GLOBAL ENTREPRENEURSHIP MONITOR 2025/2026 United States Report

National Entrepreneurship Assessment for the United States of America



BABSON COLLEGE



Global Entrepreneurship Monitor

2025/2026

United States Report

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Foreword

We live and lead in a world defined by volatility, uncertainty, complexity, and ambiguity (VUCA). Decisions happen faster, feedback cycles shorten, and the stakes rise quickly. In this environment, success rests on adaptability, sound judgment, and disciplined risk-taking. Entrepreneurship has become a core competency for navigating complexity and creating durable value.

The 2025/2026 United States Report from the Global Entrepreneurship Monitor (GEM) reflects this reality. Nearly one in five U.S. adults is engaged in early-stage entrepreneurial activity, near historic highs. This sustained engagement shows the continued relevance of entrepreneurship as people seek agency, opportunity, and impact in a dynamic economy. Even as many founders report that building and sustaining a business has grown more demanding, entrepreneurial activity remains resilient and widespread.

Momentum, however, is only the beginning. GEM data point to a widening gap between new venture creation and long-term business sustainability. Early-stage activity is strong, yet established business ownership has declined, and closures are elevated. These patterns highlight a central challenge for the U.S. economy: translating entrepreneurial energy into enterprises that endure. Long-term value creation depends on building organizations capable of delivering consistent value to customers, employees, communities, and the broader economy.

Risk management continues to define the modern entrepreneur. Founders navigate complex operating environments that require clear priorities, careful capital allocation, and continual strategic adjustment. Many rely on personal resources and informal support, which raises the importance of pacing investments, validating demand, and tracking unit economics. The ability to evaluate trade-offs, respond to uncertainty, and adapt in real time remains central to turning new ideas into sustainable ventures.

Technology, particularly artificial intelligence (AI), is reshaping how entrepreneurs meet these challenges. Entrepreneurs continue to adopt digital and AI tools more rapidly than established firms, using them to accelerate learning, extend market reach, and improve operating efficiency. This fluency creates significant opportunity and introduces important questions about cost, governance, and responsible use. Values continue to underpin entrepreneurial judgment and are essential to determine how these tools are deployed to create lasting value.

The 2025/2026 report also shows the diversity and regional disparities in U.S. entrepreneurship. Young adults, veterans, and entrepreneurs in communities of color power much of today's startup activity, while regional differences in participation and confidence persist. Strengthening ecosystems that expand access to capital, mentorship, and scalable support will help convert participation into long-term economic contribution.

As a lifelong entrepreneur and educator, I am "opportunity-obsessed" and have learned to embrace uncertainty. New ventures address ambiguity with business models and deliver returns that are economic, social, and enduring. I am confident that the insights that follow will deepen understanding and inspire action. In a VUCA world, entrepreneurs shape what comes next.



Stephen Spinelli Jr.
President, Babson College

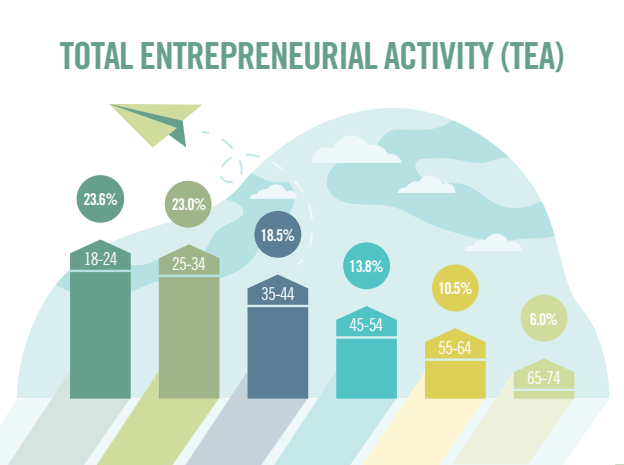
Executive Summary

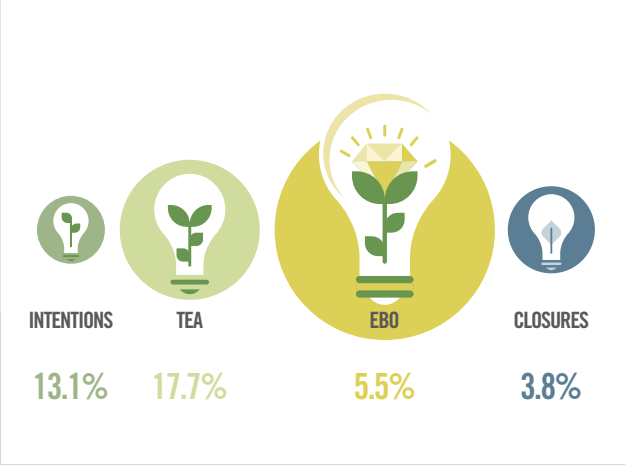
In 2025, the Global Entrepreneurship Monitor (GEM) conducted its 27th annual survey. Academic research teams in 52 economies collected and analyzed data on rates of participation across phases of business startup and ownership activity, characteristics of entrepreneurs and their businesses, and the entrepreneurial attitudes, affiliations, and self-perceptions of people in society. Babson College, a co-founding institution and longtime global sponsor of GEM, also sponsors the U.S. team, which administers the survey in the United States each year.

Below is an overview of key results detailed in this report.

Attitudes and Outlook

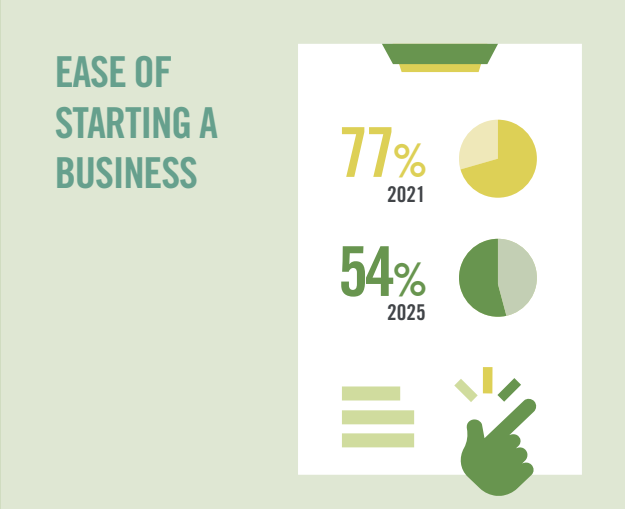
Americans remained broadly positive about entrepreneurship in 2025, with most regarding it as a good career choice that garners high status and positive media attention. However, perceived ease of starting a business declined slightly. The majority of entrepreneurs and established business owners expected the current administration's tariff policies to affect their businesses, with far more anticipating negative impacts (e.g., higher costs, supply disruptions) than benefits.

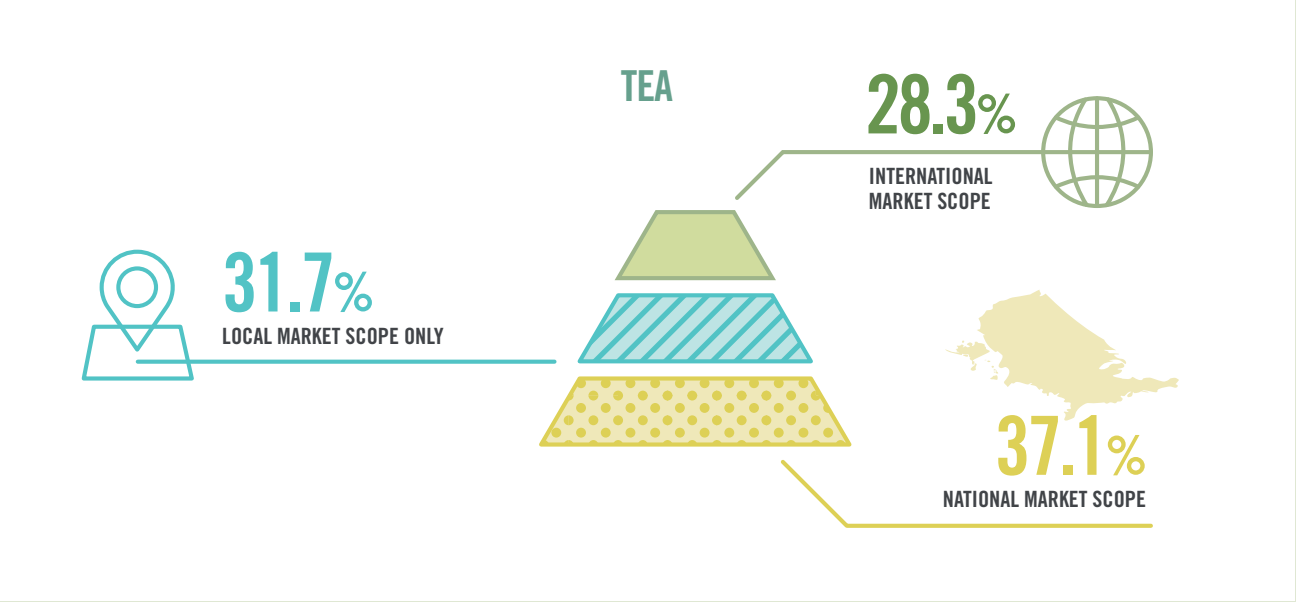




Business Activity Rates, Ownership Structure, and Franchising

Entrepreneurship rates continued to exhibit a near-record high in 2025, but established business ownership (EBO) fell, extending a decline that started in 2020. Business closure rates increased in 2020, and elevated levels persisted through 2025, with just over one third of entrepreneurs who closed their businesses attributing this to lack of profits or inability to obtain financing. The majority of entrepreneurs and established business owners were sole owners. Franchise activity (either as franchisees or franchisors) accounted for about one in three entrepreneurs and one in seven established business owners.



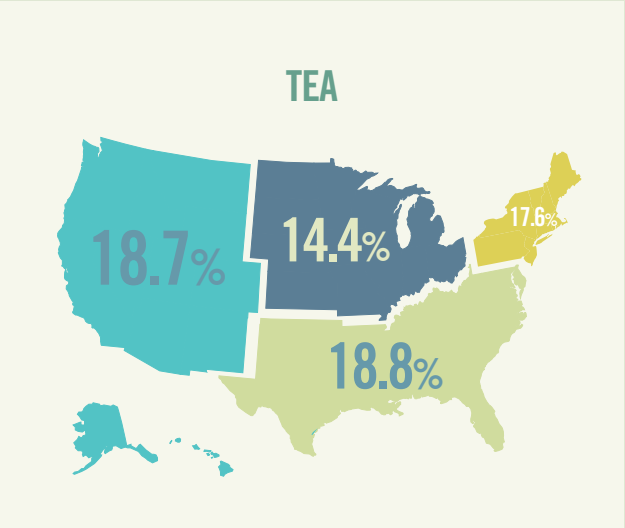


Regional Comparisons

An analysis of the four U.S. regions shows that the South and West led in terms of entrepreneurship activity rates, as well as maintaining strong societal attitudes. The Northeast trailed just behind these regions on most indicators, while the Midwest lagged in terms of capability perceptions, entrepreneurial intentions, and startup rates.

Demographics

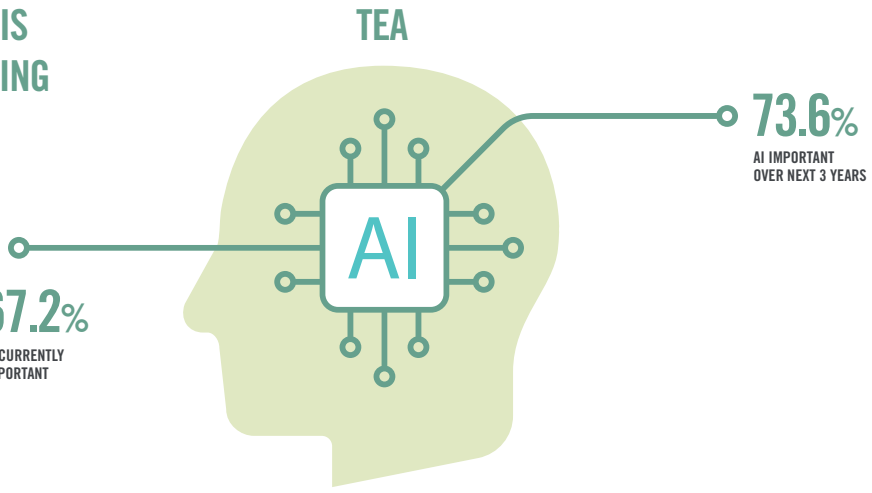
Younger adults (18–34 years) continued to exhibit the highest entrepreneurship rates in 2025. In contrast, middle-aged and older adults were more likely to be running established businesses than starting new ones. Men remained more likely than women to be entrepreneurs and established business owners, though women were still starting and running businesses at high rates. Black Americans again reported very high entrepreneurship rates in 2025, with Hispanic Americans also sustaining higher startup activity than White Americans. However, the latter remained more likely to own established businesses. Across income and education levels, entrepreneurship was relatively even. Notably, currently serving military personnel showed exceptionally high rates of entrepreneurship, while veterans exhibited comparatively high EBO rates.



Business Characteristics and Aspirations

U.S. entrepreneurs continued to operate mainly in traditional sectors in 2025, with wholesale/retail remaining the largest segment, even as technology-driven sectors gained ground. Approximately 4 in 10 entrepreneurs were offering products or services that were new to at least their local market, and around two thirds were serving customers nationally or internationally. Entrepreneurs exhibited strong growth ambitions compared to established business owners, and both groups (especially younger and innovative owners) were taking steps toward social and environmental sustainability.

HOW IMPORTANT IS AI TO IMPLEMENTING YOUR BUSINESS MODEL AND STRATEGY?



Technology Adoption

Virtually all entrepreneurs saw online tools, including artificial intelligence (AI), as important to their businesses in 2025, and they consistently outpaced established business owners in this regard. Both groups saw AI as critical for personalization, efficiency, and innovation. However, they also remained cautious about data security, implementation costs, and ethical dilemmas.

Financing

In 2025, nearly 1 in 10 adults reported they had provided funding to an entrepreneur in the past 3 years. Men were more likely than women to act as informal investors. They also invested more money and were overwhelmingly more likely to invest in men than in women. From the perspective of both entrepreneurs and established business owners, outside capital (from banks or investors) played a relatively small role overall: Only a minority obtained venture capital or angel funding, and even bank loans accounted for a limited share of startup finances. Instead, many relied heavily on personal savings and credit cards. Women entrepreneurs reported even lower access to external capital than men, indicating a persistent financing gap.

IN THE PAST 12 MONTHS, DID YOU RECEIVE FUNDING FROM ANY OF THE FOLLOWING SOURCES FOR YOUR BUSINESS?

FUNDING	TEA
PERSONAL CREDIT CARDS	38.2%
PERSONAL SAVINGS	54.7%
FAMILY, RELATIVES, FRIENDS, NEIGHBORS	31.2%
EMPLOYER	16.6%
COLLEAGUES, EMPLOYEES	12.8%
BANKS	23.7%
VENTURE CAPITAL	10.5%
PRIVATE (ANGEL) INVESTORS	11.8%
GOVERNMENT GRANTS	9.1%
CROWDFUNDING	9.3%

INTRODUCTION: THE U.S. ECONOMY IN 2024–2025

intro

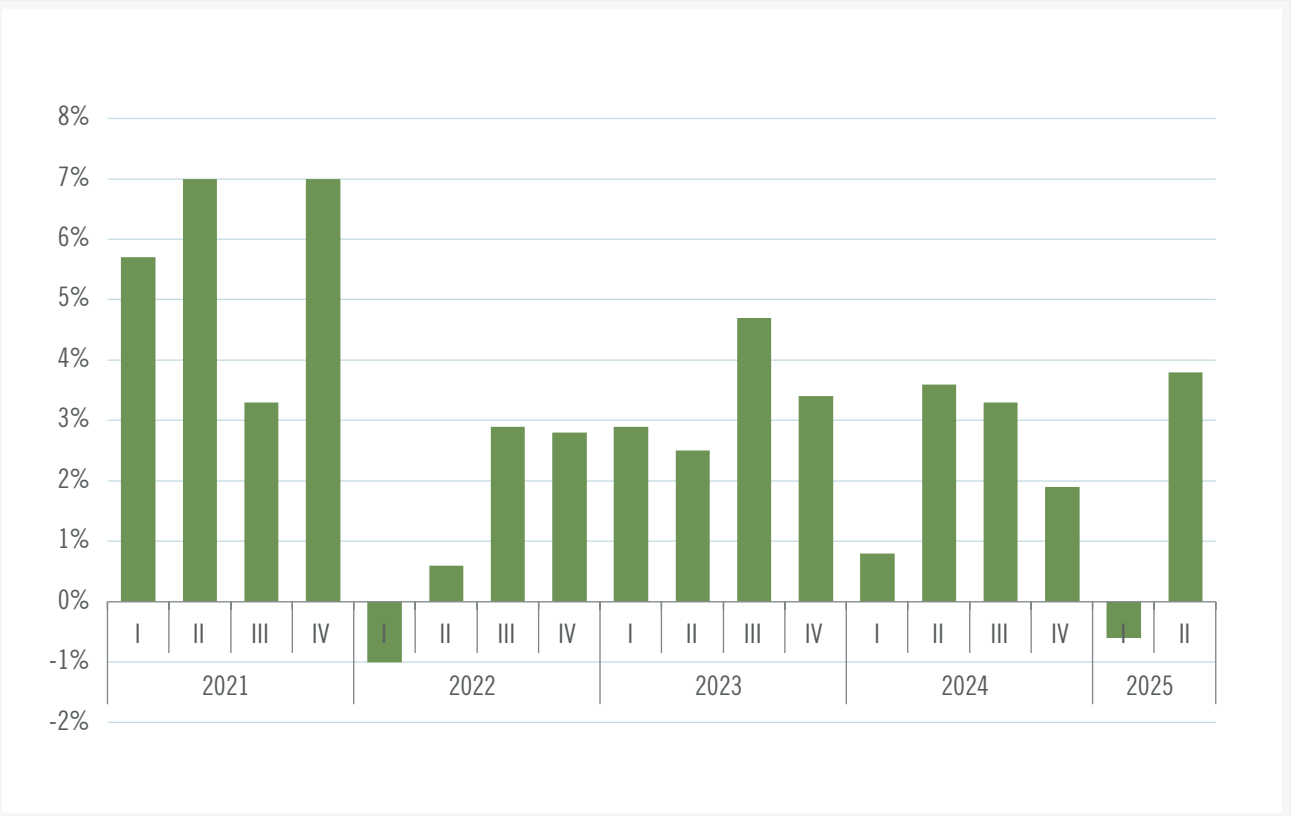
The 2025 Global Entrepreneurship Monitor (GEM) Adult Population Survey (APS) was conducted in May and June across the United States and other participating economies.

GEM measures a variety of entrepreneurship indicators, many of which are influenced by current and prior economic conditions, and future expectations, at the time of data collection. This introduction reviews the U.S. economic context during the year preceding the survey and the months following it, as far as available data allow.

During this period, the U.S. economy performed a delicate balancing act. Growth remained positive overall, inflation largely receded toward the Federal Reserve's (Fed's) target, and the labor market gradually cooled from historic tightness. In addition, generative artificial intelligence (AI) stirred excitement and improved productivity across the economy, though it also brought disruption. Businesses and consumers faced other new headwinds—notably, a sharp rise in import tariffs and elevated economic uncertainty.

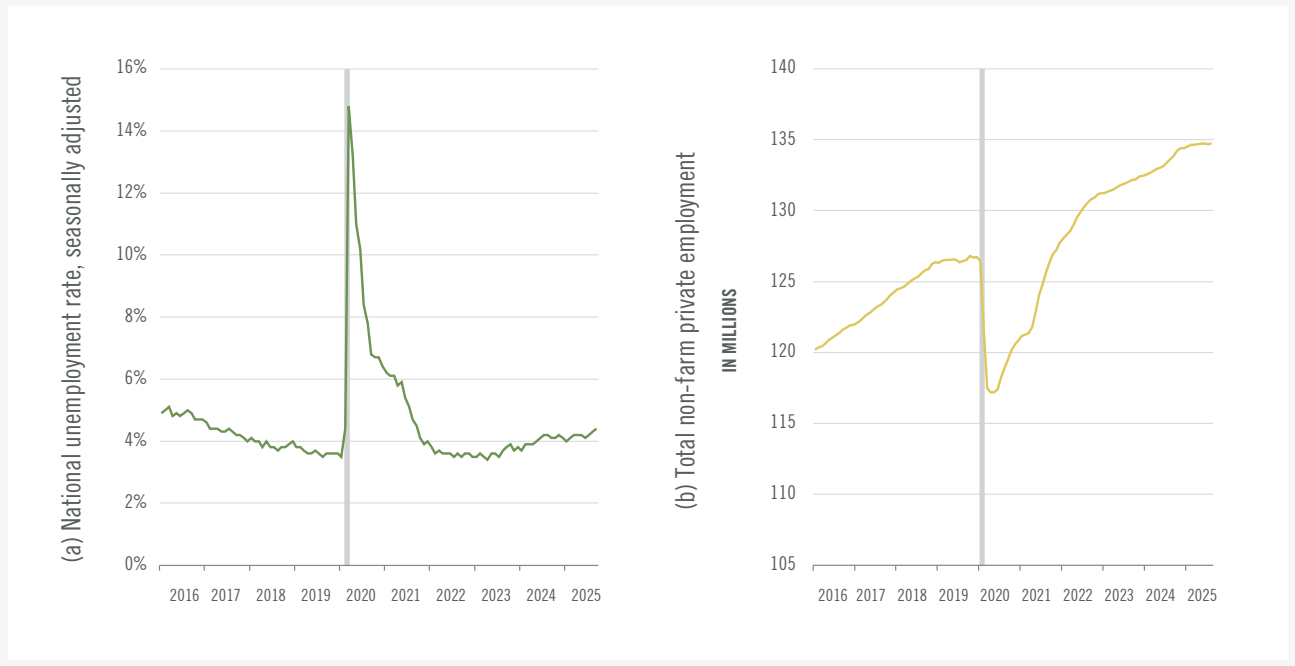
As Figure I.1 shows, real gross domestic product (GDP) grew by 3.3% and 1.9% (annualized rate) in the last two quarters of 2024. This was fueled by robust consumer spending, rising exports, and increased federal expenditure. This strong growth occurred despite a backdrop of recession fears and geopolitical tensions that threatened trade stability.

Figure I.1: Percentage change in real GDP from the preceding quarter, 2021 to the first half of 2025 (seasonally adjusted annual rate)



Source of data: U.S. Bureau of Economic Analysis, Real Gross Domestic Product [A191RL1Q225SBEA], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/A191RL1Q225SBEA, December 4, 2025

Figure I.2: National unemployment rate (a) and total non-farm private employment (b), 2016–2025



Source of data: (a) U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/UNRATE, November 18, 2024; (b) Automatic Data Processing, Inc., Total Nonfarm Private Payroll Employment [ADPWNUSNERSA], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/ADPWNUSNERSA, November 18, 2024

Note: The gray areas show the recession period. Each tick mark on the horizontal axes shows the beginning of the year.

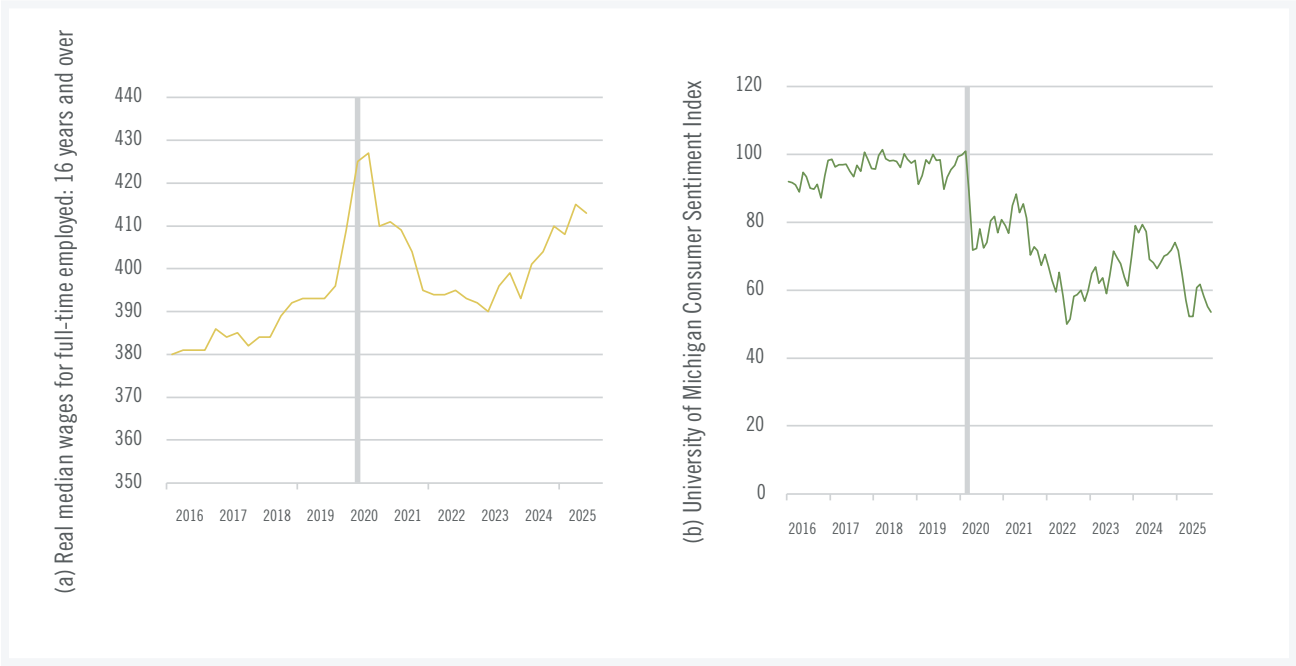
The labor market remained exceptionally tight through the third quarter of 2024. The unemployment rate was around 4% (Figure I.2a), and the number of non-farm payroll jobs rose (Figure I.2b). Key growth sectors included technology, renewable energy, healthcare, and logistics.

Real median wages for full-time workers continued to rise modestly after having been squeezed by high inflation in 2021–2022 (Figure I.3a). By late 2024, real median wages regained their pre-COVID-19 pandemic purchasing power, offering relief to workers. Consumer confidence started to climb as a result.

Although still below historical norms, the University of Michigan Consumer Sentiment Index continued to trend upward in 2024 (Figure I.3b), reflecting improved real incomes and fading inflation angst. Strong consumer demand and optimism, alongside an emerging boom in generative AI and related digital technologies, provided a favorable environment. This AI boom lifted market sentiment and equity prices: Major stock indices posted remarkable gains in 2024 and 2025, driven by investor confidence and technological advancements.

Late 2024 brought the first signs of slackening in the labor market, though conditions remained strong. The unemployment rate edged slightly above 4% (Figure I.2a). Job creation also showed tentative signs of slowing from its earlier breakneck pace. By the end of 2024, monthly payroll gains, while still robust, were beginning to ease as employers became more selective in hiring (Figure I.2b). While late 2024 and early 2025 saw no major new tariffs, the expectation of a disruption in U.S. trade relations after the presidential election fostered trade uncertainty, and businesses kept a close eye on potential policy shifts. Many firms took advantage of stable tariffs through 2024 to build up inventories, just in case conditions changed. Additionally, the wave of generative AI adoption continued to shape the economic narrative. This report presents data on entrepreneurs' perceptions of AI's impact on their business models and strategies.

Figure I.3: Real median wages (a) and the University of Michigan Consumer Sentiment Index (b), 2016–2025



Source of data: (a) U.S. Bureau of Labor Statistics, Employed full time: Median usual weekly real earnings: Wage and salary workers: 16 years and over: Men [LES1252881900Q], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/LES1252881900Q, December 5, 2025; (b) Surveys of Consumers, University of Michigan, University of Michigan: Consumer Sentiment © [UMCSENT], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/UMCSENT, December 5, 2025

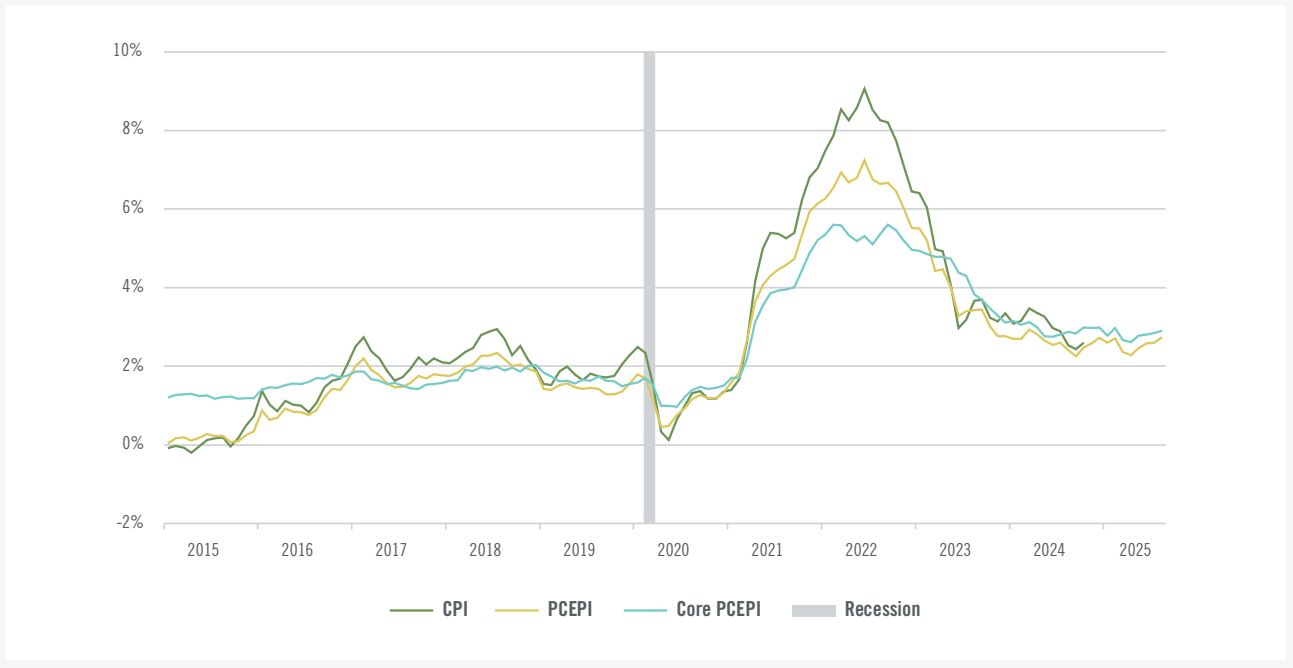
Note: The gray areas show the recession period. Each tick mark on the horizontal axes shows the beginning of the year.

