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Global Entrepreneurship Monitor the Netherlands 2018

National Report



This research has been financed by the Dutch Ministry of Economic Affairs and Climate Policy.

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Zoetermeer, 26 June 2019

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Summary

The Global Entrepreneurship Monitor (GEM) is a research program with the aim of obtaining internationally comparative data on entrepreneurial activity. By consistently using proven indicators, global and longitudinal comparisons of entrepreneurial activity can be made. Most indicators discussed in the present report are from GEM's Adult Population Survey (APS), while a few indicators are taken from GEM's National Expert Survey (NES). The most remarkable GEM 2018 results for the Netherlands are presented in the following paragraphs.

The Total early-stage Entrepreneurial Activity (TEA) rate is defined as the percentage of adults between 18 and 64 years of age who are either actively trying to start a new business (nascent entrepreneurs), or who own and manage a business younger than 3.5 years (young business entrepreneurs). The TEA rate increased with almost a quarter, from 9.9% in 2017 to 12.3% in 2018. This sharp rise is all the more remarkable because the Netherlands already had a relatively high TEA rate in 2017. By 2018, the TEA rate of the Netherlands is almost five percentage points higher than the EU-average (7.6%).

Although the number of adults involved in entrepreneurial activity is thus very high, it must be noted that the vast majority of entrepreneurs operate solo without any ambitions to hire employees in the future. Indeed, the share of TEA entrepreneurs expecting to create at least one job in the next five years is only 43% in the Netherlands versus 67% in the EU. From a different perspective, however, the level of ambitious entrepreneurship (in terms of job growth expectations) in the Netherlands is very close to the average EU-level: the ambitious entrepreneurship rate is 5.3% of the adult population in the Netherlands versus 5.1% for the EU. The difference between these two perspectives is so large because the TEA rate of the Netherlands is so much higher than that of the EU.

Another remarkable feature this year is the increase of established business entrepreneurship (entrepreneurs running businesses of 3.5 years or older). The increase in the established entrepreneurship rate is even higher than that of TEA, as it increased by 40%, from 8.6% in 2017 to 12.0% in 2018. Also for this metric of entrepreneurship, the Netherlands scores much higher than the EU-average (6.9%).

The spectacular increase in established entrepreneurship reflects the booming economy of the Netherlands in 2018, which clearly improved survival chances of businesses in the Dutch economy. This is also reflected by the exit rate, which dropped by almost 20%, from 3.1% in 2017 to 2.5% in 2018. Importantly, within the group of exiting entrepreneurs in 2018, the majority (one third) indicated that they exited because they found another job or they spotted a better business opportunity, i.e. they exited for a positive reason. The share of exiters for this reason is much higher than in previous years. These are all signs of a flourishing economy in which entrepreneurs thrive.

Entrepreneurial perceptions in the Netherlands, which improved considerably in 2017, remained stable at high levels in 2018. Compared to the whole group of high-income economies, the Netherlands scores much better on perceived opportunities and fear of failure, and similar on perceived capabilities. Entrepreneurial attitudes in terms of entrepreneurship being a desirable career choice, a high-status activity, or an activity attracting much media attention, also remained stable in 2018 at relatively high



levels. Regarding motivations of entrepreneurs (opportunity versus necessity), the Netherlands remains among the top countries as 80% of TEA entrepreneurs in 2018 indicates to have started their entrepreneurial activity out of an opportunity-driven motivation.

Employees may also exhibit entrepreneurial activities. This is monitored by the Entrepreneurial Employee Activity (EEA). EEA is a measure that accounts for the situation where an employee in the past three years was actively involved in and had a leading role in either the idea development for a new activity or the preparation and implementation of a new activity. In short, it refers to intrapreneurship. The EEA rate for the Netherlands is 7.9%, which is above the average value for high-income economies (4.8%).

Finally, this year an additional set of questions on the gig and sharing (or platform) economy was included in the GEM for the first time. In 2018, only a small portion of the adult Dutch population (3.3%) was active in the gig and/or sharing economy. Interestingly, the entrepreneurship rates among the group of people active in the gig and/or sharing economy are much higher than in the rest of the economy: 27.2% (versus 12.3% for the whole adult population) for the total early-stage entrepreneurship rate and 19.5 (versus 12.0) for the established entrepreneurship rate. This is an important first benchmark measurement regarding the rate of entrepreneurship in this specific part of the labour market.

In sum, results of GEM 2018 show that entrepreneurship continues to flourish in the Netherlands. Entrepreneurial perceptions and attitudes as well as total early-stage entrepreneurial activity and entrepreneurial employee activity are well above the averages of high-income economies. The TEA rate increased in 2018 to the highest level in the last 10 years and is especially opportunity-driven instead of necessity-driven. Established entrepreneurship increased and entrepreneurial exit declined. Finally, the results of the National Expert Survey (NES) show that the Netherlands scores higher across all entrepreneurial framework conditions than the averages of the high-income economies. This suggests that circumstances to start a business in the Netherlands are relatively good.



1 Introduction

This research report is structured in a fashion similar to recent Dutch publications under the Global Entrepreneurship Monitor banner¹.

1.1 The Global Entrepreneurship Monitor (GEM)

History

The Global Entrepreneurship Monitor (GEM) is a research programme executed annually with the aim of obtaining internationally comparative high quality research data on entrepreneurial activity at the national level. This academic research consortium started as a partnership between the London Business School and Babson College in 1999 with 10 participating countries. Over the years GEM has expanded to comprise 49 economies in 2018. Currently, GEM is the largest study of entrepreneurial activity in the world. The GEM research programme provides a harmonised assessment of the level of national entrepreneurial activity and conditions to which it is subject for each participating country. In 2018, the Netherlands participated in GEM for the eighteenth time since it joined the GEM project in 2001.

Objectives

Although it is widely acknowledged that entrepreneurship is an important force in shaping a country's economy, the understanding of the exact roles that entrepreneurs play in modern economies is still far from complete (Wennekers and Van Stel, 2017). The quest to unravel the complex relationship between entrepreneurship and economic development has been hampered particularly by a lack of cross-national harmonised data on entrepreneurship. Since 1999, the GEM research programme has sought to address this by collecting relevant cross-national harmonised data on an annual basis. GEM focuses on three main objectives:

- To measure differences in the level of entrepreneurial activity between countries;
- To uncover factors that determine national levels of entrepreneurial activity;
- To identify policies that may enhance the national level of entrepreneurial activity.

In addition to these three main objectives GEM studies the contribution of entrepreneurship to national economic growth. Traditional analyses of economic growth and competitiveness have tended to neglect the role played by new and small firms in the economy. GEM takes a comprehensive approach and considers the extent of involvement in entrepreneurial activity within a country, distinguishing three types of economies based on income level (section 1.2) and different phases of entrepreneurship (section 1.3).

¹ See De Kok, Kruijthof, Snijders, Van der Graaf, Van Stel & Van der Zeijden (2018), Van der Zeijden, Van der Graaf & Snijders (2017), Van der Zeijden, Van Stel & Wong (2016), Span, Van Stel & Van den Berg (2015), Van Stel, Span & Hessels (2014) and Van der Zwan, Hessels, Hoogendoorn & De Vries (2013). Furthermore, throughout the report, general descriptions of GEM-related phenomena have been taken over from these reports.



1.2 Income levels

For distinguishing different economies², GEM follows the World Economic Forum (WEF) and World Bank who classify countries based on income level³. The following three economies are distinguished⁴:

- low income economies,
- middle income economies,
- high income economies.

1.3 The entrepreneurship process

GEM acknowledges that entrepreneurial activity is best seen as a process rather than a single time event (see also Van der Zwan, Thurik and Grilo, 2010). Therefore, data are collected across several phases of entrepreneurship. Such a dynamic view provides valuable information to policy makers because individuals may respond differently to policy interventions depending on their specific position in the entrepreneurship process. For example, it may happen that substantial awareness for entrepreneurship as a career choice exists in a country and that many people expect to start a business within the next few years. In that same country, however, low rates of nascent entrepreneurship may exist as compared to countries with similar levels of economic development. Such a discrepancy in entrepreneurship involvement rates across several phases may call for targeted policy interventions to ameliorate the transformation between phases, in this example from intentions to actual steps to start a new business. GEM operationalises the entrepreneurship process as depicted in figure 1 which is taken from the 2018/19 Global Report (Bosma and Kelly, 2019).

Hence, the following phases of entrepreneurship can be distinguished:

- *Potential entrepreneurs*: Potential entrepreneurs are individuals who have not yet taken steps to start a business, but they have the beliefs and abilities to start a business. Specifically, individuals are considered to be potential entrepreneurs when they believe they have the knowledge and skills to start a business and when they see opportunities for setting up a business in the area in which they live. Furthermore, they should not be afraid of business failure. Section 2.1 of this report focuses on potential entrepreneurship. Additionally, their intention to start a business is underpinned by the perceptions society holds of entrepreneurs. Attitudes towards entrepreneurship are the subject of section 2.2.
- *Entrepreneurial intent*: Potential entrepreneurship is followed by entrepreneurial intent: individuals who have actual intentions – alone or together with other individuals – to start a new business within the next three years. Information about the prevalence of entrepreneurial intent in the Netherlands is provided in section 2.3.
- *Total Early-stage Entrepreneurial Activity (TEA)*: GEM's primary measure of entrepreneurship is total early-stage entrepreneurial activity. TEA consists of both nascent entrepreneurs and new entrepreneurs. Specifically, the group of *nascent entrepreneurs* refers to individuals within the adult population (18-64 years of age) who are currently trying to start a new business. For this start-up effort, the individual expects to own at least a part of this new business, and salaries or wages have not yet been paid for the past three months. *New entrepreneurs* are currently involved in owning and managing a new existing business. Salaries or wages have been paid for between 3

² In previous years GEM used the level of economic development to categorize economies. Three stages of economic development were identified, namely factor-driven economies, efficiency-driven economies and innovation-driven economies.

³ <http://datatopics.worldbank.org/world-development-indicators/stories/the-classification-of-countries-by-income.html>

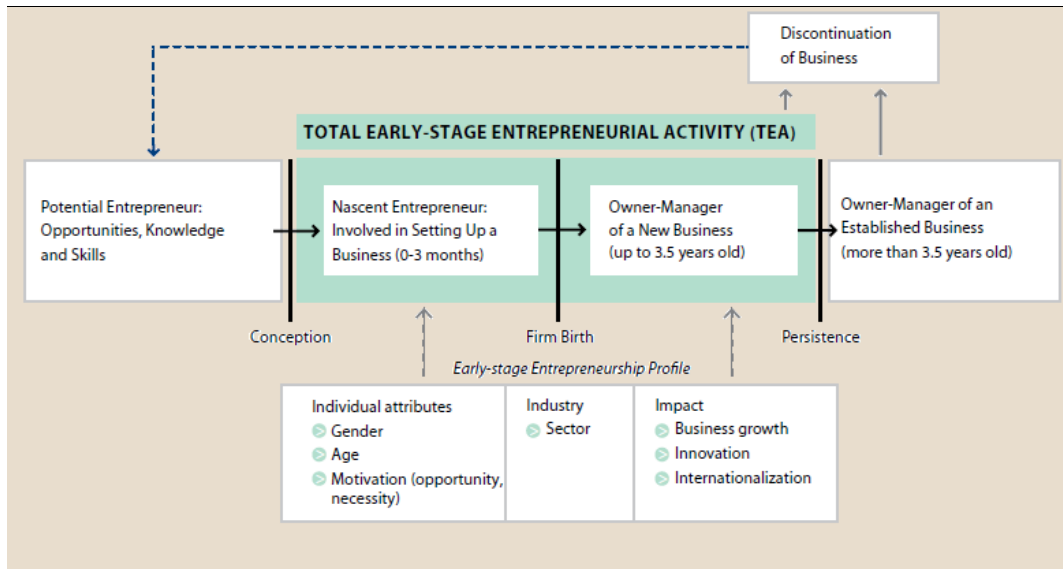
⁴ As of July 2018, low-income economies are defined as those with a gross national income (GNI) per capita of \$995 or less in 2017; middle-income economies are those with a GNI per capita between \$996 and \$12,055; high-income economies are those with a GNI per capita of \$12,055 or more.



and 42 months (3.5 years). Self-employed individuals may also be included in this group. A significant part of Chapter 3 of this report is devoted to early-stage entrepreneurship.

- **Established entrepreneurship:** The cycle continues with established business owners, who have been owner-managers of a business for at least 42 months (including self-employed individuals). Again, more information about the occurrence of established entrepreneurs follows in Chapter 3.

figure 1 The entrepreneurship process



Source: *Global Entrepreneurship Monitor: 2018/19 Global Report* (Bosma and Kelley 2019).

