Global Entrepreneurship Monitor

South Africa

Entrepreneurial resilience during economic turbulence

Angus Bowmaker-Falconer,
Natanya Meyer, and Mahsa Samsami

2022 | 2023
Report

GEM Global Entrepreneurship Monitor
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Stellenbosch Business School
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Standard Bank

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Media Partner

In the vibrant economic landscape of South Africa, small, medium, and micro enterprises (SMMEs) are pivotal for growth and innovation. Yet, without visibility, many of these entrepreneurial ventures struggle to thrive. Television exposure on ontbytSAKE is a powerful catalyst, offering a platform to showcase these businesses, their products, and their stories to a wider audience. This not only attracts potential customers and investors, broadening market access, but also inspires a new generation of entrepreneurs by presenting relatable success stories and practical business education. TV exposure transcends geographical and social barriers, bringing the entrepreneurial spirit into homes across the nation, and fostering a supportive ecosystem where SMMEs can flourish. By spotlighting local entrepreneurship, ontbytSAKE aims to play a transformative role in stimulating economic development, encouraging self-reliance, and empowering South African communities from within. Thus, prioritizing television time for these enterprises isn't just about airtime; it's about fuelling our *businesses, our people, and our pride*!

Louis Mclaren: Executive Producer, ontbytSAKE, DSTV channels 144 and 145

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KEY GEM DEFINITIONS AND ABBREVIATIONS

APS	Adult Population Survey
EBO	Established Business Ownership
EEA	Entrepreneurial Employee Activity
EFC	Entrepreneurial Framework Conditions
GDP	Gross Domestic Product
NECI	National Entrepreneurial Context Index
NES	National Expert Survey
NFC	National Framework Condition
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
SEA	Social Entrepreneurial Activity
SMEs	Small and Medium-sized Enterprises
SMMEs	Small, Medium and Micro Enterprises

Adult population: Working-age adults, i.e. adults between the ages of 18 and 64 years.

Adult Population Survey (APS): The APS is a comprehensive interview questionnaire, administered to a minimum of 2 000 adults in each GEM economy, designed to collect detailed information on the entrepreneurial activities, attitudes and aspirations of respondents.

National Expert Survey (NES): The NES is completed by selected experts in each GEM economy and collects views on the context in which entrepreneurship takes place in that economy. It provides information about the aspects of a country's socio-economic characteristics that, according to research, have a significant impact on national entrepreneurship: referred to as the Entrepreneurship Framework Conditions (EFCs).

Total early-stage Entrepreneurial Activity (TEA): The percentage of adults (aged 18–64) who are starting or running a new business.

Established Business Ownership (EBO): The percentage of adults (aged 18–64) who are currently the owner-manager of an established business, i.e. owning and managing a business that has paid salaries, wages or any other payments to the owners, for more than 42 months.

Entrepreneurial Employee Activity (EEA): The rate of involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary, as part of their job.

Entrepreneurial Framework Conditions (EFCs): The conditions identified by GEM that enhance (or hinder) new business creation in a given economy, and form the framework for the NES. The conditions are:

- **A1.** **Entrepreneurial Finance:** Are there sufficient funds for new startups?
- **A2.** **Ease of Access to Entrepreneurial Finance:** And are those funds easy to access?
- **B1.** **Government Policy - Support and Relevance:** Do they promote and support startups?
- **B2.** **Government Policy - Taxes and Bureaucracy:** Or are new businesses burdened?
- **C.** **Government Entrepreneurial Programmes:** Are quality support programmes available?
- **D1.** **Entrepreneurial Education at School:** Do schools introduce entrepreneurship ideas?
- **D2.** **Entrepreneurial Education Post-School:** Do colleges offer courses in starting a business?
- **E.** **Research and Development Transfers:** Can research be translated into new businesses?
- **F.** **Commercial and Professional Infrastructure:** Are these sufficient and affordable?
- **G1.** **Ease of Entry: Market Dynamics:** Are markets free, open and growing?
- **G2.** **Ease of Entry: Burdens and Regulation:** Do regulations encourage or restrict entry?
- **H.** **Physical Infrastructure:** Is this sufficient and affordable?
- **I.** **Social and Cultural Norms:** Does culture encourage and celebrate entrepreneurship?

National Entrepreneurial Context Index (NECI): This summarises in one figure the average state of 13 national Entrepreneurial Framework Conditions selected by GEM researchers as the most reliable determinants of a favourable environment for entrepreneurship. It is calculated as the simple average of 13 variables that represent the EFCs, and which have been measured through a block of items evaluated by an 11-point Likert scale and summarised by applying factorial analyses (principal component method).

National Team: GEM is a consortium of "National Teams". Each team is led by a local university or other institution with a strong interest in entrepreneurship. The team is the official national representative of the project: responsible for collecting GEM data in the country on an annual basis, producing a "National Report" on their findings, and acting as the point of contact for GEM enquiries.

LIST OF GEM INDICATORS

Entrepreneurial Employee Activity (EEA)

Percentage of adults aged 18–64 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, in the last 3 years.

Nascent Entrepreneurship Rate

Percentage of adults aged 18–64 who are currently nascent entrepreneurs, i.e. are actively involved in setting up a business they will own or co-own; this business has not yet paid salaries, wages, or any other payments to the owners for more than 3 months.

New Business Ownership Rate

Percentage of adults aged 18–64 who are currently owner-manager of a new business, i.e. who own and manage a running business that has paid salaries, wages, or any other payments to the owners for more than 3 months, but not for more than 42 months (3,5 years).

Total early-stage Entrepreneurial Activity (TEA)

Percentage of adults aged 18–64 who are either a nascent entrepreneur or owner-manager of a new business, i.e. the proportion of the adult population who are either starting or running a new business.

Established Business Ownership Rate (EBO)

Percentage of adults aged 18–64 who are currently owner-manager of an established business, i.e. who are owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months (3,5 years).

Business Exit Rate

Percentage of adults aged 18–64 who have exited a business in the past 12 months, either by selling, shutting down or otherwise.

Perceived Opportunities

Percentage of adults aged 18–64 who agree that they see good opportunities to start a business in the area where they live.

Perceived Capabilities

Percentage of adults 18–64 who agree that they have the required knowledge, skills and experience to start a business.

Knowing a Startup Entrepreneur

Percentage of adults aged 18–64 who personally know at least one person who has started a business in the past 2 years.

Fear of Failure Rate (opportunities)

Percentage of adults aged 18–64 who agree that they see good opportunities but would not start a business for fear it might fail.

Ease of Starting a Business

Percentage of adults aged 18–64 who agree that it is easy to start a business in their country.

Good Career Choice

Percentage of adults aged 18–64 who agree that stating a new business is a desirable career choice.

High Status

Percentage of adults aged 18–64 who agree that successful at starting a new business have a high level of status and respect.

Media Attention

Percentage of adults aged 18–64 who agree that they often see stories in the public media and/or the internet about successful new businesses.

TEA Sector

Percentage of TEA in: extractive, business services, transforming, and consumer services sectors.

Motive for Starting a Business: "To make a difference in the world"

Percentage of TEA who agree that a reason for starting their business is "to make a difference in the world".

Motive for Starting a Business: "To build great wealth or very high income"

Percentage of TEA who agree that a reason for starting their business is "to build great wealth or a very high income".

Motive for Starting a Business: "To continue a family tradition"

Percentage of TEA who agree that a reason for starting their business is "to continue a family tradition".

Motive for Starting a Business: "To earn a living because jobs are scarce"

Percentage of TEA who agree that a reason for starting their business is "to earn a living because jobs are scarce".

High Growth Expectation Entrepreneurial Activity

Percentage of adults aged 18–64 starting or running a new business (TEA) who expect to employ 6 or more people 5 years from now.

Internationally Oriented Entrepreneurial Activity

Percentage of adults aged 18–64 involved in TEA who anticipate 25% or more revenue coming from outside their country.

Innovation in Product/Services

Percentage of adults aged 18–64 involved in TEA having products or services that are either new to the area, new to their country, or new to the world.

Innovation in Technology/Procedures

Percentage of adults aged 18–64 involved in TEA having technology or procedures that are either new to the area, new to their country, or new to the world.

Market Scope

Percentage of adults aged 18–64 involved in TEA having customers locally, nationally and globally.

Opportunity Exploitation in Disruption

Early-stage entrepreneur: COVID-19 pandemic provided new opportunities to pursue with the business.

Adoption Digital Technology

Early-stage entrepreneur: in response to the COVID-19 pandemic, is business is making use of digital technologies earlier.

Social Sustainability

Early-stage entrepreneur: making decisions about the future of the business, considering social implications.

Early-stage entrepreneur: taking any steps to minimise the environmental impact of the business.

Environmental Sustainability

Early-stage entrepreneur: making decisions about the future of the business with considering the environmental implications.

Early-stage entrepreneur: taking any steps to maximise the social impact of the business.

Awareness of SDG's

Early-stage entrepreneur: awareness of the 17 United Nations Sustainable Development Goals.

Economic goals in SDG's

Early-stage entrepreneur: prioritising the social and/or environmental impact of the business above profitability or financial gain.

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Stellenbosch Business School

Entrepreneurship remains a vital economic and social lever for developing, emerging, and developed economies. In the case of South Africa, this is perhaps even more pressing given the high levels of inequality, high levels of unemployment, and the pressing need to accelerate the speed of economic and social transformation for an inclusive society and economy. However, in order to achieve these goals, it is important to build upon a thorough understanding that is brought about through rigorous research.

The potential rewards are large for society and individuals. Entrepreneurship offers a pathway to formalise many economic activities, bringing them into the mainstream economy for the benefit of both participants and the state. Becoming an entrepreneur can also offer rewards for individual autonomy and initiative for those who make the first steps, and for those who have perhaps been excluded from formal economic activities.

For entrepreneurship to have the desired impact, it is important that there is a comprehensive picture of the position of entrepreneurs and potential entrepreneurs in the economy. Through the identification of their needs policies, prescriptions, and advice on practice can be developed. Here joined-up thinking to create an effective entrepreneurial ecosystem has been shown to be a key support mechanism. Developing an understanding of the components of the ecosystem is a great benefit that we derive from our research through the Global Entrepreneurship Monitor (GEM).

The GEM project endeavours to also represent an important collaboration between academics, policymakers, businesses, and funders at the South African level. By collaborating across institutions, they can provide an evidence-based understanding of the situation and the groundwork for advice in practice and policy. At Stellenbosch Business School we are proud to lead that collaboration with colleagues from the University of Johannesburg and the wider global entrepreneurship monitor community to help create a more entrepreneurial South Africa. Happy reading!

Mark Smith

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Small Enterprise Development Agency (Seda)

Seda was established in December 2004 through the National Small Business Amendment Act (Act 29 of 2004). It is mandated to provide business development support services to existing small enterprises and aspiring entrepreneurs through its national network, in partnership with other role players in the small enterprise ecosystem.

Seda provides non-financial support to small enterprises and cooperatives. The entity's services are accessible through its fifty-four branches and over one hundred incubation centres and hubs nationwide. In the quest to improve access to services, different innovative alternatives have been introduced in those areas where Seda does not have branches. Seda aims to ensure that these SMMEs and Cooperatives:

- Improve their competitiveness.
- Improve the quality of products.
- Improve the production processes.
- Access markets.

Entrepreneurship and small businesses undoubtedly form a critical part of the South Africa economy. They continue to employ a large segment of the country's population and contribute significantly to the overall economy. However, these businesses are constantly faced with numerous challenges that impact negatively on their operations and sustainability. Seda has been mandated by the Department of Small Business Development to provide innovative small business development support services. This, therefore, requires Seda to engage in comprehensive and rigorous research that is done according to globally accepted practices and processes to understand the challenges and needs of SMMEs and entrepreneurship, to make informed decisions and design evidence-based programmes.

The entity continues with its strategic partnership with the Stellenbosch Business School in supporting the South African chapter of the Global Entrepreneurship Monitor (GEM) study, which aims to produce vigorous, credible, and reliable data that will inform decision-making about entrepreneurship and small business development in South Africa.

For South Africa to establish an entrepreneurial ecosystem that can produce globally competitive and sustainable enterprises and to foster innovation requires coordinated and informed collaborations. These collaborations are driven by a shared understanding of social, cultural, political, and economic frameworks from an enterprise development point of view. The GEM report provides an integrated perspective on the country's enterprise development.

Ongoing research on entrepreneurship, including the GEM research study, is part of Seda's mandate of building an integrated national enterprise network. This partnership aligns with Seda's ecosystem facilitation role, which is underpinned by the District Development Model.

National Information Centre
Contact: 0860 103 703 or info@seda.org.za
www.seda.org.za

Standard Bank

Economic development is a multidimensional process that involves economic growth, improvement in quality of life, and the structural transformation of the economy. As broad-based employers contributing to the alleviation of poverty through job creation, SMEs are particularly relevant to such growth and improved quality of life. As a source of innovation and competition, they are also critical to structural transformation.

As an African bank committed to driving the continent's growth, Standard Bank has long recognised that for South Africa to achieve economic and social development, there needs to be a dynamic and resilient SME ecosystem providing effective access to funding, markets, and business development.

The research conducted by the GEM provides a comprehensive analysis of how to effectively foster economic development within South Africa. The research aims to identify and address the gaps faced by many SMEs in terms of infrastructure, skills, and market access. This research is crucial as it will help build a robust small-business segment in South Africa which will increase employment, enabling more South Africans to support themselves and their families.

www.standardbank.com

SHARING THE JOURNEY

Entrepreneurship is not only about the destination but also the journey. The process of becoming an entrepreneur is dynamic, demanding, and involves a number of steps and activities. Although the path of entrepreneurship can differ from one business to the next and from one entrepreneur to another, there are certain components and lived experiences that usually accompany entrepreneurs on their journey. As part of the important work the GEM does in collecting and disseminating data on entrepreneurial trends, which is critical in decision-making processes, we also share some stories of real entrepreneurs, their challenges, and how they overcome them. Doing so not only adds a personal perspective to the data but also aids in motiving other nascent, new and even struggling established entrepreneurs. The journey of becoming an entrepreneur is a frequently unpredictable one that calls for commitment, perseverance, imagination, and a willingness to take chances. As they pursue their objectives, entrepreneurs must be adaptable to change with the times and the market. In this year's report, we share seven journeys, each with a different path, motivation, challenges and ways of dealing with difficult decisions. What these entrepreneurs all have in common is the destination: a successful, impactful business.

Puo Media School of Performing Arts (Section 2: Page 31)

"Empowering youth and elevating the entertainment industry"

Dipuo Lekalakala is a vibrant black women entrepreneur who stared her journey nine years ago (2014). She is passionate about showcasing the fact that dreams are within the reach of us all, if we are willing to dedicate ourselves to hard work. She is dedicated to empowering the youth while elevating the entertainment industry through diverse and flexible educational programmes that meet the needs of her students.

Hykie Berg (Section 3, Page 44)

"My journey of healing and success"

As a prominent South African actor, social media ambassador, influencer, public speaker and writer, Hykie has proven that adding entrepreneur to the list is very possible. He has proven that financial independence is possible through a direct-sales distribution business model. This is only possible if you treat it as a real business and not a side hussle or hobby.

G Khula Trading (Section 3: Page 46)

"Ambitious entrepreneur from a humble background"

Cebolenkosi is a young, student-entrepreneur who secured startup funding from personal funds for his cleaning and maintenance business. One of the business goals is helping unemployed youth secure meaningful work. His success has been an inspiration to others and he has recruited other ambitious young men who may follow in his footsteps.

Met liefde (Section 4, Page 62)

"What dreams may come"

Ilze started this business after having a dream. Starting small in her kitchen, she has grown the business into a small factory providing full time employment to four women. Her delicious, bottled deli products can be found in many markets, deli's and online.

MR.N Designs (Section 5, Page 72)

"When a sustainability specialist blossoms into a social entrepreneur"

Margaret founded the business about six years ago. This business was established as a small startup that was influenced by UKZN's Regional and Local Economic Development Initiative and Via Baobab's Innovative Waste Design programme at the MakerSpace. As a business initiative that is built on an awareness of creating and maintaining a sustainable environment, it transforms waste, especially plastics, into uniquely designed products.

Comozzi (Section 6, Page 92)

"Gin makes you win"

Lizl Giacomozzi is a creative, charismatic, and passionate individual who started her journey toward entrepreneurship by attending a Gin Masterclass in the winter of 2018. Little did she know how this event would change her life. While being introduced to the history, art and science involved in the distillation process, she began to develop an interest in creating her own brand of carefully crafted spirits. This was the beginning of Comozzi Gin, which soon expanded to many other interesting products.

The Coloured Cube (Section 6, Page 95)

"The creative entrepreneur journey"

Founded by Mariapaola McGurk in 2014 the business relates to curation, creative and artistic projects and the manufacturing of various artworks. The COVID-19 pandemic had a profoundly negative impact on her business as well as with most other enterprises, especially small businesses. However, as one of the characteristics of many entrepreneurs, she has shown resilience and is working towards someday reaching or exceeding the pre-COVID successes.

SECTION

01

GEM CONCEPTUAL FRAMEWORK AND METHODOLOGY

Over the past 23 years, the GEM research consortium has tracked the evolution of entrepreneurship within and across countries, identifying the scale of its contributions to jobs and the economy, and informing strategies and policies to support new ventures.

GEM AT A GLANCE

In numbers:

51

Participating global economies in 2022

5 African economies:
South Africa, Egypt, Morocco, Togo and Tunisia

23
years of data

3 000 000+
entrepreneur respondents and expert interviews since 1999

170 000+
respondents to the 2021 GEM Adult Population Survey

2 000+
expert interviews for the 2021 GEM National Expert Survey

120
data from 120 economies across 5 continents since 1999

370+ specialists in entrepreneurship research (GEM National Team members)

300+ academic and research institutions

200+ funding institutions

1 000+ publications in peer-reviewed journals

SELECTED INSIGHTS FROM THE GEM GLOBAL

2022/2023 Report

Although the worst effects of the COVID-19 pandemic appear to be coming to an end, its economic impacts are still being felt, especially amongst lowest-income economies.

Fear of failure is a serious constraint on business startups in many economies with around half of those seeing entrepreneurial opportunities not acting for fear of failure. Changes to insolvency regulations and the enhanced promoting entrepreneurial successes and role models could have a positive impact on startup rates, in particular for women.

In 2022, the highest levels of early-stage entrepreneurial activity were in the Latin America and Caribbean region. Levels of entrepreneurial activity were also highly variable from country to country. The explanation for these differences may lie with social and cultural norms as much as with economic variables.

New entrepreneurs frequently take social and environmental implications into account when making strategic decisions about the future of their business. Notwithstanding the potential for social desirability bias, there is room for optimism about the positive social and environmental impacts of these future businesses.

Job creation expectations of those starting new businesses declined somewhat during the pandemic. The differentiating characteristic may be that people in some countries started a business just to generate an income during times of hardship.

In 2022, men were more likely than women to start a new business. There were just 4 economies in which the level of new entrepreneurial activity for women exceeded that of men. However, the relative gender gap decreased in 21 economies, with only 4 of these economies in the lowest-income category.

Younger people are still more likely than older people to be starting new businesses. The Total early-stage Entrepreneurial Activity (TEA) rate of the 18–34 age group exceeded that of the 35–64 age group in 37 economies.

SECTION 1

GEM CONCEPTUAL FRAMEWORK AND METHODOLOGY

120

Economies, across 5 continents, have participated in the GEM global research to date

Adult Population Survey (APS) is used to interview a nationally representative sample of at least 2 000 respondents between the ages of 18 and 64 years

1.1 The GEM story

In the past two decades, GEM has measured entrepreneurship in 120 countries, covering all geographic regions and all economic levels.

During this period, the annual GEM research has gained widespread recognition as the most informative and authoritative longitudinal study of entrepreneurship in the world.

GEM is a large-scale international research collaboration that measures entrepreneurship and its associated characteristics in a manner that is consistent over both time and space. This enables the rate and nature of entrepreneurship development to be monitored by directly comparing different economies at a given point in time, and by tracing the evolution of entrepreneurship within a given economy over a period of time.

The GEM consortium consists of national teams that each use the same precise research methodology, sample design and survey tools to collect nationally representative data on entrepreneurship.

Since 1999, GEM has cumulatively surveyed over 3 million adults across the globe. This constitutes the world's largest and most extensive study of entrepreneurial activity to date.

GEM's research has made a significant contribution to the international understanding of the entrepreneurial phenomenon, and to the development and monitoring of policies to promote entrepreneurship.

GEM combines representative surveys conducted among each participating country's adult population with data obtained from experts in entrepreneurship.

Surveys are conducted annually by in-country teams who collect primary data through two structured national surveys. The first survey, the **Adult Population Survey (APS),** is used to interview a nationally representative sample of at least 2 000 respondents between the ages of 18 and 64 years (henceforth simply referred to as "the adult population"). The average country sample size in 2022 was just over 3 000.

The second survey, the **National Expert Survey (NES),** is aimed at understanding the country-specific contexts for entrepreneurship and is used to survey at least 36 carefully selected individuals who have national expertise in entrepreneurship across a broad range of categories, as outlined in this report.

1.2 Who participates in this study?

In 2022, 51 economies participated in the GEM Global study (49 economies in the APS research and 51 economies in the NES research). Extensive interviews were conducted with some 173,000 individuals across these two surveys for the participating economies, resulting in a current and comprehensive evidence-based body of knowledge in 2022. Together, these economies represent about two-thirds of the global population in 2022.

1.3 Economies in GEM 2022/2023 classified by income

Previous GEM global reports have categorised participating economies by income and by region (World Bank-based GDP per capita). However, as economies have developed, an increasing number of GEM-participating countries have fallen into the high-income category. To balance the sample across income group levels, GEM has continued to use World Bank data but has defined its own income boundaries.[1] **Table 1.1** outlines the GEM-participating economies, categorised by GEM into 3 income levels, using World Bank GDP per capita data as shown below:

[1] GEM (Global Entrepreneurship Monitor) (2023). *Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a "New Normal"*. London: GEM, p33.

GEM INCOME CLASSIFICATION

Level A Economies with a Gross Domestic Product (GDP) per capita of more than $40,000.

Level B Economies with a GDP per capita of between $20,000 and $40,000.

Level C Economies with a GDP per capita of less than $20,000.

Table 1.1: *Economies in GEM 2022, categorised by income group (USD$, GDP per capita)*

Level A >$40,000	**Level B $20,000-$40,000**	**Level C <$20,000**
Austria	Argentina	Brazil
Canada	Chile	China
Cyprus	Croatia	Colombia
France	Greece	Egypt
Germany	Hungary	Guatemala
Israel	Latvia	India
Italy	Mexico	Indonesia
Japan	Oman	Iran
Lithuania	Panama	Morocco
Luxembourg	Poland	South Africa
Netherlands	Puerto Rico	Togo
Norway	Romania	Tunisia
Qatar	Serbia	Venezuela
Republic of Korea	Slovak Republic	
Saudi Arabia	Taiwan	
Slovenia	Uruguay	
Spain	Spain	
Sweden	Turkey	
Switzerland	Uruguay	
United Arab Emirates		
United Kingdom		
United States		

Source: GEM Global Adult Population Survey 2022

Entrepreneurship can broadly be defined as "any attempt at a new venture or new business creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business".[2]

[2] Reynolds, P.D., Hay, M., & Camp, S.M. (1999). *Global Entrepreneurship Monitor: 1999 Executive Report*. Retrieved from https://www.gemconsortium.org/report/gem-1999-global-report

1.4 The GEM conceptual framework

The GEM research collaboration was first conceptualised in 1997 by two academics, Michael Hay and Bill Bygrave, from the London Business School and Babson College in the United States, respectively.

Today, there is an increased appreciation and acknowledgement among academics, research institutions and governments of the role played by new and small businesses in the development and well-being of their societies.

The GEM research programme was conceptualised, recognising the interdependency between entrepreneurship, the specific country context and economic development. The purpose was threefold:

To uncover factors that encourage or hinder entrepreneurial activity, especially those related to societal values and personal attributes and the impact on the entrepreneurship ecosystem.

To provide a platform for assessing the extent to which entrepreneurial activity influences economic growth within specific economies.

To identify policy implications for entrepreneurship and ensure that they support and enhance entrepreneurial capacity in the given economic context.

GEM's conceptual framework depicts the multifaceted features and dynamics of entrepreneurship, recognising the proactive, innovative and risk responsive behaviour of individuals, always interacting with the environment.

Figure 1.1 illustrates the conceptual framework, highlighting the main components and relationships into which GEM divides the entrepreneurial process. It also shows the way GEM classifies entrepreneurs according to their level of enterprise development.

The broader social, cultural, political, and economic context is represented through the national framework conditions (NFCs). These conditions relate specifically to the quality of the national entrepreneurial ecosystem and include the following: **entrepreneurial financing, government policy, government entrepreneurial programmes, entrepreneurship education, research and development transfer, commercial and legal infrastructure, internal market dynamics and entry regulations, physical infrastructure, and cultural and social norms**.

Figure 1.1: *The GEM conceptual framework*

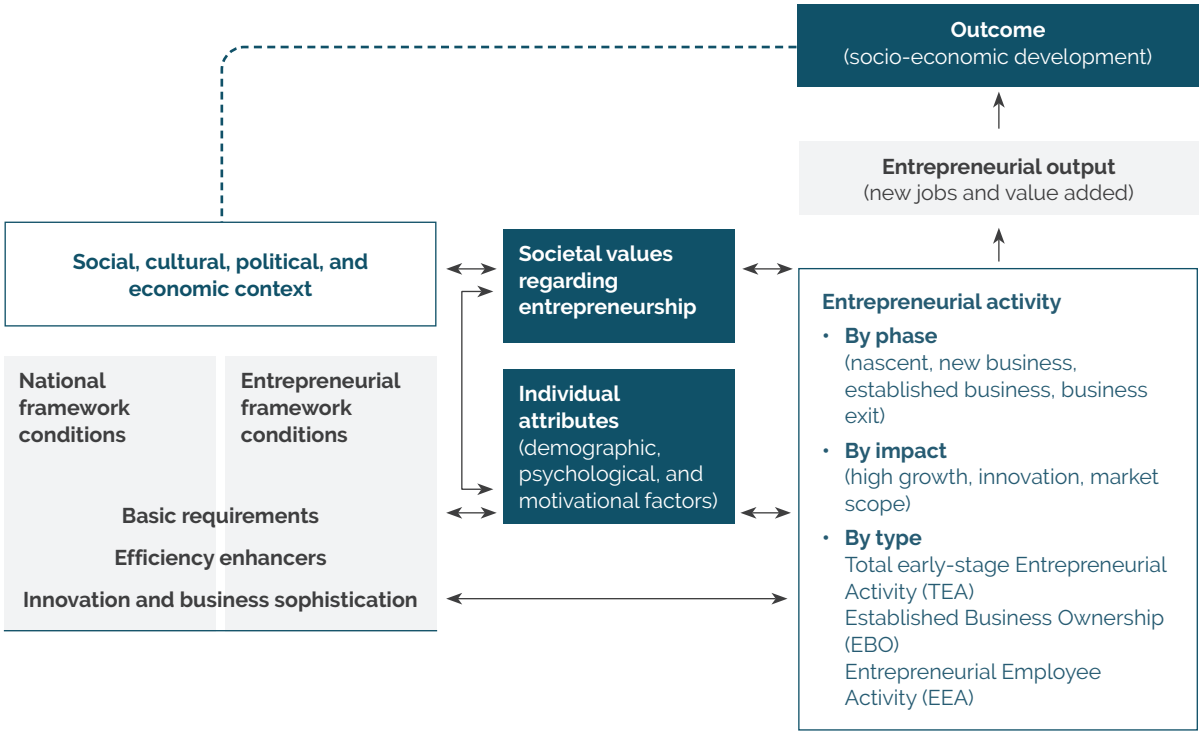
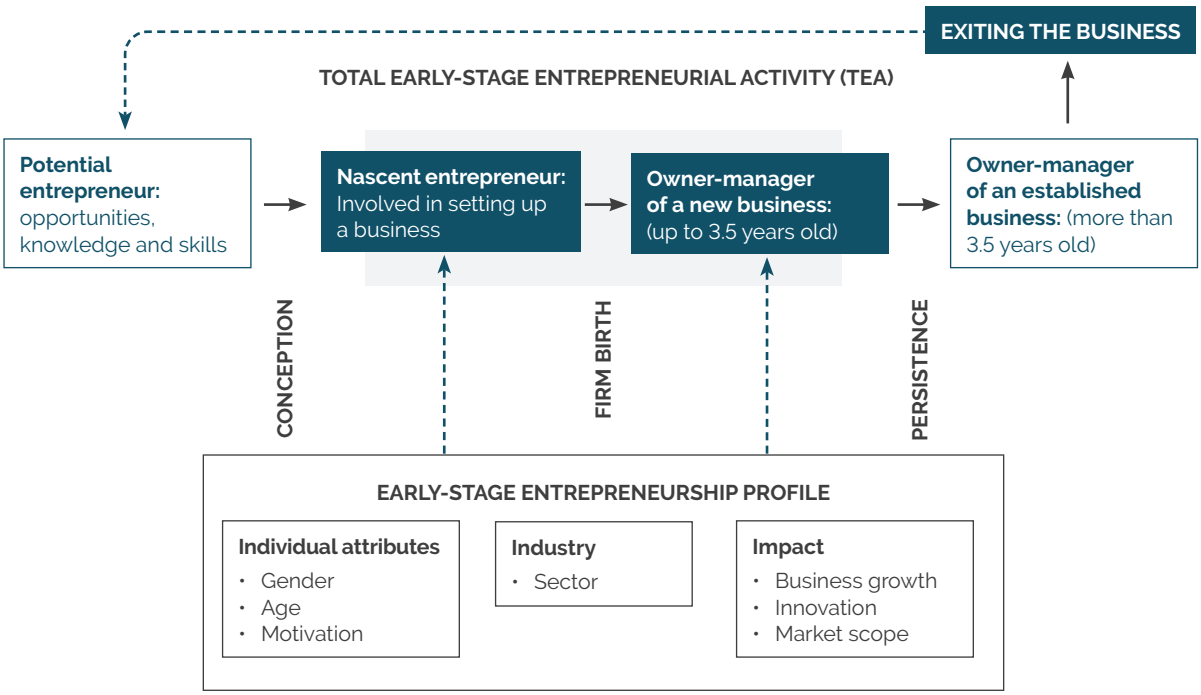


Figure 1.2: *Entrepreneurial phases and GEM's entrepreneurship indicators*



1.5 How do we measure entrepreneurship activity?

This report details the GEM's key entrepreneurship indicators. In some instances, economies are compared and ranked across these indicators. The GEM indicators may be viewed as a dashboard representing a comprehensive set of measures that collectively reflect key aspects of entrepreneurial activity.

The following key measures are highlighted:

We consider societal values and perceptions

Good career choice:

The percentage of the adult population who believe that entrepreneurship is a good career choice.

High status of successful entrepreneurs:

The percentage of the adult population who believe that high status is afforded to successful entrepreneurs.

Media attention to entrepreneurship:

The percentage of the adult population who believe that there is significant and positive media attention for entrepreneurship in their country.

We evaluate the individual attributes of a potential entrepreneur

Individual attributes include demographics, psychological factors, and motivational factors.

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 (excluding individuals involved in any stage of entrepreneurial activity) who are latent entrepreneurs intending to start a business within the next three years.

Fear of failure rate:

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.

We investigate the entrepreneurial activity indicators

Entrepreneurial activity is defined according to the phases in the life cycle of entrepreneurial ventures.

The following indicators describe the life cycle of a venture:

Total early-stage Entrepreneurial Activity (TEA):
This is the percentage of the adult population who are either in the process of starting a business (a nascent entrepreneur) or owner-managers of a new business that is less than 42 months old. This indicator can be enriched by including information related to motivation (opportunity versus necessity), inclusiveness (gender and age), impact (business growth in terms of expected job creation, innovation and internationalisation), and industry (sectors).

Established business ownership rate:
The percentage of the adult population who are currently owner-managers of an established business, i.e. who own and manage a running business that has paid salaries, wages, or any other form of payment for more than 42 months.

Business discontinuance rate:
The percentage of the adult population involved in Total early-stage Entrepreneurial Activity (TEA) who have, in the past 12 months, discontinued a business either by selling, shutting down, or in some other way discontinuing their owner/management relationship with the business.

Other indicators of entrepreneurial activity:

Entrepreneurial employee activity:
The percentage of the adult population 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.

Social entrepreneurial activity:
The percentage of the adult population who are engaged in Total early-stage Entrepreneurial Activity (TEA) with a social goal.

The perceived quality of the entrepreneurial ecosystem

GEM assesses the prevailing EFCs and context for entrepreneurial development in each country on grounds of the NES results and other appropriate country analyses. The NES considers the 9 EFCs as listed.

(See **Section 6** for a detailed breakdown and explanation).

- Entrepreneurial financing
- Government policy
- Government entrepreneurial programmes
- Entrepreneurship education
- Research and development transfer
- Commercial and legal infrastructure
- Entry regulation
- Physical infrastructure
- Cultural and social norms

1.6 THE GEM METHODOLOGY

GEM data are obtained using a research design that is harmonised across all participating countries. The data are gathered on an annual basis from two main sources. The key entrepreneurship indicators are measured in the **APS** and the **NES**.

The **APS** provides detailed information about entrepreneurial activity in a given economy. This activity does not, however, take place in isolation, but within an economic, social, and political context that may either encourage and support or discourage, and constrain entrepreneurial activity. To delineate and understand the country-specific context for enterprise, the **APS** is complemented by the **NES**, which is used to survey carefully selected individuals who were identified as having specific national expertise and knowledge.

1.6.1 About the Adult Population Survey (APS)

Academic teams in each participating economy administer and oversee this survey. The APS is conducted globally at the same time every year, between May and July. In 2021, field research in South Africa only commenced in late August due to the COVID-19 pandemic lockdown and the July riots, using a standardised questionnaire provided by the GEM global data team. The questionnaire is translated into local languages and back-translated for the purposes of a validity check.

In 2022, NielsenIQ South Africa was retained as the accredited vendor for conducting the APS in South Africa. The research involved 2 826 interviews with a random selection of members of the adult population in both rural and urban areas, and across demographics.

The interviews were conducted in the respondents' preferred language, using a structured questionnaire. Households were selected using Nielsen's computerised household register of close to 6 million addresses in urban areas, and from maps in the case of rural sampling. The sample was stratified by race (within race, by gender) and by region (within region, by community size).

The individual countries only gain access to the data once the GEM global data team experts have analysed the raw data for the purposes of quality assurance and have checked the uniformity of statistical calculations. Because the GEM research design harmonises the data, it is possible to conduct reliable cross-national and intra-country comparisons over time.

1.6.2 About the National Experts Survey (NES)

The results of this survey provide information on the local context faced by startup entrepreneurs. The survey is used to gather information around the nine EFCs. NES data are collected by interviewing experts that were identified by the in-country teams. Interviews are offered in a face-to-face, telephonic, or electronic format.

Experts are chosen for their depth of experience, seniority within organisations, areas of specialisation, and affiliation. In some instances, the head of an institution suggests individuals they consider best positioned to provide the necessary insights for this research project.

About the expert interviews

To ensure the construction of a balanced and representative sample of experts, GEM has set a list of three criteria that must be met in their selection:

At least 4 experts from each of the EFC categories must be interviewed, translating to a minimum total of 36 experts per country.

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

Additional criteria such as geographical distribution, race, gender, involvement in the public versus private sector, and level of experience are to be taken into account when balancing the sample.

1.6.3 About the National Entrepreneurial Context Index (NECI)

The first step in the formulation of a NES composite index was to review the recent literature on composite indices, exploring the different aspects and selecting the ones most relevant for this purpose.

It was important to solve two critical questions. The first centred on what weights could be used to measure the influence of each variable on the output. The second was how the weights can be assigned to reflect the desired importance of the relevant variable.

These questions were derived from the 36 key informants' levels of agreement with the designated framework conditions, as measured on an 11-point Likert scale. The experts also evaluated the importance scores for each statement in the index representing the extent each condition plays a key role in stimulating and supporting entrepreneurship in their country in a particular year.

The name chosen for this index is the National Entrepreneurial Context Index (NECI). The index is calculated based upon a typical weighted average model.

Each expert's ratings of the statements (re-scaled to ten points) are multiplied by their importance values. The results for all statements on each framework condition are then summed and divided by the sum of the importance values to generate an individual weighted score. These scores are then averaged over all experts to arrive at a NECI value for each framework condition. This index was first considered in the GEM 2018/2019 Global Report.[3]

The NECI intends to fill the gap in the entrepreneurship literature by providing a single composite number that can express the average state and quality of the entrepreneurial ecosystem in any one country and compare it to other countries.

The advantage of this overall ranking is that participating countries have comparative benchmarks and information.

This provides answers to critical questions such as:

What are the conditions that need to be prioritised for improvement? (This is particularly important in developing countries).

How does a given country compare to other countries of similar development and income levels and what lessons can be learned from that country?

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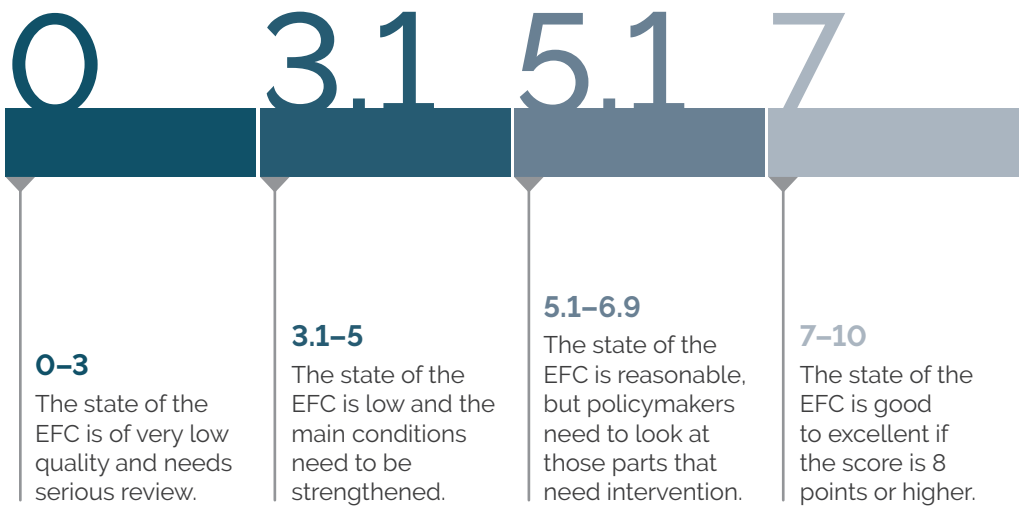
[3] Bosma, N., & Kelley, D. (2019). *Global Entrepreneurship Monitor 2018/19 Global Report*. Retrieved from https://www.gemconsortium.org/report/gem-2018-2019-global-report

Figure 1.3: *Interpreting the NECI results*



GEM is one of the few studies globally that includes primary research on individuals and their entrepreneurial aspirations, perceptions, intentions, and business development.

1.7 What makes GEM unique?

We map the entrepreneurial pipeline

A key difference between GEM and most other quantitative entrepreneurial research is GEM's focus on people. Available data on companies and enterprises mostly cover the number and size of businesses, new business registrations and closures, and company revenues and profits.

GEM is one of the few studies in the world that includes primary research on individuals and their entrepreneurial aspirations, perceptions, intentions, and business development. This creates a unique profile of entrepreneurship in a given society. The importance of this profile lies in the fact that it is the attitudes, activities and ambitions of people, together with societal perceptions, and norms that drive national entrepreneurial culture and the entrepreneurial process – from identifying new opportunities, to setting up a new business, to managing an established enterprise.[4]

Surveying individuals can also help to capture information on the informal economy, i.e. the diverse set of economic activities, enterprises and jobs that are neither regulated nor protected by the state. Some individuals who report to be working for themselves may not necessarily have a registered business, but are simply taking advantage of trading opportunities as and when they arise.[5] This informal activity is not fully captured by official statistics, but may be a significant contributor to the national economy.[6] GEM sees entrepreneurial activity as a continuous process rather than as individual events. This process can be viewed as a pipeline, where people participating in each phase form the base for potential advancement to the next phase. For this reason, the APS is designed for the measurement and assessment of individual participation across the range of phases comprising entrepreneurial activity: potential entrepreneurship, entrepreneurial intentions, nascent and new business activity, progression into established business ownership, and business discontinuance.

[4] Bosma, N. et al. (2020). *GEM Global Report 2019/2020*. Retrieved from http://www.gemconsortium.org/report

[5] Ibid.

[6] The October 2019 International Labour Organisation report estimated that the informal sector constituted up to 60% of total employment across the 99 countries sampled (cf. *Small Matters: Global Evidence on the Contribution to Employment by the Self-employed, Micro-enterprises and SMEs*. (2019). Geneva: International Labour Organisation). Society loses out when informal businesses do not pay taxes or comply with labour laws.

SECTION

02

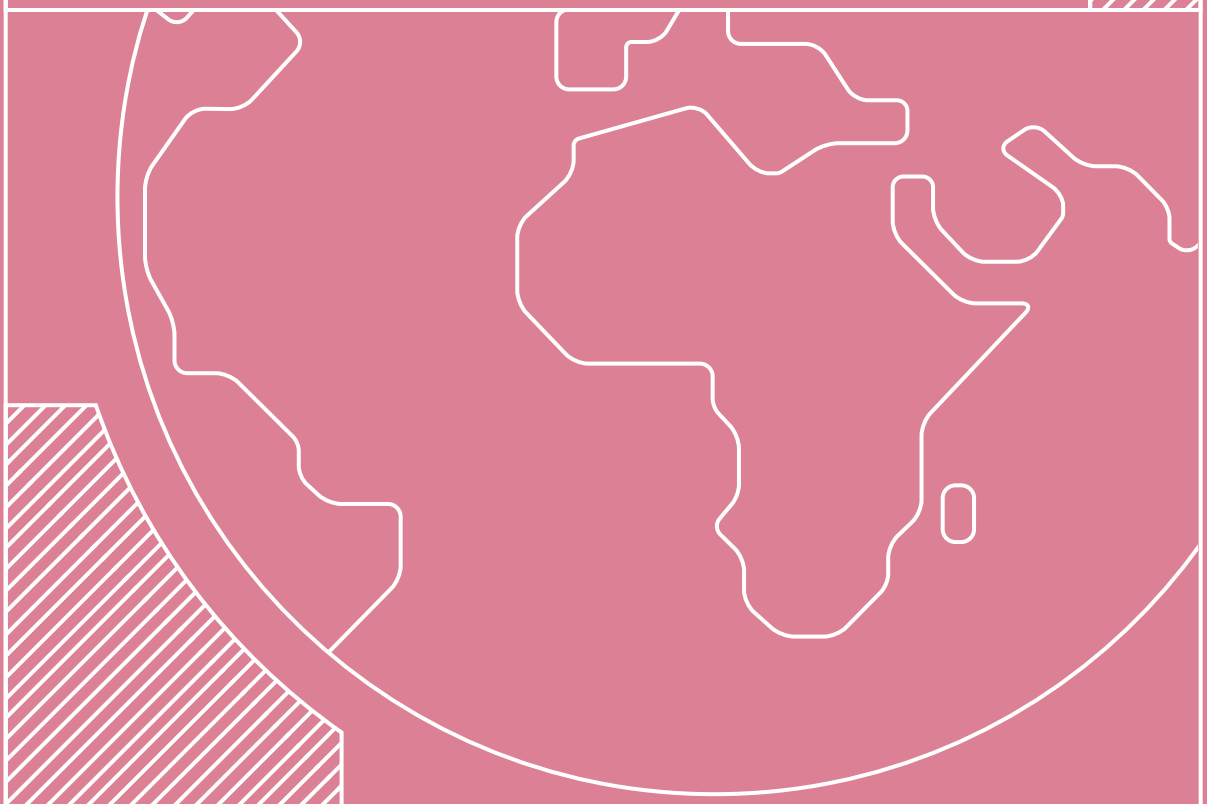
SOUTH AFRICAN POPULATION ENTREPRENEURIAL ACTIVITY

Over the past 22 years, the GEM research consortium has tracked the evolution of entrepreneurship within and across economies. This section looks at the overall South African entrepreneurial activity levels. These measures include societal attitudes, namely good career choice, high status, and media attention. It also considers entrepreneurship self-perception, which includes 3 important measurements. These are perceived good opportunities, perceived capabilities or self-efficacy, and fear of failure or risk-taking propensity.

South African population entrepreneurial activity

Executive Summary

Level A: above $40,000 Level B: $20,000 -$40,000 Level C: below $20,000
Economies in GEM 2022, categorised by income group (GDP per capita)
Global Entrepreneurship Monitor 2022/2023



Good career choice

Level A: 65,1% Level B: 63,8% Level C: 75,6%
South Africa: 79.77% Global: 67,35%

High status

Level A: 77,79% Level B: 67,01% Level C: 82,38%
South Africa: 79,84% Global: 75,45%

Media attention

Level A: 71,93% Level B: 64,49% Level C: 72,96%
South Africa: 82,75% Global: 69,77%

Perceived good opportunities

Level A: 52,05% Level B: 51,09% Level C: 65,4%
South Africa: 61,31% Global: 55,29%

Perceived capabilities

Level A: 52,09% Level B: 59,13% Level C: 70,35%
South Africa: 63,73% Global: 59%

Networking

Level A: 52,44% Level B: 51,11% Level C: 56,28%
South Africa: 33,55% Global: 53%

Fear of failure

Level A: 46,93% Level B: 48,59% Level C: 44,29%
South Africa: 51,25% Global: 46,74%

SECTION 2

SOUTH AFRICAN POPULATION ENTREPRENEURIAL ACTIVITY

2.1 Entrepreneurship as a key economic driver

Entrepreneurship has always been highlighted as a key economic driver. Before considering the 2022 figures, it might be valuable to revisit some of the reasons this phenomenon is so important, together with the aspects that, in turn, shape it. This discussion considers 3 aspects of entrepreneurship, namely, configuration, growth, and diversification.

