

# Entrepreneurship recovers in Luxembourg

## Strong commitment by Luxembourg's emerging entrepreneurs to sustainability

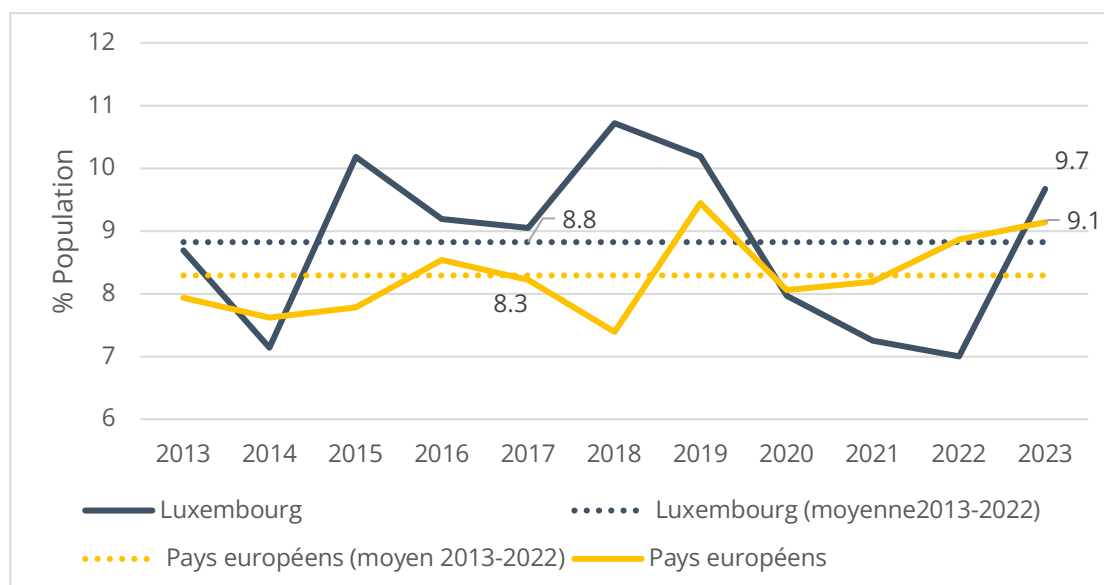
**According to the Global Entrepreneurship Monitor (GEM), entrepreneurial activities in Luxembourg have rebounded to pre-pandemic levels, both in absolute numbers and compared to other European countries. However, recent data on business creation indicate a slowdown suggesting worsening expectations about the future.**

In 2023, the share of residents actively involved in starting or running a new business increased to 9.7% from a historic low of 7% recorded in 2022. The proportion of Total Entrepreneurial Activity (TEA), referring to nascent and new entrepreneurs with less than 42 months of paid activity, was higher in Luxembourg (9.7%) than in other European countries (9.2%) in 2023 (See Figure 1). Despite these positive developments, some challenges may be ahead. Recent register data indicate a slowdown in business creation, while GEM shows that business opportunities and growth expectations are worsening.

### Entrepreneurs report strong commitment to sustainability

For the first time, GEM Luxembourg documents the strong commitment of entrepreneurs towards sustainable development goals. In 2023, 54% of entrepreneurs declared to be actively engaged in maximising social impact; 66% reported to be actively engaged in minimizing environmental impact. This places Luxembourg high in a cross-country ranking (See Figure 2).

**FIGURE 1 : TOTAL ENTREPRENEURIAL ACTIVITY RATE (% OF POPULATION)**



## Characteristics of Entrepreneurs in Luxembourg

**Innovation:** Luxembourg, a "strong innovator" according to the European Innovation Scoreboard, ranks first in terms of the proportion of new entrepreneurs that declare themselves innovative (40% in Luxembourg compared to 30% on average).

**Necessity:** Luxembourg has a considerable lower-than-average necessity-driven entrepreneurship (47% of Luxembourg's entrepreneurs report a business due to a lack of available jobs compared to EU average 58%).

