

ENTREPRENEURSHIP DATABASE & WE-DATA:

Measuring entrepreneurship trends
in 170 economies around the world

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CONTENT

Introduction

Methodology

Trends in business entry

Role of digital technology

Gender gap in entrepreneurship



INTRODUCTION



Why a dataset on entrepreneurship?

- **To meet the demand of governments and policymakers:**
 - ▢ Elaborate the diagnosis of private sector development and growth
 - ▢ Motivate reforms to increase participation in the formal sector
 - ▢ Understand the gender gap in entrepreneurship
- **To respond to the interest of researchers:**
 - ▢ Monitor and evaluate the impact of policy reforms
 - ▢ Assess the impact of macroeconomic and external shocks on new firm registration (e.g., financial crisis of 2008/2009 or the COVID-19 crisis)

METHODOLOGY



How is entrepreneurship measured?

Definition of entrepreneurship:

- The activities of an individual or a group aimed at initiating economic enterprise in the formal sector under a legal form of business.

Units of measurement:

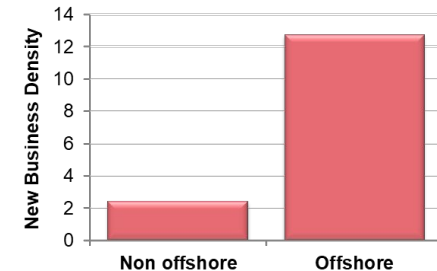
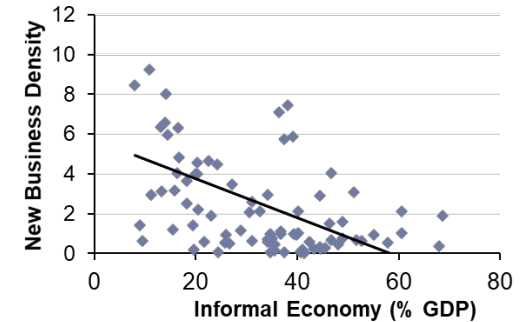
- Private companies with limited liability. Often, there are several legal forms of companies with limited liability – all of them are counted.

Variable of interest:

- New Business Density, calculated as the number of newly registered limited-liability firms per calendar year, divided by the country's working age population (ages 15-65), normalized by 1,000.

Limitations:

- Formal sector only
- Offshore centers (data gathered, not included in analysis)
- Focus on limited liability companies (however, data on sole proprietors are collected for the gender gap)



METHODOLOGY



How is the gender gap in entrepreneurship measured?

Thanks to the support of **We-Fi**, gender disaggregated data was collected about:

Owners of new LLCs

- Individuals that own at least one share of a newly registered limited liability company in the calendar year.



Directors of new LLCs

- Individuals who conduct the affairs of new limited liability companies registered in the calendar year.



New Sole proprietors

- Individual that newly owns and manages a business entity and who is indistinguishable from the business and is personally liable in the calendar year.

METHODOLOGY



How is data collected?

Sources in 170 economies:

- Business registries
- National statistical agencies

Questionnaires:

- Number of limited liability firms (new, closed, total)
- Collected for each calendar year (2006-2020), every two years

Methodology & data verification:

- Sent to over 190 economies in several languages
- Data checking from outside sources, previous versions of data collections

Challenges:

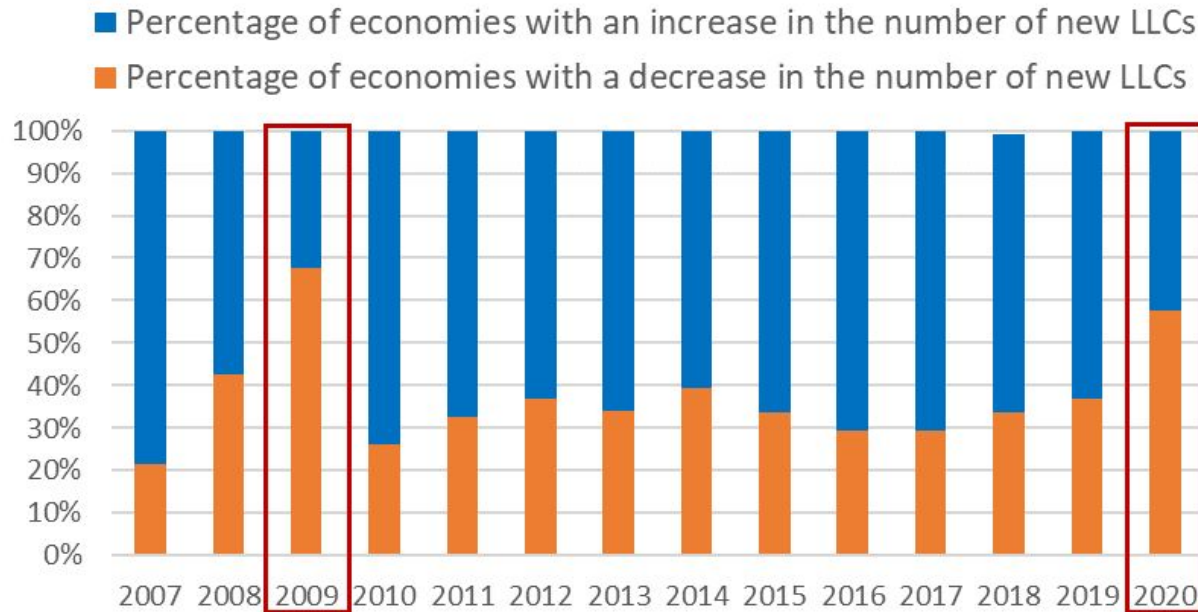
- Types of companies (Several types of LLCs, Re-registration, De-registration, etc.)
- Infrastructure (Paper based registries, decentralized registries, etc.)
- COVID-19 interruptions



TRENDS IN BUSINESS ENTRY



Did economies experience an increase or decrease in business entry?



