Global Entrepreneurship Monitor

France

2022/2023 National report

UNIVERSITÉ DE MONTPELLIER

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LABEX ENTREPRENDRE

FONDATION MMA DES ENTREPRENEURS DU FUTUR

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LabEx Entreprendre

LabEx Entreprendre is a laboratory of excellence set up in 2011 at the University of Montpellier as part of the Investments for the future programme (*Investissements d'Avenir*, PIA). The aim behind its creation was to equip certain research units benefiting from international visibility with significant resources so they could develop a comprehensive policy of research, training and valorisation at the highest level.

LabEx Entreprendre is France's only laboratory of excellence in Law, Economics & Management, specialising in entrepreneurship, SMEs and micro-enterprises. It includes around 200 researchers from 6 laboratories working in these 3 disciplines, as part of a partnership between several higher education and research institutes (University of Montpellier, MBS School of Business, Institut Agro Montpellier, AgroParisTech, International Centre for Advanced Mediterranean Agronomic Studies) and research bodies (French National Centre for Scientific Research, French Alternative Energies and Atomic Energy Commission, French Agricultural Research Centre for International Development).

The mission of LabEx Entreprendre is to generate knowledge about the act of entrepreneurship and managing small-scale businesses. It looks at all actors in the entrepreneurial ecosystem, and in particular at structures dedicated to supporting business creation. "Entreprendre/Enterprise" is a topic that is intimately linked to questions of innovation, growth and sustainable performance. To address these, the focus is on two broad research areas: one on emergence and innovation, and the other on sustainable entrepreneurship.

Studies conducted at LabEx Entreprendre are part of research programmes whose mission is to generate knowledge, but also part of research chairs that provide impetus to and help coordinate research initiatives and have responsibility for training and valorisation. These chairs facilitate contacts with regional actors through events and training courses. They also help enhance the international reputation of the LabEx.

In 2021, LabEx Entreprendre was selected to represent France in the Global Entrepreneurship Monitor.

The Entrepreneur of the Future is today's entrepreneur paving the way for businesses with strong prospects.

The MMA Foundation for the Entrepreneurs of the Future supports entrepreneurial dynamics at a local level alongside responsible and committed businesses.

Set up in 2015, The MMA Foundation focuses its actions and reflections on entrepreneurs as people, their physical and mental state and their interactions with their business, their region and society.

"Understand today for tomorrow's success"

We would be unable to keep our promise if we did not also accompany research on entrepreneurship. And so it is with pride and conviction that we support the GEM study and the national French report produced by the Labex Entreprendre team at the University of Montpellier.

The MMA Foundation intends to communicate information about the 2023 report to a broad audience so that lessons can be learned by as many entrepreneurs and decision makers as possible. It is an invaluable source of knowledge that can help entrepreneurs and regions make the most of large-scale changes, better understand their environment and thus better prepare for the future.

Sylvie Bonello

Head of the MMA Foundation for the Entrepreneurs of the Future

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Montpellier Management is a key player in management education with a place of pride within the University of Montpellier and its ecosystem. It trains top-level managers with robust skills equipped for entrepreneurship, inventiveness and innovation in an international environment.

A diverse range of courses, from bachelor's to PhD level, ensures everyone can find the right path, whether Auditing, Accounting, Supervision & Finance, Entrepreneurship & PMEs, Public Management, Management & Strategy, or Marketing & Sales.

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The academic excellence of teaching staff ensures that the evolving needs of today's professions and the expectations of businesses can be met. A research and teaching faculty of some 90 members shares with students the fundamentals and their expertise in research. Montpellier Management is also home to Montpellier Recherche en Management (MRM), one of France's largest management laboratories, as well as the “Entreprendre” laboratory of excellence, the only LabEx-labelled facility working on entrepreneurship in France.

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Offering the greatest of opportunities, setting new standards in social openness and a lead player in work/study programmes, MBS is the top management school with the most expertise in professionalisation. With strong commitments and as a recipient of the Diversité® and Egalité professionnelle femmes-hommes® labels, MBS ensures social and environmental responsibility is an integral part of its teaching.

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Executive Summary

The context of this second report by Labex Entreprendre is different. While the effects of the public health crisis were less marked in 2022, entrepreneurs faced the consequences of the war in Ukraine, in particular an energy crisis and supply chain disruption. The economic situation may seem ambivalent, with on the one hand a spectacular rise in the number of business failures (49.9% between 2021 and 2022, Cabinet Altares, 2023), an acceleration in inflation and rising interest rates, and on the other significant growth in GDP (2.6%), the lowest unemployment rate in 14 years (7.2%), and a record number of businesses created (1,071,900, INSEE, 2023).

This latest report helps us understand changes in entrepreneurial activity and its determining factors as well as the broader entrepreneurial ecosystem. It draws on two studies, one conducted on the French population aged 18 to 64 (APS) and the other involving a panel of experts (NES). Beyond our analysis of the determining factors and effects of entrepreneurial activity, we wanted to highlight three major issues: parity, youth and sustainable development.

For the majority of indicators, a comparison was made with the results from 2021 in order to identify trends and changes in entrepreneurial activity in France. A comparison was also made with the other G7 countries (except Italy, absent from the APS in 2022) and the 22 richest economies among the 51 nations that participated in the GEM study in 2022.

Entrepreneurial ecosystem

FAVOURABLE ENTREPRENEURSHIP CONTEXT

In France, experts report that the entrepreneurial context remained stable between 2021 and 2022 with a rating of 5.1/10 (NECI score: National Entrepreneurship Context Index), higher than the G7 average (4.88/10) and almost equalling that of the United States, Canada and Germany, but below that of the 22 richest countries (5.2/10). Of the 51 nations that participated in the NES, France ranks 18th (13th in 2021).

WHAT MAKES FRANCE STAND OUT?

Out of the 13 indicators in the entrepreneurship context index, among the 22 richest countries in the study, France stands out positively for governmental promotion of and support for entrepreneurship (5/22), access to financing (6/22) and promoting entrepreneurship in higher education (7/22). In contrast, its position is less favourable when it comes to promoting it at primary and secondary levels (17/22), R&D transfer (19/22), market dynamics (21/22) and the cultural and social norms conducive to entrepreneurship (17/22).

BACK TO NORMAL?

According to the participating experts, France returned to the same level of economic activity as before the pandemic. However, while the health of businesses does not seem to have been impacted, the same is not true of that of entrepreneurs. An increasing proportion of early-stage and established entrepreneurs are seeing a deterioration in their level of health, like that observed among the population of 18-64 year olds.

Determining factors in the decision to become an entrepreneur

VALORISATION OF ENTREPRENEURSHIP BY SOCIETY

The APS confirms the favourable shift in representations of entrepreneurship among the French population. It is perceived as a desirable career choice by 67.8% of respondents and as an elevated social status marker by 55.4%. The role of the media and social media is emphasised in explaining the diffusion of entrepreneurial culture. A large majority of respondents see entrepreneurship as being valorised in the media (74.9%). As well as perceived desirability, perceived feasibility has also progressed. Perceptions of the ease with which a business can be set up rose between 2021 and 2022 (52.0% to 55.4%), now lying above the G7 average (52.0%).

DEMOCRATISATION OF ENTREPRENEURSHIP

The number of people who said they know an entrepreneur has risen steadily (from 46.3% to 59.6%). The presence of a role model doubtless increases entrepreneurial acuity and one's capacity to perceive opportunities. With 52% of respondents reporting that they have good business opportunities over the coming six months, France occupies second place among the G7 countries. Of these respondents, only 41% say they are not willing to create a business for fear of failure. And so entrepreneurship would appear to be more accessible, with one in every two people feeling capable of entrepreneurship.

ECONOMIC MOTIVATION

While the primary driver of entrepreneurship is the search for autonomy and independence, the GEM study seeks to identify other motivations. In France, the primary motivations are economic: the first two are "to earn a living because jobs are scarce" (42.6%) and "to build up great wealth or secure very high earnings" (42.3%). France stands out for its low percentage of entrepreneurs motivated by a desire to make a difference in the world (23.7%), ranking it last of the G7 countries. The motivation to "continue a family tradition" is the weakest in France (22.2%), a result that reflects the ongoing democratisation of entrepreneurship.

Entrepreneurial activity

MORE CONFIDENCE IN THE FUTURE

Entrepreneurial intentions, meaning the intention to set up a business in the next three years, increased between 2021 and 2022 (from 16.9% to 18.8%). This rise is to be seen in light of the positive image of entrepreneurship, but also the improved figures for the perceived ease of starting a business, primarily due to actions taken by the public authorities to simplify the entrepreneurial process. This score places France in 3rd position in the G7, behind the US (22.5%) and Canada (20.1%).

SHARP RISE IN TEA

The total early-stage entrepreneurial activity (TEA), which corresponds to the percentage of people who recently engaged in the entrepreneurial process as a proportion of the adult population, rose sharply from 7.7% in 2021 to 9.2% in 2022. Commitment to entrepreneurship was not affected by the climate of uncertainty. This score places France around the G7 average, but far behind the US (19.2%), Canada (16.5%) and the UK (12.9%). Disparities can be found at a regional level. The four most dynamic regions in terms of TEA are also those which according to the INSEE saw the strongest rise in the number of businesses created between 2021 and 2022: Provence-Alpes-Côte d'Azur (PACA; 12.63%), Brittany (9.73%), Ile de France (9.33%) and Auvergne-Rhône-Alpes (9.33%).

A LOW RATE OF BUSINESS EXIT

While the number of business failures increased considerably in 2022, the number of business exits remained very modest. The percentage of people who faced a business exit with an end to their activities was 2.2%. The percentage for business exits with continuity of activities remained stable between 2021 and 2022 at around 1.4%. With a total business exit rate of 3.6%, France lies below the G7 average (5.1%), far behind the US (9.1%) and Canada (8.2%).

However, the reasons for such business exits changed. The public health crisis is only cited by 5.6% of respondents, compared to 18.0% in 2021. The main reason is that the business was not profitable. Personal reasons remain a central factor in business exits, whether related to a job or investment opportunity (20%), family or other personal factors (16%) or retirement (7%).

RELATIVE IMPORTANCE OF INFORMAL INVESTMENT

The proportion of informal investors among the population aged 18 to 64 is on the rise: 5.3% compared to 4.8% in 2021. This type of investment corresponds to a personal stake in the launch of a new business initiated by someone else. It could come from family or friends (love money) or Business Angels. France lies around the G7 average. This increase in volume is compensated by a decrease in the value of the amounts invested. With an average amount of €8317, France is in second-last position among the G7 countries.

Diverse profiles

FEMALE ENTREPRENEURSHIP: CHANGING REPRESENTATIONS

The same positive representation of

entrepreneurship is found among women and men. For the former, this strong desirability is accompanied by a rise in the perceived ease of starting a business (50.3% in 2021 and 53.4% in 2022). The determining factors in the act of entrepreneurship also saw a very favourable increase. Social capital, perceived opportunities and a sense of capability all rose, and the gap between the two sexes is narrowing. The gap also decreased in terms of fear of failure (42.5% for women vs 39.7% for men). As for entrepreneurial talent, the gender gap in terms of perceived capacity is also on a downward trend.

This positive shift is confirmed by the experts who participated in the NES. They believe that the national culture and conditions in terms of support, access to the markets and financing are favourable. However, they have more reservations when it comes to regulations encouraging female entrepreneurship. More broadly, they get the sense that the increase in teleworking, especially since the pandemic, has improved the work-life balance for women. These beneficial factors seem to have had a very positive effect on entrepreneurial intentions, which rose by 4 points between 2021 and 2022 from 14.7% to 18.6%. Total early-stage entrepreneurial activity remained stable however (7.2%), while it increased considerably among men (from 8.4% to 11.1%). Nonetheless, in this respect France remains one of the countries where the difference between women and men is lowest. However, in terms of volume France lies far behind English-speaking countries, which display figures two to three times higher. France even stands in last position among the G7 for established female entrepreneurs. Although we can see a positive shift in representations, this is not yet reflected in behaviours.

YOUNG ENTREPRENEURS: MAKING A DIFFERENCE IN THE WORLD

This year we wanted to explore this form of entrepreneurship as it plays an increasingly important role. The proportion of young entrepreneurs (under 30) behind individual companies has risen significantly in 10 years from 31.2% to 38.5% (INSEE, 2023). Those aged under 35 have a more positive vision of entrepreneurship, whether in terms of career desirability (72.3% vs 65.2% for the over-35s) or social status (59.3% vs 53.4%). It is surprising to note that the percentage of under-35s who say they know entrepreneurs is higher than that among the over-35s (63.9% vs 57.4%). The democratisation of entrepreneurship and the high degree of openness among younger people favour these interactions.

Younger respondents also tend to perceive more opportunities (55.5% vs 50.7% for the over-35s), but more of them report not committing to entrepreneurship for fear of failure (43.1% vs 39.7%). They also have a tendency towards a more positive evaluation of their capacity to perceive and seize opportunities and innovate. This translates into much stronger entrepreneurial intentions among younger respondents (26.7% vs 14.7% for over-35s). The age category expressing the strongest intentions is 25-34 (28%) followed by 18-24 (24%). Total early-stage entrepreneurial activity (TEA) is 11.4% among those aged under 35 and 8% over 35.

The differences observed internationally can also be found among younger entrepreneurs. Of the G7 nations, France lies in second-last position for TEA, just ahead of Japan (6.1%) and close to Germany (13.9%), but far behind the English-speaking countries (Canada: 24.4%; US: 27.0%; UK: 15.9%). The hierarchy between the motivations for getting into entrepreneurship is the same regardless of age category, but significant differences in level can be observed. Early-stage entrepreneurs aged under 35 emphasise more than their elders the desire for wealth (50.8% vs 36.0% among the over-35s) and the desire to make a difference in the world (31.53% vs 24.4%). The under-25s are considerably more intent on making a difference (42%).

Sustainable entrepreneurship

In the face of the climate emergency and the many challenges associated with sustainable development, entrepreneurs have a role to play. The NES allows us to assess whether the ecosystem is favourable for sustainable entrepreneurship and the APS to pinpoint the intentions and behaviours of early-stage and established entrepreneurs.

A FAVOURABLE ECOSYSTEM FOR SUSTAINABLE ENTREPRENEURSHIP

Selon According to the experts interviewed (NES), France comes out on top of the G7 countries in terms of the specific regulations put in place by the government to support start-ups oriented towards sustainability (score of 5.8/10). Similarly, they report that investors are particularly interested in financing CSR-focused companies (score of 6/10 compared to a G7 average of 5.7/10). France is also ranked first among the G7 countries according to the experts when it comes to the adoption of CSR principles in new businesses experiencing sales growth. It is noteworthy that the experts from this ecosystem feel that most businesses see environmental problems as a potential opportunity (score of 6.6/10, the highest among the G7).

GAP BETWEEN INTENTIONS AND ACTIONS

More than one in two entrepreneurs (57% of early-stage and 50% of established entrepreneurs) say they prioritise the social and/or environmental impact of their business over profitability or growth. Some two-thirds of early-stage entrepreneurs (74%) say they take into account the social and environmental implications of the decisions they make for their business. Established entrepreneurs are a bit more measured (60% for social and 64% for environmental implications). There is a marked gap between these intentions and their actions, one that is found in all G7 countries but is widest in France. This gap is wider among early-stage than established entrepreneurs and applies more to environmental than social issues.

Recommendations[1]

1

FURTHER PROMOTE ENTREPRENEURSHIP AT PRIMARY AND SECONDARY LEVELS

The NES once again highlights France's weakness compared to other wealthy nations in terms of promoting entrepreneurship in primary and secondary education (ranked 17th out of 22). The aim first of all is to establish an overview of existing practices and evaluate their impact, and secondly to devise a system enabling better coordination at local and national levels, like the PEPITE centres which have proven their utility in higher education. Laying down the foundations for entrepreneurial education at primary and secondary levels would be a way to bring together the actors of this ecosystem so as to develop an ambitious national strategy aiming to reinforce the entrepreneurial mindset in the younger population.

2

BOOST FEMALE ENTREPRENEURSHIP

The results of the NES and APS are very encouraging. They point both to a more favourable context and changing representations. Entrepreneurial intentions have become much stronger among women. However, the challenge of taking concrete action to become an entrepreneur remains. A national strategy is needed to develop total early-stage entrepreneurial activity among women. This could be part of policies favouring professional gender equality. One target could be a TEA of 10% in 2025 by pursuing the efforts already undertaken to better understand the factors that hold people back from taking the plunge and by rethinking the way support is provided.

1 These recommendations are further developed in the Conclusion.

3

FACILITATE MARKET ACCESS

According to the NES, the conditions for accessing the markets are more difficult in France than in other countries. While the public authorities have adopted measures in recent years to facilitate access to public procurement for SMEs and micro-enterprises, specific measures are also needed to favour younger businesses. Furthermore, new entrepreneurs should benefit from training and support to help them with their marketing and sales strategies. This recommendation can be seen in light of one of the commitments taken by the Cap Créa group, which aims to "collectively double the number of start-up entrepreneurs receiving support over the next 5 years so as to generate a million additional long-term jobs". Achieving this target requires improved market access.

4

REDUCE THE GAP BETWEEN INTENTIONS AND ACTIONS IN TERMS OF SUSTAINABLE DEVELOPMENT

The findings are again encouraging with regard to the marked interest in sustainable development shown by early-stage and established entrepreneurs. However, the gap between intentions and actions, whether in relation to social or environmental issues, remains considerable. The objective should be to accompany early-stage entrepreneurs and, as early as possible, to integrate sustainable development targets into their business. This is not just about awareness-raising but rather providing support for the adoption of concrete actions. This requires the actors of entrepreneurial support to reinforce their knowledge of the 17 sustainable development goals and the steps that need to be taken.

Introduction

Global Entrepreneurship Monitor (GEM) is a scientific project that aims to better understand the dynamics of entrepreneurship around the world. It uses modelling to represent the relationship between entrepreneurial activity and its determining factors and effects. Emphasis is placed on social context and political and economic culture. The NES, which involves participation from national experts, offers insight into the entrepreneurial ecosystems of each country and generates useful international comparisons to identify areas for potential improvement. The APS is based on the representations and behaviours of a representative sample of the French population aged

18 to 64. It helps understand the motivations and attitudes among the population in relation to entrepreneurship, but also to measure entrepreneurial activity, from initial intentions to business exits. All of this information is very useful for economic and political decision makers when it comes to responding to crises and the major changes our societies and economies face today. For entrepreneurship is increasingly perceived as a solution to these formidable challenges. Entrepreneurial policies have become indispensable around the world to favour economic growth, in particular through innovation and job creation. They are informed by data such as that produced by the GEM research. This data feeds into debate and steers actions on key issues such as diversity and sustainable development.

Global Entrepreneurship Monitor (GEM)

SOME BACKGROUND

The GEM research programme began in 1999 as a joint initiative by academics from London Business School and Babson College in the US. Its objective is to explore and analyse the role entrepreneurship can play in economic growth by creating an annual harmonised database including several countries. France has been part of the consortium since 1999.

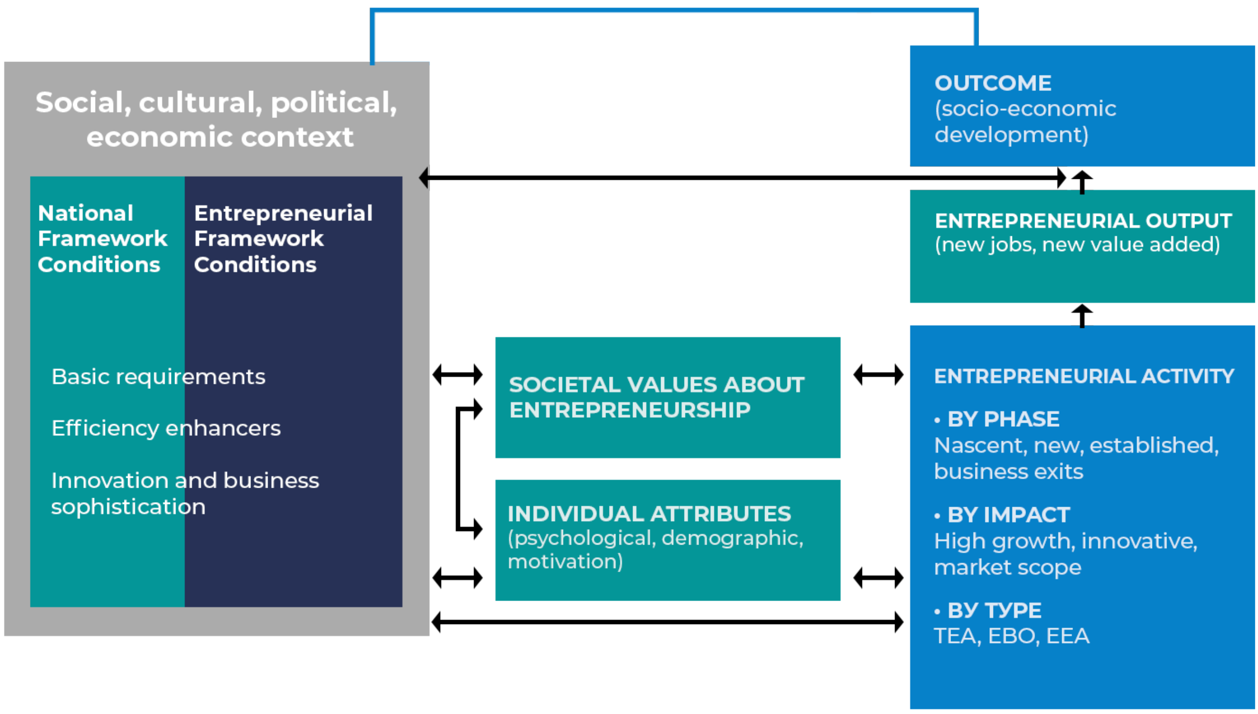


Figure 1. Revised Global Entrepreneurship Monitor model (Source: GEM 2022/2023 Global report, p. 28)

GEM IN BRIEF

24 years of data enabling a longitudinal and multi-level analysis across geographical contexts.

More than 3,600,000 members of the working population interviewed since 1999 (APS).

173,000 APS interviews in 2022.

Data from more than 120 economies on all of the world's continents since 1999.

Collaborations with more than 370 entrepreneurship research specialists (national GEM teams).

Participation of more than 300 universities and research institutes.

Support from more than 200 funding institutions.

More than 1000 publications in academic journals.

More information at **www.gemconsortium.org**

ANNUAL GEM STUDY

The first annual GEM study covered 10 countries; since then some 120 countries from the four corners of the globe have taken part in GEM research. This study explores the role of entrepreneurship in national economic growth, highlighting national specificities and the characteristics associated with entrepreneurial activity. It is the largest ongoing study of entrepreneurial dynamics worldwide. Data is collected by a central team of experts, guaranteeing quality and facilitating comparisons between nations.

GEM is unique in that it concentrates on the attitudes, aspirations and activities of individuals in relation to the career of entrepreneur, unlike other databases which focus on business creation. This approach provides a more detailed picture of entrepreneurial activity than is found in the official registers of the countries concerned.

Essentially, the GEM model postulates that through various institutions and socio-economic characteristics (education, laws, infrastructure, technology, finance, R&D, etc.), the social, cultural and political environment influences attitudes, aspirations and entrepreneurial activity (Figure 1). This has an effect on business creation and economic growth.

The GEM methodology

GEM data is drawn from two core annual surveys: the Adult Population Survey (APS) and the National Expert Survey (NES). These provide a snapshot of the entrepreneurial situation in a given territory at a precise moment in time.

ADULT POPULATION SURVEY (APS)

Each member of the GEM consortium conducts an annual survey on a random sample of at least 2,000 respondents representing the adult population (aged 18 to 64). In all countries, the surveys are carried out at the same period within the year (usually between April and June) and using a standard questionnaire provided by the consortium. To ensure the process is rigorous and uniform, the international GEM team collaborates with a survey leader designated by each national team and the survey institute partnering the project, if there is one. The raw data is then sent to the GEM consortium analysts for verification and uniformisation and to generate statistical indicators before making them available to the national teams.

THE 2022 APS IN FRANCE

A total of **3830** people replied to the 2022 GEM survey in France. This was conducted partly by telephone (60%) and partly via an online panel of respondents (40%). Weighting was applied to respondents in order to account for the breakdown of age, gender and geographic distribution.

