



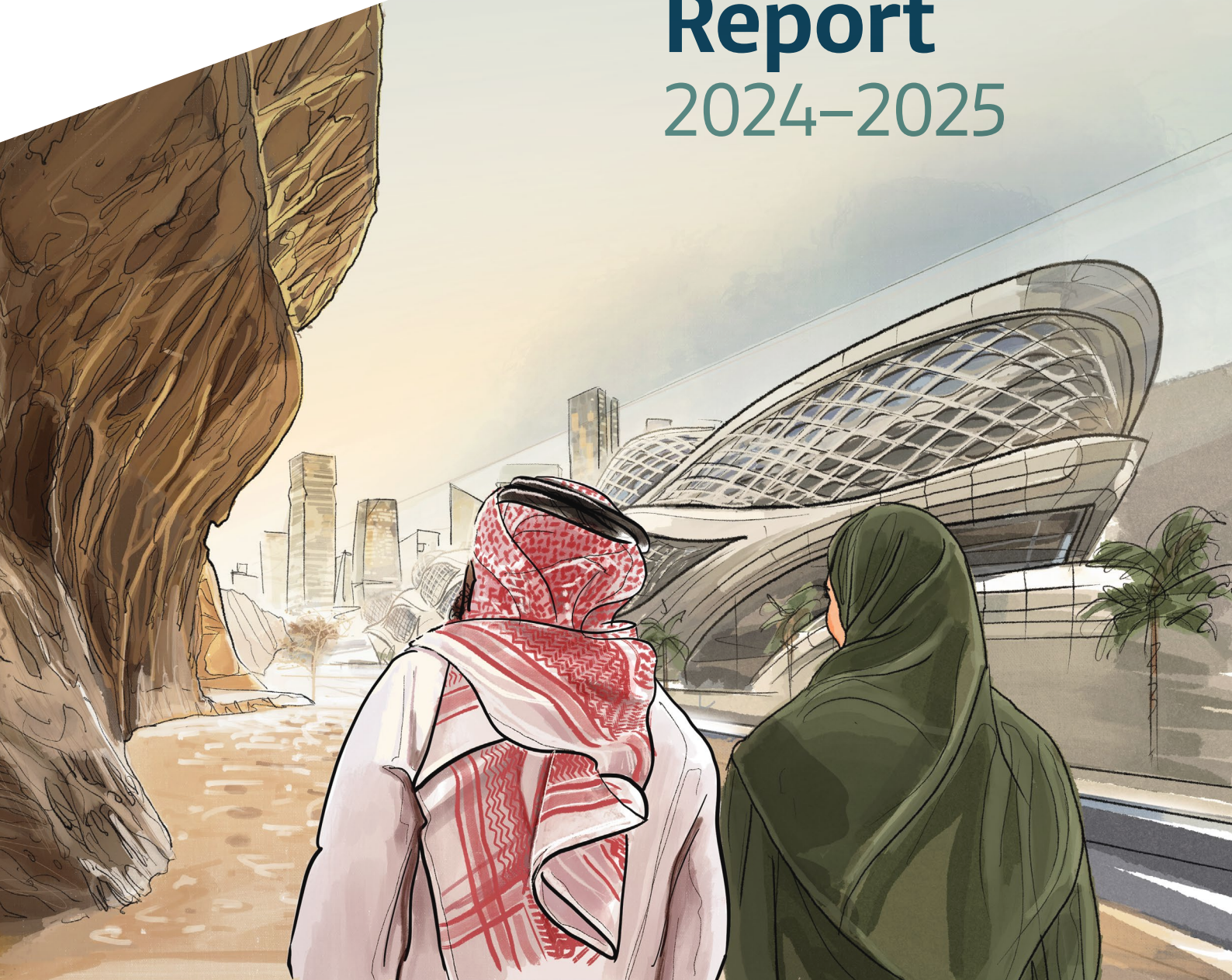
Global  
Entrepreneurship  
Monitor



كلية الأمير  
محمد بن سلمان  
للإدارة وريادة الأعمال  
Prince Mohammed  
Bin Salman College  
Business & Entrepreneurship  
KAEC • RIYADH

# Kingdom of Saudi Arabia

## National Report 2024–2025







# Kingdom of Saudi Arabia

**National  
Report**  
2024–2025



**Global  
Entrepreneurship  
Monitor**

# Table of contents



## DISCLAIMER

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors. The authors would like to express their gratitude to all participating GEM 2024 national teams for their crucial role in conducting the GEM survey in their respective economies. The authors would like to extend special thanks to Jonathan Carmona, Alicia Coduras, and Forrest Wright for their contribution to data collection procedures and data analysis. Finally, BGCEL would like to extend a special thank you to the MBSC Alumni Office for assistance in the design of this year's report.

© 2025 by The Babson Global Center for Entrepreneurial Leadership at MBSC

[www.gemconsortium.org](http://www.gemconsortium.org)





<b>FOREWORDS</b>	<b>4</b>
<b>FUNDING AND SPONSORING INSTITUTIONS</b>	<b>6</b>
<b>AUTHORS</b>	<b>7</b>
<b>EXECUTIVE SUMMARY</b>	<b>8</b>
<b>INTRODUCTION</b>	<b>12</b>

## **1 SOCIETAL ATTITUDES, AFFILIATIONS, AND SELF-PERCEPTIONS**

1.1	Societal attitudes	14
1.2	Affiliations and self-perceptions	15

## **2 PHASES OF ENTREPRENEURSHIP**

2.1	Phases of business activity	19
2.2	Motivations for starting a business	21
2.3	Entrepreneurial activity by region	22

## **3 DEMOGRAPHIC CHARACTERISTICS OF TEA AND EBO**

3.1	Age	24
3.2	Gender	26
3.3	Household income	26
3.4	Education level	27
3.5	Comparison between Saudi nationals and expats	28

## **4 SOCIAL AND ENVIRONMENTAL SUSTAINABILITY**

4.1	Social and environmental considerations	30
4.2	Experts' perceptions of social and environmental impact	33

## **5 IMPACT CHARACTERISTICS OF TEA AND EBO**

5.1	Industry sector	34
5.2	Number of owners	36
5.3	Current and anticipated employment	37
5.4	Market scope	39
5.5	Innovation scope	39
5.6	Technology adoption scope	41

## **6 DIGITAL TECHNOLOGIES AND AI**

6.1	Digital technologies	43
6.2	AI	45

## **7 COMPARISONS AMONG HIGH-INCOME ECONOMIES**

7.1	Societal attitudes	49
7.2	Affiliations and self-perceptions	50
7.3	Participation in phases of business activity	53
7.4	Sectoral distribution	54
7.5	Medium- and high-technology sectors	56
7.6	Job creation expectations	56
7.7	Innovation scope	57

## **8 INFORMAL INVESTORS**

8.1	Rates of informal investment	59
8.2	Median investment amounts	60
8.3	Relationship between investors and their beneficiaries	61

## **9 NECI**

9.1	NECI in Saudi Arabia	63
9.2	Financing	66
9.3	Government policies and programs	68
9.4	Entrepreneurship education	70
9.5	R&D transfer	71
9.6	Infrastructure	71
9.7	Market conditions	73
9.8	Cultural and social norms	75

Conclusions and recommendations	76
---------------------------------	----

Appendix A: Background to the Global Entrepreneurship Monitor (GEM)	77
---	----

Appendix B: Global Entrepreneurship Monitor (GEM) key definitions and abbreviations	80
---	----

Appendix C: Technical details for the Global Entrepreneurship Monitor (GEM) survey in the Kingdom of Saudi Arabia	81
---	----

## Foreword:

### Mr. Sami Ibrahim Al Hussaini Governor of the Small and Medium Enterprises General Authority, Monsha'at



As Saudi Vision 2030 marks a decade since its launch, this ambitious roadmap for economic diversification and growth continues to deliver tangible results across various economic and social domains. Its three core pillars—A Vibrant Society, A Thriving Economy, and An Ambitious Nation—have driven a transformative shift, solidifying the Kingdom's position on the global stage.

With a flourishing private sector, the non-oil economy grew by 4.6% in the fourth quarter of 2024, while non-oil exports surged by 18% year on year in the same quarter. Meanwhile, Saudi female workforce participation reached record highs, reflecting the Kingdom's rapid social and economic transformation.

The ninth edition of the Global Entrepreneurship Monitor report on Saudi Arabia affirms that this progress is not by chance, but the outcome of strategic efforts. The data reveals that 93% of individuals feel confident in their ability to launch their own businesses, highlighting the growing entrepreneurial awareness and the flourishing culture of entrepreneurship across society. The rate of established business ownership saw a significant 40% increase between 2023 and 2024, reaching 19%. Meanwhile, the business closure rate in 2024 stood at just 3%, signaling strong economic resilience and stability.

The Small and Medium Enterprises General Authority, Monsha'at, continued its dedicated efforts to build a supportive and dynamic entrepreneurial ecosystem through a comprehensive range of initiatives and services, in which more than 139,000 SMEs have benefited from Monsha'at's SMEs' Support Centers in four cities, while the Monsha'at Academy provided services to over 163,000 individuals. The *Tomoh* initiative supported more than 2,900 fast-growing enterprises, contributing to the listing of 33 companies' shares on the Parallel Market *Nomu*, and over 11,000 businesses were accredited through the *Jadeer* service.

Additionally, innovation programs benefited 4,000 participants, while 6,000 entrepreneurs leveraged the *Mazaya* platform. Meanwhile, 20,000 individuals participated in the *E-Commerce Tour*, which Monsha'at organized across 14 cities in the Kingdom.

In conclusion, one fundamental truth becomes evident: the rich blend of social and cultural factors, public policies, and financial support for entrepreneurs forms a solid foundation for building a resilient and innovative economy with a promising future.





## Foreword:

### Prof. Zeger Degraeve

#### Executive Dean, MBSC



The ninth edition of the Global Entrepreneurship Monitor (GEM) Kingdom of Saudi Arabia National Report continues to illuminate the remarkable progress driven by Vision 2030, solidifying the Kingdom's position as a leading entrepreneurial force within the GEM countries.

I would like to thank the Babson Global Center for Entrepreneurial Leadership, Emaar The Economic City, Misk Foundation, Lockheed Martin, the team of Prince Mohammed Bin Salman College of Business & Entrepreneurship (MBS College) Faculty and researchers, and our partners and stakeholders, without whose generosity, unwavering support, and intellectual contributions the timely completion, compilation, and publication of this report would not have been possible.

The GEM Kingdom of Saudi Arabia National Report 2024–2025 reveals a sustained and amplified entrepreneurial spirit. Societal attitudes remain exceptionally positive, with 96% of adults recognizing entrepreneurship as a desirable career path. Total entrepreneurial activity (TEA) has reached 26%, a high among high-income economies, while established business ownership (EBO) has surged to 19%, showcasing robust business longevity. The report underscores the widespread adoption of digital technologies, with 85% of entrepreneurs acknowledging the necessity of artificial intelligence for their business models. However, it also highlights the need to address the gender gap, with women's TEA at 23% compared to men's at 28%, and to diversify beyond the dominant consumer sector, where high-technology involvement remains below 2%.

Building upon the Kingdom's commitment to sustainable development, this year's report further explores the integration of social and environmental responsibility into entrepreneurial practices. An impressive 83% of entrepreneurs prioritize social and environmental impact, reflecting a growing awareness of the importance of responsible business conduct.

To ensure continued economic diversification and innovation, we must further empower our entrepreneurs to venture into emerging technology sectors. This requires strengthening our entrepreneurial education systems, where National Entrepreneurship Context Index (NECI) scores indicate a need for improvement in school programs and enhancing access to resources and support for high-growth ventures. At MBS College, we support these developments through our Signature Learning Experience in our Executive MBA program, which develops our program participants' entrepreneurial ambitions with our Start-up, Scale-up, and Corporate Entrepreneurship pathways.

Our entrepreneurial graduates have now generated approximately 700 jobs, a clear indication of their success and drive. Our students consistently demonstrate creativity and collaboration, and they are confident in embracing diversity. MBS College is delighted by their achievements. As an expat, I am honored to witness the growth of the Saudi entrepreneurial landscape and the crucial role MBS College plays in empowering future business leaders.

# Funding and sponsoring institutions

## Prince Mohammed Bin Salman College (MBSC)

MBSC is a private higher education institution for both men and women, located in King Abdullah Economic City. It was established in 2015 through an international partnership between Emaar The Economic City (EEC), Babson Global (a wholly owned subsidiary of Babson College, United States), Lockheed Martin, and the Prince Mohammed bin Salman bin Abdulaziz Foundation (Misk).

Through an educational program focused on hands-on experiential learning that is practical and pragmatic, MBSC is developing a new generation of transformative leaders who think creatively and act boldly. As the Kingdom experiences a great socioeconomic transformation, it needs leaders who can recognize and shape opportunities. MBSC programs are designed to meet this need by creating managers and Entrepreneurs of All Kinds®.

## Babson Global Center for Entrepreneurial Leadership (BGCEL)

BGCEL, located at MBSC, was established with a mission to promote a sustainable entrepreneurial leadership culture and ecosystem in the Kingdom and the surrounding region. To advance its mission, BGCEL facilitates entrepreneurship research, education, and outreach initiatives serving the business, education, and public sectors. In addition, BGCEL supports experiential learning opportunities for MBSC students.

## Lockheed Martin

Lockheed Martin Corporation is a United States-based multinational corporation operating in the aerospace, defense, security, and advanced technologies industries worldwide. As part of its offset program in the Kingdom of Saudi Arabia, Lockheed Martin generously supports BGCEL's activities.

## King Abdullah Economic City (KAEC)

KAEC's vision is to become a great enabler of socioeconomic development in the Kingdom of Saudi Arabia. Strategically located for maximum impact on the local economy, KAEC aspires to become one of the most important cities in the Arab world, serving and benefiting from global trade. It is focused on becoming a vibrant, 185-million-square-meter integrated city located on the Red Sea north of Jeddah.

KAEC is one of the largest and most significant privately run economic projects in the world. EEC is the master developer of KAEC. EEC is a Tadawul-listed public joint stock Saudi company established in 2006.

## Prince Mohammed bin Salman bin Abdulaziz Foundation (Misk)

Misk is a nonprofit philanthropic foundation established in 2011 by HRH Crown Prince Mohammed bin Salman bin Abdulaziz. Its goal is to foster a knowledge-centered society, encouraging and developing young people's talent and potential by creating opportunities for them. The foundation invests in educating young people in three broad fields: education, media, and culture.







# Authors



**Muhammad  
Azam Roomi, Ph.D.**

Professor of  
Entrepreneurship,  
MBSC

*Team Leader,  
GEM Saudi Arabia*

“

Because entrepreneurship merges vision with execution, creativity with strategy, and risk with reward, I have devoted my life to learning about and teaching this field. Every day excites me with the opportunity to explore how entrepreneurs create possibilities from limitations, how ecosystems can either support or hinder business growth, and how entrepreneurial attitudes can transform not only companies but entire communities. Studying entrepreneurship involves problem-solving, empowerment, and the relentless pursuit of advancement by the human spirit rather than simply the production of wealth. That, to me, is an intellectual adventure worth dedicating a lifetime to!

”

**Alicia Coduras,  
Ph.D.**

Professor of Quantitative  
Methods and Applied  
Economy

*GEM Global Data Team,  
Institut Opinòmetre, Spain*



**Donna Kelley, Ph.D.**

Professor of Entrepreneurship,  
Frederic C. Hamilton  
Chair of Free Enterprise,  
Babson College

*Team Leader,  
GEM United States*

“

The entrepreneurship field is a relatively new one in higher education, but it is accumulating a knowledge base that evolves our understanding about how entrepreneurs think and act. And advancements in experiential education are proving that entrepreneurship can be taught—that students can gain knowledge and skills that increase their likelihood of success in transforming innovative ideas into viable ventures that make a difference in the world.

”

“

I have been studying entrepreneurship since 1999 as a statistician in the GEM project because I am convinced that data analysis provides the most accurate recommendations for progress in this area in the countries involved. The business class is what sustains a country's economy, and understanding the evolution of trends in entrepreneurship is essential to support its development.

”

# Executive summary

In 2024, the Global Entrepreneurship Monitor (GEM) conducted its 26th annual survey in 56 economies. Academic research teams collected and analyzed data on a comprehensive array of indicators representing entrepreneurship rates, motivations, impact, attitudes, and other characteristics. The year 2024 also marked the ninth consecutive year in which Saudi Arabia participated in GEM. Below are select findings from the Kingdom of Saudi Arabia National Report.



## Societal attitudes, affiliations, and self-perceptions

- Societal attitudes toward entrepreneurship have remained remarkably positive and stable since 2020. Most adults in the Kingdom believe that entrepreneurship is a good career choice (96%) and that entrepreneurs are afforded high status (96%) and receive positive media attention (94%). In addition, most people believe it is easy to start a business (93%).
- Nearly all adults (94%) indicated they know an entrepreneur, the highest percentage reported on this indicator since 2016.
- Capability perceptions have been generally trending upward since 2016, with 93% of adults in 2024 believing they could start a business. Opportunity perceptions have followed a more varied path over time but, in 2024, they matched the high level reported in 2021 (95%). Fear of failure peaked in 2022 (57%) and remained at that level in 2024.





## Phases of entrepreneurship

- Entrepreneurial intentions decreased to 37% in 2024 but matched the level reported 2 years prior and maintained a degree of recovery after a substantial drop in 2021.
- At 26%, total entrepreneurial activity (TEA) exhibited little change in 2024 from the highest level recorded in the previous year.
- Established business ownership (EBO) increased by more than 40% in 2024 over the previous year, reaching a high of 19%.
- The business closure rate (3%) remained at the low point reached in the previous year.
- The most frequently cited motivation for starting a business was continuing a family tradition (87%), which increased by more than one fifth over the preceding year. Other motivations (81% due to job scarcity, 67% to build a high income, and 64% to make a difference) declined compared to the previous year.
- Damman reported the highest entrepreneurial intentions (41%) and TEA (34%) compared to Riyadh, Jeddah, Mecca, and Madinah. EBO rates were similar across the five regions.



## Demographic characteristics of TEA and EBO

- The highest TEA rates were reported among the 25–34 and 35–44 age groups (29% for each). Those aged 35–44 and 55–64 had the highest EBO rates (35% for each).
- Women reported TEA rates of 23%, compared to 28% for men. This continues a gender gap that appeared in 2022 after 3 years of gender parity or near parity. A wider gender gap can be seen in the results on EBO, with women at just under 15% and men just below 23% in 2024, following 2 years of gender parity.
- With TEA rates of 31%, people in middle- and high-income households were over 1.5 times as likely to be entrepreneurs as those in low-income households (19%).
- The wealthiest households had EBO rates of 32%: twice as high as those from middle-income households and 3.5 times as high as those from low-income households.
- College-educated people were one fourth more likely than those without a college degree to be entrepreneurs (27% vs 22%) and one half more likely to be established business owners (21% vs 14%).
- Saudi nationals, in comparison with expats, had slightly higher TEA (28% vs 23%) and EBO (20% vs 17%) rates.



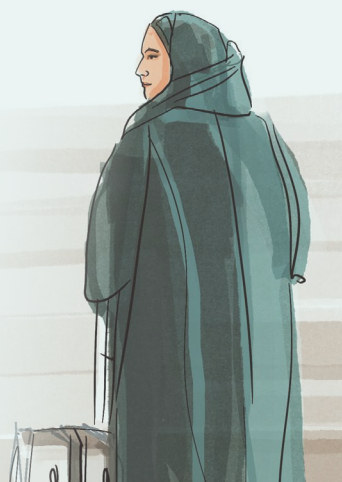
## Social and environmental sustainability

- Most of those in the TEA (83%) and EBO (85%) phases prioritized social and environmental impact over profitability or growth.
- Established business owners were more likely than entrepreneurs to state they have taken steps to address social issues (84% vs 72%) and to protect the environment (86% vs 75%).
- National experts were in moderate agreement about the priority accorded to sustainability by the government and new and growing firms (around 6 for both on a scale of 1 to 10).



## Digital technologies and artificial intelligence (AI)

- Nearly all entrepreneurs and established business owners reported using social media (97% and 96%) and having a website (93% for both). Almost all said they use email to market to customers (92% of entrepreneurs and 95% of established business owners), with somewhat fewer using email to communicate with customers and/or employees (86% of entrepreneurs and 87% of established business owners). This reliance on technology is expected to grow even more: 68% of entrepreneurs and 79% of established business owners stated they anticipate using more digital technologies in the next 6 months.
- Both entrepreneurs and established business owners (94% and 95%) said they use websites for e-commerce. They also reported that their operations rely heavily on data analytics (90% and 93%) and cloud computing, video conferencing, and/or business management software (89% and 88%).
- Both entrepreneurs (85%) and established business owners (89%) deemed AI necessary for implementing their business models and strategies. Moreover, 84% of the former and 86% of the latter stated that AI tools will be essential for implementing their business models and strategies in the next 3 years.
- Entrepreneurs and established business owners' biggest concern about AI related to data security and privacy, as indicated by 61% of the former and 69% of the latter. However, they were mainly optimistic about the benefits of AI, with about two thirds or more seeing opportunities for customer personalization, innovative products and services, and increased revenue and growth.



## Impact characteristics of TEA and EBO

- Consumer-oriented businesses dominated both TEA (80%) and EBO (82%), but participation in this sector declined from previous years. The share of businesses working in the medium- and high-technology sectors remained low—at less than 2% for both TEA and EBO.
- Over one fifth (21%) of entrepreneurs in Saudi Arabia stated they have a business partner, and nearly one fourth (24%) started in teams of three or more owners. Established business owners were more likely than entrepreneurs to be sole owners (75% vs 55%).
- Many entrepreneurs (43%) had more than five employees in 2024, with this percentage nearly doubling from the previous year. Most entrepreneurs (85%) expected to have more than five employees in the next 5 years. Among established business owners, 54% had more than five employees in 2024, and 97% expected to maintain or reach this level in the next 5 years.
- Entrepreneurs were more likely than established business owners (63% vs 14%) to reach beyond local markets to national and international ones.
- Established business owners were more likely than entrepreneurs (48% vs 24%) to state that their products or services are innovative locally, nationally, or internationally.
- Among established business owners, 49% used new technologies or procedures to produce or deliver their products or services, compared to 27% of entrepreneurs.





## Comparisons among high-income economies

- Among the 20 high-income economies (with gross domestic product per capita higher than \$50,000) that conducted GEM's Adult Population Survey in 2024, Saudi Arabia scored highest on all four societal attitudes (all more than 93%), personal affiliations with entrepreneurs (94%), and opportunity (95%) and capability (93%) perceptions. The Kingdom also had comparatively high fear of failure (57%), equal to that of the United Kingdom.
- Saudi Arabia had the highest level of TEA (26%) among the high-income economies, but its entrepreneurial intentions (37%) were lower than those of two other countries in the region, the United Arab Emirates (UAE: 46%) and Qatar (62%).
- Saudi Arabia reported high EBO rates (19%)—twice as high as the United Kingdom, which reported the next highest level. Only the Republic of Korea (22%) reported a higher EBO level than Saudi Arabia.
- Closure rates in Saudi Arabia (4%) were just above the 20 high-income economy average, similar to those in the United States, and likely reflected high TEA rates.
- Saudi Arabia had the highest consumer-oriented activity (80%) and the lowest rate of entrepreneurs in business services (6%) among the 20 high-income economies. The Kingdom also had the lowest level of medium- and high-technology entrepreneurs (2%).
- Entrepreneurs in Saudi Arabia expressed high growth expectations (38%), with only the UAE (69%) and Qatar (52%) reporting higher levels of those expecting to hire 10 or more people and anticipating more than 50% growth in employment in the next 5 years.
- Saudi Arabia ranked comparatively low in terms of innovation on a national (11%) and international (3%) level.



## Informal investors

- Among Saudi Arabian adults, 21% have invested in an entrepreneur in the past 3 years, providing a median amount of 25,000 SAR. Only 29% of these investors provided funds to women recipients.
- Over three fourths of investors funded close family members or other relatives. One in 10 investors funded work colleagues, with a proportion just above that funding a friend or neighbor. Informal investors were unlikely to finance strangers.
- Work colleagues and close family members received a median investment of 25,000 SAR, while other relatives received 30,000 SAR. Friends, neighbors, and strangers received the lowest median investment (20,000 SAR).



## The National Entrepreneurship Context Index (NECI)

- Saudi Arabia's overall NECI rating in 2024 remained stable compared to the previous 2 years, with a value of 6.3 on a scale of 1 to 10. Among the 22 high-income economies that conducted the National Expert Survey in 2024, this score was similar to Taiwan's and slightly below Lithuania's. The UAE registered the highest NECI score (7.1).
- Among the 13 NECI pillars, representing various conditions believed to be relevant to entrepreneurship, Saudi Arabia had the highest rating for physical infrastructure (8.3) and the lowest for entrepreneurship education in schools (4.2).
- Saudi Arabia stands out among the high-income economies in terms of cultural and social norms, government policies, and adequacy of finance for entrepreneurs, scoring nearly one third higher or more than the averages for this income group on these indicators.

**This report features several entrepreneurs from across the Kingdom who share insights about their entrepreneurship journeys.**

# Introduction



## The role of entrepreneurship in the economy

Entrepreneurship is crucial for economic growth as it encourages innovation, creates jobs, and enhances competitiveness. Entrepreneurs develop new products, services, and technologies, boosting economic dynamism and efficiency. They contribute to diversifying the economy by identifying and exploiting market opportunities, which are vital for resource-dependent countries seeking long-term prosperity.

Small and medium-sized enterprises (SMEs), often the backbone of entrepreneurial activity, generate significant job opportunities—reducing unemployment and promoting social stability. Moreover, entrepreneurship stimulates wealth creation and equitable distribution by enabling individuals and communities to participate in economic activities. It also attracts local and foreign investment, as a thriving entrepreneurship ecosystem signals economic potential and a favorable business environment. Through these mechanisms, entrepreneurship drives gross domestic product (GDP) growth and enhances a nation's global competitiveness and resilience in the face of economic challenges.

## What is the Global Entrepreneurship Monitor (GEM) project?

GEM has been a cornerstone of entrepreneurship research for over 25 years, serving many stakeholders, including academic researchers, international research organizations, nongovernmental organizations, educators, practitioners, and policymakers. GEM's vast reach includes data collected since 1999 from 120 economies on five continents and over 170,000 yearly interviews with experts and entrepreneurs, backed by more than 370 professionals, 150 academic institutions, and 150 financing organizations.

GEM was founded in the late 1990s by visionary academics Bill Bygrave and Michael Hay. Starting off as an initial study of 10 nations, it has grown to a global network of more than 60 national teams. As a comprehensive and dependable resource on entrepreneurship and ecosystems, GEM continues to have immediate and long-term impact, offering essential insights for tackling economic and societal concerns and developing global knowledge about entrepreneurship.

## The context for entrepreneurship in the Kingdom of Saudi Arabia (KSA) in 2024

In 2024, Saudi Arabia's entrepreneurship ecosystem was thriving against the background of a developing and diversified economy. The Saudi economy, one of the largest in the Middle East, has continued to flourish, with non-oil industries, like tourism, entertainment, technology, and renewable energy, driving GDP growth. The Kingdom's diversification strategy minimizes reliance on hydrocarbons and significantly impacts entrepreneurship, generating possibilities in developing sectors and promoting innovation. A young and tech-savvy population and the increased participation of women in the labor force have also contributed to the entrepreneurship ecosystem's vitality. Furthermore, inflation has been low, creating a stable climate beneficial to corporate growth.

New advancements in 2024 have included deploying sophisticated digital infrastructure, such as increased access to 5G networks, which will aid the growth of tech companies and e-commerce firms. Government measures, such as the revised Investment Law, have made foreign direct investment more appealing by incentivizing international collaboration and cross-border entrepreneurship projects. Implementing simplified business registration and regulatory compliance processes has also made it simpler for entrepreneurs to access the market, adding to Saudi Arabia's appeal as a commercial hub.

