

GLOBAL ENTREPRENEURSHIP MONITOR

VIETNAM REPORT 2014

GLOBAL ENTREPRENEURSHIP MONITOR VIETNAM REPORT 2014

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Foreword

Becoming an entrepreneur is the desire of nearly 67.2% of adults living in Vietnam. Entrepreneurs have increasingly received more respects from the society. For the first time in the history in Vietnam, the term “entrepreneur” has appeared in the Constitution in 2013. Currently, the development of entrepreneurs in Vietnam has been conducted according to the spirit of the Resolution No. 09/NQ-TU which is on building and promoting the role of Vietnamese entrepreneurs in the period of accelerating industrialization, modernization and international integration. These positive perceptions have contributed in promoting business start-up and helping Vietnamese entrepreneurs have more conditions to develop better.

Learning about entrepreneurial opportunities and the capability to grasp these opportunities to start a business in different nations is the purpose of Global Entrepreneurship Monitor (GEM) research. Starting from 1999, in 2014, the GEM study has attracted 73 nations and territories, accounting for 72.4% of the world’s population and 90% of the world’s GDP. This helps GEM study become the world’s largest research in entrepreneurship. The GEM 2014 Global report has shown positive signs of business start-up in many countries thanks to the economic recovery.

2014 is the second consecutive year Vietnam Chamber of Commerce and Industry (VCCI) has represented Vietnam to participate in GEM study. Based on the data collected from the adult population survey (APS) and national expert survey (NES) in Vietnam, VCCI has built GEM Vietnam 2014 report. It has provided a picture of characteristics and the conditions for business development in Vietnam. Along with the participation in the Global GEM research network, this report has compared the current situation of business development in Vietnam with other nations in the world, especially with those at the same stage of development and other countries in the ASEAN region.

VCCI would like to extend sincere thanks to the support of International Development Research Centre, Canada (IDRC), Coca-Cola Vietnam, Suntory PepsiCo Vietnam Beverage in the implementation of GEM study in Vietnam. With policy recommendations to support entrepreneurship and business development, we believe that GEM Vietnam 2014 will be an useful tool for the development of business and Vietnam’s economy in the future.



Dr. VU TIEN LOC

President of Vietnam Chamber of Commerce and Industry



INTRODUCTION



As an initiative to assess the entrepreneurship activity on national basis, and then provide updated and accurate information on entrepreneurship across the globe for a large number of policy makers, researchers, entrepreneurs and related parties, Global Entrepreneurship Monitor (known as GEM) has been conducted annually since 1999. After 16 years, GEM has attracted nearly 100 participating countries and become the world's largest research in entrepreneurship. GEM Global Report 2014 has attracted approximately 206 thousand people, representing for 73 countries, accounting for 72.4% of the world population and 90% of the world's GDP. Year 2014 is the second consecutive year which Vietnam Chamber of Commerce and Industry has represented for Vietnam to join GEM research.

Based on the data collected from over two thousand adults and 36 experts in Vietnam, Global Entrepreneurship Monitor Vietnam Report 2014 – GEM Vietnam 2014 – presents a picture of characteristics of business development in Vietnam in different stages of development cycle, from intending to start, to just starting, to running a new or established enterprise or finally to discontinuing a business. Moreover, the report also helps to propose an analytical framework conditions for business development in Vietnam. Comparisons among other economies especially those in the same level of development with Vietnam show that business conditions in Vietnam in 2014 are better than in 2013, however, there are still many inadequacies influencing the process of business start-up and development in Vietnam.

Vietnam Chamber of Commerce and Industry would like to extend our sincere thanks to International Development Research Centre, Canada (IDRC) for being the main sponsor for GEM research in Vietnam, Coca-Cola Vietnam and Suntory PepsiCo Vietnam Beverage Co., Ltd for being the co-sponsor. VCCI also thanks the support from Global Entrepreneurship Research Association (GERA) and University Tun Abdul Razak in terms of GEM research methods and GEM survey conducted in Vietnam. VCCI also thanks the following individuals, who have been actively supporting the implementation of GEM Vietnam Report 2014: Mr. Edgard Rodriguez, Mr. Roland Xavier and the respondents of GEM Vietnam survey 2014.

GEM Vietnam 2014 is conducted by Enterprise Development Foundation – EDF – of Vietnam Chamber of Commerce and Industry (VCCI) which has chaired and organized the research. Due to the complexity of the research, it may contain some deficiencies, EDF would like to receive the recommendations and suggestions from interested readers.



ENTERPRISE DEVELOPMENT FOUNDATION
VIETNAM CHAMBER OF COMMERCE AND INDUSTRY

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EXECUTIVE SUMMARY


Based on the survey results of 2,000 individuals and 36 experts, GEM Vietnam Report 2014 has provided a broad view of the entrepreneurship characteristics in Vietnam in different stages, from intending to start, to just starting, to running a new or established enterprise and even to discontinuing a business. The report has focused on the first stage of the business cycle, from the time of start-up to the time when the business has operated for three and a half years. Moreover, the report also suggests an analytical framework conditions for business development in Vietnam to see the advantages and barriers when starting a business. These analysis are all compared with other economies in the world, especially those with the same entrepreneurial rates, factor-driven economies and countries in the ASEAN region.

Some key findings from GEM Vietnam 2014:

- The awareness about the existence of opportunities and business capabilities in Vietnam in 2014 has increased compared to 2013 but it remained low. Only 39.4% of surveyed adults in Vietnam realize the opportunities to start their own businesses and 58.2% of them are aware of their business capabilities (in 2013, this ratio was 36.8% and 48.7% respectively). Averagely, in factor-driven countries, it is respectively 54.6% and 64.7%.
- The percentage of adults in Vietnam having fear of business failure has reduced but still at a high level: from 56.7% in 2013 to 50.1% in 2014, compared with 31.4% in factor-driven countries.
- 18.2% of respondents in Vietnam intend to start a business in the next 3 years, lower than the average ratio of 40.2% in other factor-driven economies.
- Like other countries in the globe, in Vietnam, successful entrepreneurs are highly appreciated by the society (75.9%) and is a desirable career choice of 67.2% of surveyed adults.
- The percentage of business start-up in Vietnam in 2014 was low, achieving only 2%. It is 4% lower than in 2013 and much lower than the average rate at 12.4% of other factor-driven economies.
- Similar to other economies, Vietnamese adults start a business primarily to take advantages of opportunities (70.3%) rather than there is no better choice for work (29.7%). However, Vietnamese take the opportunities mainly to increase their income (41.5%) rather than being more independent (11.8%).
- Middle-aged adults (from 35-64 years old) are better than youth (from 18-34 years old) in finding the business capabilities so the percentage of youth having fear of business failure is higher (55% compared with 45.3%). However, the percentage of young adults tend to start-up a business is higher (24.2% compared with 10.7%). The proportion of young adults starting up a business is also higher than middle-aged adults (2.8% compared with 1.2%). The percentage of young people involved in the business to take advantages is higher than middle-aged people (58.6% compared with 46.2%)
- The business activities in Vietnam mainly aim to serve consumers (89%). The proportion of business activities in the field of processing and serving for businesses is much lower than developed countries in stage II (5.5% and 5.1% compared with 23.5% and 11.7%)

-
- The rate of adults who abandoned their business activities in 2014 is 3.6%, lower than the rate of 4.3% of year 2013, including 1.6% of adults discontinued and 2% of adults sold their business which still continues to operate. These ratios in Vietnam are much lower than the average ratios of the countries in the same level of development. Three main reasons raised by Vietnamese for abandoning their business activities are personal reasons, financial problems and other problems.
 - Job growth prospects for entrepreneurship in the early stages are lower than the average rate of the countries at the same level of development. The entrepreneurial activities in Vietnam have low orientations for innovation and international.
 - Among the total of 12 business condition indicators in Vietnam, three following indicators have the highest levels: the dynamics of the domestic market (6/73), cultural and social norms (17/73), Governmental policies (20/73). On the other hand, the lowest rank indicators encompass post-secondary education (58/73), Government entrepreneurship programs (54/73) and the internal market – openness (52/73).

Based on these findings, GEM Vietnam Report 2014 proposes some policy recommendations to improve business conditions, promoting business start-up and supporting the development of entrepreneurial activities in Vietnam in the future. These recommendations focus on the issues:

- Continuously stabilizing macro economy, re-gaining the trust of business people
 - Innovating the training programs, encouraging people to learn about entrepreneurship and improving their capabilities
 - Improving the scientific and technological content in entrepreneurship
 - Improving business conditions
 - Building and completing the programs to support business start-up and business development
 - Conducting the programs to disseminate entrepreneurial knowledge and skills for starting a business for individuals having entrepreneurial intentions, especially young people and even household businesses
- 

I ENTREPRENEURIAL PERCEPTIONS IN VIETNAM IN 2014

The assessment of national entrepreneurial attitudes and perceptions provides an insight on individual's entrepreneurial motivations. Individuals' perceptions business start-up and growth are evaluated on the basis of the following measures:

- ▶ Perception about business opportunities
- ▶ Assessment of business capabilities
- ▶ Ability to face fear of failure
- ▶ Entrepreneurial intentions
- ▶ Social perceptions about entrepreneurs

1.1 Perception about entrepreneurial opportunities

The rate of adults perceiving the opportunities to start a new business in Vietnam increases from 36.8% in 2013 to 39.4% in 2014. Although it was improved, the perceptions about business opportunities in Vietnam is still much lower than the average level at 55.6% of other economies in the same stage of economic development like Vietnam which are factor-driven economies.

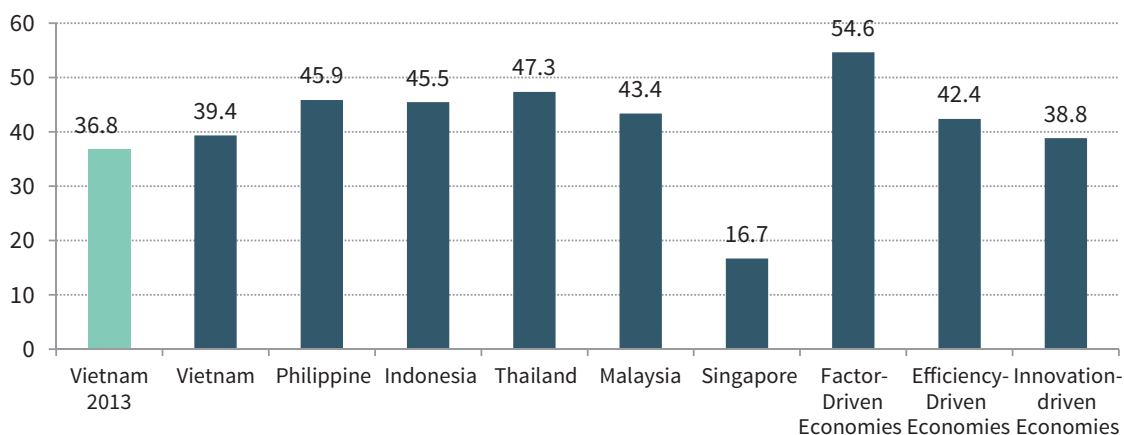


Figure 1: Perceived opportunities in Vietnam in 2014

Unit: %

Source: The Global Adult Population Survey (APS) 2014

1.2 Perception about entrepreneurial capabilities

With regards to entrepreneurial capabilities, in 2014, 58.2% of surveyed adults in Vietnam consider themselves to have sufficient knowledge, skills and experiences to start a business, much higher than 48.7% in 2013. The main reason for this increase is thank to the improvement of business environment in 2014, helping people more confident in their entrepreneurial capabilities. However, this rate is still lower than the average of developed countries in the first stage (64.7%). Comparing to the countries in ASEAN-5 group, the percentage of people with perceptions of adequate business skills in Vietnam is higher than in Singapore, Malaysia and Thailand, but lower than in Indonesia and Philippines. It shows that Vietnam still needs to improve its education system to train on entrepreneurial knowledge and skills for business start-up and operation for the people, starting from the pupils and students.

