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)
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 (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.
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?

- Percentage of economies with an increase in the number of new LLCs
- Percentage of economies with a decrease in the number of new LLCs
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
TRENDS IN BUSINESS ENTRY

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?

<table>
<thead>
<tr>
<th>Region</th>
<th>Median new business density</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD high income</td>
<td></td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td></td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td></td>
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<tr>
<td>East Asia &amp; Pacific</td>
<td></td>
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<tr>
<td>Middle East &amp; North Africa</td>
<td></td>
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<tr>
<td>Sub-Saharan Africa</td>
<td></td>
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<tr>
<td>South Asia</td>
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</tbody>
</table>

**2020**  **2019**
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

HIGH income economies
- Taiwan, China
- Latvia
- Estonia
- Slovenia
- Slovak Republic
- Brunei Darussalam
- Sweden
- Netherlands
- Greece
- Bahrain
- Norway
- Denmark
- Malta
- Saudi Arabia
- Oman
- Qatar

MIDDLE income economies
- Malaysia
- Thailand
- Lao PDR
- Nigeria
- Mongolia
- Jamaica
- Samoa
- China
- Romania
- Kiribati
- Belarus
- Serbia
- Albania
- Côte d’Ivoire
- Kosovo
- Turkey
- Pakistan
- Azerbaijan
- Morocco
- Egypt
- Arab Rep.
- Algeria

LOW income economies
- Rwanda
- Benin
- Sierra Leone
- Central African Republic
- Mali
- Nepal
- Somalia
- Afghanistan
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?

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.
GENDER GAP IN ENTREPRENEURSHIP

What are the factors associated with female entrepreneurship?

- **FINANCIAL INCLUSION**: The higher the access to bank accounts for women, the higher the share of female entrepreneurs.
  - Share of female business owners
  - Share of female directors
  - Share of female sole proprietors

- **ACCESS TO TECHNOLOGY**: The higher the use of mobile access to accounts, the higher the share of female entrepreneurs.
  - Share of female LLC owners, LLC directors, sole proprietors

- **EDUCATION**: The higher the number of years of education for women, the higher the share of female entrepreneurs.
  - Share of female LLC owners, LLC directors, sole proprietors

- **SOCIAL NORMS**: The higher the economic bias against women, the lower the share of female entrepreneurs.
  - Share of female LLC owners, LLC directors, sole proprietors

The relationships are significant at the 5% level.
THANK YOU