

# Global Entrepreneur Indicator

from the Entrepreneurs' Organization

## Global Entrepreneurial Efficacy Indicator

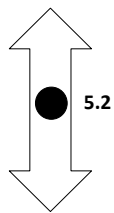
### Interim Findings Summary - Second Survey (November 2010)

#### Asia-Pacific Region Entrepreneurial Efficacy Indicator

#### Summary of Findings

Among all the regions measured, Asia Pacific entrepreneurs are by far the most positive region about the economic environment in the coming quarter. Among all regions, they are most positive about starting a business and are also relatively positive about effectiveness of their region to foster entrepreneurship.

#### Asia Pacific: Interim Findings – Second Survey (October 2010)



**Rating 5.2 out of 10, Asia Pacific region entrepreneurs are neutral, but marginally positive, toward the region's ability to foster entrepreneurship, but buoyant about the economic outlook for the region.**

**When considering the economy in the coming quarter, entrepreneurs in the Asia Pacific region are the most positive against their global peers.**

This Indicator shows Asia Pacific entrepreneurs are the most positive about the future economic environment, with a large majority (78%) being positive; however, very few (6%) of the region's entrepreneurs predict a significant improvement. Canada comes in second on this measure with more than two-thirds (68%) being positive about the coming quarter. This is a major regional difference in entrepreneurial sentiment when compared with the global average of 52% of entrepreneurs being positive about the coming quarter.

**Asia-Pacific region entrepreneurs are the most positive in the world about starting a business in their own country.**

A significant majority (81%) of entrepreneurs in the Asia Pacific region would start a business in their own country, when little more than two-thirds (68%) of the other regions would start a business in their own country. Scoring 7.6 out of 10, entrepreneurs in Asia Pacific are optimistic in recommending entrepreneurs from outside their country start a business in their country, just ahead of Canada (7.4). Although positive, US entrepreneurs have the lowest score at 6.2 out of 10.

**Overall, Asia Pacific region entrepreneurs reflect global opinion toward the influence of factors typically associated with a climate that fosters entrepreneurship, with a score of 6.7 out of 10.**

Sentiment in this region appears to be strongly associated with the economic environment. Asia Pacific entrepreneurs rate the influence of the economic environment as the most significant factor for fostering entrepreneurship. Although still important, government programs were rated as the least significant. With a score of 7.5 out of 10, Asia Pacific entrepreneurs put the influence of the economic environment first. Canada (7.7), US (7.5) and EMEA (7.1) also ranked economic environment as the most important influence on a country's ability to foster entrepreneurship.

Advice and experience of fellow entrepreneurs (7.2) and financial support (7.1) are the next most important influences for Asia Pacific entrepreneurs. Although still a positive score, entrepreneurs in the Asia Pacific region put the least emphasis on the influence of government programs at 5.9 out of 10.

**Rating a 4.7, Asia Pacific entrepreneurs believe their government programs need improvement to help foster entrepreneurship.**

Globally, many entrepreneurs (59%) hold negative beliefs about the effectiveness of government programs. Asia Pacific entrepreneurs are the second most negative region (61%) after the Latin American-Caribbean region (76%).

More than half of Asia Pacific entrepreneurs (58%) believe national investments in research and development need improvement to generate new business opportunities, giving an aggregate score of 4.8 out of 10.

## About the Research

This report is part of the Global Economic Indicator research program conducted by the Entrepreneurs' Organization in partnership with The Standard Chartered Private Bank. This research program began in May of 2010 and consists of a five-year series of quarterly surveys of Entrepreneurs' Organization members. The full report and findings are available at: <http://www.entrepreneurindicator.com/>.

The significance and uniqueness of this global research program lies in the very tight definition of a successful entrepreneur represented by the Entrepreneurs' Organization's membership base. All those surveyed have successfully founded a business grossing more than US\$1 million in revenue annually. Overall, EO members average US\$18.4 million in revenue per year. Between them, these entrepreneurs employ more than 1.3 million workers, with an average of 191 employees per entrepreneur. The average age of the entrepreneurs surveyed is 40. This group is generally very difficult to gain access to and poll. However, the Entrepreneurs' Organization holds a member base fitting these criteria that are captive to the organization, providing the ability to gain an entree to this highly important sample of the successful entrepreneur population.

This initial research surveyed more than 7,300 entrepreneurs in 42 countries from the Entrepreneurs Organization, achieving a response rate of 20% based on a minimum reach of 7,300.

### Global Entrepreneur Indicator: Entrepreneurial Efficacy

The Entrepreneurial Efficacy Indicator measures entrepreneurs' views on a country's effectiveness in fostering entrepreneurship. Five versions of the Global Entrepreneur Indicator: Entrepreneurial Efficacy have been produced: including the Global Indicator and reports for the United States, Australia, Canada and the Asia region.

Detailed Interim Research and Regional reports will appear at <http://www.entrepreneurindicator.com/>.

At the time of writing, and although similar in some measures and approaches to the GEM index, the Global Entrepreneur Indicator for Entrepreneurial Efficacy is the first of its kind globally, which measures successful entrepreneurs' views on the ability of countries and regions to foster entrepreneurship.

## Methodology

### Survey

The survey incorporates elements of cited measures for understanding the view of entrepreneurs on the effectiveness of countries and regions to foster entrepreneurship. Many of the measures have been drawn from the GEM index as described in the research report literature scan. The litmus test for the choice of key indicators for the purposes of this research is that they are measurable in a single question to reduce survey size and increase response rates.

There are 10 categories measured in the Entrepreneurial Efficacy Indicator:

- |   |                                     |
|---|-------------------------------------|
| • Advice and experience of other entrepreneurs    | • Access to physical infrastructure |
| • Government programs supporting entrepreneurship | • Economic environment              |
| • Entrepreneurship education and training         | • Financial support                 |
| • Research and development transfer               | • Government policies               |
|   | • Inflation                         |
|   | • Currency                          |

Some additional questions, which are not used in the calculation of the Indicator, have also been included in the survey for other insights into topical areas of interest from time to time. These, as well as data from Indicator questions, may be used in the Entrepreneurial Performance Indicator or other Entrepreneurs' Organization Indicators.

The Indicator is calculated as the category score, or averaged upper end and neutral percentages divided by 10, which are then averaged across all category scores with equal weighting to give the final Indicator benchmark out of 10.

### Limitations

- Not all respondents may have received the email.
- Over 50% surveyed were based in the U.S., however they only represented 38% of respondents thereby reducing the impact of this limitation.
- The EMEA and Asia regional Indicators have a small response rate relative to their size. These reports can perhaps be used in the context of the longitudinal data as a benchmark made richer over time.
- 42.5% of responses for the EMEA Region Indicator were from the Netherlands.
- There may be anomalies in the membership data, such as an owner or major shareholder rather than founder may be included in respondents or other anomalies.
- There may be anomalies caused by technology in the process from data extraction, to survey delivery, to responses, to first stage analysis. While noted as a limitation, this is for probity as these are estimated to be minimal.
- Per the statistics below, most of the membership base is categorized as founder or cofounder, however, more founders and cofounders could be included in the owner and major shareholder categories. Members in these additional categories could potentially be categorized as entrepreneurs, dependent on the nature of intent to innovate or innovation.

Founder or Co-Founder	53%
Owner	34%
Controlling Shareholder	9%
Other	4%

### Response Rates Summary

Asia/Pacific	237
Canada	118
Europe/Africa/Middle East	85
Latin America/Caribbean	55
United States	712
Global Total	1207

### For Further Information about the Research

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