

GLOBAL ENTREPRENEURSHIP REPORT 2014

ADVANCING ENTREPRENEURSHIP EDUCATION



Facts & FIGURES



REPORT
EDITION

5TH



SAMPLE

43,902



COUNTRIES

38



PREFACE

ARE ENTREPRENEURS BORN OR MADE?

For 55 years, Amway has been helping people realize their potential by providing them an opportunity to start their own business. As the business environment has grown and changed through the years, so have the reasons people decide to venture out on their own. In an effort to deepen our understanding of what motivates entrepreneurs and gain greater insight into the world in which they operate, we have launched Amway's Global Entrepreneurship Report. And this year, it has yielded some intriguing new facts.

In the 2014 edition of the Amway Global Entrepreneurship Report, we explore one of the key factors for growth and wealth – entrepreneurship education. One aspect of our survey made the importance of entrepreneurship education overwhelmingly clear – in 37 of the 38 global markets participating in this year's report, people believe entrepreneurship can be taught and that entrepreneurs are “made”. This is especially true among Millennial or Generation Y respondents,

who are also most positive about entrepreneurship. Those young respondents represent a big opportunity for the development of the global economy and are also of indisputable importance for the national economies. They have the chance to emerge in a new generation of founders.

We are excited by the results of this survey. We see many countries encouraging entrepreneurs around the world and we are hopeful that the findings in this study will help further the development of more supportive environments for entrepreneurs both locally as well as globally.

Ultimately, entrepreneurs help drive economic growth and prosperity. So we look forward to continuing our efforts to advance the cause of business ownership and to inspire those with a dream of being their own boss. We strive to help every business owner understand that they have what it takes to reach their goals and be successful.

Steve Van Andel
Chairman

Doug DeVos
President

FIELDWORK

April to July 2014

SAMPLE

43,902 women and men aged 14–99 (representative target groups of the countries' populations)

COUNTRIES

Australia, Austria, Belgium, Brazil, Canada, China, Colombia, Croatia, Czech Republic, Denmark, Finland, France, Germany, Great Britain, Greece, Hungary, India, Ireland, Italy, Japan, Korea, Lithuania, Mexico, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, USA. In China, Colombia, India, Mexico and South Africa only people in metropolitan areas participated.

METHOD

Face-to-face/telephone interviews

INSTITUTE

GfK Nuremberg, Germany

Management **SUMMARY**

KEY RESULTS OF THE AMWAY GLOBAL ENTREPRENEURSHIP REPORT 2014

The Amway Global Entrepreneurship Report 2014 provides representative results for 38 countries coming from every continent around the world on people's opinions of entrepreneurship. The respondents' attitude toward entrepreneurship is generally positive worldwide. Most respondents name independence and self-fulfillment as the most important motives for becoming self-employed. While a vast majority of the respondents think that entrepreneurship can be taught, not even half of the respondents think that the existing offer for entrepreneurship education is sufficient. To respondents, basic business and leadership skills as well as practical experience are the most important components of entrepreneurship education, which should be taught in schools, universities, and public programs. Overall, the report yields a positive picture about the situation of entrepreneurship. However, the situation on entrepreneurship education seems to be less bright. Policy makers are well advised to improve the offer for entrepreneurship education and to get more people to participate, in order to encourage potential entrepreneurs to take the necessary steps into self-employment.

ENTREPRENEURSHIP, YES. BUT ME?

Entrepreneurship is an important source of renewal and competitiveness for economies. The 2014 AGER¹ shows that entrepreneurship is highly valued around the world and that a considerable portion of the respondents can imagine starting a business themselves. In fact, the respondents' personal attitude toward entrepreneurship is very positive. Seventy-five percent of the respondents indicated having a positive attitude. In the countries surveyed in 2013², the report even observes an increase in positive attitude, by 4%. Furthermore, entrepreneurial potential – the portion of respondents who can imagine starting a business – remained high (42%) with a slight increase by 2% in the countries surveyed last year². Finally, a person's positive attitude should foster that person's intentions to start a business³. The survey reflects this: in the countries surveyed where respondents are more positive about entrepreneurship, more respondents can also imagine starting a business (see Figure Page 8).

Demographic groups provide a more nuanced picture. Generally, it can be interpreted as a positive sign for initiatives aiming to foster female entrepreneurship that women and men are equally positive about entrepreneurship. It is only in countries that are culturally more masculine⁴ that men respond more positively to entrepreneurship. However, the entrepreneurship potential between women and men reveals a large gap. While there is no gender difference for positive attitude, men are considerably more open to starting a business than women. This observation parallels with other findings showing that women rate their entrepreneurial capabilities similarly to men, but the intention to start a business is significantly higher for men⁵. In only a few countries is the entrepreneurship potential of women similarly high as that for men⁶.

The survey results show that with increasing age respondents are less positive about entrepreneurship as well as less open to starting their own business. With increasing age future payments from an entrepreneurial activity become less attractive⁷, and entrepreneurship appears less age-appropriate⁸. This presents a dilemma. While older people who have already accumulated relevant experience are less willing to start a business with increasing age, younger people will more readily start a business but are likely to be less experienced. One way to promote entrepreneurship in older age might be to increase its acceptance and attractiveness in the society⁸. Entrepreneurship education – as discussed later in detail – may especially assist younger people in providing the necessary skills and tools for starting a business, and importantly help them to decide whether being self-employed is the right career choice⁹. In fact, we find support for a positive relationship with education. Respondents with a university degree are more positive about entrepreneurship and considerably more able to imagine becoming self-employed than respondents without a degree.

