



**Global
Entrepreneurship
Monitor**



TUNISIA

2022 - 2023 NATIONAL REPORT



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IACE is an independent Tunisian Think Tank created in 1984. IACE is gathering more than 500 business leaders. It aims to be a space for reflection and dialogue in order to advocate for the private sector through recommendations, proposals and reforms at various economic levels.

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Innov'i – EU4Innovation is a project funded by the European Union and implemented by Expertise France. This project aims at strengthening and promoting the entrepreneurial and innovative ecosystem in Tunisia.

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Executive Summary

In 2022, Tunisia participated for the fifth time in Global Entrepreneurship Monitor; where the IACE¹, representing the national team for that year, conducted surveys among the population and experts between April and July 2022. The project was funded by Expertise France in the framework of Innov'i project. In fact, a random sample of more than 2,000 Tunisian aged between 18 and 64 years old participated in the adult population survey (APS) while 36 Tunisian experts were interviewed on the entrepreneurial ecosystem in Tunisia through the national expert survey (NES).

Entrepreneurial Activity :

- The entrepreneurial intentions are equal to 50.7%
- The total entrepreneurial activity (TEA) rate is equal to 17.14%
- The established Business owners (EBO) rate equal to 10%
- The rate of business closing is equal to 6.72%

Societal attitudes and self-perceptions:

- Most Tunisians hold a positive perception on entrepreneurship. They consider that it provides a high status in society (83.72%), it is a good career (80.65%) and it receives a high media attention (62.28%).
- The perception on the capabilities of starting a new business is high (78.6%) and the perception on the availability of opportunities is equal to 61.8%.
- The fear from fail indicator is equal to 42.6%

Impact characteristics

- The entrepreneurial activity in Tunisia is dominated by the consumer-oriented sector, has a moderate hiring expectation growth (around 50% of the interviewed entrepreneurs anticipate the addition of 1 and 5 jobs during the next 5 years).
- The entrepreneurial activity in Tunisia deals with local customers and without impactful innovation.
- The entrepreneurial activity in Tunisia interacts modestly with social and environmental issues (in factual steps).

¹ Arab Institute of Business Leaders is a Tunisian economic Think Tank, established since 1984.
<https://iace.tn/think-tank/>

	% Adult	Rank/49
Affiliations		
Know someone who has started a new business	66,6%	7
Self-perceptions		
Opportunities perceptions (good opportunities to start a business in my area in next 6 months)	61,8%	18
Opportunities perceptions (good opportunities to start a business in my area in next 6 months)	61,8%	18
Fear of failure	42,6%	32
Societal attitudes		
Entrepreneurship is perceived as a good career in your country	80,65%	7
Entrepreneurship gives a high status in your country	83,72%	13
Entrepreneurship has a high media attention in your country	62,28%	34
Ease to start a business **	44,73% (among those who perceived opportunities not the adult)	
Activity		
Entrepreneurial intentions	50,7%	4
Total early-stage Entrepreneurial Activity (TEA)	17%	12
Established Business Ownership rate (EBO)	10%	8
Exit of an entrepreneurial activity (with a cessation of activity)	6,72%	8

TABLE 1:

A snapshot of Tunisia Entrepreneurial profile Among participating countries in 2022

Introduction

The Tunisian economic situation has been vulnerable since 2011, due to political instability, accentuated by the COVID-19 pandemic, the international turbulence (Ukraine-Russia War) and the climate change risk (dryness). All these factors lead to alarming macroeconomic indicators: GDP grew by nearly 3%, inflation reached almost 10%, the unemployment rate exceeded 15%² and the Tunisian sovereign debt is facing an unprecedented deterioration³.

Scholars have investigated the role of entrepreneurship in all economic phases: during expansion, during crisis and during subsequent recovery. In turbulent times, the role of entrepreneurship is the most puzzling. On the one hand, throughout crisis, entrepreneurship may be negatively impacted due a decrease in business volume and a threat in entrepreneurs' psychology. On the other hand, crisis can lead to positive repercussions by providing impetus for the development of new 'entrepreneurial' opportunities.

Nevertheless, given the essential role of entrepreneurship in economic health during both regular and turbulent times, governments, practitioners and all stakeholders have urgent need accessing reliable data in order better assess the entrepreneurial ecosystem.

The global Entrepreneurship Monitor (GEM) as an international network consortium provides a unique, global, robust and useful dataset where data are gathered directly from individual entrepreneurs. Participating individuals are interrogated on their perceptions, beliefs and intentions in regards to entrepreneurial activities. Thus, it provides a quantification to unregistered field of the economy. In other words, GEM offers an assessment to several indicators that are not covered by official statistics.

Thereby, this report constituting the fourth Tunisian GEM national report⁴, will highlight GEM findings related to entrepreneurship environment in Tunisia after conducting a rigorous, homogeneous qualitative study in all participating countries in this consortium. After a description of the GEM methodology, this report will be structured as follow; the first chapter will describe the societal attitudes and self-perception of entrepreneurship in Tunisia.

The second chapter will highlight the entrepreneurial phases indicators, and the third chapter will investigate the entrepreneurial impact. The fourth chapter will be dedicated to national expert survey findings and the last chapter will elaborate the demographic features of Tunisian entrepreneurs across entrepreneurial phases.

² Tunisian National Institute of statistics (<http://www.ins.tn/>)

³ <https://tradingeconomics.com/tunisia/rating>

⁴ Tunisia submitted national reports to the GEM in 2009, 2010 and 2012. However, in 2015 Tunisia conducted the data gathering without the submission of national report.

Global Entrepreneurship Monitor (GEM) Methodology:

Global Entrepreneurship Monitor (GEM) was founded in 1999 by forward-thinking academics at its founding organizations: Babson College in Boston, USA, and London Business School in the UK. This collaboration quickly grew from a handful of economies to what is today the most extensive and longest-running global study of entrepreneurship. The GEM is a networked consortium of national country teams that conducts global surveys on entrepreneurial ecosystem. This organization constitute a unique direct database that provides data relative to the entrepreneurship environment and entrepreneurs profiles across participating countries. The GEM research is built on two complementary fundamental surveys that annually monitor entrepreneurial attributes and activities; the first is Adult Population Survey (APS), it is perceived as a structured random sample of at least 2,000 adults (aged 18–64) in each participating country, the second is the National Expert Survey (NES), every GEM National Team invites at least 36 identified national experts to fill an online survey in which they each evaluate a number of items relating to their national entrepreneurial environment conditions ⁵. The GEM model present from different socio-economic characteristics and conditions (education, laws, infrastructure, technology, finance, R&D, etc.) the impacts of social, cultural and political environment on attitudes, aspirations and entrepreneurial activity

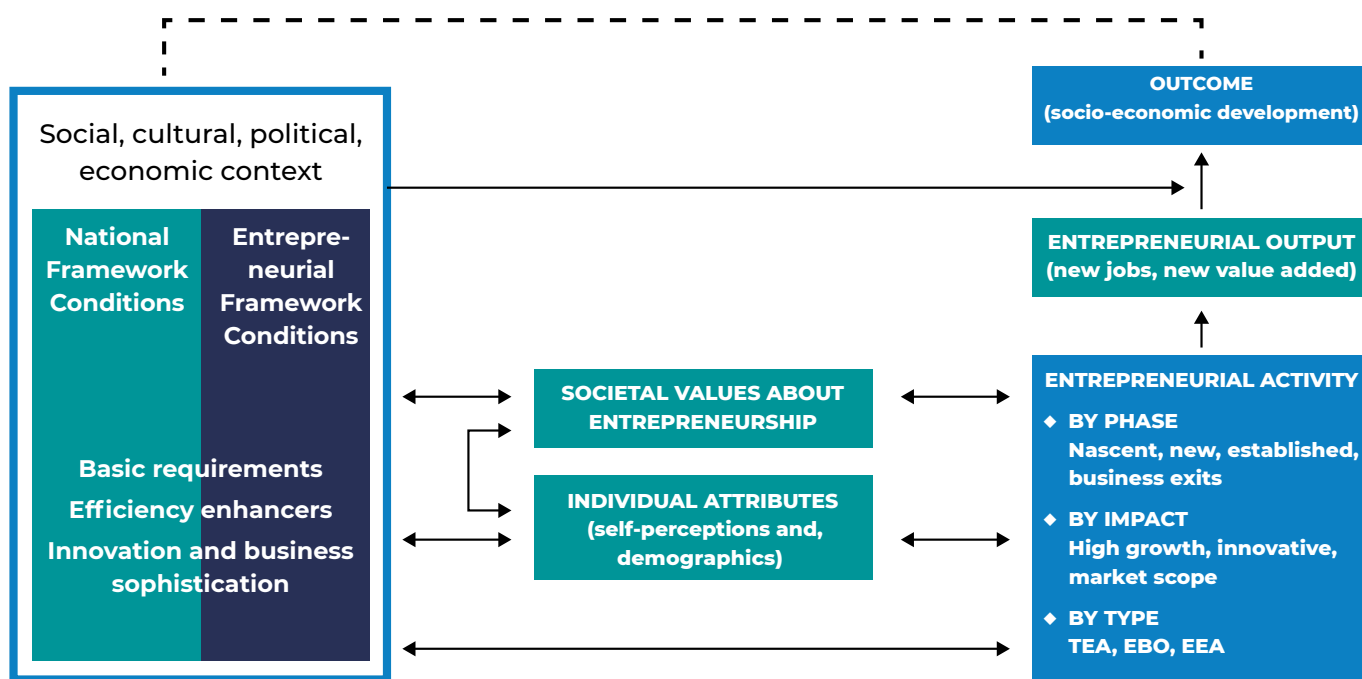


Figure 1:
The GEM conceptual Framework

Source:
Global GEM (2022)

⁵Global GEM report, 2022

One of the most prominent features of the GEM is the use of a similar research design in all participating countries in order to ensure consistency and comparability of the data. Indeed, a rigorous process should be respected by national and global teams. First, data are collected during the same period of time (between April and June each year), following the same APS and NES templates conducted by the national teams. Second, a quality control is induced by global data analysts of the GEM on the collected data at national levels and a standardization of the variables (indicators). Once the verification is done, the national teams obtain their national standardized data.

National Tunisia GEM Data

Adult Population Surveys (APS) Data:

The adult population survey was conducted on a randomly selected sample of 2,110 Tunisian adults aged between 18 and 64, slightly equally divided by gender (1081 male and 1029 Female), from all geographic regions in Tunisia. Data was gathered by the IACE , between April and June 2022 through phone interviews.

National Expert Survey (NES) Data

The National Expert Survey (NES) covers 13 key areas describing the entrepreneurial framework conditions. It was conducted with 36 experts in Tunisia, collected by IACE. These experts were selected from different fields; academicians, high officers in ministries, working in banking sector, engineers. These national experts were selected based on their knowledge, experience, and reputation.

GEM 2022 participating countries

Through 24 years from its first edition, the GEM was able to acquire the trust of more and more countries each year. In fact, the rigorous and robust adopted methodology in addition to the insightful findings, attracted an increasing number of participating countries to this entrepreneurship consortium, each year.

In 2022, GEM published the 24th annual global report which draws on extensive survey results from 51 economies across the world ⁶.

The table below shows the participating countries in GEM in 2022, categorized according to the GDP per capita, using the World Bank data. All the 51 economies in the table below have participated both in the APS and the NES, except Italy and Argentina that only figure in the NES.