Configuration: Entrepreneurship cannot be stereotyped, as it can take on many forms. Some of these include formal or informal self-employment, micro-businesses, small to medium-sized businesses, expansion of an existing established business, and entrepreneurial employee activity.

Growth: Some entrepreneurial activities with limited growth may remain relatively stable over time. This may be due to choice, by actively seeking a lifestyle business rather than a high-growth one, or limited market share. In contrast, others may exhibit ambitious entrepreneurial activity with the intention to grow and expand the business as much as possible. Then there are those enterprises that disrupt markets and value chains and attract significant capital investment to become big success stories, as with the so-called Unicorns, Gazelles, and Cheetahs.

Diversification: Finally, entrepreneurs can be classified into those who consider diversification and those who do not. Some may search for opportunities to expand the business into new or unrelated areas, such as new products, services, markets, or industries. Many businesses were forced to diversify during the COVID-19 pandemic in order to survive. Diversification is frequently used to reduce overall business risk and generate new revenue streams.

Entrepreneurship is a critical role player in economies and even more so in developing countries. It is a critical driver of not only economic growth, but also development aspects such as improving societal health, poverty alleviation, local community development, cultural and social change, skills and human capital development, and job creation in line with the United Nations Sustainable Development Goals (SDGs). In addition, entrepreneurship is a remarkable engine of economic growth, leading to wealth creation and income distribution, innovation and technological advancement, foreign investment and trade, economic diversification, government revenue generation, and the potential to reduce brain drain. Numerous studies have proven the link between entrepreneurial activity and economic growth and development.[7,8,9] It encourages the critical innovation required to capitalise on new opportunities, boost productivity, and create jobs.

Unfortunately, South Africa has a long way to go before entrepreneurship contributes its full potential to economic development, technological advancement, job creation, and social cohesion. The economy has underperformed for over a decade, with real GDP per capita growth declining since 2011. Despite nearly 3 decades of democracy, the country remains one of the world's most unequal societies. Given the recent global pandemic, electricity and other service-related issues, and high levels of crime and corruption, the current scenario necessitates a more dynamic, employment-intensive, and innovation-led growth trajectory.

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[7] Meyer, N. & De Jongh, J.J. (2018). The importance of entrepreneurship as a contributing factor to economic growth and development: The case of selected European countries. *Journal of Economics and Behavioral Studies,* 10(4), 287-299.

[8] Meyer, N & Meyer, D.F. (2020). Entrepreneurship as a predictive factor for employment and investment: the case of selected European countries. *Euroeconomica*, 39(2), 165-180.

[9] Gu, W. & Wang, J. (2022). Research on index construction of sustainable entrepreneurship and its impact on economic growth. *Journal of Business Research,* 142, 266-276.

The GEM has provided valuable insights in support of decision-making and policy since 1999.[10] Governments and other stakeholders require robust and credible data to make critical decisions, not only promoting sustainable entrepreneurship and healthy entrepreneurial ecosystems but also other important aspects of the economy. Sufficient information supports a more prioritised and targeted policy framework at national and regional levels. Focusing on entrepreneurship could encourage the growth of more successful businesses while formalising many aspects of the South African economy. Importantly, in South Africa, the type of entrepreneurship required should demonstrate three characteristics: (1) *social entrepreneurship* that addresses issues such as inequality, healthcare, poverty and hunger, and environmental sustainability that is based on business models that create tangible economic value at scale; (2) *entrepreneurship that embodies the Schumpeterian idea of creative destruction* where inferior solutions get replaced (partly or completely) with new products, services, and business models; and (three) *entrepreneurship that unlocks multiplier effects* for other small businesses (in the ecosystem) to create employment.[11]

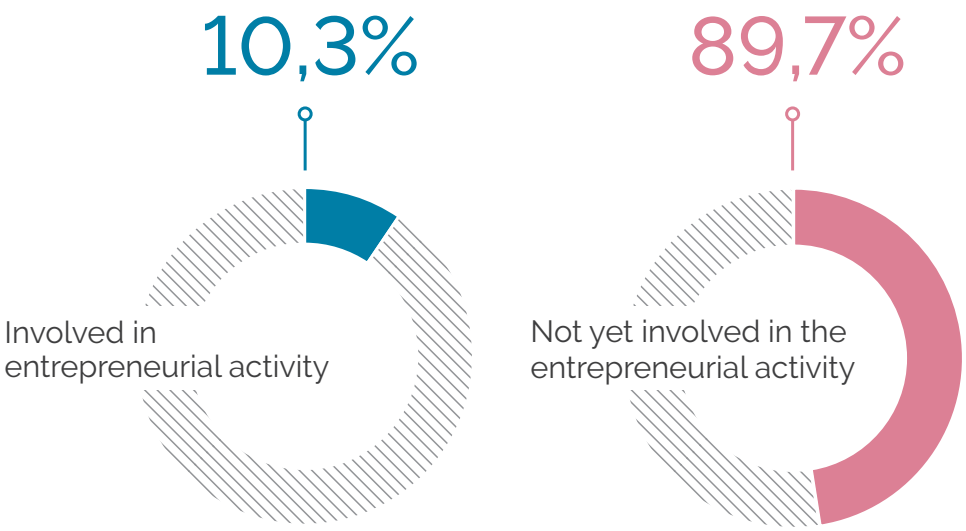
In conclusion, entrepreneurship drives economic, social, and technological progress, especially in developing countries. It empowers individuals, creates opportunities, fuels innovation, and contributes to the nation's development and prosperity. The GEM provides a comparative snapshot of South Africa's global entrepreneurial presence.

Although entrepreneurial activity, i.e., the actual activity of running a new or established business, is crucial, it is also important to consider factors leading to business start-ups. For example, societal attitudes, as discussed later in this section, and entrepreneurial intention, as discussed in Section 3.

2.2 Adult population involvement in entrepreneurship

As mentioned in Section 1, the Adult Population Survey (APS) is used to interview a nationally representative sample of at least 2,000 respondents between the ages of 18 and 64 years. For the 2022/2023 South African APS survey, the sample comprised 2,826 individuals. The GEM sets out to measure entrepreneurship and its associated characteristics in a manner that is consistent over both time and space. The GEM provides an overview of entrepreneurial activity pertaining to intention, attitude, perception, and actual business activity among all adults. Thus, the sample includes those involved in entrepreneurial activity, in early-stage businesses, in established businesses, as well as those not involved at the time of the survey.

Figure 2.1: *Adult population involved and not yet involved in entrepreneurial activity in South Africa (2022)*



*Read as 10,3% of the South African adult population were involved in entrepreneurial activity (in early-stage business or in established businesses) in 2022

Figure 2.1 indicates the percentage of adults in these two categories.

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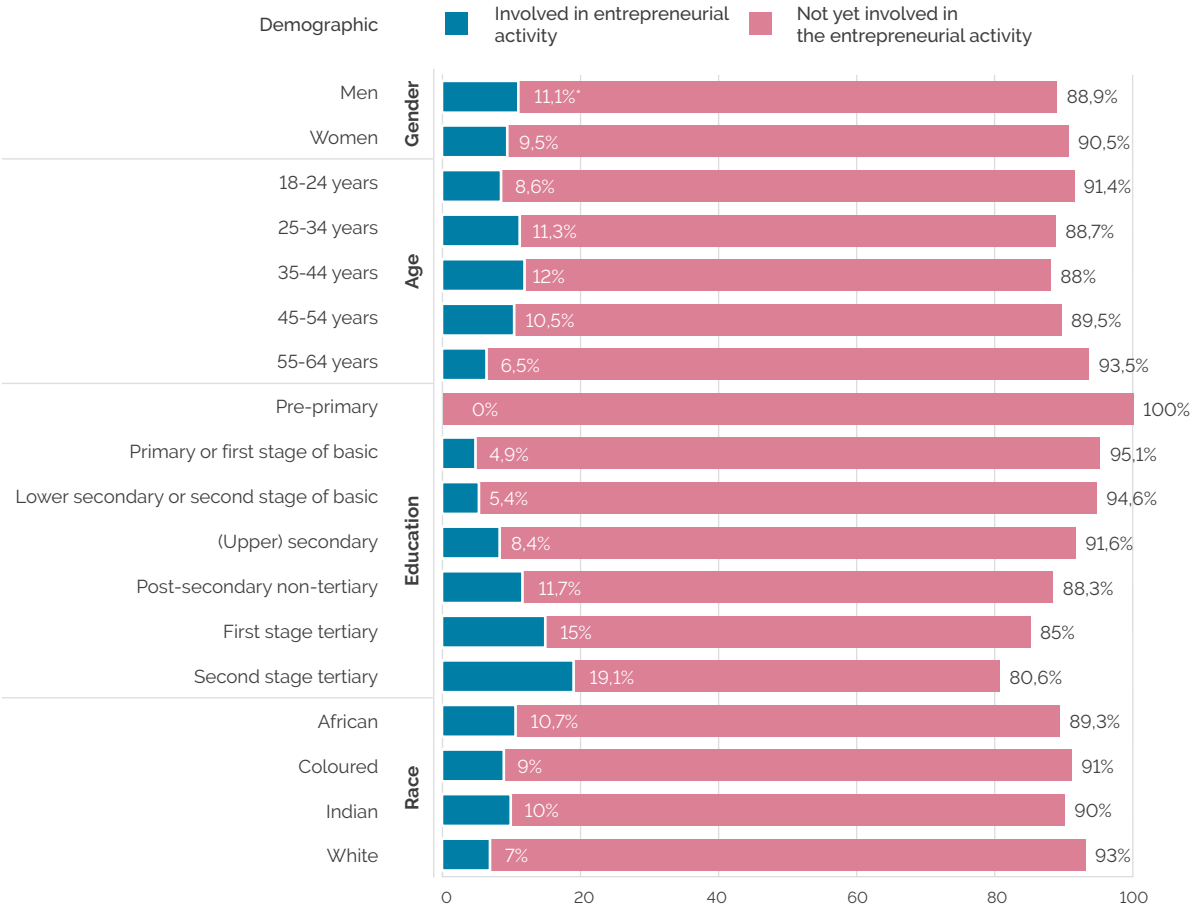
[10] GEM (Global Entrepreneurship Monitor) (2022, p. 11). Global Entrepreneurship Monitor 2021/2022 Global Report: Opportunity Amid Disruption. London: GEM.

[11] Volschenk, J., Smith, M., & Aziakpono, M. (2021). South Africa: Millions of Young South Africans Are Without Jobs – What Are the Answers? Retrieved from https://allafrica.com/stories/202106150099.html

Figure 2.2: *An overview of South Africans adult population involved and not yet involved in entrepreneurial activity (2022): A demographic perspective*



*Read as 11,1% of the South African adult population involved in entrepreneurial activity in 2022 were men.

Figure 2.2 shows the adult population involvement in entrepreneurship across key demographics. More men are involved in entrepreneurial activity than women. This is consistent with existing literature.[12] As per the inverted U hypothesis, age typically follows this trend.[13] Less entrepreneurial activity is noticed in the lowest and highest age ranges and more in the 3 mid-ranges of 25 to 54 years of age. Regarding education, a good number of entrepreneurs have tertiary education qualifications, with 15% holding a first-stage tertiary qualification in the form of a degree or the equivalent thereof, and 19,1% at a second-stage tertiary qualification in the form of a master's degree or higher. Concerning race, the biggest proportion of entrepreneurs are African, tallied at 10,7%, and the lowest proportion of entrepreneurs are White, tallied at 7%.

2.3 Societal attitudes regarding entrepreneurship

Societal attitudes and perceptions heavily influence the entrepreneurial ecosystem and national entrepreneurial culture. This is supported by the Theory of Planned Behaviour,[14] which states that individuals act rationally, according to their attitudes, subjective norms, and perceived behavioural control. Subjective norms form the belief that a significant person or group of people will approve and support a specific behaviour, in this case, entrepreneurship. Subjective norms are determined by an individual's perceived social pressure from others to behave in a certain way, as well as their motivation to conform to those people's views.

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[12] Meyer N. (2018). *South African female entrepreneurs' intention to remain in business*. (Doctoral thesis). Potchefstroom, South Africa: North-West University.

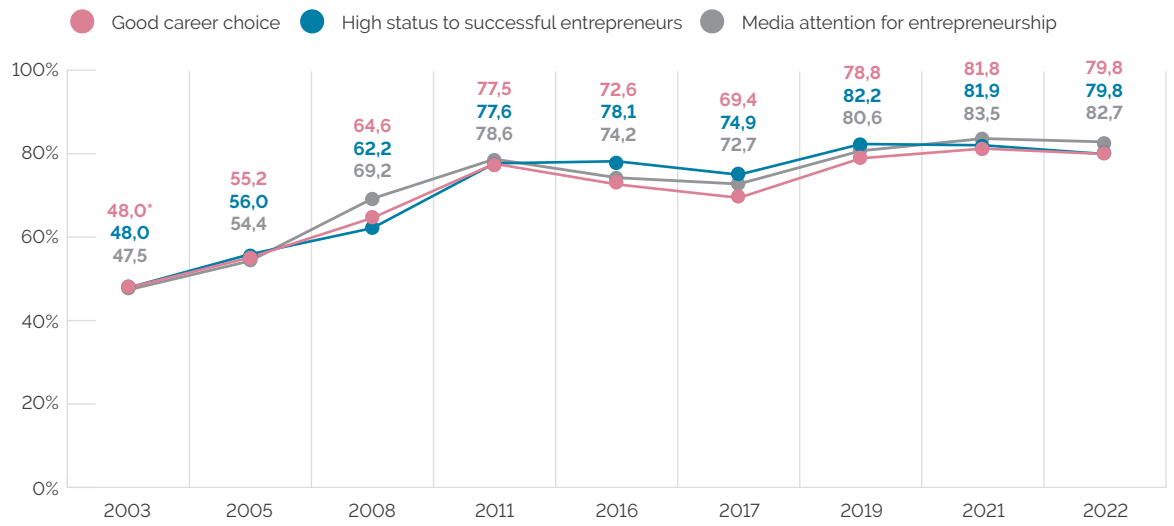
[13] Backman, M. & Karlsson, C. (2018). Entrepreneurship and age across time and space. *Tijdschrift voor economische en sociale geografie*, 109(3), 371-385.

[14] Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211.

Entrepreneurial ambitions, together with the extent to which entrepreneurial activity is supported, are directly influenced by a given society's positive or negative perceptions of entrepreneurship. Individually, all entrepreneurs decide to start a business based on their own attitudes and perceptions. These attitudes and perceptions are frequently derived from the direct knowledge of an entrepreneur, their view of local business opportunities, whether they believe starting a business is simple, or whether it is a preferred career or economic activity choice. The decision to start a business can also be influenced by the individual's confidence, risk tolerance, and whether they believe they have the necessary skills and knowledge.

Regarding overall societal attitudes toward entrepreneurship, the GEM research examines whether people believe entrepreneurship is a good career path, whether entrepreneurs are thought to have a high status, and whether entrepreneurship receives significant amounts of positive media attention.

Figure 2.3: *Societal attitudes regarding entrepreneurship in South Africa 2003 - 2022 (%)*



*Read as 48% of South African adults in 2003 regarded entrepreneurship as a good career choice.

As seen in **Figure 2.3**, the 3 aspects related to societal attitudes, namely good career choice, high status, and media attention, have steadily increased since 2003. The higher scores could result from the extent of available formal job opportunities, an increasing appetite for entrepreneurship as an economic activity, and increased media and government attention drawn to the importance of entrepreneurship in the South African context.

Societal attitudes regarding entrepreneurship in South Africa show a positive upward trend from 2003 to 2021, with a slight dip in 2022. There has been a slight decrease from 2021 to 2022 in the number of individuals who see entrepreneurship as a good career choice, ranging from 81,8% to 79,8%, those considering entrepreneurs to hold a high status in the community, ranging from 81,9% to 79,8%, and media attention ranging from 83,5% to 82,7% given to entrepreneurship.

Media attention is significant in positioning success stories and promoting entrepreneurship as a viable alternative to traditional employment.

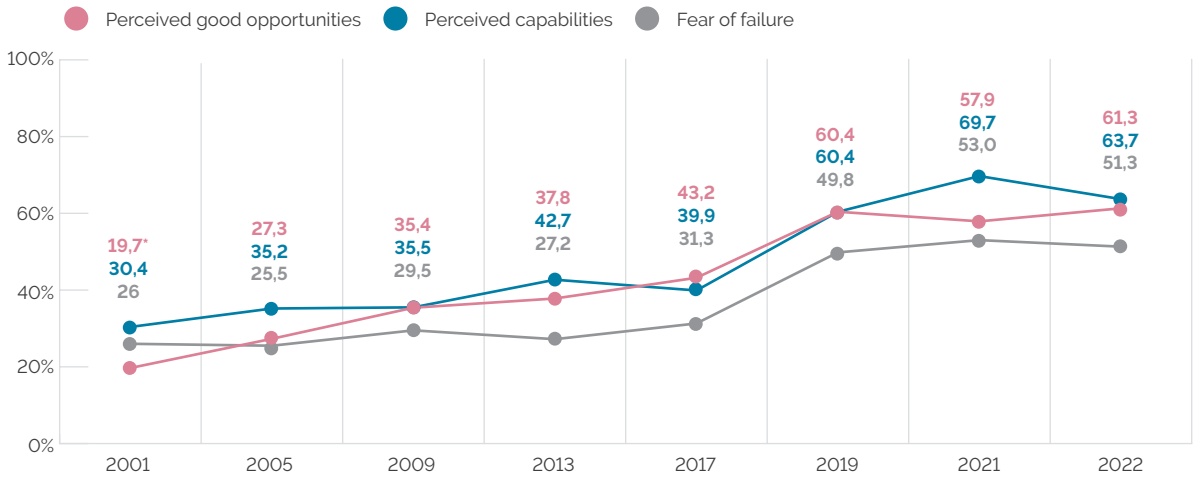
2.4 Self-perception regarding entrepreneurship

When considering entrepreneurship self-perception, there are 3 important measurements. These are perceived good opportunities, perceived capabilities or self-efficacy, and fear of failure or risk-taking propensity.

Spotting or seeing good opportunities is important in determining whether or not a person would consider starting a business. External factors in their environment, such as current economic conditions, national entrepreneurial culture, and support systems and networks influence the number and quality of opportunities people perceive to exist. Perceived capabilities, also called self-efficacy, refers to an individual's belief in their ability to carry out the behaviours required to achieve specific performance goals, as in this case, to set up and run a business.

Lastly, inherent personality traits, societal norms, and the regulatory environment influence the fear of failure. In some countries, for example, the legal and social consequences of business failure may act as a strong deterrent, reducing the pool of potential entrepreneurs.

Figure 2.4: *Entrepreneurial perceptions and competencies in the adult population of South Africa (%)*



*Read as 19,7% of South African adults in 2001 perceived good entrepreneurial opportunities in their area.

As can be seen from **Figure 2.4**, perceived good opportunities increased from 57,9% in 2021 to 61,3% in 2022. Perceived capabilities declined from 69,7% in 2021 to 63,7% in 2022. Fear of failure also reduced from 53% in 2021 to 51,3% in 2022.

Since 2001, all 3 of these indicators have gradually increased. Individuals with high levels of perceived opportunities have higher levels of self-efficacy, as they believe they can succeed in the opportunities they perceive.

Individuals confident in their abilities are less likely to be paralysed by the fear of failing, therefore it can be said that high self-efficacy greatly reduces the fear of failure.

On the other hand, low levels of perceived opportunities can undermine self-efficacy, because individuals may doubt their ability to succeed when opportunities are scarce.

Individuals who lack confidence in their abilities are more likely to anticipate failure and its negative consequences, which, in turn, increases fear of failure.

Figure 2.5: *Availability of networks and mentors in South Africa (2022)*

33,5%

Personally know at least one entrepreneur who started a business in the last 2 years

66,5%

Do not know any entrepreneurs personally who started a business in the last 2 years

Figure 2.5 shows that two-thirds of the sample, tallied at 66,5%, mentioned that they do not know any entrepreneurs personally who started a business in the last 2 years. Access to knowledge and resources, as well as personal and professional growth, can be obtained through networks and connections with entrepreneurs, especially those you might know personally.

Table 2.1: *Entrepreneurial perceptions and competencies among South African adults (2022): A demographic perspective*

Demographic		Perceived good opportunities	Perceived capabilities (Self-efficacy)	Networking	Fear of failure (Risk taking)
Gender	Men	61,1%*	64,8%	35,3%	49,3%
	Women	61,5%	62,8%	31,9%	53,1%
Age	18-24 years	63,1%	61,7%	31,4%	50,4%
	25-34 years	64,6%	64,8%	36,0%	51,3%
	35-44 years	61,6%	67,3%	34,3%	51,4%
	45-54 years	55,8%	62,9%	33,6%	51,2%
	55-64 years	55,7%	58,6%	29,6%	52,9%
Race	African	61,5%	63,8%	51,4%	51,4%
	Coloured	57,9%	58,3%	49,8%	49,8%
	Indian	66,0%	74,5%	56,7%	56,7%
	White	61,9%	66,3%	49,8%	49,8%

*Read as 61,1% of South African adult men agreed that they see good opportunities for starting a business in the next 6 months.

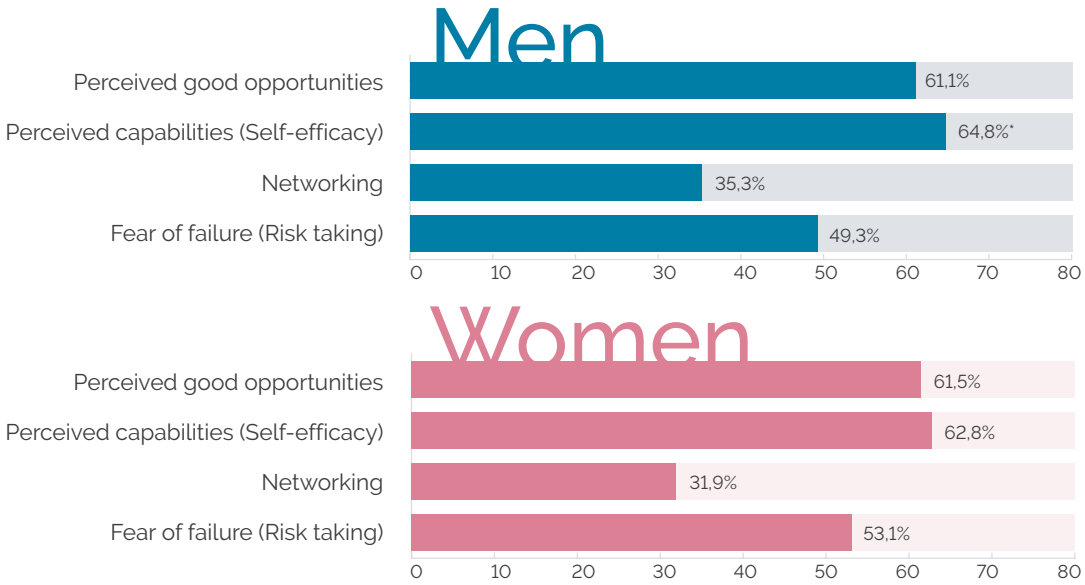
Table 2.1 summarises the entrepreneurial perceptions and competencies among various demographic groups. Although women and men see equal opportunities, tallied at 61,1% and 61,5%, respectively, men perceive higher self-efficacy, tallied at 64,8%, more networking opportunities, tallied at 35,3%, and less fear of failure, tallied at 49,3%, thus having a higher risk-taking propensity. This can also be observed in **Figure 2.6**.

Considering age, younger groups between the ages of 18 to 35 years, see more opportunities, and higher levels of self-efficacy are experienced in the middle age ranges between 25 to 54 years. This trend is also visible in networking opportunities. Fear of failure slightly increases with age but not at a significant level.

Indians reported the highest level of perceived good opportunities at 66%, self-efficacy levels at 74,5%, and networking opportunities at 56,7%. They also fear failure most, tallied at 56,7%, which could mean that they do not make unnecessary or high-risk business decisions. The attributes per race category are also shown in **Figure 2.7**.

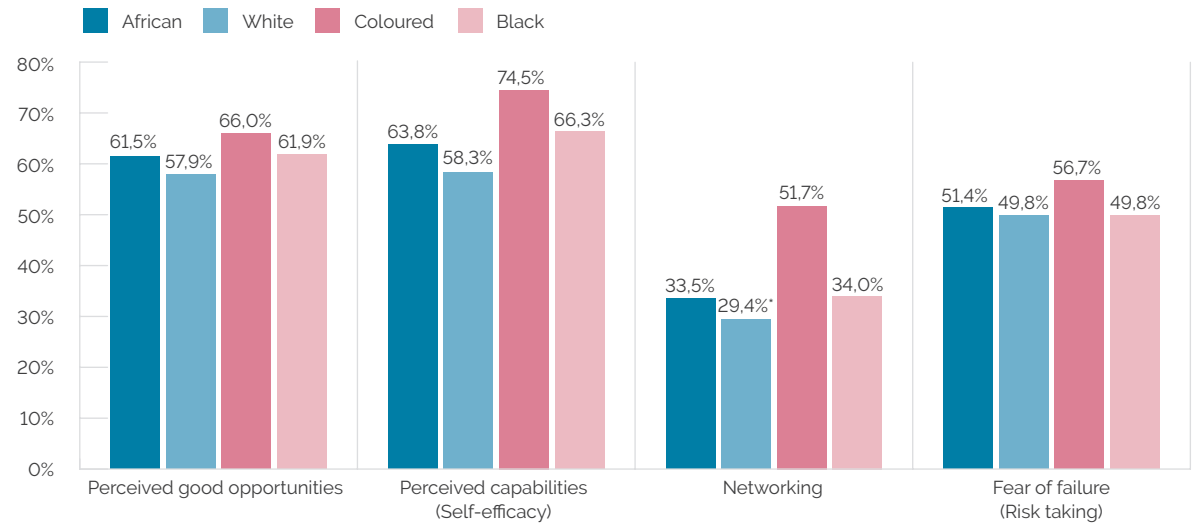
Individual attitudes and behaviours are all influenced by factors such as the level of familial and social support, entrepreneurial tradition, and culture, frugality, inventiveness, and resilience. They can also differ greatly depending on personal circumstances and location, among other factors. There may be additional challenges and barriers to entrepreneurship in certain geographic locations, such as regulatory challenges, competition, and access to markets and funding.

Figure 2.6: *Attributes required to start a new business: A gender comparison*



*Read as 64,8% of South African adult men agreed that they have the knowledge, skill, and experience required to start a new business. This can be chalked up to their level of self-efficiency.

Figure 2.7: *Attributes required to start a new business: A race comparison*



*Read as 29,4% of South African White adult men agreed that they have a network and personally know someone who has started a business in the last 2 years.

Figure 2.8: *Attributes required to start a new business: Entrepreneurs vs. non-entrepreneurs*

*Read as 52,2% of South African adults who are not involved in entrepreneurial activity agreed that they would not take the risk to start a business due to the fear that it might fail.

Figure 2.8 reflects the difference between entrepreneurs and non-entrepreneurs regarding the attributes required to start a new business or expand an existing one. Non-entrepreneurs show higher rates of perceived good opportunities, tallied at 82,2%. This is possibly due to non-entrepreneurs being seemingly more optimistic, as they have not actively transitioned an opportunity into an actual business. In contrast, entrepreneurs may be more realistic about the potential to start a business based purely on opportunity. Entrepreneurs perceive themselves as having greater skills and capabilities, tallied at 94,5%, likely due to them already implementing these skills practically. They also have more established networks, tallied at 75,4%, and a lower fear of failure, tallied at 43,4%, as they have already taken the risks required to start a business.

Figure 2.9: *Attributes required to grow or expand a business (entrepreneurs only): A gender perspective*

*Read as 79,3% of South African adult male entrepreneurs agreed that they see good opportunities for growing or expanding their business in the next 6 months.

When considering entrepreneurs (**Figure 2.9**), only those adults who actively own or run a business, women perceive more good opportunities, tallied at 85,3%. Female entrepreneurs also perceive slightly higher self-efficacy, tallied at 95,5%.

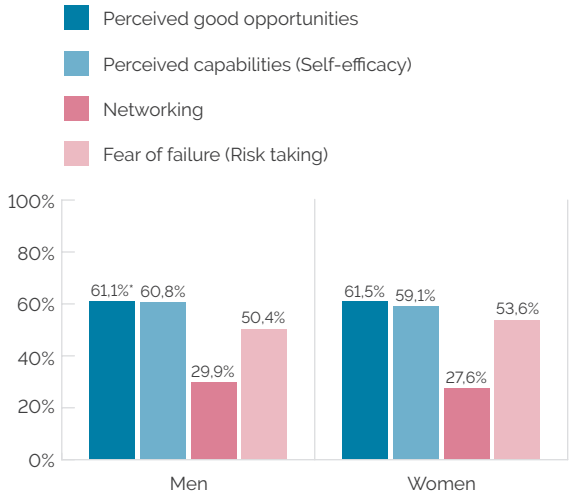
Female entrepreneurs frequently face unique challenges and obstacles, such as gender bias and stereotypes. Overcoming these obstacles may necessitate high resilience and determination, which can increase self-efficacy. Female entrepreneurs who successfully navigate such obstacles may perceive themselves as highly capable. In addition, many regions and organisations have implemented programmes and initiatives to help and empower

female entrepreneurs. These programmes can improve self-efficacy and the perception of opportunities by providing education, mentorship, and resource access. Lastly, when evaluating business opportunities, female entrepreneurs frequently consider family and work-life balance factors. This all-encompassing viewpoint may lead to a more selective approach, focusing on opportunities aligning with their values and goals.

It is critical to emphasise that gender differences in opportunity perception and self-efficacy can vary significantly across individuals, cultures, and regions. While some female entrepreneurs may see more opportunities and have higher self-efficacy, others may face unique challenges and barriers. Encouraging diversity and inclusion in entrepreneurship and equal opportunities and support for all entrepreneurs, regardless of gender, remain critical goals.

Female entrepreneurs have fewer networking opportunities, tallied at 72,1%, and higher fear of failure, tallied at 46,4%, than men, which can be attributed to a variety of social, cultural, and structural factors. These factors may include, but are not limited to, a lack of mentors for women, gender bias and stereotyping, and imposter syndrome.

Figure 2.10: *Attributes required to start a business (non-entrepreneurs only): A gender perspective*



*Read as 61,1% of South African adult women not yet involved in entrepreneurial activity agreed that they see good opportunities for starting a business in the next 6 months.

Regarding the attributes required to start a business (**Figure 2.10**), perceived by those not yet entrepreneurs, seeing good opportunities and self-efficacy levels between men and women are almost the same. Men reported slightly higher access to networks, tallied at 29,9%, and women had a slightly higher fear of failure, tallied at 53,6%.

Figure 2.11: *Attributes required to start or grow a business: A comparison between entrepreneurs, non-entrepreneurs, and genders*

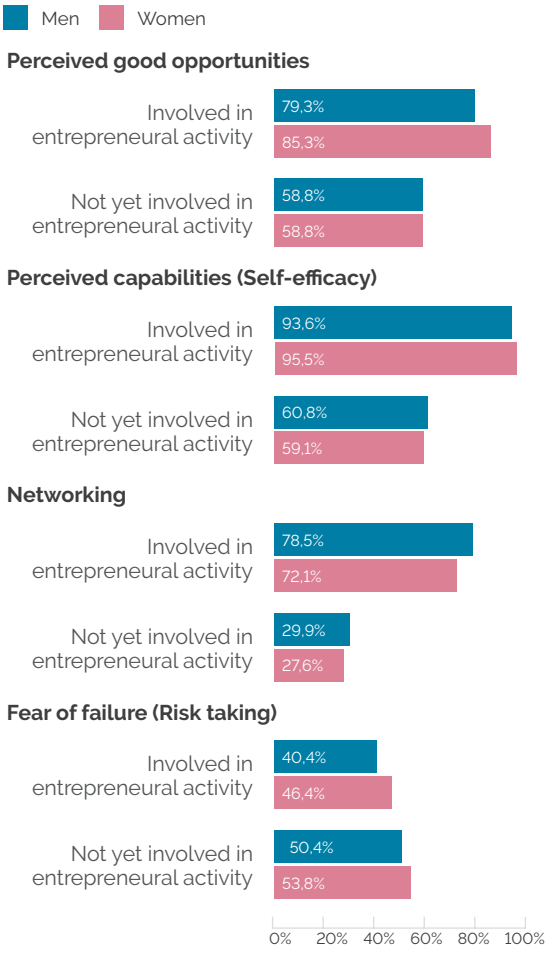


Figure 2.11 shows the difference between entrepreneurs and non-entrepreneurs, split by gender, for the 4 attributes required to start or grow a business. Perceived good opportunities, self-efficacy, and networking opportunities are higher for those already active entrepreneurs. Fear of failure is higher for those not yet involved in entrepreneurial activity.

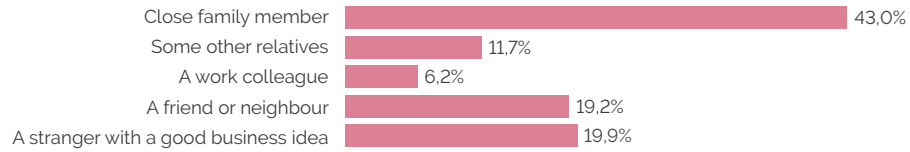
2.5 Investments in new businesses

In the past 3 years, 2% of women and 2,3% of men in South Africa acted as business angels, providing funds directly to a new business started by someone else. In **Figure 2.12**, it is evident that most business angels in South Africa preferred close family members.

There is a suggestion for policymakers to improve regulations to motivate generalised trust in South Africa, in order to improve the strangers' chances of receiving funding from South African business angels.[15]

[15] Samsami, M., El Kolaly, H., & Schøtt, T. (2022). Business angels' ties with entrepreneurs. *Developments in Entrepreneurial Finance and Technology*, 182.

Figure 2.12: *Business angle investment relationships*



*Read as 41,2% of South African angel investors funded a close family member during 2022.

EMPOWERING YOUTH AND ELEVATING THE ENTERTAINMENT INDUSTRY

The Puo Media School of Performing Arts is a fully accredited, Black female-owned enterprise, which began 9 years ago, in 2014, as a startup founded by Dipuo Lekalakala. While performing at the Folklore International Concert in Italy, she was greatly inspired by the vast number of professional dancers and was motivated to open her own performing arts venue. The company has won prestige South African awards (2022-2023), including being named the Performing Arts Company of the Year.

Since Dipuo opened her performing arts studio, she has consistently used her artistic talents to provide quality training for students interested in the performing arts, as well as providing training related to entrepreneurship. Dipuo has achieved recognition in the performing arts by recruiting talented and highly qualified facilitators to collaborate in building the enterprise.

"Find what you love, professionalise it, and make a career out of it."

The company's promotion strategy utilises various media platforms accessed by people around the globe, garnering international exposure. Step by step, with incremental success, Dipuo has continued to expand her brand by building a team with vision and innovative concepts to drive a viable entrepreneurship venture.

For its social and economic contributions, the company is a private Further Education and Training (FET) enterprise that promotes sustainable, cultural, and social development via educational and entertainment activities.

Dipuo says her enterprise proposition bridges very talented individuals who do not have the financial means, and the opportunity to realise their dreams.

As a dancer and artist, Dipuo has expanded her school to include not only dancers, but actors and musicians with a passion for artistic innovation and development.

Aspirations for expansion include building other campuses outside her immediate service area in Tshwane.

Dipuo is dedicated to empowering the youth while elevating the entertainment industry through diverse and flexible educational programmes that meet the needs of her students. Her passion is to inspire that dreams are within the reach of all who are willing to dedicate themselves to their talents and hard work.

To support her vision, influence, and overall contribution as an entrepreneur Dipuo serves as a mentor for the National Youth Development Agency (**NYDA**), and the Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority (**CATHSSETA**).

You may reach out to Puo Media School of Performing Arts at:

info@puomedia.co.za

https://www.facebook.com/puomedia?mibextid=LQQJ4d

https://instagram.com/puomedia?igshid=MzRlODBiNWFlZA==

2.6 Global comparison of entrepreneurial activity, societal attitudes, and self-perception

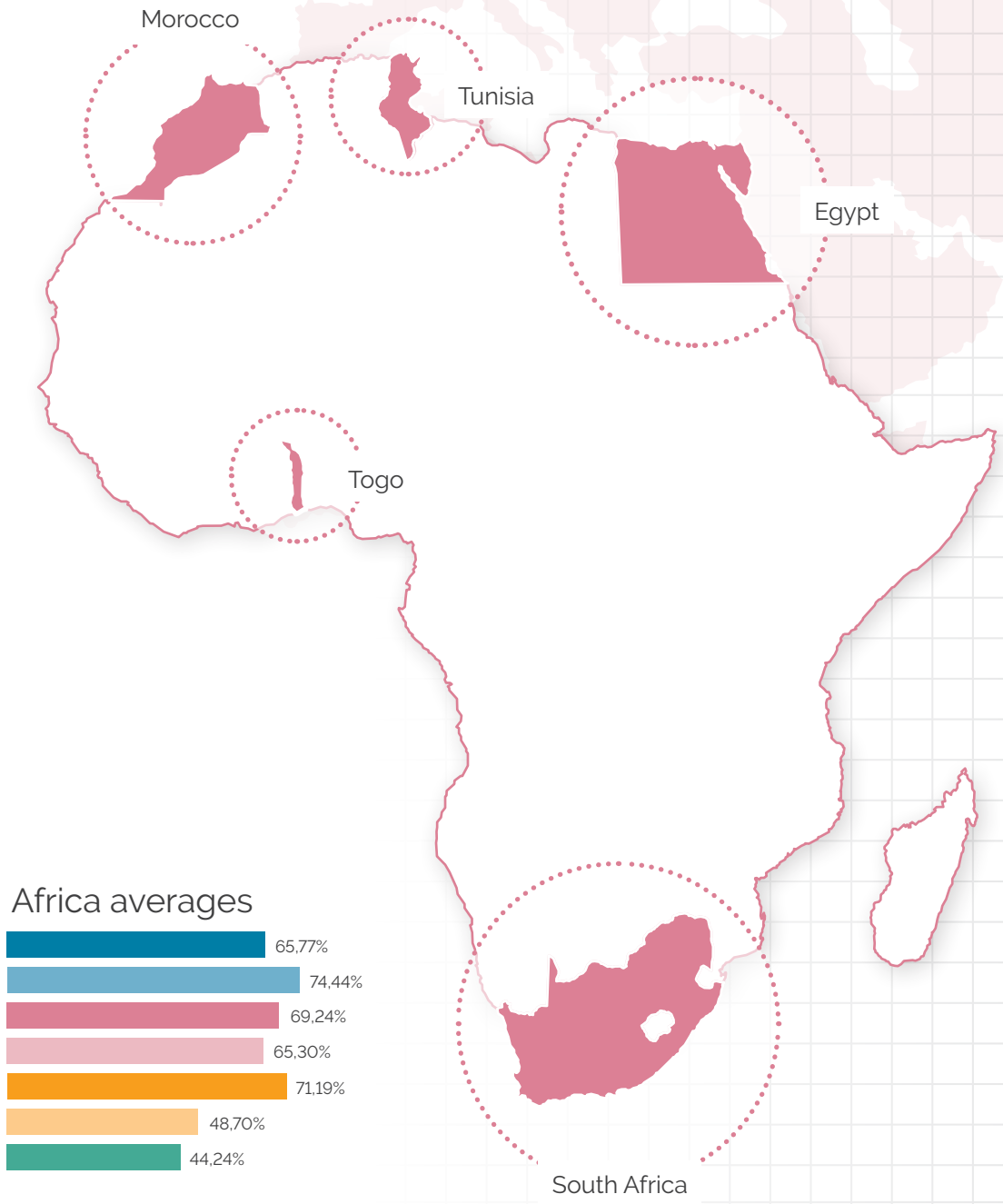
Table 2.2 shows comparisons between all the GEM participating countries in 2022 for entrepreneurial activity, societal attitudes, and self-perception. It also distinguishes between the different economic income levels.

Table 2.2: *Global comparison on entrepreneurial activity, societal attitudes, and self-perception*

	Societal attitudes			Self-perception				
Country	Good career choice (%)	High status (%)	Media attention (%)	Perceived good opportunities (%)	Perceived capabilities (Self-efficacy) (%)	Networking (%)	Fear of failure (Risk taking) (%)	
Austria	49,18	78,12	75,63	49,49	53,19	50,86	43,70	Level A >$40,000
Canada	68,74	79,66	74,84	58,84	55,40	47,26	52,26	
Cyprus	77,33	71,70	67,35	26,78	52,66	82,39	56,27	
France	67,76	55,43	74,91	52,36	49,77	59,65	49,59	
Germany	61,20	79,78	62,41	39,52	36,18	34,21	47,41	
Israel	65,34	81,34	56,12	46,75	35,41	59,22	56,48	
Japan	23,75	60,39	54,19	12,70	14,89	20,43	39,43	
Lithuania	69,62	62,76	69,19	40,38	49,78	53,08	53,69	
Luxembourg	-	-	-	52,38	50,04	41,26	46,25	
Netherlands	-	-	-	61,62	42,19	54,53	33,27	
Norway	67,19	88,53	79,93	73,56	49,22	42,57	39,32	
Qatar	79,61	88,11	79,09	80,97	64,05	64,21	42,37	
South Korea	58,90	90,13	72,72	41,03	54,81	39,45	21,95	
Saudi Arabia	94,85	96,73	95,04	89,50	88,13	88,20	57,33	
Slovenia	72,63	88,62	85,18	54,96	62,81	53,46	48,88	
Spain	47,01	55,44	46,85	26,03	46,52	41,29	58,45	
Sweden	-	-	-	76,72	49,42	53,80	45,48	
Switzerland	38,26	74,07	62,70	46,95	47,56	52,08	41,88	
United Arab Emirates	82,80	87,02	86,09	72,16	71,66	60,05	36,70	
United Kingdom	71,65	82,48	76,17	44,35	53,49	47,59	59,61	
United States	75,90	79,86	76,30	46,01	66,80	55,62	55,13	
Chile	79,84	65,40	71,82	50,50	70,09	68,55	50,23	
Croatia	63,04	54,83	67,12	60,02	73,61	66,48	52,22	Level B $20,000–$40,000
Greece	72,01	72,00	56,48	36,35	53,77	28,50	60,58	
Hungary	64,00	63,16	64,14	27,23	36,83	47,93	43,54	
Latvia	53,18	58,06	55,63	34,56	53,88	38,02	36,88	
Mexico	60,02	60,15	62,67	56,36	67,11	47,66	42,21	
Oman	75,06	76,23	74,60	75,66	57,63	58,48	34,54	
Panama	66,96	69,33	70,68	53,38	76,66	47,97	45,90	
Poland	41,89	63,77	37,99	72,26	47,79	46,69	57,48	
Puerto Rico				64,08	68,88	66,01	44,87	
Romania	81,74	84,56	71,22	63,75	62,68	46,20	58,05	
Serbia	74,94	81,41	76,79	37,76	66,13	54,55	56,47	
Slovakia	50,60	64,54	51,78	29,37	42,85	59,32	52,74	
Taiwan	48,25	57,97	75,65	46,81	39,94	28,96	44,54	
Uruguay	61,67	66,73	66,30	58,20	69,13	61,30	48,63	
South Africa	**79,77**	**79,84**	**82,75**	**61,31**	**63,73**	**33,55**	**51,25**	Level C <$20,000
Brazil	-	-	-	67,87	69,16	75,76	50,97	
China	72,14	84,41	82,89	56,48	54,36	56,27	62,66	
Colombia	56,17	61,64	62,22	53,44	66,56	63,80	38,53	
Egypt	71,24	78,31	75,85	63,71	62,76	32,94	43,43	
Guatemala	94,41	80,79	65,03	68,27	77,53	71,50	42,25	
India	82,46	90,52	84,59	75,45	78,08	47,41	51,16	
Indonesia	76,25	83,72	85,14	87,23	75,45	71,44	35,31	
Iran	52,97	89,25	53,82	51,29	54,23	64,12	41,45	
Morocco	80,39	85,56	70,38	62,49	63,33	51,58	46,85	
Togo	85,13	88,39	77,66	77,16	87,51	58,87	38,66	
Tunisia	80,65	83,72	62,28	61,80	78,62	66,55	41,01	
Venezuela				63,69	83,24	37,83	32,29	

*ND = No data available.
**Economies in GEM 2022, categorized by income group (GDP/cap)/Global Entrepreneurship Monitor 2022/2023 Global Report.