When comparing across countries two interesting facts appear. First, entrepreneurial activity has been found to be lower the more individuals earn as employees¹⁰. Similarly, we find that the higher the economic output per person in a country on average¹¹, the fewer respondents can imagine starting a business. Secondly, and not surprisingly, countries whose culture is characterized by avoiding uncertainty are less positive about entrepreneurship¹² since entrepreneurship involves risk and uncertain future returns. However, despite this negative relationship, respondents' entrepreneurial potential seems to be unrelated to the national level of uncertainty avoidance.

Two important drivers of entrepreneurial intentions are independence and income prospects¹³. As with last year, respondents favor independence from an employer or self-fulfillment clearly over income-related aspects such as return to the job market or a second income. Importantly, the lower a country's economic output per capita the less important independence becomes as a driver for entrepreneurship.

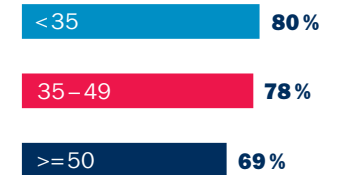
The findings pose the question as to how potential entrepreneurs can be supported in their decision over whether starting a business is a path they wish to pursue. Especially among young respondents, we find high entrepreneurial potential¹⁴. One promising route in supporting people is represented by entrepreneurship education⁹.

ENTREPRENEURSHIP EDUCATION, YES. BUT WHERE AND WHAT?

Nearly two-thirds of the 2014 AGER respondents (63%) believe that entrepreneurship can be taught rather than entrepreneurs being born, not made. Respondents under 35 years have the strongest belief in this fact (70%), differing from respondents aged 35 to 49 years (65%) and those over 50 years (57%).

AGE GROUPS

Positive attitude towards entrepreneurship



The number "positive attitude towards entrepreneurship" consists of respondents who state their attitude to be positive and say "I can imagine starting my own business" or are positive, but state "I cannot imagine starting my own business"



PROF. DR. ISABELL M. WELPE

Chair for Strategy and Organization, Technische Universität München (TUM)



While this opinion varies across the countries surveyed, all but one are convinced by a majority about the positive effect of entrepreneurship education (see Figure Page 11).

Research also shows that entrepreneurship can be taught¹⁵. For example, entrepreneurship education strengthens people's beliefs in their ability to successfully start a business⁵, helps in evaluating entrepreneurship as a career option⁹, and strengthens entrepreneurial intentions¹⁶. It is no coincidence that entrepreneurship education has evolved into an important topic for policy makers around the world to fight unemployment and bolster economic growth¹⁷.

This being said, not even half of the respondents perceive the existing offer of entrepreneurship education as satisfactory (43%); only 11% state that the offer is sufficient, with only small differences between gender and age groups. Further, only 23% of respondents state having participated in at least one entrepreneurship education activity outlined in Figure Page 12. Together, this raises the question why so few people in the countries surveyed participate in entrepreneurship education. Therefore, it is important to assess what should be taught in entrepreneurship education, and how¹⁵.

On average, respondents clearly see schools, state programs, and the universities as institutions responsible for entrepreneurship education, in this respective order. It is interesting to note that more respondents see schools and universities responsible for teaching entrepreneurship in countries with higher participation rates in entrepreneurship education. Offering entrepreneurship education earlier in schools, in addition to many university programs that already exist, may help in promoting entrepreneurship in the future – even though the results may take time to unfold. Policy makers should seize this chance to initiate a positive culture of entrepreneurship in the younger generation.

Research suggests that entrepreneurship education should incorporate skills and practical experience as well as exchange and learning from active entrepreneurs¹⁵. The respondents clearly state that entrepreneurship education should include basic business and leadership skills and that entrepreneurship should be practiced¹⁸ (see Figure Page 12). Innovation techniques, role models, and success stories are seen as less crucial components of entrepreneurship education. Two components seem to be evaluated differently depending on the countries' economic output¹¹. The higher a country's economic output, the higher the rating for the importance of basic business skills. Conversely, the lower the economic output, the higher respondents rate success stories as an important component of entrepreneurship education.

Taken all together, a considerable proportion of the respondents have a positive view of entrepreneurship, and many respondents can imagine starting a business. However, policy makers should seriously consider measures to get more people to participate in entrepreneurship education. Respondents are clear that they see schools as the most important place for delivering and experiencing entrepreneurial knowledge. Exposing more people to entrepreneurship through education may not only increase new venture creation, it could also spread a more entrepreneurial mindset into companies and our everyday decision-making. It will pay off.

TOP 3
Entrepreneurship Education
Institutions worldwide

36%

SCHOOLS
Schools and secondary
education

33%

STATE
Special start-up programs pro-
vided by non-profit organiza-
tions, chambers of commerce
or government programs

