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Global Entrepreneurship Monitor the Netherlands 2016

National Report

GEM

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

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Zoetermeer, 20 December 2017

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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 2016 results for the Netherlands are presented in the following paragraphs.

The Total early-stage Entrepreneurial Activity (TEA) rate, defined as the percentage of adults between 18 and 64 years of age who are actively trying to start a new business (nascent entrepreneurs), or own and manage a business younger than 3.5 years (young business entrepreneurs), has increased considerably from 7.2% in 2015 to 11.0% in 2016, and reached its highest level for this decade. In recent years up until 2015 the TEA varied between 9.3% and 10.3%. The low TEA of 7.2% in 2015 seems to have been incidental. In 2016, both the levels of nascent entrepreneurship (+33%), and particularly the level of new business entrepreneurship (+80%) have increased.

In 2016 the Dutch TEA rate ranks seventh out of 27 innovation-driven economies, while in 2015, the Dutch TEA rate ranked fifteenth out of 24 innovation-driven economies. Compared to the innovation-driven economies the position of the Netherlands improved. The TEA rate in the Netherlands was also higher than the average of innovation-driven economies and higher than the average of EU-countries.

TEA can be deconstructed by motive for wanting to start enterprise into necessity-driven and opportunity-driven early-stage entrepreneurial activity. Opportunity-driven early-stage entrepreneurial activity refer to start-up efforts undertaken to seize a business opportunity. This part of the TEA was 8.5% of the adult population in 2016. This was an improvement compared to 2015. Necessity-driven early-stage entrepreneurial activity occurs when an individual sees no better choices for work. This part of the TEA was always low in the Netherlands, compared to other innovation-driven countries. However, in 2016 necessity-driven early-stage entrepreneurial activity was 21% of the total TEA. The relative share of necessity-driven entrepreneurship in total TEA has doubled in 2016 compared to 2015.

In 2016, entrepreneurial exit increased slightly compared to 2015. Exit with business closure increased from 1.7% in 2015 to 2.1% in 2016 and exit without business closure increased from 0.4% in 2015 to 0.6% in 2016. Compared to 2015, the share of entrepreneurs stating a lack of business profitability as their main exit reason, decreased with 12 percentage points (from 51% in 2015 to 39% in 2016). But this was still the most important reason in 2016. Reasons for exit which became more important in 2016 were: "exit was planned in advance" and "personal reasons".

Overall the entrepreneurial perceptions improved in the Netherlands in 2016. Especially perceived opportunities (good opportunities for starting a business in the next six months) increased from 48% of the adult population in 2015 to 54% in 2016. In 2016, the perceived capabilities remained at the same level as in 2015. The fear of failure decreased in 2016, which was also the case in 2015 and 2014. Compared to other innovation-driven economies, the Netherlands scores much better on perceived opportunities and fear of failure, and slightly less well on perceived capabilities.

Comparing the entrepreneurial attitudes with other innovation-driven economies we notice that 78% of the Dutch adult population sees entrepreneurship as a desirable choice compared with 58% in other innovation-driven economies. On the other hand, innovation-driven economies score better on indicators such as "entrepreneurship is given high status" and "media attention for entrepreneurship".

After a decrease in 2015, entrepreneurial employee activity (EEA) increased from 6.3 in 2015 to 7.6 in 2016. Again we observe that the EEA rate in the Netherlands is higher than in similar economies. 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.

Finally, the results of the National Expert Survey (NES) shows that the Netherlands scores higher across all entrepreneurial framework conditions than the averages of the innovation-driven economies. This suggests that circumstances to start a business in the Netherlands are relatively good.

1 Introduction

This research report is structured in a fashion similar to recent Dutch publications under the Global Entrepreneurship Monitor banner[1].

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 65 economies in 2016. 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 2016, the Netherlands participated in GEM for the sixteenth 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 relationship between entrepreneurship and economic development is still far from complete (Wennekers et al., 2010). The quest to unravel this complex relationship 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, identifying three stages of a country's level of economic development (section 1.2) and different phases of entrepreneurship (section 1.3).

1.2 Stages of economic development

The role of entrepreneurship in the economy and the specific nature of entrepreneurial activity depend on the level of economic development of an economy. Three stages of economic development can be identified which can be ordered from least developed to most developed as follows:

- *Factor-driven economies*. Economic activity in these economies is primarily based on the extraction of natural resources;

[1] See 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.

- *Efficiency-driven economies*. In these economies, industrialisation and increasing scale-intensity are the major drivers of economic development;
- *Innovation-driven economies*. The service sector strongly expands and the industrial sector evolves in terms of variety, R&D, and knowledge intensity.

These stages of economic development correspond to the classification of the World Economic Forum (WEF) into factor-driven, efficiency-driven, and innovation-driven economies, as presented in their Global Competitiveness Reports. An economy can be marked as primarily factor-driven, efficiency-driven, or innovation-driven depending on the activities that are most significant for a nation's economic development. An important criterion that is used to classify countries into these three categories is the level of per capita income, see table 1. In 2016, there are 6 factor-driven economies, 32 efficiency-driven economies, and 27 innovation-driven economies participating in GEM.

table 1 Income thresholds for establishing the stages of economic development

stage of economic development	*GDP per capita (in US $)*
stage 1: factor-driven	< 2,000
transition from stage 1 to stage 2	2,000 – 3,000
stage 2: efficiency-driven	3,000 – 9,000
transition from stage 2 to stage 3	9,000 – 17,000
stage 3: innovation-driven	≥ 17,000

Source: Global Competitiveness Report (GCR), 2015-2016 (World Economic Forum, 2015).

1.3 The entrepreneurship process

GEM acknowledges that entrepreneurial activity is best seen as a process rather than a single time event. 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 2016/17 Global Report (Herrington et al., 2017).

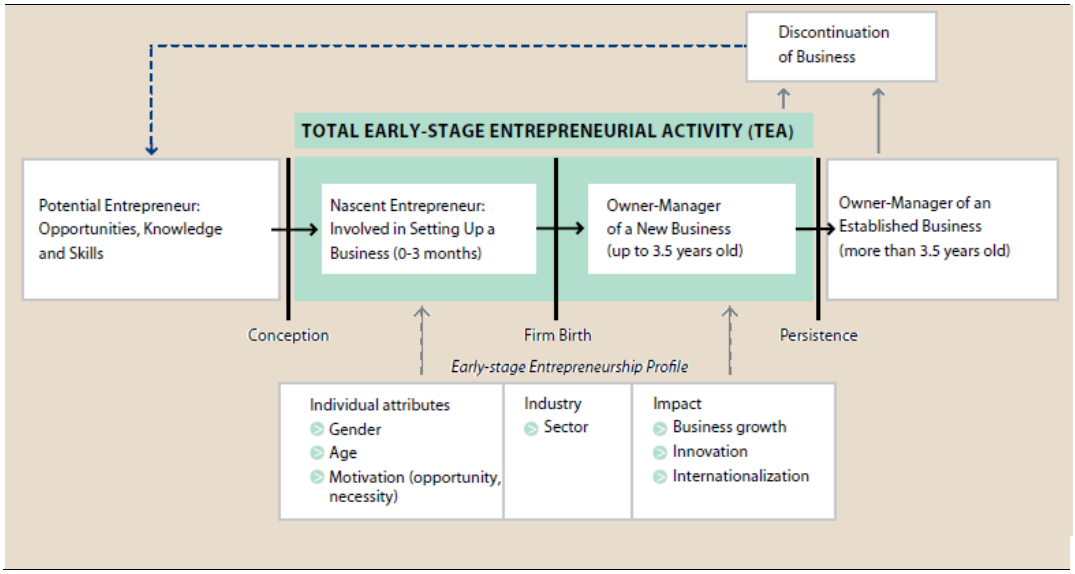
Hence, the following phases of entrepreneurship can be distinguished:

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

figure 1 The entrepreneurship process



Source: Global Entrepreneurship Monitor: 2016/17 Global Report (Herrington et al., 2017).

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

- *Discontinuation*: Any entrepreneur may decide to quit his/her business endeavour at some moment of time. This discontinuation of entrepreneurial activities may reflect a voluntary exit such as an opportunity to sell the business. On the other hand, it may also reflect an involuntary choice or less successful terminations, such as difficulties of getting external finance or a lack of profitability of the business. Entrepreneurial discontinuation is given more attention at the end of Chapter 3.
- *Re-engagement*: The dashed arrow connecting discontinuation and the pool of potential entrepreneurs refers to individuals who quit one of their business activities, and afterwards decide to re-engage in the entrepreneurship process. This category of entrepreneurs (referred to as serial entrepreneurs) together with established entrepreneurs is of importance because it embodies key resources for other entrepreneurs in terms of providing financing, advice, mentorship, or other types of

support. Note that figure 1 does not show any dashed arrows between the discontinuation phase and phases of the entrepreneurship process other than potential entrepreneurship. In reality, however, an established entrepreneur may quit his/her entrepreneurial activities after which (s)he decides to set up another business, i.e. (s)he becomes a nascent entrepreneur. In addition, dashed arrows between the discontinuation phase and entrepreneurial intent and TEA may be added to figure 1.

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

In addition to the TEA rate, another GEM indicator also provides good insight into the degree of entrepreneurship of an economy. The Entrepreneurial Employee Activity rate (EEA) measures involvement of employees in entrepreneurial activities, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary.