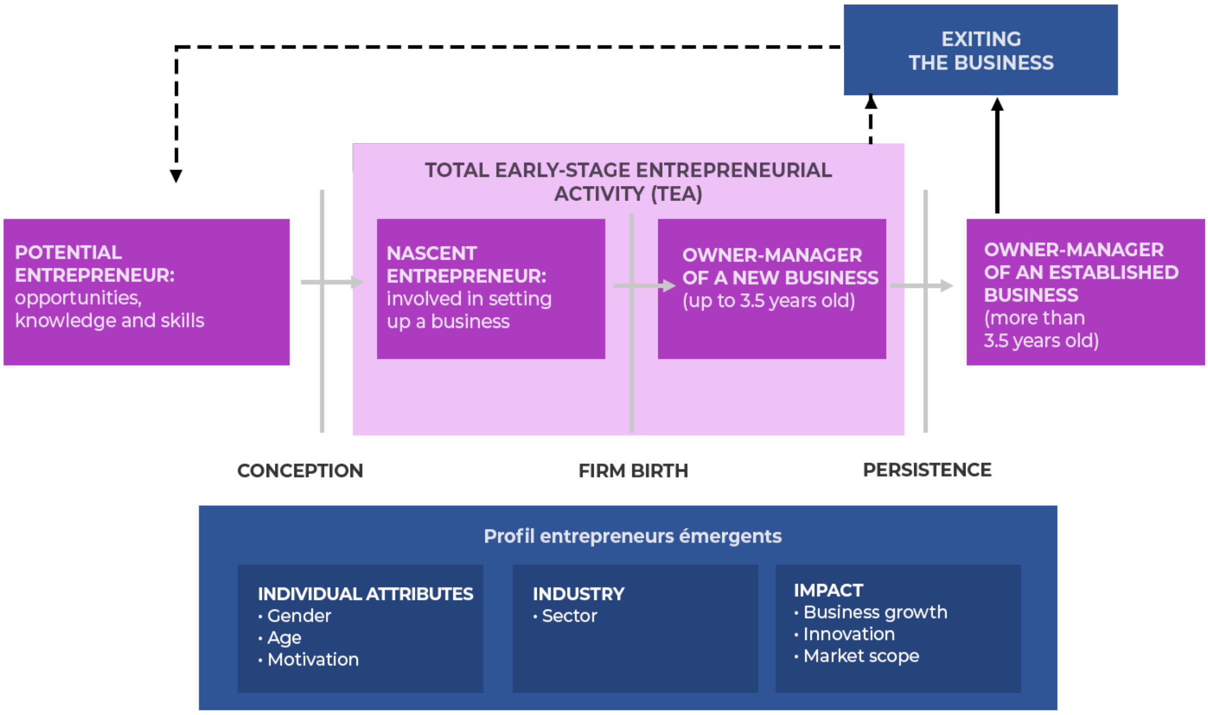


Figure 2. The entrepreneurial process and GEM indicators (Source: GEM 2022/2023 Global report, p. 30)

Figure 2 illustrates how responses to the APS questionnaire are used to describe the different stages in the entrepreneurial journey. Upstream of the entrepreneurial process are attitudes of the population in general towards entrepreneurship. These act as indicators of the country or region's entrepreneurial culture. The entrepreneurial process begins with the intention to become an entrepreneur, followed by nascent entrepreneurs who then become new entrepreneurs and, finally, established entrepreneurs (Figure 2). The primary indicator is total early-stage entrepreneurial activity (TEA), i.e. all those in the respondent population engaged in the entrepreneurial process (nascent and new entrepreneurs). Naturally, some entrepreneurs also go on to shut down their business while others choose to hand it over to another nascent or established entrepreneur.

NATIONAL EXPERT SURVEY (NES)

The National Expert Survey is an important component of the GEM database. It relates to the entrepreneurial conditions in the national economy. GEM defines the entrepreneurial context of a particular economy in terms of a certain number of characteristics, labelled the Entrepreneurial Framework Conditions (EFCs), as summarised in Table 1. There are 13 of them, broken into 9 areas (A to I). The state of the EFCs can encourage and enable, or discourage and constrain, both a new start and any subsequent growth and development.

There is no objective measure of the quality or level of these EFCs, given that each has multiple dimensions. The GEM approach to their assessment is to pool the subjective

A1. Entrepreneurial Finance: there are sufficient funds for new startups **A2. Ease of Access to Entrepreneurial Finance:** and those funds are easy to access	
B1. Government Policy - Support and Relevance: policies promote and support startups **B2. Government Policy - Taxes and Bureaucracy:** new businesses are not over-burdened	
C. Government Entrepreneurial Programs: quality support programs are widely available **D1. Entrepreneurial Education at School:** schools introduce entrepreneurial ideas **D2. Entrepreneurial Education Post-School:** colleges offer courses in how to start a business	
E. Research and Development Transfers: research is easily transferred into new businesses	
F. Commercial and Professional infrastructure: quality services are available and affordable	
G1. Ease of Entry - Market Dynamics: markets are free, open and growing **G2. Ease of Entry - Burdens and Regulations:** regulations encourage not restrict entry	
H. Physical Infrastructure: good-quality, available and affordable	
I. Social and Cultural Norms: encourage and celebrate entrepreneurship	

Table 1. Entrepreneurial Framework Conditions (EFCs)

judgement of a number of identified national experts who are selected by the national teams for their expertise. Each one answers a national survey online and assesses a number of statements that comprise the EFCs on an 11-point Likert scale from 0 (the statement is completely untrue) to 10 (the statement is completely true).

Because the same questions are asked in all economies each year, the results can be compared across those economies year on year. In making international comparisons, one note of caution is that those assessments can themselves be context-dependent, so that, for example, national expert views on the ease of accessing entrepreneurial finance may vary with that economy's level of development.

THE 2022 NES IN FRANCE

For the 2022 survey, we interviewed **43 French experts** on the nine recurring themes. Two special themes were added to the questionnaire – the impact of the pandemic and sustainable development – and we also decided to keep the issue of female entrepreneurship in this year's survey.

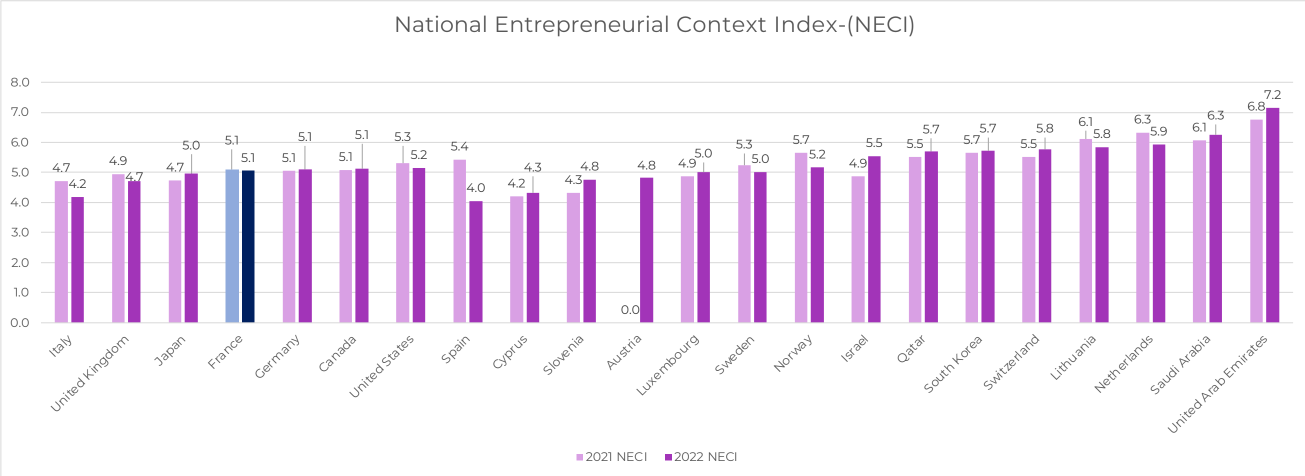


Figure 3. National Entrepreneurial Context Index (NECI) for the 22 richest countries in the GEM study

French ecosystem: conducive to entrepreneurship

With 1,071,900 businesses created in 2022 (INSEE, 2023), France set a new record, although the pace slowed compared to 2021 from 17% to 2%. The current appetite for entrepreneurship is undeniable. Micro-enterprises continue to represent the predominant share: 61% of new businesses created[2]. This rise in entrepreneurial dynamics in France suggests that the context and conditions are favourable for entrepreneurs.

The NES, with the participation of 42 experts from the entrepreneurial ecosystem, allows us to assess the quality of the business creation environment using the National Entrepreneurial Context Index (NECI), expressed as a score out of 10.

Each country has an ecosystem that is more or less favourable to the commitment and success of entrepreneurs. The social and material conditions influence the decision-making process of nascent entrepreneurs and entrepreneurial behaviours more broadly. The NECI includes 13 indicators which enable comparisons and a classification in relation to the 22 wealthiest countries (Figure 3). We propose to break them down into 5 main areas[3] and indicate France's rank for each criterion:

- **Policy and support** : governmental promotion of and support for entrepreneurship (5/22), administrative and fiscal burden (13/22), public programmes in favour of entrepreneurship (11/22);
- **Financing** : existence of financing (8/22), access to financing (6/22);
- **Markets and infrastructure** : market dynamics (21/22), barriers to entry (16/22), commercial and professional infrastructure (11/22), physical infrastructure (12/22);
- **Education and research** : promotion of en-

[2] Sole operators not including micro-enterprises represent 11% of businesses created, and companies represent 27% (INSEE, 2023).

[3] This breakdown can be seen in light of the simplified representation of the entrepreneurial ecosystem proposed by Isenberg (2011) with six key areas (policy, finance, support, culture, human capital and markets).

tepreneurship at primary and secondary levels (17/22), Promotion of entrepreneurship in higher education (7/22), R&D transfer (19/22);

- **Culture** : cultural and social norms (17/22).

The NECI remained stable from 2021 to 2022 (5.06/10). However, France occupies a less favourable position, moving from 13th to 18th place (joint 16th with Canada which scored 5.13 and Germany which scored 5.10). The other countries continue to advance, offering better conditions for entrepreneurial projects and entrepreneurs. The average score for the wealthiest countries is 5.24/10, with the highest index score going to the United Arab Emirates (7.24/10) and the lowest to Spain (4.04/10). By comparison only with the G7 countries, France lies above the average (4.88/10), ahead of Italy (4.19/10), the UK (4.71/10) and Japan (4.97/10), but behind the US (5.16/10).

A detailed analysis of the 13 indicators (Figure 4) shows that France is lagging behind the wealthiest nations and also behind the G7 on 6 indicators but ahead on 7. In terms of the five main areas mentioned above, France's position overall is more favourable in 2 of them and less favourable in 3. It is also interesting to analyse the changes in these indicators between 2021 and 2022 (Figure 5).

Compared to the G7 countries, France performs well on policies in support of entrepreneurship and financing:

- The efforts made by the public authorities over the last 20 years to support the emergence of an entrepreneurial society are clear. Entrepreneurs now have access to a very dense network of support structures marked by strong diversity. However, compared to 2021, the experts interviewed note a slight deterioration in the indicators "Governmental promotion of and

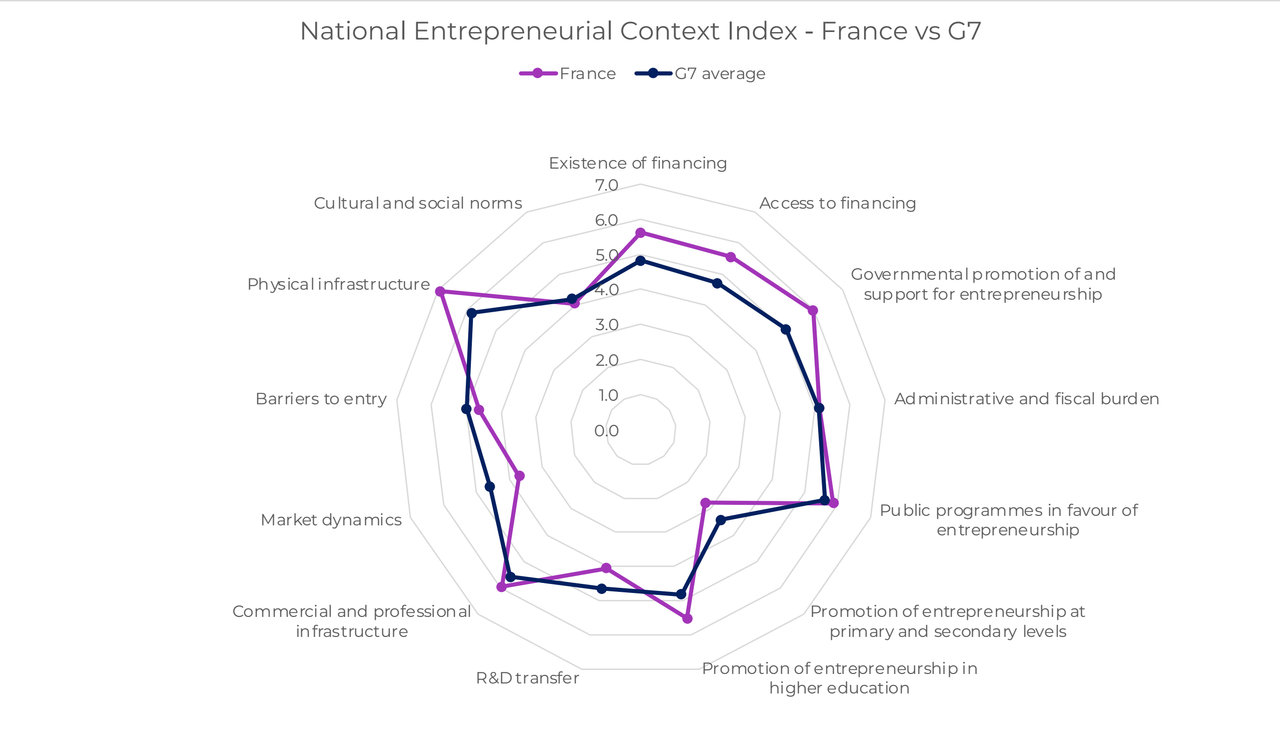


Figure 4. The 13 NECI indicators - France vs G7

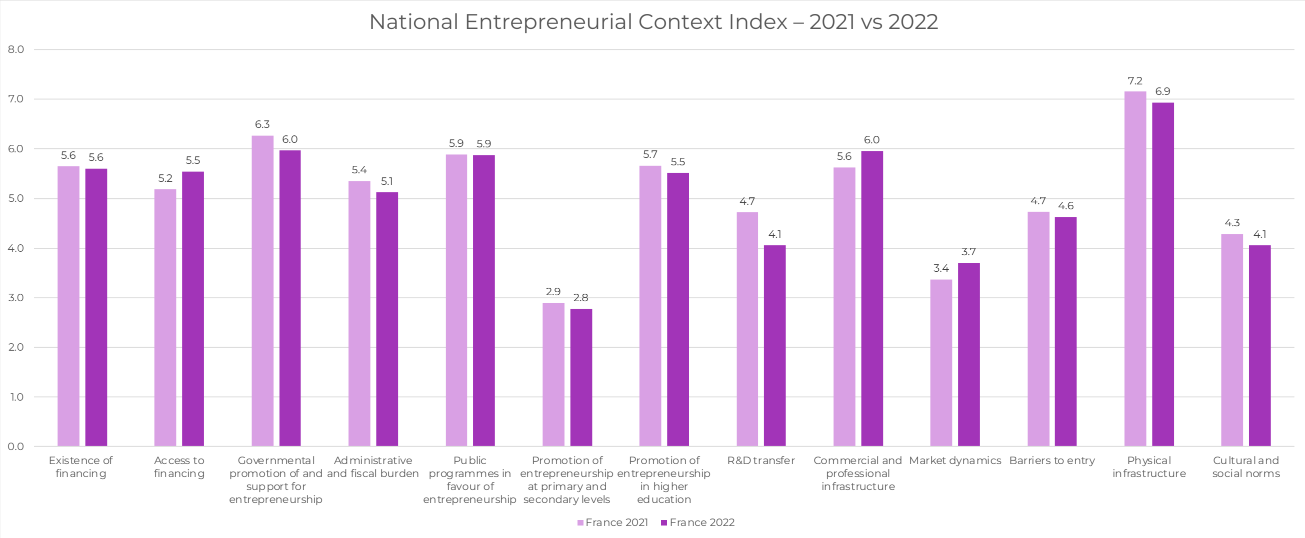


Figure 5. Changes in the French entrepreneurial context

support for entrepreneurship" (5.97/10 in 2022 vs 6.27/10 in 2021) and "Administrative and fiscal burden" (5.13/10 vs 5.35/10).

- The issue of financing no longer appears to be a barrier to entrepreneurship. Those with entrepreneurial projects can access a variety of funding sources depending on the nature of their project. The experts even point to an improvement in access to financing (5.55/10 in 2022 vs 5.19/10 in 2021).

However, France appears to hold a less favourable position in terms of human capital, market access and culture:

- The NES experts are highly critical of the way entrepreneurship is promoted at primary and secondary levels, with a drop in the score attributed (2.89/10 in 2021 vs 2.77/10 in 2022). In contrast, their assessment is much more favourable when it comes to the promotion of entrepreneurship in higher education, placing France above the G7 average (5.52/10 vs 4.82/10), even though this is down slightly on 2021 (5.66/10). Through their awareness-raising, training and support initiatives, schemes like the PEPITE and student incubators are positive factors for student entrepreneurship, but the experts believe that the conditions for R&D transfer are highly unfavourable. While major efforts have been made in recent years, particularly to encourage the transfer of knowledge from universities and public research centres to new or expanding businesses, an example being the implementation of the SATT, the experts expressed strong reservations and even reported that the situation had worsened between 2021 and 2022 (4.72/10 vs 4.06/10).

- Access to the markets for new businesses remains problematic according to the experts interviewed. While they underscore the quality of commercial and professional infrastructure (5.96/10 compared to a G7 average of 5.59/10) and physic al infrastructure (6.93/10 vs 5.86/10), they are less positive about market dynamics (3.70/10 vs 4.59/10) and the presence of barriers to entry (4.63/10 vs 4.99/10).

- The participating experts also report that the cultural and social norms in France are not very conducive to entrepreneurship (4.06/10 compared to a G7 average of 4.21/10), and even note a year-on-year decline (4.28/10 in 2021). Despite the societal transformations seen in recent years and the significant rise in the number of businesses created, they still feel that the national culture does not sufficiently valorise individual success or encourage individual initiative, entrepreneurial risk-taking or innovation.

It is interesting to explore the consequences of the pandemic on the entrepreneurial ecosystem. In the G7 countries, experts were asked for their assessment of the return to economic activities in their respective countries. In particular, they were asked whether these activities and hiring had returned to their pre-crisis levels, whether businesses had made changes to their supply chains to favour local circuits and whether they had increased their digital capabilities to try and recover from the pandemic (Figure 6).

French experts were the most positive among the G7 countries on the first two points, awarding a score of 6.1/10 for the return to economic activities (G7 average: 5.2/10) and 6.7/10 for recruitment (G7 average: 5.6/10). These figures are in line with the economic data. France experienced GDP growth of 2.6%, and the unemployment rate reached 7.2% at the end of the year, the lowest in 14 years (and second lowest in 40 years). As for changes in supply chains, the French experts attributed a score of 5.1/10, placing France in second position behind Italy (G7 average: 4.9/10). Finally, the experts award a score of 7/10 to France for the increased use of digital technology, ranking it 3rd among the G7 countries (average: 6.5/10).

To conclude this overview of the entrepreneurial ecosystem, we offer an assessment of the health of early-stage and established entrepreneurs using "self-rated health", the measurement scale most widely used in the public health sector. This indicator tells us that health has deteriorated in both populations: early-stage and established entrepreneurs. In 2021, 16.7% of the population felt they were in poor health, whereas in 2022 this figure rose to 25.1% (Figure 9). This decline appears to be most marked among early-stage entrepreneurs (13.1% in 2021 vs 24.5% in 2022; Figure 7), although not negligible among established entrepreneurs either (14.2% vs 18.9%; Figure 8).

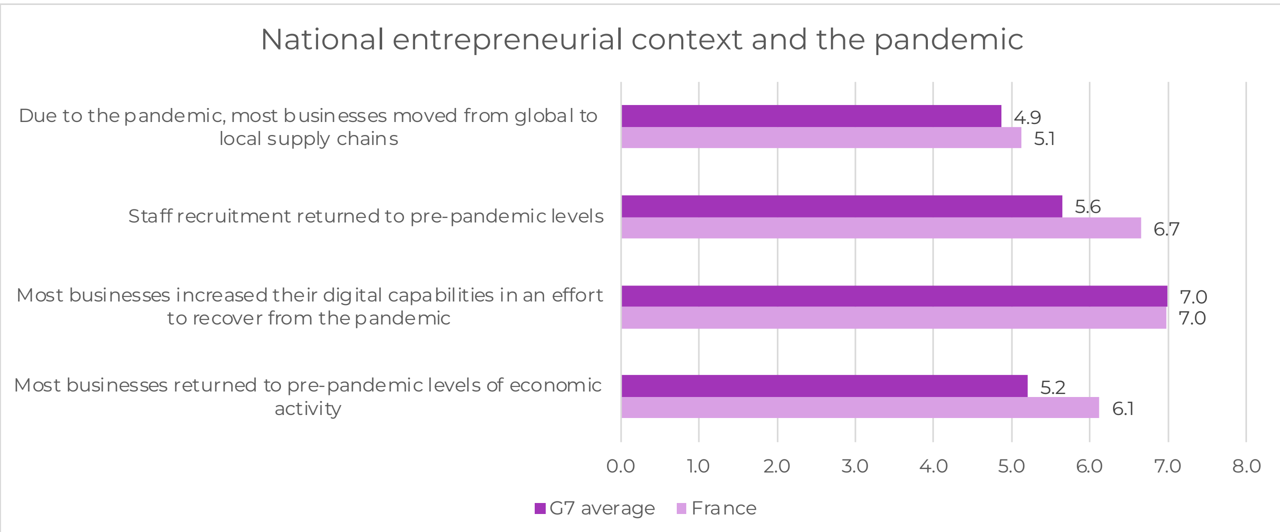


Figure 6. Changes in the French entrepreneurial context following the Covid-19 pandemic

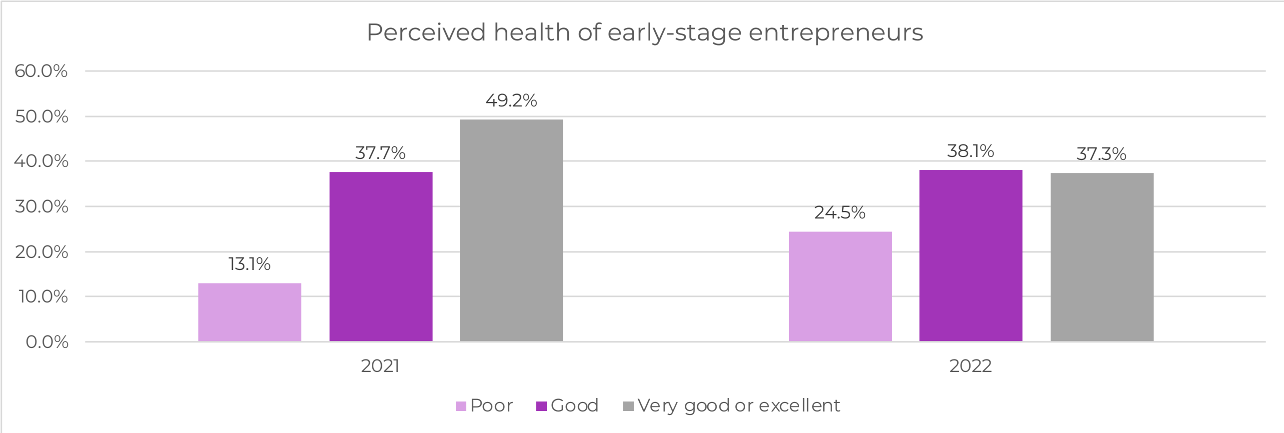


Figure 7. Changes in perceived health of early-stage entrepreneurs

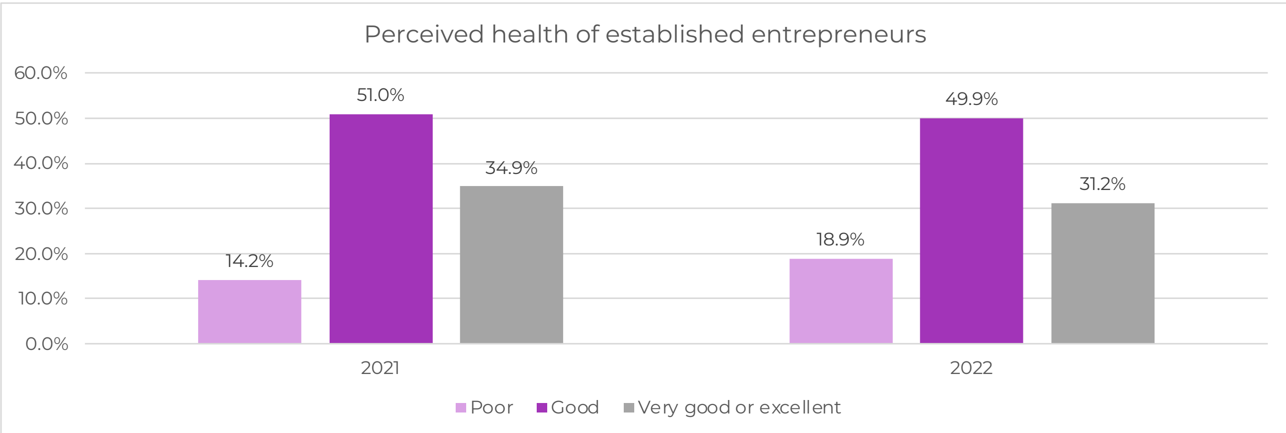


Figure 8. Changes in perceived health of established entrepreneurs

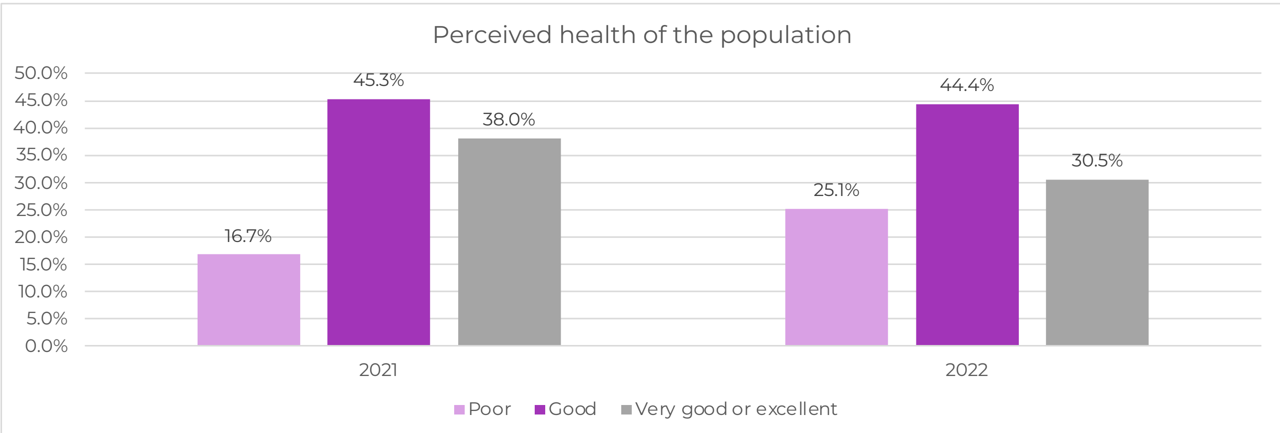


Figure 9. Changes in perceived health of the general population

Determining factors in the decision to become an entrepreneur

In 2022, the context seemed favourable for entrepreneurial activity according to the experts interviewed as part of the NES. The APS sheds light on representations of entrepreneurship among the French population aged 18 to 64, thereby allowing us to better understand the determining factors of both entrepreneurial intentions and action. Of these factors, emphasis is placed on social desirability, perceived feasibility, attitudes, perceptions and motivations. The results reveal a shift towards the democratisation of entrepreneurship in French society.

