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Introduction & Methodology
1.1 Why a dataset on entrepreneurship?

- To meet the demand of governments and policymakers for:
  - Diagnosis of private sector development and growth
  - Monitoring and evaluation of policy reforms
  - Data to motivate reforms to increase participation in the formal sector

- Baseline information for predicting the impact of business registration reforms

- To evaluate the impact of macroeconomic and financial shocks on new firm registration
1.2 What is Measured?

- **What is Entrepreneurship?**
  
  *The activities of an individual or a group aimed at carrying out commercial activities in the formal sector under a legal form of business*

- **Unit of Measurement**
  
  *Private companies with limited liability*. Notably, this is the same definition used by the World Bank’s Doing Business report. It is also the most prevalent business form in most economies around the world (Doing Business, 2010).

- **Variable of interest**
  
  *Entry Density*, calculated as the number of newly registered limited-liability firms in the corresponding year as a percentage of the country’s working age population (ages 15-65), normalized by 1,000.
1.3 Survey & Methodology

Survey:

- Number of newly registered limited liability firms, by year
- Questions about registration process
- Translated into four languages (English, Spanish, French, Russian)

Methodology & Data:

- Sent directly to data sources by email and fax
- Follow-up phone calls
- Data checking from outside sources, previous versions of WBGES
- Sent to over 150 countries and received 125 responses
- Comparable data for 112 countries
1.4 Data Sources

Business Registries

Reasons
- Documents entry into the formal sector
- Information source for other government agencies

Challenges
- Different registration and annual filing requirements
- Available legal forms
- Identification of exited firms
- Re-registrations
- Paper-based registries
- Decentralized registry systems

Data Sources
- Registry/Ministry: 69.6%
- Statistical Office: 28.7%
- Consultants: 1.7%
1.5 Final Data

Final Data Excludes:

- **Informal Sector**
  
  *Data not gathered, despite relevance* →

- **Sole proprietorships, partnerships**
  
  *Data not gathered, not uniform across countries* →

- **Measures of active & closed firms**
  
  *Data gathered but excluded because of reliability issues due to different definitions / procedures* →

- **Countries classified as offshore financial centers by the IMF**
  
  *Data gathered but excluded because some firms not representative of entrepreneurship* →
2

Summary Statistics
2.2 Summary Statistics, by region, 2004-2009 averages

- High Income: 4.21
- East Asia & Pacific: 0.77
- Europe & Central Asia: 2.26
- Latin America & Caribbean: 1.31
- Middle East & North Africa: 0.63
- South Asia: 0.79
- Sub-Saharan Africa: 0.58
Entry Density, GDP per capita, and Financial Development

Economies ranked by GDP per capita (2000 US$), quintiles

Economies ranked by financial development (measured by domestic credit as % of GDP), quintiles
3
Registration, Reforms, and the Business Environment
3.2 Ease of Starting a Business

Panel A: Number of Procedures

Panel B: Time (in days)

Panel C: Cost of starting a business

3. Registration, Reforms & the Business Environment
3.3 Corporate Tax Rate & Governance

The image contains two scatter plots:

1. **Corporate Tax Rate** vs **Entry Density**: The left plot shows a negative correlation between the corporate tax rate and entry density. As the corporate tax rate increases, the entry density tends to decrease.

2. **Kauffmann/Kray Governance Index** vs **Entry Density**: The right plot displays a positive correlation between the Kauffmann/Kray Governance Index and entry density. Higher governance index values are associated with higher entry density.

These graphs suggest that factors such as corporate tax rates and governance indices can influence the business environment, with implications for economic policies and regulations.
3.4 How do Firms Register?

- Electronic data storage
- Data remote access
- Registration outside capital city
- Remote Registration
- Internet Registration

High income
Upper middle income
Lower middle income
Low income
3.5 Internet Registration

**Entry Density, 2009**

- No internet registration
- Incomplete internet registration
- Complete internet registration

**Days to start a business**
- No internet registration
- Incomplete internet registration
- Complete internet registration

**Cost to start a business**
- No internet registration
- Incomplete internet registration
- Complete internet registration
4

Entrepreneurship and the Financial Crisis
4.1 Impact of the Crisis, by income group

Entry Density
- High income
- Upper middle income
- Lower middle income
- Low income

% Change in New Firms
- 2005
- 2006
- 2007
- 2008
- 2009
4.2 Impact of the Crisis, selected countries

The graph illustrates the number of new firms in various countries over the years 2005 to 2009. Countries include Ireland, Denmark, Latvia, Argentina, Jordan, Georgia, Guatemala, Zambia, Cambodia, and Uganda. The y-axis represents the number of new firms, ranging from 0 to 35,000. Each year is represented by a different color: blue for 2005, green for 2006, yellow for 2007, orange for 2008, and brown for 2009.
4.4 Firm Entry and Crisis Turbulence

Crisis Turbulence Index (Didier, 2009)

Avg. Yearly % Change in New Firms 2007-2009

-1.25 -0.75 -0.25 0.25 0.75 1.25

Bulgaria
Lithuania
Morocco
Jordan
Brazil
5

Future Work and Conclusion
5.1 Conclusion

The 2010 World Bank Group Entrepreneurship Snapshots facilitate a more comprehensive examination of the relationship between business registration, the business environment, and the recent financial crisis.

The findings suggest:

- Dynamic business registration occurs in countries that provide entrepreneurs with reduced red tape and a stable investment climate.

- Nearly all countries experienced a sharp drop in business entry during the crisis, and that the degree to which the crisis impacted new firm registration is highly correlated with measures of crisis severity.

The WBGES database will continue to be updated on a biennial basis for the foreseeable future. Forthcoming editions of the WBGES database will provide insight into how the fiscal and monetary policies implemented by governments in response to the crisis affected the revival of new firm registration. It will also be possible to examine the pre-crisis financial and institutional characteristics that encouraged a rapid and strong recovery in new business registration in the wake of the crisis.
5.1 New paper

The Impact of Business Environment Reforms on New Firm Creation

*Klapper & Love, 2010*

- Uses panel data on the number of new firm registrations in 95 countries to study how the magnitude of reforms affects its impact on new firm registrations
  - Create ‘buckets’ of reforms, based on percent changes, and occurrences of simultaneous and sequential reforms

- Small reforms, in general less than 40%, do not have a significant effect on new firm creation.

- There are important synergies in multiple reforms of two or more business environment indicators

- Countries with relatively weaker business environments require relatively larger reforms in order to impact new firm growth.