⁶Global GEM report, 2022

Level A >\$40,000	Level B >\$20,000<\$40,000	Level C <\$20,000
Austria	Argentina	Brazil
Canada	Chile	China
Cyprus	Croatia	Colombia
France	Greece	Egypt
Germany	Hungary	Guatemala
Israel	Latvia	India
Italy	Mexico	Indonesia
Japan	Oman	Iran
Lithuania	Lithuania	Morocco
Luxembourg	Oman	South Africa
Netherlands	Panama	Togo
Norway	Poland	Tunisia
Qatar	Puerto Rico	Venezuela
Republic of Korea	Romania	
Slovenia	Serbia	
Spain	Slovak Republic	
Sweden	Spain	
Switzerland	Taiwan	
United Arab Emirates	Uruguay	
United Kingdom		
United States		

Table 2:
Economies in GEM 2022, categorized by income group (GDP/Cap)

Source:
Global GEM (2022)

Chapter 1:

Societal attitudes, affiliation and self-perceptions about Entrepreneurship

The fundamental role of entrepreneurship in economic development leads to a deep investigation of its crucial drives, by scholars, practitioners and decision makers. In fact, in order to better promote the entrepreneurial activities, we need to detect and control all factors that may impact entrepreneurship. In this chapter, we will present the assessed factors according to the GEM framework which are societal attitudes, affiliations and self-perceptions.

Section 1: Societal Attitudes

Societal attitudes can be defined as the general mindset among a collectivity or a society toward a particular issue. It refers to the widespread mindset in a society towards a specific topic, belief or behavior. The GEM design offers a quantification to societal attitudes toward entrepreneurship through 4 questions in the APS related to the societal attitudes of the entrepreneurial career. In fact, the population aged between 18 and 64 years old is asked whether entrepreneurship is considered as an attractive career path that provides a high status and a high media attention and whether starting a new business is easily achievable in their country.

Tunisian interviewed population believe that starting a new business is a good choice and is considered as an attractive career path which provides a high societal status. Data have shown a slight decrease between 2012 and 2022 in Tunisia, but it is still the highest among the four GEM indicators. Perhaps, this decrease can be explained by the macroeconomic fragility after the Covid-19 pandemic.

The only increase was in the media attention indicator, which reveals that 62.28% of the interviewed population consider that entrepreneurship is well covered by media in Tunisia. This can be explained by the increase in the number of radios and televisions as well as the internet coverage during this decade.

Societal attitudes	2012	2015	2022
Good Career %	88%	71,1%	80,65%
Rank	NA	16/69	7/49
High status %	94%	72,1%	83,72%
Rank	NA%	19/69	13/49
Media Attention%	48%	NA	62,28%
Rank	NA	NA	34/49
Ease of starting a business %	NA	NA	44,73%
Rank	NA	NA	30/49

Table 3:

Societal attitudes toward Entrepreneurship of the adult population in Tunisia, 2022

Source of data:

GEM Tunisia
(Adult population Survey, 2022)

The fourth indicator “Ease of starting a business” reveals that 44.73% of the interviewed population consider that there is an easiness and flexibility in the procedures of starting a new business in Tunisia. In fact, this indicator implicitly evaluates the efficiency of government policies implemented in order to reduce bureaucracy and facilitate business creation. From a global perception, Tunisia is ranked 30 among 49 participating countries as shown in the figure below.

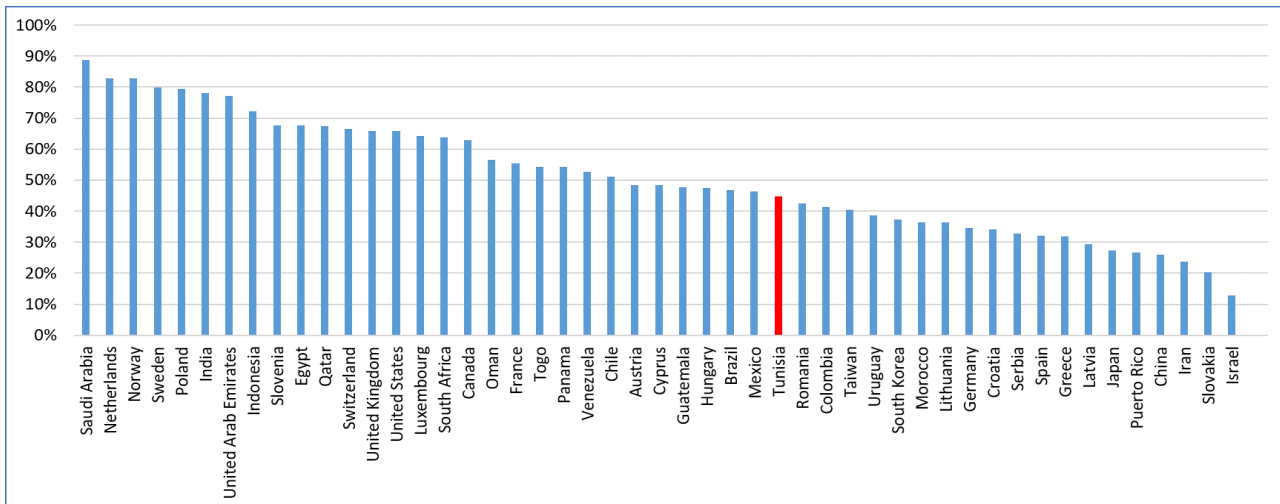


Figure 2:

Ease to start a business of the adult population for the GEM participating countries in 2022

Source:

Global GEM (2022)

Section 2: Affiliations and Self-Perceptions

The GEM framework defines the degree of affiliation by interrogating the population whether they know someone who has started a business in the past 2 years. The self-perceptions of the interviewed sample refer to their perception of opportunities, perception of capabilities, and fear of failure.

- The affiliation indicator appears through the question in the APS: Do you **know someone who has started a business in the past two years?** This indicator illustrates the importance of networking in the entrepreneurial activity. Undeniably, by increasing the size of their network, entrepreneurs may get important new knowledge from others and are able to detect new opportunities. This indicator shows a significant increase since 2012. In fact, 66.6% of the surveyed population knows at least one entrepreneur in their network. This jump can be explained by the expansion of internet use, according to the World Bank Database, the percentage of Tunisians using internet increased from 41% in 2012 to 72% in 2020 ⁷.

Societal attitudes	2012	2015	2022
Knows someone who start a business	35%	NA	66,6%
Rank	NA	NA	7/49

Table 4:

Share of the adult population in Tunisia that knows someone who started a business in the past 2 years

Source of data:

GEM Tunisia (Adult population Survey, 2022)

⁷ <https://data.worldbank.org/country/tunisia>

■ The self-perceptions are related to the perceptions of **opportunities** (the asked person believes that there might be enough opportunities in the next 6 months to start a new business) and the perception of **capabilities** (the asked person perceives himself as having the required knowledge and skills to start a new business). These two rates increased between 2012 and 2022 as shown in the table below.

Despite the high political risk, (according to last political risk index ⁸, Tunisia is ranked 82 among 100 countries in 2021), and the economic fragility (low GDP growth, high inflation and high unemployment rates), 61.8% of the 18-64 years old Tunisian respondents to the APS in 2022 believed in the existence of opportunities in the next 6 months to start new businesses. In addition, approximately 78% of Tunisian respondents consider that they possessed the requisite knowledge and skills to start a new business. This high rate of capabilities perception can be explained by the leading position of Tunisia in the educative system since the independence compared to other MENA region countries. In fact, according to the World Bank statistics, the literacy rate of Tunisian adults in 2021 is around 83%.

Societal attitudes	2012	2015	2022
Perceived opportunities	33%	48,8%	61,8%
Rank	NA	16/60	18/49
Perceived capabilities	62%	59,9%	78,6%
Rank	NA%	16/90	4/49
Fear of Failure ⁹	15%	40,3%	42,6%
Rank	NA	41/60	32/49

Table 5:

Self-perception indicators toward entrepreneurship of the adult population in Tunisia, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

■ Beside the perception of opportunities and capabilities, self-perceptions assessment according to GEM approach is also elaborated through the indicator **“fear of failure”** among those who perceived opportunities. Fear of failure that was originally conceptualized in psychology literature, is a central component in the entrepreneurial process, since it may constitute a barrier to business creation. According to the 2022 APS in Tunisia, 42.6% of the proportion of those who perceive opportunities in the next 6 months among the total asked adult population, do not want to start a business because they have a fear of failure. Many factors can be behind the increase of this rate between 2012 and 2022.

The COVID-19 pandemic was a contributing factor, obviously, accentuated by the economic fragility in Tunisia. In addition, it is culturally common in Arabian countries that people tend to avoid uncertain situations and prefer stable jobs rather than taking the risk of starting a business. Below an illustrative figure of this indicator among all participating countries in 2022.

⁸ <https://www.prsgroup.com/political-risk-index-september-2021/>

⁹ Among those who perceived opportunities

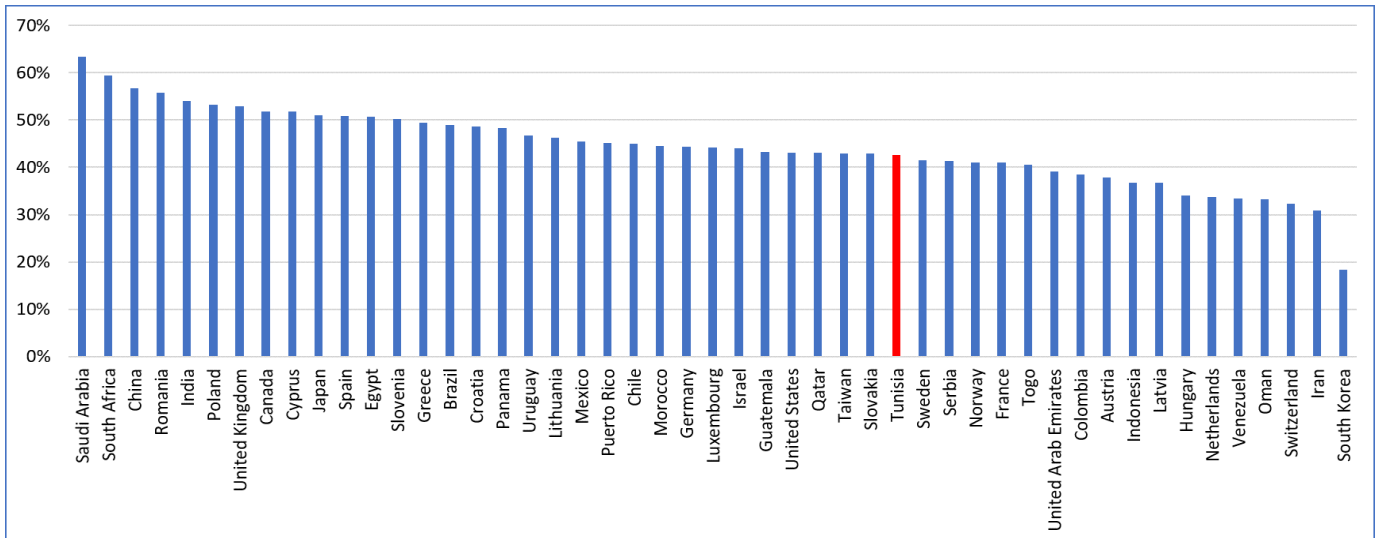


Figure 3:

Fair of Fail among those seeing opportunities in adult population of participating countries in 2022

Source:

Global GEM (2022)

Chapter 2:

Phases of Entrepreneurship

The entrepreneurial process, according to the GEM approach, can be summarized in 4 phases: the conception, the firm birth, the persistence and the exit phase. The conception phase is related to the entrepreneurial intentions; those who aspire to start a new business in the future (the next 3 years), thus it quantifies the potential entrepreneurs. The firm birth, according to the GEM appellation, is the total early entrepreneurial activity (TEA), a phase which contains two steps; the nascent entrepreneurs and the owner-manager of new business, both are in entrepreneurial activity for a period of time less than 3.5 years. The persistence phase quantifies the entrepreneurial activities that succeed to preserve their continuity for a period of time that exceed 3.5 years, hence it's an assessment of the established entrepreneurs. The last phase of the process is the exit, where the entrepreneur quit the business.

