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Global Entrepreneurship Monitor the Netherlands 2019

National Report



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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 2019 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 decreased, from 12.3% in 2018 to 10.4% in 2019. This decrease primarily reflected a drop in young business entrepreneurship and much less so a drop in nascent entrepreneurship. Where in 2018, the Netherlands ranked eighth out of the high-income countries, this year, the TEA-ranking dropped to nineteenth. Still, the TEA rate in the Netherlands remains higher than the EU average (9.6%). From a long-term perspective, the TEA rate has doubled since the Netherlands joined the GEM project in 2001. Additionally, entrepreneurial intent in the Netherlands has reached a peak in 2019, with 12.2% of the adult population expecting to start a business within the next three years.

Although the TEA rate has seen a decline in 2019, TEA entrepreneurs have become more ambitious in terms of job growth. The last year has seen a shift from mainly solo entrepreneurial ambitions to the majority of entrepreneurs expecting to create job growth. While less than half of TEA entrepreneurs in 2018 expected to create at least one job in the next five years, in 2019, 70% of TEA entrepreneurs in the Netherlands expect to do so. Although this is a positive development, as a word of caution we also mention that research has shown that actual job creation is often (much) smaller than job creation ambitions due to overconfidence on the part of early-stage entrepreneurs.

One in three early-stage entrepreneurs in the Netherlands cited making a difference in the world as their motivation to start a business. However, early-stage entrepreneurs in the Netherlands tend to be less ambitious about the scope of their impact. Compared to other entrepreneurs in the EU, entrepreneurs in the Netherlands tend to have less of a potential impact on the national and global scale, meaning their potential impact tends to be more local.

The established entrepreneurship rate has remained high in 2019 at 11%, though it is a slight decrease from 2018 (12%). For this metric of entrepreneurship, the Netherlands remains to score higher than the EU-average (8%). This is also reflected by the exit rate, which has remained low at 2.6% in 2019.

Entrepreneurial perceptions in the Netherlands, which improved considerably in 2017 and remained stable at high levels in 2018, have slightly declined in 2019. Amongst entrepreneurs and non-entrepreneurs, perceptions of opportunities and capabilities have worsened somewhat. However, the fear of failure index has fallen from 35% of the adult population in 2018 to 27% in 2019. Compared to the whole group of high-income economies, the Netherlands scores much better on perceived opportunities and fear of failure, while perceived capabilities in the Netherlands are below the average high-income economy. While entrepreneurial perceptions have deteriorated to some extent,



entrepreneurial attitudes in terms of entrepreneurship being a desirable career choice, a high-status activity, or an activity attracting much media attention, have improved in 2019.

Employees may also exhibit entrepreneurial activities. This is monitored by the Entrepreneurial Employee Activity rate (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 6.0%, which is above the average value for high-income economies (4.2%).

In sum, the results of GEM APS 2019 show that in spite of the slowdown of economic growth, entrepreneurship remains central to the economy and culture of the Netherlands. Entrepreneurial perception of opportunities and entrepreneurial attitudes as well as entrepreneurial employee activity are well above the averages of high-income economies. Notably though, the TEA rate of the Netherlands fell below the average TEA rate of high-income economies in 2019. More specifically, the Dutch nascent entrepreneurship rate is below par whereas the young business entrepreneurship rate is at par with the high-income economies. Established entrepreneurship and entrepreneurial exit both remained fairly stable.

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. Overall, this suggests that while entrepreneurship rates in the early and established stages are somewhat lower than in the previous year, the conditions to start a business in the Netherlands remain 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 50 economies in 2019. 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 2019, the Netherlands participated in GEM for the nineteenth 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, Van der Zeijden, Kruithof, van Stel, van der Graaf, & Snijders (2019), De Kok, Kruithof, 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 economies, GEM follows the World Economic Forum (WEF) and World Bank who classify countries based on income level². The following three economies are distinguished³:

- 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 2019/20 Global Report (Bosma et al., 2020).

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 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

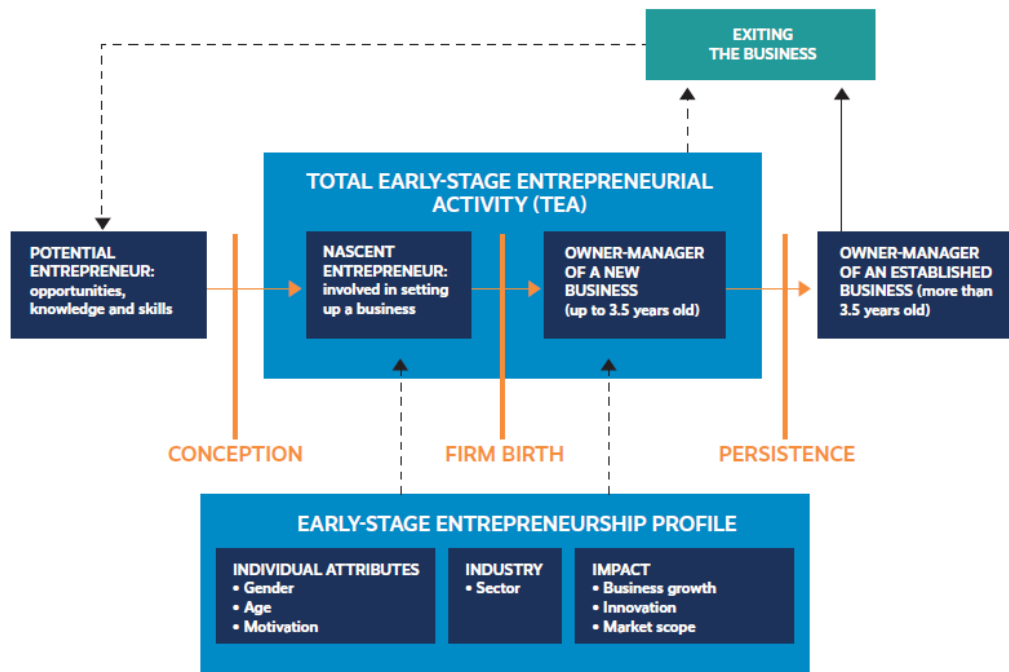
² <http://datatopics.worldbank.org/world-development-indicators/stories/the-classification-of-countries-by-income.html>

³ As of July 2019, low-income economies are defined as those with a gross national income (GNI) per capita of \$1,025 or less in 2018; middle-income economies are those with a GNI per capita between \$1,025 and \$12,375; high-income economies are those with a GNI per capita of \$12,376 or more.



individuals). Again, more information about the occurrence of established entrepreneurs follows in Chapter 3.

figure 1 The entrepreneurship process



Source: *Global Entrepreneurship Monitor: 2019/20 Global Report (Bosma et. al, 2020)*.

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:

- *Exiting the Business*: Any entrepreneur may decide to quit his/her business endeavour at some moment of time. Exiting the business 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 termination, resulting from difficulties of getting external finance or a lack of profitability of the business. Exiting the business is given more attention at the end of Chapter 3.
- *Re-engagement*: The dashed arrow connecting exiting the business 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 from exiting the business phase to 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 exiting the business 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 2019, the Dutch sample consists of 2,252 respondents that was acquired by means of a mixture between fixed-line and mobile-line telephone interviews. The survey was held in July and August 2019. 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.

The GEM questionnaires are constantly under review and necessary enhancements are introduced to ensure the continuity and relevance of the questions. In 2019, the following changes were introduced to the APS questionnaire:

- Improved distinction between different forms of entrepreneurial activity (i.e. independent early-stage entrepreneurial activity, sponsored early-stage activity, employee entrepreneurial activity).
- Improved method of measuring perceptions and attitudes via a five-point Likert scale (from strongly agree to strongly disagree), instead of a yes/no answer⁴.
- Expand the understanding and improve the measurement of entrepreneurial motivation by including a broader selection of reasons for starting or running a business.
- Introduce broader measurement of impact, which includes geographic dimension and both product and process innovation.

These alterations to the APS questionnaire have resulted in a few changes to the national report. Notably, section 3.1 now includes a part on *motivations*, which replaces the part concerning *opportunity and necessity TEA* from previous years. The new part on motivations provides a broader perspective of entrepreneurial motivations. Section 3.1 now also includes a part on the distinction between independent and sponsored early-stage entrepreneurial activity. The new measurements of impact (including geographic dimension and the distinction between product and process innovation) are discussed in a new part in section 3.2. This part replaces the part on *perceived competition level* from previous years.

⁴ Among others, the introduction of this Likert scale reduced the number of respondents answering "don't know" to these questions.



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 2019

Table 1 contains an overview of the 50 economies that participated in the 2019 APS⁵ survey. Among these economies, there are 24 Member Countries of the Organisation for Economic Co-operation and Development (OECD) and 16 Member States of the European Union (EU). A classification into the following three country income groups is provided: *low-income countries*, *middle-income countries*, and *high-income countries* (see table 1).

⁵ In 2019, 50 countries conducted both the APS and NES surveys. In addition, four countries only conducted the NES survey.



table 1 Participating economies in GEM 2019

<i>countries</i>	<i>member OECD</i>	<i>member EU</i>
<i>low-income countries (5)</i>		
Egypt	no	no
India	no	no
Madagascar	no	no
Morocco	no	no
Pakistan	no	no
<i>middle-income economies (12)</i>		
Armenia	no	no
Brazil	no	no
Belarus	no	no
China	no	no
Ecuador	no	no
Guatemala	no	no
Iran	no	no
Jordan	no	no
Mexico	yes	no
North Macedonia	no	no
Russia	no	no
South Africa	no	no
<i>high-income economies (33)</i>		
Australia	yes	no
Canada	yes	no
Chile	yes	no
Colombia	no	no
Croatia	no	yes
Cyprus	no	yes
Germany	yes	yes
Greece	yes	yes
Ireland	yes	yes
Israel	yes	no
Italy	yes	yes
Japan	yes	no
Latvia	yes	yes
Luxembourg	yes	yes
Netherlands	yes	yes
Norway	yes	no
Oman	no	no
Panama	no	no
Poland	yes	yes



<i>countries</i>	<i>member OECD</i>	<i>member EU</i>
Portugal	yes	yes
Puerto Rico	no	no
Qatar	no	no
Saudi Arabia	no	no
Slovak Republic	yes	yes
Slovenia	yes	yes
Republic of 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

Source: GEM APS 2019.

