



ECONOMIC DEVELOPMENT

Entrepreneurial Capitalism Will Be Built City by City

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Today's city leaders are navigating a range of economic and social challenges, including slower growth, workforce transitions, and evolving citizen expectations. But just as cities powered the first industrial revolution, they can deliver enormous growth and opportunity today by becoming engines of entrepreneurialism.

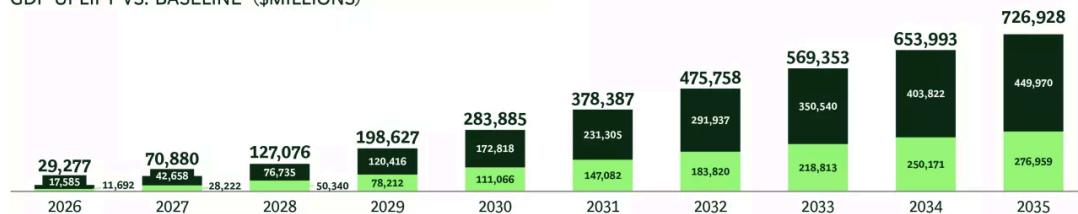
We estimate that mid-tier cities (those currently ranked between 31 and 100 in entrepreneurial ecosystem ratings) can generate an additional \$700 billion or more in GDP over the next decade and create more than 12.5 million new jobs. In the US alone, there's the potential to add \$250

billion in GDP and 1.5 million new jobs by 2035 by strengthening the ecosystems of second-tier startup cities. (See Exhibit 1.)

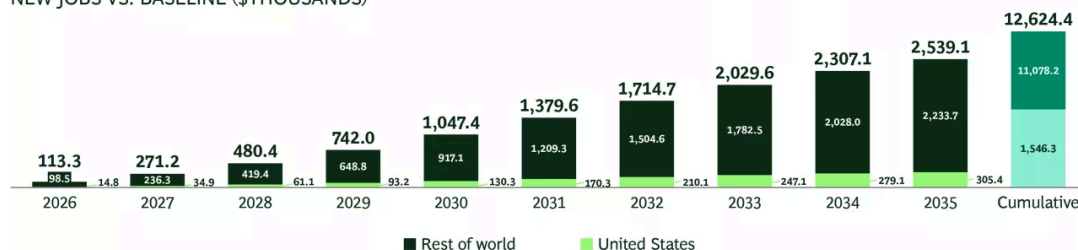
EXHIBIT 1

Improving Startup Ecosystems Can Dramatically Increase Global Annual GDP and Create Many New Jobs

GDP UPLIFT VS. BASELINE¹ (\$MILLIONS)



NEW JOBS VS. BASELINE (\$THOUSANDS)



Source: BCG Institute analysis.

¹The baseline here is the Oxford Economics current forecast for the combined GDP of cities 31 through 100 in the global ecosystem rankings. For each year in the chart, the value shown is the incremental value when compared to Oxford Economics annual GDP that could be created by strengthening those 70 ecosystems.

Already, cities like Hyderabad, Riyadh, and Lagos have experienced a median rise in GDP per capita of \$2,500 and 60% greater job growth since 2017. These examples of “rapid risers”—our analysis identified 16 in total, globally—are linked by a common thread. Their leaders have embraced startups and the creation of ecosystems to support them, enabling these cities to provide citizen benefits on a budget.

Regardless of geography, population size, political system, or starting wealth, we found that across these cities public and private sector leaders have taken five key steps (see the sidebar “How Did We Identify the Rapid Risers?”):

- They developed a base of intellectual property (IP) and talent.
- They ensured access to customers.
- They scaled venture capital (VC).
- They instituted increasingly supportive public policy.
- They fostered a collaborative ecosystem culture.

For city leaders looking to emulate rapid risers, these actions can help quickly improve their startup ecosystem and foster both short- and long-term development.

– How Did We Identify the Rapid Risers?