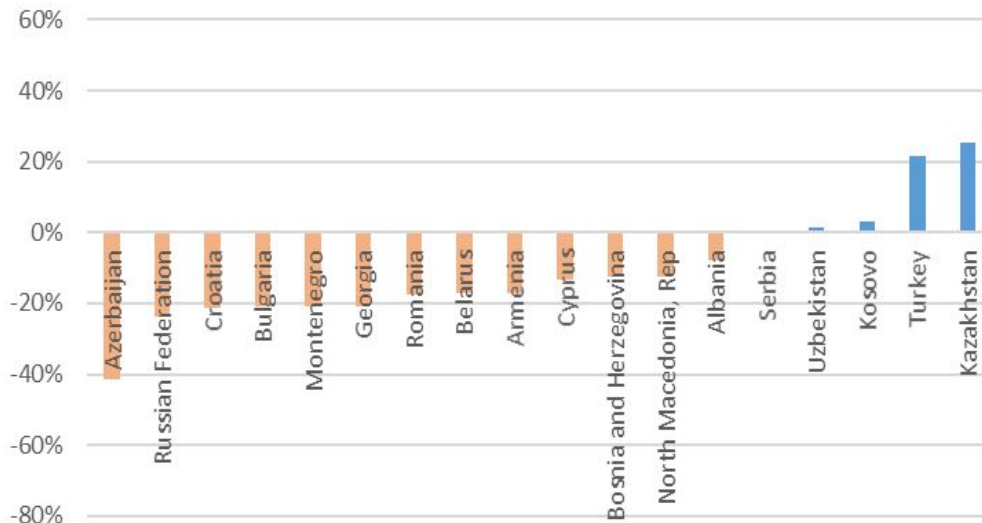
TRENDS IN BUSINESS ENTRY



Did economies experience an increase or decrease in business entry?

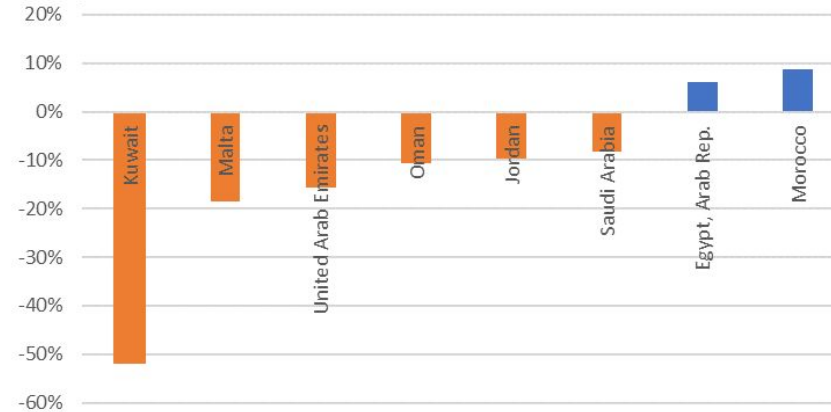
Europe and Central Asia
(78% of economies with a decrease)

Change in the number of new LLCs in 2020



Middle East and Northern Africa
(75% of economies with a decrease)

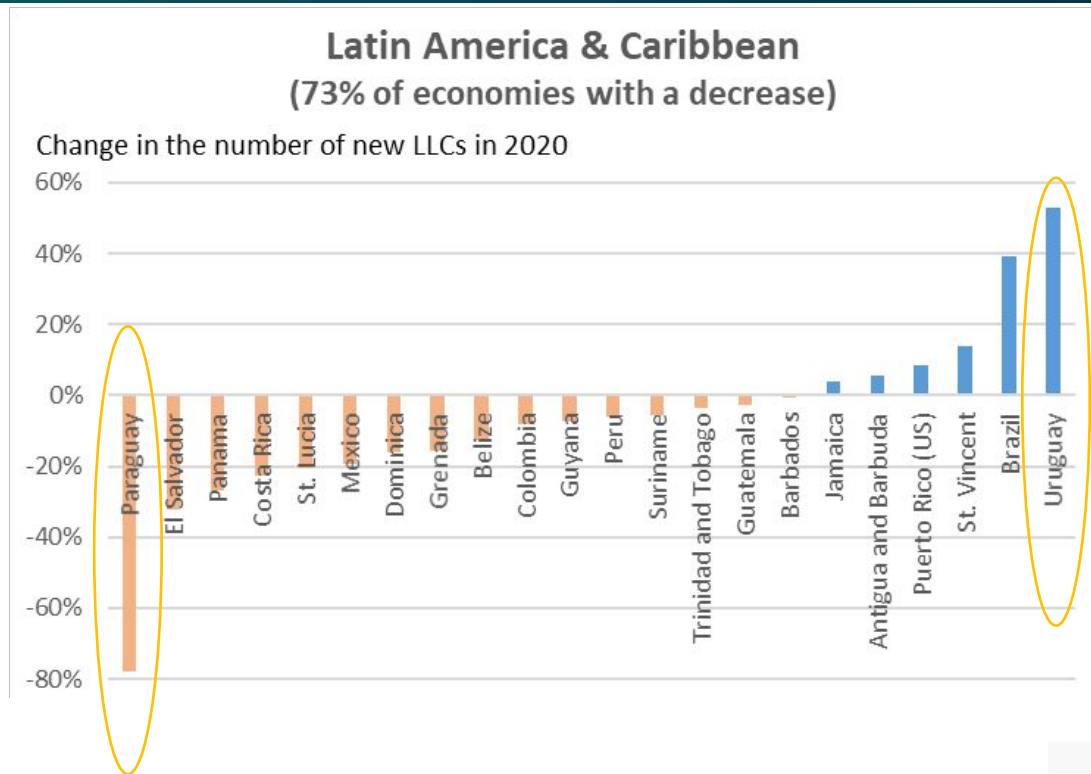
Change in the number of new LLCs in 2020



