



Global Entrepreneur Indicator

from the Entrepreneurs' Organization

Jobs Report – June 2011

Report prepared by Dr. Sally Ernst, Entinno

Introduction

The Global Entrepreneur Indicator Jobs Report analyzes a series of studies to assess the performance of entrepreneurial firms regarding job creation over the past two years, and also includes predictions for the coming six months. The data is reported globally and regionally to give both an overview of the worldwide labor market within entrepreneurial firms and to allow for detailed comparisons between regions.

The report breaks job creation down into full-time workers and flexible workforces (part-time workers, contractors), providing insights into the perceived permanence (or lack thereof) of current business opportunities.

Key findings include:

- Globally, a growing number of entrepreneurs have been steadily creating jobs over the past two years and, with the exception of the Europe / Middle East region, expect this trend to continue.
- The Latin America / Caribbean region reported the highest proportion of entrepreneurial firms that created jobs or maintained their headcount over the past six months, with Canada having the lowest proportion.
- U.S. and Asia / Pacific entrepreneurial respondents reported similar performance, both finding themselves in the middle globally. Interestingly, the last survey found both regions to be outliers, with Asia / Pacific leading job growth, and the U.S. finding itself behind the rest. It seems the past six months have seen a leveling off in both regions.
- Among all regions, only the Europe / Middle East region is predicting a decline in the number of entrepreneurs who will add jobs in the coming six months.

When combined with the findings from the other two Global Entrepreneur Indicator reports (Business Environment; Fiscal Performance), the clear message is that – despite an overall lackluster view on the current business and economic environment – entrepreneurs are showing a strong positive trend for business performance and job creation.

Global Findings

A steadily growing number of entrepreneurial firms have been creating full-time jobs over the past two years (Figure 1). This finding is particularly important in the context of the overall global job market trends during that same time period, which were decidedly less positive. This statistical contradiction may be due to the fact that entrepreneurial firms operate differently than other businesses during downturned economies, by attempting to create opportunity rather than focusing on merely finding a way to survive. Also, the nimble and flexible nature of these businesses enables them to react faster to changes in the business environment. These factors may be the main reasons why entrepreneurial firms are often bellwethers of the global business landscape and the economy.

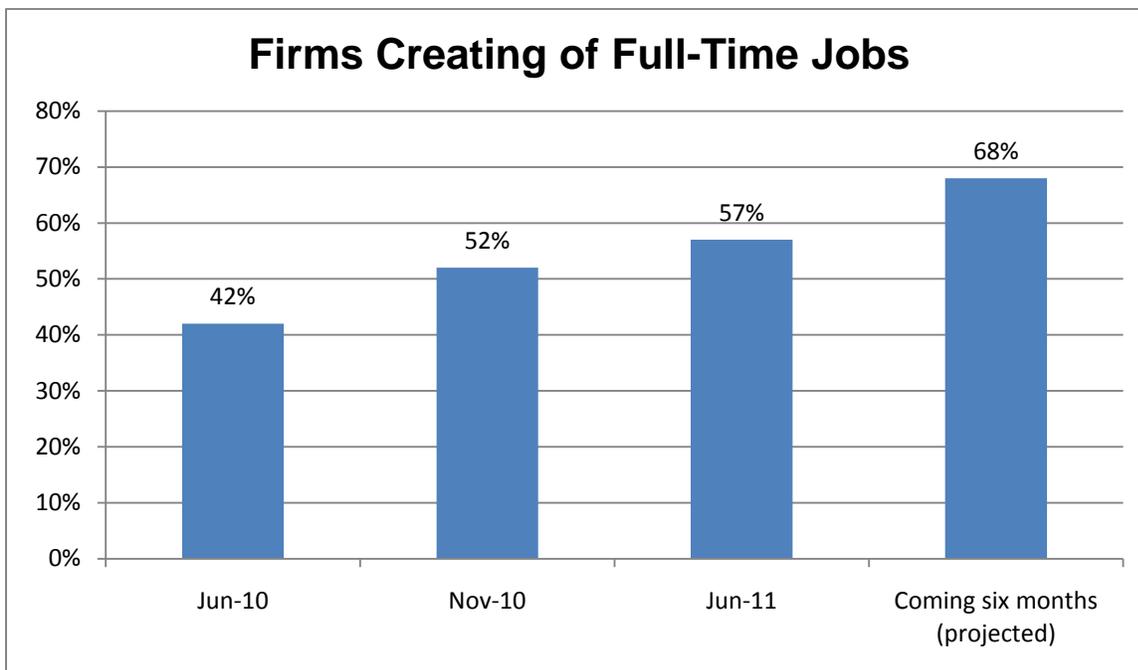


Figure 1: The percentage of entrepreneurs worldwide who increased headcount in the six months preceding the surveys. The June 2010 survey took into account the 12 months preceding that survey.

