

# ICSB Gazette

The Global Leader Supporting Micro-, Small and Medium Enterprises

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## Demography is Not Destiny: Age, Gender and Entrepreneurial Activity

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### INTRODUCTION

In each of the economies participating in the GEM research, the sample of adults interviewed in the Adult Population Survey (APS) is carefully structured to reflect the age, gender and locational distribution of the overall population of the specific

economy, so that the sample is as representative as possible.

This chapter considers two key characteristics of any given population that may have a significant influence on the level of entrepreneurial activity: gender and age. This chapter will show that, in most economies, the oldest age group (55–64) has the lowest levels of Total early-stage Entrepreneurial Activity (TEA). But there are five economies where the youngest age group (18–24) has the lowest levels of TEA, as well as four economies where this youngest age group has the highest level of TEA. Overall, in many economies the propensity to be involved in starting or running a new business first increases and then decreases with age.

### 5.2 GENDER AND ENTREPRENEURIAL ACTIVITY

While men have traditionally been more likely than women to start new businesses, increasing female participation in entrepreneurship is an important policy objective in many countries. Examples include the adoption of policies to support women entrepreneurs in Canada, and a focused women’s entrepreneurship initiative in Germany. In Ireland, the OECD review of SME and Entrepreneurship Policy noted the untapped potential of women entrepreneurs, while the government in North Macedonia has recently adopted the

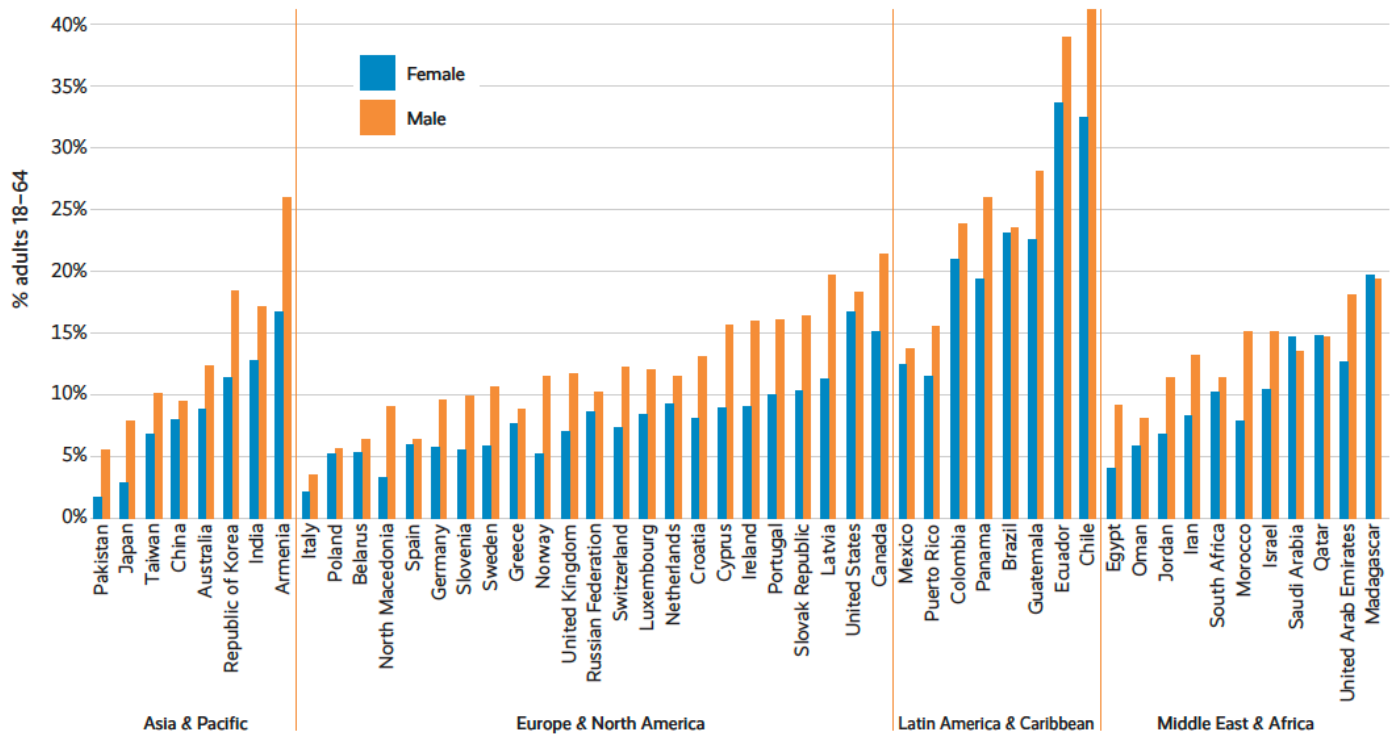
Strategy and Action Plan for Women Entrepreneurs 2019–2023. Madagascar has a new gender-based policy to support women entrepreneurs (the Fiharianna Policy Initiative).

