



## Global Entrepreneurship Monitor

### Jordan National Report

2019/2020

Jordan Enterprise Development Corporation (JEDCO)

&

Center for Strategic Studies (CSS)

October 2020

## The Ministry of Industry, Trade and Supply

Jordan's government has made great steps to support its economic progress, guided by ambitious and achievable goals, as defined in "Jordan 2025"; a vision for Jordan's economic future. Given that (96%) of the total corporate economy in Jordan is the economy of Small and Medium-sized Enterprises (SME), achieving the goals and objectives of "Jordan 2025" depends on the performance of this important economic sector.

The successive Jordanian governments have also been keen to enhance Jordan's economic competitiveness, as they have taken serious steps to enhance leadership through their institutions. In 2019, the Ministry for Digital Economy and Entrepreneurship was established to "support entrepreneurship and innovation in Jordan," based on its belief in the importance of entrepreneurship and creativity and necessity to provide supporting components, and to encourage creative ideas and creative talents, as they have a major role in achieving sustainable development.

Today, the government of Jordan recognizes the importance of the national (GEM) report as a leading global study aimed at improving the understanding of entrepreneurship and promoting evidence-based policy. Jordan in year 2019, had achieved the 34th rank globally in the early stage entrepreneurship activity index, about (9.1%), while this index reached about (8.2%) and ranked 46th globally in year 2017.

Accordingly, we look forward to the results of the Global Entrepreneur Monitor (GEM) National Report and we are confident that its recommendations will help in designing and implementing new policy interventions that will eventually help achieve more growth and development in the SME sector in Jordan and which, also, will positively impact the growth of the various production sectors which will contribute to the economic growth in Jordan.

Implementing this study in Jordan is a clear endorsement for GEM studies—which is part of the global recognition of the value of GEM studies worldwide. It is also an indication that the Jordanian government is taking the improving of its institutions through evidence-based policies seriously.

**Minister of Industry, Trade and Supply**  
**Dr. Tareq M. Al-Hamouri**



## **Jordan Enterprise Development Corporation (JEDCO)**

The Jordan Enterprise Development Corporation (JEDCO) is the national umbrella for economic enterprise development in Jordan. Since year 2003, the organization's activities have stemmed from its faith in the developmental role that Small and Medium-sized Enterprises (SME) play in fostering GDP growth, through strengthening exports and creating job opportunities.

As Jordan's entrepreneurial scene continues to thrive and regional and international success stories arise, JEDCO continues to support companies in all stages of their development, from conceptualization to internationalization.

JEDCO is focused on entrepreneurship and SMEs development. Its goals are achieved by providing technical and financial assistance, in addition to policy advocacy in order to foster a conducive business environment for productive SMEs. The strategic core goals of JEDCO are to increase the competitiveness of Jordanian products in global markets. With focus the manufacturing, service, and agriculture sectors.

During the years 2019 – 2020, JEDCO has launched 17 different programs to support more than 350 local SMEs in developing their products, enhancing their competitiveness locally and globally, and making the best use of Jordan's free trade agreements and preferential market access, where studies' indicators showed the impact of its support on some SMEs in regards of increasing the rate of exports and creating jobs.

JEDCO is committed to continue working with the public and private sectors to help more entrepreneurs, home based businesses, and SMEs by providing financial and technical services.

JEDCO believes in a future where the focus is not solely on final goals but also on the means towards achieving those goals; and an environment where the public and private sectors participate in legitimizing, implementing, and achieving developmental solutions.

**CEO, Jordan Enterprise Development  
Corporation (JEDCO)  
Dr. Bashar A. Al-Zu'bi**





## **SME Observatory @ JEDCO**

Jordan National Report, issued by the Global Entrepreneurship Monitor (GEM) for year 2019/2020, is the second in a series of reports issued by the Small and Medium-sized Enterprises (SME) Observatory at the Jordan Enterprise Development Corporation (JEDCO). The SME Observatory was established in year 2016 as a knowledge hub for data analysis, extracting indicators, and preparing periodic economic publications and research that is supported by evidence on economy and business related to entrepreneurship in Jordan in order to help common stakeholders improve the role of business environment in supporting, growing, and developing the SME sector in Jordan. And to provide evidence-based information that provide a better understanding of the dynamic procedures, patterns, outcomes, and opinions towards entrepreneurship in Jordan.

The SME Observatory has led the efforts of the Jordanian government by participating in this national report of Jordan which is issued by the Global Entrepreneurship Monitor (GEM) and in cooperation with the Center for Strategic Studies (CSS) and the support of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). This study presents a comprehensive picture of entrepreneurship that benefits policy makers and service providers of SMEs, including the tracking of individuals motivations and behaviors towards entrepreneurship in Jordan and comparing it internationally. The SME Observatory also investigates the various elements of the entrepreneurial environment and provides recommendations and policy support to improve the work environment of the SME sector in Jordan.

Significant progress has been monitored in the conditions of the entrepreneurial environment in this study; however, the SME Observatory recommends further reforms to improve the entrepreneurship environment in Jordan.

**SME Observatory @ JEDCO**  
**Dr. Amin O. Shammout**  
**Dr. Rania A. Al-Satel**

## Center for Strategic Studies (CSS)

The Center for Strategic Studies (CSS) at the University of Jordan, with the participation of the Jordan Enterprise Development Corporation (JEDCO), is pleased to present this very important study. The Jordan National Report from the Global Entrepreneurship Monitor (GEM) is the first of its kind in Jordan. Being the first of its kind derives from the fact that the study benefited from survey data from a representative national sample and from another sample which was obtained from 36 national experts. This study is based on data collected through a global tool implemented by the Center for Strategic Studies (CSS).

This study includes a wide range of information about various aspects such as existing and new businesses, the main factors that could encourage the start of new entrepreneurial businesses in Jordan, and the main burdens that affect the decision to create new businesses. In addition, the collected data and study will be available on the Global Entrepreneurship Monitor (GEM), the Jordan Enterprise Development Corporation (JEDCO), and the Center for Strategic Studies (CSS) websites, which will benefit researchers to examine the various aspects of entrepreneurship activity in Jordan.

The Center for Strategic Studies (CSS) was created in 1984 as a unit to conduct research in the areas of regional conflicts, international relations, and security. Since 1989, the Center for Strategic Studies (CSS) has developed long-term strategy research. In areas including democracy and the rule of law, good governance, parliament, government, media, women's issues, the judicial system, environment, pluralism, and social development policy. In addition, the Center for Strategic Studies (CSS) focuses on economic development issues such as comprehensive economic policy, labor market, investment, and trade.

Jordan Enterprise Development Corporation (JEDCO) and the Center for Strategic Studies (CSS) collaborated in presenting this study of entrepreneurs and the entrepreneurial environment in Jordan in a socio-economic framework. During the fall of 2019, the Center for Strategic Studies (CSS) employed the Adult Population Survey (APS) and interviewed local experts using the National Expert Survey (NES) for the second time in a row after their first collaboration with the Global Entrepreneur Monitor (GEM) National Report 2016/2017.

The Center for Strategic Studies (CSS) is a leader in assessing and designing evidence-based policy interventions. It is a center for research, analysis and evaluation of public policy. It ranked first in the years 2016, 2017, and 2018 among 507 think tanks in the Middle East and North Africa (MENA) according to the Global Go To Think Tank index; part of the Think Tanks and Civil Societies Program (TTCSP) program of Wharton School of Business at the University of Pennsylvania.

**Director, Center for Strategic Studies (CSS)**  
**Dr. Zaid Eyadat**

## Jordan Enterprise Development Corporation (JEDCO) Team

<b>Dr. Bashar A. Al-Zu'bi</b>	CEO, Jordan Enterprise Development Corporation (JEDCO)
<b>Eng. Ma'moun Abu Shawar</b>	Director, Start-ups and Small and Medium-sized Enterprises (SME) Growth Acceleration Program
<b>Dr. Amin O. Shammout</b>	SME Observatory
<b>Dr. Rania A. Al-Satel</b>	SME Observatory

## Center for Strategic Studies (CSS) Team

<b>Prof. Dr. Zaid Eyadat</b>	Director, Center for Strategic Studies (CSS)
<b>Dr. Walid Alkhatib</b>	Head of Department, Public Opinion & Survey – Co-Author
<b>Eng. Fadi Mohammed</b>	First Author
<b>Mrs. Islam Bashayreh</b>	Field Work Manager
<b>Mr. Ahmad SaadEdeen</b>	Data Analyst / Programmer

## Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH Team

<b>Diana Hollmann</b>	Head of Project, Employment-Oriented Promotion of Micro-, Small and Medium-Sized Enterprises (MSME)
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# Introduction

## **What is GEM Global Report?**

Prior to 1997, measuring entrepreneurial activity in different countries and having an index capable of monitoring this activity using unified indicators in an aim to help compare between the different nations' economies in terms of entrepreneurial activity did not exist. This index became a reality when Bill Bygrave, of Babson College, and Michael Hay, of London Business School (LBS), worked together with prompting from George Bain, who was the Dean of LBS, to create an index for entrepreneurial competitiveness, now used globally.

The first annual Global Entrepreneurship Monitor (GEM) Global Report was published in 1999 and assessed entrepreneurship in the US, UK, Canada, France, Germany, Italy, Japan, Denmark, Finland, and Israel. Since then, an annual Global Report in addition to hundreds of Global Entrepreneurship Monitor (GEM) reports and studies—either National, Global, or Special Topic Reports—have been published in more than 100 countries.

Since it conducted its first survey of entrepreneurship in these 10 developed economies in 1999, the Global Entrepreneurship Monitor (GEM) has achieved data collection activities—including the Adults Population Survey (APS) and the National Expert Survey (NES)—in more than 100 economies; which makes the Global Entrepreneurship Monitor (GEM) the organization of the most comprehensive understanding of entrepreneurship and entrepreneurs in the world.

The Global Entrepreneurship Monitor (GEM) Global Report 2018/2019 marked the 20th anniversary report which denotes the completion of 20 years of data collection activities and where 49 world economies were profiled with respect to demographics, their potential impact, diversity of forms they take, and their long-term sustainability. Since 1999, 114 economies have been assessed with respect to entrepreneurship activity.

This year's report, GEM Global Report 2019/2020, conducted research to measure entrepreneurship in 50 different economies. 21 years of relentless effort represents a rapidly growing research capacity that involved 50 participating countries compared to 10 countries in year 1999.

## **What Are GEM National Reports?**

GEM national reports assess entrepreneurial activity nationwide. To do so, the Global Entrepreneurship Monitor (GEM) introduced two surveys that each complements and integrates with the other. The first of two surveys is: The Adult Population Survey



(APS) and captures micro-entrepreneurs, while the second is: The National Expert Survey (NES) and captures high-growth entrepreneurs. In Jordan, for the second time consecutively, both surveys were conducted by the Center for Strategic Studies (CSS).

GEM national reports aim at changing the stereotypes about entrepreneurship nationwide. Which is the image that is most often drawn as a young male establishing a tech company using funds from a venture capital; and to shed light on the role of women as well as the elderly in entrepreneurship which is, in this study, projected throughout the different phases of establishing a new business—with one emphasis, among many, on the various funding options for entrepreneurs nationwide.

This study starts by shedding light on GEM Conceptual Framework and the entrepreneurship indicators tracked by GEM. This chapter briefs the framework used in all national reports globally and how that helped in creating one unified index that represents all economies.

Chapter 1 begins with a preview of GEM Global Report 2019/2020 followed by another preview of GEM National Report 2016/2017—which will work as a baseline and reference to understand GEM National Report 2019/2020 findings in a better way.

In Chapter 2, the economy of Jordan is examined, a critical factor in understanding the business and entrepreneurship environments in Jordan. The period between the beginning 90's to date is assessed on different aspects: firstly, the economic growth is assessed, which is considered a vital and main indicator for economies. Secondly, the reasons behind the spectacular economic growth that happened in the period 1990 – 1992 and once again in the period 2006 – 2008 are analyzed and assessed. Where the influx of refugees has a cost and impact on Jordan's economy, that is why it has always had a role in its economy. Thus, the inflation rates, general budget, public debt, and unemployment rates are briefed.

And because entrepreneurship and entrepreneurs are the main assessed areas in this study, an assessment for the impact of the most recent reform programs for the current period 2017 – 2021 is presented in two folds: the expected impact on job creation and the expected impact on Foreign Direct Investment (FDI). The International Monetary Fund (IMF) Lending Arrangements in Jordan are briefed and their past and potential future impact on the economic growth in Jordan is presented. Short analysis for the current and potential future impact of COVID-19 and the new IMF's Extended Fund Facility (EEF) are presented.

Last, but not least, Chapter 2 introduces the competitiveness and business activity indexes and concludes by questioning the route Jordan's economy could be taking—either to sustain an efficiency-driven economy or to transform to become an innovation-driven economy.

This study presents the figures extracted from GEM Adult Population Survey (APS) in Chapter 3—where the APS was enrolled by the Center for Strategic Studies (CSS) through 2,000 participants. This chapter studies the demographics of the adults in Jordan from different perspectives: gender, age, province, education, and income. It draws insights and presents information that is deployed to illustrate the demographics of the entrepreneurship population that participated in GEM's efforts to assess entrepreneurial activities in Jordan.

In the sections that follow, the entrepreneurial potential level in Jordan is assessed through the lens of the following areas: ease of starting a business, media attention to entrepreneurs, opportunity and capability perception, fear of failure, affiliation with entrepreneurs, and entrepreneurial intentions. Moreover, diagnosis for potential entrepreneurial impact could not be better assessed than by understanding the drive and motivation, growth expectations, innovation, internationalization of products, and industries pursued. Nevertheless, considering the actual potential of entrepreneurship environment in Jordan, self-perception of the entrepreneurs' population: knowledge and skill and experience required, and for the entrepreneurship environment in Jordan is essential and could not be completed out of social context—hence, an introduction to social context is briefed in this chapter.

Chapter 3 continues by providing statistics and insights on the various types of entrepreneurship as categorized by GEM: Total early-stage Entrepreneurial Activity (TEA), Entrepreneurial Employee Activity (EEA), Solo Entrepreneurship, and Family Businesses. Moreover, the lifecycle of new businesses is assessed through: nascent activities, Total early-stage Entrepreneurial Activity (TEA), Entrepreneurial Employee Activity (EEA), and Established Businesses (EB)—which tracks entrepreneurs' activities lifecycle from conceptualization to possible sellout. Hence, discontinuance of new businesses in addition to Established Business Ownership (EBO) are briefed. All types of entrepreneurial activities in this section are assessed against: participation in new businesses, ownership, size of teams, salaries, revenues, and profits. In addition to the previous, the location of businesses, internationalization of products, and technologies used are also covered. Chapter 3 concludes by focusing on vital issues which are: funding, investments in entrepreneurship, and shares of entrepreneurs.

Once the findings of the Adults Population Survey (APS) survey are presented and insights are drawn, the second Global Entrepreneurship Monitor (GEM) survey, the National Expert Survey (NES), is the focus of Chapter 4. NES is a survey in which 36 experts are interviewed on issues related to entrepreneurship in Jordan on a macro level. The National Entrepreneurship Context Index (NECI) is introduced in this chapter as well, which is a new index based on GEM National Expert Survey (NES) that measures the health of the entrepreneurial context in Jordan's economy based on 12 framework conditions. This index is used to assess and diagnose the environment of entrepreneurship in Jordan. Which enables policy makers and practitioners to use this index, and the underlying ratings on the 12 framework conditions, to benchmark results against peer economies and identify areas to address, as they seek to improve Jordan's economy potential and impact.

Chapter 5 of this study extends to comparisons of Jordan's entrepreneurship indicators in a regional and global context. Jordan is compared with MENA countries because of social and cultural similarities. In addition to that, Jordan is compared with the three main stages of economic development—that is factor-driven economies, efficiency-driven economies, and innovation-driven economies.

For the first time in GEM national reports of Jordan, Chapter 6 provides a detailed study about social entrepreneurship in Jordan—social or environmental activity, initiative or organization—and the participants in it. Where this chapter covers areas such as: size of social entrepreneurial activities, volunteering, impact, and sources of funding. It also covers area related to values, innovation, and social Nonprofit Organizations (NPOs). Moreover, Chapter 6 presents two sections that are dedicated to assess women enablement in entrepreneurship in Jordan, and to assess entrepreneurship in the various provinces where distinctive features of each province are explored.

Last, but not least, this study concludes in Chapter 7 by summing up conclusions and providing recommendations—government recommendations, private sector recommendations, and womenrelated recommendations—which policy makers in Jordan could translate into strategic shifts and policy interventions.



# **Executive Summary**

Jordan's consecutive governments have been very keen to advance the nation's economic competitiveness. However, and since year 2011, the political conditions surrounding Jordan have been unstable and against its best interests where their geopolitical implications have exacerbated the situation. Starting by the Arab Spring which its consequences destabilized the region including the gas and oil supplies and resulted, as well, in the shutdown of the trading routes with an important market—Syria. The same crisis that also resulted in forced migration and flooding of refugees which its burdens accumulated on an already-exhausted Jordanian economy, in conjunction with slow economic growth, increasing public debt, and high unemployment rate.

Jordan's economy has also been affected by a reverse migration for thousands of highly-skilled and experienced Jordanian expats who were enforced to relocate to Jordan due to new socioeconomic reforms and national transformation in the Gulf countries—especially in Saudi Arabia—which have aimed at the replacement of foreign expats with local citizens counterparts. And that negatively impacted the economy through less Foreign Direct Investments (FDI), and has participated in the recession of various industries where the most affected was the real estate industry—one of the main industries that are directly stimulated by the Jordanian expats.

That piled more challenges in front of the government of Jordan. However, Jordan had no choice but to take measures as quickly as possible in order to reduce the damages to economy through multiple packages of reforms. Nationally, the “Jordan 2025”, the National Transformation Plan (NTP) 2018 – 2022, and the Jordan Response Plan (JRP) 2018 – 2020 have all been together deployed to support Jordan's economy.

The consecutive governments notably took major steps, through their institutions, as well. In 2019, directions were given to create the new Ministry of Digital Economy and Entrepreneurship “to support entrepreneurship and innovation in Jordan in an aim to create new job opportunities that could reduce the already-high unemployment rates in the country.”

In October of year 2019, the “International Conference on Entrepreneurship in Business Environment” was held with participation of experts from several countries in the region, in cooperation with the Ministry of Digital Economy and Entrepreneurship. It focused on entrepreneurial education at Jordanian universities and knowledge transfer of entrepreneurial experiences from other countries.

Also, in October of year 2019, the “Business Licensing Reforming Conference”, organized by the Prime Ministry's institutional performance and policies administration, and in cooperation with the World Bank, was held. It showed case pioneering experiences

from several countries in the region in regards to “facilitating the procedures of business licensing and cancelling unnecessary licenses”. This was a step towards implementing a friendly environment for investments.

Moreover, and in August of year 2019, “The Seventh Conference of Expatriate Jordanian Businessmen and Investors” was held to maintain communication between businessmen inside and outside of Jordan and update them on the opportunities and achievements made at the economic level.

This study is the fourth in series that aims at diagnosing the status of entrepreneurship in Jordan, after the study of year 2016/2017 that was prepared by the Center for Strategic Studies (CSS) for the Jordan Enterprise Development Corporation (JEDCO) and in cooperation with the Global Entrepreneurship Monitor (GEM). This study will disrupt a better understanding for the entrepreneurship status in Jordan which will in turn prepare the atmosphere to implement tailored policy interventions.

The data used for GEM National Report 2019/2020 were collected from two surveys: The Adult Population Survey (APS) and the National Expert Survey (NES). The APS surveyed 2,000 adults where it covered the entrepreneurial aspirations of the country’s population. While the NES interviewed a group of 36 experts in markets, businesses, and academics with a broad range of specialties for potential ideal measures for Jordan’s institutional factors.

Through the outcomes of the surveys, the National Entrepreneurship Context Index (NECI) is built. Which is capable of ranking economies based on 12 indicators that could influence entrepreneurship.

This policy assessment and policy recommendations would be translated into policy-interventions and strategic shifts by the policy makers. Which, when implemented appropriately, would positively impact entrepreneurs and the entrepreneurship environment in Jordan.

In the following few pages, two areas are covered. Firstly, potential successes and failures of policy interventions are introduced by comparing the results of GEM National Report 2016/2017 with their counterparts of this study—GEM National Report 2019/2020. Nevertheless, and while these comparisons could be used as indicators, it is important to bear in mind that for the following reasons, it is difficult to claim successes and failures of enforced policies for a sole reason of ascending or descending of a designated indicator:

- 1) The indicators in this study cannot be interpreted solely; in most cases, understanding the correlation between a set of variables is necessary in order to

understand their impact on a policy. In many cases throughout this study, and as the Global Entrepreneurship Monitor (GEM) indicates, further study should take place to diagnose the specific impact of an indicator on one or a set of policy interventions.

2) The indicators in this study function in a socioeconomic context—named GEM Conceptual Framework. While understanding the social and economic impact of an indicator in this context is important, real impact actually takes time; more than the two years that separates the two studies.

Secondly, and based on the results of the national experts' assessment for Jordan's entrepreneurship in NES, policy recommendations are drawn for GEM National Report 2019/2020.

**First: The successes and failures of policy recommendations that were listed in GEM National Report 2016/2017 in regards to the Adult Population Survey (APS) and comparison of the results of GEM National Report 2016/2017 with their counterparts in this study—GEM National Report 2019/2020:**

Jordan's Adult Population Survey (APS) results of GEM National Report 2016/2017 with comparisons with their counterparts of GEM National Report 2019/2020 came as follows:

- The Total early-stage Entrepreneurial Activity (TEA) was (8.2%) in year 2017. Thus, among the countries participated in the Global Entrepreneurship Monitor (GEM) survey, Jordan occupied the 46th position globally. In year 2019, Total early-stage Entrepreneurial Activity (TEA) became (9.1%) and Jordan rank became 34th globally.
- More specifically, and in year 2017, (4.1%) of the adult population was involved in nascent entrepreneurship, (4.6%) were new business owners, and (2.7%) were active in Established Businesses (EB). In year 2019, (5.66%) of the adult population became nascent entrepreneurship, (3.52%) new business owners, and (6.55%) became active in established businesses.
- The rate of Employee Entrepreneurial Activity (EEA) in year 2017 was (1.5%). EEA rate became (0.69%) in year 2019.
- The discontinuation rate of businesses decreased. For every five individuals who started or ran a new business, there was one individual who discontinued a business in year 2017 where Jordan ranked 2nd in a global comparison, and business discontinuation rate was (21.2%). In year 2019, Jordan rank 3rd globally, with high business discontinuation rate of (10.45%).



- Females Total early-stage Entrepreneurial Activity (TEA) rate represented (3.3%) only of the adult population, while males Total early-stage Entrepreneurial Activity (TEA) rate was (12.8%). The female-to-male TEA ratio for 2017 was 0.26. In year 2019, females Total early-stage Entrepreneurial Activity (TEA) became (6.75%) of the adult population, while males Total early-stage Entrepreneurial Activity (TEA) rate became (11.43%). A great improvement in the female-to-male TEA ratio which reached to 0.59.
- Jordan, in addition to Germany, Italy, and France, had the lowest female involvement rate in the Total early-stage Entrepreneurial Activity (TEA). In year 2019, Jordan's gender gap became smaller but still in the lower quartile among 50 economies.
- Most of the Total early-stage Entrepreneurial Activity (TEA) participation rate was observed between the age-groups of 18 – 24 and 35 – 44, which represented around (61%) of the Total early-stage Entrepreneurial Activity (TEA) participation. That was consistent with GEM Global Report 2016/2017 findings which showed that the largest group of early-stage entrepreneurs was the age-groups of 25 – 34 and 35 – 44 years for most of the countries; regardless of the stage of economic development.
- However, age structure for the groups participating in Employment Entrepreneurial Activity (EEA) was different than those of the TEA. Where the largest percentage of involvement came from the age-group 55 – 64 (27%), followed by the age-group 25 – 34 (14%).
- The highest level of involvement in terms of the level of education was observed in adults with secondary education (37%); university graduates came (25%) and lower than the rate of adults with secondary-level education, followed by adults with essential education (16%), and finally adults with diploma education (14%).
- Both sides on the spectrum showed extremes—where adults with no education constituted only (1%) of Total early-stage Entrepreneurial Activity (TEA) participation, people with Ph.D. degrees represented (1%), and people with master's degrees represented (2%).
- Industry participation in Jordan was dominated by consumer-oriented businesses—(65%) of the total sector participation. The findings of GEM National Report 2016/2017 showed that the participation of (26%) was in transforming activities, followed by extractive activities at (5%), and business services at (3%) of the total sector participation rate in Jordan in 2017. In year 2019, the results became as follows: agriculture (2.95%), mining (2.55%), manufacturing (9.72%), transportation

(4.19%), wholesale and retail (59.15%), ICT (0.50%), finance (1.26%), professional services (1.51%), administrative services (1.79%), health, education, government, and social services (12.84%), and lastly, personal and consumer services (3.55%).

- Only (10%) of early-stage entrepreneurs did not expect to add any new jobs to their businesses within the next five years. However, (74%) of early-stage entrepreneurs expected to create 1 – 5 job opportunities, and (15%) expected to grow their business by 6 jobs or more in the next five years period. In year 2019, (3.20%) of the population did not expect to add any new jobs to their businesses within the next five years. However, (4.55%) of early-stage entrepreneurs expected to create 1 – 5 job opportunities, and (1.36%) expected to grow their business by 6 jobs or more in the next five years period.

- Regarding innovation, (25%) of early-stage entrepreneurs in year 2017 believed that they offered a product or service that was considered new to their customers in their targeted market. In year 2019, the percentage became (15.76%) for the age group 18 – 99.

- Internationalization showed that (43%) of the goods and services of early-stage enterprises are exported abroad. In year 2019, this indicator increased to (44%) for the age group 18 – 99.

- Internationalization in Established Businesses (EB) in Jordan was much higher than early-stage firms (78%). In year 2019, this indicator decreased to (47.68%) for the age group 18 – 99.

- Entrepreneurial activity, as measured by the percentage of early-stage entrepreneurs among the adult population, showed distinctive differences in year 2017 across the governorates of Jordan. The highest rate of Total early-stage Entrepreneurial Activity (TEA) was in Ajloun (13.2%), Karak (11.3%), and Irbid (10.1%). The capital Amman's Total early-stage Entrepreneurial Activity (TEA) rate was only (9%); and the lowest TEA rates were observed in Mafraq and Tafelah; at (2.3%) and (3.6%) consecutively. TEA rates in provinces were measured in year 2019 as follows: Amman (9.19%), Balqa (4.12%), Zarqa (8.02%), Madaba (8.70%), Irbid (9.67%), Mafraq (13.19%), Jarash (4.35%), Ajloun (6.00%), Karak (9.46%), Tafelah (16.13%), Ma'an (13.16%), and Aqaba (10.00%).

**Executive Summary/Table:** Summary of GEM indicators of Jordan as per GEM National Reports: 2016/2017 and 2019/2020

	2016/2017 %	2019/2020 %	As a %
<b>Total early-stage Entrepreneurial Activity (TEA)</b>	8.2	9.1	10.98% ↑
<b>Nascent Businesses</b>	4.1	5.66	38.05% ↑
<b>New Business Owners</b>	4.6	3.52	-23.48% ↓
<b>Established Businesses (EB)</b>	2.7	6.55	142.59% ↑
<b>Employment Entrepreneurial Activity (EEA)</b>	1.5	0.69	-54.00% ↓
<b>Business Discontinuation</b>	21.2	10.45	-50.71%* ↓
<b>Females TEA</b>	3.3	6.75	104.55%** ↑
<b>Males TEA</b>	12.8	11.43	-10.70%** ↓
<b>Female-to-Male TEA Ratio</b>	0.26	0.59	126.92% ↑
<b>Innovation</b>	25	15.76	-36.96% ↓
<b>Internationalization</b>	43	44	2.33% ↑
<b>Internationalization in Established Businesses (EB)</b>	78	47.68	-38.87% ↓

\* Positive indicator.

\*\* Combined together, denote positive indicator—smaller gender gap.

## **Second: Policy recommendations for the entrepreneurship environment in Jordan:**

The financing channels for entrepreneurs in Jordan, although they showed progress in most of the financing areas in this recent year, compared to the assessment of year 2017, some channels are not yet enjoying the same good positions; such as funding through Initial Public Offerings (IPOs) and funding from government subsidies. The most financing channels available for entrepreneurs were: debt funding, venture capitalists, equity funding, private lenders, business angels, and lastly, informal investors.

Government policies and procedures are still a challenge for entrepreneurs, despite the efforts made by the government. The issuance of commercial licenses consumes a lot of time and effort to achieve them. Jordan Enterprise Development Corporation (JEDCO) can perform important tasks in field which can be monitored in the coming Global Entrepreneurship Monitor (GEM) National Report. Likewise, the raise in taxes, which has resulted in a decline in economic performance of Jordan since 2017.

Government programs targeting entrepreneurs needs a lot of improvement in almost all the factors which were measured by the National Expert Survey (NES). And which the Jordan Enterprise Development Corporation (JEDCO) could take a leading role in as will be clarified more in the policy recommendations in Chapter 7.

Entrepreneurial education requires serious education strategy. Where schools and universities in Jordan are ought to take serious steps to grow the values of entrepreneurship, socio-economic principles of society and the market, and to shed light on the importance for individuals to establish independent businesses. Even in the few cases where education institutes were found to teach entrepreneurship, two issues were found: 1) Not all the entrepreneurs acquire that education, and 2) The education and training acquired does not match dynamics nature of changing markets.

The transfer of research and development is not at its best shape in Jordan. Experts believe that there is insufficient government support for new businesses to develop or acquire modern technologies where new businesses are experiencing more difficulties than existing companies in accessing research and modern technologies. The Entrepreneurs as well as scientists and researchers need more support to commercialize their research and more support to market their new products in the local and regional markets.

The commercial and legal infrastructure for entrepreneurs in Jordan has a pretty above the good conditions expect for one indicator related to the cost of these services which scored the lowest among this area. Then comes the easiness for entrepreneurs to get good subcontractors, supplies, and consultants. After that comes the availability of

available commercial and legal services provides, then the easiness of new businesses to obtain good banking services. The highest scored among this area was the easiness of new businesses to obtain good professional and legal services.

Indications for unfair competition including some forms of monopolies were, unfortunately, monitored and new businesses face difficulties and burdens in entering the local market in Jordan. The national experts have assessed the enforcement of the anti-trust law as fair which requires more enforcement and generally more improvements to take place in this area.

Likewise, the assessment of the national experts in regards to the physical infrastructure in Jordan showed fair progress since the last assessment of year 2017. There is general satisfaction about the communications infrastructure—internet and phone services—however roads, water, and other physical infrastructure services received lower assessment by the national experts. Nevertheless, the cost and accessibility to these services are still burden to many entrepreneurs.

The school and after-school education do not sufficiently focus on the values of entrepreneurship concepts related to individualism, risk-taking, and creating independent career paths. The Jordanian society seems to support individuals in their entrepreneurship businesses to some extends. However, more progress is targeted in the school and after-school education.



# Key Findings

## **First: The Adult Population Survey (APS)**

Jordan Enterprise Development Corporation (JEDCO) has continued its partnership with the Center for Strategic Studies (CSS) to produce this study. Named: GEM National Report 2019/2020.

During the fall season of year 2019, CSS has enrolled the Adult Population Survey (APS) in the different governorates of Jordan where a representative sample of 2,000 individual adults was surveyed.

The main aim of this study can be summarized as: assessing the social and economic aspects of the surveyed sample of population in regards to the impact their entrepreneurship activities make (in terms of business growth, innovation, internationalization) in their designated industry (sector) considering their individual attributes (gender, age, and motivation).

### **The key findings of the Adult Population Survey (APS):**

- It was found that almost (9.1%) of the adult population in Jordan are participating in an entrepreneurial activity—either starting or running a business. That puts Jordan 34th among 50 economies that participated in the APS this year, and the third to the last before Oman and Egypt in the Middle East & Africa (MEA) region. However, and also in the Middle East and Africa (MEA) countries, the United Arab Emirates and Madagascar achieved above (15%) TEA rates; while the other distinctive group included Morocco, Israel, Iran, South Africa, Saudi Arabia, and Qatar with Total early-stage Entrepreneurial Activity (TEA) rates between (5%) and (15%).
- Almost (61.72%) of the adult population, in the age-group 18 – 64, in Jordan claimed, with varied levels, to have the required skills and experience to start a new business.
- Overall, two in five individuals (40.57%) has seen an opportunity to start a new business.
- Fear of failure was deterrence for starting a new business for (54.35%) of the adults, in the age-group 18 – 64, in Jordan. Other types of deterrence were the rare opportunities, government policies, and low profitability.
- The Total early-stage Entrepreneurial Activity (TEA) in Jordan has raised between year 2017 and year 2019 from (8.2%) to (9.1%).



- The vast majority of the respondents have agreed, with variant levels, that the reason “earning a living because jobs are scarce” is the main reason they try to start a business for (93.11%).
- For gender distribution, males were more likely to start a new business than females, (11.43%) compared to (6.75%) for females. This ranks Jordan, globally, in the middle group of gender gap in Total early-stage Entrepreneurial Activity (TEA) rate.
- In regards to age distribution, the group age of 35 – 44 was the most likely in Jordan to start or run a new business (12.57%).
- For career starters, out of high-school or fresh college graduates, (5.34%) of the age-group of 18 – 24 were starting or running a new business—compared to (7.75%) of the elderly age-group of 55 – 64.
- In regards to hiring new individuals in entrepreneurship businesses in Jordan, growth expectations for the agegroup 18 – 99 where (13.17%) who are ex-pecting that zero Full Time Employees (FTEs) will be added to their new busi-nesses in the next five years. (63.98%) of the respondents have answered that their new businesses will hire 1 – 5 FTEs, and the remaining (22.86%) have expected that their new businesses will hire 6 FTEs or more in the next five years.
- It was found that (24.60%) of the entrepreneurs in Jordan used new technology or procedures and (26.26%) introduced new products or services that have never been introduced before either in the area where they live, in their country, or is totally new to the world; in the age-group 18 – 64.
- The APS, and the context here is for the year 2019, has found than (6.98%) of the population, in the age group 18 – 64, invested in somebody’s start-up in the past three years.
- The education factor plays a role in the entrepreneurial activity in Jordan. The Adults Population Survey (APS) has found that (24.5%) of the population who has engaged in Total early-stage Entrepreneurial Activity (TEA) hold at least a bachelor degree.
- Lastly, but not least, income distribution—per household—showed some correlation with the engagement level in entrepreneurial activity in Jordan, where low income households were found to be more likely to start a new business compared to high income households. This could be related to what this study has earlier found that “earning a living because jobs are scarce” was the main reason behind starting a new business in Jordan (93.11%).

## Second: The National Expert Survey (NES)

The Global Entrepreneurship Monitor (GEM) designed two surveys for the sole purpose of assessing entrepreneurship nationally. While the role of the Adult Population Survey (APS)—covered in details in Chapter 3—is to capture micro-entrepreneurs nationally, the National Expert Survey (NES) comes to capture high-growth entrepreneurs—covered in details in Chapter 4.

36 national experts were interviewed—carefully identified nationally—about their perception for the national environment of enterprise across nine categories: Entrepreneurial Finance, Government Policy, Government Entrepreneurship Programs, Entrepreneurship Education, Research & Development Transfers, Commercial & Legal Infrastructure, Ease of Entry, Physical Infrastructure, and Cultural & Social Norms.

The National Entrepreneurship Context Index (NECI) is a composite index capable of assessing the environment for entrepreneurship in an economy. The outcomes of the NECI help policy makers, practitioners, and other stakeholders stay informed about the strength of their overall environment for entrepreneurship.

### The key findings of the National Expert Survey (NES):

- Among 50 economies, Jordan has ranked 12th in NECI this year and third among the participated Arab countries—after Qatar and the United Arab Emirates; and the third, as well, globally among low income economies.
- Progress has been monitored in all the nine aspects of the NES. A clear indication that policy reform in areas related to entrepreneurship has taken place already in the last two years.
- Entrepreneurial Financing which came to focus on the financing options that are available for entrepreneurs in Jordan ranging from equity and debt funding, passing by venture capitals, and ending with informal investments—such as family, colleagues, and friends—the assessment of year 2019 came very positive with overall progress from (4.06) points in 2017 to (4.92) points in year 2019, and progress on all available entrepreneurial financing options—progress has ranged between (8%) to (40%) increase—except for informal funding which changed slightly below the figures of 2017.
- Moreover, and in regards to Government Policy, the National Expert Survey (NES) assessment of year 2019 shows very considerable overall progress except for the taxes on businesses item, which has shown negative and regress assessment: from (5.53) points in year 2019 to almost the half—(2.94) points. All sub-items

witnessed progress as well—especially when assessed “the support for new and growing firms as a high priority for policy at the local government level”—which moved from (3.69) points in year 2017 to (8.00) points in year 2019.

- The National Expert Survey (NES) assessment of Government Entrepreneurship Programs came to assure that the government in Jordan has shown serious steps in promoting entrepreneurship. Focus on attracting new investments, reform in economic policies and in related legislation, and creating programs promoting support for Small and Medium-sized Enterprises (SMEs) have been changing Jordan’s business environment. The government programs were assessed positively in year 2019 with very clear progress in assessing “the available number of government programs which support new and growing businesses”. The overall Entrepreneurial Framework Conditions (EFC) assessment was at (4.51) points in year 2019, compared to (3.70) points in year 2017.

- Entrepreneurial Education at schools and colleges curriculum was found to be crucial to entrepreneurship. Knowing that the youth population in Jordan is high—as a percentage of population—the government is taking reform in this area seriously. Every expert was asked six questions and their assessment for entrepreneurial education in Jordan showed tremendous overall improvement—from (2.59) points in year 2017 to (4.33) in year 2019. When compared with year 2017 figures, the national experts strongly believe that entrepreneurial skills are well-acquired in university education as well as in after-school non-university education—e.g. vocational and professional education. Moreover, for primary and secondary education, consistent progress in the assessment of the national experts was monitored. The assessment for encouraging creativity, providing adequate instructions in economics, and quality of teaching have changed from (2.31), (2.31), and (2.08) points in year 2017 to (3.47), (3.54), and (3.30) points—consecutively—in year 2019’s NES.

- Moreover, Research & Development Transfers is one of the areas covered by GEM National Expert Survey (NES). In 2017, the national experts assessed R&D transfer into new businesses at (3.78) points and the perspective for this year soared to (5.75) points. The sub-items of this category have all scored above (5.00) points—e.g. in R&D transfers from universities to startups, access of businesses to R&D, affordability, government subsidies, and support for scientists.

- Satisfaction about the conditions of the Commercial & Legal Infrastructure in Jordan—as well as about the physical infrastructure conditions as will presented later—has been observed in the assessments of the national experts. All the

sub-items in this category have achieved more than (6.00) points except for the item related “to affording costs of commercial and legal services” which, again, requires paying attention to the issue of financing necessity of new businesses and startups.

- Ease of Entry assessment in the National Expert Survey (NES) has also shown improvement this year, where the surveyed national experts have assessed the ease of market entry conditions as “not really good”—mostly below (5.00) points in all the subitems of this category. Barriers to entry, in addition to shapes of unfair competition have been diagnosed as part of the burdens faced by new business owners.
- As stated earlier, the assessment for the Physical Infrastructure conditions in Jordan came very positive with clear progress—when compared with year 2017 assessment. In consistency with the assessment for the “cost of legal and commercial services” area, the “cost of physical infrastructure services” is considered a burden for new and growing businesses.
- Last, but not least, Cultural & Social Norms—which aims at understanding the Jordanian society individualism vs. collectivism—were assessed by the national experts to reflect a middle status of the Jordanian society where although individual experiences characterized by taking risk are appreciated by society, more reform on the entrepreneurship environment in Jordan is expected in order to increase individualism, self-sufficiency, and risk-taking living styles.

### **Third: The successes and failures of policy recommendations that were listed in GEM National Report 2016/2017 in regards to the National Expert Survey (NES):**

Entrepreneurship environment in Jordan has witnessed tremendous progress over the last two years—according to the experts’ assessments in the National Expert Survey (NES). All the 12 areas of assessment have witnessed positive progress that ranged between (116.88%) for the physical infrastructure and (180.74%) for entrepreneurial education at post-school stage.

The rank of Jordan as well, and among 67 assessed economies in 2016/2017 assessment, has ranged between rank 21st for the “Internal Market Dynamics” and rank 67th for the “Entrepreneurial Education at Postschool Stage”. Nevertheless, the progress that Jordan witnessed moved its rank to 11th globally in 2019/2020 assessment.

**Key Findings/Table:** Summary of the National Experts Assessment and Rank of Jordan's Entrepreneurship Environment in GEM National Reports: 2016/2017 and 2019/2020

	2016/2017 Score	2016/2017 Rank Out of 67 Countries*	2019/2020 Score	2019/2020 Rank Out of 50 Countries*	As a %
Entrepreneurial Finance	4.06	39	4.90	22	20.69% ↑
Gov't Policy: Support & Relevance	3.55	48	4.98	17	40.28% ↑
Gov't Policy: Taxes & Bureaucracy	3.44	43	3.90	29	13.37% ↑
Gov't Programs for Entrepreneurs	3.70	48	4.50	23	21.62% ↑
Entrepreneurial Education at School	2.23	57	3.38	19	51.57% ↑
Entrepreneurial Education at Postschool Stage	2.96	67	5.35	14	80.74% ↑
R&D Transfer	3.78	37	4.99	10	32.01% ↑
Commercial & Legal Infrastructure	4.79	41	6.28	4	31.11% ↑
Internal Market Dynamics	5.30	21	6.93	2	30.75% ↑
Internal Market Burdens	3.81	53	4.36	29	14.44% ↑
Physical Infrastructure	6.34	40	7.41	14	16.88% ↑
Cultural and Social Norms	4.22	44	5.90	17	39.81% ↑

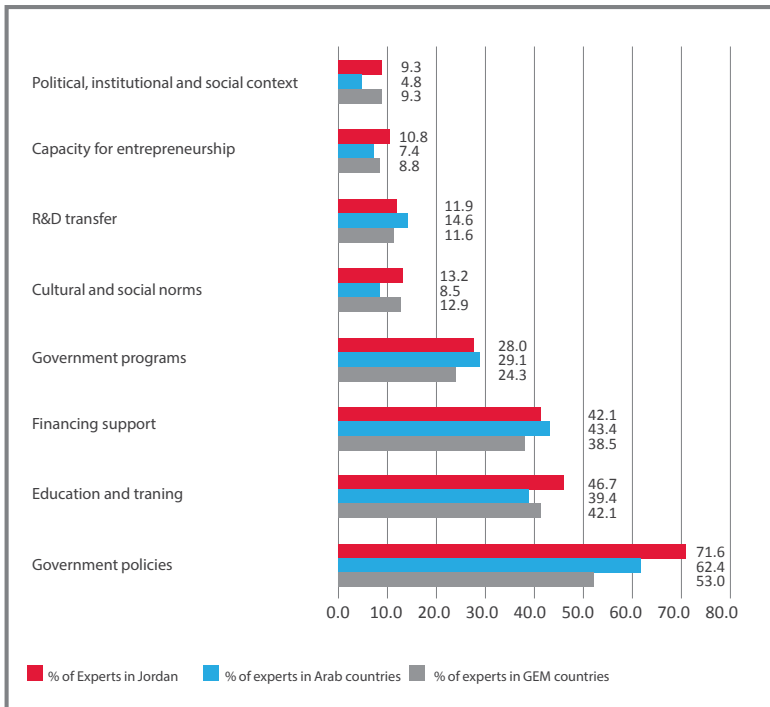
\* The number of countries participating in 2019/2020 report is 50 countries, while the number was 67 countries in 2016/2017 report.