Figure 2.13: *Africa comparison of entrepreneurial activity, societal attitudes, and self-perception (2022) (Africa averages include South Africa)*



SECTION

03

ENTREPRENEURIAL ACTIVITY TRENDS IN SOUTH AFRICA

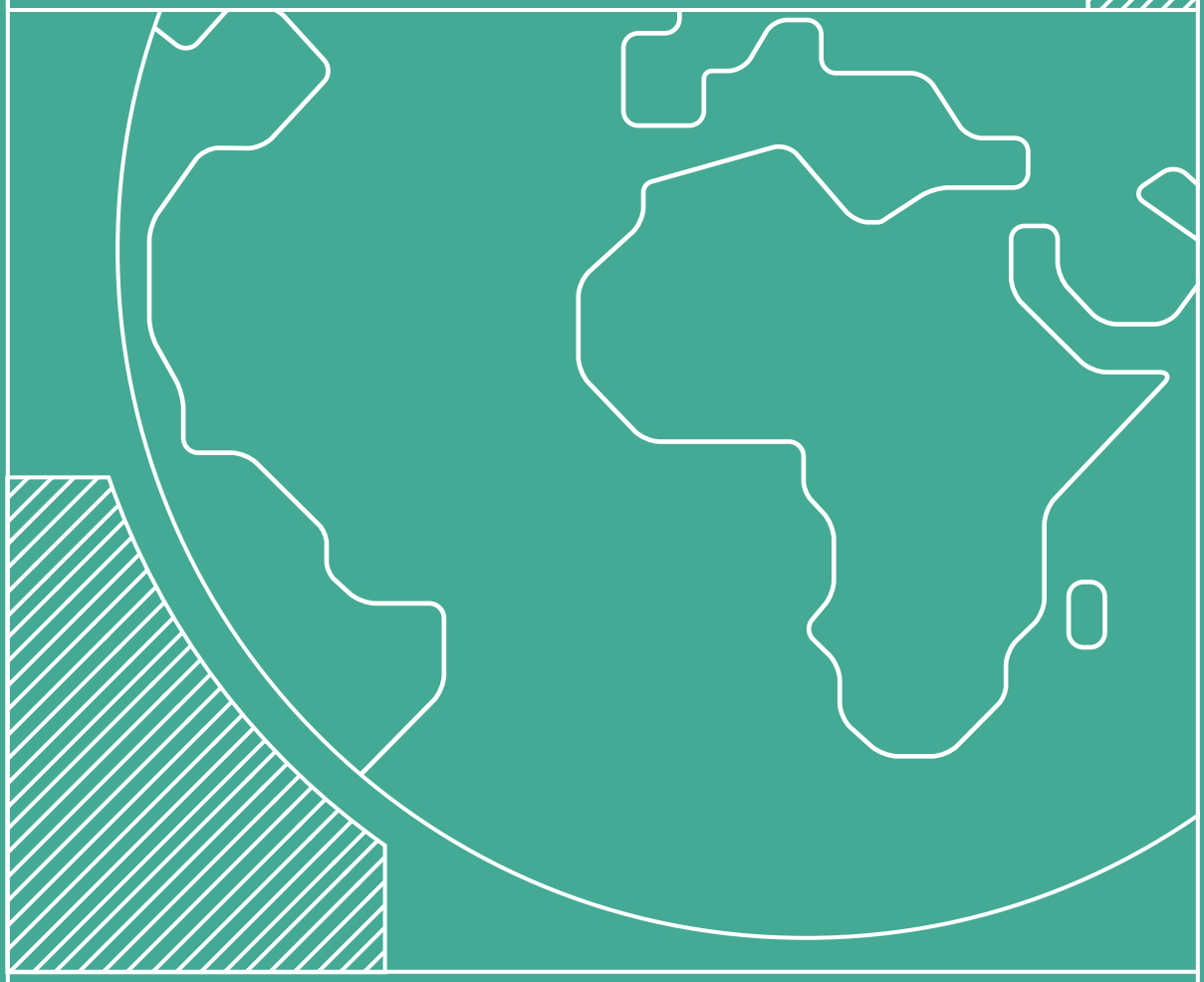
Entrepreneurship is pivotal for achieving inclusive economic participation, renewed economic vibrancy, and overall economic growth in South Africa.

This section explores entrepreneurship activity in South Africa and specifically, the trends over time for the phases and types of entrepreneurship.

Entrepreneurial activity trends in South Africa

Executive Summary

Level A: above $40,000 Level B: $20,000 -$40,000 Level C: below $20,000
Economies in GEM 2022, categorised by income group (GDP per capita)
Global Entrepreneurship Monitor 2022/2023



Entrepreneurial intentions

Level A: 20,6% Level B: 25,88% Level C: 35,6%
South Africa: 10,06% Global: 26,19%

Early-stage entrepreneurial

Level A: 11,12% Level B: 13,64% Level C: 15,07%
South Africa: 8,47% Global: 12,9%

Nascent entrepreneurship

Level A: 6,83% Level B: 8,87% Level C: 8,57%
South Africa: 5,83% Global: 7,9%

Established business

Level A: 6,89% Level B: 6,92% Level C: 7,29%
South Africa: 1,84% Global: 7%

New business ownership rate

Level A: 4,6% Level B: 4,95% Level C: 6,84%
South Africa: 2,64% Global: 5,3%

Business discontinuance

Level A: 5,15% Level B: 5,37% Level C: 3,62%
South Africa: 4,85% Global: 5,8%

SECTION 3

ENTREPRENEURIAL ACTIVITY TRENDS IN SOUTH AFRICA

3.1 Entrepreneurship matters

"Entrepreneurship matters and it matters greatly. Entrepreneurship brings jobs and income, turns ideas into new goods and services, hastens structural change, and improves lives. Few propositions have the transformative power of new businesses, with entrepreneurs helping to build a more prosperous, inclusive, socially and environmentally conscious future along with commercial benefits. While there is no doubt that the road to economic recovery and sustainability is currently a rocky one, successful entrepreneurship can assist economic recovery, help to create innovative business models, offer new ways to live, work and consume, and fulfill the ambitions of creative, optimistic, and determined people".[16]

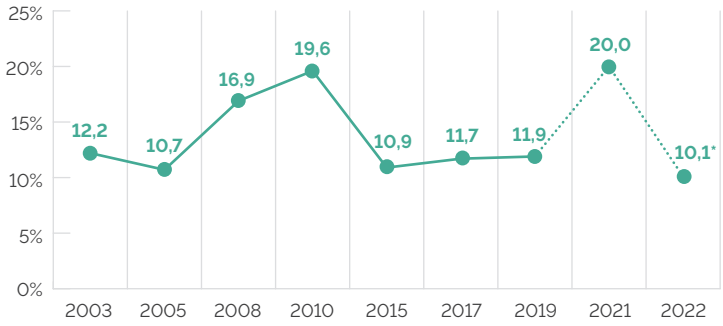
[16] GEM (Global Entrepreneurship Monitor) (2023, p.19). Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a "New Normal". London: GEM.

3.2 Entrepreneurial intentions

Entrepreneurial intentions are important to track, as they are somewhat of a lead indicator of the adult population's future rate of entrepreneurial activity. It is important to note that entrepreneurial intentions do not necessarily translate into actually starting a new business. To name a few, factors such as capability, risk propensity, economic conditions, finance, and concern about not succeeding can all mitigate against a decision to actually start a new entrepreneurial venture.

Entrepreneurial intention, as a measure, is the percentage of the population between the ages of 16 to 64 years old, excluding individuals involved in any stage of entrepreneurial activity, who are latent entrepreneurs intending to start a business within the next 3 years.

Figure 3.1: *Entrepreneurial intentions in South Africa (2003 - 2022)*



*Read as 10,1% of the adult population in 2022, excluding individuals involved in any stage of entrepreneurial activity, showed intention to start a business within the next 3 years.

Figure 3.1 shows that in 2022, 10,1% of the adult population, not involved in any entrepreneurial activity, indicated that they intended to start a business in the next 3 years.

This is a significant, almost 50% drop in entrepreneurial intentions from 2021 when we saw a 20% to 10,1% ratio.

The data for 2022 indicates the lowest-ever rate recorded for entrepreneurial intentions since 2003 in South Africa. Previously recorded lows were tallied at 10,7% in 2005, and 10,9% in 2015.

Entrepreneurial intentions are influenced by a myriad of complex internal and external factors, such as personal preferences, capability, risk propensity, access to talent and finance, economic and regulatory conditions, and others at the time of measurement.

The peaks reflected in the data, indicating 19,6% in 2010, and 20% in 2021, are both in the aftermath of global crises; the 2007/2008 financial crisis and the COVID-19 pandemic 2019/2020, respectively.

These peaks are likely a result of people contemplating starting a new business venture due to the push effect caused by losing formal employment, not being able to find new employment, or by the pull effect from emerging opportunities, new market demands, or the need for innovation and the disruption of existing business models.

3.3 Entrepreneurial activity across the different stages of business

GEM views entrepreneurship through its stages of establishment, growth, and consolidation. Essentially, this is reflected in the form of intention to start a new business, nascent entrepreneurs, new business owners, established business owners, and business exits.

The key GEM entrepreneurship activity measures

1. Total early-stage Entrepreneurial Activity (TEA):

This is the core GEM indicator and measures the percentage of the adult population participating in the two initial stages of the entrepreneurial cycle.

a) Nascent entrepreneurs who have committed resources to start a business, and are actively involved in setting up a business that they will own or co-own, but have not yet paid salaries, wages, or any other payments to the founders for more than 3 months.

b) New business owners who have moved beyond the nascent stage, and are currently owner-managers of new businesses that have paid salaries, wages, or any other payments to the owners for more than 3 months, but not for more than 42 months (3.5 years).

2. Established Business Ownership (EBO):

The percentage of the adult population who are currently owner-managers of established businesses, i.e., who are owners and managing running businesses that have paid salaries, wages, or any other payments to the owners for more than 42 months (3.5+ years).

3. Entrepreneurial Employee Activity (EEA):

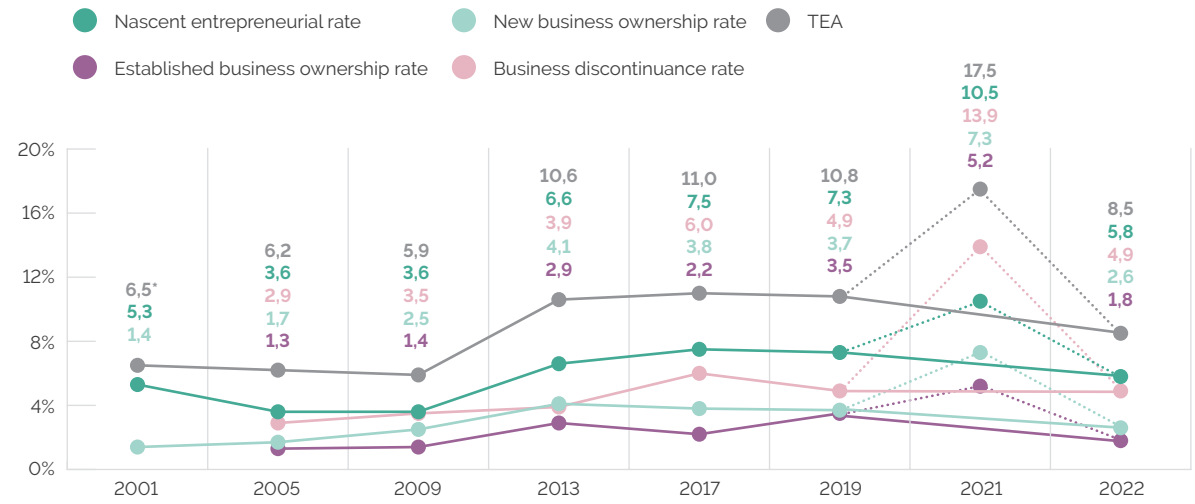
The percentage of the adult population who, as employees, have been involved in entrepreneurial activities, such as developing and launching new goods and services or setting up a new business unit, a new establishment, or a subsidiary in the last 3 years.

4. Business exit rate:

The percentage of the adult population who have exited a business in the past 12 months, either by selling, shutting down, or otherwise discontinuing an owner-management relationship with that business.

Figure 3.2 tracks the prevalence rates of entrepreneurial activity between 2001 and 2022. Across all indicators, the entrepreneurial prevalence rates show a marked upward trend between 2001 and 2019, with a significant upward spike in 2021, and then dropping to below the 2019 rates in 2022.

Figure 3.2: *Prevalence rates (%) of entrepreneurial activity in South Africa (2001 - 2022)*



*Read as 6,5 % of the adult population were engaged in TEA (Total Early-Stage Entrepreneurial Activity) in 2001.

As can be seen from **Figure 3.2**, the nascent entrepreneurial rate was 5,3% in 2001, below 5% between 2001 and 2009, increased to 7,5% in 2017, and is 5,8% in 2022.

The new business ownership rate remains low at 2,6% in 2022 and ranges between 1,4% and 2,5% from 2001 to 2009 and between 4,1% and 3,7% from 2013 to 2019.

The TEA rate ranged from 6,5% to 5,9% between 2001 and 2009, then showed a significant increase in 2013 and remained above 10% until 2019. The TEA rate then falls back to 8,5% in 2022.

The established ownership rate was below 1,5% between 2005 and 2009, peaked at 3,5% in 2019 and 5,2% in 2021, and is significantly down to 1,8% in 2022.

The business discontinuance rate was below 4% between 2005 and 2013. In this case, a lower rate reflects better performance (i.e., fewer businesses closing down). It peaked at 6% in 2017 but recovered to 4,9% in 2019. As with the spike in other entrepreneurial activity rates in 2021, the business discontinuance rate also reached an all-time high in 2021 at 13,9% but recovered to 4,9% in 2022.

Interpreting the 2021 South African entrepreneurship activity rates

The entrepreneurial prevalence, or activity rates for South Africa in 2021 were anomalies to an extent, as they were unexpected and deviated substantially from the **TEA** rates found between 2013 and 2019, ranging between 10% - 11%.

Similar trends were observed in the **new business ownership rate**, which almost doubled from 3,7% in 2019 to 7,3% in 2021. This rate has since reduced to 2,6% in 2022.

South Africa's **nascent entrepreneurial rate** increased from 7,3% in 2019 to 10,5% in 2021.

The **established business ownership rate** increased by 1,7% between 2029 and 2021 (3,5% in 2019 and 5,2% in 2021) and has since dipped to 1,8% in 2022.

The **business discontinuance rate** peaked at 13,9% in 2021 and is 4,9% in 2022.

Globally, there were substantial variations in the levels of entrepreneurial activity across economies in 2021. For example, the **TEA** rates for Level A income countries ranged between 4% and 20%, for Level B income countries between 2% and 30%, and for Level C income countries between 6% and 42%. The extent to which the COVID-19 pandemic influenced entrepreneurship levels remains complex. Still, the associated lockdowns and related restrictions seriously disrupted how people worked, negatively impacted trade and markets, and put pressure on economies worldwide. At the same time, this crisis presented "problems to be solved", and many new and established businesses pursued these opportunities. Level A economies generally experienced an initial dip in entrepreneurial activity, but governments provided better support schemes for recovery in these economies. In level B and C economies, there was generally less business support, as well as possibly fewer available jobs and income alternatives, which may have pushed more people into starting their own businesses in 2020 and 2021.[17] Spikes were also experienced in unemployment rates, and this could be another reason people reverted to temporary business opportunities. Research has shown that there is a direct relationship between unemployment and entrepreneurial activity and that unemployment may lead to higher entrepreneurial rates, but also that higher entrepreneurial rates may also lead to increased employment depending on the economic situation.[18]

Other aspects that may have influenced the TEA and spikes in other rates could include the acceleration of digital tools due to increased remote work, a shift in consumer behaviour patterns, government support (to an extent), lower entry barriers, and opportunities directly related to the pandemic.

While entrepreneurial rates increased during the pandemic, not all businesses were successful, and many faced significant challenges. The long-term consequences of this surge in entrepreneurship will be determined as the world adjusts to the post-pandemic landscape.

Collecting national-level data at the back end of the pandemic presented many challenges, to both the field researchers collecting data and the respondents, who, given the spike in redundancies, overall unemployment, and the prevailing economic environment, may have over-stated actual involvement in entrepreneurial activity with the intention to do so. The increase in the established ownership rate is, however, difficult to explain as it reduces to around the 2019 level in 2022.

[17] GEM (Global Entrepreneurship Monitor) 2022. Global Entrepreneurship Monitor 2021/2022 Global Report: Opportunity Amid Disruption. London: GEM.

[18] Meyer, N. & Meyer, D.F. (2017). An econometric analysis of entrepreneurial activity, economic growth, and employment: The case of the BRICS countries. *International Journal of Economic Perspectives*, 11(2):429-441.

Table 3.1: *Reasons for business exits in South Africa (2019 - 2022). The percentage of entrepreneurs exiting a business in the previous year*

Reason	2019	2021	2022
Opportunity to sell	3,2	6,0	1,0
Business not profitable	33,1	23,7	24,2
Problems getting finance	28,8	21,8	25,2
Another job or business opportunity	9,9	5,9	4,5
Exit was planned in advance	2,4	2,1	0,3
Retirement	3,2	2,0	0,9
Family or personal reasons	17,4	5,3	14,4
Incident	1,2	0,5	4,0
Government/tax policy/bureaucracy	0,8	1,5	0,7
The coronavirus pandemic	-	29,8	24,7

Table 3.1 shows the reasons for business owners exiting their businesses between 2019 and 2022.

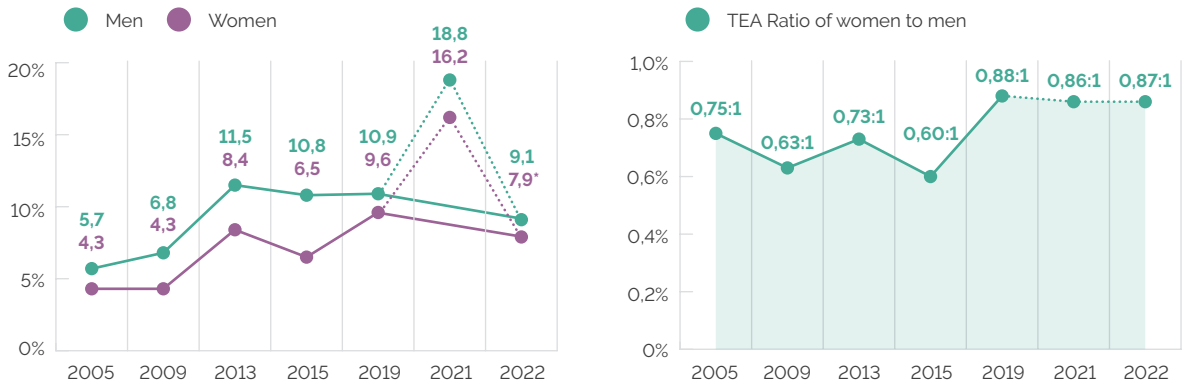
As expected, the leading reason in 2021 was the impact caused by the COVID-19 pandemic, followed by an unprofitable business (23,7%), which could also indirectly be due to the effect of the pandemic on markets, and thirdly, problems accessing finance.

Access to finance (25,2%) is the leading reason in 2022 and has increased by 3,4% year on year, followed by the COVID-19 pandemic (24,7%), and thirdly, an unprofitable business (24,2%). Familial or personal reasons (14,4%) have increased by 9,1% year after year.

Accessing finance, as opposed to the availability of finance, is a challenge among nascent and new entrepreneurs in South Africa.

3.4 Gender comparison of entrepreneurial activity

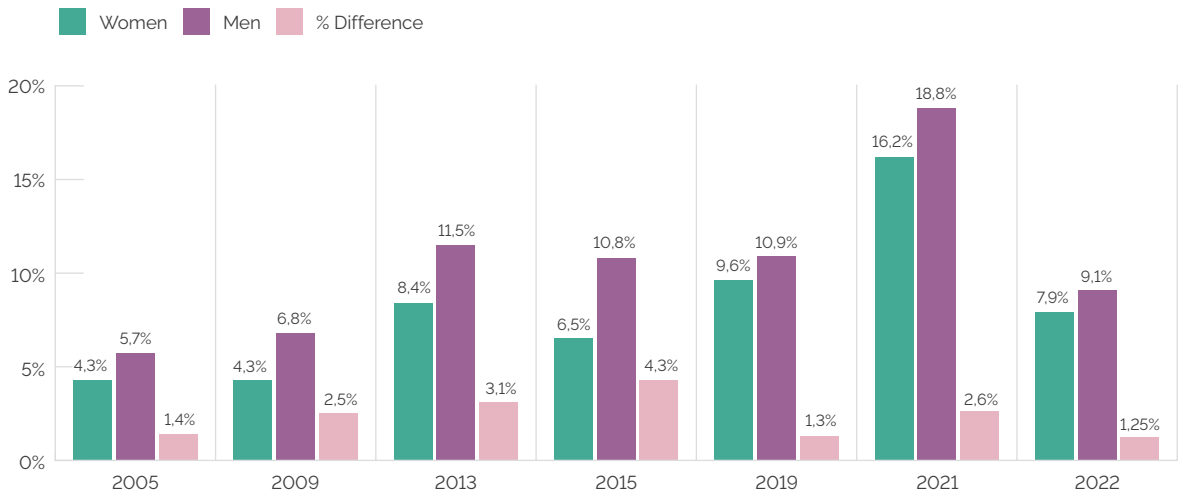
Figure 3.3: *Total early-stage Entrepreneurial Activity (TEA) by gender in South Africa (2005 - 2022)*



*Read as 7,9% of adult women were engaged in Total early-stage Entrepreneurial Activity (TEA) in 2022.

Figure 3.3 shows the level of Total early-stage Entrepreneurial Activity (TEA), among men and women respectively, for South Africa from 2005 to 2022. The 2022 TEA rate for men (9,1%) is 1,2% higher than for women entrepreneurs (7,9%). The TEA ratio of women to men within the adult population in 2022 was 0,87:1, which has been similar since 2019. South Africa's gender ratio is outperforming many other GEM participating countries, indicating that women entrepreneurs are taking opportunities and establishing themselves as business owners.

Figure 3.4: *Total early-stage Entrepreneurial Activity (TEA) by gender, including % difference, in South Africa (2005 - 2022)*



*Read as 7,9% of adult women were engaged in Total early-stage Entrepreneurial Activity (TEA) in 2022.

Figure 3.4 shows a gender comparison of TEA rates between 2005 and 2022. The TEA rate differences between men and women have fluctuated from a high of 4,3% in 2015 to a low of 1,3% in 2019. The difference in 2022 is the lowest since 2005, at 1,25%. This positive trend may reflect the successes of policies and initiatives aimed at supporting women entrepreneurship development in South Africa.

Closing the gender gap and providing the necessary support to increase women's entrepreneurial activity would substantially increase the number of new businesses, and provide new jobs and income opportunities, often to those who need them most.

Figure 3.5: *Different stages of entrepreneurial activity by gender (2022)*

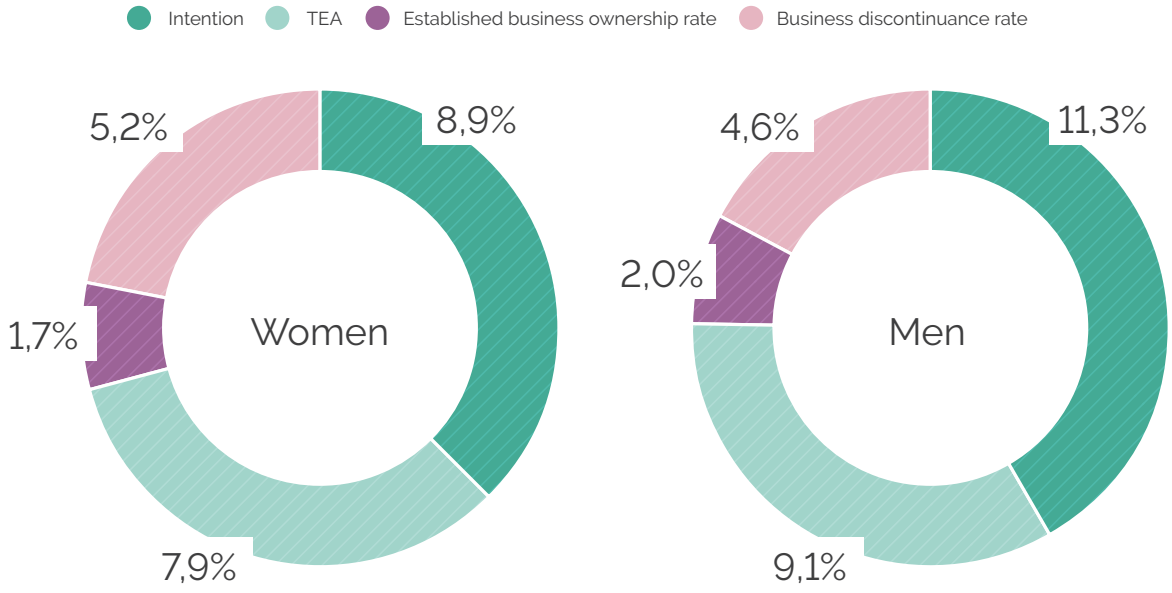


Figure 3.5 shows that entrepreneurial intention of the general population is higher in men at 11,3% than in women at 8,9%, the difference being 2,4%. Interestingly enough, there is only a 0,3% difference in the established business ownership rate between women (1,7%) and men (2%). The total South African business discontinuance rate in 2022 was 4,9%. In the same year, the business discontinuance rate was higher for women at 5,2% than for men at 4,6%. This data shows that, although the gender gap between male and female entrepreneurs is closing (**Figure 3.3**), women are still prone to have lower intention, TEA, and established businesses, and higher business discontinuation rates. This also needs to improve the ratio of women to men in business.

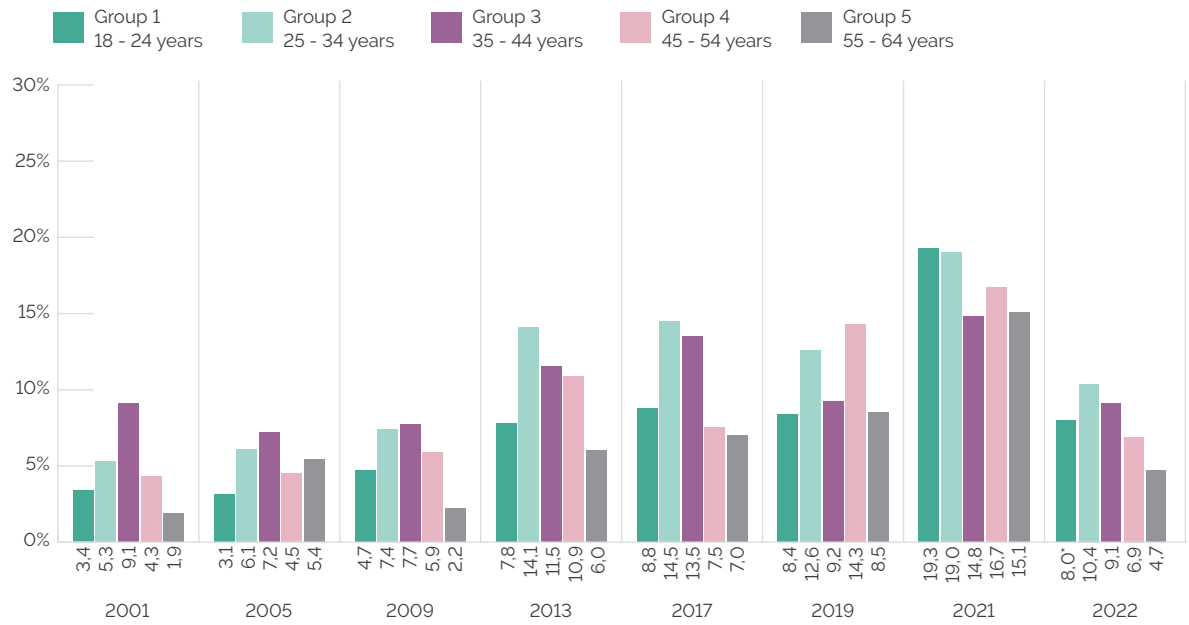
3.5 Age comparison of entrepreneurial activity

Figure 3.6 shows the TEA by age category from 2001 to 2002.

Considering South Africa's high youth unemployment rate, it is promising that we see relatively high TEA rates for age groups of 18 to 24-year-olds (8%) and 25 to 34-year-olds (10,4%), with the latter age group also showing the highest TEA rate for all age group categories.

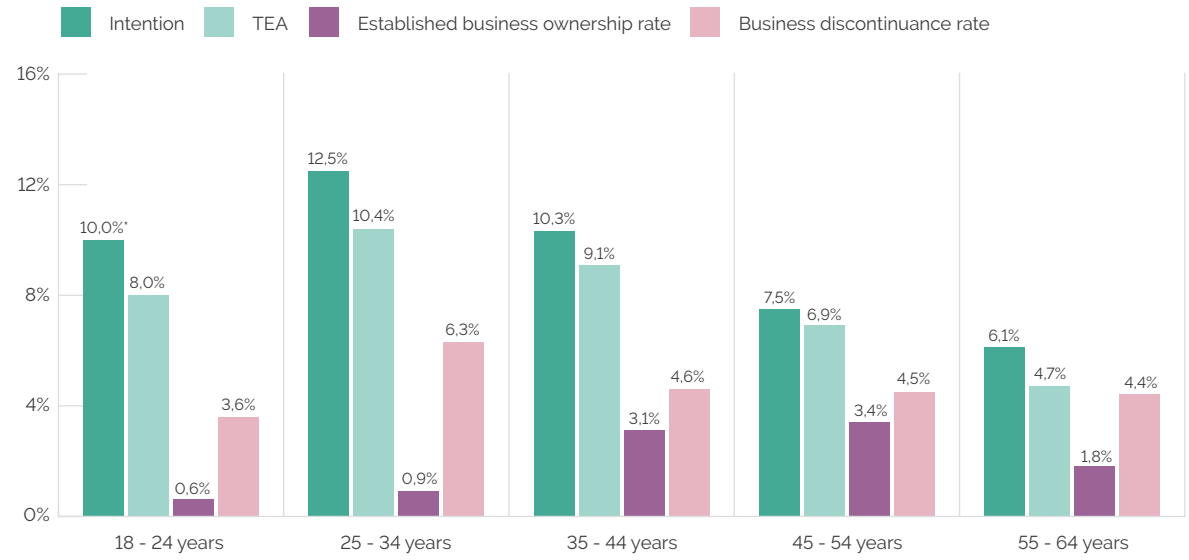
For the youth age group categories, the TEA rate for 18 to 24-year-olds has increased from 3,4% in 2001 to 8% in 2022, and for 25 to 34-year-olds, from 5,3% in 2001 to 10,4% in 2022.

Figure 3.6: *TEA by age in South Africa (2022) (%)*



*Read as 8,0% of the adults between 18 and 24 years were engaged in TEA (Total Early-Stage Entrepreneurial Activity) in 2022.

Figure 3.7: *Different stages of entrepreneurial activity by age (2022) (%)*



*Read as, during 2022, 10,0% of the adults between the ages of 18 and 24 intended to start a business in the next 3 years.

As can be seen from **Figure 3.7**, entrepreneurial intentions are highest between the ages of 25 to 34 at 12,5%, followed by the age category of 35 to 44 at 10,3%, and thirdly, the 18 to 24-year-olds at 10%. These findings bode well for the future of youth entrepreneurship actualisation.

The same patterns for these age categories are seen for TEA at 10,4%, 9,1%, and 8% respectively.

The TEA rates for 18 to 24-year-olds have increased from 3,4% in 2001 to 8% in 2022. For 25 to 34-year-olds, the TEA rates increased from 5,3% to 10,4% in 2022.

The established business ownership is highest for the 45 to 54-year age category at 3,4%, followed by the 35 to 44-year age category at 3,1%. Conversely, it is low for 18 to 24-year-olds at 0,6% and for 25 to 34-year-olds at 0,9%.

The business discontinuance rate is highest for the age category between 25 to 34 years old at 6,3%, which, if continued, would offset the positive TEA rate for this age category and its eventual entrepreneurial success. Business discontinuance is lowest for the 18 to 24 age category at 3,6%, which is positive, and is between 4,0% and 5,0% for the balance of the age categories.

3.6 Race comparison of entrepreneurial activity

Figure 3.8 compares the TEA rates by race in South Africa between 2005 and 2022, with overall increased TEA rates across race categories over time.

African TEA rates increased from 4,1% in 2005, peakig at 10,9% in 2019 and 9,0% in 2022.

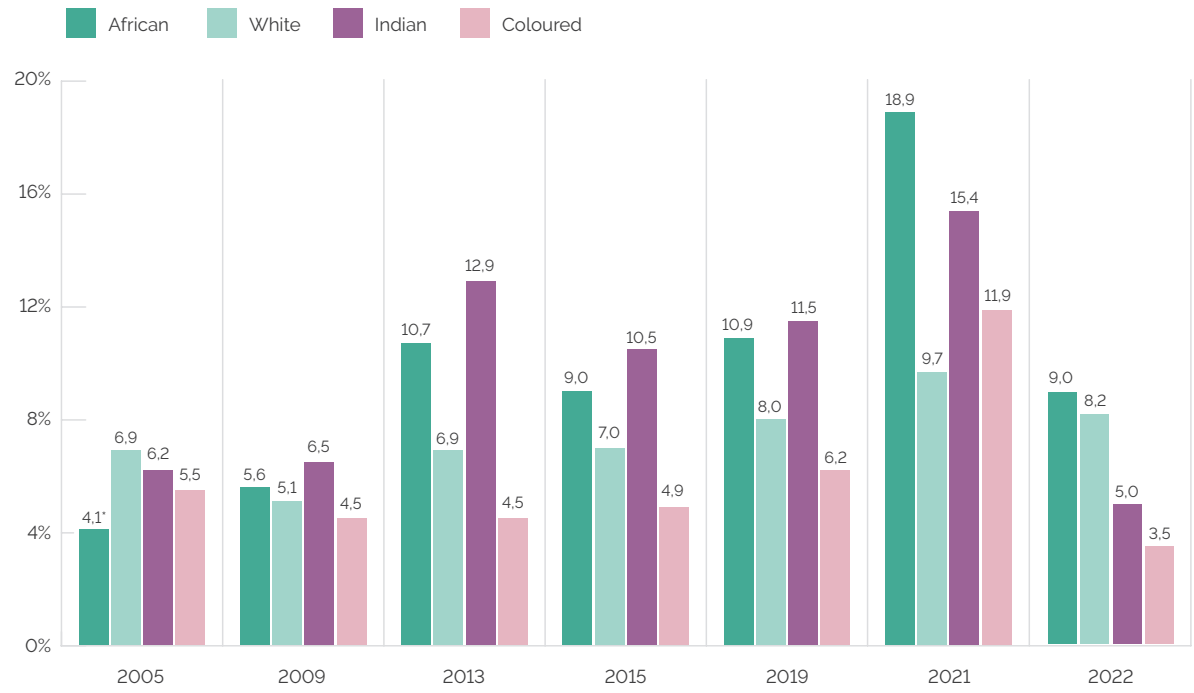
White TEA rates were 6,9% in 2005, increasing steadily to 8,2% in 2022.

Indian TEA rates were 6,2% in 2005 and increased significantly over time, with highs in 2013 (12,9%) and 2019 (11,5%). The TEA rate unexpectedly dropped to 5,0% in 2022.

Coloured TEA rates were 5,5% in 2005, peaking at 6,2% in 2019, but dropped to 3,5% in 2022.

For the 3 race categories, TEA rates declined between 2019 and 2022, depicting the TEA for Africans at 10,9% to 9,0%, Indians from 11,5% to 5,0%, and Coloureds from 6,2% to 3,5%. For Whites, the TEA rate increased from 8,0% to 8,2%.

Figure 3.8: *TEA by race in South Africa (2005 - 2022) (%)*



*Read as 4,1 % of Africans were engaged in early-stage entrepreneurial activity in 2005.

MY JOURNEY OF HEALING AND SUCCESS

Hykie Berg is a prominent South African actor, social media ambassador, influencer, public speaker, and writer. However, the business that afforded him and his wife, Gerridene, the privilege of having financial freedom is their online business, marketing award-winning health products from Mannatech.

Mannatech, a natural and plant-sourced nutrient supplement company based in Dallas, Texas, has a unique brand of health products that changed Hykie Berg's life about 7 years ago. He was severely ill and faced terrible health challenges. His medical bills ranged between R3 000.00 - R5 000.00 every month, over many years. A friend of Hykie's came to him and said, "Listen, I want you to use these products." Hykie began using the products as suggested, and approximately 9 months later, he was off all other medications. That was 7 years ago, and he has not been ill since.

"When you've got a sound vision for your life, your company, and your family, you have an excellent foundation for success."

After realising what the product did for him, he thought, "Why don't people know about this stuff?" This prompted Hykie to conduct extensive research, and he decided to get involved. The business follows a direct-sales distribution model, meaning there are no stores, and sales of products generate revenue through a network of salespeople or independent business units, who sell directly to customers. As an online business model, it also means there is very little financial risk. In other words, you get a business-in-a-box with the opportunity to build and manage it at your own pace.

Hykie believes that many people deem themselves entrepreneurs when they are actually just self-employed. In other words, "they have to continuously invest their time in their business— they must be there; they have to sell their time for money, otherwise, there are no financial returns." He goes on to explain that, in such a case, you don't own the business and that the business actually owns you. He defines entrepreneurship as setting up a business, building your brand, and waiting for it to generate income without relinquishing your time for money. Of course, this does not mean you have to do nothing. It merely means that you do not have to break your back to keep the business afloat. According to Hykie, entrepreneurs must learn to leverage their time. He stresses again that merely owning a business does not necessarily mean you are an entrepreneur.

Hykie has observed that one of the most important objectives for entrepreneurs is to learn to understand the benefits of delayed gratification. According to Hykie, we as a society tend to desire immediate gratification and success, which is not a realistic expectation. However, he reassures that the hard work required in the beginning will bear fruit at some point in the future. According to Hykie's precept, entrepreneurs must work hard and consistently live by faith, after which the harvest will come at the appointed time. He also thinks it crucial that entrepreneurs remain consistent, motivated, and dedicated to their tasks. This requires self-discipline, which will later develop into self-esteem and build self-confidence. He also cautions that some might view direct distribution models merely as a hobby since no initial capital is injected into the business. He feels that individuals in this frame of mind won't be successful. His solution— to treat it like a business with an initial investment of R7 million (as in the case of Mannatech), and you'll reap the benefits.

Overall, Hykie's advice to other entrepreneurs is to focus on your vision and your dream. He states that, "Even if your plan doesn't work, just revise the plan, but never give up on pursuing your dream." He also advises other entrepreneurs to self-reflect, learn from others, and learn from their own mistakes. He further suggests that entrepreneurs need to invest in themselves for personal growth and development. Lastly, Hykie advises that once your business becomes profitable, do not let the success consume your life, but maintain a pragmatic work/life balance so as to preserve that loving relationship with your family. Furthermore, that there are more important things in life than making money.

You may reach out to Hykie at:

www.hykieberg.com

Hello@hykieberg.com

https://www.linkedin.com/in/hykieberg

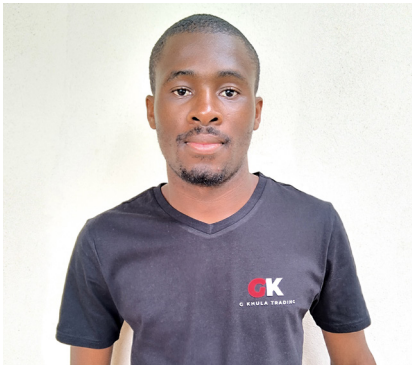
https://www.facebook.com/hykieberg?mibextid=ZbWKwL

3.7 Global comparison of entrepreneurial activity

This section includes comparisons between all the GEM participating countries for the entrepreneurial intention, nascent entrepreneurship, new business ownership, TEA established business ownership, and the business discontinuance rates for 2022 (**See Table 3.2**). It also distinguishes between the different income levels. Lastly, a reflection of how South Africa compares to other GEM Africa countries, such as Morocco, Togo, Tunisia, and Egypt, at the end of this section (**See Figure 3.9**).

Table 3.2: *Entrepreneurial activity and outcomes in South Africa and other countries (2022)*

Country	Entrepreneurial intentions rate (%)	Nascent entrepreneurship rate (%)	New business ownership rate (%)	Early-stage entrepreneurial activity rate (TEA rate) (%)	Established business ownership rate (%)	Business discontinuance rate (%)	
Austria	8,45	4,56	2,39	6,79	8,34	3,69	Level A >$40,000
Canada	20,08	10,01	7,76	16,53	6,21	8,19	
Cyprus	21,08	4,66	3,89	8,32	5,73	4,06	
France	18,78	7,18	2,25	9,16	2,94	3,59	
Germany	10,31	5,58	4,21	9,09	3,58	5,20	
Israel	16,20	5,19	3,75	8,69	3,45	3,70	
Japan	9,26	3,95	2,72	6,35	6,34	1,95	
Lithuania	19,14	6,91	5,86	12,73	8,28	4,20	
Luxembourg	18,36	4,51	2,58	7,00	5,28	4,48	
Netherlands	20,45	7,03	5,85	12,45	6,80	5,63	
Norway	6,96	4,60	1,91	6,47	5,56	1,63	
Qatar	44,93	6,83	4,07	10,70	3,86	9,10	
South Korea	34,20	8,80	3,15	11,90	19,90	3,50	
Saudi Arabia	36,27	8,87	10,41	19,24	9,73	11,53	
Slovenia	17,19	4,44	3,60	8,03	8,09	2,47	
Spain	9,37	3,14	2,85	5,96	7,01	2,50	
Sweden	15,98	6,73	2,50	9,09	4,79	4,05	
Switzerland	14,23	5,11	2,33	7,37	8,23	2,23	
United Arab Emirates	55,88	15,55	11,53	25,52	4,53	14,61	
United Kingdom	13,02	8,20	5,01	12,89	6,84	2,79	
United States	22,51	11,58	7,91	19,19	9,18	9,14	
Chile	48,22	18,43	8,88	27,01	7,32	7,63	Level B $20,000–$40,000
Croatia	26,44	9,64	3,87	13,23	3,40	3,60	
Greece	9,49	2,96	2,04	4,85	13,34	2,04	
Hungary	11,10	5,67	4,33	9,88	6,94	1,87	
Latvia	23,48	8,93	5,64	14,20	12,34	3,88	
Mexico	24,16	8,74	4,36	12,90	1,58	9,53	
Oman	47,23	7,33	4,44	11,67	4,08	11,16	
Panama	60,06	16,28	11,79	27,87	5,84	11,14	
Poland	3,18	0,80	0,76	1,56	9,79	3,74	
Puerto Rico	33,74	14,82	5,45	20,04	5,61	3,65	
Romania	13,45	4,06	4,65	8,25	8,61	1,64	
Serbia	18,59	8,44	2,08	10,48	2,94	3,72	
Slovakia	13,08	7,07	3,71	10,73	6,56	5,26	
Taiwan	16,82	1,95	3,70	5,56	9,02	1,92	
Uruguay	39,14	17,91	8,63	26,30	6,36	9,76	
South Africa	**10,06**	**5,83**	**2,64**	**8,47**	**1,84**	**4,85**	Level C <$20,000
Brazil	51,79	7,52	12,60	20,03	10,37	13,04	
China	9,73	1,58	4,50	5,98	3,18	3,40	
Colombia	26,40	17,13	11,13	27,96	5,06	6,36	
Egypt	48,31	2,96	3,73	6,62	2,60	9,83	
Guatemala	47,29	16,67	15,47	29,42	11,55	7,20	
India	22,23	7,66	3,93	11,52	9,04	6,29	
Indonesia	35,91	3,52	4,65	8,07	5,69	10,47	
Iran	33,16	8,32	8,36	16,44	10,77	7,37	
Morocco	36,39	2,05	2,22	4,24	4,12	4,25	
Togo	52,48	15,23	9,26	24,10	17,97	9,72	
Tunisia	53,44	11,97	5,29	17,14	10,04	8,77	
Venezuela	35,62	10,89	5,18	15,94	2,57	5,34	



AMBITIOUS ENTREPRENEUR FROM A HUMBLE BACKGROUND

G Khula Trading was founded about four years ago by Cebolenkosi Gcabashe as a black-owned enterprise that specialises in cleaning and hygiene. This young, student-owned company was started with personal funds and supported by diverse organisations that focus on helping unemployed youth secure meaningful work. The company currently has nine part-time young employees involved in seasonal work. Thus far, the company has grown its capital assets to R72 000, and Cebolenkosi has been honoured as an Anzisha Prize finalist for 2023. This prize recognises young business owners who have excelled as entrepreneurs.

Cebolenkosi has always aspired to start his own business, but did not understand precisely what type of business he wanted to be in. The birth of this entrepreneurial idea was prompted by a conversations with a relative, which centred on the importance of keeping the youth through some form of employment, in order to both productive and remain out of trouble.

In essence, this business was created to make a difference through promoting youth employment. It started up as and interior and exterior cleaning service to help restore properties to their original market value. He used his own personal funds for startup capital and later received his first National Youth Development Agency (NYDA) funding worth R20 000, which has mushroomed to others wanting to invest in his enterprise. Cebolenkosi also advocates that maintaining proper records of transactions and using appropriate accounting principles are a must to continue building and expanding a business.

G Khula Trading has contributed to increasing youth employment, has made social impact and created value for local communities, has contributed to improving the environment, and has enhanced local property values. In the beginning, all profits were reinvested in purchasing new equipment, such as machinery, while also employing more young men and women.

To grow the business the owner developed marketing strategies that took advantage of various digital media and social platforms to attract more commercial and residential clients.