TRENDS IN BUSINESS ENTRY

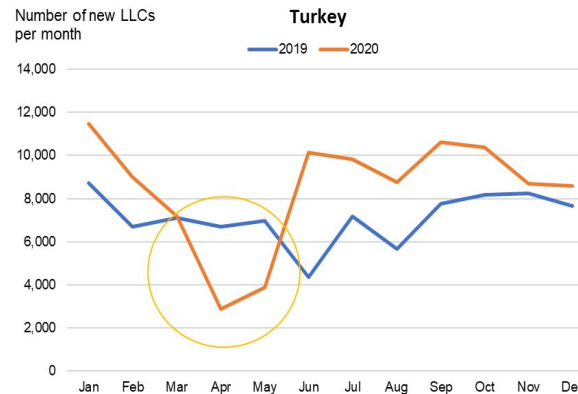
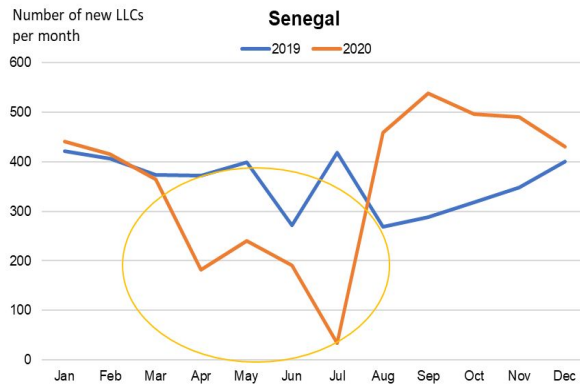
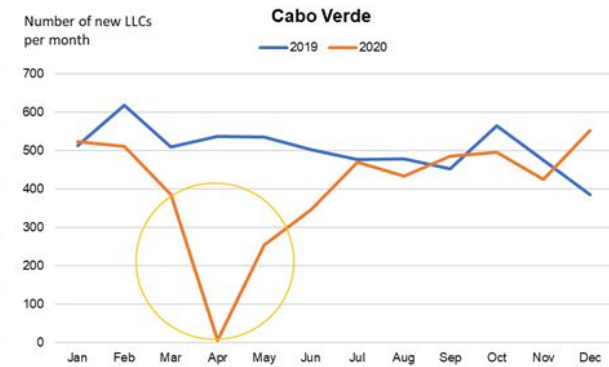
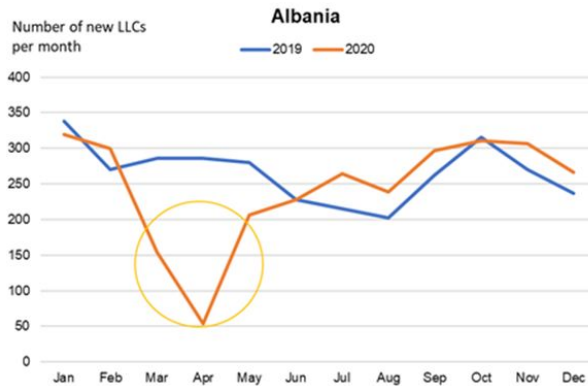


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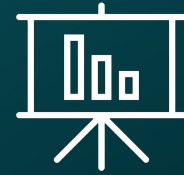


TRENDS IN BUSINESS ENTRY

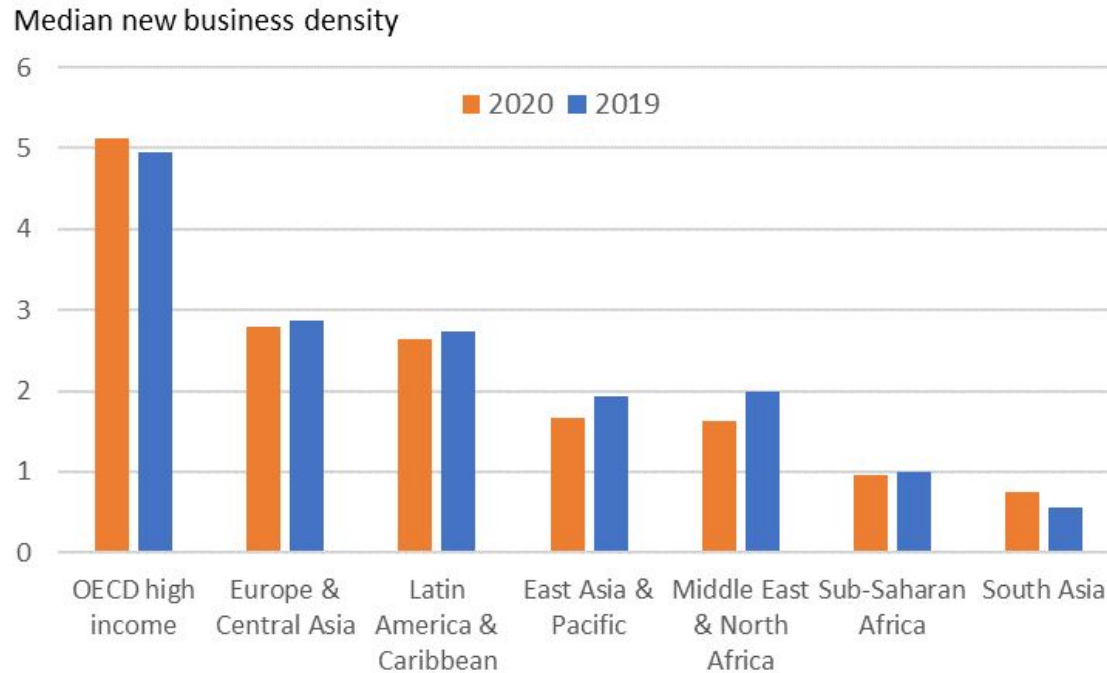
How did the COVID-19 crisis temporarily impact business entry?