The levels of TEA by gender for the 50 economies participating in GEM in 2019 are illustrated in Figure 5.1.

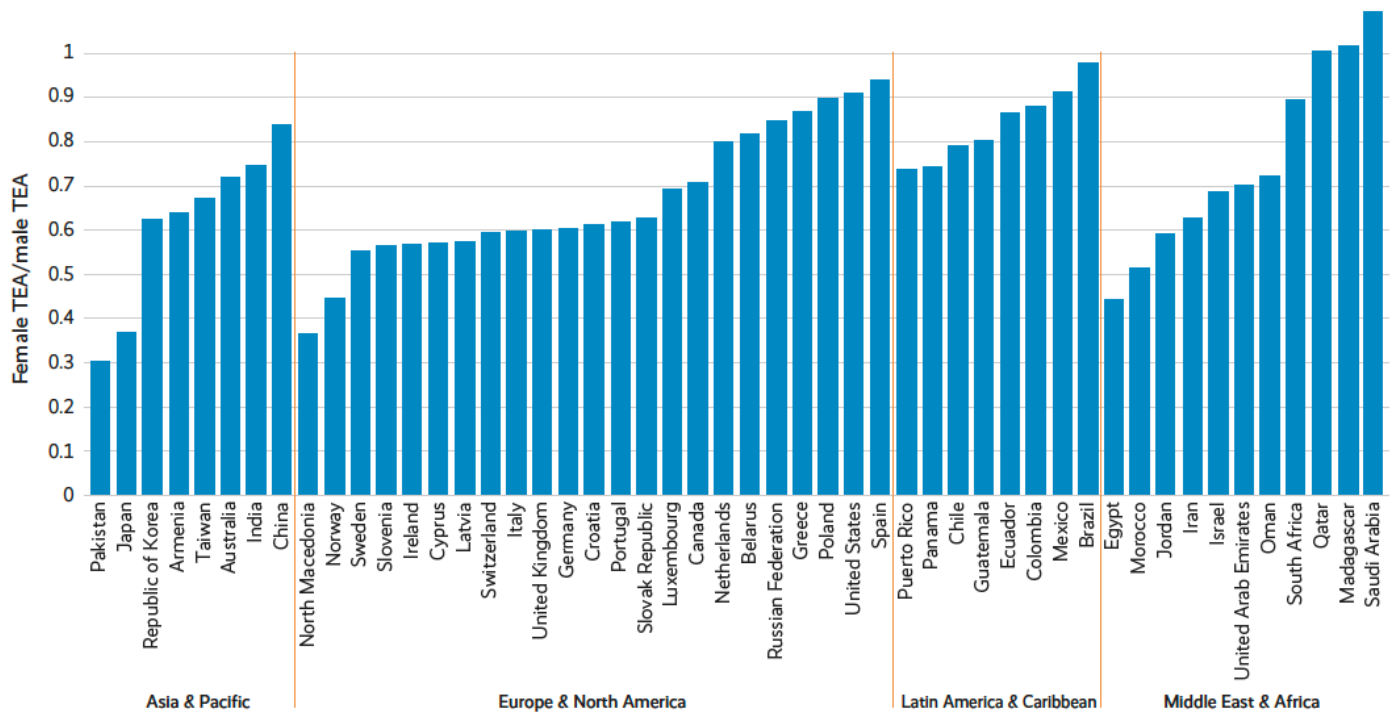
Male rates for early-stage entrepreneurial activity are highest in Chile (41%) and Ecuador (39%), and lowest in Italy (4%), Pakistan and Poland (both 6%). Female rates are highest in the same two countries, although their positions were reversed, with Ecuador at 34% and Chile at 32%. The Latin America & Caribbean region has the five highest rates of early-stage female entrepreneurship in the sample. The level of early-stage entrepreneurial activity exceeds 10% of the female adult population in 21 of the 50 economies in GEM 2019.