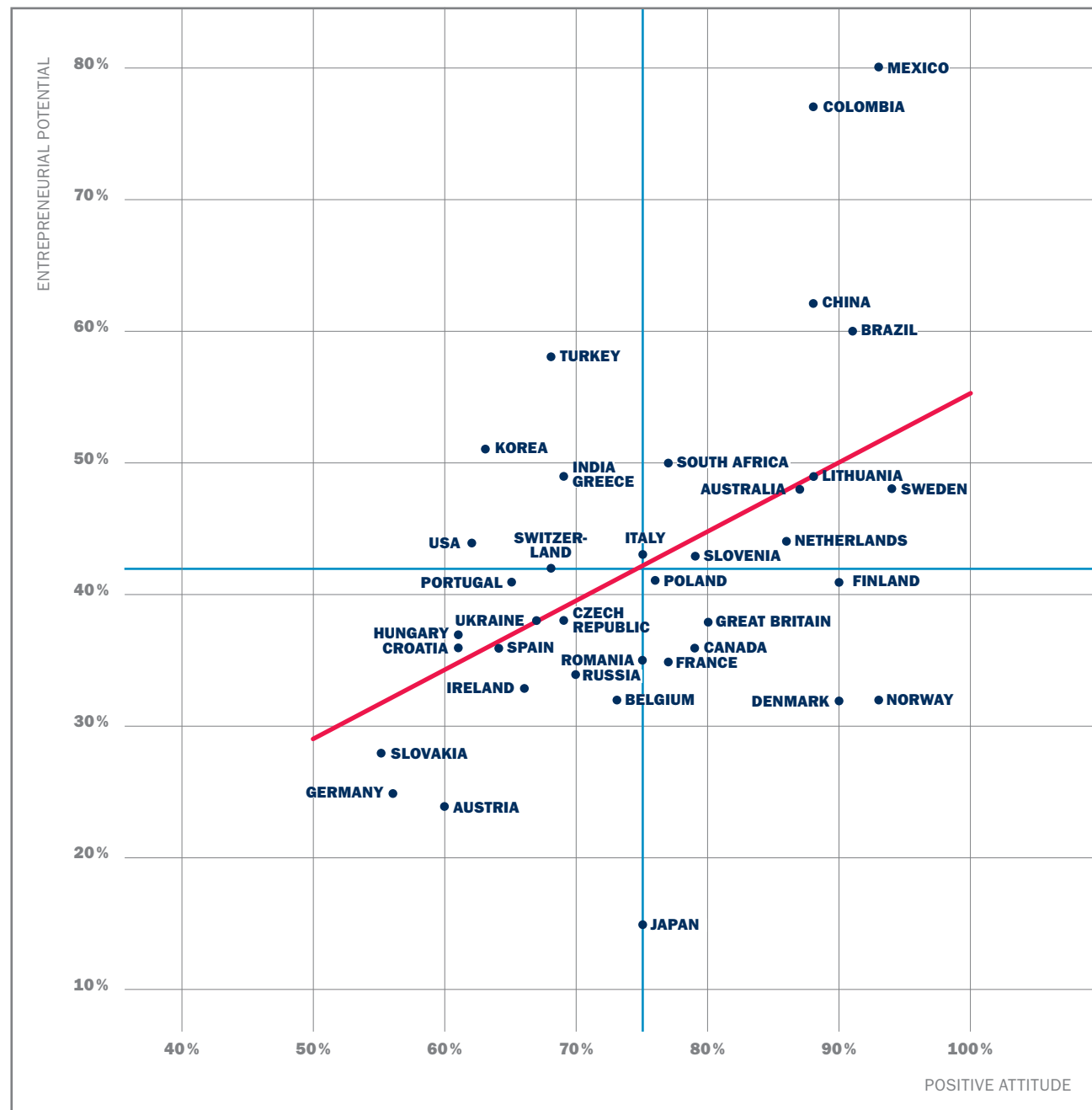
32%

UNIVERSITIES
Universities, higher education

REFERENCES

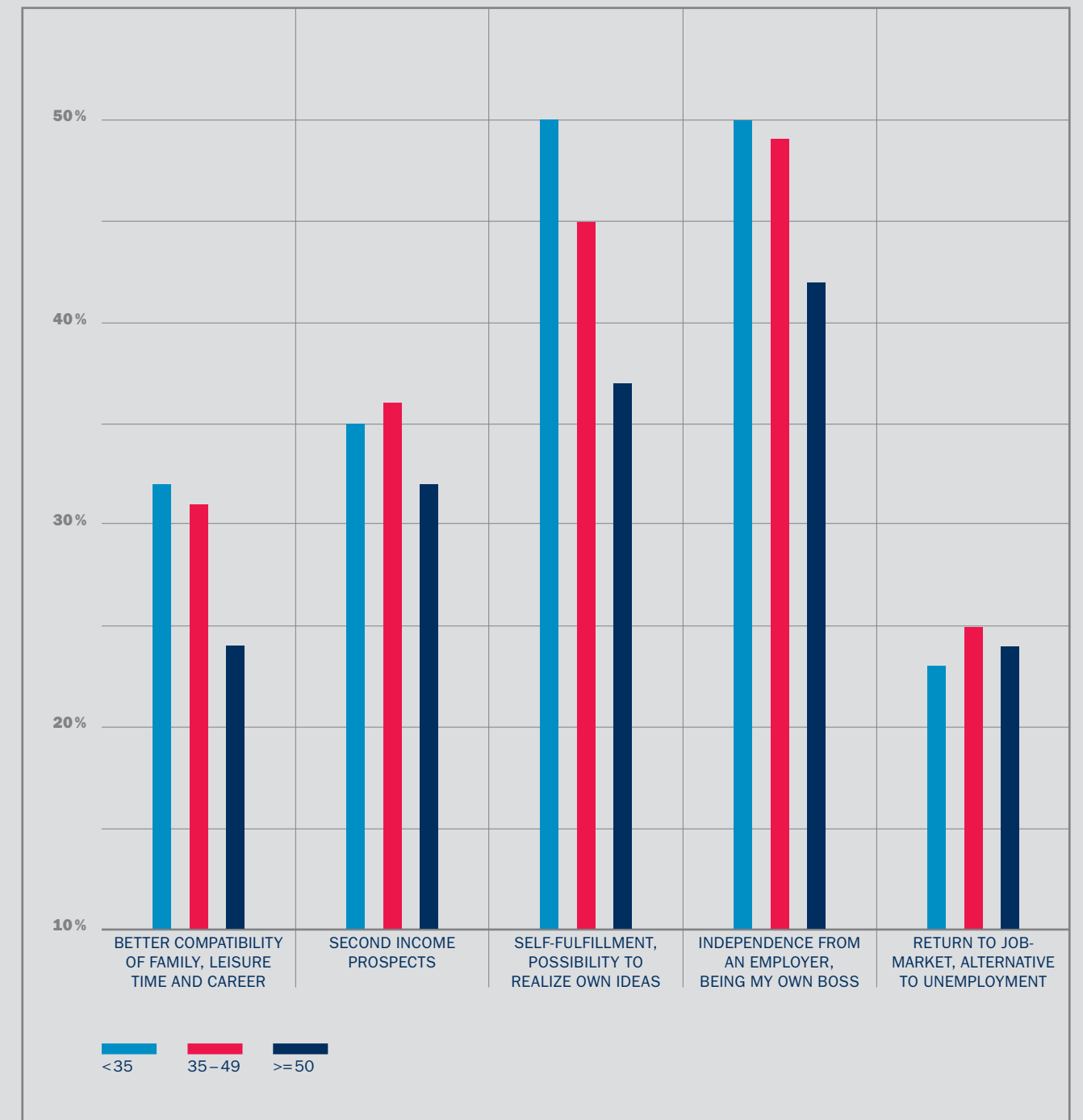
- ¹ Amway Global Entrepreneurship Report
- ² The AGER 2013 included 24 countries, all of which also participated in 2014: Positive attitude: 2013: 70%, 2014: 74%; Imagine starting a business: 2013: 39%, 2014: 41%.
- ³ Krueger Jr, Reilly, & Carsrud (2000). Competing models of entrepreneurial intentions. *Journal of Business Venturing*, 15(5–6), 411–432.
- ⁴ Masculinity is a cultural dimension and “represents a preference in society for achievement, heroism, assertiveness and material rewards for success. Society at large is more competitive.” (<http://geert-hofstede.com/dimensions.html>). Countries high in masculinity and with high gaps are, e.g., Austria, Hungary, and Switzerland.
- ⁵ Zhao, Seigert, & Hills (2005). The mediating role of self-efficacy in the development of entrepreneurial intentions. *Journal of Applied Psychology*, 90(6), 1265–1272.
- ⁶ China is the only country where more women than men can imagine starting a business. In Belgium, Canada, Greece and Mexico less than 5% more men than women can imagine starting a business.
- ⁷ Levesque & Minniti (2006). The effect of aging on entrepreneurial behavior. *Journal of Business Venturing*, 21(2), 177–194.
- ⁸ Kautonen, Tornikoski, & Kibler (2011). Entrepreneurial intentions in the third age: The impact of perceived age norms. *Small Business Economics*, 37(2), 219–234.