The proportions of U.S. and Asia / Pacific entrepreneurial firms that have created jobs during the past six months (55% and 58%, respectively), and those which are predicting to create jobs in the coming six months (67%, 69%) are very similar. This is striking given the findings of the November 2010 report, in which the two regions were the clear outliers at opposite ends of the spectrum. In November 2010, U.S. entrepreneurs were lagging in performance and were relatively pessimistic toward the future, while Asia / Pacific entrepreneurs were leading the way in both performance and outlook.

Canada is perhaps the most interesting outlier in the June 2011 Jobs Report. Despite very positive predictions for the economy and profitability, no significant number of entrepreneurs experienced either large increases or decreases in hiring during the past six months. However,

almost two-thirds of Canadian entrepreneurs expect to create jobs in the coming six months, with 12% expecting large increases in headcount (Figure 2).

Entrepreneurs in are the clear leaders for job creation over the past six months. The vast majority have increased or maintained headcount (91%), with 63% actually creating jobs. Additionally, well more than one in 10 respondents (14%) experienced a large increase. Looking to the future, the overwhelming majority of entrepreneurs predict that their headcount will increase or remain the same (94%), while 75% of entrepreneurs expect an increase in headcount. Strikingly, 20% expect a large increase in the coming six months.

Entrepreneurs in the Europe / Middle East region were second only to Latin America / Caribbean over the past six months in job creation, with 62% having increased their headcount during that time period. Entrepreneurs in the region are less optimistic about the future; however, only 58% predict an increase for the coming six months.

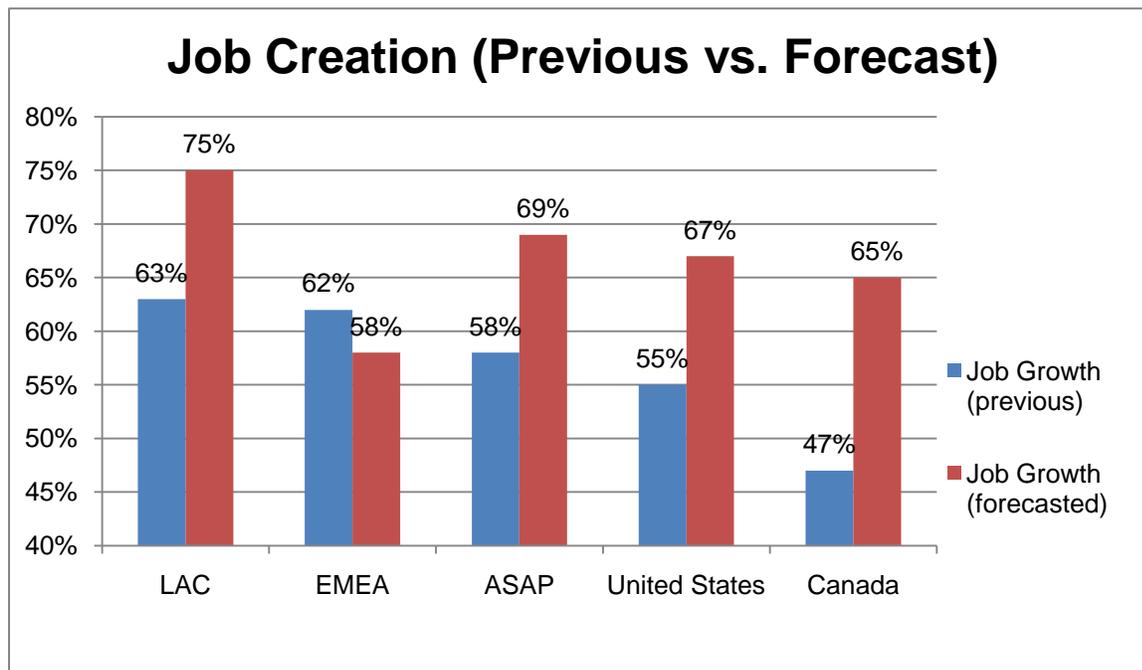


Figure 2: Percent of entrepreneurs who have added jobs in past six months compared with the percentage which intends to increase jobs in the coming six months, by region.

