



JORDAN NATIONAL REPORT 2016-2017



Jordan Enterprise Development Corporation (JEDCO)
&
Center for Strategic Studies (CSS)- Uunviersity of Jordan



GLOBAL ENTREPRENEURSHIP MONITOR

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Minister of Trade, Industry and Supply

Jordan has made large strides in its economic progress guided by the ambitious but achievable targets set out in the country's 'Jordan 2025' the vision for Jordan's economic future. With SMEs comprising some 96 per cent of the economic enterprises in the Kingdom, the achievement of the goals and objectives of Jordan 2025 will depend upon the performance of this key sector of the economy. The Government of Jordan recognizes the value of the Global Entrepreneurship Monitor (GEM) report as a leading international study

aimed at enhancing the understanding of entrepreneurship and promoting evidence-based policy interventions. We look forward to the findings of the GEM report and we are confident that the recommendations provided will support in the design and implementation of new policy interventions that will assist the further growth and development of the SME sector in Jordan.

Minister of Trade, Industry and Supply
Eng. Yarub Qudah

Jordan Enterprise Development Corporation

The Jordan Enterprise Development Corporation is the national umbrella for economic enterprise development in the Kingdom. Since 2003, the organization's activities have been stemming from its faith in the developmental role that micro and medium enterprises play in fostering GDP growth, strengthening exports, and creating job opportunities. As Jordan's entrepreneurial scene continues to thrive and give rise regional and international success stories, despite the geopolitical situation, JEDCO is supporting companies in all stages of their development, from ideation to internationalization. JEDCO is focused on entrepreneurship and SME development. We achieve our goals by providing technical and financial assistance, in addition to policy advocacy in order to foster a conducive business environment for productive

SMEs. One of our core aims is to increase the competitiveness of Jordanian products in local and global markets. We focus on the manufacturing, service, and agribusiness sectors. Through mentorship, our Jordanian SMEs and startups will identify the right growth strategies, find new means of funding and investment, and open the way for creativity and innovation. We also provide the entrepreneurs with access to information about market trends, commitment requirements in world markets, demographics, legislation, trade volume, flow, and obstacles, as well as trade agreements and preferential treatment conditions.

JEDCO's Acting CEO
Eng. Riyadh Al Khatib

SME Growth Observatory @ JEDCO

The Jordan National Report of the Global Entrepreneurship Monitor 2016 survey is the first of a series of reports to be published by the SME Growth Observatory in Jordan Enterprise Development Corporation. Established in 2016, the SME Growth Observatory is the first national SME 'Knowledge Hub' for generating, gathering, analyzing and disseminating evidence-based research relating to entrepreneurship in Jordan to assist JEDCO stakeholders and other relevant players to improve the business environment and support SME's sector in Jordan this research based resource seeks to offer new perspectives for SMEs growth and sustainable Jordanian entrepreneurship, providing evidence-based information and critical perspectives to enable better understanding for dynamic procedures, patterns, outcomes and views for entrepreneurialism in Jordan.

The SME Growth Observatory has taken the lead within the Government of Jordan to participate in the annual Global Entrepreneurship Monitor (GEM) in cooperation with the Centre for Strategic Studies at the University of Jordan. This report represents a complete picture of the SMEs sector in Jordan as a utilized tool for policy makers and service providers to SME's. GEM provides a comprehensive study of entrepreneurship, tracking individual motivation, behaviors, and attitudes towards entrepreneurship in Jordan and benchmarking them with the standard global GEM figures and historical trends. GEM also check the different elements of the entrepreneurial ecosystem in Jordan and provides recommendations for policy changes to develop and support to the SMEs Sector.

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The Center for Strategic Studies (CSS) at the university of Jordan is pleased to have partnered with JEDCO in producing this very important report. The Jordan National Report of the Global Entrepreneurship Monitor 2016 survey is the first report of its kind in Jordan to utilize survey data from a nationally representative sample and a selected sample of 36 experts in this field. The report is based on the data collected through the GEM survey 2016 global instrument and implemented by the Center for Strategic Studies at the University of Jordan. The report includes a wide range of information about various aspects such as old and new businesses, main factors that could encourage starting up new business in Jordan and the main obstacles that affects the decisions on establishing new business in Jordan. In addition, the report and the raw data will be available on the GEM and CSS website, which will

allow interested researchers to examine the various aspects of Jordan's entrepreneurial activity. The Center for Strategic Studies (CSS) was established in 1984 as a unit of the University of Jordan to conduct research in the fields of regional conflicts, international relations, and security. Since 1989, CSS developed new long-term research projects including democracy and the rule of law, good governance, the parliament, the government, the media, women issues, the judicial system, the environment, political pluralism, and social development policy. Additionally, the center focuses on economic issues such as macro-economic policy, labor market, investment, and trade.

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Excutive Summary

The 2016 Global Entrepreneurship Monitor comes at a crucial time for Jordan. The country, among other challenges, is coping with a large influx of refugees, slow economic growth, and high unemployment, which is particularly high among its youth. Nonetheless, Jordan has made large strides in its economic progress and is currently at the efficiency-driven stage of economic development. Thus, considering current developments, the role of entrepreneurship is particularly relevant. Knowledge about entrepreneurship and its main features in Jordan, also related to its entrepreneurship environment and stage of development, can create a new understanding that can assist in implementing relevant and tailored policy interventions.

The Global Entrepreneurship Monitor (GEM) is the leading international study aimed at enhancing the understanding of entrepreneurship and promoting evidence-based policy interventions. This report reviews the main findings of the 2016 GEM survey and provides an in-depth analysis of entrepreneurship in Jordan. More importantly, the report hopes to provide a platform for dialogue between the different stakeholders in Jordan to promote sustainable entrepreneurial activities in the country.

This monitoring report portrays the landscape of entrepreneurial activity in Jordan and investigates entrepreneurship in Jordan from a regional and global perspective. The report provides insight on Jordan's entrepreneurship environment and the profiles and characteristics of entrepreneurs in Jordan.

It examines the different demographic factors and regards individual motivations, perceptions, and attitudes. It also explores social perceptions toward entrepreneurship in Jordan and the value and appeal of entrepreneurial vocation in the Jordanian society.

The report provides further details on the aspirations of Jordan's entrepreneurs for expansion, growth, and innovation, which is critical to the growth and sustainability of entrepreneurial ventures. The report concludes by underlining key policy implications and recommendations, which aim to assist policy makers in formulating and implementing the relevant interventions and strategic shifts that can promote entrepreneurship in Jordan.

By considering the state of entrepreneurship in Jordan in 2016, the Total Entrepreneurial Activity (TEA), which indicates the percentage of working age people in entrepreneurial businesses, is 8.2%. Thus, among the 65 countries participating in the GEM survey, Jordan occupies the 46th position. Specifically, 4.1% of the adult population was involved in nascent entrepreneurship (startups), 4.6% were new business owners, and 2.7% were active in established businesses. TEA has progressively decreased over time: it was 18.3% in 2004, 10.2% in 2009, and it dropped to 8.2% in 2016. The 2% decrease can be easily explained considering the challenges and regional instability that the country is facing. Further, the rate of entrepreneurial employee activity (EEA) in 2016 is 1.5%.

Another interesting result is that discontinuation of business is rather high in Jordan, in terms of the number of startups and new businesses—for every five individuals currently starting or running a new business, there is one individual who has discontinued a business in the past year. Jordan ranks 2nd in a global comparison, with a discontinuation rate of 21.2% of TEA.

Separating TEA rates by gender, it emerges that female entrepreneurship represents a small share of the total early-stage entrepreneurial activities. Female TEA concerned 3.3% of the adult population, vis-à-vis a male TEA rate of 12.8%. The rate of female to male TEA for 2016 was 0.26 and has remained relatively unchanged in comparison to 2009. The findings of the 2016/2017 GEM global report indicate that Jordan, in addition to Germany, Italy, and France, has the lowest female involvement rate in early-stage entrepreneurial activity.

Most of TEA participation can be observed between the age groups of 18–24 and 35–44, which covers around 61% of the total TEA participation. This is consistent with the GEM 2016 global findings that show the largest group of early-stage entrepreneurs as being between the age groups of 25–34 and 35–44 years for most of the countries, regardless of their level of economic development. The age structure for the groups participating in employment entrepreneurial activity (EEA) differs from TEA. The largest percentage of involvement comes from the 55–64 years old group with 27% contribution, followed by the 25–34 years old group with a contribution of 14%.

The highest level of involvement in terms of the level of education can be observed in adults with secondary education (37%); moreover, the level of university graduates is lower (25%) than that of adults with secondary-level education, followed by adults with essential education (16%), and finally adults with diplomas (14%). The numbers largely decrease at both ends of the spectrum. Adults with no education constitute only 1% of TEA participation, while people with PhDs represent 1% and with master degrees represent 2%.

The level of industry participation in Jordan is dominated by consumer-oriented businesses, with 65% of the total sector participation. The findings show a level of participation of 26% for transforming activity, followed by extractive activity at 5%, and business services at 3% of the total sector participation of entrepreneurs in Jordan.

Only 10% of Jordanian early-stage entrepreneurs do not expect to add any new jobs to their enterprises within the next five years. However, 74% of early-stage entrepreneurs expect to create 1–5 job opportunities in the next five years. On the other hand, 12% of early-stage entrepreneurs expect to grow their business by 6–9 jobs within the next five years, and only 3% expect to grow their businesses by 20 jobs or more.

When it comes to innovation, 25% of early-stage entrepreneurs believe that they offer a product or service that they consider would be novel to all customers. The data for international orientation shows that 43% of the goods and services of early-stage enterprises are exported abroad. However, the international orientation of established Jordanian firms is much higher than early-stage firms, where the level reaches 78%.

Entrepreneurial activity, as measured by the percentage of early-stage entrepreneurs among the adult population, shows distinctive variations across provinces in Jordan. The highest rate of entrepreneurial activity, as measured by TEA, is shown in the provinces of Karak (12%), Ajloun (12%), and Irbid (12%). While the capital Amman is considered the major center of Jordan's economic activity, the TEA rate there is shown to be only 9%. The lowest rates of TEA are indicated in the provinces of Mafraq and Tafelah, which are reported as 2% and 3%, respectively.

According to experts' assessment of Entrepreneurial Framework Conditions (EFCs) in Jordan, Jordan is below global and regional averages concerning governmental support and policies, taxes and bureaucracy, governmental programs, cultural and social norms, as well as basic-school and post-school entrepreneurial education and training. The gap is particularly wide regarding the two dimensions related to education. However, Jordan scored higher than the global and regional average evaluations regarding internal market dynamics and physical and service infrastructures. The evaluation of internal market openness is in consonance with the regional average but below the global average. Interestingly, the assessment of financing for entrepreneurs is similar to the global and regional average assessments.

Chapter 1: Introduction and Background

GEM is a worldwide study on entrepreneurship that was first conceptualized in 1997 by two academics, one from the London Business School (Michael Hay) and the other from Babson College (Bill Bygrave) in the United States. In the late 1990s, there was no recognized international research that focused on entrepreneurship. This word was not a recognized household term as it is today. It began to gain importance only after academics and policy makers recognized the importance of small, medium, and micro-sized enterprises' development to the overall well-being of an economy toward decreasing the levels of unemployment and in fighting poverty, which at that time prevailed in many developing, third world countries.

Reports were first published in 1999 and involved just 10 countries, eight from the OECD, Japan, and the United States. Now, 16 years later, the consortium of GEM countries has grown substantially and over 100 economies from all levels of economic development and in almost all geographic regions participate. The GEM study now represents between 70% and 75% of the world's population and approximately 90% of the world's GDP. It can now claim to be truly global and to be the most authoritative and informative study on entrepreneurship in the world today. Only a few areas of the globe are not represented, such as certain countries in mid/central Asia, a few countries in South East Asian, and some countries from West and Central Africa.

GEM is different from most current studies on entrepreneurship in that it does not only consider businesses but also individuals between the ages of 18 and 64 years from a demographically representative portion of the population. GEM looks at individuals, their attributes, aspirations, attitudes, perceptions, and intentions. It examines what makes them think and act, rather than only act, as these indicators play an integral role in the entrepreneurial pipeline, moving from potential to intentional to those who actually start a business and those who fully establish and grow their business.

GEM evolved into one of the world's leading research consortia concerned with improving our understanding of entrepreneurship. Both academics and policy makers agree that entrepreneurs, and the new businesses they establish, play a critical role in the development and well-being of their societies. As such, there is increased appreciation for and acknowledgement of the role played by new and small businesses in an economy. GEM contributes to this recognition with longitudinal studies and comprehensive analyses of entrepreneurial attitudes and activity across the globe. Since its inception in 1997, GEM has developed the relationships between entrepreneurship and national development.

Almost 20 years since its inception, GEM has measured entrepreneurship in over 100 economies, covering all geographic regions and all economic levels, and has gained widespread recognition as the most informative and authoritative longitudinal study of entrepreneurship in the world. In 2014, 73 economies participated in the GEM study (an all-time record), comprising approximately 73% of the world's population and 90% of the world's total GDP. The economies that participated in the 2016 GEM cycle are shown in Table 1.1. Since 2008 (Bosma *et al.*, 2009), GEM has followed the World Economic Forum's typology of countries, based on Porter's (Porter *et al.*, 2002) definitions of economic development levels: factor-driven, efficiency-driven, and innovation-driven economies.

Table 1.1: GEM Economies by Geographic Region and Economic Development Level, GEM 2016

	Factor-Driven Economies	Efficiency-Driven Economies	Innovation-Driven Economies
Africa	Burkina Faso, Cameroon	South Africa, Egypt, Morocco	
Asia & Oceania	India, Iran ¹⁾ , Kazakhstan ¹⁾	China, Indonesia, Malaysia ²⁾ , Lebanon ²⁾ , Jordan, Saudi Arabia ²⁾ , Thailand, (Turkey ²⁾	Australia, Hong Kong, Israel, Korea, Taiwan, Qatar, United Arab Emirates
Latin America & Caribbean		Argentina ²⁾ , Belize, Brazil, Chile ²⁾ , Colombia, Ecuador, El Salvador, Guatemala, Jamaica, Panama ²⁾ , Peru, Uruguay ²⁾ , Mexico ²⁾	Puerto Rico
European Union		Bulgaria, Croatia ²⁾ , Hungary ²⁾ , Latvia ²⁾ , (Poland ²⁾ , Slovakia ²⁾	Austria, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Slovenia, Spain, Sweden, United Kingdom
Non-European Union	(Russian Federation ¹⁾	Georgia, Macedonia	Switzerland
North America			Canada, United States

- 1) In transition to efficiency-driven economies
- 2) In transition to innovation-driven economies

1.1 The GEM Conceptual Framework

Since its inception, the GEM survey explored the interdependency between entrepreneurship and economic development. During the last 16 years, this conceptual framework and the basic definitions have evolved gradually without compromising the comparability of the collected information, ensuring more clarity for the assumed relationships. This process was supported by the work of several researchers who, using GEM data, contributed to building an entrepreneurship paradigm (Alvarez *et al.*, 2014, Bosma, 2013, Levie and Autio, 2008, Reynolds *et al.*, 2015).

The preliminary definition for entrepreneurship enumerated below remains valid:

“any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business” (Reynolds, P. et al., 1999).

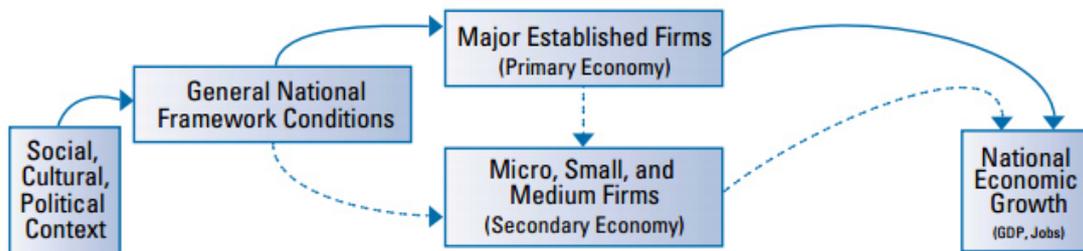
The three questions, which originally opened the way to the GEM survey (Reynolds, P. *et al.*, 1999), were formulated as follows:

- Does the level of entrepreneurial activity vary between countries, and if so, to what extent?
- Does the level of entrepreneurial activity affect a country’s rate of economic growth and prosperity?
- What makes a country entrepreneurial and what factors influence entrepreneurial activity?

To answer these questions, GEM had to depart from the conventional approach of thinking about national economic growth. This led to the development of a new conceptual framework, which has been through a series of adjustments since its inception in 1999.

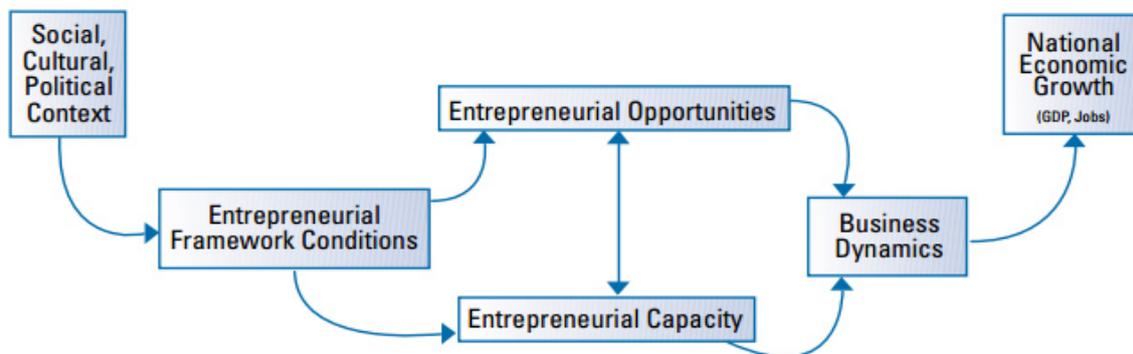
In contrast to the conventional model of national economic growth (Figure 1.1), the GEM conceptual framework, as identified in 1999 (Figure 1.2) depicted the basic assumption that national economic growth is a result of the personal capabilities of individuals. Individuals wherever they are located (regardless of the size of businesses or if they are self-employed) identify and seize opportunities. This process takes place within an interaction with the environment (social, cultural, and political) in which these individuals are located.

Figure 1.1: Conventional Model of National Economic Growth



Source: Reynolds, P. D., Hay, M. and Camp, S. M. (1999). Global Entrepreneurship Monitor 1999 Executive Report. Kauffman Center for Entrepreneurial Leadership.

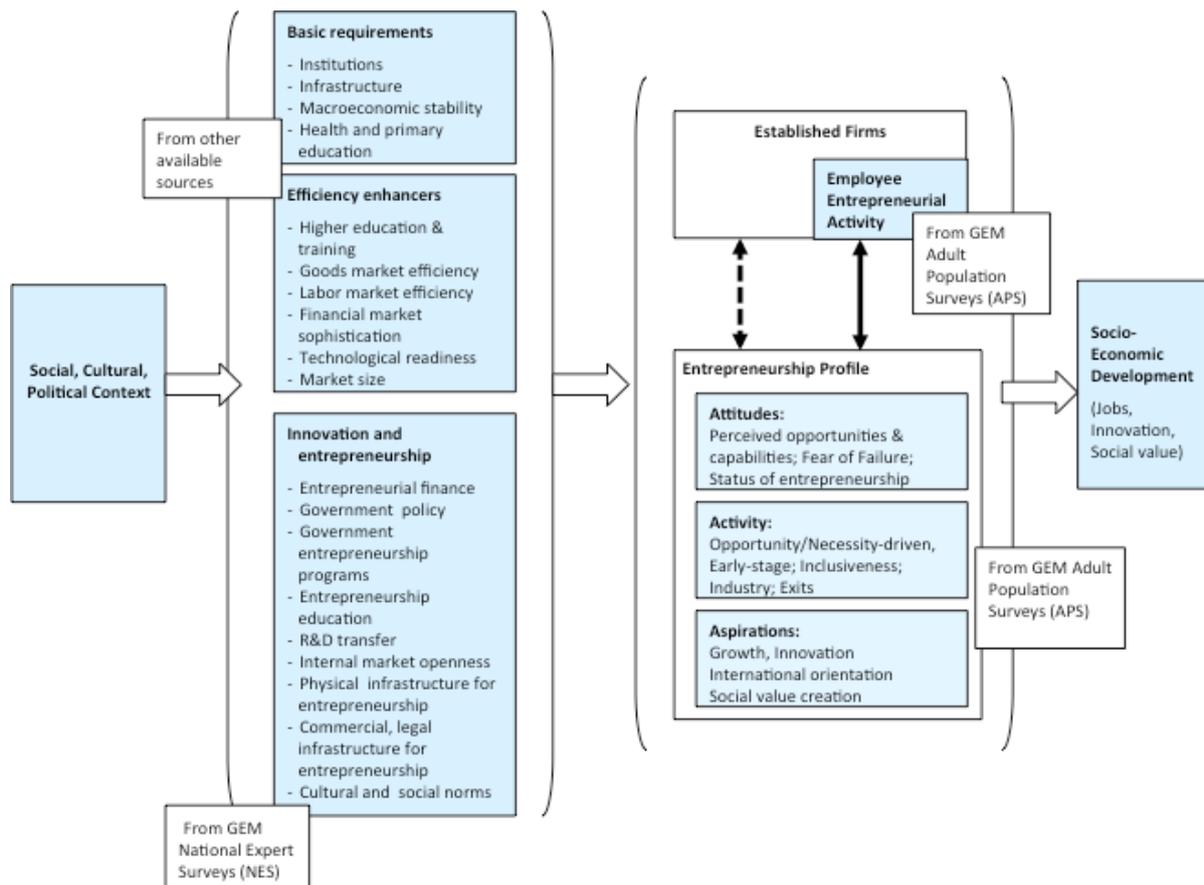
Figure 1.2: Model of Entrepreneurial Processes Affecting National Economic Growth



Source: Reynolds, P. D., Hay, M. and Camp, S. M. (1999). Global Entrepreneurship Monitor 1999 Executive Report. Kauffman Center for Entrepreneurial Leadership.

This preliminary framework (Figure 1.1) subsequently incorporated the findings and insights derived from numerous GEM surveys and years of GEM research, evolving into the GEM Conceptual Framework as presented in Figure 1.3.

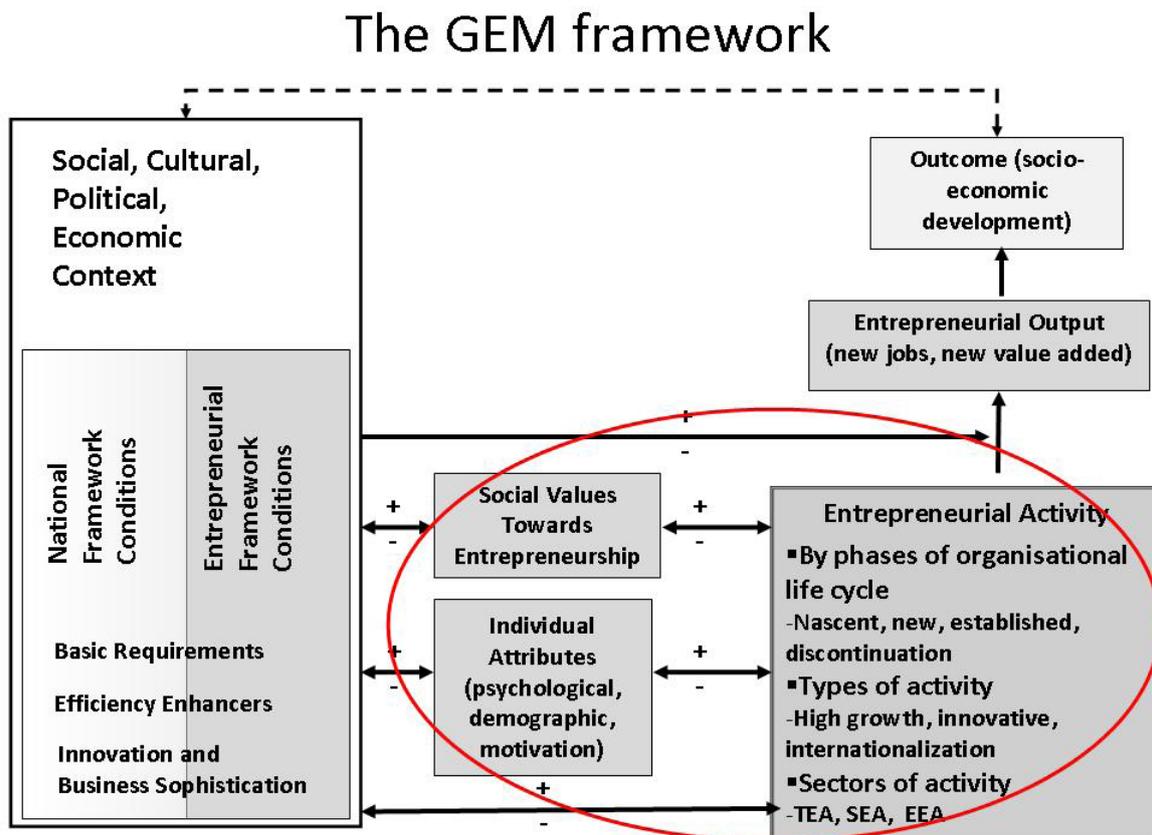
Figure 1.3: The GEM Conceptual Framework up to 2014



The most recent revision of the GEM conceptual framework entailed opening the “black box” entitled “Entrepreneurship Profile” as presented in (Figure 1.3). From the beginning of conducting GEM surveys, the implicit assumption of mutual relationships between attitudes, aspirations, and activities was built into the conceptual framework but without describing the nature of these

relationships. In the revised GEM, conceptual framework depicted in (Figure 1.4), this “black box” has been opened to allow for testing of the characteristics of the assumed relationships between social values, personal attributes, and various forms of entrepreneurial activity. This work was conducted by members of the GEM Research and Innovation Advisory Committee (RIAC).

Figure 1.4: The GEM Conceptual Framework



The components of the revised GEM Conceptual Framework are the following aspects:

Social, Cultural, Political, and Economic Context

As in the previous GEM model, this is defined according to the twelve pillars of competitiveness derived from the World Economic Forum's Global Competitiveness Index and the nine components of GEM's Entrepreneurial Framework Conditions (see Table 1.2). These will affect countries differently,

depending on their stage of economic development, i.e., even though all the pillars will be important to each economy, the pillars of competitiveness that are the most important to a factor-driven economy will differ from those that are most important in an efficiency-driven economy.

Table 1.2: Social, Cultural, Political and Economic Context, and Economic Development Phases

	From other available Sources	From GEM National Expert Surveys (NES)
Economic development phases	National Framework Conditions based on World Economic Forum pillars for profiling economic development phases	Entrepreneurial Framework Conditions
Basic requirements—key to resource-driven economies	<ul style="list-style-type: none"> • Institutions • Infrastructure • Macroeconomic stability • Health and primary education 	
Efficiency enhancers—key to efficiency-driven economies	<ul style="list-style-type: none"> • Higher education and training • Goods market efficiency • Labor market efficiency • Financial market sophistication • Technological readiness • Market size 	
Innovation and sophistication factors—key for innovation-driven economies	<ul style="list-style-type: none"> • Business sophistication • Innovation 	

It is important to note that all the components of the environment in which women and men act entrepreneurially (or cannot act proactively and innovatively) are mutually dependent. This dependency demands a holistic approach not only in research but also in designing appropriate policies for building a supportive environment in which entrepreneurial behavior can flourish.

Social Values Toward Entrepreneurship

This includes aspects such as the extent to which society values entrepreneurship as a good career choice, whether entrepreneurs have high societal status, and the extent to which media attention to entrepreneurship is contributing to the development of a positive entrepreneurial culture.

Individual Attributes

This includes different demographic factors (such as gender, age, and geographic location), psychological factors (including perceived capabilities, perceived opportunities, and fear of failure) and motivational aspects (necessity versus opportunity-based ventures and improvement-driven ventures).

Entrepreneurial Activity

This is defined according to the phases of the life cycle of entrepreneurial ventures (nascent, new business, established business, discontinuation), the type of activity (high growth, innovation, internationalization), and the sector of activity (Total Early-stage Entrepreneurial Activity (TEA), Social Entrepreneurial Activity (SEA), Employee Entrepreneurial Activity (EEA)).