- ⁹ von Graevenitz, Harhoff, Weber (2010). The effects of entrepreneurship education. *Journal of Economic Behavior & Organization*, 76(1), 90–112.
- ¹⁰ Amit, Muller, & Cockburn (1995). Opportunity costs and entrepreneurial activity. *Journal of Business Venturing*, 10, 95–106.
- ¹¹ Measured as GDP per capita. Data source: World Bank data from 2012 (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>)
- ¹² Uncertainty avoidance is a cultural dimension and “expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.” (<http://geert-hofstede.com/dimensions.html>)
- ¹³ Douglas & Shepherd (2002). Self-employment as a career choice: Attitudes, entrepreneurial intentions, and utility maximization. *Entrepreneurship Theory and Practice*, 26(3), 81–90.
- ¹⁴ Among respondents younger than 35 years 51% can imagine starting a business.
- ¹⁵ Kuratko (2005). The emergence of entrepreneurship education: Development, trends, and challenges. *Entrepreneurship Theory and Practice*, 29(5), 577–598.
- ¹⁶ Peterman & Kennedy (2003). Enterprise education: Influencing students' perceptions of entrepreneurship. *Entrepreneurship Theory and Practice*, 28(2), 129–144.
- ¹⁷ See for example the European Commission's Entrepreneurship 2020 Action Plan (<http://ec.europa.eu/enterprise/policies/sme/entrepreneurship-2020/>).
- ¹⁸ E.g. in business plans, competitions, simulations, mini-company programs.

