

# EXECUTIVE SUMMARY

In 2025, the Global Entrepreneurship Monitor continued to capture important changes in Lithuania's entrepreneurial landscape. The results show a country with rising entrepreneurial energy, stronger social recognition of entrepreneurship, and a broadening base of early-stage business creation but also continuing difficulty in converting entrepreneurial entry into stable long-term business growth. At the same time, the data also point to persistent challenges in business maturation, innovation depth, regional resilience, and science-to-market transfer. Lithuania remains one of the strongest entrepreneurial ecosystems in Europe, but the gap between entrepreneurial entry and long-term business growth continues to be one of the defining structural characteristics of the entrepreneurial environment.

## Entrepreneurial Activity is Rising, but Business Maturation Remains Fragile

Entrepreneurial activity in Lithuania increased strongly in 2025. Entrepreneurial intentions reached a record high, and the Total Early-Stage Entrepreneurial Activity also rose to the highest level ever observed during the monitoring period. The early-stage business pipeline is increasingly driven by a growing number of nascent businesses, thus showing that more and more people are taking concrete steps toward launching a business.

However, the increase in early-stage entrepreneurship has not yet translated into equally strong established business ownership, suggesting that entrepreneurial entry continues to expand faster than long-term business consolidation. EBO remains low, although it improved if compared with

the previous year. Business discontinuation also increased in 2025, showing that Lithuania's entrepreneurial environment is dynamic but still fragile. Many individuals are entering entrepreneurship, but the transition from TEA to stable, mature business ownership remains one of the main structural challenges.

## Business Exits are Becoming More Complex

The rise in business discontinuation should not be interpreted only as a sign of failure. In 2025, more discontinued businesses continued under new ownership, pointing to stronger business survivability and a more diverse exit landscape. A major shift was also visible in the reasons for discontinuation. While, in 2024, the main reason was that the business was not profitable, in comparison, in 2025, the dominant reason already became an opportunity to sell the business, followed by another business opportunity.

At the same time, government and tax policy or bureaucracy remained among the more important reasons for discontinuation, and problems with supply also appeared among the leading factors. This suggests that business exits in Lithuania are becoming more structurally diverse, combining opportunity-driven transitions with closures shaped by administrative, supply-chain, and market pressures.

### Consumer Services Still Dominate, but Business Services are Gaining Ground

Early-stage entrepreneurship in Lithuania remained strongly service-oriented in 2025. Consumer-oriented activities continued to represent the largest share of TEA at 51.5%, confirming that retail, personal services, hospitality, education, health, and other consumer-facing activities remain in the most accessible areas for new businesses. Business services increased to 23%, reflecting a stronger role for knowledge-based, professional, administrative, digital, and business-oriented service activities.

The transforming sector decreased to 22.3%, while the extractive sector recovered to 3.2%. Although the extractive sector remains the smallest part of early-stage entrepreneurial activity, it contains a high share of entrepreneurs.

### Innovation is Improving Slowly, but Global Novelty Remains Limited

Innovation among Lithuanian businesses is increasing, but the progress remains gradual. The data show that businesses are still more likely to adopt and adapt products, services, technologies, or procedures from elsewhere than to create something entirely new to the world. This is visible in the stronger presence of innovations that are new to the local area or new to the national market.

Technologies and procedures that are new to the world increased in 2025 and returned to levels similar to those observed in 2022. The overall share of globally novel innovation remains limited. Lithuania's innovation profile, therefore, remains more strongly characterised by diffusion, adaptation, and technology transfer than by breakthrough entrepreneurial creation. This has value for modernisation and competitiveness, but it also shows that more support is needed for globally original innovation.

### Research Transfer Remains a Key Bottleneck

Research and development transfer remained one of the weakest entrepreneurial ecosystem conditions in 2025. This reinforces one of the central challenges for Lithuania: translating scientific knowledge, research outputs, and technological potential into market-ready products, services, and businesses. The weakness of R&D transfer also connects directly to the innovation findings, where businesses are more active in adopting innovation than in creating world-level novelty. Strengthening research commercialisation, university-business cooperation, technology transfer, and innovation finance will be necessary if Lithuania wants to move from adoption-based innovation toward more original, high-value entrepreneurship. Without stronger science-to-market pathways, Lithuania may continue to generate entrepreneurial activity without achieving equally strong innovation intensity and international technological competitiveness.

### Societal Attitudes are Strong, but Starting a Business Feels More Difficult

Societal attitudes toward entrepreneurship remained positive in 2025. The share of adults who consider entrepreneurship a desirable career choice increased to 75.6%, while the perceived status and respect associated with starting a business reached a record high of 68.2%. Media visibility of successful new businesses remained high, despite a slight decrease.

At the same time, perceptions of the ease of starting a business weakened. In 2025, 64.6% of adults disagreed that it is easy to start a business, which is the highest level ever recorded during the monitoring period. This creates one of the central tensions within Lithuania's entrepreneurial

environment: entrepreneurship is respected and attractive, but many people still view the process of starting a business as difficult. This perception can affect whether record-high intentions translate into actual business creation and continuity.

### **Gender Gaps Persist, but Women-led Businesses Show Innovation Strengths**

Female entrepreneurs reported higher international market ambition than men and stronger orientation toward products, services, technologies, and procedures that are new to the world. Women also reported slightly higher current use of mid- and high-tech technologies. This shows that women-led entrepreneurship should not be viewed only through the lens of lower participation or business maturation barriers. It also represents an important source of innovation and international potential. At the same time, the data suggest that the main gender challenge in Lithuania is becoming less related to entrepreneurial intention itself and more connected to business progression, scaling, and long-term business ownership.

