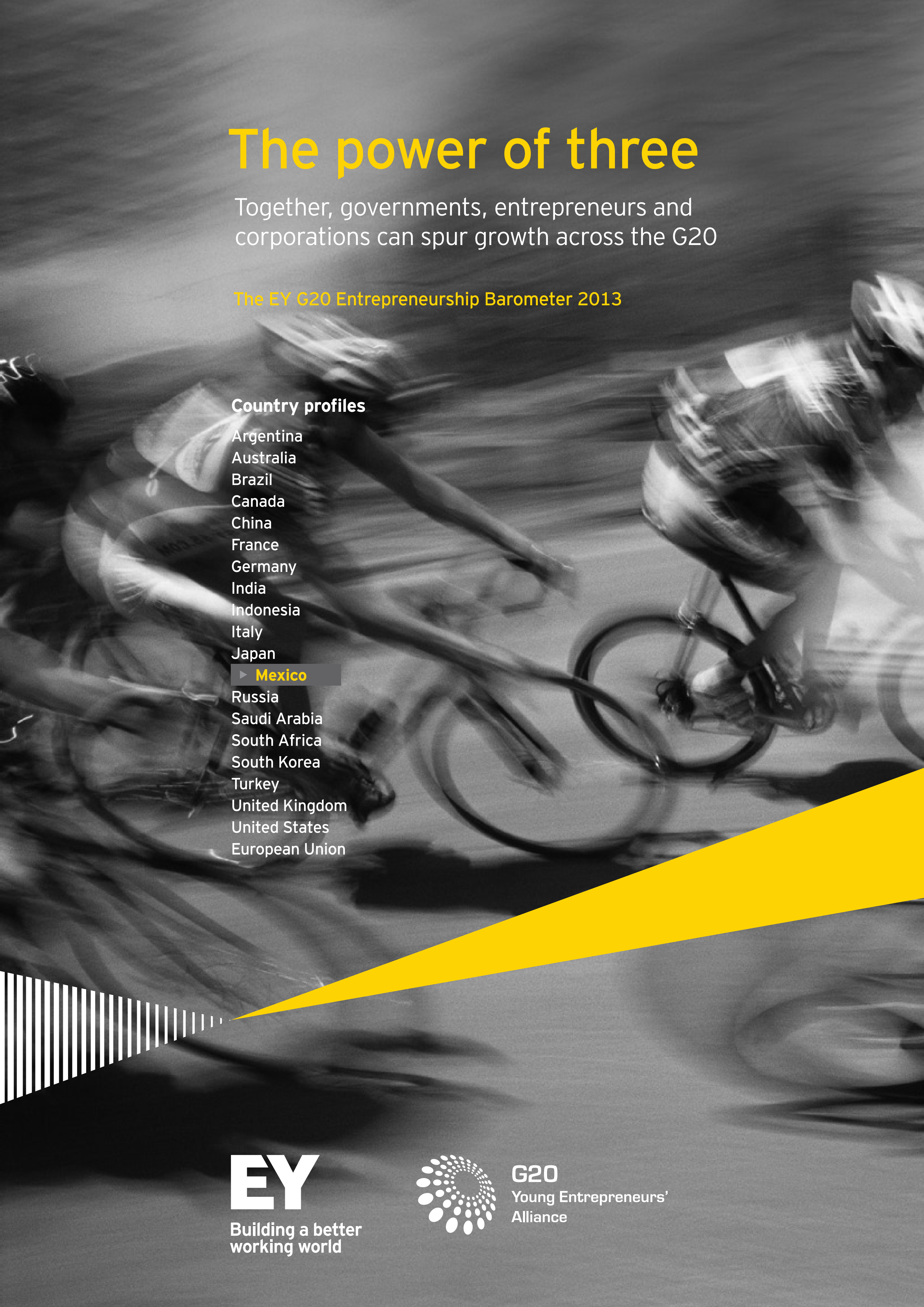

The power of three

Together, governments, entrepreneurs and corporations can spur growth across the G20

The EY G20 Entrepreneurship Barometer 2013

Country profiles

Argentina
Australia
Brazil
Canada
China
France
Germany
India
Indonesia
Italy
Japan
Mexico
Russia
Saudi Arabia
South Africa
South Korea
Turkey
United Kingdom
United States
European Union

EY
Building a better working world

G20 Young Entrepreneurs' Alliance

Mexico at a glance

Guadalupe Castañeda
Strategic Growth Markets Leader, Mexico & Central America, EY

Moises Alcalde
Partner, Government & Public Sector, Mexico, EY

Making substantial progress

Key facts	
Overall Barometer ranking	**Quartile 3**
Population	**114.8 million**
GNI per capita (PPP)	**US$16,630**
GDP growth	**3.9%**
Exports as % GDP	**31.7%**

Source: The World Bank, 2012

Mexico has become increasingly focused on fostering entrepreneurship in recent years. In early 2013, the Mexican Government created the Instituto Nacional del Emprendedor (National Entrepreneur Institute, or INADEM), an administrative body within the Ministry of Economy specifically aimed at developing a stronger entrepreneurial ecosystem.[1] The launch underlined the country's commitment to accelerating innovation and improving Mexico's competitiveness.

