



**Global
Entrepreneurship
Monitor**

GEM BELARUS 2021/2022



Economic Research Center



AUTHORSHIP:

The BEROC team produced the 2021-2022 GEM BELARUS report.

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INTRODUCTION: WHAT IS GEM?¹

During the COVID-19 pandemic, entrepreneurship reinforced its position among the most widely-acknowledged drivers of economic development, contributing to job creation and providing social welfare. In the same vein, stimulating and supporting entrepreneurship is being considered as a solution for revitalizing and restructuring national economies in the post-pandemic era (Braunerhjelm, 2022). But the pandemic has created an unprecedented survival challenge for entrepreneurs, on the one hand, while new market opportunities have been explored by effective, flexible, and creative businesses and entrepreneurs on the other (Belitski et al., 2022).

In this regard, there is growing demand from governments, businesses, and individuals for reliable and commensurable data and research to help to understand what is happening in entrepreneurship and, therefore, to undertake relevant actions. Governments and other stakeholders will increasingly need robust and credible data to make key decisions that stimulate sustainable and impactful forms of entrepreneurship and promote fair competition and healthy entrepreneurial ecosystems. Consequently, the role of the Global Entrepreneurship Monitor (GEM), which is the largest global collaborative research initiative that consistently analyzes

entrepreneurship in all its shapes and forms and its associated characteristics in a time- and space-consistent manner, has substantially increased. This effort is accomplished through the collaborative work of a nonprofit organization, the Global Entrepreneurship Research Association, two founding institutions (the London Business School and Babson College), and a networked consortium of national teams primarily associated with top academic institutions.

GEM was the first, and still the only, global project that provides cross-national entrepreneurship dynamics indicators based on population surveys. For 23 years, it has been reporting consistently on the attitudes, perceptions, intentions, motivations, and activities of entrepreneurs and non-entrepreneurs from around the globe. In addition, GEM monitors how national business contexts evolve and moderate different forms and scopes of entrepreneurship. National teams use the same precise research methodology, sample design, and survey tools to collect nationally representative data on entrepreneurship. Consistency in the definition and measurement of entrepreneurial activity enables comparison between economies and the tracing of different entrepreneurs' evolution. In particular, GEM provides a precise definition of entrepreneurial ac-

¹ For consistency, the introductory part including the description of the GEM conceptual framework and methodology is to a significant extent adapted from Chapter 1 of the GEM 2021/22 Global Report.

tivity or entrepreneurship as *the act of starting and running a new business, i.e., not just thinking about it or intending to start, but expanding resources to get a new business off the ground.*

Each national team organizes an annual survey, called the Adult Population Survey (APS), completed by a representative sample of at least 2,000 adults. In addition, the national teams consult with national experts through the National Expert Survey (NES) on 'entrepreneurial framework conditions', i.e., factors that can explain the nature and level of entrepreneurship in their economies. GEM tools and data are therefore unique and benefit numerous stakeholder groups. By becoming involved with GEM:

- Academics apply GEM's unique approaches to studying entrepreneurship at the national level;
- Policymakers use GEM data to make better-informed decisions to help their entrepreneurial ecosystems thrive;
- Entrepreneurs increase their knowledge about where to invest;
- International organizations leverage GEM's entrepreneurial insights in their reports and events by combining GEM data with their own data sets to enhance analysis.

The main findings of the GEM are presented annually in a global report. It contains extensive

data on entrepreneurship, which is analyzed through the prism of various stages of entrepreneurial activity; entrepreneurial profiles, including demographic indicators; entrepreneurial motives and aspirations; and business characteristics such as the level of innovation and technology. The 2021/22 GEM Global Report (GEM, 2022) draws comparisons between 50 economies that participated in GEM's 2021 research during a challenging and turbulent period dominated by the global COVID-19 pandemic. In 2021, more than 148,000 people completed a GEM interview, adding to the core GEM database of over three million respondents across 120 different economies since the first surveys began in 1999.

The 2021/22 GEM Global Report provides evidence of the significant and far-reaching impact of the pandemic on entrepreneurial intentions and activity, as well as more detailed effects on, for example, the use of technology in selling goods and services or the impact of working from home and the rise of the gig economy. National teams of each participating country publish national reports that provide a more detailed analysis of entrepreneurship at the national level, considering local changes, characteristics, conditions, and initiatives that affect entrepreneurial activity. The 2021/22 GEM Belarus Report was developed by BEROC's researchers (as the Belarus national team).

GEM conceptual framework

The GEM conceptual framework is based on the fundamental assumption that economic growth is the result of an increase in total factor productivity (Baier et al., 2006). Total factor productivity, in turn, is defined among other things by the capabilities of individuals to identify and seize opportunities (Erken et al., 2018), as well as by environmental factors which influence individuals' decisions to pursue entrepreneurial initiatives (Guerrero et al., 2020). The interaction of personal characteristics and the entrepreneurial environment substantially impact start-ups in terms of sector choice, innovativeness, and ambitions (Korunka et al., 2003). This affects the potential outcomes of any new business in terms of jobs and value-added and hence socio-economic development. Consequently, entrepreneurship rates, forms, and impact on economic development differ among economies at similar stages of economic development as the GEM and some other studies have shown. In general, the GEM conceptualizes the interdependency between entrepreneurship and economic development in order to:

- Uncover factors that encourage or hinder entrepreneurial activity, especially related to societal values, personal attributes, and the entrepreneurship ecosystem;
- Provide a platform for assessing the extent to which entrepreneurial activity influences economic growth within individual economies; and
- Uncover policy implications for enhancing entrepreneurial capacity in an economy.

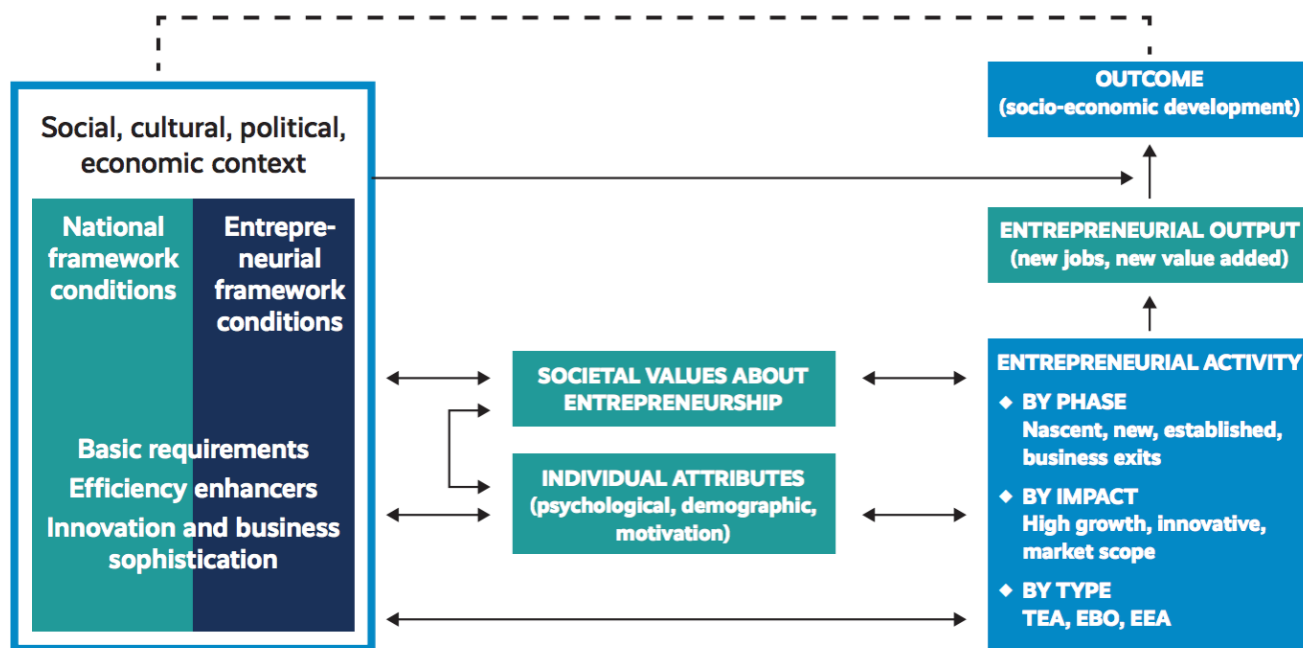
Figure 1 depicts the main components and relationships into which the GEM divides the entrepreneurial process and classifies entrepreneurs

according to the level of their organizational development.

The components of the conceptual framework are as follows:

- **The social, cultural, political, and economic contexts** are represented through national framework conditions, which include entrepreneurial finance, government policy, government entrepreneurship programs, entrepreneurship education, research and development (R&D) transfers, commercial and legal infrastructure, physical infrastructure, internal market dynamics and entry regulation, and cultural and social norms.
- **Societal values about entrepreneurship** include societal beliefs about entrepreneurship as a good career choice, whether entrepreneurs have high societal status, the extent to which media represents entrepreneurship positively in an economy, and whether it is easy to start a business.
- **Individual attributes** include demographic characteristics (gender, age, education), self-perceptions (perceived capabilities, perceived opportunities, and fear of failure), and motives for starting a business (that is, necessity versus opportunity).
- **Entrepreneurial activity** encompasses multiple phases of the business process (nascent, new business, established business, and discontinuation), potential impact (job creation, innovation, and internationalization), and type of activity (such as total early-stage entrepreneurial activity (TEA), established business ownership (EBO), and employee entrepreneurial activity (EEA)).

Figure 1. GEM conceptual framework



Source: GEM 2021/22 Global Report (Hill et al., 2022).

Methodology

To capture the interactions between individuals and their environment, each national team taking part in the GEM in a given year commits to undertake two national surveys: the **Adult Population Survey (APS)** and the **National Expert Survey (NES)**². The team (headed by a dedicated Team leader) is solely responsible for collecting GEM data using APS and NES in each country. These two complementary surveys are the core of the GEM research.

The Adult Population Survey (APS) provides data on the characteristics, motivations, and ambitions of individuals starting businesses and social attitudes toward entrepreneurship. An independent survey vendor in each country approved by the GEM team uses the standardized APS questionnaire translated into one or more official languages of the country to ask a nationally representative stratified sample of at least 2,000 adults aged 18–64 years old about their entrepreneurial activities, attitudes, motivations, and capabilities. This stratification reflects the underlying national population regarding age, gender, and location (urban/rural population). The APS questionnaire is completed by telephone or by face-to-face interview, and sometimes online.

Data provided by survey vendors are then cross-checked and quality-approved, harmonized, and weighted by GEM's technical team. One of the key peculiarities of the APS is its focus on people—an individual is the unit of observation. Notwithstanding a possible self-reporting bias inherent in such studies, the APS helps to develop a unique entrepreneurship profile of society. Surveying individuals, their attitudes, and activities enables one to analyze and understand

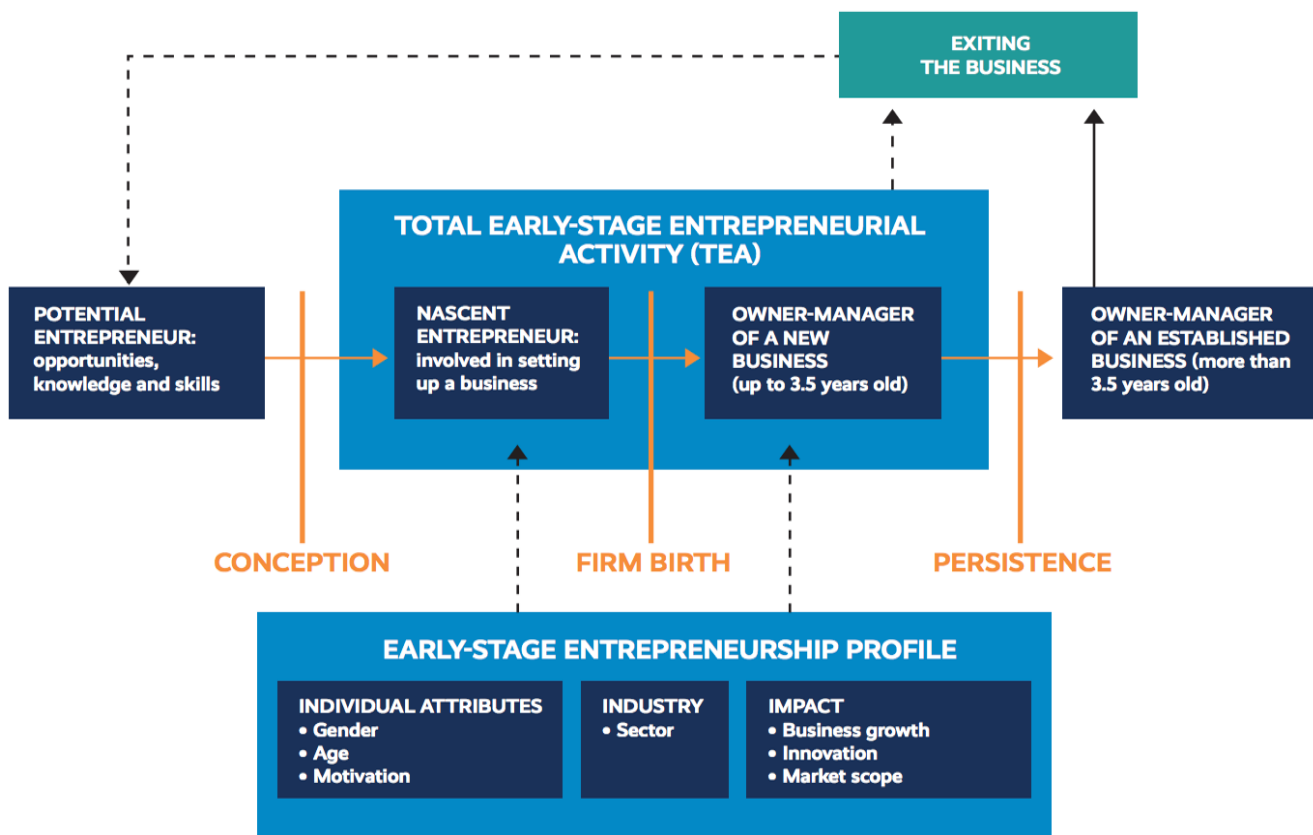
personal decisions to start a business and the subsequent development of that business in a way that official business statistics either cannot do or do so with time lags. A description of the methodological design applied by the Belarusian national team is provided in Annex 2. The results of the first APS in Belarus are discussed in Chapters 1, 2 and 4.

The second survey—the NES—is designed to capture the economic, social, cultural, and political conditions in an economy that may encourage and support, or discourage and constrain, entrepreneurial activity. To assess the country's environment concerning the development of entrepreneurial activities, at least 36 individuals with relevant expertise and/or experience in key entrepreneurship-related areas are nominated and justified by each national team. National experts approved by the GEM team are requested to complete the standard NES questionnaire by providing their perceptions of the national environment for entrepreneurship across a broad range of GEM-defined categories. A full list and description of these categories, as well as the Belarusian National Expert Survey results, are provided in Chapter 3.

The rigorous GEM methodology enables the collection, processing, and interpretation of survey responses. It builds precise and commensurable measures of entrepreneurial activity and the environment for entrepreneurship, thereby providing relevant data for policymakers and other stakeholders. This allows GEM to be recognized today as a world-class, highly-credible reference on the state of entrepreneurship in a country and worldwide.

² Annex 1 contains a glossary of the key GEM terms and abbreviations.

Figure 2. Entrepreneurial process and GEM entrepreneurship indicators



Source: GEM 2021/22 Global Report (Hill et al., 2022).

Measuring entrepreneurial activity

The APS questionnaire responses are used to describe the different stages of the entrepreneurial process, from having an idea to seeing opportunities (conception), to starting a business by devoting resources to exploiting opportunities (firm birth), to developing a start-up into an established business (persistence) or a business exit. The entrepreneurial process and GEM indicators are presented in Figure 2, guiding some key GEM definitions and measurements. In particular, GEM distinguishes between three stages of entrepreneurial activity:

- **Nascent Entrepreneurs:** those who have actively devoted resources to start a business but who have not yet paid wages or salaries for three months (including to themselves);
- **New Business Owners:** those starting and running a business and paying wages or salaries for three months or more;
- **Established Business Owners:** those running a business that has paid salaries for 42 months or more.

One of the main indicators introduced in the GEM research is the level of **TEA** – the proportion of the 18–64-year-old population actively engaged in starting or running a new business. Specifically, TEA is the sum of **Nascent Entrepreneurs** and **New Business Owners**, minus any double-counting (those who fall into both categories). Since exiting a business is considered an important phase of entrepreneurship, individuals may start another business or be involved in entrepreneurial activity in other ways. This phase is also a focus of the GEM.

Economies participating in GEM 2021

Fifty national teams participated in the 2021 GEM. These fifty economies³ are grouped according to their income levels (see Table 1):

- (a) Level A: nineteen high-income economies with a GDP⁴ per capita of more than \$40,000;
- (b) Level B: nineteen economies with a GDP per capita between \$20,000 and \$40,000;
- (c) Level C: twelve economies with a GDP per capita of less than \$20,000.

Table 1. Economies in the 2021/22 GEM Global Report, by income level

Level A >\$40,000	Level B >\$20,000<\$40,000	Level C <\$20,000
Canada	Belarus	Brazil
Finland	Chile	Colombia
France	Croatia	Dominican Republic
Germany	Cyprus	Egypt
Ireland	Greece	Guatemala
Israel	Hungary	India
Italy	Kazakhstan	Iran
Japan	Latvia	Jamaica
Luxembourg	Lithuania	Mexico
Netherlands	Oman	Morocco
Norway	Panama	South Africa
Qatar	Poland	Sudan
Republic of Korea	Romania	
Saudi Arabia	Russian Federation	
Sweden	Slovak Republic	
Switzerland	Slovenia	
United Arab Emirates	Spain	
United Kingdom	Turkey	
United States	Uruguay	

Source: GEM 2021/22 Global Report (Hill et al., 2022).

³ Since some parts of the world have individual economies that may not be classified as separate countries, the GEM global report therefore prefers the term 'economies' rather than 'countries' but may also refer to countries where it is unambiguous.

⁴ Gross domestic product at purchasing power parity per capita in current international \$, 2020.

EXECUTIVE SUMMARY ON BELARUS IN GEM 2021-2022⁵

The last time Belarus participated in a GEM survey was 2019. Since then, the country has undergone significant challenges, stemming both from COVID-19 and from political unrest. And, while it is difficult to calculate the cost of the political conflict, COVID-19 has certainly contributed to economic hardship, with 55.6% of Belarusians reporting that their household lost income this year as a result of the pandemic. These factors may explain the expansion of Belarusian early-stage entrepreneurial activity, which increased to 13.5% (margin of error = ± 2.16) in 2021, up from 5.8% (margin of error = ± 2.19) in 2019. Lost income and general economic uncertainty can drive some to entrepreneurship out of necessity. However, established business owners also increased to 5.8% in 2021 (from 2.7% in 2019), which may imply that at least some new businesses are surviving to maturity.

The expansion of entrepreneurial activity in Belarus is somewhat paradoxical since the general population does not appear to be enthusiastic about the opportunities for starting a business at present. This supports the idea that many early-stage entrepreneurs started their own company out of necessity. Only 25% of Belarusians said there were good opportunities for starting

a business where they live, the lowest figure among middle-income GEM economies.

And of those respondents who did say they saw good opportunities, 56% said they feared the business would fail, the highest figure among middle-income GEM economies. These responses indicate strong pessimism around starting a new business in Belarus.

Entrepreneurs themselves were also fairly pessimistic in 2021. Among TEA respondents, 66.1% said it was more difficult to start a business than in the previous year. This was the third-highest rate of all middle-income GEM economies. Similarly, only 30.4% of those TEA respondents agreed they saw new opportunities as a result of the pandemic, one of the lowest rates among middle-income GEM economies. Among established business owners, respondents also had a fairly low assessment of pandemic-related opportunities, with only 20% agreeing with this statement. These responses indicate that current Belarusian entrepreneurs are not very confident about their future. This negative sentiment, in addition to the general population's perception of there being few opportunities, means the quality of entrepreneurship in Belarus will continue to

⁵ The executive summary on Belarus is adapted from the one in the 2021/22 GEM Global Report.

degrade unless conditions improve in the form of policy and social confidence.

Experts assessing entrepreneurial framework conditions in Belarus echoed the same sentiment as entrepreneurs and the general population. Most conditions were scored poorly, with a couple of exceptions. Critically, both financial and governance-related conditions were scored near the bottom of the rankings compared to peers. Both *Finance* (2.6) and *Ease of Access to finance* (2.8) received the lowest scores among middle-income GEM economies. Similarly, the conditions *Government policies: support and relevance* (1.7) and *Government entrepreneurship programs* (2.2) were also the lowest scores among middle-income GEM economies. Educational conditions received low scores as well.

Cumulatively, these scores reflect a low investment and general lack of involvement in promoting high-quality entrepreneurship by Belarusian institutions.

Belarus's best-performing condition was *Commercial and professional infrastructure*, which received a score of 5.6, ranking 5th among middle-income GEM economies. This indicates there is a relatively strong professional class within Belarus and obtaining their services is affordable compared to other peer economies. This is fortunate, as many new businesses must turn to the professional class in the absence of government support for entrepreneurship.

The complete GEM Belarus profile developed by the GEM team is provided in Annex 3.

Balanced scorecard

Table 2 shows a balanced scorecard that contrasts the main GEM Belarus indicators obtained in 2019 and 2021. Most of the indicators describing entrepreneurial activity demonstrate a positive trend, while the vast majority of indicators characterizing the entrepreneurial ecosystem have retrogressed. All indicators will be explained and discussed in the following chapters.

Table 2. Balanced scorecard

Perceptions: Adult population 18–64 years old	2019 (%)	2021 (%)	Change
Role models: know who has started a business or become self-employed in the past two years	50.4	61.3	10.9
Perception of opportunities: see good opportunities for starting a business in the next six months	29.5	25.0	-4.5
Entrepreneurial knowledge, skill, and experience required to start a new business	42.3	52.0	9.6
Fear of failure: would not start a business for fear it might fail	36.9	52.9	16.1
Easiness: it is easy to start a business in Belarus	35.8	34.5	-1.3
Entrepreneurial intentions: expect to start-up a business in the next three years	9.7	30.1	20.4
Discontinued businesses: in the past 12 months, sold, shut down, discontinued, or quit a business previously owned and managed	1.7	7.4	5.6
Business angels: in the past three years, provided funds for a new business started by someone else	2.0	5.1	3.1
TEA: % of adult population 18–64 years old involved in entrepreneurial initiatives established in the last 3.5. years	2019 (%)	2021 (%)	Change
TEA	5.8	13.5	7.7
TEA, female	5.2	12.8	7.6
TEA, male	6.4	14.2	7.8

TEA characteristics	2019 (%)	2021 (%)	Change
TEA motive: To make a difference in the world	23.2	25.6	2.4
TEA motive: To build great wealth or a very high income	75.0	76.1	1.1
TEA motive: To continue a family tradition	20.0	15.0	-5.0
TEA motive: To earn a living because jobs are scarce	51.8	71.5	19.7
TEA extractive	3.6	7.6	4.0
TEA transforming	39.1	32.9	-6.2
TEA business services	10.9	20.3	9.3
TEA consumer services	46.4	39.2	-7.1
TEA no employees	34.5	35.0	0.5
TEA 1-5 employees	58.2	46.6	-11.6
TEA 6-19 employees	7.3	9.8	2.5
TEA more than 20 employees	0.0	8.7	8.7
TEA low technological level	93.9	93.9	0.0
TEA medium technological level	4.3	2.9	-1.5
TEA high technological level	1.7	3.2	1.5
TEA strong international orientation	21.9	29.1	7.2
EEA: % of the adult population 18-64 years old involved in entrepreneurial initiatives within organizations	2019 (%)	2021 (%)	Change
Active as intrapreneur now	1.6	6.9	5.2
Active and leading as intrapreneur in the past three years	0.5	2.4	1.9
Active and leading as intrapreneur now	0.4	2.2	1.9
Experts' perceptions about the Belarusian entrepreneurial ecosystem (Likert scale 0-10)	2019	2021	Change
Entrepreneurial Finance	3.24	2.81	-0.43
Government Policy: Support and Relevance	3.28	1.68	-1.60
Government Policy: Taxes and Bureaucracy	4.35	4.42	0.07

Government Entrepreneurial Programs	3.10	2.19	-0.91
Entrepreneurial Education at School	2.63	1.82	-0.81
Entrepreneurial Education Post-School	4.62	3.78	-0.84
Research and Development Transfers	3.38	2.30	-1.08
Commercial and Professional Infrastructure	5.26	5.59	0.33
Ease of Entry: Market Dynamics	5.56	5.69	0.13
Ease of Entry: Burdens and Regulation	4.28	3.88	-0.40
Physical Infrastructure	7.40	6.73	-0.67
Social and Cultural Norms	3.80	3.86	0.06

Source: GEM Belarus 2019 & 2021.

CHAPTER 1.

ENTREPRENEURIAL PHENOMENON

1.1. Values, perceptions, and attitudes toward entrepreneurship

1.1.1. National attitudes toward entrepreneurship

The national attitude toward entrepreneurship shows the average stance on entrepreneurial activity in the country. The GEM methodology captures the perceptions of the adult population toward entrepreneurship via four indicators: its desirability as a career choice, living standards, the status of a successful entrepreneur, and the role of the media (Figure 3). As the previous report explained (see GEM Belarus, 2019-2020), in Belarusian society the role of the private sector and entrepreneurship was overshadowed by the state sector of the economy. However, the stagnation of the socioeconomic situation in the last decade has opened a new debate about the role of the private sector, as well as the efforts to boost the role of entrepreneurs to activate economic development. Indeed, an extensive body of academic literature has provided relevant insights about the significant contributions of entrepreneurship in economic development (see Wennekers et al., 2010).