To identify strong startup ecosystems, understand how those ecosystems have evolved, and assess their potential for improvement, we used StartupBlink’s annual Global Startup Ecosystem Index.

This independent index uses quantitative data to evaluate and rank more than 1,400 city ecosystems across 118 countries over time. The holistic scoring is based on the density and vibrancy of startup activity, the caliber of the startups produced, and the overall business environment, ranging from policy and regulatory conditions to access to capital, digital infrastructure, and ease of doing business.

The first ranking was published in 2017, allowing for the longitudinal tracking of cities. These city rankings have proven to be relatively stable over the past decade, so jumps in a city’s ranking tend to be a reliable signal of that city’s trajectory. From the 2025 ranking, we identified 16 “rapid risers” that have improved their entrepreneurial ecosystems by at least 20 places since the first index. These rapidly improving ecosystems came from cities in Africa, Asia, the Middle East, Europe, and Latin America, encompass a range of political systems and wealth.

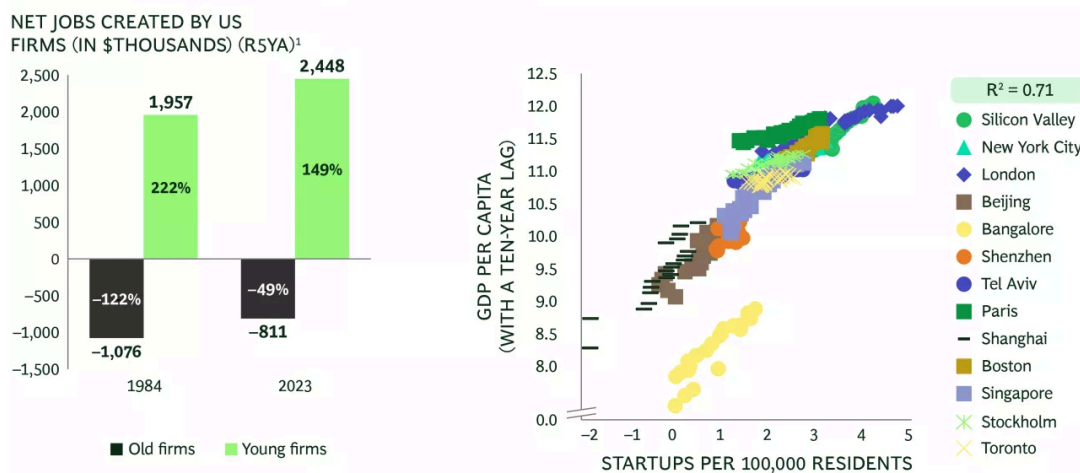
How Startups Deliver the Most Bang for Cities’ Buck

Cities, specifically, provide an ideal environment for startup ecosystems, as they have long been drivers of value creation. Today 60% of world GDP is earned by the 30% of the population living in cities, and 92% of US patents are filed in the top 100 metro areas. Research shows that the link

between startups and city prosperity is strong, both in terms of GDP growth and job creation. (See Exhibit 2.)

EXHIBIT 2

Startups Drive Job Creation and GDP Growth



Sources: Pew Research (2023); Organisation for Economic Co-Operation and Development (OECD); US Census Bureau; Oxford Economics (GDP, population); Crunchbase (startups).
 Note: Old firms = six years old or more; young firms = five years or less; GDP per capita, not PPP adjusted for 2001 to 2024 vs. startups founded ten years prior (1991 to 2014).
¹R5YA = rolling five-year average.

Among the top 15 cities in StartupBlink’s Global Startup Ecosystem Index, startup density is correlated with higher GDP per capita a decade later. Causality may run in both directions, as prosperous cities also attract more startups, but the association is consistent with startups contributing to long-run growth. The same pattern shows up not just at the city level but at the individual level as well: in the US, the country with the most startup ecosystems, self-employed households are four times wealthier than wage earners. In fact, 70% of today’s billionaires are self-made.