However, the first quarter of 2025 brought a stark, albeit brief, slowdown in economic activity (Figure I.1). Real GDP contracted by 0.6% (annualized rate), one of two quarterly declines in output since the 2020 pandemic downturn. This pullback was driven by a combination of factors. First, government spending fell after a burst of federal outlays in the prior quarters, creating a drag on demand. In addition, consumer spending growth and business investment both downshifted as the economy navigated a transitional period.

Indeed, caution permeated the economy in early 2025. Heightened uncertainty, from contentious domestic politics, the likelihood of higher tariffs, and overseas conflicts, made businesses and consumers more hesitant. Economic uncertainty spiked in early 2025, weighing on sentiment and hiring. Businesses grew increasingly concerned about policy volatility, especially on trade. Fears of higher tariffs in the first quarter of 2025 led businesses to import their inventories ahead of potential tariff hikes. In April 2025, the United States announced a broad set of import tariffs. The prospect of these measures had been looming, and many firms had already felt jitters. This uncertainty may have contributed to a "wait and see" approach. Small businesses may have been especially vulnerable and delayed expansion due to the unknown effects of the new tariffs. This report sheds light on the impact of tariffs on entrepreneurs and established business owners, using data from survey questions on this topic.

Consumers also sensed the uncertainty. As Figure I.3b shows, the University of Michigan's measure of consumer sentiment declined below 60—a weak level—in early 2025 as households voiced persistent concerns about inflation and the broader economy. The stubbornly higher-than-target

Figure I.4: Inflation rates, 2015–2025 (year-over-year change in Consumer Price Index, PCEPI, and core PCEPI)



Source of data: authors' calculation from Consumer Price Index (CPI), PCEPI, and core PCEPI data

CPI: Organisation for Economic Co-operation and Development, Consumer Price Index: All items: Total for the United States [CPALTT01USM657N], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/CPALTT01USM657N, December 4, 2025

PCEPI: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Chain-Type Price Index [PCEPI], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/PCEPI, December 4, 2025

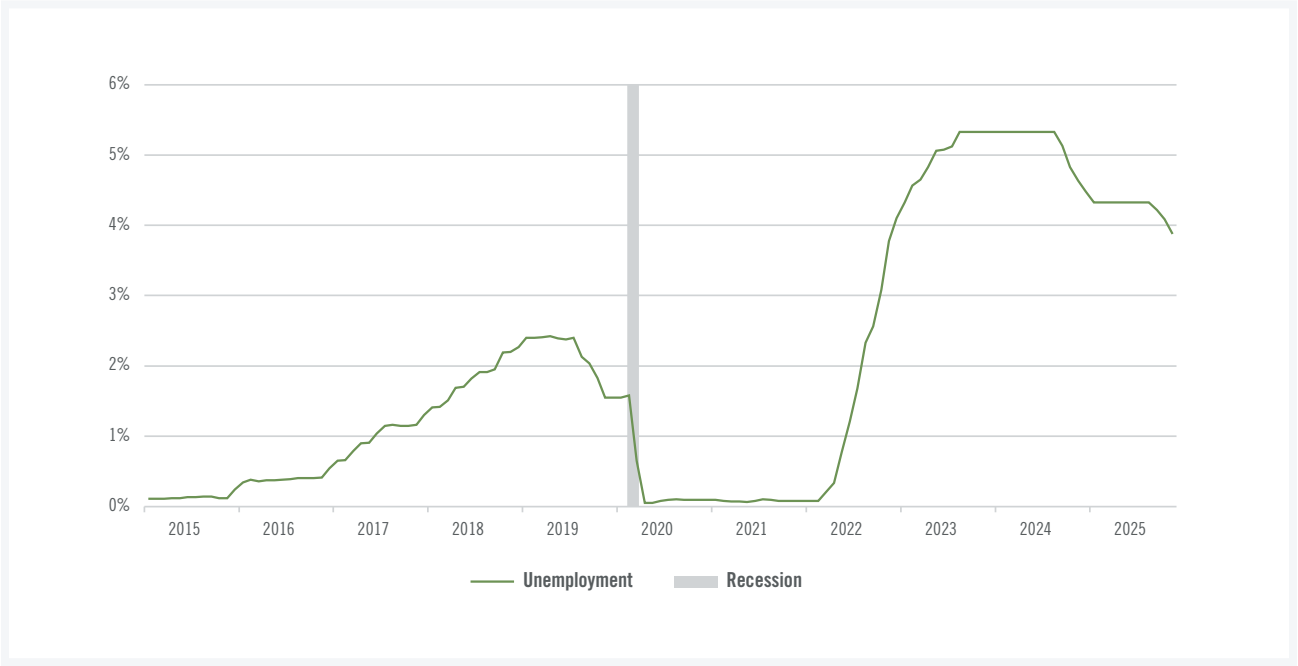
Core PCEPI: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index) [PCEPILFE], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/PCEPILFE, December 4, 2025

inflation rate, even as growth faltered (Figure I.4), and businesses' wait-and-see approach, which slowed hiring and investment, further contributed to this cautious mood and heightened expectations of a recession. As a result, the Fed paused its rate cuts during the winter as officials assessed whether the economy was merely hitting a soft patch or headed for a deeper slump (Figure I.5).

On a positive note, generative AI continued to gain ground as a tool for improving productivity. It excited investors across the economy and increased investment in AI-related sectors, such as data center construction, cloud services, and energy supply and distribution.

The economy snapped back strongly in the second quarter of 2025. Real GDP surged by 3.6% annualized, more than reversing the prior quarter's dip (Figure I.1). This higher-than-trend growth was driven in part by consumer spending accelerating after the winter downturn. With the Fed's earlier rate cuts gradually filtering through, interest-sensitive spending, like auto and home purchases, picked up. The Personal Consumption Expenditures Price Index (PCEPI) inflation rate declined and, for a short time, inched closer to the Fed's 2% target, at 2.3%, while the core PCEPI inflation rate decreased to 2.6% (Figure I.4). This cooldown in inflation, helped by lower energy prices and improving supply chains, gave relief to consumers and businesses alike. The Fed, encouraged by the combination of strong growth and lower inflation (although inflation ticked up in mid-2025), resumed monetary easing in the third quarter of 2025. As shown in Figure I.5, this delivered another quarter-point rate cut, bringing the federal funds target range closer to 4%.

Figure I.5: Federal funds rate, 2015–2025



Source of data: Board of Governors of the Federal Reserve System (U.S.), Federal Funds Effective Rate [FEDFUNDS], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/FEDFUNDS, December 5, 2025

Note: The gray area shows the recession period. Each tick mark on the horizontal axis shows the beginning of the year.

In conclusion, from July 2024 to September 2025, the U.S. economy navigated a complex environment and emerged with a generally favorable outcome. The period featured continued growth, punctuated by one soft quarter but no prolonged contraction. Inflation hovered above the 2% target, but the Fed's monetary tightening gave way to easing. Unemployment remained low, rising only slightly, and the economy continued to add jobs (albeit at a significantly slower pace) through mid-2025. American consumers and businesses proved adaptable: Many appear to have adjusted to high import tariffs and embraced generative AI and other innovations to drive productivity and growth. Nevertheless, consumer sentiments remained in the low 60s or below. Overall, the U.S. economy has again showcased resilience and adaptability in the face of both long-standing and emerging challenges.

National Expert Survey (NES)

In addition to the APS results, GEM collects expert assessments through the NES, which evaluates 13 conditions influencing entrepreneurial activity. These indicators help contextualize the broader entrepreneurship environment. As in prior U.S. reports, major year-over-year movements in NES data are summarized here (see Table I.1). Detailed international comparisons are available in the GEM 2025/2026 Global Report.

Across the NES framework conditions, expert assessments in 2025 reveal a more tempered outlook than the previous year. Several indicators that improved between 2023 and 2024 declined in 2025, while a few remained stable or strengthened.

Conditions related to entrepreneurial finance saw notable reversals. The average expert rating of availability of entrepreneurial finance fell by 13% relative to 2024, and the average for ease of access to finance declined by 11%, erasing much of the prior year's gain. These movements may reflect tighter credit conditions or more cautious investment sentiment, among other factors.

Government-related assessments softened as well. The average expert rating of government policy support and relevance decreased by 10%, and the average for government entrepreneurship programs fell by 7%. Although these changes are modest, they suggest diminished confidence in the extent to which public policy supports entrepreneurial activity. The average score for taxes and bureaucracy stayed relatively stable.

Some of the largest declines occurred in education-related conditions. For entrepreneurship education at school, the average dropped sharply (by 27%), representing one of the steepest movements across all NES indicators. The average rating of post-school entrepreneurship education fell by 8%. These changes may signal concerns about the consistency or perceived effectiveness of entrepreneurship education across K-12 and higher education systems.

Innovation-related assessments also softened. Ratings for research and development transfers declined by 13%, reinforcing long-standing concerns about the strength of commercialization pathways between research institutions and industry.

Infrastructure-related conditions were more stable. Ratings of commercial and professional infrastructure remained unchanged at a relatively strong average score. Physical infrastructure continued to be one of the highest-rated conditions for entrepreneurship in the United States.

The average rating of burdens and regulations associated with market entry exhibited little change, but the largest positive change among the NES conditions was in market dynamics. The average expert score for ease of market entry increased by 26%, suggesting more favorable conditions for new entrants.

Finally, the average score for social and cultural norms, which strengthened notably in 2024, declined by 10% in 2025. Although the average was still comparatively high, this pullback suggests a recalibration of views on how strongly U.S. culture supports entrepreneurial activity.

Overall, the 2025 NES findings point to mixed conditions for entrepreneurship. While experts noted improvements in market dynamics and continued strength in infrastructure, declines in education, finance, government support, and social norms temper the overall assessment. These shifts highlight opportunities to reinforce factors that enable new business creation, innovation, and growth.

Table I.1: NES ratings of entrepreneurial conditions, 2023–2025

Conditions	2023	2024	2025
Entrepreneurial finance	4.9	5.4	4.7
Ease of access to entrepreneurial finance	4.2	4.7	4.2
Government policy: support and relevance	3.8	4.0	3.6
Government policy: taxes and bureaucracy	5.0	5.4	5.2
Government entrepreneurship programs	3.8	4.1	3.8
Entrepreneurship education at school	3.6	4.1	3.0
Entrepreneurship education post-school	4.8	5.1	4.7
Research and development transfers	3.9	4.0	3.5
Commercial and professional infrastructure	5.6	6.0	6.0
Ease of entry: market dynamics	4.9	4.7	5.9
Ease of entry: burdens and regulations	4.2	4.0	4.1
Physical infrastructure	6.8	6.8	6.6
Social and cultural norms	6.7	7.8	7.0

Source: Global Entrepreneurship Monitor, United States, 2023–2025

Notes: Scores range from 1 to 10. Global comparisons can be found in the GEM 2025/2026 Global Report: https://gemconsortium.org/reports/latest-global-report.

The 2025/2026 GEM United States Report

In 2025, the GEM APS was conducted in 52 national economies around the world. Babson College has conducted the APS in the United States every year since the first survey in 1999, gathering data on rates of participation across phases of business ownership, characteristics of entrepreneurs and their businesses, and societal attitudes, affiliations, and self-perceptions about entrepreneurship. For more details on GEM, see the appendix at the end of this report.

The GEM 2025/2026 United States Report provides a comprehensive overview of the results from the 2025 APS, including comparisons with prior years. The report also features findings in some new areas. These include perceptions of the impact of tariffs among entrepreneurs and established business owners. Additionally, the report provides results on the percentage of entrepreneurs and established business owners who are franchisors or franchisees. Also new in this report are results on the number of business founders and on monthly sales. Finally, a chapter on finance includes insights on the sources of funding sought and received by entrepreneurs and established business owners, with a particular emphasis on gender differences.

The report proceeds as follows. Chapter 1 reviews societal-level attitudes, self-perceptions, and affiliations around entrepreneurship. Chapter 2 covers rates of activity across business phases; this is followed by a four-region analysis in Chapter 3. Chapter 4 then reports on the demographic profile of entrepreneurs and established business owners in the United States. Chapter 5 delves into the impact of entrepreneurs, with indicators on industry, innovation, market scope, employment levels and projections, sales revenue, and environmental and social sustainability practices. Chapter 6 examines the use of digital technologies and AI by entrepreneurs and established business owners. Chapter 7 includes findings on informal investments in entrepreneurship and sources of funding sought and received by entrepreneurs and established business owners. Finally, the report closes with some key conclusions based on the results.

For a comparison of indicators for the United States and other economies participating in GEM, refer to the GEM 2025/2026 Global Report, available from the GEM website (gemconsortium.org). Also available from GEM Global is the annual global Women's Entrepreneurship Report, special topic reports, and national entrepreneurship reports from other participating economies.

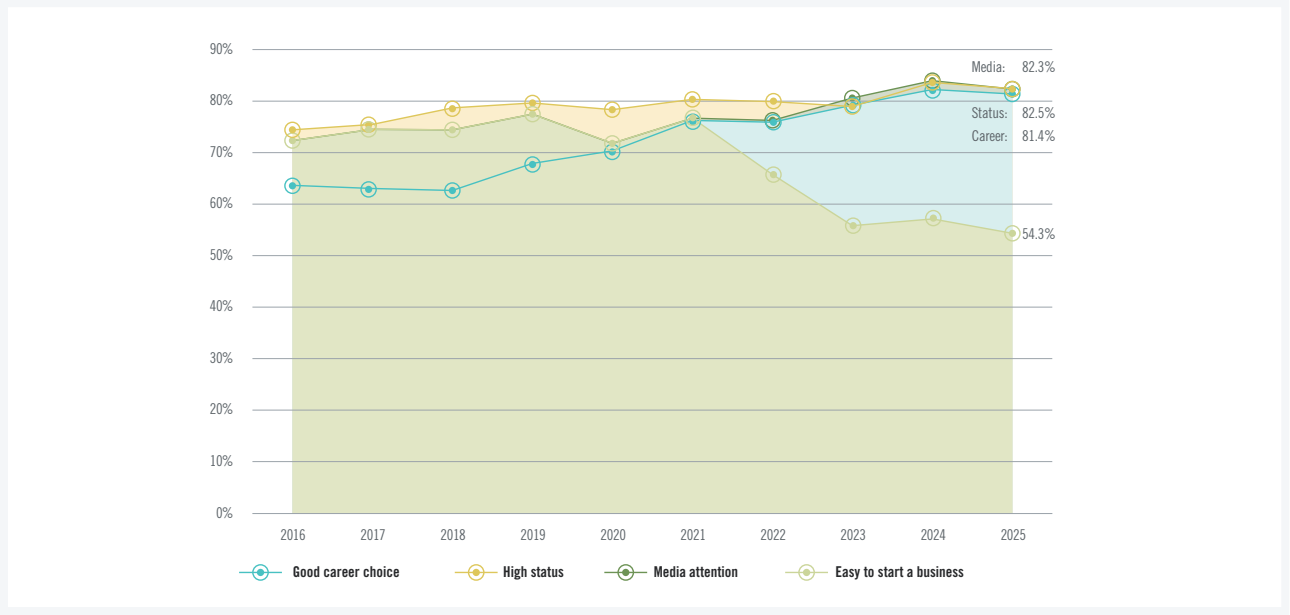
ENTREPRENEURIAL ATTITUDES, SELF-PERCEPTIONS, AND AFFILIATIONS IN U.S. SOCIETY

01



This chapter examines the attitudes toward entrepreneurship in the United States, showing a long-standing pattern of support for entrepreneurial activity. At the same time, several indicators reveal a more measured outlook than the sentiment observed in 2024. While Americans value entrepreneurship as an attractive and respected pursuit, perceptions about the ease of starting a business are somewhat less favorable. This chapter examines these evolving attitudes, including societal views on entrepreneurship, personal readiness, and direct relationships with entrepreneurs. Additionally, for the first time in GEM's history, this year's results explore entrepreneurs' expectations regarding the impact of tariffs on their businesses.

Figure 1.1: Societal attitudes, 2016–2025



Source: Global Entrepreneurship Monitor, United States, 2016–2025

Societal Attitudes Toward Entrepreneurship

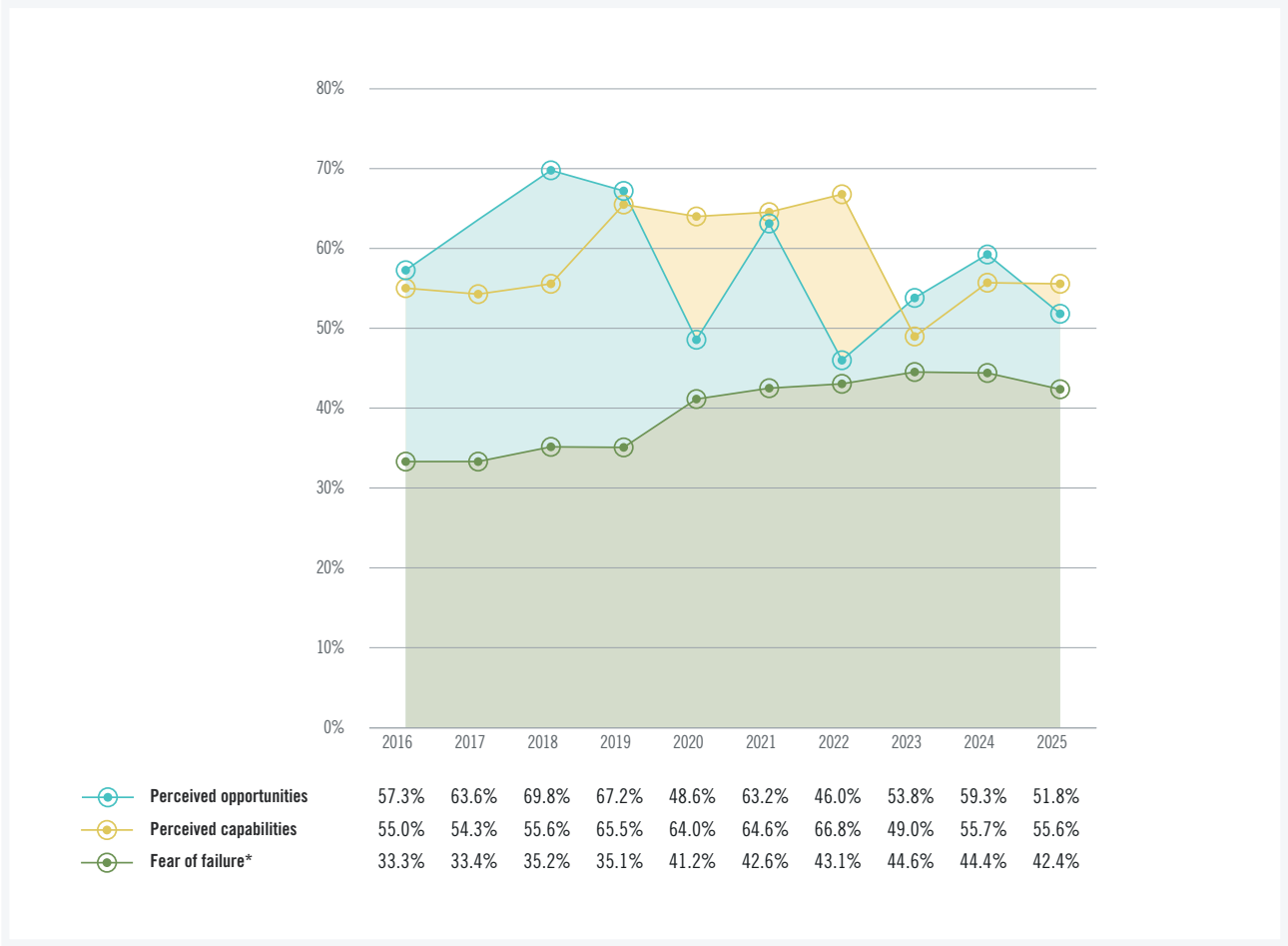
Societal attitudes continued to favor entrepreneurship in 2025, remaining relatively on par with results from 2024 (Figure 1.1). Most adults viewed entrepreneurship as a good career choice, suggesting that Americans value the lifestyle and perceived benefits associated with being an entrepreneur. Perceptions of entrepreneurs as enjoying strong status and respect also remained high, as did the attitude that there is positive media attention for successful entrepreneurs.

A notable change occurred in the perception that it is easy to start a business. Just over half of adults agreed that it would be easy for someone like them to start a business, representing a decline of approximately 5% relative to 2024—but, more importantly, this was down nearly 30% relative to pre-pandemic levels in 2019. This change may reflect growing awareness of rising costs, regulatory complexity, or other perceived barriers, but even with this adjustment, the societal foundation for entrepreneurship in the United States remains strong.

Self-Perceptions and Entrepreneurial Affiliations

The self-perception measures present a blend of stability and recalibration (Figure 1.2). The largest year-over-year change occurred in perceived opportunities for entrepreneurship: Just over half of adults reported seeing good

Figure 1.2: Self-perceptions, 2016–2025



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Perceived opportunities	57.3%	63.6%	69.8%	67.2%	48.6%	63.2%	46.0%	53.8%	59.3%	51.8%
Perceived capabilities	55.0%	54.3%	55.6%	65.5%	64.0%	64.6%	66.8%	49.0%	55.7%	55.6%
Fear of failure*	33.3%	33.4%	35.2%	35.1%	41.2%	42.6%	43.1%	44.6%	44.4%	42.4%

Source: Global Entrepreneurship Monitor, United States, 2016–2025
Note: * This indicator is assessed among those seeing opportunities.

opportunities to start a business in their area, a drop of 13% from 2024. This represents a meaningful shift following the elevated optimism observed in recent years, although this indicator tends to exhibit some volatility. Nonetheless, the decline in 2025 may signal a more cautious outlook on economic conditions heading into 2026.

The percentage of adults who expressed confidence that they had the skills and knowledge to start a business was virtually unchanged from 2024. This stability suggests that many Americans continue to feel personally equipped to pursue entrepreneurship, regardless of shifts in the external opportunity landscape. It is important to note, though, that this indicator was still lower than it had been in the period from 2019 to 2022.

Among those perceiving opportunities, fear of failure declined slightly from 2024 but remained at the higher level seen since the start of the pandemic.

Overall, the decline in perception of opportunity, the continuation of a lower level of confidence in entrepreneurial capabilities compared to earlier years, and the persistence of a higher fear of failure since the start of the pandemic may be cause for some concern.

In 2025, about half of adults reported knowing an entrepreneur personally. This was only a modest change from 2024 and remained lower than the 2019–2022 period, although higher than before 2019. However, this indicator may rely, at least in part, on the nature of local business activity and social networks.

Tariff Expectations and Perceived Impact on Entrepreneurship

The GEM 2025 U.S. survey introduced new questions on tariffs, reflecting an interest in exploring how changes in global trade policy shape entrepreneurial expectations. Among both entrepreneurs and established business owners, just under three in five (58% and 56%, respectively) anticipated that tariffs would affect their businesses in some way in the coming year. Negative expectations were more prevalent than positive ones, especially among established business owners. Roughly one third of entrepreneurs (35%) and more than two fifths of established business owners (43%) anticipated a moderate or strong negative impact, while smaller shares of each group expected tariffs to benefit their businesses. At the same time, about one third of entrepreneurs and nearly 4 in 10 established business owners foresaw no noticeable impact, suggesting that many ventures operate in sectors that are relatively insulated from trade policy shifts.

Among respondents who expected tariffs to affect their business, the percentage who thought the impact would be negative is shown for a range of aspects in Figure 1.3. This is broken down by total entrepreneurial activity (TEA) and established business ownership (EBO). Concerns focused primarily on cost structures and supply chain reliability. For entrepreneurs, a little more than half anticipated that tariffs would raise the cost of imported inputs or raw materials, and just under half anticipated supply chain delays or disruptions. These concerns were even more prevalent among established business owners: Nearly three in five expected higher input costs and supply chain challenges. Pricing was another central issue. Just over 4 in 10 entrepreneurs and more than half of established business owners expected tariffs to influence the prices they charge, either by forcing price increases or by compressing margins if higher costs cannot be passed on to customers.

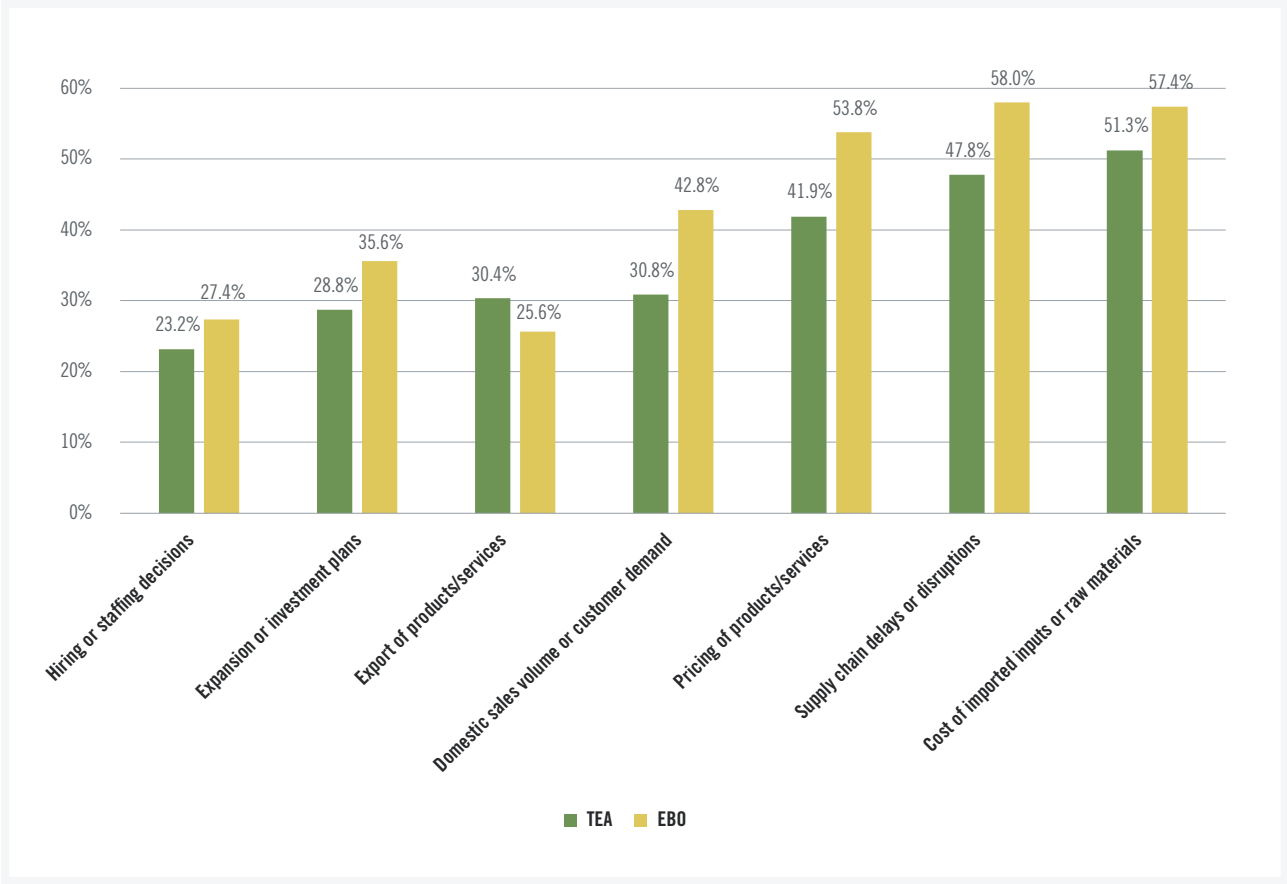
There were also concerns related to customer demand, exports, investment, and hiring, but these were less dominant. Among entrepreneurs who anticipated tariff impacts, views on the potential effect on domestic sales were relatively balanced, reflecting both potential risks and perceived opportunities for substitution or shifts in competitive dynamics. Established business owners, by contrast, were more likely to foresee negative effects than positive ones on both domestic demand and expansion or investment plans. This may be consistent with their deeper exposure to established supply chains and customer markets.

