adequate
 sufficient status. Rank
 out of 45 recorded in
 brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

In 2020, the United States experienced modest declines across most entrepreneurial indicators, though it tended to fare relatively better than other regional and income-level peer economies. Overall, 40% of US adults (18–64) reported that they had lost household income as a result of the pandemic. This is quite similar to the experience of households in the United Kingdom (39%) and Canada (42%). However, over 10% of adults also indicated they had somewhat or strongly increased their income during the pandemic, which is one of the highest rates among large, high-income countries. While the pandemic reduced nearly 40% of US adults' household incomes, it has played a relatively small role in entrepreneurs' intentions to start a business over the next three years compared to other GEM participating economies. While 21% of US adults stated that the pandemic had influenced their decision to start a business "to some extent", only 16% stated that it was "to a large extent". By comparison, 59% of the UK adults intending to start a business in the next three years have been influenced by the pandemic "to a large extent", and 27% in Canada.

The United States experienced a relatively small decline in Total early-stage Entrepreneurship (TEA), decreasing from 17% in 2019 to 15% in 2020. This is similar to the experience of Canada, which declined from 18.1% in 2019 to 15.6% in 2020. Similarly, Established Business Ownership (EBO) rates among US adults declined from 10.6% in 2019 to 10.0% in 2020. However, while this is a relatively minor decline in EBO, 66% of those business owners do not see any pandemic-led opportunities, which is concerning, given the role business owners play in finding new opportunities to generate business activity. A similarly alarming indicator is the United States' entrepreneurial hiring plans. In 2020, 4.2% of the US adult population planned to hire six or more people over the next five years, while in 2019 this figure was

5.7%. This may simply reflect a short-term dip in entrepreneurial confidence, although it is essential to watch as new hiring will be crucial to economic recovery.

2020 Framework Conditions Review

The modest decline in 2020 US entrepreneurial activity also signalled a pessimism about institutional performance, reflected in the economy's National Expert Survey (NES) scores. In particular, two institutional framework conditions — "Government policy: support and relevance" (3.9; 32nd among GEM participating economies) and "Government policy: taxes and bureaucracy" (4.0; 24th among GEM participating economies) — declined significantly in 2020, demonstrating a general dissatisfaction with federal and state policies aimed at helping entrepreneurs over this critical period. This sentiment is also reflected in the experts' score of 2.7 for the US government's response to the pandemic: one of the lowest among all GEM economies.

However, some traditional strengths of the United States persist, despite the pandemic. The framework condition "Entrepreneurial education post-school" actually increased slightly from 5.4 in 2019 to 5.6 in 2020. While the means of education delivery certainly changed during the pandemic, good options remained for obtaining entrepreneurial training in the United States. Additionally, for "Social and cultural norms" the US received the top score of 7.5 among all GEM participating economies, which is only a slight decline from the 2019 score of 7.7. These strengths indicate that, at an individual level, many US experts still feel like there are non-governmental conditions facilitating entrepreneurship. Unsurprisingly, then, experts rated the US entrepreneurial response to the pandemic at 6.8, which is substantially greater than the 2.7 score given to the US governmental response.

Institution

Lead institution

Babson College



BABSON

Type of institution

Business School

Website

<https://www.babson.edu>

Team

Team leader

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Professor Donna Kelley, PhD

Professor Phillip Kim, PhD

Associate Professor Mahdi Majbouri, PhD

Assistant Professor Sid Vedula, PhD

Doug Scibeck, MA, MSc

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Babson College

APS vendor

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ECONOMY PROFILE



Uruguay

■ Population (2020): **3.5 million** (UN)

■ GDP per capita (2019; PPP, international \$): **21.34 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/43
Know someone who has started a new business	63.6	15
Good opportunities to start a business in my area	47.3	23
It is easy to start a business	39.4	33
Personally have the skills and knowledge	65.6	13
Fear of failure (opportunity)	48.8	9
Entrepreneurial intentions	33.0	15

Entrepreneurship impact

	% Adults	Rank/43
Job expectations (expecting to employ six or more people in five years' time).	4.6	13=
International (25%+ revenue)	0.4	31=
National scope (customers and products/process)	1.8	16=
Global scope (customers and products/process)	0.2	26=
Industry (% TEA in business services)	12.4	32

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

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

Motivational

(somewhat or strongly agree)

	% TEA	Rank/43	% Female TEA	% Male TEA
To make a difference	31.7	34	30.3	32.9
Build great wealth	41.4	35	35.0	47.1
Continue family tradition	25.9	25	24.7	26.9
To earn a living	80.1	11	82.5	77.8

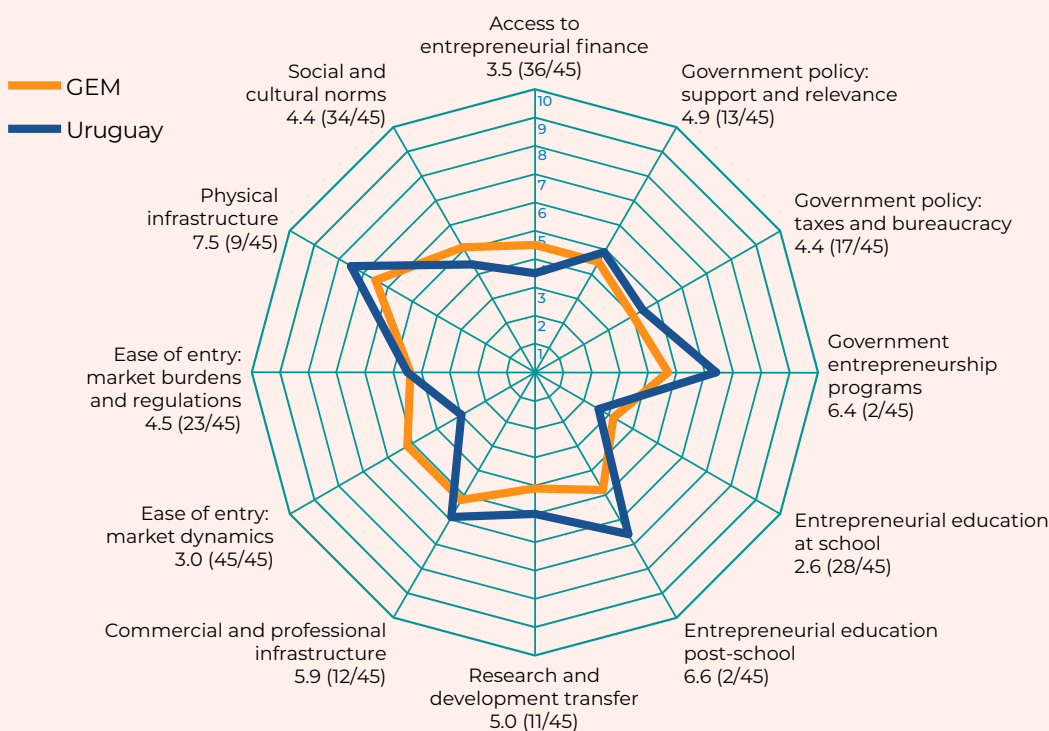
Activity

	% Adults	Rank/43	% Female	% Male
Total early-stage Entrepreneurial Activity	21.9	9	20.1	23.8
Established Business Ownership rate	5.1	32=	3.2	7.1
Entrepreneurial Employee Activity	0.2	41=	0.1	0.2

COVID-19-related

	% Adults	Rank/43
Pandemic has led household income to decrease*	62.1	16
Know someone who started business due to pandemic	43.4	10
Know someone who stopped business due to pandemic	48.9	16
	% TEA	Rank/43
Pursue new opportunities due to pandemic	44.4	16

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate
insufficient status,
10 = very adequate
sufficient status. Rank
out of 45 recorded in
brackets

POLICY ROADMAP

2020 Entrepreneurial Activity Review

Uruguay was significantly impacted by the COVID-19 pandemic, leading to some hesitancy around future planning from many potential Uruguayan entrepreneurs. In 2020, 62% of Uruguayan adults (18–64) reported that they had experienced a loss of household income overall as a result of the pandemic. While this was a significant proportion of households impacted by the pandemic, it was actually the lowest rate among GEM Latin American countries, though only slightly below Brazil (63%). Despite the large amount of lost income, only 33% of Uruguayans stated that they intended to start a business over the next three years, the lowest among all GEM Latin American countries, just below Colombia (34%). Of those who were planning to start a business, 57% indicated that this was due to some extent to the pandemic, higher than Brazil (35%), Chile (55%) and Guatemala (50%). The low intention rate relative to lost income suggests many potential entrepreneurs are avoiding future plans, perhaps due to uncertainty, while others who may not have intended to become entrepreneurs may now be planning to start a business anyway due to the pandemic.