Looking at the percentage of entrepreneurial firms increasing or at least maintaining their headcount (i.e., not decreasing), they are performing extremely well across all regions. The Latin America / Caribbean region is the clear leader, with the vast majority (91%) of entrepreneurs creating and maintaining jobs. Other regions lag only slightly behind (84%-86%), with the exception of Canada where a good majority of entrepreneurs (79%) are creating and maintaining jobs.



Regional Findings

Overview

A statistical trend of positive job creation indicates that entrepreneurs are attempting to capitalize on perceived new business opportunities. The entrepreneurs' level of confidence in, or realization of, those opportunities is reflected in whether the jobs created are full-time or flexible (part-time workers, contractors). This type of analysis may shed light on whether or not any given upturn in the economy will be long-term or sustainable.

Applying this hypothesis to the regions, the Jobs Report findings indicate that entrepreneurs in the Latin America / Caribbean region are seeing the greatest level opportunity, and that they are highly confident in its sustainability. Entrepreneurial firms in Asia / Pacific, the U.S. and Canada are experiencing growth in opportunity, although with lesser certainty. At the other end of the spectrum, entrepreneurs in the Europe / Middle East region simply appear to see less opportunity.

Asia / Pacific

Although a strong number of them have increased headcount over the past two years, Asia / Pacific entrepreneurs have experienced a slight decline (down to 58%) in the proportion of entrepreneurs that have created full-time jobs during the past six months (Figure 3). That said, over 1 in 10 (13%) Asia / Pacific entrepreneurs increased headcount greatly during that same time period.

The fact that 55% of entrepreneurs in the Asia / Pacific region increased their usage of a flexible workforce in the mid-latter part of last year may indicate that, while new business opportunities existed, there was uncertainty about their viability and/or longevity. Looking at their highly optimistic projections for full-time job creation for the coming six months (69%), it may be interpreted that the level of opportunity overall is increasing, with a higher degree of confidence in those opportunities' long-term viability. Even if this is the case, it appears entrepreneurial firms in the region plan to mitigate risk, as they also plan to increase their use of flexible workers.

