



# Global Entrepreneurship Monitor

*2015/2018 Latvia Report*

**Marija Krūmiņa**  
**Anders Paalzow**



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**Anders Paalzow**

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SKDS

*While this work is based on data collected by the GEM consortium, responsibility for analysis and interpretation of those data is the sole responsibility of the authors.*

Design by **Apgāds Mantojums**

ISBN: 978-9984-822-40-2

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## FOREWORD

The Global Entrepreneurship Monitor (GEM) 2015-2018 Latvia Report covers the results of three sequential years of studies, from 2015 to 2017. GEM is a major international research project aimed at describing and analysing the entrepreneurial process across a wide range of countries. It is our belief that the Latvian GEM will not only contribute to an understanding of the factors influencing entrepreneurship in Latvia but that it will also contribute to an informed debate on Latvian entrepreneurship and the opportunities and challenges it is facing.

Anders Paalzow  
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# TABLE OF CONTENTS

|   |    |
|---|----|
| FOREWORD.....   | 4  |
| ABOUT THE AUTHORS.....  | 9  |
| ACKNOWLEDGEMENTS .....  | 10 |
| EXECUTIVE SUMMARY.....  | 11 |
| KOPSAVILKUMS.....   | 13 |
| INTRODUCTION .....  | 15 |
| LIST OF ABBREVIATIONS .....   | 15 |
| 1. ENTREPRENEURIAL ATTITUDES, ACTIVITY AND ASPIRATIONS .....            | 16 |
| 1.1. ENTREPRENEURIAL ATTITUDES AND PERCEPTIONS .....                    | 16 |
| 1.1.1. SOCIAL ATTITUDES TOWARDS ENTREPRENEURSHIP .....                  | 17 |
| 1.1.2. INDIVIDUAL ATTITUDES TOWARDS ENTREPRENEURSHIP.....               | 21 |
| 1.2. ENTREPRENEURIAL ACTIVITY .....                                     | 25 |
| 1.2.1. STAGES OF ENTREPRENEURIAL ACTIVITY.....                          | 25 |
| 1.2.2. EMPLOYEE ENTREPRENEURIAL ACTIVITY .....                          | 29 |
| 1.2.3. ESTABLISHED BUSINESS OWNERSHIP AND BUSINESS DISCONTINUATION..... | 30 |
| 1.2.4. MOTIVATIONAL REASONS FOR ENTREPRENEURSHIP.....                   | 32 |
| 1.2.5. INDUSTRY SECTOR PARTICIPATION .....                              | 34 |
| 1.2.6. INCLUSIVENESS OF ENTREPRENEURSHIP.....                           | 35 |
| 1.3. ENTREPRENEURIAL ASPIRATIONS .....                                  | 37 |
| 1.3.1. GROWTH ORIENTATION.....  | 37 |
| 1.3.2. INNOVATION .....   | 39 |
| 2. ENTREPRENEURIAL FRAMEWORK CONDITIONS.....                            | 41 |
| CONCLUSIONS.....  | 43 |
| SECINĀJUMI.....   | 44 |
| REFERENCES .....  | 45 |
| APPENDIX .....  | 46 |
| ANNEX .....   | 54 |
| THE GEM CONCEPTUAL FRAMEWORK.....                                       | 54 |
| DASHBOARD OF GEM INDICATORS.....  | 56 |

# LIST OF FIGURES

|                  |   |    |
|------------------|---|----|
| <b>FIGURE 1</b>  | NATIONAL ATTITUDES TOWARDS ENTREPRENEURSHIP BY COUNTRY, 2017 (% OF THE ADULT POPULATION) .....  | 17 |
| <b>FIGURE 2</b>  | NATIONAL ATTITUDES TOWARDS ENTREPRENEURSHIP IN LATVIA, 2005-2017 (% OF THE ADULT POPULATION) .....  | 18 |
| <b>FIGURE 3</b>  | NATIONAL ATTITUDES TOWARDS ENTREPRENEURSHIP IN LATVIA, ESTONIA AND IN EUROPE (ON AVERAGE), 2015-2017 (% OF THE ADULT POPULATION) .....  | 20 |
| <b>FIGURE 4</b>  | PERCEIVED CAPABILITIES, PERCEIVED OPPORTUNITIES, FEAR OF FAILURE AND ENTREPRENEURIAL INTENTIONS BY COUNTRY, 2017 (% OF THE ADULT POPULATION) .....  | 21 |
| <b>FIGURE 5</b>  | INDIVIDUAL ATTITUDES TOWARDS ENTREPRENEURSHIP IN LATVIA, ESTONIA AND IN EUROPE (ON AVERAGE), 2015-2017 (% OF THE ADULT POPULATION) .....  | 23 |
| <b>FIGURE 6</b>  | STAGES OF THE ENTREPRENEURIAL PROCESS IN GEM .....  | 25 |
| <b>FIGURE 7</b>  | TEA IN EUROPE, 2015-2017 (% OF THE ADULT POPULATION) .....  | 26 |
| <b>FIGURE 8</b>  | NASCENT ENTREPRENEURSHIP RATE AND NEW BUSINESS OWNERSHIP RATE IN EUROPE, 2017 (% OF THE ADULT POPULATION).....  | 27 |
| <b>FIGURE 9</b>  | NASCENT ENTREPRENEURSHIP RATE, NEW BUSINESS OWNERSHIP AND TOTAL EARLY-STAGE ENTREPRENEURIAL ACTIVITY IN LATVIA, ESTONIA AND EUROPE (ON AVERAGE), 2015-2017 (% OF THE ADULT POPULATION)..... | 27 |
| <b>FIGURE 10</b> | EEA IN LATVIA, ESTONIA AND EUROPE (ON AVERAGE), 2015-2017 (% OF THE ADULT POPULATION) .....   | 28 |
| <b>FIGURE 11</b> | DYNAMICS OF EBO, TEA AND EEA, LATVIA, 2005-2017 (% OF THE ADULT POPULATION).....  | 30 |
| <b>FIGURE 12</b> | ESTABLISHED BUSINESS OWNERSHIP AND DISCONTINUATION RATE IN LATVIA, ESTONIA AND ON AVERAGE IN EUROPE, 2015-2017 (% OF THE ADULT POPULATION).....   | 30 |
| <b>FIGURE 13</b> | MOTIVATION FOR ENTREPRENEURSHIP IN LATVIA, ESTONIA AND ON AVERAGE IN EUROPE, 2015-2017 (% OF TEA) .....   | 32 |
| <b>FIGURE 14</b> | INDUSTRY SECTOR PARTICIPATION IN LATVIA, ESTONIA AND ON AVERAGE IN EUROPE, 2015-2017 (% OF TEA) .....   | 34 |
| <b>FIGURE 15</b> | EARLY-STAGE ENTREPRENEURIAL ACTIVITY RATES AMONG AGE GROUPS IN EUROPE AND THE BALTIC STATES, 2015-2017 .....  | 35 |
| <b>FIGURE 16</b> | EARLY-STAGE ENTREPRENEURIAL ACTIVITY RATES IN EUROPE AND THE BALTIC STATES BY GENDER, 2015-2017 .....   | 36 |
| <b>FIGURE 17</b> | GROWTH EXPECTATION IN EUROPE AND IN LATVIA AND ESTONIA, 2015-2017 .....   | 37 |
| <b>FIGURE 18</b> | HIGH GROWTH CREATION EXPECTATION (6 AND MORE EMPLOYEES) IN LATVIA, 2005-2017 (% OF TEA).....  | 38 |
| <b>FIGURE 19</b> | INNOVATION IN EUROPE, ON AVERAGE AND IN TWO OF THE BALTIC STATES, 2015-2017 (% OF TEA).....   | 39 |

## LIST OF TABLES

|                |   |    |
|----------------|---|----|
| <b>TABLE 1</b> | <i>GEM'S KEY ENTREPRENEURIAL FRAMEWORK CONDITIONS</i> .....   | 40 |
| <b>TABLE 2</b> | <i>ENTREPRENEURIAL ATTITUDES AND PERCEPTIONS IN EUROPE, IN 2015 -2017 (% OF THE ADULT POPULATION)</i> ..... | 45 |
| <b>TABLE 3</b> | <i>PHASES OF ENTREPRENEURIAL ACTIVITY IN EUROPE , 2015 – 2017 (% OF THE ADULT POPULATION)</i> .....         | 46 |
| <b>TABLE 4</b> | <i>EMPLOYEE ENTREPRENEURIAL ACTIVITY IN EUROPE, IN 2015 – 2017 (% OF THE ADULT POPULATION)</i> .....        | 47 |
| <b>TABLE 5</b> | <i>MAIN REASONS FOR BUSINESS DISCONTINUATION IN EUROPE, 2015-2017</i> .....                                 | 48 |
| <b>TABLE 6</b> | <i>MOTIVATION FOR EARLY-STAGE ENTREPRENEURIAL ACTIVITY IN EUROPE IN 2015-2017, (% OF TEA)</i> .....         | 49 |
| <b>TABLE 7</b> | <i>INDUSTRY DISTRIBUTION OF TEA IN EUROPE, 2015-2017 (% OF TEA)</i> .....                                   | 51 |
| <b>TABLE 8</b> | <i>ENTREPRENEURSHIP FRAMEWORK CONDITIONS: MAIN INDICATORS IN EUROPE, 2015-2017</i> ..                       | 52 |



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## ACKNOWLEDGEMENTS

The Latvian GEM team warmly thanks all entrepreneurs and non-entrepreneurs who participated in this research. They gave generously of their time, while their insights enriched our understanding of entrepreneurship in Latvia.

We gratefully acknowledge assistance and insights from all our national experts, broadening our understanding of entrepreneurial framework conditions in Latvia.

Thanks also to “SKDS” for undertaking the adult population survey for the Global Entrepreneurship Monitor in Latvia and to Christopher Goddard for excellent editing and proofreading. Special thanks to Lelde Jakobsone for her assistance at various stages of the report.

## EXECUTIVE SUMMARY

The GEM 2015-2018 Report provides detailed information on the latest trends in entrepreneurship in Latvia over the last three years. The Report provides an international comparison of Latvia's entrepreneurial performance with other European countries participating in the Global Entrepreneurship Monitor project. Latvia's Baltic neighbour, Estonia, is used as a benchmark.

The Report describes the Latvian entrepreneurial profile, discusses social and individual attitudes towards entrepreneurship, describes various aspects of entrepreneurial activity as well as aspirations for growth and innovation, and evaluates inclusiveness of entrepreneurship in terms of gender, age and industry. The national entrepreneurial environment captured by Entrepreneurial Framework Conditions (EFCs) is also studied.

We believe that the analysis included in this Report will be informative for the business and academic community as well as for policymakers.

### *SOCIETAL VALUES ABOUT ENTREPRENEURSHIP*

57% of Latvians consider entrepreneurship as a good career choice and almost the same proportion (58%) think that entrepreneurs are highly regarded in society. More than half (58%) of Latvians think that topics on entrepreneurship are positively covered in the Latvian media.

### *SELF-PERCEPTIONS ABOUT ENTREPRENEURSHIP*

Compared to previous years, fewer Latvians have entrepreneurial intentions. However, in 2017 Latvia still ranks the 4th highest in Europe in terms of entrepreneurial intentions. Latvians consider themselves as being rather skilled and educated for business activities; however, fewer Latvians compared to average Europeans see business opportunities in the area where they live. Besides, among those Latvians who see good opportunities for business, the share of those who are afraid of failure keeps increasing (2015 – 38.6%, 2016 – 41.2%, 2017 – 42%).

### *PHASES/ TYPES OF ENTREPRENEURIAL ACTIVITY*

In 2017, many Latvians were trying to start a new business, with 9 in every 100 people nascent entrepreneurs. About 5 in every 100 people started a new business. Both Estonia and Latvia are the best performers in Europe in terms of early stage entrepreneurial activity. Estonia scores 1st (19.4%) and Latvia 2nd (14.2%). The number of Latvians at the nascent entrepreneurship stage slightly decreased while the number of new business owners increased, thus leading to an almost unchanged level of TEA compared to previous years. Some 4.4% of Latvians were involved in entrepreneurial activity at their current workplace. Overall, the EEA rate in Latvia was rather stable over the last two years and very similar to the European observed average.

Both the new business ownership rate in Latvia (2015 – 6.0%, 2016 – 4.9% and 2017 – 5.1%) and the established business ownership rate (9.6 % in 2015, 9.5% in 2016 and 7.7% in 2017) have decreased over previous years. Also observing an increase in the discontinuation rate (2015 – 3.4%, 2016 – 3.3% and 2017 – 4.2%), this signals that not so many entrepreneurial attempts in Latvia were successful in recent years, with many dropping out.

The percentage of Latvian entrepreneurs in 2017 who abandoned their business is rather high (4.2 %) compared to their peers in Europe (2.9%). The decision to discontinue because of the unprofitability of the business was made in 28.9% of cases in Latvia in 2017. However, the importance of this reason has declined over time (2015 – 42.4%, 2016 – 38.6%). Discontinuation was already planned in advance for the 10.9 % who chose an exit strategy or invested their time in another business opportunity (15.2 %). They may even have sold the business (6.1 %). Personal reasons (20.3 %) and bureaucracy (24.6 %) are also important reasons for exit. Bureaucracy as the reason for discontinuation in Latvia became more important compared to

previous years (2015 – 12.0%, 2016 – 20.6%).

### *MOTIVATION FOR EARLY-STAGE ENTREPRENEURIAL ACTIVITY*

The motivation index (the ratio between improvement-driven opportunity and necessity-driven entrepreneurs) for Latvia has fluctuated over the last three years. There was an increase in the index in 2016. But in 2017 the share of necessity-motivated entrepreneurs increased, together with a decrease in the number of entrepreneurs motivated by opportunity, causing a decrease in the motivation index (2016 – 4, 2017 – 2.7). For every necessity entrepreneur there were 4 improvement-driven opportunity entrepreneurs in Latvia in 2016, while in 2017 for every necessity entrepreneur there were 3 improvement-driven opportunity entrepreneurs.

### *INDUSTRY SECTOR PARTICIPATION*

In Latvia in 2017, 16.3 % of new ventures started business in health, education, government and social services (13.8% in Estonia). Wholesale and retail were the dominant industries both in Latvia (23.7 %) and Estonia (22.1%). In third position in both countries were manufacturing (Latvia – 12.5%, Estonia – 13.6%) and the fourth was agriculture in Latvia (11.5%) and professional services in Estonia (10.0%).

The share of early-stage entrepreneurs who start their businesses in ICT, finance and other services, in Latvia increased (43.3% in 2015, 47.9% in 2017). This increase was mostly driven by an increase in involvement in finance (2015 – 2.0%, 2017 – 5.9%) health, education and social services (2015 – 9.3%, 2017–13.8%).

### *AGE AND GENDER DISTRIBUTION OF EARLY-STAGE ENTREPRENEURIAL ACTIVITY*

Both Latvians and Estonians aged 25 – 34 were the most active in terms of entrepreneurship. Besides, young Latvians and Estonians (in the age group 18 – 24) were very active as well. The Latvian population in all age groups is more active compared to Europe, on average, with one exception. Involvement of individuals aged 55-64 years still lags behind. In 2017, 4.3% of 55-64 year-old Europeans were involved in TEA, whereas in Latvia the rate was 2.6%. For every ten male entrepreneurs in Latvia, there are around six female entrepreneurs. This result is very similar to what is observed in Estonia and in Europe, on average. Over the last three years, females were also less likely to start businesses driven by opportunity motives, compared to males in Europe, on average. However, in 2017 slightly more Latvian women were starting business because of improvement-driven opportunity motives compared to Latvian men.

### *JOB CREATION PROJECTIONS AND INNOVATION*

After 2012, the growth ambitions of Latvian early-stage entrepreneurs steadily decreased. In 2017, 27.5% of entrepreneurs in Latvia were forecasting the creation of 6 or more jobs over the next five years. However, Latvia still ranked 4th in Europe, after Switzerland (33.2%), Croatia (30.4%) and France (27.9%). The level of innovativeness of Latvian entrepreneurs has been stable over recent years and very similar to the European observed average. In 2017, 28% of Latvian entrepreneurs were introducing new or unique products to some or all of their customers.

### *THE ENTREPRENEURSHIP ECOSYSTEM*

EFCs, evaluated by national experts as being most positive in Latvia over the last three years, are physical infrastructure, commercial infrastructure and social and cultural norms. Government policy (mainly, taxes or regulations that are supposed to encourage SMEs), R&D transfer, the extent to which national research and development leads to new commercial opportunities and is available to SMEs; and entrepreneurship education at basic school level (primary and secondary) –are the three EFCs with the lowest scores by Latvian experts.

## KOPSAVILKUMS

2015.-2018. gada GEM Latvija Ziņojums piedāvā detalizētu informāciju par uzņēmējdarbības tendencēm Latvijā pēdējo trīs gadu laikā. Ziņojums nodrošina Latvijas uzņēmējdarbības snieguma starptautisku salīdzinājumu ar pārējām Eiropas valstīm, kas piedalās Uzņēmējdarbības Globālā Monitoringa projektā, īpaši akcentējot līdzības un atšķirības starp Latviju un Baltijas kaimiņvalsti Igauniju.

Ziņojumā aprakstīts Latvijas uzņēmējdarbības profils, apskatīta uzņēmējdarbības vērtība sabiedrībā un iedzīvotāju uzņēmējdarbības pašnovērtējums, tiek analizēta uzņēmējdarbības vide, iezīmēti dažādi uzņēmējdarbības aktivitātes veidi, noskaidrotas uzņēmēju gaidas attiecībā uz inovācijām un darbinieku skaita pieaugumu, kā arī tiek novērtēta arī dzimumu, vecuma grupu un nozaru iekļaušanās uzņēmējdarbībā.

Mēs ticam, ka ziņojumā iekļautā analīze būs informatīva uzņēmējiem un akadēmiskās vides pārstāvjiem, kā arī politikas veidotājiem.

### UZŅĒMĒJDARBĪBAS VĒRTĪBA LATVIJAS SABIEDRĪBĀ

57% Latvijas pieaugušo iedzīvotāju uzskata, ka uzņēmējdarbība ir laba karjeras izvēle, un gandrīz tik pat liela daļa (58%) domā, ka veiksmīgi uzņēmēji ieņem augstu statusu sabiedrībā. Vairāk nekā puse Latvijas iedzīvotāju (58%) uzskata, ka mediji Latvijā pozitīvi atspoguļo uzņēmējdarbības vidi, veidojot rakstus un raidījumus par veiksmīgiem uzņēmējiem.

### LATVIJAS IEDZĪVOTĀJU UZŅĒMĒJDARBĪBAS PAŠNOVĒRTĒJUMS

Salīdzinot ar iepriekšējiem gadiem, mazāks skaits Latvijas iedzīvotāju, kuri vēl nav iesaistījušies uzņēmējdarbībā, plāno to darīt tuvāko trīs gadu laikā (17%). Tomēr Eiropas valsts vidū tas joprojām ir salīdzinoši augsts rādītājs, 2017. gadā - ceturtais augstākais rādītājs starp Eiropas valstīm. Paši Latvijas iedzīvotāji sevi vērtē kā pietiekoši kvalificētus un spējīgus, lai uzsāktu uzņēmējdarbību (49%), taču, salīdzinot ar vidējo eiropieti, latvieši saskata mazāk biznesa iespēju (36%). Turklāt Latvijas iedzīvotāju vidū, kuri saskata biznesa iespējas, ar katru gadu palielinās to cilvēku skaits, kurus bailes no biznesa neveiksmes attur no iesaistīšanās uzņēmējdarbībā (2015. g. – 38.6%, 2016. g. – 41.2%, 2017. g. – 42%).

### UZŅĒMĒJDARBĪBAS AKTIVITĀTES POSMI/VEIDI

2017. gadā daudzi Latvijas iedzīvotāji ir mēģinājuši uzsākt jaunu biznesu. No katriem 100 cilvēkiem 9 bija topošie uzņēmēji, kuri ir sākuši veikt noteiktas darbības sava topošā biznesa organizēšanai. Gan Igaunijā, gan Latvijā uzrāda augstākos agrīnās stadijas uzņēmējdarbības aktivitātes rādītājus Eiropas valstu vidū. 14.2% no Latvijas iedzīvotājiem atradās uzņēmējdarbības sākuma stadijā, ieņemot otro vietu Eiropā aiz Igaunijas ar 19.4%. Topošo uzņēmēju skaits Latvijas iedzīvotāju vidū ir neliels samazinājies, bet jauno uzņēmumu īpašnieku skaits ir pieaudzis, tādējādi, salīdzinot ar iepriekšējiem gadiem, kopējais agrīnās stadijas uzņēmējdarbības aktivitātes līmenis ir saglabājies gandrīz nemainīgs. 4.4% Latvijas iedzīvotāju bijuši iesaistīti uzņēmējdarbības aktivitātē savā pašreizējā darbavietā. Kopumā šis rādītājs pēdējo divu gadu laikā Latvijā ir bijis stabils un ļoti līdzīgs vidējam rādītājam Eiropā.

Gan jauno uzņēmumu īpašnieku skaita rādītājs (2015. g. – 6.0%, 2016. g. – 4.9% un 2017. g. – 5.1%), gan nobriedušo uzņēmumu īpašnieku skaita rādītājs (2015. g. – 9.6 %, 2016. g. – 9.5% un 2017. g. – 7.7% ) iepriekšējo gadu laikā ir samazinājies. Ir novērots arī uzņēmējdarbības pārtraukšanas rādītāja pieaugums (2015. g. – 3.4%, 2016. g. – 3.3% un 2017. g. – 4.2%), kas liecina, ka pēdējo gadu laikā daudzi uzņēmējdarbības uzsākšanas mēģinājumi Latvijā ir bijuši neveiksmīgi.

Latvijas uzņēmēju īpatsvars, kuri pārtrauca uzņēmējdarbību 2017. gadā, ir diezgan augsts (4.2%), salīdzinot ar kolēģiem citur Eiropā (2.9%). 2017. gadā Latvijā zema peļņa kļuva par iemeslu uzņēmējdarbības pārtraukšanai 28.9% gadījumos. Tomēr šis iemesls laika gaitā ir kļuvis mazāk nozīmīgs (2015. g. – 42.4%, 2016. g. – 38.6%). Uzņēmējdarbības pārtraukšanas iepriekšēja plānošana ar izvēlētu izejas stratēģiju notikusi 10.9% gadījumu, 15.2% gadījumu esošais bizness tika pārtraukts, ieguldot laiku citā biznesa iespējā, 6.1% gadījumos uzņēmums ir ticis pārdots. Personīgi iemesli (20.3 %) un birokrātija (24.6%) arī ir bieži

ienesli uzņēmējdarbības pārtraukšanai. Salīdzinot ar iepriekšējiem gadiem, Latvijā birokrātija kā uzņēmējdarbības pārtraukšanas iemesls ir kļuvis daudz nozīmīgāks (2015. g. – 12.0%, 2016. g. – 20.6%).

### *AGRĪNĀS STADIJAS UZŅĒMĒJDARBĪBAS MOTIVĀCIJA*

Motivācijas indekss (attiecība starp iespēju motivātiem un nepieciešamības spiestiem uzņēmējiem) pēdējo trīs gadu laikā Latvijā ir svārstījies. 2016. gadā motivācijas indekss pieauga, taču 2017. gadā nepieciešamības spiesto uzņēmēju skaits auga un iespēju motivēto uzņēmēju skaits saruka, izraisot motivācijas indeksa samazināšanos (2016. g. – 4, 2017. g. – 2.7). Latvijā uz katru nepieciešamības spiesto uzņēmēju 2016. gadā bija 4 iespēju motivēti uzņēmēji, savukārt 2017. gadā – 3.

### *UZŅĒMĒJDARBĪBA NOZARU KONTEKSTĀ*

2017. gadā 16.3% jauno uzņēmumu Latvijā uzsāka biznesu veselības, izglītības, valsts un sociālo pakalpojumu jomā (Igaunijā – 13.8%). Vairumtirdzniecība un mazumtirdzniecība ir bijušas dominējošās nozares gan Latvijā, gan Igaunijā. 23.7% Latvijas iedzīvotāju un 22.1% Igaunijas iedzīvotāju uzsāka savu biznesu šajās nozarēs. Trešo pozīciju abās valstīs ieņem ražošana (Latvija - 12.5%, Igaunija - 13.6%), savukārt ceturto – lauksaimniecība Latvijā (11.5%) un profesionālie pakalpojumi Igaunijā (10.0%). Latvijā ir pieaudzis agrīnās stadijas uzņēmēju īpatsvars, kuri uzsāka uzņēmējdarbību IKT, finanšu un citu pakalpojumu jomā (2015. g. - 43.3% un 2017. g. - 47.9%). Šo pieaugumu lielākoties veicinājusi biežāka iesaistišanās finanšu (2015. g. – 2.0%, 2017. g. – 5.9%), veselības, izglītības un sociālo pakalpojumu (2015. g. – 9.3%, 2017. g. – 13.8%) nozarēs.

### *AGRĪNĀS UZŅĒMĒJDARBĪBAS AKTIVITĀTES VECUMA UN DZIMUMA SADALĪJUMS*

Gan Latvijā, gan Igaunijā visaktīvāk uzņēmējdarbībā iesaistās iedzīvotāji vecumā no 25 līdz 34 gadiem. Bez tam, arī jaunieši Latvijā un Igaunijā (vecuma grupā no 18 līdz 24 gadiem) ir ļoti aktīvi. Latvijā visu vecuma grupu iedzīvotāji ir aktīvāki, salīdzinot ar vidējo Eiropas valstu rādītāju, taču ar vienu izņēmumu. Iedzīvotāju aktivitāte vecuma grupā no 55 līdz 64 gadiem joprojām atpaliek no vidējā Eiropas rādītāja. 2017. gadā 4.3% Eiropas iedzīvotāju vecuma grupā no 55 līdz 64 gadiem bija iesaistīti uzņēmējdarbības sākuma stadijā, savukārt Latvijā šis rādītājs bija vien 2.6%.

Latvijā uz katriem desmit uzņēmējiem vīriešiem ir aptuveni sešas uzņēmējas sievietes. Šis rādītājs ir ļoti līdzīgs novērotajam rādītājam Igaunijā un vidējam rādītājam Eiropas valstu vidū. Pēdējo trīs gadu laikā, vidēji Eiropā, sievietes retāk nekā vīrieši ir iesaistījušās uzņēmējdarbībā iespēju motivētas. Tomēr 2017. gadā Latvijas sievietes, salīdzinot ar Latvijas vīriešiem, nedaudz biežāk uzsāka biznesu tieši iespēju motivētas.

### *JAUNAS DARBAVIETAS UN INOVĀCIJAS*

2017. gadā 27.5% Latvijas uzņēmēju paredzēja, ka nākošo piecu gadu laikā radīs 6 vai vairāk jaunas darbvietas. Pēc 2012. gada Latvijas agrīnās stadijas uzņēmēju izaugsmes ambīcijas (darbinieku skaita pieauguma prognozes) pastāvīgi samazinājās. Tomēr Eiropas valstu vidū Latvija joprojām ieņem ceturto vietu aiz Šveices (33.2%), Horvātijas (30.4%) un Francijas (27.9%).

Latvijas uzņēmēju inovāciju līmenis pēdējo gadu laikā ir bijis stabils un ļoti tuvs Eiropas valstu vidū novērotajam vidējam līmenim. 2017. gadā 28% Latvijas uzņēmēju ieviesa un piedāvāja jaunus vai unikālus produktus daļai vai visiem saviem klientiem.