In the 2021 GEM Belarus edition, more than 2,000 Belarusian adults aged 18-64 years old, involved as well as not involved in entrepreneurial initiatives, shared their perceptions about

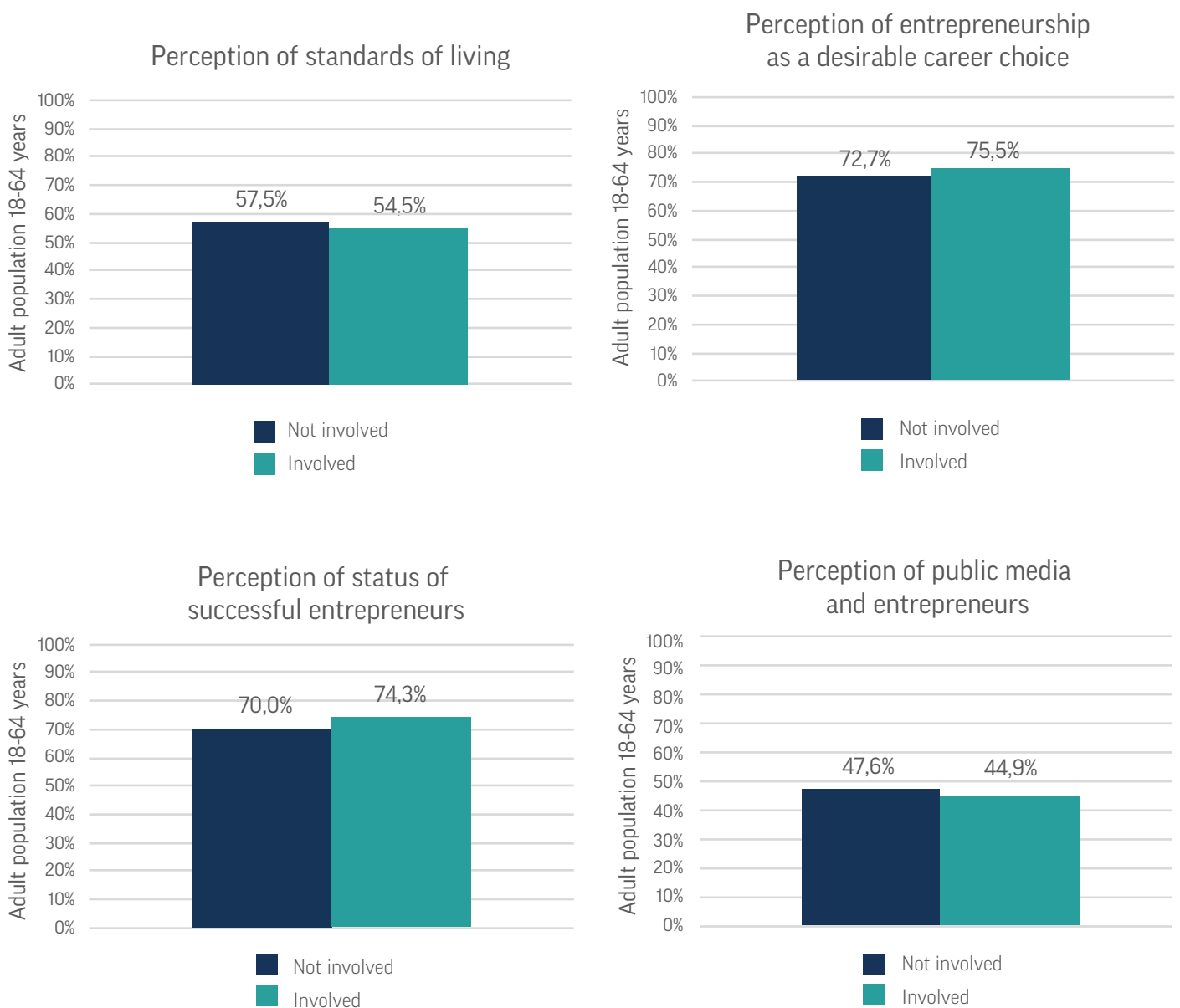
societal attitudes toward entrepreneurship. Regarding living standards, Figure 3 shows that 57.5% of non-entrepreneurs and 54.5% of entrepreneurs perceived that most of the country's residents would prefer having similar living standards. A plausible explanation of these figures is strongly related to the post-Soviet heritage accompanied by the idea of a socially-responsible economy promoted by the authorities. If we contrast these trends to the 2019 GEM Belarus edition, the perceptions have slightly increased (54.8% of non-entrepreneurs and 46.5% of entrepreneurs) against the backdrop of multiple socioeconomic challenges due to the COVID-19 pandemic and/or country social movements.

Regarding societal perceptions about being an entrepreneur/business owner as a professional career, in the 2021 GEM Belarus edition, 72.7% of non-entrepreneurs and 75.5% of entrepreneurs believe that going into business is a good career choice. Similarly, in the 2019 GEM Belarus edition, more than 70% of both groups perceived going into business as a good career choice. In the same vein, regarding how society perceives that people successful at starting a

new business enjoy a higher social status than the wage employment sector, the perception of the Belarusian adult population involved in entrepreneurial initiatives (from 68.8% in 2019 to 74.3% in 2021) has increased in comparison to the 2019 edition. As for the adult population not involved in entrepreneurial initiatives, this indicator has remained on the same level (70.0% in 2019 and 70.0% in 2021). However, Belarusians' perception of the role of public media disseminating

successful cases of entrepreneurial initiatives has regressed in the last two years in those involved in entrepreneurial activities (from 57.0% in 2019 to 44.9% in 2021), as well as those who are not involved in entrepreneurial activities (from 50.0% in 2019 to 47.6% in 2021). This decline can be attributed to the verbal pressures of state officials on entrepreneurs (particularly, sole proprietors) against the backdrop of the sociopolitical crisis.

Figure 3. National perceptions toward entrepreneurship, % of the adult population 18–64 years old



Source: GEM Belarus, 2021.

1.1.2. National attitudes toward entrepreneurship by gender

Social perceptions toward entrepreneurship could vary across socioeconomic and demographic groups. This section focuses on the perceptions of the adult population by gender, and this distinction reveals certain national differences in perceptions of entrepreneurship (see Table 3). In the 2021 GEM Belarus edition, the gender distinctions in the business population groups are related to significant valorization of entrepreneurship as a desirable career choice among males in business (79.5%) compared with females in business (70.6%), as well as the great-

er recognition among females in business about the role of public media (49.2%) in comparison to males in business (41.3%). In contrast, among the adult population not involved in the entrepreneurial process, a substantially larger share of females showed highly favorable perceptions of entrepreneurship as a career choice (74.1% female versus 71.0% male), the recognized social status of successful entrepreneurs (71.3% female versus 68.5% male), and the crucial role of public media in the dissemination of business role models in society (51.2% female versus 43.2% male).

Table 3. Gender perspective of social perceptions toward entrepreneurship

	Involved in the entrepreneurial process (%)			Not involved in the entrepreneurial process (%)		
	Male	Female	Total	Male	Female	Total
Perception of similar standards of living	54.5	54.5	54.5	58.1	57.0	57.5
Perception of entrepreneurship as a desirable career choice	79.5	70.6	75.5	71.0	74.1	72.7
Perception of status of successful entrepreneurs	74.8	73.6	74.3	68.5	71.3	70.0
Perception of public media and entrepreneurs	41.3	49.2	44.9	43.2	51.2	47.6

Source: GEM Belarus, 2021.

1.1.3. Individual attitudes toward entrepreneurship

Individual attitudes toward entrepreneurship could explain why certain people demonstrate entrepreneurial behaviors and actions. The GEM methodology captures four indicators: the perception of business opportunities, the perception of knowledge/skills/capabilities, the perception of fear of failure, and the perception of role models. In this regard, Figure 4 shows the main figures observed in the 2021 GEM Belarus edition.

Regarding the perception of business opportunities, in the 2021 GEM Belarus edition, only 23.5% of non-entrepreneurs saw good opportunities for starting a business in the existing business environment. Indeed, this indicator captured a decrease of five percentage points in comparison to the 2019 GEM Belarus edition (28.5%). Regarding the population involved in entrepreneurial initiatives, the results reveal that only 30% identified opportunities that could be exploited and transformed into business initiatives. However, this indicator has also decreased by nine percentage points since 2019. Externalities produced by the COVID-19 pandemic and the sociopolitical context could plausibly explain these decremental trends in the perception of business opportunities.

Regarding the perception of skills/capabilities, in the 2021 GEM Belarus edition, most entrepreneurs have recognized that they possess the knowledge and skills necessary to run a business (84.7%). However, in contrast to the 2019 GEM Belarus edition, this indicator displays

a decrement of around six percentage points. While most non-entrepreneurs have declared the lack of the required competencies, this indicator shows an increase of five percentage points from the 2019 edition (from 37.4% in 2019 to 42.5% in 2021).

Regarding the fear of failure, almost 50% of the entrepreneurs recognized that fear of failure was a barrier to running a business in 2021. Although entrepreneurs tend to be more optimistic than the general population, this indicator shows an increase of 35 percentage points compared with the 2019 edition (12.5%). A similar trend is seen among non-entrepreneurs, concretely, 54.1% perceived that fear of failure became a barrier to developing entrepreneurial initiatives in 2021, representing an increase of 15 percentage points in comparison to 2019 (39.1%).

Regarding role models, not surprisingly, most entrepreneurs are personally acquainted with other entrepreneurs (84.5%), while only 55.7% of non-entrepreneurs personally know business owners. This indicator shows a positive trend in both groups because there is an increment of less than eight percentage points, compared with 2019. This reflects the proportion of the adult population that knows individuals who have created a business; the latter serve as a source of social capital and as role models that help others to understand that entrepreneurship is a possible career choice.

Figure 4. Individual perceptions toward entrepreneurship, % of the adult population 18–64 years



Source: GEM Belarus, 2021.

1.1.4. Individual perceptions toward entrepreneurship by gender

Individual perceptions toward entrepreneurship could vary across socioeconomic and demographic groups. This section focuses on the perceptions of the adult population by gender, and this distinction reveals certain differences in individual perceptions of entrepreneurship. In 2021, around 30% of male and female entrepreneurs perceived similar opportunities to start a new business during the next six months (Table 4). Fear of failure had limited the exploration/exploitation of their business ideas for 52.9% of female entrepreneurs and 44.1% of male entrepreneurs. Interestingly, the latest edition also shows that female entrepreneurs are slightly more involved in entrepreneurs' networks

(88.3%) than male entrepreneurs (81.2%). Indeed, a significant difference between both groups is the perception of capabilities. A substantially lower percentage of female entrepreneurs (77.4%) and non-entrepreneurs (37.7%) declared that they possessed the skills and knowledge required to start a business, while the highest percentage of male entrepreneurs (90.6%) and non-entrepreneurs (48.4%) showed more confidence about their skills. This trend indicates the importance of various entrepreneurial training and educational courses aimed at the acceleration of educational and skill levels of women as well as their confidence level.

Table 4. Gender perspective of individual perceptions toward entrepreneurship

	Involved in the entrepreneurial process (%)			Not involved in the entrepreneurial process (%)		
	Male	Female	Total	Male	Female	Total
Perception of business opportunities	30.1	30.9	30.6	25.2	21.9	23.5
Perception of skills, abilities, and knowledge	90.6	77.4	84.7	48.4	37.7	42.5
Perception of fear of failure	44.1	52.9	48.1	53.6	54.4	54.1
Perception of role models	81.2	88.3	84.5	55.7	55.6	55.6

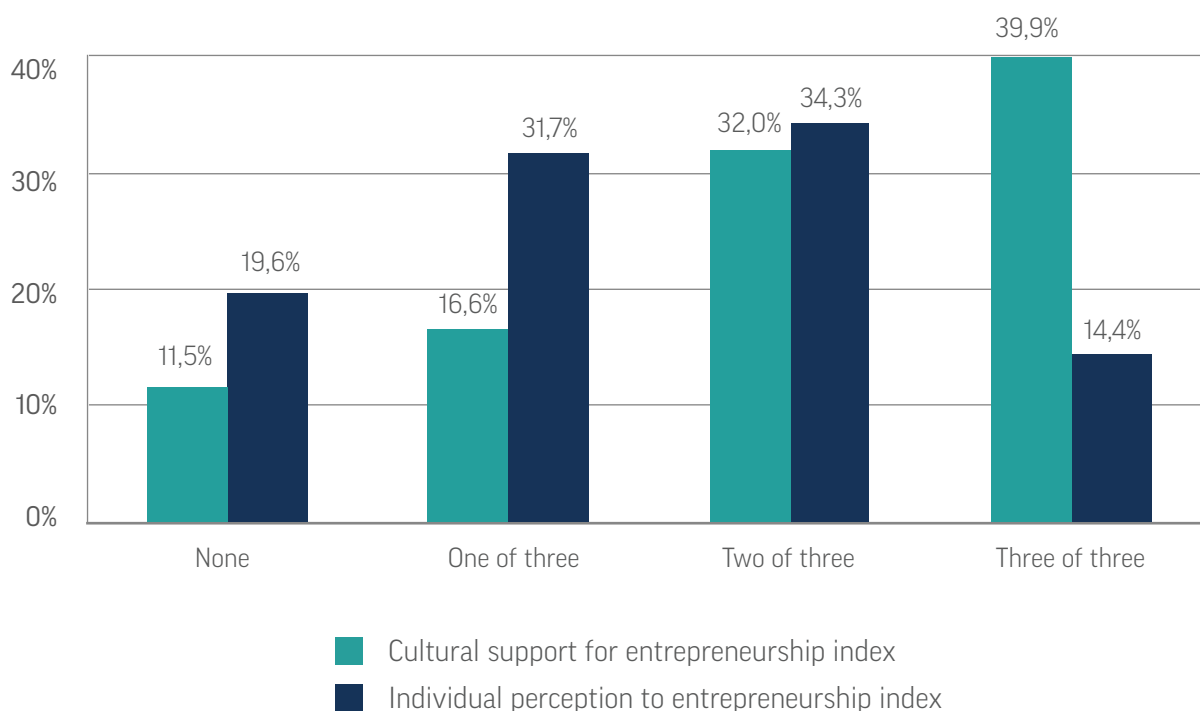
Source: GEM Belarus, 2021.

1.1.5. Individual and social perceptions index

Figure 5 reflects national and individual combined attitudes toward entrepreneurial activity in the country. The indicators range from three, where the respondent agreed to all statements, to zero where the respondent agreed with none of the statements. The individual perception related to the entrepreneurship index reflects the personal confidence of individuals in their abilities, opportunities, and network in terms of a successful entrepreneurial career. Most respondents agreed to one or two statement

measuring the individual level of perception indicating neutral feelings toward their abilities and opportunities. Cultural support for entrepreneurship is also estimated as the share of those who agreed to all three statements on the role of entrepreneurship (career choice, status, and media coverage). As opposed to the individual support index, most respondents agreed with two to three statements indicating substantial national support for entrepreneurship in the country.

Figure 5. Individual and social perceptions' indexes



Source: GEM Belarus, 2021.

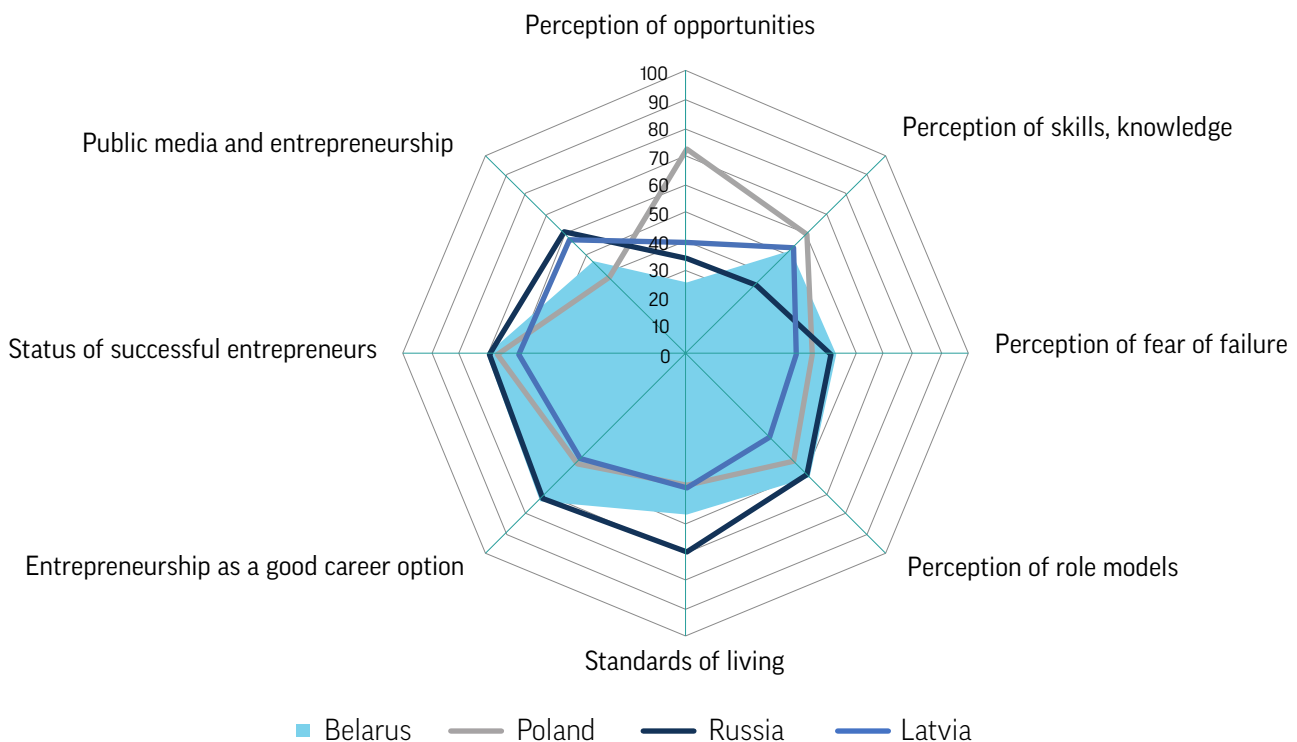
1.1.6. Benchmarking

This section discusses a benchmarking analysis of the position of Belarus in comparison to three countries of reference, namely Russia, Poland, and Latvia (Figure 6), as well as all the economies that participated in the 2021 GEM edition (Figure 7).

Figure 6 shows that the perception that entre-

preneurship is a good career choice is above the average of the reference countries. Indeed, a similar pattern prevails in the perception of role models, the higher social status of a successful entrepreneurial career, and the assessment of fear of failure. However, Belarus is positioned behind the reference countries' averages regarding the perception of good business opportunities.

Figure 6. Belarusians' perceptions toward entrepreneurship, benchmarking group of reference



Source: GEM Belarus, 2021.

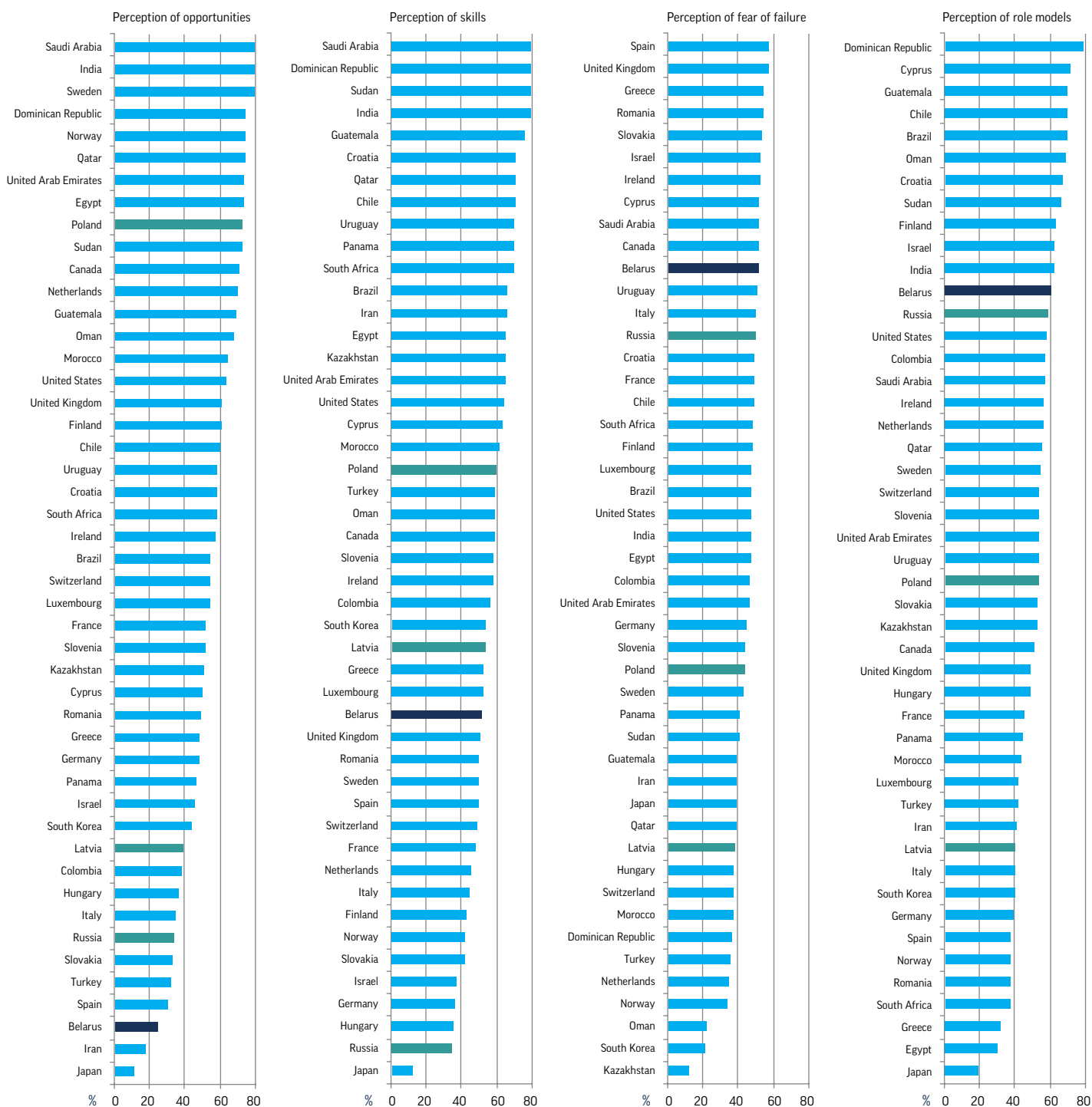
Figure 7 shows the position of Belarus among all 47 economies that conducted APS in 2021. Regarding the perception of opportunities, Belarus (25.0%) is ranked 45th, followed by Iran (17.9%) and Japan (11.7%). In contrast, the most optimistic countries in terms of perception of good entrepreneurial opportunities are India (83.4%) and Saudi Arabia (95.4%).

Regarding the perception of skills/capabilities, Belarus occupies 31st position (52.0%). In the ranking of perception of the required skills/capabilities, the three countries with lower self-confidence are Hungary (36.0%), Russia (34.5%), and Japan (12.3%), while three countries with the highest self-confidence are Sudan (88.1%), Dominican Republic (88.7%) and Saudi Arabia (90.5%).

Belarus occupies 11th place (52.9%) in terms of the fear of failure among the population. The highest level of fear of failure is observed in Spain (58.4%) and the United Kingdom (58.4%), while the lowest positions are observed in South Korea (21.7%) and Kazakhstan (13.0%). Finally,

Belarus is positioned 12th (61.3%) in terms of the perception of role models. The lowest-ranked countries are Japan (20.0%) and Egypt (30.8%), while, the highest-ranked countries are Dominican Republic (82.7%) and Cyprus (72.9%).

Figure 7. Perceived attitudes by country, GEM 2021 (% of the adult population 18–64 years)



Source: GEM 2021/22 Global Report (Hill et al., 2022).