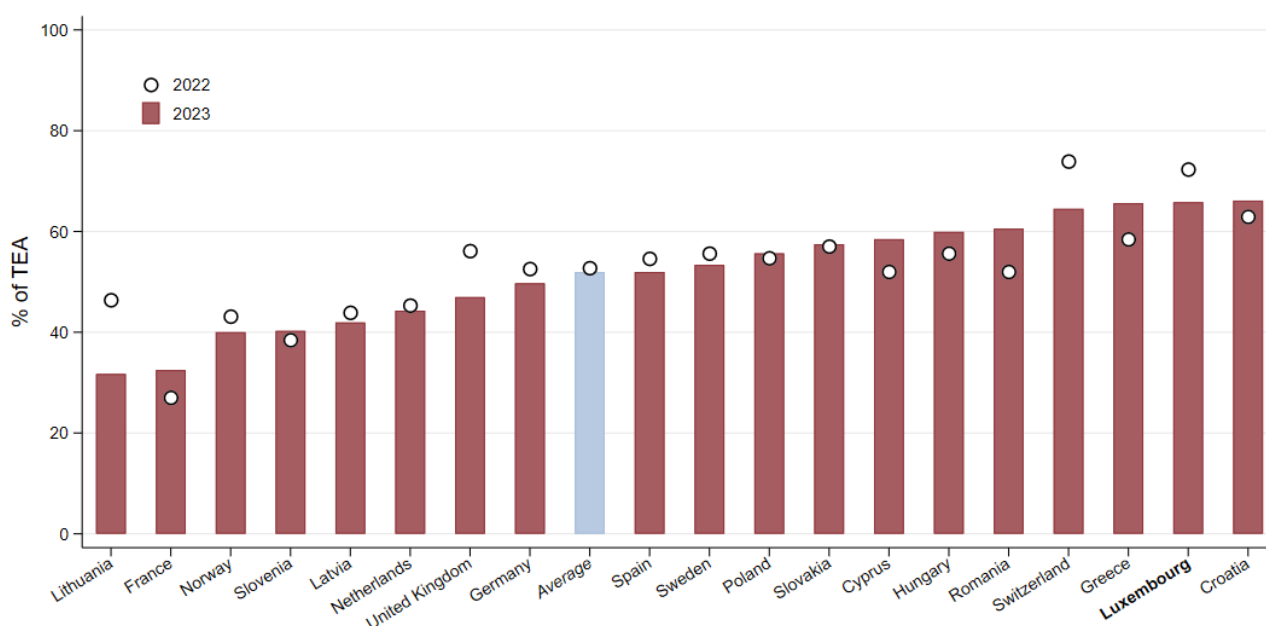
**Entrepreneurship gender gap:** Women have a lower propensity to engage in entrepreneurship. In 2023, the share of female entrepreneurs was 8.7% against 10.6% for men.

## Luxembourg's entrepreneurs report strong commitment to sustainability

**Sustainability reporting:** In recent years, several initiatives have been introduced to encourage businesses to adopt social and environmental practices. Furthermore, the Corporate Sustainability Reporting Directive (CSRD) now requires certain companies to publish detailed sustainability reports and disclose ESG (Environmental, Social, and Governance) information. Reporting of sustainability practices has been increasing among Luxembourg's firms, which supports the view of growing sustainability awareness and commitment. The percentage of firms reporting their sustainability practices online increased from 14.7% in 2014 to 21.4% in 2022.

**Profile of the Sustainable Entrepreneur:** Econometric analysis suggests that there are no significant gender differences in engaging in sustainable practices among those who start new businesses. Immigrants (individuals not born in Luxembourg), have a higher chance of starting a sustainable new business.

**FIGURE 2. SHARE OF ENTREPRENEURS WHO DECLARE "HAVE TAKEN STEPS TO MINIMIZE THE ENVIRONMENTAL IMPACT OF THE BUSINESS OVER THE PAST YEAR?" (% OF TEA)**



# Luxembourg's entrepreneurs report difficulties in accessing funding, in the availability of office spaces and human resources

Since 2016, GEM Luxembourg has asked respondents to assess the strengths and weaknesses of the Luxembourg entrepreneurial ecosystem. Early-stage entrepreneurs in Luxembourg primary concerns appear to be the availability of adequate office space (55% of entrepreneurs), funding (40%) and human resources (36%). These aspects have emerged as growing obstacles to entrepreneurial activity in the last survey wave.

The Global Entrepreneurship Monitor (GEM) initiative is an international research program focused on entrepreneurship launched in 1999. Since 2013, STATEC, in collaboration with the Ministry of the Economy and the Chamber of Commerce, has been conducting a specific survey among 2,000 residents aged 18 to 64 years. GEM has provided valuable information on the intensity and evolution of entrepreneurial activities, the profiles of entrepreneurs, and the challenges they face. GEM collects and analyzes data to:

- Better understand the entrepreneurial spirit and its link with the economic performance of countries;
- Evaluate the evidence of the links between entrepreneurship and growth;
- Provide the necessary information to support policy actions.

The Global Entrepreneurship Monitor Luxembourg Report 2023/2024 was presented on May 14<sup>th</sup>, 2024 at the "Entrepreneurship for Sustainability Workshop". The aim of the workshop is to gather leading actors in the European entrepreneurial ecosystem to discuss the evolving role of entrepreneurship, opportunities and challenges faced by entrepreneurs as well as their role in sustainable development.

## Pour en savoir plus

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STATEC would like to thank all the collaborators who contributed to the production of this publication

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