### *UZŅĒMĒJDARBĪBAS EKOSISTĒMA (ĀRĒJIE FAKTORI)*

Latvijas ekspertu visaugstāk novērtētie uzņēmējdarbību ietekmējošie ārējie faktori pēdējo trīs gadu laikā ir fiziskā infrastruktūra, komerciālā infrastruktūra, sociālās un kultūras normas. Valsts politika (galvenokārt nodokļu politika vai regulējumi, kam būtu jāatbalsta mazie un vidējie uzņēmumi (MVU)), P&A, un uzņēmējdarbības iekļaušana izglītības programmā pamatizglītības līmenī (pamatskola un vidusskola) – ir Latvijas ekspertu trīs viszemāk novērtēti faktori.

## INTRODUCTION

The Global Entrepreneurship Monitor (GEM) provides a unique opportunity to compare the Latvian entrepreneurial profile with those of other countries. The following analysis centres around three main dimensions:

- (i) entrepreneurial attitudes and perceptions,
- (ii) entrepreneurial activity, and
- (iii) entrepreneurial aspirations.

The first chapter concentrates on a detailed analysis of these three dimensions and compares results between European countries participating in the GEM project. Particular attention in the analysis of Latvia's relative performance is given to one of Latvia's Baltic neighbours, Estonia. Lithuania is currently not participating in the GEM project. Consequently, when we refer to the Baltic countries, we refer to Estonia and Latvia.

Industry sector participation, growth ambition and the level of innovation are studied at the end of Chapter 1.

The Report concludes with analysis of the entrepreneurial framework conditions in Chapter 2.

The Annex provides information on the GEM conceptual framework, terminology and data.

## LIST OF ABBREVIATIONS

**GEM** – Global Entrepreneurship Monitor

**TEA** – Total early-stage entrepreneurial activity

**EEA** – Employee entrepreneurial activity

**EFCs** – Entrepreneurial framework conditions

**EE** – Estonia

**LV** – Latvia



# 1. ENTREPRENEURIAL ATTITUDES, ACTIVITY AND ASPIRATIONS

Using the results of the GEM 2015 – 2017 Global Adult Population Surveys, this chapter deals with each of the three main concepts of the entrepreneurial profile:

- **attitudes,**
- **activity,** and
- **aspirations.**

Before proceeding with the analysis, we briefly remind the reader about these concepts.

**Entrepreneurial attitudes and perceptions** reveal the degree to which individuals in different countries tend to appreciate entrepreneurship, both in terms of general attitudes and in terms of self-perceptions. How many individuals recognize business opportunities? How many believe they have the skills and knowledge to exploit such opportunities, and how many would be prevented from exploiting such opportunities due to fear of failure?

General attitudes towards entrepreneurship are captured through three dimensions: the overall societal view of entrepreneurship (whether those in-

dividuals who are successful at starting a new business enjoy a high level of status and respect in their society), the attractiveness of entrepreneurship as a career choice, and media attention to entrepreneurs and business (by promoting successful ventures).

Involvement in entrepreneurial activities at different phases is measured by **entrepreneurial activity** indicators: the nascent entrepreneurship rate, the new-business ownership rate, the established business ownership rate, the employee entrepreneurial activity rate and the discontinuation rate. GEM data also track the degree to which involvement in entrepreneurial activities is driven by opportunity and necessity motives as well as capturing different reasons for business discontinuations.

**Entrepreneurial aspirations** measures are used in order to address the socioeconomic impact of entrepreneurial activity in different countries. Of particular interest are those entrepreneurs who expect to create jobs and / or to contribute to society by offering new products and services.

## 1.1. ENTREPRENEURIAL ATTITUDES AND PERCEPTIONS

We will start this chapter with an analysis of social values and will continue with individual attitudes towards entrepreneurship.

Measures that show how many adults see entrepreneurship as a **good career choice**, how many agree that successful entrepreneurs enjoy **high status** in society and how much **media attention** entrepreneurs are receiving – these measures allow us to capture and compare social value-attitudes towards entrepreneurship in different countries (see Appendix Table 2).

Societal attitudes send a signal about how entrepreneurship is regarded in an economy. A society's culture, history, policy and business environment, as well as many other factors, can influence that society's view toward entrepreneurship. In turn, this may affect entrepreneurial ambitions and the extent to which this activity will be supported.

While societal attitudes can indicate how entrepreneurship is regarded in a society, personal perceptions about entrepreneurship may influence whether

someone would consider starting a business. GEM assesses individual self-perceptions regarding whether people see opportunities around them (**perceived opportunities**), whether those seeing opportunities would feel constrained by fear of failure (**fear of failure**), whether they believe they are capable of starting a business (**perceived capabilities**) and whether they intend to do so within the next three years (**entrepreneurial intentions**). Fostering entrepreneurial awareness and positive attitudes towards entrepreneurship could affect those individuals wishing to venture into entrepreneurship. However, the key factor that determines whether someone progresses to entrepreneurship is not the perception of opportunities for start-ups or of (matching) personal capabilities: context also plays a role. Factors such as the availability of (good) job alternatives in an economy can make a difference for those who perceive market opportunities and have confidence in their own entrepreneurial capabilities, and help to determine whether they engage in independent entrepreneurial activity or



not. So, while in some societies positive attitudes and perceptions toward entrepreneurship may be instrumental in achieving new (high-value) entrepreneurial activities, in many others they are certainly not, on their own, sufficient reason for people to choose to engage in entrepreneurial activity. For example, there may be other excellent options avail-

able to individuals.

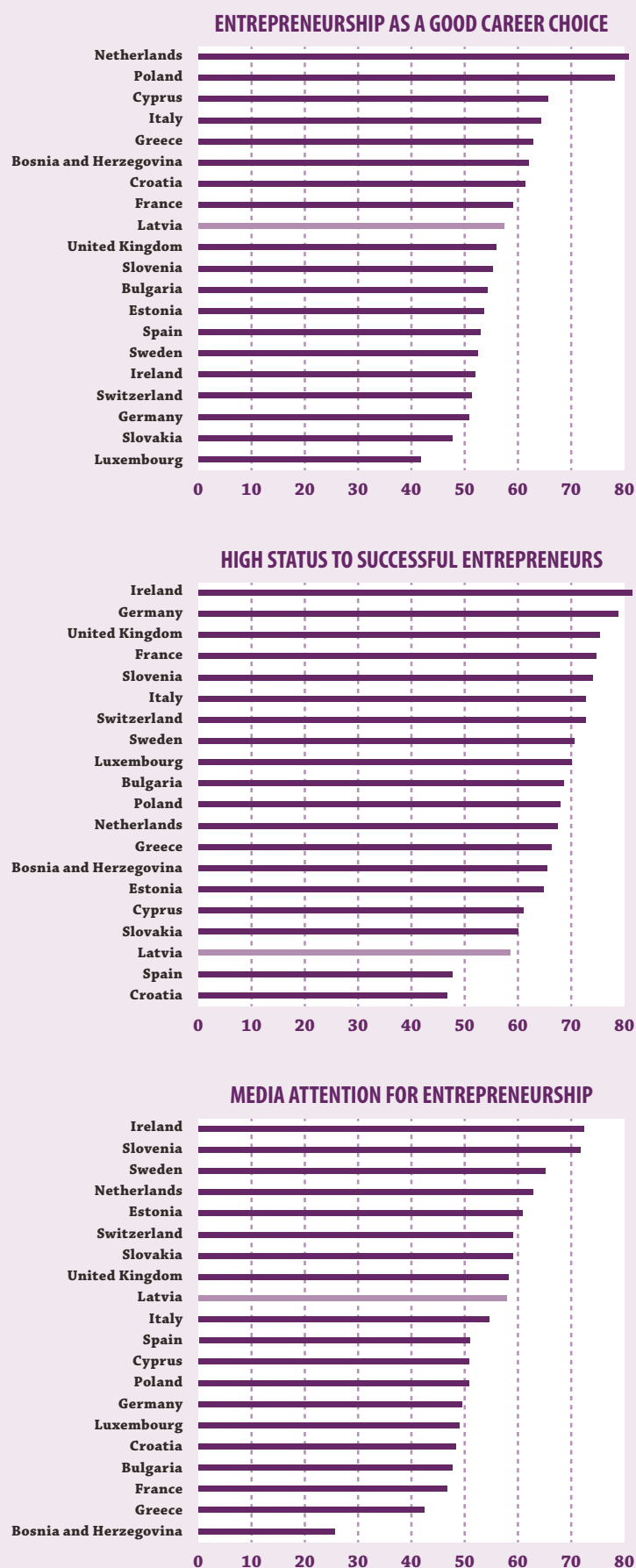
For all measures, cultural differences and business-cycle patterns are an important explanation for differences in perceptions across countries.

### 1.1.1. SOCIAL ATTITUDES TOWARDS ENTREPRENEURSHIP

We start our analysis with three measures that assess the attractiveness and visibility of entrepreneurship in a given society – (i) social impressions about entrepreneurship as a career choice, (ii) the status of entrepreneurs in society and (iii) media attention to business.

Very similar to previous years, in 2017 (see Figure 1) entrepreneurs are visible and well regarded in European economies, with (on average) 67 out of 100 Europeans claiming that entrepreneurs enjoy high status in society. A smaller share of Europeans 58% (on average) considers entrepreneurship as a good career choice. This is true for almost all observed countries in Europe with the exception of Croatia, Cyprus, the Netherlands, Poland and Spain, where more people think that entrepreneurship is a good career choice than those who claim high status for entrepreneurs.

Ireland, Luxembourg and Germany have the widest gap between people's respect for entrepreneurship as a profession and their belief that entrepreneurship is a good career choice. For example, 82% of the adult population in Ireland believes entrepreneurs enjoy high status, yet only around half would consider starting a business as a good career.

**Figure 1** National attitudes towards entrepreneurship by country, 2017 (% of the adult population)

Latvia is a country with a similar proportion of the population who agree that entrepreneurship is a good career choice and who believe that successful entrepreneurs enjoy high status. 57% of Latvians consider entrepreneurship as a good career choice and almost the same proportion (58%) (though not necessarily the same people) think that entrepreneurs are highly regarded in society.

Figure 2 shows the dynamics of attitudes towards entrepreneurship among the adult Latvian population over the last thirteen years. One immediate observation is that the indicators vary with the business cycle. In 2008, right before the economic recession, around 75 % of Latvians considered entrepreneurship as a good career choice and 76% of adults believed that successful entrepreneurs enjoyed high status in Latvian society. Before that, in 2007, only 55% considered entrepreneurship as a good career choice. This can be explained by the overheating of the labour market, when other employment options were more attractive. After the downturn, attitudes changed. Only slightly more than half of Latvians still considered entrepreneurship as a good career choice. Starting from 2008 and

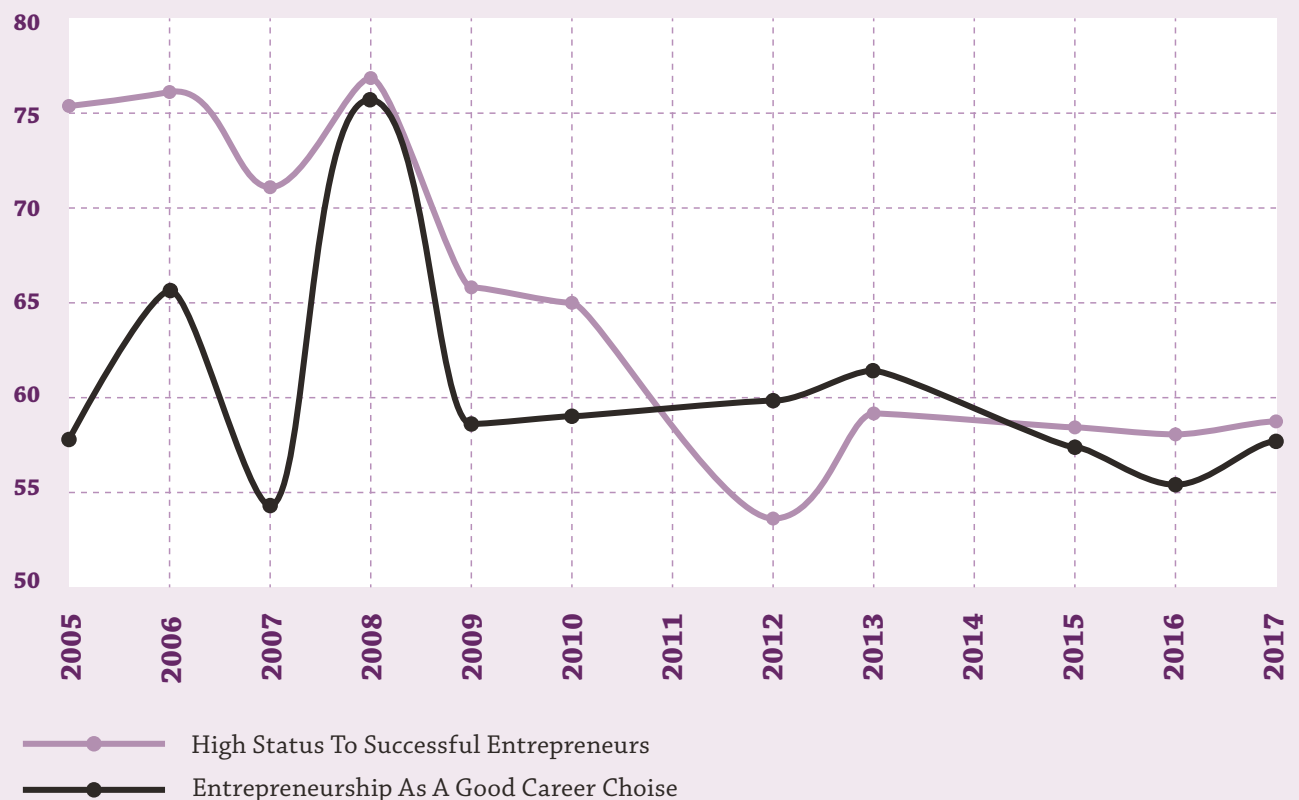
until 2012, every year fewer and even fewer people considered that successful entrepreneurs enjoy high status in society. A small positive shift in attitudes occurred in 2013. Since then, attitudes have been rather stable.

Positive media attention can also be a valuable means of shaping attitudes towards entrepreneurship in society. Entrepreneurs are highly visible in Slovenia: 73% of working-age adults believe there is positive media attention for entrepreneurs. Conversely, less than one-third of Bosnians in 2017 see this publicity.

More than half (58%) of Latvians think that successful entrepreneurship is sufficiently covered in the media in Latvia and 61% of Estonians believe the same is true in Estonia.

Comparing the Latvian result to neighbouring Estonia, we see that somewhat fewer Estonians, (Estonia – 54%, Latvia – 57%) consider entrepreneurship as a good career choice in 2017 but a larger share (Estonia - 65%, Latvia - 58%) think that entrepreneurs are accorded high status in society.

**Figure 2** National attitudes towards entrepreneurship in Latvia, 2005-2017 (% of the adult population)



Looking at developments over the last three years (see Figure 3), we notice an increase in the share of Europeans who consider entrepreneurship as a good career choice and in the share of those who think that entrepreneurs are highly regarded in society. The share of Europeans who believe there is positive media attention for entrepreneurs in the country where they live stayed almost unchanged (~55%).

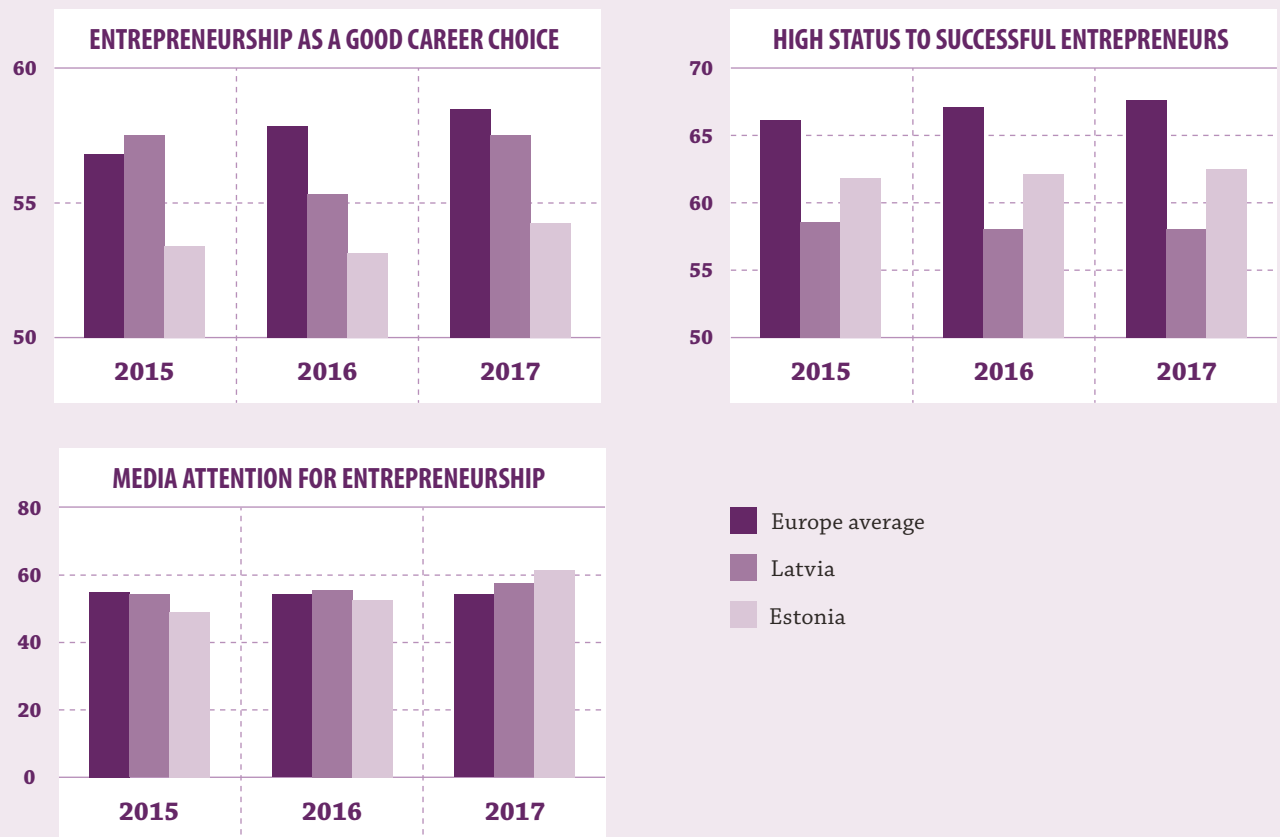
Over the last three years<sup>1</sup> a slight increase has occurred in the share of Latvians as well as Estonians who positively evaluate national attitudes towards entrepreneurship in all three dimensions (high status of the entrepreneur, good career choice, and media attention).

More Latvians consider entrepreneurship as a good career choice, yet more Estonians think that entrepreneurs are highly regarded in society as compared to each other. Over the last three years, Estonians have managed to improve media attention for entrepreneurship. In 2015, 49% of Estonians thought that there is good coverage of entrepreneurship-related issues in the media and in 2017 that share increased to 61%. In Latvia, the share of adults who believe in positive media attention to entrepreneurship over the last three years has also slightly grown from 55% in 2015 to 58% in 2017.

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1. With a one-year exception for Latvia: A decline occurred in the number of Latvians who considered entrepreneurship as a good career choice in 2016. In 2017, the share of adults who positively evaluate entrepreneurship as a career choice increased back to the level observed in 2015.

**Figure 3** National attitudes towards entrepreneurship in Latvia, Estonia and in Europe (on average), 2015-2017 (% of the adult population)



Source: GEM Adult Population Surveys 2015 – 2017

### 1.1.2. INDIVIDUAL ATTITUDES TOWARDS ENTREPRENEURSHIP

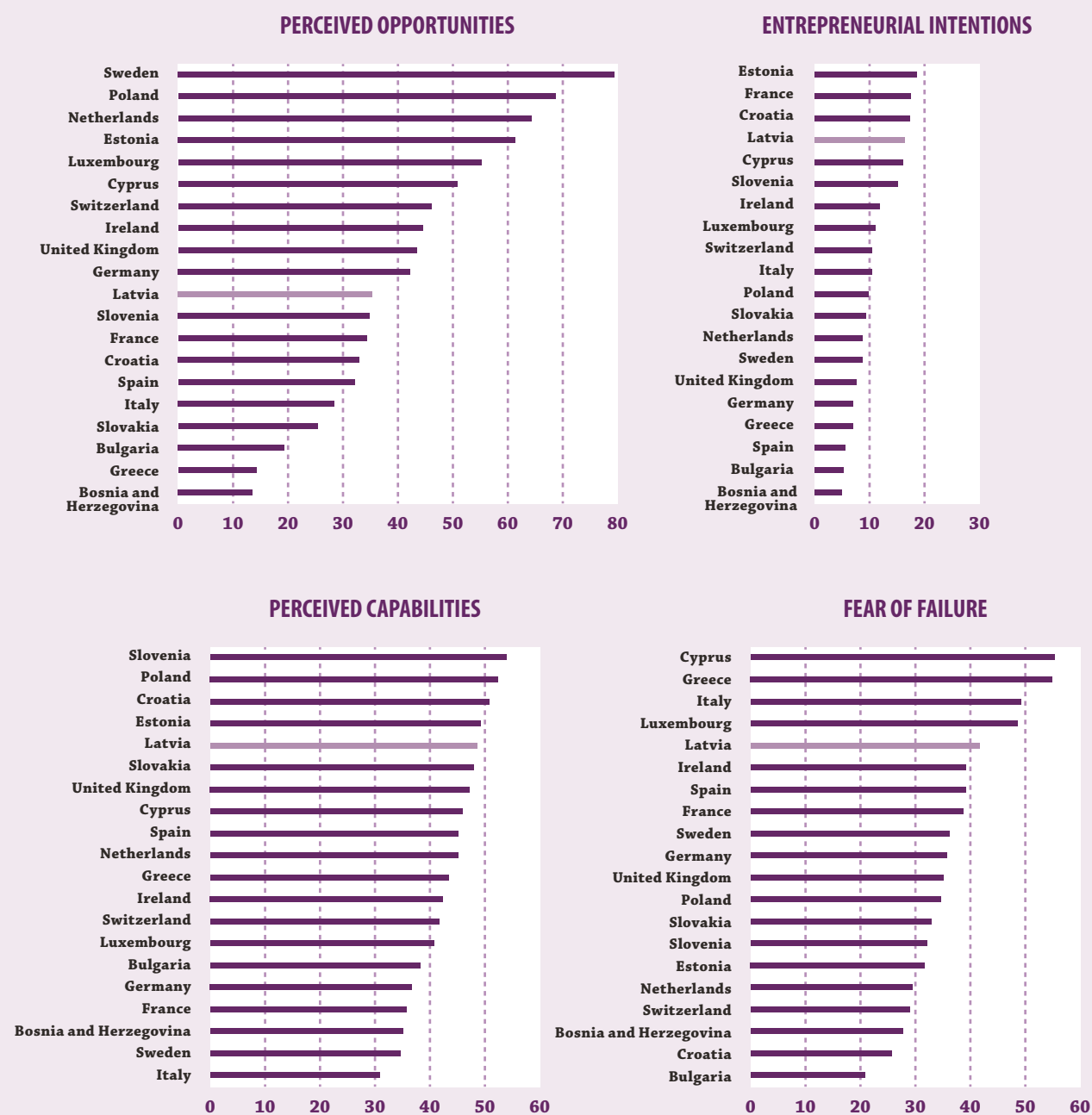
To complete our understanding of overall attitudes towards entrepreneurship, we continue with an analysis of (i) perceived opportunities, (ii) capabilities, (iii) fear of failure and (iv) entrepreneurial intentions. The general belief is that high percentages for all the above variables except for fear of failure (the observed (legal and financial) consequences of failure) exercise a positive impact on willingness to go into entrepreneurship. Different combinations of these parameters lead to country-specific patterns in terms of early-stage entrepreneurial activity.

Comparing countries, we have to be aware that individuals in different countries can have different types of business in mind when they express their perceptions.

A large proportion of the adult population can see good business opportunities in the country where they live. However, at the same time, a much smaller proportion of people may evaluate their skills as appropriate for entrepreneurial activities, and vice versa. As stated in the GEM Executive Report 2015/2016: “capabilities perceptions may reveal not just people’s skills, but also confidence in their ability to start a business. The level and focus of education systems, national and regional culture, and many other factors may explain the differences across economies”.

An existing gap between perceived opportunities and perceived capabilities may influence the overall rate of involvement in entrepreneurial activity in a given country.

**Figure 4** *Perceived capabilities, perceived opportunities, fear of failure and entrepreneurial intentions by country, 2017 (% of the adult population)*



For the fear of failure - Denominator: the 18-64 age group perceives good opportunities to start a business

Source: GEM Adult Population Surveys 2015-2017

In 2017, the European country with the highest rate of perceived opportunities among adults was Sweden, where about 80% of the adult population see business opportunities and believe in the possibility that the occasion to start a venture may arise in the next six months in the area where they live (see Figure 4). This is followed by Poland with 69%, the Netherlands 64% and Estonia with 61%. Seeing business opportunities does not lead Swedes to be highly involved in early-stage entrepreneurial activity. TEA in Sweden in 2017 amounts to 7.3%, and is even smaller than the average rate for Europe at 8.1% (see Table 2). Swedes see good business opportunities but are much less confident in their skills and knowledge being appropriate to engage in entrepreneurial activities (34%). On the other hand, in countries with the highest rates of perceived capabilities – Slovenia (53%) and Croatia (51%), where more than half of all adults think that their skills are appropriate for business activities – good opportunities are seen by a substantially smaller share of adults. The same pattern is revealed year after year: for those European countries with the highest indicator of perceived opportunities, the indicator of perceived capabilities is much lower. In 2017, two exceptions to this pattern: Poles and Estonians, not only see business opportunities but also feel confident about their skills and knowledge. Besides, 18% of adult Estonians plan to get involved in entrepreneurial activity in the next three years. 19.4% of Estonians are involved in TEA, 9.1% in EEA – all three rates are the highest in Europe. However, the discontinuation rate in Estonia is also one of the highest in Europe at 4.4% (see Table 4).

A higher average level of capability perceptions compared to opportunity perceptions may reveal a less critical assessment of one's capabilities compared to conditions in the surrounding environment. However, it is important to view perceptions about opportunities and capabilities within the context of the typical business someone may start in an economy. The capabilities required to start a retail business, for example, may differ from one based on information and communications technologies.

In European countries, on average, 37% of adult individuals who see business opportunities admit that fear of failure deters them from involvement in entrepreneurial activities. Similar nations as a year before – Cypriots (56%), Greeks (56%), Italians (49%), and Luxembourgers (47%) – are more afraid of failure; on the other hand, Bulgarians (21%) and Croats (26%) are less afraid of failure compared to other European nations (37% on average in Europe).

Fear of failure tends to be more common in developed economies, where the greater prevalence of alternative career options can create the impression that people have more to lose by foregoing these other opportunities. However, the impact of the experience of fear on individual cognition and behaviour can be beneficial as well as detrimental. Despite this dualistic nature, to date fear is examined only as a barrier to entrepreneurial behaviour. Thus, a low fear of failure is not always directly linked to creation of new ventures (Cacciotti & Hayton, 2015).

