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High-Impact  
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Global Entrepreneurship  
Monitor

# 2011 High-Impact Entrepreneurship Global Report



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## Executive Summary

There is growing evidence that certain types of entrepreneurs matter more than others when it comes to fostering long-term economic growth. “High-Impact Entrepreneurs” are the individuals that launch and lead companies with above average impact in terms of job creation, wealth creation and the development of entrepreneurial role models. Understanding the characteristics and attributes of High Impact Entrepreneurs has become a primary focus for researchers, policy makers and other social enterprise organizations interested in scalable ways to drive economic development.

Macro-level data on High-Impact Entrepreneurship is becoming more widely available through such initiatives as the Organization for Economic Co-operation and Development’s (OECD) Entrepreneurship Indicators Program and the G20 YES. However, there are few resources that provide insights into entrepreneurs with differing levels of impact. This is particularly true within emerging markets.

To foster deeper understanding of High-Impact Entrepreneurship across a wide range of countries, Endeavor’s Center for High-Impact Entrepreneurship (C-HIE) recently conducted a series of analyses with the Global Entrepreneurship Monitor (GEM), an entrepreneurship research consortium. Over the last five years, GEM has surveyed over 800,000 randomly selected adults in over 60 countries to better understand individuals’ entrepreneurial attitudes, activities and aspirations.<sup>1</sup> The resulting database allowed C-HIE to classify more than 70,000 active entrepreneurs included in these surveys by estimated rates of growth, based on the age of their businesses and number of people employed.

Analysis of the data from different growth segments is important, as it provides insights into a key component of High-Impact Entrepreneurship to policy makers and organizations that support entrepreneurs and it can help shape the development of further lines of research. A summary of the key findings is below.

### Key findings:

- Only 9% of participants in the GEM survey were entrepreneurs and very few have achieved high or even moderate rates of growth. **For example, only three out of every 1,000 respondents to the GEM surveys had founded a business that achieved high rates of growth**, as defined to be an average of 20% or more estimated annual growth in the number of individuals employed.
- Entrepreneurs with high estimated growth rates create significantly more jobs than other entrepreneurs. **High-Growth Entrepreneurs represent only 4% of the total entrepreneurs who responded to the GEM surveys, yet the businesses they have founded or co-own created close to 40% of the total jobs generated by all entrepreneurs who responded to the survey.**
- High-Growth Entrepreneurs are similar in their attitudes and demographic characteristics to entrepreneurs experiencing moderate rates of growth. However, one key difference is that **High-Growth Entrepreneurs are more likely to have started their businesses to increase their incomes.**
- In terms of business practices, **High-Growth Entrepreneurs tend to work in partnership with other co-owners and are more likely than average to have international customers. They also are more likely to become angel investors.**
- **The educational levels of High-Growth Entrepreneurs are very similar across high-income and upper-middle-income countries, even though overall educational levels differ significantly between the two groups of countries.** In addition, people who are not active as entrepreneurs are also significantly less educated than High-Growth Entrepreneurs.

## Section 1: Introduction to High-Impact Entrepreneurship

Recent research from the Kauffman Foundation has demonstrated that fast-growing firms in the United States have been responsible for 10% of new job creation each year, even though they make up fewer than 1% of firms.<sup>2</sup> In countries like Argentina and South Africa, Endeavor's Center for High-Impact Entrepreneurship (C-HIE) has found that high-growth firms also pay better than average wages and have high levels of job satisfaction among employees.<sup>3</sup> Because of the above-average influence that these companies have in growing the economies of their countries, their founders and owners are referred to as "High-Impact Entrepreneurs." As their firms grow and add new jobs, they develop new innovations, generate millions in wealth and act as role models for the next generation of young people in their countries. Examples encountered by Endeavor include:

- **Pharmacy1**, a rapidly growing pharmacy chain in the Middle East that is providing industry-leading care to its customers;
- **Procesa Chiapas**, a tuna-processing company that introduced new re-sealable pouches to the Mexican market and is providing jobs and building pride in one of the most impoverished regions of its country;
- **Keepcon**, an Argentina-based provider of innovative solutions to moderate user-generated content on popular websites, such as comments on news articles, that is growing rapidly and creating more demand for skilled programmers in Argentina; and
- **@Source**, a South African firm that reinvigorated a family farming business to become a leading provider of healthy foods.

In order to understand High-Impact Entrepreneurs better, C-HIE recently conducted a series of analyses with the Global Entrepreneurship Monitor (GEM), an entrepreneurship research consortium made up of close to 200 academics and researchers

around the world. Over the last five years, GEM has surveyed over 800,000 randomly selected adults in more than 60 countries to assess individuals' entrepreneurial attitudes, activities and aspirations. For the purpose of this study, the respondents were classified into three groups:

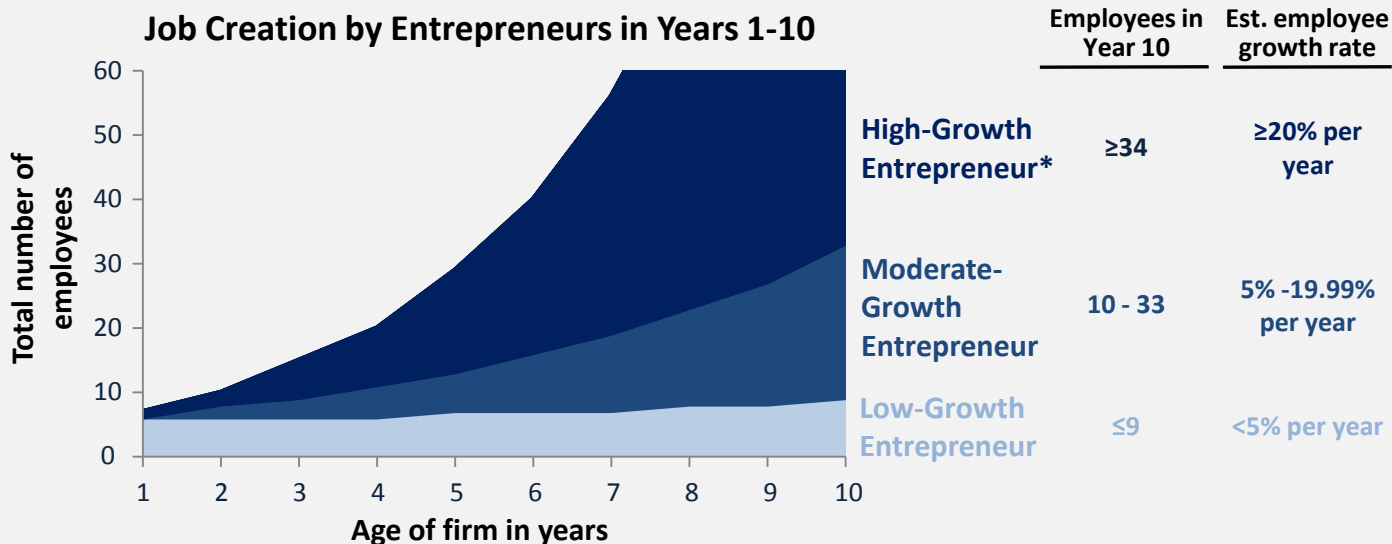
1. **Entrepreneurs:** individuals who currently own and manage a business;
2. **Nascent Entrepreneurs:** individuals who do not currently own a business but are in the process of starting one and who have been active in working toward this goal within the past 12 months; and
3. **General Population:** individuals who do not currently own a business and are not in the process of starting a business.

Though GEM does not collect annual performance data on the firms of the entrepreneurs in its surveys, it is possible to further classify the more than 70,000 entrepreneurs in the first group by estimated rates of growth, based the age of their companies and the number of people employed. Analysis of the data from different growth segments is important, as it provides insights into a key component of High-Impact Entrepreneurship. This yields three entrepreneurial sub-segments<sup>4</sup>:

- 1a. **High-Growth Entrepreneurs** own firms that have experienced estimated revenue growth of 20% or more per year;
- 1b. **Moderate-Growth Entrepreneurs** own firms with estimated revenue growth rates of between 5-20% per year; and
- 1c. **Low-Growth Entrepreneurs** own firms that have grown at an estimated annual rate of less than 5%.

As Figure 1 illustrates, an entrepreneur running a company that is 10 years old must employ 34 or more people to qualify as a High-Growth Entrepreneur. At the same 10-year point, a Moderate-Growth Entrepreneur employs 10-33 people and a Low-Growth Entrepreneur employs

**Figure 1: Job Creation and Estimated Annual Growth Rates at Firms of High-, Moderate- and Low-Growth Entrepreneurs**



\* Entrepreneurs leading firms with growth rates greater than those shown above were also classified as "High-Growth Entrepreneurs." However, for illustrative purposes, such outliers were excluded in this figure.

nine people or fewer. The differences in rates of job creation are not limited to the past. In the next five years, High-Growth Entrepreneurs in the GEM surveys report that they expect to add three times more jobs than Moderate-Growth and 15 times more jobs than Low-Growth Entrepreneurs, on average.

In terms of total job creation, the businesses owned by High-Growth Entrepreneurs created 38% of the total jobs generated by all entrepreneurs who responded to the GEM surveys, even though they represent only 4% of the entrepreneurs in the dataset.<sup>5</sup> Moderate-Growth Entrepreneurs are slightly more prevalent. Six percent of all entrepreneurs fall into this sub-segment and these entrepreneurs created 28% of the total jobs. Low-Growth Entrepreneurs represented 90% of the entrepreneurs included in the sample. However, they created only 34% of the total jobs.

