



Global Variations in Growth Ambitions

Donna Kelley, Babson College

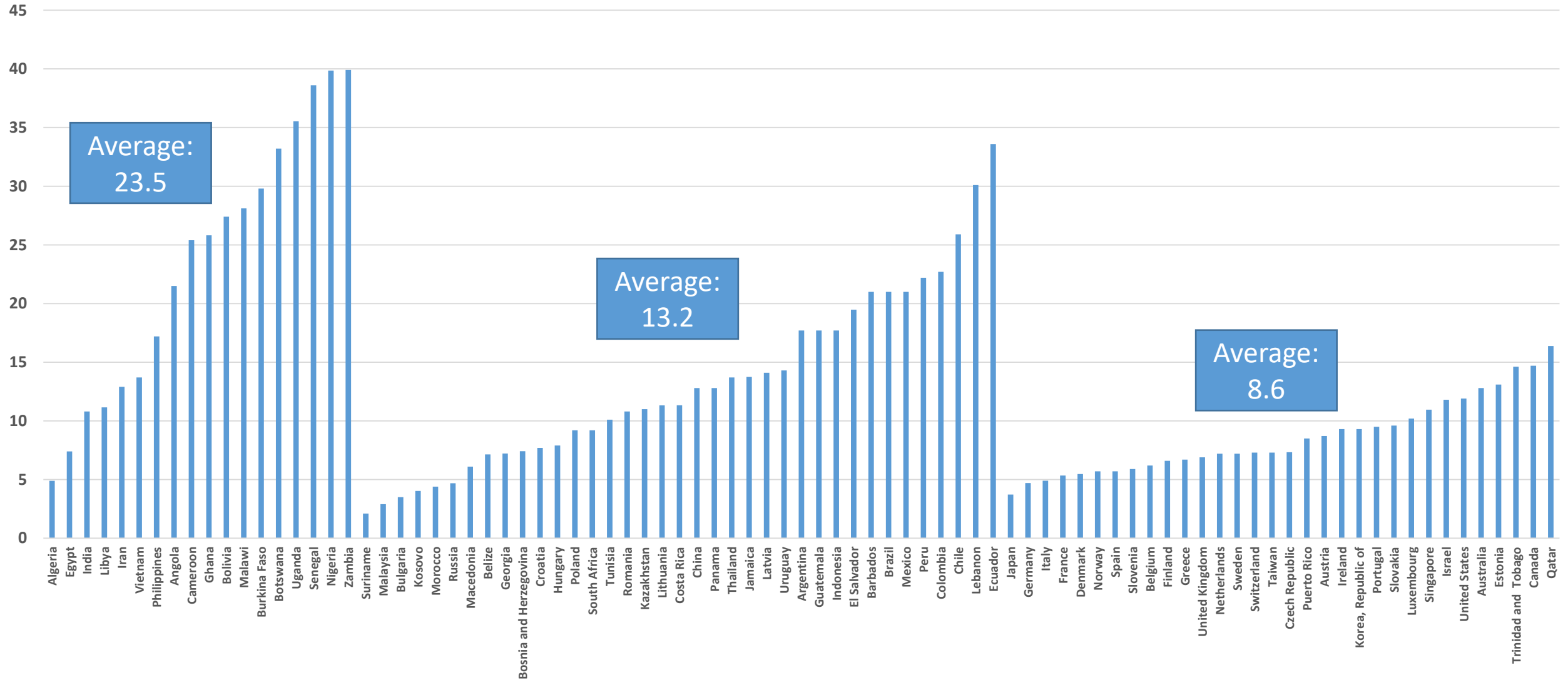
7th Annual GW October Entrepreneurship Conference