The key recommendations in GEM National Report 2016/2017 focused on three areas only:

1. Improving government policies.
2. Improving education and training.
3. Providing financial support to entrepreneurship.

It depended in that on the recommendations of the experts themselves, where (71.6%) of the experts cited the urge to improve government policies to encourage and support entrepreneurship—a percentage that was greater than that of all the Arab countries and also all the countries assessed in the study. Also, almost half of the experts (46.7%) cited entrepreneurial education and training as other issues that require improvement. And for the sake of comparison, improving entrepreneurial education and training was cited by significantly less experts (39.4%)—the average of the assessed Arab countries. Lastly, (42.1%) of the experts cited the urge to improve financing support of entrepreneurs.

**Key Findings/Figure:** The Base of Key Recommendations to Foster Entrepreneurship in Jordan—in Regional and Global Context, 2016/2017



Source: GEM National Report 2016/2017

Nevertheless, the results of the National Expert Survey (NES) show that success is witnessed in all the areas that GEM National Report 2016/2017 key recommendations section asserted.

In this study, a new approach is taken to draw the policy recommendations where each of the 12 areas of the National Expert Survey (NES) is analyzed separately and specific recommendations are tailored for the various government institutions—check Chapter 7 for more details.







## Chapter 1: The Global Entrepreneurship Monitor (GEM)

### 1.1. Introduction

Year 1997 witnessed the birth of the first global monitor for entrepreneurship. A project that started between Babson College, Boston, and London Business School and resulted in the Global Entrepreneurship Monitor (GEM). GEM was founded with an aim to assess the entrepreneurship levels among countries. Measuring the entrepreneurial activity in countries gives better understanding to entrepreneurial competitiveness of different nations—similar to that value of the Global Competitiveness Index.

The first report was published in 1998, with representative data from five countries: Canada, Finland, Germany, the UK, and the US. The Global Entrepreneurship Monitor (GEM) enrolled the Adult Population Survey (APS) in these countries with 2,000 random samples in each. This survey was very efficient in measuring and capturing microentrepreneurs, but it was not very useful in assessing high-growth entrepreneurs who would hire high number of employees—as policy makers are interested in employment growth.

As per Bill Bygrave and Michael Hay, shedding light on high-growth entrepreneurs was possible through one of two methods. The first is by analyzing each nation's venture capital—because they fund high-growth businesses. The second was to design a second survey that questions national entrepreneurship experts about the status of entrepreneurship in their designated country. Hence, the National Expert Survey (NES) was created.

21 years since its first Global Report, and as of 2019, the Global Entrepreneurship Monitor (GEM) surveyed 50 countries in 2019/2020 representing economies of all sizes and of all stages of economic development—that is factor-driven economies, efficiency-driven economies, and innovation-driven economies.

**Box 1.1:** List of Economies that Participated in GEM APS and NES; Categorized by In-come Level and Region, 2019

Regions	Low-income	Middle-income	High-income
Middle East & Africa	Egypt Madagascar Morocco	Iran Jordan South Africa	Israel Oman Qatar Saudi Arabia United Emirates
Asia & Pacific	India Pakistan	Armenia China	Australia Japan Republic of Korea Taiwan
Latin America & Caribbean		Brazil Ecuador Guatemala Mexico	China Colombia Panama Puerto Rico
Europe & North America		Belarus North Macedonia Russian federation	Canada Croatia Cyprus Germany Greece Ireland Italy Latvia Luxembourg Netherlands Norway Poland Portugal Slovak Republic Slovenia Spain Sweden Switzerland United Kingdom United States

Source: GEM Global Report 2019/2020

The entrepreneurship competitiveness through GEM Conceptual Framework compares these 50 economies with respect to entrepreneurs' demographics, entrepreneurship impact, type of entrepreneurship, entrepreneurship sustainability, and entrepreneurial potential. Each of these is handled with some details below. Hence, the same categories are being used as listed in GEM Global Report 2019/2020 with more emphasis on Jordan's position in each category globally.

### **First: Demographics of Entrepreneurs:**

- Total early-stage Entrepreneurial Activity (TEA): As per GEM Global Report 2019/2020, it was found that Total early-stage Entrepreneurial Activity (TEA) and income per capita are not highly correlated. The highest Total early-stage Entrepreneurial Activity (TEA) rate was found in Chile (36.71%)—high-income economy. At the same time, high TEA rates were also found in middle-income countries; e.g. Ecuador (36.2%). As well as in low-income countries; e.g. Madagascar (19.48%). For comparison purposes, Jordan scored (9.1%) Total early-stage Entrepreneurial Activity (TEA) rate in 2019.
- Gender: The general trend found indicates that females-to-males ratio for TEA activity was 4:10 which has varied in the various surveyed countries. However, six nations have showed equality in the TEA activity ratio between females and males. Those nations were: Brazil, Spain, Qatar, Madagascar, Belarus, and Poland. Again, Jordan scored a ratio of 7:10.

### **Second: Entrepreneurship Impact:**

- Drive and Motivation: The Global Entrepreneurship Monitor (GEM) assesses the drive and motivation of entrepreneurs in starting a new business in two stages: 1) The Total early-stage Entrepreneurial Activity (TEA), and 2) The Entrepreneurial Employee Activity (EEA). GEM Adult Population Survey (APS) assesses the reasons among: 1) To make a difference in the world, 2) To build great wealth or very high income, 3) To continue a family tradition, and 4) To earn a living because jobs are scarce.
- Growth Expectations: It assesses the number of employees expected to be employed by this new business in the next five-year period. (40.9%) of Jordan's entrepreneurs expect that in the next five years 2 – 5 employees will be working for this business, and (10.8%) answered that 6 – 10 employees will be working for this business five years from now.

- **Innovation:** It measures the level in innovation in products and services, where entrepreneurs who introduce a new product or service that have never been introduced before in its designated market. In Jordan, it was found that (24.6%) of entrepreneurs in Jordan used a new technology or procedure and (26.3%) introduced a new product or service that have never been introduced before either in the area where they live, in their country, or is totally new to the whole world.
- **Internationalization:** It measures the level of international entrepreneurship implied by the percentage of sales to foreign markets by new startups.

### **Third: Type of Entrepreneurship:**

- **Total early-stage Entrepreneurial Activity (TEA):** Defined as the sum of those actively starting a new business—but who have not yet paid salaries, or any other payments, including to the founder(s), for three months or more; the Nascent Entrepreneur—plus those already running a new business—who have paid wages, or other payments, including to the founder(s), for three months or more but for less than 42 months; the New Business Owner—minus any double-counting; those who fall into both categories.
- **Solo Entrepreneurship:** Solo entrepreneurs operate on their own with no co-founders, no employees, and no hiring expectations for new employees. Jordan has (23.1%) of its entrepreneurs who work solo and not expecting to hire any employees five years from now.
- **Entrepreneurial Employee Activity (EEA):** This expresses entrepreneurship among employees of Established Businesses (EB). Entrepreneurial Employee Activity (EEA) rate in Jordan in year 2019 was (0.7%).
- **Family Entrepreneurship:** Family-based entrepreneurship is new businesses that are owned or managed by family members.

### **Fourth: Entrepreneurship Sustainability:**

- **Established Business Ownership (EBO):** Rate of moving the ownership of Established Businesses (EB) in Jordan was relatively low (6.55%).
- **Business Discontinuance:** Discontinuity of start-ups is common among all countries. However, it was found that high discontinuity of businesses was paired with high Total early-stage Entrepreneurial Activity (TEA) activity—e.g. United Arab Emirates. In Jordan, while (10.45%) discontinued the activity at their business, it was found that reasons such as lack of profitability, government bureaucracy,

and obstacles in obtaining funding are among the main reasons to discontinue an entrepreneurial activity—(51.1%), (16.1%), and (12.3%) consecutively.

### **Fifth: Entrepreneurial Potential:**

- **Ease of Starting a Business:** This indicator monitors the laws, policies, and regulations that enable entrepreneurs to start a business in the designated country.
- **Media Attention to Entrepreneurs:** Media plays a critical role in shaping the image of entrepreneurs as well as in shaping the perception of people towards entrepreneurs. Social status of entrepreneurs is also affected by media. In Jordan, almost (62%) of the entrepreneurs believed, with varied levels, that the public media in Jordan and/or the internet present stories about successful new businesses.
- **Opportunity and Capability Perception:** An indicator that is highly critical to starting a new business.
- **Fear of Failure:** A main deterrence for entrepreneurs and a big gender gap in this indicator exists in Jordan. Hence, policy recommendations in Chapter 7 came aligned to enable women in this area.
- **Affiliation with Entrepreneurs:** (45%) of the Jordanian adult population are affiliated with at least one entrepreneur.
- **Entrepreneurial Intentions:** The goals which entrepreneurs start new businesses for.

### **1.2. GEM Conceptual Framework**

While economic growth is traditionally explained by countries' natural resources, big corporate, and trade, more recent explanations add innovation and the development of human capital. The Global Entrepreneurship Monitor (GEM) in its studies assesses the role of entrepreneurship in economies and its contribution to economic growth.

As seen in the box below, the outcome of this conceptual framework is socio-economic development, which grows with the increasing ability of individuals and groups to identify and seize business opportunities.

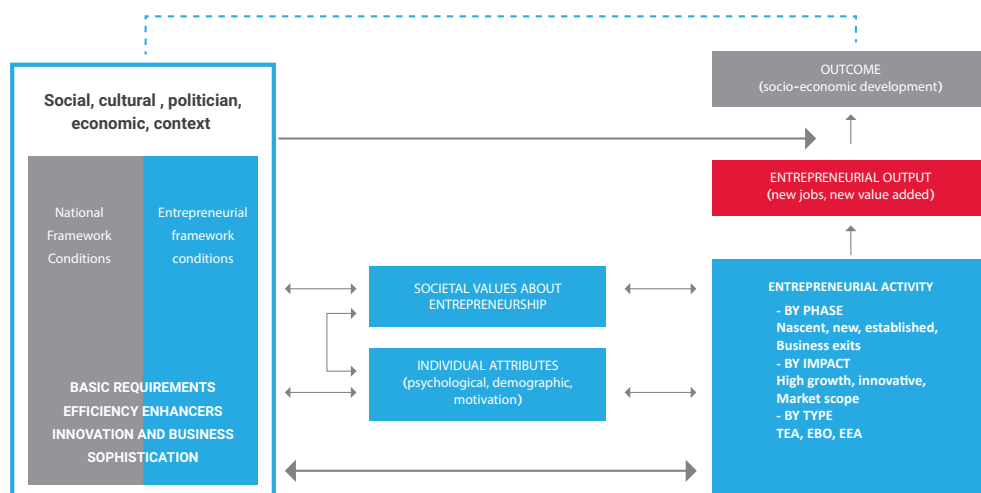
Entrepreneurial activity in each country is shaped differently by unique social, cultural, and economic characteristics and it is then the interaction of an individual's perception of an opportunity, and their perceived ability to act on that opportunity within a specific context considering the role of societal values about entrepreneurship.

To conclude, entrepreneurial activity in each country is jointly determined by societal values and individual attributes, and creates value added and new jobs. GEM Conceptual

Framework works in a social, cultural, political and economic context, which both influences and is influenced by this activity.

The APS and the NES surveys are positioned in this conceptual framework in a position that identifies the factors that influence entrepreneurial activity, providing important policy implications for policymakers, practitioners, and other stakeholders seeking to expand levels of entrepreneurship. GEM Conceptual Framework aims at measuring the level of entrepreneurial activity—which provides vital data for policymakers to monitor and evaluate the impacts of policies and initiatives.

**Box 1.2: GEM Conceptual Framework**



Source: GEM Global Report 2019/2020

Measuring entrepreneurial activity is a field that the Global Entrepreneurship Monitor (GEM) pioneered at. GEM’s methodology identifies key indicators for each phase of business development: from conceptualization to starting and running a new business, to the mature phase of Established Business Ownership (EBO).

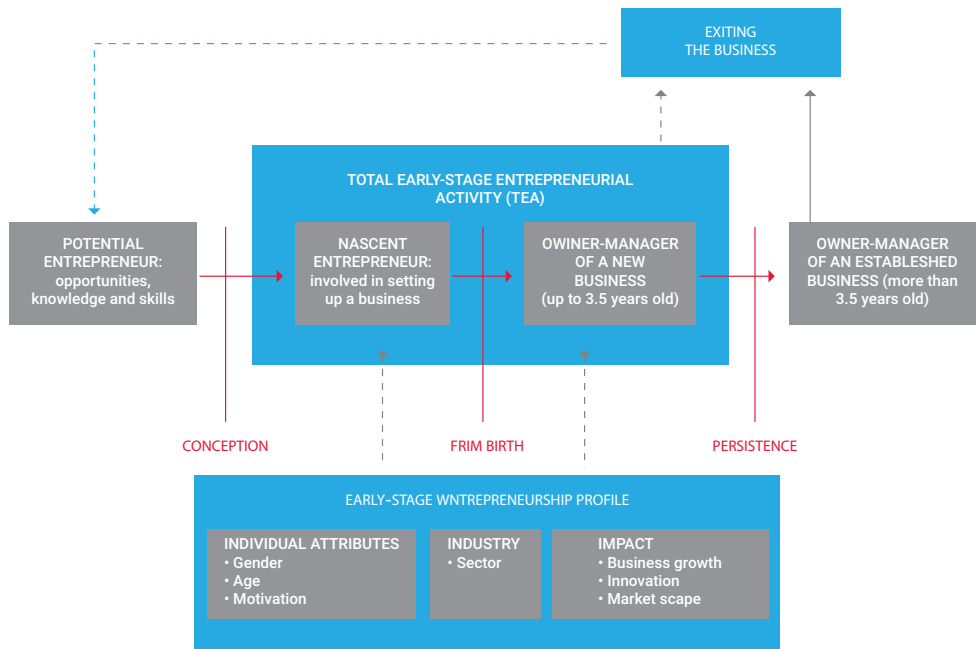
The Global Entrepreneurship Monitor (GEM) also identifies business discontinuance, where entrepreneurs may start another business, sellout a business, or continue to be involved in entrepreneurial activity in other ways. Discontinuing a business can be an important phase of entrepreneurship because it provides important learning about the individuals involved, the future businesses they may create, and relevant knowledge to other potential and actual entrepreneurs.

The prominent indicator in GEM researches is the level of Total early-stage Entrepreneurial Activity (TEA), or the proportion of the working-age adult population actively engaged in

starting or running a new business. Specifically, Total early-stage Entrepreneurial Activity (TEA) is the sum of those actively starting a new business but who have not yet paid salaries, or any other payments, including to the founder(s), for three months or more—the Nascent Entrepreneur, plus those already running a new business and who have paid wages, or other payments, including to the founder(s), for three months or more but for less than 42 months—the New Business Owner, minus any double-counting—those who fall into both categories.

Those who are running a business that has paid wages for 42 months or more are categorized as Established Business (EB) Owners.

**Box 1.3: Entrepreneurial Phases and GEM Entrepreneurship Indicators**



Source: GEM Global Report 2019/2020

Data collected by the Global Entrepreneurship Monitor (GEM) is used to produce a larger model which connects a series of Entrepreneurial Framework Conditions (EFC) to the TEA, entrepreneurial aspirations, technical progress, GDP growth, and other macro-economy variables. The EFCs reflect institutional factors with theoretic connections to entrepreneurship and which are produced using data from the NES.

The original GEM model was revised to reflect stages of development in order to generalize the model’s explanation to all countries. The methodology in doing so was based on a paper by Michael E. Porter, Jeffrey D. Sachs, and John W. MacArthur to reflect the differences in

needed institutions at different points in a country's economic development. (GEM Global Report 2018/2019).

### **1.3. Overview for GEM Global Report 2019/2020**

The Global Entrepreneurship Monitor (GEM) is a large-scale international collaborative research organization that systematically and consistently measures entrepreneurship and its associated characteristics in a manner that is coherent and consistent. This enables the nature of entrepreneurship to be monitored through direct comparison between economies at the same time, as well as by tracing the evolution of entrepreneurship within the same economy over time.

GEM Consortium consists of National Teams each using the same precise research methodology, sample design and survey tools to collect nationally representative data on entrepreneurship. The use of the same precise research methodology has made the achievement of the main goal of GEM, of having a global index that is capable of measuring and comparing entrepreneurial activities globally, possible.

Year 2020 denotes the 21st GEM Global Report, a new decade for an organization that has generated almost 700 peer-reviewed scientific publications using the Global Entrepreneurship Monitor (GEM) data. This has developed new understandings of the nature and role of entrepreneurship in a variety of different contexts.

Since its inauguration in 1999, GEM data have played a significant role in policy development and policy evaluation for national governments, as well as for international bodies including the World Bank, the European Commission, the World Economic Forum (WEF), and the United Nations (UN).

Throughout this period, the Global Entrepreneurship Monitor (GEM) has tracked levels of entrepreneurship across the world. Since 1999, GEM has cumulatively surveyed over 3 million adults in 114 economies across the globe. This makes the Global Entrepreneurship Monitor (GEM) the world's largest and most extensive study of entrepreneurial activity. In 2019, 50 countries of all sizes, income levels, and stages of development participated in GEM research.

GEM Global Report 2019/2020 represented economies of all sizes and of all stages of economic development—that is factor-driven economies, efficiency-driven economies, and innovation-driven economies. These 50 assessed countries were grouped in four geographical regions—Middle East & Africa, Asia & Pacific, Latin America & Caribbean, and Europe & North America—and in three levels of income—that is low-income countries, middle-income countries, and high-income countries.



## 1.4. Overview for GEM National Report 2016/2017

GEM National Report 2016/2017 came at a crucial time for Jordan. Mainly during the influx of refugees from Syria, slowness in economic growth for the fourth year consecutively, and high unemployment rates—which was particularly high among the youth. However, Jordan has achieved tremendous economic development and moved its economy from factor-driven to the efficiency-driven stage.

The consecutive governments of Jordan have believed in the role of entrepreneurship and its relevance to its economic development stage. GEM National Report 2016/2017 has helped Jordan in understanding the aspects and indicators of entrepreneurial activity and entrepreneurship environment. This understanding could create and assist in implementing relevant and tailored evidence-based policy interventions.

This section is a brief review for GEM National Report 2016/2017. It lists the main findings of the Adults Population Survey (APS) and the National Expert Survey (NES). It also illustrates the implemented policies since then by the stakeholders in Jordan in an aim to empower sustainable entrepreneurial activities in Jordan. Through comparing those findings with this year's findings, policy makers will be able to design new effective policies as well as re-assessing the policy recommendations which aimed in year 2017 to assist policy makers in formulating and implementing relevant policy interventions and strategic shifts in Jordan.

### The results of GEM National Report 2016/2017 came as the following:

- The Total early-stage Entrepreneurial Activity (TEA) was (8.2%) in 2017. Thus, among the countries participated in the Global Entrepreneurship Monitor (GEM) survey, Jordan occupied the 46th position globally.
- More specifically, (4.1%) of the adult population was involved in nascent entrepreneurship, (4.6%) were new business owners, and (2.7%) were active in Established Businesses (EB).
- The rate of Employee Entrepreneurial Activity (EEA) in 2017 was (1.5%).
- The discontinuation rate of businesses was high. For every five individuals who started or ran a new business, there was one individual who discontinued a business in the past year. Jordan ranks 2nd in a global comparison, with a discontinuation rate of (21.2%) in 2017.

- Females Total early-stage Entrepreneurial Activity (TEA) rate represented (3.3%) only of the adult population, while males Total early-stage Entrepreneurial Activity (TEA) rate was (12.8%). The female-to-male TEA rate for 2017 was 0.26.
- Jordan, in addition to Germany, Italy, and France, had the lowest female involvement rate in the Total early-stage Entrepreneurial Activity (TEA).
- Most of the Total early-stage Entrepreneurial Activity (TEA) participation rate was observed between the age-groups of 18 – 24 and 35 – 44, which represented around (61%) of the Total early-stage Entrepreneurial Activity (TEA) participation. That was consistent with GEM National Report 2016/2017 findings which showed that the largest group of early-stage entrepreneurs was the age-groups of 25 – 34 and 35 – 44 years for most of the countries; regardless of the stage of economic development.
- However, age structure for the groups participating in Employment Entrepreneurial Activity (EEA) was different than those of the TEA. Where the largest percentage of involvement came from the 55 – 64 years old group (27%), followed by the 25 – 34 years old group (14%).
- The highest level of involvement in terms of the level of education was observed in adults with secondary education (37%); university graduates came (25%) and lower than the rate of adults with secondary-level education, followed by adults with essential education (16%), and finally adults with diploma education (14%).
- Both sides on the spectrum showed extremes—where adults with no education constituted only (1%) of the Total early-stage Entrepreneurial Activity (TEA) participation, people with Ph.D. degrees represented (1%), and people with master's degrees represented (2%).
- Industry participation in Jordan was dominated by consumer-oriented businesses—(65%) of the total sector participation. The findings of GEM National Report 2016/2017 showed that the participation of (26%) was in transforming activities, followed by extractive activities at (5%), and business services at (3%) of the total sector participation rate in Jordan in 2017.
- Only (10%) of early-stage entrepreneurs did not expect to add any new jobs “zero” to their businesses within the next five years. However, (74%) of early-stage entrepreneurs expected to create 1 – 5 job opportunities, (12%) expected to grow their business by 6 – 9 jobs, and only (3%) expected to grow their businesses by 20 jobs or more in the next five years period.

- Regarding innovation, (25%) of early-stage entrepreneurs in year 2017 believed that they offered a product or service that was considered new to their customers in their targeted market.
- Internationalization showed that (43%) of the goods and services of early-stage enterprises are exported abroad.
- The internationalization for Established Businesses (EB) in Jordan was much higher than early-stage firms (78%).
- Entrepreneurial activity, as measured by the percentage of early-stage entrepreneurs among the adult population, showed distinctive differences across the governorates of Jordan. The highest rate of Total early-stage Entrepreneurial Activity (TEA) was in Ajloun (13.2%), Karak (11.3%), and Irbid (10.1%). The capital Amman Total early-stage Entrepreneurial Activity (TEA) rate was only (9%); and the lowest TEA rates were observed in Mafraq and Tafelah; at (2.3%) and (3.6%) consecutively.
- The National Expert Survey (NES) of year 2017 indicated that Jordan is below the regional and global averages concerning governmental support and policies, taxes and bureaucracy, governmental programs, cultural and social norms, as well as in entrepreneurial education and training.
- In the same context, and according to the NES, Jordan scored higher than the regional and global averages regarding the internal market dynamics and infrastructure. This evaluation of the internal market openness is in alignment with the regional averages but well below the global averages.
- Interestingly, the assessment of the financing of entrepreneurs in Jordan showed results that were aligned with the regional and global averages.





## Chapter 2: Overview for Jordan's Economy

### 2.1. Introduction

The economy of Jordan is an emerging market economy where its economic resource base are mainly human capital resources, some natural resources, tourism, foreign aid, and foreign remittances.

The period 1989 – 2004—after the Balance of Payments (BoP) crisis when the Jordanian dinar collapsed—was driven by economic programs that targeted fixing the structural imbalances. These programs were supported by international organizations and donors; mainly the International Monetary Fund (IMF); five programs were implemented in that period. They targeted Jordan's macro-economy re-stabilization, fixing the general budget deficit, and decreasing the external debt.

The results were fairly good. The actual GDP rose at an average of (7.9%) during the 2005 – 2008 period which was driven by an increase in the global demand on the Jordanian products and services and the restored trust in the Jordanian dinar after being pegged to the United States dollar in the mid-90s.

However, the economy of Jordan faced several external shocks which, in year 2011, put the macro-economy policies under pressure. The regional conflicts and the global financial crisis negatively impacted tourism revenues and expats money transfers; it negatively impacted the Foreign Direct Investment (FDI) as well. Moreover, oil and food prices increased globally and repetitive interruption of the natural gas supply from Egypt

happened during year 2011 and thereafter. All that resulted in increasing oil products imports of higher prices which notably caused deceleration in the economic growth which in its turn impacted the current account balance—as a percentage of GDP. The fiscal policy aimed at reducing the impact of these economic shocks on the citizens which in its turn resulted in an increase in the primary deficit in the general budget. Furthermore, losses of the National Electric Power Company (NEPCO) surged and formed (4.9%) of the GDP in year 2011. That all piled up on the general budget deficit and resulted in increases in the debt-to-GDP ratio.

The external economic pressure on Jordan has become sharp and has increased since the beginning of year 2012 due to the large drop in the Egyptian gas supply—used to generate electricity which piled the pressure on the Central Bank of Jordan's (CBJ) foreign-exchange reserves.

Starting 2012, the tourism revenue rose and expats money transfers started to recover. That was in addition to retreat in the oil prices globally. To sustain fiscal and external stability, the government took many measures to reduce the deficit in the general budget, where the most important were to remove support on most of the oil products.

The economy of Jordan during the period 2012 – 2018 was driven by the following goals: 1) Sustain the stability of the macro-economy; 2) Shape government policies that are more comprehensive and fair, including direct support, offer better opportunities for communities in need, and remove the support of individuals of high income; and 3) Support the economic growth for the medium-term through structural reforms that would improve the investment climate.

The period that followed 2015 is so far driven by national reform programs such as: The Executive Development Program 2016 – 2018, the Jordan Economic Growth Plan (JEGP) 2018 – 2022, and “Jordan 2025”. They include reform policies and aim at legislative and constitutional reforms to improve the conditions of investment environment, entrepreneurship, and trade.

## **2.2. Jordan's Economy and the International Monetary Fund (IMF)**

Over the last three decades, the economy of Jordan has been influenced by a geopolitically unstable region—where the energy prices, refugees, and foreign aid have been strongly present. The national reform programs have worked hand in hand with the International Monetary Fund (IMF) through a partnership that resulted in nine arrangements between the years 1989 – 2024. It was also the donors continuance support through concessional loans and budget grants that also helped Jordan cope with its humanitarian and economic needs.

**Table 2.1:** List of the IMF Lending Arrangements to Jordan as of March 25, 2020

Facility	Date of Arrangement	Expiration Date
Extended Fund Facility (EFF)	Mar 25, 2020	Mar 25, 2024
Extended Fund Facility (EFF)	Aug 24, 2016	Aug 23, 2019
Standby Arrangement (SBA)	Aug 03, 2012	Aug 02, 2015
Standby Arrangement (SBA)	Jul 03, 2002	Jul 02, 2004
Extended Fund Facility (EFF)	Apr 15, 1999	May 31, 2002
Extended Fund Facility (EFF)	Feb 09, 1996	Feb 08, 1999
Extended Fund Facility (EFF)	May 25, 1994	Feb 09, 1996
Standby Arrangement (SBA)	Feb 26, 1992	Feb 25, 1994
Standby Arrangement (SBA)	Jul 14, 1989	Jan 13, 1991

Source: The International Monetary Fund (IMF)

### Jordan, COVID-19, and the IMF's New EEF Arrangement

The government has taken a number of measures to mitigate the economic and human impact of the virus outbreak. However, the IMF expects that the impact of the outbreak is deep enough to put at risk the economic stability that Jordan accomplished through the past IMF arrangements.

As of March 25, 2020, the International Monetary Fund (IMF) approved a 48-month arrangement under the Extended Fund Facility (EFF) to support its economic and financial reform programs—knowing how difficult it is to quantify the magnitude of the broader economic impact of COVID-19, as it depends on the duration and depth of the outbreak both in Jordan and globally, as well as the full extent of policies in its response. And although the program was designed before the COVID-19 outbreak, changes were made to the program to support unbudgeted spending to contain the virus. A provision for spending to contain and treat COVID-19 has been included in this arrangement under the EFF. The government is already using this provision.

As with the past eight IMF arrangements in Jordan, the main objective has been to achieve structural reforms to drive jobs growth. The main objectives of the newest IMF arrangement, EEF, addressed two significant areas to address the structural reforms: 1) Support growth and tackle unemployment—by removing the impediments to growth and incentivize businesses to hire more people. That means reducing the cost of starting

and operating a business—specifically in two significant areas: (a) Reducing the high cost of electricity, and (b) Temporarily reducing the cost of social security contributions for start-ups hiring young people as new entrants; and 2) Improving the fiscal situation—by mobilizing additional revenues—such as: (a) Cracking down on tax evasion and to improve tax collections, and (b) Rationalizing tax exemptions currently received by businesses through an overhaul of the investment incentives framework.

### **2.3. Jordan's Economy: An Efficiency-Driven or Innovation-Driven Economy?**

This chapter shed light on the current macro-economy status in Jordan. In the following few paragraphs, an assessment for the transformability of Jordan's economy from an efficiency-driven economy to innovation-driven economy takes place.

GEM surveys have assessed entrepreneurship environment worldwide per the economic development stages which each country's economy falls in—factor-driven economies, efficiency-driven economies, and innovation-driven economies—and it has taken the economic development stage as a base to compare economies, and the factors that impact them, with each other. The GEM Conceptual Framework was designed as an integrated framework that assesses entrepreneurship nationwide in a socio-economic context where it quantitatively measures social and economic factors that contribute to entrepreneurship success. The literature review shows that success of entrepreneurship contributes to transforming economies to the next economic development stage.

This study draws insights and conclusions on Jordan's entrepreneurship economy which could help in understanding how Jordan can transform its economy to become an innovation-driven economy.

Necessity-driven TEA rates work as an indication for the living conditions of the various provinces in Jordan. Necessity as a motivation Vs. opportunity as a motivation draw the line that contributes to Jordan's economic development. Opportunity as a motivation promotes more innovation and contributes to Jordan efforts in becoming innovation-driven economy.

The vast majority of early-stage entrepreneurs (92.17%), of the population in the age-group 18 – 99, have agreed that necessity, basically earning a living because jobs are scarce, was the main factor when they try to start a business. The financial factor was also present in the second most selected reason that motivates entrepreneurs to start a business—building great wealth or a very high income, with (71.15%) of the respondents. Opportunity-driven entrepreneurship is crucial to Jordan's economy to become an innovation-driven economy.



The figures in Chapter 5 shed light on necessity versus opportunity entrepreneurship which draws an important indicator to the socioeconomics of countries. When necessity versus opportunity as drivers of entrepreneurship was assessed globally, it was found that entrepreneurs in low-income economies are, indeed, more likely motivated by necessity than in wealthier economies. The level of necessity motives drops as economic development level increases. It was found that among low-income economies, an average of (35%) of entrepreneurs identify necessity motives, and this declines to (28%) for middle-income economies, and then (18%) among high-income economies.

However, among those stating opportunity motives, the Global Entrepreneurship Monitor (GEM) asks whether they seek higher income or greater independence—rather than simply maintaining income with their businesses. Which is referred to as “Improvement-Driven Opportunity” (IDO) entrepreneurs. The proportion of Total early-stage Entrepreneurial Activity (TEA) with IDO motives accounts for an average of (37%) of entrepreneurs in low-income economies, increasing to (42%) in middle-income economies, and (51%) in high-income economies.

It was found that in the Middle East and Africa (MEA) region, both motives play major roles in the high rates exhibited. The results varied among these economies between the entrepreneurs who are driven by necessity and those who are driven by IDO.

Comparing that with countries of innovation-driven economies. The Europe and North America region had low level of necessity motives. In fact, necessity is nearly absent in the Netherlands and Switzerland, while IDO accounts for over two-thirds of the drivers of startup activity in these countries.

It is important to know that the private sector’s recommendations illustrated that: improving entrepreneurship to move the economy to the next economic development stage—innovation-driven—is a mission larger to be tackled by the public sector’s institutions alone. As government is expected to do its role, the private sector and civil society organizations are expected, as well, to contribute to Jordan’s agenda of entrepreneurship improvement.

The conclusion drawn from this section can be summarized in: this study of entrepreneurship status in Jordan shows strong indications that Jordan has moved large steps, since GEM National Report 2016/2017, towards transforming its economy to become an innovation-driven economy. However, more research with specialization on Jordan’s ability, and progress, to become an innovation-driven economy is advised.





## Chapter 3: The Adult Population Survey (APS)

This chapter presents the outcome of the Adults Population Survey (APS) survey which was deployed in Jordan, through 2,000 surveys, in the fall of 2019.

It is important to pay attention that, in this chapter, many of the figures and charts illustrate the Adults Population Survey (APS) questions and the respondents' answers. In many cases, the titles of the figures are the questions as listed in the survey.

### 3.1. Demographics of Entrepreneurs in Jordan

Among other benefits, the Global Entrepreneurship Monitor (GEM) has helped in changing the stereotype image on entrepreneurship and entrepreneurs. Media has participated in shaping the perceptions of the average citizen on entrepreneurs—the IT male in his twenties who's funded by a venture capital.

This section elaborates on the demographics of entrepreneurs in Jordan. It studies the impact of income and education on entrepreneurs' choices in the various governorates of Jordan—considering the gender of the entrepreneurs as well as their age.

#### 3.1.1. By Gender

In GEM National Report 2016/2017, entrepreneurial activity in Jordan varied largely between males and females. Total early-stage Entrepreneurial Activity (TEA) rate of the

male population in Jordan was (12.8%) while it was only (3.3%) for the female population. These percentages were slightly below the average of MENA for males (13.5%) and well below the average of MENA for females (7.4%).

However, the gender gap decreased in this year where the Total early-stage Entrepreneurial Activity (TEA) rate for the male population is (11.4%) and is (6.8%) for the female population. The percentages in this section are calculated for the age-group 18 – 64.

Moreover, the percentage of participants who rarely would react to a profitable business opportunity is in total (59.35%)—as of 2019—where females represented (56.1%) and the males represented (62.3%).

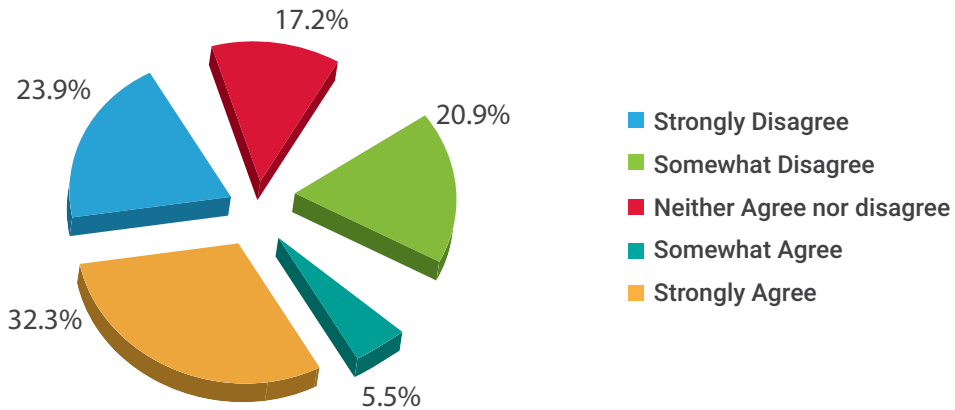
As with GEM National Report 2016/2017, entrepreneurship gender gap between females and males in Jordan can be assessed by considering gender perceptions of opportunities, capabilities, and failure. These three factors can be translated as entrepreneurial self-efficacy, ability to recognize opportunities, and fear of failure. There is a consensus in the literature that these factors are highly correlated with the decision to begin a new business (Camelo-Ordaz et al., 2016)

Perception for potential opportunities as a percentage of adult population, in the age-group 18 – 64, was found to be (40.57%)—In year 2017, the median was lower and the figures were (25.6%) for females versus (34.9%) for males.

Secondly is perception for entrepreneurial skills or self-efficacy. Gender difference can be observed in the skills and capabilities perceptions. The Adults Population Survey (APS) has found that (49.3%) of the adult female population, in the age-group 18 – 99, believed that they have the required skills and education to start a new business versus (66.7%) of the male population. However, and as of year 2017, almost (35.3%) of the adult female population who believed they have the required skills to begin a business compared to (60.5%) of the adult male population.

Thirdly is fear of failure, where females have showed lower perceived rate of fear of failure (61.5%)—the percentage who agreed with variant levels—compared to males (62.9%)—Numbers for this indicator were (42.3%) for females compared to (38.8%) for males in year 2017.

**Figure 3.1:** Entrepreneurs Self-Perception in Jordan: “You Personally Have the Knowledge, Skill and Experience Required to Start a New Business.”, 2019



### 3.1.2. By Age

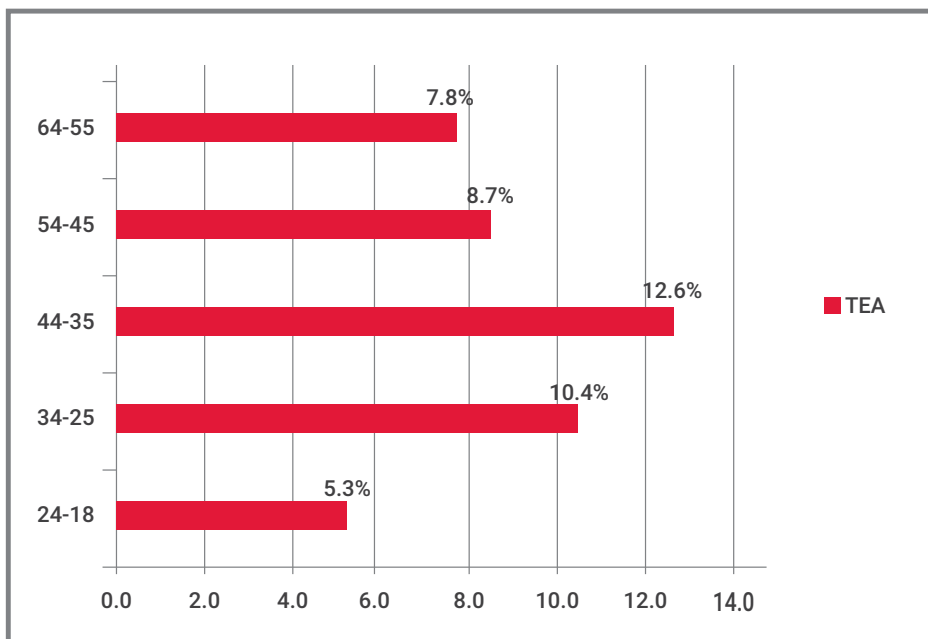
Jordan's population has a large percent from the youth who have high potential for higher education and who have high potential contribution to the jobs market.

The largest contribution to Total early-stage Entrepreneurial Activity (TEA) rate came from the age-group 35 – 44 (12.57%), while the lowest contribution was from the age-group 18 – 24 (5.34%). Moreover, the age-groups 25 – 34, 45 – 54, and 55 – 64 had the following contribution to Jordan's Total early-stage Entrepreneurial Activity (TEA) rate: (10.43%), (8.74%), and (7.75%)—consequentially. The percentages in this section are calculated for the age-group 18 – 64.

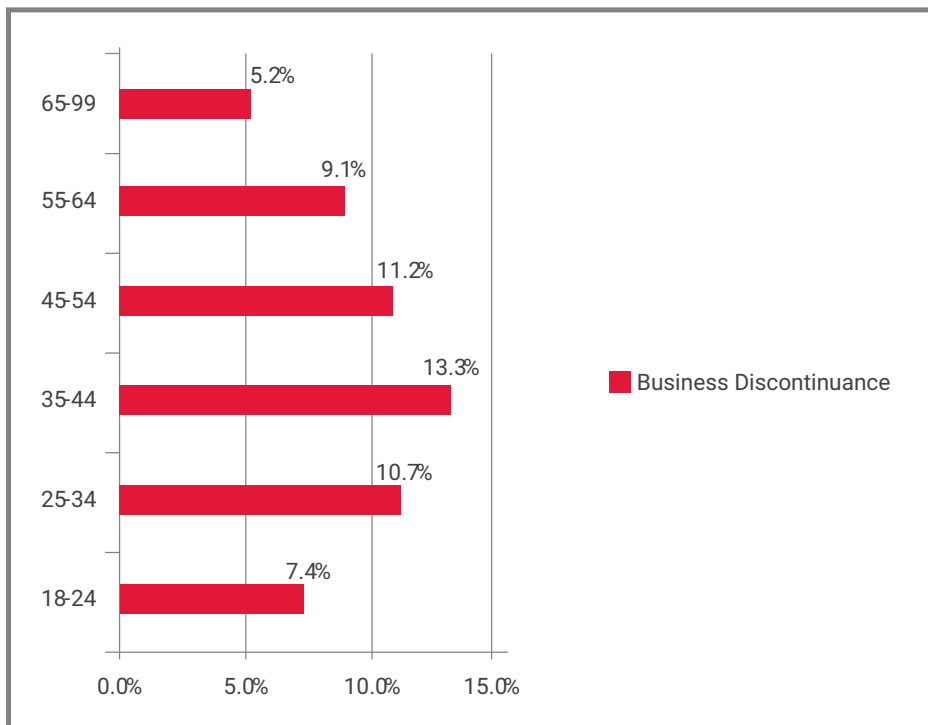
However, and when it comes to business discontinuity, the age-group 35 – 44 (13.3%) has also the highest rate of discontinuing a business compared to the age-group 18 – 24 which was the lowest (7.4%). Moreover, the discontinuity rate of new businesses for the age-groups 25 – 34 and 45 – 54 came consecutively (10.7%) and (11.2%). The percentages are calculated for the whole surveyed sample.

These percentages of contribution to the Total early-stage Entrepreneurial Activity (TEA) rate and business discontinuance rate of new businesses show tendency towards consistent causes to discontinue a business where the highest rate of age-group in starting new businesses, age-group 35 – 44, was also the highest in discontinuing Established Businesses (EB). Hence, this study, and in the policy recommendations section, works on providing explanation for the high rates of starting and discontinuing new businesses in the age-group 35 – 44.

**Figure 3.2: TEA Rates in Jordan by Age-Group, 2019**

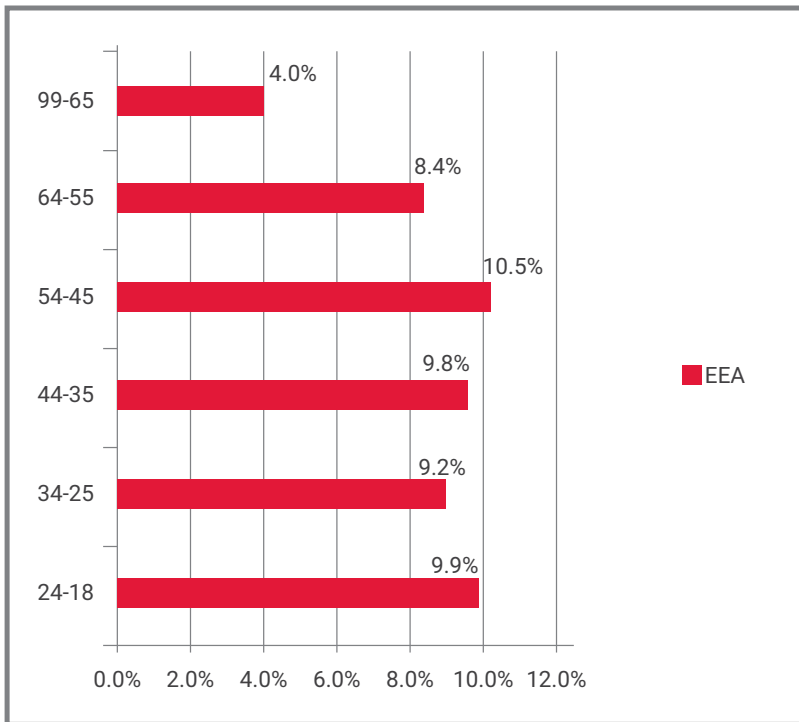


**Figure 3.3: Businesses Discontinuance in Jordan by Age-Group, 2019**



In regards to Entrepreneurial Employee Activity (EEA), which is defined as “the results from the pursuit of new business activities inside an existing organization, where entrepreneurs seek to leverage internal advantages and the organization may initiate and/or support their efforts.”, the following figure shows the age distribution of Entrepreneurial Employee Activity (EEA) in Jordan.