Not only do the sub-segments of entrepreneurs differ in their levels of impact, they also differ in terms of their prevalence. Eight percent of GEM survey respondents are Low-Growth Entrepreneurs. These are the small business owners who run slow-growing "lifestyle" businesses, such as small restaurants and

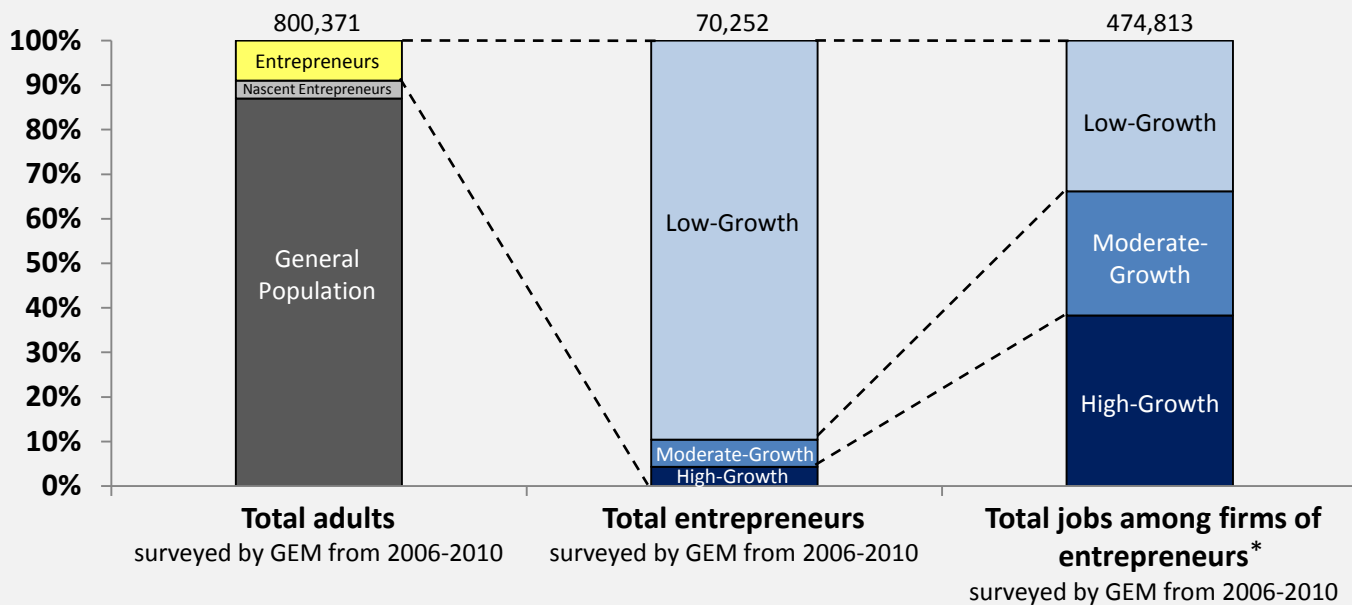
locally-focused service businesses. Moderate- and High-Growth Entrepreneurs are rare by comparison. Fewer than 1% of respondents fall into each of these groups. When only founding entrepreneurs are taken into account, the numbers drop even further. Only four people out of every 1,000 surveyed are founders of moderate-growth entrepreneurial companies and just three people out of every 1,000 surveyed are founders of high-growth firms.

**Section 2: Attributes of High-, Medium- and Low-Growth Entrepreneurs**

As Figure 3 illustrates, entrepreneurs in the High-Growth sub-segment usually start their companies when they are between 26 and 45 years old. They are likely to have attended college and many hold graduate degrees. Interestingly, the majority of High-Growth Entrepreneurs work in partnerships. Among all the sub-segments, the firms of High-Growth Entrepreneurs are also the most likely to have a significant number of international customers.

In terms of their attitudes, High-Growth Entrepreneurs have little fear of failure and are among the most likely of those surveyed to start a business because they perceive that there is an opportunity to be exploited, as opposed to doing

**Figure 2: Prevalence of High-Growth, Moderate-Growth and Low-Growth Entrepreneurs and Relative Job Creation**



\*Data on share of jobs is adjusted to reflect differences in the average number of entrepreneurial partners among firms owned by Low-, Moderate- and High-Growth Entrepreneurs.<sup>5</sup>

so because they have no other option. In addition, once these entrepreneurs become successful, they are the most likely to start funding other ventures as angel investors. Those who have invested in other businesses have, on average, placed a total of US\$90,000 in capital into these ventures.

Moderate-Growth Entrepreneurs are similar to their High-Growth counterparts in many ways. Like High-Growth Entrepreneurs, respondents in the Moderate-Growth sub-segment are well-educated and tend to start their businesses between 26 and 45 years of age. They are also equally likely to be focused on international customers. While entrepreneurs in this sub-segment are frequently members of partnerships, they are slightly less likely to have co-owners when compared with their High-Growth counterparts. Interestingly, Moderate-Growth Entrepreneurs are also slightly less likely to report knowing another entrepreneur who has started a business in the last two years.

There are two notable differences between High-Growth and Moderate-Growth Entrepreneurs. First, High-Growth Entrepreneurs are more likely

than Moderate-Growth Entrepreneurs to have started their business to increase personal income. Second, Moderate-Growth Entrepreneurs are also less likely to become angel investors in comparison to the High-Growth Entrepreneurs segment. However, the Moderate-Growth entrepreneurs are significantly more likely to provide funding to family members, rather than to friends or business associates.