In other words, Mr Gcabashe developed a successful business through hard work, tenacity, dedication, and patience to reach his goals.

Cebolenkosi's success has been an inspiration to others, and he has recruited other ambitious young people who may follow in his footsteps. In short, he leads by example, which is the primary driver that has led to his business success and his plans for further expansion.

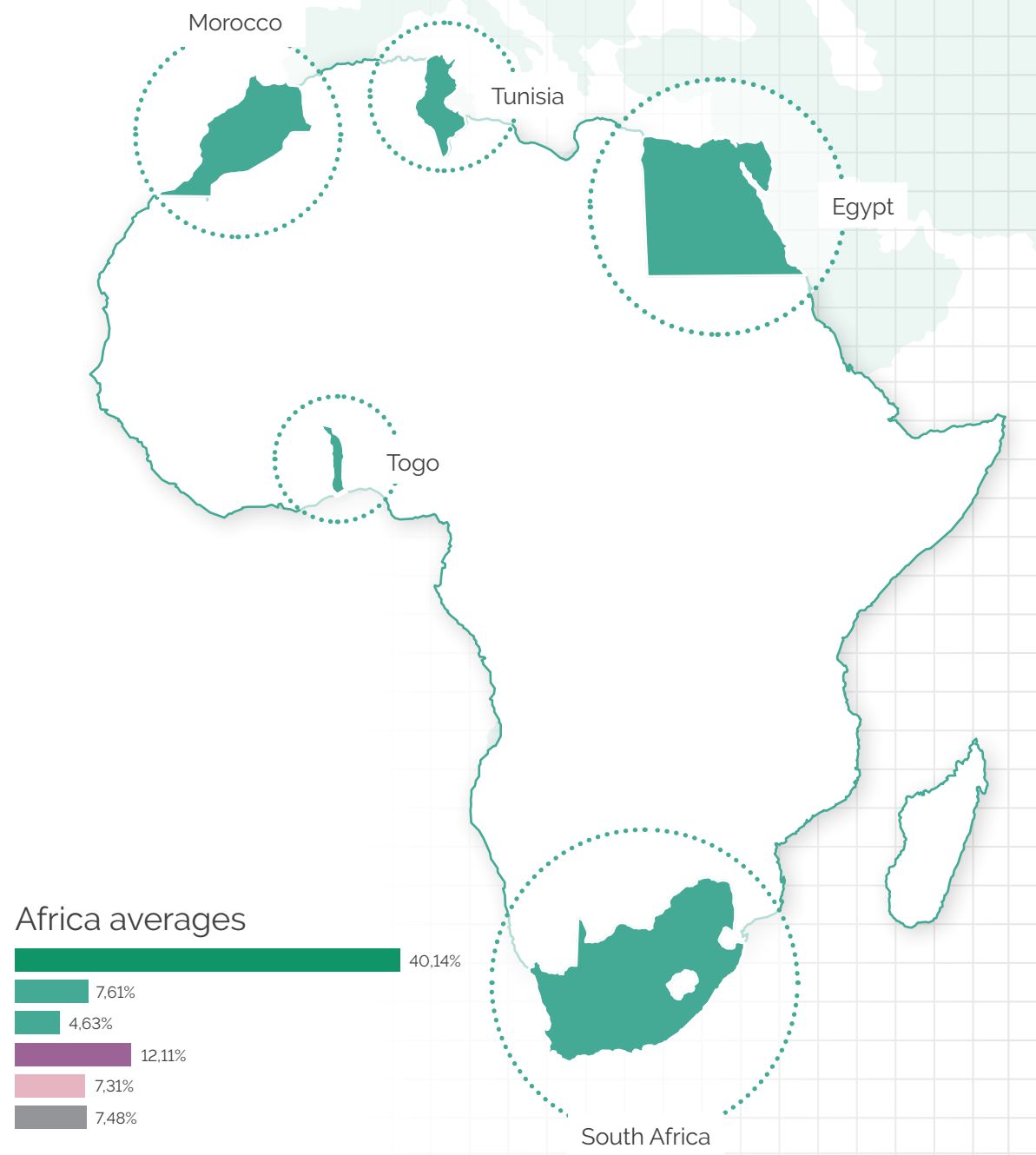
Overall, his business value is predicated not only on profit, but by providing youth employment opportunities and creating social and environmental enhancements that bring value and pride to local communities. His business is a great example of how the youth can overcome obstacles in their lives, pursue their entrepreneurial dreams, and make dreams a reality. To build a successful business fundamentally requires hard work, tenacity, dedication, and patience to reach your goals.

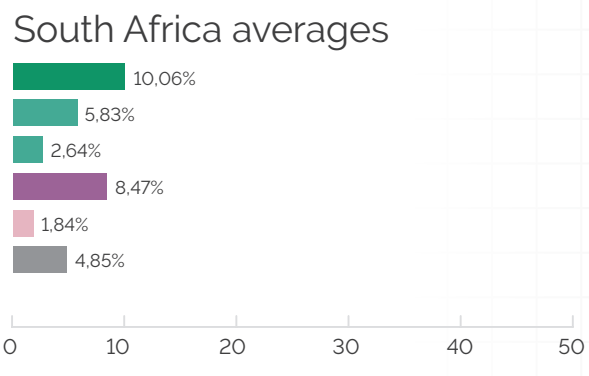
"Start where you are with what you have ..... the rest will be acquired along the journey."

You may reach out to G Khula Trading:

msendicebolenkosi@gmail.com

Figure 3.9: *Entrepreneurship activity Africa perspective (2022)*
(Africa averages include South Africa)





SECTION

04

ENTREPRENEURIAL MOTIVES AND OUTCOMES

This section explores the reasons why individuals pursue an entrepreneurial path, and then shows the various outcomes of these efforts.

Entrepreneurial motives and outcomes in South Africa

Executive Summary

Level A: above $40,000 Level B: $20,000 -$40,000 Level C: below $20,000
Economies in GEM 2022, categorised by income group (GDP per capita)
Global Entrepreneurship Monitor 2022/2023

TEA: Make a difference in the world as motive to run business

Level A: 45,58% Level B: 46,59% Level C: 51,74%
South Africa: 80,41% Global: 47,52%

TEA: Build wealth or a very high income as a motive to run business

Level A: 57,72% Level B: 51,31% Level C: 69,93%
South Africa: 80,77% Global: 59%

TEA: Continue a family tradition as motive to run business

Level A: 26,53% Level B: 30,86% Level C: 38,34%
South Africa: 49,21% Global: 31%

TEA: Earn a living because jobs are scarce as a motive to run business

Level A: 51,37% Level B: 69,18% Level C: 81,86%
South Africa: 89,51% Global: 64,91%

TEA: Active in extractive sector

Level A: 3,16% Level B: 5,17% Level C: 6,10%
South Africa: 4,52% Global: 4,55%

TEA: Active in transforming sector

Level A: 17,49% Level B: 23,21% Level C: 19,90%
South Africa: 20,29% Global: 19,88%

TEA: Active in business-oriented services

Level A: 30,57% Level B: 18,81% Level C: 8,34%
South Africa: 7,86% Global: 21,07%

TEA: Active in consumer-oriented services

Level A: 48,77% Level B: 52,80% Level C: 65,65%
South Africa: 67,33% Global: 54,48%

TEA: Having customer in local market

Level A: 85,42% Level B: 89,81% Level C: 91,85%
South Africa: 97,25% Global: 88,47%

TEA: Having customer in national market

Level A: 69,44% Level B: 61,38% Level C: 46,73%
South Africa: 38,92% Global: 60,94%

TEA: Having customer in international market

Level A: 35,17% Level B: 24,39% Level C: 11,16%
South Africa: 23,51% Global: 25,50%

SECTION 4

ENTREPRENEURIAL MOTIVES AND OUTCOMES

4.1 Entrepreneurial motives and outcomes

A multitude of reasons exist as to why individuals would want to start a business. Usually, in theory, these can be divided into push and pull factors.[19] Push factors can be classified as the prevailing circumstances that drive someone to become an entrepreneur, in effect, forcing them into entrepreneurship or allowing them to avoid a certain outcome. These circumstances can include unemployment, job insecurity, poverty, or lack of alternative employment prospects. On the other hand, pull factors derive motivation from the desire to attain a certain outcome. These desired outcomes can include the prospect of wealth, recognition of an opportunity in the marketplace, gaining greater influence in the community, or the desire to continue a family tradition.

Whether an individual is motivated to become an entrepreneur can be a result of personal, professional, or environmental factors.[20] The ever changing external environment has a major influence and its driving forces can be subject to rapid change. The COVID-19 pandemic, which brought severe hardship for many individuals, families, and communities can be used to illustrate this point. With the worst effects of the pandemic receding in recent times, and the South African economy slowly recovering,[21] this will also influence entrepreneurial motives.

For this research, the main entrepreneurial motives are clustered into the following 4 distinct categories; i) To make a difference in the world, ii) to build greater wealth or a very high income, iii) to continue a family tradition, and iv) to earn a living because jobs are scarce.

To make a difference in the world: Entrepreneurship has become more accessible than ever before, allowing individuals from all walks of life to pursue their dreams by implementing their world-changing ideas. However, entrepreneurs have not always taken advantage of this opportunity, often preferring the safety and security of full-time employment. While not every entrepreneur has the desire to change the world, those who do, often make a remarkable impact on the institution of business and on society. "How can this be achieved?" one might ask. One of the ways in which entrepreneurs make a difference in the world is by introducing new products and services that can potentially improve people's lives.[22] These products and services may have previously been inaccessible due to high costs. Entrepreneurs also create employment opportunities, in turn, stimulating the economy by reducing unemployment. Lastly, entrepreneurs often give back to the community and society at large through philanthropy, volunteering, and through ensuring that their business practices are socially responsible and environmentally conscious.

To build great wealth or a very high income: The rapid pace of technological advancements, as well as the fundamental change in traditional brick-and-mortar industries, has created many profitable opportunities for entrepreneurs, while simultaneously creating a viable alternative to traditional forms of employment. A rapidly changing market, together with technological advancements, creates opportunities that allow entrepreneurs to start a new business, all the while allowing individuals to change their own lives. Perhaps the greatest allure of entrepreneurship is the potential for significant financial success and wealth creation. Entrepreneurship, in stark comparison to regular employment opportunities, allows an individual to set the benchmark for their own salary, as well as to determine the level of re-investment into their business. Of course, the greater the level of reinvestment into the business, the less profit will be left over for the entrepreneur. Conversely, the higher the level of reinvestment, the more the business is able to grow, garner a bigger market share, and generate more profit for the entrepreneur.

[19] Nieuwenhuizen, C. & Tselepis, T.J. (2023) Entrepreneurship: A South African perspective, 5th edt. Hatfield: Van Schaik Publishers

[20] Pheaha, M. & Schachtebeck, C. (2020). Entrepreneurial intention: Perspectives from women in a South African province. *Journal of Contemporary Management*, 17(2), 1-23.

[21] World Bank. (2023). The World Bank in South Africa. Available from https://www.worldbank.org/en/country/southafrica/overview

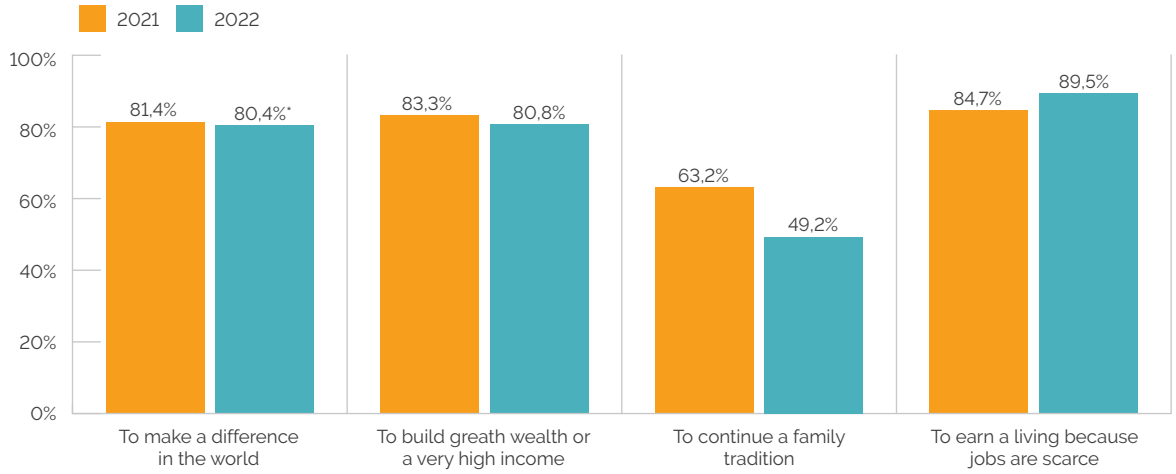
[22] Nieuwenhuizen, C. (2020). Business Management: An African perspective. 1st edt. Cape Town: Juta Publishers5 Gerogescu, M. & Herman, E. (2020).

To continue a family tradition: Studies have shown that individuals with respective family backgrounds in entrepreneurship are more likely to become entrepreneurs themselves.[23] The undertaking that is continuing a family-built legacy can manifest in two ways. An individual might decide to continue running their already established family business, by either playing the role of an employee or taking over the business entirely. Secondly, an individual might have other family members who are entrepreneurs in a certain sector and therefore have an instilled desire to become an entrepreneur themselves. Generally speaking, a family-owned business is regarded as a business that is actively owned and/or managed by one or more members of the same family. Research has shown that the success of a family-owned business is based on a focus on five distinct resources.[19] Namely; i) human capital: i.e. working with other family members, ii) social capital: i.e. external networks, iii) patient financial capital: i.e. injecting either personal equity or debt into the business, iv) survivability capital: i.e. being willing to work without drawing a salary, as well as v) lower costs of governance: i.e. eliminating unnecessary control mechanisms by trusting family members who have a stake in the business.

To earn a living because jobs are scarce: A definitive push factor into entrepreneurship is to make ends meet or, in other words, to earn a living owing to a scarcity of employment opportunities.[19] This is often also referred to as subsistence-type entrepreneurship, as the primary motive for the entrepreneur is to generate just enough income to sustain themselves and their family. This has become particularly evident during and after the COVID-19 pandemic, where many companies have downsized, reduced the number of employees, as well as improved internal processes to reduce costs. As a result, jobs have become scarcer, making entrepreneurship an attractive means of securing a living.

As we now know, there are several push and pull factors that drive individuals to become involved in entrepreneurship. This next section provides an overview of the reasons that inspire individuals to pursue entrepreneurship, as well as selected entrepreneurial outcomes.

Figure 4.1: *Entrepreneurial motives in South Africa (2021 - 2022)*



*Read as 80,40% of the South African early-stage entrepreneurs indicated making a difference in the world as their motive for starting a business in 2022.

Figure 4.1 provides an overview of the primary entrepreneurial motives.

It can be observed that the 2022 data is similar to 2021 for wanting to make a difference in the world. A slight drop in the percentage of individuals wanting to pursue entrepreneurship to build great wealth or provide a very high income is observed.

There is a significant increase in motivation to earn a better living due to job scarcity, indicating that this entrepreneurial motive is more prevalent, particularly for those individuals looking to make an income merely to survive.

A sharp decline in the entrepreneurial motivation to carry on a family-owned business as part of tradition can be observed, pointing to a change in societal attitudes toward this trend. This could also be attributed to a depressed economy with increased levels of unemployment and poverty where, as a result, survival becomes more important than continuing a family tradition.

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[23] Gerogescu, M. & Herman, E. (2020). The Impact of the Family Background on Students' Entrepreneurial Intentions: An Empirical Analysis. *Sustainability*, 12(11), 4775.

Figure 4.2: *Entrepreneurial motivation by gender in South Africa (TEA) (2021 - 2022)*

*Read as 52,1% of South African adult men who are early-stage entrepreneurs listed 'to continue a family tradition, as their motive for starting a business in 2022.

Figure 4.2 looks at entrepreneurial motivation by gender in South Africa during the 2021 to 2022 period.

The entrepreneurial motive for both men and women to make a difference in the world is largely unchanged from the previous year. A similar finding is evident in the entrepreneurial motive to build great wealth or a very high income for men, whereas a slight decrease can be observed for women. This indicates that fewer women are looking to pursue entrepreneurship as a source of potential wealth but rather to simply earn a living.

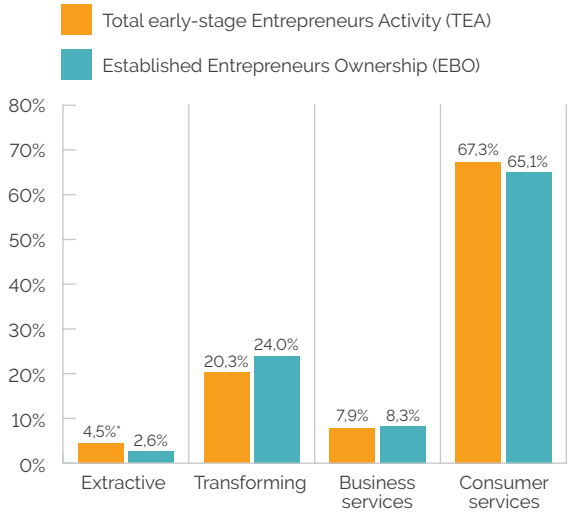
Interestingly, an increase in the percentage of men who pursue entrepreneurship to earn a living can also be observed. The sharpest declines are evident in the entrepreneurial motive to carry on family-owned business traditions. This is true for both men and women. As mentioned earlier in **Figure 4.1**, this could be attributed to the prevailing socio-economic conditions, as well as changing societal values.

4.2 Entrepreneurial activity by sector

Figure 4.3: *Distribution of TEA and EBO across the four broad sectors in South Africa*

Entrepreneurial activity can vary greatly across sectors and industries due to a variety of factors including market demand, entry barriers, market saturation, risk levels, innovation and technology readiness and so forth.

Extractive: including oil and gas, mining, and agriculture.
Transforming: including manufacturing and transport.
Business Services: including communications and professional services.
Consumer Services: including hotels and restaurants, retailing, and personal services.



*Read as 4,5% of the South African early-stage entrepreneurs fall within the extractive sector.

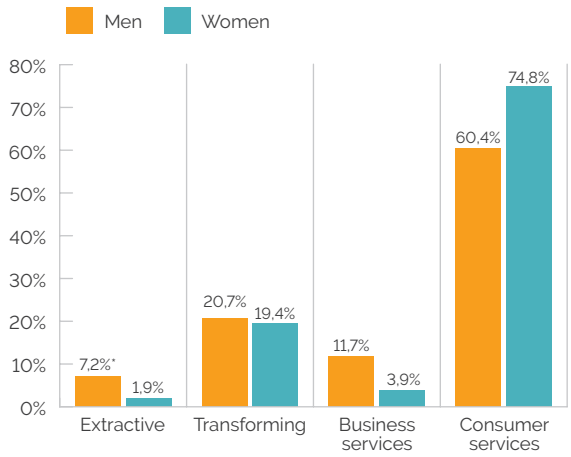
Figure 4.3 shows Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) across 4 broad sectors of the economy.

It can be observed that only a small percentage of entrepreneurs are involved in extractive industries. This could be attributed to the resource-intensive nature of this industry, which creates a barrier to entry for many entrepreneurs. Notably, a greater percentage of early-stage entrepreneurs are involved in this industry at 4,5%, compared to established entrepreneurs at 2,6%.

The opposite is true for the transforming (manufacturing) industries, where 20,3% of early-stage entrepreneurs are involved, compared to 24,0% for established entrepreneurs.

Furthermore, the greatest level of entrepreneurial activity is in the consumer-oriented industries, at 67,3% and 65,1% for early-stage and established entrepreneurs. This can be attributed to the low barriers to entry in this sector, such as low start-up capital requirements.

Figure 4.4: *TEA by gender across the four broad sectors in South Africa (2022)*



*Read as 7,2% of all early-stage entrepreneurial activity by men in 2022 was in the extractive sector.

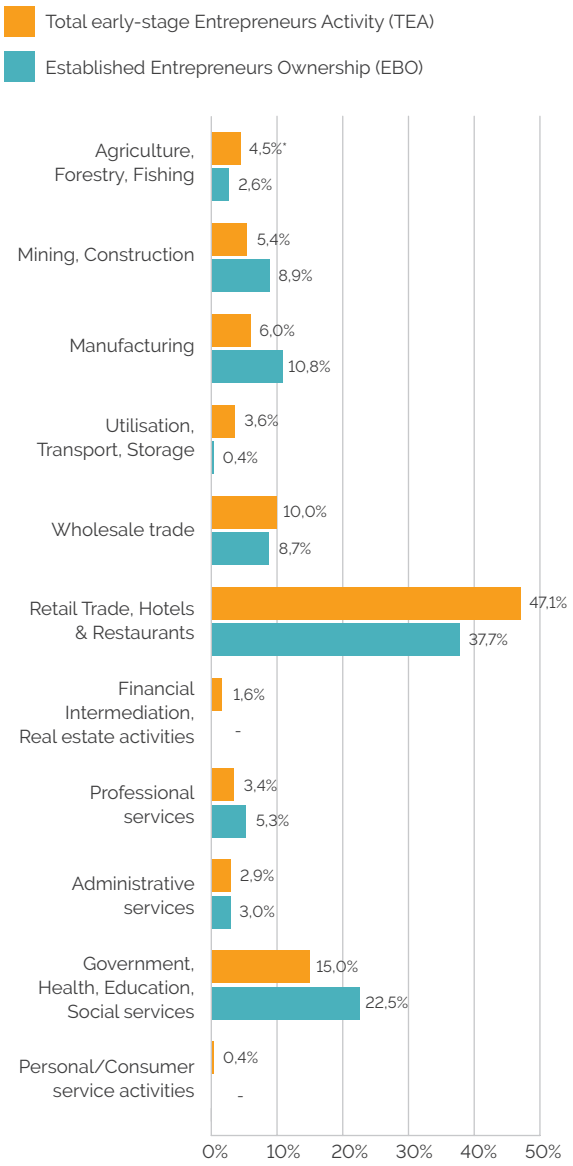
Figure 4.4 shows the TEA by gender across the 4 broad sectors in South Africa for 2022. The TEA between men and women is fairly similar in the transforming sector, with men at 20,70%, and women at 19,40%. However, stark differences can be observed in the extractive, business services, and consumer-oriented sectors.

The level of TEA for women is the lowest in the extractive sector, at only 1,90%, while the TEA for men in the same sector is 7,20%. A similar picture is depicted in the business services sector, where the TEA is 11,70% for men and 3,90% for women.

Interestingly, the opposite holds true in the consumer-oriented industries, where the TEA for women is substantially higher than for men, at 74,80% and 60,40% respectively.

These differences are also reflected in the sector-specific breakdown in **Figure 4.6**, which depicts the TEA distribution by gender in South Africa in greater detail.

Figure 4.5: *Distribution of TEA and EBO across all sectors in South Africa (2022)*



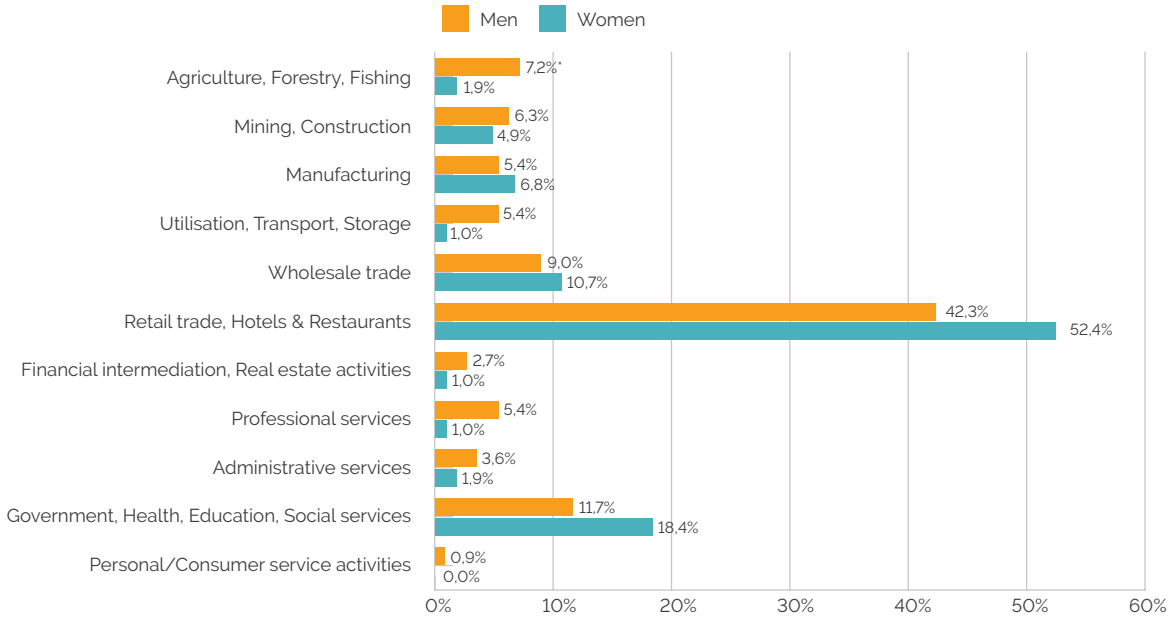
*Read as 4,5% of all early-stage entrepreneurial activity in 2022 was in the agriculture, forestry, and fishing sector.

Figure 4.5 shows TEA and EBO across specific sectors in South Africa.

As shown in **Figure 4.5**, the greatest level of participation is in the services industry, particularly in the retail trade, hotels, and restaurant sector. It is the sector in which the greatest difference in percentage of early-stage entrepreneurs compared to established entrepreneurs can be found, at 47,1% and 37,7% respectively.

The percentage of established entrepreneurs is higher than for early-stage entrepreneurs in the mining, construction, manufacturing, and government, health, education, and social services sectors indicating a degree of longevity.

Figure 4.6: *Distribution of TEA by gender across all sectors in South Africa (2022)*



*Read as 7,2% of TEA in the agriculture, forestry, and fishing sector is carried out by men.

Figure 4.6 indicates that the TEA for women is substantially higher than for men in the retail trade, hotels, and restaurants sector, at 52,4% and 42,3% respectively. The same is true for the government, health, education, and social services sector, at a respective 18,40% vs. 11,70%.

In most other sectors, the inverse holds true, with the TEA for men being substantially higher than for women in South Africa. This is particularly evident in the professional services sector, at 5,4% vs. 1,0% respectively. The same can be said for the agriculture, forestry, and fishing sector, tallying men at 7,2% and women at 1,9%, as well as for the financial intermediation and real estate activities sector, tallying men at 2,7% vs. women at 1,0%.

4.3 Employement creation, internationalisation, and innovation

Figure 4.7: *Size of business by jobs created across stages of business in South Africa (2022)*

TEA, EBO, and all businesses

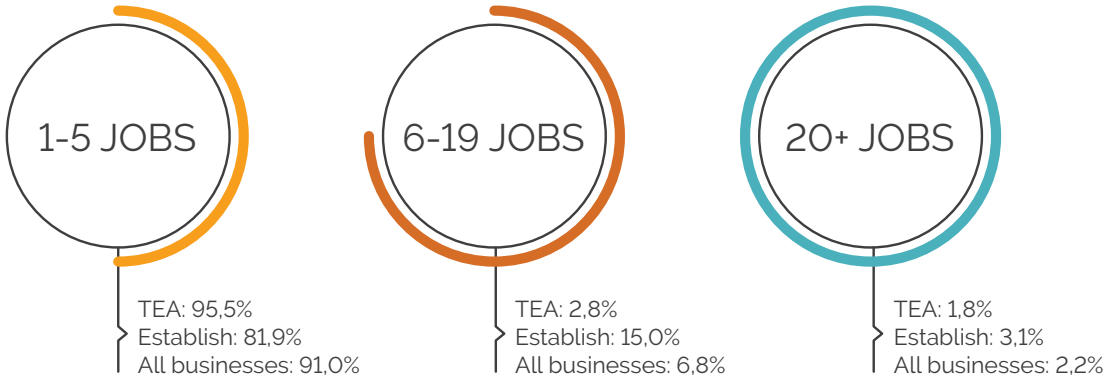
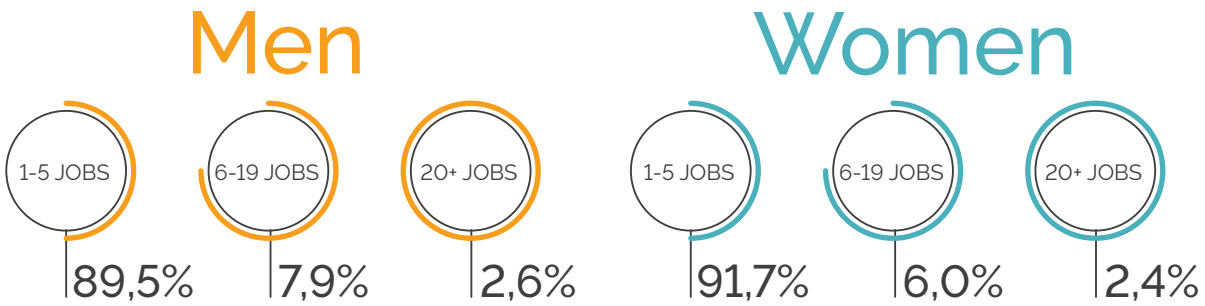


Figure 4.7 analyses the size of business in South Africa by the number of jobs created across stages of business in 2022.

It is evident that businesses mainly create between 1 and 5 job opportunities for prospective employees. This indicates that these are primarily micro-enterprises that employ a very small staff component. Most commonly, these are businesses where the entrepreneur mainly works for themselves or has a very small number of employees who assist with the day-to-day running of the business.

It is not surprising that businesses with between 6 to 19 employees and those with 20+ employees are primarily established businesses, as these needed a number of years to expand and branch out.

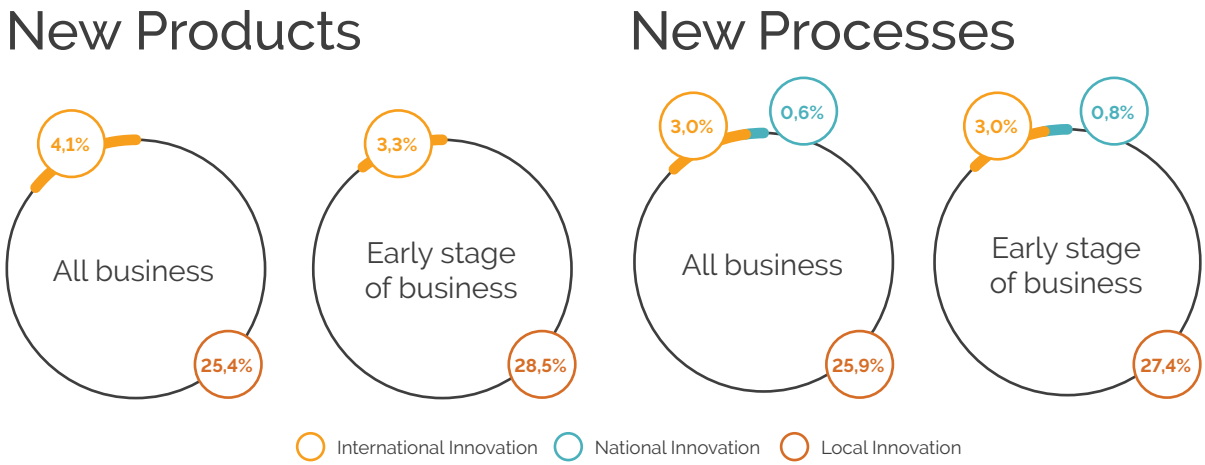
Figure 4.8: *Size of business by gender in South Africa (2022)*



A similar picture is depicted in **Figure 4.8**, which shows the majority of both men and women are primarily involved in business with a very small number of employees, creating between 1 to 5 jobs, followed by businesses who are able to create between 6 to 19 jobs, and those able to create 20+ jobs. No substantial difference can be observed between men and women for the different sizes of businesses as defined by the number of jobs created.

Figure 4.9: *Innovation in businesses in South Africa (2022)*

TEA and all businesses



International Innovation: New technologies or procedures, and new products to people internationally.
National Innovation: New technologies, procedures and new products to people in the country.
Local Innovation: New technologies or procedures, and new products to people in the area where entrepreneurs live.

Figure 4.10: *Innovation in businesses in South Africa by gender (2022)*

All businesses

Figures 4.9 and 4.10 indicate the innovation in businesses in South Africa.

Figure 4.9 divides the innovation between introducing new products and new processes. New products are primarily locally innovative for all businesses, at 25,4%, and early-stage businesses, at 28,5%. In terms of new processes, the findings are similar in that these are mainly locally innovative for all businesses, at 25,9%, and early-stage businesses at 27,4%. In contrast to new products, new processes are also nationally innovative, but to a small extent.

Figure 4.10 looks at the innovation of businesses by gender. The percentage of women involved in innovation in these businesses is higher than for men, at 31,4% and 27,7% respectively.

Figure 4.11: *Internationalisation of businesses in South Africa (2022)*

TEA and all businesses

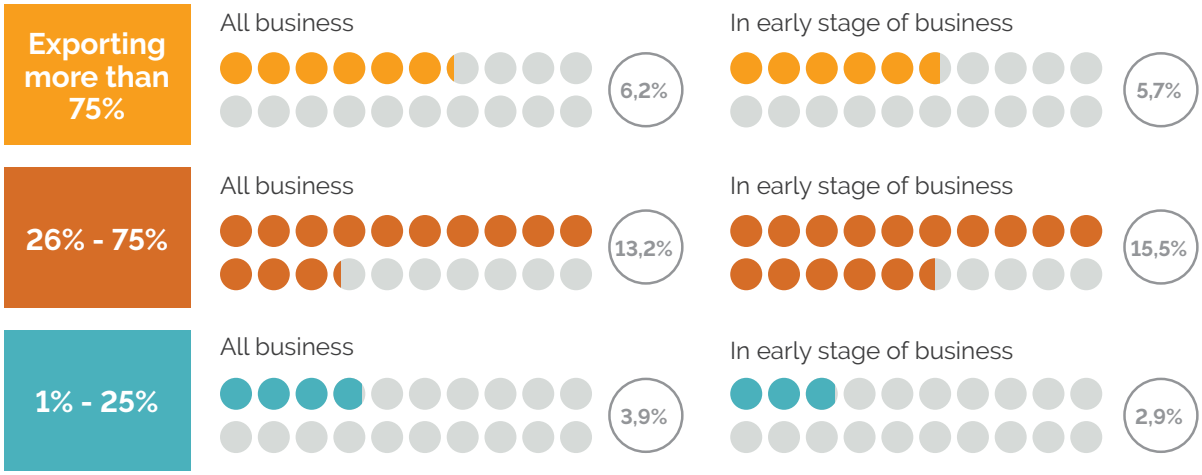


Figure 4.11 shows the internationalisation of early-stage and all businesses. In other words, the degree to which the business trades outside the borders of South Africa.

A small percentage of businesses in the early stage (2,9%) export between 1% and 25% of goods and for all businesses the rate is slightly higher at 3,9%.

A far greater percentage of businesses export between 26% and 75% and is more prevalent in the early stages of the business, at 15,5%. This indicates that businesses might have seen an opportunity to export their products and started the business as a result of this opportunity.

A smaller percentage of businesses export more than 75%, indicating that the export of goods and services is the primary business activity.

Figure 4.12: *Internationalisation of businesses by gender in South Africa (2022)*

All businesses

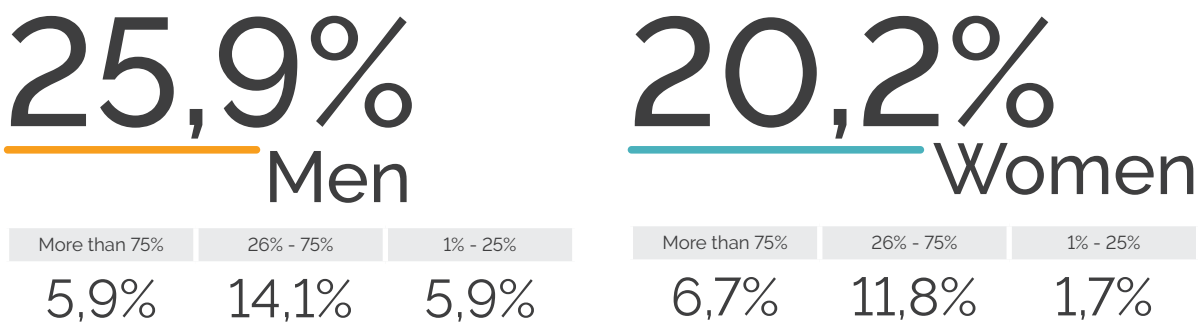
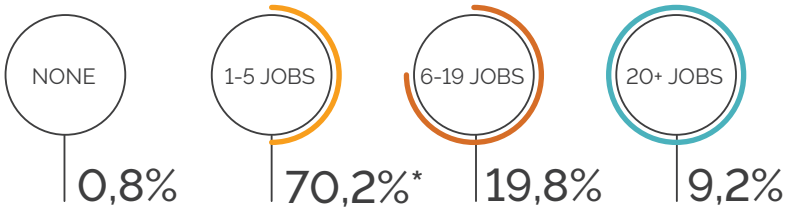


Figure 4.12 considers gender when looking at the internationalisation of businesses. A greater percentage of men (25,9%) are involved in internationalisation when compared to women (20,2%). This is particularly pronounced in the category of 26% to 75% of goods exported.

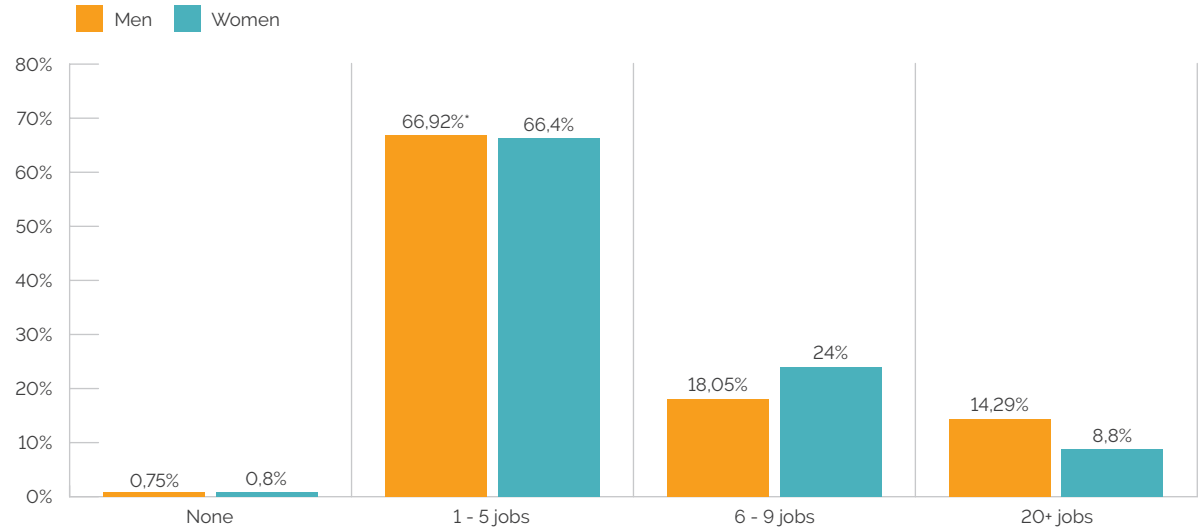
Figure 4.13: *Job growth expectations for early-stage entrepreneurs in South Africa (2022)*



*Read as 70,2% of early-stage entrepreneurs in 2022 expected to create between 1 and 5 jobs over the next 5 years.

Figure 4.14: *Job growth expectations by gender in South Africa (2022)*

All businesses



*Read as 66,92% of male entrepreneurs expect to appoint between 1 and 5 employees.

Figures 4.13 and 4.14 consider the expectations for entrepreneurs regarding job growth. In other words, the expected number of jobs created by entrepreneurs within the next 5 years.

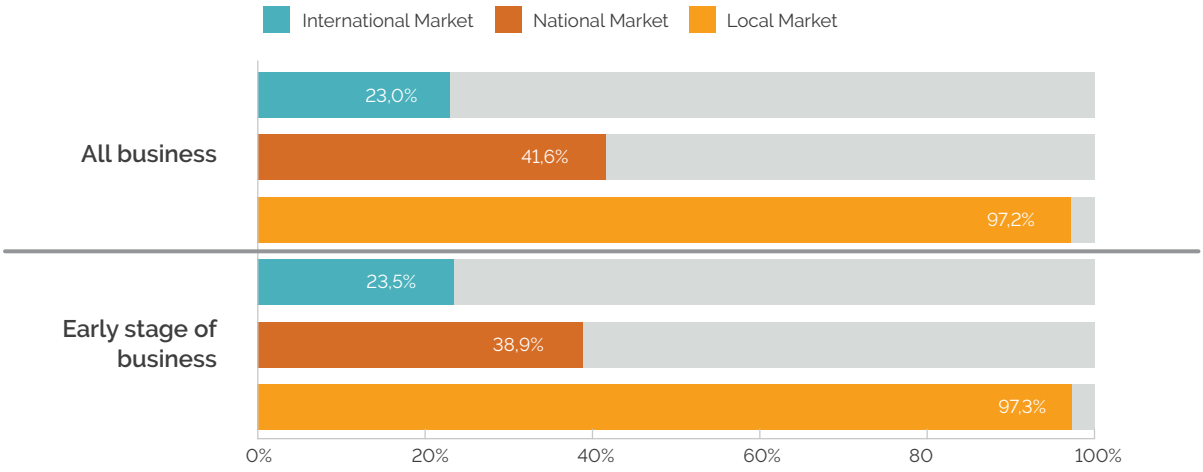
The majority of early-stage entrepreneurs (70,2%) expect to create between 1 and 5 jobs, followed by the expectation to create between 6 and 19 jobs (19,8%). In a low-growth economic environment, such as South Africa in 2022, it is expected that the level of job creation is not as high as during high economic growth.

Only 9,2% of early-stage entrepreneurs expect to create more than 20 jobs in the next 5 years.

Figure 4.14 considers these figures by gender. When considering job creation, the difference between men and women is negligible, when creating no jobs or 1 to 5 jobs. A greater percentage of women than men (24,00% vs. 18,05%) expect to create between 6 and 9 jobs, while more men than women (14,29% vs. 8,80%) expect to create more than 20 jobs.

Figure 4.15: *Market scope for all entrepreneurs in South Africa (2022)*

All businesses



International Market: Businesses have customers outside their country.
National Market: Businesses have customers in elsewhere in their country.
Local Market: Businesses have cusomers in the area where they live.

Figure 4.15 indicates that the vast majority of entrepreneurs, both at the advanced and early stages of the business, see the market scope as mainly the local market, at 97,2%, followed by the national market, at 41,6%, and, to a smaller extent, the international market at 23,0%.

Figure 4.16: *Market scope for all entrepreneurs by gender in South Africa (2022)*

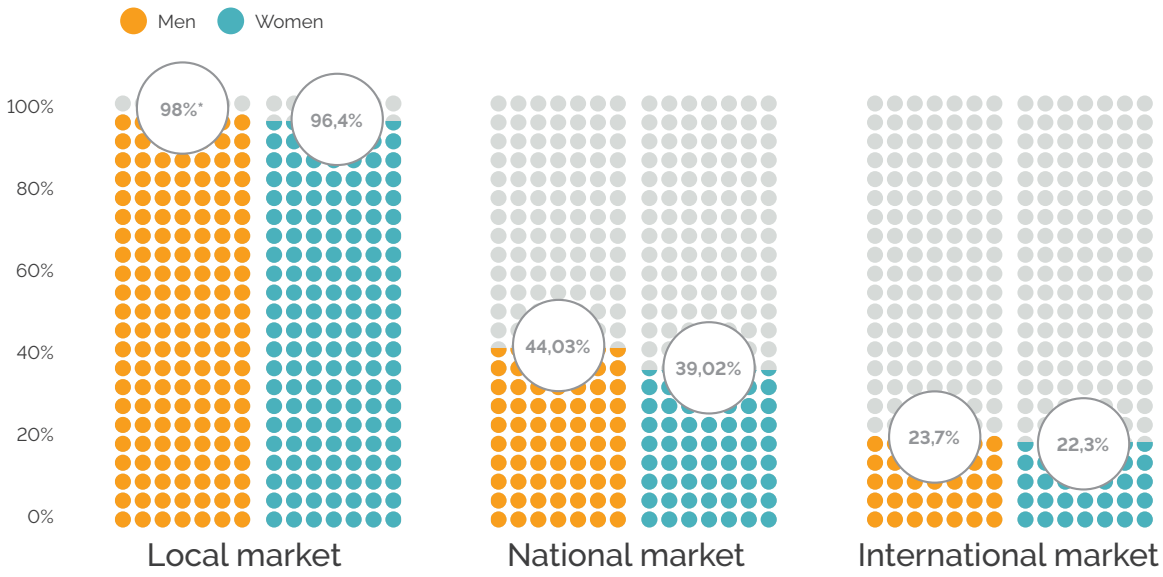


Figure 4.16 considers gender when evaluating the market scope for all entrepreneurs. The differences between men and women are negligible for the local and international market. It is notable that a higher percentage of men (44,03%) than women (39,02%) consider the national market potential.

