ASEAN Snapshot

+ 7th largest economy worldwide, combined GDP of USD2.5 trillion and poised to become the 4th largest by 2030. 6 major economies of Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam all expected to cross the USD 3,000/capita barrier

+ 70% of the population is younger than the age of 40 years

+ 4th largest and the fastest growing internet market in the world, with more than 3.8 million going online every month
  - 150 million population of 25+ years is unbanked. 100 million+ in Indonesia, Philippines, and Vietnam alone
  - Internet speeds are slower than global average for all countries except Singapore
  - There is a lack of talent especially senior engineers and at CxO levels, lack of access to funding capital, and nascent M&A scene.

Population 630mil

Aged 15-34 60%

Top economies > 5.3% growth

260mil internet users
700mil mobile connections
The Ecosystem is largely dominated by E-commerce, Fintech, and On-Demand services. There are positive signs for HealthTech too. MaGIC’s Global Accelerator Program (GAP) has seen a near three folds increase in the number of applications from Fintech and HealthTech ventures in 2017.

**List Of Startup Companies Thriving In Southeast Asia**

**E-commerce**
- **PromptPay** - Thailand  
- **WeLoveShopping** - Thailand  
- **iTrueMart** - Thailand  
- **aCommerce** - Thailand  
- **Zalora** - Singapore  
- **Lazada** - Singapore  
- **HappyFresh** - Indonesia  
- **Foodpanda** - Germany  
- **Amazon** - The United States  
- **Rakuten** - Tokyo

**Fintech**
- **Omise** - Thailand  
- **Coins** - Philippines  
- **Jirnexu** - Malaysia  
- **NgaturDuit** - Indonesia  
- **StashAway** - Singapore  
- **4xLabs** - Singapore  
- **Silot** - Singapore

**On Demand Services**
- **Kata.ai** - Indonesia  
- **Telkomsel** - Indonesia  
- **YesBoss Group** - Indonesia  
- **Go-Jek** - Indonesia  
- **Uber** - The United States  
- **Netflix** - The United States  
- **Grab** - Malaysia  
- **Garena** - Singapore  
- **Band Lab** - Singapore

Digital Opportunity

There are an estimated 7,000 startups in South East Asia. Some 1,000 have received funding and only half of these have received funding beyond seed. However, between 2016 and Q3 2017, Southeast Asian internet companies were able to raise more than $12B of capital, up from just $1B in 2015 indicative of the growing focus on the region.

Internet Economy is ready to take-off

The internet economy in SEA is expected to reach ~ $200 billion by 2025 (6.5x increase over 10 years)

eCommerce and Travel to make up >90% of total online retail spend in 2025

Ecosystem Reports

1. Startup Genome
2. Global Entrepreneurship Monitor (GEM)
3. Global Entrepreneurship Index (GEI)
As an ecosystem grows, it goes through the following four phases, distinct in their characteristics such as size, strengths and challenges and what triggers them to the next phase.

Source: https://startupgenome.com/report2017/
Startup Genome 2017: Kuala Lumpur

- Kuala Lumpur ranks in the Activation phase and is home to some 350 - 650 startups. It’s startup growth index is the third highest globally.

- The city has an Ecosystem Value of $1.1 billion dollars. On this measure of startup valuations and exits, Kuala Lumpur’s ecosystem is the 7th fastest growing globally.

- Kuala Lumpur’s Global Connectedness ranked higher than other city ecosystems in the same phase of development, ranking well higher than the global median on both inbound and outbound International relationships.

- Global Connectedness quantifies the valuable international relationships that exist between startup leaders. The factor is highly correlated with the percentage of foreign customers, and is also highly correlated with Global Resource Attraction. Ecosystems that see a large flow of startups and entrepreneurs move into it benefit from this flow, capitalizing on it through global relationships which enhances the ability to “go global.”

Whilst not all ASEAN ecosystems participate in the Startup Genome report, MaGIC’s own research through it’s ASEAN Centre of Entrepreneurship (ACE) shows that the region performs well on factors of Global Connectedness, Women Entrepreneurship, and Talent Access and Cost.

Startup Genome 2017: Singapore

Singapore has the 6th highest Percentage of immigrant founders in the world at 35%. It also has the 3rd highest level of Global Connectedness of all top 20 ecosystems outperforming even Silicon Valley.