Furthermore, constructing specialized economic zones, such as NEOM and the Red Sea Project, has presented unique possibilities for entrepreneurs in various industries, including sustainable tourism and sophisticated technology. These zones attract international investment and stimulate local startups to develop and expand. Meanwhile, hosting events such as the Global Entrepreneurship Congress (GEC) and the LEAP Tech Conference has strengthened Saudi Arabia's global reputation as a leader in entrepreneurship and innovation.

Cultural reforms that encourage entrepreneurship have also gained traction in 2024. Strong social support for and confidence in entrepreneurship abilities have enhanced this sense of optimism. While problems such as fear of failure remain, considerable developments in entrepreneurship education, training programs, and mentorship activities have helped to overcome barriers. Overall, Saudi Arabia's economic situation, along with new advancements in infrastructure, policy, and cultural attitudes, has made it a Middle Eastern entrepreneurship leader that can impact worldwide entrepreneurship trends in the future.

## The GEM KSA National Report 2024–2025

In 2024, the GEM Adult Population Survey (APS) was conducted in 56 national economies worldwide. Additionally, more than 2,000 professionals from 51 economies participated in the National Expert Survey (NES). In 2024, GEM Saudi Arabia collected responses from 4,031 adults for the APS and 46 experts for the NES. The background to GEM, key definitions, and technical details can be found in the appendices of this report.

The GEM KSA National Report 2024–2025 provides information on the level and characteristics of entrepreneurship, compiled from the 2024 GEM APS and NES in the Kingdom. Comparisons are made with previous years' results, with the 19 other high-income economies (all with GDP per capita higher than \$50,000) that participated in the 2024 APS, and with an additional two countries (Bahrain and Japan) that completed the NES.<sup>1</sup>

The remainder of this report is structured as follows. Chapter 1 assesses societal attitudes toward entrepreneurship, affiliations with entrepreneurs, and self-perceptions concerning entrepreneurship. Chapter 2 outlines levels of participation in various business phases, from entrepreneurial intentions through to business closure. Chapter 3 reviews the demographic characteristics of entrepreneurs and established business owners.

Next, Chapter 4 considers the social and environmental beliefs and actions of entrepreneurs and established business owners. Chapter 5 examines the impact of entrepreneurship and established business ownership (EBO), including industry sector participation, job creation expectations, market scope, and innovation. Chapter 6 examines the special topic of digital technology and artificial intelligence (AI), while Chapter 7 compares Saudi Arabia with 19 other high-income economies on key entrepreneurship indicators.

Chapter 8 covers informal investments in entrepreneurs. Chapter 9 then discusses the results of the NES, which is represented by the National Entrepreneurship Context Index (NECI), detailing the pillars that support the index. The report concludes with key implications and recommendations.

<sup>1</sup> Austria, Canada, Cyprus, France, Germany, Italy, Lithuania, Luxembourg, Norway, Qatar, Republic of Korea, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Arab Emirates, United Kingdom, and United States.





## CHAPTER 1

### Societal attitudes, affiliations, and self-perceptions

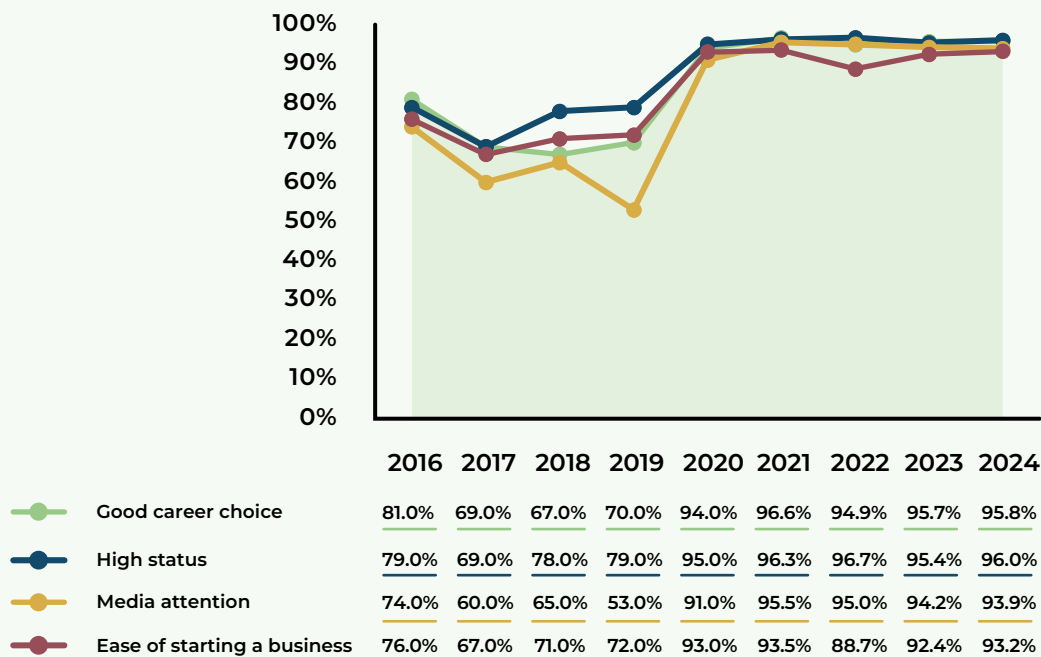


#### 1.1 Societal attitudes

Societal attitudes toward entrepreneurship have remained remarkably positive and stable for the past 5 years, since the first year of the pandemic in 2020. Most adults in the Kingdom believe that entrepreneurship is a good career choice and that entrepreneurs are accorded high status and receive positive media attention. In addition, most believe it is easy to start a business (Figure 1).

Figure 1

Societal attitudes toward entrepreneurship in Saudi Arabia, 2016–2024 (percentage of population aged 18–64)



Source: GEM Saudi Arabia, 2016–2024

This latter finding may be explained by the various initiatives that have been introduced to boost the private sector and minimize oil reliance. The government has streamlined business registration through major regulatory initiatives, including reducing bureaucracy and simplifying licensing. Transportation, telecommunications, and utilities have seen significant investments in recent years, providing a welcoming climate for new firms.

Additionally, multiple financing options through government efforts, venture capitalists, and angel investors have become more accessible than ever before. The Small and Medium Enterprises General Authority (Monsha'at) provides financial help and business coaching; accelerators, coworking spaces, and incubators have improved the entrepreneurship atmosphere; and many organizations and associations offer mentoring, training, and networking.

## 1.2 Affiliations and self-perceptions

Nearly all adults indicated that they personally know an entrepreneur (Figure 2), which is perhaps unsurprising given the high rates of entrepreneurship in the Kingdom. These affiliations can further spur startup activity as entrepreneurs can act as role models and potential advisers, partners, or other collaborators in

the entrepreneurship process. This result highlights the visibility of entrepreneurship in the Kingdom and the personal connections being made with entrepreneurs. These connections can provide resources, knowledge, and opportunities that are critical to business success.

**Figure 2**

Percentage of the adult population (aged 18–64) in Saudi Arabia that knows someone who started a business in the past 2 years, 2016–2024



Source: GEM Saudi Arabia, 2016–2024



“

## Haseeb Mohammad

CEO, Atar

Two major factors were crucial in enabling me to set up Atar and begin my journey in entrepreneurship: the regulatory environment and private sector support. The regulatory environment for entrepreneurs has developed greatly in the past 6 to 8 years with the addition of new business licenses by the Ministry of Investment and the related support offered by the Ministry of Commerce, and I was able to obtain an entrepreneurial business license in a very short period of time. Private sector support from BIM Ventures, a Saudi venture studio, was another important factor that provided the financial support and expertise I needed to set up a new business in KSA.

”



“

## Eman Alaskandrani

Co-Founder, iCancer Navigator



I was inspired by the need to improve access to care while ensuring patients are actively involved in forming their care plan and making decisions about it. Many patients face challenges navigating the healthcare system, often feeling left out of critical decisions regarding their treatment journey. iCancer Navigator was created to empower patients, simplify their path, and ensure that high-risk individuals receive personalized, timely, and effective care.

What sets iCancer Navigator apart is its ability to redefine the cancer care experience by turning a fragmented and overwhelming journey into one of clarity, empowerment, and hope. At its core, the platform is more than just a tool; it is a lifeline, an intelligent companion that deeply understands the personal and medical complexities each patient faces. By harnessing the power of advanced AI, iCancer Navigator doesn't just predict risk; it creates a personalized pathway tailored to the unique story of every individual, blending precision with profound humanity. ”

A sustained rise in the number of entrepreneurs and enhanced support for the business community in recent years may account for the high number of people who know an entrepreneur, with 94% of the adult population (compared to 88% in 2023) indicating they know someone who started a business in the past 2 years.

Capability perceptions have continued on a generally upward trajectory since 2016, with nearly all adults in 2024 believing they could start a business (Figure 3). This indicates a high level of self-confidence in the skills and preparedness required for successful entrepreneurship.

The consistency of capability perceptions, as opposed to the variability of opportunity perceptions, suggests that individuals' views about their skills tend to remain steady. In contrast, their perceptions of the external environment are more susceptible to change. This discrepancy aligns with the ongoing increase in initiatives that foster entrepreneurship, reflecting a sustained commitment to entrepreneurship education. In recent years, this commitment has been demonstrated through tangible actions. A recent academic study explores Saudi students' entrepreneurship orientation concerning e-businesses, situating this within the context of Saudi

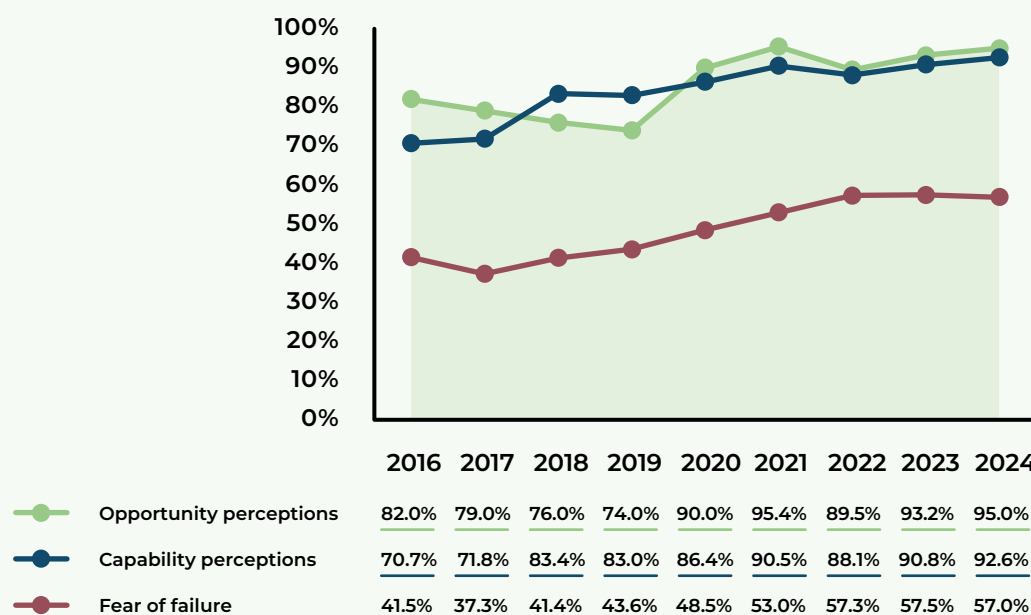
Vision 2030, a government program which aims to achieve increased diversification and improved competitiveness for the Kingdom.<sup>2</sup> The study's authors observe that to achieve the objectives of Vision 2030, the government has introduced substantial reforms in the education sector, aiming to cultivate a culture of entrepreneurship and innovation among students.<sup>3</sup> Significant resources have been allocated, particularly to institutions, to facilitate this transition. The observed slight positive increase in this metric indicates steady progress toward Vision 2030's goals.

<sup>2</sup> Alam Ahmad, Mansour Saleh Albarrak, Samreen Akhtar, and Hafiz Wasim Akram, "Sustainable Development and Saudi Vision 2030: Entrepreneurial Orientation of Students Toward E-Businesses and Proposed Model of 'Virtual Business Incubator' for SEU," *Education Research International*, 2023: 6106580 <https://doi.org/10.1155/2023/6106580>.

<sup>3</sup> Ibid.

**Figure 3**

Opportunity and capability perceptions and fear of failure among those seeing opportunities, in the adult population of Saudi Arabia, 2016–2024 (percentage of population aged 18–64)



Source: GEM Saudi Arabia, 2016–2024

Opportunity perceptions were higher than capability perceptions in 2024 but demonstrate greater variability over time, declining in the early years of GEM in Saudi Arabia, rising to high levels in the COVID-19 pandemic years of 2020 and 2021, and then dropping in 2022. The result in 2024, however, is equal to the high level reported in 2021, indicating that most people see opportunities around them for starting a business. This result is consistent with the Kingdom's economic situation, in which a high level of capital-intensive economic transformation has been occurring.

Fear of failure reached its highest level in 2022, signaling a growing hesitancy to assume business risks. The leveling-off of this indicator in 2023 and 2024 is a positive sign. However, it indicates that a large proportion of those seeing opportunities would be deterred from starting a business due to the risk of their efforts failing.

Real or perceived repercussions, such as societal disapproval or exclusion from job opportunities resulting from a failed business, may influence one's propensity toward risk. This fear may be more pronounced when there are other career choices available. Good jobs tend to proliferate when economies expand, and there is less incentive for an individual to start a business if they already have a job with a decent income, opportunities for growth, and job security. However, there is always greater risk involved in starting a firm that has prospects for generating a significant financial return. This somewhat contradictory result suggests that economic development may deter some people from entrepreneurship because they prefer to work for an employer. Conversely, it may enable others who wish to draw on their abilities, preferences, and favorable conditions to explore new horizons. It is nonetheless important to note that societal limits leading to hesitancy over fear of failure must be addressed.

## CHAPTER 2

### Phases of entrepreneurship



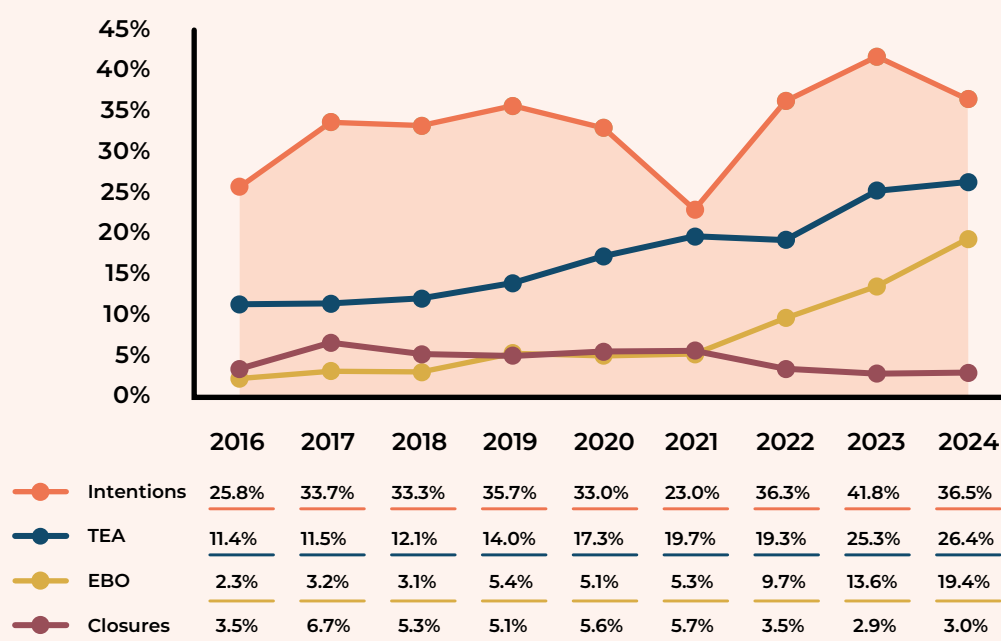
#### 2.1 Phases of business activity

Entrepreneurial intentions decreased in 2024 from the previous year but matched the level reported 2 years prior and maintained a degree of recovery after a substantial drop in 2021 (Figure 4). People may have been deterred from starting a business during the second year of the pandemic, which may explain a leveling-off in total entrepreneurial activity (TEA) the following year (2022) after several years of increases. However, the rebound in entrepreneurial intentions appears to coincide with a higher TEA level in 2023 and 2024—its highest level in 9 years. As a result, over one fourth of adults in Saudi Arabia started or were running new businesses in 2023 and 2024.



**Figure 4**

Phases of business activity in the adult population of Saudi Arabia, 2016–2024 (percentage of population aged 18–64)



Source: GEM Saudi Arabia, 2016–2024

TEA includes nascent entrepreneurs (those who have just started a business or have been in operation for less than 3 months) and new entrepreneurs (those who have been operating for between 3 months and 3.5 years) as a percentage of the population aged 18–64. Nascent activity has been relatively stable at around 8% since 2021. However, the number of entrepreneurs beyond the nascent stage—new business owners—has increased by nearly two thirds over the past 4 years. This indicates that an increasing proportion of TEA is occupied by those who have

advanced beyond the initial startup stages toward a higher level of commitment with their businesses.

High TEA levels have been accompanied by a marked rise in established business activity starting in 2022, along with continued low business closure rates. In just 2 years, from 2022 to 2024, EBO doubled to now represent nearly one fifth of the Saudi population. This suggests there is healthy business startup activity in Saudi Arabia, relatively few closures, and a high percentage of individuals who own and manage businesses in the mature stage.

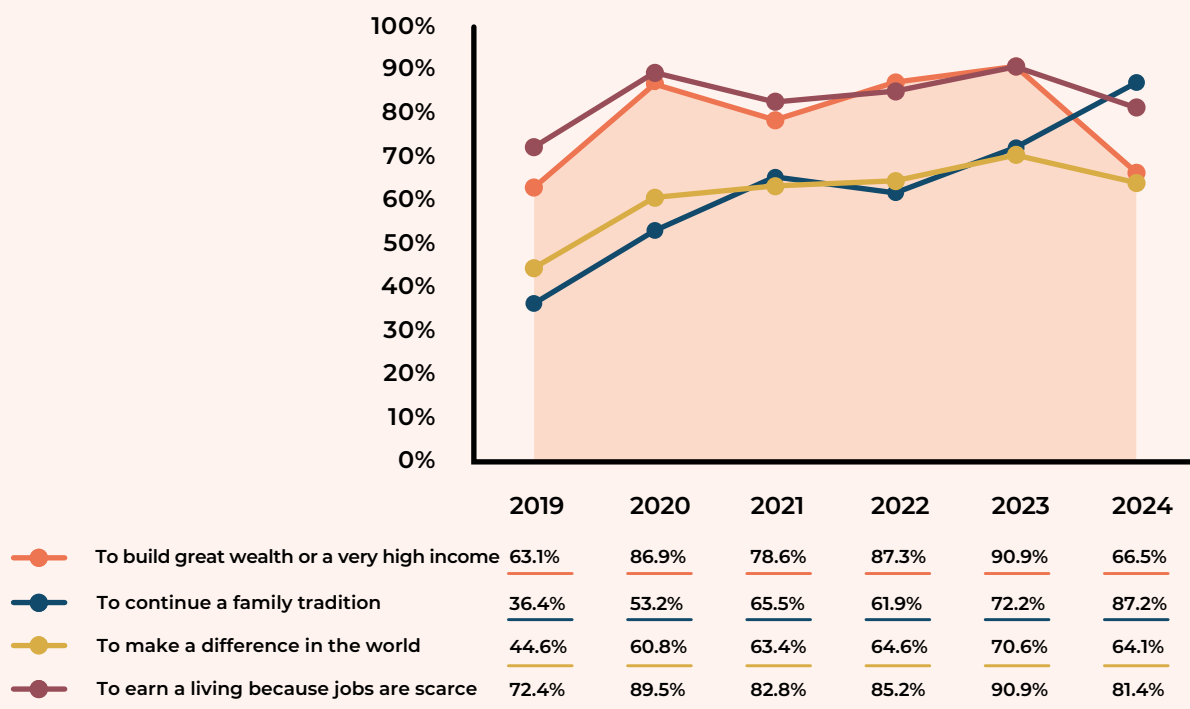
The most frequently cited reason for closing a business, identified by 29% of respondents, was a lack of profitability, while 14% stated they had problems obtaining finance. However, some people closed their business to accept a job (6.5%) or pursue another business opportunity (8.1%), indicating that a small number of people may close a business to take their next career step.

## 2.2 Motivations for starting a business

People have many reasons for starting a business, and this is especially true in Saudi Arabia. Income-related drivers have generally been the most prevalent motivators among entrepreneurs in the Kingdom, whether they want to earn a living because jobs are scarce or because they want to generate a high income (Figure 5). In 2024, there was a decline in the latter reason, while the motivation of continuing a family tradition increased. Overall, family-related motivations were strong in 2024. Job scarcity also remained a prominent reason. Somewhat fewer entrepreneurs cited generating a high income or making a difference as their reason for entering entrepreneurship.

**Figure 5**

Motivations for starting a business (percentage of entrepreneurs), 2019–2024



Source: GEM Saudi Arabia, 2019–2024

These changes in motivation are related to changes in the stages of entrepreneurial activity. Thus, as there were fewer nascent entrepreneurs, it could be expected that fewer people were motivated by generating a high income, making a difference in the world, or job scarcity, which are common motivations among entrepreneurs who are starting a business. Meanwhile, it is logical that business owners cited the continuity of a family tradition as their motivation, especially in a country like Saudi Arabia, where the family business model is the most prevalent and Saudi society is supportive of its continuity and development.



“

## Abdulrahman Al Saati

CEO, Destifind

We are proud to be one of the first to offer multiple services in this sector. Our motorhome experience provides accommodation and helps explore Saudi Arabia at one time, providing the customer with the means to drive around and sleep in the comfort of their house.

After 8 years of hard work on Destifind, my direction today is to diversify, expand into new markets or services, create an environment for myself to learn new skills, and gain new experiences in related or similar industries.

”

### 2.3 Entrepreneurial activity by region

An analysis of business phases in five regions of Saudi Arabia shows different patterns in 2024 compared to 2023 (Figure 6). In 2023, Jeddah exhibited the highest level of entrepreneurial intentions, TEA, and EBO, with Riyadh showing the second highest levels of TEA and EBO. Although Madinah demonstrated high levels of entrepreneurial intentions in 2023, the TEA rates for this region, along with Dammam and Mecca, were around half that of Jeddah, while EBO rates were as low as one fifth of the level reported in Jeddah.

In 2024, a different story emerged. Entrepreneurial intentions were relatively uniform across the regions, except Dammam, which exhibited the highest rate. TEA rates varied noticeably, with Dammam reporting the highest rate, almost twice that of Madinah. Conversely, EBO rates showed some variation across the regions, with Mecca having a slightly lower rate than the other regions.

Due to economic diversification efforts and infrastructure developments in Dammam, several sectors in the region have grown: construction and real estate, retail, hospitality and tourism, healthcare, logistics and transportation, energy and sustainability, and manufacturing.

Although entrepreneurial intentions decreased in Madinah, TEA and closure rates increased slightly. A significant increase in religious tourism (Umrah and Hajj) and government support in several sectors have contributed to substantial growth and progress in the region in recent years, as reflected by a significant increase in the EBO rate.

Similarly, in Mecca, TEA and EBO rates exhibited a notable increase alongside a reduction in closure rates, although entrepreneurial intentions remained constant.

Mecca, the most sacred city in Islam, attracts millions of visitors every year for Hajj and Umrah, generating a substantial market for enterprises focused on accommodation, culinary services, transportation, retail, and tour operations. The existence of diverse business events, expos, and networking opportunities in the area augments collaboration among entrepreneurs, facilitating the sharing of ideas and formation of partnerships. The growing use of digital technology and e-commerce also creates new opportunities for entrepreneurs to establish and expand their enterprises online.

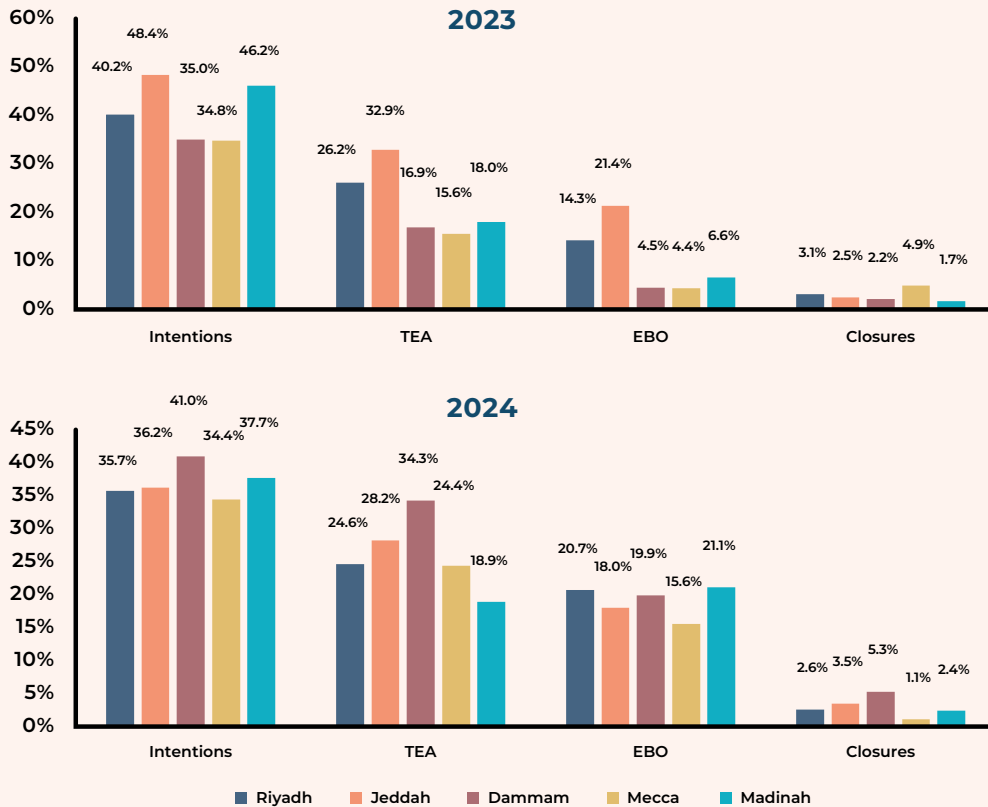
The most notable change can be seen in the EBO rate, which, with the exception of Jeddah, demonstrated substantial growth over the past year. This indicates that these regions benefit from the considerable efforts invested in fostering entrepreneurship over the past 10 years. Businesses are able to persist in the market, overcoming the stigma of instability and challenges associated with the startup phase.

However, sectors such as retail and wholesale may be approaching their limits. In this scenario, it is anticipated that such enterprises will maintain stability in the medium term, with changes arising only from the inherent dynamics of the market, driving replacement of businesses and innovation. While volatility has been mitigated in Saudi Arabia, significant progress needs to be made in diversification. Nevertheless, the Saudi people appear to have understood this message and are actively responding to it. This is evidenced by events such as Biban, LEAP, and LEARN, where young individuals showcase innovative entrepreneurial ventures in technology, AI, business services, education, and other areas outside consumer-oriented enterprises.



**Figure 6**

Phases of business activity by region in the adult population of Saudi Arabia, 2023 and 2024  
(percentage of population aged 18–64)



Source: GEM Saudi Arabia, 2023 and 2024

## “ Hawazen Albalawi Co-Founder & CEO, Fekr Hub

What sets Fekr Hub apart as a novel business is its unique blend of services and its targeted approach. Unlike typical co-working spaces, Fekr Hub caters to two distinct groups—entrepreneurs and students—by creating a dynamic environment where both can collaborate and grow together. This merging of two groups is a key differentiator, fostering a community that blends innovation, creativity, and professional development.

Starting Fekr Hub came with its challenges. One of the biggest was introducing the concept of co-working and bridging the gap between two key groups—entrepreneurs and students. Since many in the community hadn't



yet seen the advantages of a shared workspace, we focused early on building brand awareness and engaging our target audience. We launched a marketing campaign centered around networking and innovation, which are at the heart of Fekr Hub's mission.