The entrepreneurial phases can be summarized as the exhibit below shows:

Potential Entrepreneurs Entrepreneurial Intentions	Nascent Entrepreneurs (Involved in setting up a business, who have not yet paid salaries for 3 months)	Owner-Manager of a new business (Who have paid wages for more than 3 months but less than 3.5 years).	Owner -Manager of an Established Business (More than 3.5 years old)	Exiting the Business
Conception	Firm Birth Total-Early Entrepreneurial Activity (TEA)		Persistence	Exit

Table 6:
GEM Methodology on Entrepreneurship Phases

Source:
The authors

Section 1: Societal Attitudes

This phase aims to detect potential entrepreneurs among the interviewed population aged between 18 and 64 years old, i.e., the rate of those who are intending to start a new business in the next 3 years. It may be considered as a measure of the degree of readiness for entrepreneurship, in other words the level of entrepreneurial ambition in a country. In the Tunisian context, this indicator has known a sharp increase between 2012, 2015 and 2022 as shown in table below. In 2022, 50.67% of the interviewed Tunisian adult population have the ambition to start a new business in the next 3 years. This high rate of potential entrepreneurs is not surprising given the positive societal attitudes, the high affiliation and the high perception of capabilities of Tunisian interviewed population in 2022.

	Tunisia (2012)	Rank	Tunisia (2015)	Rank/60	Tunisia (2022)	Rank/49
Entrepreneurial Intentions	22%	NA	28,8%	17	50,67%	4

Table 7:

Entrepreneurial Intentions in Tunisia

Source:

The authors, GEM Tunisia, 2022

From a global perspective, Tunisia is ranked 4th over 49 participating countries as shown in the figure below.

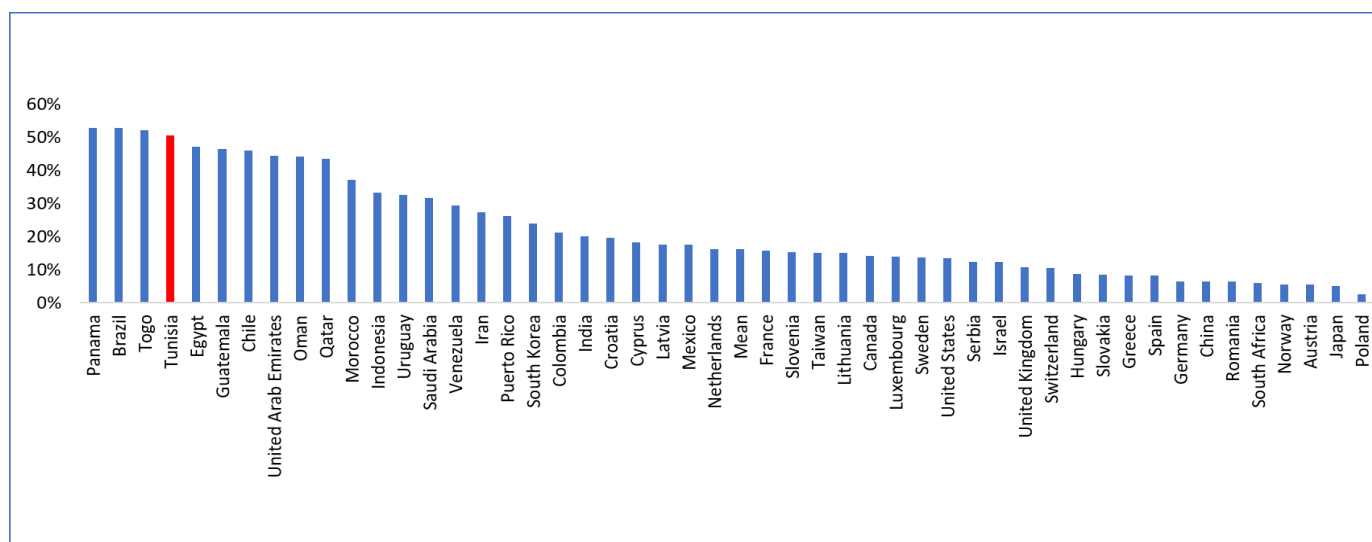


Figure 4:

Entrepreneurial Intentions in the adult population of the participating countries in 2022

Source:

Global GEM (2022)

Section 2: Total Entrepreneurial Activity (TEA)

Total early-stage entrepreneurial activity is the most important GEM indicators. This indicator reveals the number of entrepreneurs in each economy. It has become a preferred indicator of entrepreneurship in many scientific studies, (Neumann, 2021)¹⁰. According to GEM methodology, this indicator includes both nascent entrepreneurs (those who have not yet paid salaries for three months) and new entrepreneurs (those who have paid wages for more than three months but less than three and a half years, minus any double-counting where entrepreneurs are engaged in both).

Before analyzing the TEA rate in the APS conducted in Tunisia in 2022, we will highlight the motivations behind the decision of becoming an entrepreneur.

■ Motivations:

Scholars highlighted two categories for entrepreneurship motivations; push and pull theories. The push theory argues that individuals are pushed into entrepreneurship by obligation, they choose entrepreneurship career due to negative external economic and social factors such as job scarcity. This situation is known as necessity entrepreneurship, or as an involuntary entrepreneurship.

¹⁰ <https://www.sciencedirect.com/science/article/pii/S0959652622038896>

However, the pull theory consider that individuals are attracted to entrepreneurship activity due to personal motivations such as independence, self-fulfillment, wealth and other desirable outcomes, this situation is described as opportunity entrepreneurship or voluntary entrepreneurship.

This idea, well developed by academicians in the economic literature, was although analyzed on GEM methodology; through interrogating the sample about the motives behind the selection of entrepreneurial career.

These motives can be either personal (to achieve high satisfaction and to make a difference in the world) or external (lack of career alternatives).

90% of the asked early-stage entrepreneurs in the APS conducted in Tunisia in 2022, have chosen this career due to a lack of other options to entering the labor market.

By comparing data between 2012 and 2022, we can notice a significant increase in the necessity motives (from 37% in 2012 to 89.70 in 2022), which was expected, due to the economic, social and political turbulences during last decade; since 2016 the Tunisian government had considerably decreased the recruitment rate in public institutions.

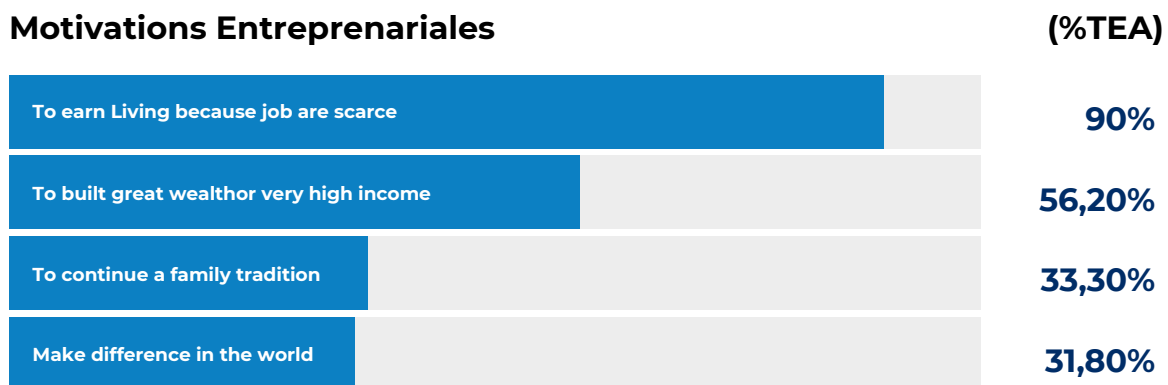


Figure 5:

Distribution of Tunisian Entrepreneurs in Early-Stage according to their motivations in 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

As shown in the table below, 17.14% of the interviewed population can be considered as entrepreneurs at early stage, as they started running their own business for a period that still didn't exceed 3.5 years, in 2022.

The increase of the proportion of adults starting or running businesses can therefore be explained, as discussed above, by job scarcity, and partially by Tunisian government reforms and initiatives like the Startup Act in 2018 ¹¹.

As highlighted earlier, the two early-stage components are the nascent entrepreneurs (those who have not yet paid salaries) and the new entrepreneurs (those who have paid wages for more than three months but less than 3.5 years). These two stages represented 2% in 2012. Ten years later, the nascent entrepreneurs rate increased to 11.97%, while the new entrepreneur rate increased to only 5.29%. This difference can be explained by the difficulties

¹¹ https://startup.gov.tn/fr/startup_act/discover#:~:text=Con%C3%A7u%20pour%20faciliter%20le%20lancement,les%20investisseurs%20et%20les%20startups.

to overcome the first barriers in an entrepreneurial career, that are, being able to pay primarily liabilities and achieve higher mature level of the business process.

Indicators	2012	2015	2022
TEA	5%	10,1%	17,14%
Rank	NA	33/60	12/49
Nascent entrepreneurs	2%	5,4%	11,97%
Rank	NA%	NA	9/49
New Entrepreneurs	2%	4,9%	5,29%
Rank	NA	NA	17/49

Table 8:
Total Early Entrepreneurship rate in Tunisia

Source of data:
GEM Tunisia
(Adult population Survey, 2022)

In the figure below we present the TEA for all 49 participating countries in the 2022 GEM report.

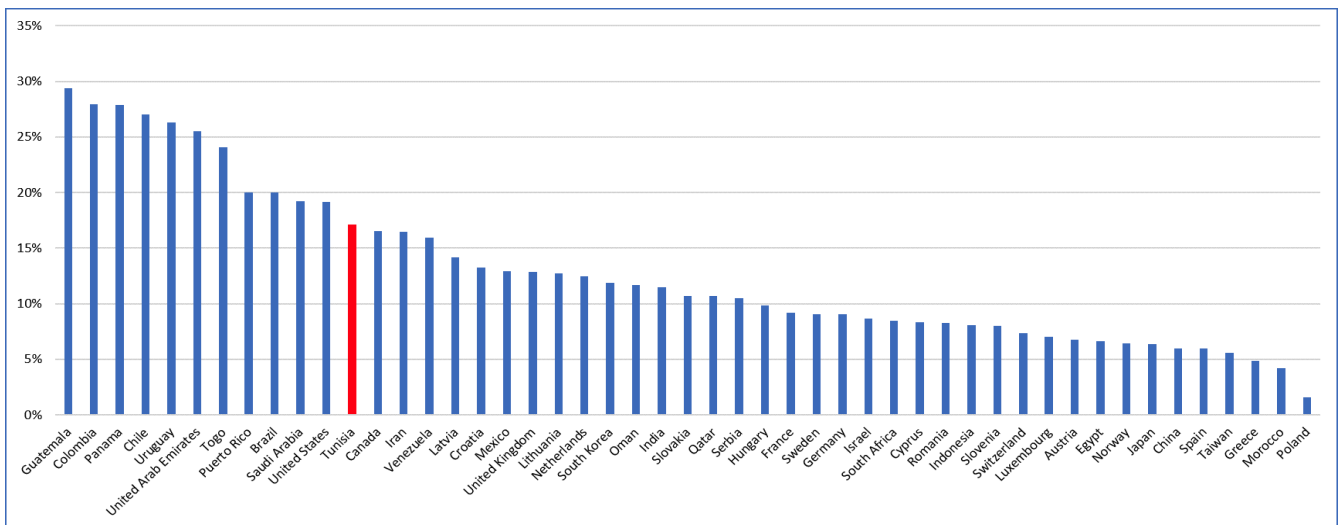


Figure 6:
TEA rates across adult population of participating countries in the GEM 2022

Source:
Global GEM (2022)

Section 3: Established Business Ownership (EBO)

Established business ownership indicates the proportion of the interviewed population in the APS which is involved in entrepreneurial activities that pay wages for a period that exceeds 3.5 years. The rate of established business ownership increased to 10.04% in 2022 in Tunisia. Therefore, 10% of the asked population is resilient and was able to reach a mature phase with their businesses.