Whereas the phases of actually starting a business are characterised by conception, firm birth and persistence, there are two other phases also depicted in figure 1:

- **Discontinuation:** Any entrepreneur may decide to quit his/her business endeavour at some moment of time. This discontinuation of entrepreneurial activities may reflect a voluntary exit such as an opportunity to sell the business. On the other hand, it may also reflect an involuntary choice or less successful terminations, such as difficulties of getting external finance or a lack of profitability of the business. Entrepreneurial discontinuation is given more attention at the end of Chapter 3.
- **Re-engagement:** The dashed arrow connecting discontinuation and the pool of potential entrepreneurs refers to individuals who quit one of their business activities, and afterwards decide to re-engage in the entrepreneurship process. This category of entrepreneurs (referred to as serial entrepreneurs) together with established entrepreneurs is of importance because it embodies key resources for other entrepreneurs in terms of providing financing, advice, mentorship, or other types of support. Note that figure 1 does not show any dashed arrows between the discontinuation phase and phases of the entrepreneurship process other than potential entrepreneurship. In reality, however, an established entrepreneur may quit his/her entrepreneurial activities after which (s)he decides to set up another business, i.e. (s)he becomes a nascent entrepreneur. In addition, dashed arrows between the discontinuation phase and entrepreneurial intent and TEA may be added to figure 1.

The GEM framework also allows for insight into the characteristics of the population involved in the entrepreneurial process (gender, age and motivation), their businesses (sector) and impact (growth, innovation and internationalisation).

In addition to the TEA rate, another GEM indicator also provides good insight into the degree of entrepreneurship of an economy. The Entrepreneurial Employee Activity rate



(EEA) measures involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary.

1.4 Adult Population Survey and National Expert Survey

1.4.1 Adult Population Survey (APS)

GEM consists of two survey components. Data collected as part of the Adult Population Survey (APS) are used to provide indicators of entrepreneurial activity, entrepreneurial attitudes, and entrepreneurial aspirations within an economy. These indicators can then be compared between economies. The APS data collection covers the complete life cycle of the entrepreneurship process as depicted in figure 1. In addition, the APS distinguishes between several types of entrepreneurs based on start-up motives, growth aspirations, etc. These types will be discussed in Chapter 3.

The APS data are collected by standardised telephone surveys in each participating economy (or by means of face-to-face interviews in some economies). Each economy's sample must consist of at least 2,000 respondents of 18 years and older. For 2018, the Dutch sample consists of 2,258 respondents that was acquired by means of a mixture between fixed-line and mobile-line telephone interviews. The survey was held from May to July 2018. In the remainder of this report, all data are reweighted by the actual distribution of the Dutch population in terms of gender, age and education to make the sample representative along these dimensions for the Dutch adult population between 18 and 64 years of age.

1.4.2 National Expert Survey (NES)

For the National Expert Survey (NES) at least 36 experts in each participating country are asked about their opinions about nine topics which are believed to have an impact on a nation's entrepreneurial activity. In this way, the start-up environments in the participating countries can be compared on the basis of these nine so-called "entrepreneurial framework conditions" (EFCs). Four experts – entrepreneurs or professionals – in each nation's NES sample should be active in each EFC category. The nine categories are financing, government policies governmental programs, education and training, R&D transfer, commercial infrastructure, internal market openness, physical infrastructure and cultural and social norms.

The present report focuses mainly on the findings from the Adult Population Survey. The results of the Dutch NES are discussed in Section 3.6.

1.4.3 Participating countries in 2018

Table 1 contains an overview of the 49 economies that participated in the 2018 survey. Among these economies, there are 22 Member Countries of the Organisation for Economic Co-operation and Development (OECD) and 17 Member States of the European Union (EU). 27 of these 49 economies (including the Netherlands) also included questions on the gig and sharing economy. A classification based on income level is provided: *low-income countries*, *middle-income countries*, and *high-income countries* (see table 1).



table 1 Participating economies in GEM 2018

<i>countries</i>	<i>member OECD</i>	<i>member EU</i>
<i>low-income countries (7)</i>		
Angola	no	no
Egypt	no	no
India	no	no
Indonesia	no	no
Madagascar	no	no
Morocco	no	no
Sudan	no	no
<i>middle-income economies (11)</i>		
Brazil	no	no
Bulgaria	no	yes
China	no	no
Colombia	no	no
Guatemala	no	no
Iran	no	no
Lebanon	no	no
Peru	no	no
Russia	no	no
Thailand	no	no
Turkey	yes	no
<i>high-income economies (31)</i>		
Argentina	no	no
Austria	yes	yes
Canada	yes	no
Chile	yes	no
Croatia	no	yes
Cyprus	no	yes
France	yes	yes
Germany	yes	yes
Greece	yes	yes
Ireland	yes	yes
Israel	yes	no
Italy	yes	yes
Japan	yes	no
Luxembourg	yes	yes
Netherlands	yes	yes
Panama	no	no
Poland	yes	yes
Puerto Rico	no	no



<i>countries</i>	<i>member OECD</i>	<i>member EU</i>
Qatar	no	no
Saudi Arabia	no	no
Slovak Republic	yes	yes
Slovenia	yes	yes
South Korea	yes	no
Spain	yes	yes
Sweden	yes	yes
Switzerland	yes	no
Taiwan	no	no
United Arab Emirates	no	no
United Kingdom	yes	yes
United States	yes	no
Uruguay	no	no

1.5 Outline of the Dutch GEM report 2018

This Dutch GEM report is structured as follows. Chapter 2 focuses on entrepreneurial attitudes and perceptions of the Dutch adult population, and compares the 2018 situation with earlier years. In addition, Chapter 2 reports on the evolution of entrepreneurial intentions over time. Chapter 3 describes the latest Dutch developments regarding entrepreneurial activity, and focuses on early-stage and established entrepreneurs. Chapter 3 also pays attention to entrepreneurial employee activity (EEA). Furthermore, attention is devoted to the discontinuation of entrepreneurial activities. The results from the Dutch NES survey are also discussed in this chapter. In 2018, the Dutch Adult Population Survey paid attention to the gig and sharing economy. These results are described in chapter 4.



2 Entrepreneurial perceptions, attitudes, and intentions

The present chapter focuses on entrepreneurial *perceptions, attitudes, and intentions* among the Dutch adult population in 2018. A longitudinal view of these measures is provided by comparing the Dutch numbers from 2018 with those from previous years. Additionally, the Dutch results are compared with international results. For this purpose, the averages of the 31 high-income countries serve as the benchmark.

First of all, entrepreneurial *perceptions* indicate whether individuals perceive entrepreneurial opportunities in their environment, how they perceive their own entrepreneurial ability, and what their perception is towards business failure. Secondly, entrepreneurial *attitudes* refer to the general image of entrepreneurship in the Netherlands, and reveal the extent to which entrepreneurship is considered a favourable occupational choice. Third, entrepreneurial *intentions* provide a concrete dynamic measure of entrepreneurial activity in a country. Specifically, GEM asks individuals about their intentions to start a business within the next three years.

2.1 Entrepreneurial perceptions and potential entrepreneurship

The decision to become an entrepreneur, or the progression of an individual through the several phases of the entrepreneurship process (figure 1), depends on a wide range of characteristics of the potential entrepreneur. One category of relevant, determining factors refers to an individual's perception about entrepreneurship. Indeed, perception variables appear to be relevant in explaining the propensity towards being a nascent or an established entrepreneur. While the relationship between the individual's perceptions about entrepreneurship and their behaviour is considered to be important, research on this topic has been limited, partly because of problems with acquiring good data on the subject (Carsrud and Brännback, 2011).

The objective state of the environment in terms of its favourability towards pursuing entrepreneurial endeavours is important. An individual's subjective perception about this environment, however, may be even more relevant. The first element of entrepreneurial perception under study refers to the extent to which individuals see good opportunities for starting a new business in the area they live in. In addition to this perception about entrepreneurial opportunities in the environment, an individual's belief concerning one's own capabilities of starting a business is also relevant. Indeed, studies report that so-called entrepreneurial self-efficacy is a predictor of entrepreneurial entry (e.g. Wennberg, Pathak and Autio, 2013). However, fear of failure may prevent individuals who perceive opportunities or believe they have the skills necessary for entrepreneurship to actually start a business. Hence, the third element of entrepreneurial perception deals with an individual's fear of business failure.

Individuals are considered to be *potential entrepreneurs* when they see enough opportunities in their living area for setting up a business, when they have the belief they have the capabilities to start a business, and when they are not afraid of business failure.



Entrepreneurial perceptions in 2018

The values in table 2 show the three dimensions of potential entrepreneurship and their developments over time from 2009 onwards. Throughout the years we observe a variation in the level of perceived opportunities that clearly correlates with macro-economic developments⁵. Levels first dropped in 2009, during the years of the first recession that initiated the recent economic and financial crises. Two years of slight economic recovery followed with modest growth levels in GDP and perceived opportunities improving. GDP growth again was negative during the second recession that followed in 2012 and 2013 and the level of perceived opportunities followed suit. Since then, the level of perceived opportunities increased each year. In 2018 it reached the highest level in the last 10 years. The correlation between GDP and perceived opportunities is plotted in figure 2.

table 2 Entrepreneurial perceptions in the Netherlands, 2009-2018, percentage of adult population (18-64 years of age) that agrees with the statement

<i>item</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
<u>perceived opportunities:</u>										
"In the next six months, will there be good opportunities for starting a business in the area where you live?"	36	45	48	34	33	46	48	54	64	67
<u>perceived capabilities:</u>										
"Do you have the knowledge, skill and experience required to start a new business?"	47	46	42	42	42	44	41	41	45	46
<u>fear of failure:</u>										
"Would fear of failure prevent you from starting a business?"	27	26	37	39	43	39	38	35	33	35

Source: GEM APS 2018.

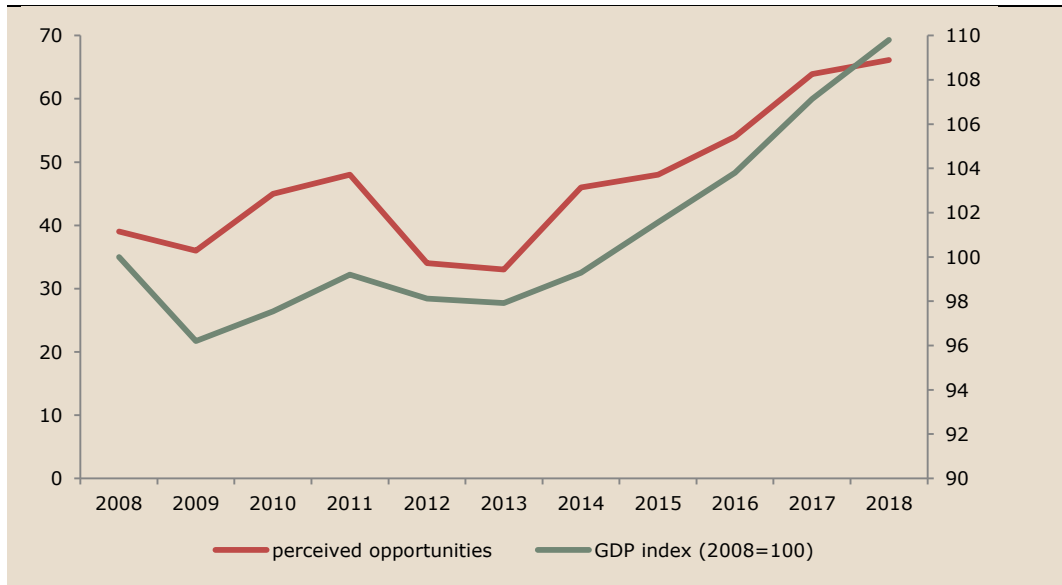
In a somewhat similar vein, the fear of failure indicator increased dramatically in 2011, and increased further until 2013 when it reached its highest point since the Netherlands' participation in the GEM in 2001. Also, in 2013 the level of perceived opportunities reached its lowest point since 2003. These numbers provide an indication of the fact that in 2013 the economic crisis was far from over in the Netherlands, and that the economic environment for starting a business was relatively poor. The increase in perceived opportunities and decrease of the fear of failure index suggest that the perception of economic circumstances improved in 2014. This increase in perceived opportunities and decrease of the fear of failure index continued in 2015 to 2018.

The level of self-perceived capabilities in 2018 was 46%, which is slightly higher than in 2017. As entrepreneurial capabilities are largely independent of the business cycle (unlike the other two indicators described above), the stable trend is not surprising.

⁵ See recent *Macro Economische Verkenning* and *Centraal Economisch Plan* publications (Netherlands Bureau for Economic Policy Analysis) for numbers on GDP developments.



figure 2 Plotted relationship between changes in GDP (indexed at 2008=100) and perceived opportunities in the Netherlands, 2008-2018



Source: GEM APS 2018, Central Statistics Bureau and Netherlands Bureau for Economic Policy Analysis.