Figure 4.17: *Opportunity expectation amid disruption in South Africa (2022)*

All businesses

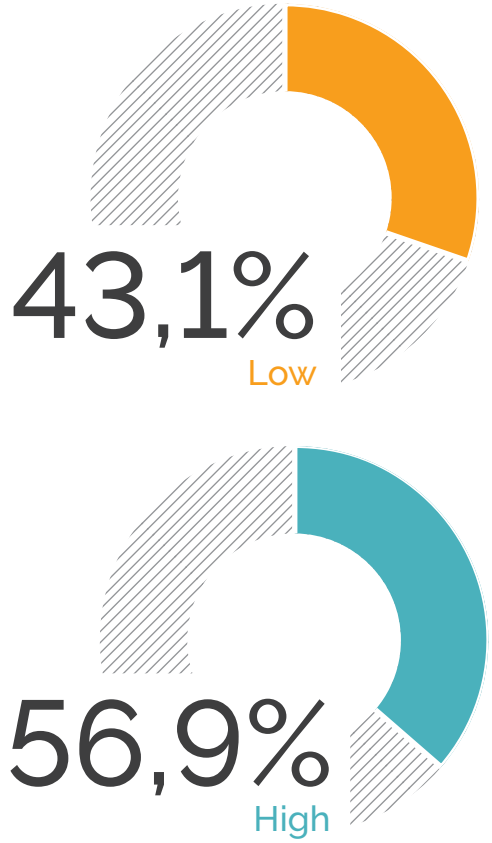
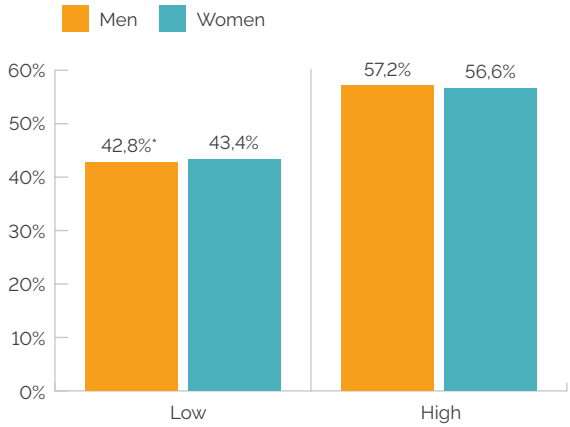


Figure 4.18: *Opportunity expectation amid disruption for all entrepreneurs by gender in South Africa (2022)*

All businesses



*Read as 42,8% of men involved in entrepreneurship see new opportunities during times of disruption.

Figures 4.17 and 4.18 consider the percentage of all businesses that have opportunity expectations during disruption.

A greater percentage of businesses expect a high level of opportunity, at 56,9%, with the remainder, at 43,1%, considering available opportunities lower. This indicates that despite the recent global pandemic, low economic growth and depressed consumer spending, there is still a high level of expected opportunity. Additionally, evidence shows that entrepreneurs can still identify promising opportunities in the marketplace. There are no substantial gender differences in opportunity exploitation as shown in **Figure 4.18.**

4.4 Global comparison of entrepreneurial motives and outcomes

Table 4.1: *Entrepreneurial motives and outcomes in South Africa and other countries*

This section includes comparisons between all the GEM participating countries regarding motivation, sectors and internationalisation (**Table 4.1**). It also distinguishes between the different income levels. Lastly, a reflection of how South Africa compares to other GEM Africa countries (Morocco, Togo, Tunisia and Egypt) at the end of this section (**Figure 4.19**).

	Country	TEA: To make a difference (%)	TEA: To build wealth (%)	TEA: To continue family tradition (%)	TEA: Because jobs are scarce (%)	TEA: Extractive Sector (%)
Level A >$40,000	Austria	37,87	37,39	19,13	45,99	5,13
	Canada	64,05	65,75	38,06	58,52	1,92
	Cyprus	45,34	78,31	25,38	60,51	2,93
	France	23,67	42,25	22,19	42,63	3,49
	Germany	42,75	47,78	32,89	47,23	1,62
	Israel	33,37	77,70	16,53	50,89	0,63
	Japan	31,92	41,11	26,50	37,07	0,83
	Lithuania	40,76	46,49	23,96	66,64	10,09
	Luxembourg	55,83	48,29	37,63	46,97	2,90
	Netherlands	46,79	45,79	24,63	39,44	1,11
	Norway	48,01	46,07	22,92	30,44	14,51
	Qatar	46,85	82,03	32,51	59,92	0,32
	South Korea	8,40	79,24	4,62	27,12	2,14
	Saudi Arabia	64,57	87,25	61,86	85,15	1,15
	Slovenia	50,17	57,04	29,76	57,35	2,52
	Spain	39,34	39,12	21,38	70,63	2,50
	Sweden	43,97	52,11	16,34	24,88	6,12
	Switzerland	57,43	37,10	11,18	47,06	0,94
	United Arab Emirates	54,77	69,47	34,41	65,34	1,76
	United Kingdom	51,92	61,11	18,67	60,62	0,00
	United States	69,34	70,81	36,51	54,45	3,82
Level B $20,000–$40,000	Chile	55,08	54,72	27,86	69,59	4,38
	Croatia	40,77	48,79	26,72	70,21	11,21
	Greece	23,46	56,73	39,61	63,58	9,03
	Hungary	66,87	37,01	21,61	57,87	6,55
	Latvia	29,27	40,37	22,61	63,92	6,88
	Mexico	68,22	51,39	53,06	86,89	2,67
	Oman	32,81	75,14	36,90	73,17	2,75
	Panama	68,46	59,50	45,70	84,95	5,54
	Poland	16,70	47,59	14,42	73,11	5,50
	Puerto Rico	70,62	48,60	29,45	67,22	2,27
	Romania	81,65	74,30	41,25	71,09	6,32
	Serbia	21,60	43,38	22,59	81,04	7,30
	Slovakia	29,24	36,52	29,91	78,83	2,31
	Taiwan	53,58	49,48	24,01	30,82	0,00
	Uruguay	40,48	46,16	27,19	65,42	4,90
Level C <$20,000	South Africa	80,41	80,77	49,21	89,51	4,52
	Brazil	75,22	64,32	44,14	81,96	2,30
	China	14,69	60,92	27,15	60,30	1,51
	Colombia	47,62	53,97	34,48	86,58	0,55
	Egypt	58,74	71,89	52,61	84,80	17,36
	Guatemala	80,91	78,45	52,35	89,06	2,75
	India	80,87	69,01	68,62	78,01	7,63
	Indonesia	48,47	81,64	30,98	80,60	2,70
	Iran	34,94	85,11	22,78	69,91	5,31
	Morocco	13,50	61,15	19,50	82,51	2,09
	Togo	52,37	83,28	30,34	81,30	13,66
	Tunisia	31,83	56,15	33,26	89,73	15,53
	Venezuela	53,06	62,47	32,96	89,92	3,36

TEA: Transformation Sector (%)	TEA: Business Services (%)	TEA: Consumer Orientation (%)	TEA: Local Market (%)	TEA: National Market (%)	TEA: International Market (%)	
14,02	34,67	46,18	89,81	68,14	43,66	Level A >$40,000
21,33	33,75	43,00	87,13	57,77	32,22	
15,23	27,06	54,79	88,37	75,11	43,79	
20,30	33,91	42,30	91,72	64,98	36,45	
16,85	29,90	51,63	83,72	57,80	30,60	
11,94	42,73	44,70	87,32	80,41	31,47	
5,86	41,69	51,63	71,55	74,48	23,33	
27,67	20,01	42,22	82,06	75,87	39,67	
7,62	40,30	49,17	71,98	78,91	57,46	
18,27	30,80	49,83	88,63	74,47	38,64	
15,58	38,72	31,19	86,87	64,37	32,31	
31,54	27,47	40,67	74,25	63,86	26,45	
27,35	15,38	55,13	89,92	86,55	19,07	
5,42	4,22	89,21	97,84	46,71	18,05	
30,49	35,71	31,28	81,23	75,49	53,87	
13,42	38,46	45,62	93,35	58,03	30,82	
19,77	33,10	41,02	86,48	76,78	36,01	
8,32	38,37	52,37	87,61	69,95	36,02	
14,43	19,50	64,31	83,78	71,61	52,75	
15,46	34,04	50,50	82,83	70,76	26,42	
26,51	22,27	47,40	87,45	66,08	29,51	
25,25	16,86	53,51	98,85	24,61	1,77	Level B $20,000–$40,000
23,32	32,71	32,76	87,30	71,27	51,45	
24,04	17,35	49,58	90,39	60,35	41,17	
27,76	26,60	39,09	87,86	70,20	27,92	
27,96	28,53	36,63	84,64	84,01	46,13	
17,22	5,26	74,85	85,43	39,01	9,42	
18,79	14,43	64,03	98,73	78,36	29,12	
16,25	11,47	66,73	80,72	69,84	10,11	
30,65	19,53	44,32	88,70	37,98	9,11	
15,38	22,40	59,95	81,63	85,60	33,90	
20,95	21,21	51,51	97,01	53,18	16,19	
30,66	13,58	48,47	95,10	56,74	16,87	
27,41	22,58	47,70	90,65	63,45	31,16	
20,30	13,55	66,15	92,71	69,48	27,10	
22,27	16,11	56,72	87,45	56,64	14,41	
20,29	7,86	67,33	97,25	38,92	23,51	Level C <$20,000
20,54	19,81	57,35	94,49	50,06	6,66	
14,80	8,52	75,17	94,00	41,81	3,54	
18,51	8,15	72,79	88,97	50,00	15,60	
27,45	7,43	47,76	87,51	57,79	5,53	
13,98	5,40	77,87	89,03	47,51	11,09	
20,83	4,79	66,75	93,58	16,78	2,37	
7,10	2,26	87,93	82,99	31,87	4,78	
20,92	17,48	56,29	95,69	75,21	19,00	
14,50	11,75	71,66	93,28	44,13	10,09	
33,65	3,27	49,42	92,83	56,73	15,55	
25,13	6,85	52,49	94,04	57,75	16,19	
21,03	4,91	70,69	90,39	38,91	11,13	

WHAT DREAMS MAY COME

Ilze Oberholzer is a South African female entrepreneur who has been in business for the past 7 years. The business makes delicious, bottled deli products. Ilze started her business in 2016, and by 2019 was nominated for Female Entrepreneur of the Year.

While living on a farm, she had a serendipitous dream that led to the name Met Liefde, which inspired a full range of food products and was a catalyst for her entrepreneurial vision. Her background reflects a profound interest in food and its preparation, which was initially influenced by her life on a farm in the Free State outside Kroonstad. Later, after completing matric, she earned an International Certificate from The Institute of Culinary Arts in Stellenbosch. In 2007, Ilze married a farmer and now resides in the Free State outside the town of Theunissen.

"I am aiming to give more and more farm women work and for this, I need enough orders each month."

At first, Ilze began producing jams in her kitchen but later added other products such as marinades, balsamic vinegar, braai spices, and other similar food products. Her products, in time, became so popular that she was able to purchase a company vehicle and, later, shifted her business into a factory operation. As is the dream for many, her business developed from a small independent business that began in her kitchen but has now grown into a full-factory operation, providing work for 4 permanent female employees, who are constantly learning new skills. Part of Ilze's success is predicated on the fact that none of her food products contain any preservatives, binders, or MSG, thereby offering healthy, natural products to her customers. Her product range currently offers 34 original food products, and she is looking forward to providing job opportunities to more women who are in desperate need of work.

In order to maintain a sustainable supply of ingredients, Ilze purchases from other reliable sources, but she also has a garden that provides some of her raw foods. Some of the fruits that are used in her products, such as pomegranates, quinces, and figs, are often provided by friends or purchased. Ilze highlights the fact that her business was initially inspired and motivated by a dream, which has now turned into a thriving small business. Her business complies with global sustainability practices which adds value to her business proposition. In short, Ilze's business provides healthy and tasty food products to the public, offers work to others in her community, and generates a good income for her and her family. With her family's support, she has been able to grow her business through networking with local friends and families.

To date, Ilze has received enormous support from friends in her community and was able to expand her marketing strategy by entering the Eunice market in Bloemfontein in 2017. She reports that a friend loaned her enough money to enter her first large market, and it produced successful results. This market was instrumental in expanding her market reach. In order to repay the loan and sustain her operation, she requested that customers place a deposit on their orders, which also limited her initial risks. She does lament that the COVID-19 pandemic was a challenging period. During that time and since then, people have turned to cheaper products, but she is confident that once the economy turns around, the demand for healthy, home-made products will once again increase.

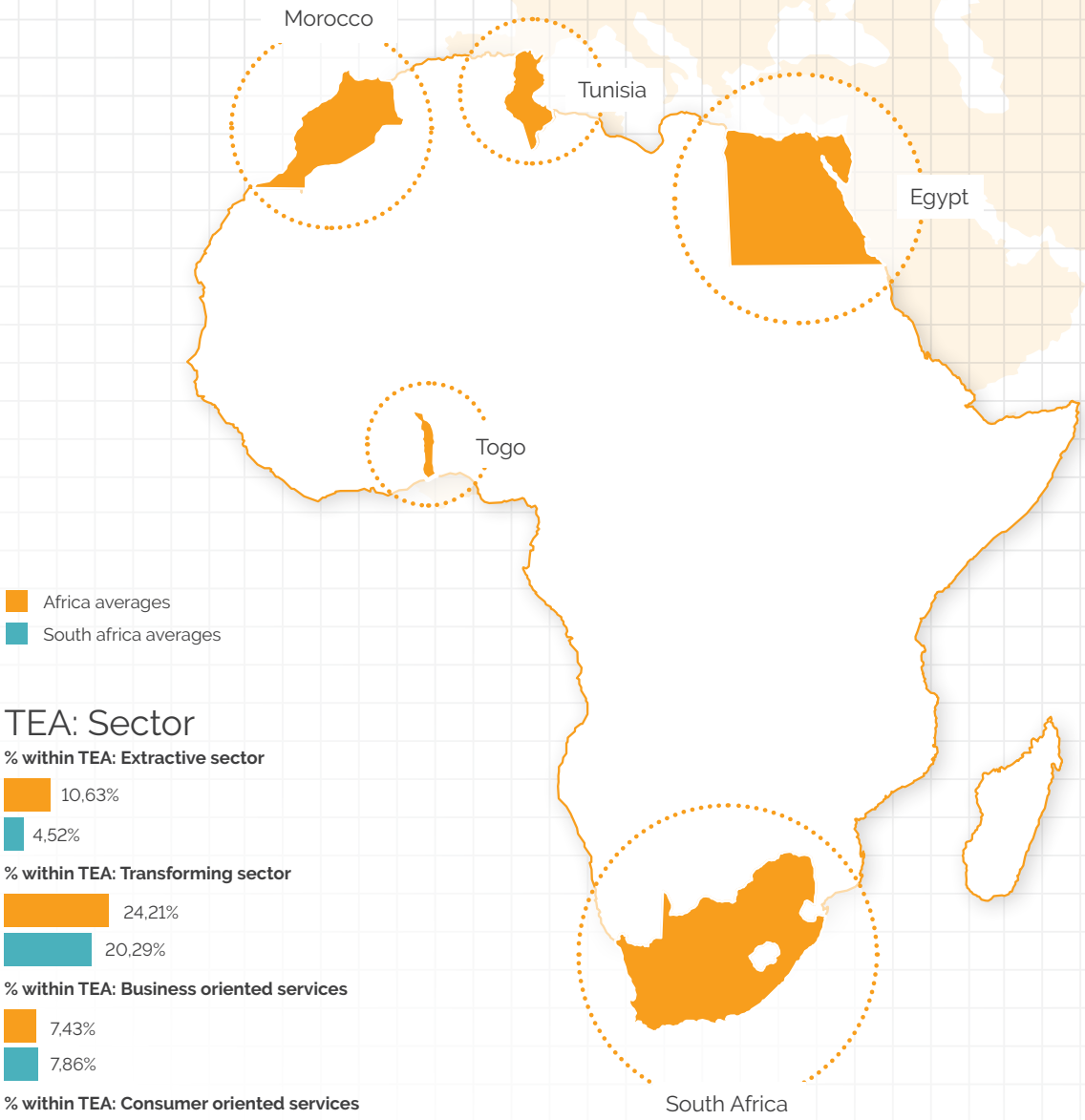
Similarly, to the experience of many others, Ilze relates that many people would criticize her ideas and that they appeared to be waiting for her to fail so they could say, "I told you so!" Interestingly, she notes that once you succeed, you have some copycats who think they can emulate your success, but the truth is there will always be naysayers. She further encourages entrepreneurs not to focus their attention on the negative but remain true to themselves. Ilze's success is an inspiration for any prospective female entrepreneur.

You may reach out to **Met Liefde** at:

Info@metliefdewithlove.co.za

https://www.facebook.com/liefkombuis?mibextid=ZbWKwL

Figure 4.19: *Africa comparison of entrepreneurial motives and outcomes (2022) (Africa averages include South Africa)*



Africa averages
South africa averages

TEA: Sector

% within TEA: Extractive sector
10,63%
4,52%

% within TEA: Transforming sector
24,21%
20,29%

% within TEA: Business oriented services
7,43%
7,86%

% within TEA: Consumer oriented services
57,73%
67,33%

Market scope

TEA: Local market
92,98%
97,25%

TEA: National market
51,06%
38,92%

TEA: International market
14,18%
23,51%

0 10 20 30 40 50 60 70 80 90 100

Entrepreneurial motives

TEA: To make a difference in the world
47,37%
80,41%

TEA: To build greath wealth or a very high income
70,65%
80,77%

TEA: To continue a family tradition
36,98%
49,21%

TEA: To continue a family tradition
85,57%
89,51%

0 10 20 30 40 50 60 70 80 90 100

SECTION

05

BUSINESSES' ENGAGEMENT WITH SUSTAINABILITY AND THE ADOPTION OF DIGITAL TECHNOLOGY

The Global Entrepreneurship Monitor has measured the awareness, strategy, and practice of social and environmental sustainability among entrepreneurs since 2021. In addition, GEM tracks entrepreneur trends in adopting digital technology today and into the future.

Businesses' engagement with sustainability and the adoption of digital technology in South Africa

Executive Summary

Level A: above $40,000 Level B: $20,000 -$40,000 Level C: below $20,000
Economies in GEM 2022, categorised by income group (GDP per capita)
Global Entrepreneurship Monitor 2022/2023

TEA: Awareness of Sustainable Development Goals

Level A: 28,13% Level B: 23,28% Level C: 13,53%
South Africa: 18,71% Global: 22,55%

TEA: Strategy in Environmental SDG

Level A: 70,90% Level B: 81,34% Level C: 78,91%
South Africa: 75,51% Global: 76,21%

TEA: Practice in Environmental SDG

Level A: 44,14% Level B: 48,46% Level C: 50,27%
South Africa: 36,68% Global: 53,56%

TEA: Economic sustainable goals

Level A: 54,56% Level B: 60,43% Level C: 68,32%
South Africa: 77,09% Global: 60,00%

TEA: Strategy in Social SDG

Level A: 70,83% Level B: 79,59% Level C: 80,36%
South Africa: 83,02% Global: 76,03%

TEA: Practice in Social SDG

Level A: 51,76% Level B: 56,81% Level C: 52,72%
South Africa: 41,72% Global: 47,08%

TEA: Adopted digital technologies in response to the pandemic

Level A: 23,94% Level B: 25,15% Level C: 24,69%
South Africa: 23,65% Global: 24,50%

TEA: Enhanced digital technologies

Level A: 22,66% Level B: 19,61% Level C: 15,72%
South Africa: 19,86% Global: 19,88%

TEA: Already planned digital technologies before the pandemic

Level A: 25,86% Level B: 19,47% Level C: 15,44%
South Africa: 11,84% Global: 21,14%

TEA: No Adoption digital technologies

Level A: 27,54% Level B: 35,78% Level C: 44,16%
South Africa: 44,65% Global: 34,47%

TEA: Will adopt digital technology with new function

Level A: 48,48% Level B: 53,39% Level C: 55,48%
South Africa: 45,13% Global: 51,84%

TEA: Might adopt digital technology with new function

Level A: 14,75% Level B: 13,45% Level C: 11,97%
South Africa: 24,16% Global: 34,55%

SECTION 5

BUSINESSES' ENGAGEMENT WITH SUSTAINABILITY AND THE ADOPTION OF DIGITAL TECHNOLOGY

"The negative impact we are having on the environment is huge. It's up to us to make this reality better. Start with whatever local solution you can find and be consistent with it. The results will be amazing." **Nzambi Matee**[24]

[24] Nzambi Matee is a materials engineer and head of Gjenge Makers. She has a small workshop in Nairobi, Kenya. She produces sustainable low-cost construction materials, which are made of recycled sand and plastic waste.

5.1 Introduction

Businesses live and perform in a world where many audiences and stakeholders, including policymakers, customers, and employees, expect companies to be committed to their responsibilities to society. Some stakeholders lead businesses to be more accountable for maximising social impact and minimising environmental deterioration. Essentially, businesses need to formulate strategies and enact practices for sustainability. In 2022, the United Nations Environment Programme (**UNEP**) published a green story about 5 young entrepreneurs who embrace sustainable business models. One of the young entrepreneurs from Kenya, Nairobi, developed a machine that compresses a mixture of plastic and sand into bricks. Her products are lighter and more durable than cement. These sustainable bricks are affordable and would be utilised to pave walkways for homes and schools, particularly in low-income areas. Her business now produces 1,500 pavers per day.[25] African countries, such as Algeria, Congo, Egypt, Kenya, Morocco, South Africa, Togo, Tunisia, and others, recommend that policymakers consider alternative green trade plans. This mechanism will support the implementation of substitute energy solutions and reduce gas emissions. These will contribute to environmental quality and economic balance. To be more illustrative, we can see that affordable and clean energy (SDG 7) and climate action (SDG 13) will likely be accomplished simultaneously in the African context.[26]

[25] https://www.unep.org/youngchampions/news/story/building-blocks-greener-nairobi?_ga=2.5874163.1383166785.1624265779-1022645130.1585038771&_gac=1.220882538.1623504361.-CjwKCAjwtpGGBhBJEiwAyRZX2vsRaWqJUGW17oriTL9wrsAeWfB1vn8zwg93Dm9cvVAgYp7_yusAkhoC7LkQAvD_BwE.

[26] Djellouli, N., Abdelli, L., Elheddad, M., Ahmed, R., & Mahmood, H. (2022). The effects of non-renewable energy, renewable energy, economic growth, and foreign direct investment on the sustainability of African countries. Renewable Energy, 183, 676-686.

In 2009, **UNEP** listed South Africa as a strategically important country related to the activities of UNEP in the Southern Africa region.[27] The GEM community is increasingly keen on surveying sustainable development, specifically in relation to the SDG.[28] Based on a sample of African entrepreneurs in 2022, it can be observed that South Africa prioritises sustainable development goals over economic goals more so than some other African countries.[29] However, they initiate or practice this less than other Africa countries. Hence, the intent to act sustainably is present, but the practice of sustainability is less so.

In 2021 and 2022, the GEM adult population survey included questions regarding awareness, strategies, and practices of the Sustainable Development Goals. The random sampling entails representativeness, allowing for findings to be generalised, with usual statistical uncertainty, to the businesses in South Africa.

The following section reports the results of the GEM adult population survey of entrepreneurs on the sustainability key indicators. In addition, in 2022, GEM's National Expert Survey (NES) about the ecosystem compared South Africa to 51 other economies. The NES is a survey of national experts in each economy aimed at assessing the key components and characteristics of the entrepreneurial environment for that economy. The results are discussed in more detail in Section 6.

5.2 Engagement with socio-environmental sustainability and economic sustainable goals and practices

5.2.1 Sustainability goals

In 2021 and 2022, all early stage entrepreneurs were asked to rate their agreement with three sustainability strategy statements: environmental implications, social implications, and the prioritisation of environmental impact above profitability or growth.

Awareness of sustainability challenges is measured by asking whether the business has a strategy for environmental sustainability by considering environmental implications when making key business decisions. These strategies may be influenced by awareness of sustainability in the interest of stakeholders or the 2030 UN SDG goals for sustainable development. To achieve their goals, businesses initially draw up strategies and subsequently implement them. Often, businesses try to draw up strategies with limited information.

The GEM survey enables the evaluation of the awareness of sustainability issues. Awareness is assessed using the 2030 United Nations Sustainable Development Goals, the 2030 agenda for sustainable development, published in 2015.

Environmental sustainability strategy is measured by asking entrepreneurs, "\When making decisions about the future of your business, you always consider environmental implications such as preservation of green areas, reduction of the emission of pollutants and toxic gases, selective garbage collection, conscious consumption of water, electricity, and fuels" (Falcioni, 2016).

Social sustainability strategy is measured by asking, "\When making decisions about the future of your business, you always consider social implications such as access to education, health, safety, inclusive work, housing, transportation, and quality of life at work".

Economic sustainability goals are measured by asking whether the entrepreneur prioritises the business's social and/or environmental impact above profitability or growth.

5.2.2 Sustainability practices

Environmental sustainability practices are measured by asking whether the business has taken any steps to minimise the environmental impact of the business over the past year. This could include energy-saving measures, measures to reduce carbon emissions or introducing more efficient machinery, taking care of the solid waste generated, using recyclable material, and using alternative means of transportation, such as cycling, walking, collective rides, public transportation, etc.

Social sustainability practices are measured by asking whether the entrepreneur has taken any steps to maximise the social impact of the business over the past year. This could include creating posts for the unemployed youth and other groups with limited access to labour markets, including social enterprises into your supply chain, ensuring a diverse workforce, prioritising companies and/or suppliers that take actions that respect human rights and the environment, when buying a product and/or service you prioritise fighting against any form of child or slave labour, investing in organisations that develop the community and include less privileged groups.

Figure 5.1 shows that in 2021, 22,7% of South African entrepreneurs were aware of the UN SDG's. This percentage decreased to 18,2% in 2022.

Figure 5.2 shows that the awareness of the 17 UN SDGs for sustainable development among South African women entrepreneurs did not change noticeably in 2022 compared to 2021. Conversely, the awareness of the 17 UN SDGs among South African men entrepreneurs dropped significantly in 2022, from 27,4% in 2021 to 19,1%.

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[27] https://www.unep.org/regions/africa/our-work-africa/un-environment-south-africa.

[28] Singer, S., Šarlija, N., Coduras Martinez, A., Pfeifer, S., Peterka, S. O., Rebernik, M., Bradac Hojnik, Barbara, Fernandez-Laviada, A, & Samsami, M. (2023). GEM Lenses on UN SDGs. In Entrepreneurship and Well-being: Exploring the UN Sustainable Development Goals through the lenses of GEM and other indicators (pp. 89-151). Cham: Springer Nature Switzerland.

[29] GEM Adult Population Survey 2022.

Figure 5.1: *Awareness of sustainability in South Africa (2021 - 2022)*

Awareness of the 17 United Nations Sustainable Development Goals

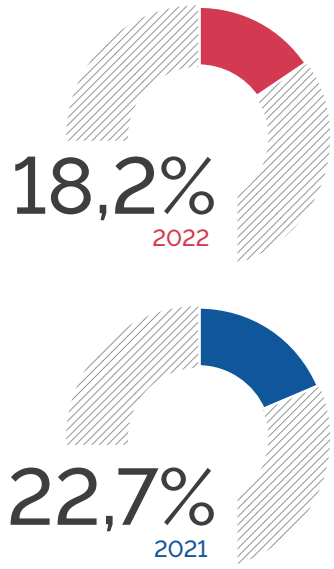


Figure 5.2: *Awareness of sustainability by gender in South Africa (2021 - 2022)*

Percentage of adult population involved in a business

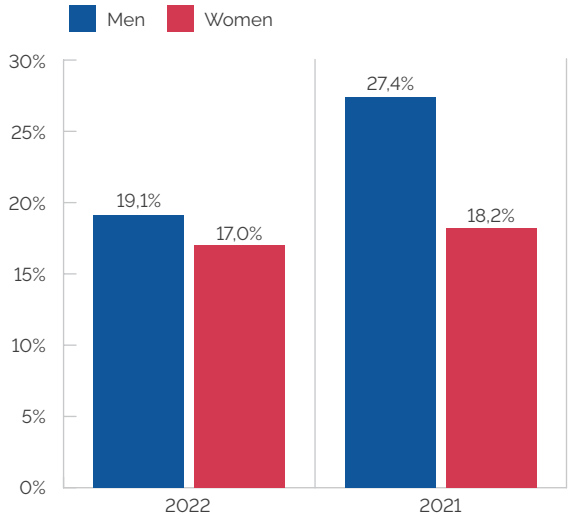


Figure 5.3: *Environmental sustainability in South Africa (2021 - 2022)*

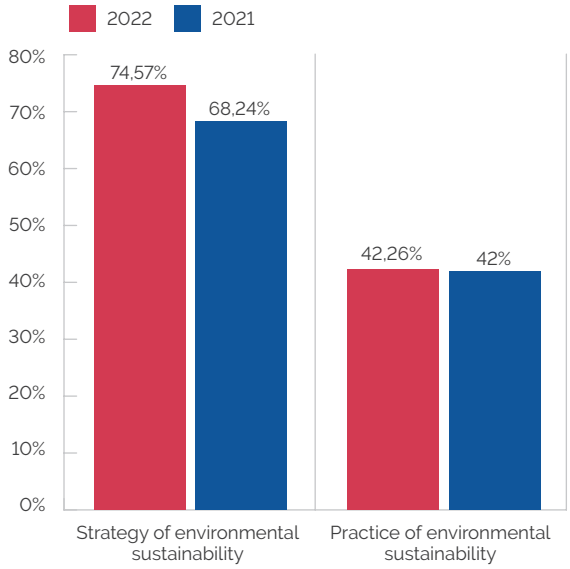


Figure 5.3 illustrates that South African entrepreneurs implemented environmentally sustainable practices almost equally in 2021 (42,00%) and 2022 (42,26%).

However, in 2022, entrepreneurs focused more on strategies to support sustainability (74,50%) than in 2021 (68,20%). Regarding gender (**Figure 5.4**), men are more likely to set up strategies (78,60% compared to 70,70%) and, although less so, they are also more likely to implement environmental practices (44,20% compared to 40,10%).

The practice of sustainability to minimise environmental implications will likely need the support of women entrepreneurs in South Africa.

Figure 5.4: *Environmental sustainability by gender in South Africa (2022)*

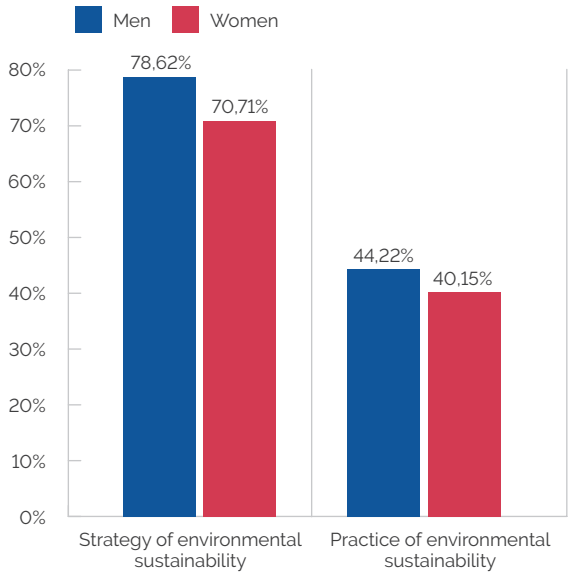


Figure 5.5 shows that entrepreneurs' strategy for supporting social sustainability in South Africa increased in 2022 compared to 2021, from 74,40% to 82,50%. However, we see a decline in practising social sustainability, from 47,70% in 2021 to 36,80% in 2022.

Social sustainability includes creating job positions for the young unemployed, facilitating access to the labour market, ensuring a diverse workforce, supporting projects or social organisations, developing the community, and respecting human rights.

When considering gender (**Figure 5.6**), men are more likely to have a strategy (84,40% compared to 80,6%), and women are more inclined to implement it (42,0% compared to 31,7%). It seems that South African women entrepreneurs often take up a caretaker role, as observed in other research.

Figure 5.5: *Social sustainability in South Africa (2021 - 2022)*

Percentage of adult population involved in a business

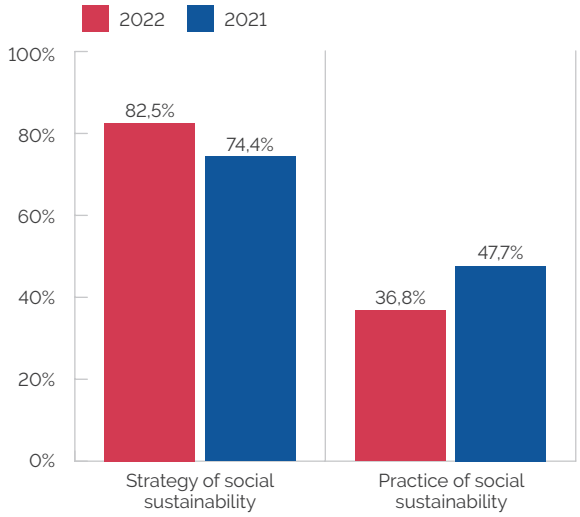
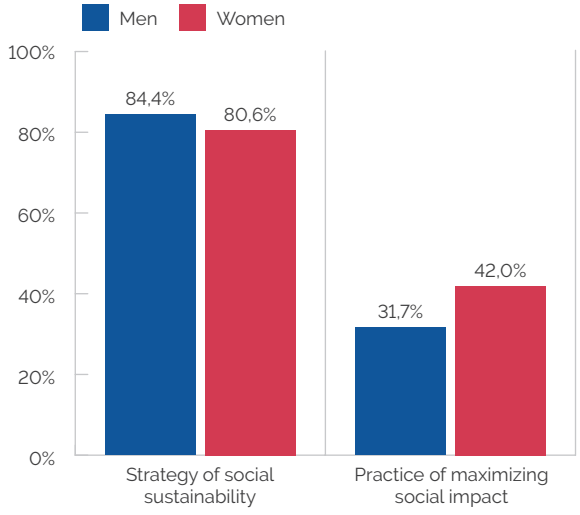


Figure 5.6: *Social sustainability by Gender in South Africa (2022)*

Percentage of adult population involved in a business



South African entrepreneurs prioritise the social and/or environmental impacts of their businesses above profitability or growth, with 75,4% in 2022 prioritising economic sustainable goals compared to 65,6% in 2021 (**Figure 5.7**).

Figure 5.7: *Economic sustainability goals in South Africa (2021 - 2022)*

Economic sustainability goals

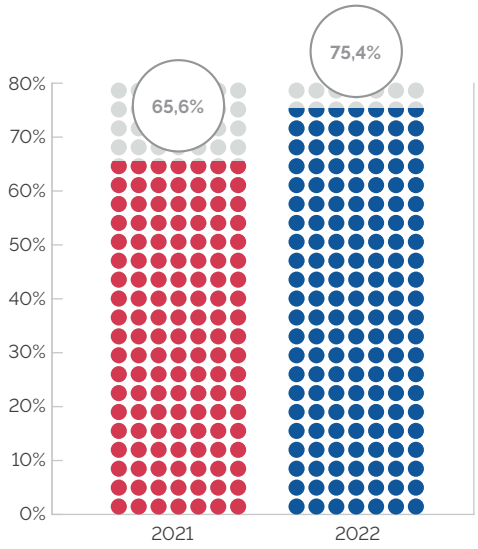
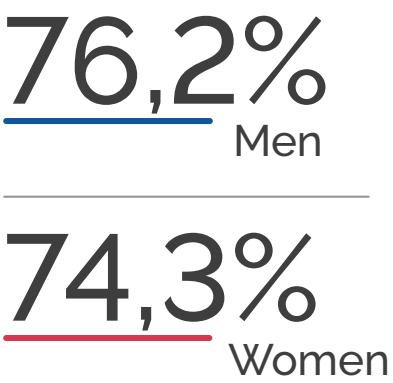


Figure 5.8 demonstrates that entrepreneurs' economic sustainability goals are slightly higher among men in South Africa (76,2%) than women (74,3%).

Figure 5.8: *Economic sustainability goals by gender in South Africa (2022)*

Percentage of adult population involved in a business



5.3 Global comparison of sustainability intentions and practice

Table 5.1 summarises the comparisons between all the GEM participating countries in 2022 for engagement with environmental and social sustainability (awareness, strategy, and practices), categorised by country income levels. Additionally, South Africa is compared with other GEM Africa countries (Morocco, Togo, Tunisia, and Egypt).

Table 5.1: *Sustainability in South Africa and other countries (2022)*

	Awareness	Strategy		Practice			
Country	TEA-Awareness of SSG (%)	TEA-Social SDG (%)	TEA-Enviromental SDG (%)	TEA-Economic sustainable goals (%)	TEA-Social SDG2 (%)	TEA- Enviromental SDG (%)	
Austria	30,40	69,31	67,41	46,98	51,34	44,98	Level A >$40,000
Canada	30,83	69,90	75,79	62,65	61,68	56,48	
Cyprus	14,12	73,42	70,16	53,65	52,03	37,60	
France	27,98	74,34	73,97	56,63	27,04	19,37	
Germany	ND	61,11	54,49	45,20	52,60	46,12	
Israel	15,40	55,23	47,57	32,77	38,91	41,95	
Japan	ND	64,56	55,58	42,77	44,73	39,86	
Lithuania	16,17	71,41	76,30	52,77	46,41	35,89	
Luxembourg	ND	85,25	82,39	60,18	72,34	55,56	
Netherlands	ND	67,75	66,13	49,15	45,35	46,9	
Norway	61,26	48,49	61,83	35,32	43,16	33,24	
Qatar	14,94	78,73	82,66	56,02	50,63	54,51	
South Korea	30,48	67,65	62,18	38,66	51,08	35,85	
Saudi Arabia	ND	79,51	82,45	75,35	59,76	62,36	
Slovenia	30,16	83,36	92,96	73,76	38,48	30,60	
Spain	30,77	68,53	68,89	55,22	54,62	36,84	
Sweden	ND	60,03	60,75	51,41	55,66	39,10	
Switzerland	32,55	71,37	75,29	51,32	73,93	52,33	
United Arab Emirates	30,61	90,23	90,04	78,01	56,37	64,29	
United Kingdom	ND	74,37	73,32	59,22	56,16	37,65	
United States	ND	72,78	68,77	68,77	54,75	55,46	
Chile	15,03	88,05	91,90	81,55	63,71	48,17	Level B $20,000–$40,000
Croatia	27,84	80,98	82,49	64,78	62,95	54,81	
Greece	19,31	72,18	77,05	53,66	58,48	43,63	
Hungary	24,65	66,56	80,33	51,08	55,66	40,69	
Latvia	25,94	70,73	76,02	38,34	43,92	24,60	
Mexico	8,88	85,22	87,51	73,75	64,89	58,49	
Oman	ND	54,63	48,46	40,46	38,83	48,88	
Panama	ND	90,86	93,73	82,34	71,82	64,67	
Poland	43,20	85,41	83,53	28,01	54,73	59,55	
Puerto Rico	ND	89,41	90,27	74,02	51,77	57,53	
Romania	29,22	88,81	84,99	76,89	52,02	45,48	
Serbia	12,37	74,01	78,28	54,95	45,89	27,99	
Slovakia	30,21	71,06	70,74	51,45	57,06	45,23	
Taiwan	31,65	90,90	87,42	64,87	75,14	60,17	
Uruguay	11,01	85,02	87,31	70,27	55,34	47,09	
South Africa	18,71	83,02	75,51	77,09	41,72	36,68	Level C <$20,000
Brazil	ND	90,16	91,26	81,44	93,78	85,59	
China	34,36	78,38	85,79	59,23	76,68	68,78	
Colombia	11,76	69,59	76,31	61,73	58,08	44,32	
Egypt	7,82	79,70	77,16	66,64	39,86	42,91	
Guatemala	ND	93,34	93,46	83,84	57,56	56,92	
India	7,92	84,73	74,23	76,87	25,74	32,92	
Indonesia	6,92	88,57	84,15	71,69	78,77	75,55	
Iran	ND	71,3	68,75	60,24	63,30	62,35	
Morocco	4,98	58,88	55,60	43,98	23,00	31,09	
Togo	22,87	75,41	70,44	63,27	52,82	43,03	
Tunisia	6,46	86,23	88,26	73,30	30,71	32,56	
Venezuela	ND	85,43	84,87	68,90	43,34	40,80	

*ND = No data available

**Economies in GEM 2022, categorised by income group (GDP per capita)/ Global Entrepreneurship Monitor 2022/2023 Global Report

WHEN A SUSTAINABILITY SPECIALIST BLOSSOMS INTO A SOCIAL ENTREPRENEUR

Margaret Nesemare owns and operates MR.N Designs (Pty) Ltd, which has existed for the past 6 years. This business was established as a small startup that was influenced by UKZN's Regional and Local Economic Development Initiative and Baobab's Innovative Waste Design programme at The MakerSpace. As a business initiative built on an awareness of creating and maintaining a sustainable environment, it transforms waste, especially plastics, into uniquely designed products.

"I trained as a recycling technician, which has empowered me to run a business driven by care."

As a successful entrepreneur, Margaret knows that entrepreneurship is not for the faint-hearted and has confronted numerous challenges. She states that "being grounded within the circular economy, conducting business with clients and partners has been really rewarding and has opened doors that transform mere ideas into a reality that can change a life. It has taken me 6 years to be able to say that and to have the capacity to make it work". Maintaining her self-confidence and tenacity has allowed her to succeed, but only after developing innovative and constructive ideas that have now come to fruition.

The business is an environmentally conscious brand that transforms waste into wonders via upcycling discarded plastic and textile off-cuts into uniquely designed accessories. These accessories are designed to be timeless, ready-to-give gifts that spark a sense of appreciation and connection between people, while financially benefiting from pollution. "We are a solution because at the heart of the company are the Sustainable Development Goals 12, 13, and 14 being implemented throughout the entire production cycle".

Margaret's business has given rise to community reinvestments through alternative projects such as How-To-Upcycle Workshops, which have stimulated community involvement. MR.N Designs has also taken advantage of e-commerce, and her marketing strategy is to expand the business model to include global sales via online shopping. The business has developed local client outlets and established offerings via Instagram and WhatsApp.

The company's talent has been recruited from various marginalised individuals who possess creative, artistic, aesthetic, and innovative capabilities that have helped build a successful brand. This form of recruitment has helped develop a team of exciting local, talented people who have the capacity to use their innate abilities to assist in building a viable and profitable company.

Every business meets challenges, and MR.N Designs has also had its share; the most significant challenge was to produce products made from 100% recycled plastic waste. By joining forces with The MakerSpace, Margaret was able to ultimately create a marketable product based on extensive research and development.

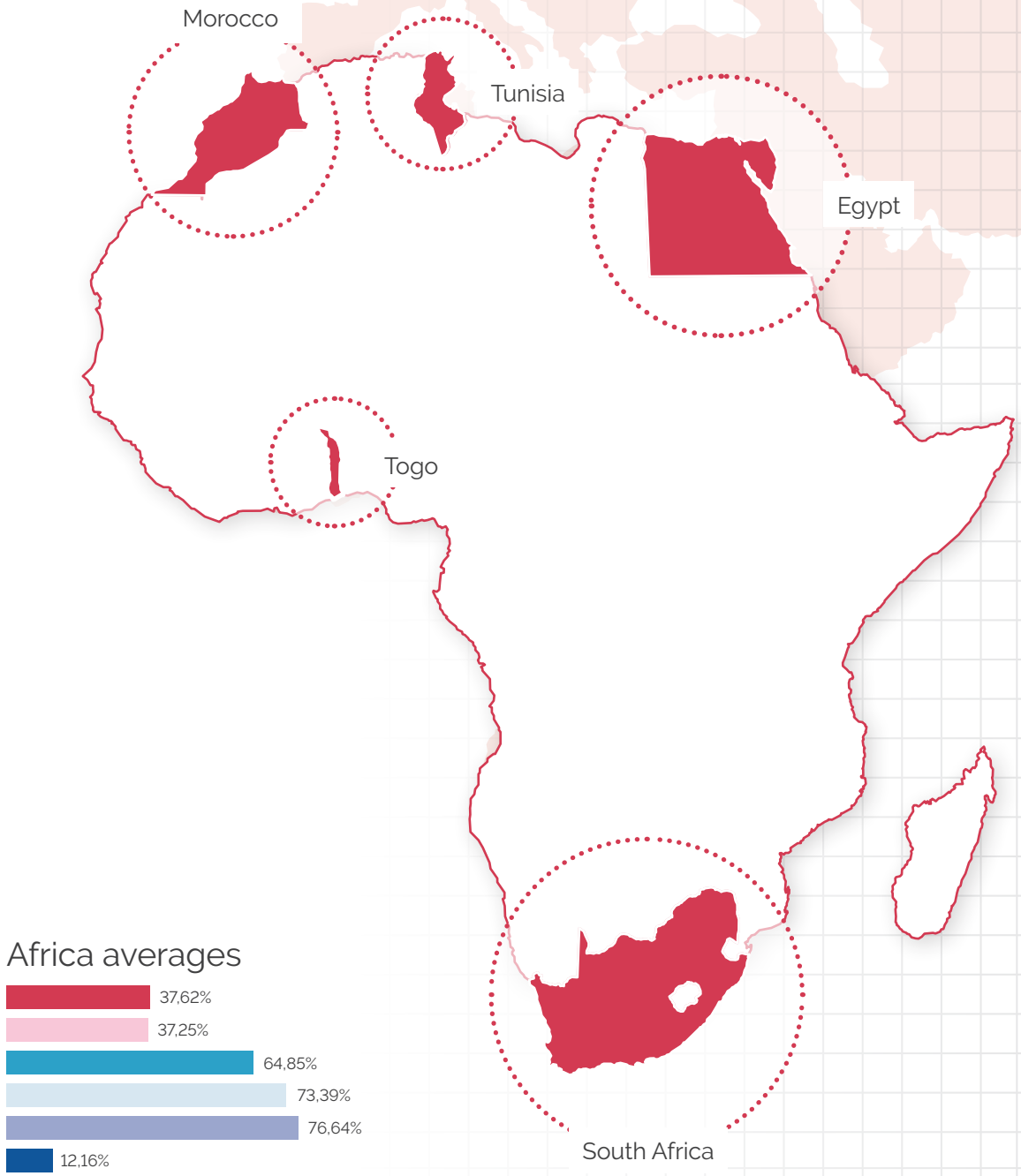
Margaret's resilience and tenacity, which have helped develop her business, were predicated on the fact that she has a brother with Down syndrome who has helped her understand the importance of recognising that all individuals have value and dignity, and that no one should not be excluded from society. In the future, to create a more inclusive work environment, MR.N Designs plans to acquire appropriate technologies and workspaces to accommodate special needs individuals and others with various disabilities.