1.5 Outline of the Dutch GEM report 2019

This Dutch GEM report is structured as follows. Chapter 2 focuses on entrepreneurial perceptions and attitudes of the Dutch adult population, and compares the 2019 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 entrepreneurs exiting the business. This chapter ends with a discussion of the results from the Dutch NES survey.



2 Entrepreneurial perceptions, attitudes, and intentions

The present chapter focuses on entrepreneurial *perceptions*, *attitudes*, and *intentions* among the Dutch adult population in 2019. A longitudinal view of these measures is provided by comparing the Dutch figures from 2019 with those from previous years. Additionally, the Dutch results are compared with international results. For this purpose, the averages of the 33 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 2019

The values in table 2 show the three dimensions of potential entrepreneurship and their developments over time from 2010 onwards. Throughout the years, we observe a variation in the level of perceived opportunities that clearly correlates with macro-economic developments⁶. Levels first dropped in 2010, 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 up until 2019. The relationship between GDP and perceived opportunities is plotted in figure 2.

In 2019, the level of perceived opportunities is 65%. This is slightly lower than in 2018, and thus seems to mark the end of a period (starting in 2013) in which the level of perceived opportunities increased every year. However, as mentioned in the introduction, the formulation of the underlying questions on entrepreneurial perceptions has slightly changed in 2019. The differences between 2018 and 2019 might therefore also – at least partially – reflect the impact of the change in the methodology applied. This applies to all three dimensions of potential entrepreneurship included in table 2.

table 2 Entrepreneurial perceptions in the Netherlands, 2010-2019, percentage of adult population (18-64 years of age) that agrees with the statement

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>perceived opportunities:</u>										
"In the next six months, there will be good opportunities for starting a business in the area where I live"	45	48	34	33	46	48	54	64	67	65
<u>perceived capabilities:</u>										
"I have the knowledge, skill and experience required to start a new business"	46	42	42	42	44	41	41	45	46	42
<u>fear of failure:</u>										
"Fear of failure prevents me from starting a business"	26	37	39	43	39	38	35	33	35	27

Note: Until 2018 respondents had to answer yes or no to these statements. As of 2019, respondents can indicate on a five-point Likert scale to which extent they agree with these statements. The percentage of respondents that agrees is determined by the share of respondents that replies 'agree' or 'strongly agree' to these statements.

Source: GEM APS 2019.

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 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

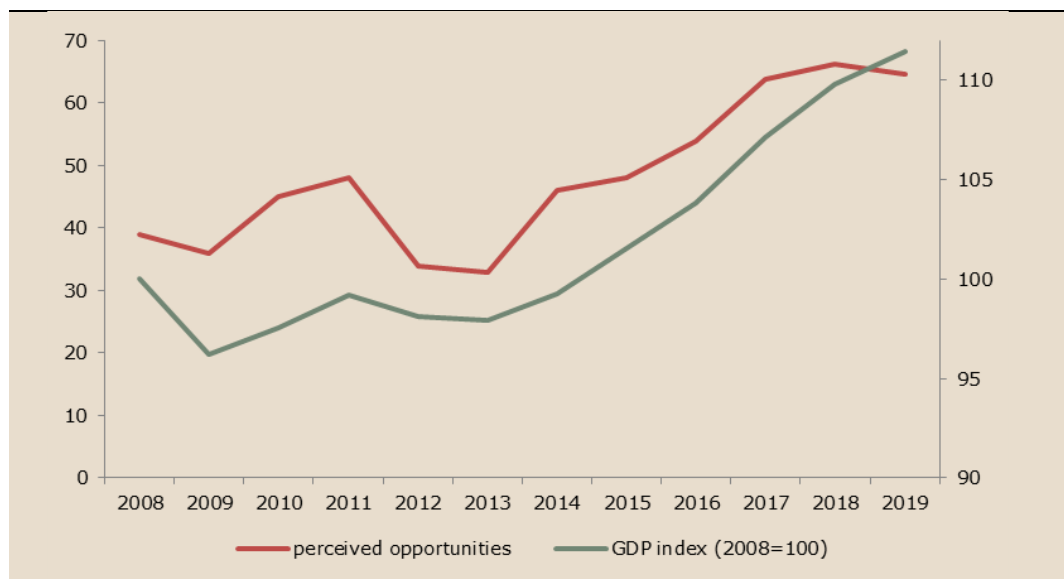
⁶ See recent *Macro Economische Verkenning* and *Centraal Economisch Plan* publications (Netherlands Bureau for Economic Policy Analysis) for numbers on GDP developments.



perceived opportunities and decrease of the fear of failure index continued from 2013 to 2017. After a small increase in 2018, the fear of failure index strongly declined to 27 in 2019, the lowest level since 2011. This is specific for the Netherlands: across all country groups distinguished in this report, the fear of failure index shows on average a slight increase from 2018 to 2019. This makes it unlikely that the reported decline for the Netherlands is mainly caused by the change in the methodology applied. One likely explanation for the low level of fear of failure in the Netherlands is the thriving economy in 2019 (see figure 2). Possibly, the stigma of failure is also lower in the Netherlands, due to the high prevalence rate of entrepreneurs and the increasing role of entrepreneurship education in the Netherlands over the past decade.

The level of self-perceived capabilities in 2019 was 42%. This is somewhat lower than 2018 (46%). Entrepreneurial capabilities are largely independent of the business cycle (unlike the other two indicators described above). Thus, the difference in self-perceived capabilities between 2018 and 2019 cannot be easily explained by macro-economic developments. Instead, this difference may (at least partially) be due to the change in the methodology applied.

figure 2 Plotted relationship between changes in GDP (indexed at 2008=100) and perceived opportunities in the Netherlands, 2008-2019



Source: GEM APS 2019, Central Statistics Bureau and Netherlands Bureau for Economic Policy Analysis (2019).

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 lower than the OECD and high-income countries.



table 3 Entrepreneurial perceptions internationally compared (unweighted average of country scores), 2019, 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>
perceived opportunities	51	52	53	52	52	65
perceived capabilities	56	63	55	51	53	42
fear of failure	42	45	43	43	45	27

Source: Panteia/GEM APS 2019.

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 30% think they have the capabilities to start a new business, whereas 77% of the entrepreneurs think they have the capabilities to start a new business. Thus, the lack of confidence in entrepreneurial capabilities in the Netherlands is concentrated amongst non-entrepreneurs. Part of this gap in confidence reflects overconfidence on the part of entrepreneurs, as a considerable proportion of entrepreneurs' ambitions, including job creation ambitions, are not realised in practice (Cieřlik et al., 2018; Szerb and Vörös, 2019).

table 4 Entrepreneurial perceptions of (non-)entrepreneurs in the Netherlands, 2019, percentage of adult population (18-64 years of age)

	<i>adult population</i>	<i>non-entrepreneurs</i>	<i>entrepreneurs</i>
perceived opportunities	65	61	73
perceived capabilities	42	30	77
fear of failure	27	29	22

Source: Panteia/GEM APS 2019.

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 86% of the Dutch adult population think that entrepreneurship is considered a desirable career choice in the Netherlands. This percentage is rather stable over time and 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) when 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 has increased over the last year to more than three-fourths of the adult population. Media attention for entrepreneurship is increasing over the last few years, and in 2019 it is higher than in EU and OECD peer economies. Just as with the indicators on entrepreneurial intentions, we have to be careful with comparing the results from 2019 with those of previous years, because of the changed formulation of the underlying survey questions. This does not apply to the comparison with EU and OECD peer economies, since this comparison is solely based on results from 2019.

table 5 Entrepreneurial attitudes in the Netherlands, 2010-2019, percentage of adult population (18-64 years of age) that agrees with the statement

item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>entrepreneurship as desirable career choice:</u>										
“In the Netherlands, most people consider starting a new business a desirable career choice”	85	83	79	80	79	79	78	81	82	86
<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”	69	67	65	66	68	65	60	67	63	76
<u>media attention for entrepreneurship:</u>										
“In the Netherlands, you will often see stories in the public media about successful businesses”	61	62	58	55	56	58	57	63	65	75

Note: Until 2018 respondents had to answer yes or no to these statements. As of 2019, respondents can indicate on a five-point Likert scale to which extent they agree with these statements. The percentage of respondents that agrees is determined by the share of respondents that replies ‘agree’ or ‘strongly agree’ to these statements.

Source: GEM APS 2019.



table 6 Entrepreneurial attitudes internationally compared (unweighted average of country scores), 2019, percentage of adult population (18-64 years of age) that agrees with the statement

item	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
entrepreneurship as desirable career choice	69	74	60	58	58	86
entrepreneurship is given high status	66	77	70	69	63	76
media attention for entrepreneurship	56	70	64	62	58	75

Source: GEM APS 2019.

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 2010 and 2015, the level of entrepreneurial intentions has almost doubled (from 7.1% 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. 2016 and 2017 showed a slight decrease in the level of entrepreneurial intentions, but in 2018 and 2019 entrepreneurial intent increased again. In 2019, 12.2% of the adult population expressed their intent to start a business within the next three years (see table 7).

table 7 Entrepreneurial intentions in the Netherlands, 2010-2019, percentage of adult population (18-64 years of age) that agrees with the statement

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
entrepreneurial intent: "Are you, alone or with others, expecting to start a new business, including any type of self-employment, within the next three years?"	7.1	9.8	10.1	10.3	10.8	11.1	10.9	10.4	10.9	12.2

Source: GEM APS 2019.