From an international perspective, the Dutch population scores better on perceived opportunities and fear of failure when compared to the average scores for the OECD and the average high-income countries (see table 3). On perceived capabilities the Dutch population scores similar to the OECD and high-income countries.

table 3 Entrepreneurial perceptions internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
perceived opportunities	50	40	47	48	44	67
perceived capabilities	56	52	47	45	44	46
fear of failure	36	41	40	42	44	35

Source: Panteia/GEM APS 2018.

Table 4 makes a distinction between non-entrepreneurs and entrepreneurs, where the latter group of individuals consists of individuals with intentions to start a business, nascent entrepreneurs, and new and established entrepreneurs. For predicting future developments in entrepreneurship, particularly the entrepreneurial perceptions of the non-entrepreneurs may be of interest. Not surprisingly, entrepreneurial perception indicators are higher for entrepreneurs compared to non-entrepreneurs. The data shows that the gap between non-entrepreneurs and entrepreneurs appears particularly pronounced for perceived capabilities. Of the non-entrepreneurs, only 33% think they have the capabilities to start a new business, whereas 84% of the entrepreneurs think they have the capabilities to start a new business⁶.

⁶ In 2016 this gap was even more pronounced: in 2016, the percentages were 28% for non-entrepreneurs versus 86% for entrepreneurs.



table 4 Entrepreneurial perceptions of (non-)entrepreneurs in the Netherlands, 2018, percentage of adult population (18-64 years of age)

	<i>adult population</i>	<i>non-entrepreneurs</i>	<i>entrepreneurs</i>
perceived opportunities	67	62	77
perceived capabilities	46	33	84
fear of failure	35	39	27

Source: Panteia/GEM APS 2018.

2.2 Entrepreneurial attitudes

Measuring attitudes towards entrepreneurship is important, because entrepreneurial attitudes contain information about the image of entrepreneurs (hip) in a country. A more favourable image of entrepreneurs and entrepreneurship may indicate a higher acceptance of entrepreneurship within a culture which may influence the decision to engage in entrepreneurship (Thornton, Ribeiro-Soriano & Urbano, 2011). GEM distinguishes between three entrepreneurial attitudes in a society: individuals' opinions about entrepreneurship being a desirable career option, individuals' opinions about the level of respect and status that entrepreneurs have, and respondents' assessments of the media attention of successful entrepreneurs.

Table 5 shows that 82% of the Dutch adult population think that entrepreneurship is considered a desirable career choice in the Netherlands. This percentage is rather stable over time but much higher than in comparable countries in the EU, OECD, and high-income countries (see table 6). Hence, even though most labour force participants are occupied in a wage job, there seems to be a consistently more positive attitude towards entrepreneurship in the Netherlands compared to countries with similar levels of development. This may point to a cultural characteristic in the Netherlands finding its roots in the "Golden Age" (17th Century), in which Dutch entrepreneurs were very successful around the globe (cf. the Verenigde Oost-Indische Compagnie (VOC), the first multinational of the world). Hence, it may be in the "genes" of the Dutch to consider entrepreneurship a natural career option (Van Stel, Span and Hessels, 2014).

The level of respect or high status, accorded to successful entrepreneurs is rather stable over time with a small dip in 2016, at around two third of the adult population, only slightly below peer economies. Media attention for entrepreneurship is slowly increasing over the last couple of years, and in 2018 it is higher than in EU and OECD peer economies.



table 5 Entrepreneurial attitudes in the Netherlands, 2009-2018, percentage of adult population (18-64 years of age) that agrees with the statement

<i>item</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>entrepreneurship as desirable career choice:</u> "In the Netherlands, most people consider starting a new business a desirable career choice"	84	85	83	79	80	79	79	78	81	82
<u>entrepreneurship is given high status:</u> "In the Netherlands, those successful at starting a new business have a high level of status and respect"	67	69	67	65	66	68	65	60	67	63
<u>media attention for entrepreneurship:</u> "In the Netherlands, you will often see stories in the public media about successful businesses"	64	61	62	58	55	56	58	57	63	65

Source: GEM APS 2018.

table 6 Entrepreneurial attitudes internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age) that agrees with the statement

<i>item</i>	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
<u>entrepreneurship as desirable career choice:</u> "In the Netherlands, most people consider starting a new business a desirable career choice"	73	69	58	59	60	82
<u>entrepreneurship is given high status:</u> "In the Netherlands, those successful at starting a new business have a high level of status and respect"	76	72	68	71	69	63
<u>media attention for entrepreneurship:</u> "In the Netherlands, you will often see stories in the public media about successful businesses"	64	60	61	59	57	65

Source: GEM APS 2018.



2.3 Entrepreneurial intentions

This section reports on the entrepreneurial intentions of the Dutch adult population. This is an important indicator of entrepreneurship dynamics which may predict the future level of actual entrepreneurial activity in a country (Davidsson, 2006). Between 2009 and 2015, the level of entrepreneurial intentions has almost doubled (from 7.4% to 11.1%). Possibly, the increased attention in education curricula given to entrepreneurship in the Netherlands over these years (European Commission, 2012) has contributed to positive intentions towards entrepreneurship. In 2015 this increase has come to an end, with 2016 and 2017 showing slight decreases in the level of entrepreneurial intentions. In 2018, however, the entrepreneurial intent increased again bringing it close to the level of 2015.

From an international perspective the Dutch entrepreneurial intentions are still relatively low (see table 8). Part of the explanation may be that in the Netherlands, compared to other countries, relatively many individuals are already actively involved in entrepreneurship (see chapter 3). Hence, for them there may be no need to start another business.

table 7 Entrepreneurial intentions in the Netherlands, 2009-2018, percentage of adult population (18-64 years of age) that agrees with the statement

Item	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>entrepreneurial intent:</u>										
"Are you, alone or with others, expecting to start a new business, including any type of self-employment, within the next three years?"	7.4	7.1	9.8	10.1	10.3	10.8	11.1	10.9	10.4	10.9

Source: GEM APS 2018.

table 8 Entrepreneurial intentions internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
entrepreneurial intent	48.7	31.7	20.4	18.1	13.6	10.9

Source: Panteia/GEM APS 2018.

Perceptions of different subgroups

Of special interest is how the prevalence rate of intentional entrepreneurship differs across various subgroups. For the present purpose the "non-entrepreneurs" are divided into two groups based on their entrepreneurial perceptions. That is, table 9 shows a decomposition of entrepreneurial intent among the entire adult population, among the non-entrepreneurs who are *not* considered potential entrepreneurs (true non-entrepreneurs⁷), and among the non-entrepreneurs who are considered potential entrepreneurs (potential entrepreneur). A non-entrepreneur is considered a potential entrepreneur if this individual is not involved in any entrepreneurial activity yet, but

⁷ In previous national reports for The Netherlands, this group was labelled "non-potential entrepreneurs".



responds with “yes” to the question “In the next six months, will there be good opportunities for starting a business in the area where you live?”, with “yes” to the question “Do you have the knowledge, skill and experience required to start a new business?”, and responds with “no” to the question “Would fear of failure prevent you from starting a business?”. The “true non-entrepreneurs” are not involved in any entrepreneurial activity, and at the same time answer “no” to the first question, or “no” to the second question, or “yes” to the third question (or a combination of these answers). For completeness, table 9 also reports on entrepreneurial intent among the nascent, new, and established entrepreneurs (i.e., actual entrepreneurs).

table 9 Entrepreneurial intentions of true non-entrepreneurs, potential entrepreneurs and actual entrepreneurs in the Netherlands, 2018, percentage of adult population (18-64 years of age)

	<i>adult population</i>	<i>true non-entrepreneurs</i>	<i>potential entrepreneurs</i>	<i>actual entrepreneurs</i>
entrepreneurial intent	10.9	6.6	17.0	21.1

Source: Panteia/GEM APS 2018. The group of potential entrepreneurs excludes individuals who are also involved in TEA or established entrepreneurship.

Not surprisingly, the potential entrepreneurs have entrepreneurial intentions considerably more often than the true non-entrepreneurs. The levels of entrepreneurial intent for the true non-entrepreneurs and actual entrepreneurs are very similar to the levels observed in 2017. The level of entrepreneurial intent for the potential entrepreneurs have decreased compared to 2017. A further observation is that about one in five active entrepreneurs intends to start a business within the next three years. This may hint at so-called portfolio entrepreneurs, who run several businesses simultaneously, or serial entrepreneurs, who have a clear exit strategy in mind for their current business and intend to set up a subsequent business.

2.4 Comparing potential and intentional entrepreneurs

In this section we take a further look at individuals with entrepreneurial potential and entrepreneurial intentions. For example, how do the gender, age and education distributions differ between these two groups of individuals? Such analyses provide information as to which individuals are more likely to have entrepreneurial potential or intentions.

Table 10 presents a gender, age and education decomposition for the true non-entrepreneurs, the potential entrepreneurs, and individuals with entrepreneurial intentions. To enable a proper comparison across the three categories, individuals are taken into account who have “pure” entrepreneurial intentions only. That is, nascent, new, and established entrepreneurs (“actual entrepreneurs” in table 9) with entrepreneurial intentions are excluded from the calculations.

A different approach to investigating the prevalence of entrepreneurial intentions across the demographic subgroups is illustrated in figure 3. The figure shows the percentage of individuals intending to start a business within the next three years for each subgroup. Specific attention is devoted to “pure intentions”.

Compared to last year, the share of female potential entrepreneurs and female true non-entrepreneurs has increased (for potential entrepreneurs from 34% in 2017 to 39% in 2018; for true non-entrepreneurs from 55% in 2017 to 57% in 2018). As can



be seen in table 10, the potential entrepreneurship indicator still indicates that males are more likely to consider themselves as potential entrepreneurs (61% versus 39%). However, this difference is smaller than in 2017 and the “pure” intentional entrepreneurs indicator suggests that this gender difference disappears when actual intentions to start a business are considered.

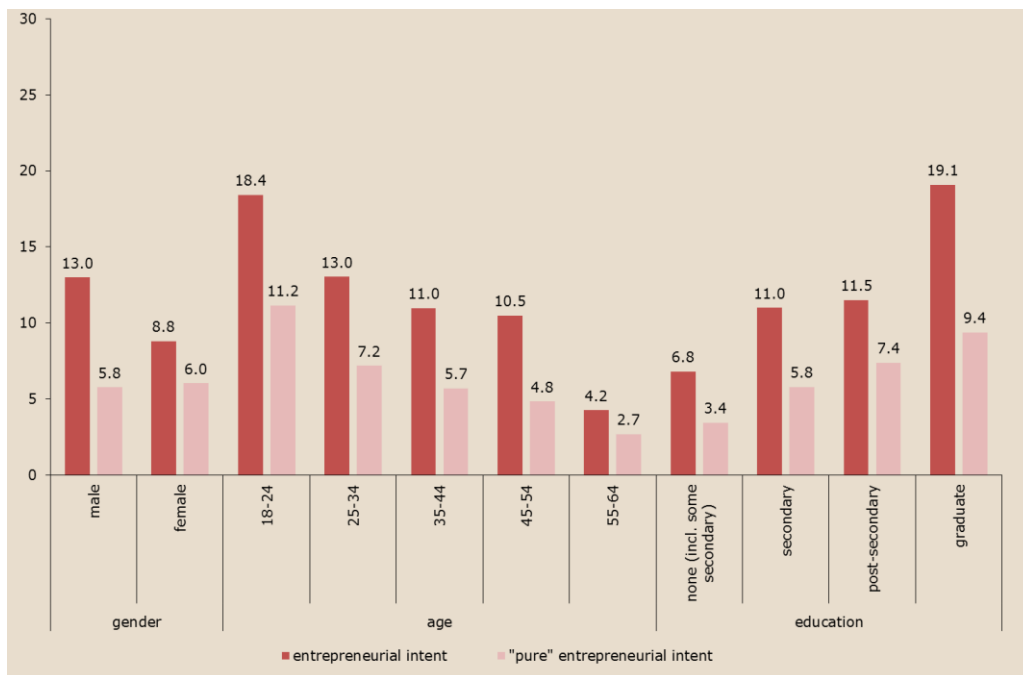
table 10 Demographic structure of true non-entrepreneurs, potential entrepreneurs and “pure” intentional entrepreneurs in the Netherlands, 2018

		<i>true non- entrepreneurs</i>	<i>potential entrepreneurs</i>	<i>“pure” intentional entrepreneurs</i>
<i>gender</i>	male	43%	61%	48%
	female	57%	39%	52%
<i>age</i>	18-24 years	15%	14%	26%
	25-34 years	18%	20%	24%
	35-44 years	20%	18%	20%
	45-54 years	24%	28%	20%
	55-64 years	23%	20%	10%
<i>education</i>	no degree (incl. some secondary)	26%	20%	14%
	secondary degree (<i>middelbare school</i>)	45%	44%	45%
	post-secondary degree (<i>HBO</i>)	20%	24%	26%
	graduate degree (<i>universiteit</i>)	9%	12%	15%

Source: Panteia/GEM APS 2018. Potential entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to observe business opportunities, to possess entrepreneurial skills and not to be afraid of business failure. The group of “pure” intentional entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to expect to start a business in the next three years.



figure 3 Entrepreneurial intentions in the Netherlands, 2018, percentage of a given subgroup



Source: Panteia/GEM APS 2018. The group of individuals with "pure" entrepreneurial intentions excludes individuals who are also involved in TEA or established entrepreneurship.

