

## ECONOMY PROFILE



# Puerto Rico

■ Population (2023): **3.2 million** (UN)

■ GDP per capita (2023; PPP, international \$): **47.7 thousand** (World Bank)

### Attitudes and perceptions

	% Adults	Rank/51*
Know someone who has started a new business	76.8	4
Good opportunities to start a business in my area	62.0	14=
It is easy to start a business	30.8	46
Personally have the skills and knowledge	76.1	7
Fear of failure (opportunity)	46.6	23=
Entrepreneurial intentions**	35.9	11

### Entrepreneurship impact

	% Adults	Rank/51
Job expectations (expecting to employ six or more people in five years' time)	4.6	12=
	% TEA	Rank/51
International (25%+ revenue)	14.4	23
Always consider social impact	86.3	12=
Always consider environmental impact	88.7	6
Prioritise social and/or environmental impact above profit or growth	74.8	12
Industry (% TEA in business services)	20.2	25

### Motivational

(somewhat or strongly agree)

	% TEA	Rank/51
To make a difference in the world	72.8	4
To build great wealth or very high income	51.2	35
To continue a family tradition	34.9	17
To earn a living because jobs are scarce	77.5	17

### Activity

	% Adults	Rank/51	% Female	% Male
TEA (Total early-stage Entrepreneurial Activity)	24.3	5	22.3	26.4

### Recent changes

	% Adults	Rank/51
Household income has decreased in the current year***	49.8	6
	% TEA	Rank/51
Starting a business is more difficult than a year ago	49.7	17
Use more digital technology to sell products or services	68.0	11

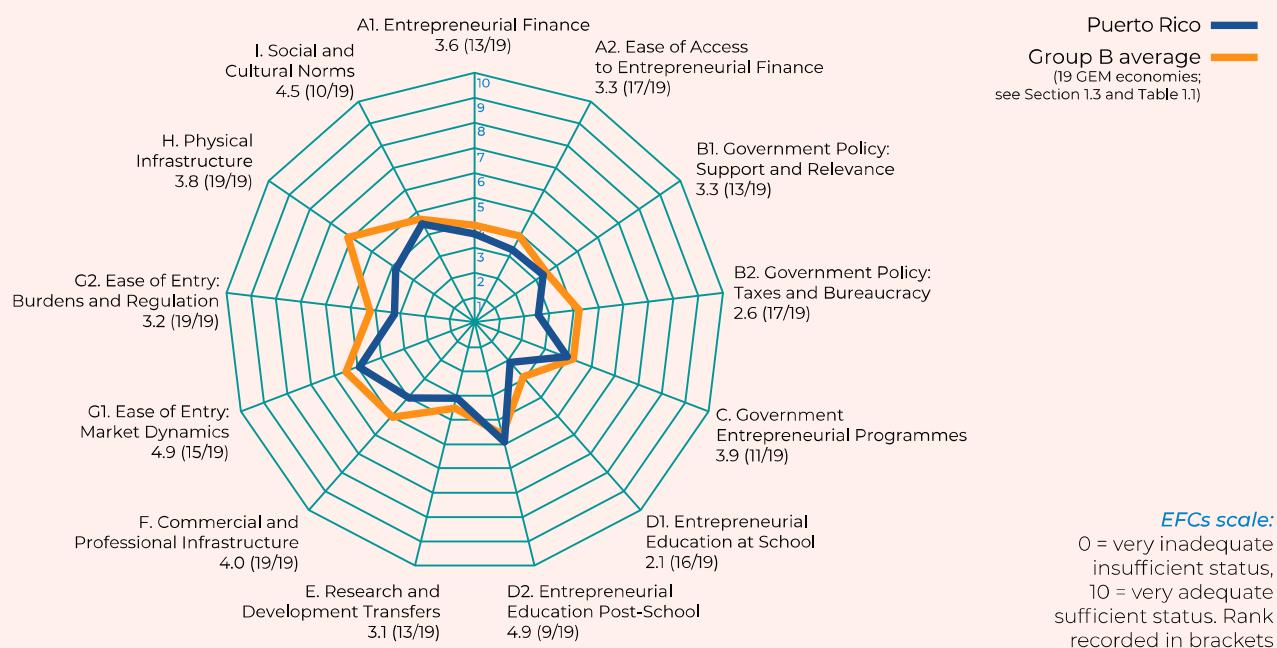
An equals sign (=) indicates that the ranking position is tied with another economy or economies.