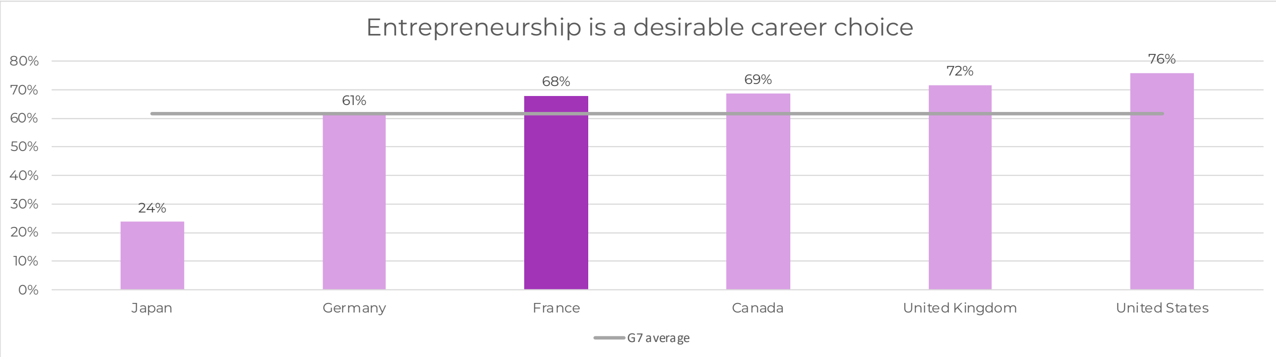


Figure 10. Valorisation of entrepreneurship as a desirable career choice

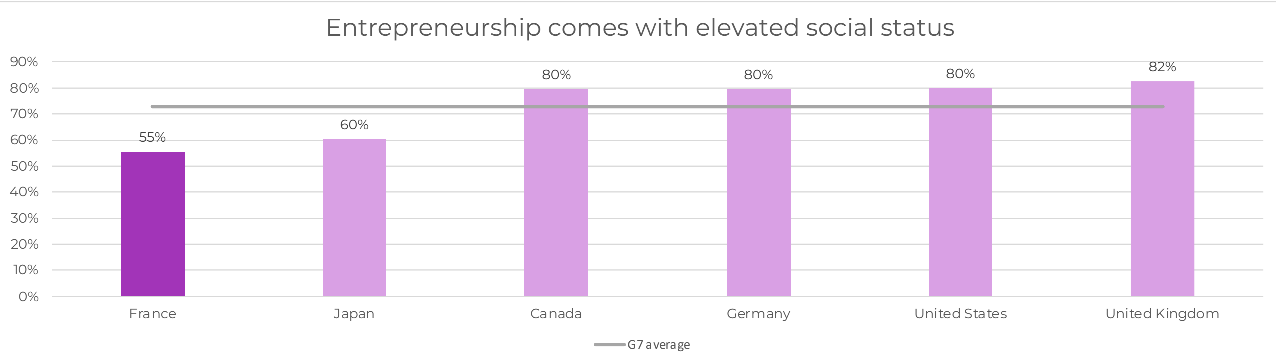


Figure 11. Valorisation of entrepreneurship as elevated social status

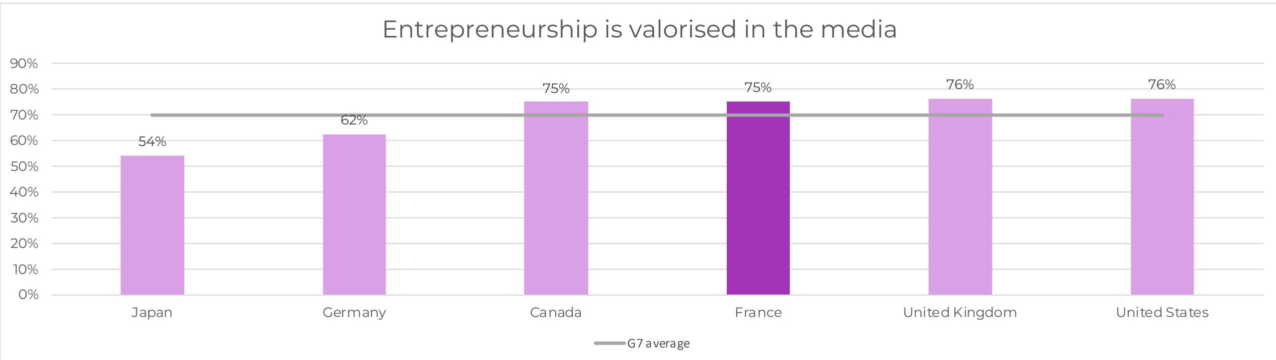


Figure 12. Valorisation of entrepreneurship in the media

Valorisation of entrepreneurship by society

This valorisation strongly determines both entrepreneurial intentions and engagement. It offers an insight into the social desirability and feasibility of entrepreneurship. Valorisation can be seen as linked to the norms, values and narratives that form what may be called **entrepreneurial culture**. This culture is developed to varying degrees from one country to the next. To assess the social desirability of entrepreneurship, 3 indicators are used: desirable career choice (Figure 10), elevated social status (Figure 11) and valorisation in the media (Figure 12). Feasibility is evaluated based on the ease of becoming an entrepreneur in France (Figure 13). These 4 indicators are relatively stable compared to the previous year with the exception of the ease of starting a business. If

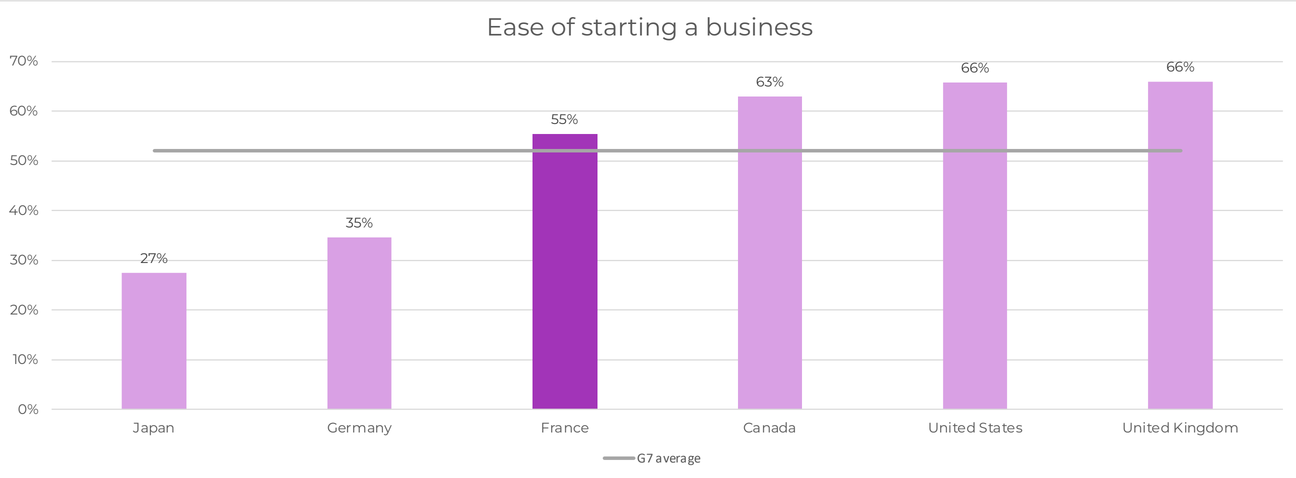


Figure 13. Perceived ease of starting a business

we compare France to the other G7 economies[4], we find it lies above the average for 3 out of 4 indicators.

Social desirability is an expression of social representations of entrepreneurship. While entrepreneurship is seen as a desirable career choice in France by 67.8% of respondents, compared to a G7 average of 61.5%, it is paradoxically perceived much less as bestowing elevated social status (55.4% vs G7 average of 72.9%). This nonetheless remains a positive representation. It reveals a change in entrepreneurial culture that is particularly influenced by social media and the general media, which project a favourable image of entrepreneurship, with depictions of entrepreneurs and the ecosystem particularly in TV reality shows ("Qui veut être mon associé" on M6). A large majority of respondents believe that entrepreneurship is valorised in the media (74.9% vs 69.8% for the G7). This image is very close to that found in English-speaking countries (Canada: 74.8%, US: 76.3%, UK: 76.2%).

Perceived feasibility is an important indicator of entrepreneurial intentions and behaviours. It depends on perceived barriers that relate to the ease of registering a business or the burden of bureaucracy. The **perceived ease of starting a business** rose from 52.0% to 55.4% and now lies above the G7 average (52.0%). The efforts made by the public authorities over the last 20 years to simplify the creation of new businesses appear to be bearing fruit. There are significant disparities between the G7 countries, with two blocks, one lagging far behind (Japan: 27.4%, Germany: 34.6%) and the other well ahead (Canada: 62.9%, US: 65.8%, UK: 65.9%), with France in between the two.

Attitudes towards and perceptions of entrepreneurship

Individual attitudes, perceptions and apprehensions with regard to entrepreneurship influence intentions to tackle the entrepreneurial process and then follow it up with decisive action.

The GEM's Adult Population Survey is a way to construct indicators of a population's

[4] Data unavailable for Italy in 2022.

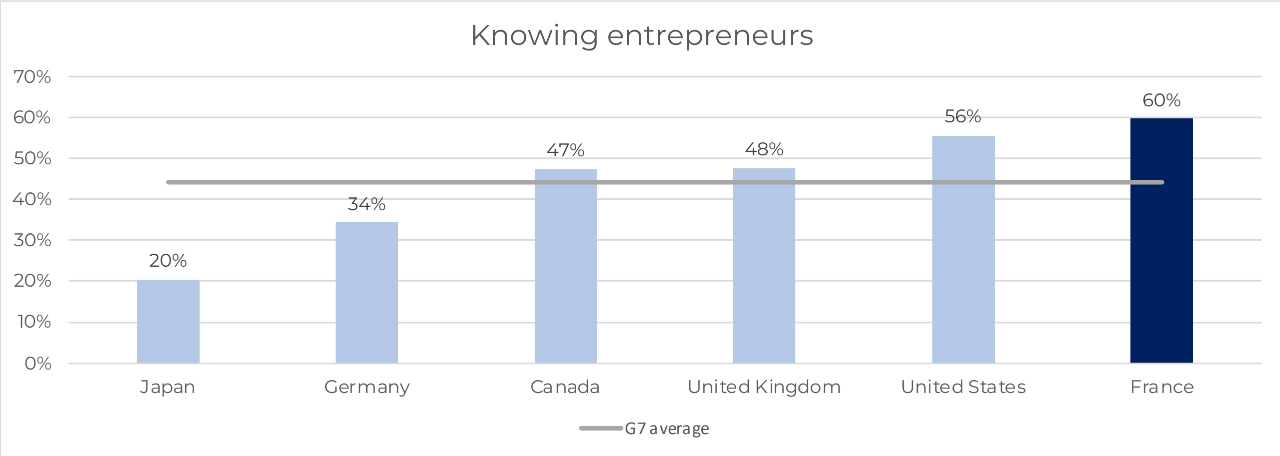


Figure 14. Knowing entrepreneurs in one's circle

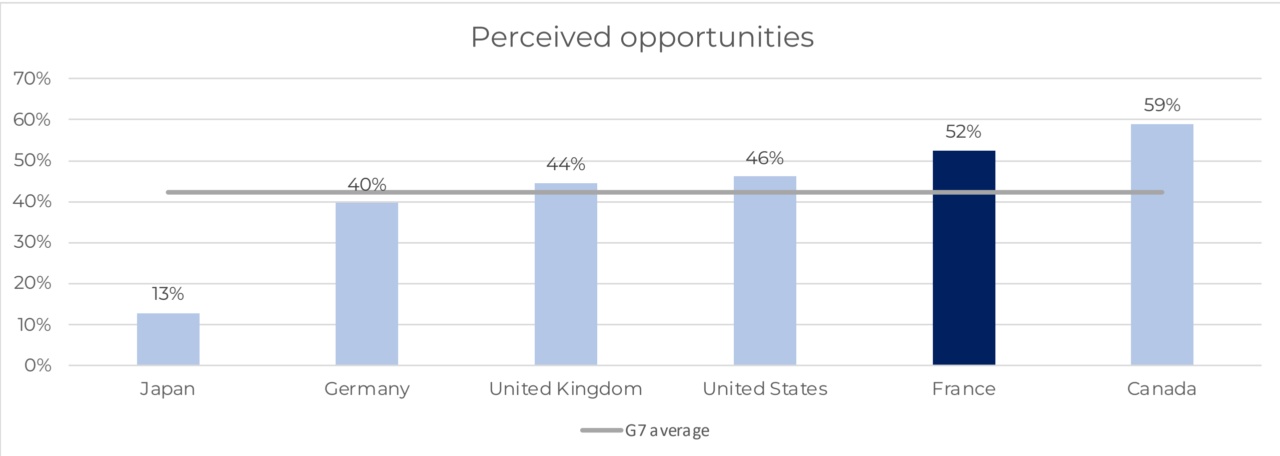


Figure 15. Perceived opportunities

entrepreneurial potential and shed light on the efforts needed to develop the determining factors in the decision to become an entrepreneur.

PERSONAL RELATIONSHIP WITH THE ENTREPRENEURIAL EXPERIENCE

Over the last 15 years, the figures for business creation have been record-breaking. In 2022, the one million threshold was passed. This democratisation of entrepreneurship increases the possibilities to cross paths and interact with entrepreneurs.

It is a trend that brings about a change in access to social capital. Whereas in the past business creators mostly tended to be from families of entrepreneurs, this is less true today. Indeed, they are much more frequently exposed to entrepreneurial experiences, whether through the traditional media or social media. Young people in particular follow and are inspired by influencers who are themselves very often entrepreneurs. Forbes even now produces a list of these influencers[5] based on three criteria: revenue, influence and entrepreneurship.

[5] The 50 top creators have a combined 1.9 billion followers on Instagram, TikTok and YouTube. They earned 570 million dollars in 2021. Their average age is 31.

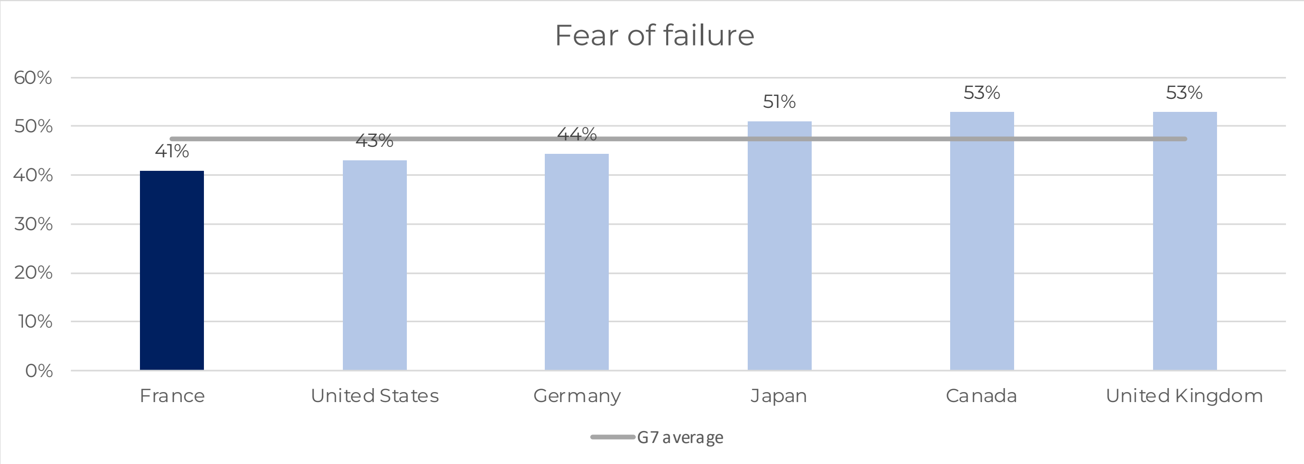


Figure 16. Fear of failure as an impediment of entrepreneurial dynamics

In France, the number of respondents who said they **know at least one entrepreneur** has risen considerably from 46.3% to 59.6% (Figure 14). This sharp rise is indicative of the democratisation of entrepreneurship in the country. Here too there are significant disparities between the G7 countries. France comes out on top, followed by the English-speaking countries (Canada: 47.3%; US: 55.6%; UK: 47.6%). Germany (34.2%) and Japan (20.4%) lag well behind.

PRESENCE OF OPPORTUNITIES IN ONE'S ENVIRONMENT

Beyond knowing entrepreneurs and the possibility of identifying with a role model, committing to entrepreneurship can be facilitated if those with projects feel they have access in their environment to business opportunities, i.e. desirable and feasible situations that can create value. "**Perceived opportunities**", as used by GEM, reflects the percentage of people who feel they have good business opportunities over the next six months in the area where they live (Figure 15).

The figures for perceived opportunities have been stable over the last two years, at around 52%. A majority of respondents believe that the context is favourable in terms of business opportunities. This optimistic representation puts France in second place, behind Canada (58.8%) and ahead of the US (46.0%) and the UK (44.4%). Germany (39.6%) and Japan (12.6%) score considerably lower.

FEAR OF FAILURE: HINDERING ENTREPRENEURIAL DYNAMICS

The French culture is often associated with a fear of failure, but mentalities are slowly changing, with a highly significant rise in the number of business creators. While France appears to be cultivating fertile ground for entrepreneurship and gradually bringing about a shift in its culture, where does it stand on **fear of failure** (Figure 16)? The GEM study focuses on people who declare perceived opportunities but say they are not willing to commit to entrepreneurship for fear of failure. It is not therefore an overall evaluation of the population as a whole.[6]

[6] It should be noted that 49.6% of the overall respondent population said they would not get into entrepreneurship for fear of failure.

This perception dropped slightly in 2022, when 41% of respondents who had perceived opportunities said they would not set up a new business for fear of failure (compared to 44% in 2021). This ranks France first among the G7 countries, ahead of the United States, where 43% of people who had perceived opportunities said they would not set up a new business for fear of failure.

A sense of capability: an important factor in taking the plunge

Committing to the business creation process depends on entrepreneurial feasibility, which can be assessed based on one's sense of capability. Feeling that the necessary skills for the entrepreneurial process have been mastered can encourage people to take the plunge. GEM proposes to analyse this sense of capability and introduces the notion of entrepreneurial talent.

SENSE OF CAPABILITY

The GEM consortium uses the notion of a sense of capability to refer to how well a person rates their skills, knowledge and experience to start a new company. To the extent that the term is broad (the skills, knowledge and experience required are not specified), it is more of a subjective self-evaluation based on the idea that respondents have of business creation and the aptitude required to make an entrepreneurial project a tangible reality. And so this statistic (Figure 17) may be more of a reflection of personal belief in one's capability than an impartial evaluation.

One out of two respondents (49.8%) in France say they feel capable of becoming an entrepreneur, a figure that is very close to the previous year (48.6%). France is again positioned between two blocks in the G7, closer to the English-speaking countries (Canada: 55.4%; US: 66.8%; UK: 53.5%). The figures for Germany (36.2%) and Japan (14.9%) are much lower.

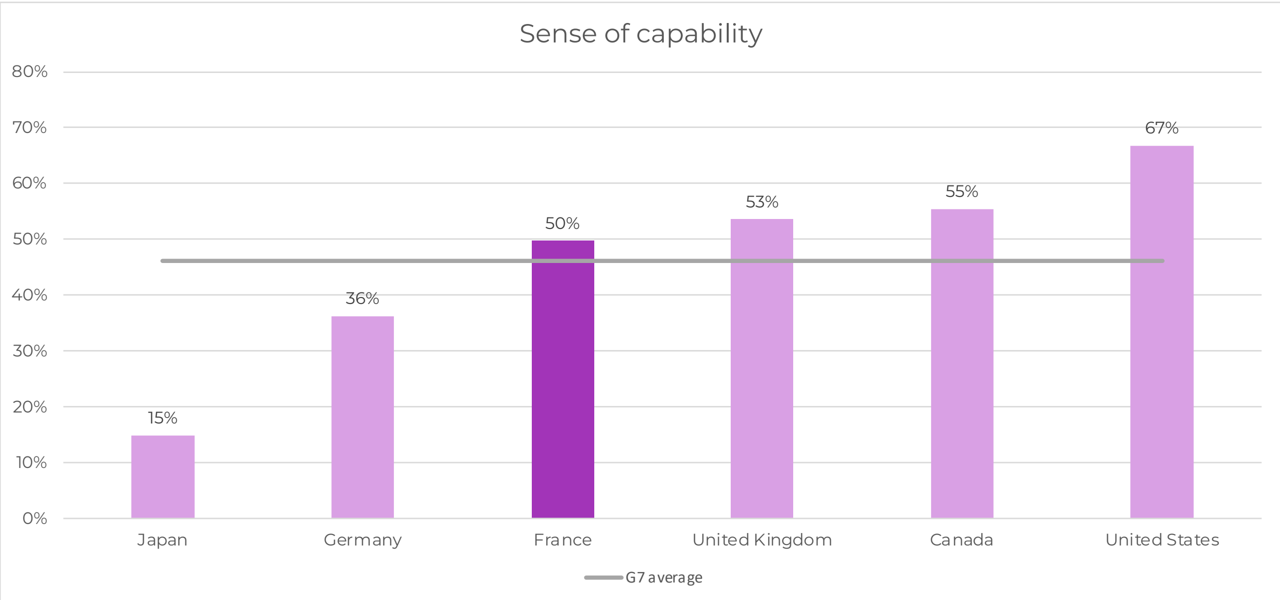


Figure 17. Sense of entrepreneurship capability

ENTREPRENEURIAL TALENT

Entrepreneurial talent offers a more precise way to measure the necessary skills to implement an entrepreneurial project. Emphasis is placed on pursuing opportunities, innovation and long-term vision. GEM took the decision in 2019 to measure "**entrepreneurial talent**" based on four dimensions taken from the literature. Slightly less than half of the population say they are capable of seeing opportunities and/or acting proactively, i.e. seizing them (Figure 14).

However, nearly 60% of the population say they have a capacity for innovation and more than 65% believe their actions are part of a long-term vision, which is to say one that can create value throughout their entrepreneurial career.

The results are very close to those obtained in 2021. Almost half of respondents say they feel capable of seeing opportunities (46.4%) and seizing them (45.0%). The capacity to innovate (58.2%) and have a long-term vision (64.1%) were much higher. The international comparison is limited by the absence of data for Germany, the US and the UK.

The 4 dimensions of entrepreneurial talent

CAPACITY TO SEE OPPORTUNITIES

You rarely see business opportunities, even though you are very well informed in this regard.

CAPACITY TO SEIZE OPPORTUNITIES

Even when you detect a profitable opportunity, you rarely act accordingly.

CAPACITY TO INNOVATE

Others see you as very innovative.

CAPACITY TO HAVE A LONG-TERM VISION

Each decision you make is part of your long-term career plan.

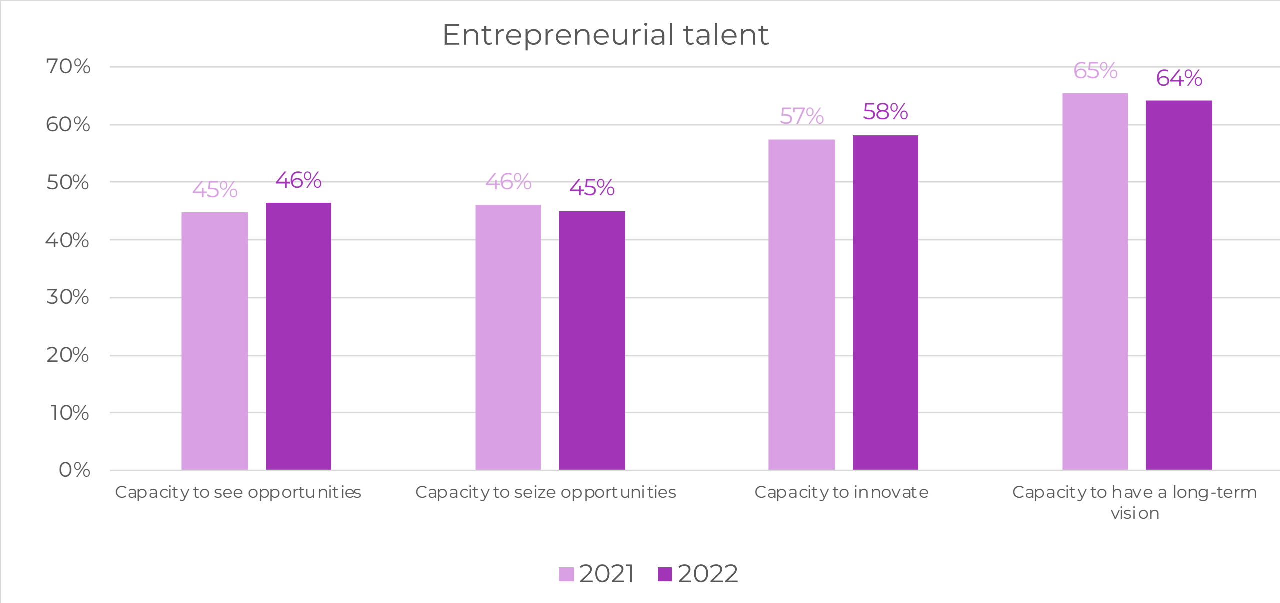


Figure 18. Entrepreneurial talent, or the skills needed to implement an entrepreneurial project

Entrepreneurial motivations: a sense of engagement

The primary motivation to create a new business is the search for autonomy and independence. This is shared by nearly all early-stage entrepreneurs, and so is not included in the survey. Indeed, in 2020 GEM abandoned the dichotomy between entrepreneurship of opportunity and of necessity, deemed too reductive. Four motivations to create a new business are now considered. Nascent and new entrepreneurs were asked to express the extent to which they agreed with four statements reflecting the reasons they undertook to create a new business:

- To earn a living because jobs are scarce (Figure 19)
- To build great wealth or very high income (Figure 20)
- To continue a family tradition (Figure 21)
- To make a difference in the world (Figure 22)

Between 2021 and 2022, the motivations of early-stage entrepreneurs remained relatively stable in France. The hierarchy did not change, even though the motivation "**to earn a living because jobs are scarce**" dropped significantly from 51.2% to 42.6%. This result can be explained by the robustness of the job market, marked by a decline in unemployment rates (reaching 7.2% at the end of 2022 according to the INSEE). Paradoxically, in the other G7 countries where unemployment rates, observed over the same period, are much lower (between 2.6% and 4.9%; OCDE, 2023), this motivation is higher with the exception of Japan (37.1%).