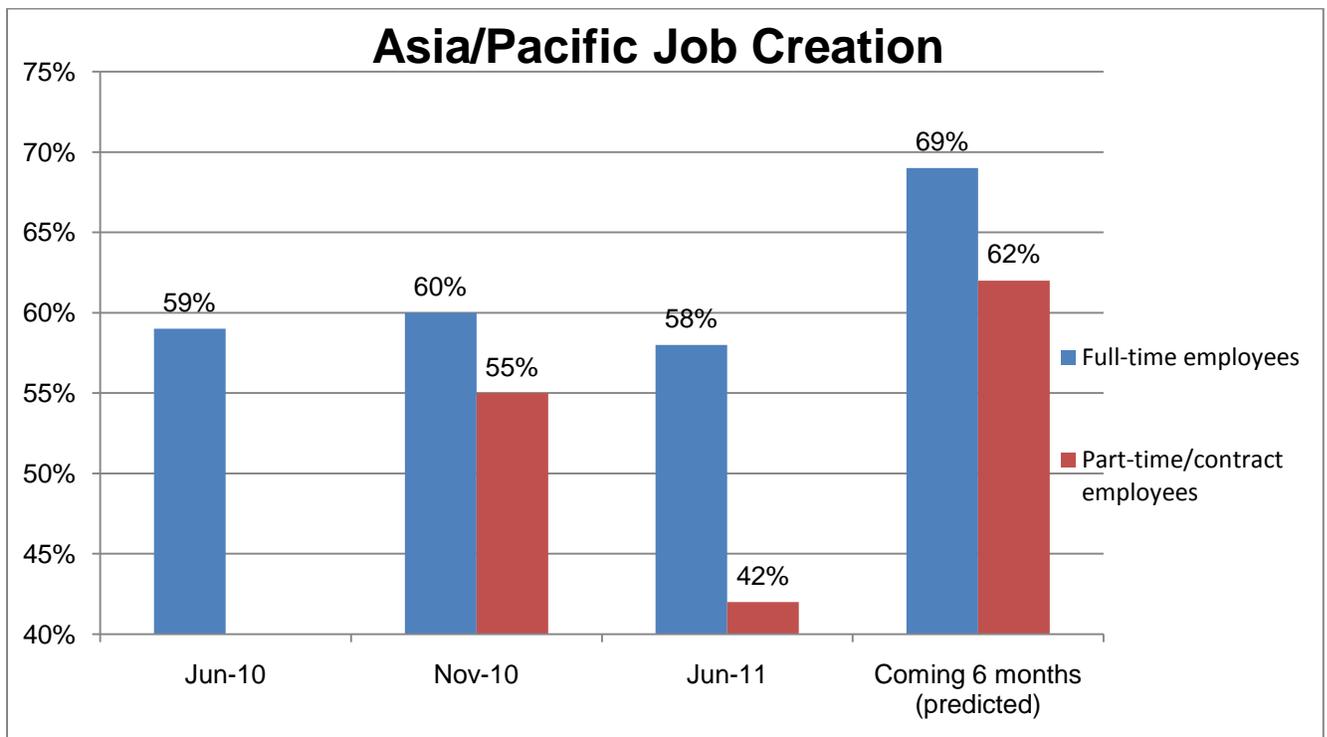


Figure 3: Percentage of Asia / Pacific entrepreneurs who reported adding employees in the six months preceding the survey, organized by employee type. A forward-looking prediction for the coming six months is also included.

United States

Generally, just more than one-half of U.S. entrepreneurs have been increasing headcount overall during the past two years, with a slight decline late last year (Figure 4). The majority (55%) of U.S. entrepreneurs have created jobs in the past six months, and more than one in 10 (13%) have greatly increased their headcount.

It could be hypothesized that entrepreneurial firms in the U.S. identified opportunities which they pursued with a flexible workforce and, as those opportunities have proven to be sustainable, full-time employment has been created. If this is the case, it would indicate that U.S. entrepreneurs are planning to pursue a greater level of opportunity in the coming six months, and that they are more confident in the long-term viability of these opportunities than they were last year. In fact, a significantly higher proportion of U.S. entrepreneurs expect to increase their headcount over the coming six months, with 10% expecting significant increases.