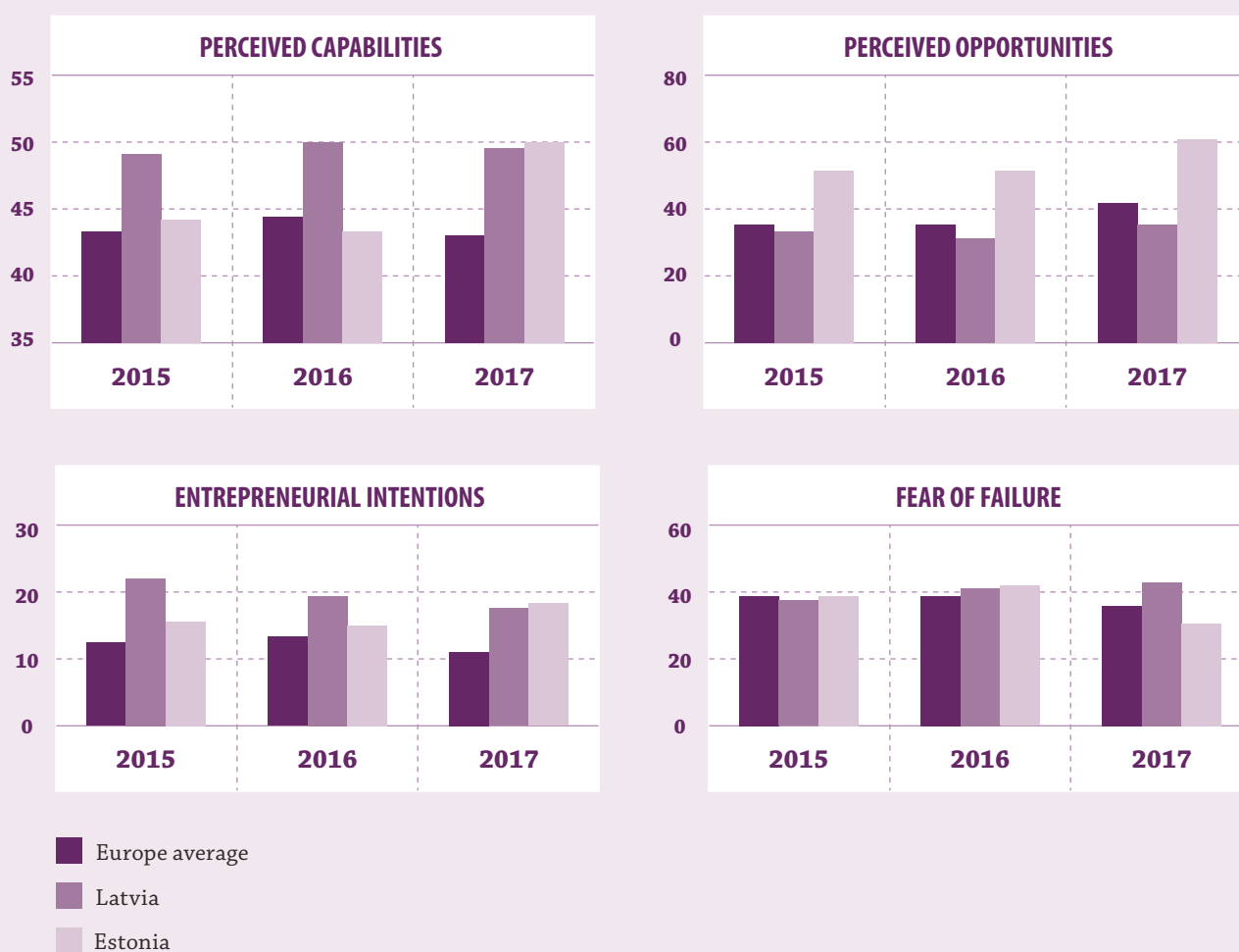
Analysing entrepreneurial intentions in 2017, we see that Estonians (18%) and French (18%) have the highest entrepreneurial intentions, followed by Croats (17%), Latvians (17%) and Poles (20%). Low intentions to start businesses were exhibited in Bosnia and Herzegovina, Spain and Bulgaria, where 5.6% or less of the population signalled these intentions.

In Bulgaria, low intentions were accompanied by low opportunity perceptions and rather low capability perceptions. In that country, few people see good opportunities for starting businesses, which is consistent with few intending to do so. In Estonia, high intentions were accompanied by high perceptions of opportunity and capability, also leading to the highest activity rate among European countries. However, Sweden exhibited the highest opportunity perceptions but reported lower than the (European) average level of intentions. This suggests that people's perceptions about the opportunities around them are not necessarily linked to their own intentions to start. As already noted, different factors may weigh more heavily on people's willingness and ambition for entrepreneurship.

As seen from the analysis and discussion so far, attitudes and perceptions differ among the European countries studied, leading to country-specific patterns of early-stage entrepreneurial activity.

Even if the adult population in a country sees many business opportunities and is not so afraid of failure, a rather low rate of self-estimation of one's own entrepreneurial skills can lead to comparatively low rates of involvement in entrepreneurial activity, exactly as we see in the case of Sweden. On the other hand, countries where an average level of perceived opportunity prevails among adults and a rather-high level of fear of failure but accompanied by high self-esteem end up being highly active in the early stages of entrepreneurship, as we see to be the case, for example, in Latvia.

**Figure 5** Individual attitudes towards entrepreneurship in Latvia, Estonia and in Europe (on average), 2015-2017 (% of the adult population)



For the fear of failure - Denominator: the 18-64 age group perceives good opportunities to start a business

Source: GEM Adult Population Surveys 2015 - 2017



Looking at the development of attitudes over the last three years (see Figure 5), we note that the average European sees more opportunities and is slightly less afraid of failure, yet has lower entrepreneurial intentions.

Positive changes have occurred in Estonia regarding both national and individual attitudes towards entrepreneurship. Over the last three years, Estonians have become much more confident about their skills and capabilities as well as seeing more business opportunities in Estonia. The entrepreneurial intentions of Estonians have increased and they have also become less afraid of failure.

Latvians have become more afraid of failure over the last three years and at the same time fewer Lat-

vians have entrepreneurial intentions. Although Latvians still consider themselves as skilled and educated for business activities, the share of those seeing business opportunities is smaller than in Estonia (Latvia – 36%, Estonia – 61%) as well as smaller compared to the average level in Europe (41%). Besides, among those Latvians who see good opportunities for business, the share of those who are afraid of failure keeps increasing (2015 – 38.6%, 2016 – 41.2%, 2017 – 42%). In 2017, it was higher compared both to Estonia (32%) and to Europe on average (37%).

In the next chapter we will continue with analysis of entrepreneurial activity in Latvia, benchmarking it both to Estonia as well as to other European countries, on average.

## 1.2. ENTREPRENEURIAL ACTIVITY

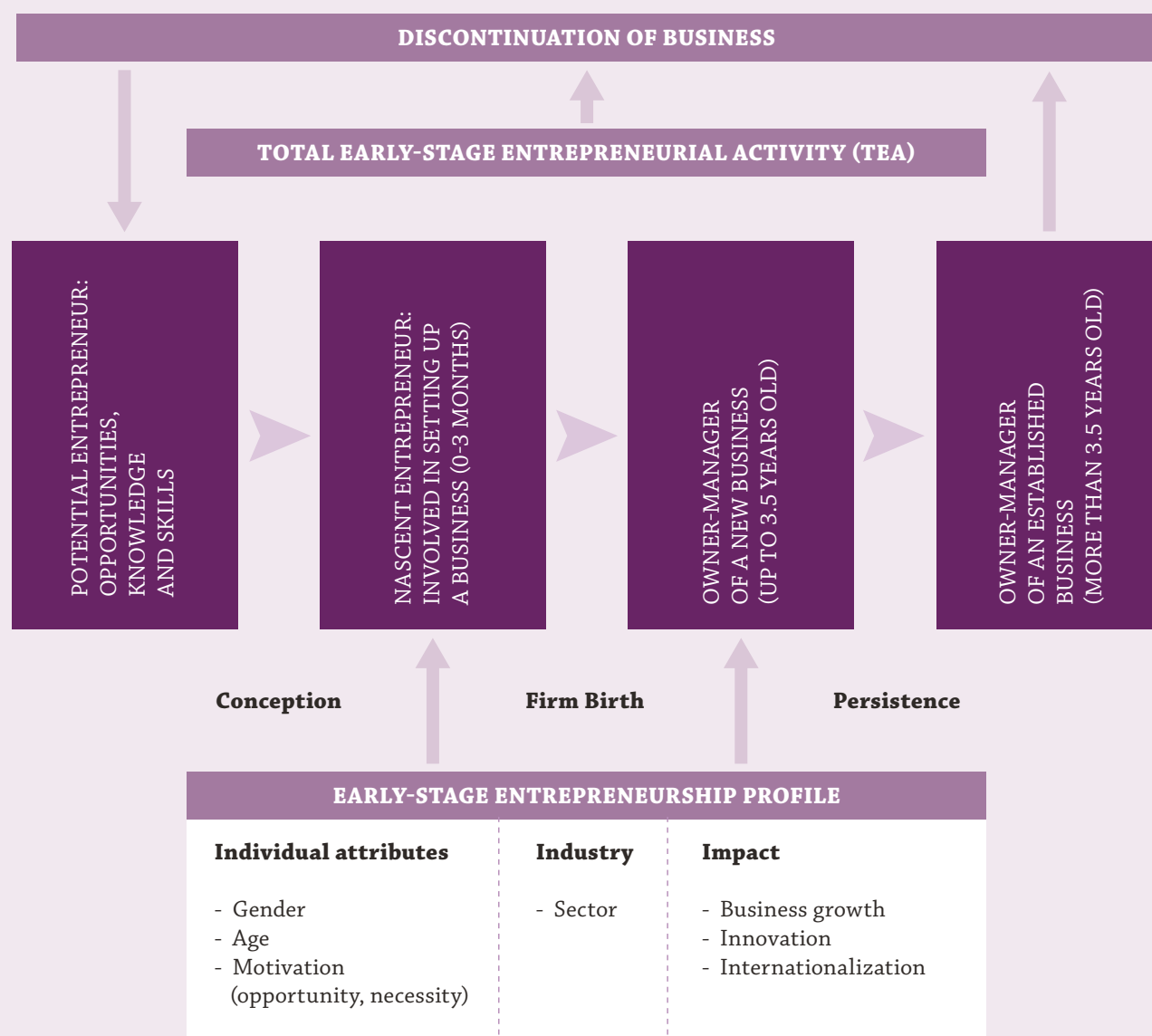
GEM conceptualizes entrepreneurship as a continuous process that includes **nascent entrepreneurs** involved in setting up a business, entrepreneurs who own and manage a new business (**new business owners**), entrepreneurs who own and manage an established business (**established business owners - EBOs**), and individuals involved in entre-

preneurial activity (EEA) within an existing organisation – **intrapreneurs**. In addition, GEM assesses the rate and nature of business discontinuations. In order to evaluate the indicator of **business discontinuance**, GEM tracks the number of individuals who discontinued their business in the last twelve months as well as the main reason for doing so.

### 1.2.1. STAGES OF ENTREPRENEURIAL ACTIVITY

**The total early-stage entrepreneurial activity (TEA)** rate is defined as the prevalence rate of individuals in the working-age population who are actively involved in business start-ups, either the phase in advance of the birth of the firm (nascent entrepreneurs – those who are committing resources to start a business, but the business has not yet yielded wages), or the phase spanning 42 months after the birth of the firm (owner-managers of new

firms). As such, GEM takes payment of wages for more than three months as the “birth event” of the firm. The cut-off of 42 months for differentiating between new businesses and established firms has been calculated by combining theoretical and practical considerations (Reynolds et al., 2005) and has consistently been used from the very beginning of the GEM survey.

**Figure 6** *Stages of the entrepreneurial process in GEM*

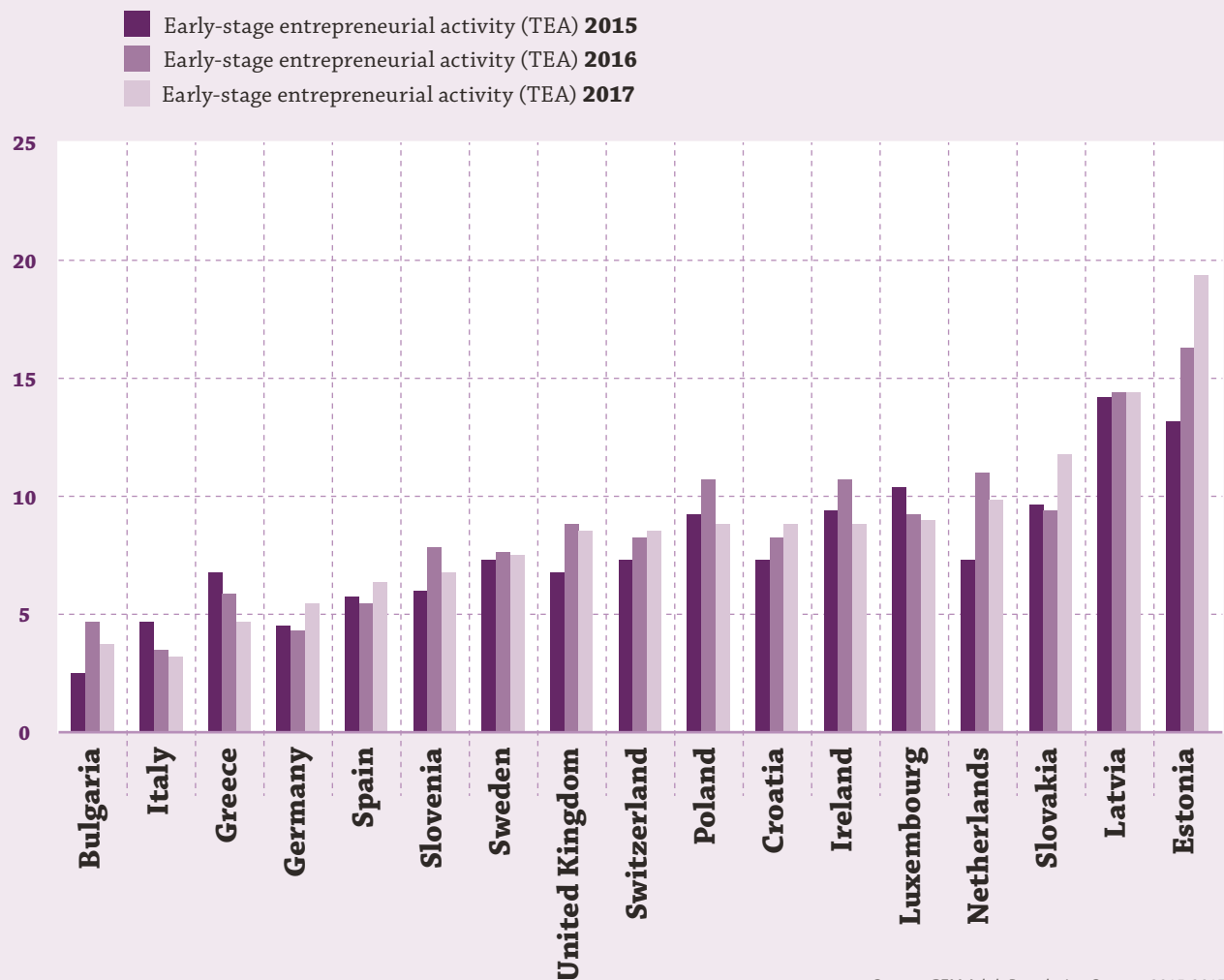
Source: GEM 2017 Executive Report.

Figure 6 illustrates the stages of the entrepreneurship process as seen in the GEM analytical framework.

Table 3 (see Appendix) shows these indicators together with data on employee entrepreneurial activity (EEA) for European countries participating in GEM adult population surveys in 2015-2017.

In this section, we elaborate on these phases of entrepreneurial activity. Most attention is paid to the situation in Latvia, its development over recent years, and a comparison with Estonia and other European countries.

Otherwise similar economies may have different entrepreneurship ecosystems (regulatory environments, cultural values and so forth) and as a result different levels of entrepreneurial activity. We start our analysis with the total early-stage entrepreneurial activity. Figure 7 shows changes in TEA in European countries over the last three years. Bulgarians, Italians and Germans – and in 2017 also the French – were involved in TEA least compared to other European countries. Compared to others in Europe, Estonians and Latvians are the leaders in terms of involvement in the early stages of entrepreneurial activity.

**Figure 7** TEA in Europe, 2015-2017 (% of the adult population)

Source: GEM Adult Population Surveys 2015-2017

Note: Only countries that participated in each of the previous three years are included.

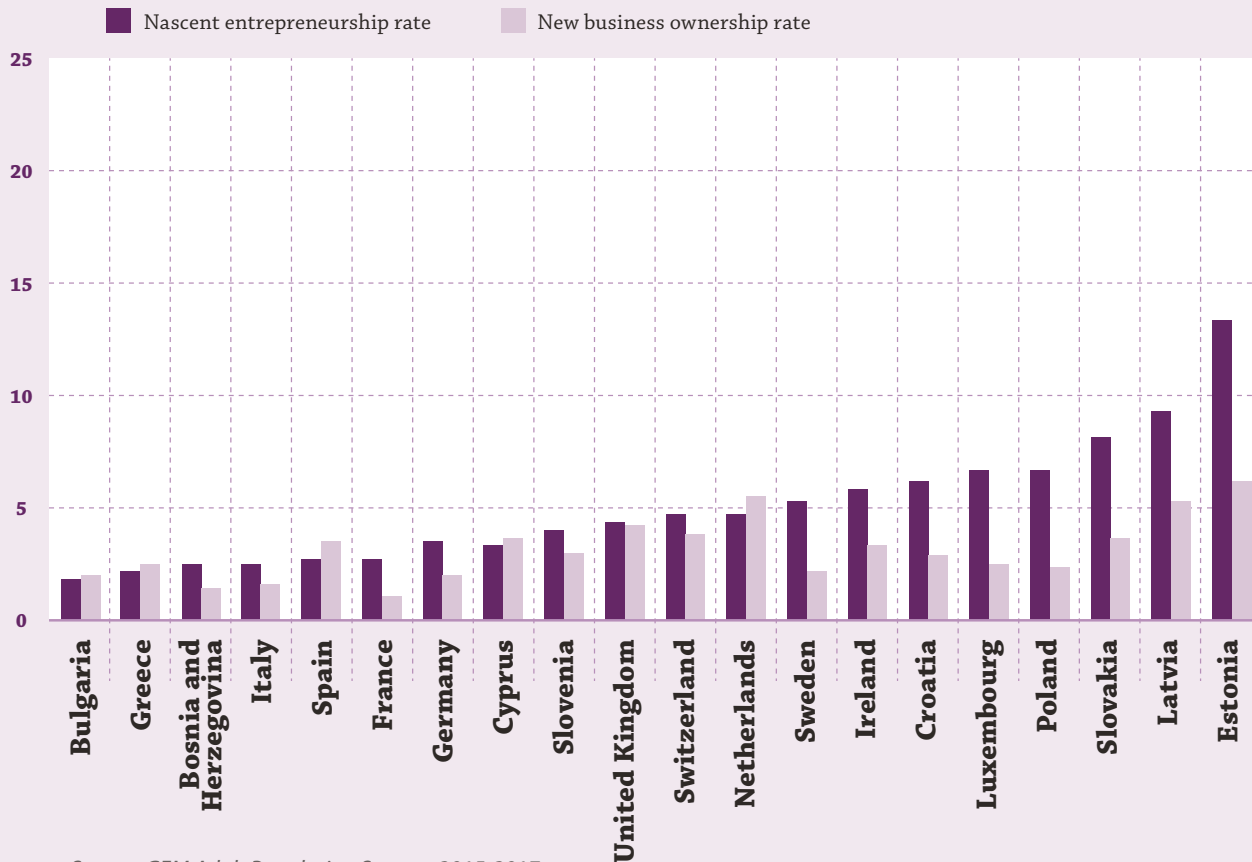
The GEM Executive Report 2017/2018 shows that, at a regional level, TEA rates are highest in Latin America and the Caribbean – 18.5% and in North America (16.2%). In line with its lowest entrepreneurial intention rate of 10.2%, Europe reports the lowest average regional TEA rate – half the rate for the North America region. Bulgaria, France, Bosnia and Herzegovina, and Italy, in particular, exhibit among the lowest rates in the overall sample, with around 4% or less of the adult working-age population starting or running new businesses. What is the setting regarding early entrepreneurial activity in Latvia? Latvia has the 2nd best place (14.2%) in terms of TEA among all European countries participating in the GEM 2017 survey (Estonia with 19.4% is 1st).

We subdivide the TEA rate into its two components, i.e. nascent entrepreneurship and new business ownership (Figure 8). In 2017, the Neth-

erlands, Greece, Spain and Cyprus are the only countries where the new business ownership rate is slightly higher or almost the same as the nascent entrepreneurship rate. The highest difference between these two rates is observed in Estonia, where 13.4% of adult Estonians are nascent entrepreneurs and only half as many (6.2%) are new business owners.

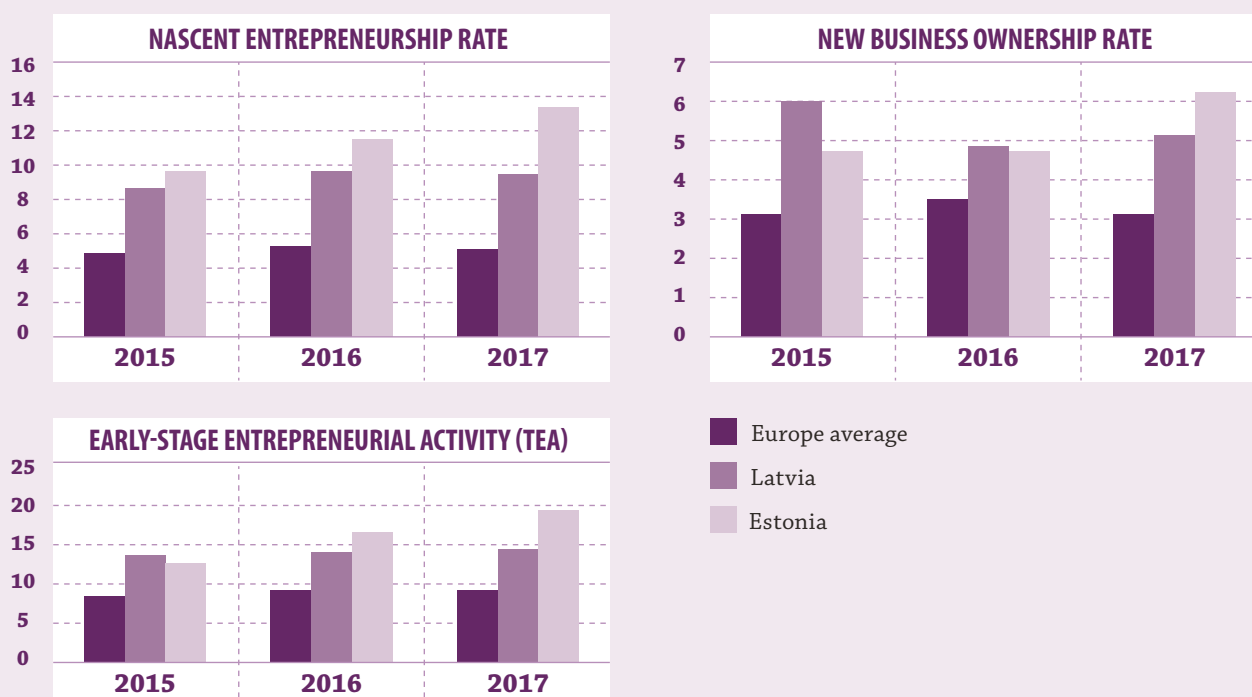
In 2017, many Latvians were trying to start a new business: 9 in every 100 people in Latvia were nascent entrepreneurs in that they took some steps towards starting a business. Many developed European economies, such as Italy, Spain, France and Germany, have fewer nascent entrepreneurs (about 3 in 100). But in Estonia there are more: 13 in every 100. About 5 in every 100 people in Latvia have started a new business. This is higher than some European countries such as Sweden, Germany and Italy (2 in 100), though slightly fewer than in Estonia (6 in 100).

**Figure 8** Nascent entrepreneurship rate and new business ownership rate in Europe, 2017 (% of the adult population)



Source: GEM Adult Population Surveys 2015-2017

**Figure 9** Nascent entrepreneurship rate, new business ownership and total early-stage entrepreneurial activity in Latvia, Estonia and Europe (on average), 2015-2017 (% of the adult population)



Source: GEM Adult Population Surveys 2015-2017

On average in Europe, the early stage entrepreneurship involvement level has stayed almost at the same level over the last three years (see Figure 9). We also observe an increase both in nascent and new business ownership rates in Estonia. The number of those Latvians who are at the nascent entre-

preneurship stage slightly decreased and the number of new business owners increased. This leads to almost the same number of Latvians involved in the early stages of entrepreneurship as compared to previous years.

## 1.2.2. EMPLOYEE ENTREPRENEURIAL ACTIVITY

A major distinction in the entrepreneurship field is between independent entrepreneurship and 'entrepreneurship within existing organizations'.

Entrepreneurial employee activity (EEA) is essential for business sustainability and renewal through the successful introduction of new products and services or setting up a new business. EEA shares many features with "regular" entrepreneurship. The main differences between the two occur with regard to autonomy, availability of resources, type of risk and anticipated rewards.

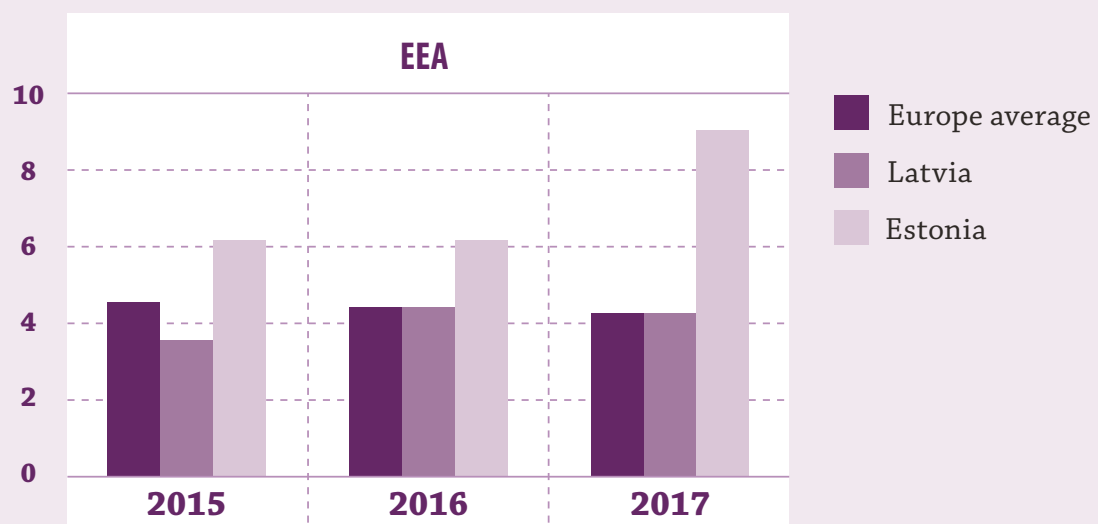
GEM defines **employee entrepreneurial activity (EEA)** as the share of employees between 18-64 years in the adult population who were actively involved in and played a leading role either in idea development for a new activity or in preparing and implementing a new activity (employee activities mainly aiming at optimizing internal work processes are excluded).

The results of the 2015-2017 GEM surveys of European countries are presented in the Appendix (see Table 4).

Employee entrepreneurial activity is not a very widespread phenomenon in Europe: about 4.5% of adults in Europe on average are employee entrepreneurs. However, its prevalence differs noticeably across European countries, ranging from 0.5% in Bulgaria and Bosnia and Herzegovina to 9.1% in Estonia.