1.4 Adult Population Survey and National Expert Survey

1.4.1 Adult Population Survey (APS)

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

The APS data are collected by standardised telephone surveys in each participating economy (or by means of face-to-face interviews in some economies). Each economy's sample must consist of at least 2,000 respondents of 18 years and older. The Dutch sample consists of 2,256 respondents and is acquired by means of a mixture between fixed-line and mobile-line telephone interviews. The survey was held from May to July 2016. In the remainder of this report, all data are reweighted by the actual distribution of the Dutch population in terms of gender, age and education to make the sample representative along these dimensions for the Dutch adult population between 18 and 64 years of age.

1.4.2 National Expert Survey (NES)

For the National Expert Survey (NES) at least 36 experts in each participating country are asked 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 2016*

Table 2 contains an overview of the participating economies. Among these economies, there are 28 Member Countries of the Organisation for Economic Co-operation and Development (OECD) and 22 Member States of the European Union (EU). A classification across the three stages of economic development is provided: *factor-driven economies*, *efficiency-driven economies*, and *innovation-driven economies* (see table 1).

table 2 Participating economies in GEM 2016, with those in the transition towards the next stage of economic development marked with an asterisk

economies	*member OECD*	*member EU*
factor-driven economies (6)		
Burkina Faso	no	no
Cameroon	no	no
India	no	no
Iran*	no	no
Kazakhstan*	no	no
Russia*	no	no
efficiency-driven economies (32)		
Argentina*	no	no
Belize	no	no
Brazil	no	no
Bulgaria	no	yes
Chile*	yes	no
China	no	no
Colombia	no	no
Croatia*	no	yes
Ecuador	no	no
Egypt	no	no
El Salvador	no	no
Georgia	no	no
Guatemala	no	no
Hungary*	yes	yes
Indonesia	no	no
Jamaica	no	no
Jordan	no	No
Latvia*	yes	yes
Lebanon*	no	no
Macedonia	no	no
Malaysia*	no	no
Mexico*	yes	no
Morocco	no	no
Panama*	no	no

economies	*member OECD*	*member EU*
Peru	no	no
Poland*	yes	yes
Saudi Arabia	no	no
Slovak Republic	yes	Yes
South Africa	no	no
Thailand	no	no
Turkey	yes	no
Uruguay*	no	no
innovation-driven economies (27)		
Australia	yes	no
Austria	yes	yes
Canada	yes	no
Cyprus	no	Yes
Estonia	yes	yes
Finland	yes	yes
France	yes	yes
Germany	yes	yes
Greece	yes	yes
Hong Kong	no	no
Ireland	yes	yes
Israel	yes	no
Italy	yes	yes
Republic of Korea	yes	no
Luxembourg	yes	yes
Netherlands	yes	yes
Portugal	yes	yes
Puerto Rico	no	no
Qatar	no	no
Slovenia	yes	yes
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

1.5 Outline of the Dutch GEM report 2016

This Dutch GEM report is structured as follows. Chapter 2 focuses on entrepreneurial attitudes and perceptions of the Dutch adult population, and compares the 2016

situation with earlier years. In addition, Chapter 2 reports on the evolution of entrepreneurial intentions over time. Chapter 3 describes the latest Dutch developments regarding entrepreneurial activity, and focuses on early-stage and established entrepreneurs. Chapter 3 also pays attention to entrepreneurial employee activity (EEA). Furthermore, attention is devoted to the discontinuation of entrepreneurial activities. Finally, the results from the Dutch NES survey are also discussed in this chapter.

2 Entrepreneurial perceptions, attitudes, and intentions

The present chapter focuses on entrepreneurial *perceptions, attitudes*, and *intentions* among the Dutch adult population in 2016. A longitudinal view of these measures is provided by comparing the Dutch numbers from 2016 with those from previous years. Additionally, the Dutch results are compared with international results. For this purpose, the averages of the 27 innovation-driven economies 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 2016

The values in table 3 show the three dimensions of potential entrepreneurship and their developments over time from 2007 onwards. Throughout the years we observe a variation in the level of perceived opportunities that clearly correlates with macro-economic developments[2]. Levels first dropped in 2008 and 2009, during the years of the first recession that initiated the recent economic and financial crises. Two years of slight economic recovery followed with modest growth levels in GDP and perceived opportunities improving. GDP growth again was negative during the second recession that followed in 2012 and 2013 and the level of perceived opportunities followed suit. The level of perceived opportunities in 2016 increased to the highest level in the last 10 years. The correlation between GDP and perceived opportunities is plotted in figure 2.

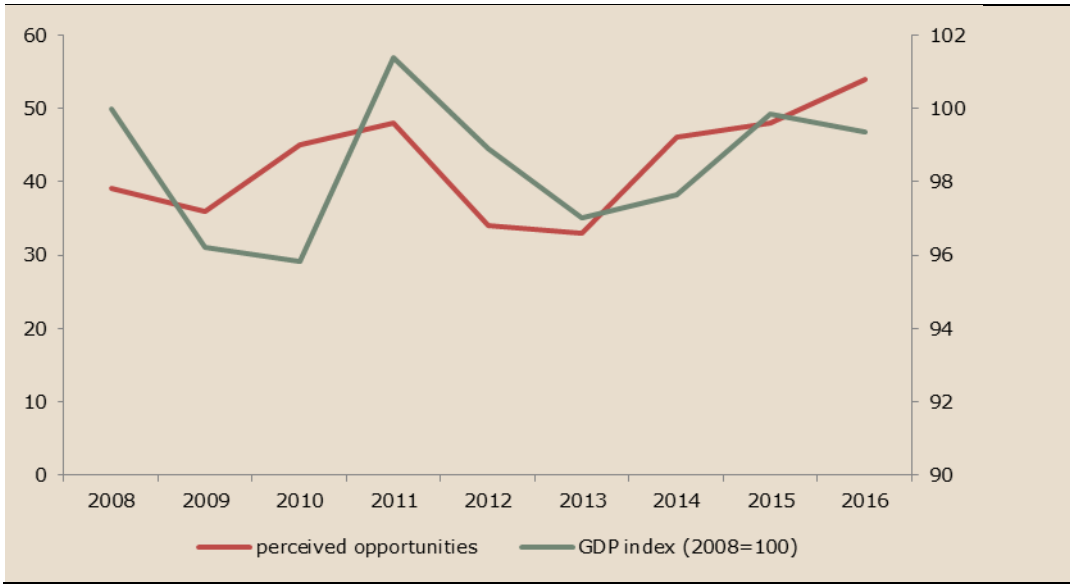
table 3 Entrepreneurial perceptions in the Netherlands, 2007-2016, percentage of adult population (18-64 years of age) that agrees with the statement

item	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
perceived opportunities: "In the next six months, will there be good opportunities for starting a business in the area where you live?"	42	39	36	45	48	34	33	46	48	54
perceived capabilities: "Do you have the knowledge, skill and experience required to start a new business?"	39	38	47	46	42	42	42	44	41	41
fear of failure: "Would fear of failure prevent you from starting a business?"	21	26	27	26	37	39	43	39	38	35

Source: GEM APS 2016.

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

figure 2 Plotted relationship between changes in GDP (indexed at 2008=100) and perceived opportunities in the Netherlands, 2008-2016



Source: GEM APS 2016 and Netherlands Bureau for Economic Policy Analysis.

In a somewhat similar vein, the fear of failure indicator increased dramatically in 2011, and increased further until 2013 when it reached its highest point since the Netherlands' participation in the GEM in 2001. Also, in 2013 the level of perceived opportunities reached its lowest point since 2003. These numbers provide an indication of the fact that in 2013 the economic crisis was far from over in the Netherlands, and that the economic environment for starting a business was relatively poor. The increase in perceived opportunities and decrease of the fear of failure index suggest that the perception of economic circumstances improved somewhat in 2014. The increase in perceived opportunities and decrease of the fear of failure index continued in 2015 and 2016. The level of self-perceived capabilities in 2016 was 41%, at a similar level to previous years. As entrepreneurial capabilities are largely independent of the business cycle (unlike the other two indicators described above), the stable trend is not surprising.

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 other innovation-driven economies (see table 4).

table 4 Entrepreneurial perceptions internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
perceived opportunities	44	42	41	41	37	54
perceived capabilities	56	55	44	45	44	41
fear of failure	33	39	44	44	47	35

Source: Panteia/GEM APS 2016.

Table 5 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 28% think they have the capabilities to start a new business, whereas 86% of the entrepreneurs think they have the capabilities to start a new business.

table 5 Entrepreneurial perceptions of (non-)entrepreneurs in the Netherlands, 2016, percentage of adult population (18-64 years of age)

	adult population	*non-entrepreneurs*	*entrepreneurs*
perceived opportunities	54	50	67
perceived capabilities	41	28	86
fear of failure	35	40	24

Source: Panteia/GEM APS 2016.

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 6 shows that 78% of the Dutch adult population think that entrepreneurship is considered a desirable career choice in the Netherlands. This percentage is rather stable over time but much higher than in comparable countries in the EU, OECD, and countries with innovation economies. (see table 7). 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 other countries with similar levels of development. This may point to a cultural characteristic in the Netherlands finding its roots in the "Golden Age" (17th Century), in which Dutch entrepreneurs were very successful around the globe (cf. the Verenigde Oost-Indische Compagnie (VOC), the first multinational of the world). Hence, it may be in the "genes" of the Dutch to consider entrepreneurship a natural career option (Van Stel, Span and Hessels, 2014).