Overall, Mexico has made considerable progress in recent years, with the country's Government seeking to advance entrepreneurship as a vehicle for economic growth. Organizations such as business incubators and accelerators are spreading their reach across the country. The operating environment is becoming more supportive of entrepreneurs, too, although improvements are needed between gains at a federal level versus other layers of government. For example, it takes just nine days, on average, to set up a business in Mexico at the federal level, well below the G20 average of 22 days, even though the process is often more challenging on the ground.

The opportunity for Mexican entrepreneurs is clear: the country's competitive labor costs, a growing emphasis on innovation and its close proximity to the US mean the world's largest export market is on its doorstep. This link to the US is bolstered by the North American Free Trade Agreement (NAFTA), but Mexico has now set up 12 free trade agreements, giving it preferential access to 44 countries and more than a billion potential customers.[2]

In 2013, it also launched a joint Mexico-US Entrepreneurship and Innovation Council.[3] This working group will support entrepreneurs and work on initiatives to strengthen border cooperation. It has the backing of US President Barack Obama and Mexican President Enrique Peña Nieto.

Still, more could be done to help Mexico's entrepreneurs. Most notably, access to most types of finance remains very difficult, hindering the growth of many entrepreneurial ventures. There are also a number of more deep-seated problems. One example is the country's low enrollment rates in tertiary education, which is responsible for an ongoing skills gap that slows productivity growth and limits the supply of talent for new ventures.

The challenge for policymakers is to begin addressing these difficulties in order to harness the obvious entrepreneurial spirit of many Mexicans. Overall, 70% of entrepreneurs surveyed in Mexico say their country has a culture that encourages entrepreneurship; this is considerably above the G20 average of just 57%.

1 "¿Qué es INADEM?" *Instituto Nacional Del Emprendedor website,* inadem.gob.mx, accessed 7 July 2013.
2 M A Villarreal, *Mexico's Free Trade Agreements* (Congressional Research Service, 2012).
3 "Mexico, US sign innovation agreement," *The News website*, thenews.com.mx, accessed 8 July 2013.

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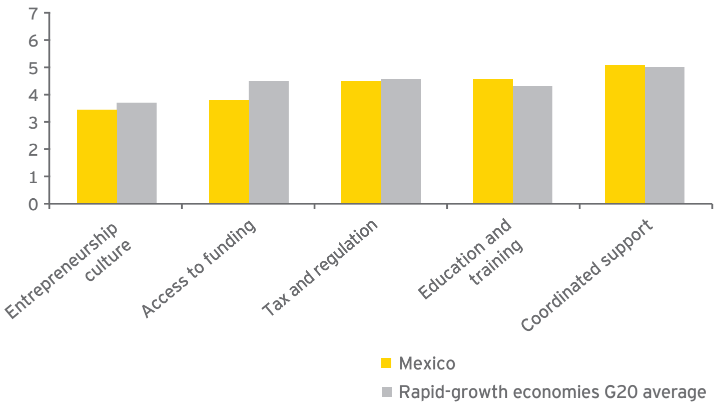
Mexico's pillar scores compared to rapid-growth G20 economies average



Source: EY G20 Entrepreneurship Barometer 2013

Improving funding opportunities is a priority for Mexico's entrepreneurs

Mexico's economic advantages, including strong growth, a balance of trade surplus, numerous free trade agreements and improving competitiveness, leave it well-placed to support its burgeoning entrepreneurial spirit. The Government is making concerted efforts to improve its performance in this area, but significant challenges remain.

SWOT analysis

Strengths

- Public spending on education is steadily increasing. Mexico scores particularly highly on education for entrepreneurs compared to a lot of the other G20 nations.
- Wider support networks for entrepreneurs in Mexico are strong with, for example, more than 500 incubator programs now established in 190 cities. These are being consolidated into 150 programs, with 50 focusing on high-impact entrepreneurs.[4]
- The INADEM was established in January 2013 to centralize and coordinate efforts to foster entrepreneurship, including programs aimed specifically at women.[5]
- The overall entrepreneurial ecosystem has been changing rapidly in recent years, with more business accelerators and other forms of support emerging.