**Figure 3.4:** EEA Rates in Jordan Among the Different Age-Groups, 2019

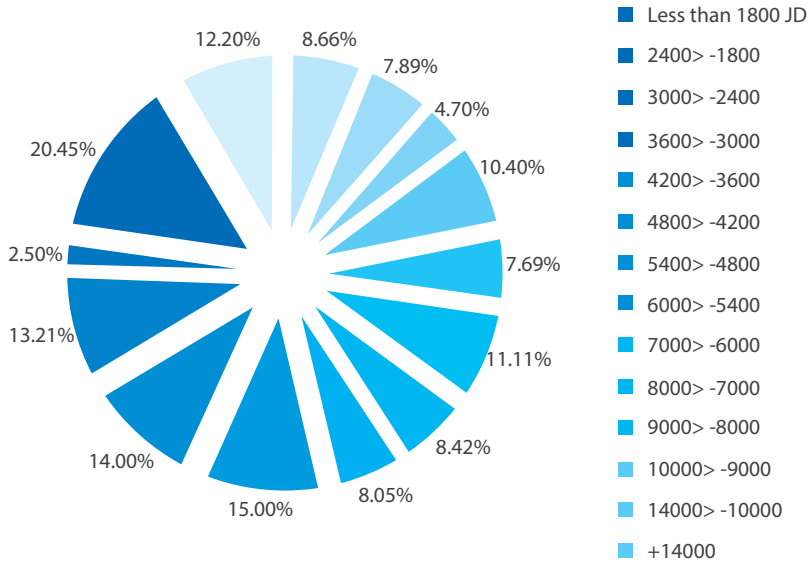


It is clear that the age-group 45 – 54, mid-careers, invests more effort and time in innovation at its employer’s businesses.

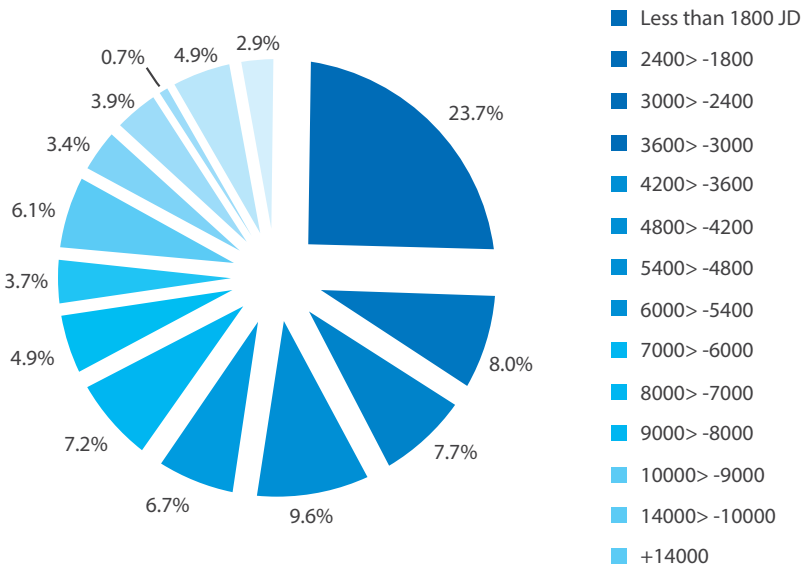
### 3.1.3. By Income

Households’ income plays a vital role in deciding to pursue new businesses in Jordan. Income distribution has been observed through the lens of TEA rates and through “earning a living because jobs are scarce” as a motivation as well. Both are presented below. The percentages in this section are calculated for the 18 – 64 age-group sample.

**Figure 3.5: TEA Rates in Jordan Among the Different Income Groups, 2019**



**Figure 3.6: “Earn a Living Because Jobs Are Scarce” as Motivation Rates in Jordan Among the Different Income Groups, 2019**





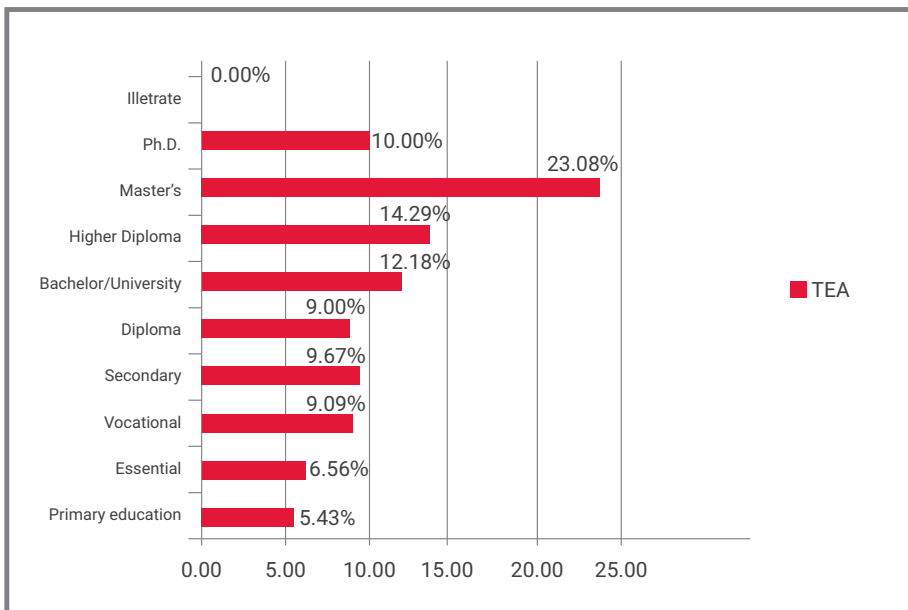
### 3.1.4. By Education

The majority of the adult population in Jordan pursues bachelor, college, or vocational education. The social norms and on top of that the rare work opportunities have motivated families in Jordan to invest in post high school education.

The figures of GEM National Report 2016/2017 showed that most of the Total early-stage Entrepreneurial Activity (TEA) activity in Jordan is concentrated among the adults with university, community college, or high school education. However, both ends of the spectrum have showed lower rates of TEA—adults with either no education after the high school and adults with Master’s or Ph.D. degrees.

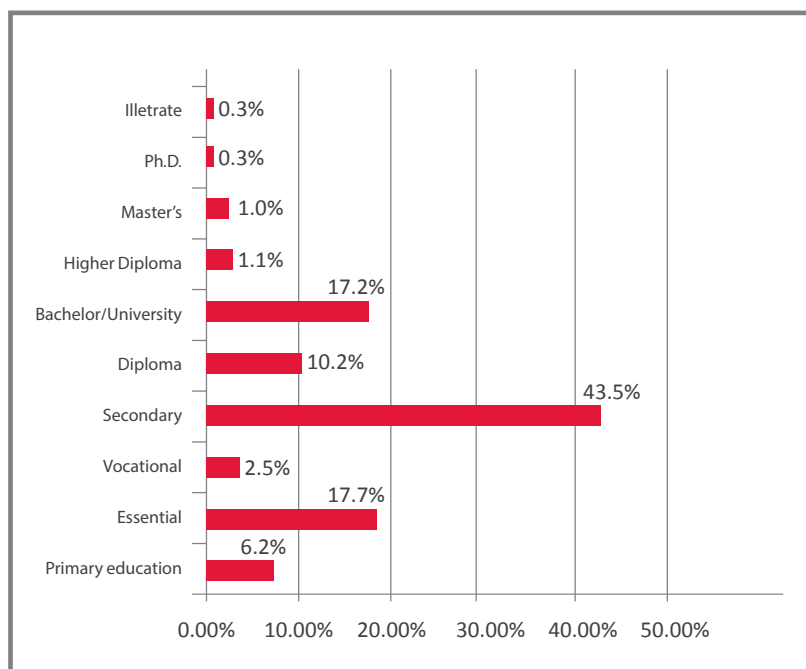
In this year’s APS, the results have shown that Total early-stage Entrepreneurial Activity (TEA) rate for bachelor education holders is (12.18%), for diploma education is (9.00%), and for primary education is (5.43%). The percentages in this section are calculated for the 18 – 64 age-group sample.

**Figure 3.7:** TEA Rates in Jordan Considering the Education Level, 2019



“Earning a living because jobs are scarce” as motivation and TEA rates among the adult population in Jordan has also been observed considering the education level of participants. Figure 3.8. sheds more light on this.

**Figure 3.8:** “Earn a Living Because Jobs Are Scarce” as Motivation Rates, as a % of TEA, in Jordan Considering the Education Level, 2019



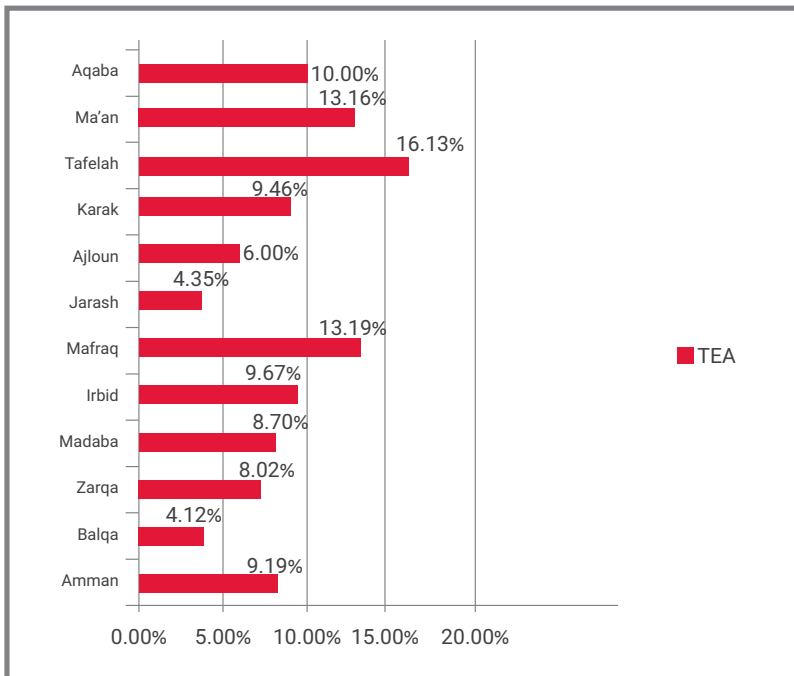
### 3.1.5. By Province

Similar to the capital, Amman, entrepreneurial activity in Jordan is growing as a substitute for jobs instability and career development ambiguity among corporations. Actually, the different provinces of Jordan vary in the living conditions of its inhabitants although they all generally share high unemployment rates, high poverty rates, and harsh economic conditions. The continuous influx of refugees in the northern provinces of Jordan paired with an increase in informal labor force from refugees as well as from citizens who are enforced out of the jobs market because of raising bar of competition for formal jobs, have resulted in even harsher economic conditions in Jordan's provinces. The percentages in this section are calculated for the 18 – 64 agegroup sample.

TEA rates in provinces were measured this year as follows: Amman (9.19%), Balqa (4.12%), Zarqa (8.02%), Madaba (8.70%), Irbid (9.67%), Mafrqa (13.19%), Jarash (4.35%), Ajloun (6.00%), Karak (9.46%), Tafelah (16.13%), Ma'an (13.16%), and Aqaba (10.00%). On another hand, EEA rates in provinces were measured this year as follows: Madaba (19.5%), Karak (12.9%), Amman (11.0%), Ma'an (6.1%), Irbid (5.5%), and Ajloun (1.8%). Finally, and for business discontinuance, the highest rates were recorded in Karak (17.4%), Balqa (16.7%), and Aqaba (15.3%), and the lowest were recorded in Ma'an (5.2%), Tafelah (5.9%), and Mafrqa (7.0%).

The comparison for TEA and EEA rates seems fair when we knowing that the top three TEA rates in 2017 were recorded in Ajloun (13.2%), followed by Karak (11.3%), and Irbid (10.1%), and the lowest rates were recorded in Mafrq and Tafelah; (2.3%) and (3.6%) consecutively. For EEA rates, and also in 2017, Balqa province came first (5.6%), followed by Madaba (4.3%), and then Karak (4.2%). While the lowest EEA rates were observed in Zarqa (1.2%) and Mafrq (1.1%). Finally, and for businesses discontinuance, Karak came first (8.5%) followed by Amman (7.2%), while the lowest rates were in Ajloun (2.6%) and Ma'an (3%).

**Figure 3.9:** Entrepreneurial Activities in Jordan; Presented in Terms of TEA Rates by Province, 2019



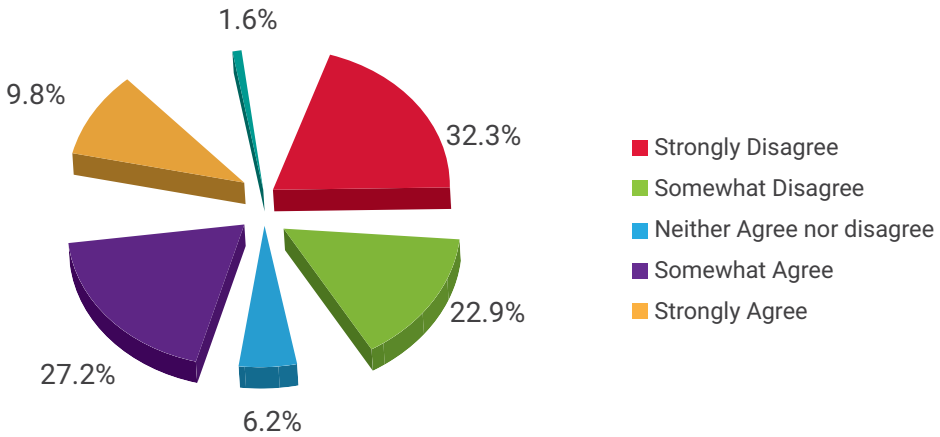
## 3.2. Entrepreneurial Potential

### 3.2.1. Ease of Starting a Business

In regards to the ease of starting a business, (33.39%) of the Adult Population Survey (APS) respondents, in the age-group 18 – 99, believed that starting a business in Jordan is easy while the rest disagreed with that. The set of laws, policies, and norms in Jordan play a vital role in influencing this indicator—which will be elaborated more on in the coming sections. The percentage was (35.14%) for the age-group 18 – 64.

As in year 2019, Jordan ranks 75 among 190 economies in the Ease of Doing Business Index, according to the latest World Bank annual ratings. This ranking of Jordan has improved significantly in year 2019 up from 104 in 2018; consistent and the results of the assessment for entrepreneurship conditions in Jordan—NES 2019.

**Figure 3.10:** “In Your Country, It Is Easy to Start a Business.”, 2019

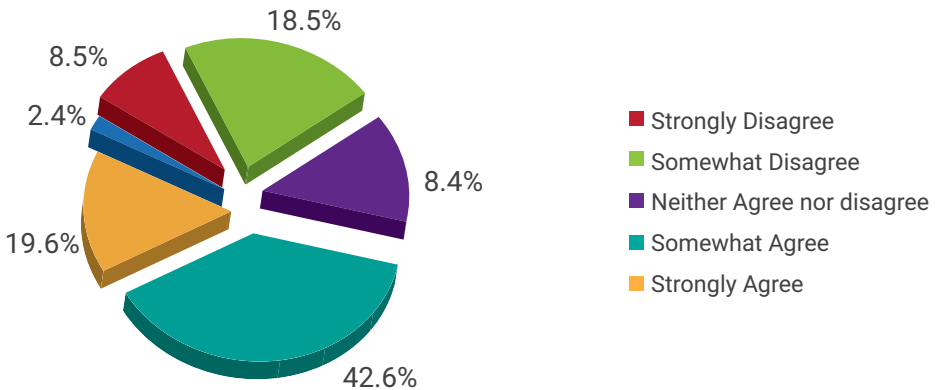


### 3.2.2. Media Attention to Entrepreneurs

Media attention is one of three factors that, together, determine social perception—along with societies perception for entrepreneurship as a good career choice and societal status of entrepreneurs.

When asked about the public media coverage for successful entrepreneurs’ start-ups in Jordan, the majority of the respondents answered that they agree, with varied levels, that public media in Jordan covers successful new businesses (62.18%). On the other side was (27.01%) who disagreed with that. Both percentages were calculated for the age-group 18 – 99.

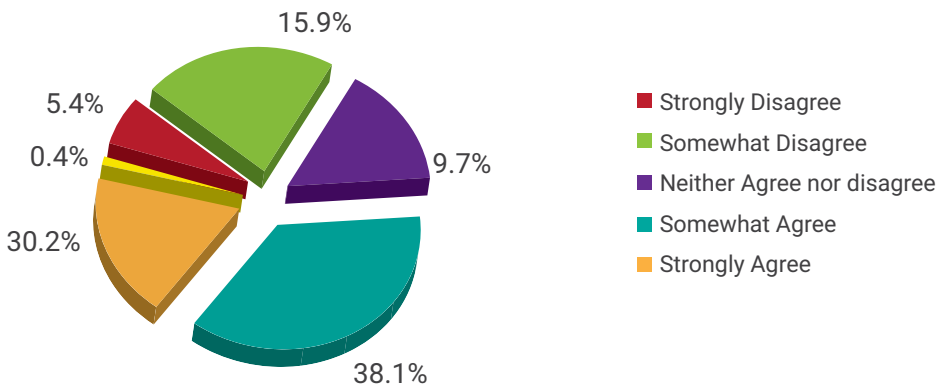
**Figure 3.11:** “In Your Country, You Will Often See Stories in the Public Media And/or Internet About Successful New Businesses.”, 2019



### 3.2.3. Opportunity and Capability Perception

The majority of Jordanians are aware of their career paths and the importance of making decisions in alignment to those career paths. It was showed clearly, in the respondents' answers, that (30.2%) strongly agreed and (38.1%) somewhat agreed that their decisions are part of their long-term career plans; total of (68.32%) who agreed. Around (21.25%) disagreed, with varied levels, with that argument. The importance to take decision aligned with career paths is essential for the majority of the population in Jordan. The percentages are calculated for the whole surveyed sample; the 18 – 99 age-group. For comparison purposes, the percentage was (69.60%) for the age-group 18 – 64.

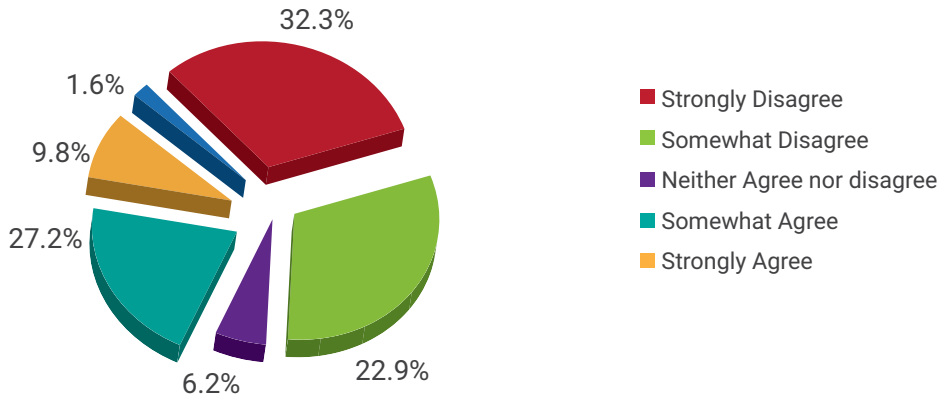
**Figure 3.12:** “Every Decision You Make Is Part of Your Long-Term Career Plan.”, 2019



Following, self-perception of entrepreneurial skills was assessed in addition to two other factors: perception for potential opportunities and fear of failure; assessed from gender differences perspective.

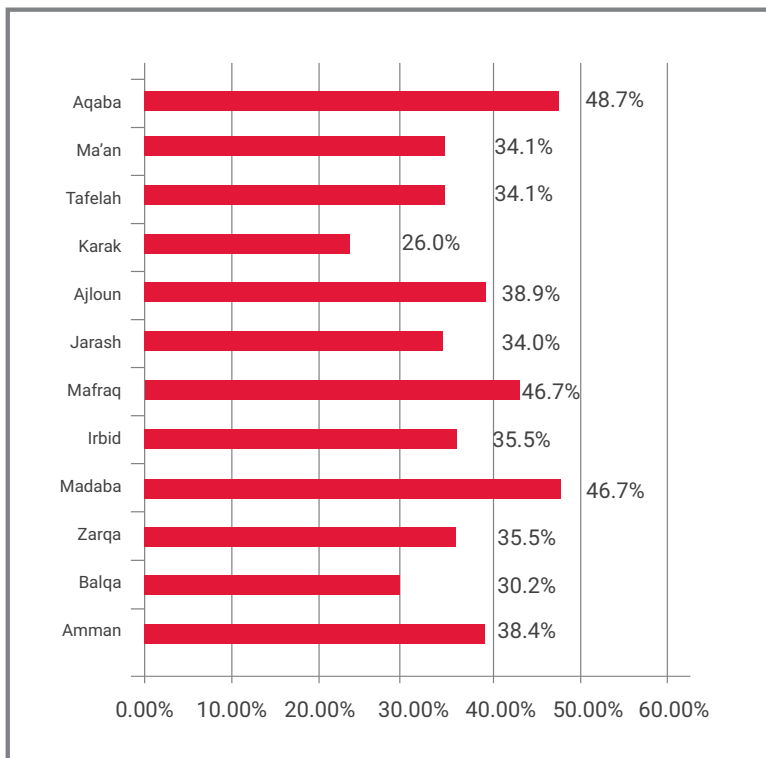
When the respondents, in the 18 – 99 age-group, were asked about their perception for potential good business opportunities in the next six months, the majority of them answered negatively—(55.21%). However, (36.95%) believed that the next six months are carrying good business opportunities for them. The percentages are calculated for the whole surveyed sample. For comparison purposes, the percentage of those who believed that the next six months are carrying good business opportunities for them was (40.57%) for the age-group 18 – 64.

**Figure 3.13:** “In the Next Six Months, There Will Be Good Opportunities for Starting a Business in the Area Where You Live.”, 2019



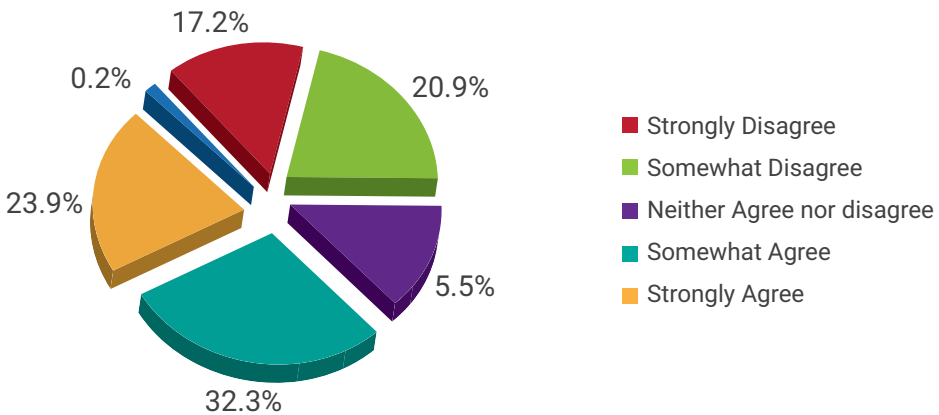
When looking to the positive perception for coming opportunities by province, Aqaba came first with (48.7%) of the respondents, in the age-group 18 – 99, believed that the next six months are coming with good business opportunities, followed by Madaba (46.7%) and Mafraq (44.0%). The lowest perception was monitored in Jarash (34.0%), Balqa (30.2%), and Karak (26.0%).

**Figure 3.14:** Positive Perception for Good Opportunities for Starting a Business in the Next Six Months by Province, 2019



High self-perception of capabilities of the Jordanian population seems to be the dominant. (56.21%) believed that they have all or some of the knowledge, skills, and experience required to start a new business. (38.02%) said that they do not have the required knowledge, skills, and experience for new businesses. These percentages are aligned with the TEA rates distribution per the education qualifications in Jordan. The percentages are calculated for the whole surveyed sample, for the age-group 18 – 99. For comparison purposes, the percentage of those who believed that they have all or some of the knowledge, skills, and experience required to start a new business was (61.72%) for the age-group 18 – 64.

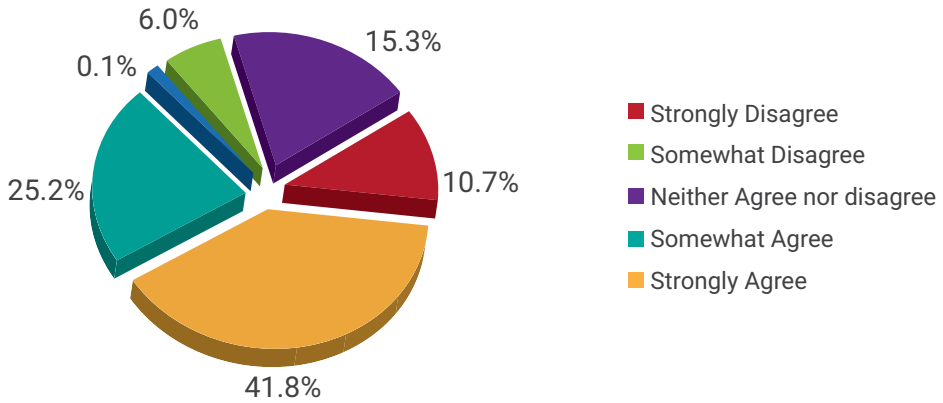
**Figure 3.15:** “You Personally Have the Knowledge, Skill and Experience Required to Start a New Business.”, 2019



In alignment with the general perception of the entrepreneurship environment in Jordan, the general economic situation is dominating the scene where, even when knowing the business environment well, entrepreneurs who see good business opportunities (21.32%) are less than those who do not see good business opportunities in the market (67.0%). The percentages are calculated for the whole surveyed sample, in the age-group 18 – 99. For comparison purposes, the percentage of those who do not see good business opportunities in the market was (67.59%) for the age-group 18 – 64.

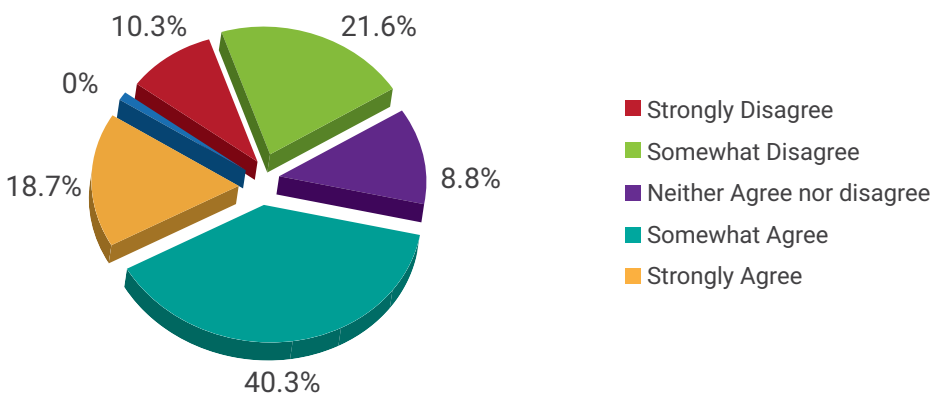
It is important here to pay attention to the serious steps which the recent governments take to make Jordan a friendly business environment, and the better conditions and policies the recent governments make and try to integrate well within the full lifecycle of start-ups.

**Figure 3.16:** “You Rarely See Business Opportunities, Even If You Are Very Knowledgeable in the Area.”, 2019



One final step forward in an aim to diagnose the perception of entrepreneurs in Jordan, the entrepreneurs were asked about their reaction to what they believe are profitable opportunities. Again, the majority (58.99%) answered that they rarely react to what they consider profitable opportunities. However, (31.91%) disagreed, with varied levels, with that and answered that they would react if they spot a profitable opportunity. The percentages are calculated for the whole surveyed sample, in the age-group 18 – 99. For comparison purposes, the percentage of those who answered that they rarely react to what they consider profitable opportunities was (59.35%) for the age-group 18 – 64.

**Figure 3.17:** “Even When You Spot a Profitable Opportunity, You Rarely Act on It.”, 2019

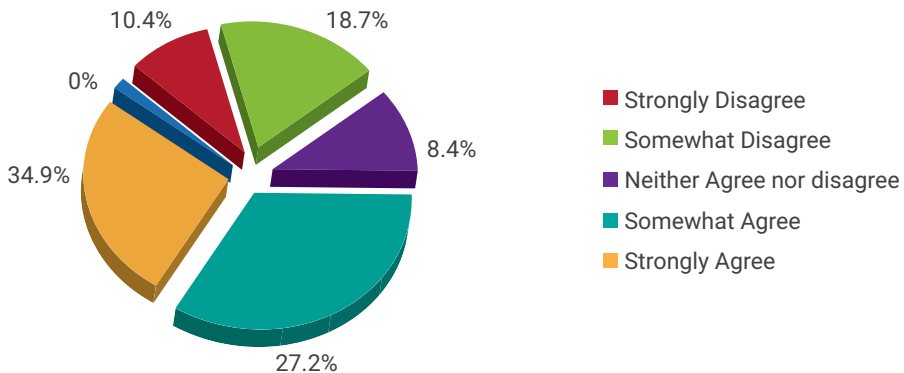




### 3.2.4. Fear of Failure

In an attempt to understand the risk-taking level of entrepreneurs in Jordan, the majority—almost (62.10%)—of the respondents showed fear that their business might fail. Where only about (29.12%) agreed, to different extends, that fear of failure is not a deterrence to abandon new businesses. The percentages are calculated for the whole surveyed sample, for the age-group 18 – 99. For comparison purposes, the percentage of those who showed fear that their business might fail was (54.35%) for the age-group 18 – 64.

**Figure 3.18:** “You Would Not Start a Business for Fear It Might Fail.”, 2019

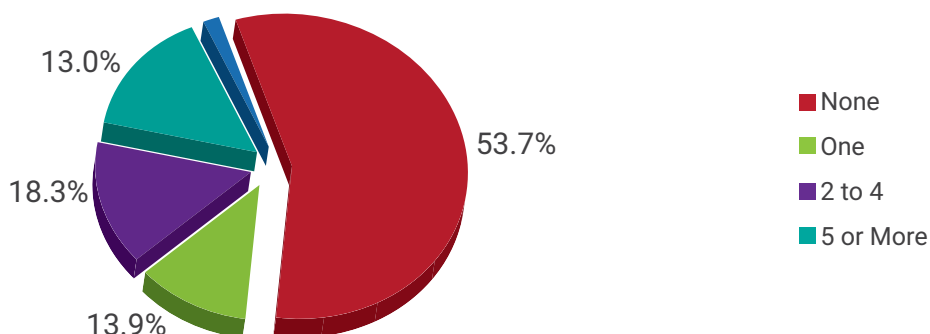


### 3.2.5. Affiliation with Entrepreneurs

Jordan’s population is highly educated where investing in higher education is becoming a necessity for the majority. The majority believes that their access to the jobs market starts by achieving a university degree where (18.4%) of the population holds a bachelor degree or higher education. However, the limited jobs market and high unemployment rates have pushed a big segment of the population to start their own businesses. In the coming paragraphs, steps are taken to understand the self-perception of the entrepreneurs for themselves in a global context.

The Adults Population Survey (APS) survey started by asking the respondents to the APS about connecting with entrepreneurs. It was found that (13.0%) know 5 or more entrepreneurs and about (32.18%) know at least one entrepreneur but less than five. On the other side of the spectrum, it was found that almost (53.7%) of the population do not personally know an entrepreneur. The percentages are calculated for the whole surveyed sample, for the age-group 18 – 99. For comparison purposes, the percentage of those who know at least one entrepreneur was (46.46%) for the age-group 18 – 64.

**Figure 3.19:** “How Many People Do You Know Personally Who Have Started a Business or Become Self-Employed in the Past 2 Years? Would It Be None, One, Few, or Many People?”, 2019



### 3.2.6. Entrepreneurial Intentions

Entrepreneurial Intentions tests the intentions in relative to the Total early-stage Entrepreneurial Activity (TEA) to emphasize the number of people who intend to take steps in the next three years out of the total number of people currently starting or running a new business. In some cases, intentions may increase over prior years, and this is not yet reflected in TEA. It is more often the case that where there are high levels of intentions relative to TEA, this pattern tends to persist.

As of year 2019, the Adult Population Survey (APS) showed that Jordan’s entrepreneurial intentions was (28.22%) of TEA. The percentages are calculated for the whole surveyed sample, for the age-group 18 – 99. For comparison purposes, Jordan’s entrepreneurial intentions was (29.1%) for the age-group 18 – 64.

## 3.3. Entrepreneurial Impact

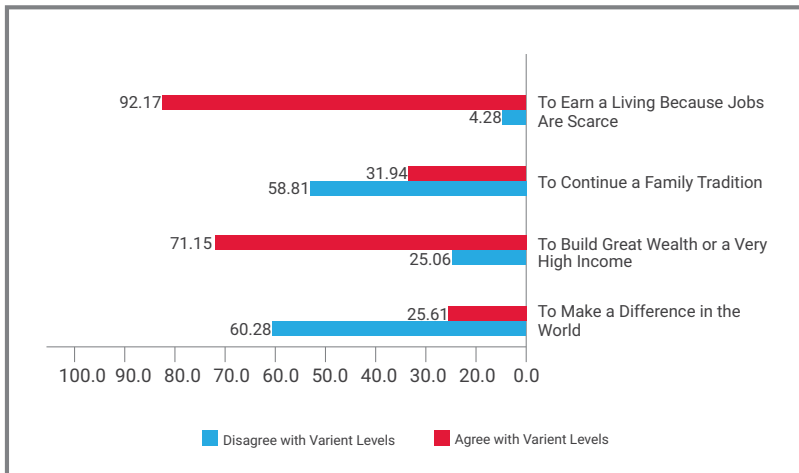
### 3.3.1. Drive and Motivation

As presented earlier, GEM—through its APS—assesses motives of entrepreneurs in starting new businesses through the lens of two stages: 1) Early-stage entrepreneurship, and 2) Established Businesses (EB). The suggested motives in the survey and which the respondents chose between were: 1) To make a difference in the world, 2) To build great wealth or very high income, 3) To continue a family tradition, and 4) To earn a living because jobs are scarce.

The vast majority of early-stage entrepreneurs, for the age-group 18 – 99, (92.17%) agreed that to earn a living because jobs are scarce was the main reason start a business. The

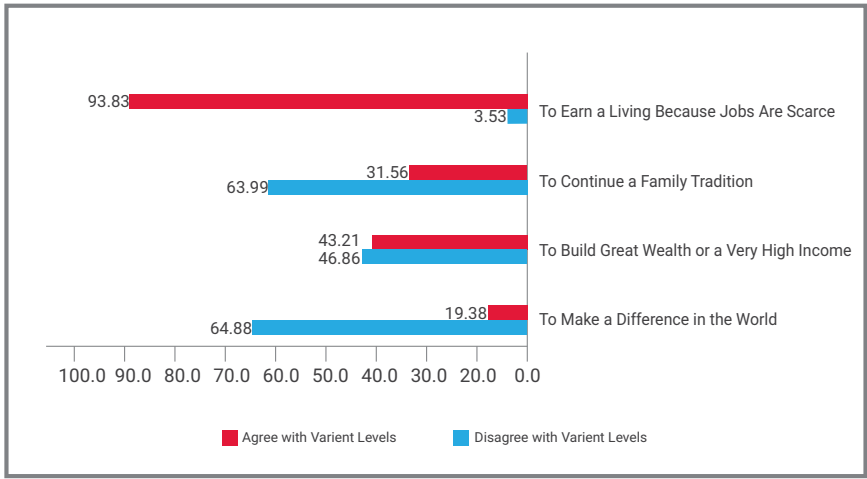
financial factor was also present in the second most selected reason that motivates entrepreneurs the most to start a business—which is to build great wealth or very high income (71.15%)—and followed by to continue a family tradition (31.94%). Finally, to make a difference in the world was the least observed motivation with only (25.61%) of respondents who agreed that it is their motivation to start a new business. As illustrated in Section 2.3, opportunity-driven entrepreneurship is crucial to Jordan’s economy in order to become an innovation-driven economy.

**Figure 3.20:** Comparison of the Reasons That Motivate Entrepreneurs in Jordan the Most in Regards to Early-Stage Entrepreneurship in Jordan, 2019



On the other side, the motivations of Established Businesses (EB) came consistent with the motivations of early-stage entrepreneurship Activity (TEA). Earning a living because jobs are scarce was the reason most entrepreneurs, for the age-group 18 – 99, (93.83%), followed by building great wealth or very high income (43.21%), and continuing a family tradition (31.56%). Making a difference in the world was, again, the least chosen with only (19.38%) of the surveyed respondents.

**Figure 3.21:** Comparison of the Reasons That Motivate Entrepreneurs in Jordan the Most in Regards to Established Businesses (EB) in Jordan, 2019

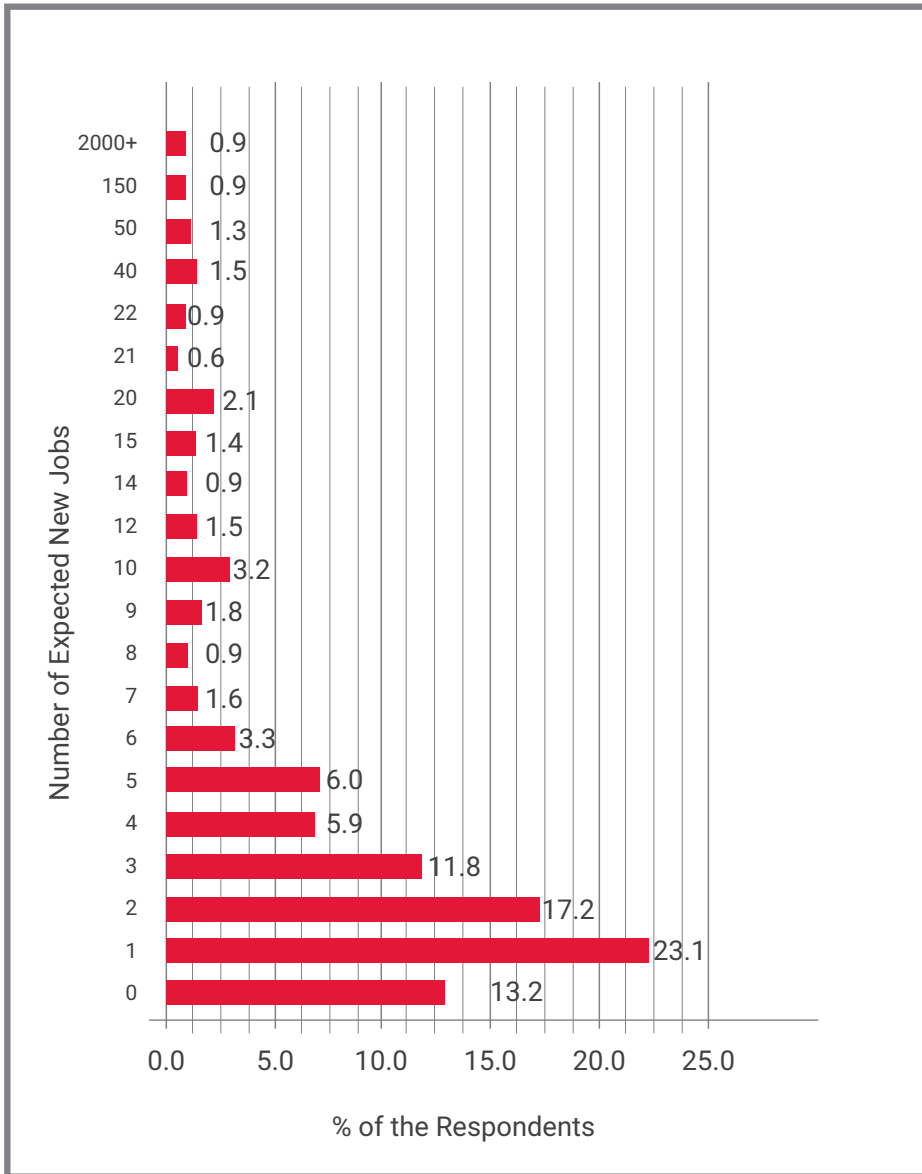


### 3.3.2. Growth Expectations

Unemployment rate is a crucial indicator for economic growth in Jordan. As illustrated in Chapter 2, the national development plans have been taking the alarming unemployment rates—especially among the youth—seriously. While the motivation “to earn a living because jobs are scarce” is dominating the entrepreneurship arena in Jordan—where people are creating their own jobs—the Global Entrepreneurship Monitor (GEM) monitors the growth expectations of entrepreneurs’ new businesses through self-estimation for the expected jobs that will be created in the next five years period.

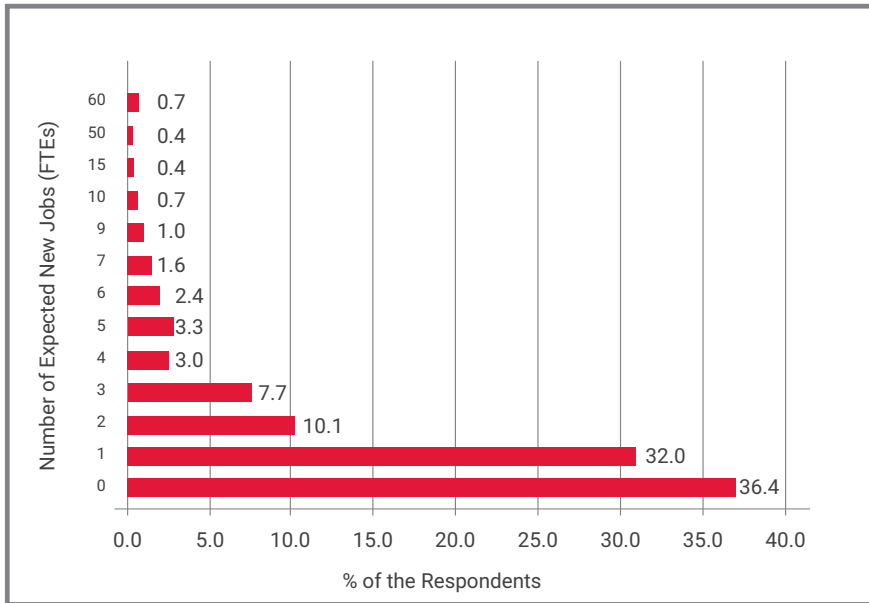
Growth expectations are monitored in this study first through the early-stage entrepreneurship, for the age-group 18 – 99, where (13.17%) are expecting that zero Full Time Employees (FTEs) will be added to their new businesses in the next five years. (63.98%) of the respondents have answered that their new businesses will hire 1 – 5 FTEs, and the remaining (22.86%) have expected that their new businesses will hire 6 FTEs or more in the next five years.

