



National Report Puerto Rico 2024

Puerto Rico National Report 2024 – Global Entrepreneurship Monitor (GEM)

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The authors acknowledge the social and linguistic relevance of naming sex differences and their correlate in grammatical gender. However, to avoid constant repetition in this document, the masculine gender has been used generically when referring to both female and male individuals. The interpretation of the results in this report is the sole responsibility of the authors, not the GEM consortium.

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INTRODUCTION

Puerto Rico faces a series of demographic and economic challenges that directly impact its ability to achieve sustainable development. Population aging, a low birth rate, and youth emigration, along with high energy costs, the government's fiscal situation, and other socioeconomic challenges, are exacerbated by the volatility of the global economy. These factors have prompted both the public and private sectors to place greater emphasis on entrepreneurship as a key strategy for economic development, both in the short and long term.

In this context, entrepreneurship is positioned as a fundamental mechanism for boosting the local economy, fostering innovation, and generating new job opportunities. All sectors that influence the country's economic development—the public, private, and non-profit sectors—actively participate in the implementation of various initiatives and partnerships aimed at promoting and strengthening entrepreneurship in Puerto Rico. These actions are coordinated within an ecosystem that responds to the island's specific socioeconomic and cultural characteristics.

This process requires reliable data to monitor the performance of the entrepreneurial ecosystem. In this regard, since 2013, the Río Piedras Campus of the University of Puerto Rico has contributed to strengthening the ecosystem through research projects such as the Global Entrepreneurship Monitor (GEM). This initiative is the world's most recognized academic research project for measuring entrepreneurial activity in participating countries, also allowing for comparative analyses between different economies. Its methodology considers both individual activities and the economic, social, and cultural factors that influence entrepreneurial initiatives.

The research comprises two surveys: the Adult Population Survey (APS) and the National Expert Survey (NES). These surveys provide the indicators used to evaluate entrepreneurial activity in Puerto Rico. This report presents the results for the 2024 research cycle and includes longitudinal analyses of the main metrics used to measure the health of the ecosystem. It also explores entrepreneurship among adults over 45 years of age, who are starting businesses at higher rates than younger people, demonstrating this group's potential to actively contribute to the country's economic development.

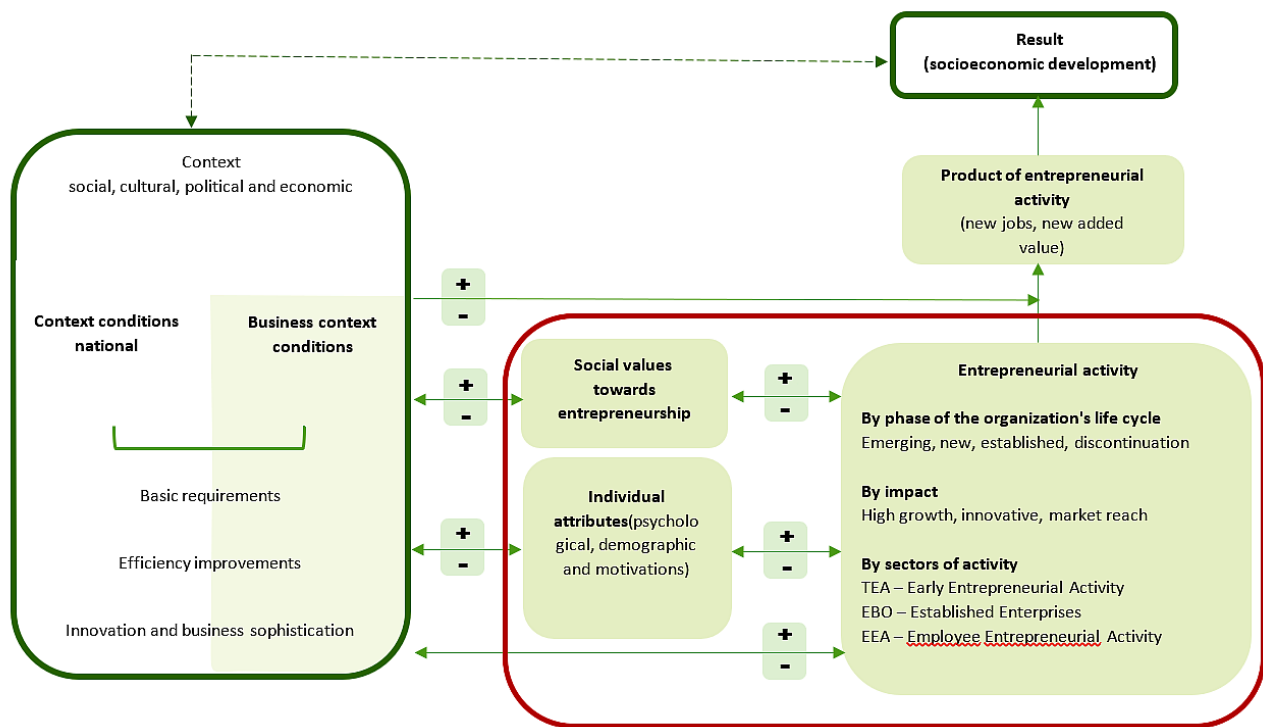
CHAPTER 1. GEM CONCEPTUAL FRAMEWORK

1.1 GEM Theoretical framework

Since 1999, the Global Entrepreneurship Monitor (GEM) has been the most representative study of entrepreneurial activity worldwide, a product of a partnership between Babson College and London Business School. The study's rigor makes it a key resource for policymakers who support entrepreneurship, for entrepreneurial programs within various ecosystems, for academics in the field of entrepreneurship, for entrepreneurs themselves, and for other entities that sponsor the entrepreneurial process.

Puerto Rico began participating in GEM in 2013, and the data generated since then is summarized in reports that analyze the evolution of entrepreneurship on the island. The collected data and reports are publicly available¹ to researchers, businesses, government, and other entities interested in the development of entrepreneurship in Puerto Rico. Figure 1 illustrates the GEM conceptual model.

Figure 1. GEM conceptual model.

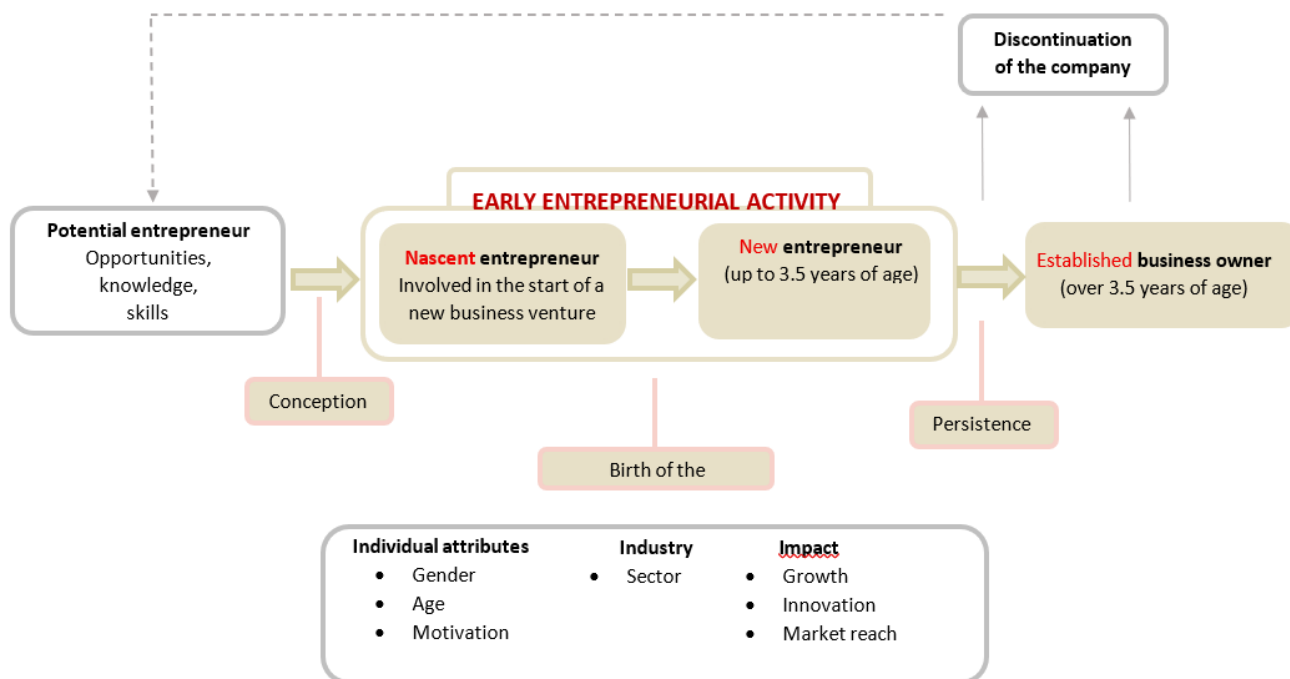


Source: Adapted from GEM (Global Entrepreneurship Monitor) (2023). Global Entrepreneurship Monitor 2023/2024. Global Report: Adapting to a “New Normal”. London: GEM.

¹<https://gem.uprrp.edu>

According to the GEM model, the social, cultural, political, and economic context influences, and is in turn influenced by, societal values toward entrepreneurship and the individual attributes of entrepreneurs. These factors, in turn, impact and are influenced by entrepreneurial activity. Meanwhile, the development of entrepreneurial activities results in job creation and added value, and therefore, in socioeconomic development for the country (see Figure 2).

Figure 2. The entrepreneurial process.



Source: Adapted from GEM (Global Entrepreneurship Monitor) (2023). Global Entrepreneurship Monitor 2023/2024. Global Report: Adapting to a “New Normal”. London: GEM.

1.2 GEM Methodology

Each country participating in the GEM uses the same methodology and questions, with translations into the different national languages. The sample design and results are reviewed and harmonized by an international statistical team to ensure their quality and comparability.

The GEM research consists of two surveys. The first survey targets the adult population (Adult Population Survey or APS) and uses a random, representative sample of at least 2,000 adults aged 18 to 64. The sample design considers the geographic, gender, and age distribution of the population. Its objective is to obtain indicators of entrepreneurial activity for each participating country, such as the percentages of the population actively involved in processes related to creating or managing a business at different stages of development, whether startup, new, or established. The characteristics, activities, attitudes, motivations, and ambitions of the population regarding the

entrepreneurial process are also studied. In Puerto Rico, the APS survey was conducted by telephone between June and September 2024 by Gaither International Inc.

The second survey consists of an opinion panel with a minimum of 36 national experts (National Expert Survey or NES). The survey gathers opinions on the factors that impact the type and level of entrepreneurial activity in the country under study. The expert sample is selected by convenience sampling. However, GEM requires that at least 25% of the experts be small, medium, or large business owners. The results of this expert survey are significant for reviewing and developing public policies aimed at fostering a stronger entrepreneurial ecosystem. In Puerto Rico, the NES is conducted by a team of researchers from the School of Business at the University of Puerto Rico - Río Piedras Campus. The survey is conducted online, virtually, and in person between April and June. In 2024, 36 experts participated in the survey.

1.3 Classification of participating countries in GEM 2024

Based solely on the gross domestic product per capita (GDP/capita) reported by the World Bank, GEM classifies participating economies as low, middle, or high income. For GEM 2024, the thresholds used to categorize participating economies are as follows:

1. Level A: economies with a GDP per capita above \$50,000.
2. Level B: economies with a GDP per capita between \$25,000 and \$50,000.
3. Level C: economies with a GDP per capita of less than \$25,000.

Using this criterion, Puerto Rico is considered a middle-income country. According to the World Bank, Puerto Rico's GDP per capita in 2024 was \$39,285.²

1.4 GEM 2024 participating countries

For the 2024-2025 GEM, 51 countries participated in the Adult Population Survey (APS), including Ukraine with limited participation, while 56 countries completed the National Expert Survey (NES). Puerto Rico participated in both surveys.

²https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=PR&utm_source

Table1. GEM 2024 participating countries, by geographic region and income level.

Geographic region	Low income <25,000	Average income 25,000-50,000	High income >50,000
Africa and Middle East	Egypt Morocco South Africa*	Oman	Saudi Arabia Bahrain* Taste Israel
Asia and Pacific	Armenia China India Indonesia* Thailand	Kazakhstan	South Korea United Arab Emirates Japan* Taiwan
Latin America and the Caribbean	Brazil Ecuador Guatemala	Argentina Chili Costa Rica Mexico Puerto Rico Uruguay* Venezuela	
Europe and North America	Bosnia and Herzegovina Jordan Ukraine	Belarus Croatia Slovakia Estonia Greece Hungary Latvia Poland Romania Serbia	Germany Austria Canada Cyprus Slovenia USA Spain France Lithuania Luxembourg Norway United Kingdom Sweden Swiss

*Countries that only participated in the NES, not the APS. As a result, 51 participated in the APS and 56 They participated in the NES.

► Countries that moved up a level.

CHAPTER 2. PERCEPTIONS AND ATTITUDES OF THE ADULT POPULATION REGARDING ENTREPRENEURSHIP IN PUERTO RICO

All participants in the Adult Population Survey (APS) respond to a series of questions designed to assess their attitudes, perceptions, and motivations related to entrepreneurship. The results presented in this chapter compare the responses obtained in Puerto Rico with those of the 51 economies participating in the 2024 Global Entrepreneurship Monitor (GEM), classified by income level and geographic region. These results are also compared with the responses collected in the 2023 GEM Puerto Rico survey.

2.1 Recognition of opportunities and ability to undertake a business

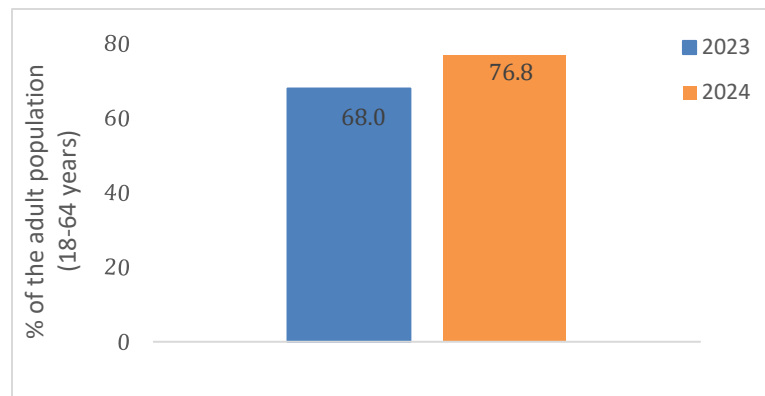
When asked, “Do you know anyone who has started a business in the last year?”, 76.8% of respondents answered yes. This figure is 8.8% higher than the result from the 2023 survey, placing Puerto Rico fourth among the 51 economies that participated in the 2024 study and above the average for the Latin America and Caribbean region (see Table 2 and Figure 3). Table 3 also shows that entrepreneurship is more prevalent in Puerto Rico than in the United States.

Table 2. Knowledge about entrepreneurship 2024.

	% Of adult population (18-64 years)
Puerto Rico	76.8%
Position among participating economies	4/51
Geographic region: Latin America and the Caribbean USA	65.6% 53.0%
Income level: Low income Average income High income	57.4% 57.0% 54.9%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 3. Comparison of knowledge about entrepreneurship in Puerto Rico 2023 vs 2024.



Sources: GEM Puerto Rico. (2024 and 2023). Retrieved from <https://gem.uprrp.edu/>.

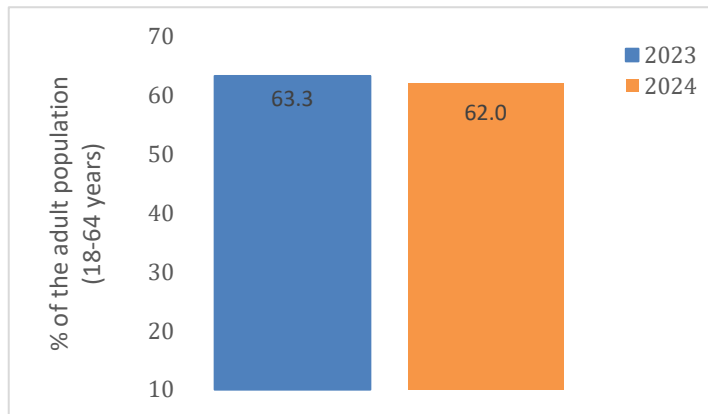
This information becomes even more relevant when examined in relation to the responses to the question: “In the next six months, will there be good opportunities to start a business in the area where you live?” Approximately 6 out of 10 respondents (62.0%) indicated that there will be good opportunities to start a business in their area. Although this proportion is 1.3% lower than the figure reported in 2023, the perception of good opportunities remains higher in Puerto Rico than the averages for Latin America and the Caribbean, the United States, and middle-income economies (see Table 3 and Figure 4).

Table 3. Opportunity to start a business in the next six months in the area where you live 2024.

	% Of adult population (18-64 years)
Puerto Rico	62.0%
Position among participating economies	14/51
Geographic region: Latin America and the Caribbean USA	61.6% 59.3%
Income level: Low income Average income High income	60.8% 54.8% 52.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 4. Comparison of the opportunity to start a business in the area where you live in Puerto Rico 2023 vs 2024.



Sources: GEM Puerto Rico. (2024 and 2023). Retrieved from <https://gem.uprrp.edu/>.