	2012	2015	2022
Entrepreneurial Intentions	4%	50,67%	10%
Rank	NA	44/60	8/49

Table 9:
Established Businesses rate in Tunisia

Source of data:
GEM Tunisia
(Adult population Survey, 2022)

In the figure below, we will compare the rate of total-early entrepreneurship activity (TEA) and the rate of established business-ownership activity (EBO), the TEA exceed the (EBO).

Thus, policy makers should implement programs that enhance the resilience of early-stage businesses, where a high rate of businesses can leap barriers and continue their existence in the market. The idealistic situation is a reduction of the gap between these two phases.

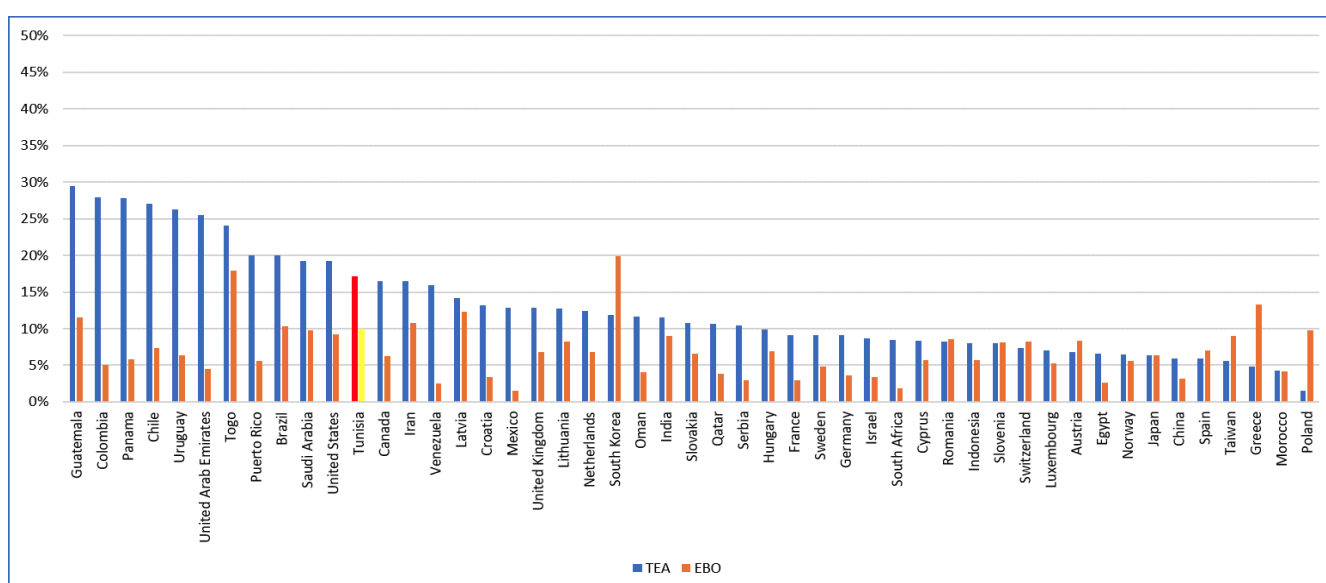


Figure 7:
TEA and EBO comparison for the participating countries in 2022

Source:
Global GEM (2022)

Section 4: Exit and continuation

We can distinguish between two situations in this phase; the first, a cessation of business activity (closure) which is the worst situation, while the second is when the entrepreneur quit her/his activity but the business continues, known as business transfer and considered as a healthy situation. The table below describes the two rates in the Tunisian context.

	2015	2022
Exit, business did not continue	3,5%	6,72%
Rank	NA	8/49
Exit, business did not continue	0,5%	2,05%
Rank	NA	12/49

Table 10:
Exit and continuation of entrepreneurship activity in Tunisia

Source of data:
GEM Tunisia
(Adult population Survey, 2022)

The distinction made at this phase between these two indicators; exit with a continuity of the business and an exit with a closure (the business did not continue) is fundamental. In fact, the exit where the business did not continue is a synonym of a failure of the entrepreneurial activity, however the exit with continuity of the business indicates a situation where the business is sold, a situation of preservation of the entrepreneurial activity; which reveals a healthy entrepreneurship environment. We can notice that only 2.05% of the interviewed population in Tunisia in 2022 were able to transfer their business, thus preserve the project.

The figure below shows an international overview of these two rates among 49 economies participating in the GEM 2022.

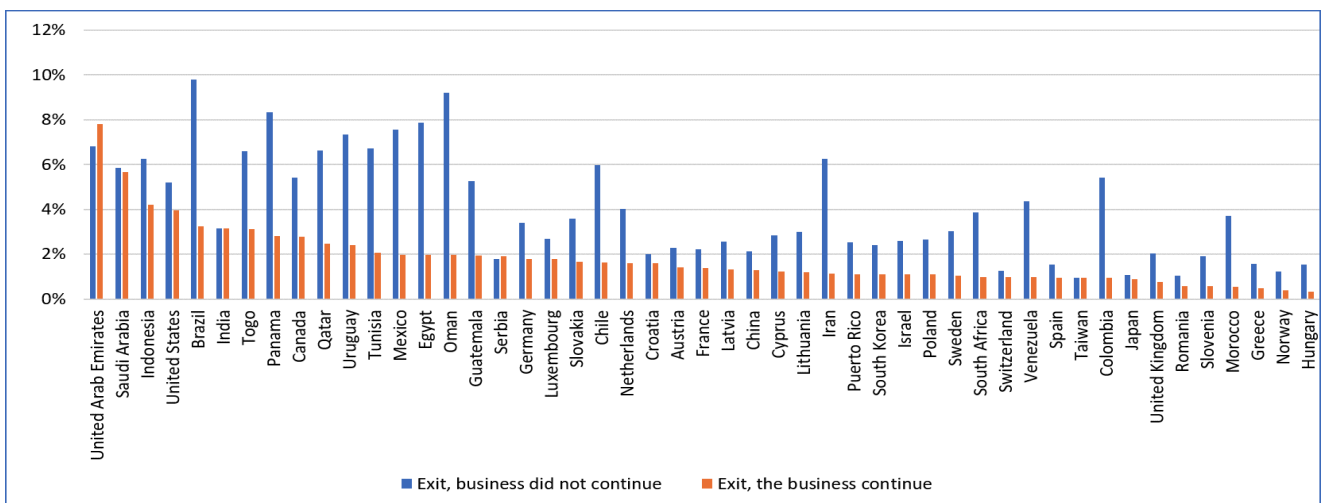


Figure 8: Entrepreneurial Exit and closures for participating countries in 2022

Source: Global GEM (2022)

- Many factors can lead to leaving the entrepreneurial activity, the GEM survey identifies 9 reasons: the business is not profitable, family or personal reasons, another job or business opportunities, government tax policy and bureaucracy, an opportunity to sell, problems of getting finance, retirement, incidents or due to Covid-19 pandemic. The figure below describes the different reasons behind the business cessation according to the interviewed Tunisian population in 2022. Results show that 36.4% of the interviewed population exit an entrepreneurial activity because business is not profitable; 15.40% of them quit their project due to a personal or family reason and the Covid-19 pandemic. 14.2% of the interviewed sample exit their businesses due to problems in getting finance.

Raisons to exist business

Exit raisons (%TEA)

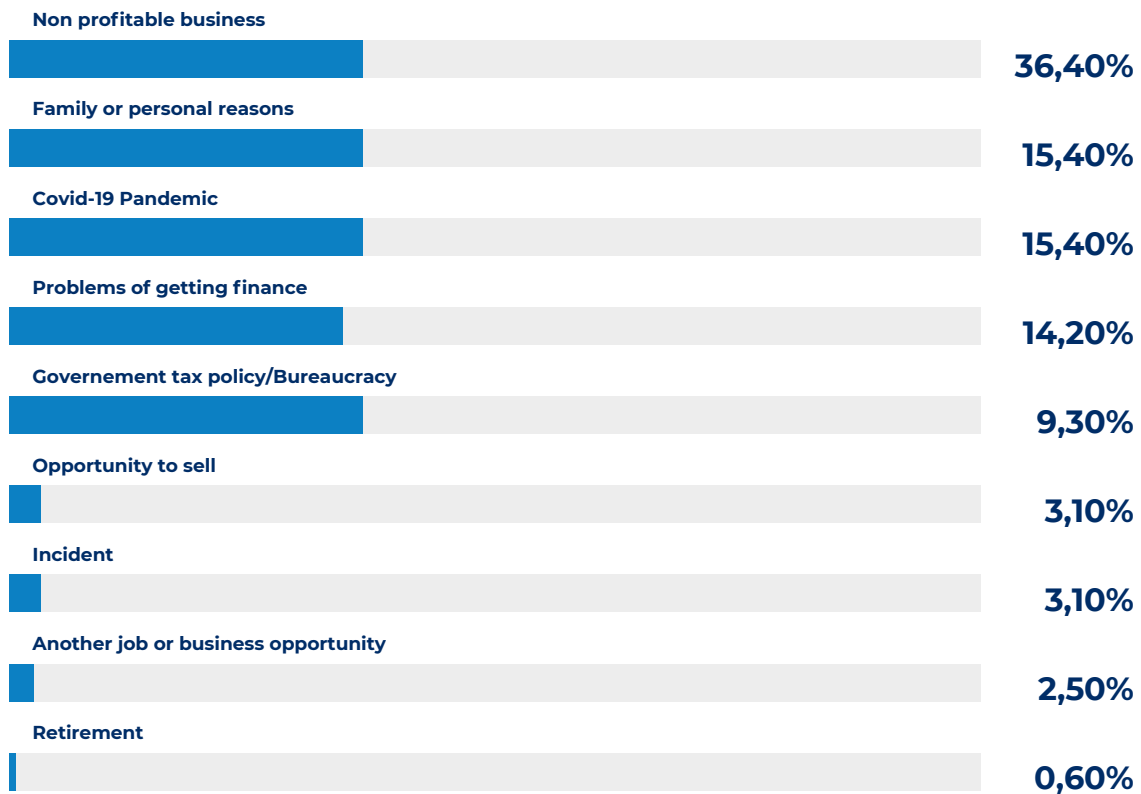


Figure 9:

Entrepreneurial Exit reasons in Tunisia in 2022

Source of data:

GEM Tunisia
(Adult population Survey, 2022)

The access to funds for companies is one of the classic financial problems. An abundant literature investigated this question mainly for mature firms, however, the problem of raising capital is more accentuated for early-stage firms. In fact, mature companies have easier access to capital either through bank loans or through the financial markets (equity or bonds) emission. However, despite their high capital needs and their high potential growth, early-stage entrepreneurs don't have enough financing sources. For instance, they must seek other sources, starting with family members, friends, coworkers, qualified by the GEM as informal investors (according to GEM appellation, informal investor refers to the percentage of the population that provided informal investment to entrepreneurs). In the Tunisian context, this rate is approximately 9.6% with the 6th rank over 49 participating countries. The high level of the "informal investor" indicator can reveal two scenarios, either a high level of solidarity with the entrepreneurs in society or high impediments toward banking system.