In 5 years, I envision Fekr Hub as a leading entrepreneurial space in Saudi Arabia, expanding to multiple cities and empowering entrepreneurs and students, while also expanding its scope to include venture building and venture capital.





## CHAPTER 3

### Demographic characteristics of TEA and EBO

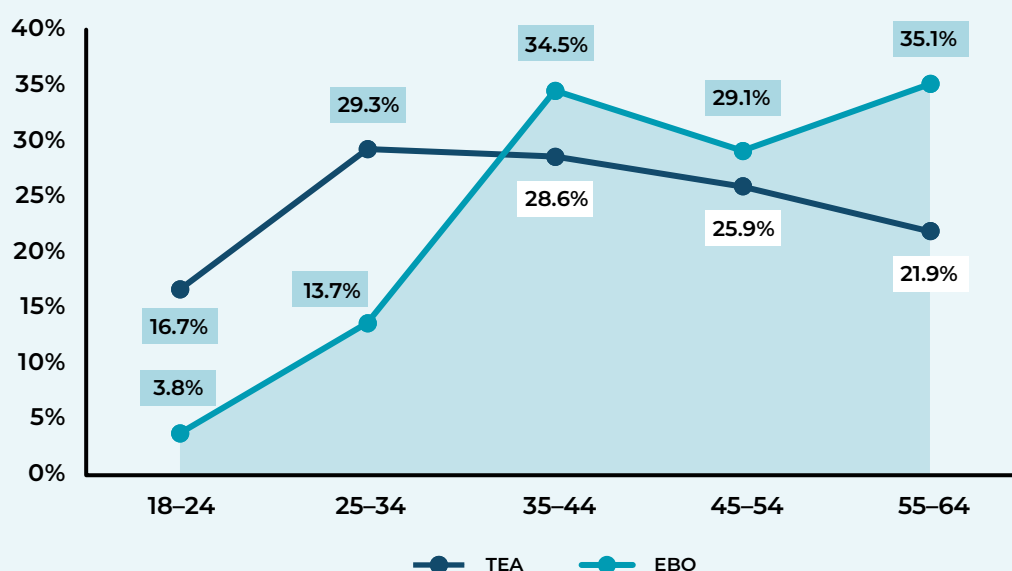


#### 3.1 Age

In 2023, TEA rates were nearly equal across all age groups, including those aged 55–64. This was a unique result because, especially in developed economies, the highest rates are generally reported among the 25–34 or 35–44 age groups, with slightly lower rates among those aged 18–24 and rates tapering off among those aged 45 and over. EBO was also markedly uniform across all but the youngest age group, which had low rates—however, this is unsurprising as people in this age group are less likely to have been running a business for more than 3.5 years.

## Figure 7

Rates for phases of business activity by age group in the adult population of Saudi Arabia, 2024 (percentage within each age group)



Source: GEM Saudi Arabia, 2024

The year 2024 marked a return to the more typical pattern for TEA, with the highest rates reported among the 25–34 and 35–44 age groups (Figure 7). Those in the youngest age group may be in college or starting their careers, gaining experience and earning money. Those aged 25–34 are still young but may have more experience, connections, and resources to leverage—and this may be even more the case for those aged 35–44. Beyond that, there was still notable participation in entrepreneurship across all age groups, as this indicator decreased only gradually with age.

As in 2023, those aged 18–24 exhibited low rates of EBO in 2024; this rate was higher among the 25–34 age group, but still not even half the rate of the older age groups. It makes sense that younger individuals are more likely to be in the startup phases of their businesses than running mature ones. They may be testing new ideas and gaining experience, and some may become established business owners in their later years. Consequently, the most significant EBO rates were anticipated for older age groups. These older adults could have pursued other vocational callings in their younger days, but eventually opted to become business owners and are currently running mature enterprises. The highest EBO rates were therefore among those aged 35–44 and those aged 55–64.

### 3.2 Gender

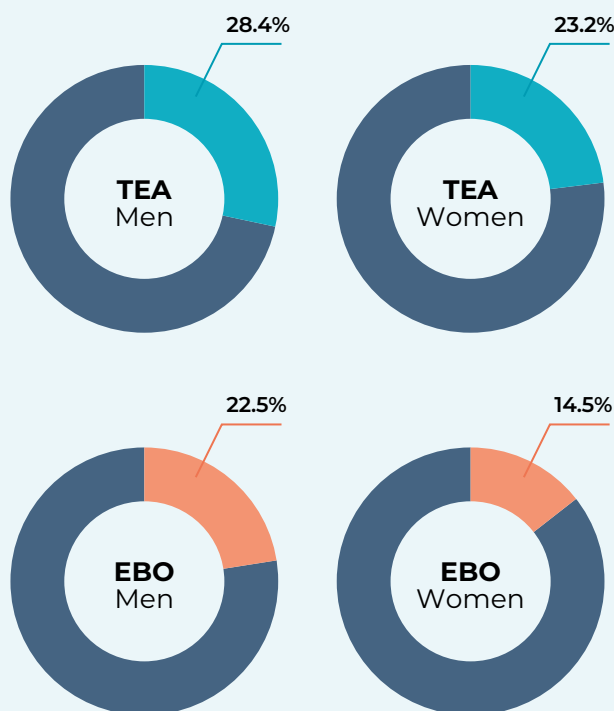
Past GEM results in Saudi Arabia reported gender parity, or near parity, in TEA for 3 years, from 2019 through 2021. However, a gender gap appeared in 2022 and persisted in 2023. The results in 2024 were similar to the previous year for both women and men, as overall TEA did not change much from 2023. For every 100 men in the process of starting or already running new businesses, 82 women were doing the same. Despite this gender gap, it should be noted that the TEA level was still very high among women, encompassing nearly one fourth of women in the Kingdom.

EBO rates rose substantially in both 2022 and 2023, exhibiting gender parity. However, as Figure 8 reveals, there was a significant gap in 2024. In 2023, both men and women reported EBO rates of just under 14%. In 2024, there was little change in this rate among women, but it increased by nearly two thirds for men.

The data on entrepreneurial activity by gender indicate a disparity between the rates of entrepreneurship and EBO among men and women. Nonetheless, this does not paint the full picture. It is essential to recognize that TEA comprises two components, both of which necessitate attention. In 2024, the nascent activity rate was similar for women and men at less than 8%. It is in the new business phase that differences were evident, with rates of 15% for women and 21% for men. This suggests that women are as likely as men to be starting initially, but fewer women relative to men are persisting beyond this nascent phase.

**Figure 8**

Rates of TEA and EBO by gender in the adult population of Saudi Arabia, 2024 (percentage within each gender group)



Source: GEM Saudi Arabia, 2024

### 3.3 Household income

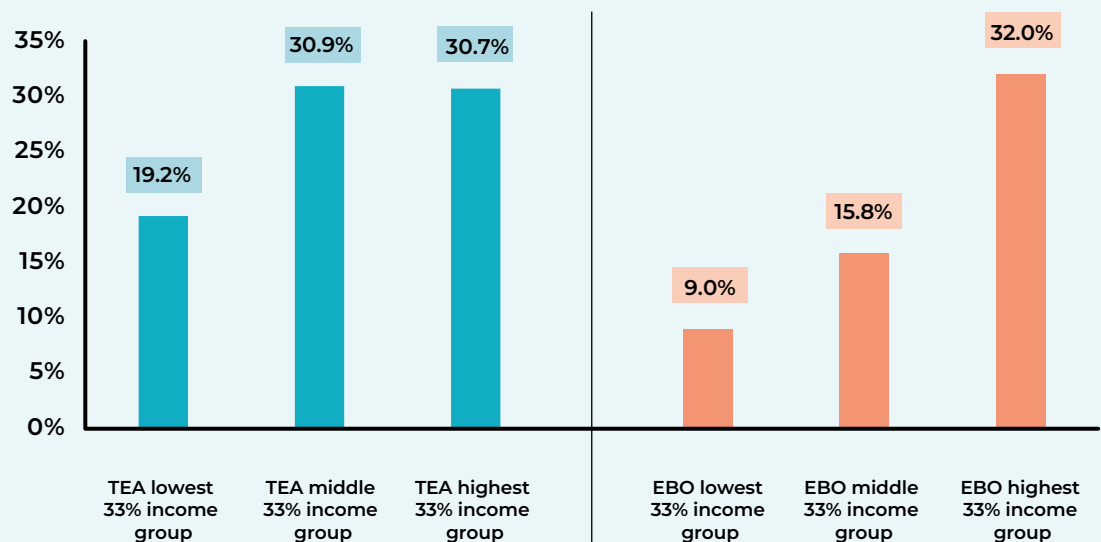
Entrepreneurial activity rates in Saudi Arabia indicate that individuals with medium and high incomes engage in entrepreneurship at higher levels than those with low incomes. Entrepreneurship requires capital, and many entrepreneurs rely on their own resources to start their businesses. Figure 9 shows that people in middle- and high-income households were over 1.5 times more likely to be entrepreneurs than those in low-income households.

For EBO, the wealthiest households were twice as likely as those from middle-income households and 3.5 times as likely as those from low-income households to run mature businesses. Of course, it is hard to determine whether, like TEA, high income enables EBO, or whether it is the ownership of a mature business that has generated this high income. If the latter is the case, it illustrates the long-term attraction of running one's own business.



Figure 9

Rates of TEA and EBO by household income level in the adult population of Saudi Arabia, 2024  
(percentage within each household income group)



Source: GEM Saudi Arabia, 2024

### 3.4 Education level

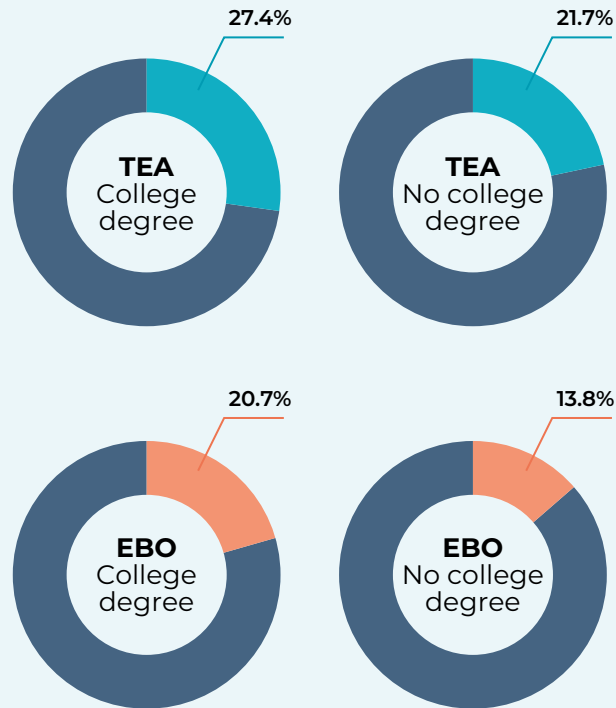
Figure 10 illustrates the value of a college education for business startup and ownership: college-educated individuals were one fourth more likely to be entrepreneurs and one half more likely to be established business owners than those without a college degree. Perhaps the knowledge or credentials engendered by a college degree make business ownership attractive to graduates, even though a college education may provide them with excellent employment prospects.

Investment in education, training in technical and entrepreneurship skills, and support for economic diversification initiatives have all contributed to higher levels of education among Saudi entrepreneurs. As a result, many have been motivated to extend their education to thrive in expanding sectors beyond oil. A cultural shift toward innovation and entrepreneurship has attracted educated individuals

to follow entrepreneurial pursuits. The professional networks that exist among highly educated entrepreneurs, which enable access to funding, mentorship, and assistance, may also explain the emergence of business accelerators and incubators, creating a more competitive and dynamic entrepreneurship environment.

**Figure 10**

Rates of TEA and EBO by education level in the adult population of Saudi Arabia, 2024  
(percentage within each education level group)



Source: GEM Saudi Arabia, 2024

### 3.5 Comparison between Saudi nationals and expats

Foreign workers make up a large portion of Saudi Arabia's workforce, especially in low-skilled occupations. Although their wage levels vary greatly depending on nationality, talent, and sector, they generally earn far less than their Saudi colleagues.

Saudi Arabia's Vision 2030 is transforming the economic environment, causing expats working

and living in the Kingdom to face both opportunities and challenges. Vision 2030 includes policies that make it easier for foreigners to invest in the Kingdom and move there permanently. Some expats can live in Saudi Arabia without a sponsor through the Premium Residency (Green Card) program, which gives them greater financial freedom and security. However,

the Saudi government wants to lower unemployment among its people through the Saudization plan (Nitaqat). This strategy stipulates that Saudi citizens must be given certain jobs in specific industries. The plan is essential for the Kingdom's long-term economic health, but it could make it harder for expats to find work in some places.<sup>4</sup>

<sup>4</sup> "The Impact of Saudi Arabia's Vision 2030 on Expats and Their Finances," Holborn Assets, October 15, 2024, <https://holbornassets.sa/blog/expats/the-impact-of-saudi-arabias-vision-2030-on-expats-and-their-finances/>

In Saudi Arabia, the survey results for business and startup activities among expats partially demonstrate these problems. Their rates were lower than those of Saudi nationals, and there were more business failures, even though their entrepreneurial intention rate was higher.

Despite reporting lower entrepreneurial intentions than expats, Saudi nationals had higher TEA and EBO rates (Figure 11). Saudi nationals may find it easier to turn their intentions into action, to become entrepreneurs, and even to sustain their businesses to maturity. This may be because they have spent longer in the Kingdom and are more likely to remain than expats, who have only recently been allowed to start their businesses with 100% ownership. Moreover, it is easier for Saudi nationals to take the plunge into entrepreneurship because conditions favor them, they are more established in society, and they have better networks and access to resources.

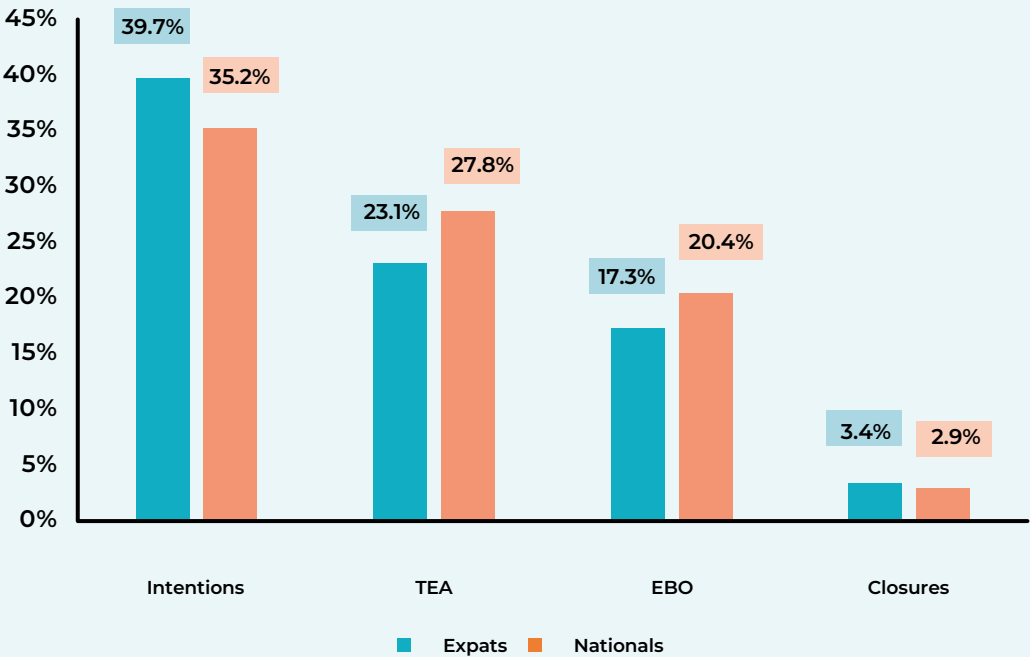


“ **Faaris Mazi**  
Co-Founder & CEO, Dayf

The primary challenge I faced while running my own business before joining MBSC was scalability. MBSC, particularly the Venture Lab and the Signature Learning Experience program, played a pivotal role in shaping Dayf and its business model, enabling it to scale up and grow to 10 times its size before joining the MBSC Executive MBA program. ”

Figure 11

Rates for phases of business activity for nationals and expats in the adult population of Saudi Arabia, 2024 (percentage within each group)

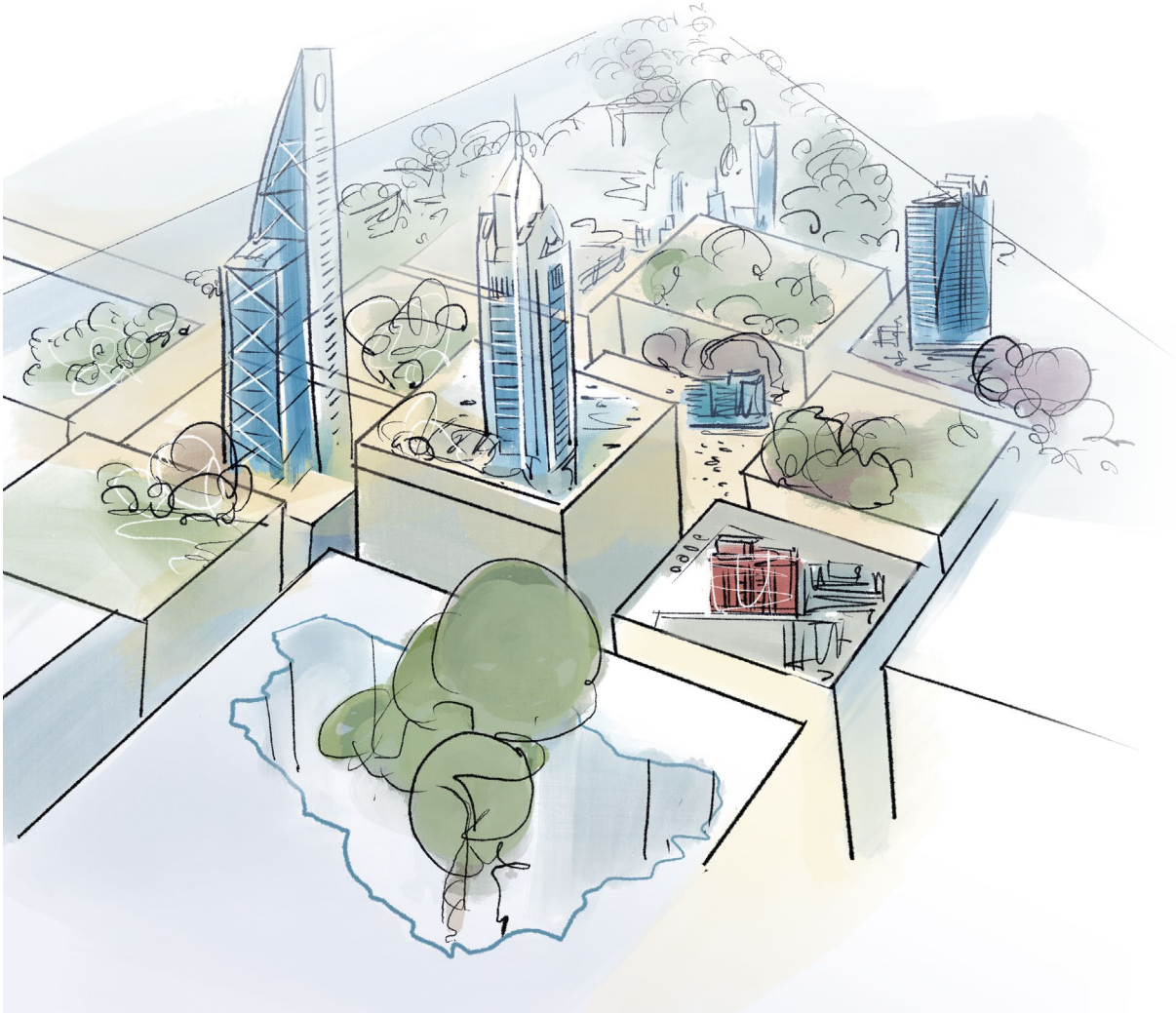


Source: GEM Saudi Arabia, 2024



## CHAPTER 4

# Social and environmental sustainability



### 4.1 Social and environmental considerations

Social and environmental sustainability are of paramount concern for entrepreneurs and established business owners in Saudi Arabia. A significant majority—83% of the former and 85% of the latter—indicated that they prioritize social and environmental impact over profitability or growth. These factors also influence their decision-making, as illustrated in Figure 12, with social impact having slightly more emphasis than environmental sustainability.

These results align with recent government initiatives. Saudi Arabia has introduced various regulations to promote environmental and social responsibilities among businesses. The Kingdom increasingly acknowledges the importance of sustainable development, with its Vision 2030 plan seeking to diversify the economy and decrease dependence on oil.



Figure 12

Percentage of entrepreneurs and established business owners in Saudi Arabia who state they consider social and environmental impact in decision-making, 2021–2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2021–2024

“

**Abdulaziz Almudayfir**  
Chief Strategy & Partnerships Officer,  
DEMA Energy

The inspiration to start DEMA Energy came from the collective experiences of our founding team, who met while working in the energy ecosystem. Each founder brings a unique background and expertise that contributed to our shared vision. Our deep experience in the energy market allowed us to witness firsthand the challenges and inefficiencies prevalent in the sector. Having spent several years on high-impact energy projects in Saudi Arabia, we recognized a pressing need for sustainable solutions that could improve energy efficiency and reduce environmental footprints—all while aligning with the Kingdom’s Vision 2030. The entrepreneurial mindset fostered at MBSC helped us see the opportunity to come together and create DEMA Energy, a company dedicated to addressing these challenges through innovative energy optimization technologies. Our goal has always been to leverage our diverse expertise—ranging from engineering



to project management—to drive positive change in the energy sector and contribute meaningfully to Saudi Arabia’s energy transformation and sustainability goals.

In 5 years, we aim for DEMA Energy to be a \$1 billion corporation listed on Tadawul (Saudi Exchange), recognized as a leader in energy optimization solutions in the Gulf Cooperation Council. We envision expanding our service offerings and leveraging advanced technology to enhance operational efficiency for our clients. Building strong partnerships within the energy ecosystem and contributing significantly to sustainability efforts will be key objectives. Ultimately, we aspire to help drive the Kingdom’s transition to renewable energy while ensuring financial growth and stability for our company.

”

Saudi Arabia's regulatory framework prioritizes environmental and social responsibility through essential measures, including environmental regulations enforced by the General Authority for Meteorology and Environmental Protection (GAMEP), which address pollution, waste management, and biodiversity conservation.

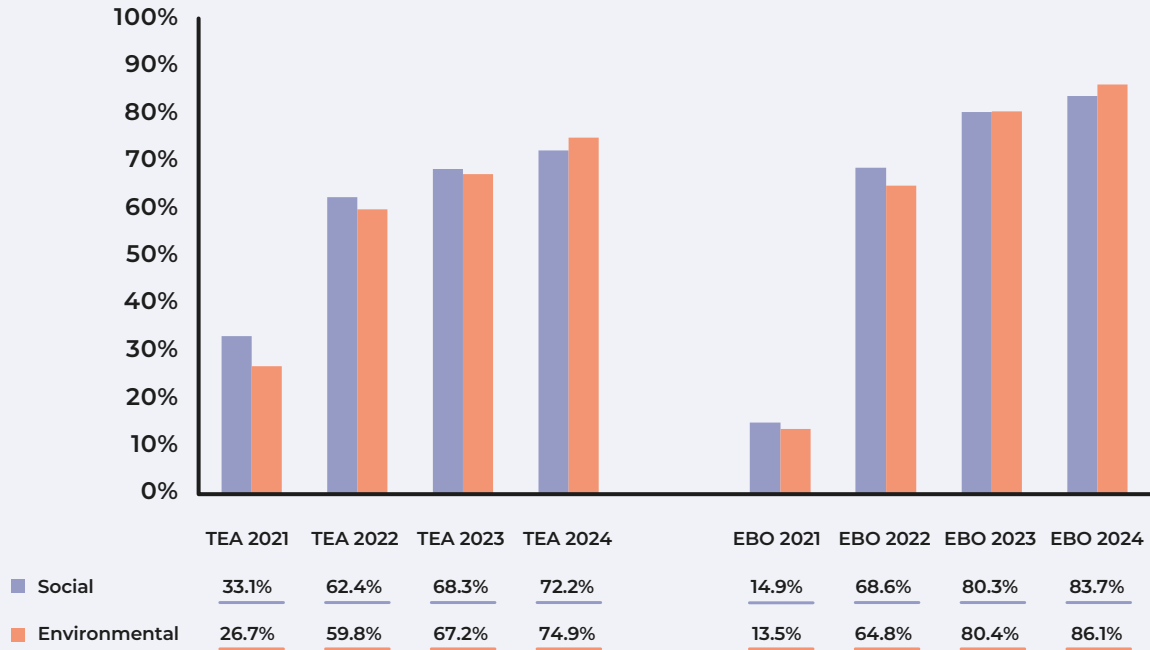
While there is no comprehensive legal requirement for corporate social responsibility (CSR), the government encourages voluntary CSR initiatives in social development and environmental conservation. Vision 2030 encompasses objectives such as advancing renewable energy, enhancing green spaces, and minimizing waste, with companies urged to align their activities accordingly. Sustainability reporting is becoming more widespread, fostering transparency and accountability, while significant investments in renewable energy projects further underscore the Kingdom's commitment to sustainability. Public-private partnerships

are being leveraged to advance these objectives, indicating a trend toward stricter enforcement and higher standards for sustainable and ethical corporate practices.

However, actually addressing social issues or protecting the environment requires a higher level of commitment than simply stating priorities. As Figure 13 demonstrates, the percentage of established business owners who stated they have taken firm steps to maximize their social impact or minimize their environmental impact was similar to the percentage who said they prioritize these concerns and consider them in their decision-making. This reveals that those running mature businesses are turning their words into actions. However, fewer entrepreneurs stated they have taken firm steps relative to social and environmental impact, compared to a higher percentage who said these concerns are a priority and are considered in decision-making. This indicates some disconnect between thoughts and actions among entrepreneurs.

Figure 13

Percentage of entrepreneurs and established business owners in Saudi Arabia who stated they have taken steps to maximize social impact and/or minimize environmental impact, 2021-2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2021-2024

## 4.2 Experts' perceptions of social and environmental impact

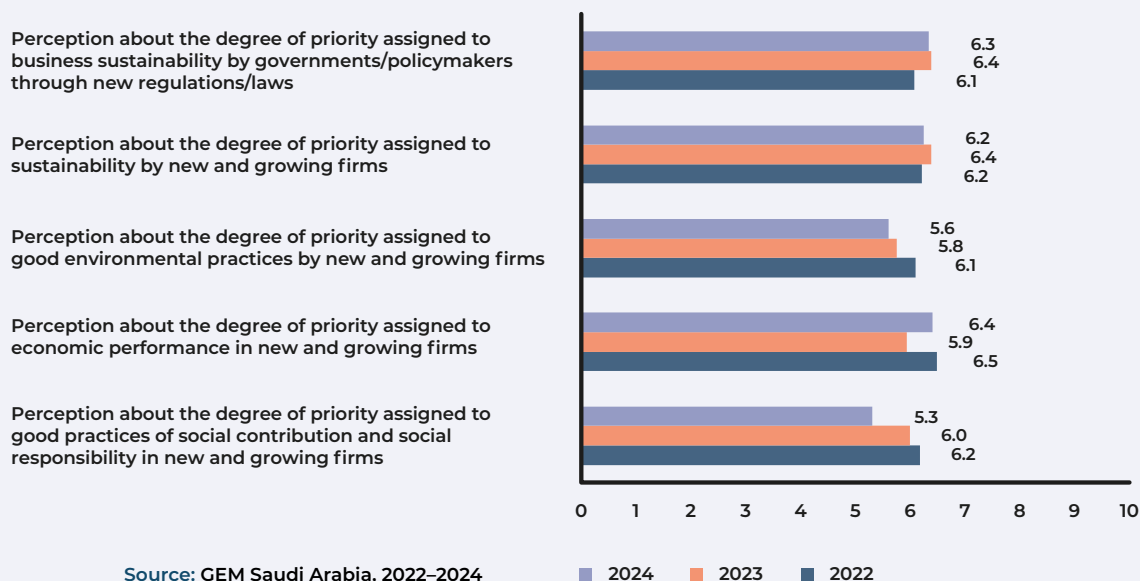
The NES included questions about social and environmental impact. The responses reflect a moderately optimistic view that social and environmental sustainability are priorities for government, policymakers, and new and growing firms (see Figure 14). However, the experts also felt that the importance of environmental practices and social responsibility in these firms has declined since 2022, and that economic performance has been an increasing priority for these businesses.