**Figure 3.22:** Growth Expectations for the Next Five Years in Regards to Early-Stage Entrepreneurship, for the age-group 18 – 99, in Jordan, 2019



GEM Adult Population Survey (APS), as well, monitors growth expectations through Es-tablished Businesses (EB), for the age-group 18 – 99. (36.45%) of the respondents expected to hire 0 FTEs at their new businesses in the next five years. While (56.21%) expected that their new businesses will hire 1 – 5 FTEs, and the remaining (7.35%) expected that 6 FTEs or more will be added to their businesses in the next five years period.

**Figure 3.23:** Growth Expectations for the Next Five Years in Regards to Established Businesses (EB), for the age-group 18 – 99, in Jordan, 2019

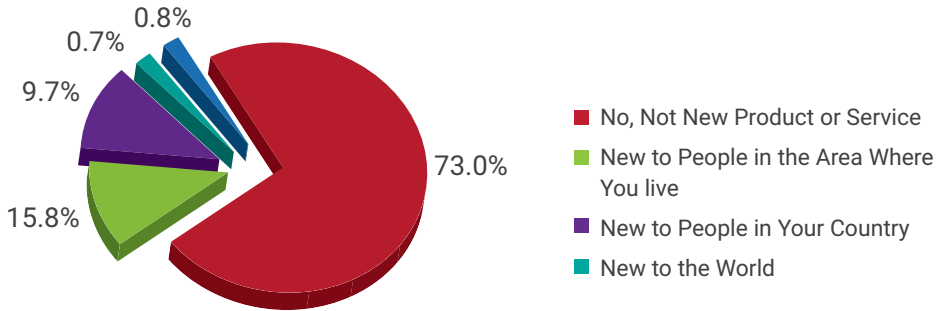


### 3.3.3. Innovation

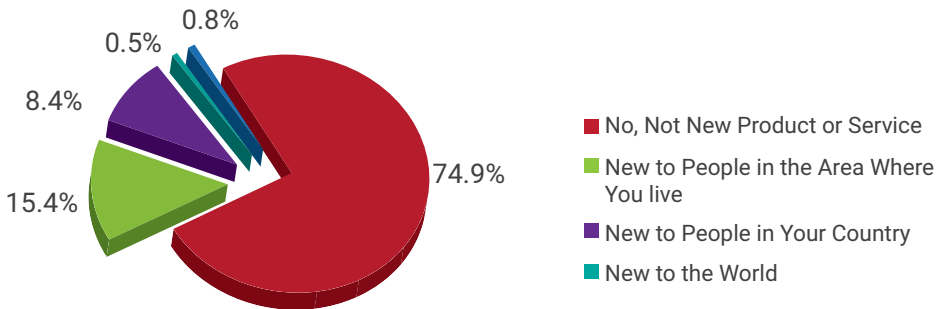
Economic studies have concluded that, in Jordan, Foreign Direct Investment (FDI) has limited impact on the factors of production—labor, land, capital, and entrepreneurship. This is because a large fraction of the FDI net inflows is concentrated in extractive industries and lighttransformational industries and not in medium-high technology industries. An example here is the Qualifying Industrial Zones (QIZ) in Jordan which has focuses on clothes and textures manufacturing—low technology industry.

Nevertheless, this study assesses the use of technologies or procedures in entrepreneurs’ new businesses as well as their outputs—products or services. This study has found that (0.87%) of the surveyed population in their early-stage entrepreneurship, aged 18 – 64, has produced a product/service or used technology/procedure that was nationally new, and (0.12%) of the surveyed population, aged 18 – 64, has produced a product/service or used technology/procedure that was globally new—for the new products/services it varied between (1.12%), of the population aged 18 – 99, who answered that the product or service was new to their area, (0.69%) new to their country, and (0.06%) new to the world. Moreover, and in regards to used technology or procedures, results came consistent—varied between (1.09%) of the population, aged 18 – 99, who answered that the technology or procedure was new to their area, (0.59%) new to their country, and (0.06%) new to the world.

**Figure 3.24:** “Are Any of Your Products or Services New to People in the Area Where You Live, or New to People in Your Country, or New to the World?”—in Regards to early-stage entrepreneurship in Jordan, 2019

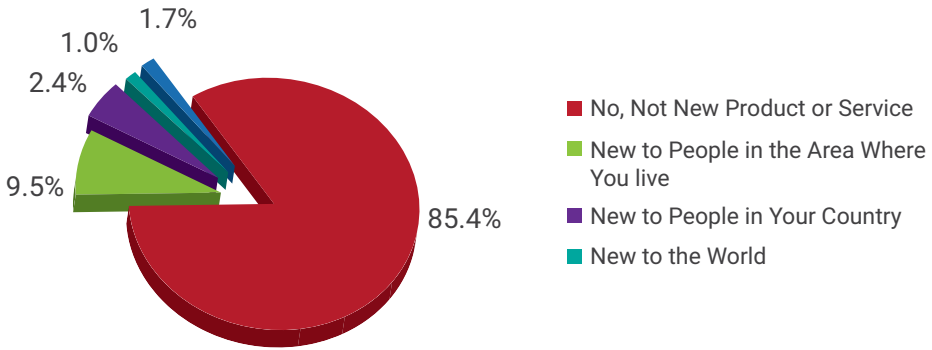


**Figure 3.25:** “Are Any of the Technologies or Procedures Used for Your Products or Services New to People in the Area Where You Live, or New to People in Your Country, or New to the World?”—in Regards to early-stage entrepreneurship in Jordan, 2019

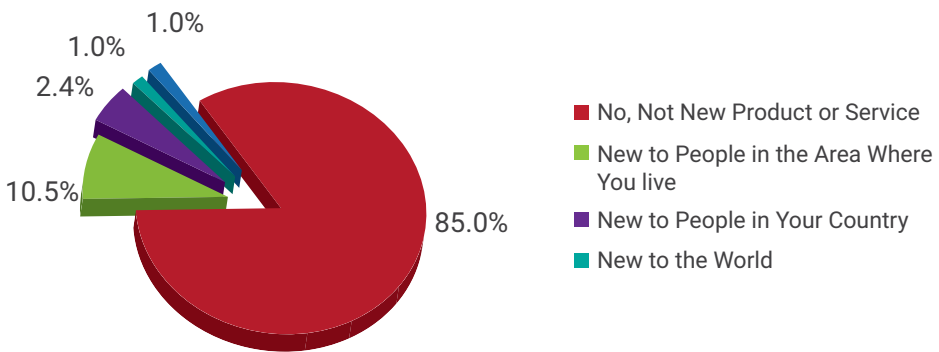


This study has also concluded that entrepreneurship at Established Businesses (EB) is slightly less innovative than early-stage entrepreneurship. Where (1.15%) of the surveyed population, aged 18 – 99, produced a product or service that was new—varied between (0.84%) who answered that their product or service was new to their area, (0.21%) new to their country, and (0.09%) new to the world. In regards to technology, the results came consistent where (1.25%) of the respondents, aged 18 – 99, used new technologies or procedures in their new businesses—varied between (0.94%) who answered that the technology or procedure was new to their area, (0.22%) new to their country, and (0.09%) new to the world. Difference in innovation levels between Total early-stage Entrepreneurship Activity (TEA) and entrepreneurship at Established Businesses (EB) could be due to the lower levels of risk taken in Established Businesses (EB), resistance to change, and less willingness to invest in running businesses especially when existing processes and procedures are already built.

**Figure 3.26:** “Are Any of Your Products or Services New to People in the Area Where You Live, or New to People in Your Country, or New to the World?”—in Regards to EB in Jordan, 2019



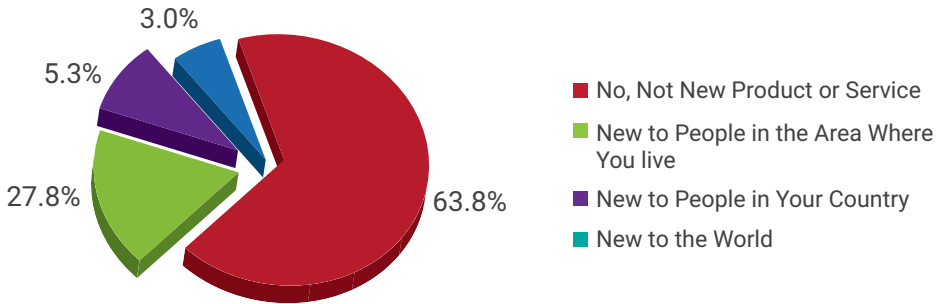
**Figure 3.27:** “Are Any of the Technologies or Procedures Used for Your Products or Services New to People in the Area Where You Live, or New to People in Your Country, or New to the World?”—in Regards to EB in Jordan, 2019



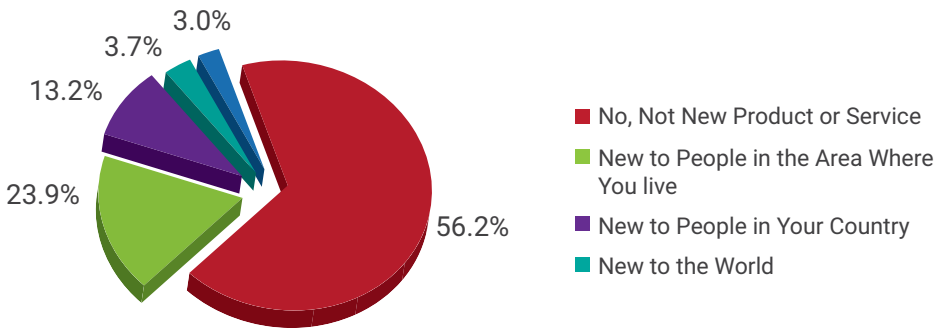
Lastly, innovation in Entrepreneurial Employee Activity (EEA) was assessed and its figures came the lowest among early-stage entrepreneurship and Established Businesses (EB). (0.50%) of the surveyed population, aged 18 – 99, produced a product or service that was new—varied between (0.42%) who answered that the product or service was new in their area, (0.08%) new to the country, and none was new to the world. In regards to technology, (0.61%) of the respondents, aged 18 – 99, used a technology or procedure that was new—varied between (0.36%) who answered that the technology or procedure was new in its area, (0.20%) new to the country, and (0.06%) new to the world.



**Figure 3.28:** “Are Any of Your Products or Services New to People in the Area Where You Live, or New to People in Your Country, or New to the World?”—in Regards to EEA in Jordan, 2019



**Figure 3.29:** “Are Any of the Technologies or Procedures Used for Your Products or Services New to People in the Area Where You Live, or New to People in Your Country, or New to the World?”—in Regards to EEA in Jordan, 2019



### 3.3.4. Competitiveness

Producing new products or services—that have never been introduced before at their designated market(s)—contributes to a product’s competitiveness and is key to an economy’s national competitiveness. This section is a comparison for innovation in products, services, technologies, and procedures which are used in new businesses through the different stages of start-ups.

- In regards to products and services: GEM National Report 2016/2017 shows that (58%) of the respondents in Jordan, in the age-group 18 – 64, at their early-stage entrepreneurship produced products or services that were new to the market, with variant levels, compared to (26.26%) in 2019. Also, and as the figures show in year 2017, (40%) of the respondents in Jordan, in the age-group 18 – 64, at their Entrepreneurial Employee Activity (EEA) produced products or services that were new to the market, with variant levels, compared to (33.11%) in year 2019.

• In regards to technologies and procedures: Figures from GEM National Report 2016/2017 show that (41%) of the respondents in Jordan, in the age-group 18 – 64, at their early-stage entrepreneurship used in their new businesses technologies or procedures that were new to the market compared to (24.60%) in 2019. Also, the figures show that in 2017, (5%) of the respondents, in the age-group 18 – 64, in Jordan at their Entrepreneurial Employee Activity (EEA) used technologies or procedures that were new to their designated market and which actually increased to (40.75%) in year 2019.

**Table 3.1:** Comparison of the Competitiveness of Entrepreneurship in Jordan for the Period 2017 – 2019; Expressed in Means of New Products or Services, and Technologies or Procedures

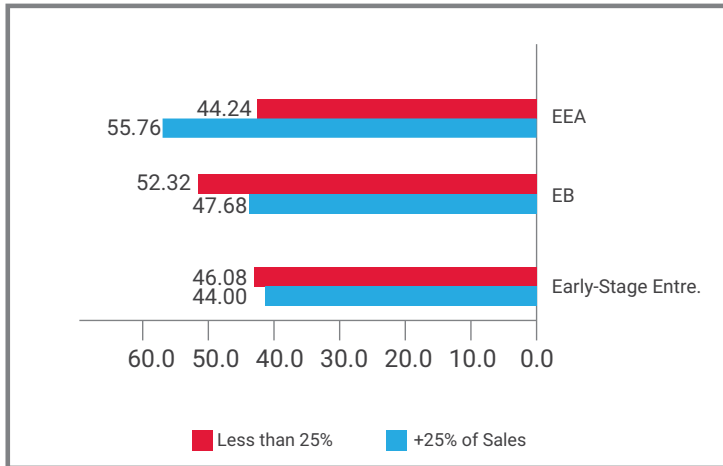
	2017		2019	
	TEA	EEA	TEA	EEA
<b>New (%) Product/Service</b>	58%	40%	26.26%	33.11%
<b>New (%) Technology/Procedure</b>	41%	5%	24.60%	40.75%

### 3.3.5. Internationalization

As with competitiveness, internationalization is key to national competitiveness. Internationalization is expressed as the percentage of sales to customers or clients abroad. International entrepreneurs are those who's (25%) or more of their sales represent customers outside their economies.

Throughout the various stages of new businesses, which are observed by GEM studies—early-stage entrepreneurship, Established Businesses (EB), and Employee Entrepreneurial Activity (EEA) for the age-group 18 – 99—results came highly consistent. The results were as follows: (44.00%) of the early-stage entrepreneurship are expecting to have more (25%) of their sales coming from customers abroad, (47.68%) of the Established Businesses (EB), and (55.76%) of Employee Entrepreneurial Activity (EEA).

**Figure 3.30:** Comparison of Internationalization—Proportion of Customers Normally Live Outside the Country—Through the Different Stages of New Businesses Lifecycle in Jordan, 2019



### 3.4. Perception of Societal Values Related to Entrepreneurship

#### 3.4.1. Social Context

Measures of societal attitudes, self-perceptions, affiliations and intentions can signal the presence of potential entrepreneurs in a society, and also of others who will support their efforts. Entrepreneurs rely on a wide range of stakeholders, including investors, suppliers, customers, employees, and even supportive family and friends. The Global Entrepreneurship Monitor (GEM) asked in its Adult Population Survey (APS) about a wide range of attitudes and self-perceptions regarding entrepreneurship.

Societal attitudes include whether people think that successful entrepreneurs are conferred high status, whether they believe that starting a business is a good career choice, and the extent to which entrepreneurship receives media attention. Also reported is whether people think it is easy to start a business in their area.

For self-perceptions, the Global Entrepreneurship Monitor (GEM) asks people whether they see opportunities around them. This can indicate whether there are, in fact, many opportunities in an environment. It also reflects, to a greater or lesser extent, the opportunity recognition propensities or abilities of a society. Opportunities may be out there for all to see, but not everyone is cognizant of them.

The Global Entrepreneurship Monitor (GEM) also asks whether people believe they have the skills and knowledge to start a business. Contributing to this self-perception

is one's training and experience in entrepreneurship and relevant fields, but also self-confidence in one's own abilities. Another indicator of perceptions about whether one can or would start a business centers on fear of failure. This is measured among those seeing opportunities—given they see opportunities around them, would they elect not to pursue them because they are afraid of failing?

Affiliations with entrepreneurs can provide role models and a range of experienced and eager stakeholders such as investors, board members, partners, and mentors. While people may have impressions about entrepreneurs they hear and read about, knowing an entrepreneur adds more to a person's experience and accessibility to entrepreneurship.

Perhaps the closest indicator of entrepreneurial potential in society is the extent to which people intend to start a business in the future. Entrepreneurial intentions represent the percentage of working adults who stated that they intend to start a business in the next three years. While it is understandable that not all of those expressing intentions will actually take the steps to do so, it can be argued that those who have started were those who had previously planned, or at least considered, becoming an entrepreneur.

As earlier presented, media attention is one of three factors that, together, determine social perception—along with societies perception for entrepreneurship as a good career choice and societal status of entrepreneurs.

For public media coverage for successful entrepreneurs, the majority of the Jordanian adult population (62.18%), in the age-group 18 – 99, feels positive about the public media coverage for new successful businesses.

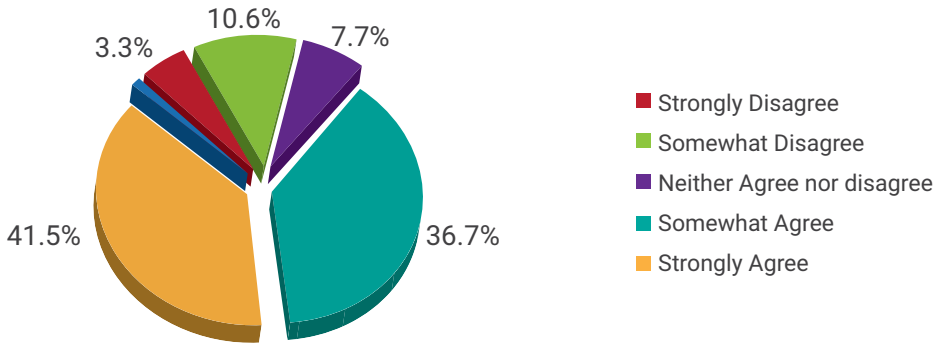
### 3.4.2. Perception Towards Status of Successful Entrepreneurs

The perception towards successful entrepreneurs in a society and whether people think this would represent a good career are, although they are highly correlated, both consistencies and wide differences between both exist.

In some cases, entrepreneurs may be held in high regard, but people may not think entrepreneurship is something they, or perhaps anyone else they know, should or can do. This may depend on many aspects, such as whether entrepreneurship seems widely accessible, versus available only to a select few. Conditions in the environment, such as requirements associated with starting a business, the level of competition, and the size and receptiveness of the market, may influence one's beliefs about the prospects of this career alternative. Beliefs may also depend on the availability of other career options. For example, if there are good jobs available in a society, entrepreneurship may look less attractive, particularly if the potential for rewards is low or unpredictable.

In Jordan, (78.25%) of the population in the age-group 18 – 99 considered that those successful at starting a new business have a high level of status and respect.

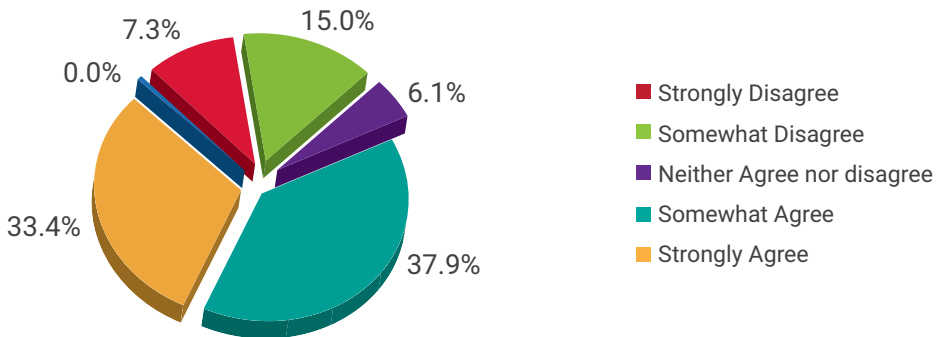
**Figure 3.31:** “In Your Country, Those Successful at Starting a New Business Have a High Level of Status and Respect.”, 2019



### 3.4.3. Individual Perceptions Towards Entrepreneurship as a Desirable Career Choice

In Jordan, (71.32%) considered starting a new business a desirable career choice. In the next figure, the answers of the Adults Population Survey (APS) respondents are illustrated for the population in the age-group 18 – 99.

**Figure 3.32:** “In Your Country, Most People Consider Starting a New Business a Desirable Career Choice.”, 2019



### 3.5. Type of Entrepreneurship

Changing the stereotype on entrepreneurs was one of the goals of GEM studies. Although the popular image of an entrepreneur is one who starts an independent business, the Global Entrepreneurship Monitor (GEM) provides evidence that people can be entrepreneurial in different ways. For example, they may operate on their own, they may execute entrepreneurial ideas in organizations they work for, and they may involve their family.

Although these situations may not always be visible or perceived as entrepreneurial, they provide incomes for individuals and families and contribute to national economies.

### 3.5.1. Total early-stage Entrepreneurial Activity (TEA)

Total early-stage Entrepreneurial Activity (TEA) is the main entrepreneurship indicator that GEM studies assess thoroughly. It is the activity that is centered on the period preceding and immediately after the actual start of a firm.

The Adult Population Survey (APS) found that in year 2019 Jordan's Total early-stage Entrepreneurial Activity (TEA) rate was (9.1%), for the age-group 18 – 64, which can be considered good progress from year 2017 figures (8.2%).

### 3.5.2. Solo Entrepreneurship

While high-growth entrepreneurship is considered rare, it is also the case that few entrepreneurs operate on their own without co-founders or employees, and with no intention to employ others.

Solo entrepreneurs, however, can be found in all regions and at all development levels. What may perhaps be surprising is the frequency of solo entrepreneurship in many European economies.

High frequency of entrepreneurs may reflect work preferences, constraints on hiring, business characteristics, or technologies that, for example, allow people to work within a network of value chain participants.

In Jordan, (3.19%) of the adults aged 18 – 64 responses indicated that they are solo entrepreneurs. In a middle rank among the MEA region.

### 3.5.3. Entrepreneurial Employee Activity (EEA)

While entrepreneurs are often viewed as operating outside the mainstream of mature, often large, organizations, these organizations need to create new sources of top-line growth to remain viable over the long term. Employee entrepreneurship activity (EEA) results from the pursuit of new business activities inside an existing organization, where entrepreneurs seek to leverage internal advantages, and the organization may initiate and/or support their efforts.

Entrepreneurial Employee Activity (EEA) is an indication which the Global Entrepreneurship Monitor (GEM) pioneered in observing by embedding it within the GEM Conceptual Framework. The motives, nature of participation, and the outcome of these activities are characterized. Moreover, the initiation through correct conceptualization

and correct understanding for their employers’ businesses and market needs is also assessed. Adding to that, the role of leadership and the size of teams are characterized in an attempt to understand the environment of entrepreneurship at work places and the capacity which the entrepreneur employees are moving within.

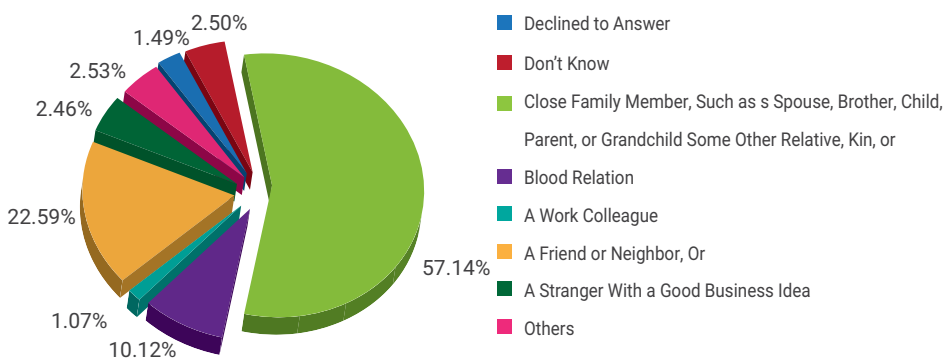
In Jordan, Entrepreneurial Employee Activity (EEA) rate was (0.7%) of the population, in the age-group 18 – 64, in year 2019.

### 3.5.4. Family-Based Entrepreneurship

It may not be a surprise that many businesses are family-owned and run. Family-run small businesses are visible in most communities; and family involvement can be seen in many regional, national, and global businesses. What may be less known, however, is the extent entrepreneurs start out as a family venture. In some cases, family members may get involved at a later phase.

In Jordan, and out of the (6.98%) of the adult population in the age-group 18 – 99 who answered that in the past three years they personally provided funds for a new business started by someone else, (57.1%) of them answered that their personal investment was directed to a close family member, such as spouse, brother, child, parent, or grandchild, and (10.1%) of them answered that their personal investment was directed to some other relative, such as kin, or blood relation.

**Figure 3.33:** “What Was Your Relationship With the Person That Received Your Most Recent Personal Investment? Was This A...”, 2019



### 3.6. Entrepreneurship Sustainability

Governments, businesses, and other organizations and individuals place a high emphasis on encouraging people to start businesses in many economies around the world. However, building sustainable businesses is equally important. If too few have reached the

Established Businesses (EB) phase, this could signal issues with the sustainability of the types of businesses started, the propensity and ability of entrepreneurs to maintain their businesses, and the environment's ability to allow a transition from startup to maturity to evolve unimpeded. While new businesses create jobs and new value for customers and stakeholders, mature businesses provide stable employment, products and services customers can continue to rely on, and long-term value for stakeholders.

Of course, societies also need people who are willing to start businesses, accepting that failure is often an unpredictable consequence. Many businesses may never see the light of day in economies where the population is overly cautious. At the same time, it is important to detect when exits are disproportionately excessive relative to startups. There needs to be consideration for encouraging people to start and ensuring a chance for survival and growth, providing a healthy mix of dynamism and stability.

Diagnosing societies with high businesses discontinuance rates in start-ups comes two-fold: either by diagnosing the entrepreneurs side—causes such as lack of skill/education, overconfidence, wrong perception, among other causes—or by diagnosing the entrepreneurship environment side—causes such as unsuitable business environment due to unfit business policies, bureaucratic constraints imposed, among others causes. On the other hand, diagnosing low discontinuance rates of businesses could be a positive indicator of solidity of entrepreneurship but it, also, could reflect a complicated business environment that is unfit for exiting unprofitable businesses—e.g. complicated regulations or exit policies.

Therefore, diagnosing business discontinuance requires an understanding for the imposed constraints and context. Business discontinuance could reflect a negative condition but it is, by itself, an insufficient indicator to diagnose entrepreneurs' experiences or entrepreneurship environment.

### 3.6.1. Established Business Ownership (EBO) Rate

The relationship between Total early-stage Entrepreneurial Activity (TEA) and Established Businesses (EB) activity can provide insight on participation levels across phases of entrepreneurship and, more specifically, the balance of entrepreneurial activity with mature business ownership. While the Total early-stage Entrepreneurial Activity (TEA) rate includes those starting and running new businesses up to 42 months, established business owners are those who own and manage a business that has been around for 42 months or longer.



Obviously, not all startup efforts grow into mature businesses. It is important to reiterate that there is a need for the willingness to start a business, because if no one is willing to start up in the first place, there is no chance for sustained business activity. Long-standing businesses are not necessarily what everyone would deem a success. If a venture is not working out, it is often best to exit, rather than allow a business to limp along indefinitely.

Jordan's Established Businesses (EB) rate for year 2019 was (6.55%) of the population in the age-group 18 – 64.

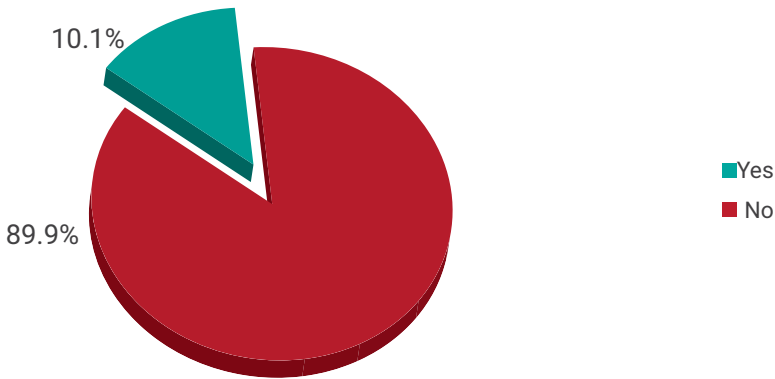
### 3.6.2. Businesses Discontinuance Rate

Entrepreneurs may discontinue a business for a range of reasons. They may be unable to reach or maintain profitability, or they may run out of capital. Conditions in their environment, such as excessive bureaucracy, may impede long-term sustainability. On the other hand, business exits may not always be due to negative reasons. For example, one may sell a business, retire, or simply exit to pursue something else. Consequently, the reasons for exits are a key consideration. The Global Entrepreneurship Monitor (GEM) asks all survey respondents whether they discontinued a business in the prior year and the reasons for discontinuing.

It is important to look not only at exit rates but at how these relate to startup efforts. For example, when there is both high startup activity and high exit activity in an economy, it may be costly or disruptive to have so many starts and stops, and it might be questioned why so many people are starting businesses they are unable to maintain.

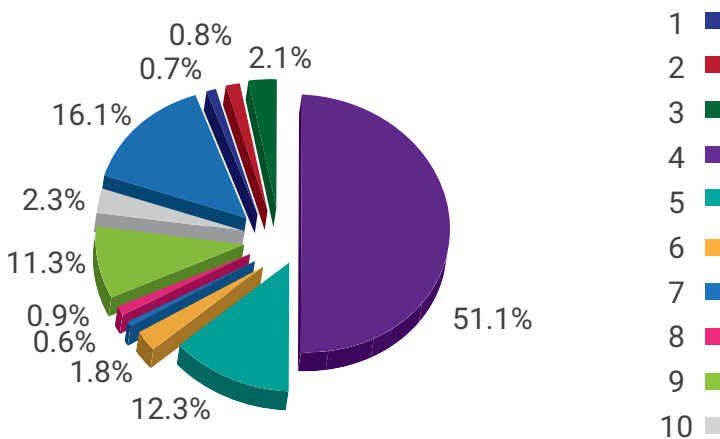
Jordan businesses discontinuance rate, as a percentage of TEA, was (10.45%) of the population in the age-group 18 – 64. Down from year 2017 figure which was at (21.2%). This is considered a great improvement for Jordan entrepreneurship condition that could be explained either by easier constraints on moving businesses ownerships or by more suitable entrepreneurship conditions in Jordan—the latter is actually very aligned and the outcomes of the NES.

**Figure 3.34:** “Have You, in the Past 12 Months, Sold, Shut Down, Discontinued or Quit a Business You Owned and Managed, Any Form of Self-Employment, or Selling Goods or Services to Anyone?”, 2019



For the age-group 18 – 99 and when the respondents who existed a businesses in the past 12 months, (10.04%) of the population, were asked about the most important reason for quitting a business, slightly above the majority (51.1%) answered that the business was not profitable—down from (55%) in year 2017. Then came entrepreneurship environment issues such as tax and policies with (16.1%)—up from (7%) in year 2017—followed by financing problems (12.3%)—down from (16%) in year 2017. Lastly, personal and family reasons (11.3%)—up from (8%) in year 2017. The percentage of the entrepreneurs who discontinued a business for an in advanced exit plan or for a sellout opportunity did not exceed (3%).

**Figure 3.35:** “What Was the Most Important Reason for Quitting This Business?”, 2019



Following is the key table for the figure above:

Reason for Quitting a Business	Percentage
The Business Was Not Profitable	51.1%
Government/Tax Policy/Bureaucracy	16.1%
Problems Getting Financing	12.3%
Family or Personal Reasons	11.3%
An incident	2.3%
An Opportunity to Sell the Business	2.1%
Another Job or Business Opportunity	1.8%
Retirement	0.9%
The Exit Was Planned in Advance	0.6%

### 3.7. Funding for Entrepreneurs and Investing in Entrepreneurship

In consistency with the National Expert Survey (NES), informal financing channels through a family member or relative is a main source of funding in Jordan. As seen earlier in Figure 3.33, (57.1%) of the respondents' self-investment, in the age-group 18 – 99, were directed to a close family member and (10.1%) to other relative level. Moreover, (22.7%) were invested with a friend or neighbor, (2.5%) with a stranger with a good business idea, and (1.1%) with a work colleague.





## Chapter 4: The National Expert Survey (NES) and the National Entrepreneurial Context Index (NECI)

### 4.1. Introduction

Assessing Jordan's economy in regards to entrepreneurship requires analysis of economy twofold: 1) Entrepreneurial activity rates across various stages; e.g. entrepreneurship lifecycle, characteristics of entrepreneurs and their businesses, and perceptions toward entrepreneurship—which is already covered in Chapter 3 of this study—and, 2) Entrepreneurship environment; represented in the strengths which entrepreneurs can leverage and the burdens they must overcome to start new businesses—which will be covered in this chapter through the analysis of GEM National Expert Survey (NES).

The Global Entrepreneurship Monitor (GEM) has enrolled its National Expert Survey (NES) in Jordan. In this year's study, more focus on NES survey is given. Hence, this chapter is solely dedicated to explain its findings and to provide regional and global comparisons.

As presented earlier, the Global Entrepreneurship Monitor (GEM) designed two surveys for the sole purpose of assessing entrepreneurial activity nationally. While the role of the Adult Population Survey (APS)—which was covered in detailed in Chapter 3—is to capture micro-entrepreneurs nationally, the National Expert Survey (NES) comes to capture the high-growth entrepreneurs.

In the fall of year 2019, NES was enrolled where 36 national experts—who were carefully identified nationally—were interviewed about their perception on the national environment of entrepreneurship across a broad range of categories, in order to get insight into the national entrepreneurial ecosystem in Jordan. The areas which were covered in the NES were introduced—in Chapter 1—under the GEM Conceptual Framework. GEM Entrepreneurial Framework Conditions (EFC) are:

- **Entrepreneurial Finance:** It assesses the extent to which the national experts perceive funds for current entrepreneurs. The experts evaluate the accessibility and efficiency of the financing channels that are available for entrepreneurs. That includes equity financing, debt financing, government grants and loans and subsidies, informal investing, and crowd-funding.
- **Government Policy:** It assesses whether the national experts believe that the Jor-danian government policies support or hinder starting new businesses, and on two folds:
  - Policies that promote entrepreneurship and support entrepreneurs, and
  - Policies that hinder entrepreneurship; e.g. tax, strict regulations.
- **Government Entrepreneurship Programs:** The availability of quality programs to support startups on local, regional, and national levels. This includes subsidies, incubators, and agencies to assess and advice entrepreneurs.
- **Entrepreneurship Education:** The extent to which training in starting or running a business is included in educational programs; that includes:
  - Entrepreneurship education at school level: in which entrepreneurship subjects are included in school curriculum, and
  - Entrepreneurship education at post high school level: which measures the inclusion of entrepreneurship subjects in post-school programs, such as colleges, vocational schools, and universities.
- **Research & Development Transfers:** It synthesizes the national experts' evaluation for R&D and for national research transfer to the business sector.
- **Commercial & Legal Infrastructure:** This factor assesses the supply and affordability of professionals and firms that provide services to entrepreneurs; that includes: the presence of property rights, legal enforcement of obligations, as well as the availability of professional commercial, legal and accounting services to support new businesses.

- **Ease of Entry: This factor has two components:** market dynamics and market openness. It assesses the extent to which new businesses are free to enter existing markets or to create new ones—a free and open market is a market where no entity exerts power influence or set prices, and where changes in demand are met with changes in supply, and vice versa.
- **Physical Infrastructure:** The ease of access to physical resources such as communications, transport, utilities, or space at prices that do not discriminate against new firms.
- **Cultural & Social Norms:** This factor assesses whether and how society exhibits an entrepreneurial focus within the culture and assesses the extent to which social and cultural norms encourage or supports new business activities, including the availability of role models and social support for individuals' risk-taking.

#### 4.2. The National Entrepreneurial Context Index (NECI)

One of the main goals of the Global Entrepreneurship Monitor (GEM) when it was founded in 1997 was to create a unique index which is capable of assessing economies based on their entrepreneurship environment—similar in that to the role of the Global Competitiveness Index. Hence, GEM introduced the National Entrepreneurship Context Index (NECI) which is a composite index capable of assessing the environment for entrepreneurship in an economy. The NECI is derived from nine areas composing the GEM Entrepreneurial Framework Conditions (EFC). The outcomes of the NECI help policy makers, practitioners, and other stakeholders stay informed about the strength of their overall environment for entrepreneurship.

Table 4.1, below, shows the overall National Entrepreneurship Context Index (NECI) rankings and scores for year 2019 for 54 economies that participated in the National Expert Survey (NES). While the rankings and scores of the year 2019 are listed here for comparison purposes, the table of rankings and scores of the year 2020—with Jordan's position included—is posted in Table 5.1 of this study.

**Table 4.1:** The National Entrepreneurship Context Index (NECI) Ranks and Scores for 54 Economies, 2018

Income Level	Region	Economy	NECI Rank	NECI Score (out of 10)
High Income	Middle East and Africa	Qatar	1	6.7
Low Income	East and South Asia	Indonesia	2	6.6
High Income	Europe and North America	Netherlands	3	6.5
High Income	East and South Asia	Taiwan	4	6.3
Low Income	East and South Asia	India	5	6.2
High Income	Europe and North America	United States	6	6.0
High Income	Middle East and Africa	United Arab Emirates	7	5.9
High Income	Europe and North America	Luxembourg	8	5.7
High Income	Europe and North America	Switzerland	9	5.7
High Income	Europe and North America	France	10	5.6
Middle Income	East and South Asia	China	11	5.6
High Income	Europe and North America	Canada	12	5.5
High Income	Europe and North America	Austria	13	5.5
High Income	East and South Asia	Republic of Korea	14	5.5
Middle Income	East and South Asia	Thailand	15	5.5
High Income	Europe and North America	Spain	16	5.4
High Income	Europe and North America	Ireland	17	5.4
High Income	Europe and North America	Sweden	18	5.4
High Income	Europe and North America	Germany	19	5.4
High Income	East and South Asia	Japan	20	5.3
High Income	Latin America and the Caribbean	Argentina	21	5.2
High Income	Europe and North America	Latvia	22	5.2
Middle Income	Latin America and the Caribbean	Mexico	23	5.2
High Income	Europe and North America	Poland	24	5.2
High Income	Europe and North America	Slovenia	25	5.2
High Income	Latin America and the Caribbean	Chile	26	5.1
High Income	Europe and North America	Cyprus	27	5.1
High Income	Middle East and Africa	Israel	28	5.1



Income Level	Region	Economy	NECI Rank	NECI Score (out of 10)
Middle Income	Europe and North America	Turkey	29	5.1
High Income	Europe and North America	United Kingdom	30	4.9
Middle Income	Europe and North America	Kazakhstan	31	4.9
Middle Income	Latin America and the Caribbean	Colombia	32	4.8
High Income	Latin America and the Caribbean	Uruguay	33	4.7
Low Income	Middle East and Africa	Egypt	34	4.7
Middle Income	Middle East and Africa	Lebanon	35	4.7
Middle Income	Europe and North America	Bulgaria	36	4.7
Middle Income	Europe and North America	Russian Federation	37	4.6
Middle Income	Latin America and the Caribbean	Dominican Republic	38	4.6
Middle Income	Latin America and the Caribbean	Peru	39	4.5
High Income	Europe and North America	Italy	40	4.5
High Income	Middle East and Africa	Saudi Arabia	41	4.4
High Income	Europe and North America	Greece	42	4.3
High Income	Europe and North America	Slovak Republic	43	4.3
Middle Income	Latin America and the Caribbean	Guatemala	44	4.3
Low Income	Middle East and Africa	Sudan	45	4.3
Middle Income	Middle East and Africa	Iran	46	4.3
Low Income	Middle East and Africa	Morocco	47	4.3
Middle Income	Latin America and the Caribbean	Brazil	48	4.2
Low Income	Middle East and Africa	Madagascar	49	4.1
Low Income	Middle East and Africa	Angola	50	4.1
High Income	Latin America and the Caribbean	Puerto Rico	51	4.1
High Income	Latin America and the Caribbean	Panama	52	4.0
High Income	Europe and North America	Croatia	53	3.8
Low Income	Middle East and Africa	Mozambique	54	3.2

Source: Global Entrepreneurship Monitor National Expert Survey (NES) 2018

### 4.3. The NES Findings

The national experts were asked to assess specific national conditions—covering nine areas—in relation to entrepreneurship environment in Jordan. The national experts were asked to assess every given sentence on a scale of 0 to 10; where 0 means “extremely bad condition(s)” and 10 means “extremely good condition(s)”.

**Note:** All the charts below enlist the questions that have been asked to the national experts in each designated area; where the results are expressed as arithmetic averages on a scale of 0 to 10.

Overall, Jordan has achieved noticeable progress in, almost, all the nine factors measured by the National Expert Survey (NES).

Each of the nine Entrepreneurial Framework Conditions (EFC), detailed previously, was measured as an average for the 36 national experts’ assessment of every sub-item. More elaboration on the assessments of the experts is taking place in the following sections:

#### 4.3.1. Entrepreneurial Finance

Financial inclusion is a target for the consecutive governments of Jordan which the Central Bank of Jordan (CBJ) has been working on very seriously and a lot of effort has been taken. Financial Inclusion has been part of almost all the national reform programs as well as in the International Monetary Fund (IMF) partnership with Jordan—as presented earlier in Chapter 2. The assessment of the national experts proves some of that effort as presented next.

All the indicators in this area showed progress where many indicators jumped above the (5.00) average point. In regards to sufficient funding is available through private lenders’ funding (crowd-funding) available for new and growing firms, the national experts scored (5.08) points. The national experts also assessed funding channels available through initial public offerings (IPOs) for new and growing firms by (3.83) points. The funding available from venture capitalists for new and growing firms scored (5.25) with great progress since year 2017 (3.74) points. Except for the assessment for funding available from informal investors (family, friends and colleagues) which achieved almost no progress since year 2017 and scored (4.72), all the four remaining

indicators achieved good progress when compared with year 2017 figures and as follows: The funding available from professional Business Angels for new and growing firms scored (5.00), the government subsidies available for new and growing firms scored (4.61), the debt funding available for new and growing firms scored (5.72), and last, but not least, the equity funding available for new and growing firms scored (5.19).

**Box 4.1:** The National Experts Assessment of Entrepreneurial Financing in Jordan, 2019

Q1. In my country, there is sufficient equity funding available for new and growing firms.

Q2. In my country, there is sufficient debt funding available for new and growing firms.

Q3. In my country, there are sufficient government subsidies available for new and growing firms.

Q4. 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.

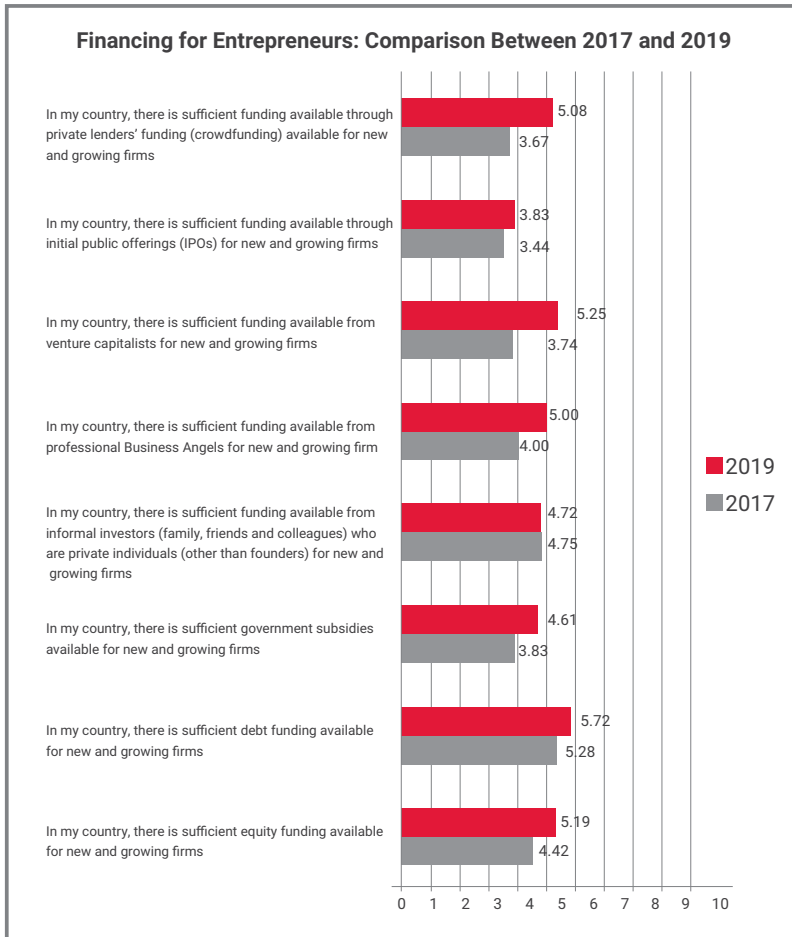
Q5. In my country, there is sufficient funding available from professional Business Angels for new and growing firms.