Weaknesses

- Mexico scores poorly on most types of funding, and entrepreneurs report difficulty with access to finance.
- Mexico's performance on innovation appears to be declining, with a drop-off in the number of patents registered since 2008, although this says more about issues associated with local intellectual property processes, rather than a lack of innovation.
- A complicated and expensive indirect tax structure.

Opportunities

- Mexico's geographical proximity to the US and its membership within NAFTA offers huge opportunities for exporters, as do a total of 12 free trade agreements spanning 44 countries.[6]
- Rising labor costs in China represent an opportunity for Mexican manufacturers to compete on the global stage.[7]
- Mexican entrepreneurs believe the culture of their country will encourage many others to follow in their footsteps.
- In 2012, the Government established a seed fund through Nacional Financiera (NAFIN), Mexico's state run development bank, for co-investment in start-ups, the first of its kind.[8]

Threats

- Mexico's close ties to its next-door neighbor leave it overly exposed to ups and downs in the US business cycle.
- Low participation rates in secondary and tertiary education may leave Mexico poorly equipped to compete in the knowledge economy.

4 "Entrepreneurship in Mexico," *New Venturist website*, newventurist.com, accessed 10 July 2013.

5 "¿Qué es INADEM?" *Instituto Nacional Del Emprendedor website*, inadem.gob.mx, accessed 7 July 2013.

6 M A Villarreal, *Mexico's Free Trade Agreements* (Congressional Research Service, 2012).

7 "Mexico: China's unlikely challenger," *Financial Times website*, ft.com, accessed 15 July 2013.

8 "Mexico's First Government-Sponsored Seed Fund Debuts," *PV Angels website*, pvangels.com, accessed 10 July 2013.

US$22m

The size of a recent government-sponsored seed capital fund

What to watch for

Quenching the thirst for venture capital

Mexican entrepreneurs' difficulties with access to funding are particularly acute when it comes to the lack of available venture capital. Entrepreneurs surveyed in Mexico suggest many realize that this is a crucial challenge to confront: 42% list venture capital as one of the three most important funding instruments for improving the long-term growth of entrepreneurship in Mexico.

This is not for lack of trying. The Mexican Government has made wide-ranging efforts to develop financing schemes, with over 100 programs in existence, including those focusing on venture capital. For example, a state-backed fund of funds has for several years been able to co-invest with national and international venture capital funds, and regulatory reforms have enabled Mexican pension funds to invest greater sums in the venture capital sector. More recently, the Government has launched a new seed capital venture with US$22m of public sector funding available for co-investment with the private sector in early-stage businesses.[9] Furthermore, while these various efforts have not been well-coordinated, greater integration efforts are now being made.

Such initiatives are beginning to bear fruit. The Latin America Venture Capital Association estimates that Mexican start-ups raised around US$1b from venture capital funds in 2012, more than double the US$469m raised in 2011.[10] To continue this development, Mexico needs to encourage foreign venture capital investors to increase their exposure to the country.

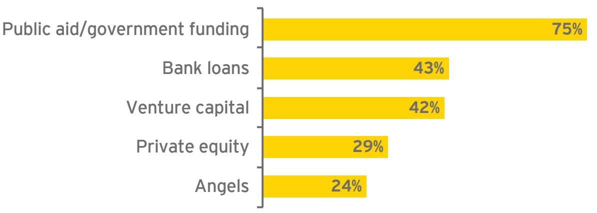
Mexico has a compelling economic case to make to such investors. International Broker Nomura predicts the country could overtake Brazil as Latin America's largest economy in as little as 10 years.[11] It is already the largest exporter in Latin America, with exports valued at more than the combined exports of every other country in the region, including Brazil.

However, cultural issues create some barriers to the formation of a thriving venture capital ecosystem in Mexico. This funding source remains little understood today, with some entrepreneurs arguing that venture capitalists are not willing to take much risk, and thus will ask for outsized returns on their investment.

Still, at least other forms of finance are available. Mexico's private equity industry, for example, is much healthier. And there is no shortage of business angels: as just one example, Mexico's state-run bank NAFIN works with a network of 2,000 angels.[12]

Cash raised from venture capital funds by start-ups has more than doubled in 2012 (US$1b) compared to 2011 (US$469m)

Top five access to funding instruments aiding entrepreneurship



Source: EY G20 Entrepreneurship Barometer 2013

[9] "Mexico's First Government-Sponsored Seed Fund Debuts," *PV Angels website*, pvangels.com, accessed 10 July 2013.

