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## **Nearly Half Of The World's Entrepreneurs Are Between The Ages Of 25 – 44 According To Global Entrepreneurship Report**

**(Kuala Lumpur, Malaysia) January 17, 2013** – The Global Entrepreneurship Monitor (GEM) 2012 Global Report estimates that nearly half of the world's entrepreneurs are between the ages of 25 and 44. The survey also reports that, in all geographic regions surveyed, 25-34 year olds showed the highest rates of entrepreneurial activity.

The Latin America/Caribbean and sub-Saharan African regions tend toward older entrepreneurs, with one-third falling into the 45-64 age range. In Europe, on the other hand, the non-EU economies report, on average, that half of the entrepreneurs are between 18-34 years of age. China was also distinct in claiming a high proportion of young entrepreneurs, with 57 percent between 18 and 34 years of age.

Unveiled today at the GEM Annual Meeting in Kuala Lumpur, Malaysia, this is the 14th annual survey of entrepreneurship worldwide and is the largest single study of its kind.

In the late spring and early summer of 2012, more than 198,000 adults in 69 economies took part in the GEM survey. With the largest sample to date, this group of economies represented an estimated 74 percent of the world's population and 87 percent of the GDP.

The GEM 2012 Global Report also looked at cultural attitudes about entrepreneurship. Perceptions about entrepreneurial opportunities, capabilities, fear of failure, and intent to start a business are key predictors of entrepreneurial activity around the world.

Among The Report's Key Findings:

### ***Perceived Opportunities and Capabilities***

- Entrepreneurs in sub-Saharan Africa – factor-driven economies in the earliest stage of economic development – had high perceptions about good opportunities for starting businesses within six months (70 percent), and beliefs that they have the skills and knowledge necessary to start businesses (76 percent). Their high Total Entrepreneurship Activity rates (TEA) are consistent with these positive attitudes.
- Positive attitudes are higher in Latin America than in non-European Union economies. Both regions are within the middle-stage efficiency-driven group of economies (developing economies where industrialization has taken hold). This difference shows how attitudes towards entrepreneurship are shaped by more than a country's level of economic development.
- Noticeable variations in attitudes can be seen within geographic regions. The wealthier economies in the AsiaPacific/ South Asia regions – Japan, Republic of Korea, and Singapore – show lower than average opportunity and capability perceptions while earlier development-stage countries like China, Pakistan, and Thailand scored above average.
- As economies develop, perceived opportunities and capabilities tend to decline. Perceived opportunities were almost twice as high in factor-driven vs. innovation-driven economies.

### ***Fear of Failure***

- Economies in sub-Saharan Africa had the lowest levels, with just 24 percent reporting that fear of failure would prevent them from starting new businesses. Latin America and the Caribbean economies were also confident with only 28 percent stating fear of failure concerns.
- Fear of failure increases as economies move from early-stage to advanced development levels. Malawi (12 percent) has the lowest rate while Greece (61 percent) and Italy (58 percent) reported peak levels.

### ***Entrepreneurial Intentions***

- Intentions are highest (48 percent) in factor-driven economies (characterized by low-cost labor, natural resources, exports) and decrease significantly in the efficiency-driven (26 percent) and innovation-driven groups (11 percent).
- The sub-Saharan Africa region ranked highest in intentions (53 percent) among every geographic region in the world.
- Positive perceptions about opportunities do not always translate into starting businesses. 30 percent of respondents in Asia saw opportunities but only 17 percent expect to actually start businesses in the next three years.

### ***Beliefs About Entrepreneurship***

- Entrepreneurship as a good career choice and the belief that it is a high status choice, or one that receives media recognition, varied among cultures and regions. There were high rankings for these attitudes in the Latin America/Caribbean, Middle East/North Africa (MENA), and sub-Saharan Africa regions.

- European Union (EU) attitudes were lower. Only half of the respondents agreed that entrepreneurship was a good career choice and received positive media attention still, two-thirds think of entrepreneurship as a high-status profession.

### ***Entrepreneurial Activity***

- Total Entrepreneurial Activity (TEA) measures the percentage of adults (ages 18 -64) who are nascent (potential) or new entrepreneurs. TEA rates are higher in economies with low GDP per capita and lower in high GDP economies. This ratio corresponds with high levels of necessity-entrepreneurship (no other work options available) in low GDP countries while high GDP countries exhibit higher levels of opportunity-motivations.
- At 27 percent, Zambia (sub-Saharan Africa) and Ecuador (Latin America/Caribbean) submitted highest TEA rates in these regions. The Asia Pacific/South Asia region showed a mix of TEA levels with Thailand (19 percent and China (13 percent) leading the way.
- Innovation-driven economies have more established business owners than entrepreneurs. Greece, Spain, Switzerland, Ireland, and Finland in the EU; and Japan, Republic of Korea, and Taiwan in Asia have one-third more established business owners than entrepreneurs. Non-EU and MENA groups have low rates of both TEA and established business ownership while sub-Saharan Africa has high rates of both.
- Business discontinuance also varied across regions. Lack of financing was the most common cause in sub-Saharan Africa, but was less an issue in Asia. Respondents in the USA and EU cited other jobs or business opportunities as reasons for business discontinuance.