Low-Growth Entrepreneurs have different attitudes and attributes than High- and Moderate-Growth Entrepreneurs. The vast majority of these individuals are sole owners. Low-Growth Entrepreneurs also have few international customers. In addition, they are twice as likely to have started their businesses because they felt they had no choice, as opposed to starting a firm to pursue an opportunity to become independent or increase their personal wealth. Finally, they are more likely to have started their businesses before reaching the age of 26, perhaps due to the fact that they are 40% less likely to have any level of post-secondary education, when compared with other entrepreneurs.

# Figure 3: Comparison among High-, Moderate- and Low-Growth Entrepreneurs and Their Firms



## High-Growth

20% or more growth per year



## Moderate-Growth

From 5% up to 20% growth per year



## Low-Growth

Less than 5% growth per year

Estimated growth, calculated by job creation and age of firm:

Average size and projected growth:

- Average number of employees	73	34	2
- Average projected employee growth in the next five years	+30	+10	+2

Entrepreneurial motivations and activities:

- Proportion who became entrepreneurs to increase their income	29%	23%	19%
- Proportion who became entrepreneurs to become more independent	32%	32%	26%
- Proportion working in a partnership	61%	54%	27%
- Proportion with int'l clients representing 25% + of customers	23%	18%	8%
- Proportion who have acted as angel investors in the last 3 years	20%	14%	8%

Educational background by highest level of completion:

- College or university	31%	29%	23%
- Post-graduate studies	23%	22%	12%

Age when business was founded:

- 25 and under	18%	20%	26%
- 26-35	35%	39%	36%
- 36-45	27%	27%	24%
- 46-55	16%	11%	11%
- 56 and above	4%	2%	3%

## Summary of Key Findings Comparing High-, Moderate- and Low-Growth Entrepreneurs

- Entrepreneurs with high estimated growth rates create significantly more jobs than entrepreneurs with slower rates of estimated growth. High-Growth Entrepreneurs represent only 4% of the total entrepreneurs who responded to the GEM surveys, yet the businesses they have founded or co-own created close to 38% of the total jobs that were generated by all entrepreneurs who responded to the survey.
- Though 9% of respondents are entrepreneurs, very few achieve high or even moderate rates of growth. Only three out of every 1,000 respondents to the GEM surveys had founded a business that achieved high-growth, defined as an average of 20% or more estimated annual growth in the number of individuals employed.
- High- and Moderate-Growth Entrepreneurs are relatively well-educated, have little fear of failure, tend to work in partnership with other co-owners and are more likely than average to have international customers.
- High-Growth Entrepreneurs differ from their Moderate-Growth counterparts in two key dimensions: 1) High-Growth Entrepreneurs are more likely to have started their businesses to increase their incomes, and 2) High-Growth Entrepreneurs are less likely to fund family members when they serve as angel investors.
- Low-Growth Entrepreneurs are less likely to have university or graduate-level educational experience. They are the most likely to start their businesses because they felt they had no choice, and they rarely enter into partnerships when starting new ventures.

## Section 3: High-Growth Entrepreneurs across the World

The GEM surveys on entrepreneurial attitudes, activities and aspirations are conducted across a wide range of countries in North and South America, Europe, Asia, Africa and the Middle East. In order to explore the concept of High-Impact Entrepreneurship further, High-Growth Entrepreneurs were compared across countries. The first comparison was conducted by grouping countries by income levels and the second investigated High-Growth Entrepreneurs by geographical clusters.

