Global Entrepreneurship Monitor

France

Entrepreneurial activity

2023/2024 National report

UNIVERSITÉ DE MONTPELLIER
MBS since 1897
MONTPELLIER MANAGEMENT
LABEX ENTREPRENDRE
FONDATION MMA DES ENTREPRENEURS DU FUTUR
Montpellier Méditerranée Métropole

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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 *Investissements d'Avenir* programme (*investments for the future*, 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.

Find out more:
fondation-entrepreneurs.mma

"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. Through its actions on the ground together with networks of entrepreneurs and consular chambers, its patronage to support entrepreneurship in all its diversity, and its communication, the Foundation aims to be there for entrepreneurs in all regions of France."

Sylvie Bonello – Head of the MMA Foundation for the Entrepreneurs of the Future

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 2023/2024 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.

Find out more:
https://www.montpellier3m.fr

The Montpellier Metropolitan Area and its 31 municipalities have inherited a long history. Marked by migration and the richness of its economic and cultural activities, this region is ideally located at the crossroads of influences from across the whole Mediterranean basin. It includes 31 municipalities and is home to more than 500,000 inhabitants, making it France's 8th largest metropolis in terms of population.

The Metropolitan Area is recognised for its dynamism in higher education and research. It hosts several renowned higher education institutes such as the University of Montpellier, which has more than 51,000 students and is ranked among the top French universities in several fields. The Metropolitan Area is also home to well-known engineering and business schools such as MBS School of Business and the École Nationale Supérieure de Chimie de Montpellier.

The Montpellier Metropolitan Area has major research facilities, including several laboratories and internationally renowned research centres. It is particularly well known for its research in healthcare, the environment, information science and communication. It is home to the Agropolis International research centre, one of the largest in Europe working on agriculture, food and the environment.

Among its structures dedicated to supporting startups and innovative businesses, the BIC (Business & Innovation Centre) of Montpellier Méditerranée Métropole is one of the biggest incubators in France. First set up in 1987, it has supported more than 750 businesses and helped create more than 6000 jobs.

The Montpellitan Area also has a reputation for its global healthcare ecosystem, with the presence of many renowned actors in this field. It developed a scheme known as Medvallée, which aims to establish a "One Health" cluster of excellence, bringing together public and private sector stakeholders working on innovative projects. This ambitious project will boost the region's attractiveness, favour job creation and improve the lives of its inhabitants.

Find out more:
www.montpellier-management.fr

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.

In 2023/2024, Montpellier Management hosted around 4000 students from 81 different nationalities in post-secondary education, continuous training and work/study programmes. A comprehensive curriculum is available remotely with an option of alternating between work and studies.

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.

Find out more:
www.montpellier-bs.com

MBS School of Business is a top management school with strong commitments and a culture of inclusivity, training the pioneers of a responsible economic transition.

Its courses range from 3 to 6 years of post-secondary training: Bachelor, “Grande Ecole”, MSc, Executive MBA and Executive DBA.

As one of the country's top schools, MBS belongs to the exclusive circle of 1% of business schools worldwide to have received the three most prestigious accreditations: AACSB, EFMD-EQUIS and AMBA.

With a strong spirit of international openness, MBS School of Business currently welcomes students from 80 different countries and offers them the chance to visit some 200 international destinations.

Offering the greatest of opportunities, setting new standards in social openness and a lead player in work/study programmes, MBS School of Business 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 School of Business ensures social and environmental responsibility is an integral part of its teaching.

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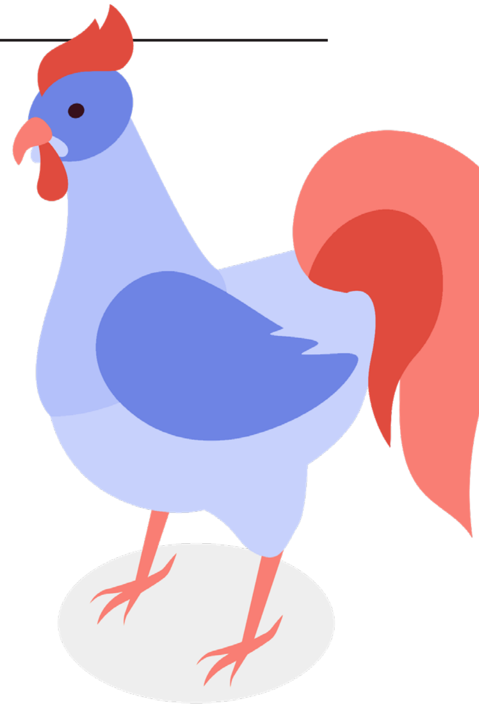


Executive Summary

This latest report by Labex Entreprendre marks 25 years in existence for the Global Entrepreneurship Monitor. It reflects a similar context to the previous one. In 2023, France's economy saw a rise in GDP of around 1%, facilitated by the increase in household spending and a fall in inflation (4.9% vs 5.2% in 2022 according to the INSEE). However, the country faces challenges, in particular geopolitical uncertainty and an increase in energy costs, leading to a rise in the number of bankruptcies (+38.8% between 2022 and 2023 according to Altares, 2024), especially among SMEs. In response, the government introduced measures to limit the impact of these costs on businesses and make it easier to register new companies. Despite these challenges, 2023 was once again an outstanding year with 1,051,500 new businesses created (INSEE, 2024), even though this figure is slightly down on 2022 (-1%).

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).

For the majority of indicators, a comparison was made with the results from 2021 and 2022 in order to identify trends and changes in entrepreneurial activity in France. A comparison was also made with the other G7 countries (except Japan, absent from the APS in 2023) and the 16 richest economies among the 46 nations that participated in the GEM study in 2023.

Entrepreneurial ecosystem

AN ENTREPRENEURIAL CONTEXT OF CONTRASTS

In France, experts report that the entrepreneurial context remained stable between 2022 and 2023 with respective ratings of 5.06/10 and 4.95/10 (NECI score: National Entrepreneurship Context Index). Conditions worsened in other countries. France's position is therefore more favourable, moving up from 18th to 12th place among the richest countries (Group A). Compared only to the G7, France lies above average (4.69/10) and even occupies first place ahead of Canada (4.84/10) and the US

(4.78/10).

WHAT MAKES FRANCE STAND OUT?

Out of the 13 indicators in the entrepreneurship context index, among the 16 richest countries in the study, France stands out positively for governmental promotion of and support for entrepreneurship (5/16), access to financing (4/16) and to a lesser extent for promoting entrepreneurship in higher education (8/16). In contrast, its position is less favourable when it comes to promoting it at primary and secondary levels (16/16), access to markets[1] (14/16) and the cultural and social norms conducive to entrepreneurship (14/16).

Determining factors in the decision to become an entrepreneur

ENTREPRENEURSHIP LESS VALORISED BY SOCIETY

The APS reveals a shift in the valorisation of entrepreneurship by society with scores on a downward trend. Entrepreneurship continues to be perceived as a desirable career choice by 65% of respondents (vs 67.8% in 2022) and as an elevated social status marker by 51.8% (vs 55.4% in 2022). The role of the traditional 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 (74.6% in 2023 vs 74.9% in 2022).

As well as perceived desirability, perceived feasibility has also fallen. Perceptions of the ease with which a business can be set up fell from 52.0% in 2022 to 50.5% in 2023. This leaves France in 12th place out of 15, below the average in Group A (59.7%), but still above the G7 average of 47.8%.

INCREASING DEMOCRATISATION OF ENTREPRENEURSHIP

The number of people who said they know an entrepreneur continues to rise (from 46.3% in 2021 to 59.6% in 2022 and 60.5% in 2023). The presence of a role model doubtless increases entrepreneurial acuity and one's capacity to perceive opportunities. The figures relating to perceived opportunities have been stable over the last three years, at around 51%. A small majority of respondents believe that the context is favourable in terms of business opportunities. This somewhat mitigated view ranks France 9th in Group A but ahead of 3 of the G7 countries: the UK (47%), Germany (41%) and Italy (34%). Only 40% of those who said they had perceived opportunities declared they were not willing to create a business for fear of failure. This places France in 4th position in Group A and ahead of Canada (55%) and the US (45%).

ECONOMIC MOTIVATION

While the primary driver of entrepreneurship is the search for autonomy and independence, the GEM study identifies other motivations. In France, the primary motivations are economic: in 2023, the strongest was "to build up great wealth or secure very high earnings" (44%), just ahead of "earn a living because jobs are scarce" (43%). Since 2021, wealth has steadily gained ground as a motivation, rising from 39% to 44%, whereas motivation linked to necessity has steadily weakened, falling from 51% to 43%, although these two indicators remain far lower than the average in both the G7 and Group A. The motivation "to continue a family tradition" is the weakest in France (17.5%). This

[1] Access to the markets refers to market dynamics and barriers to entry.

result reflects the ongoing democratisation of entrepreneurship. Wanting “to make a difference in the world” was cited by just 20% of respondent entrepreneurs, a figure that is falling (26% in 2021 and 24% in 2022) and stands in sharp contrast to other Group A countries (47%) and the G7 (48%).

Entrepreneurial activity

CONFIDENCE IN THE FUTURE MARKED BY CONTRASTS

Entrepreneurial intentions, meaning the intention to set up a business in the next three years, returned to 2021 levels (16.9% in 2021, 18.8% in 2022 and 17.2% in 2023). France lies above the G7 average (16.5%). Like the previous year, this figure continues to be lower than in the US (17.9%) and Canada (24.1%).

The gap between men and women in terms of entrepreneurial intentions is widening again. This indicator fell from 18.6% to 15.4% for women between 2022 and 2023, whereas it remained stable at 19% for men. There is a negative correlation between age and intentions: 25% of 18-24 year olds say they intend to set up a business in the next three years, but this figure is just 9.6% in the 55-64 age group.

A STEADY RISE IN ENTREPRENEURIAL ACTIVITY

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 and 10.8% in 2023. Commitment to entrepreneurship was not affected by the climate of uncertainty. This score places France slightly below the G7 average (12.2%), but behind the US (14.7%) and Canada (19.8%). Disparities can be found at a regional level. The three most dynamic regions in terms of TEA are: Nouvelle Aquitaine (13.3%), Auvergne-Rhône-Alpes (12.4%) and Ile de France (12.0%). The Provence-Alpes-Côte d'Azur (PACA) region lost ground, having occupied first place in 2022 (11.1% in 2023 vs 12.6% in 2022).

For early-stage entrepreneurial activity differences can be observed by gender and by age. The rise in TEA is higher for women (9.0% in 2023 vs 7.2% in 2022) than for men (12.5% in 2023 vs 11.1% in 2022), which slightly reduces the gap observed in 2022. In terms of age, TEA is highest in the 25-34 age group, with an increase from 13.6% to 15.5% recorded between 2022 and 2023. The rise is even more marked in the 18-24 age group (8.3% vs 11.6%).

A LOW RATE OF BUSINESS EXIT

While the number of failed businesses rose sharply in 2023, the number of business exits remained very modest. The percentage of people who faced a business exit with an end to their activities is relatively stable (2.2% in 2022 and 2.3% in 2023). The percentage for business exits with continuity of activities remained stable between 2022 (1.4%) and 2023 (1.2%). With a total business exit rate of 3.5%, France lies below the G7 average (4.8%), far behind the US (6.4%) and Canada (10.2%).

The reasons for such business exits changed. The public health crisis is cited more often (by 5.6% of respondents in 2022, compared to 10.2% in 2023). The main reason remains that the business was not profitable (18.3%). Personal reasons continue to be a central factor in business exits, whether related to a job or investment opportunity (17%), family or other personal factors (12.6%), an opportunity to sell (10%), or retirement (7%).

RELATIVE IMPORTANCE OF INFORMAL INVESTMENT

The proportion of informal investors among the population aged 18 to 64 is on the rise: 7.1% compared to 5.3% in 2022. 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 just below the G7 average (7.9%). This increase in volume also sees a corresponding increase in the value of the amounts invested. With an average amount of €13,378 (€8317 in 2022), France is in second-last position among the G7 countries.

Recommendations[2]

1 PROMOTE THE ENTREPRENEURIAL MINDSET AT PRIMARY AND SECONDARY LEVELS

In the NES, France comes in last of the richest countries when it comes to promoting entrepreneurship in primary and secondary education. The initiatives taken so far are deemed insufficient by the experts. This situation stands in contrast to other regions like Quebec, which have integrated entrepreneurship into their educational curriculums for decades. Although the priority is given to teaching the fundamentals, it is essential to also encourage the entrepreneurial mindset. France has many actors committed to the promotion of entrepreneurship at primary and secondary levels. It is crucial to evaluate the impact of existing practises and coordinate efforts at local and national levels. The implementation of an ambitious national strategy designed to strengthen the entrepreneurial mindset among younger people should be preceded by colloquia with participation from the actors of the entrepreneurial education ecosystem.

2 ACT TO FACILITATE FEMALE ENTREPRENEURSHIP

Despite a rise in the total early-stage entrepreneurial activity among women, disparities persist. France lies around the average for the richest countries in terms of TEA and activity among established entrepreneurs. A national strategy integrated into workplace gender equality policies could boost female entrepreneurship. To move closer to parity, ambitious objectives are needed: 11-12% TEA and 4-5% for established entrepreneurs. This requires a better understanding of the obstacles preventing women from taking the plunge and above all a rethink on support for female entrepreneurs.

[2] These recommendations are further developed in the Conclusion.

3 FACILITATE AND SUPPORT MARKET ACCESS

The NES underscores the obstacles entrepreneurs face when it comes to accessing the markets, a difficulty that is accentuated in France. Ranked 14th out of 16 for its lack of market dynamics and 10th on barriers to entry, France must act. The public authorities and major firms can play a key role in facilitating market access. Recent measures have made it easier for SMEs and micro enterprises to tap into public procurement markets, but specific measures are needed for young businesses. Furthermore, new entrepreneurs should benefit from training and support with a focus on marketing and sales strategies. This requires entrepreneurial support that is more accessible and oriented towards market development.

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.

GEM ANNUAL 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

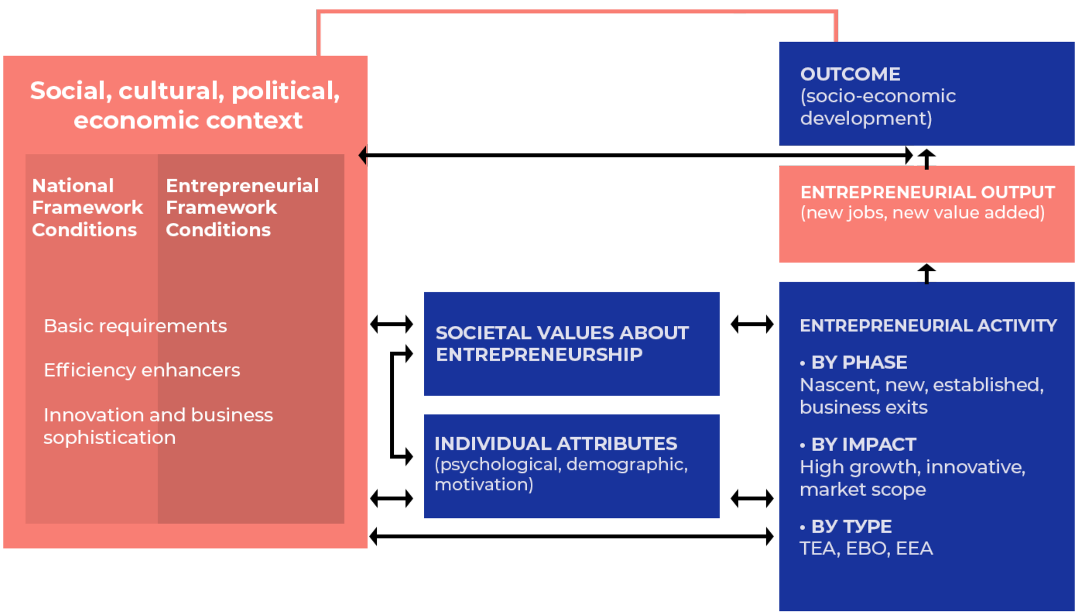


Figure 1. Revised Global Entrepreneurship Monitor model (Source: GEM 2023/2024 Global report, p. 32)

GEM IN BRIEF

25 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).

170,000+ 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 150+ funding institutions.

More than 1000 publications in academic journals.