In 2017 the age composition of the potential entrepreneurs and "pure" intentional entrepreneurs showed a rejuvenation. In 2018 the development was the other way around. For potential entrepreneurs, the share of 18 – 24 years has decreased with 7 percentage points; for "pure" intentional entrepreneurs, the share of 25 – 34 years has decreased with 11 percentage points.

The prevalence of entrepreneurial intentions tends to decrease with age group, as can be seen in figure 3. This decline with age group is consistent over the years. Considering the level of "pure" entrepreneurial intentions within age groups, the data show an increase in the level of "pure" entrepreneurial intentions among the 25-34 years old from 7.4% in 2016 to 11.7% in 2017 and back to 7.2% in 2018. For all other age groups, the differences between 2017 and 2018 are less than 1 percentage point.

Furthermore, when comparing the "potential entrepreneurs" with the "pure intentional entrepreneurs", table 10 demonstrates that the two youngest age groups make up a larger proportion of the "pure" intentional entrepreneurs compared to the potential entrepreneurs (26% versus 14% and 24% versus 20%, respectively). This may point to some degree of overconfidence among young individuals as a part of them indicates to expect to start a business within three years whereas they do not have the characteristics that would qualify them as a potential entrepreneur. For the two oldest age groups, the data shows a reversed pattern, suggesting that entrepreneurial potential in these age groups might remain unexploited.

Regarding educational levels, figure 3 demonstrates that entrepreneurial intentions are highest for the graduate level, showing a high increase from 13.5% in 2017 to 19.1% in 2018. This is also true for the "pure" entrepreneurial intent for the graduate level, increasing from 6.6% in 2017 to 9.4% in 2018.



3 Entrepreneurial activity

The present chapter focuses mainly on total early-stage entrepreneurial activity (TEA). TEA consists of individuals who are taking steps to start a business (nascent entrepreneurs) and owner-managers of businesses less than 3.5 years in existence (new entrepreneurs). This chapter hones in on the prevalence rate of TEA, and on the demographic composition of these early-stage entrepreneurs. In addition, the characteristics of early-stage entrepreneurs are further unravelled by focusing on their aspirations along a number of dimensions.

Beyond the discussion of this measure of entrepreneurial activity, this chapter devotes some attention to established entrepreneurs, *i.e.* individuals who have been owner-managers of a business for more than 3.5 years. Again, the demographic composition of this group of entrepreneurs is examined. The present chapter also deals with entrepreneurial employee activity (EEA) and entrepreneurial exit.

Finally, this chapter discusses the results of the Dutch National Expert Survey that contains experts' assessments regarding the conditions that support or hamper entrepreneurial activity in the Netherlands.

3.1 Total early-stage entrepreneurial activity (TEA)

Total early-stage entrepreneurial activity captures nascent entrepreneurs and new entrepreneurs. Nascent entrepreneurs are those adults between 18 and 64 years of age who are trying to start a new business which they will partially or fully own. The individuals should be actively involved in this start-up activity. For example, they could have developed a specific business plan, they could be searching for a location from where the future business will be active, and/or they could be involved in the organisation of a start-up team.

New entrepreneurs are individuals between 18 and 64 years of age who currently own and manage a business and have been doing so for less than 3.5 years. It is important to note here that an individual could be an owner-manager of a new business and simultaneously be involved in start-up activities for the launch of a new business. Such an individual will be counted as one active person in the calculation of the TEA rates.

Table 11 shows that, after a drop to 9.9% in 2017, the TEA rate has increased to the highest level since 2008 with 12.3%. Table 11 also shows that the increase in TEA is due to an increase in both the nascent entrepreneurship rate, which increased from 4.7% in 2017 to 6.0% in 2018, and the new entrepreneurship rate, which increased from 5.4% in 2017 to 6.5% in 2018.

For five of the last six years, the new entrepreneurship rate in the Netherlands has been above the average of similar countries (*i.e.*, high-income, OECD and EU countries). This was the case in 2013, 2014, 2016, 2017 and (as is shown in table 12) in 2018.



table 11 Total early-stage entrepreneurial activity (TEA) in the Netherlands, 2009-2018, percentage of adult population (18-64 years of age)

<i>item</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
TEA:										
aggregate of nascent and new entrepreneurship	7.2	7.2	8.2	10.3	9.3	9.5	7.2	11.0	9.9	12.3
nascent entrepreneurship:										
"Are you, alone or with others, currently trying to start a new business?"	3.1	4.0	4.3	4.1	4.7	5.2	4.3	5.7	4.7	6.0
new entrepreneurship:										
"Are you, alone or with others, currently the owner of a business you help manage?"*	4.1	3.4	4.1	6.3	4.8	4.5	3.0	5.4	5.4	6.5

* Note that wages, profits, or payments in kind from this business should have been received after January 1, 2018. Furthermore, respondents partially or fully own this new business. Source: GEM APS 2018.

table 12 TEA rates internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
TEA	18.0	16.2	10.1	10.2	7.6	12.3
nascent entrepreneurship	9.0	7.6	6.0	6.1	4.5	6.0
new entrepreneurship	9.4	9.0	4.3	4.3	3.2	6.5

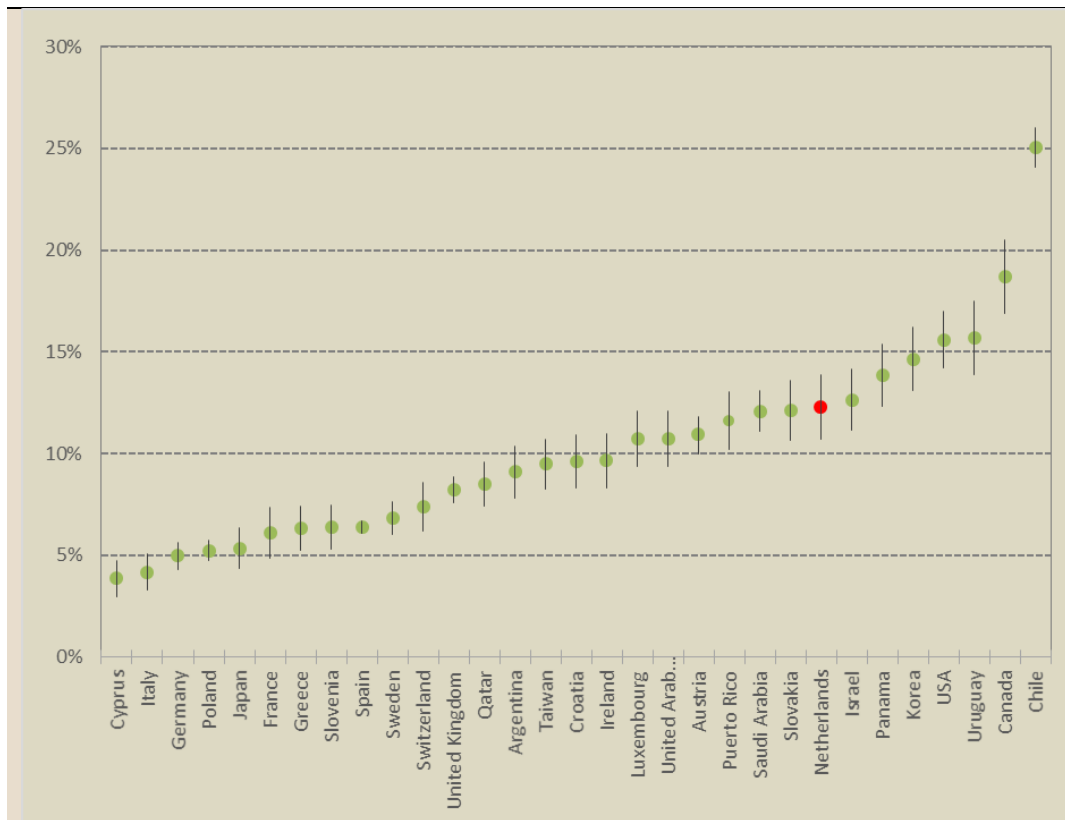
Source: Panteia/GEM APS 2018.

The Dutch TEA ranked eighth out of 31 high income countries in 2018 (see figure 4)⁸.

⁸ In previous years another kind of categorization of economies was used, based on the level of economic development. The Netherlands was categorized as innovation-driven economy. The Netherlands was ranked eighth out of 24 innovation-driven economies in 2017, ranked seventh out of 27 innovation-driven economies in 2016, ranked fifteenth out of 24 innovation-driven economies in 2015, ranked eleventh out of 30 innovation-driven economies in 2014, and in 2013 it was ranked sixth out of 26 innovation-driven economies.



figure 4 Total early-stage entrepreneurial activity (TEA) in high-income countries, 2018, percentage of adult population (18-64 years of age)



Source: GEM APS 2018.

Demographics

Table 13 shows a decomposition across gender, age and education for three subgroups of individuals (true non-entrepreneurs, potential entrepreneurs, and "pure" intentional entrepreneurs). The table replicates table 10, and adds the decomposition across gender, age and education for the early-stage entrepreneurs.



table 13 Demographic structure of true non-entrepreneurs, potential, "pure" intentional, and early-stage entrepreneurs in the Netherlands, 2018

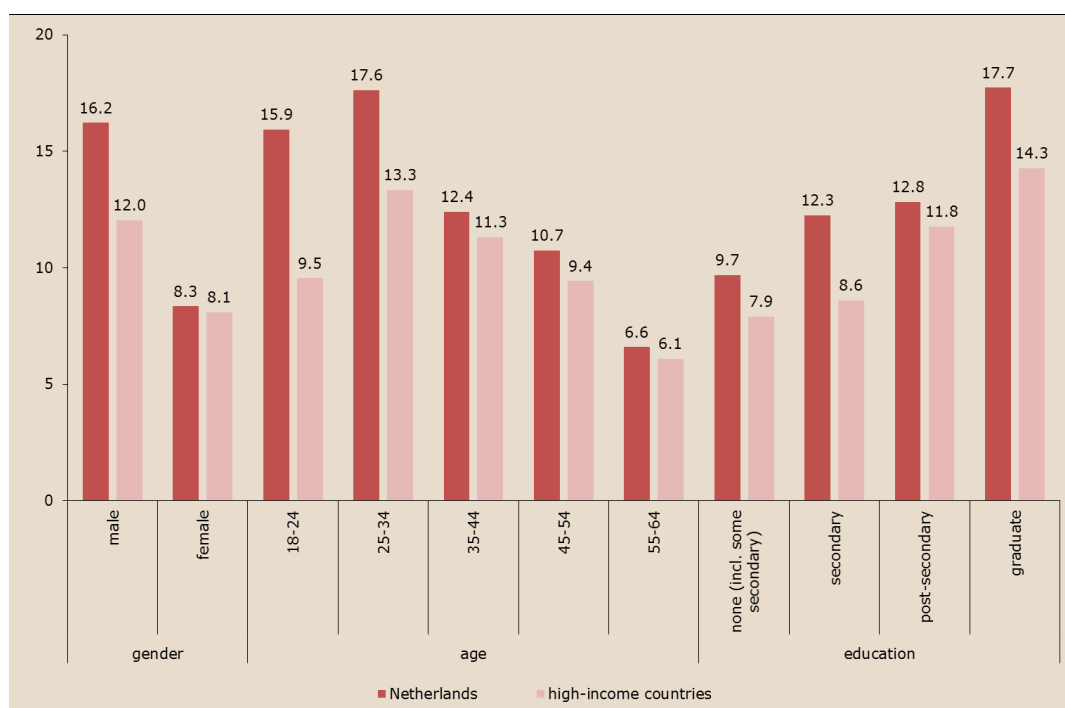
		<i>true non-entrepreneurs</i>	<i>potential entrepreneurs</i>	<i>"pure" intentional entrepreneurs</i>	<i>early-stage entrepreneurs</i>
<i>gender</i>	male	43%	61%	48%	66%
	female	57%	39%	52%	34%
<i>age</i>	18-24 years	15%	14%	26%	18%
	25-34 years	18%	20%	24%	29%
	35-44 years	20%	18%	20%	21%
	45-54 years	24%	28%	20%	21%
	55-64 years	23%	20%	10%	11%
	none (incl. some secondary)	26%	21%	14%	19%
<i>education</i>	secondary degree (<i>middelbare school</i>)	45%	44%	45%	46%
	post-secondary (<i>HBO</i>)	20%	24%	26%	21%
	graduate degree (<i>universiteit</i>)	9%	12%	15%	14%

Source: Panteia/GEM APS 2018. Potential entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to observe business opportunities, to possess entrepreneurial skills and not to be afraid of business failure. The group of "pure" intentional entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to expect to start a business in the next three years.