Comparing the performance of the two Baltic states over the last three years, we see a substantial increase in EEA in Estonia (2015, 2016 – 6.3%, 2017 – 9.1%). The EEA rate in Latvia was rather stable over the last two years and very similar to the observable European average (around 4.4%)

**Figure 10** EEA in Latvia, Estonia and Europe (on average), 2015-2017 (% of the adult population)



Source: GEM Adult population Surveys 2015-2017

### 1.2.3. ESTABLISHED BUSINESS OWNERSHIP AND BUSINESS DISCONTINUATION

In this part of the Report, we will look at established business ownership rates as well as business discontinuation and the main reasons for it. While it is important to have early-stage entrepreneurs to generate dynamism in an economy, established businesses and their owner-managers ensure an important degree of stability for the private sector. Owner-managers in established firms provide stable employment, can avail themselves of knowledge accumulated from past experience, and as such may contribute greatly to their societies – even if they are small or solo entrepreneurs. A healthy set of business owners provides some indication of the sustainability of entrepreneurship in a society.

GEM takes a point-in-time snapshot of entrepreneurship and business activity around the world. While the survey does not follow entrepreneurs over time to see how many progress to the established business phase, GEM provides a platform for examining the level of mature business activity relative to start-ups.

When there is an imbalance, usually meaning low levels of established business ownership relative to TEA, there may be a recent surge in entrepreneurship that has not yet made its way to maturity. Conversely, there may be issues relating to a lack of sustainability, where started businesses have a low chance of survival.

Longitudinal data can identify whether start-up activity display a recent increase that has not yet translated to mature businesses, or whether an imbalance persists between lower established business activity relative to start-up efforts. The latter should be cause for concern about business sustainability, whether due to societal values, individual attributes and/ or components of the entrepreneurship ecosystem. This signals a need for further research and information that can guide future decisions.

A high level of established business activity may mean that a high level of start-up activity feeds the next phase and that there is an element of sustainability due to synergy among the feasibility of the businesses started, the abilities and ambitions of the entrepreneurs, and enabling factors in the environment. Economies showing the lowest TEA rates in Europe – Italy, Bulgaria, Greece and Germany – also show a low or moderate established business ownership rate. Even if sustainability enables entrepreneurs to transition their businesses to the ma-

ture phase, there is a relatively small foundation of entrepreneurs to draw from.

Below (see Figure 11) we observe the dynamics of TEA, EEA and EBO rates for Latvia for the period from 2005 to 2017. We see that EBO mimics TEA with about a one-year time lag. Starting from 2011, both TEA and EBO rates consistently increase. There was also an increase in the EEA rate from 2015.

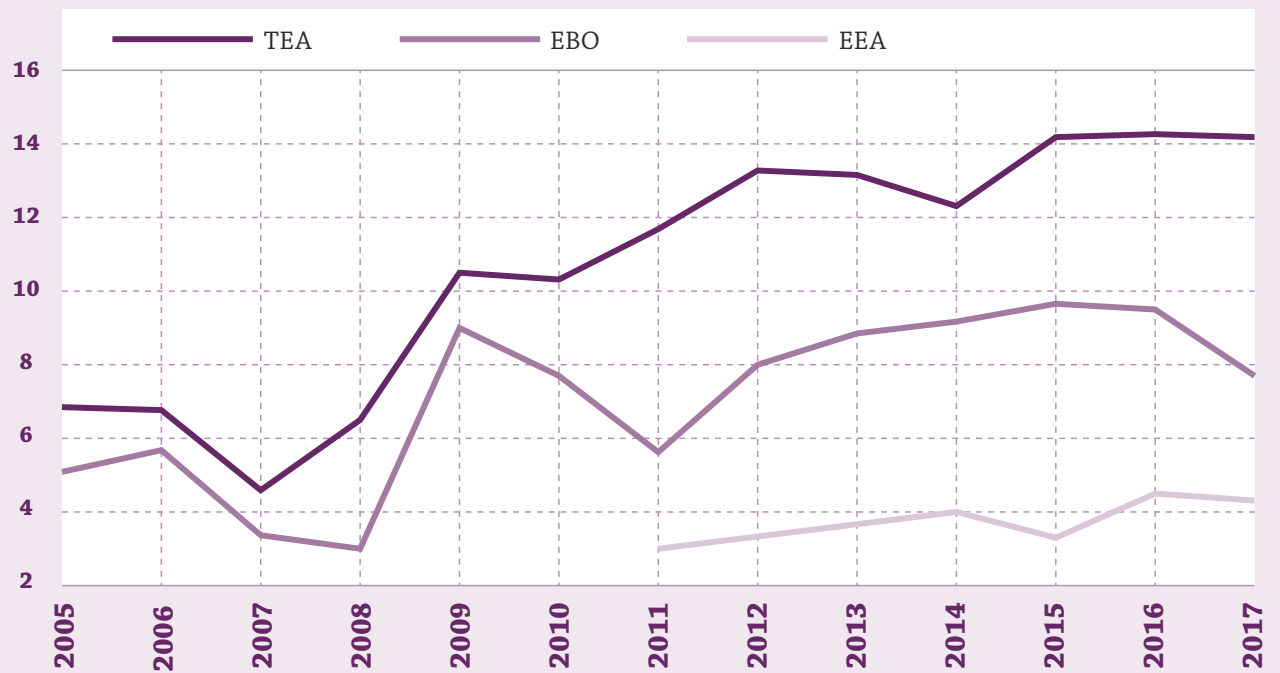
Figure 9 and Figure 12 show a decrease in the new business ownership rate in Latvia (2015 - 6.0%, 2016 - 4.9%, 2017 - 5.1%) and a decrease in the established business ownership rate (9.6 % in 2015, 9.5% in 2016 and 7.7% in 2017). This, together with an increase in the discontinuation rate (2015 – 3.4%, 2016 – 3.3% and 2017 – 4.2%), signals that not so many entrepreneurial attempts in Latvia were successful in recent years, with many dropping out.

Analysing the situation in Estonia, we see that the new business ownership rate increased substantially. Both the established business ownership rate (7.7% in 2015, 7.8% in 2016, and 11.4% in 2017) and the discontinuation rate (2.0% in 2015, 4.2% in 2016, and 4.4% in 2017) also increased over the last three years.

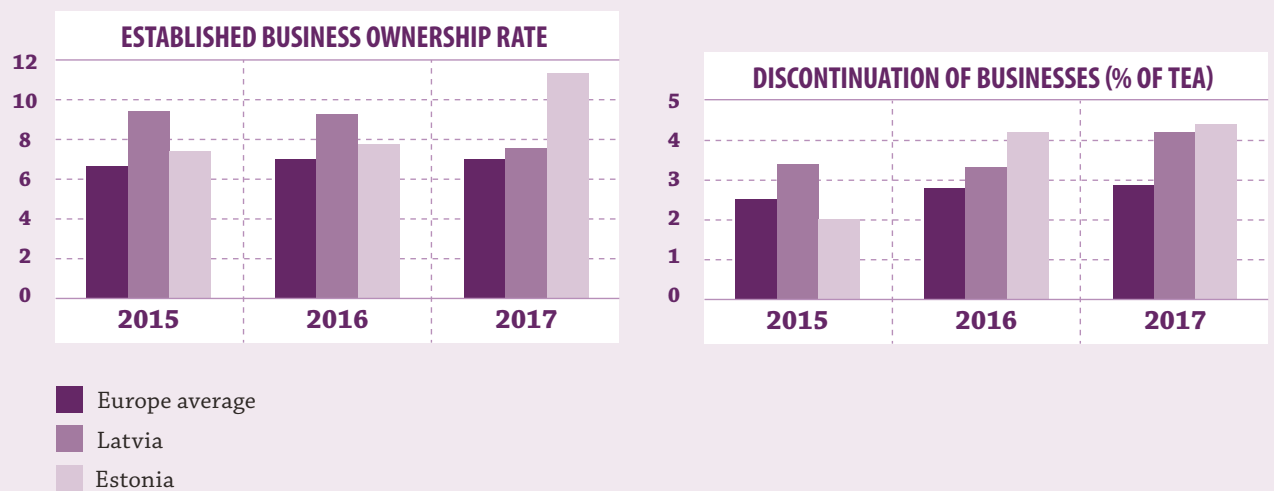
On average, in Europe no substantial changes either in the rate of new business ownership or in established business ownership, while the discontinuation rate has also been rather stable over the last three years.

We will continue with an analysis of business discontinuations in Europe and the main reasons for business discontinuation over the last three years.

As new businesses emerge, others close down. Individuals selling or closing their businesses may once again benefit their societies by re-entering the entrepreneurship process. Recognizing the importance of this measure, GEM tracks the number of individuals who have discontinued a business in the last 12 months. Along with TEA and established businesses, discontinuance may be considered a component of entrepreneurial dynamism in an economy. GEM Survey respondents who had discontinued a business in the previous 12 months were asked to give the main reason for doing so. First of all, it must be highlighted that in Latvia in 2017 (see Table 3 and Table 5 in the Appendix) the percentage rate of people who abandon their business is rather high (4.2 %) compared to their peers in Europe (2.9%). The

**Figure 11** Dynamics of EBO, TEA and EEA, Latvia, 2005-2017 (% of the adult population)

Source: GEM Adult Population Surveys 2005-2017

**Figure 12** Established business ownership and discontinuation rate in Latvia, Estonia and on average in Europe, 2015-2017 (% of the adult population)

Source: GEM Adult Population Surveys 2005-2017



decision to discontinue because of unprofitability of the business was made in 28.9% of cases in Latvia in 2017. However, we have to mention that the importance of this reason has declined over recent years (2015 – 42.4%, 2016 – 38.6%). Discontinuation was already planned in advance for 10.9 % who chose an exit strategy or invested their time in another business opportunity (15.2 %). They may even have sold the business (6.1 %). Personal reasons (20.3 %) and bureaucracy (24.6 %) are the other important reasons for discontinuing. What requires attention is the increase in bureaucracy as the reason for discontinuation in Latvia (2015 – 12.0%, 2016 – 20.6%).

Issues such as complicated regulatory systems that increase the bureaucracy of starting and exiting businesses may produce barriers to entry, as well as barriers to exit, reducing people's willingness to venture into starting a business. When people are unwilling or unable to pursue entrepreneurial opportunities, their societies miss out on the other-

wise potential value these efforts can provide. While some actions and conditions can ensure greater success in starting a business, many uncontrollable elements create a risk of failure. However, in order to have any possibility of success, a potential entrepreneur must be willing to take a chance. A high relative level of business exits may signal that entrepreneurs are not starting viable ventures, or that they do not have the ability or inclination to create longer-term sustainability for their businesses. In addition, the environment may not support their efforts, or may create constraints that are difficult to overcome. As stated in the GEM Global Report 2015/2016, "as economies develop and institutionalize, bureaucracy can arise as a consequence – this is particularly problematic if the institutional systems do not specifically consider the needs and challenges of new and small businesses. It can lead to fewer start-ups and/or more entrepreneurs circumventing the bureaucracy by operating informal unregistered businesses."

## 1.2.4. MOTIVATIONAL REASONS FOR ENTREPRENEURSHIP

Motivations for starting a business also differ – some individuals become involved in entrepreneurial activity out of **necessity** while others enter entrepreneurship to exploit a business **opportunity**. GEM tries to capture these patterns by assessing individual motivation for becoming involved in entrepreneurial activity. A **necessity-driven entrepreneur** indicates in the GEM Survey that s(he) started the business because there were no better options for work, rather than seeing the start-up as an opportunity. For those who did see their start-up as an opportunity (rather than no other options for work), a further assessment was made on the nature of this opportunity. **Improvement-driven opportunity entrepreneurs** are defined as those who indicate that they see an opportunity to improve their livelihoods and thus their motivation is linked to either earning more money or being more independent, as opposed to maintaining income.

Motivation for involvement in TEA matters considerably for the future development of a given economy. Opportunity-driven entrepreneurship (i.e. focusing on improvement) is believed to contribute much more to growth of the economy through innovation and job creation compared to necessity-driven entrepreneurship. Therefore, it is vital to study the structure and dynamics of individual motivation for new venture creation. Most entrepreneurs

in Europe are opportunity-motivated. On average, three-quarters of respondents in the 2017 survey as well as in the 2016 and 2015 survey stated that they had chosen to pursue an opportunity as a basis for their entrepreneurial motivations. Around half were motivated by opportunity-driven improvement. The share of necessity-driven entrepreneurs was around one quarter over the last three years.

In 2017, the highest share of improvement-driven opportunity-motivated entrepreneurs among early-stage entrepreneurs were in the Netherlands (72.6%), Switzerland (67.6%) and the UK (60.8%) and the lowest in Bulgaria (28.5%). Countries with the highest ratio of necessity-driven entrepreneurs are Spain (28.3%), Cyprus (28.9%), Bosnia and Herzegovina (28.3%) and Bulgaria (26.9%), and the lowest the Netherlands (7.2%) and Sweden (7.5%). The Latvian indicator for improvement-driven activities (46.9%) lies slightly lower than the average for European countries (50.3%) and has decreased over the last three years (2015 - 51.4%, 2016 - 55.2%).

The Motivation Index (the ratio between improvement-driven opportunity entrepreneurs and necessity-driven entrepreneurs) contributes to a better understanding of the entrepreneurial capacity of a country. A high motivation index indicates a high share of improvement-driven entrepreneurs. This



in turn brings longer-term and more ambitious expectations related to the venture. The highest motivation index in 2017 appears in the Netherlands (10.0). The second highest is in Poland (7.5). The motivation Index for Latvia in 2017 was 2.1, and for Estonia - 2.7.

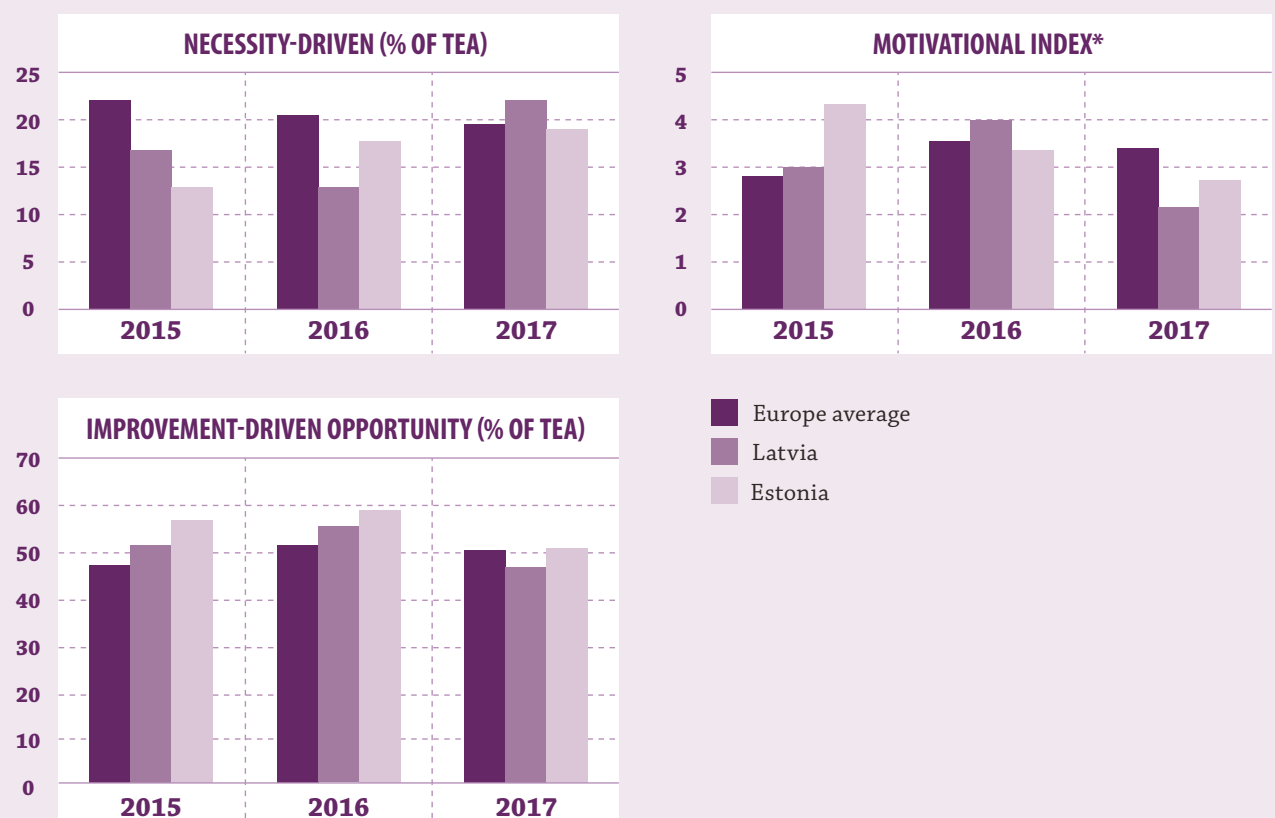
Table 6 in the Appendix shows necessity-, and improvement-driven opportunity prevalence rates in European countries participating in the GEM 2015-2017 Adult Population Surveys.

A Motivation Index below 1 warns that the majority of early-stage entrepreneurs started their business out of necessity. This is what we observe in

Bulgaria and Macedonia in 2015. In 2016 and 2017 the coefficient was above 1 in all European countries participating in the GEM survey.

The relative prevalence of an opportunity-motivated business versus necessity-motivated (no other options for work) entrepreneurial activity provides useful insights into the quality of early-stage entrepreneurial activity in any given economy.

**Figure 13** Motivation for entrepreneurship in Latvia, Estonia and on average in Europe, 2015-2017 (% of TEA)



Source: GEM Adult Population Surveys 2015-2017

\*Ratio between improvement-driven opportunity and necessity-driven entrepreneurs.

Analysing motivation over the last three years for the two Baltic countries and also for Europe on average, we notice that in Europe half of all entrepreneurs got involved in entrepreneurial activities motivated by improvement-driven opportunity and the share has been rather stable over the last three

years. There has also been a decrease in necessity-driven entrepreneurship over time in Europe.

Analysing the situation in Estonia, we notice a decrease in the motivation index ("quality of early-stage entrepreneurship") over the last three years. To understand the reasons, we analyse motivations

and see that the share of entrepreneurs motivated by necessity actually increased (2015 – 13.7%, 2016 – 17.7%, 2017 – 18.6%), while at the same time a decrease occurred in the share of improvement-driven opportunity entrepreneurship (2015 – 57%, 2017 – 50.9%).

The motivation index for Latvia has fluctuated over the last three years. There was an increase in the index in 2016, although in 2017 the share of

necessity-motivated entrepreneurs increased, while at the same time the number of entrepreneurs motivated by improvement-driven opportunity decreased, causing a decrease in the motivation index (2016 – 4, 2017 – 2.7). This means that for every necessity-driven entrepreneur there were 4 improvement-driven opportunity entrepreneurs in 2016, while in 2017 there were 3 improvement-driven opportunity entrepreneurs for every necessity-driven entrepreneur.

## 1.2.5. INDUSTRY SECTOR PARTICIPATION

Entrepreneurship disrupts most industrial sectors, forcing significant changes in product and service offerings, new logistics processes, and new business models. Thus, the degree of entrepreneurs' participation in various industries is of importance. GEM tracks entrepreneurs the world over in a variety of industries, striving to assess the intensity of entrepreneurship activity measured by early entrepreneurial activity (TEA) in the top ten industries (see Appendix Table 7), which are then clustered into five groups (see Figure 14).

The economic structures of countries and the development stages are mutually dependent. The most prevalent industry sectors in efficiency-driven economies are wholesale/retail (51%) and ICT, financial and other services (26%), followed by manufacturing (13%). The economic structure of innovation-driven economies<sup>2</sup> is different: the most prevalent entrepreneurial activity is in ICT, financial and other services (50%), followed by wholesale/retail (31%) and manufacturing (10%). The differences in prevalent entrepreneurial activities in specific sectors reflect changes in the relative contributions of each industry sector in each stage of the country's economic development. (Singer, S., et al. (2018).

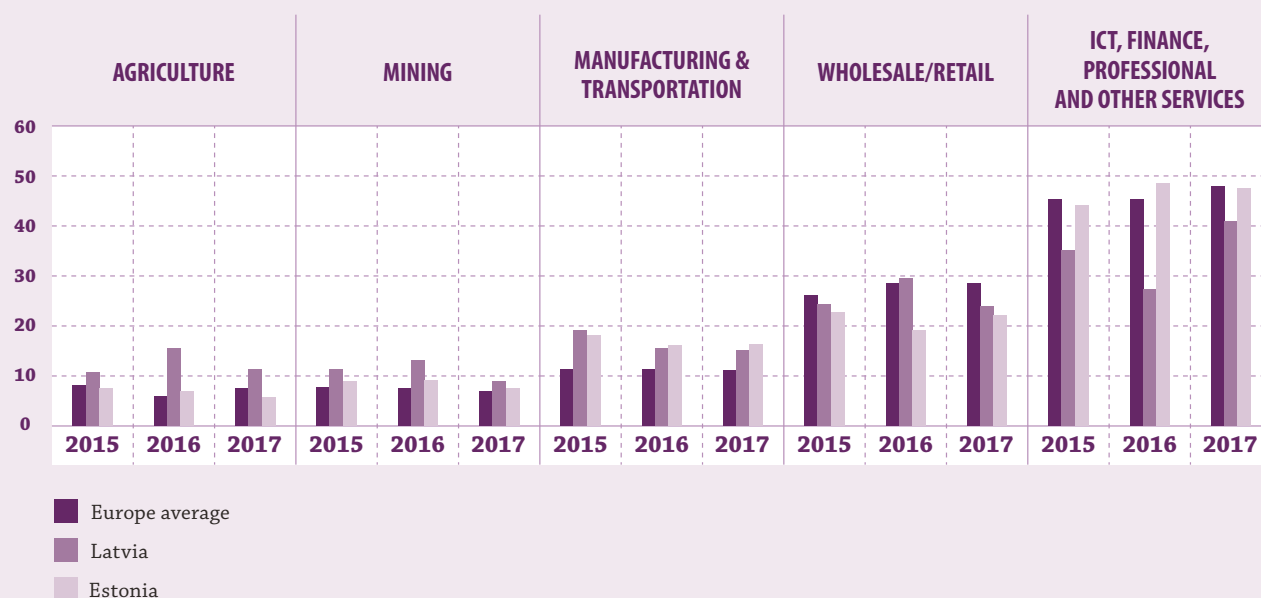
According to the GEM Executive Report 2017/2018, from a regional perspective, in 2017 Europe reported the lowest level of wholesale/retail activity among early-stage entrepreneurs at 27.0%, and one of the highest early-stage levels of entrepreneurial activity in ICT, financial and other services – 48.3%. Europe has one of the highest shares of entrepreneurs in the agricultural sector (7.1%) compared to other regions. In the manufacturing sector, entrepreneurship activity in Europe is 8.3%.

Industry profiles across the individual economies highlight the diversity of entrepreneurship at both regional and developmental levels.

On a country level in Europe in 2017, the Netherlands (11.8%) and the United Kingdom (9.6%) lead entrepreneurship activity in the ITC sector. Entrepreneurial activity in the financial sector is led by Switzerland (9.2%). Sweden and Italy report 20% of entrepreneurial activity in professional services. Croatia and Slovenia report a high rate of entrepreneurial activity in administrative services at 12.9%, and 10.7% respectively. Sweden, France and Cyprus lead in entrepreneurial activity in personal/consumer services at 8.8%, 7.4% and 6.6%, respectively. Switzerland leads in health, education, government and social services at 33.8%, followed by Germany (25.9%) and the Netherlands (25.9%).

In 2017, wholesale and retail were the dominant industries among both Latvian (23.7 %) and Estonian (22.1%) early-stage entrepreneurs. 16.3 % of new ventures in Latvia were operating service businesses in health, education, government and social concerns (13.8% in Estonia). In third position in both countries came manufacturing (Latvia – 12.5%, Estonia 13.6%) and the fourth was agriculture (11.5%) in Latvia and professional services in Estonia (10.0%).

<sup>2</sup> Efficiency-driven economies among European countries that have participated in GEM are Bosnia & Herzegovina, Bulgaria, Croatia, Latvia, Poland and Slovakia

**Figure 14** Industry sector participation in Latvia, Estonia and on average in Europe, 2015-2017 (% of TEA)

Source: GEM Adult Population Surveys 2015-2017

If we analyse changes in industry participation over the last three years, we see that in Europe on average the situation was quite stable, with almost no changes in sectoral distribution. In Estonia, no substantial changes occurred over the last three years either. In Latvia, the share of early-stage entrepreneurs decreased in all of the five groups of sec-

tors except the share of entrepreneurs who started their businesses in ICT, finance and other services, where the share increased from 43.3% in 2015 to 47.9% in 2017. This happened mainly because of the increase in finance (2015 – 2.0%, 2017 – 5.9%) health, education and social services (2015 – 9.3%, 2017 – 13.8%) sectors.

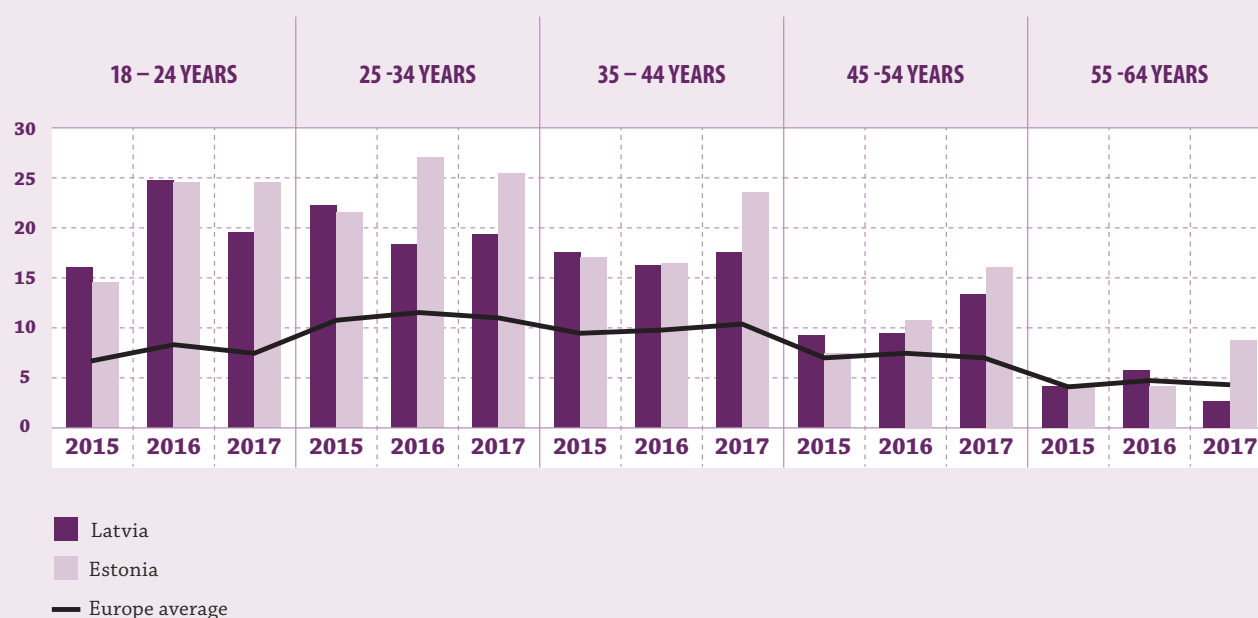
## 1.2.6. INCLUSIVENESS OF ENTREPRENEURSHIP

After this snapshot of early-stage entrepreneurial activity in Europe as well as motivations for involvement in TEA and industry sector participation, we will proceed with the inclusiveness of early-stage entrepreneurial activity, starting with age inclusiveness and then proceeding with gender aspects of TEA.

...“being entrepreneurial is not exclusive of a specific age group. Due to many reasons (lack of resources among younger persons, lack of regulatory conditions for entrepreneurial activity of 60+),

some age groups are less presented in early-stage entrepreneurial activity...this is a complex policy issue (involving many aspects of entrepreneurial framework conditions, like access to finance, taxation policy, retirement policy, etc...) ” [GEM Executive Report 2016/2017]

**Figure 15** Early-stage entrepreneurial activity rates among age groups in Europe and the Baltic states, 2015-2017



Source: GEM Adult Population Surveys 2015-2017

There is a common pattern worldwide that the highest prevalence of entrepreneurial activity is among those aged 25–34 years and 35–44 years. At the regional level, Europe on average has the lowest TEA of all regions in all age groups; still the highest proportion of early-stage entrepreneurs is in the age groups 25–34 and 35–44 (10.9% and 10.2% respectively).

