



AGER2015

AmwayTM GLOBAL ENTREPRENEURSHIP REPORT

DEFINING THE
ENTREPRENEURIAL SPIRIT

FACTS & FIGURES



REPORT EDITION

6TH



SAMPLE

49,775



COUNTRIES

44

FIELDWORK

May to August 2015

SAMPLE

49,775 women and men aged 14 – 99 (representative target groups of the countries' populations)

COUNTRIES

Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Colombia, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, India, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Malaysia, Mexico, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, USA, Vietnam.

In China, Colombia, India, Mexico and South Africa, Thailand and Vietnam only people in metropolitan areas participated.

METHOD

Face-to-face/telephone interviews

INSTITUTE

GfK Nuremberg, Germany



PREFACE

Today more than ever, people are turning to entrepreneurship to achieve the lifestyles they desire. And as social and economic climates change, so do the reasons people venture out on their own. In order to gain a deeper understanding of the motivations and desires of entrepreneurs, Amway has conducted the Amway Global Entrepreneurship Report the past several years.

The 2015 report is our biggest yet surveying nearly 50,000 respondents in 44 countries. This year's study focused on "Defining the Entrepreneurial Spirit," by introducing the "Amway Entrepreneurial Spirit Index". We also found most entrepreneurs enjoy learning new things, want to enjoy life and like to be in charge. Fear of failure and a lack of confidence were also themes many hopeful entrepreneurs shared. Fortunately, many countries, organizations and businesses around the world

are investing in programs to eliminate these hurdles – investments we hope to see more of in the future.

Helping people start a business of their own has been Amway's passion since our founding more than half a century ago. Entrepreneurship is a way for people to realize a better life for themselves and their families. Entrepreneurs also create jobs and encourage competition. They spur economic growth and bring opportunities to communities. So it's important businesses like Amway know how entrepreneurs think and act in order to better support and encourage them.

We'll continue to do what we can to help entrepreneurs have the best possible chance at owning and succeeding in business. We believe entrepreneurs bring a lot of value to the people around them and our hope is this study helps advance that understanding.

Doug DeVos
President

Steve Van Andel
Chairman

MANAGEMENT SUMMARY



**PROF. DR.
ISABELL M. WELPE**

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

KEY RESULTS OF THE AMWAY GLOBAL ENTREPRENEURSHIP REPORT 2015

“The best way to predict the future is to create it.”¹ Each day, entrepreneurs follow that spirit and thereby contribute to the competitiveness and prosperity of our countries. Yet, how do people around the world feel about entrepreneurs? And what do people actually think about becoming an entrepreneur themselves? The 2015 Amway Global Entrepreneurship Report (AGER) aims to shed light on these questions and provide a current picture of the reputation of entrepreneurship.

This year’s findings show that entrepreneurs are perceived as avid learners who strive for success. Half of the respondents perceive the society as entrepreneurship-friendly. Entrepreneurship remains highly valued by three quarters of the respondents and almost half can imagine starting a business. The newly introduced Amway Entrepreneurial Spirit Index (AESI) measures motivational factors for starting a business. It shows that young respondents² have the strongest desire to becoming self-employed. As age increases the desire for entrepreneurship weakens, yet middle-aged respondents³ are the most confident in having the necessary resources and skills. When asked about drivers and obstacles to starting a business, respondents are motivated most by independence and self-fulfillment. The fear of failure is a strong obstacle to more than two thirds of respondents, mainly driven by the fear of financial consequences from business failure.

WHAT DO PEOPLE THINK ABOUT ENTREPRENEURSHIP?

Entrepreneurship is a valuable source of innovation and renewal to our society. Governments establish entrepreneurship programs to increase entrepreneurial activity, such as education or funding. However, what does the general public think about entrepreneurs? And how entrepreneurship-friendly does the general public rate their society? Respondents to the 2015 AGER shared their opinion on these questions.

Our behavior and actions are guided across cultures by a set of general motivational values,⁴ and each entrepreneur (as everyone else) has his or her own individual set of values⁵. The general public expresses a clear picture on what values they feel characterize entrepreneurs⁶. Respondents think that entrepreneurs are foremost open for change, followed by a focus on personal success⁷. Openness for change refers to values, such as learning new things, and risk-taking, which 84 percent and 70 percent respectively of the respondents attribute to entrepreneurs. Personal success comprise values such as enjoying one’s life (78 percent) and wanting to be in charge of others (75 percent). On the contrary, fewer respondents think that entrepreneurs are driven by values such as tradition (48 percent). Interestingly, the results from female and male respondents reveal no difference, and only minor differences can be found across age groups.

Results are inconclusive on how entrepreneurship-friendly respondents perceive the society in their country. Only half are convinced that society provides an entrepreneur-

ship-friendly environment. This opinion is shared across age groups and gender. However, between countries approval rates largely differ. In countries that are characterized by avoiding uncertainty⁸, respondents perceive their society much less friendly towards entrepreneurship. When considering culture, lower values in countries are likely to be caused to some degree by their cultural values.