Another way to investigate the prevalence rates of early-stage entrepreneurship across the demographic subgroups is presented in figure 5. Overall TEA rates differ slightly between the Netherlands and the high-income countries as displayed in table 12, i.e. 12.3% versus 10.1%. For each demographic subgroup figure 5 shows the TEA rate, both for the Netherlands and for the high-income countries (unweighted averages of country scores are used). While in 2017 the male TEA rate was still higher than the female TEA rate for the Netherlands, the difference was much smaller than in 2016. In 2016 the male TEA rate was 4.7 percentage points higher than the female TEA rate. In 2017, the male TEA rate reduced to 10.5% while the female TEA rate increased to 9.4%, resulting in a difference between the male and female TEA rate of only 1.1 percentage point. In 2018, however, the male TEA increased to 16.2% while the female TEA decreased to 8.3%, meaning that the difference between the male TEA and female TEA in 2018 is even bigger than it was in 2016.



figure 5 Total early-stage entrepreneurial activity (TEA) in the Netherlands and high-income countries, 2018, percentage of a given subgroup



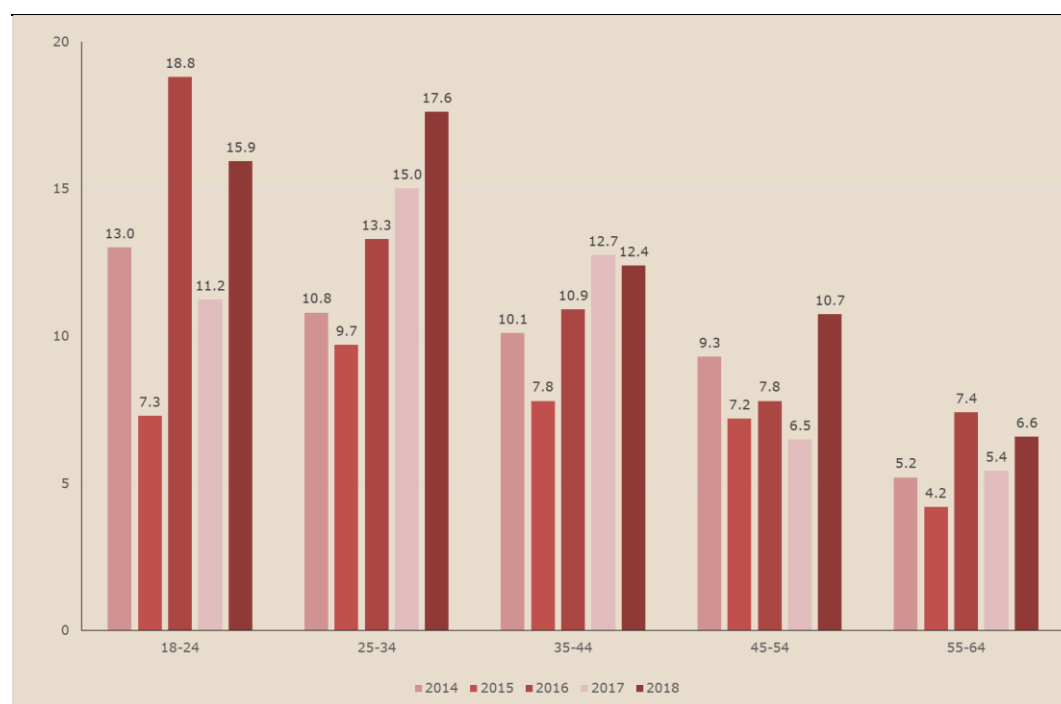
Source: Panteia/GEM APS 2018.

Figure 5 also shows that regarding TEA rates by age group, the general pattern for high-income countries is that the TEA rate is highest among individuals aged 25-34 years, followed by individuals aged 35-44 years and 18-24 years. The TEA rates are lowest for the oldest age groups. For the Netherlands, the pattern in 2018 is quite similar as can be seen in figure 6. During the past five years, the TEA rate in the Netherlands was the highest for either individuals aged 18-24 years or 25-34 years. The lowest TEA rates tend to occur among individuals aged 45-54 years and 55-64 years.

Furthermore, figure 5 shows that TEA rates increase with educational level. This relationship between educational level and TEA rate is stronger for the Netherlands than for high-income countries in 2018. The TEA rate for people with graduate level in high-income countries is 6.4 percentage points higher than for people with less than secondary level; for the Netherlands, this difference is 8 percentage points.



figure 6 Total early-stage entrepreneurial activity (TEA) in the Netherlands, 2014-2018, percentage of a given age category



Source: Panteia/GEM APS 2018.

Opportunity and necessity TEA

Individuals who are involved in early-stage entrepreneurial activity were asked about their underlying motives of starting a business. Within the context of the Global Entrepreneurship Monitor, a distinction is traditionally made between opportunity motives and necessity motives. Opportunity entrepreneurship reflects start-up efforts "to take advantage of a business opportunity", whereas necessity entrepreneurship exists when there are "no better choices for work" (Reynolds et al., 2002). A respondent may also indicate that (s)he is driven by a combination of opportunity and necessity reasons. Respondents with these "mixed motives" are included in the category of opportunity entrepreneurs in the tables that follow. A separate category consists of respondents who are driven by "other motives" than opportunity-based or necessity-based motives only.

For the Netherlands, the largest group of people involved in total entrepreneurial activities (TEA) are motivated by opportunities, as can be seen in table 14. Since 2008 this has been the case. Annual variations in the share of people with opportunity-driven motivations (the opportunity rate) therefore have a strong impact on the TEA rate. From 2008 to 2012 the opportunity rate increased annually to 8.6% in 2012. After 2012 the rate started to decrease, but in 2016 it returned to a relatively high level of 8.5%. This has hardly changed in 2017 (8.3%), while in 2018 it increased to its highest level since 2008 with 9.9%.

As shown in table 14, the necessity rate of entrepreneurship in the Netherlands had been relatively stable between 0.7 and 1% in the period of 2009-2013. In the period of 2014-2016 the necessity rate was substantially higher with a spike of 2.3% in 2016. In 2017 the necessity rate of entrepreneurship in the Netherlands decreased to 0.7%, returning to the range common for the years 2009-2013. In 2018, it increased again to 1.1%.



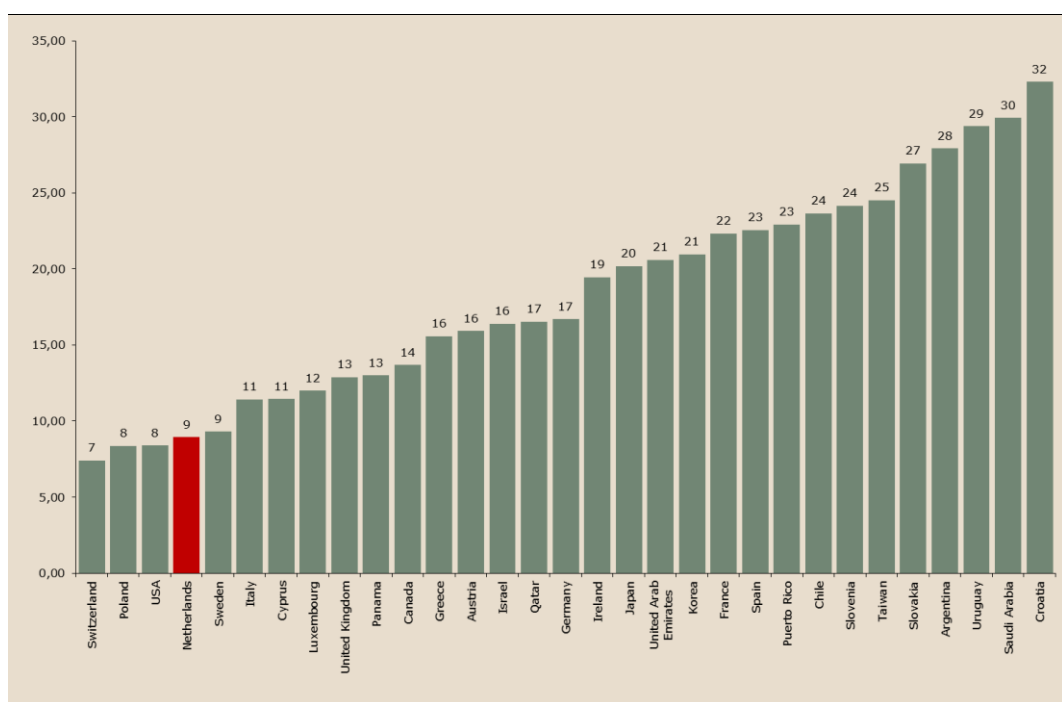
table 14 Motivation for the decision to be entrepreneurially active (TEA), the Netherlands, 2009-2018, percentage of adult population (18-64 years of age)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
opportunity-driven motivation	5.0	6.1	7.0	8.6	8.1	7.6	5.9	8.5	8.3	9.9
necessity-driven motivation	0.7	0.6	0.7	0.9	0.7	1.5	1.1	2.3	0.7	1.1
other motivation	1.4	0.5	0.5	0.8	0.5	0.4	0.2	0.2	0.9	1.3
total (TEA)	7.2	7.2	8.2	10.3	9.3	9.5	7.2	11.0	9.9	12.3

Source: GEM APS 2018.

In 2018, the relative share of necessity-driven entrepreneurship in total TEA in the Netherlands is one of the lowest of all the high-income countries (see figure 7). The relative share of necessity-driven entrepreneurship in total TEA has increased slightly for the Netherlands compared to 2017 (from 7% in 2017 to 9% in 2018).

figure 7 Necessity-driven TEA divided by total TEA for the high-income countries, 2018 (%)



Source: Panteia/GEM APS 2018.

Table 15 compares the Netherlands with other economies regarding the sector distribution of early-stage entrepreneurship. A distinction is made between four sectors: extractive sectors (e.g., agriculture, forestry, fishing, mining); transformative sectors (e.g., construction, manufacturing, transportation); business services (e.g., finance, insurance, real estate); and consumer services (e.g., health, retail, restaurants). We find that the share of extractive and consumer sector in early-stage entrepreneurship is lower than the shares found in other countries with similar levels



of economic development. The share of early-stage entrepreneurs in the transformative sector is comparable with the shares found in peer economies, while the share of early-stage entrepreneurs in the business services sector is higher than that of peer economies.

When we compare the sector distribution for 2018 for the Netherlands with the sector distribution for 2017, there seems to be a shift from business services (from 36% to 30%) to transformative services (from 17% to 22%).

table 15 Sector distribution of early-stage entrepreneurs, internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age) involved in TEA

	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
extractive sectors	8%	6%	4%	4%	5%	3%
transformative sectors	27%	24%	21%	22%	21%	22%
business services	4%	12%	24%	26%	26%	30%
consumer services	61%	59%	51%	48%	48%	45%

Source: Panteia/GEM APS 2018.

3.2 Aspirations of early-stage entrepreneurs

The previous sections focused on the rate of early-stage entrepreneurship without taking into account the entrepreneur's aspirations. These aspirations are, however, important because they contain information about the quality of a business (Hermans et al., 2015). We focus on three dimensions of aspirations: the level of innovativeness of the product or service that the entrepreneur introduces, the expected growth of the business in the next five years, and the perceived level of competitiveness in the market.