### **Lithuania is Strong on AI Readiness, but Education and Ethics Need Attention**

Lithuania's AI environment was assessed more positively than the EU average across all AI-related dimensions in 2025. Experts rated Lithuania particularly strongly in entrepreneur awareness, inclusion of AI in business models, and recognition that AI is important for the viability and long-term growth of emerging companies. Employee awareness and competence development were also evaluated positively.

The weakest area for Lithuania was the inclusion of AI-related knowledge and competences in post-school education models. This points to a gap between

business demand and the formal education pipeline. Lithuania also performs less strongly in media and public discussion of AI ethical dilemmas, while the EU average is relatively stronger in this area. As AI adoption has been accelerating, Lithuania's next challenge will be moving from high awareness and early integration toward a more institutionally mature AI ecosystem combining skills, governance, trust, and responsible implementation.

### **Lithuania Remains Europe's Leading Entrepreneurial Ecosystem**

Lithuania remained among the strongest entrepreneurial ecosystems in the world in 2025. Its NECI score decreased only slightly, from 6.42 in 2024 to 6.36 in 2025. The global ranking declined mainly because other countries, such as Taiwan and Saudi Arabia, improved their scores. Lithuania's own ecosystem evaluation remained broadly stable.

Most importantly, Lithuania ranked number one in Europe on the NECI index in 2025. This confirms that experts continue to assess Lithuania's entrepreneurial framework conditions as highly supportive compared with other European countries. Physical infrastructure, commercial and professional infrastructure, social and cultural norms, and market entry conditions remain important strengths. Entrepreneurial finance remains relatively stable but is still not among the strongest ecosystem conditions, while R&D transfer remains the most pressing weakness for innovation-led ecosystem development.

Overall, the 2025 GEM results portray Lithuania as a highly entrepreneurial economy with strong societal support, growing early-stage activity, and increasingly visible innovation and digital readiness. At the same time, the findings highlight a continuing structural

challenge: ensuring that the rising entrepreneurial entry translates into sustainable business maturation, stronger research commercialisation, internationally competitive innovation, and long-term growth-oriented entrepreneurship. Lithuania's entrepreneurial ecosystem is no longer defined primarily by whether entrepreneurship is emerging, but increasingly by the quality, resilience, and long-term developmental impact of that entrepreneurship.

### What is the Global Entrepreneurship Monitor (GEM)?

The Global Entrepreneurship Monitor (GEM) is the world's largest and longest-running international research programme dedicated to entrepreneurship. Since 1999, GEM has been measuring how people start businesses, what motivates them, what challenges they face, and how entrepreneurial ecosystems support or constrain entrepreneurial activity across different economies.

Unlike traditional business statistics that mainly track registered firms, GEM focuses on people – notably, on their attitudes toward entrepreneurship, entrepreneurial intentions, early-stage business activity, innovation behaviour, business growth aspirations, and entrepreneurial experiences.

GEM research is based on two complementary annual surveys conducted using a harmonised international methodology:

- the Adult Population Survey (APS), capturing the experiences and perceptions of individuals involved in entrepreneurship;
- and the National Expert Survey (NES), assessing the broader entrepreneurial environment through expert evaluations.

This combination allows GEM to provide a unique evidence base linking entrepreneurial behaviour with the structural conditions shaping entrepreneurship.

Today, GEM is one of the most widely used international sources of entrepreneurship data for researchers, policymakers, universities, international organisations, and innovation ecosystems worldwide.

### Why does entrepreneurship matter?

Entrepreneurship plays an increasingly important role in economic development, innovation, and societal resilience. Beyond creating new businesses and jobs, entrepreneurs contribute to the development of new technologies, business models, and solutions addressing social, environmental, and economic challenges.

In a rapidly changing global environment shaped by technological transformation, digitalisation, artificial intelligence, demographic shifts, geopolitical uncertainty, and sustainability challenges, entrepreneurship has become an important source of adaptability and renewal for economies and societies.

Entrepreneurship also contributes to broader public policy goals, including innovation capacity, regional development, social inclusion, competitiveness, and the transition toward more sustainable and knowledge-based economies. Increasingly, entrepreneurial activity is linked not only to economic value creation, but also to social and environmental impact.

At the same time, entrepreneurship is becoming more diverse. Young people, women, senior entrepreneurs, migrants, and technology-driven founders are bringing new perspectives, motivations, and approaches into entrepreneurial ecosystems.

For policymakers, universities, and innovation support organisations, understanding entrepreneurial dynamics is therefore essential for designing effective entrepreneurship, innovation, education, and economic development policies. In this context, GEM provides internationally comparable evidence on entrepreneurial attitudes, activities, aspirations, and ecosystem conditions.

### Why GEM matters for Lithuania?

For Lithuania, GEM provides more than international rankings or statistical indicators. It offers a broader understanding of how entrepreneurship evolves within society, how people perceive entrepreneurial opportunities, and what factors encourage or hinder entrepreneurial activity.

The GEM framework makes it possible to:

- compare Lithuania with other economies internationally;
- monitor long-term changes in entrepreneurial activity and attitudes;
- better understand different groups of entrepreneurs, including women, youth, senior entrepreneurs, and innovation-driven ventures;
- evaluate entrepreneurial ecosystem conditions;
- and identify emerging trends related to innovation, sustainability, digitalisation, and artificial intelligence.

As entrepreneurship increasingly contributes not only to economic growth but also to innovation, resilience, social inclusion, and technological transformation, GEM provides an important evidence base for entrepreneurship policy, education, and ecosystem development in Lithuania.

Lithuania has been participating in GEM research since 2011 with a more than a decade of break and came back in 2022, contributing to one of the world's largest longitudinal entrepreneurship databases and enabling continuous monitoring of the country's entrepreneurial development in an international context.