[10] "Venture Capital Is Taking Off in Mexico," *Latin American Private Equity & Venture Capital Association website*, lavca.org, accessed 10 July 2013.

[11] "Can Mexico Overtake Brazil By 2022?" *Forbes website*, forbes.com, accessed 8 July 2013.

[12] "Will angels descend on Latin America?" *Inter-American Development Bank website*, iadb.org, accessed 10 July 2013.

How the government is helping

Instituto Nacional del Emprendedor (INADEM)

The National Entrepreneur Institute aims to implement, execute and coordinate the entrepreneurship national policy to support entrepreneurs and micro, small and medium-sized enterprises, fostering innovation and competitiveness in national and international markets.

Launch date: **2013**
Most relevant pillar: **coordinated support**

National Entrepreneurs Award

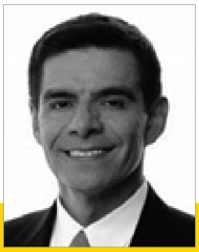
The first award given by the Mexican Federal Government to entrepreneurs, businessmen and entrepreneurial organizations in Mexico. This award recognized those who had a successful business idea, or whose ideas or actions enabled changes that are valuable for business and job creation.

Launch date: **2012**
Most relevant pillar: **entrepreneurship culture**

Semana del Emprendedor (Entrepreneur Week)

This is the Mexican Government's most ambitious face-to-face and virtual nationwide entrepreneurial forum to date. The event is designed to address key facets of the entrepreneurial ecosystem. Attendees will be able to find solutions and answers to their business challenges, and connect with suppliers and expert advisors.

Launch date: **2013**
Most relevant pillar: **coordinated support**



Key insight: National Entrepreneur Institute, INADEM
Enrique Jacob Rocha, President, INADEM, Mexico

The Government of President Peña Nieto has made a significant commitment to support the country's entrepreneurs and develop a healthy entrepreneurial ecosystem. A key component of its strategy came into effect in January 2013, with the creation of the Instituto Nacional del Emprendedor (National Entrepreneur Institute, or INADEM). Its aim is to develop programs to help Mexican entrepreneurs create, consolidate and expand their businesses – and to do so in a coordinated and integrated manner.

"Micro, small and medium-sized businesses (MSMEs) are the backbone of the Mexican economy, accounting for 34.7% of GDP, and representing more than 99% of all businesses in the country, while generating 7 out of every 10 jobs," says Enrique Jacob Rocha, President of the Institute. "We were concerned, however, by the high closure rate of new enterprises. Eighty percent of new businesses disappear in less than two years. Moreover, only 20% of Mexican MSMEs pay taxes and just 26.8% of MSMEs get access to private bank financing."

According to Jacob, a crucial first step in the process was to understand the needs of entrepreneurs. "We realized we first needed to really understand entrepreneurs' concerns," he says. "We had a period of intense consultation work with 18 strategic and regional workshops across Mexico, working with some 370 institutions involved in Mexican entrepreneurship."

Following this period, INADEM's programs are designed to meet the needs of entrepreneurs and MSMEs and promote a stable business environment. In particular, it seeks to boost the number of social, green and high-impact entrepreneurs. It also aims to increase the growth and productivity of MSMEs – and increase their participation within strategic sectors of the economy and international supply chains. Furthermore, it wants to generate enthusiasm for business ownership by offering entrepreneurship education, while encouraging the exchange and sharing of successful business experiences and international best practice.

Jacob emphasizes the role the institute will play in coordinating government assistance. "We appreciate that previous government policies were often fragmented and overlapping. Take funding, for example. We found there were 53 funds distributed in eight institutions. It was not easy for entrepreneurs to access these funds. The INADEM will coordinate government policies for Mexican entrepreneurs."

72%

of local entrepreneurs think that access to funding is difficult in Mexico

Access to funding

Pillar ranking: 18

Better funding options are required for rapid-growth companies

Access to funding	Mexico	G20 average	Period
IPO market activity			
IPO amount invested (% of GDP)	0.07	0.22	2009-11 average
Access to credit			
Domestic credit to private sector (% of GDP)	22.9	99.0	2008-10 average
Venture capital availability (Scale of 1=impossible to 7=very easy)	2.4	3.0	2009-11 average
M&A deal value (% of GDP)	2.9	3.4	2010-12 average