Together, in the public opinion, entrepreneurs are seen as open for change and striving for success with a rather friendly view on entrepreneurship. At least that's how respondents felt when voicing their opinion toward other entrepreneurs. The next section goes a step further to ask how respondents think about entrepreneurship as an opportunity for themselves.

WHO WANTS TO BE AN ENTREPRENEUR?

Becoming an entrepreneur involves two critical factors. First, the emergence of an entrepreneurial opportunity and second, the intention to start a business^{9,10}. While the occurrence of business opportunities are rare events, a person can intend to become an entrepreneur at any time. In 2015, the entrepreneurial potential – measured as the proportion of respondents who can imagine starting a business – remains high at 43 percent. However, the entrepreneurial potential varies between demographic groups. Female respondents are less willing to start a business compared to male respondents¹¹. And as age increases respondents are less inclined to becoming self-employed, which is consistent with prior findings^{12,13}. Given the importance of intending to start a business when facing an opportunity, the Amway Entrepreneurial Spirit Index examines drivers of individuals' intentions to start a business.

THE AMWAY ENTREPRENEURIAL SPIRIT INDEX: AESI

Intentions toward a certain behavior – such as the willingness to start a business – are driven by motivational factors^{9,10}. The more favorable these factors are for the behavior, the more persistent people will be to succeed. The 2015 AGER introduces the Amway Entrepreneurial Spirit Index¹⁴, which builds on three established motivational factors. The index consists of the respondents' perception of:

- Desirability: whether respondents desire to start a business.
- Stability against social pressure: whether respondents would let their social environment, such as family and friends, dissuade them from starting a business.
- Feasibility: whether respondents feel prepared to start a business.

The global AESI score is at 51¹⁵: 55 percent of the respondents have the desire to start a business, 47 percent think starting a business is feasible, and 49 percent would not let their social environment dissuade them from starting a business.

GLOBAL AESI AVERAGE

The Amway Entrepreneurial Spirit Index score may range from 0 to 100. The score is calculated as the mean of its three subdimensions.



AESI: DESIRABILITY

The desire to start a business falls with increasing age.

65%

AGE GROUP UNDER 35 YEARS

58%

AGE GROUP 35 TO 49 YEARS

44%

AGE GROUP OVER 50 YEARS

As suggested, the higher a country's AESI score, the more respondents can imagine starting a business. The dimensions of the AESI provide explanations for differences in the entrepreneurial potential among demographic groups described above. Compared to men, fewer female respondents report starting a business as desirable and feasible, as well as more female respondents would let others close to them dissuade them from starting a business¹⁶. This result is reflected in the lower fraction of women that can imagine starting a business¹¹. A different pattern can be found across age groups. The desire to start a business falls with increasing age. While 65 percent of the respondents younger than 35 years report starting a business as desirable, only 44 percent of the respondents older than 50 do so. Otherwise, respondents age 35 to 49 show the highest confidence in being prepared to start a business. Respondents age 50 or older score lowest in desirability, feasibility and stability against social pressure.

ATTITUDES TOWARDS ENTREPRENEURSHIP

Attitudes in favor of entrepreneurship foster the intention to start a business¹⁷ by raising its desirability⁹. Around the world, respondents still highly value entrepreneurship with 75 percent of the respondents having a positive attitude towards entrepreneurship¹⁸. And although agreement varies across surveyed countries, it is remarkable that in every country the majority of respondents is positive about entrepreneurship (see page 7). Differences between countries can be attributed again to cultural differences. Countries avoiding uncertainty⁸ are less positive about entrepreneurship.

Beyond the general attitude towards entrepreneurship, research identified specific attitudes towards or against entrepreneurship. The attitudes towards income and independence should foster entrepreneurship, while disapproval of risk should impede entrepreneurship¹⁷. For all age groups and regardless of gender, independence and self-fulfillment are the most appealing reasons to start a business. Income related attitudes are less important. Worth noting, respondents from countries with a higher GDP per capita¹⁹ also rate self-fulfillment as a strong reason to start a business. As expected, respondents address the risk associated with self-employment¹⁷. 70 percent of the respondents perceive the fear of failure as an obstacle to becoming self-employed, which is consistent with the results from 2013. The strongest drivers for the fear of failure are the financial consequences of business failure followed by the threat of economic crises.