In all the conceptual frameworks, the basic assumption has remained unchanged, namely, that entrepreneurial activity is an output of the interaction of an individual's perception of an opportunity and capacity (motivation and skills) to act upon this opportunity and the distinct conditions of the environment in which the individual is located. The GEM survey of entrepreneurship (based on individuals) complements other major business creation surveys

by providing unique information on individuals (attributes, values, activities) and their interaction with the environment in practicing entrepreneurial behavior (proactiveness, innovativeness, and responsible choices).

Therefore, it is evident that GEM continues to focus on contributing to global economic development through surveying/researching entrepreneurship, which assists in improving research-based education and research-based formulation of public policies in the field of entrepreneurship. To achieve this, GEM has three key objectives:

- to determine the extent to which entrepreneurial activity influences economic growth within individual economies;
- to identify factors that encourage and/or hinder entrepreneurial activity (especially the relationships between national entrepreneurship conditions, social values, personal attributes, and entrepreneurial activity); and
- to guide the formulation of effective and targeted policies aimed at enhancing the entrepreneurial capacity within individual countries.

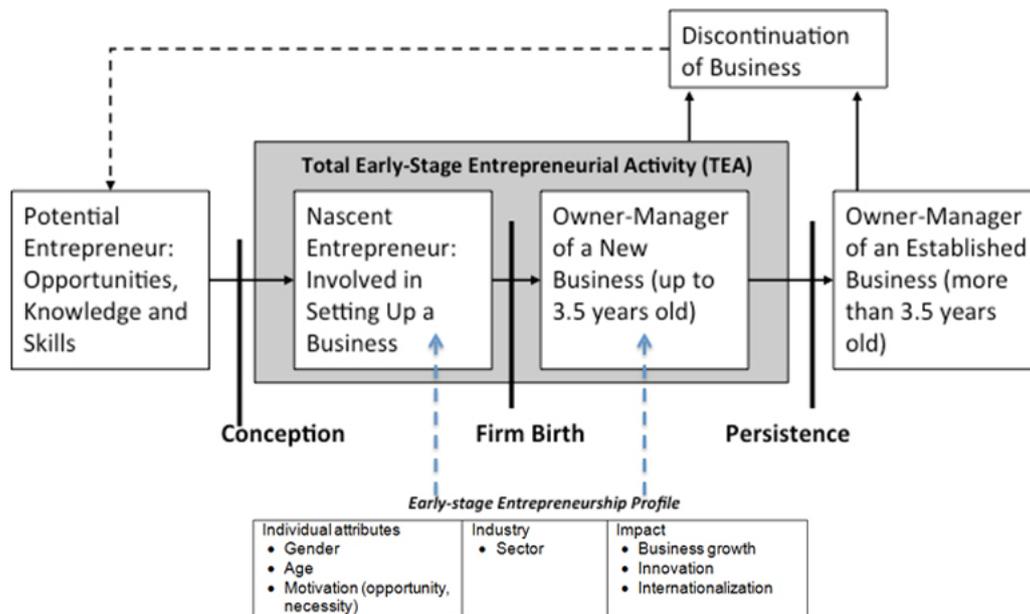
Over the years, GEM surveys have confirmed that the level of entrepreneurial activity varies among countries at a fairly constant rate. A crucial point confirmed by GEM research is that it takes time and consistency in policy interventions to enhance and develop the factors that contribute to entrepreneurial activity. Surveys have also confirmed that entrepreneurial activity, in different forms (nascent, start-up, employee entrepreneurship), is positively correlated with economic growth but that this relationship differs according to the phases of economic development (Wennekers *et al.*, 2010).

GEM's role as one of the world's leading research consortia, concerned with improving the understanding of the relationships between entrepreneurship and national development, is confirmed by recent policy interventions around the world. These are focused on components of the GEM conceptual framework: environment (entrepreneurial framework conditions), individual capacity for identifying and exploiting opportunities, and a society's capacity to develop an entrepreneurial culture. A recent report on entrepreneurial ambition and innovation (WEF-GEM, 2015) highlights the cases of Colombia and Chile, economies that have put in place several public and private initiatives to enhance their entrepreneurial ecosystems (Drexler and Amorós, 2015).

1.2 How GEM Measures Entrepreneurship

GEM measures individual participation across multiple phases of the entrepreneurial process, providing insights into the level of engagement at each stage. This is important because societies may have varying levels of participation at different points in this process; however, a healthy entrepreneurial society requires people active in all phases. For example, to have startups in a society, there must be potential entrepreneurs. Later in the process, people that have started businesses must have the ability and the support to sustain their businesses into maturity. Figure 1.5 presents an overview of the entrepreneurial process and the GEM operational definitions.

Figure 1.5: The Entrepreneurial Process and GEM Operational Definitions



Source: Singer, S., Amorós, E., & Moska, D. (2015). Global Report 2014. Global Entrepreneurship Monitor.

GEM's Multi-phase Measures of Entrepreneurship are Provided Below:

Potential Entrepreneurs—those who see opportunities in their environments, have the capabilities to start businesses, and are undeterred by fear of failure.

Intentional Entrepreneurs—those who intend to start a business in the future (in the next three years).

Nascent Entrepreneurs—those who have taken steps to start a new business but have not yet paid salaries or wages for more than three months.

New Entrepreneurs—those who are running new businesses that have been in operation for between 3 months and 42 months.

Established Business Owners—those who are running a mature business that have been in operation for more than 42 months.

Discontinued Entrepreneurs—those who, for whatever reason, have exited from running a business in the past year.

GEM's individual-level focus enables a more comprehensive account of business activity than firm-level measures of formally registered businesses. In other words, GEM captures both informal and formal activity. This is important because in many societies, a majority of the entrepreneurs operate in the informal sphere. In addition, GEM's emphasis on individuals provides an insight into who these entrepreneurs are; for example, their demographic profiles, their motivations for starting ventures, and the ambitions they have for their businesses. GEM also assesses broader societal attitudes about entrepreneurship, which can indicate the extent to which people are engaged in or willing to participate in entrepreneurial activity, and the level of societal support for their efforts. The GEM database allows for the exploration of individual or business characteristics as well as the causes and consequences of new business creation.

A primary measure of entrepreneurship used by GEM is the Total Early-Stage Entrepreneurial Activity (TEA) rate. TEA indicates the prevalence of individuals engaged in nascent entrepreneurship and new firm ownership in the adult (18–64 years of age) population. As such, it captures the level of dynamic early-stage entrepreneurial activity in a country.

Every person engaged in any behavior related to new business creation, no matter how modest, contributes to the national level of entrepreneurship. However, it is important to recognize that entrepreneurs can differ in their profiles and impact. For this reason, GEM provides a range of indicators that describe the unique, multifaceted patterns exhibited in each society. It is therefore important to consider not just the number of entrepreneurs in an economy, but other aspects, such as the level of employment they create, their growth ambitions, and the extent to which groups, such as youth and women, are participating in entrepreneurial activity.

Chapter 2: Entrepreneurial Activity in Jordan

2.1 Overview

Jordan is a small open oil-importing country in the Middle East. According to the 2016 census, the population is 9.5 million and is composed of 6.6 million Jordanians and 2.9 non-Jordanian residents. With a GDP of US\$ 37.570 million (IMF, World Economic Outlook, 2016), Jordan ranks 97th in terms of output according to the IMF worldwide comparison (first place is assigned to the country with the lowest GDP). In 2015, per capita GDP was \$5.513. Being poor in terms of natural resources, the Jordanian economy is strongly import oriented and suffers from a chronic deficit in its balance of trade, which amounts to almost 35% of GDP.

Figure 2.1: Jordan's Map of Provinces



Source: Jordan governorates named regions.svg - Wikimedia Commons. (n.d.). Retrieved from https://commons.wikimedia.org/wiki/File:Jordan_governorates_named_regions.svg

Ever since the economic and financial crisis of 1989, Jordan has engaged in a comprehensive process of economic reform under the umbrella of the International Monetary Fund and World Bank. The reforms were inspired by the principles of macroeconomic stabilization, privatization, liberalization, and integration into the global market. At present, Jordan can be described as a business-friendly economy. The 2017 Index of Economic Freedom ranks Jordan 53rd out of 189 countries worldwide and 5th within the MENA region. The political environment is stable compared with other neighboring countries, and Jordan has a modern and well-regulated financial sector (which was ranked 25 out of 55 countries by the World Economic Forum's Financial Development Report for 2015).

Small and Medium Enterprises (SMEs) are an important component of the private sector in Jordan and they contribute to the creation of almost half of the GDP (GEM Global Report, 2016–17). In 2017, the World Bank Ease of Doing Business Index ranked Jordan 118th out of 190 countries worldwide and 106th out of 190 countries when considering the sub-indicator of starting a business.

According to the 2016–17 World Economic Forum Global Competitiveness Rating, Jordan occupied the 63rd position among the 138 countries considered. According to this rating, the level of domestic competition on the goods markets lead to a fair level of efficiency (43rd position worldwide) and financial markets are relatively efficient, too (33rd position). According to the GEM framework, Jordan belongs to the group of efficiency-driven countries. Among the most serious challenges, the country faces are regional instability, a massive inflow of refugees, a budget deficit and debt, as well as high unemployment rates, especially among youth. Current figures show more than 656,000 officially registered Syrian refugees in Jordan (UNHCR, 2017), and at the end of 2015, public debt reached 85.8% of GDP (Central Bank of Jordan, 2016).

At the end of 2015, the unemployment rate was 13.8% (11.1% for males and 25.1% for females) (Jordan Department of Statistics, 2016)

Box 2.1: Conventional Facts about Jordan, 2016

GDP: \$37.6 billion (2015)

Population: 9.5 million (2016 Census)

GDP per capita: \$5,513 (2015)

(2017): 57/100; Rank: 118/190

World Bank Starting a Business Rating (2017): 85/100; Rank: 106/190

World Economic Forum Global Competitiveness Rating (2016–17): 4.3/7; Rank 63/138

Economic Development Phase: Efficiency-Driven

2.2 GEM 2016 Adult Population Survey for Jordan

The present chapter is based on the 2016 GEM Adult Population Survey (APS), which was conducted in Jordan using a representative sample of 1,830 respondents between 18 and 65 years of age. The GEM APS questionnaire was translated into Arabic and the interviews were conducted by the Jordan Enterprise Development Corporation (JEDCO).

The sample is composed of 52% males and 48% females. Concerning the distribution across age groups: 28% of respondents were between 18 and 24 years, 32% were between 25 and 34 years, 21% were between 35 and 44 years, 11% were between 45 and 54 years, and the remaining 8% were between 55 and 64 years.

The distribution of respondents by occupation reflects the low labor force participation rate in Jordan, which is quite low, even in regional comparison (Fortuny and Al Husseini, 2010). Specifically, 39.8% of the respondents declared to be employed full or part time (including self-employed), 7.1% were part time only, 29.6% were homemakers, 7% were students, 4.4% were retired, and 12% were not working and/or did not respond.

The regional distribution of the sample, based on the respondents' city of residence, similarly reflects the real regional concentration of the Jordanian population: 63.8% of respondents were located in the central part of the country (which contains the capital city, Amman and the third largest city, Al Zarqa), 26.4% were in the North, and 9.8% were in the less populated southern part of the country.

2.3 Entrepreneurship in Jordan: A Global Perspective

Relying on its definition of entrepreneurship as the number of individuals who are involved in the creation of a company, who have just set up a company, and/or who hold an established company, the GEM survey enables one to assess and compare entrepreneurship and entrepreneurial activities across countries. The three main indicators for entrepreneurship are the rates of Total Early-Stage Entrepreneurial Activity (TEA), of entrepreneurial employee activity (EEA), and of established businesses (EB).

Hereby, TEA assumes a central role, as it captures early stages of entrepreneurial activity and includes business that are in the gestation phase, as well as new businesses, i.e., those operating for less than 3½ years. The TEA rate within an economy is thus an important indicator of the dynamicity of the private sector and of the propensity toward entrepreneurship.

EEA is a measure for intrapreneurship, which is defined as the percentage of the adult population aged between 18 and 64 years who have been involved as employees in entrepreneurial activities, such as developing or launching new goods or services, or establishing a new business unit, a new establishment, or subsidiary.

EB encompasses the percentage of adult population owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.

In 2016, the TEA in Jordan was 8.2% and within the 65 countries participating in the GEM survey, Jordan occupies the 46th position. Thus, Jordan is ranked among the lowest. Comparing its TEA within the group of efficiency-driven countries, its TEA is lower than the average TEA rate of 14.2% (Figure 2.2). Considering the TEA rates and per capita GDP, Jordan is below the trend for most of the countries participating in the GEM survey (Figure 2.3).

Figure 2.2: Total Early-stage Entrepreneurial Activity (TEA) in the GEM Economies by Phase of Economic Development, GEM Global Report 2016–17

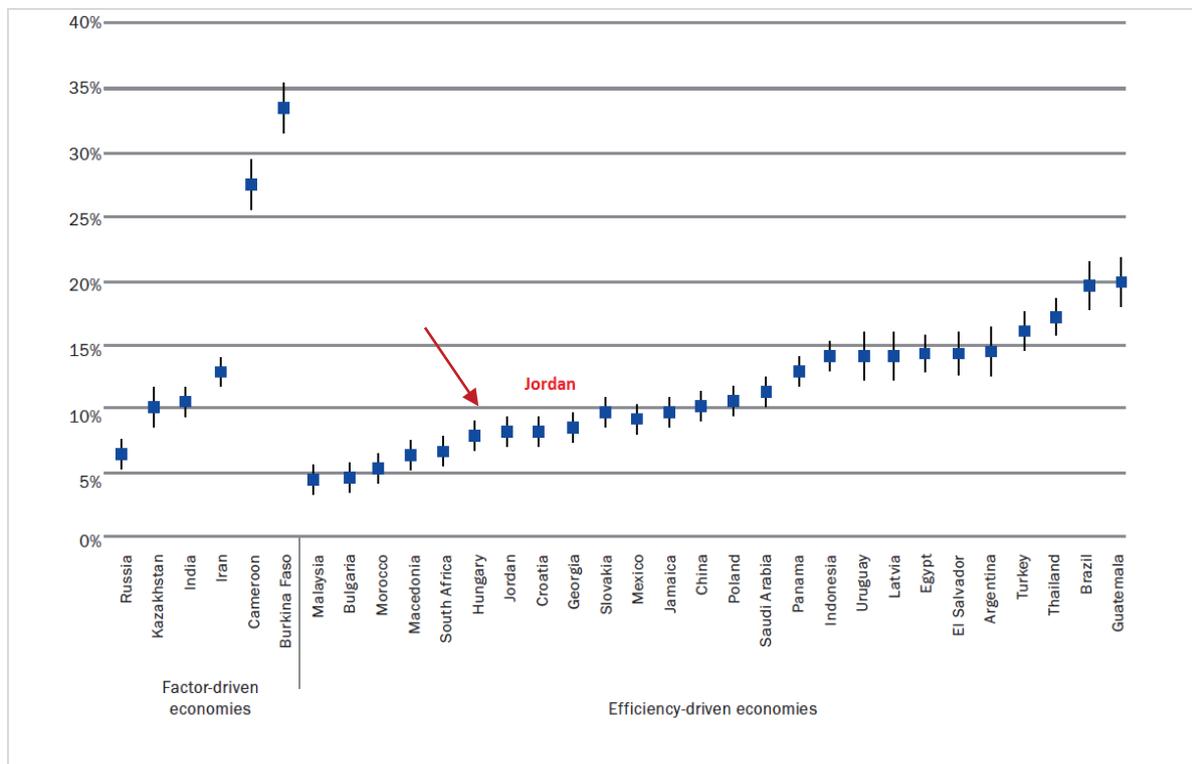


Figure 2.2: Continued

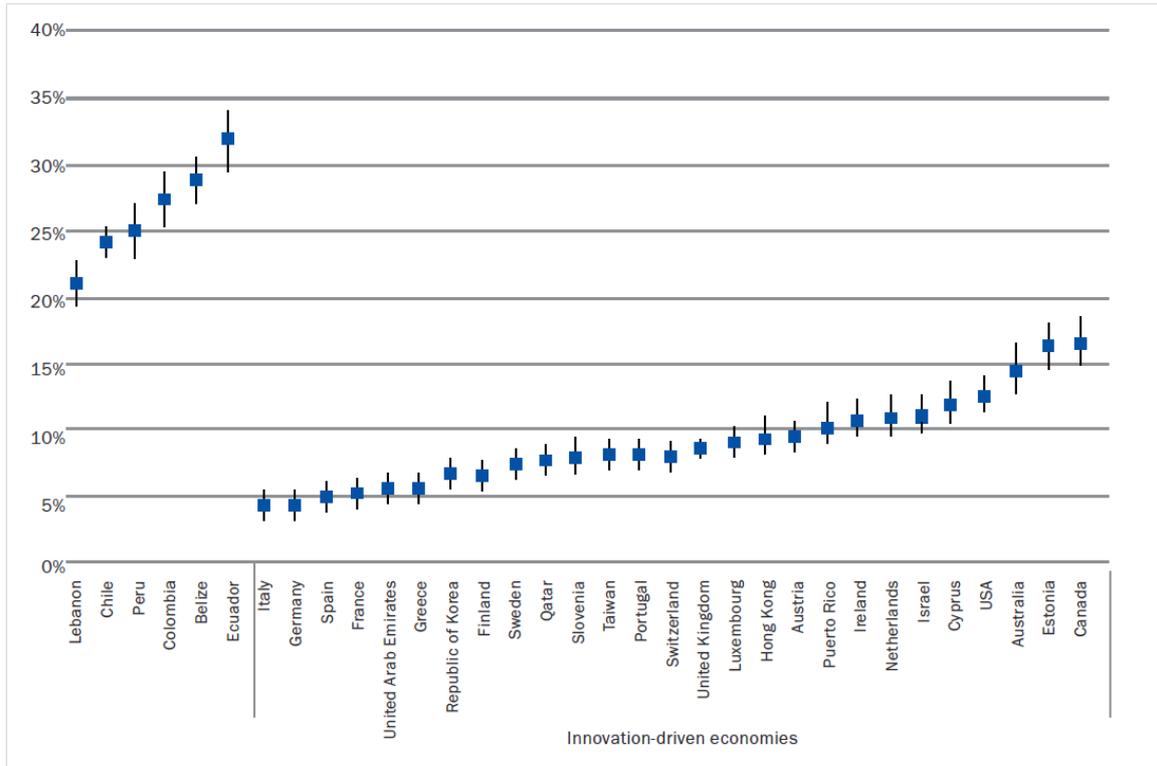
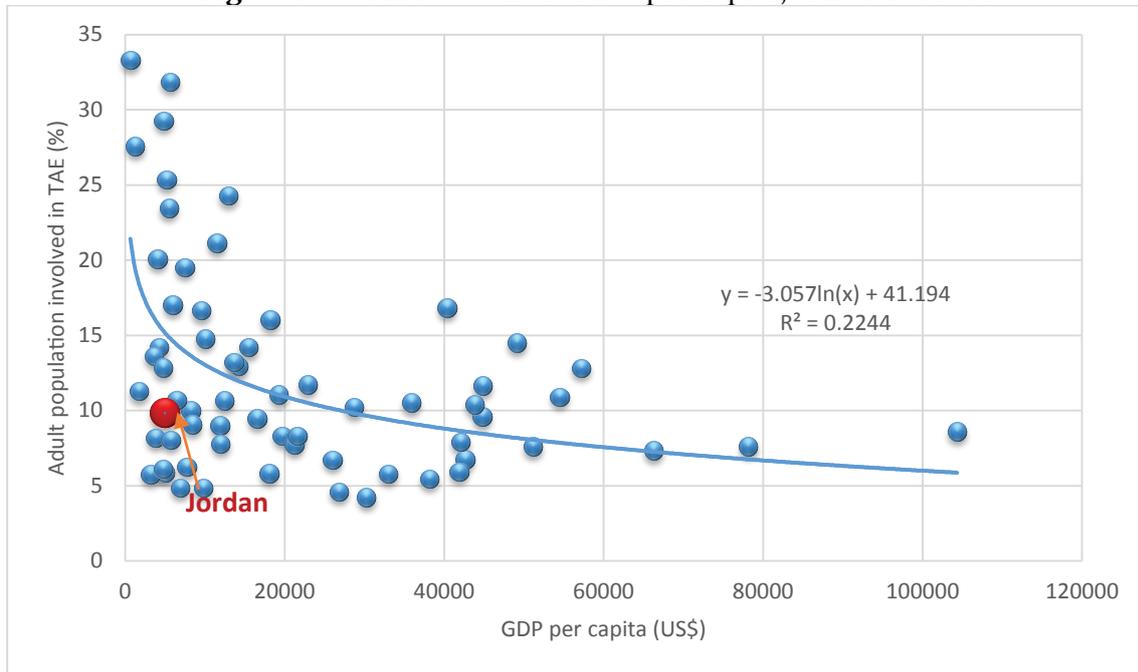


Figure 2.3: TEA Rate and GDP per capita, GEM 2016–17

According to the definition of TEA, early-stage entrepreneurial activities can be divided into nascent entrepreneurship and newly born businesses. Specifically, for Jordan, 4.1% of adults were involved in nascent entrepreneurship (startups) and 4.6% were newly born business owners. Further, 2.7% of the adult population reported to be active in established businesses (Table 2.1).

Table 2.1: Rates and Ranks of Entrepreneurial Activity in Jordan, 2016

Entrepreneurial activity	Rate	Rank (/ 85)
TEA	8.2%	46
Nascent Entrepreneurship	4.1%	47
New Business Ownership	4.6%	31
Established Business	2.7%	60
Intrapreneurial Activity	1.5%	43

Intrapreneurship is typically higher among innovation-driven economies (Figure 2.4). In 2016, the average rate of entrepreneurial employee activity was an average of 5.1% in innovation-driven economies, compared with a rate of 2.3% in efficiency-driven economies and 1.2% in factor-driven economies. With an EEA rate of 1.5%, Jordan is below the average of efficiency-driven economies. This is not a surprising fact, as the entrepreneurial environment in Jordan is dominated by small and medium enterprises and entrepreneurial employee activity is typically facilitated by the organizational structure of large companies.

Figure 2.4: Entrepreneurial Employee Activity (EEA) by Phase of Economic Development (% of adult population, 18–64 years), GEM 2016

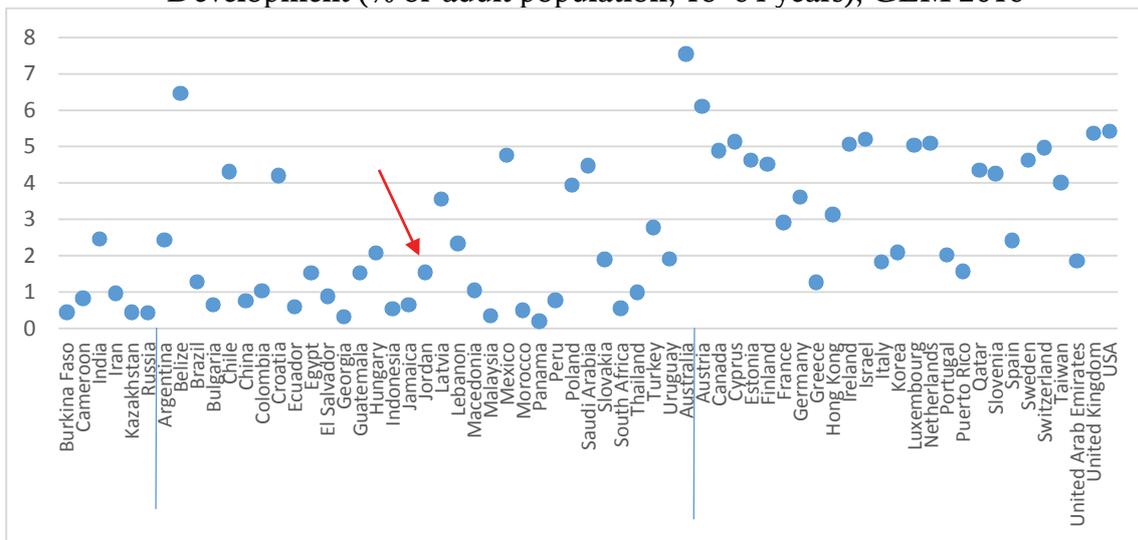


Table 2.2 presents an overview of prevalence rates (%) of entrepreneurial activity across GEM countries in 2016. Discontinuation of businesses indicates the percentage of nascent entrepreneurs or owner-managers of a new business, who have, in the past 12 months, discontinued a business, by either selling, shutting down, or otherwise discontinuing an owner/management relationship with the business.

