Global job hot spots
Help wanted

A global survey of the world's most dynamic entrepreneurs
June 2012
We all love entrepreneurs for the gifts they give us. What would our world be without the bravado that Richard Branson brought to everything from travel to music? Or the humanity and warmth that Oprah Winfrey gave to the media we consume? Our lives would be less rich.

But the truth is, we owe entrepreneurs for more than just their fantastic products and services. Each time their inspiration or idea becomes a reality, they raise standards of living by creating good jobs. And as the world struggles to pull itself out of a disheartening economic downturn, entrepreneurs provide a crucial resource in painfully short supply: optimism. Sheer priceless optimism.

We know this because of a recent survey we sent out to thousands of the world’s most dynamic entrepreneurs. These are the Ernst & Young Entrepreneur Of The Year® Award winners from around the globe, who are selected by panels of independent judges—themselves entrepreneurs—unaffiliated with Ernst & Young. Since this is the world’s most prestigious award for entrepreneurs, it is safe to say that we were talking to some of the most resourceful businesspeople on the planet. We learned that while other businesses struggled to create jobs, these entrepreneurs expanded their workforces by an average of 16% in 2011, that many of them expect to keep on hiring in 2012 and that most of them are creating good jobs that require university degrees or prior experience.

We also learned that the most important factor influencing their hiring plans, both at home and abroad, is growth in the markets for their products and services. In that sense, our entrepreneurs may well be the first businesspeople to spy land after a long choppy ocean voyage: they sense economic expansion ahead and they are sailing toward it.

Of course, successful entrepreneurs are often hard-bitten realists as well as visionaries. Many of the entrepreneurs we surveyed showed concern in the overall direction of their country’s economy. And less than a tenth of our go-getters worldwide are satisfied with the quality of their local workforce. Not to worry. These entrepreneurs are nonetheless doing what entrepreneurs do. They are overcoming the obstacles, starting new businesses and expanding their current ones, and, oh yes, boosting the global economy.

At Ernst & Young, we say, full steam ahead! Entrepreneurs give us the confidence that we are on our way to a much brighter future.

Let’s go!

Maria Pinelli
Global Vice Chair, Strategic Growth Markets
In the spring of 2012, Ernst & Young asked over 8,000 Entrepreneur Of The Year winners from 35 countries about job creation. More than 80% of the respondents had founded their companies.

Here is what we learned:

- **Entrepreneurs are an engine of job creation.** Our respondents expanded their total workforce an average of 16% in 2011. In the US alone, where overall job growth has been slow, survey respondents grew their headcounts an impressive 18% in 2011. Asia-Pacific reports a 16% growth rate and Europe clocked in at 12%.

- **They anticipate creating more jobs in 2012.** Sixty-eight percent expect to expand their workforce in the country where they are headquartered, and 44% expect to expand outside.

- **Many of the jobs they are creating are high quality.** We asked the entrepreneurs to name the top two categories in which they'd done the most hiring in 2011. Most of them hired more experienced non-management employees and entry-level employees with university degrees than they did administrative employees or entry-level workers without university degrees.

- **They expect to hire because they anticipate growth.** Asked to name the top three factors, both positive and negative, affecting their hiring plans in their headquarters country, “growth in our product/service markets” was by far the most important positive factor, followed by “technological/innovation improvements.” Similarly, when the entrepreneurs who expect to hire outside their headquarters country in 2012 were asked why, 74% named “entering a new market” as one of the most important factors. Looking for growth outside their home markets demonstrates the global mindset of many entrepreneurs in their quest to succeed.

- **When hiring abroad, they are seeking growth opportunities, not to arbitrage labor costs or regulatory burdens.** Only 14% named “taking advantage of lower labor costs” and just 8% named “better government regulations, policies, and incentives” as important reasons to hire outside their headquarters country.

- **On the other hand, they believe that the public sector in their headquarters country could do better.** When the entrepreneurs surveyed were asked to name the negative factors affecting their 2012 hiring plans, government policies in areas such as education and fiscal balance were the most significant damper on hiring, followed by the regulatory climate.

- **Entrepreneurs are concerned about the overall economic direction of their country.** Entrepreneurs in the US and Ireland express the most concern about their country’s overall economy. But by region, it is interesting to note that Europe and Asia-Pacific share a “medium” confidence level (see top chart on page 5).

- **Entrepreneurs on the whole are not satisfied with the quality of their local workforce.** In choosing their top three positive and negative factors affecting their 2012 hiring plans, only 9% included the quality of the local workforce as a positive, whereas 13% indicated the local workforce as a negative factor. But what an opportunity for community involvement this is turning out to be! Many of our respondents said they have taken steps to address the quality of their labor pools: one in four of these entrepreneurs has created, endowed or served as the primary sponsor of an educational program.