Another important dimension is the perceived capacity to start a business. This was measured by asking: “Do you personally have the knowledge, skills, and experience necessary to start a new business?” The responses show that nearly 8 out of 10 respondents (76.1%) believe they possess the skills and experience needed to start a business (see Table 4). Compared with the 2023 results, 4.7% more Puerto Ricans expressed confidence in their capacity to start a business in 2024 (see Figure 5).

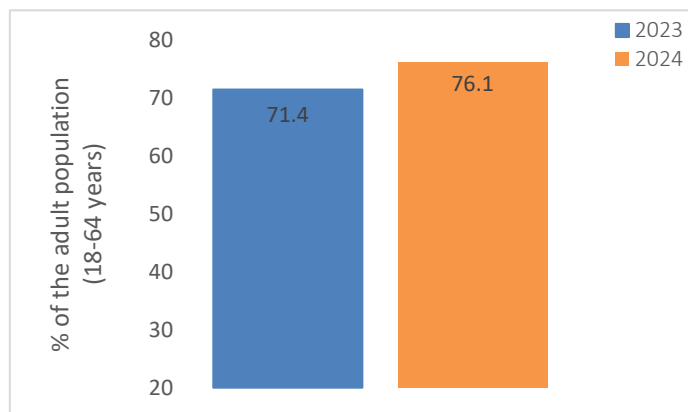
Relative to other participating countries, Puerto Rico ranks 7th out of 51. When compared with economies in Latin America and the Caribbean, Puerto Rico's perceived capacity is 1.1% lower; however, it is 20.4% higher than the self-assessed capacity reported in the United States (see Table 4). Furthermore, Puerto Rican respondents' perceived capacity to start a business is 15.8 percentage points higher than the average for middle-income countries.

Table 4. Perception of ability to start a business in 2024.

	% Of adult population (18-64 years)
Puerto Rico	76.1%
Position among participating economies	7/51
Geographic region:	
Latin America and the Caribbean	75.0%
USA	55.70%
Income level:	
Low income	69.7%
Average income	60.3%
High income	54.3%

Sources: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 5. Comparison of the perceived ability to start a business in Puerto Rico 2023 vs 2024.



Sources: GEM Puerto Rico. (2024 and 2023). Retrieved from <https://gem.uprrp.edu/>.

In summary, most of the adults surveyed know someone who has started a business in the last two years, see opportunities to start businesses in their community, and believe they have the capacity to do so. Does this mean that most respondents see themselves as entrepreneurs in the future?

The answer to the question "Would you not start a business for fear of failure?" suggests that, despite having role models, perceiving opportunities, and feeling capable of starting a business, just over 4 out of 10 respondents (45.8%) would not do so due to fear of failure (see Table 5).

Table 5. Fear of failure when starting a business 2024.

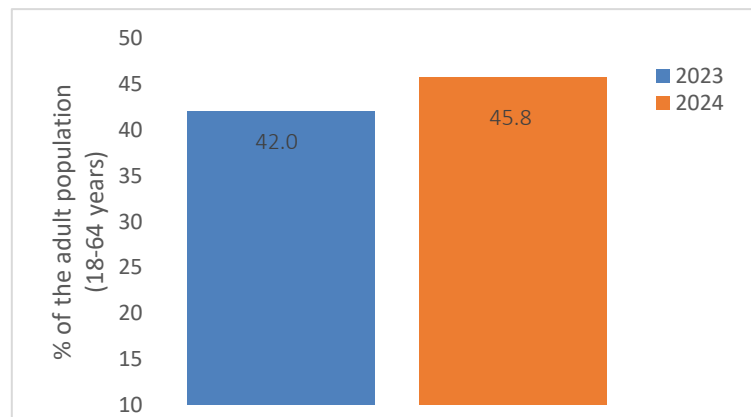
	% Of adult population (18-64 years)
Puerto Rico	45.8%
Position among participating economies	33/51
Geographic region:	
Latin America and the Caribbean	41.3%
USA	49.5%
Income level:	
Low income	51.7%
Average income	46.0%
High income	48.6%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

According to GEM 2024 data, Puerto Rico has a fear of failure rate of 45.8%, representing a 3.8 percentage point increase compared to 2023 (42.0%; see Figure 6). Although this figure remains lower than the average observed in the United States, the year-over-year increase may reflect a growing perception of risk among potential local entrepreneurs (see Table 5). Furthermore, compared to the 2019 figure (33.2%), there has been a cumulative increase of 12.6 percentage points, confirming an upward trend in this psychological barrier to entrepreneurship.

This surge in fear of failure could be linked to multiple factors, including the prolonged economic crisis, persistent problems with electricity supply, inflation, and the lingering effects of the pandemic. Taken together, these elements may be creating a climate of greater caution among the population, limiting entrepreneurial initiative. This trend underscores the importance of designing public policies that strengthen confidence, foster business resilience, and reduce perceived barriers to starting a business.

Figure 6. Comparison of fear of failure when starting a business in Puerto Rico 2023 vs 2024.



Sources: GEM Puerto Rico. (2024 and 2023). Retrieved from <https://gem.uprrp.edu/>.

Another way to assess whether respondents see themselves as future entrepreneurs is to ask them directly if they intend to start a business. To this end, the following question was posed: Do you expect

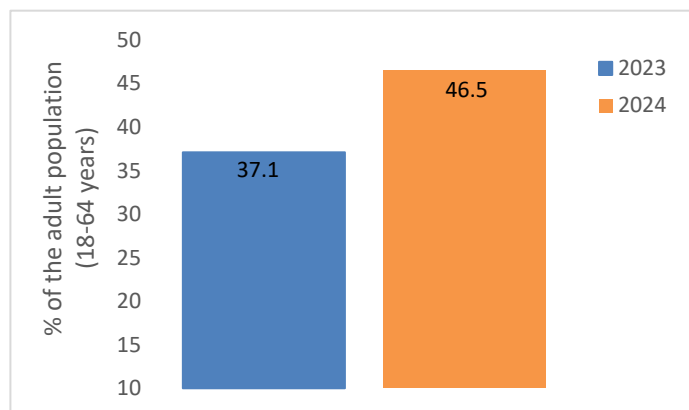
to start a business in the next three years? Nearly 5 out of 10 respondents (46.5%) indicated that they intend to start a business within that period. For this metric, Puerto Rico ranks 4th out of 51 participating countries. Compared with the Latin America and Caribbean region, the intention to start a business in Puerto Rico is 8.3 percentage points higher, and it is double that of the United States (46.5% vs. 23.0%). Relative to 2023, entrepreneurial intention in Puerto Rico increased by 9.4 percentage points in 2024 (46.5% compared to 37.1%), indicating that entrepreneurial spirit strengthened during the year (see Table 6 and Figure 7).

Table 6. Intention to start a business in the next three years, by 2024.

	% Of adult population (18-64 years)
Puerto Rico	46.5%
Position among participating economies	4/51
Geographic region:	
Latin America and the Caribbean	38.0%
USA	23.0%
Income level:	
Low income	36.3%
Average income	25.0%
High income	23.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 7. Starting a business in the next three years: 2024 vs 2019.



Sources: GEM Puerto Rico. (2024 and 2023). Retrieved from <https://gem.uprrp.edu/>.

Regarding all the constructs analyzed to identify differences in individual attributes (see Table 7), Puerto Rico’s strongest performance over the past two years has been in knowledge about entrepreneurship, where it ranks 4th among the participating economies. In contrast, its greatest challenge is reflected in the high level of fear of failure when starting a business, which places Puerto Rico in 33rd position.

Table 7. Individual attributes of opportunities and entrepreneurial capacity for 2024.

	Knowledge of entrepreneurship in the last two years	Opportunity to start a business in the area where you live	Perception of ability to start a business	Fear of failure when starting a business	Intention to start a business in the next three years
Puerto Rico	76.8%	62.0%	76.1%	45.8%	46.5%
Position among participating economies	4/51	14/51	7/51	33/51	4/51
Geographic region:					
Latin America and the Caribbean	65.6%	61.6%	75.0%	41.3%	38.0%
USA	53.0%	59.3%	55.7%	49.5%	23.0%
Income level:					
Low income					
Average income	57.4%	60.8%	69.7%	51.7%	36.3%
High income	57.0%	54.8%	60.3%	46.5%	25.0%
	54.9%	52.5%	54.3%	48.6%	23.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

2.2 Longitudinal analysis of perceptions and attitudes regarding entrepreneurship for 2013–2024

A longitudinal analysis of constructs related to perceptions and attitudes toward entrepreneurship allows us to examine how the entrepreneurial ecosystem in Puerto Rico has evolved and improved over time. Table 8 and Figures 8 through 13 illustrate the evolution of these variables.

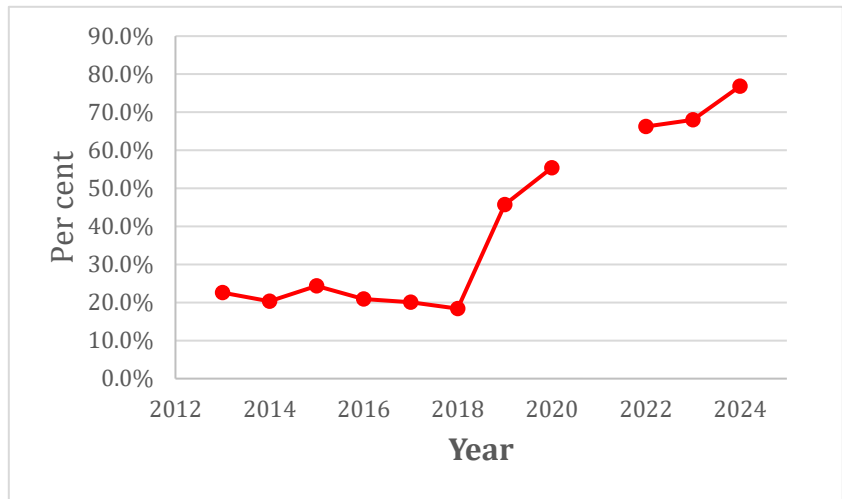
*Table 8.
Longitudinal
analysis of
perceptions and
attitudes towards
entrepreneurship
2013 to 2024.*

	Knowledge of entrepreneurship in the last two years	Opportunity to start a business in the area where you live	Perception of ability to start a business	Fear of failure when starting a business	Intention to start a business in the next three years
2013	22.6%	28.3%	53.0%	24.6%	13.1%
2014	20.3%	25.1%	48.8%	24.0%	12.5%
2015	24.4%	25.0%	50.4%	17.7%	11.1%
2016	20.9%	25.1%	47.9%	20.1%	19.4%
2017	20.1%	28.0%	46.7%	28.6%	18.3%
2018	18.4%	35.2%	47.5%	20.7%	22.9%
2019	45.7%	39.4%	55.7%	33.2%	23.9%
2020	55.4%	60.0%	66.5%	43.2%	26.1%
2022	66.2%	64.1%	68.9%	44.9%	27.3%
2023	68.0%	63.3%	71.4%	42.0%	37.1%
2024	76.8%	62.0%	76.1%	45.8%	46.5%
Average	39.89%	41.41%	57.54%	31.35%	23.47%
Difference (2024-2019)	31.10%	22.60%	20.40%	12.60%	22.60%

Sources: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 8 shows that the adult population reported knowing new entrepreneurs **three times more often in 2024 than in 2013**, representing a **54.2% increase**. This metric reflects a significant improvement since 2019.

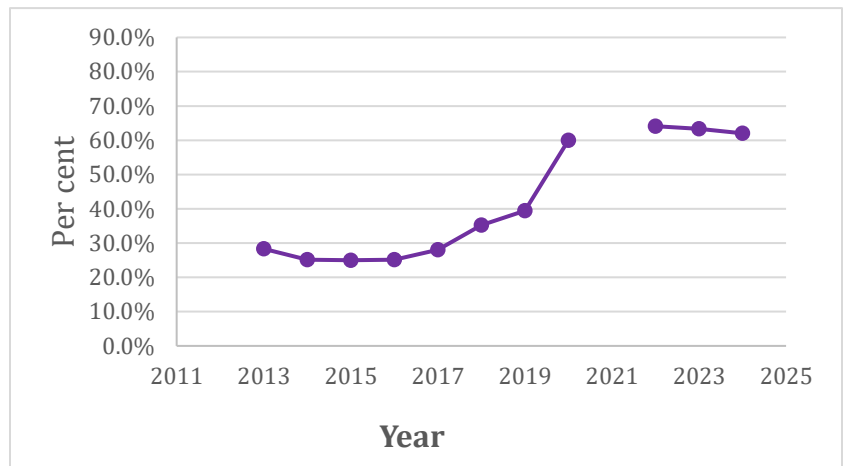
Figure 8. Longitudinal analysis of knowing someone who started a business in the last year 2013-2024



*Puerto Rico did not participate in the GEM in 2021.
Sources: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Although the perception of entrepreneurial opportunities in one’s area of residence remained high in 2024 (62.0%), it showed a slight decrease compared with the values reported in 2022 (64.1%) and 2023 (63.3%). Despite this decline, the indicator remains well above the level recorded in 2013 (28.3%), representing more than a twofold increase over the past decade.

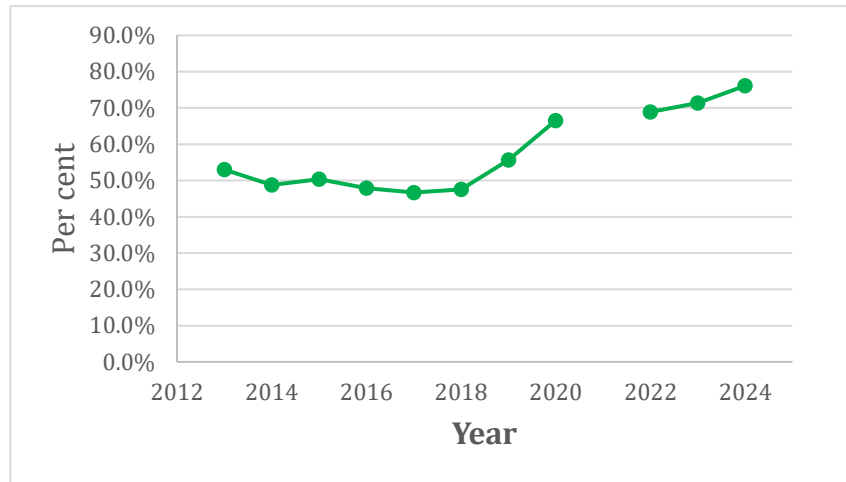
Figure 9. Longitudinal analysis of the recognition of opportunities to start a business in the next 6 months in Puerto Rico 2013-2024.



*Puerto Rico did not participate in the GEM in 2021.
Sources: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Likewise, as shown in Figure 10, the self-assessment of the ability to start a business has demonstrated positive growth since 2018, with a 23.1% increase between 2013 and 2024. Although this increase is not as pronounced as the two previous indicators, it nevertheless reflects a strengthening of the entrepreneurial mindset. Another positive sign is the trend in fear of failure, which had been steadily rising until 2022 but decreased in 2023 and remained relatively stable in 2024 (45.8%) (see Figure 11).

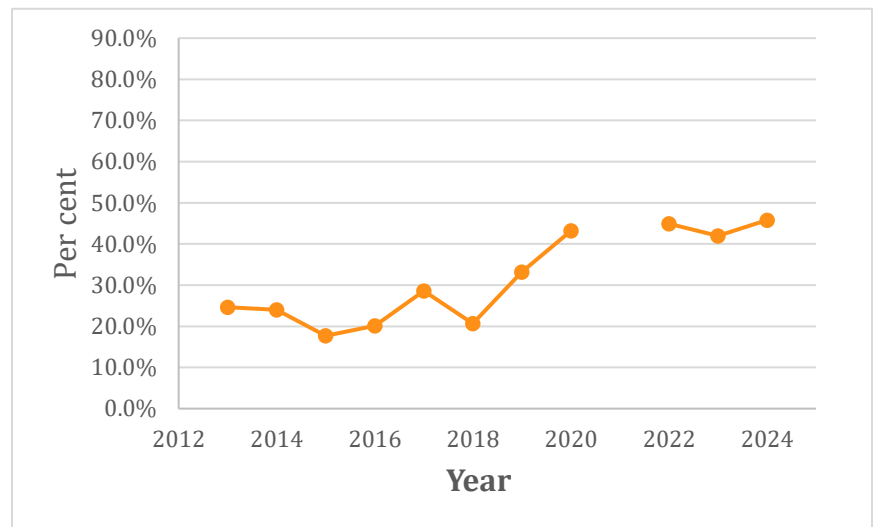
Figure 10. Longitudinal analysis of the perceived ability to start one's own business in Puerto Rico 2013-2024.



*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 11. Longitudinal analysis of the fear of failure when starting a business 2013-2024.

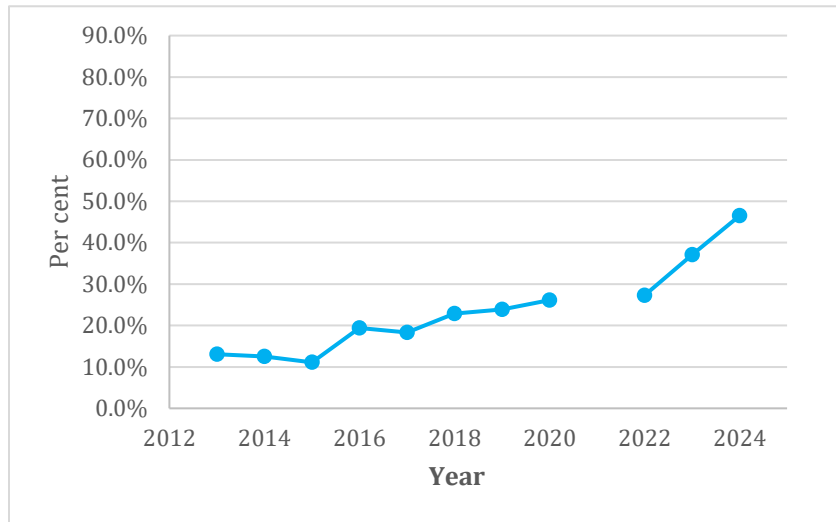


*Puerto Rico did not participate in the GEM in 2021.

GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Finally, the analysis of the intention to start a business within the three years following the interview shows that, in 2024, the likelihood of doing so was more than triple the level reported in 2013 (see Figure 12). This increase is most pronounced during the 2023–2024 period and, although speculative, likely began in the last quarter of 2020 due to job losses and the direct subsidies provided to the population to offset income reductions during the pandemic.

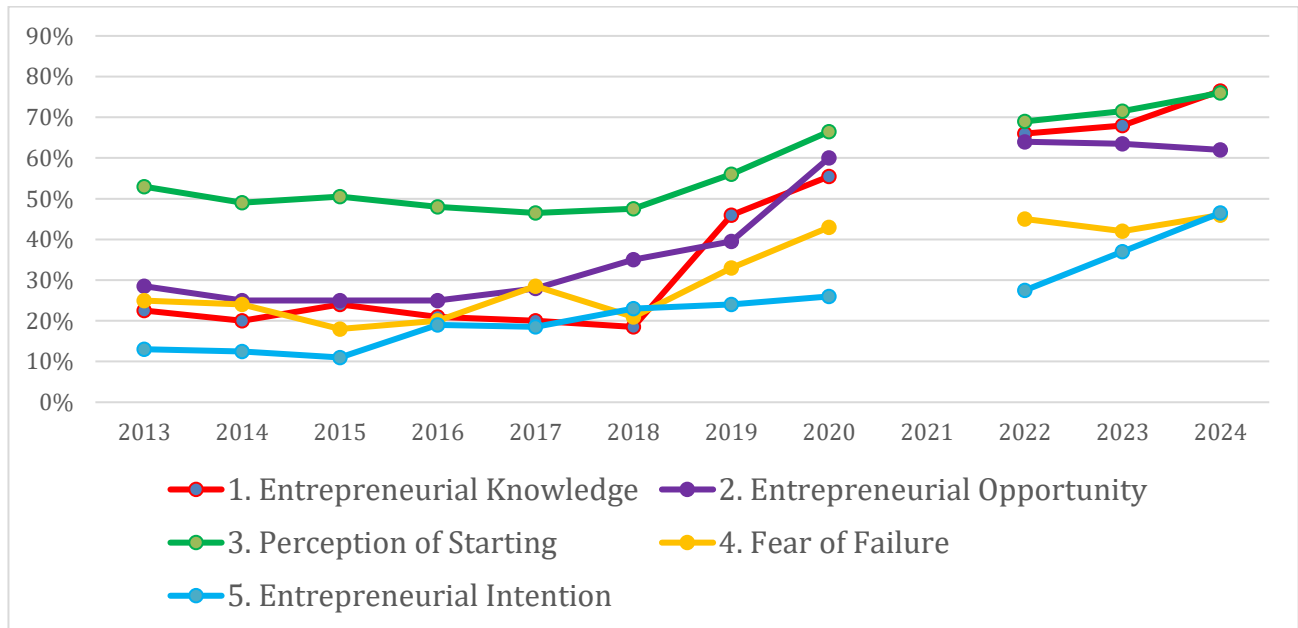
Figure 12. Longitudinal analysis of whether you expect to start a business in Puerto Rico within the next 3 years 2013-2024.



*Puerto Rico did not participate in the GEM in 2021.
 Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

In summary, over the last ten years (2013–2024), the positive evolution of the entrepreneurial mindset among Puerto Ricans has been notable (see Figure 13).

Figure 13. Longitudinal analysis of individual attributes of opportunities and capacity to undertake entrepreneurship in Puerto Rico 2013-2024.



CHAPTER 3. CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY IN PUERTO RICO

3.1 Phases of the entrepreneurial process in Puerto Rico

Under the methodology used in GEM, the key metrics that define levels of entrepreneurship are Total Early-Stage Entrepreneurial Activity (TEA) and Established Business Owners (EBO). The rates of nascent and new entrepreneurship comprise the TEA indicator. A *nascent entrepreneur* is anyone who has spent resources on activities to start a business that has not paid wages or generated income for its owners for at least three months as of the survey date. *New entrepreneurial activity* refers to any owner or manager of an active business less than 3.5 years old (42 months) that has paid wages or generated income for at least three months. An *established business owner (EBO)* is any owner or manager of an active business that has generated income or paid wages for more than 3.5 years.

3.2 Total Early-Stage Entrepreneurial Activity (TEA)

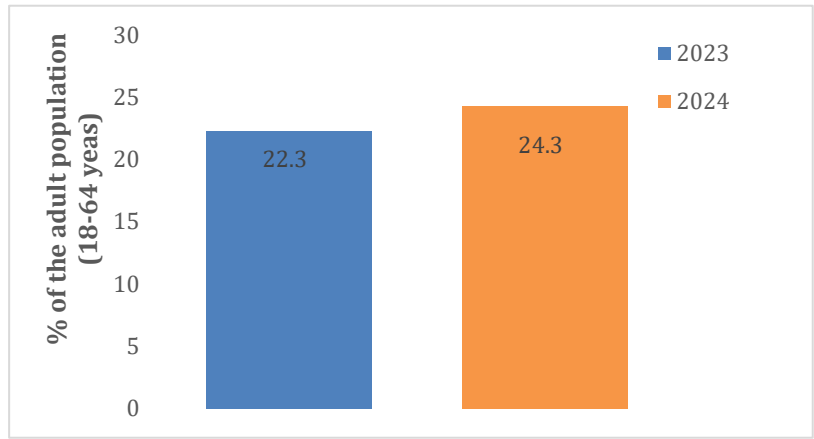
In 2024, Puerto Rico ranked 4th out of 51 countries in nascent entrepreneurial activity, 11th out of 51 in new entrepreneurial activity, and 5th out of 51 in total early-stage entrepreneurial activity (TEA). As shown in Table 9, 24.3% of the surveyed adult population was involved in TEA, either because they were engaged in activities related to a new venture (19.0%) or because they were participating in new entrepreneurial activity (7.1%). Compared with 2023, the TEA index increased by 2.0% in 2024 (see Figure 14).

Table 9. Entrepreneurial activity indices for 2024.

	Nascent entrepreneurial activity	New entrepreneurial activity	Early-stage entrepreneurial activity (TEA)
Puerto Rico	19.0%	7.1%	24.3%
Position between the participating economies	4/51	11/51	5/51
Geographic region:			
Latin America and the Caribbean	13.3%	8.4%	20.5%
USA	15.3%	7.6%	19.3%
Income level:			
Low income	10.9%	7.7%	17.2%
Middle income	8.8%	4.4%	12.4%
High income	7.6%	5.0%	11.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 14. TEA level 2023 vs 2024.



Source: GEM Puerto Rico. (2023, 2024). Retrieved from <https://gem.uprrp.edu/>.

As shown in Table 10 and Figure 15, the composition of TEA in Puerto Rico is consistently dominated by nascent entrepreneurial activity, while only a limited proportion of ventures manage to advance to later stages of the business cycle. Strengthening the consolidation process of emerging ventures therefore represents one of the main challenges for the entrepreneurial ecosystem.

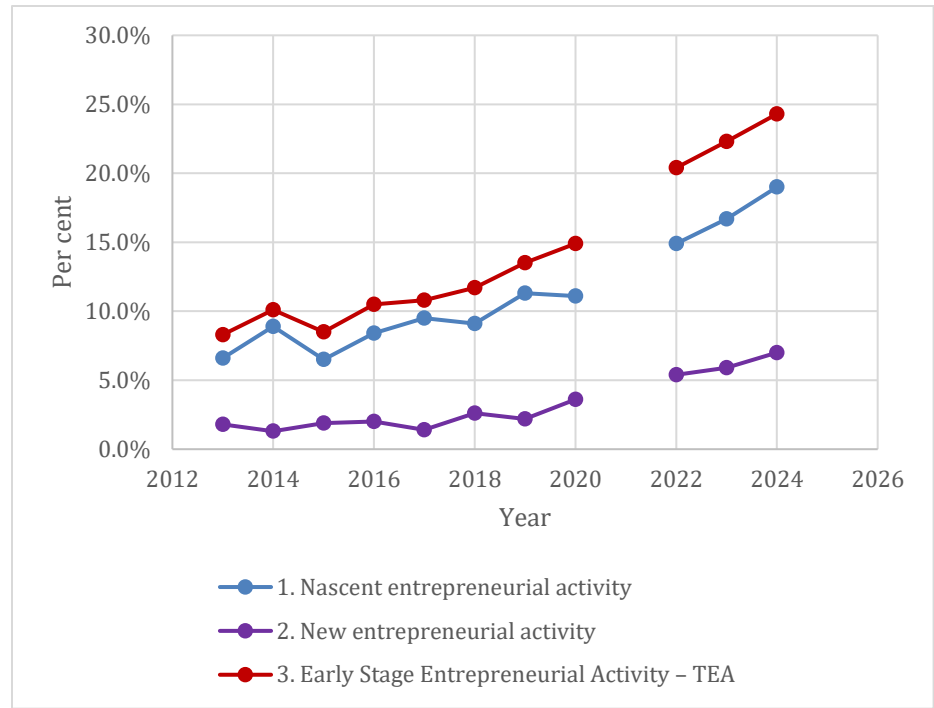
Table 10. Entrepreneurial activity index in Puerto Rico 2013-2024. *

	Nascent entrepreneurial activity	New entrepreneurial activity	Early-stage entrepreneurial activity (TEA)	% of TEA explained by nascent entrepreneurial activity
2013	6.6%	1.8%	8.3%	79.5%
2014	8.8%	1.3%	10.1%	87.1%
2015	6.6%	1.9%	8.5%	77.6%
2016	8.5%	2.0%	10.5%	81.0%
2017	9.5%	1.4%	10.9%	87.2%
2018	9.1%	2.6%	11.7%	77.8%
2019	11.3%	2.2%	13.5%	83.7%
2020	11.2%	3.7%	14.9%	75.2%
2022	14.9%	5.5%	20.4%	73.0%
2023	16.7%	6.0%	22.3%	74.9%
2024	19.0%	7.1%	24.3%	78.2%

*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 14. Longitudinal analysis of entrepreneurial activity indices 2013-2024.



*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

3.3 Motivations for starting a business

An analysis of the motivations for starting a business (see Table 11) shows that 72.8% of emerging and new entrepreneurs in Puerto Rico indicate that *making a difference* is what motivates them to start a business, ranking 4th among the 51 countries participating in the survey. In descending order, other reasons for starting a business include accumulating significant wealth (ranked 35th), earning a living because jobs are scarce (ranked 17th), and continuing a family tradition (also ranked 17th).

A comparison of the motivations to start a business in 2024 with those reported in 2019 and 2020 shows that starting a business to *make a difference* is more common than in 2019, although slightly less common than in 2020 (see Table 12). More entrepreneurs in 2024 also justify entrepreneurship as a mechanism for generating wealth. There is a notable increase (3.9%) in continuing a family tradition as a reason for starting a business, as well as an increase in the percentage of entrepreneurs who identify earning a living because jobs are scarce as their motivation (13.0%). If these results remain consistent in future surveys, this latter motivation would indicate an increase in necessity-driven entrepreneurship.

Table 11. Total Early-Stage Entrepreneurial Activity (TEA) Percentage by Entrepreneurial Motivation.

	Making a difference (% APR)	Building great wealth (% APR)	Continuing a family tradition (% TEA)	Earning a living because jobs are scarce (% TEA)
Puerto Rico	72.8%	51.2%	34.9%	77.5%
Position among participating economies	4/51	35/51	17/51	17/51
Geographic region: Latin America and the Caribbean USA	57.5% 65.8%	58.2% 72.2%	38.1% 36.6%	84.6% 67.4%
Income level: Low income Average income High income	50.4% 42.0% 46.8%	65.8% 52.1% 61.5%	41.3% 29.5% 27.2%	83.8% 71.7% 53.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Table 12. Total Early-Stage Entrepreneurial Activity (TEA) percentage by motivation to start a business in Puerto Rico over the last six years (2019-2024).

	Making a difference (% APR)	Building great wealth (% APR)	Continuing a family tradition (% TEA)	Earning a living because jobs are scarce (% TEA)
2019	65.9%	43.7%	43.5%	84.3%
2020	73.4%	44.6%	23.1%	78.2%
2022	70.6%	48.6%	29.4%	67.2%
2023	69.3%	47.3%	31.0%	64.5%
2024	72.8%	51.2%	34.9%	77.5%
Average	70.4%	47.1%	32.4%	74.3%
2024-2023	3.50%	3.90%	3.90%	13.00%

*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

Regarding growth expectations for new businesses, although at a slower pace than in 2020, in 2024 21.9% of nascent and new entrepreneurs have optimistic growth expectations for their businesses, expecting to create six or more jobs in the next five years (see Table 13). This expectation is higher than the average for the participating middle-income economies. Meanwhile, since 2013, the trend has been toward a reduction in the percentage of entrepreneurs expecting to create five or fewer jobs; however, by 2024, this figure had increased significantly (see Table 14).

Table 13. TEA entrepreneurs' Growth expectations 2024.

	Entrepreneurs who expect to create 6 or more jobs in 5 years
Puerto Rico	21.9
Position among participating economies	32/51
Geographic region: Latin America and the Caribbean USA	22.9% 44.5%
Income level: Low income Average income High income	28.6% 21.1% 32.7%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Table 14. TEA entrepreneurs' expected growth 2013-2024.

	Generate 0-5 jobs in 5 years	Create 6 or more jobs in 5 years
2013	88.9%	11.1%
2014	90.8%	9.2%
2015	90.2%	9.8%
2016	79.7%	20.3%
2017	77.1%	22.9%
2018	75.8%	24.2%
2019	71.6%	28.4%
2020	61.9%	38.1%
2022	65.6%	34.4%
2023	60.3%	39.7%
2024	78.1%	21.9%

*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

3.4 Established Business Owner (EBO)

The Established Business Owner (EBO) rate is measured as the percentage of the adult population that currently owns and operates a business that has paid wages or generated income for its owner-managers for more than 3.5 years (42 months). In 2024, Puerto Rico ranked 34th out of 51 countries, with 4.6% of the surveyed adult population involved in an established business. By geographic region, this rate is lower than the average for Latin America, the Caribbean, and the United States, and is also lower than the average for low-, middle-, and high-income countries (see Table 15).

Table 15. Percentages of established businesses (EBO) 2024.

	% Of adult population (18-64 years)
Puerto Rico	4.6%
Position among participating economies	34/51
Geographic region: Latin America and the Caribbean USA	7.4% 6.6%
Income level: Low income Average income High income	7.9% 5.9% 7.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Among established entrepreneurs, 72.9% of respondents identified earning a living due to a shortage of jobs as their reason for starting a business (see Table 16). Additionally, 71.0% indicated that their motivation was to make a difference, followed by continuing a family tradition (40.5%) and building significant wealth (57.4%). Compared with nascent and new entrepreneurs, established entrepreneurs appear to be motivated more by necessity than by opportunity.

Table 16. Percentage of EBO by motivation to start a business for 2024.

	Making a difference (% EBO)	Building great wealth (% EBO)	Continuing a family tradition (% EBO)	Earning a living because jobs are scarce (% EBO)
Puerto Rico	71.0%	57.4%	40.5%	72.9%
Position among participating economies	4/51	20/51	19/51	19/51
Geographic region: Latin America and the Caribbean USA	51.0% 54.6%	51.1% 62.3%	41.3% 35.7%	81.5% 65.4%
Income level: Low income Average income High income	47.7% 37.4% 38.8%	62.5% 43.4% 43.4%	49.2% 36.6% 36.6%	84.2% 70.5% 70.5%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Finally, as shown in Table 17, between 2020 and 2024 the percentage of the population that operates or owns an established business increased significantly. However, the absence of data for 2021, when Puerto Rico did not participate in GEM, prevents a precise understanding of the growth dynamics between 2020 and 2021. It is worth noting that the number of established businesses had already doubled between 2019 and 2020, while

the increase between 2023 and 2024 was smaller, with a positive variation of only 1.4%. This pattern suggests a possible slowdown in EBO growth. In this regard, the results of the GEM 2025 cycle will be crucial for determining whether the findings from GEM 2024 are establishing a trend.

Table 17. Established Business Owner (EBO) 2013-2024.*

	Established Businesses (EBO)
2013	2.0%
2014	1.3%
2015	1.4%
2016	1.6%
2017	1.6%
2018	1.9%
2019	1.3%
2020	2.8%
2022	5.6%
2023	6.0%
2024	4.6
Average	3.9%
Difference (2024-2023)	-1.4%

*Puerto Rico did not participate in the GEM in 2021.
 Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

3.5 Business Discontinuation

Regarding business discontinuation or closure, 5.7% of the adult population sample reported having closed or discontinued a business (see Table 18). In this respect, Puerto Rico ranked 43rd out of 51 participating economies. However, this percentage is lower than the average for the Latin America and Caribbean region, middle-income countries, and the United States.