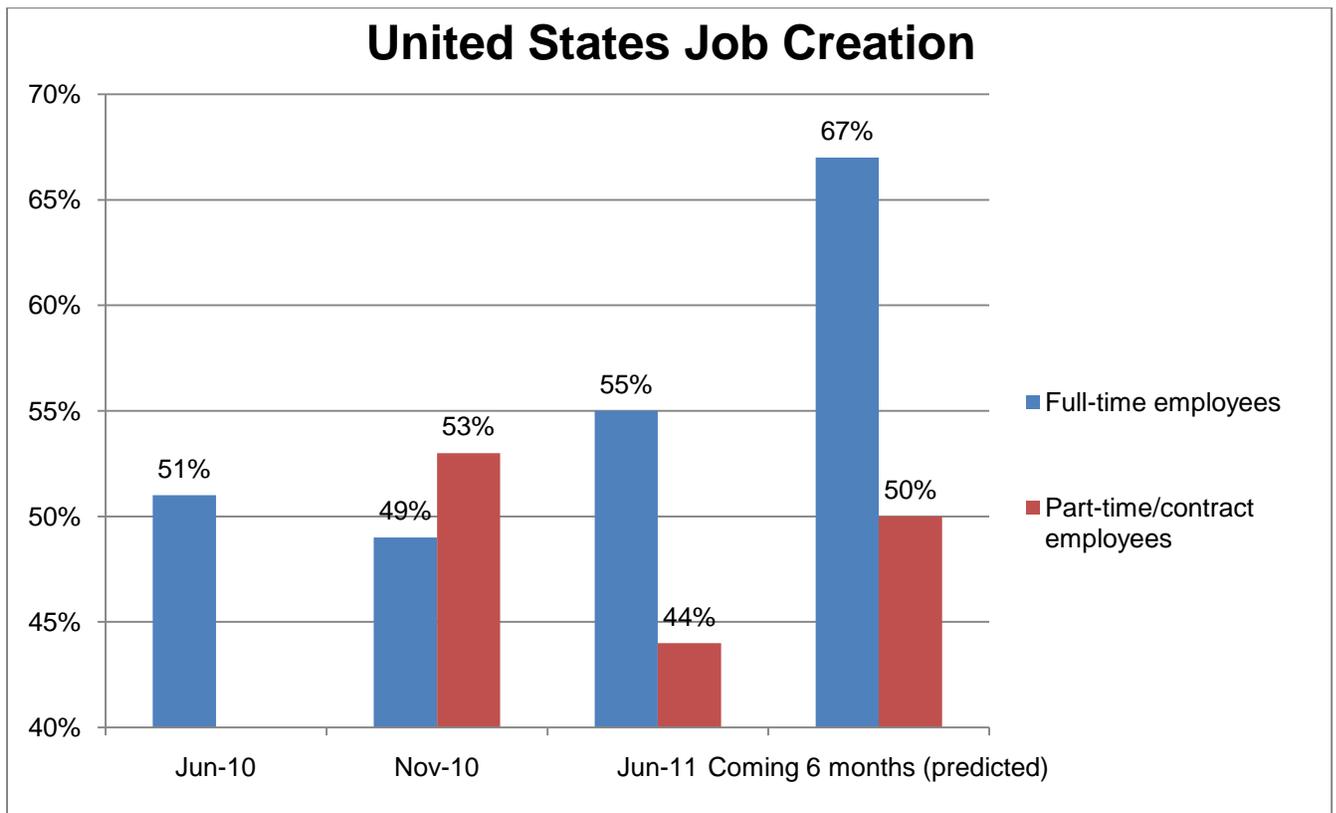


Figure 4: Percentage of U.S. entrepreneurs who reported adding employees in the six months preceding the survey, segmented by employee type. This chart also includes a forward-looking prediction for the coming six months.

Europe / Middle East

The Europe and Middle East region is the only region in which entrepreneurs predicted that a smaller proportion of entrepreneurs adding will add full-time jobs in the coming six months (Figure 5). Over the past two years, entrepreneurs in this region have demonstrated strong and consistent growth in increasing their headcount (10% year-over-year).

If increased headcount speaks to the pursuit of opportunity, then the predicted decline in the number of entrepreneurs creating both full-time and flexible jobs indicates that perceived opportunities overall could be decreasing, or that the opportunities that exist have been realized and saturated.