The second most important motivation in France is "**to build great wealth or very high income**" with a score of 42.3%, very close to the previous year (39.1% in 2021). In the rest of the G7, early-stage entrepreneurs in the English-speaking countries stand out with

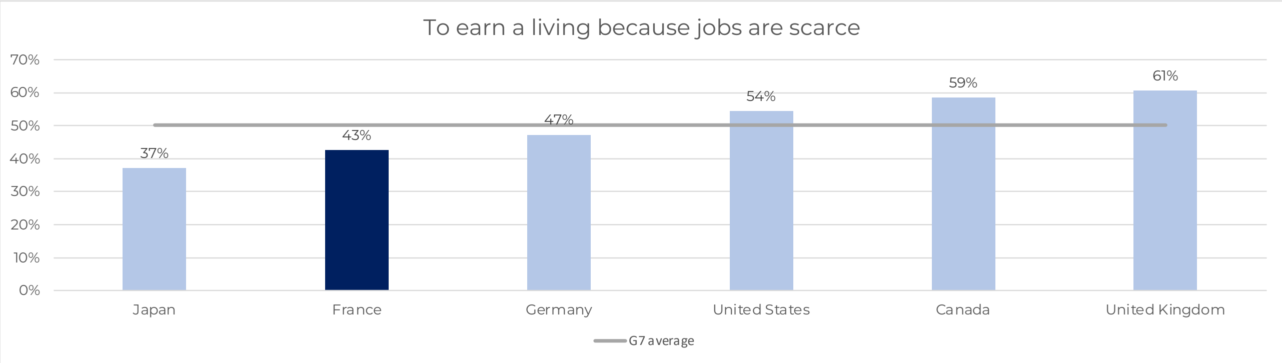


Figure 19. Entrepreneurial motivations – To earn a living because jobs are scarce

much higher percentages (Canada: 65.8%; US: 70.8%; UK: 61.1%). The figures for Germany and Japan are respectively 47.8% and 41.1%.

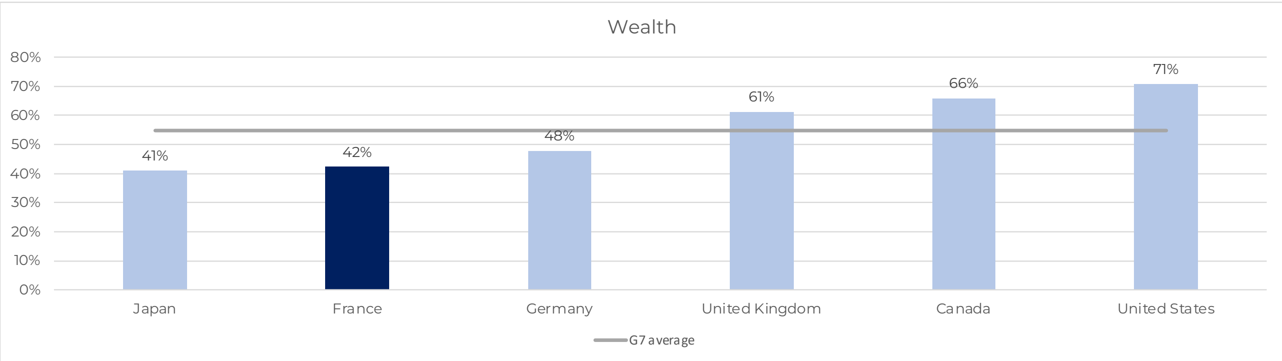


Figure 20. Entrepreneurial motivations – Wealth

The two other motivations are much lower in France. “Continuing a family tradition” is the lowest (22.2% compared to 22.9% in 2021). This result reflects the democratisation of entrepreneurship. In countries with a history of family businesses like Canada (38.1%), the US (36.5%), Germany (32.9%) and Japan (26.5%), the percentages are much higher, even though they also fell year-on-year with the exception of Germany.

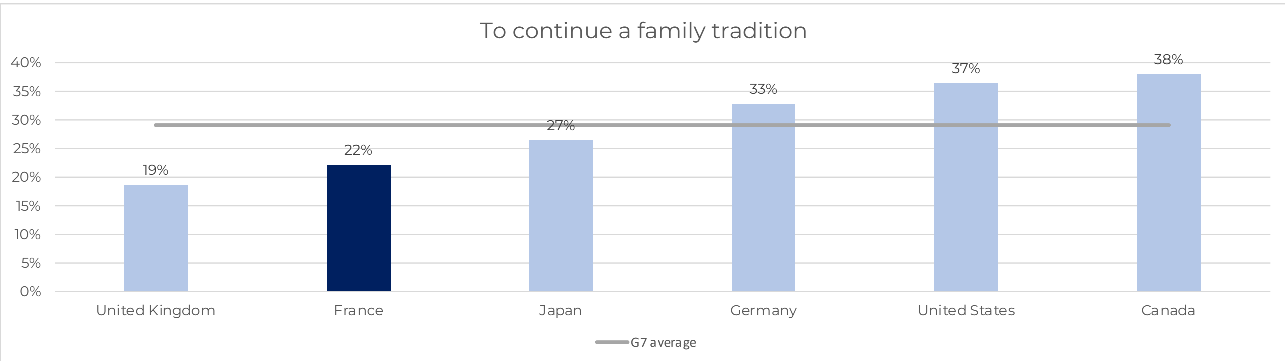


Figure 21. Entrepreneurial motivations – To continue a family tradition

Business creation motivated by the **desire to make a difference in the world** applied to just 23.7% of entrepreneurs interviewed, down slightly on 2021 (25.8%). This decrease was also found in the other G7 countries. However, it remains much higher in the English-speaking countries (Canada: 64.0%; US: 69.3%; UK: 51.9%) as well as Germany (42.8%) and Japan (31.9%). The result in France raises questions and must be seen in light of the desire of entrepreneurs to prioritise the social and/or environmental impact of their business.

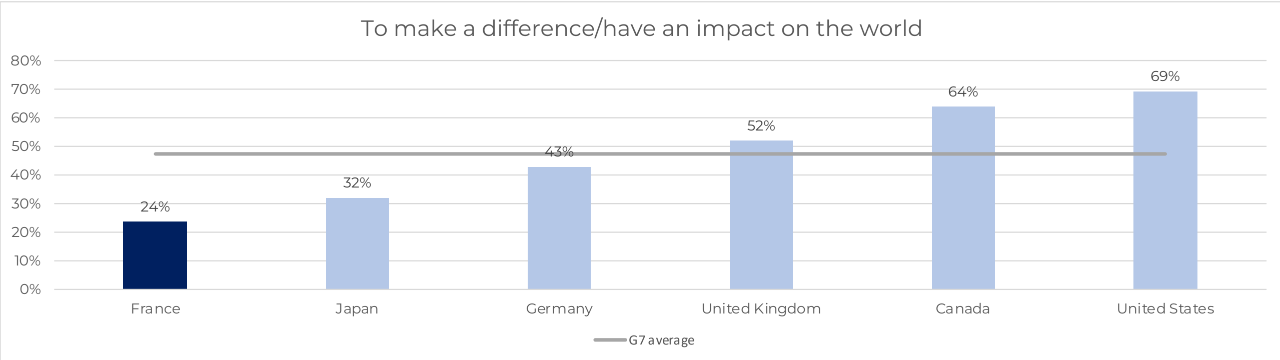


Figure 22. Entrepreneurial motivations – To make a difference/have an impact on the world

Entrepreneurial activity in France

Entrepreneurial activity lies at the heart of the model developed by the Global Entrepreneurship Monitor. It is modelled in the form of a process that begins with entrepreneurial intentions and ends with business exit. Two indicators play a major role in assessing the entrepreneurial dynamics of a country: intentions and total early-stage entrepreneurial activity (TEA). The results for both in 2022 are very encouraging. Entrepreneurial activity is also analysed through the lens of informal investments and international business.

The entrepreneurial process

GEM sees the entrepreneurial model as a process involving several phases: **entrepreneurial intention**, followed by the **emergence** of the entrepreneurial activity, the **effective creation of the business** and, lastly, in some cases **business exit**.

On this basis, entrepreneurial intention (someone who declares they intend to create a business in the next 3 years) is seen as a primary factor influencing the creation of an entrepreneurial activity. To consider creating a business is a crucial phase, very often the first step towards the effective emergence of the entrepreneurial activity. Its measure, albeit perfectible, is nonetheless an interesting determinant of business creation.

The effective creation of entrepreneurial activity is reflected in the **Total early-stage entrepreneurial activity** (TEA) and corresponds to a country's entrepreneurial dynamic. TEA represents the % of nascent and young/new entrepreneurs. This early-stage entrepreneurship is marked by a tangible commitment to an entrepreneurial activity and is measured by the number of months' salaries paid since it began (Table 2):

• Nascent entrepreneur: someone who has set up a business and paid between 0 and 3 months of salaries;

• New entrepreneur: someone who has set up a business and paid between 4 and 41 months of salaries;

• Established entrepreneur: someone who has set up a business and paid at least 42 months of salaries.

The last category, which corresponds to the percentage of entrepreneurs whose business is well established, are not included in the TEA.

Lastly, the GEM model includes the end of the entrepreneurial process: business exit.

Entrepreneurial process	
Nascent entrepreneur	Individual who created a business and paid up to 3 months of salary
New entrepreneur	Individual who created a business and paid between 4 and 41 months of salary
Established entrepreneur	Individual who created a business and paid at least 42 months of salary
Entrepreneurial activity	
TAE *(Total early-stage Entrepreneurial Activity)*	Every individual engaged in an entrepreneurial process, meaning the nascent entrepreneurs and the new entrepreneurs

Table 2. List of the main measures used for the entrepreneurial process and entrepreneurial activity

This can take the form of the closure or sale of the company. Selling a business can be a path towards a new entrepreneurial project.

Entrepreneurial intentions

The intention to become an entrepreneur is an interesting indicator that reflects the willingness and desire to create a business. The rate of entrepreneurial intentions in France is on the rise: 18.8% of respondents in 2022 reported having entrepreneurial intentions, compared to 16.9% in 2021, a 1.9-point increase (Figure 23).

What might explain this rise in entrepreneurial intentions? Although it is not representative of actual entrepreneurial activity, entrepreneurial intentions nonetheless indicate an appetite and willingness that may materialise in the coming years.

With a percentage of nascent entrepreneurs at 7.2%, it is estimated that a little over 38% will act on their entrepreneurial intentions (35% in 2021).

This change in entrepreneurial intentions, although difficult to interpret, is most likely the result of public policies in favour of entrepreneurship, support schemes, valorisation of entrepreneurship in the media, as well as entrepreneurship training courses which are increasing in number.

Finally, the figure for entrepreneurial intentions in France is among the highest of the G7 (Figure 24). At 18.8%, it is just behind the US (22.5%) and Canada (20.1%). However, in contrast to these two countries, the transformation of these entrepreneurial intentions remains relatively low: the percentage of early-stage entrepreneurs is 9.2% compared to 19.2% in the US and 16.5% in Canada (Figure 26).

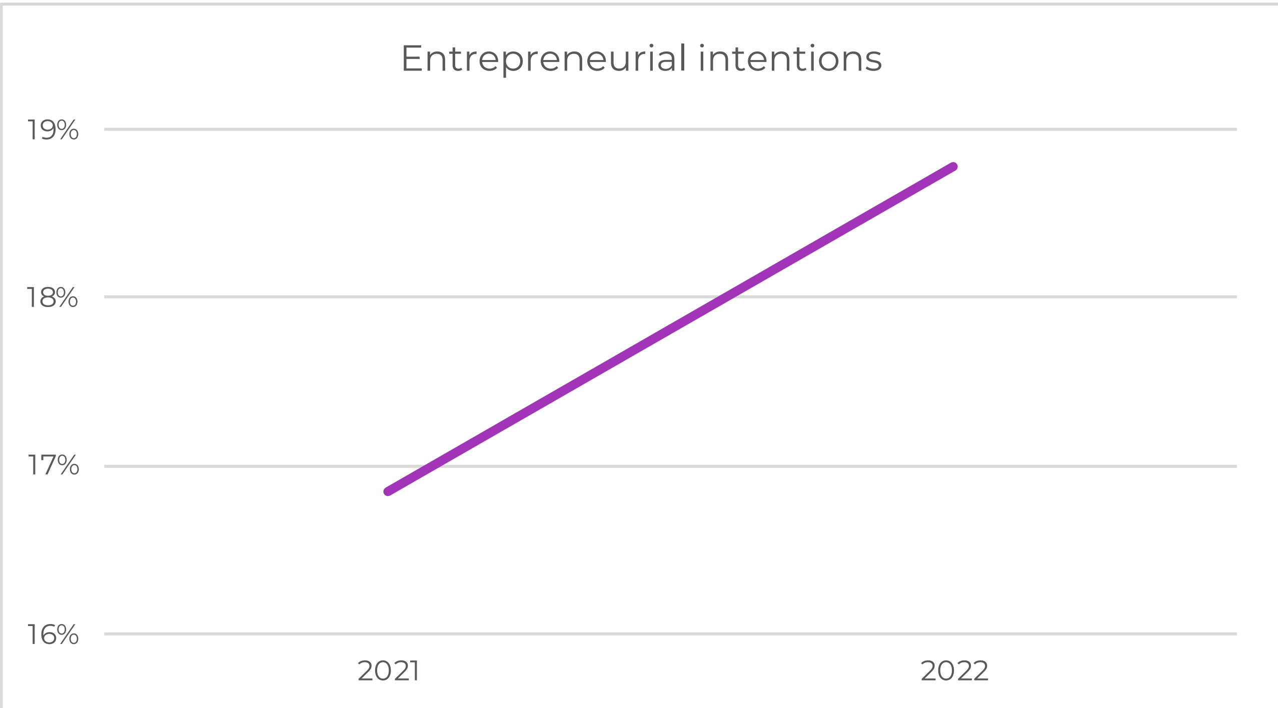


Figure 23. Rise in entrepreneurial intentions (2021-2022)

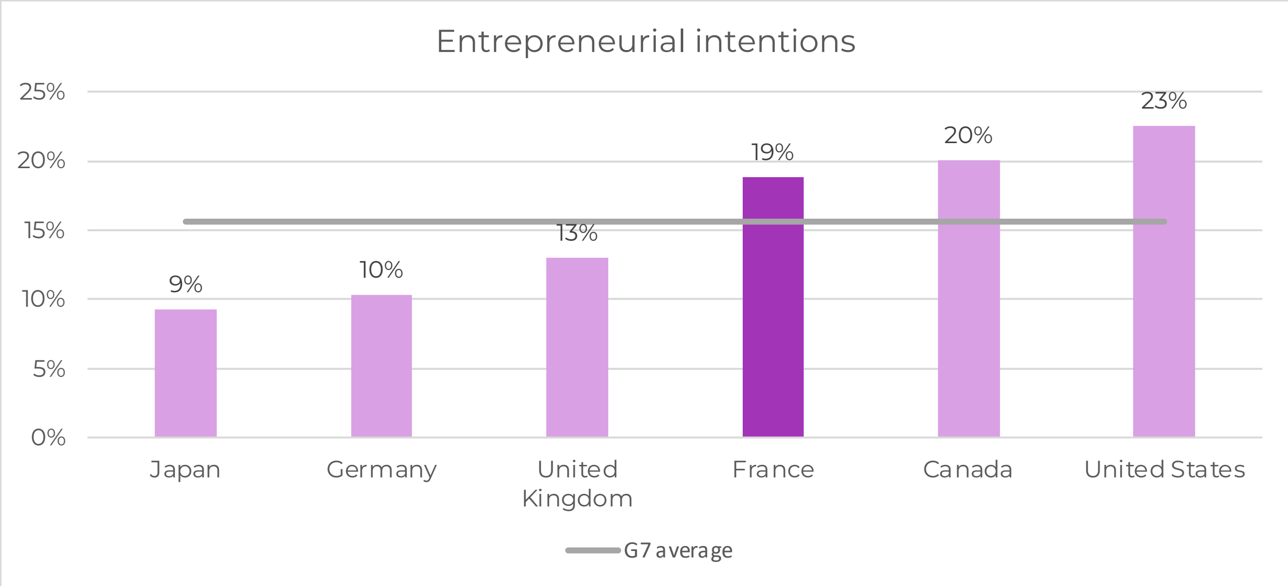


Figure 24. Entrepreneurial intentions in the G7

Early-stage and established entrepreneurial activity

The Total early-stage entrepreneurial activity (TEA) corresponds to the percentage of people who have recently undertaken the entrepreneurial process within the adult population as a whole. This is one of the indicators that reflects the entrepreneurial vitality of a country. In France, it has been steadily rising for 10 years (Figure 25): 5.2% in 2012, 7.7% in 2021, 9.2% in 2022. It is particularly noteworthy that between 2021 and 2022 there was a 19% increase in this percentage. The uncertainty linked to the COVID-19 pandemic in 2021 appears to be abating. Indeed, this percentage remains relatively high given the difficult geopolitical and economic context in 2022 (energy crisis, inflation).

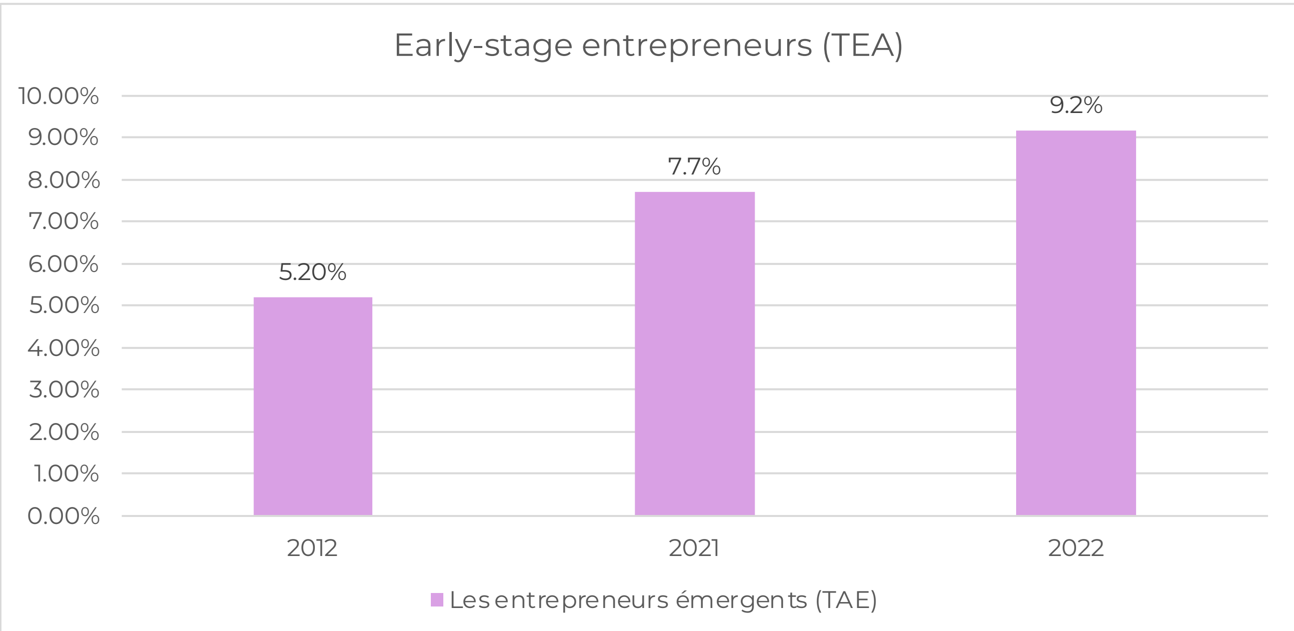


Figure 25. Rise in total early-stage entrepreneurial activity (TEA) in France

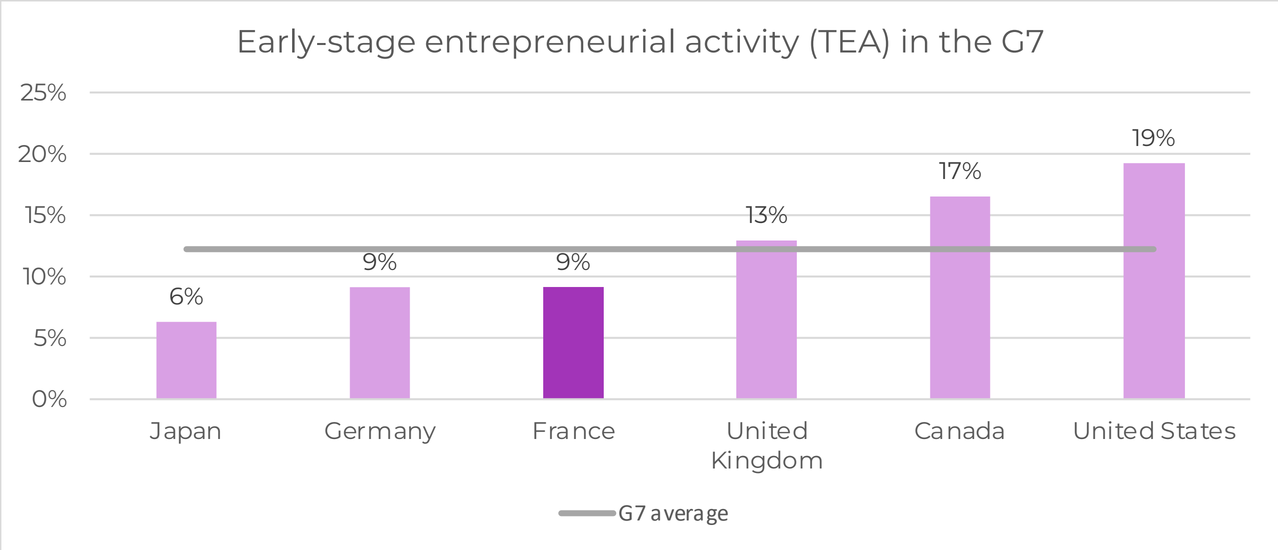


Figure 26. Early-stage entrepreneurial activity in the G7

Nonetheless, the percentage of early-stage entrepreneurs (9.2%) in France places it in the middle of the international G7 rankings, behind the US (19.2%), Canada (16.5%) and the UK (12.9%).

However, although France's dynamism in the early stages of entrepreneurship is noteworthy, its percentage of established entrepreneurs leaves it in last position among the G7 countries (Figure 27). At just 2.9%, France lags far behind the English-speaking countries (the US tops the field with 9.2%, followed by the UK with 6.8% and Canada with 6.2%); including the figures for established entrepreneurs allows countries like Germany (3.6%) and Japan (6.2%) to move up the overall rankings.