World Bank, Washington DC

October 13, 2016

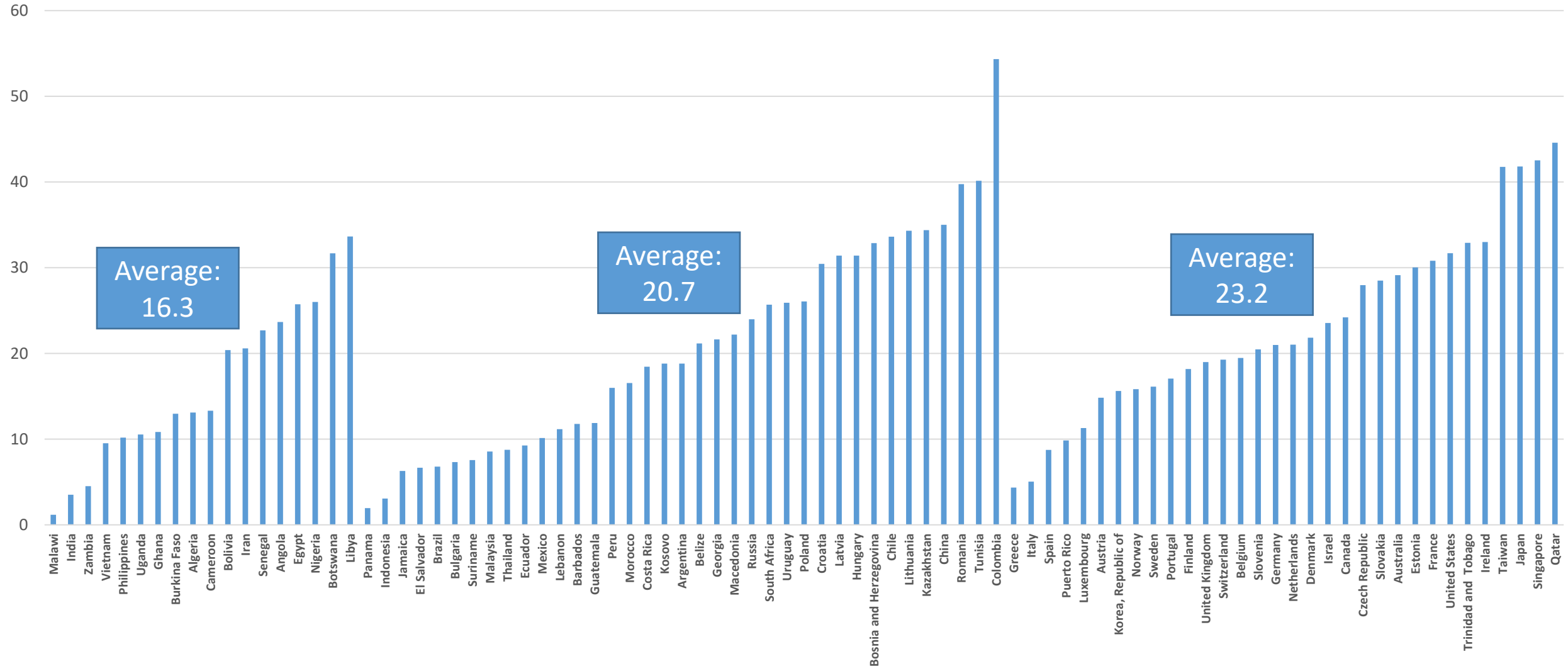
Wide variation in entrepreneurship rates