Chapter 3:

Entrepreneurial impact

One of the most developed frameworks that is expected to enhance economic growth is entrepreneurship. Many empirical studies demonstrated a significant link between entrepreneurial activities and job creation, GDP growth, market innovation and long-term productivity increases. In this chapter, we will highlight the impact of the entrepreneurial activity on job creation growth, competitiveness and innovation, using the APS results conducted in Tunisia in 2022.

Section 1: Impact on industries

The early-stage entrepreneurs (both nascent and new entrepreneurs) are categorized according to their sectors of activities. The Tunisian entrepreneurs are asked to describe in which sector they operate: extractive, transforming, business-orientated or consumer-orientated. We can observe that “the consumer-orientated”¹² sector dominates all others, in 2022.

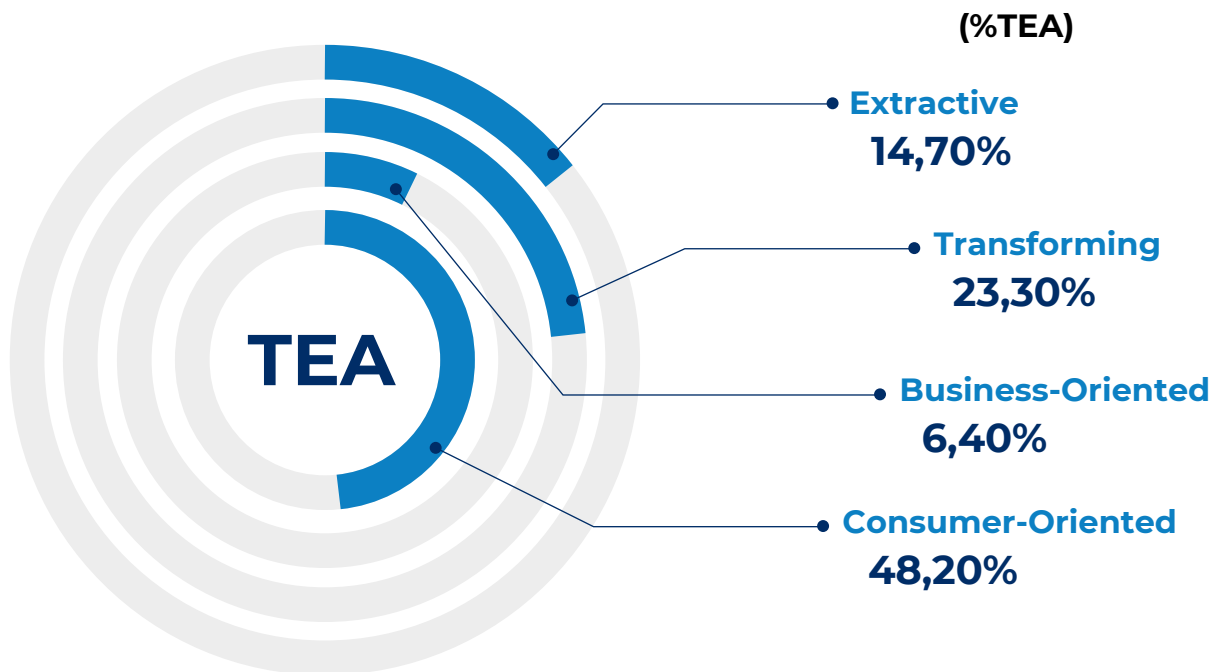


Figure 10:

Sector Distribution of the Total Early Entrepreneurial-Activity in Tunisia, 2022

Source of data:

GEM Tunisia
(Adult population Survey, 2022)

¹² It's a business approach that puts the needs of the customer over the needs of the business.

Section 2: Impact on job creation

The promotion of entrepreneurship is becoming a national strategy in several countries, since it is an efficient way to Decrease unemployment rates.

In order to quantify the job creation growth expectations realized by entrepreneurs in their economy, GEM considers a question in the APS related to the current staff members (excluding partners and owners) and potential recruitment in 5 years among entrepreneurs at both early and established stages.

In fact, prospective hiring can reflect the ambition of entrepreneurs and their potential contribution in job creation, in other words, the potential unemployment absorption by entrepreneurs in the next five years.

The difference between current and expected employees reflects growth expectations in job creation. Definitely, the error term is extremely high since entrepreneurs are optimistic regarding their potential growth. In reality, many efforts will fail, thus these rates cannot be considered as projections.

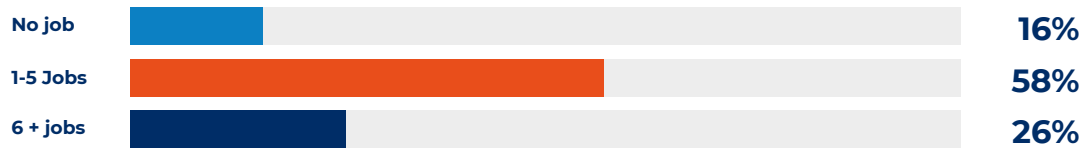
In the figures below, we present the realized and the expected number of jobs in 5 years for the asked Tunisian entrepreneurs (nascent, new and established) in the APS of 2022. The Tunisian economic spectrum is mainly polarized between small and medium firms and small businesses, which can be characterized by a limited potential of job creation.

We can observe that 95% of the interviewed Tunisian nascent entrepreneurs (that still do not pay wages) in 2022, have no current jobs, which is actually the case of micro-entrepreneurs (called also auto-entrepreneurs). In addition, 58% of this category of entrepreneurs aspire to recruit 5 or fewer employees in the next 5 years.

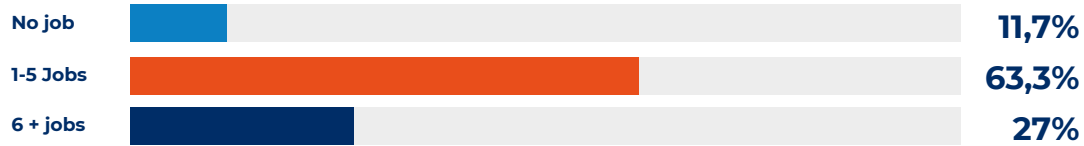
The new business owners (entrepreneurs that paid wages for a period higher than 3 months and not exceed 3.5 years) have the highest current number of employees and the highest expected job creation in the next 5 years, in comparison with nascent and established entrepreneurs that have moderate hiring plans.

The message that emerges from these findings is in line with the literature which argues that small firms tend to contribute more in job creation than larger (established) firms. We emphasize that expected job hiring is a measure of the degree of optimism, that it may not reflect reality.

Nascent Entrepreneurs



New Business-Owners



Established Entrepreneurs



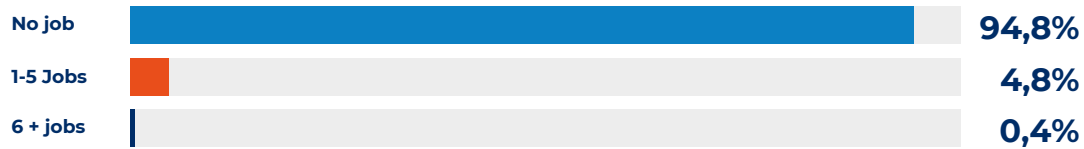
Figure 11:

Expected number of jobs in 5 years by Entrepreneurial phases in Tunisia

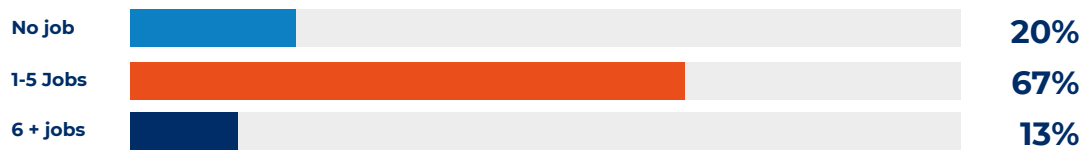
Source of data:

GEM Tunisia (Adult population Survey, 2022)

Nascent Entrepreneurs



New Business-Owners



Established Entrepreneurs

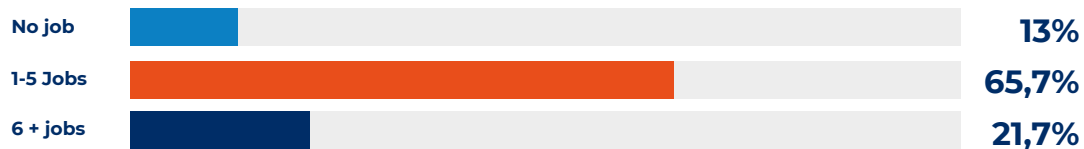


Figure 12:

Current number of jobs by entrepreneurial phases in Tunisia, 2022

Source of data:

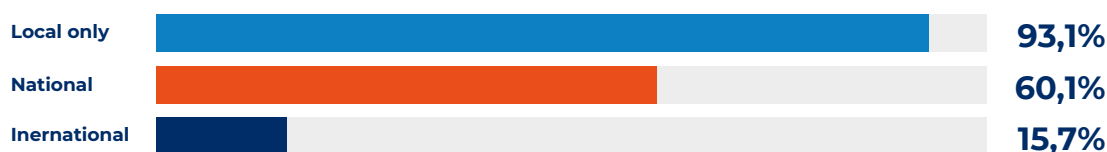
GEM Tunisia (Adult population Survey, 2022)

Section 3: Impact on competitiveness

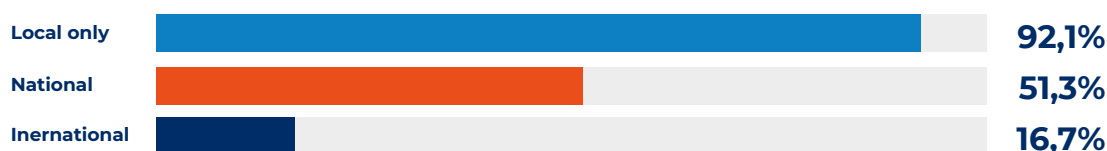
Since 2019, GEM has added a new question to the APS relative to the scope of business customers; whether they are based in the local area, in the country or outside of the country ¹³.

The figure below shows the geographic locations of the customers across all entrepreneurial activity phases. The highest portion of customers for all entrepreneurs at different stages is local. As a result of their small size and the lack of resources they are facing, Tunisian companies are unable to implement differentiation and domination strategies in order to improve their competitiveness and widen the circle of their customers.

Nascent Entrepreneurs



New Business-Owners



Established Entrepreneurs



Figure 13:

Customers location across Entrepreneurial Phases in Tunisia, 2022

The figure below shows the participating countries in the GEM 2022 at a global level. The highest portion of customers, in all the 49 participating countries, is in the local area for both businesses at early-stage (TEA) and established businesses ownership (EBO).

¹³ The asked question in the APS is: Do you have any customers in the following locations: In the area where you live? Elsewhere in your country? Outside your country?