"Singapore is an open society and welcomes entrepreneurs around the world to create the next big thing here."

James Tan
Managing Partner at Quest Ventures

Founders based in Singapore are the youngest in the world, with a median of 28 years. Only 27% of Singapore teams have 2-3 founders, the lowest rate in the world, and 20% lower than the next closest ecosystem. Our past research showed that startups with 2-3 founders significantly outperform other founder number combinations.

“The Singapore startup ecosystem is a fast growing, albeit young one. While progress is encouraging it is not without challenges. For one, exit options remain limited, thus restricting capital/talent liquidity circulating back into the ecosystem. I remain confident that this will be solved in time.”

Tiang Lim Foo
Operating Partner at SeedPlus

Source: https://startupgenome.com/report2017/
Points to focus on from Startup Genome assessment:

**Foundation Issues:**
- *Entrepreneurial Spirit* of the population and how it manifests into Entrepreneurial Activity
- *Mindset* of the entrepreneur class

**Focal Issues:**
- *Local Connectedness*: Relationships between entrepreneurs, investors and other ecosystem stakeholders and the resources that are shared
- *Seed-Funding gap*
- *Rhythm of exists over $100mil*: access to global know-how about how to develop a startup and what global customer needs are so startups effectively tackle globally-relevant problems that are yet to be solved
Total Entrepreneurial Activity

GEM reports on Total Early-stage Entrepreneurial Activity (TEA)

Most ASEAN ecosystems have low rates of Innovation in their entrepreneurial activity.

<table>
<thead>
<tr>
<th>Country</th>
<th>TEA (%)</th>
<th>Innovation Rate (%)</th>
<th>2016 TEA Rank/65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>14.1</td>
<td>17.7</td>
<td>20</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.7</td>
<td>3.5</td>
<td>63</td>
</tr>
<tr>
<td>Philippines</td>
<td>17.2</td>
<td>31.8</td>
<td>16</td>
</tr>
<tr>
<td>Thailand</td>
<td>17.2</td>
<td>17.1</td>
<td>11</td>
</tr>
<tr>
<td>Singapore</td>
<td>11 (2014)</td>
<td>20.5 (2014)</td>
<td>-</td>
</tr>
<tr>
<td>Vietnam</td>
<td>13.7</td>
<td>16.5</td>
<td>20</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>33.5</td>
<td>22.5</td>
<td>1</td>
</tr>
<tr>
<td>Ecuador</td>
<td>31.8</td>
<td>16.4</td>
<td>2</td>
</tr>
<tr>
<td>Belize</td>
<td>28.8</td>
<td>48.2</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: [http://www.gemconsortium.org/report](http://www.gemconsortium.org/report)
Malaysia ranks 62/65 on TEA
- Malaysia ranks 65/65 on Innovation-driven Entrepreneurship
- Ranks 18/65 on Government Entrepreneurship Programs and 16/65 on Government Policies that Support the ecosystem
- GEM covers one of the widest surveys to prepare its ecosystem report. Every year typically 65-70 economies are covered through a survey reaching over 200,000 of the adult population in the various economies. Other ASEAN ecosystem pages can be found in the source below.

Source: [http://www.gemconsortium.org/country-profile/86](http://www.gemconsortium.org/country-profile/86)
GEM 2016/17: Ecosystems Compared

Expert Ratings: 1 = highly insufficient, 5 = highly sufficient
“Entrepreneurship, in its broadest sense, is the capacity to create and develop new business ventures. But definitions used can be hard to follow and quantify. The OECD defines entrepreneurship as ‘the phenomenon associated with entrepreneurial activity as the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (UNCTAD 2015).

Pioneers of economic thinking on entrepreneurship argued that it is synonymous with innovation – the introduction of new products or processes or the opening up of new markets that replace the old in a process of ‘creative destruction’ (Schumpeter 1911). This suggests that existing firms that launch new product lines or expand businesses in new markets or adopt new technological processes could also be called entrepreneurs. And it is not enough to set up a new business; the business needs to be innovative for it to be counted as an entrepreneurial venture.”

Why Innovation matters?

GEM doesn’t produce an index. It ranks economies on various entrepreneurship related factors. The scores end up showing the quantity of entrepreneurship, and not necessarily the quality.