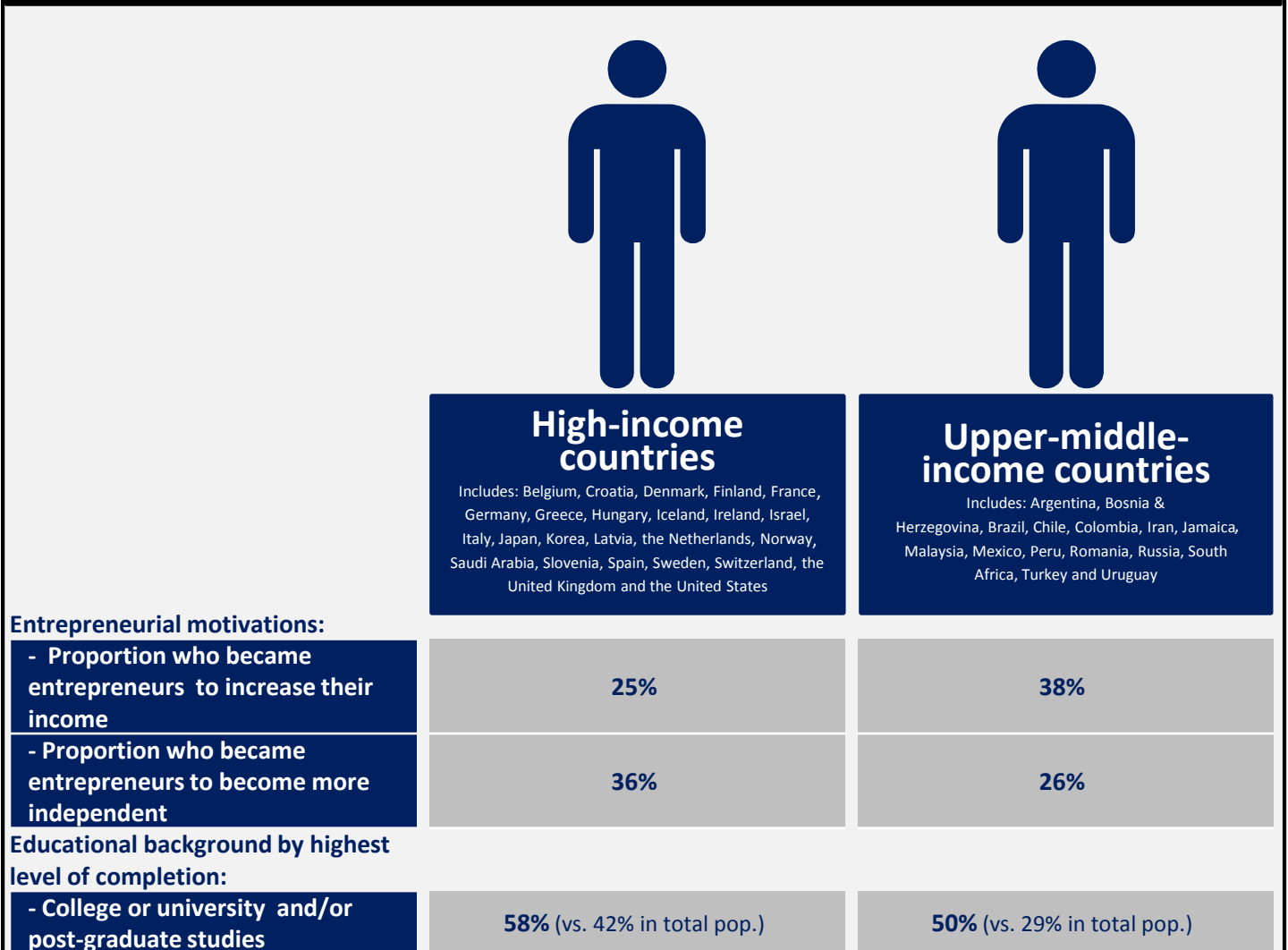
For the first comparison, respondents were classified by their countries' income levels to determine if a nation's stage of wealth and development affects the characteristics of its High-Growth Entrepreneurs. The World Bank's income groups were used to categorize 42 countries that participated in the GEM survey for at least three of the past five years<sup>6</sup>:

- **High-income countries:** Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, the Netherlands, Norway, Saudi Arabia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States;
- **Upper-middle-income countries:** Argentina, Bosnia & Herzegovina, Brazil, Chile, Colombia, Iran, Jamaica, Malaysia, Mexico, Peru, Romania, Russia, South Africa, Turkey and Uruguay.

As Figure 4 shows, there are a number of differences between High-Growth Entrepreneurs in high- and upper-middle income countries. Those in upper-middle-income countries are much less likely to rely on exports to reach a significant number of their customers. Nearly a third of High-Growth Entrepreneurs in high-income countries look to international clients to make up one quarter or more of their customers. In upper-middle-income countries, this drops to only 18%.



**Figure 4: Comparison between High-Growth Entrepreneurs in High-Income and Upper-Middle-Income Countries**



**Figure 5: Unique Characteristics of High-Growth Entrepreneurs within Individual Geographic Regions**



In terms of personal attitudes and attributes, the most striking difference between the income groups is that High-Growth Entrepreneurs in upper-middle-income countries are more likely than those in high-income countries to become entrepreneurs in order to increase their personal incomes. Almost 40% of High-Growth Entrepreneurs in upper-middle income countries cited this as a motivator compared with only 25% of those in high-income countries. In high-income countries, High-Growth Entrepreneurs are more likely to report that personal independence is the primary reason for becoming an entrepreneur.

Interestingly, educational levels among High-Growth Entrepreneurs are similar across high-income and upper-middle-income countries, even though overall educational levels differ significantly between the two groups. This may be an indication that education is an important prerequisite for the most successful entrepreneurs or it could signal that well-educated individuals in upper-middle-income countries have fewer professional opportunities and are more likely to create their own ventures.

After looking across income groups, countries were grouped by geographical regions to determine if differences exist among High-Growth Entrepreneurs across regions that differed from what would be expected due to income group levels (e.g., if the respondents within Northern Europe report answers that match those for high-income countries, this would not be a surprise). Regions were organized according to the groupings utilized by the United Nations, with the sole exception of including Iran as part of the Middle East.<sup>7</sup> Only regions with at least four countries represented were considered. The findings are summarized below and in Figure 5.

- **Northern Europe** (Denmark, Finland, Iceland, Ireland, Latvia, Norway, Sweden and the United Kingdom): High-Growth Entrepreneurs within these eight Northern European countries are very unlikely to allow fear of failure to prevent

them from starting a new business. They are also among the most likely to be working in partnerships with other co-owners of their businesses. In most other dimensions, High-Growth Entrepreneurs in this region are very similar to those in high-income countries overall.