The level of respect or high status, accorded to successful entrepreneurs is also rather stable over time at two third of the adult population (although it decreased in 2016 to 60), in line with peer economies.

table 6 Entrepreneurial attitudes in the Netherlands, 2007-2016, percentage of adult population (18-64 years of age) that agrees with the statement

item	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
entrepreneurship as desirable career choice: "In the Netherlands, most people consider starting a new business a desirable career choice"	85	85	84	85	83	79	80	79	79	78
entrepreneurship is given high status: "In the Netherlands, those successful at starting a new business have a high level of status and respect"	69	69	67	69	67	65	66	68	65	60
media attention for entrepreneurship: "In the Netherlands, you will often see stories in the public media about successful businesses"	61	61	64	61	62	58	55	56	58	57

Source: GEM APS 2016.

table 7 Entrepreneurial attitudes internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age) that agrees with the statement

item	*factor-driven economies*	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
entrepreneurship as desirable career choice: "In the Netherlands, most people consider starting a new business a desirable career choice"	62	67	58	57	57	78
entrepreneurship is given high status: "In the Netherlands, those successful at starting a new business have a high level of status and respect"	72	67	70	68	66	60
media attention for entrepreneurship: "In the Netherlands, you will often see stories in the public media about successful businesses"	58	61	62	58	54	57

Source: GEM APS 2016.

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). For the sixth year in a row, the level of entrepreneurial intentions is higher than in 2010 (see table 8). This seems to point at a trend break with the recent past. Possibly, the increased attention in education curricula given to entrepreneurship in the Netherlands over the last years (European Commission, 2012), has contributed to positive intentions towards entrepreneurship.

table 8 Entrepreneurial intentions in the Netherlands, 2007-2016, percentage of adult population (18-64 years of age) that agrees with the statement

Item	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
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?"	5.5	5.3	7.4	7.1	9.8	10.1	10.3	10.8	11.1	10.9

Source: GEM APS 2016.

Remarkably, from an international perspective the Dutch entrepreneurial intentions are still relatively low (see table 9). Part of the explanation may be that in the Netherlands, compared to other countries, relatively many individuals are already actively involved in entrepreneurship (see chapter 3). Hence, for them there may be no need to start another business.

table 9 Entrepreneurial intentions internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
entrepreneurial intent	35.2	29.8	18.5	17.6	14.8	10.9

Source: Panteia/GEM APS 2016.

Perceptions of different subgroups

Of special interest is how the prevalence rate of intentional entrepreneurship differs across various subgroups. For the present purpose the "non-entrepreneurs" are divided into two groups based on their entrepreneurial perceptions. That is, table 10 shows a decomposition of entrepreneurial intent among the entire adult population, among the non-entrepreneurs who are *not* considered potential entrepreneurs ("non-potential entrepreneurs"), and among the non-entrepreneurs who are considered potential entrepreneurs ("potential entrepreneur"). A non-entrepreneur is considered a potential entrepreneur if this individual is not involved in any entrepreneurial activity yet, but responds with "yes" to the question "In the next six months, will there be good opportunities for starting a business in the area where you live?", with "yes" to the question "Do you have the knowledge, skill and experience required to start a new business?", and responds with "no" to the question "Would fear of failure prevent you from starting a business?". The "non-potential entrepreneurs" are not involved in any entrepreneurial activity, and at the same time answer "no" to the first question, or "no" to the second question, or "yes" to the third question (or a combination of these answers). For completeness, table 10 also reports on entrepreneurial intent among the nascent, new, and established entrepreneurs (i.e., actual entrepreneurs).

table 10 Entrepreneurial intentions of non-entrepreneurs and potential entrepreneurs in the Netherlands, 2016, percentage of adult population (18-64 years of age)

	adult population	*"non-potential" entrepreneur*	*potential entrepreneurs*	*actual entrepreneurs*
entrepreneurial intent	10.9	6.2	19.8	23.8

Source: Panteia/GEM APS 2016. The group of potential entrepreneurs excludes individuals who are also involved in TEA or established entrepreneurship.

Not surprisingly, the potential entrepreneurs have entrepreneurial intentions considerably more often than the "non-potential entrepreneurs". However, the level of entrepreneurial intent among the potential entrepreneurs decreased in 2016 compared to 2015 (19.8% versus 32.0%), and is now back at the 2014 level. A further observation is that about one in four active entrepreneurs intends to start a business within the next three years. This may hint at so-called portfolio entrepreneurs, who run several businesses simultaneously, or serial entrepreneurs, who have a clear exit strategy in mind for their current business and intend to set up a subsequent business.

2.4 Comparing potential and intentional entrepreneurs

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

Table 11 presents a gender and age decomposition for the "non-potential entrepreneurs", the potential entrepreneurs, and individuals with entrepreneurial intentions. To enable a proper comparison across the three categories, individuals are taken into account who have "pure" entrepreneurial intentions only. That is, nascent, new, and established entrepreneurs ("actual entrepreneurs" in table 10) with entrepreneurial intentions are excluded from the calculations.

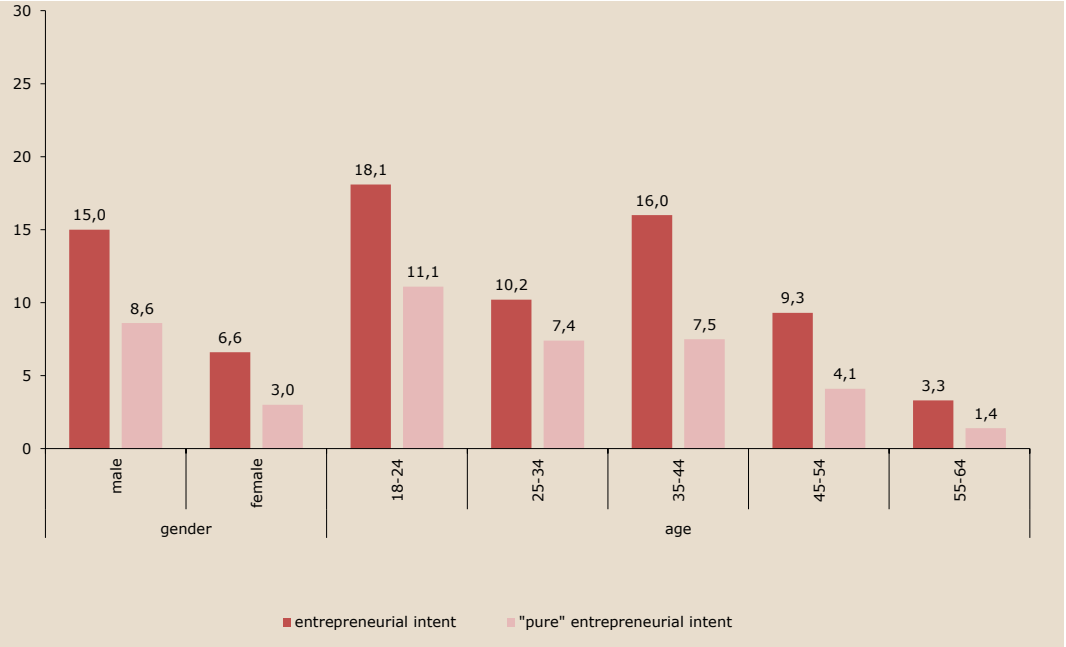
A different approach to investigating the prevalence of entrepreneurial intentions across the demographic subgroups is illustrated in figure 3. The figure shows the percentage of individuals intending to start a business within the next three years for each subgroup. Specific attention is devoted to "pure intentions ". When considering the potential entrepreneurship indicator, table 11 confirms the trend that males are more often involved in entrepreneurship than females (73% versus 27 %).

table 11 Demographic structure of (non-)potential and intentional entrepreneurs in the Netherlands, 2016

		"non-potential" entrepreneurs	*potential entrepreneurs*	*"pure" intentional entrepreneurs*
gender	male	43%	73%	75%
	female	57%	27%	25%
age	18-24 years	14%	13%	26%
	25-34 years	19%	25%	24%
	35-44 years	21%	19%	28%
	45-54 years	24%	25%	17%
	55-64 years	22%	18%	5%

Source: Panteia/GEM APS 2016. Potential entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to observe business opportunities, to possess entrepreneurial skills and not to be afraid of business failure. The group of "pure" intentional entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to expect to start a business in the next three years.

figure 3 Entrepreneurial intentions in the Netherlands, 2016, percentage of a given subgroup



Source: Panteia/GEM APS 2016. The group of individuals with "pure" entrepreneurial intentions excludes individuals who are also involved in TEA or established entrepreneurship.

Figure 3 also shows that the prevalence of entrepreneurial intentions tends to decrease with age class. 'Pure' entrepreneurial intentions among the 18-24 age group of the adult population (11.1%) have greatly decreased when compared to 2015 (20.7%) and 2014 (20.0%), and have now returned to the level of 2013 (12.5%). Intentions among the adult population aged 25-34 continued to decrease, reaching a level of 7.4% (compared to 9.3% in 2014 and 8% in 2015). 'Pure' intentions also decreased for the group aged 45-54 when compared to 2015 (from 6.2% to 4.1 %),

and is now nearing the level of 2014 (3.8%). Intentions among the age group 55-64 also continued to decrease in 2016. The 'pure' intentions increased for the group aged 35-44 with 0.8 percentage points.