TRENDS IN BUSINESS ENTRY



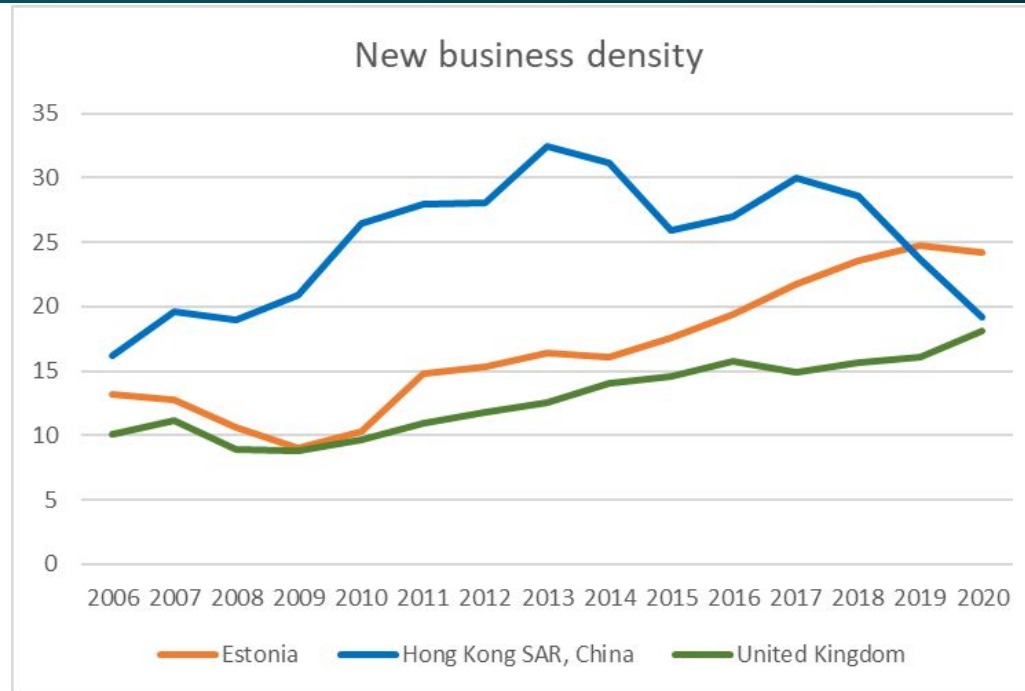
How was the **new business density** impacted?



TRENDS IN BUSINESS ENTRY



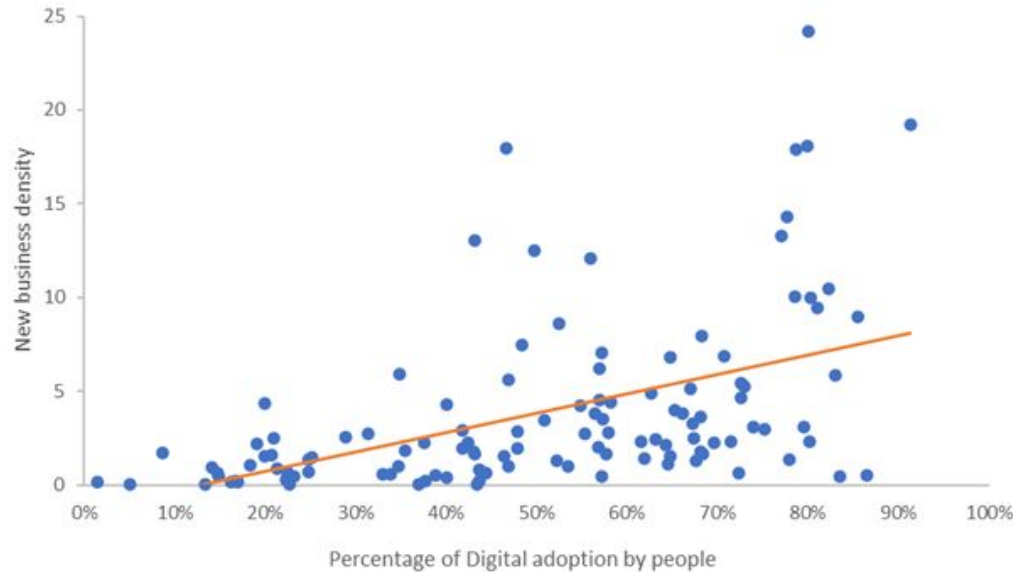
Where is the new business density the highest in the world?