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Executive summary

**Good news**

Even when the entrepreneurs we surveyed are not entirely satisfied with the context in which they are doing business, **they remain a positive force as individuals.** Since they founded their companies, over half have started a new business and 83% have created an ancillary business within the same company (see bottom chart on page 5).
Got jobs?

In 2011, survey respondents increased their workforce substantially. Even in Europe – which is struggling with a sovereign debt crisis, the aftermath of the global recession and high unemployment in some countries – the entrepreneurs surveyed were creating jobs.

Sixty-eight percent of the entrepreneurs surveyed also anticipate increasing their workforce in the country where their company is headquartered in 2012. Forty-four percent expect to increase their workforce outside of their headquarters country.

When survey respondents were asked to name the countries outside of their headquarters country where they’d created the most jobs – the US, China, the UK and India were the top hot spots.

Experience counts

Many of the jobs that survey respondents create contribute to a higher standard of living. Relatively few respondents hired mostly administrative workers in 2011.

Survey respondents describe their largest group of new hires

<table>
<thead>
<tr>
<th>Respondents indicating they have hired:</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Europe</th>
<th>Australia</th>
<th>Canada</th>
<th>Ireland</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experienced personnel</td>
<td>87%</td>
<td>86%</td>
<td>72%</td>
<td>81%</td>
<td>80%</td>
<td>76%</td>
<td>78%</td>
<td>92%</td>
</tr>
<tr>
<td>Entry-level personnel (with degree)</td>
<td>47%</td>
<td>41%</td>
<td>53%</td>
<td>38%</td>
<td>32%</td>
<td>59%</td>
<td>47%</td>
<td>48%</td>
</tr>
<tr>
<td>Entry-level personnel (no degree)</td>
<td>28%</td>
<td>30%</td>
<td>30%</td>
<td>27%</td>
<td>24%</td>
<td>24%</td>
<td>41%</td>
<td>29%</td>
</tr>
<tr>
<td>Administrative personnel</td>
<td>10%</td>
<td>20%</td>
<td>19%</td>
<td>22%</td>
<td>28%</td>
<td>12%</td>
<td>16%</td>
<td>14%</td>
</tr>
</tbody>
</table>

*See legend below

**Europe** = Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Russia, Slovakia, Sweden, Switzerland and UK

**Americas** = Brazil, Canada, Chile, Colombia, Mexico and US

**Asia-Pacific** = Australia, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Saudi Arabia, Singapore and Syria
When survey respondents were asked which factors were affecting their 2012 hiring plans in their headquarters country, the most significant positive factor by far was growth in the market for their products and services. A desire to improve their technology or innovation came in second. Lukewarm reasons for encouraging growth include: an innovative environment (i.e., the "entrepreneurial cluster" theory), proximity to other entrepreneurs and good universities, and intellectual property protection. These were all considered less important by the survey respondents as a group.

Among the negative factors influencing hiring plans, government policies and the regulatory climate ranked first and second. Clearly, there is room for governments to take action to encourage job growth at entrepreneurial companies, or perhaps stay out of their way.

When survey respondents were asked to name the two reasons they were planning to hire outside their headquarters country in 2012, again, the growth opportunity attached to entering a new market was overwhelmingly the most important, cited by 74% of respondents. Just 14% cited lower labor costs and just 8% chose a more favorable regulatory climate, contradicting the conventional wisdom that these are the most important reasons why businesses create jobs in new jurisdictions.
Feeling good?

In terms of optimism, it would be hard to top the Canadians. And it is interesting that Europe and Asia-Pacific are as close on their economic outlook, despite the financial turmoil on the continent. Could this be more reason to believe that entrepreneurs think of the glass as half full rather than half empty?

By sector, we learned that entrepreneurs in transportation, travel and tourism and financial services are the least confident about their country’s economic direction.

Entrepreneurs in agriculture and agribusiness and education are the most confident about their country’s overall economic direction.

Can you imagine?

The true creative power of entrepreneurs was revealed when we asked survey respondents about other activities besides hiring. It seems that one good idea often gives life to another. Since founding their company, 83% had created a related business within its borders, and 56% had started a new company.

Our survey respondents are also giving back to their communities. Fifty-seven percent had actively supported community service, and 25% had created or funded an educational program.

Finally, many survey respondents are benefitting their economies by actively supporting new entrepreneurs. Fifty-five percent had served as a coach for other entrepreneurs and 29% had acted as an angel investor for another start-up.

To be competitive in today’s economy, effective leaders know that diversity can improve an organization’s performance by enhancing creativity or team problem-solving. It’s no coincidence that there is a positive correlation between diversity and innovation. This is key to the new global mindset.
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EYG no. CY0315