This point is supported by Uruguay's performance in its 2020 Total early-stage Entrepreneurship (TEA) rate. At 21.9%, it is the lowest among its peers, although still higher than expected for an economy with only 33% of adults planning to start a business within the next three years. Based on Uruguay's relatively high TEA rate, it appears that in 2020 fewer adults than normally would be the case are registering an expectation to start a business within the next three years: it may be that the pandemic has discouraged them. Relatedly, the rate of Uruguayan adults planning to hire six or more employees for their business over the next five years was only 5% in 2020 (lowest among all GEM Latin American economies). This low rate can also be seen as a proxy for an overall lowered entrepreneurial confidence in Uruguay, likely due to the pandemic. However, without a 2019 benchmark (Uruguay did

not participate in the 2019 GEM cycle), it is difficult to discern more about the motivation to pursue or not to pursue entrepreneurship. It will therefore be essential to track this going forward.

2020 Framework Conditions Review

On many Framework Conditions, Uruguay received relatively strong expert evaluations, outscoring its Latin American group of peer economies. For the condition "Access to entrepreneurial finance" Uruguay was scored at 3.5. Though it did not participate in the 2019 GEM survey cycle, this condition can be compared to peer countries for reference. Uruguay's finance score (3.5) was the same as Panama's and slightly below Colombia's (3.7). For "Government policy: support and relevance" Uruguay scored 4.9, 13th overall and highest among Latin American GEM participating economies. However, in "Government entrepreneurship programmes" Uruguay performed exceptionally well, scoring 6.4, second among all GEM economies and again higher than other Latin American GEM economies. These strong scores led to a positive expert assessment of the Uruguayan government's response to the pandemic, with a score of 6.4, 10th among GEM economies.

Other strong conditions for Uruguay included "Entrepreneurial education post-school", with a score of 6.6, matched by Colombia and joint second overall among GEM economies. "Physical infrastructure" was also a strong point for Uruguay, scoring 7.5, topping Panama (7.1) and Chile (7.2) as the highest among Latin American GEM economies. However, some weaknesses were also identified by experts. Lower than its "Access to entrepreneurial finance" condition, in which Uruguay was ranked 36th, its worst-performing condition was "Ease of entry: market dynamics", which received a score of 3.0 (45th among GEM economies). This signals a domestic market that is not very receptive to the new products and services of entrepreneurs, a barrier that will require a mix of policy and a gradual culture shift to overcome.

Institution

Lead institution

IEEM Business School, University of Montevideo



Type of institution

University

Website

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Team

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Team member

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PART 3

Appendix Tables



GEM Indicators

Knowing a Startup Entrepreneur	Percentage of adults aged 18–64 who personally know someone who has started a business in the past two years.
Perceived Opportunities	Percentage of adults aged 18–64 who agree that they see good opportunities to start a business in the area in which they live.
Ease of Starting a Business	Percentage of adults aged 18–64 who agree that it is easy to start a business in their country.
Perceived Capabilities	Percentage of adults aged 18–64 who agree that they have the required knowledge, skills and experience to start a business.
Fear of Failure Rate	Percentage of adults aged 18–64 who agree that they see good opportunities but would not start a business for fear it might fail.
Nascent Entrepreneurship Rate	Percentage of adults aged 18–64 who are currently nascent entrepreneurs, i.e. are actively involved in setting up a business they will own or co-own; this business has not yet paid salaries, wages or made any other payments to the owners for more than three months.
New Business Ownership Rate	Percentage of adults aged 18–64 who are currently owner-managers of a new business, i.e. who own and manage a running business that has paid salaries, wages or made any other payments to the owners for more than three months, but not more than 42 months (3.5 years).
Total early-stage Entrepreneurial Activity (TEA)	Percentage of adults aged 18–64 who are either a nascent entrepreneurs or owner-managers of a new business, i.e. the proportion of the adult population who are either starting or running a new business.
Established Business Ownership Rate (EBO)	Percentage of adults aged 18–64 who are currently owner-managers of an established business, i.e. who are owning and managing a running business that has paid salaries, wages or made any other payments to the owners for over 42 months (3.5 years).
Business Services	Percentage of TEA respondents involved in business services.
Consumer Services	Percentage of TEA respondents involved in consumer services.
Entrepreneurial Employee Activity (EEA)	Percentage of adults aged 18–64 who, as employees, have been involved in entrepreneurial activities such as developing or launching new goods or services, or setting up a new business unit, a new establishment, or a subsidiary in the last three years.
Sponsored	Percentage of adults aged 18–64 who are involved in TEA and that business is part-owned with their employer.
Independent	Percentage of adults aged 18–64 who are involved in TEA and that business is independently owned.
Motive for Starting a Business: “To make a difference in the world”	Percentage of TEA respondents who agree that a reason for starting their business is “to make a difference in the world”.

Motive for Starting a Business: “To build great wealth or very high income”	Percentage of TEA respondents who agree that a reason for starting their business is “to build great wealth or a very high income”.
Motive for Starting a Business: “To continue a family tradition”	Percentage of TEA respondents who agree that a reason for starting their business is “to continue a family tradition”.
Motive for Starting a Business: “To earn a living because jobs are scarce”	Percentage of TEA respondents who agree that a reason for starting their business is “to earn a living because jobs are scarce”.
High Growth Expectation Entrepreneurial Activity	Percentage of adults aged 18–64 involved in TEA who expect to employ six or more people five years from now.
Internationally Oriented Entrepreneurial Activity	Percentage of adults aged 18–64 involved in TEA who anticipate 25% or more revenue coming from outside their country.
Scope (local/national/international)	Percentage of adults aged 18–64 involved in TEA having customers only within their local area, only within their country, or those having international customers.
Product/Services Impact (local/national/global)	Percentage adults aged 18–64 involved in TEA having products or services that are either new to the area, new to their country or new to the world.
Technology/Procedures Impact (local/national/global)	Percentage of adults aged 18–64 involved in TEA having technology or procedures that are either new to the area, new to their country or new to the world.
Informal Investment	Percentage of adults aged 18–64 investing in someone else’s new business in the last three years.
Business Exit Rate	Percentage of adults aged 18–64 who have exited a business in the past 12 months, either by selling, shutting down or otherwise discontinuing an owner/management relationship with that business.
Exit, Business Continues	Percentage of adults aged 18–64 who have exited a business in the past 12 months and that business has continued.
Exit, Business Does Not Continue	Percentage of adults aged 18–64 who have exited a business in the past 12 months and that business has not continued.

Pandemic-related Indicators

Household Income Impact	Percentage of adults aged 18–64 who consider that the pandemic has led their household income to somewhat or strongly decrease.
Knowing an Entrepreneur Who Stopped a Business	Percentage of adults aged 18–64 who know someone who has stopped a business because of the pandemic.
Knowing an Entrepreneur Who Started a Business	Percentage of adults aged 18–64 who know someone who has started a business because of the pandemic.
Pandemic Opportunities	Percentage of TEA respondents who agree or strongly agree that the pandemic has provided new opportunities they wish to pursue.