- **Western Europe** (Belgium, France, Germany, the Netherlands and Switzerland): The High-Growth Entrepreneurs in this group are among the least likely to have started their businesses in order to increase their incomes. Only 14% of the High-Growth Entrepreneurs in Western Europe cited this as a motivation compared with more than 30% in all other regions except Southern Europe. Conversely, these respondents are the most likely to report starting their businesses to become more independent. High-Growth Entrepreneurs in the region are also the least likely to allow fear of failure to prevent them from starting a new business and are among the most likely to rely on international clients for a significant portion of their customer base. When Western European High-Growth Entrepreneurs act as angel investors, more than half invest in members of their own families.

- **Southern Europe** (Bosnia & Herzegovina, Croatia, Greece, Italy, Slovenia and Spain): The motivation for starting a business among this group of High-Growth Entrepreneurs diverges slightly from that of other regions. Only one in five respondents started their firms in order to take advantage of an opportunity to increase incomes. Southern Europe also has a high proportion of High-Growth Entrepreneurs (31%) who feel that fear of failure would prevent them from starting a new business.

- **Middle East** (Iran, Israel, Saudi Arabia and Turkey): Among the four Middle Eastern countries in the GEM surveys, motivations for starting a company differ significantly from those in other countries. For instance, one in five High-Growth Entrepreneurs in the region started their companies because they felt they had no better

choice for work. These High-Growth Entrepreneurs are the least likely to choose entrepreneurship to achieve independence; increasing income is much more important. The High-Growth Entrepreneurs in the region also give the highest level of agreement to the statement “those successful at starting a new business have a high level of status and respect,” with 83% of respondents agreeing.

- **Latin America** (Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Uruguay): High-Growth Entrepreneurs across these countries in Latin America are among the

least likely to rely on exports, with only 13% having at least one-fourth of their customers located internationally. Latin American High-Growth Entrepreneurs are also among the least likely to partner with other entrepreneurs. However, High-Growth Entrepreneurs in this region are among the most likely to provide funding to family members when acting as angel investors. Over 50% of High-Growth Entrepreneurs making angel investments within the Latin American countries provided funding to members of their own families. Interestingly, High-Growth Entrepreneurs in this region are also twice as likely as the General

## High-Impact Entrepreneur Spotlight: Minha Vida

Daniel Wjuniski and Fernando Ortenblad first met as interns for a large multinational company in São Paulo, Brazil. After graduating from university, the two friends continued to work together at a web start-up and by the time they reached their mid-twenties, they were interested in launching their own business .

Their inspiration for a new business venture eventually came from an unexpected source. Daniel had been diagnosed with Crohn’s disease and found that there was very little information about his condition online in Portuguese. He and Fernando believed that there was an opportunity to create a website that would offer Brazilians high-quality information about health and wellness issues. The partners also saw that there could be a chance to provide support for people trying to lose weight, an issue both of them had struggled with in the past.

Together with a third partner, Roberto Lifschitz, Daniel and Fernando designed a website named “Minha Vida,” which means “My Life” in Portuguese. Minha Vida launched in 2004 even though growth among web-based companies in Brazil had not yet recovered from the bursting of the tech bubble a few years before.

Their ambition was soon rewarded. Minha Vida now employs over 50 people and expects to reach more than US\$12M in revenues this year. This growth has come rapidly, as revenues have more than quadrupled since 2008. Perhaps most importantly, the site gets more than 10 million visits each month.

In addition to their financial results, the founders also take pride in what their company means to the lives of its users. The home page of the Minha Vida website shows counters that track the performance of the community in meeting three major goals in 2011: 1) losing a total of 100,000 kgs. in weight, 2) reducing the rate of sedentary behavior by more than 20% among active users, and 3) increasing the life expectancy of active users by 1.5 years. The accomplishments of the Minha Vida team have also started to generate recognition. In 2011, Daniel and Fernando were named as “Emerging Entrepreneurs of the Year” by Ernst & Young.

“Being entrepreneurs has been better than we could have imagined,” said Daniel. “Our hope is to help a network of entrepreneurs develop and to inspire young people with big dreams.”

Population to have university or postgraduate educations (50% vs. 26%).

### **Summary of Key Findings among High-Growth Entrepreneurs across the World**

- High-Growth Entrepreneurs who live in upper-middle-income countries are 50% more likely than those in high-income countries to become entrepreneurs in order to increase their personal incomes. In high-income countries, High-Growth Entrepreneurs are more likely to report that personal independence was the primary reason for becoming an entrepreneur.
- High-Growth Entrepreneurs in middle-income countries are much less likely than those in high-income countries to rely on exports to reach a significant number of their customers.
- Educational levels among High-Growth Entrepreneurs are very similar across high-income and upper-middle income countries even though overall educational levels differ significantly between the two groups.
- The majority of High-Growth Entrepreneurs in Western Europe and Latin America who act as angel investors provide funding to members of their own families. Angel investing in family members is much less common in other regions.
- The percentage of High-Growth Entrepreneurs who would allow fear of failure to stop them from starting a new business is lowest in Northern and Western Europe and highest in Southern Europe.