Table 2.2: Prevalence Rates (%) of Entrepreneurial Activity across Countries, GEM 2016

Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	EEA	Established business ownership rate	Discontinuation of businesses (% of TEA)
Burkina Faso	21.2	13.5	33.5	0.6	28.0	9.4
Cameroon	17.8	10.9	27.6	1.2	15.2	14.9
Egypt	8.2	6.6	14.3	2.0	6.1	17.4
Morocco	1.3	4.3	5.6	0.5	7.5	12.0
South Africa	3.9	3.3	6.9	0.7	2.5	10.0
Average for Africa	10.5	7.7	17.6	1.0	11.9	12.7
Australia	8.8	6.2	14.6	9.0	11.3	4.4
China	4.5	6.1	10.3	1.2	7.5	6.4
Georgia	4.6	4.3	8.6	0.5	8.6	11.1
Hong Kong	5.0	4.7	9.4	4.1	6.1	5.0
India	3.9	6.8	10.6	2.5	4.6	26.4
Indonesia	3.9	10.4	14.1	0.7	15.3	2.9
Iran	6.9	6.2	12.8	1.2	11.6	13.3
Israel	7.0	4.5	11.3	7.3	4.0	11.9
Jordan	4.1	4.6	8.2	1.5	2.7	21.2
Kazakhstan	6.9	3.4	10.2	0.7	2.4	3.4
Korea	3.7	3.0	6.7	2.3	6.6	8.2

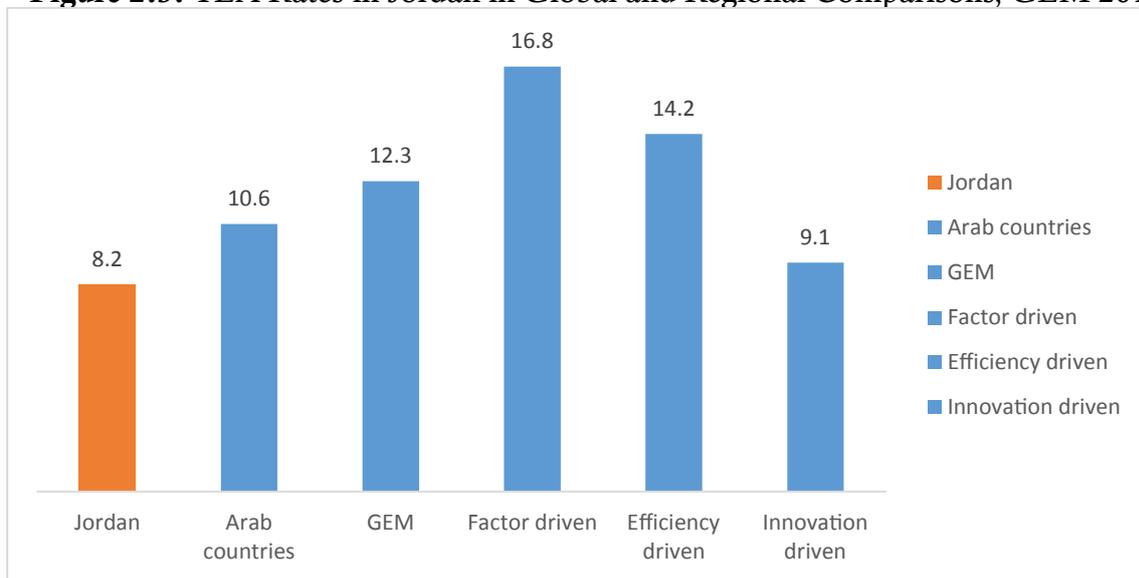
Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	EEA	Established business ownership rate	Discontinuation of businesses (% of TEA)
Lebanon	9.5	12.1	21.2	2.6	20.1	9.2
Malaysia	2.0	2.8	4.7	0.3	4.7	14.6
Qatar	4.3	3.6	7.8	6.4	3.0	14.0
Saudi Arabia	3.7	7.7	11.4	4.7	2.3	13.6
Taiwan	3.6	4.7	8.2	5.7	7.7	10.9
Thailand	5.2	12.6	17.2	1.0	27.5	6.9
Turkey	8.9	7.6	16.1	3.6	9.4	9.5
United Arab Emirates	1.3	4.4	5.7	2.2	1.9	20.7
Average for Asia & Oceania	5.1	6.1	11.0	3.0	8.3	11.2
Argentina	8.9	5.7	14.5	3.1	7.9	10.0
Belize	18.7	10.7	28.8	8.0	5.3	18.8
Brazil	6.2	14.0	19.6	1.5	16.9	5.6
Chile	15.6	9.3	24.2	5.4	8.0	10.1
Colombia	16.3	11.3	27.4	1.2	8.9	8.9
Ecuador	22.4	11.0	31.8	0.7	14.3	11.8
El Salvador	8.0	6.7	14.3	1.0	11.5	11.3
Guatemala	12.2	8.6	20.1	1.7	9.1	6.3
Jamaica	4.1	5.8	9.9	0.7	8.2	9.0
Mexico	6.1	3.6	9.6	4.8	7.5	5.9

Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	EEA	Established business ownership rate	Discontinuation of businesses (% of TEA)
Panama	8.6	4.7	13.2	0.2	4.4	7.1
Peru	19.9	5.7	25.1	0.8	6.1	8.3
Puerto Rico	8.5	2.0	10.3	1.8	1.6	7.4
Uruguay	10.1	4.2	14.1	2.6	7.4	14.6
Average for Latin America & Caribbean	11.8	7.4	18.8	2.4	8.4	9.6
Austria	6.0	3.7	9.6	7.3	8.8	11.3
Bulgaria	2.6	2.2	4.8	0.9	6.2	7.3
Croatia	6.1	2.5	8.4	5.3	4.2	4.1
Cyprus	7.6	4.5	12.0	5.6	8.2	4.7
Estonia	11.7	4.8	16.2	6.3	7.8	8.8
Finland	4.3	2.7	6.7	5.6	7.3	2.9
France	3.1	2.3	5.3	3.6	4.3	8.5
Germany	2.9	1.7	4.6	5.1	7.0	4.7
Greece	3.2	2.6	5.7	1.4	14.1	2.8
Hungary	4.8	3.2	7.9	3.0	5.5	3.4
Ireland	7.0	4.4	10.9	6.2	4.4	10.1
Italy	2.3	2.2	4.4	2.1	5.2	4.4
Latvia	9.7	4.9	14.2	4.5	9.5	7.2
Luxembourg	6.4	2.9	9.2	7.2	3.2	12.3

Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	EEA	Established business ownership rate	Discontinuation of businesses (% of TEA)
Macedonia	3.4	3.1	6.5	1.4	7.2	6.4
Netherlands	5.7	5.4	11.0	7.6	10.2	7.5
Poland	4.6	6.1	10.7	5.2	7.1	9.8
Portugal	4.7	3.7	8.2	2.4	7.1	4.0
Russia	3.2	3.0	6.3	0.7	5.3	6.7
Slovakia	6.4	3.2	9.5	2.2	6.1	12.2
Slovenia	5.1	3.1	8.0	4.7	6.7	5.0
Spain	2.3	2.9	5.2	2.7	6.2	4.4
Sweden	5.8	1.8	7.6	6.1	4.5	10.2
Switzerland	5.1	3.2	8.2	6.1	11.1	4.4
United Kingdom	5.2	3.7	8.8	7.0	6.1	6.3
Average for Europe	5.2	3.4	8.4	4.4	6.9	6.8
Canada	10.0	6.9	16.7	5.9	6.8	16.3
USA	8.9	4.0	12.6	7.0	9.2	7.7
Average for North America	9.5	5.5	14.7	6.5	8.0	12.0

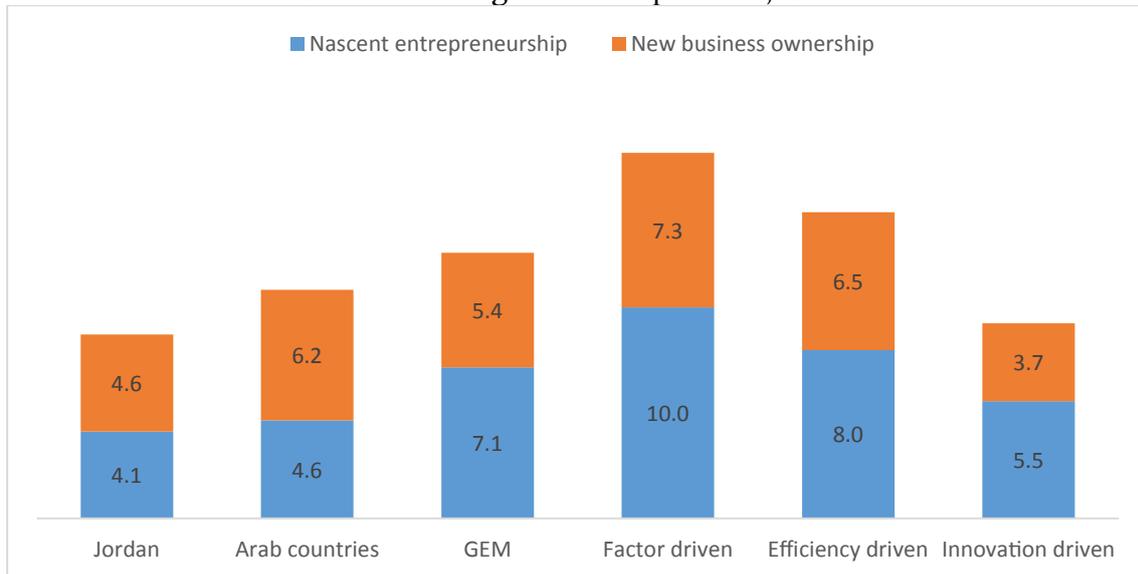
Comparing the rate of early-stage entrepreneurial activity in Jordan to the group of Asian countries, to the Arab countries participating to the GEM assessment, and to all countries considered by GEM (Figure 2.5), it emerges that Jordan lies behind the TEA averages of these groups of countries. Specifically, in the Arab countries, TEA rates were, on average, almost 11%, and in all GEM countries, 12.3%. Further, the average TEA rates of the group of efficiency-driven economies (14.2%) are higher than the TEA rate of Jordan.

Figure 2.5: TEA Rates in Jordan in Global and Regional Comparisons, GEM 2016



Total early-stage entrepreneurial activity (TEA) can be divided into nascent entrepreneurship (startups) and new businesses (newly born businesses). These variables provide an indication of the period of early-stage entrepreneurial activity: less than 3½ years of activity or more. New business ownership is more established and can be expected to have a greater chance of survival. Nascent entrepreneurship, on the other hand, reflects the dynamicity of the private sector in the economy. In Jordan (Figure 2.6), early-stage entrepreneurial activity is split in almost equal part between nascent entrepreneurship (4.1%) and new-born business ownership (4.6%).

Figure 2.6: Nascent Entrepreneurship and New Business Ownership Rates in Jordan in Global and Regional Comparisons, GEM 2016

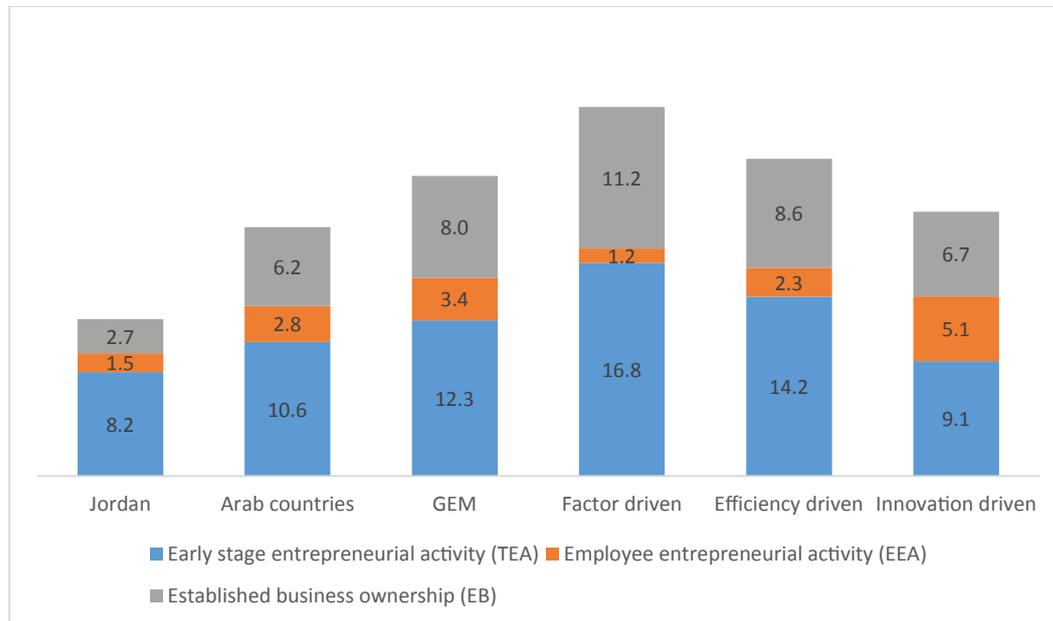


Further, to gain a complete picture on entrepreneurship in an economy, the information provided by the TEA rate should be complemented with the rate of established business ownership and with the rate of employee entrepreneurial activity. Information on the level of established businesses hints at the sustainability of entrepreneurship in an economy.

The rate of established business ownership in Jordan is relatively low, both in regional and global comparisons (Figure 2.7). With a rate of 2.7%, Jordan evidently underperforms compared with Arab countries (6.2%), efficiency-driven economies (8.6%), as well as the average of all countries participating in the GEM project (8.0%).

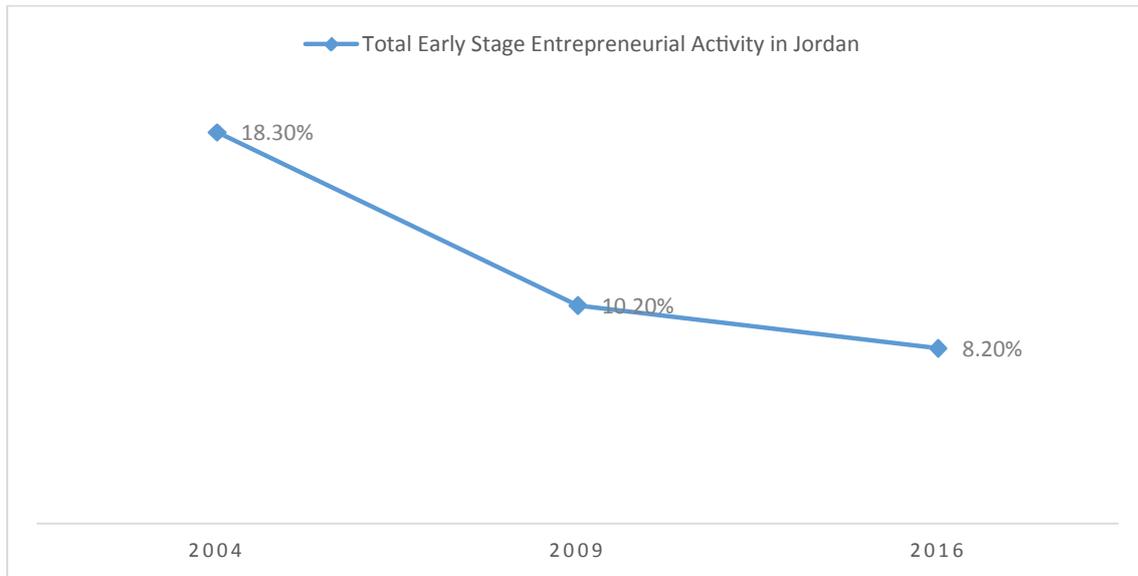
Employee entrepreneurial activity is also low: with an EEA rate of 1.5%, Jordan scores closer to the factor-driven economies (1.2%).

Figure 2.7: Entrepreneurial Activity in Jordan in Global and Regional Comparisons, GEM 2016



2.4 Jordan's Entrepreneurial Activity in 2004, 2009, and 2016

The present chapter provides an overview of the latest trends in entrepreneurship in Jordan as they emerge from a comparison between the results of the APS surveys, which were run in the country in 2004, 2009, and 2016. Accordingly, all facts, figures, and tables are based on the 2004, 2009, and 2016 APS survey results among the adult population. In particular, TEA has progressively decreased over time: it was 18.3% in 2004, 10.2% in 2009 and dropped to 8.2% in 2016 (Figure 2.8).

Figure 2.8: Evolution of TEA Rates in Jordan, 2004, 2009, and 2016

This downward trend may be ascribed to regional instability, which may have worsened the business and investment climate, and reflected in a decrease of the established business ownership rate from 5.3% in 2009 to 2.7% in 2016. As a corollary, discontinuation of business has also significantly increased from 15.3% in 2009 to 21.2% .

Table 2.3: Types of Entrepreneurial Activity in Jordan in 2009 and 2016

	2009	2016	2016 (Rank out of 67)
TEA	10.2	8.2	44
Nascent Entrepreneurship Rate	5.9	4.1	47
New Business Ownership Rate	4.9	4.6	31
Established Business Ownership Rate	5.3	2.7	60
Discontinuation of Businesses (% of TEA)	15.3	21.2	2

In order to classify early-stage entrepreneurship by motivation, the GEM framework introduces a major differentiation between necessity, opportunity, and improvement-driven early-stage entrepreneurial activities. Specifically, necessity-driven TEA is defined as the percentage of the adult population within TEA that has started a business out of necessity. Opportunity-driven TEA then encompasses the TEA share of the adult population that has started a business to pursue an opportunity. Improvement-driven TEA is a subgroup of opportunity-driven TEA, motivated by an income increase.

Box 2.2: Classification of TEAs by Motivation

Necessity-driven TEA: percentage within TEA of the population between 18 and 64 years who have begun a business out of necessity, because they have no better choice for work.

Opportunity-driven TEA: percentage within TEA of the population between 18 and 64 years who have begun a business out of an opportunity.

Improvement-driven TEA: percentage within TEA of the population between 18 and 64 years who have begun a business out of an opportunity to increase income.

Motivational index = ratio between Improvement-driven Opportunity TEA and Necessity-driven TEA

In Jordan, 2016 witnessed an improvement in the share of improvement-driven, opportunity-motivated, early-stage entrepreneurial activities from 35% of TEA in 2009 to 49% in 2016 (Figure 2.9). Of the 67 countries considered by the GEM survey, Jordan's rate of improvement-driven TEA is ranked 26th. In total, in 2016, 69% of TEA reported "opportunity" as being the main reason. Over the same period, necessity-driven TEAs have decreased from 28% in 2009 to 26.4% in 2016, yielding the 33rd position for Jordan in GEM global comparison. Overall, the motivational index, which captures the share of improvement-driven to necessity-driven TEAs, has improved from 1.2% in 2009 to 1.9% in 2016 (Figure 2.10).

Figure 2.9: Jordan's Motivational Index in 2009 and 2016

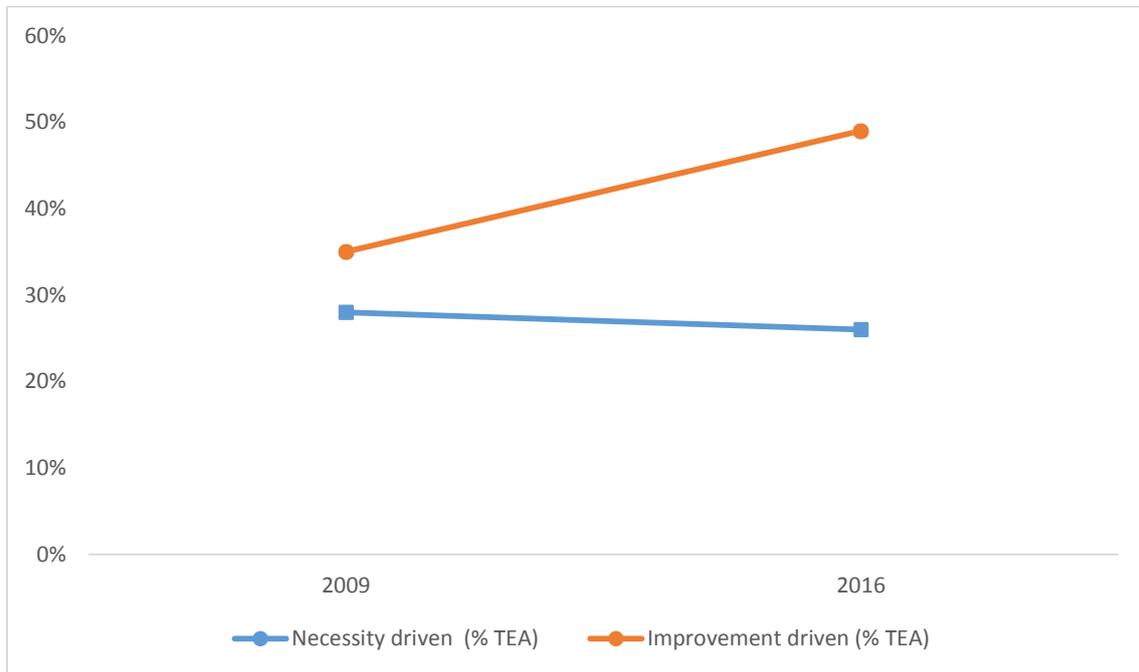
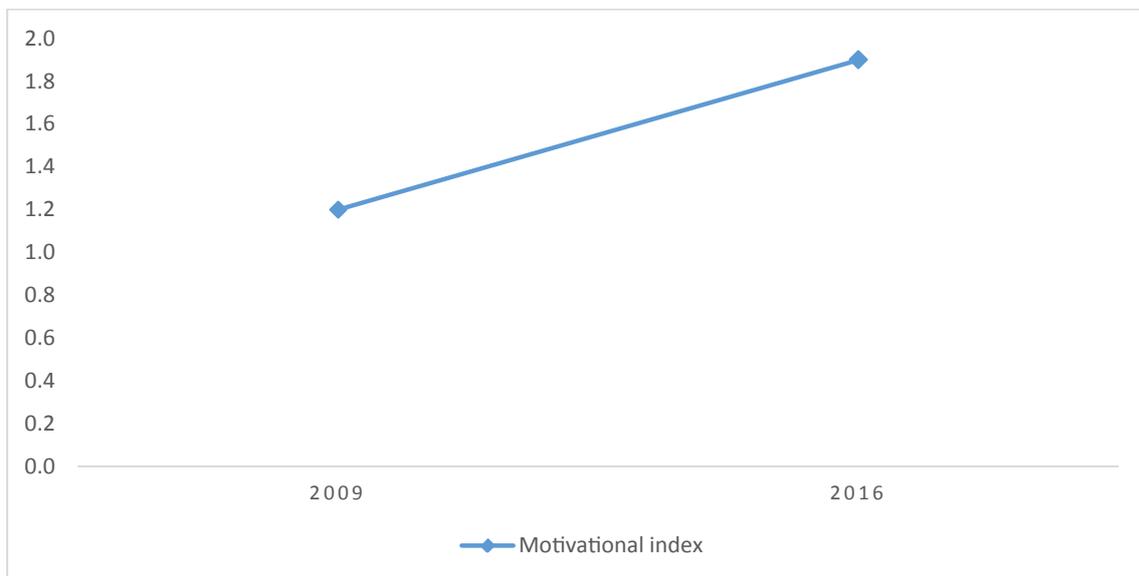


Figure 2.10: The Evolution of Necessity-driven vs. Improvement-driven TEA in Jordan between 2009 and 2016



The proportion of necessity to opportunity-driven entrepreneurship is quite consistent across groups of countries and in Jordan (Figure 2.11). For every two improvement-driven early-stage entrepreneurs, there is one who decides to start a business out of necessity and an absence of better job chances. This proportion can be read as an indication of the quality of early-stage businesses. Jordan reveals a slightly higher rate of necessity-driven entrepreneurship than the average rate for all countries involved in the GEM. This reflects a smaller motivational index in Jordan (1.9), than in the rest of the Arab countries (2.7) and Middle Eastern countries (2.5), as well as in all GEM countries (2.9) (Figure 2.12).

Figure 2.11: TEA by Motivation in Jordan in Global and Regional Comparisons, GEM 2016

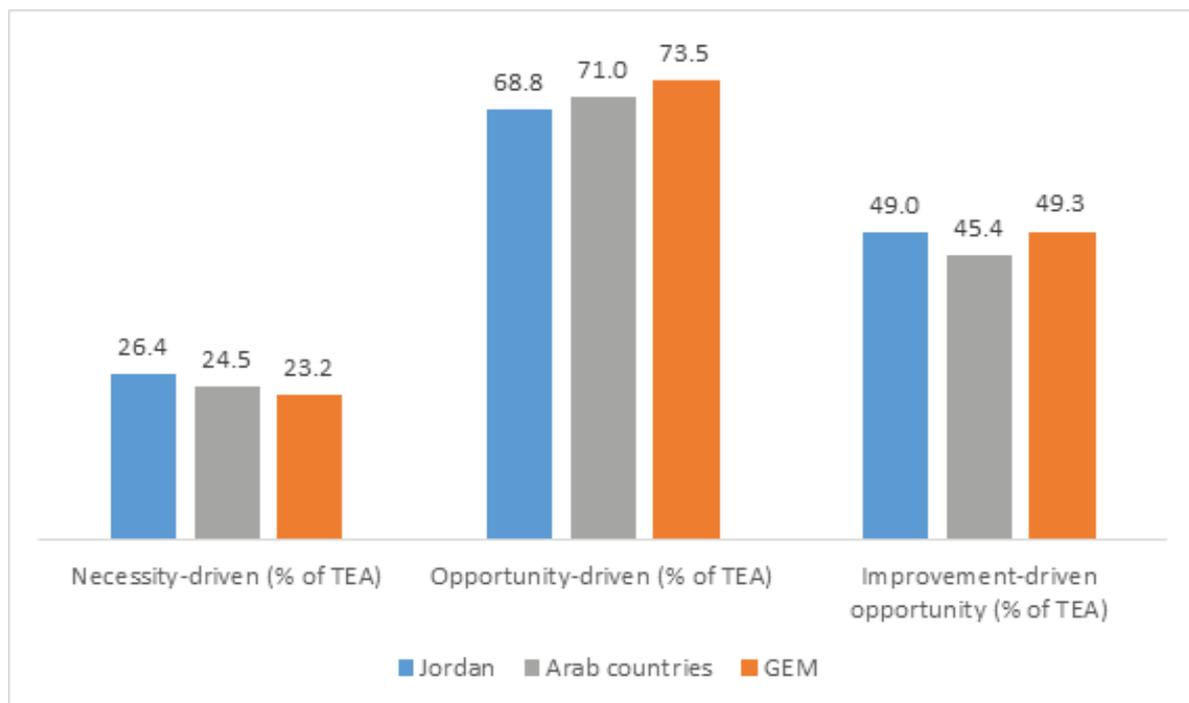
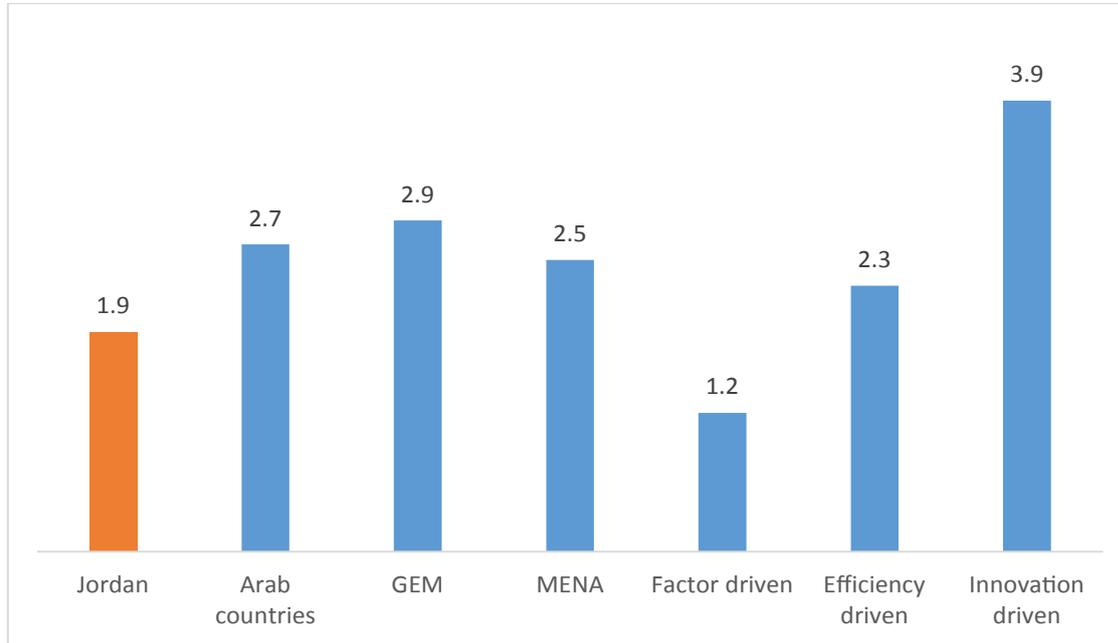
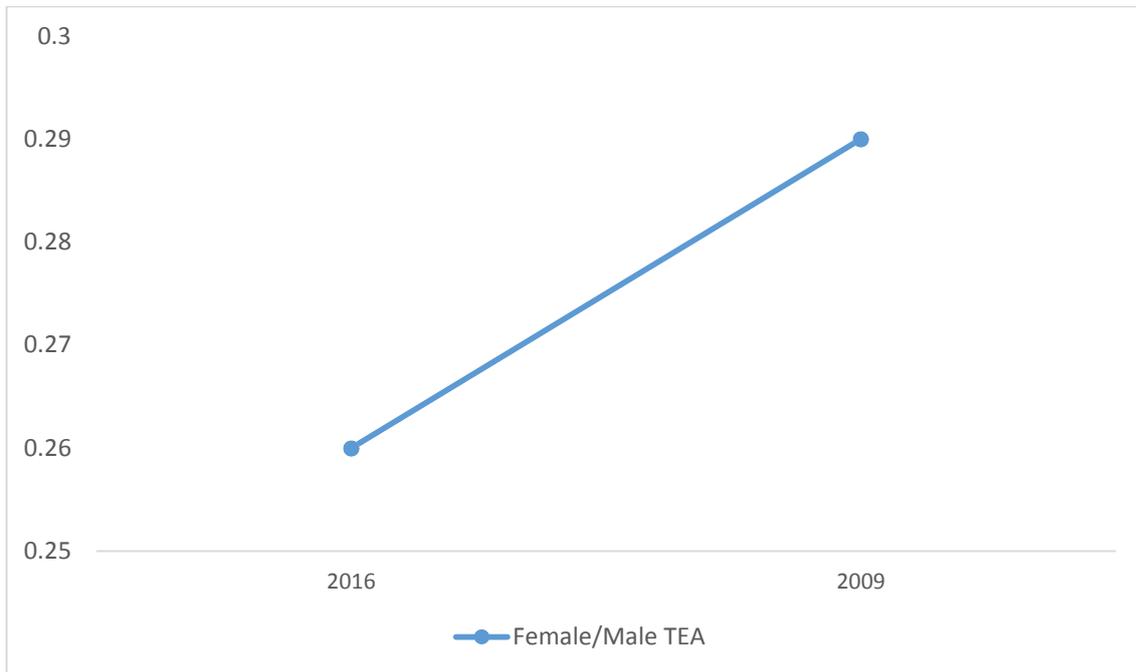


Figure 2.12: The Motivational Index in Jordan in Global and Regional Comparisons, GEM 2016



Separating TEA rates by gender, it emerges that female entrepreneurship represents a small share of the total early-stage entrepreneurial activities. Female TEA is 3.3% of the adult population compared to a male TEA rate of 12.8%. In a global comparison, Jordan ranks 33rd for male and 64th for female TEA rate. The rate of female to male TEA for 2016 is 0.26 and has remained slightly unchanged in comparison to 2009 which was 0.29 (Figure 2.13).

The low rate of female entrepreneurial activity can be partly explained based on the labor force participation rates: according to a survey by the Jordan Department of Statistics (DOS), in 2015, the refined economic activity rate was about 36.7% and consisted of 60% males and 13.3% females. The participation rate of females is quite low in Jordan, and the gap between genders is sustained for all age groups.

Figure 2.13: Jordan's Female/Male TEA in 2009 and 2016

2.5 Discontinuation of Business

The business discontinuance rate captures the percentage of the population aged 18–64 years (who are either nascent entrepreneurs or owner-managers of a new business) 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.