Entrepreneurial activity among the age groups 25 – 34 and 35 – 44 years is the highest also in Latvia (19.6%, 17.3%) and Estonia (25.3%, 23.5%). Besides, young Latvians (19.7%) and Estonians (24.6%) in the age group 18 – 24 are also very active in terms of entrepreneurship; this is also true for older Estonians aged 45 – 54 (16.1%).

TEA rates in Latvia in all age groups are higher compared to the average in Europe, with one exception. Involvement of individuals aged 55–64 years still lags behind. In 2017, 4.3% of 55–64 year-old Europeans were involved in TEA, whereas in Latvia the rate was only 2.6%.

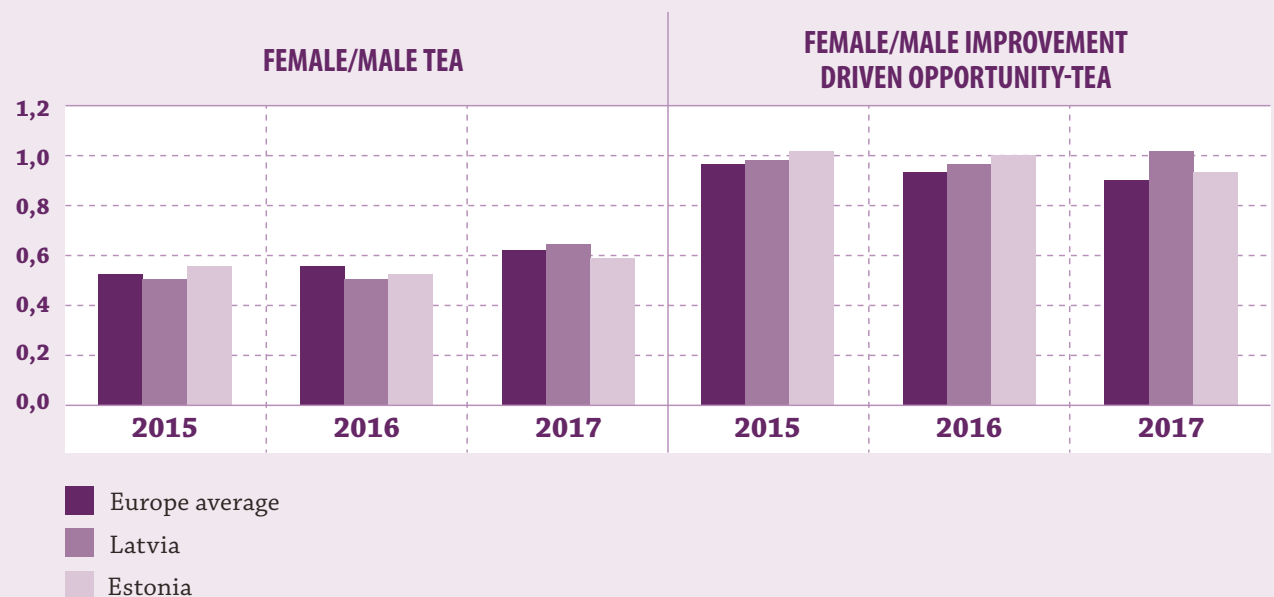
In Estonia significant and steady growth in entrepreneurial activity among Estonians aged 35 and

older has been observed over the last three years,

Now we will proceed with the gender dimension of TEA in Europe on average and in both of the Baltic countries under comparison. Figure 16 presents the ratio of female and male TEA as well as the female and male ratio of improvement-driven opportunity entrepreneurship rates.

In 2017, similarly to the previous years, men are more likely to be involved in entrepreneurial activity than women. Due to a combination of cultural, societal and economic reasons as well as other factors – for example, access to childcare infrastructure – early-stage entrepreneurial activity is gender-sensitive and dominated by men.

In Europe on average as well as in Latvia and Estonia, for every ten male entrepreneurs there are around six female entrepreneurs. From a regional perspective, Europe reports the lowest female involvement in early-stage entrepreneurial activity (6.1%). The highest ratio of female/male entrepreneurship in Europe in 2017 is observed in the Netherlands (0.89) and Spain (0.82).

**Figure 16** Early-stage entrepreneurial activity rates in Europe and the Baltic states by gender, 2015-2017

Source: GEM Adult Population Surveys 2015-2017t

Analysing the quality of entrepreneurship from the gender perspective, we see that during the previous three years (2015-2017), women were slightly less likely to start businesses driven by opportunity motives, compared to men in Europe, on average. However, in Estonia both in 2015 and 2016 slightly more females started business because of improve-

ment-driven opportunity motives compared to men. The same situation was also observed in Latvia in 2017.

Narrowing the gender gap in terms of entrepreneurial activity remains a priority focus for policy makers in all economies.

## 1.3. ENTREPRENEURIAL ASPIRATIONS

Entrepreneurship is a major driver of economic growth. It contributes to enhancing quality in sectors, economies, and whole countries (Ribeiro & Huarng, 2013). It is vital for the creation of new economic activities, for a dynamic and competitive market, for the creation of new jobs and wealth. For this reason, one priority target on political agendas (it is not the only objective) is to boost, support and

accompany new entrepreneurial initiatives towards fulfilling their potential, not least in terms of innovation and creation of new jobs.

GEM measures the aspiration levels of entrepreneurs as to development of their enterprises using the following measures: **job (growth) expectations** and **product and/or market innovation**.

### 1.3.1. GROWTH ORIENTATION

Job creation is a key to achieving the sustainable and inclusive growth needed to generate national wealth and reduce poverty. GEM asks early-stage

entrepreneurs how many employees (other than the owners) they currently have and expect to have in the next five years. The difference between these

data represents their growth expectations.

GEM study divides expected growth into three different categories:

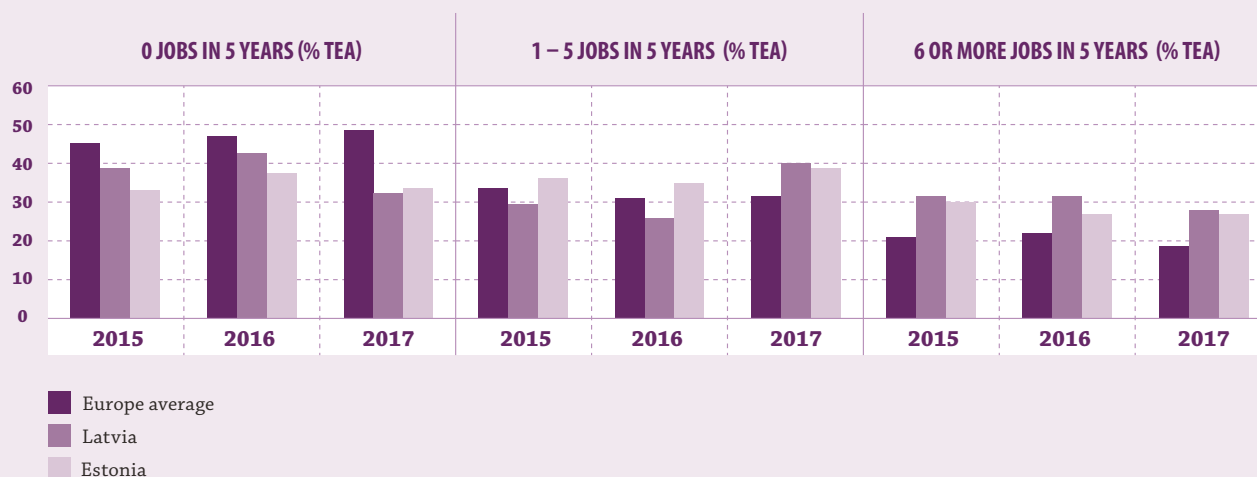
- solo (no employees – just the entrepreneur in person) and low (1-5 employees);
- medium (6-19 new employees); and
- high (20 or more new jobs created over the coming five years).

Overall, job expectation patterns in Europe were relatively the same in the last three years. On average, in Europe, most entrepreneurs (44%) expect to create no jobs in the next five years, while few (about 20%) expect to create six or more jobs. The high levels of entrepreneurs with no future hiring expectations requires serious attention by policy makers in identifying constraints: rigid labour regulations, poor availability of skilled educated labour, and limited access to entrepreneurial finance. Such constraints may deter entrepreneurs from attempting to grow their ventures measured by new employment.

In 2017, Estonia (27.2%) and Latvia with 27.5% of entrepreneurs forecasting the creation of 6 or more jobs over the next five years ranked 4th and 5th in Europe, after Switzerland (33.2%), Croatia (30.4%) and France (27.9%).

Variations within Europe are the least in the category of entrepreneurs that do not expect to create any new jobs, whereas variations are highly visible in categories of entrepreneurs that expect to create jobs. For policy makers it should be of interest to establish why such variations exist. For example, entrepreneurs expecting to create 6 or more jobs in the next five years vary in their expectations from 1.7% in Bosnia and Herzegovina, 6.3% in Sweden to 33.2% in Switzerland. From a policy-making point of view, it is important to institute policies, processes, regulations, training and education aimed specifically at supporting those entrepreneurs with viable medium-to-high growth aspirations in order to optimize their impact on economic growth and job creation.

**Figure 17** Growth expectation in Europe and in Latvia and Estonia, 2015-2017



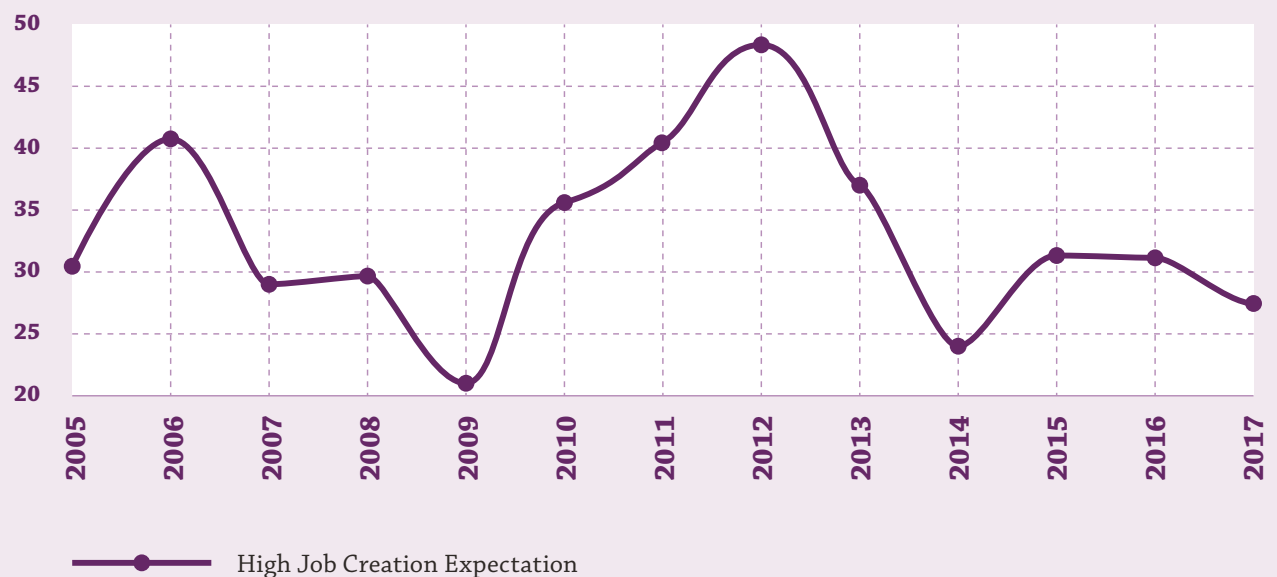
Source: GEM Adult population Surveys 2015-2017

We proceed to analyse changes in the growth aspirations of Latvian entrepreneurs over the last thirteen years.

There is a strong cyclical component: during boom years, an increasing proportion of early-stage entrepreneurs in Latvia had rather high ambitions in

terms of growth (see Figure 18). Following the economic downturn in 2009, a huge drop occurred in entrepreneurial growth aspirations. After the 2009 drop, the share of 'growth-ambitious' entrepreneurs started to increase again, reaching a peak in 2012, when almost half of all early stage entrepreneurs



**Figure 18** High growth creation expectation (6 and more employees) in Latvia, 2005-2017 (% of TEA)

Source: GEM Adult population Surveys 2015-2017

in Latvia were planning to create 6 or more jobs in 5 years. Afterwards, the growth ambitions of Latvian early-stage entrepreneurs steadily decreased (Krumina & Paalzow, 2017). In 2017, slightly less than one third of all Latvian early stage entrepreneurs were growth-ambitious. However, it should

be noted that applied business models, which are emerging from implementation of digital technology, might enable entrepreneurs to operate on their own, or with fewer employees, than was the case some years ago.

### 1.3.2. INNOVATION

The last measure of entrepreneurial aspirations is innovation. In the GEM framework **innovation** is measured by assessing the degree to which a product or service is new to customers (**product innovation**) and whether other businesses offer the same product or service (**market/industry innovation**).

Entrepreneurship and innovation go hand in hand. Schumpeter himself (1934), the father of innovation economics, used to define entrepreneurs as the main actors of the innovative process. Indeed, entrepreneurs have a way of disrupting the market balance by introducing new combinations of goods and services, new production processes, new forms of procurement and logistics, but also – and more and more frequently – new business models. Far from just meaning ‘doing better’ or ‘optimizing’, innovation also means ‘doing differently’; it means constantly trying to satisfy the changing – and ever

more rapidly saturated – demands of consumers and society. An internal strategy for innovation is a vital resource with which organisations can seek to acquire competitive advantage. GEM monitors the innovative orientation of entrepreneurial activities as manifested in the introduction of new goods and services (for all or part of their customers), as well as in their uniqueness. In general, there is a direct connection between a country’s average levels of innovation and its economic development.

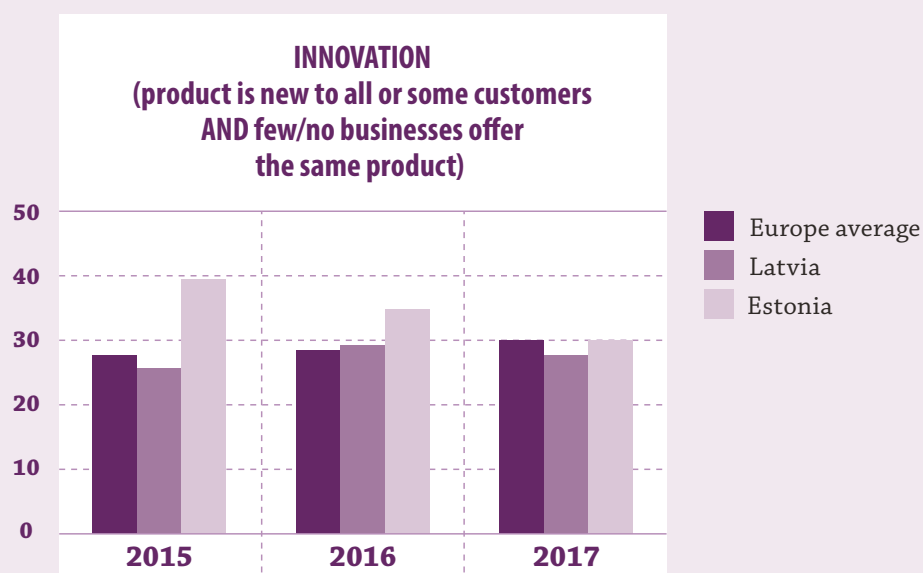
The more intense a nation’s innovative activity, the greater its competitiveness. There are several reasons for the consistent finding that innovation levels tend to be linked to the economic development level. More developed economies tend to have higher levels of protection of intellectual property, and academic education is more readily available. Furthermore, a higher proportion of the workforce participates in sophisticated industry sectors, such as

information and communication technology (ICT), as well as professional and other service industries. Coupled with greater access to advanced technologies, this may encourage entrepreneurs to be more innovative (Singer, et al. 2018).

The highest innovation levels in 2017 are reported by Luxemburg at 57.1% and France, at 48.6%. The lowest innovation rates are measured in Bosnia and Herzegovina at 10.9%. Comparing countries, we have to bear in mind that what might be considered innovative in one country may not be new in another.

Estonian entrepreneurs became less innovative over the last three years. The level of innovativeness of Latvian entrepreneurs was rather stable and very similar to the observable European average. In 2017, the percentage of Latvian entrepreneurs introducing new or unique products to some or all of their customers was set at 28 %, almost at the same level as on average in Europe. The percentage of Estonian entrepreneurs introducing new or unique products to some or all of their customers was slightly higher and amounted to 30.2%.

**Figure 19** Innovation in Europe, on average and in two of the Baltic states, 2015-2017 (% of TEA)



Source: GEM Adult population Surveys 2015-2017



## 2. ENTREPRENEURIAL FRAMEWORK CONDITIONS

In an attempt to assess the national entrepreneurial environment, the GEM expert survey also addresses factors of overall national socio-economic environment that are believed to have a significant impact on economic development and entrepreneurship. The GEM National Experts' Survey (NES)

provides insights from experts in each economy on nine Entrepreneurial Framework Conditions (EFCs), i.e. factors that influence the overall climate for entrepreneurship and hence the level and nature of entrepreneurial activity.

Table 1 presents these nine factors.

**Table 1** GEM's key entrepreneurial framework conditions

|  |
|--|
| <p><b>1. ENTREPRENEURIAL FINANCE.</b><br/>The availability of financial resources - equity and debt - for small and medium enterprises (SMEs) including grants and subsidies.</p>  |
| <p><b>2. GOVERNMENT POLICY.</b><br/>The extent to which public policies support entrepreneurship. This EFC consists of two components:<br/><b>2a.</b> Entrepreneurship as a relevant economic issue and<br/><b>2b.</b> Taxes or regulations are either size-neutral or encourage new and SMEs.</p>   |
| <p><b>3. GOVERNMENT ENTREPRENEURSHIP PROGRAMMES.</b><br/>The presence and quality of programmes directly assisting SMEs at all levels of government (national, regional, municipal).</p>   |
| <p><b>4. ENTREPRENEURIAL EDUCATION.</b><br/>The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels. The EFC consists of two components:<br/><b>4a.</b> Entrepreneurship Education at basic school level (primary and secondary) and<br/><b>4b.</b> Entrepreneurship Education at post-secondary levels (higher education such as vocational, college, business schools).</p> |
| <p><b>5. R&amp;D TRANSFER.</b><br/>The extent to which national research and development will lead to new commercial opportunities, and is available to SMEs.</p>  |
| <p><b>6. COMMERCIAL AND LEGAL INFRASTRUCTURE.</b><br/>The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs.</p>   |
| <p><b>7. ENTRY REGULATIONS.</b><br/>This EFC contains two components:<br/><b>7a.</b> Market dynamics: the level of change in markets from year to year, and<br/><b>7b.</b> Market openness: the extent to which new firms are free to enter existing markets.</p>  |
| <p><b>8. PHYSICAL INFRASTRUCTURE.</b><br/>Ease of access to physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against SMEs.</p>   |
| <p><b>9. CULTURAL AND SOCIAL NORMS.</b><br/>The extent to which social and cultural norms encourage or allow action leading to new business methods or activities that can potentially increase personal wealth and income.</p>  |

Experts' responses are measured on a 9-point Likert scale to achieve greater accuracy and sensitivity. The statements are phrased so that a score above 5 would indicate that the expert regarded the factor as rather positive for entrepreneurship, while a score below 5 would indicate that the expert regarded the factor as somewhat negative for entrepreneurship.

Table 8 (see Appendix) provides an overview of the results of each EFC for European countries participating in GEM in 2015, 2016 and 2017. The table shows the rates on a 1-9 scale for the main EFCs analysed in the economy. The highest-rated EFCs in each country are highlighted in grey and the lowest-rated EFCs are highlighted in violet.

Entrepreneurial education at basic level (primary and secondary education) is rated as one of the most negative framework conditions by a majority of European countries. Experts overwhelmingly recommend entrepreneurship as a pedagogical tool, especially in the early years of schooling. This was true three years ago and is still relevant in 2017.

The most negatively valued framework condition by Latvian experts in 2015 was R&D transfer: the extent to which national research and development leads to new commercial opportunities and is available to SMEs. Both in 2016 and 2017 experts see major potential for improvement in the area of government policy, mainly taxes or regulations that are supposed to encourage SMEs are rated the most negatively.

Physical infrastructure (roads, utilities, communications, water disposal) year after year obtain the highest evaluations in experts' ranking in Europe, on average. However, in 2015 Portuguese experts most positively rated government policy in terms of taxes and regulations, while experts in Romania identified commercial and legal infrastructure as the most positive framework condition in their country. For two years in a row (in 2016 and in 2017) experts in Ireland rated the presence and quality of programmes directly assisting SMEs at all levels of government (national, regional, municipal) as the most positive framework condition in Ireland.

EFCs, evaluated by national experts as being most positive in Latvia in 2017, are physical infrastructure, commercial infrastructure and social and cultural norms. Government policy, R&D transfer and entrepreneurship education at basic school level (primary and secondary) are the three EFCs with the lowest scores by Latvian experts.

## CONCLUSIONS

The main finding of the current Global Entrepreneurship Monitor Latvia Report is the existence of an untapped entrepreneurial potential in Latvia – a potential, which if substantially realised, could contribute to the well-being of the nation.

The main factors hindering the realisation of this potential are institutional factors such as regulations, the judicial system and the societal attitude towards entrepreneurial failure.

### *IN PARTICULAR:*

- For Latvia where there is a higher share of the population possessing subjective entrepreneurial skills than seeing opportunities for business and where the fear of failure has increased over the last years, the challenge facing policymakers being how to improve the overall entrepreneurial framework (or external enablers) to make it more 'entrepreneurship friendly' as well as 'failure friendly'. Examples of measures to be considered include reforming the legal and overall judicial system, reforming regulations that are supposed to encourage SMEs, to ease the financial and juridical consequences of business discontinuation (regulatory system) and reduce bureaucracy, as being one of the main reasons for business discontinuation in Latvia in the last two years. These policies should be seen as a necessary supplement or support to policies to raise entrepreneurship awareness by introducing entrepreneurship in curricula at all levels of education and at basic school level, in particular.
- In order to help women as well as the older age group (55-64 years old) to realise their entrepreneurial goals, more consistent long-term interlinked policy measures as well as an institutional framework and supply of services are needed.
- The observed decrease in hiring expectations requires serious attention from policy makers in identifying constraints (rigid labour regulations, poor availability of skilled educated labour, and limited access to entrepreneurial finance).
- It is important to institute policies, processes, regulations, training and education aimed specifically at supporting those entrepreneurs with viable medium-to-high growth aspirations in order to boost their impact on economic growth and job creation.

## SECINĀJUMI

GEM Latvija Globālā Uzņēmējdarbības Ziņojuma rezultāti norāda uz nerealizētu uzņēmējdarbības potenciālu Latvijā. Galvenie faktori, kas kavē šī potenciāla realizāciju, ir institucionālie faktori, tādi kā noteikumi un regulējumi, it īpaši MVU jomā, un sabiedrības attieksme pret neveiksmīgas uzņēmējdarbības nelabvēlīgajām sekām.

- Latvijā, kur salīdzinoši lielākajai iedzīvotāju daļai piemīt augstāks uzņēmējdarbības spēju pašvērtējums, nekā spēja saskatīt biznesa iespējas, un kuras iedzīvotāju bailes no neveiksmes biznesā pēdējo gadu laikā ir palielinājušās, politikas veidotāju izaicinājums ir uzlabot kopējo uzņēmējdarbības vidi, lai padarītu to “uzņēmējdarbībai draudzīgāku”, kā arī draudzīgāku tieši biznesa neveiksmes gadījumos. Iespējamie pasākumi ietver juridiskās un kopējās tiesu sistēmas pārveidošanu un regulējumu reformēšanu, kas paredzēti MVU atbalstīšanai, lai atvieglotu finansiālās un juridiskās sekas uzņēmējdarbības pārtraukšanas gadījumā (regulējuma sistēma), un birokrātiskā sloga mazināšanu, kas pēdējo divu gadu laikā ir viens no biežākajiem iemesliem, kādēļ tiek pārtraukta uzņēmējdarbība Latvijā. Šie pasākumi būtu jāuztver kā neatņemams valsts politikas papildinājums un atbalsts, kas uzlabotu izpratni par uzņēmējdarbību, jo sevišķi, ieviešot un iesaistot uzņēmējdarbību mācību programmās visos izglītības līmeņos, tai skaitā pamatskolā.
- Lai palīdzētu sievietēm un gados vecākiem iedzīvotājiem (55 – 64 gadi) apzināties un sasniegt savus biznesa mērķus, ir nepieciešami saskaņoti, savstarpēji saistīti ilgtermiņa politikas pasākumi, kā arī institucionālais ietvars un attiecīgo pakalpojumu nodrošinājums.
- Samazinājums nodarbinātības (jaunu darbavietu radīšanas) prognozēs uzņēmēju vidū prasa īpašu uzmanību no politikas veidotāju puses, veltot to tieši nodarbinātības ierobežojumu identificēšanai (stingrs darba attiecību regulējums, kvalificēta darbaspēka trūkums, ierobežota piekļuve uzņēmējdarbības finansējumam, utt.).
- Ir svarīgi ieviest tādas regulējumus, metodes, apmācības un izglītības programmas, kuru mērķis ir īpaši atbalstīt uzņēmēju tieksmi augt, lai palielinātu ietekmi uz valsts izaugsmi un darbavietu radīšanu.