CONCLUSION

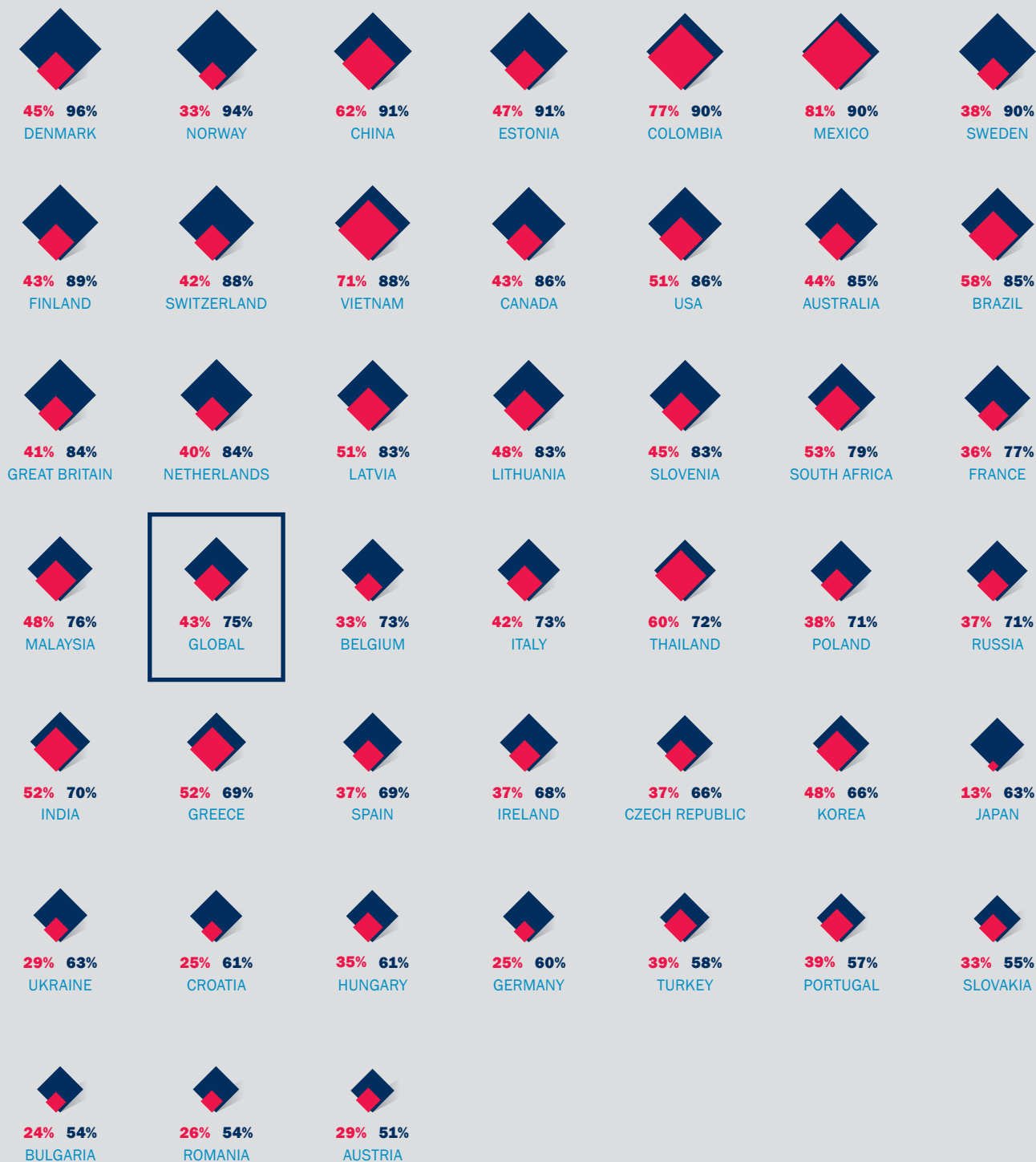
The respondents to the 2015 AGER think of the society as relatively entrepreneurship-friendly and describe entrepreneurs as open to learning and striving for success. The Amway Entrepreneurial Spirit Index will help to better understand why demographic groups can (or cannot) imagine starting a business. Targeted entrepreneurship programs are in place to both increase the desire and the preparedness for starting a business and increasing acceptance in society. The only downside is fear of financial consequences from business failure is still a severe obstacle for starting a business. Addressing this issue might give potential entrepreneurs just the push they need to get started. And when they do, it will pay off, for everybody.