These patterns suggest that many entrepreneurs interpret tariffs primarily through their operational implications, rather than seeing them as straightforward drivers of demand or workforce strategy. The overall predominance of negative expectations—particularly among established business owners—echoes the broader softening seen in perceptions of opportunities for entrepreneurship and ease of starting a business, pointing to heightened sensitivity to external uncertainties. At the same time, the substantial share of business owners expecting no impact from tariffs underscores the diversity of U.S. ventures and the uneven distribution of tariff exposure across industries. As tariff policy continues to evolve, these baseline findings will provide a valuable reference point for understanding how entrepreneurs interpret and adapt to changes in the global trade environment.

Among both entrepreneurs and established business owners, just under **three in five (58% and 56%, respectively) anticipated that tariffs would affect their businesses in some way in the coming year.**



Figure 1.3: Perception that tariffs will have negative impacts, 2025



Source: Global Entrepreneurship Monitor, United States, 2025
Note: Percentages are based on those who expected tariffs to affect their businesses.

Summary

Attitudes toward entrepreneurship in the United States remained broadly positive in 2025. Societal support for entrepreneurship remained strong, although the perception of ease of starting a business was notably lower than other indicators. Self-confidence in entrepreneurial capabilities held steady, even as fewer adults reported seeing good opportunities and fear of failure continued to be expressed at the elevated level seen since the start of the pandemic. As in 2024, around half of Americans reported knowing an entrepreneur personally.

This year's new tariff questions highlight how broader economic conditions shape entrepreneurial expectations. The majority of both entrepreneurs and established business owners anticipated some tariff-related impacts, and negative expectations were more common than positive ones—especially among established business owners. Concerns centered mainly on higher input costs, supply chain disruptions, and pricing pressures, reflecting the operational channels through which entrepreneurs are most exposed to trade policy shifts. At the same time, many entrepreneurs foresaw no direct impacts, underscoring substantial variation in how U.S. ventures engage with global markets.

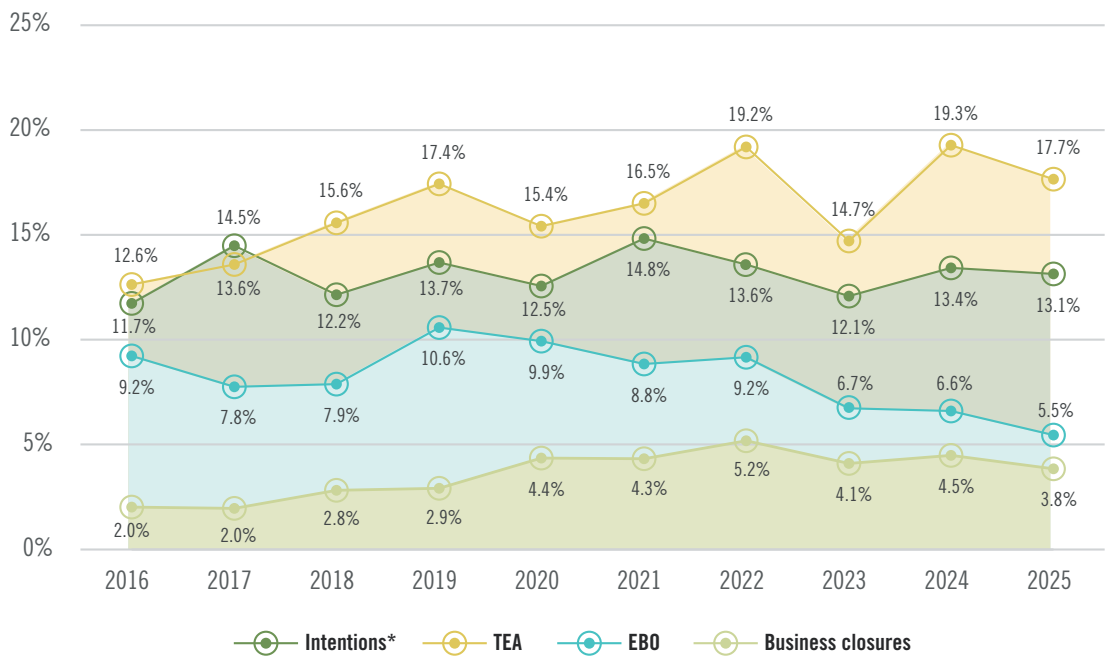
PARTICIPATION ACROSS BUSINESS PHASES IN THE UNITED STATES

02



This chapter covers all phases of business activity in the United States, showing historically high levels of startup activity alongside a shrinking pool of long-standing business owners. Also covered is the number of founders, indicating that the majority of entrepreneurs and an even greater share of established business owners are going solo. Finally, the chapter assesses the popularity of franchise models among entrepreneurs and established business owners.

Figure 2.1: Participation in phases of business activity by the U.S. adult population, 2016–2025 (percentage of population aged 18–64)



Source: Global Entrepreneurship Monitor, United States, 2016–2025
Note: *Percentages are based on non-entrepreneurs.

5.5% of Americans were running an established business in 2025, around half the rate reported in 2019.

Entrepreneurship and Established Business Trends

The United States has witnessed high levels of entrepreneurship in recent years. In 2025, 18% of adults were engaged in starting or running a new business, a rate nearly on par with the record observed in 2024 (Figure 2.1). By contrast, EBO—the share of adults leading mature businesses—has been declining since 2020. Only 5.5% of Americans were running an established business in 2025, around half the rate reported in 2019.

These results indicate that entrepreneurship is thriving at historically high levels, while the pool of owners of long-standing businesses is shrinking. Possible contributing factors include accelerated retirements and business closures (especially at the height of the pandemic) as well as challenges in growing new startups into established firms. Indeed, the closure rate in the 10-year period shown in Figure 2.1 went from 2.0% in 2016 and 2017 to more than double that in 2020.

It is also worth highlighting that entrepreneurial intentions—the share of non-entrepreneur adults who intend to start a business—has remained fairly steady over time. This indicates a consistent interest in entrepreneurship across the population, even though actual startup activity (TEA) has fluctuated.

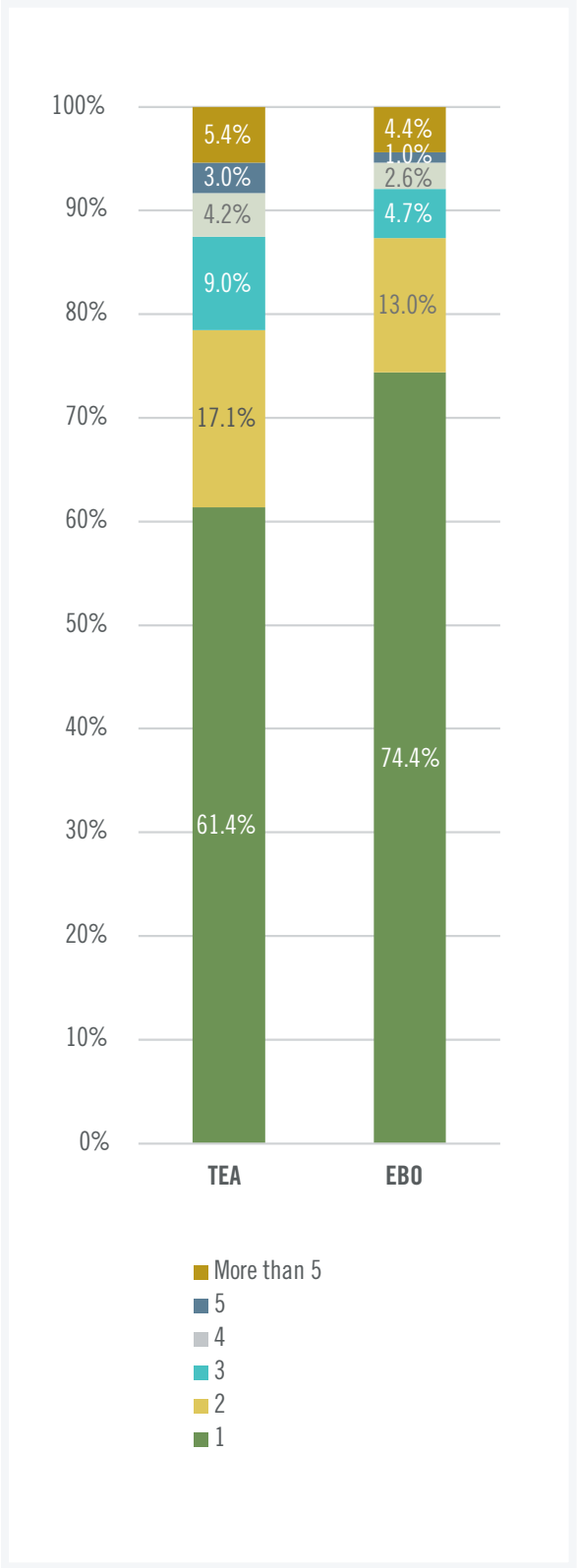
Reasons for Business Closures: Profitability and Finance Challenges

Although rates of new business formation have been high, the GEM survey has also revealed elevated business closure rates since before the pandemic. The most frequently cited reason in 2025 was lack of profitability, reported by 23% of those who shut down businesses in the prior year. In fact, lack of profits consistently ranks among the top reasons for closing a business in the GEM results.

Profitability issues can stem from many factors (e.g., rising costs, competition, insufficient revenue streams), so while a single cause cannot be assigned, the prevalence of this reason suggests that sustaining financial viability is a widespread challenge for businesses. It aligns with the narrative that many new businesses struggle to reach maturity, contributing to the earlier-mentioned decline in activity at the established stage. Another significant reason for closures in 2025 was difficulty obtaining financing, cited by 11% of those who had closed their businesses in the past year. The fact that more than one third of business closures in the United States in 2025 were due to either lack of profits or financing difficulties underscores these as critical pressure points for entrepreneurs.

Beyond profitability and funding, other commonly cited reasons for business closures provide additional context. In 2025, personal considerations were also prominent: 15% of entrepreneurs who closed their businesses cited personal or family reasons as the main driver. Additionally, 13% of exits in 2025 occurred because the owner decided to take a different job, and another 5.3% were due to the owner pursuing another business opportunity. This suggests that owners sometimes close their businesses to return to paid employment or to pursue another venture.

Figure 2.2: Distribution of TEA and EBO by number of owners, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

Solo Founders vs Partnerships or Teams

Most U.S. entrepreneurs reported starting their businesses on their own—in 2025, around 6 in 10 entrepreneurs set up their businesses without co-founders (Figure 2.2). Just over one fourth were starting out with another partner or in teams of three, and around one in eight reported teams larger than that. This distribution underscores that, while startup teams are certainly present in the United States, the lone entrepreneur is still the norm. It could be the case that some had not yet added co-founders, but the distribution among established business owners adds an interesting twist to the story, with an even higher prevalence of solo ownership, accounting for around three fourths of those surveyed.

These results suggest that as businesses survive and age, they are even more likely to be under single ownership. This could be, at least in part, because some founding teams eventually consolidate ownership or because businesses that endure as independent operations might often be smaller, owner-operated enterprises. Additionally, many long-standing small businesses (such as family businesses, sole proprietorships, and independent professionals) tend to have one primary owner.

With the visibility of highly scalable startups in tech and other sectors, one might expect a growing incidence of multi-founder teams. In fact, contemporary startup culture often encourages having co-founders that bring complementary skills to a venture. However, the data suggest that solo entrepreneurship remains very robust as a trend. If anything, the turbulence of the pandemic period may have reinforced solo ventures (for instance, with many laid-off individuals starting one-person businesses).

The gap between TEA and EBO in terms of team size also hints at another dynamic: Teams may offer advantages when starting a business (by pooling resources and skills), but simpler ownership structures may be more favorable for long-term survival. Even multi-founder businesses may eventually winnow down to a key owner as they mature, with founders departing or ownership consolidated. What is clear is that entrepreneurship in the United States is predominantly a solitary endeavor, both at inception and over the long run, and this tendency becomes even more pronounced among those running mature businesses.

Franchising Among Entrepreneurs and Established Business Owners

In the context of entrepreneurship, franchising can occur in two ways: An entrepreneur might start a business as a franchisee of an existing company (e.g., a fast-food restaurant franchise or a retail franchise store), or they might be a franchisor, meaning they have developed a concept they intend to grow by selling franchises to others. Franchising can offer a path to business ownership with potentially lower startup risk (for franchisees, who get a proven brand and formula) or faster expansion (for franchisors, who use franchise capital and partners to grow) than would be possible through other routes. The 2025 data show that 20% of entrepreneurs identified as franchisors and 12% as franchisees.

Comparatively, established business owners were much less involved in franchising. Only 6.1% were franchisors and 8.1% were franchisees. Overall, the vast majority of owners of mature businesses in the United States run independent, non-franchised companies. It could be the case that some entrepreneurs who start as franchisees exit years later, meaning fewer persist into the established stage. At the same time, some of those who remain involved in franchising, although fewer in number, may nonetheless grow their businesses into larger franchise systems.

The comparative prominence of franchising among entrepreneurs may reflect an uptick in those opting for franchise routes (possibly because of rising opportunities in sectors like food, retail, and fitness). The higher franchisor percentage among new entrepreneurs could also reflect the emergence of innovative franchising models (for example, entrepreneurs creating franchise chains in home services or education).

This franchising trend is a notable finding for 2025. It highlights a pathway taken by many entrepreneurs, leveraging established brands or replicable business models. For entrepreneurship in the United States, high franchise involvement means a mix of lower-risk enterprise (franchisees operating proven concepts) coupled with an ambition to scale (on the part of franchisors).

Summary

The entrepreneurship landscape in the United States in 2025 showed healthy business startup activity. However, the drop in EBO points to potential sustainability issues—many people start businesses, but fewer operate mature ones. The reasons behind business closures in recent years shed light on this dynamic, with financial viability in particular (profits and financing) remaining a critical challenge. Additionally, while the prevalence of one-person ventures was high, a considerable share of entrepreneurs were working with co-founders. And many entrepreneurs were exploring franchise models to launch their businesses.

Most U.S. entrepreneurs reported starting their businesses on their own—in 2025, around

6 in 10 **entrepreneurs set up their businesses without co-founders.**



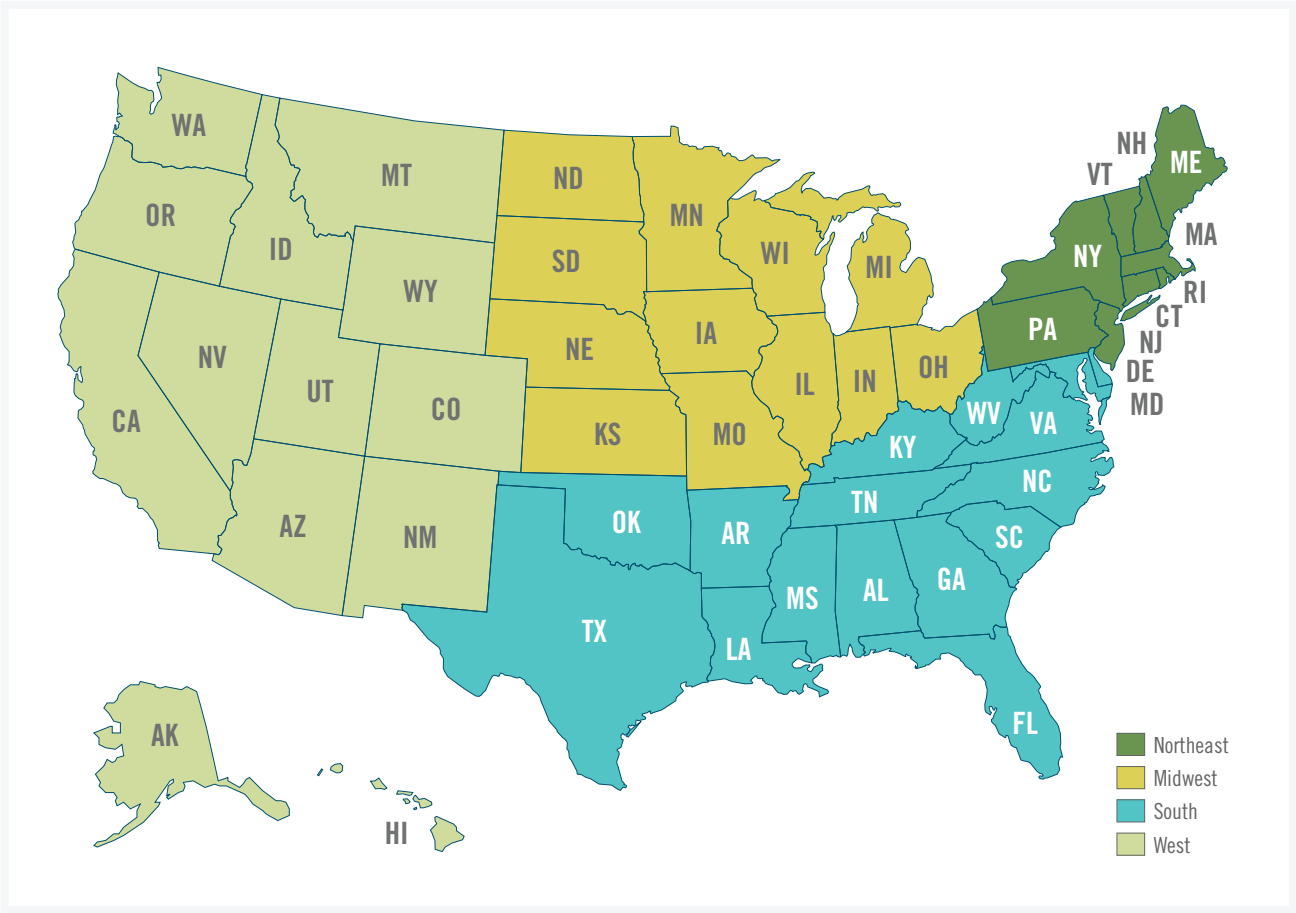
ENTREPRENEURSHIP ACROSS U.S. REGIONS IN 2025

03



The previous chapters assessed societal attitudes, self-perceptions, and rates of participation in phases of business activity for the United States as a whole. This chapter examines regional differences in these indicators, based on the four U.S. census regions (shown in Figure 3.1). Because GEM used consistent survey methods in 2024 and 2025, year-over-year comparisons are valid, though small shifts should be interpreted with caution. The results illustrate that regions exhibit different mixes of attitudes, activity, and perceived constraints.

Figure 3.1: Census regions and divisions of the United States



Source: U.S. Census Bureau, https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf

Four in five adults or more in each region agreed that entrepreneurs often garner favorable media coverage, with only marginal changes from 2024.

4in5

Figure 3.2: Societal attitudes toward entrepreneurship in the adult population of the four U.S. regions, 2024–2025



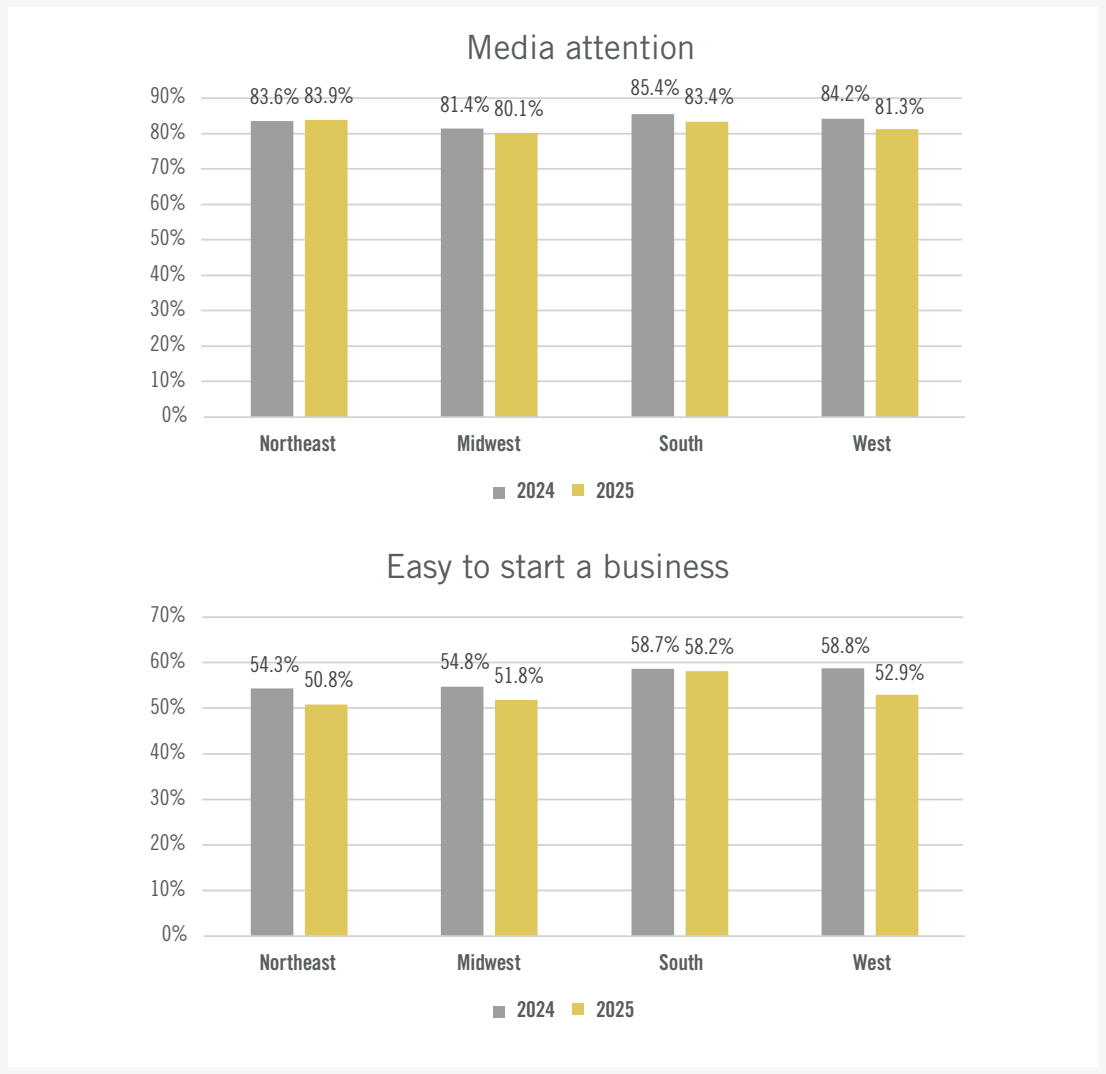
Source: Global Entrepreneurship Monitor, United States, 2024–2025

Societal Attitudes Toward Entrepreneurship

Across all U.S. regions, a large majority of adults viewed entrepreneurship as a good career choice in 2025, similar to 2024 (Figure 3.2). While agreement on this remained high everywhere, the Midwest experienced the largest decline in this indicator, with the other regions exhibiting only marginal changes. Still, entrepreneurship was generally seen as a respected and desirable career path across all regions.

Similar to attitudes about entrepreneurship as a career, most Americans agreed that entrepreneurs are highly regarded in U.S. society. In 2025, as in 2024, roughly four fifths or more of adults across all regions felt that entrepreneurs enjoy high status. The Northeast showed the highest level of agreement in 2025, while the Midwest had the lowest, after a small decline from the previous year.

Figure 3.2 continued: Societal attitudes toward entrepreneurship in the adult population of the four U.S. regions, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

The Midwest's modest dip in attitudes about entrepreneurship as a career choice and its status may reflect relatively tougher economic conditions or other factors reflected in the next set of indicators—lower confidence and higher risk aversion around starting a business—or there being relatively few role models compared to other regions. Overall, however, entrepreneurs continue to be held in high esteem across the United States. In addition, four in five adults or more in each region agreed that entrepreneurs often garner favorable media coverage, with only marginal changes from 2024.

In contrast to the uniformly high societal admiration for entrepreneurship, perceptions of the ease of starting a business not only recorded lower scores but also showed more variation. In 2025, the South had the most positive results on this indicator, virtually unchanged from the prior year. In all other regions, however, only about half of adults agreed that it was easy to start a business, marking comparable and notable declines from 2024, indicating a growing perception of barriers. Possible factors include higher costs or regulatory hurdles in the Northeast and West as well as economic uncertainty nationally.

Individual Perceptions and Affiliations

Agreement that there were opportunities for entrepreneurship declined in 2025 across all regions—a noteworthy shift after the high optimism of the post-pandemic period. In 2024, adults in every region saw good opportunities for entrepreneurship, with the Midwest reporting the lowest share. By 2025, that fell to under half of all adults in the Northeast, Midwest, and West, while the South remained comparatively high (Figure 3.3). Although the magnitude of the decline varied, all regions experienced a meaningful downward shift.

The South's smaller decline and leading position suggest that many adults in the region continued to perceive a relatively robust opportunity environment, perhaps buoyed by continued population and economic growth in southern states. In fact, the South has been experiencing the fastest population growth—1.4% as of mid-2024 vs around 0.6–1.0% in other regions.[1]

In contrast, the Northeast and West saw steep declines of around 20% in opportunity perceptions. This may reflect a more cautious economic outlook in 2025. The Midwest also saw a significant dip, indicating a more pessimistic turn there as well. That lower shares of the population were seeing opportunities is an important change, as it may foreshadow slower entrepreneurial momentum moving forward.

Turning to the results on respondents' belief that they have the capabilities to start a business, this perception varied somewhat by region. The West and South showed the highest self-confidence in entrepreneurial capabilities, with the Northeast having moderately lower self-confidence and the Midwest exhibiting the lowest. These patterns are broadly consistent with 2024, with the South showing the most stability in capability perceptions. The finding that personal confidence in one's capability to start a business varies across regions perhaps reflects differences in entrepreneurial networks, visibility, or ecosystem support.

Fear of failure remained a considerable psychological barrier for potential entrepreneurs in the United States in 2025, though there was slight improvement compared to 2024. The West and South showed the lowest fear of failure, whereas the Northeast and Midwest had slightly higher levels. This pattern is consistent with prior characterizations of regional differences in entrepreneurial risk tolerance.[2] The GEM data suggest that the Midwest and Northeast are characterized as having somewhat more risk-averse cultures.

Personal contact with an entrepreneur can often inspire or facilitate one's own entrepreneurial journey by providing role models, advisors, and even co-founders and other stakeholders as well as network connections. In 2025, more than half of adults in the West and the South knew an entrepreneur personally, while the percentage was lower in the Northeast and even lower in the Midwest, which saw a marked decline in 2025 (Figure 3.4). This may be related to lower startup activity in the Midwest—if fewer new businesses were launched there in 2025, it would follow that fewer people would have an entrepreneur in their circle. It is also possible that much of the Midwest's entrepreneurial activity is concentrated in a few metropolitan hubs, reducing exposure for residents elsewhere in the region.

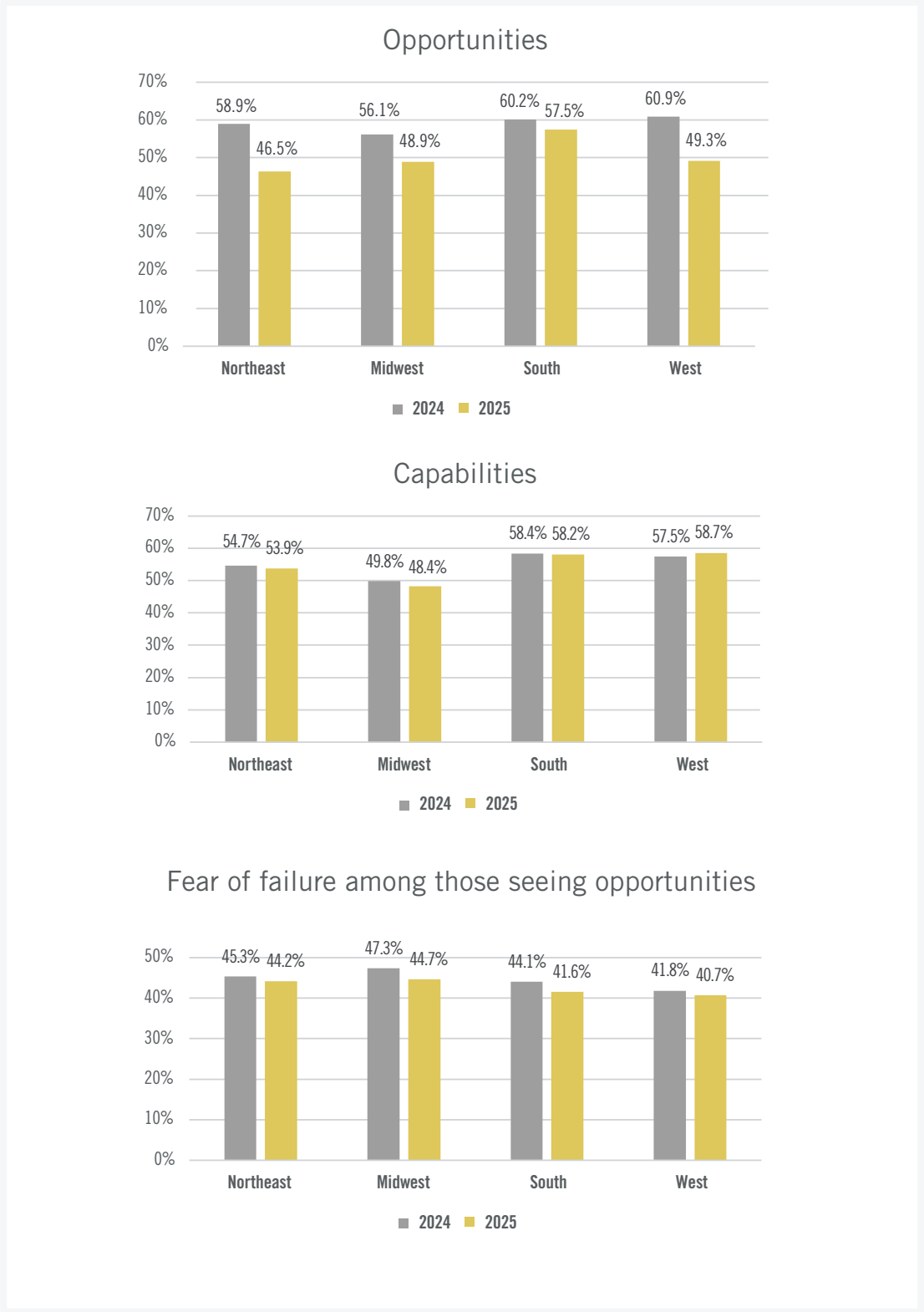
In contrast, the West's steady high level may be driven by the dense startup ecosystems in California, Washington, Colorado, and other western states, where entrepreneurship is more visible. The South's high level may be a product of its strong small-business culture. Overall, knowing a recent entrepreneur is a healthy sign for regional ecosystems, since personal contact with entrepreneurs can reduce perceived barriers and spread know-how.