Total Entrepreneurial Activity

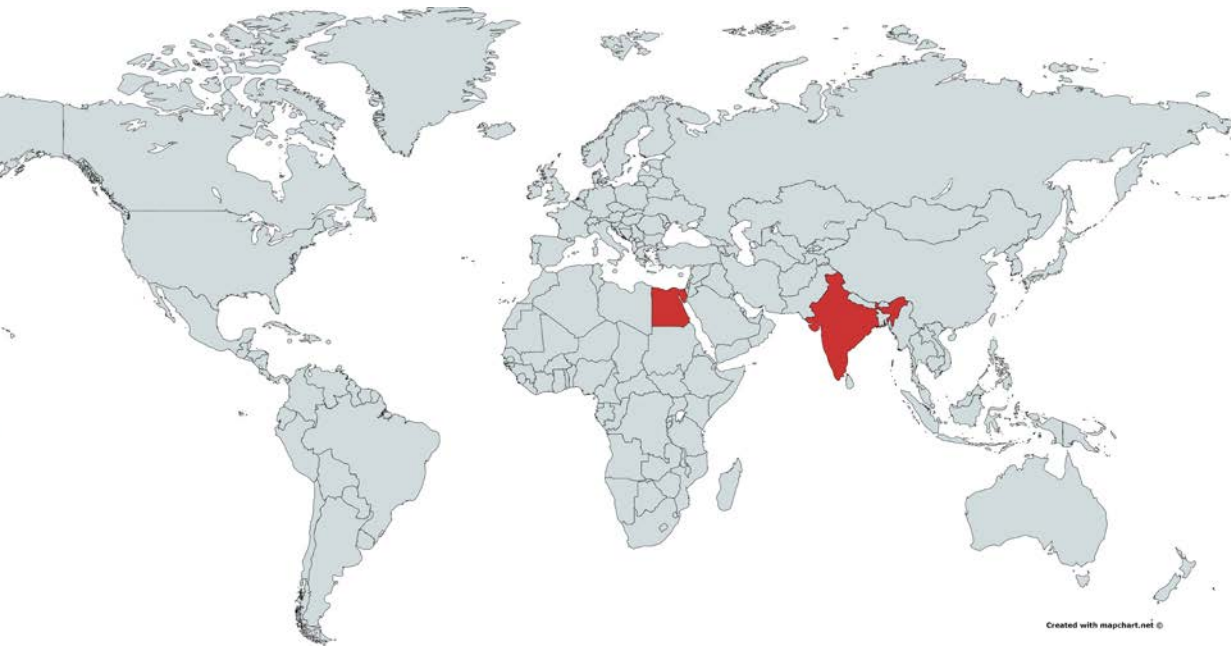


But also in growth ambitions

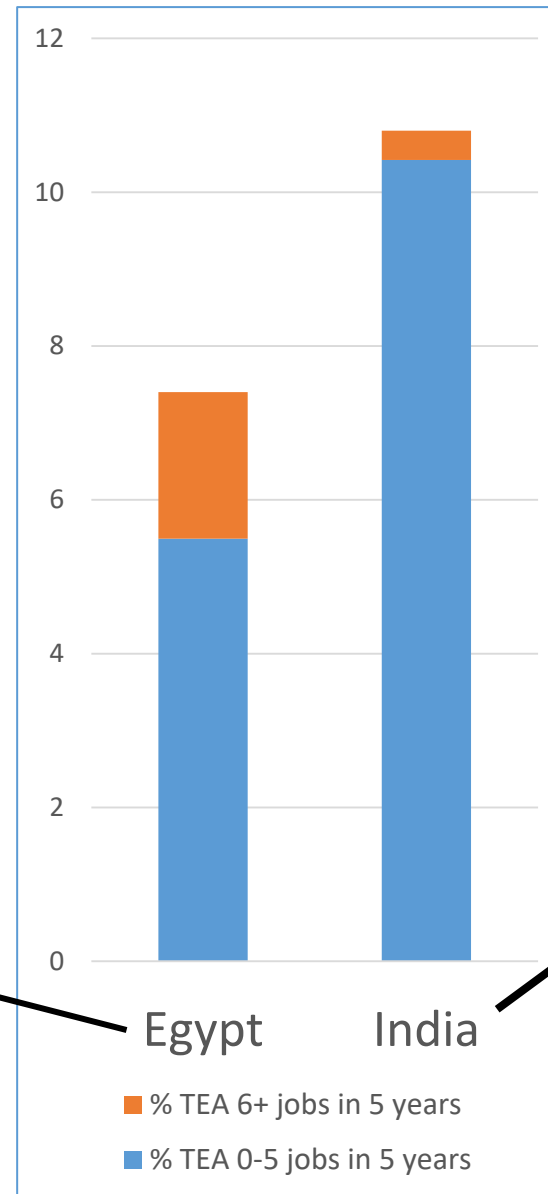
6 or more jobs projected in 5 years (% TEA)



Factor-Driven Low TEA: Egypt and India



- Low opportunity motives
- Low on WEF GCI macroeconomy, labor, finance
- High on World Bank Starting a Business