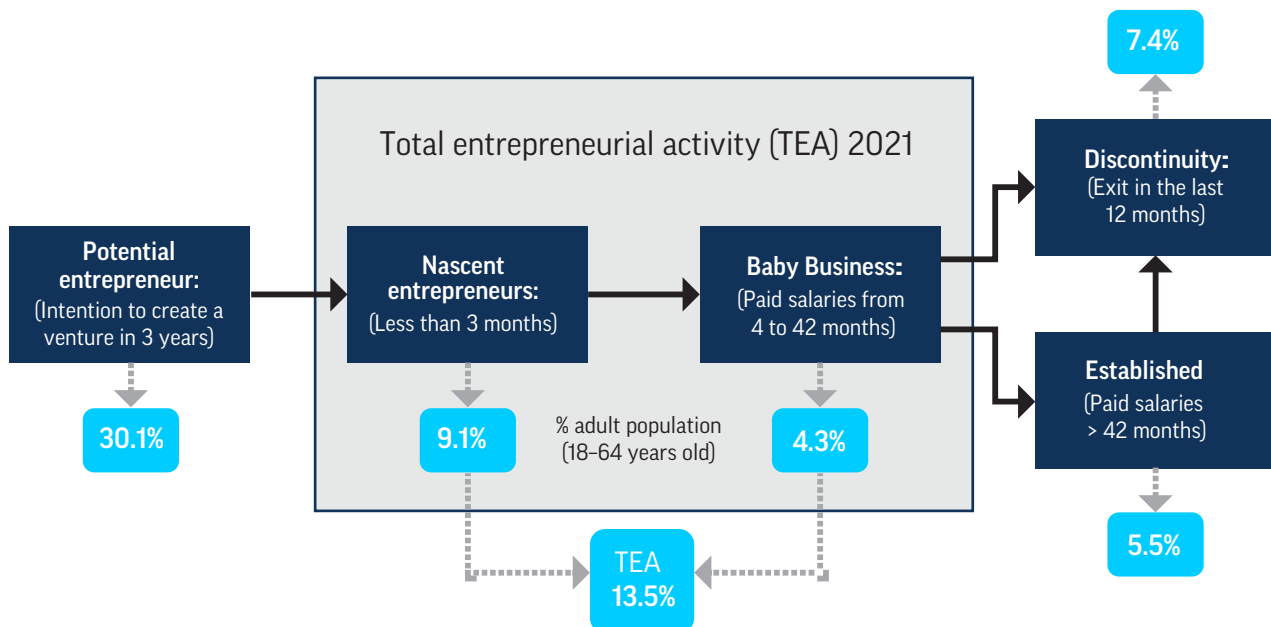
1.2. Entrepreneurial activity and characteristics

1.2.1. Entrepreneurial process

The GEM defines five measures of entrepreneurial activity related to the level of business development (Figure 8):

- **Potential entrepreneurs** - share of the adult population 18–64 years old planning to start up business during the next three years.
- **Nascent entrepreneurs** - share of the adult population 18–64 years old that is currently starting a business. The business is up to 3 months old and has not yet paid any wages.
- **Newly-created businesses (Baby Business)** - share of adult population 18–64 years old that currently owns and manages a business. The business is older than three months and fewer than 42 months old and provides wages and remuneration.
- **Established enterprises** - share of the adult population 18–64 years old that currently owns and manages a business for more than 42 months.
- **Discontinued businesses** - share of the adult population 18–64 years old that has closed or sold a business.

Figure 8. The entrepreneurial process⁶



Source: GEM Belarus, 2021.

⁶ Values are shown to one significant digit. This accounts for differences in calculated results.

Together with newly-created businesses, nascent entrepreneurs form the TEA rate that captures the level of entrepreneurial activity in a country. TEA is the share of the adult population 18–64 years old that is actively involved in starting, or has just started, a business. The TEA rate plays an important role in indicating the current potential for sustainable businesses as the nascent and newly-created businesses will transform into the established block in the short term.

In 2021, the TEA rate for Belarus showed that 13.5% of the adult population had started or ran a recently-established business (Figure 8). 9.1% of the adult population was currently starting a new venture, established for less than three months, while the rate of baby businesses equaled 4.3% – operating for fewer than 42 months. The TEA rate increased by 7.7 percentage points compared to the 2019 GEM Belarus. This increment is mainly explained by the increase of 6.1 percentage points in nascent entrepreneurs who were still exploring ideas that could require time to become a baby business, as well as the increment of 1.6 percentage points in baby businesses who had paid salaries and operated in the market fewer than 42 months. A plausible explanation could be related to the socioeconomic externalities generated by the COVID-19 pandemic. We will explore this trend in detail in the motives section.

Regarding established businesses, only 5.5% of the Belarusian population declared that they were the owner of established businesses oper-

ating in the market for more than 42 months. Still, this indicator has increased since the 2019 edition. Concretely, this indicator increased by 2.7 percentage points from 2.8% in 2019 to 5.5% in 2021. A plausible explanation of these trends are the development of an entrepreneurial mindset and culture in the Belarusian population and the growth of the private sector in general. Regarding business discontinuity, 7.1% reported the business discontinuity in the last 12 months, and this indicator has considerably increased from 1.7% in 2019 to 7.1% in 2021.

Table 5 shows the benchmarking analysis with three reference countries: Russia, Poland, and Latvia. In 2021, the Belarusian population was more entrepreneurial (13.5%) than the population of Russia (8.3%), Poland (2.0%), and Latvia (15.1%). A plausible explanation has been the structural adjustments to the economy and COVID-related shocks (Marozau et al., 2021). During a long period, the authorities kept implementing a full employment policy that resulted in low mobility of the labor force, a low level of unemployment, and a lack of motivation. However, a decade of economic stagnation forced the authorities to reconsider the role of the private sector and to change attitudes toward private initiative. The COVID-19 pandemic has substantially influenced the entrepreneurial process. Particularly, the highest rate of discontinued businesses is observed in Belarus (7.1%) in comparison to the countries of reference: Russia (3.9%), Poland (4.5%), and Latvia (3.1%). However, the Belarusian established business rate (5.5%) is lower than in Poland (11.1%) and Latvia (9.9%).

Table 5. Stages of entrepreneurial activity by countries of reference, 2021, %

Country	Intentions	Nascent	Baby Business	TEA	Established business	Discontinued business
Belarus	30.1	9.1	4.3	13.5	5.5	7.1
Latvia	24.6	9.6	5.9	15.1	9.9	3.1
Poland	3.7	1.1	0.9	2.0	11.1	4.5
Russia	12.4	3.7	4.7	8.3	3.4	3.9

Source: GEM Belarus, 2021.

1.2.2. Motivations

The GEM methodology distinguishes four different factors stimulating entrepreneurial activity: willingness to improve the world, wealth generation, family tradition, and a lack of resources for a decent standard of living otherwise. Table 6 shows the percentage of Belarusian adults 18-64 years old involved in each specific stage of the entrepreneurial process who identified with each of these four factors. Paying attention to

the early-entrepreneurship stage, 76.1% of those enrolled in TEA highlighted that their main motivation to create a business was to build great wealth or higher income. Likewise, 71.5% of the same group recognized they were partly motivated by the scarce opportunity conditions in the labor market. These two trends are pretty similar for the rest of the entrepreneurial stages.

Table 6. Motivations for entrepreneurial activity in Belarus,⁷ %

	TEA 2021	Nascent 2021	Baby business 2021	Established business 2021
To make a difference in the world	25.5	25.6	25.3	17.0
To build great wealth or a very high income	76.2	76.1	76.3	79.6
To continue a family tradition	15.1	12.5	20.5	23.9
To earn a living because jobs are scarce	71.5	69.5	75.8	78.4

Source: GEM Belarus, 2021.

⁷ Respondents could strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree or strongly disagree with statements reflecting the reasons they were trying to start a business.

1.2.3. Business discontinuity

In 2019, Belarus had one of the lowest rates of business discontinuance (1.7%) which was partly explained by the general relatively low rates of TEA and established businesses. Two years later, mostly influenced by the external shocks (e.g. the COVID-19 pandemic), Belarus ranked 18th among countries for levels of business discontinuance (7.1%).

Table 7 shows the main reasons behind business exit in Belarus, assessing whether it represented the entrepreneur's own decision (family or

personal reasons, planned exit, another opportunity, sale or retirement), or a forced decision related to business needs (unprofitable business, financial reasons, bureaucracy, administrative barriers) or external shocks (the COVID-19-pandemic). In 2021, the most common reasons for business discontinuance in Belarus were that the business was not profitable (29.2%), family or personal reasons (16.5%), bureaucracy/tax policy (12.2%), the pandemic (10.1%), and financial problems (10.1%).

Table 7. Reasons for business discontinuance in Belarus

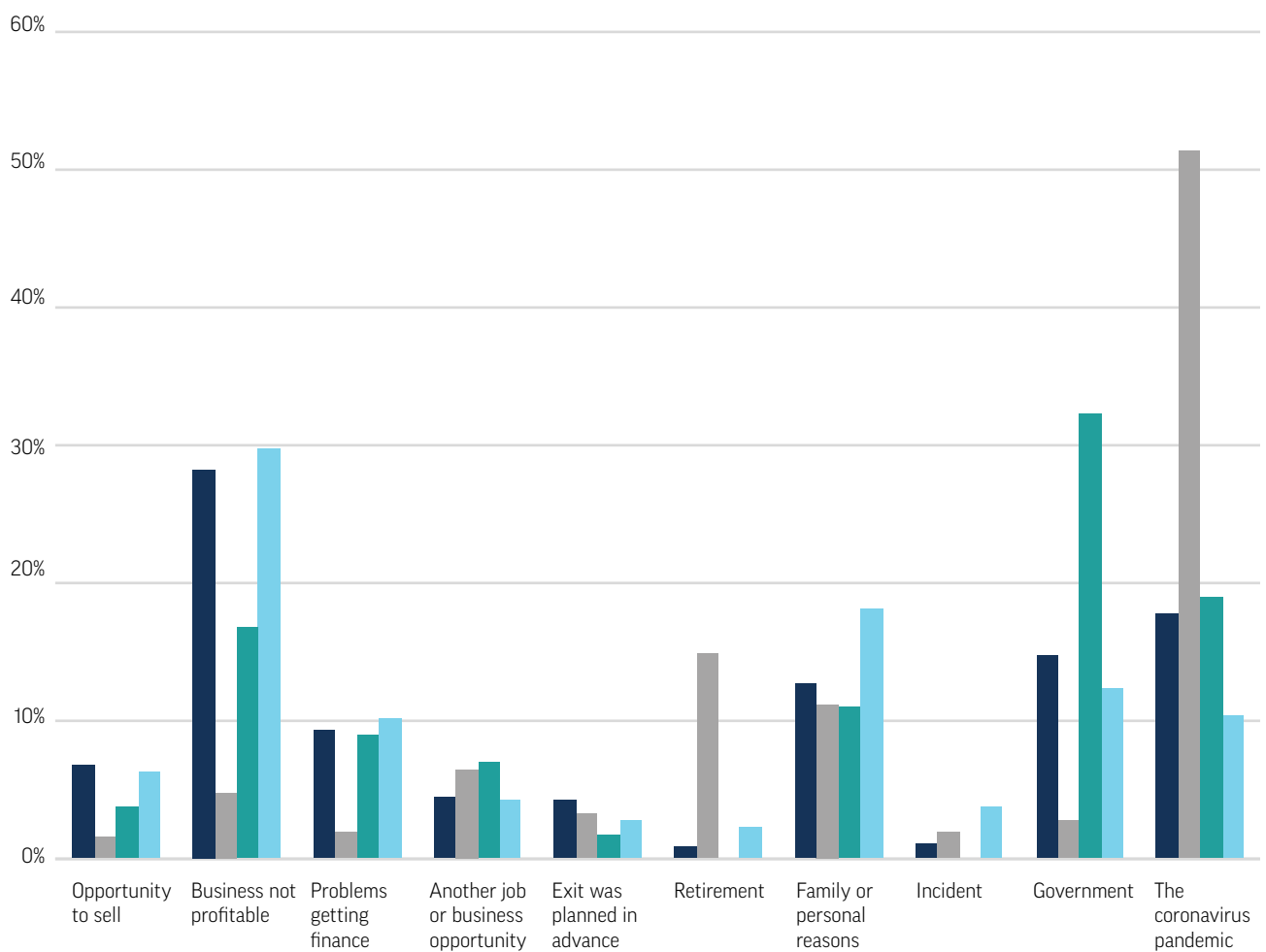
Reasons	Percentage
The business was not profitable	29.2
Family or personal reasons	16.5
Government/tax policy/bureaucracy	12.2
Coronavirus pandemic	10.1
Problems with getting finance	10.1
Opportunity to sell	6.3
Another job or business opportunity	4.2
An incident	3.7
The exit was planned in advance	2.7
Retirement	2.2
Other	1.3
Number of observations	146

Source: GEM Belarus, 2021.

In Belarus, the decision to discontinue a business was mostly the result of problems encountered by entrepreneurs during a business's operation. Figure 9 shows the benchmarking analysis of Belarus and the reference countries (Russia, Poland, and Latvia). If we pay attention to the top three reasons for discontinuity in Belarus, Russia and Latvia, Figure 9 displays a similar pattern in business profitability, personal issues, and bureaucracy. However, the pandemic repre-

sented the main reason for business discontinuance in Poland (51.1%) and the second leading reason for business discontinuance in Poland was the retirement of entrepreneurs (14.9%). It is worth noting that only 10% decisions to exit a business in Belarus were taken due to the pandemic, something that can be attributed to the laissez-faire approach of the Belarusian government which avoided lockdowns and containment measures (Bornukova et al., 2021).

Figure 9. Comparative position of Belarus - reasons for business discontinuance, %



	Russia	Poland	Latvia	Belarus
Opportunity to sell	6.9	1.7	3.7	6.4
Business not profitable	28.0	4.7	16.7	29.6
Problems getting finance	9.3	2.0	8.9	10.2
Another job or business opportunity	4.5	6.4	7.0	4.3
Exit was planned in advance	4.3	3.3	1.8	2.8
Retirement	0.9	14.9	0.0	2.3
Family or personal reasons	12.7	11.2	10.9	18.0
Incident	1.1	2.0	0.0	3.8
Government	14.8	2.8	32.2	12.4
The coronavirus pandemic	17.6	51.1	18.8	10.3

Source: GEM Belarus, 2021.

1.2.4. Entrepreneurs' profile

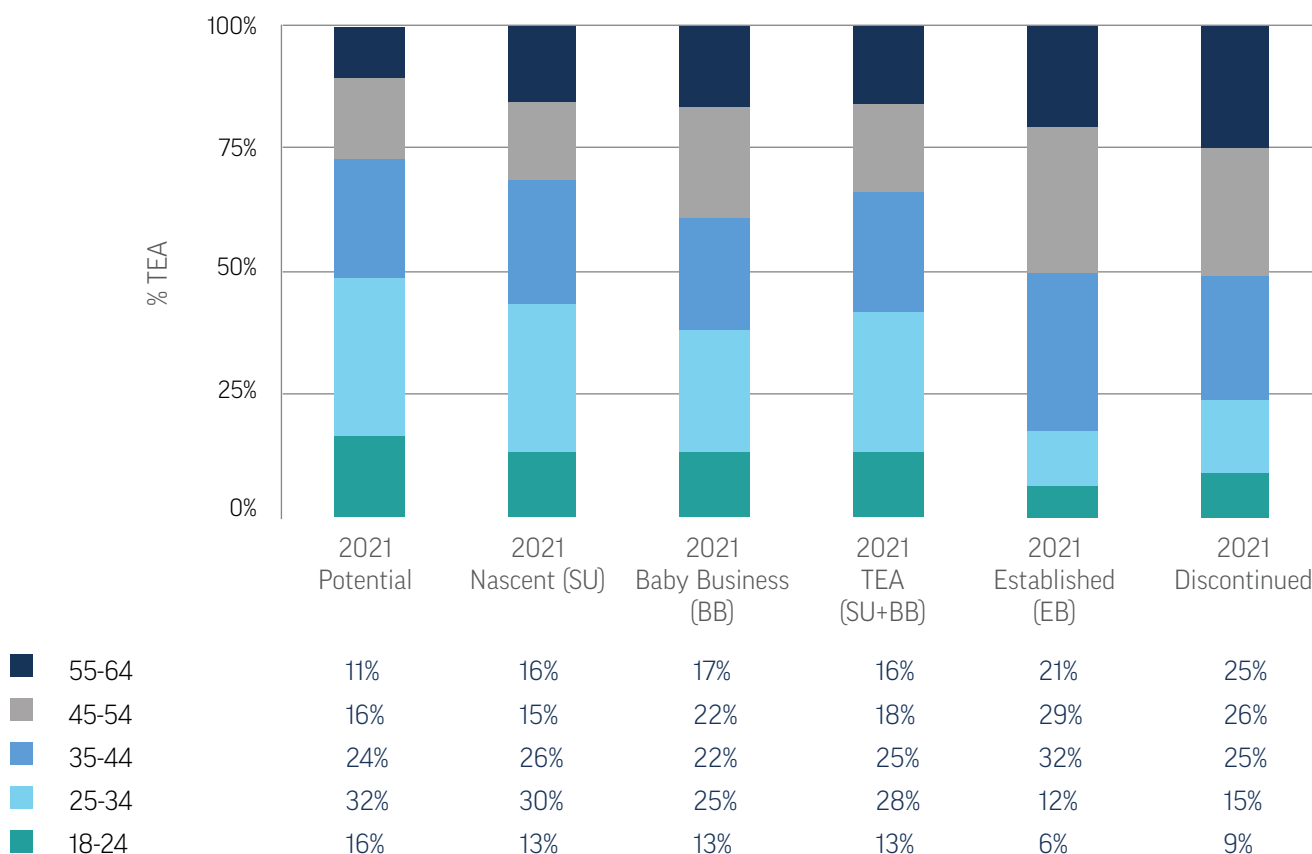
Different social, demographic, and economic characteristics influence the decision to enter entrepreneurship. Therefore, it is vital to understand the profile of people involved in entrepreneurial activities in the country. This analysis is important for policymakers as it can reveal underrepresented groups or provide insights on certain features specific to the entrepreneurs.

AGE

The involvement in an entrepreneurial initiative depends on multiple conditions, but age is an important determinant in career decision choices. The age ranges 25–34 and 35–44 appear the most active in entrepreneurial activity, and Belarus is not an exception here. In 2021, the

average age of entrepreneurs varied across their involvement in the entrepreneurial process: potential entrepreneurs (36.8 years old), nascent entrepreneurs (38.3 years old), baby business owners (39.8 years old), early-stage entrepreneurs (38.8 years old), established business owners (44.1 years old), and discontinued entrepreneurs (43.3 years old). The age distribution is also heterogeneous (see Figure 10). The 25–34-age cohort showed the highest participation rates among those intending to open a business (32.0%), nascent entrepreneurs (29.8%), and baby businesses owners (57.1%); and the 35–44-age cohort was the most active group among the established business owners (31.9%). Finally, it is important to mention that similar patterns were observed in the 2019 edition.

Figure 10. Entrepreneurial process distributed by age



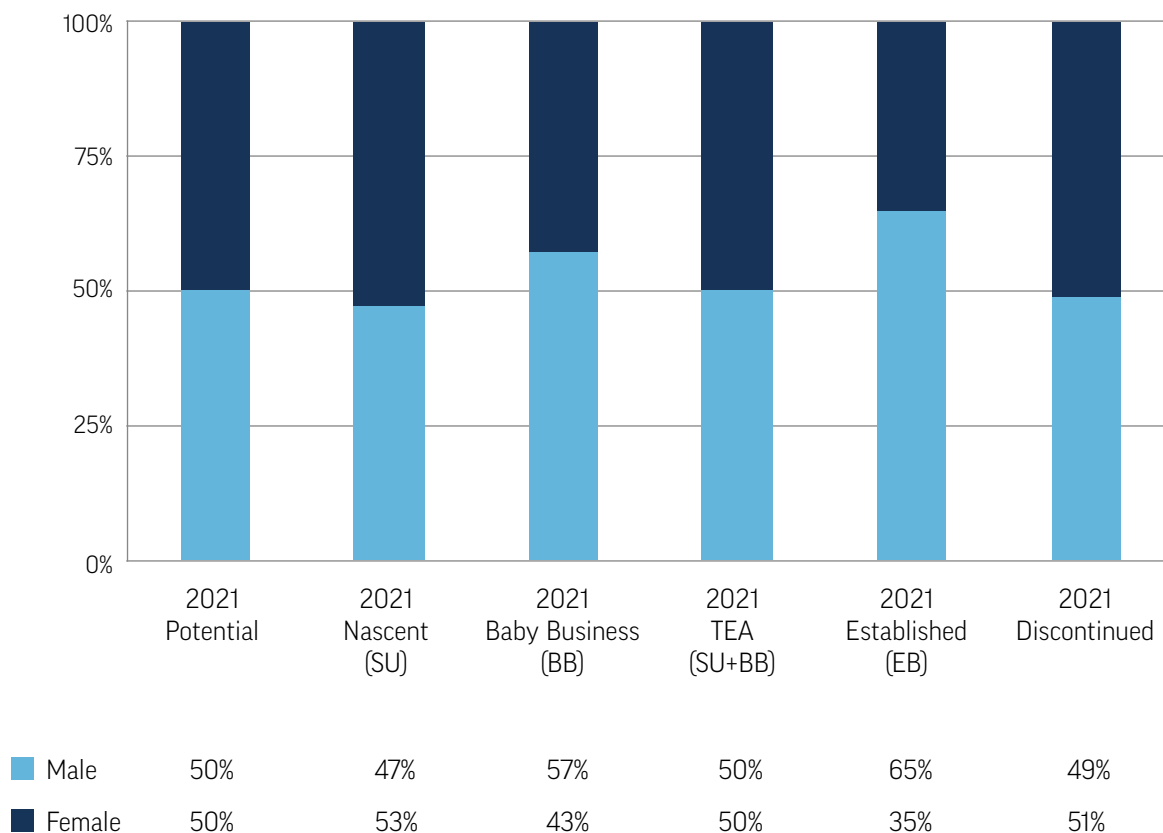
Source: GEM Belarus, 2021.

GENDER

The gender structure of the entrepreneurial activity in Belarus is in line with the global gender gap pattern, where men demonstrate a more active presence among almost all types of entrepreneurial activities. In 2019, 5.2% of females and 6.4% of males were involved in an early-stage entrepreneurial initiative. After two years, these numbers had increased, given the entrepreneurial rates identified in this edition. As a result, in 2021, 12.8% of women and 14.2% of men were involved in an early-stage entrepreneurial initiative. The size of the gender gap varies across the entrepreneurial process (Figure 11). It is interesting to see a fifty-fifty split between females and males among those intending

to create a business in the near future. Indeed, it is not strange to observe more nascent females (53.0%) than nascent males (47.0%) trying to develop a project as an alternative which will help to create a more satisfying work-life balance. However, males in business are more active than females in the most mature stages of the entrepreneurial process. Concretely, the presence of male baby business owners (57%) or male established business owners (65%) is more intensive than female business owners enrolled in these entrepreneurial stages. Then, the gender distribution per business discontinuity also varies, but there is a tendency that female business owners represent the highest percentages. In 2021, 51% of females versus 49% of males decided to discontinue their business in the previous year.

Figure 11. Entrepreneurial process distributed by gender



Source: GEM Belarus, 2021.

EDUCATION

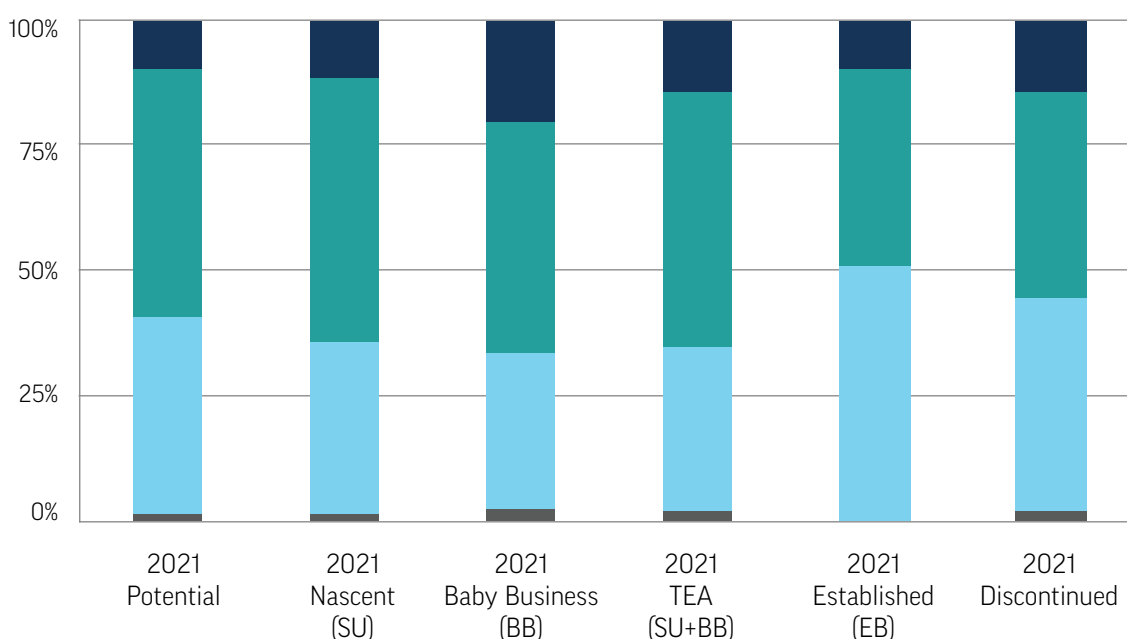
Education is considered another relevant determinant of decision-making regarding career choices. The GEM methodology distinguishes four groups based on their level of education:

- Basic and unfinished secondary education
- Secondary (including vocational) education
- Higher education (bachelor’s degree)
- Graduate education (master’s degree, Ph.D. degree)

As in GEM 2019, in the latest edition, most respondents mentioned that they had completed secondary and/or higher education (Figure 12). Among potential entrepreneurs – those who have the intention to create a new business – 39.4% had secondary education, and 49.2% had studied in higher education. Interestingly, there was a greater concentration with higher education than secondary education, whereas the latter dominated this group two years ago.

Regarding early-stage businesses, the most active entrepreneurs involved in TEA as nascent (52.4%) and baby business (46.0%) had completed a higher education degree. There is a slight difference in comparison to 2019 when most people in these groups had obtained secondary education but no higher. There are two plausible explanations for these trends: (a) the most educated people have decided to become entrepreneurs, and (b) the socioeconomic conditions due to the pandemic have reduced the options in the labor market, and educated people have started to run a business. Another difference from 2019, when most established business owners completed the higher education degree (54.5%), is that most established business owners identified in 2021 had secondary education degrees (51.0%) and higher education degrees (39.0%). Similarly, the business owners who decided to discontinue their entrepreneurial activities are educated entrepreneurs who obtained secondary education degrees (42.0%) and higher education degrees (41.0%).