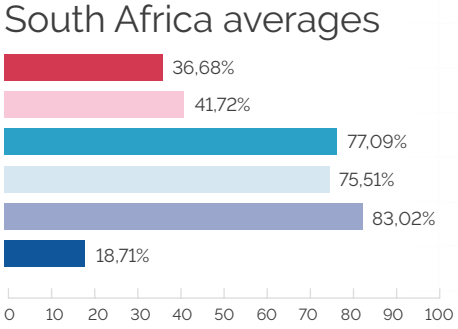
You can reach out to MR.N Designs (Pty) Ltd at:

mr.ndesignedit@gmail.com

https://www.instagram.com/m9_art/

Figure 5.9: *Sustainability intentions in Africa (2022)*
(Africa averages include South Africa)





5.4 Sustainability ecosystem (NES)

An ecosystem denotes the institutional arrangements and resource endowments in a society devoted to an activity such as entrepreneurship, digitalisation, or sustainability. In each participating GEM country, a panel of experts annually assess specific dimensions of the entrepreneurial ecosystem. Experts assess the development of each dimension on a scale from 0 - 10.

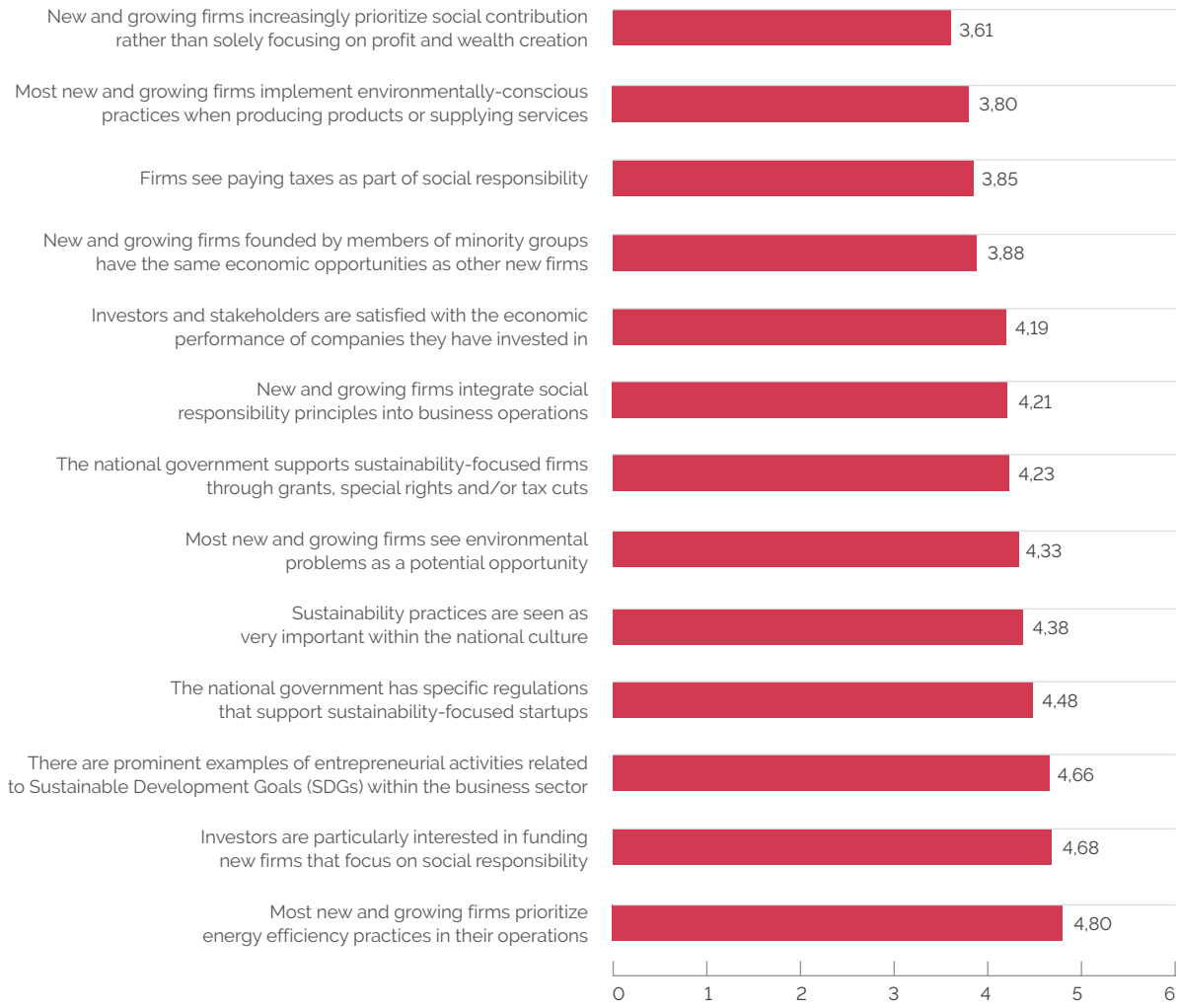
Each country has an ecosystem shaping businesses' engagement with sustainability issues.

This ecosystem comprises the institutional arrangements and resources for sustainability efforts such as priorities of sustainability over profit and wealth, sustainable practices in production and services, integration of corporate social responsibility into business plans and strategies, supporting sustainability practices in businesses, and providing opportunities for disadvantaged segments of the population. These are reflected in **Figure 5.10** below.

In South Africa, such institutional arrangements are below average. Experts rated South African institutional conditions in each dimension between 3,61 and 4,80 (out of a possible 10).

Figure 5.10: *Sustainability ecosystem in South Africa (2022)*

National experts

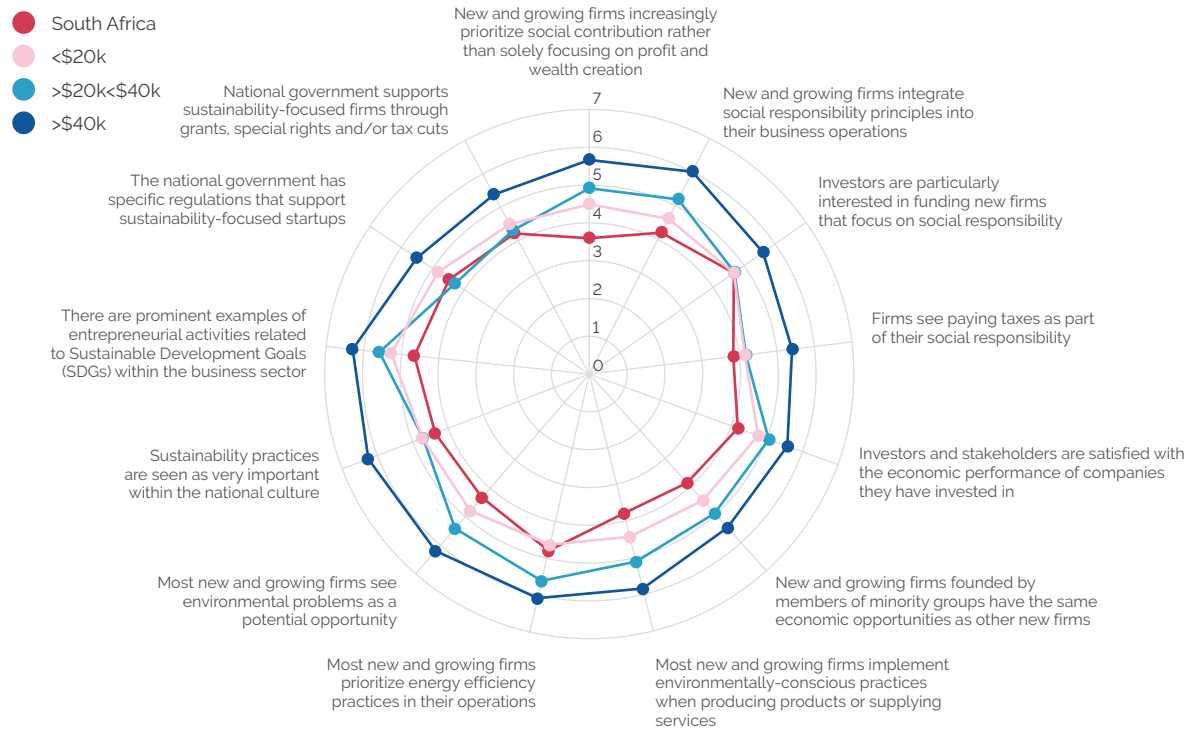


South Africa underperforms when comparing their sustainability ecosystem development to other countries. The mean for each dimension was calculated for wealthy, mid-income, and low-income countries, including South Africa (**Figure 5.11**).

Figure 5.11 shows that the sustainability ecosystem is most developed in wealthy countries, second-most in mid-income countries, and least developed in low-income countries. This is not surprising as the development of the ecosystem is costly, and the wealthier countries can best afford to enact the requirements for sustainability in businesses. South Africa scores lower than the mean of the low-income countries.

Figure 5.11: *South Africa sustainability ecosystem compared to country income levels categories (2022)*

National experts



5.5 Adoption of digital technology

In 2022 and 2021, the GEM adult population survey asked questions regarding the adoption of digital technologies today and future technology adoption prospects.

The adoption of digitalisation in the past is measured by asking entrepreneurs:

In response to the coronavirus pandemic, has your business changed its use of digital technologies for selling your product or service?

The entrepreneur answered by giving one of these four possible answers:

Yes – I adopted digital technologies in response to the coronavirus pandemic.
Yes – I enhanced my initial plans with new or improved digital technologies.
No – I already planned a range of digital technologies before the coronavirus pandemic.
No – my business can function without digital technologies.[30]

Intention to adopt digital technology in the future is measured by asking entrepreneurs:

Do you expect your business will use more digital technologies to sell your product or service in the next 6 months?

In South Africa businesses have adopted digital technology, some before the pandemic, and some adopted it only during the pandemic. But many other businesses have not adopted digital technology, or at least not yet. The GEM survey asked entrepreneurs about adoption, specifically the timing, as shown in **Figure 5.12**.

In South Africa, little more than half of the businesses have adopted digital technology, many of which did so before the pandemic. But almost half of the businesses have not, or have not yet, adopted digital technology. However, roughly half of the businesses that had not yet adopted digital technologies intend to do so in the near future.

The adoption of digital technology also depends on the age of the business. Digital technology is adopted in early-stage businesses more frequently than established businesses. Likewise, the future intention to adopt new digital technology is more frequent in early-stage businesses.

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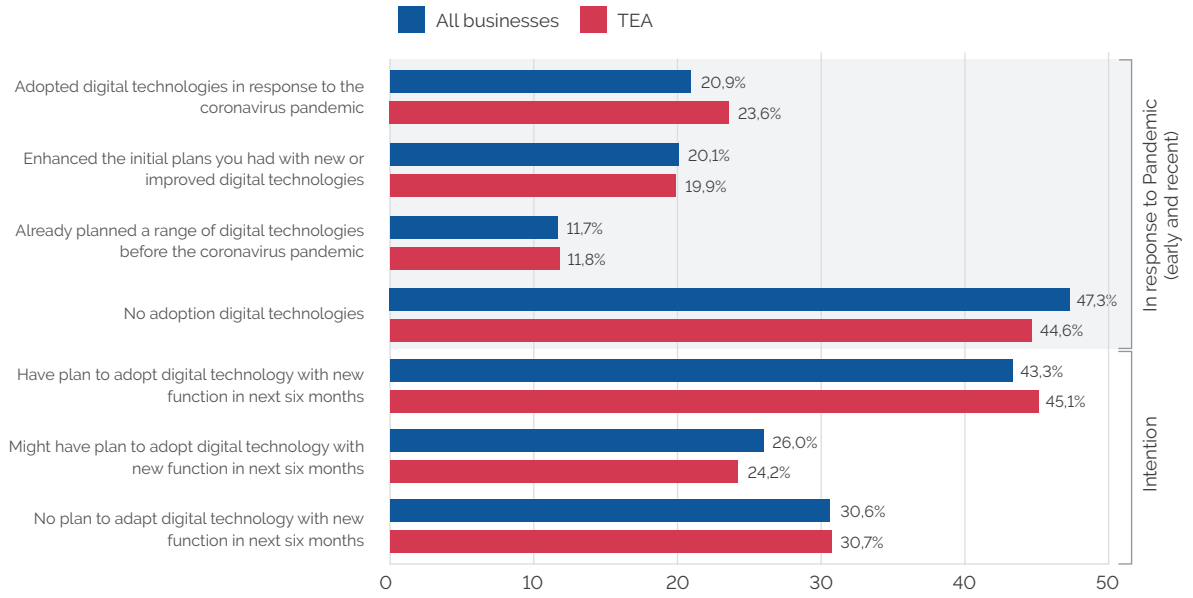
[30] Samsami, M., & Schøtt,T. (2022). Past, Present, and Intended Digitalization around the World: Leading, Catching up, Forging Ahead, and Falling Behind. Naše Gospodarstvo/Our Economy, 68(3), 1-10. DOI: 10.2478/ngoe-2022-0013.

Figure 5.12: *The adoption of digital technology in South Africa (2022)*

All businesses compared to early stage businesses

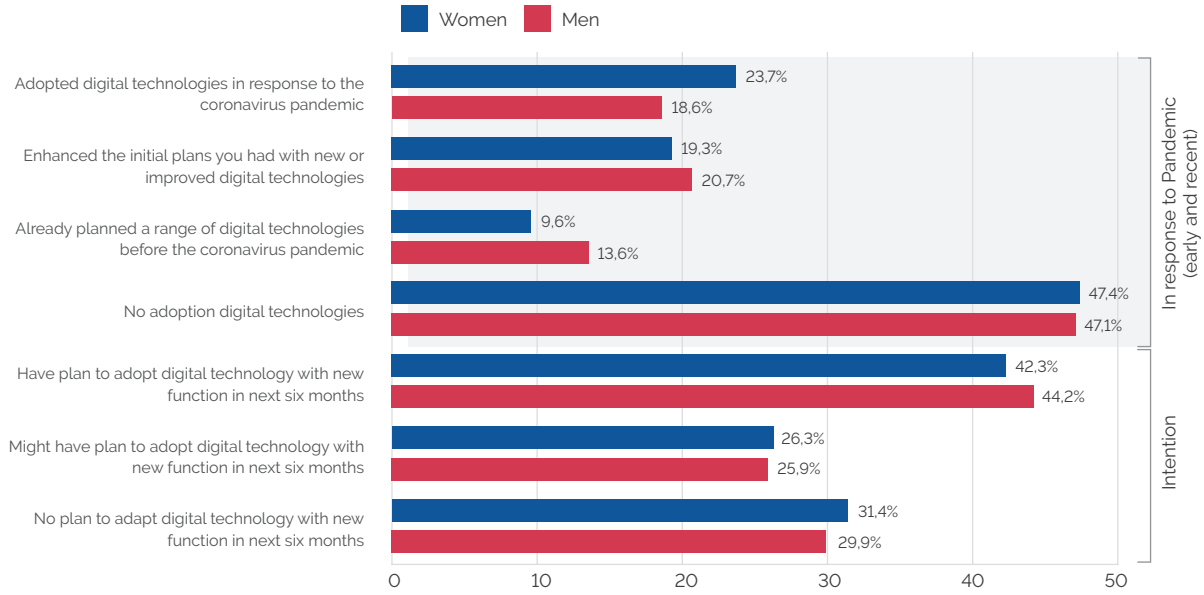


Is the adoption of digital technologies gender specific?

It is sometimes claimed that men tend to be more technologically inclined than women.[31] So, what do the findings show?

Figure 5.13 shows that men entrepreneurs adopted digital technology more frequently than women entrepreneurs, before the pandemic. Furthermore, it shows that men, more often than women, enhanced their initial adoption plans during the pandemic. However, female entrepreneurs began adopting these technologies more often during the pandemic than men. Thus, women were accelerating technology adoption better than men. In summary, the result has been that by mid-2022, men and women entrepreneurs had adopted digital technology to similar extents. Likewise, men and women have similar intentions to adopt new digital technology in the near future.

Figure 5.13: *Adoption of digital technology by gender in South Africa (2022)*



[31] Eszter Hargittai & Aaron Shaw (2015) Mind the skills gap: the role of Internet know-how and gender in differentiated contributions to Wikipedia, Information, Communication & Society, 18:4, 424-442, DOI: 10.1080/1369118X.2014.957711

5.6 Global comparison of adoption of digital technology

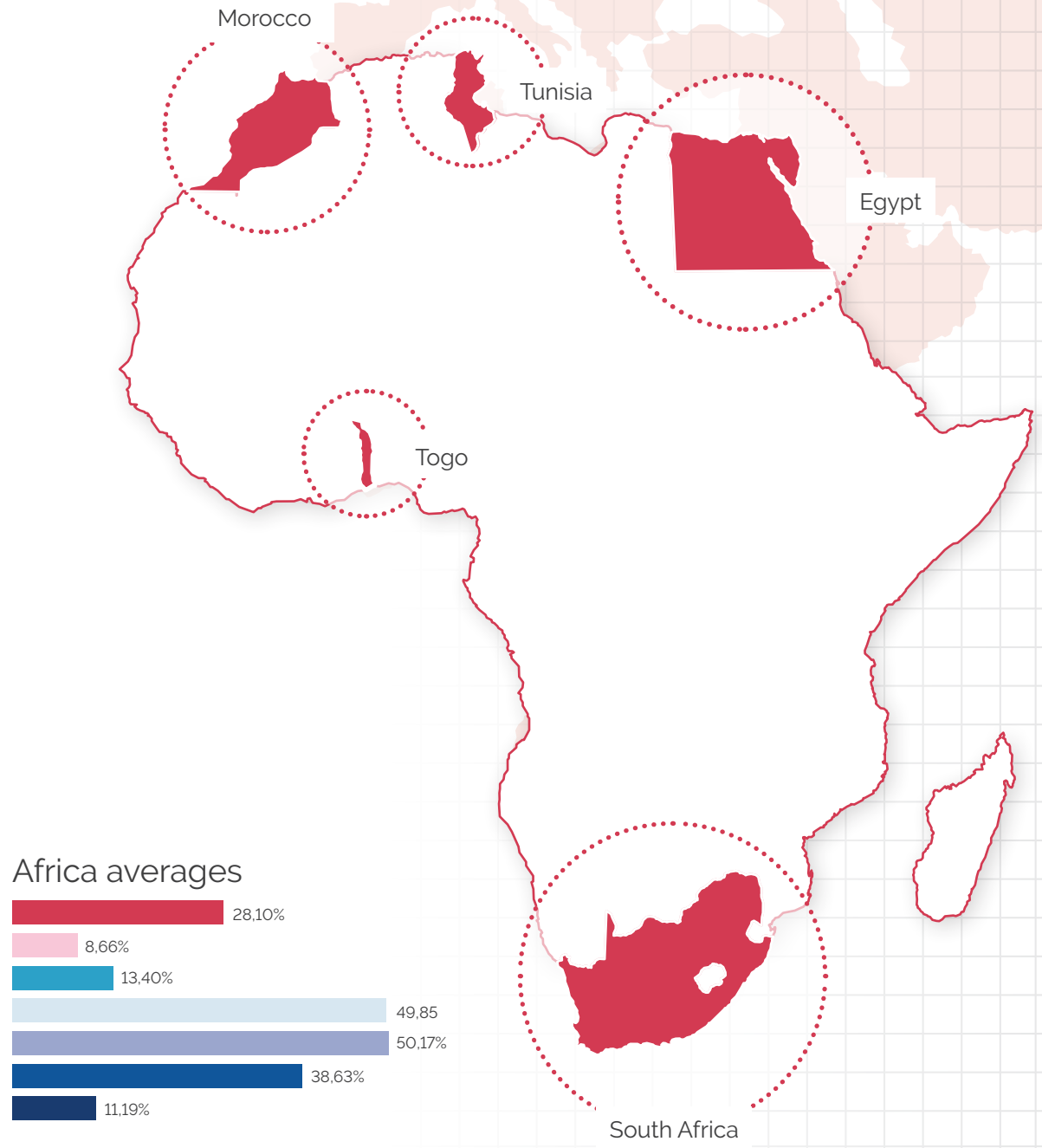
Table 5.2 compares all the GEM participating countries for the adoption of digital technology and the intention of digitalisation in the future. Subsequently, the adoption of digital technology in South Africa compared to other GEM Africa countries (Morocco, Togo, Tunisia, and Egypt) (**Figure 5.14**).

Table 5.2: *Adoption of digital technology in south Africa and other countries (2022)*

Country	TEA: Adopted digital technologies in response to the coronavirus pandemic (%)	TEA: Enhanced the initial plans you had with new or improved digital technologies (%)	TEA: Already planned a range of digital technologies before the coronavirus pandemic (%)	TEA: No Adoption digital technologies (%)	TEA: Have plan to adopt digital technology with new function in next six months (%)	TEA: No plan to adopt digital technology with new function in next six months (%)	TEA: Might have plan to adopt digital technology with new function in next six months (%)	
Austria	32,23	14,57	24,96	28,24	43,61	36,02	20,37	Level A >$40,000
Canada	22,73	35,98	24,77	16,53	55,32	23,44	21,24	
Cyprus	22,50	19,78	18,66	39,07	53,01	33,74	13,24	
France	12,50	17,18	39,62	30,70	17,63	71,45	10,93	
Germany	22,03	32,85	24,31	20,81	45,99	54,01	0,00	
Israel	31,85	23,94	23,29	20,92	48,45	31,91	19,64	
Japan	14,18	17,43	23,99	44,4	54,39	28,79	16,82	
Lithuania	9,20	25,17	21,42	44,22	28,84	55,05	16,11	
Luxembourg	20,54	27,94	27,75	23,77	55,04	32,22	12,74	
Netherlands	11,73	26,62	39,09	22,56	38,46	45,72	15,83	
Norway	24,01	11,62	31,46	32,91	47,67	44,92	7,40	
Qatar	48,28	9,78	13,06	28,87	55,55	24,33	20,12	
South Korea	39,08	12,18	2,10	46,64	46,4	19,82	33,78	
Saudi Arabia	47,18	31,32	12,72	8,78	62,13	29,76	8,11	
Slovenia	7,97	27,18	42,84	22,01	52,35	36,72	10,93	
Spain	26,61	25,36	29,32	18,71	46,48	36,45	17,07	
Sweden	9,98	14,50	47,03	28,49	36,50	40,68	22,82	
Switzerland	15,71	13,99	42,47	27,83	31,86	50,9	17,24	
United Arab Emirates	29,64	35,02	11,29	24,04	81,94	13,74	4,32	
United Kingdom	27,81	29,39	16,84	25,96	59,99	33,31	6,70	
United States	26,97	23,99	26,14	22,89	56,55	29,21	14,24	
Chile	14,70	26,31	31,82	27,17	75,41	16,84	7,75	Level B $20,000–$40,000
Croatia	17,82	18,47	34,82	28,89	50,14	35,94	13,91	
Greece	47,32	14,50	18,03	20,15	47,27	37,81	14,92	
Hungary	12,34	17,38	28,54	41,74	37,67	55,74	6,59	
Latvia	15,39	23,03	36,72	24,85	45,62	35,89	18,49	
Mexico	30,46	10,68	17,03	41,83	78,91	19,23	1,86	
Oman	56,62	11,20	10,76	21,42	54,71	24,44	20,85	
Panama	25,23	28,15	13,53	33,09	80,25	12,39	7,36	
Poland	37,75	4,13	6,01	52,11	29,09	47,02	23,9	
Puerto Rico	29,25	28,18	15,29	27,28	78,36	21,64	0,00	
Romania	19,88	22,01	11,57	46,54	38,42	37,73	23,85	
Serbia	12,63	20,07	19,15	48,14	33,11	40,34	26,55	
Slovakia	12,64	23,64	19,58	44,14	34,00	38,23	27,77	
Taiwan	29,72	25,94	8,92	35,41	57,77	38,32	3,92	
Uruguay	15,41	20,46	20,22	43,91	60,04	35,92	4,04	
South Africa	23,65	19,86	11,84	44,65	45,13	30,72	24,16	Level C <$20,000
Brazil	15,96	29,99	25,74	28,30	85,41	13,73	0,86	
China	21,96	17,80	20,30	39,94	36,92	51,28	11,80	
Colombia	29,77	14,96	14,12	41,16	62,27	21,25	16,48	
Egypt	33,34	6,31	19,81	40,54	64,01	27,19	8,79	
Guatemala	20,23	14,11	7,78	57,88	72,60	24,2	3,20	
India	19,73	19,12	16,34	44,81	28,24	46,29	25,47	
Indonesia	21,28	23,15	12,24	43,33	60,87	21,73	17,4	
Iran	13,67	31,99	24,70	29,64	53,42	31,10	15,48	
Morocco	49,90	10,14	5,46	34,51	63,43	36,57	0,00	
Togo	7,38	2,01	13,89	76,72	32,39	59,61	8,01	
Tunisia	26,23	4,96	15,99	52,82	45,91	39,07	15,02	
Venezuela	37,83	9,90	12,51	39,76	70,59	20,51	8,90	

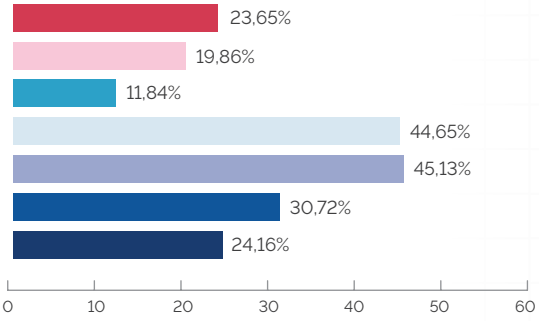
*ND = No data available
**Economies in GEM 2022, categorised by income group (GDP per capita)

Figure 5.14: *The adoption of digital technology in Africa (2022) (Africa averages include South Africa)*



Africa averages

South Africa averages



- Adopted digital technologies in response to the COVID-19 pandemic
- Enhanced the initial plans you had with new or improved digital technologies
- Already planned a range of digital technologies before the COVID-19 pandemic
- No adoption digital technologies
- Have plan to adopt digital technology with new function in next 6 months
- No plan to adopt digital technology with new function in next 6 months
- Might have plan to adopt digital technology with new function in next 6 months

5.7 Ecosystem for digitalisation (NES)

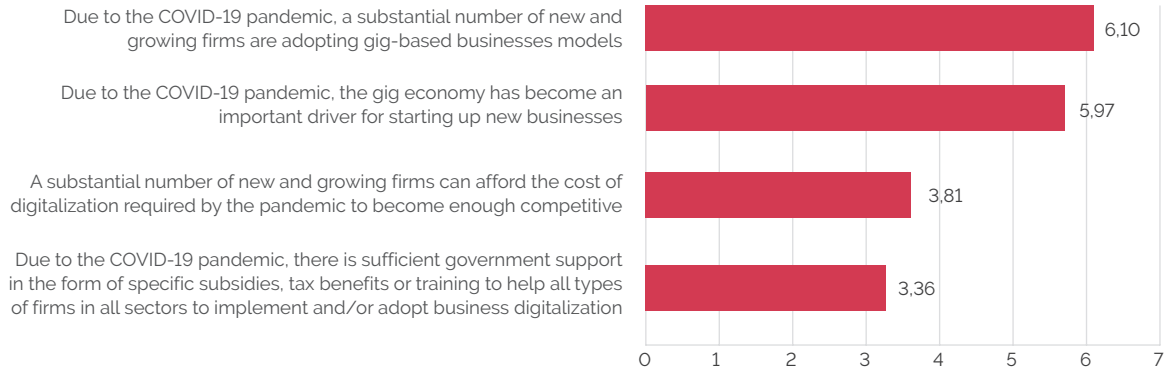
In 2022, GEM's National Expert Survey (NES) compared the digital entrepreneurial ecosystem across countries. The national expert survey assesses the key components and characteristics of the entrepreneurial ecosystem for digitalisation.

Each country has its own ecosystem for digitalisation. This ecosystem denotes the institutional arrangements and resource endowments for digitalisation in businesses. This ecosystem's development is assessed by a panel of experts who rate each dimension on a scale from 0 to 10.

In South Africa, the ecosystem for digitalisation is somewhat developed, as shown in **Figure 5.15**. Ecosystem dimensions rated between 2,81 and 6,97.

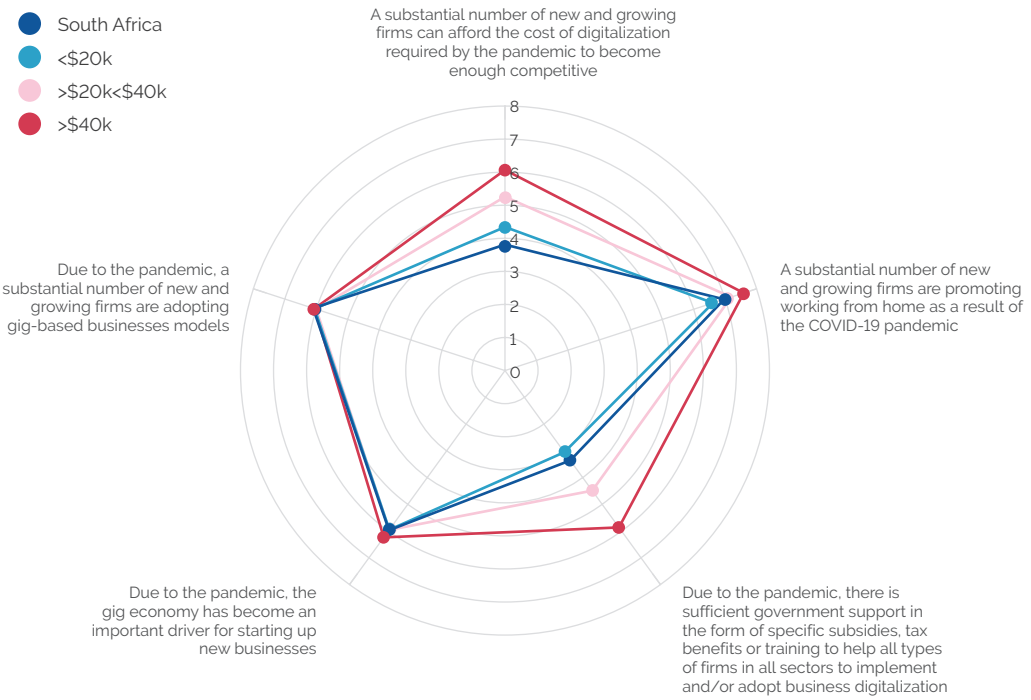
Figure 5.15: *Ecosystem for digitalisation in South Africa (2022)*

National experts



The means of development of digital ecosystems in wealthy, middle-income, and low-income countries (including South Africa) were calculated (**Figure 5.16**). The digital ecosystems are most developed in wealthy countries, second-most in mid-income countries, and least developed in low-income countries. This is natural because the development of an ecosystem is costly. The digital ecosystem in South Africa is slightly less developed than the mean development of digital ecosystems in low-income countries.

Figure 5.16: *South Africa digitilisation ecosystem compared to country income levels categories*



SECTION

06

THE SOUTH AFRICAN ENTREPRENEURIAL ECOSYSTEM AND GOVERNMENT SUPPORT AGENCIES

It is well understood that entrepreneurs need enabling conditions to thrive and grow. Entrepreneurial ecosystem vitality is important and differs substantively from country to country and across economic regions within countries. The evidence is clear that more could be done to support entrepreneurs in South Africa. This section starts off by unpacking the status of the country's entrepreneurial framework conditions and how these can be revitalised to provide a more dynamic environment for entrepreneurial success. It then continues to cover the awareness and effectiveness of government agencies set up to assist entrepreneurs and small businesses.

The South African entrepreneurial ecosystem and government support agencies

Executive Summary

Level A: above $40,000 Level B: $20,000 -$40,000 Level C: below $20,000
Economies in GEM 2022, categorised by income group (GDP per capita)
Global Entrepreneurship Monitor 2022/2023

Entrepreneurial finance sufficiency

Level A: 5,21% Level B: 4,09% Level C: 3,97%
South Africa: 3,95% Global: 4,56%

Ease of access to entrepreneurial finance

Level A: 4,96% Level B: 3,99% Level C: 3,78%
South Africa: 3,76% Global: 4,37%

Government policy: Support and relevance

Level A: 5,09% Level B: 3,62% Level C: 4,33%
South Africa: 4,14% Global: 4,51%

Government policy: Taxes and bureaucracy

Level A: 5,28% Level B: 4,42% Level C: 4,14%
South Africa: 3,90% Global: 4,72%

Government entrepreneurial programmes

Level A: 5,57% Level B: 4,50% Level C: 4,14%
South Africa: 3,81% Global: 4,90%

Entrepreneurial education at school

Level A: 3,99% Level B: 2,84% Level C: 2,85%
South Africa: 3,57% Global: 3,35%

Entrepreneurial education post-school

Level A: 5,20% Level B: 4,61% Level C: 4,60%
South Africa: 4,46% Global: 4,84%

Research and development transfers

Level A: 4,82% Level B: 3,82% Level C: 3,34%
South Africa: 3,31% Global: 4,11%

Commercial and professional infrastructure

Level A: 5,8% Level B: 5,35% Level C: 4,77%
South Africa: 4,56% Global: 5,38%

Internal market dynamics

Level A: 5,24% Level B: 5,27% Level C: 5,44%
South Africa: 4,84% Global: 5,41%

Internal market burdens and regulation

Level A: 5,13% Level B: 4,37% Level C: 4,07%
South Africa: 3,64% Global: 4,59%

Physical infrastructure

Level A: 6,66% Level B: 6,23% Level C: 5,70%
South Africa: 4,87% Global: 6,32%

Social and cultural norms

Level A: 5,70% Level B: 6,23% Level C: 5,13%
South Africa: 4,52% Global: 5,02%

SECTION 6

THE SOUTH AFRICAN ENTREPRENEURIAL ECOSYSTEM AND GOVERNMENT SUPPORT AGENCIES

6.1 Entrepreneurial ecosystems

Recently, there has been a surge in the interest in ecosystems in strategy research and practice, specifically on ecosystems and how they operate.[32] The ecosystem concept emerged from Biology and was initially described as a complex interactive system of living organisms with their physical environment.[33] When referring to businesses, the term ecosystem generally refers to a group of interacting firms that depend on each other's activities for "survival".[32] The biological ecosystem regarding businesses mainly highlights the relationships, interactions and interdependencies between focal business players in any specific region.

Different ecosystem typologies have emerged from the biological phenomenon, namely (i) the business ecosystem—a structured group of interconnected firms that work together to meet the needs of customers and rely on one another for survival within the ecosystem;[34] (ii) the innovation ecosystem—the collaborative arrangements through which firms combine their individual offerings into a coherent, customer-facing solution;[35] (iii) the knowledge ecosystem—a heterogeneous set of knowledge-intensive companies and other participants that depend on each other for their effectiveness and efficiency[36] and (iv) the entrepreneurial ecosystem—a set of interdependent actors and factors that interact to enable productive entrepreneurship.[37]

There has been a growing focus, particularly on entrepreneurial ecosystems among researchers in the fields of innovation, entrepreneurship, economic geography, international business and public policy.[38] However, despite its popularity among scholars and policymakers, there is not yet an accepted definition of what entrepreneurial ecosystems are. Although there is a lack of consensus on the definition of entrepreneurial ecosystems, the working definition adopted in the GEM research consists of all the interdependent actors and factors that enable or constrain entrepreneurship in a particular territory or geography.[37] The interrelationships, interdependencies and interactions of actors and factors are, of course, systemic and complex.

For innovative businesses to thrive in any given geographical setting, they must be embedded in effective and supportive entrepreneurial ecosystems.[39] Thus, entrepreneurial ecosystems can also be understood as the enabling and stimulating environment for entrepreneurial activities. Entrepreneurial ecosystems matter as they emerge from the interaction between start-ups, established firms, investors, incubators, policymakers, intermediaries and other actors in a confined geographical region.[40]

Entrepreneurial ecosystems consist of different elements, categorised into systemic and framework conditions whose continuous interactions define ecosystems' quality and output (productive entrepreneurship). The systemic conditions are the heart of the ecosystem, and they include networks, leadership, finance, talent, knowledge, and support services.[41] The interaction between these elements determines the success of the entire entrepreneurial ecosystem. The framework conditions on the other hand include institutions, culture, physical infrastructure, and demand. These elements are considered the fundamental causes of value creation in the entrepreneurial ecosystem.[41]

Entrepreneurial ecosystems also consist of three important attributes (cultural, social, and material) that provide critical resources for entrepreneurs and, consequently new venture creation.[42] The cultural attributes rotate around people's beliefs and

[32] Jacobides, M.G., Cennamo, C. & Gawer, A. 2018. Towards a theory of ecosystems. *Strategic Management Journal*, 39(8):2255-2276.

[33] Tansley, A.G. 1935. The use and abuse of vegetational concepts and terms. Ecology, 16(3):284-307.

[34] Moore, J.F. 1993. Predators and prey: a new ecology of competition. *Harvard Business Review*, 71(3):75-86.

[35] Adner, R. 2006. Match your innovation strategy to your innovation ecosystem. *Harvard Business Review*, 84(4):1-11.

[36] Van der Borgh, M., Cloodt, M. & Romme, A.G.L. 2012. Value creation by knowledge-based ecosystems: evidence from a field study. R&D Management, 42(2):150-169.

[37] Stam, E. & van de Ven, A. 2021. Entrepreneurial Ecosystem Elements. *Small Business Economics*, 56(2):809-832.

[38] Malecki, E.J. 2018. Entrepreneurship and entrepreneurial ecosystems. *Geography Compass*, 12(3):1-21.

[39] Audretsch, D.B., Cunningham, J.A., Kuratko, D.F., Lehmann, E.E. & Menter, M. 2019. Entrepreneurial ecosystems: economic, technological, and societal impacts. *The Journal of Technology Transfer*, 44(2):313-325.

[40] Nieuwenhuizen, C., Krüger, N.A., Meyer, D.F. and Meyer, N., 2022. A thematic analysis of essential entrepreneurial ecosystem factors: An economic growth and development perspective. *Journal of Contemporary Management*, 19(2), pp.609-653.

[41] Stam, E. 2015. Entrepreneurial ecosystems and regional policy: a sympathetic critique. *European Planning Studies*, 23(9):1759-1769.

[42] Spigel, B. 2017. The relational organisation of entrepreneurial ecosystems. *Entrepreneurship Theory and Practice*, 41(1):49-72

attitudes as far as entrepreneurship is concerned. Entrepreneurial success stories shared within the community inspire prospective entrepreneurs to pursue a career in entrepreneurship, possibly resulting in the formation of new ventures. The formation of new ventures could in-turn create jobs and as such will reduce the high youth unemployment rates which has become a common characteristic of most emerging economies.

The social attribute highlights social networks and the resources available through the social networks. The social networks provide access to critical resources such as information, finance, investors, mentors, knowledge and business ideas among others, all of which are considered as critical to the entrepreneurial process, new venture creation and growth of entrepreneurial ventures. Engaging in multiple networking ties also provides access to diverse set of resources and benefits all of which are critical to the growth of ventures within the ecosystem.

The material attributes are those physically present in entrepreneurial ecosystems, e.g., universities, research and development facilities and support services. As with the cultural and social attributes, the material attributes, for instance, universities provide critical knowledge, talent and training, thus encouraging the creation of new ventures.[43]

The South African entrepreneurial ecosystem is dynamic and evolving, with many opportunities and challenges for new venture creation. By leveraging the strengths of the existing entrepreneurial ecosystem factors and addressing the key challenges, entrepreneurs in South Africa can continue to drive economic growth in the country. The different factors in the entrepreneurial ecosystem may not share the same level of importance, and the relationships between the factors may vary.[44] However, ultimately, they all need to work in unison to support each other to create an entrepreneurial ecosystem that is sustainable, functional and resilient.

Every entrepreneurial ecosystem has divergent members with individual characteristics. Creating a successful entrepreneurial ecosystem demands a deep knowledge of the culture arising from the blend and features of each environment.[45] Consequently, when evaluating entrepreneurial ecosystems it is important to consider the context within which an entrepreneur has to set up their business venture. Within the different contexts one will be able to identify context specific entrepreneurial ecosystems actors and factors that enable or constrain entrepreneurship. These contexts can be determined by amongst others the geographic place/location of the business venture; age, gender, education, level of expertise and nationality of the entrepreneur.

In a diverse country such as South Africa, there are different contexts to consider, such as the formal and the informal sector; urban and rural areas; township and non-township economies; start-up and established entrepreneurs and businesses; men and women entrepreneurs; immigrant and non-immigrant entrepreneurs; and young and more mature entrepreneurs. Therefore, there should not be a one-size-fits all or blanket approach by the key role players in the entrepreneurial ecosystem, such as policymakers, investors and incubators, to address the myriad, varied and ever-changing skills, needs and resource requirements of the different types of entrepreneurs in South Africa.

The concept of entrepreneurial ecosystems provides a structure that can help entrepreneurs create their own supportive environments. Entrepreneurs must realise, as well as feel, that they are not alone in the challenging business world and need an entrepreneurial ecosystem offering considerable support to enhance their likelihood of success.[46]

Entrepreneurs need to be mindful of the different entrepreneurial ecosystem actors and factors that link up with their business models and how they can benefit their new ventures. Therefore, creating constant awareness and understanding of how the entrepreneurial ecosystem can support the entrepreneurial process will assist entrepreneurs to start and grow new and existing businesses.

South African entrepreneurs have demonstrated their ability to actively create their own entrepreneurial ecosystems, leveraging their strengths in support systems, cultural values, funding and finance, education and training, as well as by focusing on key components such as leadership, infrastructure, markets and policy. They have leveraged technology and digital platforms to create virtual entrepreneurial ecosystems and foster global connections, thereby expanding their access to resources, networks, and knowledge beyond geographical boundaries.

6.2 GEM Entrepreneurial Framework Conditions (EFCs)

A country's prevailing economic context, together with the entrepreneurial framework conditions, influences the decision to embark on and grow new enterprises, as these determine how difficult or easy it is to set up and develop a sustainable and successful business.

During 2020 and 2021, the environment for starting a business was severely impacted by the ubiquitous COVID-19 pandemic and, very importantly, by how governments worldwide responded differently to this global challenge. Some entrepreneurs seized new business opportunities and others faltered. In addition, starting a new business was the only viable alternative

[43] Spigel, B. 2017. The relational organisation of entrepreneurial ecosystems. *Entrepreneurship Theory and Practice*, 41(1):49-72

[44] Stephens, S., McLaughlin, C., Ryan, L., Catena, M. & Bonner, A. 2022. Entrepreneurial ecosystems: Multiple domains, dimensions and relationships. *Journal of Business Venturing Insights*, 18:1-9.

[45] Nwachukwu, C. & Omofowa, M.S. 2022. Antecedents and consequences of entrepreneurial ecosystem: lessons for Nigerian entrepreneurs. *UNIBEN Journal of Human Resource Management* 1(1):207-218.

[46] Nyoni, M. & Moos, M. 2022. The relationship between small business owners' practice of effectuation and business growth in Gauteng townships. *The Southern African Journal of Entrepreneurship and Small Business Management*, 14(1):1-11.

to formal employment for many individuals, as established businesses shredded jobs to remain viable.

As set out in **Table 6.1**, GEM describes and assesses an economy's national entrepreneurial ecosystem against nine Entrepreneurial Framework Conditions.