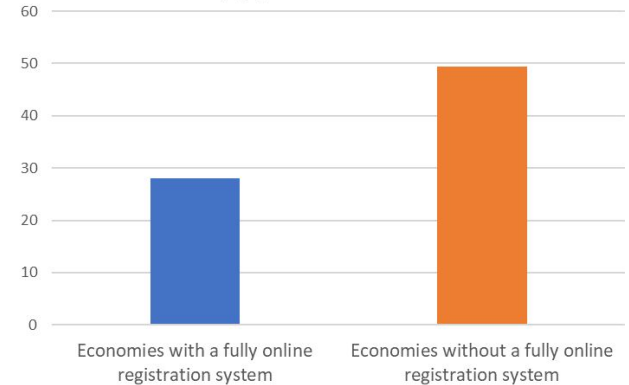
ROLE OF DIGITAL TECHNOLOGY



How did digital technology help mitigate the impact of COVID-19 interruptions?



Share of economies with an interruption of services in the area of business entry (%)



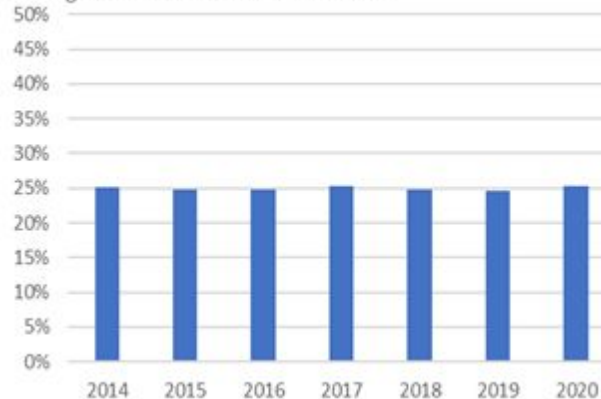
Note: The relationship is significant at the 1% level.

GENDER GAP IN ENTREPRENEURSHIP

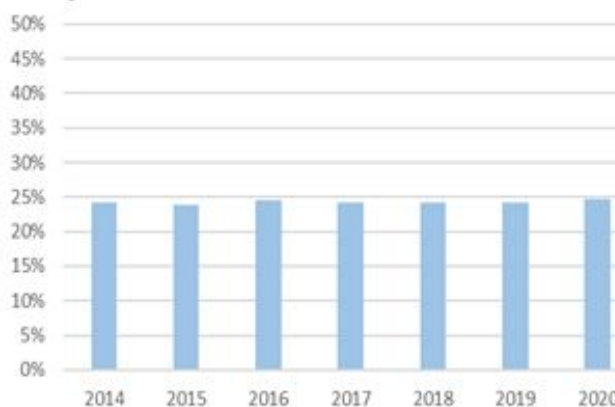
How was the **gender gap** impacted in the past years?



