
US lags in resilience to financial adversity: Barclays

By Editor Test Mon, Nov 19, 2012

About half (49%) of US high net worth individuals believe that anyone can learn to become a successful entrepreneur by working hard, while 83% of similar individuals in the Middle East reported the same belief.

People in faster-growing regions of the world interpret failure differently from Americans, according to the latest report in the Barclays Wealth Insights series.

The report, entitled “If at First You Don’t Succeed... Mapping Global Attitudes to Adversity,” showed that only 71% of US high net worth individuals (HNWI) agreed with the statement, “Viewing failure positively is essential for an economy to grow.”

By comparison, 91% of the wealthy in the Middle East and 80% in Asia agreed. On average, 74% of global HNWI agree with that statement.

The report also compared traits such as persistence and optimism in different cultures, as well as the way people in different parts of the world view setbacks. Only 37% of US respondents agreed that “Past failure in entrepreneurial endeavors increases the chance that a new business will succeed,” compared with 81% of HNWI in the Middle East and 67% in Asia.

About half (49%) of US HNWI believe that anyone can learn to become a successful entrepreneur by working hard, while 83% of respondents in the Middle East reported the same belief.

Global HNWI also report different experiences with the recent global financial crisis: 44% of US respondents say it provided them with opportunities compared with 53% of Asian respondents. Asked “if an entrepreneur’s business is failing, the entrepreneur should persist instead of cutting losses,” 55% of Middle Easterners, 53% of Asians, 41% of Asians agreed.

How entrepreneurs think

Entrepreneurs and non-entrepreneurs think differently about risk, opportunity and failure, the study showed. Self-described entrepreneurs recover from setbacks easier than those who say they are non-entrepreneurs. Among the entrepreneurs, 34% say that failure encouraged them to try again and 29% report being able to bounce back quickly, compared with 19% and 17% of non-entrepreneurs.

Perhaps most significantly, respondents who identify themselves as entrepreneurs are more able to learn from failure than non-entrepreneurs – 56% vs. 41%. They are also more likely to say that failure helped to strengthen their character (39% vs. 21%).

The Barclays survey found that people who are persistent, optimistic or both, are less likely to say they have experienced failure in their personal investments than those who do not possess these traits.

US regional differences

Notable differences in attitudes toward failure emerged between regions in the US:

- Only 29% of respondents in the West think past failure increases the chance of future success, the lowest percentage across regions.
- The Northeast sees the most opportunity in tough times; 48% said the recent global financial crisis has provided them with opportunities.
- The Midwest is the most optimistic region, with 49% of respondents agreeing that they have learned a great deal from business failures and 77% saying that viewing failure positively is essential for an economy to grow.

Ledbury Research conducted the survey of more than 2,000 high net worth individuals in partnership with the Barclays Behavioral Finance team in the first half of 2012. Those surveyed each had over \$1.5 million (or the equivalent) in total net worth and 200 had more than \$15 million. Respondents were drawn from 17 countries around the world. More than 750 of the respondents identified themselves as entrepreneurs.

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