While there is a positive correlation between male and female levels of early-stage entrepreneurial activity, and while the majority of countries continue to have male levels of entrepreneurial activity in excess of that of females, in 2019 there are three GEM-participating economies where the female rate exceeds the male rate (Saudi Arabia, Qatar and Madagascar).

The absolute gender gap is the difference between male and female levels of TEA. While



**FIGURE 5.1** TEA by gender (% adults)  
Source: GEM Adult Population Survey, 2019



**FIGURE 5.2** The relative gender gap: female TEA (% women) divided by male TEA (% men)  
Source: GEM Adult Population Survey, 2019

this is useful, it is clearly dependent on the scale of entrepreneurial activity in each country. A complementary measure is the relative gender gap, calculated here as the female rate divided by the male rate. Given that the male and female adult populations are roughly equal in size, this can be interpreted as the number of female early-stage entrepreneurs for each male early-stage entrepreneur.

Figure 5.2 shows seven economies with a ratio of female to male early-stage entrepreneurial activity that is 0.9 or more, meaning that women are at least nine-tenths as active as men in terms of starting their own businesses. These include economies from three of the four defined regions, including Madagascar, Saudi Arabia and Qatar (Middle East & Africa), Mexico and Brazil (Latin America & Caribbean) and Spain and the United States (Europe & North America). In these economies, high female participation boosts the overall TEA rate.

At the other end of the spectrum, there are five economies (Egypt, Norway, Japan, North Macedonia and Pakistan), with more than two early-stage male entrepreneurs for each early-stage female entrepreneur. Here, low participation by women drags down overall entrepreneurial activity, highlighting the importance of supporting women entrepreneurs in these economies.

### **5.3 AGE AND ENTREPRENEURIAL ACTIVITY**

Are young people more likely or less likely to start a new business than older people? A number of the economies participating in GEM research in 2019 have various policies to encourage young people towards entrepreneurship, including Canada, India and Madagascar. Younger people may have less access to resources, including capital, know ledge and experience, but may also have fewer responsibilities, including dependent family and mortgages, and are less likely to be giving up high salaries early in their careers. Because of this, younger people may also be more willing to take risks. They may be more aware of the latest technologies, trends and ideas, and have more energy and enthusiasm to put into a new venture. If these ventures are not successful, they still have long careers ahead of them to generate income. In some countries, a high proportion of young people may be in college or in military service.

However, older people may have more available resources, including a well-developed network, and be better placed or better able to spot and evaluate new business opportunities. They may have track records that lend credibility and connections they can leverage. More know ledge and experience, of course, can work both ways: a deeper awareness of pitfalls can lead to risk aversion and an unwillingness to make the bold moves necessary to start a new venture, particularly if people already hold prestigious or well-paid positions.

Figures 5.3–5.6 show the level of TEA in each of five age ranges.<sup>3</sup> Given the detail included, there are separate charts for each of the four regions defined earlier.

Taken together, entrepreneurial activity in Asia & Pacific generally increases with age and then declines, a pattern that has become familiar in successive GEM Global Reports.