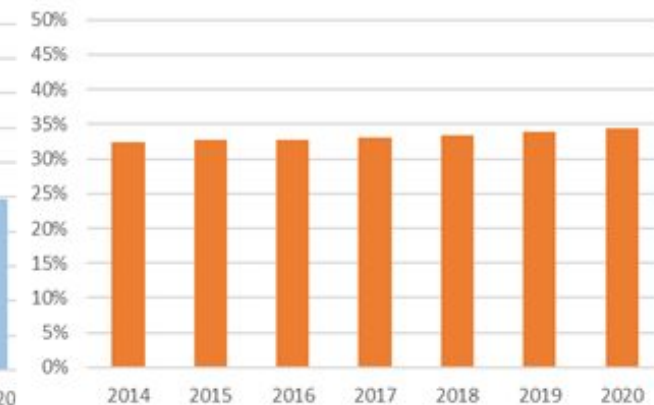
Average share of female business owners



Average share of female business directors



Average share of female sole proprietors

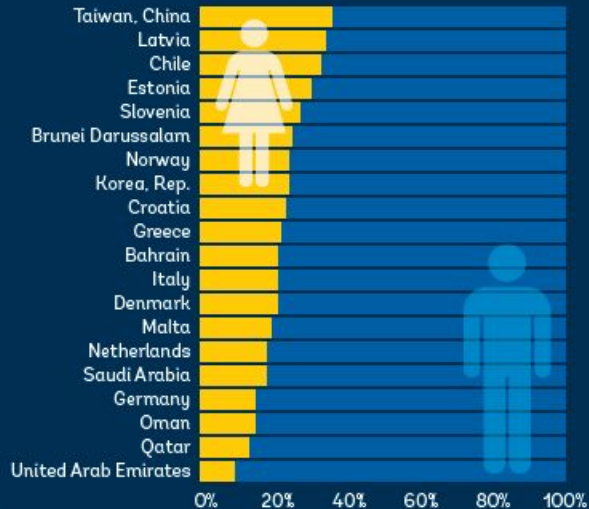


GENDER GAP IN ~~ENTREPRENEURSHIP~~

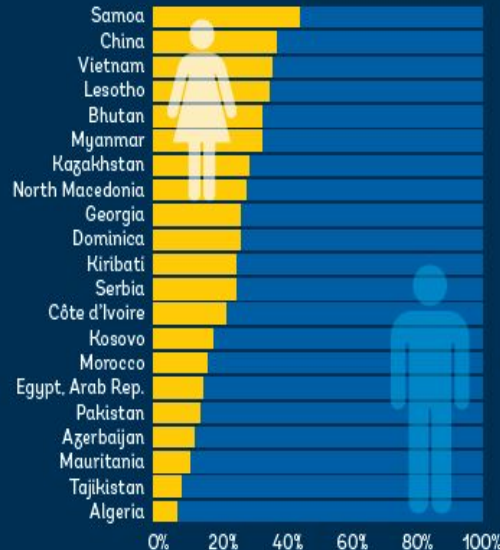


Women represent only 1/4 of owners of new businesses

HIGH income economies

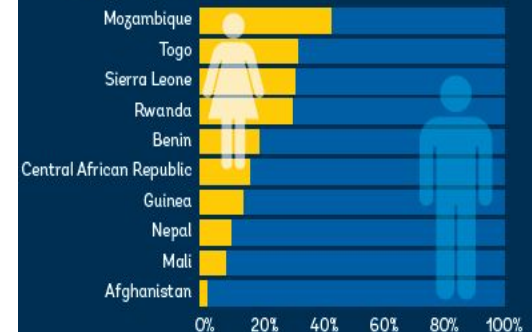


MIDDLE income economies



■ Share of female LLC owners
■ Share of male LLC owners

LOW income economies

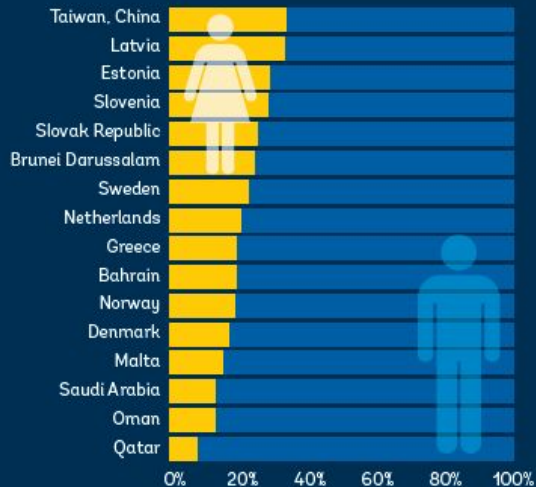


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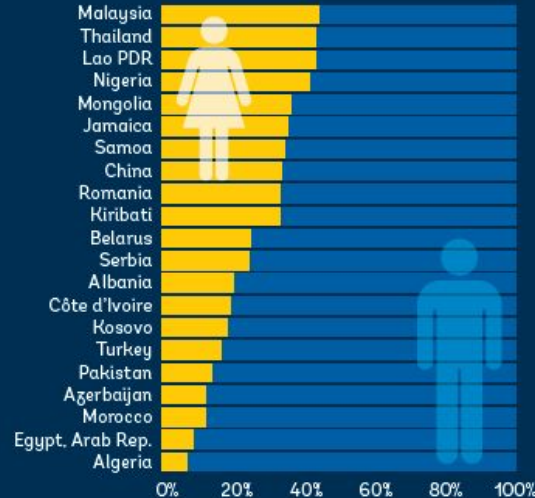
Women represent only 1/4 of directors of new businesses



HIGH income economies

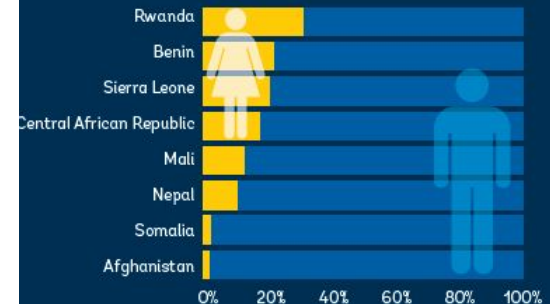


MIDDLE income economies



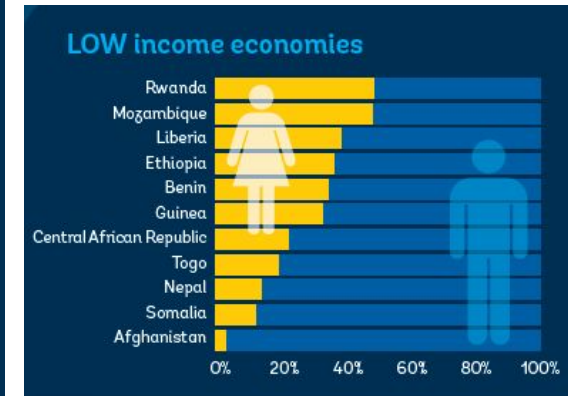
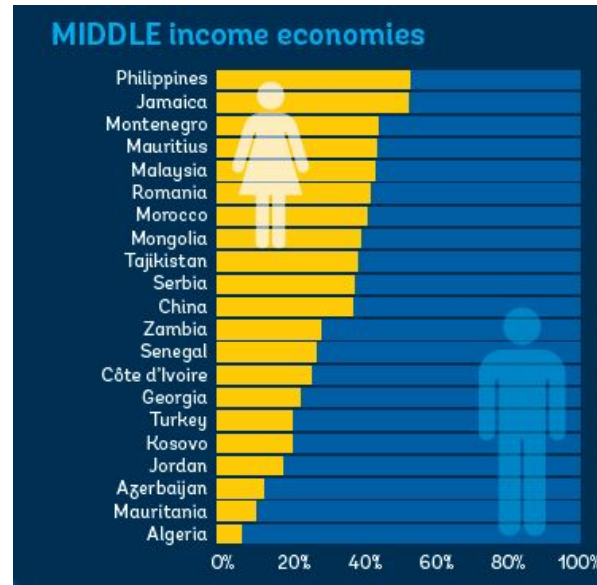
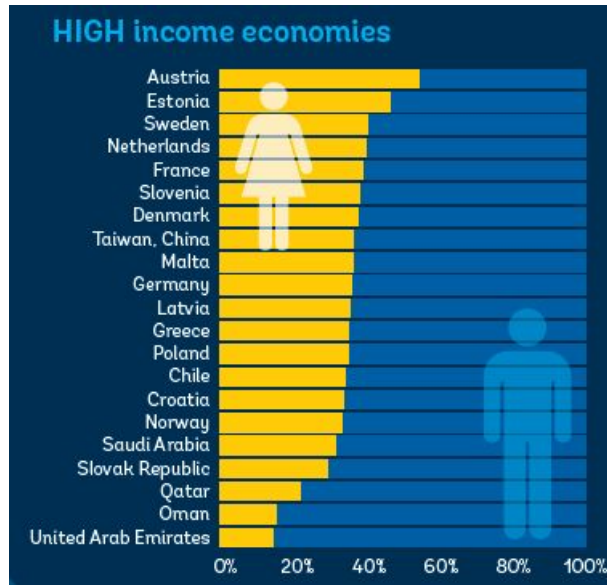
■ Share of female LLC directors
■ Share of male LLC directors

