



Pakistan

KEY OUTCOMES

TEA rate: **9.08%**

Nascent rate: **6.64%**

New business owner-manager rate: **2.7%**

Established business ownership rate: **4.72%**

Female entrepreneurial activity rates vs. male entrepreneurial activity rate: **3.43% vs. 14.38%**

Motivations to involvement in entrepreneurial activity: **38.03%** of early-stage entrepreneurs are motivated by opportunity to increase income, **2.37%** opportunity to increase independence, **14.63%** mixed motives, **44.97%** necessity driven

Growth aspirations: **3.48%** of early-stage entrepreneurs have high growth expectations (10+ employees and 50% growth in the next 5 years.)

MAIN CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY

GEM Pakistan's first study reveals that its 'Total early-stage Entrepreneurial Activity' (TEA) rate is 9.0%, of which 6.6% are 'nascent entrepreneurs' and 2.7% new 'business owner-managers.' The national established business ownership rate is 4.7%. The male TEA rate (14.38%) is 4.1 times the female TEA rate (3.43%).

In terms of motivation to start-up, 5.0% of the adult population cite opportunity-driven factors, whilst 3.6% cite necessity-driven factors. The predominant motive for pursuing entrepreneurial activity in the country is to increase income (38.0%) and to a much lesser degree (2.4%) acquire independence. The growth expectations are a modest with only 3.5% expecting their businesses to employ 10 or more additional staff in the next 5 years.

ENTREPRENEURIAL ACTIVITY & THE ECONOMIC CRISIS

Of nascent entrepreneurs, 75 percent find it more difficult to start a business and 80 percent report more difficult (or about the same) to grow it, with 56 percent pointing towards fewer business opportunities, compared to a year ago. Similarly, of the established businesses 64 percent find it more difficult to start and 83 percent report that it is more difficult (or about the same) to grow businesses, with 49 percent saying there are fewer business opportunities, than a year ago. Data showed a significant fear of failure rate (27.7 percent reporting) that prevented business start-ups.

Overall, new firm start-up as well as established business growth activity and related opportunities have been severely curtailed over several years due to the on-going 'war on terrorism' in the North

Western region of Pakistan bordering Afghanistan and the resulting precarious security situation in the rest of the country. The economic situation worsened further due to natural calamities including a major earth quake and recent widespread floods. In light of these factors including the natural disasters, it is hard to discern the precise impact the global financial crisis has had on Pakistan's economic opportunities and development.

GEM IN ACTION

Based on inquiries and requests to the GEM Pakistan team since the launch of the project, considerable interest is being shown by officials from various government ministries, institutions of higher education, and research organizations. Additionally, several Pakistani graduate students studying in foreign universities and researchers on Pakistan have actively sought GEM results. In the absence of a prior GEM study, until now no significant action is reported on the ground. However, it is expected that with the dissemination and availability of the findings of this first GEM study significant entrepreneurial awareness, research activity and policy initiatives will emerge.