Sources: The World Bank, Dealogic, IMF, World Economic Forum

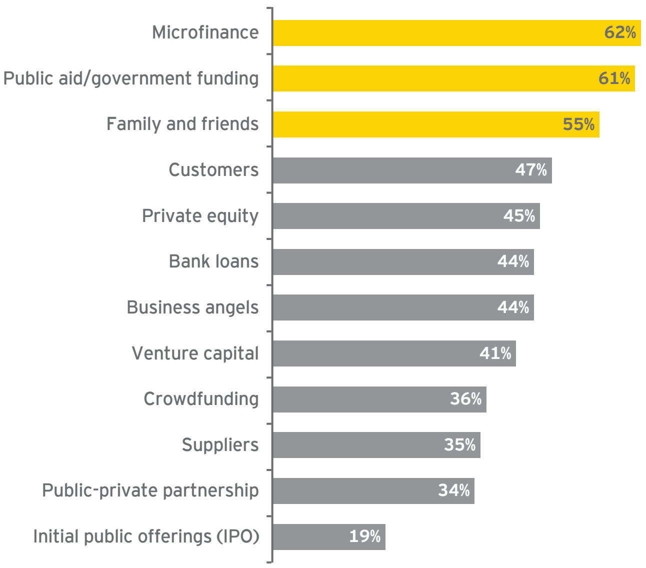
At only 22.9%, domestic credit to the private sector is less than a quarter of the G20 average of 99.0% (2008-10 average)

While access to funding is tougher for entrepreneurs in Mexico than in many other G20 nations, the country's low overall ranking masks a more complex picture. The availability of venture capital and bank credit in Mexico is poor; however, in comparison with other rapid-growth economies, seed and pre-seed funding is more likely to be available, particularly from friends and family. Overall, almost three-quarters of Mexican entrepreneurs felt that access to funding is difficult in the country.

The better news is that 2012 may come to be seen as a turning point for access to funding in Mexico. The country reported the second highest initial public offering (IPO) proceeds of all G20 rapid-growth markets, behind only China and well ahead of its prior rate. And while a few large deals may have inflated the figures, there was other encouraging evidence from alternative forms of funding, too.

Still, while the better-than-average availability of seed capital, including microfinance, may be one factor in Mexico's rising levels of new business activity, entrepreneurs will struggle to turn these new starts into bigger businesses until the availability of growth capital improves. Efforts to improve venture capital or bank lending availability will be vital aspects for policy prioritization.

Proportion of entrepreneurs surveyed citing improvement in access to funding in Mexico



Source: EY G20 Entrepreneurship Barometer 2013

Entrepreneurship culture

Pillar ranking: 17

99.8%

of all companies in Mexico are micro, small or medium-sized enterprises[13]

Innovation may be stalling

Entrepreneurship culture	Mexico	G20 average	Period
R&D spending (% of GDP)	0.4	1.6	2007-09 average
Scientific and technical journal articles (per 10,000 people)	0.4	3.3	2007-09 average
Cost of resolving insolvency (% of estate)	18.0	11.8	2010-12 average

Source: The World Bank

In Mexico, 70% of entrepreneurs surveyed, agree or partly agree that entrepreneurship is encouraged in their country, a figure that is well above the G20 average of 57%. But the country scores poorly on other measures of entrepreneurship culture, such as spending on research and development (R&D) and the number of scientific and technical journal articles published.

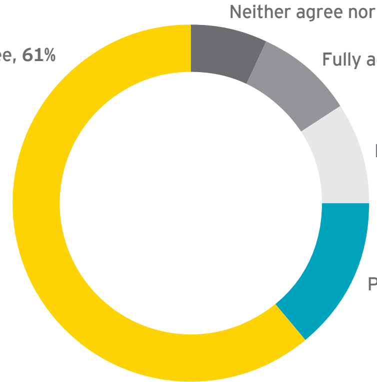
The discrepancy between the views of entrepreneurs and the realities suggested by the data represents both an opportunity and a threat. Many entrepreneurs are succeeding despite the underlying issues with innovation and enterprise – more would do so if such problems could be addressed.

However, there are some warning signs. For example, the number of patents registered in Mexico has fallen since 2008. Although many patents are registered outside Mexico, this data could suggest innovation is stagnating. Another problem is Mexico's relatively high insolvency costs (18% of cost of estate versus a G20 average of 11.8%), which are an impediment to entrepreneurs who want to start again following a business failure.

The Mexican Government has pledged to increase spending on R&D to 1% of GDP

"The culture of innovation is growing, but I still feel that it's very low," notes Pablo Gonzalez Cid, the CEO of Café Punta del Cielo, a Mexican company that produces gourmet coffee. Launched in 1999, Café Punta del Cielo now has 160 outlets across Mexico, Hong Kong and Spain, and Gonzalez Cid thinks his peers need to learn from competitors overseas. "It really is ridiculous the number of patents that Mexico is forsaking every year compared to countries such as Japan or the United States," he says. "The key is that Mexican culture has to change, so that more people have the mind to create or to develop new products and new concepts."