Individual survey items indicate that the experts did not perceive that paying taxes is a component of a firm's social

responsibility (4.7/10). Furthermore, the experts judged investors to be only moderately interested in funding firms focusing on social responsibility (5.1). However, the experts strongly believed that sustainability practices are viewed as highly important in the national culture (6.2) and that there are notable examples of entrepreneurial activities related to the United Nations' Sustainable Development Goals (SDGs) within the business sector (5.9). This suggests that there is overall visibility and awareness of sustainability in the Kingdom, with potential for further development from the perspective of the investment community and the broader responsibilities of individual businesses.

**Figure 14**

Experts' average perceptions of social and environmental impact in Saudi Arabia, 2022–2024



**Sulaiman Al Ghamdi**  
Co-Founder, City Futures Group  
Integrated Sustainability Hub



My dream has always been to launch an environmental project that offers sustainable solutions, addressing key needs and contributing to the Kingdom's goal of achieving a circular economy as part of Vision 2030. City Futures Group was acquired by Shurfah Holding Company. They will invest 500 million SAR to build an Integrated Sustainability Hub. The aim of the Hub will be to expand the treatment and recycling of industrial sediments into transformative industries and energy production instead of the current landfill techniques. Green Cement Factory will be one of the major projects in the Hub in collaboration with Hoffman Green Cement.



## CHAPTER 5

### Impact characteristics of TEA and EBO



#### 5.1 Industry sector

Although the consumer-oriented sector still accounts for the majority of TEA and EBO in Saudi Arabia, there are signs of greater diversity in the types of business being started and run. Given the nation's goals to foster a broader set of industries in which entrepreneurs and established business owners compete, this is a positive trend.

TEA started its ascent in 2019 and appeared to attract a higher proportion of consumer businesses through 2022. However, the percentage of consumer businesses declined in the subsequent 2 years, as TEA reached its highest level, with more entrepreneurs starting business-oriented and other ventures (Figure 15). Likewise, with EBO showing significant gains from 2022 to 2024, the share of consumer-oriented businesses has declined. This sector is often easy to enter but has a low profit potential; therefore, it is a welcome sign that new and established business activity may be becoming more diverse and viable in the

Kingdom. Nevertheless, the share of businesses in medium- and high-technology sectors remains low—less than 2% for both TEA and EBO. This is an indicator to watch going forward.

The Saudi Arabian government has enacted many initiatives to foster economic diversification, emphasizing the reduction of dependence on oil earnings. Principal activities encompass substantial investments in non-oil industries, including tourism, entertainment, healthcare, education, and technology, as well as endeavors to attract international investment and collaboration. The Public Investment Fund (PIF) has been reorganized to facilitate Vision 2030 through investments in many businesses domestically and globally. Special economic zones and initiatives like NEOM and the Red Sea Project aim to promote innovation, attract visitors, and enhance investment. Cultural and entertainment efforts, including concerts and athletic events, seek to enhance tourism



and stimulate economic development. Moreover, collaborations with international corporations provide experience, technology, and capital to the nation, enhancing diversification initiatives.

The Biban Forum exemplifies initiatives designed to foster diversity in Saudi Arabia. Biban is a program established by the Saudi Arabian government—the inaugural conference was held in December 2021, with the intention of promoting entrepreneurship and assisting SMEs in Saudi Arabia. The conference provides a substantial platform for advancing diversity in the corporate sector, emphasizing entrepreneurship, innovation, and the empowerment of SMEs.

The Biban Forum is vital for enhancing Saudi Arabia's entrepreneurship landscape by helping SMEs to become economic development and innovation catalysts. It promotes networking and collaboration among entrepreneurs, investors, and enterprises, fostering information exchange and generating new opportunities. The forum advocates for investment in technology, digital transformation, renewable energy, and other non-oil areas to facilitate economic diversification. Biban also aligns with government ambitions by implementing regulatory changes and providing financial assistance to entrepreneurs. At the same time, its emphasis on international engagement underscores Saudi Arabia's increasing attractiveness as a center for global commercial opportunities.

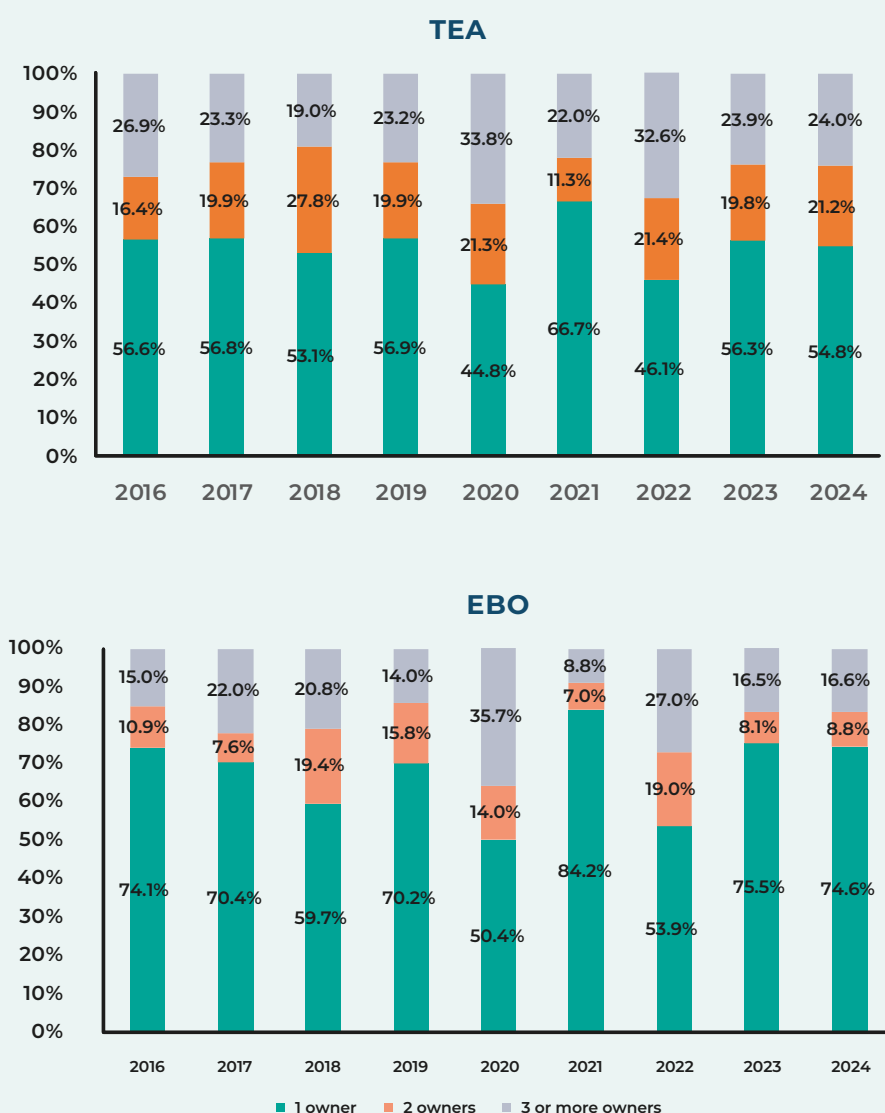


## 5.2 Number of owners

Although sole ownership of an enterprise gives the owner more control over business operations and strategy, taking on partners and even starting with a team can provide diverse knowledge and perspectives, a broader network, and other advantages, such as greater overall legitimacy and access to resources. Over one fifth of entrepreneurs in Saudi Arabia stated that they have business partners, and nearly one fourth stated that they were starting with a team of three or more owners. This percentage has remained relatively consistent over time, with some variability around the peak of the pandemic (2020–2022), as Figure 16 shows.

**Figure 16**

Number of owners in TEA and EBO in Saudi Arabia, 2016–2024



Source: GEM Saudi Arabia, 2016–2024



**Mazin Alshamrani**  
Co-Founder,  
Thabeer Ltd.

“Our business stands out for its specialized focus on digital solutions powered by immersive reality (IR) capabilities tailored specifically to diverse educational and service sectors, such as Hajj and Umrah. By democratizing access to IR and virtual reality (VR), we target a niche yet highly impactful market, enhancing training and experiential outcomes.

In 4 years, I envision Thabeer Ltd. as a premier provider of IR- and VR-driven digital solutions, renowned for delivering customized, high-impact content that offers rich, immersive experiences. We aim to broaden our partnerships, expanding the reach of our immersive training content across a wide range of industries.



During the second year of the pandemic (2021), both entrepreneurs and established business owners were more likely to be sole owners. However, results for 2023 and 2024 were relatively consistent with pre-pandemic years for both groups of business owners. Established business owners were much more likely to be sole owners than entrepreneurs, indicating that these types of business are more likely to persist or that co-owners depart over time.

The findings were not unexpected, as Saudi Arabia has historically had a high proportion of SMEs that are either individually or family-owned. This implies that a small number of individuals, frequently members of the same family, are the primary shareholders and are thus responsible for making critical decisions regarding the direction of the business. This is consistent with the Kingdom's business culture, in which personal relationships and trust are crucial in establishing and managing businesses.

### 5.3 Current and anticipated employment

Job creation is a primary goal of policymakers and an indicator of firm growth and potential. The results in Saudi Arabia show that a high percentage of entrepreneurs had more than five employees in 2024, with this percentage nearly doubling from the previous year (Figure 17). Given that almost three fourths of all entrepreneurs are in the new business stage (more than 3 months), they are beyond just getting started and have enough confidence to employ people. Regarding future hiring expectations, most entrepreneurs expected to have more than five employees in the next 5 years.

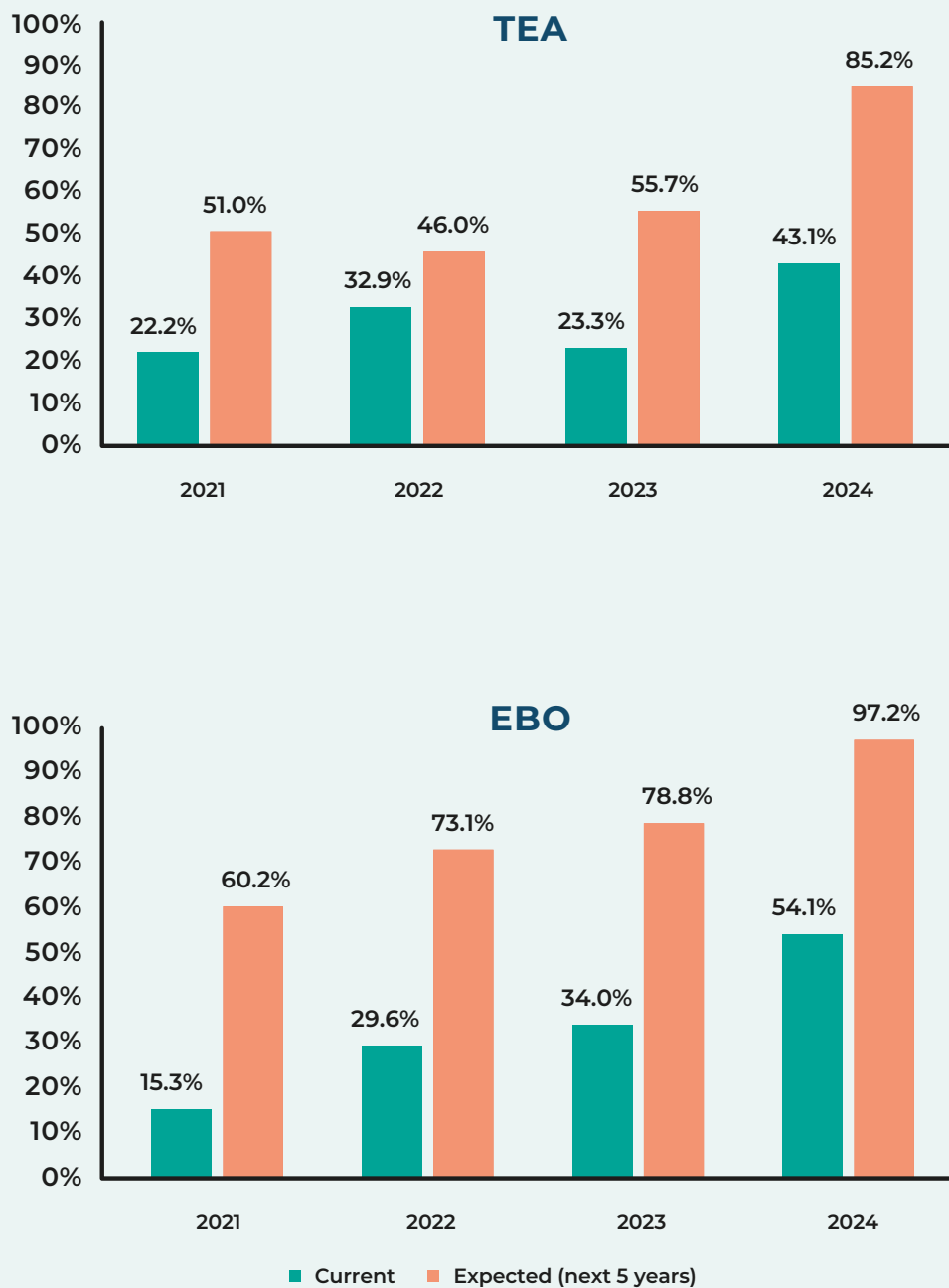
Established business owners have increased their number of employees, to the extent that more than half had more than five employees in 2024, and nearly all expected to maintain or reach this level in the next 5 years.

Saudi Arabia's current population is around 36 million. As a growing nation, the Kingdom has witnessed substantial urban transformation in its major cities due to more people migrating to large urban centers with increased economic opportunities. About 5 million people live in the capital and largest city, Riyadh. Furthermore, the significant influx of immigrants to Saudi Arabia has contributed to a rapid increase in the total population, which has risen by almost 8 million in the past decade. The government has implemented many restrictions to mitigate overcrowding and overpopulation. As a result, there are now more opportunities for entrepreneurs to create jobs in large cities. This trend is anticipated to spread to other areas in the coming years through diversification into industries such as tourism, leisure, and technology.<sup>5</sup>

<sup>5</sup> "The Saudi Economy in 2024-25," Jadwa Investment, accessed January 27, 2025, <https://www.jadwa.com/sites/default/files/2024-02/Saudi%20Economy%20-%202024-25.pdf>.

**Figure 17**

Percentage of entrepreneurs and established business owners with six or more current and expected employees in Saudi Arabia, 2021–2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2021–2024



## 5.4 Market scope

Saudi Arabia relies heavily on imports for various goods, but entrepreneurs and businesses face challenges competing in export markets as most startups concentrate on local and national markets. Nevertheless, specific sectors have recently experienced advancements in exporting. Given the Kingdom's significant deposits of phosphates, bauxite, and other metals, mining is emerging as a vital contributor to exports. The agricultural sector, particularly in terms of products such as dates, also plays a significant role, while domestic consumption predominantly relies on imports. Furthermore, the technology and service sectors are witnessing export growth as part of Vision 2030's comprehensive economic diversification initiatives to reduce dependence on oil.

Figure 18 illustrates entrepreneurs' high aspirations concerning both national and international markets. While it seems logical to establish a foothold locally before expanding, many entrepreneurs launch businesses with prospects beyond familiar markets, demonstrating their ambition to compete on both national and international stages. This may indicate a trend in entrepreneurship within the Kingdom, contrasting with the local focus of established business owners.

## 5.5 Innovation scope

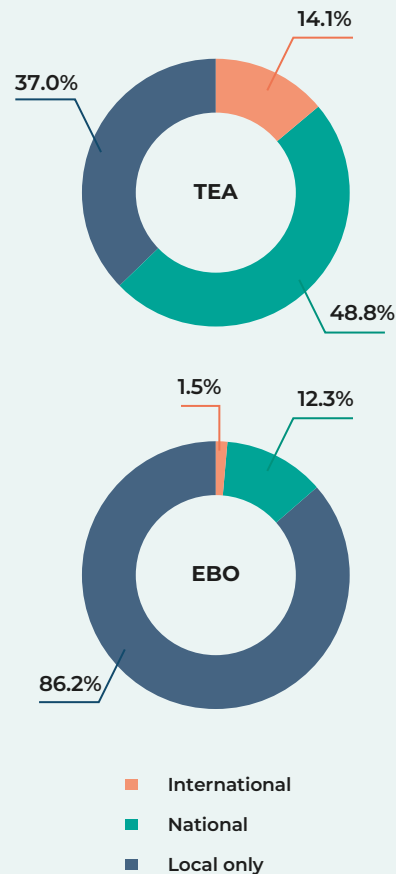
In 2024, nearly one fourth of entrepreneurs reported introducing innovative products or services into their markets, comparable to the level indicated in the previous year. However, there was a marked increase in the percentage of entrepreneurs introducing these innovative products nationally or internationally: 10% compared to less than 1% in 2023.

A similar pattern can be observed with established business owners. In 2024, nearly half stated they are introducing new products or services, similar to the previous year. However, over one fourth noted that they are innovative nationally or internationally, compared to less than 1% in 2023.

The lack of innovation among many Saudi SMEs has arisen from several constraints, notably an economy traditionally reliant on oil, which constrains diversification and innovation in alternative areas. SMEs encounter challenges in securing funding for research and

**Figure 18**

Local, national, and international market scope of entrepreneurs and established business owners in Saudi Arabia, 2024 (percentage in TEA and EBO phases)



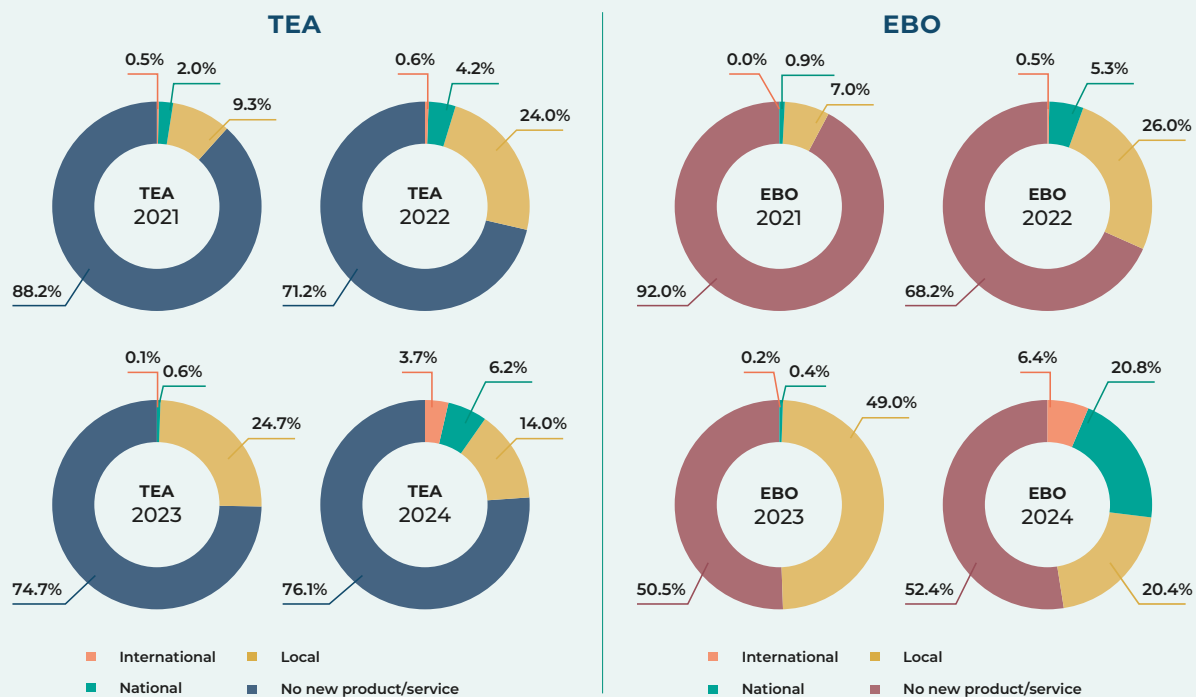
Source: GEM Saudi Arabia, 2024

development (R&D), exacerbated by a scarcity of venture capital and inadequate incentives for innovation. A conservative company culture, personnel limitations in R&D, complex laws, and restricted market access impede creativity and progress. Furthermore, insufficient coordination among enterprises, academic institutions, and research centers hinders the exchange of ideas and collaborative creation. The Saudi government is now making attempts to foster entrepreneurship and innovation; nonetheless, persistent efforts are required to tackle these systemic challenges.

As Figure 20 demonstrates, the value of innovation lies not only in the new benefits offered to consumers and the potential returns to business owners and stakeholders but also in the potential of these businesses to create jobs. As the scope of innovation increases, so do an entrepreneur's expectations to employ more than five people in the next 5 years.

## Figure 19

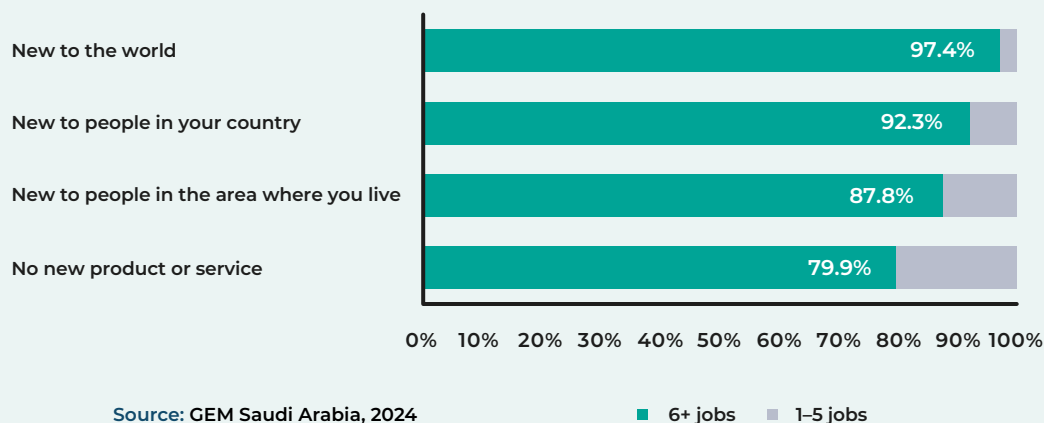
Innovation scope for entrepreneurs and established business owners in Saudi Arabia, 2021–2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2021–2024

## Figure 20

Relationship between innovation scope and job expectations among entrepreneurs in Saudi Arabia, 2024



Source: GEM Saudi Arabia, 2024

## 5.6 Technology adoption scope

Innovation can occur in producing and delivering products or services, whether or not the products or services themselves are innovative. Thus, technology or advanced procedures may be employed to create more efficient or reliable products and services.

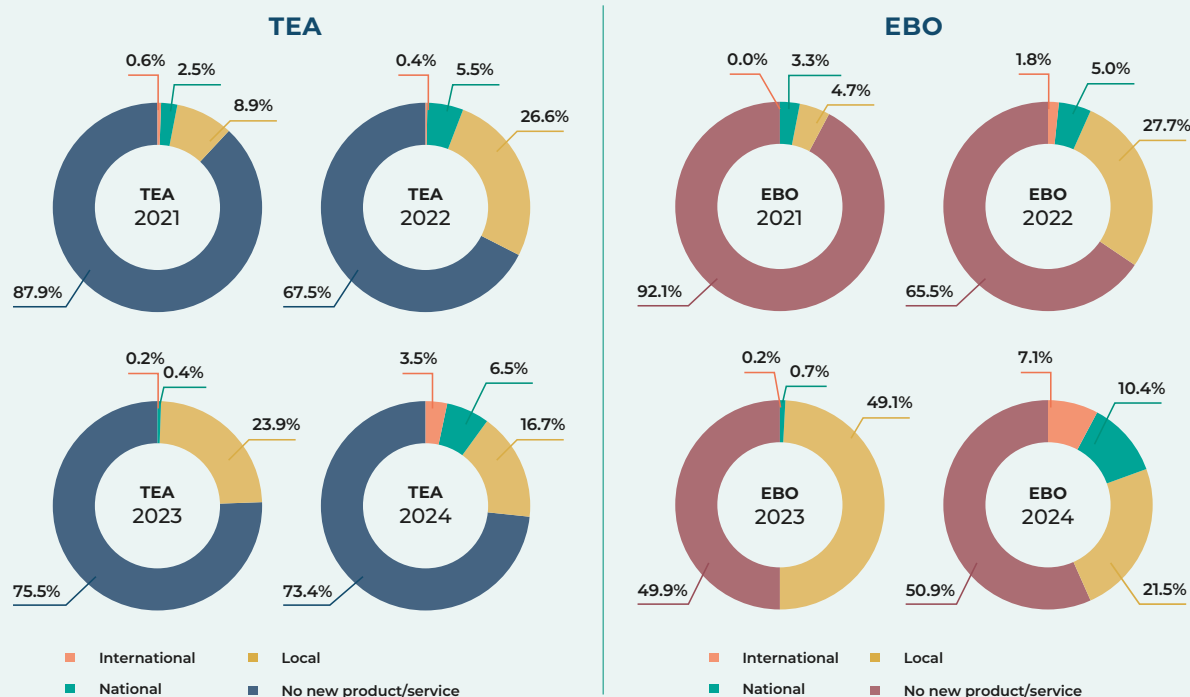
A similar phenomenon to that previously observed with product or service innovation can be seen in the scope of technology adoption. Among entrepreneurs, more than one fourth stated that they use new technologies

or procedures in their processes (Figure 21). This is similar to the results in 2023, but 2024 saw an increase to 10% in those reporting such usage at a national or international level, compared to less than 1% in 2023.

Among established business owners, nearly half used new technologies or procedures in their processes, similar to the previous year. Notably, 18% reported this usage at a national or international level, compared to less than 1% in 2023.

**Figure 21**

Scope of new technologies or procedures used by entrepreneurs and established business owners in Saudi Arabia, 2021–2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2021–2024

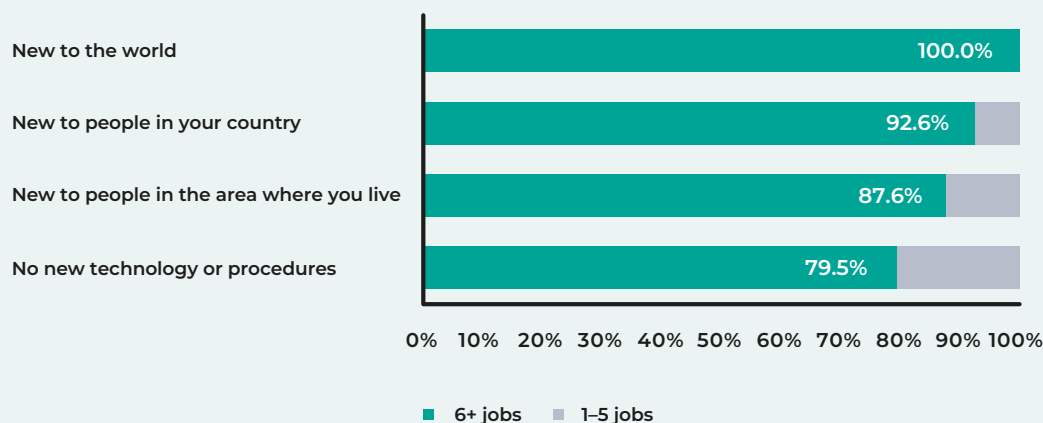
The increasing interest in technology adoption among Saudi SMEs is fueled by economic diversification objectives outlined in Vision 2030, governmental assistance via finance and training initiatives, and expedited digitalization catalyzed by the pandemic. SMEs use AI, e-commerce, data analytics, and automation technologies to improve competitiveness and streamline operations. Collaboration between SMEs and technology suppliers across diverse networks enhances access to new solutions. Despite variations in

adoption rates across sectors and financial capabilities, the overarching trend indicates a substantial movement toward technological innovation within Saudi firms.