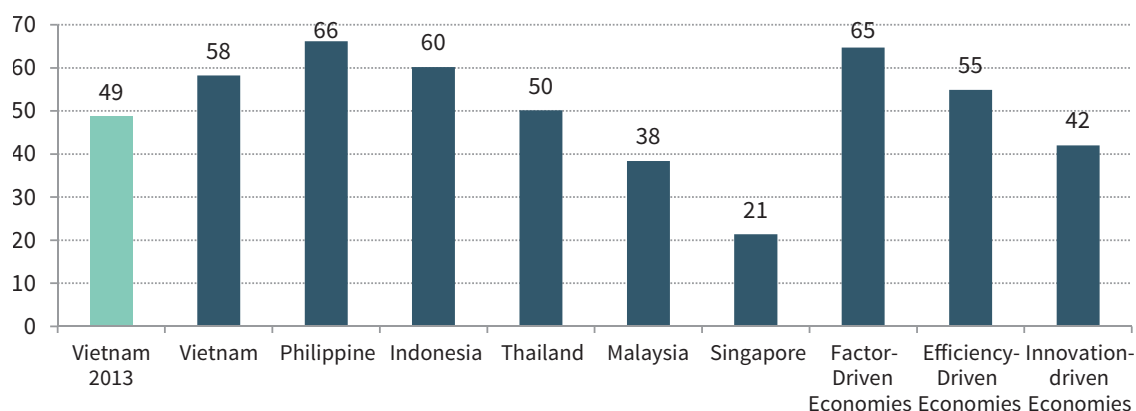


Figure 2: Perceived capabilities in Vietnam in 2014

Unit: %

Source: The Global Adult Population Survey (APS) 2014

A noted similarity between Vietnam and other countries across the world is the percentage of people assessing themselves as having entrepreneurial capabilities is higher than the proportion of people perceiving business opportunities. If the stages of business cycle is considered, as the business grows, the gap between perceptions of business opportunities and that of entrepreneurial capabilities also become bigger, which means that the more business grows, the more improvement in business skills the entrepreneurs achieve but less business opportunities are also perceived. Meanwhile, people who do not engage in entrepreneurship have low percentage for both perceiving business opportunities and entrepreneurial capabilities.

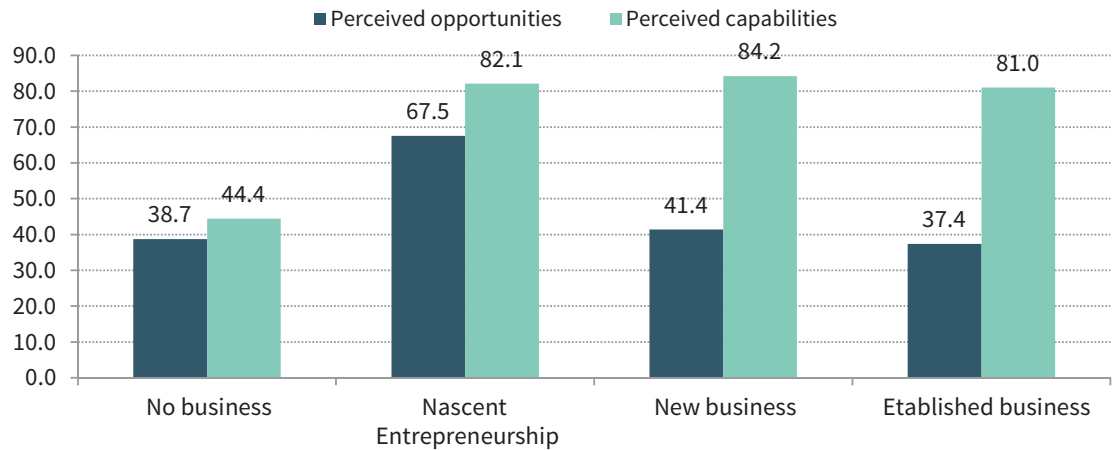


Figure 3: Perception about business opportunities and entrepreneurial capabilities in Vietnam in 2014 by stages of business cycle

Unit: %

Source: APS in Vietnam in 2014

1.3 Fear of failure

The rate of fear of business failure in Vietnam in 2014 is 50.1%, decreased than 56.7% in 2013. It shows that the Government's efforts to improve business environment in 2014 have helped gradually re-gain the trust of businessmen. GEM 2014 study points out that in the more developed countries, people are more careful when engaging in business, therefore, the fear of failure causes more obstruction in these countries. However, for a developing country at the first stage, the rate for the fear of failure when engaging in business in Vietnam in 2014 although has been reduced but is still at the highest level compared to other countries in the same economic development level.

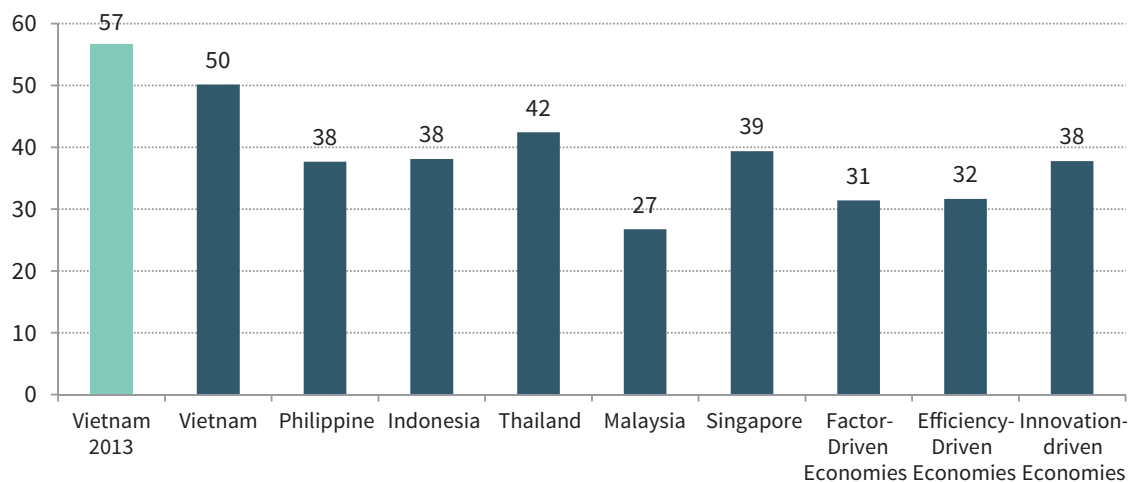


Figure 4: Fear of failure in Vietnam in 2014

Unit: %

Source: Global APS in 2014



1.4 Entrepreneurial intention

The results of GEM Global Report 2014 has shown the opposite relationship between the fear of failure and entrepreneurial intentions. If the fear of failure in business increases along with the level of economic development, entrepreneurial intentions tend to decline. Countries in the first stage of economic development have the highest average rate of people having entrepreneurial intentions with 40.2%, following by the economies at the second stage with 22.8% and finally countries at the third stage with 12.3%. The indicator for entrepreneurial intention is calculated based on the proportion of adults who are not currently engaging in entrepreneurial activity but are expected to start a business in the next 36 months. According to this logic, the proportion of people having intention to start a business in Vietnam in 2014 is low at 18.2% which is lower than 24.1% in 2013 and much more lower than the average level of the countries in the same stage of economic development with Vietnam.

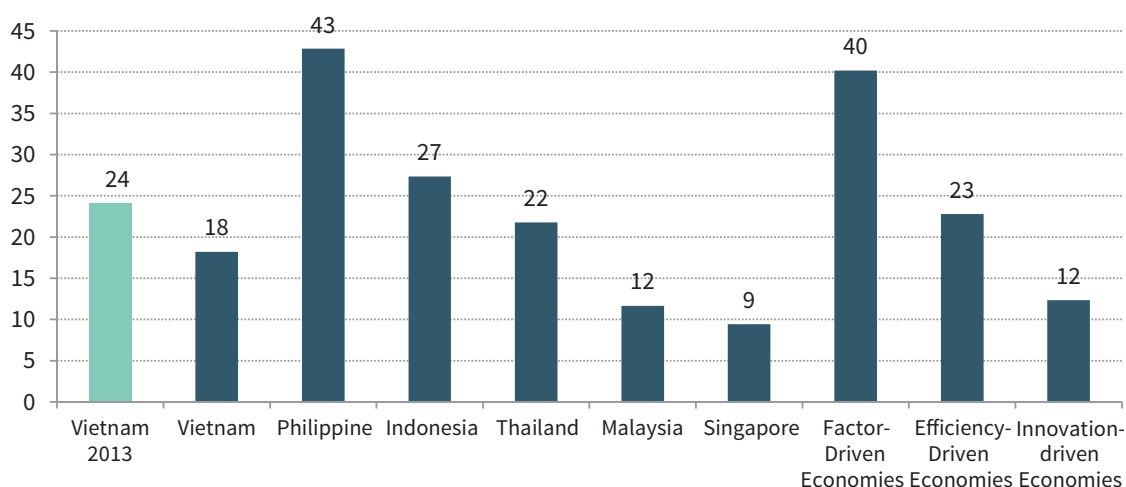


Figure 5: Entrepreneurial intention in Vietnam in 2014

Unit: %

Source : Global APS in 2014

1.5 Entrepreneurial opportunities and intentions for young people in 2014

In Vietnam and other countries in the globe, the confidence in entrepreneurial capabilities is directly proportional to the age. The proportion of young people (18-34 years old) perceiving to have entrepreneurial capabilities in Vietnam is 52.2% while this rate for middle-aged people (35-64 years old) is 64.1%. Meanwhile, the perceptions about entrepreneurial opportunities are less affected by age. The percentage of young people perceiving entrepreneurial opportunities in Vietnam is 39.2% while this figure for middle-aged people is 39.5%.

The fear of business failure in Vietnam tends to be inversely proportional to age. The proportion of young people (from 18 to 34 years old) having fear of business failure is 55%, higher than the rate at 45.3% of the old people (from 35 to 64 years old). Therefore, it could be seen that young people in Vietnam do not only feel to have limited entrepreneurial capabilities but also have fear of business failure. This situation occurs not only in Vietnam but also in other ASEAN countries like Malaysia, Indonesia and Philippines; however, the differences of these countries are not as large as in Vietnam. It clearly shows that Vietnam should train and equip more business knowledge for the people, starting when they are pupils and students. As the results, it would help young people to be more confident in engaging in entrepreneurship.

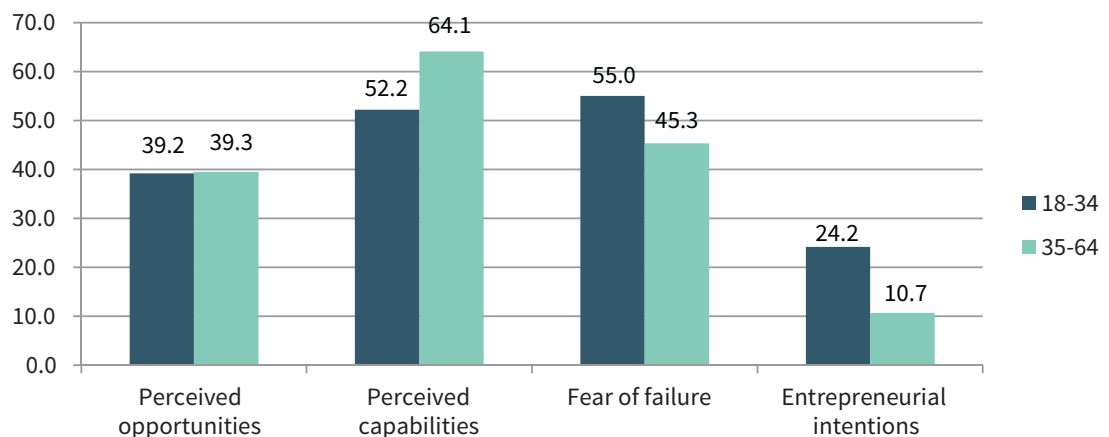


Figure 6: Fear of failure and entrepreneurial intentions by age in Vietnam in 2014 *Unit: %*

Source : APS in Vietnam in 2014



The proportion of people having entrepreneurial intentions decreases gradually when the age grows: Although people in age group from 18 to 34 years old have high rate for the fear of failure than those in the age group from 35 to 64 years old, these young people have higher rate for entrepreneurial intentions. Nearly 24.2% of young people have entrepreneurial intentions in the next 3 years while this rate for middle-aged people is just 10.7%. This situation also occurs in almost all ASEAN countries and other countries across the globe. It shows that Vietnam as well as other economies should focus more on young people in order to build a program for promoting business start-up.