More information at **www.gemconsortium.org** analysts for verification and uniformisation and to generate statistical indicators before making them available to the national teams.

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 3). 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 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

THE 2023 APS IN FRANCE

A total of **3832** people replied to the 2023 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.

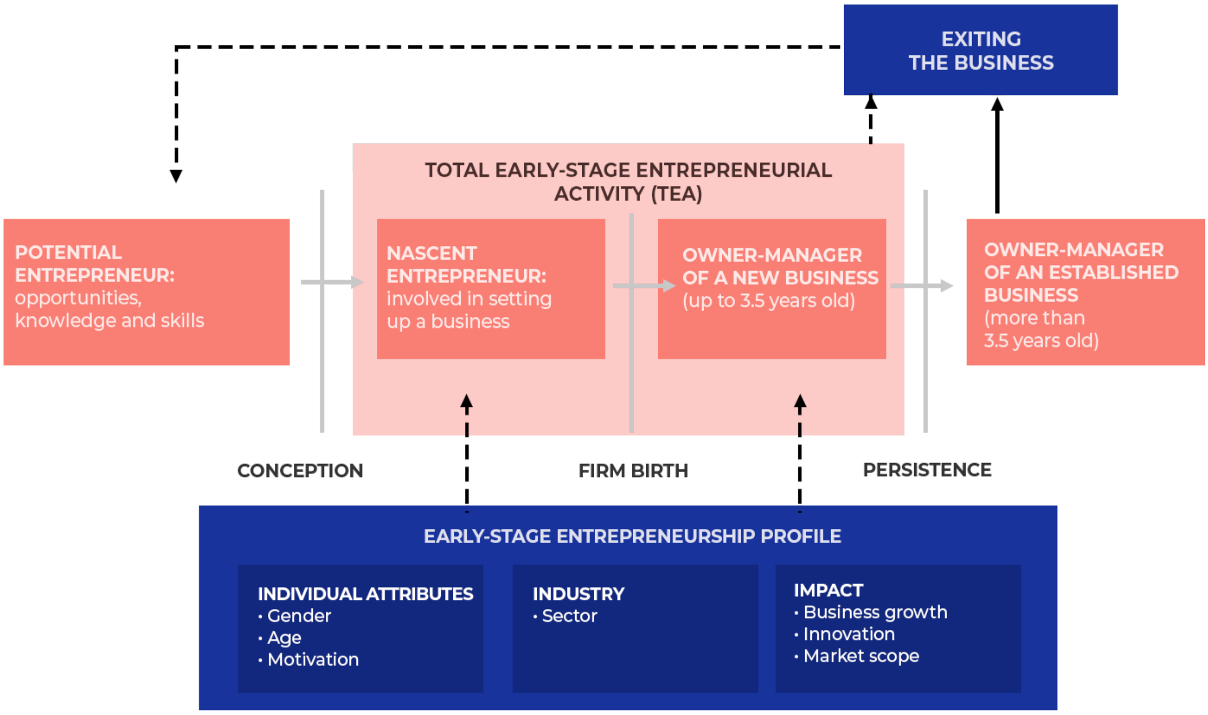


Figure 2. The entrepreneurial process and GEM indicators (Source: GEM 2023/2024 Global report, p. 34)

accessing entrepreneurial finance may vary with that economy's level of development.

PARTICIPATING COUNTRIES IN THE 2023 STUDY

A total of 46 national teams took part in the 2023 APS. Three other national teams participated in the NES but not the APS. Each economy is placed in one of 3 revenue-based groups, based on GDP per capita (Table 2). GEM defines these groups as follows:

- Group A: economies with a GDP per capita of more than 50,000 dollars;

- Group B: economies with a GDP per capita of between 25,000 and 50,000 dollars;

- Group C: economies with a GDP per capita of less than 25,000 dollars.

The Group A economies include 10 European, 2 North American and 3 Gulf countries.

AI. 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) (Source: GEM 2023/2024 Global report, p. 96)

Level A >$50,000	**Level B** $25,000–$50,000	**Level C** <$25,000
Canada	Argentina*	Brazil
France	Chili	China
Germany	Croatia	Colombia
Italy	Cyprus	Ecuador
Rep. Korea	Estonia	Guatemala
Luxembourg	Greece	India
Netherlands	Hungary	Iran
Norway	Israel	Jordan
Qatar	Japan*	Mexico
Saudi Arabia	Latvia	Morocco
Slovenia	Lituania	South Africa
Sweden	Oman	Thailand
Switzerland	Panama	Ukraine
United Arab Emirates*	Poland	Venezuela
United Kingdom	Puerto Rico	
United States	Roumania	
	Slovak Republic	
	Spain	
	Uruguay	

**Countries with participation only for the NES study (and not APS)*

Table 2. Classification of economies based on per capita GDP. (Source: GEM 2023/2024 Global report, p. 30)

THE 2023 NES IN FRANCE

For the 2023 survey, we interviewed **40 French experts** on the nine recurring themes. Two special themes were added to the questionnaire: sustainable development and female entrepreneurship.

French ecosystem: a context of contrasts

With 1,051,500 businesses created (INSEE, 2024), 2023 was another outstanding year, even though this figure is down slightly on 2022 (-1%). The share of micro enterprises remains predominant and continues to grow (+3%). Micro entrepreneurs represent 63.5% of newly created businesses[3]. The other types of business creation are down, with an 8% decrease for the creation of companies and 6% for traditional sole operators. This contrasted picture of entrepreneurial dynamics in France raises questions about the context and conditions facing those with business projects.

The NES, with the participation of 40 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 cultural, 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 16 wealthiest countries (Figure 3). We propose to break them down into 5 main areas[4]:

- **Policy and support:** governmental promotion of and support for entrepreneurship (5/16), administrative and fiscal burden (10/16), public programmes in favour of entrepreneurship (8/16);
- **Financing:** existence of financing (5/16), access to financing (4/16);
- **Markets and infrastructure:** market dynamics (14/16), barriers to entry (10/16), commercial and professional infrastructure (8/16), physical infrastructure (10/16);
- **Education and research:** promotion of entrepreneurship at primary and secondary levels (16/16), promotion of entrepreneurship in higher education (8/16), R&D transfer (9/16);
- **Culture:** cultural and social norms (14/16).

[3] Sole operators not including micro entrepreneurs represent 10.9% of businesses created, and companies represent 25.7% (INSEE, 2024).

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

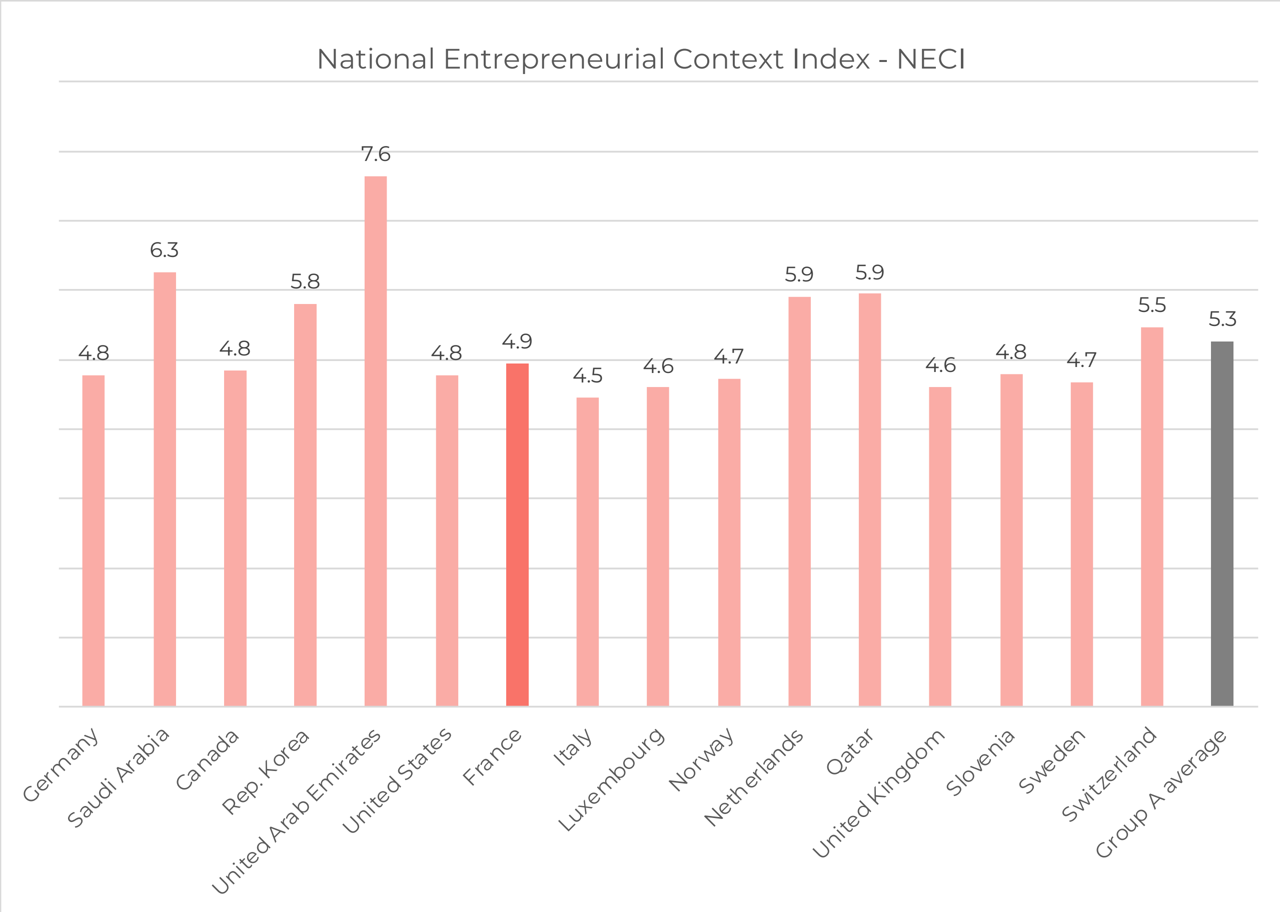


Figure 3. National Entrepreneurial Context Index (NECI) for the 16 richest countries in the GEM study

The NECI score dropped marginally between 2022 and 2023 (5.06/10 vs 4.95/10). This brings it under the bar of 5/10, meaning that the context is considered ever so slightly unfavourable. This downward trend can be explained by the tightening and even removal of certain support measures introduced following the pandemic. However, France holds a better position, moving from 18th to 12th. For the vast majority of the richest countries, this index lies below 5, reflecting conditions that are not very favourable. Indeed, conditions have worsened in the other countries. In the wealthiest of them, the average stands at 5.08/10 (5.24 in 2022), with the highest score going to the United Arab Emirates (7.65) and the lowest to Spain (3.82). Comparing against the G7 only, France is found to be above average (4.69/10) and even occupies first place ahead of Canada (4.84) and the US (4.78).

A detailed analysis of the 13 indicators (Figure 4) shows that France is lagging behind the wealthiest nations and also behind the G7 on 7 indicators but ahead on 5. In terms of the 5 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 2023 (Figure 5).

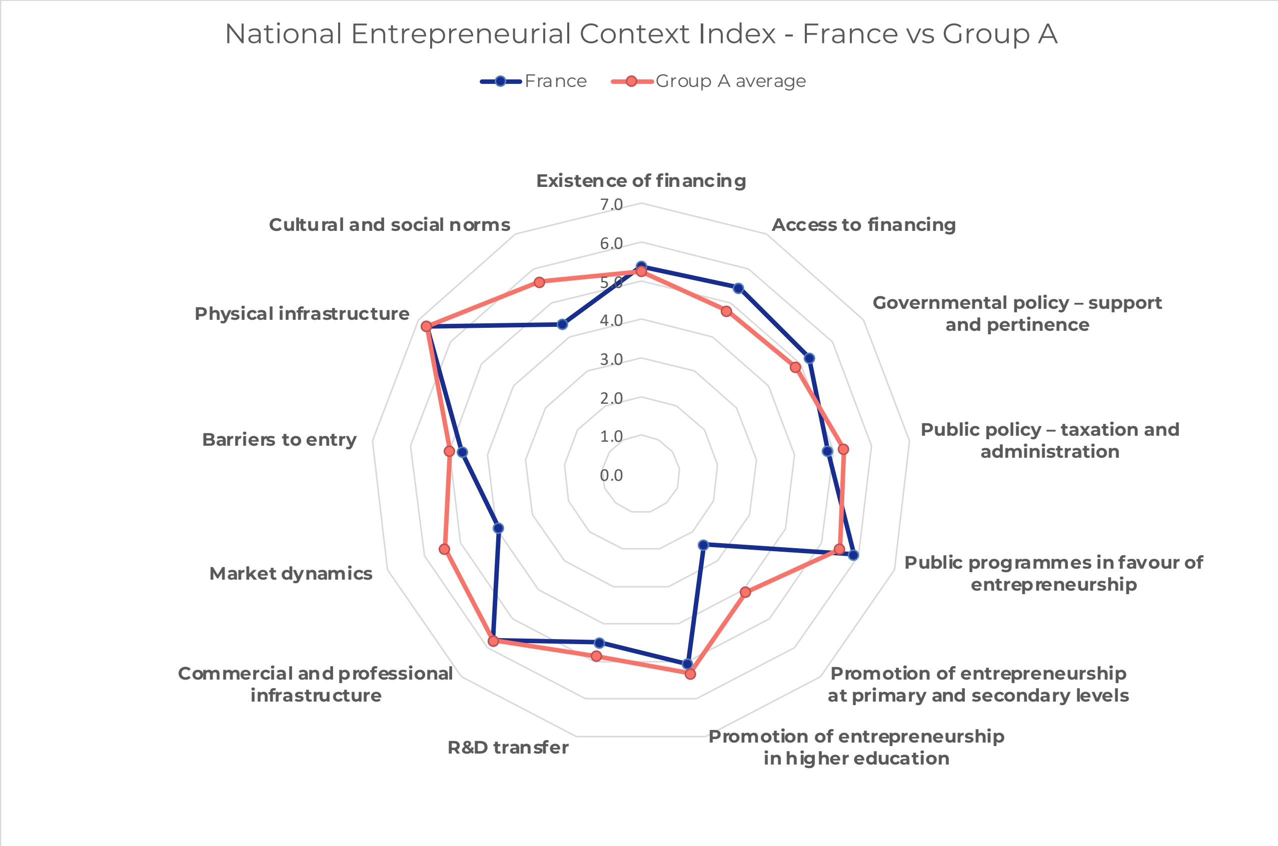


Figure 4. The 13 NECI indicators – France vs Group A

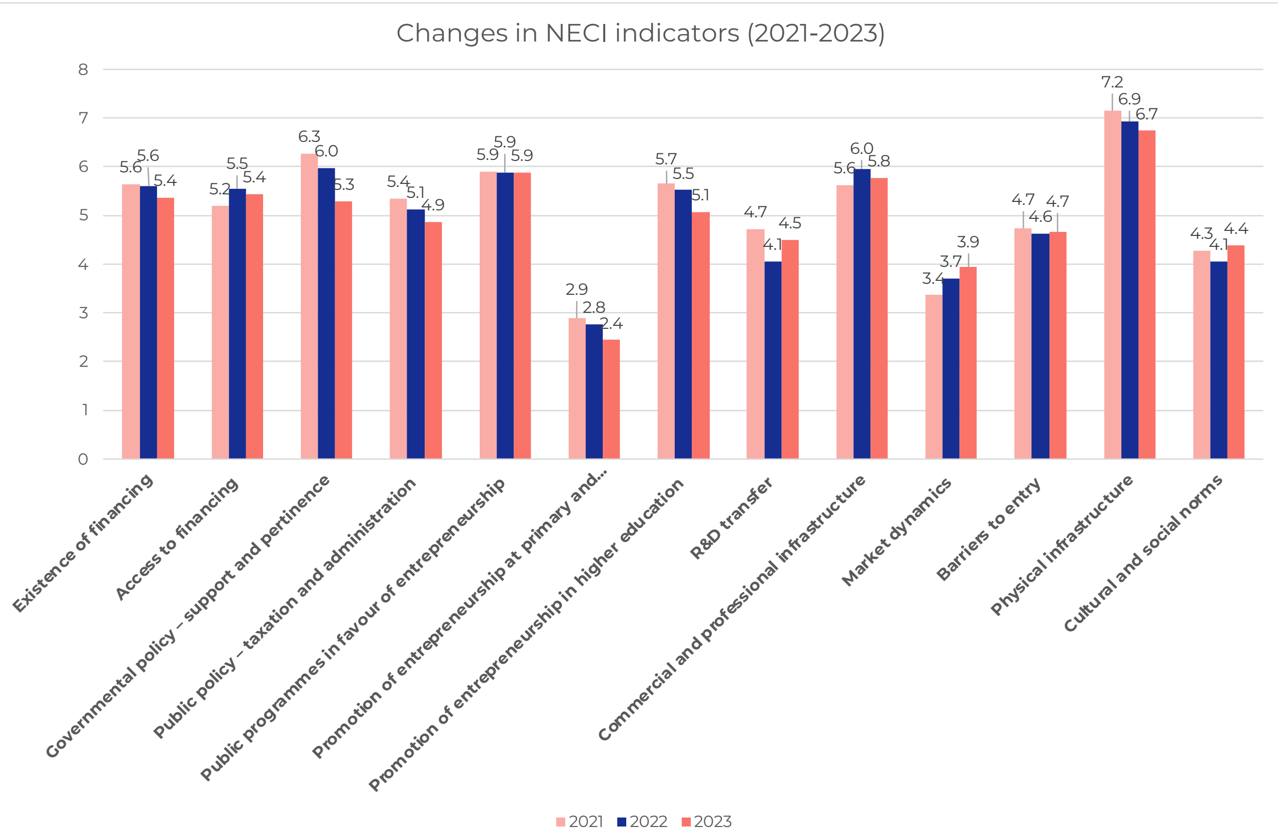


Figure 5. The 13 NECI indicators in France from 2021 to 2023

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 widely recognised and put France in a favourable position compared to the richest countries. Entrepreneurs now have access to a wide variety of support programmes and a very dense network of support structures marked by strong diversity. However, the experts interviewed note a slight deterioration over the last 3 years in the indicators “Governmental promotion of and support for entrepreneurship” (5.29/10 in 2023 vs 6.27/10 in 2021) and “Administrative and fiscal burden” (4.87/10 in 2023 vs 5.35/10 in 2021). The introduction of the “one-stop” platform is viewed as chaotic and does not appear to have fully served its purpose of simplifying the business creation process.