Table 18. Closure or discontinuation of businesses by 2024.

	% Closure or discontinuation of the venture
Puerto Rico	5.7%
Position among participating economies	43/51
Geographic region: Latin America and the Caribbean	5.8%
United States	4.5%
Income level:	
Low income	5.0%
Medium income	3.7%
High income	3.6%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Table 19 presents the business discontinuations reported between 2013 and 2024. Compared with 2023, a 2.6% increase was observed in 2024 in the proportion of respondents who reported closing or interrupting a business. However, as shown in Table 20, a larger share of these closures in 2024 was due to positive reasons, such as the opportunity to sell, retirement, transitioning to another opportunity, previously planned closures, or decisions based on personal reasons. This pattern contrasts with previous years, when more adverse motives predominated, and suggests that although more individuals reported discontinuations, a significant portion did so from positions of greater control or as the result of strategic decisions.

Table 19. Closure or discontinuation of businesses 2013-2024. *

	% Closure or discontinuation of the venture
2013	1.8%
2014	3.6%
2015	0.9%
2016	2.5%
2017	2.7%
2018	3.1%
2019	2.2%
2020	4.3%
2022	2.5%
2023	3.1%
2024	5.7
Difference (2024-2023)	2.6

*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

For example, in 2024, the opportunity to sell, retire, or pursue other opportunities was the most frequently cited reason for business closure, accounting for 23.4% of responses (see Table 20), a 4.1% decrease compared with 2023. The second most frequently cited reason for closure was personal reasons (21.4%), representing a 0.8% increase compared with 2023. Profitability (12.0%) was the third most common reason for closure, reflecting a 4.3% decrease compared with 2023. The

COVID-19 pandemic, which was the second most cited reason for closure in 2023, was not mentioned this year.

Table 20. Reasons for business closures 2018-2024. *

	2018	2019	2020	2022	2023	2024
Covid-19 Pandemic	--	--	77.9%	28.2%	22.1%	--
Not profitable	17.2%	12.6%	3.9%	19.8%	16.3%	12.0%
Issues with financing	6.1%	0.0%	0.0%	23%	3.5%	9.3%
Government bureaucracy, taxes	9.9%	9.4%	3.7%	5.5%	10.0%	7.1%
Personal	22.9%	34.4%	5.4%	22.6%	20.6%	21.4
Incidents	27.3%	3.1%	1.1%	4.8%	--	--
Opportunity to sell, retirement, another opportunity, planned in advance	16.6%	40.5%	8.1%	16.7%	27.5%	23.4%

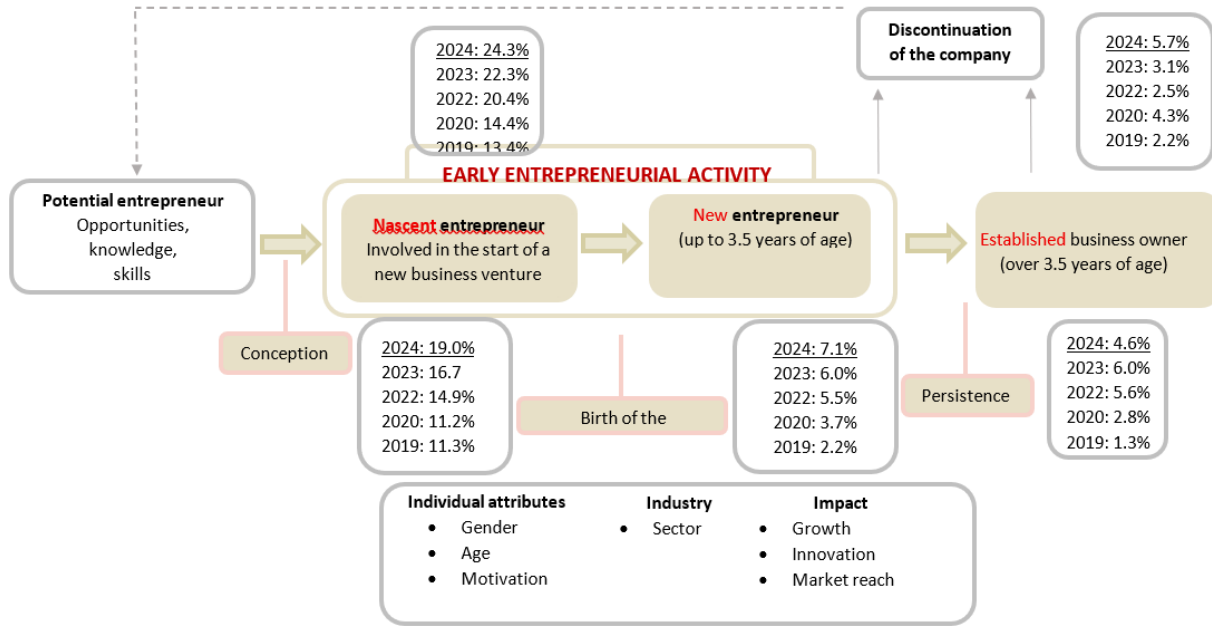
*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

3.6 Evolution of the entrepreneurial process

Figure 16 summarizes the evolution of entrepreneurship levels for the years 2019, 2020, and 2022–2024. Early-stage entrepreneurial activity (TEA) reached its highest level in 2024 within the period observed. At the same time, established businesses - which had grown steadily from 2019 and reached their peak in 2023 - showed a decline in 2024. Rather than being interpreted as a weakening of the ecosystem, this decrease may reflect a shift in the dynamics of the business environment, in which some exits correspond to voluntary or strategic decisions, such as retirement, sale, new opportunities, prior planning, or personal reasons. For this reason, the results of the GEM 2025 cycle will be essential in determining whether the variation observed in 2024 is an isolated event or the beginning of a broader trend in the evolution of established businesses.

Figure 15. Entrepreneurial process in Puerto Rico for 2019, 2020 2022, 2023 & 2024.



*The data for 2020 is not official. Although the survey of the adult population was conducted, the results did not arrive in time to be included in the GEM Global Report.

**For the year 2021, Puerto Rico did not participate in the GEM.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

CHAPTER 4. CHARACTERISTICS OF THE PUERTO RICAN ENTREPRENEUR

4.1 Demographic characteristics of entrepreneurs

Who is engaging in entrepreneurship in Puerto Rico? According to the Adult Population Survey (APS), 2024 shows a decrease in entrepreneurs under 35 years of age (39.7%) involved in early-stage entrepreneurial activities. This finding represents a shift from previous years, when this group traditionally led entrepreneurial activity. In contrast to the results observed in 2023, there is a particularly notable decline among young people between 18 and 24 years of age, whose participation falls below the regional average and below all country categories by income level (see Tables 21 and 22), despite tax incentives for entrepreneurs under 35.

Table 21 TEA by age groups.

	18-24 years	25-34 years	35-44 years	45-54 years	55-64 years
Puerto Rico	12.3%	27.4%	23.3%	21.2%	15.8%
Position among participating economies	30/51	33/51	44/51	16/51	7/51
Geographic region: Latin America and the Caribbean USA	16.0% 18.9%	29.3% 28.6%	25.7% 25.1%	18.5% 16.6%	10.5% 10.8%
Income level: Low income Middle income High income	 17.4% 13.3% 13.5%	 30.4% 28.8% 29.3%	 26.6% 28.1% 26.8%	 16.4% 19.7% 18.2%	 9.1% 10.0% 12.1%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Table 22. TEA by age group 2017-2024*.

	18-24 years	25-34 years	35-44 years	45-54 years	55-64 years
2017	17.7%	33.8%	25.1%	15.6%	7.8%
2018	15.5%	31.5%	24.9%	19.7%	8.5%
2019	20.0%	29.3%	27.8%	15.3%	7.5%
2020	17.9%	28.5%	28.1%	17.7%	7.9%
2022	17.0%	25.2%	28.3%	20.1%	9.4%
2023	21.5%	30.4%	23.1%	15.4%	9.6%
2024	12.3%	27.4%	23.3%	21.2%	15.8%

*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

For established businesses, entrepreneurial activity is concentrated among individuals over 45 years of age (see Table 23). In Puerto Rico, this age group has a higher rate of business ownership than the average for Latin America and the Caribbean, as well as for low- and middle-income countries.

Table 23 EBO by age group.

	18-24 years old	25-34 years	35-44 years	45-54 years	55-64 years
Puerto Rico	9.1%	22.7%	19.7%	32.2%	16.3%
Position among participating economies	8/51	17/51	48/51	9/51	35/51
Geographic region:					
Latin America and the Caribbean	6.0%	23.6%	25.6%	27.9%	17.0%
USA	11.2%	17.5%	24.7%	22.2%	24.5%
Income level:					
Low income	8.0%	22.3%	26.5%	24.9%	18.2%
Average income	5.2%	19.3%	27.3%	29.4%	19.2%
High income	5.6%	17.1%	25.6%	26.4%	25.9%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Regarding gender, in the early stages of the entrepreneurial process, men are more likely than women to start businesses (see Tables 24 and 25). Furthermore, the gap in women’s participation is proportionally larger in established businesses (EBOs) than in early-stage entrepreneurial activities (TEAs). This indicates that although more women are becoming entrepreneurs, they still need additional support to successfully establish and sustain their businesses.

Table 24. TEA by gender.

	% Of women who are part of TEA, out of the total number of women	% Of men who are part of TEA, out of the total number of men
Puerto Rico	22.3%	26.4%
Position among participating economies	5/51	5/51
Geographic region:		
Latin America and the Caribbean	19.4%	21.5%
USA	17.8%	20.8%
Income level:		
Low income	15.7%	18.8%
Average income	11.2%	13.7%
High income	9.7%	13.3%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Table 25. EBO by gender.

	% Of women who are part of EBO, out of the total number of women	% Of men who are part of EBO, out of the total number of men
Puerto Rico	3.7%	5.7%
Position among participating economies	31/51	36/51
Geographic region:		
Latin America and the Caribbean	5.8%	9.2%
USA	5.3%	7.9%
Income level:		
Low income	6.2%	9.7%
Average income	4.4%	7.4%
High income	5.5%	9.2%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Another noteworthy characteristic of Puerto Rican entrepreneurs is their high level of educational attainment, placing Puerto Rico seventh among 51 economies in this category (see Tables 26 and 27). Specifically, entrepreneurs with university degrees lead early-stage activity (TEA) at 26.3%, compared with 20.3% among non-graduates; this pattern also holds among established businesses (EBO), although with a smaller difference. The fact that new entrepreneurs possess high educational levels indicates that their

businesses arise primarily from opportunity rather than necessity, as this demographic group typically has access to well-paid jobs.

Table 26. TEA by education level.

	% Graduates	% non-graduates
Puerto Rico	26.3%	20.3%
Position among participating economies	7/51	7/51
Geographic region: Latin America and the Caribbean USA	24.4% 19.5%	19.8% 18.0%
Income level: Low income Average income High income	19.9% 14.6% 11.9%	16.6% 10.9% 9.7%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Table 27. EBO by education level.

	% Graduates	% non-graduates
Puerto Rico	4.0%	1.7%
Position among participating economies	38/51	48/51
Geographic region: Latin America and the Caribbean USA	8.3% 6.8%	6.7% 6.3%
Income level: Low income Average income High income	8.0% 6.4% 7.9%	7.8% 5.1% 7.1%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

4.2 Characteristics of entrepreneurial ventures

Among early-stage and new businesses (TEAs), 6 out of 10 ideas or ventures are concentrated in consumer-oriented services, while 2 out of 10 are concentrated in business-oriented services (see Table 28). In other words, 8 out of 10 entrepreneurial ideas or ventures fall within the service sector. This high level of concentration in services may contribute to the low job-creation rates of these ventures. This degree of sectoral concentration is slightly lower than that observed in Latin American countries but higher than in middle-income countries.

Table 28. % Of TEA by sectoral distribution.

	% Extractive sector	% Manufacturing sector	% Business- oriented services	% Consumer- oriented services
Puerto Rico	1.3%	16.1%	20.2%	62.4%
Position among participating economies	40/51	37/51	25/51	15/51
Geographic region:				
Latin America and the Caribbean	2.2%	18.8%	12.2%	66.8%
USA	2.1%	18.8%	23.9%	55.2%
Income level:				
Low income	7.4%	20.1%	10.3%	62.3%
Average income	4.8%	21.9%	19.0%	54.3%
High income	2.5%	17.6%	28.0%	52.0%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

However, there is better sectoral distribution among established businesses, even though the service sector continues to dominate. Among established businesses, more than 5 out of 10 are concentrated in consumer-oriented services, and 3 out of 10 are concentrated in business-oriented services. The manufacturing sector carries significantly greater weight within early-stage entrepreneurial activity (16.1%) than among established businesses (10.9%) (see Tables 29 and 30).

Table 29. % Of EBO by sectoral distribution

	% Extractive sector	% Manufacturing sector	% Business- oriented services	% Consumer- oriented services
Puerto Rico	0.0%	10.9%	30.9%	58.2%
Position among participating economies	50/51	50/51	18/51	10/45
Geographic region:				
Latin America and the Caribbean	2.1%	25.8%	14.2%	58.0%
USA	3.0%	20.7%	31.8%	44.5%
Income level:				
Low income	9.9%	27.3%	10.2%	52.6%
Average income	6.6%	26.0%	19.5%	47.9%
High income	3.7%	21.5%	32.9%	41.9%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Regarding market reach, Puerto Rico ranks 1st out of 51 economies in national reach but 9th out of

51 in international customer reach. However, only 14.4% of startups expect to derive 25% or more of their revenue from customers outside Puerto Rico (see Table 30). Compared with 2023, this represents a 4.2% increase (see Figure 17), indicating that more startups are targeting the U.S. diaspora or international markets (see Table 31). While it is encouraging that startups are diversifying their customer base, the number aiming to be export-intensive remains too low for an economy whose domestic market is shrinking due to demographic challenges.

Table 30. Market Reach by TEA.

	Processes at least at national scope	International reach	Expect to obtain 25% or more of export revenue
Puerto Rico	3.9%	0.8%	14.4%
Position among participating economies	1/51	9/51	23/51
Geographic region:			
Latin America and the Caribbean	1.5%	0.2%	4.2%
USA	2.8%	0.8%	16.9%
Income level:			
Low income	1.3%	0.2%	9.7%
Average income	1.3%	0.3%	12.7%
High income	2.0%	0.6%	18.9%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

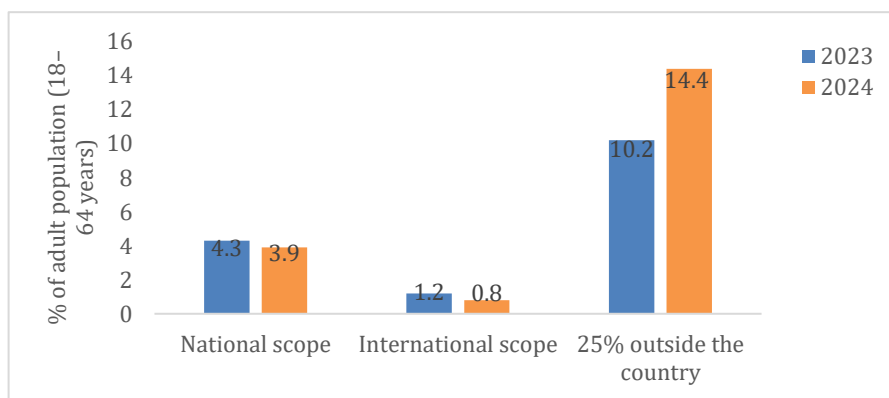
Table 30. Market reach for 2019-2023 by % TEA.

	2019	2020	2022	2023	2024
At least national reach for clients and new products or processes	2.7%	2.8%	4.6%	4.3%	3.9%
International reach for clients and new products or processes	1.1%	0.9%	1.1%	1.2%	0.8%
Expect to obtain 25% or more of revenue from customers outside the country	23%	1.4%	9.5%	10.2%	14.4%

*Puerto Rico did not participate in the GEM in 2021.

Sources: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

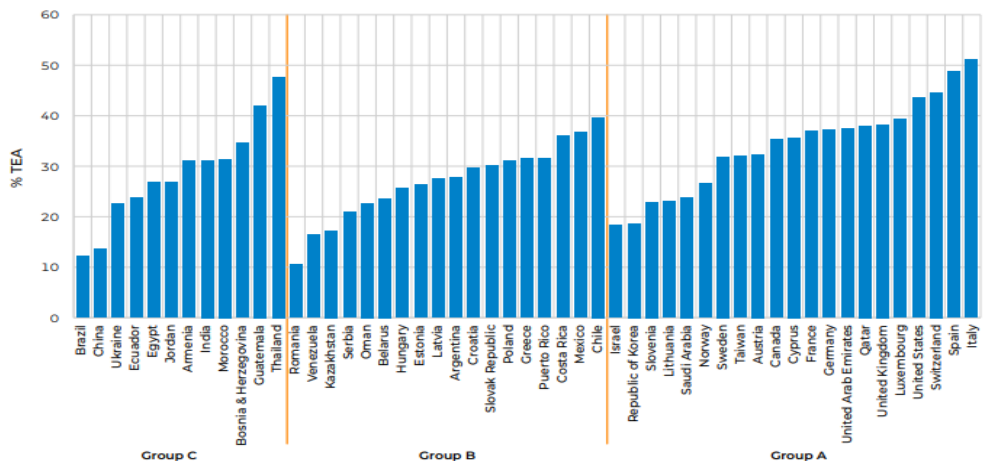
Figure 16. Market reach by % TEA 2023 vs 2024.