GEM’s TEA is made up of both necessity-driven entrepreneurship and opportunity-driven entrepreneurship. In most of the factor-driven economies and poor economies of the world, necessity-driven entrepreneurship is high as people as no option but to self-sustain themselves through entrepreneurship. However this doesn’t necessarily mean their entrepreneurship ecosystems are well developed – TEA does not indicate the quality of these ecosystems.

“While many think of the output of ecosystems as more startups, like GEM, this is wrong and misleading. The dual service created by entrepreneurial ecosystems is (1) resource allocation towards productive uses and (2) the innovative, high-growth ventures that drive this process.”

Focus on Scaleups

Data from World Bank analyzed by Endeavor Insight shows that scaleups in SEA account for only 14% of all companies but create 77% of the net new jobs.

A scaleup (company) is a company who has an average annualized return of at least 20% in the past 3 years with at least 10 employees in the beginning of the period (OECD, 2007)

The importance of scaleups and the rise of their terminology can be found in the study of the World Economic Forum which found that not all start-ups make it big, but the ones that do greatly impact society by means of new technology, services and increased employment.

“Countries that have low necessity entrepreneurship are more developed and countries that have a high level of necessity entrepreneurship have a low level of development. The relationship between Entrepreneurship and Economic development is positive (S-shaped curve) when only opportunity-driven entrepreneurship is considered.”

Innovation accounts for only 5% of economic activity in factor-driven and 10% of economic activity in efficiency driven.

Global Entrepreneurship Index

<table>
<thead>
<tr>
<th>Country</th>
<th>GEI 2018 (Rank)</th>
<th>Economic Impact ($bil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>34.3 (53)</td>
<td>1.43</td>
</tr>
<tr>
<td>Cambodia</td>
<td>17.6 (113)</td>
<td>25.38</td>
</tr>
<tr>
<td>Indonesia</td>
<td>20.7 (94)</td>
<td>534.70</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>17.8 (112)</td>
<td>12.91</td>
</tr>
<tr>
<td>Malaysia</td>
<td>32.7 (58)</td>
<td>100.96</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>GEI 2018 (Rank)</th>
<th>Economic Impact ($bil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar</td>
<td>13.6 (127)</td>
<td>84.06</td>
</tr>
<tr>
<td>Philippines</td>
<td>24.1 (84)</td>
<td>241.09</td>
</tr>
<tr>
<td>Singapore</td>
<td>52.7 (27)</td>
<td>28.55</td>
</tr>
<tr>
<td>Thailand</td>
<td>27.4 (71)</td>
<td>181.86</td>
</tr>
<tr>
<td>Vietnam</td>
<td>23.2 (87)</td>
<td>200</td>
</tr>
</tbody>
</table>

GEI 2018 vs GDP Per Capita (PPP)

R² = 0.7689
GEDI defines entrepreneurial ecosystems as “...dynamic institutionally embedded interaction between entrepreneurial attitudes, abilities and aspirations, by individuals, which drives the allocation of resources through the creation and operation of new ventures.”

- It measures include 14 pillars across the three dimensions of Attitude, Ability, and Aspiration.
- The measures include both individual-level and institutional/environment variables. The individual-level variables are from the GEM survey, whilst institutions variables are from other sources.
- It uses the Penalty of Bottleneck algorithm, to penalize the higher performing pillar values and adjusts these to the weakest performing pillar value.

For ASEAN countries, the scores for Attitude and Aspiration impact overall GEI score more than the scores for Ability. Hence, as per the Penalty of Bottleneck Algorithm, the way to improve the overall GEI scores is to focus more on the Attitude and Aspiration pillars. This relates to the findings from Startup Genome too where Talent access was not seen as a stumbling issue.

When compared to other economies transitioning to becoming Innovation-driven, Malaysia ranks low on individual-level scores for Startup skills, Career Status, Technology level, Product Innovation, High Growth, and Risk Capital.

Most of the above also applies across ASEAN countries including Singapore. The Institutional variable scores are mostly stronger than individual scores, which are lowest on the Attitude and Aspiration pillars.