Similar to the relationship between innovation and job expectations shown in Figure 20, there is a strong relationship between the use of new process technologies or procedures and an entrepreneur's expectations of having more than five employees in the next 5 years (Figure 22).

**Figure 22**

Relationship between the use of new process technologies or procedures and job expectations among entrepreneurs in Saudi Arabia, 2024



Source: GEM Saudi Arabia, 2024

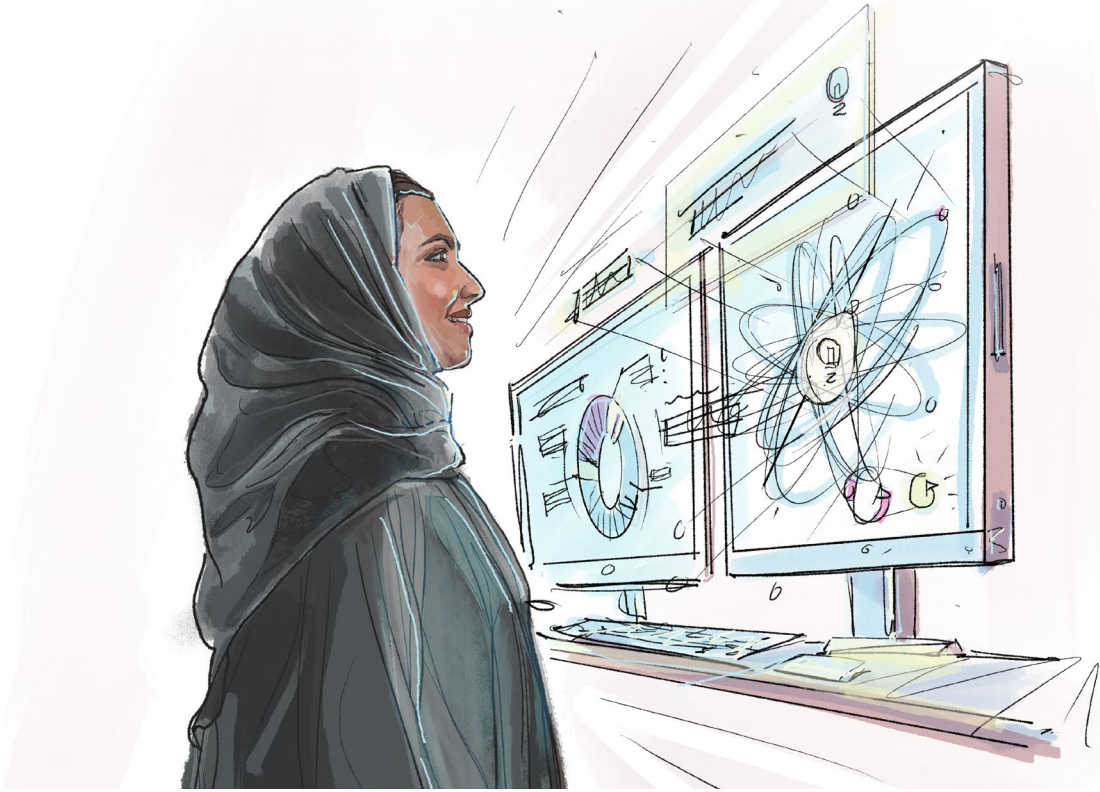


## Faisal Aldawalibi Co-Founder, BlackBat

What's novel about our business is that our products are versatile tools that can be used for various purposes, but we are committed to focusing on services that make a positive impact on society. Whether it's through environmental monitoring or life-saving applications like organ transport, we aim to harness drone technology for services that benefit the community and create meaningful change.

# CHAPTER 6

## Digital technologies and AI



### 6.1 Digital technologies

Saudi Arabia's rate of digitalization is accelerating. The strategic Vision 2030 plan prioritizes digital transformation in critical areas such as education, healthcare, entertainment, and public services. Significant investments in technology infrastructure, such as high-speed networks and 5G, have improved internet access and digital services across the nation. Policies encouraging innovation, such as tax breaks for tech firms and the establishment of special economic zones, are also accelerating this shift.

A youthful, tech-savvy populace expects digital services, while social reforms that empower women in the workplace and encourage entrepreneurship have expedited the use of digital platforms. Partnerships with global and local IT enterprises and new investment policies that encourage foreign money have boosted innovation and sectoral digitalization. Furthermore, the pandemic has

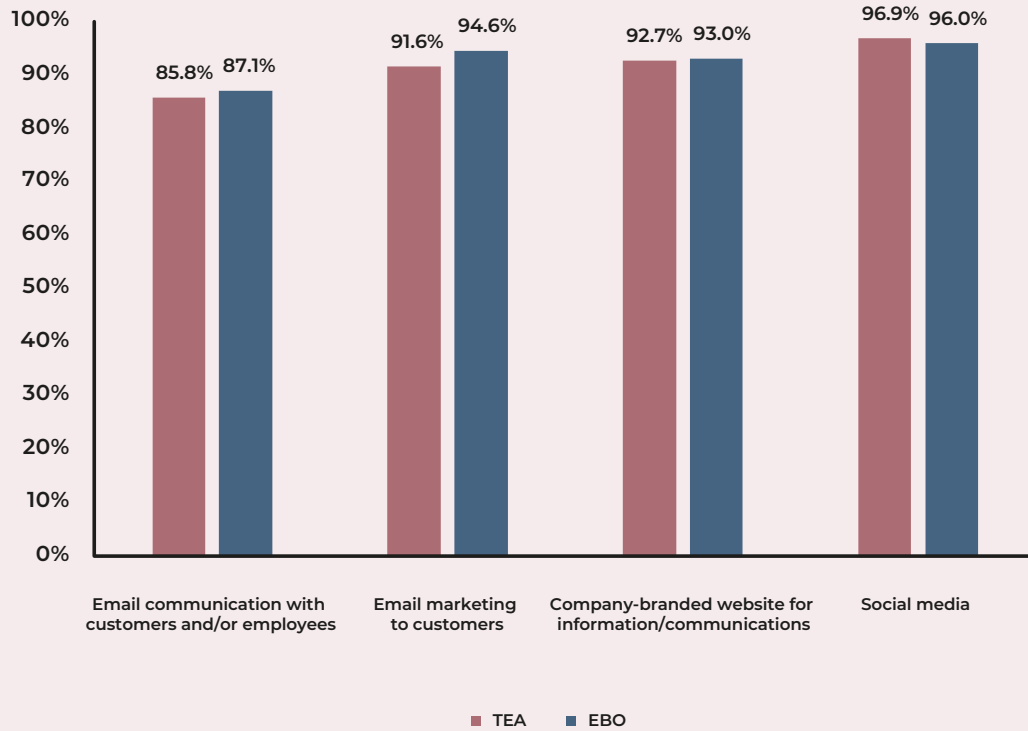
accelerated the adoption of digital services such as e-commerce and online education, which have reshaped consumer behavior.

These elements have combined to establish Saudi Arabia as a regional leader in digital transformation, as evidenced by the GEM 2024 results. Digital technologies play a crucial role in daily business operations, as illustrated in Figure 23. Almost all entrepreneurs and business owners reported utilizing social media and maintaining a website. Furthermore, nearly everyone said they use email for marketing purposes, while somewhat fewer entrepreneurs said they use it to communicate with customers and/or employees. This reliance on technology is set to grow even more: 68% of entrepreneurs and 79% of established business owners indicated that they expect to adopt more digital technologies in the next 6 months.



**Figure 23**

Importance of digital technologies in day-to-day business operations among entrepreneurs and established business owners in Saudi Arabia, 2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2024

E-commerce is essential to the revenue models of most entrepreneurs and established business owners. Business operations also rely heavily on data analytics, cloud computing, videoconferencing, and/or business management software, underscoring business owners' technological sophistication across different phases and types of business (Figure 24).



“

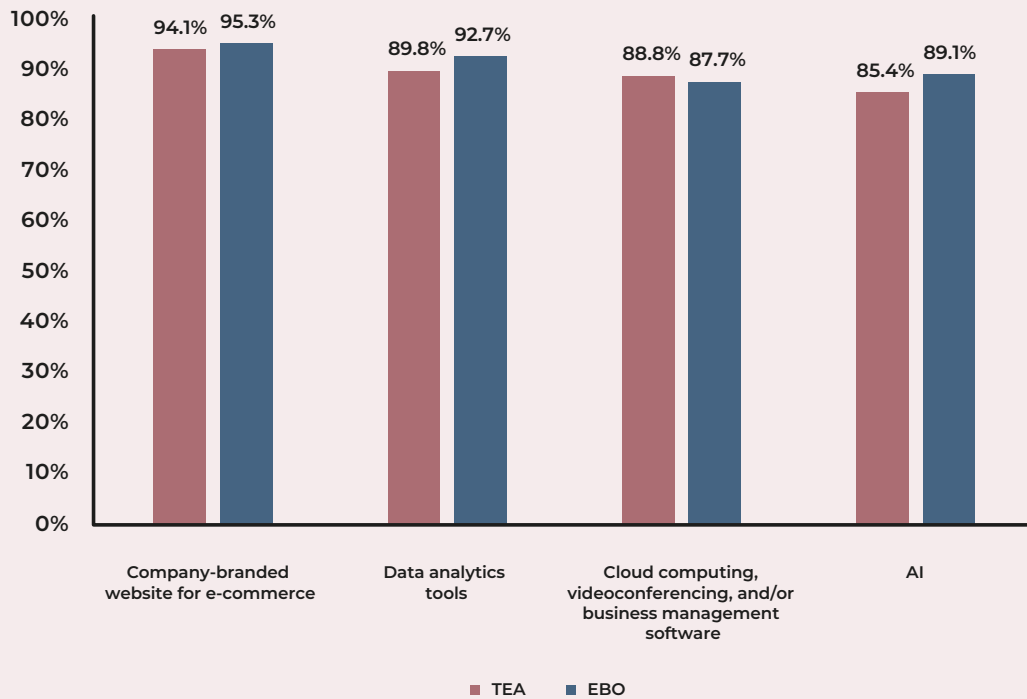
**Ahmad Mushtaq**  
Founder, Sohoby

As one of the few service providers in Saudi Arabia offering AI-driven solutions, we provide end-to-end support—from concept validation to full-scale web and mobile application development—ensuring seamless execution and market readiness. We operate as a fully digital startup, minimizing environmental impact by eliminating paper usage.

”

**Figure 24**

Importance of digital technologies in implementing business models and strategies among entrepreneurs and established business owners in Saudi Arabia, 2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2024

## 6.2 AI

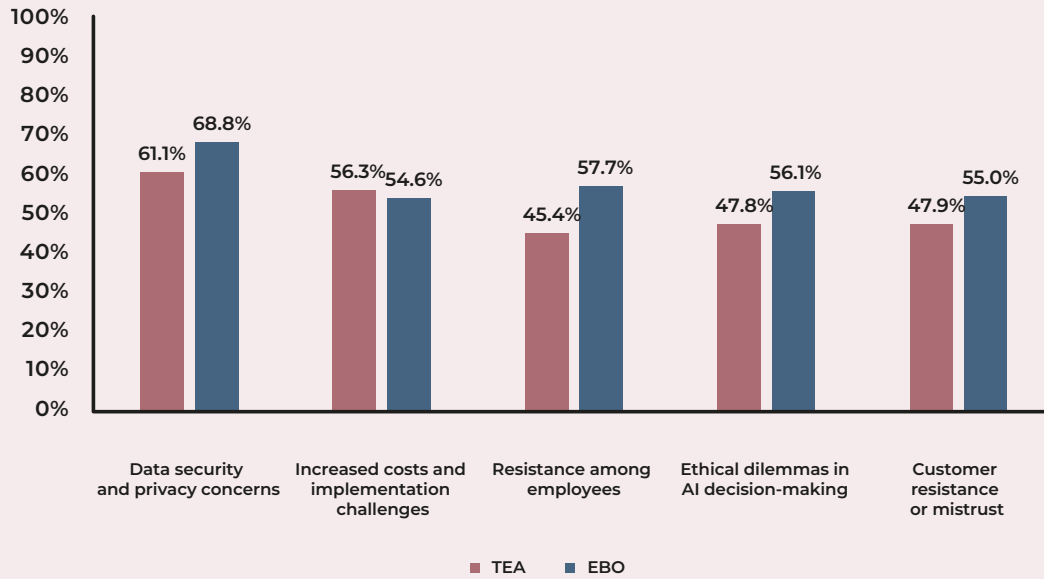
Although mainstream use of AI was less than a few years old at the time of the GEM 2024 survey, results show it has been rapidly adopted by entrepreneurs and established business owners. Most business owners deemed AI important for implementing their business model and strategy, with 84% of entrepreneurs and 86% of established business owners stating that AI tools will be essential for this purpose in the next 3 years.

The advancement of AI in Saudi Arabia has accelerated in recent years. The Saudi Data and Artificial Intelligence Authority (SDAIA) was established to encourage AI use in both public and business sectors. Significant

investments in technology, collaborations with major tech corporations, and support for AI-focused startups demonstrate the government's dedication to innovation. Simultaneously, education and training initiatives, in conjunction with universities and research institutions, seek to develop local AI talent. AI applications have been used in vital areas such as healthcare, energy, transportation, and security, resulting in increased efficiency and service delivery. Saudi Arabia's hosting of major events, such as the Global AI Summit, reinforces its ambition to lead regional innovation and technology.

**Figure 25**

Concerns about the negative impacts of AI among entrepreneurs and established business owners in Saudi Arabia, 2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2024

The rise of AI platforms has sparked both positive and negative opinions. The primary worry for entrepreneurs and established business owners revolves around data security and privacy, as illustrated in Figure 25. Costs and implementation challenges are somewhat less concerning, yet were still acknowledged by over half of individuals in both business phases. Other issues appear to be more pressing for established business

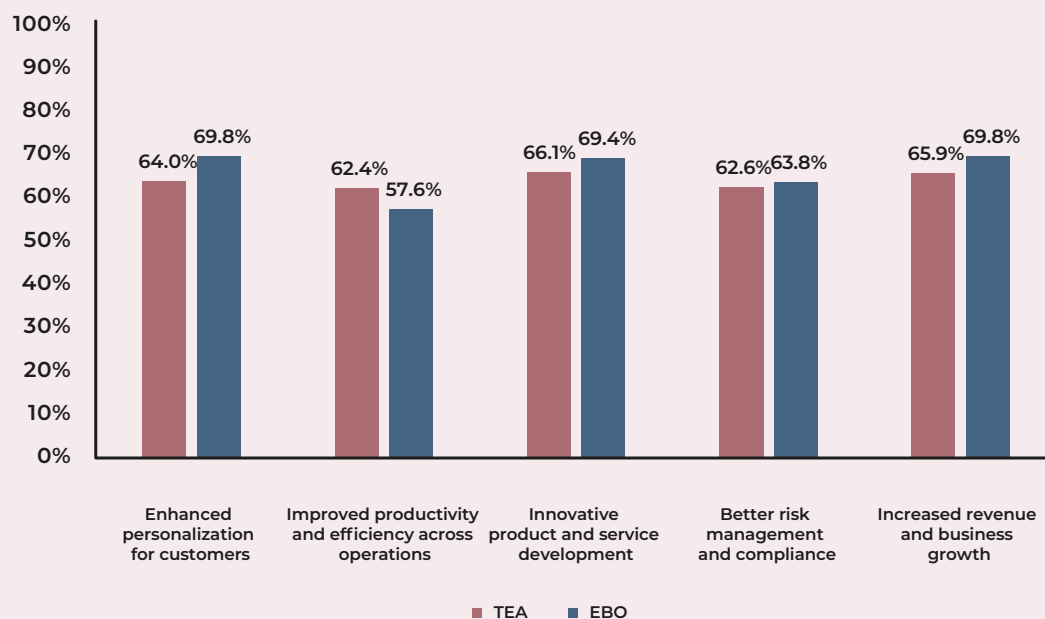
owners than entrepreneurs; it stands to reason that an ongoing business is more likely to encounter resistance from existing—perhaps even long-standing—employees and customers, unlike a startup that is building these relationships.

Both entrepreneurs and established business owners tended to express optimism about the benefits of AI. Around two thirds or more recognized opportunities for

enhanced customer personalization, innovative products and services, and increased revenue and growth (Figure 26). A majority also concurred that AI could enhance productivity and efficiency and improve risk management and compliance.

**Figure 26**

Beliefs about the positive impacts of AI among entrepreneurs and established business owners in Saudi Arabia, 2024 (percentage in TEA and EBO phases)



Source: GEM Saudi Arabia, 2024



## “ Huda Flatah Founder, Helper Robot

We saw a gap in the market for a platform that could empower teachers and trainers—especially in Saudi Arabia and MENA—to improve their skills, increase their earnings, and contribute to the growth of the education sector. Inspired by the potential of technology to transform education, I created Helper, an AI-powered learning management system and ed-tech platform that provides a flexible and accessible way for individuals to learn and earn.

We are also offering a platform that focuses on STEM services and robotics devices. Our main office is in Riyadh, KASCT.



## CHAPTER 7

### Comparisons among high-income economies



The economies of the Gulf nations, particularly Saudi Arabia, have experienced significant expansion in recent decades, primarily driven by oil and natural gas revenues. But Saudi Arabia cannot rely on these revenues forever; the time has come to diversify. The Saudi populace has rallied behind the government's Vision 2030 initiative, as evidenced by the nation's noteworthy global standings in entrepreneurship support and participation. This chapter highlights significant trends and differences in entrepreneurial activity and related metrics, particularly in comparison with other high-income nations, showcasing the progress and unique trajectory of Saudi Arabia's economic transition.

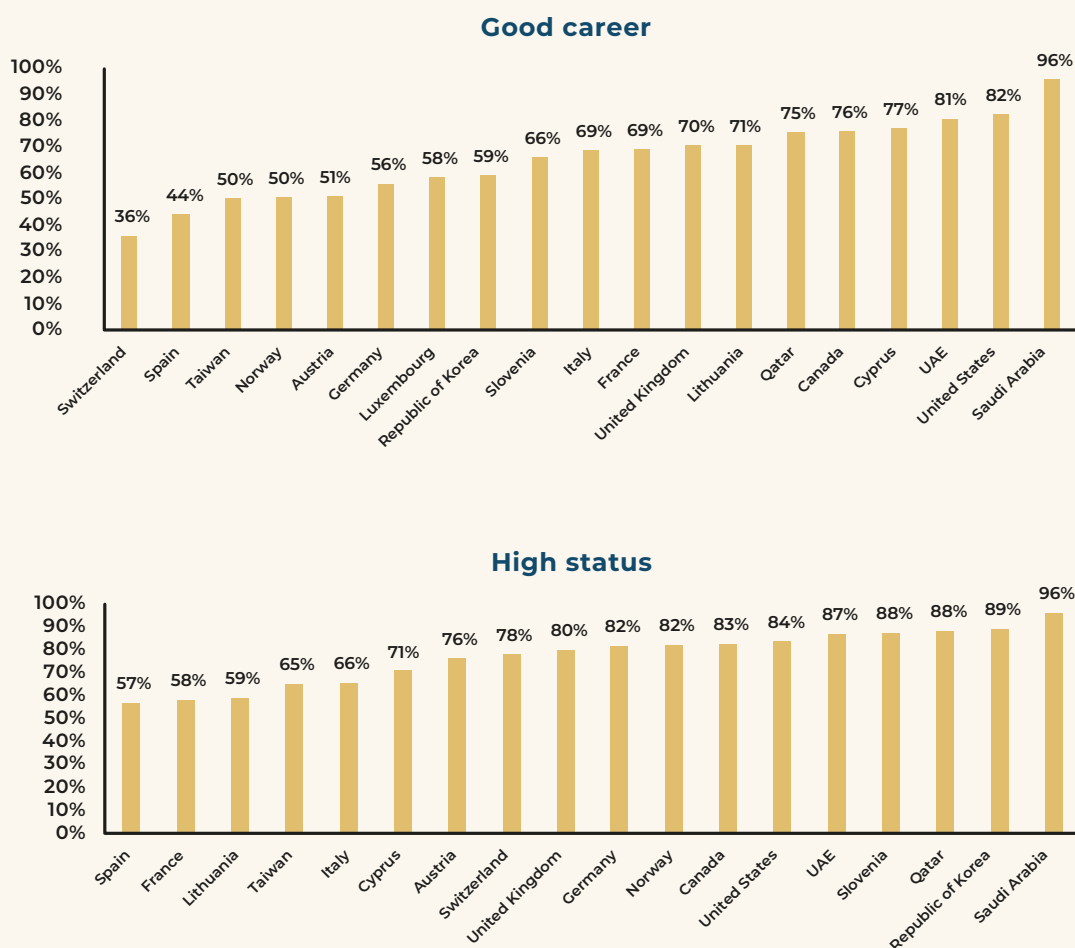


## 7.1 Societal attitudes

Among the 20 high-income economies participating in GEM in 2024, Saudi Arabia achieved the highest scores in four societal attitudes, as illustrated in Figure 27. Scores for societal attitudes varied across the other economies, with the United States, the Republic of Korea, the United Arab Emirates (UAE), and Sweden reporting the second highest scores in terms of regarding entrepreneurship as a promising career, entrepreneurs being afforded high status, positive media attention, and ease of starting a business, respectively.

**Figure 27**

Societal attitudes toward entrepreneurship in 20 high-income economies (GDP per capita over \$50,000), 2024

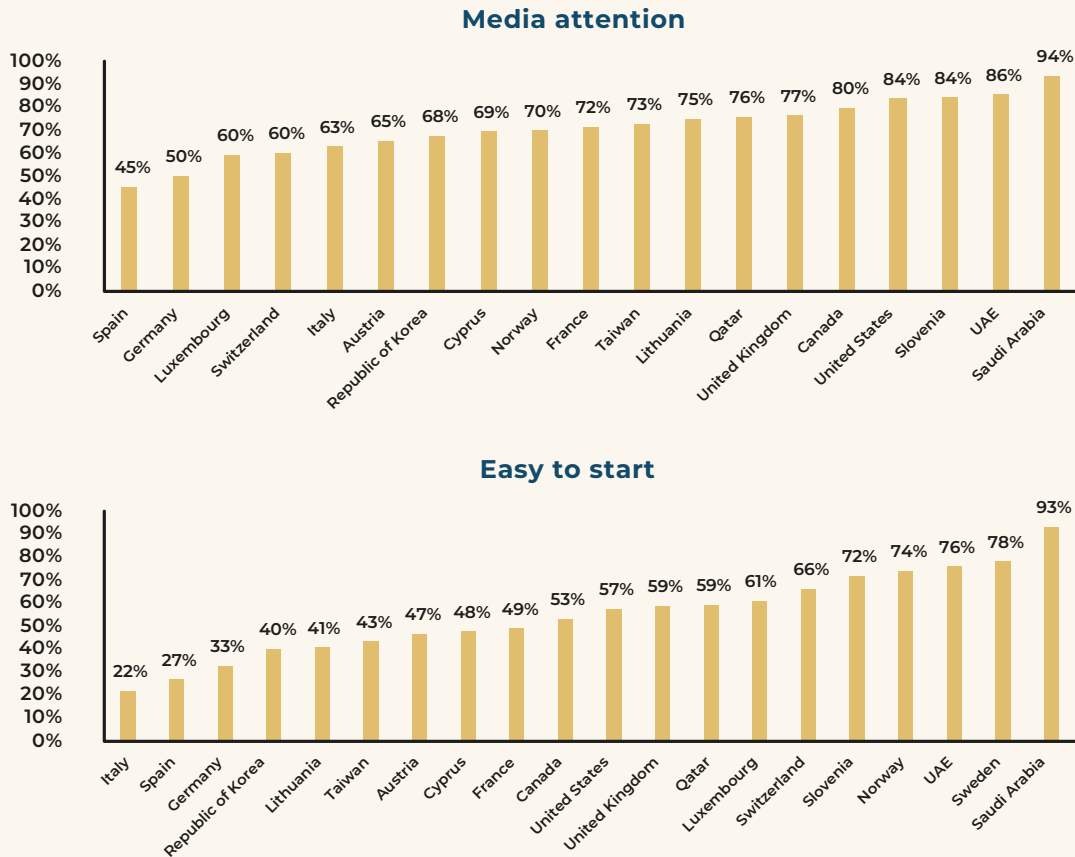


Source: GEM Global, 2024

Note: Sweden did not report results on good career, high status, and media attention; Luxembourg did not report results on high status.

**Figure 27**  
**continued**

Societal attitudes toward entrepreneurship in 20 high-income economies (GDP per capita over \$50,000), 2024



Source: GEM Global, 2024

Note: Sweden did not report results on good career, high status, and media attention; Luxembourg did not report results on high status.

## 7.2 Affiliations and self-perceptions

Saudi Arabia had the highest percentage of individuals who personally know an entrepreneur, while Lithuania followed at one fourth less (Figure 28). Saudi Arabia also ranked first for opportunity and capability perceptions, with the UAE second at approximately one fourth less (Figure 29).

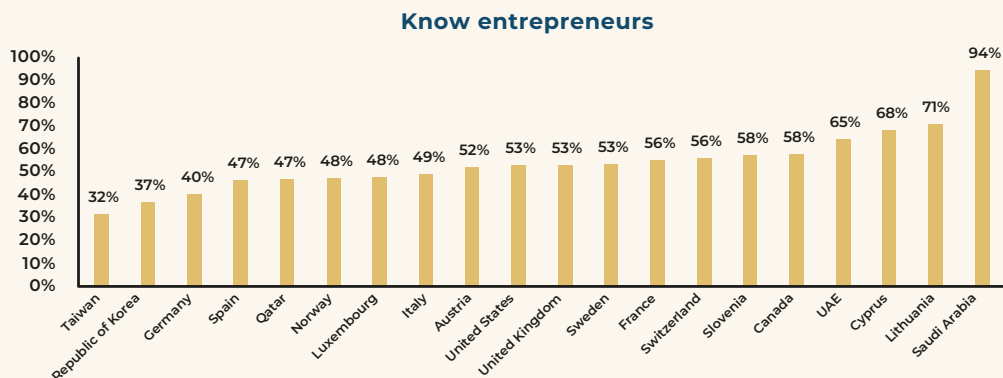
Saudi Arabia's high rankings in these categories are the result of a confluence of cultural, governmental,

and economic factors. Due, in part, to societal changes and focused government initiatives, entrepreneurship has become more and more culturally valued as a respectable and workable career option. Infrastructure, training courses, and educational investments have enabled people to see entrepreneurship as a professional possibility and a method of helping contribute to national growth. Improvements

in technological infrastructure, such as high-speed internet and digital tools, further improve the ease of starting and scaling businesses, while access to financial resources—including venture capital, government grants, and incubators—has presented aspiring entrepreneurs with fertile ground.

Figure 28

Percentage of adults (18–64 years) who know an entrepreneur personally in 20 high-income economies, 2024



Source: GEM Global, 2024

Despite having such high perceptions of opportunities and exhibiting confidence in entrepreneurship capabilities, fear of failure in Saudi Arabia was among the highest in the high-income group, equal to that of the United Kingdom.



“

**Abdullah Asiri**  
Founder & CEO, Lucidya

Seeing the groundbreaking work of U.S. companies firsthand when I was there inspired me deeply. I want to bring that spirit of innovation to Saudi Arabia, creating tech solutions that can shine on the global stage. It’s about making Saudi Arabia a creator, not just a consumer, of technology.