REFERENCES

- ¹ The origin of the quote is unclear. Both Abraham Lincoln, 16th president of the USA and Peter Drucker, management researcher, are attributed the authorship.
- ² Young respondents are referred to the age of 34 or younger.
- ³ Middle-aged respondents range from the age of 35 to 49 years.
- ⁴ Schwartz, S. H. (1994). Are there universal aspects in the structure and contents of human values? *Journal of Science Issue*, 50(4), 19–45.
- ⁵ Holland, D. V. & Shepherd, D. A. (2013). Deciding to persist: Adversity, values, and entrepreneurs' decision policies. *Entrepreneurship Theory and Practice*, 37(2), 331–358.
- ⁶ Respondents answered ten questions on how they think what motivates entrepreneurs. Each question referred to one of the ten dimensions of Schwartz's (1994) motivational values. The questions were derived from Hinz et al. (2005) and adapted for the questionnaire. C.f., Hinz, A., Brähler, E., Schmidt, P., & Albani, C. (2005). Investigating the circumplex structure of the portrait values questionnaire. *Journal of Individual Differences*, 26(4), 185–193.
- ⁷ The ten values can be aggregated to higher order values such as openness for change (Schwartz, 1994).
- ⁸ 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/national-culture.html>)
- ⁹ Krueger, N. F. & Brazeal, D. V. (1994). Entrepreneurial potential and potential entrepreneurs. *Entrepreneurship Theory and Practice*, 18(3), 91–104.
- ¹⁰ Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Process*, 50(2), 179–211.
- ¹¹ The entrepreneurial potential for female respondents is 38%, for male respondents 47%.
- ¹² Zhao, H., Seigert, S. E. & Hills, G. E. (2005). The mediating role of self-efficacy in the development of entrepreneurial intentions. *Journal of Applied Psychology*, 90(6), 1265–1272.
- ¹³ Hatak, I., Harms, R., & Fink, M. (2015). Age, job identification, and entrepreneurial intention. *Journal of Managerial Psychology*, 30(1), 38–53.
- ¹⁴ The Amway Entrepreneurial Spirit Index builds on Ajzen's (1991) Theory of Planned Behavior.
- ¹⁵ The index is calculated from the mean of its dimensions. The exact value of the AESI is 50.6 percent: Desirability: 55.0 percent, Stability against social pressure: 49.5 percent, Feasibility: 47.3 percent.
- ¹⁶ Perceived feasibility of starting a business: 42 percent of female vs. 52 percent male respondents. Desirability of starting a business: 51 percent female vs. 59 percent male respondents. Stability against social pressure: 47 percent female vs. 52 percent male respondents.
- ¹⁷ Douglas, E. J. & Shepherd, D. A. (2002). Self-employment as a career choice: Attitudes, entrepreneurial intentions, and utility maximization. *Entrepreneurship Theory and Practice*, 26(3), 81–90.
- ¹⁸ For countries surveyed across the years 2013 and 2014, the overall positive attitude towards entrepreneurship remained at a similar level.
- ¹⁹ Data source for GDP per capita: World Bank data from 2014 (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>).

ENTREPRENEURIAL ATTITUDE AND POTENTIAL

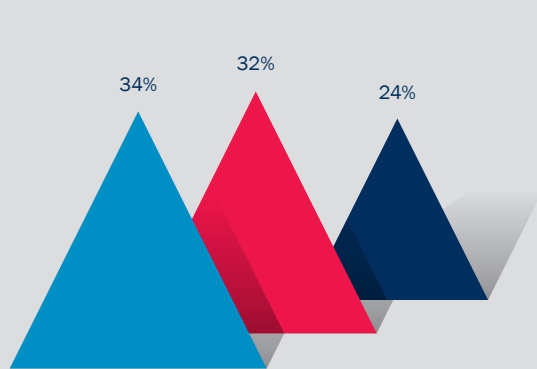
QUESTION: How do you see entrepreneurship and can you imagine starting a business?



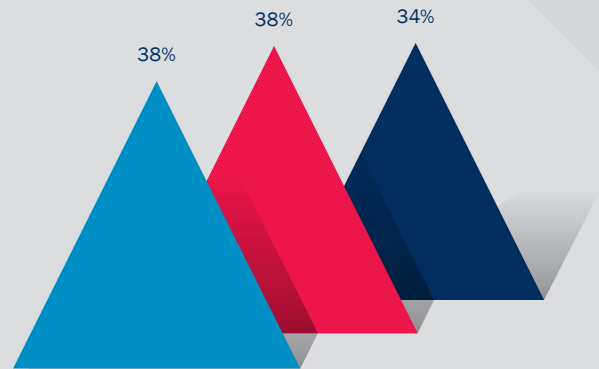
Blue squares represent positive attitude towards entrepreneurship. The red squares depict the entrepreneurship potential which is measured as the portion of respondents who can imagine starting a business. Countries are put in descending order of the positive attitude.

INDEPENDENCE AND SELF-FULFILLMENT

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

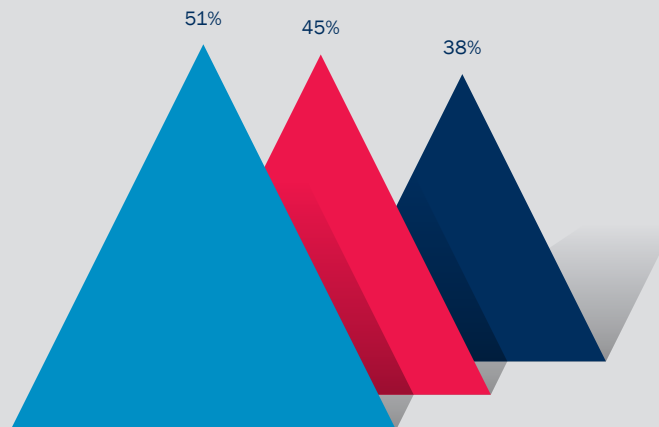
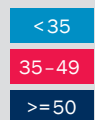