Investing in entrepreneurship is also a more efficient, effective way for cities to create jobs, and new businesses are prolific job creators. Among wealthy OECD countries, which are home to many of the most developed startup ecosystems, young firms—those five years old or less—generate approximately half of new jobs despite only making up 20% of total employment. These firms have a net job creation rate of between 15% and 20%, while the job creation rate of many more established companies is net negative. Moreover, our research suggests that these investments could go beyond job and wealth creation to strengthening economic participation and civic society. (See the sidebar “An Introduction to Entrepreneurial Capitalism.”)

An Introduction to Entrepreneurial Capitalism

The rise of AI looks set to upend the labor market as we know it. More than half of US jobs are expected to be reshaped in the next two to three years. But capitalism has been defined by repeated disruption and reinvention. In the 1500s, the rise of global shipping led to an economic boom. In the 1800s, the invention of the steam engine led to rapidly expanding productivity and wages. In the 2000s, the internet erased traditional geographic and market barriers, creating wider access that spurred the rapid growth of digital entrepreneurship and international trade. Throughout history, each transformation was driven by a new technology that served as an organizing principle and a new engine of value creation.

In our era, it's AI, but the story has not yet been written. It's possible for AI and other technologies to be harnessed by the real engine of value creation: the entrepreneur and the startup. We see strong potential for a new era of startup-driven growth to create new opportunities for broad-based economic participation. This ground-up movement can complement the progress achieved so far by larger corporations and top-down policy initiatives.

Cities will be the platform where entrepreneurial capitalism plays out. But the ambition must be more than local. A city leader who builds a world-class entrepreneurial ecosystem can change the economic makeup of their state, region, or even country while inspiring their colleagues globally. Entrepreneurial capitalism could deliver the holy trifecta of GDP growth, more jobs, and increased social mobility across political systems. It's about giving more individuals a bona fide stake in their local economy and a reason to believe that they can create a better future.

Charting the Rapid Risers

Many cities attempt to improve their entrepreneurial ecosystems, but the pace of development is often slow. The 16 rapid risers we identified stand out because of how much more quickly they developed into entrepreneurial hubs than their peers. These cities are found in Africa, Asia, the Middle East, Europe, and Latin America, and their home countries encompass a range of political systems, including communist states, democracies, and monarchies. Their average wealth per capita also varies widely, from \$5,000 to \$92,000. Rapid riser status can be achieved regardless of current wealth, location, government structure, or population. (See Exhibit 3.)

EXHIBIT 3

Rapid Risers Are Wide-Ranging across Regions, Wealth, and Population Size

Ecosystems can make significant advances across the world, despite differences in geography, economic might, population, and culture.

Rapid risers from 2017 to 2025					
City	2017 rank	2025 rank	Region	GDP per capita (\$thousands)	Population (\$millions)
Singapore	36	12 (+24)	Asia	71	6
Shenzhen	52	17 (+35)	Asia	29	14
Hangzhou	213	29 (+184)	Asia	23	9
Jakarta	160	30 (+130)	Asia	21	12
Munich	64	36 (+28)	Europe	92	2
Dubai	73	44 (+29)	Middle East	26	4
Copenhagen	71	48 (+23)	Europe	82	1
Mexico City	93	58 (+35)	Latin America	13	23
Hyderabad	190	70 (+120)	Asia	7	11
Riyadh	205	72 (+133)	Middle East	39	8
Lagos	219	76 (+143)	Africa	8	17
Manchester	98	78 (+20)	Europe	45	3
Chennai	217	88 (+129)	Asia	5	12
Cairo	204	90 (+114)	Africa	9	23
Lausanne	192	98 (+94)	Europe	80	0