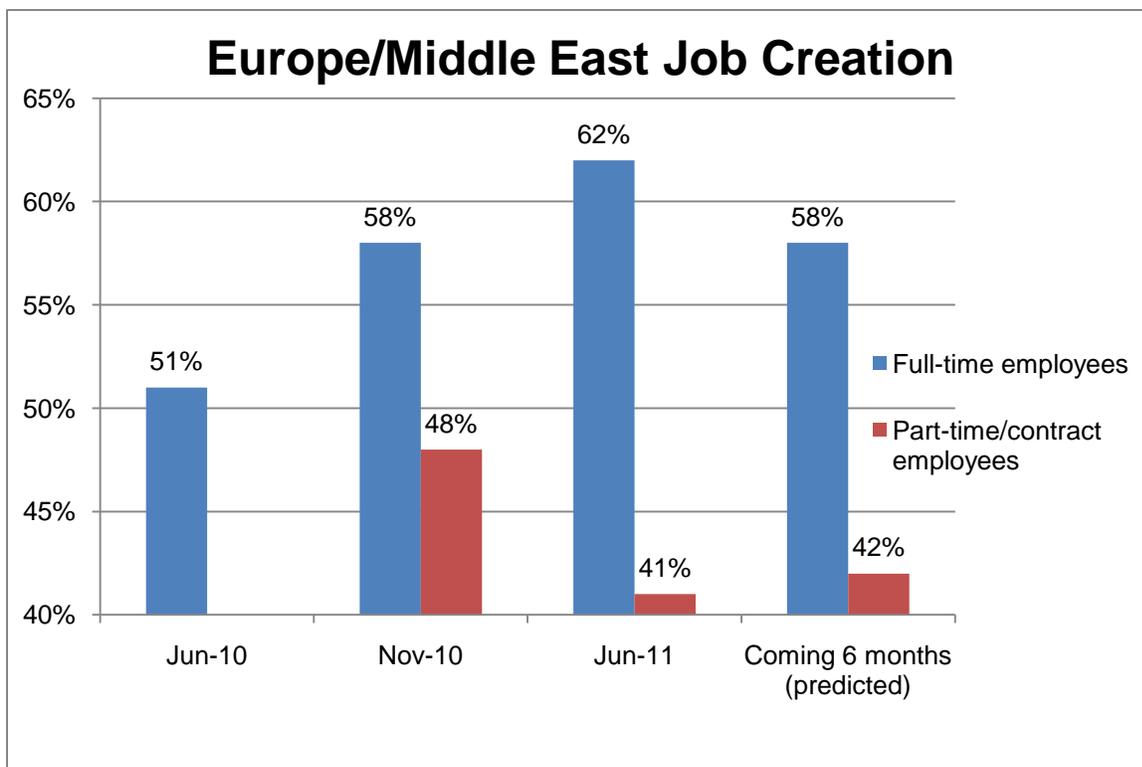


Figure 5: Percentage of Europe / Middle East region entrepreneurs who reported adding employees in the six months preceding the survey, organized by employee type. This chart also includes a forward-looking prediction for the coming six months.

Latin America / Caribbean

The most interesting data point for the region on entrepreneurial job creation is that well more than one in 10 (14%) entrepreneurs experienced a large increase in headcount, and 20% of respondents expect to in the coming six months (Figure 6). The number of entrepreneurs expecting a significant increase in full-time headcount is twice that of any other country, regional or global indicator.

Although measured for a shorter period of time, the Latin America / Caribbean region has experienced strong growth in the number of entrepreneurs increasing headcount (both full-time and flexible workers), and the region also has high expectations for future growth. This finding suggests a steady growth in available opportunities, the number currently being pursued and the level of confidence entrepreneurial firms have in those opportunities' long-term viability.

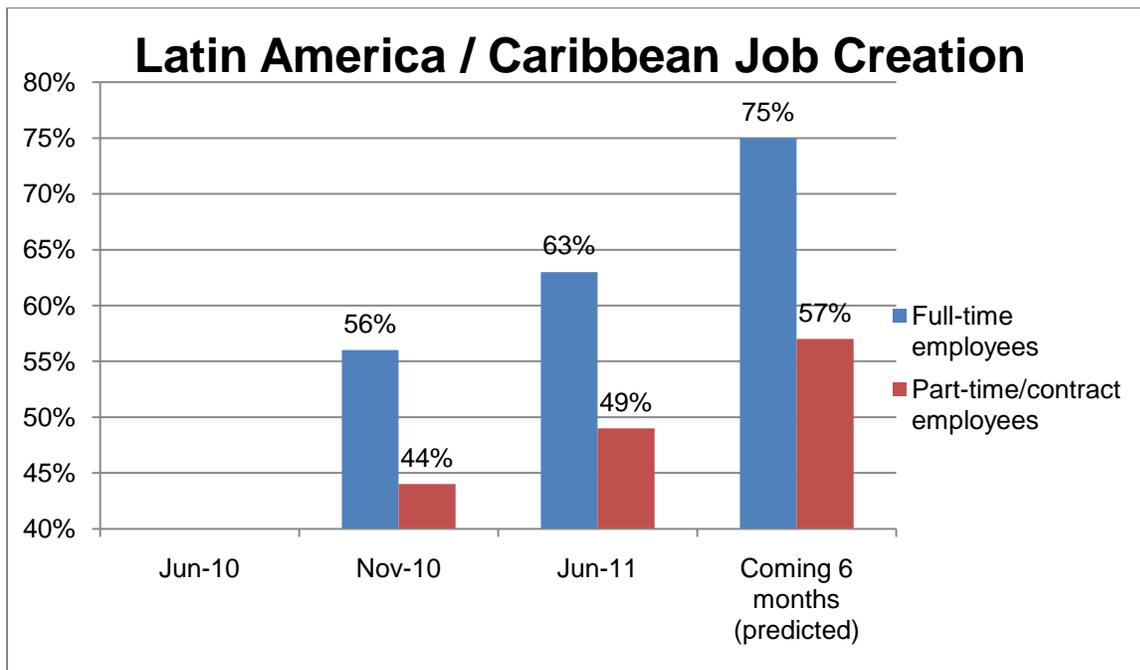


Figure 6: Percentage of Latin America / Caribbean region entrepreneurs who reported adding employees in the six months preceding the survey, broken down by employee type. This chart also includes a forward-looking prediction for the coming six months.