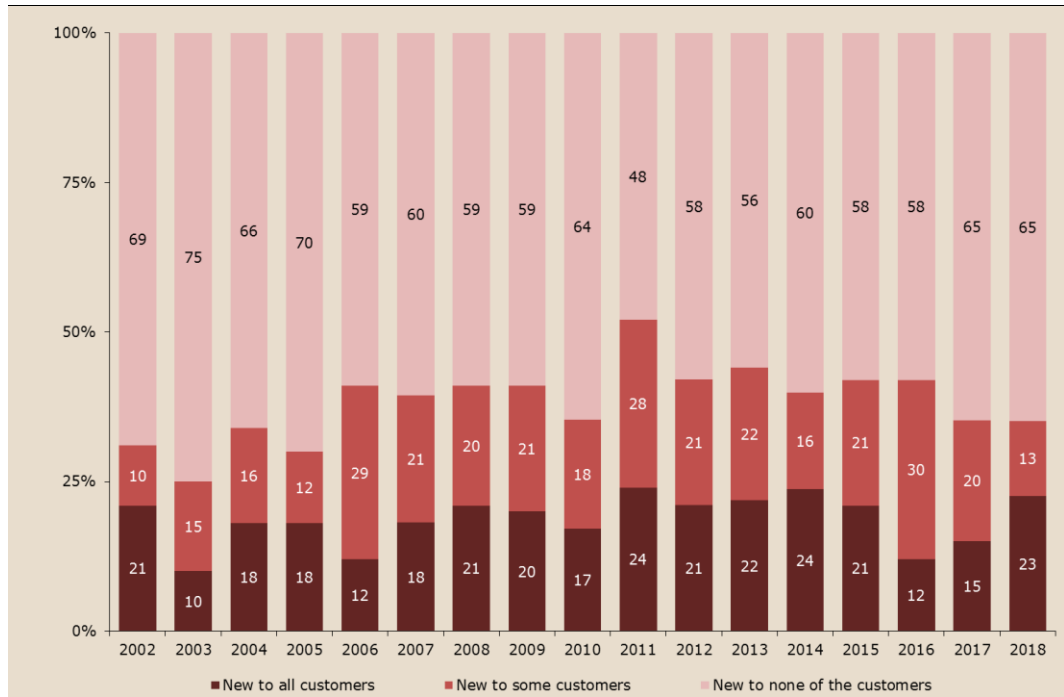
Product innovation

Regarding the level of innovativeness of the product or service, the early-stage entrepreneurs indicate how many customers consider the product or service new or unfamiliar. Three levels of product innovation are distinguished: products/services that are unfamiliar to all (potential) customers, products/services that are unfamiliar to some (potential) customers and products/services that are unfamiliar to no (potential) customers at all.

The results presented in figure 8 show that product innovativeness stayed equal at 35% of early-stage entrepreneurs that indicate that their product is new to some or all customers. The percentage of early-stage entrepreneurs that indicate that their product is new to all customers has increased from 15% in 2017 to 23% in 2018, while the percentage of early-stage entrepreneurs that indicate that their product is new to some customers has decreased from 20% in 2017 to 13% in 2018.



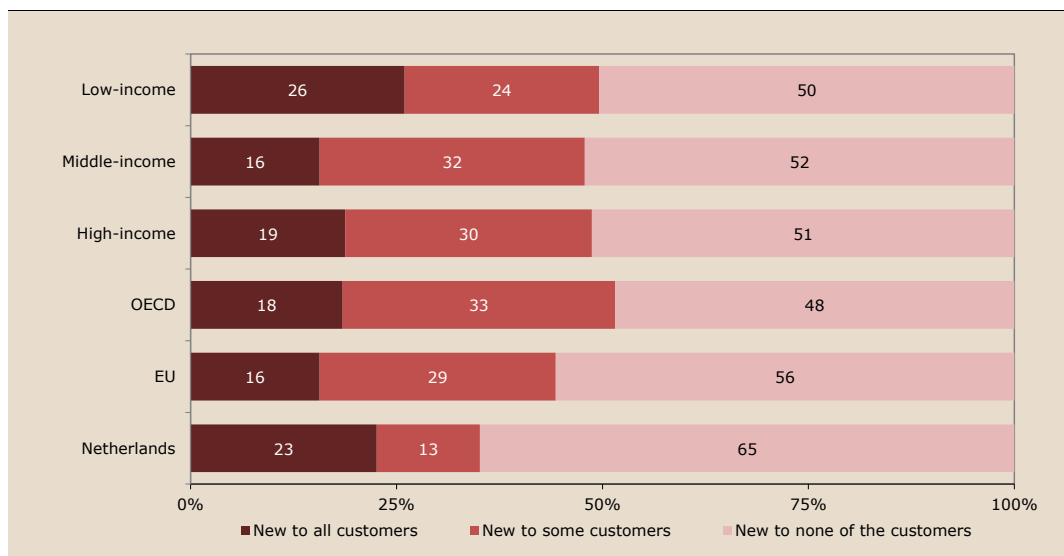
figure 8 Product innovativeness of early-stage entrepreneurs in the Netherlands, 2002-2018, percentage of adult population (18-64 years of age) involved in TEA



Source: Panteia/GEM APS 2018.

In 2018 the percentage of enterprises with products or services which are “new to all customers” increased to 23% which is higher than the level of the EU, OECD and high-income countries. The percentage of enterprises with products or services which are “new to some customers” decreased to 13% in 2018 and is now at lower levels than peer economies. This suggests that the Netherlands might not be as good at imitating innovative ideas as comparable countries (Van Stel, Span and Hessels, 2014).

figure 9 Product innovativeness of early-stage entrepreneurs internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age) involved in TEA



Source: Panteia/GEM APS 2018.



Job growth expectations

GEM asks early-stage entrepreneurs about the expected growth in the number of employees in the next five years. As shown in table 16, in the Netherlands 5.3% of the adult population, or 43% of early-stage entrepreneurs⁹, expects to create at least one job in the next five years. This is below the average of high-income countries.

The rate of ambitious entrepreneurs in terms of job growth expectations is slightly higher than the average EU-level (5.3% versus 5.1%). However, because the TEA rate of the Netherlands is far higher than that of the EU (12.3% versus 7.6%), the percentage of early-stage entrepreneurs that expect to create at least one job in the next five years, is below the average of EU-countries (43% versus 67%).

After the decrease in the percentage of the adult population expecting to create more than 19 jobs, from 0.9% in 2015 to 0.4% in 2016, it increased to 0.7% in 2017 and to 0.8% in 2018. This is encouraging as high-growth-expectation entrepreneurs are considered important for realising high rates of economic growth (Hermans et al., 2015).

table 16 Job growth expectations of early-stage entrepreneurs for the next five years, internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
any jobs	13.1	11.9	7.4	7.3	5.1	5.3
more than 19 jobs	1.1	1.6	1.1	1.2	0.8	0.8

Source: Panteia/GEM APS 2018.

Perceived competition level

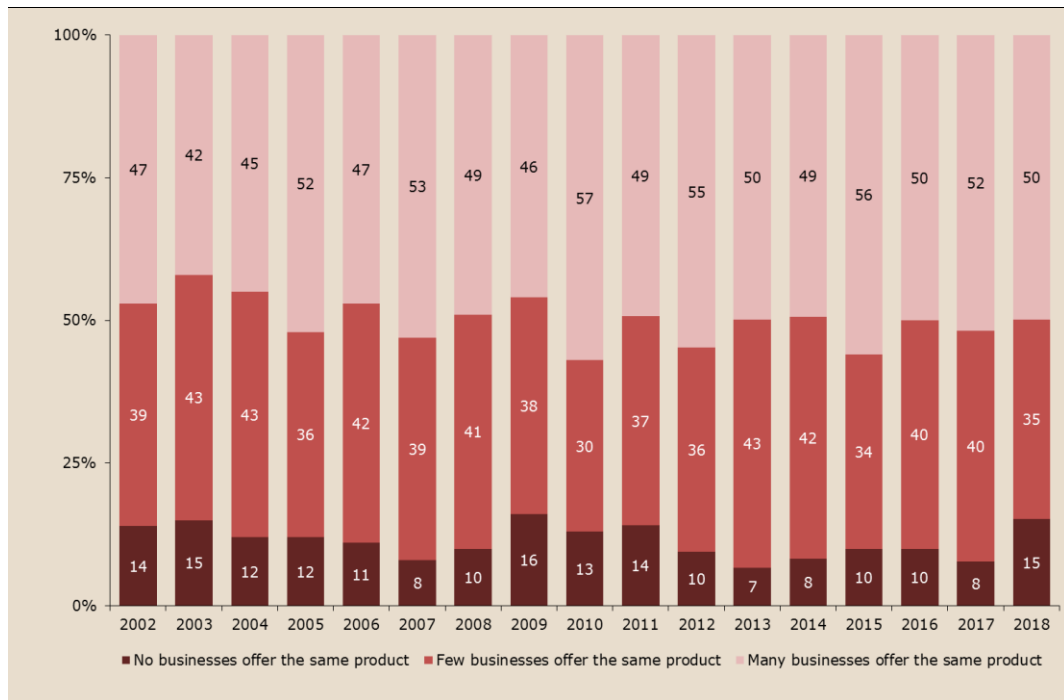
The third dimension of growth aspirations refers to the perceived competition level in the market. The GEM data helps to provide a picture of the extent of competition that entrepreneurs face when they enter the market. In the APS entrepreneurs were asked whether the market in which they (will) operate is characterized by many competitors or whether there are only few or even no competitors. Note that the answers to this question give indications of how entrepreneurs perceive competition in the market and that the answers do not necessarily correspond to the level of market competition. An overview of perceived competition among Dutch early-stage entrepreneurs is provided in figure 10. The fewer other businesses offer the same product, the weaker competition is perceived (Širec and Močnik, 2016).

Since the economic crisis the percentage of early-stage entrepreneurs perceiving no or little competition seems to go up and down a little every year, varying between 44% (in 2015) and 50% (in 2013, 2014, 2016 and 2018). From an international perspective, the Netherlands has a lower percentage of entrepreneurs perceiving strong competition in their market compared to peer economies (see figure 11).

⁹ As the percentage of early-stage entrepreneurs is 12.3% (TEA rate), see table 12.

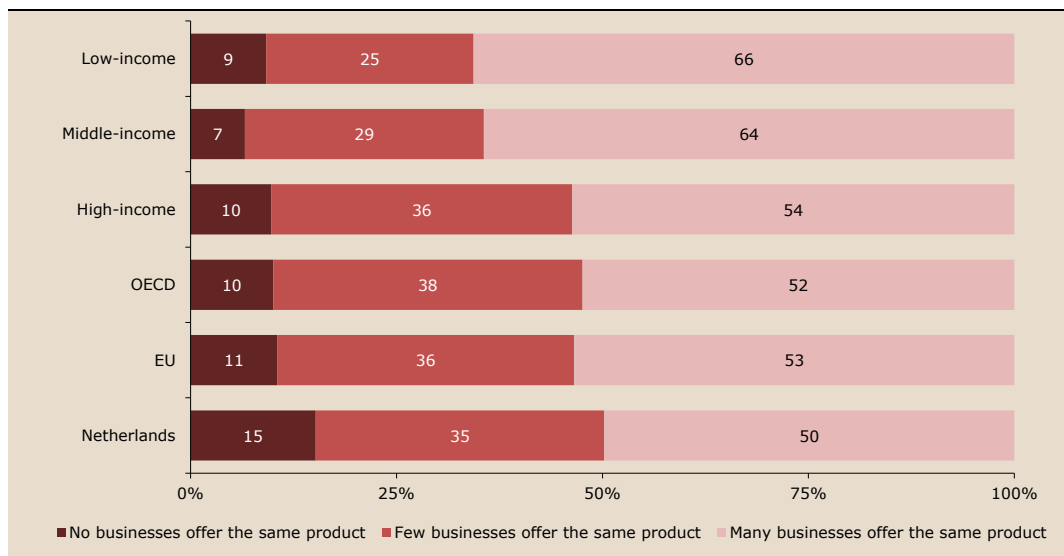


figure 10 Perceived competitiveness of early-stage entrepreneurs in the Netherlands, 2002-2018



Source: Panteia/GEM APS 2018.

figure 11 Perceived competitiveness of early-stage entrepreneurs internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age) involved in TEA.



Source: Panteia/GEM APS 2018.



3.3 Established entrepreneurship

This section reports on established entrepreneurship, namely: owner-managers of businesses that have been in existence for at least 3.5 years. It follows from table 17 that the rate of established entrepreneurship is fluctuating somewhat in the last few years. Since 2011 it has swung back and forth from 8.7% to 10.2% in 2016 and back to 8.6% in 2017. In 2018 established entrepreneurship increased to its highest level since 2008 with 12%.

table 17 Established entrepreneurship in the Netherlands, 2009-2018, percentage of adult population (18-64 years of age)

Item	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>established entrepreneurship:</u> "Are you, alone or with others, currently the owner of a business you help manage?"	8.1	9.0	8.7	9.5	8.7	9.6	9.9	10.2	8.6	12.0

Source: Panteia/GEM APS 2018.