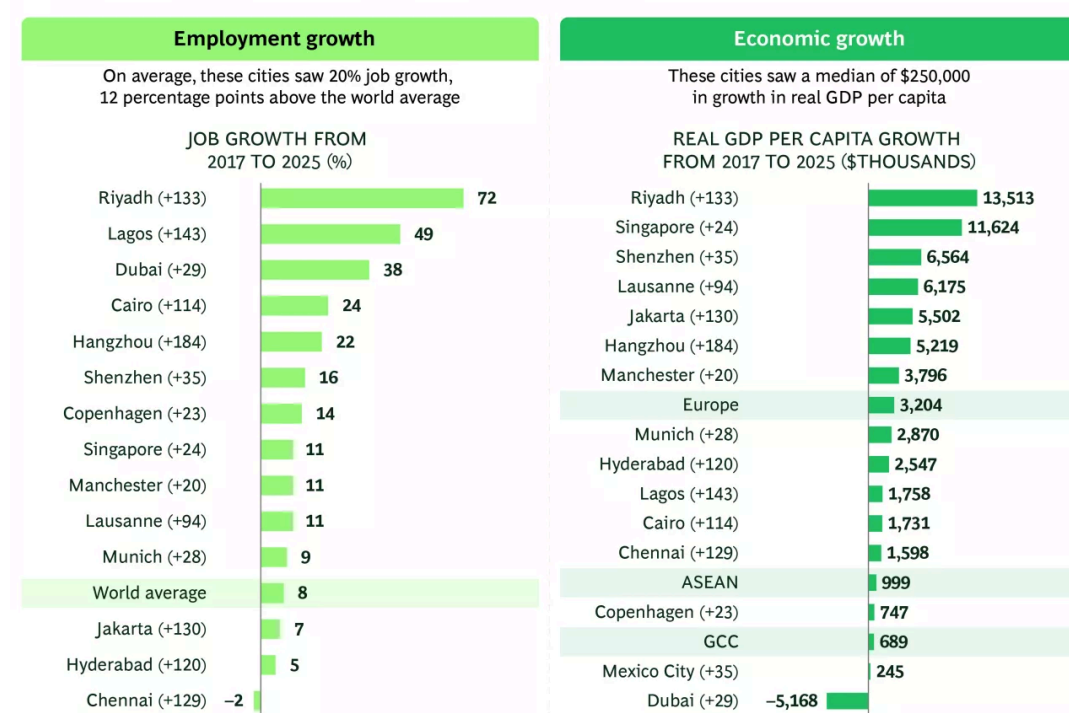
Sources: StartupBlink's Global Startup Ecosystems Index (city rankings); Varieties of Democracy Institute Democracy Report 2026; Oxford Economics (GDP, population).

Note: Pune excluded from the table given lack of city-level data from Oxford Economics; greater metro area data gathered, where available; Lausanne data reflects the Vaud region.

In 2017, all the rapid risers were ranked outside of the top 30 cities in the Global Startup Ecosystem Index, and half were outside of the top 150. By the 2025 index, each had risen at least 20 places. Their quick ascension into hubs of entrepreneurial activity drove outsized employment and economic growth relative to world averages, with 27% job growth and 44% real GDP growth in that eight-year period. (See Exhibit 4.)

EXHIBIT 4

Rapid Risers Experienced Outsized GDP and Economic Growth



Sources: StartupBlink's Global Startup Ecosystems Index (city rankings); Oxford Economics Cities Databank (employment, GDP).

Note: ASEAN = Association of Southeast Asian Nations; GCC = Gulf Cooperation Council countries; job growth = percentage of change in total jobs; from 2017 to 2025, the Dubai metro area population grew at twice the compound annual growth rate of the GDP.