1.6 Social perception about entrepreneurs

In order to measure social perceptions about entrepreneurs and entrepreneurship, GEM study has based on three indicators:

- ▶ The percentage of adults who think about entrepreneurship as a good career choice
- ▶ The percentage of people who agree that successful entrepreneurs have high social status
- ▶ The percentage of people who have heard about the stories of successful entrepreneurship on the mass media

The result of GEM 2014 study shows that entrepreneurship and entrepreneurs today have gained worldwide recognition and respect. In almost all countries around the world, people consider entrepreneurship as a good career choice. In Vietnam 67.2% of respondents answered that they want to choose doing business as their career. This percentage increases compared to the survey in 2013. There are 75.9% of respondents agree with the statement that successful entrepreneurs often have high positions in society and they are respected. The development of the media has contributed to the promotion of the image of successful businessmen in Vietnam. 86.8% of surveyed adults stated that they had heard the stories of entrepreneurs through the means of communication.

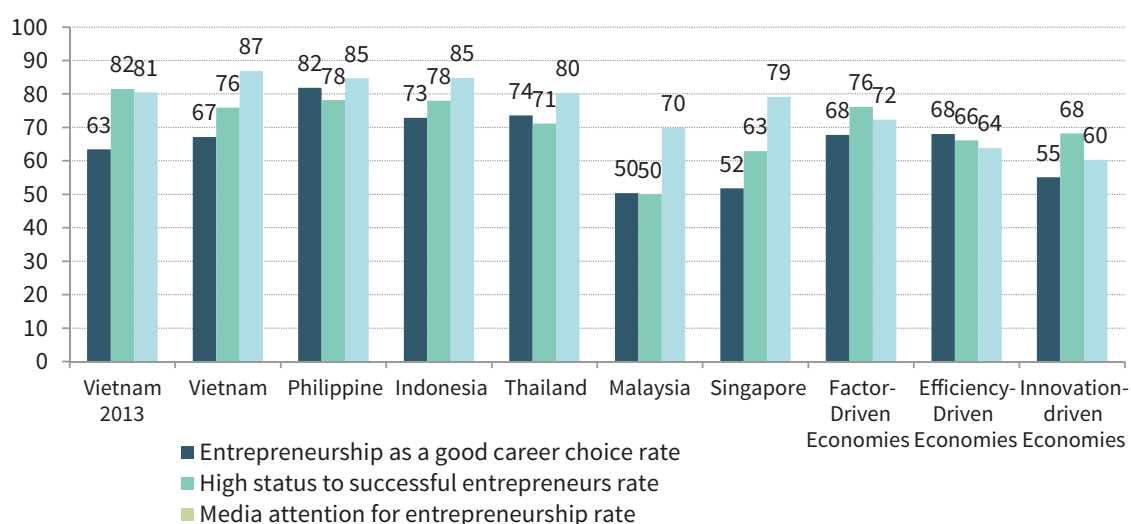


Figure 7: Social perception about entrepreneurship in Vietnam 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

II

ENTREPRENEURSHIP IN VIETNAM IN 2014

2.1 Entrepreneurship development in 2014

In order to assess the entrepreneurship development in countries, GEM study has developed two indicators:

- ▶ **Total Early-stage Entrepreneurial Activity (TEA)**, includes entrepreneurial activities which have just started for less than three months and new entrepreneurial activities (less than 3 years and a half)
- ▶ **Established business ownership (EB)** includes entrepreneurial activities for more than three years and a half.

Figure 8 points out basic characteristics of entrepreneurial development in Vietnam in 2014. TEA rate of Vietnam is 15.3%, while the rate for new start up activities is 2% and the rate for new entrepreneurial activities is 13.3%. This means that in 2014, for every 100 adults, 2 of them start a business (this figure was 4 adults in 2013) and 13 of them are currently the owners or managers of new entrepreneurial activities that have operated less than 3 years and a half (this figure was 12 people in 2013). It should be noted that GEM study focus on general entrepreneurial activities rather than firms.

As defined by GEM, all activities that create jobs and generate income for entrepreneurs and others are defined as entrepreneurial activities (except agriculture).

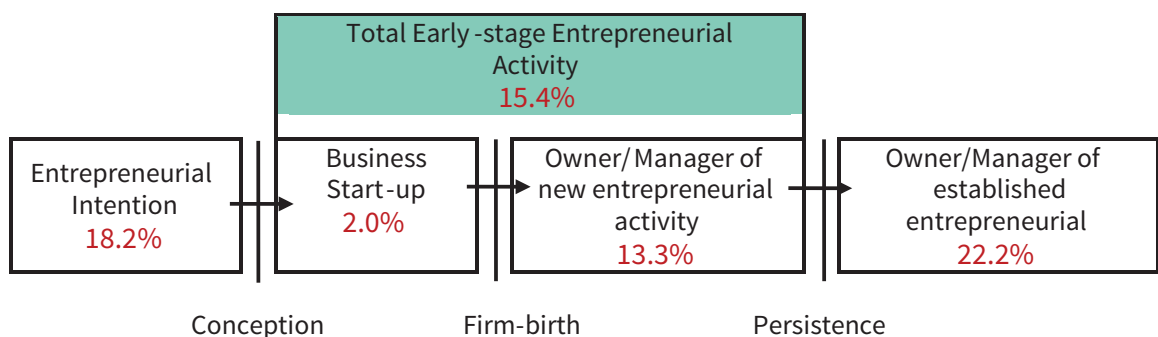


Figure 8: Entrepreneurship development in Vietnam in 2014

Source: APS in Vietnam in 2014

The GEM 2014 Global report reveals that the indicators to assess entrepreneurial development tended to decrease inversely to the development of the economy, meaning that factor-driven economies would have the highest TEA and EB rates, while innovation-driven economies have lowest rates. However, in the case of Vietnam as a factor-driven economy, the rate of starting up entrepreneurial activities is even lower than the average level of other countries in the third stage.

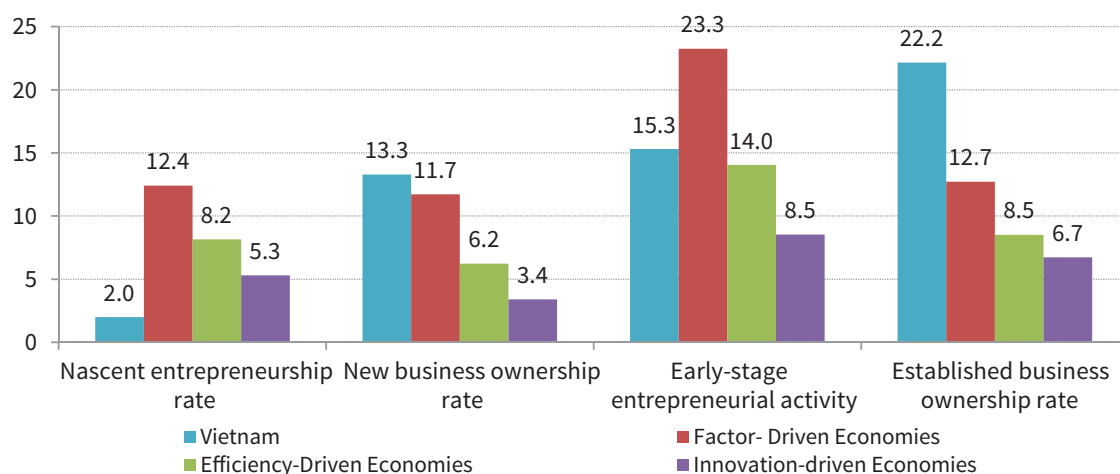


Figure 9: Entrepreneurial development in Vietnam compared to other countries in the world in 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

In Vietnam, the percentage of young people engaged in Total Early-stage Entrepreneurial Activities is often higher than those in middle-age, including business start-up (2.8% compared to 1.2%) and new entrepreneurial activities that are in operation less than 3.5 years (14.7% versus 11.9%). In addition, the young people have higher rate of entrepreneurial intention, although they themselves assessed their business capabilities lower and they have higher rate of fear failure in business than the middle-aged people. These results indicate the need to focus policies to encourage and support more the entrepreneurship in this group. Once young people are equipped with knowledge and skills in business, they will be less fearful of failure in business and the rate of business start-up will be higher.

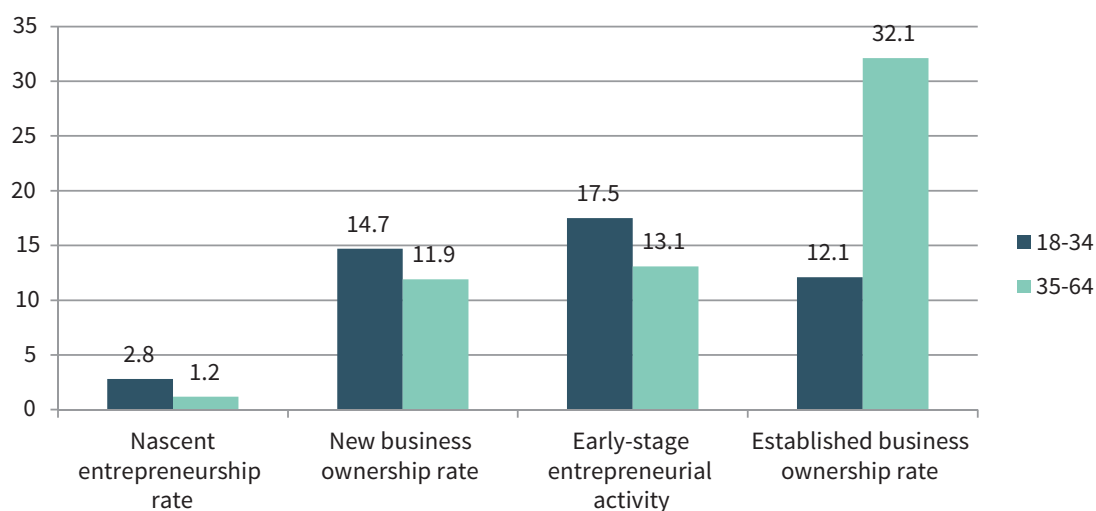


Figure 10: Entrepreneurial development in Vietnam by age group in 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

2.2 Motivation for starting a business in 2014

Two types of individuals' motivation to start a business provided in GEM research involve the necessity-driven motives which arise when entrepreneurs have no better job options and opportunity-driven motives among those entrepreneurs who are driven to start a business upon recognition of entrepreneurial opportunity. Under this classification, the rate of people perceiving business opportunity accounts for the majority in many countries around the world, especially innovation-driven economies.

In Vietnam, only 29.7% of those who start a business because they have no better job options, while up to 70.3% are opportunity-driven entrepreneurs, of which 53.3% want to take advantage of the opportunity for personal development. This ratio of 53.3% is much higher than the average level of the countries with the same level of development (47%) and is almost equal to the average level of the countries with innovation-driven development (54.9%). However, if considering in more details the purpose of taking advantage of the business opportunities, the Vietnamese people who start a business mainly because they want to increase their income, account for 41.5%, only 11.8 percent want to be more independent. Meanwhile, these rates averagely in the countries in the first stage, the second stage and the third stage of the economic development are of 29.4% and 18.8%, 27.3% and 19.2% and 29.9% and 27.5% respectively. It can be seen that Vietnamese people participating in business are greatly motivated by the opportunity to increase their income.