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[1] "Top US Regional Economic Insights for 2025," S&P Global, January 30, 2025, https://www.spglobal.com/market-intelligence/en/news-insights/research/top-us-regional-economic-insights-2025.

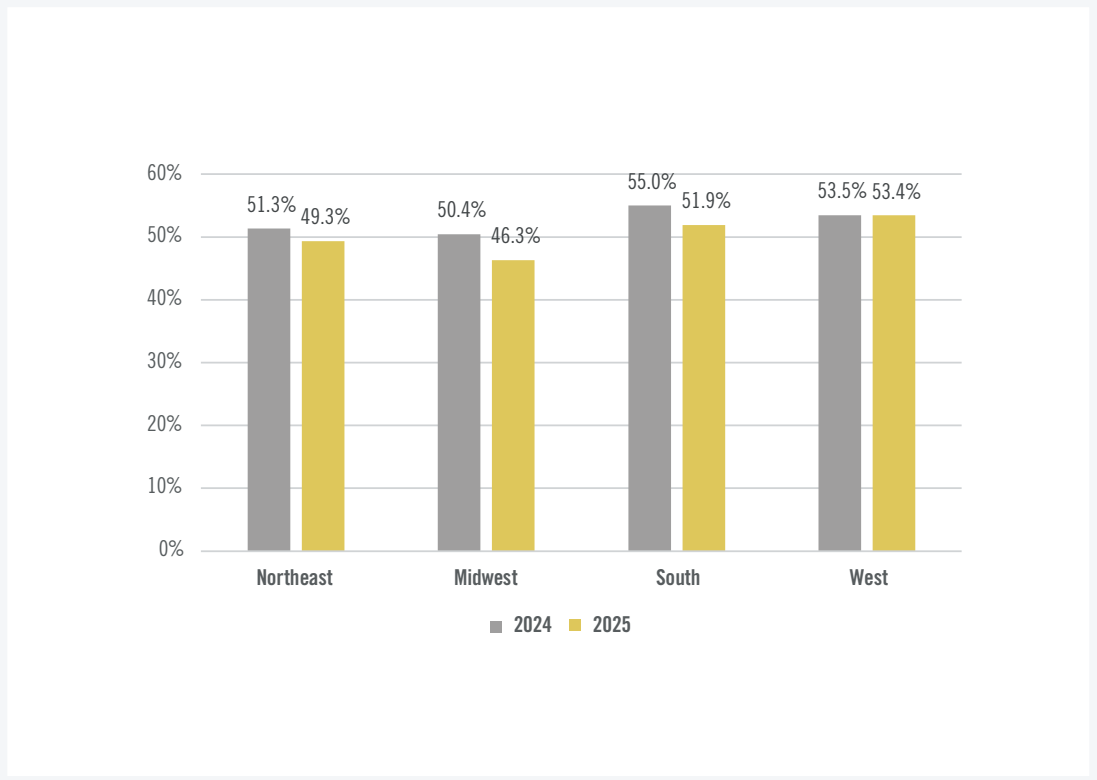
[2] Tobias Ebert, Friedrich M. Gotz, Martin Obschonka, Leor Zmigrod, and P. Jason Rentfrow, "Regional Variation in Courage and Entrepreneurship: The Contrasting Role of Courage for the Emergence and Survival of Start-ups in the United States," *Journal of Personality* 87, no. 5 (2019): 1039–55, https://doi.org/10.1111/jopy.12454.

Figure 3.3: Self-perceptions regarding entrepreneurship in the adult population of the four U.S. regions, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

Figure 3.4: Affiliations with entrepreneurs in the adult population of the four U.S. regions, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

Entrepreneurial Activity Rates by Phase

Business activity rates vary across phases—from intentions to TEA to EBO and closures. The entrepreneurial intentions indicator captures latent entrepreneurship by measuring the share of people not already starting and running businesses who plan to start a venture in the next 3 years. As shown in Figure 3.5, in 2025, intentions were highest in the West and lowest in the Midwest, at approximately two thirds of the level reported in the West. The West's higher rate is consistent with higher capability perceptions, lower fear of failure, and greater exposure to entrepreneurs.

Moving on to the implementation stage, in 2025, TEA remained high across U.S. regions, though down slightly from the peak of 2024. The Northeast reported TEA close to the national average, with around one in six working-age adults identifying as entrepreneurs, while the TEA rate in the South and West was slightly higher, at about one in five. The Midwest exhibited the lowest regional rate, with about one in seven working-age adults identifying as entrepreneurs.

These patterns may reflect the supportive conditions and population growth in the South and West. The Midwest's lower TEA corresponds with its smaller share of venture funding and slower economic and population growth. However, the fact that entrepreneurship is thriving in all regions, albeit unevenly, suggests a broad-based entrepreneurial dynamism across the United States, even though there are meaningful regional differences.

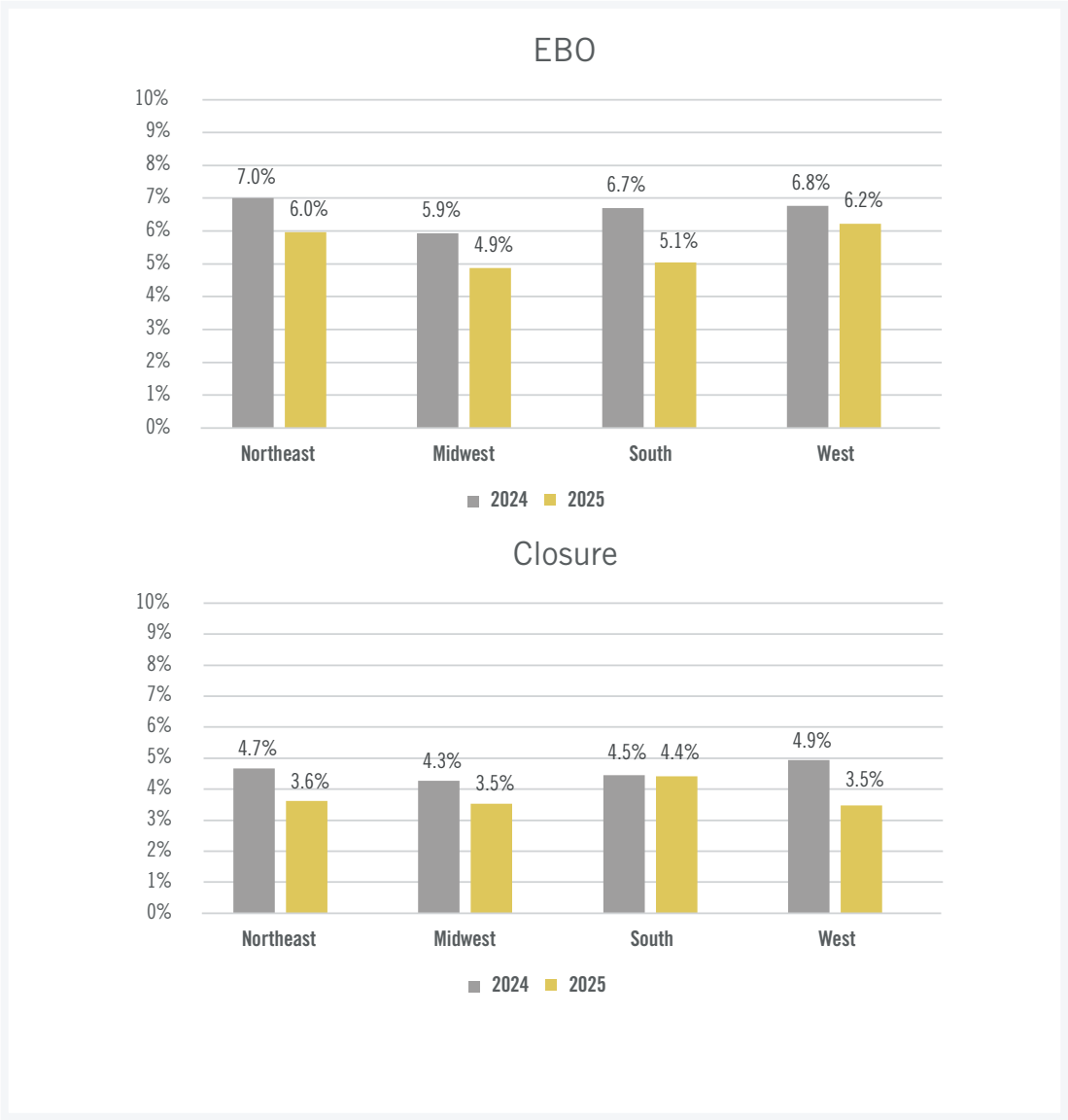
Figure 3.5: Phases of business activity in the adult population of the four U.S. regions, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

EBO exhibited declines across all regions in 2025, indicating a lower share of individuals sustaining long-running businesses. The West and Northeast exhibited the highest rates of EBO, while the rates in the South and Midwest were a little lower. The decline from the previous year was most pronounced in the South, where EBO fell by approximately one fourth. The regional EBO pattern indicates that the Northeast and West, with their larger urban economies, retain a slightly higher proportion of long-term businesses. Sharp drops in the South and Midwest suggest greater challenges in sustaining businesses over the long term, whether due to industry sectors, cost pressures, or other regional differences. However, increases in startup activity in recent years may not yet have translated into more long-standing firms.

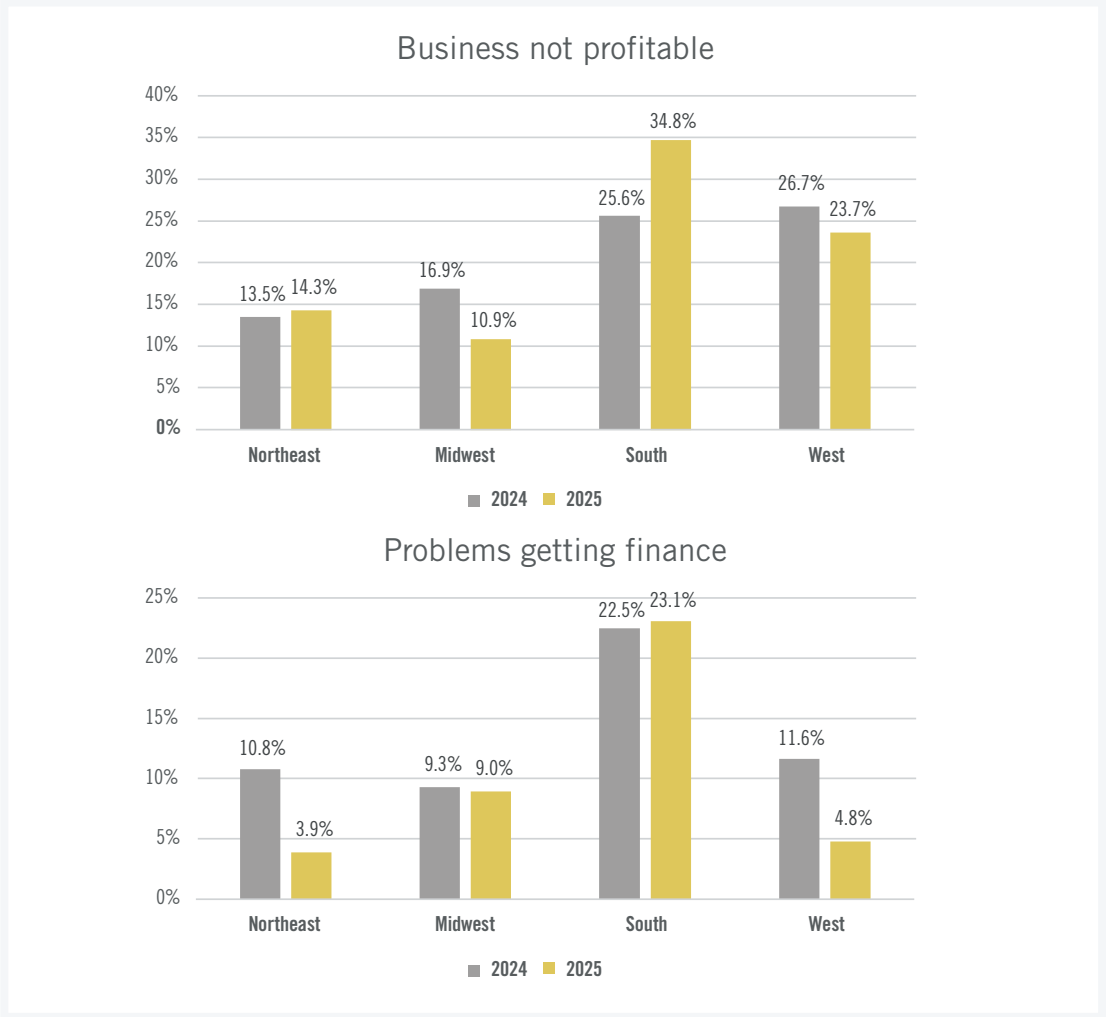
Figure 3.5 continued: Phases of business activity in the adult population of the four U.S. regions, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

The South reported the highest closure rate in 2025, virtually unchanged from 2024, while the other regions saw a decline in the proportion of people closing a business. This perhaps reflects that the South has a higher share of businesses in sectors with thin margins and accompanying profitability struggles (as hinted at by the high prevalence of "not profitable" as a reason for exit in the South, as discussed below). Meanwhile, the results for the Midwest might be reflective of the region's low TEA rates—with fewer entrepreneurs, there may simply be fewer closures. The next section sheds more light on the reasons for closure across the different regions.

Figure 3.6: Lack of profitability and difficulty getting finance as reasons for business closure in the four U.S. regions, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

Reasons for Closing a Business

Figure 3.6 highlights notable regional differences for two leading reasons for business closure—the business not being profitable and difficulties in obtaining financing. (Other reasons for exit were recorded, but these two showed the most pronounced regional differences, so the discussion is focused on them.)

Lack of profitability is a common reason for businesses shutting down, but in 2025, as in 2024, the prominence of this reason varied notably by region. In the South, over one third of those who closed their business did so mainly because it was not profitable, a sharp rise from just over one fourth in 2024. This suggests that achieving profitability may have been more challenging in the South in 2025. One possible explanation is that the South's boom in new business creation (shown by its high TEA rate) led to increased competition and market crowding in some areas, making it harder for individual businesses to reach profitability. Also, if lower-margin businesses are typical in a region, especially when combined with crowded markets, this can lead to more closures. Additionally, in rapidly growing areas, rising costs (e.g., labor, rents) or faster saturation of demand may squeeze margins.

Across the four U.S. regions, **2025 continued to be a vibrant year for entrepreneurship activity.**

The West also saw a high share citing unprofitability, though this was down slightly from 2024. In contrast, the Northeast and especially the Midwest had far smaller shares of exits due to lack of profits. In fact, the Midwest exhibited a substantial decline from 2024 in the proportion of closures due to lack of profits. This may suggest that profitability was less of a problem in the Midwest, but it was perhaps also the case that owners of marginally profitable businesses chose to continue operating rather than close, though further research would be needed to confirm this.

Access to financing as a reason for closure showed even more regional disparity in 2025, as was also found in 2024. In the South, nearly one quarter of entrepreneurs who closed their business cited difficulties in obtaining finance—similar to the high level found in 2024 and the highest among the regions by a substantial margin. The Midwest was next, but with a much lower share citing this reason and little change from 2024. The West and Northeast reported the smallest proportion of closures due to lack of access to finance, both having dropped steeply from 2024.

In sum, the large regional variation in lack of funding as a reason for business closure—from nearly one fourth of people in the South to only about 1 in 25 in the Northeast—suggests that capital access is unevenly distributed. Southern business owners appear to face considerably greater funding constraints, while those in the Northeast and West appear to be less likely to face this issue.

A look at venture capital and investment patterns helps illuminate this. In 2024, the South saw a notable pullback in venture funding—the region accounted for just 12% of U.S. venture dollars, down from 16% the year before.[3] By comparison, the Northeast (led by states like New York and Massachusetts) and the West (led by California) attract far more capital. The Midwest historically lags—it garnered only around 4% of venture funding in 2024; however, Midwest startups often operate with leaner models and may rely less on external capital.[4]

These dynamics are broadly consistent with reported reasons for closure: In the South, the combination of high demand for capital (due to many startups) and comparatively limited funding availability may result in more business owners being stranded financially—and ultimately may force closure. In the Northeast and West, abundant financial ecosystems—from venture capital to banks and angel investors—likely help owners secure needed funds or credit, so relatively few face difficulties obtaining finance.

Summary

Across the four U.S. regions, 2025 continued to be a vibrant year for entrepreneurship activity, but with regional differences in perceptions, participation rates, and challenges. Broadly, the South and West led in many indicators, with the highest TEA rates and strong public perceptions, but these regions also saw profitability challenges among those closing businesses, which is often evident in a highly active startup scene.

The Northeast showed generally strong attitudes and activity as well, just a step behind the top two regions in terms of capability perceptions and fear of failure. The region also benefited from better financial support. The Midwest trailed on several indicators, including perceived capabilities, entrepreneurial intentions, TEA, and EBO, yet it also exhibited some strengths, such as fewer closures due to unprofitability. Taken together, these findings illustrate how regional conditions are associated with distinct entrepreneurial experiences, highlighting the importance of location-based strategies for fostering entrepreneurial success.

[3] Kevin Dowd, "California Rises, Florida Falls, and Other Ways the Map of VC Funding Shifted in 2024," *Carta*, March 3, 2025, https://carta.com/data/VC-funding-geography-2024/.

[4] Victor Gutwein, "2024 Best of the Midwest: Startup City Rankings," *Medium*, August 13, 2024, https://blog.midweststartups.com/2024-best-of-the-midwest-startup-city-rankings-2e1108e3d996?gi=844dbe10f1f2.

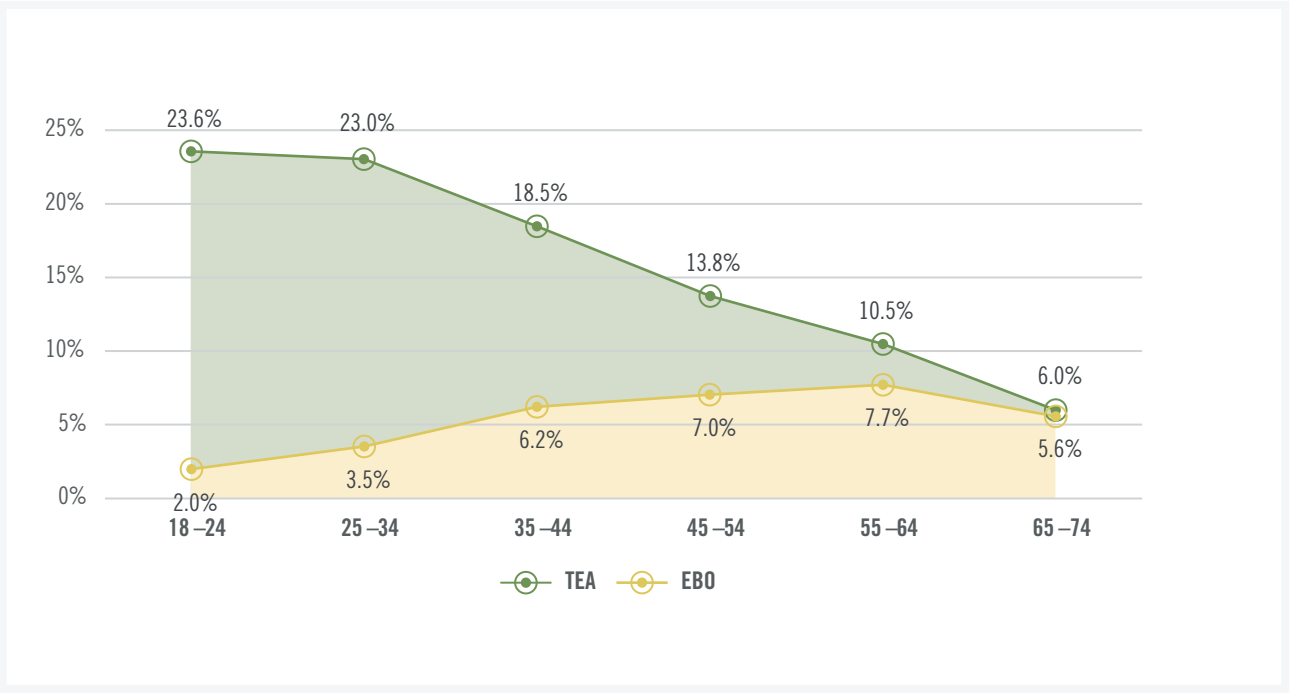
DEMOGRAPHIC PROFILES OF ENTREPRENEURS AND ESTABLISHED BUSINESS OWNERS IN THE UNITED STATES

04



This chapter examines demographic trends in TEA and EBO in the United States. This analysis is essential for understanding patterns of participation in startup and business ownership activity across different societal groups. The 2025 results show both stability and notable shifts across key groups—namely, women vs men and White vs Black and Hispanic individuals.

Figure 4.1: Breakdown of TEA in the U.S. adult population by age group, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

Age and Gender Differences in TEA and EBO

Consistent with prior years, entrepreneurship was highest among younger adults and declined steadily through midlife and into older adulthood (Figure 4.1). This age gradient is consistent with well-documented lifecycle patterns: Younger adults tend to be more mobile, more willing to take risks, and less anchored by established career trajectories, which may facilitate entry into entrepreneurship.[5]

In contrast, EBO was higher among older individuals, which is consistent with the results from 2024. This activity increased during mid-career—among those in their mid-30s through mid-60s. These age groups also reported substantial entrepreneurial activity, aligning with their greater access to work experience, managerial skills, and financial resources. Younger adults, on the other hand, may still be experimenting with their careers and not yet have settled into running mature ventures.

[5] GEM (Global Entrepreneurship Monitor), *Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing* (GEM, 2024), https://www.gemconsortium.org/report.

Figure 4.2: TEA and EBO rates in the U.S. adult population by gender, 2016–2025



Source: Global Entrepreneurship Monitor, United States, 2016–2025

Taken together, the age patterns in 2025 reinforce the consistent age distinction in terms of who starts businesses and who is most likely to be operating them over the longer term.

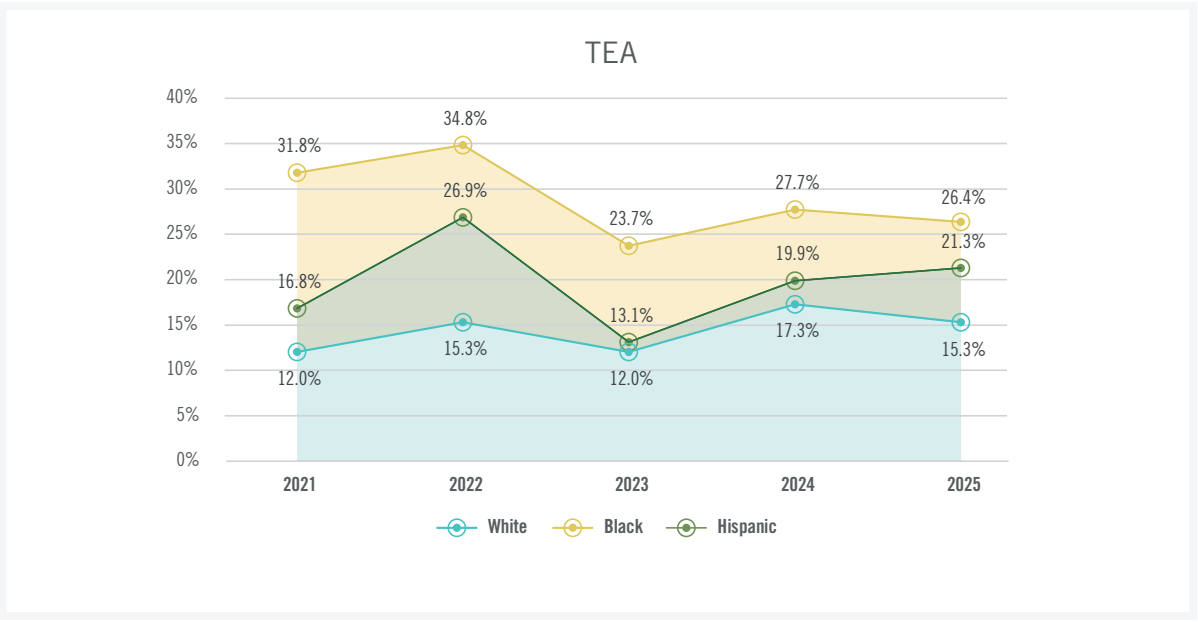
In the United States, men have consistently reported higher rates of entrepreneurship participation than women. The magnitude of the gender gap has varied year by year, narrowing in some periods and widening in others, but the overall pattern has remained stable.

As shown in Figure 4.2, the entrepreneurship gender gap was wider up to 2018, then narrowed in 2019. The 2025 results show women continuing to participate actively in entrepreneurship, though still at lower levels than men. This pattern is consistent with findings according to which persistent structural factors—such as differences in access to capital, occupational segregation, and unequal caregiving responsibilities—have historically shaped the opportunities of men and women to engage in new venture creation.[6]

Gender differences in EBO also persisted over the 2016 to 2025 period (Figure 4.2), with men remaining more likely than women to own established businesses in 2025. This

[6] Patricia G. Greene, Candida G. Brush, and Elizabeth J. Gatewood, "Perspectives on Women Entrepreneurs: Past Findings and New Directions," in *Entrepreneurship: The Engine of Growth*, ed. Maria Minniti, vol. 1 (Praeger, 2006), 181–204.

Figure 4.3: TEA and EBO rates in the U.S. adult population by racial/ethnic group, 2021–2025



Source: Global Entrepreneurship Monitor, United States, 2021–2025

may reflect longer-term patterns of business survival and the accumulated effects of historical gender inequalities. Importantly, the gap in EBO broadly mirrored the gaps in entrepreneurship participation, suggesting continuity in entrepreneurial gaps among the genders over business phases.

Racial and Ethnic Patterns over Time

Substantial differences in participation across business phases are clearly evident among the three racial and ethnic groups profiled in Figure 4.3. Black adults have consistently reported the highest level of entrepreneurship in the United States. This long-standing pattern, one of the most striking and stable findings in the GEM data, continued in 2025. The high level of entrepreneurial engagement among Black adults may reflect a combination of opportunity-driven entrepreneurship and "push" factors associated with labor market disadvantage, including fewer traditional employment opportunities.[7]

Hispanic people demonstrated the second-highest rates of entrepreneurial activity over 2021 to 2025, though with greater year-to-year fluctuation compared to both Black and White individuals. Hispanic people's relatively high entrepreneurship rate indicates continued dynamism—that is, the sustained engagement of Hispanic individuals across multiple years suggests that entrepreneurship remains an important pathway to economic participation for them.