### ***Necessity and Opportunity Driven Entrepreneurs***

- In factor-driven economies, the proportion of entrepreneurs with necessity-driven motives generally declines, while improvement-driven opportunities (to improve income or independence) increase.
- Geography also plays a part. Latin America/Caribbean and non-EU economies are both efficiency-driven, but the Latin America/Caribbean region reported twice as many entrepreneurs with improvement-driven opportunity motives than those with necessity motives. In contrast, non-EU countries show equal levels of either motive.

### ***Gender Differences***

- Entrepreneurship activity among men and women was almost equal in most sub-Saharan Africa economies, while men were 2.8 times as likely to start a business than women in the MENA region.
- In Egypt, Palestine, and Korea, less than one-fifth of all entrepreneurs were women. Only 5 percent of entrepreneurs in Pakistan were women.
- Ecuador and Panama, Ghana and Nigeria, and Thailand were the only economies where the female TEA rate was higher than that for males.

### ***Growth Expectations***

- Despite low TEA rates among non-EU countries, nearly a fifth of their entrepreneurs expect to hire 20 or more employees in the next five years.
- The USA reported a high proportion of entrepreneurs projecting 20 or more new hires and also boasts a high TEA rate among innovation-driven economies.
- Singapore, China, and Colombia also displayed both high TEA rates and high proportions of 20 plus growth entrepreneurs compared to others in their regions.

## ***Entrepreneurship Framework Conditions***

- GEM interviewed country experts about the kinds of Entrepreneurship Framework Conditions (EFCs) – from education and national policy to internal markets and infrastructure systems – that will contribute to a healthy environment for entrepreneurship.
- Overall, physical infrastructure was identified as a positive factor in nearly every economy and region. Internal market dynamics (the level of change in markets) was viewed as positive by most of sub-Saharan Africa, MENA, Asia Pacific/South Asia, and non-EU economies. A more negative outlook on market dynamics was found in Latin America/Caribbean, the EU, and the USA.
- Most GEM economies see a need for improved entrepreneurship education at the primary and secondary levels. Entrepreneurial finance was another condition frequently cited as negative, but particularly in the Latin America/Caribbean region.
- Experts in the USA saw cultural and social norms as positive, while only one EU economy identified this condition favorably. The USA also rated R&D transfer positively, while sub-Saharan Africa and many economies saw this condition as negative.

## ***Entrepreneurship and Migration***

- In 2012, GEM included questions around the special topic of international migration. Currently there are more than 210 million international migrants with increases expected in the next ten years. Migrant entrepreneurs have the potential to contribute substantially to their societies through knowledge and information transfer, global trade, and job creation.
- Migrants exhibit a higher rate of entrepreneurship than non-migrants in innovation and factor-driven economies. Efficiency-driven economies showed an opposite pattern with lower TEA rates among migrant entrepreneurs.

- 25 percent of migrant entrepreneurs (non-migrants 16 percent) in efficiency-driven economies expect to create 10 or more jobs; 23 percent (non-migrants 9 percent) in factor-driven economies; and 20 percent (non-migrants 14 percent) in innovation-driven economies.
- More than half of migrant entrepreneurs said they sell products and services outside their host economy. This pattern was similar in innovation-driven economies but less so in factor-driven economies.

### ***Policy Implications***

- GEM researchers offer several guidelines for policy makers, entrepreneurs, and academics to help them build entrepreneurial eco-systems that enable entrepreneurship to flourish in every world economy.
- Develop policies to promote societal attitude changes about women; and that train, support and encourage women entrepreneurs.
- Create special entrepreneurial support tools and programs for entrepreneurs of different ages.
- Re-engage former entrepreneurs and leverage their wealth of experience in mentoring new entrepreneurs.
- Implement policies to encourage youth entrepreneurship, especially in high un-employment regions such as sub-Saharan Africa.
- Encourage national and global efforts to improve entrepreneurship education in primary and secondary schools.
- Help economies to recognize the value migrants provide in creating jobs and globalizing the business environment.
- Urge governments to enforce a strong rule of law to maintain the quality of entrepreneurial entries. GEM also stresses the importance of developing legal frameworks in which entrepreneurship can thrive.

## **GEM 2012 Global Report Sponsors**

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## **About GEM**

The Global Entrepreneurship Monitor (GEM) is a not-for-profit academic research consortium that has as its goal making high quality information on global entrepreneurship activity readily available to as wide an audience as possible. GEM is the largest single study of entrepreneurial activity in the world. Initiated in 1999 with just 10 countries, GEM has now conducted research in over 80 economies all over the world. Visit <http://www.gemconsortium.org>