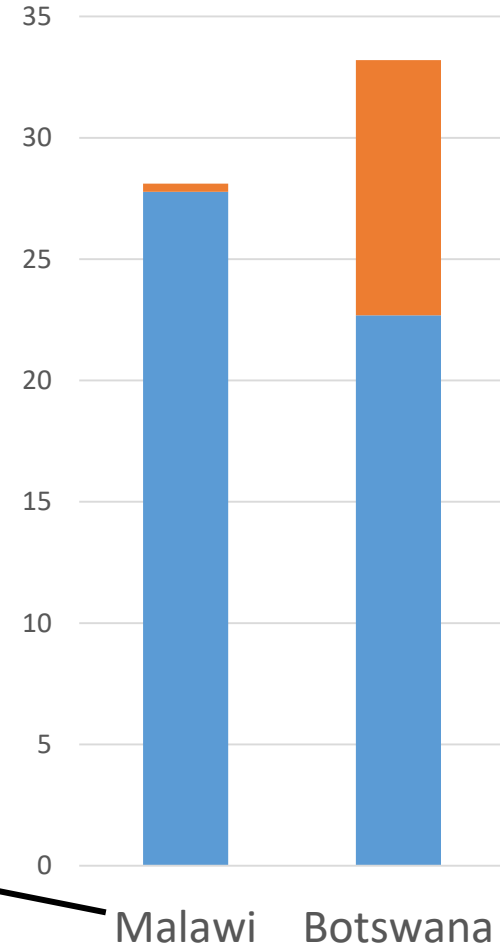


- Increasing opportunity motives
- Low on World Bank Starting a Business

Factor-Driven High TEA: Malawi and Botswana



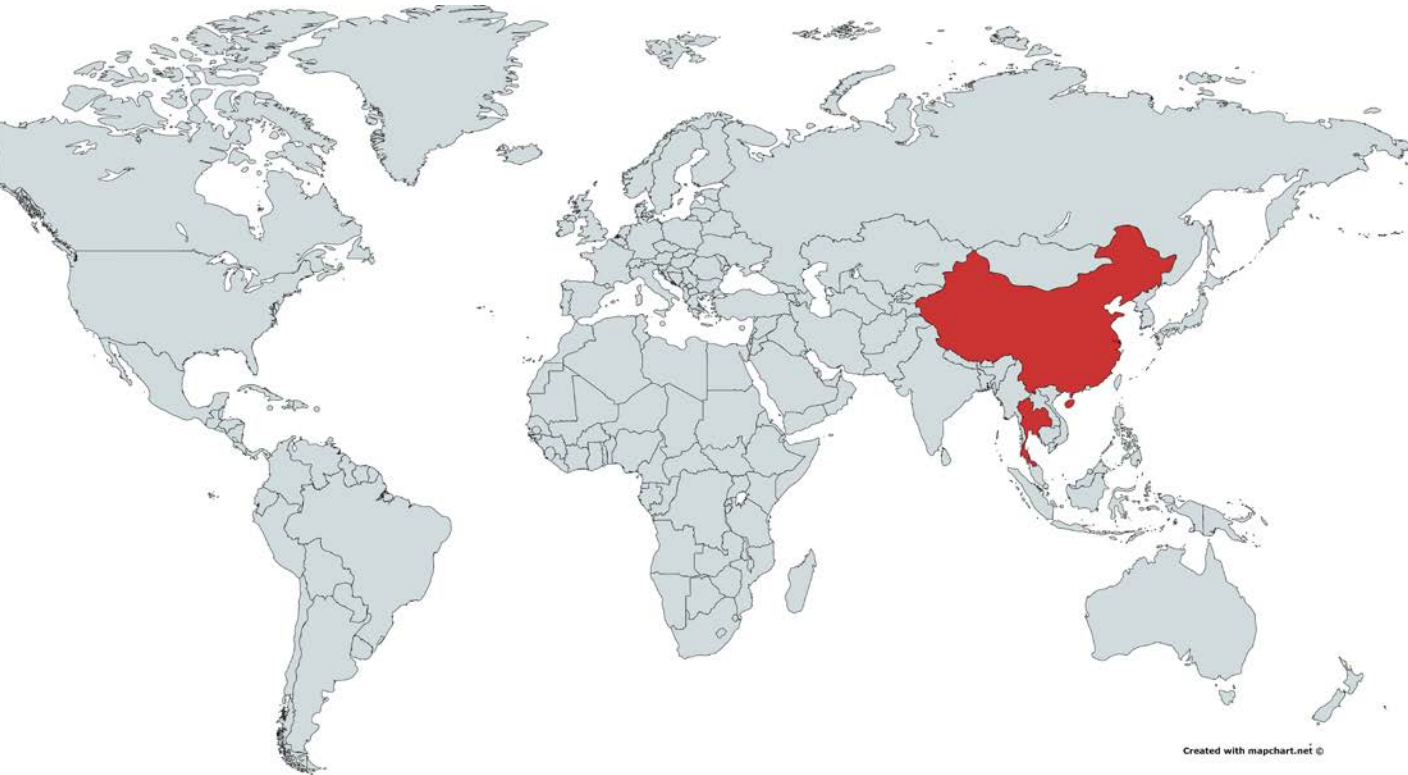
- High corruption (TI CPI)
- Low on World Bank Starting a Business
- Low on WEF GCI macroeconomy