From an international perspective, the Dutch entrepreneurial intentions are still relatively low (see table 8). Notably, the average rate of entrepreneurial intent in high income countries (24.4%) is twice as large as the rate in the Netherlands (12.2%).



table 8 Entrepreneurial intentions internationally compared (unweighted average of country scores), 2019, 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>
entrepreneurial intent	42.5	30.3	24.4	18.4	16.4	12.2

Source: Panteia/GEM APS 2019.

Perceptions of different subgroups

Of special interest is how the prevalence rate of intentional entrepreneurship differs across various subgroups. The adult population can be decomposed into two groups, based on whether a person is actually an entrepreneur or not (i.e. a nascent, new, and/or established entrepreneur). Within the group of “non-entrepreneurs”, a further distinction is possible between potential entrepreneurs and non-potential entrepreneurs⁷. A non-entrepreneur is considered a potential entrepreneur if this individual is not involved in any entrepreneurial activity yet, but

- perceives good opportunities for starting a new business in their area⁸,
- believes he or she has the capabilities to start a business⁹,
- and is not afraid of business failure¹⁰.

The decomposition of entrepreneurial intent among the entire adult population and the three categories of non-potential entrepreneurs, potential entrepreneurs and actual entrepreneurs is provided in table 9. Not surprisingly, the potential entrepreneurs have entrepreneurial intentions considerably more often than the non-potential entrepreneurs. The levels of entrepreneurial intent for the non-potential entrepreneurs, potential entrepreneurs, and actual entrepreneurs are slightly higher than the levels observed in 2018. A further observation is that more than one in five actual 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.

⁷ In the National Report for 2018, this group was labelled “true non-entrepreneurs”. This is however a misleading label, since this group includes non-entrepreneurs that have the intention to start a business within the next three years. We therefore use the more neutral label “non-potential entrepreneurs”, which was also used in the National Reports before 2018.

⁸ The respondent (strongly) agrees with the statement “In the next six months, there will be good opportunities for starting a business in the area where I live”.

⁹ The respondents (strongly) agrees with the statement “I have the knowledge, skill and experience required to start a new business”.

¹⁰ The respondent (somewhat or strongly) disagrees with the statement “Fear of failure prevents me from starting a business”, or neither agrees nor disagrees.



table 9 Entrepreneurial intentions of non-potential entrepreneurs, potential entrepreneurs and actual entrepreneurs in the Netherlands, 2019, percentage of adult population (18-64 years of age)

	<i>adult population</i>	<i>non-potential entrepreneurs</i>	<i>potential entrepreneurs</i>	<i>actual entrepreneurs</i>
entrepreneurial intent	12.2	8.0	19.8	23.8

Note: the group of potential entrepreneurs excludes individuals who are also involved in TEA or established entrepreneurship.

Source: Panteia/GEM APS 2019.

2.4 Comparing potential and intentional entrepreneurs

In this section, we take a further look at individuals with entrepreneurial potential and entrepreneurial intentions. What is the overlap between these groups of individuals? And 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.

More than four out of every five non-entrepreneurs have neither the potential nor the intention to start a new business in the foreseeable future (table 10). Most of the remaining non-entrepreneurs *either* have the potential to start a new business *or* have the intention to start a new business, but only a small part combines both. In other words: the majority of the potential entrepreneurs have no intention to start a new business in the next three years, and the majority of the “pure” intentional entrepreneurs are not credited with the potential to become an entrepreneur (“pure” intentional entrepreneurs exclude nascent, new, and established entrepreneurs). This finding is slightly worrisome. Ideally, potential and intentional entrepreneurs overlap so that those individuals intending to start a business are also the ones with the (self-perceived) potential to make such a new business a success. Table 10 suggests that 79% (7.3/9.2) of individuals intending to start a new business in the next three years do not meet at least one of the three conditions to qualify as a potential entrepreneur, which raises questions about how realistic their intentions are. On the other hand, among those who qualify as potential entrepreneurs, only 19% (1.9/9.8) have the intention to act on their (self-perceived) potential by actually starting up a business.

table 10 The share of potential and intentional individuals within the group of non-entrepreneurs in the Netherlands, 2019, percentage of non-entrepreneurs (18-64 years of age)

<i>potential entrepreneur</i>	<i>“pure” intentional entrepreneur</i>		
	<i>Yes</i>	<i>no</i>	<i>total</i>
yes	1.9	7.8	9.8
no	7.3	83.0	90.2
total	9.2	90.8	100

Note: the groups of potential and “pure” intentional entrepreneurs exclude individuals who are also involved in TEA or established entrepreneurship.

Source: Panteia/GEM APS 2019.

Next, table 11 presents a gender, age and education decomposition for the non-potential entrepreneurs, the potential entrepreneurs, and the “pure” intentional entrepreneurs. 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 has decreased (from 39% in 2018 to 37% in 2019) while the share of female “pure” intentional entrepreneurs has slightly increased (from 48% in 2018 to 49% in 2019). As can be seen in table 11, the potential entrepreneurship indicator still indicates that males are more likely to consider themselves as potential entrepreneurs (63% versus 37%). This difference is greater than last year (61% versus 39% in 2018), though the “pure” intentional entrepreneurs indicator suggests that this gender difference disappears when actual intentions to start a business are considered.

table 11 Demographic structure of non-potential entrepreneurs, potential entrepreneurs and “pure” intentional entrepreneurs in the Netherlands, 2019

		<i>non-potential entrepreneurs</i>	<i>potential entrepreneurs</i>	<i>“pure” intentional entrepreneurs</i>
<i>gender</i>	male	46%	63%	51%
	female	54%	37%	49%
<i>age</i>	18-24 years	15%	14%	31%
	25-34 years	19%	25%	34%
	35-44 years	20%	21%	18%
	45-54 years	24%	24%	12%
	55-64 years	23%	17%	5%
<i>education</i>	no degree (incl. some secondary)	24%	19%	20%
	secondary degree (<i>middelbare school</i>)	45%	39%	42%
	post-secondary degree (<i>HBO</i>)	20%	24%	26%
	graduate degree (<i>universiteit</i>)	11%	17%	12%

Note: 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.

Source: Panteia/GEM APS 2019.

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. This gap in entrepreneurial intent amongst age groups has continued to widen. Compared to 2018, the share of 45-54 years and 55-64 years for both entrepreneurial and “pure” entrepreneurial intent has declined while the share of 18-24 years, 25-34 years, and 35-44 years have increased.

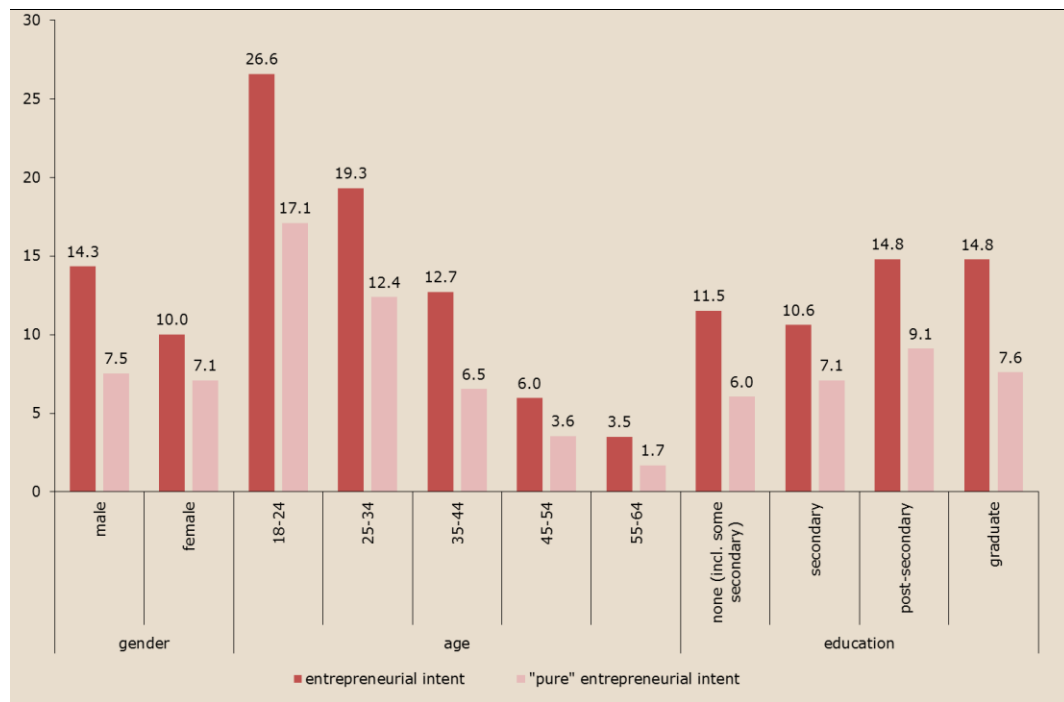
Furthermore, when comparing the “potential entrepreneurs” with the “pure intentional entrepreneurs”, table 11 demonstrates that the two youngest age groups make up a larger proportion of the “pure” intentional entrepreneurs compared to the potential entrepreneurs (31% versus 14% and 34% versus 25%, respectively). This may point to some degree of overconfidence among young individuals as a part of them indicates expecting 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 post-secondary and graduate level. Notably, the share of entrepreneurial and “pure” entrepreneurial intent for the graduate level has decreased from 2018 to 2019 (for entrepreneurial intent, 19.1% to 14.8%; for “pure” entrepreneurial intent, 9.4% to 7.6%). Whereas, for the other education levels, the share of entrepreneurial and “pure” entrepreneurial intent has increased.

Figure 3 Entrepreneurial intentions in the Netherlands, 2019, percentage of a given subgroup



Note: the group of individuals with “pure” entrepreneurial intentions excludes individuals who are also involved in TEA or established entrepreneurship.

Source: Panteia/GEM APS 2019.