Q6. In my country, there is sufficient funding available from venture capitalists for new and growing firms.

Q7. In my country, there is sufficient funding available through initial public offerings (IPOs) for new and growing firms.

Q8. In my country, there is sufficient funding available through private lenders' funding (crowd-funding) available for new and growing firms.

**Figure 4.1: Comparison Between 2017 and 2019 Results of the NES Assessment in Re-gards to Financing for Entrepreneurs in Jordan**



### 4.3.2. Government Policy

Government bureaucracy, regulations, and licensing requirements achieved considerable progress at (4.19) points but it is still below the (5.00) average point. It came consistence with taxes and other government regulations application in a predictable and consistent way—which while it achieved considerable since year 2017 with (4.92) points, its assessment is as well below the (5.00) average point. Actually, an alarming indicator showed regress to almost half its assessment in year 2017, where the amount of taxes considered as a burden for new businesses scored (2.94) points only, compared to (5.53) points in year 2017. On another side, the pace of accomplishing permits and licenses scored (3.47) points with fair progress since year 2017 (2.97) points but still far below the (5.00) average point. Nevertheless, support for new and

growing firms as a high priority at the local and national government levels which, while showing progress on both government levels, also showed disparity between local government level (8.00) points and (5.28) on the national government level. Policy at the national government level showed tremendous progress from (3.69) in year 2017. Lastly, favoring for new businesses by government policies showed fair progress since year 2017 but still below the (5.00) with (4.00) points only.

**Box 4.2:** The National Experts Assessment of Government Policy in Jordan, 2019

Q1: In my country, Government policies (e.g., public procurement) consistently favor new firms.

Q2: In my country, the support for new and growing firms is a high priority for policy at the national government level.

Q3: In my country, the support for new and growing firms is a high priority for policy at the local government level.

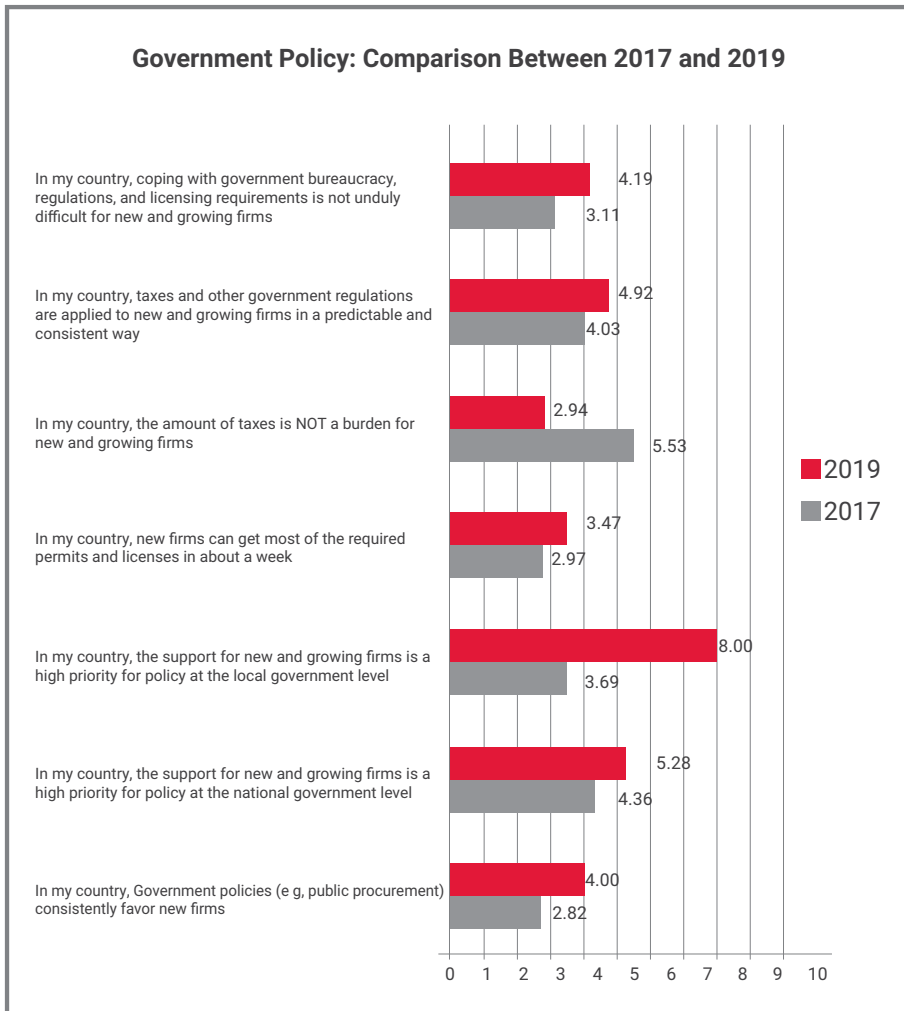
Q4: In my country, new firms can get most of the required permits and licenses in about a week.

Q5: In my country, the amount of taxes is NOT a burden for new and growing firms.

Q6: In my country, taxes and other government regulations are applied to new and growing firms in a predictable and consistent way.

Q7: In my country, coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms.

**Figure 4.2:** Comparison Between 2017 and 2019 Results of the NES Assessment in Regards to Government Policy in Jordan



### 4.3.3. Government Entrepreneurship Programs

In more details, government programs aimed at supporting new businesses scored (3.57) points which is the exact same position of year 2017 and well below the (5.00) average point. The assessment for new businesses finding the help they look for from government programs scored (4.40) points which is considerable progress since year 2017 but again below the (5.00) average point. An indicator that is in consistency with the competency and efficiency of government workers in supporting new businesses which scored (4.97) and while showing considerable progress from (3.25) points in

2017, it is still below the (5.00) average point. Actually, the assessment of the number of governments programs available to support new businesses scored (5.36) points which is considerable progress from (4.09) points in year 2017. Also, the efficiency of science parks and business incubators in supporting new businesses scored (5.42)—a progress that put this indicator above the (5.00) average point. Lastly, the assessment of a single agency that is available and capable of providing a wide range of government assistance for new businesses scored (3.33) points from (3.06) points in year 2017.

**Box 4.3:** The National Experts Assessment of Government Entrepreneurship Programs in Jordan, 2019

Q1: In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency.

Q2: In my country, science parks and business incubators provide effective support for new and growing firms.

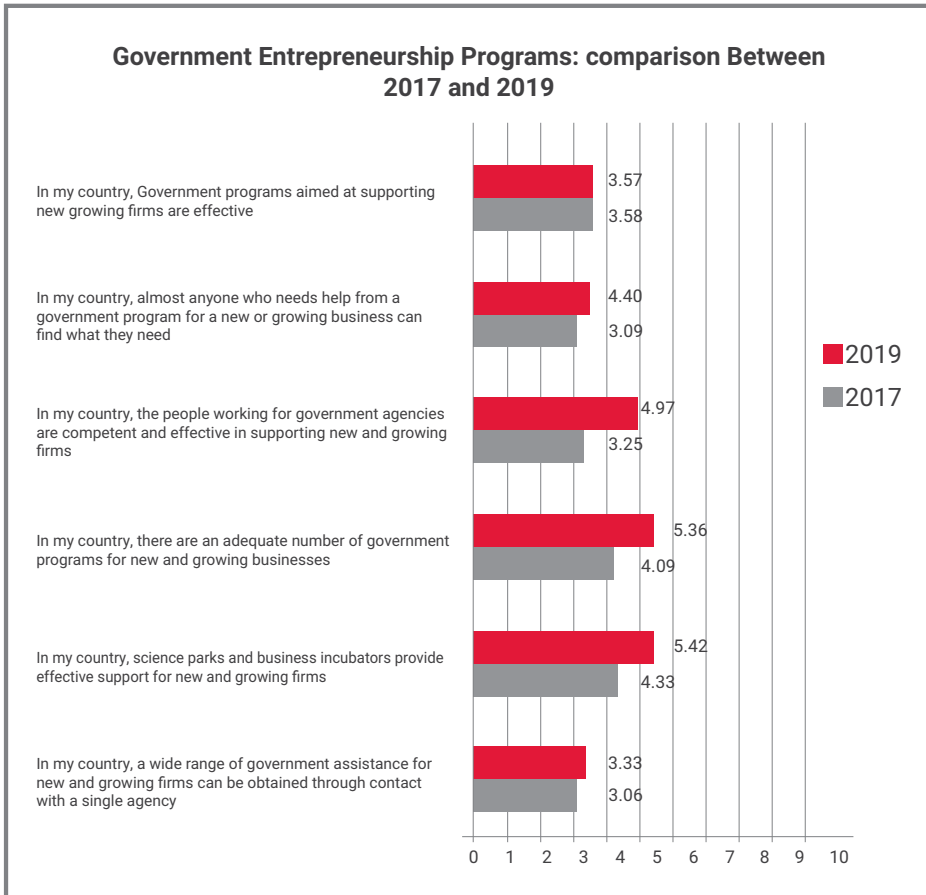
Q3: In my country, there are an adequate number of government programs for new and growing businesses.

Q4: In my country, the people working for government agencies are competent and effective in supporting new and growing firms.

Q5: In my country, almost anyone who needs help from a government program for a new or growing business can find what they need.

Q6: In my country, Government programs aimed at supporting new and growing firms are effective.

**Figure 4.3:** Comparison Between 2017 and 2019 Results of the NES Assessment in Regards to Government Entrepreneurship Programs in Jordan



#### 4.3.4. Entrepreneurial Education

Two distinctive groups of indicators under the entrepreneurial education area were monitored. The first group of indicators witnessed around (70%) increase since year 2017 assessment and scored (5.22), (5.25), and (5.24) points when the national experts assessed: 1) The good and adequate preparation for startups at vocational, professional and education continuation systems, 2) The good and adequate preparation for startups at business and management course, and 3) The good and adequate preparation for startups at colleges and universities. All the three indicators have showed very consistent progress since year 2017. All the three indicators became above the (5.00) average point.



In the second group, and although each indicator in it achieved around (50%) increase since year 2017 assessment, the three indicators scored (3.31), (3.54), and (3.47) points when the experts assessed the: 1) The adequate attention to entrepreneurship and new firm creation at primary and secondary education, 2) The adequate instruction in market economic principles at primary and secondary education, and 3) The teaching at primary and secondary education encourages creativity, self-sufficiency, and personal initiative. All the three indicators scored well below the (5.00) average point.

**Box 4.4:** The National Experts Assessment of Entrepreneurial Education in Jordan, 2019

Q1: In my country, teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative .

Q2: In my country, teaching in primary and secondary education provides adequate instruction in market economic principles.

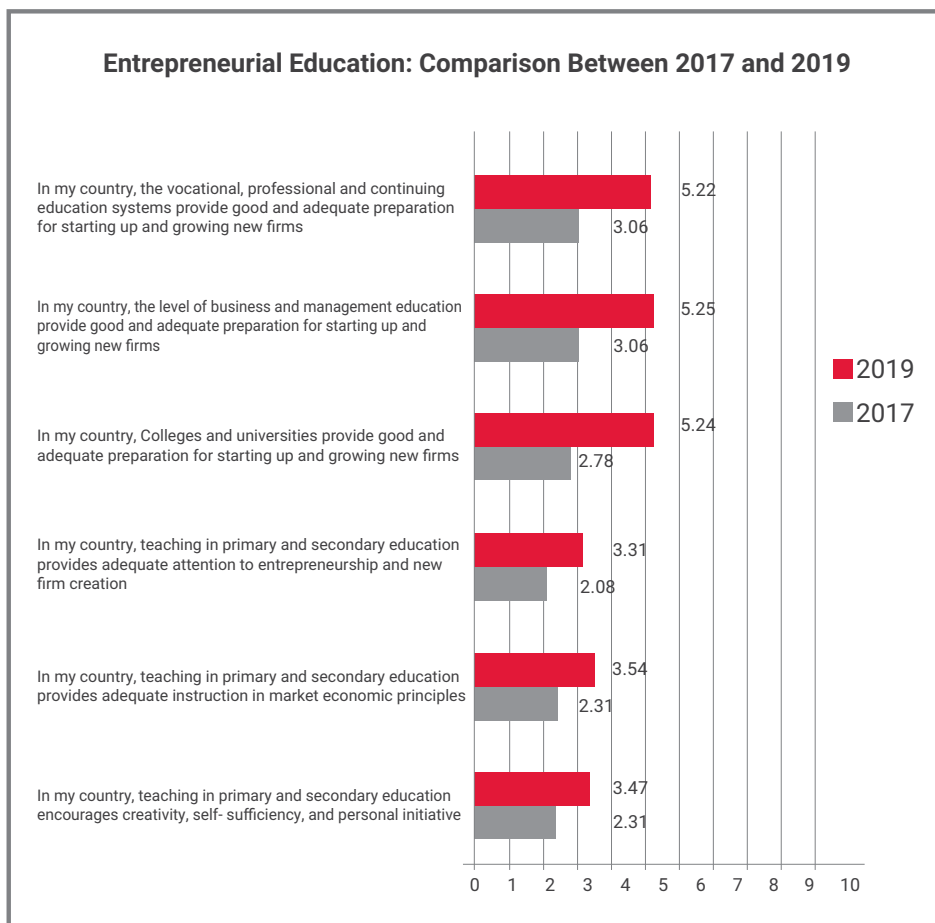
Q3: In my country, teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation.

Q4: In my country, Colleges and universities provide good and adequate preparation for starting up and growing new firms .

Q5: In my country, the level of business and management education provide good and adequate preparation for starting up and growing new firms.

Q6: In my country, the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms.

**Figure 4.4:** Comparison Between 2017 and 2019 Results of the NES Assessment in Regards to Entrepreneurial Education in Jordan



### 4.3.5. Research & Development Transfers

The national experts assessed the support available for engineers and scientists to have their ideas commercialized through new businesses at very high (9.00) points. Considered to be a great result and a strong indicator for the positive entrepreneurship environment in Jordan. The science and technology base efficiently support the creation of world-class new technology-based ventures was assessed at (5.47) points, above the (5.00) average point and in very good status. Adequate government subsidies for new businesses to acquire new technology was assessed in fair condition at (4.65) points, where the assessment for new and growing firms being able to afford the latest technology received (5.94) points. And firm position for the entrepreneurship environment in Jordan was monitored in new and growing firms having much access

to new research and technology at established and large firms and scores (4.97) points. The last indicator was assessed in fair condition but still far below the (5.00) average points, which is about the new technology, science, and other knowledge being efficiently transferred from universities and public research centers to new and growing firms with (4.44) points—again, well below the (5.00) average points.

**Box 4.5:** The National Experts Assessment of Research & Development Transfers in Jordan, 2019

Q1: In my country, new technology, science, and other knowledge are efficiently transferred from universities and public research centers to new and growing firms.

Q2: In my country, new and growing firms have just as much access to new research and technology as large, established firms.

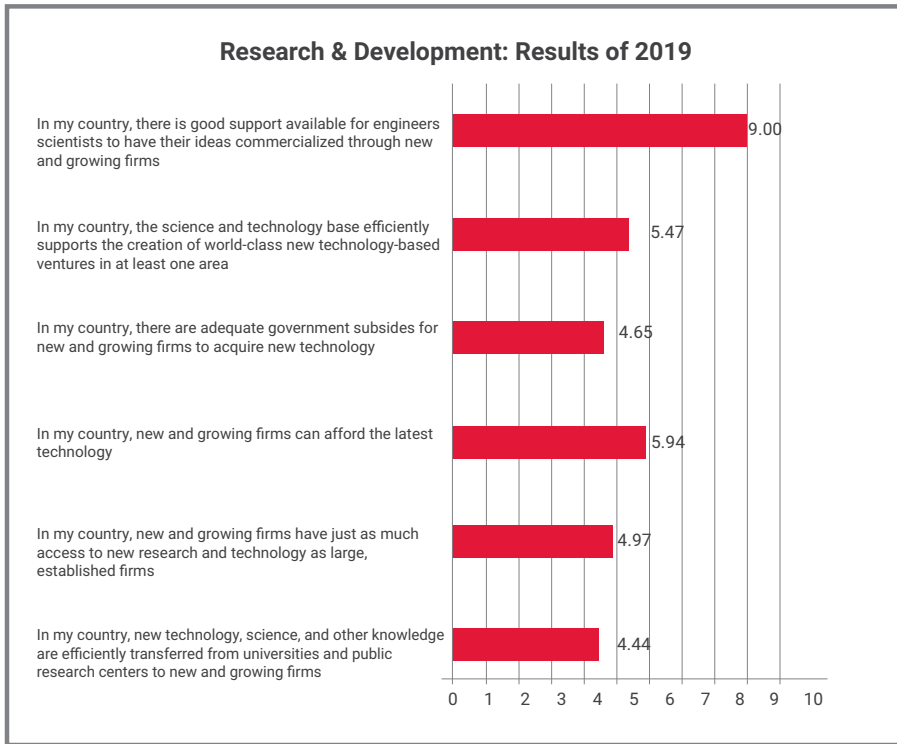
Q3: In my country, new and growing firms can afford the latest technology.

Q4: In my country, there are adequate government subsidies for new and growing firms to acquire new technology.

Q5: In my country, the science and technology base efficiently supports the creation of world-class new technology-based ventures in at least one area.

Q6: In my country, there is good support available for engineers and scientists to have their ideas commercialized through new and growing firms.

**Figure 4.5: NES Assessment in Regards to Research & Development in Jordan, 2019**



#### 4.3.6. Commercial & Legal Infrastructure

In the assessment of the commercial and legal infrastructure, the national experts showed two distinctive groups of opinions. The first group showed relatively very good scored—above (6.00) points—and the second group was a sole indicator related to the cost overload on entrepreneurs—which achieved a low score below the (5.00) average point. The easiness for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like) scored (6.92) points. The easiness for new and growing firms to get good, professional legal and accounting services scored (7.06) points. And the easiness for new and growing firms to get good subcontractors, suppliers, and consultants (6.28) points. All these four indicators achieved scores well above the (5.00) average point which was clear indication to the healthy conditions of the commercial and legal infrastructure in Jordan. The last in this group was the availability of enough subcontractors, suppliers, and consultants to support new businesses which scored (6.58) points. Unfortunately, the cost overload was present in an indicator related to the legal and commercial infrastructure in Jordan, which is the affordability of new businesses for the cost of using subcontractors, suppliers, and consultants which scored (4.65) points—well below the (5.00) average point.

**Box 4.6:** The National Experts Assessment of Commercial and Legal Infrastructure in Jordan, 2019

Q1: In my country, there are enough subcontractors, suppliers, and consultants to support new and growing firms.

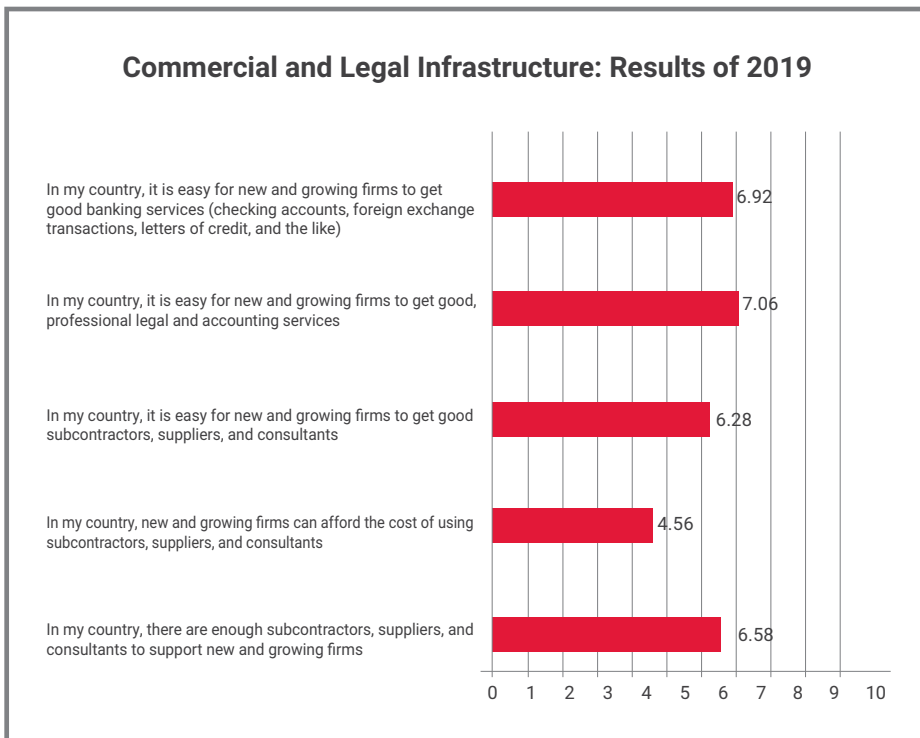
Q2: In my country, new and growing firms can afford the cost of using subcontractors, suppliers, and consultants.

Q3: In my country, it is easy for new and growing firms to get good subcontractors, suppliers, and consultants.

Q4: In my country, it is easy for new and growing firms to get good, professional legal and accounting services.

Q5: In my country, it is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like).

**Figure 4.6:** NES Assessment in Regards to Commercial and Legal Infrastructure in Jordan, 2019



### 4.3.7. Ease of Entry

The assessment varied largely between the national experts when they were asked to assess the ease of market entry for entrepreneurs in Jordan. Two distinctive groups of opinions can be monitored in this area. The first group of indicators scored very low and raised an urge need to work to improve them. The first group involved: 1) Guarantee for new businesses to enter the Jordanian market without being blocked by established businesses with (3.81) points, 2) The affordability of new businesses for the cost of market entry which scored (4.22) points, and 3) The easiness for new businesses to enter new markets which scored (4.39) points. The second group contained two indicators: 1) The market for B2B goods and services change dramatically from year to year which scored (6.83) points, and 2) The markets for consumer goods and service change dramatically from year to year with (7.09) points. Lastly came the anti-trust law assessment by the national experts which scored (5.14) points where the national experts' opinions were divided whether the law is well enforced or not.

#### **Box 4.7:** The National Experts Assessment of Ease of Entry in Jordan, 2019

Q1: In my country, the markets for consumer goods and services change dramatically from year to year.

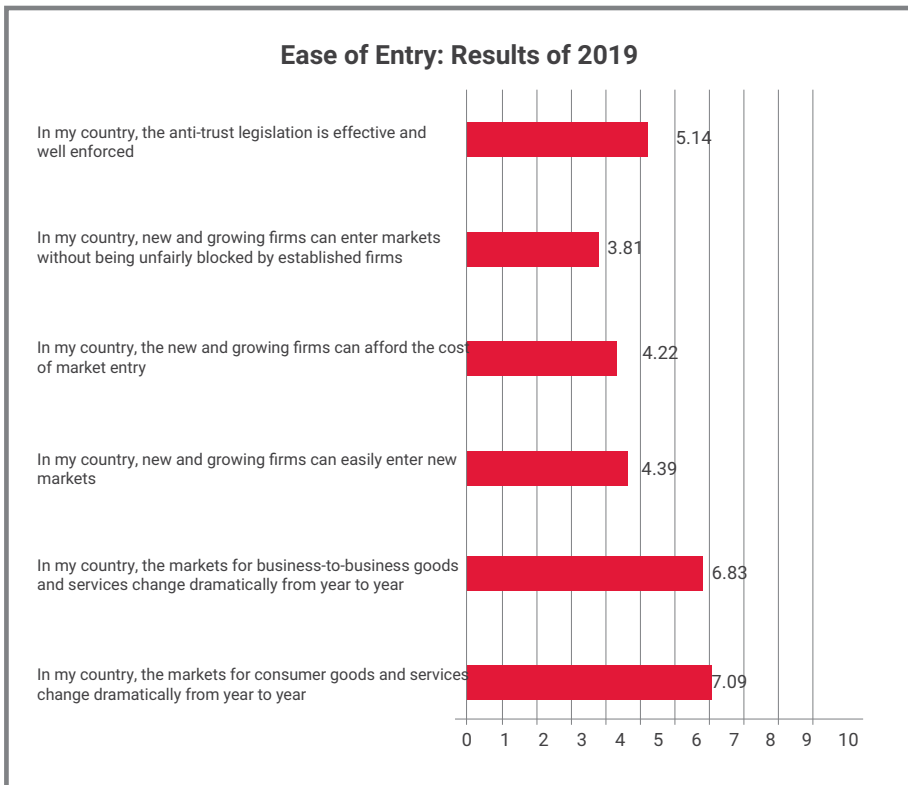
Q2: In my country, the markets for business-to-business goods and services change dramatically from year to year.

Q3: In my country, new and growing firms can easily enter new markets.

Q4: In my country, the new and growing firms can afford the cost of market entry.

Q5: In my country, new and growing firms can enter markets without being unfairly blocked by established firms.

Q6: In my country, the anti-trust legislation is effective and well enforced.

**Figure 4.7: NES Assessment in Regards to Ease of Entry in Jordan, 2019**

#### 4.3.8. Physical Infrastructure

The national experts fairly reflected the improvements that have taken place over the last two years on the physical infrastructure in Jordan. All the indicators in this area showed improvements since the assessment of year 2017. In more details and in a comparison with year 2017 figures, the physical infrastructure was assessed in many aspects. The new businesses are getting good access to communications (telephone, internet, etc.) in about a week was assessed at (8.58) points. This indicator is one of the most appreciated indicators and the highest in its area. Nevertheless, it witnessed good progress up from (7.33) points in year 2017. After that came the new businesses getting good access to utilities (gas, water, electricity, sewer) in about a month; which scored (8.00) points. Then came the affordability by new businesses to good access to communications (phone, Internet, etc.) which scored (7.83). It was a fair progress consistent with the other indicators in this area. The physical infrastructure (roads, utilities, communications, waste disposal) providing good support for new and growing firms scored (6.42)—up from (5.69) points. The least assessed in the physical infrastructure area was about the new businesses' affordability for basic utilities (gas, water, electricity, sewer); which scored (6.11)—fair progress from (5.69) points in year 2017.

**Box 4.8:** The National Experts Assessment of Physical Infrastructure in Jordan, 2019

Q1: In my country, the physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms.

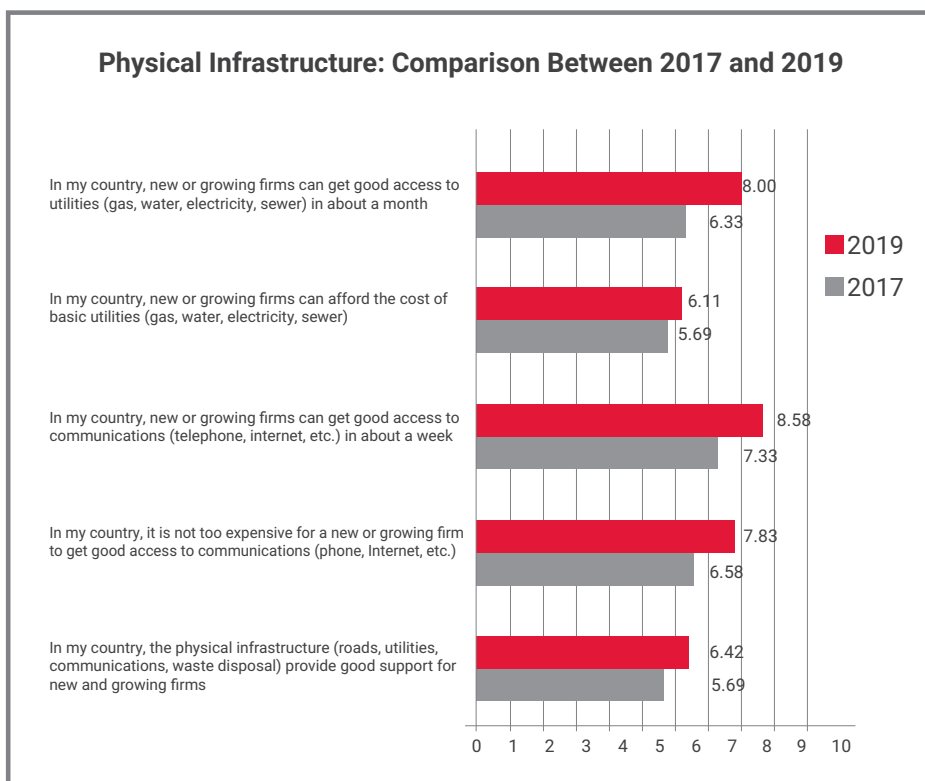
Q2: In my country, it is not too expensive for a new or growing firm to get good access to communications (phone, Internet, etc.).

Q3: In my country, a new or growing firm can get good access to communications (telephone, internet, etc.) in about a week.

Q4: In my country, new and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer).

Q5: In my country, new or growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month.

**Figure 4.8:** Comparison Between 2017 and 2019 Results of the NES Assessment in Regards to Physical Infrastructure in Jordan





### 4.3.9. Cultural & Social Norms

The cultural and social norms took its share in the national experts' assessment for the entrepreneurship assessment in Jordan. The highest scored was for the national culture encourages creativity and innovativeness—which scored (6.19) points in this year's assessment. Then came the assessment for the national culture emphasizes self-sufficiency, autonomy, and personal initiative—which scored (6.17) points. Then came the assessment for the national culture as being a highly supportive of individual success achieved through own personal efforts—which scored (5.78) points. And the assessment for the national culture emphasizes the responsibility that the individual (rather than the collective) managing his or her own life—which scored (5.72) points. And lastly came the assessment for the national culture encourages entrepreneurial risk-taking—which scored (5.64) points.

#### **Box 4.9:** The National Experts Assessment of Cultural & Social Norms in Jordan, 2019

Q1: In my country, the national culture is highly supportive of individual success achieved through own personal efforts.

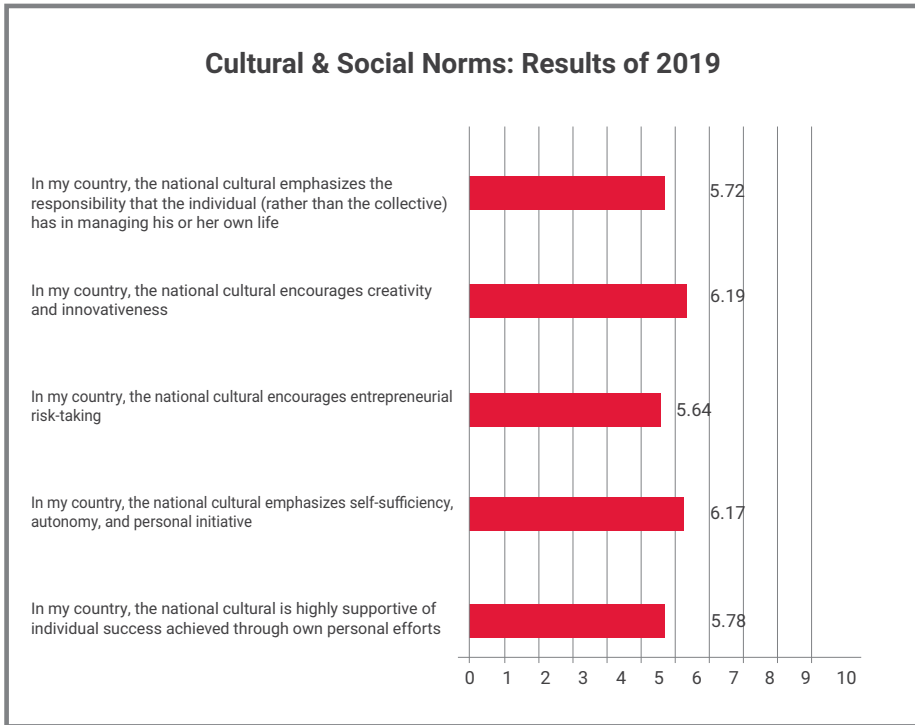
Q2: In my country, the national culture emphasizes self-sufficiency, autonomy, and personal initiative.

Q3: In my country, the national culture encourages entrepreneurial risk-taking.

Q4: In my country, the national culture encourages creativity and innovativeness.

Q5: In my country, the national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life.

**Figure 4.9: NES Assessment in Regards to Cultural & Social Norms in Jordan, 2019**









## Chapter 5: Jordan's Entrepreneurship in a Regional and Global Context

### 5.1. Demographics of Entrepreneurs

As presented in Chapter 3, the demographics of the study sample is highly taken into consideration in order to reach to the most accurate understanding of entrepreneurship in Jordan. The triangle of gender, age, and location is well analyzed in this study. For example, in Chapter 6, sections are dedicated to study women enablement and provinces entrepreneurship thoroughly where recommendations are presented accordingly. This section will detail where Jordan stands among 50 economies in regards to its region and in regards to gender gap.

#### 5.1.1. Total early-stage Entrepreneurial Activity (TEA); Globally by Region

The Global Entrepreneurship Monitor (GEM) defined Total early-stage Entrepreneurial Activity (TEA) as the entrepreneurial activity that is centered on the period preceding and immediately after the actual start of a firm. Hence, it includes the phases of (1) Nascent entrepreneurship when an entrepreneur is actively involved in setting up a business, and (2) New business ownership, owning and managing a business in existence up to 42 months.

As in the report of 2018/2019, the Global Entrepreneurship Monitor (GEM) has found that developed economies show tendency towards lower Total early-stage

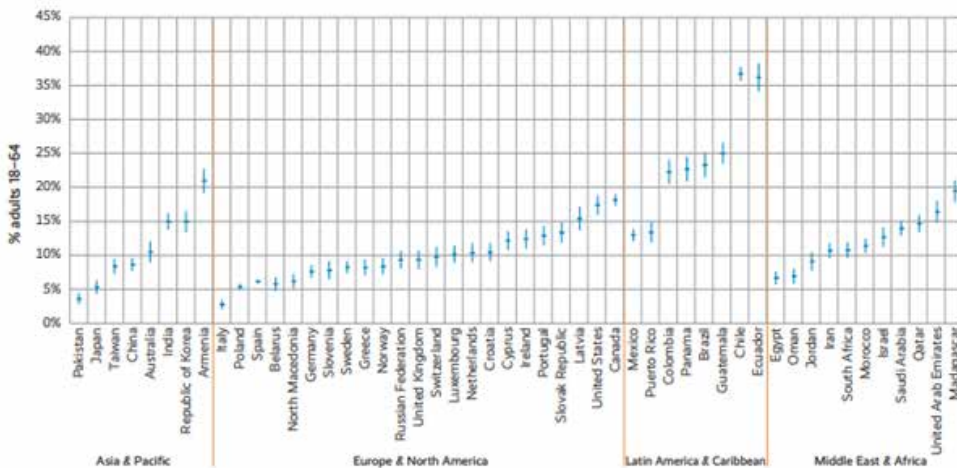
Entrepreneurial Activity (TEA) rates. Mostly in North American and European countries. Figure 5.1, below, shows the levels of Total early-stage Entrepreneurial Activity (TEA) rates in 50 economies that participated in GEM Global Report 2019/2020 grouped in four geographic regions. The chart also shows Jordan’s position in regards to Total early-stage Entrepreneurial Activity (TEA) rate—which is (9.1%) as of year 2019—among the countries of the Middle East and Africa (MEA) region. Jordan ranked 34th globally.

Globally, the lowest levels of Total early-stage Entrepreneurial Activity (TEA), with (5%) or lower, were found in Italy, Poland, Belarus, and Japan. And in consistency with the previous Global Report, the Latin America & Caribbean region had relatively the highest levels of Total early-stage Entrepreneurial Activity (TEA)—six out of eight countries in this region achieved the highest in the sample of 50 countries headed by Chile and Ecuador.

In the Middle East and Africa (MEA) region, rich economies showed tendency towards the highest TEA rates—United Arab Emirates, Qatar, and, Saudi Arabia. While Jordan’s rate this year came in a middle place above Egypt and Oman but below Iran.

As mentioned in Chapter 2, a lot of economies have entrepreneurship a priority to improve their economic growth. While the figures of year 2019 show that (9.1%) of Jordan’s population has engaged in the Total early-stage Entrepreneurial Activity (TEA) activity, it is important here to reiterate that urge need to work on policy interventions to help turning startups into long-term financially sustainable businesses—businesses that can contribute to the economy by providing stable jobs and incomes.

**Figure 5.1:** Jordan’s Total early-stage Entrepreneurial Activity (TEA) Rate (% of Adults 18 – 64) Among the TEA Rates of 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.1.2. Total early-stage Entrepreneurial Activity (TEA); Globally by Gender

Traditionally, males have been more likely to start new businesses than females. Globally, increasing women participation in national economies is a policy objective for many countries—where Jordan is not an exception.

Globally, the highest male TEA rates were monitored this year in Chile (41%) and Ecuador (39%), and lowest in Italy (4%), Pakistan and Poland (both 6%). However, the highest female rates of TEA were monitored in Ecuador (34%) and Chile (32%)—It is important to connect these figures of women participation with the already high TEA rates in the Latin America & Caribbean region where this region has the six highest rates of the sample.

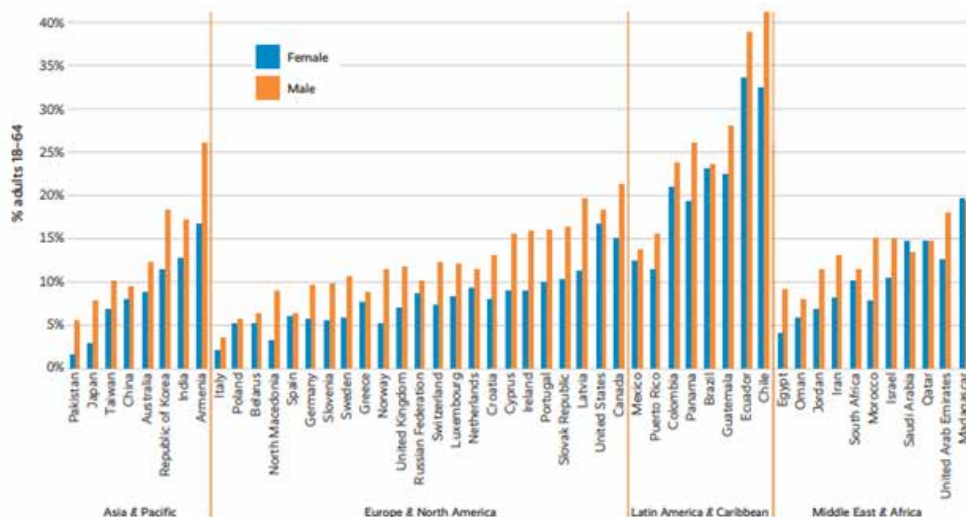
Overall, the level of Total early-stage Entrepreneurial Activity (TEA) exceeded (10%) of the female adult population in 21 of the 50 economies included in GEM Global Report 2019/2020. However, while the majority of countries continue to have male levels of entrepreneurial activity in excess of that of females, three economies were found to have the female Total early-stage Entrepreneurial Activity (TEA) rates exceeds that of the male Total early-stage Entrepreneurial Activity (TEA) rates—in Saudi Arabia, Qatar, and Madagascar.

As in GEM Global Report 2018/2019, the majority of developed countries in Europe and North America showed higher gender gap—between male TEA rates and female TEA rates.

In Jordan, big gender gap was monitored in year 2019 where the Total early-stage Entrepreneurial Activity (TEA) rate was (11.4%) for males, ranked 33rd globally, compared to (6.8%) for females, ranked 36th globally.

In the Middle East and Africa (MEA) region, and knowing a ratio of female to male in Jordan was 0.6, Saudi Arabia, Qatar, and Madagascar were found to score above 0.9. On the other side of the spectrum was Egypt with large gender gap where for every more than two male entrepreneurs, only one female entrepreneur was found.

**Figure 5.2:** Jordan’s Total early-stage Entrepreneurial Activity (TEA) Rate (% of Adults 18 – 64) by Gender Among the TEA Rates of 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

## 5.2. Impactful Entrepreneurship

### 5.2.1. Motivations and Drivers of Entrepreneurship; Globally by Region

As illustrated in Chapter 3, the Global Entrepreneurship Monitor (GEM), in its research, has always distinguished between opportunity and necessity as primary motivations for entrepreneurial activity.

Actually, and after GEM Global Report 2018/2019 was launched, growing recognition that this dichotomy may not fully reflect the nuances in motivations for founding contemporary startups. Following extensive review, the Global Entrepreneurship Monitor (GEM) decided to make some significant changes in this area which were presented in the 2019/2020 Adult Population Survey (APS) to allow a more nuanced approach.

Starting in the Global Report 2019/2020, respondents to the Adults Population Survey (APS) were asked to assess the following statements concerning their motivation to start new businesses:

- To make a difference in the world.
- To build great wealth or very high income.
- To continue a family tradition.
- To earn a living because jobs are scarce.



Figure 5.3, below, illustrates the results, as a percentage of the Total early-stage Entrepreneurial Activity (TEA) in each economy, in regards to two of four motivations—the motivation to “build great wealth or very high income” and the motivation to “earn a living because jobs are scarce”—the two most critical motivations to Jordan’s entrepreneurial environment.

There is substantial variation in motivations across economies, sometimes between regions, and some commonalities between vastly different economies. In other words, different economies tend to have unique profiles of motivations.

Though there are some weak regional differences, such as the high prevalence in Latin America & Caribbean of the motivation “To earn a living because jobs are scarce”, noted above. The relationship with income level is also weak, with the need to earn a living appearing as a frequent motivation in some high-income as well as middle-income economies. However, the motivation “To build great wealth or very high income” has the highest share of agreement among those starting or running a new business in a majority of the economies in the Asia & Pacific and Middle East & Africa regions, but none of the economies in Latin America & Caribbean. Four of the five economies with highest shares of agreement for the motivation “To continue a family tradition”, and none of the five economies with highest share for “To make a difference in the world”, are from Europe.

Actually, when the motivation “To build great wealth or very high income” was assessed, it was found that it still a very common motivation, agreed with by more than eight out of 10 of those starting or running a new business in Iran, Qatar, Pakistan, India and Italy, but by less than two in 10 in Norway and Poland. This motive has the highest share of Total early-stage Entrepreneurial Activity (TEA) for 15 of the economies.