- 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 however point to a slight deterioration in the existence of financing (5.37/10 in 2023 vs 5.61/10 in 2022) and access to financing (5.44/10 in 2023 vs 5.55/10 in 2022). This can be partly explained by the rise in interest rates.

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 steady decline in the score attributed (2.44/10 in 2023 vs 2.89/10 in 2021). 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 (5.07/10 vs 4.78/10), even though this is down slightly on 2022 (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 not very favourable. Major efforts have nonetheless 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 continue to express reservations even though they reported that the situation had slightly improved between 2022 and 2023 (4.06/10 in 2022 vs 4.49/10 in 2023), placing France above the G7 average of 4.23/10.

- **Access to the markets** for new businesses remains problematic according to the experts interviewed. While they underscore the quality of **commercial and professional infrastructure** (5.76/10 compared to a G7 average of 5.46/10) and **physical infrastructure** (6.74/10 vs 6.09/10), they are less positive about market dynamics (3.93/10 vs 5.02/10) and the presence of barriers to entry (4.66/10 vs 4.51/10). Young businesses encounter difficulties selling their products and services.

- The participating experts also report that the **cultural and social norms** in France are not very conducive to entrepreneurship (4.38/10 compared to a G7 average of 5.03/10), even though they note a marginal year-on-year increase (4.06/10 in 2022). 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.

To conclude this overview of the entrepreneurial ecosystem, we propose to take a look at the health of early-stage and established entrepreneurs using "self-rated health", the measurement scale considered most widely used in public healthcare. According to this indicator, health has improved both in the general population and among early-stage and established entrepreneurs. In 2022, 25.1% of the population felt they were in poor health, but in 2023, this figure stood at just 18.2% (Figure 6). The improvement is most marked for early-stage entrepreneurs (24.5% in 2022 vs 15.4% in 2023; Figure 7). For established entrepreneurs, the improvement is less apparent (18.9% in 2021 vs 13.52% in 2022; Figure 8), although this is the population segment that reports the highest percentage of good or excellent health (50.72% vs 41.2 among early-stage entrepreneurs and 36.3% for the overall population).

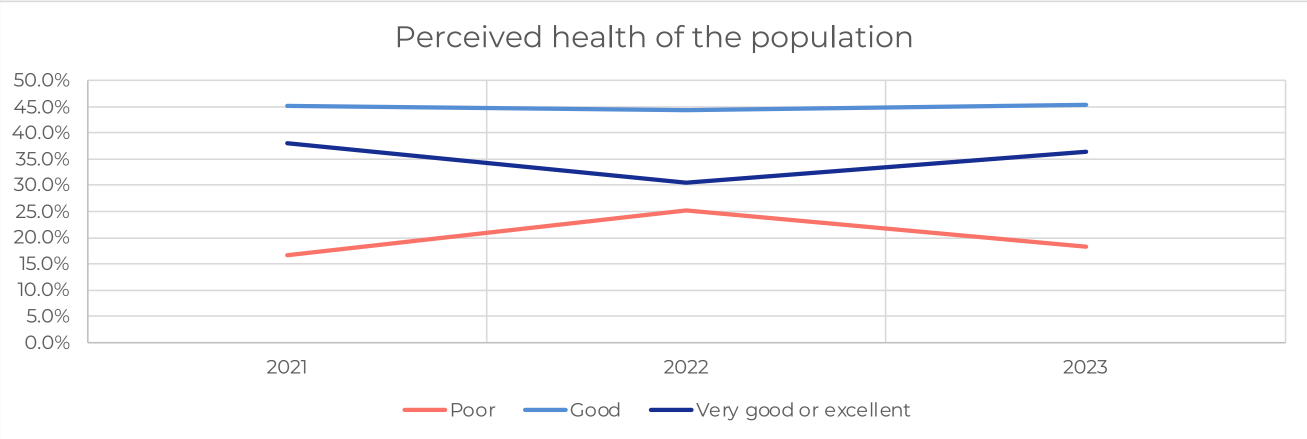


Figure 6. Changes in perceived health of the general population

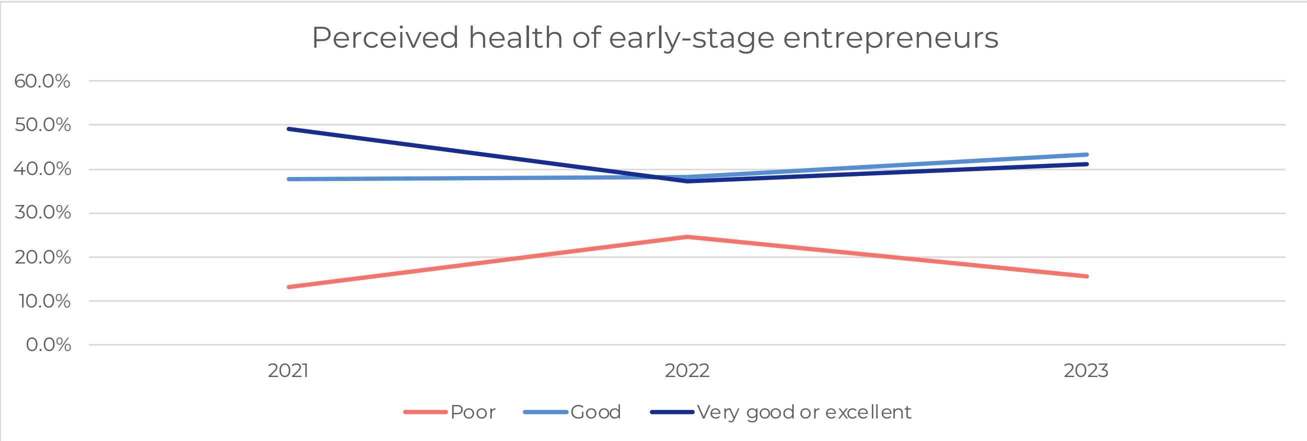


Figure 7. Changes in perceived health of early-stage entrepreneurs

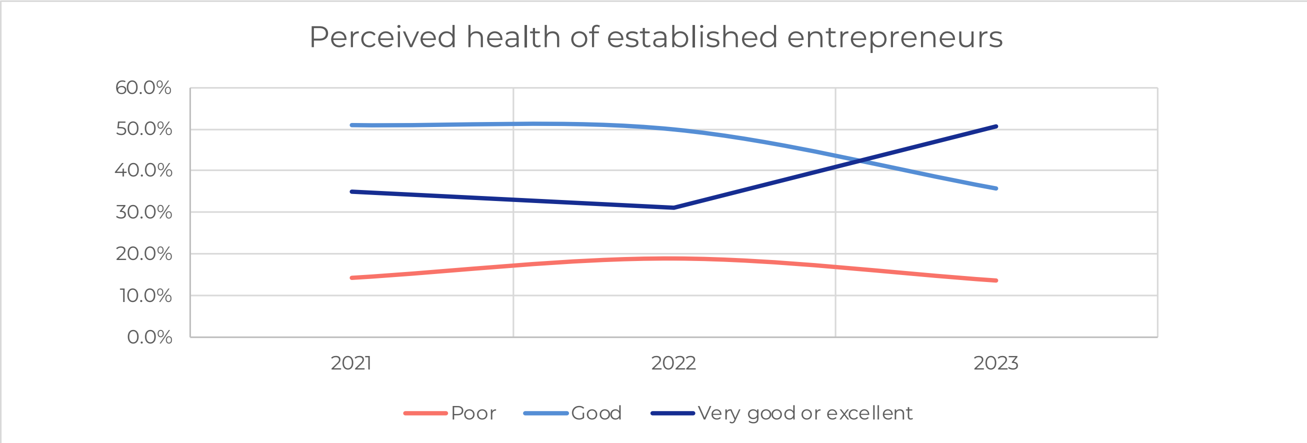


Figure 8. Changes in perceived health of established entrepreneurs

Determining factors in the decision to become an entrepreneur

In 2023, the context seemed a bit less 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 contrasted changes, yet several indicators point to the democratisation of entrepreneurship in French society.

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, i.e. social representations, of entrepreneurship, 3 indicators are used: desirable career choice (Figure 9), elevated social status (Figure 10) and valorisation in the media (Figure 11). Feasibility is evaluated based on the ease of becoming an entrepreneur in France (Figure 12).

In France, while social representations of entrepreneurship are largely positive, two points should be made: they appear to become less positive over time, and they are often below the average in Group A countries.

Entrepreneurship was seen as a desirable career choice in France by 65% of respondents in 2023, ranking it 8th of the Group A countries. This figure was 69% in 2021 and 68% in 2022. Paradoxically, just 52% of respondents believe that entrepreneurship can bestow elevated social status, leaving France with the lowest percentage in Group A, where the average is 80%. A vast majority of them (75%) also believe that entrepreneurship is valorised in the media. This places France in 8th position among the Group A countries, but above the G7 average (71%), the result of changes in its entrepreneurial

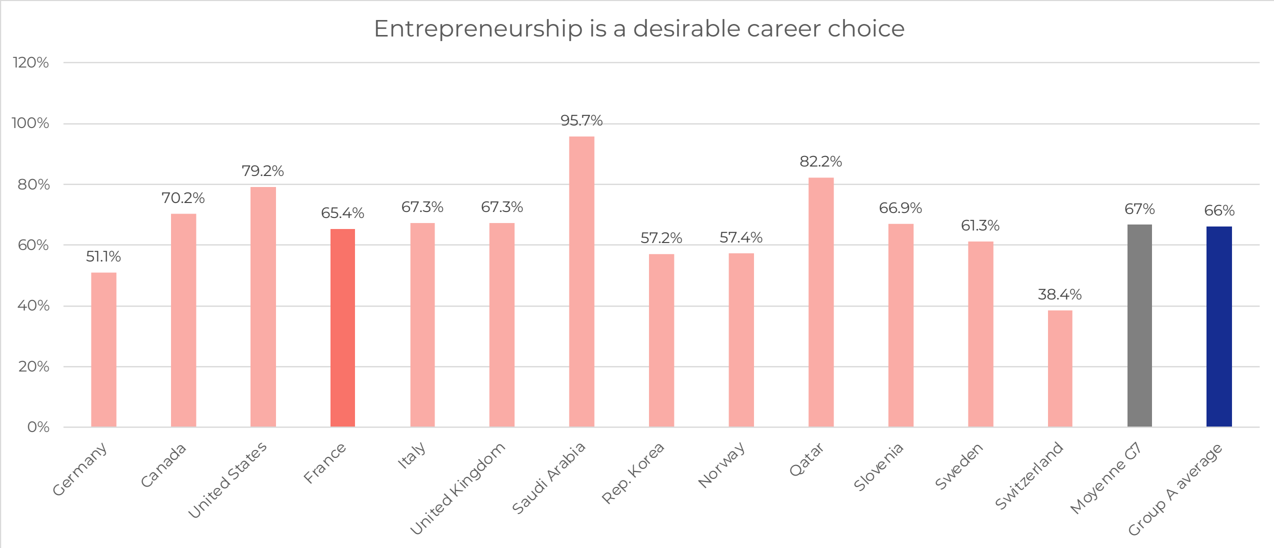


Figure 9. Valorisation of entrepreneurship as a desirable career choice

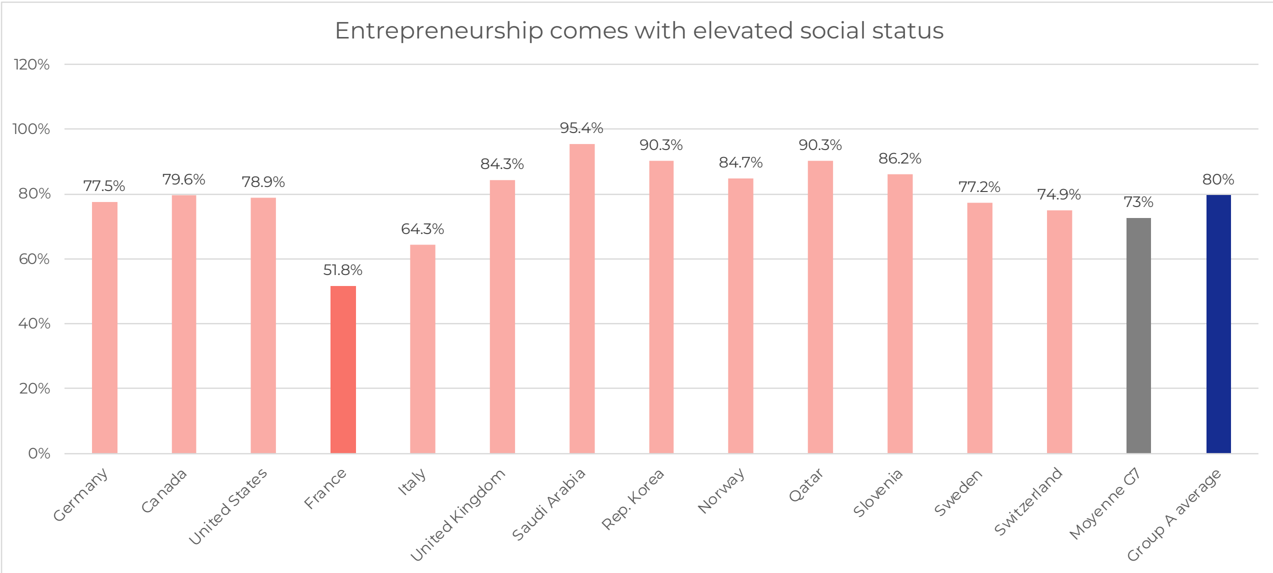


Figure 10. Valorisation of entrepreneurship as elevated social status

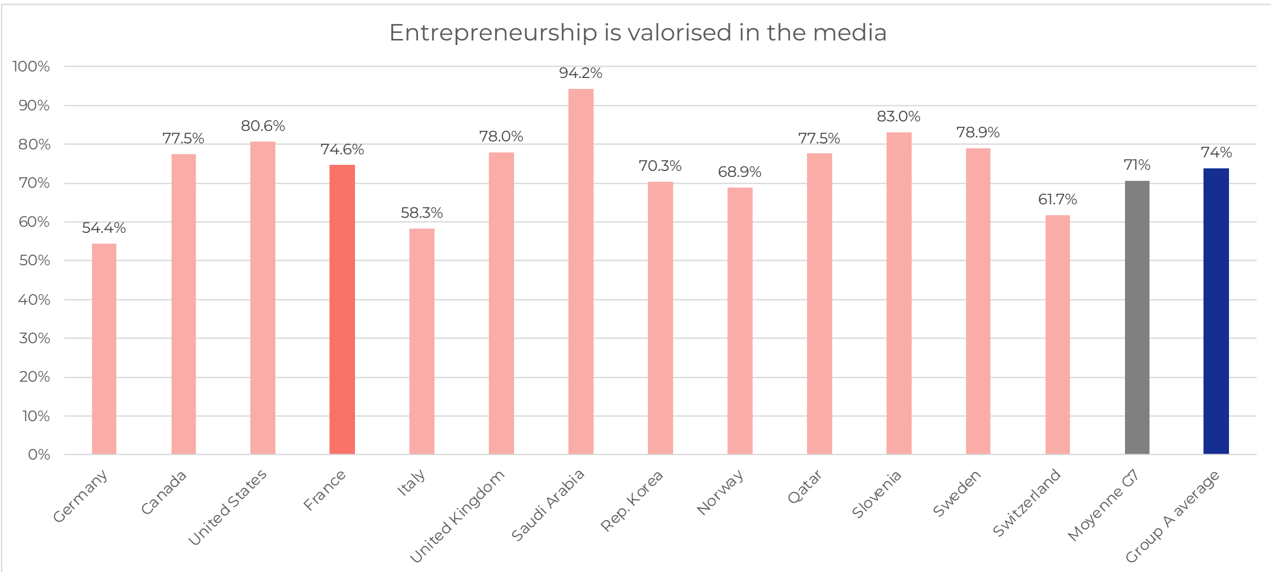


Figure 11. Valorisation of entrepreneurship in the media

culture mainly due to influence from both social and traditional 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).