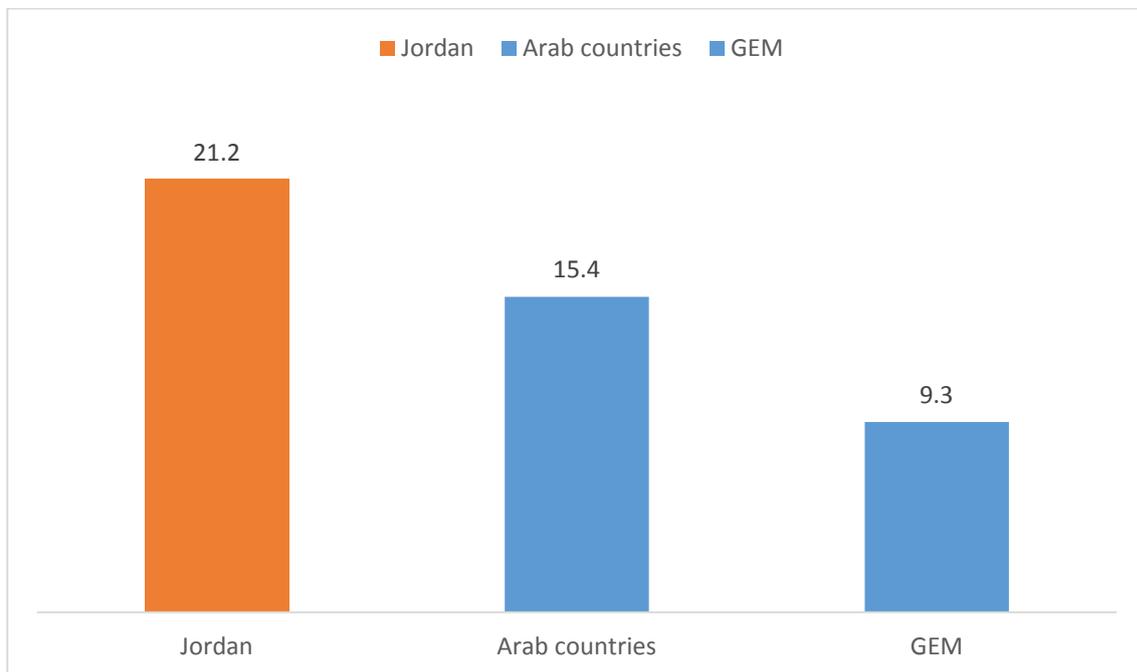
The interpretation of business discontinuation is not straightforward and need to be contextualized to be understood better. On the one hand, a high discontinuation rate may not only hint at low levels of preparations for venturing (capabilities, overconfidence, wrong perceptions about an opportunity, low level of motivation) but may also be a sign of unfavorable conditions for entrepreneurship, in terms of market conditions and demand and in terms of bureaucratic constraints.

On the other hand, a low rate of discontinuation may be a positive indicator of the solidity of entrepreneurship, but it may also reflect entrepreneurial inertia (Sandri *et al.*, 2010) and/or difficulties in exiting an unprofitable business (e.g., complicated exit regulations, taxation policy).

Thus, business discontinuance may be seen as a positive and negative element. It may be positive, if it is linked to the opportunity to sell, pursue another opportunity, or is a planned retirement. It may reflect some negative conditions if it can be associated with the lack of business profitability, problems with accessing financing, or running out of working capital. Entrepreneurial exit and termination of business is thus a very important issue and requires careful analysis.

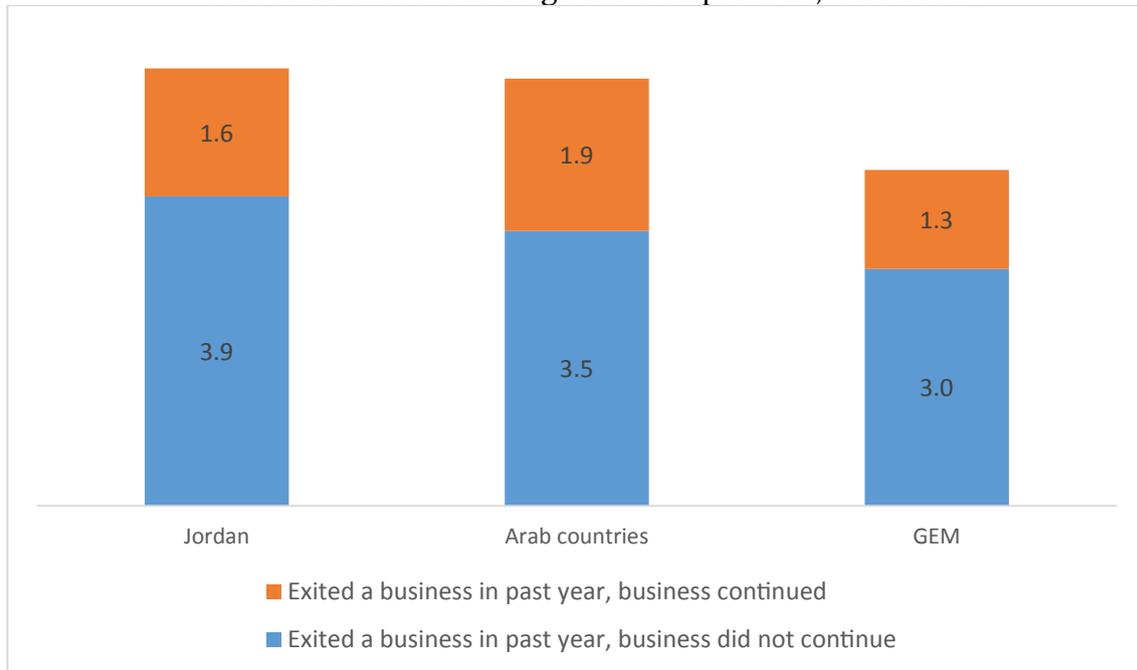
In Jordan, the level of discontinuance is high in relation to the number of startups and new businesses—for every five individuals currently starting or running a new business, there is one individual who has discontinued a business in the past year. With a discontinuation rate of 21.2% of TEA, Jordan ranks 2nd in a global comparison, with India being the economy with the highest discontinuation rate (26.4%). As a benchmark, the Arab countries involved in the GEM evaluation seem to be characterized by a high discontinuation rate (15.4% of TEA), which is higher than the GEM countries (9.3%) (Figure 2.14).

Figure 2.14: Discontinuation of Business as Percentage of TEA in Jordan in Global and Regional Comparisons, GEM 2016



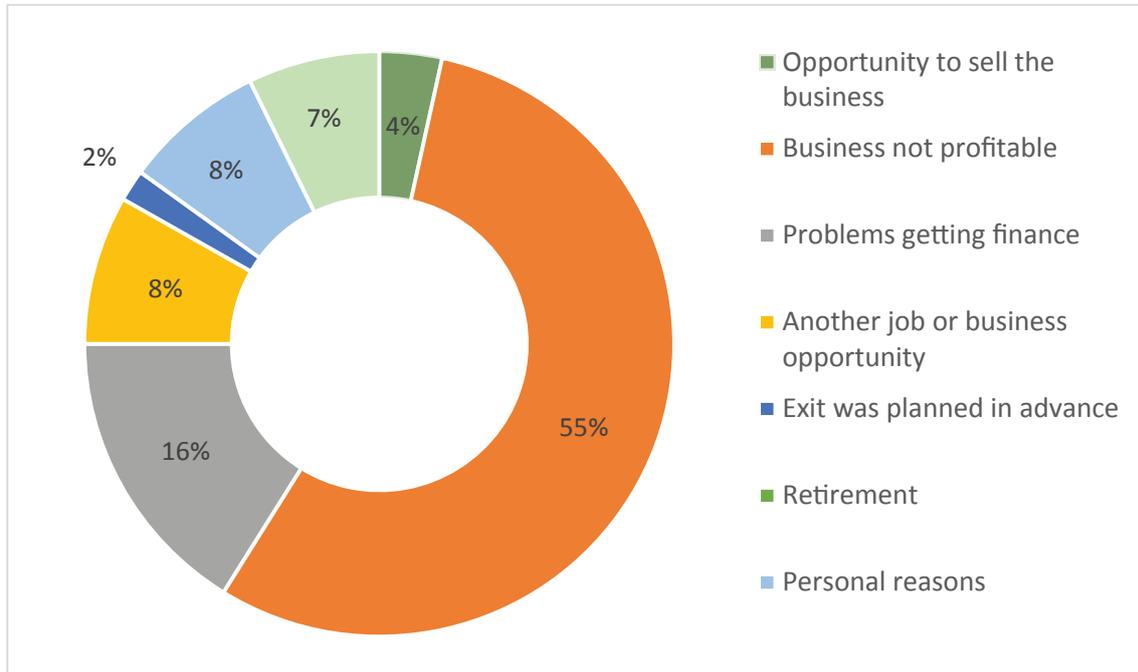
To better understand the meaning of the discontinuation of businesses, it is important to examine whether the exited businesses have been continued or abandoned. In Jordan, the rate of businesses that have continued is higher than in the global and regional comparisons (Figure 2.15).

Figure 2.15: Absolute Percentage of Exited businesses, Continued, and Abandoned in Jordan in Global and Regional Comparisons, GEM 2016



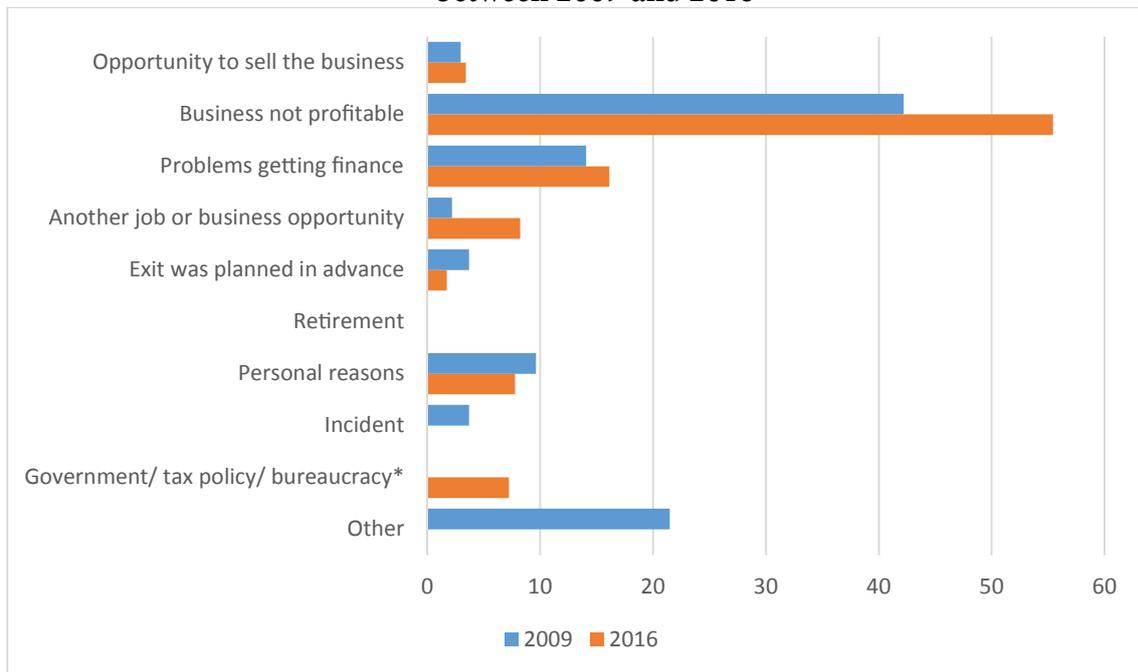
It is also interesting to inspect the reasons for business discontinuation. Here, the GEM framework considers several reasons, ranging from business profitability and further opportunities, to problems in obtaining financing, regulation, and bureaucracy, to personal reasons.

As Figure 2.16 presents, the main reasons for business discontinuation in Jordan are the unprofitability of business (55%), followed by problems in getting financing (16%). Another job or another business opportunity was cited by 8% of entrepreneurs who exited a business, similarly for personal reasons. A share of 7% indicated government and tax policy, as well as bureaucracy, to be the main reasons behind the decision to discontinue a business.

Figure 2.16: Reasons for Business Discontinuation in Jordan, 2016

The relative importance of the different reasons for business discontinuation is essentially confirmed by the results of the 2009 APS survey (Figure 2.17). In 2009, the main exit reason was business unprofitability. Considering the large share of responses belonging to the residual category («other»), it should be noted that the 2009 survey did not present among the possible choices the response «government, tax policy, or bureaucracy».

Figure 2.17: Evolution of Reasons for Business Discontinuation in Jordan between 2009 and 2016



Chapter 3: Jordan's Entrepreneurship Environment

3.1 The Entrepreneurial Framework Conditions

According to the GEM model, there are several fundamental factors that have significant direct and indirect effects on entrepreneurial activity in a given country. These factors can be summarized as the nine Entrepreneurial Framework Conditions (EFCs), as described in Table 3.1.

Table 3.1: GEM Entrepreneurial Framework Conditions

Entrepreneurial finance	Availability of financial resources, equity, and debt for new and growing firms, including grants and subsidies
Government policy	The extent to which government policies support entrepreneurship. This consists of two main components: entrepreneurship as a relevant policy issue within the government, and the presence of taxes or regulations that are either size-neutral or that encourage new and growing firms
Government entrepreneurship programs	The presence and quality of programs directly assisting young firms at all levels (of government (national, regional, and municipal
Entrepreneurial education	The extent to which training in creating and managing new, small, or growing business firms is incorporated within the education and training systems at all levels of education within the country. Entrepreneurial education is assessed at basic-school (primary and secondary) levels and at post-school (vocational and university) levels
R&D transfer	The extent to which national research and development will lead to new commercial opportunities, and whether or not R&D is available for new, small, and growing firms
Commercial and legal infrastructure	The presence of commercial, accounting, property rights, and other legal services and institutions that allow or promote the emergence of small, new, and growing business entities
Entry regulations	The extent of entry regulations on entrepreneurship in the country based on level of market dynamics (the level of change in markets from year to year) and market openness (the extent to which new firms are free to enter existing markets
Physical infrastructure	Ease of access to available physical resources (communication, utilities, transportation, land, or space) at a price that does not discriminate against new, small, or growing firms
Cultural and social norms	The extent to which existing social and cultural norms promote, or do not discourage, individual actions leading to new business or economic activities that may increase personal wealth and income

As a general note, the EFCs are most likely to work in countries with stable political and institutional frameworks, as well as with sound macroeconomic fundamentals. In this regard, Jordan is successfully preserving its economic and political stability, even though it has been exposed to many external shocks since 2009; the most important of these have been the financial crisis of 2009 and the Arab Spring, which have severely affected the Jordanian economy (Alshyab and Khasawneh, 2013). These events have, among other immediate consequences, led to the disruption of gas imports from Egypt, the outbreak of the Syrian crisis, and a massive inflow of refugees. Jordan faces major potential macroeconomic challenges, which heighten the chances of a sovereign debt crisis, the risk of which is further exacerbated by regional political instability. Concerning public debt, the government is making efforts to consolidate its public finances (IMF Program Note of April 3, 2015). According to the International Monetary Fund (IMF), Jordan is successfully maintaining its monetary and political stability, via adopting prudent fiscal and monetary policies (IMF, Program Note of April 3, 2015).

3.2 The 2016 National Experts Survey in Jordan

In the realm of the GEM Project 2016, the National Experts Survey (NES) has been conducted in Jordan with 36 experts in business and entrepreneurship-related fields. As a general guideline, the NES survey queries a minimum of 36 experts within each country participating in the GEM evaluation.

In the frame of the NES, experts are asked to assess their responses concerning the factors influencing the EFCs in their respective country on a nine-point Likert scale, with 1 being «highly insufficient» or «completely false» and 9 being «highly sufficient» or «completely true». The questions are calibrated so that a score of 5, corresponds to the answer «neither true nor false», implying that the factor is considered neutral in its effect on entrepreneurship in

the country. Higher scores reveal that the factor in question can be assessed as a favorable element for entrepreneurship in the country under investigation, whereas lower scores imply a negative effect on entrepreneurship in the country.

Each EFC was measured as an arithmetic average of the experts' assessments of several survey items, which elicited some sub-dimensions. As an example, Box 3.1 presents the survey items used to elicit the experts' assessment of financial support to entrepreneurship.

Box 3.1: Financial Support

1. In my country, there is sufficient equity funding available for new and growing firms.
2. In my country, there is sufficient debt funding available for new and growing firms.
3. In my country, there are sufficient government subsidies available for new and growing firms.
4. In my country, there is sufficient funding available from informal investors (family, friends, and colleagues) who are private individuals (other than founders) for new and growing firms.
5. In my country, there is sufficient funding available from professional business angels for new and growing firms.
6. In my country, there is sufficient funding available from venture capitalists for new and growing firms.
7. In my country, there is sufficient funding available through initial public offerings (IPOs) for new and growing firms.
8. In my country, there is sufficient funding available through private lenders' funding (crowdfunding) available for new and growing firms.

Furthermore, Jordanian experts were requested to express their opinions about cultural perceptions and the amount of societal support provided to senior entrepreneurship, which were elicited as specified in Box 3.2.

Box 3.2: Societal Perceptions of Senior Entrepreneurship

1. In my country, it is more difficult for people aged 50 or over to search for a job than for people aged less than 50.
2. In my country, people aged 50 years and over are living longer, healthier, and more active lives than before.
3. In my country, there are programs and tax benefits to encourage people aged 50 and older to begin their own business.
4. In my country, the experience and accumulated knowledge of people aged 50 or over generally increases their chances of successfully starting a business.
5. In my country, entrepreneurs aged 50 or over are more interested in supplementing their income than growing their business.
6. In my country, most people think that people aged 50 or over should be planning for retirement rather than starting businesses.

3.3 A Global Perspective on Jordan's Entrepreneurship Environment

Jordan is assessed by the experts on a global and regional scale. Figure (3.1) benchmarks Jordan to all GEM countries, as well as, the group of Arab countries that participated in the GEM survey. On average, Jordan is below global and regional averages in terms of governmental support and policies, taxes and bureaucracy, governmental programs, cultural and social norms, as well as basic-school and post-school entrepreneurial education and training. The gap is particularly wide with regard to the two dimensions related to education. However, Jordan also scored higher than the global and regional averages in evaluations regarding internal market dynamics and physical and services infrastructures. The evaluation of internal market openness is in consonance with the regional average but below the global average. Interestingly, the assessment of financing for entrepreneurs is similar to the global and regional averages.

Comparing Jordan with the group of efficiency-driven countries (Figure 3.2), a similar picture emerges; Jordan underperforms in terms of governmental support and policies, taxes and bureaucracy, governmental programs, cultural and social norms, as well as basic-school and post-school entrepreneurial education and training. Internal market openness is assessed to be slightly below average.

For an exact comparison, Table 3.2 provides an overview of the scores of Jordan, vis-à-vis other groups of countries, and Table 3.3 ranks Jordan within the 67 countries participating in the GEM assessment. The ranking evidently highlights the potential of Jordan's internal market dynamics, for which Jordan ranks 21st in global comparisons. It also exposes an urgent need to improve entrepreneurial education, in particular at vocational, professional, college and university levels, for which Jordan occupies the last position in global ranking.

Figure 3.1: Summary of Experts' Assessment of Jordan in Global and Regional Comparisons, GEM 2016

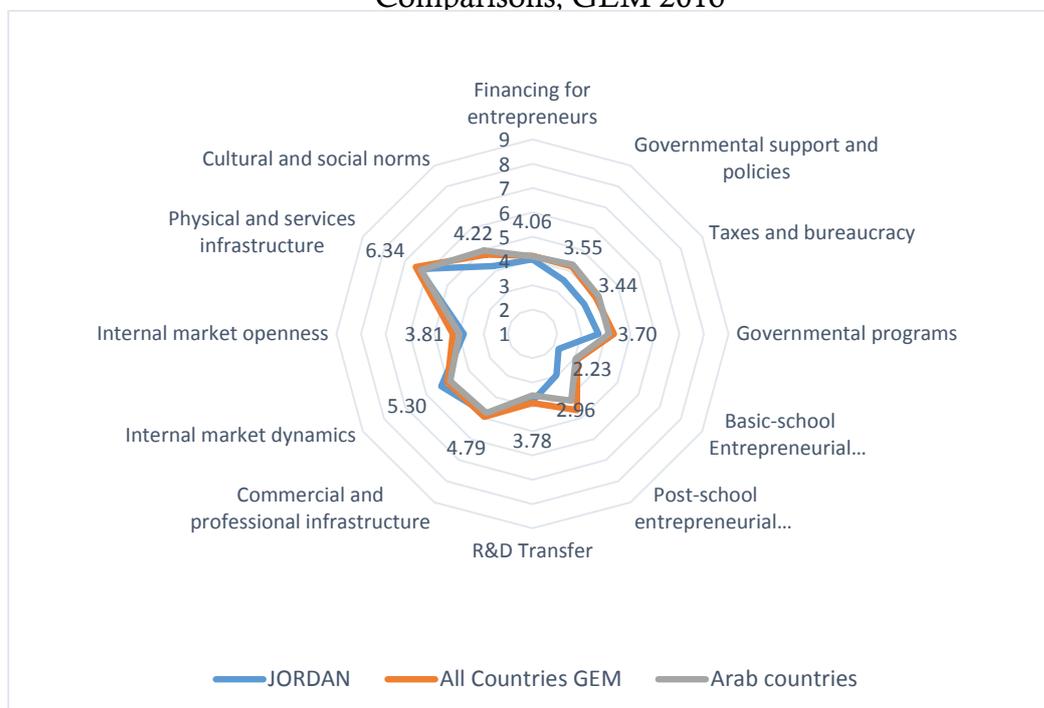


Figure 3.2: Summary of Experts' Assessment of Jordan and Efficiency-driven Countries, GEM 2016

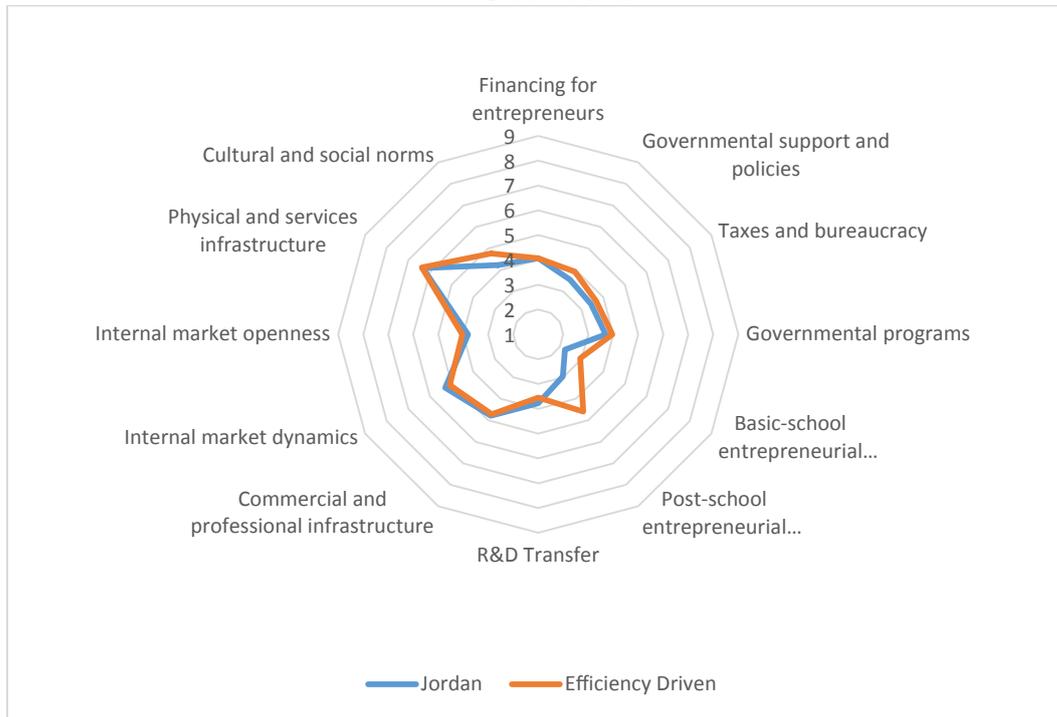


Table 3.2: Summary of Experts' Assessment of Jordan in Global and Regional Comparisons, GEM 2016

	Jordan	All countries (GEM)	Arab countries	Factor-driven	Efficiency-driven	Innovation-driven
Financing for Entrepreneurs	4.06	4.22	4.19	3.77	4.07	4.51
Governmental Support and Policies	3.55	4.21	4.29	4.53	3.92	4.47
Taxes and Bureaucracy	3.44	3.98	4.11	4.14	3.67	4.33
Governmental Programs	3.70	4.32	4.14	4.10	3.96	4.81
Basic-School Entrepreneurial Education and Training	2.23	3.11	3.04	2.72	2.93	3.42
Post-School Entrepreneurial Education and Training	2.96	4.62	4.17	4.40	4.59	4.73
R&D Transfer	3.78	3.84	3.53	3.17	3.55	4.37
Commercial and Professional Infrastructure	4.79	4.94	4.76	4.82	4.72	5.23
Internal Market Dynamics	5.30	4.98	4.88	4.87	5.08	4.88
Internal Market Openness	3.81	4.25	3.99	3.82	4.04	4.62
Physical and Services Infrastructure	6.34	6.51	6.26	6.08	6.38	6.77
Cultural and Social Norms	4.22	4.76	4.96	4.35	4.76	4.86

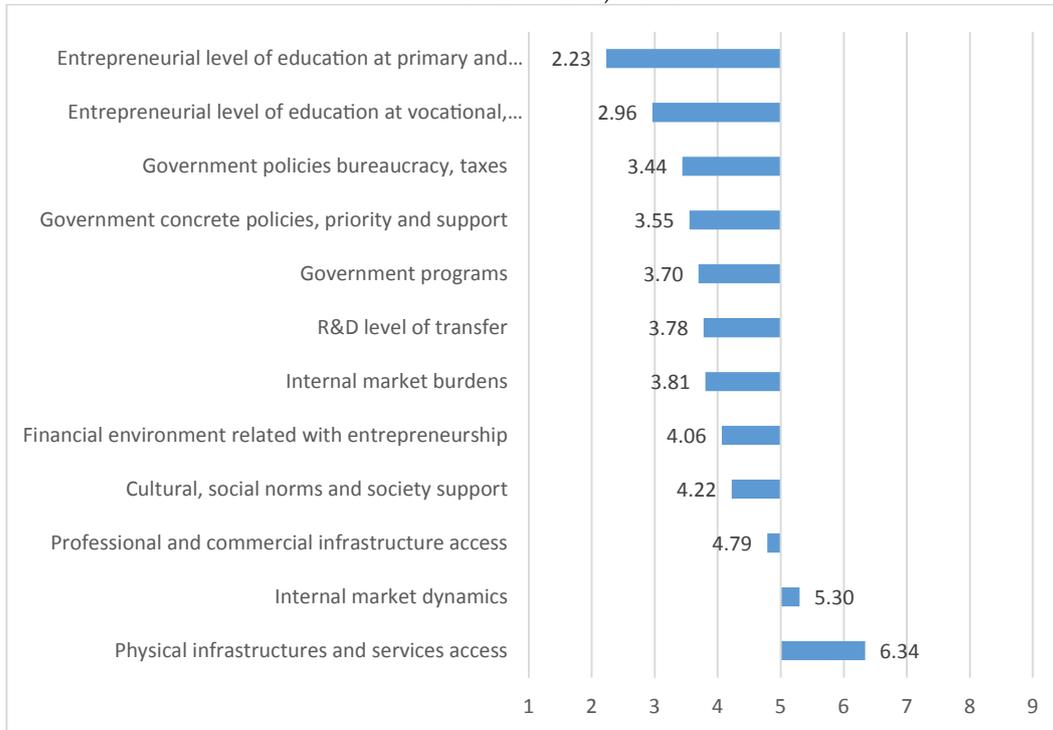
Table 3.3: Ranking Jordan's Entrepreneurial Environment among 67 GEM Countries, GEM 2016

	Rank
Financial Environment Related to Entrepreneurship	39
Government Concrete Policies, Priority, and Support	48
Government Policies, Bureaucracy, Taxes	43
Government Programs	48
Entrepreneurial Education at Primary and Secondary Schools	57
Entrepreneurial Education at Vocational, Professional, College, and University	67
R&D Level of Transfer	37
Professional and Commercial Infrastructure Access	41
Internal Market Dynamics	21
Internal Market Burdens	53
Physical Infrastructures and Services Access	40
Cultural, Social Norms and Society Support	44

3.4 An Assessment of Jordan's Entrepreneurial Environment

The strengths and weaknesses of Jordan's entrepreneurship environment are particularly certain when ranking the experts' assessments of the Entrepreneurship Framework Conditions in ascending order (Figure 3.3). Internal market dynamics, physical infrastructures, and access to services can be assessed as favorable elements for entrepreneurship.