Sources: GEM Puerto Rico. (2024, 2023). Retrieved from <https://gem.uprrp.edu/>.

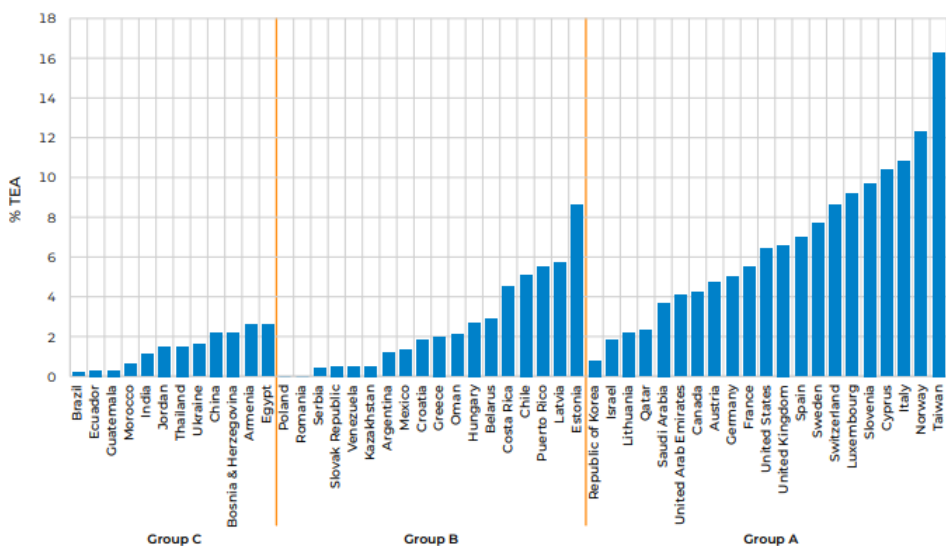
On the other hand, at the time of the survey, nearly 3 out of 10 early-stage entrepreneurs and slightly more than half of established entrepreneurs planned to use new technologies or processes to sell their products (see Figure 18). Among early-stage entrepreneurs, Brazil, the United Arab Emirates, Panama, Mexico, Puerto Rico, and Chile were the country's most likely to report using digital technologies. These results are consistent with international trends of increasing technology adoption.

Figure 17. Percentage of those starting or running new businesses with products that are new to their area, new to their country or new to the world (% TEA).



Source: GEM (Global Entrepreneurship Monitor). (2024). Global Entrepreneurship Monitor 2024/2025 Global Report

Figure 18. Percentage of those starting or running new businesses with products that are new to the world (% TEA)



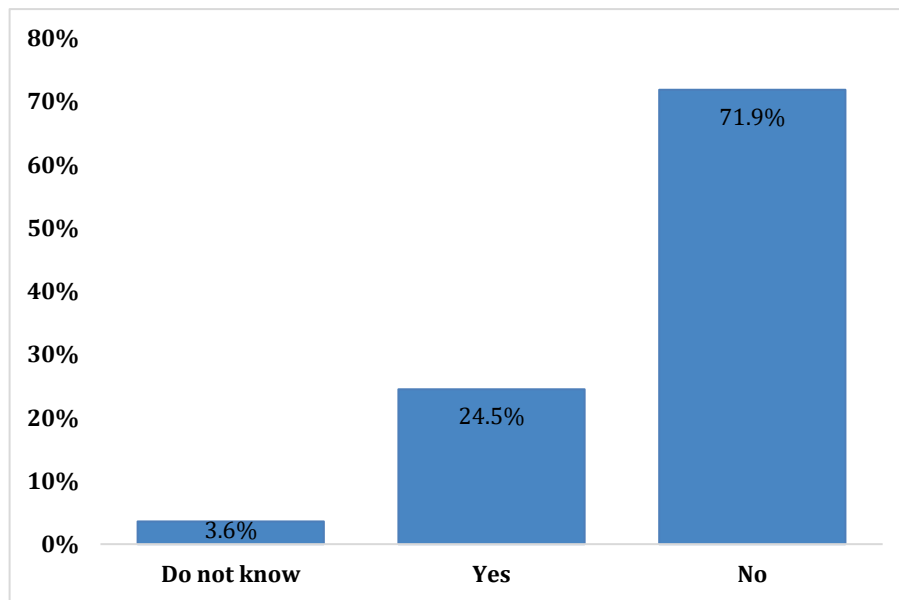
Source: GEM (Global Entrepreneurship Monitor). (2024). Global Entrepreneurship Monitor 2024/2025 Global Report.

4.3 Perceptions and attitudes regarding entrepreneurship among entrepreneurs and non-entrepreneurs over 45 years of age.

Entrepreneurship among adults over 45 in Puerto Rico represents an important yet still largely unexplored dimension of the country’s business ecosystem. Drawing on findings from the 2024 GEM Puerto Rico survey, this section examines the motivations, perceptions, barriers, and opportunities experienced by senior entrepreneurs. This analysis provides a clearer understanding of the factors that influence the decision to pursue entrepreneurship in later adulthood.

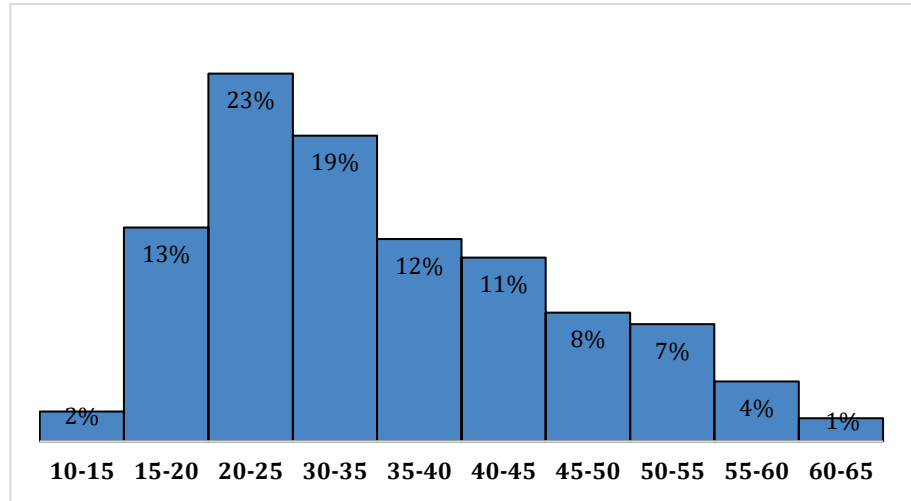
According to data from the 2024 GEM Puerto Rico survey of adults over 45, only one quarter of respondents have attempted to start a business (see Figure 20). This finding indicates that entrepreneurship is not yet widespread within this age group, possibly due to structural or cultural barriers. Among those who identify as entrepreneurs either because they have started or collaborated in the creation of a business, or because they are currently in the process of starting one, 57% reported participating in entrepreneurial activities for the first time before age 35 (see Figure 21), with the thirties representing the decade of highest participation. This suggests that entrepreneurship tends to begin during the earlier stages of adulthood, when individuals typically have more energy, fewer family responsibilities, and a greater tolerance for risk.

Figure 19. % Of adults 45+ self-identify as entrepreneurs.



Sources: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

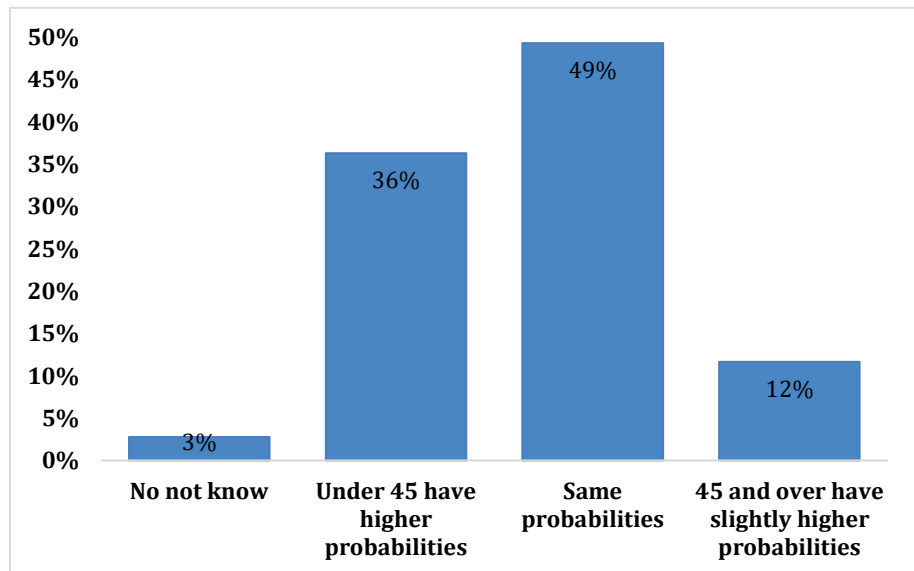
Figure 20. Age at which adults 45+ first participated in starting a business.



Sources: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

One piece of data that supports this perception is that, among adults over 45, 36% believe that people under 45 are more likely to become successful entrepreneurs (see Figure 22). Meanwhile, 49% believe that both groups have the same chances, and only 12% believe that entrepreneurs over 45 are more likely to succeed (see Figure 23). Although most respondents believe that age does not influence entrepreneurial success, one-third believe that starting a business after age 45 can be advantageous, possibly due to accumulated experience. However, 13% believe that starting a business at that age increases the risk of failure.

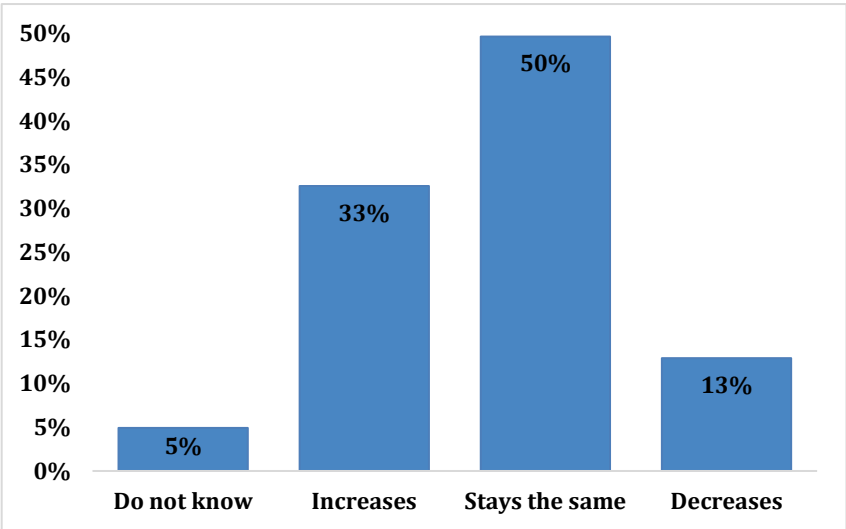
Figure 21. Perception of age group that is more likely to be successful entrepreneurs.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

As shown in Table 32, regarding the likelihood of success when starting a business after age 45, a significant proportion of older adults perceive themselves as more experienced and financially resourceful than younger entrepreneurs. However, they also consider themselves less energetic and optimistic, and they believe that younger individuals have better business ideas.

Figure 22. Perception of the possibility of having a successful business when starting a business after the age of 45.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

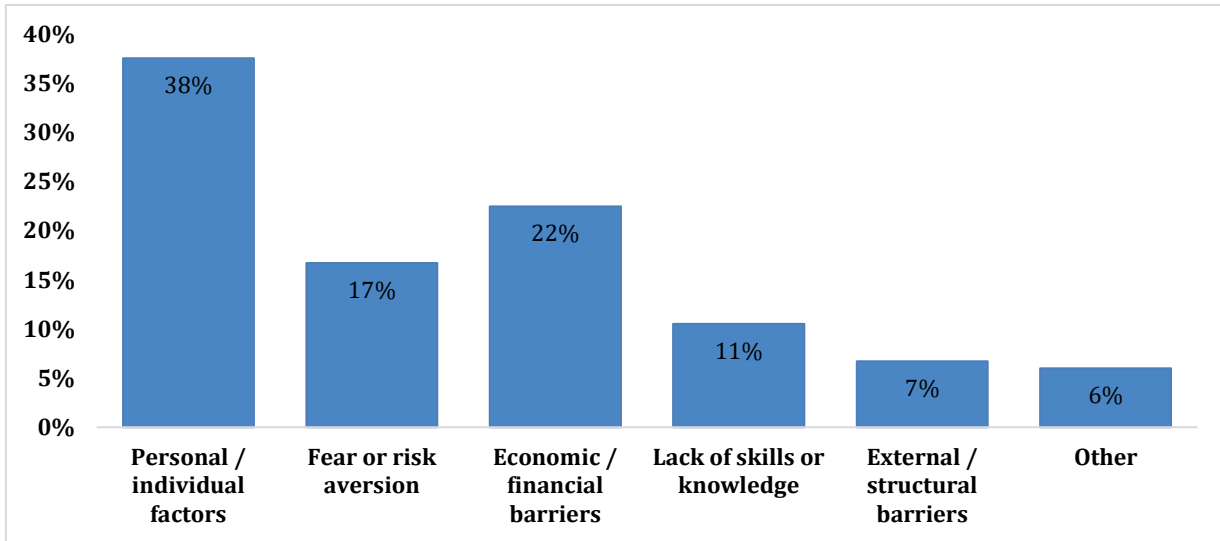
Table 31. Chances of succeeding in entrepreneurship relative to your age range.

	Better business ideas	More experience in running a business	More energy and optimism	More financial resources	Fewer family obligations
Don't know	2.1%	2.2%	2.2%	4.0%	3.1%
People under 45 years old	26.5%	8.0%	51.3%	9.5%	32.0%
The same	54.8%	41.9%	37.6%	36.6%	39.1%
People over 45 years old	16.6%	47.9%	9.0%	49.9%	25.8%

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

On the other hand, among adults over 45 who have not started a business, the most frequently cited reasons are personal or individual factors (38%), economic barriers (22%), and fear of risk (17%) (see Figure 24). This demonstrates that entrepreneurship is influenced by both internal and external factors. Fear of risk, lack of capital, and the perception of not being sufficiently prepared limit the decision to start a business. Internal barriers - such as fear or lack of preparation—could be overcome through motivation and training programs.

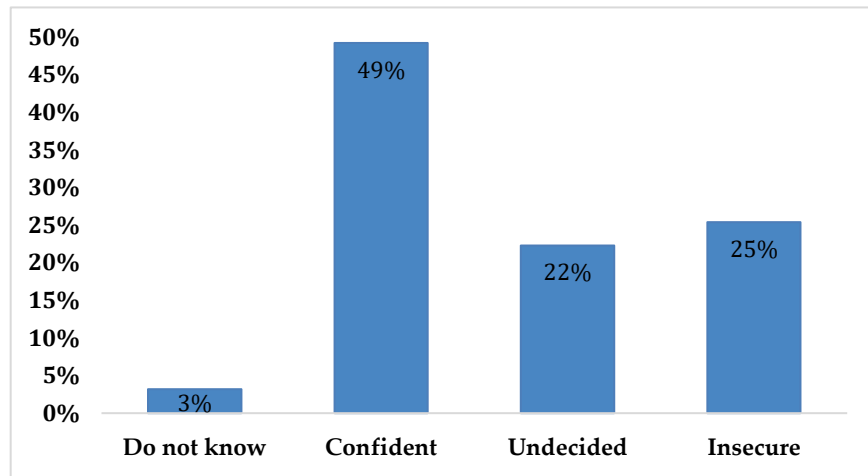
Figure 23. Perception of barriers that prevent adults 45+ from starting a business.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

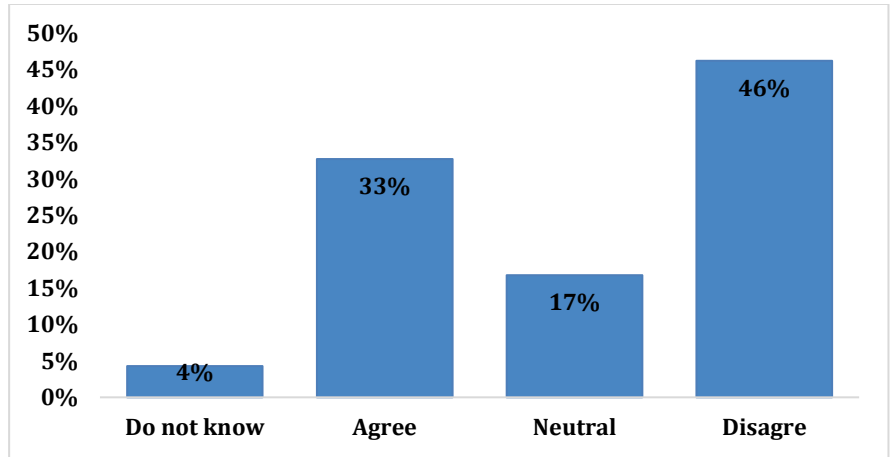
According to Figure 25, 49% of older adults who have not started a business state that, should they need to, they are confident in their ability to do so. However, as shown in Figures 26 and 27, 46% of respondents perceive that there is insufficient support for entrepreneurship, while 33% believe that support is available for their age group. Among those who do perceive support, the most frequently mentioned areas are training (33%), institutional or governmental support (27%), and financial support (19%).

Figure 24. Level of confidence in entrepreneurial ability among adults aged 45+ who are not entrepreneurs.