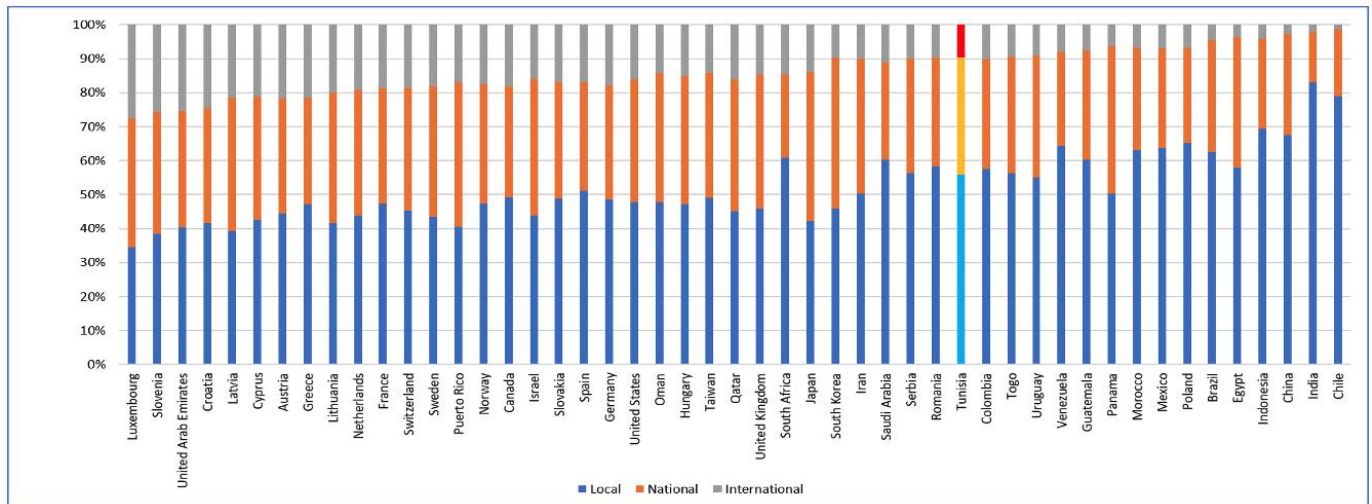


Figure 14: Customers Location among TEA% for the Participating countries in the GEM 2022

Source: Global GEM, 2022

Section 4: Impact on Innovation

Scholars have implemented different measures for corporate innovation, mainly the investment in Research & Development (R&D) and the number of patents. The GEM methodology assesses this notion through a question in the APS related to nature of the product or services offered; whether the entrepreneur considers that the introduced products or services are new and unique at a local, national or international level.

Below, a descriptive figure for the Tunisian context. We can observe that through all the entrepreneurial phases, innovation is implemented mainly at the local area. Local innovators are transferring products and services invented by others in different regions with little modifications. The innovation at a national or international level is expensive and requires a high investment in technologies, R&D and in human capital, which might be unfeasible in a small entrepreneurial environment like Tunisia.

According to the GEM results, entrepreneurship in Tunisia is chosen out of necessity, due to the lack of jobs. This explains the low percentage of Tunisian entrepreneurs surveyed who want to make a difference in the world. Necessity entrepreneurs are pushed into entrepreneurship; they often are in less convenient position to carefully make an innovation. These findings are in line with 2022 Global Innovation Index (GII)¹⁴ which is a popular index that measures the openness and readiness of countries for innovation, where Tunisia is ranked 73th of 132 countries. reflect reality.

Nascent Entrepreneurs



New Business-Owners



Established Entrepreneurs



Figure 15:

The innovative products or services offered by Entrepreneurs in Tunisia, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

The figure below, presents the entrepreneurial innovation across the 49 participating economies in GEM 2022.

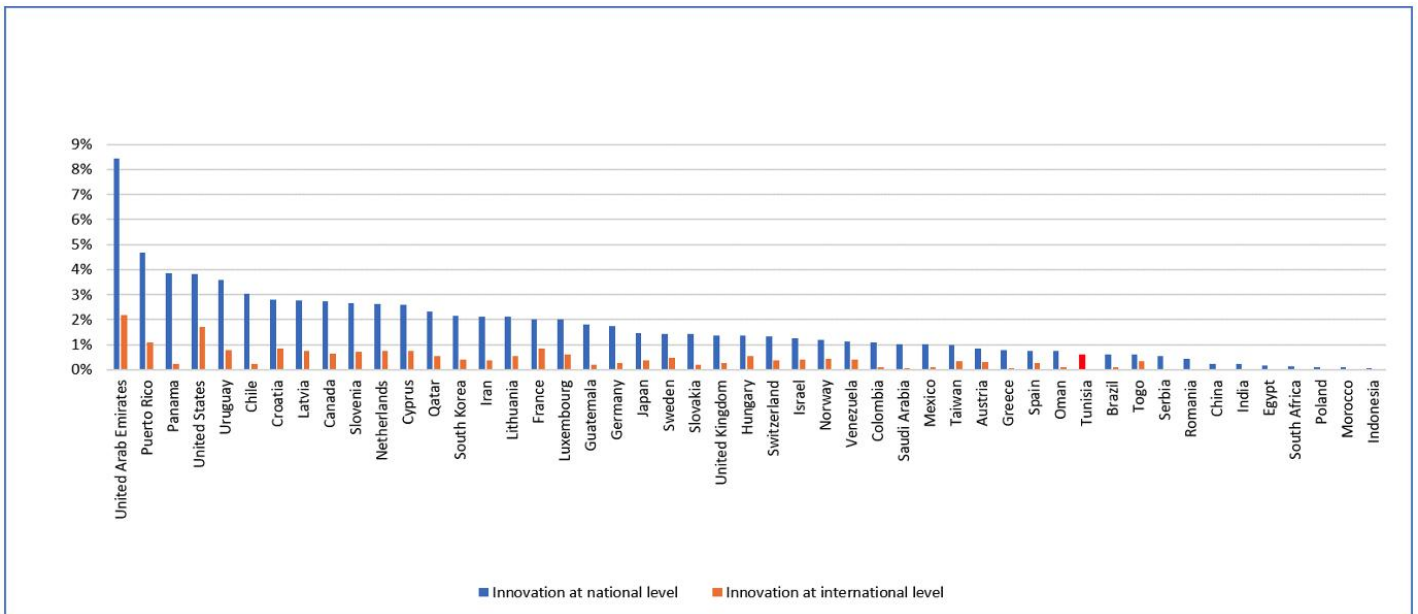


Figure 16:

Innovation at national and international level for the participating countries

Source:

Global GEM, 2022

¹⁴ <https://www.globalinnovationindex.org/about-gii#contactus>

Section 5: Impact on social and Environmental goals

United Nations Sustainable Development Goals (SDGs) Awareness:

The global discourse during these decades is related to global warming, climate change and environmental degradation, pandemics, poverty, etc. Therefore, after two years of global public consultation, the United Nations announced in 2015, the 2030 agenda; which was based on “leaving no one behind” in order to achieve sustainable development. In line with this universal call which aims to protect the environment, stop poverty and improve everyone’s life and prospects, GEM initiated, in 2021, the correlation between entrepreneurial activities and environmental and social sustainability efforts. Both researchers and professionals need large-scale datasets in order to develop accurate scientific findings and recommendations to policymakers.

Awareness to United Nations Goals

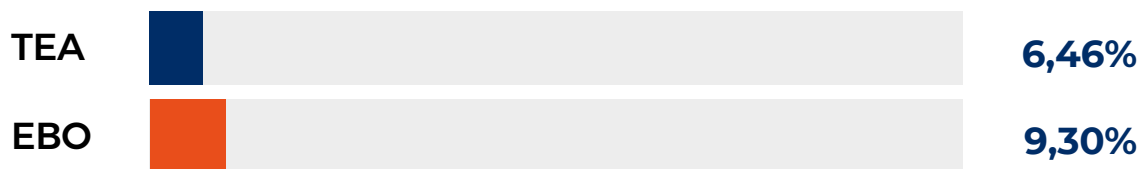


Figure 17t:

Awareness to 17 United Nations Goals across entrepreneurial phases in Tunisia, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

According to the figure above, there is a low rate of the 17 united nations SDGs awareness among both TEA phase and EBO phase, less than 10% of Tunisian early-stage and established interviewed entrepreneurs know about the SDGs announced by the United Nations.

This indicator emphasizes the lack of environmental and social sustainability consciousness in Tunisia, on these universal goals. Therefore, policy makers and civil society must allocate more effort to promote the SDGs, through media, internet and government programs.

Environmental and Social behavior of entrepreneurs:

Besides the SDGs awareness, GEM data provides a quantification towards social and environmental behavior among the asked entrepreneurs, through their intentions (if the entrepreneur takes into consideration social and environmental implications when making a decision) and their actions (if the entrepreneur took real steps in order to maximize the social impact and reduce the environmental impact).

Results showed that Tunisian entrepreneurs have high social and environmental intentions and low action (real steps) taken in order to enhance the social and environmental issues.

Although more than 70% of the interviewed entrepreneurs, both entrepreneurs at early stage and established entrepreneurs agree on prioritizing social and environmental impact on profit or growth, while only 30% do really contribute to social and environmental issues. Indeed, good intentions are not generally translated into effective behavior.

Considerations

Social Intentions



Environnemental Intentions



Prioritize social/environnemental on profit and groth



Steps towards social



Steps towards Environmental



Figure 18:

Social and Environmental Behavior dimensions among TEA and EBO in Tunisia, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

Chapter 4:

Quality of Entrepreneurial Ecosystem in Tunisia:

National Expert Survey

The National Experts selected according to their expertise by the national GEM teams, are asked to make an assessment of a set of statements that describes the framework conditions. The national experts are asked to respond to the same questions (as described in table 11) across all participating countries, which allows the comparison between economies. We emphasize that national expert survey is a subjective judgement of a number of experts regarding the framework conditions. Thus, national experts rank different standard items Likert scale from 0 to 10 according to their personal opinion¹⁵.

The consulted national experts in Tunisia are restless regarding the entrepreneurial framework conditions, despite the numerous governmental support programs.

Section 1: GEM Framework conditions

The interviewed 36 Tunisian experts; in different sectors: Finance, governmental policies, education and training, research and technology, and infrastructure development, were asked to evaluate 13 items, that aim to assess the entrepreneurial environment. The considered conditions are described in the table below.

We can notice that all items are scored below the average (less than 5). The national expert valuation shows that entrepreneurial environment needs urgent rescue measures.

¹⁵ If the statement is completely false=0, neither true nor false=5, completely true=10, and any point in between

NES items	2012 score	2015 score	2022 score
1. Entrepreneurial Finance: there are sufficient funds for new startups	2.72	4.21	3.5
2. Ease of Access to Entrepreneurial Finance: and those funds are easy to access ¹⁶	-	-	3.3
3. Government Policy — Support and Relevance: policies promote and support startups	2.77	4	3.8
4. Government Policy — Taxes and Bureaucracy: new businesses are not over-burdened	3.11	2.70	3.8
5. Government Entrepreneurial Programs: quality support programs are widely available	3.5	4.07	3.6
6. Entrepreneurial Education at School: schools introduce entrepreneurial ideas	1.44	1.65	2
7. Entrepreneurial Education Post-School: colleges offer courses in how to start a business	2.78	3.36	4
8. Research and Development Transfers: research is easily transferred into new businesses	2.38	2.76	3.4
9. Commercial and Professional infrastructure: quality services are available and affordable	3.15	5.76	4.7
10. Ease of Entry — Market Dynamics: markets are free, open and growing	3.45	6.85	4.3
11. Ease of Entry — Burdens and Regulations: regulations encourage not restrict entry	2.36	2.87	3.5
12. Physical Infrastructure: good-quality, available and affordable	3.41	6.72	4.9
13. Social and Cultural Norms: encourage and celebrate entrepreneurship	2.48	4.09	3.7

Table 11:
National Framework conditions

Source of data:
GEM Tunisia
(Adult population Survey, 2022)

¹⁶ New incorporated topic.