Entrepreneurial ATTITUDE and POTENTIAL



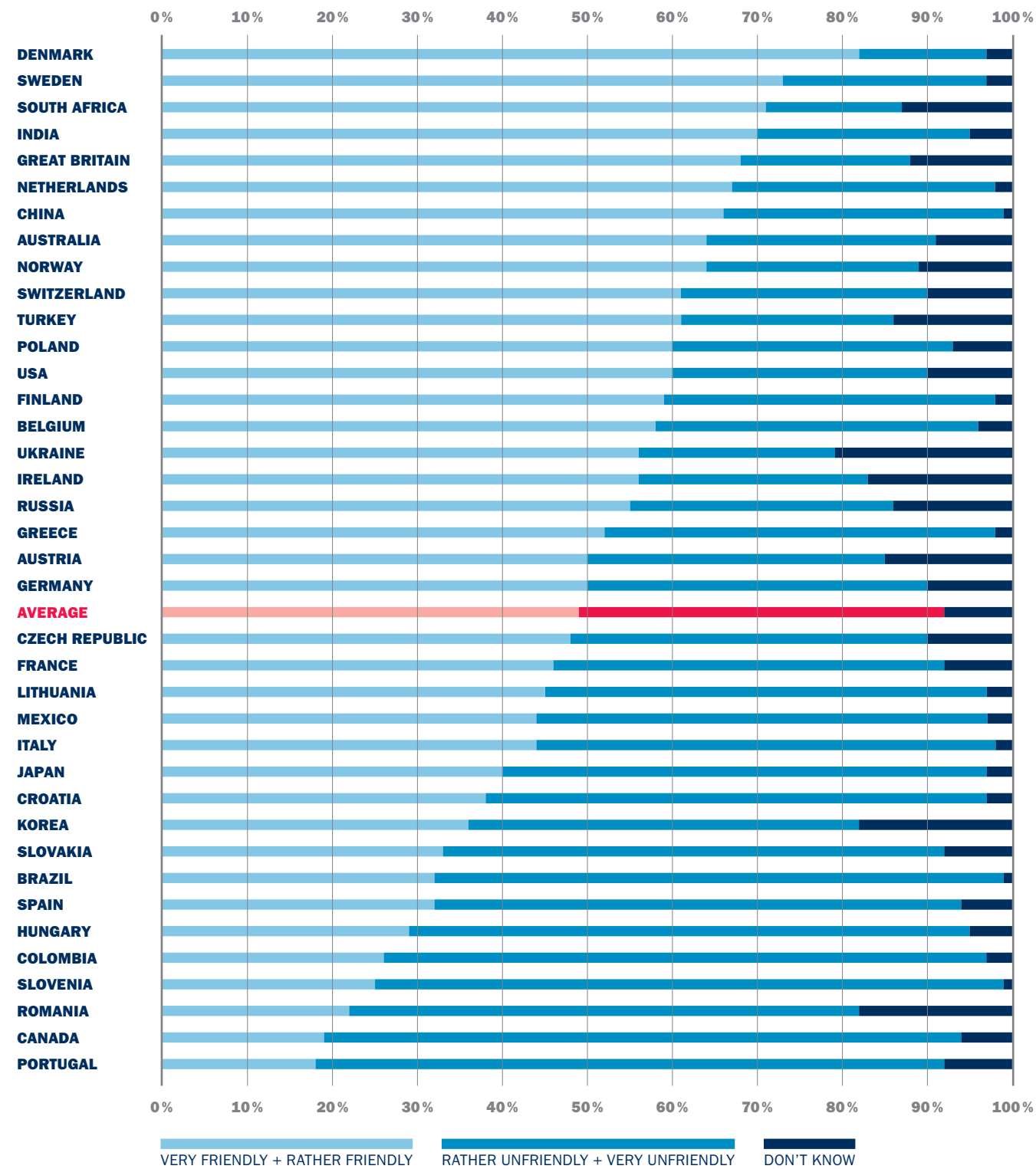
QUESTION: How do you see entrepreneurship and can you imagine starting an own business?
 Blue lines represent averages for all surveyed countries for positive attitude (vertical) and entrepreneurship potential (horizontal). The red line depicts a linear relationship between the positive attitude towards entrepreneurship and the entrepreneurship potential which is measured as the portion of respondents who can imagine starting a business.

INDEPENDENCE and SELF-FULFILLMENT



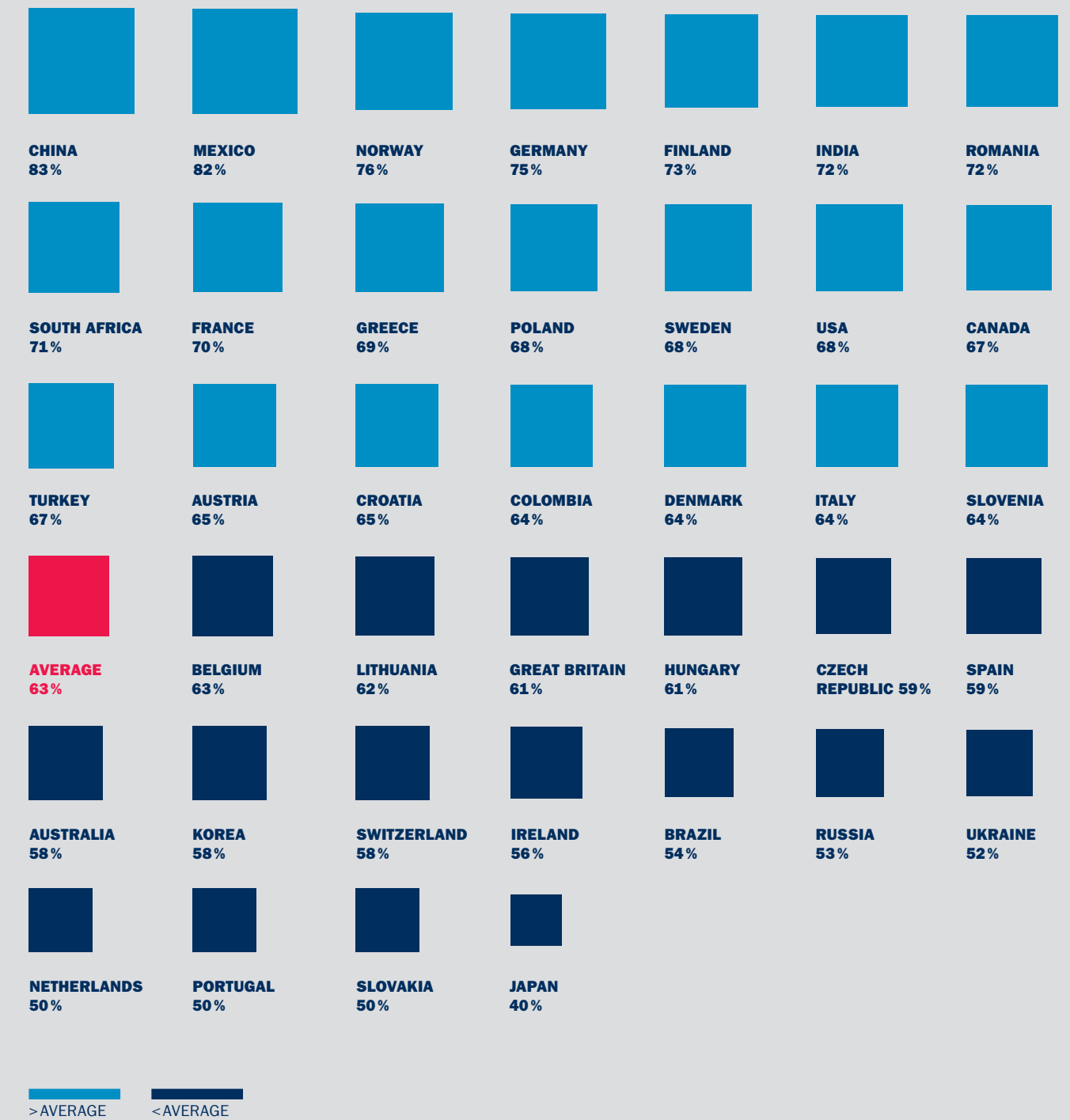
QUESTION: In your opinion, which aspects appeal to you as reasons to start up your own business?