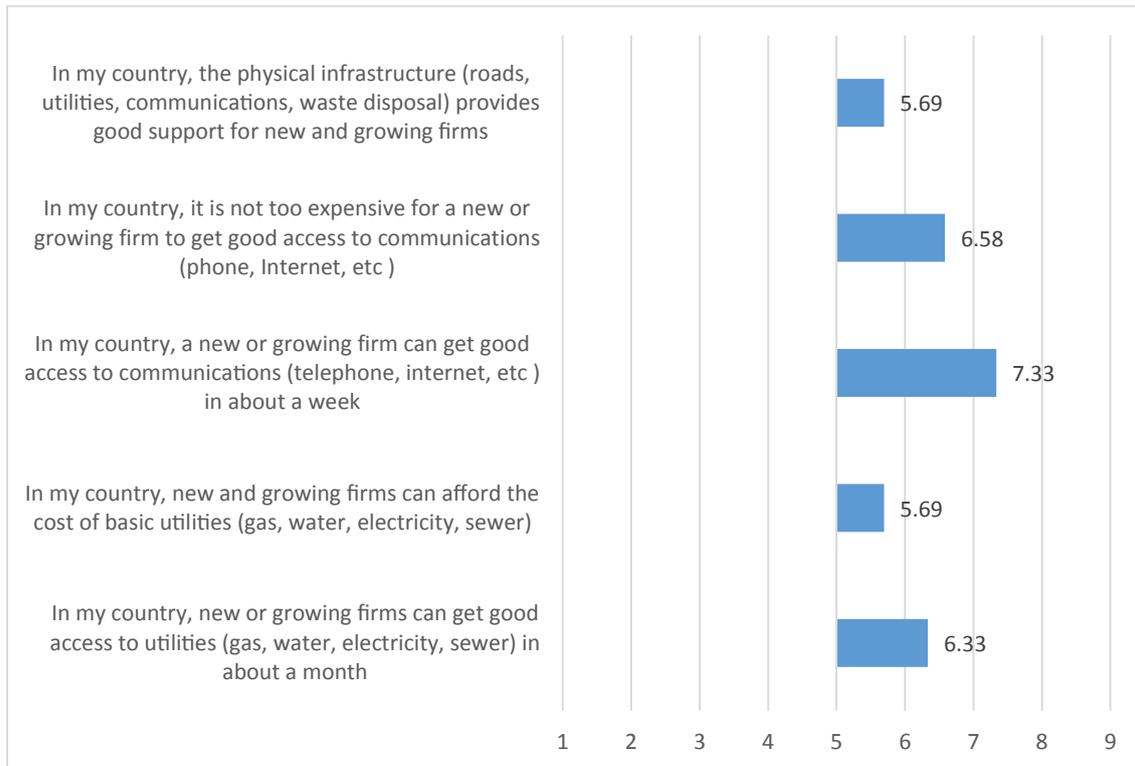
Figure 3.3: Summary of Experts' Assessment of Jordan's Entrepreneurship Environment, 2016



3.4 Strengths of Jordan's Entrepreneurship Environment

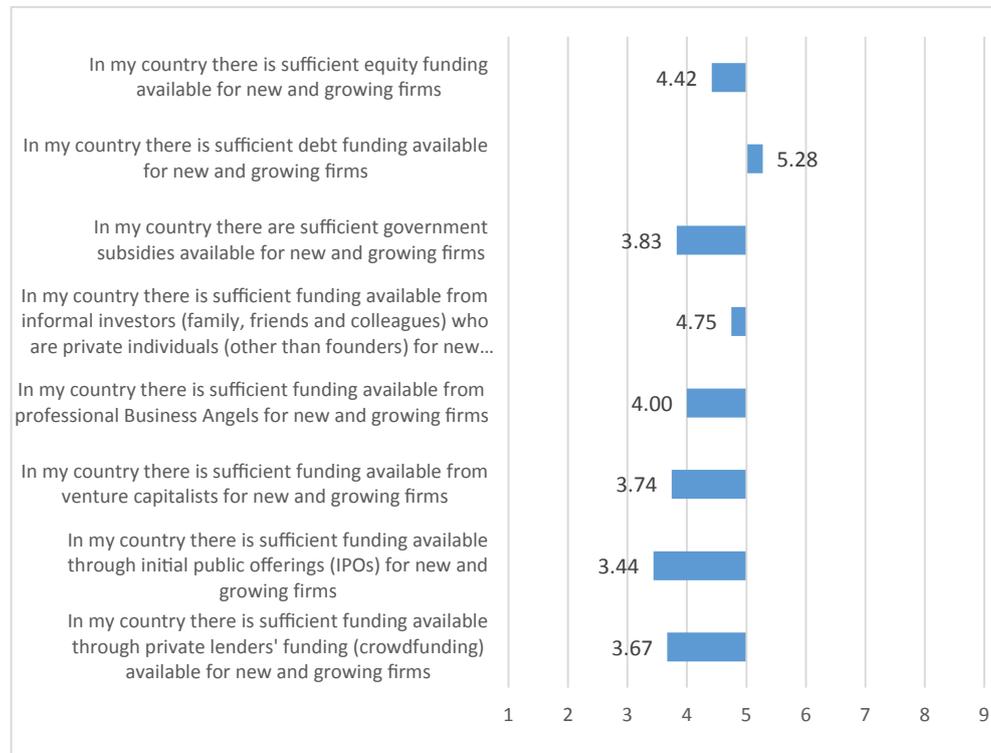
Physical infrastructures and access to services were perceived as strengths of Jordan's entrepreneurship environment. The specific scores accorded by experts, with regard to each sub-item, are presented in Figure 3.4. An analysis of the scores reveals that Jordan has a good infrastructure for promoting business through its transportation, physical infrastructures (gas, electricity, and sewer), and communication services.

Figure 3.4: Experts' Assessment concerning Physical Infrastructure and Access to Services in Jordan, 2016



An important factor in terms of successful entrepreneurship is the availability of financing. In this respect, Jordan received a moderate score from the experts. As Figure 3.5 indicates, the items eliciting the adequacy of public offering and crowdfunding received low scores (3.44 and 3.67, respectively). A positive score was assigned to the availability of debt funding (5.28), which can be interpreted as a signal for the existence of a sound, well-developed banking system in the country.

Figure 3.5: Experts' Assessment concerning Financial Environment related to Entrepreneurship in Jordan, 2016



3.5 Weaknesses of Jordan's Entrepreneurship Environment

Among the weaknesses highlighted by the Jordanian experts, the support for entrepreneurial education, at a basic and higher education level, remains a pertinent factor for future entrepreneurial success in Jordan. High youth unemployment rates signal the need to reform education and to improve youth employability. As a result, the debate on reforming higher education is flourishing. Jordanian government authorities are concerned with meeting the needs of the labor market and promoting knowledge transfer between university and industry, and some analysts have already indicated the importance of entrepreneurial education for economic growth and development in the country (Mehtap, 2014; Sandri, 2016).

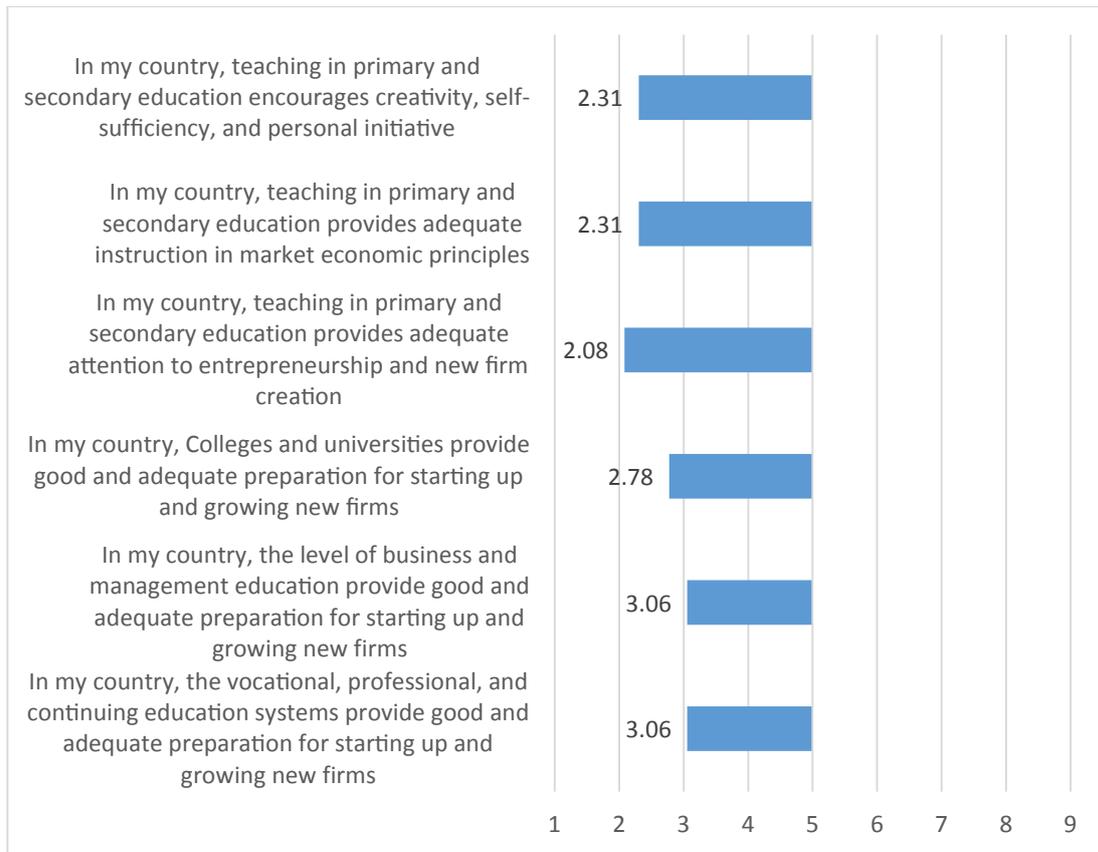
According to the GEM framework, the prevalence of entrepreneurial education at basic and non-basic levels was assessed via several survey items, as specified in Box 3.3.

Box 3.3: Assessing Education and Training

1. In my country, teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative.
2. In my country, teaching in primary and secondary education provides adequate instruction in market economic principles.
3. In my country, teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation.
4. In my country, colleges and universities provide a good and adequate preparation for starting up and growing new firms.
5. In my country, the level of business and management education provide a good and adequate preparation for starting up and growing new firms.
6. In my country, the vocational, professional, and continuing education systems provide a good and adequate preparation for starting up and growing new firms.

Such a negative evaluation of entrepreneurship education and training for Jordan, which invests significant resources into human capital and has a higher level of educational attainment, is an important element to be considered for future policy recommendations. The specific answers of the experts to the six questions on entrepreneurship education and training are presented in Figure 3.6. The lowest score was given by the experts to the item «In my country, teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation», followed by the item «In my country, teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative».

Figure 3.6: Experts' Assessment Concerning Education and Training in Jordan, 2016



Among these weaknesses, the effects of government policies, bureaucratic complexities, and tax structures, as well as governmental support for entrepreneurship and policies, on overall entrepreneurship was assessed using the questions presented in Boxes 3.4 and 3.5.

Box 3.4: Assessing Government Policies

1. In my country, government policies (e.g., public procurement) consistently favor new firms.
2. In my country, the support for new and growing firms is a high priority for policy at the national government level.
3. In my country, the support for new and growing firms is a high priority for policy at the local government level.
4. In my country, new firms can acquire most of the required permits and licenses in about a week.
5. In my country, the amount of taxes is NOT a burden for new and growing firms.
6. In my country, taxes and other government regulations are applied to new and growing firms in a predictable and consistent way.
7. In my country, coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms.

Box 3.5: Assessing Government Programs

1. In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency.
2. In my country, science parks and business incubators provide effective support for new and growing firms.
3. In my country, there are an adequate number of government programs for new and growing businesses.
4. In my country, the people working for government agencies are competent and effective in supporting new and growing firms.
5. In my country, almost anyone who requires assistance from a government program for a new or growing business can search for what they require.
6. In my country, government programs aimed at supporting new and growing firms are effective.

The results of the experts' evaluations on these two subjects are presented in Figures 3.7 and 3.8. Overall, it emerges that the current state of the Jordanian bureaucracy is not creating a favorable environment for new business creation. Therefore, authorities are making efforts to fix this issue by facilitating procedures to register and start new businesses. This appears to be corroborated by the almost neutral score that was given to the item «In my country, the support for new and growing firms is a high priority for policy at the national government level».

Figure 3.7: Experts' Assessment concerning Government Policies in Jordan, 2016

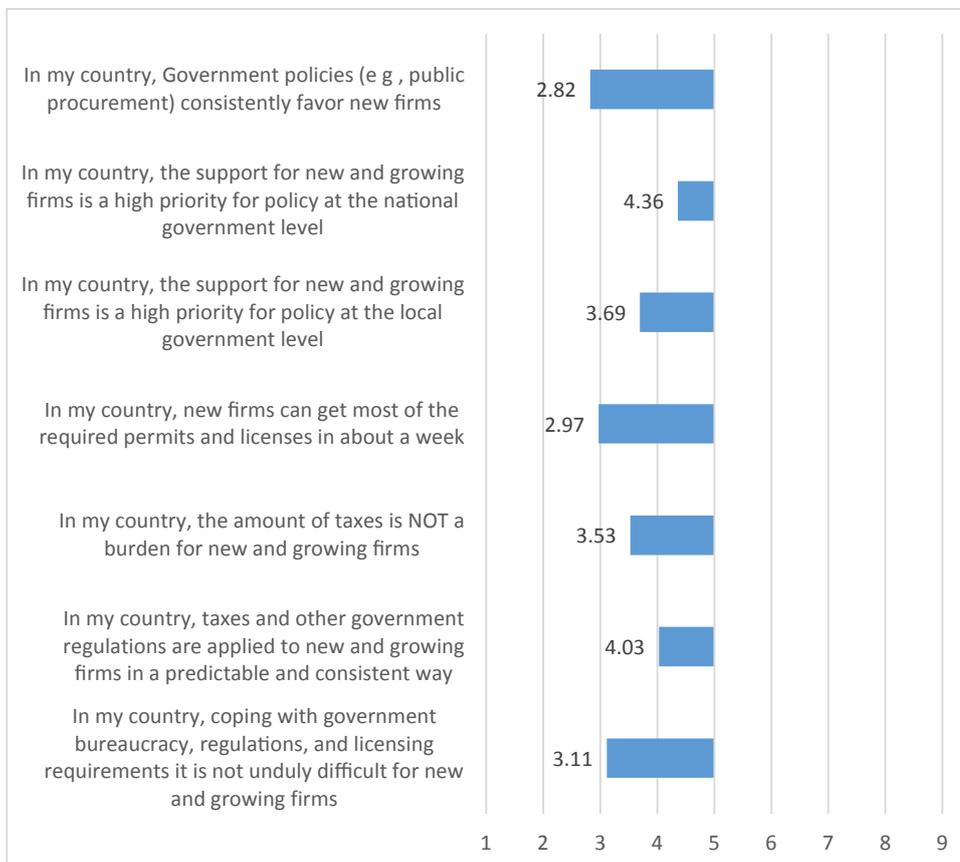
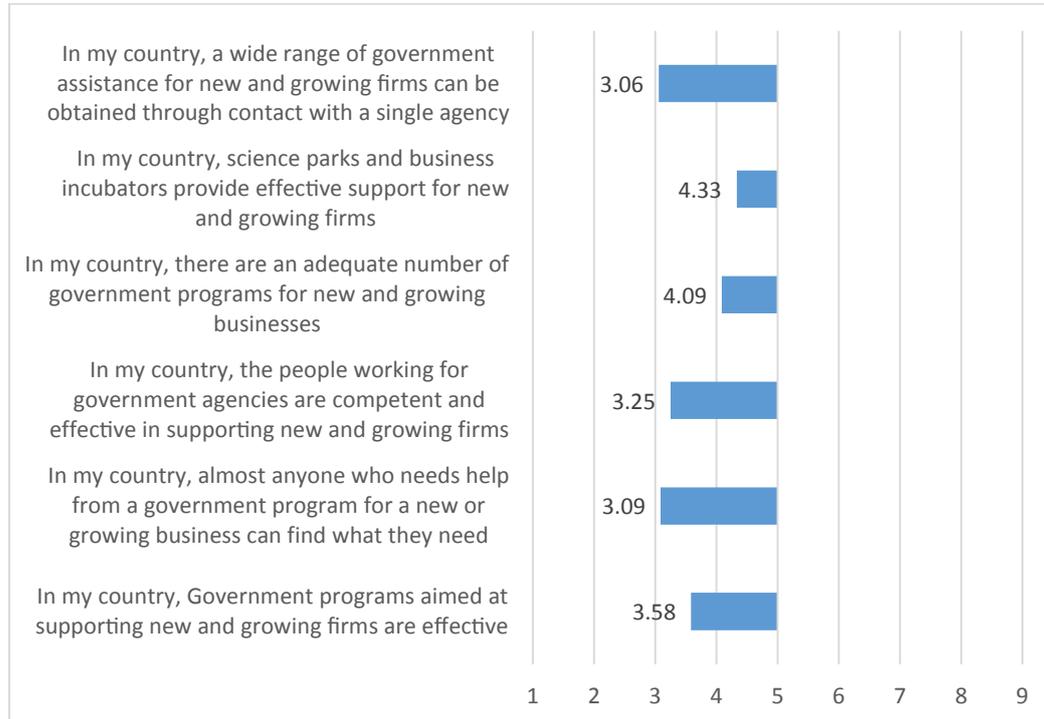


Figure 3.8: Experts' Assessment concerning Government Programs in Jordan, 2016

3.6 Key Constraints to Entrepreneurial Activity

The overall experts' assessments of the Jordanian entrepreneurship environment are in consonance with the established key constraints to entrepreneurial activity in Jordan as gathered from interviews with the national experts. The differences can mostly be interpreted as reflecting the perceived importance of the different constraints for entrepreneurship. Figure 3.9 displays a cross-country comparison, the most important constraints to entrepreneurship, and Table 3.4 presents the actual figures on all constraints considered within the GEM framework.

Specifically, 65% of Jordanian experts listed government policies as being one of the main constraints to entrepreneurial activity. Government policies were mentioned as key constraints to entrepreneurship by the majority of the experts consulted across all GEM countries (50%) and by 57% of the experts in the Arab countries. Thus, government support seems to be a critical factor

across the Middle Eastern countries participating in the GEM project and should be restructured for promoting entrepreneurship, and consequently economic development and growth in the region.

Even though the financing of entrepreneurship in Jordan appears to be at a similar level as the average level of government financing of entrepreneurship within the efficiency-driven economies (respectively, 4.06 and 4.07, see Table 3.2), financial support was mentioned as being a key constraint by 50% of the experts in Jordan and about 48% in the group of Arab countries (regional) and in all countries (global).

Cultural and social norms were further perceived as being a constraining factor to entrepreneurship in Jordan by 28% of the experts, much more than the global (25%) and regional (23%) averages. This finding may be related to the so-called culture of shame («aib»), which leads to the popular rejection of jobs and sectors of activity that are perceived to be too humble (Alshyab, 2012).

Almost 24% of Jordanian experts have mentioned education and training as major factors hampering entrepreneurship in the country, and this corroborates the results of the weak assessment of the education system within Jordan's entrepreneurship environment.

Interestingly, even though physical infrastructure was mentioned as a factor positively influencing the entrepreneurship environment in Jordan, access to physical infrastructure was mentioned by more experts (10.2%) on a domestic scale than on a global scale (9.2%) but by fewer experts than the regional scale (18%). Thus, considering the existence and relative success of physical infrastructure, it may be a priority for policy makers to improve its accessibility to potential entrepreneurs.

In a global comparison, the capacity for entrepreneurship was mentioned by more experts in Jordan than worldwide (17.1% versus 15.1%), similar to political, institutional, and social contexts (15% versus 13.9%) and corruption (8.6% versus 7.2%).

Figure 3.9: Key Constraints to Entrepreneurship in Jordan and a Global Comparison, GEM 2016

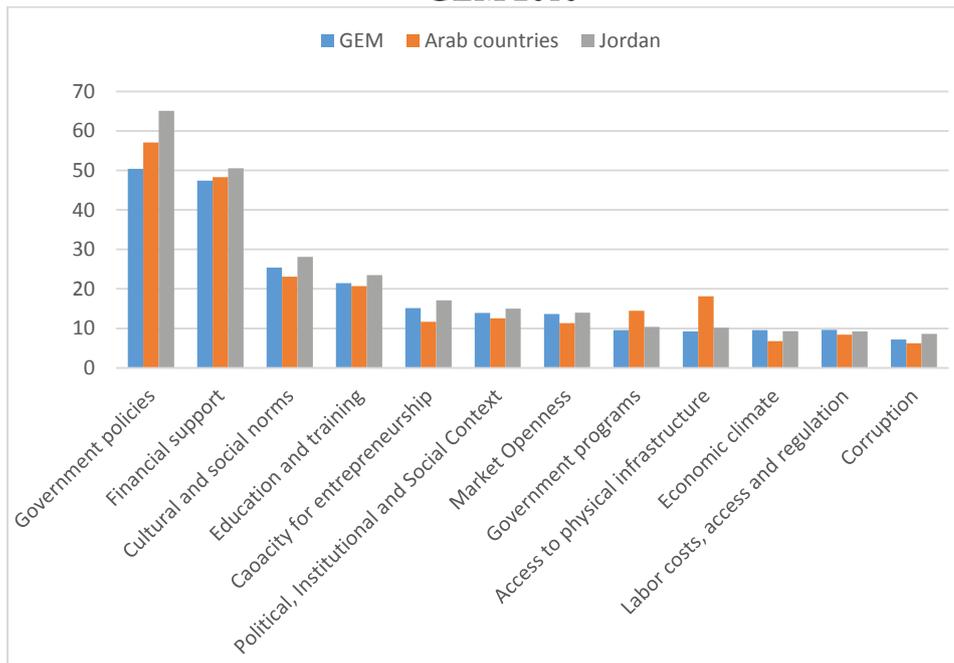


Table 3.4: Key Constraints to Entrepreneurship in Global and Regional Comparisons, GEM 2016

Constraints to Entrepreneurship	Percentage of Experts Citing this Factor		
	GEM Countries	Arab Countries	Jordan
Government Policies	50.4	57.1	65.1
Financial Support	47.4	48.3	50.6
Cultural and Social Norms	25.4	23.1	28.1
Education and Training	21.4	20.7	23.5
Capacity for Entrepreneurship	15.1	11.7	17.1
Political, Institutional, and Social Context	13.9	12.6	15.0
Market Openness	13.7	11.3	14.0
Government Programs	9.6	14.5	10.4
Access to Physical Infrastructure	9.2	18.1	10.2
Economic Climate	9.6	6.8	9.3
Labor Costs, Access, and Regulation	9.6	8.4	9.2
Corruption	7.2	6.2	8.6
Work force features	6.0	6.7	6.1
R&D transfer	5.4	6.2	5.7
Different performances of small, medium, and large companies	4.8	2.9	4.9
Commercial and professional infrastructure	4.5	9.4	4.6
Information: all responses related to this issue	3.7	6.3	4.0
Internationalization	1.9	1.1	1.8
Economic crises	1.0	0.2	1.1
Perceived population composition	0.9	1.3	0.8

3.7 Key Supporting Conditions to Entrepreneurial Activity

The most important conditions supporting entrepreneurial activity mentioned by the experts in Jordan are summarized in Figure 3.10. Government support and policies, as well as government programs, occupy the first two positions, as they were mentioned respectively by 32.6% and 30% of the experts. As Table 3.5 reveals, this seems to be a common opinion across experts in the Arab countries involved in the GEM survey. Capacity for entrepreneurship, education and training, financial support, and cultural and social norms follow as key factors in the success and proliferation of entrepreneurial activities.

Figure 3.10: Key Supporting Factors to Entrepreneurship in Jordan and a Global Comparison, GEM 2016

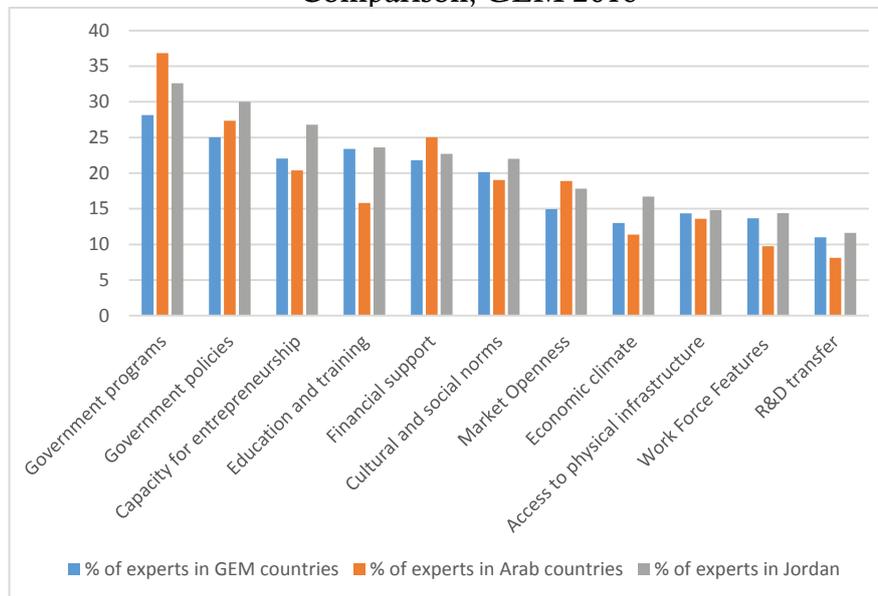


Table 3.5: Supporting Factors to Entrepreneurship in Jordan in Global and Regional Comparisons, GEM 2016

Supporting factors to entrepreneurship	Percentage of experts citing this factor		
	GEM countries	Arab countries	Jordan
Government programs	28.1	36.8	32.6
Government policies	25.0	27.3	30.0
Capacity for entrepreneurship	22.1	20.4	26.8
Education and training	23.4	15.8	23.6
Financial support	21.8	25.0	22.7
Cultural and social norms	20.1	19.0	22.0
Market openness	14.9	18.9	17.8
Economic climate	13.0	11.4	16.7
Access to physical infrastructure	14.4	13.6	14.8
Work force features	13.7	9.7	14.4
R&D transfer	11.0	8.1	11.6
Political, institutional, and social context	9.3	7.9	10.2
Commercial and professional infrastructure	10.6	10.2	9.7
Internationalization	5.8	7.2	5.7
Perceived population composition	5.0	6.0	5.3
Information: all responses related to this issue	5.4	7.2	5.3
Labor costs, access, and regulation	4.1	6.3	3.9
Different performances of small, medium, and large companies	1.8	1.6	1.7
Economic crises	1.3	0.2	1.2
Corruption	0.4	0.1	0.4

3.8 Key Recommendations from National Experts

From the National Experts Survey, the GEM project derives several key recommendations on how to foster entrepreneurship and improve governance and support to entrepreneurial activities in a country.

The recommendations of the national experts involved improving government policies, education and training, as well as providing financial support for entrepreneurship (Figure 3.11, Table 3.6).

In particular, the recommendation to improve government policies to encourage and support entrepreneurship was cited by 71.6% of the experts. A greater percentage of the experts recommended government policy restructuring in Jordan than in the other Arab countries or in the world.

Almost half of the Jordanian experts (46.7%) cited education and training as other issues that require improvement. For the sake of comparison, education and training were mentioned as key recommendations by significantly less experts (39.4%) in the overall average of the Arab countries.