BETTER COMPATIBILITY OF FAMILY, LEISURE TIME AND CAREER

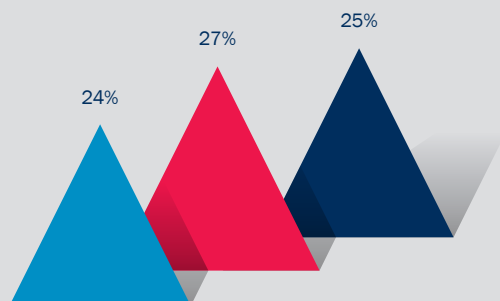


SECOND INCOME PROSPECTS

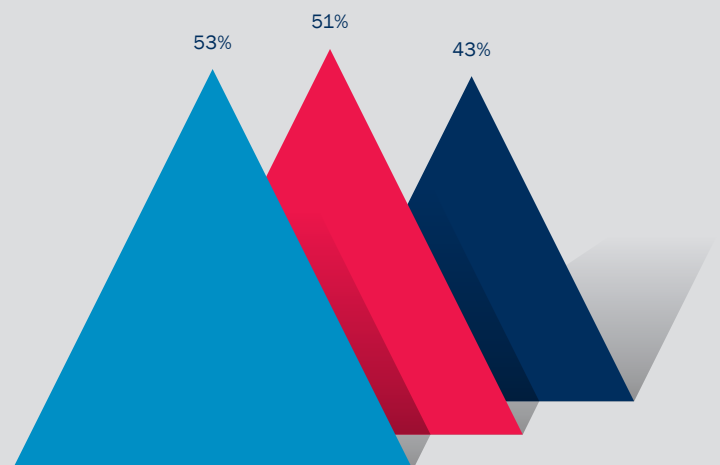
AGE GROUPS



SELF-FULFILLMENT, POSSIBILITY TO REALIZE OWN IDEAS



RETURN TO JOBMARKET, ALTERNATIVE TO UNEMPLOYMENT



INDEPENDENCE FROM AN EMPLOYER, BEING MY OWN BOSS

AMWAY ENTREPRENEURIAL SPIRIT

QUESTION: If you think of yourself, do you agree with the following statements?