Entrepreneurship-Friendliness OF SOCIETY



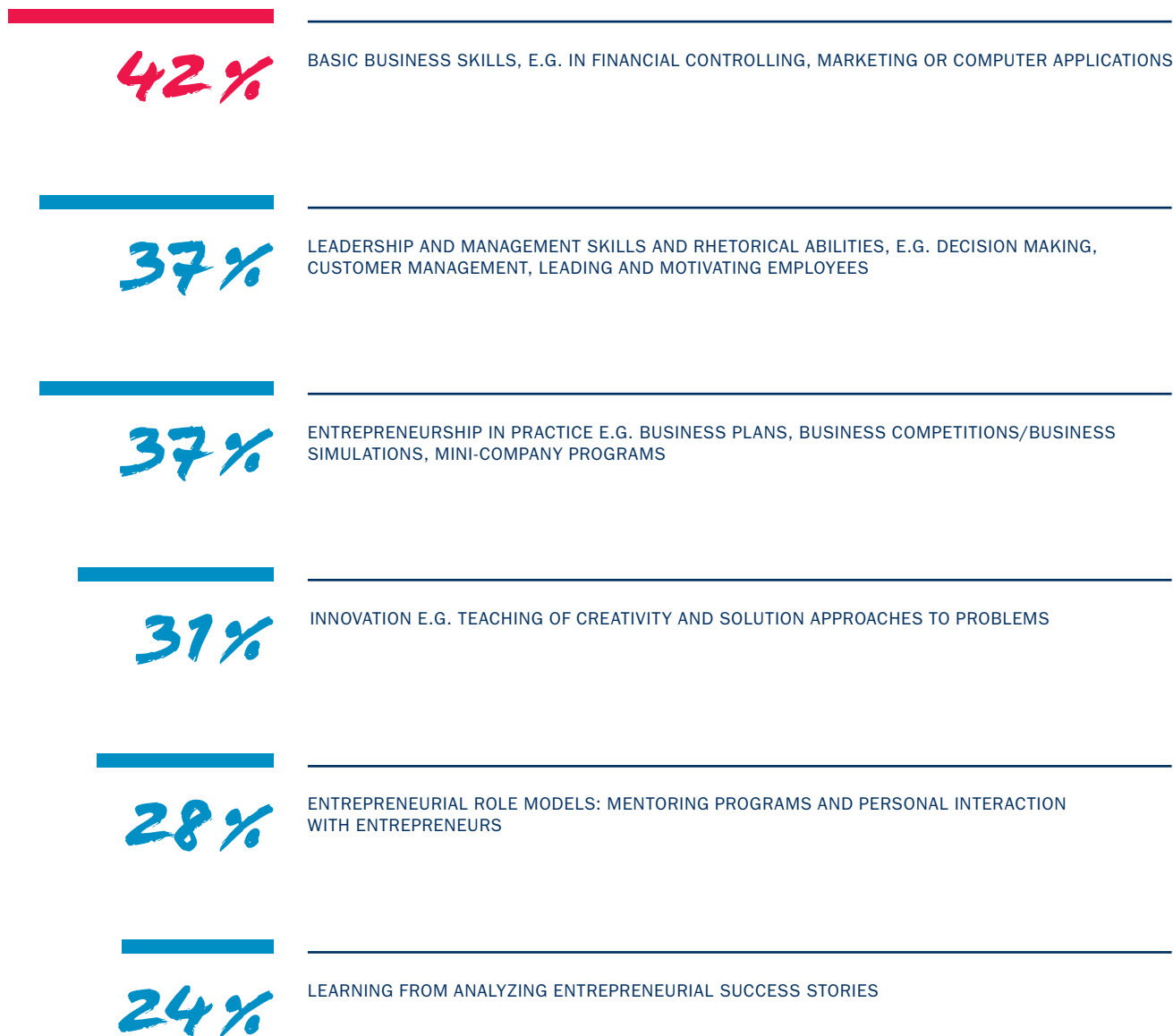
QUESTION: If you please think about politics, media coverage and the people you know: How entrepreneurship-friendly is the society in your country in general?