Figure 3.11: Key Recommendations to Foster Entrepreneurship in Jordan and a Global Comparison, GEM 2016

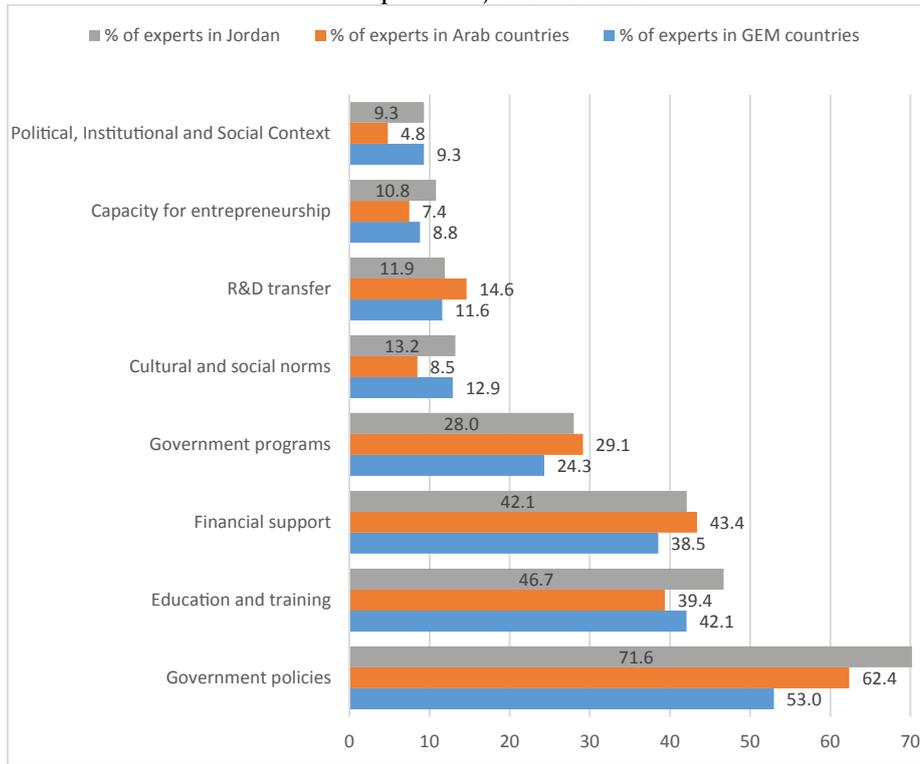


Table 3.6: Key Recommendations to Foster Entrepreneurship in Jordan in Global and Regional Comparisons, GEM 2016

Key Recommendations to Foster Entrepreneurship	Percentage of Experts Citing this Factor		
	GEM Countries	Arab Countries	Jordan
Government policies	53.0	62.4	71.6
Education and training	42.1	39.4	46.7
Financial support	38.5	43.4	42.1
Government programs	24.3	29.1	28.0
Cultural and social norms	12.9	8.5	13.2
R&D transfer	11.6	14.6	11.9
Capacity for entrepreneurship	8.8	7.4	10.8
Political, institutional, and social context	9.3	4.8	9.3
Market Openness	6.3	7.4	7.4
Access to physical infrastructure	6.6	10.4	7.2
Commercial and professional infrastructure	7.3	10.0	7.0
Information: all responses related to this issue	5.7	7.6	6.3
Labor costs, access, and regulation	4.3	1.6	4.4
Economic climate	4.0	3.2	3.9
Internationalization	4.1	5.4	3.9
Different performances of small, medium, and large companies	3.9	3.0	3.8
Corruption	2.6	1.2	2.9
Work force features	2.4	1.8	2.5
Perceived population composition	0.8	0.1	0.8
Economic crises	0.0	0.0	0.0

Chapter 4: Jordan's Perspective on Entrepreneurship

This chapter considers the main landscape of entrepreneurial activity and characteristics of entrepreneurs in Jordan. It assesses the participation and inclusiveness of different groups (i.e. age, gender, and educational level) in the Jordanian economy. The intention is to provide an overview of the basic parameters required for effective policy interventions in Jordan.

4.1 Gender Differences

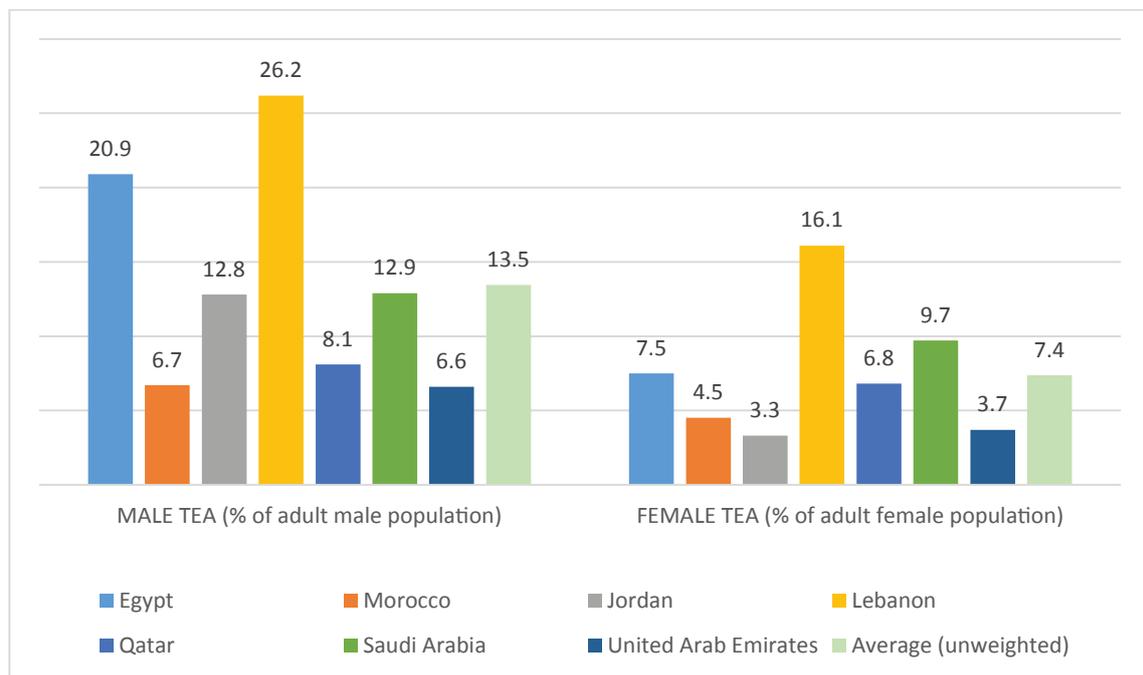
The inclusiveness and participation of women in economic activity is highly significant when it comes to promoting inclusive and sustainable growth. The gender findings of the GEM survey in Jordan reflect a low participation rate of women in economic activity (13.2%) and this corresponds to high unemployment rates among women (24.1%) (Department of Statistics, 2016). According to the WEF Global Gender Gap Report, Jordan ranks 138th out of 144 countries in terms of gender economic participation and opportunity (Department of Statistics, 2016).

The findings on the involvement in early-stage entrepreneurial activity as measured by the overall TEA indicate a large variation between female and male entrepreneurs in Jordan. While male involvement accounts for 12.8% of the total adult population, only 3.3% of the female population is engaged in early-stage entrepreneurial activity.

When compared with the 2009 results, the data reveals that the gender gap in entrepreneurial activity is widening in Jordan. In fact, Jordan's female TEA is the lowest among all other Arab countries and four percentage points below the female TEA percentage average, whereas the male TEA rate is equal to the male TEA average in the Arab countries (Figure 4.1).

Globally, GEM findings have shown higher involvement rates of men regardless of the country's level of economic development. However, the findings of the 2016/2017 GEM report indicate that Jordan, Germany, Italy, and France have the lowest female involvement rate in early-stage entrepreneurial activity.

Figure 4.1: TEA Rates by Gender in Jordan and a Regional Comparison, GEM 2016



The findings of the entrepreneurial motives for male and female adult populations involved in TEA in Jordan are provided in Figure 4.2. The results indicate that women in Jordan are more likely to take up businesses motivated by opportunity. While 36.8% of the females involved in TEA pursue business out of necessity, 56.2% pursue business motivated by opportunity. However, the number of males involved in TEA who pursues business out of necessity is 24%, while 71.7% of the TEA males seek business as an opportunity.

When compared with other Arab countries, the differential between the male and female necessity rates is the highest in Jordan (Table 4.1). In addition, the average of women who perceive business as a necessity seems to exceed the average of other Arab countries and the rate for efficiency-driven economies. The fact that necessity-driven female entrepreneurship (36.8%) is higher than male entrepreneurship (24%) in Jordan might be explained partly by women's low participation rate in the labor force and the lack of alternative employment opportunities.

Figure 4.2: Opportunity and Necessity TEA by Gender in Jordan and a Regional Comparison, GEM 2016

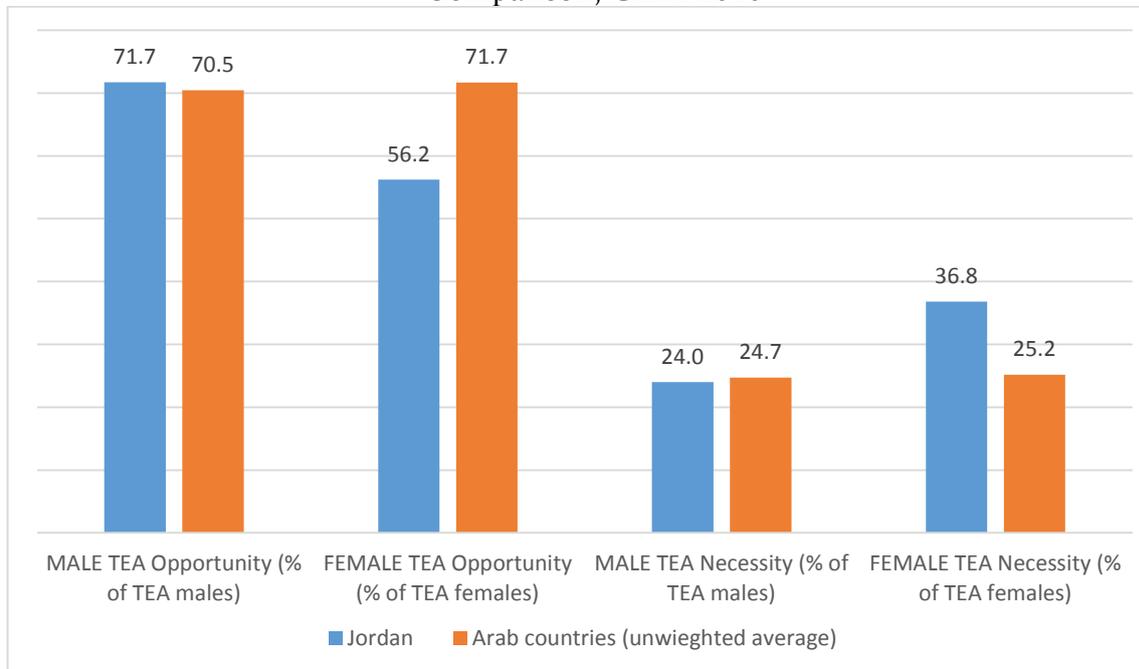


Table 4.1: Ranking of Necessity TEA by Gender in Jordan, Comparison by Region and Phases of Economic Development, GEM 2016

	Male TEA Necessity (% of TEA Males)	Female TEA Necessity (% of TEA Females)
Egypt	33	27
Morocco	29	25
Jordan	24	37
Lebanon	41	37
Qatar	12	6
Saudi Arabia	9	6
UAE	27	39
Arab countries (unweighted average)	25	25
Factor-driven	30	32
Efficiency-driven	24	29
Innovation-driven	17	20

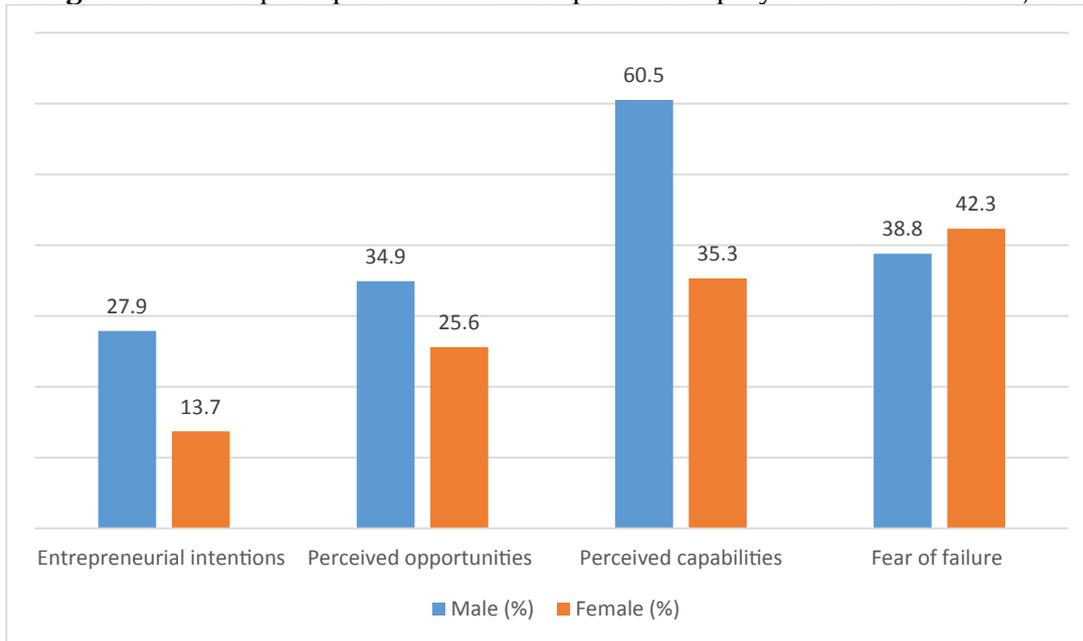
Perceptions and attitudes also clarify on how entrepreneurial activity is perceived by both genders and provide an explanation for the differences in the participation rates. The gender gap between females and males in Jordan can be evaluated by considering gender perceptions and attitudes toward opportunities, capabilities, and failure. The three critical factors for entrepreneurial intention and accomplishment are entrepreneurial self-efficacy, the ability to recognize opportunities, and the fear of failure. There is a consensus in the literature that these factors are mainly associated with the decision to begin a new venture and can explain the differences in the entrepreneurial behavior of men and women (Camelo-Ordaz et al., 2016).

Figure 4.3 reveals perceived opportunities among women and men as a percentage of the adult population in Jordan. The share of potential female entrepreneurs of the adult population is 13.7% versus 27.9% potential male entrepreneurs. The percentage of females who perceive opportunities for beginning a business is 25.6% versus a percentage of 34.9% for males.

Another important factor to be considered regarding the gap in Jordan is women's perception of their entrepreneurial skills or self-efficacy. This difference could be seen in the skills and capabilities perceptions, with about 35.3% of the adult population of women, versus 60.5% of men, believing that they have the required skills to begin a business. Women also demonstrate a higher perceived rate of fear of failure (42.3%) in comparison to men (38.8%).

These gaps between women and men concerning psychological factors such as attitudes toward opportunities, capabilities, and failure are not unexpected. While women in Jordan have achieved remarkable literacy and educational levels that are similar to men, one can expect that factors of a cultural, societal, and economic nature have a substantial effect on women's confidence and trust in their own abilities. This self-perception may obstruct women from seeing themselves as potential entrepreneurs and from beginning their own businesses.

However, when considering the difference in the percentage rate between women and men in terms of the perceived rate of fear of failure, one can observe that the difference is minor, with only 3 percentage points. Minniti (2009) argues that risk aversion and decreased perception of fear of failure would increase the possibility that an individual will begin a new venture. This finding indicates that women in Jordan, when provided with the resources (i.e. training, finance, mentors), are risk-takers and not apprehensive about starting their own businesses.

Figure 4.3: Self-perception about Entrepreneurship by Gender in Jordan, 2016

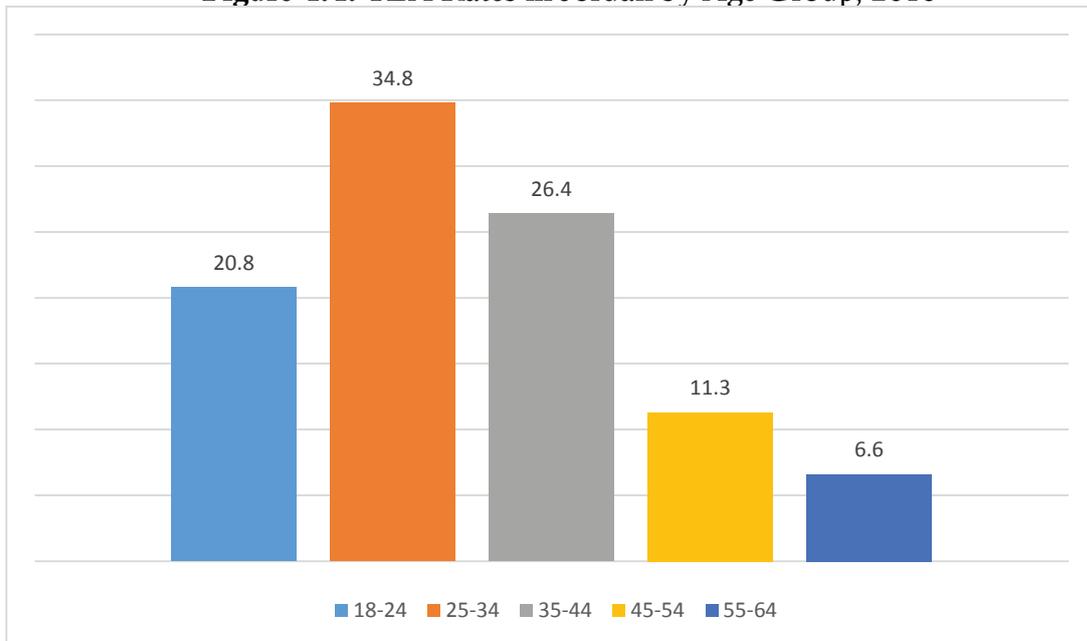
4.2 Age Structure

The age structure of early entrepreneurial activity in Jordan reveals that the largest contribution to TEA comes from the group of people ranged 25–34 years old. The lowest participation in TEA is observed for the senior group of 55–64 years old (Figure 4.4).

Most of the TEA participation is observed between the age groups of 25–34 and 35–44, which covers around 61.2% of the total TEA participation. This is consistent with the GEM 2016 global findings that demonstrate that the largest group of early-stage entrepreneurs is between the age of 25–34 and 35–44 years old for most of the countries, regardless of their level of economic development.

Consistent with GEM findings in other countries, the higher participation rates among the age groups between 25–34 and 35–44 years old, who are in their early and mid-careers, may be explained by higher levels of education, skills, and financial resources.

Figure 4.4: TEA Rates in Jordan by Age Group, 2016



The data for participating Arab countries suggest the prevalence of early-stage entrepreneurial activity (TEA) among the age groups of 25–34 and 35–44 and show a decline in the rates as age increases (Table 4.2). Jordan TEA rates are consistent with the average rate of the participating Arab countries.

Table 4.2: TEA Rates by Age Group in Jordan and a Regional Comparison, GEM 2016

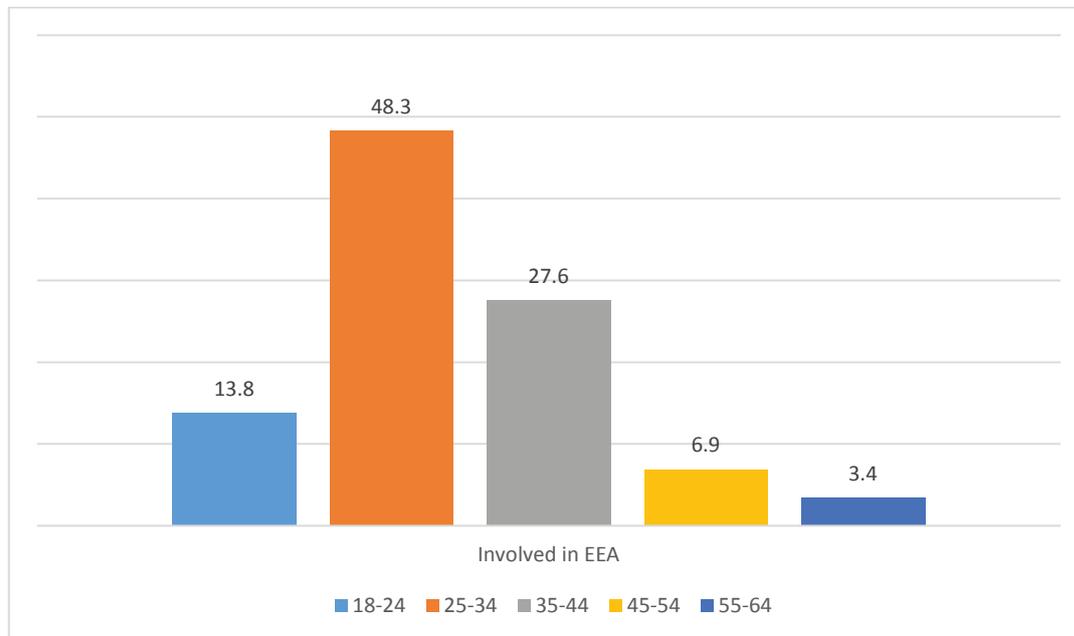
Country	years 24–18 old	years 34–25 old	years 44–35 old	years 54–45 old	years 64–55 old
Egypt	16	18	15	9	6
Jordan	6	9	10	8	7
Lebanon	19	28	28	15	12
Morocco	3	8	7	5	4
Qatar	6	8	9	6	7
Saudi Arabia	12	14	10	10	5
United Arab Emirates	3	5	6	11	6
Average (Unweighted)	9	13	12	9	7

GEM defines entrepreneurial employee activity (EEA) as the percentage of the adult population aged between 18 and 64 years 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 subsidiary. The notion of an entrepreneurial employee or intrapreneurial activity became recognized after the GEM popularized the concept in policy circles and academia.

The age structure for the groups participating in EEA shows that the largest percentage of involvement comes from the 25–34 years old age group with a 48.3% contribution, followed by the 35–44 years old age group with a contribution of 27.6% (Figure 4.5). Stam (2013) found evidence that the level of entrepreneurial employee activity is associated with the level of knowledge investments, activities, and output in a country. These new findings emphasize the significance of entrepreneurial employee activity in public policy when looking for new channels of knowledge and value creation. For public policy to be able to promote employee entrepreneurial activity, it should emphasize

the need to offer entrepreneurship courses that focus on employee entrepreneurship as another form of opportunity beside independent entrepreneurship.

Figure 4.5: EEA Rates by Age Group in Jordan, 2016



4.3 Education

Education and training are vital elements in fostering entrepreneurial activity. Figure 4.6 demonstrates entrepreneurial activity rates at different levels of educational attainment. The highest level of involvement can be observed among adults with secondary education (38.7%), followed by university graduates with a lower rate of 24.7%, by adults with diplomas (15.3%), and finally, by adults with essential education (12%).

The numbers decrease largely at both ends of the spectrum. Adults with no education constitute only 1.3% of TEA participation, which might reflect their lack of skills and abilities to begin their own business. Studies on the individual level have shown that both nascent entrepreneurship and self-employment are positively affected by the level of educational attainment (Coudras et al., 2008).

The other end of the spectrum is the group of adults with PhDs (0.7%), higher diplomas (0.7%), and master's degrees (1.3%). These groups reflect the dynamics in the labor market in Jordan where more educated, skilled, and knowledgeable adults have better employment opportunities.

Figure 4.6: Educational Attainment of Early-stage Entrepreneurs in Jordan, 2016

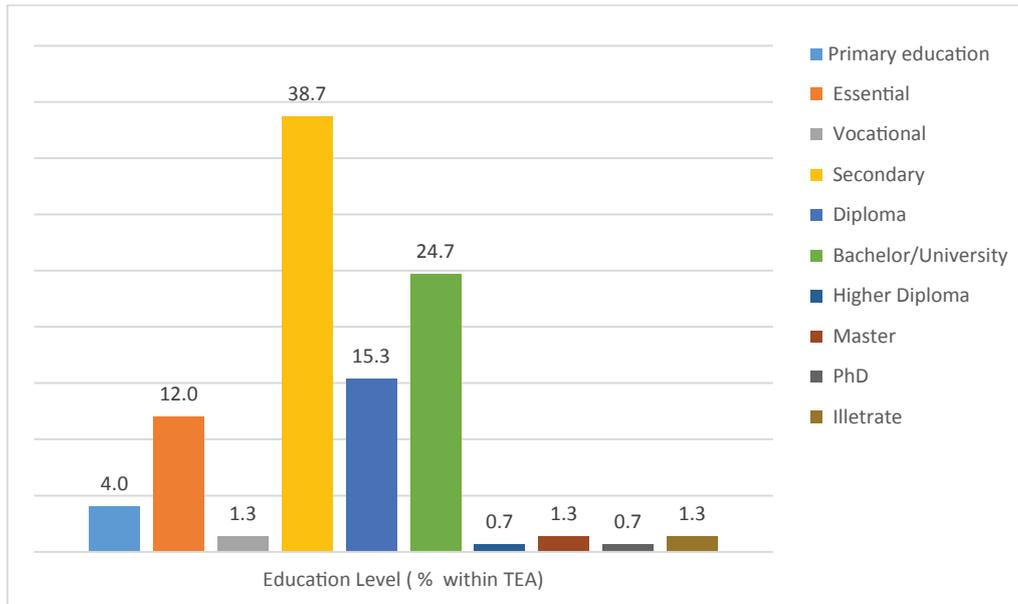
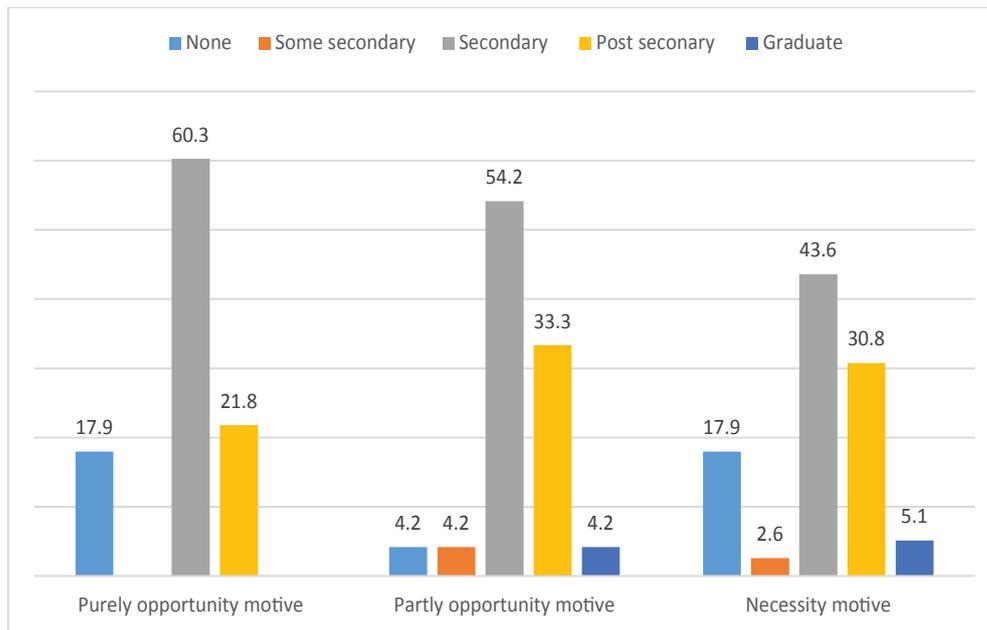


Figure 4.7 demonstrates that those with secondary education are among the most active during early-stage entrepreneurial activity, accounting for 60.3% of the opportunity-motivated early-stage entrepreneurial activity and 43.6% of necessity-motivated early-stage entrepreneurs. However, entrepreneurs with post-secondary education account for 30.8% of necessity-driven, early-stage entrepreneurs, and opportunity-motivated, early-stage entrepreneurs' accounts for 21.8% of early-stage entrepreneurial activity.

Figure 4.7: Educational Attainment of Early-stage Entrepreneurs by Motive in Jordan, 2016



4.4 Firm Type and Sector Distribution

The GEM report highlights the high level of consumer-oriented activity among entrepreneurs in both factor- and efficiency-driven economies. The low barriers to entry, as well as low skills and small capital requirement, reveal the prevalence of consumer-oriented activity in factor- and efficiency-driven economies (GEM, 2015). Figure 4.8 suggests that the level of industry participation in Jordan is dominated by consumer-oriented businesses constituting 65.3% of the total industry participation. The findings reveal the level of participation as being at 26.4% of the total sector participation of entrepreneurs in Jordan dedicated to transforming activities, followed by extractive activities (5%) and business services (3%).

