

Global Entrepreneur Indicator

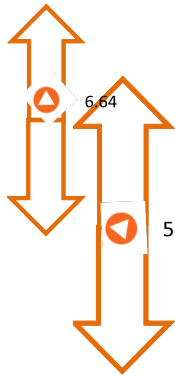
from the Entrepreneurs' Organization

Alternative Asset Class Predictions: Asia Region

Interim Findings Summary - First Survey (May, 2010)

Adapted from detailed Interim Report 28 June, 2010 by Dr. Sally Ernst

Summary of Findings



With an Indicator benchmark of 6.64 (out of a possible 10), entrepreneurs in the Asia region are slightly bullish in alternative asset class performance. This benchmark is boosted by their notable bullishness about their businesses as an alternative asset class investment, along with gold and property. The Asia region's score is notably above the global benchmark of 5.70 and the other countries sampled.

Relying on the advice of their peers, entrepreneurs are saying yes to starting up a business in the Asia region.

The vast majority of Asian Entrepreneurs (87%) would start up a new business in the region. This is in line with the findings of the Global Indicator (86%) and the Canadian (89%) and United States (87%) Indicators. It is, however, slightly less than Australia, where the overwhelming majority would start a business there (93%).

Asian entrepreneurs (86%) are also in line with Canadian (85%) and American (85%) entrepreneurs in whether they would recommend a foreign entrepreneur invest in doing business in their country. However, this figure is strongly above the global benchmark (77%). Again, the Asian statistic is slightly lower than Australia where most entrepreneurs would recommend a foreigner invest in doing business in their country (89%).

This statistic is significant as, according to the Global Entrepreneurial Efficiency Indicator, the advice and experience of other entrepreneurs is the most important influencer in an entrepreneurs' decision to start a new business.

Asian entrepreneurs are almost on a par with Australian entrepreneurs in outperforming their global peers in creating jobs with real employment.

The vast majority of entrepreneurs in the Asia region have maintained or increased their headcount (86%) over the past 12 months, with a significant number (59%) actually increasing it. This was notably above the global benchmark (79% and 51% respectively) and those of the US (77% and 51%) and Canada (80% and 46%). The Asia region is on par with Australia (87% and 60%).

In Asia, leveraging a flexible workforce was slightly more likely than in other parts of the world, with full-time employees representing 70% of the workforce in just under three quarters of cases (74%) and at least 85% in over half of cases (58%). American (77% and 64%, respectively), Australian (78% and 62%) and Canadian (83% and 70%) entrepreneurs were more likely to employ full-time workers rather than use a flexible workforce.

Over the coming 12 months, almost all entrepreneurs in the Asia region (95%) predict their headcount will increase or remain the same. This is on par with the global results (96%).

The vast majority of Asian entrepreneurs (87%) believe their headcount will actually increase. This is significantly above the global (76%), US (76%) and Canadian benchmarks (72%).

Asian Entrepreneurs, along with their Australian peers, are outperforming the US and Canada in last quarter's profit performance. However, they are notably less bullish than their global peers in their predictions for the coming quarter.

Almost on par with Australian entrepreneurs (88%), the significant majority of Asian entrepreneurs (87%) saw their net profit remain the same or increase during the past quarter. This is higher than the global (82%) and US (84%) benchmarks, and significantly higher than the Canadian benchmark (72%).

Far fewer entrepreneurs in the Asia region, however, are predicting profits to improve or remain the same in the coming quarter (70%). This is significantly lower than global (89%), US (89%), Australian (93%) and Canadian (91%) entrepreneurs.

A high proportion of Asian entrepreneurs (42%) saw an actual increase in net profit over the past quarter. Their performance was higher than their global (36%) and US (37%) counterparts and significantly higher than the Canadians (24%). Interestingly, Asian entrepreneurs (46%) are slightly behind their global peers (48%) in expecting an increase in profits into the coming quarter.

Asian entrepreneurs predict 'education and training' to be the hottest growth industry sector, followed by 'biotechnology.'

Asian entrepreneurs believe that 'education and training' is the industry most poised for growth, with 41% of respondents believing the sector will experience high growth. Following closely are the 'biotechnology' (39%), 'environmental' (35%) and 'health and medical' (35%) sectors.

Every other region rated 'biotechnology' as the sector most poised for growth.

Asian Entrepreneurs are slightly bullish on alternative asset class performance.

With an indicator benchmark of 5.70 (out of a possible 10), entrepreneurs globally are predicting no significant increases in alternative asset class investment performance over the coming 12 months. Asian entrepreneurs are slightly more bullish (6.64).

The significant majority of Asian entrepreneurs (82%) predict that the price of gold will increase or remain the same in the coming 12 months, with two thirds (66%) predicting it will actually increase. This is broadly on par with the predictions of Canadian (83% and 62%, respectively) and Australian (80% and 62%) entrepreneurs, and all are notably more bullish than US entrepreneurs (68% and 52%).

Asian entrepreneurs are ahead of the pack in going 'green.'

The significant majority of Asian entrepreneurs (86%) are planning to lower their business's carbon footprint. This is well above the global benchmark, which shows that less than three quarters of

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entrepreneurs globally (73%) have green business plans. The Asia region is significantly above the US (67%) in this category.

The most popular ways in which Asian entrepreneurs are lowering their carbon footprint are reducing office paper usage (68% of respondents) and recycling (55%).

About the Research

This report is part of the Global Entrepreneur 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 provides 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.

Methodology

Survey

The survey incorporates elements of cited Alternative Asset Class investments 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 later measurable against actual asset class performance.

There are 7 categories measured in the indicator:

- Currency
- Residential real estate
- Commercial real estate
- Precious metals
- Managed futures
- Hedge funds
- Selves/own businesses

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 Alternative Asset Class 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

- 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.

Response Rates Summary

	Number of Respondents
Global	1477
Australia	67
Asia	120
Canada	101
U.S.	564
Europe/Middle East/Africa	120

Just under 10,000 words of free text were recorded.

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