Entrepreneurship CAN BE TAUGHT



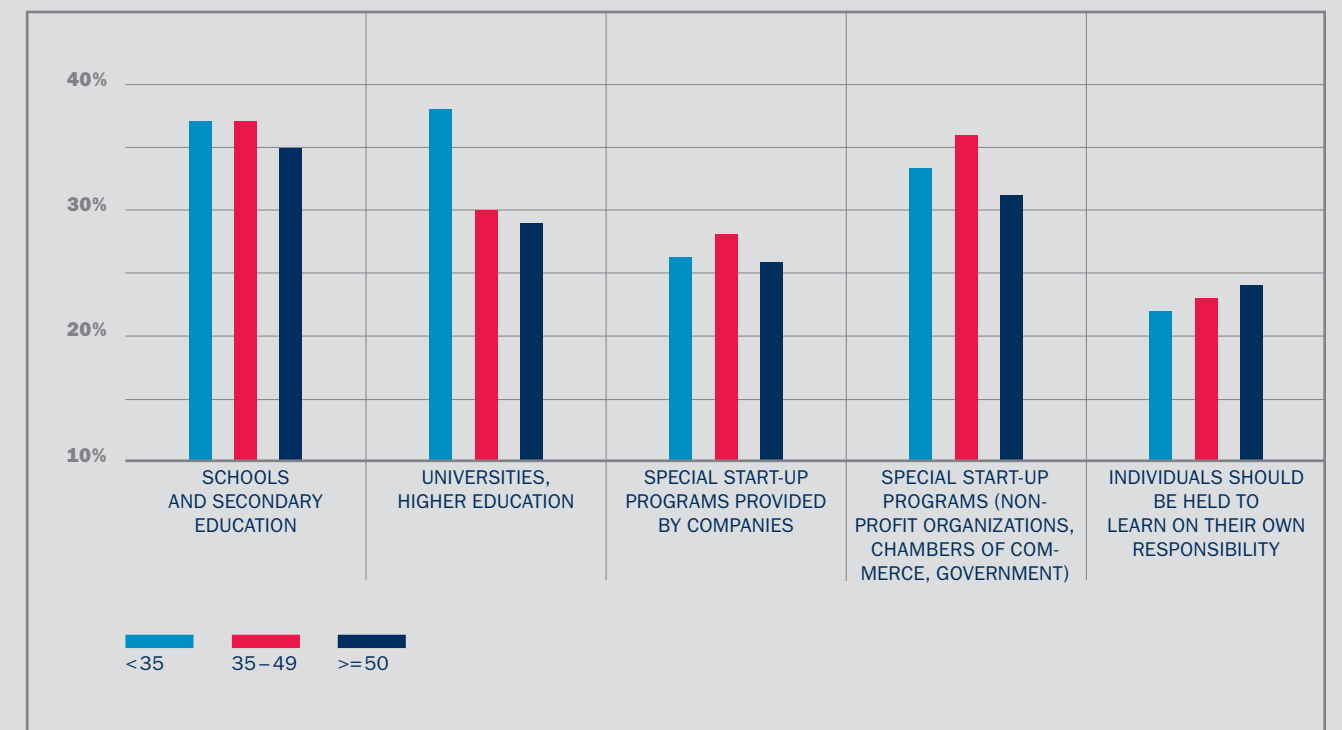
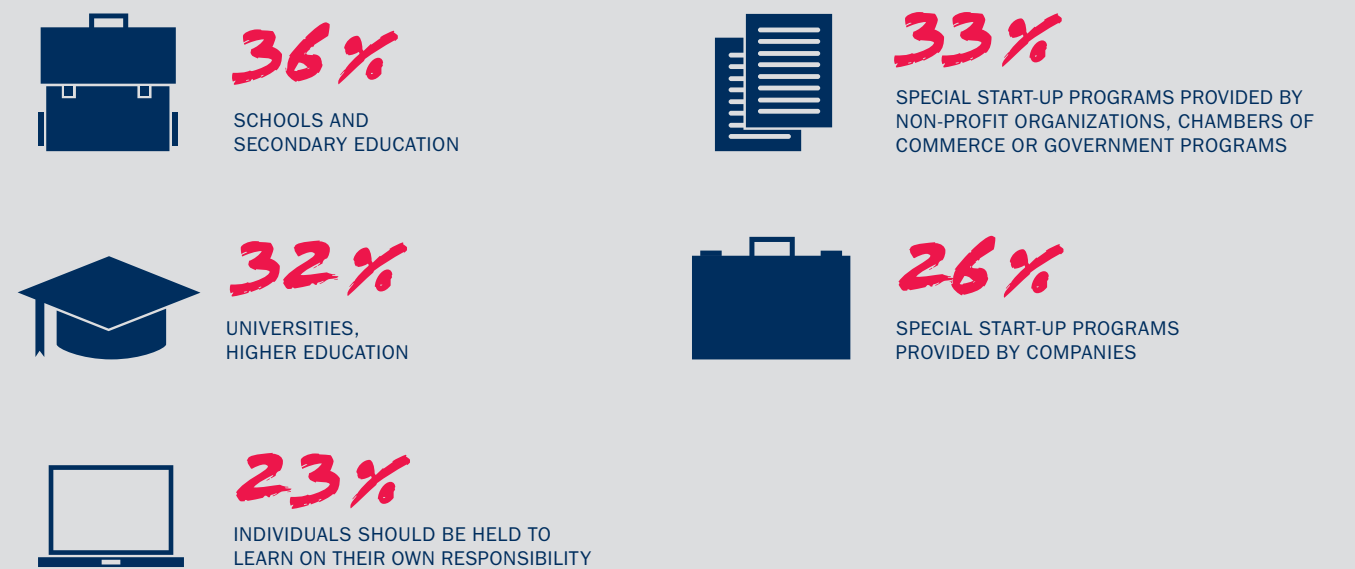
QUESTION: In your opinion, can entrepreneurship be taught or are entrepreneurs on the contrary rather born than made?