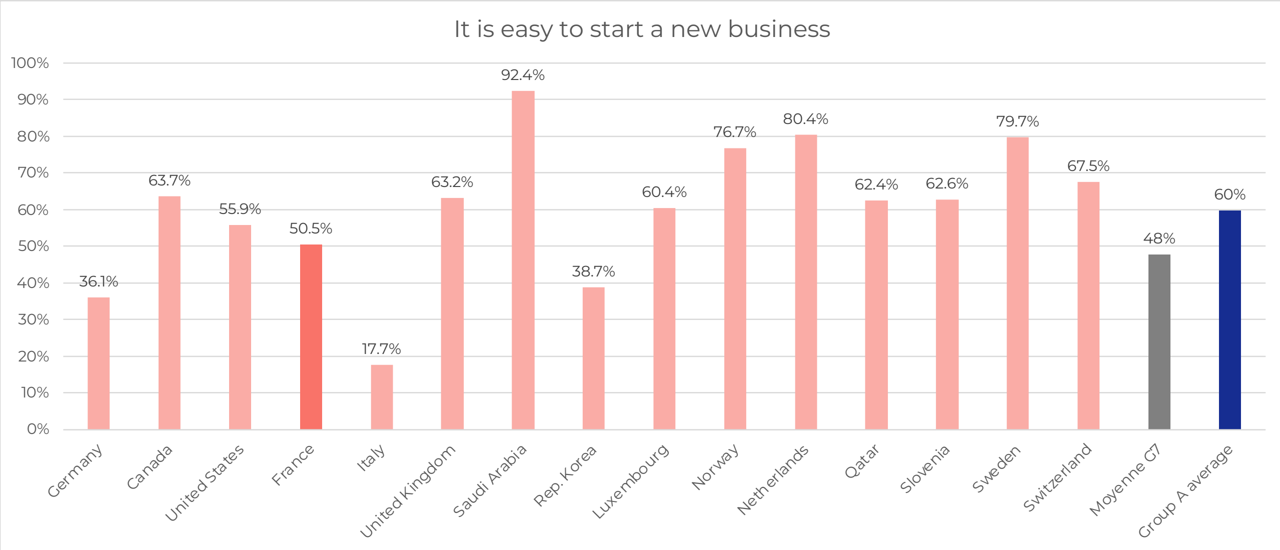


Figure 12. Perceived ease of starting a business

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** fell this year to 50%, compared to 56% in 2022 and 52% in 2021. France occupies 12th position out of 15, below the Group A average (60%) but above that of the G7 (48%).

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 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, before the figures dropped slightly (-1%) in 2023 although still above this threshold. 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 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

[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.

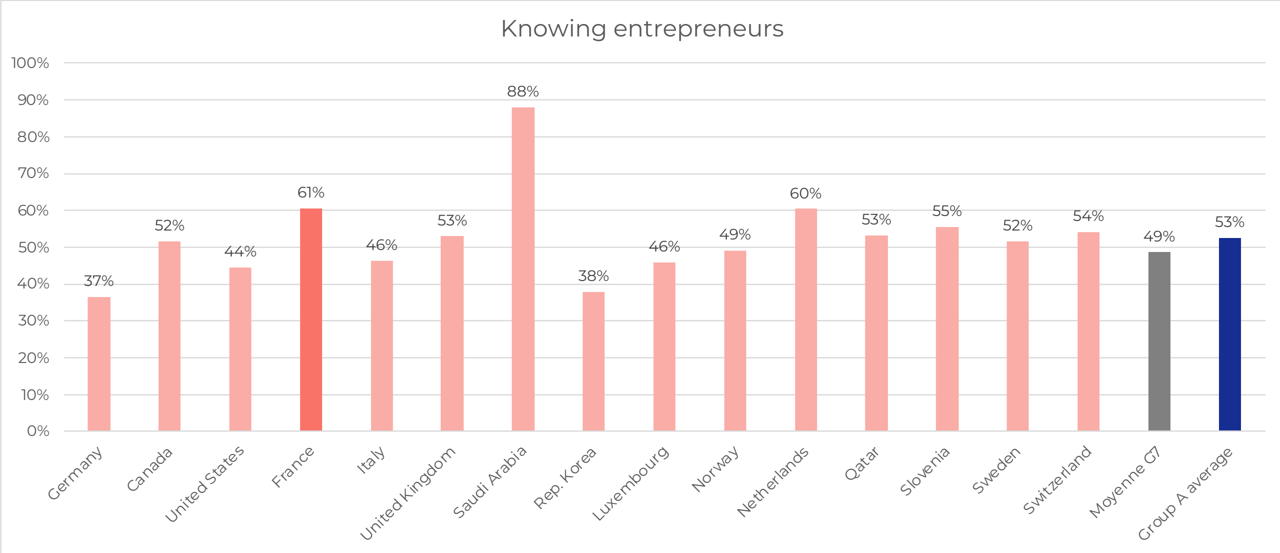


Figure 13. Knowing entrepreneurs in one's circle

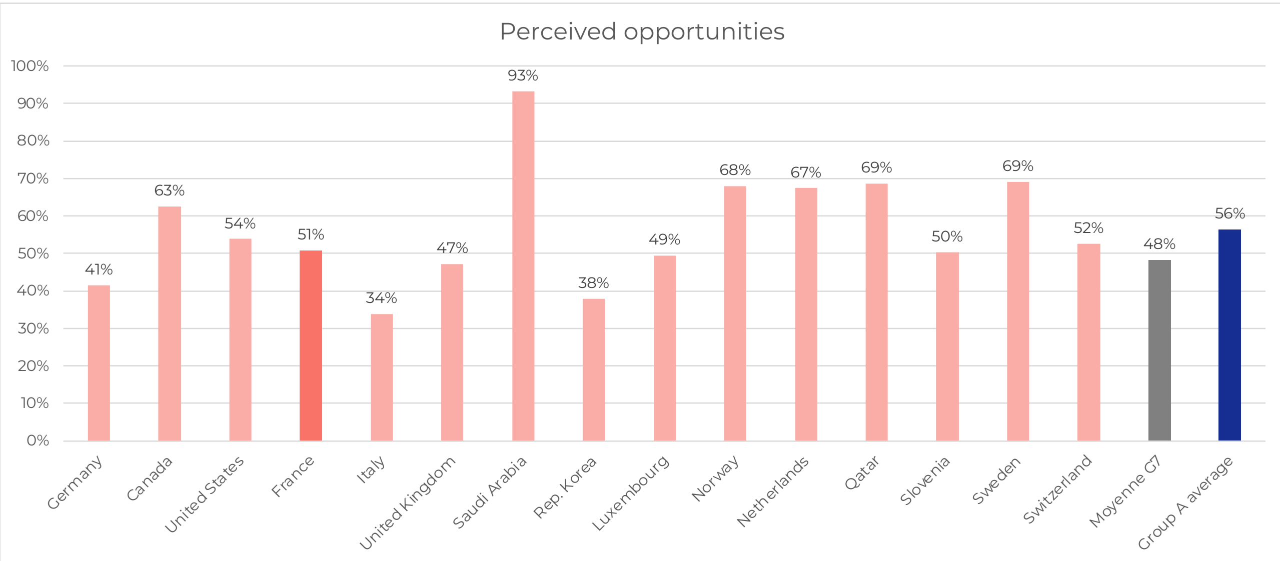


Figure 14. Perceived opportunities

on three criteria: revenue, influence and entrepreneurship.

In France, the number of respondents who said they **know at least one entrepreneur** has risen considerably from 46% in 2021 to 60% in 2022 and 61% in 2023 (Figure 13). This sharp rise is indicative of the democratisation of entrepreneurship in the country. There are significant disparities between the Group A countries, where the figures for knowing entrepreneurs vary between 37% (Germany) and 88% (Saudi Arabia). France lies in 2nd position.

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 14).

The figures for perceived opportunities have been stable over the last three years, at around 51%. A small majority of respondents believe that the context is favourable in terms of business opportunities. This mitigated view puts France in 9th place in Group A but ahead of 3 of the G7 countries: the UK (47%), Germany (41%) and Italy (34%).

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 15)? 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.

Just 40% of respondents who had perceived opportunities said they would not set up a new business for fear of failure (Figure 15). This puts France in 4th position in Group A and ahead of Canada and the US, where the respective figures were 55% and 45%. It would therefore seem that beliefs about the culture of failure in France in comparison to English-speaking countries are somewhat inflated.

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.

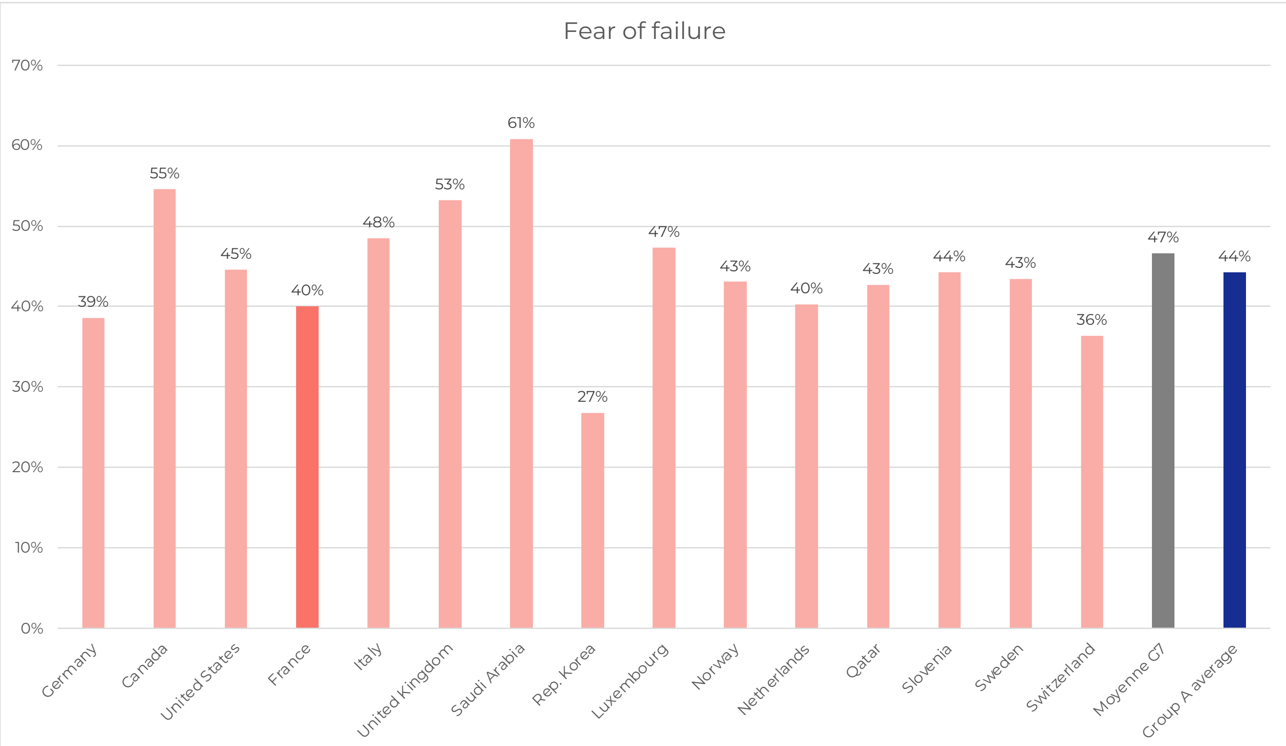


Figure 15. Fear of failure as an impediment of entrepreneurial dynamics

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 16) may be more of a reflection of personal belief in one's capability than an impartial evaluation.

Like in 2022, one out of two respondents (50%) say they feel capable of becoming an entrepreneur. France is positioned around the G7 average but lies in 10th position out of 15 among Group A countries.

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.

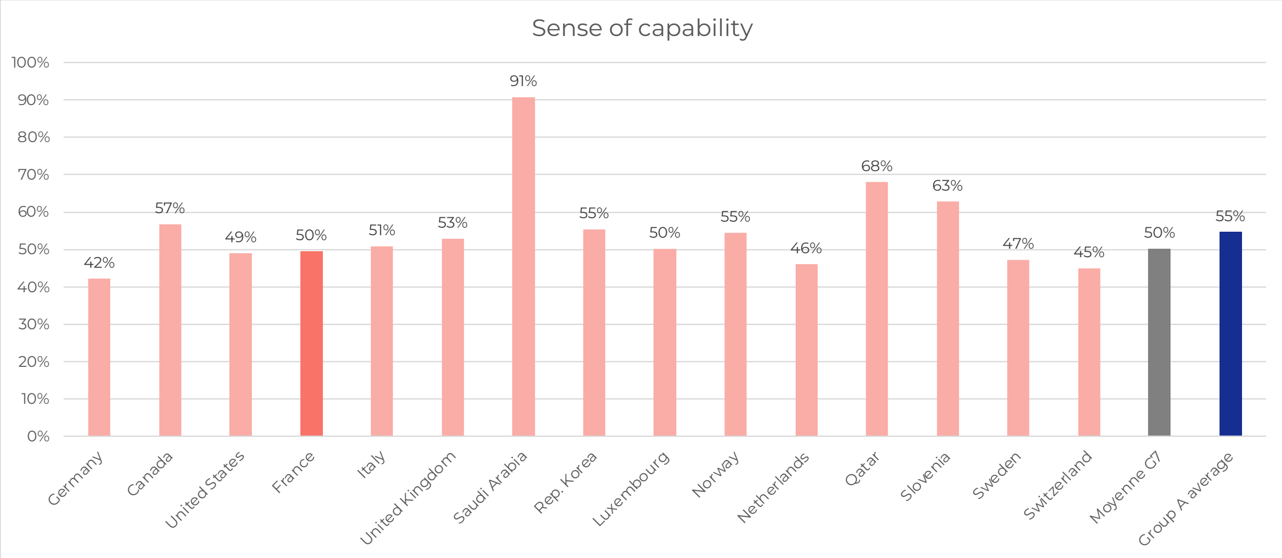


Figure 16. Sense of entrepreneurship capability

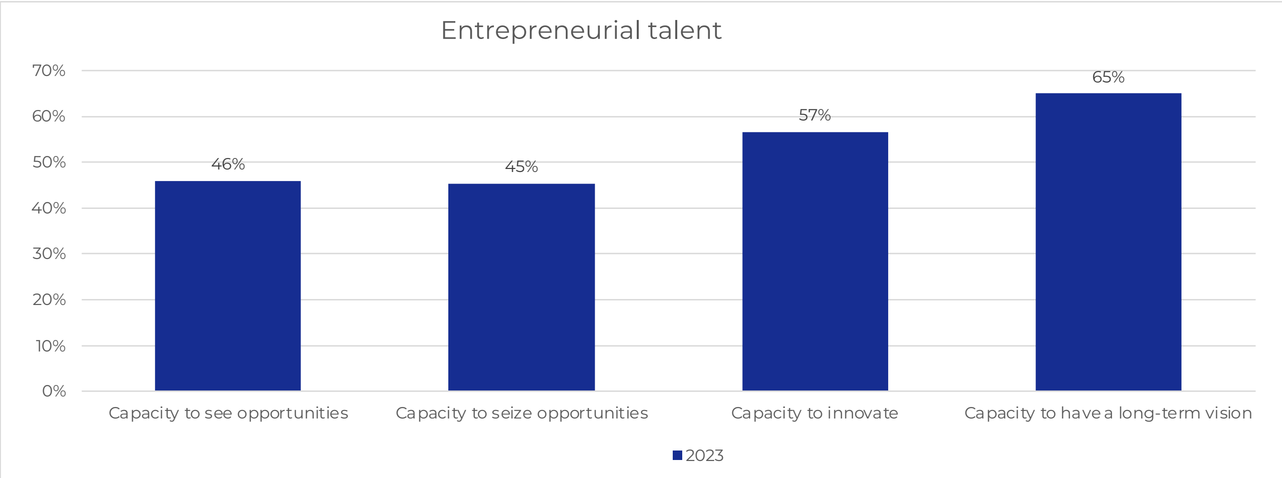


Figure 17. Entrepreneurial talent, or the skills needed to implement an entrepreneurial project

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**" (Figure 17) based on four dimensions taken from the literature:

1. Capacity to see opportunities[6]: "you rarely see business opportunities, even though you are very well informed in this regard";

2. Capacity to seize opportunities[7]: "even when you detect a profitable opportunity, you rarely act accordingly";

3. Capacity to innovate: "others see you as very innovative";

4. Capacity to have a long-term vision: "each decision you make is part of your long-term career".

[6] Given the negative definition of the first two capacities, we decided to present the % of respondents who did not agree with the statement.