Europe & North America provides the highest representation of economies of any region in GEM 2019, and the least variation in terms of the age profile of entrepreneurs, although with one or two surprises. In 18 of the 22 economies, the level of TEA first increases with age and then declines. The

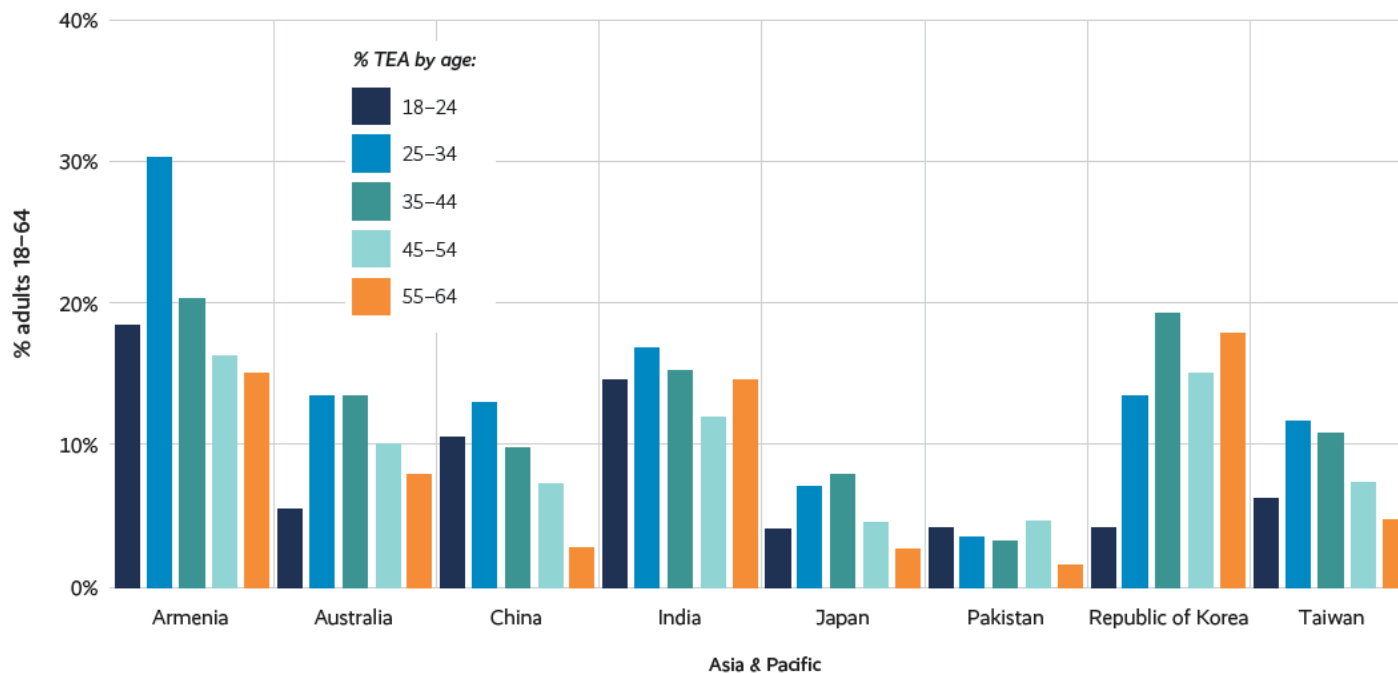
exceptions are Greece, the United Kingdom, Switzerland and Sweden. In the latter two countries, TEA declines continuously with age, and in all four the youngest age group has the highest level of TEA.

In each of the Latin America & Caribbean economies in the GEM sample, the level of TEA increases and then declines with age group, though the variation by age group is much higher in the relatively enterprise-intensive economies of Chile and Ecuador than in the relatively less enterprise-intensive economies of Panama and Mexico.