The Netherlands score above average when compared to peer economies (table 18) in terms of established entrepreneurship.

table 18 Established entrepreneurship internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

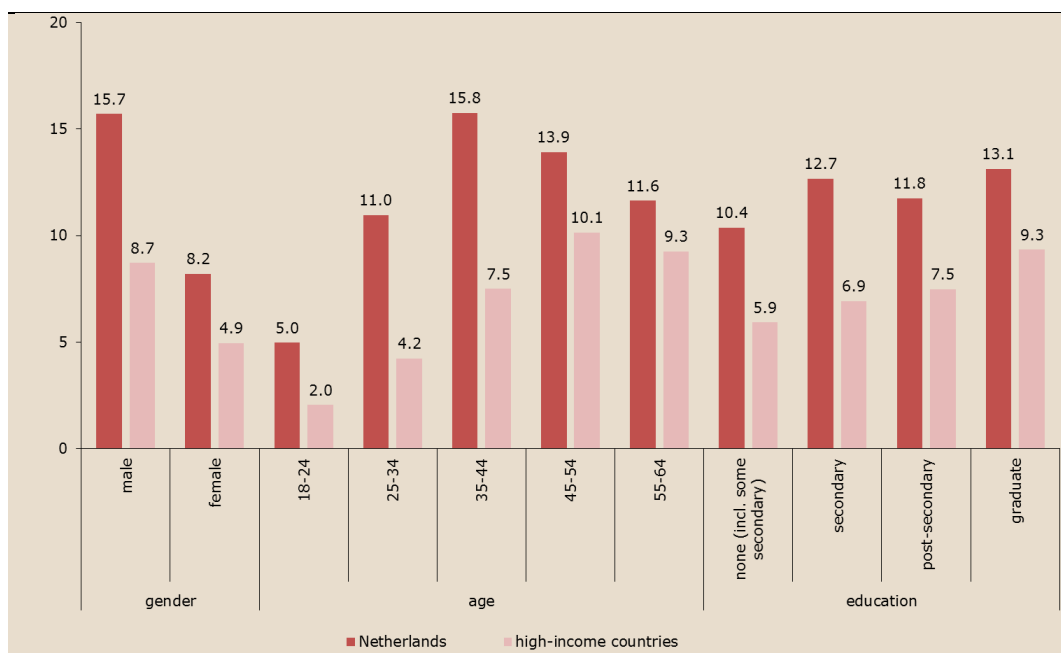
	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
established entrepreneurship	10.7	11.3	6.9	7.5	6.9	12.0

Source: Panteia/GEM APS 2018.

The results presented in figure 12 on the demographic distribution of established entrepreneurs show that, relative to high-income countries, the Netherlands has a particularly high rate of established entrepreneurs among the age groups 25-34 and 35-44, among the male adult population and among the secondary level population.



figure 12 Established entrepreneurship in the Netherlands and high-income countries, 2018, percentage of a given subgroup



Source: Panteia/GEM APS 2018.

3.4 Entrepreneurial Employee Activity (EEA)

Since 2011 the GEM captures entrepreneurial employee activity (EEA). This is a measure that accounts for the situation where an employee in the past three years was actively involved in, and had a leading role in, either the idea development for a new activity or the preparation and implementation of a new activity. In short, it refers to intrapreneurship. It is accepted as a relevant type of entrepreneurship in the sense that it aims at new venture creation and the introduction of new products and services. This type of activity also shares a lot of behavioural characteristics with the overall concept of entrepreneurship, such as taking initiative and being innovative (Liebregts, 2018).

Intrapreneurship is receiving more and more attention from policy makers. However, within an organisation, employees are often not considered as intrapreneurs. In fact, around 5% of employees in organisations are seen as intrapreneurs within high-income countries and much less in low- and middle-income countries. An interesting observation is that intrapreneurs have higher job growth expectations for their new business activity than independent entrepreneurs do for their own new business, which shows that intrapreneurship can be an important driver for firm growth (Bosma, Stam & Wennekers, 2011). The performances of firms are enhanced by the proactivity and innovation of the intrapreneurs. This not only applies to big firms, but also to medium-sized and smaller firms (Augusto Felício, Rodrigues & Caldeirinha, 2012).

Table 19 presents an international comparison of the EEA rate. It shows that the Netherlands have a relatively high EEA rate at 7.9% (slightly above the rate from 2016 and 2017). This value is substantially higher than the EEA rate averages in the EU and OECD countries and shows that there were relatively many employees involved in intrapreneurship.



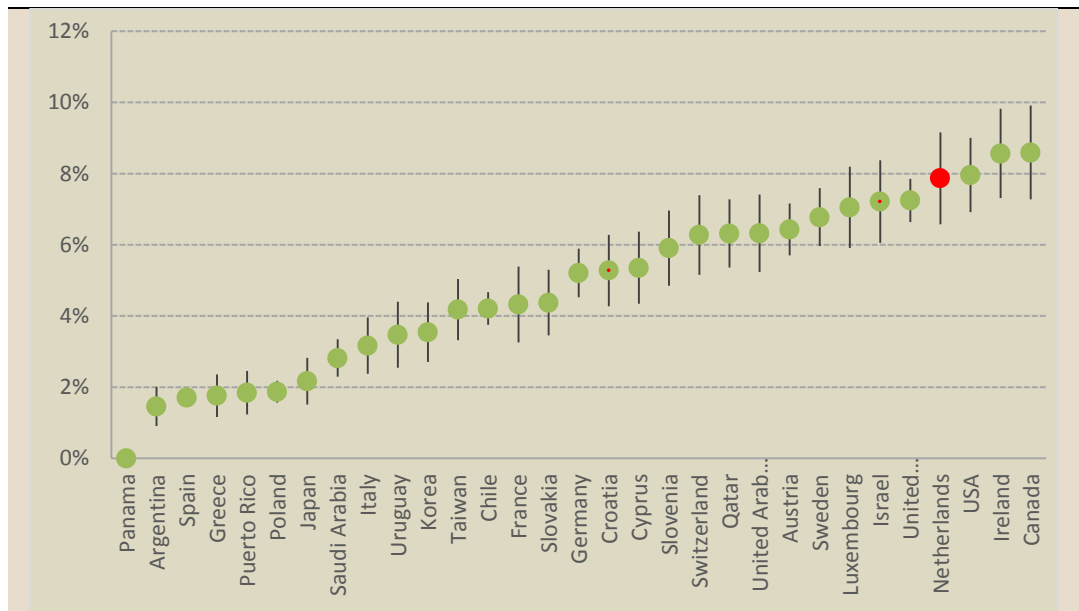
table 19 EEA rates internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
EEA	2.4	1.5	4.8	5.2	4.9	7.9

Source: Panteia/GEM APS 2018.

Figure 13 shows the EEA rate in the high-income countries in ascending order. The EEA rate varies between 0% for Panama and 8.6% for Canada. The average EEA rate for high-income countries is 4.8% in 2018. The Netherlands ranks fourth out of 31 high-income countries in 2018.

figure 13 Entrepreneurial employee activity (EEA) in the high-income countries, 2018, percentage of adult population (18-64 years of age)



Source: GEM APS 2018.

Table 20 presents the distribution of demographical characteristics *within the EEA population*. For example, 70% of all entrepreneurial employees within the Netherlands is male, 30% is female. The rates presented in this column add up to hundred percent within each of the presented categories.



table 20 Demographic structure of entrepreneurial employees in the Netherlands, 2018

	<i>entrepreneurial employees</i>
male	70%
female	30%
18-24 years	9%
25-34 years	28%
35-44 years	22%
45-54 years	27%
55-64 years	13%
none (incl. some secondary)	3%
secondary degree (<i>middelbare school</i>)	41%
post-secondary (<i>HBO</i>)	34%
graduate degree (<i>universiteit</i>)	22%

Source: Panteia/GEM APS 2018.

The first column in table 21 presents EEA rates *within a demographic group* for the total adult population. It follows that 11% of the male adult population is an actively entrepreneurial employee versus 5% among the female adult population. In addition, the first column shows that intrapreneurship is more likely among employees with a post-secondary or graduate degree than among employees with secondary degree or less.

The second column presents entrepreneurial intent (expectations to start a new business within the next three years, see section 2.3) within the EEA population, that is, among entrepreneurial employees or intrapreneurs. Comparing these numbers to those presented in table 9 suggests that entrepreneurial intent is higher among intrapreneurs (18% for male and 18% for female) than among the general adult population (7.7%). This suggests that entrepreneurial employee activity may act as a springboard to early-stage entrepreneurship.



table 21 Demographic structure of EEA rates among the total adult population and the part of the population that expects to start an enterprise in the next three years, in the Netherlands, 2018

	<i>EEA rate among adult population</i>	<i>entrepreneurial intent among EEA</i>
male	11%	18%
female	5%	18%
18-24 years	5%	39%
25-34 years	11%	18%
35-44 years	9%	11%
45-54 years	9%	20%
55-64 years	5%	10%
none (incl. some secondary)	1%	0%
secondary degree (<i>middelbare school</i>)	7%	17%
post-secondary (<i>HBO</i>)	13%	15%
graduate degree (<i>universiteit</i>)	17%	24%

Source: Panteia/GEM APS 2018.

3.5 Entrepreneurial exit

The present section elaborates on the fraction of the adult population that has exited entrepreneurship in the past twelve months. These individuals have also indicated whether the relevant business continued or discontinued its activities after the individual exited the business. This distinction refers to the idea that an entrepreneurial exit does not necessarily equal an entrepreneurial failure (DeTienne, 2010). In addition to continued or discontinued activities, respondents reveal the most important reason behind exiting the entrepreneurship process.

Table 24 presents the development of entrepreneurial exit in the Netherlands over time. A distinction is made between businesses that continued their activities after the individuals exited the entrepreneurship process, and businesses that did not continue their activities. In total, 2.5% of the Dutch adult population experienced an entrepreneurial exit in 2018. This is a decrease comparing to 2017 which experienced the highest exit rate (3.1%) for the last 11 years. In about three out of four entrepreneurial exits, the exit coincides with firm exit: 1.9% of the Dutch adults experienced an entrepreneurial exit with business closure in 2018.



table 22 Entrepreneurial exit in the Netherlands, 2009-2018, percentage of adult population (18-64 years of age)

Item	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>exit with business closure:</u> Sold, shut down, discontinued, or quit a business in the past 12 months; business did not continue its activities after exit	1.8	0.9	1.4	1.5	1.6	1.3	1.7	2.1	2.1	1.9
<u>exit without business closure:</u> Sold, shut down, discontinued, or quit a business in the past 12 months; business continued its activities after exit	0.7	0.5	0.5	0.7	0.5	0.4	0.4	0.6	1.0	0.6

Source: Panteia/GEM APS 2018.

Table 25 compares entrepreneurial exit rates from an international point of view. The probability of exit decreases with the stage of economic development, although this relationship is more pronounced for exit with business closure than for exit without business closure. The exit rates for the Netherlands are almost identical to the average exit rates for the EU but lower than the averages for the high-income economies. In 2018 the share of entrepreneurial exits with business continuation in the Netherlands is around 24%, while for high-income economies the share is around 34%.

table 23 Entrepreneurial exit internationally compared (unweighted average of country scores), 2018, percentage of adult population (18-64 years of age)

	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
exit with business closure	6.7	3.7	2.5	2.3	1.9	1.9
exit without business closure	3.5	1.5	1.3	1.2	0.9	0.6

Source: Panteia/GEM APS 2018.

The share of entrepreneurial exits involving continuation of the business has increased overall in the Netherlands (from 19% in 2015 to 24% in 2018). There are two possible explanations for increases in the share of exits with business continuation. First, the number of business transfers may have increased. However, given the low percentage (3%) of entrepreneurial exits declaring 'an opportunity to sell' as their main exit reason (see table 24), this explanation seems unlikely. The second possibility is that many entrepreneurial exits involve team entrepreneurs, where the remaining business owners continue the business.



Main exit reason

There are several reasons, or combinations of reasons, why individuals decide to quit their entrepreneurial initiatives. For example, a business may lack profitability, the owner-managers may have difficulties in acquiring the relevant financial resources, or an individual may simply retire. The GEM distinguishes between nine exit reasons in total and respondents are asked to select the most important reason for quitting their business. An overview of these nine reasons and corresponding percentages is given in table 24.

The dominant reason for entrepreneurial exit tends to be lack of profitability. This was traditionally also the case for the Netherlands, however 2017 and 2018 are an exception. In 2018, 13% of exits were due to a lack of profitability, which is considerably less than in 2016 (39%). A possible explanation for this decrease is the ongoing economic growth in the Netherlands. 2017 has shown the highest GDP growth rate in the past 10 years and 2018 also has shown a high GDP growth. Combined with a decreasing labour income share (CPB, 2018), this may result in an increasing profitability of enterprises and fewer entrepreneurs being forced to exit due to a lack of profitability.