[7] Given the negative definition of the first two capacities, we decided to present the % of respondents who did not agree with the statement.

Slightly less than half of the population say they are capable of seeing opportunities (46%) and seizing them (45%). The capacities to innovate (57%) and have a long-term vision (65%) scored much higher. Although the results have been stable over the last three years in France, the international comparison is limited by the lack of data for 6 of the 15 Group A countries.

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

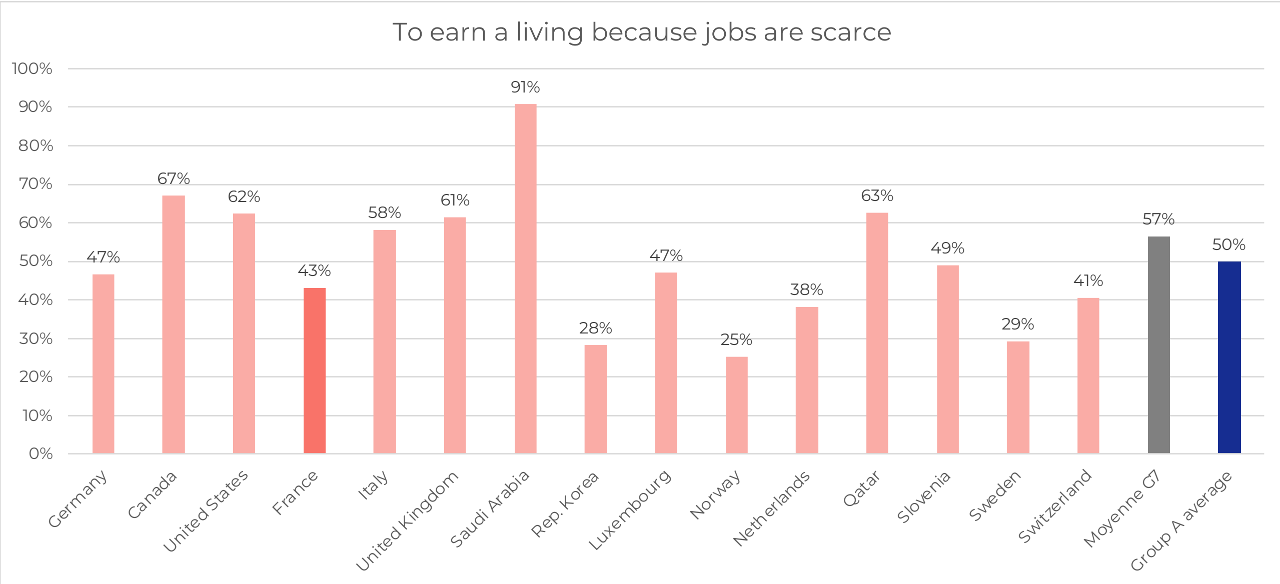


Figure 18. Entrepreneurial motivations – to earn a living because jobs are scarce

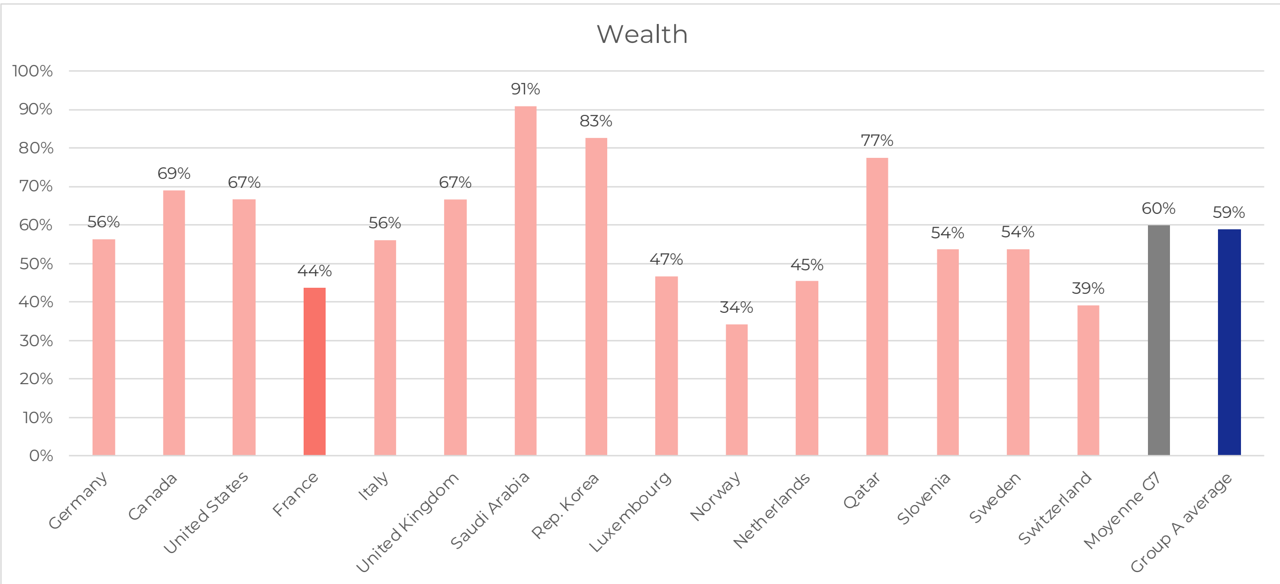


Figure 19. Entrepreneurial motivations – wealth

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 18).
- To build great wealth or very high income (Figure 19).
- To continue a family tradition (Figure 20).
- To make a difference/have an impact on the world (Figure 21).

In 2023, the hierarchy of entrepreneurial motivations changed, with "**build great wealth or very high income**" becoming the primary motivation, cited by 44% of respondents, just ahead of "**to earn a living because jobs are scarce**" (43%). Since 2021, the drive to generate wealth has steadily risen, from 39% to 44%, while the motivation linked to necessity has steadily declined, from 51% to 43%, although these two indicators remain much lower than the average in both the G7 and Group A.

The two other motivations are much lower in France. "**Continuing a family tradition**" is not cited by many respondents and this percentage has fallen (from 23% in 2021 to 17% in 2023). This result reflects the democratisation of entrepreneurship. In countries with a history of family businesses like Canada (42%), the US (35%) and Germany (31%), the percentages are much higher.

Business creation motivated by the **desire to make a difference in the world** applied to just 20% of entrepreneurs interviewed, down slightly on 2021 (26%) and 2022 (24%) and far from the average observed in Group A countries (47%) and the G7 (48%). This result raises questions for France.

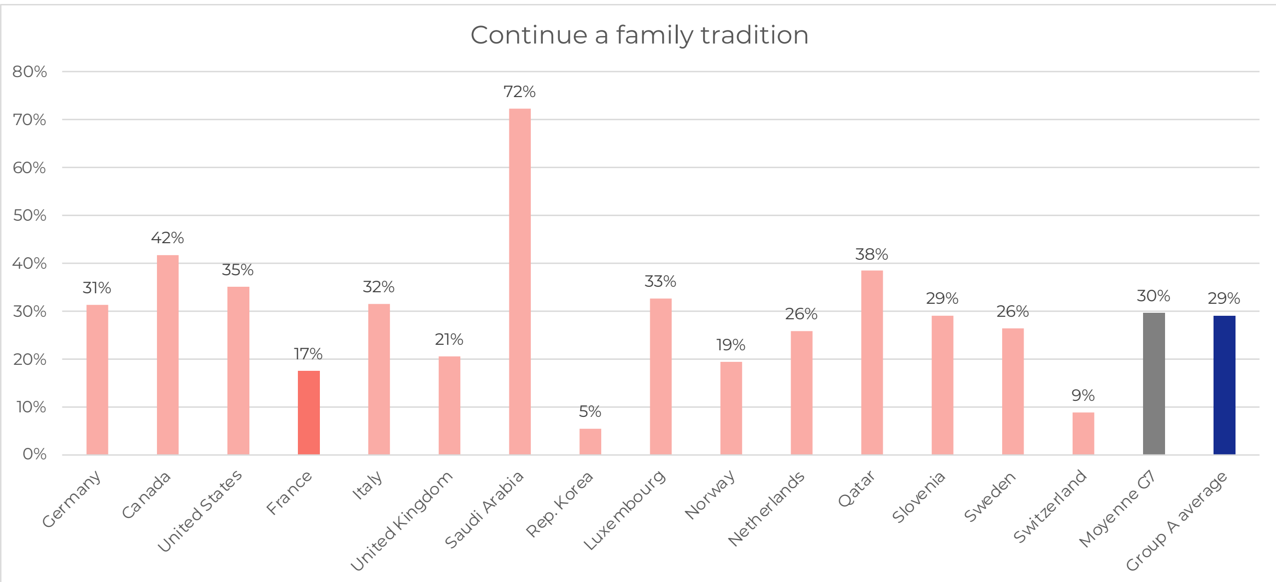


Figure 20. Entrepreneurial motivations – continue a family tradition

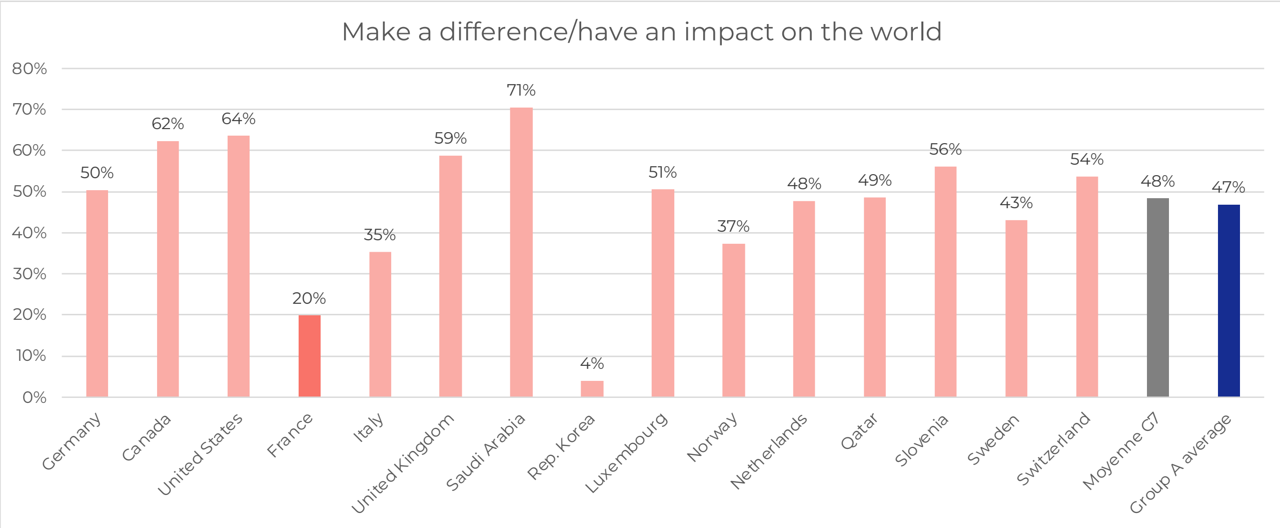


Figure 21. Entrepreneurial motivations – make a difference/have an impact on the world

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). 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** (Figure 2).

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 3):

- 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 % 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. 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, on the rise in previous years, fell by 1.6 points between 2022 and 2023 (from 18.8% to 17.2%) and returned more or less to the level observed in 2021 (16.9%) (Figure 22).

Entrepreneurial intentions indicate a willingness that may materialise in the coming years, which is why this decline is not yet carried over to the TEA figure for 2023 (10.8%). Indeed, an increase is observed in terms of concrete action taken (ratio between TEA and intentions), rising from 38% to 59%.

Despite this decline in 2023, France's position in the G7 is promising and reflects positive acclimatisation to entrepreneurship.

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

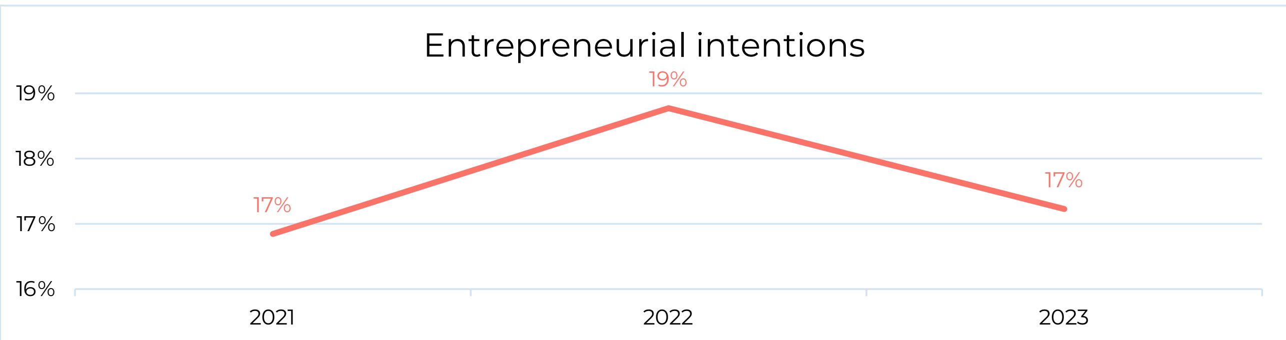


Figure 22. Changes in entrepreneurial intentions (2021-2023)

This has no doubt been driven by a desire on the part of the public authorities to promote entrepreneurship, wider media coverage of entrepreneurs' journeys and dedicated training programmes. France (17%) lies above the G7 average (16%) and ahead of Italy (14%), the UK (13.9%) and Germany (11.7%). Like last year, the level of entrepreneurial intentions is just under that of the US (17.9%) and Canada (24.1%). However, a comparison of these rates with those in the richest countries reveals that Qatar (47%), Saudi Arabia (42%) and South Korea (34%) stand out with significantly higher scores (Figure 23).

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 (aged 18-64) as a whole. This is one of the indicators that reflect the entrepreneurial vitality of a country. In France, it has been steadily rising for 10 years (Figure 24): 5.2% in 2012, 9.2% in 2022, reaching 10.8% in 2023 (+1.6 points). This percentage remains relatively high given the challenging geopolitical and economic context in 2023 (energy crisis, inflation, etc.).