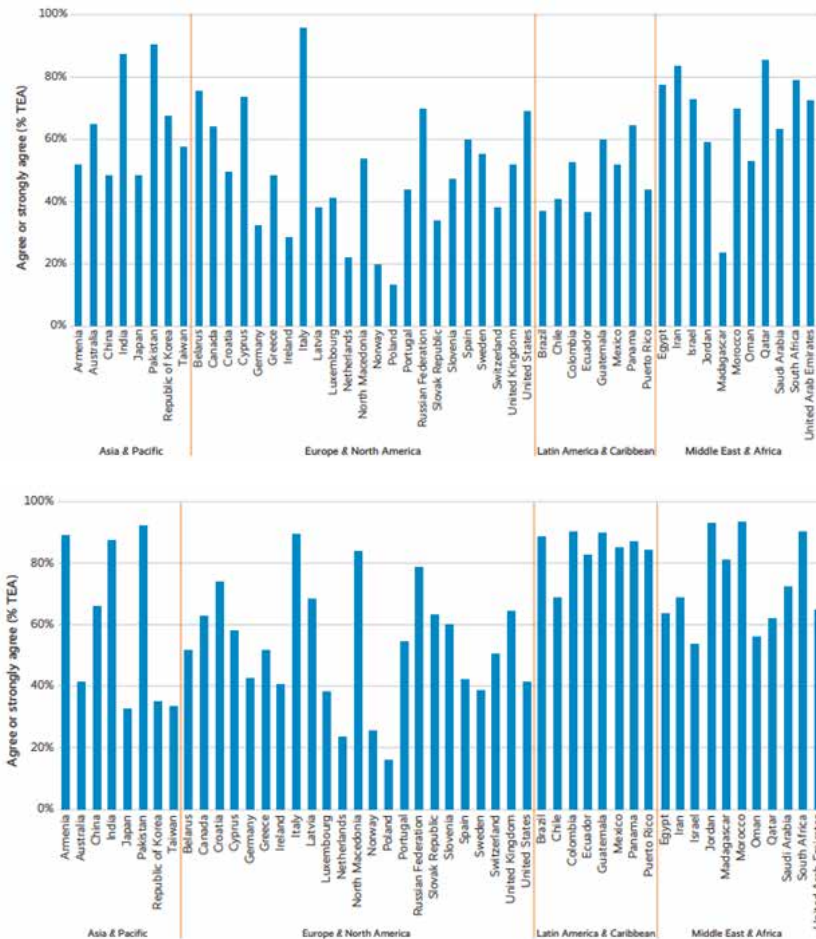
The final motivation, “To earn a living because jobs are scarce”, is agreed with by less than two in 10 of those engaged in Total early-stage Entrepreneurial Activity (TEA) in Poland. Elsewhere this is a frequent choice, with over half of entrepreneurs agreeing in 35 of the economies agree to it, but it is especially common in the Latin America & Caribbean region, where no country has less than two out of three agreeing with this motive.

This review for the motivations to starting new businesses has changed the belief in previous reports that entrepreneurs in low-income economies are, indeed, more likely motivated by necessity than those in wealthier economies.

In the Middle East and Africa (MEA) region, and as in GEM Global Report 2018/2019, the motivation to earn a living because jobs are scarce is still significantly exceeding the motivation to build great wealth or a very high income.

In Jordan, which was not an exception, (93.1%) of those engaged in Total early-stage Entrepreneurial Activity (TEA) strongly/somewhat agreed that earn a living, because jobs are scarce, reflects the reason they are trying to start a business; and (59.2%) to build great wealth or a very high income.

**Figure 5.3:** Motivation to “Build Great Wealth or Very High Income” and Motivation to “Earn a Living Because Jobs Are Scarce”, % of Total Early-Stage Entrepreneurial Activity (TEA), in Jordan Among the TEA Rates of 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.2.2. Growth Expectations

Entrepreneurs can play a major role in low-income countries, in particular, by creating jobs which contribute to employment in their societies. The next figure shows TEA rates, % of adults 18 – 64, and the number of employees which entrepreneurs project to hire in the next five years in 50 economies grouped by three categories. Those anticipating six or more hires can be seen as medium to high-growth-oriented entrepreneurs.

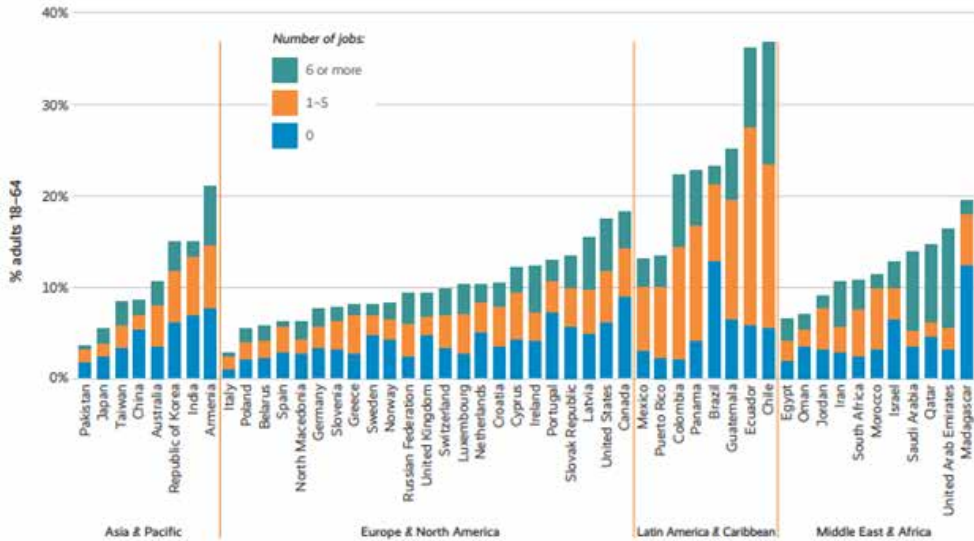
Starting or running a new business that expect to add no new jobs in five years' time varies from less than one in 10 in Colombia to more than six out of 10 in China. Conversely, in most countries, a majority of new entrepreneurs expected their businesses to grow, in the sense of employing one or more additional people in future. In fact, job expectations are much higher in a number of other economies, especially in parts of the Middle East & Africa, with well over half of those starting or running a new business in Saudi Arabia, the United Arab Emirates and Qatar expecting to add six or more jobs in the next five years.

In 19 of the 50 economies—including 11 in Europe—less than (2%) of adults are both starting or running a new business and expecting to employ an extra six or more people in five years' time. In some economies, this may also reflect positive conditions for entrepreneurial employees in established organizations, raising the opportunity cost of independent or even sponsored early-stage entrepreneurship.

On the other hand, 13 economies have (5%) or more of adults starting or running a new business and expecting to employ an extra six or more people in five years' time, including two with over (10%) in this position—Chile with (13%) and the United Arab Emirates with (11%).

In Jordan, and in regards to TEA, (3.2%) of the respondents reported that they will add 0 jobs—solo entrepreneurs—in the next five years, while (4.6%) expected to add 1 – 5 jobs, and (1.4%) indicated that they will add 6 jobs or more in the next five years. Jordan ranked globally 31st, 19th, and 44th consecutively.

**Figure 5.4: Jordan’s Job Growth Expectations Among Early-Stage Entrepreneurs (% of Adults 18 – 64) in Five Years’ Time Among the Self-Reported Growth Expectations of 50 Economies in Four Geographic Regions, 2019**



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.2.3. Innovation

Innovative entrepreneurs are those who state that their products or services are new to all or some customers and for which there are no or few competitors.

Innovation in products and services is a very important characteristic of new entrepreneurs. Figure 5.5 shows the proportion of the adult population who were starting a new business and whose product or service is either:

- New to the area in which they live.
- New to their country.
- New to the world.

The share of entrepreneurs introducing products or services at least novel to the area in which they live is just one in 20 in Madagascar, but more than four out of 10 in Italy, Sweden, and Canada.

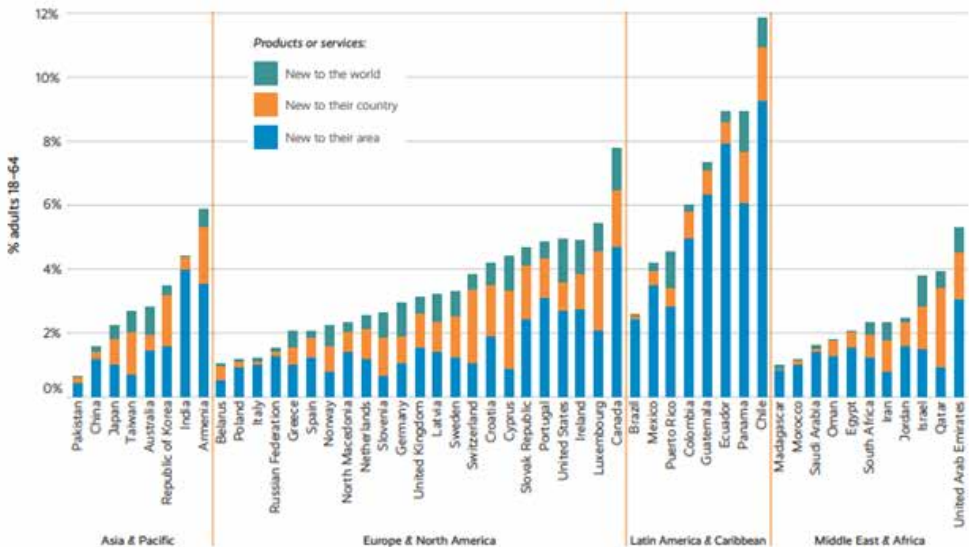
Introducing products or services that are new to the world is a rare phenomenon. While levels of the Total early-stage Entrepreneurial Activity (TEA) have already been seen to vary widely across the globe, the proportion of adults starting a new business that

is in-troducing new products or services to the world appears remarkably consistent at just over (1%) of adults in seven economies: Canada, the United States, Panama, Germany, Ireland, Cyprus and Puerto Rico. Six economies reported no one in their sample of entrepreneurs that was starting a business and introducing products or services that are new to the world: Brazil, India, Pakistan, Oman, Belarus and Morocco.

In the Middle East and Africa, the United Arab Emirates and Qatar dominated the scene with the highest innovation rates in both areas.

Risk taking in producing new products or services that are nationally or globally new is still low in Jordan. The Global Entrepreneurship Monitor (GEM) assessed innovation in Jordan globally by looking at two areas: 1) At least national scope for its customers and new products or processes, and 2) Global scope for its customers and new products or processes. In regards to the first, Jordan scored (0.87%), of the adults aged 18 – 64, producing nationally new product/service or technology/procedure and ranked 34th globally. And it scored (0.12%), of the adults aged 18 – 64, producing globally new product/service or technology/procedure and ranked also 34th globally.

**Figure 5.5:** Jordan’s Innovation (% of Adults 18 – 64) Expressed by Starting a New Business With Either: 1) Products or Services, or 2) Technology or Procedure That Are Either New to Their Area, New to Their Country, or New to the World Among the Innovation Rates of 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

#### 5.2.4. Internationalization

Entrepreneurs are considered international when (25%) or more of their sales are from customers outside their economies. International trade may be enabled by factors such as free trade policies, simple and nonrestrictive procedures, efficient and economical logistics, shared borders, and cooperation among common culture and language economies. Economies rely on entrepreneurs who have the ambition and capabilities to sell internationally.

In economies with small populations, entrepreneurs often seek customers beyond their small internal markets. In contrast, countries with large populations provide large and diverse, as well as familiar, internal markets that may be attractive and sufficient for most entrepreneurs.

Figure 5.6, below, illustrates Jordan's internationalization, % of the age-group 18 – 64, that anticipate (25%) or more of revenue coming from outside their country compared regionally, MEA region, and globally among 50 economies participated in the Global Entrepreneurship Monitor (GEM) study. Jordan scored (0.61%) and ranked 32th globally. Jordan came in a level of internationalization similar to that of Oman, Iran, and Egypt—all scored below (1%)—but well below Saudi Arabia and the United Arab Emirates—which both scored above (3%).

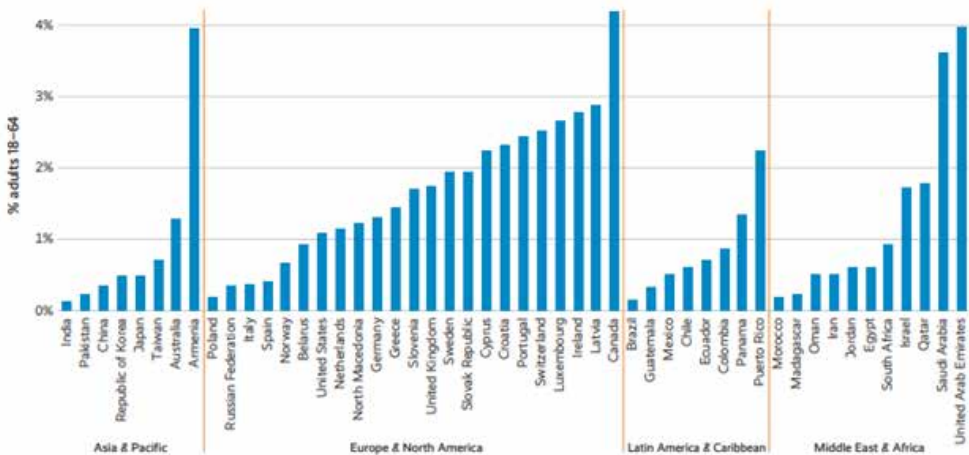
However, some countries in the Middle East and Africa (MEA) region display high levels of internationalization, % of TEA rate, and ranged between one in five and one of three for Israel, Qatar, Saudi Arabia, and the United Arab Emirates. In Jordan, almost one in six of the entrepreneurs' respondents only indicated that of the sales of their product(s) comes from customers outside their economy.

In Europe And North America region, more than one in four starting or running a new business in six economies—Switzerland, Sweden, Canada, Luxembourg, Croatia and Ireland—expect sales outside of their country to generate (25%) of their revenue or more. All of these can be classified as strongly export-oriented economies.

Globally, nine economies were found to have more than four out of 10 entrepreneurs have customers outside their own country. Seven of these are in Europe—Germany, Slovenia, Ireland, Luxembourg, Portugal, Switzerland and Sweden, plus Puerto Rico and the United Arab Emirates. At the same time, four countries have just (3%) of their entrepreneurs with customers outside of their country—India, Brazil, Guatemala and Madagascar.

Countries with the highest internationalization rates in Europe, except Poland and Italy, are all members of the European Union (EU). Canada, sharing a border and major trade with the United States, reports more than one-third of its entrepreneurs as international.

**Figure 5.6:** Jordan’s Internationalization (% of Adults 18 – 64) Both Starting or Running a New Business and Anticipating 25% or More of Revenue From Outside Their Country Among the Internationalization Rates of 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.3. Entrepreneurial Activity

This section goes through the different levels of entrepreneurial activity in 50 economies that participated in GEM Global Report 2019/2020. Jordan’s position in each level of entrepreneurial activity is illustrated in a regional and global context.

This section reaches to a conclusion that the level of entrepreneurial activity in each economy depends heavily on the business environment in it. In some economies, self-employed and startups are prevalent, and in other economies, there are more medium-sized and established businesses; while in some others, entrepreneurial employees in existing companies are prevalent.

#### 5.3.1. Total early-stage Entrepreneurial Activity (TEA)

The main indicator the Global Entrepreneurship Monitor (GEM) studies, which represents “the proportion of adults, aged 18 – 64, in an economy who are either actively engaged in starting a new business—classified as Nascent Entrepreneur—or who are already running a new business—classified as New Business Owners.”

As previously illustrated in Figure 5.1, and in the Middle East & Africa (MEA) region, Jordan's Total early-stage Entrepreneurial Activity (TEA) was (9.1%) for the age-group 18 – 64. This rate, while it is higher than its value in the 2016/2017 study, puts Jordan in the third to the last before Egypt and Oman. The highest rates in this region were in Madagascar (19.48%), the United Arab Emirates (16.41%), Qatar (14.69%), and Saudi Arabia (13.96%).

Globally, the lowest TEA rates were monitored in high-income countries, e.g. Italy (2.79%), Japan (5.35%), and Poland (5.39%)—as well as in low-income countries—e.g. Pakistan (3.65%).

In the Latin America & Caribbean region has the highest levels of TEA—six of the highest in the sample of 50 countries were from this region.

### 5.3.2. Entrepreneurial Employee Activity (EEA)

As defined by GEM, entrepreneurial employee “is an employee who identifies, develops and pursues new business activities as part of their job”. That includes developing new activities for their employer, such as developing or launching new goods or services, or setting up a new business unit.

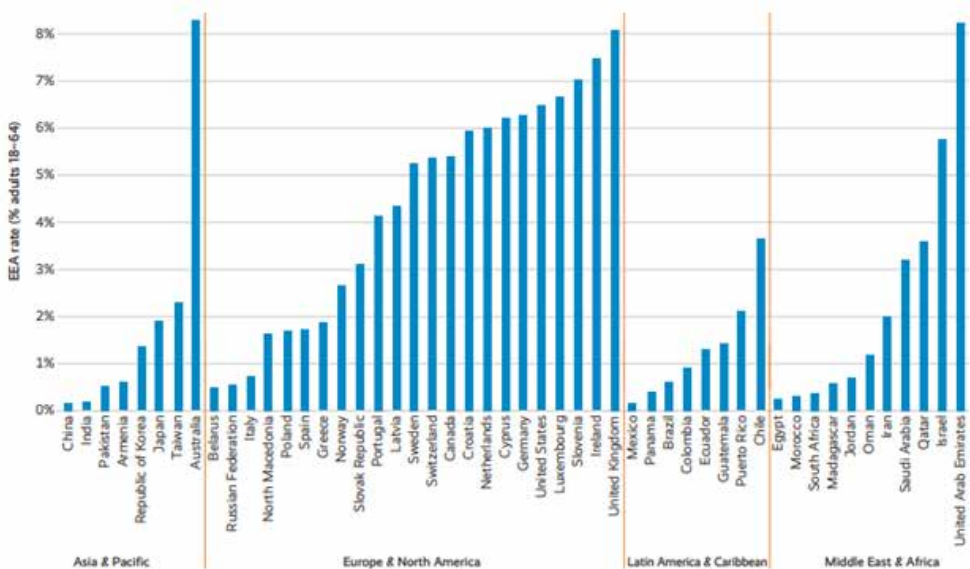
Those developing new activities as part of their job ranging from less than (1%) of adults in 16 of the 50 economies—at least two from each region—up to (5%) of adults or more in 15 economies, mainly from Europe.

Entrepreneurship among employees of existing organizations is most prevalent in Europe, as the next figure shows. Two groups of countries can be monitored: firstly, and in the first group of countries, Employee Entrepreneurship Activity (EEA) is at least as likely to occur in organizations as it is in independent startups. In this group of countries, high Employee Entrepreneurship Activity (EEA) boosts what is otherwise a comparatively low level of independent entrepreneurship. Secondly, and in the second group of countries, high levels of Employee Entrepreneurship Activity (EEA) complement high Total early-stage Entrepreneurial Activity (TEA) rates.

In the Middle East and Africa (MEA) region, two distinctive groups of countries were monitored. A group where EEA rates were below, on just around, (1%) of the adult population in the age-group 18 – 64, and that group included Egypt (0.23%), Morocco (0.32%), South Africa (0.37%), Madagascar (0.57%), and Oman (1.17%); and a group where EEA rates were relatively high, above (3%), and that group included Saudi Arabia (3.19%), Qatar (3.60%), Israel (5.75%), and the United Arab Emirates (8.24%). In Jordan, Entrepreneurial Employee Activity (EEA) rate was (0.7%).



**Figure 5.7: Jordan’s Entrepreneurial Employee Activity (EEA) (% of Adults 18 – 64) Among the EEA Rates of 50 Economies in Four Geographic Regions, 2019**



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.3.3. Entrepreneurial Activity and Income Levels

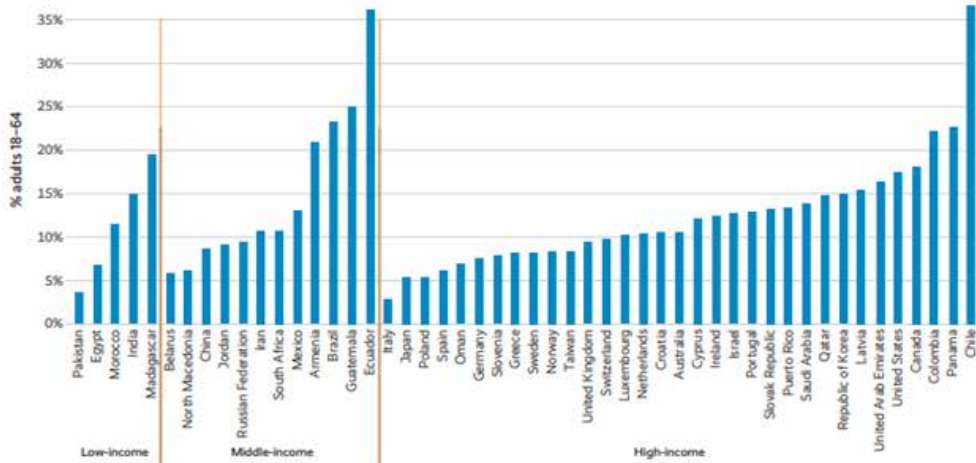
The relation between entrepreneurial activity and income levels shows the patterns that are briefed below.

In high-income economies, the population is more likely to have access to entrepreneurship resources—infrastructure, education... etc. Also, these economies may have lower level of competition and higher demand for new products and services. Hence, lower levels of TEA are monitored in these economies.

In lower-income economies, the population in general have greater motivation to start a business because jobs are rare and income sources are limited. Hence, these economies have levels anywhere from very low to very high and where other indicators should be monitored—e.g. the ease of starting businesses.

In Figure 5.8, the 50 participating economies in GEM study are grouped in three groups of income levels and ascending order. Jordan, (9.1%) of the population in the agegroup 18 – 64 and among the middle-income countries, showed an average position with TEA rate close to those of China (8.66%), Russia (9.33%), Iran (10.69%), and South Africa (10.77%).

**Figure 5.8:** Jordan’s Total early-stage Entrepreneurial Activity (TEA) Rate (% of Adults 18 – 64) Grouped by Three Levels of Income Among the TEA Rates of 50 Economies, 2019

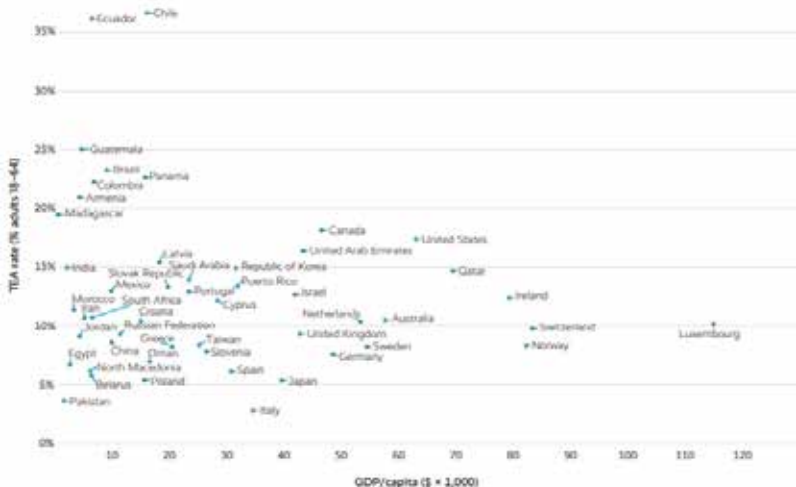


Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.3.4. Entrepreneurial Activity and GDP/Capita

In a further attempt to understand the correlation between TEA rates and GDP/Capita, the following figure is presented. A complex relation between the levels of national income and entrepreneurship is confirmed but further study is required in order to understand the exact impact of entrepreneurship on national incomes.

**Figure 5.9:** Jordan’s Total early-stage Entrepreneurial Activity (TEARate) (% of Adults 18 – 64) and GDP/Capita Among the TEA Rates of 50 Economies, 2019



Source: The World Economic Forum (WEF) and Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

## 5.4. Sustaining Entrepreneurship

While entrepreneurial activities are vital to economies—whether they were nascent, early-stage, or new business ownership—and common policy objective to all economies, turning startups to long-term financially sustainable businesses is also important. No all startups reach to maturity level of Established Businesses (EB) that are capable of creating stable jobs and incomes, as well as by producing goods and services that people continue to buy.

Entrepreneurship sustainability expresses the ability of new businesses to continue their commercial activity without discontinuation. It is defined by the Global Entrepreneurship Monitor (GEM), as “the percentage of the population aged 18 – 64 who are either nascent entrepreneurs or owners of new businesses, who have discontinued a business by either: selling, shutting down, or by discontinuing an owner relationship with a business.”

### 5.4.1. Established Businesses (EB) Activity

There is value in examining the relationship between the Total early-stage Entrepreneurial Activity (TEA) and Established Businesses (EB) activity. Different regions exhibit interesting patterns at the group level, as well as a variety of characteristics within the regions, with respect to the relationship between the two phases.

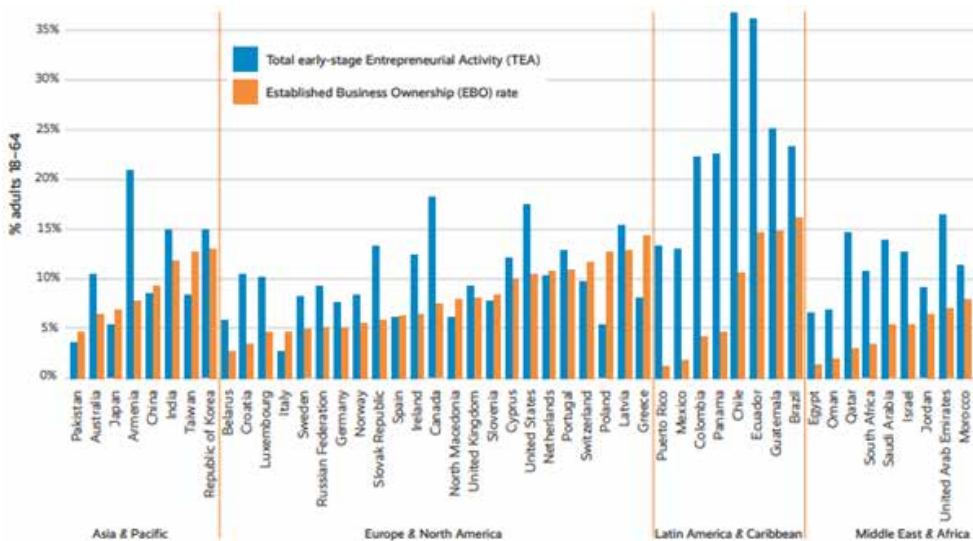
Notable in the Middle East & Africa (MEA) region are the low Established Business Ownership (EBO) rates relative to TEA. Madagascar’s very high TEA rates are accompanied by fairly high Established Businesses (EB) activity as well. It is the reverse situation for Qatar, with high early-stage entrepreneurs’ rate but fewer running mature businesses. As in other regions, there is not a clear income-level explanation, where it might be assumed that conditions in lower-income countries constrain an entrepreneur’s long-term efforts. Business may be difficult to sustain in wealthier economies where competitiveness is higher, particularly given large entrenched rivals, and customers may be more sophisticated and likely to shift preferences.

Jordan’s Established Businesses (EB) rate for year 2019 was (6.55%) of the population in the age-group 18 – 64—higher than many economies in the Middle East, such as Qatar (2.96%) and Saudi Arabia (5.35%), but lower than the United Arab Emirates (6.96%) and Morocco (7.89%).

Figure 5.10 shows both the level of TEA and the level of EBO of the 50 economies that participated in GEM studies for 2019/2020—each is expressed as a percentage of the adult population in the age-group 18 – 64.

One of two cases can be monitored in figure 5.10: 1) A low ratio of early-stage to established businesses activity and which might indicate potential difficulties in replenishing an economy’s business base in the future, and 2) A very high ratio of early-stage to established businesses activity might indicate interest in starting businesses but difficulties in transitioning these into established businesses. In such cases, people may be starting businesses for short-term financial gain, or as a stopgap pending other options, rather than with the objective of developing them into sustainable businesses. Alternatively, the business environment may simply not be conducive to enabling that development over time. On the other hand, entrepreneurship rates may be on the increase, and these may not yet be reflected in the Established Businesses (EB) rates.

**Figure 5.10:** Jordan’s Total early-stage Entrepreneurial Activity (TEA) and Established Business Ownership (EBO) Rates (% of Adults 18 – 64) Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.4.2. Businesses Discontinuance

After the results related to existing a business were monitored in 50 economies which participated in GEM study for 2019/2020, a conclusion was drawn that few or no business exits may indicate low startup activity. Also, perceptions about starting a business may also be directly related to how easy it is seen to be to end a business. If ending a business is expensive and difficult, or even socially or culturally unacceptable, this may act as a strong barrier to starting a business in the first place.

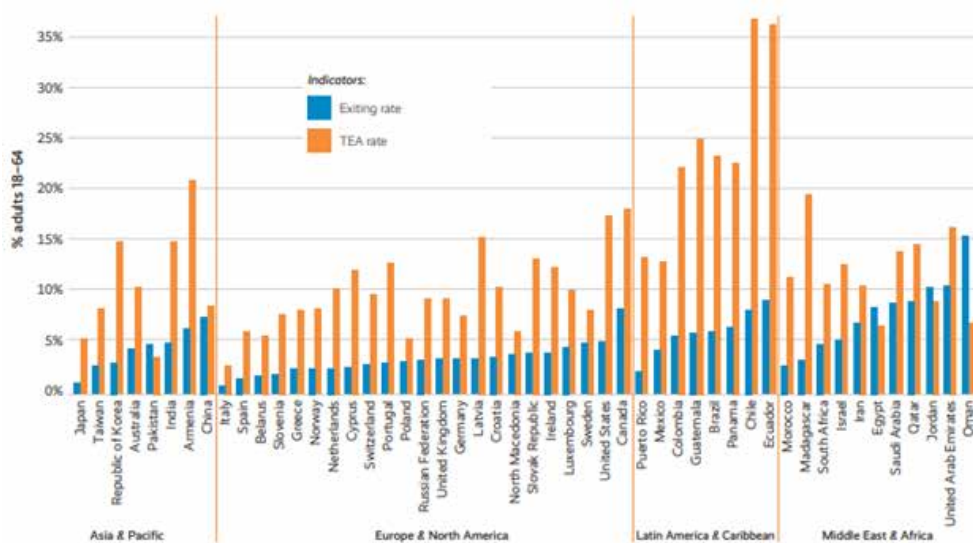
The expectation was that rates of exiting would be closely correlated with levels of Total early-stage Entrepreneurial Activity (TEA), and indeed there was some evidence of this in 2019. Figure 5.11 shows the level of exits, alongside the rate of TEA. The figure demonstrates that low exits typically occur alongside low TEA, and high exits alongside high TEA.

High business exit could signal limited alternatives for those who exit their business and are forced to start a new business, creating a cycle of starts and stops. Conversely, business exit is low in many European countries, but it is accompanied by low TEA rates. This could be explained as a case of pragmatic selectivity, in that few businesses get started, but those which do are most likely to be viable. Finally, for some economies it may signal excessive caution and thus missed opportunities due to a lack of risk-taking.

GEM, and through the APS, surveys the adult population about whether they have, within the past 12 months, sold, shut down or quit a business they owned and managed. Subsequent questions enquired whether that business then continued after they quit, and for what reason they quit. In Jordan, Business Discontinuance rate in year 2019 was (10.45%).

Figure 5.11 shows that for five of 50 economies, and as summarized by GEM Global Report 2019/2020, the proportion of adults who discontinued, sold or quit a business they had owned and managed is less than 2%, or one in 50. Four of these five are from Europe & North America—Spain, Italy, Belarus and Slovenia, plus Japan. However, for nine of these 50 economies, the proportion of adults who had quit a business was (8%) or more, including six economies in the Middle East & Africa—Qatar, the United Arab Emirates, Oman, Jordan and Saudi Arabia—and two from Latin America & Caribbean—Ecuador and Chile—plus Canada.

**Figure 5.11:** Jordan’s Total early-stage Entrepreneurial Activity (TEA) and Discontinuance Rates (% of Adults 18 – 64) Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

While understanding the factors involved in starting and running a business is the primary focus of GEM research, the reasons for exiting a business can also be an important indicator of the health of entrepreneurship within economies. The relative ease of exiting a business may also be an important influence on the level of new starts in individual economies.

Reasons for ending involvement in a business can be positive or negative. Positive reasons can include the chance to sell the business, the lure of a job or other opportunities elsewhere, or planned exit, or retirement. Negative reasons can include a lack of profitability, failure to access finance, or the burden of taxation or bureaucracy, or simply human factors such as changing personal circumstances.

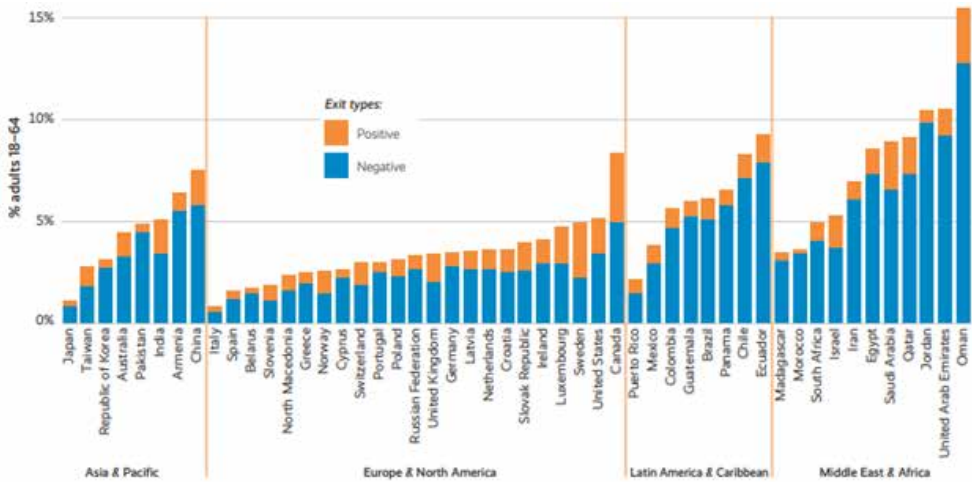
Positive Reasons	Negative Reasons
Opportunity to sell	Not profitable
Another job or business opportunities	Financial problems
Planned exit	Human factors
Retirement	Family/personal reasons
	Accidents
	Taxes/government dureaucracy

In Jordan, the breakdown of the (10.45%), of the population in the age-group 18 – 64 who exited a business in the past year, was (2.13%) who their business continued and (8.32%) who their business discontinued.

Figure 5.12 summarizes reasons, given by respondents, for exiting their business into positive and negative for the 50 economies that participated in GEM 2019/2020 studies. Less than one in 10 exited a business for reasons categorized as positive in: Jordan, Morocco, and Pakistan. However, many did have positive reasons to exit, including more than one in two in Sweden and Norway. Apart from these latter two countries, the majority of business exits were for negative reasons.

Although a majority of exits were for what was classed as negative reasons, in many economies a significant proportion—and, in five economies, a majority—of businesses continue after the individual has exited.

**Figure 5.12:** Jordan’s Reasons for Discontinuing a Business (% of Adults 18 – 64) Among 50 Economies in Four Geographic Regions Showing Reasons for Discontinuation in Each, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.5. Entrepreneurial Potential and Support

Together, the sum of attitudes, perceptions, affiliations, and intentions represent the entrepreneurial potential in a society as well as the extent entrepreneurs are likely to be accepted and supported.

While social values toward entrepreneurship are measured by three factors: society's assessment for entrepreneurship as a good career choice, societal status of a successful entrepreneur, and media attention given to entrepreneurs.

In this section, the social and cultural aspects of entrepreneurship in Jordan are assessed in a regional and global context. Increasing awareness of entrepreneurship, appreciation to associated costs and benefits, and exposure to entrepreneurial role models and mentors are among the areas which are assessed in this section. The results in each component are compared among 50 economies that participated in GEM Adult Population Survey (APS) of 2019.

### 5.5.1. Ease of Starting a Business

Figure 5.13 illustrates a wide variation within the regions, particularly in Europe, where the scale goes from (25.17%) of the adult population, aged 18 – 64, in Slovak Republic to (90.18%) in Poland.

In some cases, there is a link between the ease of starting a business and whether people think it is a good career choice. In some respects, it may reflect the fact that people are unimpeded in getting started and that this is the best option for earning income. But this also demonstrates the importance of reducing barriers around entrepreneurship, and even facilitating these efforts, to increase propensity for considering this as a career.

More thorough country analysis, for example using GEM National Expert Survey (NES), can explain contrasts between the population opinions about the hardship of starting a business and positive perception of opportunities by looking for excessive barriers to starting a business or if barriers are deliberate and meant to discourage less-prepared individuals.

Moreover, Sweden is an example of a country where despite the fact that more than three-fourths of adults think it is easy to start a business, Total early-stage Entrepreneurial Activity (TEA) is (8.25%) only. This illustrates that there may be more viable career alternatives and people are less likely to consider starting a business.

In the Middle East, in Jordan (35.14%) of the adult population, aged 18 – 64, believed that starting a business is easy. This rate should not be taken as a sole indicator of barriers to start a new business. Qatar and the United Arab Emirates came first in the Middle East and Africa (MEA) region with (66.64%) and (66.07%) consecutively.

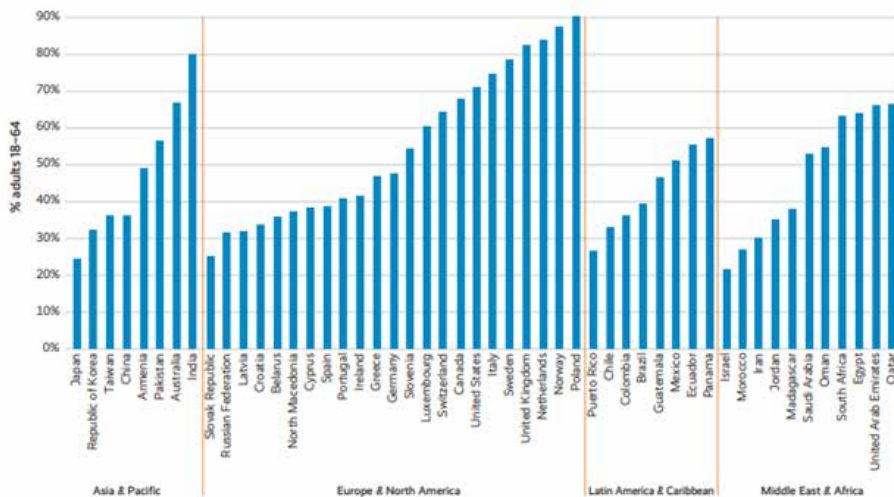


GEM Global Report has found some correlation between the perceptions of opportunities and perceived ease of starting a business. For example, looking at Japan and the Slovak Republic with low shares of adults in each, and Poland and India with high shares of adults in each. These two indicators may, together, show whether people recognize opportunities and are empowered to act on them. Similarly, they also reveal the extent to which people perceive the environment as rich in opportunities, and the conditions that enable their pursuit.

Nevertheless, some economies have showed contrasting results between these two indicators. In the United Kingdom, for example, fewer than half of adults (44%) perceive good business opportunities, while almost twice as many (82%) believe it is easy to start a business, suggesting a good environment for entrepreneurship but relatively few opportunities. Also, and in China, by contrast, more than seven out of 10 adults see good opportunities, but less than half that proportion considers it is easy to start a business there. There may be lots of opportunities, but many hurdles to overcome in pursuing them.

No strong correlation was noticed between the levels of ease in starting a business in the various countries. Instead, variation was noticeable among countries of the same region. For example, the lowest levels of agreement are in Israel, Japan and the Slovak Republic, with each having less than one in four adults with this perception. On the other side of the spectrum, many parts of Europe are seen as the easiest places to start a business, with more than three out of four adults agreeing it is easy to start a business in Poland, Norway, the Netherlands, the United Kingdom and Sweden.

**Figure 5.13:** Jordan’s Societal Attitudes about Ease of Starting a Business (% of Adults 18 – 64) Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.5.2. Perception About Opportunities

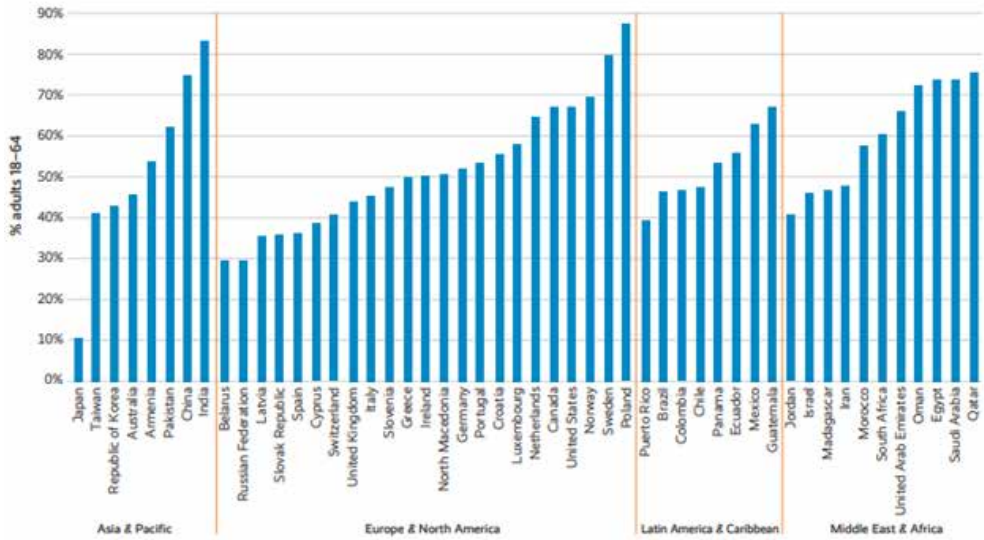
The figure 5.15 shows opportunity perception in 50 economies. In many cases, high opportunity perceptions can explain high TEA rates, for example: In the United States and Canada in North America. In many other economies, low rates of entrepreneurship may be a result of few opportunities, or few people recognizing them. It should be noted that, with this indicator, people in one country may have a different image of what a business entails compared to other economies.

There appear to be situations where people see opportunities around them for starting businesses, yet few are taking steps to start. Perhaps lower capabilities perceptions in those countries can at least partially explain this disconnect—people may see opportunities, but not feel they have the abilities needed to pursue them. However, in other countries, capability perceptions are slightly higher than opportunity perceptions, which suggests that people see opportunities in these countries and believe they are capable of pursuing them, yet relatively few are actually taking steps to start businesses.

The lowest proportion of adults agreeing that they see good opportunities to start a business came as following: In the Middle East & Africa (MEA) region came Jordan with (40.57%) of the adult population, in the age-group 18 – 64, In Asia & Pacific region was Japan with (10.56%) of the adult population, the Russian Federation and Belarus in Europe and North America region with (29.60%) and (29.52%) consecutively. At the other end of the scale, almost nine out of 10 adults in Poland see good opportunities to start a business, followed by India, Sweden, China, and three Middle Eastern countries: Saudi Arabia, Qatar and Egypt.

In the MEA area, Jordan came the lowest among 11 countries surveyed in this region. The highest rates were recorded in Qatar (75.59%), Saudi Arabia (73.80%), Egypt (73.53%), and the United Arab Emirates (66.10%) consecutively.

**Figure 5.14:** Jordan’s Perception About Opportunities (% of Adults 18 – 64) Expressed by Positive Perception About Good Opportunities to Start a New Business in Their Area Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.5.3. Entrepreneurial Talent

As with self-perception assessment, assessing entrepreneurial talent is important to fully understand the perspectives which entrepreneurs pursue opportunities in.