Furthermore, when comparing the "potential entrepreneurs" with the "pure intentional entrepreneurs", table 11 demonstrates that the youngest age class makes up a larger proportion of the "pure intentional entrepreneurs" compared to the "potential entrepreneurs" (26% versus 13%). This may point to some degree of overconfidence among young individuals as a part of them indicates to expect to start a business within three years whereas they do not have the characteristics that would qualify them as a potential entrepreneur. For the category aged 55-64 years, the data shows a reversed pattern, suggesting that entrepreneurial potential in this age group might remain unexploited.

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 an active person in the calculation of the TEA rates.

Table 12 shows that the extreme decrease of TEA in 2015, where TEA was 25% lower than in 2014, seems to be incidental. The TEA rate in 2016 increased with 3.8 percentage points, reaching the highest level in the last decade. Table 12 also shows that the increase in TEA is also due to new entrepreneurship, which increased from 3.0% in 2015 to 5.4% 2016. In 2013 and 2014, the level of new business entrepreneurship in the Netherlands was far above the average of similar countries (*i.e.,* innovation-driven economies, OECD and EU countries). In 2015 the level of new business entrepreneurship in the Netherlands was slightly lower than the average of similar countries. As is shown in table 13, in 2016 the level of new business entrepreneurship in the Netherlands is again higher than the average of innovation-driven economies, OECD countries and EU countries, with 5.4% versus 3.7%, 4.1%, and 3.4% respectively.

table 12 Total early-stage entrepreneurial activity (TEA) in the Netherlands, 2007-2016, percentage of adult population (18-64 years of age)

item	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
TEA: aggregate of nascent and new entrepreneurship	5.2	5.2	7.2	7.2	8.2	10.3	9.3	9.5	7.2	11.0
nascent entrepreneurship: "Are you, alone or with others, currently trying to start a new business?"	2.7	2.1	3.1	4.0	4.3	4.1	4.7	5.2	4.3	5.7
new entrepreneurship: "Are you, alone or with others, currently the owner of a business you help manage?"*	2.6	3.2	4.1	3.4	4.1	6.3	4.8	4.5	3.0	5.4

** Note that wages, profits, or payments in kind from this business should have been received after January 1, 2011. Furthermore, respondents partially or fully own this new business. Source: GEM APS 2016.*

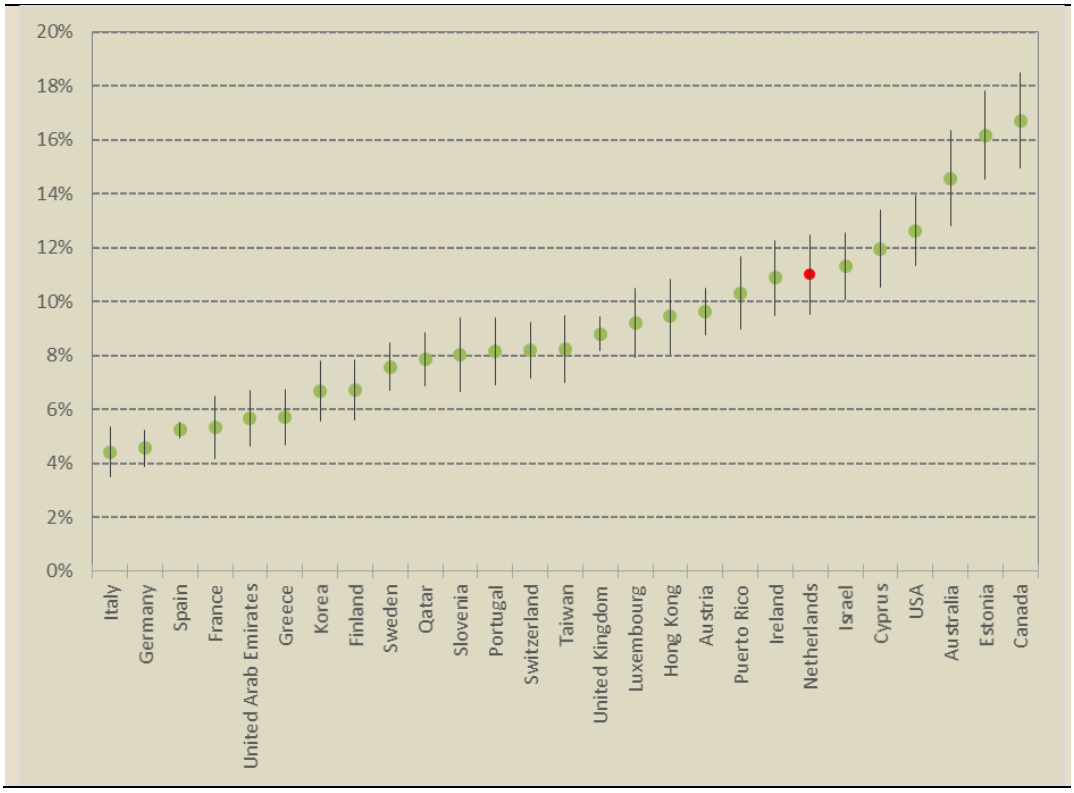
table 13 TEA rates internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
TEA	16.8	14.2	9.1	10.1	8.6	11.0
nascent entrepreneurship	10.0	8.0	5.5	6.3	5.3	5.7
new entrepreneurship	7.3	6.5	3.7	4.1	3.4	5.4

Source: Panteia/GEM APS 2016.

The Dutch TEA ranked seventh out of 27 innovation-driven economies in 2016 (see figure 4). In 2015 it was ranked fifteenth out of 24 innovation-driven economies, ranked eleventh out of 30 innovation-driven economies in 2014, and in 2013 it was ranked sixth out of 26 innovation-driven economies.

figure 4 Total early-stage entrepreneurial activity (TEA) in the innovation-driven economies, 2016, percentage of adult population (18-64 years of age)



Source: GEM APS 2016.

Demographics

Table 14 shows a decomposition across gender and age 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 and age for the early-stage entrepreneurs.

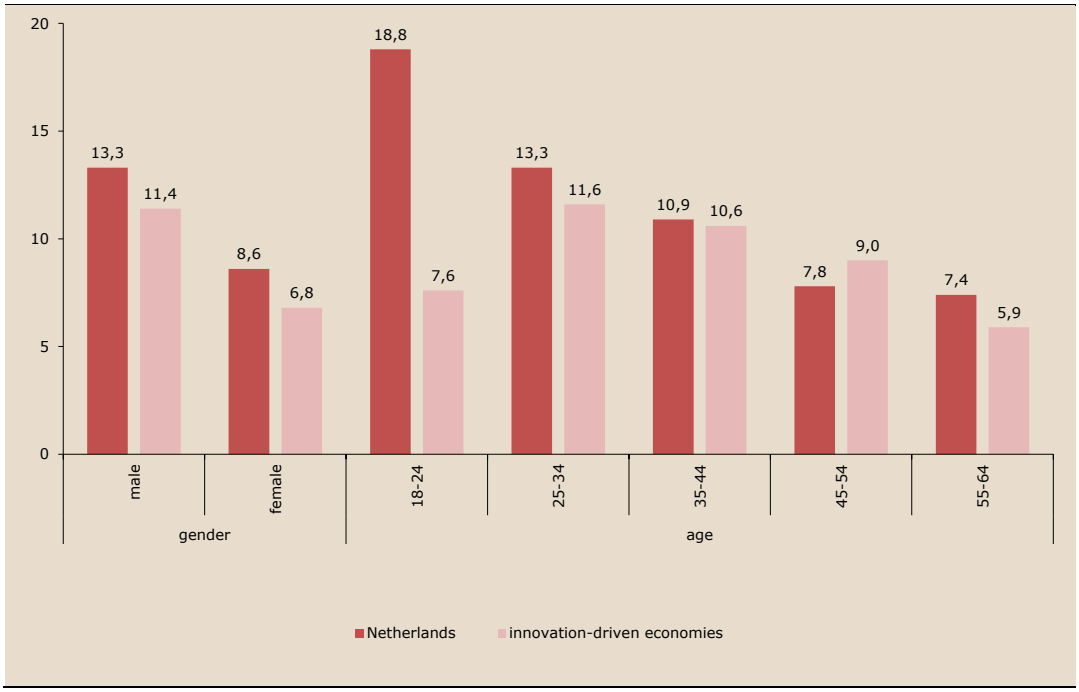
table 14 Demographic structure of (non-)potential, intentional, and early-stage entrepreneurs in the Netherlands, 2016

		"non-potential entrepreneurs"	*potential entrepreneurs*	*"pure" intentional entrepreneurs*	*early-stage entrepreneurs*
gender	male	43%	73%	75%	61%
	female	57%	27%	25%	39%
age	18-24 years	14%	13%	26%	24%
	25-34 years	19%	25%	24%	24%
	35-44 years	21%	19%	28%	21%
	45-54 years	24%	25%	17%	17%
	55-64 years	22%	18%	5%	14%

Source: Panteia/GEM APS 2016. Potential entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to observe business opportunities, to possess entrepreneurial skills and not to be afraid of business failure. The group of "pure" intentional entrepreneurs are defined as those individuals who are not involved in any entrepreneurial activity yet but report to expect to start a business in the next three years.