Table A1. Impact of the pandemic on household income, GEM 2020: percentage of adults aged 18–64

	Strongly decrease	Somewhat decrease	No substantial change	Somewhat increase	Strongly increase
Angola	54.4	29.7	11.5	3.4	1.1
Austria	7.4	24.9	60.8	6.4	0.5
Brazil	31.1	32.1	30.0	5.5	1.3
Burkina Faso	39.1	34.0	26.3	0.5	0.1
Canada	11.9	29.9	48.2	7.5	2.5
Chile	43.5	30.0	23.5	1.8	1.2
Colombia	42.2	36.4	15.0	2.8	3.6
Croatia	12.8	26.9	43.3	14.7	2.3
Cyprus	17.1	26.6	54.8	1.2	0.3
Egypt	47.2	34.0	16.2	1.6	1.0
Germany	8.2	21.5	63.1	5.9	1.3
Greece	26.0	29.1	43.9	0.7	0.3
Guatemala	34.8	37.0	23.2	3.2	1.8
India	43.5	42.3	10.7	3.4	0.2
Indonesia	22.7	57.4	18.5	1.1	0.2
Iran	14.6	36.8	46.9	1.7	0.1
Israel	0.0	42.2	24.6	30.1	3.1
Italy	12.3	39.4	47.3	1.0	0.0
Kazakhstan	37.0	55.6	7.4	0.0	0.0
Kuwait	23.3	31.1	37.3	5.2	3.1
Latvia	12.4	23.7	61.7	1.7	0.4
Luxembourg	6.5	19.8	68.8	4.4	0.5
Morocco	40.7	30.2	28.8	0.3	0.0
Netherlands	6.5	15.0	74.0	3.6	0.9
Norway	3.6	15.2	72.7	7.4	1.1
Oman	16.1	31.5	50.2	1.5	0.7
Panama	48.9	29.7	18.7	1.3	1.4
Poland	21.7	33.9	42.2	2.0	0.2
Qatar	18.3	33.1	47.4	0.7	0.4

	Strongly decrease	Somewhat decrease	No substantial change	Somewhat increase	Strongly increase
Republic of Korea	1.9	32.1	46.5	19.4	0.0
Russian Federation	19.2	42.0	36.3	2.0	0.5
Saudi Arabia	20.5	50.5	27.0	1.8	0.2
Slovak Republic	12.5	38.0	45.9	2.9	0.8
Slovenia	10.5	34.2	48.6	6.2	0.5
Spain	15.6	27.1	55.1	1.9	0.2
Sweden	4.6	19.1	66.7	8.0	1.6
Switzerland	10.2	29.8	56.9	2.8	0.3
Taiwan	16.7	23.1	58.6	1.0	0.5
Togo	74.6	15.2	9.6	0.4	0.2
United Arab Emirates	20.3	47.8	28.2	2.1	1.7
United Kingdom	13.2	25.3	56.3	4.2	1.1
United States	16.2	23.4	49.8	7.6	3.0
Uruguay	29.8	32.3	34.3	2.4	1.3

Table A2. Entrepreneurial activity, GEM 2020: percentage of adults aged 18–64

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

	Region	Average income level	Nascent entrepreneurship rate	
			Score	Rank/43
Angola	Midde East & Africa	Low	27.3	1
Austria	Europe & North America	High	4.1	32
Brazil	Latin America & Caribbean	Middle	10.2	16
Burkina Faso	Midde East & Africa	Low	11.5	9
Canada	Europe & North America	High	8.7	19
Chile	Latin America & Caribbean	High	19.8	4
Colombia	Latin America & Caribbean	Middle	18.0	5
Croatia	Europe & North America	High	9.1	18
Cyprus	Europe & North America	High	5.1	26=
Egypt	Midde East & Africa	Low	4.9	28
Germany	Europe & North America	High	3.1	37=
Greece	Europe & North America	High	3.3	35
Guatemala	Latin America & Caribbean	Middle	12.4	7
India	Central & East Asia	Low	3.2	36
Indonesia	Central & East Asia	Middle	2.5	40
Iran	Midde East & Africa	Middle	4.2	31
Israel	Midde East & Africa	High	5.1	26=
Italy	Europe & North America	High	0.9	43
Kazakhstan	Central & East Asia	Middle	12.1	8
Kuwait	Midde East & Africa	High	11.3	10
Latvia	Europe & North America	High	10.1	17
Luxembourg	Europe & North America	High	5.7	24
Morocco	Midde East & Africa	Low	3.0	39
Netherlands	Europe & North America	High	6.9	22
Norway	Europe & North America	High	4.7	29
Oman	Midde East & Africa	High	10.4	14=
Panama	Latin America & Caribbean	High	23.0	2
Poland	Europe & North America	High	1.6	42

New business ownership rate		Early-stage Entrepreneurial Activity (TEA)		Established Business Ownership (EBO) rate		Employee Entrepreneurial Activity (EEA)	
Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
24.3	1	49.6	1	9.2	12	1.3	26
2.2	40	6.2	37	7.8	14	5.4	9=
13.4	4	23.4	7	8.7	13	4.5	15
12.0	5	23.0	8	12.4	5	0.3	40
7.5	11	15.6	15=	7.3	15=	5.3	11
7.2	12=	25.9	6	6.1	25=	3.2	18
14.0	3	31.1	4	5.5	30	2.1	22
3.7	29	12.7	21	4.2	36=	6.4	2=
3.6	30=	8.6	26=	7.3	15=	6.0	6=
6.7	14=	11.3	23	5.2	31	0.2	41=
1.8	41	4.8	41	6.2	24	6.4	2=
5.5	20	8.6	26=	14.6	3	1.2	27
16.4	2	28.3	5	12.3	6	1.1	28=
2.3	39	5.3	39	5.9	28=	0.1	43
7.2	12=	9.6	24	11.4	8	1.1	28=
3.8	27=	8.0	31=	14.5	4	0.8	31=
3.6	30=	8.5	28=	4.2	36=	6.1	5
1.0	43	1.9	43	2.2	43	0.7	36
8.5	10	20.1	10	4.3	35	0.9	31=
8.6	9	19.2	11	5.9	28=	6.0	6=
5.8	19	15.6	15=	11.1	9=	3.4	17
2.4	38	8.0	31=	3.6	40	4.3	16
4.1	26	7.1	36	6.8	19	0.5	38
4.9	23=	11.5	22	7.0	17=	1.7	23=
2.9	35=	7.6	34	4.1	38=	5.8	8
5.9	18	16.0	14	2.5	41=	0.8	31=
9.8	7	32.4	3	4.1	38=	2.7	19
1.5	42	3.1	42	12.2	7	0.9	31=

Table A2 (continued)

	Region	Average income level	Nascent entrepreneurship rate	
			Score	Rank/43
Qatar	Midde East & Africa	High	11.2	11
Republic of Korea	Central & East Asia	High	8.2	20
Russian Federation	Europe & North America	Middle	4.0	33
Saudi Arabia	Midde East & Africa	High	10.8	12
Slovak Republic	Europe & North America	High	10.4	14=
Slovenia	Europe & North America	High	3.1	37=
Spain	Europe & North America	High	2.4	41
Sweden	Europe & North America	High	4.5	30
Switzerland	Europe & North America	High	6.4	23
Taiwan	Central & East Asia	High	3.6	34
Togo	Midde East & Africa	Low	21.7	3
United Arab Emirates	Midde East & Africa	High	7.3	21
United Kingdom	Europe & North America	High	5.2	25
United States	Europe & North America	High	10.7	13
Uruguay	Latin America & Caribbean	High	15.9	6