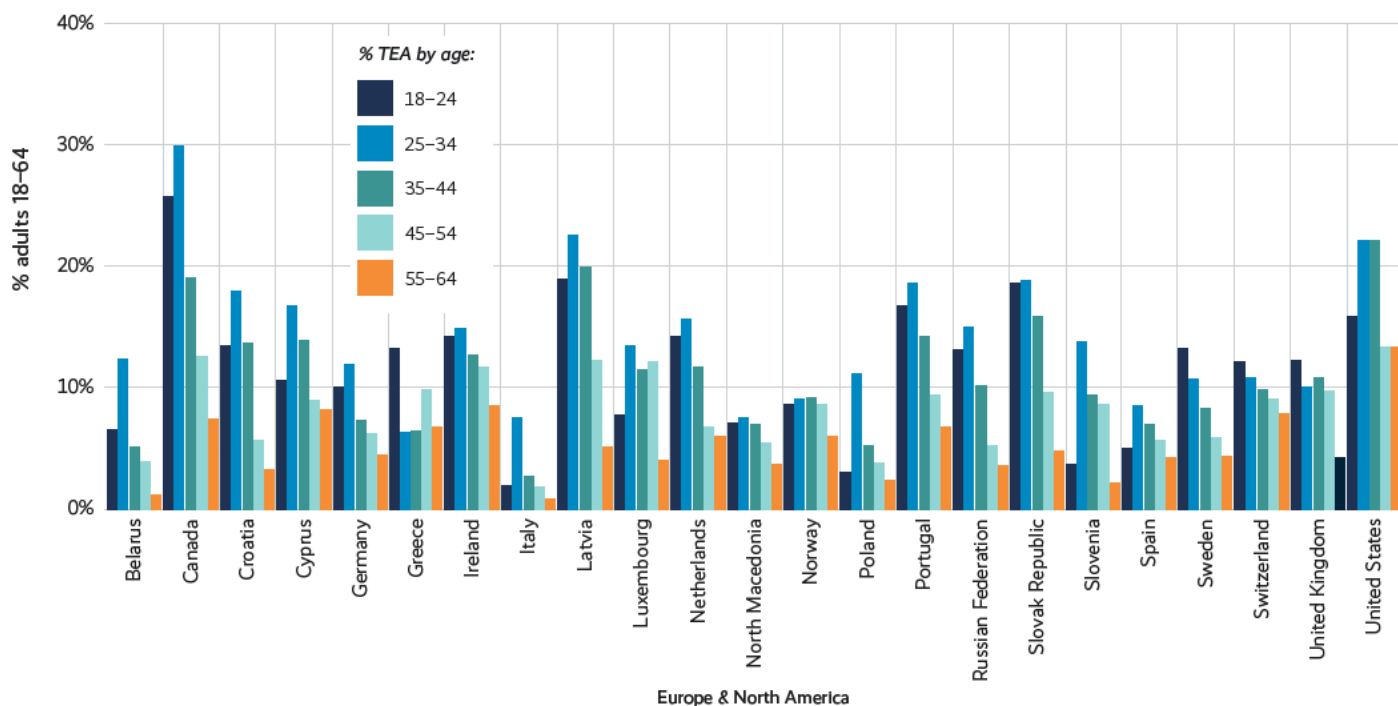
The 11 economies of the Middle East & Africa present a much more variable picture. In eight of these economies, the level of TEA first increases with age and then declines. South Africa has a mixed picture, but Egypt has a very different age profile. In Egypt, levels of TEA decline continuously with age, implying that a 55- to 64-year-old is less than half as likely to be starting or running a new business as an 18- to 24-year-old in that country.

Taken together, data from these 50 countries allow some generalizations. Typically, levels of early-stage entrepreneurship increase with age and then decline (as seen in 38 of the 50 economies). So, on the whole, very young adults are less likely to be starting their own businesses. However, there are sufficient exceptions to conclude that age matters, but not always: other things may matter more, such as the availability of startup finance, outward and inward migration, social and cultural factors, alternative job opportunities or the lack of them, levels of human capital, and access to social security.