Another way to investigate the prevalence rates of early-stage entrepreneurship across the demographic subgroups is presented in figure 5. Overall TEA rates differ between the Netherlands and the innovation-driven economies as displayed in table 13, i.e. 11.0% versus 9.1%. For each demographic subgroup figure 5 shows the TEA rate, both for the Netherlands and for the innovation-driven economies (unweighted averages of country scores are used). The figure shows that the TEA rate of females in the Netherlands is now higher than the average in the innovation driven economies. This is due to a dramatic increase in the female TEA rate in the Netherlands, from 3.5% in 2015 to 8.6% in 2016.

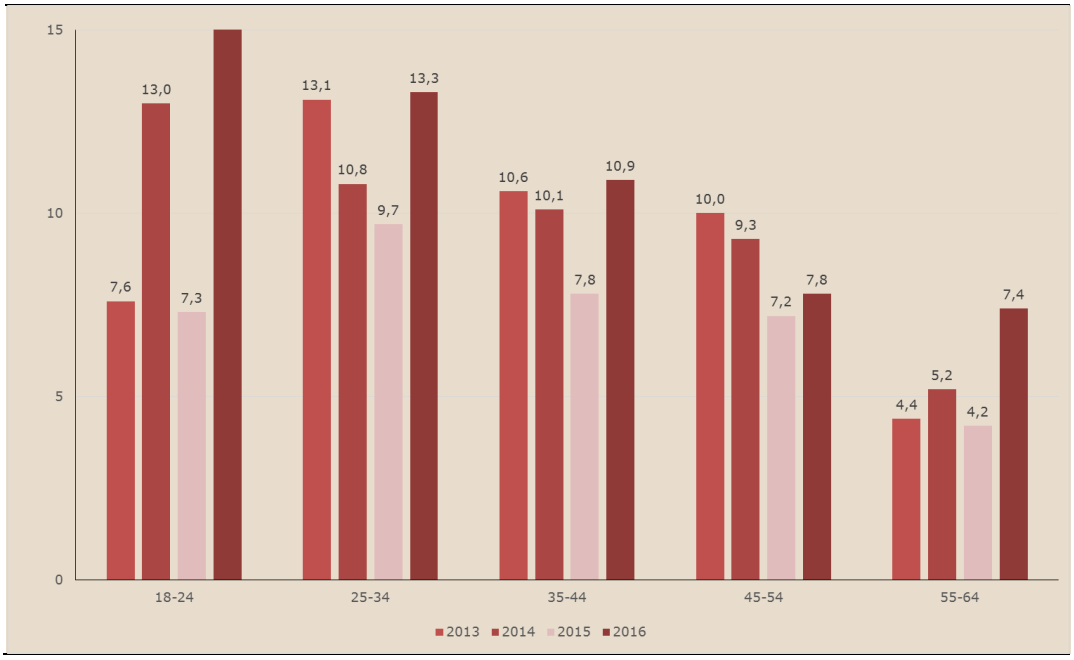
figure 5 Total early-stage entrepreneurial activity (TEA) in the Netherlands and innovation-driven economies, 2016, percentage of a given subgroup



Source: Panteia/GEM APS 2016.

Figure 5 also shows that for the Netherlands, the actual entrepreneurial activity rate is highest among individuals aged 18-24 years. In other innovation-driven countries, entrepreneurial activity is highest among the 25-34 age bracket, which is also usually the case for the Netherlands, except in the years 2014 and 2016. In 2014, the TEA for the youngest group increased considerably, from 7.6% in 2013 to 13.0% in 2014. This was clearly an outlier as in 2015, the TEA for the youngest group went back to the 2013 level. However, in 2016 this increased substantially to 18.8% and therefore probably an outlier again, as shown in figure 6.

figure 6 Total early-stage entrepreneurial activity (TEA) in the Netherlands, 2013-2016, percentage of a given age category



Source: Panteia/GEM APS 2016.

Opportunity and necessity TEA

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

As shown in table 15, the necessity rate of entrepreneurship in the Netherlands had been relatively stable between 0.5 and 1% in the period of 2007-2013. In 2014 the necessity rate increased to 1.5%, but decreased to 1.2% in 2015. In 2016 the necessity rate increased substantially to 2.3%. Most variation in the TEA rate is related to opportunity entrepreneurship. From 2007 to 2012 the opportunity rate increased every year to 8.6% in 2012. After 2012 this rate decreased every year to 5.9% in 2015. In 2016, the opportunity rate has returned to a comparable level as in 2012.

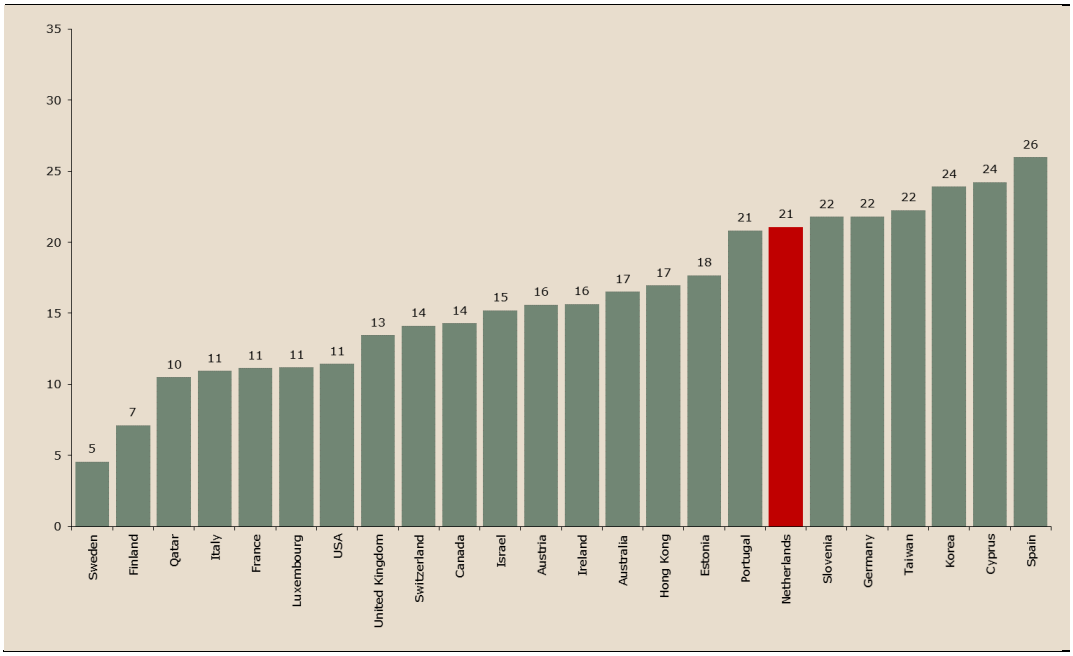
table 15 Motivation for the decision to be entrepreneurially active (TEA), the Netherlands, 2007-2016, percentage of adult population (18-64 years of age)

	2007	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
opportunity-driven motivation	3.9	4.3	5.0	6.1	7.0	8.6	8.1	7.6	5.9	8.5
necessity-driven motivation	0.6	0.5	0.7	0.6	0.7	0.9	0.7	1.5	1.1	2.3
other motivation	0.7	0.4	1.4	0.5	0.5	0.8	0.5	0.4	0.2	0.2
total (TEA)	5.2	5.2	7.2	7.2	8.2	10.3	9.3	9.5	7.2	11.0

Source: GEM APS 2016.

The relative share of necessity-driven entrepreneurship in total TEA has doubled compared to 2015. The relative share of necessity-driven entrepreneurship in total TEA in the Netherlands is higher than the average of the innovation-driven economies, whereas this share was lower than the average of the innovation-driven economies in 2015.

figure 7 Necessity-driven TEA divided by total TEA for the innovation-driven economies, 2016 (%)



Source: Panteia/GEM APS 2016.

Table 16 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 sector distribution of early-stage entrepreneurship is comparable with the rates found in other countries with similar levels of economic development. The level of early-stage entrepreneurs in consumer services sector in the Netherlands is slightly higher than other OECD and EU countries (49% versus 46% and 44%, respectively).

table 16 Sector distribution of early-stage entrepreneurs, internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age) involved in TEA

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
extractive sectors	12%	7%	4%	5%	6%	3%
transformative sectors	27%	22%	22%	22%	23%	20%
business services	9%	12%	27%	27%	27%	28%
consumer services	52%	59%	47%	46%	44%	49%

Source: Panteia/GEM APS 2016.