The figure below describes the Tunisia rank of 13 NES items in comparison with similar economies (level C).

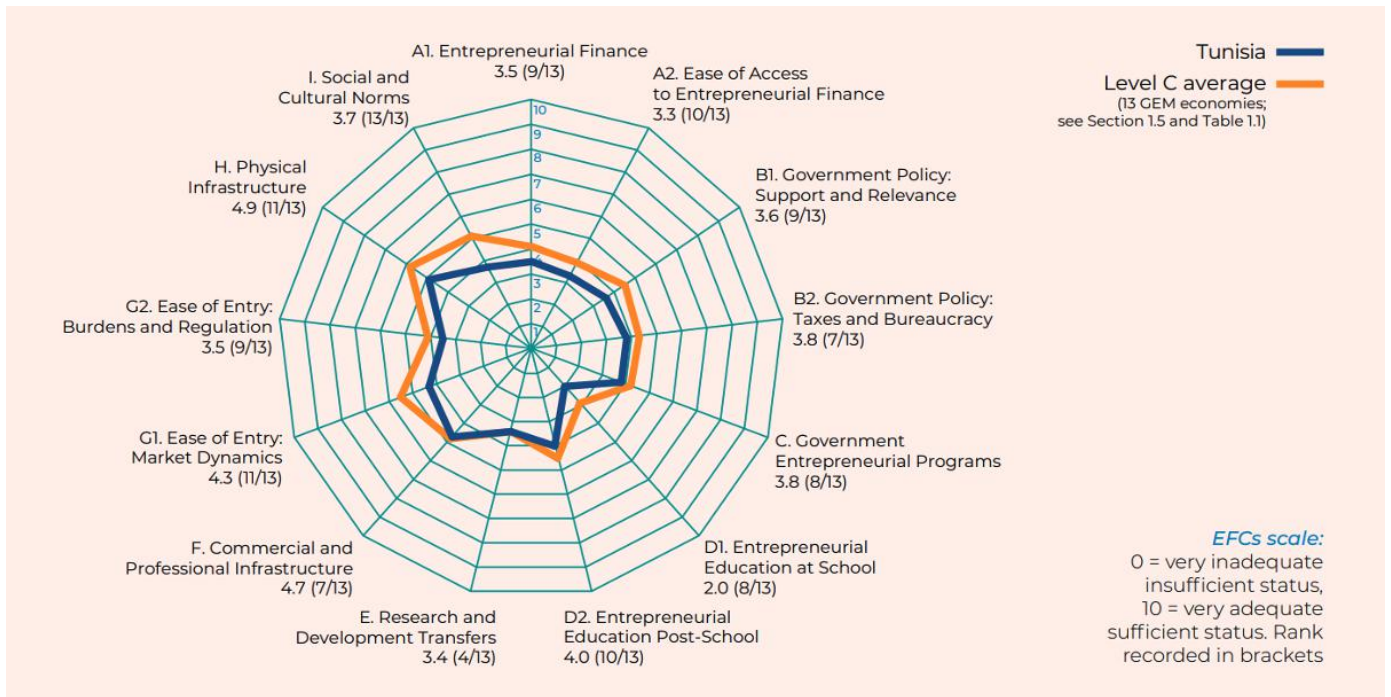


Figure 19: Average Expert Ratings of 13 national entrepreneurship conditions in low-income economies, 2022

Source: Global GEM, 2022

Section 2: National Entrepreneurial Context Index (NECI)

Tunisian national experts consider the entrepreneurial environment as weak, thus the national score of entrepreneurship is 3.7, ranking Tunisia as 47th over 51 participating countries in the GEM national expert survey in 2022, as shown by the figure below.

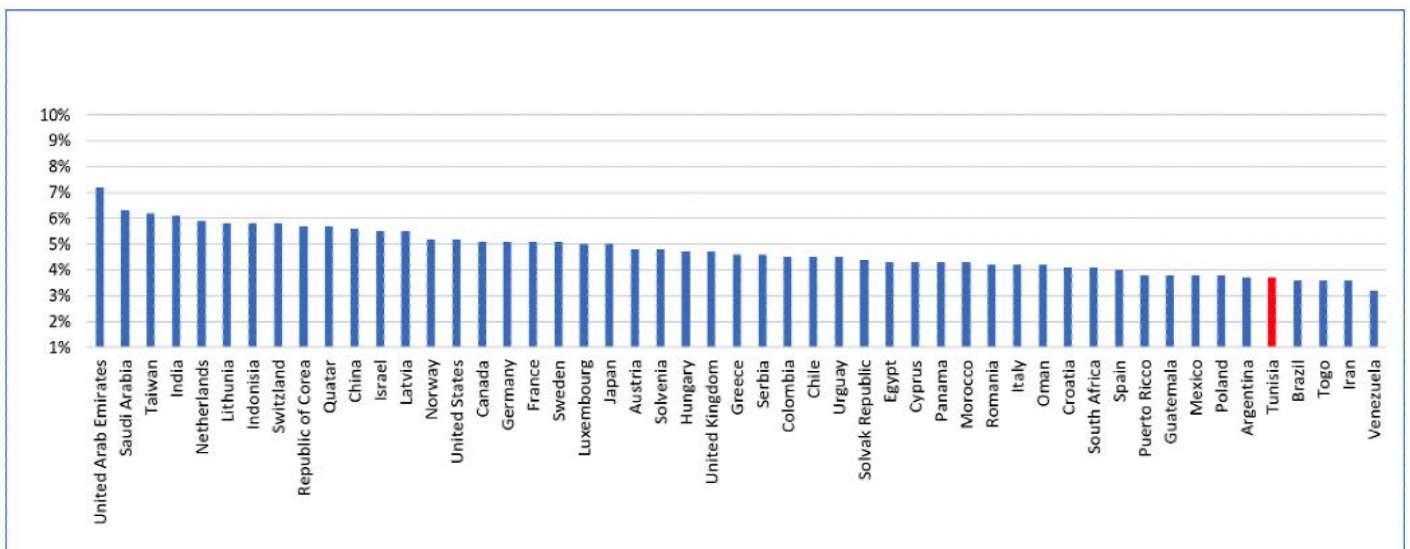


Figure 20: National Entrepreneurial Context Index (NECI) 2022

Source: Global GEM, 2022

Chapter 5:

Focus on Demographic Analysis (Profile of Tunisian Entrepreneur)

Knowledge capital is becoming a crucial factor for wealth creation and production such as labor and capital. The knowledge capital is a recent and wider conceptualization of the human capital framework¹⁷. In fact, scholars have demonstrated that all corporate decisions are impacted by demographic features, ideologies and beliefs of the company's directors. Likewise, entrepreneurial activity is influenced by the entrepreneur's profile. In this chapter, we will describe the gender, the age, the level of education and the geographic location of the Tunisian interviewed population in 2022.

Section 1: Gender

Despite all the allocated efforts to enhance women's rights and gender equality all over the world, gender discrimination in entrepreneurial activities is still persistent in developed and emergent markets. However, previous GEM reports showed a significant difference between low income and high-income countries around all entrepreneurship activity levels. Indeed, Women in lower-income countries are twice as likely as women in high-income countries to report entrepreneurial intentions. For example, according to GEM report relative to women's entrepreneurship in 2022, the highest startup rate for women was found in the Dominican Republic, where 43.7% of women reported startup activity compared to 40.1% of men. In addition, GEM national previous reports demonstrated that this gender gap in entrepreneurial activities is much lower in Latin America and Central Asia.

Both researchers and practitioners believe in the persistence of the gender gap in all the economic activities. The majority of new businesses were more likely to be started by men than women. Women's participation at Early-stage entrepreneurs, is strikingly low at a global level, according to GEM-2021 survey, with women representing two out of every five early-stage entrepreneurs active globally (the total early-stage entrepreneurial activity is 10.4% for women compared to 13.6% for men⁵). For the MENA region, the metrics are not very different, women participation is at 42.1% versus 57.9% for men participation.

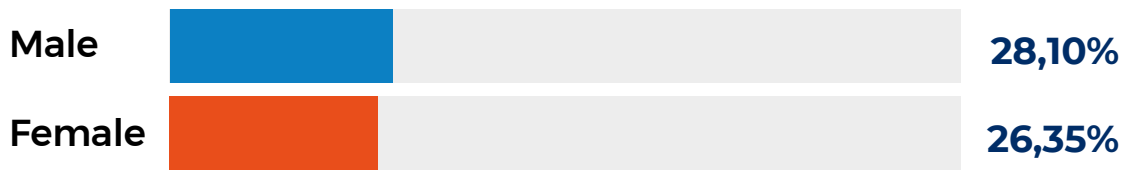
In the US, there were around 8 women for every 10 men starting or running new businesses in 2020.

In the Tunisian context, statistics related to the gender gap significance are in line with the majority of countries covered by the GEM. Moreover, the gender gap persists and spreads through mature levels. In fact, the established male entrepreneurs are approximately the triple of female ones, as shown in the figure below.

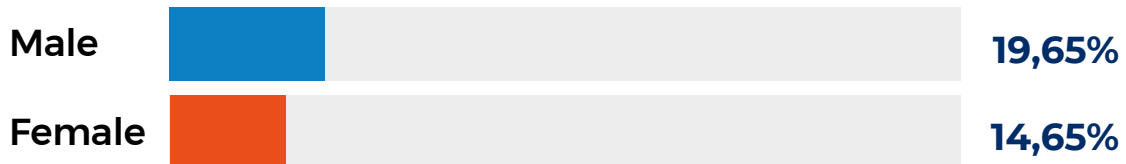
¹⁷ <https://www.sciencedirect.com/science/article/pii/S0959652622038896#bib59>

Entrepreneurial Phases

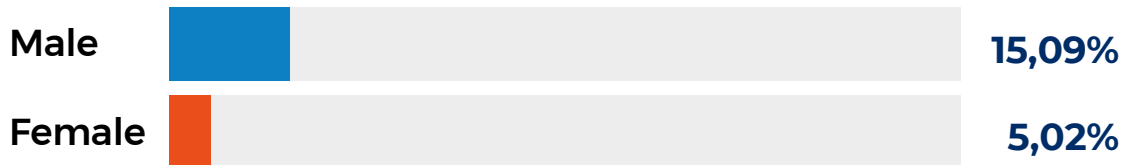
Potential Entrepreneurs



TEA



EBO



Exit of Entrepreneurial Activity

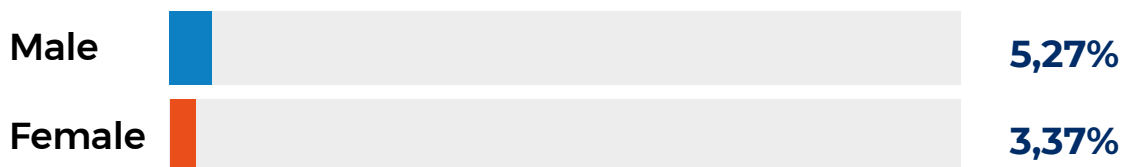


Figure 21:

Distribution of 18-64 Tunisian Adult population involved in entrepreneurial activity, by gender, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

Section 2: Age

Age factor has not been thoroughly investigated as a key determinant among entrepreneurship scholars.