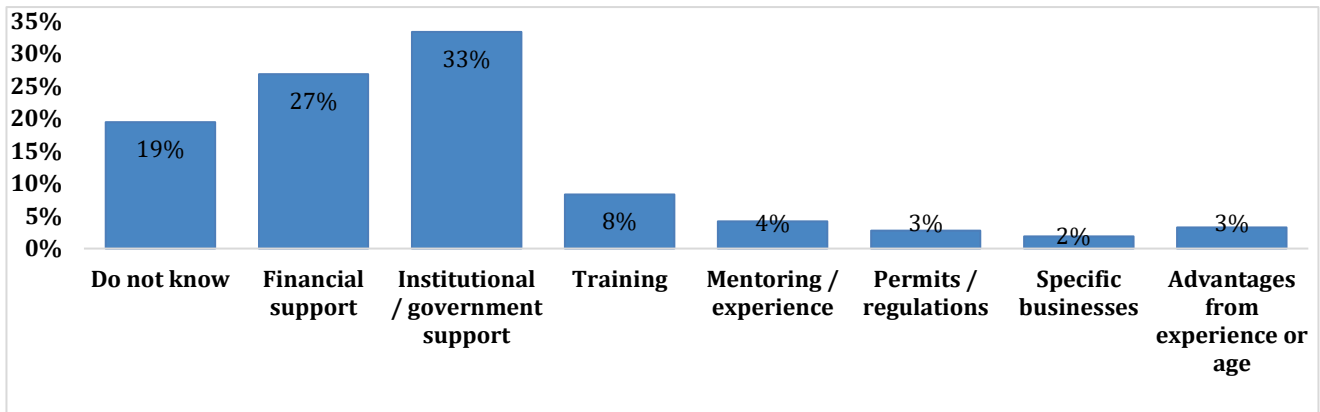
Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Figure 25. Perception of the level of sufficiency in support and resources for adults 45+ interested in entrepreneurship.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

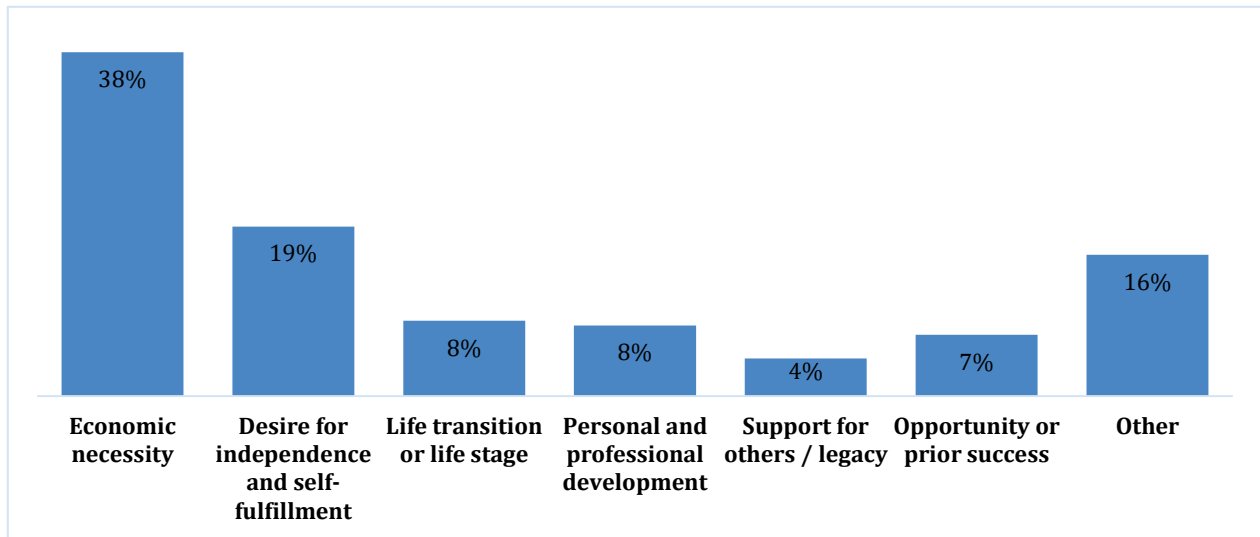
Figure 26. Perception of types of resources available to adults 45+ interested in entrepreneurship.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

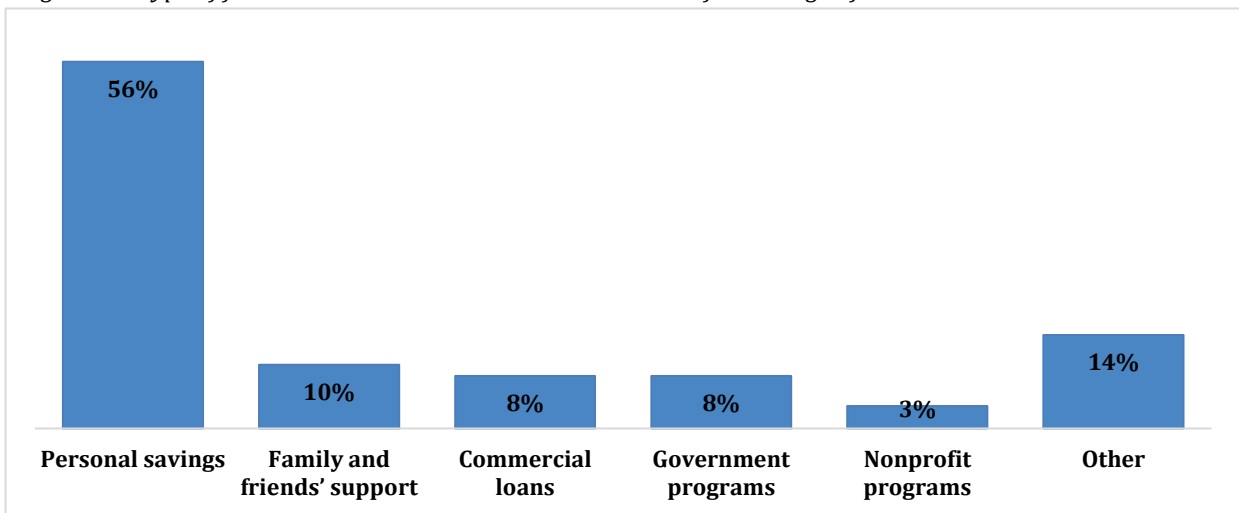
Among adults who started a business after age 45, the main motivations for doing so (see Figure 28) were economic necessity (38%) and the desire for independence and self-realization (19%). This indicates that much of senior entrepreneurship in Puerto Rico is driven more by necessity than by the identification of opportunities, although a search for personal purpose is also present. Regarding initial financing, 56% used personal savings, while the remaining 43% relied on support from family and friends, personal loans, government programs, and other sources (see Figure 29). The predominance of self-financing may reflect limited access to credit or institutional funds, which could restrict the initial growth of these businesses.

Figure 27. Reasons that motivated me to start a business after being 45+ years old.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

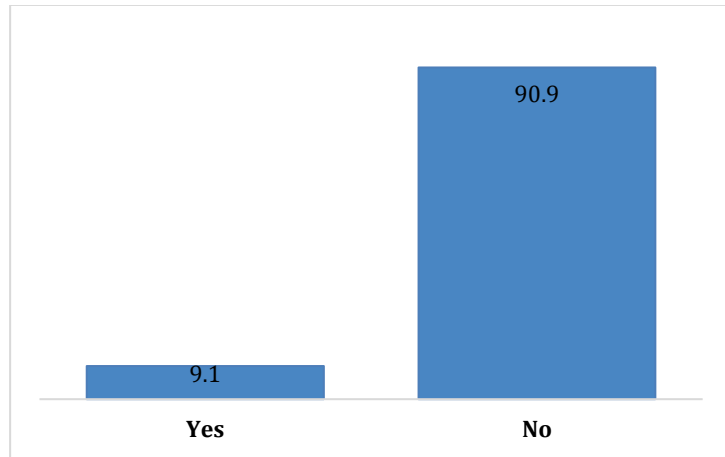
Figure 28. Type of financial resource used to start a business after the age of 45+.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

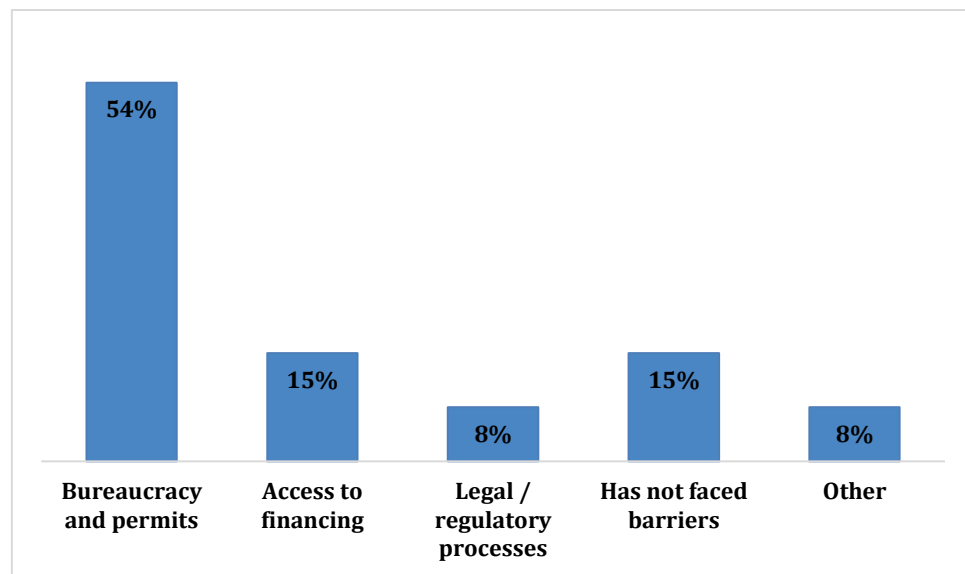
According to Figures 30 and 31, only 9.1% of entrepreneurs perceive that they have faced legal barriers related to age. When such obstacles are perceived, the most frequently cited are bureaucracy (54%) and access to financing (15%). It is worth noting that these barriers are also reported by young entrepreneurs, suggesting that they stem from structural problems rather than age discrimination.

Figure 29. Perception of legal or regulatory barriers imposed on adults aged 45+ who start or manage a business.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

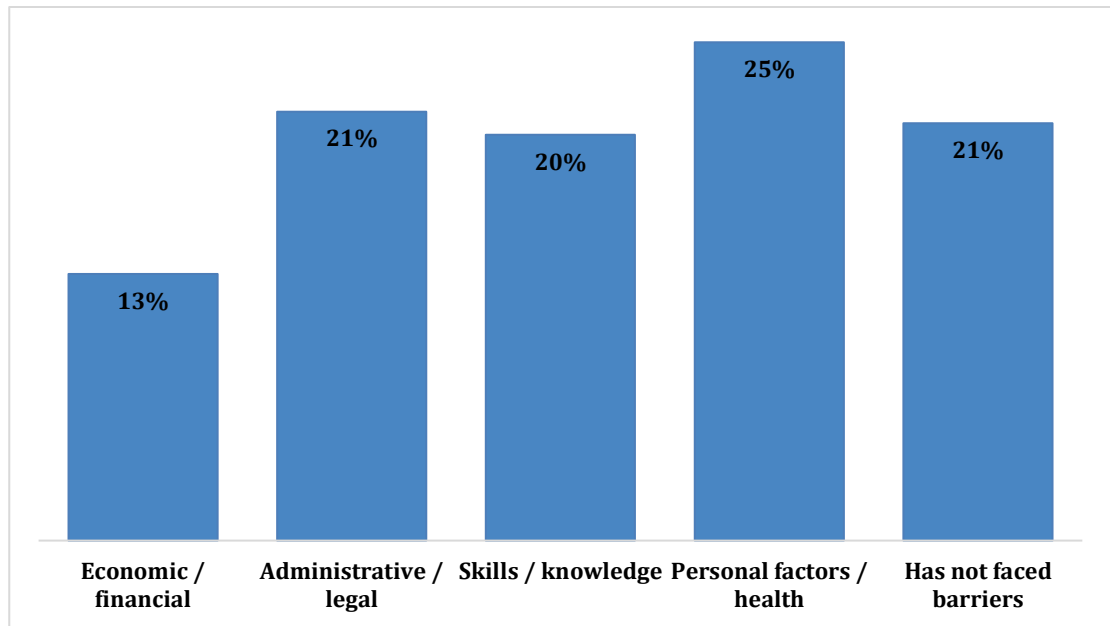
Figure 30. Type of legal or regulatory barrier perceived by adults aged 45+ who start or manage a business.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

Finally, the main challenges faced by people over 45 when starting a business are varied, although economic challenges remain the most significant, followed by legal and personal factors (see Figure 32). Specifically, the challenges identified fall into the following areas: economic/financial (13%), administrative/legal (21%), skills/knowledge (20%), and personal/health (25%). However, 21% report not having faced any barriers when starting a business.

Figure 31.
Perception of the main challenge faced by adults aged 45+ who start or manage a business.



Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

In summary, the findings of the 2024 GEM Puerto Rico survey reveal that entrepreneurship among adults over 45 is shaped by a combination of structural challenges, personal perceptions, and diverse motivations. Although many recognize their experience and resources as competitive advantages, they also face significant barriers, such as limited access to financing, fear of failure, and a lack of institutional support. Despite these obstacles, they remain confident in their entrepreneurial abilities, especially if changing circumstances require them to start a business. Given the demographic and economic challenges facing Puerto Rico, there is a need to design public policies and support programs that acknowledge the specific characteristics of senior entrepreneurship, encourage active participation in the economy, and promote a more inclusive environment for entrepreneurs of all ages.

CHAPTER 5. CONDITIONS OF THE BUSINESS CONTEXT OR ECOSYSTEM (NES)

5.1 Conditioning factors of the business environment in Puerto Rico according to the NES

This chapter analyzes the environmental factors that are essential for understanding the process of creating new businesses and strengthening existing ones within the entrepreneurial ecosystem. The data for this analysis are obtained from the National Expert Survey (NES). Each participating expert evaluates a series of statements related to the conditions of their economy's business environment using nine factors described in Table 33. These conditions include the availability of financing, entrepreneurship education, research and development, the quality and accessibility of infrastructure, government policies and programs that support entrepreneurship, ease of market entry, and social and cultural norms. Each environmental factor is measured on a Likert scale from 0 to 10, where "0" represents highly insufficient and "10" represents highly sufficient. A midpoint score of 5.0 indicates that the factor has reached a "sufficient" level, meaning that the economy under study meets the basic requirements for that factor.

Table 32.
Environmental
conditioning
factors (EFC).

A1. Availability of financing:	There is sufficient funding for new startups.
A2. Ease of access to business financing:	Level of accessibility to funds to finance ventures.
B1. Government policies — Support and relevance:	The policies promote and support new businesses.
B2. Government policies — Taxes and bureaucracy:	Startups are not overburdened.
C. Government programs:	Quality programs to support SMEs are widely available.
D1. Entrepreneurship Education - K12:	Entrepreneurship in primary and secondary schools: schools introduce entrepreneurial ideas.
D2. Education for entrepreneurship – entrepreneurship in higher education (vocational and university):	Vocational schools and universities offer courses on how to start a business.
F. Commercial and professional infrastructure:	Quality services are available and affordable.
G1. Ease of entry — Market dynamics:	Markets are free, open, and growing.
G2. Ease of entry — Charges and regulations:	The regulations do not restrict the entry of new companies.
H. Physical infrastructure:	good quality physical resources, available and affordable.
I. Social and cultural norms:	To foster and celebrate entrepreneurship.

Source: GEM (Global Entrepreneurship Monitor) (2024). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 years and growing. London: GEM.

According to the experts, the business environment deteriorated in 2024. As shown in Table 34 and Figures 33, 34, and 35, the assessment of commercial and professional infrastructure (4.0) experienced a significant decline compared with previous years, despite having traditionally been considered an adequate factor. This decline is not an isolated event but part of a broader trend of weakening perception in the business environment. In particular, the drop in this indicator may be linked to the difficulties small and medium-sized enterprises (SMEs) face in accessing quality spaces and services at reasonable prices in a context marked by inflation.

Furthermore, entrepreneurship education at the K–12 levels (2.1), bureaucracy and taxes (2.6), and access to financing (3.3) remain the weakest areas, ranking among the lowest globally. These conditions significantly limit the creation and sustainability of new businesses.

Comparatively, the areas where Puerto Rico ranks best are post-secondary business education (26/56) and social and cultural norms (37/56). In contrast, the greatest weaknesses are observed in physical infrastructure (56/56), government policies related to bureaucracy and taxes (54/56), ease of market entry - barriers and regulation (52/56), and business and professional infrastructure (55/56).

When compared exclusively with middle-income economies, Puerto Rico shows a relatively balanced performance, excelling primarily in post-secondary business education (9/19). However, it receives its lowest scores in physical infrastructure, ease of entry into markets with regulatory barriers, ease of entry into dynamic markets, and availability of business and professional infrastructure, ranking 19th out of 19 in these factors.

On the other hand, when compared with other Latin American and Caribbean economies, Puerto Rico performs better, excelling in financing availability (5/10), access to financing (5/10), policies supporting entrepreneurship (4/10), and post-secondary business education (7/10). However, it lags behind in physical infrastructure (10/10) and ease of entry into dynamic markets (9/10).