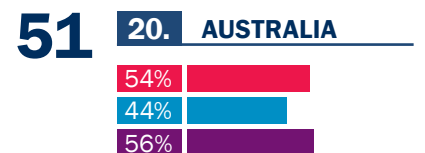
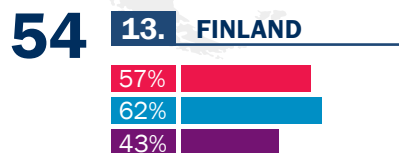
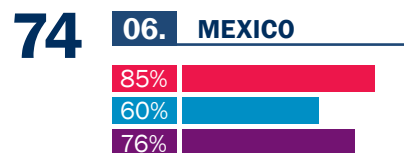
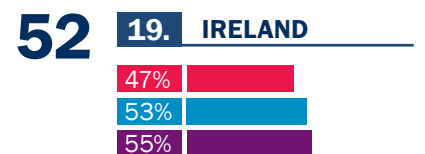
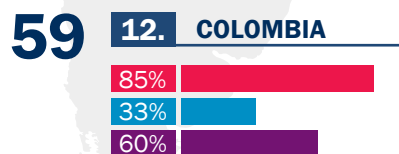
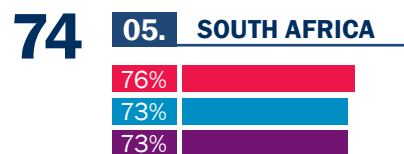
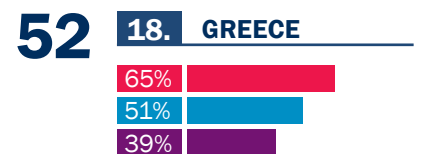
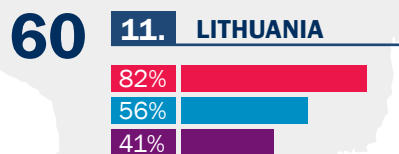
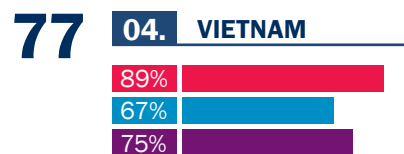
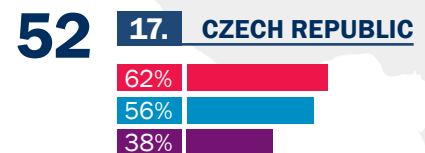
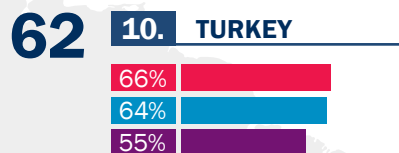
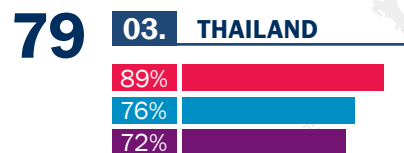
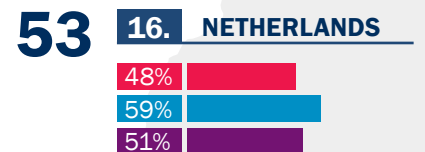
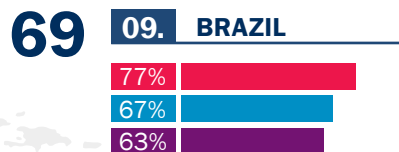
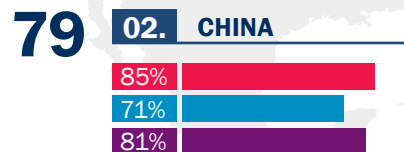
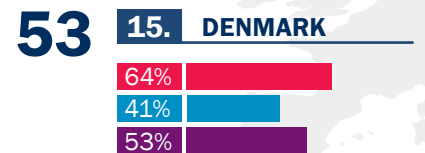
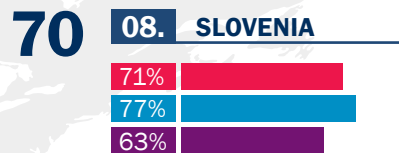
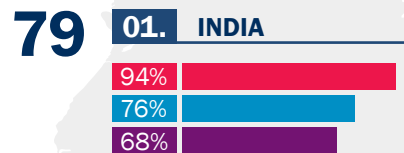
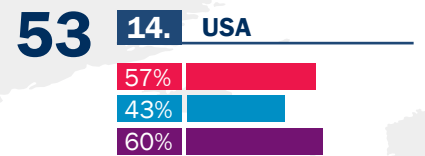
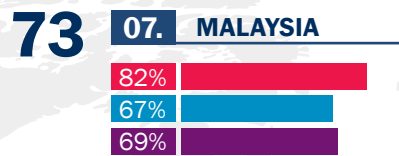
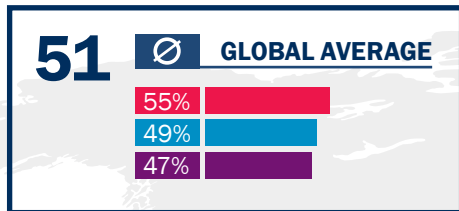
I consider starting a business as a desirable career opportunity for myself (desire).

My family or friends could never dissuade me from starting a business (stability against social pressure).

