

Global Entrepreneur Indicator

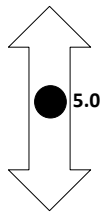
from the Entrepreneurs' Organization

Global Entrepreneurial Efficacy Indicator

Interim Findings Summary - Second Survey (November 2010)

European/Middle Easter/Africa (EMEA) Region Entrepreneurial Efficacy Indicator

Summary of Findings



Overall, EMEA region entrepreneurs rated the effectiveness of their region in fostering entrepreneurship lower than the global average (5.2), with a neutral score of 5.0 out of 10— the second lowest of all the regions.

Entrepreneurs in EMEA are just slightly positive about the economic environment in the next quarter, and rank near the global average of all regions.

A majority (54%) of entrepreneurs in the EMEA region are predicting an improved economic environment in the next quarter. By contrast, less than half (42%) of the US participants predict an improvement in the economic environment, while the Asia Pacific region is the most optimistic at 78% predicting an improvement.

The significant majority (74%) of EMEA entrepreneurs surveyed would recommend that foreign entrepreneurs start a business in their country.

EMEA region entrepreneurs are positive toward starting a new business (6.9), and equal with Canada and Latin America-Caribbean. Canada and the Asia Pacific have the highest scores in the global survey on recommending their country to foreign entrepreneurs (85%), compared to only one-third (33%) in the US and Latin America-Caribbean (35%).

EMEA entrepreneurs rated economic environment and the advice and experience of other entrepreneurs as the most influential factors in fostering entrepreneurship.

Following the pattern of most other regions, EMEA rated the economic environment (7.1) and the advice and experience of entrepreneurs (7.0) as their two most influential factors in assessing a country's ability to foster entrepreneurship. The next most influential factor was tax policy (6.8). A small majority (55%) of EMEA's entrepreneurs said government programs could have a positive influence.

In summary, entrepreneurs in EMEA gave an overall scored a 6.3 out of 10 for influence and importance of factors fostering entrepreneurship, which is less than the global average (6.6).

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Overall, EMEA entrepreneurs are neutral about the actual effectiveness of factors associated with the development of entrepreneurship in their region.

This survey has found a common global theme among entrepreneurs: they believe in the importance of the factors that influence the degree of entrepreneurship in their countries, but see a gap between potential and actual effectiveness on implementation. Only one-third (36%) of EMEA entrepreneurs are positive about the effectiveness of government programs in supporting entrepreneurship.

Along with the other regions, EMEA entrepreneurs rated first the influence of the economic environment (7.1 out of 10), with the advice and experience of other entrepreneurs next (7.0). Tax policy (6.8) was also thought to be a key influence in fostering entrepreneurship.

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 |

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