Characteristics of entrepreneurs such as being opportunistic, creative, and whether individuals have, and acts upon, a long-term career plan.

After extensive preview, new questions on individual outlook were added to the 2019 Adults Population Survey (APS) for the first time. These questions invited respondents to agree or disagree with the following set of statements:

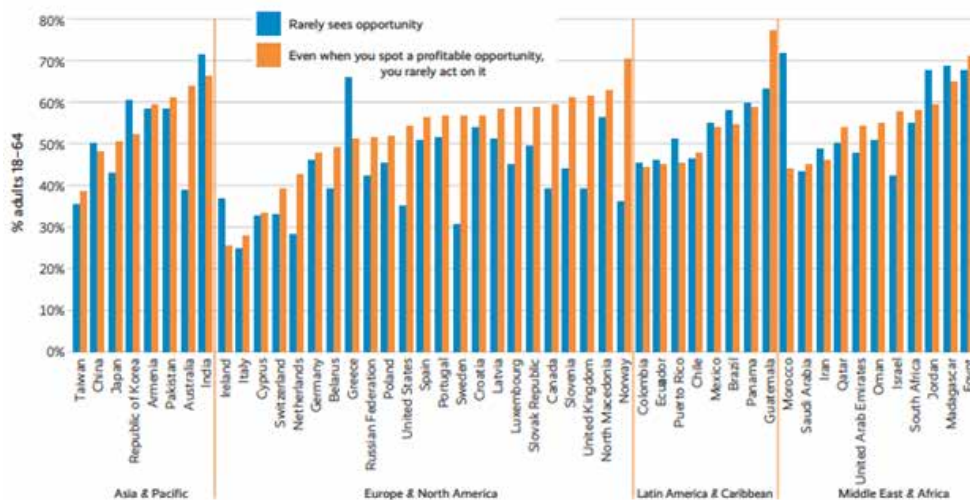
- You rarely see business opportunities, even if you are very knowledgeable in the area.
- Even when you spot a profitable opportunity, you rarely act on it.
- Other people think you are highly innovative.
- Every decision you make is part of your long-term career plan.

The questions are assessing the entrepreneur’s capabilities to see opportunities considering their knowledge about the area of opportunity, their ability to act on it, the positive perception of people toward them, and finally, whether their decisions are related to their long-term career plan.

In the Middle East and Africa (MEA) region, Jordan and Egypt had very high level, globally, of respondents, in the age-group 18 – 64, who believed that they rarely see business opportunities with (67.59%) and (68.80%) consecutively. All other countries in the region scored high levels; above (40%) level. Nevertheless, Jordan was among few countries in the region, and one of 15 out of 50 economies where the proportion that rarely acts on profitable opportunities is higher than those who rarely see such opportunities (59.35%).

For Europe and North America region, Italy and the Netherlands had the lowest rate of the respondents who agreed that they rarely see business opportunities. The proportion of adults agreeing that even when they spot an opportunity, they rarely act was lowest in Ireland and Italy.

**Figure 5.15:** Jordan’s Opportunism and Proactivity (% of Adults 18 – 64) That: (A) They Rarely See Business Opportunities, and (B) Even If They See an Opportunity They Rarely Act on It Among 50 Economies in Four Geographic Regions, 2019



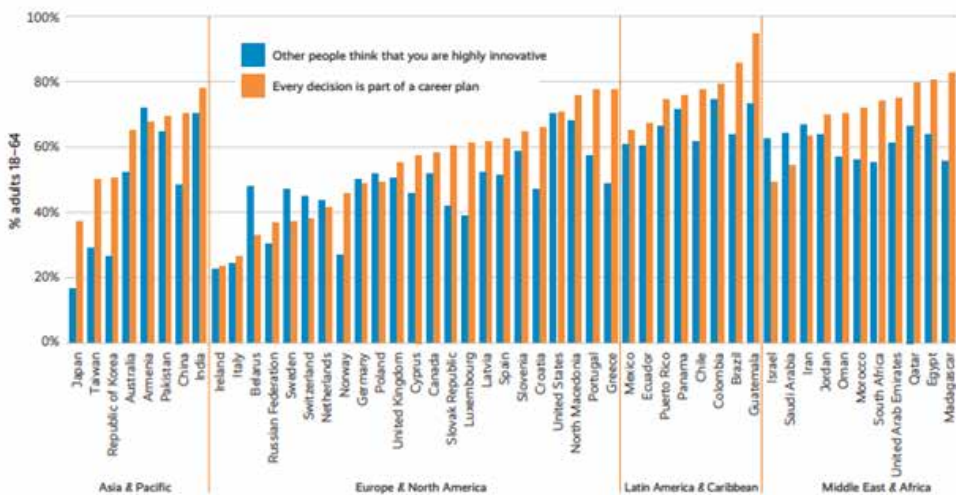
Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

In regards to the other assessed statements: (1) “Other people think that you are highly innovative”, and (2) “Every decision is part of a career plan”; improving human capital through entrepreneurs who are capable of creating sustainable businesses can on the long-term, transform the business environment and improving people’s lives.

Figure 5.16 shows that although Jordan achieved a high percentage of the adult population, in the age-group 18 – 64, who believed that they are highly innovative (63.83%) both regionally and globally, the percentage of the adult population, in the age-group 18 – 64, who answered that every decision they make is part of their long-term career plan was the fourth to the last regionally (69.60%).

As came in the previous section, while there are few people who rarely see opportunity in Italy and Ireland, and few who rarely act when they do see opportunity in the same economies, there are also very few in these economies who consider themselves to be seen by others as highly innovative. It is clear that attitudes and perceptions, including self-perceptions, vary considerably between and across economies, and that some of these differences may have substantial implications for the level and durability of entrepreneurial activity.

**Figure 5.16:** Jordan's Innovation and Long-Term Goals (% of Adults 18 – 64) Agreeing That: (A) Other People Think That You Are Highly Innovative, and (B) Every Decision Is Part of a Career Plan Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

#### 5.5.4. Self-Perceptions and Fear of Failure

The next two figures show two areas: 1) self-perception, and 2) fear of failure among those seeing good opportunities to start a business.

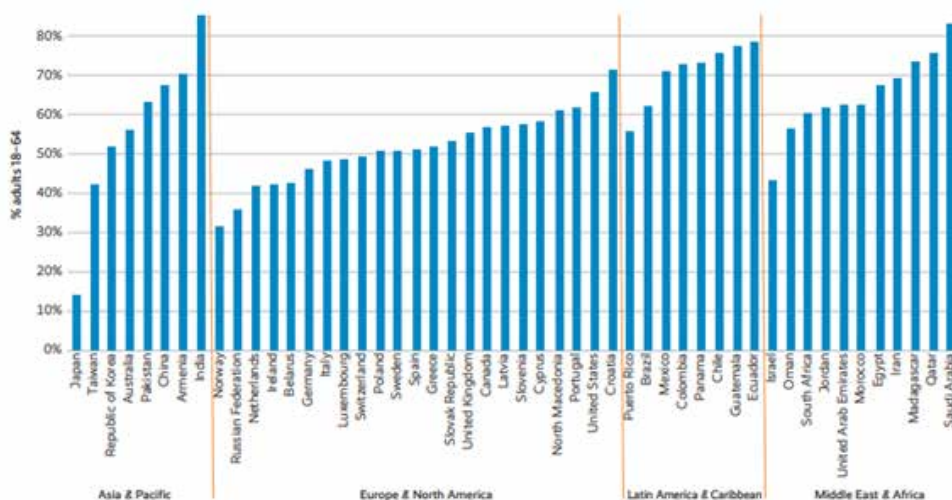
To what extent, individuals see themselves as potential entrepreneurs? To assess this, GEM Adult Population Survey (APS) asks whether respondents agree that they personally have the knowledge, skills and experience to start a new business, and whether they see good opportunities but would not start a business for fear it might fail.

In the majority of the surveyed economies, more than half of adults consider they have the skills, knowledge, and experience to start a new business. Jordan came consistent with this finding with (61.72%) of the population, in the age-group 18 – 64, who believed that they have the skills, knowledge, and experience to start a new business.

Similarly, in the vast majority of the surveyed economies, less than half of those who see good opportunities would be deterred by fear of failure. Unlike Jordan, which achieved one of the highest percentages in its region among Egypt and Israel, which scored (54.35%) of the population in the age-group 18 – 64.

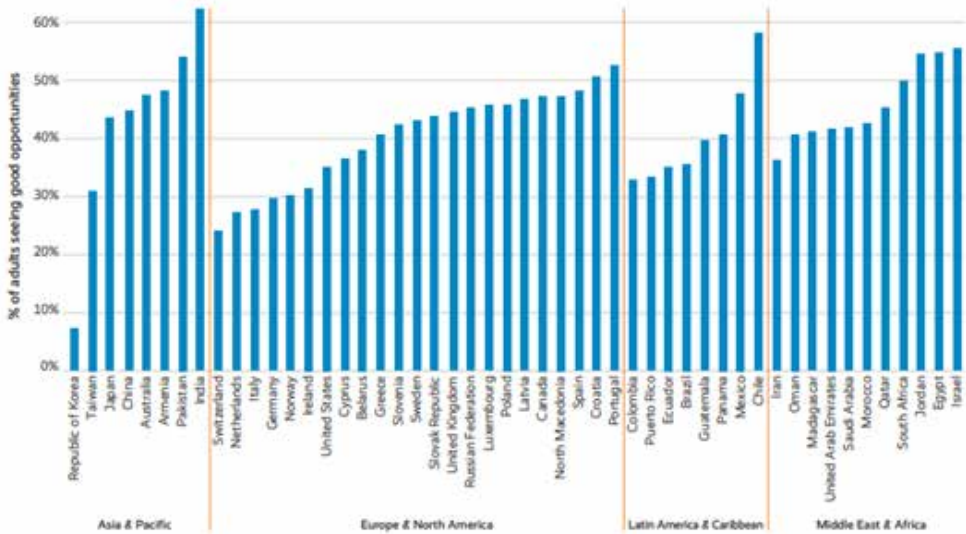
Confidence in the ability to start a business is lowest in Japan and parts of Europe—Norway and the Russian Federation—and highest in India, Saudi Arabia, and Ecuador. The proportion of adults who agree that they see good opportunities, but would not start a business for fear that it might fail, is by far lowest in the Republic of Korea (7%), while the next lowest are in three European countries: Switzerland, the Netherlands and Italy.

**Figure 5.17:** Jordan's Self-Perception (% of Adults 18 – 64) Expressed by Personal Positive Perception About Having the Knowledge, Skills and Experience to Start a New Business Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

**Figure 5.18:** Jordan's Perceptions About Opportunities for Entrepreneurship (% of Adults 18 – 64) Among 50 Economies Showing Proportion With Fear of Failure in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.5.5. Affiliations with Entrepreneurs

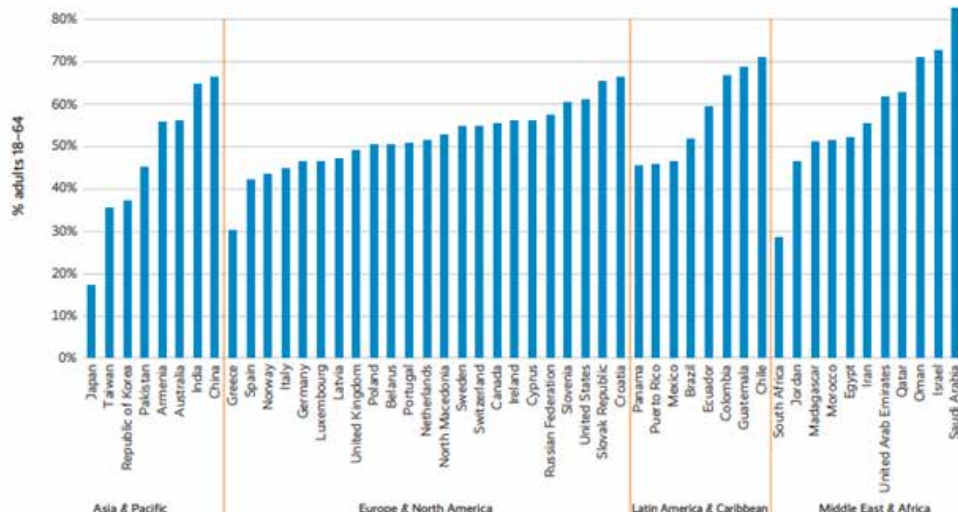
In the entire surveyed sample, the highest and the second to the last lowest personal affiliations with entrepreneurs were found in the Middle East and Africa (MEA) region—In Saudi Arabia and South Africa.

In Jordan, (46.46%) of the survey respondents, in the age-group 18 – 64, knows at least one entrepreneur. Jordan ranked 36th among 50 economies surveyed in GEM Adult Population Survey (APS) for year 2019.

Europe and North America do not exhibit the extremes on either end as seen in other regions, but instead shows consistent and in general average levels for this indicator.

In the Middle East and Africa (MEA) region, and as figure 5.19 shows, personal affiliation with someone who has started a business is consistently high in Israel and in the Gulf countries of the Middle East—Qatar, the United Arab Emirates, Oman and Saudi Arabia. The Adults Population Survey (APS) question was changed from last year to become: “How many people do you know personally who have started a business or become self-employed in the past two years?”.

**Figure 5.19:** Jordan's (% of Adults 18 – 64) Knowing Someone Who Has Started a Business in the Past Two Years Among 50 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

### 5.6. The National Entrepreneurship Context Index (NECI)

In 2018, the Global Entrepreneurship Monitor (GEM) introduced a composite index, the National Entrepreneurship Context Index (NECI), which assesses the environment for entrepreneurship in an economy. The NECI is derived from the 12 framework conditions and weights the ratings on these conditions by the importance experts place on them. The NECI results in this study represent an inaugural effort to inform policy, practitioner, and other key stakeholder audiences, about the strength of their overall environment of entrepreneurship.

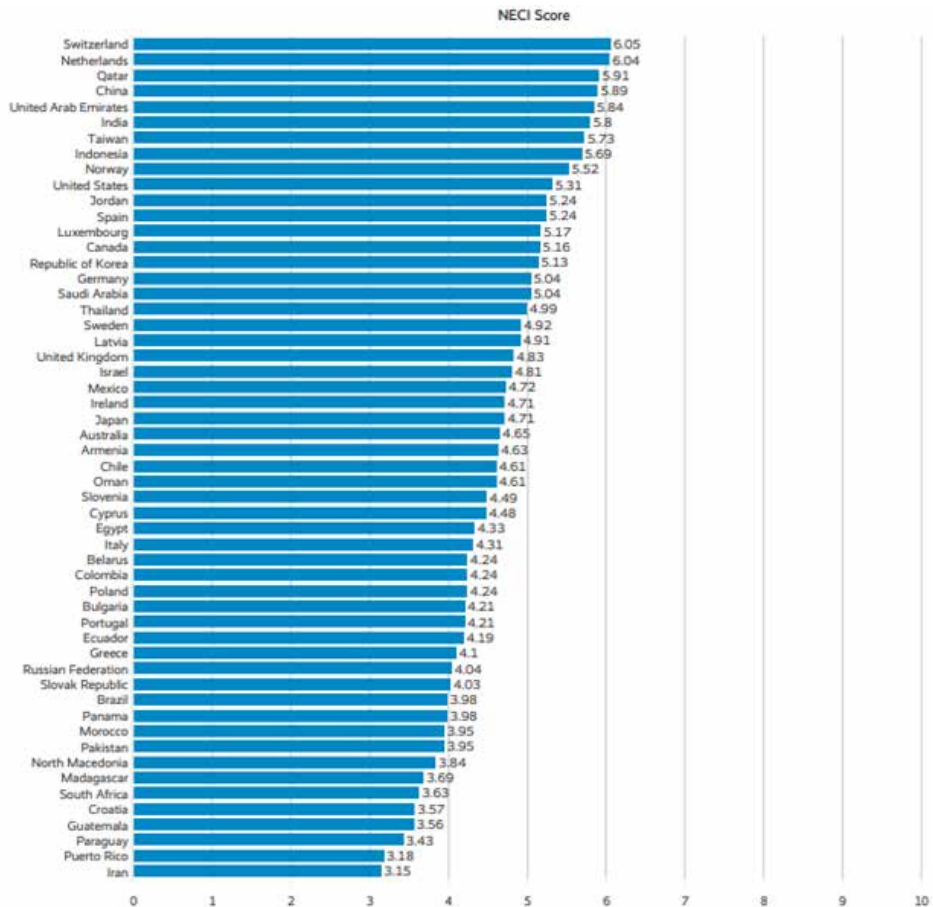
An examination of the top-ranked economies illustrates the importance of having healthy conditions across all aspects of the environment affecting entrepreneurship. The entrepreneurship context thus requires attention to the range of factors; it could be argued that poor conditions in a few areas may limit the willingness and ability of people to start businesses, despite strengths elsewhere.

Qatar and Taiwan show high ratings on every framework condition, while Indonesia, India and the Netherlands have high ratings on all except one factor that exhibits moderate ratings-on physical infrastructure in Indonesia and India, and internal market dynamics in the Netherlands.



The entrepreneurship results for these top five economies suggest that strong contexts for entrepreneurship may have differing effects on entrepreneurship profiles. Three of these economies—Qatar, Indonesia, and Taiwan—are among the six economies that show equal TEA levels between males and females. This could suggest that women especially benefit from strong entrepreneurship contexts.

**Figure 5.20:** Jordan in the National Entrepreneurship Context Index (NECI) Results Among 54 Economies in Four Geographic Regions, 2019



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

The updated National Entrepreneurship Context Index (NECI)—as of January 2020—shows Jordan at rank 11. Noticeable progress up from its previous position in 2019—at rank 21.

**Table 5.1:** The National Entrepreneurship Context Index (NECI) Ranks and Scores for 54 Economies, 2020

Country	NECI Average Score	NECI Standard Deviation	Rank
Switzerland	6.05	1.16	1
Netherlands	6.04	1.05	2
Qatar	5.91	1.39	3
China (PRC)	5.89	1.07	4
U.A.E.	5.84	1.28	5
India	5.80	1.38	6
Taiwan	5.73	1.56	7
Indonesia	5.69	1.00	8
Norway	5.52	0.85	9
USA	5.31	1.47	10
Jordan	5.24	1.15	11
Spain	5.24	1.05	12
Luxembourg	5.17	1.25	13
Canada	5.16	1.40	14
South Korea	5.13	1.20	15
Germany	5.04	0.99	16
Saudi Arabia	5.04	1.46	17
Thailand	4.99	1.24	18
Sweden	4.92	1.10	19
Latvia	4.91	0.88	20
United Kingdom	4.83	0.95	21
Israel	4.81	1.12	22
Mexico	4.72	1.33	23
Ireland	4.71	1.51	24
Japan	4.71	0.98	25
Australia	4.65	1.11	26

Country	NECI Average Score	NECI Standard Deviation	Rank
Armenia	4.63	1.00	27
Chile	4.61	1.11	28
Oman	4.61	1.58	29
Slovenia	4.49	1.32	30
Cyprus	4.48	1.39	31
Egypt	4.33	1.24	32
Italy	4.31	1.20	33
Belarus	4.24	0.97	34
Colombia	4.24	1.11	35
Poland	4.24	1.21	36
Bulgaria	4.21	1.00	37
Portugal	4.21	1.17	38
Ecuador	4.19	1.14	39
Greece	4.10	1.40	40
Russia	4.04	1.24	41
Slovak Republic	4.03	1.12	42
Brazil	3.98	1.04	43
Panama	3.98	1.43	44
Morocco	3.95	0.97	45
Pakistan	3.95	1.12	46
North Macedonia	3.84	1.21	47
Madagascar	3.69	0.86	48
South Africa	3.63	0.83	49
Croatia	3.57	1.31	50
Guatemala	3.56	1.09	51
Paraguay	3.43	1.02	52
Puerto Rico	3.18	0.97	53
Iran	3.15	0.89	54

Source: Global Entrepreneurship Monitor (GEM), National Entrepreneurship Context Index (NECI); Updated as of January 10, 2020

The table below illustrates Jordan's ranking among the MEA countries—which is clearly above its average score of (3.90). Jordan also exceeded the average score of low-income countries (4.57) and (GEM) average (4.63).

**Table 5.2:** Jordan's Rank Regarding the National Entrepreneurship Context Index (NECI) in a Regional and Economies' Income-Levels Comparisons, 2020

	NECI average score	NECI standard deviation
<b>Regional Comparison</b>		
North America	5.24	1.44
MEA	3.90	0.98
Asia & Oceania	5.05	1.21
Latin America	3.99	1.14
Europe	4.65	1.15
Jordan	5.24	-
<b>Income-Levels Comparison</b>		
Low income	4.57	1.10
Middle income	4.13	1.08
High income	4.84	1.21
GEM Average	4.63	1.16
Jordan	5.24	-

Source: Global Entrepreneurship Monitor (GEM), National Entrepreneurship Context Index (NECI); Updated as of January 10, 2020







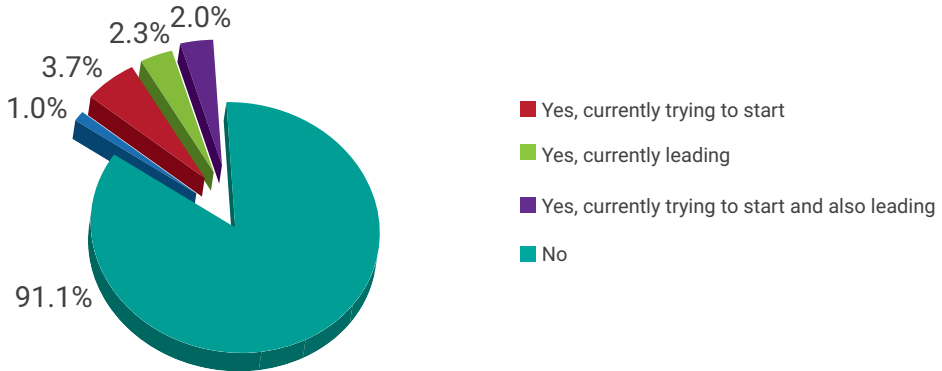
## Chapter 6: Social Entrepreneurship, Women Enablement, and Provinces Entrepreneurship

### 6.1. Social Entrepreneurship

This section is dedicated for the study of entrepreneurs in Jordan who have chosen to establish any social, environmental, or community work, activity, or organization and the study of the participants in it—either on a fulltime, parttime, or volunteering capacity.

When the Adults Population Survey (APS) was enrolled during the fall of year 2019, the results came to show that (7.88%) of the population, in the agegroup 18 – 99, answered that they are involved in social entrepreneurship. (3.65%) of the respondents said that they are currently trying to start an activity, organization, or initiative that has a particularly social, environmental or community goal/objective. Moreover, (2.27%) said that they are leading one, and (1.95%) answered that they are trying to start and also leading a social entrepreneurial activity, organization, or initiative.

**Figure 6.1:** “Are You, Alone or With Others, Currently Trying to Start or Currently Leading Any Kind of Activity, Organization or Initiative That Has a Particularly Social, Environmental or Community Objective?”, 2019

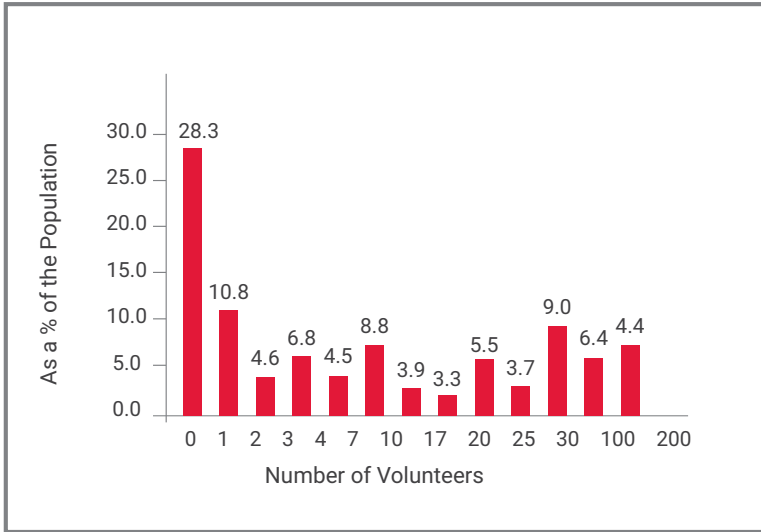


In regards to the roles related to starting up social entrepreneurial activities, it was found that a small percentage, (2.96%) only, are taking the role of starting the activity—e.g. organizing working teams, preparing business strategy. It is important to pay attention that (35.80%) of the reported social entrepreneurial activity was a new independent activity, unlike (60.39%) of the reported social entrepreneurial activities that while they were social entrepreneurial activity by nature, they also were part of an entrepreneurial activity that is taking place in an early-stage Entrepreneurial Activity (TEA), Entrepreneurial Employee Activity (EEA), or Established Businesses (EB).

While the concept of social entrepreneurship is relatively new to Jordan, the surveyed individuals varied in their startups size—in terms of the number of volunteers currently working at this activity/initiative—where the mean was (22.44) and the standard deviation was (45.99). An indication of positive culture of volunteering in Jordan.

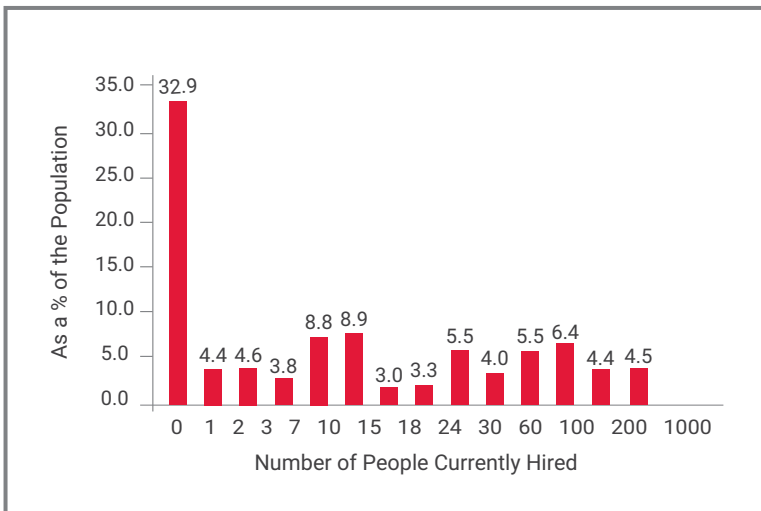


**Figure 6.2:** “How Many Volunteers Are Currently Working for This Activity, Organization or Initiative?”, 2019



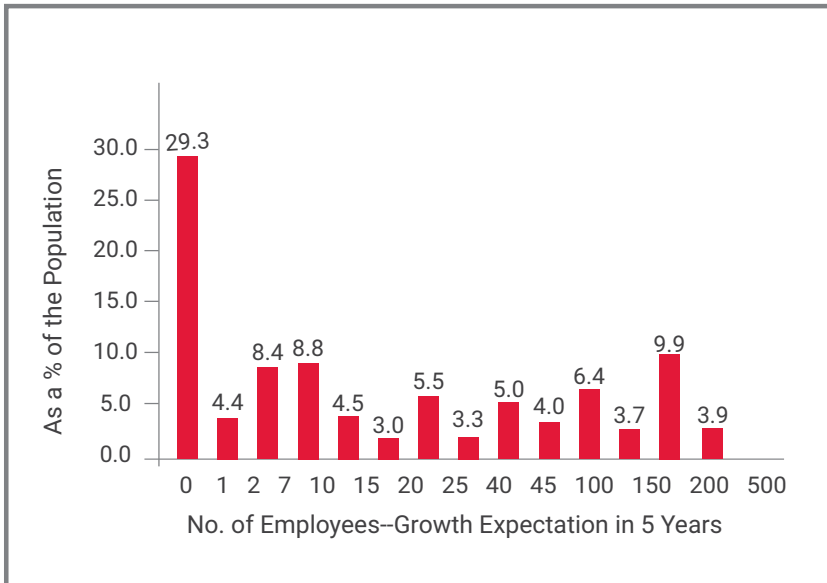
As with the number of people volunteering at a social entrepreneurial activity/initiative in Jordan, the surveyed sample varied in size in relation to the number of people currently working at this activity/initiative. The mean of the sample surveyed was (66.13) and the standard deviation was (204.41). Another indication that social entrepreneurship in Jordan is strongly finding basis.

**Figure 6.3:** “Including the Owners, How Many People Are Currently Working for This Activity, Organization or Initiative? Please Include All Subcontractors, Part-Time Workers and Volunteers.”, 2019



This policy assessment has also concluded that the expectations for growth in social entrepreneurship in Jordan is very positive, where slightly less than the majority (49.09%) of social entrepreneurial activities in Jordan expect that 10 or more employees to be working for this activity five years from now. The mean was (59.33) and the standard deviation was (112.89).

**Figure 6.4:** “Not Counting Owners, How Many People, Including Both Present and Future Employees, Will Be Working for This Activity, Organization or Initiative Five Years From Now? Please Include All Subcontractors, Part-Time Workers and Volunteers?”, 2019

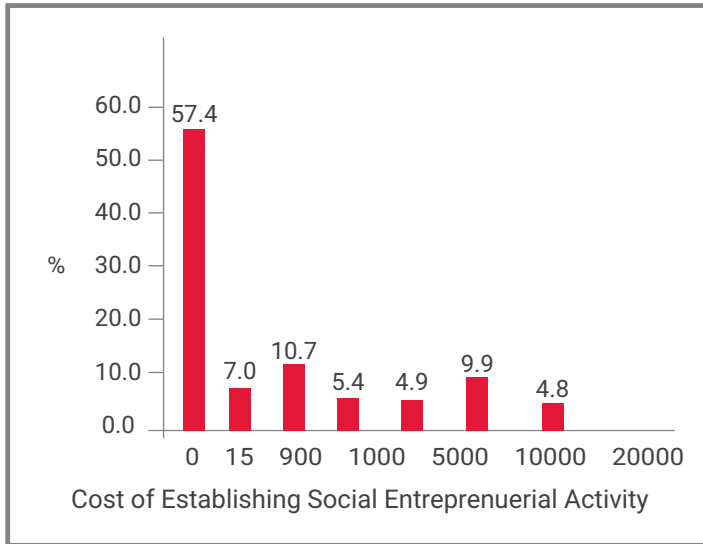


On another aspect, the vast majority of social entrepreneurship (69.5%) in Jordan said that their social startups have not received external funding for more than three months. In this context, and in order to understand social entrepreneurs’ expenses and contribution, two questions were asked: (1) “How much money, in total, it requires to start social entrepreneurial activity, organization, or initiative?”, and (2) “How Much of Your Own Money, in Total, Will You Provide to This Activity, Organization or Initiative?”.

The results of both questions, together, came aligned and suggest that social entrepreneurs carry large part of the expenses of establishing social entrepreneurial activity, initiative, or organization.

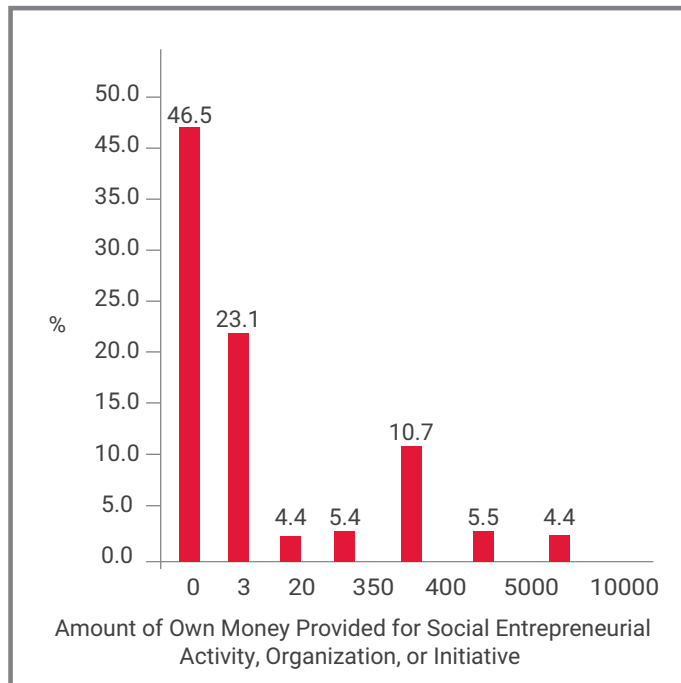
The mean for the expected cost of starting social entrepreneurship startup was (1990.26) with a standard deviation of (5013.09).

**Figure 6.5:** “How Much Money, in Total, Is Required to Start This Activity, Organization or Initiative?”, 2019



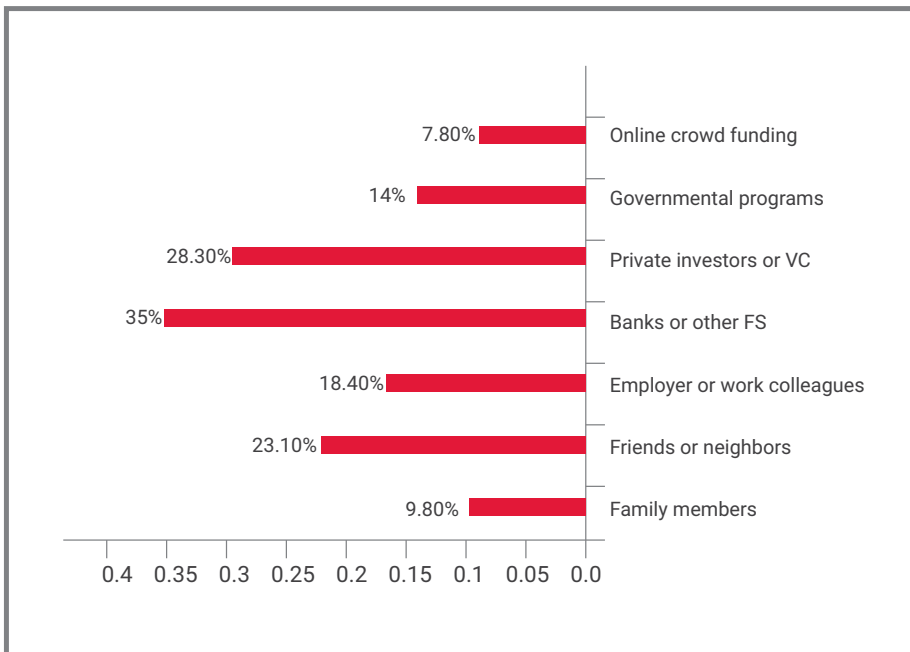
And in the same context, and when the surveyed respondents were asked about the amount of money they carry from their own savings, the responses varied with a mean of (809.25) and a standard deviation of (2431.65).

**Figure 6.6:** “How Much of Your Own Money, in Total, Will You Provide to This Activity, Organization or Initiative?”, 2019



Furthermore, the Adults Population Survey (APS) assessed the sources of funding—loans or ownership investments—for social entrepreneurial activities in Jordan. The available funding options were: family members, friends or neighbors, employer or work colleagues, banks and other financial institutions, private investors or venture capitals (VCs), and the government programs: donations, grants, and online crowd funding. The results came as follows.

**Figure 6.7:** Sources of Funding—Loans or Ownership Investments—for Social Entrepreneurial Activities in Jordan, 2019



It can be concluded from that securing funding for social entrepreneurial activities in Jordan is still a personal effort mostly taken by the founders of these startups. Banks and other financial institutions dominated the scene with (34.97%) of the respondents securing their funding from these. Private investors or venture capitals came next with (28.27%)—an indication that structured and organized funding imposes itself in Jordan’s economy. Support from the workplace came forth with (18.44%) of the respondents getting funding from their employer or from work colleagues. Lastly, government programs scored (14.04%) of the funding sources for social entrepreneurs in Jordan.

That was consistent with the fair scores which the government entrepreneurship programs have scored in the National Expert Survey (NES). The NES shows that although progress has been observed in year 2019, in comparison with year 2017; in regards to the percentage of national experts agreeing specifically that “government programs aimed at supporting new and growing firms are effective” and that “almost anyone who needs help from a government program for a new or growing business can find what they need”. Both sub-items scored below the mid-point of (5.00) points—from (3.58) points in year 2017 to (3.57) in year 2019, and from (3.09) points in year 2017 up to (4.40) points in year 2019; consecutively.

Lastly, the surveyed social entrepreneurs were asked to agree or disagree with various metrics—see Box 6.1—that measure different areas related to social entrepreneurship environment in Jordan.

**Box 6.1:** Assessment for Different Areas Related to Social Entrepreneurship Environment in Jordan, 2019

Q1: For My Organization, Generating Value to Society and the Environment Is More Important Than Generating Financial Value for the Company.

Q2: My Organization Puts More Emphasis on Social Value Than on Environmental Value.

Q3: My Organization Operates in the Market by Producing Goods and Services.

Q4: My Organization Offers Products or Services That Are New to the Market.

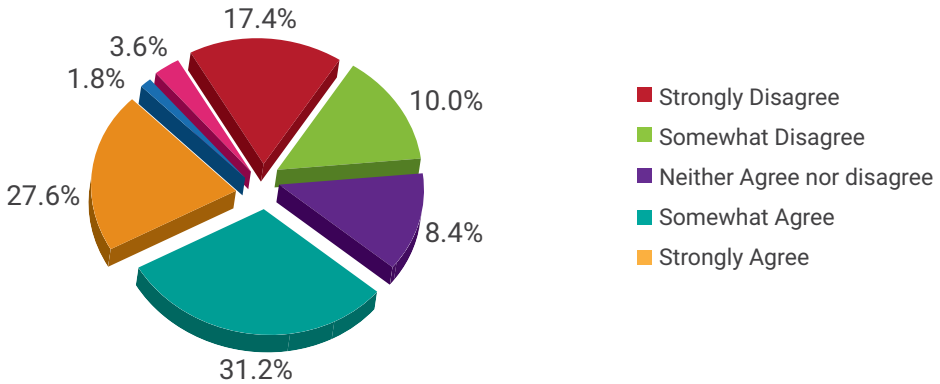
Q5: My Organization Offers a New Way of Producing a Product or Service.

Q6: Profits Will Be Reinvested to Serve the Social or Environmental Purpose of My Organization.

Q7: My Organizations Puts Substantial Effort in Measuring Its Social or Environmental Impact.

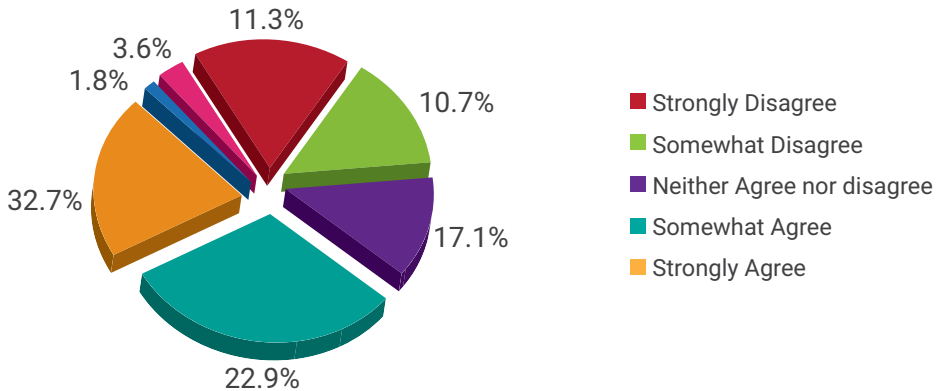
When asked about the importance of the generated value to society or environment, the majority (58.86%), for the respondents in the age group 18 – 99, agreed, with variant levels, that their social entrepreneurial activity or initiative pays more attention to the value it generates to society than to the financial gains—(27.44%) disagreed with that argument.

**Figure 6.8:** “For My Organization, Generating Value to Society and the Environment Is More Important Than Generating Financial Value for the Company.”, 2019



However, awareness towards environmental issues, although more development is expected and required, good levels of awareness are showed where (22.02%) of the respondents indicated that their organization put equal or more emphasis on environmental value than it does towards social value. The majority (55.55%) illustrated that more emphasis is put on social value than on the environmental value.

**Figure 6.9:** “My Organization Puts More Emphasis on Social Value Than on Environmental Value.”, 2019

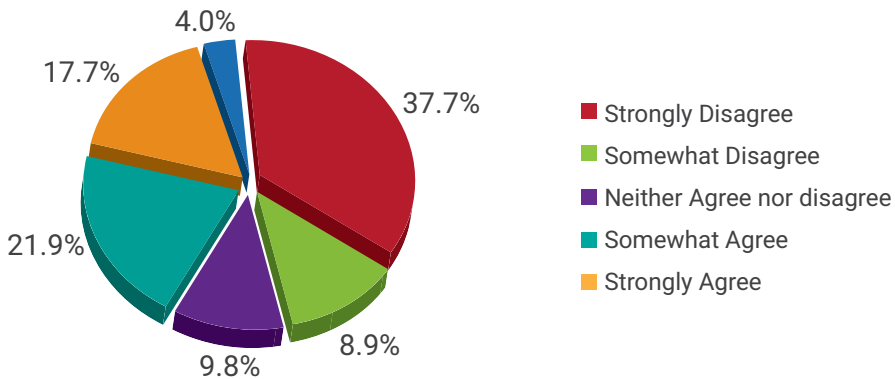


Moreover, the Adults Population Survey (APS) concluded that (39.65%) of social entrepreneurial activities operate in Jordan’s market by producing goods and services; and slightly the same percent of social entrepreneurial activities (46.61%) operate by other means. The results were for the age group 18 – 99.

The Global Entrepreneurship Monitor (GEM) has also paid attention to the assessment of social entrepreneurship innovation. It found that (29.92%) have their organization offering products or services that are new to the Jordanian market—actually (60.51%) of social entrepreneurial activities or initiatives were found not offering new products or services.

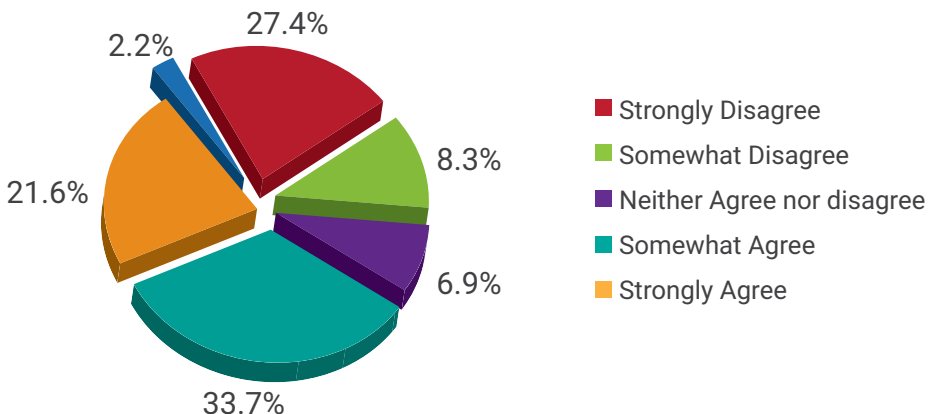
Adding to that, and in regards to generating new ways of producing a product or service—e.g. processes, procedures, or techniques—(41.45%) agreed with that argument while (46.16%) disagreed with it.