Figure 12. Entrepreneurial process distributed by educational level



None	0%	0%	0%	0%	0%	0%
Primary	1.3%	1.6%	2.3%	1.8%	0%	2.1%
Secondary	39.4%	34.1%	31.0%	33.1%	50.9%	42.5%
Higher education	49.2%	52.4%	46.0%	50.4%	39.3%	41.1%
Graduate	10.0%	11.9%	20.7%	14.7%	9.8%	14.4%

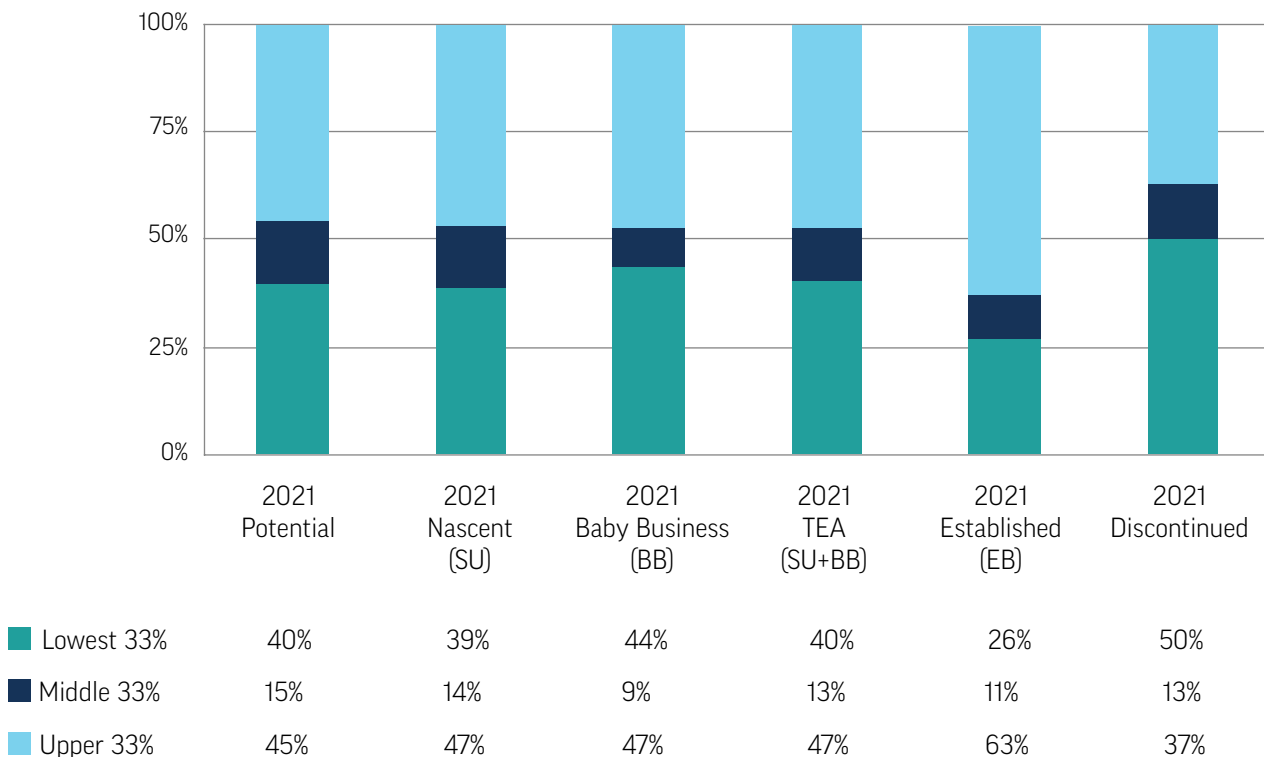
Source: GEM Belarus, 2021.

PERSONAL INCOME

An individual's income determines their career choice to develop or participate in entrepreneurial initiatives. In 2019, the most active group among all entrepreneurial stages came from the highest-earning third of the overall population's income distribution, who accounted for over 60% of all entrepreneurs. In 2021, except for those discontinuing in business, the two most active

groups with an intensive presence among the entrepreneurial process were the highest earning third of the income distribution (over 40% of entrepreneurs) and the lowest earning third (also over 40%) (Figure 13). Indeed, the highest percentage of business discontinuity is concentrated in the lowest third by income distribution (50.0%). A plausible explanation could be the personal income difficulties of sustaining a business during the COVID-19 pandemic.

Figure 13. Entrepreneurial process distributed by the level of income



Source: GEM Belarus, 2021.

1.2.5. Benchmarking

Relationship between entrepreneurial activity and economic development

It is generally accepted that entrepreneurial activity generates certain externalities in economic development through job creation, competitiveness, sectoral dynamics, and societal well-being. In this regard, Figure 14 shows a simple analysis that relates the TEA rates per country to respective GDP per capita. As was expected, there is an U-shape relationship between the TEA rates and the development level, indicating that higher entrepreneurial activity rates are not nec-

essarily related to the regions with higher economic wealth per capita. The main explanation is that less developed economies are characterized by the highest levels of entrepreneurial activity motivated by the limited labor market conditions (necessity-driven entrepreneurship). However, it does not mean that entrepreneurial activities do not produce economic externalities in these countries. Indeed, the quality/quantity of business depends on the environmental conditions and how entrepreneurship could be a vehicle to transform societies.

Figure 14. TEA rates and GDP per capita



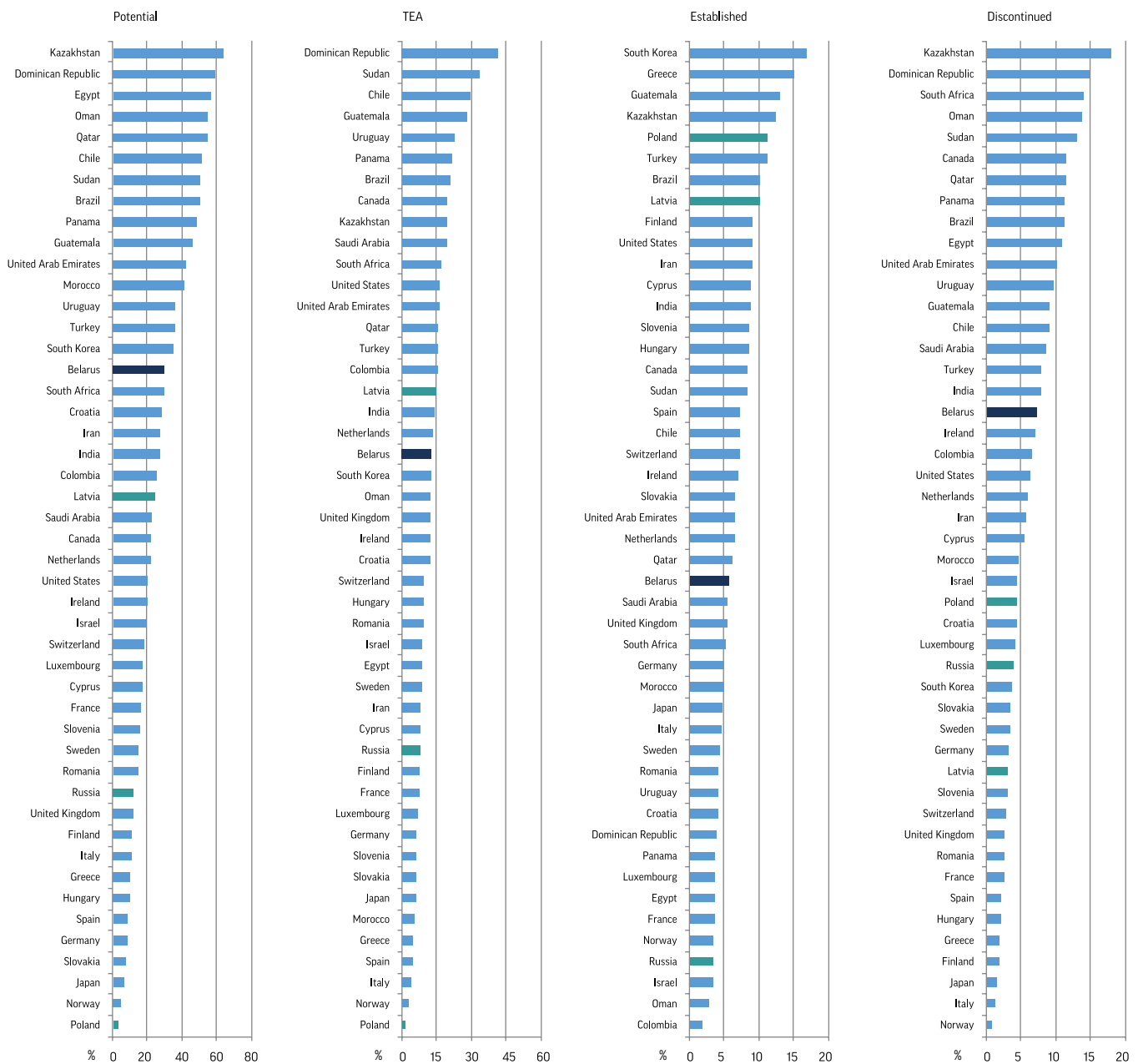
Source: GEM 2021/22 Global Report (Hill et al., 2022).

The worldwide position of Belarus across the entrepreneurial process

Figure 15 shows the position of Belarus among all GEM-participating countries in terms of the percentage of population involved in the different stages of the entrepreneurial process. Belarus occupies 16th position (30.1%) in terms of the percentage of potential entrepreneurs. The highest-ranked countries are Kazakhstan (63.6%)

and Dominican Republic (59.3%), while the lowest-ranked are Poland (3.7%) and Norway (5.6%). Belarus is also positioned 20th with 13.5% in the TEA rate ranking. The lowest-ranked countries are Poland (2.0%) and Norway (3.9%), while the highest-ranked countries are Dominican Republic (41.9%) and Sudan (33.6%). Belarus is ranked 26th (5.5%) in the established business ranking and in 18th position (5.5%) in the discontinued business ranking.

Figure 15. The entrepreneurial process by country, GEM 2021 (% of the adult population 18–64 years old)



Source: GEM 2021/22 Global Report (Hill et al., 2022).

CHAPTER 2.

IMPACTFUL ENTREPRENEURSHIP

2.1. Business profile

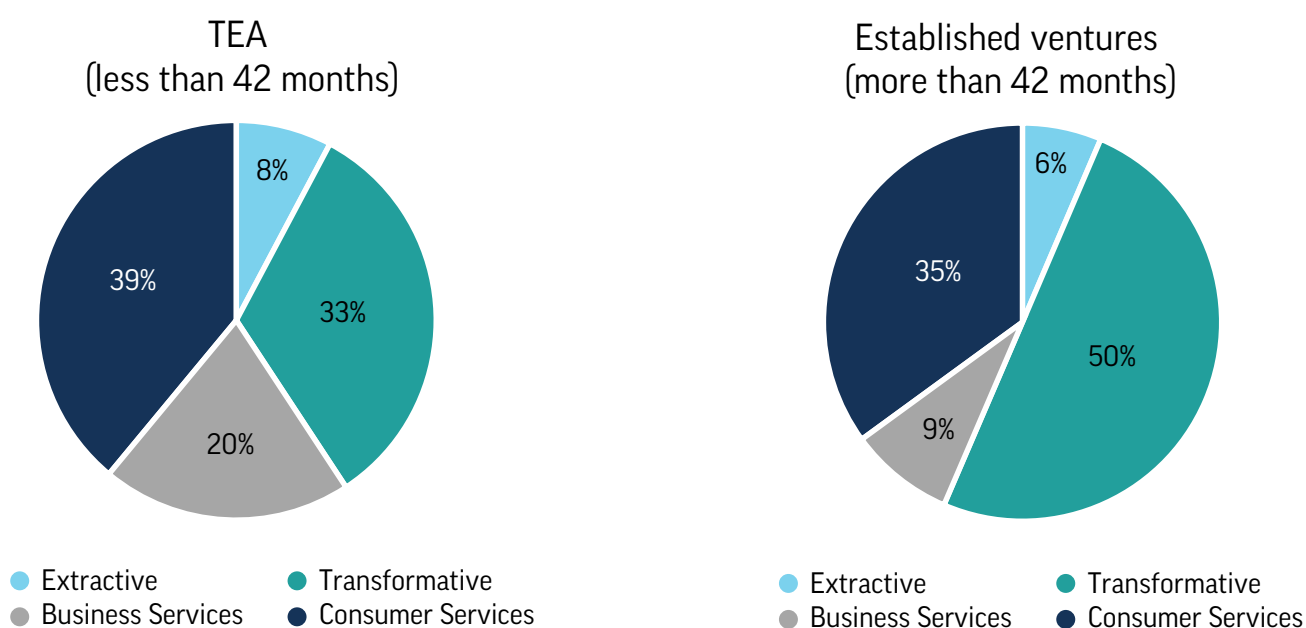
As the GEM unit of analysis is the individual and not the enterprise, the content of this section should be treated and interpreted with caution.

2.1.1. Sectors

The GEM methodology classifies entrepreneurial activity into one of four sectors: extractive (including agriculture and mining), transformative (including manufacturing and logistics), business services (including information, communication technology, and professional services), and consumer services (including retailing, restaurants, and personal services). In 2021, the distribution

of Belarusian businesses among these broad sectors appeared quite similar for TEA and established businesses (Figure 16). This distribution is quite similar to the sector structure observed in the 2019 GEM Belarus edition. However, the increase of the transformative sector among established businesses at the expense of consumer services is noteworthy.

Figure 16. Distribution of businesses among broad sectors



Source: GEM Belarus, 2021.

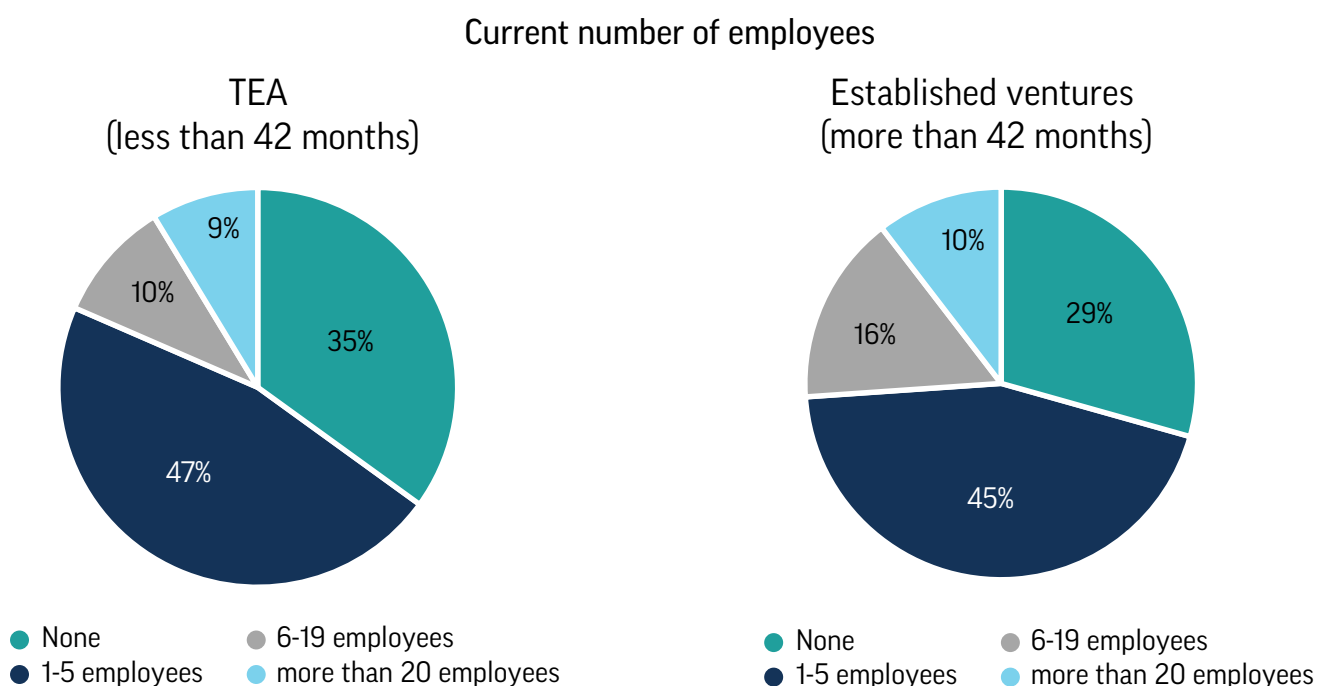
2.1.2. Growth expectations

Evaluating organic growth expectations requires knowledge about the current number of employees (Figure 17). In the Belarusian business context, early-stage business owners (46%) and established business owners (45%) with a labor force of one to five employees constituted a large portion of the business demography in the 2021 edition. Likewise, about one third of early-stage business owners (35%) and established business owners (29%) operated with no employees in the 2021 edition. Meanwhile, less than 11% of early-stage business owners and 16% of established business owners operated with a staff of from 6 to 19 employees. Indeed, it is important to mention that these trends are similar to the business sizes observed in the 2019 edition. However, a noteworthy change is observed in the share of early-stage businesses that had more than 20 employees. If, in 2019, there were no such ventures, in 2021 their percentage reached 9% – almost the same as the share of established businesses with more

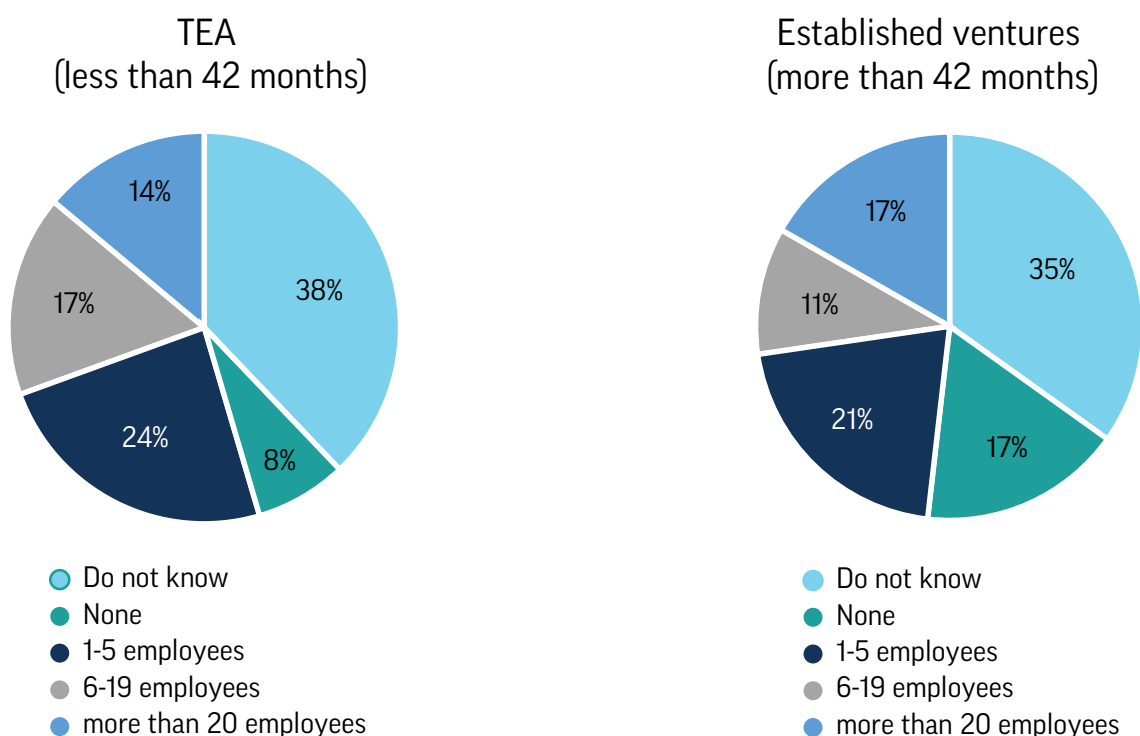
than 20 employees. This encouraging finding might be engendered by market dynamism and new opportunities caused by the pandemic and exploited by new ventures that enabled them to grow very fast.

Regarding the growth expectations, after two years of the pandemic, a positive signal is that almost 50% of early-stage and established businesses expected to create new jobs in the following five years. In 2021, early-stage businesses were optimistic about growing organically through the creation of jobs. Thus, 24% of them expected to have one to five employees, 17% – six to nineteen employees, and 14% – more than twenty employees. A plausible explanation is that new entrants foster competition, resulting in innovation, higher productivity, and high-growth development of firms. Indeed, it is important to mention that these trends are similar to the business expectations observed in the 2019 edition.

Figure 17. TEA and established businesses distributed per current and expected number of employees, 2021



Expected number of employees



Source: GEM Belarus, 2021.

2.1.3. Innovative orientation

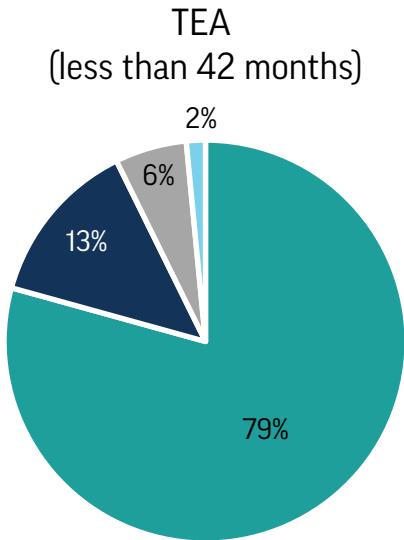
The innovative orientation of businesses is an important predictor of technological change and total factor productivity (Erken et al, 2018). Based on the GEM methodology, innovative orientation is captured by two indicators: (a) the scope of new products and processes introduced by businesses and (b) entrepreneurial activity in technologically intensive sectors (medium and high).

Regarding new products and processes, Figure 18 shows that 79% of early-stage businesses did

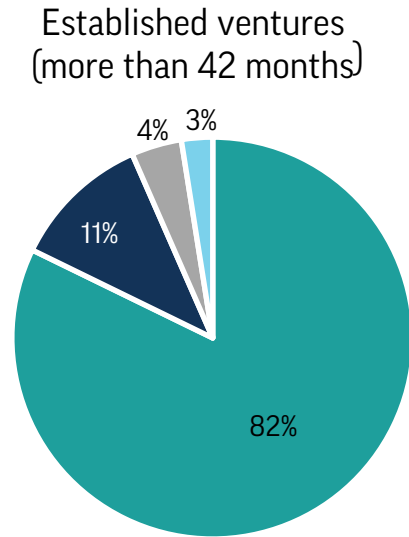
not develop innovations in products, services, and processes in 2021, and only 21% of new businesses have introduced innovations mostly oriented to their local areas. Likewise, around 82% and 86% of established businesses did not develop innovations in products, services, and processes in 2021, meaning that less than 18% had introduced innovations mostly oriented in their local areas. These tendencies are pretty similar to observations in 2019.

Figure 18. TEA and established businesses by the innovation of new products and processes, 2021

New products or services

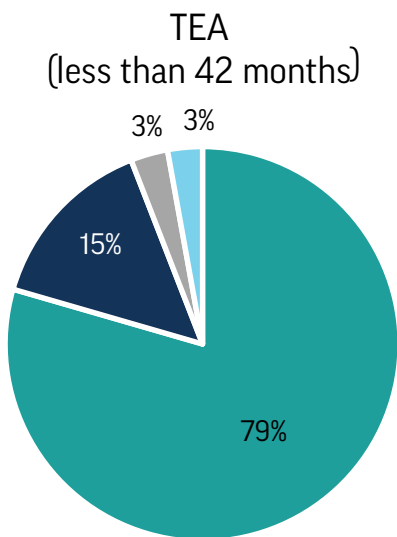


- No, not new product or service
- New to people in the area where you live
- New to people in your country
- New to the world

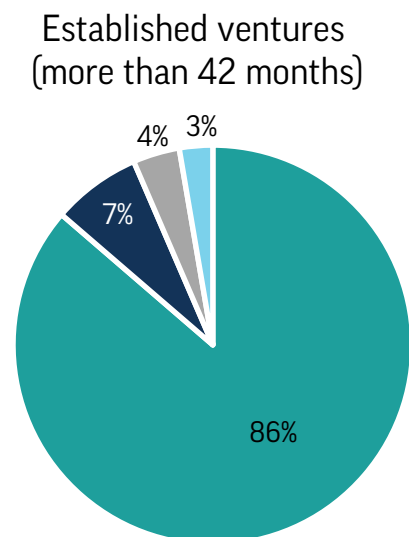


- No, not new product or service
- New to people in the area where you live
- New to people in your country
- New to the world

New processes



- No, not new product or service
- New to people in the area where you live
- New to people in your country
- New to the world



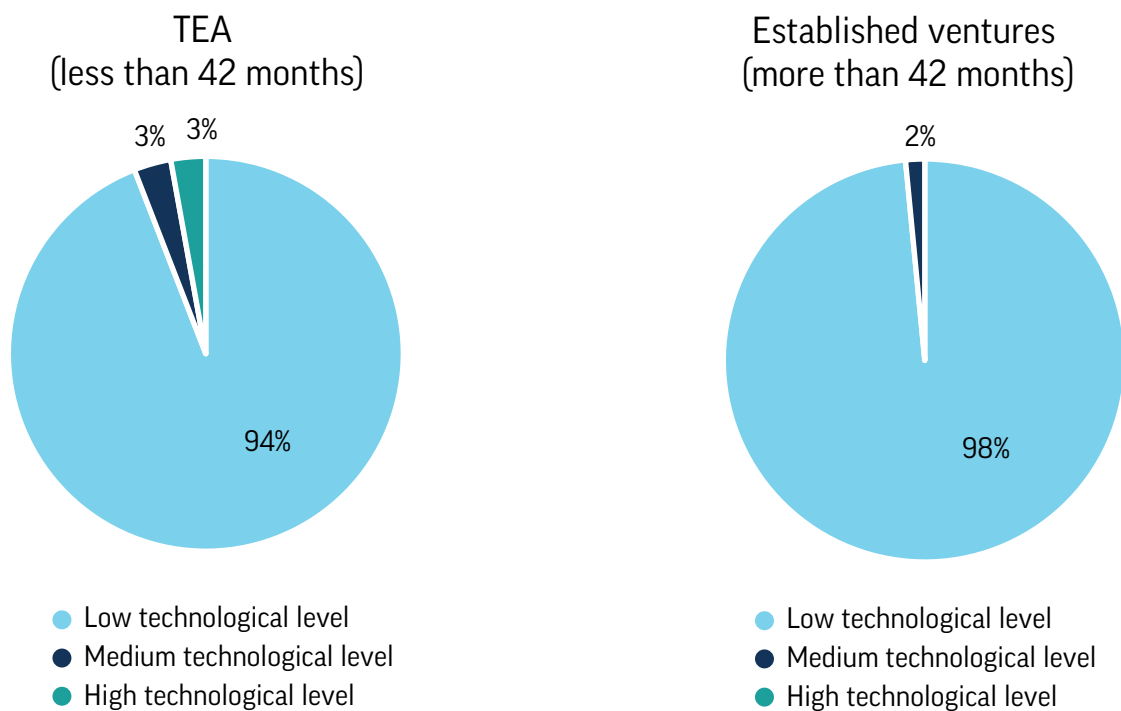
- No, not new product or service
- New to people in the area where you live
- New to people in your country
- New to the world

Source: GEM Belarus, 2021.