LOW income economies



GENDER GAP IN ENTREPRENEURSHIP

Women only represent only 1/3 of sole proprietors



GENDER GAP IN ENTREPRENEURSHIP



What are the factors associated with female entrepreneurship?

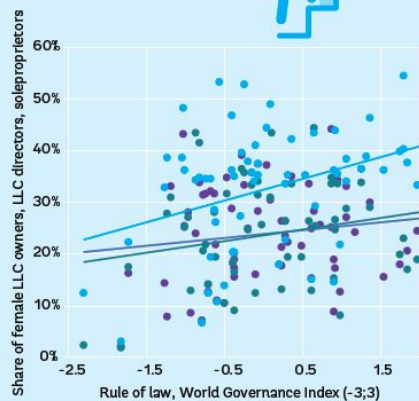
● Share of female business owners

● Share of female directors

● Share of female sole proprietors

OVERALL RULE OF LAW

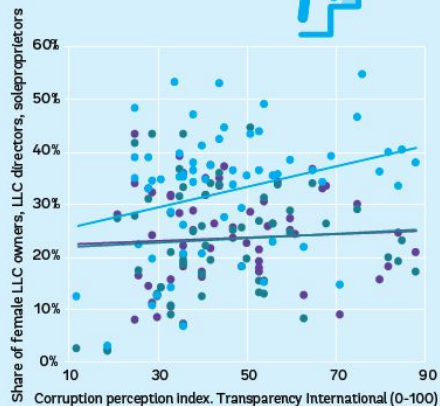
The higher the rule of law in an economy, the higher the share of female entrepreneurs



The relationships are significant at the 1% level.

CORRUPTION AND TRANSPARENCY

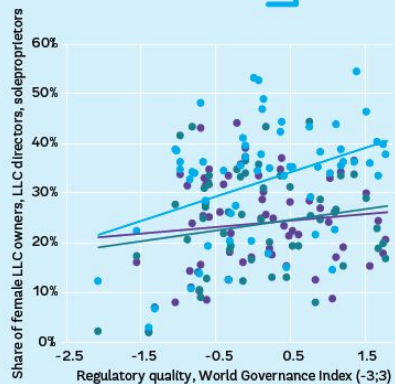
The higher the transparency, the higher the share of female entrepreneurs



The relationships are significant at the 5% level.

REGULATORY QUALITY

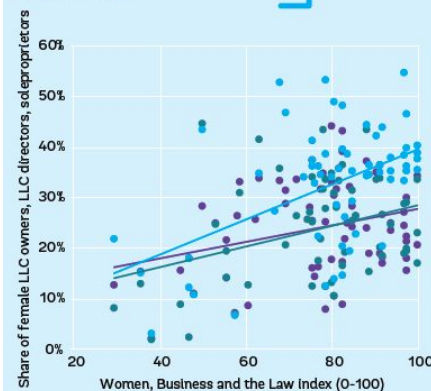
The higher the regulatory quality, the higher the share of female entrepreneurs



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LEGAL FRAMEWORK FOR FEMALE ENTREPRENEURS

The higher the equality in the law between men and women, the higher the share of female entrepreneurs



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GENDER GAP IN ENTREPRENEURSHIP



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● Share of female business owners