New business ownership rate		Early-stage Entrepreneurial Activity (TEA)		Established Business Ownership (EBO) rate		Employee Entrepreneurial Activity (EEA)	
Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
6.6	16	17.2	13	6.1	25=	6.6	1
5.0	21=	13.0	20	16.1	2	1.5	25
4.6	25	8.5	28=	4.7	34	0.4	39
6.7	14=	17.3	12	5.1	32=	1.1	28=
3.8	27=	13.9	19	6.5	22=	2.5	20
3.0	33=	6.0	38	7.0	17=	5.2	12=
2.9	35=	5.2	40	6.7	20=	0.8	31=
3.0	33=	7.3	35	6.0	27	6.2	4
3.2	32	9.2	25	6.7	20=	5.2	12=
5.0	21=	8.4	30	11.1	9=	2.3	21
11.7	6	32.9	2	17.8	1	0.6	37
8.8	8	15.4	17=	2.5	41=	1.7	23=
2.7	37	7.8	33	6.5	22=	5.4	9=
4.9	23=	15.4	17=	9.9	11	4.8	14
6.1	17	21.9	9	5.1	32=	0.2	41=

Table A3. Attitudes and perceptions in an age of COVID-19, GEM 2020

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

	Personally know an entrepreneur, % adults 18-64		Perceived opportunities, % adults 18-64		Perceived ease of starting a business, % adults 18-64		Perceived capabilities, % adults 18-64		Fear of failure, % of adults 18-64 seeing opportunities	
	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
Angola	70.7	7	75.6	6	69.8	8=	82.3	4	34.8	35
Austria	53.9	25	31.2	36	47.5	28	53.3	31=	36.8	34
Brazil	74.2	4	57.3	15=	41.4	32	67.8	12	43.4	19
Burkina Faso	60.7	20	75.5	7	44.0	30	84.1	3	49.1	7=
Canada	51.0	28	49.1	19	67.7	14	55.6	27	52.0	5
Chile	65.8	13	46.7	26	46.1	29	71.7	10	46.3	15
Colombia	66.9	12	47.9	22	33.2	36=	64.8	15	39.5	31
Croatia	67.8	11	47.2	24=	30.7	38	75.0	7	52.1	4
Cyprus	68.1	9=	21.1	41	49.7	26	58.1	24	49.1	7=
Egypt	34.9	39	65.7	9	61.6	18	56.1	26	41.6	24=
Germany	44.4	34	36.0	34	54.4	23	47.6	36	31.0	37
Greece	32.5	41	27.9	37	25.9	41	53.3	31=	53.1	3
Guatemala	71.4	6	62.7	10	48.8	27	74.4	8	40.0	29
India	61.9	17	82.5	3	78.5	5	81.7	5	56.8	1
Indonesia	79.2	3	80.6	4	73.4	7	79.0	6	23.5	40
Iran	33.8	40	13.3	43	21.3	42	64.9	14	17.7	41
Israel	68.1	9=	25.0	40	12.3	43	37.7	42	45.0	16
Italy	30.6	43	62.2	13	78.1	6	60.8	21	28.4	38
Kazakhstan	84.3	1	44.8	27	51.1	25	63.8	18	17.5	42
Kuwait	58.2	21	62.6	11	64.5	15	63.4	19	47.8	12
Latvia	36.8	38	37.1	33	33.2	36=	55.3	28	41.6	24=
Luxembourg	45.9	31	41.9	30	63.8	16	45.7	37	42.3	23
Morocco	42.3	35	57.3	15=	53.9	24	63.4	20	38.7	32
Netherlands	60.8	19	48.8	20	82.9	3	43.6	40	38.3	33
Norway	44.7	32	57.0	17	84.1	2	41.6	41	27.4	39
Oman	84.2	2	83.8	2	67.8	13	64.5	16	42.8	20
Panama	52.6	27	47.2	24=	55.9	21	72.7	9	39.8	30

Knowing someone who has stopped a business due to the pandemic, % adults 18-64		Knowing someone who has started a business due to the pandemic, % adults 18-64		Pursue new opportunities due to pandemic, % of TEA		Starting a business is more difficult compared to a year ago, % of TEA		Pandemic has led to a delay in getting the business operational, % of TEA	
Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
71.4	2	62.1	4	46.0	13	77.9	5	82.6	9
24.1	36	11.9	33	36.5	24	54.6	28	65.5	27
63.7	4	52.1	9	58.3	7	59.9	23	71.4	22
28.7	33	13.9	28	8.2	42	51.2	32	76.5	11
36.8	29	21.4	21	49.4	10=	63.6	17	74.7	14=
56.5	11	55.2	5	52.9	8	77.0	6	82.8	8
52.9	13	54.6	6	62.2	4	64.5	14	74.7	14=
40.7	24	15.9	27	29.0	33	48.6	34	73.4	18
38.5	27	29.2	16	38.8	22	42.1	37	64.5	28
45.0	19	30.6	13=	35.3	25=	65.6	12	74.8	13
20.8	39	7.3	41	24.9	35	46.7	36	63.4	31
45.6	18	13.0	30	20.6	38	75.5	8	69.3	25
57.8	9	53.9	7	44.8	15	66.0	11	70.8	23
60.1	5	53.4	8	65.2	2	79.7	3	84.9	5
72.0	1	69.8	1	42.8	18	84.8	2	55.5	35
39.6	26	16.8	25	18.1	41	88.4	1	76.1	12
58.2	8	30.1	15	70.4	1	63.3	18	62.3	33
37.1	28	7.6	39.0	40.1	21	78.1	4	91.9	1
59.1	7	9.6	36	30.8	31	65.5	13	83.0	7
50.9	14	30.6	13=	60.6	5	26.4	40	86.7	4
22.7	37	7.9	38	32.9	28	11.9	43	63.7	30
17.2	42	6.3	43	30.7	32	58.6	25	67.6	26
43.5	20	16.9	24	18.2	40	72.9	9	82.4	10
25.9	34	16.0	26	41.0	20	52.5	31	53.4	37
17.8	41	7.5	40	37.8	23	29.3	39	47.6	41
66.5	3	62.4	3	60.1	6	52.7	30	89.0	3
54.1	12	63.2	2	64.1	3	62.9	19	73.7	17

Table A3 (continued)

	Personally know an entrepreneur, % adults 18-64		Perceived opportunities, % adults 18-64		Perceived ease of starting a business, % adults 18-64		Perceived capabilities, % adults 18-64		Fear of failure, % of adults 18-64 seeing opportunities	
	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
Poland	62.7	16	51.6	18	58.9	19	60.0	22	41.2	27=
Qatar	52.6	26	72.3	8	67.9	12	68.2	11	41.3	26
Republic of Korea	39.9	36	44.6	28	33.9	35	53.0	33	13.9	43
Russian Federation	54.5	24	33.5	35	30.6	39	34.5	43	46.5	14
Saudi Arabia	57.3	23	90.5	1	91.5	1	86.4	2	51.6	6
Slovak Republic	71.9	5	40.9	31	26.0	40	56.4	25	48.7	10
Slovenia	57.9	22	42.0	29	62.0	17	59.4	23	43.8	18
Spain	37.4	37	16.5	42	34.6	34	51.9	35	53.6	2
Sweden	48.5	30	62.5	12	80.1	4	52.1	34	42.8	21
Switzerland	44.6	33	26.7	39	55.5	22	44.5	39	33.5	36
Taiwan	32.3	42	39.3	32	42.5	31	44.8	38	42.6	22
Togo	68.5	8	78.5	5	58.5	20	91.9	1	44.2	17
United Arab Emirates	65.5	14	62.1	14	69.5	10	54.7	29	47.1	13
United Kingdom	49.8	29	27.3	38	69.8	8=	54.5	30	48.3	11
United States	60.9	18	48.6	21	68.6	11	64.0	17	41.2	27=
Uruguay	63.6	15	47.3	23	39.4	33	65.6	13	48.8	9