Regarding technological intensity, Figure 19 shows the early-stage businesses' technological intensity distribution: 94% low technological intensity, 3% medium technological intensity, and 3% high technological intensity. Likewise, the established businesses' technological intensity

distribution: 98% low technological intensity and 2% medium technological intensity. This pattern shows that an early-stage business has little more technological intensity than an established business. These tendencies are pretty similar to observations in 2019.

Figure 19. TEA and established businesses by the technological intensity, 2021



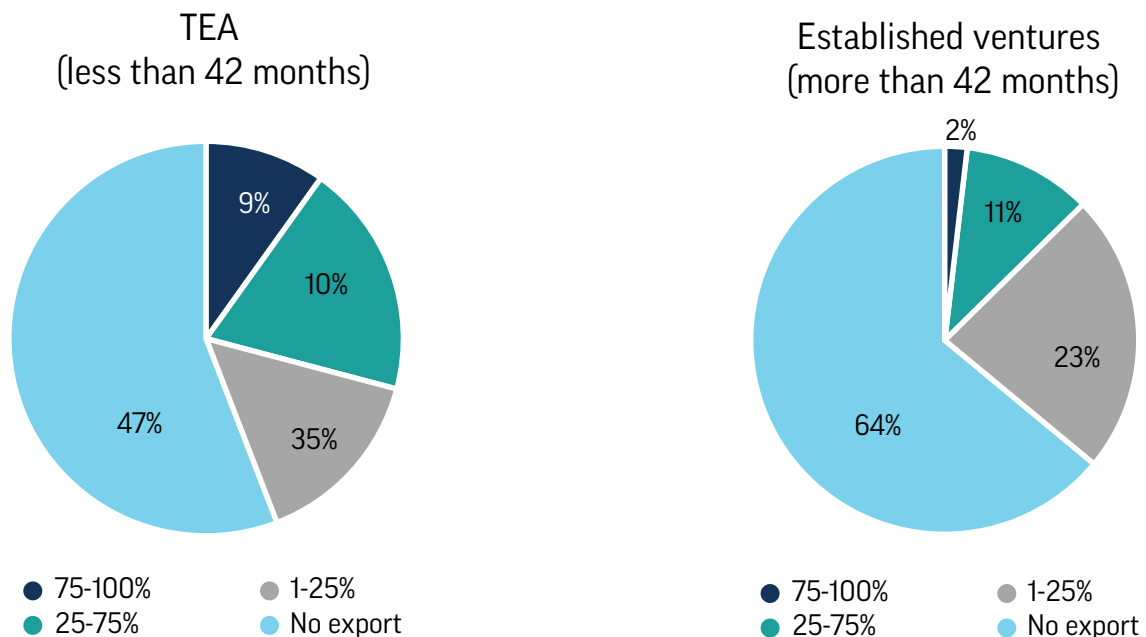
Source: GEM Belarus, 2021.

2.1.4. International orientation

Internationalization is an important process characterizing business competitiveness and opportunity seeking, and the GEM captures internationalization by estimating revenues received from exports (Figure 20). In 2021, the internationalization pattern of early-stage businesses shows that 44% of them received revenues from outside the country, and 56% did not export at all. Indeed, only 10% of these ventures obtained almost all their income abroad.

Likewise, the internationalization pattern of established businesses shows that only 36% of them reported export sales, while 64% sold products/services mainly on the local/national market. Indeed, only 2% of these ventures obtained almost all their income abroad. In general, these trends reveal that most ventures focused on local and national markets instead of outside of the country.

Figure 20. TEA and established businesses per international orientation, 2021

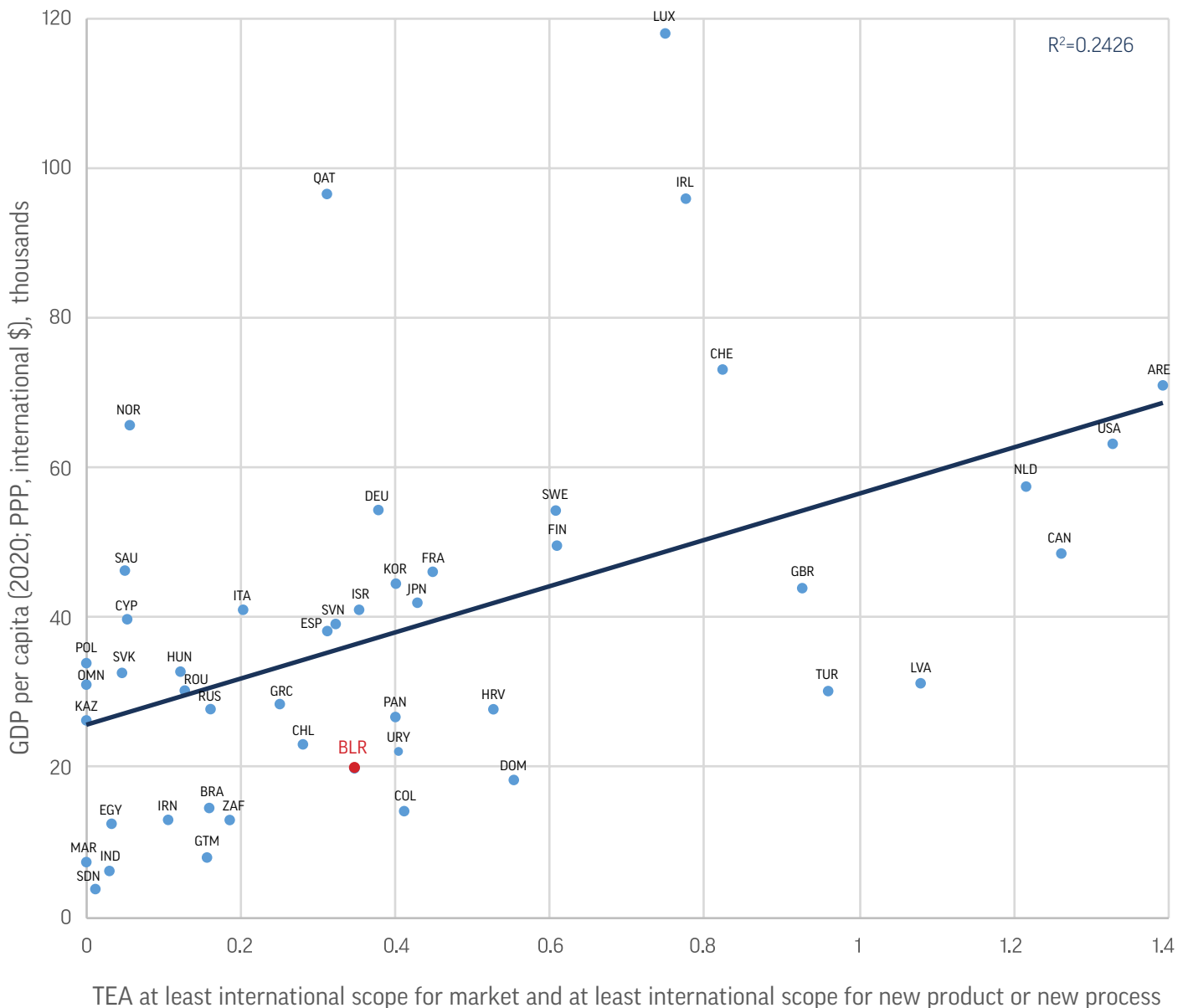


Source: GEM Belarus, 2021.

2.1.5. Benchmarking

Figure 21 shows the direct relationship between GDP per capita and early-stage businesses with an innovative orientation and an international focus. This implies that the introduction of innovations by new ventures is directly related to the level of socioeconomic development.

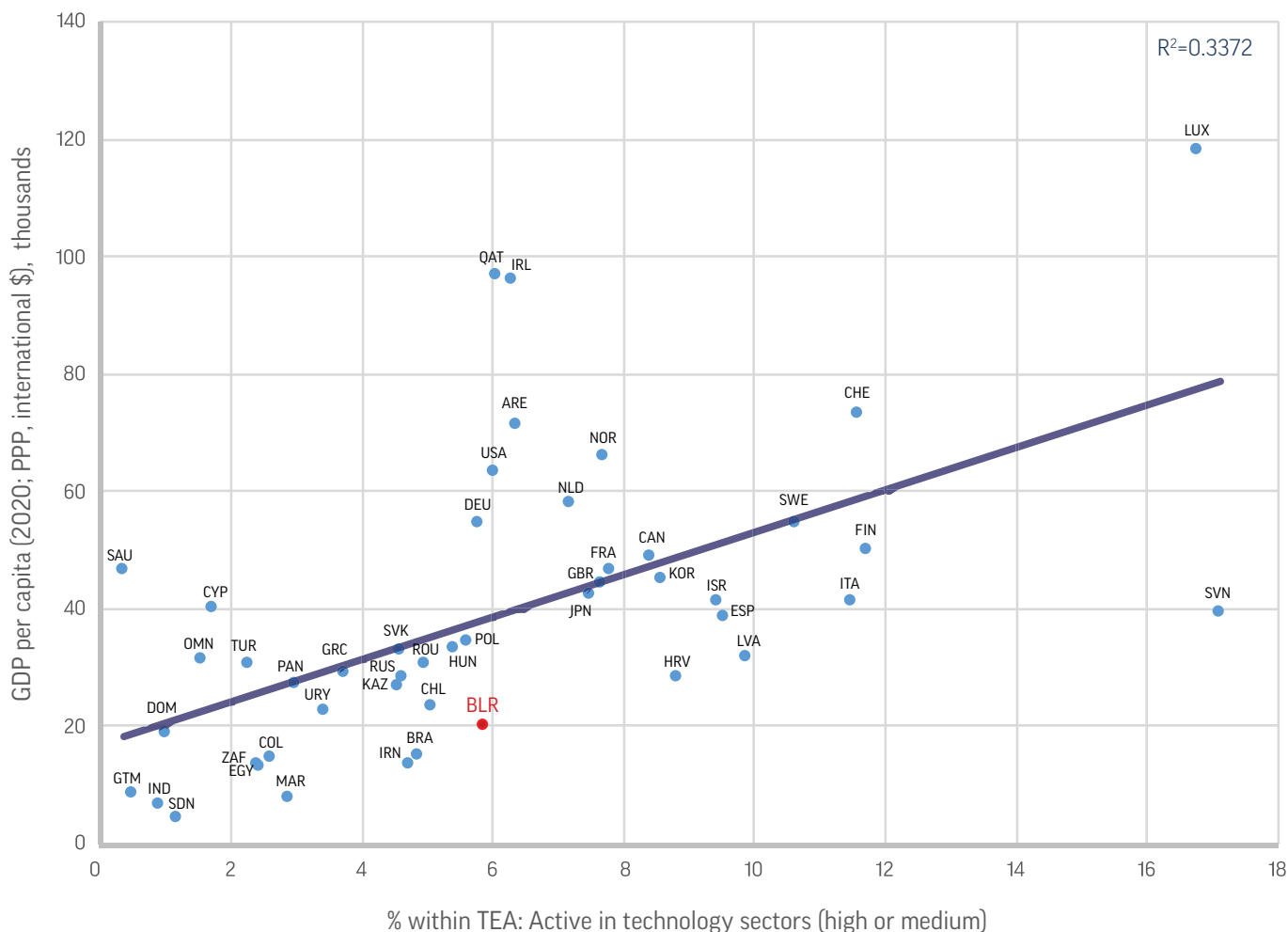
Figure 21. Relationship between TEA with international scope for new product or new process and GDP per capita, 2021



Source: GEM 2021/22 Global Report (Hill et al., 2022).

Likewise, Figure 22 shows the direct relationship between early-stage businesses with a medium-high technological intensity and GDP per capita, and it also implies that the new ventures with a high-technological intensity have direct influence on the level of socioeconomic development.

Figure 22. Relationship between TEA in medium- and high-tech sectors and GDP per capita

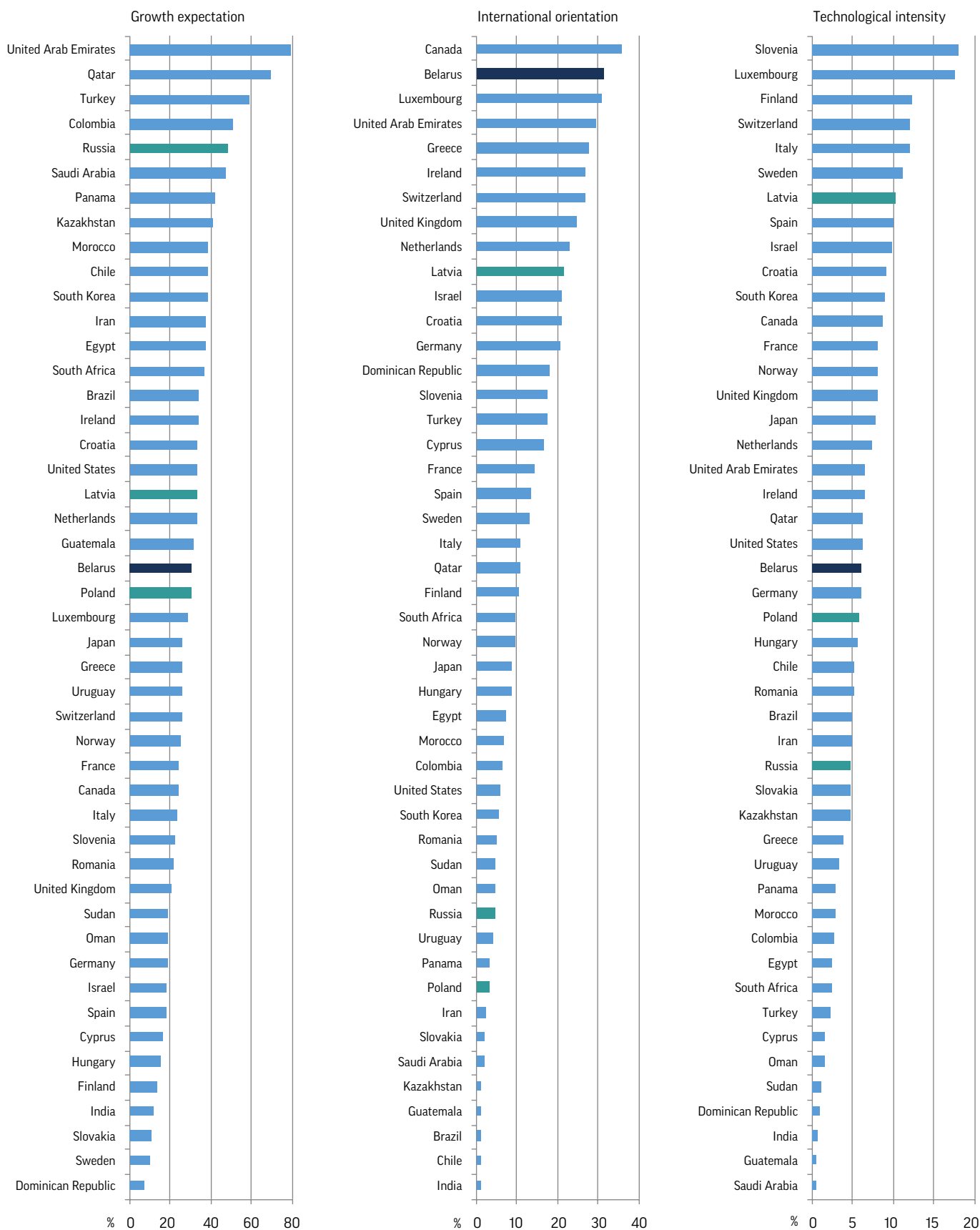


Source: GEM 2021/22 Global Report (Hill et al., 2022).

Finally, Figure 23 gives a cross-country comparison of early-stage businesses' impactful indicators in 2021. In the international context, Belarus is positioned in second place (29.1%) for its strong international orientation with at least one fourth of revenues from abroad. The lowest-ranked country is India (0.7%), and the highest-ranked country is Canada (33.9%). In terms of growth orientation, Belarus is positioned in 22nd place (30.5%), taking into account growth expectations for businesses of more than five employees over the next five years. The coun-

try with the highest growth expectations is the United Arab Emirates (77.8%), while the lowest expectations are observed in the Dominican Republic (7.4%). In the medium/high technological intensity classification, Belarus is positioned in 22nd place (5.9%). The country with the highest technological orientation is Slovenia (17.1%), while the lowest is Saudi Arabia (0.4%). In general, Belarus has a good position with respect to the countries of reference (Latvia, Poland, and Russia).

Figure 23. Early-stage business' impact comparison by country, GEM 2021 (% of the adult population 18–64 years old)



Source: GEM 2021/22 Global Report (Hill et al., 2022).

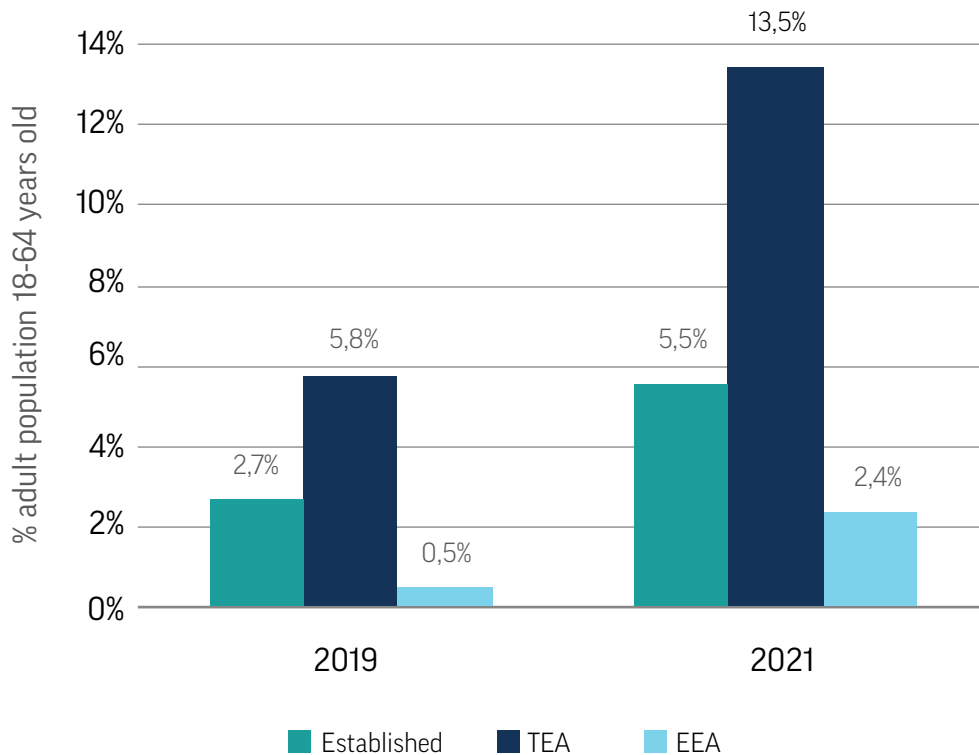
2.2 Entrepreneurial employee activity (EEA)

2.2.1. Belarusian EEA

While exploring and exploiting opportunities, many proactive high-growth companies may also create conditions for developing employee entrepreneurial activities (intrapreneurship). A company and its employees aim to create new ventures and/or introduce a new product to the market, while an individual employee acts and is motivated as an entrepreneur. At the same time, entrepreneurial employees can benefit from a company's internal resources and capabilities to

make a project or venture less risky. Figure 24 shows that in the 2021 edition, the percentage of EEA (2.4%) in Belarus is substantially lower than TEA (13.5%) and established business (5.5%). It is important to mention that, compared to the 2019 edition, this indicator has substantially increased. To some extent, this growth can be explained by the necessity of businesses to adjust their business models and product portfolios during the pandemic.

Figure 24. Entrepreneurial employee activity, 2019 & 2021



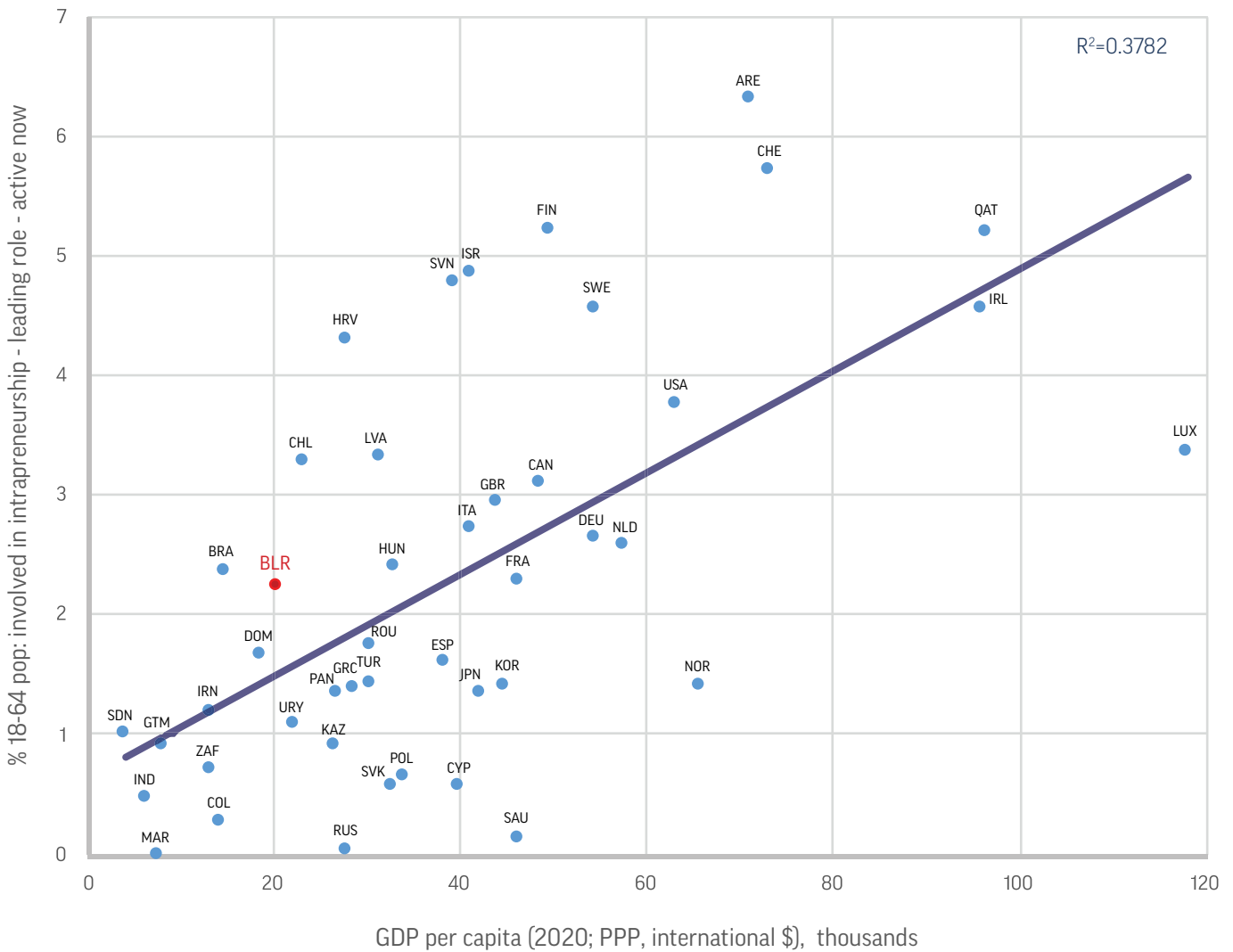
Source: GEM Belarus, 2019 & 2021.

2.2.2. Benchmarking

The EEA compensates for lower independent entrepreneurial activities in most developed countries (e.g., the United Kingdom, Germany, and Sweden), which are characterized by mature business demography, adequate labor conditions, and favorable environmental conditions for entrepreneurial innovation. This type of business activity is recognized as an important fac-

tor in the innovative development of companies (increase in staff, revenue growth, and sales of innovative products) and, therefore, responsible for higher levels of economic growth. In this regard, Figure 25 shows the relationship between EEA and GDP per capita across all participant economies in 2021.