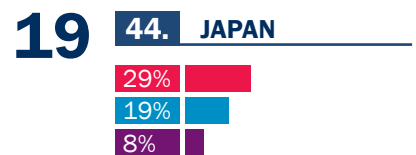
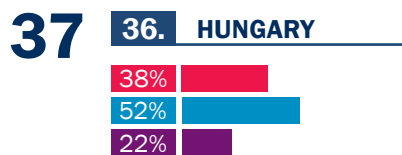
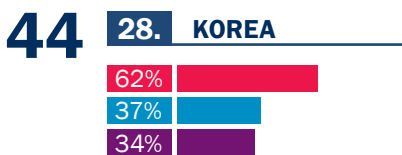
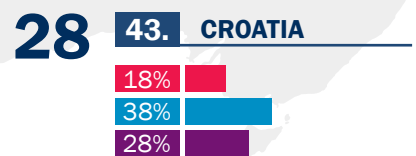
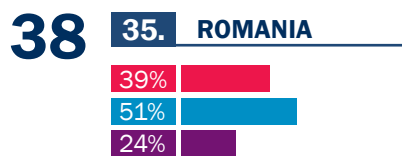
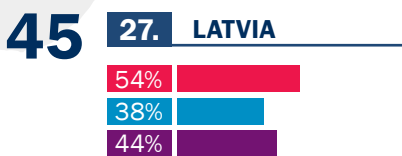
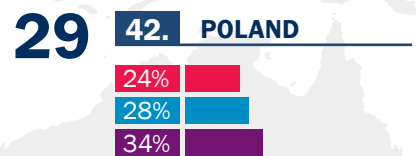
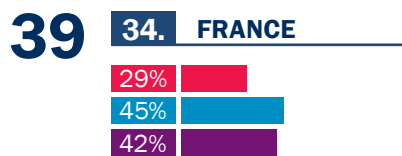
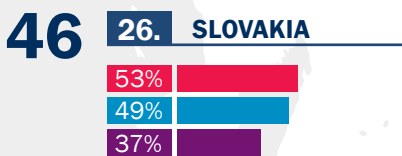
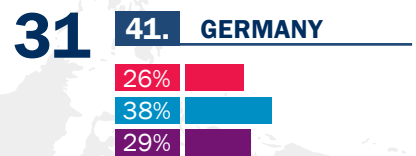
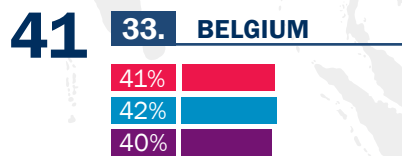
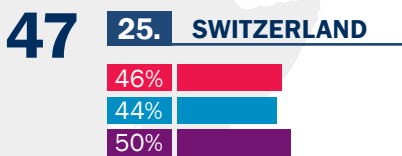
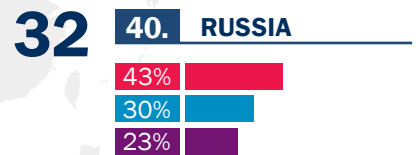
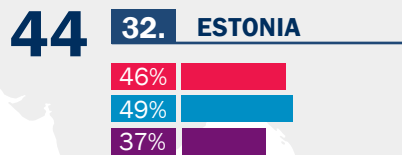
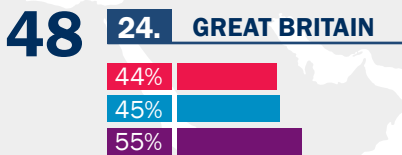
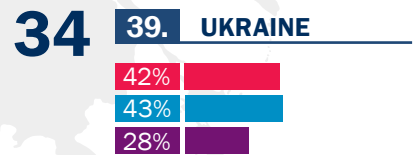
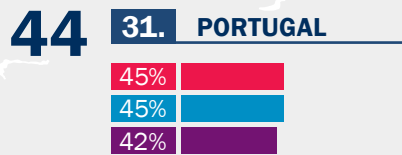
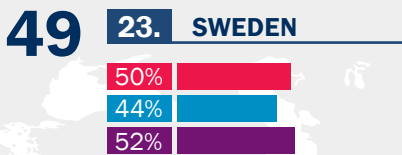
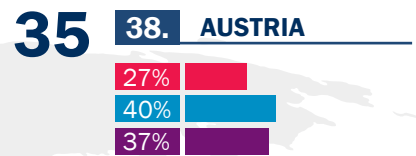
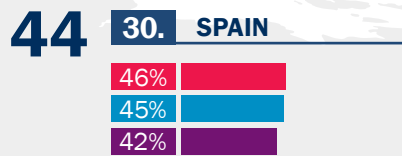
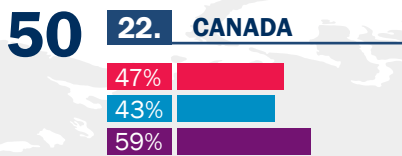
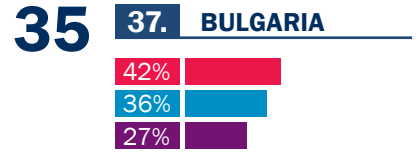
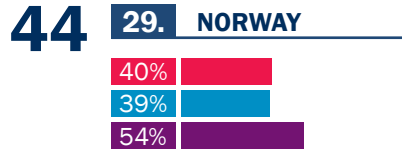
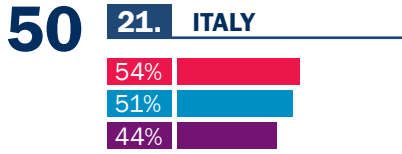
I possess the necessary skills and resources for starting a business (feasibility).

Countries with similar score are ranked regarding the not illustrated decimal places in the data.

INDEX RANK DESIRE STABILITY FEASIBLE

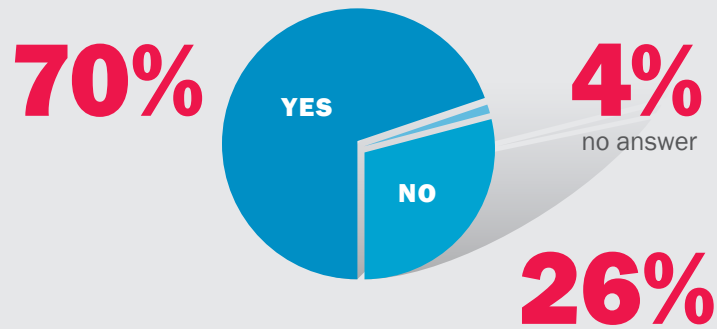


T INDEX



FEAR OF FAILURE

QUESTION: In your opinion, is the fear to fail an obstacle to starting a business and if yes, which of those aspects contribute the most to this fear of failing with an enterprise?