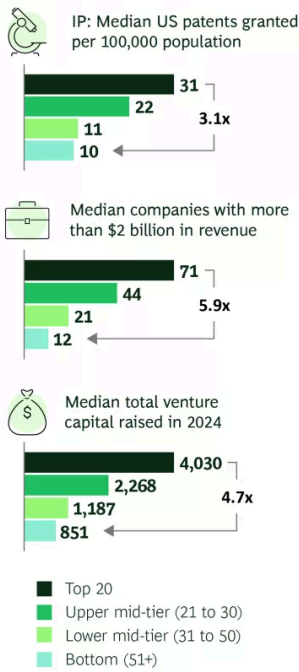
Rapid riser cities are diverse in nature, but they each have foundations in common that are important for their development. All have at least one research university, several established, large corporations, and a relatively pro-business policy environment. From this starting point, rapid risers focus on five critical factors to strengthen their startup ecosystems: building up their IP and talent, securing a strong corporate customer base, scaling VC, implementing supportive policies, and developing an entrepreneurial community and culture.

These same ingredients appear across the top 20 startup ecosystems globally. (See Exhibit 5.) Top-tier ecosystems outperform in patents relative to population, VC raised, and the number of large corporate customers. They also vastly outperform lower-tier cities in IESE Business School's Cities in Motion Index (which measures how cities enable learning, innovation, and collaborative activity) and Oxford Economics' Global Cities Governance rankings (which measures political stability and residents' rights protection).

EXHIBIT 5

Top Startup Ecosystems Lead in IP, Large Companies, and Venture Capital

Comparison of ecosystems by IP, customer base, and capital investment



StartupBlink's top 100 startup ecosystems

Rank			
1	San Francisco	26	Amsterdam
2	New York	27	Dallas
3	London	28	Miami
4	Los Angeles	29	Hangzhou
5	Beijing	30	Jakarta
6	Boston	31	Sydney
7	Shanghai	32	Atlanta
8	Paris	33	Barcelona
9	Tel Aviv	34	Moscow
10	Bangalore	35	Denver
11	New Delhi	36	Munich
12	Singapore	37	Hong Kong
13	Tokyo	38	Philadelphia
14	Berlin	39	Vancouver
15	Seattle	40	Salt Lake City
16	Austin	41	Guangzhou
17	Shenzhen	42	Melbourne
18	Mumbai	43	Helsinki
19	Chicago	44	Dubai
20	Seoul	45	Raleigh-Durham
21	Toronto	46	Montreal
22	Washington DC	47	Minneapolis
23	Sao Paulo	48	Copenhagen
24	Stockholm	49	Tallinn
25	San Diego	50	Istanbul
51	Madrid	52	Houston
53	Phoenix	54	Taipei
55	Dublin	56	Milan
57	Zurich	58	Mexico City
59	Portland	60	Wilmington
61	Boulder	62	Bogotá
63	Nanjing	64	Brussels
65	Detroit	66	Oslo
67	Pittsburgh	68	Kyiv
69	Vilnius	70	Hyderabad
71	Cambridge	72	Riyadh
73	Kuala Lumpur	74	Vienna
75	Santiago	76	Lagos
77	Buenos Aires	78	Manchester
79	Pune	80	Nashville
81	Bangkok	82	Baltimore
83	Hamburg	84	Las Vegas
85	Prague	86	Ottawa
87	Lisbon	88	Chennai
89	Oxford	90	Cairo
91	Warsaw	92	Calgary
93	Charlotte	94	Orlando
95	Tampa	96	Hsinchu
97	Sacramento	98	Lausanne
99	Kitchener	100	Columbus

Sources: StartupBlink's Global Startup Ecosystems Index (2025 city rankings, based on 2024 data); US Patent and Trademark Office (patents filed in the US by city; 2023 data used given processing delays); Pitchbook (venture capital data, 2024); Oxford Economics (population at city level; 2023 data to align with patent data).
Note: IP = intellectual property.

To illustrate these five ingredients and how rapid risers have used these in practice, we have chosen several examples from rapid riser cities that have already made these impactful changes and are now reaping the benefits. These city examples include Hyderabad, Munich, Mexico City, Singapore, and Copenhagen.

Ingredient 1: Building IP and Talent. The southern Indian city of Hyderabad climbed in the startup ranking from 190 to 70 between 2017 and 2025. In the 1990s, Hyderabad was not leading the pack when it came to up-and-coming Indian tech hubs. But in a country flush with engineering talent and a large domestic market that was coming of age, the city was able to take strategic steps to improve its research base to better generate IP and attract top talent.