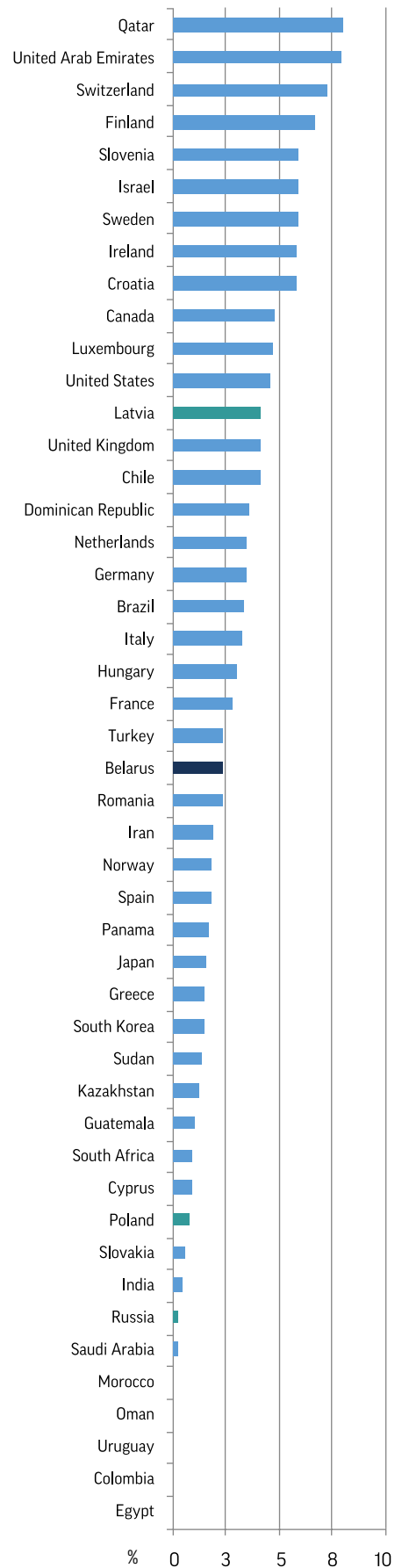
Figure 25. Relationship between EEA and GDP per capita



Source: GEM 2021/22 Global Report (Hill et al., 2022).

Figure 26 shows that Belarus is ranked 24th (2.4%) for in terms of the EEA rate with. The lowest-ranked countries are Oman, Uruguay, Egypt, and Colombia (0.0%), and the highest-ranked country is Qatar (7.9%). Belarus has a relatively good position concerning the reference countries (Latvia, Poland, and Russia).

Figure 26. EEA comparison by country, GEM 2021 (% of the adult population 18–64 years old)



Source: GEM 2021/22 Global Report (Hill et al., 2022).

CHAPTER 3.

ENVIRONMENTAL CONDITIONS

3.1. NES methodology

3.1.1. Entrepreneurial Framework Conditions

The National Expert Survey by GEM studies the environmental factors—in GEM's terminology, the Entrepreneurial Framework Conditions (EFCs)—that have been proven to influence the development of entrepreneurial activity and quality of entrepreneurship in a country. In 2021, 13 EFCs were the subject of the survey of 36

entrepreneurs and experts in the areas relevant to entrepreneurship who were asked about 100 close-ended and open-ended questions to assess the level of development of these conditions and delineate possible measures to bridge gaps. The EFCs and their short descriptions are provided in Table 8.

Table 8. Entrepreneurial Framework Conditions (EFCs)

A1.	Entrepreneurial Finance	Are there sufficient funds for new start-ups? Describes the extent to which experts perceive enough funds for current and potential entrepreneurs. This includes informal investment, professional business angels, venture capitalists, banks, government loans, grants, and subsidies, as well as crowdfunding.
A2.	Ease of Access to Entrepreneurial Finance	And are those funds easy to access? Experts evaluate the accessibility and efficient functioning of equity markets. The score reflects the relative ease of access to those funds.
B1.	Government Policy: Support and Relevance	Does government promote and support start-ups? Assesses whether experts believe their national governments demonstrate support for entrepreneurs: for example, whether policymakers mention entrepreneurship in public discourse and press for specific regulations to improve conditions for the self-employed workforce and small and medium enterprises.
B2.	Government Policy: Taxes and Bureaucracy	Are new businesses burdened? Reflects the degree to which experts think current taxes are affordable and balanced for entrepreneurs or whether they constitute a burden to starting and growing businesses. This factor evaluates bureaucracy in business processes and in facilities for funding entrepreneurial activities.

C.	Government Entrepreneurial Programs	Are quality support programs available? Evaluate whether and how public agencies are providing specific programs for entrepreneurs. This includes subsidies, incubators, and agencies that assess and advise entrepreneurs.
D1.	Entrepreneurial Education at School	Do schools introduce entrepreneurship ideas? Includes expert evaluation of the degree to which entrepreneurship subjects are included in school programs and whether schools instill students with entrepreneurial values.
D2.	Entrepreneurial Education Post-School	Do colleges offer courses in starting a business? Measures the inclusion of entrepreneurship subjects in post-school programs, such as universities, colleges, business schools, and vocational centers. It includes the effectiveness of post-school students' entrepreneurship skills and values.
E.	Research and Development Transfers	Can research be translated into new businesses? Synthesizes expert evaluation of R&D transfer from universities and research centers to the business sector and to what degree engineers and scientists can commercialize research findings and bring them to the market.
F.	Commercial and Professional Infrastructure	Are these sufficient and affordable? Represents the supply and affordability of professionals and firms providing services to entrepreneurs, including accountants, lawyers, and consultants, to help them start and manage new businesses.
G1.	Ease of Entry: Market Dynamics	Are markets free, open, and growing? Analyzes whether there is a free and open market where no entity exerts power to influence or set prices and where demand changes are met with supply changes, and vice versa.
G2.	Ease of Entry: Burdens and Regulation	Do regulations encourage or restrict entry? Summarizes the overall state of a market in terms of the absence of burdens entrepreneurs encounter upon entering markets and regulations that can facilitate, rather than undermine, these efforts.
H.	Physical Infrastructure	Is this sufficient and affordable? Physical infrastructure facilitates communication, transportation, and business operations nationally and internationally through aspects such as high-speed Internet and cell phone service; real estate (land and buildings); reliable utilities; and advanced highways, railways, ports, and airports.
I.	Social and Cultural Norms	Does the culture encourage and celebrate entrepreneurship? Shows whether and how society exhibits an entrepreneurship focus within its culture through behavior, beliefs, language, and customs. This can encourage entrepreneurs by demonstrating acceptance, support, and high regard for their activities.

Source: GEM 2021/22 Global Report (Hill et al., 2022).

To estimate the quality of the 13 Entrepreneurial Framework Conditions, 37 experts were asked the extent to which they agreed with each statement using Likert scales, where 0 = completely false and 10 = completely true. It follows that the assessment provides individual perceptions rather than objective estimates of the EFCs.

3.1.2. Profile of Belarusian experts

National experts were selected based on job positions, expertise, or responsibilities in any public or private organization that justified their possession of relevant knowledge and/or experience related to any EFCs⁸. Respondents were allowed to indicate more than one specialization/occupation (Table 9). Active entrepreneurs and people involved in business were also considered experts based on a quota proposed by the GEM team.

Table 9. Profile of Belarusian experts

Average age	42.67
Gender	
Male	56.8%
Female	43.2%
Education level	
Higher education	29.7%
Postgraduate education	70.3%
Specialization	
Entrepreneur	29.7%
Investor, banker, financier	18.9%
Policymaker	0%
Business and support services provider	32.4%
Educator, teacher, researcher	54.1%
Average number of years of experience	15.25

Source: GEM Belarus, 2021.

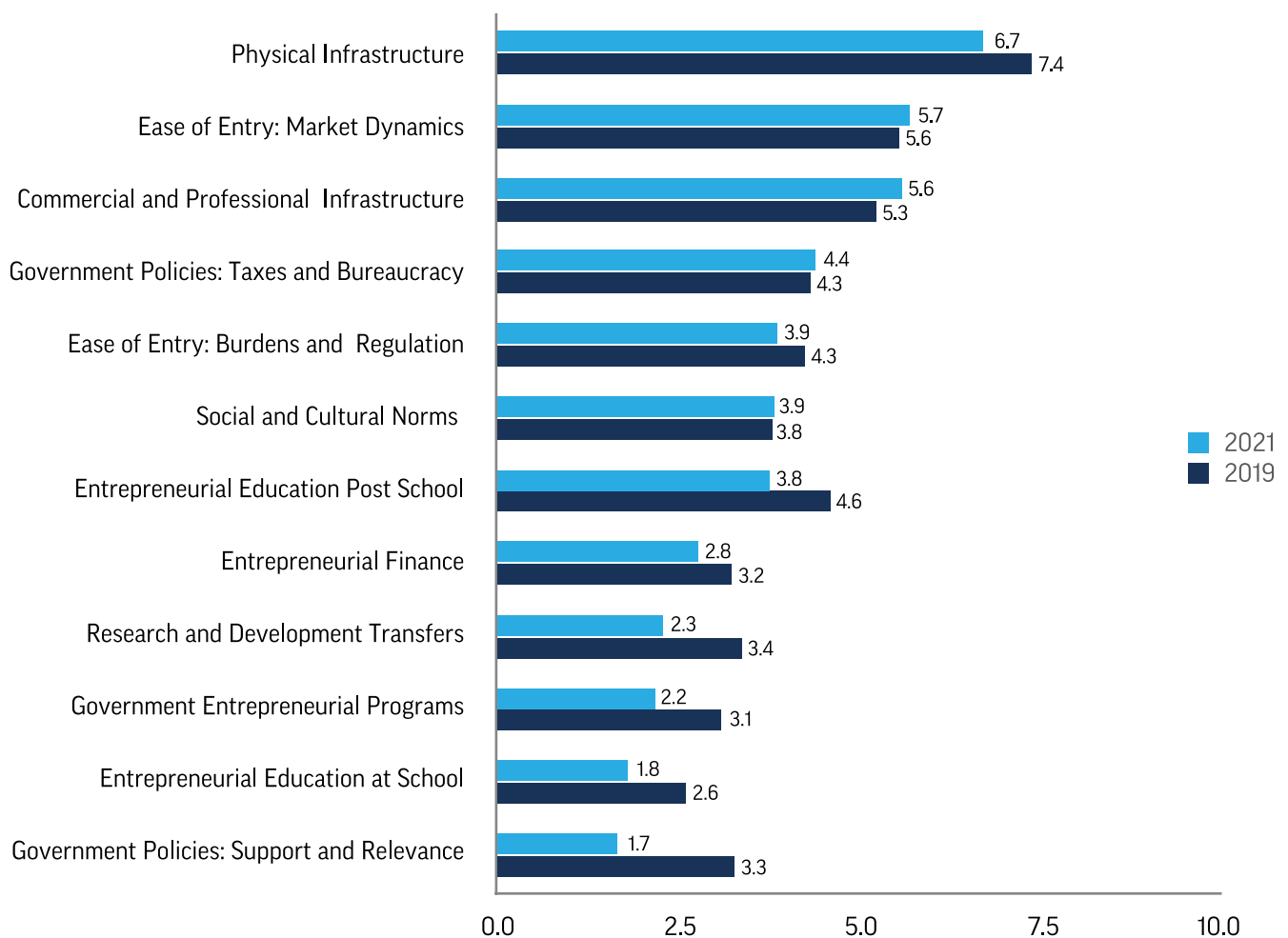
⁸ The political unrest in Belarus had a substantial influence on both the readiness of Belarusian experts to participate in the NES and on the perception of conditions for entrepreneurship. Thus, most of policy-makers and representatives of state-affiliated organizations did not provide their consent for participation. In this regard, the results of the NES in 2021 and comparisons with the previous NES in 2019 should be considered with caution and with acknowledgment of the potential bias.

3.2. Entrepreneurial Framework Conditions in Belarus

The responses of the 37 national experts in 2021 were similar to responses in 2019. Figure 27 shows that the three best-evaluated conditions that foster entrepreneurship in Belarus in 2021 were: *Physical infrastructure* (6.7), *Ease of entry: market dynamics* (5.7), and *Commercial and professional infrastructure* (5.6). At the same time, the three lowest-evaluated conditions

were *Government policies: support and relevance* (1.7), *Entrepreneurial education at school* (1.8), and *Government entrepreneurial programs* (2.2). A plausible explanation could be attributed to the lack of substantial state support during the COVID-19 pandemic and pressure put on many businesses and entrepreneurs against the backdrop of the political crisis in Belarus.

Figure 27. Environmental conditions in Belarus⁹



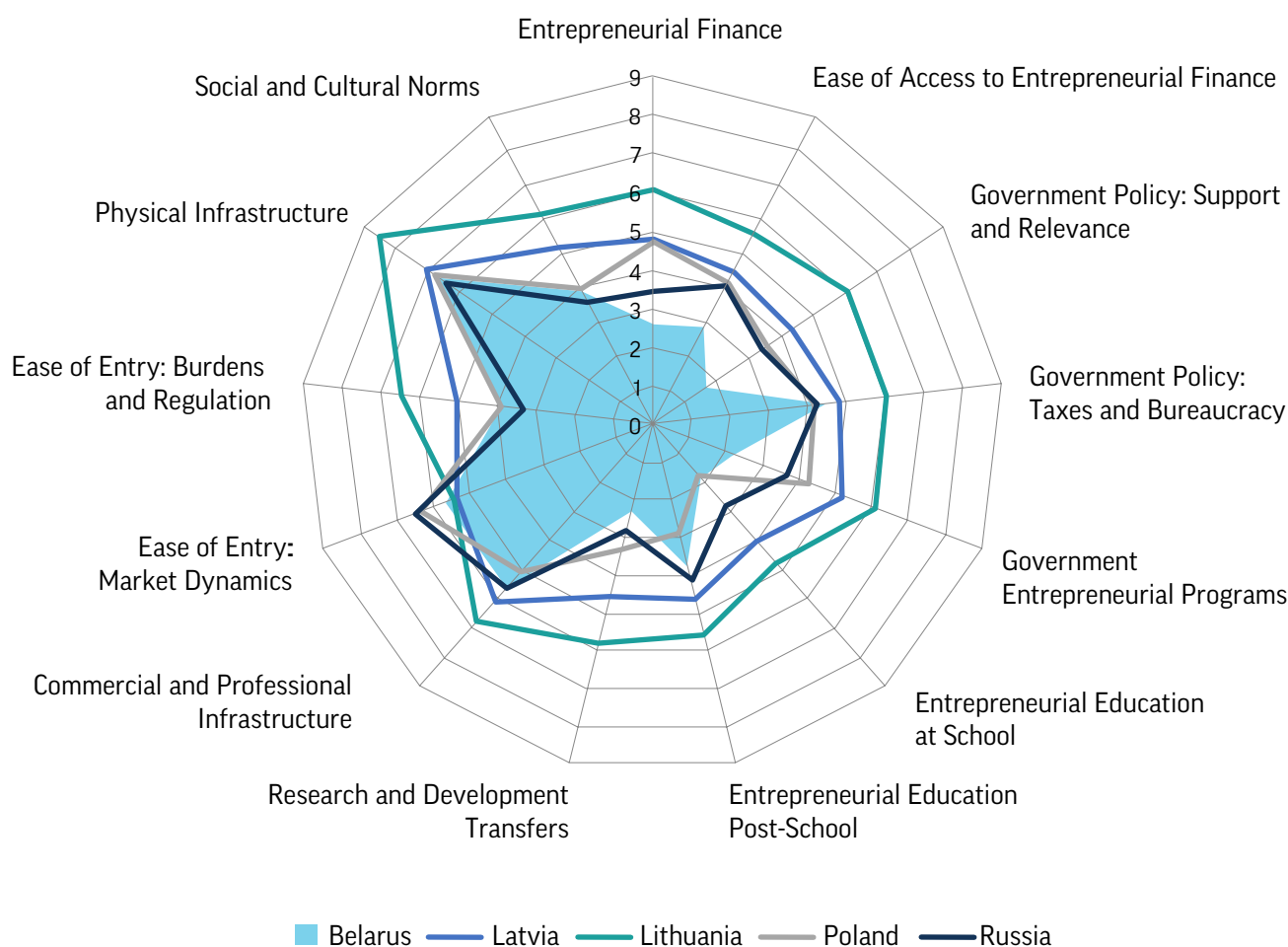
Source: GEM Belarus, 2021.

⁹ In 2021, *Entrepreneurial Finance* and *Ease of Access to Entrepreneurial Finance* were segregated from one EFC.

The benchmarking analysis of the Belarus EFCs, comparing it with the four reference countries (Russia, Poland, Latvia, and Lithuania¹⁰), reveals that in five of the thirteen conditions, Belarus lags behind the comparator countries (Figure 28).

Specifically, Belarus lags behind in respect of *Entrepreneurial finance*, *Ease of access to entrepreneurial finance*, *Government policy: support and relevance*, *Government entrepreneurial program*, and *R&D transfers*. On the other hand, Belarusian experts assess their country’s performance better than Polish or Russian experts on the conditions of *Government policies: taxes and bureaucracy*, and better than Latvia or Lithuania with regard to *Ease of entry: market dynamics*. In general, Lithuania looks like the regional leader in developing an adequate environment for entrepreneurship.

Figure 28. Comparison of EFCs



Source: GEM Belarus, 2021.

¹⁰ In 2021, Lithuania did not conduct the APS and thereby is presented in the NES only.

3.3. National Entrepreneurship Context Index (NECI)

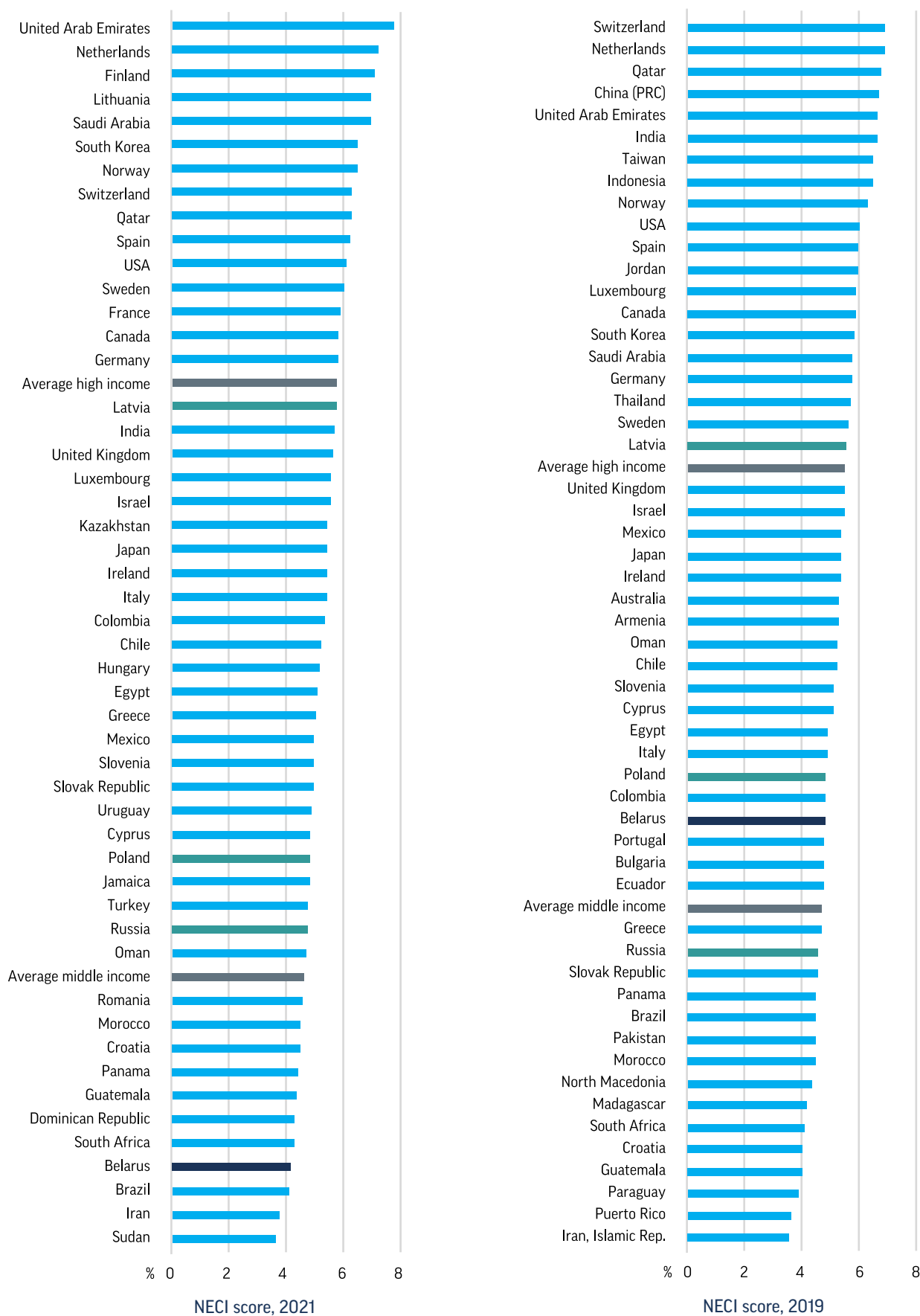
Since 2018, GEM has been calculating a single indicator to reflect the health of a country's entrepreneurial framework—the National Entrepreneurship Context Index (NECI)—a measure of the ease of starting and developing a business. The NECI¹¹ summarizes the assessment of the EFCs into a single composite score. It is noteworthy that in comparison to the Doing Business reports¹², the NECI encompasses a wider range of factors that may have a direct or indirect effect on entrepreneurship development, including informal institutions (values and norms), educational and R&D transfer systems. The NECI is closer to the Global Competitiveness Index (GCI) in which Belarus has not been presented yet. For the NECI ranking, the United Arab Emirates is

ranked the strongest in terms of the ease of starting and developing a business, closely followed by the Netherlands and Finland (Figure 29). The lowest NECI scores are Brazil, the Islamic Republic of Iran, and Sudan. Belarus is ranked 47th (out of 51 countries) in the NECI rankings—below the average for middle-income countries and neighboring countries. Its position has substantially deteriorated compared to the previous NES in 2019 (when it ranked 35th out of 54 economies). Except for the influence of the ongoing political crisis, this relative fall in the NECI rankings can be attributed to the loss of positions in the Doing Business rankings (from 37th in 2019 to 49th in 2020).

¹¹ As economies have developed, an increasing number of GEM-participating countries have fallen into the high-income category. Based on World Bank data, two-thirds of GEM economies are classed as high income, with few in the middle-income group and very few low-income. To make the comparison of GEM results by income groups meaningful, GEM defined its own income boundaries.

¹² The World Bank Group is formulating a new approach to assess the business and investment climate in economies worldwide following the discontinuation of the Doing Business project in September 2021.

Figure 29. National Entrepreneurship Context Index (NECI)

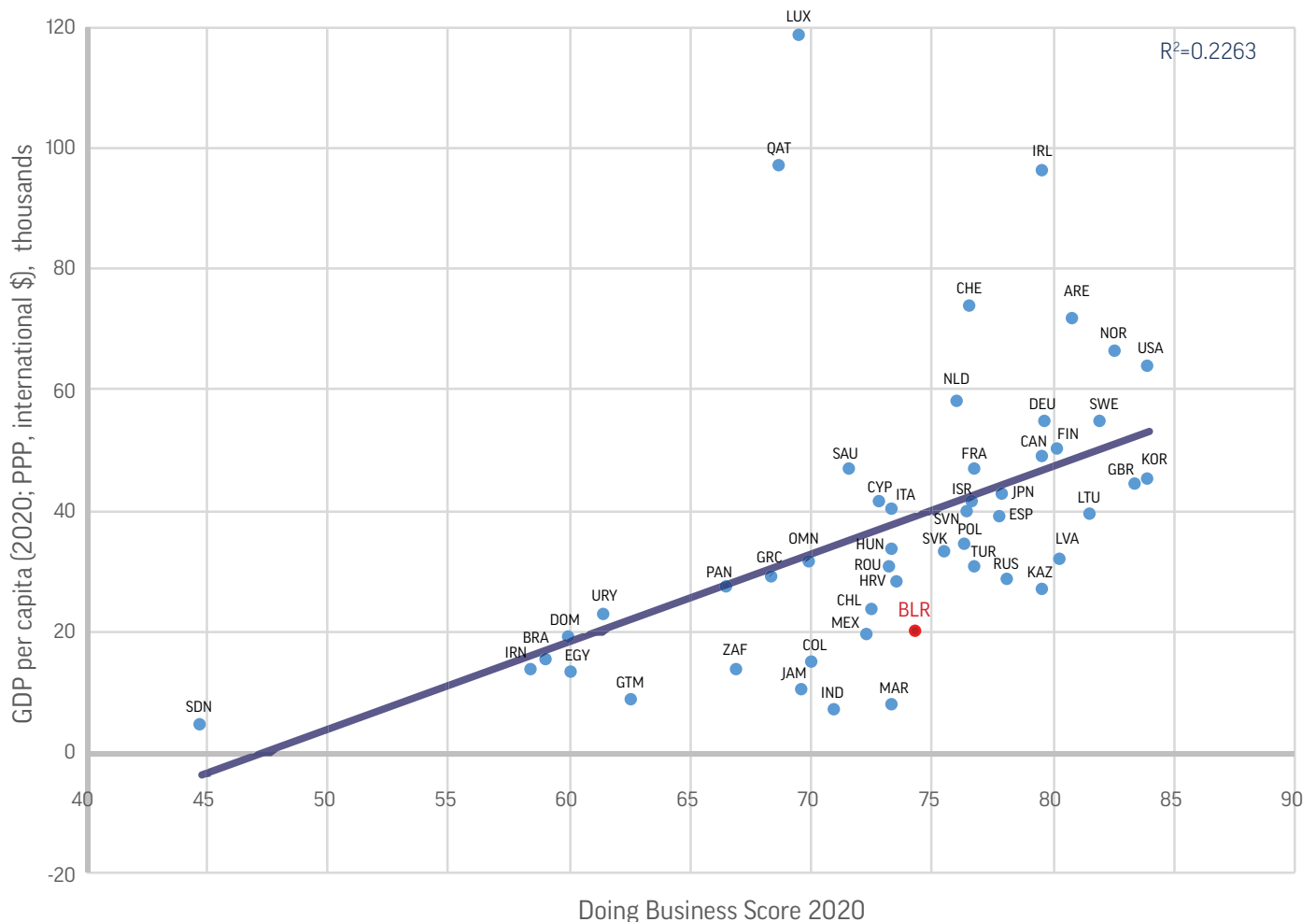


Source: GEM Belarus, 2019 & 2021.

