

# Global Entrepreneur Indicator

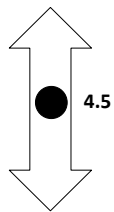
from the Entrepreneurs' Organization

## Global Entrepreneurial Efficacy Indicator

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

#### Latin America-Caribbean (LAC) Region Entrepreneurial Efficacy Indicator

##### Summary of Findings



Overall, entrepreneurs in the LAC region gave a score of 4.5 out of 10 for the effectiveness of factors fostering entrepreneurship, the lowest of all the regions and the only overall negative score in the global survey.

**LAC entrepreneurs are neutral regarding the improvement of the economic environment in the coming quarter.**

Globally, just more than half (52%) of entrepreneurs are positive about the economic environment in the coming quarter. This neutral position is similar to their US counterparts, who scored 5.0 out of 10 for the coming quarter. Only Asia Pacific (6.6 out of 10) and Canadian (5.8) entrepreneurs are positive in this respect.

**Despite neutral sentiment about the economy, 74% LAC entrepreneurs have a very positive outlook for starting a business in their own country.**

In the LAC region, nearly three-quarters (74%) of entrepreneurs were quite positive about the likelihood of starting a business in their own country. This is equal to Canada and EMEA, and ahead of the US (63%).

LAC region entrepreneurs, while still clearly positive (65%), are less willing to recommend foreign entrepreneurs start a business in their country. They are more encouraging to foreign entrepreneurs than the US, who again scored the lowest (6.2).

**Of all global regions, the LAC entrepreneurs gave the lowest rating to the importance of government programs in supporting entrepreneurship.**

At 6.6 out of 10, LAC gave the lowest rating to the economic environment as an influence on the development of entrepreneurship, as compared with Canada (7.7), the US (7.5), Asia Pacific (7.5) and EMEA (7.1).

More than half (53%) of LAC entrepreneurs were negative about the importance of government programs in fostering entrepreneurship. When all the individual scores were averaged, this region gave government programs 5.5 out of 10 for influence on effective entrepreneurship, which is equal with the US as the two lowest scoring regions.

The entrepreneurs of LAC gave an overall score of 6.3 for the importance of factors in fostering entrepreneurship, which is equal with the EMEA as the two lowest scoring regions.

**The only region to give an overall negative score, LAC entrepreneurs rated the actual effectiveness of their country's government programs the lowest of all the regions surveyed.**

LAC entrepreneurs were consistently negative about the effectiveness of factors that foster entrepreneurship in their countries. Scoring 3.9 out of 10, LAC entrepreneurs rated the effectiveness of government programs to foster entrepreneurship in their country the lowest of all the regions in this global survey.

The region's entrepreneurs were also negative concerning the impact of the following:

- research and development (3.9)
- regulation (3.9)
- tax policy (4.0)
- financial support (4.6)
- education and training (4.7)

Only the access to physical infrastructure (5.4) and inflation (5.2) received positive scores.

## 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
- Government programs supporting entrepreneurship
- Entrepreneurship education and training
- Research and development transfer
- Access to physical infrastructure
- Economic environment
- Financial support
- 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

ASAP	237
Canada	118
EMEA	85
LAC	55
US	712
Global	1207

## For Further Information about the Research

Research Contact:  
 Dr. Sally Ernst  
 Entinno  
 +44.777.8510.397  
[sal@entinno.com](mailto:sal@entinno.com)

Media Contact:  
 Ryan Meyer  
 Entrepreneurs' Organization  
 +1.571.481.2427  
[rmeyer@eonetnetwork.org](mailto:rmeyer@eonetnetwork.org)