3.2 Aspirations of early-stage entrepreneurs

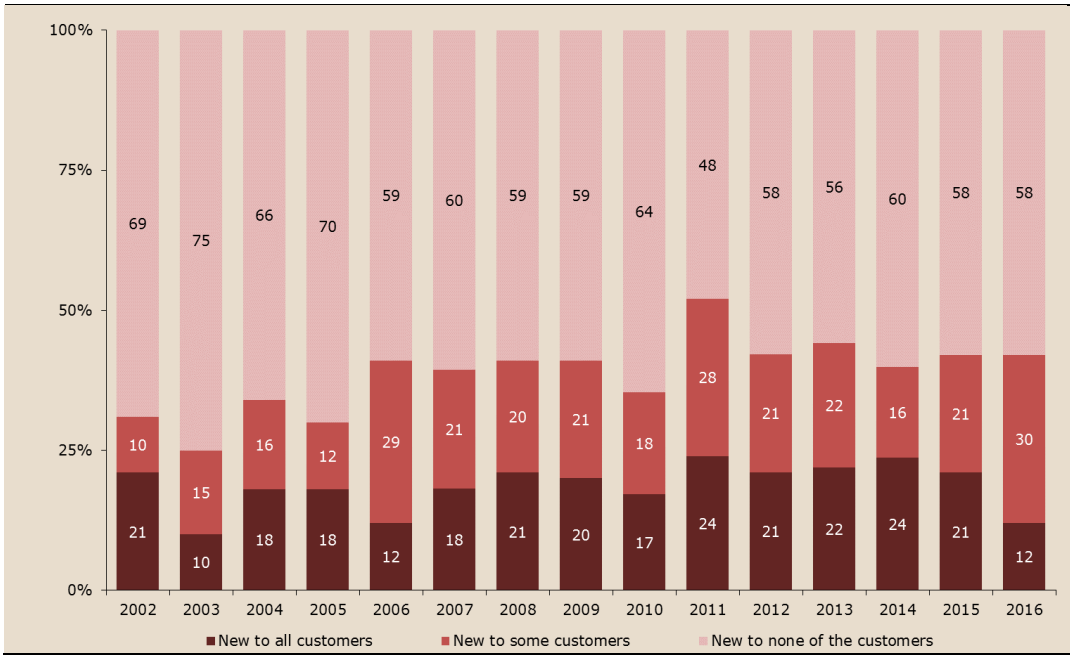
The previous sections focused on the rate of early-stage entrepreneurship without taking into account the entrepreneur's aspirations. These aspirations are, however, important because they contain information about the quality of a business (De Vries, 2015). We focus on three dimensions of aspirations: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

Product innovation

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

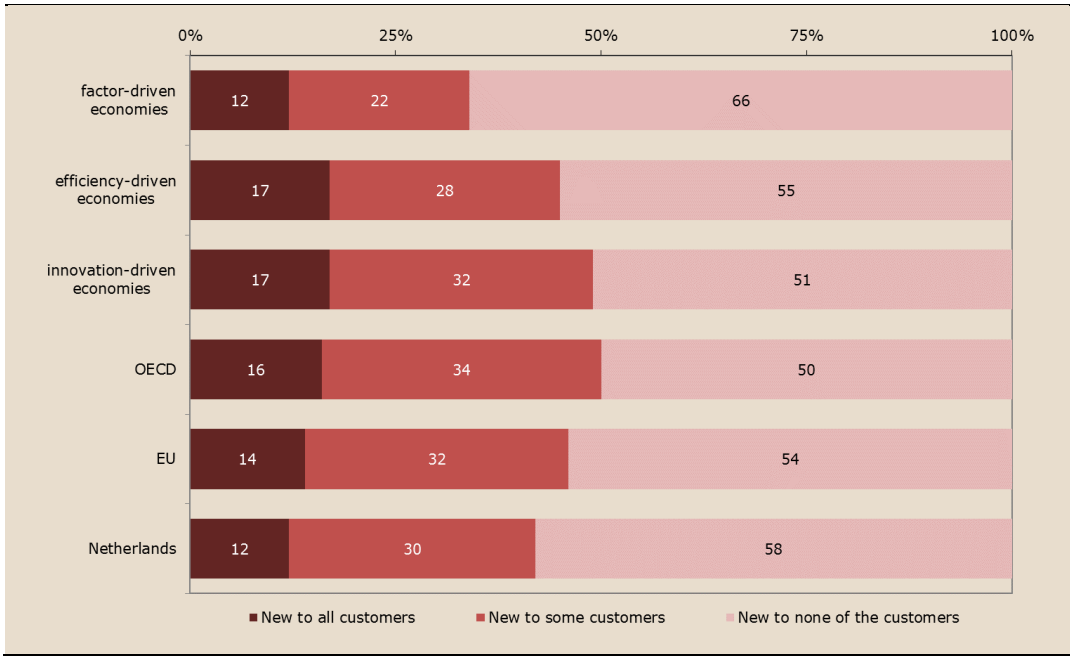
The results presented in figure 8 show that product innovativeness remained relatively stable in 2015: 42% of early-stage entrepreneurs indicate that their product is new to some or all customers (40% in 2014). In 2015 the Netherlands scored higher than peer economies on the indicator products and services "new to all customers" (21% versus 17% for innovation-driven economies), but decidedly lower on the indicator "new to some customers" (21% versus 32% for innovation-driven economies) This could suggest that the Netherlands is relatively good at radical innovation but less good at imitating innovative ideas (Van Stel, Span and Hessels, 2014), although more research is needed to corroborate this suggestion. In 2016, the percentage "new to all customers" decreased significantly to 12% and is now comparable to the level of the EU (14%). However, the percentage of enterprises with products or services which are "new to some customers" increased significantly to 30% and is now at the same levels as peer economies.

figure 8 Product innovativeness of early-stage entrepreneurs in the Netherlands, 2002-2016, percentage of adult population (18-64 years of age) involved in TEA



Source: Panteia/GEM APS 2016.

figure 9 Product innovativeness of early-stage entrepreneurs internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age) involved in TEA



Source: Panteia/GEM APS 2016.

Job growth expectations

GEM asks early-stage entrepreneurs about the expected growth in the number of employees in the next five years. It is shown in table 17 that in the Netherlands 6.5% of the adult population, or about 59% of early-stage entrepreneurs (as the percentage

of early-stage entrepreneurs is 11.0% (TEA rate), see table 12), expects to create at least one job in the next five years. This is lower than the average of innovation-driven economies, and in line with research on Dutch solo self-employed workers (Kraaij and Elbers, 2016). The percentage of the adult population expecting to create more than 19 jobs decreased considerably, from 0.9% in 2015 to 0.4% in 2016, which is lower than other innovation-driven economies.

table 17 Job growth expectations now or in five years of early-stage entrepreneurs internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
any jobs	12.6	10.1	6.6	7.4	6.1	6.5
more than 19 jobs	1.0	1.1	1.1	1.2	0.8	0.4

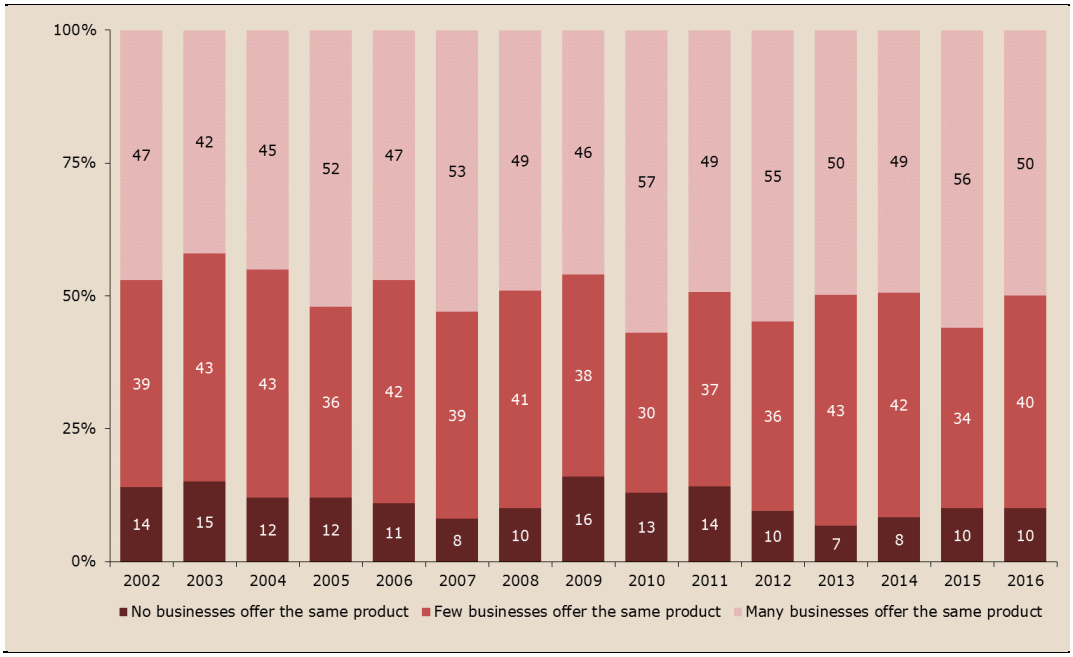
Source: Panteia/GEM APS 2016.

