

Global Entrepreneur Indicator

from the Entrepreneurs' Organization

Entrepreneurial Efficacy Indicator: Canada Region

Interim Findings Summary - First Survey (May, 2010)

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

Summary of Findings



With a benchmark of 5.41 (out of a possible 10), Canadian entrepreneurs are neutral about Canada's ability to foster entrepreneurship, marginally ranking highest against the global, US, Europe/Middle East, Australian and Asia region Indicators. This benchmark is boosted by entrepreneurs' notable positive predictions about their businesses (8.7), and a higher benchmark against the others in economic environment (7) and access to physical infrastructure (7.8).

Canadian entrepreneurs would recommend starting a business in Canada, but are neutral about its ability to foster entrepreneurship.

In line with the global benchmark, the two most important factors to Canadian entrepreneurs' when assessing countries' and regions' effectiveness in fostering entrepreneurship are the advice and experience of other entrepreneurs (3.95 out of a possible 5), and the economic environment (3.94).

With an Indicator of 5.41 (out of a possible 10), Canadian entrepreneurs are similar to the global Indicator (4.94) in Canada's ability to foster entrepreneurship, ranking it marginally higher than Asia (4.73), the US (5.07) and Australia (4.79). This benchmark was boosted by Canada's entrepreneurs' recommendations for starting a new business in Canada, its economic environment (7) and access to physical infrastructure (7.8).

The significant majority of Canadian entrepreneurs (89%) would start up a new business in Canada. This is broadly in line with the global (86%), US (87%), and Asian (87%) Indicators, though below the Australian benchmark (93%). Canadian entrepreneurs (85%), along with Asian entrepreneurs (86%), are notably more likely to recommend foreigners invest in doing business in their country when compared to the global Indicator (77%).

More than two thirds of Canadian entrepreneurs believe Canada is effective in providing physical infrastructure that fosters and supports entrepreneurship, such as communications and transport, ranking them highest against their global peers.

Canada's benchmark (67%) sits significantly higher in accessibility to physical infrastructure which fosters and supports entrepreneurship than the Asian (37%), Global (58%), and Australian (55%) indicators, and marginally higher than the US benchmark (64%).

Canadian entrepreneurs are more optimistic than their global peers, about the economic environment in Canada, where almost half of entrepreneurs believe the economy will improve.

The overwhelming majority of Canadian entrepreneurs (93%) believe the economic environment in the Canada will improve or remain the same over the coming quarter. This is notably more optimistic than the global (80%), Australian (79%) and US (75%) benchmarks.

In fact, almost half (47%) of Canadian entrepreneurs believe the economy will actually improve in the coming quarter.

Canadian entrepreneurs have slightly more positive views of their government's policies (such as the tax and regulatory environment) than their global peers, and are far less negative than American entrepreneurs.

Globally, 51% of entrepreneurs believe the tax and regulatory policies in their country negatively affect the development of entrepreneurship, with over 1 in 5 (22%) believing they have a very negative effect.

Entrepreneurs in Canada believe their tax and regulatory environments are better conducive to entrepreneurship, with well under half (40%) believing the tax and regulatory policies are negative. For comparison, just more than half (56%) of US entrepreneurs believe the tax and regulatory policies in their country negatively affect the development of entrepreneurship, and more than a quarter of them (28%) believe they have a very negative effect.

Over two thirds of Canadian entrepreneurs believe entrepreneurship education and the effectiveness of R&D in generating new business opportunities needs to improve dramatically

Nearly two thirds of Canadian entrepreneurs (62%) believe entrepreneurship education and training is not included or poorly incorporated into Canada's education system at all levels.

Just more than a quarter of Canadian entrepreneurs (27%) believe national investments in research and development are effective in generating new business opportunities in their country, though this number is higher than the global benchmark (21%).

In line with their global peers, Canadian entrepreneurs believe government programs in Canada which support the development of entrepreneurship need improvement, however are more optimistic about financial support

In line with the global Indicator (35%), only 36% of Canadian entrepreneurs believe local, regional, and government programs are effective in supporting entrepreneurs in their country. The findings are similar in the Asian region (33%) and the US (36%).

The vast majority of entrepreneurs globally (84%) believe access to financial support for entrepreneurs in their country will remain the same or deteriorate, with just under a third (31%) believing it will deteriorate. While the significant majority of Canadian entrepreneurs (80%) believe access to financial support for entrepreneurs in their country will remain the same or deteriorate, far fewer believe it will actually deteriorate (13%).

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 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

- 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.

For Further Information About the Research:

Research Contact:
 Dr. Sally Ernst
 Entinno
 +44.777.8510.397
sal@entinno.com

Media Contact:
 Ryan Meyer
 Entrepreneurs' Organization
 +1.571.481.2427
rmeyer@eonetwork.org

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