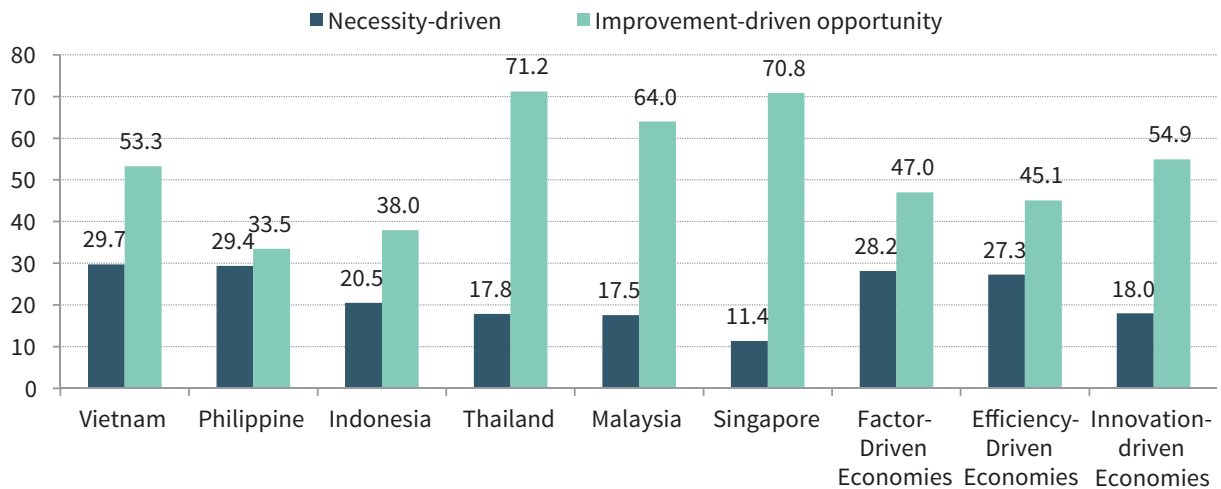


Figure 11: Entrepreneurial motivations in Vietnam in 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014



2.3 Sector activities in 2014

GEM study divides entrepreneurial activities into 4 categories: mining, processing, business services and customer services. According to this classification, the majority of business activities, whether in the early stages or in the stage of development, mainly geared towards the consumers. The rate of business activities serving consumers decreases when the level of economic development is higher. In innovation-driven countries, the rate of business activities in mining industry is lowest while the rate of business-focused activities is quite high, which averagely accounts for 28.8% and is higher to the rate of the processing activities (22.1%). In the efficiency-driven economies, the processing activities achieves high proportion, at averagely 28.5%, ranking second only after customer-focussed activities. This result indicates that for a developed economy moves to the next stage, it requires restructuring the economy towards increasing the proportion of business activities in the processing and business services and reducing the proportion of business activities in the mining and customer services.

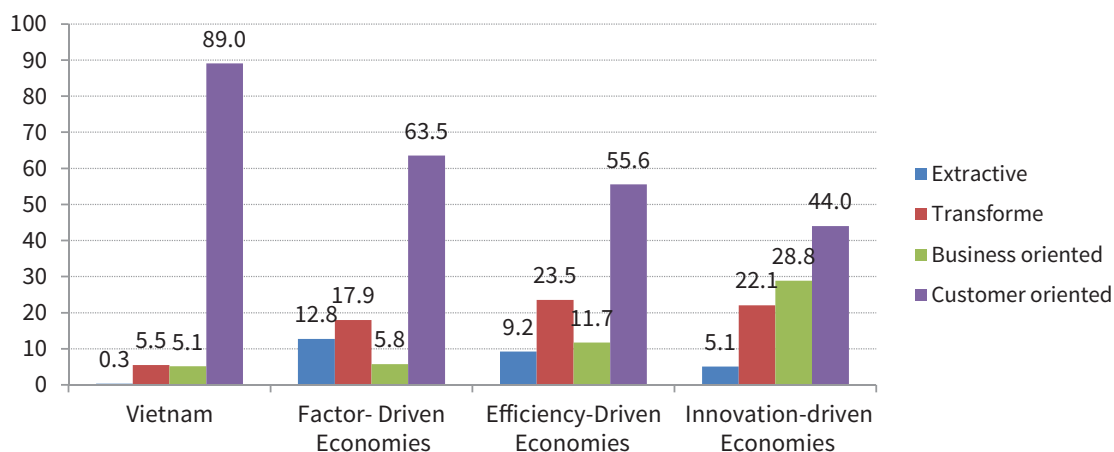


Figure 12: Distribution of TEA by sectors

Unit: %

Source: The global Adult Population Survey (APS) 2014

In Vietnam, the rate of business activities at the early stage with customer service orientation accounts for 89%, which is much higher than the average rate of 63.5% of the countries at the first stage of the economic development. Meanwhile, the rate of business activities in the processing sector is much lower than the average rate of the countries of the same development level (5.5% in comparison to 17.9%). Compared with structure of business sectors of the second development stage countries, the rate of business activities in processing industries and business services sectors in Vietnam is much lower. Therefore, in order to keep pace with, and to switch to the second stage group, Vietnam needs to increase the portions of these activities.



2.4 Business discontinuation in Vietnam in 2014

GEM Global Report 2014 report shows the proportion of people giving up their business activities indicates inverse relation with the level of economic development. In the countries of the first group, the rate of business discontinuation is the highest, at 10.9%, while the rate of business activities terminated after being discontinued is 8%. These rates are respectively 4.5% and 3.2% in the countries of the second group and 2.6% and 1.7% in the countries of the third group. This confirms that in the countries with lower level of development, the rate of people giving up their business activities and the rate of business discontinuation are higher.

In Vietnam, the rate of adults giving up their business activities in the year 2014 is 3.6% (lower than 4.3% of the year 2013), of which 1.6% of the business activities must be stopped and 2% of business activities are still continuously running. These rates of Vietnam are much lower than the average level of the countries at the same stage of development. The result shows that the stability of business in Vietnam is much higher. If comparing to the TEA rate, the rate of business discontinuation in Vietnam is still rather high at 23.2%. This means that for every 100 people newly participate in business activities, 23 other people will give up their business activities. Similarly, for every 100 business activities which are just commenced, 11 other business activities are subject to discontinuance.

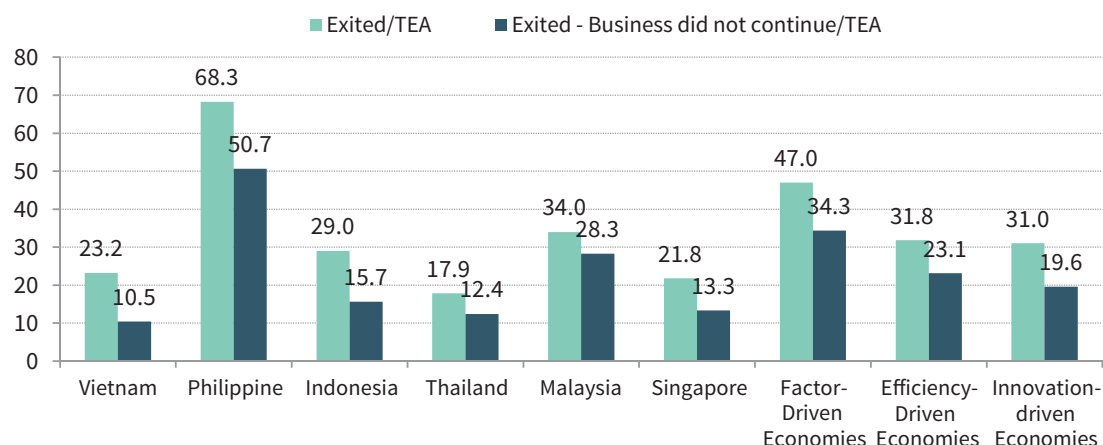


Figure 13: Comparison between the rate of business discontinuation and the rate of business in the early stage in 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

Analysing the reasons for business discontinuation, three main reasons as cited by Vietnamese businesses include **personal reasons** such as health or family related issues (28.6%), having **financial problems** (15.7%) and **malfunction** (15.7%). While in the other countries over the world, the most important reason for business discontinuation is because of unprofitability regardless of the level of economic development, but this reason accounts only 12.9% in Vietnam, ranking the fifth position. The fourth important reason in Vietnam, and also in many other countries, for business discontinuation is because they have another job or business opportunity (14.3%). The rate of business discontinuation caused by this reason in the third stage economies is even higher than the rate of business discontinuation caused by financial problems. This reason along with the reason of having opportunity to sell their business present a group of positive motives for business discontinuation. It is pity that in Viet Nam in 2014, the rate of business discontinuation because of having opportunity to sell their business to the others is nearly zero.

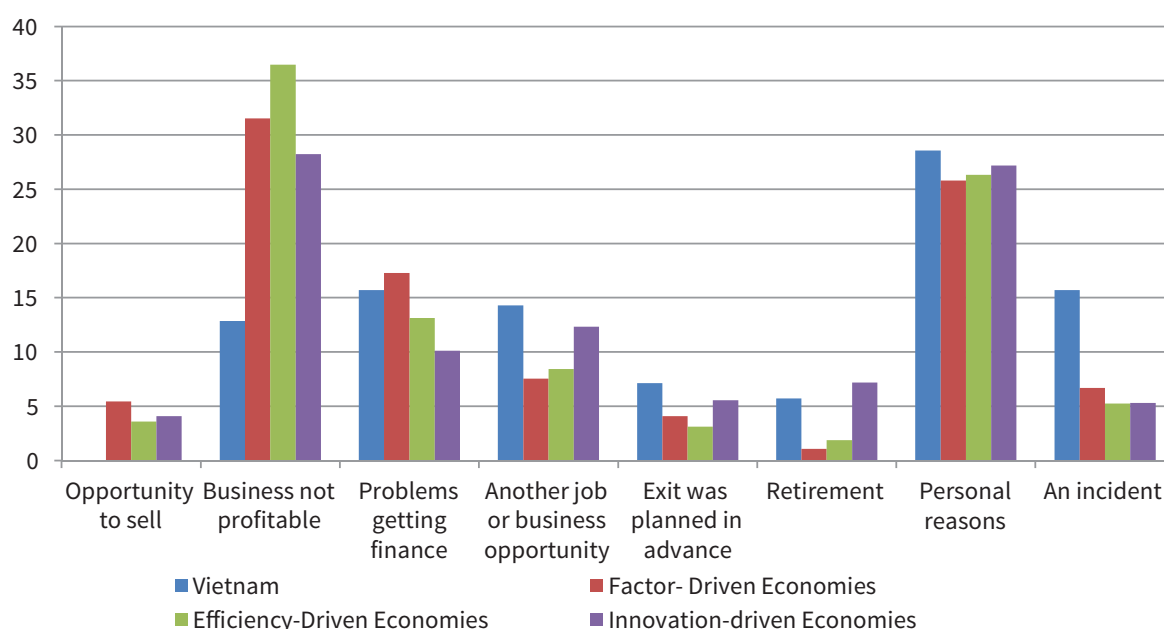


Figure 14: Reasons for business discontinuation in 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

III ENTREPRENEURIAL PROSPECTS IN VIETNAM

To assess the impact of entrepreneurial activities on national economic development, GEM study is based on three criteria: growth orientation, innovation orientation and international orientation.

3.1 Prospect for employment growth

In Vietnam, business activities are mainly on a micro scale, identified as individual or household businesses, however, the number of jobs created by business activities in the early stage tends to be more improved better than established entrepreneurial activities when the rates of business activities creating more jobs are higher (Figure15).

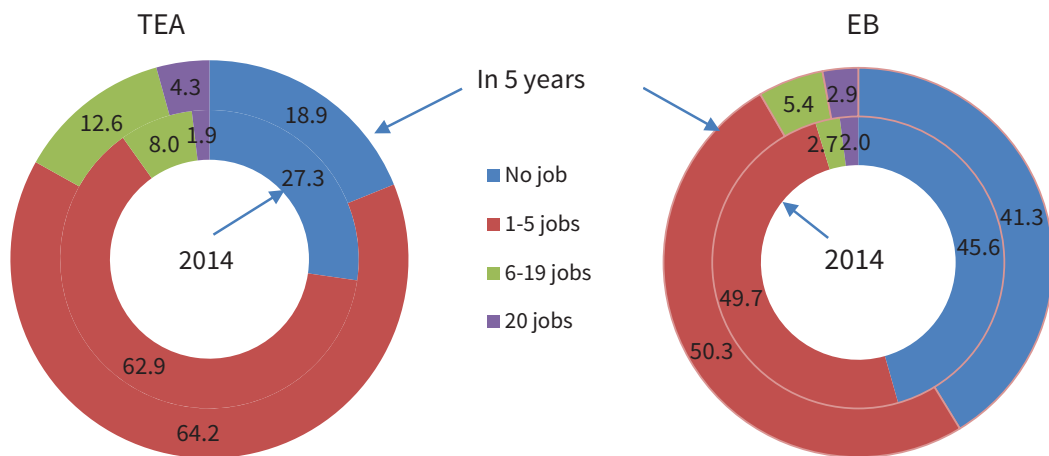


Figure 15: Job creation in business activities in Vietnam

Unit: %

Source: Adult Population Survey (APS) in Vietnam in 2014

When considering the prospects of job creation in the next 5 years, there is a significant difference between business activities in the early stage and established entrepreneurial activities. For business activities in the early stage, there is a huge expectation for the number of jobs created. The rate of business activities in this stage is expected to create from 20 jobs or more accounting for 4.3%, while 12.6% of other business activities is expected to create additionally from 6 to 19 jobs. Only 18.9% of business activities did not create any new job.