In 1998, after a successful courting process, Hyderabad became home to one of Microsoft's first R&D centers outside of the US, the Microsoft India Development Center. Strategic municipal investment in private-public partnership was also instrumental, particularly the establishment of Genome Valley in 1999, an industrial park designed specifically as a clean manufacturing cluster, supporting biotechnology, pharmaceutical, and health care IT industries. These investments kick-started the city's development as an IP and talent hub. Today, nearly three decades later, Hyderabad is home to hundreds of research facilities across industries. Genome Valley has grown into Asia's largest life sciences hub, with more than 100 companies and 20,000 workers taken from India's pool of top scientific talent.

To further reinforce the IP and talent pipeline, the Indian School of Business (ISB) was founded in 2001, and the Indian Institute of Technology Hyderabad (IITH) followed shortly after. Both have a focus on applied research. Today, the ISB's MBA program is ranked 12th globally by the *Financial Times*, and IITH, home to nearly 6,000 students, has supported hundreds of startups and now aims to file 365 patents each year.

These investments in the first step of the startup ecosystem sequence have paid dividends for the city and helped to establish Hyderabad as a top tech talent hub.

Ingredient 2: Securing a Strong, Engaged Customer Base. IP and talent are the foundation of the startup ecosystem, and by prioritizing both at the outset, city leaders can strategically invest in research and commercialization. However, for startups to thrive, they need a demonstrated market and the promise of revenue.

Munich, in southern Germany, is an established center for engineering with a highly developed corporate and industrial sector. This provided a solid base for supporting the growing startup ecosystem, moving Munich from 64 in the rankings to 36. While many cities, particularly in developing economies, use public procurement as an early demand engine, Munich could take advantage of its built-in customer base. For example, when software company Celonis was founded in 2011, Munich was able to tap its corporations for commercialization pathways. Celonis landed the German multinational Siemens as its second client, providing the startup with a stable base revenue for growth.

Another example is BMW's startup collaboration program, Startup Garage, which in 2015 pioneered the concept of Venture Clients, rather than more common accelerator or incubator models. Over its first decade, the BMW Startup Garage program evaluated 4,700 startups, launching joint projects with 220 firms across 26 countries.

By connecting startups with established customers, Munich supported entrepreneurs in growing their companies through one of the most difficult phases for new businesses.

Ingredient 3: Scaling VC. Cities often find their startup ecosystem ambitions stalling as they prioritize attracting VC too early in the process, ahead of IP, talent, and a customer base. However, correctly sequenced, this step is still vital in supporting startups to expand.

Despite its close proximity to the US and a thriving entrepreneurial ecosystem, for a long time Mexico struggled to produce multinational challengers. However, in the past 20 years, Mexico City has changed the narrative, successfully attracting VC investment for its startups, climbing from 93 in the rankings to 58, and establishing six unicorns (companies valued at \$1 billion or more) in the process.

In 2002, the entrepreneurship accelerator Endeavor launched in Mexico City. Over the next ten years it supported many firms from different sectors before investing in the e-commerce startup Linio in 2012. Linio kick-started a wave of tech successes, attracted more VC, and played a pivotal

role in creating the city's entrepreneurial ecosystem. Its founders and employees went on to start dozens of companies, including the country's first unicorn, Kavak.

Mexico's National Entrepreneurship Institute, launched in 2013, laid the groundwork for what has become a VC boom there. By 2016, more than 40 new VC funds had entered the Mexican market. That foundation paid off a few years later: VC investment in Mexico nearly quintupled between 2018 and 2020, according to AMEXCAP, Mexico's private equity and VC association, even as the pandemic reshaped global markets.