Knowing someone who has stopped a business due to the pandemic, % adults 18-64		Knowing someone who has started a business due to the pandemic, % adults 18-64		Pursue new opportunities due to pandemic, % of TEA		Starting a business is more difficult compared to a year ago, % of TEA		Pandemic has led to a delay in getting the business operational, % of TEA	
Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
47.4	17	12.8	31	35.3	25=	38.3	38	64.3	29
42.7	21	23.6	18	41.9	19	58.2	27	72.3	20
34.2	30	20.8	22	7.7	43	61.6	20	48.0	40
40.0	25	13.4	29	20.5	39	58.4	26	55.1	36
57.1	10	41.6	11	52.1	9	49.7	33	91.3	2
31.9	32	20.6	23	32.0	30	53.6	29	49.4	38
25.4	35	6.4	42	32.3	29	25.9	41	44.9	43
41.8	22	12.7	32	25.5	34	71.4	10	69.5	24
17.9	40	10.5	34	34.5	27	24.4	42	46.0	42
21.6	38	9.8	35	24.2	36=	60.6	21	48.1	39
15.5	43	8.1	37	43.2	17	48.4	35	74.3	16
50.7	15	27.0	17	24.2	36=	76.3	7	84.7	6
59.5	6	40.4	12	45.6	14	64.4	15	72.7	19
32.9	31	22.1	19	49.4	10=	60.0	22	60.1	34
41.5	23	21.8	20	46.7	12	59.6	24	62.5	32
48.9	16	43.4	10	44.4	16	64.3	16	71.8	21

Table A4. Sector distribution of new entrepreneurial activity, GEM 2020: % of Total early-stage Entrepreneurial Activity (TEA)

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

	Business services		Consumer services		Extractive sector		Transforming sector	
	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
Angola	4.9	38	76.8	3	1.4	33=	16.9	33
Austria	36.6	5	48.6	25	4.7	16	10.1	42
Brazil	16.1	26	58.2	12	1.4	33=	24.4	19
Burkina Faso	2.5	42	52.4	20	17.7	3	27.4	11
Canada	26.4	14=	52.5	18=	2.8	26	18.3	29
Chile	19.7	21=	49.7	23	4.4	17=	26.1	15
Colombia	15.8	27=	59.2	11	1.0	39	24.0	20
Croatia	33.7	10	35.1	42	10.9	5	20.2	27
Cyprus	41.0	4	46.8	28	1.3	35=	10.9	41
Egypt	5.4	37	54.1	15	7.4	9	33.1	3
Germany	29.8	13	55.4	14	1.7	30	13.1	37=
Greece	17.5	23	52.5	18=	4.2	19	25.8	16
Guatemala	6.3	36	67.0	5	4.4	17=	22.4	23
India	3.5	40	78.8	2	9.3	6	8.4	43
Indonesia	3.1	41	61.4	7	7.0	10	28.6	8
Iran	24.1	17	41.8	35	7.9	8	26.2	13=
Israel	34.3	7=	47.2	27	1.2	38	17.3	32
Italy	23.4	18	39.4	40	21.7	2	15.5	35
Kazakhstan	14.3	31	56.2	13	3.4	24	26.2	13=
Kuwait	17.2	24	52.1	21	0.3	42=	30.4	6
Latvia	21.2	20	40.1	37	9.0	7	29.7	7
Luxembourg	43.6	1	43.4	31	1.3	35=	11.7	39
Morocco	8.6	35	53.3	17	6.1	12	32.0	4
Netherlands	41.2	3	45.8	30	1.5	32	11.5	40
Norway	41.8	2	36.6	41	5.3	14	16.3	34
Oman	9.5	34	63.9	6	1.8	29	24.8	18
Panama	14.6	30	61.0	8	3.7	22=	20.7	26
Poland	25.4	16	43.2	32	3.7	22=	27.6	10
Qatar	15.0	29	47.6	26	2.4	27	35.0	2

	Business services		Consumer services		Extractive sector		Transforming sector	
	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
Republic of Korea	19.7	21=	60.6	10	1.9	28	17.8	30
Russian Federation	17.1	25	39.5	39	4.1	20=	39.3	1
Saudi Arabia	3.9	39	82.2	1	0.8	40	13.1	37=
Slovak Republic	33.8	9	34.3	43	4.1	20=	27.8	9
Slovenia	22.7	19	40.5	36	5.9	13	31.0	5
Spain	30.8	12	46.5	29	5.1	15	17.6	31
Sweden	34.4	6	39.8	38	12.2	4	13.6	36
Switzerland	33.6	11	42.6	34	1.6	31	22.2	24
Taiwan	9.6	33	69.1	4	0.5	41	20.8	25
Togo	1.5	43	50.0	22	23.2	1	25.3	17
United Arab Emirates	15.8	27=	60.8	9	0.3	42=	23.1	22
United Kingdom	26.4	14=	49.2	24	1.3	35=	23.2	21
United States	34.3	7=	42.9	33	3.1	25	19.7	28
Uruguay	12.4	32	53.8	16	6.9	11	26.9	12

Table A5. Gender, sponsorship and informal investment, GEM 2019

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

	Male TEA, % of male adults 18–64		Female TEA, % of female adults 18–64		Early-stage entrepreneur with sponsored business (part-owned with employer), % of adults 18–64	
	Score	Rank/50	Score	Rank/50	Score	Rank/50
Angola	48.1	1	51.1	1	18.0	1
Austria	7.0	39	5.3	32	2.4	25
Brazil	25.6	7	21.3	8	0.4	43
Burkina Faso	24.8	8	21.5	7	1.4	36
Canada	17.3	15=	13.9	14	8.7	9=
Chile	29.9	5	22.1	6	1.5	33=
Colombia	32.2	3	30.2	3	17.2	2
Croatia	16.1	20	9.3	22	7.1	13
Cyprus	11.0	24	6.1	30	1.5	33=
Egypt	16.7	19	5.4	31	6.1	14
Germany	5.1	41	4.4	40	1.3	37=
Greece	10.6	27	6.7	27=	2.3	26=
Guatemala	31.3	4	25.5	5	1.2	39
India	7.9	37	2.6	41	3.1	23=
Indonesia	9.1	36	10.0	20	9.5	7
Iran	10.9	25=	5.1	33	1.9	31
Israel	10.4	28	6.7	27=	3.3	19=
Italy	2.9	43	0.9	43	1.3	37=
Kazakhstan	19.3	12	20.9	9	16.8	3
Kuwait	20.4	10	16.9	13	7.8	12
Latvia	20.0	11	11.2	18	2.1	30
Luxembourg	10.9	25=	4.9	34=	1.6	32
Morocco	9.8	30=	4.5	39	4.1	19=
Netherlands	13.4	23	9.6	21	5.2	15=
Norway	10.2	29	4.9	34=	0.5	42
Oman	14.7	22	17.3	12	8.7	9=
Panama	35.6	2	29.1	4	15.1	4

Early-stage entrepreneur with independent business, % of adults 18-64		Informal investment, % of adults 18-64		Median amount invested (US\$) by those investing in someone else's startup and saying how much	
Score	Rank/50	Score	Rank/50	US\$	Rank/50
31.6	1	12.1	4	121	42
3.8	35	4.4	19=	5,680	18=
23.0	5	6.6	10	930	34
21.5	6	6.4	11	156	41
6.9	19	4.5	17=	7,370	15
24.4	3	19.7	1	1,256	32
13.9	8	6.9	9	534	35
5.6	28	2.6	31=	301	39
7.1	17=	3.2	27=	11,360	9=
5.2	31	3.1	29=	1,565	29
3.5	37	4.0	21	5,680	18=
6.3	20=	3.1	29=	11,360	9=
27.2	2	12.9	3	390	37
2.2	40=	1.0	42	267	40
0.0	43	2.5	34	343	38
6.1	25=	2.1	36=	480	36
5.3	30	2.1	36=	14,490	5
0.7	42	0.1	43	28,400	1
3.3	38	3.2	27=	2,418	27
11.4	12	7.0	8	11,384	8
13.5	9=	3.4	24=	3,408	25
6.3	20=	5.1	13	6,057	17
3.0	39	1.8	40	1,045	33
6.3	20=	4.8	15	5,680	18=
7.1	17=	4.4	19=	10,574	11
7.3	16	2.1	36=	1,429	31
17.2	7	7.4	6	1,500	30