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 12 shows that the increase of the TEA rate from 9.9% in 2017 to 12.3% in 2018 has been followed by a drop to 10.4% in 2019. Table 12 also shows that the decrease in TEA is due to a decrease in both the nascent entrepreneurship rate (which decreased from 6.0% in 2018 to 5.6% in 2019) and the new entrepreneurship rate (which decreased from 6.5% in 2018 to 4.8% in 2019). Hence, the drop in new entrepreneurship is clearly bigger, with this rate decreasing by about a quarter. This drop partly reflects error-correction as the new entrepreneurship rate was relatively high in 2018, both from a historical perspective (see table 12) and in comparison with peer countries. Indeed, for the last four years, the new entrepreneurship rate in the Netherlands has been above the average of similar countries (*i.e.*, high-income, OECD and EU countries) (as is shown in table 13).



table 12 Total early-stage entrepreneurial activity (TEA) in the Netherlands, 2010-2019, percentage of adult population (18-64 years of age)

item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TEA:										
aggregate of nascent and new entrepreneurship	7.2	8.2	10.3	9.3	9.5	7.2	11.0	9.9	12.3	10.4
nascent entrepreneurship:										
"Are you, alone or with others, currently trying to start a new business?"	4.0	4.3	4.1	4.7	5.2	4.3	5.7	4.7	6.0	5.6
new entrepreneurship:										
"Are you, alone or with others, currently the owner of a business you help manage?"*	3.4	4.1	6.3	4.8	4.5	3.0	5.4	5.4	6.5	4.8

* Wages, profits, or payments in kind from this business should have been received after January 1, 2019. Furthermore, respondents partially or fully own this new business.

Source: Panteia/GEM APS 2019.

table 13 TEA rates internationally compared (unweighted average of country scores), 2019, percentage of adult population (18-64 years of age)

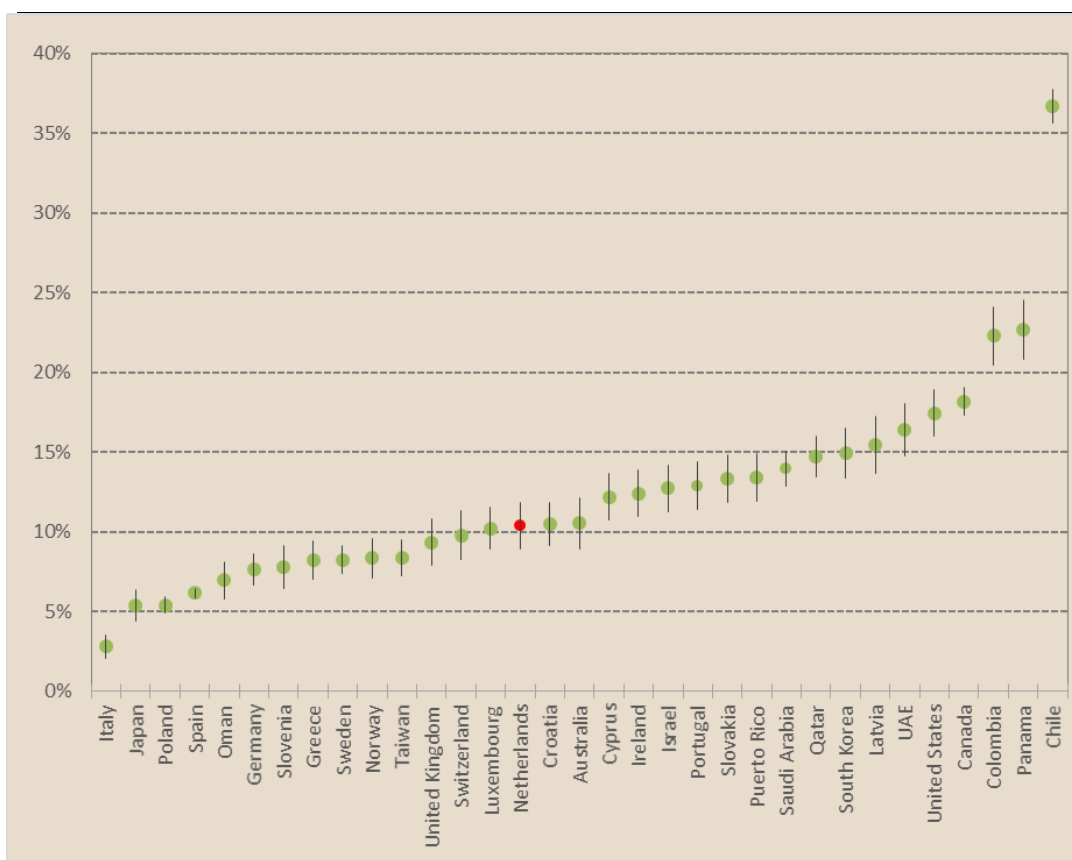
	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
TEA	11.2	14.9	12.3	11.5	9.6	10.4
nascent entrepreneurship	6.2	8.7	7.8	7.3	6.0	5.6
new entrepreneurship	5.2	6.6	4.7	4.4	3.7	4.8

Source: Panteia/GEM APS 2019.

The Dutch TEA ranked nineteenth out of 33 high income countries in 2019 (see figure 4). This is a significant drop from last year, with the Netherlands taking eighth place out of 31 high-income countries in 2018.



figure 4 Total early-stage entrepreneurial activity (TEA) in high-income countries, 2019, percentage of adult population (18-64 years of age)



Note: UAE is United Arab Emirates.

Source: Panteia/GEM APS 2019.

Demographics

Table 14 shows a decomposition across gender, age and education for three subgroups of individuals (non-potential entrepreneurs, potential entrepreneurs, and “pure” intentional entrepreneurs). The table replicates table 11, and adds the decomposition across gender, age and education for the early-stage entrepreneurs.

By comparing the demographic structures of the “pure” intentional entrepreneurs and the early-stage entrepreneurs, one can get a glimpse of potential demographic developments of entrepreneurial activity. For instance, while only 44% of early-stage entrepreneurs are female, 49% of “pure” intentional entrepreneurs are female. This may indicate that in the next few years the share of female early-stage entrepreneurs may increase. Additionally, 31% of “pure” intentional entrepreneurs are between the ages of 18 and 24, while only 19% of early-stage entrepreneurs are within this age group. A possible explanation for this pattern is that it takes a few years before “pure” entrepreneurial intentions result in concrete activities to try to start a new business.



table 14 Demographic structure of non-potential entrepreneurs, potential, "pure" intentional, and early-stage entrepreneurs in the Netherlands, 2019

		<i>non-potential entrepreneurs</i>	<i>potential entrepreneurs</i>	<i>"pure" intentional entrepreneurs</i>	<i>early-stage entrepreneurs</i>
<i>gender</i>	male	46%	63%	51%	56%
	female	54%	37%	49%	44%
<i>age</i>	18-24 years	15%	14%	31%	19%
	25-34 years	19%	25%	34%	30%
	35-44 years	20%	21%	18%	22%
	45-54 years	24%	24%	12%	16%
	55-64 years	23%	17%	5%	12%
	none (incl. some secondary)	24%	19%	20%	20%
<i>education</i>	secondary degree (<i>middelbare school</i>)	45%	39%	42%	43%
	post-secondary (<i>HBO</i>)	20%	24%	26%	25%
	graduate degree (<i>universiteit</i>)	11%	17%	12%	12%

Note: 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.

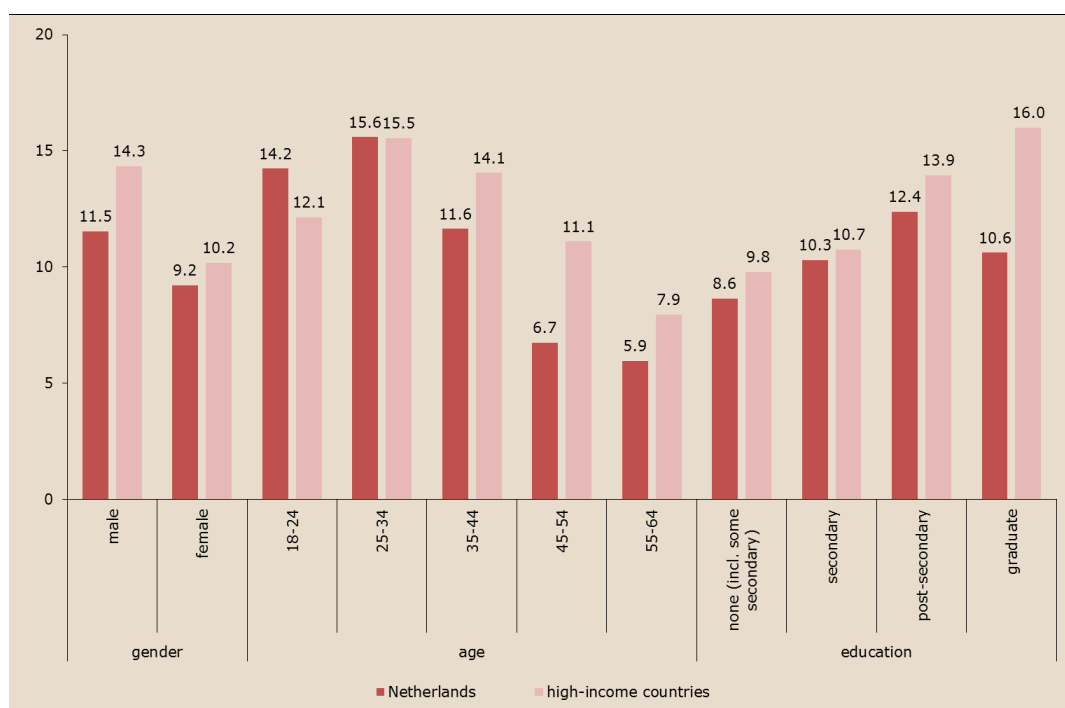
Source: Panteia/GEM APS 2019.

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 13, i.e. 12.3% versus 10.4%. 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).