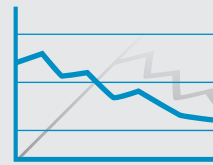


Obstacles starting a business:



41%

Financial burdens up to bankruptcy



29%

Threat of the economic crisis



16%

Threat of unemployment



16%

Legal consequences, lawsuits



15%

Personal disappointment



13%

Being forced to take over the responsibility



12%

Disappointing or losing my family



8%

Not to be given a second chance



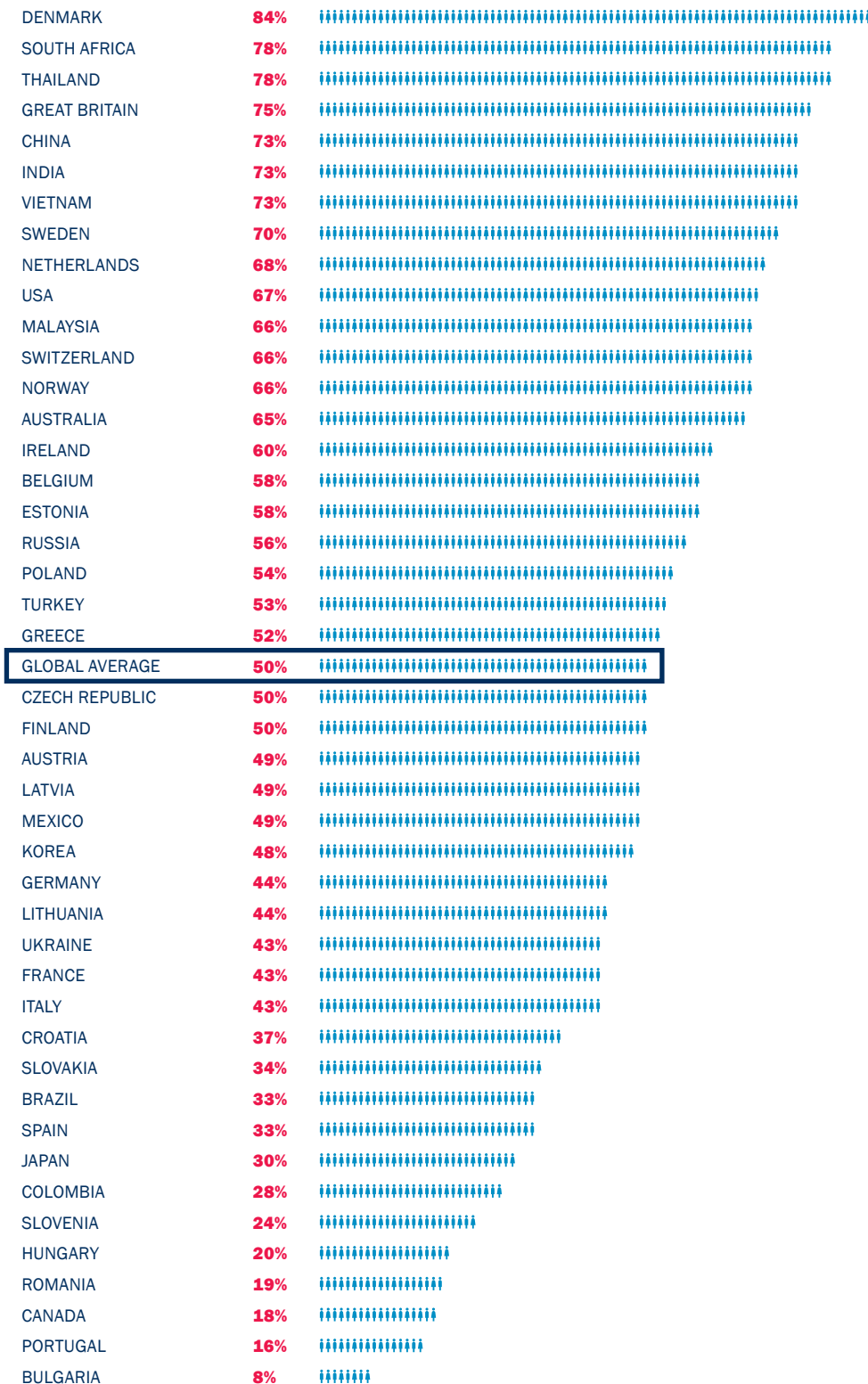
8%

Reputation loss in front of friends, co-workers, or business partners

ENTREPRENEURSHIP-FRIENDLINESS

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?

SOCIETY IN MY COUNTRY IS ENTREPRENEURSHIP-FRIENDLY ...



CHARACTERISTICS OF AN ENTREPRENEUR

QUESTION: Do you agree with those statements about entrepreneurs?



84%

Entrepreneurs like to learn things



68%

Entrepreneurs like to stand out and impress other people



78%

Entrepreneurs want to enjoy life



62%

Entrepreneurs want to help people



75%

Entrepreneurs like to be in charge and tell others what to do



60%

Entrepreneurs think people should follow rules at all times, even when no one is watching



70%

Entrepreneurs look for adventures and like to take risks



54%

Entrepreneurs want justice for everybody, even for people they don't know



70%

Entrepreneurs think that the safety of their country is very important



48%

Entrepreneurs are traditional

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