Ingredient 4: Increasing Supportive Policy. A supportive policy environment does not emerge by chance. It requires deliberate government action to reduce friction, improve market access, and attract international talent and capital. Few cities illustrate this more clearly than Singapore, which climbed from 36th to 12th in the global startup rankings between 2017 and 2025, in large part due to significant government support.

Singapore's government made a strategic decision that entrepreneurship wouldn't be just a private sector phenomenon but a national economic priority. Its Research, Innovation and Enterprise plans, refreshed every five years, have committed substantial public investment to R&D. Most recently, it committed SGD \$37 billion (\$29 billion in US dollars)—roughly 1% of GDP—over the next 5 years to driving research, innovation, and enterprise, with the goal of fortifying the country's position as a hub for global innovation. The government created Enterprise Singapore as a dedicated national agency to consolidate grants, equity financing, mentorship, and global networking under a single initiative, Startup SG, that enables founders to navigate public resources without bureaucratic friction.

Singapore also recognized that policy must extend beyond funding to market access. Enterprise Singapore's Global Innovation Alliance has connected more than 700 startups and tech companies to partners and innovation markets across more than 50 countries. Pro-business tax frameworks, streamlined business registration, and strong IP protections have made Singapore a preferred destination for international founders deciding where to base their Asian operations.

By building a comprehensive policy architecture that directly funds entrepreneurship rather than relying on ad hoc interventions, Singapore created the conditions for its ecosystem to scale, and today it hosts more than 30 unicorns and more than 700 active VC firms.

Ingredient 5: Creating Community and Culture. As early startups succeed, they generate something that cannot be manufactured through policy or investment alone: a community of experienced founders, mentors, and risk-tolerant investors who raise the quality and ambition of everything that follows. Copenhagen demonstrates how deliberately cultivating that culture can accelerate an ecosystem, climbing from 71st to 48th in the global startup rankings between 2017 and 2025 and establishing itself as one of Europe's largest tech hubs.

Much of Copenhagen's cultural foundation was built by founders themselves. TechBBQ, launched in 2013 by a small group of Danish entrepreneurs, began as an informal gathering—a barbeque—designed to bring the city's scattered startup community into one place. It has since grown into

Scandinavia's largest startup conference, drawing more than 10,000 founders, investors, and innovators annually from across Europe and around the globe. What distinguishes TechBBQ from a typical industry conference is its deliberate founder-first design. Programming is built around the needs of early-stage companies, with curated matchmaking, pitch sessions, and hands-on workshops sitting alongside the larger networking events. It has become the annual moment when Copenhagen's ecosystem takes stock of itself.

That energy carries through the rest of the year through a dense network of hubs and accelerators embedded across the city. Symbion, part of Innovation District Copenhagen, provides coworking, labs, and demo spaces across five campuses, supporting around 550 startups and scaleups in sectors ranging from biotech and healthtech to SaaS and agritech. Beyond Beta, Denmark's largest accelerator, operates in partnership with TechBBQ and 13 sector clusters nationwide and has helped more than 600 startups raise capital, with participating companies growing an average of 28% in head count during the program.

Together these institutions have given Copenhagen a startup culture that is collaborative by design, where founders across sectors and stages are in regular contact with one another, creating the networks and norms that make the ecosystem greater than the sum of its parts.

An Engine for Change

The benefits of building a startup ecosystem go beyond any one city's local economy, but cities have the opportunity to be an engine for change. Embracing and supporting a local environment of bottom-up entrepreneurship at scale can help broaden economic participation and strengthen long-term growth. By giving people a path to ownership, cities can offer more of them a stake in the economy and greater confidence that they can create a better future for themselves, all while increasing the city's employment and GDP.

The experiences of cities like Hyderabad, Munich, Mexico City, Singapore, and Copenhagen show that this is not a matter of luck, geography, or inherited advantage. By investing in the outlined five ingredients, city leaders anywhere can build the conditions for a thriving startup ecosystem—and do so more quickly than many established entrepreneurial hubs have been able to. The rapid risers have already proven it can be done.

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