While the pattern of White individuals reporting lower levels of entrepreneurship participation relative to both Black and Hispanic individuals held in 2025, White people continued to be more likely to be established business owners. This may be associated with historical advantages in access to financial capital, intergenerational wealth, and market networks.[8]

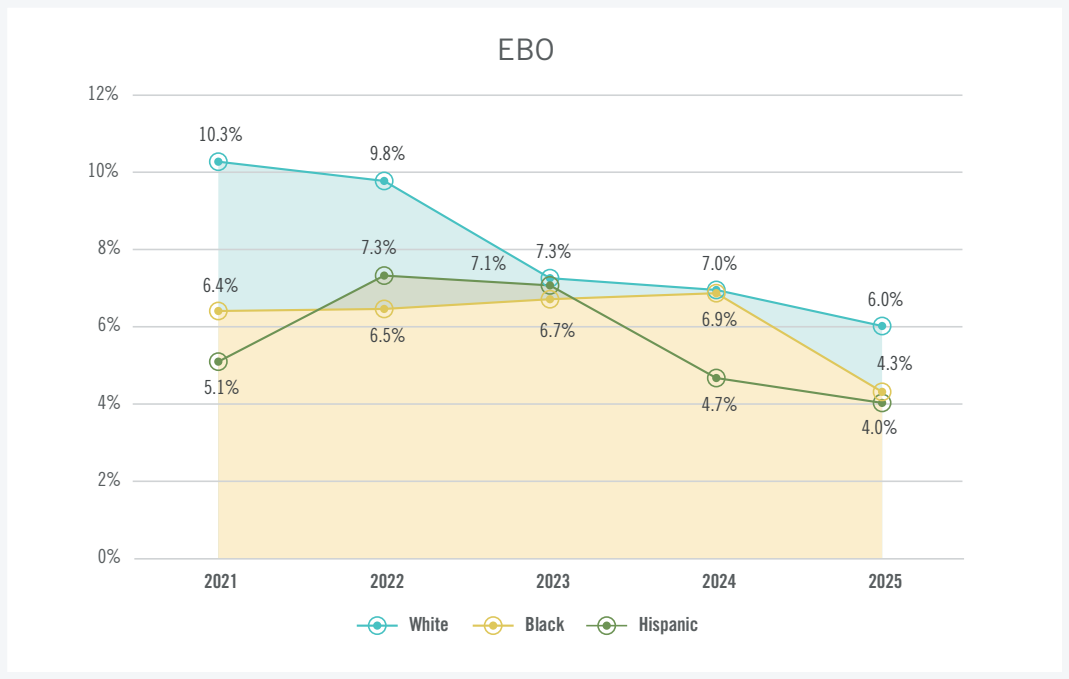
Disparities in EBO based on ethnic group are consistent with broader research documenting persistent gaps in access to credit, startup capital, and scale-up resources.[9] The 2025

[7] William Julius Wilson, *When Work Disappears: The World of the New Urban Poor* (Vintage, 1996).

[8] Michael Hout and Harvey Rosen, "Self-Employment, Family Background, and Race," *Journal of Human Resources* 35, no. 4 (2000): 670–92, https://doi.org/10.2307/146367.

[9] David G. Blanchflower, Phillip B. Levine, and David J. Zimmerman, "Discrimination in the Small-Business Credit Market," *Review of Economics and Statistics* 85, no. 4 (2003): 930–43, https://www.jstor.org/stable/3211816; Robert Fairlie, Alicia Robb, and David T. Robinson, "Black and White: Access to Capital among Minority-Owned Start-ups," *Management Science* 68, no. 4 (2022): 2377–400, https://doi.org/10.1287/mnsc.2021.3998.

Figure 4.3 continued: TEA and EBO rates in the U.S. adult population by racial/ethnic group, 2021–2025



Source: Global Entrepreneurship Monitor, United States, 2021–2025

findings are consistent with this long-term challenge: High entrepreneurial engagement among Black and Hispanic adults are not matched by equivalent levels of EBO.

Entrepreneurship by Household Income and Education

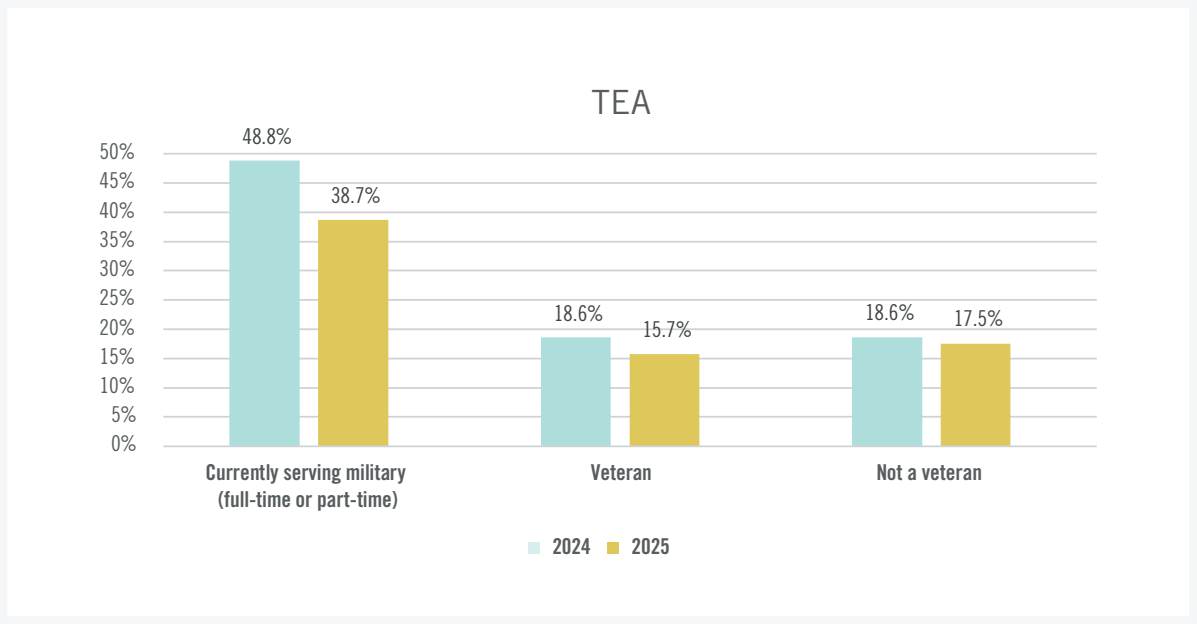
In 2025, individuals across all income groups participated in entrepreneurship at a relatively similar rate, with little variation between those in the lowest third (18%), middle third (19%), and highest third (17%). Nevertheless, there may be important distinctions between the three groups. Adults in middle-income households may have sufficient resources to support new venture creation while also facing fewer economic constraints than lower-income adults and fewer alternative opportunities than upper-income adults.

By contrast, individuals in the lowest income group may have been more constrained by financial barriers, but look to entrepreneurship as a source of income. Those in the upper-income group may have more stable or lucrative employment opportunities, making the opportunity cost of leaving paid employment for entrepreneurship relatively high, yet they have more resources to pursue this activity. The 2025 results reaffirm that entrepreneurship in the United States is not limited to high-income households and continues to serve as an economic activity pursued by adults with a wide range of financial circumstances.

Educational attainment was not associated with differences in entrepreneurship. In 2025, 18% of adults with at least a college degree reported engaging in entrepreneurship, and 6.0% were established business owners. This contrasts with 17% and 4.5%, respectively, for those without a college education.

Higher education may be associated with greater access to financial resources, professional networks, and industry-specific knowledge. However, those with college degrees may have more attractive employment opportunities that compete with starting a business. At the same time, individuals without a college degree participate substantially in entrepreneurship, reflecting the accessibility of entrepreneurial pathways that do not require formal higher education. That both groups have remained active participants in entrepreneurship underscores the heterogeneity of entrepreneurial entry points and motivations in the United States.

Figure 4.4: TEA and EBO rates by military and veteran status, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

Entrepreneurship by Military and Veteran Status

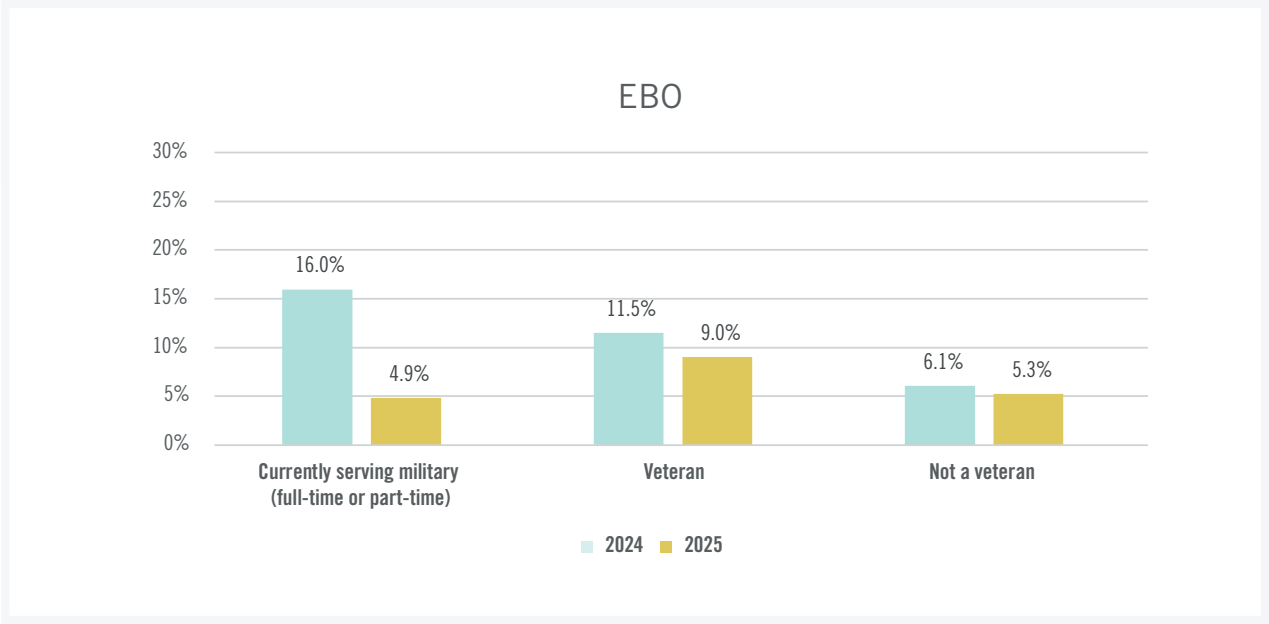
Military experience was associated with pronounced differences in entrepreneurial engagement in 2025. People who were currently serving in the military—whether full-time or part-time—reported notably high levels of entrepreneurship (Figure 4.4). This pattern is consistent with prior research suggesting that military service is associated with skills such as leadership, resilience, and risk management, which can support entrepreneurial behavior.[10]

Veterans engaged in entrepreneurship at levels comparable to national averages, but had the highest levels of EBO (compared to those who were currently serving and those who had never served). This reflects the continued relevance of business ownership as an occupational pathway following military service.

These results highlight the distinctive role of military experience in shaping the entrepreneurial landscape. High levels of entrepreneurship among currently serving military members and high participation in EBO among veterans stand out as notable findings in both 2024 and 2025.

[10] Mirza Tihić, Rosalinda Maury, and Adam Prichard, *The State of Veteran Entrepreneurship* (D'Aniello Institute for Veterans and Military Families and Syracuse University, 2022), https://ivmf.syracuse.edu/wp-content/uploads/2022/01/NSMAE-for-SVA-NatCon-2022.pdf; Daniel Bachrach, Pankaj C. Patel, Joseph S. Turberville, and Younsung Cho, "Veteran Entrepreneurship and a Sense of Purpose: Military Identity and Entrepreneurial Activity," *Journal of Business Venturing Insights* 24 (2025), https://doi.org/10.1016/j.jbvi.2025.e00557.

Figure 4.4 continued: TEA and EBO rates by military and veteran status, 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

Summary

The 2025 GEM results paint a diverse and multifaceted picture of entrepreneurship in the United States. Continuing a long-term trend, younger adults continued to lead entrepreneurial activity, while older adults predominated among established business owners. Gender gaps have also persisted across the years of the GEM data, though women have remained active participants and displayed resilience through periods of economic change.

Racial and ethnic differences are among the most striking long-term findings: Black and Hispanic adults have repeatedly demonstrated higher levels of entrepreneurship participation than White people, while White people have reported the highest EBO rates.

On the other hand, there was little variation in TEA across different income and education categories. Currently serving military members stood out for their exceptionally high engagement in entrepreneurship, while veterans reported high EBO.

Together, these demographic patterns offer a deeper understanding of who has engaged in entrepreneurship in the United States and how participation has evolved over the years of GEM data collection.



Black and Hispanic adults have repeatedly demonstrated higher levels of entrepreneurship while White people have reported the highest EBO rates.

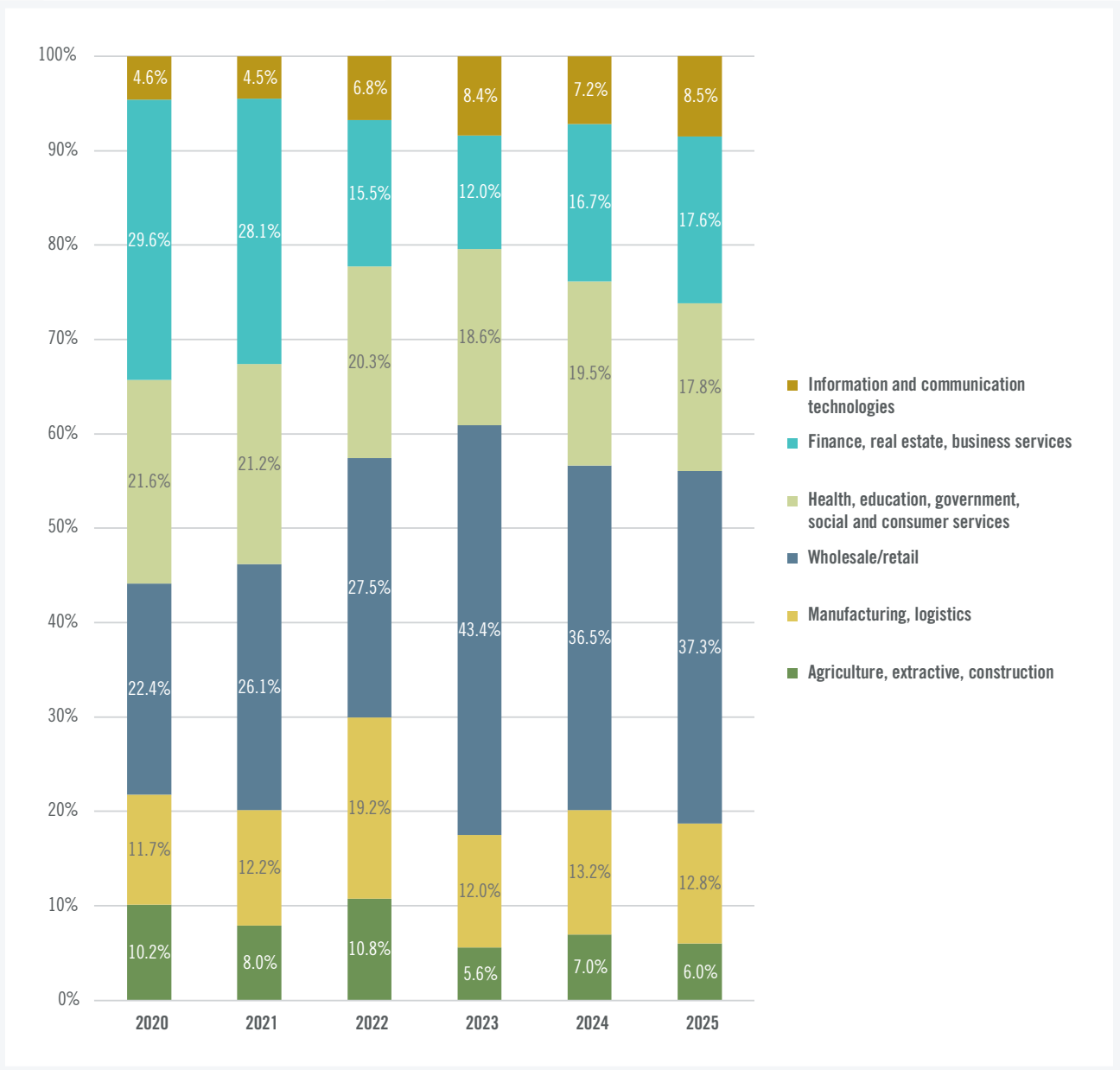
BUSINESS CHARACTERISTICS AND ENTREPRENEURIAL ASPIRATIONS

05



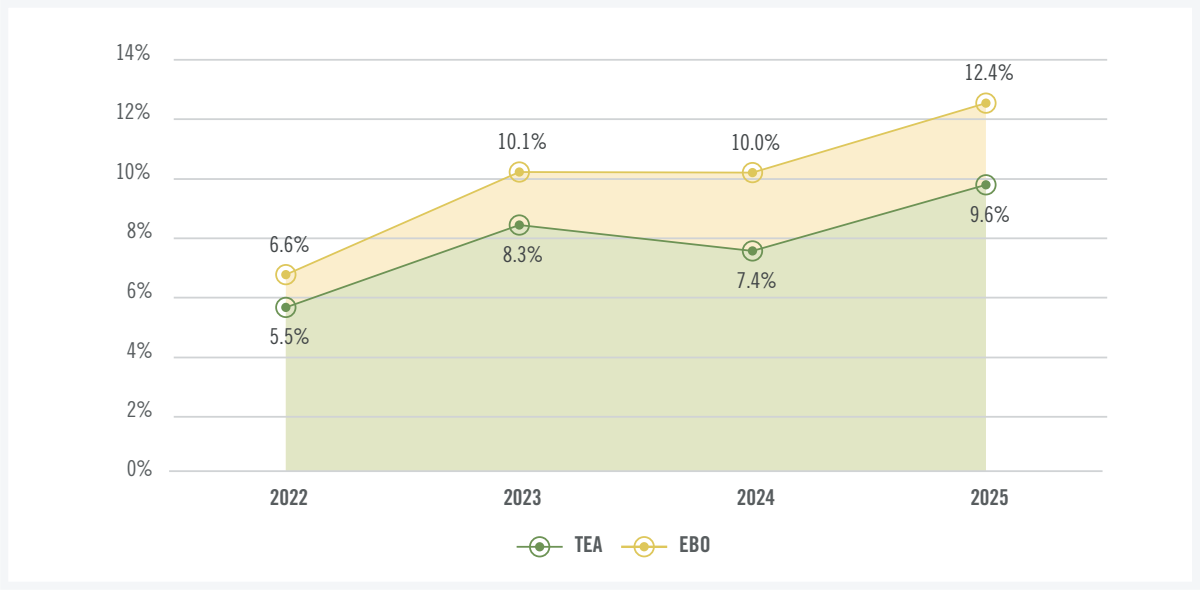
This chapter focuses on the industries where entrepreneurs and established business owners compete, their levels of innovation and process technology adoption, the breadth of their market reach, their growth aspirations, and their commitment to social and environmental responsibility. Tracking these characteristics helps illustrate how entrepreneurs and established business owners are shaping the economy through their participation across industries, the innovations they introduce, the jobs they create, their pursuit of local, national, and global markets, and their attention to environmental and social sustainability.

Figure 5.1: Industry breakdown for TEA, 2020–2025



Source: Global Entrepreneurship Monitor, United States, 2020–2025

Figure 5.2: Percentage of entrepreneurs and established business owners participating in medium- and high-technology sectors, 2022–2025



Source: Global Entrepreneurship Monitor, United States, 2022–2025

Industry Sector Participation

In 2025, the distribution of entrepreneurial activity across industries was largely consistent with results reported in 2024 (Figure 5.1). The wholesale/retail sector remained the largest domain for entrepreneurs, likely reflecting the ongoing digitization of commerce and the resilience of local and national retail models. Finance, real estate, and business services continued their 2024 rebound after low participation in 2022 and 2023, while entrepreneurs have maintained a steady presence in health, education, government, and social and consumer services since 2020. The share of entrepreneurs participating in manufacturing and logistics, after a post-pandemic spike in 2022, has stabilized over the last 3 years.

In 2025, the share of entrepreneurs operating in information and communication technologies (ICT) nearly doubled compared to during the pandemic. High participation in this sector may be attributed to the increasing accessibility of cloud and AI tools for new ventures. Participation in the agriculture, extractive, and construction sectors, meanwhile, has drifted lower since 2022.

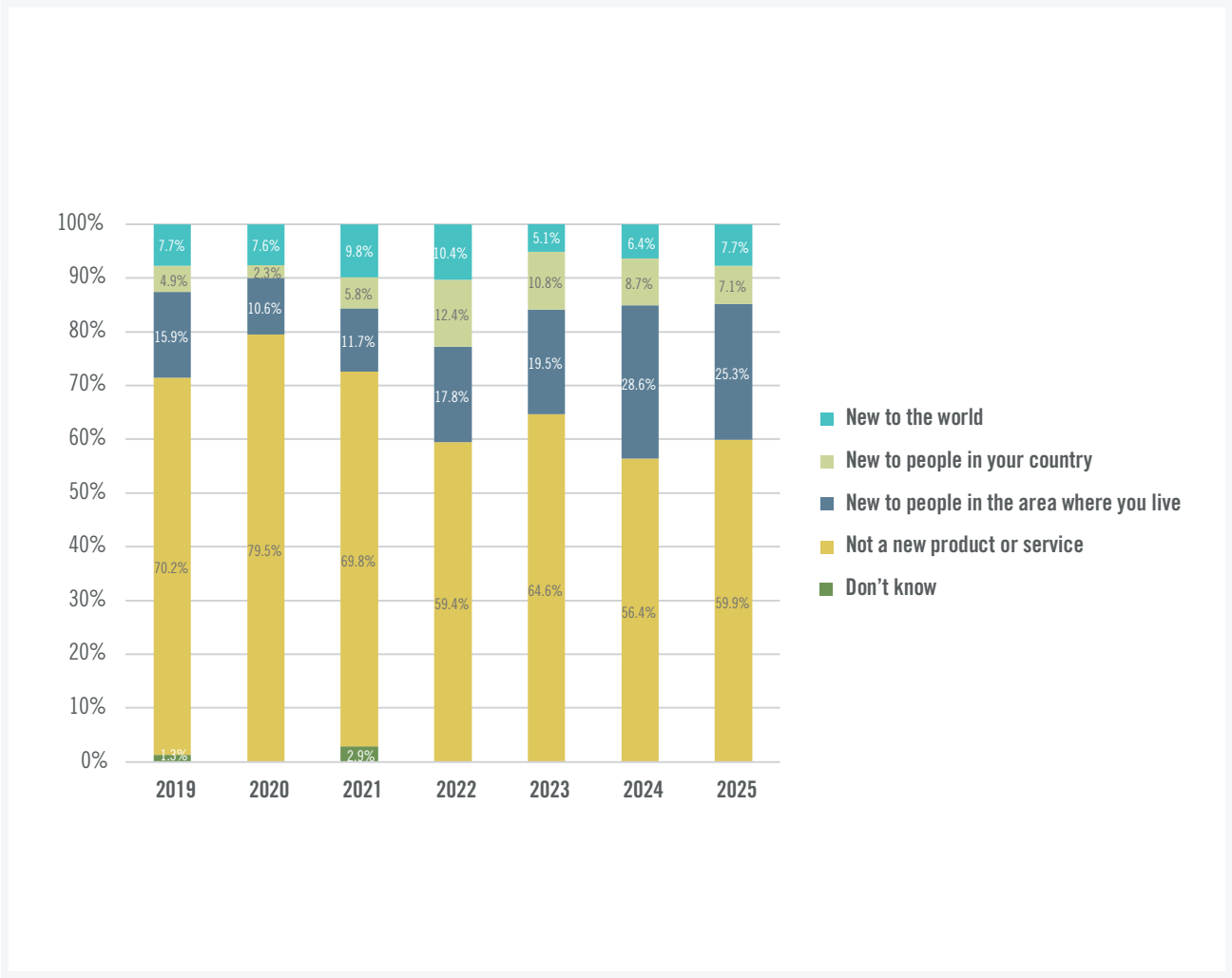
These patterns suggest that U.S. entrepreneurs are responding to, and participating in, shifts in the national economy. The persistence of wholesale/retail and the rise of ICT highlight the dual importance of traditional commerce and technological innovation. The stabilization of manufacturing and logistics and the rebound in finance, real estate, and business services may reflect broader macroeconomic adjustments and the normalization of supply chains in the post-pandemic period.

Participation in Technology Sectors

Technology continues to serve as both a foundation and a catalyst for entrepreneurial ventures. In 2025, entrepreneurs and established business owners reported increased activity in medium- and high-tech sectors, such as pharmaceuticals, precision instruments, and advanced manufacturing, compared to 2024. This represents an overall upward movement among both groups from 2022 (Figure 5.2). The expansion of contract manufacturing, the maturation of AI-enabled workflows, and the broader access to technical talent may be lowering barriers to entry in these sectors.

While the proportion of entrepreneurs in technology-based industries remains modest relative to the overall entrepreneurial landscape, the absolute numbers are sizable given the scale of entrepreneurial activity in the United States. The steady growth in tech participation underscores the sector's role as a driver of innovation and competitiveness.

Figure 5.3: Breakdown of TEA by newness of the product/service to customers, 2019–2025



Source: Global Entrepreneurship Monitor, United States, 2019–2025

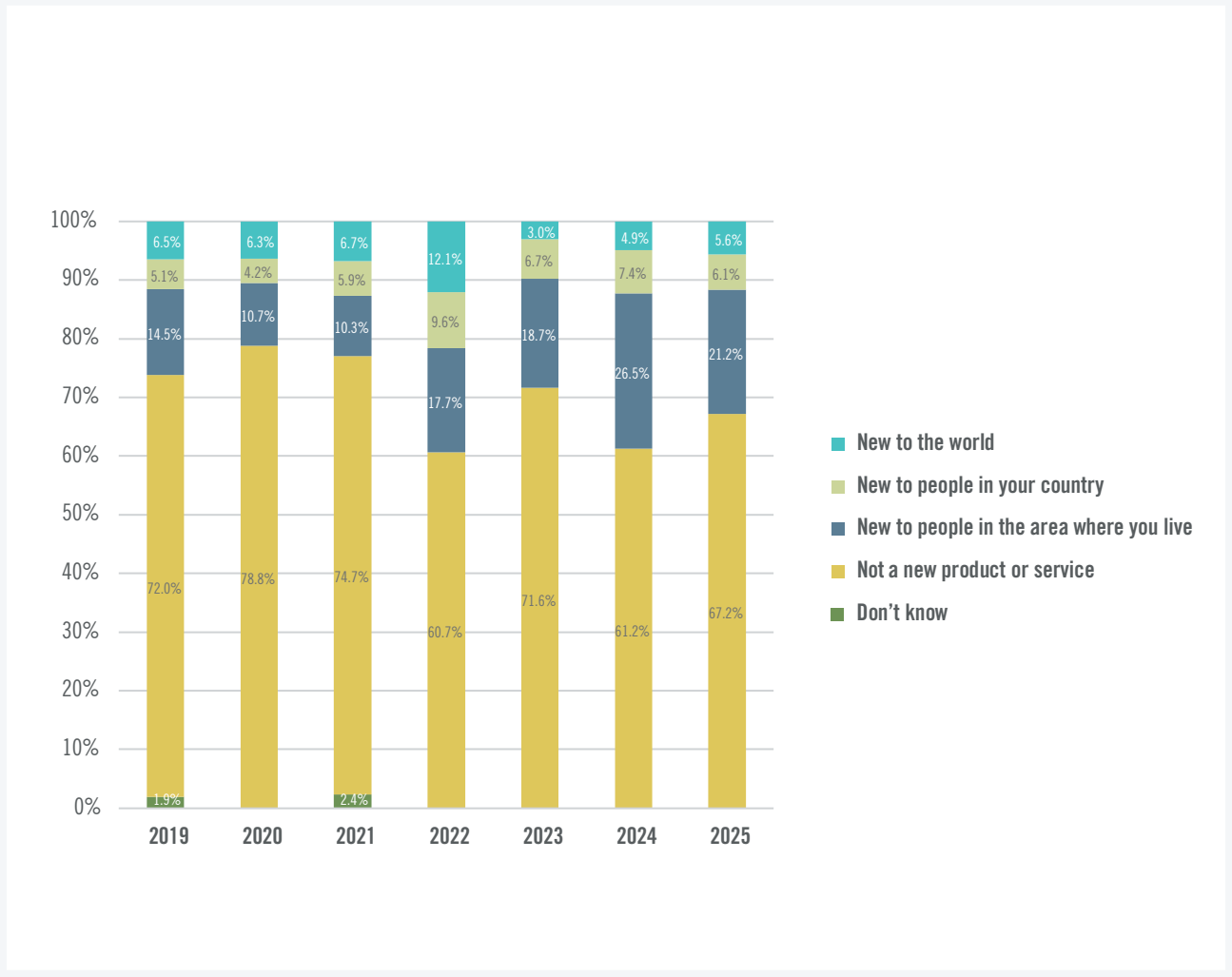
Innovation: Newness of Offerings

Innovation remains a hallmark of U.S. entrepreneurship. In 2025, 40% of entrepreneurs reported introducing products or services that were new to their local area, their country, or the world (Figure 5.3). This continued the elevated level of innovativeness seen since 2022.

Process Technology Adoption

A similar pattern emerges in the adoption of new technologies and procedures to produce and/or deliver products and services. In 2025, around one third of entrepreneurs reported using new process technologies or procedures (Figure 5.4). This may be associated with the rapid diffusion of new platform technologies, including AI applications.

Figure 5.4: Breakdown of TEA by newness of the technologies or methods used to produce or deliver products/services, 2019–2025



Source: Global Entrepreneurship Monitor, United States, 2019–2025

Market Scope

U.S. entrepreneurs continued to demonstrate a broad market orientation in 2025, with nearly two thirds operating nationally or internationally and around one third operating locally—a persistent pattern over time. Established business owners had a similar distribution, though with a slightly higher share of local-only operations (Figure 5.5).