As illustrated in Figures 33 to 35, overall, the findings confirm that Puerto Rico's entrepreneurial environment has strengths in post-secondary business education and access to financing, but it also suffers from structural shortcomings—such as physical and commercial infrastructure and regulatory barriers—that limit its competitiveness both regionally and globally.

Table 33. Expert's assessment of the business environment for 2024.

Conditions of the business environment ⁵	Puerto Rico	Position among participating economies	Geographic region:		Income level:		
			Latin America and the Caribbean	USA	Low income	Average income	High income
A1. Availability of financing	3.6	48/56	3.4	5.4	4.2	4.0	5.1
A2. Access to financing	3.3	50/56	3.3	4.7	4.0	3.9	4.7
B1. Government policies: priority and support	3.3	42/56	3.0	4.0	4.1	3.5	4.8
B2. Government policies: bureaucracy and taxes	2.6	54/56	3.5	5.4	4.3	4.2	5.2
C. Government entrepreneurship programs	3.9	37/56	3.8	4.2	4.1	4.2	5.4
D1. Entrepreneurship Education: K12	2.1	51/56	2.5	4.1	3.2	2.9	3.8
D2. Education for entrepreneurship: post-secondary	4.9	26/56	5.1	5.1	4.7	4.6	5.1
E. Transfer of research and development	3.1	43/56	3.2	4.0	3.6	3.5	4.6
F. Commercial and professional infrastructure	4.0	55/56	4.7	6.1	4.8	5.0	5.7
G1. Ease of market entry: dynamics	4.9	47/56	4.6	4.7	5.2	5.2	5.2
G2. Ease of market entry: barriers and regulations	3.2	52/56	3.7	3.7	4.0	4.1	4.8
H. Physical infrastructure	3.8	56/56	5.8	7.1	6.1	6.1	6.9
I. Social and cultural norms	4.5	37/56	5.1	7.8	5.1	4.7	5.5

A Likert scale from 0 to 10 was used, where 0 = highly insufficient and 10 = highly sufficient.

Source: GEM Puerto Rico. (2024). GEM Puerto Rico Adult Population Survey 2024 [Databases and codes]. Retrieved from <https://gem.uprrp.edu/>.

Figure 32. Expert survey assessment of business environment conditions compared to all participating countries 2024.

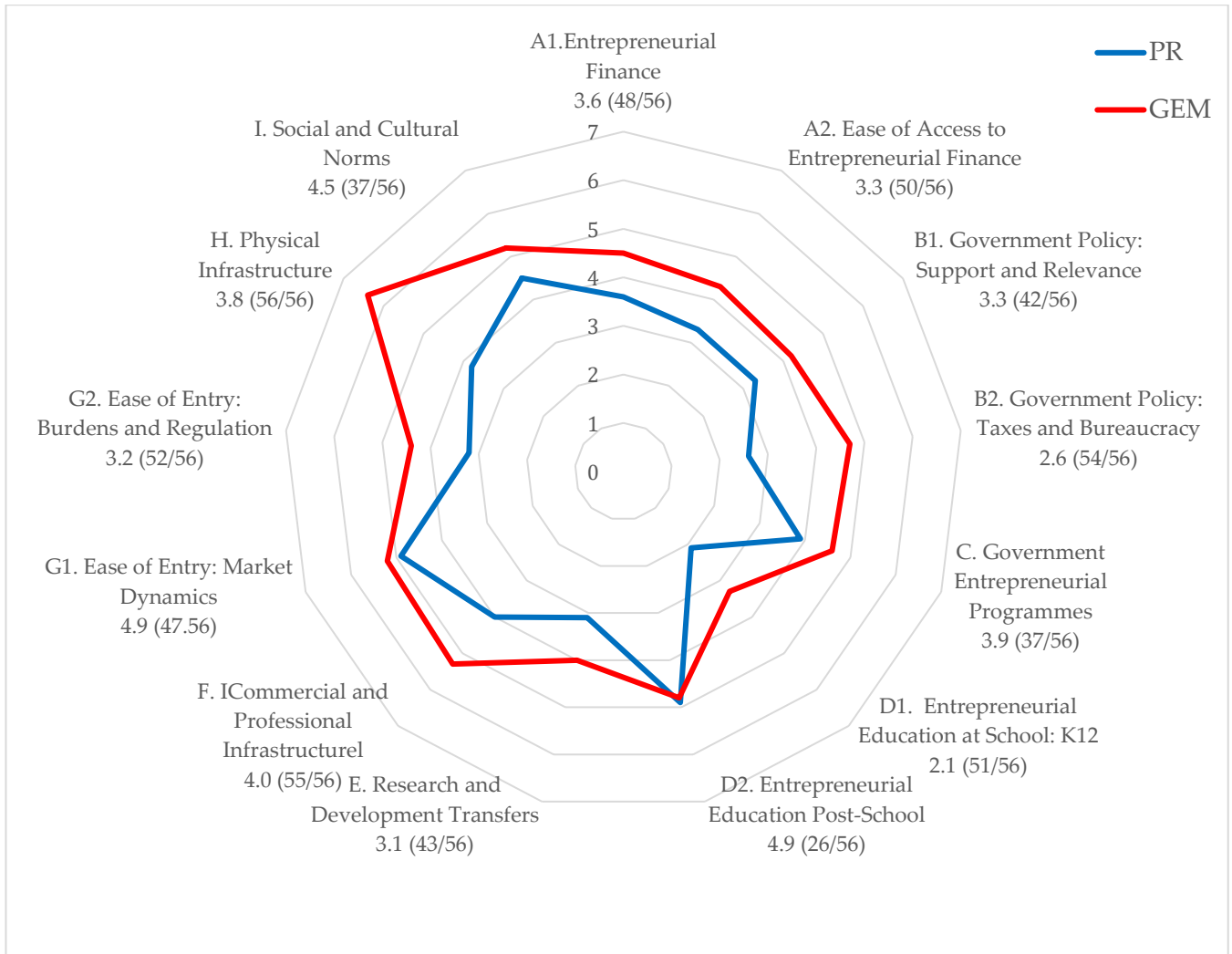


Figure 33. Expert survey assessment of business environment conditions compared to middle-income countries 2024.

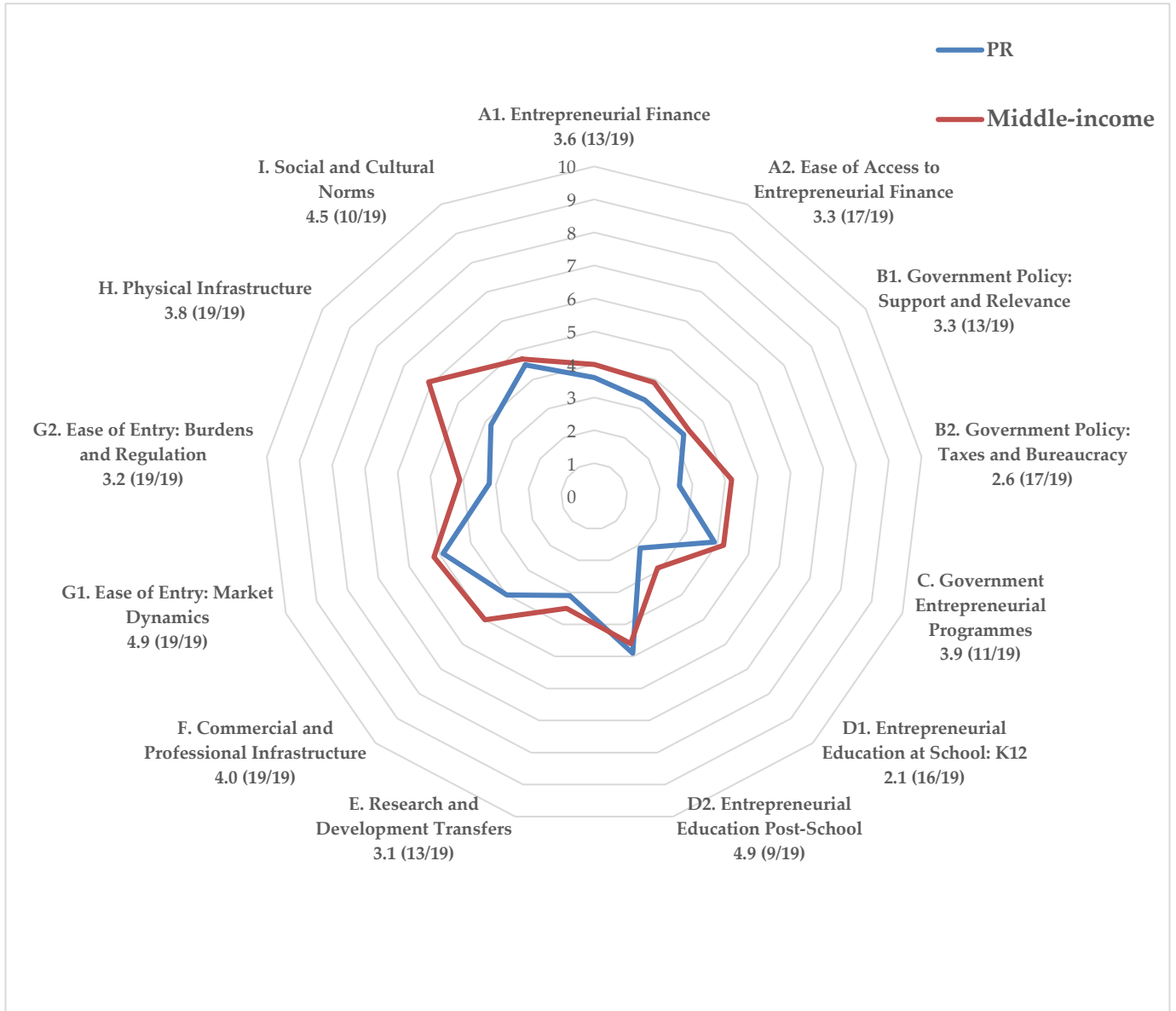
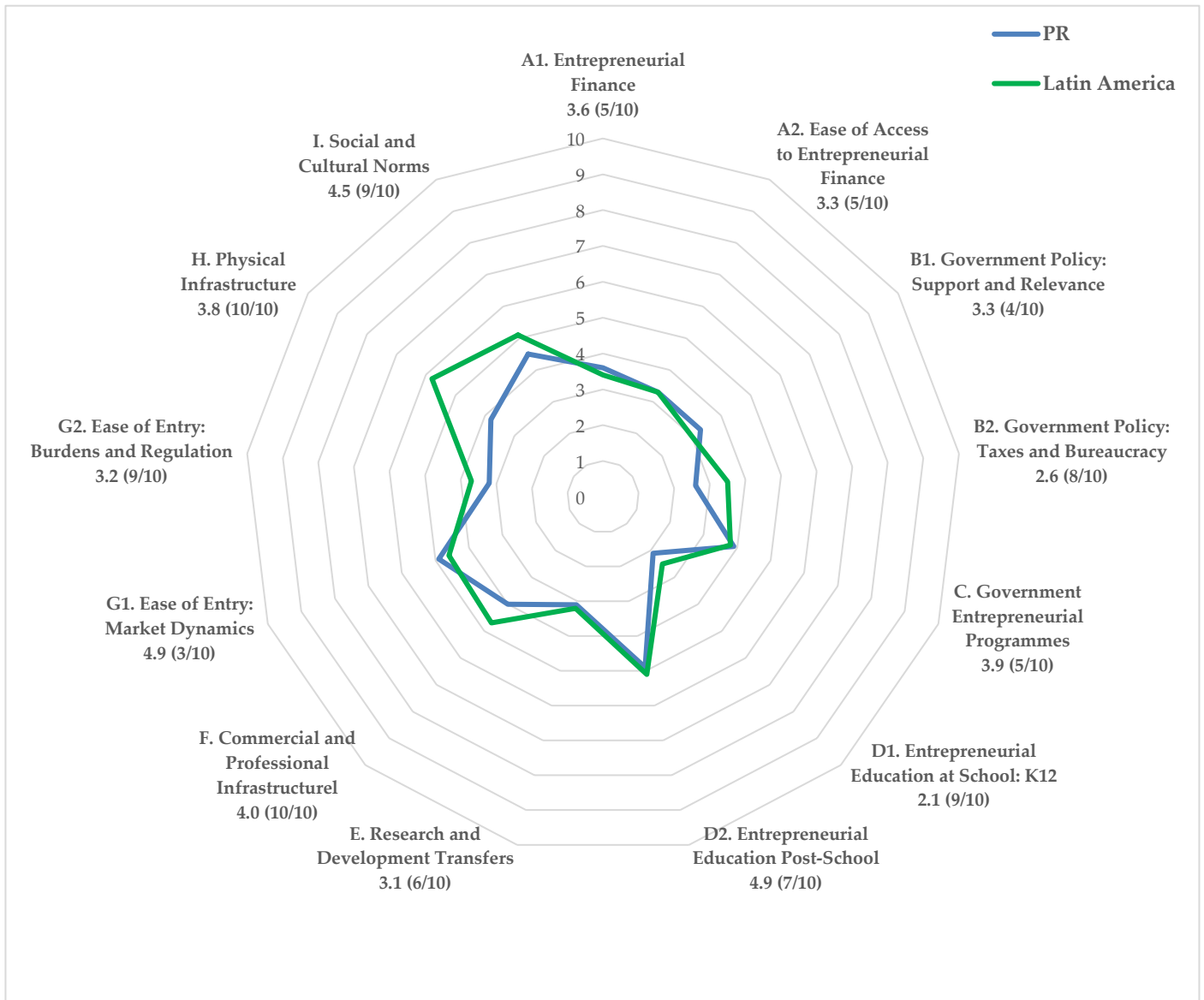


Figure 34. Assessment by surveyed experts on the conditions of the business environment compared to countries in Latin America and the Caribbean 2024.



Regarding the evolution of the business environment over the last ten years, Table 35 shows the average rating given by experts to the environmental conditioning factors for the years 2013–2020 and 2022–2024. The analysis of these factors for the 2013–2024 period reveals a sustained deterioration in several key aspects of the business environment. Physical infrastructure, for example, declined from a rating of 6.8 in 2013 to just 3.8 in 2024, reflecting a steady drop that suggests a significant weakening of the material conditions needed to undertake entrepreneurial activity. Similarly, commercial and professional infrastructure fell from 5.8 to 4.0, indicating a reduction in the quality or availability of professional services.

Entrepreneurship education at the K–12 levels also show a downward trend, decreasing from 3.6 in 2016 to 2.1 in 2024, highlighting a persistent weakness in early entrepreneurship training. Another critical factor—research and development transfer—fell from 4.6 in 2014 and 2020 to 3.1 in 2024, suggesting a growing disconnect between the academic sector and the business ecosystem.

In terms of market regulation, the ease of entry considering barriers and regulations dropped from 4.6 in 2014 to 3.2 in 2024, indicating an increasingly restrictive environment for new businesses. Government policies supporting entrepreneurs have also weakened, falling from 5.0 in 2015 to 3.3 in 2024.

On the other hand, some factors have shown stability or relatively favorable performance. Social and cultural norms have maintained ratings between 4.5 and 6.2, and post-secondary entrepreneurship education—although it has declined from its highest point (6.2 in 2014)—remains one of the strongest indicators, at 4.9 in 2024.

In summary, the perception of the business environment in Puerto Rico shows a structural decline in fundamental areas such as infrastructure, early-stage education, and regulation, although it retains strengths in higher education and entrepreneurial culture, as reflected in social norms. In light of this negative trend, there is an urgent need to implement public policies that strengthen the entrepreneurial ecosystem. It is essential to prioritize investments in entrepreneurship education, infrastructure, and support services for SMEs in order to reverse this trend and promote a more favorable environment for the creation and consolidation of businesses in Puerto Rico. However, it is important to note that the expert surveys were conducted during an election year and in the midst of the ruling party's primary elections, a context that may have influenced the predominantly negative tone of the responses obtained.

Table 34. Expert survey assessment of the business environment in Puerto Rico 2013-2024.

Conditions of the business environment ⁵	2013	2014	2015	2016	2017	2018	2019	2020	2022	2023	2024
A. Availability of financing	3.8	4.0	4.0	4.4	4.4	3.8	4.6	4.8	3.6	3.9	3.5
B1. Government policies: priority and support	4.6	4.8	5.0	4.6	4.6	3.6	3.8	3.6	2.5	3.6	3.3
B2. Government policies: bureaucracy and taxes	3.0	3.6	3.0	3.6	2.8	3.2	2.8	3.0	2.6	2.6	2.6
C. Government entrepreneurship programs	5.0	5.2	4.2	4.4	3.8	4.4	4.0	4.4	4.1	4.1	3.9
D1. Entrepreneurship Education: K12	3.2	3.4	2.8	3.6	2.8	3.0	3.0	3.0	2.2	2.7	2.1
D2. Education for entrepreneurship: post-secondary	6.0	6.2	5.0	5.8	5.8	6.0	5.0	5.4	4.8	5.6	4.9
E. Transfer of research and development	4.2	4.6	3.6	4.2	3.6	4.0	4.4	4.6	3.5	3.6	3.1
F. Commercial and professional infrastructure	5.8	5.8	5.6	5.6	5.6	5.2	4.8	5.6	4.9	4.8	4.0
G1. Ease of market entry: dynamics	6.0	5.2	5.2	5.2	5.8	5.4	6.0	5.8	4.9	5.3	4.9
G2. Ease of market entry: barriers and regulations	4.4	4.6	4.4	4.0	4.0	4.4	4.0	4.8	3.6	3.6	3.2
H. Physical infrastructure	6.8	6.6	6.6	6.2	6.0	5.8	5.6	5.8	5.1	5.3	3.8
I. Social and cultural norms	5.0	5.6	4.6	5.0	5.2	5.6	4.8	6.2	4.6	5.4	4.5

¹In 2021, Puerto Rico did not participate in GEM.