The total distribution of established businesses is rather similar to that of early-stage entrepreneurial activity; however, it denotes a lower share in the consumer-oriented and extractive businesses, which accounts for 53.6% and 4.6%, respectively. The transforming sector is higher by 11.1 percentage points in the established businesses, where it increased to 37.5% and business services decreased to 4.2%.

Figure 4.8: Distribution of TEA and EB by Industry in Jordan, 2016

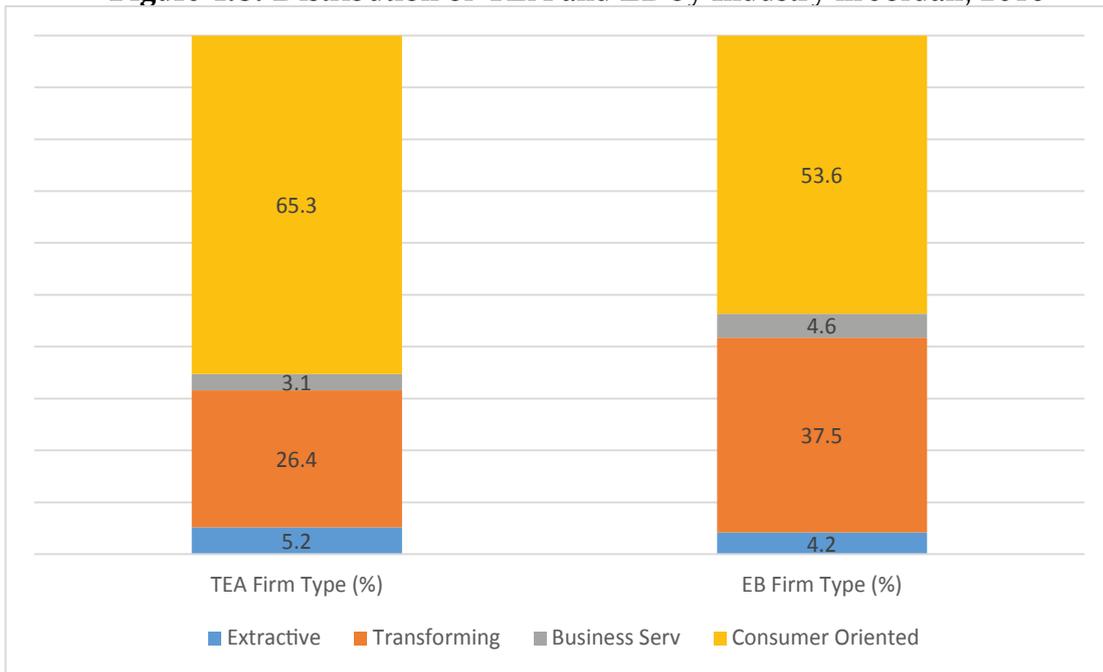
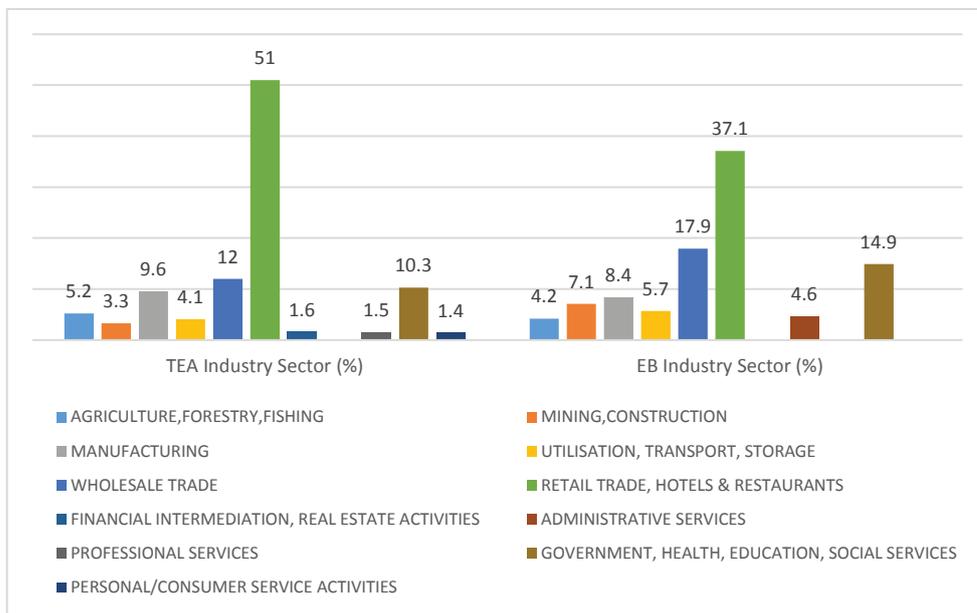


Figure 4.9 indicates that the largest percentage of the adult population involved in early-stage entrepreneurial activity (TEA) and established businesses (EB) operate in the retail trade sector. However, while the trade sector accounts for 51% of the total sector contribution, it accounts only for 37% of the total activity of the established businesses. Wholesale (18%) also seems to be a preferred choice among established Jordanian entrepreneurs, followed by government, health education, and social services (15%).

The manufacturing sector demonstrates a reasonable contribution for both early entrepreneurial activity (TEA) and established businesses (EB) with a rate of participation that accounts for 10% and 8%, respectively. While the mining and construction sector shows a rate of 3% in early-stage activity, it is reasonably higher and accounts for 7% of the total established businesses activity.

Figure 4.9: Distribution of TEA and EB by Sector in Jordan, 2016



The high contribution of the wholesale sector in Jordan seems compatible with other Arab countries that are in the efficiency-driven economic stage. Exceptions would be Qatar and the UAE, which are at a higher level of economic development. The results also reveal the absence of the technology sector in early-stage entrepreneurial activity within participating Arab countries, excluding Qatar and Morocco, which is another characteristic of factor- and efficiency-driven economies (Table 4.3).

Table 4.3: Distribution of TEA by Sector in Jordan and a Regional Comparison, GEM 2016

Industry Sector	Egypt	Morocco	Jordan	Lebanon	Qatar	Saudi Arabia	UAE
Agriculture	13	2	5	3	0	0	0
Mining	4	1	3	2	9	2	10
Manufacturing	13	22	10	6	2	3	2
Transportation	6	1	4	1	3	0	4
Wholesale/Retail	50	58	63	65	52	68	67
Info/Communications Tech	0	1	0	0	3	0	0
Finance	2	0	2	2	8	2	5
Professional Services	2	2	2	2	7	2	1
Administrative Services	3	1	0	3	11	1	8
Health, Education, Government, and Social Service	6	12	10	14	4	22	3
Personal/Consumer Services	1	1	1	3	1	0	0

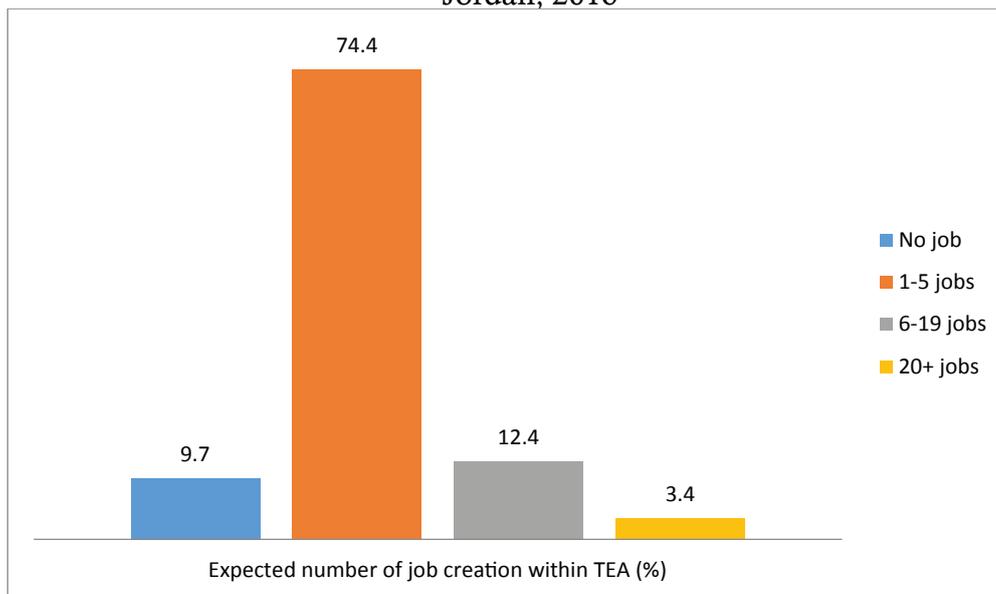
4.5 Growth Aspirations of Entrepreneurs in Jordan

Considering the high unemployment rate in Jordan, this issue is of great significance to policymakers. For promoting inclusive and sustainable growth in developing countries, there is a critical need to extend economic participation and increase job opportunities (Samans et al., 2015). Therefore, GEM recognizes the importance of job creation and growth aspirations by early-stage entrepreneurs. GEM uses job growth expectations as a measure of entrepreneurial aspirations and new enterprises' expansion prospects. The survey categorizes job creation potential for early-stage enterprises into three groups that range from no-growth to high-growth expectations. No-growth enterprises are expected to create no jobs over the next five years, low-growth enterprises are expected to add 1–5 jobs over the next five years, and high-growth enterprises are expected to add 6 jobs or more over the next five years. It is important to consider that this data is based on the entrepreneurs' own ambitions and aspirations.

Figure 4.10 indicates that only 10% of Jordanian early-stage entrepreneurs do not expect to add any new jobs to their enterprises within the next 5 years. In contrast, 74% of early-stage entrepreneurs expect to create 1–5 job opportunities in the next five years.

On the other hand, 12% of early-stage entrepreneurs expect to grow their businesses and provide 6 to 9 new job opportunities within the next five years, and only 3% expect to grow their businesses by 20 job opportunities or more. The findings highlight the modest number of early-stage entrepreneurs in Jordan with high-growth aspirations.

Figure 4.10: Expected Number of Job Creation among Early-stage Entrepreneurs in Jordan, 2016



When compared with the Arab region, the percentage of early-stage entrepreneurs who are expected to create 6 or more jobs in the next five years in Jordan is 10%. This number falls below the efficiency-driven average by 9 percentage points and is below the regional average by 11 percentage points. However, this regional average is pulled up by the more economically developed countries of Qatar and the United Arab Emirates. Only two countries, Lebanon (8%) and Saudi Arabia (5%), fall below Jordan in this category (Table 4.4).

The significance of this number comes from its assessment of the percentage of high-impact entrepreneurs that are expected to add the most value to the economy. As different studies have found, only high-growth, latent entrepreneurship is expected to have a significant impact on economic growth and job creation in the future (Wong et al, 2005).

Table 4.4: Ranking of Job Creation Expectations among Early-stage Entrepreneurs in Jordan, Comparison by Region and Phases of Economic Development, GEM 2016

	0 - Jobs	1-5Jobs	6 or moreJobs
Egypt	55	19	25
Morocco	42	41	18
Jordan	39	51	10
Lebanon	52	40	8
Qatar	23	26	52
Saudi Arabia	86	9	5
United Arab Emirates	53	16	31
(Average (Unweighted	50	29	21
Factor-Driven	43	37	19
Efficiency-Driven	46	35	19
Innovation-Driven	43	33	24

4.6 Innovative Orientation and Market Expansion

Countries' competitiveness depends on the ability of its enterprises to innovate, upgrade, and introduce new products and services (Porter, 1998). Therefore, innovation is the dynamic component that drives economies forward. GEM considers innovation in entrepreneurial activity from three distinct angles; the innovation of the product or service offered from customers' point of view and within the national context (i.e., how many potential customers consider the product as being new or unfamiliar), the level of competition in the market (how many businesses offer the same products), and if the latest technologies are used by the enterprise (were the technologies or procedures used by the enterprise available more than a year ago).

GEM evaluates innovation in entrepreneurial activities by examining the level to which entrepreneurs are creating products that are considered new to some or all customers and are offered by no or few competitors. According to the survey data (Figure 4.11), early-stage businesses in Jordan have a slightly different perception from established businesses about innovation. When it comes to early-stage entrepreneurs, 25% of them believe that they offer a product or service that they consider new to all customers. However, when compared with entrepreneurs within established businesses, only 18% believe that their product or service is new to all customers.

Figure 4.11: Innovation among Early-Stage and Established Businesses in Jordan (product new or unfamiliar), 2016

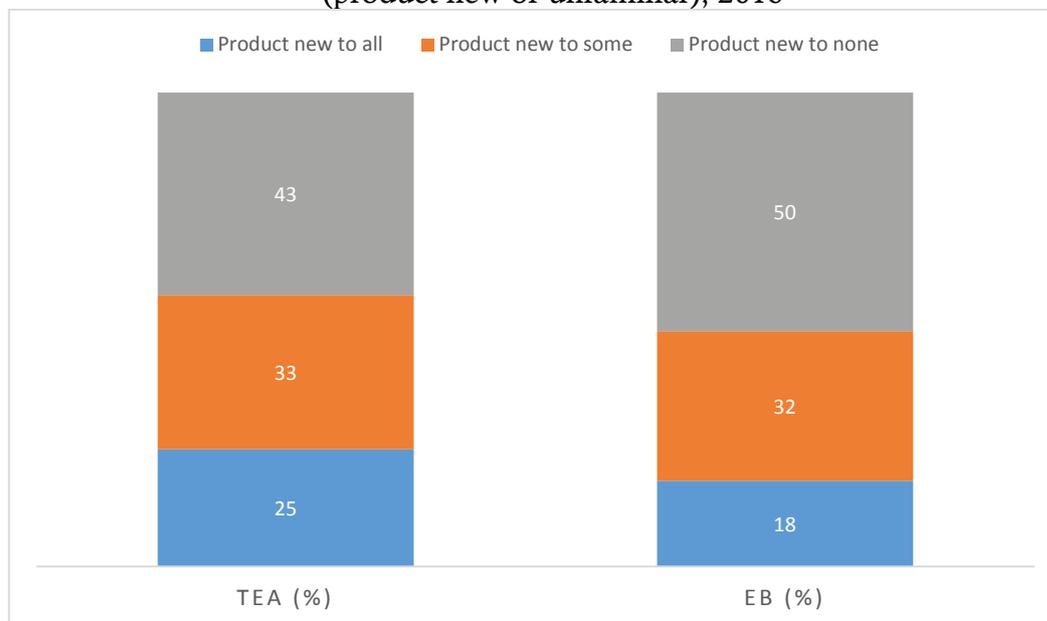


Table 4.5 reports the results on innovation by region, including participating Arab countries, and level of economic development. Jordan (24%) ranked 3rd among participating Arab countries and 35th globally. The average for Jordan is slightly lower than the average recorded for participating Arab countries (26%) and just equal to efficiency-driven economies (24%). The innovation

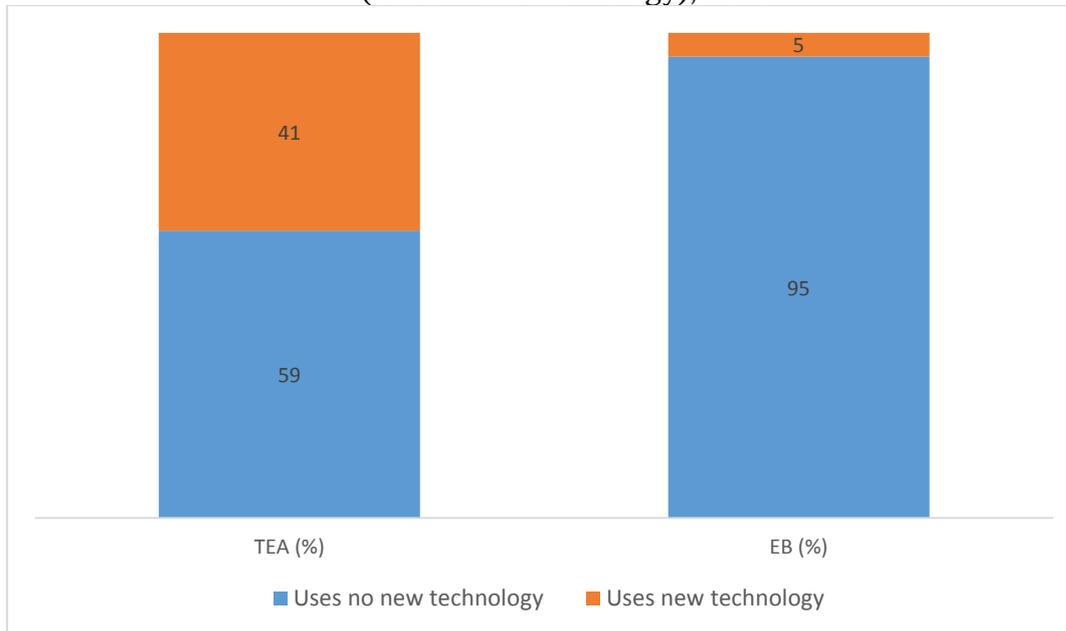
level is highest in Lebanon (59%), as assessed by the survey, which also points to Lebanon as the leading country globally. Saudi Arabia (13%) has the lowest innovation level among participating Arab countries.

Table 4.5: TEA Innovation Level in Jordan, Comparison by Region and Phases of Economic Development, GEM 2016

	Innovation	
	Rank	Tea (%)
Egypt	39	23
Morocco	61	15
Jordan	35	24
Lebanon	1	59
Qatar	40	23
Saudi Arabia	62	13
United Arab Emirates	29	27
Average (unweighted)	-	26
Factor-driven	-	19
Efficiency-driven	-	24
Innovation-driven	-	31

When it comes to selling products based on new technology, 41% of early-stage entrepreneurs indicate the use of new technology; however, this percentage drops remarkably when looking at established businesses to reach 5% (Figure 4.12).

Figure 4.12: Innovation among Early-Stage and Established Businesses in Jordan (use of new technology), 2016



Another parameter that GEM uses to measure innovation is the propensity of enterprises to expand to new markets with the use of new technology. Figure 4.13 shows that 35.3 % of early-stage TEA entrepreneurs in Jordan are planning on market expansion using new technologies. On the other hand, established enterprises are less likely to indicate a combination of new product and market expansion, as only 4.9 % of established entrepreneurs plan on market expansion with new technologies.

Figure 4.13: Early-Stage and Established Businesses Outlook of Market Expansion and Use of New Technology in Jordan, 2016

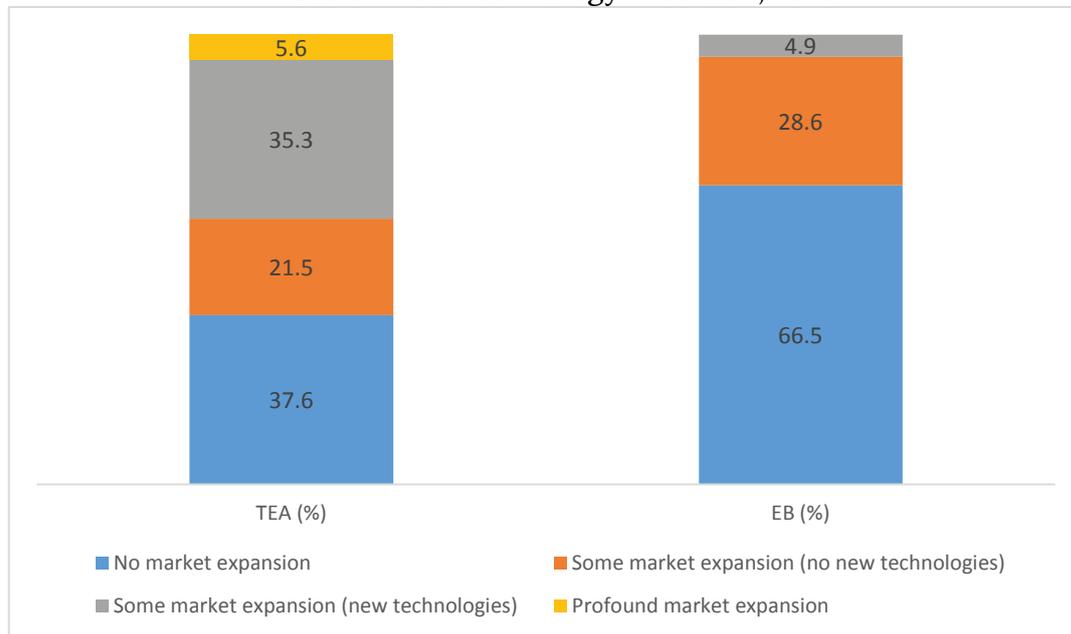
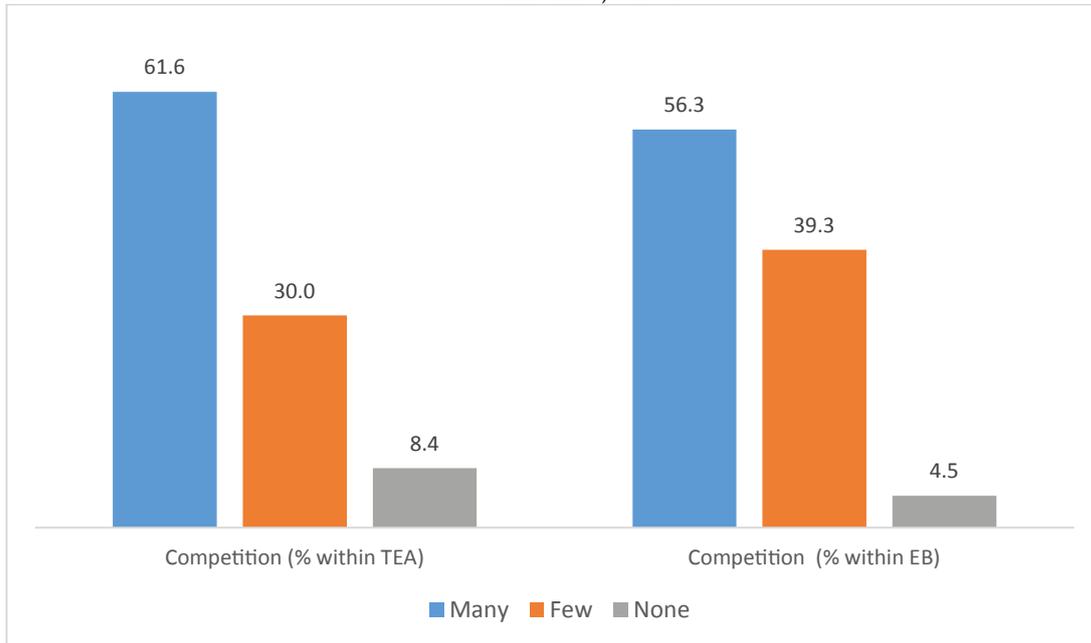


Figure 4.14 shows that about 61.6% of the businesses in Jordan involved in early-stage entrepreneurial activity (TEA) believe that there is high competition for their products or services. However, about 56.3% of established businesses (EB) believe that there is high competition for their products or services. High competition is one of many challenges that these businesses face. How these businesses respond to competition and go about creating competitive advantage are critical factors that determine their survival in the long run (Papulova and Papulova, 2006).

Figure 4.14: Level of Competition among Early-Stage and Established Businesses in Jordan, 2016



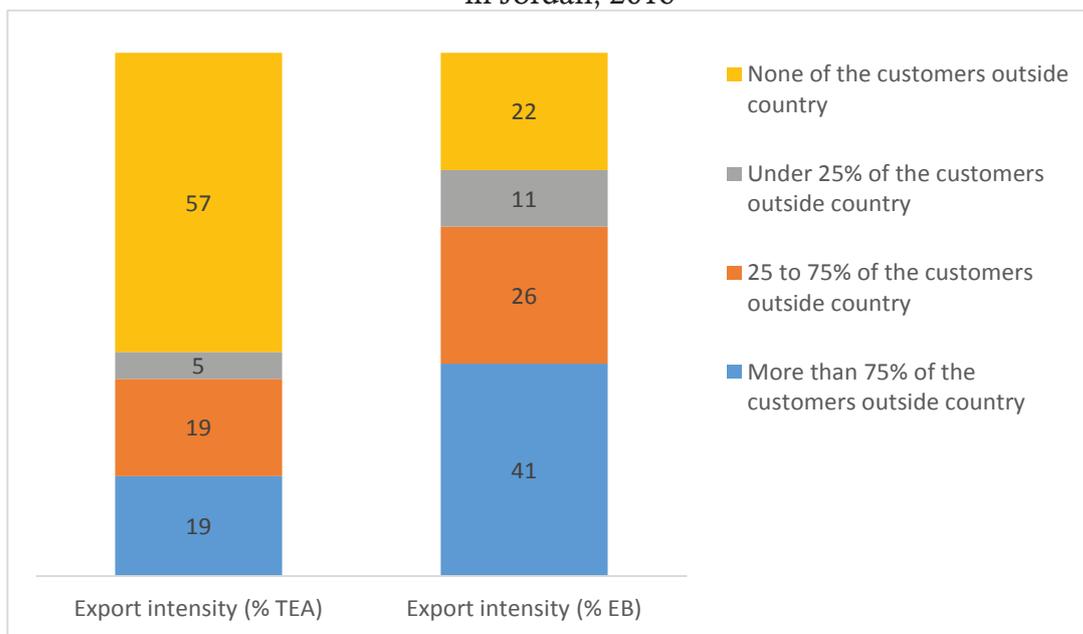
4.7 International Orientation

International orientation measures the percentage of enterprises that can demonstrate that at least 25% of their customers are from other countries. The level of international orientation varies from weak export-intensity, where the enterprise aims to have more than 1% of the customers from outside the country, and strong export-intensity, where the aim is to have 75% of the customers from outside the country.

Figure 4.15 shows that 43% of the goods and services of early-stage enterprises are exported abroad. However, the international orientation of established Jordanian firms is much higher than that of early-stage firms, where the percentage of customers from foreign countries reaches 78%.

International customers are considered the main potential source of growth and success for the majority of Jordanian companies. International markets can open the way for aspiring entrepreneurs to find larger markets, especially in case of Jordan, where local markets are small. In addition, the ability to compete globally reflects not only the aspiration of the entrepreneurs but also the level of sophistication that their products have attained. In addition, many barriers (i.e., financial, managerial capacity, informational) must be removed before these firms are able to reach international markets. In many cases, this requires government interventions that can help these enterprises to overcome such barriers (OECD, 2009).

Figure 4.15: Export Intensity among Early-Stage and Established Businesses in Jordan, 2016



4.8 Entrepreneurial Activity in the Provinces

Entrepreneurial activity has been evaluated in the twelve provinces in Jordan to assess economic inclusiveness and business activity. The landscape in Jordan shows regional disparities with regard to economic conditions, quality of life, and accessibility to services. According to the Department of Statistics, the highest rates of poverty are found in the provinces of Ma'an (26.6%), Ajloun (25.6%), Balqa (20.9%), Jerash (20.3%), and Mafraq (19.2%) (Department of Statistics, 2010). In addition, the Northern provinces in Jordan (Irbid, Mafraq, and Zarqa) have experienced a high influx of Syrian refugees (UNDP, 2015). The ILO has estimated a growth of 30% in the informal labor force, leading to crowding out of the host (Jordanian) participants and loss of tax revenues that might have been obtained from registered businesses (Fakih and Ibrahim, 2015).

Entrepreneurial activity as measured by the percentage of early-stage entrepreneurs among the adult population shows distinctive variations across provinces in Jordan (Figure 4.16). The highest rate of entrepreneurial activity as measured by TEA is shown in the provinces of Ajloun (13.2%), Karak (11.3%), and Irbid (10.1%). While the capital, Amman, is considered the main center of economic activity in Jordan, the TEA rate of entrepreneurial activity is shown to be only 9.2% there. This level of entrepreneurship is relatively low in comparison with other provinces. The relatively low rate of entrepreneurial activity might be explained by the availability of other employment opportunities. Governmental departments and private sector companies and organizations are concentrated in Amman. In addition, the per capita incomes of households living in Amman are 9.1% higher than those living in other parts of the country (Columbia University, 2012).