The outward orientation of U.S. entrepreneurs and established business owners is likely supported by the scale and homogeneity of the domestic market as well as the enabling effects of e-commerce platforms and logistics networks. International sales remained a significant component of entrepreneurial activity, reflecting the globalization of commerce and the capacity of U.S. business owners to compete abroad.

Figure 5.5: Breakdown of TEA and EBO by geographic market scope, 2020–2025



Source: Global Entrepreneurship Monitor, United States, 2020–2025

Job Creation and Growth Ambitions

In 2025, nearly three fourths of entrepreneurs anticipated creating new jobs within 5 years, with one third expecting to add six or more employees (Figure 5.6). This reflects continued optimism in the job-creation potential of new ventures and highlights the ambitions of U.S. entrepreneurs.

Established business owners, by contrast, exhibited greater caution. In 2025, just one third anticipated adding at least one job. However, many mature business owners have already created jobs and therefore may be less likely to anticipate additional growth. Two thirds employed at least one person, and one fifth employed at least six people. In sum, these patterns may reflect differences in growth aspirations, resource constraints, and the strategic priorities of mature firms. The ambitions of entrepreneurs may be shaped by the optimism of those in the startup phase.

Figure 5.6: Job growth expected by entrepreneurs and established business owners in next 5 years, 2018–2025

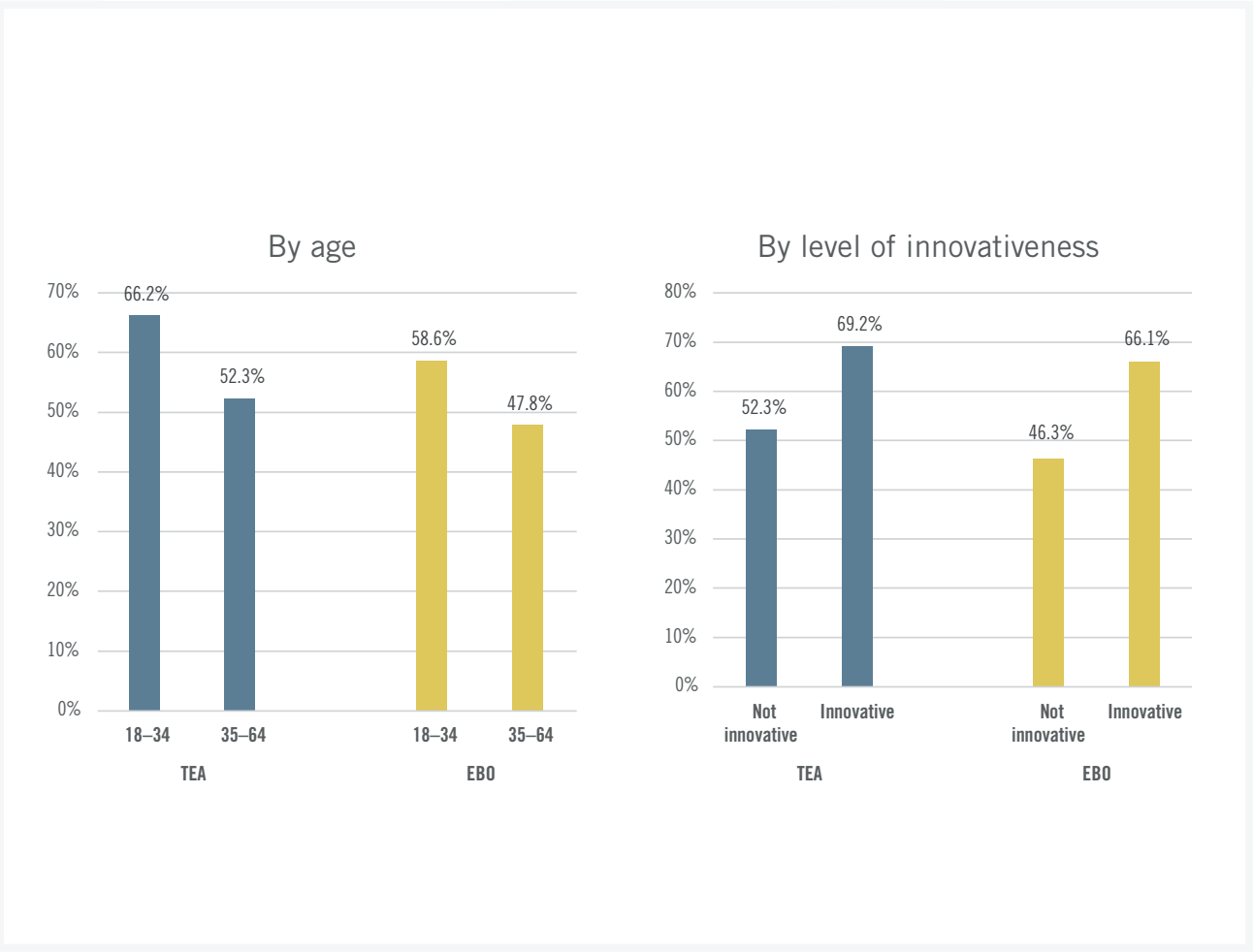


Source: Global Entrepreneurship Monitor, United States, 2018–2025

Monthly Sales Revenue

Revenue distribution among U.S. entrepreneurs is highly skewed. In 2025, the median monthly sales for entrepreneurs was $1,600, while established business owners reported a median of $5,000. The distribution of this indicator revealed substantial variation, with the 99th percentile extending to $600,000 for entrepreneurs and $5,000,000 for established owners. Minimum values were zero for both groups, consistent with nascent or seasonal ventures. This skew likely reflects sectoral heterogeneity, scale effects, and varying stages of business maturity. High-revenue firms may be concentrated in certain industries, especially technology-related ones.

Figure 5.7: Percentage of entrepreneurs and established business owners who stated they have taken steps to minimize the environmental impact of their business in the past year, by age and level of innovativeness, 2025



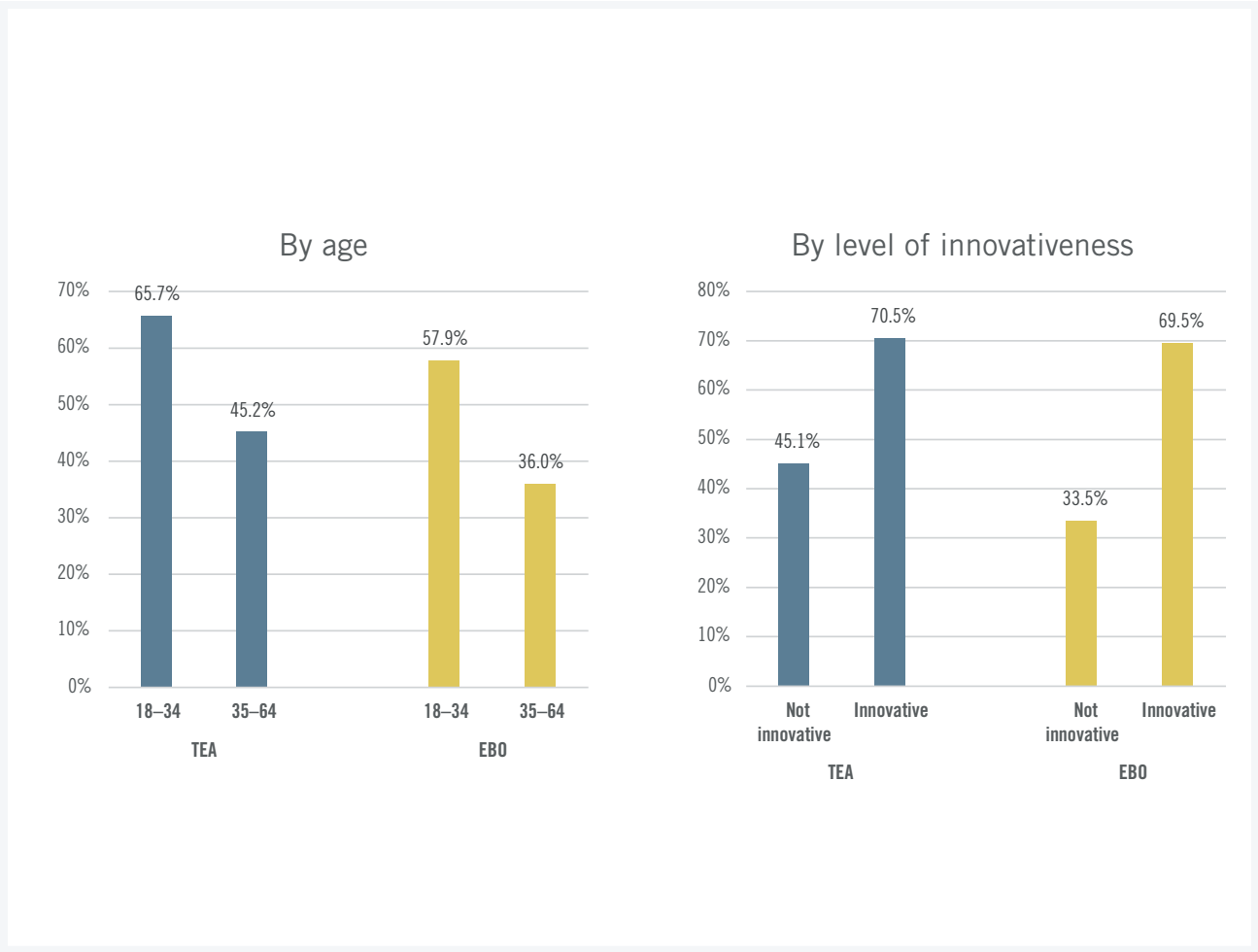
Source: Global Entrepreneurship Monitor, United States, 2025

Environmental and Social Sustainability Practices

Respondents continued to report commitment to environmental and social impact in 2025. Younger respondents (18–34) were more likely than their older counterparts to report they had taken steps to minimize environmental impact and to maximize social impact, both among entrepreneurs and established business owners (Figures 5.7 and 5.8). Innovation status also played a significant role, with innovative ventures reporting higher rates of environmental and social action.

These patterns may be associated with generational differences in values, stakeholder expectations, and the strategic positioning of innovative firms. The prominence of environmental and social sustainability practices among younger and innovative entrepreneurs suggests a growing alignment between business objectives and broader societal goals.

Figure 5.8: Percentage of entrepreneurs and established business owners who stated they have taken steps to maximize the social impact of their business in the past year, by age and level of innovativeness, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

Summary

In 2025, the industry landscape of TEA and EBO in the United States remained dominated by traditional sectors like wholesale/retail, even as participation in technology-driven industries expanded. Entrepreneurs were introducing innovations and engaging customers at national and international levels. They showed strong growth ambitions, whereas established owners tended to be more cautious.

Many entrepreneurs—especially younger and innovative ones—were prioritizing social and environmental responsibility. These patterns indicate that entrepreneurs contribute to innovation, job creation, global competitiveness, and sustainability in the United States, carrying broad implications for the nation's economic growth and the future of entrepreneurship.

USE OF TECHNOLOGY BY ENTREPRENEURS AND ESTABLISHED BUSINESS OWNERS

06



Technology continues to play a central role in how U.S. entrepreneurs and established business owners design and implement their business models. Even outside medium- and high-technology sectors, firms widely use digital tools for sales, communication, data analysis, and strategic decision-making. This year's results show continued reliance on digital platforms, strong use of websites and social media, and growing engagement with data analytics and cloud-based systems. AI is also becoming more influential, especially among entrepreneurs, though its challenges, including data security, implementation costs, and responsible use, are recognized.

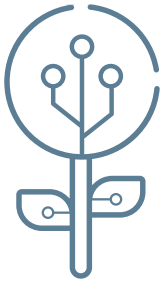
Overall, digital technologies—especially analytics and AI—are increasingly used by U.S. business leaders to enhance customer engagement, improve efficiency, and support innovation across their business models.

Digital Technology and Sales

Digital technologies continue to play a central role in how U.S. entrepreneurs reach customers and structure sales channels. As digital tools have become embedded across industries, businesses increasingly rely on online platforms—including websites, mobile apps, and third-party marketplaces—to manage transactions and support customer expectations around speed, transparency, and personalization.

In 2025, entrepreneurs remained more proactive than established business owners in expanding their digital sales channels. Among entrepreneurs, over half (56%) planned to increase digital sales efforts in the next 6 months. Although this represents a slight decline compared to 2024 (when 60% anticipated expanding digital sales), it still reflects strong momentum. Among established business owners, one third expected to increase digital activity, a 30% decrease from the previous year, which may suggest more caution amid changing economic conditions.

Despite these adjustments, digital sales remained a foundational component of entrepreneurial activity in the United States. Taken together, this year's findings indicate that both new and established business owners continued to depend on digital channels, although entrepreneurs exhibited consistently greater enthusiasm for deepening their digital presence.



In 2025, **over half of entrepreneurs and one third of established business owners expect to increase digital activity.**

Digital Communications

Digital communications tools continued to play a central role in how entrepreneurs and established business owners implement their business models. Email systems increasingly incorporate more advanced capabilities, integrating tools that support decision-making, monitor operations, schedule meetings, identify collaboration opportunities, and track analytics through dashboards that highlight key trends in customer behavior and employee decision-making.

Both entrepreneurs and established business owners are increasingly leveraging continual and periodic email communications to keep customers informed about new product launches, pricing updates, and availability. By using analytics to monitor customer behavior and trends, they may be able to more effectively shape strategies, anticipate needs, and drive demand.

Email remained the most widely used digital communications tool among both entrepreneurs and established business owners. In 2025, 9 in 10 entrepreneurs considered email either somewhat or very important for implementing their business model and strategy, and a lower, but still substantial, share of established business owners reported the same (Figure 6.1)—both percentages were in line with 2024 levels (91% and 87%, respectively).

Among entrepreneurs, the importance of social media was about equal to that reported in 2024, while among established business owners the percentage saying this is important declined by about 10%. These shifts suggest that while social media remains widely used for those starting and running new ventures, it is becoming less critical for mature business owners.

Websites remained essential communication tools for both entrepreneurs and established business owners. Entrepreneurs tend to rely on them as multifunctional platforms for product information, customer interaction, and brand visibility, while established firms tend to use them primarily to provide business information and maintain their market presence.

Overall, digital communications channels—email, websites, and social media—help firms strengthen customer engagement and expand their reach. By integrating these tools into their businesses, entrepreneurs and established business owners can enhance visibility, respond more effectively to customer needs, and support business growth.

In 2025, **9 in 10 entrepreneurs considered email either somewhat or very important** for implementing their business model and strategy.

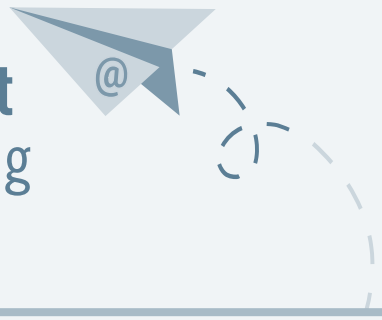
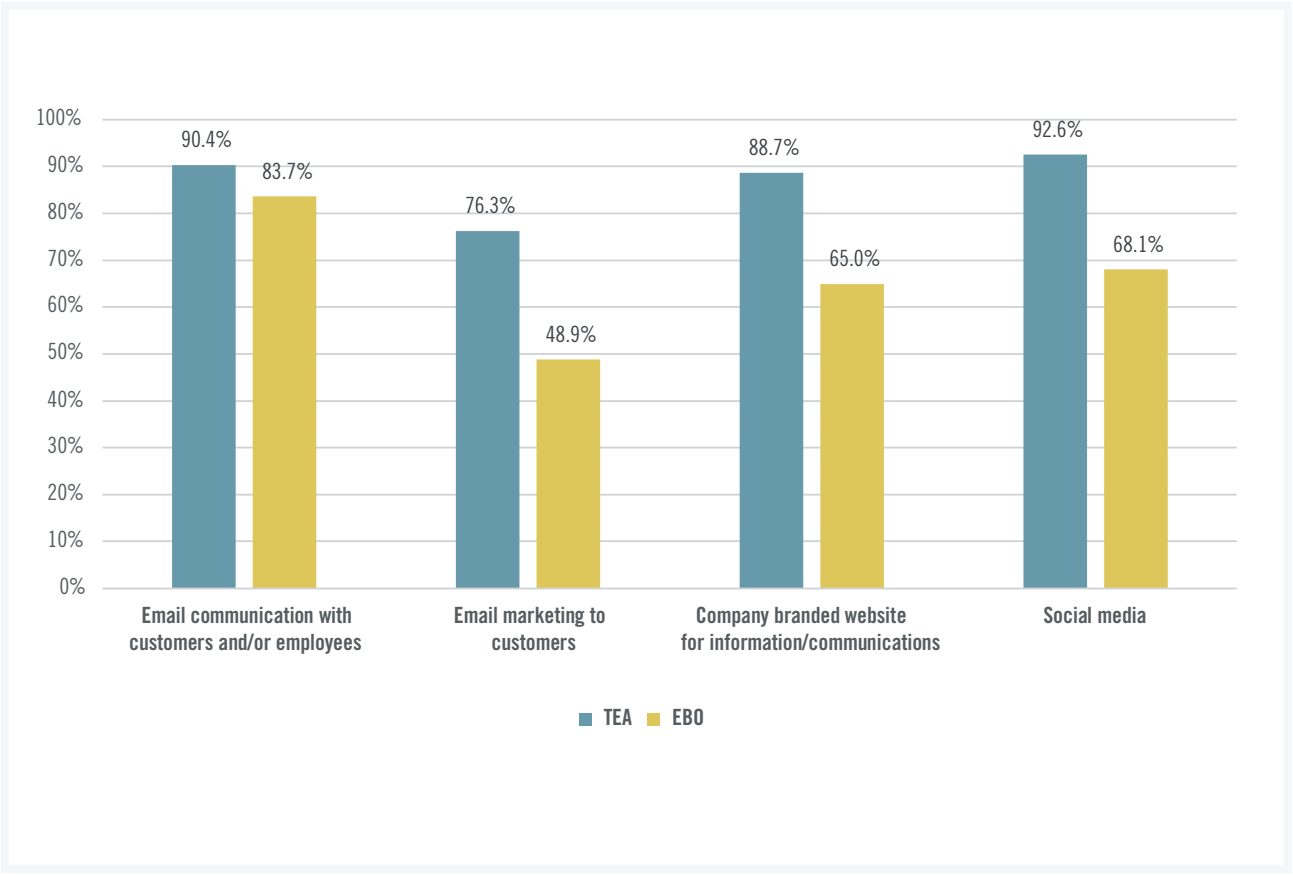


Figure 6.1: Use of email, websites, and social media by entrepreneurs and established business owners (somewhat or very important), 2025



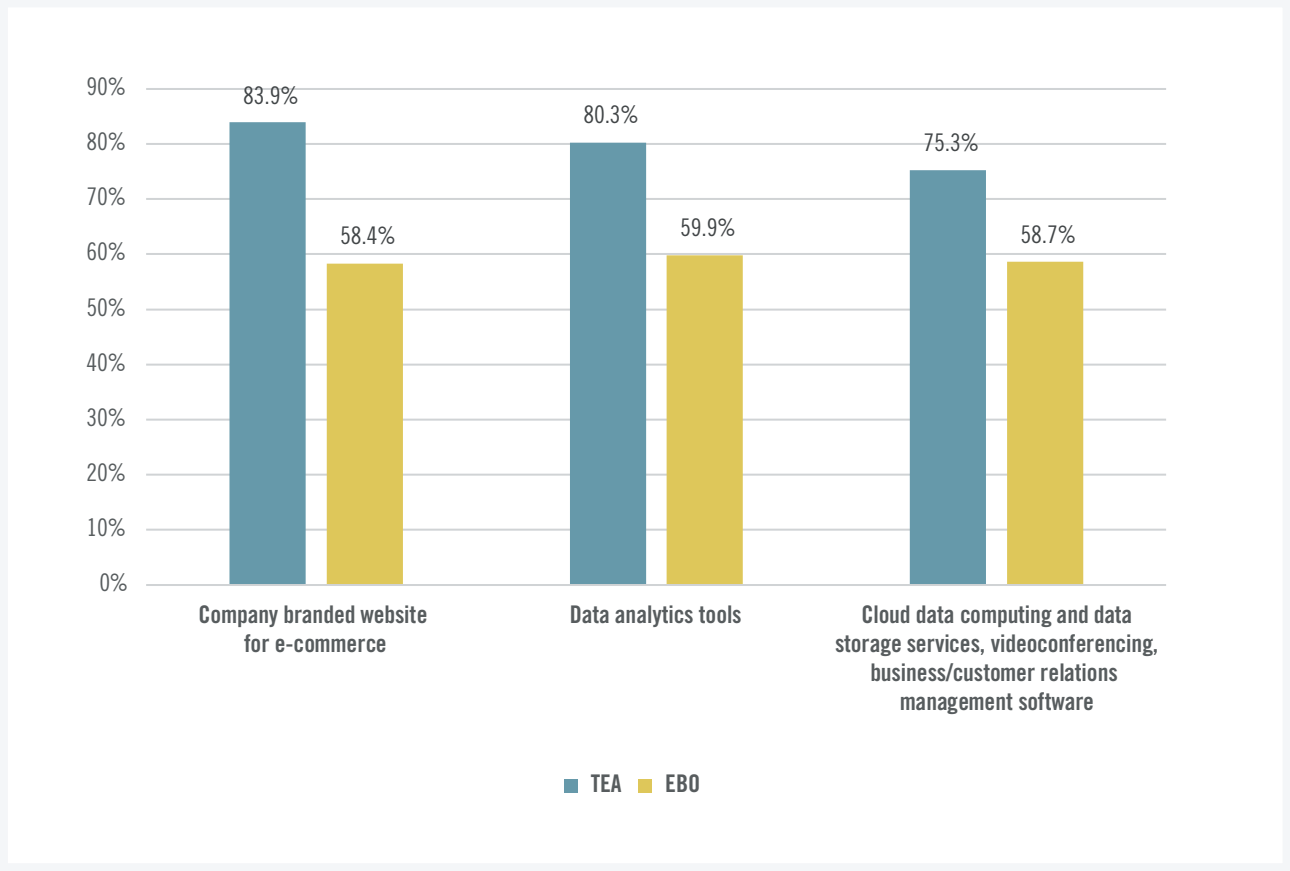
Source: Global Entrepreneurship Monitor, United States, 2025

Data Analysis and Storage

As businesses collect and interpret more data, leaders increasingly rely on digital tools to guide strategic decisions. Data literacy and the use of descriptive, predictive, and prescriptive analytics are increasingly relevant for organizations to deepen customer insight and support innovation.

Entrepreneurs and established business owners differ in how essential they consider these tools are for implementing their business models. In 2025, more than 8 in 10 entrepreneurs reported a branded website as somewhat or very important, compared with less than 6 in 10 established business owners (Figure 6.2). Similarly, entrepreneurs placed greater importance on data analytics tools. The last category in Figure 6.2 contains a mix of applications—cloud data computing and data storage services, videoconferencing, and business/customer relationship management software—but the gap between entrepreneurs and established business owners can be seen here as well. Overall, these gaps may be associated with the challenges established firms face when integrating newer technologies into legacy systems.

Figure 6.2: Importance of a company-branded website for e-commerce, data analytics tools, and other technologies for implementing business models and strategies among entrepreneurs and established business owners (somewhat or very important), 2025



Source: Global Entrepreneurship Monitor, United States, 2025

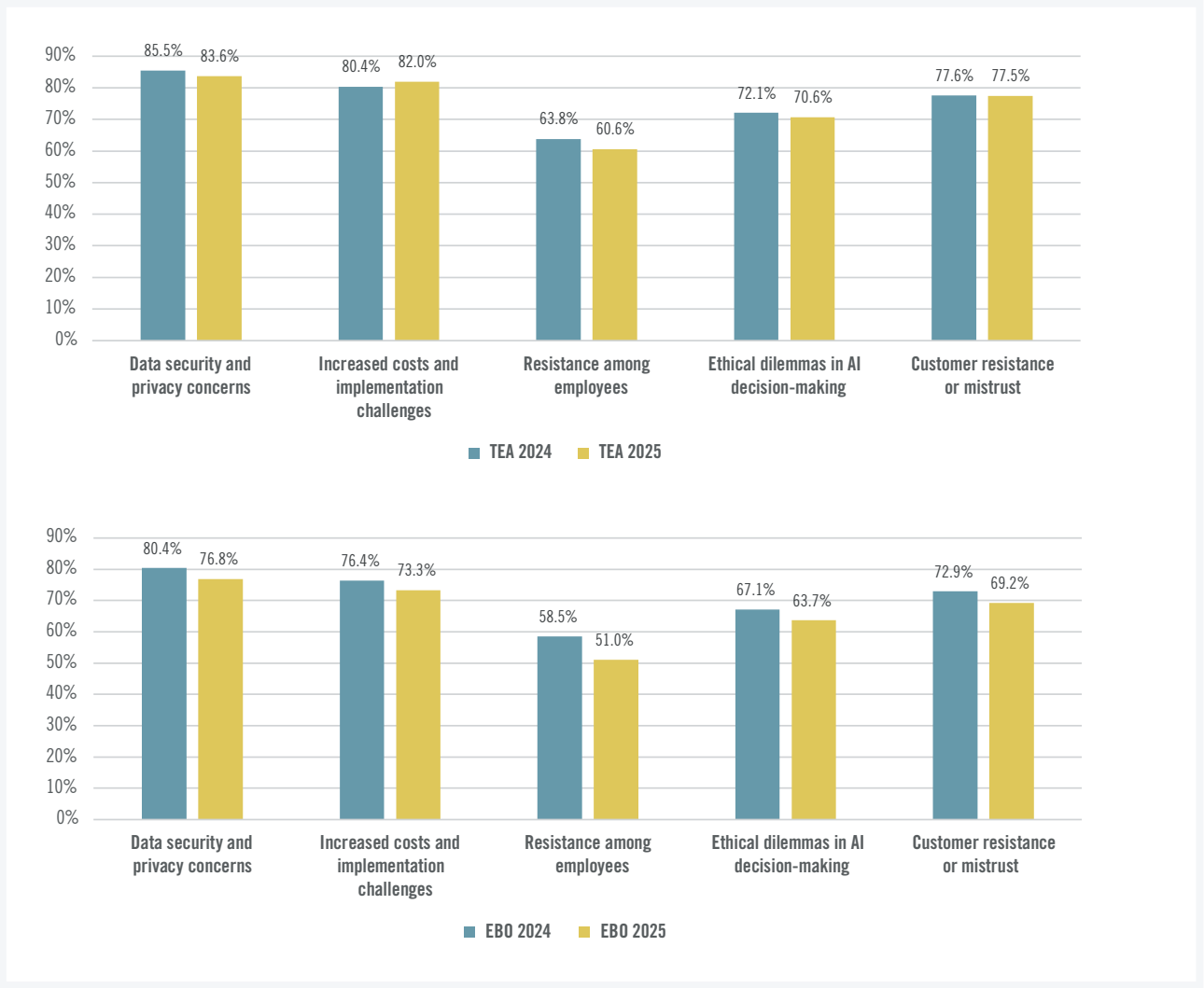
AI

Awareness of AI and its potential strategic value continues to grow among U.S. entrepreneurs and established business owners. In 2025, 67% of entrepreneurs and 43% of established business owners reported that integrating AI into their business model and strategy was important. Looking forward, 74% of entrepreneurs and 52% of established business owners expected AI to play an important role in their strategic decisions in the next 3 years.

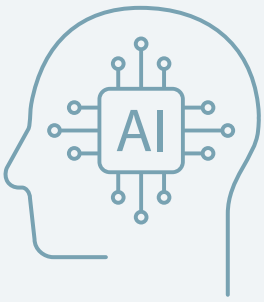
Entrepreneurs and established business owners cited several concerns, including data security and privacy, implementation costs, employee resistance, ethical considerations, and potential customer mistrust—the levels of concern about the different issues were largely mirrored across the two groups (Figure 6.3).

Despite these concerns, entrepreneurs and established business owners saw clear benefits. AI was viewed as enhancing customer personalization, improving productivity and efficiency, supporting innovation in products and services, strengthening risk management and compliance, and increasing revenue and aiding business growth (Figure 6.4).