Perceived competition level

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

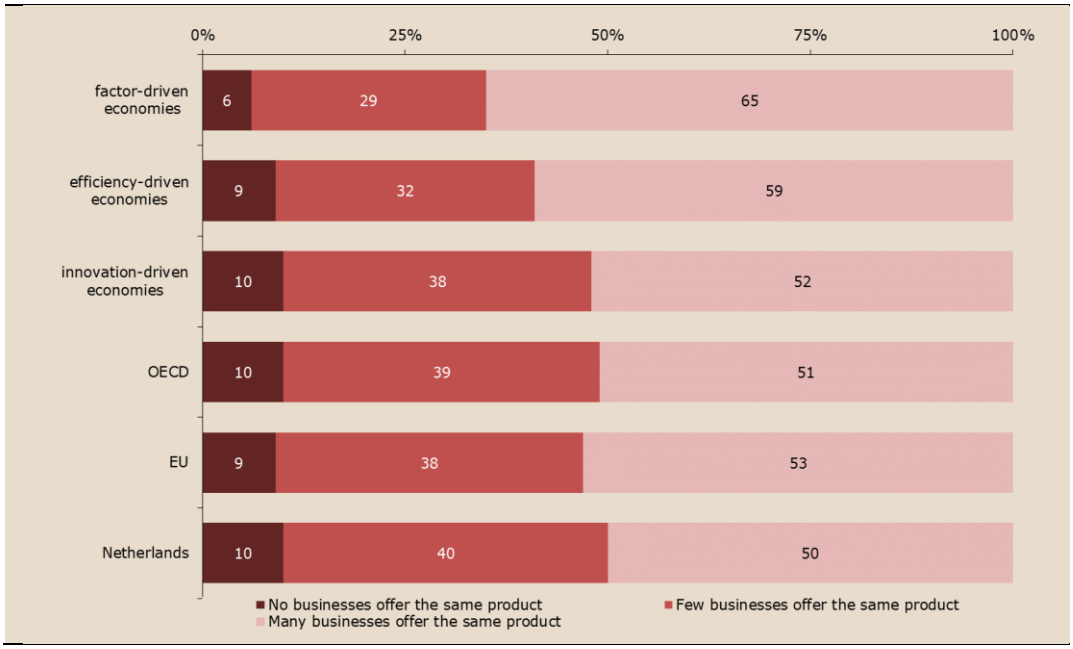
Since the economic crisis the percentage of early-stage entrepreneurs perceiving no or little competition seems to go up and down a little every year. After a decline in 2012 from 51% to 46%, the level in 2013 came back at 50% and remained relatively constant in 2014. In 2015 the percentage of early-stage entrepreneurs perceiving no or little competition declined to 44%, whereas this percentage increased to 50% in 2016. From an international perspective, the Netherlands has a similar percentage of entrepreneurs perceiving strong competition in their market (50% versus 52% for innovation-driven economies; see figure 11).

figure 10 Perceived competitiveness of early-stage entrepreneurs in the Netherlands, 2002-2016



Source: Panteia/GEM APS 2016.

figure 11 Perceived competitiveness of early-stage entrepreneurs internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age) involved in TEA



Source: Panteia/GEM APS 2016.

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 18 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, the highest level in the last 10 years. These swings may be related to macro-economic developments with more start-up enterprises surviving when overall economic circumstances are better.

table 18 Established entrepreneurship in the Netherlands, 2007-2016, percentage of adult population (18-64 years of age)

Item	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
established entrepreneurship: "Are you, alone or with others, currently the owner of a business you help manage?"	6.4	7.2	8.1	9.0	8.7	9.5	8.7	9.6	9.9	10.2

Source: Panteia/GEM APS 2016.

The Netherlands score far above average when compared to peer economies (table 19) in terms of established entrepreneurship.

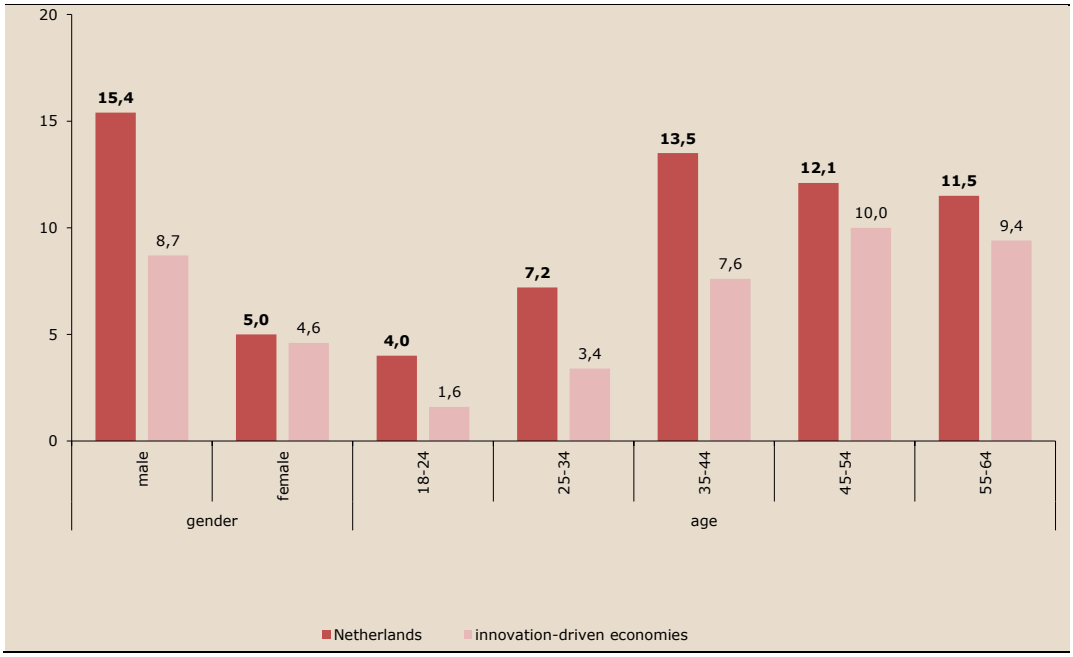
table 19 Established entrepreneurship internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
established entrepreneurship	11.2	8.6	6.7	7.3	6.8	10.2

Source: Panteia/GEM APS 2016.

The results presented in figure 12 on the demographic distribution of established entrepreneurs show that, relative to innovation-driven economies, the Netherlands has a particularly high rate of established entrepreneurs among the age group 35-44 and among the male adult population.

figure 12 Established entrepreneurship in the Netherlands and innovation-driven economies, 2016, percentage of a given subgroup



Source: Panteia/GEM APS 2016.

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.

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

Table 20 presents an international comparison of the EEA rate. It is clear that the EEA rate increases with the stage of economic development, as factor-driven economies have a much lower EEA rate than the innovation-driven economies. It also shows that the Netherlands have a relatively high EEA rate at 7.6%, which is a significant increase compared to 2015, when it was 6.3%. This value is substantially higher than

the EEA rate averages in the EU and OECD countries and shows that there were relatively many employees involved in intrapreneurship.

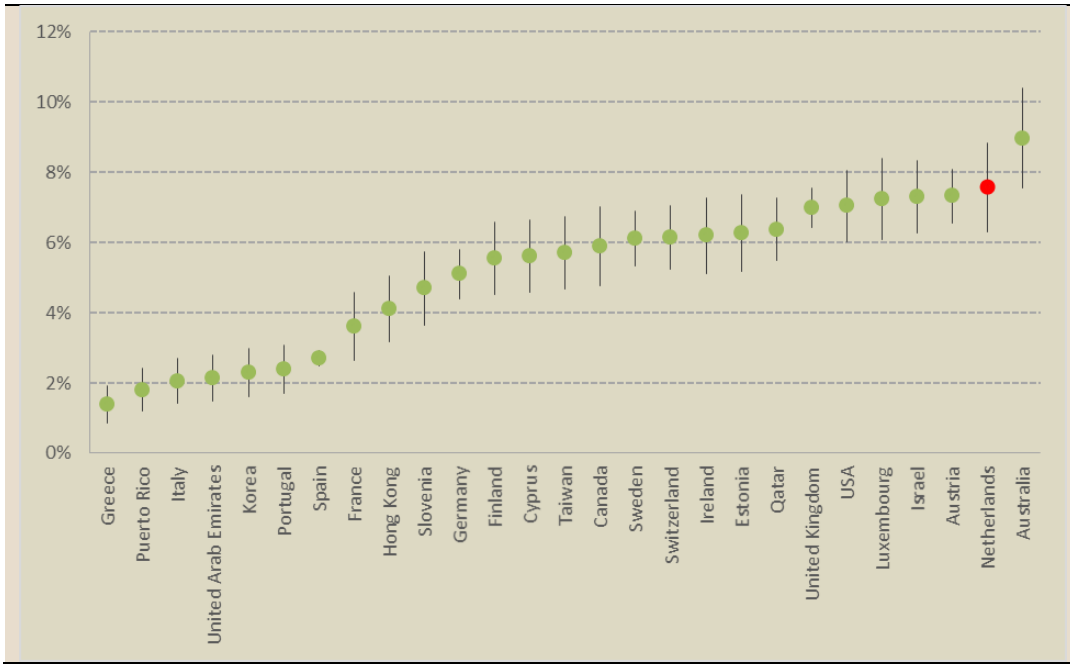
table 20 EEA rates internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
EEA	1.1	2.3	5.1	5.1	4.6	7.6

Source: Panteia/GEM APS 2016.

Figure 13 shows that the EEA rate in the innovation-driven economies in ascending order. It follows that Australia has an exceptionally high EEA rate (9.0%), which was also the case in 2015. On the other end of the spectrum some countries are shown to have an EEA rate around or below 2%, such as Greece, Puerto Rico, Italy, and United Arab Emirates. The Netherlands ranks second out of the 27 innovation-driven economies, with a percentage of 7.6%. In 2015 the Netherlands ranked 11 out of 24 innovation-driven economies, with a percentage of 6.3%.

figure 13 Entrepreneurial employee activity (EEA) in the innovation-driven economies, 2016, percentage of adult population (18-64 years of age)



Source: GEM APS 2016.

Table 21 presents various demographic divisions of the EEA rate. Please note that the percentages in each of the three columns relate to different populations. The first column presents the distribution of demographical characteristics *within the EEA region.* For example, 67% of all entrepreneurial employees within the Netherlands is male, 33% is female. The rates presented in this column add up to hundred percent within each of the presented categories.

The second column presents EEA rates *within a demographic group* for the total adult population. It follows that 10% of the male adult population is an actively entrepreneurial employee versus 5% among the female adult population. The proportional relation between the two groups is similar to that in column one, *i.e.* it is clear from both columns that men are more actively involved in intrapreneurship.