The rise in TEA at a national level is interesting as it reflects a certain dynamism and progression. However, it is still below the G7 average of around 12.2% and that of the richest countries (12%) (Figure 25).

One noteworthy observation is the disparity between entrepreneurial intentions, marked by the desire to become an entrepreneur, and the percentage of people who follow up on their intentions with concrete steps, measured by the level of activity among early-stage entrepreneurs (TEA). The countries with the highest gap between the two are those with particularly high levels of entrepreneurial intentions. South Korea posts a gap of 23.8 points between intentions and TEA; in Qatar the difference is 32.7 points and in Saudi Arabia 16.7. Finally, the US, Canada and France stand out with a higher percentage of concrete steps taken, with respective disparities between intentions and TEA of 3.3, 4.2 and 6.2 points.

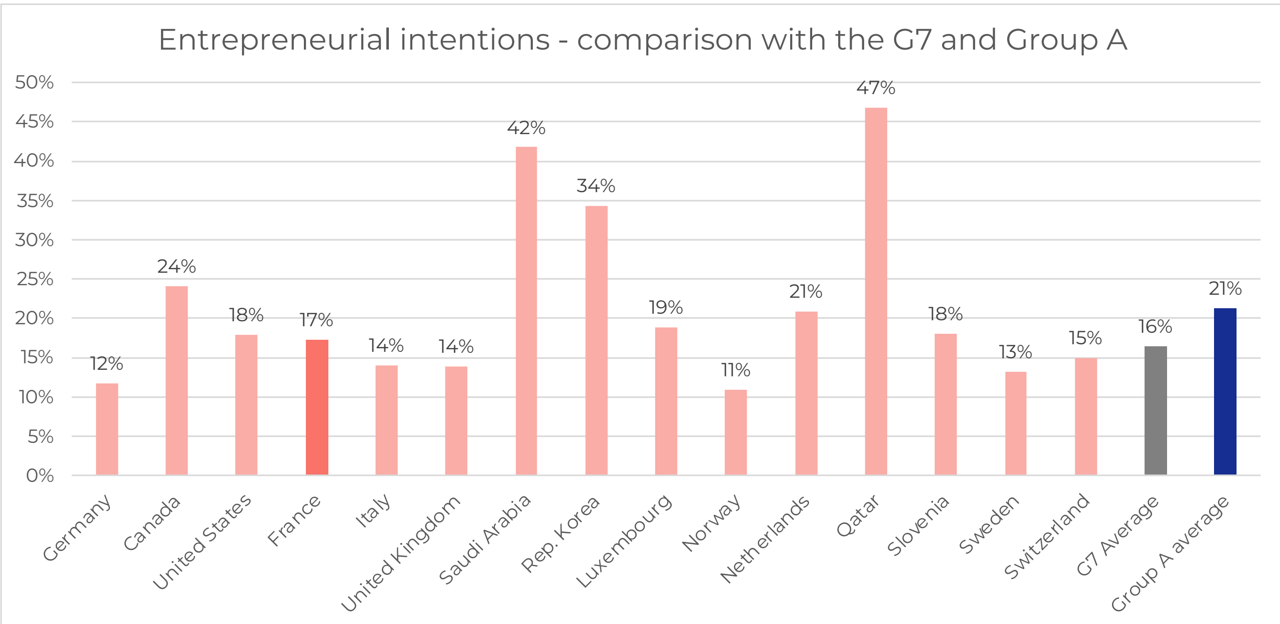


Figure 23. Entrepreneurial intentions in Group A and G7 countries

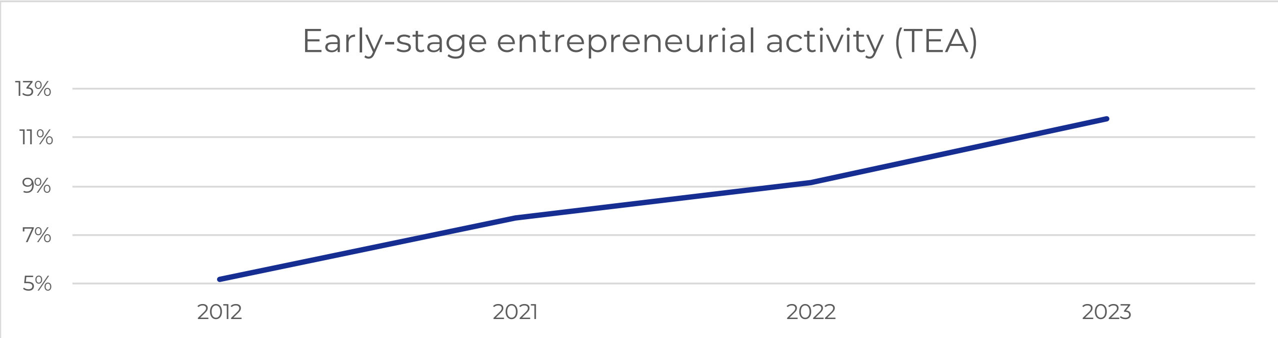


Figure 24. Changes in early-stage entrepreneurial activity in France (TEA)

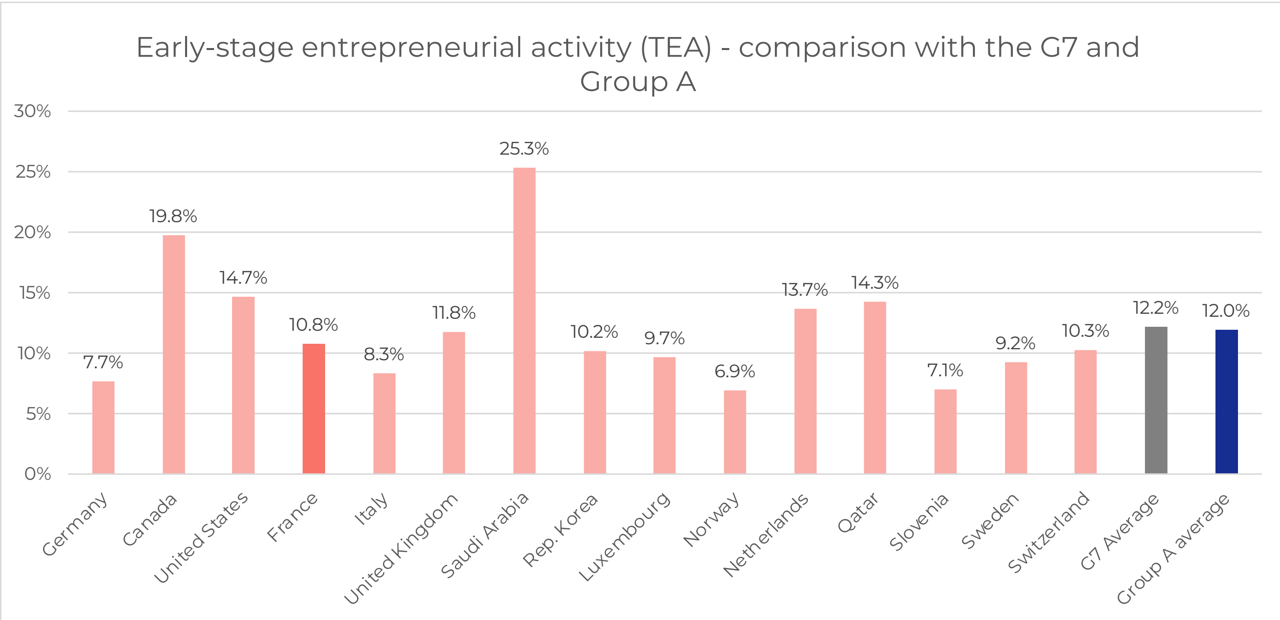
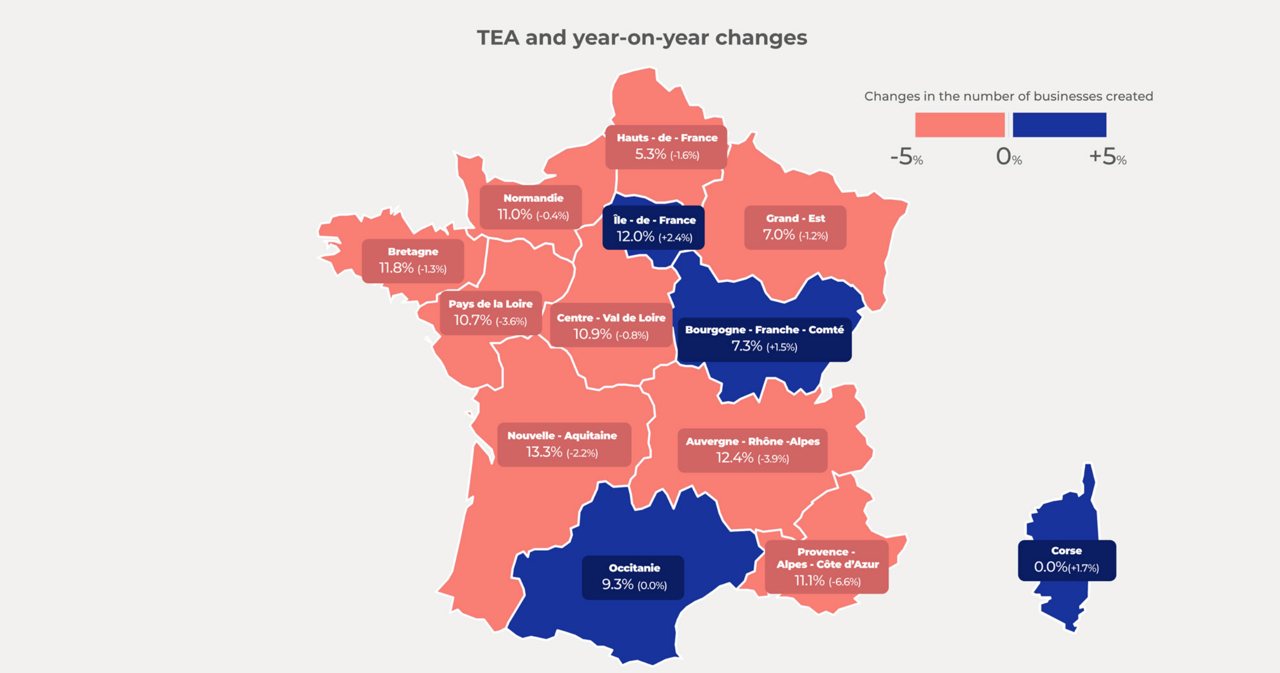


Figure 25. Changes in early-stage entrepreneurial activity (TEA) in France - comparison with the G7 and Group A

It can be interesting to analyse the TEA at a regional level[8] (Map 1). The three most dynamic regions in terms of TEA are: Nouvelle Aquitaine (13.3%), Auvergne-Rhône-Alpes (12.4%) and Ile de France (12.0%). A decline was observed in Provence-Alpes-Côte d'Azur (PACA), which held the top spot in 2022 (11.1% in 2023 vs 12.63% in 2022).

However, although France's dynamism in the early stages of entrepreneurship is noteworthy, its percentage of established entrepreneurs leaves it in second-last position among the G7 countries (Figure 26). At just 4.6%, France lags far behind the English-speaking countries (Canada: 9.2%; US: 6.7%; UK: 6.3%) and even further behind countries like Saudi Arabia (13.6%) and South Korea (19.7%), which occupy the first two places in the rankings. Despite significant differences between France and these countries, progress was made between 2022 and 2023, with a considerable rise in the rate of established entrepreneurs from 2.9% to 4.6%. This is most likely driven by the increase in the number of early-stage entrepreneurs from one year to the next.

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



Map 1. TEA by region with the changes in the number of businesses created in 2023 (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 2023 (in parentheses), e.g. in 2023 in the Île de France region, the total early-stage entrepreneurial activity (TEA) was 12.0% and the number of businesses created rose by 2.4%.

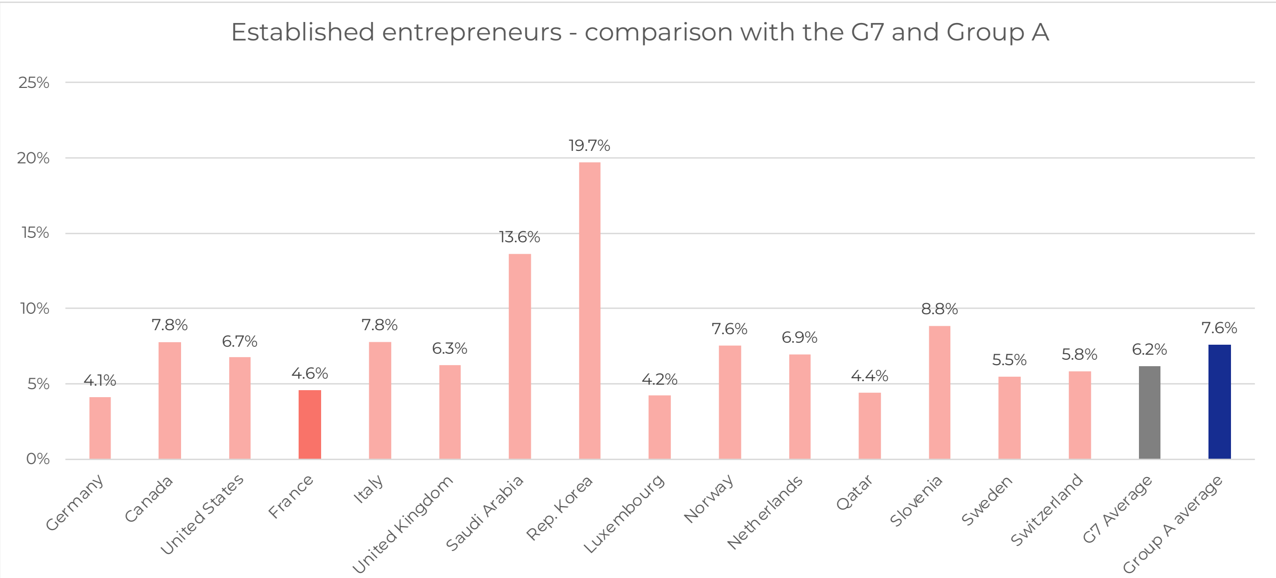


Figure 26. Established entrepreneurs in Group A and G7 countries

BUSINESS EXIT

The business exit marks the end of the adventure for the entrepreneur but not necessarily the end of the business activity. In 2023, the percentage of people who faced a business exit and the end of the activity was 2.3%, compared to 2.2% in 2022. The figure for business exits but with continuity of the business remained stable between 2022 and 2023 at around 1.2%. With a total business exit rate of 3.5% (Figure 27), France is positioned just below the G7 average (4.8%) and far behind Qatar (9.6%) and Canada (10.2%).

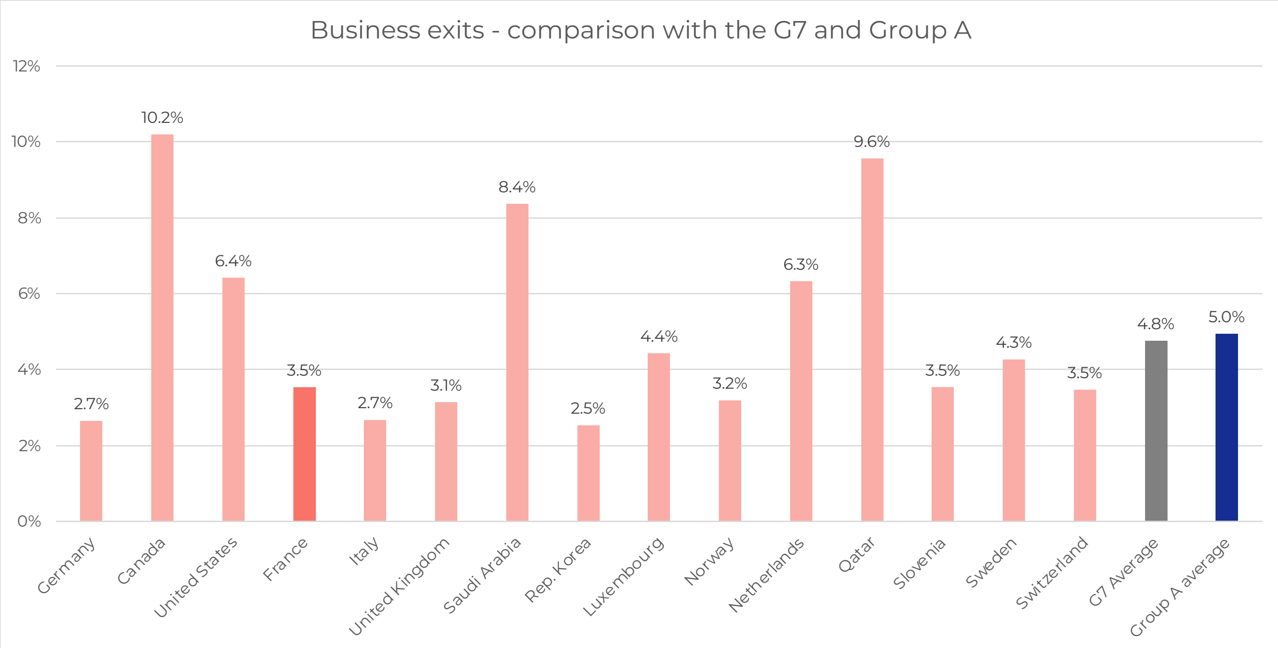


Figure 27. Exits with and without continuity of the business in Group A and G7 countries

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. 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.