Table A5 (continued)

	Male TEA, % of male adults 18–64		Female TEA, % of female adults 18–64		Early-stage entrepreneur with sponsored business (part-owned with employer), % of adults 18–64	
	Score	Rank/50	Score	Rank/50	Score	Rank/50
Poland	3.8	42	2.4	42	0.8	41
Qatar	18.4	14	12.3	16	4.3	18
Republic of Korea	15.3	21	10.6	19	5.2	15=
Russian Federation	9.7	32=	7.3	25=	2.3	26=
Saudi Arabia	17.0	17	17.7	11	11.3	5
Slovak Republic	18.8	13	8.9	23	3.3	21=
Slovenia	7.1	38	4.8	36=	1.0	40
Spain	5.6	40	4.8	36=	1.5	33=
Sweden	9.7	32=	4.8	36=	2.2	29
Switzerland	9.8	30=	8.7	24	3.1	23=
Taiwan	9.6	34	7.3	25=	4.1	19=
Togo	29.8	6	35.6	2	9.6	6
United Arab Emirates	16.8	18	12.2	17	9.2	8
United Kingdom	9.5	35	6.2	29	2.3	26=
United States	17.3	15=	13.6	15	4.7	17
Uruguay	23.8	9	20.1	10	8.4	11

Early-stage entrepreneur with independent business, % of adults 18-64		Informal investment, % of adults 18-64		Median amount invested (US\$) by those investing in someone else's startup and saying how much	
Score	Rank/50	Score	Rank/50	US\$	Rank/50
2.2	40=	2.6	31=	3,825	24
12.9	11	7.3	7	19,226	4
7.8	15	2.6	31=	24,885	2
6.2	23=	3.7	23	1,671	28
6.0	27	14.2	2	6,661	16
10.6	14	4.6	16	5,680	18=
5.0	33	3.3	26	7,952	13
3.7	36	2.1	36=	5,680	18=
5.1	32	4.5	17=	3,265	26
6.1	25=	5.0	14	11,689	7
4.3	34	3.4	24=	7,601	14
23.3	4	11.0	5	87	43
6.2	23=	2.3	35	12,251	6
5.5	29	1.5	41	9,488	12
10.7	13	5.6	12	5,000	23
13.5	9=	3.9	22	23,500	3

Table A6. The age profile of new entrepreneurs and business exits, GEM 2020

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

	Age profile of Total early-stage Entrepreneurial Activity (TEA), % of age group									
	18-24		25-34		35-44		45-54		55-64	
	Score	Rank/43	Score	Rank/43	Score	Rank/39	Score	Rank/39	Score	Rank/39
Angola	54.2	1	55.4	1	45.2	1	41.3	1	37.3	1
Austria	6.9	31	10.0	32	6.8	37	5.0	37	2.8	35
Brazil	22.9	9	28.2	8	25.3	7	21.2	7	16.1	8
Burkina Faso	20.0	12	28.8	6	23.7	9	20.5	8	15.3	10
Canada	22.4	10	21.8	13	18.0	13	10.7	19	8.1	19
Chile	28.3	7	27.5	10	29.6	4	25.1	5	17.6	7
Colombia	33.1	4	37.4	3	30.2	3	28.9	3	22.0	4
Croatia	14.2	20	22.0	12	14.8	18	9.1	25	4.1	32
Cyprus	5.4	37	12.0	25	10.7	25	8.1	27=	5.0	28=
Egypt	13.0	23	11.7	27=	12.3	22	9.4	24	5.6	25
Germany	6.8	32=	6.5	40	5.6	41	4.2	39	2.4	38
Greece	18.2	16	9.7	35	7.4	34	6.1	34	2.6	37
Guatemala	32.9	5	31.4	5	27.5	5	22.4	6	15.5	9
India	4.2	40	6.6	39	5.8	39	4.6	38	4.6	30
Indonesia	6.8	32=	13.3	22	11.2	24	8.1	27=	5.7	24
Iran	9.4	27	11.7	27=	8.3	30=	2.6	42	3.0	34
Israel	6.4	34=	9.6	36	10.3	26	9.6	22=	5.0	28=
Italy	3.6	41	1.5	43	3.3	43	1.1	43	1.0	42
Kazakhstan	18.7	14	20.1	14	23.3	10	11.7	17	27.1	3
Kuwait	29.1	6	22.5	11	16.5	14	14.9	12	10.6	14
Latvia	25.6	8	28.4	7	16.0	16	9.6	22=	3.8	33
Luxembourg	8.3	28	9.8	33=	8.3	30=	7.7	29=	5.4	26
Morocco	5.3	38	11.6	30	7.3	35	6.3	33	1.6	41
Netherlands	11.4	24	16.5	21	11.4	23	10.2	20	8.4	17
Norway	8.1	29	8.0	37	7.1	36	7.7	29=	7.4	21=
Oman	18.1	17	18.2	20	14.1	20	13.7	14	9.0	15=

Exited a business in past year, % adults 18-64		Exited a business in past year, business continued, % adults 18-64		Exited a business in past year, business did not continue, % adults 18-64		Reason for exit, % of adults 18-64					
						Positive		Negative, not including COVID-19 pandemic		COVID-19 pandemic	
Score	Rank/39	Score	Rank/39	Score	Rank/39	Score	Rank/39	Score	Rank/39	Score	Rank/39
38.7	1	8.9	1	29.8	1	3.4	1	25.3	1	10.0	1
2.7	35=	0.6	36=	2.1	34	-	-	-	-	-	-
11.5	5	2.1	11=	9.4	4	1.0	10	6.0	4	4.5	7
4.2	24	1.0	25=	3.1	23=	0.3	33=	3.3	16	0.6	26
8.6	13	3.0	5	5.6	14=	2.3	2	4.5	9	1.7	18=
8.7	11=	0.8	31=	7.9	8	0.6	20=	3.1	20=	5.0	5
8.7	11=	2.9	6	5.8	13	1.5	4	3.1	20=	4.0	8
4.5	22=	1.6	14=	2.9	26	-	-	-	-	-	-
3.2	30	1.0	25=	2.2	31=	0.5	27=	1.3	31=	1.4	20
11.2	6	2.4	9=	8.8	6	-	-	-	-	-	-
2.0	38=	0.7	33=	1.4	37=	0.5	27=	1.3	31=	0.2	32=
3.1	31=	0.9	29=	2.2	31=	0.5	27=	1.9	26	0.7	24=
8.0	15	1.2	21=	6.8	10	0.5	27=	4.7	6=	2.8	11
4.7	21	1.0	25=	3.7	19=	0.2	37=	1.7	27=	2.9	10
4.5	22=	0.8	31=	3.7	19=	-	-	-	-	-	-
4.1	25=	1.0	25=	3.2	22	0.7	14=	3.4	14=	0.0	39
4.1	25=	1.1	24	3.0	25	0.6	20=	3.4	14=	0.2	32=
0.5	43	0.2	43	0.3	43	0.1	39	0.4	39	0.1	37=
16.7	2	1.3	20	15.4	2	0.8	12=	13.5	2	2.3	14
12.4	4	3.2	4	9.2	5	0.7	14=	4.2	12	7.4	3
3.0	33=	1.2	21=	1.9	35=	0.5	27=	2.1	25	0.4	27=
2.6	37	0.7	33=	1.9	35=	1.4	5=	0.9	35	0.3	29=
6.0	18	0.4	39=	5.6	14=	0.3	33=	4.4	10	1.2	21
5.1	20	1.6	14=	3.5	21	1.6	3	2.7	22	0.8	23
2.0	38=	0.7	33=	1.3	39	0.6	20=	1.3	31=	0.1	37=
10.8	7	2.7	7	8.1	7	1.4	5=	7.6	3	1.8	17

Table A6 (continued)