BUSINESS SKILLS wanted



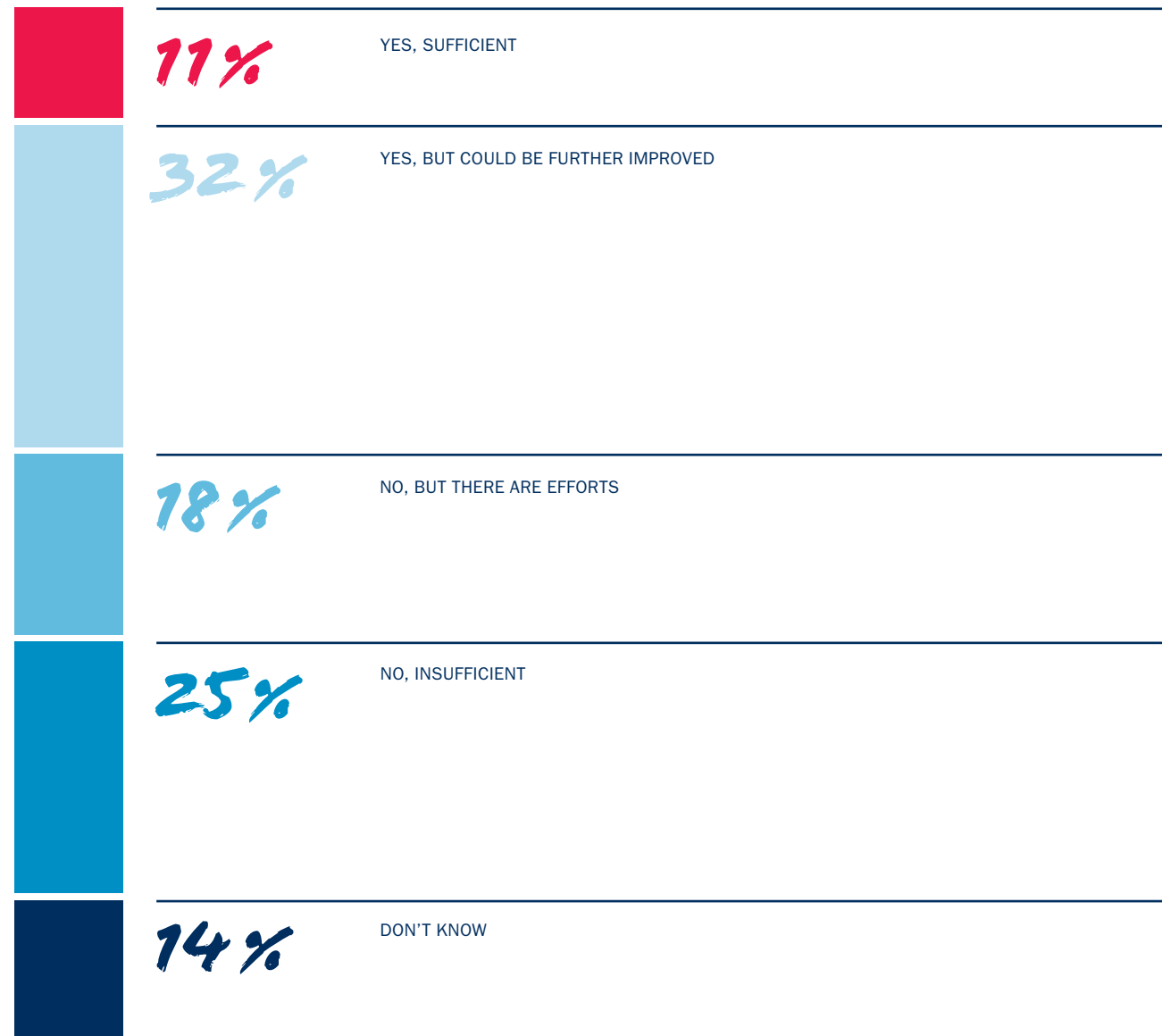
QUESTION: In your opinion, which aspects of entrepreneurship education are crucial to prepare people to start their own business?

RESPONSIBILITY for Entrepreneurial Education



QUESTION: We would like to know your opinion towards the responsibility for preparing entrepreneurs for starting their business. Where should entrepreneurship education primarily take place?

SATISFACTION with Entrepreneurial Education



QUESTION: In your opinion, is the existing offer of entrepreneurship education in schools, universities and other facilities such as government programs, or private companies in your country satisfactory and sufficient?

Amway

The Amway logo is centered on a solid blue background. It features the word "Amway" in a bold, white, sans-serif font. A white, curved underline is positioned beneath the text, starting from the left side of the 'A' and ending under the 'y'.