Table 6.1: *Entrepreneurial Framework Conditions (EFCs) summary*

Entrepreneurial Framework Conditions		Discription
A1.	**Entrepreneurial Finance Sufficiency**	There are sufficient funds for new startups
A2.	**Ease of Access to Entrepreneurial Finance**	Finance is easy to access by new startups
B1.	**Government Policy: Support and Relevance**	Policies promote and support startups
B2.	**Government Policy: Taxes and Bureaucracy**	New businesses are not over-burdened
C.	**Government Entrepreneurial Programmes**	Quality support programmes are widely available
D1.	**Entrepreneurial Education at School**	Schools introduce entrepreneurship ideas
D2.	**Entrepreneurial Education Post-School**	Universities and Colleges offer courses on how to start a business
E.	**Research and Development Transfers**	Research is easily transferred into new businesses
F.	**Commercial and Professional Infrastructure**	Quality services are available and affordable
G1.	**Internal Market Dynamics**	Markets are free, open, and growing
G2.	**Internal Market Burdens and Regulation**	Regulations encourage rather than restrict entry
H.	**Physical Infrastructure**	Good quality, available and affordable
I.	**Social and Cultural Norms**	Encourage, support, and celebrate entrepreneurship

The EFCs are derived from two decades of research and experience and are considered the key influencing factors for entrepreneurial activity and the subsequent impact on economic growth.[47]

The state of these EFCs can encourage, constrain, or completely discourage either the setting up of new businesses or the development of new startups into established businesses. Each condition is multidimensional, with no objective or quantifiable aggregate measure. To overcome this limitation, GEM seeks out expert views on the sufficiency of each condition by carrying out a National Expert Survey (NES) in each participating economy. The NES asks the same set of questions to at least 36 national experts, and often more, in each economy.[48]

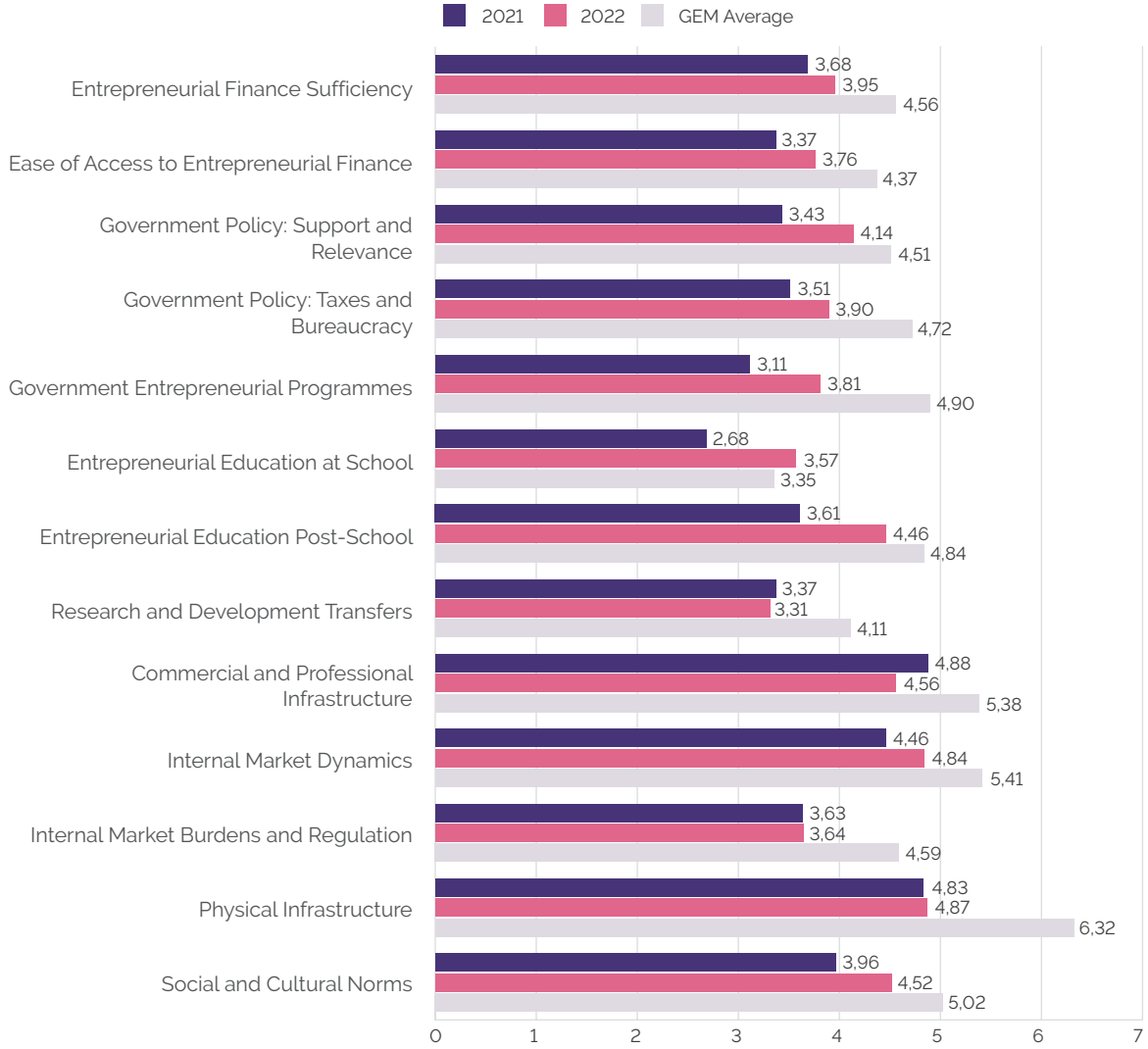
In 2022, the 51 national teams surveyed approved experts (2 000+, globally) who scored their national economy against the extent to which they agreed or did not agree to statements about each framework condition, using an 11-point Likert scale, ranging from completely untrue at a 0, to completely true at a 10.

[47] See, for example, Bruns, K., Bosma, N., Sanders, M., & Schramm, M. (2017). Searching for the existence of entrepreneurial ecosystems: A regional cross-section growth regression approach. Small Business Economics, 49(1), 31–54. Retrieved from https://doi.org/10.1007/ s11187-017-9866-6.

[48] GEM (Global Entrepreneurship Monitor) (2022, p. 86). Global Entrepreneurship Monitor 2021/2022 Global Report: Opportunity Amid Disruption. London: GEM.

6.3 Unpacking the South African Entrepreneurial Framework Conditions (EFCs)

Figure 6.1: *Entrepreneurial Framework Conditions comparisons (2021 - 2022)*
(weighted average: 0 = highly insufficient: 10 = highly sufficient)



Entrepreneurial finance sufficiency (GEM Global Average 4,56)

Sufficient liquidity is a major challenge for entrepreneurs in developing economies. The sufficiency of financing for entrepreneurs decreased year on year from 2016 at 4,80, to 2021 at 3,68, and increased slightly in 2022 to 3,95.

This is below the 2022 GEM global average of 4,56, indicating that financing is generally less sufficient compared to other GEM participating economies.

Ease of access to financing for entrepreneurs (GEM Global Average 4,37)

This sub-condition was included for the first time in 2021 at 3,37 and it has improved to 3,76 in 2022. This is below the GEM global average of 4,37.

The South African average indicates that it is more difficult for entrepreneurs in South Africa to acquire financing than it generally is across the GEM-participating economies in 2022.

Government policy: support and relevance (GEM Global Average 4,51)

The rating for this condition reduced from 4,50 in 2017, to 3,50 in 2019, and again to 3,43 in 2021. The average increased to 4,14 in 2022.

Compared to the 2022 GEM global average of 4,51, South Africa shows positive progress back to the 2017 average.

Government policy: taxes and bureaucracy (GEM Global Average 4,72)

Interestingly, taxation and bureaucracy recovered from 2,70 in 2019 to 3,51 in 2021 and is rated 3,90 in 2022.

Compared to the 2022 GEM global average of 4,7, South Africa is moving in the right direction, but there is clearly further improvement required in the regulatory environment to support entrepreneurs.

Government entrepreneurial programmes (GEM Global Average 4,90)

This condition considers both the quality of programmes on offer, as well as whether they are widely available.

South Africa scored 3,11 in 2021 and improved to 3,81 in 2022.

The GEM global average is 4,90, indicating that the availability, access to, and effectiveness of government entrepreneurial programmes all need improvement.

Entrepreneurial rducation at school stages (GEM Global Average 3,35)

The average for South Africa was 2,68 in 2021, with a significant improvement in 2022, tallied at 3,57.

This EFC has the lowest global score, indicating that this framework condition needs strengthening across all economies. It is known that, in general, the South African schooling system needs attention and improvement, and the potential benefits of introducing more entrepreneurial education at the school stages require consideration.

In 2002, interestingly enough, South Africa scored above the GEM global average, tallied at 3,57 and 3,35 respectively, on this condition.

Entrepreneurial education at post-school stages (GEM Global Average 4,84)

South Africa has seen a decline in this condition from 4,70 in 2015 to 3,61 in 2021. The average, however, has improved to 4,46 in 2022, which is a positive result and is now only slightly below the global average.

As with the case of entrepreneurial education at the school level, improvement and development of college and university entrepreneurial education may have a positive medium to long-term impact on entrepreneurship activity and success.

Research and development transfers (GEM Global Average 4,11)

There was a downward trend in research and development transfers from 2015, tallied at 3,80, to 2017, tallied at 3,10, with a slight increase in 2021, tallied at 3,37. The average decreases again in 2022, tallied at 3,31.

The South African average is well below the GEM global average of 4,11.

Many studies have pointed out the benefits of technology and innovation for entrepreneurial success, and a key to improving this is research and development investment and transfer to commercialisation.

Commercial and professional infrastructure (GWM Global Average 5,38)

This condition considers the quality, availability, and affordability of commercial and professional services.

This condition shows a downward trend from 5,40 in 2015 to 4,86 in 2021, and again to 4,56 in 2022.

The South African score remains well below the GEM global average of 5,38.

Internal market dynamics (GEM Global Average 5,41)

This condition considers whether markets are free, open, and growing and declined from 5,9 in 2017 to 4,46 in 2022, but is up to 4,84 in 2022.

It remains below the GEM global average of 5,41.

Internal market burdens and regulation (GEM Global Average 4,59)

This condition addresses whether regulations encourage rather than restrict new market entrants.

It has decreased from its highest score in 2015 of 4,35 to the lowest in 2019 at 3,4, but improved slightly in 2021 to 3,63, and remains at a similar level in 2022 at 3,64.

The South African score is well below the GEM global average of 4,59.

Regulation needs to facilitate the propensity for new businesses to start and grow, especially for developing economies.

Physical infrastructure (GEM Global average 6,32)

The infrastructure condition considers quality, availability, and affordability.

The South African average drastically declined from 6,60 in 2015 to 4,83 in 2021, with a slight increase to 4,87 in 2022.

This trend is concerning and reflects deteriorating local municipal infrastructure management and maintenance and the persistent electricity supply problem. It is not anticipated that this score will improve in the near future unless drastic steps are taken to improve and maintain South Africa's infrastructure. This has had a negative impact on many businesses.

Cultural and social norms (GEM Global Average 5,02)

Cultural and social norms concern how entrepreneurship is encouraged, supported, and celebrated in a society.

In 2017 this condition was rated at 4,90, declined to 3,80 in 2019, and increased to 4,00 in 2021.

This has subsequently increased to 4,52 in 2022 but remains below the GEM global average of 5,02.

Figure 6.2: *EFCs: South African comparison to country income levels and combined Africa countries (2022)*

Table 6.2: *EFCs: South African comparison to country income levels categories and combined Africa countries (2022)*

	South Africa	<$20k	>$20k<$40k	>$40k	Africa Countries
Entrepreneurial Finance Sufficiency	3,95	3,97	4,09	5,21	3,65
Ease of Access to Entrepreneurial Finance	3,76	3,78	3,99	4,96	3,60
Government Policy: Support and Relevance	4,14	4,33	3,62	5,09	4,43
Government Policy: Taxes and Bureaucracy	3,90	4,14	4,42	5,28	4,14
Government Entrepreneurial Programmes	3,81	4,14	4,50	5,57	4,08
Entrepreneurial Education at School	3,57	2,85	2,84	3,99	1,96
Entrepreneurial Education Post-School	4,46	4,60	4,61	5,20	3,87
Research and Development Transfers	3,31	3,34	3,82	4,82	2,90
Commercial and Professional Infrastructure	4,56	4,77	5,35	5,81	4,75
Internal Market Dynamics	4,84	5,44	5,27	5,24	4,79
Internal Market Burdens and Regulation	3,64	4,07	4,37	5,13	3,65
Physical Infrastructure	4,87	5,70	6,23	6,66	5,54
Social and Cultural Norms	4,52	5,13	4,50	5,21	4,32

In 2022, South Africa scored below the three country income level categories for all conditions, except for entrepreneurial education at a school level, where the score is higher than Income Level C and Income Level B economies.

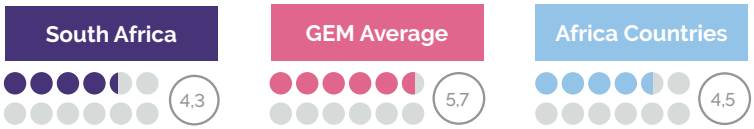
Compared to the combined Africa countries, South Africa scored lower on government policy, for both support and taxes and bureaucracy, government programs, commercial and professional infrastructure, and physical infrastructure and services.

Conversely, South Africa scored higher than the combined Africa countries on entrepreneurial education at school and post-school levels, research and development transfers, and social and cultural norms.

6.4 Entrepreneurial recovery towards pre-pandemic levels of business activity and adaptation (resilience)

Figure 6.3: *South Africa, most businesses have recovered their economic activity to pre-COVID-19 pandemic levels (2022)*

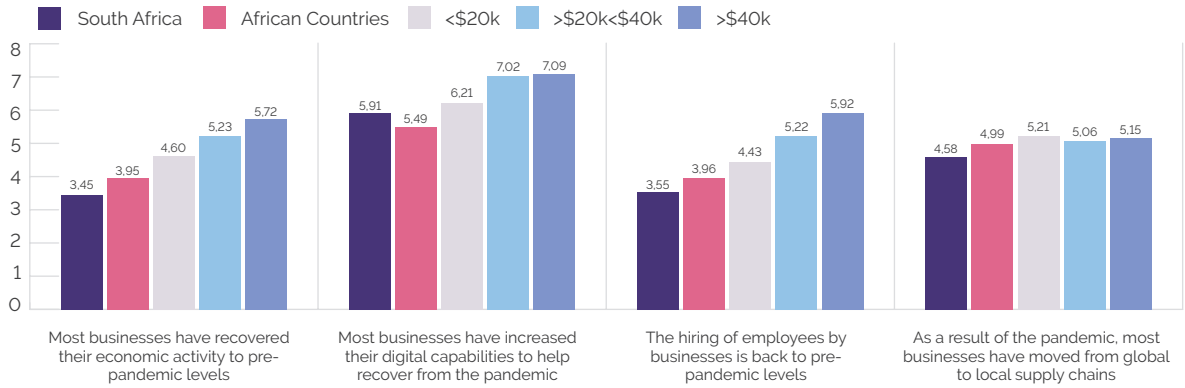
(weighted average: 0 = totally disagree, 10 = totally agree)



In 2022, South Africa entrepreneurship activity recovery post-COVID-19 pandemic, tallied at 4,3, is lower than the GEM global average, tallied at 5,7, and the Africa combined average, tallied at 4,5. One reason for this lower recovery rate could be that developed countries with higher per capita income levels, and other Africa countries, provided greater financial and other support to businesses during the COVID-19 pandemic.

Figure 6.4: *Economic activity recovery and change: South Africa compared to combined Africa countries and to country income level categories (2022)*

(weighted average: 0 = totally disagree, 10 = totally agree)



South Africa scores lower for economic activity recovery to pre-COVID-19 pandemic levels at 3,45, compared to the combined African countries at 3,95 and to the 3 country income categories. Income level A category countries recovered best at 5,72.

South African businesses did increase their digital capabilities during the pandemic to 5,91, more so than the combined African countries category at 5,49. The higher per capita income countries improved their digital capabilities most during the pandemic, with the Level B income country average at 7,02 and the Level A income country average at 7,09.

Hiring new employees at pre-COVID-19 pandemic levels scores lowest for South Africa at 3,55, followed by the combined African countries category at 3,96. Hiring levels recovery is best in the Level A income countries, tallied at 5,92.

The shift from global to local supply chains as a result of the COVID-19 pandemic ranges from 4,58 in South Africa to the Level A income countries average of 5,14, which is quite a narrow range.

6.5 The Global Entrepreneurial Context Index (NECI) 2022

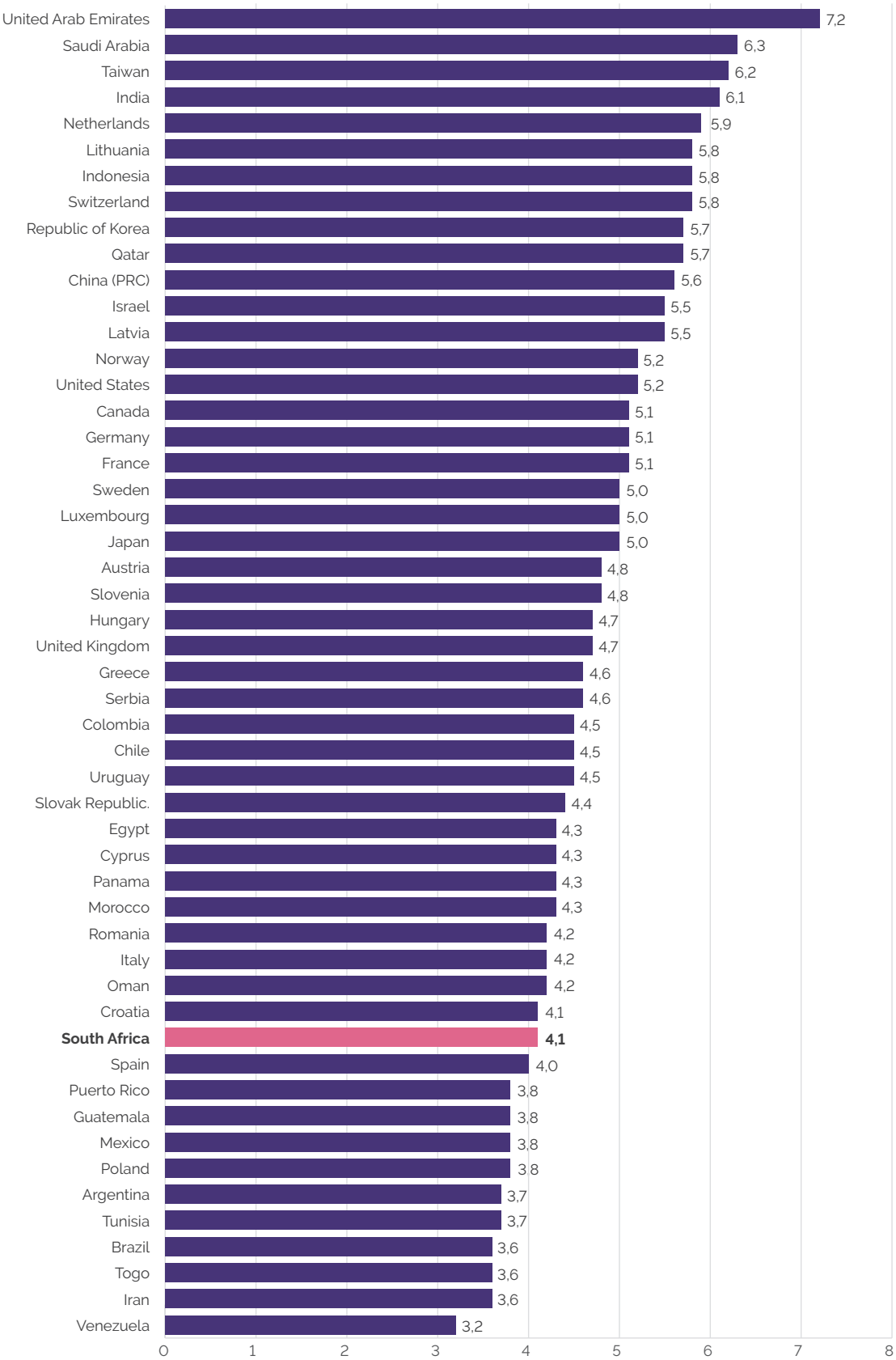
About the NECI

In 2018, GEM introduced the National Entrepreneurial Context Index (**NECI**). The NECI intends to fill the gap in entrepreneurship literature by providing a single composite index that is able to express the average state and quality of the entrepreneurial ecosystem in any one country and compare it to that of other economies. The NECI is the average of the pooled expert scores across the 13 framework conditions. In essence, a country's NECI score indicates the ease with which its entrepreneurs can start a business.

The NECI summarises in one figure the average state of 13 National Entrepreneurial Framework Conditions (**EFCs**) selected by GEM researchers as the most reliable determinants of a favourable environment for entrepreneurship. It is calculated as the simple average of 13 variables that represent the EFCs, and which have been measured through 9 blocks of items evaluated by an 11-point Likert scale and summarised by applying factorial analyses (principal component method).

A quality entrepreneurial context is not just a good place to start a business, but also to facilitate business growth and development, enabling the transition from new to established businesses.

Figure 6.5: *National Entrepreneurial Context Index (NECI) 2022*



Source: GEM National Expert Survey 2022

Figure 6.5 shows the National Entrepreneurial Context Index (NECI) for all 51 participating countries, ranked from best to worst performing. Considering the top 5 performing countries, the United Arab Emirates scored the highest, (7,2), followed by Saudi Arabia, (6,3), Taiwan, (6,2), India, (6,1), and the Netherlands, (5,9). Three of the top five countries are Level A income economies, namely the United Arab Emirates, Saudi Arabia, and the Netherlands, then there is one, Taiwan, from a Level B income economy and one from a Level C income economy, India.

South Africa ranked 40th in 2022, with a score of 4,10, and this improved from a rank of 45 out of 50 countries and a score of 3,7 in 2021. Compared to other participating Africa countries, both Morocco (4,3) and Egypt (4,3) scored slightly higher than South Africa in 2022. In addition to these other Level C income economies, Columbia (4,5), China (5,6) Indonesia (5,6), and India (6,1) all had a higher NECI score than South Africa in 2022.

The 5 countries with the lowest NECI scores in 2022 are Venezuela, (3,2), Iran, (3,6), Togo, (3,6), Brazil, (3,6), and Tunisia, (3,7). These are all Level C income countries.

The NECI score for South Africa has been steadily improving, from 3,60 in 2019 to 4,10 in 2022. Similarly, Croatia is up from 3,60 to 4,10 over the same period, with Greece also improving, from 4,1 to 4,6.

The most rapid improvements, however, were in the Gulf, with Saudi Arabia improving its score from 5,0 in 2019 to 6,3 in 2022, while the United Arab Emirates improved from 5,8 in 2019, when it was ranked sixth of 54 economies, to 7,20 in 2022, the highest of all economies for the second year running.

These two countries have invested heavily in improving their entrepreneurial environments, and this seems to be paying dividends.

The NECI score for Mexico fell from 4,70 in 2019 to 4,10 in 2020 and improved slightly to 4,20 in 2021, before falling again to 3,90 in 2022 and ranking 44 out of 51 countries.

Spain has fared even worse, with a score of 5,02 in 2019 (ranking 12th of 54), reducing to 4,7 in 2020, improving to 5,4 in 2021 and then collapsing to 4,00 in 2022, ranking it 41st of the 51 economies.[49]

[49] GEM (Global Entrepreneurship Monitor) (2023, p. 110 – 111). Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a "New Normal". London: GEM.

At least 4 of the 13 EFCs are the direct responsibility of the national government, and these are not the EFCs typically rated the highest by national experts. Each government has the responsibility to develop the conditions, policy frameworks, and regulations for a more supportive environment for entrepreneurship, and not doing so directly impacts entrepreneurial activity and success.

For example, entrepreneurship education at a school level is consistently scored low by national experts. Improvements in entrepreneurship education in schools could be a relatively low-cost, high-impact means of enhancing the entrepreneurial environment.[50] For South Africa the average for entrepreneurial education at a school level improved from 3,00 in 2021 to 3,57 in 2022. Entrepreneurial education post-school level, dropped from 4,60 to 4,46 over the same period.

[50] GEM (Global Entrepreneurship Monitor) (2022, p. 91). Global Entrepreneurship Monitor 2021/2022 Global Report: Opportunity Amid Disruption. London: GEM.

GIN MAKES YOU WIN

Lizl Giacomozzi is a very creative, charismatic, and passionate women who started her journey toward entrepreneurship by attending a Gin Masterclass in the winter of 2018. Little did she know that this event would change her life. While being introduced to the history, art, and science involved in the distillation process, she began to develop an interest in creating her own brand of carefully crafted spirits. Lizl began experimenting with diverse botanicals in an effort to acquire the essence of her favourite flavours — spicy, and citrus. She describes this journey as being mostly trial and error, but with her determination to create a unique taste, she achieved the precise balance of spice and citrus gin that would later be known as 'Comozzi'.

While living in Midvaal, Gauteng, Lizl recruited her closest friends and family as her initial taste testers, who encouraged her to begin marketing Comozzi on a local scale. However, it did not take long for the unique flavour of Comozzi Gin to gain the respect of locals. Lizl then decided to take her initial success to the next level and created her manufacturing and distribution company, Liqco Beverages (Pty) Ltd. Her business relies on the simple process of producing and marketing a product to a particular target market. As a female-owned business venture, Lizl represents a prime example of how women can achieve success as entrepreneurs and encourage others to follow their example.

"I believe that it's up to you, as an entrepreneur, to make your product work for you. A free trade system gives us the opportunity so that we can build businesses that can be successful."

The pivotal turning point on her road to success was when she was invited to showcase Comozzi Gin at the prestigious International Spirits Competition in South Africa. This invitation provided her with the type of recognition that validated her hard work and commitment to success, given that she won the gold medal and "Best Women's Distiller of the Year" at the competition. Along her road to success, Lizl began entering other regional competitions and consistently garnered unwavering praise and awards, which also inspired her to focus on creating brand awareness via social media platforms.

In this way, Comozzi Gin began to attract numerous local resellers, which also generated increased public awareness of her brand. In short, her personal involvement in the local community seemed to encourage others to invest in her creation, which enabled her to expand her company and develop her brand on a national platform. Lizl garnered further recognition for her efforts and Belgium was the first country to offer her entrée into the international markets. This opportunity expanded her vision to include other alcoholic beverages in her product line, which is a testament to her unwavering commitment to success. She now offers her unique and popular Comozzi Gin and other brand beverages for global export.

Her brand has provided the incentive and inspiration for others to follow their dreams and explore opportunities of their own. Her business philosophy is to develop the best quality product that can be manufactured at a reasonable price. In fact, Lizl did not wait for others to invest in her product, initially using her own funds to start up. This approach and commitment encouraged others to invest in her business venture over time. With her tenacity, hard work, and dedication to success, Lizl has developed her Comozzi Gin brand and believes her success is predicated on taking advantage of a free trade system that provides ample opportunity for creating a successful business. Liqco Beverages now has marketable products that provide revenue, employment opportunities, and encouragement to local and national communities.

With Lizl's vision, it is not surprising that her team consists of people equally passionate about her products. She has developed a company culture where her employees know their hard work will be rewarded. Lizl Giacomozzi's venture is an example of how an individual with creative tenacity and a drive to succeed can flourish even in a very challenging economic environment. Her path to success is predicated on her personal tenet to "never give up."

You can reach out to Lizl at:

https://web.facebook.com/comozzigin

Figure 6.6: *National Entrepreneurial Context Index (NECI): Country income level comparison (2022)*

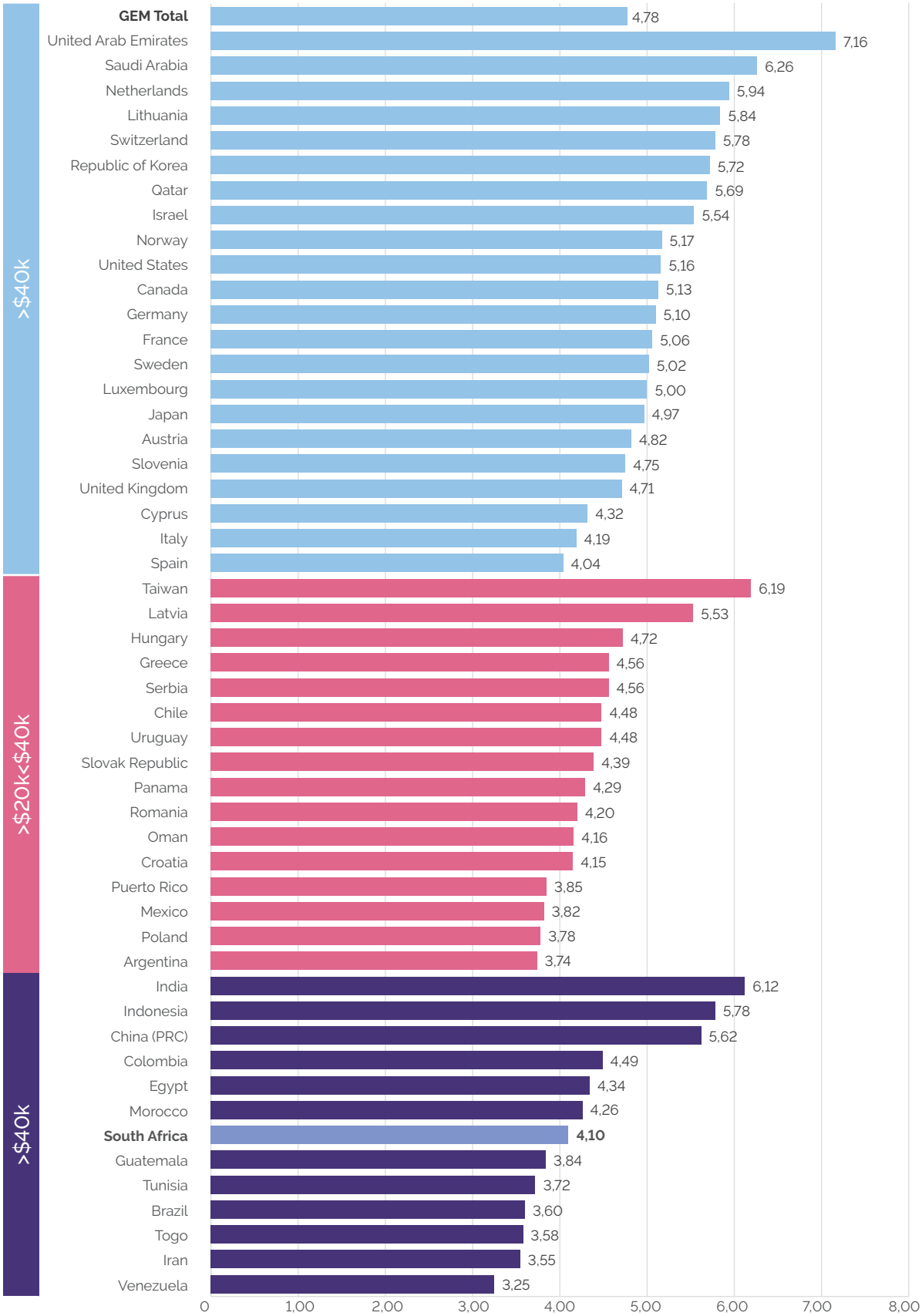


Figure 6.6 shows the National Entrepreneurial Context Index (NECI) for all 51 participating countries, ranked from best to worst-performing, and categorised by country GDP per capita income levels: A (>$40,000), B ($20,000 – 40,000), and C (<$20,000).

6.6 Government entrepreneurship support agencies

Governments directly influence a country's economic policy and regulatory framework and indirectly influence its national and regional entrepreneurship activity trends. Governments are, however, not the only role player. The private sector, the education sector, incubators, and other support services, financiers, and entrepreneurs themselves collectively influence the shape and vitality of the national entrepreneurial ecosystem.

In the 2022 APS survey, all respondents were asked about knowing the names of any government initiatives that have been set up to assist small business development. As shown in **Figures 6.7 – 6.9**, 11,83% of men and 11,76% of women know of one or more government initiative or agency that currently exists. White (12,82%) and African (12,08%) respondents are more aware of such initiatives than Coloured (9,60%) and Indian (6,78%) respondents. Interestingly, those in the adult population who are not involved in entrepreneurial life (31,64%) are more aware of government initiatives than are entrepreneurs (9,59%).

Figure 6.7: *Knowing the names of any government initiatives that have been set up to assist small business development: By Gender (2022)*

Figure 6.8: *Knowing the names of any government initiatives that have been set up to assist small business development: By Race (2022)*

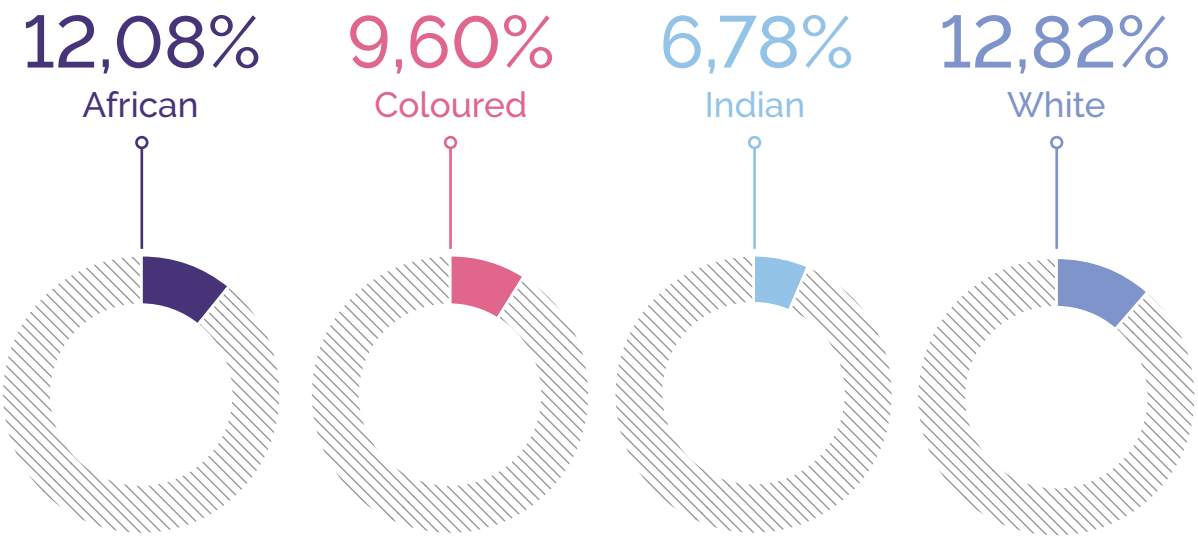


Figure 6.9: *Knowing the names of any government initiatives that have been set up to assist small business development: By Involvement in entrepreneurial life or not (2022)*

THE CREATIVE ENTREPRENEUR JOURNEY

The Coloured Cube was founded by Mariapaola McGurk in 2014, and is a woman-owned business venture. This business is in the creative economy and also provides education and training.

Mariapaola specialises in the creative and cultural sector and has eclectic interests in management, cultural and youth development, teaching, and research. She is also a PhD candidate at the Johannesburg University Business School (UJ), focusing on growth strategies in developing countries.

"I am a visual artist by trade. I have never stopped creating art."

The Coloured Cube, as a creative enterprise, is a multi-dimensional organisation, actively involved in curation, creative and artistic projects, and the manufacturing of various artworks. It has the distinction of winning the Business Arts Award (BASA) for 3 years during the 6 years the company has operated as a social/creative enterprise. Mariapaola also won a bursary to complete her MBA at Henley Business School-Africa. At its peak, the company employed 10 people and generated R2.5 million annually in a business sector that averages about R350, 000 per annum. The business proposition is to create aesthetic design that inspires social and cultural impact.

Mariapaola believes that becoming an entrepreneur is essential if you want to sustain yourself, as there simply are not enough sustainable jobs in South Africa. She has consistently pursued opportunities for her creative talents to overcome difficulties through entrepreneurial activities. Initially, her motivation to become an entrepreneur was to pursue personal and creative freedom.

The business was a thriving enterprise before the COVID-19 pandemic, as artists and creators are most productive when allowed to collaborate face-to-face. The lockdown had a negative impact on her business, as it did with many other enterprises, especially small businesses.

This situation devastated her business and her ability to pursue creative business-related contracts and projects. She suggests that "creativity is about connection: let us help you connect," which sums up the business model challenge during this period.

From 2014 to 2020, the business flourished and became an award-winning enterprise, and then, a significant global disruption prevented effective collaboration and co-creation. This stands as a reminder of the severe challenges in the world of entrepreneurship.

Mariapaola continues in her craft by pursuing work as a consultant, facilitator, and visual artist. Still, she is not deterred and believes her creative mindset will find a path to overcome these setbacks and continue to grow future entrepreneurial possibilities.

You can reach out to The Coloured Cube at:

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https://www.linkedin.com/in/mariapaola-mcgurk-445aab33/

https://www.instagram.com/m9_art/

Figure 6.10: *Heard of, used, and perceived effectiveness of government agencies in support of entrepreneurship (adult population) (2022)*

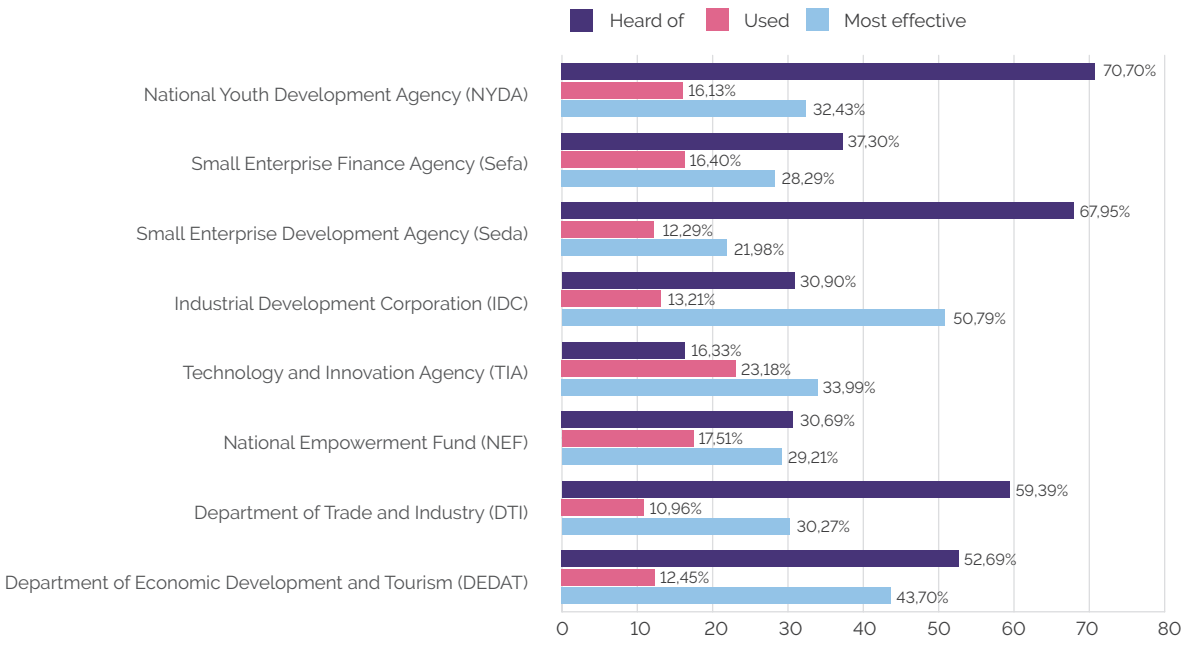


Figure 6.10 shows a selected list of government agencies that provide support and/or financing for new and growing businesses. All APS respondents were asked three questions; (i) had they heard of these agencies; (ii) had they used them; and (iii) if they had used them, how effective they were.

The most well-known agencies are the NYDA (70,70%), Seda (67,95%), DTI (59,39), and DEDAT (52,69%). The least well-known are TIA (16,33%), NEF (30,69%), and the IDC (30,90%).

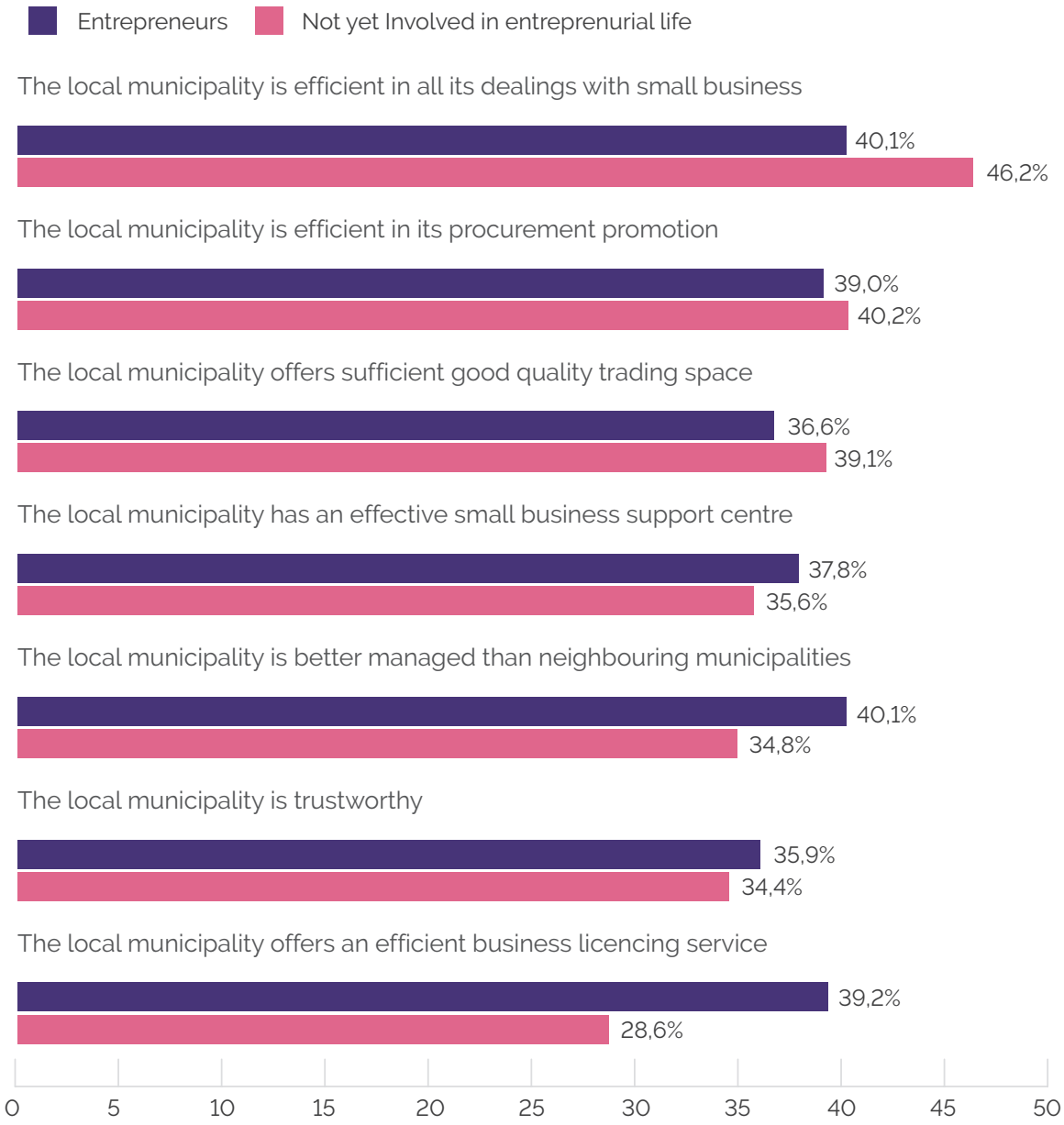
As to which of these agencies have been used or there has been contact with, TIA is the most used (23,18%) followed by NEF (17,51%), Sefa (16,40%), and the NYDA (16,13%). The least used agencies are DTI (10,96%) followed by Seda (12,29%) and DEDAT (12,45%). It is interesting that TIA is the least well-known, but most used.

As to how effective these agencies are seen to be, the IDC is seen as the most effective (50,79%) followed by DEDAT (43,70%), TIA (33,99%), and the NYDA (32,43%). The least effective is Seda (21,98%), followed by Sefa (28,29%), and the NEF (29,21%).

Figure 6.11: *Local municipality support for small businesses and entrepreneurs (2022)*

Municipalities (local government) play an important role in the support of entrepreneurship and small business development, and specifically for the latter outside of the key metropolitan regions. Based on these results, there is clearly much to be improved for localised support for entrepreneurship. Efficient business licensing services score highest, at a low 40,80%, and all other support items score below 40%.

Figure 6.12: *Local municipality support for small businesses and entrepreneurs: Entrepreneurs versus those not involved in entrepreneurial life (2022)*



As seen in **Figure 6.12**, those not yet involved in entrepreneurial life score higher than entrepreneurs in 3 of the 7 local government support areas, namely, efficiency, procurement, and local trading spaces. Those not involved in any form of entrepreneurial activity score lower than entrepreneurs in 4 areas, namely, business support centres, neighbouring municipalities, and business licensing.

6.7 GEM South African highlights and concluding comments

GEM Global

GEM has measured entrepreneurship and its associated characteristics, since 1999, as a large-scale international research collaboration. During this period, the annual GEM research has gained widespread recognition as the most informative and authoritative trend study of entrepreneurship, globally. This has enabled the rate and nature of entrepreneurship development to be monitored by directly comparing multiple economies at a given point in time and by tracing the evolution of entrepreneurship within a given economy year on year. To date, GEM has cumulatively surveyed over 3 million adults across the globe, and its research has made a significant contribution to the international understanding of the entrepreneurial phenomenon and the development and monitoring of policies to promote entrepreneurship.

South Africa's economy and socio-political context

South Africa is the most industrialised economy on the African continent, remains a leader in many sectors, and, in 2022, was the third largest economy in Africa. The economy has consistently underperformed and experienced low economic growth for more than a decade. Real GDP growth dropped to 2,0% in 2022 from 4,9% in 2021. Growth rates in 2023 are expected to be as low as 0,3% to 0,4%.