The third column presents entrepreneurial intent (expectations to start a new business within the next three years, see section 2.3) within the EEA region, that is, among entrepreneurial employees or intrapreneurs. Comparing these numbers to those presented in table 10 reveals that entrepreneurial intent is higher among intrapreneurs (40% for male and 5% for female) than among the general adult population (11%). It is clear that entrepreneurial intentions are relatively high among intrapreneurs suggesting that entrepreneurial employee activity may act as a springboard to early-stage entrepreneurship.

table 21 Demographic structure of entrepreneurial employees and EEA rates among the total adult population and the part of the population that expects to start an enterprise in the next three years, in the Netherlands, 2016

	entrepreneurial employees	*EEA rate among adult population*	*entrepreneurial intent among EEA*
male	67%	10%	40%
female	33%	5%	5%
18-24 years	10%	6%	16%
25-34 years	30%	12%	19%
35-44 years	22%	8%	27%
45-54 years	26%	8%	49%
55-64 years	12%	4%	22%

Source: Panteia/GEM APS 2016.

3.5 Entrepreneurial exit

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

Table 22 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, 2.7% of the Dutch adult population experienced an entrepreneurial exit in 2016, which is an increase by 0.6 percentage points when compared to 2015 (2.1%). For almost four of every entrepreneurial exits, the exit

coincides with firm exit, so that 2.1% of the Dutch adults experienced an entrepreneurial exit with business closure in 2016.

table 22 Entrepreneurial exit in the Netherlands, 2007-2016, percentage of adult population (18-64 years of age)

Item	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
exit with business closure: Sold, shut down, discontinued, or quit a business in the past 12 months; business did **not** continue its activities after exit	0.5	1.0	1.8	0.9	1.4	1.5	1.6	1.3	1.7	2.1
exit without business closure: Sold, shut down, discontinued, or quit a business in the past 12 months; business continued its activities after exit	0.3	0.6	0.7	0.5	0.5	0.7	0.5	0.4	0.4	0.6

Source: Panteia/GEM APS 2016.

Table 23 compares entrepreneurial exit rates from an international point of view. Clearly, the probability of exit decreases with the stage of economic development. The Dutch exit with business closure rate is (slightly) higher than the average of the innovation-driven economies.

table 23 Entrepreneurial exit internationally compared (unweighted average of country scores), 2016, percentage of adult population (18-64 years of age)

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
exit with business closure	4.7	3.7	2.0	2.2	2.0	2.1
exit without business closure	2.0	1.3	1.0	1.0	0.8	0.6

Source: Panteia/GEM APS 2016.

However, the table 23 also shows that the share of entrepreneurial exits with business continuation is lower in the Netherlands compared to innovation-driven economies. Whereas in innovation-driven economies one out of four entrepreneurial exits involves continuation of the business, this share is only one out of five in the Netherlands. This may suggest a problem with business transfers in the Netherlands[3]. Such a problem may have important consequences as transferred businesses are often reported to outperform new-firm start-ups (e.g. Meijaard, 2007). In contrast however, recent research on business transfers in the Netherlands (Ruis et al., 2014) finds that failed transfers have a marginal macro-economic impact only as the economic importance of

[3] In case of entrepreneurial exit, business continuation is also possible without business transfer, for instance if there were multiple firm owners, and the other owner(s) continue.

the underlying businesses has often already strongly diminished. Failed transfers may lead to "friction costs and micro-economic impacts consisting of evicted business premises, former employees facing unemployment and clients having to find a new supplier".

Main exit reason

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

In the Netherlands, lack of profitability has traditionally been a dominant reason for entrepreneurial exit. This is also the case for 2016, where 39% of exits were due to a lack of profitability. This is the same as in 2014, but considerably less than in 2015, when 51% of exits were due to a lack of profitability. Experiencing problems in getting finance as reason for exit was stable at around 11% in previous years, however in 2015 this decreased to 5%, and in 2016 this decreased even further to 2%. Other jobs or business opportunities as a reason for entrepreneurial exit was stable at around 10% in previous years, though this has increased to 22% in 2015. In 2016, this decreased slightly compared to 2015. Personal reasons as a reason for entrepreneurial exit has decreased from 31% in 2014 to 14% in 2015, however, this increased substantially in 2016 to 21%.

table 24 Main exit reason internationally compared, 2016, percentage of exits

	factor-driven economies	*efficiency-driven economies*	*innovation-driven economies*	*OECD*	*EU*	*Netherlands*
an opportunity to sell	12%	5%	7%	6%	4%	0%
business was not profitable	34%	38%	33%	32%	34%	39%
problems getting finance	10%	15%	9%	11%	11%	2%
other job/business opport.	8%	9%	13%	13%	12%	20%
exit was planned in advance	5%	3%	5%	5%	6%	10%
Retirement	1%	2%	6%	6%	6%	7%
personal reasons	17%	18%	18%	17%	17%	21%
an incident	5%	3%	3%	3%	2%	0%
government/tax policy/bureaucracy	6%	6%	6%	7%	8%	1%
other reason/don't know	2%	1%	0%	0%	0%	0%

Source: Panteia/GEM APS 2016.

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

Whereas the majority of this report is devoted to the 2016 results of the Dutch Adult Population Survey due to the richness of the data, one interesting component of GEM has remained unaddressed so far are the results of the National Expert Survey (NES). Different sets of framework conditions are of concern to the public and to policy-makers. The conditions that are expected to stimulate and support entrepreneurial activity are captured by the framework conditions as included in the NES (Xavier et al., 2013).

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

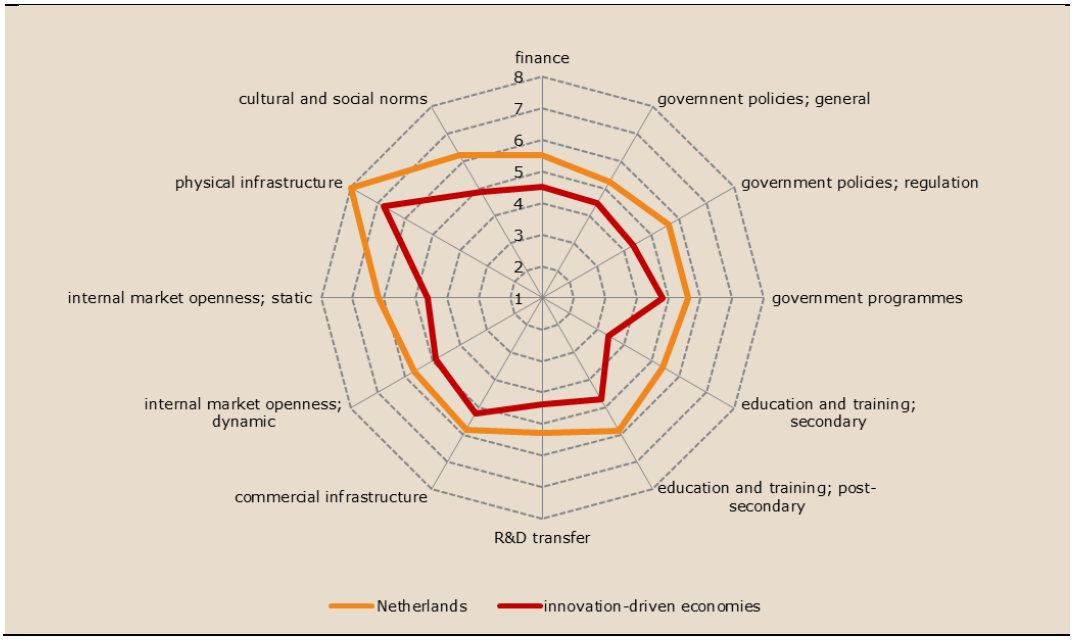
Entrepreneurial Framework Conditions

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

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

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

figure 14 Average expert scores for the Entrepreneurial Framework Conditions (EFCs) for the Netherlands and innovation-driven economies, 2016



Source: Panteia/GEM NES 2016.

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. In 2014, there were two framework conditions in the Netherlands with scores below 3 (out of 5, as a different scale was applied in 2014). These were the framework conditions relating to financial support and general government policies. Hence, according to Dutch experts, there was room for improvement in the area of finance for new and growing firms and the degree to which SMEs and entrepreneurship are considered a relevant policy issue. The access to finance for SMEs was a particular barrier low for entrepreneurs in the Netherlands in 2014 as rejection rates on bank loans applied for were highest among all EU countries (39% of all applications versus the 13% EU-28 average: see Doove et al., 2014, figure 23). The lowest score in 2016 is the score for the framework condition relating to general government policies. That being said however, the Netherlands scores relatively high on this framework condition compared to other innovation-driven economies.

The figure shows that the Netherlands score above the average amongst innovation-driven economies across every EFC. The scores of the Netherlands are also higher than the average of OECD countries and EU countries on every EFC. The Netherlands score particularly high on infrastructure (both commercial and physical), education and on cultural and social norms. This implies that the basic requirements for starting and running a business are in place. The well-regarded social and cultural norms are

in line with the results from table 7, showing that entrepreneurship is seen as a desirable career choice by four-fifths of the adult population, much higher than in comparable economies. The relatively positive results regarding education (particularly at the post-secondary level) also underline the increased attention for entrepreneurship in the Dutch education system (e.g. European Commission, 2012).

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