	Age profile of Total early-stage Entrepreneurial Activity (TEA), % of age group									
	18-24		25-34		35-44		45-54		55-64	
	Score	Rank/43	Score	Rank/43	Score	Rank/39	Score	Rank/39	Score	Rank/39
Panama	34.5	3	34.6	4	37.2	2	30.0	2	20.8	5
Poland	1.1	43	5.1	41	4.3	42	3.0	41	0.6	43
Qatar	15.3	18	19.5	16	14.9	17	16.3	10	18.3	6
Republic of Korea	7.1	30	12.4	24	16.4	15	13.0	15	13.5	12
Russian Federation	14.1	21	11.8	26	8.1	32	8.9	26	2.2	39=
Saudi Arabia	13.7	22	19.6	15	19.5	11	14.6	13	14.1	11
Slovak Republic	19.4	13	19.1	17	14.6	19	12.0	16	5.3	27
Slovenia	3.2	42	11.7	27=	8.4	29	3.6	40	2.2	39=
Spain	4.5	39	5.0	42	6.2	38	5.3	36	4.3	31
Sweden	10.0	25	9.8	33=	5.7	40	5.7	35	5.8	23
Switzerland	6.0	36	7.9	38	10.1	27	11.5	18	9.0	15=
Taiwan	6.4	34=	10.7	31	9.9	28	6.8	31	7.6	20
Togo	34.9	2	38.6	2	27.3	6	25.8	4	31.1	2
United Arab Emirates	18.4	15	18.3	19	12.9	21	10.0	21	7.4	21=
United Kingdom	9.7	26	12.6	23	8.0	33	6.4	32	2.7	36
United States	15.1	19	18.5	18	19.4	12	15.2	11	8.2	18
Uruguay	21.2	11	28.0	9	24.3	8	20.1	9	12.6	13

Exited a business in past year, % adults 18-64		Exited a business in past year, business continued, % adults 18-64		Exited a business in past year, business did not continue, % adults 18-64		Reason for exit, % of adults 18-64					
						Positive		Negative, not including COVID-19 pandemic		COVID-19 pandemic	
Score	Rank/39	Score	Rank/39	Score	Rank/39	Score	Rank/39	Score	Rank/39	Score	Rank/39
12.9	3	2.4	9=	10.6	3	0.6	20=	4.1	13	8.2	2
3.4	28	0.6	36=	2.8	27	0.6	20=	1.0	34	1.7	18=
7.7	16	1.4	18=	6.3	11=	0.7	14=	4.6	8	2.4	13
3.7	27	1.4	18=	2.4	28	0.3	33=	3.2	17=	0.3	29=
3.3	29	1.2	21=	2.2	31=	0.7	14=	1.7	27=	0.9	22
9.2	10	3.7	3	5.6	14=	1.3	7	2.3	23	5.6	4
5.8	19	2.6	8	3.1	23=	0.7	14=	3.2	17=	1.9	16
1.6	40	0.5	38	1.1	41	0.6	20=	0.8	36=	0.2	32=
1.3	42	0.3	41	1.0	42	0.2	37=	0.8	36=	0.2	32=
3.1	31=	0.9	29=	2.3	29=	1.1	9	1.7	27=	0.3	29=
1.5	41	0.2	42	1.2	40	0.3	33=	0.8	36=	0.4	27=
3.0	33=	1.6	14=	1.4	37=	0.7	14=	2.2	24	0.2	32=
9.3	9	1.6	14=	7.8	9	0.5	27=	4.3	11	4.6	6
9.6	8	5.0	2	4.6	17	1.2	8	4.8	5	3.7	9
2.7	35=	0.4	39=	2.3	29=	0.6	20=	1.4	30	0.7	24=
6.1	17	1.7	13	4.4	18	0.8	12=	3.2	17=	2.1	15
8.4	14	2.1	11=	6.3	11=	0.9	11	4.7	6=	2.7	12

Table A7. Expectations and scope, GEM 2020: % adults aged 18–64

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

	Job creation expectations					
	0 jobs		1–5 jobs		6 or more jobs	
	Score	Rank/43	Score	Rank/43	Score	Rank/43
Angola	17.2	1	16.0	3=	16.4	2
Austria	3.8	23	2.3	32=	0.0	42=
Brazil	7.0	8	8.0	9	8.4	9
Burkina Faso	1.9	40	16.8	2	4.3	15
Canada	9.0	5	4.0	18	2.6	24
Chile	3.4	29=	13.3	6	9.2	8
Colombia	3.6	27=	10.7	7	16.8	1
Croatia	5.7	13	4.2	17	2.7	22=
Cyprus	2.0	36=	3.8	19=	2.8	21
Egypt	3.7	24=	3.8	19=	3.7	19=
Germany	2.2	35	1.4	41	1.2	34
Greece	4.8	17	2.7	28=	1.1	35=
Guatemala	6.0	11=	16.0	3=	6.3	10
India	2.0	36=	2.5	31	0.9	37=
Indonesia	6.3	9	3.0	25	0.3	41
Iran	3.3	31	3.4	23	1.3	32=
Israel	5.3	15=	1.7	40	1.5	27=
Italy	1.2	42	0.7	43	0.0	42=
Kazakhstan	9.4	4	5.2	12	5.5	11
Kuwait	5.5	14	4.3	16	9.5	6
Latvia	6.2	10	4.7	14	4.6	13=
Luxembourg	2.7	33	2.6	30	2.7	22=
Morocco	3.6	27=	2.1	34=	1.4	31
Netherlands	7.1	7	2.8	26=	1.5	27=
Norway	3.4	29=	2.0	37	2.2	25
Oman	10.8	2	3.7	22	1.5	27=
Panama	4.0	19=	14.4	5	13.9	3
Poland	1.1	43	1.3	42	0.7	39

At least national scope for its customers and new products or processes		Global scope for its customers and new products or processes		Expecting 25% or more of revenue from customers outside own economy	
Score	Rank/43	Score	Rank/43	Score	Rank/43
1.7	18	0.2	26=	0.6	25=
1.1	24=	0.5	15=	0.9	20=
1.1	24=	0.1	30=	0.3	35=
0.7	31=	0.2	26=	1.0	18=
3.6	6	1.3	1=	3.5	1
2.6	9	0.3	21=	0.4	31=
5.1	4	1.3	1=	2.2	7=
2.3	11=	0.7	12=	2.6	4
2.4	10	0.7	12=	2.4	5
0.7	31=	0.0	36=	0.4	31=
0.8	27=	0.3	21=	0.6	25=
1.6	19	0.5	15=	1.4	14=
0.9	27=	0.1	30=	0.5	28=
0.1	42=	0.0	36=	0.0	41=
0.3	41	0.0	36=	0.2	37=
0.4	36=	0.1	30=	0.2	37=
1.2	22=	0.3	21=	0.9	20=
0.5	34=	0.0	36=	0.1	40
0.1	42=	0.0	36=	0.0	41=
6.0	3	0.9	6=	2.3	6
2.1	14	0.8	8=	3.1	2
2.3	11=	0.4	18=	2.2	7=
0.4	36=	0.1	30=	0.2	37=
2.7	8	0.8	8=	2.0	11
1.5	20	0.6	14.0	1.0	18=
0.7	31=	0.0	36=	0.4	31=
7.0	2	1.1	5.0	2.1	10
0.4	36=	0.0	36=	0.0	41=

Table A7 (continued)

	Job creation expectations					
	0 jobs		1-5 jobs		6 or more jobs	
	Score	Rank/43	Score	Rank/43	Score	Rank/43
Qatar	3.7	24=	2.1	34=	11.4	4
Republic of Korea	4.0	19=	5.0	13	4.0	17=
Russian Federation	2.0	36=	2.8	26=	3.7	19=
Saudi Arabia	2.0	36=	5.8	11	9.4	7
Slovak Republic	6.0	11=	3.8	19=	4.0	17=
Slovenia	2.6	34	1.9	38	1.5	27=
Spain	3.0	32	1.8	39	0.5	40
Sweden	4.0	19=	2.1	34=	1.1	35=
Switzerland	3.9	22	4.5	15	0.9	37=
Taiwan	3.7	24=	2.7	28=	2.0	26
Togo	10.4	3	17.6	1	4.9	12
United Arab Emirates	1.6	41	3.2	24	10.6	5
United Kingdom	4.2	18	2.3	32=	1.3	32=
United States	5.3	15=	6.0	10	4.2	16
Uruguay	7.2	6	10.0	8	4.6	13=