### **Section 4: High-Growth Entrepreneurs Compared to Nascent Entrepreneurs and the General Population**

In addition to comparing High-Growth Entrepreneurs across regions, it is interesting to compare them as a group with both the General Population and Nascent Entrepreneurs. The former is not involved in starting or owning a business and the latter are entrepreneurs who

do not currently own a business but are in the process of starting one and have taken steps toward this goal in the past 12 months.

As one would expect, Nascent Entrepreneurs are very different from their High-Growth counterparts. For example, they are 50% more likely to start their businesses because they don't feel they have a better professional option. They are significantly less likely to partner with other entrepreneurs and are slightly less likely to target international customers. Nascent Entrepreneurs say that they expect to add significantly fewer jobs over the next five years than High-Growth Entrepreneurs.

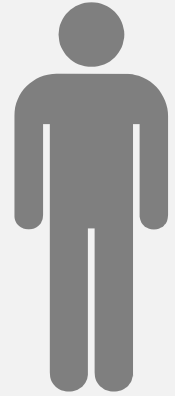
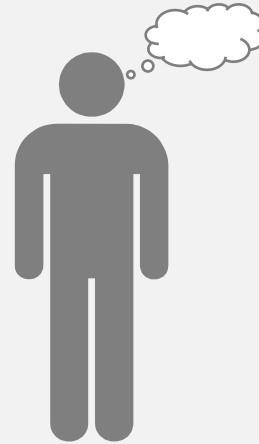
Members of the General Population are half as likely to believe that they possess the knowledge to start a business. Members of the General Population are also significantly less educated than High-Growth Entrepreneurs. Only one in three has gone to university or earned a post-graduate degree. This lack of an educational foundation could be a reason that members of the General Population are much more pessimistic about opportunities to start a business in their own countries and why more than half of these respondents would not start a business due to fear of failure.

One of the most intriguing findings within the GEM surveys is that High-Growth Entrepreneurs, Nascent Entrepreneurs and the General Population all report similarly positive perceptions of the status of successful entrepreneurs among fellow citizens of their countries.

### **Summary of Key Findings among Comparisons of High-Growth Entrepreneurs, Nascent Entrepreneurs and the General Population**

- Compared with High-Growth Entrepreneurs, Nascent Entrepreneurs are much more likely to start their businesses because they don't feel they have a better professional option and are slightly less likely to target international customers.

**Figure 6: Comparison among High-Growth Entrepreneurs, Nascent Entrepreneurs and the General Population**



**High-Growth Entrepreneur**

Own firm with 20%+ estimated growth per year

**Nascent Entrepreneur**

Do not own a firm, but actively working to start one in last 12 months

**General Population**

No interest in becoming an entrepreneur

**Average size and projected growth:**

- Average number of employees	73	0	N/A
- Average projected employee growth in the next five years	+30	+15	N/A

**Entrepreneurial motivations and activities:**

- Proportion who chose to be entrepreneurs to increase their income	29%	26%	N/A
- Proportion who chose to be entrepreneurs to become more independent	32%	26%	N/A
- Proportion who chose to be entrepreneurs because they had no better choice for work	9%	12%	N/A
- Proportion with int'l clients representing 25% + of customers	23%	14%	N/A

**Educational background by highest level of completion:**

- College or university	31%	25%	24%
- Post-graduate studies	23%	14%	13%

**Attitudinal perceptions:**

- Proportion who believe they have the knowledge required to start a business	88%	84%	43%
- Proportion who believe successful entrepreneurs have high status in their country	65%	68%	63%

- High-Growth Entrepreneurs are significantly more educated than members of the General Population and, perhaps consequently, far more believe they have the knowledge needed to successfully start a firm.

- High-Growth Entrepreneurs, Nascent Entrepreneurs and the General Population all report similar levels of high status for successful entrepreneurs among fellow citizens of their countries.

## Section 5: Conclusions

More than 70,000 entrepreneurs around the world were analyzed to provide insights as to what drives High-Impact Entrepreneurship. The most important findings are summarized below.

- **High growth entrepreneurs create the most jobs:** High-Growth Entrepreneurs represent only 4% of the total entrepreneurs who responded to the GEM surveys, yet the businesses they have founded or co-own created close to 40% of the total jobs generated by all entrepreneurs who responded to the survey.

- **High-Growth Entrepreneurs are rare and hard to find:** Though 9% of participants in the GEM survey were entrepreneurs, very few have achieved high or even moderate rates of growth. For example, only three out of every 1,000 respondents to the GEM surveys had founded a business that achieved high rates of growth, as defined to be an average of 20% or more estimated annual growth in the number of individuals employed.

- **High-Growth Entrepreneurs are driven by the opportunity to increase their incomes:** High-Growth Entrepreneurs are similar in their attitudes and demographic characteristics to entrepreneurs experiencing moderate rates of growth. However, one key difference is that High-Growth Entrepreneurs are more likely to have started their businesses to increase their incomes.

- **High-Growth Entrepreneurs often work in partnerships and are globally focused:** They are likely to work in partnership with other co-owners and are more likely than average to have international customers. They also are more likely to become angel investors.

