



BACKGROUND NOTE

Entrepreneurship Trends in Developing Asia

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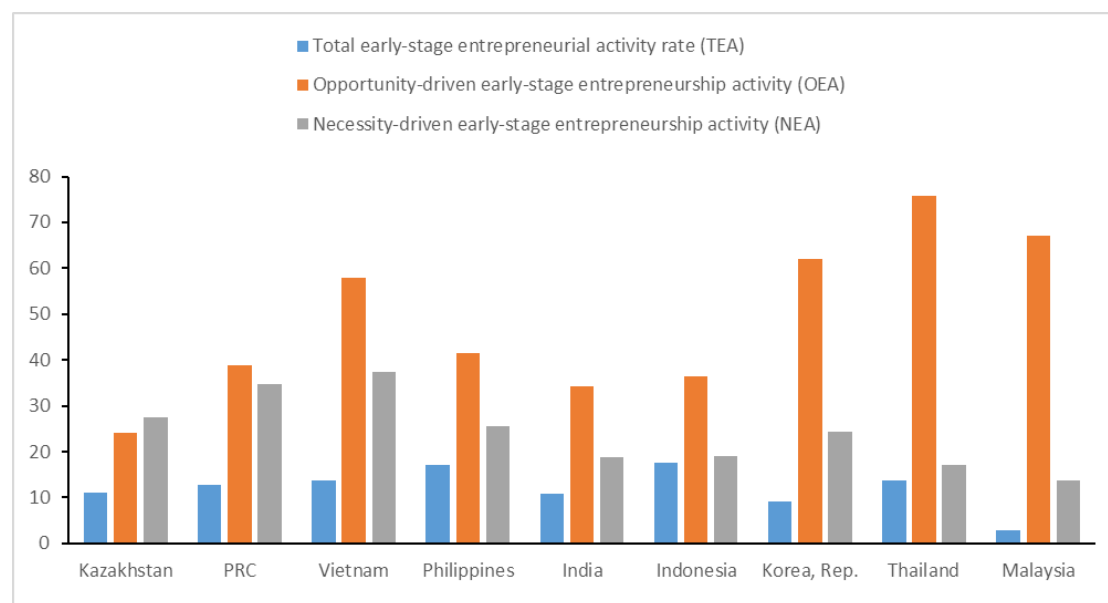
Entrepreneurship Trends in Developing Asia

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In 2015, less than 20% of the working-age population in selected Asian economies was actively involved in starting new ventures or managing businesses that were less than 2 years old. The development of these nascent entrepreneurs and small business owners has been uneven. For example, the proportion of new entrepreneurs in the People's Republic of China fell from 13.5% in 2015 to 9% in 2019. In the Republic of Korea, approximately 9% considered themselves to be new entrepreneurs in 2015, rising to 15% in 2019. Since 2015, the total early stage entrepreneurial activity (TEA) rate in India, which is regarded as a hub for small businesses, has only moved by four percentage points.

Asian entrepreneurs are inspired by innovative opportunities. In 2015, most of the entrepreneurs in selected developing Asian economies consider themselves as “opportunity-driven”. The rate of opportunity-driven entrepreneurship activity (OEA) ranged from 24% in Kazakhstan to more than 60% in Thailand, Malaysia, and the Republic of Korea (Figure 1).

Figure 1: Entrepreneurship Indicators in Developing Asia, 2015



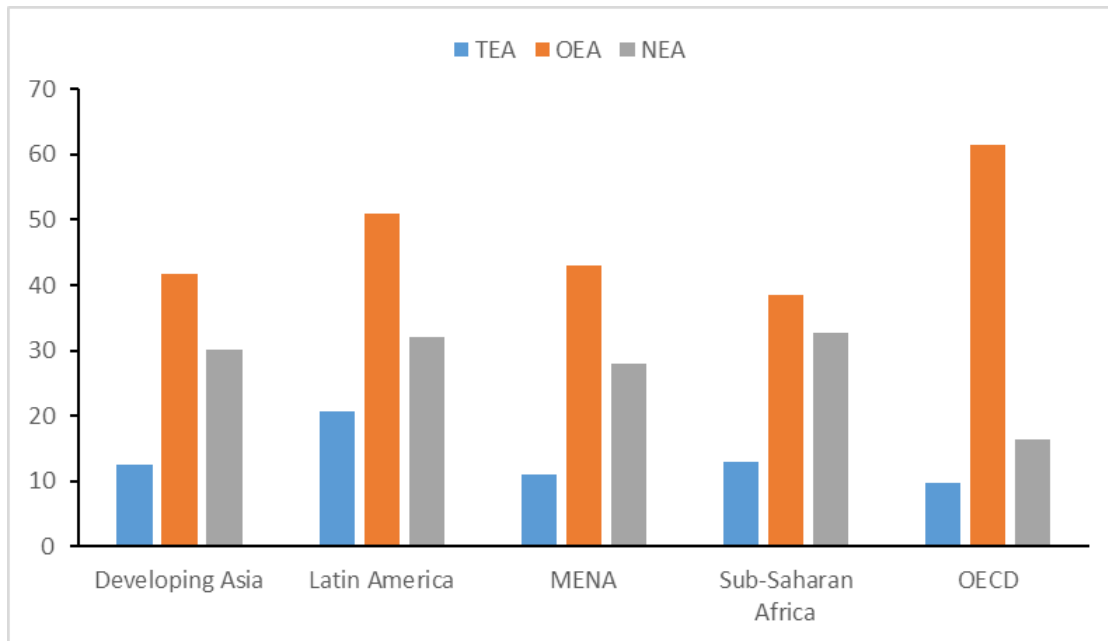
PRC = People's Republic of China.