Through my journey, I want to create technology solutions that blend the best of both worlds: the knowledge I gained abroad and the aspirations of my homeland. I believe that this fusion can spark ideas that resonate globally while addressing local needs.

Even though I come from a common family, I believe in making my own mark. I want to build a legacy that my family and I can be proud of—one that shows the world what determination and innovation can achieve. Becoming a tech entrepreneur in Saudi Arabia isn’t just a career choice; it’s a mission that aligns with my passion for change, my commitment to growth, and my dedication to contributing to the Kingdom’s flourishing tech landscape. My journey speaks to the power of education, persistence, and an unwavering belief in one’s potential to make a difference.

”

**Figure 29**

Opportunity and capability perceptions and fear of failure in 20 high-income economies, 2024



Source: GEM Global, 2024

Systematic support and abundant opportunities have helped Saudi businesspeople become increasingly confident and optimistic. The exposure given to successful local entrepreneurs, enhanced training possibilities, and awareness campaigns promoting entrepreneurship activities have contributed to high confidence levels. The government's focus on diversifying the economy has created new avenues in entertainment, renewable energy, and technology, encouraging businesses to explore

innovative ideas. Furthermore, ensuring a conducive environment for business development entails a well-established entrepreneurship ecosystem with legislative reforms, streamlined business processes, and strong networks connecting entrepreneurs with mentors and investors. Collectively, these elements position Saudi Arabia as a leader in fostering entrepreneurial ambitions, distinguishing it from other high-income nations through its ability to cultivate and sustain a dynamic business culture.

## 7.3 Participation in phases of business activity

Although Saudi Arabia had the highest level of TEA among high-income economies, entrepreneurial intentions in the Kingdom were lower than those of two other countries in the region: the UAE and Qatar (Figure 30). The UAE reported lower TEA rates but still came in above average for the 20 high-income economies, while Qatar reported one of the lowest levels of TEA. The high level of entrepreneurial intentions in these neighboring countries could indicate the potential for greater TEA in the future. However, when intentions are persistently higher than TEA over time, this can indicate that many people have expressed interest in starting a business but have not taken the necessary steps to start one for various reasons.

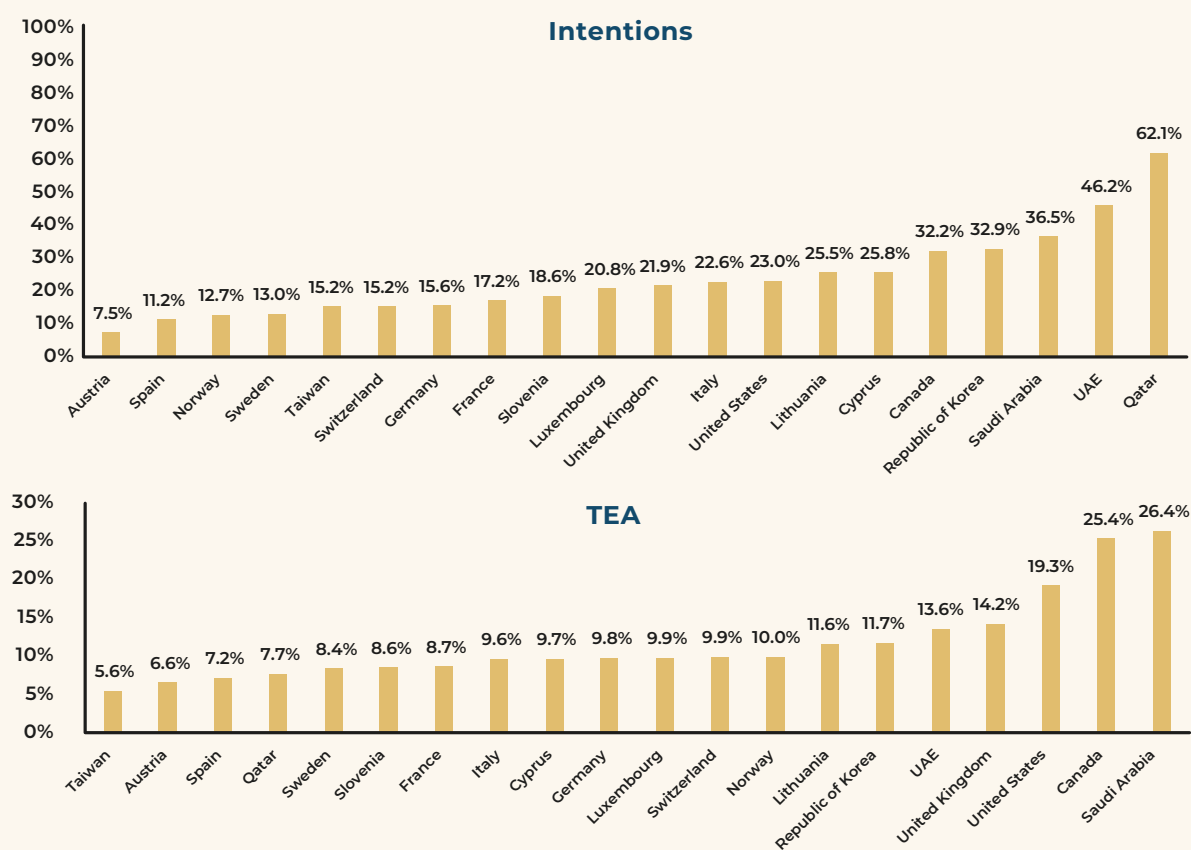
Saudi Arabia's EBO rates were twice as high as those in the United Kingdom, which registered the next highest level. Only the Republic of Korea reported a higher EBO level than Saudi Arabia.

Closure rates in Saudi Arabia were above the average for the 20 high-income economies—similar to those in the United States—and likely reflect the high TEA rates. Economies with the highest TEA rates tend to have high closure rates, indicating that people are willing to attempt entrepreneurship, but not all endeavors will succeed. Conversely, excessive caution, leading to low startup activity, often results in fewer failures but fewer opportunities for success.

When considering these differences, it is essential to note that labor markets in the Gulf are distinct, featuring a high proportion of expat workers. This contrasts with European and American labor markets, which are more local and encounter various structural issues, such as aging populations—whereas Gulf populations are, on average, significantly younger.

Figure 30

Participation in phases of business activity in 20 high-income economies, 2024

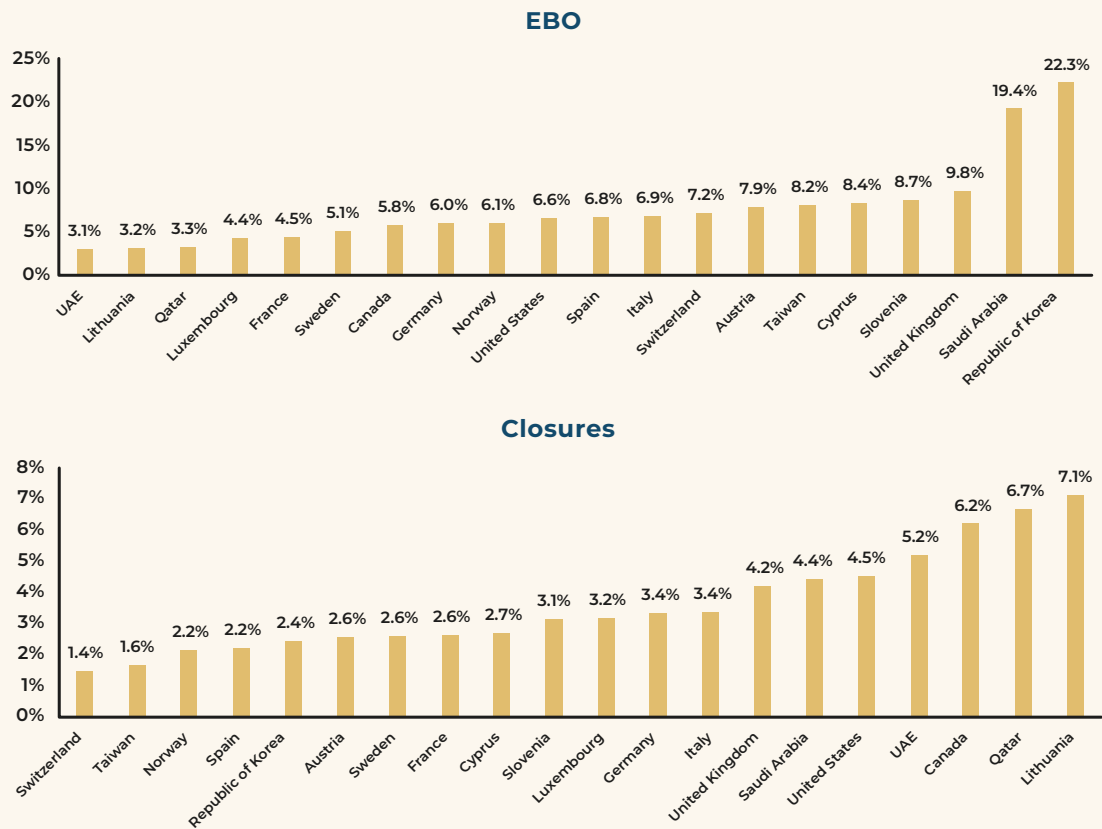


Source: GEM Global, 2024



Figure 30  
continued

Participation in phases of business activity in 20 high-income economies, 2024



Source: GEM Global, 2024

## 7.4 Sectoral distribution

The Gulf nations, including Saudi Arabia, the UAE, and Qatar, have witnessed rapid economic expansion owing to their abundant energy resources. This expansion has been more significant than that in many European economies, which have encountered issues such as sovereign debt and unemployment. The Gulf nations possess surpluses that facilitate the development of ambitious initiatives to foster business. Nevertheless, in many countries, governments recognize the importance of diversification

to diminish reliance on oil. As seen in Figure 31, attaining this objective has been far more challenging than in European nations, which have greater expertise in this domain.

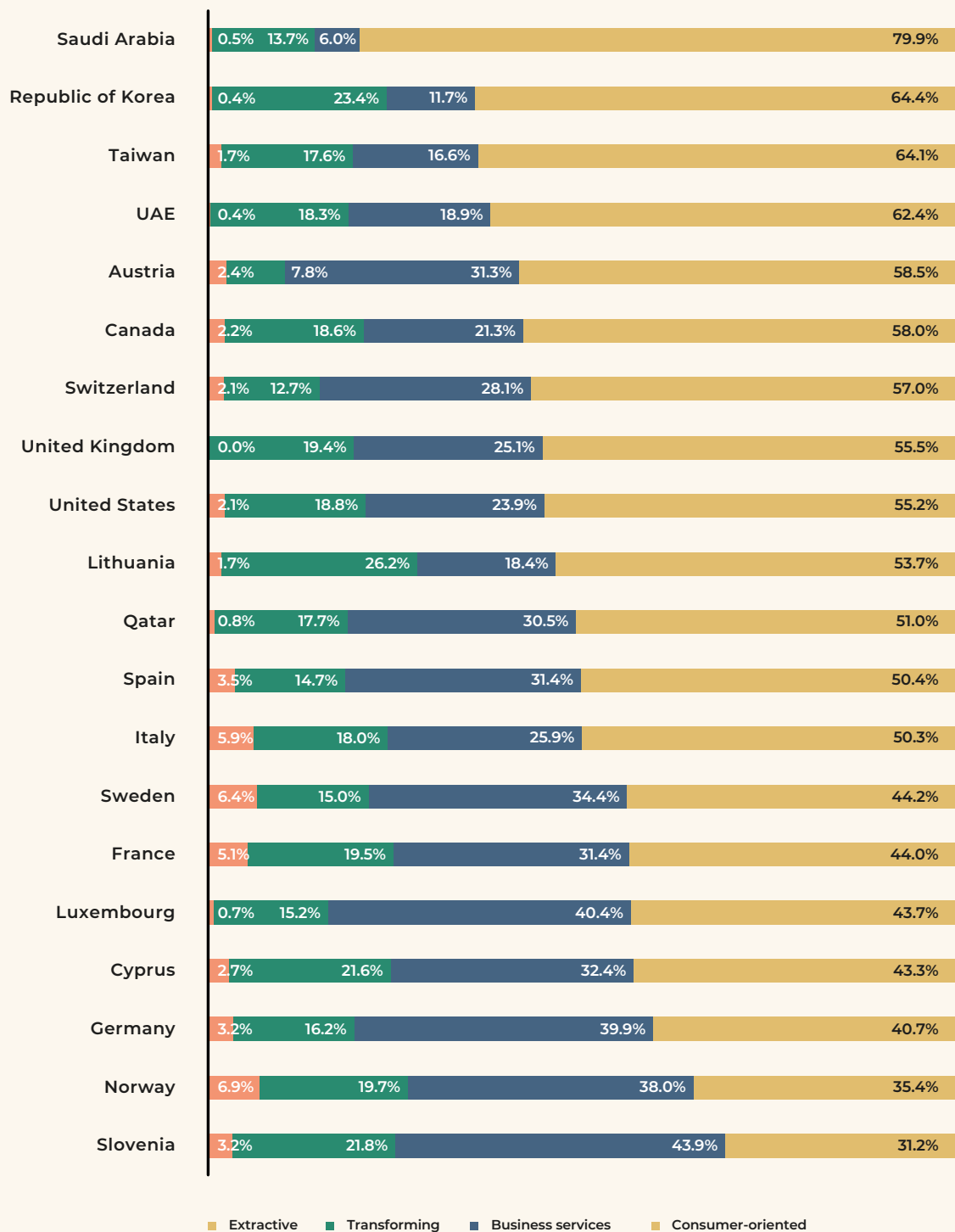
Initiatives such as Saudi Arabia's Vision 2030 and the UAE's developmental strategies seek to promote areas such as tourism, technology, and renewable energy, and the UAE has excelled in this regard compared to Saudi Arabia. Meanwhile, Europe and the United States have confronted the problem

of adjusting to a swiftly evolving world while simultaneously investing in innovation and sustainability.

An examination of sector distribution for the 20 high-income economies shows that Saudi Arabia had the highest rate of entrepreneurs involved in consumer-oriented activity and the lowest rate in business services (Figure 31). Participation in transforming and extractive businesses grew from a total of 10% in 2023 to 14% in 2024.

Figure 31

Sector distribution for entrepreneurs in 20 high-income economies, 2024



Source: GEM Global, 2024

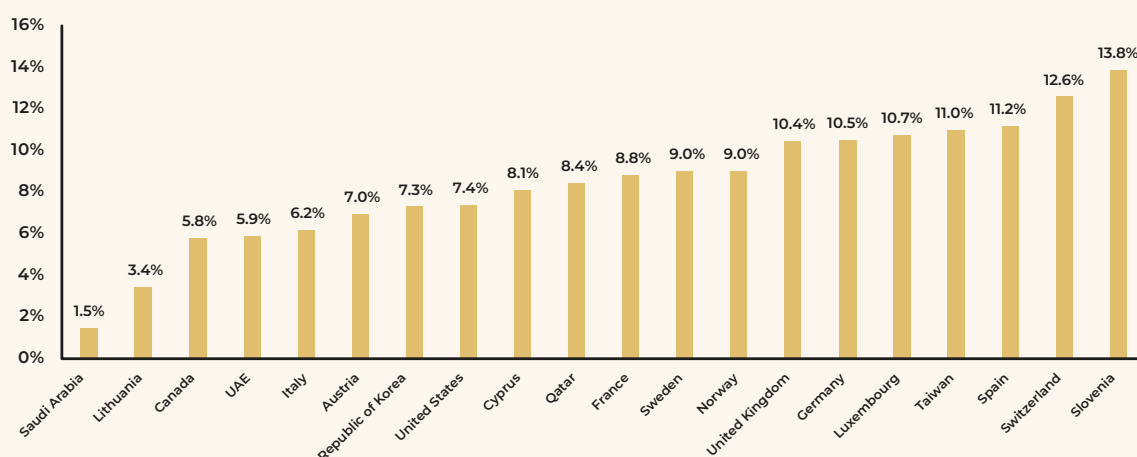
## 7.5 Medium- and high-technology sectors

The economies of the Gulf countries remain highly reliant on hydrocarbons. In contrast, economies such as those in the United States and parts of Europe feature more diversified sectors, including technology, manufacturing, and financial services. This partly explains why Saudi Arabia reported the lowest level of medium- and high-technology entrepreneurs despite strongly emphasizing consumer businesses (Figure 32).

Nevertheless, rates for this indicator are anticipated to begin rising in the medium term due to the implementation of new investment laws and the establishment of targeted zones aimed at enhancing technological entrepreneurship.

**Figure 32**

Participation in medium- and high-technology sectors among entrepreneurs in 20 high-income economies, 2024



Source: GEM Global, 2024

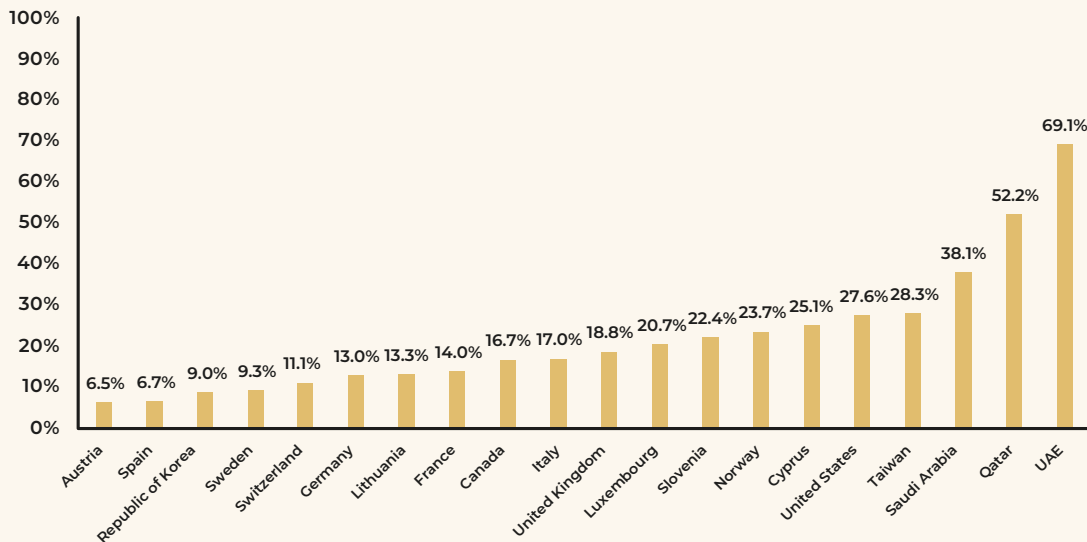
## 7.6 Job creation expectations

Despite consumer-oriented enterprises typically being perceived as less profitable or feasible compared to sectors such as technology or business services, it is noteworthy that Saudi Arabia exhibited elevated EBO levels, indicating that entrepreneurs can sustain mature organizations. Moreover, entrepreneurs in the Kingdom expressed elevated growth aspirations, with only Qatar and the UAE reporting higher levels of individuals

who anticipated recruiting 10 or more employees and who projected over 50% expansion in employment in the next 5 years (Figure 33). The Gulf countries' economies remain susceptible to fluctuations in oil prices, which can affect their growth and job creation. In contrast, while Europe and the United States also feel the impact of changing oil prices, their economic diversification provides them with greater resilience.

Figure 33

High job creation expectations (10 or more new jobs and more than 50% growth in employment over the next 5 years) among entrepreneurs in 20 high-income economies, 2024



Source: GEM Global, 2024

## 7.7 Innovation scope

The emphasis on consumer activity among entrepreneurs in the Kingdom and their low levels of participation in technology industries may explain the low rates of innovativeness and less involvement in national and international markets. Saudi Arabia ranked similarly to Lithuania and the Republic of Korea on this indicator (Figure 34).

Nevertheless, the Gulf nations have been making substantial investments in global assets, thus broadening their income streams and engaging in innovative developments beyond their borders. While

Europe and the United States serve as investment destinations, they face more stringent regulations and a multifaceted political landscape. Europe and the United States also draw on foreign investment, particularly in non-oil sectors, to create a more robust foundation for sustaining technology-driven innovations. Therefore, they are more diversified in terms of the goods and services they import and export, while the Gulf countries lag behind when it comes to diversified export-oriented companies. At the same time, it should not be forgotten that Gulf countries are major players in the global energy trade, including creating innovations in this sector.



“

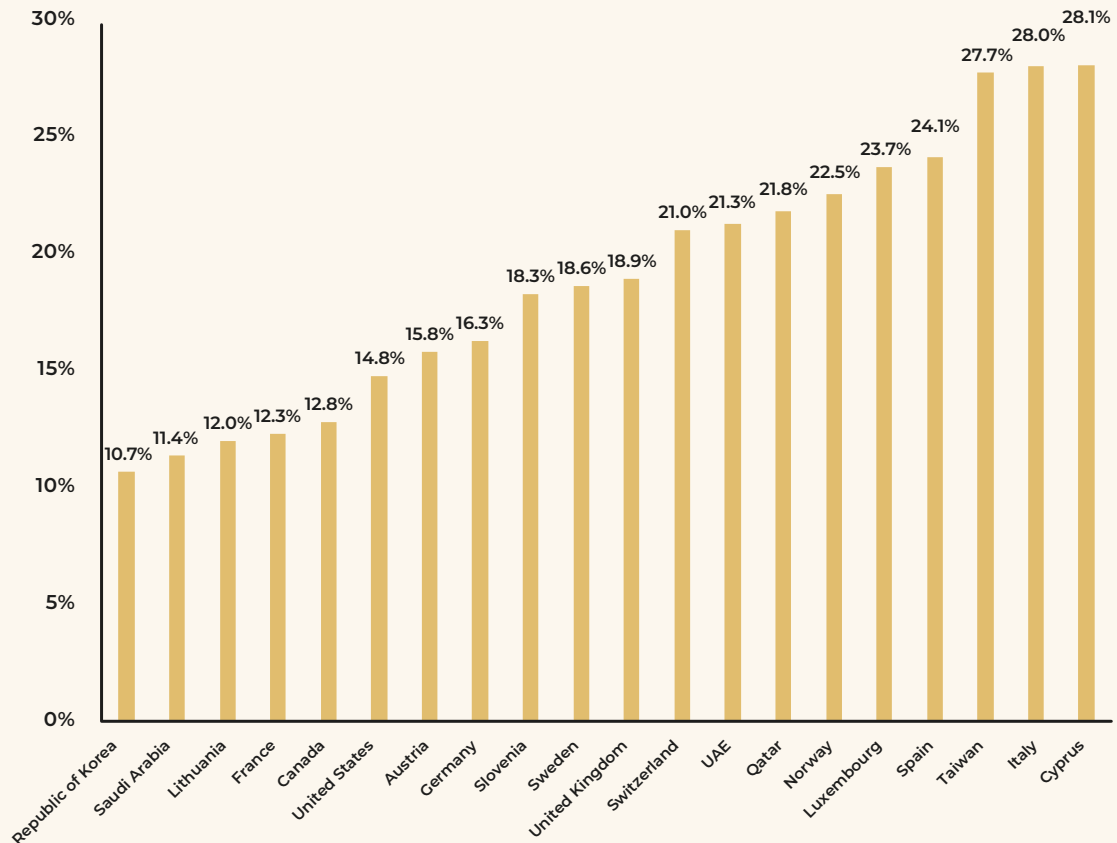
**Ghassan Bayounis**  
Co-Founder, PlanO

Over the next 5 years, my plan is to become a leader in changing this industry and helping to bring about its digital transformation.

”

**Figure 34**

Percentage of entrepreneurs with at least national market scope who are introducing new products or implementing new processes in 20 high-income economies, 2024



Source: GEM Global, 2024

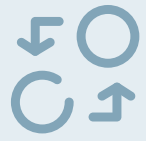
In summary, although the Gulf nations have attained significant economic advancement, primarily fueled by strong hydrocarbon growth, apprehension regarding economic inequality and the sustainability of this progress persists. The nations in question encounter significant challenges around diversifying their economies and mitigating their dependence on oil and gas resources. Conversely, Europe and the United States, characterized by their diversified and

resilient economies, have developed frameworks to tackle inequality and climate change. Nevertheless, they also face challenges, as economic inequalities and environmental necessities demand ongoing and flexible endeavors. While regions may differ in their economic frameworks and the obstacles they face, it is important to acknowledge the essential need for inclusive and sustainable growth strategies in a swiftly changing global economy.



## CHAPTER 8

### Informal investors



#### 8.1 Rates of informal investment

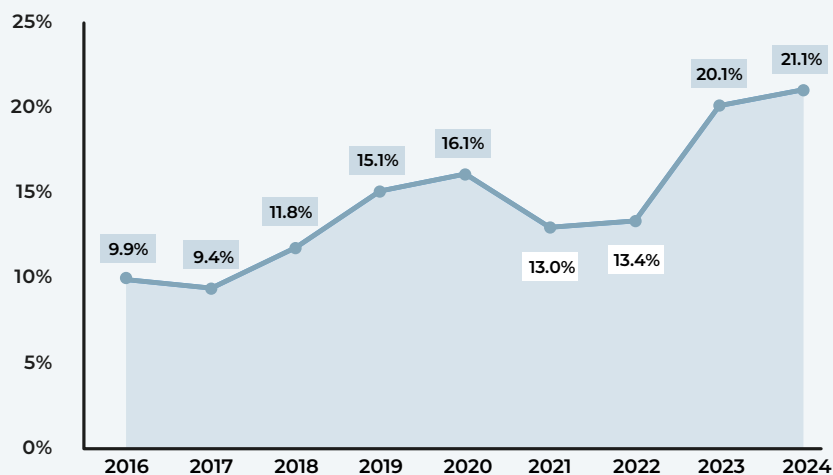
The regulatory landscape for entrepreneurship finance in Saudi Arabia is being transformed: streamlined procedures and fewer bureaucratic hurdles are facilitating investment, special economic zones are yielding tax benefits, enhanced laws are doing more to safeguard intellectual property and ensure parity between domestic and foreign investors, government initiatives are bolstering SMEs, and entrepreneurship education and training is being enhanced. These developments

are helping to establish a conducive environment for informal investors.

Investment in entrepreneurs jumped markedly in 2023 and edged up again in 2024, doubling the levels reported in the first few years of GEM in Saudi Arabia (Figure 35). This high level of investment indicates a willingness to support entrepreneurs financially. It coincides with positive attitudes toward entrepreneurship in Saudi Arabia, which may enable these high rates.

**Figure 35**

Informal investment activity in Saudi Arabia, 2016–2024 (percentage of population aged 18–64)



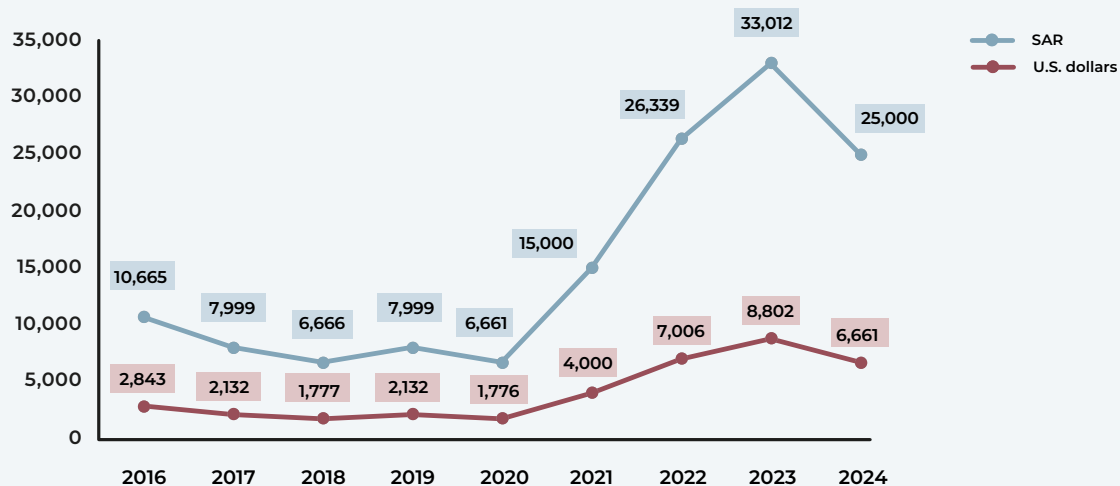
Source: GEM Saudi Arabia, 2016–2024

## 8.2 Median investment amounts

In 2023, the level of investment increased substantially, along with the median amount investors provided to entrepreneurs. In 2024, the high level of investment activity was maintained, but the median amount invested dropped below the level reported 2 years earlier (Figure 36).

