

## **Entrepreneurship Fear of Failure on the Rise, According to Global Entrepreneurship Monitor Report**

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Around the world, the number of people deterred from starting a business because of fear it might fail is increasing, according to the GEM 2024/2025 Global Report titled *Entrepreneurship Reality Check*, released today at a special event to launch the report in Bilbao, Spain. Those who take the leap are uncertain about the expected role of artificial intelligence in their businesses.

More than 150,000 people participated in the GEM Adult Population Survey (APS) in both 2019 (pre-pandemic) and 2024, across 50 and 51 economies respectively. In 2019, 44% of those surveyed agreed that they would not start a business for fear it might fail; by 2024 this proportion had increased to 49%.

In both years, a significant percentage of the 150,000 plus people agreed they saw good opportunities to start a business (some 66,000 in 2019 and 60,000 in 2024). Amongst these individuals, those that stated they would not actually start a business to leverage those same opportunities for fear it might fail increased from 42% in 2019 to 47% in 2024.

Between 2019 to 2024, the number of economies in which at least two in five people seeing good opportunities, yet would not start a business for fear it might fail increased markedly from 34 out of 50 (68%) to 43 out of 51 (84%).

The Global Report authorship team of 12 GEM researchers located in nine countries collectively agree that it is important to develop robust support systems, including financial assistance, accessible training, mentorship programmes and simplified regulations to reduce the risks of starting a business and address fear of failure, enabling more entrepreneurs to thrive.

### **Uncertainty about Artificial Intelligence (AI)**

The APS asked both new and established business owners: "How important do you anticipate artificial intelligence tools will be for implementing your business model and strategy in the next three years?"

Worldwide, there is considerable lack of awareness and uncertainty about how important artificial intelligence (AI) will become to new businesses in the next three years. Survey responses include high rates of "don't know". Of those who did answer, in 36 of 49 economies (73%), fewer than three in 10 of those starting new businesses see AI as "very important" in the next three years.

Sreevas Sahasranamam, one of the co-authors of the global report and co-lead of GEM UK said: "It is real cause for concern to see this inequality in the awareness of AI impact on entrepreneurs across economies, which is skewed unfavourably towards the Global South entrepreneurs. It is important that we launch awareness campaigns and training programmes to educate entrepreneurs about the importance and potential of AI."

### **UAE Number #1 Again in National Entrepreneurship Context Index**

For the fourth consecutive year, the United Arab Emirates (UAE) has secured the top spot in GEM's National Entrepreneurship Context Index (NECI), which measures the quality of a country's entrepreneurial environment based on expert assessments across 13 key GEM Entrepreneurial Framework Conditions.

Despite a decline in its NECI score from 7.7 (out of 10) in 2023 to 7.1 in 2024 – due to score reductions in 12 of the 13 framework conditions – the UAE still leads the Index with 11 of these conditions ranking first among 56 participating GEM economies. Notably, the score for Physical Infrastructure was the only one that improved, rising from 7.6 to 7.8. Even with the overall dip, the UAE maintains a strong entrepreneurial landscape, with its lowest framework score still rated as "good" (6.5) and seven conditions classified as "very good." However, in the UK the NECI score declined again slightly and remains overall less than sufficient. The GEM UK report for 2024/25 will provide more detailed analysis of the contrasting entrepreneurial landscape across the UK when it is published in March 2025.

### **Celebrating 25 Years at GEM**

GEM is currently celebrating its 25<sup>th</sup> Silver Anniversary as the world's foremost study of entrepreneurship. GEM published its first Global Report in 1999. Since then, its research has shaped conversations among policymakers, academics, entrepreneurs and international organisations. This impact is driven by GEM's National Teams, who secure expertise and funding to collect national-level data. The GEM UK project is supported by the Department for Business and Trade (DBT), Welsh Government, the Department for the Economy (NI), the Hunter Centre for Entrepreneurship and the NatWest Group. The insights developed by the UK researchers since 1999 are now providing important evidence for the development of the new Small Business Strategy to be launched by the DBT in late Spring 2025.

"Entrepreneurship is a key driver of prosperity and innovation, and GEM's long-standing research has been instrumental in tracking its impact," said GEM Executive Director Aileen Ionescu-Somers. "By gathering first-hand insights directly from the entrepreneurs themselves, GEM offers a unique perspective on how new businesses shape economies, tackle global challenges and invest in a sustainable future."

This year's GEM Global Report is made possible thanks once again to the dedication of GEM National Teams and their own sponsors and respondents, as well as the support of GEM Spain (host of the Report Launch event), Cartier Women's Initiative, University of the Basque Country, the University of Deusto, the Ministry of Industry and Tourism — National Innovation Company S.A. (ENISA), the Basque Business Development Agency (SPRI Group) — Basque Government, the Bizkaia Government, the Bilbao City Council, the Basque Entrepreneurship Observatory, the Observatorio Del Emprendimiento de España and Mondragon University.

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