The relationship between the NECI and a country's productivity level corroborates the importance of the EFCs; the correlation is positive and statistically significant (Figure 30). While comparing this relationship with the Doing Business score on the same sample and the productivity level (Figure 31), the correlation coefficient appears higher for the index calculated by the GEM (0.568 versus 0.476). This can be explained by a wider range of factors that are assessed by

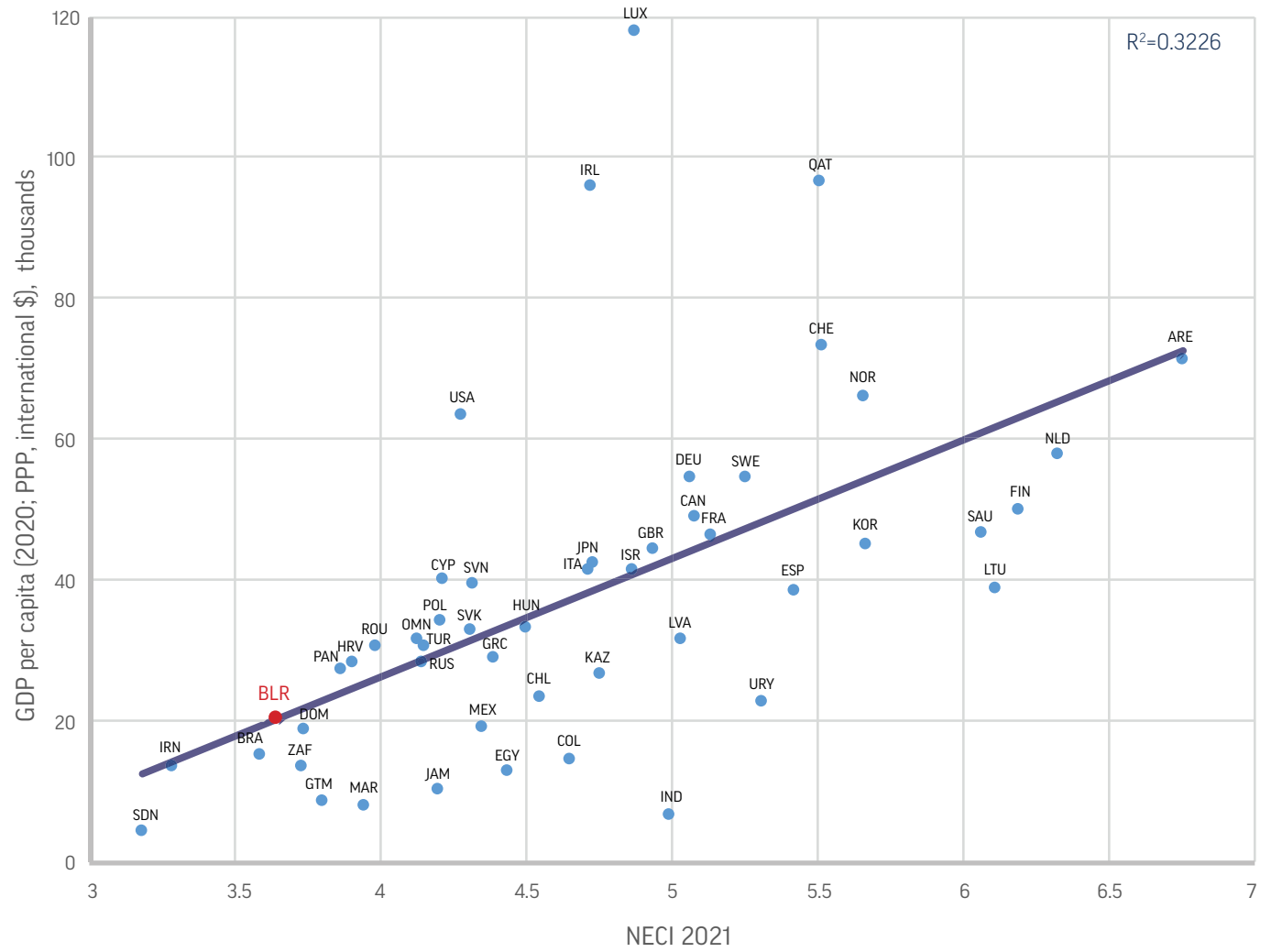
the GEM. Meanwhile, on the graph with the Doing Business score, Belarus lies below the trend line. This signifies that the country's productivity level is lower than expected based on formal conditions for doing business. At the same time, the NECI more adequately captures conditions for entrepreneurship in Belarus vis-à-vis its economic development – the country lies on the trendline.

Figure 30. Relationship between Doing Business score and GDP per capita



Source: Own elaboration based on data from World Bank and IMF.

Figure 31. Relationship between NECI and GDP per capita



Source: GEM 2021/22 Global Report (Hill et al., 2022).

CHAPTER 4.

EFFECTS OF THE COVID-19 PANDEMIC

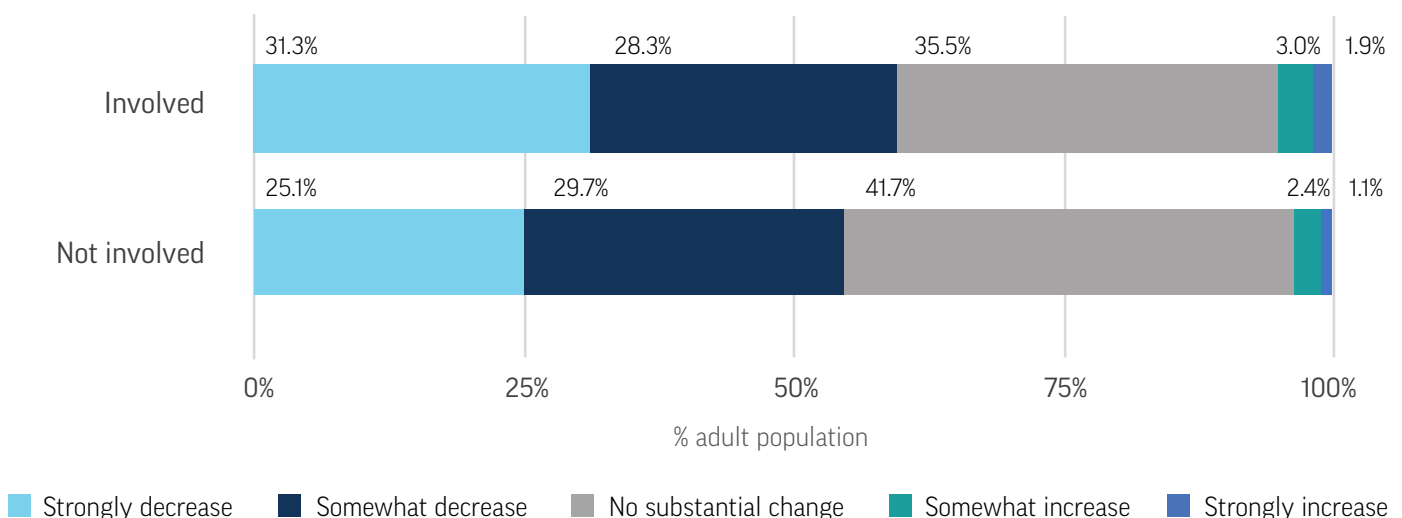
4.1. Entrepreneurial activity

4.1.1. Household income

In 2020-2021, the loss of the household income appeared the most perceptible and traceable economic impact of the pandemic. In this regard, one of the questions in the 2021 Adult Population Survey was about a decrease in the respondents' household income due to the pandemic. The data collected for GEM 2021/2022 demonstrates that there are substantial disparities among countries in terms of the percentage of household reporting a decrease in incomes. Some reasons behind this are differences in the containment measures adopted by different countries, as well as the capacity and/or willingness to support citizens and businesses.

In 2021, 55.6% of Belarusians reported their household lost income this year as a result of the pandemic, which is a lower figure than in Poland (59.5%) but higher than in Russia (52.5%) and Latvia (28.2%). Figure 32 depicts differences between citizens involved and not involved in entrepreneurial activities in terms of loss of income. It is worth noting that, in Belarus, more entrepreneurs (31.3%) than non-entrepreneurs (25.1%) reported that their household incomes strongly decreased.

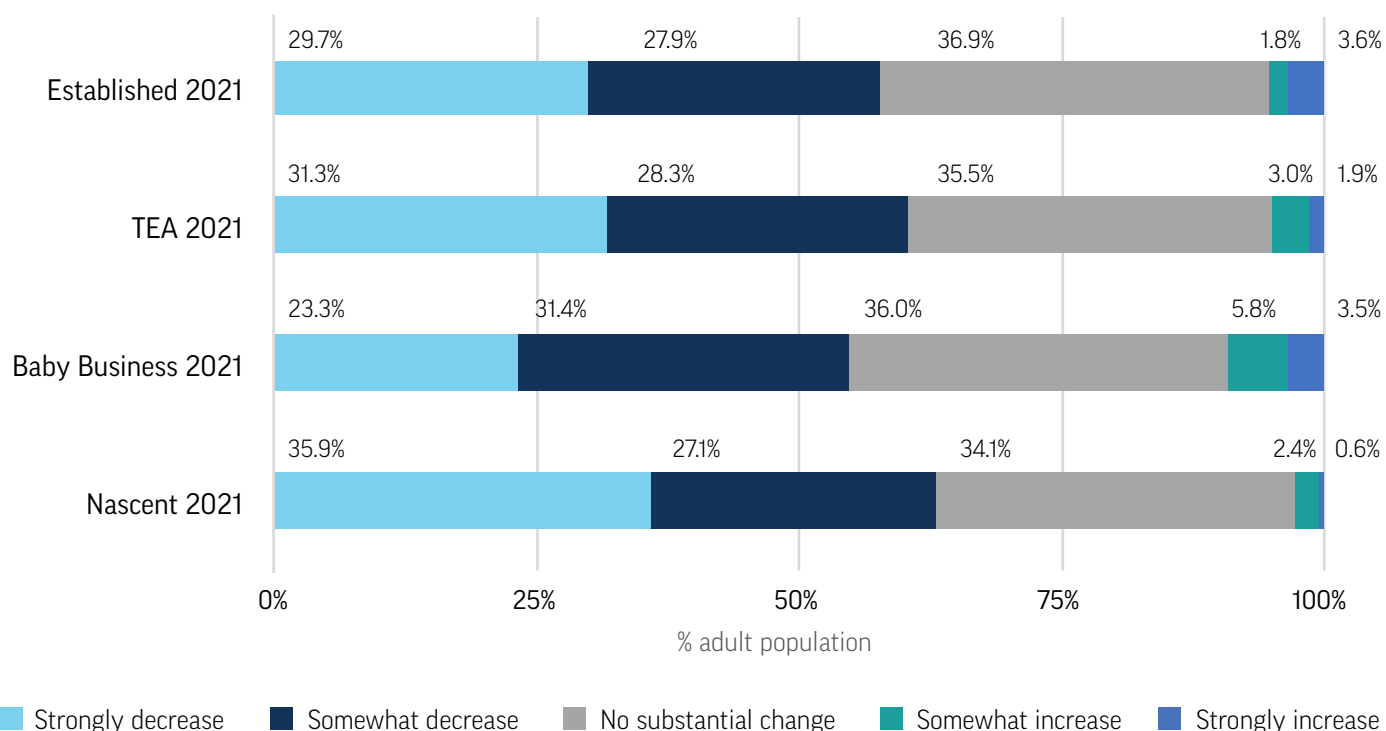
Figure 32. Effect of the COVID-19 pandemic on household income according to the involvement in entrepreneurial initiatives, 2021



Source: GEM Belarus, 2021.

Across the entrepreneurial process, nascent entrepreneurs appeared the most affected group – 35.9% reported a strong decrease in household income, against 23.3% of entrepreneurs running a baby business (Figure 33).

Figure 33. Effect of the COVID-19 pandemic on household income across the entrepreneurial process, 2021



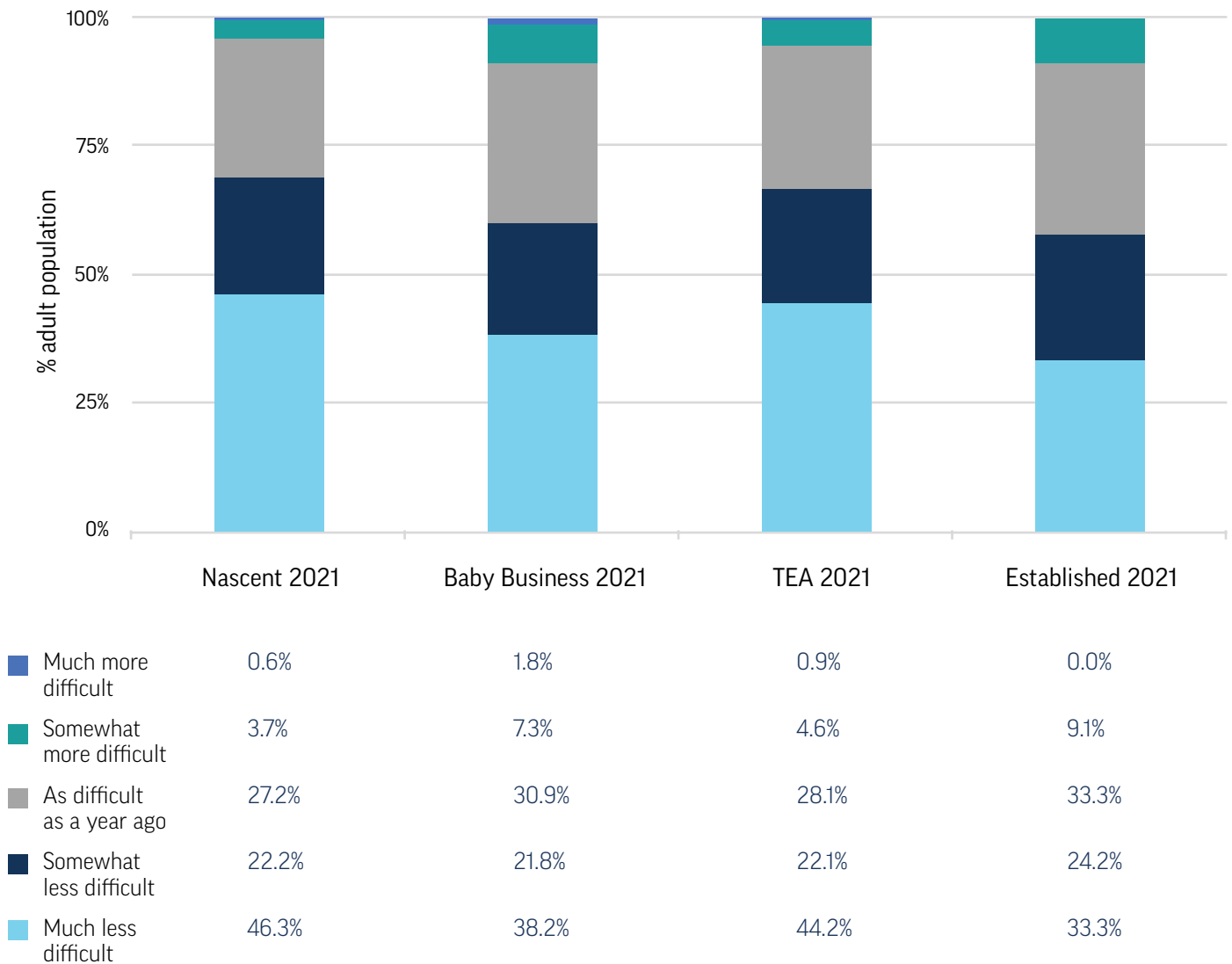
Source: GEM Belarus, 2021.

4.1.2. Difficulties for starting a business

In addition, citizens involved in entrepreneurial activities were asked whether starting a business was much more difficult compared to one year ago. Figure 34 demonstrates that entrepreneurs across different stages are mostly unanimous in perceiving that starting a business

became much less or somewhat less difficult than it was in 2020. This can be explained by the adaptation of businesses and population to the pandemic reality as well as market dynamics driven by exits of many entrepreneurs and development of new business models.

Figure 34. Effect of COVID-19 pandemic on the perception to start a business, 2021

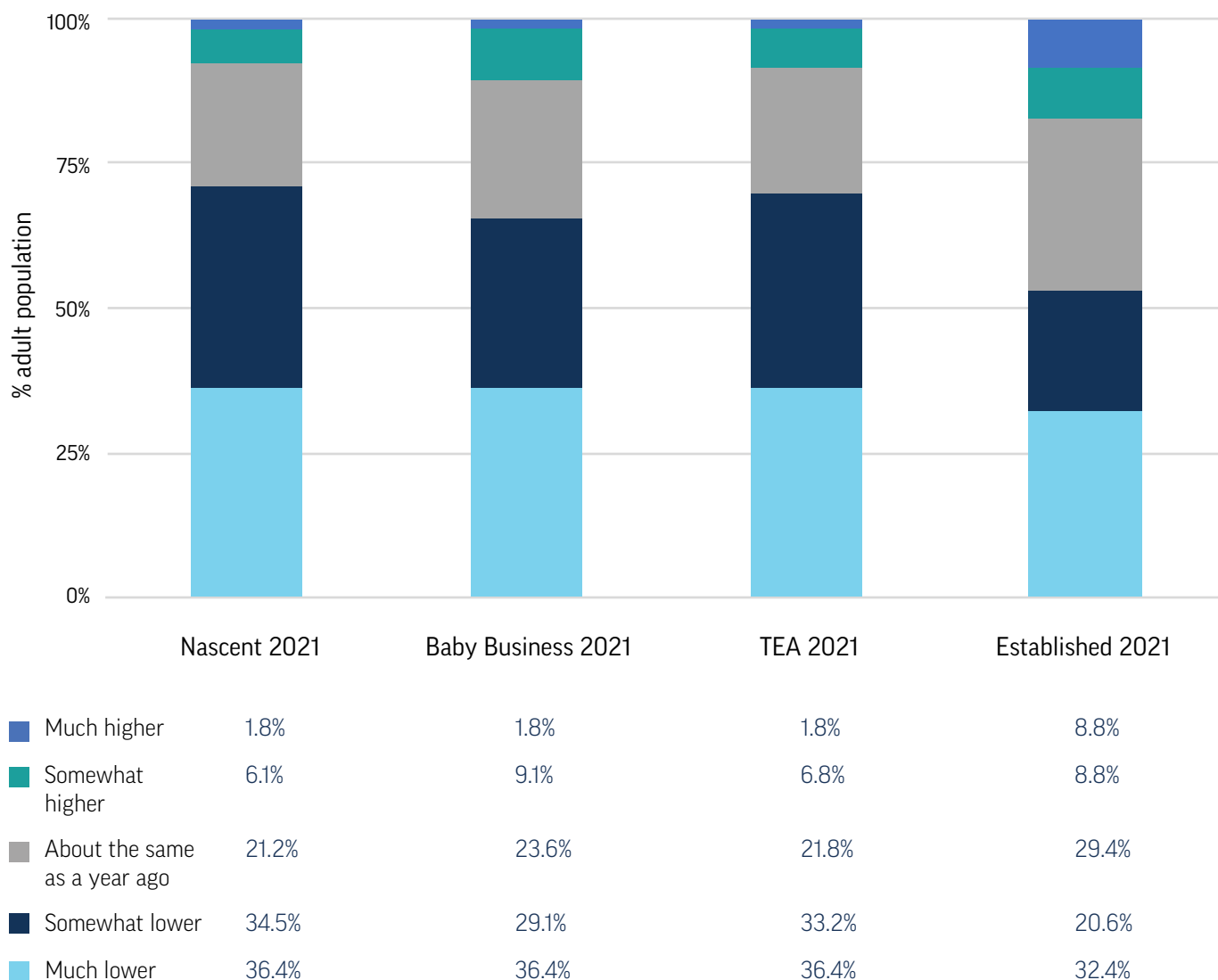


Source: GEM Belarus, 2021.

4.1.3. Growth expectations

Respondents involved in entrepreneurial activities were asked to provide their expectations for business growth in comparison to the situation experienced one year ago. Among nascent entrepreneurs, baby businesses and TEA in general, about two thirds estimated their growth expectation as either much lower or somewhat lower. Entrepreneurs running established businesses demonstrated a more optimistic view on the future growth – 8.8% of them expect much higher growth or somewhat higher growth.

Figure 35. Effect of the COVID-19 pandemic on the growth expectations, 2021

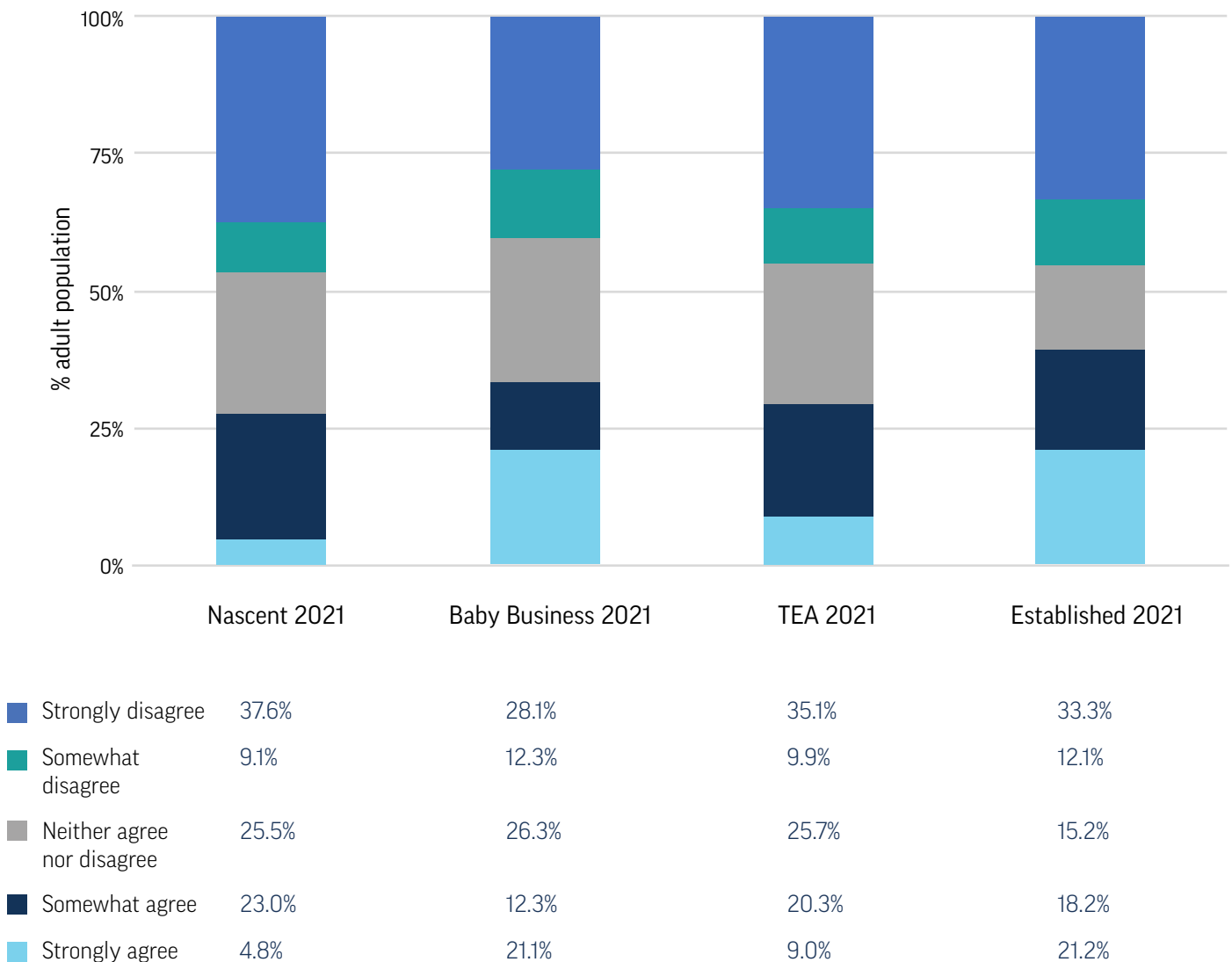


Source: GEM Belarus, 2021.