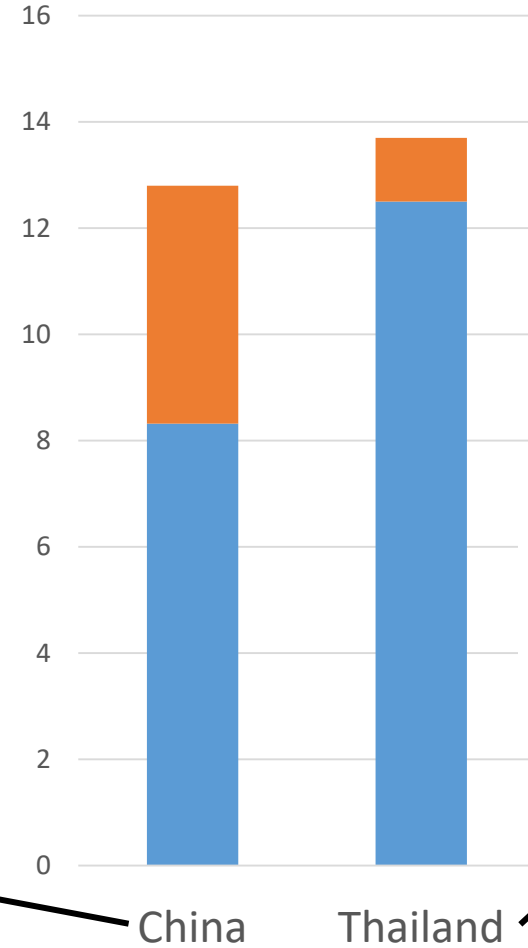
- Low corruption
- High on WB Doing Business
- High on WEF GCI macroeconomy and labor

■ % TEA 6+ jobs in 5 years
■ % TEA 0-5 jobs in 5 years

Efficiency-Driven Average TEA: China and Thailand



- Below average opportunity motives
- Somewhat low on WB Starting a Business
- High on WEF GCI macroeconomy, labor and business sophistication



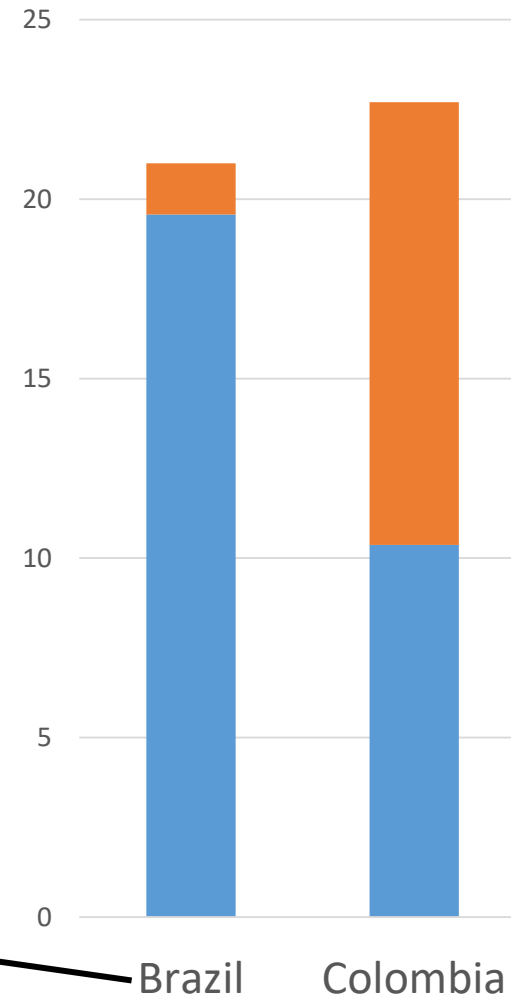
- High opportunity motives
- High established business activity
- High WB Doing Business