In the past four years, the gap in TEA rates between men and women shows a rather erratic pattern. In 2016, the male TEA rate was 4.7 percentage points higher than the female TEA rate. In 2017, the difference between the male and female TEA rate reduced to only 1.1 percentage points. In 2018, this difference increased to 7.9 percentage points, as the male TEA rate increased to 16.2% while the female TEA rate decreased to 8.3%. In 2019, these changes were largely compensated: the male TEA rate decreased to 11.5% and the female TEA rate increased to 9.2, resulting in a difference between the male and female TEA rate of 2.3 percentage points.



figure 5 Total early-stage entrepreneurial activity (TEA) in the Netherlands and high-income countries, 2019, percentage of a given subgroup



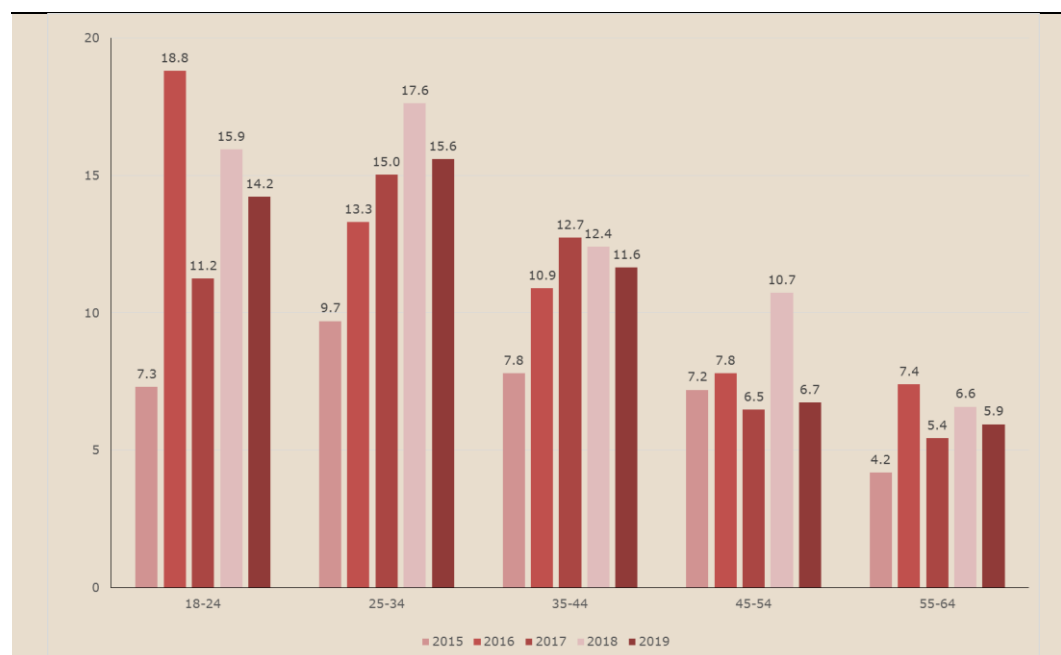
Source: Panteia/GEM APS 2019.

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 2019 is quite similar, as can also 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 weaker for the Netherlands than for high-income countries in 2019. The TEA rate for individuals with graduate level in high-income countries is 6.2 percentage points higher than for individuals with less than secondary level; for the Netherlands, this difference is only 2 percentage points.



figure 6 Total early-stage entrepreneurial activity (TEA) in the Netherlands, 2015-2019, percentage of a given age category



Source: Panteia/GEM APS 2019.

Motivations

Previously, the GEM asked individuals in the Adult Population Survey whether they were driven by opportunity or necessity to start a business. It was recognised that this division did not fully reflect the scope of entrepreneurial motivations. Thus, after a review, in 2019, respondents who were actively engaged in starting or running a business were asked to consider the following statements as motives for starting a business:

- To make a difference in the world.
- To build great wealth or very high income.
- To continue a family tradition.
- To earn a living because jobs are scarce.

The two most prevalent motives (striving for autonomy and independence) are not included in this. While these are important motives to consider, they are considered 'universal' and shared amongst nearly all early-stage entrepreneurs (Bosma et al., 2020, p. 44). Consequently, the answers to these motives hardly vary between different groups of entrepreneurs, and collecting this information would not provide significant insights. Therefore, while noteworthy, these motivations are excluded from the Adult Population Survey.

Table 15 compares early-stage entrepreneurs from the Netherlands with early-stage entrepreneurs from other economies regarding these four motives. The most cited motivation to get involved in entrepreneurial activities in the Netherlands was to make a difference in the world (32%). The second most popular motivation was to earn a living because jobs are scarce (24%). Compared to EU, OECD, and high-income countries, early-stage entrepreneurs from the Netherlands mention each of the four motivations less often. In contrast, 36% of the early-stage entrepreneurs from the Netherlands did not report any of the four statements as a motivation to starting a business. Perhaps for these early-stage entrepreneurs, autonomy and independence provided enough motivation to start their enterprise, as argued by Van Gelderen and Jansen (2006). Such autonomy motivation may extend towards striving for self-



actualisation (Maslow, 1970) through achieving self-expression and creativity in work. As such self-expression in work may best be realised by operating as a solo self-employed in the Knowledge-Intensive Services (KIS) sectors (Van Stel et al., 2020), the advanced level of development of this part of the economy in the Netherlands may be part of the explanation (see also the high share of business services in table 17). Admittedly though, we are not able to provide a full explanation of the deviating percentages for the Netherlands in table 15.

table 15 Motivation for the decision to be entrepreneurially active (TEA) internationally compared (unweighted average of country scores), 2019, percentage of adult population (18-64 years of age) involved in TEA

Motivation	low-income countries	middle-income countries	high-income countries	OECD	EU	Netherlands
"to make a difference in the world"	56	47	46	44	42	32
"to build great wealth or a very high income"	61	59	52	48	46	22
"to continue a family tradition"	58	37	32	31	35	18
"to earn a living because jobs are scarce"	65	81	54	50	52	24

Note: Respondents can indicate on a five-point Likert scale to which extent these motivations apply to them. The percentages reported in this table are determined by the share of respondents that replies 'agree' or 'strongly agree' to these motivations.

Source: Panteia/GEM APS 2019.

Sponsored entrepreneurship

While entrepreneurship is primarily known for its independent nature, most entrepreneurial activities are conducted for and in collaboration with others. The GEM already captures some of these joint entrepreneurial activities by measuring the rate of entrepreneurial employee activities (EEA), which is further examined in section 3.4. In the case of EEA, no new enterprise is being created. Another possibility is that an employee starts a new enterprise¹¹, and that the current employer becomes part owner of this new enterprise (the initiative for this new enterprise may be taken by the employee, the employer, or both). Rather than becoming a fully independent entrepreneur, the employee remains in employment, and manages the new enterprise in addition to his or her job as employee. In the 2019/20 Global Report, this type of entrepreneurship is labelled 'sponsored entrepreneurship', since the new business is sponsored (through shared ownership) by the employer (Bosma et al., 2020, page 42).

To measure the extent to which this kind of 'sponsored entrepreneurship' occurs, the 2019 Adult Population Survey introduced a new question, asking whether respondents currently own a business (solely or with others) which they help manage for their employer as part of their main employment. Using this new question, in combination with existing questions, it is possible to identify whether entrepreneurs are independent or sponsored by a large business. One objective of this addition to the GEM APS is to allow "the levels of entrepreneurship to be balanced against levels of intrapreneurship in a more informed way" (Bosma et al., 2020).

¹¹ This includes becoming part owner of the new enterprise.



Table 16 compares the distribution of early-stage entrepreneurship among independent TEA and sponsored TEA from the Netherlands with other economies in 2019. The majority of Dutch early-stage entrepreneurs pursued entrepreneurship independently (87%; 9% of the adult population), and only 13% of Dutch early-stage entrepreneurs were sponsored (1.4% of the adult population). In comparable high-income countries and EU counterparts, the sponsored TEA rate is higher while the independent TEA rate is lower. For the average EU country, around 68% of TEA is independent (6.5% of adult population); for the average high-income country, around 64% of TEA is independent.

table 16 Sponsored and independent early-stage entrepreneurship, 2019, internationally compared (unweighted average of country scores), 2019, percentage of adult population (18-64 years of age).

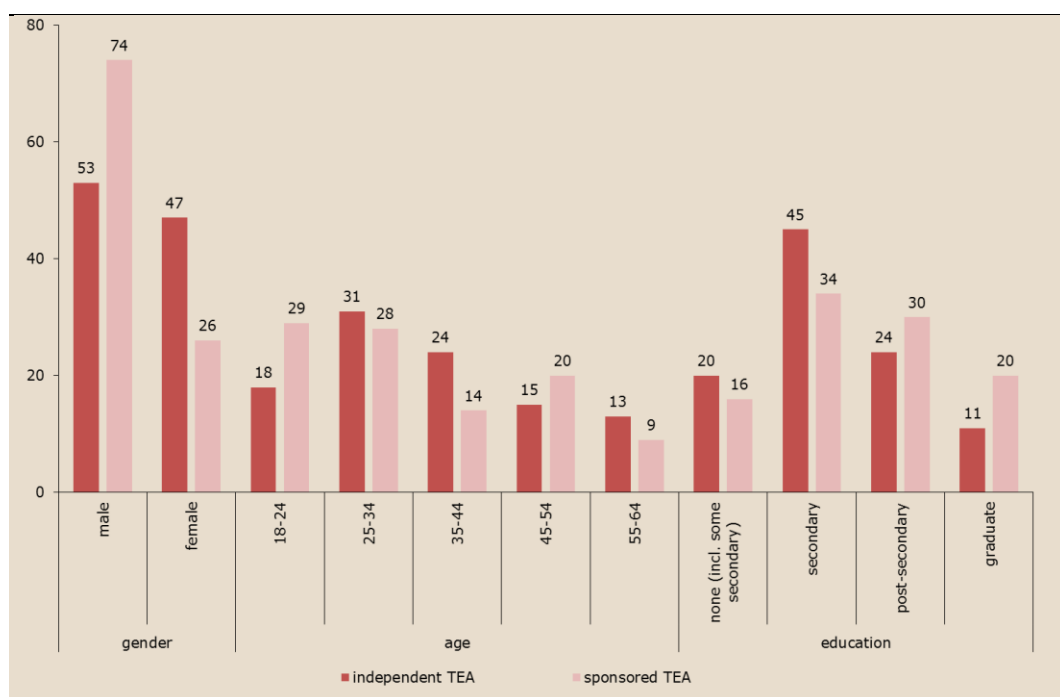
	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
<u>independent TEA:</u> "early-stage entrepreneurship with independent business"	5.1	10.7	7.7	7.4	6.5	9.0
<u>sponsored TEA:</u> "early-stage entrepreneur with sponsored business (part-owned with employer)"	6.2	4.3	4.6	4.1	3.0	1.4

Source: Panteia/GEM APS 2019.