Note: Data for 2015 is shown because it has complete data on selected developing Asian economies on the three entrepreneurship indicators. Because of limited data, subregional comparison is not shown.

Source: Global Entrepreneurship Monitor database. <https://www.gemconsortium.org/data> (accessed 25 March 2022).

Figure 2 compares developing Asia to Latin America, Middle East and North America, and Sub-Saharan Africa in terms of “opportunity-driven” entrepreneurs. However, the region continues to lag behind the richer member countries of the Organisation for Economic Co-operation and Development.

Figure 2: Entrepreneurship in Developing Asia vis-a-vis Other Regions, 2015

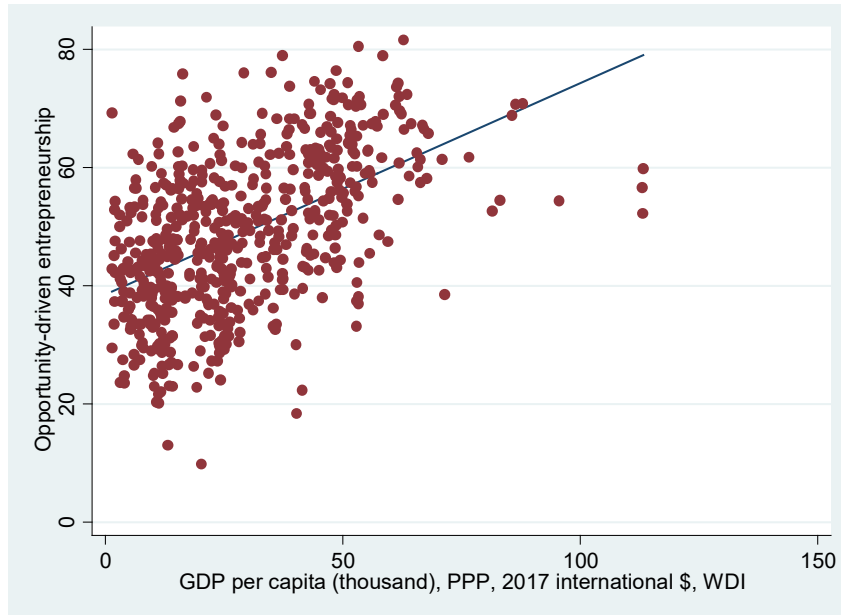


MENA = Middle East and North Africa; NEA = necessity-driven early stage entrepreneurial activity, OEA = opportunity-driven entrepreneurship activity, OECD = Organisation for Economic Co-operation and Development, TEA = total early stage entrepreneurial activity.

Source: Global Entrepreneurship Monitor database. <https://www.gemconsortium.org/data> (accessed 25 March 2022).

Do more affluent countries have higher levels of entrepreneurship? Activity rates of TEA and necessity-driven early stage entrepreneurship activity (NEA) are negatively correlated with gross domestic product (GDP) per capita when GDP per capita is mapped on the three types of entrepreneurship. Using a global sample of Global Entrepreneurship Monitor data from 2001 to 2019, the rate of opportunity-driven entrepreneurship activity is positively correlated with income per capita (Figure 3). In advanced economies, the same relationship exists (Figure 4). These trends may lend credence to research, indicating that opportunity-driven entrepreneurs drive the majority of innovation, growth, and job creation.

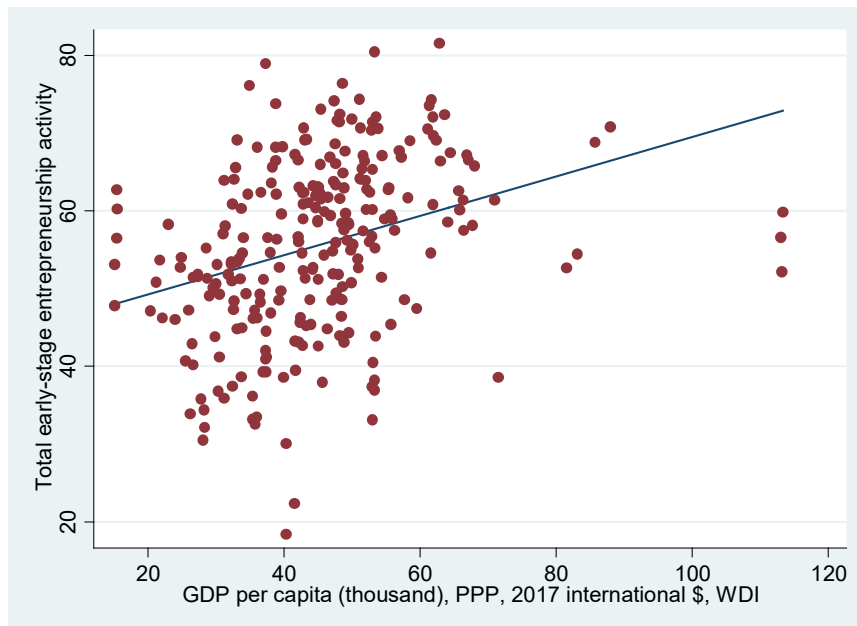
Figure 3: Opportunity-Driven Entrepreneurship and GDP per Capita, 2001–2019



Note: GDP = gross domestic product.

Sources: World Bank. World Development Indicators database. <https://databank.worldbank.org/source/world-development-indicators> ; Global Entrepreneurship Monitor database. <https://www.gemconsortium.org/data> (both accessed 25 March 2022).

Figure 4: Opportunity-Driven Entrepreneurship and GDP per Capita in Advanced Economies, 2001–2019



Note: GDP = gross domestic product.

Sources: World Bank. World Development Indicators database. <https://databank.worldbank.org/source/world-development-indicators> ; Global Entrepreneurship Monitor database. <https://www.gemconsortium.org/data> (both accessed 25 March 2022).