Human capital theory and life-span which constitute the theoretical framework for this problematic, have higher expectations regarding age. It assumes that younger people have higher level of knowledge, skills and fluid intelligence which are likely to increase their readiness to entrepreneurship career. Furthermore, literature in this field demonstrated that entrepreneurial intentions decrease with age, older entrepreneurs monopolize the higher part in established businesses; their experience and wisdom could help them to avoid costly mistakes and thus longevity of their businesses.

The Tunisian GEM results corroborate with this idea, by showing that the 25-34 age category of the asked population having higher entrepreneurial intentions, while the older category, 55 to 64 years old, tend to be in the established business ownership phase.

Entrepreneurial Phases

Potential Entrepreneurs



TEA



EB



Closure of Entrepreneurial Activity



Figure 22:

Distribution of 18-64 Tunisian Adult Population across Entrepreneurship Phases by age group, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

Section 3: Education level (schooling) and geographic location

Education level

The purpose of this section is to detect the correlation between the level of education and the entrepreneurial activity.

According to Tunisia GEM data, population with secondary education level presents the highest level of entrepreneurs in the all-business life-stages. It reveals that the more educated persons are less likely to enter entrepreneurship.

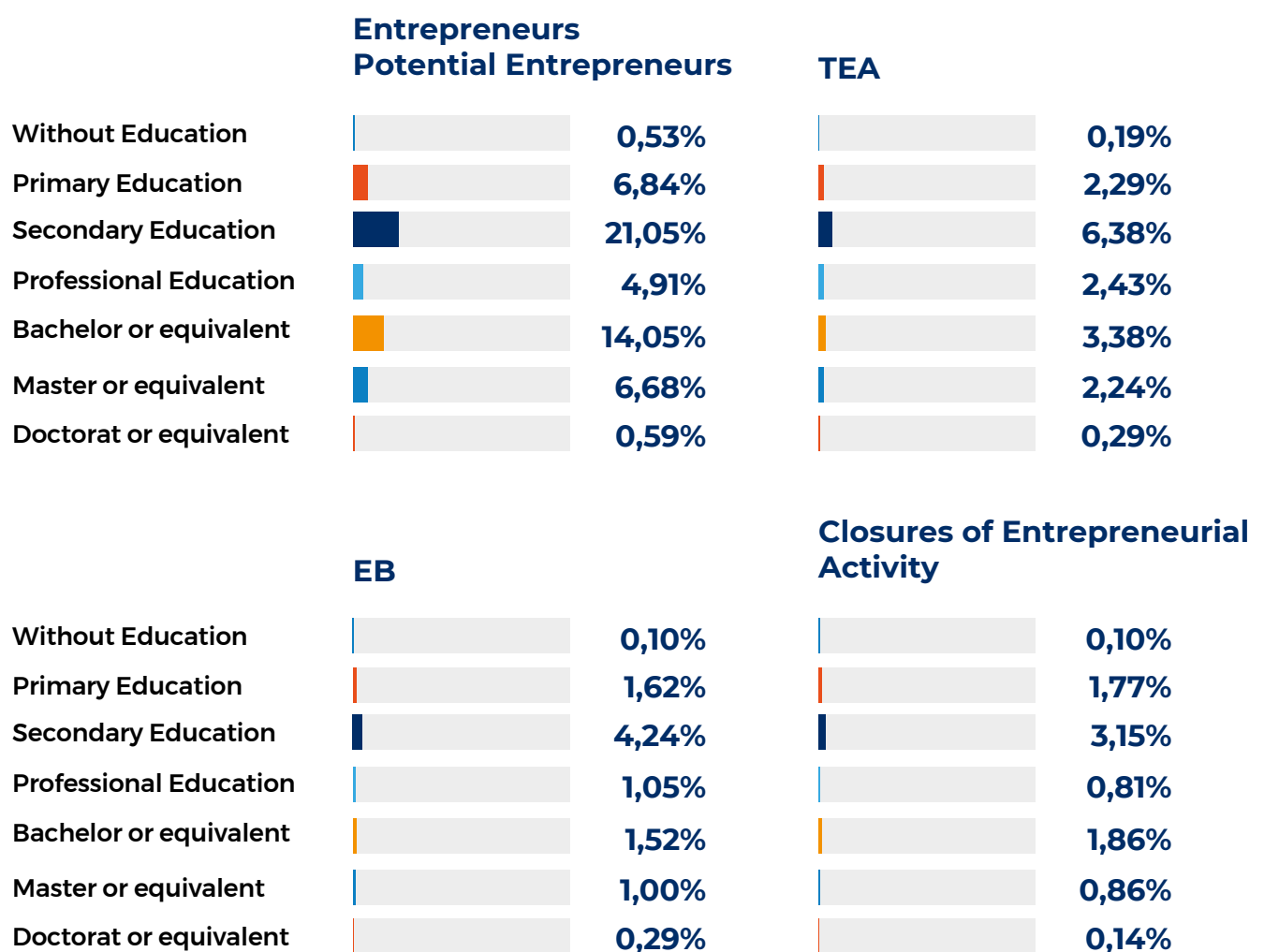


Figure 23:

Distribution of 18-64 Tunisian Adult Population across Entrepreneurship Phases by Education level, 2022

Source of data:

GEM Tunisia (Adult population Survey, 2022)

Geographic location

According to GEM results in Tunisia, we can observe that the highest level of entrepreneurial intentions is in Tunis Capital and the highest early-stage and established entrepreneurial activity are in Central East area.

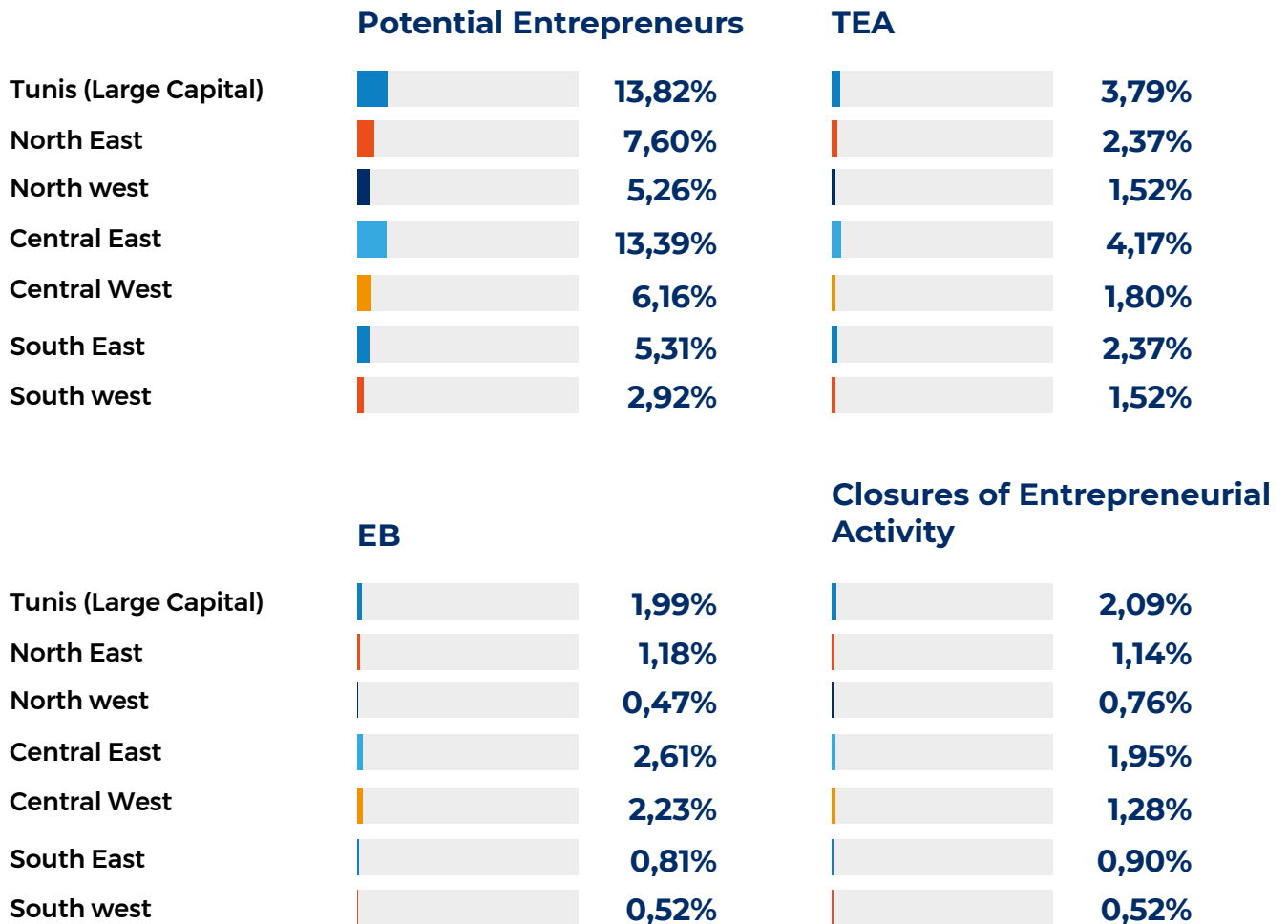


Figure 24:

Distribution of 18-64 Tunisian Adult Population across Entrepreneurship Phases by geographic location

Source of data:

GEM Tunisia (Adult population Survey, 2022)

Conclusion

This report, like all previous GEM reports, describes the entrepreneurial activity in Tunisia, beyond official statistics, since it constructs its data by surveying the activities and perceptions of surveyed individuals and experts. It is a sight on the entrepreneurial environment in Tunisia, from another angle and during an unprecedented time where the threats of the Covid-19 pandemic still strike sharply.

Tunisian interviewed population in 2022, have high entrepreneurial intentions (50.67%) that can be explained through the positive social and personal perceptions towards entrepreneurship (above 80% of the interviewed population consider that entrepreneurship is a good career and provides a high status) in addition to the high entrepreneurial network (66.6% of the asked sample know at least a person that start a business).

The total early-stage entrepreneurial activity (TEA) is equal to 17%, where the majority of entrepreneurs find themselves obliged to start their new business due to job scarcity. Indeed, the necessity entrepreneurship has increased in Tunisia, like many other countries, during this turbulent time following the sanitary crisis. The established business ownership' rate is approximately 10%, while the exit rate with a cessation of activity is approximately 7%, which reveals high difficulties faced by entrepreneurs to survive.

Gender gap exists in and it's highlighted through the different levels of entrepreneurial activities.

In addition, the entrepreneurial activities, dominated by the consumer-oriented sector, had a weak impact on job creation, on innovation, on competitiveness and on the SDGs since it's characterized by low financial and human resources.

The experts' rating for the national conditions for entrepreneurship in Tunisia were negative, they downgrade all the statements that describe the entrepreneurial framework conditions.

Policymakers should consult this report and take into consideration all the findings when establishing new strategies and programs. For instance, 1/ adopting more effective strategies to promote and spread the culture of entrepreneurship since an early age (school and post-school); 2/ working on the resilience of new businesses, the more efficient programs are those that allow early-stage business to achieve higher mature levels and those who allow the transfer of businesses and not the cessation of activities. In addition to, 3/ allowing entrepreneurs at different levels to reinforce their funds in order to increase job creation, innovate and expand their activities at an international level.

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Global Entrepreneurship Monitor



TUNISIA

2022 - 2023 NATIONAL REPORT