To compare job growth in many countries, GEM introduces the indicator of growth orientation. This indicator selects business activities which are expected to create at least 10 new jobs and the growth rate of employment achieves at least 50% in 5 years. Based on this criterion, for business activities in the early stage, the growth orientation for employment goes in the same direction with the level of economic development, while for established business activities, it goes in the opposite way. However, in Vietnam the growth orientation for employment of business activities in the early stage for established business activities much lower than the average level of the countries of the same level of development.



Figure 16: Growth orientation for employment in Vietnam and in other countries around the world

Source: The global Adult Population Survey (APS) 2014

3.2 Innovation orientation

To assess the innovation orientation of business activities, GEM study focuses on three criteria:

- **The level of product innovation:** to assess the level of new products/services to potential customers. The product is considered to be new if many customers recognize that.
- **The level of market innovation:** to assess the level of competition in the market through a number of business competitors of the same products/services to the group of potential customers. A business activity is new to the market if that activity has little or no competition.
- **The level of technological innovation:** to assess the level of updating technology/processes used in production and business. Technology/process is considered to be new if they only appear in Vietnam for less than 01 year.

According to these three criteria, most of all business activities in Vietnam do not have any innovation in both new business activities and established business activities. The business activities in the early stage had more innovation orientation in the products and especially in comparison to the established business activities. This shows that new business activities had more attention and investment on technological innovation as the key to success. On the other hand, the established business activities had more market innovation, showing the increasingly high level of competition among new business activities and the identification of market segments with little or no competitors is difficult in the period of globalization, free competition and open information today.

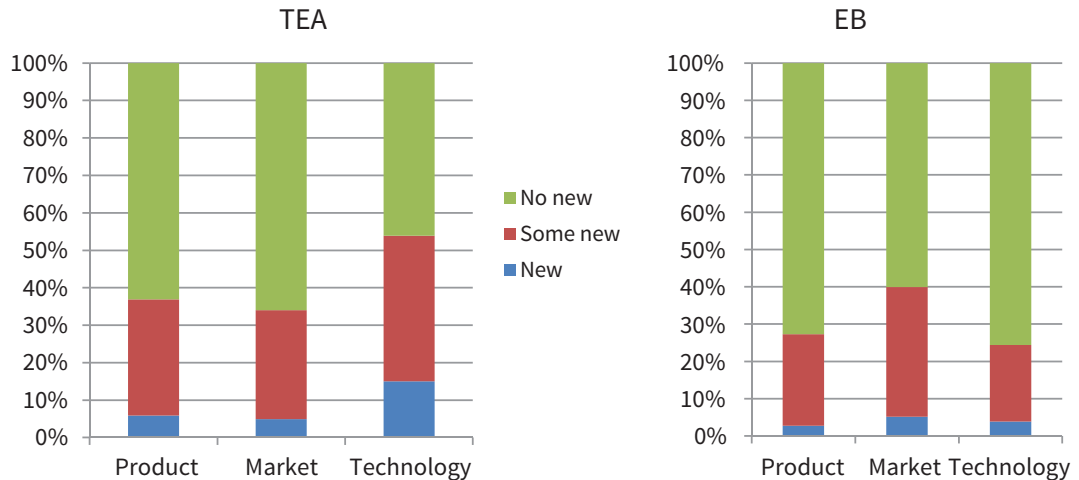


Figure 17: Innovation orientation in business activities in Vietnam 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

3.3 International orientation

According to the GEM survey in Vietnam in 2014, among established entrepreneurial activities, up to 75.3% of them only operate in the domestic market, 23% of them had less than one-fourth of their customers who are foreign customers. The number of business activities having the rate of foreign customers from 25% or more only accounts for 1.7%. It is easy to see that international orientation of new business activities is higher than the established ones. If comparing with the average level of the countries in the first stage of development, the rate of business activities participating in exports in Vietnam is quite similar, however the rate of business activities having actual export orientation (the rate of foreign customers accounting for more than 25%) in Vietnam is much lower (1.7% vs 4.9% in the new business activities and 1.8% versus 5.5% in the established business activities). Among the ASEAN-5 countries, Singapore expressed itself clearly as an economy with export orientation.



Figure 18: Export orientation of Vietnam compared to other countries in 2014

Unit: %

Source: The global Adult Population Survey (APS) 2014

IV CONDITIONS FOR ENTREPRENEURSHIP IN VIETNAM IN 2014

According to the assessment of experts, the condition of entrepreneurship in Vietnam in 2014 is almost unchanged compared to 2013 both in terms of the level and rank order of the indicator. Physical infrastructure continues to be the factor that is most highly evaluated in the entrepreneurial conditions in Vietnam, gaining 3.75 points (on a scale of 1 to 5). The two following factors which are highly evaluated by the experts are the internal market – dynamics (3.71 point) and cultural and social norms (3.13 point). The dynamics of the internal market of Vietnam takes place in both markets: market for merchandise and services for consumers (3.74 points) and market for merchandise and services to businesses (3.6 points). Among 12 indicators to assess the condition for entrepreneurship, only 3 of them were rated above the average level (3 point), the 9 remaining indicators were judged below the average level by the experts, including the last three indicators namely: governmental programs (2.35 points), R&D transfer (2.30 points) and especially education – primary and secondary (1.83 points).

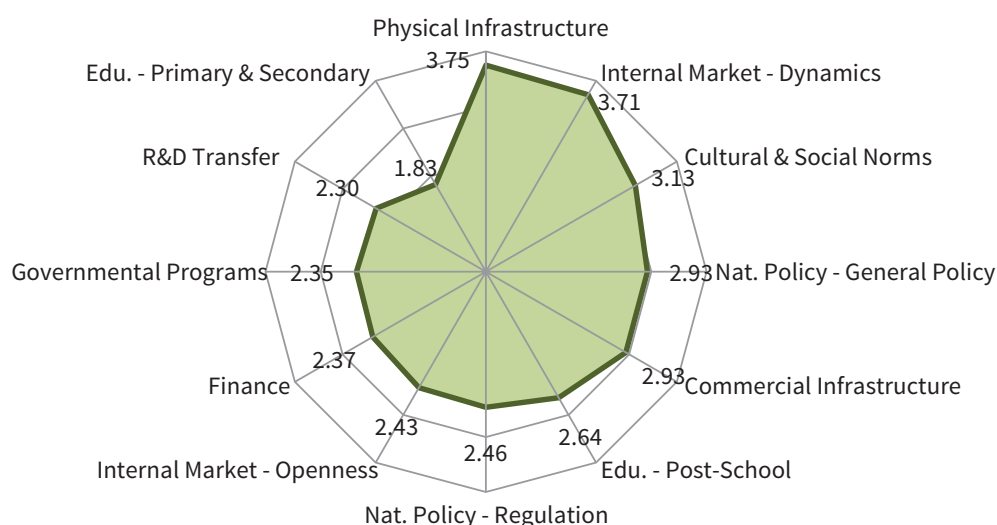


Figure 19: Conditions for entrepreneurship in Vietnam in 2014

Unit: Score

Source: The National Expert Survey in Vietnam in 2014

However, compared the conditions for entrepreneurship in Vietnam to other countries that also participated in the GEM Report 2014, the order of conditions for entrepreneurship presents a difference. Three indicators having the highest rank are: Internal market-Dynamics (6/73), Cultural and Social Norms (17/73) and National Policy-General Policy (20/73). On the other hands, the indicators having the lowest rank are: Entrepreneurship Education – Post-school (58/73), Governmental Programs (54/73), Internal Market - Openness (52/73).

GEM 2014 report shows the differences in entrepreneurial conditions in three economic sectors by the level of development. Generally, entrepreneurial conditions tend to become better, along with the economic development, the entrepreneurial conditions tend to be improved. Figure 20 clearly shows the advantages and barriers of entrepreneurial conditions in Vietnam compared to the average level of other countries by the stage of development. Three factors which could be considered as advantages for the development of entrepreneurship in Vietnam compared to other countries are the ones with the highest ranking: Internal Market – Dynamics, Cultural and Social Norms and Government Policy – General Policy. These indicators

are assessed to be better than the average level of other countries in the third stage. In contrast, four indicators which could be considered as the disadvantages for the development of entrepreneurship in Vietnam compared to other countries are business education – primary and secondary, business education – post-school finance for entrepreneurship and Government programs. These indicators are rated to be worse than the average level of other countries in the first stage, the same stage of development of Vietnam.

Entrepreneurial Conditions	Vietnam		The best		The worst	
	Score	Ranking	Nation	Score	Nation	Score
Internal Market- Dynamics	3.71	6	Poland	4.04	Barbados	2.06
Cultural and Social Norms	3.13	17	USA	3.75	Croatia	2.02
National Policy - General Policy	2.93	20	Kazakhstan	3.49	Iran	1.75
National Policy - Regulation	2.46	32	Singapore	3.98	Brazil	1.46
Physical Infrastructure	3.75	39	Netherlands	4.82	Angola	2.36
R&D transfer	2.30	40	Switzerland	3.57	Burkina Faso	1.77
Commercial Infrastructure	2.93	41	Lithuania	3.90	Iran	2.15
Finance	2.37	44	Singapore	3.56	El Salvador	1.88
Education- Primary & Secondary	1.83	51	Denmark	3.10	Burkina Faso	1.26
Internal Market- Openness	2.43	52	Denmark	3.44	Iran	1.69
Governmental Programs	2.35	54	Singapore	3.68	Iran	1.60
Education- Post-School	2.64	58	Suriname	3.53	Angola	2.22

Table 1: Ranking of entrepreneurial conditions in Vietnam in 2014

Source: The Global Expert Survey in 2014



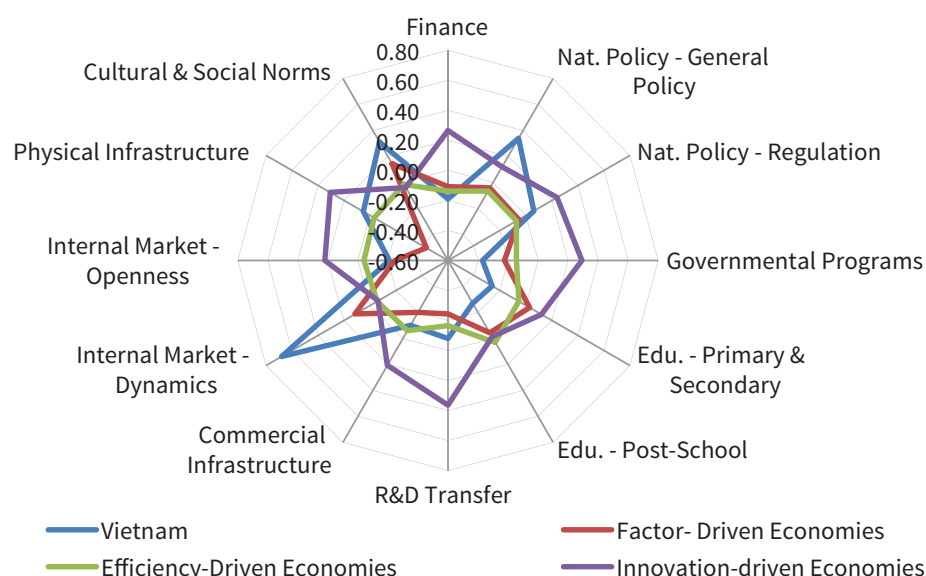


Figure 20: Entrepreneurial conditions in Vietnam in 2014 compared to other countries in the globe ⁽¹⁾

Source: The Global Expert Survey in 2014

If comparing to ASEAN-5 countries, among 12 indicators, only the Internal Market- Dynamics is assessed to be better than ASEAN-5 countries, while 3 of indicators in Vietnam are worse than ASEAN-5 countries, namely: finance for entrepreneurship, business education - primary and secondary school, business education - post-school. In addition, indicator on commercial infrastructure is only 0.01 point higher than Philippine, the country has this indicator ranked lowest (See Table 2). Obviously, these are the issues that Vietnam should take measures to improve the current situation to promote the entrepreneurial activities, to keep up with the development of the ASEAN-5 countries and to make good preparations for joining the ASEAN Economic Community in 2015.