Figure 7 shows a decomposition across gender, age and education for sponsored and independent early-stage entrepreneurship. Notably, three out of four sponsored early-stage entrepreneurs are male. While, the composition of independent early-stage entrepreneurs is more evenly split (53% are male; 47% are female). There is not an evident relationship between age and TEA autonomy. Half of sponsored entrepreneurs have a post-secondary or graduate degree while only 35% of independent entrepreneurs have one of these higher degrees.



figure 7 Demographic structure of independent and sponsored early-stage entrepreneurs in the Netherlands, 2019



Source: Panteia/GEM APS 2019.

Sectors of Industry

Table 17 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 early-stage entrepreneurs in the business services sector is higher than that of peer economies. In contrast, the shares of early-stage entrepreneurs in the other three sectors (extractive, transformative and consumer services) are slightly lower than the shares found in peer economies.

When comparing the sector distributions, in 2018, there was an apparent shift from business services to transformative sector. In 2019, this trend seems to have reversed, where there is a possible shift from the transformative sector (from 22% to 20%) to business services (from 30% to 34%).



table 17 Sector distribution of early-stage entrepreneurs, internationally compared (unweighted average of country scores), 2019, 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	10	7	4	5	5	4
transformative sectors	29	25	21	20	21	20
business services	3	10	25	27	28	34
consumer services	58	58	50	48	45	43

Source: Panteia/GEM APS 2019.

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, however, are important because they contain information about the quality of a business (Hermans et al., 2015) and the potential influence a business will have. We focus on three dimensions of aspirations: the expected growth of the business in the next five years, the expected export intensity and the scope of potential impact (i.e. local, national, global).

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 18, in the Netherlands 7.3% of the adult population, or 70% of early-stage entrepreneurs¹², expects to create at least one job in the next five years. While this is (still) below the average of high-income countries, it is a remarkable increase compared to 2018, when less than half of early-stage entrepreneurs had this ambition. This suggests that the decrease in the TEA rate from 2018 to 2019 is mainly due to a decrease in early-stage self-employed individuals.

table 18 Job growth expectations of early-stage entrepreneurs for the next five years, internationally compared (unweighted average of country scores), 2019, 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>
any jobs	8.2	12.0	9.9	8.8	7.2	7.3
more than 19 jobs	0.7	1.5	1.9	1.4	1.1	1.2

Source: Panteia/GEM APS 2019.

The rate of ambitious entrepreneurs in terms of job growth expectations is comparable to the average EU-level (7.3% and 7.2%, respectively). However, because the TEA rate of the Netherlands is higher than that of the EU (10.4% versus 9.6%), 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 (70% versus 75%).

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, then 0.8% in 2018, and then to 1.2% in 2019. This is encouraging as high-growth-

¹² As the percentage of early-stage entrepreneurs is 10.4% (TEA rate), see table 12.



expectation entrepreneurs are considered important for realising high rates of economic growth (Hermans et al., 2015).

Export Expectations

The second dimension of growth aspirations refers to the expected export intensity of the business. The GEM asks early-stage entrepreneurs what share of their annual sales revenues will come from customers living outside their country. Here, this is translated into three export intensities¹³:

- No international orientation (0% of revenue).
- Weak international orientation (1-25% of revenue).
- Strong international orientation (26-100% of revenue).

A little over a quarter of early-stage entrepreneurs in the Netherlands expect to export (see table 19). This is comparable to the average share of early-stage entrepreneurs in high-income countries that expect to export. Of those who expect to export, 44% are considered having a strong international orientation¹⁴. This is slightly below the average for high-income countries (56% of exporting TEA, i.e. 16% of all TEA). Almost three in four early-stage entrepreneurs do not expect to export.

table 19 Export intensity expectations of early-stage entrepreneurs, internationally compared (unweighted average of country scores), 2019, percentage of early-stage entrepreneurs (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>
<u>no international orientation:</u>						
no expected revenue from outside the country	93	85	72	71	66	73
<u>weak international orientation:</u>						
1-25% of expected revenue from outside the country	3	7	12	13	15	15
<u>strong international orientation:</u>						
26%-100% of expected revenue from outside the country	4	9	16	16	19	12

Source: Panteia/GEM APS 2019.

Scope of potential impact

To gauge the extent of early-stage entrepreneurs' engagement and influence, a few questions for entrepreneurs were added to the 2019 Adult Population Survey. These questions concern the following aspects:

- The locality of their customers (local, national, and/or global customers).
- The novelty of their products or services (new to customers locally, nationally, and/or globally).
- The novelty of their technologies or procedures (locally, nationally, and/or globally).

¹³ Based on GEM's definition of 'strong international orientation', which states that more than 25% of revenue should originate from consumers living in other countries (Bosma et. al, 2020).

¹⁴ In other words, 12% of all early-stage entrepreneurs in the Netherlands.



The responses from early-stage entrepreneurs were combined to create two new indicators: whether the potential impact of the entrepreneur is national, and whether it is global. An entrepreneur’s potential impact is considered national if their customer base is at least national *and* their new products or processes are novel at least at the national level. An entrepreneur’s potential impact is considered international if their customer base is international *and* their new products or processes are novel at a global level.

Table 20 provides the location of customers of early-stage entrepreneurs as a percentage of the Dutch adult population¹⁵. The majority of Dutch early-stage entrepreneurs have customers outside of the local area, within the Netherlands (70%; 7.3% of adult population). 23% of early-stage entrepreneurs only have local customers (2.4% of adult population). Approximately 35% of early-stage entrepreneurs have at least one customer outside of the Netherlands (3.6% of adult population).

table 20 Customer location of early-stage entrepreneurs in the Netherlands, 2019, percentage of adult population (18-64 years of age)

	<i>Customer location</i>
<u>Local only</u> : “do you have customers in the area where you live?”	2.4
<u>National</u> : “do you have customers elsewhere in your country?”	7.3
<u>Global</u> : “do you have any customers outside your country?”	3.6

Note: ‘Local only’ does not include entrepreneurs who have local customers as well as national and/or global customers. In total, 8.8% of the adult population in 2019 had customers in the area where they live.

Source: Panteia/GEM APS 2019.

Table 21 provides the geographical scope of innovation of Dutch early-stage entrepreneurs. Around two-thirds of all early-stage entrepreneurs (69%) have not provided any new products, services, technologies or procedures. The share of entrepreneurs reporting product and/or service innovation is very similar to the share of entrepreneurs reporting process and/or technology innovation. The geographical scope is also comparable for both types of innovation. Overall, 11.5% of early-stage entrepreneurs report having a product/service or process/technology that is novel at the national level (1.2% of adult population), and 6% of Dutch early-stage entrepreneurs report having an innovation that is new to the world (0.6% of adult population).

¹⁵ The % of adult population is used as main indicator for the scope of the potential impact, because this combines two different factors: the share of early-stage entrepreneurs with (for example) global customers, and the share of the adult population involved in early-stage entrepreneurship. Both factors affect the extent of the potential impact of early-stage entrepreneurs.



table 21 Geographic scope of innovation of early-stage entrepreneurs in the Netherlands, for different types of innovation, 2019, percentage of adult population (18-64 years of age)

	<i>product or service</i>	<i>process or technology</i>	<i>product/service or process/technology</i>
<u>New to the area:</u> "new to people in the area where I live"	1.2	1.1	1.7
<u>New to the Netherlands:</u> "new to people in your country"	0.9	0.7	1.2
<u>New to the world:</u> "new to the world"	0.4	0.4	0.6

Source: Panteia/GEM APS 2019.

Table 22 compares the Netherlands with other economies regarding the scope of potential impact, in terms of customers and innovation. Overall, the levels of potential impact at a national or global level tend to be low across all economies. This indicates that many early-stage entrepreneurs do not meet the minimum requirements for potential impact. In the case of the Netherlands, for example, around two-thirds of all early-stage entrepreneurs (69%) have not provided any new products, services, technologies or procedures and therefore do not meet the minimum requirements for potential impact. Furthermore, the larger the country (in terms of territory and/or inhabitants), the more difficult it may be for (early-stage) entrepreneurs to have a potential national impact.