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>#</th>
<th>INSTITUTIONAL VARIABLES</th>
<th>#</th>
<th>INDIVIDUAL VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Perception</td>
<td>0.40</td>
<td>8 Freedom</td>
<td>0.69</td>
<td>Opportunity Recognition</td>
</tr>
<tr>
<td>Start-up Skills</td>
<td>0.16</td>
<td>17 Tertiary Education</td>
<td>0.62</td>
<td>Skill Perception</td>
</tr>
<tr>
<td>Risk Acceptance</td>
<td>0.56</td>
<td>3 Country Risk</td>
<td>0.61</td>
<td>Risk Perception</td>
</tr>
<tr>
<td>Networking</td>
<td>0.58</td>
<td>6 Agglomeration</td>
<td>0.76</td>
<td>Known Entrepreneurs</td>
</tr>
<tr>
<td>Cultural Support</td>
<td>0.22</td>
<td>15 Corruption</td>
<td>0.56</td>
<td>Career Status</td>
</tr>
<tr>
<td>Entrepreneurial Attitudes</td>
<td>0.33</td>
<td>10 Governance</td>
<td>0.67</td>
<td>Opportunity Motivation</td>
</tr>
<tr>
<td>Opportunity Startup</td>
<td>0.61</td>
<td>5 Governance</td>
<td>0.67</td>
<td>Technology Level</td>
</tr>
<tr>
<td>Technology Absorption</td>
<td>0.09</td>
<td>18 Tech Absorption</td>
<td>0.77</td>
<td>Educational Level</td>
</tr>
<tr>
<td>Human Capital</td>
<td>0.63</td>
<td>4 Labor Market</td>
<td>0.89</td>
<td>Competitors</td>
</tr>
<tr>
<td>Competition</td>
<td>0.41</td>
<td>2 Market Dominance</td>
<td>0.81</td>
<td>Competitors</td>
</tr>
<tr>
<td>Entrepreneurial Abilities</td>
<td>0.36</td>
<td>7 Technology Transfer</td>
<td>0.82</td>
<td>New Product</td>
</tr>
<tr>
<td>Product Innovation</td>
<td>0.12</td>
<td>18 Science GERD</td>
<td>0.69</td>
<td>New Tech</td>
</tr>
<tr>
<td>Process Innovation</td>
<td>0.90</td>
<td>17 Finance and Strategy</td>
<td>1.00</td>
<td>Gazelle</td>
</tr>
<tr>
<td>High Growth</td>
<td>0.13</td>
<td>8 Globalization</td>
<td>0.71</td>
<td>Export</td>
</tr>
<tr>
<td>Internationalization</td>
<td>0.45</td>
<td>15 Depth of Capital Market</td>
<td>0.93</td>
<td>Informal Investment</td>
</tr>
<tr>
<td>Risk Capital</td>
<td>0.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Aspirations</td>
<td>0.29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GEI</td>
<td>0.33</td>
<td>12 INSTITUTIONAL</td>
<td>0.74</td>
<td>1 INDIVIDUAL</td>
</tr>
</tbody>
</table>

Bottom quartile
Lower middle quartile
Higher middle quartile
Top quartile

# Malaysia’s ranking for the variable is indicated next to its pillar value

Countries included in the comparison are: Argentina, Brazil, Chile, Costa Rica, Croatia, Hungary, Latvia, Lebanon, Lithuania, Malaysia, Mexico, Oman, Panama, Poland, Romania, Russia, Turkey, and Uruguay. Seychelles and Mauritius data is not available.
GEI 2018: Comparisons

% of Effort on GEI

A 10% increase in GEI scores for all ASEAN economies could add USD1.4 trillion to the ASEAN economy.

Chart below applies to Malaysia, showing the percentage of total effort that needs to go into increasing Malaysia’s GEI score by 10 points.

Entrepreneurial Ecosystem Shifts

1. **Demographics**: Changing demographics (e.g., ageing population) will affect the pipeline of entrepreneurs and impact entrepreneurial dynamism.

2. **New Nature of entrepreneurship**: Traditionally entrepreneurial companies create jobs. However, the rate of job growth today lags behind revenue thanks to technology. At the same time, platforms lower barriers to entry and open more entrepreneurial opportunities (think Airbnb, Uber etc.) - micro-entrepreneurship is on the rise.