**Figure 36**

Median investment levels for informal investment activity in Saudi Arabia, 2016–2024



Source: GEM Saudi Arabia, 2016–2024

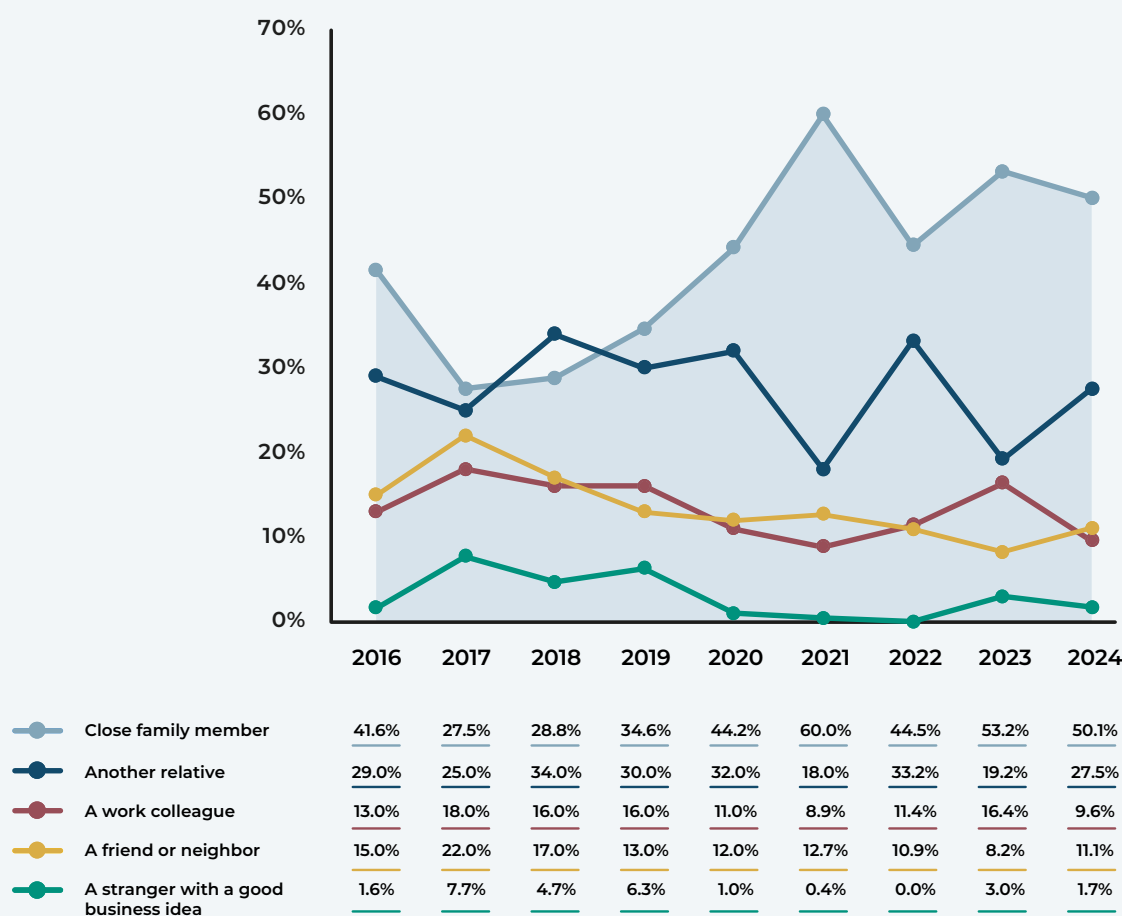
## 8.3 Relationship between investors and their beneficiaries

Over three fourths of investors funded close family members or other relatives (Figure 37). About 1 in 10 investors provided funds to work colleagues, with a proportion just above that funding a friend or neighbor. Strangers were unlikely to receive informal funds, indicating the importance of relationships in financing entrepreneurship.

Most informal funding went to men. In 2023, only 32% of investors provided funds to a woman entrepreneur, and this declined slightly to 29% in 2024.

Figure 37

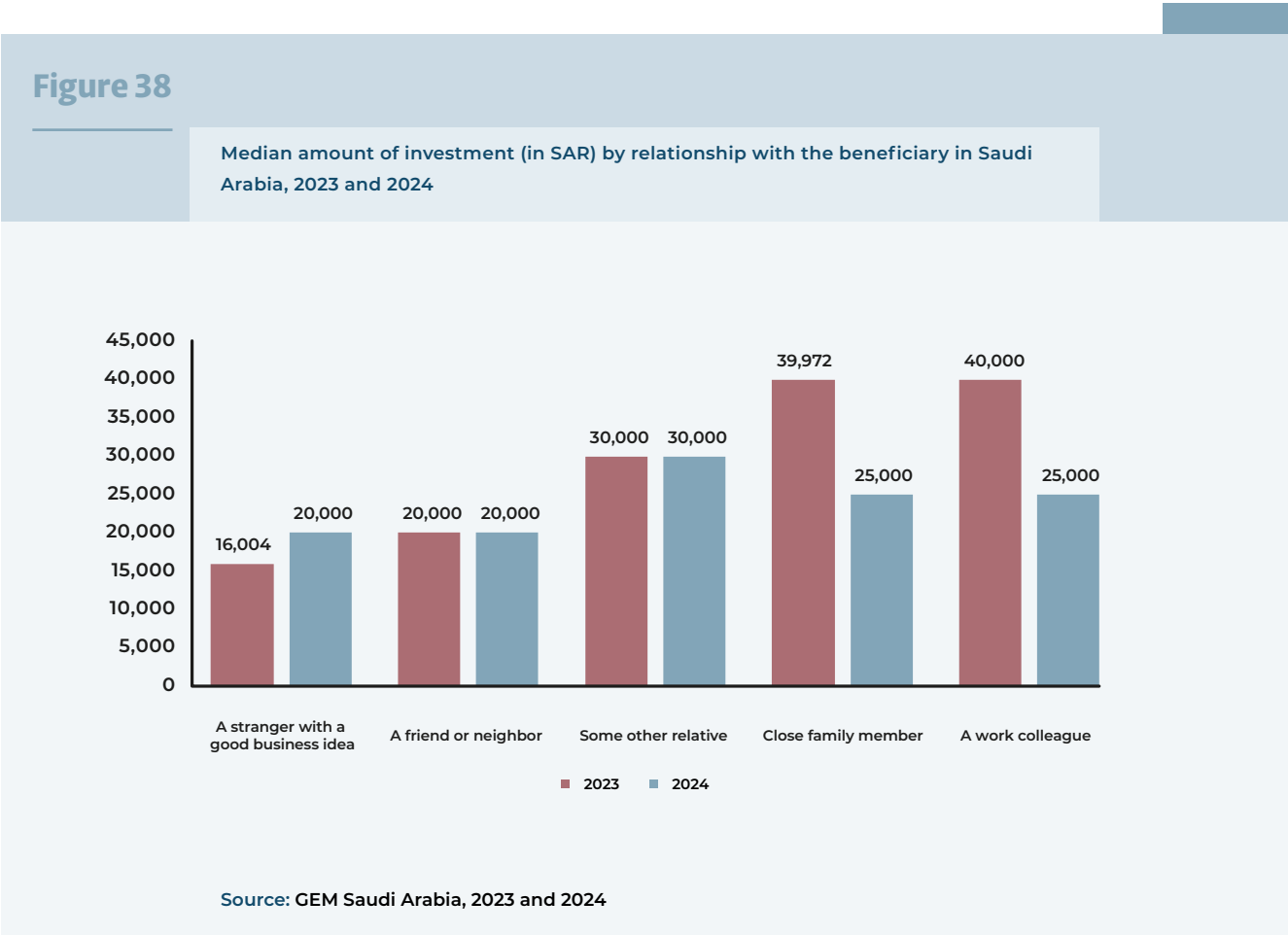
Relationship between investors and the recipients of their investments in Saudi Arabia, 2016–2024



Source: GEM Saudi Arabia, 2016–2024

Interestingly, work colleagues received a similar amount of investment as close family members, with both receiving the highest median investment amounts in 2023, although these amounts declined in 2024 (Figure 38). A close working relationship or an understanding of the business concept may drive a willingness to risk the same amount of money on a colleague as on a close family member.

Investment amounts in other relatives stayed the same in 2024 as in the previous year, with this group exhibiting the highest median level in 2024. Strangers, friends, and neighbors received the lowest amount, perhaps reflecting the more distant relationships or less familiarity with their business concepts.



“

**Sohail Alhosa**  
Co-Founder & CEO, The21Hub

The novelty of our business lies in transformation. We turn outdated or less desirable collectibles into unique, personalized masterpieces. Beyond cleaning and protection, we offer exclusive customization services—powered by collaborations with skilled local artists—to reimagine leather goods, sneakers, bags, helmets, and more. Whether it’s your favorite characters, logos, or innovative, meaningful designs, we bring your vision to life. At The21hub, we go beyond sneaker care—we elevate your collection with creativity and artistry that stands out.

”



# CHAPTER 9

## NECI



### 9.1 NECI in Saudi Arabia

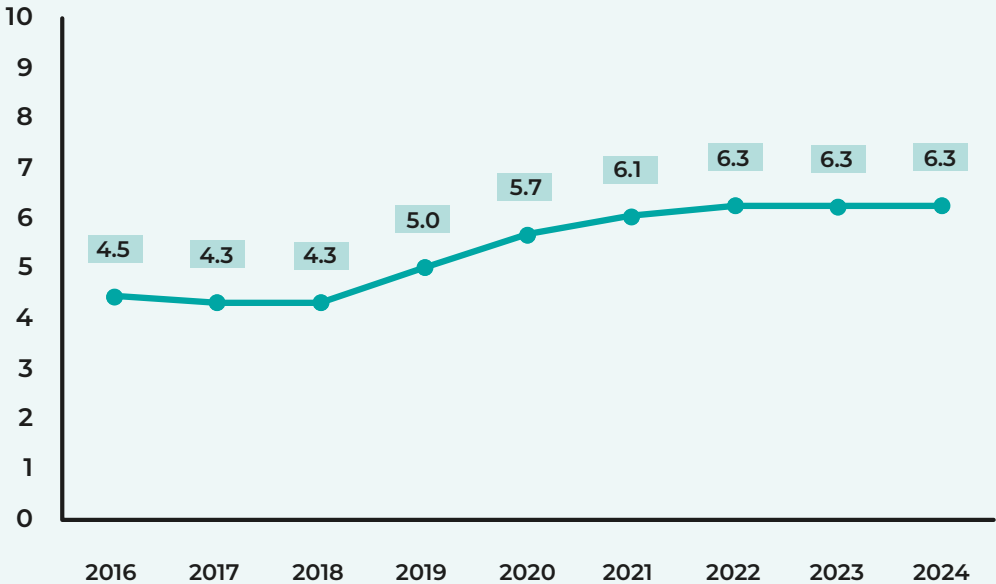
A number of factors have advanced Saudi Arabia's business landscape. Significant regulatory improvements linked to Vision 2030, including simplified company registration, reduced bureaucracy, and investor protections, have helped firms start and operate. International investors have been attracted by tax advantages and special economic zones with flexible laws that stimulate foreign direct investment. The PIF, incubators, and accelerators have also fostered innovation and entrepreneurship.



Further factors include large infrastructure expenditure, such as on transportation and communication networks, and the growth of a robust technical environment, as demonstrated by incubators, accelerators, and networking events. An increasing population has increased domestic consumption, creating e-commerce, food, and entertainment opportunities. Better education and training have enhanced labor market skills, while women's empowerment and workforce involvement have increased the pool of talent. Increased focus on tourism has provided hospitality and entertainment opportunities.

Figure 39

NECI rating for Saudi Arabia, 2016–2024



Source: GEM Saudi Arabia, 2016–2024

The interplay of these elements has cultivated a conducive and vibrant atmosphere for entrepreneurial ventures, drawing domestic and global entrepreneurs to Saudi Arabia. Given all this, it is not surprising that the Kingdom's overall NECI rating in 2024 stayed the same as in the previous 2 years, indicating stability in perceptions of the environment for entrepreneurship in Saudi Arabia (Figure 39).

Twenty-two high-income economies engaged in the NES, which is used to develop the NECI ratings. Figure 40 illustrates the comprehensive NECI scores for these economies. The NECI score for Saudi Arabia is equivalent to that of Taiwan, exhibiting a marginally lower value than that of Lithuania. The UAE achieved the highest NECI score.

# Figure 40

NECI ranking of 22 high-income economies, 2024



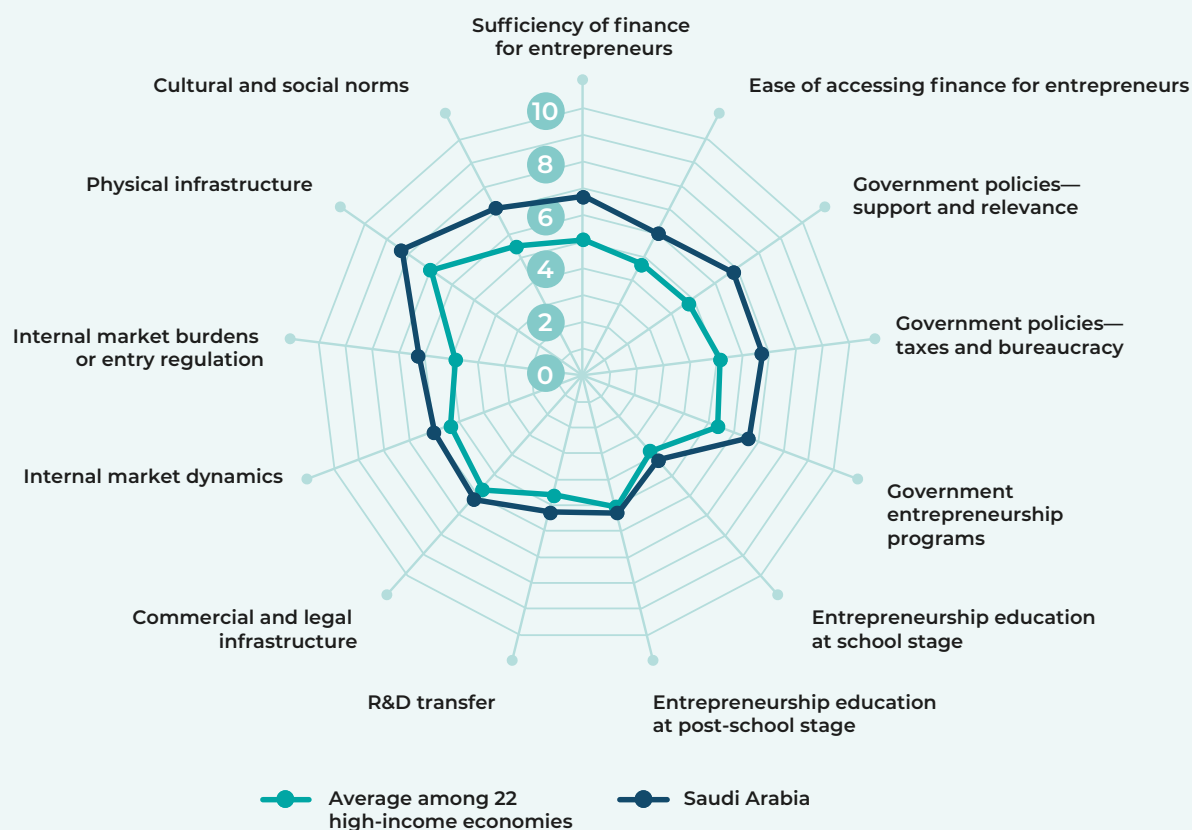
Source: GEM Global, 2024

The overall NECI rating is a composite average of the scores for 13 pillars representing various conditions relevant to entrepreneurship. Figure 41 shows Saudi Arabia's ratings on each pillar compared to the average for the 22 high-income economies. It should be noted that the average does not indicate where particular economies have higher ratings than Saudi Arabia on some pillars.

Saudi Arabia received its highest rating for physical infrastructure. Ratings on this pillar are typically high in advanced economies. In comparison to the averages for the individual pillars for the high-income economies, Saudi Arabia stands out, with high ratings that are nearly one third or more than the overall average in cultural and social norms, government policies, and the sufficiency of finance for entrepreneurs.

## Figure 41

Ratings for individual NECI pillars for Saudi Arabia and the average for 22 high-income economies, 2024



Source: GEM Global, 2024

The remainder of this chapter takes a deeper look at the components (individual questions) of each Entrepreneurial Framework Condition. For each question, experts were asked to what extent they agreed with a particular statement.

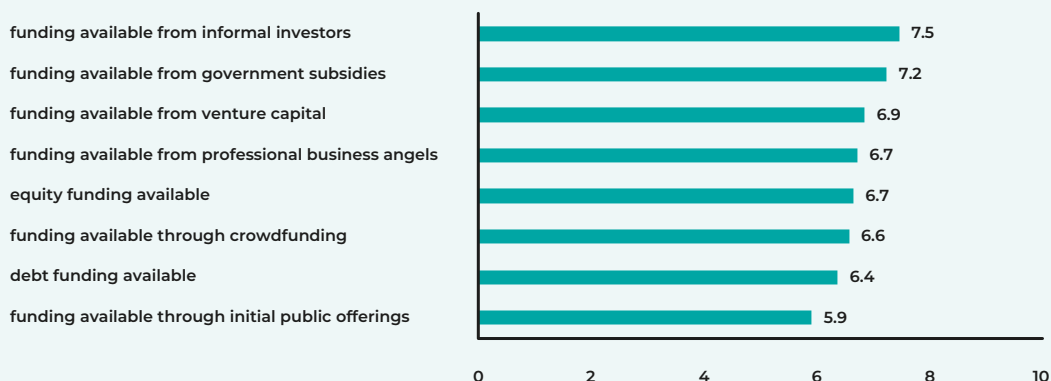
## 9.2 Financing

This pillar examines the extent to which experts believe sufficient and relevant funds are available for entrepreneurs and the ease with which they can access them. As Figure 42 shows, experts highlighted funding availability from informal investors, reflecting the results discussed in the previous chapter. Furthermore, experts noted the existence of government subsidies. Conversely, initial public offerings were perceived as a less common avenue for raising capital in the Kingdom.

## Figure 42

Averages for individual components of expert ratings on whether there is sufficient financing for entrepreneurs in Saudi Arabia, 2024

### In Saudi Arabia, for new and growing firms, there is sufficient...



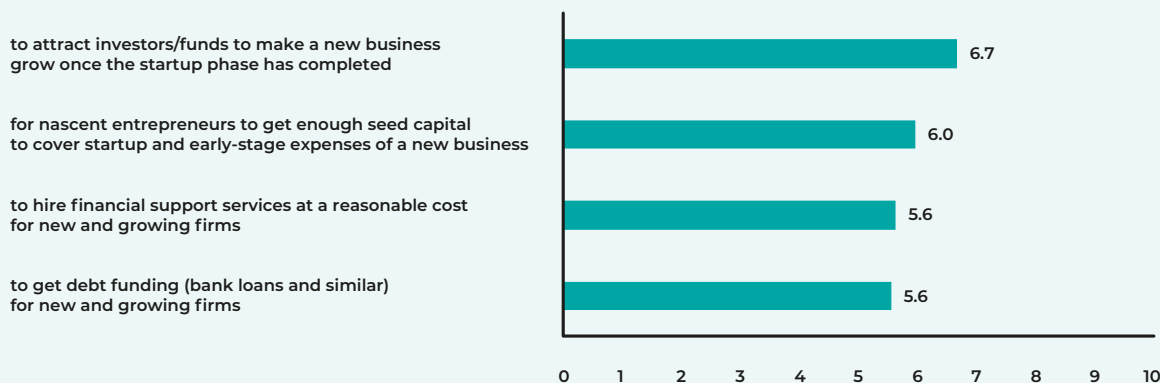
Source: GEM Saudi Arabia, 2024

Many equity investors provide funds once a startup is operational and its prospects have become more apparent, reducing some uncertainty in risk capital funding. However, entrepreneurs must prove their concept before accessing these sources of funding, which may involve bootstrapping (using creative methods to minimize capital needs) and drawing on personal resources and informal funding. As Figure 43 demonstrates, experts were more likely to perceive funding availability beyond the startup phase, while they felt that obtaining debt funding is more challenging.

## Figure 43

Averages for individual components of expert ratings on the ease of financing for entrepreneurs in Saudi Arabia, 2024

### In Saudi Arabia, it is easy...



Source: GEM Saudi Arabia, 2024

## 9.3 Government policies and programs

Three pillars relate to government conditions for entrepreneurship: the support and regulations that facilitate this activity, the extent to which taxes are a burden on starting and growing businesses, and programs such as subsidies, incubators, and agencies that facilitate entrepreneurship.

Experts believed that entrepreneurship is a high priority for the national government, with somewhat lower opinions on whether policies consistently favor new firms (Figure 44).

**Figure 44**

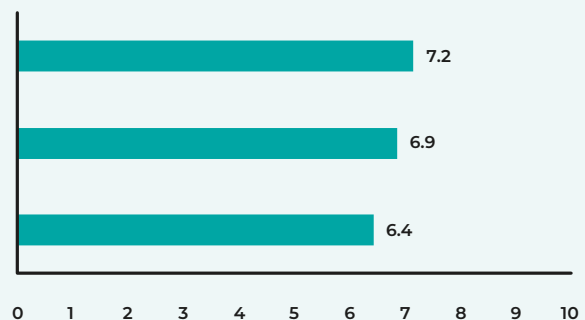
Averages for individual components of expert ratings on support and relevance of government policies for entrepreneurs in Saudi Arabia, 2024

### In Saudi Arabia...

the support for new and growing firms is a high priority for policy at the national government level

the support for new and growing firms is a high priority for policy at the local government level

government policies (e.g., public procurement) consistently favor new firms



Source: GEM Saudi Arabia, 2024

The experts viewed business registration as reasonably affordable; however, they were less likely to agree that the regulations for new and growing firms are predictable and consistent (Figure 45).



“

### Daria Arkhincheeva CEO, Corporate Soccer Academy

Being a foreign female entrepreneur in Saudi back in 2017 brought huge challenges. There was no regulation for foreign entrepreneurs (no bank accounts, no understanding of how to open a legal entity, not even a legal framework for this). On top of that, I was a woman talking about football!

”



## Figure 45

Averages for individual components of expert ratings on taxes and bureaucracy in Saudi Arabia, 2024

### In Saudi Arabia...

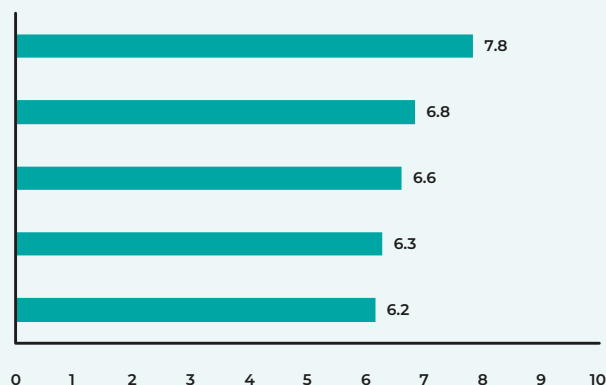
entrepreneurs can register new firms/businesses at a reasonable cost

new firms can get most of the required permits and licenses in about a week

the level of taxation is NOT a burden for new and growing firms

coping with government bureaucracy, regulations, and licensing requirements is not unduly difficult for new and growing firms

taxes and other government regulations are applied to new and growing firms in a predictable and consistent way



Source: GEM Saudi Arabia, 2024

Figure 46 reveals favorable impressions regarding the number of government programs for new and growing businesses, and the availability and effectiveness of business incubators. However, the experts had a somewhat less favorable impression of science parks, which may partly reflect the low participation in technology entrepreneurship outlined in this report.

## Figure 46

Averages for individual components of expert ratings on government programs for entrepreneurs in Saudi Arabia, 2024

### In Saudi Arabia...

there is an adequate number of government programs for new and growing businesses

business incubators are available and provide effective support for new and growing firms

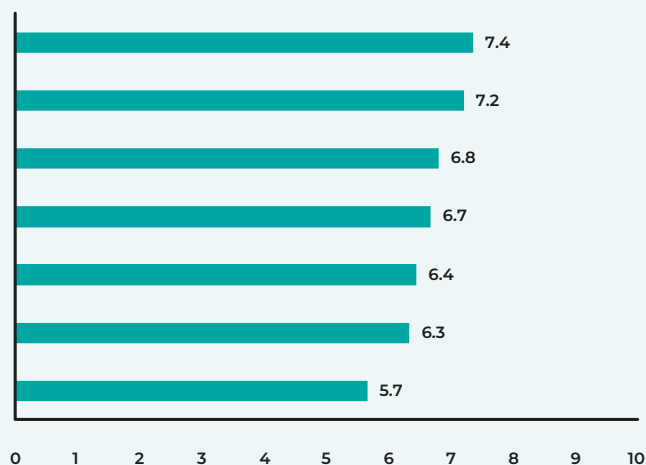
a wide range of government assistance for new and growing firms can be obtained through contact with a single agency

government programs aimed at supporting new and growing firms are effective

the people working for government agencies are competent and effective in supporting new and growing firms

almost anyone who needs help from a government program for a new or growing business can find what they need

science parks and business incubators provide effective support for new and growing firms



Source: GEM Saudi Arabia, 2024

## 9.4 Entrepreneurship education

School entrepreneurship education was the lowest-rated pillar, which was typical in many economies—it received the lowest average rating among the 22 high-income economies featured in this chapter. For the most part, entrepreneurship is not a priority among all the topics students study in Saudi Arabian schools, as Figure 47 illustrates.

**Figure 47**

Averages for individual components of expert ratings on entrepreneurship education and training at the school stage in Saudi Arabia, 2024

### In Saudi Arabia...

teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative

4.8

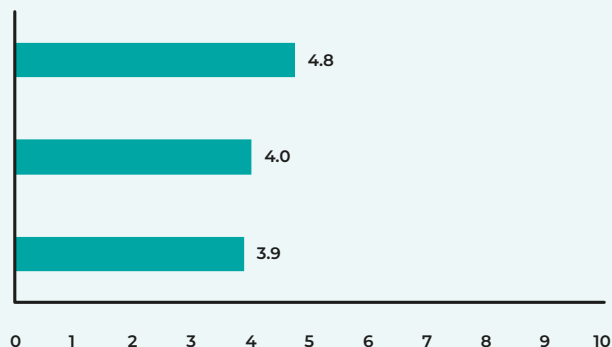
teaching in primary and secondary education provides adequate instruction in market economic principles

4.0

teaching in primary and secondary education gives adequate attention to entrepreneurship and new firm creation

3.9

Source: GEM Saudi Arabia, 2024



Entrepreneurship education beyond the school stage fared a little better among the experts, indicating that some, but likely not enough, higher education programs are focused on entrepreneurship (Figure 48).

**Figure 48**

Averages for individual components of expert ratings on entrepreneurship education and training at post-school stage in Saudi Arabia, 2024

### In Saudi Arabia...

the level of business and management education provides good and adequate preparation for starting up and growing new firms

5.5

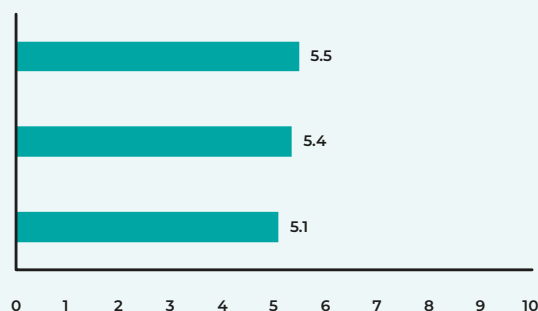
colleges and universities provide good and adequate preparation for starting up and growing new firms

5.4

the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms

5.1

Source: GEM Saudi Arabia, 2024



9.5

R&D transfer

Higher education institutions and research facilities, along with the innovations of engineers and scientists, act as a wellspring of scientific and technological advancements that can be transformed into viable entrepreneurial ventures.



