ENTREPRENEURSHIP DATABASE & WE-DATA:

Measuring entrepreneurship trends in 170 economies around the world

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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)
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)
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.
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)

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

Change in the number of new LLCs in 2020

-60%  -50%  -40%  -30%  -20%  -10%   0%  10%  20%

Azerbaijan  Croatia  Bulgaria  Montenegro  Georgia  Romania  Belarus  Armenia  Cyprus  Bosnia and Herzegovina  North Macedonia  Rep  Albania  Serbia  Uzbekistan  Kosovo  Turkey  Kazakhstan

Kuwait  Malta  United Arab Emirates  Qatar  Jordan  Saudi Arabia  Egypt, Arab Rep.  Morocco
Did economies experience an increase or decrease in business entry?

Latin America & Caribbean
(73% of economies with a decrease)

Change in the number of new LLCs in 2020
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?

![Bar chart showing median new business density across different regions for 2019 and 2020.](chart.png)
TRENDS IN BUSINESS ENTRY

Where is the new business density the highest in the world?
How did digital technology help mitigate the impact of COVID-19 interruptions?

Note: The relationship is significant at the 1% level.
GENDER GAP IN ENTREPRENEURSHIP

How was the gender gap impacted in the past years?
GENDER GAP IN ENTREPRENEURSHIP

Women represent only 1/4 of owners of new businesses.
GENDER GAP IN ENTREPRENEURSHIP

Women represent only 1/4 of directors of new businesses
GENDER GAP IN ENTREPRENEURSHIP

Women only represent only 1/3 of sole proprietors

HIGH income economies

- Austria
- Estonia
- Sweden
- Netherlands
- France
- Slovenia
- Denmark
- Taiwan, China
- Malta
- Germany
- Latvia
- Greece
- Poland
- Chile
- Croatia
- Norway
- Saudi Arabia
- Slovak Republic
- Qatar
- Oman
- United Arab Emirates

MIDDLE income economies

- Philippines
- Jamaica
- Montenegro
- Mauritius
- Malaysia
- Romania
- Morocco
- Mongolia
- Tajikistan
- Serbia
- China
- Zimbabwe
- Senegal
- Côte d'Ivoire
- Georgia
- Turkey
- Kosovo
- Jordan
- Azerbaijan
- Mauritania
- Algeria

LOW income economies

- Rwanda
- Mozambique
- Liberia
- Ethiopia
- Senegal
- Guinea
- Central African Republic
- Togo
- Nepal
- Samoa
- Afghanistan

Share of female sole proprietors
Share of male 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

CORRUPTION AND TRANSPARENCY
The higher the transparency, the higher the share of female entrepreneurs

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

LEGAL FRAMEWORK FOR FEMALE ENTREPRENEURS
The higher the equality in the law between men and women, the higher the share of female entrepreneurs

The relationships are significant at the 1% level.

The relationships are significant at the 5% level.
GENDER GAP IN ENTREPRENEURSHIP

What are the factors associated with female entrepreneurship?

- **Overall Rule of Law**: The higher the rule of law in an economy, the higher the share of female entrepreneurs.
- **Corruption and Transparency**: The higher the transparency, the higher the share of female entrepreneurs.
- **Regulatory Quality**: The higher the regulatory quality, the higher the share of female entrepreneurs.
- **Legal Framework for Female Entrepreneurs**: The higher the equality in the law between men and women, the higher the share of female entrepreneurs.
Thank you!


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TECHNICAL ASSISTANCE

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

<table>
<thead>
<tr>
<th>Legal Framework</th>
<th>Institutional Capacity Building</th>
<th>Data Tracking and Analysis</th>
<th>Digital Technology (RegTech)</th>
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<tbody>
<tr>
<td>• Company law /registration law reform, including introduction of new company types.</td>
<td>• Develop institutional capacities through training, support with infrastructure development</td>
<td>• Upgrade/complete databases to provide accurate information on businesses to market participants;</td>
<td>• Support RegTech such as integrated service delivery platforms for business entry and operation</td>
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<td>• Ensure transparent, efficient and affordable registration, company information updates (and deregistration)</td>
<td>• Support development of data-driven business registries</td>
<td>• Integrate and consolidate registration databases</td>
<td>• Using AI to develop catalogue of regulatory requirements</td>
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<td>• Remove barriers to entry and eliminate discriminatory measures (e.g., between domestic and foreign companies)</td>
<td>• Improve the quality of service delivery to the private sector and provide for proper accountability through grievance and redress mechanisms</td>
<td>• Support policymakers with trustworthy data in adoption of appropriate policies</td>
<td>• Support the adoption of unique business identifiers to enable interoperability and cross-agency cooperation</td>
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</tbody>
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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