4.1.4. Opportunities

With respect to perceptions of new opportunities that entrepreneurs wanted to pursue occurring during the pandemic, entrepreneurs across all stages are skeptical about these (Figure 36). Meanwhile, established businesses appeared the most prone to pursue these opportunities – 39.4% either strongly agreed or somewhat agreed that the pandemic generated opportunities they wanted to work on.

Figure 36. Effect of the COVID-19 pandemic on perception of opportunities, 2021

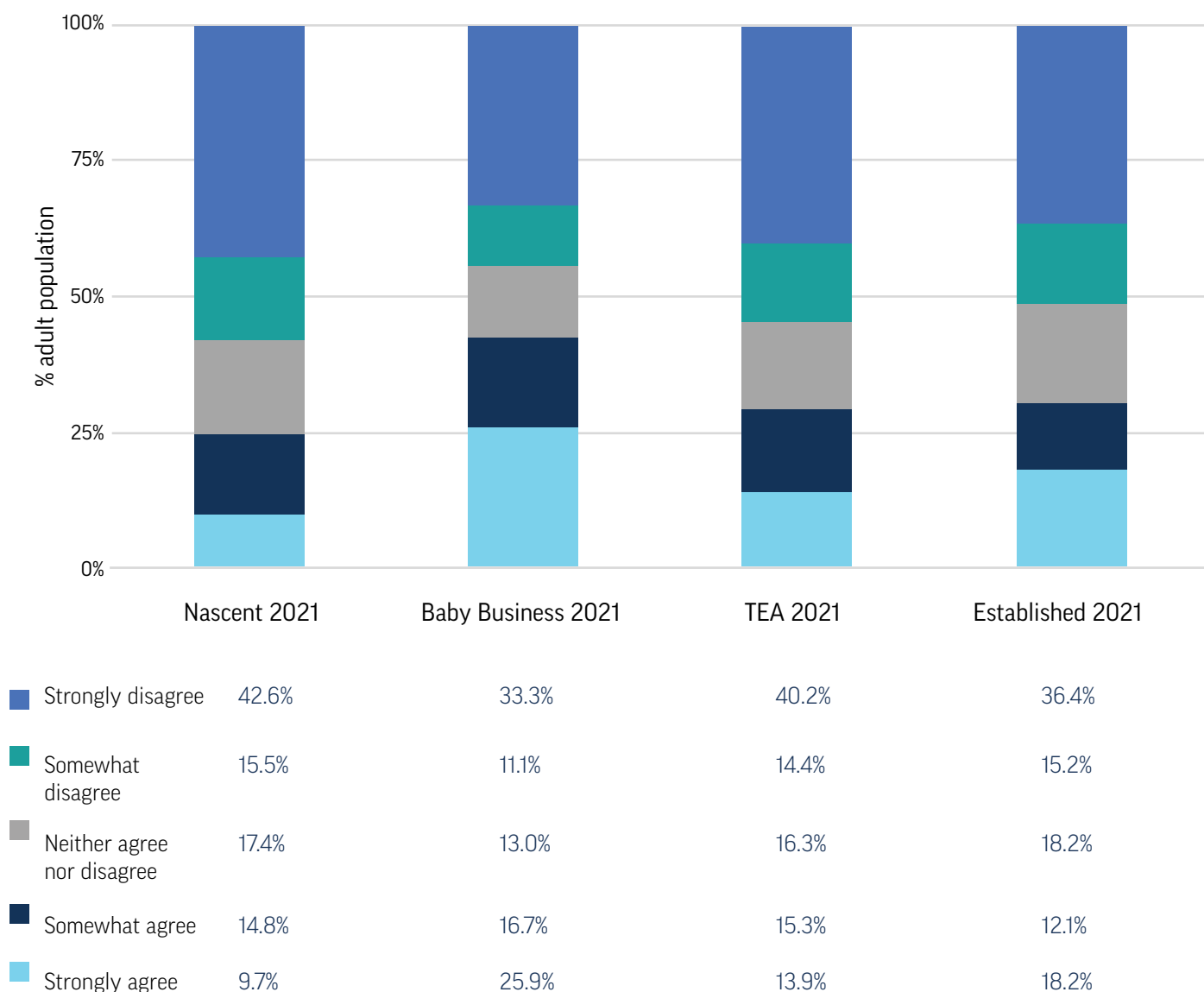


Source: GEM Belarus, 2021.

4.1.5. Government effectiveness

The last pandemic-related question in the APS was developed to evaluate whether the government had by the time of survey effectively responded to the economic consequences of the pandemic. In general, Belarusian businesses were rather disappointed with the way the government responded to the economic challenges. Meanwhile, the highest percentage of entrepreneurs who supported the governmental response was among baby businesses – 25.9% strongly agreed and 16.7% somewhat agreed.

Figure 37. Effectiveness of government to the COVID-19 pandemic, 2021



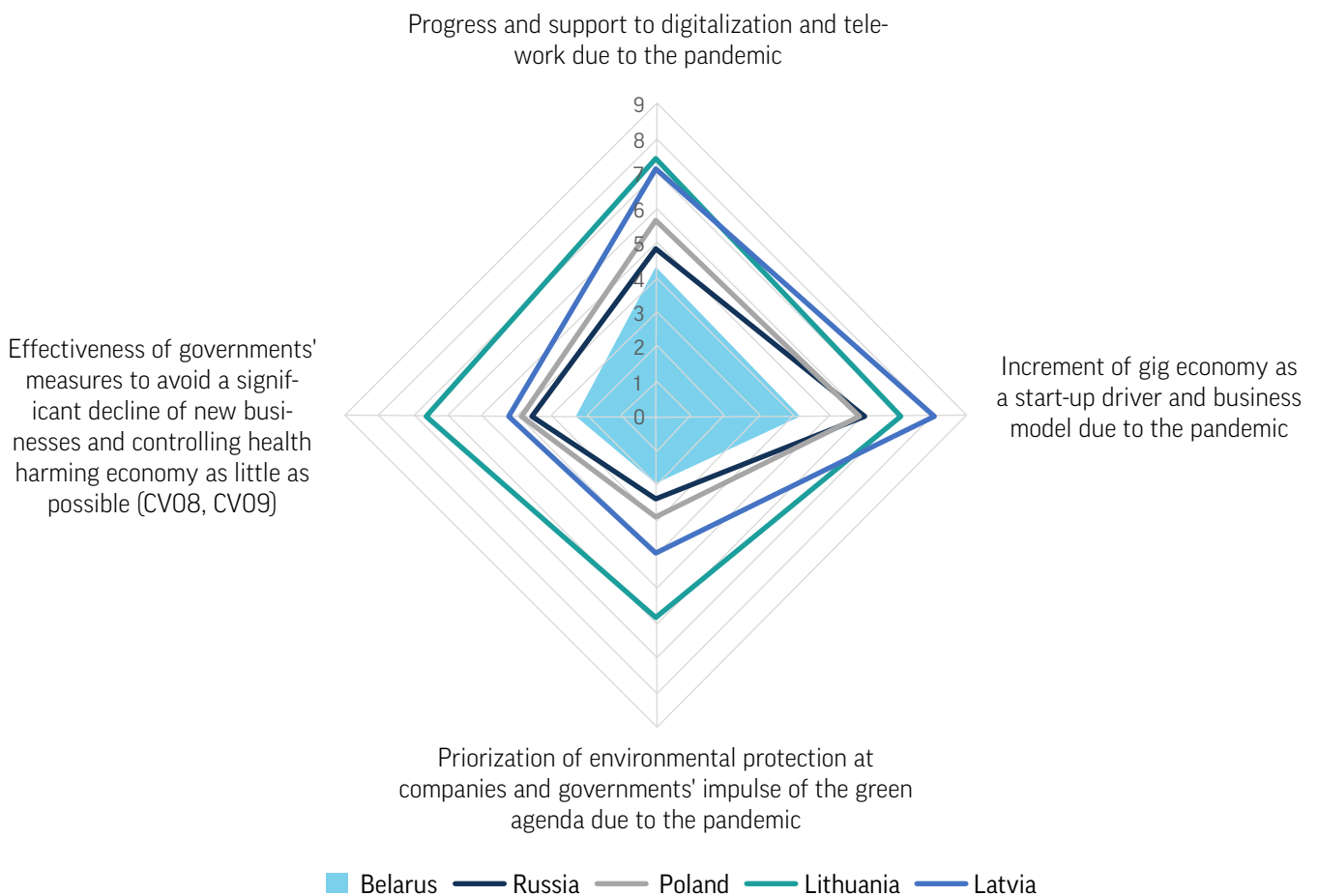
Source: GEM Belarus, 2021.

4.2. Environmental conditions

In 2021, NES included a block of items related to the pandemic: its impact on entrepreneurial framework conditions and government policy responses. In general, responses from around the globe suggest that the pandemic has accelerated business digitalization and the adoption of digital technologies by entrepreneurs as an essential requirement in the current context. Belarus ranked very low among the countries of

reference (Figure 38) and all GEM-participating economies. Particularly, *in terms of the increment of the gig economy as a start-up driver and business model due to the pandemic and effectiveness of governments' measures to avoid a significant decline of new businesses and controlling health-harming economy as little as possible*, the country was ranked 51st and 50th respectively.

Figure 38. Experts' perceptions about the COVID-19 pandemic actions

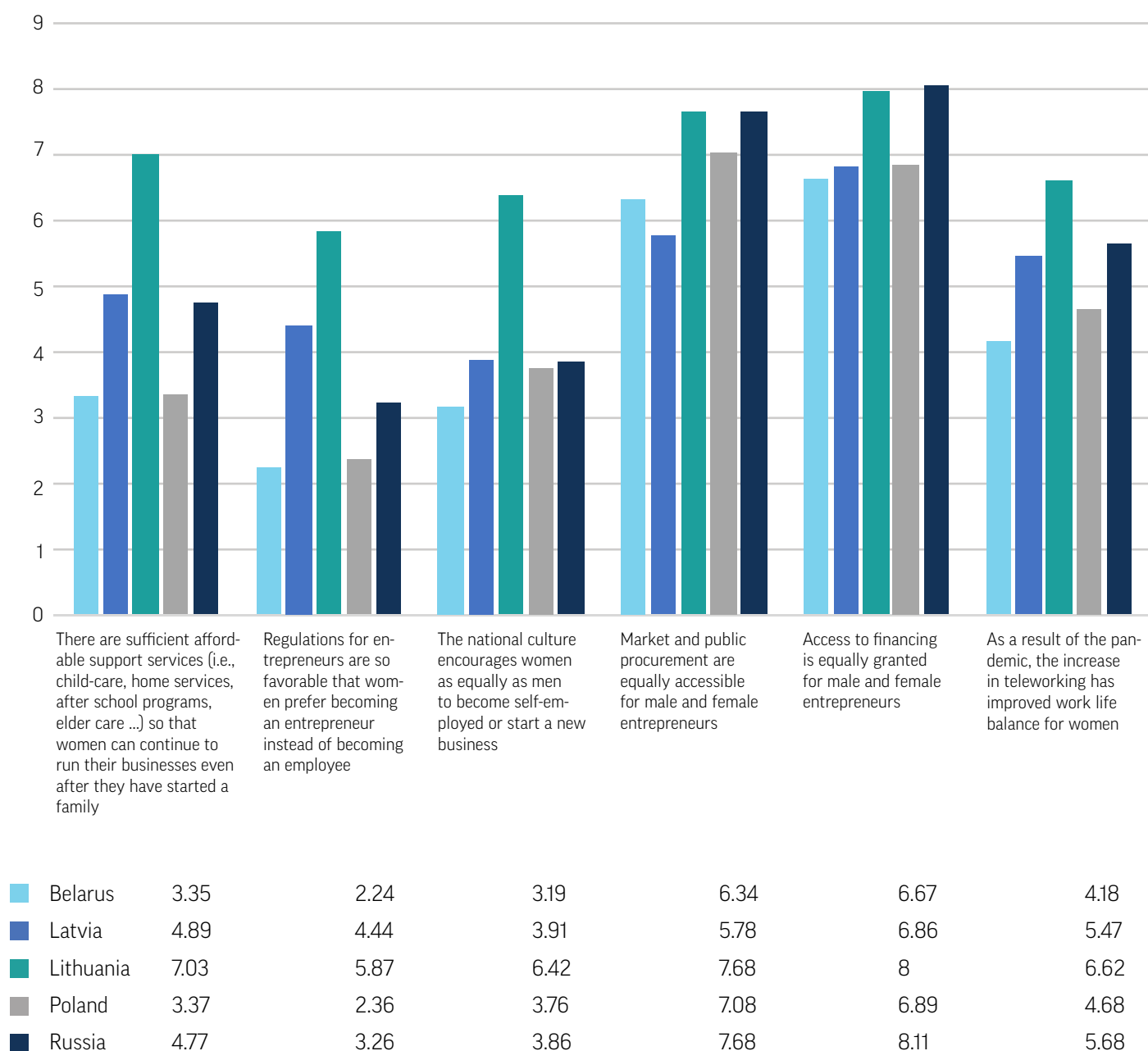


Source: GEM Belarus, 2021.

In addition, GEM proposed to ask a set of questions on conditions for women entrepreneurs in a country (Figure 39). In such areas as affordable support services for women entrepreneurs, favorable regulation for women entrepreneurs, and equal access to entrepreneurial finance, conditions in Belarus are quite comparable to

Poland but worse than in other neighboring countries. At the same time, Lithuania appeared the regional leader once again. The Belarusian ecosystem performs better than the average GEM-participating country concerning public procurement and entrepreneurial finance access.

Figure 39. Environmental conditions for women entrepreneurs



Source: GEM Belarus, 2021.

CONCLUSIONS

Since 2020 the Belarusian economy has experienced repeated extreme shocks, starting with the pandemic, followed by the post-election sociopolitical crisis and Western sanctions, and most recently the consequences of Russian aggression against Ukraine. Against this backdrop, the entrepreneurial landscape and ecosystem have been undergoing substantial transformation, paradoxically driven by both state action and inaction.

The absence of lockdowns and other restrictions enabled most economic sectors to survive except those that suffered from voluntary self-isolation of customers. State support for the economy and entrepreneurs appeared lower than in other Eurasian Economic Union members (Russia, Armenia, Kazakhstan, and Kyrgyzstan) (Russian Academy of Foreign Trade & Research Institute of VEB, 2020), while the government continued providing soft loans to SOEs on preferential terms. To some extent, this prevented a deeper recession and enabled maintenance of the demand for goods and services of businesses (e.g., manufacturing and construction) (Marozau et al., 2021). However, according to GEM 2021/2022, Belarusian entrepreneurs running established businesses evaluated the government's response to the pandemic more favorably than their peers in the countries of reference (Latvia, Poland, Russia) and early-stage entrepreneurs – slightly behind their Russian peers. Together with the decrease of household incomes, layoffs and general economic uncertainty, these factors pre-conditioned the growth of the main indicators of the quantity of the entrepreneurial activity in Belarus. This trend in Belarus looks somewhat

paradoxical, because (a) the population does not appear to be enthusiastic about the present opportunities to start a business (the lowest score among middle-income GEM economies); (b) there is a high level of fear of business failure among the population (highest among middle-income GEM economies); and (c) the entrepreneurial framework conditions, based on expert opinions, deteriorated (lowest among middle-income GEM economies in the NECI rankings). This points to the conclusion that many early-stage entrepreneurs started a business out of necessity. The percentages of early-stage entrepreneurs and established business owners motivated by earning a living because jobs are scarce increased by 19.8 and 28.6 percentage points respectively. For policymakers, stimulating self-employment and entrepreneurship “of any type and scope” may be the solution to unemployment issues in an area, while the entrepreneurial activity in medium- and hi-tech sectors associated with innovative products, export orientation is an important determinant of the total factor productivity and economic growth.

In general, the results signal that both entrepreneurs and the general population lack confidence about the future and this jeopardizes the quality of entrepreneurship. Nevertheless, Belarusians consider starting a business as a good career choice and have a high level of entrepreneurial intentions, at least in comparison with the neighboring reference countries. After two years of the pandemic and political unrest, almost 50% of early-stage and established businesses expected to create new jobs in the following five years, a similar finding to business expectations in 2019.

In general, Belarus still has a relatively higher positions in terms of impactful early-stage entrepreneurship (international orientation, growth expectations and technological intensity) than one may expect based on the population motivation and perception about entrepreneurship as well as on the estimated level of the Entrepreneurial Framework Conditions.

With respect to the entrepreneurship gender gap, it varies across the entrepreneurial process. If in the initial stage, there is a similar share of females and males that expressed their intention to create a business in the near future, there are considerably more women nascent entrepreneurs than men. However, males are more active than females in the more mature stages of the entrepreneurial process: baby businesses and established businesses.

As for the Entrepreneurial Framework Conditions in Belarus, the accessibility of necessary physical infrastructure, internal market dynamics, commercial and professional infrastructure were steadily regarded as the most supportive factors for entrepreneurship development in Belarus in both 2019 and 2021. At the same time, the relevance of government policy for entrepreneurship support, entrepreneurial education at school and government entrepreneurial programs seem to be the most problematic areas in Belarus. Low estimates and a sharp decrease in the indicators for government-related conditions for entrepreneurship can be attributed

to the lack of substantial state support during the COVID-19 pandemic, the interruption of an efficient business-government dialog, as well the pressure put on many businesses and entrepreneurs against the backdrop of the political crisis in Belarus. In this regard, promotion of the policy dialog and cooperation between business and state is a key area for improvements that, however, has some cornerstone prerequisites. First, the resolution of the sociopolitical crisis has to increase policy and social confidence of individuals and businesses. Secondly, the recognition and adherence to the principle of equality between the public and private sector in all spheres are required at the state level. Finally, there is a strong need for more stable tax and economic legislation, independence of the courts and mitigation of excessive state control.

In February 2022, Belarus appeared forced into complicity in Russian aggression against Ukraine. This will cause probably the strongest shock yet for the Belarusian entrepreneurial ecosystem due to aggravated political instability, new waves of sanctions, an economic and financial crisis, immigration, and general uncertainty both in the country and eastern Europe as a whole. The ongoing turbulent period will definitely incur drastic changes in the entrepreneurial landscape in Belarus. However, the most important implications from this GEM Belarus report appear even more relevant now than they did in late 2021.

LIST OF REFERENCES

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Annex 1. Glossary

Adult Population Survey (APS)	The APS is a comprehensive interview questionnaire, administered to a minimum of 2,000 adults in each GEM economy, designed to collect detailed information on the entrepreneurial activities, attitudes and aspirations of respondents.
National Expert Survey (NES)	The NES is completed by selected experts in each GEM economy and collects views on the context in which entrepreneurship takes place in that economy. It provides information about the aspects of a country's socioeconomic characteristics that, according to research, have a significant impact on national entrepreneurship: referred to as the Entrepreneurship Framework Conditions (EFCs).
Total Early-stage Entrepreneurial Activity (TEA)	The percentage of adults (aged 18-64) who are starting or running a new business.
Established Business Ownership (EBO)	The percentage of adults (aged 18-64) who are currently the owner-manager of an established business, i.e. owning and managing a business that has paid salaries, wages or any other payments to the owners, for more than 42 months.
Entrepreneurial Employee Activity (EEA)	The rate of involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary, as part of their job.
Entrepreneurial Framework Conditions (EFCs)	The conditions identified by GEM that enhance (or hinder) new business creation in a given economy, and form the framework for the NES. The conditions are:
A1. Entrepreneurial Finance	Are there sufficient funds for new start-ups?
A2. Ease of Access to Entrepreneurial Finance	And are those funds easy to access?
B1. Government Policy: Support and Relevance	Do they promote and support start-ups?

B2. Government Policy: Taxes and Bureaucracy	Or are new businesses burdened?
C. Government Entrepreneurial Programs	Are quality support programs available?
D1. Entrepreneurial Education at School	Do schools introduce entrepreneurship ideas?
D2. Entrepreneurial Education Post-School	Do colleges offer courses in starting a business?
E. Research and Development Transfers	Can research be translated into new businesses?
F. Commercial and Professional Infrastructure	Are these sufficient and affordable?
G1. Ease of Entry: Market Dynamics	Are markets free, open and growing?
G2. Ease of Entry: Burdens and Regulation	Do regulations encourage or restrict entry?
H. Physical Infrastructure	Is this sufficient and affordable?
I. Social and Cultural Norms	Does culture encourage and celebrate entrepreneurship?
National Entrepreneurial Context Index (NECI)	This summarizes in one figure the average state of 13 national Entrepreneurial Framework Conditions selected by GEM researchers as the most reliable determinants of a favourable environment for entrepreneurship. It is calculated as the simple average of 13 variables that represent the EFCs, and which have been measured through a block of items evaluated by an 11-point Likert scale and summarized by applying factorial analyses (principal component method).
National Team	GEM is a consortium of “National Teams”. Each team is led by a local university or other institution with a strong interest in entrepreneurship. The team is the official national representative of the project: responsible for collecting GEM data in the country on an annual basis, producing a “National Report” on their findings, and acting as the point of contact for GEM enquiries.

Source: GEM Belarus, 2021.

Annex 2. Methodological design

ADULT POPULATION SURVEY (APS)	
Universe	Adult population 18–64 years old
Population	6,012,991 individuals
Sample	2,050 individuals
Confidence level	95%
Margin of error	± 2.16%
Variance	P=Q=50%
Fieldwork	June–July 2021
Methodology	Online

Distribution of the sample

Sample	Gender		Age					Geography	
	Male	Female	18–24	25–34	35–44	45–54	55–64	Rural	Urban
2,050	981	1,069	237	492	472	420	429	403	1,647

The data set is the property of the Global Entrepreneurship Monitor (GEM) Consortium and was collected by the Belarus team for the 2021 GEM edition. For further information, please visit <http://www.gemconsortium.org/>.

Annex 3. GEM Belarus profile



Belarus

■ Population (2020): **9.4 million** (UN)
 ■ GDP per capita (2020; PPP, international \$): **20.2 thousand** (IMF)

Attitudes and perceptions

	% Adults	Rank/47
Know someone who has started a new business	61.3	12
Good opportunities to start a business in my area	25.0	45
It is easy to start a business	34.5	36
Personally have the skills and knowledge	52.0	31
Fear of failure (opportunity)	56.0	1
Entrepreneurial intentions	24.1	17

Entrepreneurship impact

	% Adults	Rank/47
Job expectations (expecting to employ six or more people in five years' time)	3.9	17
International (25%+ revenue)	2.6	8
	% TEA	Rank/46
Always consider social impact	64.3	38
Always consider environmental impact	67.6	34
	% TEA	Rank/47
Industry (% TEA in business services)	20.3	22

An equals sign (=) indicates that the ranking position is tied with another economy or economies.

* Those reporting "decrease" or "strongly decrease".

Motivational

(somewhat or strongly agree)

	% TEA	Rank/47	% 18-34 TEA	% 35-64 TEA
To make a difference	25.5	41	28.9	22.9
Build great wealth	76.2	10	84.0	70.4
Continue family tradition	15.1	41	12.5	16.9
To earn a living	71.5	18	62.6	78.1

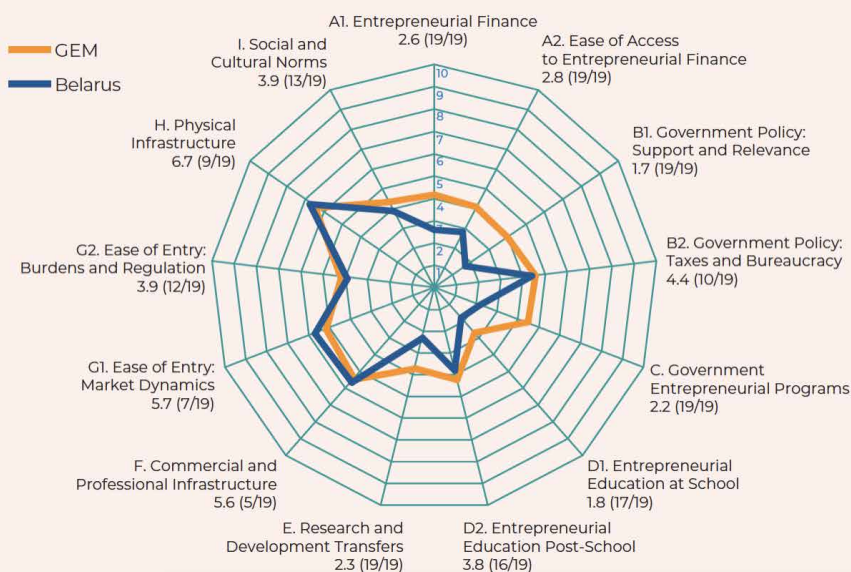
Activity

	% Adults	Rank/47	% Female	% Male
Total early-stage Entrepreneurial Activity	13.5	20	12.9	14.2
Established Business Ownership rate	5.5	26	3.8	7.5
	% Adults	Rank/37	% Female	% Male
Entrepreneurial Employee Activity	2.4	22=	2.3	2.5

COVID-19-related

	% Adults	Rank/47
Pandemic has led household income to decrease*	55.6	16
	% TEA	Rank/47
Starting a business is more difficult than a year ago	66.1	6
Use more digital technology to sell products or services	37.5	39
Pursue new opportunities due to pandemic	30.4	39

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



EFCs scale:
 0 = very inadequate insufficient status,
 10 = very adequate sufficient status.
 Rank out of 19 recorded in brackets

Source: GEM 2021/22 Global Report (Hill et al., 2022).

THE DATA USED IN THE PREPARATION OF THIS REPORT WERE
COLLECTED BY THE GEM CONSORTIUM.

THE ANALYSIS AND INTERPRETATION ARE THE RESPONSIBILITY OF THE
AUTHORS ALONE.