



Entrepreneurship for structural transformation: Beyond business as usual



Table of Contents

	T	
	developed countries?	
CHAPTER 1	Sustainable development, structural transformation and	
	entrepreneurship	1
	A. Introduction	
	B. Sustainable development and structural transformation	
	C. Entrepreneurship as a concept	
	D. Entrepreneurship and structural transformation	
	E. Determinants of entrepreneurship	13
	F. Conclusion	15
CHAPTER 2	Towards a nuanced appraisal of the entrepreneurial landscape	
	in the least developed countries	19
	A. Introduction	21
	B. The measurement of entrepreneurship	
	C. Entrepreneurship in the least developed countries: Stylized facts	
	D. Key sectors in the least developed countries: The informal sector and rural enterprise	
	E. Firm heterogeneity and structural transformation	
	F. Concluding remarks	49
CHAPTER 3	The local entrepreneurship dimension of global production systems	53
	A. Introduction	
	B. Global value chains and entrepreneurship	
	C. Participation of the least developed countries in global value chains	
	D. Global value chains and beyond.	
CHAPTER 4	Entrepreneurship in the least developed countries:	
	Major constraints and current policy frameworks	79
	A. Introduction	81
	B. Constraints to the emergence and growth of firms	
	C. Key obstacles to enterprise	
	D. Current policy frameworks for entrepreneurship and structural transformation	98
CHAPTER 5	Policies for transformational entrepreneurship	107
	A. Introduction	109
	B. Policy principles	
	C. Entrepreneurship policies	116
	D. Entrepreneurship within general economic policies	
	E. Entrepreneurship and the developmental State	
	F. Summary and conclusions	. 134
Annexes		137
References		1//3

Figures

1.1	Entrepreneurship: Purposes and agents	. 10
2.1	Number of available observations of total early-stage entrepreneurial activity, 2008–2017	. 24
2.2	Gross domestic product per person employed and common measures of entrepreneurship	. 25
2.3	Self-employment as share of total employment in the least developed countries and other developing countries, period averages, 1990–2017	. 26
2.4	Self-employment by employment status, as share of total employment in the least developed countries, 2017	27
2.5	Early-stage and established entrepreneurship, latest available year	. 28
2.6	Perceptions of the adult population on entrepreneurship, latest available year	. 29
2.7	Motivational index and growth expectations of early entrepreneurs, latest available year	. 29
2.8	Size of shadow economy as share of gross domestic product, 2013–2015	.31
2.9	Motivational index in selected least developed countries and by country group, latest available year	. 31
2.10	Sectoral composition of early-stage entrepreneurship and established businesses, selected least developed countries, latest available year	. 32
2.11		
2.12	Business discontinuation rates, latest available year	. 34
	Reasons for business exit, selected least developed countries, latest available year	
2.14	Early and established entrepreneurs by country group and age, latest available year	. 36
	Gender-related gaps in total early-stage entrepreneurial activity, latest available year	
	Gender-related gaps in newly registered limited liability companies, selected least developed countries, 2016.	
2.17	Composition of the informal sector by size of enterprise based on number of employees, selected least developed countries	. 39
2.18	Informal labour force composition by size of enterprise, selected least developed countries	
2.19	Main reasons for not registering an informal business, selected least developed countries	. 40
2.20	Share of firms in sample by number of permanent full-time employees	. 45
2.21	Employment share by type of establishment	. 46
3.1	Entrepreneurial path to opportunity discovery and exploitation	. 56
3.2	Stylized smile curve of upstream customization-led global value chains	. 57
3.3	Integration of least developed countries into global value chains, by country grouping, 2017	61
3.4	Towards greater value addition in developing country textile and clothing industries	. 65
4.1	Barriers to firm growth	. 81
4.2	Unemployment rates in the least developed countries by age, 2018	. 84
4.3	Small and medium-sized enterprise competitiveness by capacity pillar, selected least developed countries	. 87
4.4	Costs and procedures to start a business in the least developed countries, compared with the world average, 2015–2017	. 88
4.5	Sources of finance for day-to-day operations of informal firms, selected least developed countries	. 89
4.6	Domestic credit to the private sector in the least developed countries as share of gross domestic product, 2004–2006 and 2014–2016	. 90
4.7	Internet use by country group, age and gender	. 93
	UNCTAD business-to-consumer electronic commerce readiness index score and rank, selected least developed countries, 2017	
4.9	Women's entrepreneurship development assessment framework conditions and subconditions	
	Thematic coverage in development policies for microenterprises and small and medium-sized enterprises: Share of least developed countries with thematic element in policy	
5.1	Official development assistance disbursements to the least developed countries, by sector, 2007 to 20161	
		10/