This pillar, however, received some of the lowest scores in Saudi Arabia (Figure 49) and was around the average of the 22 high-income economies.

There was a reasonable consensus regarding the ability of engineers and scientists to bring their innovations to market and the potential of the scientific and technological foundation to support the establishment of leading technology enterprises. Nevertheless, experts expressed greater concern regarding the challenges that emerging and expanding firms face in accessing cutting-edge research and technology compared to their larger, more established counterparts.

9.6

Infrastructure

Commercial infrastructure refers to the supply and affordability of professionals who provide services to entrepreneurs, such as accountants, lawyers, and consultants. Although the experts rated entrepreneurs' ability to obtain debt financing relatively low, Figure 50 shows more enthusiasm for bank services. Less enthusiasm was expressed for the availability and affordability of subcontractors, suppliers, and consultants.

**Figure 50**

Averages for individual components of expert ratings on commercial infrastructure in Saudi Arabia, 2024

**In Saudi Arabia...**

it is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like)

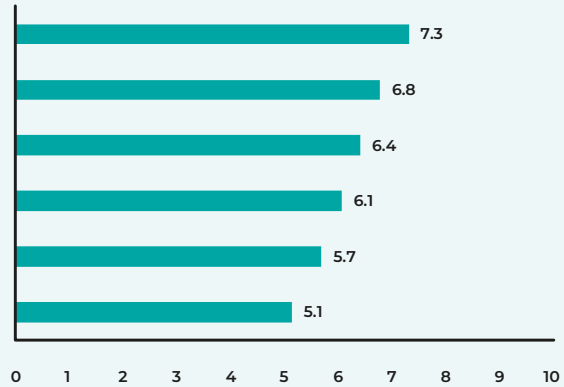
new and growing firms can get access to cloud computing services at affordable prices

there are enough subcontractors, suppliers, and consultants to support new and growing firms

it is easy for new and growing firms to get good, professional legal and accounting services

it is easy for new and growing firms to get good subcontractors, suppliers, and consultants

new and growing firms can afford the cost of using subcontractors, suppliers, and consultants



Source: GEM Saudi Arabia, 2024

This report previously noted that physical infrastructure was Saudi Arabia's most highly rated pillar, which is generally true in advanced economies. Figure 51 shows high ratings for all items in this pillar, with the most positive perceptions regarding utilities and communications.



“

**Abdullah AlGhamedi**  
Founder & Chairman, Saudi CX Association

The establishment of the Saudi CX Association was driven by a vision to shape a thriving customer experience (CX) industry in Saudi Arabia. The national momentum for innovation under Vision 2030 provided an enabling environment, while the growing recognition of CX as a key economic driver laid the foundation for this transformation. Support from a dynamic network of professionals, mentors, and industry leaders played a crucial role in accelerating

this journey, alongside increasing public demand for more human-centric, seamless experiences. Collaboration with forward-thinking organizations further strengthened the association's ability to lead and inspire change.

Beyond improving service quality, the Saudi CX Association is committed to building a holistic infrastructure for CX excellence, ensuring that businesses and institutions across sectors embed customer experience as a fundamental pillar of growth. This mission is deeply rooted in Saudi Arabia's rich heritage of hospitality, generosity, and a people-first approach—values that have long defined the nation's identity. By fostering a culture of customer-centricity, the association not only enhances service accessibility and inclusivity but also contributes to sustainable economic development. Through empowering organizations with best practices, advocating for inclusivity, and driving corporate social responsibility, the association plays a vital role in shaping a future where exceptional experiences fuel business success and societal wellbeing alike.

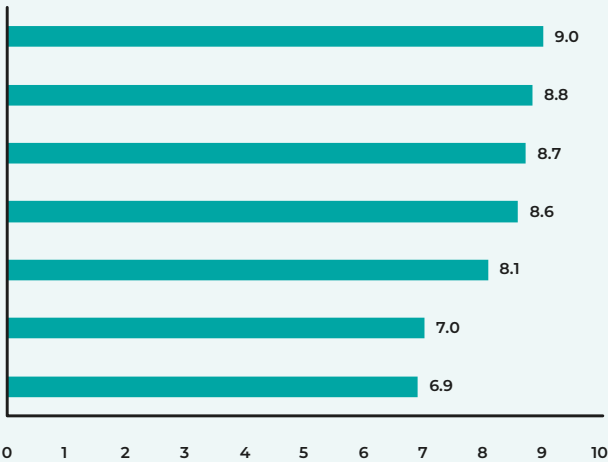
”

Figure 51

Averages for individual components of expert ratings on physical infrastructure in Saudi Arabia, 2024

In Saudi Arabia...

- new or growing firms can get good access to utilities (gas, water, electricity, sewerage) in about a month
- a new or growing firm can get good access to communications (telephone, internet, etc.) in about a week
- new and growing firms can afford the cost of basic utilities (gas, water, electricity, sewerage)
- it is not too expensive for a new or growing firm to get good access to communications (telephone, internet, etc.)
- the physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms
- there are plenty of affordable office spaces to rent for new and growing firms
- there are plenty of affordable production spaces to rent for new and growing firms



Source: GEM Saudi Arabia, 2024

9.7 Market conditions

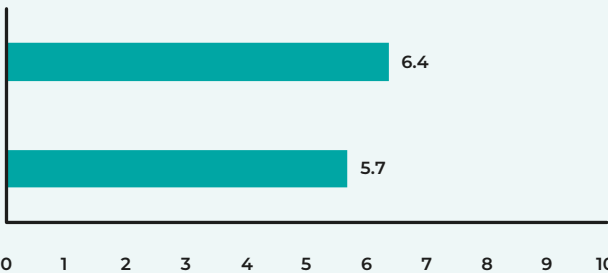
Entrepreneurs thrive in environments defined by free and open markets, where they can adapt to changes in demand and encounter minimal price controls, regulations, and other limitations that might restrict their activities. Experts were more likely to concur that markets for consumer goods fluctuate compared to markets for business-to-business goods and services (Figure 52).

Figure 52

Averages for individual components of expert ratings on internal market dynamics in Saudi Arabia, 2024

In Saudi Arabia...

- the markets for consumer goods and services change dramatically from year to year
- the markets for business-to-business goods and services change dramatically from year to year



Source: GEM Saudi Arabia, 2024



The experts were also only moderately optimistic about the effectiveness and enforcement of antitrust legislation, the ease and affordability of market entry, and the extent to which large firms do not unfairly block market entry (Figure 53).

**Figure 53**

Averages for individual components of expert ratings on internal market burdens and regulations in Saudi Arabia, 2024

**In Saudi Arabia...**



Source: GEM Saudi Arabia, 2024

“

**Hesham Alaboodi**  
Founder & CEO, Moonshot

My transition into entrepreneurship and the subsequent founding of my business were significantly influenced by several interconnected elements within the business landscape, alongside crucial environmental conditions and the impact of various mentors and entities. A major catalyst was the evolving market demand for integrative solutions. I noticed that businesses, especially in dynamic and innovation-focused sectors, sought more than just niche expertise. There was a need for an all-encompassing service that merged financial expertise, strategic counsel, and operational proficiency.

The conducive environment for entrepreneurial ventures also played a significant role. With the global surge in the startup culture and the growing



significance of innovation ecosystems, the timing was ideal for launching a business like mine. During a period marked by swift digital evolution, companies across various sectors were compelled to innovate and adapt at an unprecedented pace. These conditions reinforced my conviction that a multidimensional approach, merging financial, strategic, and innovative elements, would enable organizations to excel in this dynamic market.

”

## 9.8 Cultural and social norms

Cultural and social norms were rated as the second highest pillar after physical infrastructure. The experts expressed strong positive impressions about all aspects of this pillar, particularly regarding the successes that can stem from individual efforts. Other encouraging factors included self-sufficiency, personal initiative, creativity, and innovation (Figure 54).

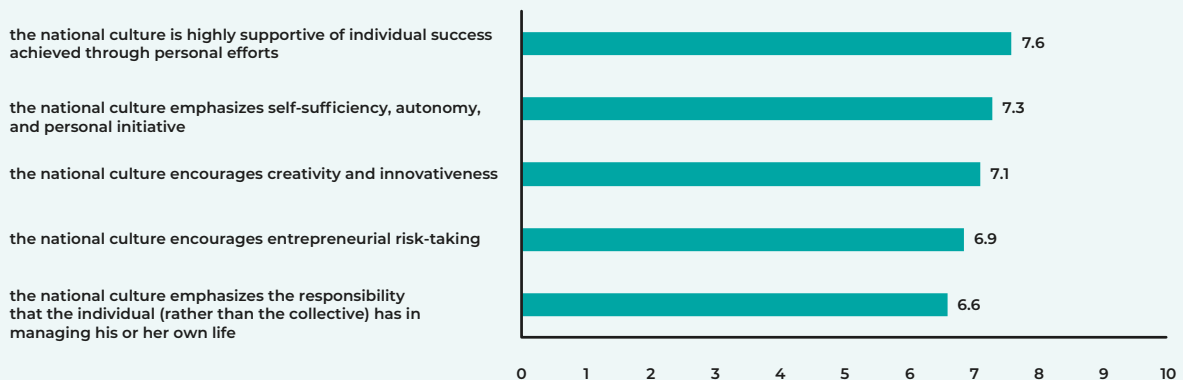
In contrast to the APS results, which suggested a significant fear of failure among those who perceive entrepreneurial opportunities around them, the experts generally believed that the national culture fosters risk-taking. If this is true, it raises the question of what deters people from embracing risk—perhaps it is the cost of starting a business as opposed to securing a stable job or the judgments that those close to them might make in the event of failure.



**Figure 54**

Averages for individual components of expert ratings on cultural and social norms in Saudi Arabia, 2024

### In Saudi Arabia...



Source: GEM Saudi Arabia, 2024

# Conclusions and recommendations



**Saudi Arabia and other Gulf countries have emerged as attractive models for transforming economic ecosystems by emphasizing entrepreneurship as a primary engine of growth and diversity. GEM has continually followed and documented this remarkable shift, highlighting Saudi Arabia's rapid success in promoting entrepreneurial activity and economic autonomy outside the oil industry. This change offers vital lessons for other countries looking to improve their economic systems.**

The challenging execution of Vision 2030, an ambitious strategic plan intended to diversify the Saudi economy and lessen reliance on hydrocarbons, lies at the heart of this development. While other Gulf nations have pursued similar tactics, Saudi Arabia's vast and dynamic population is notable for its unwavering dedication to this objective. As of 2024, measures of entrepreneurial activity in the country showed a twofold trend: stabilization of previously attained milestones and ongoing but modest improvements in essential sectors. Notably, the entrepreneurial activity rate remained around 25%, which is impressive for a high-income nation.

Furthermore, the survival rates of new and existing enterprises have reached the highest levels ever recorded by GEM, demonstrating a resilient entrepreneurship environment. In contrast, fledgling entrepreneurial activity has decreased. However, this drop does not reflect a gender gap—a notable improvement following the pandemic-related obstacles that disproportionately affected women entrepreneurs.

The Saudi population continues to show significant societal support for entrepreneurship, confidence in entrepreneurs' abilities, and awareness of prospects in this field. However, fear of failure remains a significant obstacle. Addressing this issue through focused education and training in risk management and finance is crucial. The changing regulatory framework, including notable new investment regulations, has improved official and informal investment opportunities for both citizens and expats. As a result of these legislative achievements, GEM experts have seen significant advances in the funding pillar.

Diversification initiatives under Vision 2030 are taking shape, with many firms pursuing business services and technological innovations. While these developments are positive, it will take some time to fully understand their implications for the entrepreneurship setting. To accelerate development, the government should prioritize entrepreneurship education at the school level. Enhancing entrepreneurship education will contribute to developing a pipeline of future innovators.

Complementary strategies include developing mentoring networks that connect young entrepreneurs with experienced company leaders and offering courses on important skills such as business management, marketing, internationalization, and overcoming fear of failure. Simplifying the business registration procedure and improving online platforms would further reduce regulatory hurdles, resulting in a more accessible startup environment. Tax breaks for startups in innovative areas, along with stronger intellectual property laws, would boost technological innovation and attract international investors.

Efforts to promote women entrepreneurs should continue, including efforts to provide them with resources, confidence, and networking opportunities. Simultaneously, investments in digital infrastructure to enable high-speed internet access in urban and rural regions would benefit e-commerce and technology businesses. Collaborations between the government and the private sector may result in initiatives that encourage startup involvement in public tenders. Partnerships with foreign entrepreneurship ecosystems will also help local businesses share expertise and gain access to global markets.

Saudi Arabia can improve its entrepreneurship ecosystem by regularly evaluating it through data-driven research and changing policies to address evolving concerns. These actions will establish Saudi Arabia as a shining example of a country harnessing innovation and entrepreneurship to drive economic development. With further efforts, the government will be well positioned to attain even more significant milestones in 2025, establishing a vibrant and resilient business environment.

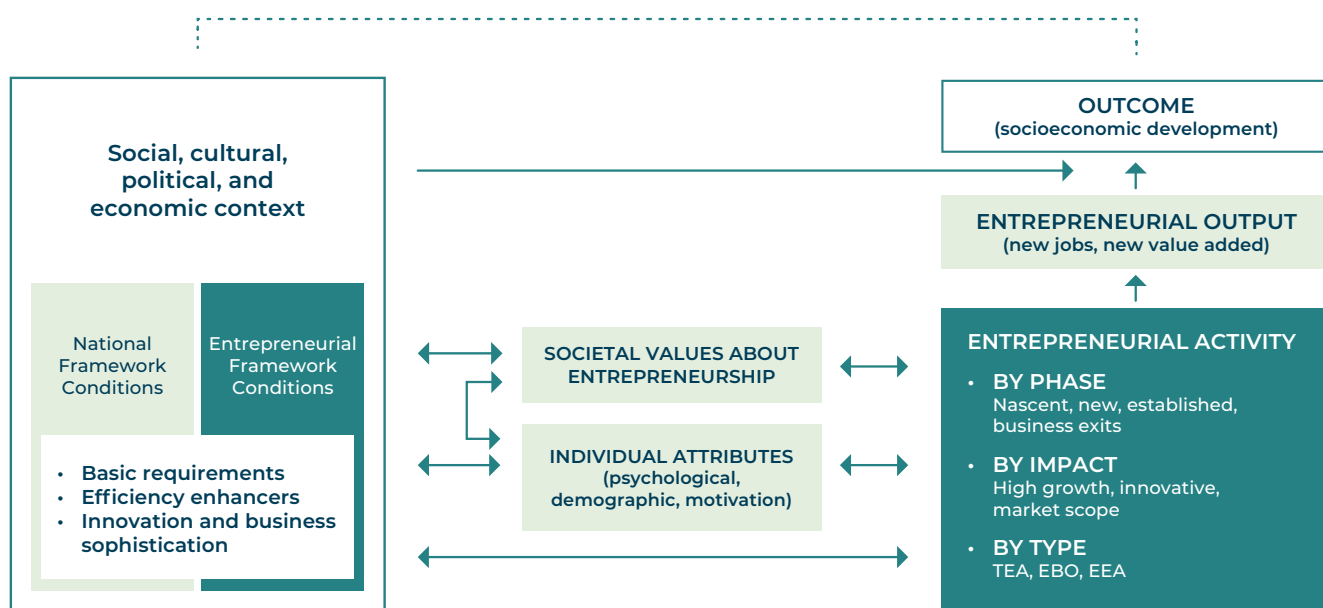
GEM is an annual global entrepreneurship research project in which research teams in each participating economy administer an Adult Population Survey (APS) and a National Expert Survey (NES). With its 2024 surveys, GEM celebrated 26 years of collaborative research on entrepreneurial activity worldwide. What began with just 10 participating economies in 1999 has grown to become the world's most extensive and longest-running study of entrepreneurship. Since its establishment, GEM has become the most trusted and frequently used source of entrepreneurship data and information among academics, educators, practitioners, and policymakers.

Figure A1 illustrates the GEM Conceptual Framework. It depicts the interaction between the decision to establish a new firm and the entrepreneurship environment, which influences that decision and its execution directly

(through resource availability) and indirectly (through social goals and values). Depending on the nature and size of the new firm, the relevant climate may be local, regional, national, or a combination of the three.

The decision to start a business is then placed within a social, economic, and political framework, influencing decisions regarding variables such as sector selection, scope of operation, and degree of ambition and innovation. These characteristics, in turn, influence how the new firm performs in other areas such as employment creation, value addition, and economic development. At the same time, many actions involved in launching new enterprises may begin to influence societal values, resulting in more positive attitudes toward entrepreneurship and, ultimately, influencing potential new entrepreneurs.

**Figure A1. The GEM Conceptual Framework**



Source: GEM Global Report, 2024–2025

EBO: established business ownership  
EEA: employee entrepreneurial activity  
TEA: total entrepreneurial activity

GEM employs two primary research tools: the APS, a random sample of at least 2,000 individuals in each participating economy, and the NES, which includes at least 36 national experts per economy. The APS identifies the percentage of adults who are in the process of starting or already running new enterprises less than 42 months old, represented as total entrepreneurial activity (TEA). Those owning and managing businesses 42 months or older are identified as established business owners. For those who identify as entrepreneurs or established business owners, additional questions are asked about their motivations, ambitions, and the characteristics of their businesses. Additionally, all respondents are asked questions about societal attitudes, affiliations, self-perceptions concerning entrepreneurship, and their intentions to start a business.

GEM may add extra questions to the global survey to explore topics pertinent to entrepreneurship. The uniformity of the questions in the GEM surveys—across nations, over time, and asked of a large random sample of adults and various experts in each participating economy—makes GEM a valuable resource for policymakers and academic researchers.

In each participating economy, the APS is overseen by a GEM national team, which often comprises academics from major institutions but can also include people from other entities interested in and competent in entrepreneurship. A central technical and administrative team oversees the survey process and compiles the results, providing a globally comparable data set. After the Global Report is issued each year, national teams create and publish (online) their own national reports. GEM reports are posted on the GEM website (<https://www.gemconsortium.org>).

Many approaches are adopted to determine the level of entrepreneurial activity in an economy. Most government statistics use new firm or tax registrations to measure entrepreneurial

activity. These are undoubtedly useful but rely on new enterprises being officially registered. In many economies, particularly less developed ones, new firm registrations may account for only a small share of new businesses. This may be for a variety of reasons. For example, a business may begin informally and be very small; an owner may wait to see if the business is successful; or the registration process may be costly, complicated, or overly bureaucratic.

Another metric used to determine the level of entrepreneurial activity is the number of self-employed people. Many of these individuals work only for themselves—such as journalists, musicians, and taxi drivers—and initially may not consider that they are running a business. The GEM approach circumvents the challenges of collecting comprehensive data by being population-based and assuring anonymity. Thus, it captures activity in the informal economy in a way that official statistics cannot. This is a major differentiating factor for GEM compared to other studies.

Figure A2 illustrates how GEM leverages APS data to estimate key entrepreneurship variables. The APS includes a question about whether an individual has used resources (including their own time) to establish a business, such as looking for a location and developing a business strategy. If the response is yes, a follow-up question asks if the business has paid any wages or salaries, including to the owner, and, if so, for how long. If wages have been paid for less than 3 months, GEM considers the business a nascent firm and the individual a nascent entrepreneur. If wages have been paid for 3 months or more but for less than 3.5 years, GEM considers the firm a new business and the individual a new business owner. TEA is calculated by adding together the number of nascent and new business owners. If wages have been paid for at least 3.5 years, GEM considers the business an established firm and the individual an established business owner.

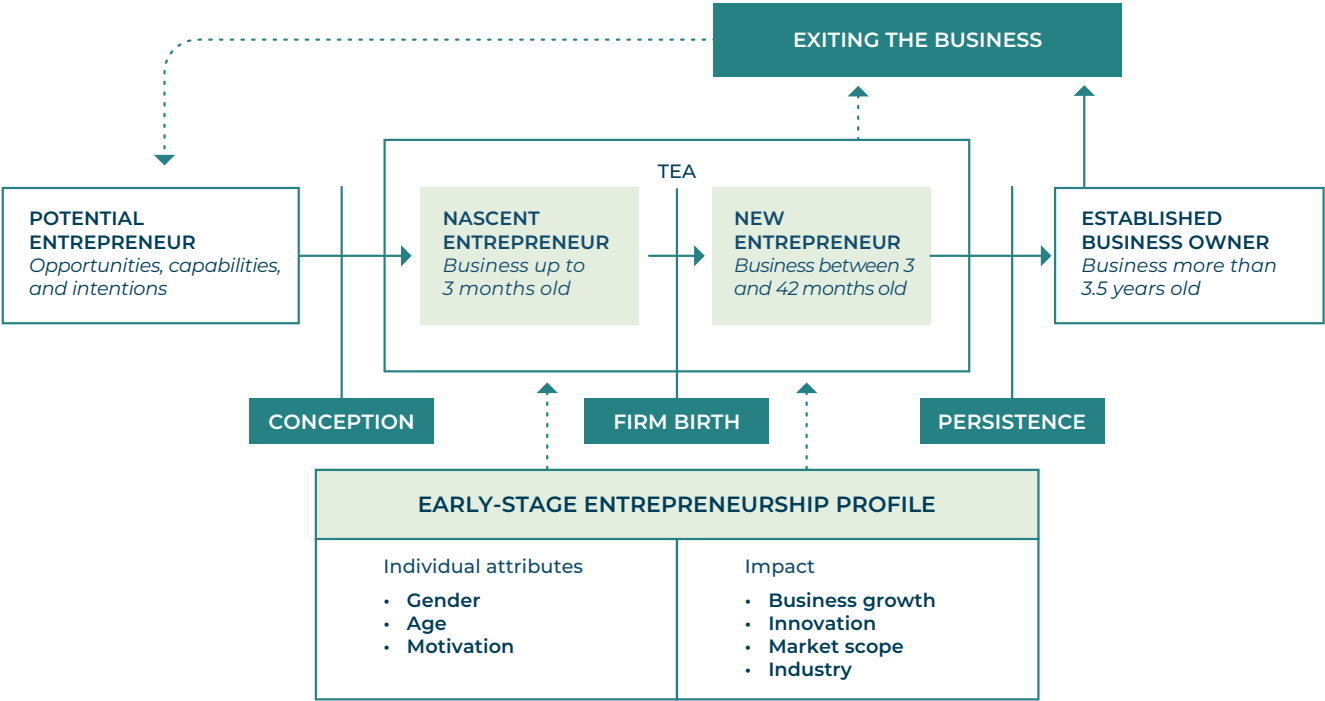


Figure A2 also depicts the entrepreneurship timeline, from potential entrepreneurs identifying new opportunities to when they begin expending resources to become nascent entrepreneurs and, finally, after paying wages for 3 months, becoming new business owners. Of course, an entrepreneur may leave a business at any time, and the business may or may not continue without them. Either way, if the new business survives long enough, it will become established.

Establishing a new firm in a specific context can either assist or hinder its startup and growth. As such, the NES supplements the APS in providing insights into the quality of the environment in which entrepreneurial activity occurs. GEM divides the entrepreneurship environment into 13 dimensions

standard to all contexts (known as the Entrepreneurial Framework Conditions or EFCs), and each participating national team surveys at least 36 national experts who rate the quality of each framework condition. These ratings are then combined to produce a single figure representing the quality of the entrepreneurship environment. The results enable simultaneous comparisons of national entrepreneurship settings and show how they have evolved.

**Figure A2.** The entrepreneurship process and GEM indicators



Source: GEM Global Report, 2024–2025

## Appendix B:

## Global Entrepreneurship Monitor (GEM) key definitions and abbreviations

**Adult Population Survey (APS):** The APS is a comprehensive interview questionnaire distributed to at least 2,000 adults in each GEM economy. It aims to gather detailed information on respondents' entrepreneurship-related activities, attitudes, and goals. Saudi Arabia has conducted 4,000 interviews per year since 2016. Listed below are definitions for two business stages (TEA and EBO); this report provides more details on the characteristics of individuals involved in both stages and their businesses. The APS also assesses societal attitudes and self-perceptions among the general adult population.

**Total entrepreneurial activity (TEA):** The percentage of people aged 18–64 who are starting a new business or have been running one for up to and including 42 months. It is made up of two rates: the proportion of adults (aged 18–64) who have been in the process of starting and running a new business for less than 3 months; and the percentage of adults who own and manage a new firm that has operated in the market for between 3 and 42 months.

**Established business ownership (EBO):** The percentage of adults who currently own and manage an established business that has been in operation for more than 42 months.

**National Expert Survey (NES):** The NES is completed by selected experts in each GEM economy and provides information on national conditions influencing entrepreneurship. The Entrepreneurial Framework Conditions (EFCs, listed below) represent particular features of a country's socioeconomic environment that can impact the rate and quality of entrepreneurship. These conditions compose the National Entrepreneurship Context Index (NECI), also described below.

**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 startups?
A2.	Ease of access to entrepreneurial finance: Are those funds easy to access?
B1.	Government policy—support and relevance: Do they promote and support startups?
B2.	Government policy—taxes and bureaucracy: Are new businesses burdened?
C.	Government entrepreneurship programs: Are quality support programs available?
D1.	Entrepreneurship education at school: Do schools introduce entrepreneurship concepts?
D2.	Entrepreneurship 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: Is this sufficient and affordable?
G1.	Ease of entry—market dynamics: Are markets free, open, and growing?
G2.	Ease of entry—burdens and regulations: Do regulations encourage or restrict entry?
H.	Physical infrastructure: Is this sufficient and affordable?
I.	Social and cultural norms: Does the culture encourage and celebrate entrepreneurship?

**NECI:** This index illustrates the average status of 13 EFCs in a particular economy, chosen by GEM researchers as the most dependable predictors of a favorable environment for entrepreneurship. The NECI is determined as the simple average of 13 variables representing the EFCs, measured using an 11-point Likert scale, and summarized using factor analysis (principal components technique).

**Table A1.**

GEM Saudi Arabia 2024: Adult Population Survey (APS) and National Expert Survey (NES) fieldwork sheet

APS SAMPLING FEATURES	APS INFORMATION
Target population	Adults (18–64 years of age) resident in Saudi Arabia
Target population size	32,641,942 people
Sample size	4,031 people
Sample design	Multiple strata, each sampled at identical rate
Type of sample	Random
Confidence level	95%
Sampling error	±1.54%
Maximum variance	$p = q = 0.5$
Sampling period	May–July 2024
Interview method	Mobile and fixed telephone (computer-assisted telephone interviewing)
Sampling methodology	Random dial from list
Fieldwork carried out by	Field Interactive MR <a href="https://fieldinteractive-mr.com/">https://fieldinteractive-mr.com/</a>
Data recording and SPSS database creation	Field Interactive MR <a href="https://fieldinteractive-mr.com/">https://fieldinteractive-mr.com/</a>
Monitoring, quality control, and final verification	Institut Opinòmetre <a href="http://es.opinometre.com">http://es.opinometre.com</a>
NES SAMPLING FEATURES	NES INFORMATION
Target population	Experts in nine entrepreneurship conditions
Sample	46 experts
Type of sample	Purposive sample
Sampling period	April–July 2024
Interview method	Online
Fieldwork carried out by	GEM Saudi Arabia national team
Data recording and SPSS database creation	GEM Saudi Arabia national team



Global  
Entrepreneurship  
Monitor

# Kingdom of Saudi Arabia

## National Report 2024–2025

© 2025 by The Babson Global  
Center for Entrepreneurial  
Leadership at MBSC

[www.gemconsortium.org](http://www.gemconsortium.org)