We will now look in more detail at the reasons behind business exits (Figure 28). These are varied, with the three primary reasons in France remaining the same as in 2022: a lack of profitability first of all (18.3% in 2023 vs 19.9% in 2022), followed by a job or investment opportunity (17.0% in 2023 vs 19.7% in 2022) and lastly family reasons (12.6% in 2023 vs 15.6% in 2022). However, there was an increase in the number of people who cited the "Coronavirus pandemic" from 5.6% to 10.2%, which can be seen in light of the steady rise in business exits due to "fiscal, governmental or bureaucratic burdens" (3.9% in 2021, 7.3% in 2022 and 8.3% in 2023).

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

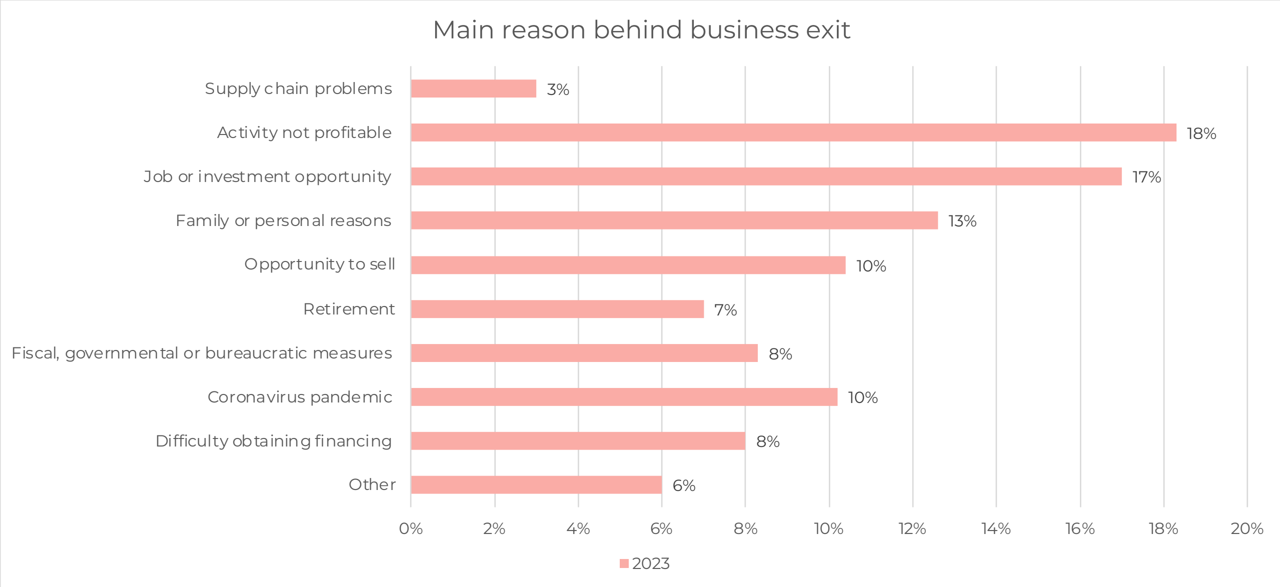


Figure 28. The reasons behind business exits

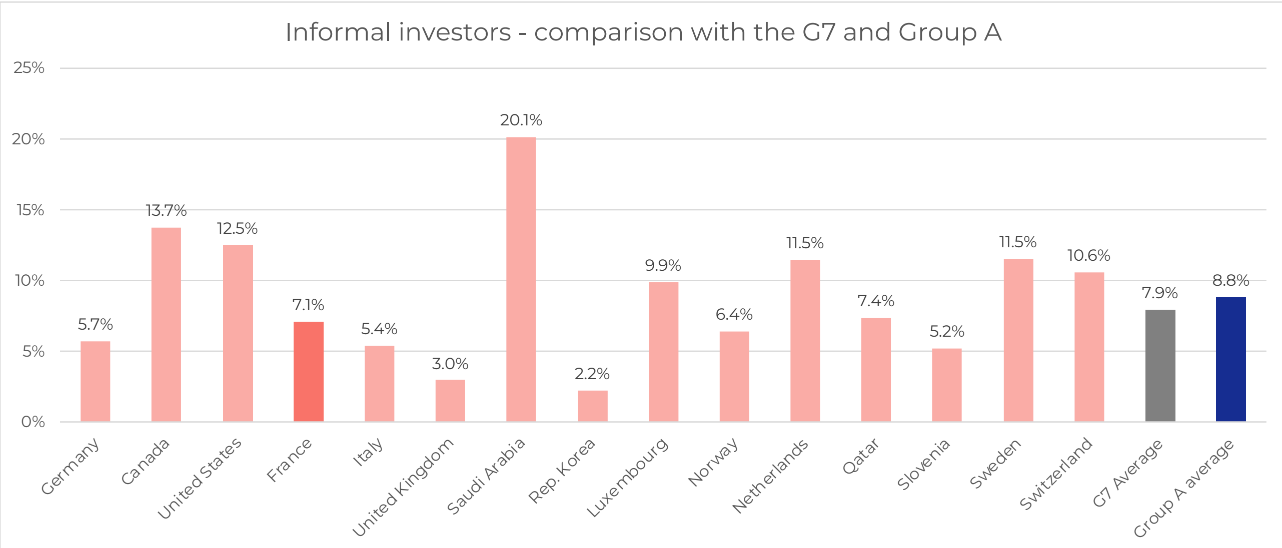


Figure 29. Percentage of informal investors in Group A and G7 countries

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 7.1% up from 5.3% in 2022.

This is around the G7 average (Figure 29). The increase in volume is accompanied by an increase in the amounts invested (Figure 30), but with an average investment of €13,378 (€8317 in 2022), France ranks among the countries with the lowest investments, compared to the US (€28,422), Luxembourg (€53,030) or Qatar (€59,085).

Entrepreneurial activity with an international focus

A focus on exports is recognised as an indicator of productive entrepreneurship, innovation

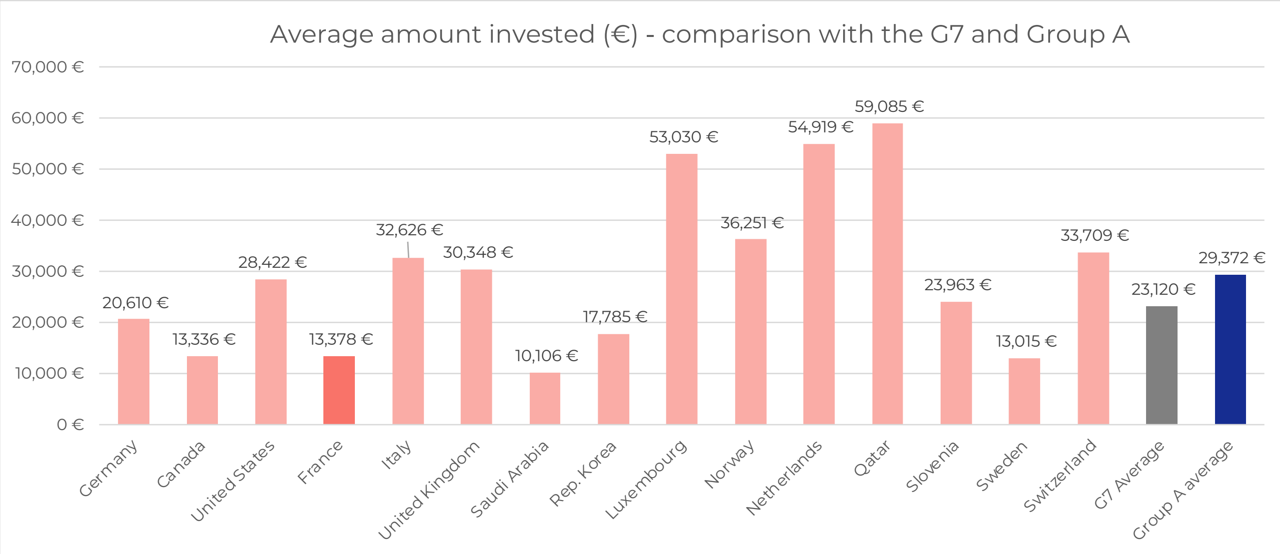


Figure 30. Average amount invested by informal investors in Group A and G7 countries

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, the share of early-stage entrepreneurs who reported having clients abroad went unchanged in 2023 at one-third (33%) (Figure 31). However, France's position in relation to other G7 members disimproved, falling to 3rd from 1st in 2022, behind Germany (41%) and the UK (36%). The two Group A countries whose early-stage entrepreneurs are most focused on international business are Luxembourg (57%) and Slovenia (50%) (Figure 31 bis).

For established businesses, the results are better, as the international focus rose to 42%, an almost twofold increase (Figure 32). This makes France the leading G7 nation, although still behind Luxembourg and Slovenia, which also hold the top two spots for international business in this segment (Figure 32 bis).

Entrepreneurial activity by age and gender

GEM looks at the issue of diversity particularly

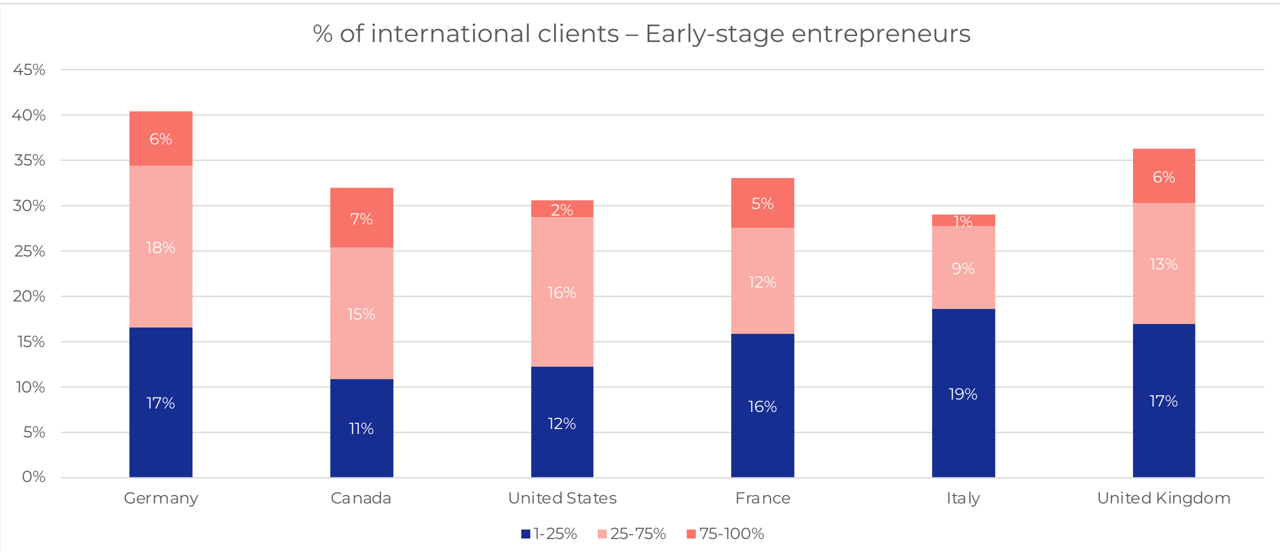


Figure 31. Percentage of early-stage entrepreneurs' clientele that is located abroad - comparison with G7 countries

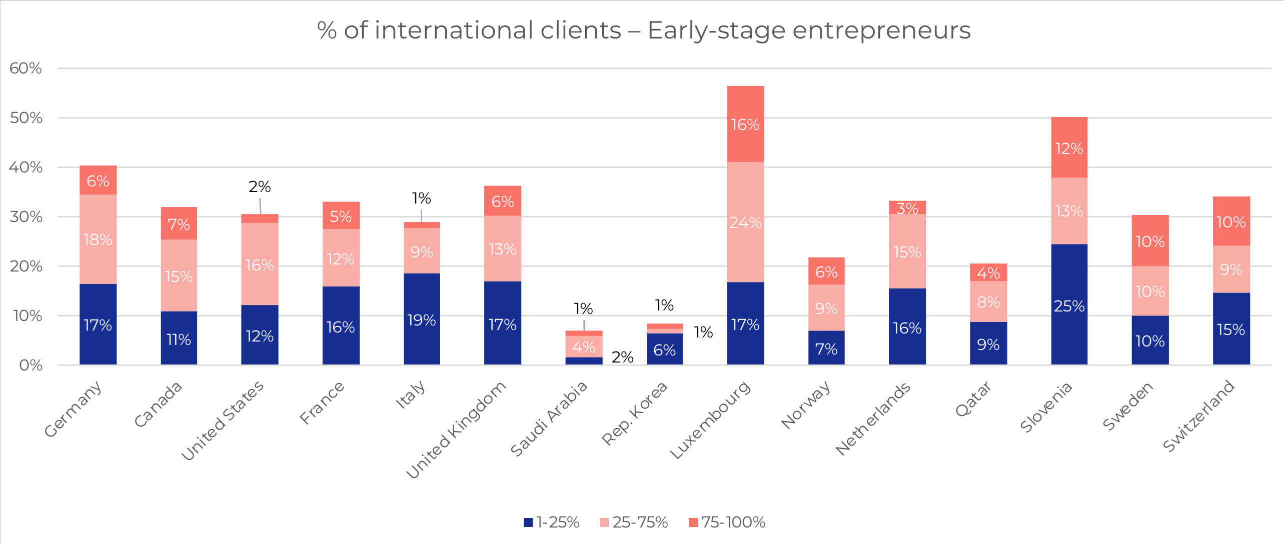


Figure 31bis. Percentage of early-stage entrepreneurs' clientele that is located abroad - comparison with Group A countries

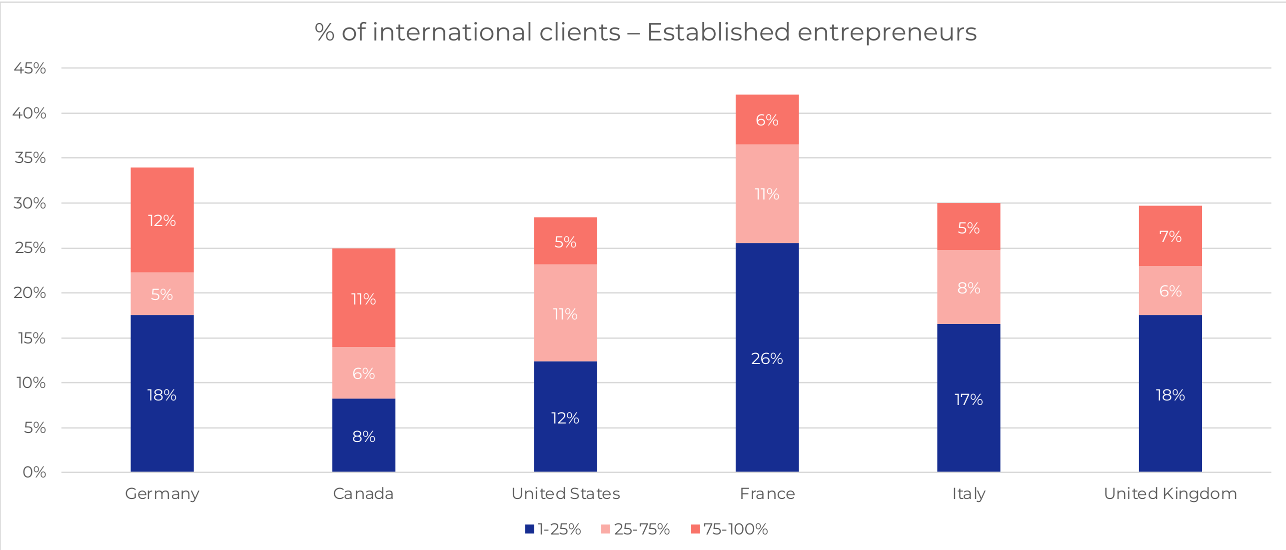


Figure 32. Percentage of established entrepreneurs' clientele that is located abroad - comparison with G7 countries