Canada

Canada has experienced the lowest proportion of entrepreneurs increasing headcount during the past two years. Furthermore, the number of entrepreneurs increasing headcount has declined in the first half of this year, as compared to late last year, bringing the number to negligibly higher than two years ago (Figure 7). The number of Canadian entrepreneurs predicting an increase in headcount during the coming six months is considerably higher at almost 20% more and with 12% expecting a large increase.

The fact that Canadian entrepreneurs increased their flexible workforce at a rate almost equal to their full-time workforce over the past year indicates that there was uncertainty about their viability and/or longevity, even while new business opportunities existed. Looking at their highly optimistic projections for the coming six months, the level of perceived opportunity is increasing, and Canadian entrepreneurial firms are reasonably confident that those opportunities will be viable in the long term.

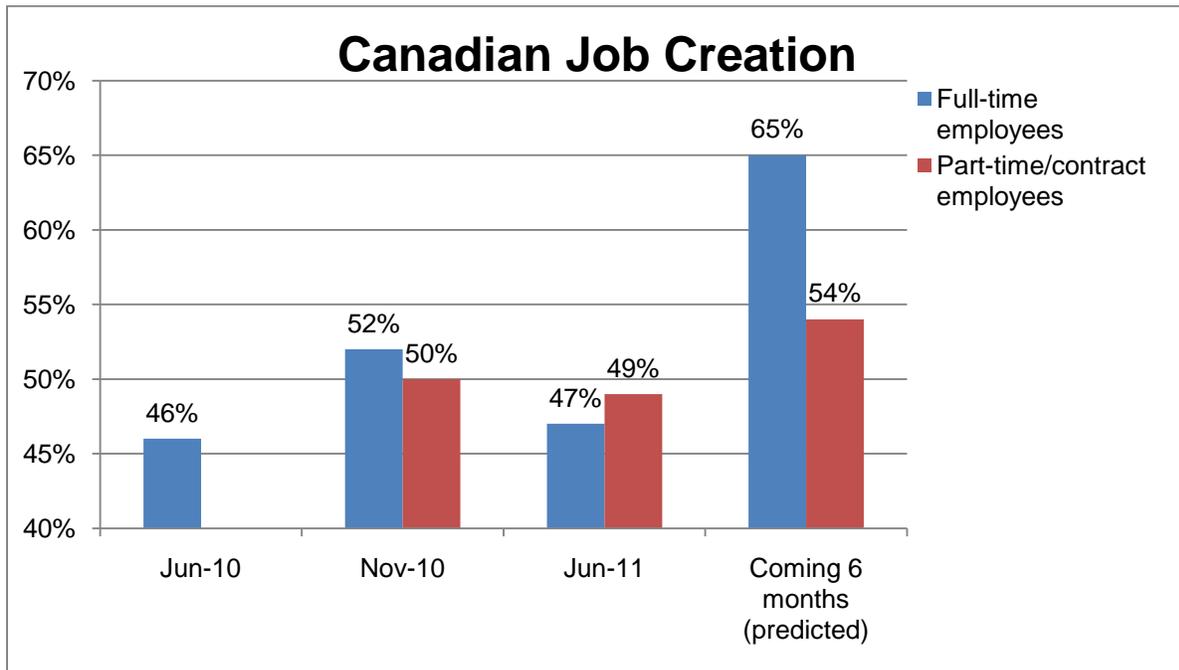


Figure 7: Percentage of Canadian entrepreneurs who reported adding employees in the six months preceding the survey, broken down by employee type. This chart also includes a forward-looking prediction for the coming six months.



About the Research

This report is part of the Global Economic Indicator research program conducted by the Entrepreneurs' Organization (EO) in partnership with The Standard Chartered Private Bank. This research program began in May 2010 and consists of a five-year series of surveys of EO 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 demographics of the survey respondents. All EO members who were surveyed have successfully founded a business grossing more than US\$1 million in revenue annually. Overall, the average respondent grosses US\$18.4 million in revenue per year and employs 191 workers. Globally, these entrepreneurs employ more than 1.3 million workers and the average age of respondents surveyed is 40 years.

Though this demographic can offer unique insights into business and economic trends, it is generally very difficult to gain access to and poll a pure sampling of these individuals. However, the Entrepreneurs' Organization holds a membership base fitting these criteria, providing the ability to gain access to this highly important sample of the entrepreneurial population.

This research collected responses from nearly 1,200 entrepreneurs in 38 countries.

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@eonetnetwork.org