Figure 6.3: Concerns about negative impacts of AI among entrepreneurs and established business owners (low or high impact), 2024–2025



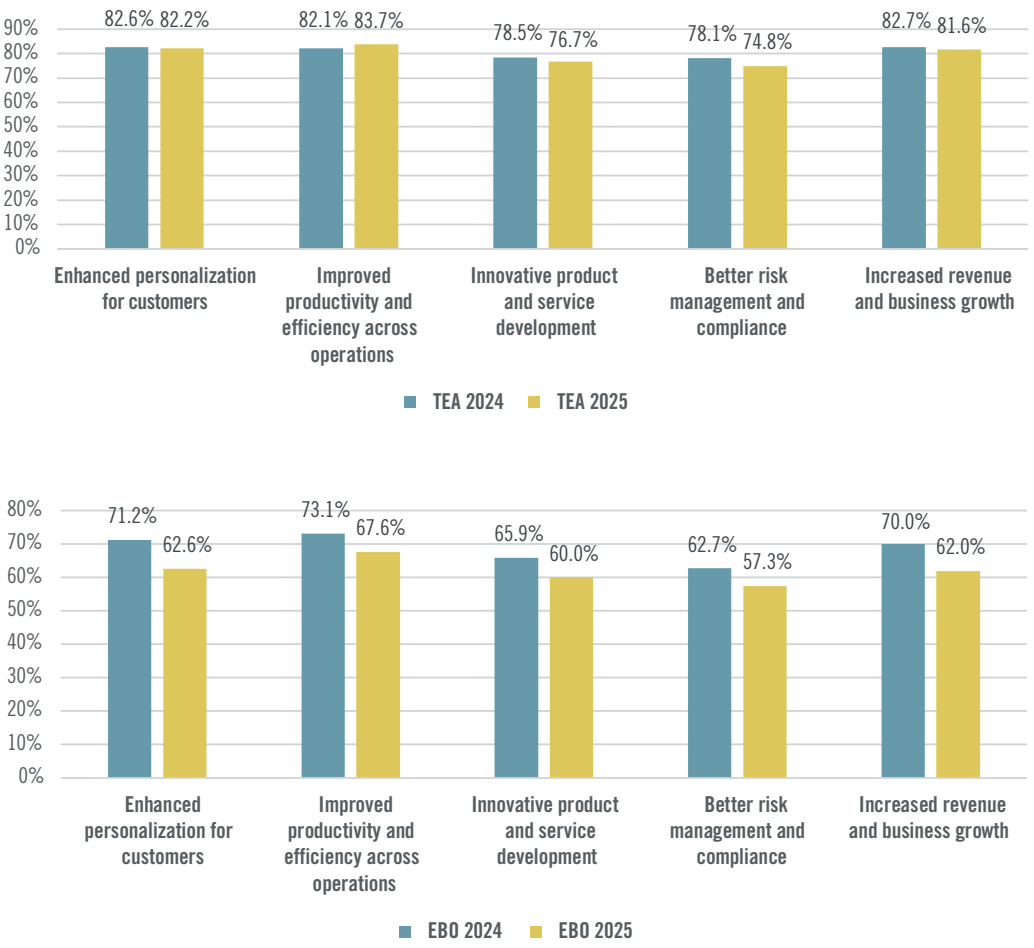
Source: Global Entrepreneurship Monitor, United States, 2024–2025



Growing use of data analytics and cloud storage supports more informed decision-making,

while expanding AI capabilities enables innovation and more effective use of data.

Figure 6.4: Perceptions about positive impacts of AI among entrepreneurs and established business owners (low or high impact), 2024–2025



Source: Global Entrepreneurship Monitor, United States, 2024–2025

Summary

In 2025, entrepreneurs and established business owners continued to rely on digital technologies to refine their business models and strategic decisions. Websites now function as essential platforms for customer insight and real-time adjustments, while social media and influencer content help strengthen brand engagement. Growing use of data analytics and cloud storage supports more informed decision-making, while expanding AI capabilities enables innovation and more effective use of data.

AI is increasingly being incorporated into business strategy, with firms using it to enhance personalization, efficiency, innovation, and risk management. At the same time, concerns about data security, costs, implementation challenges, employee responses, ethics, and customer trust remain. Overall, technologies such as analytics and AI are helping business leaders navigate market challenges and pursue new opportunities for growth, even as full integration continues to evolve.

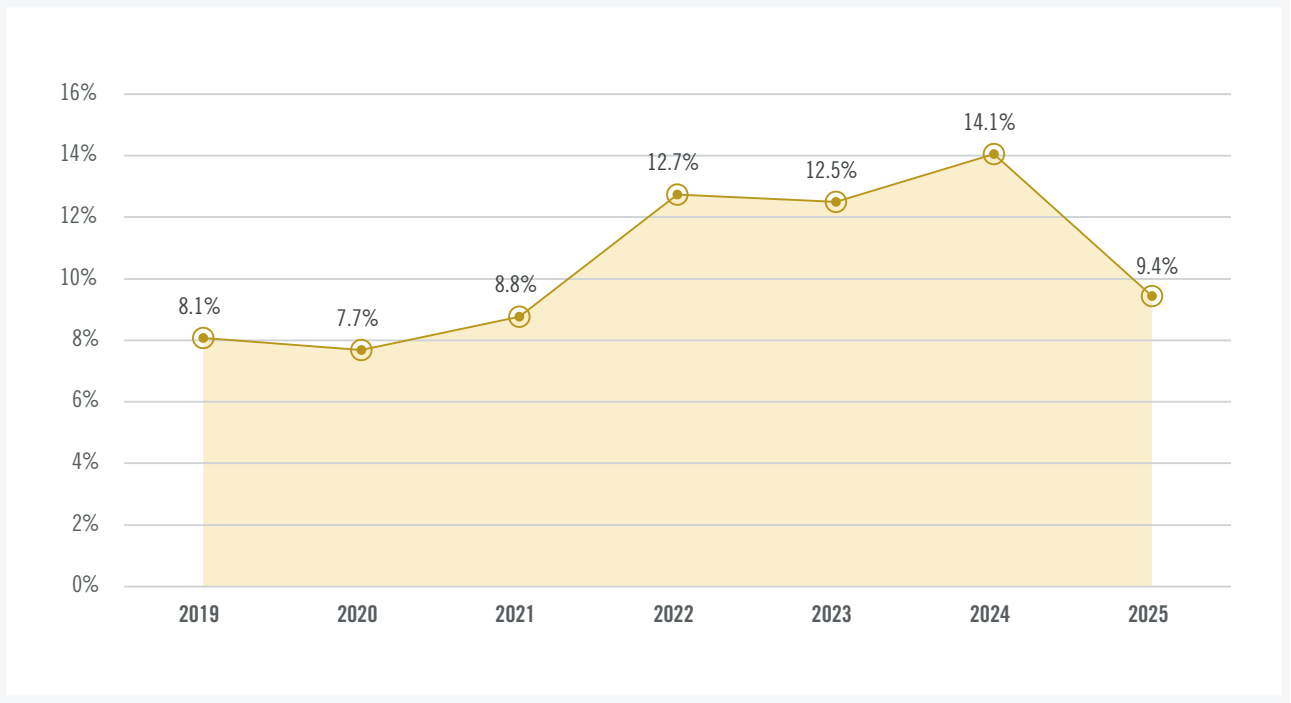
FINANCING ENTREPRENEURSHIP IN THE UNITED STATES

07



This chapter explores trends in entrepreneurial finance, providing an overview of the investment landscape from both the investor and entrepreneur perspectives. Personal investments in entrepreneurial ventures reveal insights into economic behavior across various dimensions, including median investment amounts, relationships between investors and recipients, and gender dynamics. Also presented are results from new survey questions added in 2025 on the sources of funding entrepreneurs seek and receive, with additional analyses on gender differences.

Figure 7.1: Informal investment activity in the past 3 years, 2019–2025 (percentage of U.S. population aged 18–64)



Source: Global Entrepreneurship Monitor, United States, 2019–2025

Informal Funding Provided to Entrepreneurs

In 2025, nearly 1 in 10 U.S. adults reported providing funding to an entrepreneur in the previous 3 years (Figure 7.1). This was down from a boom in informal investment during 2022–2024, but remained above the pre-pandemic and pandemic levels.

The rise in informal investments in 2022–2024 may have been associated with tightening financial markets and rising interest rates during and after the pandemic, leading entrepreneurs to turn to more informal sources of funding. The decline in 2025 may signal that individuals had less disposable capital or are growing more cautious about investing in new ventures during a period of inflation and economic uncertainty. Alternatively, 2025's lower rate of informal investment activity may signal a normalization after a very active period of investing in the preceding years.

Investments by Gender

Chapter 4 showed that women had lower TEA and EBO rates than men. Previous GEM U.S. reports have generally shown that women have lower participation rates than men across business phases and also report lower capability perceptions and higher fear of failure, despite men and women having similar societal attitudes toward entrepreneurship. For this report, new data on financing provides a novel lens through which to examine gender differences in financing entrepreneurship from both the investor and the entrepreneur sides.

In 2025, men were more likely than women to invest in an entrepreneur (12% vs 7.0%). However, men were substantially less likely to invest in a woman entrepreneur. Only 21% of men investors—compared to 67% of women investors—financed a woman starting a business. The finding that men made up a disproportionate share of the informal investor pool and were less likely to fund women is in line with current academic research on the topic.[11]

Several factors may contribute to this gender difference. First, the landscape of entrepreneurial finance is significantly dominated by men.[12] Second, men, on average, have higher personal wealth and savings, and they may have more risk tolerance or cultural encouragement to invest in private businesses. Women, conversely, face wealth gaps and may be more conservative in financial risk-taking, or they may be approached less often with investment opportunities.[13]

Median Investment Level

The median amount of money U.S. informal investors contributed to others' startups was $3,200 in 2025 (Figure 7.2). This amount has fluctuated from year to year without a clear trend, though levels indicate that most informal investments are relatively modest—in the order of only a few thousand dollars. Even so, these funds can be an important source of seed money.

Median investment differed according to the gender of the investor. In 2025, the median investment by women investors was $2,500, whereas for men investors it was on average double that amount ($5,000). This stark difference aligns with the idea that men often have more financial resources to commit or are more willing to invest larger sums. Again, multiple factors could be at play: wealth disparity between genders, differences in the types of businesses women and men invest in, and comfort levels with parting with large amounts of cash.



Men were more likely than women to invest in an entrepreneur **(12% vs 7.0%).**

[11] Sahil Raina, "VCs, Founders and the Performance Gap," Working Paper (University of Alberta, 2021); Priscilla Serwaah and Rotem Shneor, "Women and Entrepreneurial Finance: A Systematic Review," *Venture Capital: An International Journal of Finance* 23, no. 4 (2021): 291–319, https://doi.org/10.1080/13691066.2021.2010507.

[12] Candida G. Brush and Amanda B. Elam, "Clearing the Hurdles: Revisiting the Under-Performance Hypothesis for Women-Led VC Firms," *Journal of Small Business Management* 62, no. 5 (2024): 2287–321, https://doi.org/10.1080/00472778.2023.2229868; Raina, "VCs, Founders and the Performance Gap."

[13] Serwaah and Shneor, "Women and Entrepreneurial Finance."

Figure 7.2: Median investment in entrepreneurs by informal investors, 2019–2025



Source: Global Entrepreneurship Monitor, United States, 2019–2025

Relationship Between Investors and Entrepreneurs

Informal investment is often an act of trust and based on familiarity—people tend to invest in those they know. This pattern is well documented in the crowdfunding and informal investing literature.[14] The data for 2025 indeed show that U.S. informal investors predominantly funded entrepreneurs in their personal network, with family and friends being the dominant sources of informal funding for entrepreneurs in the United States. More than half of informal investors funded a close family member or other relative (Figure 7.3). An additional one fourth funded a friend or neighbor.

Stranger-to-stranger investments were relatively rare; the "stranger with a good business idea" category accounted for less than one tenth of investments made. Thus, approximately 9 in 10 informal investors backed someone they were related to or were acquainted with.

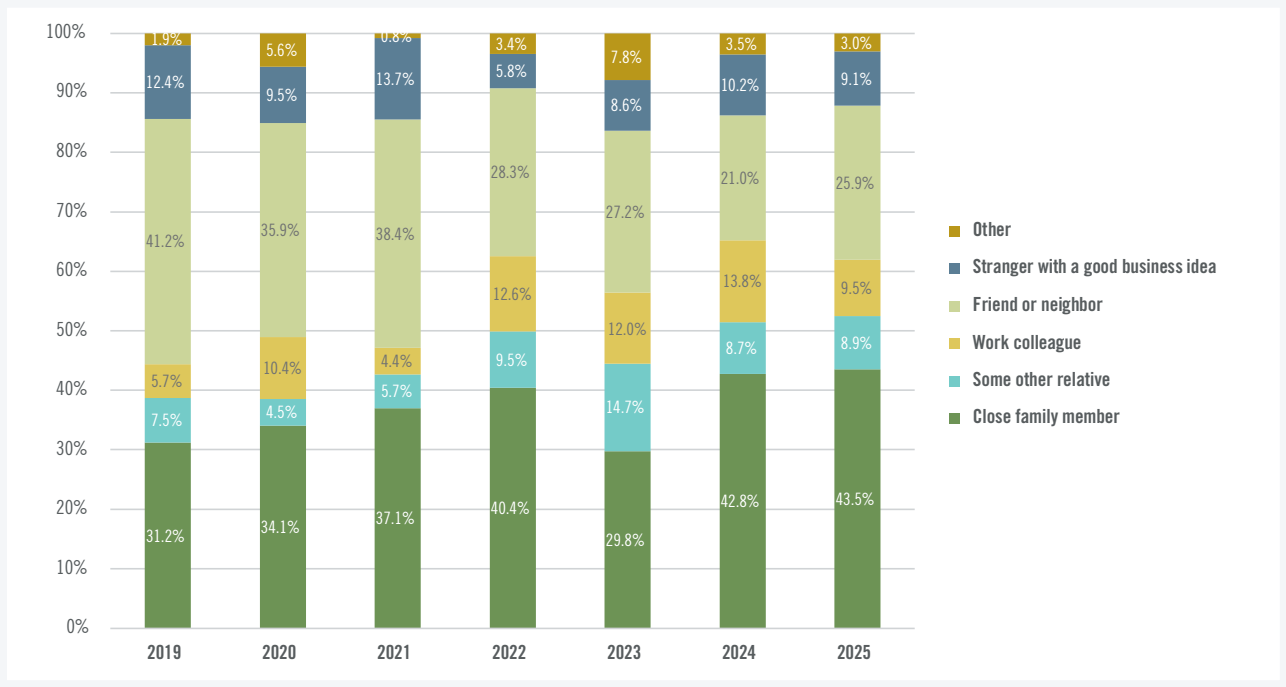
This reliance on personal ties may reflect that people are more likely to invest when they know the person and perhaps their business idea intimately and/or they have a desire to see a friend or family member succeed.

It is worth noting how these relationship patterns have shifted over time. In 2019, the largest category was friends and neighbors, with close family coming second. By 2025, that trend had reversed.

Regarding gender differences in the investor/entrepreneur relationship, Figure 7.4 shows that women were more likely than men to invest in close family members. Men investors were more likely than women to fund other relatives or friends and neighbors.

[14] Mya Pronschinske Groza, Mark D. Groza, and Luis Miguel Barral, "Women Backing Women: The Role of Crowdfunding in Empowering Female Consumer Investors and Entrepreneurs," *Journal of Business Research* 117 (2020): 432–42, https://doi.org/10.1016/j.jbusres.2020.06.013; Serwaah and Shneor, "Women and Entrepreneurial Finance."

Figure 7.3: Relationships between investors and the recipients of their investments, 2019–2025



Source: Global Entrepreneurship Monitor, United States, 2019–2025

Sources of Funding for Entrepreneurs vs Established Business Owners

Beyond informal investments from individuals, entrepreneurs and established business owners draw on various sources of capital to start and grow their businesses. The GEM survey asked these groups whether they had obtained funding from an array of possible sources in the past 12 months, ranging from personal savings to bank loans to government grants. The results provide insight into which funding sources are most utilized and how this differs for entrepreneurs vs established business owners.

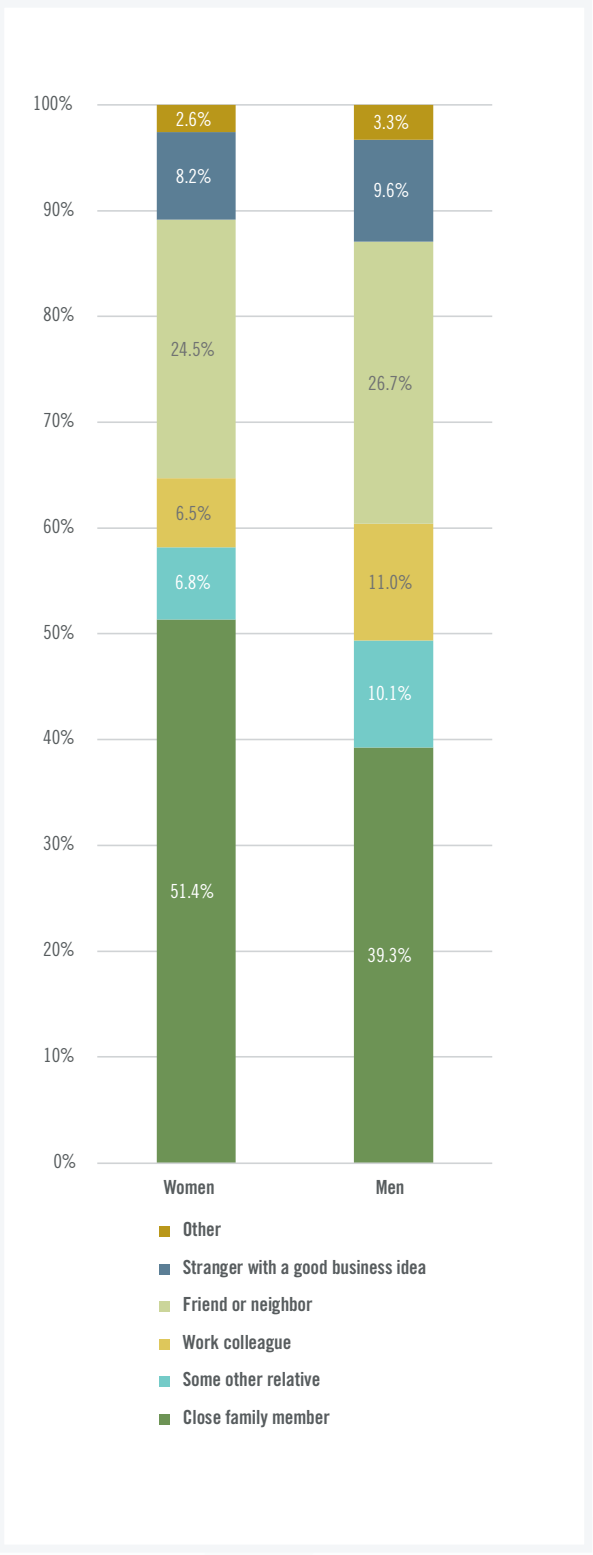
Overall, the data are consistent with what the academic literature refers to as "pecking order theory," meaning entrepreneurs seek financing from internal, less risky sources (such as family and friends) before seeking funding from external sources such as banks and investors.[15] However, the results indicate that established business owners also rely heavily on less risky sources, which may reflect the small size of many businesses and less need for external funding in their mature phase.

Figure 7.5 shows that personal savings represented the most common source of financing for entrepreneurs in 2025, with over half stating they funded their businesses with their own money in the past 12 months. This high reliance on personal savings underlines that most entrepreneurs finance their startups themselves to a significant degree, highlighting the personal financial risk involved in getting their businesses off the ground.

Personal credit cards were the next most popular source for entrepreneurs. Credit cards can meet short-term cash needs or serve as a makeshift loan when other options are not available. This suggests that businesses may often drive up credit card debt, possibly due to lack of the credit history needed to obtain bank loans, or unpredictability in expenses, although this also depends on the industry sector in which the business is operating.

[15] José López-Gracia and Francisco Sogorb-Mira, "Testing Trade-Off and Pecking Order Theories Financing SMEs," *Small Business Economics* 31 (2008): 117–36, https://doi.org/10.1007/s11187-007-9088-4.

Figure 7.4: Relationships between investors and the recipients of their investments by gender, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

Family, relatives, friends, and neighbors was the next most common funding category, consistent with the high concentration of informal investments in investors' close networks reported earlier in this chapter.

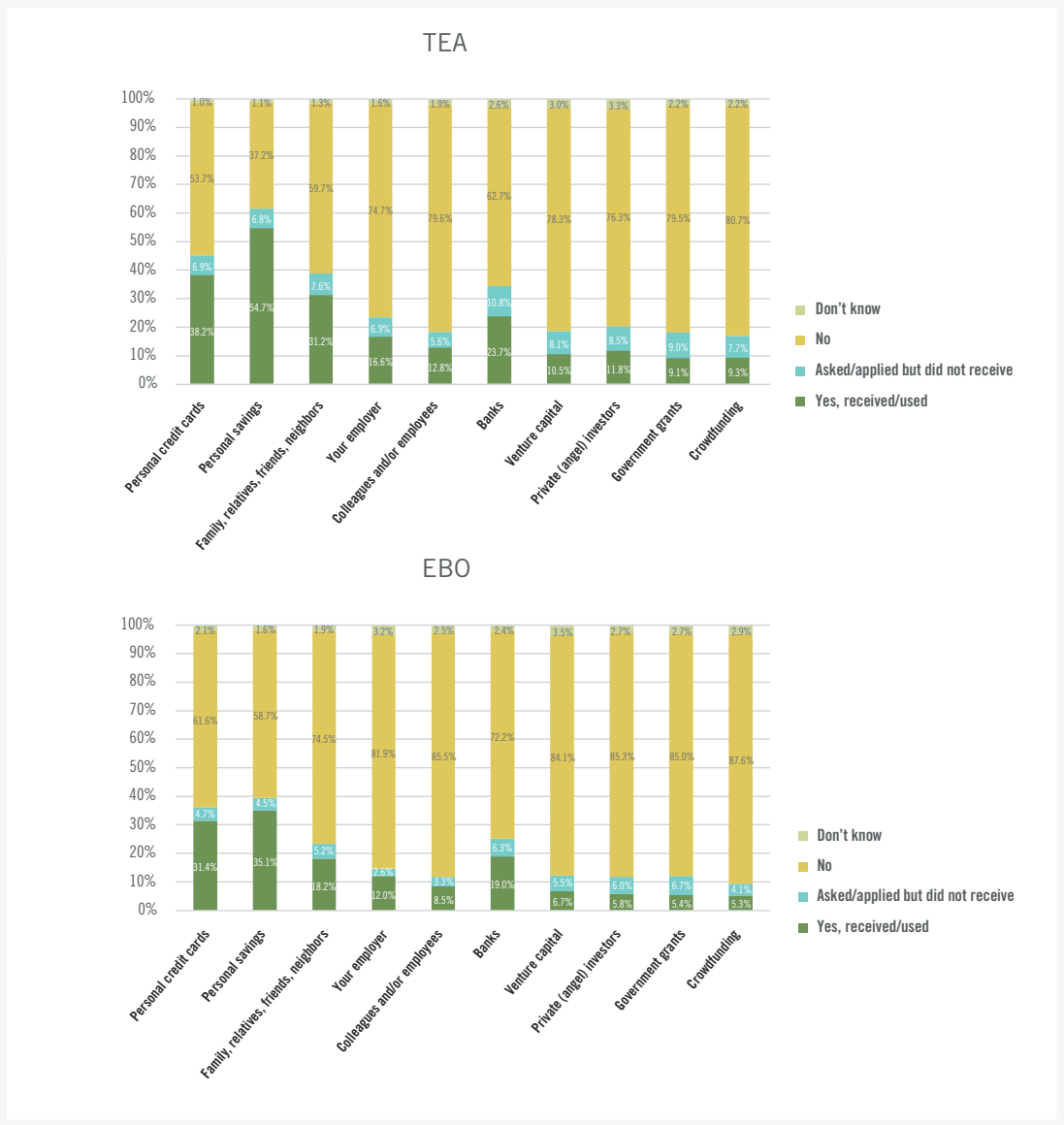
It is noteworthy that less than a fourth of entrepreneurs obtained bank loans, while another tenth did not receive money from banks despite applying for it. Although banks are a traditional source of financing, many startups either do not qualify or prefer not to take on debt early on, and service or transactional businesses often do not have assets or collateral against which loans can be made. Moreover, many entrepreneurs may resist using personal assets like their homes to guarantee a loan. This highlights that access to bank credit may remain limited, and many entrepreneurs must rely on other means.

The United States has a vibrant venture capital scene, yet only 1 in 10 entrepreneurs stated they received venture capital in the past year. The key point is that venture capital serves a niche and is generally for later-stage businesses, which have the ability to scale rapidly. According to Brush and Elam,[16] the average venture capital investment is well over $12 million. Worldwide, less than 0.0001% of all businesses receive institutional venture capital. On the other hand, angel funding is slightly more common, with ventures in earlier stages generally seeking somewhere around $500,000 or less.

A clear pattern emerges in the results for 2025: Compared to established business owners, entrepreneurs were far more likely to tap each of the sources of funding. This indicates that entrepreneurs actively piece together financing from multiple sources, whereas established business owners do not seek external funding as frequently (perhaps relying on retained earnings or having already guided their businesses past their initial growth spurts). Still, like entrepreneurs, in 2025, established business owners used personal savings and credit cards most frequently, once again supporting the idea that internal sources are viewed as less risky than external sources (bank loans and equity).

[16] Brush and Elam, "Clearing the Hurdles."

Figure 7.5: Sources of funding for entrepreneurs and established business owners, 2025

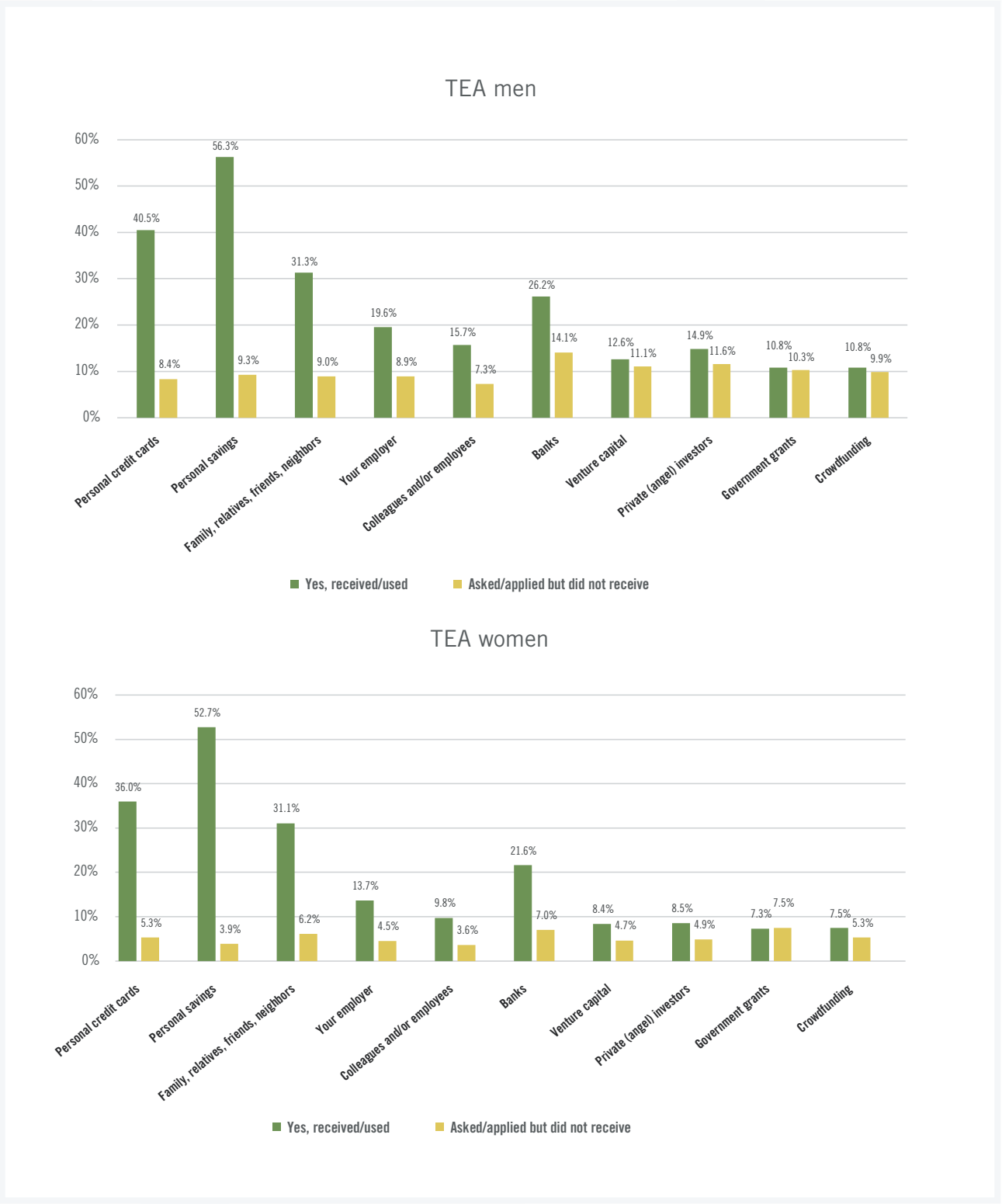


Source: Global Entrepreneurship Monitor, United States, 2025

Collectively, these results paint a picture of entrepreneurs as financially scrappy and resourceful, pulling together money from personal savings, credit, their social networks, and, to a lesser extent, formal channels like banks or investors. Established business owners, by contrast, appear more likely to be self-sufficient or stable—a majority of them did *not* use most of these sources in the past year, which could imply they relied on their businesses' own revenue or simply did not seek growth capital. It is important to remember that many established business owners are running lifestyle or family businesses or else maintaining current operations in companies that are otherwise mature, so they may not be actively seeking new financing every year. The size and age of the business may also influence the perceived risk of seeking outside sources.[17]

[17] López-Gracia and Sogorb-Mira, "Testing Trade-Off and Pecking Order Theories Financing SMEs."

Figure 7.6: Sources of funding for entrepreneurs by gender, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

Gender Differences in Entrepreneurial Financing

Self-funding (personal savings and credit cards) was the top source for entrepreneurs of both genders in 2025 and almost equally prevalent, indicating that both women and men tend to pour their own money into their startups at similar rates. Additionally, both relied on friends and family to the same extent (Figure 7.6).