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## APPENDIX

**Table 2** Entrepreneurial Attitudes and Perceptions in Europe, in 2015 -2017 (% of the adult population)

|                        | ENTREPRENEURSHIP<br>AS A GOOD<br>CAREER CHOICE |      |      | HIGH STATUS<br>TO SUCCESSFUL<br>ENTREPRENEURS |      |      | MEDIA<br>ATTENTION FOR<br>ENTREPRENEURSHIP |      |      | PERCEIVED<br>OPPORTUNITIES |      |      | PERCEIVED<br>CAPABILITIES |      |      | FEAR OF FAILURE |      |      | ENTREPRENEURIAL<br>INTENTIONS |      |      |
|------------------------|--|------|------|---|------|------|--|------|------|----------------------------|------|------|---------------------------|------|------|-----------------|------|------|-------------------------------|------|------|
|                        | 2015   | 2016 | 2017 | 2015  | 2016 | 2017 | 2015                                       | 2016 | 2017 | 2015                       | 2016 | 2017 | 2015                      | 2016 | 2017 | 2015            | 2016 | 2017 | 2015                          | 2016 | 2017 |
| Austria                | -  | -    | -    | -   | -    | -    | -  | -    | -    | -                          | 42,2 | -    | -                         | 49,6 | -    | -               | 37,1 | -    | -                             | 10,4 | -    |
| Belgium                | 54,2   | -    | -    | 54,5  | -    | -    | 54,7                                       | -    | -    | 40,3                       | -    | -    | 31,9                      | -    | -    | 48,5            | -    | -    | 10,9                          | -    | -    |
| Bosnia and Herzegovina | -  | -    | 62,7 | -   | -    | 65,6 | -  | -    | 26,4 | -                          | -    | 13,4 | -                         | -    | 35,5 | -               | -    | 27,2 | -                             | -    | 4,6  |
| Bulgaria               | 57,5   | 52,9 | 54,3 | 71,5  | 66,9 | 68,0 | 49,3                                       | 40,7 | 47,6 | 15,8                       | 21,0 | 19,5 | 35,2                      | 39,7 | 38,4 | 33,3            | 25,1 | 20,9 | 5,3                           | 7,1  | 5,0  |
| Croatia                | 61,5   | 62,2 | 62,2 | 42,3  | 45,6 | 47,7 | 47,5                                       | 47,2 | 48,1 | 22,3                       | 24,6 | 33,6 | 47,5                      | 50,2 | 50,8 | 34,4            | 35,8 | 26,6 | 17,2                          | 18,2 | 17,5 |
| Cyprus                 | -  | 72,7 | 66,2 | -   | 65,7 | 61,5 | -  | 42,4 | 50,5 | -                          | 35,9 | 51,0 | -                         | 52,4 | 46,4 | -               | 50,2 | 55,9 | -                             | 16,7 | 16,7 |
| Estonia                | 53,4   | 53,2 | 54,2 | 62,6  | 63,6 | 64,7 | 49,1                                       | 52,7 | 61,0 | 51,4                       | 52,3 | 61,0 | 44,0                      | 43,7 | 49,7 | 39,3            | 41,2 | 31,8 | 16,7                          | 16,4 | 18,1 |
| Finland                | 33,2   | 40,3 | -    | 84,9  | 83,0 | -    | 68,1                                       | 71,4 | -    | 48,6                       | 49,1 | -    | 37,4                      | 35,8 | -    | 32,6            | 37,6 | -    | 10,9                          | 10,4 | -    |
| France                 | -  | 57,1 | 59,1 | -   | 69,0 | 74,2 | -  | 45,2 | 47,0 | -                          | 28,6 | 34,1 | -                         | 36,3 | 36,3 | -               | 40,3 | 39,1 | -                             | 15,7 | 17,6 |
| Germany                | 50,8   | 51,8 | 51,3 | 75,7  | 78,9 | 77,9 | 49,8                                       | 50,5 | 49,5 | 38,3                       | 37,6 | 42,0 | 36,2                      | 37,4 | 37,5 | 42,3            | 41,0 | 36,3 | 7,2                           | 6,2  | 7,2  |
| Greece                 | 60,9   | 63,6 | 63,4 | 67,8  | 65,9 | 66,5 | 38,0                                       | 38,5 | 43,4 | 14,2                       | 13,0 | 13,7 | 46,8                      | 41,7 | 43,4 | 46,9            | 52,7 | 55,5 | 8,3                           | 8,1  | 7,1  |
| Hungary                | 48,4   | 52,8 | -    | 68,4  | 71,0 | -    | 33,4                                       | 40,6 | -    | 25,3                       | 30,1 | -    | 38,7                      | 38,4 | -    | 41,8            | 43,2 | -    | 14,8                          | 15,1 | -    |
| Ireland                | 52,6   | 56,3 | 53,2 | 80,3  | 83,1 | 81,9 | 67,4                                       | 72,2 | 72,9 | 39,4                       | 45,2 | 44,5 | 45,0                      | 44,9 | 42,2 | 40,9            | 39,6 | 39,2 | 14,6                          | 12,9 | 11,9 |
| Italy                  | 60,9   | 63,3 | 64,2 | 69,0  | 69,7 | 73,2 | 48,5                                       | 52,3 | 54,9 | 25,7                       | 28,6 | 28,8 | 30,5                      | 31,2 | 30,4 | 57,5            | 49,4 | 49,4 | 8,2                           | 10,1 | 10,3 |
| Latvia                 | 57,5   | 55,2 | 57,5 | 58,2  | 57,8 | 58,5 | 54,8                                       | 56,3 | 58,2 | 34,7                       | 31,9 | 36,3 | 49,1                      | 49,9 | 49,0 | 38,6            | 41,1 | 42,3 | 22,2                          | 18,9 | 17,3 |
| Luxembourg             | 44,1   | 42,1 | 43,0 | 68,8  | 69,6 | 70,0 | 44,0                                       | 45,9 | 48,7 | 48,2                       | 49,8 | 54,8 | 44,0                      | 40,8 | 40,9 | 42,6            | 45,8 | 47,0 | 13,5                          | 11,9 | 11,0 |
| Macedonia              | 67,1   | 64,8 | -    | 57,1  | 58,5 | -    | 71,1                                       | 60,7 | -    | 37,8                       | 38,4 | -    | 54,4                      | 54,5 | -    | 34,3            | 34,4 | -    | 23,3                          | 24,9 | -    |
| Netherlands            | 79,2   | 77,9 | 81,0 | 64,5  | 60,2 | 67,5 | 57,7                                       | 57,3 | 63,2 | 48,4                       | 54,3 | 64,1 | 40,6                      | 41,2 | 44,6 | 33,2            | 37,9 | 29,7 | 9,4                           | 7,4  | 8,1  |
| Norway                 | -  | -    | -    | -   | -    | -    | -  | -    | -    | 68,9                       | -    | -    | 30,8                      | -    | -    | 33,4            | -    | -    | 4,8                           | -    | -    |
| Poland                 | 60,5   | 61,9 | 79,3 | 55,7  | 56,2 | 67,7 | 51,5                                       | 57,7 | 50,5 | 32,9                       | 39,5 | 68,8 | 55,9                      | 60,2 | 52,4 | 47,8            | 47,6 | 34,4 | 20,0                          | 20,8 | 9,7  |
| Portugal               | 63,4   | 68,8 | -    | 62,9  | 63,4 | -    | 71,6                                       | 68,8 | -    | 28,1                       | 29,5 | -    | 48,9                      | 42,4 | -    | 40,8            | 38,1 | -    | 16,2                          | 13,3 | -    |
| Romania                | 72,4   | -    | -    | 75,1  | -    | -    | 67,4                                       | -    | -    | 33,3                       | -    | -    | 46,3                      | -    | -    | 40,5            | -    | -    | 29,0                          | -    | -    |
| Slovakia               | 50,8   | 50,6 | 47,6 | 64,2  | 60,1 | 60,0 | 54,0                                       | 60,9 | 59,0 | 26,4                       | 23,0 | 25,8 | 52,4                      | 44,0 | 48,5 | 33,7            | 39,7 | 32,8 | 15,7                          | 8,0  | 9,0  |
| Slovenia               | 53,7   | 56,8 | 55,1 | 70,0  | 69,0 | 73,4 | 60,3                                       | 65,9 | 72,7 | 20,5                       | 25,3 | 34,6 | 48,6                      | 51,8 | 53,3 | 32,4            | 33,8 | 31,8 | 9,1                           | 11,4 | 14,2 |
| Spain                  | 53,2   | 53,7 | 53,8 | 48,4  | 50,7 | 47,9 | 46,9                                       | 49,6 | 50,9 | 26,0                       | 25,6 | 31,9 | 45,3                      | 46,7 | 44,8 | 39,2            | 38,9 | 39,2 | 5,6                           | 5,1  | 5,6  |
| Sweden                 | 52,7   | 53,6 | 53,6 | 69,8  | 69,9 | 70,5 | 61,3                                       | 62,0 | 64,7 | 70,2                       | 78,5 | 79,5 | 36,7                      | 35,5 | 34,5 | 36,5            | 40,8 | 36,7 | 8,4                           | 8,4  | 8,1  |
| Switzerland            | 40,0   | 38,9 | 53,0 | 66,5  | 66,0 | 73,2 | 59,5                                       | 58,3 | 59,0 | 41,8                       | 41,4 | 47,2 | 44,0                      | 43,3 | 42,1 | 33,8            | 31,2 | 29,5 | 7,0                           | 7,9  | 10,5 |
| Turkey                 | -  | 80,8 | -    | -   | 72,1 | -    | -  | 55,8 | -    | -                          | 49,6 | -    | -                         | 54,2 | -    | -               | 30,9 | -    | -                             | 30,3 | -    |
| United Kingdom         | 57,8   | 58,8 | 55,6 | 79,2  | 77,2 | 75,6 | 61,1                                       | 61,1 | 58,5 | 41,6                       | 42,3 | 43,0 | 43,6                      | 48,0 | 48,2 | 34,9            | 35,2 | 35,9 | 8,2                           | 9,1  | 7,3  |
| Average                | 55,9   | 57,9 | 58,5 | 66,0  | 66,4 | 67,3 | 55,1                                       | 54,8 | 54,3 | 36,7                       | 37,5 | 41,4 | 43,1                      | 44,5 | 43,4 | 39,1            | 39,5 | 37,0 | 12,8                          | 13,0 | 10,8 |

\*Denominator: the 18-64 age group perceives good opportunities to start a business

Source: GEM Adult Population Surveys 2015-2017

**Table 3** Phases of entrepreneurial activity in Europe , 2015 – 2017 (% of the adult population)

|                        | NASCENT<br>ENTREPRENEURSHIP<br>RATE |      |      | NEW BUSINESS<br>OWNERSHIP RATE |      |      | EARLY-STAGE<br>ENTREPRENEURIAL<br>ACTIVITY (TEA) |      |      | EEA  |      |      | ESTABLISHED<br>BUSINESS<br>OWNERSHIP RATE |      |      | DISCONTINUATION<br>OF BUSINESSES<br>(% OF TEA) |      |      |
|------------------------|-------------------------------------|------|------|--------------------------------|------|------|--|------|------|------|------|------|---|------|------|--|------|------|
|                        | 2015                                | 2016 | 2017 | 2015                           | 2016 | 2017 | 2015   | 2016 | 2017 | 2015 | 2016 | 2017 | 2015                                      | 2016 | 2017 | 2015   | 2016 | 2017 |
| Austria                | -                                   | 6,0  | -    | -                              | 3,7  | -    | -  | 9,6  | -    | -    | 7,3  | -    | -   | 8,8  | -    | -  | 3,3  | -    |
| Belgium                | 4,5                                 | -    | -    | 2,0                            | -    | -    | 6,2  | -    | -    | 6,1  | -    | -    | 3,8                                       | -    | -    | 1,9  | -    | -    |
| Bosnia and Herzegovina | -                                   | -    | 2,5  | -                              | -    | 1,4  | -  | -    | 4,0  | -    | -    | 0,5  | -   | -    | 1,4  | -  | -    | 1,3  |
| Bulgaria               | 2,0                                 | 2,6  | 1,8  | 1,5                            | 2,2  | 2,0  | 3,5  | 4,8  | 3,7  | 0,4  | 0,9  | 0,5  | 5,4                                       | 6,2  | 6,5  | 1,4  | 1,9  | 1,3  |
| Croatia                | 5,1                                 | 6,1  | 6,1  | 2,6                            | 2,5  | 2,9  | 7,7  | 8,4  | 8,9  | 4,9  | 5,3  | 4,8  | 2,8                                       | 4,2  | 4,4  | 2,9  | 4,3  | 4,0  |
| Cyprus                 | -                                   | 7,6  | 3,6  | -                              | 4,5  | 3,8  | -  | 12,0 | 7,3  | -    | 5,6  | 1,8  | -   | 8,2  | 8,9  | -  | 4,1  | 4,3  |
| Estonia                | 8,7                                 | 11,7 | 13,4 | 4,7                            | 4,8  | 6,2  | 13,1   | 16,2 | 19,4 | 6,3  | 6,3  | 9,1  | 7,7                                       | 7,8  | 11,4 | 2,0  | 4,2  | 4,4  |
| Finland                | 4,0                                 | 4,2  | -    | 2,8                            | 2,7  | -    | 6,6  | 6,7  | -    | 5,8  | 5,6  | -    | 10,2                                      | 7,3  | -    | 2,7  | 2,0  | -    |
| France                 | -                                   | 3,1  | 2,9  | -                              | 2,3  | 1,1  | -  | 5,3  | 3,9  | -    | 3,6  | 3,9  | -   | 4,3  | 3,6  | -  | 2,1  | 3,3  |
| Germany                | 2,8                                 | 2,9  | 3,4  | 1,9                            | 1,7  | 2,0  | 4,7  | 4,6  | 5,3  | 4,5  | 5,1  | 5,7  | 4,8                                       | 7,0  | 6,1  | 1,8  | 1,6  | 1,6  |
| Greece                 | 3,9                                 | 3,2  | 2,3  | 2,8                            | 2,6  | 2,6  | 6,7  | 5,7  | 4,8  | 1,0  | 1,4  | 0,9  | 13,1                                      | 14,1 | 12,4 | 3,4  | 4,1  | 5,1  |
| Hungary                | 5,3                                 | 4,8  | -    | 2,7                            | 3,2  | -    | 7,9  | 7,9  | -    | 2,1  | 3,0  | -    | 6,5                                       | 5,5  | -    | 2,8  | 2,1  | -    |
| Ireland                | 6,5                                 | 7,0  | 5,8  | 3,0                            | 4,4  | 3,3  | 9,3  | 10,9 | 8,9  | 6,6  | 6,2  | 5,5  | 5,6                                       | 4,4  | 4,4  | 3,1  | 3,1  | 3,3  |
| Italy                  | 3,2                                 | 2,3  | 2,7  | 1,7                            | 2,2  | 1,7  | 4,9  | 4,4  | 4,3  | 1,4  | 2,1  | 2,4  | 4,5                                       | 5,2  | 6,0  | 1,9  | 1,2  | 2,1  |
| Latvia                 | 8,6                                 | 9,7  | 9,4  | 6,0                            | 4,9  | 5,1  | 14,1   | 14,2 | 14,2 | 3,3  | 4,5  | 4,4  | 9,6                                       | 9,5  | 7,7  | 3,4  | 3,3  | 4,2  |
| Luxembourg             | 7,1                                 | 6,4  | 6,7  | 3,2                            | 2,9  | 2,6  | 10,2   | 9,2  | 9,1  | 6,4  | 7,2  | 8,0  | 3,3                                       | 3,2  | 3,3  | 4,2  | 3,2  | 3,2  |
| Macedonia              | 3,0                                 | 3,4  | -    | 3,1                            | 3,1  | -    | 6,1  | 6,5  | -    | 2,3  | 1,4  | -    | 5,9                                       | 7,2  | -    | 2,3  | 2,1  | -    |
| Netherlands            | 4,3                                 | 5,7  | 4,7  | 3,0                            | 5,4  | 5,4  | 7,2  | 11,0 | 9,9  | 6,3  | 7,6  | 7,6  | 9,9                                       | 10,2 | 8,6  | 2,1  | 2,7  | 3,1  |
| Norway                 | 2,3                                 | -    | -    | 3,3                            | -    | -    | 5,7  | -    | -    | 9,9  | -    | -    | 6,5                                       | -    | -    | 1,6  | -    | -    |
| Poland                 | 5,7                                 | 4,6  | 6,7  | 3,5                            | 6,1  | 2,2  | 9,2  | 10,7 | 8,9  | 4,0  | 5,2  | 3,2  | 5,9                                       | 7,1  | 9,8  | 2,7  | 3,8  | 2,8  |
| Portugal               | 5,6                                 | 4,7  | -    | 4,0                            | 3,7  | -    | 9,5  | 8,2  | -    | 4,0  | 2,4  | -    | 7,0                                       | 7,1  | -    | 3,2  | 1,9  | -    |
| Romania                | 6,1                                 | -    | -    | 5,1                            | -    | -    | 10,8   | -    | -    | 4,6  | -    | -    | 7,5                                       | -    | -    | 3,3  | -    | -    |
| Slovakia               | 6,5                                 | 6,4  | 8,2  | 3,4                            | 3,2  | 3,8  | 9,6  | 9,5  | 11,8 | 3,6  | 2,2  | 2,6  | 5,7                                       | 6,1  | 10,0 | 5,4  | 4,2  | 4,2  |
| Slovenia               | 3,2                                 | 5,1  | 4,0  | 2,8                            | 3,1  | 3,0  | 5,9  | 8,0  | 6,9  | 5,6  | 4,7  | 6,0  | 4,2                                       | 6,7  | 6,8  | 1,8  | 2,0  | 2,3  |
| Spain                  | 2,1                                 | 2,3  | 2,8  | 3,6                            | 2,9  | 3,5  | 5,7  | 5,2  | 6,2  | 1,1  | 2,7  | 1,4  | 7,7                                       | 6,2  | 7,1  | 1,6  | 1,6  | 1,9  |
| Sweden                 | 4,8                                 | 5,8  | 5,3  | 2,6                            | 1,8  | 2,1  | 7,2  | 7,6  | 7,3  | 6,4  | 6,1  | 6,2  | 5,2                                       | 4,5  | 4,2  | 2,7  | 2,8  | 2,5  |
| Switzerland            | 4,6                                 | 5,1  | 4,7  | 2,8                            | 3,2  | 3,9  | 7,3  | 8,2  | 8,5  | 6,5  | 6,1  | 4,8  | 11,3                                      | 11,1 | 10,5 | 1,7  | 1,8  | 1,1  |
| Turkey                 | -                                   | 8,9  | -    | -                              | 7,6  | -    | -  | 16,1 | -    | -    | 3,6  | -    | -   | 9,4  | -    | -  | 5,3  | -    |
| United Kingdom         | 4,0                                 | 5,2  | 4,4  | 2,9                            | 3,7  | 4,2  | 6,9  | 8,8  | 8,4  | 4,1  | 7,0  | 8,0  | 5,3                                       | 6,1  | 6,7  | 2,3  | 2,3  | 2,6  |
| Average                | 4,8                                 | 5,4  | 5,1  | 3,1                            | 3,5  | 3,1  | 7,8  | 8,8  | 8,1  | 4,5  | 4,5  | 4,4  | 6,6                                       | 7,1  | 7,0  | 2,6  | 2,8  | 2,9  |

Source: GEM Adult Population Surveys 2015-2017



**Table 4** *Employee entrepreneurial activity in Europe, in 2015 – 2017 (% of the adult population)*

|                        | EEA  |      |      |
|------------------------|------|------|------|
|                        | 2015 | 2016 | 2017 |
| Austria                | -    | 7,3  | -    |
| Belgium                | 6,1  | -    | -    |
| Bosnia and Herzegovina | -    | -    | 0,5  |
| Bulgaria               | 0,4  | 0,9  | 0,5  |
| Croatia                | 4,9  | 5,3  | 4,8  |
| Cyprus                 | -    | 5,6  | 1,8  |
| Estonia                | 6,3  | 6,3  | 9,1  |
| Finland                | 5,8  | 5,6  | -    |
| France                 | -    | 3,6  | 3,9  |
| Germany                | 4,5  | 5,1  | 5,7  |
| Greece                 | 1,0  | 1,4  | 0,9  |
| Hungary                | 2,1  | 3,0  | -    |
| Ireland                | 6,6  | 6,2  | 5,5  |
| Italy                  | 1,4  | 2,1  | 2,4  |
| Latvia                 | 3,3  | 4,5  | 4,4  |
| Luxembourg             | 6,4  | 7,2  | 8,0  |
| Macedonia              | 2,3  | 1,4  |      |
| Netherlands            | 6,3  | 7,6  | 7,6  |
| Norway                 | 9,9  | -    | -    |
| Poland                 | 4,0  | 5,2  | 3,2  |
| Portugal               | 4,0  | 2,4  | -    |
| Romania                | 4,6  | -    | -    |
| Slovakia               | 3,6  | 2,2  | 2,6  |
| Slovenia               | 5,6  | 4,7  | 6,0  |
| Spain                  | 1,1  | 2,7  | 1,4  |
| Sweden                 | 6,4  | 6,1  | 6,2  |
| Switzerland            | 6,5  | 6,1  | 4,8  |
| Turkey                 | -    | 3,6  | -    |
| United Kingdom         | 4,1  | 7,0  | 8,0  |
| Average                | 4,5  | 4,5  | 4,4  |

Source: GEM Adult Population Surveys 2015-2017

**Table 5** Main reasons for business discontinuation in Europe, 2015-2017

|                        | SOLD THE BUSINESS |      |      | UNPROFITABLE |      |      | PROBLEMS WITH FINANCE |      |      | ANOTHER OPPORTUNITY |      |      | EXIT |      |      | RETIREMENT |      |      | PERSONAL REASONS |      |      | INCIDENT |      |      | BUREAUCRACY |      |      |
|------------------------|-------------------|------|------|--------------|------|------|-----------------------|------|------|---------------------|------|------|------|------|------|------------|------|------|------------------|------|------|----------|------|------|-------------|------|------|
|                        | 2015              | 2016 | 2017 | 2015         | 2016 | 2017 | 2015                  | 2016 | 2017 | 2015                | 2016 | 2017 | 2015 | 2016 | 2017 | 2015       | 2016 | 2017 | 2015             | 2016 | 2017 | 2015     | 2016 | 2017 | 2015        | 2016 | 2017 |
| Austria                | -                 | 14,5 | -    | -            | 23,1 | -    | -                     | 9,8  | -    | -                   | 11,3 | -    | -    | 10,7 | -    | -          | 7,2  | -    | -                | 16,1 | -    | -        | 4,4  | -    | -           | 2,7  | -    |
| Belgium                | 9,8               | -    | -    | 25,5         | -    | -    | 1,9                   | -    | -    | 20,3                | -    | -    | 1,7  | -    | -    | 0,0        | -    | -    | 35,0             | -    | -    | 0,0      | -    | -    | 5,7         | -    | -    |
| Bosnia and Herzegovina | -                 | -    | 3,5  | -            | -    | 25,2 | -                     | -    | 24,3 | -                   | -    | 0,0  | -    | -    | 6,6  | -          | -    | 2,5  | -                | -    | 29,8 | -        | -    | 3,0  | -           | -    | 5,1  |
| Bulgaria               | 3,7               | 3,1  | 0,0  | 48,2         | 42,3 | 58,8 | 14,9                  | 12,2 | 23,0 | 11,1                | 12,1 | 4,6  | 0,0  | 9,1  | 0,0  | 0,0        | 3,0  | 0,0  | 18,3             | 12,2 | 13,6 | 0,0      | 3,0  | 0,0  | 3,7         | 3,1  | 0,0  |
| Croatia                | 0,0               | 1,7  | 0,0  | 15,7         | 25,3 | 34,2 | 21,1                  | 12,1 | 15,2 | 6,2                 | 6,1  | 5,7  | 1,5  | 2,9  | 1,4  | 8,4        | 8,4  | 4,7  | 16,6             | 25,6 | 25,4 | 0,0      | 1,3  | 1,1  | 30,5        | 16,5 | 12,5 |
| Cyprus                 | -                 | 1,2  | 4,7  | -            | 47,5 | 39,8 | -                     | 17,4 | 7,0  | -                   | 8,7  | 12,0 | -    | 2,6  | 3,6  | -          | 0,0  | 5,3  | -                | 15,9 | 22,9 | -        | 0,0  | 4,8  | -           | 6,6  | 0,0  |
| Estonia                | 2,6               | 8,9  | 8,2  | 33,3         | 36,8 | 27,2 | 5,1                   | 6,3  | 10,7 | 15,4                | 16,1 | 17,7 | 5,1  | 5,8  | 7,9  | 0,0        | 2,3  | 1,3  | 23,1             | 12,5 | 16,3 | 0,0      | 3,8  | 2,4  | 15,4        | 7,5  | 8,3  |
| Finland                | 0,0               | 5,3  | -    | 22,3         | 19,8 | -    | 0,0                   | 2,5  | -    | 17,9                | 15,3 | -    | 13,7 | 14,8 | -    | 13,8       | 25,0 | -    | 24,3             | 9,9  | -    | 2,0      | 2,5  | -    | 6,0         | 4,9  | -    |
| France                 | -                 | 3,2  | 8,5  | -            | 27,4 | 23,8 | -                     | 18,4 | 16,6 | -                   | 9,7  | 5,8  | -    | 0,0  | 0,0  | -          | 17,8 | 4,6  | -                | 12,2 | 13,1 | -        | 2,8  | 8,6  | -           | 8,5  | 18,9 |
| Germany                | 8,1               | 0,0  | 5,9  | 30,6         | 11,3 | 29,2 | 14,0                  | 2,8  | 5,7  | 4,5                 | 9,0  | 12,9 | 3,6  | 7,6  | 9,2  | 6,1        | 4,4  | 2,5  | 27,2             | 44,0 | 26,5 | 2,7      | 3,6  | 1,8  | 3,1         | 14,0 | 6,1  |
| Greece                 | 0,0               | 0,0  | 5,1  | 70,0         | 73,8 | 54,1 | 4,4                   | 13,5 | 5,8  | 0,0                 | 1,1  | 0,0  | 0,0  | 0,0  | 0,0  | 13,0       | 7,7  | 5,1  | 11,0             | 3,9  | 11,1 | 1,5      | 0,0  | 0,0  | 0,0         | 0,0  | 18,8 |
| Hungary                | 5,5               | 0,0  | -    | 27,4         | 24,4 | -    | 16,7                  | 21,8 | -    | 13,2                | 20,0 | -    | 0,0  | 5,4  | -    | 2,1        | 6,3  | -    | 10,7             | 14,8 | -    | 1,7      | 0,0  | -    | 17,1        | 7,5  | -    |
| Ireland                | 1,9               | 11,9 | 6,2  | 42,5         | 29,6 | 23,0 | 11,4                  | 10,5 | 13,9 | 11,9                | 15,7 | 17,9 | 0,0  | 3,5  | 2,3  | 1,9        | 3,3  | 2,8  | 17,4             | 19,4 | 29,2 | 0,0      | 1,6  | 0,0  | 6,8         | 4,5  | 4,6  |
| Italy                  | 10,0              | 0,0  | 1,7  | 33,6         | 29,2 | 19,9 | 18,5                  | 18,0 | 22,7 | 0,0                 | 0,0  | 5,3  | 0,0  | 0,0  | 0,0  | 0,0        | 7,5  | 8,1  | 18,4             | 10,4 | 11,0 | 2,1      | 8,6  | 0,0  | 17,4        | 26,3 | 31,4 |
| Latvia                 | 9,1               | 4,2  | 6,1  | 42,4         | 38,6 | 28,9 | 7,5                   | 6,8  | 9,3  | 4,2                 | 5,0  | 6,3  | 0,0  | 9,2  | 1,4  | 0,0        | 2,6  | 1,4  | 15,9             | 13,1 | 20,3 | 1,5      | 0,0  | 1,6  | 12,0        | 20,6 | 24,6 |
| Luxembourg             | 4,2               | 6,6  | 7,1  | 23,9         | 28,5 | 25,8 | 10,8                  | 16,1 | 14,9 | 13,0                | 18,3 | 15,2 | 0,0  | 6,7  | 10,9 | 6,8        | 2,4  | 8,7  | 21,8             | 8,1  | 10,2 | 5,1      | 1,3  | 0,0  | 5,1         | 12,0 | 7,2  |
| Macedonia              | 1,6               | 9,9  | -    | 22,7         | 27,7 | -    | 27,6                  | 18,5 | -    | 4,9                 | 7,8  | -    | 0,0  | 0,0  | -    | 2,2        | 1,6  | -    | 3,6              | 0,0  | -    | 11,0     | 3,4  | -    | 26,3        | 31,0 | -    |
| Netherlands            | 0,0               | 0,0  | 1,1  | 50,5         | 38,7 | 15,2 | 5,3                   | 1,7  | 16,1 | 22,0                | 19,7 | 17,5 | 0,0  | 10,4 | 3,2  | 5,1        | 7,2  | 0,0  | 14,2             | 21,2 | 11,6 | 0,0      | 0,0  | 0,0  | 1,9         | 1,1  | 35,3 |
| Norway                 | 9,3               | -    | -    | 20,9         | -    | -    | 12,9                  | -    | -    | 15,8                | -    | -    | 0,0  | -    | -    | 2,5        | -    | -    | 22,8             | -    | -    | 7,2      | -    | -    | 2,6         | -    | -    |
| Poland                 | 0,0               | 1,7  | 9,8  | 30,5         | 22,4 | 28,0 | 2,1                   | 10,3 | 8,0  | 16,4                | 24,1 | 15,1 | 0,0  | 8,6  | 4,9  | 14,3       | 1,7  | 3,6  | 2,0              | 20,7 | 15,1 | 6,3      | 3,4  | 5,8  | 24,3        | 6,9  | 9,8  |
| Portugal               | 3,0               | 5,5  | -    | 54,6         | 49,6 | -    | 12,5                  | 14,9 | -    | 0,0                 | 1,8  | -    | 0,0  | 1,9  | -    | 1,5        | 0,0  | -    | 21,2             | 22,6 | -    | 0,0      | 3,7  | -    | 3,2         | 0,0  | -    |
| Romania                | 1,5               | -    | -    | 47,9         | -    | -    | 10,8                  | -    | -    | 8,2                 | -    | -    | 0,0  | -    | -    | 0,0        | -    | -    | 21,0             | -    | -    | 4,1      | -    | -    | 4,9         | -    | -    |
| Slovakia               | 3,3               | 2,5  | 5,4  | 33,3         | 41,3 | 37,8 | 10,0                  | 10,0 | 12,2 | 16,7                | 12,5 | 9,5  | 0,0  | 0,0  | 5,4  | 1,1        | 5,0  | 5,4  | 18,9             | 15,0 | 12,2 | 6,7      | 3,8  | 8,1  | 6,7         | 10,0 | 4,1  |
| Slovenia               | 0,0               | 2,8  | 3,2  | 35,5         | 39,7 | 22,3 | 15,0                  | 10,1 | 9,3  | 8,9                 | 12,6 | 22,0 | 0,0  | 3,4  | 3,3  | 23,1       | 11,8 | 8,4  | 14,7             | 13,2 | 9,4  | 0,0      | 2,8  | 3,1  | 3,0         | 3,6  | 18,9 |
| Spain                  | 0,7               | 5,4  | 5,4  | 48,5         | 46,6 | 56,0 | 10,4                  | 7,7  | 6,7  | 12,8                | 8,5  | 4,6  | 0,0  | 0,7  | 0,8  | 9,9        | 5,6  | 6,7  | 12,8             | 17,8 | 16,2 | 0,2      | 0,3  | 0,0  | 4,0         | 7,3  | 3,6  |
| Sweden                 | 6,0               | 14,1 | 11,3 | 23,2         | 23,2 | 13,4 | 2,4                   | 2,7  | 3,8  | 15,2                | 13,8 | 18,5 | 0,0  | 18,4 | 10,6 | 2,3        | 1,9  | 2,7  | 17,6             | 16,6 | 20,5 | 6,0      | 5,2  | 5,6  | 10,6        | 4,0  | 13,5 |
| Switzerland            | 11,2              | 9,3  | 9,8  | 0,0          | 25,6 | 10,2 | 3,9                   | 7,2  | 10,7 | 7,7                 | 12,7 | 11,7 | 0,0  | 0,0  | 28,5 | 4,3        | 10,9 | 0,0  | 19,1             | 29,8 | 28,4 | 0,0      | 2,0  | 0,8  | 50,2        | 2,4  | 0,0  |
| United Kingdom         | 2,6               | 1,4  | 2,4  | 24,7         | 21,7 | 19,1 | 4,6                   | 9,1  | 8,4  | 26,9                | 28,6 | 22,2 | 0,0  | 9,1  | 5,6  | 5,5        | 6,0  | 5,8  | 22,0             | 19,7 | 25,1 | 3,8      | 1,9  | 4,3  | 4,0         | 2,7  | 7,2  |
| Average                | 3,9               | 4,7  | 5,3  | 33,7         | 33,1 | 29,6 | 10,1                  | 10,9 | 12,2 | 11,4                | 12,1 | 11,2 | 1,1  | 5,5  | 5,3  | 5,2        | 6,2  | 4,0  | 17,9             | 16,4 | 18,4 | 2,6      | 2,5  | 2,6  | 11,0        | 8,5  | 11,5 |