⁵A Likert scale from 0 to 10 was used, where 0 = highly insufficient and 10 = highly sufficient.

The conditions that existed before 2021 are used in order to compare with previous years.

5.2 National Business Context Index (NECI)

The expert ratings of the environmental factors are also used to calculate the National Business Context Index (NECI). On a scale with a maximum value of 10, a higher score indicates a more favorable business environment. This index makes it possible to classify and compare the level of support for entrepreneurship across countries, proving useful both for identifying suitable locations for new businesses and for guiding the design of public policies. Table 36 presents the evolution of the NECI between 2019 and 2024. Although the index reached its highest point in 2023 with a score

of 4.2, it declined again in 2024 to 3.6, matching the level recorded in 2020. This drop indicates a loss of dynamism in the entrepreneurial environment, which is reflected in the global ranking: Puerto Rico fell from 36th place (among 49 economies) in 2023 to 53rd (out of 56) in 2024, once again placing it among the lowest-ranked economies, as was the case in 2019.

Table 35. National Entrepreneurship Context Index (NECI) *.

	2019	2021	2022	2023	2024
Puerto Rico	3.2	3.6	3.8	4.2	3.6
Position among participating economies	53/54	42/44	42/51	36/49	53/56
Geographic region:					
Latin America and the Caribbean	4.0	4.2	4.0	4.0	4.0
USA	5.31	5.2	5.2	4.8	5.1
Income level:					
Low income	4.6	4.1	4.3	4.2	4.5
Average income	4.3	4.4	4.4	4.5	4.3
High income	4.8	4.9	5.2	5.3	5.1

*Puerto Rico did not participate in the GEM in 2021.

Source: GEM Puerto Rico. (2013 to 2024). Retrieved from <https://gem.uprrp.edu/>.

5.3 Factors or areas that are driving entrepreneurial activity in Puerto Rico according to the experts (NES):

Despite the perceived deterioration of the entrepreneurial ecosystem, the experts surveyed for the 2024 National Entrepreneurship Survey (NES) identified multiple factors that are driving formal and informal entrepreneurial activity in Puerto Rico. Table 37 summarizes the experts' opinions, categorized by environmental factor. Notably, although entrepreneurial education at the K–12 level is still considered insufficient, experts perceive that a shift is beginning to take place in this area. Similarly, there is increasing recognition of the public sector's contributions to entrepreneurship through government policies and programs that provide financing and training to SMEs, attract venture capital investment to Puerto Rico, and support entrepreneurs in identifying and entering new international markets.

Furthermore, experts perceive a decrease in the fear of failure—a trend supported by the results of the Adult Population Survey. They also observe that, culturally, entrepreneurship is increasingly regarded as a national project that promotes multisector partnerships to advance the entrepreneurial ecosystem. Public and private schools, universities, for-profit and nonprofit organizations, and entrepreneurs have joined forces, diversifying the talent, connections, and resources available to strengthen the ecosystem.

Table 36. Expert's opinions on the environmental factors that drive entrepreneurial activity, classified by type of environmental factor.

ENVIRONMENTAL FRAMEWORK CONDITIONS	FACTORS THAT DRIVE ENTREPRENEURIAL ACTIVITY
A1. Availability of financing	Access to venture capital. Funds available for entrepreneurship education. Increase in the number of funding programs in non-profit institutions. Government grant programs and post-pandemic subsidies. The government and non-profit organizations provide financing that private banks do not offer. Availability of funds to start new businesses. A more connected ecosystem with access to resources and financial support.
B1. Government policies: Priority and support	Tax incentives: Law 20 of 2012 and Law 22. Development and expansion of incentives to attract businesses and entrepreneurs. Reconstruction and programs to revitalize the economy. Government interest in promoting entrepreneurship as an economic engine.
C. Government programs	Entrepreneur support programs from government agencies. Subsidies and public assistance for new businesses. Regional business development programs such as CSIF.
D1. Entrepreneurship Education: K-12	Early promotion of an entrepreneurial mindset (a trend in the education system). New generations are being exposed to the idea of starting businesses from a young age.
D2. Education for entrepreneurship: post-secondary	University education focused on entrepreneurship. University incubators and support centers promoting the creation of new businesses and knowledge transfer. Programs where young entrepreneurs work with experienced entrepreneurs. Business incubation workshops [e.g., Community and Small Industry Funds (CSIF) incubators].
E. Research and development (R&D) and its commercialization	Technology enabling new fields and professions. Digital platforms facilitating innovation in business models.
G1. Ease of market entry: Dynamics	Social media opening opportunities for small businesses. Greater connectivity within the entrepreneurial ecosystem. Organizations that promote youth initiatives. Digital advertising and networking amplifying opportunities. <i>Gig economy</i> creating new forms of self-employment
I. Social and cultural norms	Growing entrepreneurial mindset and culture. Young people who do not want traditional jobs / preference for flexibility. Entrepreneurship due to economic necessity - lack of employment or search for additional income. Drive for professional autonomy and self-employment - Generational adaptation to new ways of working. Culture of purpose: businesses more aligned with passion and values. Greater visibility of entrepreneurship thanks to social networks. A more mature, collaborative ecosystem oriented towards mutual support.

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

5.4 Expert recommendations for improving the business ecosystem

According to the experts panel, the government must play a more active role by facilitating access to capital through microloans, grants, and seed funds, and by maintaining and expanding tax incentives for local businesses, while simplifying procedures and reducing initial costs for formalizing ventures. Furthermore, it must effectively implement the law that prioritizes SMEs in government procurement. The panel also highlights the importance of reducing the cost of commercial energy and promoting the adoption of digital technologies by linking innovation with real opportunities for commercialization and business growth. Table 38 details these and other expert recommendations, categorized according to the corresponding environmental factor.

Table 37. Expert recommendations for improving the business ecosystem, classified by type of environmental factor.

ENVIRONMENTAL FRAMEWORK CONDITIONS	RECOMMENDATIONS TO PROMOTE ENTREPRENEURIAL ACTIVITY
A1. Availability of financing	<p>Access to capital and technical knowledge, especially for people with limited resources.</p> <p>Support in the development of new business ideas. Promote incentives for businesses that support Puerto Rican entrepreneurs.</p> <p>Improve programs that assist entrepreneurs in the areas of permitting, seed capital, and incentives for starting a business.</p>
B1. Government policies: Priority and support	<p>Become facilitators of entrepreneurship and establish a public policy that supports Puerto Rico's economic development.</p> <p>Create a comprehensive economic development plan that continues programs such as the U.S. Treasury initiative which, through the Development Bank, has provided 100 million dollars to support businesses.</p> <p>Create an entity that serves as a centralized point of contact for all new and existing entrepreneurs, offering free, general, agile, and simple guidance—for example, assistance with the first steps.</p> <p>Increase inter-agency connectivity among government agencies and ecosystem stakeholders.</p> <p>Support entrepreneurs and their services or businesses through government incentives.</p>
B2. Government policies: taxes and bureaucracy	<p>Reduce bureaucratic hurdles to obtaining financial assistance.</p> <p>Simplify the permitting process, which is very complicated, and whose previous simplification efforts have not been successful.</p> <p>Transform the tax system to reward work and entrepreneurship.</p> <p>Improve government systems, services, and websites so that they are more accessible and user-friendly.</p> <p>Create stable programs that transcend political changes every four years.</p>
C. Government programs	<p>Establish and publish metrics and indicators of entrepreneurial activity — essential for communicating and measuring the impact of entrepreneurship on the economy and society.</p> <p>Strengthen and expand support and mentoring programs for entrepreneurs.</p> <p>Create guidance programs for entrepreneurs.</p> <p>Expand access to existing programs for different sectors and industries.</p>
D1. Entrepreneurship Education: K-12	<p>Strengthen entrepreneurship education and training from early stages.</p>

D2. Education for entrepreneurship: post-secondary	<p>Include basic financial and business topics in school — such as how a loan originates or how a credit card works.</p> <p>Provide accessible entrepreneurship education programs, not necessarily free of charge.</p> <p>Encourage older and more experienced individuals to bring their business ideas to life.</p> <p>Offer practical training for entrepreneurship and opportunities to connect with mentors.</p>
E. Research and development (R&D) and its commercialization	<p>Connect universities, incubators, and research centers with the business sector to promote marketable innovation.</p>
G2. Ease of market entry: barriers and regulations	<p>Make the idea of starting a business more accessible: the necessary information is not clear or centralized.</p> <p>Simplify the permitting process and administrative requirements, as they continue to be a major obstacle.</p> <p>Improve access to resources for towns outside the metropolitan area.</p> <p>Eliminate barriers to obtaining information about available assistance or laws (such as Act 22).</p>
H. Access to physical infrastructure	<p>Improve digital and physical infrastructure to make government services more accessible.</p> <p>Ensure that incubators and support centers are also available in municipalities outside the metropolitan area.</p> <p>Suitable and accessible physical spaces for training, guidance and networking.</p>
I. Social and cultural norms	<p>Family support for entrepreneurship; people need to be educated to promote entrepreneurship.</p>

Source: GEM Puerto Rico. (2024). Retrieved from <https://gem.uprrp.edu/>.

CHAPTER 6. CONCLUSIONS

The results of GEM Puerto Rico 2024 confirm a significant advance in the entrepreneurial mindset of the adult population, although structural challenges persist that limit business consolidation. A total of 76.1% of respondents consider themselves to have the necessary capabilities to undertake a business venture, and 46.5% express an intention to start a business within the next three years, placing Puerto Rico fourth among 51 economies. In addition, entrepreneurial knowledge reaches 76.8%, reflecting a more visible and connected ecosystem. Nevertheless, fear of failure continues to affect 45.8% of the population. To reduce this barrier, the implementation of support programs for new entrepreneurs, training in business resilience, and campaigns that highlight local success stories is recommended.

Regarding the profile of those who undertake entrepreneurial activity, there is a greater concentration among adults over 35, who represent 60.3% of early-stage entrepreneurial activity (TEA), while young people aged 18 to 24 barely reach 12.3%. In this context, entrepreneurship among adults over 45 emerges as a strategic opportunity for economic development. Although only 24.5% of this group identifies as entrepreneurs, 49% are confident in their ability to start a business if necessary. Their main motivations include economic necessity (38%) and the desire for independence (19%). However, they face important barriers such as limited access to financing (56% rely on personal savings), perceptions of insufficient institutional support (46%), and fear of risk (17%).

These trends underscore the need to design differentiated strategies that, on the one hand, foster youth entrepreneurship and, on the other, strengthen entrepreneurship among adults in response to demographic shifts. For young people, it is essential to promote university incubators with access to seed capital, soft loans for technology startups, and intergenerational mentoring programs. For adults over 45, the creation of special funds, business management training programs, and support networks that facilitate the transition toward sustainable ventures is recommended. Public policies should also include microloans tailored to this segment, incentives for inclusive entrepreneurship, and campaigns that position prior experience as a competitive advantage.

A gender gap also persists: men participate in TEA at 26.4%, compared with 22.3% of women; in established businesses (EBO), the gap is even larger (5.7% for men vs. 3.7% for women). Inclusive policies are needed to promote women's entrepreneurship through dedicated funding, tax incentives for women-led businesses, and professional mentoring networks. Another relevant aspect is the high concentration of entrepreneurial activity in the service sector—over 80% in both TEA and EBO—which highlights the need to diversify toward transformative, export-oriented, and technology-driven sectors.

In terms of innovation, 78% of early-stage entrepreneurs use technological or innovative processes, but this proportion drops below 60% among established businesses. This gap underscores the need for digital transformation programs for SMEs, subsidies for technological adoption, and improved access to e-commerce platforms.

Finally, the analysis of the business environment reveals a setback compared with the previous year. None of the factors reached the sufficiency threshold, as reflected in the decline of the National Business Context Index (NECI), which fell to 3.6 out of 10, down from 4.2 in 2023, placing Puerto Rico 53rd among the 56 economies evaluated. Weaknesses include bureaucracy and taxes (2.6), entrepreneurship education at the K–12 level (2.1), and access to financing (3.3). In contrast, post-secondary education (4.9) and social and cultural norms (4.5) remain relative strengths.

It is important to note, however, that the survey was conducted during an election year and in the midst of the ruling party's primary season, a context that may have negatively influenced expert perceptions.

Even if this were the case, long-standing structural issues persist, including permitting processes, taxation, access to capital, and infrastructure. To transform Puerto Rico's entrepreneurial potential into sustainable economic growth, a comprehensive strategy is required—one that includes the expansion of financing and acceleration programs, tax incentives for innovative firms, investment in physical and digital infrastructure, and the creation of regional innovation hubs. Furthermore, it is essential to strengthen multisector alliances among government, academia, and the private sector; establish clear metrics for evaluating policy impact; and ensure program continuity beyond political cycles. Puerto Rico has the opportunity to turn entrepreneurship into a driver of economic and social development, provided it can address ecosystem weaknesses and capitalize on its existing strengths.

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GLOSSARY – DEFINITION OF THE VARIABLES OF THE GEM MODEL

Part One:

APS– Acronym for Adult Population Survey. A representative random sample of at least 2,000 adults aged 18 to 64 whose objective is to obtain indicators of entrepreneurial activity.

Employee Entrepreneurial Activity– (Entrepreneurial Employee Activity – EEA)- percentage of the adult population between the ages of 18 and 64 who as employees have participated in entrepreneurial activities such as the development or launch of new products or services, the creation of a new business unit, or a new establishment or subsidiary.

Early Entrepreneurial Activity (Total Early-stage *Entrepreneurial Activity*

– TEA) - percentage of the adult population between the ages of 18 and 64 who are in the process of starting a business (nascent entrepreneur) or are the owner/manager of a new business that is less than 42 months old.

Environmental factors influencing (Entrepreneurial Framework Conditions, or EFCs). This is the framework for developing the National Expert Survey (NES). These are the thirteen business environment conditions that either favor or hinder entrepreneurial activities:

A1. Availability of financing:	There is sufficient funding for new startups.
A2. Ease of access to business financing:	Level of accessibility to funds to finance ventures.
B1. Government policies — Support and relevance:	The policies promote and support new businesses.
B2. Government policies — Taxes and bureaucracy:	Startups are not overburdened.
C. Government programs:	Quality programs to support SMEs are widely available.
D1. Entrepreneurship Education - K12:	Entrepreneurship in primary and secondary schools: schools introduce entrepreneurial ideas.
D2. Education for entrepreneurship – entrepreneurship in higher education (vocational and university):	Vocational schools and universities offer courses on how to start a business.
E. Research and development (R&D) and its commercialization:	The research is easily transferred to new companies.
F. Commercial and professional infrastructure:	Quality services are available and affordable.
G1. Ease of entry — Market dynamics:	Markets are free, open, and growing.
G2. Ease of entry — Charges and regulations:	The regulations do not restrict the entry of new companies.
H. Physical infrastructure:	good quality physical resources, available and affordable.
I. Social and cultural norms:	To foster and celebrate entrepreneurship.

Entrepreneurial intent- Percentage of the adult population between the ages of 18 and 64 (excluding individuals involved in any stage of entrepreneurial activity) who intend to start a business within the next three years.

Fear of failure- Percentage of the adult population between the ages of 18 and 64 who perceive good opportunities to start a business, but indicate that fear of failure would prevent them from establishing a business.

NES- Acronym for National Expert Survey. This is an opinion panel of at least 56 national experts whose objective is to gather opinions on the environmental factors that influence the type and level of entrepreneurial activity in the country under study. The expert sample is selected by convenience sampling, but requires that at least 25% of the participants be small, medium, or large business owners.

NECI -The acronym stands for National Entrepreneurship Context Index. It represents the quality of the business environment in a particular economy. It is a composite index that reflects the environment of each country and is calculated using a weighted average of the scores assigned by surveyed experts to the 13 environmental conditioning factors (ECFs) in the national expert survey (with a maximum value of 10 points).

Perception of opportunities- Percentage of the adult population between the ages of 18 and 64 who see good opportunities to start a business in the area where they live.

Perception of the ease of starting a business- Percentage of the adult population between the ages of 18 and 64 who consider it easy to start a business.

Perception of capabilities- Percentage of the adult population between the ages of 18 and 64 who believe they have the skills and knowledge required to start a business.

Entrepreneurship discontinuation rate- Percentage of the adult population between the ages of 18 and 64 (who are nascent entrepreneurs or owners of a new business) who, in the last 12 months, have discontinued a business, either by selling, closing or otherwise ending an owner/manager relationship with the business.

Rate of established businesses (Established Business Owners - EBO) - percentage of the adult population between the ages of 18 and 64 who are currently entrepreneurs - managers of an established business. This refers to those individuals who own and

administrators of an ongoing business that has paid salaries, or any other payment to the owners for more than 42 months.

Nascent entrepreneur rate- Percentage of the adult population between the ages of 18 and 64 who take some kind of steps to start a business but have not yet paid wages or benefits to the entrepreneur for at least three months.

Rate of new ventures- Percentage of the adult population between the ages of 18 and 64 who are currently entrepreneurs/managers of a new business. This refers to those individuals who own and manage an existing business that has been generating wages or profits for the entrepreneur for at least three months and was started 42 months ago or less.

GEM (Global Entrepreneurship Monitor) (2024). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 years and growing. London: GEM.