Entrepreneurs' views at the whether Mexico's culture encourages entrepreneurship



Source: EY G20 Entrepreneurship Barometer 2013

[13] *EY, Ernst & Young Strategic Growth Forum® Mexico* (Mancera, S.C., 2013).

Tax and regulation

Pillar ranking: 14

At 363, the average number of hours spent by Mexican businesses on tax issues seems to compares well with the G20 average of 347, but this is skewed by Brazil's very high figure (2010-12 average)

Mexico's complex tax system needs to be simplified

Tax and regulation	Mexico	G20 average	Period
Ease of starting a business			
Start-up procedures (number)	6.0	7.6	2010-12 average
Time to start a business (days)	9	22	2010-12 average
Cost to start a business (% of income per capita)	11.2	9.4	2010-12 average
Paid-in minimum capital to start a business (% of income per capita)	5.9	17.9	2010-12 average
Business regulations			
Time spent on tax issues (hours)	363	347	2010-12 average
Labor market rigidity			
Cost of firing (weeks of wages)	91	50	2007-09 average
Labor and tax contributions (% of commercial profits)	26.5	24.0	2012
Taxation			
Total tax rate (taxes and mandatory contributions borne by the business expressed as a share of commercial profit)	52.5	49.7	2012
Indirect tax rate (taxes collected by the company and remitted to the tax authorities)	16.0	14.2	2012

Source: The World Bank

The Mexican Government has made concerted efforts to support the country's entrepreneurs through tax and regulatory reform. Nevertheless, more work is still required to create an ecosystem that fully supports the growth of entrepreneurial ventures.

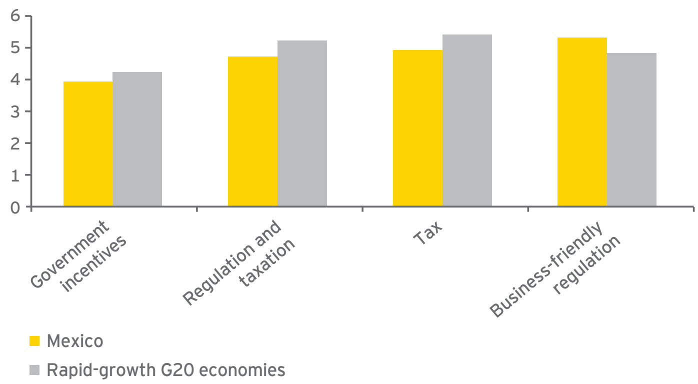
For example, Mexico's strong performance on direct corporate taxes, where it is more competitive than many other rapid-growth G20 economies, is undermined by the complexity of its indirect tax structures. Mexican entrepreneurs spend more time working on tax issues than any of their peers in the G20 except Brazil and Argentina.

Similarly, Mexico scores well on regulation. For example, at a federal level, it takes less time to start a business in the country and costs less money than the G20 average. But nevertheless, there are problematic areas. The cost of laying off employees, for instance, is among the most expensive in the G20. This is an obvious disincentive for growing entrepreneurial ventures to recruit. However, recent labor law reforms may begin to have an impact on the cost of firing.

Mexico is also recognizing the need to bolster public sector support for R&D, where limited tax incentives have held back its performance on innovation overall. The National Council for Science and Technology (Consejo Nacional de Ciencia y Tecnología, or CONACYT) has begun offering cash incentives, and the Government has committed to increase spending on R&D as a percentage of GDP to 1%.

"I think the new Government has a very aggressive policy now on tax," says Gonzalez Cid of Café Punta del Cielo. "They are really starting to talk about change."

Barometer scores for tax and regulation components



Source: EY G20 Entrepreneurship Barometer 2013

Education and training

Pillar ranking: 15

19%

of 15- to 29-year-old Mexicans are neither in in school nor employed, rising to 30% for 25- to 29-year-olds

Trying hard, but improvements could be made

Education and training	Mexico	G20 average	Period
Public spending on education (% of GDP)	5.1	4.8	2008-10 average
Secondary school enrollment (total enrollment expressed as a percentage of the population of official secondary education age)	87.5	95.0	2008-10 average
Tertiary enrollment (total enrollment expressed as a percentage of the total population of the five-year age group following on from secondary school leaving)	27.2	53.5	2008-10 average

Source: The World Bank

Mexico is making significant efforts to improve its education system, devoting over 5% of public spending to education, well above the G20 average. However, more urgency is needed to improve enrollment rates, particularly in tertiary education, where a 27.2% participation rate currently lags the 53.5% average across the G20 economies, which limits the supply of talent for Mexico's entrepreneurs.