It can be interesting to analyse the TEA at a

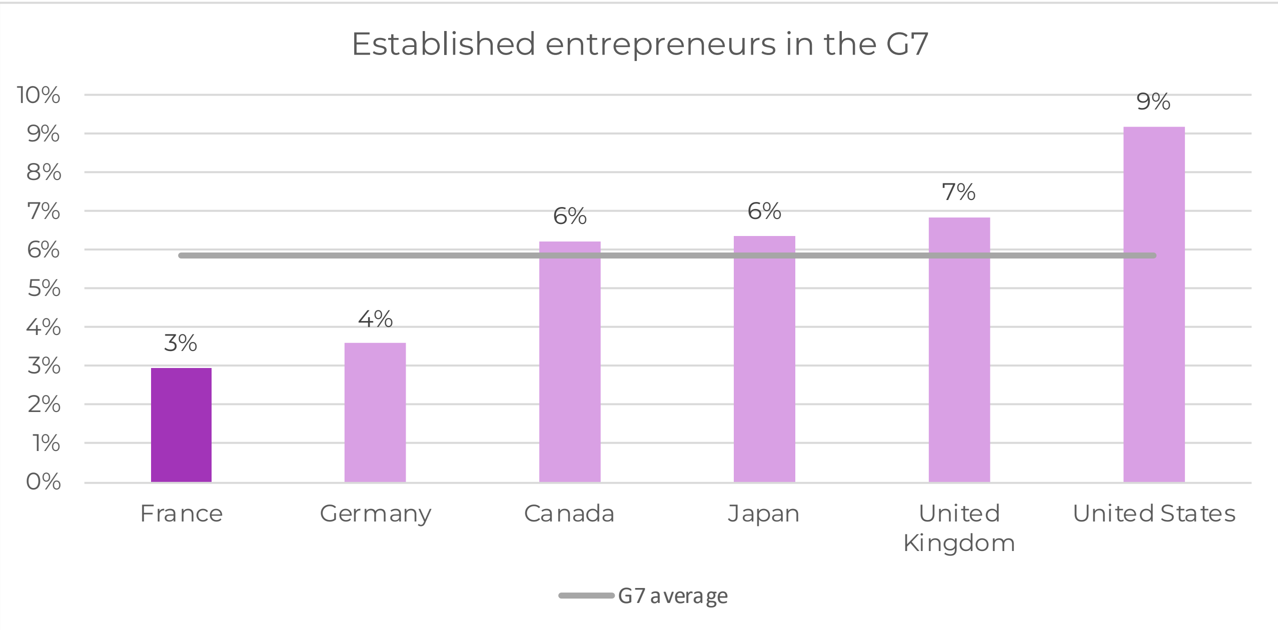
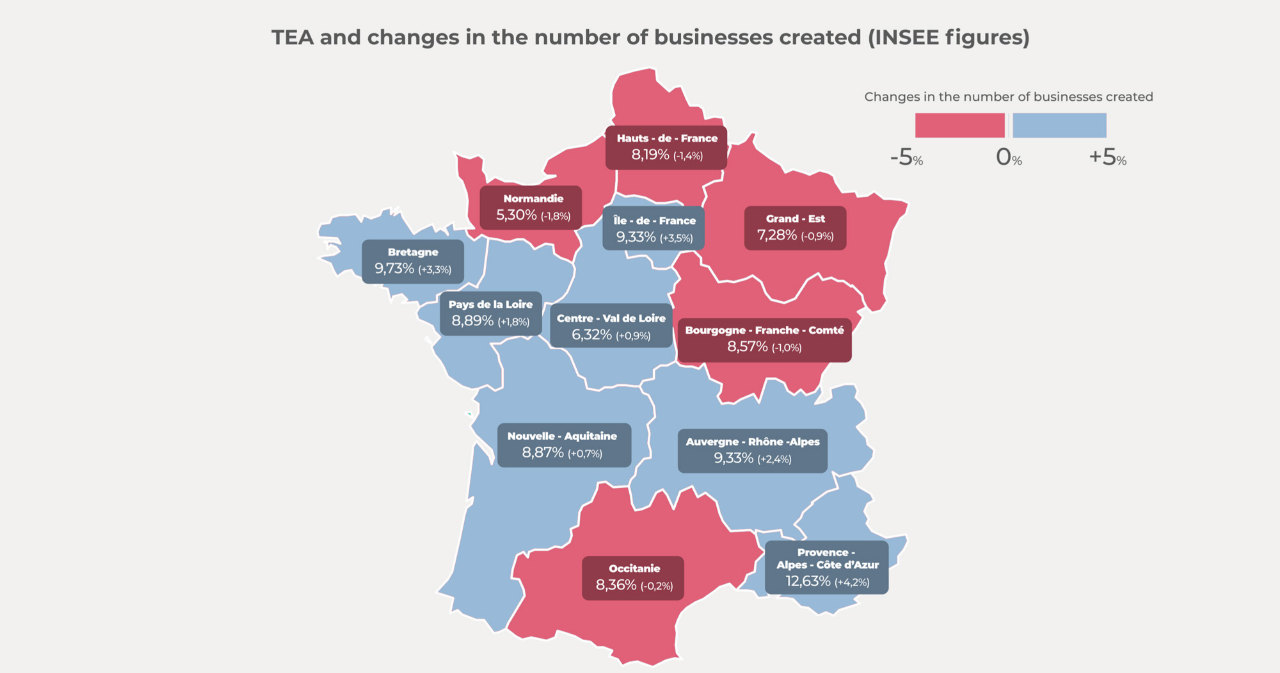


Figure 27. Established entrepreneurs in the G7



Map 1. TEA by region with the changes in the number of businesses created in 2022 (all non-agricultural commercial activities).
Each label is to be read as follows: Region name, regional TEA and change in the number of businesses created in 2022 (in parentheses), e.g. in 2022 in the Île de France region, the total early-stage entrepreneurial activity (TEA) was 9.33% and the number of businesses created rose by 3.5%.

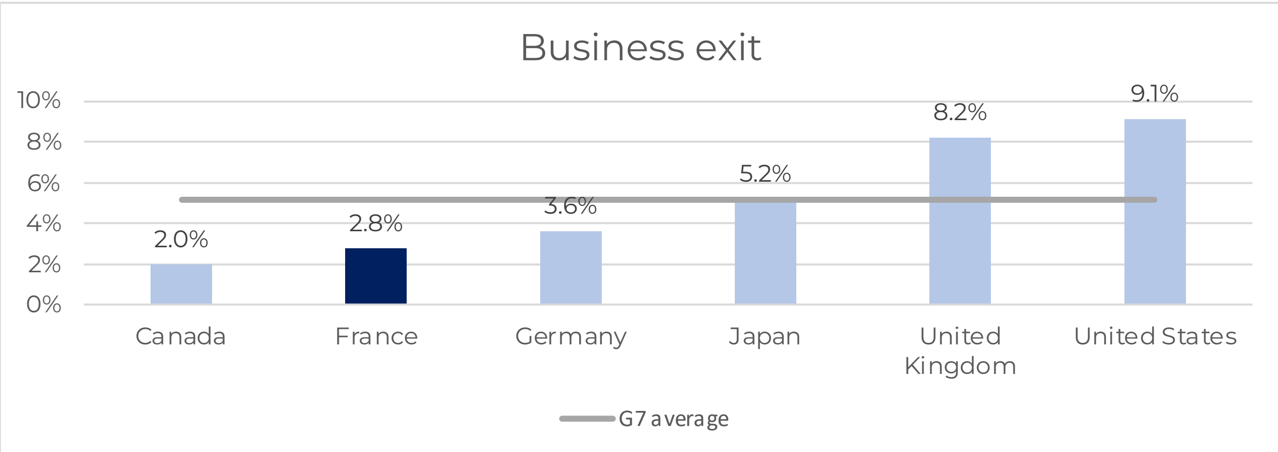


Figure 28. Business exits with and without continuity of the activity in the G7

regional level[7] and to look at it in light of the number of businesses created by region (INSEE, 2023). The four most dynamic regions in terms of TEA are also those which, according to the INSEE, saw the strongest rise in the number of business creations between 2021 and 2022: PACA (12.63%), Brittany (9.73%), Ile de France (9.33%) and Auvergne-Rhône-Alpes (9.33%).

BUSINESS EXIT

The business exit marks the end of the adventure for the entrepreneur but not necessarily the end of the business activity. In 2022, the percentage of people who faced a business exit and the end of the activity was 2.2%, compared to 2.5% in 2021. The figure for business exits but with continuity of the business remained stable between 2021

[7] The French overseas territories and Corsica are not taken into account due to a lack of statistical representativeness.

and 2022 at around 1.4%. With a total business exit rate of 3.6% (Figure 28), France is positioned just below the G7 average (5.1%), far behind the US (9.1%) and Canada (8.2%).

Business exit is of an ambivalent nature as it can be the result of proactive or reactive behaviour. There can be many reasons for a business exit. They may be linked to the entrepreneur's personal life (retirement, family or personal reasons, etc.), the business itself (lack of profitability, job or investment opportunity, difficulty finding funding, etc.) or the economic climate and business environment (pandemic, inflation, fiscal or governmental measures, etc.). And so a business exit is not necessarily a reflection of failure. It might lead to the business being pursued as part of an acquisition.

Against the backdrop of an ageing population, business handover/acquisition is a major issue. An acquisition can be made internally (employee or family member) or externally. This is a strategy that can be adopted by new or established entrepreneurs. It is a mode of business exit that can reveal personal trajectories affected by economic or even existential demands. Some serial entrepreneurs own a portfolio of businesses and do not hesitate to walk away from some to seize new opportunities. It makes sense to distinguish between the trajectories of the business and the entrepreneur given that in 38.2% of cases (44% in 2022), business exits take place with continuity of the activity.

We will now look in more detail at the reasons behind business exits (Figure 29). The pandemic has had direct consequences on business activities, and in 2021 was one of the main reasons for business exits (18.6%). In 2022, it was no longer the primary reason (just 5.6% of respondents). The consequences of the public health crisis in 2020 and 2021 have been attenuated, particularly with support schemes put in place by the authorities.

However, 2022 marked the end of a certain

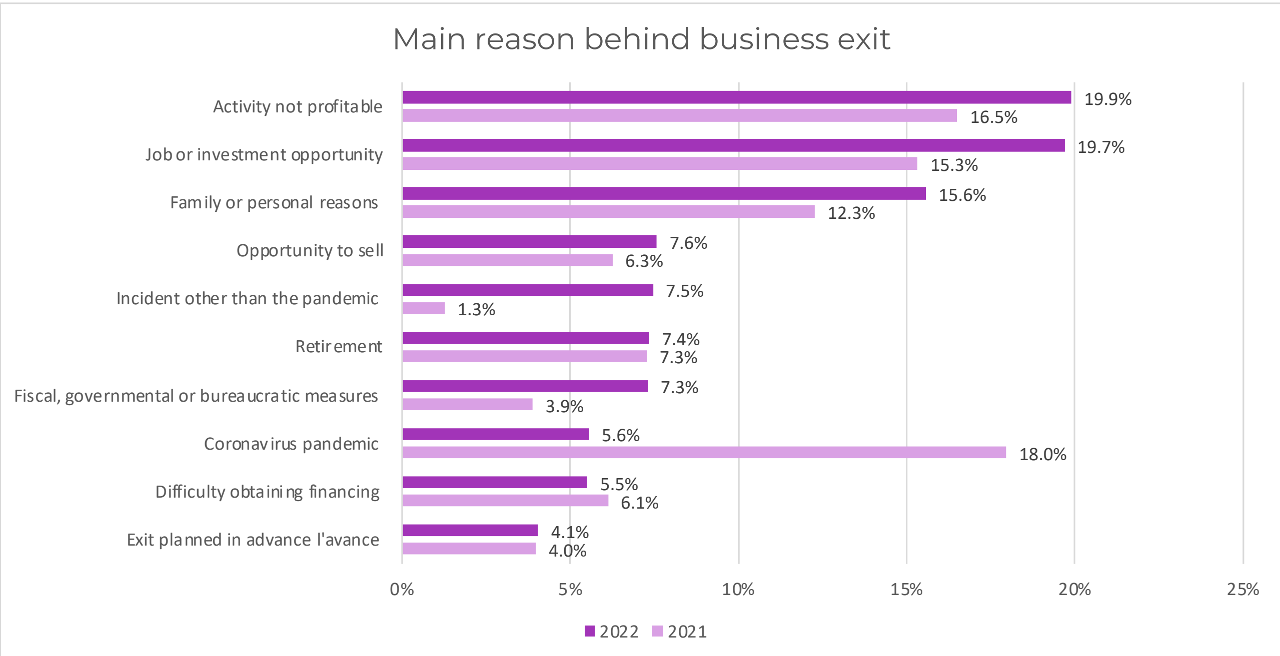


Figure 29. The reasons behind business exits – Changes between 2021 and 2022

number of these schemes in France, such as the state-guaranteed loans (PGE). It is interesting to note that their disappearance saw a concomitant rise in the number of business exits for "fiscal, governmental or bureaucratic" reasons. Between 2021 and 2022, there was an 87% increase in the number of respondents who cited this reason (7% in 2022 compared to 4% in 2021).

As in previous years, personal reasons remain a central factor in the decision to walk away from a business, whether because of retirement (7%), a job or investment opportunity (20%) or family or personal reasons (16%). The difficulties faced by the business are another key factor. A lack of profitability remains one of the main reasons for business exits (20%).

THE INFORMAL INVESTORS SUPPORTING ENTREPRENEURIAL ACTIVITY

The funds invested are often decisive in turning an entrepreneurial project into an actual business. Love money is a particular source of funding that reflects a combination of trust and proximity. It is often crucial in the early stages when it can be a signal to investors that the entrepreneur has already managed to convince those around them of the project's credibility and thus serve as a lever to generate new sources of financing.

This is why it is worth looking at the number of informal investors in the sample. Being an informal investor means that you have personally invested in the launch of a new business initiated by somebody else (does not include the purchase of shares or open-end investment funds). This can come from family or business angels.

In France, the number of informal investors is on the rise, at 5.3% up from 4.8% in 2021. This is around the G7 average (Figure 30). The increase in volume is offset by a decrease in the amounts invested (Figure 31).

With an average investment of €8,317, France ranks among the countries with the lowest investments, compared to Germany (€45,233), the US (€39,039) or Japan (€29,691).

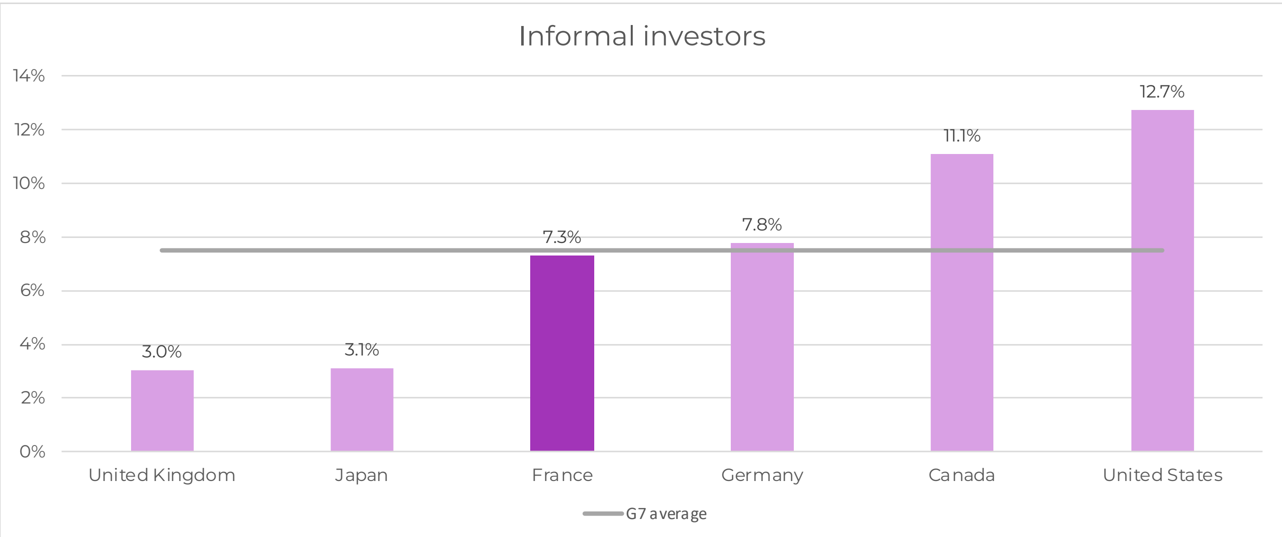


Figure 30. Percentage of informal investors in the G7

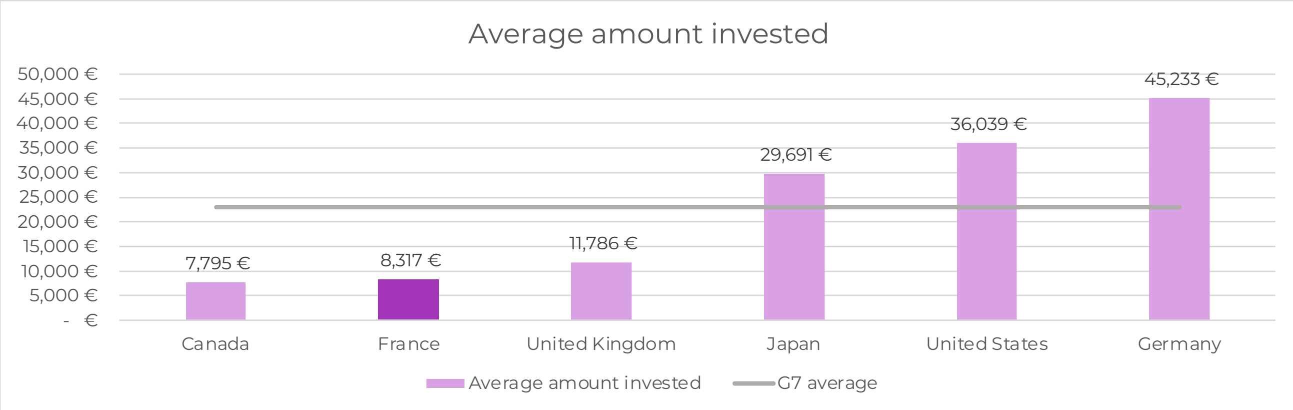


Figure 31. Average amount invested by informal investors in the G7

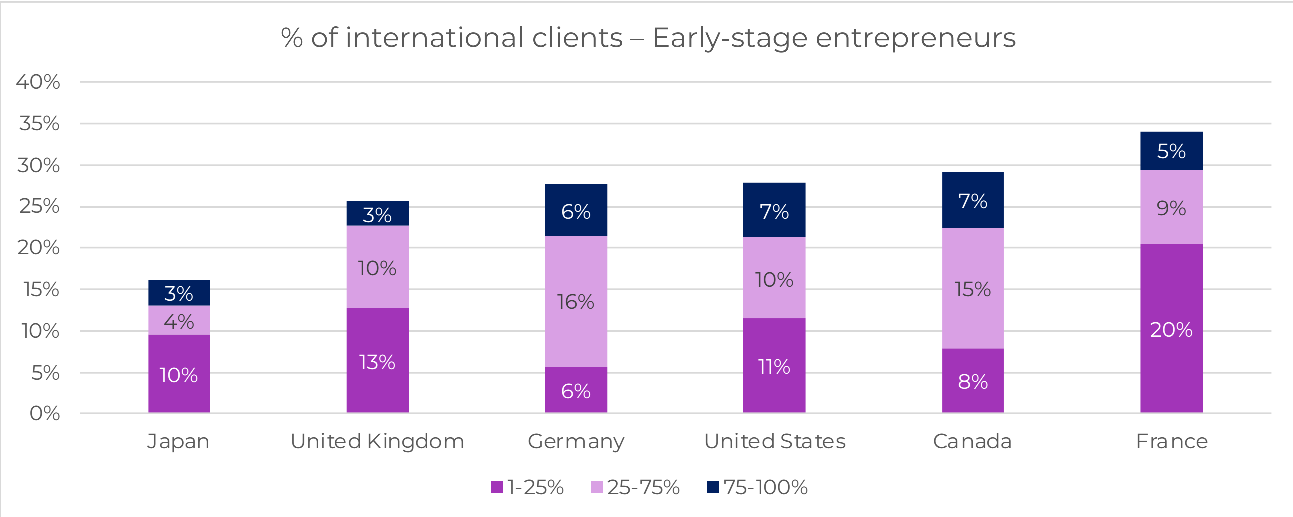


Figure 32. Percentage of early-stage entrepreneurs' clientele that is located abroad - comparison against other G7 countries

ENTREPRENEURIAL ACTIVITY WITH AN INTERNATIONAL FOCUS

A focus on exports is recognised as an indicator of productive entrepreneurship, innovation and performance in an economy. The GEM Adult Population Survey is a way to assess the internationalisation of early-stage and established businesses via two indicators: the existence of foreign clients and the share of exports in company revenue.

In France, more than one-third (34%) of early-stage entrepreneurs reported having clients abroad, ranking it 1st among the G7 countries, followed by Canada (29.1%) and the US (28%). However, for a significant majority of early-stage entrepreneurs with clients abroad, the share they represent does not exceed 25%.

For established businesses, the results are worse overall, as the international focus falls to 23.8%, just over 10 points lower (Figure 33). By comparison, Germany (37%) and Canada (36%) perform much better when it comes to exports.

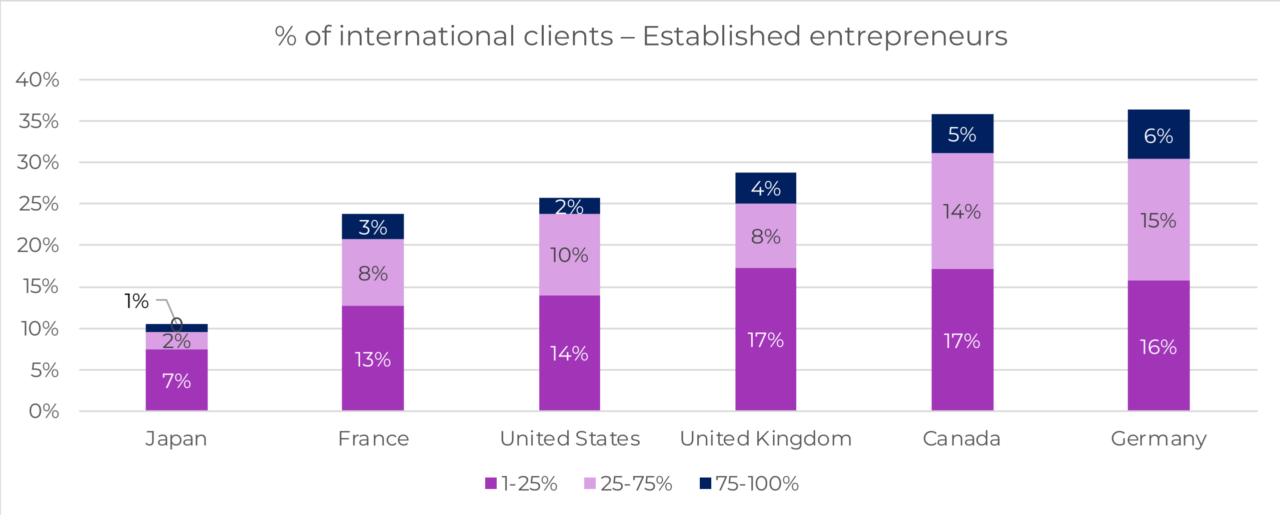


Figure 33. Percentage of established entrepreneurs' clientele that is located abroad - comparison against other G7 countries

Diverse entrepreneurial profiles

GEM looks at the issue of diversity particularly in terms of gender and age. It is important to know whether people are given the same chances when it comes to starting a business. We propose to focus on entrepreneurial activity and its determining factors by looking in turn at the differences based on gender and age. The analysis will mainly refer to the APS, but we will also draw on the NES involving national experts to study the institutional conditions of female entrepreneurship.

Female entrepreneurship

In France, female entrepreneurship has progressed over time albeit without yet achieving gender parity. How do women perceive entrepreneurship and how do they judge their capacities to initiate it?

VALORISATION OF ENTREPRENEURSHIP

The valorisation of entrepreneurship varies little when it comes to gender (Figure 34). The gaps between men and women are relatively narrow in terms of entrepreneurship as a desirable career choice (68.5% vs 67.0%) and achieving elevated social status (54.6% vs 56.2%). These figures remained relatively stable between 2021 and 2022. This social desirability can also be understood in light of the valorisation of entrepreneurship in the media, of which both women and men have a very positive perception (73.8% vs 76.1%). On the whole, it would appear that there is no real gender effect with regard to social desirability.

However, there would appear to be a gender effect when it comes to perceived feasibility (Figure 35). Fewer women than men say it is easy to start a business (53.4% vs 57.1%), even though between 2021 and 2022 the perceived ease of business creation rose considerably across both genders. This favourable trend can be explained by a more favourable context, particularly in relation to the public health crisis.

DETERMINING FACTORS IN THE DECISION TO BECOME AN ENTREPRENEUR

GEM identifies four key factors: the presence of entrepreneurs in one's circle, the perception of one's capabilities, the perception of opportunities and fear of failure (Figure 36). Between 2021 and 2022, the most significant increase was in the figure for knowing entrepreneurs, both among women (44.1% vs 57.5%) and men (48.6% vs 61.8%). This strengthened social capital should be seen in light of the rising number of businesses created and the democratisation of entrepreneurship more broadly.