■ % TEA 6+ jobs in 5 years
■ % TEA 0-5 jobs in 5 years

Efficiency-Driven High TEA: Brazil and Colombia



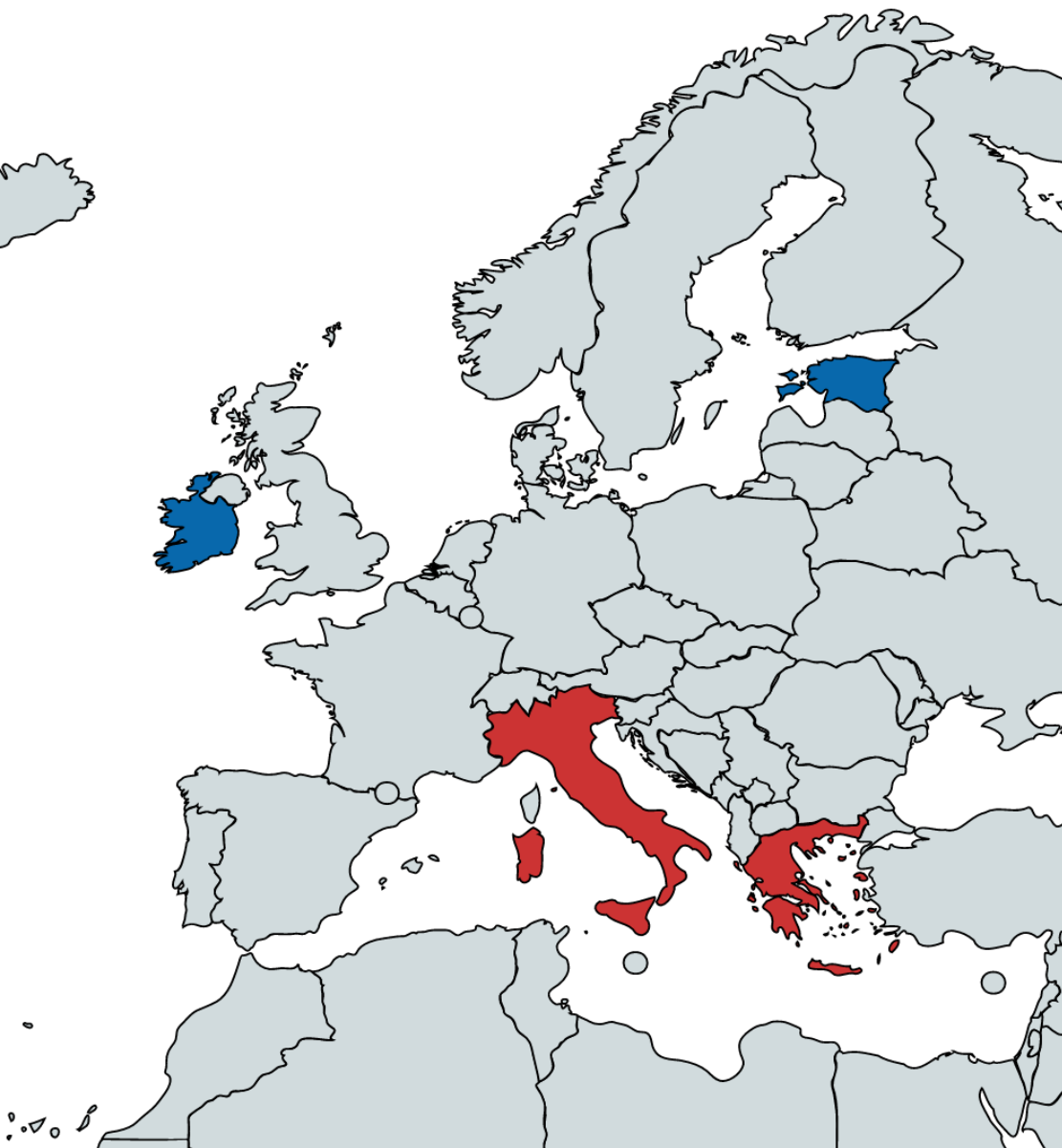
- Low opportunity motives
- Low on WB Starting a Business
- Somewhat low on WEF GCI institutions, macroeconomy and labor



- Moderately high on WB Doing Business and Starting a Business
- Low on WEF GCI institutions but high on macroeconomy and finance