The share of early-stage entrepreneurs in the Netherlands with a potential national impact is lower than the average share found in other high-income countries (1.7% and 2.2% of the adult population, respectively). On a global scale, early-stage entrepreneurs in the Netherlands tend to be only slightly less potentially impactful than their high-income country counterparts (0.5% and 0.6% of the adult population, respectively).



table 22 Scope of potential impact (customer location and innovation) of early-stage entrepreneurs (unweighted average of country scores), 2019, 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>
<u>potential national impact:</u>						
"at least national scope for market and at least national scope for new product or new process"	0.3	1.0	2.2	1.9	2.0	1.7
<u>potential global impact:</u>						
"at least international scope for market and at least international scope for new product or new process"	0.0	0.1	0.6	0.6	0.6	0.5

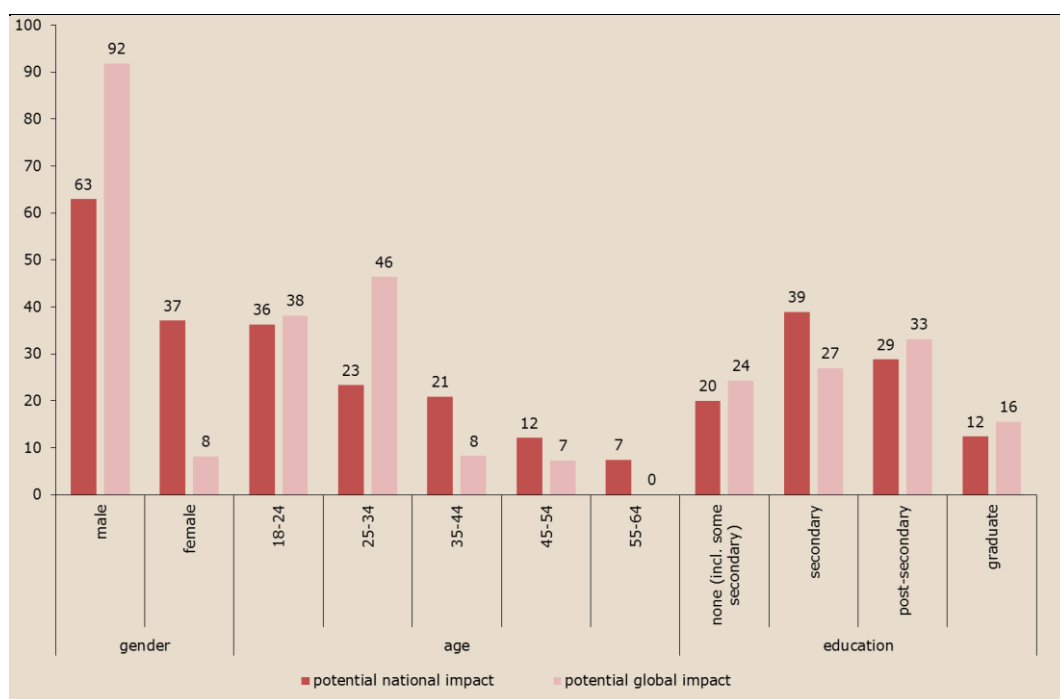
Source: Panteia/GEM APS 2019.

Figure 8 presents a gender, age and education decomposition of early-stage entrepreneurs with a potential national or global impact. Comparing this figure to table 14 shows that early-stage entrepreneurs with a potential (national or global) impact are predominantly male, young and highly educated:

- As shown in table 14, 44% of early-stage entrepreneurs are female. For the subgroup of early-stage entrepreneurs with a potential national impact, this share reduces to 37%. In the case of a potential global effect, this share is reduced even further to only 8% (figure 8).
- While 49% of all early-stage entrepreneurs are under 35 years old (table 14), this age group accounts for 59% of the early-stage entrepreneurs with a potential national impact and even 84% of the early-stage entrepreneurs with a potential global impact (figure 8).
- Regarding education levels, early-stage entrepreneurs with a potential global impact are more likely to have a post-secondary (33%) or graduate degree (16%) than early-stage entrepreneurs with a potential local impact (29% resp. 12%) or early-stage entrepreneurs in general (25% resp. 12%; see table 14).



figure 8 Demographic structure of early-stage entrepreneurs with a potential national or global impact in the Netherlands, 2019



Note: potential national impact is defined as "at least national scope for market and at least national scope for new product or new process"; potential global impact is defined as "at least international scope for market and at least international scope for new product or new process".

Source: Panteia/GEM APS 2019.

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 23 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%. Over the last year, established entrepreneurship has slightly declined to 10.8%.

table 23 Established entrepreneurship in the Netherlands, 2010-2019, percentage of adult population (18-64 years of age)

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>established entrepreneurship:</u>										
"Are you, alone or with others, currently the owner of a business you help manage?"	9.0	8.7	9.5	8.7	9.6	9.9	10.2	8.6	12.0	10.8

Source: Panteia/GEM APS 2019.

The Netherlands scores above average when compared to peer economies (table 24) in terms of established entrepreneurship.



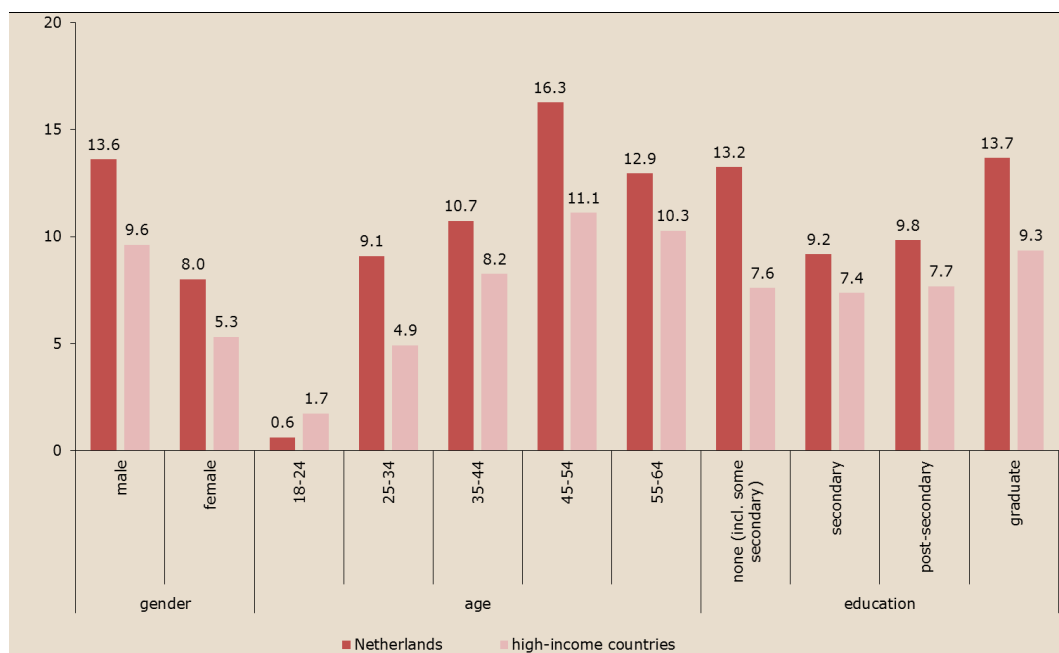
table 24 Established entrepreneurship internationally compared (unweighted average of country scores), 2019, percentage of adult population (18-64 years of age)

	<i>low- income countries</i>	<i>middle- income countries</i>	<i>high- income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
established entrepreneurship	9.2	8.4	7.5	8.2	8.1	10.8

Source: Panteia/GEM APS 2019.

The results presented in figure 9 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 45-54, among the male adult population and among the less than secondary education level and the graduate level population.

figure 9 Established entrepreneurship in the Netherlands and high-income countries, 2019, percentage of a given subgroup



Source: Panteia/GEM APS 2019.

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. Around 4.2% of the adult population 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).

Despite the increasing literature on intrapreneurship, empirical studies investigating the link between intrapreneurship and firm performance are scarce (Blanka, 2019). The few studies that have investigated this relationship tend to focus on innovative or creative outcomes but not on objective firm performance measures involving key financial data (Blanka 2019, p. 942). The link between intrapreneurship and innovation seems clearly supported by the literature though, see for instance also Stam (2013).

Table 25 presents an international comparison of the EEA rate. It shows that the Netherlands have a relatively high EEA rate at 6.0% (though below the rate from 2018: 7.9%). 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 in the Netherlands.

table 25 EEA rates internationally compared (unweighted average of country scores), 2019, percentage of adult population (18-64 years of age)

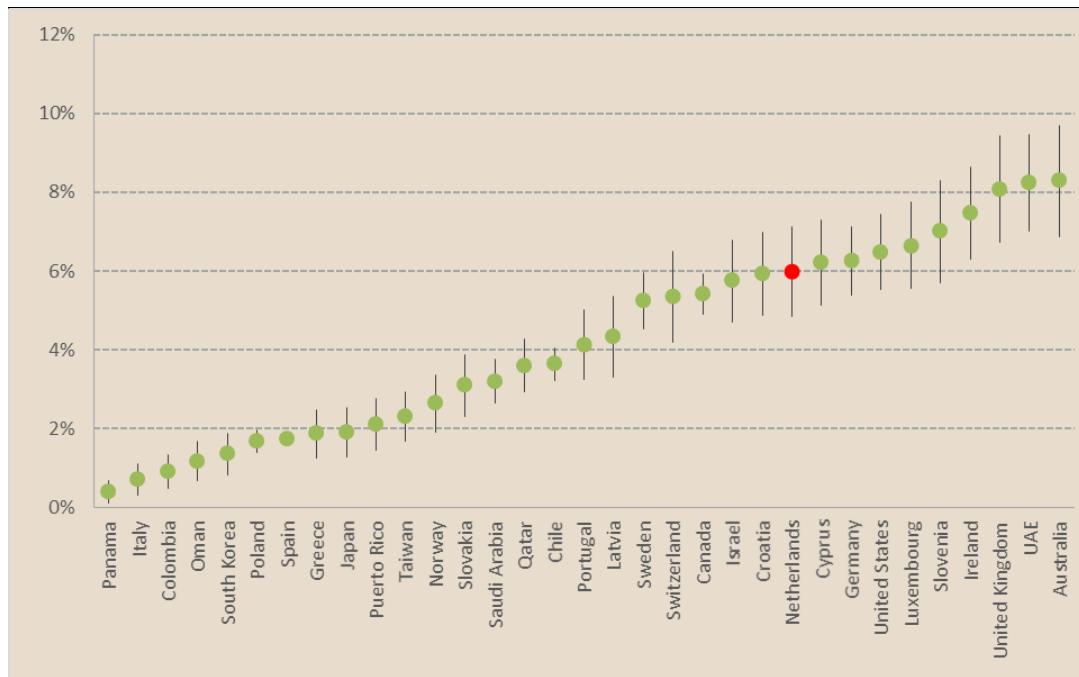
	<i>low-income countries</i>	<i>middle-income countries</i>	<i>high-income countries</i>	<i>OECD</i>	<i>EU</i>	<i>Netherlands</i>
EEA	0.4	0.8	4.2	4.4	4.8	6.0

Source: Panteia/GEM APS 2019.