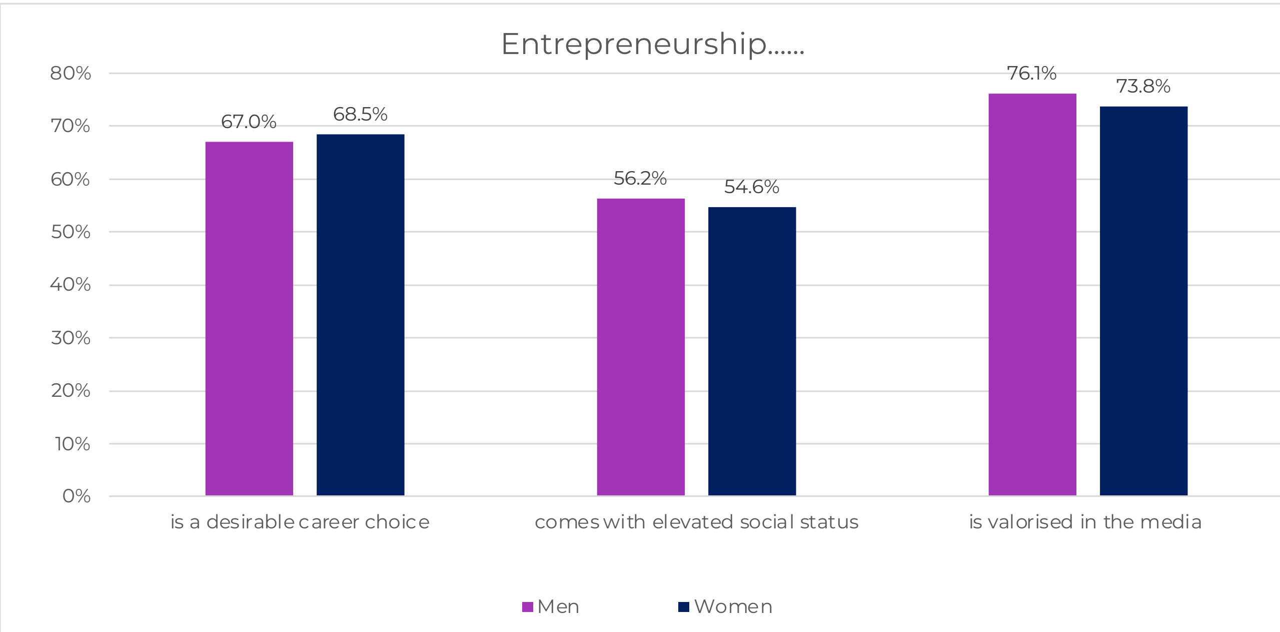


Figure 34. Valorisation of entrepreneurship by gender

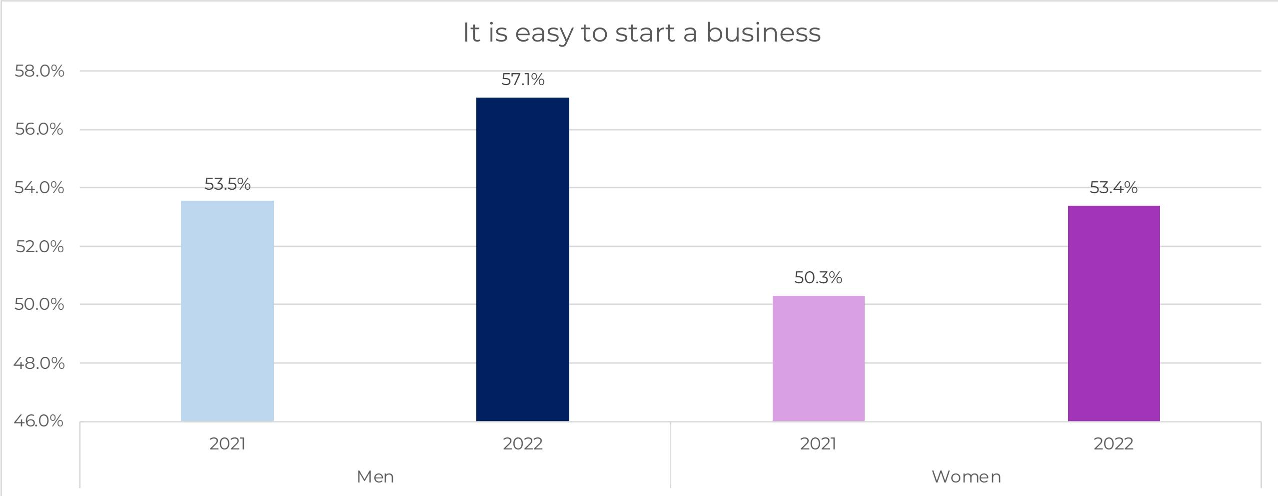


Figure 35. Perceived feasibility of entrepreneurship by gender

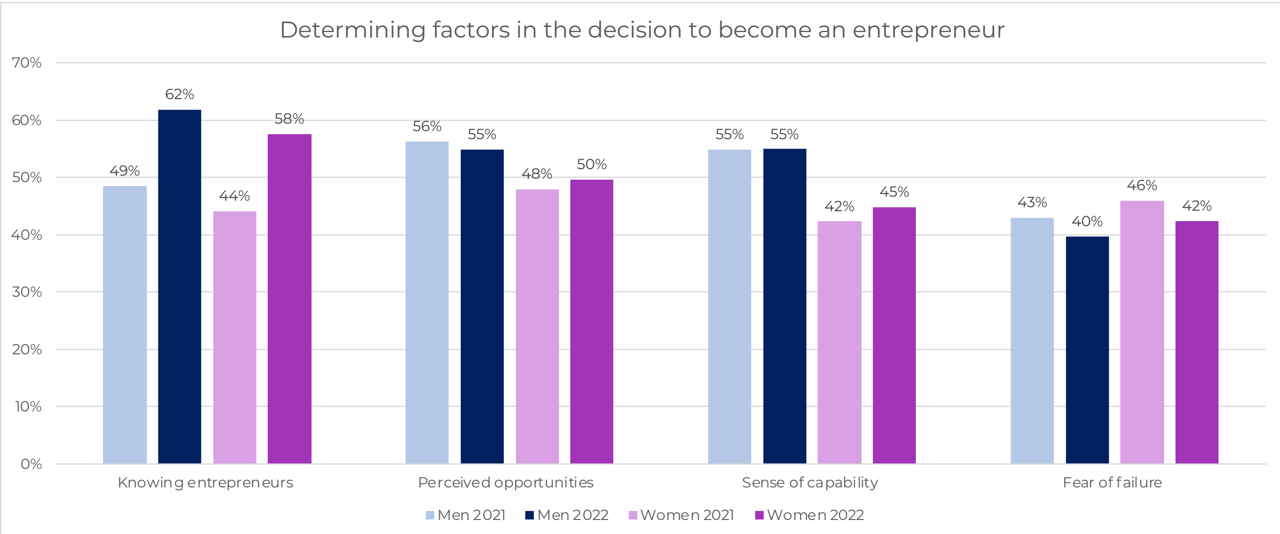


Figure 36. Determining factors in the decision to become an entrepreneur

In 2022, the issue of perceived capability once again revealed a gender gap. Women are less likely to express a sense of capability when it comes to starting a new business (44.8% vs 55.0%). However, this percentage increased by 2.5 points among women while it remained identical among men (+ 0.1 point).

An increase was also observed in perceived opportunities, from 47.9% in 2021 to 49.7% in 2022, whereas there was a slight year-on-year decrease for men (56.3% vs 54.9%). The gap remained stable between men and women when it came to fear of failure: around 3 percentage points higher for women (42.5% vs 39.7%).

“Entrepreneurial talent” is used to analyse respondents’ sense of capability in detail. It is assessed based on the pursuit (detecting and seizing) of opportunities, innovation and long-term vision (Figure 37).

The results are relatively stable compared to 2021. A certain proximity can be observed between men and women in their capacity to

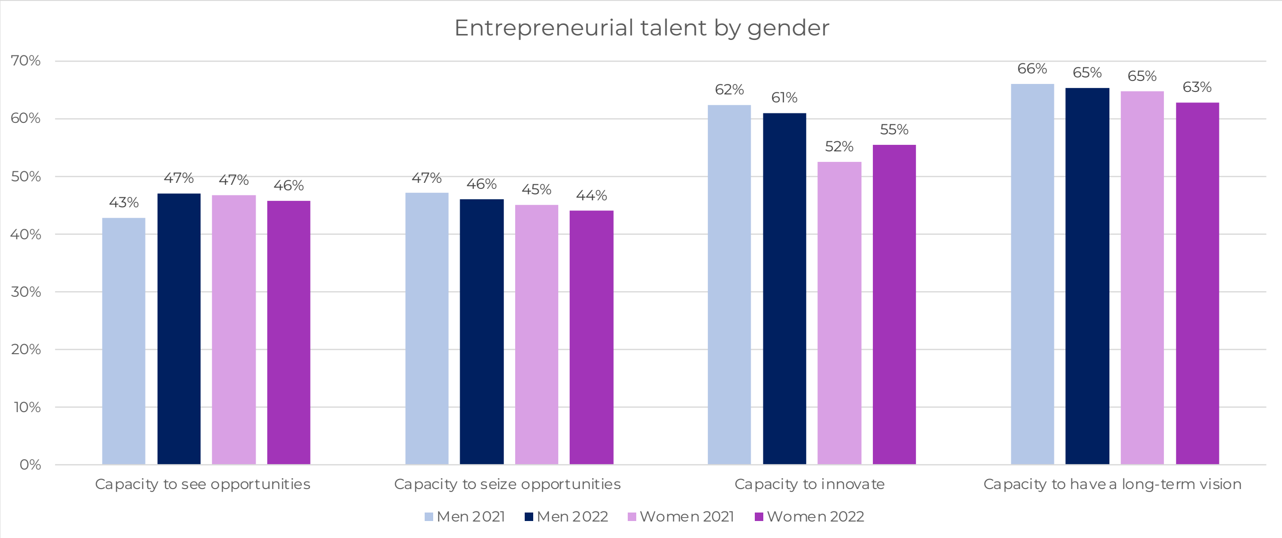


Figure 37. Entrepreneurial talent by gender

see opportunities (47.0 % vs 45.7%) and seize them (46.0% vs 44.0%). Women report the highest level of confidence in their capacity for innovation (55.4%) and long-term vision (62.8%). However, these percentages tend to be higher among men (61.0% for innovation and 65.3% for long-term vision).

The observation from 2021 in relation to the support given to women is the same in 2022. Although favourable changes can be seen, further efforts are required to strengthen the valorisation of their skills and thus reduce the perceived barriers to business creation.

ENTREPRENEURIAL MOTIVATIONS

As in 2021, the primary motivation of women is "to earn a living because jobs are scarce" (44.5% in 2022 vs 49.5% in 2021), followed by "wealth" (36.9% in 2022 vs 41.5% in 2021). For a quarter of female respondents, their commitment to entrepreneurship is about making a difference in the world (26%) and continuing a family tradition (25.1%). This hierarchy is slightly different among men (Figure 38).

ENTREPRENEURIAL ACTIVITY

While entrepreneurial intentions among men remained stable at around 19%, they rose considerably among women, from 14.7% to 18.6% (Figure 39). This result is to be seen alongside the increase in their sense of capability. Yet the figure among women for taking concrete action was stable (7.1% in 2021 and 7.2% in 2022) whereas it rose among men (8.4% in 2021 and 11.1% in 2022). This finding should be interpreted with caution as intentions are assessed in relation to the next three years. One might therefore anticipate in the coming years an increase in the entrepreneurial activity (TEA) of women.

From 2021 to 2022, a decline in the number of established entrepreneurs was observed among both women and men (2.9% to 2.2% and 4.3% to 3.7% respectively). This downward trend can be partly explained by the increase in the number of failed businesses recorded in France in 2022. According to Banque de France, this figure reached 41,020, which is lower than the numbers observed during the pandemic, but with disparities in the sizes of the businesses

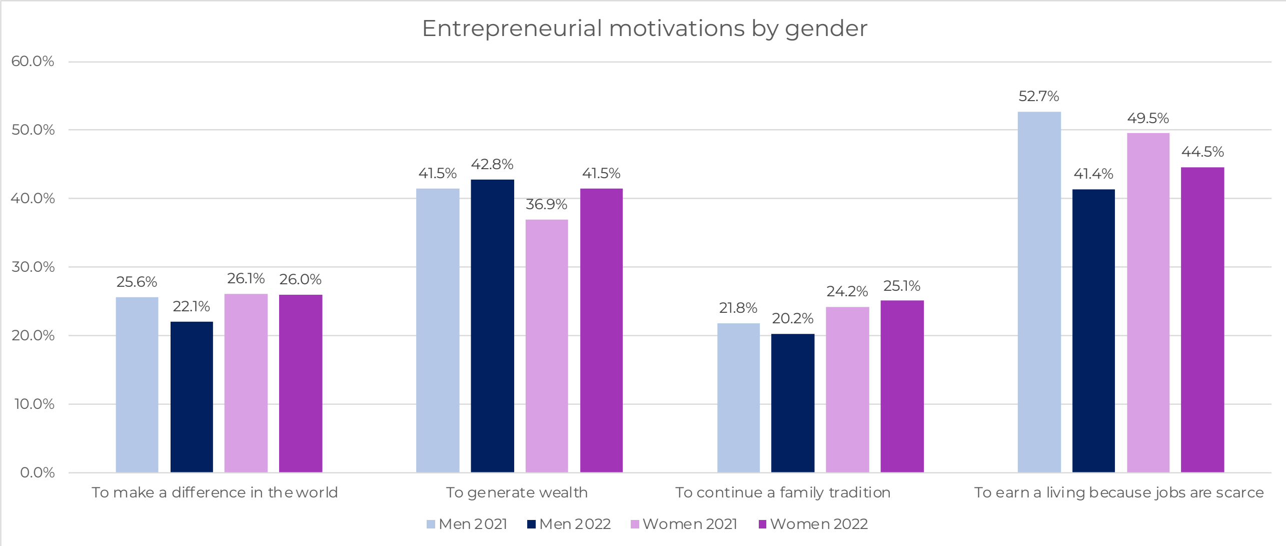


Figure 38. Motivations of early-stage entrepreneurs by gender

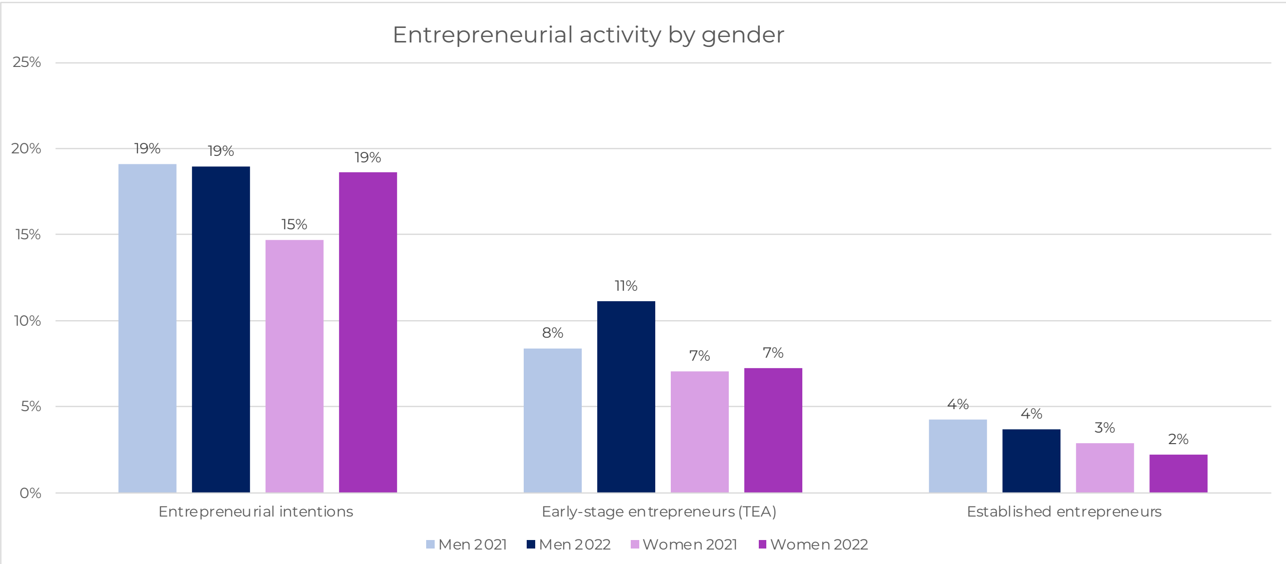


Figure 39. Entrepreneurial activity by gender

concerned. This increase was particularly marked among SMEs (+48.7%), especially micro enterprises (+95.8%) and small businesses (+92.2%) (Banque de France, 2023).

At an international level, France posted a female TEA rate comparable to that of Germany, at around 7%. This is almost twice that of Japan, but still far behind English-speaking countries, which posted figures two to three times higher (Figure 40). In 2021, the gap between men and women in France was the narrowest of the G7 (1.4 points). In 2022, France was positioned exactly at the G7 average (3.9 points), with a gap close to that observed in Germany (3.9 points), Canada (3.6 points) and the US (2.2 points), where the gap is narrowest albeit widening.

In 2022, France ranked last of the G7 for established entrepreneurs (Figure 41) with a percentage close to Germany (2.6%), lagging behind Japan (4%) and the English-speaking countries (from 4.3% in the UK to 7.9% in the US). Although efforts to encourage female entrepreneurship appeared to be bearing fruit in terms of representations (sense of capability and intentions), this is not always reflected in changing behaviours (early-stage and established entrepreneurs).

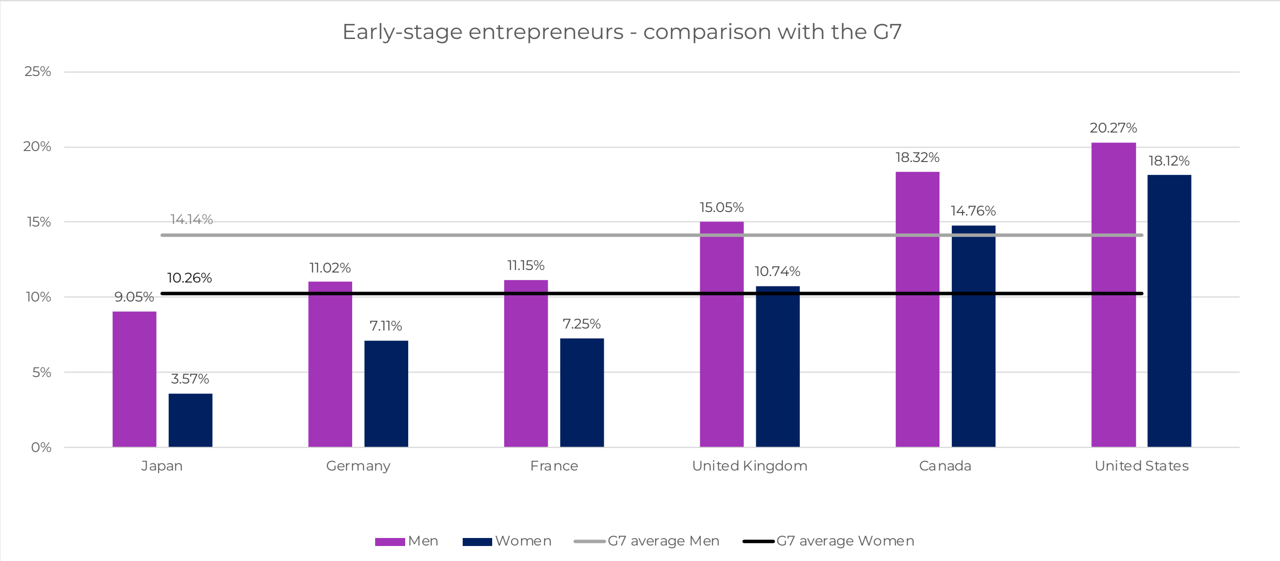


Figure 40. Breakdown of early-stage entrepreneurs by gender - comparison with the G7

THE INSTITUTIONAL CONDITIONS FAVOURING FEMALE ENTREPRENEURSHIP

Given that entrepreneurial activity continues to be lower among women than men, we asked our national experts (in the NES) about the institutional conditions that favour female entrepreneurship to pinpoint the areas for improvement. Their assessments related to 6 areas: extra-professional support, regulations, national culture, access to public procurement markets, access to financing, and work-life balance (Table 3). They had to indicate the extent to which they agreed with each statement on a 10-point Likert scale (1 = totally disagree / 5 = neither agree nor disagree / 10 = totally agree).

In 2021, compared to the rest of the G7, it was France that offered the most favourable conditions (childcare, services in the home, etc.) to female entrepreneurs so they could manage their business with ease (Figure 42). In 2022, the expert assessments confirmed this with an average score of 5.05/10 compared to 5.0/10 in 2021.

In 2021 in the G7 as a whole, there were largely unfavourable perceptions of the regulatory factors that would motivate women to become entrepreneurs compared to the opportunity of salary-paid work. In 2022, France was still no exception to this, although a slight improvement was observed (3.72/10 in 2022 vs 3.15/10 in 2021). Efforts remain therefore to create more favourable regulatory conditions for women to take on careers in entrepreneurship.

National culture is of central importance in encouraging entrepreneurship. Among the G7 countries, Germany had the most positive perceptions in 2021 in terms of a national culture that is favourable to female entrepreneurship; France was in the middle of the rankings. In 2022, perceptions in France improved considerably (5.93/10 in 2022 vs 4.47/10). A cultural shift seems to be emerging with increasingly favourable representations of female entrepreneurship in the media and society generally.

In 2022, market access was judged very positively. The experts reported that both the private and public sectors are equally accessible to female and male entrepreneurs. A strong rise was recorded between 2021 (6.13/10) and 2022 (7.49/10). The public authorities have for several

Extra-professional support	In France there are sufficient and affordable support services (childcare, services in the home, extracurricular programmes, care for the elderly, etc.) to ensure women can continue to manage their business even after establishing a family.
Regulations	In France regulations for entrepreneurs are so favourable that women prefer to become entrepreneurs rather than employees.
Effect of national culture	In France the national culture encourages women as much as men to become independent or set up a new business.
Equal access to public procurement markets	In France there is equal access to markets and public procurement markets for male and female entrepreneurs.
Access to financing	In France access to financing is equally available to male and female entrepreneurs.
Work-life balance	In France, following the pandemic, the rise in teleworking has improved the work–life balance for women.

Table 3. List of institutional conditions used to assess female entrepreneurship

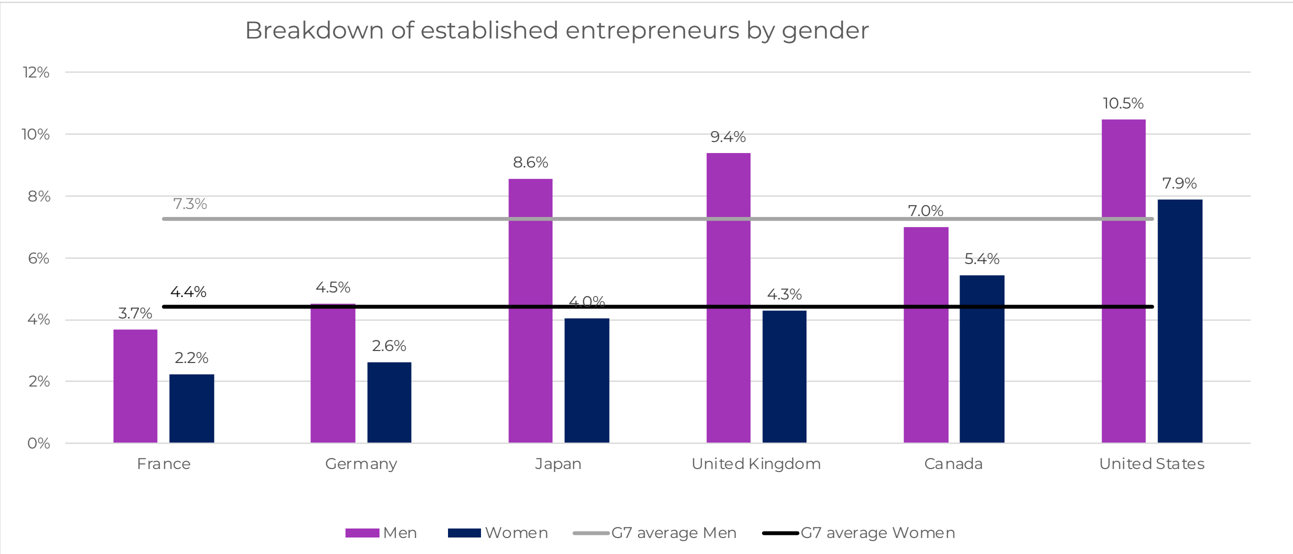


Figure 41. Breakdown of established entrepreneurs by gender - comparison with the G7

years concentrated on promoting gender equality. For example, since 2022, the guide on the social aspects of public procurement has included a new section on promoting gender equality.

The conditions for accessing financing are an important factor in the decision to become an entrepreneur and success thereafter. It has been established that inequalities in terms of revenue and assets constitute a bias to the detriment of female entrepreneurship. Investment funds also seem to be more reluctant to finance startups or companies run by women[8]. However, access to bank lending may have become easier because of the obligations put in place for statistical monitoring of the breakdown of loans granted to female and male entrepreneurs. According to our participating experts, the situation in

[v] CESE, Femmes et entrepreneuriat, étude, rapporteure : Eva Escandon, October 2020: https://www lecese.fr/sites/default/files/pdf/Etudes/2020/2020_24_femmes_entrepreneuriat.pdf

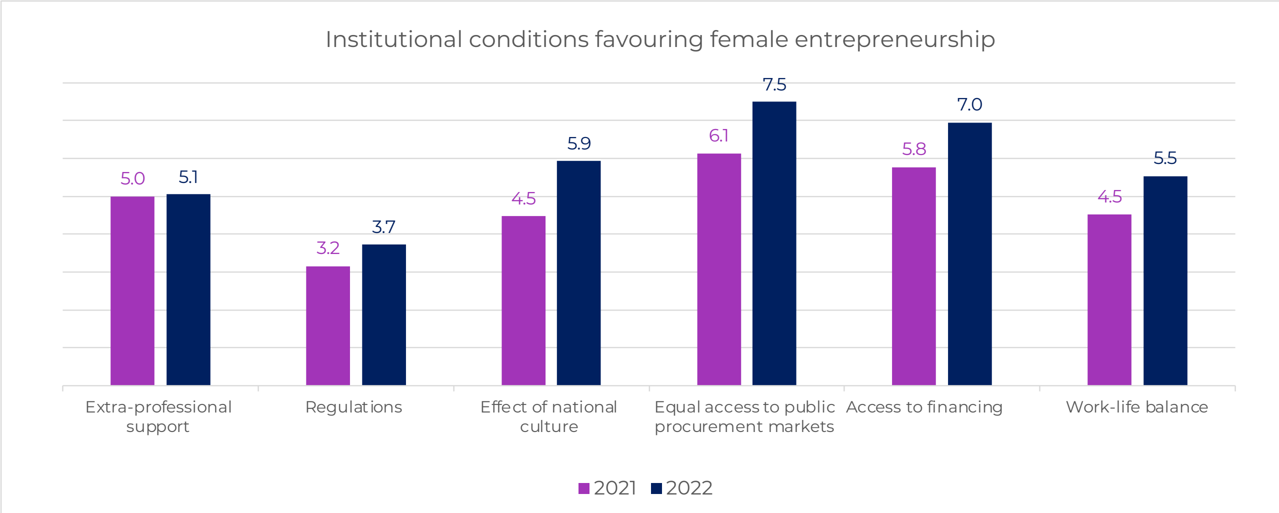


Figure 42. Changes in the institutional conditions favouring female entrepreneurship (Score out of 10)

France has improved considerably, with a score that rose from 5.77/10 in 2021 to 6.95/10 in 2022.