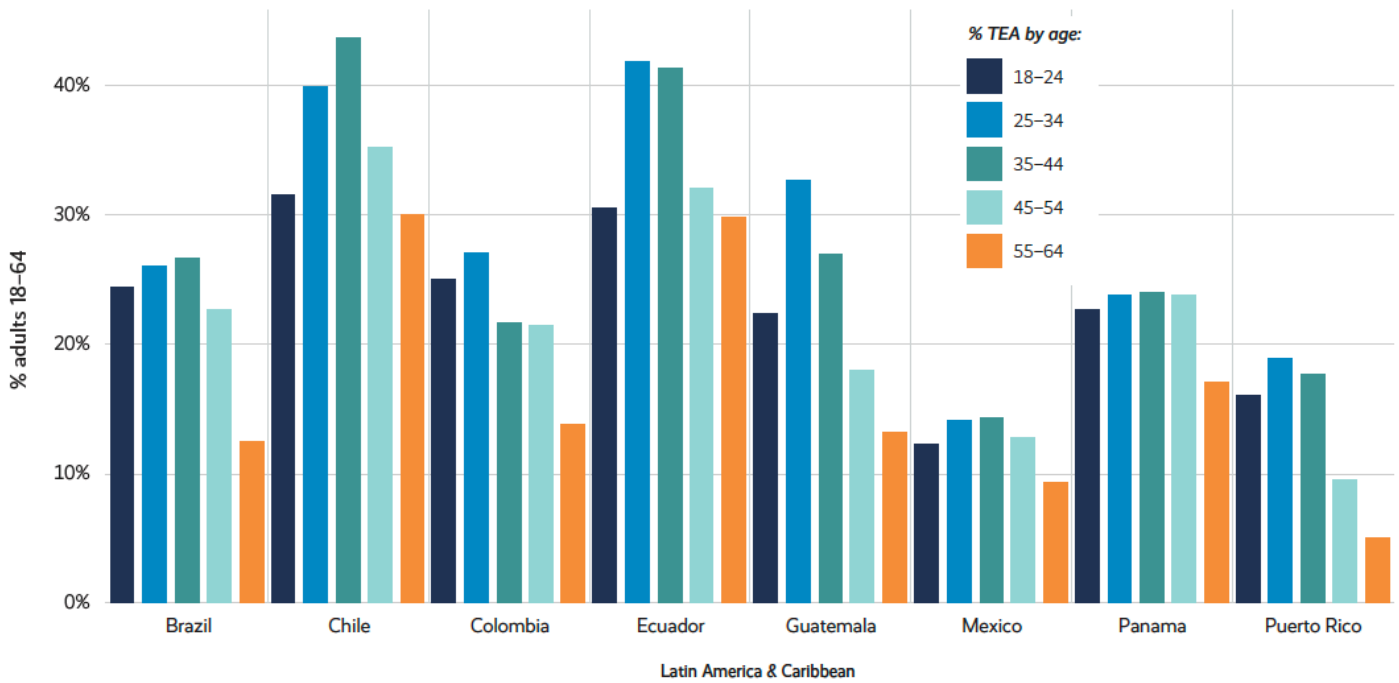




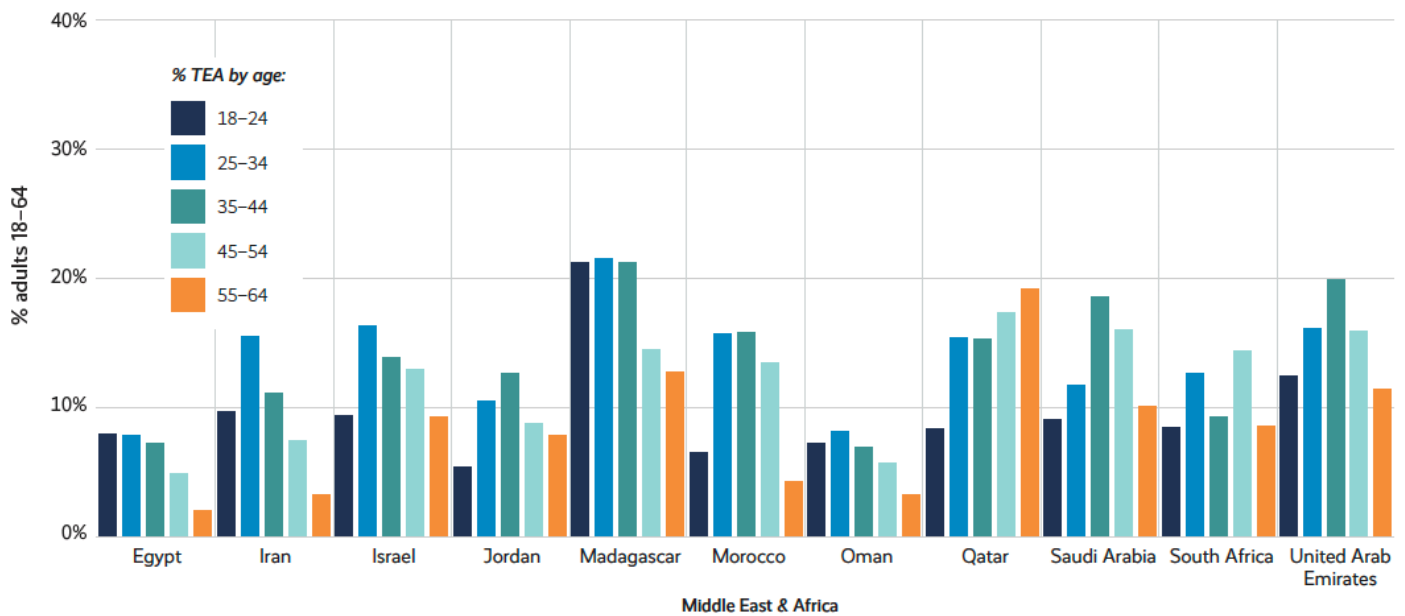
**FIGURE 5.3** The age profile of TEA (% adults): Asia & Pacific  
 Source: GEM Adult Population Survey, 2019



**FIGURE 5.4** The age profile of TEA (% adults): Europe & North America  
 Source: GEM Adult Population Survey, 2019



**FIGURE 5.5** The age profile of TEA (% adults): Latin America & Caribbean  
 Source: GEM Adult Population Survey, 2019



**FIGURE 5.6** The age profile of TEA (% adults): Middle East & Africa  
 Source: GEM Adult Population Survey, 2019

This chapter has also shown that, while men are generally more likely to be starting a new business than women, this is far from a universal truth. More than three in 10 adult women in Ecuador and Chile are starting or running their own businesses. The lowest levels of female entrepreneurship are in Pakistan, Japan, Italy and North Macedonia. Pakistan, Japan and North Macedonia also have the lowest relative

female entrepreneurship, with more than two male entrepreneurs for every female entrepreneur. Three economies (Saudi Arabia, Madagascar and Qatar) have at least as many female as male entrepreneurs.

Although there is a clear relationship between age and the propensity to be starting a business, evidence suggests that the nature of that relationship varies considerably, both within and between regions.

### About the Author:



The Global Entrepreneurship Monitor (GEM) has been keeping its finger on the pulse of the state of entrepreneurship since 1999, both in terms of the state of the entrepreneurial mind-set, motivations, activities and ambition, and the national framework conditions required to allow entrepreneurship to flourish in an economy. In this, GEM’s “coming of age” 21st year, entrepreneurship is in the spotlight as never before, with multiple governments increasingly focused on putting into place policy frameworks and mechanisms to drive and promote entrepreneurship. Fifty economies participated in the GEM 2019 Adult Population Survey (APS), including 11 from the Middle East & Africa, eight from Asia & Pacific, eight from Latin America & Caribbean, and 23 from Europe & North America. Five of these economies are classified as low-income level, 12 as middle-income and the rest as high-income. Over 150,000 individuals participated in extended interviews as part of the GEM research in 2019. This is the solid evidence base for the GEM findings that are presented in this report...[Read the full report here](#)





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