Figure 10 shows the EEA rate in the high-income countries in ascending order. The EEA rate varies between 0.4% for Panama and 8.3% for Australia. The average EEA rate for high-income countries is 4.2% in 2019. The Netherlands ranks tenth out of 33 high-income countries in 2019.



figure 10 Entrepreneurial employee activity (EEA) in the high-income countries, 2019, percentage of adult population (18-64 years of age)



Source: GEM APS 2019. UAE is United Arab Emirates

Table 26 presents the distribution of demographical characteristics *within the EEA population*, and compares these with the distribution of early-stage entrepreneurs (taken from table 14). The results show clear differences between these two groups in gender, age and educational characteristics. Regarding gender, males are overrepresented in both groups, but entrepreneurial employees are less often female (35%) than early-stage entrepreneurs (44%). Looking at age, entrepreneurial employees tend to be older than early-stage entrepreneurs: 31% of entrepreneurial employees is less than 35 years old, as compared to 49% of early-stage entrepreneurs. Finally, entrepreneurial employees are more likely to have a higher educational level than early-stage entrepreneurs.

A different perspective is offered by table 27, which presents EEA rates *within a demographic group* for the total adult population. It follows that 8% of the male adult population is an entrepreneurial employee versus 4% 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 entrepreneurial intent (expectations to start a new business within the next three years, see section 2.3) within the EEA population is relatively high. Among entrepreneurial employees or intrapreneurs, 20.5% has entrepreneurial intent. This is considerably larger than among the general adult population (12.2%, see table 9), and close to that of potential entrepreneurs and actual entrepreneurs (19.8% resp. 23.8, see table 9). This suggests that entrepreneurial employee activity may act as a springboard to early-stage entrepreneurship.



table 26 Demographic structure of entrepreneurial employees and early-stage entrepreneurs in the Netherlands, 2019

		<i>entrepreneurial employees</i>	<i>early-stage entrepreneurs</i>
<i>gender</i>	male	65%	56%
	female	35%	44%
<i>age</i>	18-24 years	9%	19%
	25-34 years	22%	30%
	35-44 years	30%	22%
	45-54 years	21%	16%
	55-64 years	18%	12%
	none (incl. some secondary)	10%	20%
<i>education</i>	secondary degree (<i>middelbare school</i>)	35%	43%
	post-secondary (<i>HBO</i>)	29%	25%
	graduate degree (<i>universiteit</i>)	26%	12%

Source: Panteia/GEM APS 2019.

table 27 Demographic structure of EEA rates among the total adult population in the Netherlands, 2019

		<i>EEA rate among adult population</i>
<i>gender</i>	male	8%
	female	4%
<i>age</i>	18-24 years	4%
	25-34 years	6%
	35-44 years	9%
	45-54 years	5%
	55-64 years	5%
	none (incl. some secondary)	2%
<i>education</i>	secondary degree (<i>middelbare school</i>)	5%
	post-secondary (<i>HBO</i>)	8%
	graduate degree (<i>universiteit</i>)	13%

Source: Panteia/GEM APS 2019.



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) or even a firm exit (Parastuty, 2018). In addition to continued or discontinued activities, respondents reveal the most important reason behind exiting the entrepreneurship process.

Table 28 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, 2.6% of the Dutch adult population experienced an entrepreneurial exit in 2019. This is almost the same as in 2018 (with an exit rate of 2.5%). In about three out of five entrepreneurial exits, the exit coincides with firm exit: 1.6% of the Dutch adults experienced an entrepreneurial exit with business closure in 2019.

table 28 Entrepreneurial exit in the Netherlands, 2010-2019, percentage of adult population (18-64 years of age)

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	0.9	1.4	1.5	1.6	1.3	1.7	2.1	2.1	1.9	1.6
<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	0.5	0.5	0.7	0.5	0.4	0.4	0.6	1.0	0.6	1.0

Source: Panteia/GEM APS 2019.

Table 29 compares entrepreneurial exit rates from an international point of view. Overall, the probability of exit tends to decrease with the stage of economic development. The exit rates for the Netherlands are slightly lower than the average exit rates for the EU and lower than the averages for the high-income economies. In 2019, the share of entrepreneurial exits with business continuation in the Netherlands is around 38%, which is close to the average for high-income economies (37%).



table 29 Entrepreneurial exit internationally compared (unweighted average of country scores), 2019, 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>
exit with business closure	3.7	4.2	2.9	2.4	2.0	1.6
exit without business closure	1.2	1.7	1.7	1.3	1.1	1.0

Source: Panteia/GEM APS 2019.

The share of entrepreneurial exits involving continuation of the business has increased over time in the Netherlands (from 19% in 2015 to 38% in 2019). 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 (13%) of entrepreneurial exits declaring 'an opportunity to sell' as their main exit reason (see table 30), this explanation seems unlikely to be the main reason. The second possibility is that many entrepreneurial exits involve team entrepreneurs, where the remaining business owners continue the business.

table 30 Main exit reason internationally compared, 2019, 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	7	3	8	9	8	13
business was not profitable	40	35	27	26	24	23
problems getting finance	17	18	10	10	9	9
other job/business opportunity	6	9	12	13	13	24
exit was planned in advance	2	3	4	4	4	5
Retirement	1	2	6	7	8	6
personal reasons	20	20	20	19	19	15
an incident	3	4	3	4	2	0
government/tax policy/bureaucracy	4	7	9	8	12	5
other reason/don't know	0	0	0	0	0	0

Source: Panteia/GEM APS 2019.

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 30. Internationally, the dominant reason for entrepreneurial exit tends to be lack of profitability. In 2019, 23% of exits in the Netherlands were due to a lack of profitability, which is less than the average share in high-income countries (27%). In



the Netherlands, one reason was mentioned more often than lack of profitability: another job (or business) opportunity (24%).

Because the entrepreneurial exit rate is low, the GEM Adult Population Survey includes few observations from respondents that had to discontinue their business in the past 12 months (46 observations in 2019 for the Netherlands). The percentages presented in the rightmost column of table 30 (concerning the Netherlands) therefore have relatively large confidence intervals. This makes it difficult to compare results over time.

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

Whereas the majority of this report is devoted to the 2019 results of the Dutch Adult Population Survey, one interesting component of GEM has remained unaddressed so far: 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. For each EFC, 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. 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 three EFCs a further distinction is made between two sub-conditions.

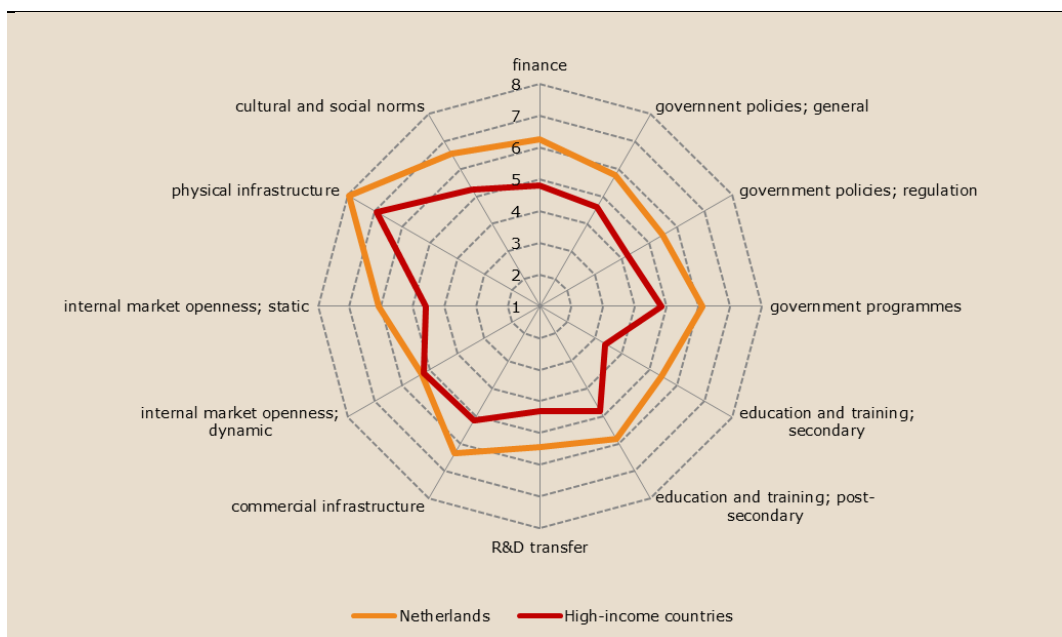
- *Financing*: The availability of financial resources, equity, and debt (including grants and subsidies) for new and growing firms.
- *Government policies*: The extent to which public policies support entrepreneurship. This EFC has two sub-conditions:
 - *general*, i.e. entrepreneurship as a relevant issue,
 - *regulation*, i.e. whether taxes or regulations are size-neutral or encourage new enterprises and SMEs.
- *Government programmes*: The extent to which new and growing firms are assisted by effective government programmes (with competent personnel), science parks and incubators.
- *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*: there are two sub-conditions:
 - *market dynamics*, i.e. the extent to which markets change from year to year,



- *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 11 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 11 Average expert scores for the Entrepreneurial Framework Conditions (EFCs) for the Netherlands and high-income countries, 2019



Source: Panteia/GEM NES 2019.

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, commercial infrastructure 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 86% of the adult population, much higher than in comparable economies.

The lowest scores in 2019 are the scores for the framework condition relating to R&D transfer, internal market openness (dynamic), secondary education and regulation 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 difference¹⁶ between the Netherlands and the average high income country 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).

¹⁶ relative as well as absolute.



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