The public health crisis encouraged society to ask more questions about the work-life balance. In 2021, France was far behind the other G7 countries in terms of the relationship between the increase in teleworking and a better work-life balance for women, but in 2022 things improved. According to the experts, teleworking contributes to this balance. While perceptions in 2021 were slightly unfavourable (4.47/10), in 2022 they were favourable (5.93/10). This result is indicative of a wider social acceptance of teleworking since the pandemic.

The experts also report that the female entrepreneurial ecosystem in France now appears to be much more favourable. The conditions for support and access to the markets and financing have improved considerably. A cultural and societal transformation is underway, although its consequences for entrepreneurial activity have not yet been felt fully. Total early-stage entrepreneurial activity remained stable, while that of male entrepreneurs increased.

Entrepreneurship by age

The percentage of entrepreneurs aged under 30 has risen considerably over the last 10 years, from 31.2% to 38.5% (INSEE, 2023). This increasing youthfulness is to be seen in light of the efforts made by the public authorities to encourage entrepreneurship among young people and students in particular. The ongoing societal, digital and environmental transformations also no doubt explain this positive trend. The GEM data gives us a better understanding of entrepreneurial activity and its determining factors. The study concentrates on the 18-24 and 25-35 age groups.

THE DETERMINING FACTORS OF ENTREPRENEURSHIP BY AGE

Young people have a mostly favourable perception of entrepreneurship (Figure 43). Social desirability and perceived feasibility are strongest among respondents aged under 35. For desirability, which is measured based on the scores for desirable career choice, elevated social status and valorisation in the media, the percentages in this age group are higher for the first two questions (72.3% vs 65.2% and 59.3% vs 53.4%) and similar for the last one (74.7% vs 75%).

It is interesting to note that respondents aged under 25 are more likely to see entrepreneurship as a desirable career choice (77%) and as bestowing elevated social status (64%). This more positive vision of entrepreneurship is accompanied by a higher level of perceived feasibility: 59.0% of respondents aged under 35 believe it is easy to start a business, compared to 53.3% among the over-35s. However, those aged under 25 are more reserved (51%).

Attitudes towards and perceptions of entrepreneurship also vary according to age (Figure 44). Social capital is often seen as a crucial factor in the decision to become an entrepreneur. Young people are expected to have fewer resources and, especially, networks that are less dense.

It is surprising to note that the percentage of under-35s who say they know entrepreneurs is higher than among the over-35s (63.9% vs 57.4%). The democratisation of entrepreneurship and the high degree of openness among younger people favours such interactions. Younger respondents also tend to perceive more opportunities (55.5% vs 50.7%). However, they also tend to have a weaker sense of capability (48.3% vs 50.2%), something that increases with age. This figure stands at just 34% for the under-25s. Similarly, the percentage of respondents who perceive opportunities but say they are not willing to get into entrepreneurship for fear of failure is a bit higher among younger respondents (43.1% vs 39.7%).

However, analysis of entrepreneurial talent reveals that young people have a more positive perception of their capability (Figure 45). This gap is significant when it comes to seeing opportunities (50.9% vs 44.0%) and seizing them (48.9% vs 42.9%), and is even wider in terms of the capacities for innovation (63.0% vs 55.7%) and long-term vision (70.6% vs 60.4%). This finding is very encouraging for the capacity

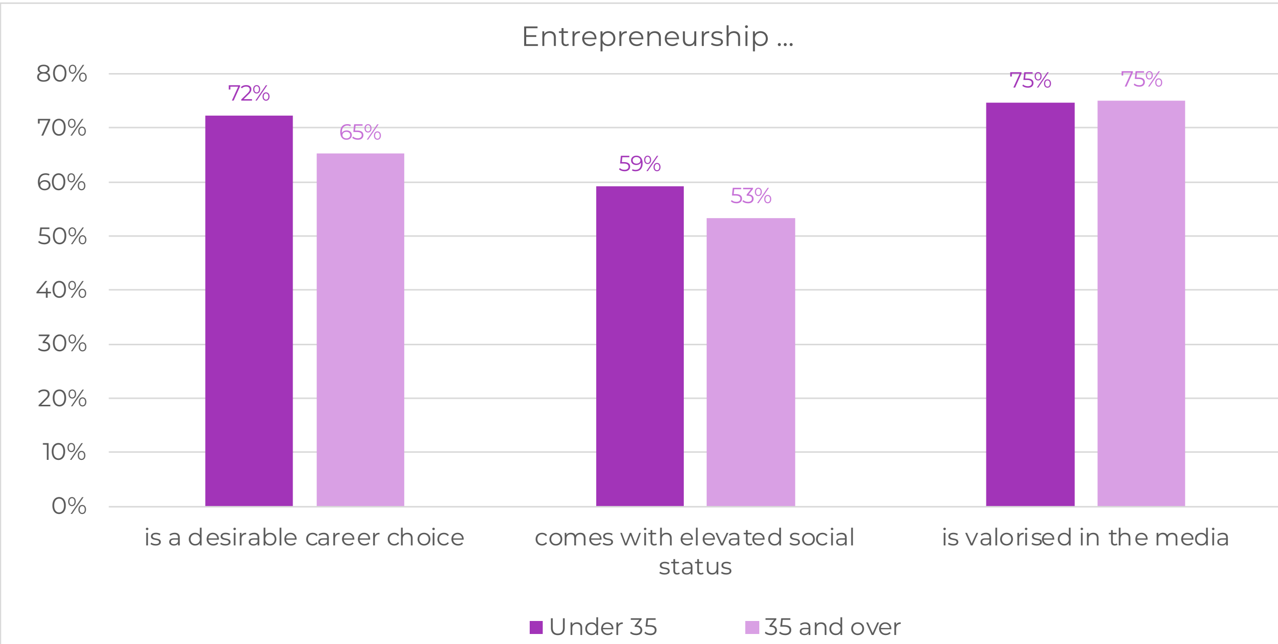


Figure 43. Valorisation of entrepreneurship by age

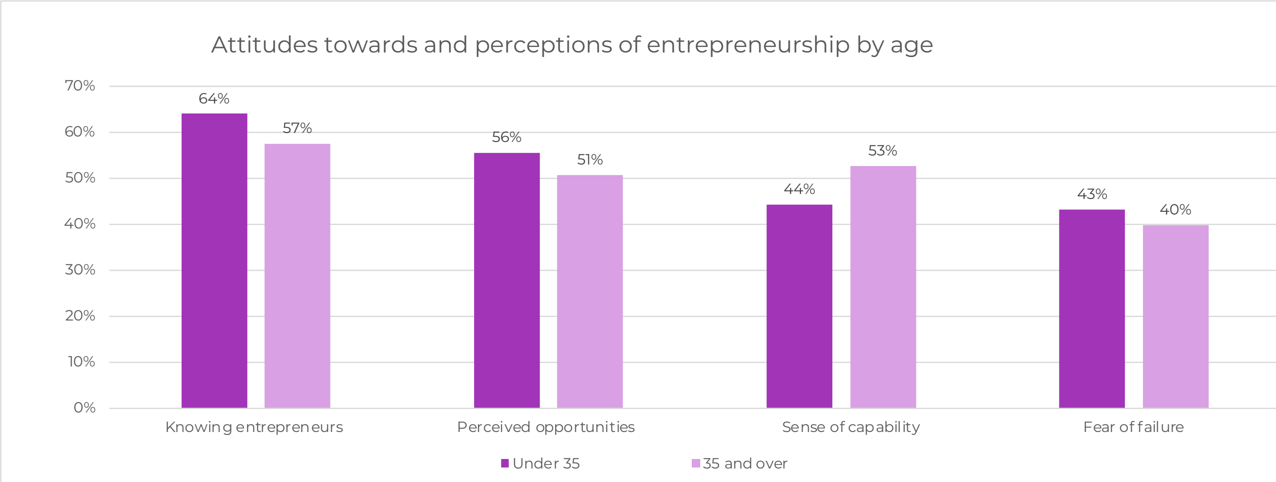


Figure 44. Attitudes towards and perceptions of entrepreneurship by age

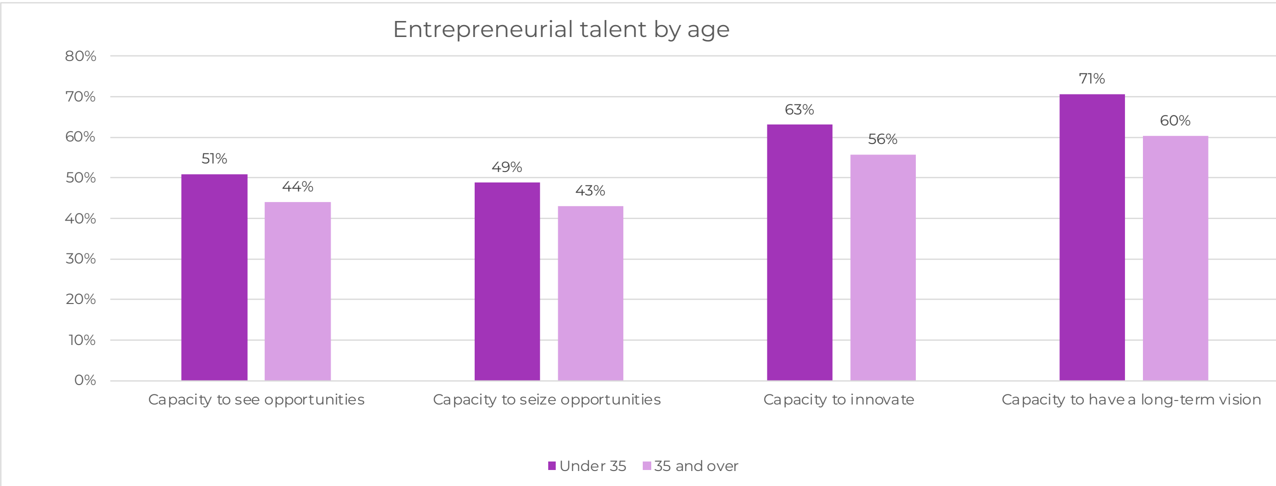


Figure 45. Entrepreneurial talent by age

of younger people to imagine the world of the future and develop ambitious entrepreneurial projects.

Entrepreneurial activity by age

Entrepreneurial intentions are much stronger among younger respondents (Figure 46): 26.7% vs 14.7%. The age group that expresses the strongest intentions is 25-34 (28%), followed by 18-24 (24%). This is consistent with the fact that the vast majority of these age groups consider entrepreneurship to be a desirable career choice. The figures for concrete steps towards entrepreneurship also differ depending on the age group. Total early-stage entrepreneurial activity (TEA) is 11.4% among the under-35s and 8% for the over-35s. On average, one out of every three young respondents aged 18-24 who expresses entrepreneurial intentions goes onto become an entrepreneur (8.3% vs 24.4%) whereas this figure is one in two for the 25-34 age group (13.6% vs 28.4%). The differences observed at an international level also apply to younger people. Of the G7 countries, France is ranked second last for TEA, just ahead of Japan (6.1%) and close to Germany (13.9%) but far behind the English-speaking countries (Canada: 24.4%; US: 27.0%; UK: 15.9%).

The hierarchy of the different motivations for entrepreneurship is the same regardless of age group (Figure 47). However, significant differences in their strength can be observed. More so than their elders, early-stage entrepreneurs aged under 35 emphasise the desire for wealth (50.8% vs 36.0%) and the desire to make a difference in the world (31.53% vs 24.4%). The under-25s are much more intent than their elders on making such a difference (42%). By contrast, early-stage entrepreneurs under 35 are much less inclined to respond "continue a family tradition" (19.4% vs 24.4%) or "earn a living because jobs are scarce" (38.9% vs 45.4%), even though this is their second strongest motivation.

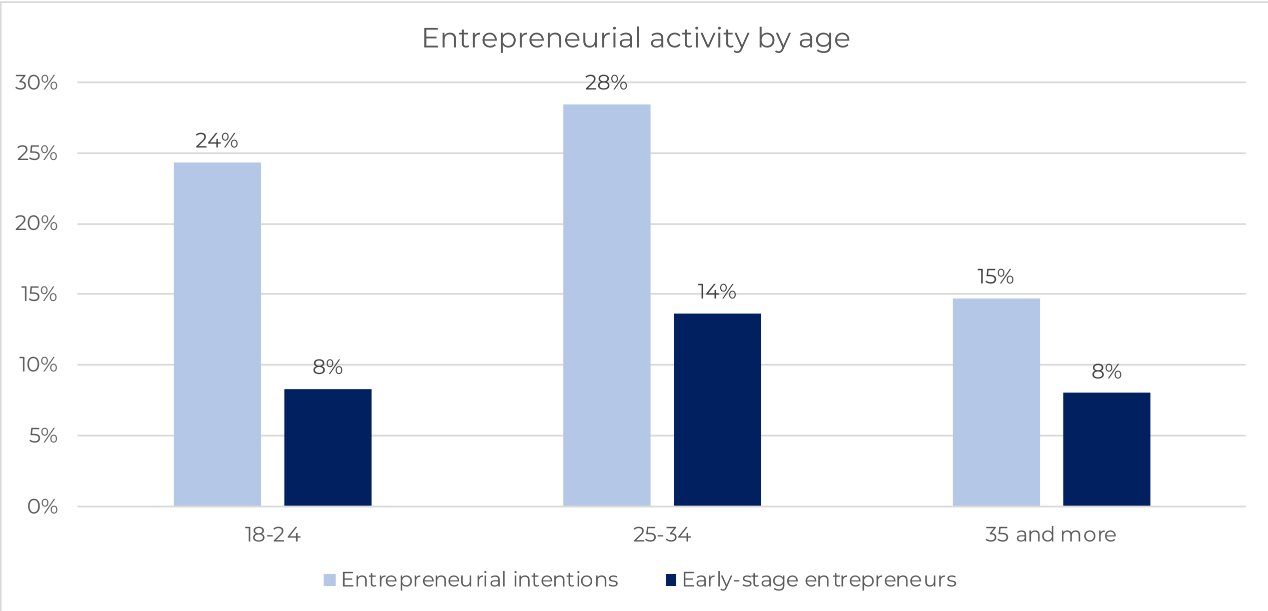


Figure 46. Entrepreneurial activity by age

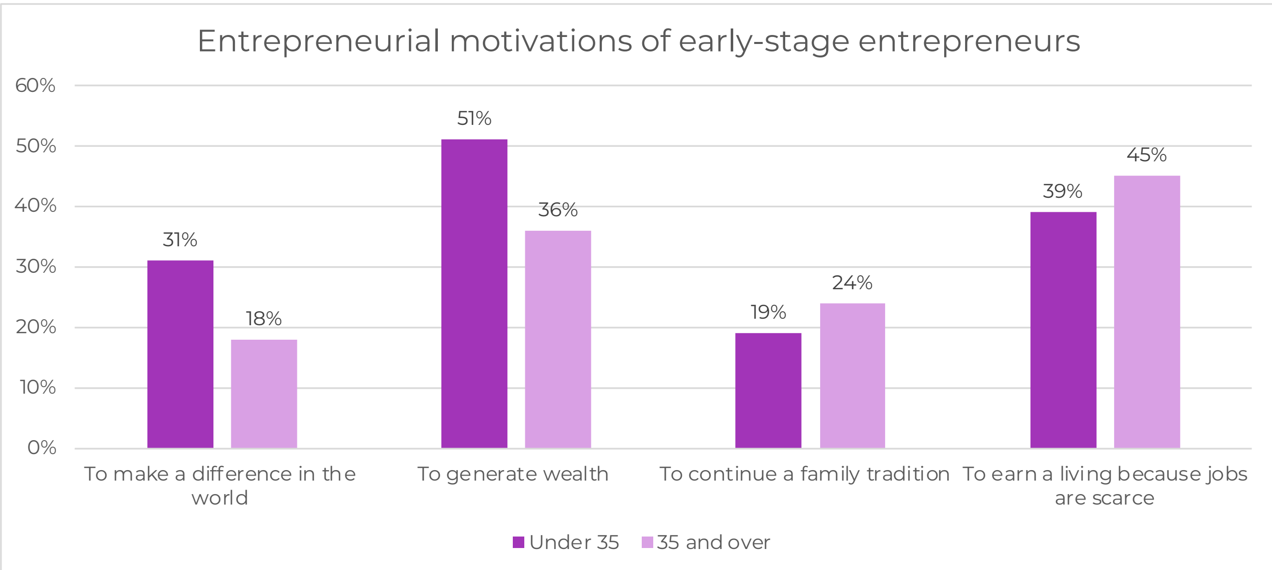


Figure 47. Entrepreneurial motivations of early-stage entrepreneurs by age

Sustainable entrepreneurship

In the face of the climate emergency and the many challenges of sustainable development, businesses have a role to play. Businesses or entrepreneurial projects that take account of sustainable development goals do so via a CSR (corporate social responsibility) policy, which since 2011 the European Commission has defined as “the responsibility of enterprises for their impacts on society”. But the increasing recognition of social and environmental issues has not only created restrictive responsibilities, on the contrary! The urgent need for

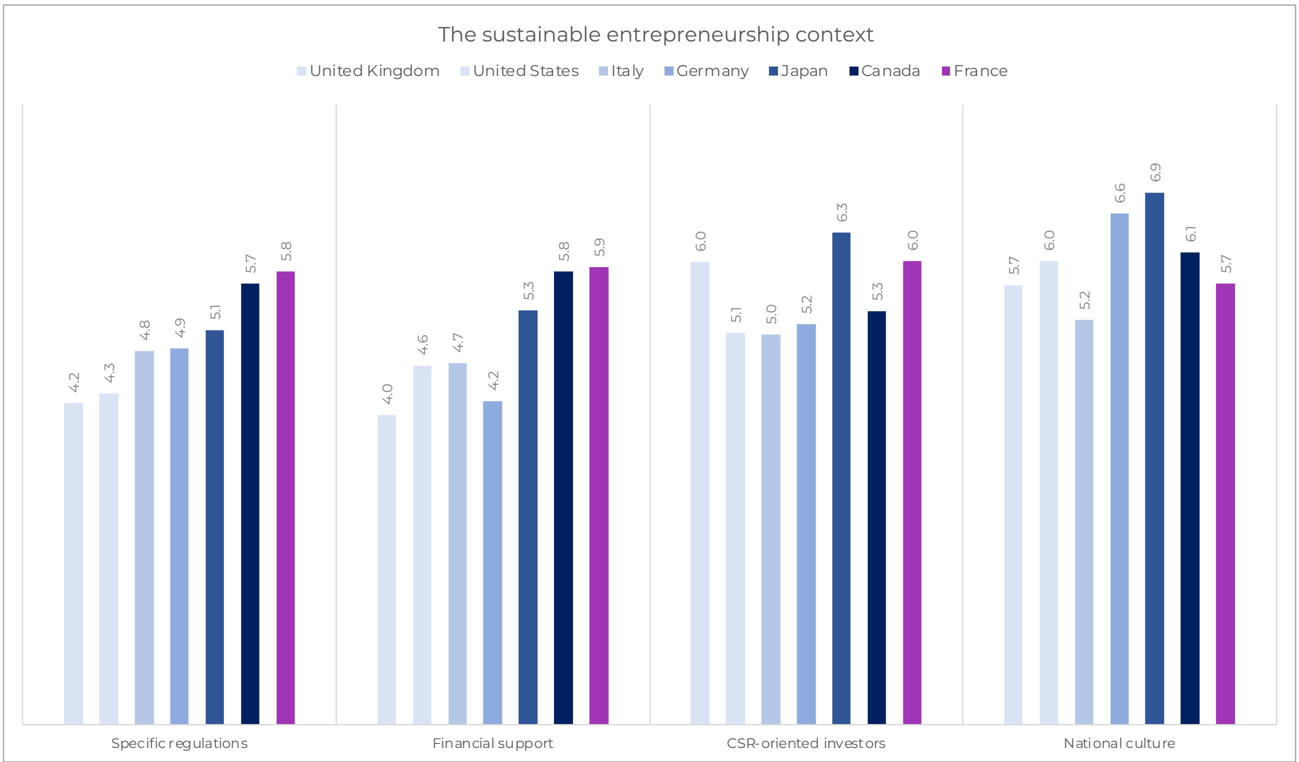


Figure 48. Contextual factors of sustainable entrepreneurship

sustainable development is seen by many actors as an opportunity to come up with new entrepreneurial models. Entrepreneurs are becoming central actors, bringing new ideas, initiatives, innovations, inspiration etc., to imagine a new future. And what of France? Does its ecosystem favour sustainable entrepreneurship? Are those with entrepreneurial projects embracing the issues linked to sustainable development?

A favourable ecosystem for sustainable entrepreneur-ship

French experts (NES) were asked about the contextual factors linked to sustainable entrepreneurship. First, they assessed the context in which businesses operate (Figure 48). They report that the government has put in place specific regulations that supports startups with a focus on sustainability (5.8/10) and that it allocates them financing in the form of subsidies, special rights, etc. (5.9/10). On these aspects, France comes out on top of the G7, underscoring the dynamism of its governmental incentives. Similarly, they believe that investors are particularly interested in financing CSR-oriented businesses (6/10 compared to a G7 average of 5.7/10). The environment therefore appears to be favourable for new businesses experiencing growth. The minor downside is that sustainability practices appear to be considered in France as less important in the national culture than in other G7 countries (5.7/10 compared to 6 in the US, 6.1 in Canada, 6.6 in Germany and even 6.9 in Japan – the UK scored 5.7 and Italy 5.2).

Next, the experts assessed the attitudes of businesses to the challenges of sustainable development (Figure 49). They report that many new businesses experiencing growth integrate the principles of CSR into their commercial activities. Indeed, France is ranked

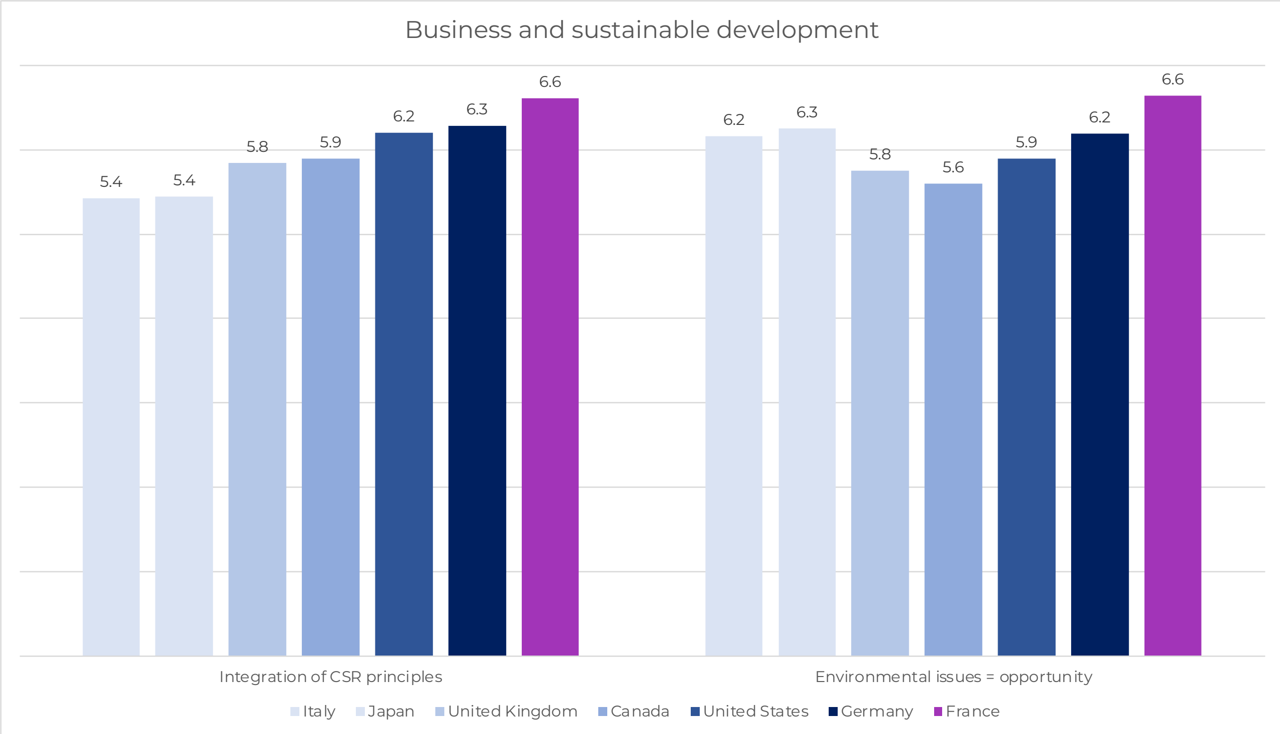


Figure 49. Attitudes of businesses to sustainable development issues – the assessment of experts

as the leading G7 country in this regard, with a score of 6.6/10 (Germany: 6.3; US: 6.2; Canada: 5.9; UK: 5.8; Italy and Japan: 5.4). The experts say that businesses see environmental issues as a potential opportunity (6.6/10, the highest score in the G7), confirming the idea that sustainable entrepreneurship is not a solution limited to climatic and social challenges.

But what about the entrepreneurs themselves? What is their view of sustainable development?

The three pillars of sustainable entrepreneurship

Being a socially responsible entrepreneur means not only fully complying with the applicable legal and regulatory obligations, but also proactively integrating social and environmental concerns into all of the business's activities and stakeholder relations. The term used is “triple bottom line” and the aim is to reconcile three major aspects: economic performance, respect for the environment and for individuals. But can environmental and social considerations take precedence over economic ones?

More than half of respondent entrepreneurs in the APS (57% of early-stage and 50% of established entrepreneurs) reported that they prioritise the social and/or environmental impact of their business over profitability or growth (Figure 50). These figures, up slightly from 2021, clearly confirm the desire of respondents to adopt an approach to overall performance underpinned by a strong social conscience that relativises the financial criterion in their conception of business.