However, women were less likely than men to use employers and colleagues/employees as a funding source, and they were also less likely to tap institutional sources—banks, venture capital, angels, government grants—and crowdfunding.

With regard to venture capital, men were about 1.5 times as likely to secure it, although this can depend on the stage of business development and the industry sector, as some sectors (e.g., software, technology, biotech, healthcare) are more attractive to venture capital investors than others. This aligns with well-reported figures that women founders receive a disproportionately small share of venture funding: For example, in 2024, just 2.3% of global venture capital went to all-female teams.[18]

The gap also held for angel funding, with men roughly 75% more likely to have received funding from an angel investor. This again underscores the network effect: Although the angel community is less male-dominated than venture capital, especially with the advent of angel groups, men entrepreneurs are more likely to be starting businesses in areas attractive to angels and more integrated into the angel investment network.[19] It is noteworthy that this is consistent with the informal investor data reviewed earlier in this chapter; women were less frequent investors in entrepreneurs and often invested in women founders—so the scarcity of women angels may mean fewer champions for women entrepreneurs.

It is interesting that for every funding source examined, women entrepreneurs were less likely than men entrepreneurs to have sought funding and been rejected. The gaps were especially large for some institutional sources: banks, venture capital, and angel investors. However, this may also be sector-dependent—in other words, men may be more likely to have started businesses in areas that are more attractive to equity investors.

Women may request institutional capital less frequently for a variety of reasons, including having lower expectations for their venture, as they assume they will not be successful in securing financing, or operating in a sector that is less likely to be funded by outside investors. Other potential explanations include supply-side biases (investors/banks favoring ventures led by men or systemic factors like women having a lower credit rating due to income gaps).

However, to the extent that women entrepreneurs end up with a more constrained financing mix, this may restrict business growth. If a woman cannot get a loan or attract an investor, she may have no choice but to keep the business small or grow it slowly using only reinvested earnings. Men, having somewhat better access to external sources of financing, may be able to scale faster or weather losses better thanks to this outside infusion.

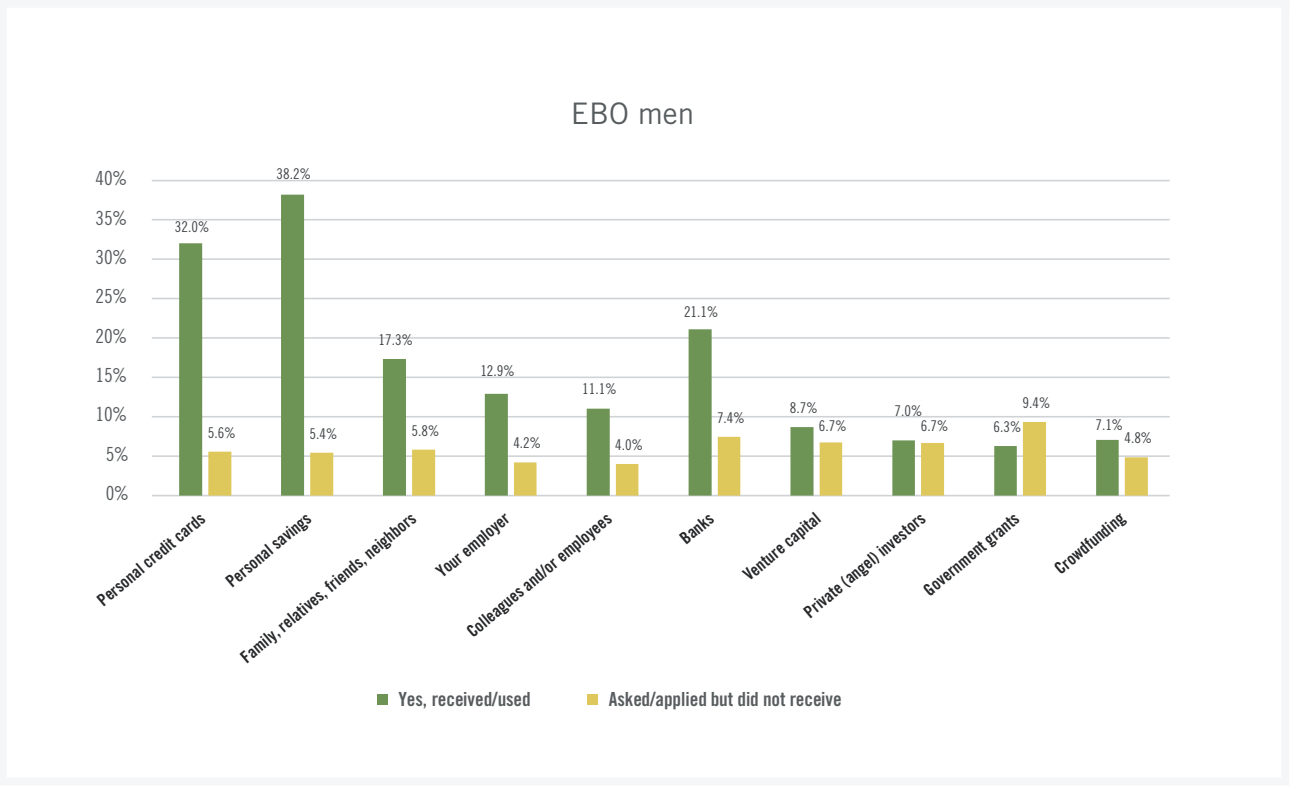
For established business owners, like entrepreneurs, personal savings and credit cards were the sources used most frequently by both genders, with friends and family and banks also popular (Figure 7.7). However, when it comes to institutional sources, men were not only more likely to have received these sources but also more likely to have applied and been refused. For every source studied, though, both genders were more likely to receive these sources as entrepreneurs than as established business owners.

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[18] "Women in VC & Startup Funding: Statistics & Trends (2025 Report)," Founders Forum Group, last modified May 23, 2025, https://ff.co/women-funding-statistics-2025/#:~:text=Women%20in%20VC%20%26%20Startup,of%20VC%20partner%20roles.

[19] Brush and Elam, "Clearing the Hurdles."

Figure 7.7: Sources of funding for established business owners, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

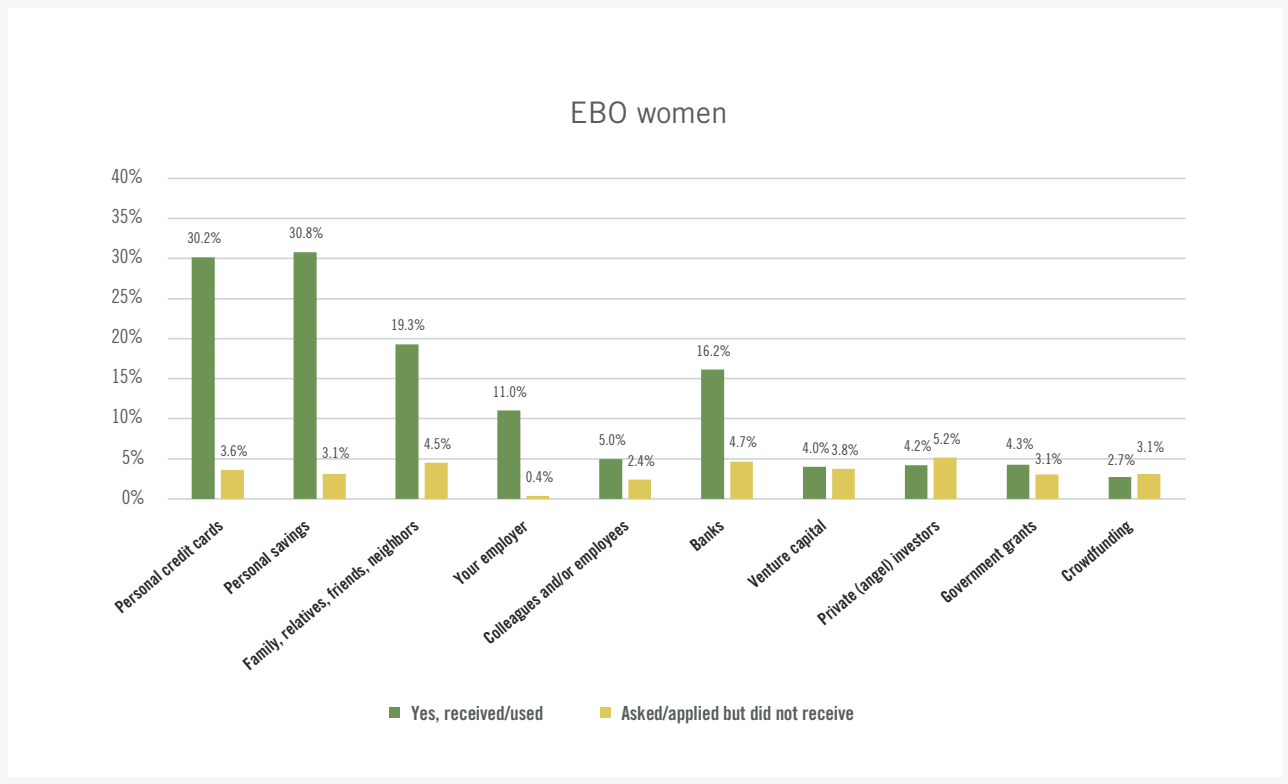
Summary

The financing landscape of U.S. entrepreneurship is characterized by a heavy reliance on personal and informal sources, significant gender disparities, and differences between the needs of entrepreneurs and established business owners. Men are more active as informal investors and contribute larger amounts, and they are more likely to invest in men entrepreneurs.

Entrepreneurs in the United States patch together funding from many sources—primarily their own savings, but also credit cards, family and friends, banks, and occasionally equity investors or crowdfunding. Established business owners, by contrast, are less likely to seek new funds; those who do often turn to banks or reinvest their earnings, with far fewer bringing in outside investors. The data show that venture capital and angel investors, while crucial for some high-growth startups, fund only a small minority of business owners. By far the unsung hero of entrepreneurship finance is personal savings—essentially, entrepreneurs funding themselves—supplemented strongly by credit cards and investments from relatives and friends.

The gender patterns in financing are persistent. Women entrepreneurs continue to face a financing gap: They do not receive external funding, whether from banks or investors, at the same rate as men. In summary, entrepreneurship financing in the United States is marked not only by high personal investment and community support but also by unequal access, with room for improvement.

Figure 7.7 continued: Sources of funding for established business owners, 2025



Source: Global Entrepreneurship Monitor, United States, 2025

In 2024, **just 2.3% of global venture capital went to all-female teams.**

CONCLUSIONS

CONCLUSIONS

1 Record Startup Activity Coupled with Declining Business Survival

U.S. entrepreneurship saw near-record levels in 2025, reflecting a surge of startup activity. Nonetheless, the share of people running established businesses continued to fall, extending a decline that has been ongoing since 2020. Business closures also remained elevated (after spiking in 2020), with over one third of those exiting a business citing lack of profits or an inability to obtain financing. *High closure rates may be linked to the increase in startup attempts in recent years, but the accompanying decrease in EBO suggests that a range of ventures struggle to remain viable, raising questions about sustainability and longer-term contributions to jobs and growth.*

2 Resilient Entrepreneurial Culture, but Policy Questions

In 2025, Americans remained broadly positive about entrepreneurship. Most adults saw it as a good career choice with high status and positive media attention, yet the climate was not without worries. Notably, perceived ease of starting a business declined slightly. In addition, the majority of entrepreneurs expected new tariff policies to impact them, with far more anticipating negative effects (higher costs, supply disruptions) than benefits. *Strong cultural support can fuel entrepreneurship, but emerging policy-related uncertainties, such as tariff policies, could dampen confidence and create additional hurdles on the road to success for new ventures.*

3 Regional Gaps in Entrepreneurship

Among the four U.S. regions, the South and West led in terms of TEA rates and positive public attitudes toward entrepreneurship, whereas the Midwest lagged, reporting weaker capability perceptions, the lowest entrepreneurial intentions, and the lowest TEA and EBO rates (the Northeast fell in the middle on many indicators). *These disparities point to uneven economic dynamism: Vibrant startup scenes in the South and West may be driving faster growth there, while the Midwest's weaker performance may signal structural challenges that could widen regional economic divides if unaddressed.*

4 Youth-Led Startup Surge vs Older Established Business Owners

Younger adults (18–34 years) continued to drive entrepreneurship in 2025, whereas older adults dominated the established business owner category. *This generational split suggests that the nation's startups are increasingly fueled by young people, with fresh ideas and youthful energy being injected into the new business pipeline, while older generations hold the reins of mature firms. This trend highlights potential new directions in future business creation but also indicates evolving needs for mentoring and other means of supporting young entrepreneurs.*

5 Persistent Gender Gaps in Entrepreneurship and Funding

Men remained more likely than women to start and run businesses in 2025, reflecting a persistent participation gap (though women still engaged in entrepreneurship at high rates). This disparity extended to financing, with women entrepreneurs reporting significantly lower access to external capital (bank loans or investors) compared to men. *A persistent gender gap suggests unrealized entrepreneurial potential. Structural barriers like lower investment flows and perceived limits on access to credit may constrain the growth of women-led businesses, with broader implications for economic inclusion and innovation.*

6 Racial/Ethnic Disparities in Startup and Established Business Activity

Entrepreneurship rates among Black and Hispanic Americans were very high in 2025, and these groups continued to outpace White Americans in terms of entrepreneurial activity. However, as in previous years, fewer proportions of Black and Hispanic people were running established businesses compared to White people. *High enthusiasm for startups in communities of color is a positive sign, but the persistent drop-off in mature business ownership is consistent with long-standing challenges (e.g., lack of access to capital, networks, mentorship), which may limit long-term success and wealth creation in these groups.*

7 Traditional Sectors Dominate, but Innovation and Geographical Reach Are Expanding

Despite the buzz around tech startups, most U.S. entrepreneurs still operated in traditional industries in 2025, with wholesale/retail remaining the single largest sector, even as technology-driven fields gained ground. About 4 in 10 entrepreneurs were offering new products or services to at least their local market, and nearly two thirds were serving customers nationwide or internationally. Entrepreneurs also reported higher growth ambitions than established business owners, and many (especially younger or innovation-focused founders) were pursuing social or environmental sustainability goals in their businesses. *U.S. entrepreneurship is rooted in mainstream sectors but far from stagnant: Strong growth, innovation, and geographical expansion, as well as the attention given to sustainability, indicate a forward-looking mindset that could drive competitive advantage and social impact.*

8 Startups Lead in Tech Adoption (in AI and Beyond)

Embracing technology is now the norm among U.S. entrepreneurs. In 2025, virtually all new entrepreneurs considered online tools to be important to their businesses; a consistently smaller proportion of established business owners were of the same opinion. Both new and established business owners acknowledged AI's importance, though they remained cautious about data security, implementation costs, and ethics. *Patterns of technology adoption underscore that new ventures drive innovation and productivity gains. At the same time, caution among entrepreneurs shows a healthy awareness of risks, which could influence how broadly and responsibly these technologies are applied.*

9 Financing Bottlenecks: Self-Funding Prevails Along with Uneven Investor Support

External capital played a relatively small role in U.S. entrepreneurship in 2025. Only a minority of entrepreneurs secured venture capital or angel investment, and even bank loans accounted for a limited share of startup funds. Instead, most entrepreneurs relied heavily on personal savings and credit cards to finance their businesses. Meanwhile, nearly 1 in 10 U.S. adults reported investing informally in an entrepreneur in the past 3 years, but these investments were mostly made by men and predominantly funneled to businesses led by men. *Heavy reliance on personal funds can limit a venture's growth and resilience. Combined with the tariff uncertainties noted earlier, these financing patterns reveal conditions where entrepreneurial success may be constrained by demographic and network factors, potentially stifling equal opportunity and economic scale-up.*

10 Entrepreneurship Thrives in the Military Community

A standout group in 2025 was current and former military personnel. Active-duty military members showed exceptionally high rates of entrepreneurship, far above the national average, and military veterans were disproportionately more likely to be established business owners. This pattern suggests that military experience can foster entrepreneurial skills (such as leadership, resilience, and risk management), which facilitate ventures into business ownership during and after service. *The armed forces may be seeding a robust pipeline of entrepreneurs. A high level of engagement among service members and veterans highlights an often underappreciated source of new businesses. Additionally, it points to the value of skills learned in military service for succeeding in the civilian startup world, as well as the attractiveness of business ownership for those with military experience.*

About the Authors



Donna J. Kelley, PhD, is Professor of Entrepreneurship, Chair of the Entrepreneurship Division, and the Frederic C. Hamilton Chair of Free Enterprise at Babson College. A frequent presenter on the topic of global entrepreneurship, Prof. Kelley has spoken at the United Nations, the U.S. State Department, the World Bank, the U.S. Census Bureau, the Republic of Korea's Small and Medium Business Administration, and the National Governors Association, and to many other executive, policy, and academic audiences around the world. She served on the Board of Directors for the Global Entrepreneurship Monitor (GEM) from 2007 through 2021, and is Co-Leader of the GEM U.S. team. Prof. Kelley has co-authored 44 GEM reports on global entrepreneurship, women's entrepreneurship, family entrepreneurship, entrepreneurship education and training, high-impact entrepreneurship, and entrepreneurship in the United States, the Republic of Korea, Saudi Arabia, and Africa.



Jeffrey P. Shay, PhD, Professor of Entrepreneurship at Babson College, serves as the Chair of the Board of Directors for the Global Entrepreneurship Research Association (GERA)/GEM and is Co-Leader of the GEM U.S. team. Prof. Shay has held endowed positions at Washington and Lee University and the University of Montana and has taught entrepreneurship courses at other leading institutions such as the London School of Economics and Political Science, Peking University, and Cornell University. Focused on the intersection between international business, strategy, and entrepreneurship, his research has been published in premier journals (e.g., *Academy of Management Journal, Journal of International Business Studies, Journal of Management Inquiry, and Harvard Business Review*) and recognized through his receiving the Western Academy of Management (WAM) Ascendant Scholars Award, the WAM Joan G. Dahl Award, and the North American Case Research Fellow Award. Prof. Shay has taught executive education for global organizations and provided case method training for academic institutions around the world.



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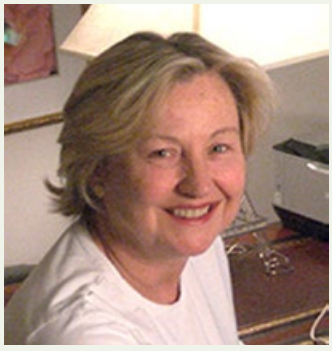
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2025 National Expert Survey (NES)

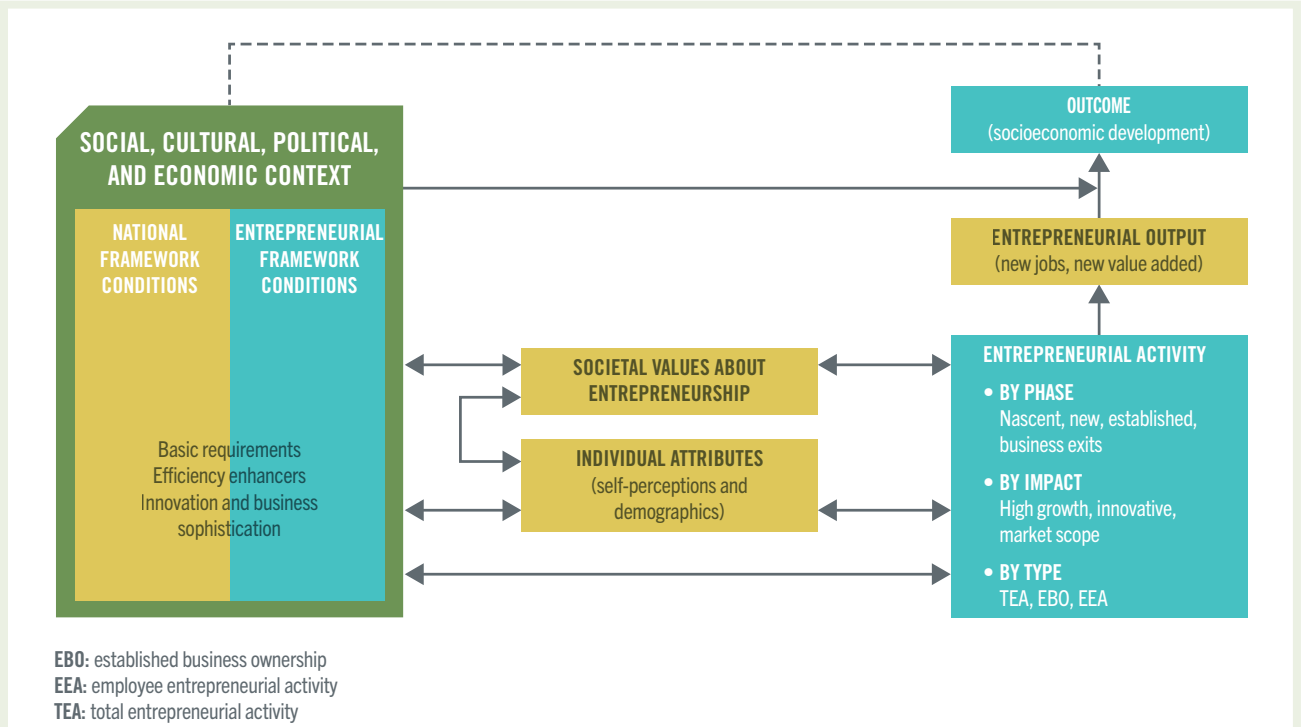
The Global Entrepreneurship Monitor (GEM) United States Report relies primarily on data from over 11,000 respondents to the Adult Population Survey (APS). The research team is also informed by a select group of participants who respond to the NES. Experts may include entrepreneurs, individuals in roles supporting entrepreneurship (e.g., lawyers, consultants, accountants, professors), government officials, infrastructure experts, investors, lenders, educators, researchers, journalists, and professionals from many other areas whose work impacts or is impacted by entrepreneurial activity. These experts provide contextual insights into various facets that compose the entrepreneurial climate in a particular country (e.g., finance, government policies and programs, education and training, R&D transfer, commercial and physical infrastructure, internal market openness, and social and cultural norms). The GEM U.S. team would like to recognize the following individuals who served as experts for our 2025/2026 report:

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APPENDIX: BACKGROUND TO THE GLOBAL ENTREPRENEURSHIP MONITOR (GEM)

Figure A1: The GEM Conceptual Framework



Source: GEM Global Report, 2025/2026

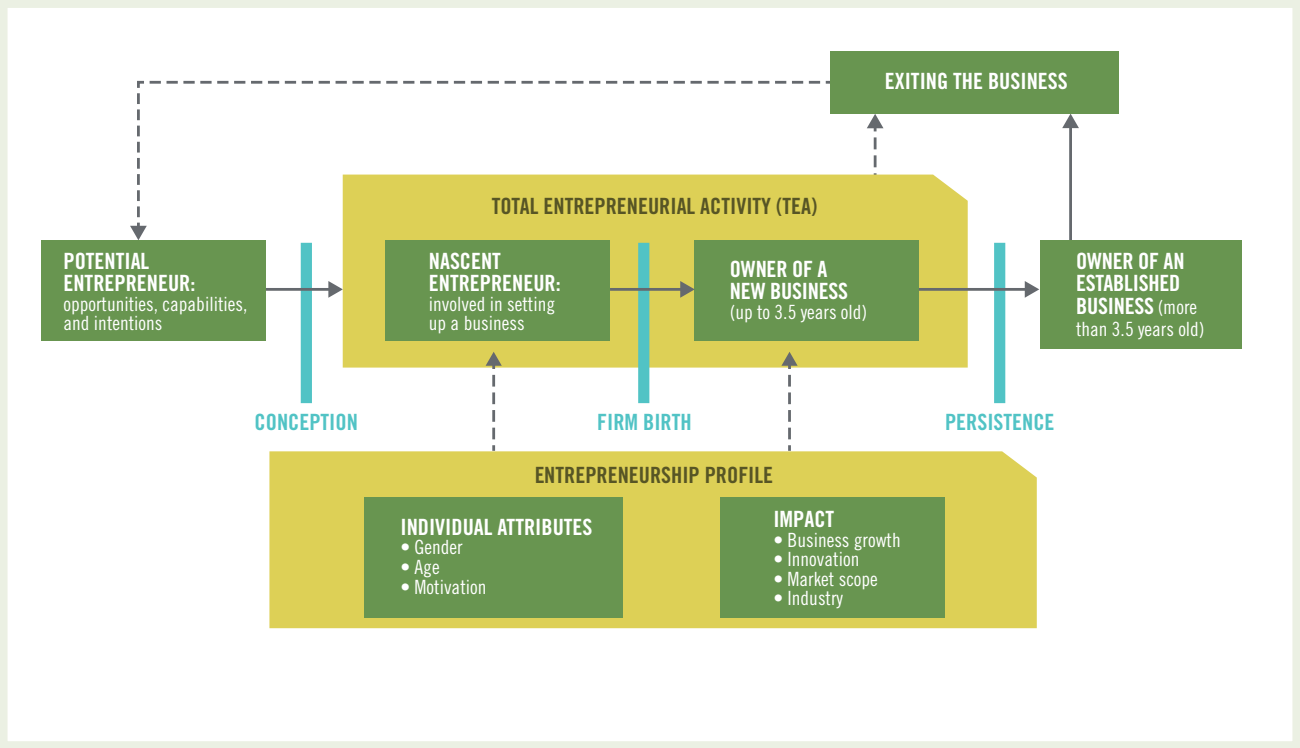
GEM is an annual global entrepreneurship research project in which the Adult Population Survey (APS) and National Expert Survey (NES) are administered by research teams in each participating economy. With its 2025 survey, GEM celebrates 27 years of collaborative research on entrepreneurial activity around the world. What began with just 10 participating economies in 1999 has grown to become the world's largest and longest-running study of entrepreneurship. Since its founding, GEM has become the most trusted and frequently used source of entrepreneurship data and information among researchers, 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 that influences that decision and its execution, both directly (by resource availability) and indirectly (via social goals and values). The relevant environment may be local, regional, or national, or a combination of the three, depending on the nature and size of the new firm.

The decision to start a business is then placed within a social, economic, and political framework, which influences the decision in terms of variables such as sector selection, scope of operations, and degree of ambition and innovation. These characteristics, in turn, influence how the new firm affects other elements such as employment creation, value addition, and, eventually, economic development.

GEM celebrates
27 years
of collaborative research

Figure A2: The entrepreneurship process and GEM indicators



Source: GEM Global Report, 2025/2026

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.

GEM employs two primary research tools: the APS, which is 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 are already running new enterprises less than 42 months old, represented as total entrepreneurial activity (TEA).

Those owning and managing businesses 42 months old 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 and ambitions, as well as the characteristics of their businesses. Additionally, all respondents answer questions about societal attitudes, affiliations, and self-perceptions regarding entrepreneurship, as well as their intentions to start a business in the future.

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 with an interest and competence in entrepreneurship. A central technical and administrative team oversees the survey process and compiles the results, providing a globally comparable dataset.

After the Global Report is issued each year, national teams create and publish their own national reports online. GEM reports are posted on the GEM website (www.gemconsortium.org). GEM may add extra questions to the survey to explore particular topics pertinent to entrepreneurship. The uniformity of the questions in the GEM surveys—asked across nations and over time, and answered by a large random sample of adults and a variety of experts in each participating economy—makes GEM a valuable resource for policymakers and academic researchers.

Many approaches are used to determine the level of entrepreneurship in an economy. Most government statistics use new firm or tax registrations as a measure of entrepreneurship. 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 could be for a variety of reasons. For example, a business may begin informally and be very small; an owner may be waiting to see if the business works; or the registration process may be costly, complicated, or overly bureaucratic.

Another metric used to determine the level of entrepreneurship is the number of self-employed people; many of these individuals—such as journalists, musicians, and taxi drivers—work only for themselves 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 capturing activity in the informal economy in a way that official statistics cannot. This is a major differentiating factor for GEM in comparison with 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 spent 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 to be a nascent firm and the individual to be a nascent entrepreneur. If wages have been paid for 3 months or more but less than 3.5 years, GEM considers the firm to be a new business and the individual to be 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 to be an established firm and the individual to be an established business owner.

Figure A2 also depicts the entrepreneurship timeline, from potential entrepreneurs identifying new opportunities to pursue to when they begin expending resources to become nascent entrepreneurs and, finally, to when they become new business owners after paying wages for 3 months. Of course, an entrepreneur may leave the business at any time, and it may or may not continue without them. If the new business survives past 42 months, it will become established.

The decision to establish a new firm is made within a specific context, which can either assist or hinder the startup and growth of a business. As such, the NES supplements the APS by providing insights into the quality of the environment within which entrepreneurial activity occurs. Each participating national team surveys at least 36 national experts who rate the quality of the following 13 framework conditions:

A1. Entrepreneurial finance

A2. Ease of access to entrepreneurial finance

B1. Government policy: support and relevance

B2. Government policy: taxes and bureaucracy

C. Government entrepreneurship programs

D1. Entrepreneurship education at school

D2. Entrepreneurship education post-school

E. Research and development transfer

F. Commercial and professional infrastructure

G1. Ease of entry: market dynamics

G2. Ease of entry: burdens and regulations

H. Physical infrastructure

I. Social and cultural norms



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