Entrepreneurial Conditions	Vietnam	Philippine	Indonesia	Thailand	Malaysia	Singapore
Finance	2.37	2.57	3.03	2.51	3.34	3.56
National Policy - General Policy	2.93	2.42	2.91	2.52	3.35	3.48
National Policy - Regulation	2.46	2.11	2.48	2.61	2.86	3.98
Governmental Programs	2.35	2.43	2.57	2.11	3.28	3.68
Education- Primary & Secondary	1.83	2.89	2.60	1.94	2.45	3.02
Education- Post-School	2.64	3.28	3.31	2.79	3.12	3.34
R&D transfer	2.30	2.07	2.63	2.13	2.68	3.17
Commercial Infrastructure	2.93	2.92	2.96	3.22	3.31	3.23
Internal Market- Dynamics	3.71	3.09	3.56	3.60	3.55	3.42
Internal Market- Openness	2.43	2.53	2.89	2.37	2.83	3.04
Physical Infrastructure	3.75	3.12	3.46	3.72	4.08	4.45
Cultural and Social Norms	3.13	3.05	3.31	2.85	3.54	3.16

Table 2: Entrepreneurial conditions in Vietnam and ASEAN-5 countries in 2014

Source: The Global Expert Survey in 2014

(1) In order to have clear comparison, the points of these indicators about entrepreneurial conditions are assigned to the standard distribution $N(0,1)$

IV CONCLUSION AND RECOMMENDATIONS

Firstly, it should continue to stabilize macro-economy, to rebuild the trust for the businessmen:

- The Government should consistently work on measures to stabilize macro-economy, to control the inflation and regain trust of businessmen. These policies should be predictable and forecasted so the people could develop their business plans.
- It should maintain transparency of policies, creating favorable conditions for businessmen to access information and technical assistance (non-financial) as well as financial services.
- It should create an environment for fair competition across economic sectors so that people will not feel that they are discriminated in the process of accessing business resources.
- It should improve the dissemination of information so people have a good understanding of market needs as business ideas often come from solving the needs of life (the need to solve the problem, the need to create a more comfortable and better life for people)
- It should strengthen the propaganda on the typical entrepreneurs who overcome difficulties and are consistent with their business objectives, know how to overcome the difficulties in business, be dynamic, innovative and creative to maintain business.

Secondly, innovating the training programs, encouraging people to learn about entrepreneurship and improving their capabilities

- Developing curriculum in general education program in high school towards training creativity, independence and team work abilities. At the same time, relevant business knowledge could be introduced to help students to orient their future career path early. The program “Know about your business (KAB)” has been tested in Vietnam and it has been brought into discussion to integrate into the curriculum at the high school level. GEM Vietnam 2014 study once again proved the needs for innovative training programs in high school under the direction of “Learn to be” rather than “what to learn”. This program could be promoted in the mass media.
- The need to complete the business training programs for entrepreneurs in the universities or colleges. The need to guide students of technical schools and professional schools about skills to start a business so the students could create jobs by combining their technical expertise to start a business in the field or area in which they have specialized.

Thirdly, raising application level of science and technology in business:

- Developing strongly technology based “business incubators”. Currently, Vietnam has had a dozen of incubation centers but they only received attention of the Ministry of Science and Technology. So far, provinces and cities have not paid attention to this form yet. This form of business supports usually focuses in the early stages of development.
- Encouraging to establish the private equity funds, venture capital funds so businesses could shift their business to manufacturing and support industries. The rate of business activities in these fields in Vietnam is much lower than the other countries in the second stage of development.

- Promoting the activities of “Support funds for technological innovation”, the “National technological innovation programs”. Actively marketing the projects to support technological innovation supported by international donors (the World Bank, The Government of Finland, etc.)
- The Government should develop the type of Vietnam Challenge Fund to off-set the risks during the process of innovation and creativity. This model has become popular in Vietnam, helping Vietnam shift quickly to the second stage of development.
- Building the mechanism to cooperate and transfer the researching output from the research centers and the enterprises so that the researches and patents can be commercialized.

Fourthly, improving business conditions:

- Continuously improving the infrastructure to serve entrepreneurship needs, especially transportation system, waste and water treatment systems, industrial zones, etc. Paying more attention to form industrial clusters where large businesses and multinational businesses play as the leading motivational forces to attract businesses in support industries. Building “Plug and Play”, factories so small and medium enterprises (SMEs) could rent the production premises and workshop building for immediate production.
- Completing the network of business support services through the development of private service providers, business associations. Paying attention to developing of businesses development services which are appropriate to the characteristics of businesses through each stage of development: Entrepreneurship awareness: How to start up a business, Improve businesses (for enterprises of small scale), administration of medium and large businesses, etc. Developing financial services which are appropriate to the conditions of each stage of development. The Government should promptly mobilize the Fund to develop small and medium enterprises (SMEs) into operation to encourage commercial banks to have suitable products for these businesses.

Fifthly, building and completing the program supporting the program on starting up and improving business.

- Establishment of a focal point to help enterprises and businessmen easily access the Government programs.
- Encouraging the business development in the processing and business services sectors. Gradual building up a reasonable economic structure to move up to the second stage – the efficiency-driven stage.

Sixthly, conducting the programs to disseminate knowledge and skills for business start-up for individuals having entrepreneurial intentions, especially young people and even household businesses.

- Disseminating widely the programs about “entrepreneurial perceptions” so the individuals could self-assess their entrepreneurial capabilities/conditions. Developing training on skills for business start-up for the people, especially group of young people.

PHỤ LỤC

APPENDIX 1: STAGES OF DEVELOPMENT OF AN ECONOMY

First Stage	Factor-driven stage	These comprise countries compete based on their factor endowments—primarily unskilled labor and natural resources. Companies compete on the basis of price and sell basic products or commodities, with their low productivity reflected in low wages. Maintaining competitiveness at this stage of development hinges primarily on well-functioning public and private institutions, a well-developed infrastructure, a stable macroeconomic environment, and a healthy workforce that has received at least a basic education.
Second Stage	Efficiency-driven stage	As a country becomes more competitive, productivity will increase and wages will rise with advancing development. Countries will then move into the efficiency-driven stage of development, when they must begin to develop more efficient production processes and increase product quality because wages have risen and they cannot increase prices. At this point, competitiveness is increasingly driven by higher education and training, efficient goods markets, well-functioning labor markets, developed financial markets, the ability to harness the benefits of existing technologies, and a large domestic or foreign market.
Third Stage	Innovation-driven stage	Finally, as countries move into the innovation-driven stage, wages will have risen by so much that they are able to sustain those higher wages and the associated standard of living only if their businesses are able to compete with new and unique products. At this stage, companies must compete by producing new and different goods using the most sophisticated production processes and by innovating new ones

Source: The Global Competitiveness Report 2013-2014

APPENDIX 2: DEFINITIONS OF MAIN MEASURES IN GEM RESEARCH

Indicator	Meaning
<i>Entrepreneurial Attitudes and Perceptions</i>	
Perceived Opportunities	Percentage of 18–64 age group who see good opportunities to start a business in the area where they live
Perceived Capabilities	Percentage of 18–64 age group who believe to have the required skills and knowledge to start a business
Entrepreneurial Intention	Percentage of 18–64 age group (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years
Fear of Failure Rate	Percentage of 18–64 age group with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business
Entrepreneurship as Desirable Career Choice	Percentage of 18–64 age group who agree with the statement that in their country, most people consider starting a business as a desirable career choice
High-Status Successful Entrepreneurship	Percentage of 18–64 age group who agree with the statement that in their country, successful entrepreneurs receive high status
Media Attention for Entrepreneurship	Percentage of 18–64 age group who agree with the statement that in their country, they will often see stories in the public media about successful new businesses
<i>Entrepreneurial Activity</i>	
Nascent Entrepreneurship Rate	Percentage of 18–64 age group who are currently a nascent entrepreneur, i.e., actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months
New Business Ownership Rate	Percentage of 18–64 age group who are currently an owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months
Total Early-Stage Entrepreneurial Activity (TEA)	Percentage of 18–64 age group who are either a nascent entrepreneur or owner-manager of a new business (as defined above).
Established Business Ownership Rate	Percentage of 18–64 age group who are currently owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than 42 months.
Business Discontinuation Rate	Percentage of 18–64 age group who have, in the past 12 months, discontinued a business, either by selling, shutting down or otherwise discontinuing an owner/management relationship with the business. Note: This is not a measure of business failure rates.
Necessity-Driven Entrepreneurial Activity: Relative Prevalence	Percentage of those involved in total early-stage entrepreneurial activity (as defined above) who are involved in entrepreneurship because they had no other option for work.
Improvement-Driven Opportunity Entrepreneurial Activity: Relative Prevalence	Percentage of those involved in total early-stage entrepreneurial activity (as defined above) who (i) claim to be driven by opportunity, as opposed to finding no other option for work; and (ii) indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income.

APPENDIX 2: DEFINITIONS OF MAIN MEASURES IN GEM RESEARCH (CONT.)

Indicator	Meaning
Entrepreneurial Aspirations	
High-Growth Expectation TEA: Relative Prevalence	Percentage of total early-stage entrepreneurs (as defined above) who expect to employ at least 20 employees five years from now Weak measure: expects at least five employees five years from now
New Product-Market Oriented TEA: Relative Prevalence	Percentage of total early-stage entrepreneurs (as defined above) who indicate that their product or service is new to at least some customers and indicate that not many businesses offer the same product or service Weak measure: product is new or not many businesses offer the same product or service
International Orientation Entrepreneurial Activity	Percentage of total early-stage entrepreneurs (as defined above) with more than 25% of the customers coming from other countries Weak measure: more than 1% of the customers coming from other countries
Entrepreneurial Framework Conditions	
Entrepreneurial Finance	The availability of financial resources-equity and debt-for small and medium enterprises (SMEs) (including grants and subsidies)
Government Policy	The extent to which public policies give support to entrepreneurship. This EFC has two components: 2a. Entrepreneurship as a relevant economic issue and 2b. Taxes or regulations are either size-neutral or encourage new and SMEs.
Government Entrepreneurship Programs	The presence and quality of programs directly assisting SMEs at all levels of government (national, regional, municipal)
Entrepreneurship Education	The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels. This EFC has two components: 4a. Entrepreneurship Education at basic school (primary and secondary) and 4b. Entrepreneurship Education at post-secondary levels (higher education such as vocational, college, business schools, etc.)
R&D Transfer	The extent to which national research and development will lead to new commercial opportunities and is available to SMEs
Commercial and Legal Infrastructure	The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs
Entry Regulation	Contains two components: 7a. Market Dynamics: the level of change in markets from year to year, and 7b. Market Openness: the extent to which new firms are free to enter existing markets.
Physical Infrastructure	Ease of access to physical resources-communication, utilities, transportation, land or space—at a price that does not discriminate against SMEs.
Cultural and Social Norms	The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income