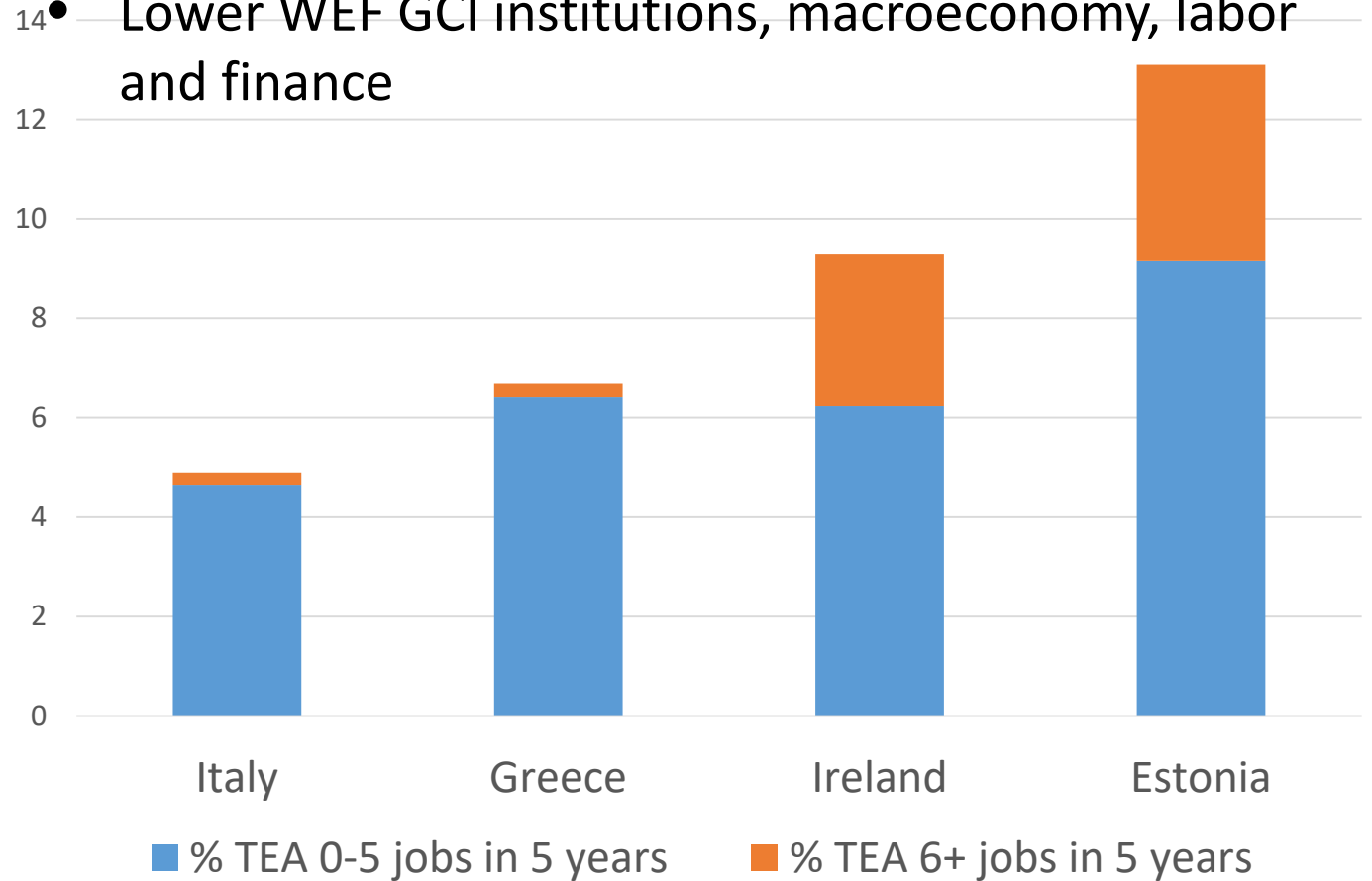
■ % TEA 6+ jobs in 5 years
■ % TEA 0-5 jobs in 5 years

Innovation-Driven: Italy and Greece vs. Ireland and Estonia



Italy and Greece have comparatively

- Higher corruption
- Lower WB Doing Business and Starting a Business
- Lower WEF GCI institutions, macroeconomy, labor and finance



Summary Comments

- Variations in growth ambitions can be seen across and within development levels
 - Not necessarily the case that high TEA means low growth, and vice versa
- Necessity/opportunity motives provides the drive for entrepreneurship; environment influences whether and how it happens
- Corruption may constrain growth but not entry; linked to the environment
 - Corruption facilitates firm entry when regulation and capital requirements are high (Dreher and Gassebner, 2013)
 - Corruption increases with inadequate legal and financial institutions, closed business networks when others engage in unethical behaviors (Tonoyan et al., 2006)
- Conditions for starting and general business may facilitate entrepreneurship and growth, and established businesses
- Broad mix of conditions suggests a case by case analysis