**Figure 6.10:** “My Organization Operates in the Market by Producing Goods and Services.”, 2019



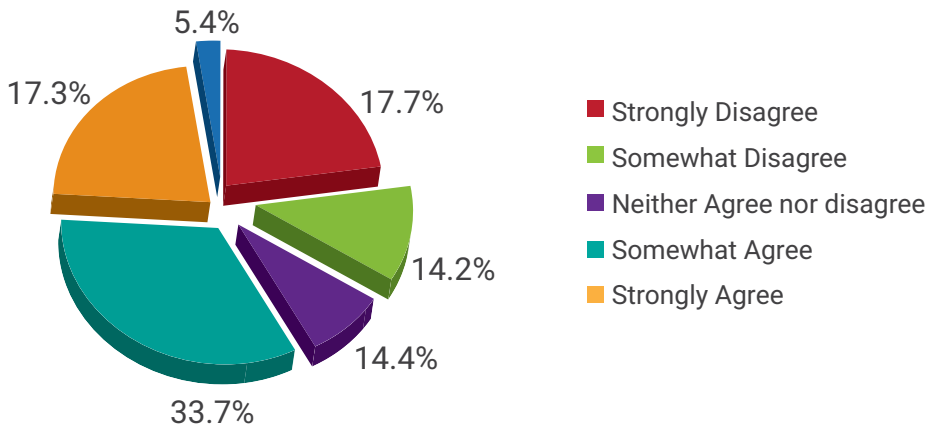
(55.30%) of social entrepreneurial organizations were found Nonprofit Organization (NPOs) that reinvest, or will reinvest, the net revenues to further serve their social or environmental purpose.

**Figure 6.11:** “Profits Will Be Reinvested to Serve the Social or Environmental Purpose of My Organization.”, 2019



Lastly, Global Entrepreneurship Monitor (GEM) survey found that in year 2019, and the context is again for the age-group 18 – 99, (48.19%) of social or environmental entrepreneurial activities, initiatives, or organizations make effort to measure their social or environmental impact—measured by what social or environmental change has happened and how much impact on society, lives, or individuals has taken place; among other metrics.

**Figure 6.12:** “My Organizations Puts Substantial Effort in Measuring Its Social or Envi-ronmental Impact.”, 2019



## 6.2. Women Enablement

The Global Entrepreneurship Monitor (GEM) has aimed at changing the stereotypes about entrepreneurship nationwide which involved shedding light on women entrepreneurs as well as on government and modern society programs that enable women at entrepreneurship and support their role at each stage of new businesses.

This policy assessment has concluded that in regards to gender distribution, males in Jordan were more likely to start a new business than females, (11.4%) compared to (6.8%)—for the age-group 18 – 64. This ranks Jordan globally among the middle group of countries in regards to gender gap in TEA rates—33rd and 36th consecutively.

In GEM National Report 2016/2017, entrepreneurial activity in Jordan varied largely between males and females. Total early-stage Entrepreneurial Activity (TEA) for the male population in Jordan was (12.8%) while it was only (3.3%) for the female population. Those percentages were slightly below the average of MENA countries for males (13.5%) and well below the average of MENA countries for females (7.4%). However, gender gap decreased in this year’s study. Again, Total early-stage





Entrepreneurial Activity (TEA) rate was (11.4%) for the male population and (6.8%) for the female population—also for the age-group 18 – 64.

Globally, and in regards to gender, GEM Global Report 2019/2020 has concluded that the general trend indicates that females-to-males ratio for TEA rate was 4:10 globally—which have varied in the various surveyed countries. However, six nations have showed equality in the TEA rate ratio in terms of females-to-males. The six countries were: Brazil, Spain, Qatar, Madagascar, Belarus, and Poland. Again, Jordan scores a ratio of 7:10.

Nevertheless, the consecutive governments of Jordan have continued its work to achieve gender equality in all national development indicators. And although the expectations—the goals—of the national reform programs were set high, already, to involve strengthening the general budget, reducing the public debt, and supporting the economic development, the goal of creating new jobs came to reduce unemployment rates while keeping in mind increasing women contribution share of the economic growth.

Actually, a steep increase in unemployment rates has started during the fourth quarter of year 2016 and reached (15.8%)—where the unemployment rates were (13.8%) for males and (24.8%) for females—which was (2.2) percentage points above the national rate of the same quarter of year 2015.

A burden that contributed to the low rate of women participation in the labor market and in the economic development was self-perception—which could be due to the lack of experience in the jobs market which accordingly resulted in lower rates of self-esteem/perception. Nevertheless, women enablement in Jordan's jobs market has been taken very seriously by the consecutive governments.

More specialized programs, from the government side, for female entrepreneurs can help women participate more in the economic growth of Jordan. Government institutions are advised to concentrate their efforts on initiatives, to customize entrepreneurship programs, and to provide vocational training and in-class education in order to improve entrepreneurship capabilities and skills of women.

Have said that, it is worth mentioning that while more progress is expected, Jordan has already progressed between 2017 and 2019. In 2017, the rate of female-to-male TEA for 2017 was almost 1:4 where Jordan, in addition to Germany, Italy, and France, had the lowest female involvement rate in the Total early-stage Entrepreneurial Activity (TEA). In year 2019, the female-to-male ratio ascended to become 7:10.

As in GEM National Report 2016/2017, gender gap in entrepreneurship between females and males can be assessed by considering gender perceptions of opportunities, capabilities, and failure. These three factors can be translated as entrepreneurial self-efficacy, ability to recognize opportunities, and fear of failure. There is a consensus in the literature that these factors are highly correlated with the decision to begin a new business (Camelo-Ordaz et al., 2016)

Perception for potential opportunities as a percentage of adult population, in the agegroup 18 – 99, was found to be (42.7%) for females—who agreed with variant levels—compared to (31.3%) for males—while 2017 figures were (25.6%) for females versus (34.9%) for males entrepreneurs.

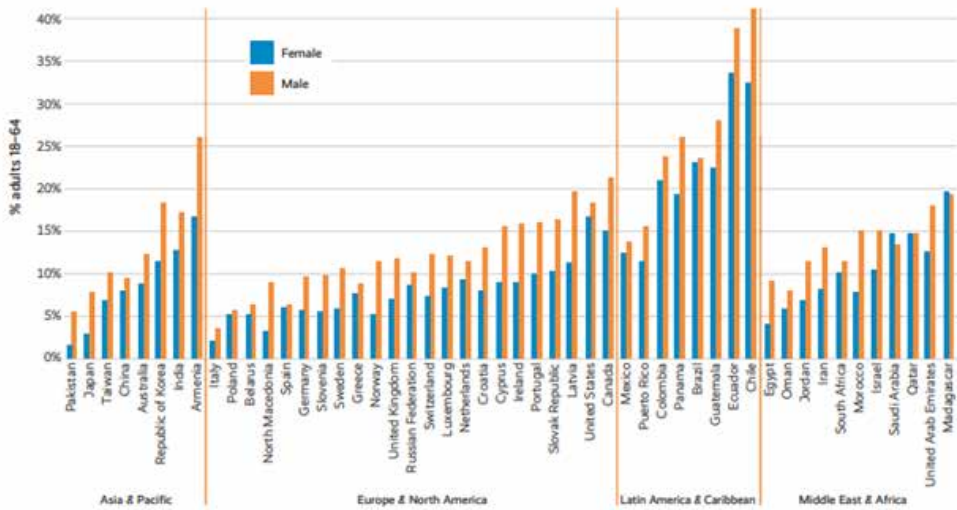
Secondly is perception for entrepreneurial skills or self-efficacy. Gender differences can be observed in the skills and capabilities perception. The Adults Population Survey (APS) has found that (64.8%) of the adult female population, in the age-group 18 – 99, believe that they have the required skills and education to start a new business versus (47.5%) of the male population. However, and in year 2017, almost (35.3%) of the adult female population and (60.5%) of the male adult population believed they have the required skills to begin a business.

Thirdly is fear of failure, where females showed higher perceived rates of fear of failure with (61.4%)—the percentage of the adult population, in the age-group 18 – 99, that agreed with variant levels—compared to males (62.8%)—Numbers for this indicator were (42.3%) for females compared to (38.8%) for males in 2017.

**Total early-stage Entrepreneurial Activity (TEA); Globally by Gender**

Ironically, developed countries have showed bigger gender gap between males TEA rate and females TEA rate. The highest percentage of gender equality in TEA rates was found this year in Latin American and the Caribbean group of countries. Nevertheless, equality in TEA rates by gender was found in other regions of low-income countries as well as of high-income countries; e.g. Madagascar, Qatar, Brazil, and Spain.

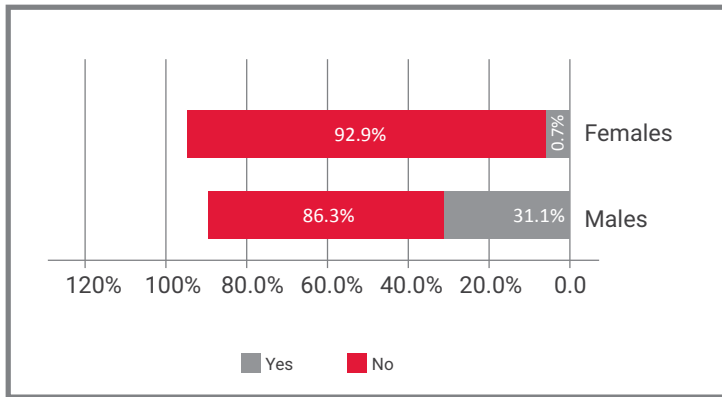
**Figure 6.13: Jordan’s Total early-stage Entrepreneurial Activity (TEA) Rate by Gender Among the TEA Rates of 50 Economies in Four Geographic Regions, 2019**



Source: Global Entrepreneurship Monitor Adult Population Survey (APS), 2019/2020

In regards to business discontinuance, females were more likely to discontinue or quit businesses than males. The chart below shows gender gap in regards to business discontinuance.

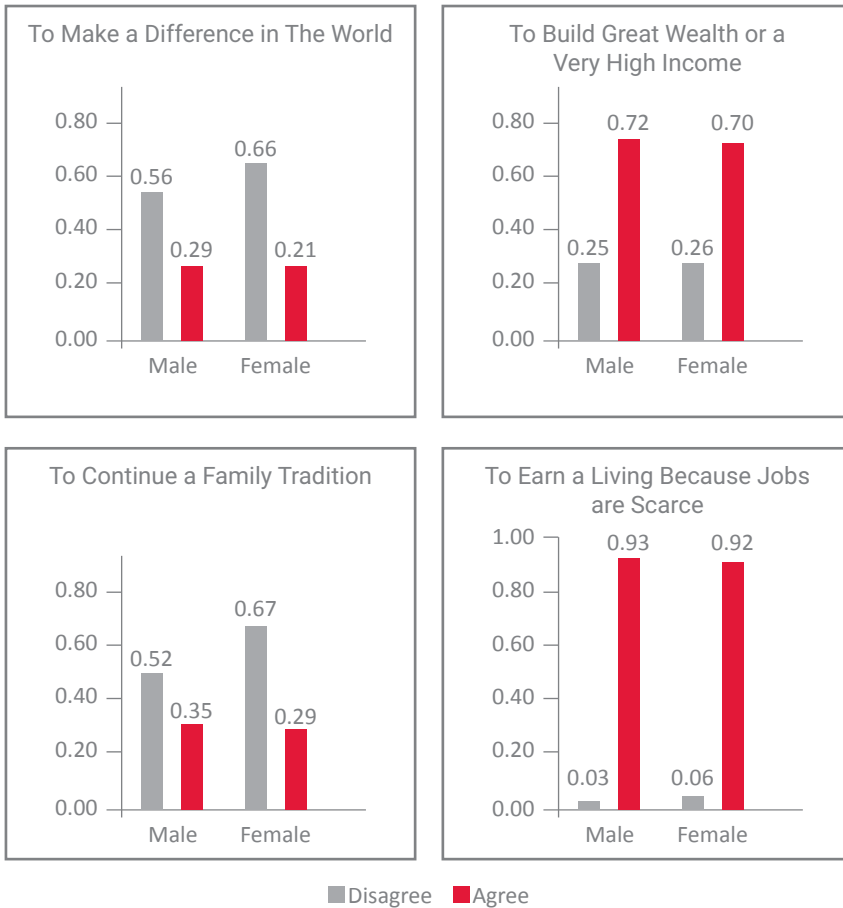
**Figure 6.14:** “Have You, in the Past 12 Months, Sold, Shut Down, Discontinued or Quit a Business You Owned and Managed, Any Form of Self-Employment, or Selling Goods or Services to Anyone?”; Expressed by Gender in Jordan, 2019



This section concludes by shedding light on the motivation of entrepreneur women in Jordan during the Total early-stage Entrepreneurial Activity (TEA) which has been assessed by GEM through four aspects of motivations: 1) Making a difference in the world, 2) Building great wealth or very high income, 3) Continuing family tradition, and 4) Earning a living because jobs are scarce.

The vast majority of early-stage female entrepreneurs (91.68%) have agreed that earning a living because jobs are scarce was the main driver to start new businesses. The financial factor was also present in the second most selected reason that motivates female entrepreneurs to start a business—which is building a great wealth or very high income—by (70.12%) of the respondents, and followed by continuing a family tradition by (28.62%) of the respondents. Finally, making a difference in the world was the least observed reason that was chosen by the Jordanian female entrepreneurs by (21.22%) only who agreed that it is their motivation to start new businesses.

**Figure 6.15:** Comparison of the Reasons That Motivate the Females and Males Entrepreneurs the Most in Regards to the Total early-stage Entrepreneurial Activity (TEA) in Jordan, 2019



### 6.3. Provinces Entrepreneurship

Chapter 2 presented an overview on the impact of the national reform programs in Jordan for the period 2017 – 2021, specially the “Jordan 2025”, and it illustrated the means to stimulate the macro-economy to create new jobs. Unemployment rates in Jordan show clear disparity between the capital, Amman, and the various provinces.

In 2017 entrepreneurial activity, as measured by the percentage of early-stage entrepreneurs among the adult population, showed distinctive differences across the governorates of Jordan. The highest rate of Total early-stage Entrepreneurial Activity (TEA) was in observed Ajloun (13.2%), Karak (11.3%), and Irbid (10.1%). The capital Amman scored (9%) only, and the lowest TEA rates were monitored in Mafraq and Tafelah, at (2.3%) and (3.6%) respectively.

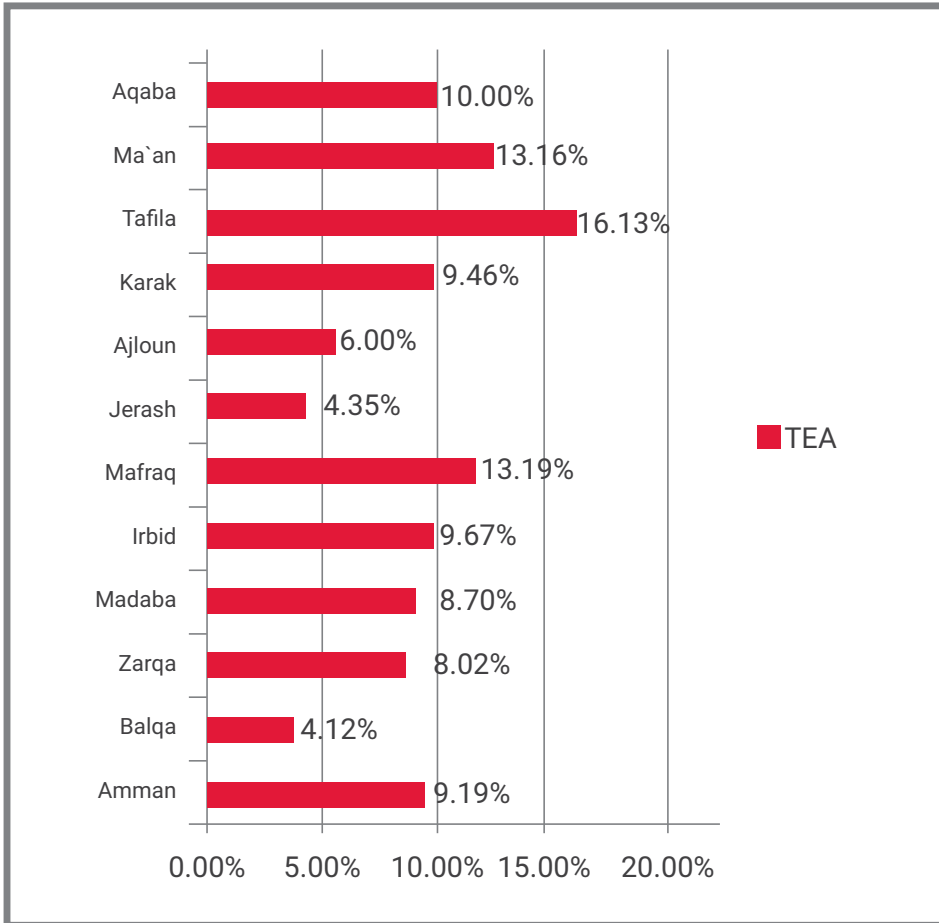
As in the capital, Amman, entrepreneurship in Jordan has been growing as a substitute for instability of jobs and ambiguity of career development at corporations. While the different provinces in Jordan varies in the living conditions of its inhabitants, they all share high unemployment rates, high poverty rates, and harsh economic conditions in general. The continuous influx of refugees in the northern provinces of Jordan paired with an increase in informal labor force by refugees—as well as citizens who are enforced out of the formal jobs market because of the raising bar of competition for formal jobs.

In 2019, TEA rates in provinces were measured as follows: Amman (9.19%), Balqa (4.12%), Zarqa (8.02%), Madaba (8.70%), Irbid (9.67%), Mafraq (13.19%), Jarash (4.35%), Ajloun (6.00%), Karak (9.46%), Tafelah (16.13%), Ma'an (13.16%), and Aqaba (10.00%). On the other hand, the highest EEA rates were monitored in Madaba (19.5%), Karak (12.9%) and Amman (11.0%), and the lowest were recorded in Ma'an (6.1%), Irbid (5.5%) and Ajloun (1.8%). Finally, and for business discontinuity, the highest discontinuity rates were observed in Karak (17.4%), Balqa (16.7%), and Aqaba (15.3%). And the lowest were monitored in Ma'an (5.2%), Tafelah (5.9%), and Mafraq (7.0%).

The comparison of TEA and EEA rates in provinces seems fair knowing that the top three TEA rates in 2017 were recorded in Ajloun (13.2%), followed by Karak (11.3%) and Irbid (10.1%); and the lowest were Mafraq and Tafelah which were observed at (2.3%) and (3.6%) consecutively. For EEA rates, and also in 2017, Balqa province came the highest with (5.6%), followed by Madaba (4.3%) and then Karak (4.2%); while the lowest EEA rates were monitored in Zarqa (1.2%) and Mafraq (1.1%). Finally, and in regards to businesses discontinuity, Karak came first with (8.5%) followed by Amman (7.2%); while the lowest were in Ajloun (2.6%) and Ma'an (3%).

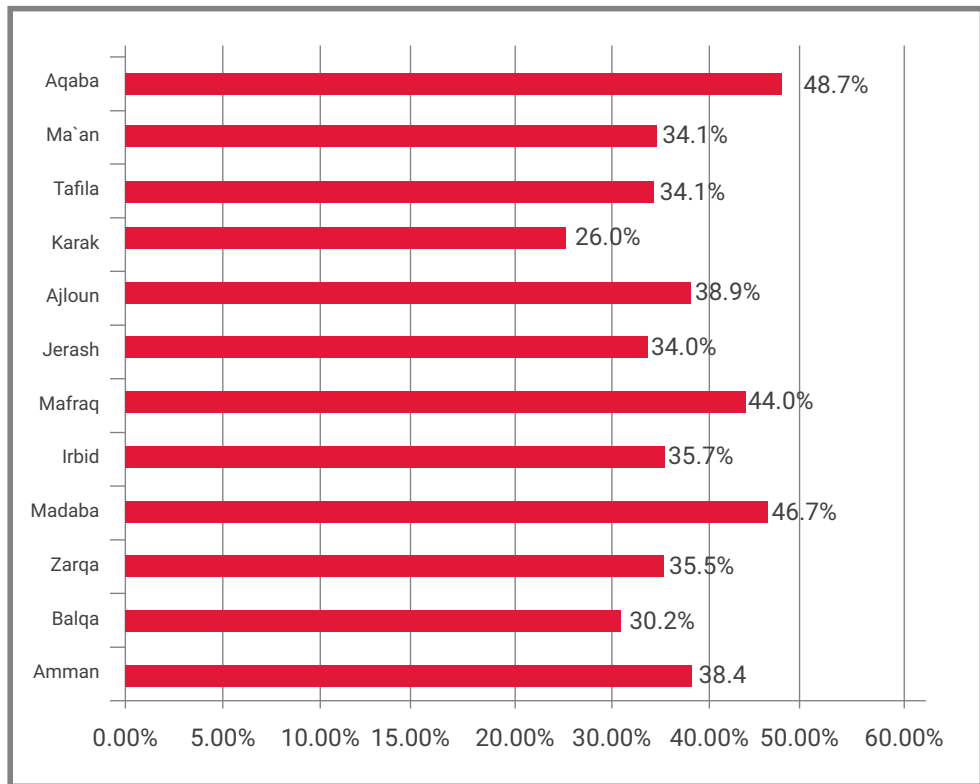


**Figure 6.16: Entrepreneurial Activity in Jordan; Expressed in Terms of TEA Rates by Province, 2019**



When looking at positive perception rates for potential business opportunities by province, Aqaba came first with (48.7%) of the survey respondents believe that the next six months are coming with good business opportunities, followed by Madaba (46.7%) and Mafrqa (44.0%). The lowest perceptions were observed in Jarash (34.0%), Balqa (30.2%), and Karak (26.0%).

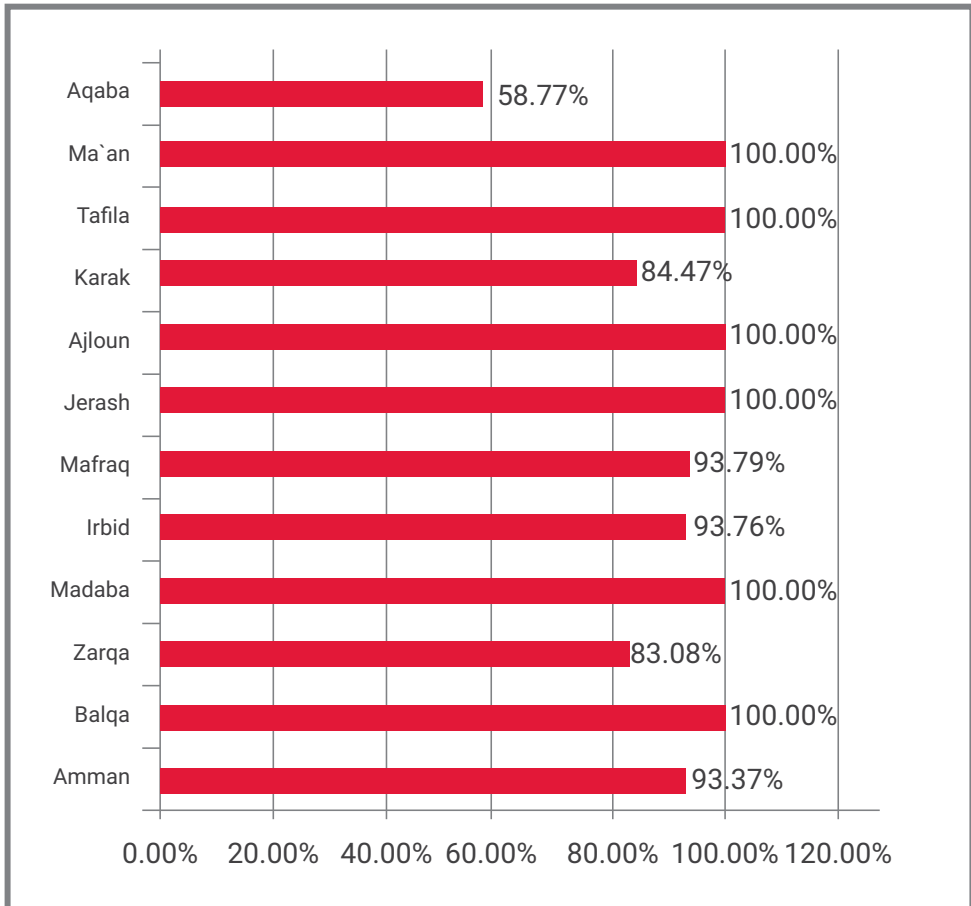
**Figure 6.17:** Positive Perception for Good Opportunities for Starting a Business in the Next Six Months by Province, 2019



Lastly, “earning a living because jobs are scarce” as motivation as a percentage of TEA rates work as an indication for the living conditions of the various provinces in Jordan. Necessity as a motivation vs. opportunity as a motivation draws the line that contributes to Jordan’s economic development that would transform Jordan’s economy in becoming an innovationdriven economy. Opportunity as a motivation expresses the Zlate them into real businesses. The following chart shows “earning a living because jobs are scarce” as motivation as a percentage of TEA rates recorded at the various provinces of Jordan.



**Figure 6.18:** “Earning a Living Because Jobs Are Scarce” as Motivation as a Percentage of TEA Rate in Jordan by Province; Expressed as a Percentage of the Population That Are Motivated by Necessity, 2019







## Chapter 7: Conclusions, Policy Recommendations, and Policy Interventions

### 7.1. Conclusions

GEM Conceptual Framework is an integrated framework that assesses entrepreneurship nationwide in a socio-economic context. It quantitatively measures social and economic factors that contribute to entrepreneurship success, which serves the essential goal represented in better economic growth rates. Deployment of entrepreneurship successfully in Jordan could help transform its economy from its current stage—efficiency-driven—to the next stage—innovation-driven.

The GEM Conceptual Framework works from the same distance from all social and economic indicators. It assesses the success factors and the best practices of entrepreneurship and, at the same time, it also assesses unsuccessful startups in an attempt to understand the reasons of failure in new businesses in Jordan. It does not only measure the current status of entrepreneurship—e.g. Total early-stage Entrepreneurial Activity (TEA), Entrepreneurial Employee Activity (EEA), and Business Discontinuance—but it searches for reasons for issues like: gender gap among entrepreneurs, inaccurate definition for good opportunities, decrease the high unemployment rates, entrepreneurship education, and facilitating business licensing.

The four flagship indicators of the GEM Conceptual Framework are being measured in this year's Adults Population Survey (APS) and the results came as in the follow: The Total early-stage Entrepreneurial Activity (TEA) has increased from (8.2%) in year 2017 to (9.1%) in 2019—which is justified by the tough economic conditions in Jordan since the 2011 and the uprisings in Jordan's neighboring countries. On the other hand, the Entrepreneurial Employee Activity (EEA) rate decreased in year 2019 to reach (0.7%) down from (1.5%) in year 2017. Moreover, and in regards to the rate of Established Businesses (EB), Jordan moved from (2.7%) in year 2017 to (6.55%) in year 2019. Finally, business discontinuance significantly decreased in year 2019 to (10.45%) down from (21.2%) in year 2017.

Women participation in Jordan's economy is still below the expectations with high gender gap in TEA—(6.8%) for females compared to (11.4%) for males. This low rate of participation reflects, as in year 2017, the low labor market participation of females. Also, gender gap in self-perception was noticed—which could be due to lack of experience in the jobs market and accordingly lower rates of self-esteem and perception. Nevertheless, women enablement in the jobs market is being taken very seriously by the government of Jordan.

Provinces as well have shown varying rates of TEA and EEA, where Tafelah came first along with Mafrq and Ma'an. The lowest TEA rates were recorded in Balqa, Jarash, and Ajloun. However, and for EEA rates, Karak and Amman were among the highest EEA rates, while Ajloun was again among the lowest three provinces along with Zarqa and Mafrq. The vast majority of the adult population in all provinces of Jordan agreed, with varied levels, that jobs scarcity in their designated province was the reason for starting new businesses.

Education, as well, was one of the demographic indicators which the Global Entrepreneurship Monitor (GEM) assesses. Practical education has proven to be essential and adds to entrepreneurs' skills and education. In the Adults Population Survey (APS) of this year, the adult population with vocational training have scored the highest among all TEA rates. The lowest Total early-stage Entrepreneurial Activity (TEA) rate in Jordan was monitored among illiterate adults. The majority of the adult population in Jordan has disagreed, with varied levels, among all education levels that making a difference in the world reflects their reasons to start a business. Actually, the vast majority of the adult population agreed, with varied levels, among all the education levels—except for the Ph.D. level—that making a very high income reflects their reason to start a business. Nevertheless, jobs scarcity has dominated the scene again and was among the main reasons to start a new business—which confirms necessity-driven, and not improvement-driven, entrepreneurship in Jordan.



Reaffirming the main purpose of this study, represented in assessing the current status of entrepreneurship and providing policy recommendations that could be translated by policy makers into strategy shifts or policy-interventions by policy makers, could not have been done better than by using the triangle of government-society-individual factors. In reference to government, internal market dynamics—e.g. business licensing, venture capitals, and infrastructure—facilitating procedures for business licensing are listed as major issues. In reference to society, cultural and social norms are identified as major issues. And finally, and in reference to entrepreneurs' attributes, basic-school and post-high school entrepreneurial education are identified.

The results of the National Expert Survey (NES) for this year show progress on all indicators which indicates seriousness from the government side in reforming the designated policies.

## **7.2. Policy Recommendations**

### **7.2.1. Government Policy Recommendations**

As in GEM National Report 2016/2017, this study for 2019/2020 asserts the need for more reform at government institutions. The answers of the participants in this study show that the percentage of entrepreneurs who discontinued their businesses due to government-related reasons—which was the second most chosen reason for businesses discontinuance when the participants were asked about the most important reason for quitting a business—has increased to (16.09%) because of

reasons related to high tax, policies, and bureaucracy in year 2019; compared to (7%) in year 2017. These figures are worrying and suggest that either tax on businesses has increased to unprecedented rates or that entrepreneurs are struggling with government bureaucracy throughout their business lifetime—e.g. getting licenses, work permits, moving ownership... etc.

This study recommends the different government institutes to continue their policy reform—which has been partially observed in conferences such as the “Business Licensing Reforming Conference” which was organized by the Prime Ministry’s Institutional Performance and Policies Administration to show-case successful examples of facilitating procedures of business licensing. Continuing in this reform could be a step towards Jordan’s continuous efforts to become an attractive entrepreneurial environment.

Moreover, reform in trade policies can open new markets for entrepreneurs in Jordan and would help Jordan in finding substitute markets for its traditional markets that have been severely affected after the uprisings in the region. The objectives which trade policies reform should observe are: increasing the quantity of trade with foreign nations, stimulating the export of particular products with a view to increasing their scale of production at home, preventing the imports of particular goods for giving protection to infant industries or developing key industry or saving foreign exchange,



restricting imports for securing diversification of industries, restricting the imports of goods with a view to correct the unfavorable balance of payments, entering into trade agreements with foreign nations for stabilizing the foreign trade, and lastly, assisting or preventing the export or import of goods and services for achieving the desired rate of exchange.

### 7.2.2. Private Sector Recommendations

Improving entrepreneurship to transform the economy to the next economic development stage—innovation-driven—is a mission larger to be tackled by the public sector’s institutions alone. As government is expected to do its role, the private sector and civil society organizations are expected, as well, to contribute to Jordan’s agenda of entrepreneurship improvement.

The current role of the private sector in Jordan has been focused on financing and funding entrepreneurs and, in few examples, on encouraging employee entrepreneurs into more innovations within their employers’ corporations which would add new jobs internally.

However, the role of the private sector should extend to innovation, human resources development, knowledge transfer, and technological inputs—among others—when knowing that the private sector has usually very good understanding for the relationships between knowledge transfer and the technological innovation process.

### 7.2.3. Women Entrepreneurs-Related Recommendations

As mentioned in previous sections, women participation in Jordan’s economic growth is still below the expectations and high gender gap in Total early-stage Entrepreneurial Activity (TEA) still exists.

This low rate of participation reflects, as in 2017, the low labor market participation of females. Also, gender gap in self-perception rates was also noticed—which could be due to lack of experiences in the jobs market and accordingly lower rates of self-perception. However, women enablement in the Jordanian jobs market is being taken very seriously by the government of Jordan but more specialized programs for entrepreneur females can help women participate more in the economic growth of Jordan. Government institutions are advised to concentrate its efforts on initiatives, customize entrepreneurship programs, and on providing vocational training and in-class education to improve entrepreneurship capabilities and experiences of women.



### 7.3. Policy Interventions

In reference to the results represented in this study, below are detailed policy recommendations targeting various stakeholders, which, if adopted by the designated stakeholders, could be translated into policy interventions.

In regards to financing channels to entrepreneurs, it is recommended to develop integrated strategies to fund entrepreneurs. An increase in the role of investment banks in Jordan in addition to reform in Amman Stock Exchange policies should allow more often initiations for IPOs which, in turn, would help in offering more financing options for entrepreneurs and their startups. In parallel, the government is also urged to offer more subsidies to supports entrepreneurs. Strategies for entrepreneurial education may help prepare potential entrepreneurs to be able to tackle financing from a more professional point of view. e.g. education on growth strategies and better product positioning strategies would give entrepreneurs better positions when they apply for funding.

The government policy reform should focus extensively on providing information and more clear instructions about their policies, regulations, and procedures. Focus on simplifying licensing requirements and time should also be monitored. Reform in these areas can reflect more impact on Small and Medium-sized Enterprises (SME). The government is also urged to put more focus on its e-channels for corporate which would give entrepreneurs more options to overcome some of the government bureaucratic procedures and simplify the licensing and other government requirements.



The recommendations for the government entrepreneurship programs come on various levels. Jordan Enterprise Development Corporation (JEDCO) can lead the empowerment of Small and Medium-sized Enterprises (SME) by providing greater resources to new businesses through guidance and adequate training on areas such as businesses licensing. Chambers of Commerce and Industry in Jordan are urged to provide more clear directions for new businesses on related regulations or change in procedure—developing e-channels could help accomplish this. This could be achieved through a national strategy to develop new and improve existing government programs for entrepreneurs—including providing better support for science parks and business incubators.

Although the overall condition of entrepreneurial education has showed progress between year 2017 and year 2019, entrepreneurial education and training must be applied to all levels of education with gradual and measured progress according to a well-defined education strategy that considers the quality of appropriate content for each stage, course and educational certificate. Partial progress in this area can lead to partial results, which would prevent the development of entrepreneurship and innovation. Allocating the appropriate strategy and education material to all educational stages in Jordan is essential and both the Ministry of Education and the Ministry of Higher Education and Scientific Research are urged to take serious steps in this area.

In regards to R&D, the opportunity in commercializing new research in technology and science seems great. However, providing support to entrepreneurs is necessary on various government levels. Government is urged to provide more subsidies for technology and science-based ventures. The Ministry of Higher Education and Scientific Research is also urged to work through its research arms at universities—either through research centers or through colleges—to provide potential entrepreneurs with worldclass technology and science research. Pharmaceuticals as well as engineering research in Jordan is potential areas to transfer R&D from.

Improving the commercial and legal infrastructure required cooperation of the private sector. The government is urged to provide promotional conditions for private businesses to provide an ecosystem of commercial and legal services to support entrepreneurship in Jordan. That includes legal services that are related to patents in order to improve the registration of new patents. It also includes consulting services that provides growth strategies, products management and development, and product positioning strategies. The government is urged to assess the legal and commercial ecosystem periodically to ensure that entrepreneurs are well-supported throughout the phases of their entrepreneurship businesses. High expertise of government employees

is required in the designated institutes in order to provide dynamic environment for new legislations based on the status of local and global markets—e.g. dynamic trading legislations that would give preference for local products over imported counterparts.

In order to maintain easy entry for entrepreneurs' new products, the designated government institutions are urged to take strict measures increase flexibility and openness in internal markets. Also, the reinforcement of antitrust law is required to guarantee fair competition between new businesses and established firms. Analyzing the internal market continuously would help the government provide directions to entrepreneurs on the status of market trends, business-to-business change, and consumer goods and services change.

Knowing that the physical infrastructure represented in internet and phone communications is improving very well, the government is urged to dedicate more budget to improve on two parallel directions. First, improve other physical infrastructures such as roads, electricity, and water supply, and secondly, to improve the accessibility to those services—through preferential infrastructure prices to businesses, facilitating the processes of application for new businesses, and by providing more e-channels to facilitate the establishment of new firms and to offer various payment channels.

Last, but not least is the cultural and social aspect of entrepreneurship in Jordan where building the appropriate human capital skills is key. Appropriate entrepreneurial education at the school level and at the after-school is essential. The Ministry of Education is urged to provide a better education strategy that takes into consideration a series of courses for all the schools levels about the values of individualism, risk-taking, and independency. While the Ministry of Higher Education and Scientific Research is urged to add more mandatory and elective courses at universities and colleges that while focusing to the previous values, goes a step further to teach best practices and experiences of successful entrepreneurs across the various stages of initiating, establishing, and running new businesses. Teaching the burdens and challenges can all together produce a generation that is capable of taking Jordan's economy to the next development stage.

# **Appendix: Definitions**

### Definitions of the Main GEM Indicators:

**Total early-stage Entrepreneurial Activity (TEA):** GEM's most well-known index, representing the percentage of the population who are either a nascent entrepreneur or owner-manager of a new business.

**Nascent Entrepreneur:** Those actively starting a new business but who have not yet paid salaries, or any other payments, including to the founder(s), for three months or more.

**New Business Owner:** Those already running a new business who have paid wages, or other payments, including to the founder(s), for three months or more but for less than 42 months.

**Established Business Ownership (EBO) Rate:** Percentage of the population who are currently an owner-manager of an established business; i.e., owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months.

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

### Definitions of Indicators Measured by the Adult Population Survey (APS):

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

**Perceived Opportunities Rate:** Percentage of the population—individuals involved in any stage of entrepreneurial activity—who see good opportunities to start a firm in the area where they live.

**Perceived Capabilities Rate:** Percentage of the population—individuals involved in any stage of entrepreneurial activity—who believe they have the required skills and knowledge to start a business.

**Fear of Failure Rate:** Percentage of the population—individuals involved in any stage of entrepreneurial activity—who indicate that fear of failure would prevent them from setting up a business.

**Entrepreneurial Intentions Rate:** Percentage of the population—individuals involved in any stage of entrepreneurial activity—who are latent entrepreneurs and who intend to start a business within three years.

**Motivational Index:** Percentage of those involved in TEA that are improvement-driven opportunity motivated, divided by the percentage of TEA that is necessity-motivated.

**Female/Male TEA Ratio:** Percentage of female population who are either a nascent entrepreneur or owner-manager of a new business, divided by the equivalent percentage for their male counterparts.

**Female/Male Opportunity-Driven TEA Ratio:** Percentage of those females involved in TEA who claim to be driven by opportunity, as opposed to finding no other option for work, and who indicate the main driver for being involved in these opportunities is being independent or increasing their income, rather than just maintaining an income, divided by the equivalent percentage for their male counterparts.

**High Job Creation Expectation Rate:** Percentage of those involved in TEA who expect to create 6 or more jobs in 5 years.

**Innovation Rate:** Percentage of those involved in TEA who indicate that their product or service is new to at least some customers and that few/no businesses offer the same product.

**High Status to Successful Entrepreneurs Rate:** Percentage of population who agree with the statement that in their country, successful entrepreneurs receive high status.

**Entrepreneurship as a Good Career Choice Rate:** Percentage of population who agree with the statement that in their country, most people consider starting a business as a desirable career choice.

**Internationalization:** The percentage of sales to customers or clients abroad. International entrepreneurs are those who's (25%) or more of their sales represent customers outside their economies.

### **Definitions of Indicators Measured by the National Expert Survey (NES):**

**National Expert Survey (NES):** The NES is administered to 36 experts in each GEM country and collects data on the context in which entrepreneurship takes place in that country. It provides information about the nine aspects of a country's socio-economic context that are believed to have a significant impact on national entrepreneurship—the Entrepreneurship Framework Conditions (EFCs).

**Entrepreneurial Framework Conditions (EFCs):** The nine conditions identified by GEM that enhance, or hinder, new business creation in a given country, and provide the basis of the NES.

**Entrepreneurial Finance:** The availability of financial resources—equity and debt—for small and medium enterprises (SMEs); including grants and subsidies.

**Governmental Policies: Support and Relevance:** The extent to which public policies support entrepreneurship—entrepreneurship as a relevant economic issue.

**Government Policies: Taxes and Bureaucracy:** The extent to which public policies support entrepreneurship—taxes or regulations are either size-neutral or encourage new and SMEs.

**Government Entrepreneurship Programs:** The presence and quality of programs directly assisting SMEs at all levels of government—national, regional, and municipal.

**Entrepreneurial Education at School Stage:** The extent to which training in creating or managing SMEs is incorporated within the education and training system at primary and secondary levels.

**Entrepreneurial Education at Post School Stage:** The extent to which training in creating or managing SMEs is incorporated within the education and training system in higher education such as vocational, college, and business schools.

**R&D Transfer:** The extent to which national research and development will lead to new commercial opportunities, and is available to SMEs.

**Commercial and Legal Infrastructure:** The presence of property rights, commercial, accounting, and other legal and assessment services and institutions that support or promote SMEs.

**Internal Market Dynamics:** The level of change in markets from year to year.

**Internal Market Burdens or Entry Regulation:** The extent to which new firms are free to enter existing markets.

**Physical Infrastructure:** Ease of access to physical resources—e.g. communication, utilities, and transportation—at a price that does not discriminate against SMEs.

**Cultural and Social Norms:** The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially Internationalization personal wealth and income.

# **Appendix:**

# **Research Methodology**

## Research Methodology:

**The First Method:** Literature Review. This approach represents the use of all indicators published by economic and statistical institutions to demonstrate the status of entrepreneurship in Jordan.

**The Second Method:** The Adult Population Survey (APS). This approach represents a social survey by sample which was achieved by using the survey developed by the Global Entrepreneurship Monitor (GEM). A field survey was based on a sample size of 2,000 respondents distributed over all governorates of Jordan, where this sample was designed using stratified multistage cluster sampling, which assures the achievement of comprehensiveness in design and when the results are published.

**The Third Method:** The National Expert Survey (NES). This approach represents an expert survey which was achieved by designing a questionnaire for a sample of experts, 36 experts from 9 different sectors/areas. This survey was designed by the Global Entrepreneurship Monitor (GEM).

### National Sample Distribution in Governorates (2,000 respondents):

Governorate	Percentage
Amman	37.6%
Balqa	5.2%
Zarqa	14.0%
Madaba	2.4%
Irbid	20.0%
Mafraq	4.4%
Jarash	2.8%
Ajloun	2.4%
Karak	4.4%
Tafelah	2.4%
Ma'an	2.0%
Aqaba	2.4%



### Experts Sample Distribution by Sector/Area:

Sector/Area	Number
Entrepreneurial Finance	4
Gov't Policy	4
Gov't Programs for Entrepreneurs	4
Entrepreneurial Education	4
R&D Transfer	4
Commercial & Legal Infrastructure	4
Ease of Market Entry	4
Physical Infrastructure	4
Cultural and Social Norms	4

### Field Work:

A sample size of 2,000 respondents was distributed all over Jordan's governorates, and the survey was designed by the Global Entrepreneurship Monitor (GEM). 64 field re-searchers and 16 observers were trained and the targeted group was Jordanians aged 18 years or over. The data were collected during the period from September 15 to October 1, using tablets and an electronic form.

### Translation of Survey:

The central GEM team has the core part of the survey translated into several languages. APS Questionnaire is written in English-language and the National Team of Jordan at the Center for Strategic Studies (CSS) was responsible for translating the questionnaire into Arabic-language. CSS works with its partners to assure accurate and high-quality translation of questionnaires.



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