Source: GEM Report 2014

APPENDIX 3: ENTREPRENEURIAL ATTITUDES AND PERCEPTIONS IN GEM ECONOMIES IN 2014 BY ECONOMIC DEVELOPMENT

UNIT: % ADULT

Economies		Perceived opportunities	Perceived capabilities	Fear of failure	Entrepreneurial intentions	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
Stage 1: factor-driven	Angola	69.7	61.7	44.8	39.3	75.1	81.7	71.7
	Bolivia	57.7	73.1	38.4	46.9	70.3	77.0	76.5
	Botswana	57.2	67.1	13.7	63.4	69.9	78.1	74.5
	Burkina Faso	63.6	65.9	23.7	42.3			
	Cameroon	69.3	73.8	22.8	55.6			
	India	38.9	36.7	37.7	7.7	57.9	66.2	56.6
	Iran	27.7	59.5	32.7	25.5	52.3	75.6	55.1
	Philippines	45.9	66.1	37.7	42.8	81.8	78.1	84.7
	Uganda	76.9	84.9	12.6	60.2			
	Vietnam	39.4	58.2	50.1	18.2	67.2	75.9	86.8
	Average	54.6	64.7	31.4	40.2	67.8	76.1	72.3
Stage 2: Efficiency-driven	Argentina	31.9	57.8	23.5	27.8	57.8	52.2	63.6
	Barbados	38.2	63.5	23.4	11.5	57.6	58.5	46.3
	Belize	49.6	69.0	32.6	10.1	57.8	55.5	43.3
	Bosnia and Herzegovina	19.6	47.3	26.8	20.4	78.1	69.9	39.8
	Brazil	55.5	50.0	35.6	24.5			
	Chile	67.0	64.9	28.4	50.1	69.4	64.4	65.2
	China	31.9	33.0	39.5	19.3	65.7	72.9	69.3
	Colombia	65.7	57.4	30.7	47.0	70.5	67.1	74.4
	Costa Rica	39.0	59.4	36.8	29.0	61.3	59.0	79.7
	Croatia	18.4	45.9	30.3	19.5	63.3	46.6	40.4
	Ecuador	62.0	72.8	30.7	43.1	66.4	67.1	82.9
	El Salvador	44.7	70.8	34.9	23.1	82.6	59.5	59.5
	Georgia	36.6	37.5	34.8	15.6	66.0	75.9	58.5
	Guatemala	45.4	64.2	33.0	35.8	95.3	76.9	60.6
	Hungary	23.4	40.9	42.0	13.9	47.4	72.4	33.5
	Indonesia	45.5	60.2	38.1	27.4	72.9	78.0	84.8
	Jamaica	57.0	81.2	22.0	35.3	83.5	84.0	83.9
	Kazakhstan	26.5	52.5	23.8	15.4	78.6	74.3	83.0
	Kosovo	65.6	65.2	26.7	6.3	68.3	76.2	57.2
	Lithuania	31.7	33.4	44.8	19.7	68.8	58.3	55.1
	Malaysia	43.4	38.4	26.8	11.6	50.4	50.0	69.8
	Mexico	48.9	53.5	29.6	17.4	53.2	50.8	45.5
	Panama	43.3	54.4	14.6	19.7			
	Peru	62.3	69.4	29.1	50.6	82.4	81.4	83.6
	Poland	31.3	54.3	51.1	15.6	63.3	56.5	54.5

APPENDIX 3: ENTREPRENEURIAL ATTITUDES AND PERCEPTIONS IN GEM ECONOMIES IN 2014 BY ECONOMIC DEVELOPMENT (CONT.)

Economies		Perceived opportunities	Perceived capabilities	Fear of failure	Entrepreneurial intentions	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
	Romania	32.4	48.4	41.3	31.7	73.6	75.2	71.3
	Russia	26.5	27.8	39.5	3.5	67.1	65.9	50.4
	South Africa	37.0	37.6	25.4	10.1	69.6	72.9	72.6
	Suriname	41.0	77.4	16.1	4.6	66.7	67.2	80.7
	Thailand	47.3	50.1	42.4	21.8	73.6	71.1	80.3
	Uruguay	45.6	63.1	26.7	24.8	62.1	56.7	60.8
	Average	42.4	54.9	31.6	22.8	68.0	66.1	63.8
Stage 3: Innovation - driven	Australia	45.7	46.8	39.2	10.0	53.4	67.1	72.6
	Austria	44.4	48.7	34.9	8.1			
	Belgium	35.9	30.4	49.4	10.6	52.4	51.7	50.8
	Canada	55.5	49.0	36.5	12.0	57.2	69.7	67.7
	Denmark	59.7	34.9	41.0	6.9			
	Estonia	49.4	42.5	41.8	9.8	55.6	64.9	43.3
	Finland	42.4	34.9	36.8	7.9	41.2	84.4	66.9
	France	28.3	35.4	41.2	14.2	59.0	70.4	39.0
	Germany	37.6	36.4	39.9	5.9	51.7	79.1	51.4
	Greece	19.9	45.5	61.6	9.5	58.4	66.4	45.8
	Ireland	33.4	47.2	39.3	7.2	49.4	76.9	75.7
	Italy	26.6	31.3	49.1	11.4	65.1	72.1	48.3
	Japan	7.3	12.2	54.5	2.5	31.0	55.8	58.7
	Luxembourg	42.5	37.6	42.0	11.9	40.7	68.2	43.5
	Netherlands	45.6	44.3	34.8	9.3	79.1	67.8	55.7
	Norway	63.5	30.5	37.6	5.0	58.2	83.5	
	Portugal	22.9	46.6	38.4	15.8	62.2	62.9	69.7
	Puerto Rico	25.1	48.8	24.0	12.5	18.5	51.1	72.7
	Qatar	63.4	60.9	25.5	50.4	75.8	87.1	76.8
	Singapore	16.7	21.4	39.4	9.4	51.7	62.9	79.1
	Slovakia	23.5	54.4	36.0	15.1	45.4	58.1	52.6
	Slovenia	17.2	48.6	29.0	11.4	53.4	72.3	57.6
	Spain	22.6	48.1	38.0	7.1	53.9	49.0	46.3
	Sweden	70.1	36.7	36.5	8.5	51.6	70.9	60.3
	Switzerland	43.7	41.6	29.0	7.1	42.3	65.8	50.4
	Taiwan	33.5	29.0	37.4	25.6	75.2	62.6	83.5
	Trinidad & Tobago	58.6	75.2	16.8	33.9	79.5	69.5	65.6
	United Kingdom	41.0	46.4	36.8	6.9	60.3	75.0	58.4
	United States	50.9	53.3	29.7	12.1	64.7	76.9	75.8
	Average	38.8	42.0	37.8	12.3	55.1	68.2	60.3

Source: The global Adult Population Survey (APS)

APPENDIX 4: ENTREPRENEURIAL ACTIVITY AND PERCEPTIONS IN GEM EOECONOMIES IN 2014 BY ECONOMIC DEVELOPMENT

UNIT: %

Economies		Nascent Entrepreneurship rate	New Business ownership rate	Early-stage Entrepreneurial activity (TEA)	Established business ownership rate	Discontinuation of Business	Necessity-driven (% of TEA)	Improvement driven opportunity (% of TEA)
Stage 1: factor-driven	Angola	9.5	12.4	21.5	6.5	15.1	24.4	43.4
	Bolivia	21.5	7.1	27.4	7.6	6.9	22.8	51.7
	Botswana	23.1	11.1	32.8	5.0	15.1	30.2	54.7
	Burkina Faso	12.7	9.7	21.7	17.7	10.8	22.3	52.8
	Cameroon	26.4	13.7	37.4	11.5	17.7	33.5	40.5
	India	4.1	2.5	6.6	3.7	1.2	31.7	36.5
	Iran	7.5	8.7	16.0	10.9	5.7	38.7	49.6
	Philippines	8.2	10.5	18.4	6.2	12.6	29.4	33.5
	Uganda	8.9	28.1	35.5	35.9	21.2	18.9	54.2
	Vietnam	2.0	13.3	15.3	22.2	3.6	29.7	53.3
	Average	12.4	11.7	23.3	12.7	11.0	28.2	47.0
Stage 2: Efficiency-driven	Argentina	9.5	5.2	14.4	9.1	4.9	28.0	43.5
	Barbados	8.5	4.2	12.7	7.1	3.7	14.6	53.1
	Belize	4.3	3.0	7.1	3.7	4.7	13.1	47.6
	Bosnia and Herzegovina	4.5	2.9	7.4	6.7	4.5	50.8	25.2
	Brazil	3.7	13.8	17.2	17.5	4.1	29.0	57.8
	Chile	16.6	11.0	26.8	8.8	8.3	17.6	62.2
	China	5.4	10.2	15.5	11.6	1.4	33.2	45.4
	Colombia	12.4	6.7	18.5	4.9	5.6	33.3	51.5
	Costa Rica	7.6	3.7	11.3	2.5	4.9	19.3	63.5
	Croatia	6.0	2.0	8.0	3.6	3.8	46.6	28.7
	Ecuador	24.5	9.9	32.6	17.7	8.1	29.4	34.9
	El Salvador	11.4	8.7	19.5	12.7	10.8	31.9	54.5
	Georgia	4.1	3.2	7.2	7.3	2.5	48.6	30.9
	Guatemala	12.0	9.2	20.4	7.4	4.4	40.6	38.9
	Hungary	5.6	3.9	9.3	7.9	3.1	33.2	36.3
	Indonesia	4.4	10.1	14.2	11.9	4.2	20.5	37.9
	Jamaica	7.9	11.9	19.3	14.4	6.3	32.1	33.5
	Kazakhstan	8.1	6.2	13.7	7.4	2.9	26.4	33.7
	Kosovo	2.5	1.8	4.0	2.1	6.6	22.0	29.1
	Lithuania	6.1	5.3	11.3	7.8	2.9	19.6	43.8
	Malaysia	1.4	4.6	5.9	8.5	2.0	17.5	64.0
	Mexico	12.7	6.4	19.0	4.5	5.6	22.5	50.0
	Panama	13.1	4.1	17.1	3.4	4.5	26.3	60.2
	Peru	23.1	7.3	28.8	9.2	8.0	16.4	58.9
	Poland	5.8	3.6	9.2	7.3	4.2	36.8	47.1

APPENDIX 4: ENTREPRENEURIAL ACTIVITY AND PERCEPTIONS IN GEM ECONOMIES IN 2014 BY ECONOMIC DEVELOPMENT (CONT.)

Economies		Nascent Entrepreneurship rate	New Business ownership rate	Early-stage Entrepreneurial activity (TEA)	Established business ownership rate	Discontinuation of Business	Necessity-driven (% of TEA)	Improvement driven opportunity (% of TEA)
	Romania	5.3	6.2	11.3	7.6	3.2	28.9	49.7
	Russia	2.4	2.4	4.7	3.9	1.2	39.0	41.6
	South Africa	3.9	3.2	7.0	2.7	3.9	28.2	35.5
	Suriname	1.9	0.2	2.1	5.2	0.2	5.4	39.8
	Thailand	7.6	16.7	23.3	33.1	4.2	17.8	71.2
	Uruguay	10.5	5.7	16.1	6.7	4.4	16.0	27.3
	Average	8.1	6.2	14.0	8.5	4.5	27.2	45.1
Stage 3: Innovation - driven	Australia	7.6	5.7	13.1	9.8	3.9	17.6	63.8
	Austria	5.8	3.1	8.7	9.9	2.7	11.0	37.4
	Belgium	2.9	2.5	5.4	3.5	2.3	30.7	43.1
	Canada	7.9	5.6	13.0	9.4	4.2	15.7	63.3
	Denmark	3.1	2.5	5.5	5.1	2.2	5.4	60.2
	Estonia	6.3	3.5	9.4	5.7	2.0	15.1	41.1
	Finland	3.4	2.3	5.6	6.6	2.3	15.6	63.1
	France	3.7	1.7	5.3	2.9	1.7	16.1	69.2
	Germany	3.1	2.3	5.3	5.2	1.7	23.2	53.7
	Greece	4.6	3.4	7.9	12.8	2.8	34.8	30.5
	Ireland	4.4	2.5	6.5	9.9	1.9	29.7	48.6
	Italy	3.2	1.3	4.4	4.3	2.1	13.6	38.6
	Japan	2.7	1.3	3.8	7.2	1.1	18.8	68.2
	Luxembourg	4.9	2.3	7.1	3.7	2.6	11.8	59.8
	Netherlands	5.2	4.5	9.5	9.6	1.8	15.7	62.8
	Norway	2.8	3.0	5.7	5.4	1.9	3.5	69.0
	Portugal	5.8	4.4	10.0	7.6	3.0	27.4	49.3
	Puerto Rico	8.8	1.3	10.0	1.3	3.6	20.5	51.1
	Qatar	11.3	5.4	16.4	3.5	4.8	21.5	54.4
	Singapore	6.4	4.8	11.0	2.9	2.4	11.4	70.8
	Slovakia	6.7	4.4	10.9	7.8	5.2	32.6	51.8
	Slovenia	3.8	2.7	6.3	4.8	1.5	25.5	44.8
	Spain	3.3	2.2	5.5	7.0	1.9	29.8	33.5
	Sweden	4.9	1.9	6.7	6.5	2.1	7.9	56.2
	Switzerland	3.4	3.8	7.1	9.1	1.5	14.4	58.1
	Taiwan	4.4	4.1	8.5	12.2	5.1	13.3	66.0
	Trinidad & Tobago	7.5	7.4	14.6	8.5	2.8	12.0	64.3
	United Kingdom	6.3	4.5	10.7	6.5	1.9	12.9	52.7
	United States	9.7	4.3	13.8	6.9	4.0	13.5	66.9
	Average	5.3	3.4	8.5	6.7	2.7	18.0	54.9