Electricity supply shortages for many years have directly disrupted economic activity and increased operating costs for businesses. Transport, logistics, and other infrastructure have deteriorated due to their poor management, impacting the country's export and related capacities. This low growth environment was aggravated during the COVID-19 pandemic years from 2020 to 2022. Other internal problems such as poor governance and corruption, and external factors such as the Ukraine/Russian and other global conflicts leading to rising energy costs, have significantly impacted the South African economy. Other significant factors include a weakening currency and government finances at 'the fiscal edge.'

The country has one of the highest unemployment rates in the world, at more than 30%, and youth unemployment at more than 60% between the ages of 15 and 24 years. South Africa urgently needs higher levels of growth to facilitate employment creation.

Over the last 2 years, inflation has followed global trends and risen above the central bank's target band of 3% and 6%. This has resulted in the rapid increase of interest rates to suppress rising cost-push inflation. Inflation rose to 6,9% in 2022 from 4,5% in 2021, driven by higher food and fuel prices. The average inflation rate in 2023 is expected to be 6%, at the top end of the central bank target. Interest rates have increased 11 times since November 2021, reaching a 14-year high of 11.75% by November 2023, placing the economy and consumers under huge pressure.

The poorly performing South African economy and the prevailing socio-political context are, of course, a critical backdrop to entrepreneurship activity and its success. A prerequisite for increased entrepreneurial activity in our economy is that the government, in cooperation with the private sector, works together to turn the economy around. All stakeholders should pursue strategies for a closer alignment of the national entrepreneurship development agenda and a more inclusive economy.

Entrepreneurial ecosystem support

For entrepreneurs to meaningfully contribute to economic growth and societal development, they need to be able to operate in a flexible and enabling environment where the entrepreneurial ecosystem favours business startup, growth, and sustainability. Furthermore, moving from startup to scale-up requires the right support from the government and the private sector. Environments with unstable political systems, high regulatory barriers, cumbersome compliance, substandard and unreliable infrastructure, outdated technology, and limited talent will not attract new entrepreneurs or financial capital. Such unfavourable conditions translate into weak entrepreneurial ecosystems that will discourage potential new entrants, limit existing enterprise potential, and even lead to unnecessary business relocations or exits.

Entrepreneurial resilience in turbulent economic times

Entrepreneurship as a life and economic choice is not for everyone. Conceptualising new business ideas and successfully bringing them to market is extremely challenging. Failure rates for new businesses in South Africa are very high, although there are varied estimates for this.

For entrepreneurs to meaningfully contribute to economic growth and societal development, they need a flexible and enabling environment where the entrepreneurial ecosystem favours business startup, growth, and sustainability. Entrepreneurial ecosystems are complex and emerge from the interaction between start-ups, established firms, investors, incubators, policymakers, intermediaries, and other actors and factors in a specific geographical region.

The very poorly performing South African economy, for over decades now, and the prevailing socio-political context dynamics, together form a critical backdrop to entrepreneurship propensity and the likelihood of productive entrepreneurial outcomes. The National Entrepreneurial Context Index (NECI) for 2022 shows that South Africa ranked 40th out of 51 economies in 2022, with a score of 4,10. Clearly, the entrepreneurial ecosystem factors require serious attention.

Entrepreneurial resilience is a complex phenomenon and important for successful new enterprise development. Entrepreneurial resilience is the ability of entrepreneurs, and their businesses to persevere and possibly even thrive in the face of extremely challenging and uncertain conditions, by increasing their ability to adjust and adapt. It includes adaptive capabilities, attitudes, business model realignment, and network relationships, amongst other things, to respond to adversity.

In South Africa, entrepreneurial ecosystems development stakeholders have a critical role, given the South African context today. There is no definitive research on how well they currently support entrepreneurial success.

Networks and collaboration, adaptability to the prevailing context, customer focus, strategic partnerships, and financial and risk management may be some of the key drivers for productive entrepreneurship in turbulent economic times.

GEM South Africa research highlights

The highlights presented are key insights through Sections 2 to 6 of this report. Although they are dealt with distinctly, they are, in reality, cross-cutting, mutually reinforcing, and alternatively diminishing.

Section 2

South Africa population entrepreneurial activity

- In South Africa, fewer women participate in entrepreneurial activity (9.5%) than men (11,1%).
- More entrepreneurial activity is noticed in the age range of 25 to 54 years. The highest entrepreneurial activity is seen in the age ranges of 35 to 44 years (12%), and of 25 to 34 years (11,3%). Many entrepreneurs have tertiary education qualifications, for example, second-stage tertiary (19,1%), and are African (10,7%).
- Perceived good entrepreneurial opportunities among both men (61,1%) and women (61,5%) increased in 2022. These are higher compared to economies with high and medium levels of income. This entrepreneurial mindset is highest amongst the youth, between ages 25 to 34, and Indians (66,0%).
- Perceived entrepreneurial capabilities among South African adults declined in 2022 (69,7% in 2021 and 63,7% in 2022) and is below the GEM country average for the high-income level category (72,35%).
- Fear of failure among South African adults reduced in 2022 (2021 53% - 2022 51,3%), although this is higher than the global average (46,74%) and the African countries average (44,24%). Fear of failure among South African women is higher (53.6%) than men (50.4%).

Section 3

Entrepreneurial activity trends in South Africa

- Intentions to become an entrepreneur in South Africa have declined (2021 20% - 2022 10,1%) and are lower than the GEM global average (26,19%) and the African countries average (40,14%).
- The nascent entrepreneurial rate in 2022 (5,83%) and new business ownership rate (2,64%) in South Africa are lower than the African average (7,61%).
- Early-stage entrepreneurship and established businesses in South Africa (8,47% and 1,84%) have much lower rates than the GEM global averages (12,9% and 7%), as well as the African countries' average (12,11% and 7,31%). In South Africa, women still show lower TEA rates (7,9%) and established business rates (1,7%).
- In South Africa, the business discontinuance recovered to 4,9% in 2019 and reached an all-time high in 2021 (13,9%). This has recovered in 2022 (4,9%). Women in South Africa have higher business discontinuation rates (5,2%) than men (4,6%) in 2022. In 2022, the rate of business discontinuance in South Africa is lower than the global average (5.8%).

Section 4

Entrepreneurial motives and outcomes

- The overall entrepreneurial motive among men is higher than women in 2022, as it was in 2021. The motive to make a difference in the world decreased compared to last year (81,4% 2021 – 80% 2022). The main motive to become entrepreneurs is a necessity to earn a living because jobs are scarce, particularly among men (90,8%). The highest levels for the motive to make a difference in the world in 2022 among low-income countries were Guatemala (89,06%), India (78,01%), and South Africa (89,51%). In South Africa, we observe a marked decrease in the entrepreneurial motivation to carry on a family-owned business, especially among women (women 46,8% and men 52,1%).
- The prominent entrepreneurship sectors in South Africa are consumer services, specifically retail trade, hotels, and restaurants. It demonstrates that these sectors are recovering after shutting down due to COVID-19.
- In South Africa, entrepreneurs are mainly active at the local market level (97.3%).

Section 5

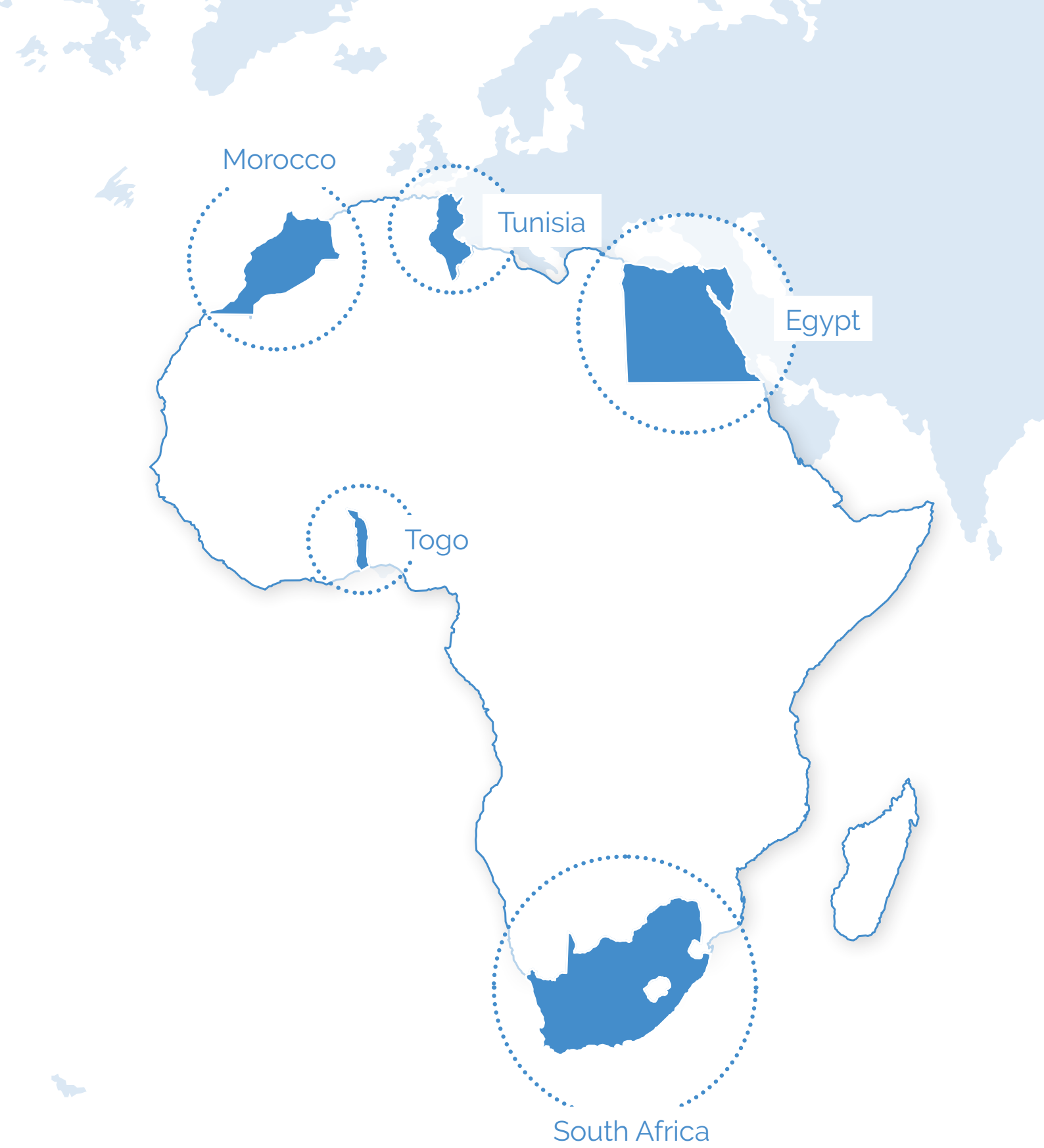
Businesses' engagement with sustainability and the adoption of digital technology

- The awareness of the sustainable development goals among early-stage entrepreneurs in South Africa (18,71%) is lower than the average for low-income countries (28.13%), but higher than the African average (12.16%).
- The GEM global data in 2022 shows an increase in the proportion of new entrepreneurs considering environmental implications when developing business strategies. Of the 38 economies answering this question in both years, in 23 economies that proportion has increased, the largest increases being in South Africa, Luxembourg, and Norway. When considering the extent to which start-ups minimise environmental impact in practice, South Africa (42,26%) scores low compared to other the GEM average (53,56%).
- Response to the pandemic through adopting digital technology among South African start-ups (23,6%) aligns with most countries worldwide. However, a lower percentage (11,8%) of South African startups adopted digital technology earlier, that is, before the pandemic.
- South African female entrepreneurs (23,7%) adopted digital technologies in response to the pandemic, more so than men entrepreneurs (18,6%) but less so (19,3%) than men (20,7%) before this disruption.
- Overall, the percentage of South African startups intending to adopt digital technology with new functionality going forward (45,13%) is lower than the GEM global average (51,84%).

Section 6

The South African entrepreneurial ecosystem and government support agencies.

- In 2022, South Africa scored below the average of all 3 country income level categories for all conditions, except for entrepreneurial education at a school level (3,57), where the score is higher than the average for Income Level C countries (2,85) and Income Level B countries (2,84).
- South Africa, compared to the combined African countries, scored lower on government policy for both support and relevance (4,14 and 4,43), taxes and bureaucracy (3,90 and 4,14), government programs (3,81 and 4,08), commercial and professional infrastructure (4,56 and 4,75), and physical infrastructure and services (4,87 and 5,54).
- The National Entrepreneurial Context Index (NECI) ranks South Africa 40th out of 51 economies in 2022, with a score of 4,10.
- Compared to other participating African countries, both Morocco (4,30) and Egypt (4,30)
- scored slightly higher than South Africa in 2022. In addition, other Level C income economies Columbia (4,50), China (5,60), Indonesia (5,60), and India (6,10) all had a higher NECI score than South Africa in 2022.
- In 2022, South Africa's entrepreneurship activity recovery towards pre-pandemic levels was rated 4,3 which is lower than the GEM global average (5,7) and slightly lower than the Africa combined average (4,5). Reasons for better recovery are likely a combination of higher country per capita income levels and greater financial and other support to businesses during the COVID-19 pandemic.
- Regarding the awareness of, use, and perceived effectiveness of government agencies in support of entrepreneurship, the findings show that the most well-known agencies are the National Youth Development Agency (70,70%), Small Enterprise Development Agency (67,95%), and the Department of Trade and Industry (59,39%).
- Municipalities play a key role in supporting entrepreneurship and small business development, specifically for the latter outside of the key metropolitan regions. Based on these results, there is much to be improved for localised support for entrepreneurship. Efficient business licensing services score highest, at 40,80%, and all other support areas score below 40%.
- The lowest scoring support is for efficiency in procurement promotion for small businesses (35,74%), providing sufficient and decent quality trading spaces (36,85%), and efficiency in dealing with small business owners (37,50%).



ADDENDUM

AFRICA ECONOMY PROFILES

SOUTH AFRICA

Population (2021): **60,0 million** (UN)
GDP per capita (2021; PPP, international $): **14,4 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/49
Know someone who has started a new business	33,6	45
Good opportunities to start a business in my area	61,3	20
It is easy to start a business	63,9	16
Personally have the skills and knowledge	63,7	20
Fear of failure (opportunity)	59,4	2
Entrepreneurial intentions*	6,0	45

Entrepreneurship impact

	% Adults	Rank/49
Job expectations (expecting to employ six or more people in five years' time)	1,8	29
	% TEA	**Rank/46**
International (25%+ revenue)	21,3	10=
Always consider social impact	83,0	18
Always consider environmental impact	75,5	29
Industry (% TEA in business services)	7,9	40

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

**Strictly, as noted through this Report this is the percentage of those adults not already engaged in entrepreneurial activity.*

**Those reporting "decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/49
To make a difference in the world	80,4	4
To build great wealth or very high income	80,3	6
To continue a family tradition	49,2	6
To earn a living because jobs are scare	89,5	3

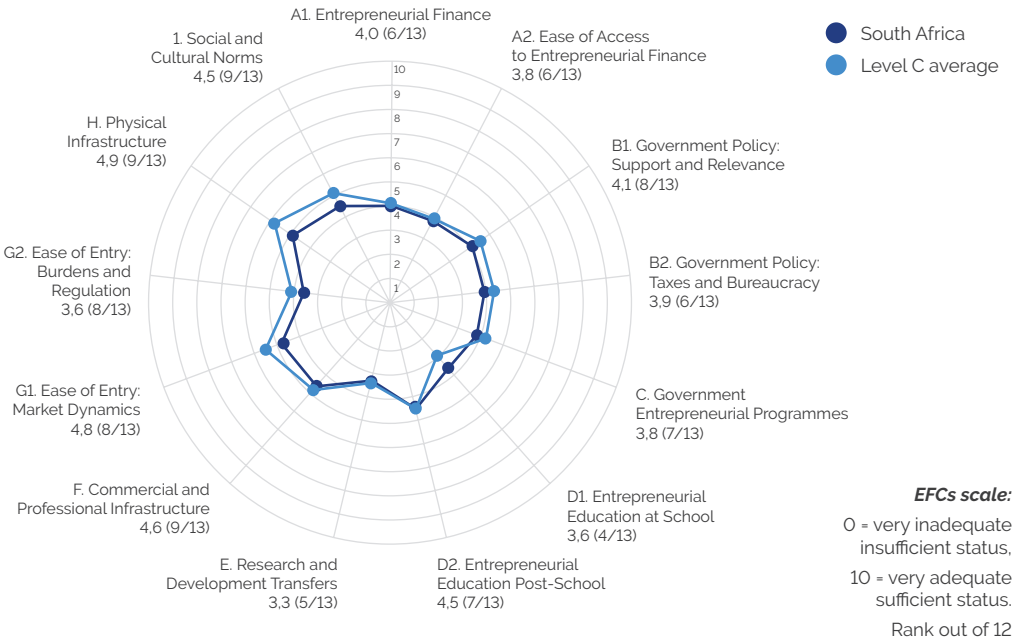
Activity

	% Adults	Rank/49	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity	8,5	33	7,9	9,1
EBO (Established Business Ownership rate	1,8	48	1,7	2,0

COVID-19 related

	% Adults	Rank/49
Pandemic has led household income to decrease**	63,7	14
	% TEA	**Rank/49**
Starting a business is more difficult than a year ago	59,2	10
Use more digital technology to sell products or services	52,0	25
Pursue new opportunities due to pandemic	48,9	16

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:

0 = very inadequate insufficient status,

10 = very adequate sufficient status.

Rank out of 12 recorded in brackets

Policy roadmap

GDP for the South African economy was expected to grow by around 2% in 2022. This is too low to have much of an impact on the national unemployment rate of almost 33%, among the highest globally.

Inflation was high at nearly 7% and the cost of borrowing was becoming prohibitive for many startups and growing businesses. The government has approved the National Integrated Small Enterprise Development (NISED) strategic framework, strengthening support for small and medium-sized enterprises.

2022 Framework conditions review

South Africa showed year-on-year improvements on 10 of the 13 framework conditions, including the 3 conditions directly dependent on government: Government Policy: Support and Relevance, Government Policy: Taxes and Bureaucracy and Government Entrepreneurial Programs. Just as importantly, both the level and access to entrepreneurial finance also improved. As a result, South Africa's overall score for its entrepreneurial environment in the National Entrepreneurship Context Index (NECI) increased from 3,7 in 2021 to 4,1 in 2022, lifting it from 45th to 40th overall. However, South Africa was just one of 3 economies in 2022, alongside Togo and Tunisia, with all Framework Conditions scored as insufficient (<5,0), although, in the case of South Africa, at least 2 (Physical Infrastructure and Ease of Entry: Market Dynamics) are edging closer to sufficiency.

2022 Entrepreneurial activity review

The early stages of the COVID-19 pandemic saw a substantial increase in the proportion of adults starting or running a new business in South Africa, up from 11% in 2019 to 17% in 2021, before falling back to 8% in 2022. Similar volatility was seen in business intentions, with 12% of adults intending to start a business in the next 3 years in 2019, rising to 20% in 2021, then falling back to 6% in 2022. EBO was 3,5% in 2019, went up to 5,2% in 2021, and then fell further to 1,8% in 2022. This entrepreneurial instability, of course, mirrors the wider economy. More than 3 in 5 South Africans report that their household income has fallen in 2022 because of the COVID-19 pandemic.

Just over a third of South Africans know someone who has recently started a business, while twice this level consider they have the skills and experience to run their own business. More than 3 in 5 see good opportunities to start a business, although more than half of these would be deterred by fear of failure.

In South Africa, men are slightly more likely than women to be starting a new business, although the entrepreneurial gender gap remains small. However, job expectations continue to decline: in 2019, 3 in 10 of those starting or running a new business expected to employ another 6 or more people in the next 5 years, but by 2022 this share had fallen to just two in 10. Not surprisingly, earning a living because jobs are scarce continues to be the dominant agreed motive in an economy in which 97% of new businesses have local customers, although almost a quarter also have customers outside of South Africa, up from less than a fifth in 2021.

More than 4 out of 5 new entrepreneurs in South Africa agreed with the motivation to start a business in order "to earn a living because jobs are scarce", while almost as many agreed with the motivations "to make a difference in the world" and "to build great wealth or very high income". Clearly, for South African entrepreneurs, these motivations are not exclusive.

Institution

Lead institution

Stellenbosch University

Stellenbosch Business School

Type of institution

University

Website

https://www.sun.ac.za

Other institutions involved

University of Johannesburg

Team

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Funders

Stellenbosch Business School

Small Enterprise Development Agency (Seda)

Standard Bank of South Africa Limited

APS vendor

NielsenIQ South Africa

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EGYPT

Population (2021): **104,3 million** (UN)
GDP per capita (2021; PPP, international $): **13,3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/49
Know someone who has started a new business	32,9	46
Good opportunities to start a business in my area	63,7	15=
It is easy to start a business	67,7	9=
Personally have the skills and knowledge	62,8	22=
Fear of failure (opportunity)	50,6	12
Entrepreneurial intentions*	47,3	5

Entrepreneurship impact

	% Adults	Rank/49
Job expectations (expecting to employ six or more people in five years' time)	1,7	30=
	% TEA	**Rank/46**
International (25%+ revenue)	2,3	42
Always consider social impact	79,7	20
Always consider environmental impact	77,2	23
Industry (% TEA in business services)	7,4	41

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**Those reporting "decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/49
To make a difference in the world	58,7	13
To build great wealth or very high income	71,9	13
To continue a family tradition	52,3	4
To earn a living because jobs are scare	84,8	9

Activity

	% Adults	Rank/49	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity	6,6	41	3,7	9,4
EBO (Established Business Ownership rate	2,6	46=	1,1	4,0

COVID-19 related

	% Adults	Rank/49
Pandemic has led household income to decrease**	72,4	8
	% TEA	**Rank/49**
Starting a business is more difficult than a year ago	35,2	33
Use more digital technology to sell products or services	64,0	9
Pursue new opportunities due to pandemic	43,5	25

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS

Policy roadmap

The deterioration of the global economy has hit the Egypt economy hard, with increases in the costs of food imports, supply chain disruptions and falls in currency reserves leading to the steep devaluation of the Egyptian pound. High inflation, devaluation and rising interest rates have all intensified cash flow pressures on new and small businesses. In 2022, the government issued a new fintech law to expand the scope of non-banking financial services, and several venture capital funds were launched, some supported by state banks.

2022 Framework conditions review

Egypt scored highly for both Physical Infrastructure (6,6) and Ease of Entry: Market Dynamics (6,3), both at levels usually associated with high-income economies, and was ranked 20th and 13th respectively out of 51 GEM economies. Its Ease of Entry: Market Dynamics score had risen sharply from the previous year, suggesting strong growth in domestic markets post-COVID-19 pandemic. It also scored as sufficient or better (≥5,0) for Social and Cultural Norms and Commercial and Professional Infrastructure, but as less than sufficient for the other 9 Framework Conditions. Research and Development Transfers and Entrepreneurial Education Post-School ranked 46th and 47th of the 51 economies, both well down from a year earlier. Entrepreneurial Education at School scored lowest of all Egypt's Framework Conditions at just 2,3. Sadly, scores for this condition are so low across many economies that Egypt was far from the bottom of the list .

Egypt's overall quality of entrepreneurial environment score as determined by the National Entrepreneurial Context Index (NECI) was 4,3, slightly down from a year earlier. But that was enough to move Egypt f rom 28th to 32nd in the overall ranking. In the new questions in the 2022 National Expert Survey, Egypt scored as better than sufficient for COVID-19 recovery, consistent with growth in domestic markets, but as less than sufficient in terms of actions to support the United Nations Sustainable Development Goals, which is disconcerting for a nation that hosted the UN Climate Change Conference (COP27) at Sharm El-Sheikh in November 2022.

2022 Entrepreneurial activity review

The proportion of adults starting or running a new business in Egypt has been falling steadily since 2020, from 11% to 7% in 2022, now comparable to pre-COVID-19 pandemic levels. This is true of both for male and female entrepreneurship, with the ratio of more than 2 new male to one female starting new businesses remaining roughly constant through that period. At a time when entrepreneurial gender gaps are narrowing in much of the Arab world, Egypt's remains stubbornly wide. More positively, almost two-thirds of those starting or running a new business in Egypt expect to use more digital technology to sell their products in the next 6 months.

The fall in new business starts reflects the decline in business intentions throughout the COVID-19 pandemic period, down from the 63% of adults expecting to start a new business in the next 3 years in 2019 to just 47% in 2022. Similarly, the proportion of adults knowing someone who has recently started a business fell in the same period, from more than one in 2 to less than 1 in 3. Despite this, over half of Egyptian adults see good local opportunities to start a business, while 3 out of 5 consider they have the skills and experience to start a business themselves. However, of those seeing good opportunities, 2 in 5 would be deterred by fear of failure. Egypt continues to have one of the lowest levels of EBO, halving to just 2,6% in 2022.

Not surprisingly, "to earn a living because jobs are scarce" is the dominant motive by far among new Egyptian entrepreneurs, although "continuing a family tradition" was agreed as a motive by more than half of new entrepreneurs.

Institution

Lead institution

The American University in Cairo - School of Business

The American University in Cairo

Type of institution

Business School

Website

https://business.aucegypt.edu

Other institutions involved

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Team

Team leader

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MOROCCO

Population (2021): **37,3 million** (UN)
GDP per capita (2021; PPP, international $): **8,1 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/49
Know someone who has started a new business	51,6	28
Good opportunities to start a business in my area	62,5	17
It is easy to start a business	36,5	36=
Personally have the skills and knowledge	63,3	21
Fear of failure (opportunity)	44,4	23
Entrepreneurial intentions*	37,3	11

Entrepreneurship impact

	% Adults	Rank/49
Job expectations (expecting to employ six or more people in five years' time)	1,2	40=
	% TEA	**Rank/46**
International (25%+ revenue)	4,0	39
Always consider social impact	58,9	46
Always consider environmental impact	55,6	45=
Industry (% TEA in business services)	11,8	36

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**Those reporting "decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/49
To make a difference in the world	13,5	48
To build great wealth or very high income	61,2	20
To continue a family tradition	19,5	42
To earn a living because jobs are scare	82,5	10

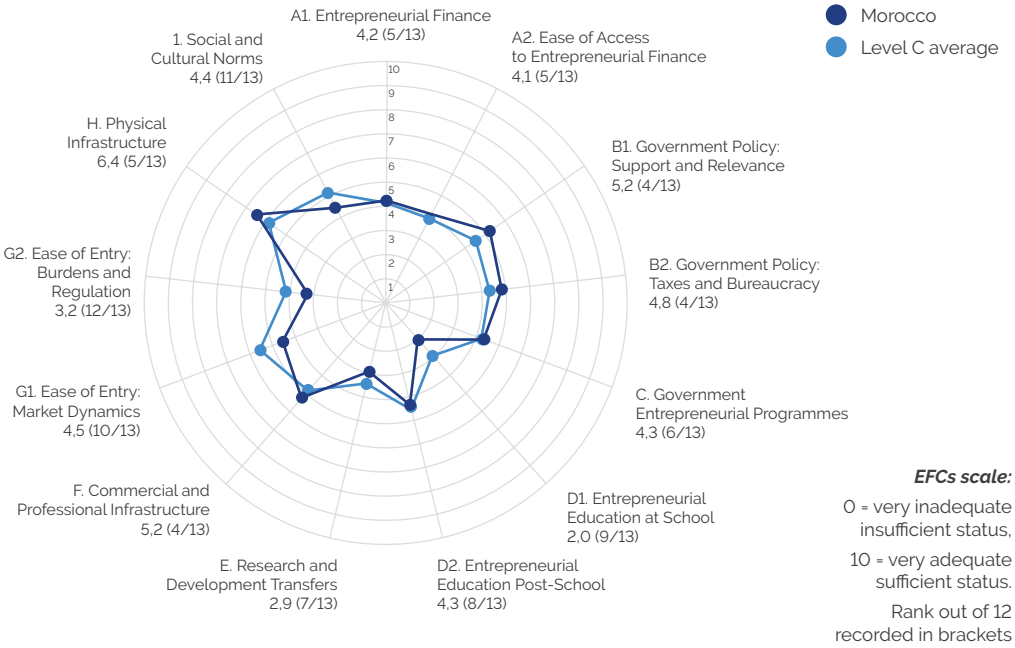
Activity

	% Adults	Rank/49	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity	4,2	48	3,1	5,4
EBO (Established Business Ownership rate	4,1	37=	1,5	6,8

COVID-19 related

	% Adults	Rank/49
Pandemic has led household income to decrease**	66,3	11
	% TEA	**Rank/49**
Starting a business is more difficult than a year ago	33,6	35
Use more digital technology to sell products or services	63,4	10
Pursue new opportunities due to pandemic	32,1	39

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



Policy roadmap

With 8% growth in 2021, the Moroccan economy rebounded from the losses of the first year of the COVID-19 pandemic. A series of overlapping shocks, including yet another drought (the third in the last 4 years), and higher prices for imported energy reduced that growth to just 0,3% in Q1, 2022.

Inflation had increased to 8% by August 2022. The government has introduced measures to mitigate its impacts on households and specific sectors, substantially increasing pre-existing subsidies.

New initiatives include FORSA (opportunity in Arabic), combining support and funding with regional and gender equity. The government was exploring ways to unlock the potential of the private sector, including reform of Morocco's large state-owned enterprise system and a review of the investment charter.

2022 Framework conditions r eview

In the pandemic period, Morocco has been making substantial efforts to improve its entrepreneurial environment and there are some indications that those efforts are paying off. In 2020, Morocco's national expert assessments had resulted in an overall National Entrepreneurship Context Index (NECI) score of 3,8, ranking Morocco 39th of 44 economies. By 2021, this score had improved to 3,9, but an increased number of economies, and improving environments elsewhere, meant that Morocco ranked 41st of 50 economies. In 2022, however, improvements across the board meant that Morocco's NECI score was 4,3, placing it 35th out of 51 economies.

In the period 2021 to 2022, Morocco improved in all of its Framework Condition scores except one: Ease of Entry: Burdens and Regulation, the score stayed the same. Of the 12 condition scores that improved, the biggest increases were for the level of Entrepreneurial Finance and for Entrepreneurial Education at School, each important for future entrepreneurial success. These are excellent achievements for a Level C economy, although Ease of Entry: Burdens and Regulation with its unchanged score was perhaps the condition most in need of improving. Among the 51 economies, Morocco ranked 50th for this Framework Condition, its lowest rank by some margin.

2022 Entrepreneurial activity review

Around 2 out of 3 adults in Morocco in 2022 reported that the pandemic had reduced their household income, which was roughly average for a Level C economy.

Business intentions had risen at the onset of the COVID-19 pandemic, but have fallen steadily since then, reaching 37% in 2022, down from 48% in 2020. The percentage of adults actually starting or running a new business has fallen precipitously through the COVID-19 pandemic years, from over 11% in 2019 to little more than 4% in 2022. The level of EBO has also fallen, but not as steeply, from almost 8% in 2019 to just over 4% by 2022, however in the year before the COVID-19 pandemic, new start levels had been half as much again as EBO, but by 2022 they were both at virtually the same low level.

Despite these low levels of entrepreneurial activity, around half of Moroccan adults knew someone who had recently started their own business, while more than 3 in 5 agreed they had the skills and experience to be able to do the same, or saw good opportunities to be able to do so locally, although, once again, around half of these would be deterred by fear of failure.

Earning a living because jobs are scarce has been the dominant agreed motivation among new entrepreneurs in Morocco since this question was introduced by GEM in 2019, agreed by 4 out of 5 in 2022. Both making a difference in the world and continuing a family tradition received relatively little agreement in Morocco.

Nearly 2 in 3 new entrepreneurs expected to use more digital technology in the next 6 months to sell their products, and more than a quarter expected to employ another 6 or more people in 5 years' time. Relatively few of these new entrepreneurs had customers outside of Morocco, although that percentage has been increasing recently, and from 6% in 2019 to 10% in 2022.

Institution

Lead institution

Entrepreneurship Research Laboratory Faculty of Law, Economics and Social Sciences
University of Hassan II Casablanca

Type of institution

University

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TOGO

Population (2021): **8,5 million** (UN)
GDP per capita (2021; PPP, international $): **2,3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/49
Know someone who has started a new business	58,9	18
Good opportunities to start a business in my area	77,2	4
It is easy to start a business	54,3	20
Personally have the skills and knowledge	87,5	2
Fear of failure (opportunity)	40,6	37
Entrepreneurial intentions*	52,3	3

Entrepreneurship impact

	% Adults	Rank/49
Job expectations (expecting to employ six or more people in five years' time)	4,0	13=
	% TEA	**Rank/46**
International (25%+ revenue)	9,1	27
Always consider social impact	75,4	24
Always consider environmental impact	70,4	35
Industry (% TEA in business services)	3,3	48

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

**Strictly, as noted through this Report this is the percentage of those adults not already engaged in entrepreneurial activity.*

**Those reporting "decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/49
To make a difference in the world	52,4	20
To build great wealth or very high income	83,3	3
To continue a family tradition	30,3	22
To earn a living because jobs are scare	81,3	12

Activity

	% Adults	Rank/49	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity	24,1	7	25,4	22,6
EBO (Established Business Ownership rate	18,0	2	18,9	17,0

COVID-19 related

	% Adults	Rank/49
Pandemic has led household income to decrease**	88,0	1
	% TEA	**Rank/49**
Starting a business is more difficult than a year ago	75,4	2
Use more digital technology to sell products or services	32,4	44
Pursue new opportunities due to pandemic	18,1	47

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS

Policy roadmap

The economy of Togo has been recovering strongly after the COVID-19 pandemic, with GDP forecast to have risen by about 6% in 2022. Although inflation increased to around 9%, unemployment has remained stable, suggesting some economic resilience. However, the costs of business essentials have been increasing even faster, with a 13% increase in water, gas, electricity and other fuel prices, and a 17% increase in transport costs (both to November 2022).

The government has acted to support businesses, with measures including rescheduling credit payments, reducing the tax burden on business, exempting traders and artisans for market ticket taxes and reducing interest rates for businesses borrowing from the National Fund for Inclusive Finance (FNFI).

2022 Framework conditions review

Togo last participated in GEM in 2020, so its participation in 2022 allows some comparisons. In the earlier year, the overall quality of Togo's entrepreneurial environment, as measured by the National Entrepreneurship Context Index (NECI), scored 3,8, placing it 38th of the 44 participating economies. In 2022, that NECI score fell to 3,6, placing Togo 49th of the 51 GEM participating economies.

Between 2020 and 2022, all but one of Togo's Entrepreneurial Framework Conditions showed a change in quality assessment. 5 conditions improved, while 6 experienced declines. The biggest increase was for Social and Cultural Norms, although that increase was matched by equivalent falls in scores for both Commercial and Professional Infrastructure and for Ease of Entry: Burdens and Regulation.

The Togolese government is clearly trying to make the best of its limited resources. Togo's highest framework scores in 2022 were for the 2 government policy conditions and for Government Entrepreneurial Programs. However, already low scores for the 2 education conditions declined still further between 2020 and 2022, with Togo ranked as bottom of all 51 economies for the former and 48th for the latter.

2022 Entrepreneurial activity review

Around 9 in 10 adults in Togo reported that their household income reduced due to the pandemic in 2022, the highest level in all GEM participating economies. Possibly because of this, or perhaps reflecting poor access to alternative entrepreneurial funding, around 1 in 8 Togolese adults invested in someone else's new business in both 2020 and 2022.

Entrepreneurial self-confidence was sky-high in Togo in 2022, with almost 9 out of 10 adults considering themselves to have the skills and experience to start their own business and over a half of adults expecting to start their own business in the next 3 years. A similar proportion knew someone who has started their own business recently. More than three-quarters saw good opportunities to start a business locally, although 2 in 5 of these would not do so because of the fear of failure.

In 2020, almost a third of adults in Togo (33%) were starting or running their own business. By 2022 this had fallen to just under a quarter (24,1%), with male entrepreneurship falling less than female entrepreneurship. This means that both the relative and absolute entrepreneurial gender gaps in Togo had fallen: by 2022, there were 11 women starting a new business in Togo for every 10 men doing the same. The level of EBO has been much more stable at 18% in both 2020 and 2022.

The 2 material motivations ("to build great wealth or very high income" and "to earn a living because jobs are scarce") had the highest levels of agreement among new entrepreneurs in Togo, although 1 in 2 also agreed with the "to make a difference in the world" motive and 1 in 3 with "to continue a family tradition". Many Togolese new entrepreneurs clearly have multiple motivations in starting their new businesses.

Around one-third of Togo's new entrepreneurs expected to use more digital technology in the next 6 months to sell their products. Relatively few (16%) had customers beyond Togo, while a similar proportion expected to employ another 6 or more people in 5 years' time.

Institution

Lead institution

Coalition Nationale Pour L'Emploi Des Jeunes (CNEJ)

Website

https://jeunestogolais.tg

Team

Team leader

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TUNISIA

Population (2021): **8,5 million** (UN)
GDP per capita (2021; PPP, international $): **2,3 thousand** (World Bank)

Attitudes and perceptions

	% Adults	Rank/49
Know someone who has started a new business	66,6	7
Good opportunities to start a business in my area	61,8	18
It is easy to start a business	44,7	30
Personally have the skills and knowledge	78,6	4
Fear of failure (opportunity)	42,6	32
Entrepreneurial intentions*	50,7	4

Entrepreneurship impact

	% Adults	Rank/49
Job expectations (expecting to employ six or more people in five years' time)	3,7	15
	% TEA	**Rank/46**
International (25%+ revenue)	6,4	32
Always consider social impact	86,2	10
Always consider environmental impact	88,3	8
Industry (% TEA in business services)	6,9	42

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

**Strictly, as noted through this Report this is the percentage of those adults not already engaged in entrepreneurial activity.*

**Those reporting "decrease" or "strongly decrease".*

Motivational

(somewhat or strongly agree)

	% TEA	Rank/49
To make a difference in the world	31,8	40
To build great wealth or very high income	56,2	26
To continue a family tradition	33,3	17
To earn a living because jobs are scare	89,7	2

Activity

	% Adults	Rank/49	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity	17,1	12	14,7	19,7
EBO (Established Business Ownership rate	10,0	8	5.0	15,1

COVID-19 related

	% Adults	Rank/49
Pandemic has led household income to decrease**	68,5	10
	% TEA	**Rank/49**
Starting a business is more difficult than a year ago	65,2	5
Use more digital technology to sell products or services	45,9	33
Pursue new opportunities due to pandemic	20,4	45

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS

Policy roadmap

The economy in Tunisia was going through a critical period in 2022, with existing structural problems aggravated by the aftermath of the pandemic and the consequences of the war in Ukraine. In the year to Q3 2022, GDP grew by nearly 3%, inflation reached almost 10% and the unemployment rate exceeded 15%. Inflation has hindered entrepreneurial intentions by Inflation has hindered entrepreneurial intentions by raising costs, especially raw materials and borrowing costs.

In 2022, the government published three decrees regulating laws on crowd funding, while the Ministry of Employment organized a national "Your Project" competition.

2022 Framework conditions review

The collective judgement of national experts in Tunisia was that the quality of the overall entrepreneurial environment was poor in 2022, deriving a score of 3,7 in the National Entrepreneurial Context Index (NECI), well below sufficient (<5,0). This ranked Tunisia 47th of the 51 economies participating in the GEM National Expert Survey (NES). None of the 13 individual conditions was rated as sufficient (≥5,0), although its Physical Infrastructure and Commercial and Professional Infrastructure came closest. Ten of the Entrepreneurial Framework Conditions were poor. Tunisia had 8 Framework Conditions ranked in the bottom 10 among the GEM economies, with its highest ranks being for government policy, ranked 38th.

So there is much to do to improve the entrepreneurial environment in Tunisia. A good place to start might be entrepreneurial education in schools, rated lowest of the Framework Conditions, although investment here takes a long time to bear fruit. A faster return may come from investment in entrepreneurial finance, a significant obstacle to starting or developing a new business in Tunisia.

2022 Entrepreneurial activity review

2 out of 3 adults in Tunisia reported that the pandemic had reduced their household income in 2022, a high rate but middle-ranking among the GEM Level C economies. However, the proportion of adults investing in someone else's new business was relatively high at 1 in 7, perhaps reflecting the paucity of entrepreneurial finance.

There was good awareness of entrepreneurship in Tunisia, with 2 out of 3 adults knowing someone who had recently started their own business. Three in 4 considered they have the skills and experience to start a business. The proportion who saw good opportunities to start a business locally was a little lower at 3 in 5, although nearly half of these would be deterred by fear of failure.

The percentage of adults actually starting or running a new business in Tunisia in 2022 was 17%, although higher for men (20%) than for women (15%). Hence there were 4 men starting or running a new business for every 3 women doing the same. The percentage of adults running an established business was relatively high at 10%, so there were less than 2 adults starting a new business for every adult running an established one, a healthy ratio that suggests that, despite the generally unsupportive entrepreneurial environment, many new businesses are surviving long enough to become established. This may be helped by the fact that only a half of new businesses in Tunisia were in consumer services, a sector that typically has lower chances of survival.

Not surprisingly, "to earn a living because jobs are scarce" was agreed as a motivation by 9 in 10 new entrepreneurs, with "to make a difference in the world" agreed by less than 1 in 3. However, job expectations were relatively strong, with one in 5 expecting to employ an additional 6 people or more in 5 years' time. Conversely, 1 in 3 of those starting or running a new business expected to employ no new people in that period.

Institution

Lead institution

The Arab Institute of Business Leaders IACE

Type of institution

Institute

Website

https://iace.tn

Other institutions involved

Expertise France

Team

Team leader

Majdi Hassen

Team members

Hajer Karaa

Manara Toukabri

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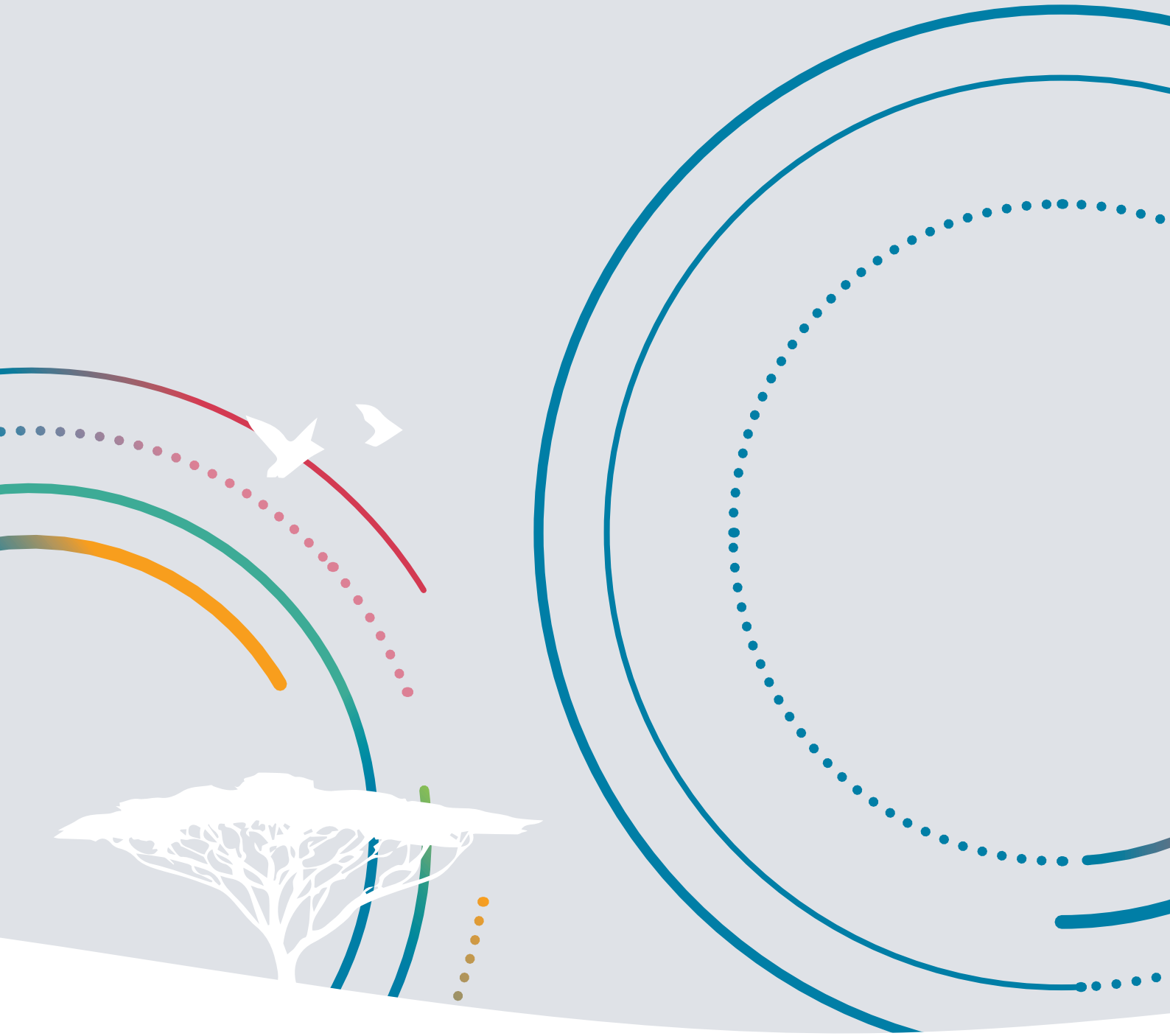
Global
Entrepreneurship
Monitor



Global Entrepreneurship Monitor

South Africa

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