Meanwhile, enrollment rates for secondary and tertiary education are improving — the rates for the former are twice as high as 50 years ago — but not quickly enough. The Organisation for Economic Co-operation and Development (OECD) says 19% of 15-29 year-old Mexicans are neither in education or employment, rising to 30% for 25- to 29-year-olds.[14]

More positively, though, Mexico caters well to entrepreneurs throughout its education system, with improving access to training at various levels and an excellent performance on metrics such as the number of universities with dedicated chairs in entrepreneurship. Vocational learning is also strong, and opportunities continue after formal education has finished. In the survey, entrepreneurs from Mexico report improving access to support such as mentoring services and informal networks.

"The Mexican Government realizes that it is not an expert in entrepreneurship," says Café Punta del Cielo's Gonzalez Cid.

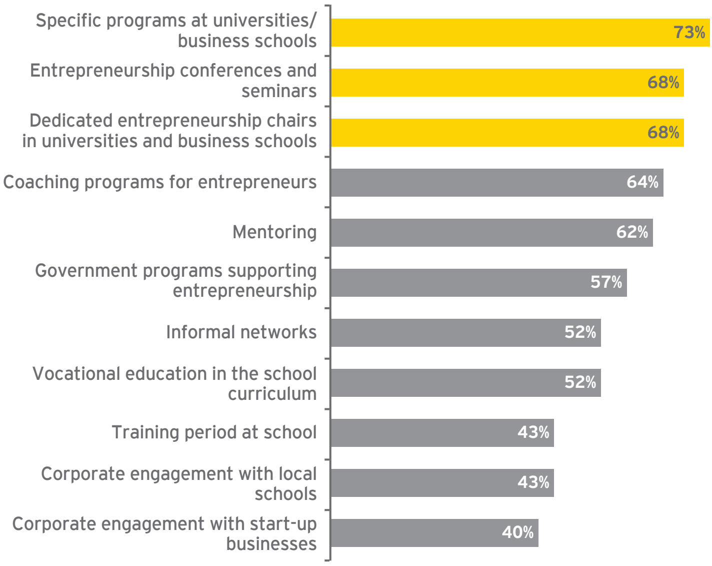
Mexico spent 5.1% of GDP on education, which was more than the G20 average at 4.8% (2008–10 average)

[14] Organisation for Economic Co-operation and Development, *Education at a Glance 2012: OECD indicators* (OECD Publishing, 2012).

"So it's willing to work closely with other specialist organizations to deliver the help entrepreneurs need. For example, it is working with Endeavor, a nonprofit organization that has developed the concept of High-Impact Entrepreneurship. It has been very active providing mentors and seminars for entrepreneurs."

Indeed, on entrepreneurs' perceptions of how education is improving in the survey, Mexico is the second best performer in the G20, behind only Indonesia. This suggests that efforts to boost participation in education are beginning to pay off, which will be vital for the long-term health of the country's entrepreneurial ecosystem.

Proportion of entrepreneurs surveyed citing improvement in areas of education and training over the past three years



Source: EY G20 Entrepreneurship Barometer 2013

190

Mexican cities have incubator programs for new businesses

Coordinated support

Pillar ranking: 2

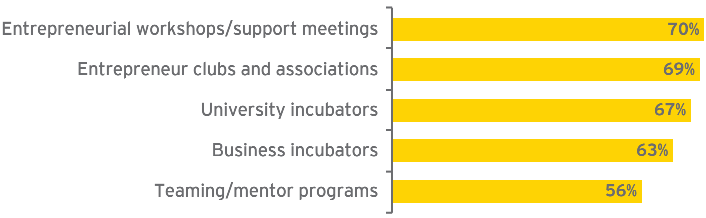
Multiple initiatives, but more coordination needed

Mexico performs strongly on coordinated support overall, which highlights encouraging progress on the ground. A nationwide network of more than 500 incubators now offers fledgling businesses strong support (although the incubators are now being consolidated down to 150). According to 70% of entrepreneurs polled, business networks such as entrepreneurs' clubs and associations have improved over the past three years. On other aspects of coordinated support, such as for networks, incubators and mentorship, Mexico scores more highly than the averages achieved by other developing nations.

Some of the improvements have been driven by the private sector – the growth in business incubators, for instance. But the Government's programs, such as the Programa Piloto de Financiamiento al Emprendedor (Pilot Program for Financing Entrepreneurs) launched in 2011 in order to provide entrepreneurs with access to training and support from professional advisors, as well as finance, are also having an impact. Generally, there is a huge amount of activity: one recent government study identified more than 100 programs across as many as 8 different agencies. In many ways this is positive, but there is a lot of complexity and duplication, and lots of room for a more coordinated approach.