Source: GEM Adult Population Surveys 2015-2017

**Table 6** Motivation for early-stage entrepreneurial activity in Europe in 2015-2017, (% of TEA)

|                        | EARLY-STAGE<br>ENTREPRENEURIAL<br>ACTIVITY (TEA) |      |      | NECESSITY-DRIVEN<br>(% OF TEA) |      |      | OPPORTUNITY-<br>DRIVEN (% OF TEA) |      |      | IMPROVEMENT-<br>DRIVEN OPPORTUNITY<br>(% OF TEA) |      |      | MOTIVATIONAL<br>INDEX* |      |      |
|------------------------|--|------|------|--------------------------------|------|------|-----------------------------------|------|------|--|------|------|------------------------|------|------|
|                        | 2015   | 2016 | 2017 | 2015                           | 2016 | 2017 | 2015                              | 2016 | 2017 | 2015   | 2016 | 2017 | 2015                   | 2016 | 2017 |
| Austria                | -  | 9,6  | -    | -                              | 15,6 | -    | -                                 | 79,4 | -    | -  | 46,4 | -    | -                      | 3,0  | -    |
| Bosnia and Herzegovina | -  | -    | 4,0  | -                              | -    | 28,3 | -                                 | -    | 68,7 | -  | -    | 33,4 | -                      | -    | 1,2  |
| Belgium                | 6,2  | -    | -    | 27,5                           | -    | -    | 60,2                              | -    | -    | 44,3   | -    | -    | 1,6                    | -    | -    |
| Bulgaria               | 3,5  | 4,8  | 3,7  | 33,4                           | 30,9 | 26,9 | 66,6                              | 68,0 | 73,1 | 29,0   | 35,0 | 28,5 | 0,9                    | 1,1  | 1,1  |
| Croatia                | 7,7  | 8,4  | 8,9  | 40,1                           | 30,5 | 34,7 | 59,2                              | 66,3 | 63,2 | 40,9   | 39,8 | 41,2 | 1,0                    | 1,3  | 1,2  |
| Cyprus                 | -  | 12,0 | 7,3  | -                              | 24,2 | 28,9 | -                                 | 73,5 | 70,4 | -  | 48,0 | 46,7 | -                      | 2,0  | 1,6  |
| Estonia                | 13,1   | 16,2 | 19,4 | 13,7                           | 17,7 | 18,6 | 84,8                              | 79,6 | 75,7 | 57,0   | 59,1 | 50,9 | 4,2                    | 3,3  | 2,7  |
| Finland                | 6,6  | 6,7  | -    | 15,0                           | 7,1  | -    | 80,4                              | 86,3 | -    | 63,0   | 68,6 | -    | 4,2                    | 9,7  | -    |
| France                 | -  | 5,3  | 3,9  | -                              | 11,1 | 20,6 | -                                 | 85,5 | 77,6 | -  | 69,6 | 61,5 | -                      | 6,3  | 3,0  |
| Germany                | 4,7  | 4,6  | 5,3  | 17,1                           | 21,8 | 11,1 | 80,2                              | 75,6 | 79,0 | 64,2   | 58,1 | 59,9 | 3,7                    | 2,7  | 5,4  |
| Greece                 | 6,7  | 5,7  | 4,8  | 22,3                           | 34,0 | 20,2 | 75,4                              | 65,2 | 79,8 | 34,4   | 36,1 | 37,0 | 1,5                    | 1,1  | 1,8  |
| Hungary                | 7,9  | 7,9  | -    | 23,2                           | 20,1 | -    | 71,6                              | 77,4 | -    | 50,5   | 52,6 | -    | 2,2                    | 2,6  | -    |
| Ireland                | 9,3  | 10,9 | 8,9  | 19,3                           | 15,6 | 20,9 | 79,8                              | 82,6 | 76,5 | 38,5   | 49,4 | 52,1 | 2,0                    | 3,2  | 2,5  |
| Italy                  | 4,9  | 4,4  | 4,3  | 18,7                           | 10,9 | 14,0 | 74,7                              | 85,7 | 75,2 | 30,0   | 40,3 | 35,2 | 1,6                    | 3,7  | 2,5  |
| Latvia                 | 14,1   | 14,2 | 14,2 | 17,1                           | 13,9 | 22,7 | 80,5                              | 82,8 | 72,0 | 51,4   | 55,2 | 46,9 | 3,0                    | 4,0  | 2,1  |
| Luxembourg             | 10,2   | 9,2  | 9,1  | 9,3                            | 11,2 | 13,6 | 86,2                              | 84,3 | 80,2 | 52,2   | 54,1 | 55,3 | 5,6                    | 4,8  | 4,1  |
| Macedonia              | 6,1  | 6,5  | -    | 52,1                           | 38,9 | -    | 42,1                              | 55,3 | -    | 26,7   | 25,4 | -    | 0,5                    | 0,7  | -    |
| Netherlands            | 7,2  | 11,0 | 9,9  | 14,7                           | 21,1 | 7,2  | 81,8                              | 77,6 | 83,8 | 65,3   | 67,5 | 72,6 | 4,5                    | 3,2  | 10,0 |
| Norway                 | 5,7  | -    | -    | 10,6                           | -    | -    | 81,5                              | -    | -    | 66,4   | -    | -    | 6,3                    | -    | -    |
| Poland                 | 9,2  | 10,7 | 8,9  | 28,1                           | 26,6 | 9,0  | 69,3                              | 71,1 | 90,2 | 46,4   | 52,0 | 67,6 | 1,7                    | 2,0  | 7,5  |
| Portugal               | 9,5  | 8,2  | -    | 24,5                           | 20,8 | -    | 73,8                              | 77,7 | -    | 35,9   | 55,8 | -    | 1,5                    | 2,7  | -    |
| Romania                | 10,8   | -    | -    | 27,5                           | -    | -    | 69,3                              | -    | -    | 33,2   | -    | -    | 1,2                    | -    | -    |
| Slovakia               | 9,6  | 9,5  | 11,8 | 31,1                           | 40,2 | 34,8 | 68,4                              | 55,0 | 61,4 | 51,3   | 41,8 | 47,5 | 1,7                    | 1,0  | 1,4  |
| Slovenia               | 5,9  | 8,0  | 6,9  | 23,7                           | 21,8 | 19,6 | 73,0                              | 75,7 | 74,0 | 44,9   | 58,1 | 48,4 | 1,9                    | 2,7  | 2,5  |
| Spain                  | 5,7  | 5,2  | 6,2  | 24,8                           | 26,0 | 28,3 | 73,5                              | 70,2 | 68,5 | 44,5   | 48,6 | 48,2 | 1,8                    | 1,9  | 1,7  |
| Sweden                 | 7,2  | 7,6  | 7,3  | 9,2                            | 4,5  | 7,5  | 76,7                              | 89,0 | 76,8 | 52,6   | 53,5 | 44,8 | 5,7                    | 11,8 | 5,9  |
| Switzerland            | 7,3  | 8,2  | 8,5  | 10,1                           | 14,1 | 13,9 | 85,4                              | 82,6 | 78,7 | 65,8   | 72,1 | 67,6 | 6,5                    | 5,1  | 4,9  |
| United Kingdom         | 6,9  | 8,8  | 8,4  | 23,9                           | 13,5 | 13,6 | 74,3                              | 83,2 | 82,2 | 51,2   | 50,8 | 60,8 | 2,1                    | 3,8  | 4,5  |
| Average                | 7,8  | 8,5  | 8,1  | 22,4                           | 20,5 | 19,7 | 73,7                              | 76,2 | 75,4 | 47,5   | 51,6 | 50,3 | 2,8                    | 3,5  | 3,4  |

\*Ratio between improvement-driven opportunity and necessity-driven entrepreneurs.

GEM Adult Population Surveys 2015-2017

**Table 7**

|                        | AGRICULTURE |      |      | MINING |      |      | MANUFACTURING |      |      | TRANSPORTATION |      |      | WHOLESALE/RETAIL |      |      |
|------------------------|-------------|------|------|--------|------|------|---------------|------|------|----------------|------|------|------------------|------|------|
|                        | 2015        | 2016 | 2017 | 2015   | 2016 | 2017 | 2015          | 2016 | 2017 | 2015           | 2016 | 2017 | 2015             | 2016 | 2017 |
| Austria                | -           | 3,8  | -    | -      | 2,8  | -    | -             | 7,0  | -    | -              | 2,6  | -    | -                | 21,4 | -    |
| Belgium                | 3,1         | -    | -    | 4,9    | -    | -    | 6,4           | -    | -    | 5,6            | -    | -    | 23,4             | -    | -    |
| Bosnia and Herzegovina |             |      | 20,0 | -      | -    | 12,6 | -             | -    | 13,2 | -              | -    | 0,4  | -                | -    | 23,4 |
| Bulgaria               | 4,6         | 5,5  | 15,0 | 6,1    | 1,1  | 4,2  | 9,1           | 9,8  | 9,7  | 6,0            | 4,4  | 4,0  | 47,1             | 57,1 | 45,1 |
| Croatia                | 16,5        | 16,3 | 20,6 | 3,9    | 3,1  | 6,8  | 14,1          | 17,0 | 11,3 | 1,9            | 3,7  | 2,6  | 21,0             | 21,4 | 25,1 |
| Cyprus                 | -           | 3,5  | 0,0  | -      | 4,0  | 7,4  | -             | 6,4  | 2,9  | -              | 3,5  | 0,0  | -                | 41,0 | 45,4 |
| Estonia                | 7,3         | 6,9  | 5,9  | 8,9    | 9,1  | 7,5  | 12,6          | 14,3 | 13,6 | 5,3            | 1,9  | 3,0  | 22,7             | 19,4 | 22,1 |
| Finland                | 8,4         | 8,1  | -    | 13,6   | 11,4 | -    | 6,9           | 4,5  | -    | 0,7            | 5,2  | -    | 13,2             | 21,0 | -    |
| France                 | -           | 5,6  | 7,0  | -      | 12,8 | 4,9  | -             | 5,1  | 5,3  | -              | 6,5  | 5,5  | -                | 19,4 | 21,1 |
| Germany                | 3,1         | 1,2  | 3,2  | 6,7    | 6,6  | 5,1  | 7,5           | 9,9  | 4,6  | 1,5            | 1,3  | 1,7  | 20,4             | 20,4 | 26,8 |
| Greece                 | 12,1        | 7,7  | 4,0  | 3,1    | 2,1  | 1,1  | 7,2           | 6,8  | 3,9  | 2,3            | 1,8  | 0,0  | 41,8             | 47,6 | 50,8 |
| Hungary                | 12,0        | 8,6  | -    | 13,5   | 10,6 | -    | 7,6           | 7,8  | -    | 2,8            | 6,6  | -    | 36,0             | 28,0 | -    |
| Ireland                | 4,9         | 2,6  | 4,9  | 8,2    | 7,5  | 7,1  | 4,8           | 4,0  | 7,7  | 2,5            | 3,5  | 3,0  | 28,3             | 32,7 | 28,3 |
| Italy                  | 7,9         | 14,0 | 17,3 | 5,1    | 6,3  | 3,0  | 8,0           | 10,0 | 10,5 | 2,3            | 4,4  | 1,5  | 31,3             | 24,8 | 27,8 |
| Latvia                 | 10,6        | 15,1 | 11,5 | 11,3   | 13,2 | 8,5  | 13,8          | 10,4 | 12,5 | 5,8            | 5,0  | 2,7  | 24,0             | 29,0 | 23,7 |
| Luxembourg             | 3,2         | 1,4  | 1,2  | 2,6    | 6,1  | 6,6  | 2,7           | 3,8  | 7,8  | 3,1            | 3,1  | 0,9  | 27,4             | 23,3 | 27,6 |
| Macedonia              | 17,1        | 14,7 | -    | 3,8    | 9,5  | -    | 17,1          | 14,7 | -    | 2,7            | 2,8  | -    | 33,3             | 34,6 | -    |
| Netherlands            | 5,4         | 2,9  | 5,3  | 10,8   | 12,6 | 7,5  | 3,2           | 3,0  | 5,0  | 2,6            | 4,0  | 4,1  | 18,6             | 24,8 | 13,2 |
| Norway                 | 8,7         | -    | -    | 5,9    | -    | -    | 7,9           | -    | -    | 1,6            | -    | -    | 14,1             | -    | -    |
| Poland                 | 2,2         | 2,4  | 1,3  | 19,9   | 13,1 | 10,7 | 7,9           | 5,4  | 7,9  | 3,9            | 4,8  | 7,3  | 19,9             | 22,0 | 33,6 |
| Portugal               | 2,6         | 11,3 | -    | 6,2    | 3,5  | -    | 5,9           | 8,2  | -    | 3,0            | 4,8  | -    | 42,1             | 35,0 | -    |
| Romania                | 24,0        | -    | -    | 8,3    | -    | -    | 5,1           | -    | -    | 3,6            | -    | -    | 30,4             | -    | -    |
| Slovakia               | 4,4         | 2,3  | 1,9  | 10,9   | 11,9 | 7,9  | 11,5          | 8,5  | 8,8  | 2,7            | 2,8  | 3,3  | 20,8             | 23,2 | 27,4 |
| Slovenia               | 9,6         | 3,1  | 5,9  | 5,2    | 5,9  | 5,0  | 13,2          | 16,8 | 10,3 | 3,5            | 1,7  | 5,0  | 20,2             | 20,3 | 19,5 |
| Spain                  | 4,7         | 3,4  | 3,5  | 3,7    | 4,2  | 2,0  | 5,8           | 5,6  | 9,3  | 2,8            | 4,4  | 3,0  | 37,2             | 35,2 | 32,1 |
| Sweden                 | 8,8         | 6,6  | 9,7  | 4,7    | 4,7  | 4,3  | 1,6           | 5,4  | 8,1  | 2,7            | 1,4  | 3,3  | 26,3             | 17,3 | 11,5 |
| Switzerland            | 3,5         | 5,9  | 3,5  | 6,3    | 3,4  | 5,0  | 10,7          | 4,2  | 8,0  | 2,8            | 3,2  | 0,8  | 16,1             | 20,1 | 17,0 |
| United Kingdom         | 1,8         | 1,5  | 0,6  | 7,4    | 9,0  | 14,4 | 6,1           | 6,6  | 5,4  | 4,1            | 2,1  | 3,5  | 22,5             | 28,8 | 17,6 |
| Average                | 7,8         | 6,4  | 7,1  | 7,5    | 7,3  | 6,6  | 8,2           | 8,1  | 8,3  | 3,2            | 3,6  | 2,8  | 26,6             | 27,8 | 27,0 |

|                        | INFORMATION/<br>COMMUNICATIONS<br>TECHNOLOGY |      |      | FINANCE |      |      | PROFESSIONAL<br>SERVICES |      |      | ADMINISTRATIVE<br>SERVICES |      |      | HEALTH, EDUCATION,<br>GOVERNMENT AND<br>SOCIAL SERVICES |      |      | PERSONAL/CONSUMER<br>SERVICES |      |      |
|------------------------|--|------|------|---------|------|------|--------------------------|------|------|----------------------------|------|------|---|------|------|-------------------------------|------|------|
|                        | 2015   | 2016 | 2017 | 2015    | 2016 | 2017 | 2015                     | 2016 | 2017 | 2015                       | 2016 | 2017 | 2015  | 2016 | 2017 | 2015                          | 2016 | 2017 |
| Austria                | -  | 9,7  | -    | -       | 4,9  | -    | -                        | 17,7 | -    | -                          | 6,2  | -    | -   | 19,0 | -    | -                             | 4,9  | -    |
| Belgium                | 12,8   | -    | -    | 1,6     | -    | -    | 12,2                     | -    | -    | 2,3                        | -    | -    | 21,1  | -    | -    | 6,7                           | -    | -    |
| Bosnia and Herzegovina | -  | -    | 3,6  | -       | -    | 0,0  | -                        | -    | 7,7  | -                          | -    | 3,5  | -   | -    | 13,8 | -                             | -    | 1,8  |
| Bulgaria               | 3,1  | 1,1  | 4,1  | 0,0     | 2,2  | 0,0  | 3,0                      | 7,8  | 6,9  | 3,1                        | 3,3  | 0,0  | 16,6  | 7,7  | 9,6  | 1,5                           | 0,0  | 1,3  |
| Croatia                | 4,2  | 5,7  | 5,4  | 3,0     | 3,0  | 0,3  | 10,7                     | 8,5  | 3,8  | 5,6                        | 3,8  | 12,9 | 16,8  | 16,2 | 8,7  | 2,3                           | 1,3  | 2,5  |
| Cyprus                 | -  | 4,5  | 2,4  | -       | 3,9  | 1,4  | -                        | 9,3  | 9,6  | -                          | 4,3  | 6,1  | -   | 17,0 | 18,2 | -                             | 2,6  | 6,6  |
| Estonia                | 8,5  | 5,8  | 5,7  | 2,0     | 4,0  | 5,9  | 11,7                     | 13,4 | 10,0 | 5,3                        | 6,3  | 6,5  | 9,3   | 9,8  | 13,8 | 6,5                           | 9,1  | 6,0  |
| Finland                | 6,9  | 7,5  | -    | 3,9     | 3,1  | -    | 14,7                     | 11,4 | -    | 6,2                        | 5,4  | -    | 22,4  | 16,4 | -    | 3,0                           | 6,0  | -    |
| France                 | -  | 5,1  | 6,7  | -       | 9,1  | 5,6  | -                        | 9,4  | 6,3  | -                          | 7,8  | 9,8  | -   | 14,3 | 20,4 | -                             | 4,9  | 7,4  |
| Germany                | 7,5  | 8,8  | 8,0  | 5,5     | 3,4  | 6,5  | 10,0                     | 7,8  | 12,6 | 3,8                        | 5,0  | 2,0  | 29,0  | 29,0 | 25,9 | 4,9                           | 6,5  | 3,6  |
| Greece                 | 1,5  | 1,8  | 2,1  | 3,8     | 1,8  | 3,1  | 8,3                      | 8,5  | 6,2  | 5,9                        | 5,4  | 5,9  | 13,3  | 13,8 | 17,5 | 0,8                           | 2,7  | 5,4  |
| Hungary                | 0,7  | 5,1  | -    | 3,4     | 8,3  | -    | 4,5                      | 10,0 | -    | 4,0                        | 3,8  | -    | 14,2  | 8,2  | -    | 1,2                           | 3,1  | -    |
| Ireland                | 10,0   | 5,8  | 8,2  | 2,6     | 1,8  | 1,4  | 14,0                     | 11,8 | 13,7 | 3,8                        | 5,7  | 3,5  | 16,4  | 19,3 | 17,3 | 4,6                           | 5,3  | 4,8  |
| Italy                  | 1,0  | 4,1  | 0,9  | 0,7     | 2,4  | 1,9  | 10,9                     | 18,7 | 19,8 | 9,0                        | 1,5  | 7,3  | 20,4  | 9,4  | 9,4  | 3,4                           | 4,4  | 0,7  |
| Latvia                 | 4,8  | 2,6  | 2,6  | 1,4     | 1,8  | 3,1  | 9,0                      | 5,4  | 9,9  | 4,6                        | 3,0  | 6,4  | 11,1  | 10,4 | 16,3 | 3,7                           | 4,1  | 2,7  |
| Luxembourg             | 9,4  | 9,8  | 7,8  | 8,9     | 6,5  | 6,7  | 16,7                     | 12,7 | 14,5 | 4,0                        | 3,8  | 6,4  | 17,2  | 20,9 | 16,8 | 4,7                           | 8,7  | 3,8  |
| Macedonia              | 1,6  | 4,6  | -    | 0,0     | 0,0  | -    | 5,4                      | 5,2  | -    | 5,4                        | 0,5  | -    | 10,1  | 12,4 | -    | 3,7                           | 1,0  | -    |
| Netherlands            | 4,7  | 2,9  | 11,8 | 3,9     | 5,7  | 2,3  | 18,9                     | 10,0 | 14,0 | 6,5                        | 9,4  | 7,8  | 18,2  | 22,2 | 25,9 | 7,2                           | 2,5  | 3,2  |
| Norway                 | 8,5  | -    | -    | 4,6     | -    | -    | 21,5                     | -    | -    | 2,4                        | -    | -    | 15,8  | -    | -    | 9,0                           | -    | -    |
| Poland                 | 7,8  | 7,1  | 3,0  | 2,2     | 6,5  | 5,6  | 11,1                     | 15,5 | 6,9  | 3,9                        | 4,2  | 1,7  | 19,0  | 15,5 | 21,0 | 2,3                           | 3,6  | 0,8  |
| Portugal               | 1,9  | 5,8  | -    | 2,5     | 1,8  | -    | 9,1                      | 4,6  | -    | 5,1                        | 6,4  | -    | 19,0  | 15,2 | -    | 2,7                           | 3,3  | -    |
| Romania                | 5,2  | -    | -    | 2,3     | -    | -    | 6,8                      | -    | -    | 3,7                        | -    | -    | 9,1   | -    | -    | 1,3                           | -    | -    |
| Slovakia               | 3,8  | 2,8  | 2,8  | 10,9    | 6,2  | 7,4  | 11,5                     | 9,6  | 14,9 | 8,2                        | 6,2  | 3,7  | 14,8  | 24,3 | 20,5 | 0,5                           | 2,3  | 1,4  |
| Slovenia               | 7,1  | 6,7  | 8,1  | 2,6     | 5,8  | 4,1  | 8,7                      | 13,1 | 15,2 | 1,8                        | 2,2  | 10,7 | 24,5  | 19,4 | 11,2 | 3,6                           | 4,9  | 4,9  |
| Spain                  | 8,3  | 5,0  | 7,3  | 2,2     | 3,3  | 3,9  | 14,1                     | 13,3 | 12,8 | 4,9                        | 3,5  | 3,0  | 13,5  | 17,2 | 19,5 | 2,9                           | 5,0  | 3,7  |
| Sweden                 | 13,4   | 10,1 | 8,7  | 2,8     | 4,5  | 3,8  | 15,6                     | 14,5 | 20,2 | 1,2                        | 8,5  | 4,4  | 17,1  | 19,1 | 17,1 | 5,6                           | 7,8  | 8,8  |
| Switzerland            | 5,4  | 7,7  | 1,8  | 2,7     | 5,7  | 9,2  | 18,9                     | 18,1 | 6,8  | 5,5                        | 4,9  | 10,3 | 27,2  | 22,2 | 33,8 | 0,9                           | 4,7  | 3,6  |
| United Kingdom         | 10,0   | 8,6  | 9,6  | 2,6     | 6,3  | 5,6  | 16,1                     | 12,9 | 19,7 | 6,9                        | 6,9  | 7,3  | 19,4  | 12,3 | 14,9 | 3,3                           | 5,0  | 1,5  |
| Average                | 6,2  | 5,8  | 5,5  | 3,2     | 4,3  | 3,9  | 11,8                     | 11,2 | 11,6 | 4,7                        | 4,9  | 6,0  | 17,3  | 16,3 | 17,6 | 3,6                           | 4,3  | 3,7  |