In 2018, two other reasons were mentioned more often than lack of profitability: personal reasons (29%) and another job (or business) opportunity (34%). The latter share is very high and almost twice as high as in 2017 (18%)¹⁰.

table 24 Main exit reason internationally compared, 2018, percentage of exits

	<i>low- income countries</i>	<i>middle- income countries</i>	<i>high- income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
an opportunity to sell	11%	3%	7%	7%	6%	3%
business was not profitable	31%	40%	28%	26%	26%	13%
problems getting finance	22%	17%	11%	12%	12%	9%
other job/business opport.	7%	10%	11%	12%	13%	34%
exit was planned in advance	2%	3%	5%	5%	4%	6%
Retirement	2%	3%	5%	5%	6%	1%
personal reasons	17%	16%	20%	21%	19%	29%
an incident	5%	3%	5%	5%	4%	3%
government/tax policy/bureaucracy	2%	4%	9%	8%	10%	3%
other reason/don't know	0%	0%	0%	0%	0%	0%

Source: Panteia/GEM APS 2018.

¹⁰ The large fluctuations between years may be partially due to the small sample sizes each year: the question about the main reason for exit was only asked to 68 respondents in 2018 and 63 respondents in 2017.



3.6 Triggers and barriers of entrepreneurship: Results of the Dutch NES

Whereas the majority of this report is devoted to the 2018 results of the Dutch Adult Population Survey due to the richness of the data, one interesting component of GEM that has remained unaddressed so far are the results of the National Expert Survey (NES). Different sets of framework conditions are of concern to the public and to policy-makers. The conditions that are expected to stimulate and support entrepreneurial activity are captured by the framework conditions as included in the NES (Xavier et al., 2013).

The NES distinguishes between nine areas (Entrepreneurial Framework Conditions, EFCs) that are thought to stimulate or constrain the level and nature of entrepreneurial activity. At least 36 experts have been asked to give their assessments about a wide range of statements that can be classified according to these EFCs. The experts were asked to give a score on a Likert scale with values from 1 (completely false) to 9 (completely true), where 5 is neither true nor false, for each EFC. A high score for an EFC (value 8 or 9) indicates that the particular factor encourages entrepreneurial activity within a country whereas a low score (value 1 or 2) means that entrepreneurship is hampered by this area.

Entrepreneurial Framework Conditions

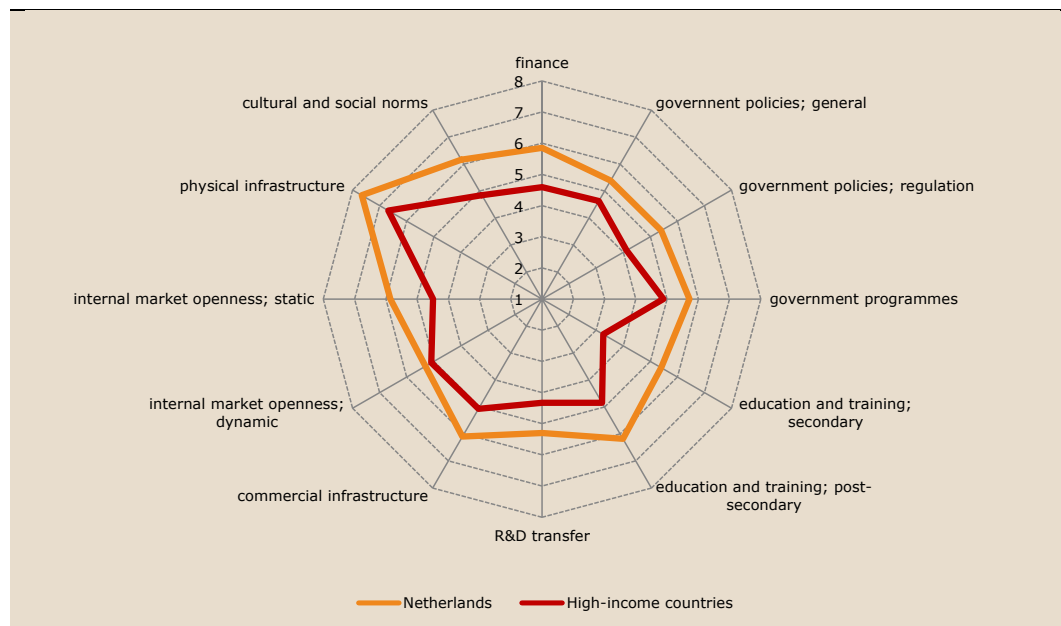
The EFCs are explained below (mainly drawn from Xavier et al., 2013, Figure 3.1). For two EFCs a further distinction is made between two sub-conditions. The first is that, *education and training* consists of a primary school and secondary school component on the one hand and a post-secondary school component on the other hand. The second is that sub-condition, *internal market openness* has a general, static, component that indicates how free the markets are for firms to enter (market openness), and a dynamic component that captures yearly changes of the internal markets (market dynamics).

- *Financing*: The availability of financial resources, equity, and debt (including grants and subsidies) for new and growing firms.
- *Government policies*: The extent to which public policies support entrepreneurship. This EFC has two sub-conditions: *general*, i.e. entrepreneurship as a relevant issue, and *regulation*, i.e. whether taxes or regulations are size-neutral or encourage new enterprises and SMEs.
- *Education and training*: The extent to which training on creating or managing new, small or growing businesses is incorporated within the education and training system at the primary or secondary school level (first sub-condition), or at the post-secondary school level (second sub-condition).
- *R&D transfer*: The extent to which national Research and Development (R&D) will lead to new commercial opportunities, and whether or not these are available for new, small and growing firms.
- *Commercial infrastructure*: The presence of commercial, accounting and other legal services and institutions that allow or promote the emergence of small, new and growing business entities.
- *Internal market openness*: As mentioned above there are two sub-conditions: *market dynamics*, i.e. the extent to which markets change from year to year, and *market openness*, i.e. the extent to which new firms are free to enter existing markets.
- *Physical infrastructure*: Ease of access to available physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against new, small or growing firms.
- *Cultural and social norms*: The extent to which existing social and cultural norms encourage entrepreneurial activities.



Figure 14 presents the scores for the 12 dimensions for the Netherlands and for the high-income countries (unweighted average of country scores). Note that high scores (8 and 9) indicate that the EFC being examined promotes a good entrepreneurial climate whereas low scores (1 and 2) indicate that the particular EFC constrains the entrepreneurial environment. The results for the Netherlands are discussed first, followed by a comparison with international results.

figure 14 Average expert scores for the Entrepreneurial Framework Conditions (EFCs) for the Netherlands and high-income countries, 2018



Source: Panteia/GEM NES 2018.

A first observation is that none of the entrepreneurial framework conditions stand out as a particularly clear barrier for the Netherlands in terms of scores below 2. In general, this suggests positive conditions for entrepreneurial activity in the Dutch context. The Netherlands score particularly high on physical infrastructure, post-secondary education and cultural and social norms. The well-regarded social and cultural norms are in line with the results from table 6, showing that entrepreneurship is seen as a desirable career choice by four-fifths of the adult population, much higher than in comparable economies.

The lowest scores in 2018 are the scores for the framework condition relating to R&D transfer, internal market openness (dynamic) and to general government policies. That being said however, the Netherlands score relatively high on these framework conditions compared to the average high-income country.

The figure shows that the Netherlands score above the average amongst high-income countries across every EFC. The scores of the Netherlands are also higher than the average of OECD countries and EU countries on every EFC. The largest difference¹¹ is found regarding education at the secondary level. This underlines the increased attention for entrepreneurship in the Dutch education system (e.g. European Commission, 2012).

¹¹ relative as well as absolute.



4 Gig and sharing economy

The Dutch Adult Population Survey in 2018 paid attention to the gig and sharing economy¹². A number of additional questions were asked in the survey in order to map out the importance of the gig and sharing economy. In the Global Report of GEM the gig and sharing economy is defined as follows: "The gig economy is about finding online or on-site service jobs (such as translations, deliveries or dog-sitting) via internet-based platforms, whereas the sharing economy is about making available to others part of one's own goods and services, possibly for money"¹³. Platforms such as Airbnb (a representative of the sharing economy), Uber and Foodora (both belonging to the gig economy) have made it easier for people to participate in the gig and sharing economy and as a result the gig and sharing economy has become increasingly visible worldwide. This section reports on the gig and sharing economy in the Netherlands in 2018.

People involved in gig and sharing economy

In the Netherlands 3.3% of the adult population is active in the gig and/or sharing economy. 2.0% is active in the gig economy, 0.8% in the sharing economy and 0.4% in the gig and the sharing economy.

The first column of table 25 presents the percentage of people *within a demographic group* being active in the sharing economy. It follows that 1.4% of the male adult population is active in the sharing economy versus 1.1% of the female adult population. In addition, the first column shows that being active in the sharing economy is more likely among people with a post-secondary education.

The second column presents the percentage of people *within a demographic group* being active in the gig economy. It follows that 3.2% of the male adult population is active in the gig economy versus only 1.7% of the female adult population. In addition, it shows that people of age 18-24 are relatively more active in the gig economy than people of other ages and there seems to be a positive link between education and being active in the gig economy.

¹² The questions on the gig and sharing economy were optional. 27 of the 49 economies that participated in the GEM 2018 survey included these questions.

¹³ Bosma, N. & Kelley, D. (2019), Global Entrepreneurship Monitor: 2018/19 Global Report, Wellesley, MA: Babson College.



table 25 Demographic structure of people participating in the sharing and gig economy among the total adult population in the Netherlands, 2018

		<i>active in sharing economy</i>	<i>active in gig economy</i>
<i>gender</i>	Male	1.4%	3.2%
	Female	1.1%	1.7%
<i>age</i>	18-24 years	1.3%	6.5%
	25-34 years	1.4%	2.4%
	35-44 years	0.4%	1.5%
	45-54 years	1.9%	2.0%
	55-64 years	1.2%	1.3%
<i>education</i>	no degree (incl. some secondary)	0.4%	2.1%
	secondary degree (<i>middelbare school</i>)	1.2%	2.1%
	post-secondary degree (<i>HBO</i>)	2.2%	3.0%
	graduate degree (<i>universiteit</i>)	1.5%	3.9%

Source: Panteia/GEM APS 2018.

The most popular digital platform, in terms of total income, is Airbnb. Marktplaats (the Dutch version of eBay) is following at a close second, some of the other popular digital platforms are Facebook, youngones.nl and verhuur.nl.

People active in the gig and/or sharing economy are more entrepreneurial than other people. This is reflected in a higher total early-stage entrepreneurial activity rate (TEA) and a higher level of established entrepreneurship. As can be seen in table 26, the TEA rate for individuals active in the gig and/or sharing economy is 27.2 (against 12.3 for all individuals from between 18 and 64 years of age), and the established entrepreneurship rate for individuals active in the gig and/or sharing economy is 19.5 (against 12.0 for all individuals from between 18 and 64 years of age)¹⁴. These high percentages are worth additional investigation as entrepreneurs in the gig economy are often associated with dependent self-employment (Román et al., 2011) and precarious labour market positions (Vosko, 2006).

table 26 Total early-stage entrepreneurial activity rate (TEA) and establishment entrepreneurship rate, for total population and people active in gig and/or sharing economy, percentage of adult population (18-64 years of age), the Netherlands, 2018

	<i>Total</i>	<i>Gig and/or sharing</i>
TEA	12.3	27.2
Established entrepreneurship rate	12.0	19.5

Source: GEM APS 2018.

Socio-economic relevance of gig and sharing economy

In addition to the Adult Population Survey, the National Expert Survey (NES) also included several statements regarding the gig and sharing economy:

¹⁴ The APS contains only 69 observations of people being active in the sharing and/or gig economy. The total early-stage entrepreneurial activity rate and establishment entrepreneurship rate are therefore not computed separately for people active in the sharing or in the gig economy.



- In my country, digital platforms are currently an important element in the national economy.
- In my country, businesses or organizations frequently use digital platforms to acquire services or obtain access to services.
- In my country, digital platforms are putting the social protection of employees and retirees under pressure.
- In my country, digital platforms are enabled by national policies.
- In my country, I expect the use of digital platforms by entrepreneurs to increase over the next decade.

The experts were asked to give a score on a Likert scale with values from 1 (completely false) to 9 (completely true), where 5 is neither true nor false. The replies to these statements have been used to construct a scale on the socio-economic relevance of the gig and/or sharing economy. With an average expert score of 5.9, the NES suggests that the socio-economic relevance of the gig and/or sharing economy in the Netherlands is not assumed to be very high. The score for the Netherlands is similar to the average score for OECD countries and slightly higher than the average score for the participating EU Member States (table 27).

table 27 Average expert score for gig and sharing economies' socio-economic relevance, internationally compared (unweighted average of country scores), 2018

	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
Gig economies' socio-economic relevance	5.5	5.8	5.9	5.8	5.5	5.9

Source: Panteia/GEM NES 2018.

The average expert score of 5.9 for the Netherlands is consistent with the fact that only a small portion of the adult Dutch population (3.3%) is currently active in the gig and/or sharing economy.



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