3. **Third wave of Innovation**: puts corporates at an advantage. This is because the third wave mostly involves products and services that are much more costly to create. Hence ecosystem development needs to match corporates that are keen on innovation with startups and entrepreneurs that have new business model ideas but may not have access to resources and markets.

4. **Collaborative economy is here to stay**: Ownerships is reducing, and other ways to share, borrow, rent are on the rise. The five main sharing economy sectors (collaborative finance, peer-to-peer accommodation, peer-to-peer transportation, on-demand household services and on-demand professional services) are poised to generate $335 billion by 2025\(^1\). Platforms that enable the sharing economy are already some of the biggest corporations in the world.

This is the generally accepted stakeholder model.

The future though is a collaborative economy where our citizens play a crucial role – not only are they beneficiaries of innovation but they have an important participatory role to play in the ecosystem. The ASEAN stakeholder model needs to be and will be different.

Platforms such as MaGIC’s Actyvate (http://actyvate.my/) are examples of how the collaborative economy is shaping up in ASEAN.
1. Startup Genome = Ecosystem Lifecycle Model
   Global Entrepreneurship Monitor = Total Early-stage Entrepreneurial Activity
   Global Entrepreneurship and Development Institute = Entrepreneurship Index

2. ASEAN countries need to focus their entrepreneurship programs on mindset change, and on supporting not just startups but also scaleups.

3. Collaborative economy needs to include platforms, such as crowdsourcing and crowdfunding platforms, that involve citizens at large, unlocking collective creative and innovation capabilities. Additionally data from these platforms will help in measuring the impact of this innovation to the economy and will help shape ASEAN’s Social Enterprise future at the same time.
https://mymagic.my
@magiccyberjaya
Aditya Tuli, VP Tech and Innovation, @adityatuli
Startup Genome 2016-2017 Global report placed Kuala Lumpur at the earliest stage of ecosystem development viz., Activation stage. The main factors determining this position are KL’s Startup Output of 350-650 startups and its Startup Experience, with very few large exists (>100mil) over the last few years.

Source: https://startupgenome.com/report2017/
Expert Ratings of the Entrepreneurial Eco-system (ranked out of 65)

1 = highly insufficient, 9 = highly sufficient

- **Entrepreneurial finance**: 4.52 28/65
- **Government policies: support and relevance**: 4.59 22/65
- **Government policies: taxes and bureaucracy**: 3.67 37/65
- **Government e-ship programs**: 4.06 37/65
- **E-ship education at school stage**: 4.11 7/65
- **E-ship education at post school stage**: 5.72 5/65
- **R&D transfer**: 4.14 23/65
- **Commercial & legal infrastructure**: 3.94 62/65
- **Internal market dynamics**: 6.54 4/65
- **Internal market burdens or entry regulation**: 3.93 47/65
- **Physical infrastructure**: 5.21 61/65
- **Cultural & social norms**: 5.49 13/65

Source: [http://www.gemconsortium.org/report](http://www.gemconsortium.org/report)
GEM 2016/17: Malaysia

Expert Ratings of the Entrepreneurial Eco-system (ranked out of 65)

ASIA & OCEANIA

Malaysia

1 = highly insufficient, 9 = highly sufficient

Entrepreneurial finance: 5.32 5/65
Cultural & social norms: 5.33 16/65
Physical infrastructure: 6.46 38/65
Internal market burdens or entry regulation: 4.63 19/65
Internal market dynamics: 6.32 5/65
Commercial & legal infrastructure: 5.13 24/65
R&D transfer: 4.70 8/65

Government policies: support and relevance: 4.94 17/65
Government policies: taxes and bureaucracy: 4.21 27/65
Government e-ship programs: 4.92 19/65
E-ship education at school stage: 3.98 10/65
E-ship education at post school stage: 5.14 15/65

Source: http://www.gemconsortium.org/report
GEM 2016/17: Thailand

Expert Ratings of the Entrepreneurial Eco-system (ranked out of 65)

ASIA & OCEANIA

THAILAND

Entrepreneurial finance
4.66 21/65

Government policies: support and relevance
4.14 34/65

Government policies: taxes and bureaucracy
3.84 35/65

Government e-ship programs 3.58 50/65

E-ship education at school stage 3.06 33/65

E-ship education at post school stage 4.74 31/65

R&D transfer 3.92 31/65

Internal market dynamics 6.10 10/65

Commercial & legal infrastructure 4.89 38/65

Physical infrastructure 6.67 30/65

Cultural & social norms 5.16 19/65

Internal market burdens or entry regulation 4.23 26/65

Source: http://www.gemconsortium.org/report
GEI 2018 (contd.)