"The mexican Government today is very actively supporting entrepreneurship in all kind of ways, with tax credits and money for a variety of different projects," says Café Punta del Cielo's Pablo Gonzalez Cid. "It clearly recognizes the importance of entrepreneurship and how this will help to build a stronger economy for the future." He notes that his firm has benefited, for example, from a new program that provides support – not just financial, but also with links to university partnerships – to help businesses develop new technologies, such as new espresso machines for his company. "We provided 50% of the investment, and the Government has provided funding for half the project."

Proportion of entrepreneurs citing improvement in areas of coordinated support over the past three years



Source: EY G20 Entrepreneurship Barometer 2013

67% of entrepreneurs from Mexico say access to university incubators has improved over the past three years

Rankings table

Ranking	Access to funding	Score	Entrepreneurship culture	Score	Tax and regulation	Score	Education and training	Score	Coordinated support	Score
1	United States	7.12	United States	7.67	Saudi Arabia	6.40	France	6.58	Russia	6.23
2	United Kingdom	6.86	South Korea	7.53	Canada	6.34	Australia	6.53	**Mexico**	**5.89**
3	China	6.75	Canada	7.45	South Korea	6.34	United States	6.50	Brazil	5.87
4	Canada	6.62	Japan	7.28	United Kingdom	6.19	South Korea	6.40	Indonesia	5.84
5	Australia	6.48	Australia	7.18	South Africa	6.10	EU	6.25	India	5.76
6	South Africa	5.95	United Kingdom	7.00	Japan	6.07	United Kingdom	5.98	China	5.75
7	Japan	5.81	Germany	6.88	Germany	5.84	Germany	5.89	Turkey	5.66
8	South Korea	5.75	EU	6.07	Australia	5.75	Argentina	5.85	South Africa	5.65
9	Brazil	5.67	France	5.68	Russia	5.65	Canada	5.81	Argentina	5.64
10	Indonesia	5.53	Russia	5.05	EU	5.48	Brazil	5.78	Germany	5.53
11	India	5.48	India	4.95	Turkey	5.45	South Africa	5.67	France	5.41
12	EU	5.41	Brazil	4.88	Indonesia	5.38	Saudi Arabia	5.66	Saudi Arabia	5.39
13	Saudi Arabia	5.25	Italy	4.67	United States	5.33	Italy	5.47	EU	5.37
14	Germany	5.23	South Africa	4.33	**Mexico**	**5.21**	Russia	5.46	South Korea	5.36
15	Russia	5.04	Turkey	4.30	France	5.12	**Mexico**	**5.32**	Australia	5.31
16	France	4.74	Argentina	4.06	China	5.07	Japan	4.72	Canada	5.29
17	Turkey	4.57	**Mexico**	**3.96**	Brazil	4.83	Turkey	4.39	United Kingdom	5.19
18	**Mexico**	**4.42**	China	3.88	Italy	4.76	China	4.35	Japan	5.04
19	Italy	4.03	Indonesia	3.80	India	4.39	Indonesia	3.88	Italy	4.97
20	Argentina	3.27	Saudi Arabia	3.38	Argentina	4.31	India	3.49	United States	4.85

About the EY Entrepreneurship Barometer model

The EY G20 Entrepreneurship Barometer 2013 introduces a model for scoring countries across the five pillars of entrepreneurship.[15] The purpose of this model is to help identify areas of relative strength by country and where opportunities for improvement lie.

The model is composed of qualitative information (from our survey of more than 1,500 entrepreneurs) and quantitative data based upon entrepreneurial conditions across the G20 economies. For each pillar, excluding coordinated support, this information is weighted 50-50 between qualitative and quantitative inputs. For coordinated support, given a lack of quantitative indicators, this is based solely upon the survey responses.

The advantage of integrating both the survey results and quantitative data is the ability to provide an assessment of the current level and the trends in a G20 entrepreneurial ecosystem based upon local sentiment. To this end, official statistics (for example, on the average time taken to start a business or the tax burden) provide a baseline for each member country.

Survey information is an important complement to the baseline picture these statistics provide. Entrepreneurs' feedback on the pace of improvement or deterioration in conditions in their country's entrepreneurship ecosystem is incorporated in the model alongside the hard statistics.

Full details of the Barometer's methodology can be found on page 66 in the main EY G20 Entrepreneurship Barometer 2013 report.

[15] Note: As per the G20 membership, this list comprises 19 individual countries and also the European Union (EU), as an additional member. Our rankings show the performance of each country, along with an aggregate performance for the 27 EU Member States.

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