\* Belarus' "Know someone who has started a new business" rate missing; ranking for this rate is out of 50.

\*\* Entrepreneurial intentions of those who are not currently involved in business activity.

\*\*\* Either somewhat decrease or strongly decrease.

## EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS



## POLICY ROADMAP

Puerto Rico's Planning Board projects sustained growth of 2.8% for fiscal year 2024 and of 1.4% for 2025. These projections are supported by the multiplying effect of an expected increase in federal funds, mostly due to funds assigned to Puerto Rico to mitigate the damages caused by Hurricane Maria in 2017 and by other natural disasters.

### 2024 Framework Conditions Review

The overall quality of Puerto Rico's entrepreneurial environment, as assessed by its own national experts and as measured by the NECI (National Entrepreneurial Context Index), had improved from 2023 to 2024, with its score increasing from 3.8 to 4.2, pushing its ranking from 42nd to 36th. In 2024 that position is more than reversed, with the score falling to 3.6 and the ranking to 53rd (of 56 economies).

The reason for this decline is that all 13 of Puerto Rico's underlying Framework Conditions scored less this year than last, with the largest falls being for Physical Infrastructure (down from 5.3 to 3.8), reflecting continuing power outages, and for Social and Cultural Norms (from 5.4 to 4.5). By 2024 all conditions were scored as less than sufficient (<5.0), with eight rated as poor (<4.0) and two very poor (<3.0): Entrepreneurial Education at School and Government Policy; Taxes and Bureaucracy. Six Framework Conditions rank in the bottom 10 of the 56 GEM economies in the 2024 National Expert Survey, with three ranked absolute last: Commercial and Professional Infrastructure; Ease of Entry: Burdens and Regulation; and Physical Infrastructure.

By contrast, women's relative access to entrepreneurial resources scored as better than satisfactory (5.5), while the perceived prioritisation new businesses give to sustainability was just less than satisfactory (4.9), which looks low given that three out of four of those new businesses report that

they prioritise social or environmental impacts above profitability or growth (see below).

### 2024 Entrepreneurial Activity Review

A half of adults in Puerto Rico report that their household income has fallen in the current year, up from just over one in three a year ago. The proportion expecting to start a business in the next three years continues to rise, and is now over one in three, having been one in four last year. Entrepreneurial awareness and confidence are very high, with over three in four knowing someone who has started a business recently, or regarding themselves as having the skills or experience to start their own. Over three in five adults see good opportunities to start a business locally, although a little under a half of these would not start a business for fear it might fail.

Almost one in four adults is starting or running a new business, up on a year earlier, with men slightly more likely to be doing so than women. However, Established Business Ownership continues to fall, and has now reached the point where almost five people are starting new businesses for every person owning an established one. Early-stage entrepreneurship has been high for several years, and the fact that Established Business Ownership is not rising suggests that most of these new businesses are not surviving to maturity.

More than three in four new entrepreneurs agree with the motivation "to earn a living because jobs are scarce", although seven in 10 also agree with "to make a difference in the world". One in three has customers outside the country, while over two in three expect to use more digital technology to sell their products in the next six months. Job expectations are high, with one in five expecting to employ at least another six people in five years' time. Finally, and as noted earlier, three out of four report prioritising social or environmental impacts above profitability or growth.

#### Institution

##### Lead institution

University of Puerto Rico School of Business, Rio Piedras Campus



#### Type of institution

Business School

#### Website

<https://www.uprrp.edu/english/>

#### Team

##### Team leader

Theany M. Calderon Abreu

#### Team members

Arleen Hernandez

Segundo Castro

Jairo Arturo Ayala

#### Funders

University of Puerto Rico School of Business, Rio Piedras Campus

Banco Popular de Puerto Rico

The Department of Economic Development and Commerce.

#### APS vendor

Gaither International

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