Source: https://thegedi.org/
Note: Data for some ASEAN economies is approximated in GEI. The last available GEM data for the major 6 economies of Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam is considered. And for the remaining ASEAN countries, data is approximated based on the average of their neighbors where this data is available from the GEM survey.

Source: https://thegedi.org/
Pillar 2: **Startup Skills.** Launching a successful venture requires the potential entrepreneur to have the necessary startup skills. **Skill Perception measures the percentage of the population who believe they have adequate startup skills.** Most people in developing countries think they have the skills needed to start a business, but their skills were usually acquired through workplace trial and error in relatively simple business activities. In developed countries, business formation, operation, management, etc., require skills that are acquired through formal education and training. Hence education, especially post-secondary education, plays a vital role in teaching and developing entrepreneurial skills. Today there are 150 million students enrolled in some kind of education beyond high school, a 53 percent increase in less than a decade. People all over the world see education as a pathway out of poverty.

Pillar 5: **Cultural Support.** This pillar is a combined measure of how a country’s inhabitants view entrepreneurs in terms of status and career choice, and how the level of corruption in that country affects this view. Without strong cultural support, the best and brightest do not want to be responsible entrepreneurs, and they decide to enter a traditional profession. **Career Status is the average percentage of the population age 18-64 who say that entrepreneurship is a good career choice and enjoys high status.** The associated institutional variable measures the level of corruption. High levels of corruption can undermine the high status and steady career paths of legitimate entrepreneurs.
Pillar 7: **Technology Absorption.** In the modern knowledge economy, information and communication technologies (ICT) play a crucial role in economic development. Not all sectors provide the same chances for businesses to survive and or their potential for growth. **The Technology Level variable is a measure of the businesses that are in technology sectors.** The institutional variable, Tech Absorption, is a measure of a country’s capacity for firm-level technology absorption, as reported by the World Economic Forum. The diffusion of new technology, and the capability to absorb it, is vital for innovative firms with high growth potential.

Pillar 10: **Product Innovation.** New products play a crucial role in the economy of all countries. While countries were once the source of most new products, today developing countries are producing products that are dramatically cheaper than their Western equivalents. **New Product is a measure of a country’s potential to generate new products and to adopt or imitate existing products.** In order to quantify the potential for new product innovation, an institutional variable related to technology and innovation transfer seems to be relevant. Technology Transfer is a complex measure of whether a business environment allows the application of innovations for developing new products.
pillar 12: high growth. high growth is a combined measure of the percentage of high-growth businesses that intend to employ at least 10 people and plan to grow more than 50 percent in five years (gazelle variable) with business strategy sophistication (business strategy variable) and venture capital financing possibility (venture capital). it might be argued that a shortcoming of the gazelle variable is that growth is not an actual but an expected rate. however, a measure of expected growth is in fact a more appropriate measure of aspiration than a measure of realized growth. business strategy refers to “the ability of companies to pursue distinctive strategies, which involves differentiated positioning and innovative means of production and service delivery.” high growth combines high growth potential with a sophisticated strategy and growth specific venture capital finance.

pillar 14: risk capital. the availability of risk finance, particularly equity rather than debt, is an essential precondition for fulfilling entrepreneurial aspirations that are beyond an individual entrepreneur’s personal financial resources. here we combine two kinds of finance, the informal investment (informal investment) and the institutional depth of capital market (dcm). informal investment is defined as the percentage of informal investors in the population age 18-64, multiplied by the average size of individuals’ investment in other people’s new businesses. while the rate of informal investment is high in factor-driven economies, the amount of informal investment is considerably larger in efficiency- and innovation-driven countries; combining them balances these two effects. our institutional variable here is dcm, one of the six sub-indices of the venture capital and private equity index. this variable is a complex measure of the size and liquidity of the stock market, level of ipo, m&a, and debt and credit market activity, which encompass seven aspects of a country’s debt and capital market.