At least national scope for its customers and new products or processes		Global scope for its customers and new products or processes		Expecting 25% or more of revenue from customers outside own economy	
Score	Rank/43	Score	Rank/43	Score	Rank/43
7.8	1	0.3	21=	1.8	13
2.0	15	0.4	18=	0.6	25=
0.5	34=	0.2	26=	0.7	23=
0.8	27=	0.0	36=	0.8	22
2.9	7	1.2	3=	1.9	12
1.1	24=	0.5	15=	1.2	16=
0.4	36=	0.1	30=	0.3	35=
1.2	22=	0.4	18=	1.4	14=
1.4	21	0.9	6=	1.2	16=
2.3	11=	0.8	8=	0.5	28=
0.4	36=	0.1	30=	2.2	7=
4.1	5	1.2	3=	2.9	3
0.9	27=	0.3	21=	0.7	23=
1.8	16=	0.8	8=	0.5	28=
1.8	16=	0.2	26=	0.4	31=

Table A8. The motivation to start a business, GEM 2020: % of Total early-stage Entrepreneurial Activity (TEA)

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

	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	
	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
Angola	65.3	7	63.8	18	37.3	11	89.5	3=
Austria	39.0	25=	33.4	41	21.1	32	49.3	35
Brazil	65.6	6	57.7	22	27.4	23	81.9	9
Burkina Faso	21.4	40	76.1	10	34.0	15	79.4	12
Canada	66.5	5	64.2	17	39.5	9	66.1	25
Chile	58.4	10	53.7	26	37.1	12=	81.2	10
Colombia	62.9	8	61.7	20	37.1	12=	77.0	14
Croatia	39.0	25=	47.0	30	28.7	19	69.4	23
Cyprus	37.5	28	85.2	6	21.3	31	77.4	13
Egypt	49.2	15	62.9	19	38.1	10	54.0	31
Germany	39.8	23=	52.2	28	62.0	2	45.1	37
Greece	26.9	36	45.8	31	35.7	14	69.0	24
Guatemala	76.7	2	54.8	25	46.9	6	91.1	1
India	80.7	1	74.7	12	76.8	1	87.3	5
Indonesia	44.7	18	49.8	29	41.8	8	71.4	21=
Iran	30.1	35	88.9	3	19.0	36	64.8	26
Israel	35.6	31	71.2	13	17.5	37	53.6	32
Italy	26.6	37	95.3	1	26.5	24	82.2	8
Kazakhstan	0.4	43	94.9	2	8.6	42	40.0	39
Kuwait	40.1	22	76.0	11	30.6	18	59.6	28=
Latvia	39.8	23=	41.8	34	27.5	22	73.6	17
Luxembourg	51.1	14	40.3	37	16.6	39	44.3	38
Morocco	11.8	41	45.2	32	21.4	30	72.8	18
Netherlands	46.6	17	40.9	36	24.6	27	47.8	36
Norway	36.7	30	30.1	43	11.8	41	23.1	43
Oman	47.9	16	82.2	7	48.9	4	89.8	2
Panama	66.6	4	56.3	24	45.3	7	84.7	6
Poland	22.0	39	52.8	27	20.4	34	62.0	27

	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	
	Score	Rank/43	Score	Rank/43	Score	Rank/43	Score	Rank/43
Qatar	37.6	27	77.5	9	27.7	21	56.6	28=
Republic of Korea	10.0	42	68.6	15	5.0	43	32.9	40
Russian Federation	24.2	38	68.7	14	16.5	40	71.4	21=
Saudi Arabia	60.8	9	86.9	4	53.2	3	89.5	3=
Slovak Republic	33.6	32	38.3	39	32.4	17	73.8	16
Slovenia	44.6	19	39.7	38	21.6	29	72.2	20
Spain	32.3	33	34.9	40	17.4	38	72.3	19
Sweden	41.5	21	42.8	33	24.2	28	28.9	42
Switzerland	42.5	20	32.5	42	20.1	35	52.0	33
Taiwan	52.5	12	57.2	23	25.6	26	32.8	41
Togo	36.9	29	85.5	5	32.6	16	84.6	7
United Arab Emirates	52.4	13	77.7	8	47.6	5	74.7	15
United Kingdom	57.6	11	59.4	21	20.7	33	54.4	30
United States	68.2	3	66.0	16	28.6	20	50.2	34
Uruguay	31.7	34	41.4	35	25.9	25	80.1	11

Table A9. National Entrepreneurship Context Index (NECI) scores, and national expert scores for response to the pandemic by entrepreneurs and governments

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

	NECI scores	NECI rank	Entrepreneurial response	Entrepreneurial response rank	Governmental response	Governmental response rank
Indonesia	6.39	1	6.58	23	6.13	12
Netherlands	6.34	2	6.57	24	7.05	3
Taiwan	6.06	3	7.30	7	6.72	4
United Arab Emirates	6.03	4	7.53	4	7.16	2
India	6.02	5	6.99	10	6.64	5
Norway	5.74	6	6.73	19=	6.47	8
Saudi Arabia	5.69	7	7.70	1	8.44	1
Qatar	5.67	8	6.76	17=	6.42	9
Republic of Korea	5.49	9	6.37	31	5.22	19
Switzerland	5.39	10	6.76	17=	5.92	14
Israel	5.33	11	6.82	15	3.59	37
United States	5.15	12	6.83	14	2.65	44
Oman	5.10	13	6.43	30	5.76	17
Luxembourg	5.05	14	6.48	27	6.49	7
United Kingdom	5.02	15	7.49	5	5.20	20
Germany	4.93	16	6.32	32	5.80	16
Uruguay	4.88	17	6.84	13	6.38	10
Austria	4.79	18	6.56	25	6.05	13
Spain	4.69	19	6.17	35	3.50	39
Colombia	4.64	20	6.73	19=	4.61	27
Latvia	4.64	21	6.28	34	4.53	28=
Slovenia	4.59	22	6.73	19=	4.92	24
Sweden	4.52	23	6.88	11	4.26	31
Cyprus	4.47	24	6.77	16	6.19	11
Chile	4.35	25	7.13	9	5.07	23
Kuwait	4.30	26=	6.51	26	4.07	32
Kazakhstan	4.30	26=	5.48	41	3.69	35
Greece	4.30	28	6.44	29	6.51	6

	NECI scores	NECI rank	Entrepreneurial response	Entrepreneurial response rank	Governmental response	Governmental response rank
Egypt	4.30	29	6.66	22	5.12	22
Poland	4.24	30	6.31	33	5.19	21
Brazil	4.21	31	7.44	6	3.88	33
Panama	4.21	32	7.62	2	4.69	25
Mexico	4.14	33	6.86	12	2.86	43
Slovak Republic	4.12	34	5.78	38	3.71	34
Italy	4.12	35	6.47	28	4.53	28=
Iran	3.98	36	5.50	40	3.53	38
Guatemala	3.92	37	7.54	3	3.60	36
Russian Federation	3.79	38	5.42	42	3.07	41
Morocco	3.78	39	5.53	39	4.65	26
Togo	3.78	40	5.33	43	5.66	18
Croatia	3.73	41	6.11	36	5.82	15
Puerto Rico	3.58	42	7.26	8	2.94	42
Burkina Faso	3.43	43	4.82	44	4.47	30
Angola	3.31	44	6.07	37	3.28	40

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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 such as SUPSI Manno in Ticino, Switzerland.

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