Source: GEM Adult population Surveys 2015-2017

**Table 8** Entrepreneurship framework conditions: main indicators in Europe, 2015-2017

|                | 2015 |     |     |     |     |     |     |     |     |     |     |     |
|----------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                | 1    | 2a  | 2b  | 3   | 4a  | 4b  | 5   | 6   | 7a  | 7b  | 8   | 9   |
| Belgium        | 5.3  | 6.5 | 3.2 | 4.8 | 3.1 | 5.4 | 4.6 | 6.2 | 4.8 | 5.1 | 6.4 | 4.1 |
| Bulgaria       | 4.4  | 2.9 | 4.8 | 3.4 | 2.6 | 4.2 | 3.6 | 5.2 | 3.6 | 3.9 | 6.8 | 3.5 |
| Croatia        | 3.3  | 2.8 | 2.0 | 3.2 | 1.9 | 3.5 | 2.9 | 4.3 | 6.1 | 3.0 | 6.5 | 2.6 |
| Estonia        | 4.9  | 3.8 | 4.9 | 4.9 | 4.2 | 4.8 | 4.5 | 5.2 | 5.2 | 5.1 | 7.5 | 5.7 |
| Finland        | 4.3  | 5.4 | 4.9 | 4.6 | 3.9 | 4.2 | 3.9 | 5.7 | 5.4 | 4.6 | 7.6 | 4.5 |
| Germany        | 4.3  | 4.3 | 3.9 | 5.6 | 2.7 | 4.1 | 4.0 | 5.9 | 4.5 | 5.2 | 6.4 | 4.2 |
| Greece         | 3.0  | 2.9 | 2.3 | 2.8 | 2.7 | 4.6 | 3.8 | 4.5 | 5.0 | 3.1 | 6.1 | 3.6 |
| Hungary        | 4.0  | 2.7 | 2.4 | 3.2 | 2.3 | 4.3 | 3.6 | 4.4 | 5.5 | 3.8 | 6.1 | 3.2 |
| Ireland        | 5.4  | 4.9 | 4.8 | 5.9 | 3.6 | 4.9 | 4.6 | 6.1 | 3.9 | 5.2 | 6.8 | 5.4 |
| Italy          | 4.0  | 3.1 | 2.4 | 3.3 | 3.0 | 4.3 | 3.9 | 4.3 | 4.3 | 4.2 | 5.1 | 3.5 |
| Japan          | 4.2  | 5.0 | 3.7 | 4.1 | 2.3 | 4.2 | 4.5 | 3.5 | 6.5 | 4.3 | 6.9 | 3.8 |
| Latvia         | 4.5  | 3.7 | 3.8 | 4.7 | 4.0 | 5.4 | 3.5 | 6.1 | 4.8 | 4.5 | 6.7 | 4.8 |
| Luxembourg     | 4.1  | 5.3 | 5.6 | 6.0 | 3.5 | 5.4 | 5.4 | 6.0 | 3.8 | 5.5 | 6.8 | 4.1 |
| Macedonia      | 4.0  | 4.0 | 4.6 | 4.4 | 3.6 | 4.9 | 4.1 | 5.1 | 5.7 | 3.7 | 6.5 | 4.1 |
| Netherlands    | 5.7  | 5.4 | 5.8 | 5.8 | 4.9 | 5.6 | 5.1 | 5.9 | 5.0 | 6.0 | 7.4 | 5.7 |
| Norway         | 4.2  | 3.7 | 4.3 | 4.4 | 4.1 | 4.1 | 4.2 | 5.5 | 5.2 | 4.2 | 6.8 | 4.7 |
| Poland         | 4.7  | 4.6 | 3.4 | 4.6 | 2.5 | 3.9 | 3.5 | 4.5 | 6.4 | 4.6 | 6.8 | 4.4 |
| Portugal       | 4.7  | 5.0 | 5.8 | 4.7 | 5.6 | 4.7 | 5.3 | 4.6 | 5.4 | 5.0 | 3.5 | 5.2 |
| Romania        | 3.4  | 3.6 | 3.5 | 3.8 | 3.9 | 4.5 | 3.7 | 6.0 | 4.2 | 4.0 | 4.9 | 4.1 |
| Slovakia       | 4.3  | 3.7 | 3.4 | 3.7 | 3.4 | 4.2 | 3.2 | 5.5 | 4.1 | 4.2 | 7.0 | 3.5 |
| Slovenia       | 4.2  | 4.0 | 3.1 | 4.5 | 2.8 | 3.9 | 3.8 | 4.7 | 5.3 | 3.8 | 6.4 | 3.4 |
| Spain          | 4.0  | 4.0 | 3.8 | 4.8 | 3.5 | 4.2 | 3.9 | 4.4 | 4.4 | 4.3 | 5.1 | 4.4 |
| Sweden         | 4.7  | 4.0 | 3.9 | 4.6 | 3.8 | 3.9 | 4.0 | 5.1 | 5.7 | 4.5 | 7.5 | 5.0 |
| Switzerland    | 5.3  | 5.7 | 5.8 | 5.9 | 4.9 | 6.2 | 6.2 | 6.3 | 4.5 | 5.7 | 7.9 | 5.8 |
| Turkey         | 3.8  | 4.4 | 3.4 | 4.1 | 2.2 | 5.2 | 4.2 | 5.1 | 5.6 | 3.9 | 6.5 | 5.3 |
| United Kingdom | 5.4  | 4.6 | 4.4 | 4.5 | 4.0 | 5.0 | 4.2 | 5.0 | 5.0 | 4.7 | 5.9 | 5.3 |
| Average        | 4.4  | 4.2 | 4.0 | 4.5 | 3.5 | 4.6 | 4.1 | 5.3 | 4.9 | 4.5 | 6.4 | 4.4 |

1 Entrepreneurial finance

2a Government policies: support and relevance

2b Government policies: taxes and bureaucracy

3 Government entrepreneurship programs

4a Entrepreneurial education at school stage

4b Entrepreneurial education at post school stage

5 R&amp;D Transfer

6 Commercial and legal infrastructure

7a Internal market dynamics

7b Internal market burdens or entry regulation

8 Physical infrastructures

9 Cultural and social norms.

|                | 2016 |     |     |     |     |     |     |     |     |     |     |     |
|----------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                | 1    | 2a  | 2b  | 3   | 4a  | 4b  | 5   | 6   | 7a  | 7b  | 8   | 9   |
| Austria        | 4.6  | 4.2 | 3.6 | 6.3 | 2.2 | 4.9 | 4.7 | 5.8 | 4.4 | 5.4 | 7.7 | 3.7 |
| Bulgaria       | 4.4  | 2.6 | 4.8 | 3.1 | 2.5 | 3.7 | 3.2 | 5.1 | 4.9 | 3.8 | 6.9 | 3.7 |
| Croatia        | 3.8  | 2.8 | 2.2 | 3.5 | 2.5 | 3.8 | 2.7 | 4.2 | 5.5 | 3.3 | 6.2 | 3.0 |
| Cyprus         | 3.3  | 3.8 | 4.1 | 3.3 | 2.9 | 4.6 | 3.7 | 5.1 | 4.6 | 4.3 | 6.2 | 4.0 |
| Estonia        | 4.8  | 5.0 | 6.3 | 5.3 | 4.6 | 5.5 | 4.7 | 5.7 | 4.8 | 5.6 | 8.0 | 6.4 |
| Finland        | 5.3  | 5.4 | 5.3 | 4.8 | 3.9 | 5.0 | 4.6 | 5.6 | 4.7 | 5.0 | 7.8 | 4.5 |
| France         | 4.8  | 5.9 | 5.3 | 5.5 | 2.8 | 5.6 | 5.3 | 5.4 | 4.7 | 4.3 | 7.4 | 3.7 |
| Georgia        | 4.0  | 5.6 | 6.6 | 5.3 | 3.6 | 4.8 | 3.5 | 4.7 | 5.2 | 5.1 | 7.1 | 5.6 |
| Germany        | 5.0  | 3.9 | 4.1 | 5.7 | 2.8 | 4.3 | 4.1 | 5.6 | 5.2 | 5.2 | 6.3 | 4.2 |
| Greece         | 3.5  | 2.8 | 2.3 | 2.9 | 2.9 | 4.3 | 4.1 | 4.7 | 5.6 | 4.1 | 6.2 | 3.8 |
| Hungary        | 4.5  | 3.0 | 2.8 | 3.4 | 2.2 | 4.3 | 3.8 | 4.9 | 5.2 | 4.2 | 6.9 | 3.4 |
| Ireland        | 4.7  | 4.6 | 4.7 | 5.5 | 3.5 | 4.5 | 4.6 | 5.1 | 4.2 | 4.8 | 5.5 | 5.0 |
| Italy          | 4.3  | 3.3 | 2.8 | 3.2 | 3.1 | 4.9 | 4.0 | 4.3 | 4.5 | 4.1 | 5.1 | 3.9 |
| Latvia         | 4.6  | 3.9 | 3.2 | 4.1 | 3.8 | 4.8 | 3.6 | 6.1 | 4.5 | 4.1 | 7.2 | 4.6 |
| Luxembourg     | 4.0  | 4.8 | 4.7 | 5.7 | 3.3 | 5.2 | 5.1 | 5.8 | 3.8 | 5.4 | 6.8 | 4.1 |
| Macedonia      | 3.6  | 3.4 | 4.4 | 4.0 | 3.8 | 4.5 | 3.5 | 5.1 | 5.6 | 3.5 | 6.2 | 3.7 |
| Netherlands    | 5.5  | 5.3 | 5.6 | 5.6 | 5.4 | 5.9 | 5.3 | 5.8 | 5.7 | 6.2 | 8.0 | 6.2 |
| Poland         | 4.7  | 4.3 | 3.2 | 4.0 | 2.6 | 3.3 | 3.6 | 4.6 | 6.3 | 4.5 | 7.0 | 3.9 |
| Portugal       | 4.9  | 4.7 | 2.9 | 5.1 | 3.5 | 5.1 | 4.6 | 5.4 | 3.6 | 4.1 | 7.5 | 4.1 |
| Russia         | 3.1  | 3.3 | 3.0 | 2.9 | 3.1 | 4.7 | 2.7 | 4.9 | 5.8 | 3.3 | 5.6 | 3.4 |
| Slovakia       | 4.9  | 2.9 | 3.1 | 3.3 | 3.4 | 4.6 | 3.3 | 4.8 | 4.5 | 4.1 | 6.9 | 3.7 |
| Slovenia       | 3.9  | 4.1 | 3.0 | 4.3 | 2.7 | 4.4 | 3.8 | 5.0 | 5.3 | 4.1 | 7.0 | 3.2 |
| Spain          | 4.0  | 3.0 | 3.2 | 5.1 | 2.7 | 3.5 | 4.4 | 5.4 | 4.5 | 4.6 | 5.7 | 4.5 |
| Sweden         | 4.5  | 3.8 | 3.9 | 4.7 | 4.1 | 4.2 | 4.2 | 5.0 | 5.7 | 4.5 | 6.8 | 5.1 |
| Switzerland    | 5.2  | 5.3 | 5.3 | 5.8 | 4.1 | 5.8 | 5.7 | 5.8 | 4.8 | 5.3 | 7.9 | 5.7 |
| United Kingdom | 4.5  | 3.6 | 4.8 | 3.8 | 2.8 | 4.1 | 3.8 | 4.8 | 4.2 | 5.1 | 6.0 | 4.6 |
| Average        | 4.4  | 4.0 | 4.0 | 4.5 | 3.3 | 4.6 | 4.1 | 5.2 | 4.9 | 4.5 | 6.8 | 4.3 |

|                        | 2017 |     |     |     |     |     |     |     |     |     |     |     |
|------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                        | 1    | 2a  | 2b  | 3   | 4a  | 4b  | 5   | 6   | 7a  | 7b  | 8   | 9   |
| Bosnia and Herzegovina | 3.9  | 3.5 | 3.2 | 4.3 | 3.6 | 4.7 | 3.6 | 5.9 | 5.1 | 4.2 | 6.5 | 4.1 |
| Bulgaria               | 4.4  | 3.0 | 4.8 | 3.7 | 3.0 | 4.2 | 3.4 | 5.1 | 4.9 | 4.2 | 7.1 | 4.4 |
| Croatia                | 4.0  | 3.3 | 2.1 | 3.6 | 2.4 | 3.7 | 3.3 | 4.7 | 5.8 | 3.2 | 5.9 | 3.0 |
| Latvia                 | 5.0  | 4.6 | 3.6 | 4.7 | 4.3 | 5.0 | 4.0 | 5.8 | 4.6 | 4.4 | 6.9 | 5.2 |
| Poland                 | 5.1  | 4.5 | 3.0 | 4.0 | 2.3 | 4.4 | 3.4 | 4.9 | 6.6 | 4.4 | 7.0 | 4.4 |
| Slovak Republic        | 4.8  | 3.1 | 2.7 | 3.3 | 3.3 | 4.7 | 3.1 | 5.2 | 4.7 | 3.9 | 6.8 | 3.3 |
| Cyprus                 | 3.3  | 4.1 | 4.9 | 3.4 | 3.1 | 4.5 | 4.0 | 5.1 | 4.2 | 4.1 | 6.6 | 4.1 |
| Estonia                | 5.4  | 4.9 | 5.1 | 5.5 | 5.0 | 5.6 | 4.7 | 6.0 | 4.2 | 5.9 | 7.6 | 6.5 |
| France                 | 4.6  | 5.6 | 5.0 | 5.4 | 3.0 | 5.4 | 4.9 | 5.2 | 4.5 | 4.1 | 7.2 | 4.3 |
| Germany                | 4.7  | 4.4 | 4.1 | 5.6 | 2.6 | 4.2 | 4.3 | 5.8 | 4.6 | 4.5 | 6.6 | 4.3 |
| Greece                 | 3.2  | 3.3 | 2.4 | 3.2 | 2.8 | 4.3 | 4.0 | 4.7 | 4.8 | 3.9 | 6.0 | 4.2 |
| Ireland                | 4.5  | 4.4 | 4.6 | 5.7 | 3.2 | 4.4 | 4.4 | 5.1 | 4.3 | 4.6 | 5.5 | 5.0 |
| Italy                  | 3.7  | 4.1 | 3.1 | 4.0 | 2.8 | 4.6 | 4.4 | 4.5 | 5.2 | 4.5 | 5.4 | 3.9 |
| Luxembourg             | 4.1  | 5.0 | 5.6 | 5.7 | 3.2 | 5.0 | 5.2 | 5.7 | 3.5 | 5.2 | 6.9 | 4.2 |
| Netherlands            | 6.0  | 5.4 | 5.8 | 6.0 | 5.6 | 6.2 | 5.3 | 6.2 | 5.5 | 6.1 | 7.8 | 6.7 |
| Slovenia               | 4.5  | 4.2 | 3.0 | 4.4 | 3.4 | 4.7 | 4.3 | 5.0 | 5.3 | 4.3 | 6.7 | 3.8 |
| Spain                  | 4.1  | 3.7 | 2.9 | 4.9 | 3.0 | 4.7 | 3.7 | 4.8 | 4.0 | 3.7 | 5.9 | 3.8 |
| Sweden                 | 4.7  | 3.6 | 3.4 | 4.4 | 4.1 | 4.3 | 4.2 | 4.8 | 5.1 | 4.3 | 7.3 | 5.0 |
| Switzerland            | 5.2  | 4.9 | 5.7 | 5.5 | 3.7 | 6.3 | 5.7 | 5.5 | 4.7 | 4.8 | 7.4 | 5.4 |
| United Kingdom         | 4.5  | 4.3 | 4.6 | 4.4 | 3.3 | 4.5 | 4.4 | 5.0 | 4.4 | 4.5 | 5.9 | 5.4 |
| Average                | 4.5  | 4.2 | 4.0 | 4.6 | 3.4 | 4.8 | 4.2 | 5.3 | 4.8 | 4.4 | 6.7 | 4.6 |

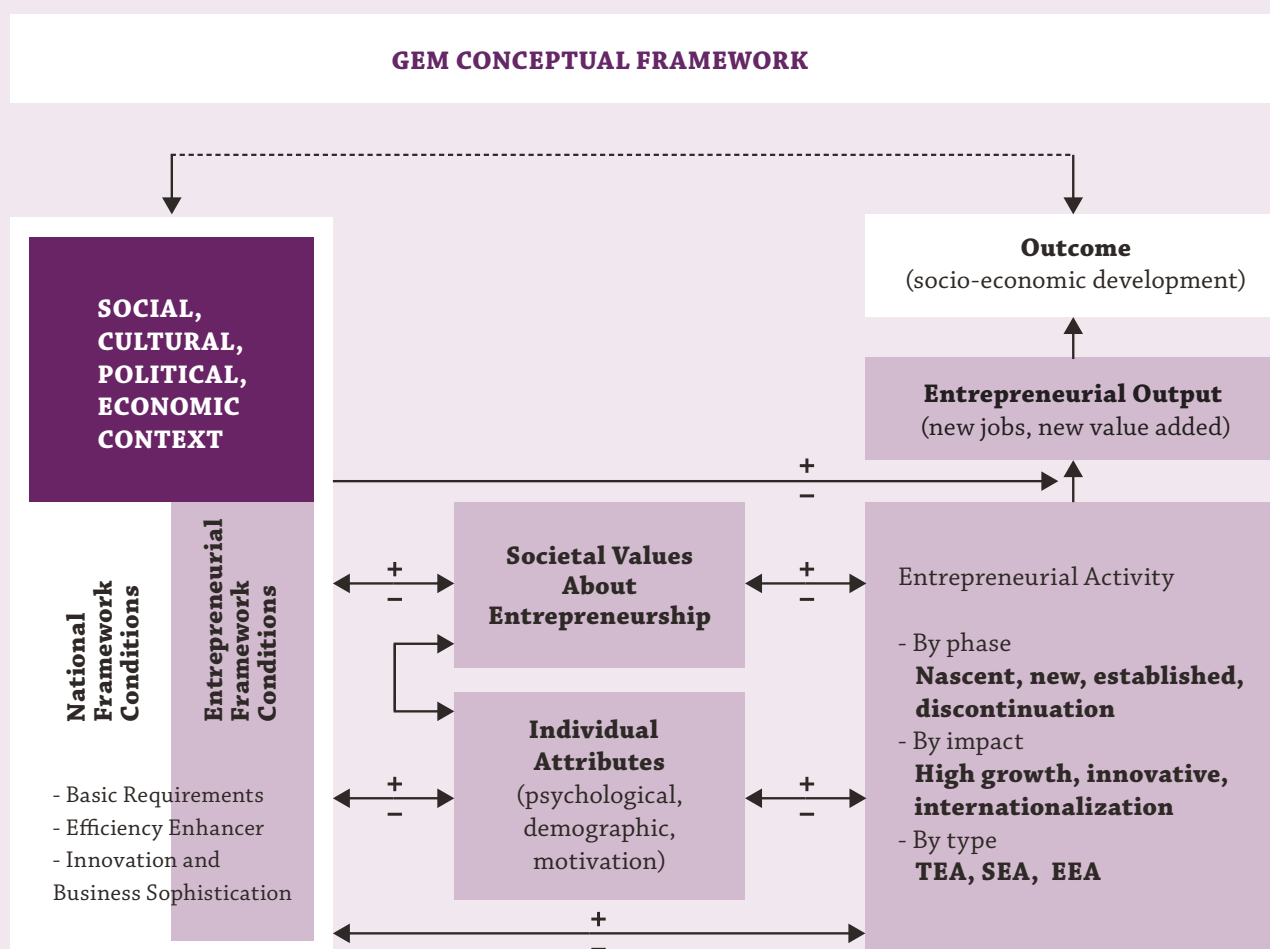
Source: GEM NES Surveys 2015-2017

## ANNEX

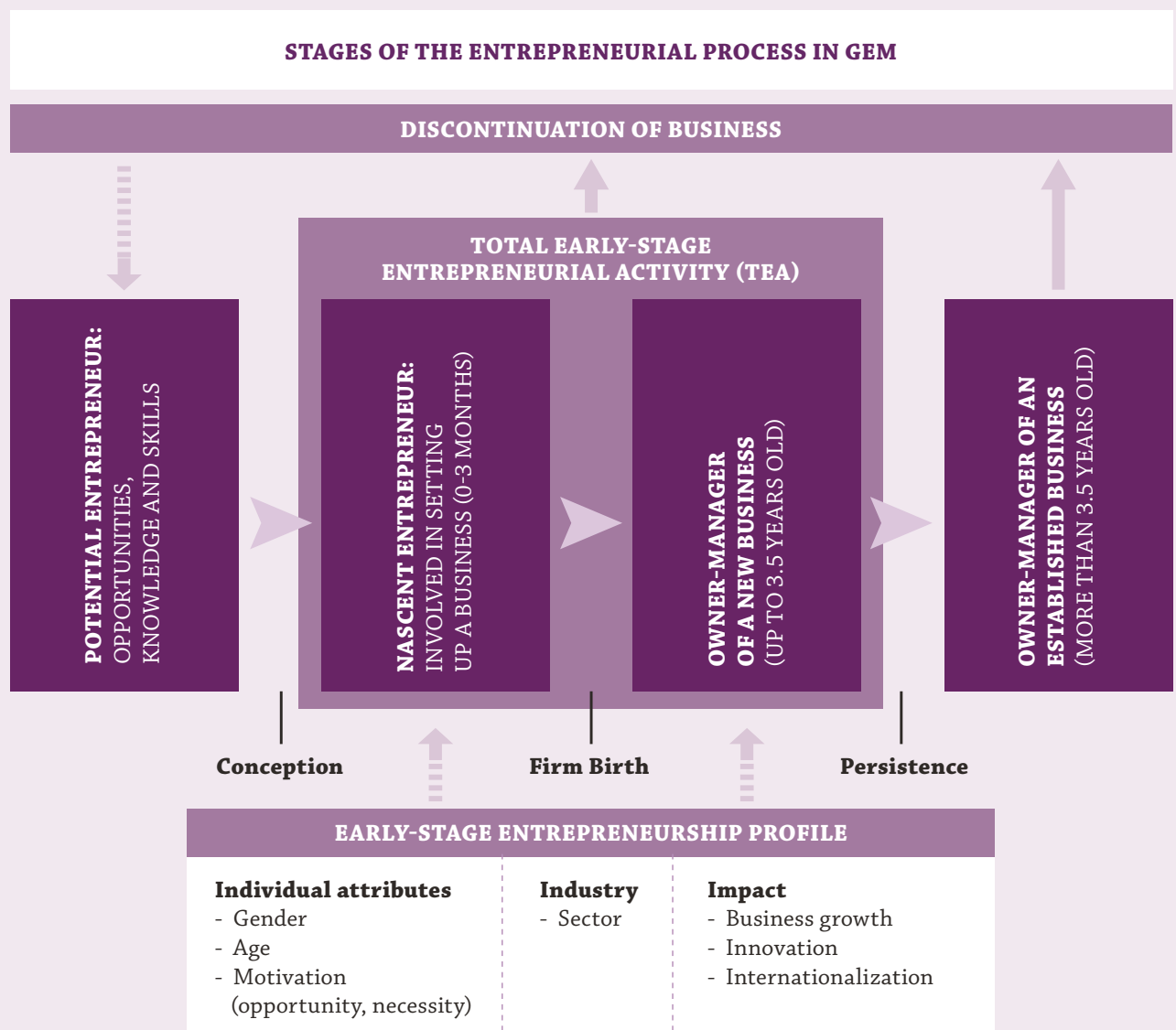
### THE GEM CONCEPTUAL FRAMEWORK

The GEM conceptual framework is based on the assumption that national economic growth is the result of the inter-dependencies between entrepreneurial framework conditions and the personal traits and capabilities of individuals to identify and seize opportunities. The GEM survey assists in identifying factors that encourage or limit entrepreneurial activity, measuring the extent of a variety of entrepreneurial activities and offering policy implications in order to enhance entrepreneurial capacity in local, regional and national economies.

The GEM approach is unique in several ways: First, it collects primary data on a global basis; secondly, individuals are surveyed about a variety of key issues regarding entrepreneurial aspirations, attitudes, intentions and activities. Thirdly, the entrepreneurship phenomenon is assessed throughout the entrepreneurship cycle, from conception of entrepreneurial opportunities to maturity or, alternatively, to demise.







Source: GEM Executive Report 2016/2017

In order to provide reliable comparisons across countries, GEM data are obtained using a research design that is harmonised across all participating

countries. Data are gathered on an annual basis from two main sources:

#### - ADULT POPULATION SURVEY (APS)

This data set is a survey of the adult population, namely people between the ages of 18 and 64 years. Each of the participating countries conducts the survey among a random representative sample of at least 2 000 (two thousand) adults. Surveys are conducted at the same time of year using a standardised questionnaire provided by the GEM consortium. In

the interests of maximum uniformity and control, the international GEM project team contracts each country's chosen APS vendor directly. Raw data are sent directly to analysts at London Business School for checking and uniform statistical calculations before being made available to participating countries.

### - NATIONAL EXPERTS' SURVEY (NES)

The national experts' survey is an important component of GEM as it provides insights into the entrepreneurial start-up environment in each country. GEM provides a number of criteria, which must be met when selecting experts, in order to construct a balanced and representative sample.

- Four experts from each of the entrepreneurial framework condition categories must be interviewed, making a total of 36 experts for each country.

- A minimum of 25% must be entrepreneurs or business people, and 50% must be professionals.

- Additional aspects such as geographical distribution, gender, the public versus private sector, and level of experience should also be taken into account when balancing the sample.

## DASHBOARD OF GEM INDICATORS

The dashboard of GEM indicators is based on the GEM conceptual framework featuring, on the one hand, the entrepreneurial framework conditions and, on the other hand, detailed key entrepreneurship measures. Overall, this group of measures

provides a comprehensive set of variables that contribute toward understanding the impact of entrepreneurship on a society and the extent society supports this activity. The following is a list of these measures.

### ENTREPRENEURIAL FRAMEWORK CONDITIONS:

The quality of the entrepreneurial framework conditions is based on the average value of experts' perceptions, using a Likert scale of one (highly insufficient) to nine (highly sufficient), for the following entrepreneurial framework components:

- **entrepreneurial financing;**
- **government policies: support and relevance, policies regarding taxes and bureaucracy;**
- **government entrepreneurship programmes;**
- **entrepreneurship education at school stage; entrepreneurship education at post-school stage and entrepreneurship training;**
- **research & development (R&D) transfer;**
- **commercial and legal infrastructure;**
- **internal market dynamics, internal market burdens or entry regulations;**
- **physical infrastructure;**
- **cultural and social norms.**

### SOCIETAL VALUES AND PERCEPTIONS:

**Good career choice** The percentage of the adult population aged 18–64 years who believe that entrepreneurship is a good career choice.

**High status of successful entrepreneurs** The percentage of the adult population aged 18–64 years who believe that high status is afforded to successful entrepreneurs.

**Media attention for entrepreneurship** The percentage of the adult population aged 18–64 years who believe that there is considerable positive media attention for entrepreneurship in their country.

### INDIVIDUAL ATTRIBUTES OF A POTENTIAL ENTREPRENEUR:

**Perceived opportunities** The percentage of the population aged 18–64 years who see good opportunities to start a business in the area where they live.

**Perceived capabilities** The percentage of the population aged 18–64 years who believe they have the required skills and knowledge to start a business.

**Entrepreneurial intention** The percentage of

the population aged 18–64 years (individuals involved in any stage of entrepreneurial activity excluded) who are latent entrepreneurs and intend to start a business within three years.

**Rate of fear of failure** The percentage of the population aged 18–64 years perceiving good opportunities who indicate that fear of failure would prevent them from starting up a business.

### ENTREPRENEURIAL ACTIVITY INDICATORS:

**Total early-stage entrepreneurial activity – TEA** The percentage of the adult population aged 18–64 years who are in the process of starting a business (a nascent entrepreneur) or started a business less than 42 months old before the survey took place (owner-manager of a new business). This indicator can be enriched by providing information related to motivation (opportunity vs. necessity), inclusiveness (gender, age), impact (business growth in terms of expected job creation, innovation, and industry sectors).

**Necessity-driven entrepreneur** started the business because there were no better options for work.

**Opportunity-driven entrepreneur** started a business out of an opportunity.

**Improvement-driven opportunity entrepreneurs** have started a business out of an opportunity and their motivation is linked to either earning more money or being more independent, as opposed to maintaining income.

**Established business ownership rate** The percentage of the adult population aged 18–64 years who are currently an owner-manager of an established business, i.e. owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.

**Business discontinuation rate** The percentage of the adult population aged 18–64 years that have discontinued a business in the past twelve months, either by selling, shutting down, or otherwise discontinuing an owner/management relationship with the business

**Entrepreneurial employee activity – EEA** The percentage of the adult population aged 18–64 years 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.



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