More early-stage than established entrepreneurs declare that they prioritise the social and/or environmental impact of their business, and this is also true of the national samples in the other countries to have participated in the GEM studies (Figure 51). It is possible that, while there is undeniable and growing interest in development issues, in practice it runs up against the realities on the ground, which might explain why established entrepreneurs gave less forceful responses. At the level of the G7, early-stage entrepreneurs in France ranked 4th, behind the US (69%), Canada (63%) and the UK (59%), while established entrepreneurs set a good example, lying in second position just behind Canada (57.8%).

Gap between intentions and actions

The vast majority of entrepreneurs interviewed for the GEM France survey said they always take into account the environmental and social implications of the decisions they make for their business. However, when they were later asked about the concrete steps taken over the previous year, it emerges that their actions are few in number. This points to a significant gap between intentions and actions.

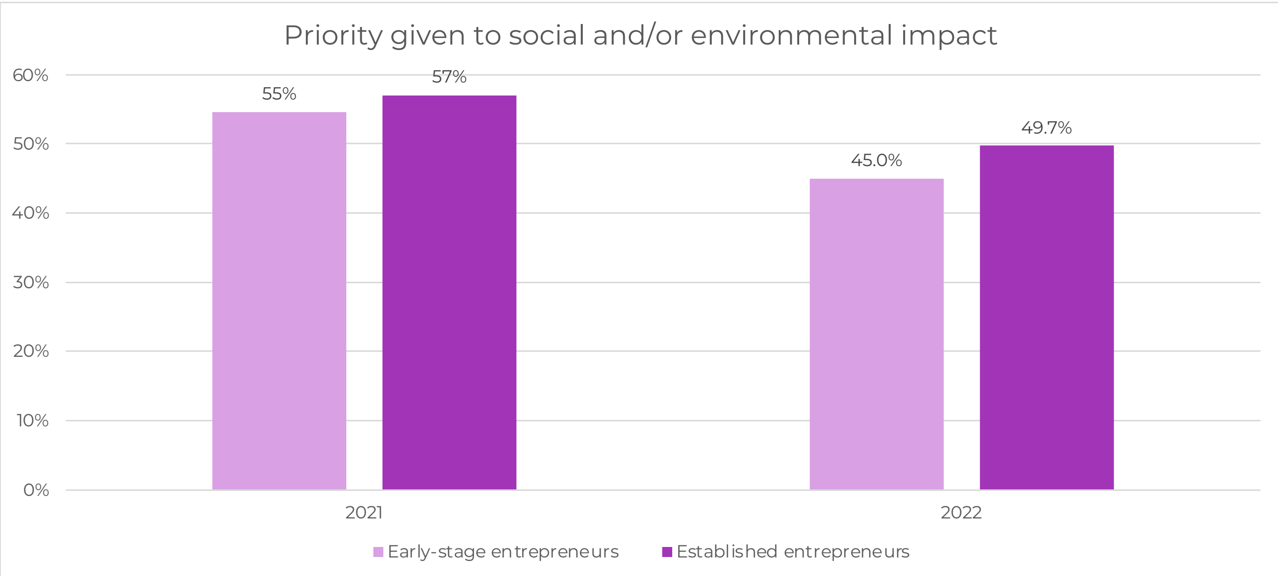


Figure 50. Entrepreneurs who prioritise social and/or environmental impact over profitability or growth - changes between 2021 and 2022

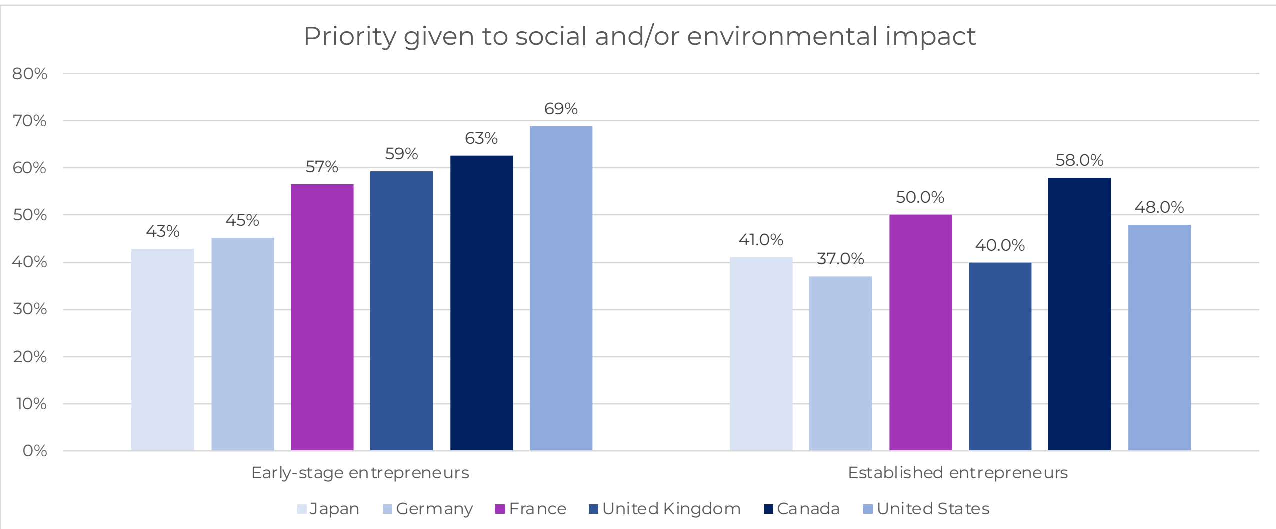


Figure 51. Entrepreneurs who prioritise social and/or environmental impact over profitability or growth - comparison with the G7

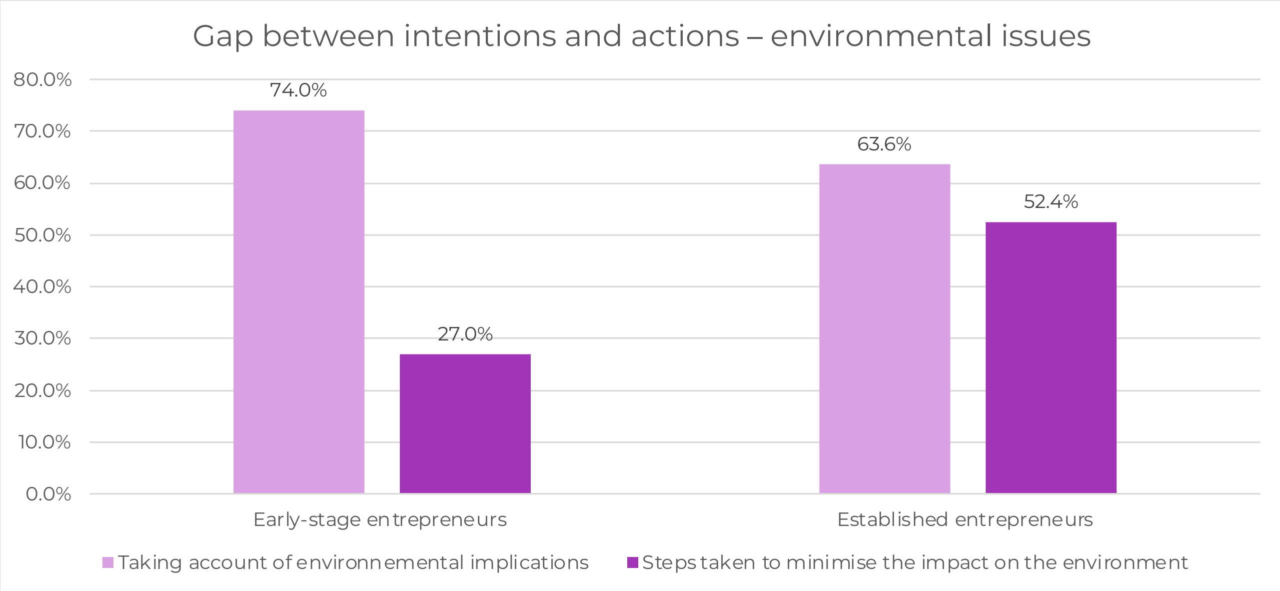


Figure 52. Entrepreneurs taking account of environmental issues – gap between intentions and actions

ENVIRONMENTAL ISSUES

74% of early-stage entrepreneurs say they always take into account the environmental implications of the decisions they make for their business, compared to 64% of established entrepreneurs (Figure 52). However, the latter scored just 52% on concrete environmental actions, and the former even lower at 27%! This makes a gap of 47% between intentions and actions for early-stage entrepreneurs, 3 points higher than in 2021, and 12% for established entrepreneurs, 9 points lower than in 2021.

One can assume that, unless their product or service is designed specifically to address an environmental issue, it is rare for early-stage entrepreneurs to be faced quickly and urgently with the environmental impact of their business. Economic preoccupations dominate during this phase in which an entrepreneurial project is very fragile, and so environmental actions come later. This means they are not always integrated from the outset and can emerge due to pressure from stakeholders, which might explain the low number of concrete steps taken during the previous year.

Among established entrepreneurs, the difference between intentions (64%) and actions (52%) on the environment, although narrower, is not negligible and is perhaps indicative of the need for support for entrepreneurs when it comes to practical ways to take environmental action.

SOCIAL ISSUES: THE FORGOTTEN ASPECT OF SUSTAINABLE DEVELOPMENT?

The concept of social impact has taken on growing importance over the last decade. This is linked to the emergence of social enterprises, defined by the OECD as "*any private activity conducted in the public interest, organised with an entrepreneurial strategy, whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals*". More generally, it is about making entrepreneurship – through initiative, creativity and social innovation – a major factor in social change.

France has not escaped this phenomenon: by way of example, its social & solidarity economy represents around 14% of private sector jobs (more than 2.35 million employees) and 10% of GDP, with the creation of around 200,000 businesses and other structures. In operational terms, actions taken to maximise one's social impact could for example include creating positions for young job seekers and other groups with limited access to the labour market, including social enterprises in the supply chain, prioritising businesses and/or suppliers that take steps to respect human rights and the environment when procuring products or services or contribute to the fight against all forms of child (or forced) labour.

Reflecting this growing concern for social issues, 74% of early-stage entrepreneurs say that when taking strategic decisions they account for social implications such as access to education, healthcare, safety, inclusion in the workplace, housing, transport, quality of life in the workplace, etc. Among established entrepreneurs, this figure drops to 59%. This reveals the efforts still required by business owners to systematically account for their social impact in their strategic decision-making process. A significant disparity can also be observed between the declaration of principle and implementation. Just 20% of early-stage entrepreneurs report having recently taken steps; this figure is 34% for established entrepreneurs (Figure 53). This means the gap between intentions and actions is 54% among early-stage entrepreneurs – stable compared to 2021 – and 25% for established entrepreneurs, 8 points lower than in 2021.

This much wider gap in the case of early-stage entrepreneurs can be explained by the entrepreneurial phase in which they find themselves. Nascent and new entrepreneurs often face fewer HRM issues, which become more pressing as the organisation expands.

The level of commitment to social action among French entrepreneurs is twice as low

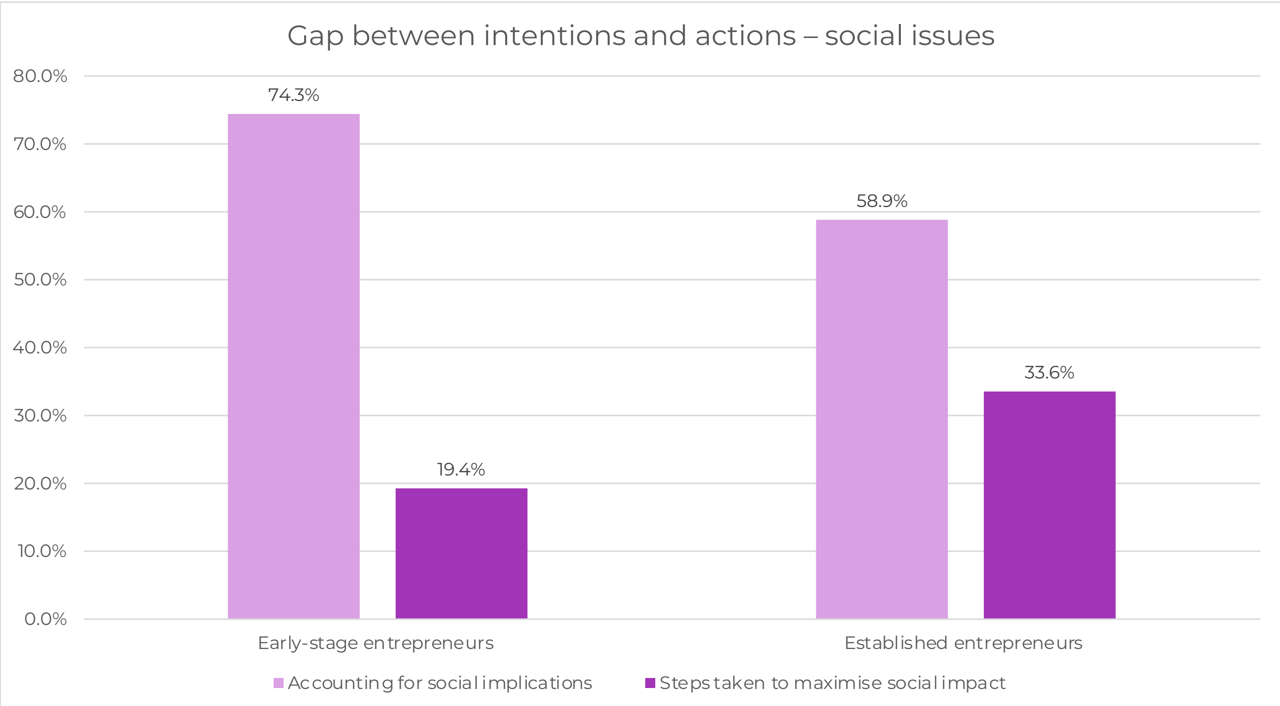


Figure 53. Entrepreneurs taking account of social issues – gap between intentions and actions

as that to environmental action. The dominant view of sustainable development in France is that it is much more about assuming one's responsibilities on the environment than on social issues: sustainable development is very widely seen as relating to the environmental challenges of global warming, biodiversity, etc.

WHAT OF THE G7 COUNTRIES?

A gap can be observed between intentions and actions in all of the G7 countries, but it is in France that it is widest by far when it comes to social issues (Figure 54), both for early-stage (55%) and established entrepreneurs (31.1%). By way of comparison, in the UK the gaps are 36.7% for early-stage and 18.2% for established entrepreneurs. Germany emerges as the country where this gap is the narrowest, at 15% for both early-stage and established entrepreneurs.

The gap between intentions and actions when it comes to environmental issues (Figure 55) is very high in France for early-stage entrepreneurs (46.9%). It stands at 17.2% in the UK, 14.1% in Canada, 14% in the US, 10.8% in Japan and just 1.9% in Germany. This figure for established entrepreneurs in France is much narrower (11.2%), but wider in Japan (17.4%) and the (UK 17.5%).

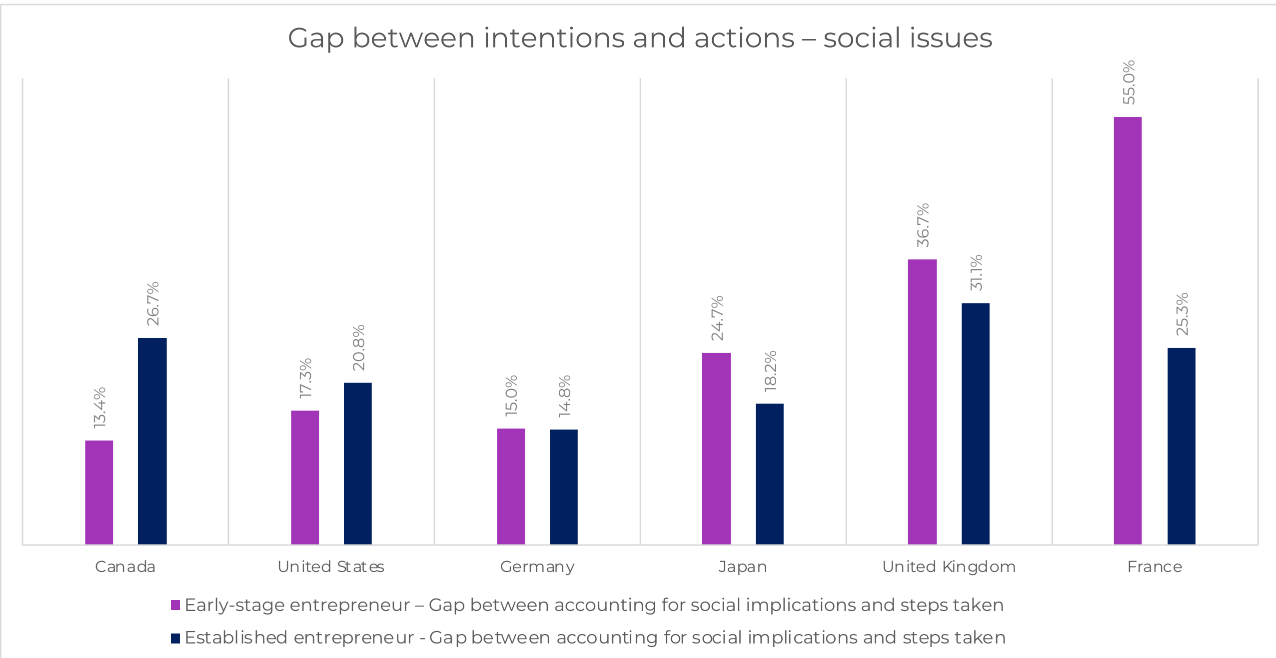


Figure 54. Gap between accounting for social issues and steps taken by entrepreneurs - comparison with the G7

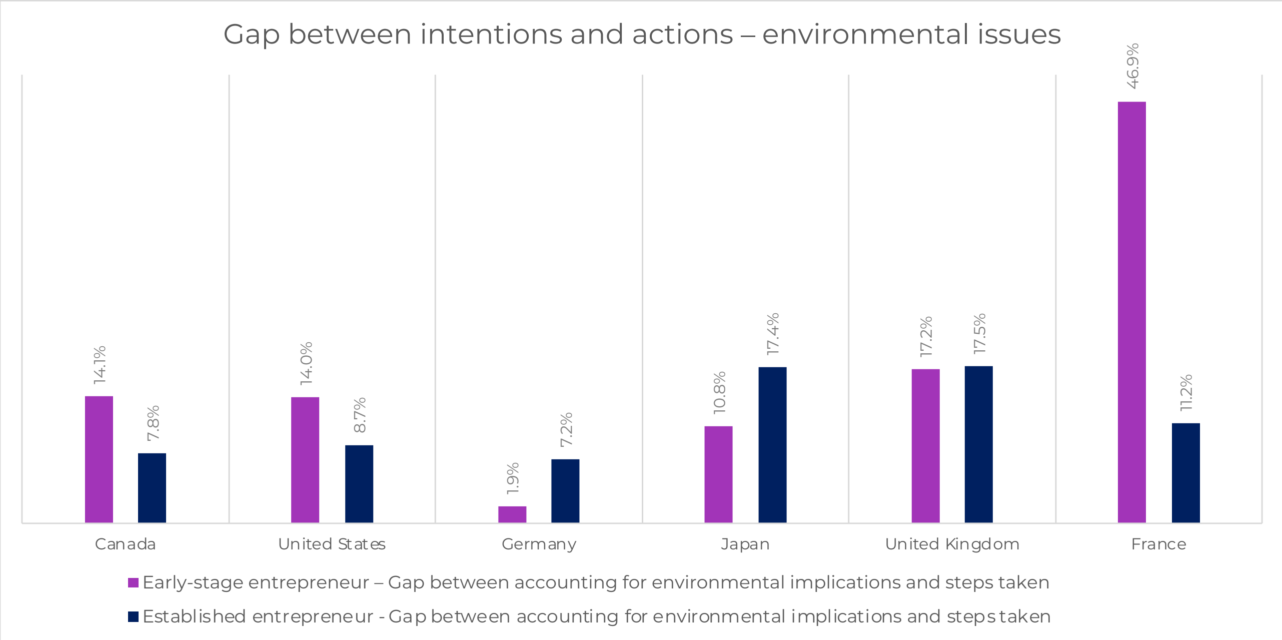


Figure 55. Gap between accounting for environmental issues and steps taken by entrepreneurs - comparison with the G7

Conclusion and recommendations

This second report, drafted by Labex Entreprendre, provides a comparative overview of the changing entrepreneurship climate in France. The results are consistent with the data released by the INSEE (2023), which above all emphasised the business creation dynamic. This data enables a more refined analysis of entrepreneurial activity in light of its determining factors and effects, also providing an international perspective. This report highlights major transformations in terms of representations and behaviours. However, the pace of these changes is insufficient to make France a global leader in entrepreneurial activity. Among the G7 countries, France mostly occupies an intermediary position between the English-speaking members, who are the most dynamic, and those slightly behind such as Japan or Germany.

The experts who contributed to the analysis of the entrepreneurial ecosystem emphasise that the context is quite favourable but draw attention to shortcomings, particularly in terms of culture, dynamism, market access and the promotion of entrepreneurship in primary and secondary education. The study conducted on the population aged 18 to 64 nonetheless allows a certain optimism. First, the negative consequences of the public health crisis seem to have dissipated. Second, entrepreneurship is more than ever perceived as a desirable career choice, and the perceived ease of starting a business has risen considerably. These favourable measures are reflected in the level of entrepreneurial activity. The two key indicators of the GEM study – entrepreneurial intentions and total early-stage entrepreneurial activity (TEA) – have seen positive gains.

The focus on diversity and sustainable entrepreneurship has also led to encouraging representations, but with several areas for potential improvement. The report underscores both the rise in entrepreneurial activity among young people and the level of activity compared to other countries. It highlights the increasingly strong entrepreneurial intentions among women, but with a relatively stable TEA. As in 2021, it observes a gap between intentions and actions when it comes to sustainable development.

This paradoxical situation reveals that significant progress is still needed if France's ambition is to be among the most dynamic countries in terms of entrepreneurship. Four recommendations can be made.

1. Further promote entrepreneurship at primary and secondary levels

The NES once again highlights France’s weakness compared to other wealthy nations in terms of promoting entrepreneurship in primary and secondary education (ranked 17th out of 22). Although they were less critical than in 2021, the experts interviewed continue to believe that the steps being taken in this regard constitute a weakness. This is a complex subject due to the multitude of actors involved as well as the challenge of setting priority targets. In relation to rankings like the Programme for International Student Assessment (PISA), France’s unfavourable position should be an incentive to prioritise the fundamentals in teaching. In this respect, entrepreneurship could appear to be a lesser priority, but it is not so much the act of entrepreneurship as the entrepreneurial mindset that needs to be developed. This mindset could be combined with the fundamentals using original pedagogic methods.

France has many different actors who contribute to the promotion of entrepreneurship in primary and secondary education. The aim first of all is to establish an overview of current practices and an assessment of their impact, and secondly to design a scheme that would enable better coordination at local and national levels, similar to the PEPITEs which have been so successful in higher education. We previously recommended holding colloquia on entrepreneurial education at primary and secondary levels. We believe it is useful to bring together the actors of the entrepreneurial education ecosystem to build an ambitious national strategy designed to strengthen the entrepreneurial mindset of the young population.

2. Boost female entrepreneurship

The results of the NES and APS are very encouraging. They point to a more favourable context and changing representations. Entrepreneurial intentions rose considerably among women, but translating them into concrete steps remains a challenge. Total entrepreneurial activity remained stable, while it progressed among men. This figure continues to lag far behind the English-speaking countries in the G7. However, as in 2021, France emerged as one of the countries with the lowest gender gap in entrepreneurial activity.

The aim should be to build a national strategy to increase the total early-stage entrepreneurial activity among women. This could be part of policies that favour workplace gender equality. Targets have been identified in the past such as “reaching 40% female entrepreneurs by 2017 and 40% female business creators in the digital sector by 2019”, as part of the interministerial plan to improve workplace gender equality. One objective could be a TEA of 10% by 2025. We need to pursue the efforts being made to better understand the factors that hinder the decision to actively engage in entrepreneurship and rethink the way support is provided.

3. Facilitate market access

According to the NES, the conditions for accessing the markets are more challenging in France than other countries. These difficulties relate to the lack of market dynamism and the presence of barriers to entry. The newness liability that is inherent in all forms of business creation is however more marked in the French context.

The public authorities have adopted measures in recent years to facilitate access to public procurement markets for SMEs and micro enterprises. Specific measures must also be taken in favour of younger businesses. The public authorities and large firms can play a role as facilitators or even accelerators. These new entrepreneurs should benefit from training and support to help with their marketing and sales strategies. This recommendation can be seen in light of one of the commitments taken by the Cap Créa group, which aims to “collectively double the number of start-up entrepreneurs receiving support over the next 5 years so as to generate a million additional long-term jobs”. To achieve this target, the support provided must contribute to the development of the markets of new businesses.

4. Reduce the gap between intentions and actions in terms of sustainable development

The findings are once again encouraging in terms of the interest shown by early-stage and established entrepreneurs in sustainable development. However, the gap between intentions and actions, whether on social or environmental issues, remains considerable. This gap can be seen to be wider among early-stage entrepreneurs. The entrepreneurial process can lead to a revision of one's priorities when faced with certain economic constraints.

There is also the issue of capabilities and the capacities entrepreneurs and those who support them must acquire in order to take steps towards sustainable development.

The aim is to support early-stage entrepreneurs in the integration of sustainable development goals as early as possible. This is not about awareness-raising but about providing help to take concrete steps. This requires the actors of entrepreneurial support to engage in greater professionalisation by strengthening their knowledge of the 17 sustainable development goals and the actions that must be taken. They should develop their capabilities in this area and interact with the actors of the sustainable development ecosystem so together they can build new support measures.

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