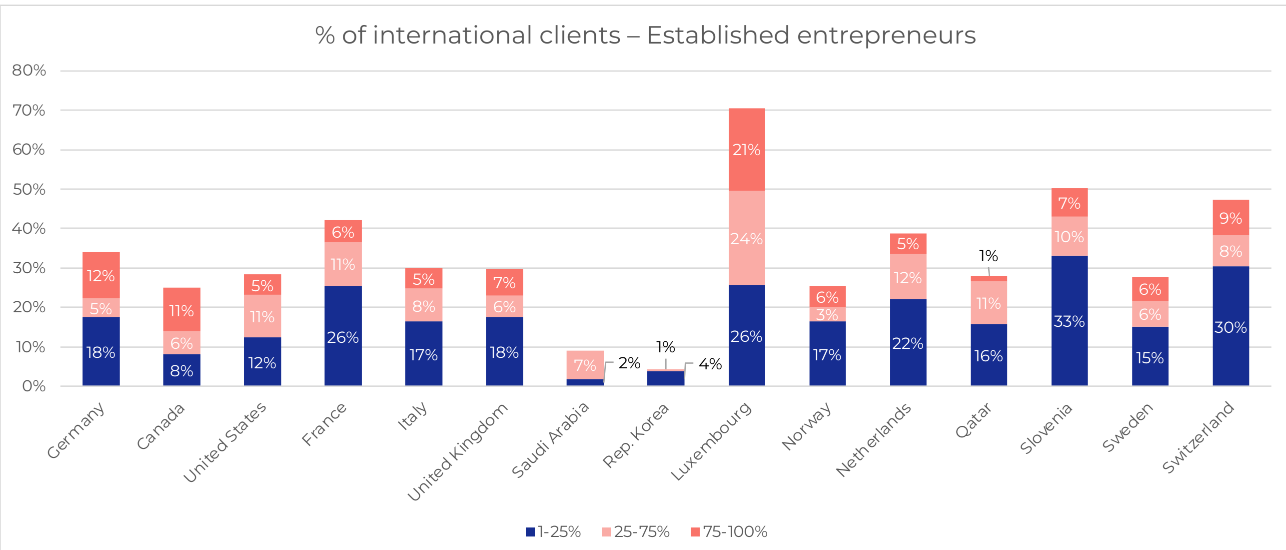


Figure 32bis. Percentage of established entrepreneurs' clientele that is located abroad - comparison with Group A countries in terms of gender and age. It is important to know whether people are given the same chances when it comes to starting a business. We propose to focus on entrepreneurial activity by looking in turn at the differences based on gender and age. The analysis will only refer to the APS.

While entrepreneurial intentions remained stable among men (19.1% in 2023 compared to 19% in 2022), they dropped considerably among women (15.4% vs 18.6%).

This percentage is nonetheless above that observed in 2021 (14.7%). The 3.2 point decline for women in 2023, compared to a 0.1 point increase for men, brings us slightly further away from the goal of parity, at least in terms of future entrepreneurial projects.

However, the figure among women for taking concrete action (TEA) rose significantly to 9.0% from 7.2% in 2022. This can be partly explained by the increase in previous years in entrepreneurial intentions among women. There is a time lag due to the fact that intentions are assessed in relation to the next three years. This raises questions about the future trends in TEA among women given the current decline in intentions. The gap between men and women remains relatively stable year on year, with a slight fall in 2023 (3.5 points in 2023 and 3.9 in 2022).

The percentage of established entrepreneurs in the population aged 18-64 rose among men from 4.3% to 5.9%. The reverse phenomenon can be observed among women, with a decline from 3.7% in 2022 to 3.3% in 2023. This raises questions about the long-term survival of the projects run by female entrepreneurs and once again about the elusive goal of parity.

There is a negative correlation between entrepreneurial intentions and age. In the 18-24 age group, 25.0% of respondents say they intend to create a business in the next 3 years, but this figure is just 9.6% among 55-64

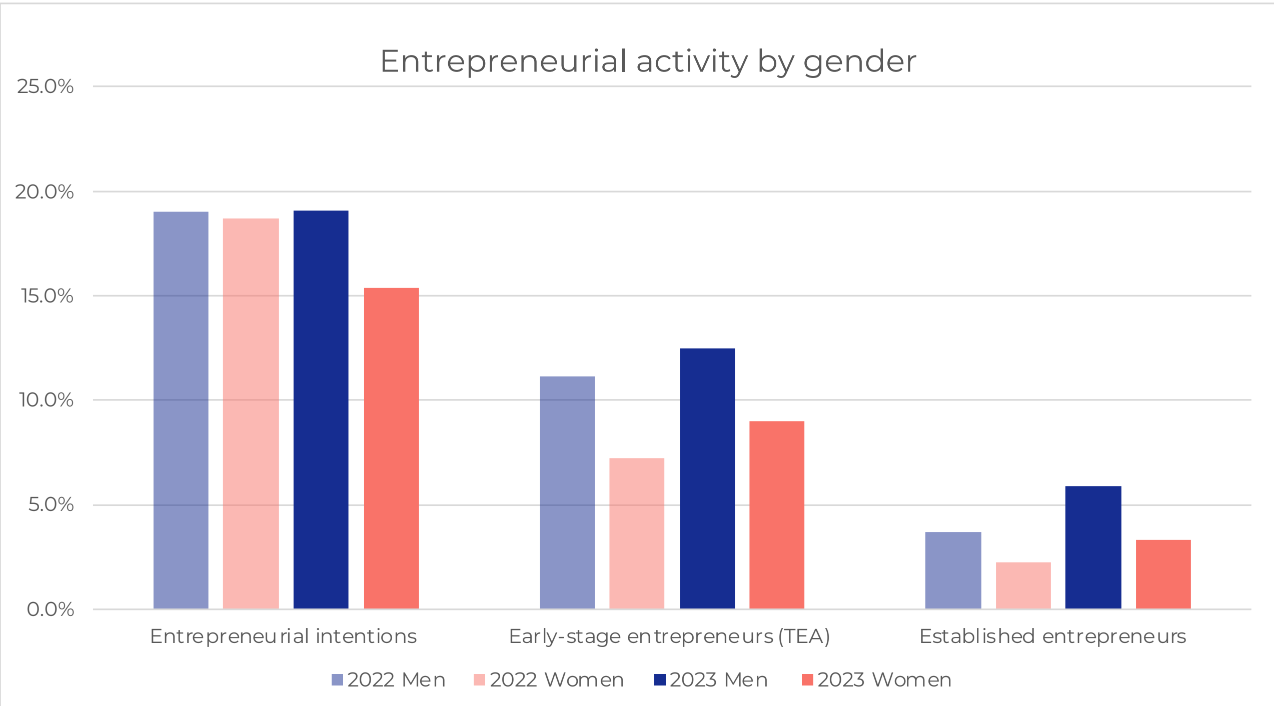


Figure 33. Levels of entrepreneurial activity: a gender-based comparison

year olds. The 25-34 age group expressed the strongest intentions in 2022 (28%), which was no longer the case in 2023 (23.7%).

The relationship between age and TEA is a bit different. TEA is highest in the 25-34 age group (15.5%) and declines in older groups. An increase from 13.6% to 15.5% was even observed in this younger segment between 2022 and 2023. This is even more marked among 18-24 year olds (rise from 8.3% to 11.6%), who post the same level of activity as their elders in the 35-44 age group (11.7%).

Among established entrepreneurs, the situation is very different. The rates of activity are lowest in the first two age groups and highest among 35-44 year olds (6.8%) followed by 55-64 years olds (5.8%).

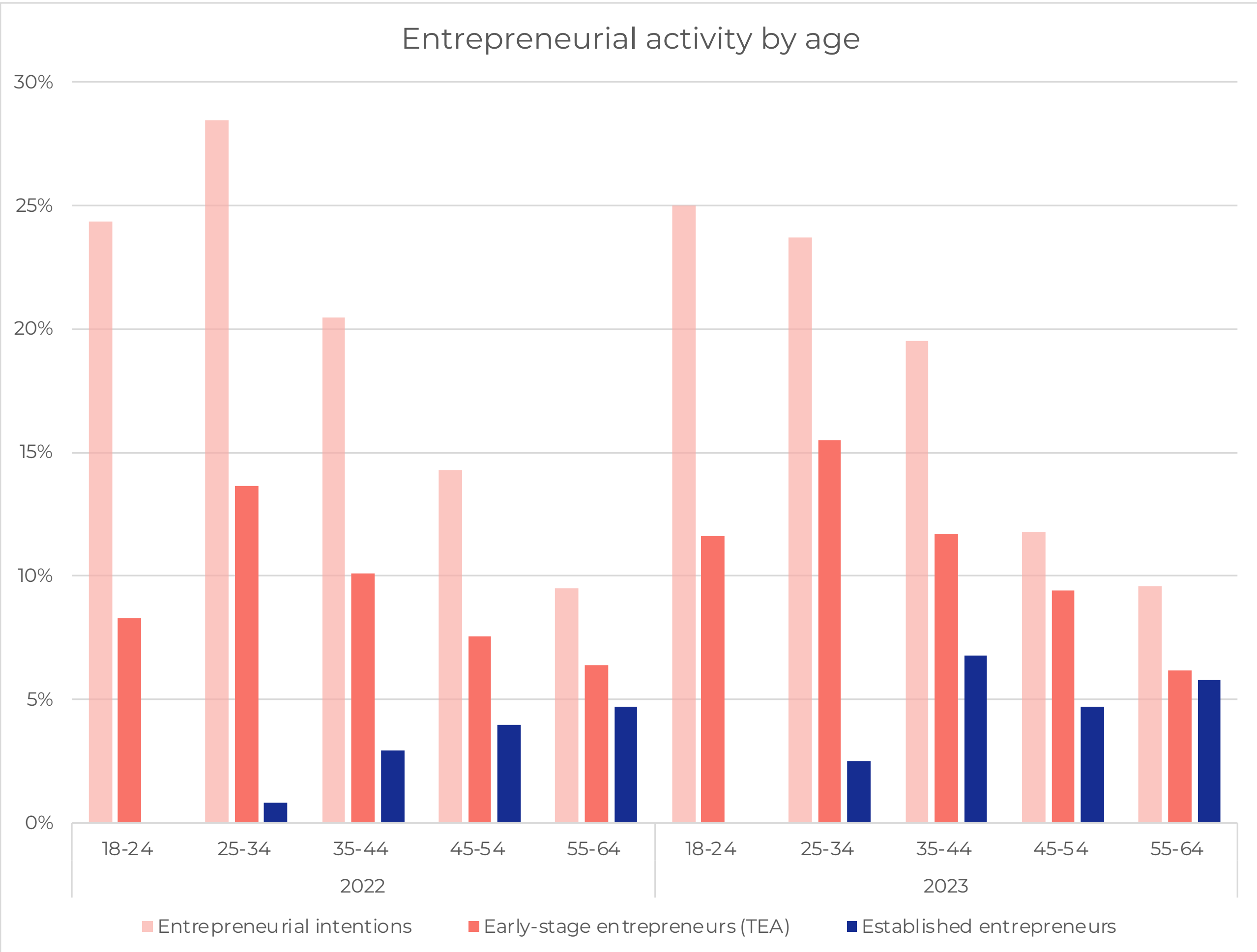


Figure 34. Entrepreneurial activity by age

Conclusion and recommendations

This latest report by Labex Entreprendre marks 25 years in existence for the Global Entrepreneurship Monitor. It provides comparative insights into changes in the entrepreneurial landscape in France. The results are consistent with the data released by the INSEE (2024), 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 average position, behind the English-speaking members.

The experts who contributed to the analysis of the entrepreneurial ecosystem believe that the context is one of contrasts and barely favourable. They 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 brings certain nuances to this representation. Entrepreneurship is more than ever perceived as a desirable career choice, and people increasingly have entrepreneurs in their circle of acquaintances. This favourable situation is reflected in the level of entrepreneurial activity, with the TEA in France continuing the progression observed over the last 10 years.

The analysis of diversity in terms of gender and age has also led to encouraging representations, but with areas for potential improvement. The report underscores both the rise in entrepreneurial activity among young people and the increase in TEA among women, albeit with a persistent gender gap.

This situation marked by contrasts shows that significant progress is still needed if France's ambition is to be among the most dynamic countries in terms of entrepreneurship. Three main recommendations can be made.

1- Promote the entrepreneurial mindset at primary and secondary levels

The NES once again reveals France's underperformance compared to the other richest countries when it comes to promoting entrepreneurship in primary and secondary education, coming in last position out of 16. The experts interviewed feel that the actions taken in this area are largely insufficient. France appears to be lagging behind regions like Quebec, which over the last 20 years have made entrepreneurship part of their primary and secondary curriculums. Although several initiatives have been taken, this issue seems to have been relegated to the background. France's unenviable position in the rankings, such as the Programme for International Student Assessment (PISA), points to the need to prioritise teaching the fundamentals over promotion of entrepreneurship. However, it is essential to understand that it is not only the act of entrepreneurship, but above all the entrepreneurial mindset, that must be encouraged. This mindset can be integrated into the teaching of fundamentals through innovative pedagogic approaches.

Despite these challenges, France benefits from many actors engaged in the promotion of entrepreneurship in primary and secondary education. It is crucial to draw up an inventory of existing practises and evaluate their impact, and to put in place a more effective system of coordination at local and national levels, taking inspiration from the PEPITE model that has proven so successful in higher education.

We have previously recommended holding colloquia on entrepreneurial education at primary and secondary levels. It would be beneficial to bring together the actors of the entrepreneurial education ecosystem to develop an ambitious national strategy with the aim of strengthening the entrepreneurial mindset in today's youth.

2- Act to facilitate female entrepreneurship

This year's results on female entrepreneurship are contrasted. Total early-stage entrepreneurial activity rose considerably. This increase was more marked among women (9.0% in 2023 vs 7.2% in 2022) than men (12.5% vs 11.1%), which slightly reduces the gap observed in 2022. However, while the percentage of established male entrepreneurs went up from 4.3% to 5.9%, the reverse phenomenon was observed among women with a fall to 3.3%, compared to 3.7% in 2022. Compared to the 15 richest countries, France lies around the middle of the rankings (8th for TEA and 11th for established entrepreneurs).

The efforts made to reduce the gender gap are insufficient. We had set a target of 10% TEA by 2025. This figure reached 9% in 2023. We believe greater ambition is needed, but especially for the percentage of established entrepreneurs. The objective should be to build a national strategy to increase the total early-stage entrepreneurial activity among women as well as the share of established entrepreneurs. Such a strategy could be part of policies to favour workplace gender equality. Possible goals could be TEA of 11% to 12% and a percentage of established entrepreneurs at 4% to 5%, which would bring France closer to parity. Reaching these objectives requires a better understanding of the factors that prevent people from taking the plunge as well as a rethink of the way support is provided.

3- Facilitate and support market access

The NES once again highlights the challenges facing entrepreneurs in accessing the markets. This newness liability is inherent in all forms of business creation, but is more marked in the French context. On the two indicators used to assess the ease of accessing the markets, France scores not well: 14th out of 16 for the lack of market dynamism and 10th out of 16 due to barriers to entry.

The public authorities and major firms can play a role in facilitating or accelerating market access. Although measures have been introduced in recent years to make it easier for SMEs and micro enterprises to tap into public procurement markets, specific measures must also be taken to favour younger businesses. The 2024 finance legislation moves in this direction with positive changes for innovative young businesses. Furthermore, new entrepreneurs should benefit from training and support to help them develop their marketing and sales strategies. Achieving this level of commitment means making entrepreneurial support more accessible and ensuring that the content has a greater focus on market development.

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