- **Education matters:** Educational levels among High-Growth Entrepreneurs are very similar across high-income and upper-middle income countries even though overall educational levels differ significantly between the two groups of countries. In addition, members of the General Population are also significantly less educated than High-Growth Entrepreneurs and, perhaps consequently, far fewer feel they have the knowledge needed to successfully start a business.

## Further Reading: What does it take to be an entrepreneur?



An Ernst & Young report titled *Nature or nurture? Decoding the DNA of the Entrepreneur*, explains that entrepreneurs are made, not born, but often share a similar combination of behaviors and attitudes. With entrepreneurial ventures seen as a major source of economic growth and job creation, answering the question "What makes up an entrepreneurial mindset?" has important implications for entrepreneurial success within companies of all sizes.

As the world leader in advising, guiding and recognizing entrepreneurs, Ernst & Young is uniquely positioned to share these insights. The report features perspectives from a worldwide survey of 685 entrepreneurial business leaders and is informed by a series of in-depth interviews with Ernst & Young Entrepreneur Of The Year® Award winners.

### Key findings include:

1. Entrepreneurial leaders are made, not born.
2. Entrepreneurship is rarely a one-off decision.
3. Funding, people and know-how are the biggest barriers to entrepreneurial success.
4. Entrepreneurs share common traits.
5. Traditional companies can learn from entrepreneurial leaders.

This report aims to provide some insights into the minds of today's most successful entrepreneurial leaders and discern what makes them successful. It concludes with a model that represents both the intrinsic and extrinsic characteristics of their mindset and abilities. Read more about the entrepreneurial achievement and DNA model at [www.ey.com/natureornurture](http://www.ey.com/natureornurture).

### Notes:

1. GEM Adult Population Surveys were conducted in more than 60 countries between 2006 and 2010. Each participating country was lead by a local and highly respected research team that surveyed a minimum of 2,000 randomly selected adults using methodology appropriate for each particular context (e.g. face to face versus telephonic interviews). Strict quality control procedures were implemented by GEM's International Data Team both before and after data collection.

2. See *High-Growth Firms and the Future of the American Economy* published by the Kauffman Foundation in 2010 and authored by Dane Stangler.

3. See *Endeavor's 2010 Impact Report* and the upcoming *2011 Impact Report*.

4. High-Growth was defined as 20% or greater annual growth in employment to align the research in this report as closely as possible with the standards outlined by the OECD for High-Growth Firms in the paper "High-Growth Enterprises: What Governments Can Do to Make a Difference" that was published in 2010.

Growth rates were estimated using the age of the firm and the current number of employees for survey respondents. Within these calculations, all entrepreneurs were assumed to have the same number of employees in their first year of operation. The number used for this assumption was determined by the average number of employees for all entrepreneurs with firms one year old or less who responded to the survey from 2006-2010.

In addition, a handful of respondents who answered that they have more than 2,000 current employees were withheld from the analysis in order to minimize the effects of such outliers. Calculations based on respondents' projected number of employees in five years also utilized this cap.

5. Data on share of jobs is adjusted to reflect differences in the average number of entrepreneurial partners among firms owned by Low-, Moderate- and High-Growth Entrepreneurs. High-Growth Entrepreneurs partner with an average of 1.4 other owners, while Low- and Moderate-Growth Entrepreneurs partner with an average of 1.2 and 0.4 other owners, respectively. The calculations on jobs created by the firms of each type of entrepreneur were adjusted to account for these differences and illustrate the relative effects of each type of entrepreneur more accurately.

6. Responses for each country were weighted by key demographic characteristics within each national sample and then totaled for all years that the country participated. Each country was weighted evenly across the various income-level groupings. Only countries that had conducted the survey in at least 3 years from 2007-2010 were included.

Lower-middle-income countries and low-income countries were not analyzed because the sample of countries that had participated in at least three of the five years did not include any low-income countries and only four lower-middle-income countries.

7. Responses for each region were aggregated using the same process as that described for income groups above. Only five regions were included since other regions did not have at least four countries that had participated in the GEM Surveys in at least three years from 2006-2010.

### **About The Center for High-Impact Entrepreneurship:**

The Center for High-Impact Entrepreneurship (C-HIE) is a research center within Endeavor, an organization founded in 1997 that is leading a global movement to catalyze long-term economic growth by selecting, mentoring and accelerating the best High-Impact Entrepreneurs. C-HIE seeks to deepen understanding of the most impactful entrepreneurs to educate key constituencies, such as policy makers, on how High-Impact Entrepreneurship can be utilized to foster economic growth.

### **About The Global Entrepreneurship Monitor:**

The Global Entrepreneurship Monitor (GEM) is a not-for-profit academic research association that studies early-stage entrepreneurial activity with the objective of making this information readily available to as wide an audience as possible. GEM is considered to be the largest and most authoritative single study on entrepreneurial activity in the world. Initiated in 1999 with 10 countries, GEM 2010 surveyed over 175,000 people in 59 economies which together cover over 52% of the world's population and 84% of the world's GDP.

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