The lowest rates of entrepreneurial activity as measured by TEA are found in the provinces of Mafraq and Tafelah, which are reported as 2.3% and 3.6%, respectively. Established business rates of entrepreneurial activity are the highest in Balqa (5.6%), followed by Madaba (4.3%) and Karak (4.2%). The lowest rates of entrepreneurial activity for established businesses are found in Zarqa (1.2%) and Mafraq (1.1%), while the cities of Aqaba, Ma'an, Ajloun, Tafelah, and Jerash have shown no entrepreneurial activity of established businesses. The highest rates of business discontinuation are reported in Karak (8.5%) and Amman (7.2%), while the lowest rates of business discontinuation are found in Ajloun (2.6%) and Ma'an (3%).

Figure 4.16: Entrepreneurial Activity by Provinces in Jordan, 2016

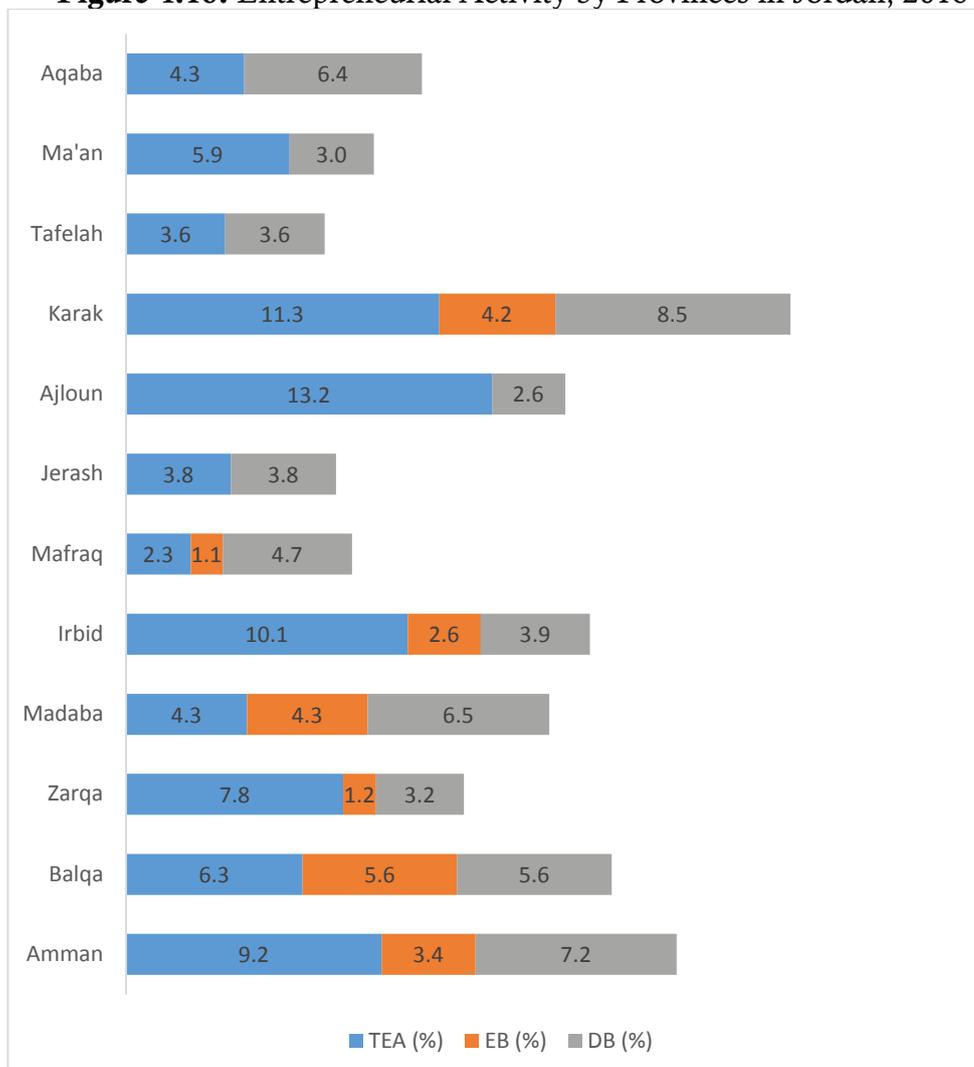
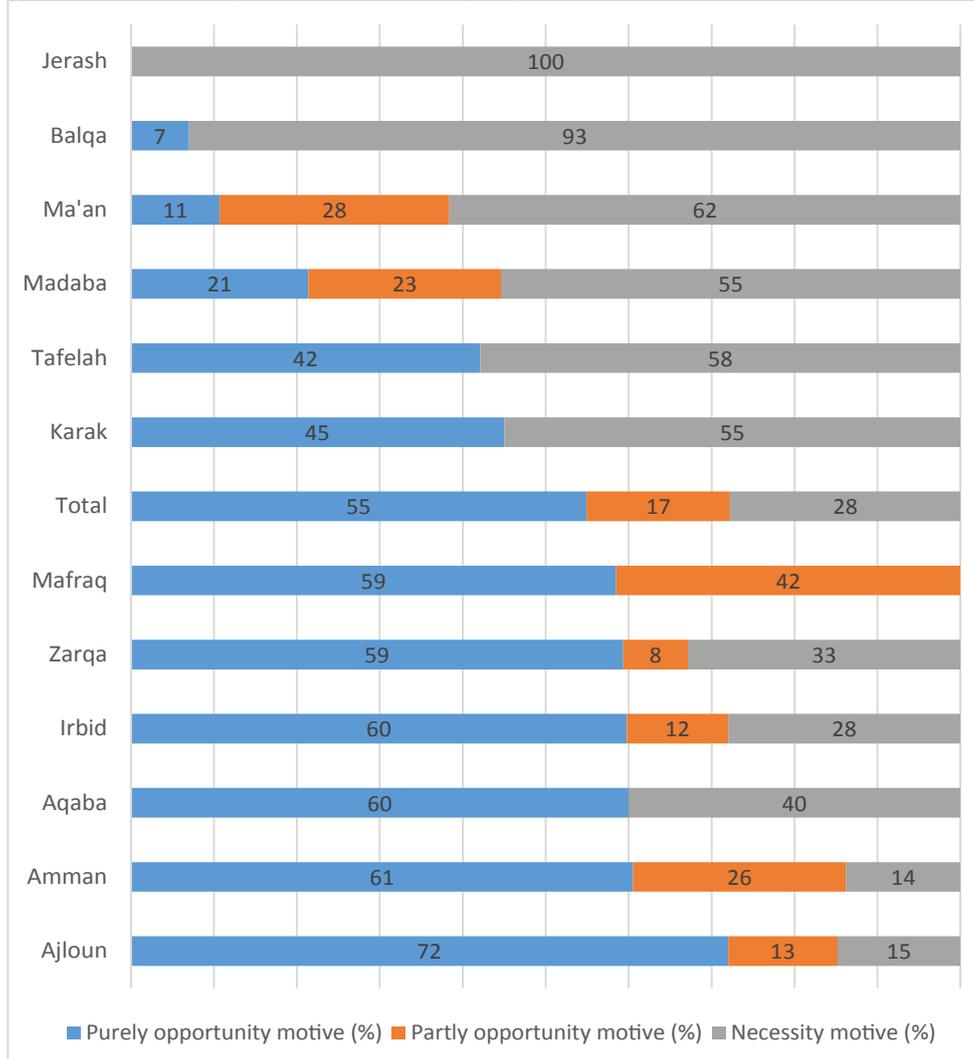


Figure 4.17 shows that the provinces of Ajloun (72%), Amman (60.6%), Aqaba (60%), and Irbid (59.8%) have the highest opportunity-based TEA. The provinces of Jerash (100%), Balqa (93%), and Ma'an (61.7%) have the highest rates of necessity-based entrepreneurship. Necessity entrepreneurship is mainly motivated by need or lack of employment opportunities. According to the GEM, necessity (survivalist-driven) entrepreneurs are those people who are driven to entrepreneurial activity by having no better choices for work. The three provinces of Jerash, Balqa, and Ma'an have the highest poverty rates of 20%, 27%, and 21%, respectively, in Jordan (Department of Statistics, 2010). These provinces also exhibit high levels of unemployment (15%, 14%, and 12%) (Department of Statistics, 2016).

These results were unexpected for Ajloun and Aqaba, where both provinces are opportunity-motivated and have high levels of poverty and unemployment. Owners of small businesses in rural areas, worldwide, face the same challenges, including small market size, limited access to city centers, gaps in infrastructure, and poor access to financing (Smallbone, 2002). Variations across different provinces should be examined, taking into consideration the local context, for ensuring the effectiveness of national policies and government initiatives.

Figure 4.17: Entrepreneurial Activity by Motive and Provinces in Jordan, 2016

The involvement of Jordanians by gender in early-stage entrepreneurial activity in each province, is shown in Figure 4.18. The highest female involvement rate in early-stage entrepreneurial activity (TEA) is displayed in Karak (14.1%), followed by Jerash (5%), and Irbid (4.9%). The lowest female involvement rate in early-stage entrepreneurial activity is depicted in Tafelah (0%) and Balqa (0.9%).

Most of the provinces indicate a gender gap between male and female TEA rate (Table 4.6). The highest gap is shown in Ajloun (15%), followed by Amman (12.4%). The province of Karak has shown a female involvement rate that exceeds male involvement rate by 4.3 percentage points, followed by Jerash where the female involvement rate exceeds male involvement rate by 2.6 percentage points.

Figure 4.18: TEA Rates by Gender and Provinces in Jordan, 2016

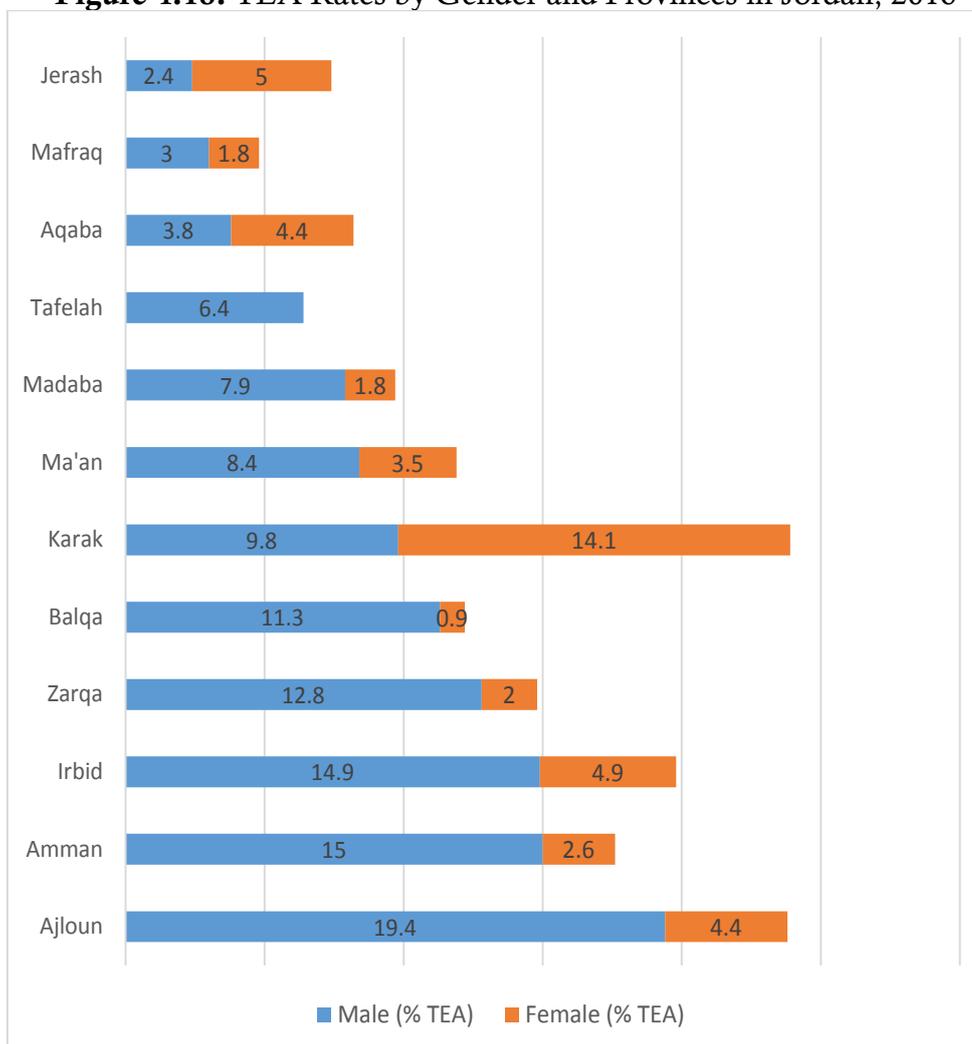


Table 4.6: Gender Gap within TEA by Provinces in Jordan, 2016

	Male (% TEA)	Female (%TEA)	Gender gap
Ajloun	19.40	4.40	15.00
Amman	15.00	2.60	12.40
Irbid	14.90	4.90	10.00
Zarqa	12.80	2.00	10.80
Balqa	11.30	0.90	10.40
Karak	9.80	14.10	-4.30
Ma'an	8.40	3.50	4.90
Madaba	7.90	1.80	6.10
Tafelah	6.40	0.00	6.40
Aqaba	3.80	4.40	-0.60
Mafraq	3.00	1.80	1.20
Jerash	2.40	5.00	-2.60

4.9 Individual Perceptions and Attitudes

Perceived confidence in one's own skills and capabilities among entrepreneurs is an important factor for starting a business. GEM measures entrepreneurial perceptions and attitudes using four indicators: entrepreneurial intentions, perceived capabilities, perceived opportunities, and fear of failure.

Figure 4.19 shows self-perceptions about entrepreneurship in Jordan in comparison with other countries according to phases of economic development. The share of potential entrepreneurs is 21% of the adult population. The percentage of Jordanians who perceive potential opportunities for entrepreneurship is 31% of the adult population. This number is lower than the average for efficiency-driven economies, which is 42% of the adult population.

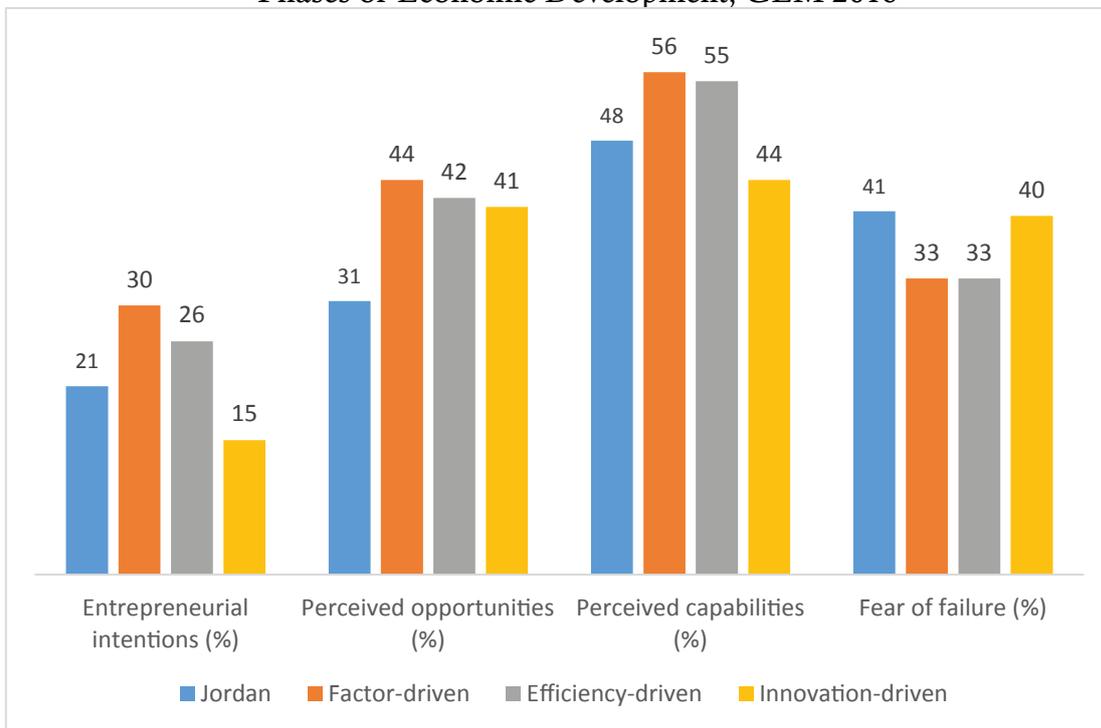
The share of individuals who believe that they have the required entrepreneurial skills and capabilities to begin a business in Jordan is 48% of the adult population. However, compared with Jordan, this belief and trust in entrepreneurial capabilities in efficiency-driven economies exists at a higher rate (55%).

Fear of failure also rates highly among Jordanians. We see that 41% of the adult population in Jordan fears starting a new business, while the average fear of failure for individuals within efficiency-driven economies is 33%. While benchmarking against economies with the same development level might be more relevant to assess Jordan's economic performance accurately, these results must be assessed in the context of each country's economic, cultural, and educational circumstances. Even though Jordanians' perceptions of their capabilities are more positive than their perceptions of their economic and entrepreneurial opportunities, one can notice that Jordanians' capabilities to create new businesses are hindered by significant fears of failure.

Jordan's occupation of the last position in established global rankings with regard to entrepreneurial education comes as a warning sign for Jordan's economic future. To cultivate and take advantage of the potential of Jordanian entrepreneurs, special attention must be accorded to skills development through specialized training courses and formal education. Future policies need to target education reform in schools, colleges, and universities and provide training and resources to already-established entrepreneurs for improving and capitalizing upon their skills.

According to the GEM, individual attributes, and social values, in addition to a supportive business environment, are all essential factors when it comes to national socio-economic development. Future policies targeting economic and educational reform need to take a holistic approach; thus, focusing on one area and overlooking another will not provide the intended results.

Figure 4.19: Self-perceptions about Entrepreneurship in Jordan and a Comparison by Phases of Economic Development, GEM 2016



4.10 Social Perception

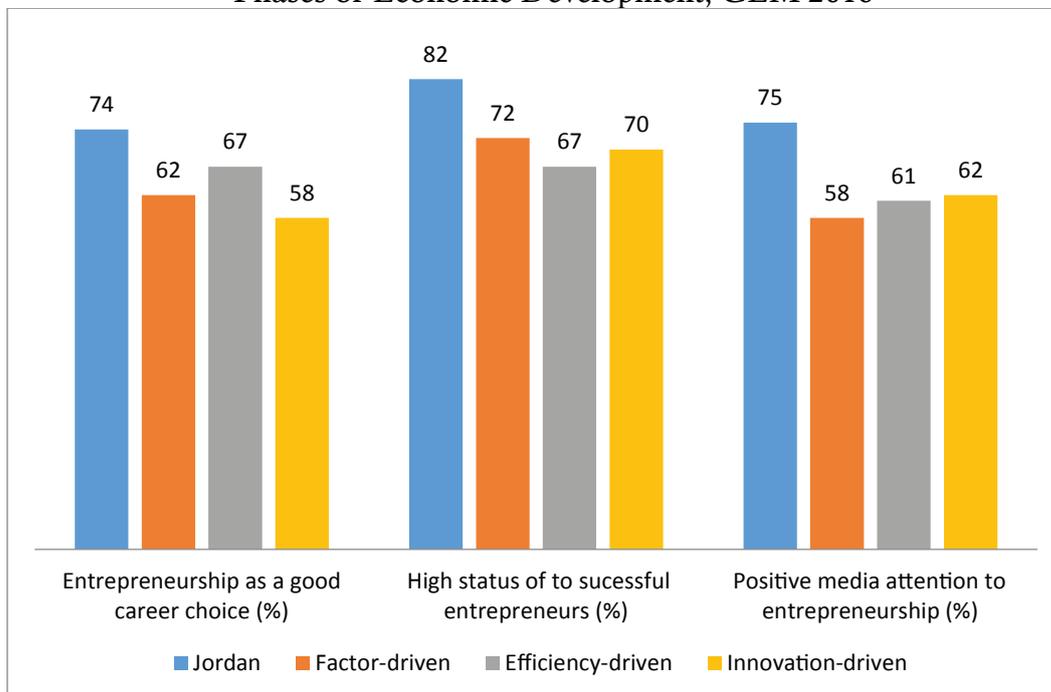
The GEM conceptual framework identifies social perception toward entrepreneurship as a key component in a system that links societal values, personal attributes, and entrepreneurial activity. Societal values and perceptions play an important role in creating an entrepreneurial culture that is supportive of both potential and existing entrepreneurs.

Social values toward entrepreneurship are measured by considering three factors: society's assessment of entrepreneurship as a good career choice, the societal status of a successful entrepreneur, and the media attention accorded to entrepreneurship. There is an overall positive societal attitude toward entrepreneurship among the Jordanian adult population, as indicated in the GEM survey.

The percentage of Jordanians who consider beginning a business as a good career choice is 74% of the adult population. This number exceeds that of efficiency-driven economies (67%) and all other groups categorized by level of economic development. Jordan's rank was high for this indicator and positioned 12th globally in the GEM sample (Figure 4.20).

The results also show that 82% of the Jordanian adult population believes that entrepreneurs are respected and esteemed within their societies. Jordan ranked 7th globally for this indicator in the GEM sample and exceeded the average of all three groups of economic development. With regard to media attention for entrepreneurship, about 75% of adults in Jordan believe that entrepreneurs are given positive media attention. These results show a positive change in the societal attitudes and values of Jordanians who have traditionally tended to perceive business owners and consequently entrepreneurs unfavorably.

Figure 4.20: Societal Values about Entrepreneurship in Jordan and a Comparison by Phases of Economic Development, GEM 2016



Concluding Remarks and Policy Implications

The GEM conceptual framework represents a new paradigm to examine national economic growth, at the heart of which lies entrepreneurship. The main assumption of the GEM framework is that national economic growth is a product of the personal skills and capabilities of individuals along with their ability to identify and seize opportunities. This process occurs in interaction with the social, political, and cultural environment where those individuals are located. GEM indicators provide a portrait that describes the distinctive, diverse patterns exhibited in each country.

The framework reflects not only the number of entrepreneurs in an economy but also other aspects, such as the level of employment they create, their growth ambitions, and the extent to which groups such as youth and women are participating in entrepreneurial activity. The GEM framework aims at developing a comprehensive database, which is uniform and standardized across countries, to provide an accurate tool for comparing different countries, different regions, and different stages of economic development. In addition, it provides policy makers with an opportunity to better understand the unique nature and characteristics of enterprises in a country, which can serve as a useful tool for informing targeted government interventions.

The main indicator around which the GEM framework focuses is the rate of Total Early-Stage Entrepreneurial Activity (TEA). Jordan's TEA rate has been progressively decreasing over time from 18.3% in 2004 to 10.2% in 2009 to a low of 8.2% in 2016. This decrease most probably reflects the regional instability, which has clearly increased since 2011 considering the Arab Spring and the enduring Syrian crisis. Thus, within the 65 countries participating in the GEM survey, Jordan occupies the 46th position. With a rate of 1.5%, the

employee entrepreneurial activity (EEA) rate, which is a new lead indicator of the GEM framework, is also low. The rate of established businesses has decreased from 5.3% in 2009 to 2.7% in 2016. As a corollary, discontinuation of business has also significantly increased from 6.8% in 2009 to 21.2% in 2016, ensuring that Jordan reaches a second rank in global comparison.

Jordan's women TEA is extremely low, with only 3.3% of the total female population involved in entrepreneurial activity. Jordan herewith belongs to the four countries with the lowest female TEA. This is, however, in consonance with the low labor market participation of females.

Most of the provinces have shown high levels of necessity-driven entrepreneurship. This type of entrepreneurial activity is related to high levels of poverty and unemployment rates. While Jordanians' perception of capabilities was high, Jordanians' capabilities to create a new business are yet hindered by a high level of fear of failure, in which 41% of the adult population in Jordan exhibited fears of starting a new business. However, the social perception about entrepreneurs, in general, scored high on a global level.

Irrespective of the volatile situation in the region, Jordan's low level of entrepreneurial activity can be ascribed to prevailing environmental conditions, societal attitudes, and individual attributes. According to Jordan's expert assessment, the main issues facing entrepreneurs in Jordan revolves around governmental support and policies, taxes and bureaucracy, and governmental programs. However, Jordan scored higher than the global and regional average in internal market dynamics and physical and services infrastructures. When it pertains to societal and individual factors, cultural and social norms, as well as basic-school and post-school entrepreneurial education and training are also cited as major issues. The gap is particularly large when compared globally with regard to the two dimensions related to education.

Based on the results of the GEM survey for Jordan, some important policy recommendations can be formulated for the country, in particular concerning the role of the government and of the private sector, female and grassroots entrepreneurship, and entrepreneurship education.

The Role of the Government

Government policies have been mentioned as key constraints to entrepreneurship by the majority of the experts surveyed in Jordan, where 65% listed government policies as one of the main constraints to entrepreneurial activity. In general, government regulations, taxes, and bureaucracy are considered major hurdles. The experts' recommendations urge the government to undertake more serious steps in fashioning and refashioning government policies that support entrepreneurial activity in the country. The many barriers in the environment need to be diagnosed and managed based on chosen and targeted requirements. The clear entrepreneurial criteria provided by the GEM can assist the government to set policies that can encourage and support entrepreneurs based on their level of development and skills. In addition, government collaboration with the private sector is essential for the success of such actions. The high rate of business discontinuation must be addressed immediately; specific programs and interventions that target enterprises at different levels of development within local contexts are critical for maintaining businesses.

The Role of the Private Sector

Entrepreneurial actors, especially “blockbusters” within the ecosystem, can play an important role in supporting, financing, and mentoring young entrepreneurs. In addition, financial actors, and entrepreneurial connectors—including large firms, universities, and service providers—are also important factors when it comes to creating a strong and dynamic ecosystem (Mason and Brown, 2014). However, while many initiatives have started in this direction, they simply failed because of lack of coordination. Firms also need to acknowledge the important role of intrapreneurs and provide support to

entrepreneurial activities within the firm. A positive score was assigned to the availability of debt funding (5.28), which is a signal for the existence of a sound, well-developed banking system in the country. However, public offerings and crowd funding received low scores, which elicit entrepreneurs' critical need for such support.

Women Entrepreneurs

The low rate of female TEA in Jordan needs to be addressed in relation to skills and self-efficacy of women intending to begin a new business. Female entrepreneurship represents a small share of total early-stage entrepreneurial activities (3.3%). The GEM framework highlights that all components of the environment in which women and men act entrepreneurially (or cannot act proactively and innovatively) are mutually dependent. This dependency demands a holistic approach when designing policies for building a supportive environment in which entrepreneurial behavior can prosper. Formal education and training programs that are specifically tailored to women's needs should be introduced for creating higher levels of efficacy among Jordanian women. Mentors and role models are also very important for increasing potency and promoting entrepreneurial activity among women. Tailored financing programs and specifically-calibrated angel funding can also be highly significant in fostering women entrepreneurship.

Grassroots Entrepreneurs

Grassroots entrepreneurs in different provinces, who tend to pursue entrepreneurial activity based on necessity, require special attention and support. To address poverty and unemployment in affected areas efficiently, the government needs to introduce interventions that deal with skills gaps at the different levels of enterprise development. Only in this way can necessity entrepreneurship become a sustainable strategy to defeat poverty and create jobs. Several issues face entrepreneurs in the provinces, including lack of support services, marketing constraints, limited networks, financial limitations; these also need

to be addressed distinctly. In addition, interventions are required to encourage enterprises that pertain to the local context of each area, as entrepreneurs already have the skills and ability to venture in such enterprises.

Entrepreneurial Education

Among the weaknesses that have been highlighted by the Jordanian experts, is support of entrepreneurial education, at the basic and higher education levels. This exposes an urgent need to improve entrepreneurial education, at vocational, professional, college and university levels, for which Jordan occupies the last position in global ranking. Such a negative evaluation of entrepreneurship education and training for Jordan, which invests significant resources in human capital and has a high level of educational attainment, is a crucial issue to be considered. In view of the situation, unemployment, particularly among youth, needs to be addressed urgently. The youth in Jordan account for more than 70% of the total population, with the youth unemployment rate reaching 33.4% (Department of Statistics, 2016). In the purview of the GEM analysis, such a challenge can be turned into an opportunity if efforts are made to promote entrepreneurial attitudes among youth. The government here needs to make designed chosen interventions when it comes to educational policy. Entrepreneurship education needs to start at the primary levels and carry on with academic and vocational training. Specialized entrepreneurship courses are still not offered in most of the universities and need to be part of the curriculum. Special attention needs to be given to active learning as an alternative to rote learning for fostering innovation skills and creativity. Unless the country starts building a base for innovative high-impact enterprises through specialized clusters, the effect of entrepreneurial activity on the country will most likely be minimal.

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