Source: The global Adult Population Survey (APS) 2014

APPENDIX 5: ENTREPRENEURIAL FRAMEWORK CONDITIONS IN GEM ECONOMIES IN 2014 BY ECONOMIC DEVELOPMENT

UNIT: POINTS (SCALE: 1-5)

Economies		1	2a	2b	3	4a	4b	5	6	7a	7b	8	9
Stage 1: factor -driven	Angola	2.6	2.6	2.2	2.4	1.9	2.2	1.8	2.7	3.0	2.2	2.4	2.9
	Bolivia	2.2	2.1	2.0	2.3	2.1	3.1	2.3	2.8	3.0	2.6	3.3	2.8
	Botswana	2.7	2.6	2.6	2.7	2.7	3.1	2.4	2.6	2.9	2.0	3.0	2.9
	Burkina faso	2.1	2.9	3.1	3.0	1.3	2.8	1.8	2.8	2.2	2.4	3.0	3.1
	Cameroon	2.2	3.2	2.8	2.9	2.2	3.2	2.0	2.9	2.4	2.8	3.3	3.2
	India	3.1	3.0	2.4	2.9	2.3	3.1	2.9	3.4	3.4	2.9	4.0	3.4
	Iran	1.9	1.7	1.6	1.6	1.8	2.2	2.1	2.2	3.2	1.7	4.0	2.2
	Kuwait	2.7	1.9	2.4	1.9	1.5	2.6	2.1	3.1	3.9	2.1	3.5	2.7
	Philippines	2.6	2.4	2.1	2.4	2.9	3.3	2.1	2.9	3.1	2.5	3.1	3.1
	Uganda	2.3	2.7	2.2	2.5	2.4	3.1	2.2	3.1	3.5	2.8	3.3	3.4
	Vietnam	2.4	2.9	2.5	2.3	1.8	2.6	2.3	2.9	3.7	2.4	3.8	3.1
	Average	2.4	2.6	2.4	2.5	2.1	2.8	2.2	2.8	3.1	2.4	3.3	3.0
Stage 2: Efficiency -driven	Argentina	2.0	2.1	1.5	2.7	1.8	3.1	2.5	2.9	3.2	2.5	3.3	3.0
	Barbados	2.4	2.4	1.9	2.3	1.7	3.0	1.8	2.7	2.1	2.4	3.8	2.6
	Belize	2.1	2.5	2.2	2.5	2.0	2.5	1.8	2.7	2.3	2.5	3.4	2.7
	Bosnia & hz	2.3	2.1	1.7	2.1	2.1	2.4	2.0	2.9	3.4	2.2	3.4	2.2
	Brazil	2.5	2.4	1.5	2.2	1.5	2.5	2.0	2.5	3.4	2.2	2.9	2.4
	Colombia	2.4	2.8	2.4	3.0	2.1	3.0	2.2	2.8	2.7	2.5	3.4	3.0
	Costa rica	1.9	2.4	2.0	2.8	1.9	3.1	2.1	2.6	2.4	2.6	3.4	2.9
	Croatia	2.3	2.2	1.6	2.3	1.7	2.4	2.0	2.9	3.4	2.1	3.7	2.0
	Chile	2.4	2.8	2.9	3.1	1.6	3.0	2.2	2.8	2.2	2.6	4.3	3.1
	China	2.6	3.1	2.8	2.5	1.8	2.8	2.5	2.7	3.8	2.6	4.2	2.9
	Ecuador	2.2	3.0	2.2	2.7	2.4	3.2	2.3	2.8	2.5	2.7	4.1	3.0
	El salvador	1.9	2.3	1.9	2.5	1.6	2.8	1.9	2.7	2.7	2.5	3.9	2.8
	Estonia	2.9	2.4	3.6	3.4	2.6	3.0	2.9	3.2	3.4	3.1	4.4	3.4
	Georgia	2.1	2.9	3.9	2.4	2.4	2.9	1.8	3.1	2.6	2.9	4.0	3.2
	Guatemala	2.0	1.9	2.1	1.9	1.7	3.1	2.1	2.9	2.4	2.5	3.8	2.4
	Hungary	2.6	2.4	1.9	2.4	1.7	2.8	2.4	3.3	3.1	2.6	3.9	2.3
	Indonesia	3.0	2.9	2.5	2.6	2.6	3.3	2.6	3.0	3.6	2.9	3.5	3.3
	Jamaica	2.2	2.2	2.0	2.3	2.1	3.0	2.0	2.9	2.9	2.2	3.4	3.0
	Kazakhstan	2.2	3.5	2.7	2.9	2.4	2.7	2.1	3.1	3.1	2.3	3.6	3.4
	Kosovo	2.1	2.2	3.1	2.2	1.9	2.9	2.0	3.3	3.1	2.6	4.1	3.1
	Latvia	2.6	2.6	2.5	2.8	2.5	3.2	2.3	3.7	2.3	2.8	4.0	2.9
	Lithuania	3.2	2.4	2.5	2.7	2.4	3.1	2.6	3.9	3.4	2.7	4.2	3.1
	Malaysia	3.3	3.4	2.9	3.3	2.4	3.1	2.7	3.3	3.6	2.8	4.1	3.5
	Mexico	2.2	2.3	1.9	2.7	2.0	3.1	2.4	2.6	2.8	2.2	3.3	3.0
	Panama	2.0	2.1	3.0	2.5	1.7	2.8	2.4	2.7	2.4	2.5	4.0	2.8
	Peru	2.2	2.2	2.1	2.1	2.0	2.9	1.9	2.8	2.4	2.7	3.5	3.1
	Poland	2.8	3.1	2.2	2.8	1.7	2.5	2.4	2.8	4.0	2.8	3.8	3.0
	Romania	2.4	2.5	2.2	2.5	2.3	2.7	2.6	3.1	3.1	2.9	2.9	2.6
	Russia	2.3	2.4	2.3	2.4	2.3	3.1	2.4	3.2	3.1	2.6	3.5	2.7

APPENDIX 5: ENTREPRENEURIAL FRAMEWORK CONDITIONS IN GEM ECONOMIES IN 2014 BY ECONOMIC DEVELOPMENT (CONT.)

Economies		1	2a	2b	3	4a	4b	5	6	7a	7b	8	9
	Slovakia	2.7	2.3	2.2	2.3	2.2	3.0	2.1	3.1	2.6	2.8	3.9	2.4
	South africa	3.0	3.0	2.1	2.3	1.8	2.6	2.2	2.6	2.9	2.3	3.1	2.5
	Suriname	2.3	2.7	2.4	2.4	2.1	3.5	2.0	3.1	3.0	3.0	3.0	3.0
	Turkey	2.4	2.7	2.0	2.3	2.0	2.9	2.6	2.9	3.6	2.3	3.7	3.1
	Thailand	2.5	2.5	2.6	2.1	1.9	2.8	2.1	3.2	3.6	2.4	3.7	2.9
	Uruguay	2.2	2.2	2.8	2.9	1.4	3.4	2.5	3.0	2.1	2.4	3.8	2.1
	Average	2.4	2.5	2.3	2.5	2.0	2.9	2.2	3.0	2.9	2.6	3.7	2.8
Stage 3: Innovation-driven	Australia	2.3	1.8	2.4	2.2	2.2	2.8	2.2	3.4	3.0	2.8	3.9	3.2
	Austria	2.5	2.5	2.6	3.6	1.7	3.0	2.8	3.4	2.5	3.3	4.1	2.5
	Belgium	3.4	2.6	2.0	2.7	2.0	2.8	3.0	3.7	2.5	3.2	3.8	2.2
	Canada	3.1	2.5	2.8	2.9	2.3	3.1	2.6	3.5	2.3	2.9	4.3	3.3
	Denmark	2.7	3.3	3.3	3.4	3.1	3.4	2.8	3.6	2.4	3.4	4.5	2.8
	Finland	2.8	3.2	2.9	2.8	2.3	2.7	2.6	3.2	3.2	2.7	4.3	2.8
	France	2.8	3.0	3.0	3.2	1.8	2.9	2.7	3.1	3.0	2.3	4.0	2.1
	Germany	2.8	2.9	2.9	3.5	2.1	2.8	2.8	3.3	2.8	2.8	3.8	2.6
	Greece	2.1	2.1	1.7	2.0	1.5	2.3	2.3	3.0	3.4	2.1	3.5	2.5
	Ireland	2.9	3.2	2.6	3.3	2.1	2.9	2.8	3.3	2.6	3.1	3.7	3.0
	Italy	2.5	2.4	1.5	2.1	1.7	2.3	2.2	2.8	3.5	2.6	2.9	2.2
	Japan	3.0	3.1	2.6	2.8	1.6	2.8	3.1	2.4	3.9	2.9	4.5	2.6
	Luxembourg	2.8	3.4	3.2	3.5	2.1	2.9	3.0	3.5	2.8	3.1	4.0	2.6
	Netherlands	2.8	2.6	3.1	3.2	2.9	3.2	2.9	3.7	2.9	3.4	4.8	3.6
	Norway	2.6	2.5	3.2	3.2	2.5	2.6	2.8	3.4	2.6	2.6	4.4	2.9
	Portugal	2.7	2.6	2.0	3.0	2.0	3.0	2.8	3.3	2.4	2.8	4.4	2.5
	Puerto Rico	2.0	2.4	1.8	2.6	1.7	3.1	2.3	2.8	2.6	2.3	3.3	2.8
	Qatar	2.7	3.2	3.0	2.9	2.7	3.3	2.4	3.0	3.3	2.1	3.4	2.9
	Singapore	3.6	3.5	4.0	3.7	3.0	3.3	3.2	3.2	3.4	3.0	4.4	3.2
	Slovenia	2.3	2.1	1.9	2.4	1.8	2.3	2.3	2.7	3.0	2.6	3.6	2.1
	Spain	2.1	2.5	2.4	2.9	1.8	2.6	2.4	3.0	2.9	2.5	3.6	2.6
	Sweden	2.6	2.7	2.5	3.0	2.5	2.7	2.6	3.3	3.1	2.8	4.2	3.1
	Switzerland	3.2	3.1	3.7	3.5	2.6	3.4	3.6	3.5	2.3	3.0	4.4	3.4
	Taiwan	3.0	2.7	2.9	2.7	2.2	2.8	2.7	2.6	3.9	2.8	3.9	3.3
	Trinidad& Tobago	2.7	1.8	2.4	2.3	1.8	2.5	1.9	2.9	2.3	2.3	3.8	2.9
	UK	2.8	2.9	2.3	2.6	2.4	3.0	2.2	2.9	3.3	2.7	3.5	2.8
	USA	3.0	2.7	2.3	2.6	2.2	2.9	2.6	3.1	3.3	2.7	4.0	3.7
	Average	2.7	2.7	2.6	2.9	2.2	2.9	2.6	3.2	2.9	2.8	4.0	2.8

Notes:

1-Finance

2a-Nat. Policy – General Policy

2b-Nat. Policy – Regulation

3-Government Programs

4a-Education– Prim. & Second.

4b-Education– Post-School

5-R&D Transfer

6-Commercial Infrastructure

7a-Internal Market– Dynamics

7b-Internal Market– Openness

8-Physical Infrastructure

9-Cultural and Social Norms

Source: The global National Expert Survey (NES) 2014

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