2.1 Schematic representation of the Global Entrepreneurship Monitor conceptual framework 3.1 Top five least developed country recipients of foreign direct investment by (a) value, in billions of dollars, 2017 and (b) share, in percentage, of gross domestic product, 2016 4.1 Women, business and the law indicators: Average scores in the least developed countries Boxes 2.1 Global Entrepreneurship Monitor conceptual framework and key terminology 2.2 Firm heterogeneity and structural transformation: Analytical methodology 4.1 Women, business and the law 4.2 Case studies of women's entrepreneurship in the least developed countries 5.1 Finland: A history of high-growth entrepreneurship policy 5.2 Republic of Korea: Revitalizing the economy through small and medium-sized enterprises. 5.3 Chile: Harnessing immigration for entrepreneurship	60 95 23 44 95
Boxes 2.1 Global Entrepreneurship Monitor conceptual framework and key terminology	95 23 44 95
 2.1 Global Entrepreneurship Monitor conceptual framework and key terminology 2.2 Firm heterogeneity and structural transformation: Analytical methodology 4.1 Women, business and the law 4.2 Case studies of women's entrepreneurship in the least developed countries 5.1 Finland: A history of high-growth entrepreneurship policy 5.2 Republic of Korea: Revitalizing the economy through small and medium-sized enterprises 	44 95 96
 2.2 Firm heterogeneity and structural transformation: Analytical methodology	44 95 96
 4.1 Women, business and the law	95 96
 4.2 Case studies of women's entrepreneurship in the least developed countries 5.1 Finland: A history of high-growth entrepreneurship policy 5.2 Republic of Korea: Revitalizing the economy through small and medium-sized enterprises 	96
 5.1 Finland: A history of high-growth entrepreneurship policy. 5.2 Republic of Korea: Revitalizing the economy through small and medium-sized enterprises. 	
5.2 Republic of Korea: Revitalizing the economy through small and medium-sized enterprises	111
5.3 Chile: Harnessing immigration for entrepreneurship.	
5.4 India: In search of creative disturbers to foster a culture of entrepreneurship and innovation	
5.5 Bangladesh and Uganda: Pharmaceuticals industry in the least developed countries	
5.6 Rwanda: Finance for business development, innovation and research	
5.7 UNCTAD eTrade for all initiative	
5.8 Rwanda: Public-private partnerships in the information and communications technology sector	. 131
Tables	
2.1 Pairwise Spearman's rank correlation across measures of entrepreneurship for 108 countries	24
2.2 Instrumental variable (two-stage least squares) regression results: Firm size and performance	
in the least developed countries	47
in the least developed countries	
	48
2.3 Regression results: Firm characteristics and performance in the least developed countries	48 57
 2.3 Regression results: Firm characteristics and performance in the least developed countries. 3.1 Types of economic upgrading in global value chains 	48 57 82
 2.3 Regression results: Firm characteristics and performance in the least developed countries. 3.1 Types of economic upgrading in global value chains 4.1 Internal factors influencing growth in small firms. 	48 57 82 86
 2.3 Regression results: Firm characteristics and performance in the least developed countries. 3.1 Types of economic upgrading in global value chains. 4.1 Internal factors influencing growth in small firms. 4.2 Indicators for small and medium-sized enterprise competitiveness surveys. 4.3 Burkina Faso: Main pillars and objectives of national strategy for promotion of women's entrepreneurship 4.4 Mapping of government institutions in the least developed countries in charge of enterprise development 	48 57 82 86 97 . 103
 2.3 Regression results: Firm characteristics and performance in the least developed countries	48 57 82 86 97 . 103
 2.3 Regression results: Firm characteristics and performance in the least developed countries. 3.1 Types of economic upgrading in global value chains. 4.1 Internal factors influencing growth in small firms. 4.2 Indicators for small and medium-sized enterprise competitiveness surveys. 4.3 Burkina Faso: Main pillars and objectives of national strategy for promotion of women's entrepreneurship 4.4 Mapping of government institutions in the least developed countries in charge of enterprise development 	48 57 82 86 97
 2.3 Regression results: Firm characteristics and performance in the least developed countries	48 57 82 97 . 103 . 115
 2.3 Regression results: Firm characteristics and performance in the least developed countries	48 57 82 97 . 103 . 115
 2.3 Regression results: Firm characteristics and performance in the least developed countries	48 57 82 86 97 . 103 . 115