● Share of female directors

● Share of female sole proprietors

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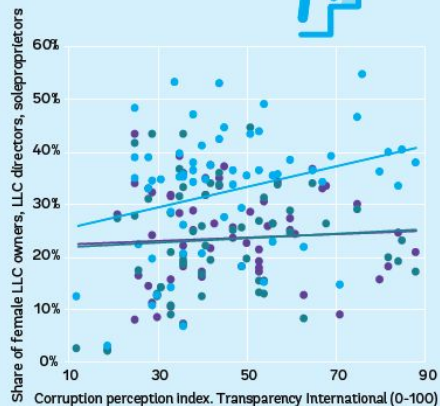
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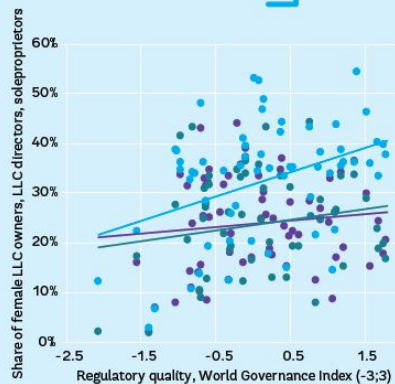
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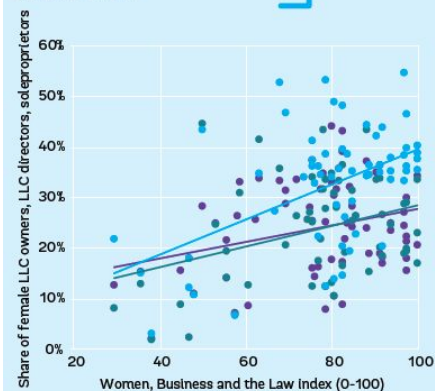
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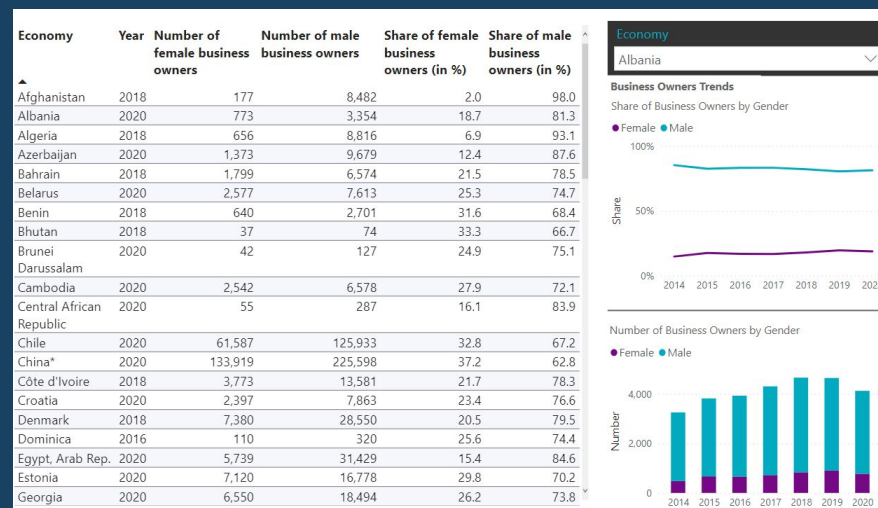
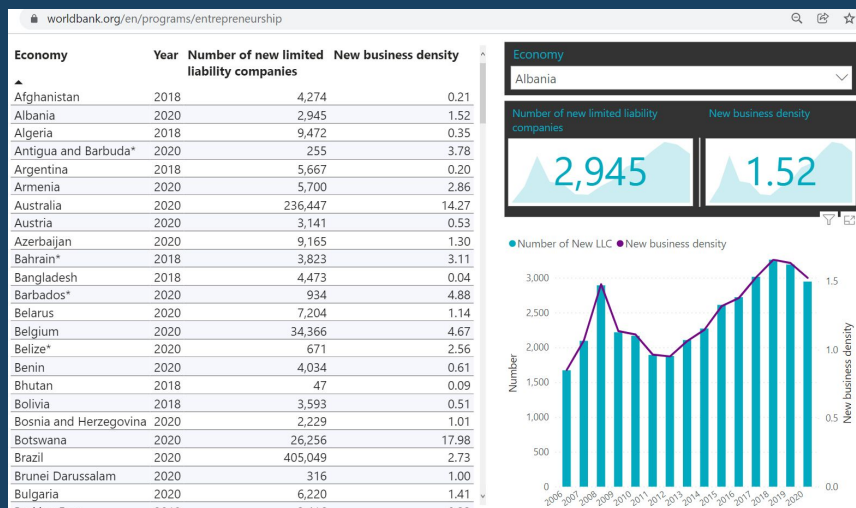
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<https://www.worldbank.org/en/programs/entrepreneurship>



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TECHNICAL ASSISTANCE



What kind of technical assistance does the World Bank provide in the area of business entry?

Legal Framework

- Company law /registration law reform, including introduction of new company types.
- Ensure transparent, efficient and affordable registration, company information updates (and deregistration)
- Remove barriers to entry and eliminate discriminatory measures (e.g., between domestic and foreign companies)

Institutional Capacity Building

- Develop institutional capacities through training, support with infrastructure development
- Support development of data-driven business registries
- Improve the quality of service delivery to the private sector and provide for proper accountability through grievance and redress mechanisms

Data Tracking and Analysis

- Upgrade/complete databases to provide accurate information on businesses to market participants;
- Integrate and consolidate registration databases
- Support policymakers with trustworthy data in adoption of appropriate policies

Digital Technology (RegTech)

- Support RegTech such as integrated service delivery platforms for business entry and operation
- Using AI to develop catalogue of regulatory requirements
- Support the adoption of unique business identifiers to enable interoperability and cross-agency cooperation

BUSINESS ENABLING ENVIRONMENT (BEE) PROJECT



What does the Business Entry topic cover?

(Pre-Concept Note)

Regulatory quality pillar:

Quality of regulations for business entry

Good practices in the regulatory framework for business incorporation

Restrictions in the regulatory framework for business entry (domestic and foreign firms)

Public services pillar:

Digital services and transparency of information for business start-ups

Availability of online services for business incorporation and beginning of operations

Interoperability of services

Transparency of company information

Efficiency pillar:

Time and cost for business entry

Pre-incorporation

Incorporation

Post- incorporation